

TOP STORIES

- Global Markets Hit 5-Month Highs as M&A Lifts Optimism
- UK PM May Preparing for Third Vote on Brexit Deal this Week
- OPEC+ Monitoring Committee to Recommend Canceling April Meeting
- US Investigating FAA Approval of Boeing 737 MAX Aircraft
- Fidelity National to Buy WorldPay for \$35B

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2830.5 (0.75)	2.92
Nasdaq	7346.5 (3.25)	10.51
Dow	25830 (-69)	-48.87

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7274.04	0.63%
DAX	11672.53	-0.11%
Nikkei	21584.5	0.62%
Hang Seng	29409.01	1.37%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
10:00	Housing Market Index	63
11:30	3-Month and 6-Month Bill Auctions	

FOREX

EUR/USD	1.1353 (0.25%)
USD/JPY	111.47 (0.02%)
USD/CAD	1.3325 (-0.07%)
GBP/USD	1.3253 (-0.27%)
USD	95.89 (-0.17%)

COMMODITY

Oil	58.29 (-0.39%)
Natural Gas	2.78 (-0.54%)
Gold	1305.1 (0.17%)
Copper	2.9245 (0.65%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	12.88 (-4.59%)
Nasdaq	VXN	15.12 (-3.39%)
Oil	OVX	26.27 (-3.49%)
Gold	GVZ	10.01 (-0.69%)

MARKET OUTLOOK

Futures are modestly higher this morning with the Dow lagging with **Boeing (BA)** down 3% pre-market. There were a number of new developments this weekend around the 737 MAX including clear similarities found between the crash in Ethiopia and the Lion Air crash in October. There's also reports that the Transportation Dept. was looking at safety concerns with the plane before its latest crash and Boeing had submitted safety analysis with crucial flaws.

A report this weekend indicated that the Trump administration plans to continue tariff threats against China to make sure the latter fulfills its agreements. There is also talk now that a Trump/Xi meeting won't be until June. Oil is down slightly after a Saudi Energy minister said that inventories are building despite sanctions on Iran. In the UK, PM May is looking (again) to get her deal through Parliament this week. A vote is expected either Tuesday or Wednesday. The dollar is slightly lower this morning and back near last week's support, potential for a continuation move out of small bear flag.

Asian markets are higher this morning driven by chip stocks as **Sumco, Tokyo Electron** jump after Broadcom's results last week. Japanese exports fell 1.2% in February while imports fell 6.7%, both worse than expected and capping some gains. Industrial production fell 3.4% M/M, slightly better than feared. Capacity utilization was down 4.7%, worse than expected. Singapore exports rose 16%.

European markets are higher this morning with the FTSE leading. M&A talk is boosting sentiment with advanced between **Commerzbank** and **Deutsche Bank**. Italian lenders **BPM** and **UBI** were both higher by 3%. There was also talk of a combination between **Allianz's** asset management business and **DWS, Worldline, Ingenico,** and **Wirecard** were all higher after the FIS/WP deal. It was a quiet morning for new data in the EU. Trade balance was 1.5B vs forecasts for -8B.

S&P TECHNICALS

Levels: Support 2,725/2,700; Resistance 2,800/2,820



4564 Advancing	Declining 2622
60.3%	34.6%
324 New High	New Low 70
82.2%	17.8%
5539 Above SMA50	Below 2015
73.3%	26.7%
3691 Above SMA200	Below 3863
48.9%	51.1%

KEY EVENTS TO WATCH**Earnings AMC Monday:** AMRS, TACO, HQY, TLRY;**Investor Update:** AMRN;**Conferences:** Roth Conference (OSIS, VKTX, CTRL, INSGN, ALRM, KMPH, FIVN, ENTA, AMBA, AIMT, QTNA, RUN, SPAR, GLUU, THRM, AEIS, SEDG, WAAS);**Economic Data:** FOMC Meeting, Factory Orders at 10:00;**Earnings BMO Tuesday:** BITA, HDS, MIK;**ANALYST ACTION/COMMENTS****Exelixis (EXEL)** upgraded to Neutral at MSCO**Adient (ADNT)** upgraded to Neutral at Keybank**Delphi (DLPH)** upgraded to Neutral at Keybank**Dentsply Sirona (XRAY)** upgraded to Outperform at William Blair**Drive Shack (DS)** upgraded to Outperform at Imperial**CarGurus (CARG)** upgraded to Buy at Goldman**Okta (OKTA)** upgraded to Buy at Goldman, \$94 PT**Elanco (ELAN)** upgraded to Buy at BAML**Johnson Controls (JCI)** upgraded to Buy at Wells Fargo**Dollar General (DG)** upgraded to Overweight at Barclays**Health Insurance (HIIQ)** upgraded to Buy at B Riley**Solar Winds (SWI)** downgraded to Neutral at Goldman**PVH Corp (PVH)** downgraded to Neutral at Citi**Ingersoll Rand (IR)** downgraded to Neutral at Wells Fargo**Synaptics (SYNA)** downgraded to Neutral at Mizuho**Quest Diagnostics (DGX)** downgraded to Neutral at CSFB**TrueCar (TRUE)** started at Sell at Goldman Sachs**Arcus Bio (RCUS)** initiated Buy at BTIG, \$20 PT**Gilead (GILD)** HIV drugs' price increase 30% lower than prior years, says PiperPiper sees minimal impact from FDA review of paclitaxel coated devices (**BSX, MDT**)**Chipotle (CMG)** price target raised to \$725 from \$661 at Piper Jaffray**MEDIA HIGHLIGHTS****Eldorado Resorts (ERI), Caesars (CZR)** considering merger – ReutersPOTUS urges **General Motors (GM)** to re-open Ohio plant amid jobs push – Reuters**Deutsche Bank (DB)** is reviewing options with **Commerzbank** – BloombergEthiopian Airlines crash could have connections to other earlier crash, based on flight data (**BA**) – NY TimesThree **Barclays (BCS)** Board members have left amid shareholder pressure. Telegraph UK**Apple Watch (AAPL)** spots heart issues but might have caused false health alarms for some users. WSJ**Domino's Pizza (DPZ)** has been accused of misleading London officials. Sunday Times**Google (GOOG)** has denied working with China's military amid criticism from President Trump. NBC NewsAluminum producers are making less cans for beverage makers (**AA, ARNC, SEE, BLL**). WSJPresident Trump has a strong dislike for self-driving cars (**AMBA, APTV, NVDA**) - Axios**PG&E (PCG)** close to naming new CEO – WSJ**Amazon (AMZN)** wins final incentive deal for Northern Virginia HQ2 (+ve **JBGS**) - Bloomberg**Continues on Page 6****STOCK SPECIFIC NEWS OF NOTE****Regeneron (REGN), Sanofi (SNY)** announce EU approval of new indication for Praluent**Synaptics (SYNA)** CEO Richard Bergman to leave company**FIS** to acquire **Worldpay (WP)** in cash, stock deal valued at \$43B (0.9287 shares of FIS, \$11 cash)**Medtronic (MDT)** says TYRX envelope reduced risk of major infection by 40% in WRAP-IT**Huntsman (HUN)** sees Q1 adj. EBITDA down 10% Q/Q**Edwards (EW)** SAPIEN 3 Valve proves superior to surgery in Partner 3 trial**Abbott (ABT)** announces data from MOMENTUM 3 study**Dermira (DERM)** Announces Positive Topline Results from Phase 2b Study of Lebrikizumab**Vale (VALE)** announces further cuts to iron ore output

PRE-MARKET MOVERS

Moving Higher: DERM 62%, LPTX 56%, WP 8%, DB 4%, CZR 3.3%, RIO 2%

Moving Lower: BA -3.2%, VALE -2%

INSIDER TRADING (Form 4 Filings)

Buying: ESPR, DFRG, RILY, DAVE, ATNX, TTS

Selling: AYX, WING, ANET, LPLA, EXEL, CY, CVNA, CVGW, SNAP, EW, CC, SWKS

INSTITUTIONAL MONEY FLOW

Buying: GOOGLE, UNH, BAC, CVS, EMR, LMT, EBAY, WM, ETSY, KO, BURL, FDX

Selling: AAPL, PG, V, CSCO, T, HD, VZ, CHTR, PM, ELAN, PRU, BMY, ABBV, TMO, CFX

OPTION HIGHLIGHTS (Prior Day)

Papa John's (PZZA) another 2,855 January \$50 puts bought this morning from \$9.10 to \$9.40, spot where 7,450 have been bought recently in a nearly \$7M buy. PZZA has also seen bearish flow into the October \$42.50 puts, April \$50 puts, and January \$47.50 puts, the latter \$4M bought and in open interest. Shares have been in a long downtrend and rallying recently with the overall market back to the 200-day MA today. A move lower would target the high-volume node at \$43 while under \$39 support has room back to \$30. The \$1.45B company trades 29X earnings, 0.92X sales, and 25.5X FCF with a 2% yield, rich for a name expecting a 5% drop in sales this year and 3% growth next year. PZZA sees EPS down 17% in 2019. The company is struggling with comps and menu innovation at a time when peers like Dominos are gaining share and already have a long head start in tech and mobile. PZZA faces risks to margins in the near-term as they enter a multi-year refresh cycle after receiving a \$200M investment from activist Starboard. Analysts have an average target for shares of \$53 with 5 buy ratings and 1 sell rating. Short interest is 25.6% and jumped in late February from 12.5%, adding almost 4.1M shares. It is now at its highest level since 2004. Stifel cut to Sell on 2/19 noting that 2020/2021 estimates assume a much faster than likely recovery of EBITDA and cash flows. The firm thinks it could remain below historical levels for years and they will need to continue providing financial support to franchisees. Institutional ownership fell 10.5% last quarter. Founder John Schnatter owns 9.9M shares and recently stepped down from the Board. Starboard owns 4.99M shares.

AFTER HOURS MOVERS

Gainers:

Losers:

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.62	Declining
CBOE Index Put/Call Ratio	1.17	Neutral
CBOE Skew Index	128.76	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	65	Greed
NYMO	-8.89	Neutral
NYSE Highs/Lows	77.42	Off of Recent Highs
McClellan Summation	983.72	Below 8-EMA
Univ. of Michigan Consumer Sentiment	97.8 (March)	-3.6% Y/Y

SMART MONEY (13g/13d Filings)

POTENTIAL SYMPATHY TRADES

GPN, TSS, FDC/FISV – on FIS/WP deal

FIT, IRTC, BEAT – on AAPL watch study

IPO/SECONDARY MONITOR

Alight (ALIT) issuing 32M shares at \$22-\$25; Provider of integrated, cloud-based human capital software

Levi Strauss (LEVI) issuing 36.7M shares at \$14-\$16; Designer and marketer of jeans, casual dress pants, and other apparel

Lyft (LYFT) expected to price within the next two weeks; One of the largest ride sharing networks in the US and Canada

TRADE

WEEKLY TECHNICAL BREAKOUT

CL:



Colgate (CL) shares are nearing a bull flag breakout above \$67.50 after pulling back to the prior breakout and basing. RSI is moving back above 60 while MACD is crossing over bullish. Shares have a measured move to \$70.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Quidel (QDEL)

Price: \$68

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	21.4X	5.6X	6.3X	17.9X	27.7X
Industry Avg.	21.6X	4X	4.5X	20.4X	37.1X

Analysis: QDEL is a \$2.66B company which trades 21.4X earnings and 5X sales with double-digit EPS growth. The company expects 5.7% revenue growth as well driven by growth in diagnostic solutions. QDEL is seeing 11% CAGR and their recent acquisition of Triage & Beckman BNP will double their size. QDEL sees \$1.7B market opportunity with their Sofia and Savanna launches.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

BITA:



BitAuto (BITA) shares are one of the weaker China-related names recently and back near key support at \$17. A breakdown target is \$14.50. MACD has pulled back to zero and is now fading while RSI is moving under 40.

PAIR TRADE OF THE WEEK

Industry: Rails / PSR Adoption

Long/Short: Long **Kansas City Southern (KSU)**, Short **WABTEC (WAB)**

Analysis: KSU has been one of the better rail performers with optimism around their transition to PSR and incremental updates this quarter will be a positive catalyst. WAB will be negatively impacted by PSR and faces a tough overhang from the GE Transport merger.

SMALL CAP TRADE OF THE WEEK

CRA International (CRAI) is a \$405M company which focuses on consulting services on economic and financial matters pertaining to litigation and regulatory proceedings. Shares trade 18.4X earnings and 0.97X sales with mid-double digit growth. CRAI is coming off a strong quarter with 12% organic growth and strength in Energy, Forensic Services, and Life Sciences. Their management consulting service is also growing in importance.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Zogenix (ZGNX)	Qiagen (QGEN)	Pier 1 (PIR)
Intersect (XENT)	Life Storage (LSI)	Plug Power (PLUG)
NanoString (NSTG)	Tenneco (TEN)	Verastem (VSTM)
Qiagen (QGEN)	Buckle (BKE)	Dermira (DERM)
Viewray (VRAY)	Coty (COTY)	Atricure (ATRC)
CBRE Group (CBRE)	Celanese (CE)	Marvell Tech (MRVL)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
nVent (NVT)	Front Yard (RESI)	NII Holdings (NIHD)
Lattice Semi (LSCC)	Daktronics (DAKT)	Novavax (NVAX)
Luminex (LMNX)	National Instruments (NATI)	Zumiez (ZUMZ)
Adecoagro (AGRO)	SemGroup (SEMG)	Pivotal (PVTI)
Zogenix (ZGNX)	Life Storage (LSI)	DocuSign (DOCU)
Gildan (GIL)	American Eagle (AEO)	Wageworks (WAGE)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Nutrien (NTR)	Tallgrass (TGE)	Tocagen (TOCA)
Iamgold (IAG)	Altaba (AABA)	Assembly Bio (ASMB)
Cloudera (CLDR)	Fitbit (FIT)	Concert Pharma (CNCE)
Ford Motor (F)	Cisco (CSCO)	WageWorks (WAGE)
Mylan (MYL)	American Air (AAL)	Overstock (OSTK)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Coty (COTY)	Facebook (FB)	Qiagen (QGEN)
Knight Swift (KNX)	American Int'l (AIG)	Life Storage (LSI)
Intel (INTC)	Bank of America (BAC)	Tenneco (TEN)
Applied Materials (AMAT)	Zynga (ZNGA)	Zogenix (ZGNX)
Twitter (TWTR)	Gold (GLD)	Intersect (XENT)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Marvell (MRVL)	Bristol Myers (BMY)	FXI, April 12th (W) \$45.50/\$47 call spread bought 60,000X
Tyson (TSN)	Check Point (CHKP)	TPX, 1,000 June \$60/\$75 call spreads
Lam Research (LRCX)	General Motors (GM)	NSTG, July \$30/\$35 call spreads open 625X
Adobe (ADBE)	Texas Instruments (TXN)	HIIQ< May \$30/\$20 put spread being bought 3,000X5,000
Barnes & Noble (BKS)	Papa Johns (PZZA)	CTXS, 1,615 April \$105/\$110 call spreads

Stock Specific News / Media

AstraZeneca (AZN) begins push into digital tech for future growth - FT

Maxell files patent infringement suit against **Apple (AAPL)** - AI

Prosecutors scrutinize development of **Boeing's (BA)** 737 MAX – WSJ

Principal Financial (PFG) near deal to acquire **Wells Fargo (WFC)** retirement unit. Reuters

OPEC could cancel its April meeting but maintain oil output (USO, XLE). Reuters

Sony (SNE) Mobile revises downward fiscal 2018 smartphone shipment target – Digitimes

Prada Loses More Than \$850 Million in Value as China Slump Hits Profit – Bloomberg

Lyft expects to raise as much as \$2B in IPO, value at \$23B – Reuters

Lumber Liquidators (LL) enters MOU with plaintiffs in Gold litigation

Aerpio Pharmaceuticals (ARPO) says TIME-2b study did not meet primary endpoint

Walmart (WMT) Japan CEO says Seiyu not for sale - Reuters

GW Pharmaceuticals (GWPH) to sell rare pediatric disease PRV for \$105M

Extras

Brazil (EWZ) buyer of 20,000 June \$42/\$46 call spreads for \$2.05

REITs (IYR) spread sells the June \$89 calls to buy the \$83/\$80 put spread, 13000X

Amazon (AMZN) the June \$1,730/\$1,760 call spread bought 1,000X for \$14.75

Tanger Factor (SKT) buyers of more than 7,600 June \$20 puts today up to \$1.03

Universal Display (OLED) stock replacement opens 800 April 12th (W) \$150 calls for \$9.65

Dell Tech (DELL) buyers of 2,000 July \$65 calls for \$1.95 to \$2.15

T-Mobile (TMUS) buyer of 1,000 July \$75 calls for \$3.55 today

Madrigal (MDGL) trader closing 100 April \$105 calls and rolls to buy the July \$140 calls for \$20, 170X

MAG Silver (MAG) strong mover recently and today 2,000 March \$7.50 calls rolled to April \$10 calls

Beigene (BGNE) buyer of 200 April \$140/\$125 bull risk reversals today for \$4.25

Zayo Group (ZAYO) late trade bought the June \$30/\$35 call spread 3,000X6,000 and sold the September \$22.50 puts 2,500X to open

IBM the January 2021 \$140/\$100 put spread opening 500X for \$13.70

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
LL	Lumber Liquidators	\$0.17	\$0.16	\$268.90	\$272.59	3.50%	FY In Line
OSTK	Overstock.com		-\$0.78		\$483.20		
QD	Qudian	\$0.38	\$0.33	\$1,803.16	\$1,832.67	20.90%	