

TOP STORIES

- Global Markets Hold Steady as Fed Meeting Kicks Off
- China Cutting Tax for Manufacturers Next Month to Boost Growth
- OPEC, Partners Commit to Continuing Cuts in Production Until June
- PM May Likely to Seek 9-Month Delay for Brexit in Thursday Meeting with EU
- Norsk Hydro Suffers Production Outage Amid Cyber Attack
- U.K. Labor Market Defies Economic Slowdown as Employment Surges

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2852.5 (12)	14.41
Nasdaq	7390.25 (29.5)	35.97
Dow	26074 (109)	129.9

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7328.39	0.40%
DAX	11761.92	0.90%
Nikkei	21566.85	-0.08%
Hang Seng	29466.28	0.19%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
	FOMC Meeting Begins	
8:55	Redbook	
10:00	Factory Orders	0.0%

FOREX

EUR/USD	1.1358 (0.19%)
USD/JPY	111.21 (-0.19%)
USD/CAD	1.3307 (-0.20%)
GBP/USD	1.3297 (0.32%)
USD	95.77 (-0.22%)

COMMODITY

Oil	59.52 (0.73%)
Natural Gas	2.89 (1.40%)
Gold	1307.7 (0.48%)
Copper	2.9415 (1.12%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	13.14 (2.02%)
Nasdaq	VXN	16.22 (7.21%)
Oil	OVX	26.48 (0.80%)
Gold	GVZ	9.79 (-2.20%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning with commodities and industrial metals strong. Palladium topped \$1,600 for the first time amid shortage concerns while copper was up over 1%. The group was supported by China's announcement to cut the VAT for manufacturers from next month. The move is yet another stimulus measure and will likely boost demand for industrial metals. Oil is back above \$59.50 as OPEC committed to continuing cuts through June. Brexit continues to stumble towards the March 29 deadline. PM May is expected to seek a long extension on Thursday when she meets in Brussels with the EU. Trade talks have cooled recently. US Ag secretary Perdue said that China could triple its purchases of US farm goods over the next five years.

Asian markets were mixed overnight with the Nikkei closing modestly lower as exporters were weak. Volumes were low without much new data and lack of interest ahead of the Fed. Financials led helped by rising US yields. Fashion retailer **Zozo** fell 11% after a downgrade. **Japan Display** higher by 7.5% after fund Effissimo went active and is seeking meetings with management. It was a quiet night for new data in the region. Australian housing data came in light. Hong Kong unemployment was 2.8%, as expected.

European markets are strong this morning and on pace for their longest winning streak in six months. Materials are strong. **Danske Bank** fell 5% after shareholders voted against a proposal to break up the bank. **Ocado** hit new highs today after strong sales data. Luxury goods higher with a positive trade surplus from Switzerland. **Iliad** fell 2% after cutting their cash flow target for 2020. **Antofagasta** was higher by 4% behind a higher dividend payment. Eurozone economic sentiment improved in the latest reading to -2.5 vs -15.1 forecast. German ZEW sentiment also improved to -3.6 vs -11 forecast. Current conditions were modestly lower. In the UK, unemployment fell to 3.9%, better than expected. Average earnings rose 3.4% as well.

S&P TECHNICALS

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



4809 Advancing	Declining 2397
63.5%	31.7%
244 New High	New Low 56
81.3%	18.7%
5670 Above SMA50	Below 1878
75.1%	24.9%
3826 Above SMA200	Below 3722
50.7%	49.3%

KEY EVENTS TO WATCH

Earnings After the Close: AIR, FDX, FNV, SMAR, SCS, TME, WPRT;

Conferences: Roth Conference, Oppenheimer Healthcare;

Economic Data Wednesday: EIA Petroleum at 10:30 AM, FOMC Announcement at 2:00, Fed Chair Press Conf. at 2:30;

Earnings Wednesday BMO: GIS;

ANALYST ACTION/COMMENTS

Dominos (DPZ) upgraded to Overweight at JP Morgan

Argo Group (ARGO) upgraded to Buy at Compass Point

Zuora (ZUO) upgraded to Buy at Canaccord

Noble (NBL) upgraded to Buy at Mizuho

Five Below (FIVE) upgraded to Buy at Loop Capital

Aqua America (WTR) upgraded to Buy at UBS

1-800 Flowers (FLWS) upgraded to Buy at DA Davidson

Southern Copper (SCCO) upgraded to Hold at HSBC

Mack Cali (CLI) upgraded to Buy at BTIG

Crown Castle (CCI) downgraded to Hold at Deutsche Bank

ImmunoGen (IMGN) downgraded to Sell at JP Morgan

Yum Brands (YUM) downgraded to Neutral at JP Morgan

Camping World (CWH) downgraded to Hold at Goldman

Mammoth Energy (TUSK) downgraded to Neutral at CSFB

Enphase (ENPH) downgraded to Sell at Raymond James

Realty Income (O) downgraded to Sell at Capital One

Booking (BKNG) downgraded to Neutral at Telsey

Pioneer (PXD) downgraded to Neutral at Mizuho

Anadarko (APC) downgraded to Neutral at Mizuho

Union Pacific (UNP) cut to Neutral at Loop Capital

FIS downgraded to Hold at Sun Trust

TopBuild (BLD) downgraded to Hold at Zelman

Vertex (VRTX) downgraded to Hold at Leerink

Casa Systems (CASA) initiated Buy at DA Davidson

MEDIA HIGHLIGHTS

Blackstone (BX) near deal to buy Servpro for over \$1B including debt – WSJ

More payments deals on the cards after **FIS** move for **Worldpay (WP)** – FT

Sainsbury's to detail price cuts to try to win over watchdog for **Asda** deal – FT

Netflix (NFLX) won't be on Apple video, CEO tells Recode

Canada to reevaluate 737 MAX safety approval (**BA**) – FT

SEC calls **Tesla (TSLA)** CEO tweet 'a blatant violation' of settlement deal – CNBC

General Motors (GM) mulls options for **Lyft (LYFT)** stake after IPO - Reuters

TSMC (TSM) seeing chip orders for Android devices ramp up – Digitimes

Biggest Trading in Copper Options Ever Signals Supply Troubles – Bloomberg

Norsk Hydro suffers extensive cyber-attack, sustained disruption could cut supply – Bloomberg

Xiaomi's Q4 profit triples, tops outlook – Reuters

STOCK SPECIFIC NEWS OF NOTE

CN (CNI) investing more than \$245M in Saskatchewan rail infrastructure

Atlassian (TEAM) to acquire AgileCraft for \$166M

Roper Technologies (ROP) to acquire Foundry

Forward Air (FWRD) to acquire FSA Logistix

Williams Co (WMB), CPPIB to form \$3.8B strategic JV partnership

Amarin (AMRN) presents data on high TG levels associated with cardiovascular events

Revlon (REV) to disclose material weakness in 10-K

ESPN+ (DIS) to become exclusive distributor of UFC Pay-Per-View events

Fox, Disney (DIS) announces distribution adjustment multiple for acquisition

Ericsson (ERIC) selected by TDC to roll out commercial 5G in Denmark

Cemex (CX) to divest aggregates, ready-mix assets in Germany for €87M

PRE-MARKET MOVERS

Moving Higher: TYHT 168.2%, BUD 3%, RIO 2%, ERIC 1.9%, BHP 1.8%, BP 1.5%

Moving Lower:

INSIDER TRADING (Form 4 Filings)

Buying: PLOW, MG, LAND

Selling: ATRA, DPZ, XYL, ADSK, FLIR, ADP, VFC, BDX, IOSP, WING, AYW, FLS, ANET, STML

INSTITUTIONAL MONEY FLOW

Buying: FISV, EXAS, FIS, PYPL, NVDA, MRK, JNJ, V, MCD, DPZ, EXPE, TWTR

Selling: WP, NFLX, AVGO, GE, MU, BABA, VALE, ORCL, MO, JPM, C, EW, TEVA

OPTION HIGHLIGHTS (Prior Day)

United Health (UNH) with 1,000 September \$260 calls bought today for \$12.85 in a stock replacement and follows buyers recently in the April \$240, \$250, and May \$250 calls. The April \$260 calls also with 3,000 in OI from buyers while the April 12th (W) \$255 calls with 1,000 from buys. Shares have pulled back to weekly cloud support where they formed a double-bottom against \$240 and a breakout above the downtrend at \$260 targets new highs. The long-term measured move is out to \$330 from the recent range. The \$243B managed care leader trades 15X earnings, 1.07X sales, and 22.37X cash with a 1.45% yield and mid-double digit EPS growth. They see 8.2% and 8.3% revenue growth over the next two years driven by growth in services at Optum. The company sees growth in higher acuity markets like Medicare as a tailwind for the business. UNH is coming off a strong MA enrollment cycle and investing in digital/tech experience to help growth as well as retention. Long-term, the company sees tailwinds from healthcare spending trends which are expected to rise 5.5%/year over the next 10 years with Medicare spending up 7.4% during the same timeframe. Analysts have an average target for shares of \$300 with 20 buy ratings and 1 hold. BAML positive on 3/12 with a \$320 PT. They note their recent POS rebate pilot program is a leading example of how the industry is shifting away from rebates and should greatly reduce the risk to earnings from potential changes to regulation. Short interest is 0.6%, near the lowest level in six years. Institutional ownership fell 9.2% last quarter.

AFTER HOURS MOVERS

Gainers: STNE 19.8%, PAYS 6.5%, TRLY 2.2%

Losers: REV -9%, WAGE -7.8%, YEXT -6.6%, TACO -6%

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

ATVI, TTWO, EA, GME, MSFT, NTDOY, SNE – on GOOG gaming announcement today

PAYS – higher on STNE earnings

IPO 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

SECONDARY MONITOR

Yext (YEXT) pricing 6.1M secondary at \$21.50

Cactus (WHD) pricing 8.5M secondary at \$36.25

PlayAGS (AGS) pricing 4M secondary at \$25.50

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>
Fidelity (FIS)	Fidelity (FIS)	Rite Aid (RAD)
Michaels (MIK)	Dermira (DERM)	Opko (OPK)
Ashland (ASH)	Nu Skin (NUS)	Inseego (INSG)
Venator (VNTR)	AMAG Pharma (AMAG)	Synaptics (SYNA)
Scorpio (STNG)	Smartsheet (SMAR)	DaVita (DVA)
USA Tech (USAT)	Teradyne (TER)	Del Taco (TACO)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Citi Trends (CTRN)	Nu Skin (NUS)	Dermira (DERM)
Mitek (MITK)	Kala Pharma (KALA)	Overstock (OSTK)
LKQ Corp (LKQ)	Immersion (IMMR)	Plug Power (PLUG)
Axis Capital (AXS)	CECO Environ (CECE)	Conatus (CNAT)
China Mobile (CHL)	Baxter (BAX)	Endo Int'l (ENDP)
Gogo Wireless (GOGO)	Kemet (KEM)	Dean Foods (DF)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Ashland (ASH)	McDermott (MDR)	Tocagen (TOCA)
W&T Offshore (WTI)	Dish Network (DISH)	Assembly Bio (ASMB)
Cloudera (CLDR)	Twitter (TWTR)	Concert Pharma (CNCE)
Intelsat (I)	Tesla (TSLA)	Intra-Cellular (ITCI)
Transocean (RIG)	Snap (SNAP)	Qutuotiao (QTT)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
General Electric (GE)	Facebook (FB)	Fidelity (FIS)
Snap (SNAP)	Twitter (TWTR)	Dermira (DERM)
Alcoa (AA)	McDermott (MDR)	Nu Skin (NUS)
Caesars (CZR)	Synaptics (SYNA)	Michaels (MIK)
American Express (AXP)	Citi (C)	Ashland (ASH)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Netflix (NFLX)	Tesla (TSLA)	WSM, April \$62.50/\$47.50 strangle sold to open 5,000X6,000
Medicine Co (MDCO)	Smartsheet (SMAR)	CTRN, 950 November \$20/\$22.50 call spreads
Alcoa (AA)	Iron Mountain (IRM)	CMCSA < 2,200 October \$40/\$35 bull risk reversals
Hilton (HLT)	Davita (DVA)	WHD, 400 November \$40/\$35 bull risk reversals
Zoetis (ZTS)	WABCO (WAB)	URI, 500 April 26th (W) \$125/\$135 call spreads bought

Stock Specific News / Media

Yandex (YNDX) teams up with **Hyundai** for driverless cars – Reuters

Ford (F) to boost profit-rich U.S. large SUV production again – Reuters

U.S. FDA approves **Roche's** small cell lung cancer treatment

Nvidia (NVDA) partners with **Softbank** to deploy cloud gaming servers in Japan

CPM's Asian hospital business has drawn interest from global private equity players, including **KKR**, **CVC** and **Carlyle (CG)** – Reuters

Iliad is considering selling part of its mobile assets – Reuters

U.S. Semiconductor companies do not want to be part of trade deal with China (**FXI**, **SMH**). WSJ

Dr. Pepper (KDP) and **Anheuser-Busch (BUD)** want to automate home bartending. WSJ

Fiat (FCAU) Maserati is seeing slowing demand in China. WSJ

The Trump Administration has said the UK's 5G plans could jeopardize national security – FT

Israel's exports of computer chips to China increased based on **Intel (INTC)** expansion. Reuters

Google (GOOG) expected to announce game streaming service today – CBS

SnapChat (SNAP) planning new original shows. Axios

Extras

1-800-Flowers (FLWS) buyers of 1,000 April \$17.50 calls for \$0.98 to \$1.10 in stock replacements

Alcoa (AA) late day trade opened 4,000 May \$31/\$26 bull risk reversals at \$0.20 debit

Cisco (CSCO) buyer of 3,000 October \$48 puts to open tied to stock

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
TACO	Del Taco	\$0.18	\$0.19	\$157.30	\$157.01	7.40%	FY In Line
HQY	HealthEquity	\$0.21	\$0.16	\$75.78	\$74.28	25.40%	FY In Line
REV	Revlon	-\$0.86	\$0.15	\$741.60	\$749.30	-5.70%	
STNE	StoneCo		\$0.50	\$529.40	\$465.62	113.60%	
SYNH	Syneos Health	\$0.95	\$0.82	\$1,146.00	\$1,154.40	6.40%	FY In Line

TLRY	Tilray	-\$0.33	-\$0.13	\$15.50	\$12.85	203.90%	
UNIT	Uniti Group	\$0.05	\$0.55	\$270.75	\$267.00	9.90%	
WEX	WEX	\$2.02	\$2.09	\$381.20	\$372.57	15.10%	

HQY – Beat on EPS and Revenues - “Our “Purple” team delivered another solid fourth quarter to cap a year of strong growth in fiscal year 2019, which included full-year revenue that increased 25% to \$287 million, and Adjusted EBITDA that increased 40% to \$118 million,” said Jon Kessler, President and CEO. “We continue to outpace the market and gain market share as we edged up to 4 million HSA Members and eclipsed \$8 billion of custodial assets. We are well positioned to have another great year for fiscal 2020 helping our members to connect health and wealth as we broaden our proprietary platform and deepen our relationships with our Network and Employer Partners.”

STNE – Beat on EPS and Revenues - “We are pleased to report strong fourth quarter and fiscal year 2018 financial results”, said Thiago Piau, chief executive officer of StoneCo. “Our company is very well positioned to continue to help our clients grow and improve their businesses, by providing them a superior value proposition and the best customer experience. We believe we have created a unique business model, which has brought us great achievements. First, our clients love us, as evidenced by our Net Promotor Score which has consistently been in the range of 65 to 70, on average. We are also proud that we have been able to grow quickly while also posting strong profitability, which is shown in our Q4 results of total revenue and income growth of 114% year over year and adjusted net margin of almost 30%. Finally, our business model is allowing us to build a much bigger future, with new products - such as software, banking services and credit - that help our clients manage their business better and grow over time”. Total Payment Volume (TPV) was R\$26.6 billion in the fourth quarter of 2018, an increase of 73.8% from R\$15.3 billion in the fourth quarter of 2017. The incremental TPV in the fourth quarter of 2018 was R\$4.8 billion from 3Q18, 39.6% higher than the R\$3.4 billion incremental TPV in the fourth quarter of 2017 versus the third quarter of 2017. In fiscal year 2018, TPV reached R\$83.4 billion, 71.8% above 2017. This increase is in-line with the Company’s strategy of further penetrating the SMB merchants in Brazil.

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
BITA	Bitauto Holdings	\$0.23	\$0.24	\$453.70	\$425.94	9.70%	Q1 In Line
DSW	DSW	-\$0.07	\$0.05	\$843.40	\$842.73	16.40%	SSS +5.4%
HDS	HD Supply Holdings	\$0.70	\$0.67	\$1,446.00	\$1,415.68	22.20%	FY In Line
MIK	Michaels Stores	\$1.44	\$1.42	\$1,789.10	\$1,778.43	-5.40%	FY Below