

## TOP STORIES

- Global Markets Fade After Eurozone Data Reignites Fears of Growth Slowdown
- German Manufacturing Sinks Deeper Into Contraction in March
- French Economy Unexpectedly Contracts After Orders Slow
- POTUS Continues Criticism of Fed, Powell

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2850.25 (-12.25)</b>	<b>-9.63</b>
<b>Nasdaq</b>	<b>7504.25 (-30.25)</b>	<b>-18.02</b>
<b>Dow</b>	<b>25892 (-119)</b>	<b>-95.51</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7290.12</b>	<b>-0.89%</b>
<b>DAX</b>	<b>11504.49</b>	<b>-0.39%</b>
<b>Nikkei</b>	<b>21627.34</b>	<b>0.09%</b>
<b>Hang Seng</b>	<b>29113.36</b>	<b>0.14%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
9:45	PMI Composite FLASH	55.2
10:00	Existing Home Sales	5.1M
10:00	Wholesale Trade	0.1%
2:00	Treasury Budget	

## FOREX

<b>EUR/USD</b>	<b>1.1307 (-0.58%)</b>
<b>USD/JPY</b>	<b>110.4 (-0.36%)</b>
<b>USD/CAD</b>	<b>1.3385 (0.20%)</b>
<b>GBP/USD</b>	<b>1.3149 (0.32%)</b>
<b>USD</b>	<b>96.12 (0.13%)</b>

## COMMODITY

<b>Oil</b>	<b>59.35 (-1.05%)</b>
<b>Natural Gas</b>	<b>2.782 (-1.38%)</b>
<b>Gold</b>	<b>1312.2 (0.37%)</b>
<b>Copper</b>	<b>2.887 (-0.65%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>13.63 (-2.01%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>16.59 (-0.30%)</b>
<b>Oil</b>	<b>OVX</b>	<b>27.14 (-0.26%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.20 (0.49%)</b>

## MARKET OUTLOOK

Futures are indicating a lower open for the morning after weak Eurozone data knocked the indices off their overnight highs. The S&P held up well around 2,860 before the numbers which saw us down to 2,847.50 where we're basing. The downbeat PMI numbers are continuing to drive worries about global growth and the impact of trade. US officials are tempering expectations about a trade deal this morning. Both USTR Lighthizer and Mnuchin will head to Beijing for talks next week but stressed that a deal isn't imminent until Trump/Xi meet. PM May won a two-week grace period to avoid a no-deal Brexit from the EU. They set an April 12 deadline to decide on whether to leave without a deal or seek a much longer (~12 month) extension. The dollar is higher again overnight while industrial metals like platinum, copper, and palladium are weak. Nat gas rolling over a bit down 1.38%.

Asian markets closed the week modestly higher with chip stocks leading while financials were weak. Healthcare was under pressure with **Eisai** falling 17% after the failure in their Alzheimer's trial with Biogen. **Advantest** was higher by 6% while **Tokyo Electron** up 5%. Japanese manufacturing PMI was flat at 48.9 despite forecasts for a move to 49.2. CPI fell to 0.7% from 0.8%.

European markets are lower mid-day after weaker manufacturing data is stoking fears of a recession. Eurozone manufacturing PMI fell to 47.6 in March, down from 49.3 and missing forecasts for 49.5. Services PMI was 52.7, as expected. Composite PMI fell to 51.3 vs 51.9. German manufacturing PMI fell to 44.7 vs 48 forecast. Composite PMI fell to 51.5. French PMI were also weak, missing estimates. **Adidas** and **Puma** were both higher after Nike's weak quarter.

**Lumentum (LITE)** in focus today after being upgraded to Overweight at JP Morgan. The firm sees a "solid" outlook for the company's telecom business amid strong growth led by 5G investments and upside to synergy targets relative to recent acquisition of Oclaro. Further, there's limited downside risk relative to volume expectations for the iPhone.

## S&P TECHNICALS

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



4752 Advancing	Declining 2433
62.8%	32.1%
395 New High	New Low 67
85.5%	14.5%
5331 Above SMA50	Below 2218
70.6%	29.4%
3860 Above SMA200	Below 3689
51.1%	48.9%

**KEY EVENTS TO WATCH**

**Economic Data on Monday:** Chicago Fed, Dallas Fed, Charles Evans and Patrick Harker Speak;

**Earnings BMO:** CCM, WGO, YRD;

**Earnings AMC:** RHT (IBM);

**Analyst Days:** D;

**Conferences:** AMCP Annual Meeting (ABBV, ALKS, AGN, AMRN, AMGN, AZN, BIIB, CELG, CVS, DXCM, FLXN, GILD, INSM, PODD, LLY, NVS, NVO, SNSS, SYNH, TSRO, TEVA);

**ANALYST ACTION/COMMENTS**

**Lumentum (LITE)** upgraded to Overweight at JP Morgan

**Pearson (PSO)** upgraded to Overweight at JP Morgan

**Technip (FTI)** upgraded to Buy at HSBC

**Varian Medical (VAR)** upgraded to Outperform at Baird

**Best Buy (BBY)** upgraded to Outperform at Oppenheimer

**Stanley Works (SWK)** upgraded to Buy at Longbow

**Commercial Metals (CMC)** upgraded to Outperform at Macquarie

**Chipotle (CMG)** upgraded to Neutral at Wedbush

**CNOOC (CEO)** downgraded to Outperform at CLSA

**Sherwin Williams (SHW)** cut to Hold at JP Morgan

**PPG Industries (PPG)** downgraded to Sell at JP Morgan

**Biogen (BIIB)** downgraded to Underweight at Citi

**Conatus (CNAT)** downgraded to Hold at Sun Trust

**Booking (BKNG)** downgraded to Neutral at Wedbush

**Amarin (AMRN)** initiated Buy at Stifel, \$27 PT

**MongoDB (MDB)** initiated Outperform at William Blair

**Energizer (ENR)** initiated Neutral at JP Morgan

**Lamb Weston (LW)** initiated Buy at Consumer Edge

**Apple (AAPL)** event may be negative for **Netflix (NFLX)**, positive for **Lions Gate (LGF/A)**, says SunTrust

Deutsche Bank boosts **RingCentral (RNG)** target to \$125, **Twilio (TWLO)** target to \$150

**Thermo Fisher (TMO)** price target raised to \$300 from \$275 at Deutsche Bank

**MEDIA HIGHLIGHTS**

**Uber** selects NYSE for 2019 IPO, Bloomberg

**MillerCoors (TAP)** sues **AB InBev (BUD)** over corn syrup claims - WSJ

**Pinterest (PIN)** moves up IPO timing, seeks to list shares on NYSE in April – WSJ

Elliott Management loses **Hyundai Motor** vote on special dividend – Bloomberg

**Facebook (FB)** knew about data misuse earlier than reported – Guardian

**Seagate (STX)** teams up with **HPE, Nvidia (NVDA)** for Project Athena – Digitimes

**BlackRock (BLK)** advances talks to buy French software provider eFront – WSJ

**NY Times (NYT)** CEO cautions publishers ahead of Apple news launch – Reuters

Demand outlook for new iPads weak (**AAPL**) – Digitimes

**Kraft Heinz (KHC)** Can't Count on Ketchup to Save It From the Future of Food – Bloomberg

**Smith's** plans to list medical unit, focus on industrial technology – Reuters

**Berry (BERY)** says not to raise offer for RPC – Reuters

**STOCK SPECIFIC NEWS OF NOTE**

**Nokia (NOK)** reports internal investigation into compliance at Alcatel Lucent

**Conatus (CNAT)** announces Phase 2b ENCORE-NF trial results, failed to have significant impact

**GameStop (GME)** appoints George Sherman as CEO

Paulson & Co. opposes terms of **Newmont's (NEM)** proposed acquisition of **Goldcorp (GG)**

**Johnson & Johnson (JNJ)** sees Q1 charge of about \$700M related to AL-8176

**Spark Networks (LOV)** to acquire Zoosk

**Penn Virginia (PVAC), Denbury (DNR)** mutually agree to terminate merger pact

**Health Insurance (HIIQ)** CEO says multi-state regulatory review found no issues

**Eisai, Biogen (BIIB)** announces initiation of Phase III BAN2401 study in Alzheimer's disease

**PRE-MARKET MOVERS**

**Moving Higher:**

**Moving Lower:** MT -2.4%, FTI -1.6%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** FIS, CWH

**Selling:** ULTA, ADBE, RGNX, BCOR, ROST, CIEN, HUBS, ORCL, NDSN, RETA, MRCY

**INSTITUTIONAL MONEY FLOW**

**Buying:** FITB, AABA, JPM, BIIB, BA, BKNG, NVO, MNST, SIVB, CHGG, STT, DXCM

**Selling:** MSFT, GOOGL, AVGO, BABA, ADI, ADBE, PEP, NFLX, TER, AMGN, COST, FOX

**OPTION HIGHLIGHTS (Prior Day)**

Ionis Pharma (IONS) with buyers of 1,750 July \$85 calls today for \$6.50 with shares showing relative strength recently. IONS had 1,200 July \$75 puts and 800 of the \$70 puts sold to open earlier this week. The May \$75 and \$80 calls had buyers last week while the Jan. 2021 \$75 and \$80 calls have also seen buyers. Shares are up sharply over the last two months following earnings and clearing a big range above \$75 which stretches back to 2015. The long-term measured move targets a move over \$100. Key near-term support is \$72.50 which aligns with the post-earnings consolidation breakout and 20-day MA. The \$10.95B biotech trades 108X earnings, 18.25X sales, and 5.25X cash. The company is in the earliest stages of profitability with expectations for \$1.35/share in earnings in FY20, up from a \$0.34 loss last year. Revenue is expected to grow 38.4% and 22.4% driven by Spinraza royalties which have more than doubled since 2017 as more adolescent and adult patients begin treatment. IONS has a deep pipeline with more than ten medicines moving into pivotal trials by YE 2020 including neurodegenerative treatments for Huntington's and ALS. Analysts have an average target for shares of \$60 with 1 buy rating, 5 hold ratings, and 1 sell. Short interest is 9% and down from 10.2% in mid-2018. Piper positive on 3/1 noting that CHMP positive response for Waylivra was a surprise and they anticipate approval within the coming months, a \$150M opportunity. BMO with an \$82 PT seeing upside from Tegsedi quarterly beats, potential for Waylivra refilling, and better visibility into an accelerated path for Huntington's. Institutional ownership rose 25.35% last quarter. Biogen (BIIB) the top holder with 11.5M shares.

**AFTER HOURS MOVERS**

**Gainers:** AMRN 1.6%

**Losers:** CNAT -52%, ZUO -13%, NKE -4%, CTAS -3%

**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**

**FL, UAA, ADDYY** – on NKE earnings

**SIG** – on TIF 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 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**

# TRADE

## WEEKLY TECHNICAL BREAKOUT



**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
<b>Stock</b>	<b>21.4X</b>	<b>5.6X</b>	<b>6.3X</b>	<b>17.9X</b>	<b>27.7X</b>
<b>Industry Avg.</b>	<b>21.6X</b>	<b>4X</b>	<b>4.5X</b>	<b>20.4X</b>	<b>37.1X</b>

**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



**BitAuto (BITA)** shares are one of the weaker China-related names recently and back near key support at \$17. A breakdown targets \$14.50. MACD has pulled back to zero and 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>
Armstrong (AWI)	Melco (MLCO)	Gold (GLD)
Sorrento (SRNE)	Henry Schein (HSIC)	Teva Pharma (TEVA)
Extended Stay (STAY)	Cintas (CTAS)	Bristol Myers (BMY)
KAR Auction (KAR)	Biogen (BIIB)	BP Plc (BP)
Conn's (CONN)	Nu Skin (NUS)	Nu Skin (NUS)
Land's End (LE)	Hartford (HIG)	Biogen (BIIB)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Galapagos (GLPG)	Henry Schein (HSIC)	Lands End (LE)
Aramark (ARMK)	Hornbeck (HOS)	Amyris (AMRS)
Intra-Cellular (ITCI)	Citizen's (CFG)	Intrexon (XON)
Ichor (ICHR)	Nu Skin (NUS)	KAR Auction (KAR)
Greensky (GSKY)	Hartford (HIG)	Wheaton Precious (WPM)
Incyte (INCY)	Urban Outfitters (URBN)	Lexicon (LXRX)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Barnes and Noble (BKS)	Twitter (TWTR)	Tocagen (TOCA)
Zynga (ZNGA)	US Steel (X)	Assembly Bio (ASMB)
Nike (NKE)	Cemex (CX)	Concert Pharma (CNCE)
Bristol Myers (BMY)	Melco (MLCO)	Intra-Cellular (ITCI)
Gold (GLD)	Biogen (BIIB)	Qutuotiao (QTT)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
General Electric (GE)	Teva Pharma (TEVA)	Melco (MLCO)
Apple (AAPL)	Halliburton (HAL)	Henry Schein (HSIC)
JD.com (JD)	Ebay (EBAY)	Cintas (CTAS)
Intel (INTC)	US Bancorp (USB)	KAR Auction (KAR)
Viacom (VIAB)	ON Semi (ON)	Conn's (CONN)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Marvell Tech (MRVL)	Nu Skin (NUS)	SMH, 2,000 June \$108/\$102 put spreads
Align Tech (ALGN)	Wabtec (WAB)	CTAS, 750 April \$195/\$180 put spreads
AT&T (T)	Newell (NWL)	BSX, April 26th (W) \$46.5 / May \$46 diagonal call spreads
Ionis (IONS)	Semi's (SMH)	GLPG, April \$100/\$110/\$120 call fly opening 970X1940
Square (SQ)	Tesla (TSLA)	EXPE, April 26th (W) / May \$125 call calendar spread 1,000X



## News and Media

**Novartis (NVS)** says listing of Alcon eye care business expected on April 9 – Reuters

**Samsung** investigated its US marketing operation. WSJ

FTC plans to investigate tech companies over data collection issue (**GOOG, FB, AMZN**). Bloomberg

**General Motors (GM)** plans to invest \$300M in electric car plant. Reuters

**UPS (UPS)** considering new vaccination project. Reuters

Indonesia cancelled order of 49 **Boeing (BA)** 737 jets. FT

**Avon Products (AVP)** Exploring Sale to Brazilian Rival Natura – WSJ

## Extras

**Baidu (BIDU)** late buyers of 2,000 May \$190 calls for \$2.28 to \$2.45 today

**Twitter (TWTR)** buyer of 1,500 January 2021 \$28 puts for \$4.70

**Phillips 66 (PSX)** buyer of 1,000 August \$97.50 puts to open \$4.99

**Lumentum (LITE)** late day buys of 1,000 January \$50 calls \$10 to \$10.10

**Centene (CNC)** buyer of 2,000 September \$52.50 puts to open \$2.11

## Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
CAL	Caleres	\$0.38	\$0.45	\$720.26	\$738.12	2.50%	FY In Line
CTAS	Cintas	\$1.84	\$1.71	\$1,680.0	\$1,694.83	-99.90%	FY In Line
NKE	NIKE	\$0.68	\$0.65	\$9,611.00	\$9,598.85	7.00%	
SCHL	Scholastic Corp	-\$0.32	-\$0.27	\$360.10	\$371.10	4.50%	
ZUO	Zuora	-\$0.11	-\$0.11	\$64.10	\$63.00	28.70%	FY In Line

**NKE – Beat on EPS and Revenues** – Revenues for the NIKE Brand were \$9.1 billion, up 12 percent on a currency-neutral basis driven by growth across wholesale and NIKE Direct, categories including Sportswear and Jordan, and continued double-digit growth across footwear and apparel. Revenues for Converse were \$463 million, down 2 percent on a currency-neutral basis, mainly driven by double-digit growth in Asia and digital which was more than offset by declines in the U.S. and Europe. "The Consumer Direct Offense is delivering broad-based growth across all four of our geographies, led by continued momentum in China," said Andy Campion, Executive Vice President and Chief Financial

Officer, NIKE, Inc. "We will continue investing in key capabilities to drive NIKE's digital transformation and fuel strong profitable growth into next fiscal year and beyond.

**Earnings**

<b>Ticker</b>	<b>Company</b>	<b>EPS Actual</b>	<b>EPS Estimate</b>	<b>Revs Actual</b>	<b>Revs Estimate</b>	<b>Y/Y Growth</b>	<b>Notes</b>
HIBB	Hibbett Sporting	\$0.57	\$0.39	\$306.00	\$282.27	14.70%	FY Above
JKS	JinkoSolar Holding	\$0.40	\$0.48	\$1,120.00	\$1,247.90	14.70%	
TIF	Tiffany & Co	\$1.67	\$1.60	\$1,320.60	\$1,331.49	-1.00%	FY In Line