

TOP STORIES

- Global Market Fall Along with Yields as Recession Fears Persist
- Trump's Nominee for Fed Board Calls for Immediate Rate Cut
- US, China Talks Set to Resume as Trump Vows 'Excellent Deal'
- Draghi: ECB Stands Ready to Act, Could Delay Rate Hike Again
- New Zealand Joins Dovish Shift, Hints at Interest Rate Cut

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2814.75 (-8.25)	-8.51
Nasdaq	7361.5 (-15.25)	-16.65
Dow	25585 (-91)	-9173

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7164.66	-0.44%
DAX	11382.64	-0.32%
Nikkei	21378.73	-0.23%
Hang Seng	28728.25	0.56%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	International Trade	
10:30	EIA Petroleum	

FOREX

EUR/USD	1.1273 (0.08%)
USD/JPY	110.27 (-0.32%)
USD/CAD	1.3409 (0.21%)
GBP/USD	1.3206 (-0.01%)
USD	96.25 (0.03%)

COMMODITY

Oil	59.52 (-0.70%)
Natural Gas	2.714 (-0.95%)
Gold	1317.8 (0.21%)
Copper	2.855 (0.04%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	15.19 (-6.98%)
Nasdaq	VXN	18.97 (-2.42%)
Oil	OVX	27.75 (-5.35%)
Gold	GVZ	10.19 (-5.39%)

MARKET OUTLOOK

Futures are indicating a lower open for the morning with yields on the 10-year hitting their lowest level since 2017 overnight. Trump's pick for the Federal Reserve Board, Stephen Moore, called for rates to be cut by 0.50% in an interview with the NYT. He said the December hike with "inexplicable." SF Fed's Mary Daly spoke overnight and preached patience. PM May faces yet another challenge this morning with Parliament set to vote on rival plans to her negotiated Brexit deal with the EU. They could vote to abandon the exit altogether. USTR Lighthizer and Mnuchin are set to resume talks in Beijing tomorrow with China's Liu to visit the US next week. POTUS has told lawmakers that he won't settle for anything less than an "excellent deal."

Asian markets were mixed overnight with the Nikkei down modestly although some due to ex-div pressure. Banks and automakers were weak. Biotech **Anges** was up 9.5% after approval to begin treating patients with CLI. **Kansai Electric** was down 4% as utilities underperformed. New Zealand kept rates unchanged overnight at 1.75%. The Kiwi dropped however as the central bank hinted at a potential rate cut in the coming meetings.

European markets are in the red across the board and at their lowest levels of the day after opening in the green. Autos were showing some life with M&A lifting optimism. **Fiat** and **Daimler** both were higher by 2%. **Swedbank** fell 4% after reports that it withheld information from US authorities investigating suspicious transactions. Mario Draghi spoke at a conference this morning and said that the ECB remains ready to act if necessary. He said that they could delay a rate hike again while adjusting their guidance is also on the table. Italian consumer confidence fell to 111.2 vs 112 forecast. Business confidence also fell below forecasts. Swiss expectations were weak as well.

S&P TECHNICALS

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



4959 Advancing	Declining 2230
65.6%	29.5%
238 New High	New Low 65
78.5%	21.5%
4519 Above SMA50	Below 3026
59.9%	40.1%
3473 Above SMA200	Below 4072
46.0%	54.0%

KEY EVENTS TO WATCH

Earnings After the Close: FIVE, FUL, LULU, PVH, SNX, VRNT

Analyst Days: SRE, TSG, CATM

Conferences: AMCP Annual Meeting, Scotia Weil Energy, Credit Suisse Consumer / Retail Conference (DANOY, DEO, NSRGY, UN)

Economic Data on Thursday: GDP at 8:30 AM, Jobless Claims at 8:30, Pending Home Sales at 10:00

Earnings BMO Thursday: ACN, MOV, QIWI, SPWH

ANALYST ACTION/COMMENTS

Ctrip.com (CTRP) upgraded to Buy at Bernstein

PagSeguro (PAGS) upgraded to Overweight at JP Morgan

ON Semi (ON) upgraded to Buy at Goldman Sachs

Ralph Lauren (RL) upgraded to Outperform at Wells Fargo

Oil States (OIS) upgraded to Strong Buy at Raymond James

Lumentum (LITE) upgraded to Overweight at MSCO

Ironwood (IRWD) upgraded to Neutral at MSCO

Ultragenyx (RARE) upgraded to Overweight at MSCO

Papa Johns (PZZA) upgraded to Hold at Stifel

Skechers (SKX) upgraded to Positive at Susquehanna

Jack in the Box (JACK) raised to Buy at Gordon Haskett

Kinder Morgan (KMI) downgraded to Hold at Citi

MACOM (MTSI) downgraded to Sell at Goldman

Scotts Miracle (SMG) cut to Hold at Raymond James

Acacia (ACIA) downgraded to Sell at MSCO

Cronos (CRON) downgraded to Sell at Canaccord

Square (SQ) started Outperform at Macquarie

SVMK PT raised to \$19 at JMP Securities

EOG Resources (EOG) started Outperform at Oppenheimer, \$108 PT

Mizuho initiating in security software with **PANW, CYBR, RPD** at Buy, **CHKP, FEYE, FTNT, OKTA, PFPT** and **SYMC** at Neutral

Wingstop (WING) started Outperform at BMO, \$85 PT

MEDIA HIGHLIGHTS

Southwest (LUV) Boeing (BA) 737 MAX makes emergency landing at Orlando airport - CNBC

Game industry cut-backs driven by past errors, uncertainty (**ATVI, EA**) – Variety

Geely set to buy half of **Daimler's** Smart unit – Nikkei

Kansas City Southern (KSU) sees surging fuel-by-rail growth in Mexico – Reuters

Japan approves rules for resorts with casinos (**MLCO, MGM, LVS**) – Bloomberg

Equifax (EFX), FICO to partner to sell consumers' data to banks - WSJ

Google (GOOG) reboots robotics program - NY Times

Renault mulls **Fiat Chrysler (FCAU)** bid after **Nissan** merger - FT

New tax law hits overseas profits of some U.S. multinationals (**PG**) – WSJ

Casper considering IPO (TPX, SNBR) – Reuters

Demand for pickup trucks in China are growing (**F, GM, FCAU**). Reuters

STOCK SPECIFIC NEWS OF NOTE

Agios Pharma (AGIO) receives FDA Breakthrough Designation for Tibsovo

Jazz Pharmaceuticals (JAZZ) JZP-258 achieves primary, key secondary endpoints in study

Shareholders of **IIVI, Finisar (FNSR)** approve merger

Dow (DOW) to replace **Brighthouse Financial (BHF)** in S&P 500 on 4/2

FDA grants approval of new MS drug to **Novartis (NVS)**

Gildan (GIL) lowers Q1 outlook after impairment of a trade receivable from Heritage Sportswear

CBL & Associates (CBL) settles class action suit, will suspend dividend for two quarters

Huntington Ingalls (HII) wins \$1.47B defense contract

Qualcomm (QCOM) announces ITC ALJ ruling against Apple in patent infringement case

Centene (CNC) to acquire **WellCare (WCG)** in cash, stock deal for \$305.39 per share or \$17.3B

Southwest (LUV) cuts forecast for Q1 capacity to 1% from 3.5%-4% previously

PRE-MARKET MOVERS

Moving Higher: WCG 13.4%, VKTX 7%, AXSM 6.4%, MOH 3.4%, FCAU 2.5%

Moving Lower: CNC -7%, CVS -2%

INSIDER TRADING (Form 4 Filings)

Buying: KMI, REV

Selling: COG, GIS, DG, CLH, TCX, DLB, AAN, CVNA, PEN, RSG, CRM, VAR

INSTITUTIONAL MONEY FLOW

Buying: AAPL, BA, GOOG, TDG, SQ, UNH, TLT, CRM, ICE, IAC, GM, HLT, ROKU, AZO

Selling: NEM, NKE, FB, BIIB, C, HON, VIAB, GE, RHT, SBUX, LRCX, XOM, WP

OPTION HIGHLIGHTS (Prior Day)

SAP SE (SAP) trading nearly 12X average calls today with 2,500 June \$120 calls opening \$1.75 to \$1.80. SAP has seen some smaller June call buys recently but today's flow will be the most notable line in open interest. Shares are consolidating above the rising 8- and 13-EMA after breaking back above the 200-day MA in mid-March. SAP is nearing a move back above weekly cloud support and has room back to recent highs while long-term channel targets \$130. The \$140B cloud/software leader trades 18.67X earnings, 5X sales, and 43.3X FCF with almost \$9B in cash on hand. Shares yield 1.55% with 5.9% and 12.6% EPS growth and revenue growth of 9.7% and 7.8%. The company held a market's day last month where they outlined plans to expand in Intelligent Enterprise through their big four drivers Qualtrics, Callidus Cloud, SAP Leonardo, and C/4HANA. The latter – their new data management suite -- has seen strong adoption with 10K new licensed customers and 40% customer share with growth in Finance and Professional Services. They see the "Experience Economy" as a \$100B market opportunity through customer experience solutions. C/4HANA offers expansion in Marketing, Commerce, Sales, Service, and Customer Data and significant opportunity to be a share leader by 2023 as it currently is the least-penetrated market by the company. They see €35B in total revenue by 2023 with 80% a more predictable software/services mix, up from 37% in 2007. Analysts have an average target for shares of \$117 with 8 buy ratings and 3 hold. BAML downgraded shares to Hold on 2/4. UBS has a Buy rating for shares citing their impressive cloud growth at scale given their size and opportunities for cash flow growth out 2-3 years. Institutional ownership fell 0.14%. Short interest is 0.25%.

AFTER HOURS MOVERS

Gainers: SCVL 19%, WCG 12%

Losers: OLLI -2%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.62	Falling
CBOE Index Put/Call Ratio	1.156	Falling
CBOE Skew Index	117.55	Falling Sharply
VIX Curve	Contango	Normal
CNN Fear & Greed Index	59	Greed
NYMO	-35.09	Low
NYSE Highs/Lows	83.31	High
McClellan Summation	923.93	Below 8-EMA
Univ. of Michigan Consumer Sentiment	97.8 (March)	-3.6%

SMART MONEY (13g/13d Filings)

POTENTIAL SYMPATHY TRADES

MOH – higher on WCG deal

DHI, TOL, BZH – on KBH/LEN earnings

IPO MONITOR

Precision Bio (DTIL) issuing 7.9M shares at \$15-\$17; Genome editing company leveraging its ARCUS platform to treat human diseases

Genfit (GNFT) issuing 5M shares at \$26; Late-stage clinical biopharmaceutical company developing drug candidates targeting liver-related diseases

Lyft (LYFT) issuing 30.77M shares at \$62-\$68; One of the largest ride sharing networks in the US and Canada

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

LW:



Lamb Weston (LW) shares are nearing a move out of a multi-week base above \$72 which has room back to the recent high-volume node around \$75 and then \$80. Shares held the 200-EMA while RSI is moving back above 55 with last week's late strength and MACD is above zero.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Vulcan Materials (VMC)

Price: \$113.5

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	19.8X	3.5X	2.9X	16.2X	41.8X
Industry Avg.	15.3X	0.8X	1.9X	8.6X	21.8X

Analysis: VMC is a \$15.5B company which trades 19.8X earnings, 3.5X sales, and 72X FCF with a 1% yield. VMC sees 22.4% and 19.8% EPS growth with revenues up 7-9% behind better demand for aggregates. They have drivers this year from higher transport spending in CA and potential for a bigger bipartisan Federal infrastructure plan being pushed through.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

AEO:



American Eagle (AEO) shares are moving back near the recent support at \$19.50 after forming a lower-high post-earnings. AEO has room back to around \$17 with a breakdown. MACD is moving back under zero and RSI back under 50, weakening strength.

PAIR TRADE OF THE WEEK

Industry: Apparel

Long/Short: Long VF Corp (VFC), Short Gap (GPS)

Analysis: VFC is coming off a strong quarter with Vans revenue growing 20% and North Face seeing strong HSD growth. The company is investing in growth initiatives which can drive their top brands. GPS has jumped recently after announcing a split but Old Navy the lone brightspot for the company and the divesture leaves them with slowing/stagnant brands and a huge retail footprint.

SMALL CAP TRADE OF THE WEEK

America's Car-Mart (CRMT) is a \$584M auto dealership which trades 12X earnings, 0.88X sales, and 36X FCF. CRMT has seen insiders actively buying stock. CRMT sees 91.5% EPS growth in FY19 and 12-15% the next two years with revenue growth of 12-13%. CRMT is growing their dealership base while volumes up 2-3% and SSS up 8.5% behind better pricing.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Ocwen (OCN)	Avaya (AVYA)	Criteo (CROT)
Avaya (AVYA)	UBS	Riot Blockchain (RIOT)
Entergy (ETR)	Conn's (CONN)	Kandi Tech (KNDI)
SAP SE (SAP)	Wabtech (WAB)	Bed Bath (BBBY)
Westlake (WLK)	Brighthouse (BHF)	Yeti (YETI)
Navient (NAVI)	Criteo (CRTO)	LiveRamp (RAMP)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Restaurant Brands (QSR)	Brighthouse (BHF)	Aldeyra (ALDX)
Navient (NAVI)	Sanofi (SNY)	Conn's (CONN)
Ocwen (OCN)	Athene (ATH)	Lannett (LCI)
Aqua Metals (AQMS)	Delphi (DLPH)	McCormick (MKC)
Cenovus (CVE)	Jetblue (JBLU)	Axsome (AXSM)
Fox (FOXA)	Infinera (INFN)	Sprint (S)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Liberty (LBTYA)	Plantronics (PLT)	Tocagen (TOCA)
Tellurian (TELL)	Caesars (ZR)	Assembly Bio (ASMB)
General Motors (GM)	Ford Motor (F)	Intra-Cellular (ITCI)
Amyris (AMRS)	Snap (SNAP)	Concert Pharma (CNCE)
Endo (ENDP)	Dropbox (DBX)	Quototiao (QTT)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
General Electric (GE)	Ocwen (OCN)	Avaya (AVYA)
Bank of America (BAC)	Apple (AAPL)	UBS
Twitter (TWTR)	Newmont (NEM)	Conn's (CONN)
Pfizer (PFE)	Gap (GPS)	Entergy (ETR)
AT&T (T)	Altria (MO)	SAP SE (SAP)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Six Flags (SIX)	Extras Space (EXR)	QSR, May \$70/\$75 call spread bought 3,450X6,900
Twilio (TWLO)	Chipotle (CMG)	K, 1,000 May \$60/\$55 strangles
JP Morgan (JPM)	Redfin (RDFN)	NSTG, 1,000 April \$25/\$30 call spreads
Lowe's (LOW)	Athene (ATH)	MTZ, 2,000 May \$43/\$37 put spreads
P&G (PG)	Hasbro (HAS)	GDX, 50,000 September \$25/\$27 call spreads

Stock Specific News and Notes

Inventec conservative about 2019 outlook – Digitimes

Micron (MU) gearing up for automotive memory market boom – Digitimes

Wall St ready for IPO boom as ‘unicorns’ stampede to market (**UBER, LYFT**) – FT

Axsome (AXSM) Receives FDA Breakthrough Therapy Designation for AXS-05 for MDD

Cathay Pacific Airways agreed to buy **Hong Kong Express Airways** for \$628M – Reuters

Australia’s **Lynas** will not engage with **Wesfarmers** on its “highly conditional” \$1.1 billion takeover approach – Reuters

Lannett (LCI) receives FDA approval for Aspirin and Dipyridamole capsules ANDA

Fibrocell Science (FCSC) receives guidance from FDA on Phase 3 FCX-007 trial

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
KBH	KB Home	\$0.31	\$0.25	\$811.50	\$828.56	-6.90%	
OLLI	Ollie’s Bargain Outlet	\$0.71	\$0.69	\$393.93	\$398.13	10.40%	
SCVL	Shoe Carnival	\$0.09	\$0.06	\$234.70	\$232.84	-3.50%	Affirms FY

SCVL – Beat on EPS and Revenues - We are pleased to report record net sales and earnings results above our expectations for the fiscal year. Our comparable store sales increases were broad-based, driven by positive results for both our athletic and non-athletic footwear. We believe our customer-centric strategic initiatives, trend-right selection of compelling brands and the latest fashion along with our exciting in-store environment continue to make Shoe Carnival the store of choice for moderately priced family footwear. Going forward, we believe we remain well positioned to deliver long-term sustainable growth and value for our shareholders.

KBH – Beat on EPS and Missed on Revenues - “We are beginning to see healthy growth in our average community count, which was up 10% in the first quarter,” continued Mezger. “This increase, together with a substantial number of planned openings still to come, positions us to capitalize on demand during the spring selling season. Although the decline in net orders during the 2018 fourth quarter impacted our first-quarter housing revenues, we are encouraged by improving market conditions, which we believe should enable us to generate stronger revenues in the 2019 second half.”

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
HOME	At Home Group	\$0.47	\$0.48	\$354.07	\$351.72	20.60%	Q1 Below
LEN	Lennar	\$0.74	\$0.76	\$3,868.10	\$4,096.81	29.80%	
PAYX	Paychex		\$0.88		\$1,073.74		
SCWX	SecureWorks	\$0.02	\$0.01	\$130.70	\$132.62	8.30%	FY In Line