

TOP STORIES

- U.S., China Close In on Trade Deal
- China Lowers 2019 GDP Growth Target at 6% to 6.5%, to Slash Taxes and Boost Lending
- Euro Area's Resilient Services Sector Puts Mild Gloss on Economy
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2796.25 (4.75)	3.09
Nasdaq	7156.5 (10.75)	2.67
Dow	25867 (53)	50.35

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7148.85	0.20%
DAX	11575.29	-0.15%
Nikkei	21726.28	-0.44%
Hang Seng	28961.6	0.01%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
9:45	PMI Services	56.2
10:00	New Home Sales	590K
10:00	ISM Non-Manufacturing	57.2
2:00	Treasury Budget	\$6B

FOREX

EUR/USD	1.1337 (-0.01%)
USD/JPY	111.93 (0.17%)
USD/CAD	1.333 (0.25%)
GBP/USD	1.3167 (-0.14%)
USD	96.63 (0.02%)

COMMODITY

Oil	56.82 (0.41%)
Natural Gas	2.881 (0.84%)
Gold	1286.8 (-0.05%)
Copper	2.9485 (1.36%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	14.63 (7.81%)
Nasdaq	VXN	17.36 (7.69%)
Oil	OVX	30.20 (-0.36%)
Gold	GVZ	10.26 (0.59%)

MARKET OUTLOOK

Futures are indicating a higher open despite global markets were have been mixed. The focus overnight has been on China's National People's Congress. The country lowered its growth targets for the year to 6% to 6.5%, down from around 6.5%, amid pressure from the trade war. This is the weakest in three decades. They proposed more stimulus options however including tax cuts, social security fee cuts, more infrastructure investment, and small-business lending. Copper is getting a boost this morning up over 1.35%. POTUS plans to end key trade preferences for India and Turkey. In Washington, new AG William Barr has said that he won't recuse himself from the Mueller investigation.

Asian markets were mixed overnight with the Nikkei fading from recent 3-month highs while China closed flat. Chip stocks and machinery leaders were weak again today. China Caixin services PMI fell in February to 51.1 vs 53.5. Hong Kong Manufacturing PMI came in at 48.4, slightly better than in January. Infant-care company **Pigeon** fell 7.5% after earnings. Machinery company **IHI Corp** fell 2.7% after faulty checks of engines were discovered.

European markets are mixed this morning. Eurozone services PMI was better than feared at 52.8 vs 52.3 while composite PMI was also higher than the forecast. Retail sales rose 2.2% in January which was above forecasts. In the rest of the EU we had pretty strong PMI across the board for the most part from the UK, Germany, and Spain. Autos were weak this morning after the China slowdown. **Eurofins** fell 7.5% after the food/bio testing firm said it would pull back on M&A activity. **Evonik** hit a four-year high after the additives/chemicals company raised their outlook.

Ingersoll-Rand (IR) in focus today with Goldman raising to Conviction Buy. They like the strong order book exiting 2018, improving price/cost, and a conservative guidance range. Their \$122 PT is also based on the company's heavy exposure to HVAC, one of the firm's preferred segments.

S&P TECHNICALS

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



2814 Advancing	Declining	4397
37.2%		58.1%
219 New High	New Low	54
80.2%		19.8%
6160 Above SMA50	Below	1389
81.6%		18.4%
3652 Above SMA200	Below	3897
48.4%		51.6%

KEY EVENTS TO WATCH

Earnings After the Close: AVAV, AMBA, CDLX, COO, OOMA, AGS, PRMW, NX, ROST, RYI, SSW, URBN, VSLR, WMC;

Analyst Days: SPXC, LITE;

Economic Data on Wednesday: ADP Employment at 8:15 AM, International Trade at 8:30, EIA Petroleum at 10:30, Loretta Mester Speaks at 12:00, Beige Book at 2:00;

International Earnings: Luxottica, Brenntag, Interxion, Dialog Semi;

Earnings Wed BMO: ANF, AMRC, BZUN, BJ, BF/B, CVGW, CHS, DLTR, DCI, INXN, JILL, THO;

ANALYST ACTION/COMMENTS

Immunogen (IMGN) upgraded to Neutral at MSCO

Alnylam (ALNY) upgraded to Overweight at MSCO

Ingersoll-Rand (IR) upgraded to Conviction Buy at Goldman Sachs, \$122 PT

Veritiv (VRTV) upgraded to Buy at BAML

Ctrip.com (CTRP) upgraded to Overweight at JP Morgan

Orange (ORAN) downgraded to Neutral at Barclays

Adamas (ADMS) downgraded to Underperform at Mizuho

Uniti (UNIT) downgraded to Underperform at Wells Fargo

SQM downgraded to Neutral at Citi

Bluebird Bio (BLUE) downgraded to Neutral at Leerink

Spirit (SPR) downgraded to Neutral at Seaport Global

Tyson Foods (TSN) initiated Overweight at Stephens

Pilgrim's Pride (PPC) initiated Overweight at Stephens

Arcosa (ACA) initiated Outperform at Oppenheimer

Floor & Décor (FND) initiated Outperform at Baird

Alphabet (GOOGL) initiated Buy at Needham, \$1,350 PT

Encana (ECA) initiated Buy at Goldman Sachs

Aurora (ACB) initiated Buy at Cowen, \$14 PT

Gossamer Bio (GOSS) initiated Buy at BAML, \$30 PT

Harpoon Therapeutics (HARP) initiated Outperform at Wedbush, \$23 PT

MEDIA HIGHLIGHTS

ITC agrees to investigate **Allergan (AGN)** claims of stolen Botox secrets – STAT News

Cigna (CI) CEO Cordani was privately regretful about Anthem deal - Bloomberg

China Is Said to Plan \$90 Billion Cut in VAT for Manufacturers – Bloomberg

Sackler Pharma Exploring Bankruptcy – Bloomberg

Office Landlord **Priam Properties** Is Considering an IPO – Bloomberg

Lockheed Martin (LMT) gets \$1B down payment for Saudi THAAD missile system – Reuters

Barrick (GOLD) CEO says will discuss Nevada joint venture with **Newmont (NEM)** - Reuters

PG&E (PCG) faces pressure from more shareholders over board – Bloomberg

Qualcomm (QCOM) kicks off patent challenge to Apple before antitrust case – Reuters

FDA chief blasts **Walgreens (WBA)** for selling tobacco to minors – NY Post

First Quarter DRAM Contract Prices See Sharpest Decline Since 2011 – DRAMeXchange

Papa John's (PZZA) nears settlement agreement with founder Schnatter – Reuters

China suspends customs clearance for **Tesla (TSLA)** Model 3 imports – Caixin

Chinese drone maker **EHang** plans U.S. IPO – Reuters

Cathay in Talks to Buy a Stake in Hong Hong's Only Budget Airline – Skift

L Brands (LB) activist wants company to split into two -WSJ

STOCK SPECIFIC NEWS OF NOTE

GameStop (GME) announces dividend, \$300M share buyback program

LivaNova (LIVN) delays filing of Form 10-K

Diplomat Pharmacy (DPLO) to delay filing 10-K, cites need to record impairment charge

The Gap (GPS) acquires Jane and Jack from Gymboree for roughly \$35M

Lumentum (LITE) to sell certain optical transceiver product lines to CIG

PRE-MARKET MOVERS

Moving Higher: TGT 6%, KSS 5.3%

Moving Lower:

INSIDER TRADING (Form 4 Filings)

Buying: CVS, ZBH, WTW, STKL, RRC, BBT, KMI

Selling: JAZZ, GPRO, TNDM, DSW, VSH, SKX, RGEN, ITGR, NOW, CAKE, CBS

INSTITUTIONAL MONEY FLOW

Buying: UNH, VZ, WMT, PM, GILD, APTV, TSM, SPG, MPC, BSX, COF, A, CME, WH, PXD, USB

Selling: AAPL, FB, BABA, XOM, CSX, GE, TSN, CAT, JD, NEM, NVDA, AXP, AVGO, DIS, O

OPTION HIGHLIGHTS (Prior Day)

Pinduoduo (PDD) been the strongest China name and 2,000 April \$35 calls bought \$1.20 to \$1.40 this morning, earnings 3-13. PDD showed strength even when China was weak and has seen all bullish positioning in 2019 with put sales often a popular strategy. Shares are out of its \$18/\$26 range that targets a move to \$34. The \$33B Chinese ecommerce platform trades 13.3X FY19 EV/Sales and grew revenues 239% in 2017, set for 647% growth in 2018, and forecasts another 110% growth in 2019. PDD is seeing strength across all metrics like active users/buyers and spending per active buyer. Analysts have an average target of \$31 and short interest is 10.3% of the float. PDD has not seen a lot of sell-side coverage, Goldman initiating Buy with a \$31.90 target in September as the fastest-growing internet company in the World benefiting from robust growth in China ecommerce via its popular app and Tencent's social networks. Morgan Stanley also positive seeing it best positioned for ecommerce in lower tier cities in China. Hedge Fund ownership fell 12.88% in Q4 filings, Tencent with a \$21B stake.

AFTER HOURS MOVERS

Gainers: HUYA 10.8%, CTRP 7.7%, YY 4%, GME 4%

Losers: ADMS -9.6%, LJPC -7.4%, NVTA -5.8%, CRM -2.7%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.64	Falling
CBOE Index Put/Call Ratio	1.24	Neutral
CBOE Skew Index	126.97	Remains Near Multi-Year Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	72	Greed
NYMO	0.63	Neutral
NYSE Highs/Lows	91.9	Multi-Month Highs
McClellan Summation	1280.31	Above 8-EMA
Univ. of Michigan Consumer Sentiment	95.5 (February)	-4.2% Y/Y

SMART MONEY (13g/13d Filings)

POTENTIAL SYMPATHY TRADES

PPG, SHW, AXTA – on Evonik earnings

WMT, COST, KR – on TGT earnings

IPO/SECONDARY MONITOR

Futu Holdings (FHL) issuing 10.9M shares at \$10-\$12; Fully-digitized brokerage platform in China

Shockwave Medical (SWAV) issuing 5M shares at \$14-\$16; Medical device company developing products to transform way calcified cardiovascular disease is treated

TRADE

WEEKLY TECHNICAL BREAKOUT

CCI:



Crown Castle (CCI) shares are flagging under new highs at \$120.50 after breaking out of a big weekly range. Shares have a long-term measured move to \$127.50 while the 20-EMA has been supportive recently on a pullback.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Mondelez (MDLZ)

Price: \$119.25

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	17.6X	2.6X	2.7X	21.7X	45X
Industry Avg.	20.7X	2.8X	3.3X	19.7X	23X

Analysis: The \$68B company trades 17.6X earnings, 2.6X sales, and 45X FCF with a 2.2% yield. MDLZ is working out of a big three year range with momentum in its EM brands and products. MDLZ is a strong FCF generator and organic growth investments last quarter into advertising and route to market. Management has talked up their recent efforts to re-focus on growth as well which should help sentiment in the name after years of cost-cutting and savings initiatives. They could look at deals or investments to help boost their scale.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

INGR:



Ingredion (INGR) shares have traded weak despite the strong overall market and rolling over a bit after pulling back into the 20-EMA and cloud resistance. A move under \$90.50 has room back to the December lows and then a measured move to \$75.

PAIR TRADE OF THE WEEK

Industry: Biotech

Long/Short: Long **Biogen (BIIB)**, Short **Gilead (GILD)**

Analysis: BIIB is a \$65.9B company which trades 11.37X earnings and 4.9X sales with exciting programs in MS and Alzheimer's. Spinraza is expected to grow double digits in 2019 and continues to be a leader in the SMA market. GILD is likely in a transition year with the new CEO taking over, focus on potential partnerships and capital return.

SMALL CAP TRADE OF THE WEEK

Natera (NTRA) is a \$1.04B company which trades 4.24X sales and 6.26X cash. The company focuses on preconception and prenatal genetic testing services with top competitors Progenity and Illumina. NTRA named a new CEO in January and moving forward with key clinical trials for their NIPT test for aneuploidies and microdeletion conditions. They recently signed a deal with TMO for a kidney transplant rejection test.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

Intra-Cellular (ITCI)

Canadian National (CNI)

Genworth (GNW)

KAR Auction (KAR)

SBA Comms (SBAC)

Celgene (CELG)

Scorpio Tanker (STNG)

Magna (MGA)

Rite Aid (RAD)

Ascendis (ASND)

Versum Materials (VSM)

Chicos (CHS)

La Jolla Pharma (LJPC)

Gap (GPS)

Signet (SIG)

Elanco (ELAN)

Service Corp (SCI)

Sprint (S)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

Eagle Materials (EXP)

Canadian National (CNI)

Dermira (DERM)

KAR Auction (KAR)

Chicos (CHS)

Omeros (OMER)

Sanofi (SNY)

Toyota (TM)

Ascendis (ASND)

Madrigal Pharma (MDGL)

Evolent (EVH)

Weatherford (WFT)

Intrepid Potash (IPI)

Bank of NY (BK)

Overstock.com (OSTK)

RadNet (RDNT)

Fox (FOXA)

Children's Place (PLCE)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

SandRidge (SD)

Pinduoduo (PDD)

Ascendis (ASND)

Eli Lilly (LLY)

Nike (NKE)

Tocagen (TOCA)

Halliburton (HAL)

Ford Motor (F)

Energous (WATT)

Southwest (LUV)

Alibaba (BABA)

Veracyte (VCYT)

Bristol Myers (BMY)

PayPal (PYPL)

Overstock (OSTK)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Eli Lilly (LLY)

Exxon (XOM)

Canadian National (CNI)

Elanco (ELAN)

Ebay (EBAY)

SBA Comms (SBAC)

Alibaba (BABA)

JetBlue (JBLU)

Magna (MGA)

Celgene (CELG)

Exelixis (EXEL)

Intra-Cellular (ITCI)

US Steel (X)

AT&T (T)

KAR Auction (KAR)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

Applied Materials (AMAT)

Kellogg (K)

MCD, 5,000 April 5th (W)
\$190/\$195 call spreads

Qualcomm (QCOM)

SBA Comms (SBAC)

NLSN, 3,200 June \$30/\$25 collars
bought

Workday (WDAY)

Tesla (TSLA)

CNC, 1,500 June \$72.5/\$77.5 call
spreads

McDonalds (MCD)

Gap (GPS)

UNP, 5,000 April \$175 synthetic
long positions

Nvidia (NVDA)

I Robot (IRBT)

SBAC, 1,000 April \$180/\$175 put
spreads

Option Radar

Conoco Philips (COP) yesterday with over 4,500 April \$67.50 calls bought up to \$3.90 on the day, over \$1.1M in premium paid. COP had 1,150 May \$67.50 puts sold to open recently and notable June open interest with the \$65, \$67.50, and \$70 calls as well as the \$55 short puts. The January 2020 \$80 calls have also seen over 2,000 bought. Shares are nearing a bull flag breakout above \$71 which measures out to \$77 and a small volume node from early October. COP is consolidating above the weekly cloud and 8-week EMA with a channel target of \$85. The \$80.9B company trades 16.25X earnings, 2.2X sales, and 16.8X FCF with a 1.75% yield. COP expects 21% EPS growth in FY20 with 14.6% revenue growth as they benefit from better production levels and higher realized prices. COP has been exploring a sale of their North Sea assets which could fetch up to \$2B and Reuters recently reporting that Eni and Hitec-Vision are teaming on a bid. Analysts have an average target for shares of \$76.50 with 13 buy ratings and 7 hold ratings. Short interest is 0.9% and moving to its lowest level since 2011 last month. Goldman upgraded shares to Buy on 2/3 with a \$82 PT. They see better long-term differential assumptions outside of the U.S. and a reduced operating cost outlook given recent trends as tailwinds. Institutional ownership fell 7.5%. Gyroscope Management a buyer of 20,000 call options.

Extras

Stitch-Fix (SFIX) late day sweep of nearly 1,000 April \$30 calls \$1.75 offer, earnings 3-11

United Health (UNH) with 1,000 May \$150/\$160 call spreads bought to open and 1,000 April \$250/\$260/\$270 call spreads

ConAgra (CAG) with 1,000 Jan. 2021 \$20 ITM calls opened \$5 to \$5.20

CIGNA (CI) with another 1,000 Jan. 2021 \$195 calls bought \$22

Verizon (VZ) with 3,500 May \$55 calls opening as March \$55 calls adjusted out a few months

Qualcomm (QCOM) afternoon buys of 3,000 March \$53.5 calls to open near \$0.99

Blackstone (BX) with 3,000 September \$31 puts sold to open for \$1.35

Halliburton (HAL) stock replacement opened 3,400 July \$32.50 calls for \$1.55

Immersion (IMMR) with 1,000 August \$5 ITM calls bought to open \$4.20

Puma Bio (PBYI) closed strong with 1,820 ITM March 22nd (W) \$35 calls opening \$5.70 to \$6.20

Alibaba (BABA) with 4,500 July \$210 calls opening as the \$200 calls adjusted up

Tocagen (TOCA) strong close and June \$15 ITM calls opened 330X \$2.40 to \$2.90, a \$260M gene therapy Co.

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
CTRP	Ctrip	\$0.13	-\$0.04	\$1,103.00	\$1,044.20	22.00%	Q1 Above
HUYA	HUYA	\$0.76	\$0.54	\$1,504.90	\$1,424.88	103.10%	FY Above
NVGS	Navigator Holdings		\$0.03		\$66.59		

CRM	Salesforce	\$0.70	\$0.55	\$3,600.00	\$3,562.52	26.30%	FY In Line
STRL	Sterling Construction	\$0.21	\$0.19	\$255.20	\$248.60	0.50%	FY Below
YY	YY	\$1.87	\$1.83	\$675.00	\$651.56	21.20%	

CRM – Beat on EPS and Sales - "We had another year of outstanding revenue growth, surpassing \$13 billion in revenue faster than any other enterprise software company in history," said Marc Benioff, chairman and co-CEO, Salesforce. "As companies of all sizes turn to Salesforce, we're enabling them to put the customer at the center of their digital transformation through our intelligent Customer 360 platform. I've never been more excited about the opportunity ahead." "Our relentless focus on delivering innovation and customer success has fueled our growth and solidified our leadership in the enterprise," said Keith Block, co-CEO, Salesforce. "This is just the beginning, which is why we're now targeting \$26 to \$28 billion in revenue by FY23 - organically doubling our revenue again in the next four years."

CTRP – Beat on EPS and Revenues - The solid results in the fourth quarter of 2018 ended the year on a strong note," said Jane Sun, Chief Executive Officer. "Over the year, despite various challenges, we focused on developing innovative new products, offering increased support to our suppliers, and most importantly, putting the customer at the center of everything we do. As a result, we accelerated the pace which we are gaining market share. Transacting users for our China brands continued to grow and now total 135 million, which represents a 25% CAGR increase over the past two years. GMV continued to grow at 30% year-on-year, which puts us well on track to reach our 2020 target."

YY – Beat on EPS and Revenues - We are delighted to conclude 2018 with solid fourth quarter performances from both YY Live and Huya. Our strong growth momentum was driven by the healthy expansion of our loyal and highly-engaged live streaming community, evidenced by the number of mobile live streaming monthly active users increasing by 18.1% to 90.4 million and the number of live streaming paying users increasing by 36.6% to 8.9 million year-over-year in the fourth quarter of 2018. In addition, our initial foray into the global market has generated encouraging results in 2018. HAGO, a casual-game-oriented social networking platform that is currently available in 33 countries and regions worldwide with 20.9 million monthly active users in the fourth quarter of 2018. In addition, Hago consistently topped the charts as the most popular application on both App Store and Google Play in its primary markets, namely Indonesia and Vietnam in the fourth quarter of 2018. As we continue to enrich and diversify our live streaming content, we have also consistently upgraded our AI algorithms to more accurately match content to our users. Building on the successful growth of our domestic ecosystem, we will continue to execute our globalization strategy as a potential driver for our long-term growth going forward."

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
AFI	Armstrong Flooring	-\$0.35	-\$0.21	\$153.80	\$233.94	-3.50%	
BNED	Barnes & Noble Education		\$0.11		\$591.13		

BEST	BEST Inc.	\$0.05	\$0.03	\$9,035.58	\$8,237.38	38.30%	
CIEN	Ciena	\$0.33	\$0.30	\$778.53	\$761.62	20.50%	
GMS	GMS	\$0.41	\$0.51	\$723.90	\$741.43	23.60%	
GNC	GNC Holdings	-\$0.13	\$0.03	\$547.90	\$550.20	-2.60%	
GSKY	GreenSky	\$0.11	\$0.10	\$109.70	\$103.02	22.20%	FY Above
JW.A	John Wiley & Sons		\$0.78		\$459.51		
KSS	Kohl's	\$2.24	\$2.18	\$6,535.00	\$6,549.71	-3.40%	
NIO	NIO		-\$0.32		\$3,300.00		
SINA	SINA	\$0.80	\$0.89	\$573.01	\$575.29	13.80%	FY In Line
TGT	Target	\$1.53	\$1.52	\$22,977.00	\$23,049.26	0.00%	
TPB	Turning Point Brands		\$0.49		\$91.70		
WB	Weibo	\$0.80	\$0.75	\$481.88	\$481.52	27.70%	