

**TOP STORIES**

- Trump Pushes for US/China Deal in Hopes of Spurring Market Rally
- OECD Cuts Global Outlook Again and Warns Worse May Be Ahead
- PM May Courts Support for Brexit Deal as Key Vote Approaches
- Report: North Korea Launch Site Being Built Back Up Again

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2787.5 (-4)</b>	<b>-2.4</b>
<b>Nasdaq</b>	<b>7157.5 (-8)</b>	<b>-1.29</b>
<b>Dow</b>	<b>25789 (-38)</b>	<b>-12.63</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7205.12</b>	<b>0.30%</b>
<b>DAX</b>	<b>11597.06</b>	<b>-0.20%</b>
<b>Nikkei</b>	<b>21596.81</b>	<b>-0.60%</b>
<b>Hang Seng</b>	<b>29037.6</b>	<b>0.26%</b>

**ECONOMIC CALENDAR**

TIME	INDICATOR	CONSENSUS
<b>8:15</b>	<b>ADP Employment</b>	<b>180K</b>
<b>8:30</b>	<b>International Trade</b>	<b>-\$57.6B</b>
<b>10:30</b>	<b>EIA Petroleum</b>	
<b>12:00</b>	<b>Loretta Mester / John Williams Speak</b>	
<b>2:00</b>	<b>Beige Book</b>	

**FOREX**

<b>EUR/USD</b>	<b>1.1304 (-0.02%)</b>
<b>USD/JPY</b>	<b>111.84 (-0.04%)</b>
<b>USD/CAD</b>	<b>1.3378 (0.25%)</b>
<b>GBP/USD</b>	<b>1.3133 (-0.32%)</b>
<b>USD</b>	<b>96.84 (0.05%)</b>

**COMMODITY**

<b>Oil</b>	<b>56.19 (-0.65%)</b>
<b>Natural Gas</b>	<b>2.886 (0.07%)</b>
<b>Gold</b>	<b>1286.8 (0.16%)</b>
<b>Copper</b>	<b>2.936 (0.09%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>14.74 (0.75%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>17.06 (-1.73%)</b>
<b>Oil</b>	<b>OVX</b>	<b>29.79 (-1.36%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.19 (-0.68%)</b>

**MARKET OUTLOOK**

Futures are indicating a slightly lower open this morning, a quiet night for news. POTUS is again pressuring his trade representatives to cut a deal with China soon in hopes of driving a stock market rally. Media reports indicate that Trump is fixated on how his economic policy moves the equity markets and will do whatever it takes to see stocks rise. The dollar is slightly higher overnight and looking to extend its rally for a sixth day. The Pound fell again today as fears grow that PM May doesn't have the votes needed to get her Brexit deal through parliament next week. Oil extended declines after the OECD gave another downbeat forecast. They cut their 2019 growth forecast to 3.3% from 3.5%. Banks may see some pressure today with reports that Wall Street regulators are looking at capping compensation.

Asian markets were mixed overnight with China outperforming again amid stimulus hopes. The Nikkei fell again from three-month highs. Defense firms were strong with reports that North Korea has restored part of their missile launch site. There was not a lot of key data in the region. Australian GDP came in light at 2.3% vs 2.5% expected in Q4. This is down from 2.8%. **Kura** was down 9% after the sushi chain reported weak earnings. The creator of Hello Kitty, **Sanrio**, was up 7% after striking a deal with a Hollywood filmmaker.

European markets are quiet this morning with the FTSE again leading. The lack of momentum this week continues as the recent rally has stalled out a bit. Autos were weak after parts-maker **Schaeffler** warned on the FY and said it would restructure. Shares were down 11%. **Daimler**, **BMW**, and **VW** all fell. **Logitech** was higher by 1.5% after reporting earnings. **Dialog Semi** was higher by 8.5% after earnings. **Prismian** fell 7% after the cable maker's earnings were mixed. **British Tobacco** and **Imperial Brands** both higher after the FDA's Gottlieb resigned yesterday.

**S&P TECHNICALS**

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



3201 Advancing	Declining 3914
42.3%	51.7%
115 New High	New Low 48
70.6%	29.4%
6118 Above SMA50	Below 1431
81.0%	19.0%
3599 Above SMA200	Below 3950
47.7%	52.3%

**KEY EVENTS TO WATCH**

**Earnings After the Close:** ABM, ASRT, BLDP, WHD, CBPO, BREW, DSGX, FTK, GWRE, HIIQ, REVG, YEXT;

**Analyst Days:** TTD, CCMP, LOGI, XOM, QLYS, GTHX, EL;

**Conferences:** MSCO Energy Conference, Shoptalk 2019, Credit Suisse Healthcare, UBS Consumer and Retail Conference;

**Earnings Thursday BMO:** BKS, BURL, CNQ, CRCM, IMOS, CPG, DESP, FLY, GNC, HRB, HOV, IGT, KR, MEL, REZI, SSYS, SUP, TECO, TWI, USPH;

**ANALYST ACTION/COMMENTS**

**Echo Global (ECHO)** upgraded to Neutral at MSCO

**Volaris (VLRS)** upgraded to Buy at Goldman Sachs

**LKQ Corp (LKQ)** upgraded to Buy at Guggenheim

**Acuity Brands (AYI)** upgraded to Outperform at CSFB

**Kohls (KSS)** upgraded to Neutral at Atlantic Equities

**Mylan (MYL)** upgraded to Overweight at MSCO

**Intelsat (I)** upgraded to Neutral at Raymond James

**LyondellBasell (LYB)** upgraded to Buy at Goldman

**PNC Financial (PNC)** raised to Outperform at Macquarie

**Ambarella (AMBA)** upgraded to Buy at Craig Hallum

**Vulcan Materials (VMC)** upgraded to Conviction Buy at Goldman Sachs, \$140 PT

**GAP Airports (PAC)** downgraded to Sell at Goldman

**Rio Tinto (RIO)** downgraded to Neutral at UBS

**Hexcel (HXL)** downgraded to Hold at Loop Capital

**Lennox (LI)** downgraded to Neutral at CSFB

**Teva (TEVA)** downgraded to Neutral at MSCO

**Pivotal Software (PVTI)** cut to Neutral at Goldman

**VMWare (VMW)** downgraded to Sell at Goldman

**Nio (NIO)** downgraded to Sell at BAML

**Tripadvisor (TRIP)** downgraded to Sell at Cowen

**Alison Transmission (ALSN)** downgraded to Hold at Stifel

**CSX (CSX)** downgraded to Hold at Stifel

**Elastic (ESTC)** initiated Outperform at Oppenheimer

**MEDIA HIGHLIGHTS**

**JetBlue (JBLU)** still considering transatlantic business case, decision as soon as next month - Reuters

Fed weighs tighter rules on foreign bank branches – Reuters

**Samsung** working on new foldable smartphone – Bloomberg

**Newmont Mining (NEM)** says had 'constructive' initial talks with **Barrick (GOLD)** – FT

**Sinopec** plans to sign 20-year LNG deal with **Cheniere Energy (LNG)** – Reuters

Regulators may revive proposal for limits on Wall Street pay (**GS, BAC, MS**) – WSJ

Tech giants hit by new digital tax in France – WSJ

DoJ 'not impressed' with parts of **Sprint (S), T-Mobile (TMUS)** deal - NY Post

**Ford (F)** expected to revise Russia plans this year – Reuters

**Blackstone (BX)** considering acquisition of Shanghai commercial property complex for RMB 10B – Bloomberg

**Volkswagen** looking at next steps for trucking IPO – Bloomberg

Key shareholder believes **Tesla (TSLA)** will be fine without Elon Musk as CEO – NY Post

Graphics card vendors under inventory pressure amid glut following crypto mining fad (**NVDA, AMD**) - Digitimes

**Deutsche Bank (DB)** Equities Unit Is Said to Record Deep Loss in 2018 – Bloomberg

**PG&E (PCG)** Ordered to Suspend Dividend After Series of Massive Fires – Bloomberg

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**STOCK SPECIFIC NEWS OF NOTE**

**Ross Stores (ROST)** authorizes new \$2.55B stock buyback

**Ligand (LGND)** sells Promacta assets for \$827M

**Horizon Pharma (HZNP)** received civil investigative demand from Justice Department

**Johnson & Johnson's (JNJ)** Spravato nasal spray for depression approved by FDA

**Aon plc (AON)** says it is not pursuing combination with **Willis Towers Watson (WLTW)**

**PRE-MARKET MOVERS**

**Moving Higher:** AON 5.9%, FCAU 4.6%, BTI 2.7%

**Moving Lower:** THO -9%, ING -4.6%, WIT -4%, SE -2%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** DBD, AAMC, KMI, ENPH, CVS, ZBH

**Selling:** ETSY, WMGI, SYF, INCY, HZO, COMM, DGX, WMGI, CLX, AMT, BURL, PAYC, FOSL

**INSTITUTIONAL MONEY FLOW**

**Buying:** AAPL, MSFT, AMGN, XOM, AABA, DUK, MET, C, PM, BIIB, WFC, HES, COP, DIS

**Selling:** BMY, UTX, BAC, D, ORCL, HD, PG, JNJ, M, TGT, CPRI, KSS, CELG, ANTM, QGEN

**OPTION HIGHLIGHTS (Prior Day)**

**WellCare (WCG)** working on reversal and 3000 April \$250/\$280 call spreads are bought for \$7.10 as beaten up managed care names continue to draw bullish positioning. WCG saw 1,000 April \$270 calls open on 2/28 as well. WCG is hitting the lower end of its weekly cloud and a key volume node, important to hold above \$237.50. The \$12.7B Company trades 14.9X Earnings, 0.62X Sales and 101X FCF. WCG grew revenues 20% each of the last two years and sees 29% growth in FY19 while EPS seen growing more than 20% each of the next two years. WCG presents at the Raymond James Conference today and Barclays Conference on 3-13. Barron's was out positive recently on the aging US population and extension of Medicaid coverage in most states. Analysts have an average target of \$327 on shares and short interest down 20% over the past quarter. Cowen started shares Outperform with a \$335 target last week seeing visibility in multi-year growth drivers such as Meridian, organic contract wins, and the addition of Aetna's prescription drug lives in 2020 as well as PBM re-contracting in 2021. BMO has a \$330 target calling it the best positioned growth stories in Managed Care with significant room for margin expansion. Hedge Fund ownership fell 20.5% in Q4 filings, Carmignac Gestion taking a notable new stake as did Healthcor Mgmt., Viking Global, and Point-72.

**AFTER HOURS MOVERS**

**Gainers:** AVAV 11.7%, AMBA 6.7%, COO 3%

**Losers:** NIO -17.9%, CBAY -5%, URBN -4%, SRPT -3.9%, HZNP -3.8%, ROST -3.2%

**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**

**WGO, PATK, CWH** – on THO earnings

**AEO, GPS, GES, EXPR** – on ANF 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
<b>Stock</b>	17.6X	2.6X	2.7X	21.7X	45X
<b>Industry Avg.</b>	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

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Extended Stay (STAY)	International Flavors (IFF)	ArQule (ARQL)
Green Plains (GPRE)	Onespan (OSPN)	Intelsat (I)
Diplomat (DPLO)	Chico's (CHS)	Novavax (NVAX)
Domo (DOMO)	Arlo Tech (ARLO)	Editas (EDIT)
Yandex (YNDX)	Kohl's (KSS)	Domo (DOMO)
Greensky (GSKY)	Hertz (HTZ)	Ascena Retail (ASNA)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
ArQule (ARQL)	International Flavors (IFF)	Greensky (GSKY)
ServiceMaster (SERV)	Onespan (OSPN)	Ciena (CIEN)
Wyndham (WH)	Quanta (PWR)	Kohls (KSS)
ABB (ABB)	State Street (STT)	Salesforce (CRM)
Sealed Air (SEE)	Evolent Health (EVH)	T2 Bio (TTOO)
KAR Auction (KAR)	Tripadvisor (TRIP)	Target (TGT)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
PG&E (PCG)	Genworth (GNW)	Ascendis (ASND)
NXP Semi (NXPI)	Tripadvisor (TRIP)	Tocagen (TOCA)
Dell Tech (DELL)	Sunrun (RUN)	Energen (WATT)
Eli Lilly (LLY)	Agnico (AEM)	Veracyte (VCYT)
Comcast (CMCSA)	McDermott (MDR)	Overstock (OSTK)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
General Electric (GE)	Ford Motor (F)	International Flavors (IFF)
Silver (SLV)	Morgan Stanley (MS)	Onespan (OSPN)
Facebook (FB)	AT&T (T)	Chico's (CHS)
ConAgra (CAG)	Bristol Myers (BMY)	Extended Stay (STAY)
Sirius (SIRI)	Intel (INTC)	Green Plains (GPRE)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Abbott Labs (ABT)	Vodafone (VOD)	IFF, May \$125/\$115 ratio put spreads opening 5,000X10,000
AT&T (T)	Corning (GLW)	SEDG, 1,000 June \$45/\$38 bull risk reversals
Merck (MRK)	Gamestop (GME)	HUM, 3,000 April \$290/\$310 call spreads
CVS Health (CVS)	Northrop Grumman (NOC)	YNDX < 20,000 Jan. \$45/\$50 call spreads
Wellcare (WCG)	Micron (MU)	DELL, 2,000 July \$60/\$70 call spreads

## Stock Specific News / Media

**Grab** receives \$1.46 billion from **SoftBank** Vision Fund – Nikkei

EasyJet CEO says no fixed timetable for Alitalia discussions – Reuters

Packager **DS Smith** to sell plastics business for \$585M – Reuters

Chinese online retailers slash iPhone (**AAPL**) prices for second time this year – Reuters

Singapore's **Sea Ltd (SE)** prices follow-on offer at \$22.50 per ADS – Reuters

**Logitech (LOGI)** sees mid to high single-digit sales growth in FY 2020 – Reuters

**Bristol-Myers (BMY)** says **Celgene (CELG)** deal the 'best path for increased value creation'; Starboard: Bristol-Myers, Celgene deal 'not in the best interests' of investors

**Alnylam (ALNY)** says givosiran meets primary, majority of secondary endpoints in study

**Moderna (MRNA)** says FDA grants Fast Track designation for methylmalonic acidemia program

**Exxon Mobil (XOM)** sees annual earnings potential to rise by more than 140% by 2025

## Extras

**Russell (IWM)** trade put on 5,000 December \$170/\$145 bull risk reversals at a \$1.87 net credit

**Baozun (BZUN)** opening sale 2,100 July \$40 puts \$5.95, been a popular play in this name

**Murphy Oil (MUR)** breaking out today of a flag and late day buys of 3,000 April \$32.50 calls for \$0.65

**Baidu (BIDU)** IV rose late day with 2,000 May \$170 calls opening \$9.30 to \$9.80, been a laggard

**3M (MMM)** buyer of 1,400 March 29<sup>th</sup> (W) \$200/\$190 put spreads for \$1.53

**Carvana (CVNA)** with 1,000 April \$44 puts bought late day for \$2.80 into strength

**CIGNA (CI)** with 1,000 Jan. 2021 \$190 calls opening \$24

**Alexion (ALXN)** spreads putting on 1,600 March / March 22<sup>nd</sup> (W) \$139 calendar call spreads

**Petrobras (PBR)** buyer of 5,000 October \$18 calls \$1.05 to open

## Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
AVAV	AeroVironment	\$0.35	\$0.16	\$75.32	\$75.25	37.90%	FY In Line
AMBA	Ambarella	\$0.14	\$0.04	\$51.10	\$50.92	-27.60%	FY Below
CDLX	Cardlytics	-\$0.06	-\$0.16	\$47.82	\$47.73	21.80%	FY Below
COO	Cooper	\$2.88	\$2.50	\$628.10	\$618.73	6.50%	FY Above
FATE	Fate Therapeutics	-\$0.25	-\$0.24	\$1.66	\$1.02	61.20%	

NIO	NIO	-\$0.47	-\$0.32	\$3,435.61	\$3,300.00		
OOMA	Ooma	-\$0.03	-\$0.05	\$34.70	\$33.22	14.90%	FY In Line
AGS	PlayAGS	-\$0.29	-\$0.02	\$72.10	\$69.68	25.00%	
PRMW	Primo Water	\$0.07	\$0.06	\$70.90	\$72.83	3.80%	FY In Line
NX	Quanex	-\$0.07	-\$0.12	\$196.81	\$196.17	2.70%	
ROST	Ross Stores	\$1.13	\$1.13	\$4,107.39	\$4,052.94	1.00%	FY Below
RYI	Ryerson	\$0.16	\$0.59	\$1,160.00	\$1,143.23	43.10%	
SAIL	SailPoint	\$0.19	\$0.09	\$80.60	\$71.12	18.90%	FY In Line
SSW	Seaspan	\$0.25	\$0.26	\$294.90	\$293.85	37.50%	
UNFI	United Natural	\$0.44	\$0.24	\$6,149.21	\$5,995.44	143.20%	FY In Line
URBN	Urban Outfitters	\$0.80	\$0.79	\$1,128.00	\$1,145.03	3.60%	
VSLR	Vivint Solar	-\$0.73	-\$0.43	\$63.50	\$71.94	-4.90%	

**AMBA – Beat on EPS and Revenues, FY Light** - Despite the decline in our consumer electronics business, and the geopolitical and macroeconomic headwinds, we have and will continue to focus our investment on computer vision. While it is early in the computer vision adoption cycle, we are excited about expanding our portfolio and having more customers enter mass production. The security camera market experienced revenue growth of 10% and company says growth in car recording markets was strong. In the home monitoring category, a number of customers launched new products using AMBA chips. AMBA taped out three new computer vision products and management says it has seen extremely positive reaction to its new CV22 family. Based on its growth opportunity, company remains confident it made the correct decision to focus on CV products.

**AVAV – Beat on EPS and Revenues** - We also continue to advance our growth portfolio, including exercising the one-time option to increase our ownership of the HAPSMobile, Inc. joint venture from 5 percent to 10 percent. AeroVironment has a strong track record of transforming high-potential innovations and technologies into significant value, and we are excited about realizing the full potential of HAPSMobile and our other growth initiatives.

**COO – Beat on EPS and Revenues** - We're off to a strong start to the year as we continue successfully implementing our strategic objectives such as investing in key partnerships, increasing promotional activity, and investing in the infrastructure of our business. These efforts are all tied to producing strong, sustainable revenue growth and we're seeing them pay off.

**ROST – EPS In Line and Revenues Beat** - While we hope to do better, we continue to take a prudent approach to forecasting our business for 2019. Although we remain favorably positioned as an off-price retailer, we face our own difficult sales and earnings comparisons, a very competitive retail landscape, and an uncertain macro-economic and political environment.

## 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>
ANF	Abercrombie & Fitch	\$1.35	\$1.15	\$1,160.0	\$1,137.37	-3.1%	
AMRC	Ameresco	\$0.18	\$0.18	\$217.40	\$227.53	3.00%	FY In Line
BZUN	Baozun	\$3.46	\$4.03	\$2,201.90	\$2,211.02	40.70%	Q1 In Line
BJ	BJ's Wholesale	\$0.44	\$0.36	\$3,343.80	\$3,363.07	-4.20%	FY Below
BF.B	Brown-Forman		\$0.45		\$910.71		
CHS	Chico's FAS		-\$0.10		\$514.28		
DLTR	Dollar Tree	\$1.93	\$1.92	\$6,210.0	\$6,187.43	-2.4%	FY In Line
DCI	Donaldson	\$0.47	\$0.51	\$703.70	\$719.40	5.90%	FY In Line
INXN	InterXion	\$0.11	\$0.15	\$146.90	\$147.94	13.10%	FY Below
JILL	J. Jill	\$0.05	\$0.03	\$170.90	\$170.91	-9.40%	FY In Line
TSG	The Stars Group	\$0.52	\$0.44	\$652.80	\$658.37	81.20%	FY In Line
THO	Thor Industries	-\$0.10	\$1.02	\$1,290.60	\$1,581.84	-34.50%	