

## TOP STORIES

- Global Markets Slide on Worsening Growth Outlook
- ECB Leaves Rates Unchanged, On Hold through 2019, Prep Further Loans for Banks
- EU Officials Growing Pessimistic Deal Can Be Made on Brexit
- MSCI Urges China to Ease Ownership Limits

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2764.75 (-6.75)</b>	<b>-6.85</b>
<b>Nasdaq</b>	<b>7090.5 (-20.75)</b>	<b>-23.97</b>
<b>Dow</b>	<b>25580 (-86)</b>	<b>-86.46</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7164.03</b>	<b>-0.44%</b>
<b>DAX</b>	<b>11534.73</b>	<b>-0.46%</b>
<b>Nikkei</b>	<b>21456.01</b>	<b>-0.65%</b>
<b>Hang Seng</b>	<b>28779.45</b>	<b>-0.89%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Jobless Claims</b>	<b>220K</b>
<b>8:30</b>	<b>Productivity and Costs</b>	<b>1.6%/1.8%</b>
<b>10:30</b>	<b>EIA Natural Gas</b>	
<b>12:15</b>	<b>Lael Brainard Speaks</b>	
<b>4:30</b>	<b>Fed Balance Sheet</b>	

## FOREX

<b>EUR/USD</b>	<b>1.1309 (0.04%)</b>
<b>USD/JPY</b>	<b>111.72 (-0.03%)</b>
<b>USD/CAD</b>	<b>1.3416 (-0.18%)</b>
<b>GBP/USD</b>	<b>1.3139 (-0.23%)</b>
<b>USD</b>	<b>96.86 (0.06%)</b>

## COMMODITY

<b>Oil</b>	<b>56.83 (1.09%)</b>
<b>Natural Gas</b>	<b>2.839 (-0.07%)</b>
<b>Gold</b>	<b>1286.9 (-0.05%)</b>
<b>Copper</b>	<b>2.9105 (-0.27%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>15.74 (6.78%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>18.23 (6.86%)</b>
<b>Oil</b>	<b>OVX</b>	<b>29.69 (-0.34%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.13 (-0.59%)</b>

## MARKET OUTLOOK

Futures are indicating a lower open for the morning ahead of the ECB decision. The ECB left rates unchanged, guided to no action through 2019 and announced a new series of targeted longer-term loans. Huawei has sued the US for penalizing it without a trial as US/China trade tensions continue. The move comes as government agencies are pulling back on using equipment from the company and ZTE. There's growing evidence today that the trade war between the US and China will have lasting impacts on the economy which will challenge the recovery when a deal is made. BAML economists believe recent forecasts from the OECD and others show that permanent damage has been done and that POTUS won't get the stock rally he's hoping for with a deal. Negotiators in the UK are growing more pessimistic a deal can be made in time. PM May faces a critical vote in parliament next week.

Asian markets were down again overnight with the Nikkei hitting a new 1-week low. Chipmakers and financials led to the downside, the latter after **Mizuho** cut their outlook. **Renesas Electronics** fell 15% after the automotive chipmaker announced plans to halt production. It was another light day for economic data in the region. Japanese leading index fell to 95.9, worse than expected. China's FX reserves rose to 3.09T. Australian retail sales fell in January to 0.1% vs 0.3% expected.

European markets are broadly lower this morning ahead of the ECB meeting. Expectations are for a cut to growth forecasts and potentially offering clues about further rounds of cheap loans for EU banks. Autos were weak after **Daimler** and **BMW** were downgraded. Publisher **Axel Springer** fell 8% after a weak outlook. **Melrose** rose 3.5% after earnings. **Merck KGaA** was mixed after forecasting the first growth in annual profit since 2016. Eurozone GDP came in light at 1.1% vs 1.2% expected. Employment rose 1.3% which was slightly better than forecast. UK housing prices rose sharply in February.

## S&P TECHNICALS

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



1508 Advancing	Declining 5721
19.9%	75.6%
86 New High	New Low 70
55.1%	44.9%
5740 Above SMA50	Below 1809
76.0%	24.0%
3352 Above SMA200	Below 4197
44.4%	55.6%

**KEY EVENTS TO WATCH**

**Earnings After the Close:** AOBC, CHUY, COST, ERII, EB, INSG, INSY, MRVL, NVEE, OKTA, OEC, TTOO, UPLD, WTRH;

**Analyst Days:** ANTM, IRDM, CBRE, ETSY, BVN;

**Conferences:** UBS Consumer and Retail Conference;

**Economic Data on Friday:** NFP at 8:30 AM;

**Earnings Friday BMO:** DSKE, MTN;

**ANALYST ACTION/COMMENTS**

**Estee Lauder (EL)** upgraded to Overweight at JP Morgan

**Baytex (BTE)** upgraded to Outperform at Macquarie

**World Fuel (INT)** upgraded to Buy at Seaport

**Abercrombie (ANF)** upgraded to Neutral at JP Morgan

**Taylor Morrison (TMHC)** upgraded to Overweight at JPM

**Sunoco (SUN)** downgraded to Neutral at Baird

**Rio Tinto (RIO)** downgraded to Hold at SocGen

**BHP Billiton (BHP)** downgraded to Hold at SocGen

**Meritage Homes (MTH)** downgraded to Underweight at JP Morgan, \$36 PT

**Toll Brothers (TOL)** downgraded to Underweight at JP Morgan, \$32 PT

**AB InBev (BUD)** downgraded to Neutral at RBC Capital

**Chiasma (CHMA)** initiated Overweight at Cantor

**KLA Tencor (KLAC)** initiated Overweight at JP Morgan

**Gritstone (GRTS)** initiated Buy at HC Wainwright

Credit Suisse initiating in Household and Beverages with **STZ**, **MNST**, and **CLX** at Outperform; **PG**, **KO**, and **CHD** at Neutral; and **PEP** and **CL** at Underperform

**Five Below (FIVE)** initiated Outperform at Oppenheimer

**Apache (APA)** 2018 results, capital program 'significant positives', says MUFG

**Gilead (GILD)**'s Truvada conversion still looks challenging, says Piper Jaffray

**Allergan (AGN)** shares to rebound after 'widely expected' failure, says Mizuho

**Ulta Beauty (ULTA)** PT raised to \$318 at Piper

**MEDIA HIGHLIGHTS**

**Blackstone (BX)** close to \$20B in first round for flagship buyout fund - Bloomberg

**General Electric (GE)** looks into selling stake in Enel renewables JV – Reuters

**Samsung** considering bid for **NXP Semi (NXPI)**, says South Korea's Invest Chosun – Bloomberg

**Stanley Black & Decker (SWK)** sues Sears over 'Craftsman' brand - Reuters

Activist Kimmeridge Management to challenge **PDC Energy (PDCE)** CEO's pay - WSJ

Some advertisers quit **Facebook (FB)** amid privacy policy concerns – CNBC

**Apollo (APO)** seeking to acquire chassis rental company Direct ChassisLink for \$2.5B – Reuters

Global regulators want to look at leveraged loan market (**XLFF**, **BX**, **CG**) – FT

**Market Access (MKTX)** plans to look for deals. NY Post

NBA plans to offer content on **Alibaba (BABA)**. Reuters

**Palo Alto (PANW)** expects cloud, 5G to boost network security business – Digitimes

LED chipmakers slow down capacity expansion – Digitimes

**JCDecaux** sees room for further M&A – Bloomberg

**Carlyle (CG)** expects to seek \$1.8B for Japan fund – Reuters

**National Grid (NGG)** to acquire Geronimo Energy for at least \$100M – Reuters

**Dialog Semi** expands into IoT with \$45M deal for Silicon Motion assets – Reuters

Regulators Move to Ease Crisis-Era Levers Over Financial Firms – WSJ

**STOCK SPECIFIC NEWS OF NOTE**

**SI-Bone (SIBN)** announces publication of two-year results from iMIA trial

**Allergan's (AGN)** rapastinel fails to meet primary endpoint in three studies

**Azul (AZUL)** reports February traffic up 18.4%

**Grifols (GRFS)** to acquire 26% stake in Shanghai RAAS

**Cognizant (CTSH)** launches \$600M accelerated buyback

Starboard urges **Zayo (ZAYO)** to explore sale

**PRE-MARKET MOVERS****Moving Higher:** ZAYO 1.5%**Moving Lower:** BURL -6%, HZNP -3%, MU -1.5%**INSIDER TRADING (Form 4 Filings)****Buying:** MGM, ETM, SO, CTL, TROX, RDUS, ABC**Selling:** WDAY, AXTA, SBAC, AAXN, AMED, SGEN, COUP, BOOM, ADUS, RP, STRA**INSTITUTIONAL MONEY FLOW****Buying:** LLY, AAPL, GE, LUV, MDT, EOG, CME, SLB, EPD, CRM, IQV, CSX, SE, ANTM**Selling:** HD, DUK, MCD, ULTA, NSC, DIS, ROST, TJX, PEP, AEP, ROKU, AES, CMI, CCI**OPTION HIGHLIGHTS (Prior Day)**

Match Group (MTCH) with over 800 April \$50 calls bought on the day up to \$6.50 and still has nearly 3,500 March \$55 calls in open interest from buyers. MTCH also had 960 September \$60 calls bought recently. Shares gapped higher on earnings recently and pulling back in a narrow channel to a volume node around \$55 and the 8-week EMA. A move higher above \$57.50 has room out to \$62.50 and into space with new highs. RSI and MACD on the daily are both reset back to mid-levels and ready to run. The \$15.4B company trades 27X earnings, 8.9X sales, and 40X FCF. They expect 16.1% and 24.6% EPS growth respectively over the next two years with revenue growth between 15-16%. MTCH is benefitting from growth in subs for Tinder, up to 8.23M, and monetization efforts as they continue to see high conversion rates to Gold and growth in other merchandising efforts. They see International as a major un-tapped opportunity where 75% of the TAM lives and nearly two-thirds of people outside of the US/Europe having never tried a dating product. Analysts have an average target for shares of \$53 with 6 buy ratings, 8 hold ratings, and 1 sell rating. Short interest is 6% and falling from over 10% in early 2018. Jefferies positive on 2/27 as their new "Spring Break mode" is helping build off of Tinder U and expands their reach in the college demographic. The firm notes that looking at incoming class sizes provides a lot of upside for sub growth beyond the current TAM. They have a \$64 PT for shares. Institutional ownership fell 10% last quarter and a big drop in hedge fund ownership with Garelick, Whale Rock, Jericho, and Artisan Partners notable sellers. Sands Capital added a new 7.7M share position.

**AFTER HOURS MOVERS****Gainers:** HHIQ 11%, GWRE 10.5%, NXPI 7%**Losers:** NIO -4%, AGN -2.5%**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**

TXN, STM, ON, IFNNY, MCHP – on Renesas production cut

**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

Rio Tinto (RIO)  
BHP Group (BHP)  
Axsome (AXSM)  
H&R Block (HRB)  
Burlington (BURL)  
Aerovironment (AVAV)

## Unusual Put Activity

Chuy's (CHUY)  
Banc of California (BANC)  
Novocure (NVCR)  
Ollie's (OLLI)  
LyondellBasell (LYB)  
Sea Ltd (SE)

## Implied Volatility Riser

Weatherford (WFT)  
Plug Power (PLUG)  
Xunlei (XNET)  
AcelRx (ACRX)  
Barnes and Noble (BKS)  
Trupanion (TRUP)

## Lowest Put/Call Ratio

Criteo (CRTO)  
Hostess (TWNK)  
Sientra (SIEN)  
Biohaven (BHVN)  
Gaming & Leisure (GLPI)  
Agios Pharma (AGIO)

## Highest Put/Call Ratio

Allied Managers (AMG)  
Houlihan Loukey (HLI)  
Kellogg (K)  
Bank of New York (BK)  
Sonos (SONO)  
Ollie's (OLLI)

## Implied Volatility Decliner

Axsome (AXSM)  
Chico's (CHS)  
Nio (NIO)  
Stars Group (TSG)  
Intra-Cellular (ITCI)  
BJs Wholesale (BJ)

## OTM Calls on Offer

Temper Sealy (TPX)  
Eldorado (ERI)  
Citi (C)  
Transocean (RIG)  
Agios Pharma (AGIO)

## OTM Puts on Offer

Hershey (HSY)  
Silver (SLV)  
Adient (ADNT)  
Mallinckrodt (MNK)  
HP (HPQ)

## Elevated IV30

Ascendis (ASND)  
Tocagen (TOCA)  
Energen (WATT)  
Veracyte (VCYT)  
Overstock (OSTK)

## Positive Net Delta

Rio Tinto (RIO)  
BHP Billiton (BHP)  
Apple (AAPL)  
Silver (SLV)  
Bank of America (BAC)

## Negative Net Delta

JD.com (JD)  
Roku (ROKU)  
Coty (COTY)  
AT&T (T)  
Welbilt (WBT)

## Option Volume Gainers (%)

Chuy's (CHUY)  
Banc of California (BANC)  
Novocure (NVCR)  
Rio Tinto (RIO)  
BHP Group (BHP)

## Bullish Call Flow

Invitae (NVTX)  
Extended Stay (STAY)  
Criteo (CRTO)  
Zscaler (ZS)  
Roku (ROKU)

## Bearish Put Flow

Target (TGT)  
Micron (MU)  
XPO Logistics (XPO)  
GE  
Medicine Co (MDCO)

## Large Spread Trades

HRTX, May \$30/\$35 call spread  
bought 1,500X  
HLI, 500 June \$45/\$40 put  
spreads  
AGIO, April \$65/\$75 bear call  
spread opening 2,000X  
HON, 1,000 April \$160/\$145 bull  
risk reversals  
ZAYO, 5,000 June \$20/\$22.5 bull  
risk reversals



### Extras

**High Yield (HYG)** with 25,000 September \$84 puts opened \$2.05 against 25,000 June \$75 puts sold  
**Consumer Discretionary (XLY)** into weakness with 1,700 January \$108 puts sold to open \$5.45 and 2,000 September \$112 calls opened \$5.01

**NASDAQ (QQQ)** buyer of 3,000 September \$176/\$175 strangles

**Dow Jones (DIA)** buyer of 11,000 June \$220 puts \$1.30 to open midday

**Edwards Lifesciences (EW)** late buyers of 500 March 29th (W) \$172.50 calls for \$7.00

**Fifth Third (FITB)** selling into the close with 3,650 April \$27 puts bought up to \$1.05

**Disney (DIS)** April \$115/\$110 put spreads active in the afternoon for 13,500X. DIS also with 3,000 March 22<sup>nd</sup> (W) \$115 puts opening \$1.51.

**Eli Lilly (LLY)** opening sale of 6,500 June \$120 puts for \$3.15

**Anthem (ANTM)** with 2,000 March \$305/\$315 call ratio spreads opened

**CIGNA (CI)** another 1,900 Jan. 2021 \$190 calls bought \$22 to open

**Verizon (VZ)** afternoon sweep buy 2,000 May \$57.5 ITM calls \$3.05 offer

**Bluebird Bio (BLUE)** buyer of 400 August \$115 puts \$7.90 to \$8

**Nutanix (NTNX)** rallied in the close as 795 Jan. 2020 \$25 ITM calls opened \$12.20 to \$12.40

**Visa (V)** trade opened 1,000 June 2020 \$170 calls \$7.05

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
ABM	ABM Industries	\$0.31	\$0.25	\$1,607.90	\$1,613.80	1.20%	FY In Line
AEO	American Eagle	\$0.43	\$0.42	\$1,244.00	\$1,255.44	1.20%	FY Light
ASRT	Assertio Therapeutics	\$0.30	\$0.20	\$62.80	\$60.94	-33.50%	
CASY	Casey's General		\$0.96		\$2,159.96		
CBPO	China Biologic Products	\$0.76	\$0.83	\$114.90	\$116.35	27.50%	
CMTL	Comtech Telecom	\$0.40	\$0.16	\$164.10	\$159.96	22.70%	FY In Line
BREW	Craft Brew Alliance	-\$0.03	\$0.01	\$46.30	\$46.54	-4.50%	
DSGX	Descartes	\$0.10	\$0.11	\$71.00	\$71.15	11.60%	
FTK	Flotek Industries	-\$0.10	-\$0.10	\$43.40	\$63.20	-21.50%	
GWRE	Guidewire Software	\$0.34	\$0.19	\$169.30	\$159.73	3.40%	FY In Line
HIIQ	Health Insurance Innovations	\$0.98	\$0.77	\$131.90	\$83.12	89.80%	FY Above
MYRG	MYR Group	\$0.64	\$0.51	\$446.30	\$394.98	19.50%	
KIDS	OrthoPediatrics	-\$0.19	-\$0.19	\$14.60	\$14.50	24.80%	FY Above

REVG	REV Group	-\$0.05	\$0.04	\$518.70	\$510.80	0.70%	
YEXT	Yext	-\$0.03	-\$0.09	\$63.80	\$62.77	32.90%	FY In Line

**HLIQ – Beat on EPS and Revenues** - We had a strong finish to 2018 and business trends have accelerated in the first two months of 2019 with expected total months sold, or expected duration units, increasing 24% year-over-year. During 2018 we shifted our strategic focus towards longer duration products with significantly higher lifetime value (LTV). In the fourth quarter, expected duration units from third-party distribution partners were up 19% year over year, reflecting a record open enrollment period, despite terminating a large distributor early in the fourth quarter," said Gavin Southwell, HLIQ's Chief Executive Officer and President.

**KIDS – EPS and Revenues In Line** - "We delivered another year of record performance in 2018 with 26% annual revenue growth and \$12 million deployed in consignment sets. Our tenth consecutive year of 20%+ annual revenue growth was supported by increased investments in consigned sets, product innovation, ongoing conversions of international sales agencies, and clinical education. Furthermore, while increasing our investment in these four areas, we also demonstrated our initial ability to deliver positive adjusted EBITDA of \$518 thousand for the full year 2018. With an expanded product portfolio of 26 surgical systems, we remain dedicated to advancing the field of pediatric orthopedics and are delighted that our accomplishments have helped approximately 150,000 children to date." :

**AEO – Beat on EPS and Missed on Revenues** - "Strong execution by the teams drove a record fourth quarter and fiscal 2018, as we reached a milestone of \$4 billion in annual revenue with increased operating profit," commented Jay Schottenstein, AEO's Chairman and Chief Executive Officer. "American Eagle and Aerie continued to deliver consistent performance by combining product innovation and great merchandise with an improved customer experience across channels. As we head into 2019, we will continue to leverage the strength of our brands, selling channels and the team's commitment to continually raising the bar for our customers. I'm extremely proud of our results over the past several years. The strength of our balance sheet and free cash flow enables us to make important investments in our business to fuel market share gains, future growth and returns to our shareholders."

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
BKS	Barnes & Noble		\$1.07		\$1,235.16		
BURL	Burlington Stores	\$2.83	\$2.77	\$1,998.00	\$2,049.98	3.20%	FY In Line
CNQ	Canadian Natrl Res		-\$0.13		\$4,085.27		
CRCM	<a href="http://Care.com">Care.com</a>	\$0.26	\$0.21	\$49.80	\$49.95	12.70%	FY In Line
IMOS	ChipMOS TECHNOLOGIES	\$0.46	\$0.61	\$4,972.30	\$5,022.00	12.80%	
DESP	<a href="http://Despegar.com">Despegar.com</a>		\$0.11		\$126.04		

FLY	FLY Leasing	\$0.94	\$0.56	\$113.80	\$110.05	10.10%	
HRB	H & R Block		-\$0.55		\$465.48		
HOV	Hovnanian		-\$0.10		\$385.00		
IGT	Intl Game Tech. PLC	\$0.24	\$0.37	\$1,266.00	\$1,270.38	-5.90%	
KR	Kroger		\$0.52		\$28,382.19		
MEI	Methode Electronics	\$0.83	\$0.61	\$246.90	\$259.29	8.30%	FY In Line
PLUG	Plug Power	-\$0.07	-\$0.06	\$59.80	\$58.40	77.40%	
REZI	Resideo	\$0.13	\$0.54	\$1,266.00	\$1,248.67	4.70%	
SSYS	Stratasys	\$0.21	\$0.19	\$177.10	\$185.78	-1.20%	FY In Line
TECD	Tech Data	\$4.55	\$4.03	\$10,465.00	\$10,634.05	4.30%	FY In Line
TWI	Titan Intl	-\$0.21	-\$0.05	\$363.10	\$385.08	-3.40%	FY Below