

**TOP STORIES**

- Global Markets Sink as Weak Data Out of China, German Pressure
- Dollar Falls Ahead of Jobs Data
- Mar-a-Lago Summit Likely Delayed as China Officials Becoming Wary of Quick Deal
- Norway Gives \$1T Wealth Fund Approval to Dump Some Oil Stocks

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2742 (-13)</b>	<b>-13.93</b>
<b>Nasdaq</b>	<b>7012.5 (-43.5)</b>	<b>-51.38</b>
<b>Dow</b>	<b>25381 (-122)</b>	<b>-126.23</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7083.35</b>	<b>-1.04%</b>
<b>DAX</b>	<b>11432.3</b>	<b>-0.74%</b>
<b>Nikkei</b>	<b>21025.56</b>	<b>-2.01%</b>
<b>Hang Seng</b>	<b>28228.42</b>	<b>-1.91%</b>

**ECONOMIC CALENDAR**

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>NFP</b>	<b>175K</b>
<b>8:30</b>	<b>Housing Starts</b>	<b>1.17M</b>
<b>10:00</b>	<b>Mary Daly Speaks</b>	
<b>10:00P</b>	<b>Jerome Powell Speaks</b>	

**FOREX**

<b>EUR/USD</b>	<b>1.1215 (0.21%)</b>
<b>USD/JPY</b>	<b>111.17 (-0.37%)</b>
<b>USD/CAD</b>	<b>1.3462 (0.07%)</b>
<b>GBP/USD</b>	<b>1.3065 (-0.15%)</b>
<b>USD</b>	<b>97.41 (-0.22%)</b>

**COMMODITY**

<b>Oil</b>	<b>55.70 (-1.7%)</b>
<b>Natural Gas</b>	<b>2.88 (0.49%)</b>
<b>Gold</b>	<b>1293.5 (0.58%)</b>
<b>Copper</b>	<b>2.8765 (-1.17%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>17.09 (8.58%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>19.90 (9.16%)</b>
<b>Oil</b>	<b>OVX</b>	<b>30.43 (2.5%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.36 (2.27%)</b>

**MARKET OUTLOOK**

Futures are indicating a lower open to close the week after downbeat data out of China and Germany. The Shanghai Composite fell 4% overnight after weak trade numbers for February and a bearish note out of Citic Securities. German factory orders are also contributing to fears of a slowdown. They cited demand outside of the EU as a significant drawdown. The focus in the US today is payrolls data where 180K is the expectation. The unemployment rate is expected to fall to 3.9% while average hourly earnings rise 3.3%. Jerome Powell will speak later tonight and also be interviewed on Sunday night on 60 Minutes.

Asian markets finished the week on the lows with the Nikkei testing 3-week lows. This was the biggest weekly drop for the Japanese index since December. Shanghai fell 4%. China imports fell 5.2% in February, far worse than the estimate of a 1.4% drop. Imports fell 20.7% vs the estimate for a 4.8% drop. It was the worst exports number since March 2016. Japanese GDP came in at 1.9% vs 1.8% expected. CapEx was slightly lower at 2.7% while household spending improved. Shippers were under pressure while chip stocks were weak, **Advantest** down 6%.

European markets are also showing weakness today and on pace for their biggest weekly fall since December. Financials continued to be weak after the ECB's move yesterday. Industrial **VAT Group** fell 4.5% after weak earnings. **Luxottica** fell 4.4% after weak earnings. Telecom **Iliad** was down 5% after a downgrade at BNP Paribas. It was a slow morning for data in Europe. German factory orders fell 2.6% vs estimates for a 0.5% gain. French trade improved slightly in January while industrial production rebounded. Italian industrial data also improved.

**S&P TECHNICALS**

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



**KEY EVENTS TO WATCH**

**Economic Data on Monday:** Retail Sales, Business Inventories, and Weekly Bill Auction;

**Earnings AMC:** ADT, COUP, PETQ, SFIX;

**Conferences:** Deutsche Bank TMT, Cowen Healthcare, Seaport Global Chemicals;

**ANALYST ACTION/COMMENTS**

**SeaWorld (SEAS)** upgraded to Outperform at Macquarie

**Horizon Pharma (HZNP)** raised to Overweight at MSCO

**Applied Industrial (AIT)** upgraded to Buy at Longbow

**Genpact (G)** upgraded to Outperform at Wells Fargo

**PNM Resources (PNM)** upgraded to Neutral at Mizuho

**WageWorks (WAGE)** raised to Outperform at Wells Fargo

**Qurate (QRTEA)** upgraded to Buy at Citi

**ACI Worldwide (ACIW)** raised to Overweight at Stephens

**EnSCO (ESV), Rowan (RDC)** upgraded to Buy at HSBC

**AutoWeb (AUTO)** upgraded to Buy at B Riley

**SQM** downgraded to Neutral at BAML

**Sem Group (SEMG)** downgraded to Neutral at UBS

**Burlington (BURL)** downgraded to Neutral at TAG

**Vodafone (VOD)** downgraded to Neutral at BNP Paribas

**Alaska Air (ALK)** downgraded to Neutral at Imperial

**Etsy (ETSY)** downgraded to Neutral at BTIG

**Exxon (XOM)** downgraded to Neutral at Cowen

**National Beverage (FIZZ)** cut to Sell at Guggenheim

**Gamestop (GME)** downgraded to Sell at BAML, \$9 PT

**Life Storage (LSI)** downgraded to Sell at BAML

**Ichor (ICHR)** initiated Buy at DA Davidson

**W&T Offshore (WTI)** initiated Buy at Stifel

**Restaurant Brands (QSR)** initiated Buy at Barclays

**Tandem (TNDM)** initiated Buy at BMO Capital

**Tilray (TLRY)** initiated Underperform at Jefferies

**MEDIA HIGHLIGHTS**

**Amazon (AMZN)** abruptly stops buying products from many wholesalers - Bloomberg

**Futu (FHL)** to price U.S. IPO at the top of \$10-\$12 target range - Bloomberg

**Deutsche Bank (DB), Commerzbank** CEOs resumed potential merger talks - Reuters

**KKR** Focuses on Expanding in Asia – Bloomberg

Elon Musk's **(TSLA)** Security Clearance Under Review Over Pot Use – Bloomberg

Semiconductor sales dip on Chinese market slump – Digitimes

**Resy**, the high-end restaurant reservation rival to OpenTable, is about to be sold – Re/Code

**Insys (INSY)** says Lazard hired to advise on options, in talks to divest Subsys – Reuters

**Spotify (SPOT), Google (GOOG)** look to overturn royalty increase - Variety

Turkey hits snag in getting U.S. clearance to buy **Lockheed's (LMT)** F-35s - Reuters

**Tencent, NetEase (NTES)** video games in new batch of China approvals – Reuters

Trump Administration could require medical industry to disclose rates negotiated with insurers – WSJ

**TSMC (TSM)** sees February revenues fall 22% – Digitimes

Chip sales dip for first time in 30 months on Chinese market slump – Nikkei

**Linde (LIN)** agrees to sell South Korean assets to IMM for \$1.2B – Reuters

**Amazon (AMZN)**-led group getting close to \$3.5B deal for YES Network - NY Post

**STOCK SPECIFIC NEWS OF NOTE**

**Hawaiian Airlines (HA)** reports February traffic up 2.3%, capacity up 2.8%

FCC stops **T-Mobile (TMUS), Sprint (S)** merger review clock after receipt of new information

**Okta (OKTA)** to acquire Azuqua

**Trinity Industries (TRN)** approves new \$350M buyback

**RPC Group** agrees to higher bid from **Berry (BERY)** for \$4.37B, ditches Apollo offer

**PRE-MARKET MOVERS**

**Moving Higher:** LIN 1.8%

**Moving Lower:** HUYA -4%, MOMO -3.7%, WB -3.6%, TLRY -3.5%, JD -3%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** AGN, OPK

**Selling:** EHTH, PLOW, HST, XYL, CIEN, BLL, MTH

**INSTITUTIONAL MONEY FLOW**

**Buying:** CME, FB, UNH, HSIC, ANTM, AVGO, ELAN, NFLX, CRM, DIS, CVS, MELI

**Selling:** AGN, GE, SBAC, ORCL, NXPI, SE, NKE, ESTC

**OPTION HIGHLIGHTS (Prior Day)**

**Restaurant Brands (QSR)** buyers of more than 8,500 July \$65 calls today for \$1.90 to \$1.95 and then 1,200 October \$65 calls for \$3.80 as shares jump off the lows. QSR still has over 8,000 April \$55 and \$60 calls in OI from buyers in December while the January \$55 and \$60 calls have bullish OI from January. Shares are back near gap support from January around \$60 and looking to reclaim the 8-week EMA at \$61.55. The long-term look at key resistance at \$65 and a move higher targeting a \$77.50 as it makes new highs. The \$15.55B company trades 20.74X earnings and 2.9X sales with a 3.25% yield. They expect 5.3% and 9.9% EPS growth through FY20 with sales growth of 4-5%, although upside to estimates as they go through the first steps of international expansion for Popeyes and other franchises. The company is specifically focusing on Asia, Latin America, and Europe where they can build new partnerships to add units. M&A has long been the speculation for the company, especially in pizza where they lack an entrant, but management remains focused on execution of their growth strategy and sees a number of organic levers to continue momentum in 2019. They will hold an Analyst Day in May. Analysts have an average target for shares of \$70 with 12 buy ratings and 2 hold ratings. Short interest is 4.1% and down slightly from recent levels near 4.6%. Piper positive on 2/25 seeing shares deserving of a premium to peers given their 6% unit-growth profile and positive comp momentum. Oppenheimer positive on 2/12 forecasting a much healthier 2019 earnings growth story with accounting questions out of the way. They also think capital optionality through M&A remains a unique catalyst. Institutional ownership fell 3.5% last quarter. Pershing Square remains a top holder with 19.68M shares while Berkshire has 8.4M shares. Insiders remain active in buying shares with the last sizable buy in February at \$64.75, a \$2M investment from the President of Tim Hortons.

**AFTER HOURS MOVERS**

**Gainers:** SEEL 86%, ALT 13.4%, UPLD 11.4%, COST 5%

**Losers:** EB -24%, FIZZ -13.5%, NSTG -13%, OKTA -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)**

Engaged Capital raises stake in **Hain Celestial (HAIN)** to 16.2% from 12.3%

**POTENTIAL SYMPATHY TRADES**

**WMT, TGT, KR, DLTR, DG** – on COST earnings

**CMI, PCAR** – on NAV earnings

**RDS/A, BP, TOT** – lower on Norway decision

**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>
Green Plains (GPRE)	Resideo (REZI)	Altimune (ALT)
Del Friscos (DFRG)	Edison (EIX)	ArQule (ARQL)
Guidewire (GWRE)	Simon Property (SPG)	Riot Blockchain (RIOT)
Yext (YEXT)	Davita (DVA)	Rite Aid (RAD)
Mercado Libre (MELI)	Kroger (KR)	Genworth (GNW)
Pluralsight (PS)	Rosetta Stone (RST)	Denbury (DNR)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Wright Medical (WMGI)	Ruth's Hospitality (RUTH)	Health Insurance (HIIQ)
Sunesis (SNSS)	Zoetis (ZTS)	Plug Power (PLUG)
Omnicom (OMC)	Athene (ATH)	Yext (YEXT)
GMS (GMS)	Virtu Financial (VIRT)	H&R Block (HRB)
Green Plains (GPRE)	Nasdaq (NDAQ)	Nio (NIO)
Amyris (AMRS)	B&G Foods (BGS)	Stratasys (SSYS)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Halozyme (HALO)	Zoetis (ZTS)	Ascendis (ASND)
Groupon (GRPN)	CarMax (KMX)	Tocagen (TOCA)
Elanco (ELAN)	Petrobras (PBR)	Energen (WATT)
Brighthouse (BHF)	Fiat (FCAU)	Veracyte (VCYT)
Del Frisco's (DFRG)	Adobe (ADBE)	Overstock (OSTK)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
ConAgra (CAG)	Eli Lilly (LLY)	Resideo (REZI)
Rent a Center (RCII)	Apple (AAPL)	Edison (EIX)
Ford Motor (F)	Micron (MU)	Simon Property (SPG)
Nvidia (NVDA)	AT&T (T)	Green Plains (GPRE)
US Steel (X)	Int'l Game Tech (IGT)	Del Friscos (DFRG)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Yeti (YETI)	T-Mobile (TMUS)	QQQ, April \$165/\$155 put spread 20,000X30,000.
Mercado Libre (MELI)	Boeing (BA)	BURL, April \$145/\$155/\$165 call fly, 300X600
ConAgra (CAG)	Ctrip.com (CTRP)	RCII, 30,000 April \$20/\$23 call spreads
Grub Hub (GRUB)	Hertz (HTZ)	SPG, October \$160/\$140 put spread bought 10,000X20,000
Qualcomm (QCOM)	Goldman (GS)	EIX, 7,500 June \$55/\$47.50 put spreads



## Extras

**NASDAQ (QQQ)** June 28<sup>th</sup> (Q) \$166 puts with 18,000 opened 3pm and after, over \$9M

**S&P (SPY)** trade looking a year out bought 6,000 March 2020 \$275/.\$300 call spreads

**Square (SQ)** late trade adjusts 7,100 April \$60 puts and opens 11,500 September \$60/\$50 put spreads

**Walgreen Boots (WBA)** 2,300 April \$62.50 calls being bought \$1.35 to \$1.41 today

**Anadarko (APC)** late sweep buys of 1,000 May \$45 calls \$2.12

**Western Digital (WDC)** buyer of 1,000 Jan. 2021 \$42.50 puts to open \$8.40

## Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
AOBC	American Outdoor Brands	\$0.16	\$0.12	\$162.00	\$160.47	2.90%	
CWH	Camping World	-\$0.83	\$0.26	\$982.4	\$964.91	10.6%	
CHUY	Chuy's	\$0.11	\$0.12	\$96.8	\$97.71	0.8%	
COST	Costco	\$2.01	\$1.69	\$35,400.0	\$35,610.99	7.3%	Feb Comps +3.5%
LOCO	El Pollo Loco	\$0.16	\$0.14	\$106.26	\$105.05	11.60%	
EB	Eventbrite	-\$0.17	-\$0.10	\$75.90	\$73.22	20.7%	FY Below
INSG	Inseego	\$0.02	\$0.00	\$56.0	\$53.69	20.4%	FY Below
MRVL	Marvell	\$0.25	\$0.26	\$744.80	\$740.49	21.00%	FY Below
NVEE	NV5 Global	\$0.91	\$0.95	\$115.34	\$117.33	22.70%	FY In Line
OKTA	Okta	-\$0.04	-\$0.08	\$115.47	\$107.91	49.9%	FY In Line
OEC	Orion Engineered Carbons	\$0.48	\$0.41	\$386.0	\$328.90	13.6%	
UPLD	Upland Software	\$0.58	\$0.49	\$45.20	\$43.46	62.60%	FY Above
FIZZ	National Beverages	\$0.53	\$0.75	\$221.0	\$236.99	-2.9%	

**MRVL – EPS In Line and Revenues Beat, Q1 Light** - "Marvell continued to improve its financial performance in fiscal 2019, while also increasing scale and diversifying its business through the acquisition of Cavium. While macroeconomic conditions are currently impacting our first quarter outlook, we expect growth to resume in the second quarter," said Matt Murphy, Marvell's President and Chief Executive Officer. "Looking ahead, we are excited about our expanding position in the 5G market, including our recently announced partnership with Samsung, which includes multiple generations of baseband and control plane processors for both LTE and 5G base stations."

**OKTA – Beat on EPS and Revenues** - We're pleased to close out a strong fourth quarter and fiscal year thanks to our relentless execution and focus on customer success, which is demonstrated by 53% subscription revenue growth and 50% growth in customers with over \$100,000 annual recurring revenue

in Q4. Large customers are increasingly turning to Okta as the identity standard for both their workforce and customers. The Okta Identity Cloud is uniquely positioned to both help organizations realize their digital transformation initiatives and adopt a Zero Trust security posture. We are seeing Okta's early platform investments paying off and we'll continue to make investments there and in the Okta Integration Network to capture the immense opportunity ahead. Okta's customer wins are part of continued momentum for the company, which includes the company's historical revenue growth each quarter, the acquisition of ScaleFT and a deepened partnership with VMware (VMW).

**FIZZ – Missed on EPS and Revenues** - "We are truly sorry for these results stated above. Negligence nor mismanagement nor woeful acts of God were not the reasons -- much of this was the result of injustice! Managing a brand is not so different from caring for someone who becomes handicapped. Brands do not see or hear, so they are at the mercy of their owners or care providers who must preserve the dignity and special character that the brand exemplifies. It is important that LaCroix's true character is not devalued intentionally - in any way. National Beverage Corp. is and will remain the preeminent innovator that adds zest and authenticity to the 'sparkling water' phenomenon in North America," stated Nick A. Caporella, Chairman and Chief Executive Officer. "Additionally, gross margins were impacted by volume declines. Comparisons were further skewed by the adoption of the new tax act in the third quarter of the prior year, which included credits and rate reduction adjustments aggregating \$11.3 million. Nothing herein mentioned has detracted from the ultimate value and future of our dynamic company."

#### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
BIG	Big Lots	\$2.68	\$2.30	\$1,598.50	\$1,595.05	-2.70%	FY In Line
NAV	Navistar	\$0.11	\$0.13	\$2,433.00	\$2,180.57	27.70%	FY Above
MTN	Vail Resorts	\$5.02	\$4.80	\$849.60	\$841.76	15.70%	Cuts FY