

## TOP STORIES

- US Futures Edge Higher with Earnings Season Set to Kick Off
- EU Grants Six-Month Extension for Brexit
- IEA Warns on Falling Oil Demand
- ECB Officials Are Said to Agree Slowdown Hasn't Worsened

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2899.75 (5.25)</b>	<b>7.44</b>
<b>Nasdaq</b>	<b>7653.5 (12.25)</b>	<b>20.01</b>
<b>Dow</b>	<b>26220 (54)</b>	<b>60.84</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7439.05</b>	<b>0.23%</b>
<b>DAX</b>	<b>11958.37</b>	<b>0.44%</b>
<b>Nikkei</b>	<b>21711.38</b>	<b>0.11%</b>
<b>Hang Seng</b>	<b>29839.45</b>	<b>-0.45%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Jobless Claims</b>	<b>211K</b>
<b>8:30</b>	<b>PPI-FD</b>	<b>0.4%</b>
<b>9:30</b>	<b>Richard Clarida Speaks</b>	
<b>10:30</b>	<b>EIA Nat Gas</b>	

## FOREX

<b>EUR/USD</b>	<b>1.1276 (0.03%)</b>
<b>USD/JPY</b>	<b>111.15 (0.14%)</b>
<b>USD/CAD</b>	<b>1.3352 (0.25%)</b>
<b>GBP/USD</b>	<b>1.3084 (-0.04%)</b>
<b>USD</b>	<b>96.58 (0.02%)</b>

## COMMODITY

<b>Oil</b>	<b>64.11 (-0.77%)</b>
<b>Natural Gas</b>	<b>2.704 (0.15%)</b>
<b>Gold</b>	<b>1307.9 (-0.46%)</b>
<b>Copper</b>	<b>2.913 (-0.43%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>13.35 (-6.51%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>16.88 (-4.42%)</b>
<b>Oil</b>	<b>OVX</b>	<b>24.68 (0.09%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>9.45 (-1.05%)</b>

## MARKET OUTLOOK

Futures are indicating a higher open this morning after a quiet overnight session. The EU granted PM May's request for a Brexit delay. The new timeline runs through October 31 but they can leave earlier if Parliament agrees to a deal. South Korea's Moon Jae-In is expected to be in Washington today and meet with POTUS. Meanwhile, Japanese leaders have finalized talking points for next week's trade talks with US representatives. Japan is seeking no quotas on autos.

Asian markets were modestly higher overnight with the Hang Seng lagging down 0.45%. The Nikkei closed a few points in the green but choppy all session. Financials were a bit weak with MUFJ down 1.5% after the Fed comments. **Ryohin Keikaku** fell 10% after the retailer cut their outlook. All eyes are on **Yaskawa Electric** tonight who will report earnings and considered a leading indicator of Chinese demand. It was a quiet night for data as well. China CPI was in line with expectations at 2.3% overnight while PPI was 0.4%.

European markets at mid-day this morning despite opening weak. Early concerns about global growth are being shrugged off as the DAX leads to the upside. **ASML** is down around 1.5% after reports that Chinese employees stole corporate secrets. **Prismian** fell 8.5% after they announced a review of 2018 financial results. **LVMH** is lifting the luxury space. Shares are up 4% and helping drive **Kering, Burberry, and Christian Dior** higher as well. Food services company **Sodexo** was up 5% after raising their outlook. German CPI was 1.3% in March, in line with forecasts, while HICP was 1.4%. French CPI was 1.1%, no surprises either.

**US Steel (X)** on watch today after another downgrade, today by BAML who took shares down two notches to Sell. They have a \$18 PT. Channel checks indicate that recent price hikes have not stuck and that benchmark hot rolled coil prices have retreated to their yearly lows in recent days.

## S&P TECHNICALS

**Levels:** Support 2,800/2,750; Resistance 2,900/2,950



5343 Advancing	Declining 1862
70.7%	24.6%
230 New High	New Low 56
80.4%	19.6%
5239 Above SMA50	Below 2294
69.5%	30.5%
4311 Above SMA200	Below 3222
57.2%	42.8%

**KEY EVENTS TO WATCH**

**Analyst Days:** DIS;

**Other:** LB, BKE, CATO monthly sales

**Economic Data on Friday:** Import/Export Prices at 8:30 AM, Consumer Sentiment at 10:00

**Earnings Friday BMO:** FRC, JPM, PNC, WFC;

**Other on Friday:** BMY/CELG shareholder vote

**ANALYST ACTION/COMMENTS**

**Five Below (FIVE)** upgraded to Overweight at JP Morgan

**Hawaiian Air (HA)** raised to Outperform at Macquarie

**LVMH (LVMUY)** upgraded to Buy at SocGen

**Crescent Point (CPG)** raised to Outperform at Macquarie

**Anglo American** upgraded to Conviction Buy at Goldman

**Mercado Libre (MELI)** downgraded to Hold at HSBC

**Fortune Brands (FBHS)** downgraded to Sell at Barclays

**Chipotle (CMG)** downgraded to Hold at Jefferies

**Eli Lilly (LLY)** downgraded to Neutral at Guggenheim

**US Steel (X)** downgraded to Underperform at BAML

**Moelis (MC)** downgraded to Underperform at BAML

**Lazard (LAZ)** downgraded to Neutral at BAML

**Keurig Dr Pepper (KDP)** downgraded to Sell at MSCO

**Waste Connections (WCN)** downgraded to Hold at Stifel

**Advanced Disposal (ADSW)** downgraded to Hold at Stifel

**Cardiovascular Systems (CSII)** cut to Sell at BAML

**Republic Services (RSG)** downgraded to Hold at Stifel

**Yeti (YETI)** initiated Outperform at Cowen, \$35 PT

**IBM** initiated Outperform at CSFB, \$173 PT

**Net App (NTAP)** initiated Outperform at CSFB

**CDW** initiated Outperform at CSFB, \$117 PT

**Xerox (XRX)** initiated Outperform at CSFB, \$42 PT

**HP Enterprise (HPE)** started at Sell at CSFB

**Apple (AAPL)** started Neutral at CSFB, \$209 PT

**MEDIA HIGHLIGHTS**

**Archer Daniels (ADM)** to seek early retirements, may slash jobs – Reuters

**BP** to quit shale gas exploration in China - Reuters

**PG&E (PCG)** bankruptcy judge calls for deal to end power contracts dispute - WSJ

**Caesars (CZR)** to put itself up for sale as soon as this week - NY Post

**Disney (DIS)** prepares to launch streaming service built around franchises - WSJ

**Uber** may seek IPO valuation of up to \$100B - NY Times

**Commerzbank** board members seek meeting to end **Deutsche (DB)** talks - Bloomberg

Pentagon confirms **Microsoft (MSFT)**, **Amazon (AMZN)** as finalists for JEDI contract – Reuters

**Tesla (TSLA)** and **Panasonic** Freeze Expansion of Gigafactory – Nikkei

**Pagerduty (PD)** to Raise \$218 Million in Above-Range U.S. IPO – Bloomberg

**The National Enquirer** Is for Sale, and a Deal Seems Near – NY Times

**Deutsche Boerse** says it is in talks to buy some Refinitiv FX units – Reuters

**JetBlue (JBLU)** targets low-fare transatlantic travel with 2021 London launch – Reuters

**Amazon (AMZN)** buys warehouse robotics startup Canvas Technology – Reuters

**SoftBank** May Lose **Uber** Board Seats After U.S. Security Review – Bloomberg

Europe Wants a Better Deal With China Too - WSJ

**STOCK SPECIFIC NEWS OF NOTE**

**Spirit Air (SAVE)** sees Q1 total revenue per ASM up 4.0%

**Costco (COST)** reports U.S. March total comparative sales, ex gas prices up 5.5%

Global PC shipments fell 4.6% in Q1, Gartner says

**Northrop Grumman (NOC)** awarded \$3.17B Navy contract

**TELUS (TU)** acquires new 600 MHz spectrum licenses for \$931M in Canada

**Tufin (TUFN)** to price IPO at \$14, high-end of range

**PRE-MARKET MOVERS**

**Moving Higher:** CZR 4.3%, VKTX 3.8%

**Moving Lower:** WTW -4%, TSLA -3.5%, X -3.3%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** LNDC, KMI, MACK

**Selling:** G, PKI, OLLI, NXST, HRL, AAPL, LOPE, BMRN, SGEN, LKQ, ELF, SKX, URBN

**INSTITUTIONAL MONEY FLOW**

**Buying:** CPRT, LLY, SNAP, X, GE, CME, MMM, NFLX, ICE, CE, MAR, HD, PG, FOXA

**Selling:** MO, MPC, BSX, MSFT, ABBV, GIS, INTC

**OPTION HIGHLIGHTS (Prior Day)**

Sun Run (RUN) with nearly 4,000 August \$15 calls bought on the day now up to \$2.40 as action continues into session highs. RUN has over 2,000 May \$18 calls in OI from early March buys. Shares are working out of a multi-week base today after testing the 50-day MA and targeting recent highs at \$17. A breakout measures to \$20 but big long-term flag has room to \$22. The \$1.66B company trades 13.5X earnings, 2.2X sales, and 7.3X cash with double-digit growth. RUN sees 10% revenue growth in 2020 and 7.5% in 2021 driven by market share gains in the US residential solar market which has a long way to run. The company is seeing strong customer growth, up 29% Y/Y, but potential for 5X growth as they explore a variety of avenues to grow share. They see opportunity with utilities after their Brightbox service won a bid in New England and the company expects 2020 beyond to be a regional expansion story. They also announced a partnership with Home Depot which is expected to ramp in 2019 and become an incremental contributor in 2020. Analysts have an average target for shares of \$17 with 5 buy ratings and 2 hold. Short interest is 9.5% and down from 11% in January and nearly 19% at its peak in 2017. BAML has shares at Buy citing confidence in deployments in 2019, cost reductions, and positive SB100 legislation signed in California in 2018 which will lead to an acceleration in volumes. Institutional ownership rose 25% last quarter. Sequoia a top holder with 7.5M shares while Tiger Global has 17.8M shares. Point72 and Driehaus adding new stakes last quarter.

**AFTER HOURS MOVERS**

**Gainers:**

**Losers:** BBBY -9.4%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.59	Flat
CBOE Index Put/Call Ratio	0.96	Low
CBOE Skew Index	128.75	Rising
VIX Curve	Contango	Normal
CNN Fear & Greed Index	74	Greed
NYMO	38.22	Neutral, Rising
NYSE Highs/Lows	84.65	Strong
McClellan Summation	997.06	Above 8-EMA
Univ. of Michigan Consumer Sentiment	97.8 (March)	-3.6%

**SMART MONEY (13g/13d Filings)**

**POTENTIAL SYMPATHY TRADES**

**GWV, MSM** – on FAST earnings

**IPO MONITOR**

**Jumia (JMIA)** issuing 13.5M shares at \$13-\$16; Leading pan-African e-commerce platform

**PagerDuty (PD)** issuing 9.1M shares at \$19-\$21; Cloud software developer focused on helping organizations improve operations, accelerate innovation, increase revenue

**Tufin Software (TUFN)** issuing 7.7M shares for \$12-\$14; Cyber-security company pioneering policy-centric approach to security and IT operations

**SECONDARY MONITOR**

# TRADE

## WEEKLY TECHNICAL BREAKOUT

### MRCY:



**Mercury Systems (MRCY)** shares are nearing a breakout above \$66 after basing above the 20-day MA and the February highs. MRCY has a measured move to \$72.50. RSI is moving back above 50 and MACD is narrowly consolidating above zero.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** LHC Group (LHCG)

**Price:** \$110.75

**Valuation:** Undervalued

### Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
<b>Stock</b>	<b>48.3X</b>	<b>1.7X</b>	<b>2.6X</b>	<b>28.2X</b>	<b>40.7X</b>
<b>Industry Avg.</b>	<b>19.3X</b>	<b>0.9X</b>	<b>4.8X</b>	<b>9.2X</b>	<b>17.3X</b>

**Analysis:** LHC Group (LHCG) is a \$3.4B company which trades 24.5X earnings and 1.88X sales with double-digit growth. The company is a leader in the growing home health care market which has tailwinds from value-based reimbursement and shifting industry sentiment. LHCG is gaining market share as they consolidate a fragmented marketplace.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

### NVCR:



**Novocure (NVCR)** shares are down near support of the recent range with a breakdown under \$45 measuring down to the 200-day MA at \$40. Shares are consolidating below the 20- and 50-day MA while MACD and RSI are in weak trends.

## PAIR TRADE OF THE WEEK

**Industry:** Soda

**Long/Short:** Long **Pepsi (PEP)**; Short **Monster Beverages (MNST)**

**Analysis:** Pepsi (PEP) has one of the strongest growth profiles among the group and trades cheap at 2.6X sales with a 3% yield. PEP is investing in marketing initiatives which will help drive growth while Frito Lay remains a strong segment growing 5%. MNST is facing competitive pressures from new entrants to the space while shares trade expensive at 7.5X sales.

## SMALL CAP TRADE OF THE WEEK

**Innovative Industrial Properties (IIPR)** is a \$786M REIT which trades 25.7X earnings and 3X book. The company focuses on industrial properties which are leased to state-licensed operators of medical marijuana production. IIPR is benefiting from better sentiment around cannabis and their strategy to add square footage.

## DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
JB Hunt (JBHT)	Qurate (QRTEA)	Akebia (AKBA)
Pentair (PNR)	Cooper Tire (CTB)	Flexion (FLXN)
Qurate (QRTEA)	DTE Energy (DTE)	Lyft (LYFT)
Rowan (RDC)	JB Hunt (JBHT)	Prothena (PRTA)
Armstrong Worldwide (AWI)	BioMarin (BMRN)	Trade Desk (TTD)
Sun Run (RUN)	Linde (LIN)	Ensco (ESV)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Colfax (CFX)	Daktronics (DAKT)	Amyris (AMRS)
Floor & Décor (FND)	Nordson (NDSN)	Levi Strauss (LEVI)
DHT Holdings (DHT)	SM Energy (SM)	WD-40 (WDFC)
Brunswick (BC)	Teradyne (TER)	Deutsche Bank (DB)
Armstrong Worldwide (AWI)	Eli Lilly (LLY)	Capri (CPRI)
8X8 (EGHT)	Rent a Center (RCII)	Zogenix (ZGNX)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Rowan (RDC)	Tapestry (TPR)	Assembly Bio (ASMB)
British American (BTI)	Ebay (EBAY)	Tocagen (TOCA)
Amyris (AMRS)	Tesla (TSLA)	Horizon Tech (HRZN)
Coty (COTY)	Apple (AAPL)	Health Insurance (HIIQ)
BP (BP)	Disney (DIS)	Fibrogen (FGEN)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
General Electric (GE)	Go Pro (GPRO)	Qurate (QRTEA)
Kroger (KR)	LYFT (LYFT)	Cooper Tire (CTB)
Snap (SNAP)	Huya (HUYA)	DTE Energy (DTE)
Centene (CNC)	Ford Motor (F)	Armstrong Worldwide (AWI)
Coty (COTY)	CVS Health (CVS)	Sun Run (RUN)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Autodesk (ADSK)	Teradyne (TER)	SKX, the May \$35/\$34 strangle bought 1,500X
Boston Sci (BSX)	Tesla (TSLA)	VLO, January \$90/\$100 call spread trading 1,000X
Tableau (DATA)	Square (SQ)	SQ, 2,000 April \$73.5/\$70 put spreads.
Juniper (JNPR)	Abiomed (ABMD)	TNDM, April / May 3rd (W) \$65 call calendar spread
Xilinx (XLNX)	Pfizer (PFE)	CTB, 2,400 May \$32/\$30 put spreads

## Stock Specific News and Media

**Boeing (BA)** suppliers considering response to production cuts (**SPR, HXL, UTX, ARNC**). FT

**Tencent (TCEHY)** received another game approval in China. FT

**ASML (ASML)** was a victim of corporate theft – Reuters

China to review anti-dumping tariffs on imports of distillers grains from US (**DBA**). Reuters

China has increased offer to open cloud computing market to foreign customers (**MSFT, JNPR, CSCO, AAPL, AMZN, FFIV**). WSJ

**Royal Dutch Shell (RDS/A)** has agreed to sell its stake in the Caesar-Tonga field in the Gulf of Mexico for \$965 million in cash – Reuters

**Nasdaq (NDAQ)** increases stake in **Oslo Bors VPS** – Reuters

**Marriott (MAR), Expedia (EXPE)** sign new multi-year deal – CNBC

**Google (GOOG)** announces Google Cloud for Retail to compete with Amazon – BI

**Cato Corp. (CATO)** reports March SSS down 7%

**Viking Therapeutics' (VKTX)** VK2809 shows liver fat content reduction in Phase 2 study

**Intercept (ICPT)** announces additional supportive data from Phase 3 REGENERATE trial

**MTY Food Group** to acquire **Papa Murphy's (FRSH)** for \$6.45 per share

**JAC Motors** hasn't held talks with **Volkswagen** – Reuters

**Huawei, AMD** orders to play large role in **TSMC (TSM)** Q2 revenue growth – DigiTimes

## Extras

**Delphi Auto (DLPH)** up another 5% and 6,500 June \$25 calls open \$1.88 as the \$22.5 calls close 5000X at \$3.10

**Nordson (NDSN)** with the June \$135/\$125 put spread bought 1,500X for \$2.45

**Skechers (SKX)** late day buyer of 2,000 April \$36.50 calls aggressively \$1.10 offer

**Cenovus Energy (CVE)** late day buyer of 3,000 September \$12 calls \$0.50 offer

**Royal Caribbean (RCL)** with 935 May 3<sup>rd</sup> (W) \$115 puts bought in calendar spreads that sold Apr. 26<sup>th</sup> (W) \$115 puts

**Thor (THO)** with 750 January \$75 calls opening \$5.50 in stock replacement

**TI (TXN)** buyer of 1,000 July \$110/\$100 put spreads for \$2.31

**DaVita (DVA)** opening sales of 1,350 May \$57.5/\$52.5 strangles for \$4

**Best Buy (BBY)** opening sale of 1,500 May \$75 puts \$2.41



### 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>
APOG	Apogee Enterprises	\$0.85	\$0.91	\$346.3	\$357.18	-2.00%	
FAST	Fastenal	\$0.68	\$0.67	\$1309.3	\$1313.22	10.40%	
BBBY	Bed Bath & Beyond	\$1.20	\$1.10	\$3,308.00	\$3,331.98	-11.00%	FY Below