

TOP STORIES

- China's Credit Growth Surges Back, Signaling Further Recovery
- China's March Trade Surplus Surges Past Expectations
- JP Morgan Shares Surge as Bank Posts Record Profit and Revenue
- Chevron to Acquire Anadarko for \$33 Billion in Stock and Cash

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2904.75 (13)	12.63
Nasdaq	7647.5 (30.25)	30.61
Dow	26298 (165)	157.95

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7448.78	0.42%
DAX	11999.83	0.54%
Nikkei	21870.56	0.73%
Hang Seng	29909.76	0.24%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Import/Export Prices	0.4%/0.3%
10:00	Consumer Sentiment	98.0
1:00	Baker Hughes	

FOREX

EUR/USD	1.1311 (0.54%)
USD/JPY	111.94 (0.26%)
USD/CAD	1.3331 (-0.40%)
GBP/USD	1.3078 (0.18%)
USD	96.51 (-0.31%)

COMMODITY

Oil	64.53 (1.49%)
Natural Gas	2.677 (0.49%)
Gold	1296.9 (0.28%)
Copper	2.9440 (1.97%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	13.17 (-1.00%)
Nasdaq	VXN	16.77 (0.05%)
Oil	OVX	25.70 (4.14%)
Gold	GVZ	9.58 (1.38%)

MARKET OUTLOOK

Futures are indicating a higher open to close out the week with positive data out of China helping lift global markets. March M2 rose 8.6% while aggregate financing was 2.86T yuan, up from 700B in February. The data likely reduces the need for more near-term easing. The shift to more risk-on assets overnight is driving oil higher by 1.5% and copper up almost 2%. The dollar is down near the week's lows. Bank earnings season kicked off the morning with JP Morgan posting record profits and revenue. Energy names will be in focus after a big deal in the space with Chevron acquiring Anadarko for \$33B, a 40% premium.

Asian markets finish the week strong with the Nikkei at 4-month highs and breaking out of a small range. China new loans rose in March while outstanding loan growth was higher than forecast at 13.7%. Imports fell 7.6% while exports jumped 14.2%. Singapore GDP slowed a bit in Q1 to 1.3% vs 1.5% forecast. South Korean imports rose to 4.3% in March. **Fast Retailing** rose almost 8% after updating their outlook. **Softbank** was higher by 5% after **Uber** filed for their IPO. The company is Uber largest investor. **Yaskawa Electric** closed flat after earnings but down initially around 4%. C-store operator **Lawson** fell 12% after cutting their dividend outlook. **Toshiba** fell almost 3% after a deal to sell their LNG business fell apart.

European markets are higher this morning after the China data. Eurozone industrial production was better than feared in February down just 0.3% vs down 1% expected. February was revised higher as well. German WPI was 1.8%, as forecast. **Airbus** was higher by 1.5% after its new CEO pledged to modernize its factories and structure. Audio-maker **GN Store Nord** rose 7% after raising their outlook. **Carl Zeiss** rose 5% on strong FY guidance. Swiss train manufacturer **Stadler Rail** rose 9.4% in its debut. UK-based online trading platform **Plus 500** fell 20% after weak results.

S&P TECHNICALS

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



3219 Advancing	Declining 3971
42.6%	52.6%
256 New High	New Low 64
80.0%	20.0%
5130 Above SMA50	Below 2403
68.1%	31.9%
4279 Above SMA200	Below 3254
56.8%	43.2%

KEY EVENTS TO WATCH

Other on Friday: BMY/CELG shareholder vote; POTUS on 5G deployment

Economic Data on Monday: Empire State Manufacturing, Charles Evans Speaks

Earnings BMO Monday: APHA, C, GS, MTB

Earnings AMC Monday: WTFC, PNFP

Analyst Days: Barry Callebaut

ANALYST ACTION/COMMENTS

Martin Marietta (MLM) upgraded to Buy at Goldman

Bruker (BRKR) upgraded to Buy at Deutsche Bank

Murphy Oil (MUR) upgraded to Neutral at Goldman

Delphi (DLPH) upgraded to Buy at BAML

Waddell & Reed (WDR) upgraded to Neutral at BAML

Adient (ADNT) upgraded to Buy at BAML, \$25 PT

California Resources (CRC) cut to Sell at Goldman

Grainger (GWW) downgraded to Sell at Gordon Haskett

Log-Me-In (LOGM) downgraded to Sell at Barclays

Allegheny (ATI) downgraded to Neutral at Macquarie

Armstrong (AWI) downgraded to Neutral at Evercore

Grace (GRA) downgraded to Neutral at Keybank

Whiting (WLL) downgraded to Neutral at MSCO

Crown Castle (CCI) downgraded to Neutral at Guggenheim

Apple (AAPL) downgraded to Sell at New Street

Mizuho starting **PTC**, **ADSK** at Buy

Redfin (RDFN) started Buy at Wedbush, \$30 PT

SmartSheet (SMAR) initiated Buy at Needham, \$45 PT

Avalara (AVLR) initiated Buy at Needham, \$64 PT

Viper Energy (VNOM) initiated Overweight at Stephens

Upwork (UPWK) initiated Buy at BTIG, \$45 PT

Evercore starting **SRPT**, **NBIX**, **ALNY**, **MYOV**, **AXGT**, **ARVN**, **CRSP**, **EDIT**, **NTLA**, **FIXX** at Outperform; **VRTX** at Neutral

Uniqure (QURE) initiated Overweight at Piper, \$80 PT

MEDIA HIGHLIGHTS

Campbell Soup (CPB) nears \$500M deal to sell Bolthouse Farms – NY Post

Tesla (TSLA) denies report of a spending halt at Nevada plant – NY Post

Presidential hopeful Elizabeth Warren proposes new 7% tax on corporate profits, -AP

Germany's **Idealo** sues **Google (GOOG)** over abusing search dominance – WSJ

Acer gaming notebook sales in US to see double-digit growth in 2019 – Digitimes

Schneider Electric, Carlyle Group Announce New Global Joint Venture – Bloomberg

Fiat's (FCAU) Small-Car Bet Falters With Americans Embracing Big Trucks – Bloomberg

Italian payments group **Nexi** to sell €1.3bn shares in IPO – FT

STOCK SPECIFIC NEWS OF NOTE

Qiagen (QGEN) says preliminary data shows effective pathogen detection by QIAstat-Dx

Alaska Air (ALK) reports combined March traffic up 0.5%, capacity up 1.3%

Citi Trends (CTRN) reaches pact with Macellum over board nominee

J. Crew reviewing strategic alternatives, considering IPO for Madewell brand

Uber Files for IPO

SolarWinds (SWI) to acquire IT service desk company Samanage for \$350M in cash

Disney (DIS) evaluating international rollout of Hulu; Sees ESPN+ at 12M subs by 2024

Align Technology (ALGN) to record Q1 charge of \$26M-\$31M related to store closures

Amyris (AMRS) discloses revenue recognition error, enters \$8M credit pact with Foris

Allegiant Travel (ALGT) reports March RPMs up 9.8%

Gilead (GILD), Novo Nordisk (NVO) announce intent to initiate clinical collaboration in NASH

Chevron (CVX) to acquire **Anadarko (APC)** for \$65 per share or \$33B

Tesla (TSLA) halts online sales of base version of Model 3

PRE-MARKET MOVERS

Moving Higher: APC 30%, QD 11%, CLF 3.7%, DB 3.6%, MRO 3.5%, DIS 3%, STM 2.9%, JPM 2.2%

Moving Lower: PBR -4%, CVX -3.5%

INSIDER TRADING (Form 4 Filings)

Buying: MACK

Selling: EBIX, MORN, K, RDFN, SHAK, TWTR, FB, FGEN, BGNE, QLYS, IONS, VG, NOW

INSTITUTIONAL MONEY FLOW

Buying: DIS, FISV, AMZN, QRVO, HPQ, INFY, PG, GLPI, LLY, PM, JNJ, MA, CBOE

Selling: BA, WBC, W, TDG, LYFT, LEVI, OLLI, VLO, XOM, DHI, RH, CVX, MS, XLNX

OPTION HIGHLIGHTS (Prior Day)

Tandem Diabetes (TNDM) with more than 1,000 August \$65 calls being bought today up to \$10.90, sizable trade which follows buyers in the January 2021 \$65 calls and January \$85 calls recently. The April / May 3rd (W) \$65 call calendar spread also opened 1,000X yesterday likely targeting earnings. Shares have been on a strong run and pulling back off of \$75 highs recently to base above the 50-day and cloud support. A breakout move targets \$90 and a big volume node from 2016. The \$3.67B company trades 20X sales and 28.5X cash with a path to profitability by 2021. TNDM is growing revenues at 25% annually driven by adoption of their t:slim X2 insulin pump. TNDM sees a significant long-term opportunity with the US pump market at 30% penetration and a sizable International TAM with 150K pumpers in near-term markets and 300K in long-term markets. They see gross margins driven by growing reimbursement and new products. Analysts have an average target for shares of \$61.5 with 9 buy ratings and 3 hold ratings. BMO Capital starting at Outperform on 3/8 with a \$77 PT. The firm is positive on TNDM's differentiation as pump utilization increases. They see momentum continuing in 2019 and expects more of the 3.3M US insulin-dependent patients to migrate to pumps. Short interest is 9.1% but down from 10.7% in early 2019. Institutional ownership fell 7% last quarter. Daruma Capital and Point72 active buyers last quarter.

AFTER HOURS MOVERS

Gainers: CGC 2.5%, MLM 1.6%

Losers: CNDT -3.4%

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**

APA, DVN, OXY, NBL, PXD, EOG, CXO – on APC deal

VZ, T, TMUS, AMT, CCI, ERIC, CIEN – on POTUS remarks later today on 5G

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

Phase Bio (PHAS) prices 3.59M secondary at \$12

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
Stock	48.3X	1.7X	2.6X	28.2X	40.7X
Industry Avg.	19.3X	0.9X	4.8X	9.2X	17.3X

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>
Banco Santander (SAN)	Fresh Del Monte (FDP)	Amyris (AMRS)
Owens Corning (OC)	Fortinet (FTNT)	Spark (ONCE)
Unum (UNM)	Zogenix (ZGNX)	Caesars (CZR)
Trupanion (TRUP)	Motorola Solutions (MSI)	3-D (DDD)
EnCana (ECA)	Ebay (EBAY)	Cara Therapeutics (CARA)
Jetblue (JBLU)	Humana (HUM)	Trupanion (TRUP)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Aptiv (APTV)	Del Monte (FDP)	Apogee (APOG)
Live Nation (LYV)	Ardmore (ASC)	Bed Bath (BBBY)
Owens Corning (OC)	CIT Group (CIT)	Fastenal (FAST)
EQT Corp (EQT)	TransDigm (TDG)	Viking (VKTX)
Luminex (LMNX)	Shutterfly (SFLY)	Tronox (TROX)
Braskem (BAK)	Yum China (YUMC)	Infosys (INFY)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Targa (TRGP)	Zogenix (ZGNX)	Assembly Bio (ASMB)
Encana (ECA)	JD.com (JD)	Tocagen (TOCA)
Gulfport (GPOR)	Altria (MO)	Horizon Tech (HRZN)
Coty (COTY)	General Motors (GM)	Health Insurance (HIIQ)
Activision (ATVI)	AT&T (T)	Fibrogen (FGEN)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Encana (ECA)	eBay (EBAY)	Fresh Del Monte (FDP)
Netflix (NFLX)	Freeport (FCX)	Fortinet (FTNT)
AT&T (T)	US Steel (X)	Zogenix (ZGNX)
Tronox (TROX)	JD.com (JD)	Motorola Solutions (MSI)
Halliburton (HAL)	Exxon (XOM)	Owens Corning (OC)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Tronox (TROX)	Electronic Arts (EA)	SIX, 3,000 January \$52.5/\$45 bull risk reversals
WalMart (WMT)	AT&T (T)	WYNN, April 26th (W) / May 3rd (W) \$140 put calendar spread
Radian (RDN)	US Steel (X)	TRGP, 2,500 May \$42/\$36 bull risk reversals
Tandem (TNDM)	Armstrong (AWI)	CI, 2,000 January \$200/\$250 call spreads
Unum (UNM)	Kohls (KSS)	LMNX, 2,500 May \$25/\$30 call spreads

Stock Specific News and Media

China announces tax breaks for trading of depositary receipts – Reuters

Lone Star emerges as frontrunner in **Saint-Gobain** auction – Reuters

Unilever (UN) to buy toothpaste brands from **P&G (PG)** – Reuters

Japan Display gets \$1.1B bailout from Chinese group, state fund

Danone Agrees to Sell **Earthbound Farms** to Taylor Farms – Reuters

Santander offers to take full control of its business in Mexico for \$2.93B – Reuters

CRH hires bankers to launch sale of EU distribution business in \$2.25B deal – Reuters

Amazon (AMZN) has increased Japan Prime membership fee by 26%. Bloomberg

Prudential (PUK) among companies in talks to enter China's private pensions sector. Reuters

Q1 office leasing in Midtown Manhattan is down 11% from the five year quarterly average, while overall Manhattan office leases were down 2% (SLG, ESRT, NYRT). WSJ

Fiat Chrysler (FCAU) ready for bold decisions for attractive future – Reuters

Blackstone (BX), Carlyle (CG), Advent pull out of bidding for WPP's **Kantar** - FT

Extras

Go-Daddy (GDDY) big breakout on volume today and 1,200 May \$80 calls bought to open \$3.30 late

Wayfair (W) opening sale of 1,000 January \$75 puts for \$3.80

8x8 (EGHT) buyers of 2,000 May \$22.50 calls \$0.60 to \$0.70 to open

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
FRC	First Republic		\$1.22		\$838.58		
INFY	Infosys	\$9.36	\$8.95	\$215,390.00	\$214,134.61	19.10%	
JPM	JPMorgan Chase	\$2.65	\$2.35	\$29,123.00	\$28,054.43	4.40%	
PNC	PNC	\$2.61	\$2.60	\$4,286.00	\$4,261.29	4.30%	Q2 In Line
WFC	Wells Fargo		\$1.10		\$21,048.10		