

TOP STORIES

- Global Markets Edge Higher as Trade Talks Continue, Confidence Grows a Deal is Close
- Trump Renews Criticism Against Fed and Its Quantitative Tightening Policy
- Mnuchin: Trade Talks with China Nearing Final Round
- EU to Begin Trade Talks With U.S. as Tariff Threats Escalate
- IMF Cautiously Optimistic on Outlook as Spring Meetings Wrap

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2913 (0.50)	1.74
Nasdaq	7648.75 (-3.5)	-1.40
Dow	26453 (45)	44.7

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7443.93	0.09%
DAX	12027.62	0.23%
Nikkei	22169.11	1.37%
Hang Seng	29810.72	-0.33%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Empire State Mfg.	6.8
8:30	Charles Evans Speaks	
12:00	Charles Evans Speaks	

FOREX

EUR/USD	1.1309 (0.07%)
USD/JPY	111.93 (-0.06%)
USD/CAD	1.333 (0.10%)
GBP/USD	1.311 (0.22%)
USD	96.47 (-0.14%)

COMMODITY

Oil	63.32 (-0.89%)
Natural Gas	2.634 (-0.98%)
Gold	1289.7 (-0.42%)
Copper	2.929 (-0.58%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	12.01 (-7.76%)
Nasdaq	VXN	15.63 (-6.18%)
Oil	OVX	25.7 (-0.01%)
Gold	GVZ	9.28 (-3.23%)

MARKET OUTLOOK

Futures are indicating a quiet open for the week without many catalysts on the schedule. Treasury Sec. Mnuchin said over the weekend that the US is open to facing penalties if it doesn't follow-through on pledges with China over trade. He also said the two sides are entering the final stages of talks. The US is also making progress with Japan and Economic Minister Motegi will be in Washington today to meet with USTR Lighthizer. In Washington, POTUS renewed calls for changes in Fed policy. He tweeted over the weekend that the Dow could be up 5,000 to 10,000 points more if the Fed had "done its job." Mario Draghi expressed caution noting that he's worried about the Fed's independence. Bank earnings continue this morning with Goldman and Citi in focus. We saw some mixed results on Friday with JP Morgan surging and Wells Fargo fading.

Asian markets were mostly higher overnight with the Nikkei hitting a 4-month high. The yen hit a six-week low. Financials were strong after JP Morgan's earnings on Friday. **MUFJ** and **Mizuho** rose 1.5%. **Suzuki Motor** fell by 2.5% due to losses from a recall. **Vector** rose 8.5% after the PR company raised guidance. Employment and staffing company **DIP** fell 17% after cutting their outlook. It was a quiet night for new data in Asia. South Korean exports fell 8.2% in March while imports fell 6.7%, in line with expectations.

European markets are modestly higher in early trade. It was a pretty bare schedule for new data in Europe as well. Swiss PPI rose slightly in March. Bank stocks were also strong here. **Nokia** was down 3% after Goldman cut to Sell. **Publicis** was higher by 3.5% after acquiring Alliance Data's Epsilon unit for \$4.4B, expanding its reach in the US. **Norsk Hydro** was up almost 5% after petitioning to have their production embargo lifted. **Daimler** slightly lower over more emissions issues. **Vivendi** slightly higher on earnings.

S&P TECHNICALS

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



4499 Advancing	Declining 2668
59.6%	35.3%
359 New High	New Low 86
80.7%	19.3%
5227 Above SMA50	Below 2306
69.4%	30.6%
4369 Above SMA200	Below 3164
58.0%	42.0%

KEY EVENTS TO WATCH**Earnings After the Close:** JBHT**Economic Data:** Industrial Production at 9:15 AM, Housing Market Index at 10:00;**International Data:** German ZEW Survey, China GDP, China Industrial Production, China Retail Sales;**International Earnings:** L'Oreal, Casino Guichard;**Earnings Before the Open:** BAC, BLK, CMA, FHN, JNJ, OMC, UNH;**ANALYST ACTION/COMMENTS****China Telecom (CHA)** upgraded to Buy at Goldman**Dow (DOW)** upgraded to Buy at Nomura**Huntsman (HUN)** upgraded to Buy at Nomura**Lyondell (LYB)** upgraded to Buy at Nomura, \$113 PT**Eastman Chemical (EMN)** upgraded to Buy at Nomura**Olin (OLN)** upgraded to Neutral at Nomura, \$25 PT**Gaming & Leisure (GLPI)** upgraded to Buy at Stifel**Chemours (CC)** upgraded to Buy at Sun Trust**Pioneer Natural (PXD)** raised to Outperform at Macquarie**Franklin (BEN)** upgraded to Neutral at Citi**Wells Fargo (WFC)** downgraded to Neutral at Goldman**Celenese (CE)** downgraded to Hold at Deutsche Bank**Infosys (INFY)** downgraded to Neutral at BAML**Alliance Data (ADS)** downgraded to Neutral at BMO; downgraded to Underweight at Stephens**Genesee & Wyoming (GWR)** downgraded to Neutral at Raymond James**Floor & Décor (FND)** downgraded to Neutral at Longbow**American Tower (AMT)** cut to Neutral at Wells Fargo**CVS Health (CVS)** downgraded to Neutral at OpCo**Magna (MGA)** downgraded to Neutral at CIBC**Nokia (NOK)** downgraded to Sell at Goldman**Philips (PSX)** downgraded to Hold at Jefferies**Levi (LEVI)** started Neutral at Goldman, \$21 PT; started Outperform at JP Morgan, \$26 PT**MEDIA HIGHLIGHTS**Barron's positive on **CVS, FANG, CXO, NBL, DIS, HBAN, KEY, VLO, KSS, PEP, MDT**; cautious on **EA, ATVI, TTWO****American Airlines (AAL)** has cancelled all **Boeing (BA)** 737 Max flights through August 19. CNBC**Apple (AAPL)** could invest \$500m in gaming service. FT**Facebook (FB)** suffered an outage Sunday across its platforms that lasted hours. BloombergCanada recreational marijuana sales are below expectations for the first six months (**TLRY, CGC, MJ, NBEV**). WSJ**Apple (AAPL), Qualcomm (QCOM)** trial begins today. FT**VW** plans to make electric SUV for China in 2021 – ReutersGermany regulators will look into **Fiat (FCAU), Mercedes** emission issue that is impacting 60k cars. Reuters**Huawei** is open to selling 5G chips for **Apple (AAPL)** iPhones. CNBC**Catalent (CTLT)** to purchase **Paragon Bioservices** for \$1.2B – WSJ**Amazon (AMZN)** in discussions to launch ad-supported music service – Billboard**Foxconn** chairman plans to step down soon - Reuters**STOCK SPECIFIC NEWS OF NOTE****Netflix (NFLX)** CEO Hastings will not be nominated for re-election to **Facebook (FB)** board**Boeing (BA)** awarded \$14.31B Air Force contract for B-1/B-52 support services**Clovis Oncology (CLVS)** discontinuing Phase 2 trial evaluating rucaparib**Alnylam's (ALNY)** Givosiran study met primary efficacy endpoint in AHP treatment**Assembly Biosciences (ASMB)** presents interim data from two Phase 2a ABI-H0731 trials**Alliance Data (ADS)** sells Epsilon business to **Publicis** for \$4.4B in cash**Markel (MKL)** internal investigation found no evidence of wrongdoing by CATCo personnel**Waste Management (WM)** to acquire **Advanced Disposal Services (ADSW)** for \$33.15 per share**Jefferies (JEF)** to acquire remaining interest in **HomeFed**

PRE-MARKET MOVERS

Moving Higher: ADSW 20%, WDC 2%, GS 1%

Moving Lower: APHA -13%, SPOT -3.5%, NOK -3%

INSIDER TRADING (Form 4 Filings)

Buying: BX, LNDC, ABEO, FUND

Selling: FOXF, EXEL, ATH, SMTG, SWKS, SPPI, GILD, BOX, CBRE, VEEV, FB, RNG, COUP, ON

INSTITUTIONAL MONEY FLOW

Buying: AMZN, UAL, CI, CVX, WFC, MRK, ADBE, PBR, HCA, EL, MNST, BDX, EL, BND, ROST

Selling: APC, DIS, MSFT, FB, ICE, MA, BAC, ACN, GOOGL, TJX, DWDP, PXD, C, CAT, PEP, COST

OPTION HIGHLIGHTS (Prior Day)

Bilibili (BILI) running to the highs with 5,000 June \$20 calls bought up to \$1.10 and follows sellers this week in the August \$17.50 puts and June \$17.50 puts. BILI has seen put sales across the July and January expirations as well and the January \$30 calls bought in late March over 1,200X. On the chart, BILI is setting up well after pulling back from 52-week highs around \$21. Shares are basing around the 50-day EMA and YTD VPOC and looking to clear a downtrend around \$18.50/\$19. The \$5.2B company trades 185X earnings, 8.5X sales, and 6.7X cash with revenue growth around 45% in 2019 and 2020 before tapering off to 30% in 2020. BILI is in the earliest stages of profitability with 600% growth in 2021 up to \$0.40. The company is video-sharing platform based in China which focuses on animation, live broadcasting, and mobile gaming and has a strategic partnership with Tencent. As of last quarter they had 93M MAU and 80M mobile MAU with average time spent on the platform around 78 minutes and growing. The company is capitalizing on a huge Gen Z population in China (~328M) which is the driving force in online viewership. BILI's focus on content creation as well as popular creators is driving high retention rates among viewers as they move into more monetization plans. Analysts have an average target for shares for \$20 with 7 buy ratings and 1 hold. UBS with a Buy rating and \$23 PT this week. The firm is positive on its differentiated content and social features which are driving a sticky community of anime, comics and games fans and young users, who are highly willing to spend on content. Short interest is 4.4% and down from 7.5% recently. Institutional ownership fell 7.4% last quarter.

AFTER HOURS MOVERS

Gainers:

Losers:

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.61	Flattening
CBOE Index Put/Call Ratio	1.10	Falling
CBOE Skew Index	124.22	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	74	Greed
NYMO	18.13	Neutral
NYSE Highs/Lows	90.55	Near Feb. Highs
McClellan Summation	1064.48	Above 8-EMA
Univ. of Michigan Consumer Sentiment	96.9 (April Prelim)	-1.9% Y/Y

SMART MONEY (13g/13d Filings)

POTENTIAL SYMPATHY TRADES

SPOT – lower on Amazon ad-support platform

MS – on Goldman earnings

CWST, WCN, RSG, CLH – on WM/ADSW deal

IPO MONITOR

Pinterest (PINS) issuing 75M shares at \$15-\$17; Owner and operator of a social bookmarking platform

Zoom Video (ZM) issuing 20.9M shares at \$28-\$32; Provider of a video-first communications platform

Greenlane (GNLN) issuing 5.3M shares at \$14-\$16; Distributor of vaporization products and consumption accessories

Others include **MNRL, HOOK, PLMR, and TPTX**

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

LMT:



Lockheed Martin (LMT) shares are consolidating in a bull flag under \$312 with a breakout targeting \$330. MACD is back above zero and RSI back above 60, both in healthy trends while the \$310 area is a big volume shelf.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Insperity (NSP)

Price: \$129

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	40.2X	1.4X	68X	24.1X	36X
Industry Avg.	25.6X	1.2X	4.4X	14.4X	21.6X

Analysis: NSP is a \$5.3B company which focuses on HR solutions for small and medium-sized businesses. They primarily do workforce optimization like payroll, benefits administration, and worker's comp. NSP trades 23.5X earnings and 1.39X sales with near 20% EPS growth and sales expected up 13.8% and 11.6% driven by worksite program growth and better pricing. Client retention is near historical highs of 86%.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

GOOS:



Canada Goose (GOOS) shares are forming a bear flag below cloud resistance and the 50- and 200-day MA. A move under trend support at \$46 opens up a potential re-test of the December lows near \$40.

PAIR TRADE OF THE WEEK

Industry: Travel

Long/Short: Long Expedia (EXPE), Short TripAdvisor (TRIP)

Analysis: EXPE is posting double-digit bookings growth while room night growth continues to improve and their loyalty program is create some separation from peers. Their HomeAway brand is a leader in alternative accommodations. TRIP is seeing mixed results with weakness in Hotel while revenue per shopper was weak in Q4 and unique visitors were below consensus.

SMALL CAP TRADE OF THE WEEK

NV5 Global (NVEE) is a \$779M company which trades 14.5X earnings and 1.86X sales with 20-25% EPS growth and sales growth around 13% for FY20. NVEE is a provider of engineering services with exposure to a number of infrastructure tangents and beneficiary of higher spending on roads and bridge improvements in the US.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Callon Petroleum (CPE)	Wellcare (WCG)	Vital Therapies (VTL)
Skyline (SKY)	Callon Petroleum (CPE)	Anthem (ANTM)
Invesco (IVZ)	KAR Auction (KAR)	PG&E (PCG)
Uniqure (QURE)	Express (EXPR)	Papa John's (PZZA)
Matador (MTDR)	BorgWarner (BWA)	CareDx (CDNA)
Banco Santander (SAN)	Grub Hub (GRUB)	AxoGen (AXGN)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Uniqure (QURE)	Grupo Televisa (TV)	Geron (GERN)
ADT (ADT)	Axogen (AXGN)	Biohaven (BHVN)
Ensco (ESV)	Ocwen (OCN)	JC Penney (JCP)
KBR (KBR)	ImmunoGen (IMGN)	Infosys (INFY)
Celanese (CE)	TransDigm (TDG)	Sprint (S)
Radian (RDN)	Rollins (ROL)	Weight Watchers (WTW)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Int'l Game Tech (IGT)	Welbilt (WBT)	Tocagen (TOCA)
Cloudera (CLDR)	Tapestry (TPR)	Intra-Cellular (ITCI)
Cimarex (XEC)	Ford Motor (F)	Health Insurance (HIIQ)
Coty (COTY)	Celgene (CELG)	Cara Therapeutics (CARA)
Centene (CNC)	Morgan Stanley (MS)	Heron Therapeutics (HRTX)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Microsoft (MSFT)	General Electric (GE)	Wellcare (WCG)
Walt Disney (DIS)	Wells Fargo (WFC)	Callon Petroleum (CPE)
Freeport (FCX)	Coty (COTY)	KAR Auction (KAR)
Callon Petroleum (CPE)	Grub Hub (GRUB)	Matador (MTDR)
Fox (FOXA)	Canopy Growth (CGC)	Banco Santander (SAN)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Uniqure (QURE)	Welbilt (WBT)	CLX< May \$150/\$145 put spread opening 1,000X
Teck Resources (TECK)	Vonage (VG)	FOXA, 5,000 July \$37/\$40 call spreads vs \$33 short puts
Bilibili (BILI)	Lululemon (LULU)	CLR, January 2021 \$50/\$75 call spread 2,200X4,400
Continental Resources (CLR)	AbbVie (ABBV)	WCG, June \$260/\$240 put spread now on 5,000X10,000
Tempur Sealy (TPX)	Tegna (TGNA)	PCG, January \$22.50/\$30 call spread vs the \$10 short puts

Stock Specific News and Media

Activist Bramson urges **Barclays (BCS)** investors to give him board seat – Reuters

AB InBev (BUD) adds Citi, BAML to bank team for \$5B Asian IPO – Reuters

Caesars (CZR) getting ready to name Anthony Rodio as its CEO, will evaluate takeover interest with help of PJT bankers. WSJ

KKR (KKR) aims to buy investments in Japan – FT

Disney (DIS) is considering spinning off regional sports networks to shareholders. NY Post

Regulators want **Deutsche Bank (DB)** to shrink US investment bank. FT

EU wants copyright reform for **Google (GOOG)** and **Facebook (FB)**. Reuters

US raises punitive tariffs on most Taiwan solar cell makers – Digitimes

Samsung set to lose semiconductor market lead in 2019 – Digitimes

Nanya profits likely to reach 8-quarter low – Digitimes

It Was a Huge Year for the Ski Pass Locals Love to Hate (**MTN**) – Bloomberg

Trump urges **Boeing (BA)** to fix, 'rebrand' grounded 737 Max planes – Reuters

Elon Musk's Ambition has Become a Liability at **Tesla (TSLA)** – WSJ

Neiman Marcus Pushes Refinancing, Highlighting Lenders' Vulnerability – WSJ

Ireland's **Green REIT** is putting itself up for sale, has assets of \$1.7B – Reuters

Saudi Aramco has agreed to buy a 17% stake in **Hyundai Oilbank** for \$1.24B – Reuters

Former **VW** CEO Winterkorn charged with alleged fraud in Germany - Bloomberg

Moody's (MCO) acquires majority stake in Vigeo Eiris

FibroGen (FGEN) receives orphan drug designation from FDA for pamrevlumab

Best Buy (BBY) Corie Barry to become new CEO, Hubert July to become Exec. Chairman

Taiwan Semi (TSM) to enter volume production for 7nm EUV in Q2 – DigiTimes

Saput may be eyeing potential acquisition of **Dean Foods (DF)** - Globe and Mail

Extras

Semis (SMH) the June \$110 puts bought 6,500X for \$3.15

S&P (SPY) the May 31st (W) \$\$265/\$250/\$235 put butterfly bought 20,000X40,000

HP Enterprise (HPE) with 4,000 May 24th (W) \$15.50 puts sold to open for \$0.29 to \$0.27

Nutanix (NTNX) with 970 July \$37.50 calls bought for \$6.87 as some April calls adjust

Caesars (CZR) also with 18,000 April \$9.50 calls bought for \$0.38 as the \$9 calls roll up

Bed Bath & Beyond (BBBY) buyers of 5,200 April \$18 puts for \$0.36

Novartis (NVS) buyers into the close for 2,000 April \$80 puts up to \$0.80

Intel (INTC) with 13,000 May 10th (W) \$58 calls bought today up to \$1.03 into 4-25 earnings

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
APHA	Aphria	-\$0.20	-\$0.04	\$73.58	\$83.45	616.70%	
C	Citigroup		\$1.79		\$18,564.06		
GS	Goldman Sachs	\$5.71	\$5.02	\$8,807.00	\$8,892.00	-12.60%	Trading Rev 1.77B vs 1.83B
MTB	M&T Bank	\$3.35	\$3.29		\$1,509.32		