

TOP STORIES

- China Said to Weigh U.S. Request to Shift Tariffs on Agricultural Goods
- Several ECB Policymakers Doubt Projected Growth Rebound
- Eurozone, German Economic Sentiment Hits 1-Year High in March
- UK Wage Growth Climbs as Jobless Rate Sticks at 3.9%
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2919 (9.5)	9.37
Nasdaq	7679.75 (32)	29.63
Dow	26488 (115)	106.23

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7465.82	0.39%
DAX	12090.97	0.59%
Nikkei	22221.66	0.24%
Hang Seng	30129.87	1.07%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
9:15	Industrial Production	0.3%
10:00	Housing Market Index	63
2:00	Robert Kaplan Speaks	

FOREX

EUR/USD	1.13 (-0.06%)
USD/JPY	111.89 (-0.13%)
USD/CAD	1.3385 (0.17%)
GBP/USD	1.3083 (-0.11%)
USD	96.59 (0.03%)

COMMODITY

Oil	63.44 (0.03%)
Natural Gas	2.59 (-0.01%)
Gold	1286.6 (-0.36%)
Copper	2.932 (-0.10%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	12.32 (2.58%)
Nasdaq	VXN	15.93 (1.92%)
Oil	OVX	25.51 (-0.74%)
Gold	GVZ	9.57 (3.12%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning after positive housing data out of China is helping ease fears of a domestic slowdown. We'll get a big data dump out of China tonight with retail sales, GDP, and industrial data. GDP is expected to post another decline but stimulus measures are helping ease fears from investors. The Euro is down slightly on reports that a minority of ECB members are not optimistic about a 2H rebound in Europe. The dollar is modestly higher this morning while oil is choppy ahead of API data tonight. It's a quiet day for POTUS without any major events.

Asian markets continued to climb overnight with the Nikkei hitting its highest level since December 4th. China housing prices rose slightly in March to 10.6% vs 10.4%. The RBA minutes were out and showed the likelihood of a rate hike in the near-term is low and they discussed a cut. Japan's tertiary industry activity index fell in March by 0.6%. **NTT Docomo** rose 3.5% after announcing smaller than feared price cuts, easing concerns about rival price moves from peers. **KDDI** and **Softbank** both rallied. Retailers were weak amid talk of a consumption tax hike in October. C-store operator **Seven & I** was down 1.5% to a new 5-year low.

European markets are strong early today and on pace for their fifth straight day of gains. German ZEW economic sentiment rose in April to 3.1 vs 0.8 expected. This is the first positive reading since March of 2018 as optimism grows over the long-term outlook. Current conditions were weak at 5.5 vs 8. Eurozone economic sentiment rose to 4.5 vs 1.2. UK unemployment remained steady at 3.9%. Wage growth was the highest since Brexit. Retailer **Zalando** rose 10% after a positive earnings update. **Unicredit** was higher by 1.8% after agreeing to settle with US authorities. **Tenaris** was higher by 3% after a positive court decision. Security company **G4S** was up 5% after earnings. **Lufthansa** was in the green despite opening weak after earnings. British staffing company **Hays** was down 4% on earnings.

S&P TECHNICALS

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



2872 Advancing	Declining 4251
38.0%	56.3%
330 New High	New Low 89
78.8%	21.2%
5059 Above SMA50	Below 2474
67.2%	32.8%
4345 Above SMA200	Below 3188
57.7%	42.3%

KEY EVENTS TO WATCH

Earnings After the Close: CSX, IBM, IBKR, NFLX, UAL

Analyst Days: SUPN, NICE

Economic Data on Wednesday: International Trade at 8:30 AM, EIA Petroleum at 10:30

International Earnings Wednesday: Ericsson, Roche, ASML, Kering, Danone, Publicis, TomTom

Earnings BMO Wednesday: ABT, ASML, BMI, BK, ERIC, KSU, MS, PNR, PEP, TXT, USB

ANALYST ACTION/COMMENTS

Cummins (CMI) upgraded to Buy at Citi, \$190 PT

Catalent (CTLT) upgraded to Buy at UBS

ELF Beauty (ELF) upgraded to Buy at DA Davidson

Marathon (MRO) upgraded to Outperform at RBC

Santander Consumer (SC) raised to Neutral at JP Morgan

Cognizant (CTSH) downgraded to Neutral at Wells Fargo

Delek (DK) downgraded to Neutral at Goldman

DowDuPont (DWDP) downgraded to Neutral at RBC

Electronics for Imaging (EFII) downgraded to Hold at Loop Capital, \$37 PT

EOG Resources (EOG) downgraded to Neutral at MKM

EQT Corp (EQT) downgraded to Neutral at MKM

Hess (HES) downgraded to Neutral at MKM, \$71 PT

Holly Frontier (HFC) downgraded to Sell at Goldman

Lennox (LI) downgraded to Neutral at Baird

Masimo (MASI) downgraded to Neutral at BTIG

Macquarie (MIC) downgraded to Sell at Barclays

Martin Marietta (MLM) downgraded to Sell at BAML

SemGroup (SEMG) downgraded to Sell at Barclays

Snap On (SNA) downgraded to Neutral at BAML

Sunoco (SUN) downgraded to Neutral at Barclays

Dow (DOW) initiated Top Pick at RBC, \$68 PT

Guardant (GH) initiated Buy at Canaccord, \$90 PT

MEDIA HIGHLIGHTS

TransDigm (TDG) said to consider sale of \$1.1B connector business – Bloomberg

Snap (SNAP) could run out of cash in three years unless it turns a profit – FT

Facebook (FB) to discontinue Messenger payments in UK, France – Engadget

Huawei Chairman denies discussing 5G supply deals with **Apple (AAPL)**. Reuters

Samsung announces 5nm EUV development - Digitimes

Google (GOOG) actively expanding cloud service deployments in APAC – Digitimes

Oil's Facing Odds of Demand Worsening Before Getting Better – Bloomberg

BMW Joins **Volkswagen** in Predicting China Sales Growth – Bloomberg

Caesars (CZR) to tap old Carl Icahn ally as CEO, union ready to fight – NY Post

Huawei says telecom business to resume double-digit growth in 2019 – Nikkei

Nidec to acquire **Omron's** auto unit for \$890M – Nikkei

Ireland's **Kingspan** makes €700M offer for **Recticel** insulation units – Reuters

STOCK SPECIFIC NEWS OF NOTE

Novartis (NVS) says FDA accepts BLA for brolocizumab for AMD treatment

Salesforce (CRM) says Salesforce.org to be integrated into Salesforce; Co to pay one time cash purchase price of \$300M

Dutch Supreme Court rules in favor of **Chevron (CVX)** on Ecuador dispute

Laredo Petroleum (LPI) gets \$42.5M in litigation settlement with Shell Trading

Adtalem Global Education (ATGE) to acquire OnCourse financial services unit for \$121M

Hulu acquires **AT&T's (T)** minority stake in joint venture

Genesee & Wyoming (GWR) reports March total traffic down 8.3%, Q1 traffic down 6.1%

Rio Tinto (RIO) cuts FY19 Pilbara ore shipments view

Americold Realty Trust (COLD) to acquire **Cloverleaf Cold Storage** for \$1.24B

PRE-MARKET MOVERS

Moving Higher: JMIA 2.8%, WDC 1.7%

Moving Lower: RCKT -3.5%, SGMO -2.7%

INSIDER TRADING (Form 4 Filings)

Buying:

Selling: PAYX, MIME, BURL, XRAY, SAIC, TECO, BFAM, LGIH, IIVI, FOXF, SMTG, CDNA

INSTITUTIONAL MONEY FLOW

Buying: JPM, SBUX, CAT, TXN, AIG, CSX, ISRG, ADI, TSLA, FAST, MRVL, LRCX, EA, BABA

Selling: MSFT, GOOG, FB, CMCSA, GOOGL, APC, DLTR, AAPL, MDLZ, ADSK, PFE, CME

OPTION HIGHLIGHTS (Prior Day)

ArQule (ARQL) sizable buy today of 10,000 June \$7.50 calls for \$0.60 to open and also trading another 1,450 June \$5 calls where buyers opened more than 2,750 last week. Shares are riding the 8-EMA higher over the last two weeks as it nears a flag breakout above \$6 and return to test the 2018 highs around \$7.20. ARQL has a measured move up over \$8 while long-term target from the pullback in the Fall is up to \$11. The \$606M biotech trades 23.5X sales and 6X cash without a lot of debt. The company sees a path to profitability by 2022 and sales growth jumping 200% in both 2020 and 2021. ARQL focuses on cancer and rare diseases with a number of early-stage trials across solid tumors, b-cell malignancies, and urothelial cancer. They expect early data by mid-year in Proteus Syndrome for their drug miransetib. PS is a highly unmet need, especially among children, with no approved systemic therapies. The company sees a clear path to market for the drug with potential to file in 2021. Analysts have an average target for shares of \$8 with limited coverage but all at a Buy equivalent. Short interest is 5.7% and down from almost 10.5% in late 2018. RBC starting at Outperform on 4/11 with a \$9 PT. The firm is positive on ARQL's unique clinical portfolio of precision-based kinase inhibitors in oncology and orphan disease. The firm expects additional data from ARQ 531 and progress on miransertib to be key de-risking events this year. Institutional ownership fell 20% last quarter. ARQL has seen a lot of insider buying in the last year with the largest from a Director in October at \$5.50, a \$1M buy.

AFTER HOURS MOVERS

Gainers:

Losers: JBHT -4%

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

WERN, CHRW, LSTR, KNX – on JBHT weakness

HUM, ANTM, CNC, CI – on UNH earnings

IPG, WPP – on OMC earnings

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

JBG Smith (JBGS) pricing 10M secondary at \$42

Rocket Pharma (RCKT) pricing 4.5M secondary at \$17.50

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>
JB Hunt (JBHT)	Express (EXPR)	Assembly Bio (ASMB)
Cimarex (XEC)	Nvent (NVT)	Ensco (ESV)
ArQule (ARQL)	Consolidated Comms (CNSL)	Arqule (ARQL)
Habit Restaurants (HABT)	Upwork (UPWK)	Infinera (INFN)
Occidental (OXY)	Heron Therapeutics (HRTX)	Akorn (AKRX)
Lumber Liquidators (LL)	Alliance Data (ADS)	Esperion (ESPR)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Hostess (TWNK)	CommVault (CVLT)	Fibrogen (FGEN)
Genesee & Wyoming (GWR)	Consolidated Comms (CNSL)	Amyris (AMRS)
ArQule (ARQL)	Intra-Cellular (ITCI)	Roku (ROKU)
Cimarex (XEC)	Mirati (MRTX)	Conatus (CNAT)
Ally Financial (ALLY)	Nvent (NVT)	Twilio (TWLO)
Caleres (CAL)	Deutsche Bank (DB)	Gogo Wireless (GOGO)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Tencent Music (TME)	Host Hotels (HST)	Tocagen (TOCA)
Marathon (MPC)	Cara Therapeutics (CARA)	Intra-Cellular (ITCI)
Cypress (CY)	Snap (SNAP)	Health Insurance (HIIQ)
Fitbit (FIT)	Canopy Growth (CGC)	Cara Therapeutics (CARA)
Unum (UNM)	Tesla (TSLA)	Heron Therapeutics (HRTX)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Bank of America (BAC)	EnCana (ECA)	Express (EXPR)
Disney (DIS)	Nio (NIO)	Nvent (NVT)
General Electric (GE)	Lyft (LYFT)	Consolidated Comms (CNSL)
Infinera (INFN)	Comcast (CMCAS)	Occidental (OXY)
Snap (SNAP)	Caterpillar (CAT)	Lumber Liquidators (LL)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Cisco (CSCO)	Harley (HOG)	BA, 2,350 May \$385/\$395 call spreads
Lyft (LYFT)	I Robot (IRBT)	OXY, 1,000 August \$65/\$75 call spreads
Electronic Arts (EA)	Clorox (CLX)	QQQ, 4,000 December \$182/\$170 put spreads
Yum Brands (YUM)	Teradyne (TER)	NBL, 2,000 August \$30/\$22.50 strangles sold
Lululemon (LULU)	NetApp (NTAP)	ZAYO, May \$32.5/\$35 call ratio spreads actively for 6,500X13,000

Stock Specific News and Media

Aussie takeover target **Healthscope** cuts 2019 guidance – Reuters

Dropbox (DBX) challenger **pCloud** just became profitable – Tech Crunch

Building a Case For Chinese Property – WSJ

Toyota Motor (TM) has agreed to sell electric car technology to Singulato – Reuters

Gilead (GILD), insitro announce strategic collaboration to develop therapies for NASH

Crispr Therapeutics (CRSP), Vertex (VRTX) announce fast track designation for CTX001 from FDA

Zuckerberg leveraged **Facebook (FB)** user data to help friends - NBC News

Extras

Lumber Liquidators (LL) buyers of 3,000 May \$12 puts for \$1.30 to open late

Expeditors (EXPD) traded 1,000 April/May \$80 call calendar spreads at \$2.10 debit

ActiVision (ATVI) opening sale of 3,100 May \$47.50 puts for \$3.30 at the bid

Genesee & Wyoming (GWR) buyer of 4,000 May \$90/\$95 call spreads late in the day for \$1.67 into a busy week of Rail reports, and a month ago Bloomberg reported the Company is exploring strategic options

ICON PLC (ICLR) with 300 October \$140 calls opening late day for \$10.15

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
JBHT	JB Hunt Trans	\$1.09	\$1.25	\$2,089.63	\$2,171.54	7.30%	

JBHT – Missed on EPS and Revenues - Benefits from higher customer rates and new customer contracts were offset by increased rail purchased transportation costs; lower intermodal network utilization; lower productivity in winter weather affected regions; higher driver and non-driver salaries, wages and benefits; higher Final Mile Services network facilities costs; increased technology spend on the J.B. Hunt 360 degrees platform and legacy system upgrades and increased equipment ownership and maintenance costs. JBI load volumes declined 7% from the same period 2018. Transcontinental loads declined 8% and the Eastern network load volume declined 7% compared to prior year. Volumes were affected by the expected rail lane closures and persistent severe winter weather events impacting Chicago operations. Combined, these events represented approximately one half of the volume decline. Revenue grew approximately 2% reflecting a 10% increase in revenue per load, which is determined by the combination of customer rates, fuel surcharges and freight mix and the 7% decline in volume. Revenue per load excluding fuel surcharges increased approximately 11% year over year.

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
BAC	Bank of America	\$0.70	\$0.66	\$23,004.00	\$23,241.35	-0.40%	
BLK	BlackRock	\$6.61	\$6.13	\$3,346.00	\$3,295.60	-6.60%	
CMA	Comerica	\$2.08	\$1.93	\$852.00	\$852.88	7.40%	
FHN	First Horizon	\$0.35	\$0.35	\$435.60	\$428.95	-0.40%	
JNJ	Johnson & Johnson	\$2.10	\$2.04	\$20,021.00	\$19,548.52	0.10%	Raises FY
OMC	Omnicom	\$1.17	\$1.10	\$3,468.90	\$3,512.18	-4.40%	
PGR	Progressive		\$1.35		\$9,198.28		
UNH	UnitedHealth	\$3.73	\$3.60	\$60,300.00	\$59,717.85	9.20%	Raises FY