

TOP STORIES

- Futures Quiet as Global Volumes Weak Amid Easter Monday Closures
- Oil Jumps as Trump Administration Set to Allow Iranian Sanction Waivers to Expire
-

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2903 (-7)	-5.43
Nasdaq	7691 (-21.5)	-18.71
Dow	26507 (-59)	-51.54

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	Closed	
DAX	Closed	
Nikkei	22217.9	0.08%
Hang Seng	Closed	

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Chicago Fed	
10:00	Existing Home Sales	5.3M

FOREX

EUR/USD	1.1248 (0.02%)
USD/JPY	111.91 (-0.01%)
USD/CAD	1.3356 (-0.25%)
GBP/USD	1.2986 (-0.02%)
USD	97 (-0.16%)

COMMODITY

Oil	65.45 (2.27%)
Natural Gas	2.507 (0.68%)
Gold	1281.5 (0.43%)
Copper	2.9090 (-0.38%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	12.09 (-4.05%)
Nasdaq	VXN	15.15 (-4.48%)
Oil	OVX	24.45 (-2.93%)
Gold	GVZ	8.96 (-4.58%)

MARKET OUTLOOK

Futures are indicating a modestly lower open today with global markets pretty quiet due to Easter Monday. In Washington, House Democrats will discuss whether to begin impeachment hearings for President Trump. Intelligence Cmte. Chair Schiff said this weekend that they will debate the best course over the next two weeks.

Oil prices jumped more than 2.25% overnight on reports the US will end waivers for any country currently importing crude from Iran. The deal will end on May 2. The US reimposed sanctions on Iran in November but gave eight main buyers, mostly in Asia, exemptions. The two biggest were China and India.

Asian markets were quiet overnight with the Nikkei edging slightly higher. Volumes were the lowest since December 2011 with much of the world quiet on Easter Monday. Golden Week (Japan's 10-day Holiday) will also start later in the week. **MUFG** fell 1% after reports it will book a \$900M charge. **Daiwa House** raised its outlook and shares jumped 7%. A busy period in earnings for the region before the Holiday with **Sony**, **TDK**, **Tokyo Electron**, **Hitachi**, and **Komatsu** on deck. It was a quiet night for new data. Hong Kong and Australia were closed for Easter Monday.

European markets were closed on Holiday today without any new data on the docket. Germany, Italy, Spain, Switzerland, France, and the UK were closed for Easter Monday. PM May facing new criticism after a Sunday Times article suggested that she will be forced to resign by the end of June or her party will force her out.

Caleres (CAL) on watch today after being upgraded to Buy at Needham, \$32 PT. The firm says recent meetings with the CEO and CFO give them confidence that near-term results are achievable. They note that while reduced promotional activity could weigh on sales in the near term, this should protect the brand longer term. Concerns over Allen Edmonds and comps at Famous are minor compares to material drivers for positive comps and expanding margins in 2019.

S&P TECHNICALS

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



3536 Advancing	Declining 3578
46.8%	47.4%
155 New High	New Low 118
56.8%	43.2%
4732 Above SMA50	Below 2801
62.8%	37.2%
4286 Above SMA200	Below 3247
56.9%	43.1%

KEY EVENTS TO WATCH

Earnings After the Close: ALSN, CDNS, CE, MINI, RMBS, RRC, WHR, ZION;

Analyst Days: TSLA;

Conferences: ARM 2019 (ADVM, QURE, IOVA, ONVO);

Economic Data Tues: Redbook at 8:55 AM, New Home Sales at 10:00, Richmond Fed at 10:00;

Earnings BMO Tuesday: ATI, ABG, CNC, CIT, KO, FITB, GPK, HOG, HAS, IRDM, JBLU, LMT, EDU, NTRS, NUE, PII, PG, PHM, DGX, SHW, STT, TECK, TRU, TWTR, UTX, VZ, WAT, WSO;

ANALYST ACTION/COMMENTS

Lam Research (LRCX) upgraded to Buy at B Riley

Neurocrine (NBIX) upgraded to Overweight at JP Morgan

Viavi (VIAV) upgraded to Neutral at JP Morgan

Accelaron (XLRN) upgraded to Outperform at OpCo

IPG Photonics (IPGP) upgraded to Buy at BAML

Manhattan Assoc. (MANH) upgraded to Buy at Sun Trust

Caleres (CAL) upgraded to Buy at Needham

Rent-a-Center (RCII) upgraded to Strong Buy at Raymond James

DR Horton (DHI) downgraded to Neutral at Keefe

Graftech (EAF) downgraded to Sell at Citi

Occidental (OXY) downgraded to Neutral at Mizuho

NiSource (NI) downgraded to Neutral at BAML

Santander (SC) downgraded to Neutral at Piper

Autoliv (ALV) downgraded to Neutral at Keybank

Rogers (RCI) downgraded to Neutral at Scotiabank

Dover (DOV) downgraded to Neutral at Baird

Agenus (AGEN) initiated Buy at B Riley

Retrophin (RTRX) initiated Buy at Barclays, \$36 PT

Precision Bio (DTIL) initiated Buy at Goldman

Harley (HOG) March retail sales seen down, says UBS

Activision (ATVI), Zynga (ZNGA) Q1 mobile revenue have upside potential, says Piper

MEDIA HIGHLIGHTS

NY Times investigation finds problems with **Boeing (BA)** Dreamliner manufacturing

Investors set to get a peek at **Tesla (TSLA)** driverless car technology – WSJ

Fiat Chrysler (FCAU) recalling 300,000 cars over cable problem – Bloomberg

Kroger (KR) struggling with online grocery upheaval - WSJ

Barron's positive on **UNH, ANTM, CI, HUM, INTC**; cautious on **ZM, SPOT, SAM**

Anglo American aims to fend off takeover bid from Volcan -Investments. Telegraph UK

Federal investigators are looking at **Facebook (FB)** CEO's past statements on privacy. Washington Post

Wells Fargo (WFC) is being accused of misleading homeowners in new class action lawsuit. NY Post

JP Morgan (JPM) to increase use of blockchain. FT

US officials believe **Huawei Tech** is funded by China state security - Reuters

US refiners are planning plant overhauls in Q2 (**PSX, VLO, XLE**). Reuters

Bipartisan deal on drug prices is looking more probable (**IBB**). Axios

KKR, EQT Partners potential bidders for Thomas Cook - Sky News

France's **Engie** mulls takeover of **Emcor (EME)** - Bloomberg

Uber, Lyft (LYFT) IPOs could cause higher fares - WSJ

Dassault Systems said to be studying a possible acquisition of **Medidata (MDSO)** – Bloomberg

STOCK SPECIFIC NEWS OF NOTE

StoneCo (STNE) says latest incentive offers from competitors don't change strategy

Tesla (TSLA) says four board members agreed to not stand for re-election

Samsung postpones Galaxy Fold launch events in Hong Kong

Bed Bath & Beyond (BBBY) announces announces board 'transformation'

Teva (TEVA) receives FDA approval to market generic nasal spray for opioid overdoses

Aramco to acquire **Shell's (RDS/A)** share of Sasref JV

PRE-MARKET MOVERS**Moving Higher:** MRO 2%**Moving Lower:** BILI -3%, TSLA -2%, BA -1%**INSIDER TRADING (Form 4 Filings)****Buying:** LAWS, CAG, ZSAN, OPK, KMI, MACK, FARM**Selling:** ZNGA, WDFC, HEAR, EIGI, SWKS, VRA, BAC, OFIX, MKC, LAWS, DLB, FB, CRM, LPSN**INSTITUTIONAL MONEY FLOW****Buying:** AMZN, AVGO, AABA, JPM, AMGN, MRK, REGN, TXN, CME, WBA, CMCSA, AFL, TROW**Selling:** UNP, AAPL, CAT, T, KO, CRM, DIS, DHR, AXP, PCAR, ROST, LIN, AMT, SPGI, TMO, TJX**OPTION HIGHLIGHTS (Prior Day)**

The Gap (GPS) bearish flow continues to accumulate including 25,000 June \$27 puts bought since 3/28, over 3,250 May \$25 puts bought on 4/12, buyers in the September \$25 puts on 3/28, and today buyer in the May 10th (W) \$26.50 puts 1,400X. Shares jumped in early March but faded all the way back to recent lows and now consolidating under the 200-EMA. A break below 25.25 has room to re-test \$24 and lower. The weekly breakdown targets \$21. GPS has seen short interest continue to rise this year despite the positive news about a spinoff of Old Navy and up steadily from 4.5% to 7.3% now. The \$10B company trades 10.27X earnings, 0.61X sales, and 7.3X cash with a 3.7% yield. GPS expects FY22 EPS to drop over 4% as their legacy brands continue to see weakness and they jettison the fastest growing segment. They see sales growth around 1% this year and no growth two years out. GPS is likely to face pressure over the next two years as they shrink their footprint and re-adjust expectations after a decade of growth. GPS's legacy brands also face tough competition as consumer preferences continue to shift towards athleisure. Analysts have an average target for shares of \$29 with 3 buy ratings, 10 hold, and 3 sell. Goldman keeps a Sell rating on shares with \$23 PT behind deteriorating brand momentum and elevated promotionality. Nomura, commenting on the spin, notes it is likely more in pursuit of a multiple uplift despite the potential fundamental downtick. Institutional ownership fell 7.8% last quarter.

AFTER HOURS MOVERS**Gainers****Losers:****MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.62	Neutral
CBOE Index Put/Call Ratio	1.12	Neutral
CBOE Skew Index	123.6	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index		
NYMO	-16.15	Neutral
NYSE Highs/Lows	85.17	High
McClellan Summation	1046.91	Right at 8-EMA
Univ. of Michigan Consumer Sentiment	96.9 (April Prelim)	-1.9% Y/Y

SMART MONEY (13g/13d Filings)**POTENTIAL SYMPATHY TRADES****NUE, AKS, X** – on STLD earnings**SLB, BHGE, WFT** – on HAL earnings**IPO MONITOR**

Nothing Scheduled at this Time

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

IAC:



IAC Interactive (IAC) shares are trading in a multi-week bull flag below \$225 and the September highs, a potentially big breakout which targets \$245. MACD is back around zero and inflecting up while RSI is above 60, ideal setup for a run.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Northrop (NOC)

Price: \$281

Valuation: Undervalued

Key Ratios:

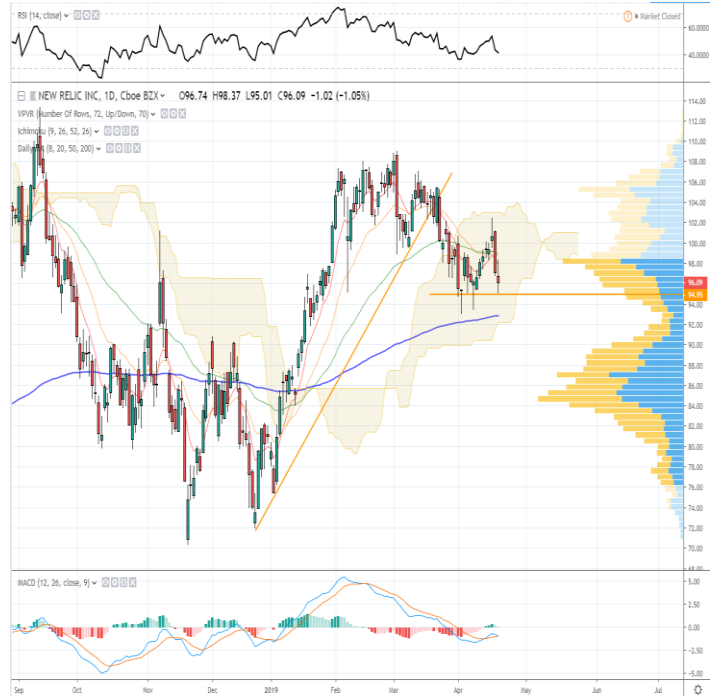
	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	40.2X	1.4X	68X	24.1X	36X
Industry Avg.	25.6X	1.2X	4.4X	14.4X	21.6X

Analysis: NOC is a \$48.3B defense company which trades 12.75X earnings and 1.6X sales with mid-double digit EPS growth and sales growth of 5-6%. The company has growth drivers in 2019/2020 from deliveries of their Global Hawk autonomous aircraft while the OA integration continues to give them upside. Defense spending will be a contentious issue into 2020 but its one area where POTUS is likely not to back down given his Hawkish stance on Foreign Policy.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

NEWR:



New Relic (NEWR) shares are sitting at support around \$96 and a VPOC from January with a bear flag breakdown targeting \$90. There's room back to \$85 as it fills the low-volume gap from earlier this year.

PAIR TRADE OF THE WEEK

Industry: Cable

Long/Short: Long **Liberty (LBTYA)**, Short **Charter (CHTR)**

Analysis: LBTYA is a \$20B cable operator with premier assets in the UK. The company is waiting for approval of their asset swap with VOD which will give it \$12B in cash for shareholder return or M&A. CHTR feels fairly valued given their growth rate and likely impact on pay TV subs from accelerating cord-cutting.

SMALL CAP TRADE OF THE WEEK

Waitr Holdings (WTRH) is an \$812M company which focuses on food delivery services, primarily in the Southeast, and partnered with local restaurants. Shares trade 11.7X sales and 3.88X cash and some weakness with the Uber S-1 and details on Uber Eats. WTRH bought Bite Squad in December for \$321M in cash and stock which expands their scale across 86 markets in 22 states.

DAILY OPTIONS REPORT

Unusual Call Activity

Liberty (LBTYK)

Akebia (AKBA)

Assembly Bio (ASMB)

ELF Beauty (ELF)

Carlyle (CG)

PagSeguro (PAGS)

Unusual Put Activity

Accelaron (XLRN)

Stone (STNE)

Bank OZK (OZK)

DMC Global (BOOM)

Plural Sight (PS)

Becton Dickinson (BDX)

Implied Volatility Riser

Mustang Bio (MBIO)

Intra-Cellular (ITCI)

Stone (STNE)

Intrexon (XON)

Immunomedics (IMMU)

Exelixis (EXEL)

Lowest Put/Call Ratio

Callaway (ELY)

Gildan (GIL)

Akebia (AKBA)

Ocwen (OCN)

Waitr (WTRH)

Rambus (RMBS)

Highest Put/Call Ratio

Lending Club (LC)

Athene (ATH)

Deutsche Bank (DB)

Plural Sight (PS)

BitAuto (BITA)

Agilent (A)

Implied Volatility Decliner

Skechers (SKX)

Atlassian (TEAM)

United Rentals (URI)

Snap On (SNA)

Twitter (TWTR)

Fibrogen (FGEN)

OTM Calls on Offer

Discovery (DISCA)

Waitr (WTRH)

Immunomedics (IMMU)

Transocean (RIG)

Fitbit (FIT)

OTM Puts on Offer

Lending Club (LC)

Southwestern (SWN)

Zayo Group (ZAYO)

Stone (STNE)

Qualcomm (QCOM)

Elevated IV30

Intra-Cellular (ITCI)

Assembly (ASMB)

Health Insurance (HIIQ)

Heron (HRTX)

Cara Therapeutics (CARA)

Positive Net Delta

General Electric (GE)

Blackstone (BX)

Apple (AAPL)

Vodafone (VOD)

AT&T (T)

Negative Net Delta

Snap (SNAP)

Encana (ECA)

Square (SQ)

Sea Ltd (SE)

Bank of America (BAC)

Option Volume Gainers (%)

Accelaron (XLRN)

Stone (STNE)

Bank OZK (OZK)

Akebia (AKBA)

Assembly Bio (ASMB)

Bullish Call Flow

Wynn (WYNN)

Western Digital (WDC)

Workday (WDAY)

Anadarko (APC)

Qualcomm (QCOM)

Bearish Put Flow

Allergan (AGN)

Advanced Auto (AAP)

Plural Sight (PS)

Tyson (TSN)

Merck (MRK)

Large Spread Trades

IBB, 12,200 May \$100/\$90 put spreads

GPPE, 2,000 June \$20/\$15 bull risk reversals

REGN, January \$400/\$420/\$440 call fly trading 275X550

CARA, 1,000 June \$20/\$22.5 call spreads

KNX, May \$35 straddle bought 1,500X

Stock Specific News and Media

Taiwan, **Nvidia (NVDA)** team up to develop autonomous driving ecosystem – Digitimes

NAND flash price falls to slow – Digitimes

Clorox (CLX) and **Unilever (UN)** Want the Booming Bacteria Business to Thrive – Bloomberg

China Delays Rules Curbing Cross-Border Data Transfers: FT

Victoria's Secret's biggest problem may be **L Brands (LB)** leadership – NY Post

Beyond Meat targets up to \$183.8 million in IPO – Reuters

Tesla (TSLA) says investigating incident of parked car exploding in Shanghai – Reuters

China releases new rules on game approvals (**NTES, TCEHY**) – Reuters

Second death in **Novartis (NVS)** gene therapy trials under investigation – Reuters

Health-Care Stocks: Between 2020 and a Hard Place – WSJ

Traders Wager on Calm as Volatility Evaporates – WSJ

Will **Zillow's (Z)** Flip ... Flop? – WSJ

March NPD Video Game Sales Down 17% Y/Y (**ATVI, EA, TTWO**) – Verge

Huawei Sales Jumped 39% in Q1

Jacobs Engineering (JEC) to acquire **KeyW (KEYW)** for \$11.25 per share in cash

Merck (MRK): FDA approves KEYTRUDA in combination with Inlyta

Tesla (TSLA) CEO takes on Panasonic in public dispute with key supplier, Bloomberg

Eli Lilly (LLY) announces Taltz meets primary, secondary endpoints in COAST-X study

TSMC (TSM) CEO says 7nm utilization rate to rise in 2H19 - Digitimes

ON Semiconductor (ON) agrees to acquire 300mm fab in New York for \$430M

Extras

Helmerich & Payne (HP) with 2,000 June \$62.50 calls opening late for \$2.75 as the April \$55 and \$57.50 calls adjust out

Akebia (AKBA) with 20,000 October \$10 calls rolling back to \$7.5 strike

Applied Materials (AMAT) closing weak with 1000 September \$43 puts bought \$3.25 offer

Stone (STNE) down 25% and late day opening sale of 12,000 May \$24 puts down to \$1.40 sees value

Domino Pizza (DPZ) buyer of 750 May \$270 calls \$10.80 as lower strike calls adjusted

Boeing (BA) buyer of 2000 July \$360 puts \$10.60 to \$11 to open

MasterCard (MA) opening buy 1,000 May 3rd (W) \$237.50 puts \$3.35 offer, reports 4-30

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth %	Notes
BMS	Bemis	\$0.67	\$0.65	\$1,001.40	\$1,010.90	-2.50%	
GWW	Grainger		\$4.46		\$2,881.15		
HAL	Halliburton	\$0.23	\$0.23	\$5,737.00	\$5,527.61	-0.10%	
HNI	HNI	\$0.02	\$0.01	\$479.50	\$485.33	-5.10%	Affirms FY
KMB	Kimberly-Clark	\$1.66	\$1.55	\$4633.0	\$4,546.73	-2.1%	FY In Line
LII	Lennox Int'l	\$1.68	\$1.43	\$790.3	\$748.63	-5.3%	FY In Line
LECO	Lincoln Electric	\$1.17	\$1.22	\$759.17	\$767.41	0.2%	
STLD	Steel Dynamics	\$0.91	\$0.91	\$2,817.40	\$2,800.56	8.20%	

Thematic Investing: 2020 Ad Spending

It may be early but the 2020 election cycle is already shaping up to be the most expensive in history. There are seventeen candidates already in the running for the Democratic nomination with more expected to come this week (Joe Biden the most notable -- and perhaps recognizable in the entire field). They're raising money at a furious pace. In the last quarter, Bernie Sanders raised \$20M and Elizabeth Warren hit \$16.5M while Kamala Harris, Kristin Gillibrand, and John Delaney all raised over \$10M. GOP candidate Donald Trump has raised over \$30M.

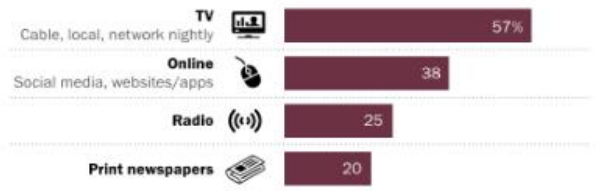
The election will be a boon to advertising dollars, both through traditional and new avenues. The impetus to control information, interact with voters, and build name recognition will all be of high priority for candidates. In 2016, the Presidential campaign alone -- from primaries to election day -- cost \$2.4B according to OpenSecrets tabulations. Over \$4B went to congressional races at the state and local level.

So, where do those dollars go and who benefits?

Despite the prominence of social media as a percentage of the mix over the last three years, TV still is the dominant medium. Pew Research estimates that just about 60% of Americans get their news from cable, local, and network news on television. Nearly 40% get their news online either through social media or apps. Print newspapers and radio were smaller parts of the mix and declining from the prior cycle. The demographics towards TV skew older with more than 75% above 50 years old getting their news primarily from TV.

About four-in-ten Americans often get news online

% of U.S. adults who often get news on each platform



% of each age group who often get news on each platform

	18-29	30-49	50-64	65+
TV	27%	45%	72%	85%
Online	50	49	29	20
Radio	14	27	29	24
Print newspapers	5	10	23	48

Note: Just 1% said they never got news on any platform (not shown).

Source: Survey conducted Jan. 12-Feb. 8, 2016.

"The Modern News Consumer"

PEW RESEARCH CENTER

First, **Gray Television (GTN)** is a \$2.39B company which trades 7.5X earnings, 2.2X sales, and 9.4X FCF. GTN jumped in Q4 after reporting record political spending sending revenues up 40% Y/Y. The company has been buying up smaller stations across the US to build out their regional scale and capitalizing on a number of important races outside of the Presidency. They have more #1 or #2 stations in more key regions than any other peer which allows them to secure better rates on ads. Here's CEO Hilton Howell during their last call on how big 2020 can be:

"I've been around almost 30 years now, we have never gotten presidential ad money this early in the cycle. And for us to have Presidential ad money at this point, I think it's going to be literally just raining money in 2020. And all of our states and we seeing Gray happily, we win essentially every battleground state that is defined by 538 in the country, and literally everyone. And I don't think the Democrats are doing that one mistake in terms of ignoring Wisconsin, Michigan, any of the rest of those areas that are so important in 2020. And I think the Republicans, you're not going to have like we had with the last presidential election here, the President sitting back, thinking that celebrity can win him the election. He's sitting on a huge war chest right now and I think 2020 is going to be gargantuan in my opinion."

Second is **Nexstar (NXST)**, a \$5.39B company which trades 10.45X earnings, 1.95X sales, and 9.59X FCF. The company struck a \$4.1B deal in December to acquire Tribune, adding 42 television stations and a cable network. The move will result in the largest TV station company in the country with more than 200 stations and reach into 39% of US households. NXST is gaining leadership in major media markets like NY, Chicago, and Los Angeles. Here's the company last quarter on how political drives growth:

"[we expect] a very substantial and possibly unprecedented spending level related to the 2020 presidential election cycle. I would tell you that the presidential election is probably going to come earlier this year, meaning for the primary reasons than we have seen in prior cycles. It will also be more robust because you will have a larger field of candidates and you may have opposition on the incumbents'

party. And so you're also going to see spending that will need to occur from our President which we did not see in 2016 to that degree. And then lastly, PAC and party monies that should be more robust to support eventual candidates beyond the primary. So, you're going to just see overall activity larger than what we saw in 2016 on both sides of the parties in addition to money standards."

Finally, **Sinclair (SBGI)** is a \$4.15B company which trades 9.59X earnings, 1.36X sales, and 8.87X FCF. The company is coming off a strong quarter with revenues up 25%. They saw \$255M in political ad spending in 2018 and expect to see double-digit growth this cycle across both television and digital revenues. Here's COO Steven Marks on 2020:

"I will tell you, we like our chances on the political dollars. All you got to do is take a look at what goes on every day, and to become -- the best TV show on the planet is watching politics. Every other day there's somebody joining the race. It really bodes well for local broadcasters. It's going to be quite a robust, I believe, fourth quarter in spending. And I think 2020, we're not going to be able to get out of the way of the money. It's going to be literally hand over fist. But hard to put a dollar figure on it, but it's going to be enormous."

Other names which will benefit, although a smaller portion of their revenue base, are **CBS, CMCSA, NWSA, TGNA**, and **DIS**. The **New York Times (NYT)** will also likely see a boost in subs due to the election.