

**TOP STORIES**

- Global Stocks Rally as Trade Deal Optimism Rises as Talks Resume
- PM May Opens Door to Softer Brexit
- POTUS Blasts Powell Again, Says Fed is Holding Back Economy
- Avocado Prices Jump 30% as Trump Moves Forward with Border Shutdown

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2881 (14)</b>	<b>9.56</b>
<b>Nasdaq</b>	<b>7562.25 (43)</b>	<b>37.61</b>
<b>Dow</b>	<b>26260 (107)</b>	<b>74.87</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7389.91</b>	<b>-0.02%</b>
<b>DAX</b>	<b>11888.73</b>	<b>1.14%</b>
<b>Nikkei</b>	<b>21713.21</b>	<b>0.97%</b>
<b>Hang Seng</b>	<b>29986.39</b>	<b>1.22%</b>

**ECONOMIC CALENDAR**

TIME	INDICATOR	CONSENSUS
	<b>Motor Vehicle Sales</b>	<b>16.8M</b>
<b>8:15</b>	<b>ADP Employment</b>	<b>165K</b>
<b>8:30</b>	<b>Raphael Bostic Speaks</b>	
<b>9:45</b>	<b>PMI Services</b>	<b>58.0</b>
<b>10:00</b>	<b>ISM Non-Manufacturing</b>	
<b>10:30</b>	<b>EIA Petroleum</b>	

**FOREX**

<b>EUR/USD</b>	<b>1.1244 (0.37%)</b>
<b>USD/JPY</b>	<b>111.51 (0.18%)</b>
<b>USD/CAD</b>	<b>1.3304 (-0.25%)</b>
<b>GBP/USD</b>	<b>1.3165 (0.29%)</b>
<b>USD</b>	<b>96.6 (-0.34%)</b>

**COMMODITY**

<b>Oil</b>	<b>62.67 (0.14%)</b>
<b>Natural Gas</b>	<b>2.686 (0.07%)</b>
<b>Gold</b>	<b>1297.8 (0.19%)</b>
<b>Copper</b>	<b>2.9355 (1.03%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>13.36 (-0.30%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>16.33 (0.12%)</b>
<b>Oil</b>	<b>OVX</b>	<b>26.28 (0.19%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>9.81 (-3.16%)</b>

**MARKET OUTLOOK**

Futures are indicating a higher open for the morning as trade optimism continued to rise. A report out of the FT overnight said that most issues surrounding the trade war have been resolved. They note however that the two sides have yet to determine what to do about current tariffs and compliance. Talks resume today in Washington. Copper is strong this morning up 1% while the dollar is weak. Yields on the 10-year are higher to 2.518%. POTUS again voiced his criticism of Jerome Powell according to a recent report. The WSJ says that Trump told recent meetings that the Fed is holding back the economy and stocks. Trump continues to move forward with plans to shut down the southern border. Hass avocado prices jumped 30% due to potential restrictions.

Asian markets were strong overnight with the Nikkei back near its highest levels of 2019. Shippers and machinery stocks led with the trade talks moving closer. **TDK** was higher by 3.5% and **Fanuc** up 3%. **Fast Retailing** rose 5.5% after strong SSS numbers from Uniqlo. More positive data out of the region as well. China Caixin Services PMI topped forecasts at 54.4 vs 52.3 and above the prior month of 51.1. Hong Kong PMI manufacturing slowed slightly at 48.0 vs 48.4.

European markets were mixed early with the FTSE lagging but the DAX closing in on 8-month highs. Chipmakers rose with the trade optimism with **AMS** and **Infineon** strong. There was a slew of positive data this morning. Eurozone services PMI rose to 53.3 in March, better than the 52.7 forecast, while composite PMI also beat at 51.6. Retail sales rose 2.8% in February, better than expected. Germany, Spain, Italy and French services PMI also beat. UK Services PMI was the lone spot of weakness at 48.9 vs 51. **Banco Sabadell** rose 5% after reports it would sell its asset management unit. **Metro** was higher by 1.5% after confirming talks to sell their Real hypermarkets chain. **Burberry** fell 4% after a downgrade. **CMC Markets** fell 4% after weak earnings and lower client activity. **Superdry** fell 10% after a board shakeup.

**S&P TECHNICALS**

**Levels:** Support 2,800/2,750; Resistance 2,875/3,000



3445 Advancing	Declining 3744
45.5%	49.5%
251 New High	New Low 76
76.8%	23.2%
4995 Above SMA50	Below 2551
66.2%	33.8%
3955 Above SMA200	Below 3591
52.4%	47.6%

**KEY EVENTS TO WATCH****Earnings After the Close:** LNDC, RECN;**Analyst Days:** TECK, SAN**Conferences:** AACR Annual Meeting**Economic Data on Thursday:** Jobless Claims at 8:30 AM, EIA Nat Gas at 10:30**Earnings BMO Thursday:** STZ, ISCA, RPM, SCHN, SMPL**ANALYST ACTION/COMMENTS****Urban Outfitters (URBN)** upgraded to Buy at DA Davidson**Enterprise Products (EPD)** upgraded to Buy at Goldman**Intel-sat (I)** upgraded to Overweight at JP Morgan**Houlihan Loukey (HLI)** upgraded to Buy at Goldman**ELF Beauty (ELF)** upgraded to Buy at Jefferies**KennaMetal (KMT)** upgraded to Overweight at Barclays**CommScope (COMM)** to Strong Buy at Raymond James**Canadian Natural (CNQ)** raised to Outperform at Evercore**Merus (MRUS)** upgraded to Outperform at RBC**IRhythm (IRTC)** upgraded to Buy at BTIG**Middleby (MIDD)** upgraded to Strong Buy at CL King**Senior Housing (SNH)** downgraded to Sell at RBC**Incyte (INCY)** downgraded to Neutral at RBC**Spirit (SPR)** downgraded to Neutral at Cowen**Raytheon (RTN)** downgraded to Neutral at UBS**Dunkin (DNKN)** downgraded to Neutral at BMO**Walgreens (WBA)** downgraded to Hold at Loop Capital**CSX Corp (CSX)** downgraded to Neutral at Susquehanna**SQM** downgraded to Hold at Santander**Caterpillar (CAT)** downgraded to Hold at Deutsche Bank**Alcoa (AA)** downgraded to Neutral at BAML**BenefitFocus (BNFT)** initiated Overweight at Cantor**Grub Hub (GRUB)** initiated Buy at BTIG, \$95 PT**AMD, Intel (INTC)** initiated Buy at Nomura**MEDIA HIGHLIGHTS**Trump to weigh privatization of **Fannie Mae (FNMA)/Freddie Mac (FMCC)** – FBN**Nexstar (NXST)** deal for Tribune Media could see long review – Dealreporter**Vodafone (VOD)** still sees mid-year EU approval on **Liberty Global (LBTYA)** deal – ReutersDOJ warns that Oscars banning **Netflix (NFLX)** could violate antitrust rules - FTClosing southern border may impact avocado prices, other goods like TVs, cars (**CVGW**) - NYTJudge halts **PG&E's (PCG)** dividends until it mitigates wildfire risks - WSJ**Japan Display** to supply OLED screens for **Apple (AAPL)** Watch this year - Reuters**Daimler, BMW** curb electric car collaboration in China - Reuters**Commerzbank** to make decision on **Deutsche Bank (DB)** merger talks on April 9 - Reuters**Banco Santander (SAN)** planning €1.2B in cost cuts. FT**AMD (AMD)** sales likely to increase in the second half of 2019. DigitimesSemiconductor firms want more support from Congress to compete with China (**SMH**). SCMP**STOCK SPECIFIC NEWS OF NOTE****GameStop (GME)** announces cost savings initiative**Dave & Buster's (PLAY)** board authorizes repurchase of an additional \$200M buyback**Blue Apron (APRN)** names Linda Kozlowski CEO, affirms Q1, FY19 outlook**Natus Medical (BABY)** to sell Medix business

Class 8 Truck Orders Drop 66% Y/Y in March

FTC warns jewelry marketers over deceitful diamond advertising (**SIG, TIF**)**Qualcomm (QCOM)** CFO George Davis to leave company, joins **Intel (INTC)****Total (TOT), Tellurian (TELL)** sign HOA for investment in Driftwood and 2.5 mtpa LNG**LyondellBasell (LYB)** subsidiary declares \$15.00 per share special stock dividend

**PRE-MARKET MOVERS**

**Moving Higher:** SIG 5.6%, AMD 4.3%, CLF 3%, MU 2.8%, HUYA 2.5%, TTM 2%

**Moving Lower:** GME -11%, BABA -1.5%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** LPG, RAVN

**Selling:** COO, BSX, MA, BAX, CTXS, TECD, TREE, PFE, ECA, HSY, HRL, CRM, MPWR

**INSTITUTIONAL MONEY FLOW**

**Buying:** CVX, BA, INTC, XOM, COST, ADP, BMY, ADBE, TEVA, XLNX, CZR, UNH

**Selling:** FB, AAPL, MAR, GOOG, FISV, NVDA, AES, CHRW, DLTR, GE, AAL

**OPTION HIGHLIGHTS (Prior Day)**

S&P Global (SPGI) with 500 January \$230/\$190 bull risk reversals opening today and follows 2,500 January \$210 puts sold to open the last two sessions for \$12.60 and \$11.70, over \$3M in premium. SPGI has seen put sales in the May and August puts recently as well but recent action the most notable in the name. SPGI has been a steady name all year above its 20-EMA (\$205.50) and back near the July/September 2018 highs around \$215. Long-term, the move above \$215 has a measured move to \$260+. The \$53B company trades 21.2X earnings, 8.5X sales, and 36.5X FCF with a 1% yield. They see 6% and 10% EPS growth the next two years with revenue growth accelerating to 3% and 6% after being around 1% in 2018. SPGI has adding on their AI/tech reach in data with recent deals for Kensho and Panjiva while also expanding into licensed data with FiscalNote and CrunchBase. SPGI has been speculated to be in the running for Acuris, the owner of Mergermarket, which could fetch around \$1B in sale. The company received first-of-its-kind approval from China in January to enter the local bond market, a big potential driver into late-2019 and next year. Analysts have an average target for shares of \$202 with 4 buy ratings and 5 hold ratings. Atlantic upgrading in January to Overweight. They see the narrowing of high-yield spreads in early 2019 as a tailwind for issuance in the early part of the year after a rocky Q4. They also see a better environment for debt refinancing agreements which will be a benefit for SPGI. Short interest is 1.8% and up from 1% in February. Institutional ownership rose 8.5%. TCI Fund a buyer of 1.5M shares while Vulcan Value a buyer of 640K shares. Blue Spruce with a 1.1M share stake, their largest.

**AFTER HOURS MOVERS**

**Gainers:** PLAY 4.6%

**Losers:** GME -7%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.62	Flattening
CBOE Index Put/Call Ratio	1.13	Declining
CBOE Skew Index	120.96	Near Recent Lows
VIX Curve	Contango	Normal
CNN Fear & Greed Index	49	Neutral
NYMO	7.49	Neutral
NYSE Highs/Lows	79.32	High
McClellan Summation	874.59	Below 8-EMA but Flattening
Univ. of Michigan Consumer Sentiment	97.8 (March)	-3.6%

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

**POTENTIAL SYMPATHY TRADES**

**NUS** – lower on USNA warning

**TIF** – on SIG earnings

**NAV, CMI, PCAR** – on Class 8 trucking data

**IPO MONITOR**

**Ruhn Holding (RUHN)** issuing 10M shares at \$11.50-\$13.50; Chinese internet key opinion leader facilitator

**Tradeweb Markets (TW)** issuing 27.27M shares at \$24-\$26; Operator of electronic marketplaces for rates, credit, equities and money markets

**Silk Road Medical (SILK)** issuing 4.69M shares at \$15-\$17; Medical device company focused on reducing the risk of stroke and its devastating impact

**SECONDARY MONITOR**

**Stone (STNE)** prices 19.5M secondary at \$40.50

**Bilibili (BILI)** prices 18M secondary at \$18

**Qutuotiao (QTT)** prices 10M secondary at \$10

## **TRADE**

### **WEEKLY TECHNICAL BREAKOUT**

#### **ACAD:**



**Acadia (ACAD)** shares are consolidating in a bull flag under \$27.50 and above the 20-EMA after a strong run in February. A breakout targets \$30 which is a notable high-volume node. MACD is back near zero and RSI around 50 and both ready to run.

### **FUNDAMENTAL TRADE OF THE WEEK**

**Stock:** 51Jobs (JOBS)

**Price:** \$77.88

**Valuation:** Undervalued

**Key Ratios:**

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
<b>Stock</b>	<b>26.5X</b>	<b>8.8X</b>	<b>4.3X</b>	<b>31X</b>	<b>23.4X</b>
<b>Industry Avg.</b>	<b>25.4X</b>	<b>1.2X</b>	<b>4.3X</b>	<b>14.4X</b>	<b>21.1X</b>

**Analysis:** JOBS is a \$4.63B company which trades 18.65X earnings and 8X sales with 25% EPS growth and 20-25% revenue growth. JOBS provides HR services (36%) and recruitment (64%) in China. JOBS is benefitting from a large national footprint and a growing percentage of users online. The current economic growth initiatives in China are also driving the highest number of registered businesses in the country in need of skilled employees.

## **IDEAS**

### **WEEKLY TECHNICAL BREAKDOWN**

#### **HRB:**



**H&R Block (HRB)** shares are consolidating in a bear flag above \$23.50 and long-term downtrend resistance. A breakdown targets \$21 but room back to \$18 given the sizeable range. Both RSI and MACD have rebounded to neutral readings but turning over.

### **PAIR TRADE OF THE WEEK**

**Industry:** Energy

**Long/Short:** Long Parsley (PE); Short Conoco (COP)

**Analysis:** PE is a mid-cap energy name with a strong balance sheet and a lot of insider support buying the stock. PE is seeing record operating margins and price realization. COP is a slower-growth name with concerns about major project spending hikes in 2019.

### **SMALL CAP TRADE OF THE WEEK**

**FormFactor (FORM)** is a \$1.19B company which develops probe cards, stations, and other services for testing semiconductor devices. Shares trade 15.4X earnings and 2.25X sales with nearly 20% growth. FORM is positioned well for a recovery in the back-half of 2019 for the group. They are gaining share in the probe card market, up to 40% from 20% in 2012 with an improved mix across foundry and logic, DRAM, and Flash.

## DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Liberty (LBTYK)	Walgreens (WBA)	ADMA Bio (ADMA)
Fifth Third (FITB)	Frontdoor (FTDR)	Axogen (AXGN)
Dave & Buster's (PLAY)	Signet (SIG)	Riot Blockchain (RIOT)
Summit Materials (SUM)	T Mobile (TMUS)	Dean Foods (DF)
Welbilt (WBT)	KKR (KKR)	Rite Aid (RAD)
Lamb Weston (LW)	Accuray (ARAY)	Novavax (NVAX)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Saudi Arabia (KSA)	Edison (EIX)	DowDuPont (DWDP)
Unum (UNM)	Tech Data (TECD)	Synaptics (SYNA)
Rambus (RMBS)	Legg Mason (LM)	Tandem Diabetes (TNDM)
AxoGen (AXGN)	Vectrus (VEC)	Lamb Weston (LW)
Summit (SUM)	Fibrogen (FGEN)	Zillow (Z)
Dentsply (XRAY)	Progress (PRGS)	Crispr (CRSP)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Summit (SUM)	Coca Cola (KO)	Tocagen (TOCA)
Accuray (ARAY)	Snap (SNAP)	Assembly Bio (ASMB)
Tencent Music (TME)	Cemex (CX)	Intra-Cellular (ITCI)
Coty (COTY)	Nike (NKE)	Concert Pharma (CNCE)
Nio (NIO)	Tesla (TSLA)	Quototiao (QTT)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Apple (AAPL)	Fifth Third (FITB)	Walgreens (WBA)
Twitter (TWTR)	Altria (MO)	Frontdoor (FTDR)
DowDuPont (DWDP)	Snap (SNAP)	Signet (SIG)
Advanced Micro (AMD)	AT&T (T)	Summit Materials (SUM)
ON Semi (ON)	Disney (DIS)	Welbilt (WBT)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Coherent (COHR)	Coty (COTY)	LBTYK, October \$25/\$22.50 bull risk reversal, 9000X
Dropbox (DBX)	Goodyear (GT)	INSP, the May \$52.50/\$60 call spread 500X
Cars.com (CARS)	Assured Guaranty (AGO)	WBA, 5,500 July \$57.5/\$55 strangles sold
EOG Resource (EOG)	Tech Data (TECD)	KRNT, Nov. \$25/\$30 call spread vs short \$22.50 puts, 1000X
PRA Health (PRAH)	Ubiquiti Networks (UBNT)	EIX, 1,000 May \$62.5/\$55 put spreads



## Stock Specific News and Media

**Xiaomi** to focus on premium smartphone and smart home markets in Taiwan – Digitimes

DRAM ASPs to continue fall through 3Q19 – Digitimes

**Taiwan Semi (TSM)** sees 7nm chip orders pick-up – Digitimes

**UniCredit** Nears \$900 Million Deal With U.S. Over Iran Sanctions – Bloomberg

**Foxconn** shrinks Android arm and plots shift to automotive electronics – Nikkei

**iHeartMedia** Inc files for IPO – Reuters

U.S. LNG producers offer alternative pricing to woo buyers – Reuters

Investors Brace for Hit to Profits as Costs Rise – WSJ

Chinese policy makers are worried recent price gains in industrial metals aren't sustainable – WSJ

**JBG Smith (JBGS)** executes agreements with Amazon for National Landing office space

**Editas Medicine (EDIT), BlueRock Therapeutics** announce cross-licensing agreement

**BNY Mellon (BK), BlackRock (BLK)** partner for services to common clients

## Extras

**Telaria (TLRA)** a hot small cap breakout seeing calls jump late with 1,000 October \$7.50 calls trading \$1.10 to \$1.25 and 2,000 July \$7.50 calls rolling now to 3,460 October \$7.50 calls

**Arrowhead Pharma (ARWR)** jump in IV late as 1,330 June \$23 calls are bought for \$1.05 to \$1.15

**Micron (MU)** late day buy of 2,000 January 2021 \$47 calls \$8.55 offer

**Universal Display (OLED)** with 1,850 April 26<sup>th</sup> (W) / May 3<sup>rd</sup> (W) \$157.50 put calendar spreads opening, earnings likely around 5-2

**NICE Systems (NICE)** rarely trades options but 300 November \$130/\$115 bull risk reversals opened at \$2.30 debit today

**Martin Marietta (MLM)** with 500 May \$200 puts opening \$4.90

**Broadcom (AVGO)** stock replacement opened 300 January 2021 \$330 calls \$34.70

## Earnings

Ticker	Company	EPS Actual	EPS Forecast	Rev Actual	Rev Forecast	YY Growth	Notes
PLAY	Dave & Busters	\$0.75	\$0.64	\$331.80	\$324.90	8.80%	Strong Outlook

GME	GameStop	\$1.60	\$1.58	\$3,063.00	\$3,279.82	-7.60%	
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**USNA – Warning out Q1 Outlook** - "Our operating plan for 2019 originally called for increasing promotional activity as the year progressed. The lack of promotional activity during the quarter, however, had a more significant impact on our world-wide momentum than we originally anticipated, particularly during the seasonal slow-down that we experience in many of our markets during Chinese New Year. **Additionally, the Chinese government's 100-day review of the health product and direct selling industries in China has been accompanied by negative media coverage in China. The 100-day review and resulting negative media coverage had a more significant impact on first quarter net sales in China than we originally anticipated....** Additionally, we expect that the 100-day review will conclude during the second quarter, which should allow us to return to a more typical operating environment in China. We are confident that these initiatives, as well as our plans for the remainder of the year, will drive sales growth during 2019, although at a lower growth rate than previously estimated.

#### Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
AYI	Acuity Brands		\$1.78		\$877.82		
SIG	Signet Jewelers	\$3.96	\$3.82	\$2,157.70	\$2,143.83	-5.90%	