

TOP STORIES

- Global Markets Set Cautious Tone Ahead of Earnings Season
- Kudlow: US, China Made Great Progress in Talks Last Week
- Oil Hits 5-Month Highs as Tensions with Libya Increase
- UK Pressing for Brexit Deal this Week
- Eurozone Investor Morale Rises in April on China Hopes
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2893.25 (-2.75)	-3.39
Nasdaq	7598.25 (-6)	-5.59
Dow	26317 (-77)	-113.99

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7458.53	0.16%
DAX	11977.25	-0.27%
Nikkei	21761.65	-0.21%
Hang Seng	30077.15	0.47%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
10:00	Factory Orders	-0.5%

FOREX

EUR/USD	1.1243 (0.26%)
USD/JPY	111.45 (-0.25%)
USD/CAD	1.337 (-0.09%)
GBP/USD	1.305 (0.11%)
USD	96.82 (-0.19%)

COMMODITY

Oil	63.39 (0.49%)
Natural Gas	2.677 (0.49%)
Gold	1301.4 (0.45%)
Copper	2.9185 (0.83%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	12.82 (-5.6%)
Nasdaq	VXN	16.17 (-3.69%)
Oil	OVX	24.00 (-4.84%)
Gold	GVZ	9.65 (-2.72%)

MARKET OUTLOOK

Futures are indicating a lower open for the week after a quiet overnight session. Talks between the US and China are set to continue this week with the two sides teleconferencing according to advisor Larry Kudlow. China's Xi Jinping has called for an early conclusion to the talks after progress made between the two in Washington last week. Again, it looks more and more like a deal will be signed soon. Oil is hitting its highest mark since November today with tensions in Libya increasing concerns over supply. The ongoing Brexit saga in the UK will continue this week with another summit with the EU on deck. A decision on leaving or delaying the deal will be made by Friday.

Asian markets were mixed overnight with China closing higher and the Nikkei down weighed on by financials. The focus is on earnings season kicking off this week with industrial **Yaskawa Electric**. The positive jobs number in the US on Friday helped sentiment early. It was a quiet night for new data in Asia. Japanese household confidence fell slightly to 40.5 vs 41.5 in March. China new loans fell in March while loan growth was steady at 13.4%. **Aeon** fell 3.5% after cutting its FY outlook.

European markets are mixed this morning but overall fairly quiet. Stocks opened weak but are off the lowest levels of the morning. Eurozone Sentix investor confidence was better than expected in April at -0.3 vs -2.1 expected. This is the highest reading since December and comes amid hopes of a China deal. German imports fell 1.6% in February while exports fell 1.3%, both lower than expected. Automakers lagged with reports that **BMW** and **Daimler** are facing EU fines. **SAP** was down 1.5% after a key executive departure. **Banco BPM** fell 1.5% after expressing interest in potential M&A.

Roku (ROKU) will be in focus today with Citi downgrading to Sell, \$50 PT. The firm is cautious as shares trade at a 70% premium to peers and recent changes in the over-the-top streaming landscape could create greater competition.

S&P TECHNICALS

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



5298 Advancing	Declining 1886
70.0%	24.9%
281 New High	New Low 52
84.4%	15.6%
5397 Above SMA50	Below 2149
71.5%	28.5%
4301 Above SMA200	Below 3245
57.0%	43.0%

KEY EVENTS TO WATCH**Earnings BMO on Tuesday:** LNN, SJR**Earnings AMC on Tuesday:** PSMT, WDFC**Conference:** Fortinet Accelerate 2019 (FTNT), Independent Petroleum Association of America**Economic Data on Tues:** NFIB Small Business Optimism at 6:00 AM, JOLTS at 10:00, Clarida Speaks at 6:45 PM**ANALYST ACTION/COMMENTS****Snap (SNAP)** upgraded to Outperform at RBC Capital**Wynn Resorts (WYNN)** upgraded to Buy at Jefferies**Seagate (STX)** upgraded to Neutral at Evercore**Emerson (EMR)** upgraded to Buy at Citi**P&G (PG)** upgraded to Outperform at Wells Fargo**AMC Entertainment (AMC)** upgraded to Buy at B Riley**Symantec (SYMC)** upgraded to Buy at Goldman Sachs**Pure Storage (PSTG)** upgraded to Outperform at Cowen**Petrobras (PBR)** upgraded to Outperform at Cowen**Zillow (Z)** upgraded to Outperform at Cowen, \$46 PT**Bemis (BMS)** downgraded to Neutral at BMO Capital**Roku (ROKU)** downgraded to Sell at Citi, \$50 PT**General Electric (GE)** downgraded to Sell at JP Morgan**Clorox (CLX)** downgraded to Sell at JP Morgan**Allstate (ALL)** downgraded to Neutral at CSFB**Dollar Tree (DLTR)** downgraded to Hold at Loop Capital**Southwest (LUV)** downgraded to Neutral at RayJay**Harley (HOG)** downgraded to Neutral at Wells Fargo**Starbucks (SBUX)** downgraded to Neutral at UBS**Spirit (SPR)** downgraded to Hold at Canaccord**Floor & Décor (FND)** downgraded to Neutral at Telsey**Micron (MU)** downgraded to Hold at Cowen**Baxter (BAX)** downgraded to Neutral at Evercore**Boeing (BA)** downgraded to Neutral at BAML**Redfin (RDFN)** downgraded to Neutral at Suquehanna**MEDIA HIGHLIGHTS**Barron's positive on **FL, T, SPY**; cautious on **CGC, ACB, TRLY, GWPB, CVSI**;NY will investigate insurance company owned by **Berkshire (BRK/B)**. NY Post**BMW, Daimler, and VW** could face billions in fines over clean air technology. Telegraph**Diageo (DEO)** and **Pearson (PSO)** among companies that could face pre-Brexit fines. Sunday Times**Amazon (AMZN)** wants Alexa to track consumers' prescriptions – WSJ**Arconic (ARNC)** Board disagreements might impact turnaround. WSJBuffett wants outsider for **Wells Fargo (WFC)** CEO – CNBC**Royal Dutch Shell (RDS/A)** activist to withdraw climate change resolution. BloombergGene therapy could cost millions of dollars (**NVS, BIIB, PFE, BLUE**). Bloomberg**Petrobras (PBR)** said to agree on \$9B sale of pipeline unit to Engie - BloombergU.S. officials to meet with auto, lithium execs in EV push (**LTHM, FMC, ALB**) - Reuters**Nielsen (NLSN)** still targeted by several buyout firms, final bids due in several weeks – CNBC**STOCK SPECIFIC NEWS OF NOTE****Boeing (BA)** to cut 737 production rate to 42 airplanes per month from 52 per monthStarboard Value to withdraw **Dollar Tree (DLTR)** board nominations**SAP** cloud business head leaving after 27 years**WWE** says WrestleMania 35 grossed \$16.9M**Accenture (ACN)** acquires Shackleton**Nissan** shareholders officially vote to oust disgraced chairman Carlos Ghosn**Versum (VSM)** says revised proposal from Merck KGaA 'superior' to **Entegris (ENTG)****Xoma (XOMA)** acquires royalty rights to five hematology assets from Aronora**United Therapeutics (UTHR)** BEAT study of esuberaprost did not meet primary endpoint

PRE-MARKET MOVERS

Moving Higher: NBEV 13.9%, SNAP 4%, VSM 2.2%

Moving Lower: GE -5.5%, BA -4%, ROKU -4%

INSIDER TRADING (Form 4 Filings)

Buying: REV, WBA, COST

Selling: FB, MPWR, FOXF, SNAP, CHGG, IONS, TWNK, SWKS, EW, VMW, COUP, BOX

INSTITUTIONAL MONEY FLOW

Buying: JPM, FB, GOOG, USB, EBAY, GE, GPK, MSI, ECL, MDT, FITB, ANET, TGT, MS

Selling: AAPL, AMZN, IAC, AVGO, WMT, CHTR, CSCO, PG, ADP, PYPL, DLR, CI, JCI

OPTION HIGHLIGHTS (Prior Day)

Cheniere (LNG) buyers of 2,700 June \$70 calls now up to \$2.50 and follows buyers of the September \$70 calls over 1,300X earlier, spot where 3,400 have accumulated. LNG has seen buyers in the June \$75 calls while the June \$65 calls have over 4,000 in open interest from buyers in late February. Shares have been strong off the December lows and pulling back this week to the rising 50-EMA. A move out of this bull wedge targets the recent high near \$70 and out of a notable weekly bull flag which measures out to \$85. The \$17.33B company trades 18.6X earnings, 2.17X sales, and 17.6X cash with 25% EPS growth and sales growth of 21% and 16.8%. LNG is benefitting from growing export volumes of LNG while the US/China trade deal would remove a recent overhang. The company's CEO spoke yesterday in Shanghai and said that US exports to China are in the early innings and demand should continue growing as the country's shift from coal-to-gas gains momentum. CNOOC's CEO spoke as well and said that estimates for US exports could be conservative and double from current levels by 2025. Analysts have an average target for shares of \$77 with 14 buy ratings. Short interest is 2.8% and down near multi-year lows. Goldman Sachs upgraded to Conviction Buy on 3/28 with a \$87 PT. The firm sees LNG as the best way to gain exposure to the growing industry. They see FCF growing materially as more projects come online. Institutional ownership fell 5%. Deep Basin Capital a new buyer of shares. In November, two different officers bought stock in the name around \$59 including an \$888K buy from the CEO.

AFTER HOURS MOVERS

Gainers:

Losers: SPR -2.5%, HXL -2.5%, BA -2%

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

SPR, TGI, HXL – on BA production cut

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

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>
Akebia (AKBA)	Intra-Cellular (ITCI)	Vital Therapies (VTL)
Hostess Brands (TWNK)	American Water (AWK)	Banco Bilbao (BBVA)
American Water (AWK)	Diodes (DIOD)	Moderna (MRNA)
Boingo (WIFI)	MSCI (MSCI)	Fibrogen (FGEN)
Greenbrier (GBX)	First Energy (FE)	Rite Aid (RAD)
Cypress (CY)	ViaSat (VSAT)	Cott Corp (COT)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Pacira (PCRX)	Cooper Tire (CTB)	Acadia (ACAD)
New Gold (NGD)	Iqvia (IQV)	Assembly Bio (ASMB)
Akebia (AKBA)	FactSet Data (FDS)	Amarin (AMRN)
DENTSPLY (XRAY)	Alnylam (ALNY)	Amyris (AMRS)
Tempur Sealy (TPX)	Legg Mason (LM)	Caesars (CZR)
At Home (HOME)	Axalta (AXTA)	Sprint (S)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Coty (COTY)	Cemex (CX)	Assembly Bio (ASMB)
Akebia (AKBA)	Fifth Third (FITB)	Tocagen (TOCA)
Pinduoduo (PDD)	Wynn Resorts (WYNN)	Horizon Tech (HRZN)
Kraft (KHC)	Celgene (CELG)	Health Insurance (HIIQ)
Whiting (WLL)	GE	Fibrogen (FGEN)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Advanced Micro (AMD)	GE	Intra-Cellular (ITCI)
AT&T (T)	Caesars (CZR)	American Water (AWK)
Nvidia (NVDA)	Bank of America (BAC)	Diodes (DIOD)
Petrobras (PBR)	Cypress Semi (CY)	Boingo (WIFI)
Snap (SNAP)	Kinder Morgan (KMI)	Greenbrier (GBX)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Home Depot (HD)	GE	CGC, 1,000 July \$45 straddles bought
Dow (DOW)	NetApp (NTAP)	COST, 1,000 July \$240/\$220 put spreads
Lyft (LYFT)	Monster (MNST)	AKBA, October \$10/\$12.50 call spread bought 20,000X
Nutanix (NTNX)	Uniti (UNIT)	ITCI, May \$12.50/\$10 put spread bought 5,000X10,000
Xilinx (XLNX)	Dycom (DY)	CP, April \$210/\$220 call spread bought 3,500X

Stock Specific News and Media

Capitol Investment to combine with **Nesco** in \$1.1B deal

Activist Sherborne Investors urges election of Bramson to **Barclays (BCS)** board

Air Lease (AL) provides Q1 activity update

Carlyle (CG) to acquire 30%-40% stake in **Cespa** from Mubadala – CNBC

UK plans broad new regulations for technology firms (**FB, GOOG, TWTR**). WSJ

SoftBank's Grab plans to raise another \$2B this year. Reuters

Saudi Aramco Set for Mega Debt Deal – Bloomberg

Panasonic, Sony (SNE) OLED display company raises \$229M – Nikkei

Pinterest Said to Price IPO Below Last Private Valuation, Between \$15-\$17 – NY Times

Nasdaq (NDAQ), Euronext deemed fit and proper owners of **Oslo Bors** – Reuters

Food Companies Take a Break From the Deal Table – WSJ

New Study Finds Buybacks are More Important than Economic Growth When It Comes to Equity Performance – WSJ

Regeneron (REGN) to invest \$800M in **Alnylam (ALNY)** in broad collaboration agreement to develop and commercialize RNAi therapeutics in ocular and CNS diseases

2U (TWOU) to acquire **Trilogy Education** for \$750M in cash and stock

Nexstar (NXST) enters agreement to divest two Indianapolis stations for \$42.5M

Inspire Medical (INSP) reports three new positive coverage policies issued by BCBS

CannTrust (CTST) receives Health Canada approval for Phase 2 expansion

uniQure (QURE) receives fast track designation for AMT-130 from FDA

CMS finalizes policies to bring telehealth benefit to Medicare Advantage (**+ve TDOC**)

Extras

China A-Shares (ASHR) buyer of 9,500 July \$32.71 calls for \$1.03, spread against the \$35.71 calls

Regional Banks (KRE) buyers of 7,500 June \$52/\$47 put spreads for \$1

S&P (SPY) the May \$258/\$241/\$224 put fly opening 30,000X60,000 for \$0.15

Omnicom (OMC) with 1,000 May \$75 puts bought late for 2.25, tied to stock into earnings

T Rowe Price (TROW) with 1,145 December \$115 calls opening for \$3.30 to \$3.35 today as the April \$95 calls close and adjust

Canada Goose (GOOS) with 1,000 October \$60/\$40 strangles sold to open this afternoon for \$7.37

Alibaba (BABA) the May \$190/\$210 call spread bought 5,280X today for \$4.60

Disney (DIS) afternoon spreads are selling the June \$105 puts 10,000X to buy the May \$120 calls for \$1.60 ahead of their investor day. DIS also the May 10th (W) \$117/\$120 call spread bought 2,500X

Mercury Systems (MRCY) late afternoon buyers of 500 October \$65 calls for \$8.00 to \$8.30, still has 1,000 July \$70 calls in OI

Dominos (DPZ) buyer of 500 September \$220 puts for \$7.50

Genuine Parts (GPC) buyer of 500 November \$115 calls for \$6.50

Adient (ADNT) late day buyers of 2,500 May \$18 calls for \$1, name continues to see bull flow

Alliance Data (ADS) buyers of the April \$180/\$170 put spread for \$3.60

HubSpot (HUBS) buyers of 600 April \$160 puts for \$3.10 to \$3.30

Encompass Health (EHC) buyer of the July \$60/\$70 call spread sells the \$55 puts 400X

Whiting (WLL) afternoon buyers of 2,500 April \$31 calls up to \$0.47

Marriott (MAR) late day buyers of 1,000 April 12th (W) \$134 puts for \$1.30 to \$1.35

Humana (HUM) afternoon buyers of 2,000 April 12th (W) \$272.50 calls up to \$5.60 ahead of the Tuesday Senate Finance hearing on PBMs and drug price hikes

Cardinal (CAH) buyers of 1,000 April 12th (W) \$47.50 puts up to \$0.58

AbbVie (ABBV) buyers of 4,000 April 12th (W) \$81 puts for \$0.41 to \$0.47