

TOP STORIES

- EU, US Trade War Escalates Over Disputed Subsidies to Airbus
- PM May Travels to Paris, Berlin in Attempt to Drum Up Support for Delay
- NFIB Small Business Optimism Rises Modestly in March
- PBMs Set to Appear Before Senate Finance Committee on Drug Pricing Today

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2896 (-2.25)	-3.57
Nasdaq	7611.5 (-12)	-12.24
Dow	26325 (-9)	-21.02

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7458.23	0.09%
DAX	11955.24	-0.07%
Nikkei	21802.59	0.19%
Hang Seng	30157.49	0.27%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
10:00	JOLTS	7.565M
12:00	WASDE	

FOREX

EUR/USD	1.1277 (0.16%)
USD/JPY	111.28 (-0.17%)
USD/CAD	1.3294 (-0.14%)
GBP/USD	1.3076 (0.11%)
USD	96.52 (-0.13%)

COMMODITY

Oil	64.48 (0.12%)
Natural Gas	2.705 (-0.11%)
Gold	1305.3 (0.26%)
Copper	2.9520 (0.68%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	13.17 (2.73%)
Nasdaq	VXN	16.83 (4.08%)
Oil	OVX	24.33 (1.37%)
Gold	GVZ	9.71 (0.62%)

MARKET OUTLOOK

Futures are indicating a lower open this morning with US/EU trade in focus after the President threatened to enforce \$11B in tariffs on imports. The move would impact cheese and wine as well as motorcycles in response to subsidies given to Airbus. The EU is preparing retaliatory actions over aid to Boeing. The move comes ahead of talks between the two sides over industrial tariffs in Washington. The dollar continues to roll over a bit while the 10-year yield is at 2.52%. Treasury Sec. Mnuchin will testify today on Capitol Hill. AG William Barr will also be in front of a congressional panel today for the first time since the Mueller Report was submitted. UK PM May will travel to Berlin and Paris today for talks with leaders as she looks to secure support for a delay. They meet in Brussels on Wednesday.

The Nikkei is lower this morning after hitting a four-month high yesterday. Chips are strong today following the US lead with **Advantest** up 2%. **Sony** jumped 7% in Japan after reports that Third Point is investing in the company and pushing for changes. Makers of currency processing machines soared after reports Japan is introducing new 1,000, 5,000 and 10,000 yen bills. Electronic control maker **Takamisawa Cybernetics** jumped 30%.

European markets are mixed this morning ahead of the ECB meeting tomorrow and key Brexit summit. Financials were strong early. **Airbus** is down around 1.5% this morning after the US threatened to impose \$11B in tariffs on the EU in retaliation for subsidies to the company. **AMS** is higher by 4% after Liberum raised their outlook for the company. **ST Micro** and **Infinion** were both higher as well. **Total** is lifting the STOXX 600 after signing a deal for their \$13B Papua New Guinea LNG export plan. It was a quiet night for new data in the EU. Swiss unemployment fell modestly to 2.5% in March. Italian retail sales slowed modestly.

S&P TECHNICALS

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



3597 Advancing	Declining 3562
47.6%	47.2%
212 New High	New Low 52
80.3%	19.7%
5332 Above SMA50	Below 2201
70.8%	29.2%
4331 Above SMA200	Below 3202
57.5%	42.5%

KEY EVENTS TO WATCH**Earnings After the Close:** PSMT, WDFC**Analyst Days:** DCI**Conferences:** Needham Healthcare Conference**Other:** Senate Finance Committee Hearing on Drug Pricing (HUM, CI, UNH), PSMT Monthly Sales**Economic Data on Wed:** Jerome Powell Speaks, CPI at 8:30 AM, Atlanta Fed at 10:00, EIA Petroleum at 10:30, FOMC Minutes at 2:00;**Earnings BMO Wed:** DAL, MSM;**ANALYST ACTION/COMMENTS****Perkin Elmer (PKI)** upgraded to Conviction Buy at Goldman Sachs**Public Storage (PSA)** upgraded to Hold at Jefferies**Disney (DIS)** upgraded to Outperform at Cowen**Geron (GERN)** upgraded to Buy at Needham**ZTE Corp** upgraded to Buy at Jefferies**Wheaton Precious (WPM)** cut to Neutral at Barclays**SAP** downgraded to Hold at HSBC**BioHaven (BHVN)** downgraded to Neutral at MSCO**Zogenix (ZGNX)** downgraded to Neutral at Guggenheim**Lennox (LII)** downgraded to Neutral at Cowen**Simply Good Foods (SMPL)** cut to Hold at Sun Trust**HB Fuller (FUL)** downgraded to Neutral at JP Morgan**KLA Tencor (KLAC)** reinstated Sell at Goldman**PDC Energy (PDCE)** initiated Buy at Cowen**SM Energy (SM)** initiated Outperform at Cowen**Range Resources (RRC)** initiated Outperform at Cowen**Cabot (COG)** initiated Outperform at Cowen**SRC Energy (SRCI)** initiated Outperform at Cowen**Focus Financial (FOCS)** initiated Outperform at Oppenheimer, \$48 PT**FIS** initiated Outperform at Keefe Bruyette, \$136 PT**Biomarin (BMRN)** started Outperform at Raymond James**MEDIA HIGHLIGHTS****Wynn Resorts (WYNN)** in Discussions to Buy Packer's Crown for \$7.12B Cash and Stock – Bloomberg**Avaya (AVYA)** to Plan Auction After Getting Unsolicited Interest – BloombergChina Aircraft Leasing says has not put **Boeing (BA)** 737 MAX order on hold – ReutersWhite House aides to recommend Trump veto net neutrality restoration bill (**CMCSA, VZ**) – Reuters**Glaxo (GSK)** wins U.S. nod for two-drug HIV combination in a blow to **Gilead (GILD)** – Reuters**Novartis (NVS)** seeks to limit M&A spending to 5% of market value – FT**Boeing (BA)** 737 MAX relied on decades-old systems, paper manuals – NYTCongress to grill **Facebook (FB)**, **Google (GOOG)** on political bias – WaPo**Apollo (APO)** readies bottle maker Verallia for potential €4B IPO – Reuters**Wells Fargo's (WFC)** businesses struggle as bank is in 'wait-and-see mode' - WSJ**Samsung** to scale up 16nm DRAM output in 2020 - Digitimes**STOCK SPECIFIC NEWS OF NOTE****Hawaiian Airlines (HA)** reports March traffic up 0.2%, capacity up 0.3%**Zogenix (ZGNX)** gets refusal to file letter from FDA on Fintepla NDA**Callon Petroleum (CPE)** announces divestiture of non-core assets for \$260M**Bio-Rad (BIO)** receives FDA clearance for IH-500**Fluor (FLR)** awarded naval contract for up to \$975M**Altria (MO)** says seeks to convert **Juul** interest to voting securities**A.O. Smith (AOS)** acquires Water-Right for \$107MU.S. Trade Rep proposes \$11.2B in countermeasures to E.U. subsidy of **Airbus****Technip (FTI)** awarded 'significant' Subsea contract in Brazil**Lindsay (LNN)** cuts Q1 outlook due to adverse weather**Pentair (PNR)** lowers Q1, FY

PRE-MARKET MOVERS

Moving Higher:

Moving Lower: X -3.5%, GE -1.5%

INSIDER TRADING (Form 4 Filings)

Buying: REV

Selling: BTU, BLUE, NDSN, AKAM, DG, LRCX, LLY, DLPH, QTWO, FB, MPWR, CHGG

INSTITUTIONAL MONEY FLOW

Buying: HES, GPK, FISV, AXP, ULTI, CFX, INTU, BBY, PM, FDC, EXR, ATI, IART

Selling: DOW, AMT, MSFT, CSCO, RCL, WU, WMT, LIN, INTC, RXN, ARMK, AABA, CELG

OPTION HIGHLIGHTS (Prior Day)

Xilinx (XLNX) with more than 1,250 May \$130 calls being bought on the day up to \$6.10 and follows an opening sale of 1,000 ITM September \$130 puts on Friday for \$1.2M. XLNX has been a favorite for put sales into recent strength with activity at the April \$130, \$129, and \$128 strikes while the May \$125 and June \$130 puts also sold all within the last week. Shares are trading in a narrow flag under \$130.50 and above its 13-EMA with a breakout targeting \$140. XLNX has shown relative strength among the Semi's all year up 51.8% vs 28.64%. The \$32.66B company trades 33.7X earnings, 11.25X sales, and 9.4X cash with a 1.12% yield. They expect 75% EPS growth in 2019 and 10.4%/16.3% through 2021 with revenue growth in the low-double digits. XLNX is well positioned with end-market exposure to 5G, the data center refresh cycle and struck partnership Microsoft last year in cloud. AI is an emerging area of strength. The company launched Alveo last year, their accelerator card, which is expected to see strong uptake in the 2H of 2019 and an incremental driver in 2020 and beyond. Analysts have an average target for shares of \$105 with 14 buy ratings, 10 hold, and 1 sell. Mizuho raising their PO to \$140 on 3/29 after checks with the supply chain and talks with Asian contacts. The firm thinks XLNX is gaining significant traction in 5G with orders up potentially 50% Y/Y as they are getting 95% of orders. Institutional ownership fell 22.5% last quarter. Short interest is 2.4%.

AFTER HOURS MOVERS

Gainers: AVYA 3.2%

Losers: ZGNX -31.5%

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

HUM, CI, UNH – on Senate Hearing today

NVDA, AMD – on potential Bitcoin mining ban

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>
Technip (FTI)	Consolidation Comms (CNSL)	Vital Therapies (VTL)
Aerie Pharma (AERI)	Avaya (AVYA)	Moderna (MRNA)
General Mills (GIS)	Vital (VTL)	Applied Opto (AAOI)
Green Plains (GPRE)	Snap On (SNA)	Roku (ROKU)
Greenbrier (GBX)	T Mobile (TMUS)	Infinera (INFN)
Avaya (AVYA)	Moderna (MRNA)	Coty (COTY)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Technip (FTI)	Helen of Troy (HELE)	Nielsen (NLSN)
Berry Global (BERY)	Alliance Data (ADS)	Riot Blockchain (RIOT)
Affimed (AFMD)	Nasdaq (NDAQ)	Zillow (Z)
Aerie Pharma (AERI)	Cardinal Health (CAH)	Seagate (STX)
Cenovus (CVE)	Medicine Co (MDCO)	Metlife (MET)
Sun Trust (STI)	Cooper Tire (CTB)	Nasdaq (NDAQ)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Technip (FTI)	Hain Celestial (HAIN)	Assembly Bio (ASMB)
General Mills (GIS)	Cardinal (CAH)	Tocagen (TOCA)
Darden (DRI)	Delta Air (DAL)	Horizon Tech (HRZN)
Greenbrier (GBX)	JD.com (JD)	Health Insurance (HIIQ)
Symantec (SYMC)	PG&E (PG)	Fibrogen (FGEN)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
AT&T (T)	Verizon (VZ)	Consolidation Comms (CNSL)
General Electric (GE)	Tesla (TSLA)	Avaya (AVYA)
Apple (AAPL)	Boeing (BA)	Vital (VTL)
Lowe's (LOW)	Fox (FOXA)	Green Plains (GPRE)
Snap (SNAP)	EQT Corp (EQT)	Greenbrier (GBX)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Delta (DAL)	Applied Materials (AMAT)	FOXA, 10,000 May/January \$40 call calendar spreads
Activision (ATVI)	Signet (SIG)	AVYA, September \$20/\$22.5 call ratio spread trading 1,000X2,000
Sea Ltd (SE)	Wells Fargo (WFC)	TSG< 1,250 January \$20/\$22.50 call spreads
Costco (COST)	Diebold (DBD)	CNC, 10,000 September \$60/\$47.5 bull risk reversals
Bausch Health (BHC)	Lam Research (LRCX)	CI, 1,000 January \$200/\$250 call spread

Stock Specific News and Media

GlobalWafers posts over 10% revenue growth in 1Q19 – Digitimes

Huawei momentum boosts March sales for Taiwan suppliers – Digitimes

China Car Slump Persists With Sales Plunging for 10th Month – Bloomberg

Nestle to Gauge Interest From **Smithfield**, **Cargill** for Herta – Bloomberg

Saudi Aramco Debt Orders Grow to \$85B – FT

Total (TOT), partners reach initial agreement on \$13B Papua LNG project – Reuters

China mulls Bitcoin mining ban (**NVDA**) – Reuters

Don't Count on a Hollywood Showdown at **Sony (SNE)**, Loeb May Struggle to Convince Others in Spinoff Plan – WSJ

China plans to cap 2019 coal imports at 2018 levels – Reuters

WPP's (WPPGY) Kantar unit receiving takeover interest from buyout fund. Telegraph

Alkermes (ALKS) says ALPINE study met pre-specified primary endpoint

Extras

Nutanix (NTNX) with another bull spread opening as 1,000 July \$42.50 calls were bought and 1,000 October \$47.50 calls were sold

EQT Corp (EQT) with 5,000 June \$22 calls opened \$1.40 in stock replacements

Comcast (CMCSA) buyer of stock put on 1,500 January 2021 \$50/\$35 collars

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
LNN	Lindsay Corp	\$0.02	\$0.55	\$109.20	\$115.43	-16.20%	Cuts Outlook
SJR	Shaw Comms		\$0.30		\$1,369.83		