

TOP STORIES

- China Retail Sales, Industrial Production Miss Forecasts in April
- Eurozone GDP Steadies in Q1
- IEA Cuts Oil Demand Outlook for 2019, Sees Tightening Market on Iran
- Gundlach: Odds of a Rate Cut in the Next Year are 70%, Recession Probability High

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2833 (-6.25)	-2.51
Nasdaq	7409.5 (-11.5)	-1.38
Dow	25514 (-56)	-6.05

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7228.89	-0.18%
DAX	11933.8	-0.48%
Nikkei	21188.56	0.58%
Hang Seng	28268.71	0.52%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Retail Sales	0.2%
8:30	Empire State Mfg.	9.0
9:15	Industrial Production	0.0%
10:00	Business Inventories	0.1%
10:00	Housing Market Index	64
10:30	EIA Petroleum	

FOREX

EUR/USD	1.1194 (-0.08%)
USD/JPY	109.35 (-0.22%)
USD/CAD	1.3475 (0.12%)
GBP/USD	1.2907 (0.02%)
USD	97.37 (0.05%)

COMMODITY

Oil	61.19 (-0.96%)
Natural Gas	2.658 (-0.04%)
Gold	1298.9 (0.20%)
Copper	2.723 (-0.07%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	18.20 (-11.44%)
Nasdaq	VXN	22.26 (-11.84%)
Oil	OVX	31.77 (-8.2%)
Gold	GVZ	9.80 (-6.76%)

MARKET OUTLOOK

Futures are indicating a slightly weak open today after disappointing data out of China. The slowdown in retail sales and industrial output underscore the pressure from US tariffs. Some optimism in the region that the latest numbers will spark more stimulus efforts but likely to be short-lived. Looking at trade, the US and China continue to be in a war of words (esp. over social media). POTUS is poised to sign an order restricting the use of telecom equipment from China. President Xi has said the US efforts to reshape China are 'foolish.' The IEA cut their demand forecast for oil again overnight. They now see risks to 2019 from a lull in Asia while supplies are set to tighten due to sanctions on Iran. Consumption from Brazil and Japan also weakened in Q1. This is coupled with a jump in US inventories last night and has crude down almost 1%. In the UK, Brexit is back in focus with PM May set to bring her plan back before parliament next month.

Asian markets were strong overnight with the Nikkei snapping a 7-day losing streak. Expectations are growing for new stimulus efforts out of China. We got weak data out of China overnight. Retail sales slowed to 7.2% vs 8.6% expected. Industrial production slowed to 5.4% vs 6.5% forecast. Fixed asset investment was 6.1% vs 6.4%. In Japan, construction orders were stable in March. **Takeda** fell 7.8% after cutting their forecast due to costs from the Shire deal. **Nissan** fell 6.5% after a weak outlook. **H2o Retailing** fell 11% after the department store posted weak earnings.

European markets are in the red this morning despite steadying economic data. Eurozone GDP came in at 1.2%, as expected. Unemployment remained strong. German GDP slowed to 0.6% vs 0.7% forecast. **Renault** fell 3% after its partner Nissan cut their outlook. **VW** also fell 3%. A string of weak bank earnings this morning from **RBI**, Dutch bank **ABN Amro**, and France's **Credit Agricole**. **LafargeHolcim** rose 1.5% after a better outlook.

S&P TECHNICALS

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



5426 Advancing	Declining 1829
71.4%	24.1%
138 New High	New Low 144
48.9%	51.1%
2996 Above SMA50	Below 4583
39.5%	60.5%
3660 Above SMA200	Below 3919
48.3%	51.7%

KEY EVENTS TO WATCH

Earnings After the Close: CSCO, FTCH, FLO, JACK, NTES, VRTU, ZTO

Analyst Days: XEL, TSCO, QSR, JNJ

Conferences: BAML Healthcare, JP Morgan TMT

Economic Data on Thursday: Housing Starts at 8:30 AM, Jobless Claims at 8:30, Philadelphia Fed at 8:30, EIA Nat Gas at 10:30

International Earnings: Bouygues, Thomas Cook

Earnings Before the Open Thursday: EXP, KEM, MMYT, NICE, QIWI, WMT, WIX

ANALYST ACTION/COMMENTS

Westlake (WLK) upgraded to Buy at Goldman

PBF Energy (PBF) upgraded to Outperform at CSFB

Advanced Energy (AEIS) upgraded to Positive at SIG

Applied Materials (AMAT) upgraded to Positive at SIG

Zillow (ZG) upgraded to Buy at Guggenheim

Owens Illinois (OI) upgraded to Outperform at Wells Fargo

RLJ Lodging (RLJ) upgraded to Outperform at Wells Fargo

Tilray (TLRY) upgraded to Neutral at BMO

JD.com (JD) upgraded to Buy at Nomura

Kirklands (KIRK) downgraded to Neutral at B Riley

Lindsay (LNN) downgraded to Neutral at Boenning

Henry Schein (HSIC) downgraded to Neutral at Leerink

8x8 (EGHT) downgraded to Neutral at Dougherty

Bluebird (BLUE) downgraded to Neutral at Wedbush

One Main (OMF) downgraded to Neutral at Wedbush

Marvell (MRVL) initiated Neutral at Wells Fargo

Rambus (RMBS), Semtech (SMTC) initiated Outperform at Wells Fargo

Live Nation (LYV) initiated Buy at Berenberg

MKS Instruments (MKSI) initiated Positive at SIG

Westrock (WRK) initiated Buy at UBS

Pinduoduo (PDD) initiated Buy at BAML

MEDIA HIGHLIGHTS

Walmart (WMT) confirms 'seriously' considering IPO for Asda unit - Bloomberg

Legg Mason (LM) may be the target of activist moves by Trian - WSJ

Natura deal to buy **Avon (AVP)** could be announced as soon as this week – Bloomberg

Eldorado (ERI) wants \$500M in cost cuts before **Caesars (CZR)** bid - NY Post

Deutsche Bank (DB) accelerates Postbank integration - FT

McDonald's (MCD) to allow franchisees to pick all-day breakfast items – WSJ

China smartphone sales fall 16.7% Y/Y to 71.7 million units in 1Q19 – Digitimes

TSMC (TSM) approves nearly \$4B for advanced-node manufacturing - Digitimes

Aston Martin's Profit Slides on Sales Slump and Rising Investment – Bloomberg

ING, UniCredit Tap Advisers to Explore **Commerzbank** deal – Bloomberg

Nissan Cuts Dividend as Profit Tanks – Bloomberg

China's LNG tariff threatens Trump energy export goal (**LNG, GLNG**) – FT

Japan health insurance to cover **Novartis' (NVS)** \$305,000 cancer drug – Nikkei

SoftBank leads \$200M investment in India's online grocery startup **Grofers** – Reuters

STOCK SPECIFIC NEWS OF NOTE

Amdocs' (DOX) cloud native digital solutions to be deployed by **Sprint (S)**

Biogen's (BIIB) Spinraza receives NICE recommendation for funding in the U.K

Advanced Energy (AEIS) to acquire Artesyn Embedded Power for \$400M

Federal labor board says **Uber (UBER)** drivers are independent contractors

ImmunoGen (IMGN) FDA recommends new Phase 3 trial of mirvetuximab soravtansine

Tencent Revenues +16% Y/Y in Q1

J&J (JNJ) plans to seek approval of 10 new drugs by 2023

PRE-MARKET MOVERS

Moving Higher: PLCE 7%, TLRV 4.8%, BABA 4%, TSEM 2.6%, IQ 1.9%, PDD 1.6%

Moving Lower: JKS -7%, VIRT -6%

INSIDER TRADING (Form 4 Filings)

Buying: ETN, F, CNDT, PDCE, MAC, AES, CWH, CTL, AMBC, FRGI, HIG, CTL

Selling: KMB, AMN, XYL, BDX, YUM, PZZA, BR, LC, CDNA, MSA, URI, ILMN, BMRN, EW, SHAK

POTENTIAL SYMPATHY TRADES

CRI – on PLCE earnings

TMO, WAT, DHR – on A earnings

ACB, CGC, CRON – on TLRV earnings

OPTION HIGHLIGHTS (Prior Day)

NXP Semi (NXPI) seeing bullish spreads today buy the October \$100/\$120 call spread and sell the \$85 puts, over 900X, and name which has seen some large positioning open recently including 9,000 October \$105 calls and over 12,000 January \$130 calls. The January 2021 \$110/\$135 call spread also opening in size recently while the July \$100 calls with 10,000 in OI from buyers. Shares recently hit 52-week highs around \$107.50 and pulling back to the 200-EMA and cloud support yesterday. NXPI is re-testing VPOC for the year as well as channel support off the December lows with a target above of \$115. The \$30.66B company trades 10.15X earnings, 3.3X sales, and 9X FCF with a 1% yield and mid-double digit growth. NXPI sees 6.5% and 5.8% revenue growth through 2021 driven by share gains across automotive, industrial IoT, and mobile. The company is positive on 2H demand out of China which has caused visibility issues. Analysts have an average target for shares of \$115 with 12 buy ratings and 10 hold ratings. BAML adding to their US 1 List on 5/1. They think that NXPI had strong results despite a “cold” environment in China and the margin recovery is on track. The firm is positive on spending towards high-growth areas like ADAS, digital clusters, and invehicle connectivity which will outperform overall auto trends. NXPI will be at the JPM TMT conference this week and both the Cowen and Bernstein conferences in late May. Institutional ownership fell 41.5% among hedge funds last quarter mostly due to Elliott selling 10.5M shares and HPK selling 5M shares. OZ Management a buyer of 3.48M shares and call options for another 1.725M shares. Short interest is 2.4% and down from nearly 6% in late 2018

AFTER HOURS MOVERS

Gainers: TCS 15.9%, TLRV 4%

Losers: A -10%, JKS -7%, EGHT -5.2%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.62	Rising
CBOE Index Put/Call Ratio	1.12	Rising
CBOE Skew Index	118.54	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	44	Fear
NYMO	-33.23	Neutral
NYSE Highs/Lows	74.11	Weakening
McClellan Summation	726.78	Below 8-EMA
Univ. of Michigan Consumer Sentiment	97.2 (April Final)	-1.6% Y/Y

SMART MONEY (13g/13d Filings)

IPO MONITOR

Avantor (AVTR) issuing 154M shares at \$18-\$21; Provider of materials, consumables, equipment, and instrumentation to biopharma, healthcare, education and government

Bricktown (BEER) issuing 1.9M shares at \$7-\$9; Bricktown Brewery and Bricktown Tap House and Kitchen

ConversionPoint (CPTI) issuing 6.2M shares at \$6-\$7; Software developer that helps e-commerce companies convert, manage and re-engage customers using data analytics

Fastly (FSLY) issuing 11.3M shares at \$14-\$16; Developer of edge cloud platform helping developers deliver digital capabilities

Luckin Coffee (LK) issuing 30M shares at \$15-\$17; China's second largest coffee chain in terms of number of stores

TRADE

WEEKLY TECHNICAL BREAKOUT

PEP:



Pepsi (PEP) shares are consolidating in a bull flag under \$128.50 with a breakout targeting \$131+ while longer-term momentum targets \$140. MACD is nearing a bull cross while RSI is back above 60.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Curtiss Wright (CW)

Price: \$115

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	15.3X	2.1X	3.1X	11.1X	17.2X
Industry Avg.	31.8X	1.6X	3.3X	13.7X	25.3X

Analysis: CW is a \$4.93B provider of components and other engineered products for aerospace and defense markets like valves and utility systems. Shares trade cheap at 15.3X earnings and 2X sales with high-single digit growth. CW has made some acquisitions recently which position it for upside including last year's deal for Dresser Rand's government business and a partnership with Honeywell in February.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

EWZ:



Brazil (EWZ) shares are forming a bear flag above \$39 and the 200-EMA with a breakdown targeting \$36. MACD is back at zero after an extended move lower and RSI is weak but not oversold. Shares are forming a series of lower highs since January.

PAIR TRADE OF THE WEEK

Industry: Apparel

Long/Short: Long Ross Stores (ROST), Short Abercrombie (ANF)

Analysis: ROST is attractive on valuation with double-digit growth and recovering strong from a Q1 misstep on inventory, a self-help issue. ANF trades expensive at 17.5X earnings with growth slowing < 1% over the next five years. ANF has risk from higher promotions which are hurting margins, despite strong SSS.

SMALL CAP TRADE OF THE WEEK

Atrion (ATRI) is a \$1.63B company which focuses on niche areas of med-tech like fluid delivery products and cardiovascular and ophthalmology applications. Shares trade 10.7X sales and a steady earnings performer. The company is investing in their manufacturing capacity to support higher demand and recently outlined plans to add 50% to their existing output.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Buenaventura (BVN)	MSG Networks (MSGN)	Novavax (NVAX)
Aramark (ARMK)	Sally Beauty (SBH)	Uniti (UNIT)
Centerpoint (CNP)	8x8 (EGHT)	Fibrogen (FGEN)
Biocryst (BCRX)	Impinj (PI)	Aramark (ARMK)
Baxter (BAX)	Ralph Lauren (RL)	Frontline (FRO)
8x8 (EGHT)	Nordstrom (JWN)	At Home (HOME)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Arqule (ARQL)	Immunogen (IMGN)	Immersion (IMMR)
Global Blood (GBT)	El Pollo Loco (LOCO)	Cyberark (CYBR)
BJs Wholesale (BJ)	Casa System (CASA)	Stone (STNE)
Sothebys (BID)	CBS Corp (CBS)	Tenneco (TEN)
Masco (MAS)	Trupanion (TRUP)	Jumia (JMIA)
Aramark (ARMK)	Shutterfly (SFLY)	Take Two (TTWO)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Pareteum (TEUM)	Uniti (UNIT)	Cara Therapeutics (CARA)
Vale SA (VALE)	Arcelor Mittal (MT)	Assembly (ASMB)
Immersion (IMMR)	Macys (M)	Intra-Cellular (ITCI)
DowDuPont (DWDP)	Advanced Micro (AMD)	Jumia (JMIA)
Activision (ATVI)	Nvidia (NVDA)	Athenex (ATNX)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Applied Materials (AMAT)	Microsoft (MSFT)	MSG Networks (MSGN)
AT&T (T)	Petrobras (PBR)	Sally Beauty (SBH)
Lyft (LYFT)	Wells Fargo (WFC)	8x8 (EGHT)
Disney (DIS)	Opko (OPK)	Baxter (BAX)
Starbucks (SBUX)	Alcoa (AA)	8x8 (EGHT)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Intel (INTC)	HP (HPQ)	XBI, 15,000 June \$80/\$74 put spreads
Cree (CREE)	Children's Place (PLCE)	MSGN, August \$22.50/\$20 put spread opening 2,000X4,000
Costco (COST)	Target (TGT)	WING, June \$75/\$85 call spread, 550X
Workiva (WK)	National Beverages (FIZZ)	PXD< 1,100 Sep. \$160/\$205 call spreads
Berry Global (BERY)	Carrizo (CRZO)	CNC, September \$45/\$40/\$35 put butterfly spread 5,000X10,000

Stock Specific News

William Hill posts higher revenue, bolstered by U.S. sports gambling – Reuters

LafargeHolcim CEO eyes up to 10 deals this year – Reuters

China's **CATL** signs multi-billion-dollar battery supply deal with **Volvo** – Reuters

Livent (LTHM) aims to boost lithium sales to EV sector by 2020 – Reuters

Xilinx (XLNX) forecasts fiscal 2020 revenue above Wall Street expectations – Reuters

Disney (DIS) takes control of Hulu to challenge Netflix, Amazon

Cybersecurity Company **CrowdStrike** Files for IPO – WSJ

Payday lenders and their customers are pushing for softer regulations (**EZPW, FCFS**). WSJ

Extras

Targa Resources (TRGP) late day trade sells 3,000 July \$36 puts to buy the \$43/\$47 call spreads

Sarepta (SRPT) with 1,000 July \$115/\$140 bear call spreads opening for \$8.60

Ionis (IONS) with 2,500 May \$75 short puts adjusting to July \$65

Marathon Petro (MPC) late day buy of 5,000 October \$57.50 calls \$2.04 after July call buys earlier

Lennox (LII) late day buyer 225 December \$250 puts \$10.30 to \$10.50

Emerson (EMR) with 1,330 December \$70 calls opening after the September \$67.5 puts closed 1000X earlier in the session

Earnings After the Close

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
EGHT	8x8	-\$0.09	-\$0.08	\$93.80	\$92.98	18.30%	FY In Line
A	Agilent	\$0.71	\$0.72	\$1,238.00	\$1,268.82	2.70%	FY In Line
DOX	Amdocs	\$1.06	\$1.03	\$1,019.66	\$1,015.87	2.80%	FY In Line
TCS	Container Store	\$0.33	\$0.30	\$253.20	\$243.20	8.80%	
FSM	Fortuna Silver Mines	\$0.01	\$0.06	\$59.00	\$62.60	-16.20%	
NEWR	New Relic	\$0.13	\$0.06	\$132.10	\$128.19	34.20%	FY In Line
PAGS	PagSeguro Digital	\$1.01	\$0.98	\$1,251.00	\$1,262.13	34.80%	
TLRY	Tilray	-\$0.27	-\$0.30	\$23.00	\$20.50	194.90%	

A – Missed on EPS and Revenues – “During the quarter we continued our investment in growth introducing new and differentiated products and services,” continued McMullen. “We leveraged our

strong balance sheet completing several acquisitions to further strengthen our portfolio. We also returned over \$600 million to shareholders through stock buybacks and dividends this year. Fourth-quarter revenue of \$597 million from Agilent's Life Sciences and Applied Markets Group (LSAG) grew 8 percent year over year (up 9 percent on a core basis(1)), with broad-based strength across major end markets, platforms and regions. Fourth-quarter revenue of \$441 million from Agilent CrossLab Group (ACG) grew 9 percent year over year (up 9 percent on a core basis(1)). Demand was excellent across both services and consumables. Fourth-quarter revenue of \$256 million from Agilent's Diagnostics and Genomics Group (DGG) grew 9 percent year over year (up 5 percent on a core basis(1)) led by pharma growth and strong demand for genomics and NASD products.

NEWR – Beat on EPS and Revenues - “FY19 was a very productive year for New Relic. Our focus on the high end of the market drove expansion within our enterprise customer base and contributed to top and bottom line results that exceeded our guidance ranges,” said Lew Cirne, CEO and founder of New Relic. “We are kicking off FY20 with the launch of New Relic One, the industry’s first entity-centric observability platform, designed to help our customers with complex environments find, visualize and understand everything they need to create more perfect software. New Relic One is also our platform for delivering brand new innovations to market -- and we expect to end the year with at least nine paid products.”

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
BABA	Alibaba	\$8.57	\$6.50	\$93,498.00	\$91,684.52	51.00%	FY In Line
CVET	Covetrus	\$0.14	\$0.17	\$941.00	\$993.41	-0.60%	
ERJ	Embraer SA	-\$0.23	-\$0.05	\$823.30	\$1,032.01	-14.30%	
M	Macy's		\$0.34		\$5,524.09		
PLCE	The Children's Place	\$0.36	-\$0.51	\$412.40	\$399.40	-5.50%	FY In Line
TSG	The Stars Group	\$0.38	\$0.43	\$580.34	\$621.34	47.70%	
TSEM	Tower Semi	\$0.29	\$0.29	\$310.11	\$309.67	-0.80%	FY In Line