



Technical Market View

The **S&P 500 (SPX)** with a rollercoaster week as volatility exploded amid growing concerns over the coronavirus. The Dow suffered its biggest loss since “Black Monday” on Thursday before rallying to post its best-ever point gain on Friday but overall held trend support from the March 2009 lows and closed right at VPOC of the move at 2,725. The SPX retraced 50% of the rally from the 2016 lows at 2,600 and bounced right at monthly cloud support, a level we haven’t tested since September 2011. We also bounced right at VWAP from the January 2016 lows at 2,515 while VWAP from the 2009 low remains well below at 1,690. A rally from here has a lot of overhead resistance to be aware of. Immediately above is support and now resistance from earlier in the week as well as the value-area low for March at 2,720. This also aligns closely with the falling 8-EMA which was resistance on 3/3 and 3/4 on the slightly bounce. Next, we’d see VWAP from the February high is at 2,975 which also aligns with a small volume node from early March. Just above would be the falling 20-day MA at 3,040 and 200-MA at 3,050.



Market Sentiment/Breadth

The latest AAI Sentiment survey for the week ending 3/11 showed a drop in bullish responses, down 9%, while neutral sentiment fell 2.7% and bearish sentiment rose 11.7%. Bearish sentiment was 51.3% overall, the highest in the last five years. NAAIM Exposure fell again this week to 16.59, the lowest since late September 2015. Lipper Fund flows had another \$4.2B in outflows from equities. The percentage of stocks above their 50-day MA hit 1% this week and bouncing a bit to 3.81% to close the week. This was slightly below the December 2018 level. The percentage below their 200-day fell to 5.61% and finished at 12%. NYSE Summation continued to fall as well to -780.15 and remains well below its 8-EMA. NYMO was -77.71 and rebounding a bit from extreme levels. The 50-day MA of CBOE Equity P/C continued to jump to 0.63 in a sign of caution. VIX touched above 75, the highest since the crash in 1987. Citi’s Euphoria/Panic model moved down from extreme bullishness this week and now neutral. CNN Fear and Greed closed at 5, “Extreme Greed”, and hit 1 earlier in the week. DSI Bullish sentiment for the S&P was down around 5%, extreme bearishness.

Market Event Outlook

Monday: Empire State Mfg. 8:30am; **International Data:** China IP, Retail Sales, and Unemployment (Sunday), Japan Machine Orders, Eurogroup Meetings, Italian CPI; **International Earnings:** Audi; **Earnings Before the Open:** NBEV; **Earnings After the Close:** APYX, BE, CPRX, COUP, HQY, HUYA, YY, RPAY, TME, TERP, ZTO; **Analyst Days:** KSS, RAD; **Conferences:** Roth Conference (SEDG, FIVN, MDLA, BLDP, ALRM, AEIS, RUN, LPSN, LGND, OSIS, SIMO, REGI, AIMT, NOVA, MXL, GLUU, AMRC)

Tuesday: Industrial Production at 9:15am, Business Inventories at 10am, JOLTs at 10am; **International Data:** RBA Minutes, Japan Industrial Production, EU Construction Output, German ZEW; **International Earnings:** Volkswagen, Ferguson, Antofagasta; **Earnings Before the Open:** DBI, HDS, LE, MIK; **Earnings After the Close:** ADUS, BILI, FDX, MDB, SMAR, WPRT; **Analyst Days:** AXP, BL; **Conferences:** Roth Conference, OpCo Healthcare (REGN, COO, MRNA, IONS, AMED, EXEL, NUAN, TNDM, IOVA, ARWR, MMSI, EPZM, FATE, NVTA, CNST, IGMS, ORTX, RCKT, FIXX, PTLA)

Wednesday: Housing Starts at 8:30am, Crude Inventories at 10:30am, FOMC Statement at 2:00pm, Fed Press Conference at 2:30pm; **International Data:** Japan Import/Exports, EU Auto Registrations, EU Trade Balance; **International Earnings:** BMW, Prada; **Earnings Before the Open:** BZUN, FUTU, GIS, NIO, QTT; **Earnings After the Close:** FIVE, GES, MLHR, PD, QADA, TLRD, TCOM, WSM; **Analyst Days:** SQ; **Conferences:** OpCo Healthcare

Thursday: Weekly Claims at 8:30am, Philly Fed at 8:30am; **International Data:** Australian Jobs, BOJ Decision, Japan CPI, Taiwan Rate Decision, SNB Rate Decision, Norway Rate Decision; **International Earnings:** Ocado, Lufthansa, Braskem; **Earnings Before the Open:** ACN, CMC, DRI, DOYU, DLTH, EPAC, GDS, LEN, MOMO, PLCE; **Earnings After the Close:** CTAS, CRWD, OLLI, SCHL; **Analyst Days:** HSY

Friday: Existing Home Sales at 10:00am; **International Data:** China's LPR Decision; **Earnings Before the Open:** HIBB

Weekly Open Interest Radar

Biohaven (BHVN) shares have pulled back 20% this month and bouncing back at the low-end of value for the two-year range. BHVN has a lot of bullish open interest stretching out to April and May up around the \$55 and \$65 strikes in anticipation of Phase 3 data for rimegepant in migraine prevention. The recent pullback skews the risk/reward more positively into the event.

Trade to Consider: Long the **BHVN** April \$40/\$50 Call Spread for \$3.00 or Better.

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic
2/27/2020	BHVN 100 15 MAY 20 55 CALL	2,504	15	\$5.81	0.44	115.92%	24.68%	\$1,552,480
2/27/2020	BHVN 100 17 APR 20 65 CALL	2,755	5,474	\$2.30	0.26	122.56%	13.42%	\$798,950
2/24/2020	BHVN 100 17 JUL 20 40 PUT	654	86	\$7.96	-0.31	101.47%	55.72%	\$520,584
2/21/2020	BHVN 100 17 APR 20 55 CALL	2,387	7,509	\$6.20	0.46	133.01%	26.49%	\$1,503,810
2/18/2020	BHVN 100 20 MAR 20 55 CALL	1,161	7,099	\$4.40	0.42	136.59%	26.83%	\$592,110
2/13/2020	BHVN 100 17 APR 20 55 CALL	5,098	307	\$6.00	0.46	120.65%	26.99%	\$3,313,700
2/13/2020	BHVN 100 20 MAR 20 45 PUT	2,016	988	\$7.80	-0.4	142.48%	58.50%	\$1,653,120
2/13/2020	BHVN 100 20 MAR 20 55 CALL	2,932	4,376	\$4.45	0.4	127.99%	25.81%	\$1,348,720
2/13/2020	BHVN 100 20 MAR 20 35 PUT	2,080	243	\$3.10	-0.2	139.80%	35.00%	\$686,400
2/10/2020	BHVN 100 20 MAR 20 55 CALL	1,094	2,693	\$5.37	0.44	141.30%	26.60%	\$634,520
2/3/2020	BHVN 100 20 MAR 20 55 CALL	1,297	1,675	\$7.80	0.5	136.02%	31.59%	\$1,050,570
2/3/2020	BHVN 100 20 MAR 20 70 CALL	1,021	3,169	\$3.55	0.3	131.05%	15.86%	\$362,455

Weekly Options Technical Trade Set-Up

Ticker	NKE
Trigger Level	\$78
Call/Put	Calls
Strike	\$80
Target	\$83
Stop	\$75



Insider Trade of the Week

Churchill Downs (CHDN) with a sizable insider buy from director Paul Varga between 3/5 and 3/12 of 6,200 shares between \$81.18 and \$125. The overall investment was \$655,568. Varga joined the board in February and most recently was the CEO of Brown Forman. His buy follows three other insiders over the last two weeks buying stock around \$120-\$125. CHDN shares are off by around 32% for the year but up 8% in the past twelve months and right back to a big support level from 2019. The \$3.82B company trades 19.7X earnings, 2.87X sales, and 39.72X cash with a small yield. They see 30% EPS growth and 11.39% revenue growth in FY21. CHDN is a leader in horse-racing and gaming entertainment in the US while also branching into online gambling and sports betting recently. CHDN has sold off with concerns over COVID-19 and its impact on the gaming/casino space. But, CHDN likely has some insulation over traditional casinos as they can run races spectator-free while continuing to facilitate betting online through their iGaming platform. It's also nearly eight weeks until their flagship race -- the Kentucky Derby -- will run on May 2 and gives them room to wait for an improvement in the overall environment. CHDN's growth in online gaming and wagering sets them up ideally into the future with best-in-class content access to major races across the globe. They also have an early leg-up into sports betting as states pass new laws. Analysts have an average target for shares of \$145. JP Morgan upgrading to Overweight on 3-2 seeing COVID-19 concerns overblown. The firm notes that they can't say with strong confidence that the Derby will take place as scheduled but being cancelled altogether is an unlikely scenario. Short interest is 6% and overall trending lower since 2018 when it was near 10%. Hedge fund ownership fell 13.9% in Q4 with PAR Investment a buyer of 1.22M shares.

Earnings Preview

General Mills (GIS) will report earnings on 3/18 before the open with the Street looking for \$0.76 on \$4.2B in sales. Next quarter is guided to \$0.87 and \$4.57B while the FY is \$3.37 and \$17.2B. GIS has traded higher three of the last five with an average closing move of 3.68% and a max move of 7.6%. Skew is bearish with 25-delta p/c at 23.5% vs 15.8%. The \$32.48B company trades 15.65X earning and 1.94X sales with a 3.66% yield. GIS has taken down estimates over the last six months and now sees low-single digit growth over the next two years. GIS is coming off a strong quarter with strength from pet food driven by Blue Buffalo while continuing to decrease leverage. The company was recently at CAGNY outlining goals for 2020 that include a significant run of reinvestment and spending on brand building. The firm thinks there remains room to grow in cereal, especially in the 2H, as they roll out new concepts like Cheerios Oat Crunch and Hershey's Kisses cereal. GIS said their exposure to China is limited (roughly 1.5%) and mostly through Haagen Dazs stores which have since re-opened. They may also see less exposure than peers given little-to-no commercial restaurant exposure and higher exposure to non-perishables which have been flying off the shelves. Analysts have an average target for shares of \$56. Jefferies starting at Hold in January noting that they are about to lap its Blue Buffalo rollout at **Walmart (WMT)** in Q4, its Fiber One bars continue to struggle, and its yogurt products remains soft. However, they can't be bearish yet given favorable cereal trends, resilient soup volumes and a 15% valuation discount relative to **Kellogg (K)**. BMO raising their PT to \$57 in December citing broad operational gains. Short interest is 3.3% and rather flat over the last year. Hedge fund ownership fell 1.3% in Q4. The last notable insider buy in the name was in May 2018 when the CEO bought \$253k in stock at \$42.18. GIS is holding up better than most on the chart with shares near multi-month highs. A move above \$56 sets up for a big unwind higher that targets \$64.

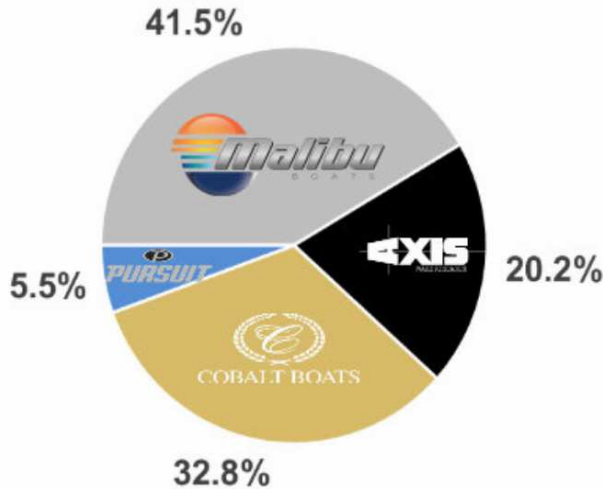
Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic
3/11/2020	GIS 100 15 JAN 21 60 CALL	3,013	926	\$1.75	0.27	25.82%	20.01%	\$566,444
3/6/2020	GIS 100 20 MAR 20 60 CALL	10,066	1,404	\$0.34	0.139	40.42%	11.42%	\$342,244
3/2/2020	GIS 100 15 JAN 21 52.5 CALL	1,212	582	\$2.78	0.46	21.70%	38.03%	\$399,960
2/24/2020	GIS 100 20 MAR 20 55 CALL	3,008	2,425	\$0.84	0.37	25.00%	34.12%	\$276,736
2/11/2020	GIS 100 17 JUL 20 57.5 PUT	639	51	\$5.95	-0.78	16.78%	82.17%	\$380,205
1/8/2020	GIS 100 15 JAN 21 45 CALL	1,165	1,315	\$8.64	0.8	21.85%	70.05%	\$1,006,560
1/3/2020	GIS 100 17 JUL 20 52.5 CALL	2,155	105	\$2.37	0.465	19.61%	40.84%	\$510,735
1/3/2020	GIS 100 17 JUL 20 55 CALL	3,231	2,076	\$1.51	0.333	19.08%	28.57%	\$487,881



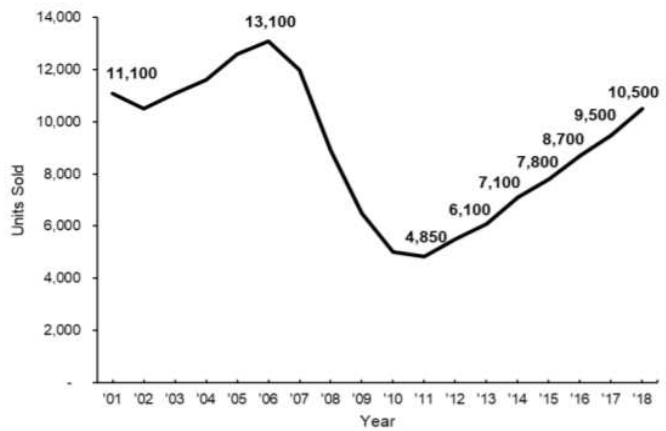
Top 40 Micro-Cap Profile of the Week

Malibu Boats (MBUU) with a market cap of \$615M is a leading maker of performance sporting boats as well as sterndrive and outboard boats for activities such as water sports, fishing, and recreational boating. It has four key brands, Malibu, Axis, Cobalt, and Pursuit. It has the #1 market share position in the United States in the performance sport boat category through its Malibu and Axis brands and the #1 market share position in the United States in the 24'—29' segment of the sterndrive category through the Cobalt brand, and is in a leading position in the fiberglass outboard fishing boat market with the Pursuit brand. Its distribution channel consists of over 350 dealer locations globally. As of 2018 the three categories of outboard, sterndrive and performance sport boat represented an addressable market of \$8.9B. The performance sport boat sales is seeing strong US growth and 2018 units remain 20% below the 2006 peak. MBUU is taking an increased focus on the \$4.2B fiberglass outboard market. MBUU is the leader in the growing marine industry with a strong financial track record and sees opportunities for growth in International markets as well as expanding the product lines.

FY 2019 Unit Volume Mix by Brand

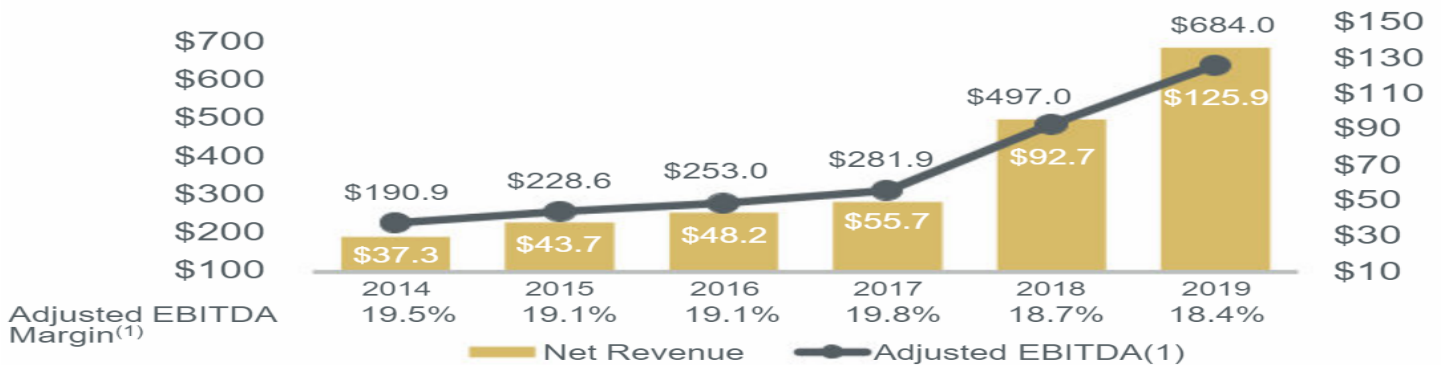


NEW UNITS U.S. PERFORMANCE SPORT BOAT RETAIL SALES⁽¹⁾



MBUU shares currently trade just 6.5X Earnings, 9.05X FCF and 5X EV/EBITDA. MBUU grew EBITDA 66.4% and 35.8% the last two years with 2020 seen at 7.9% growth and 2021 at 8.4%. Acquisitions of Cobalt and Pursuit reset its margin baseline but MBUU sees a path to > 20% Adjusted EBITDA margins. There are likely to be some near-term headwinds if the economy cools and potential for lack of Boat Shows driving sales, but shares look priced for that narrative already.

Net Revenue and Adjusted EBITDA⁽¹⁾ FYE June 30th



Technical Scans

BULL SCANS

Notable 8/21 EMA Bull Crossovers: GIS, MOH, EBS, WAAS

Emerging Strength (Daily RSI Cross of 50 w/ Accumulation/Distribution Ratio at 12 Week High): EQIX, CNC, GIS, SBAC, DLR, WEC, KR, CPB, JKHY, MOH, MPWR, RGEN, KMPR, FLO, FCN, PINC, CCOI, EBS

15 Day Highs with Strong Closes: DLR, MASI, MOH, RGEN, FCN, EBS, STNG, EQT, DSSI

BEAR SCANS

Notable 8/21 Bear EMA Crossovers: DG, AZO, SE, MKTX, TTWO, ROL, MUSA, XLRN, ETSY, ADSW, ALLO, IRTC, NOVA, STMP, FIXX, BGS, RAD, ANAB

Notable 13/34 EMA Bear Crossovers: NVDA, TSLA, NFLX, PSA, DG, BLL, RNG, FNV, SUI, SJM, BL, EYE, LVGO, INSP

Notable 21/55 EMA Bear Crossovers: AMZN, CME, EBAY, SQ, TWTR, SGEN, CHD, FMS, COO, LH, STE, J, FDS, EPAM, POOL, CRL, EXEL, FND, IRDM, PAAS, SEM, EXLS, DOOR, LGND, AUPH

Notable 34/144 EMA Bear Crossovers: MCD, NKE, LIN, ENB, EL, ROST, VRSN, BXP, MAS, SSNC, RE, VAR, CSL, CVNA, ZEN, TRMB, NDSN, LAMR, PLNT, SBNY, CHH, SAIC, TOL, NVT, SLGN, OUT

Notable 55/233 EMA Bear Crossovers: VZ, C, BSX, LVS, EMR, CCEP, WY, GIB, HEI, IAC, VMC, GDDY, XRAY, HSIC, IPG, RL, POST, WEX, LECO, OC, OSK, CRI, SR, AER, WYND, LAZ, AGIO, SHOO

Notable 89/233 EMA Bear Crossovers: IBM, TFC, MET, PANW, WELL, TEL, KEY, WAT, TWLO, EXPD, JBHT, GDDY, RL, MSG, SLG, ATH, EEFT, AXS, ARW, PRO, SSTK, XENT, HZO

Emerging Weakness (Daily RSI Cross Under 40 w/ Accumulation/Distribution Ratio at 6 Week Low): BTAI

Disclaimer:**Not Investment Advice or Recommendation**

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

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