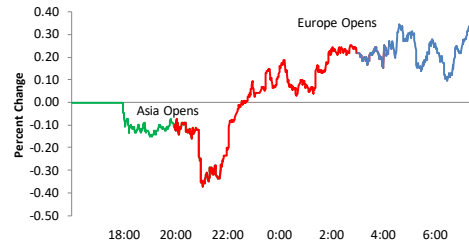




Today's Events

Overnight Trading



Other Markets

Japan	↑	0.6 %
China	↑	2.5
Germany	↓	-0.2
UK	↑	0.7
Oil	58.58	↑ \$0.1
Gold	1304.1	↑ \$1.2
\$/Euro	0.881	↓ 0.00
\$/Yen	111.53	↑ 0.0
10-Yr	2.60	↑ 0.01

Noteworthy Macro Events

- Trump - Xi Summit Likely to be Pushed Back to June.
- Chinese Stocks Rally Over 2%; Europe Also Higher.

Overnight Trading

Trading Up (\$):
 WP (7.88), PHAS (4.59), DERM (4.5), AMZN (3.75), OKTA (2.46), NVDA (1.58)

Trading Down (\$):
 BA (-8.17), SYNA (-7.01), FIS (-3.04), FB (-2.04), DIS (-1.69), NIHD (-1.19)

Stock Specific News of Note

Ticker	News
AAPL	WSJ questions effectiveness of watch's heart monitor.
BA	Barron's says impact of 737 grounding could last years; regulators investigating approvals.
DB	Confirms that it is in merger discussions with Commerzbank.
DERM	Announced positive Phase 2b results for dermatitis treatment.
GOOGL	Denies President Trump's claim that it is working with Chinese military.
HUN	Lowered guidance ahead of Goldman Sachs conference.
LL	Beat EPS forecasts by 1 cent (0.17 vs 0.16) on weaker revenues; CFO to resign.
MAR	Reiterated 2021 guidance ahead of investor meeting.
PFE	Trials show that high doses of Xeljanz can increase risk of blood clots in lungs.
SQ	Barron's article questions company's strategy of hardware vs software.
SYNA	Lowered Q3 guidance citing softness in China; CEO to step down immediately.
TDOC	Positive Barron's article highlights company's leadership in 'telehealth'.
WP	Will be acquired by FIS in a \$43 bln cash and stock deal.

Analyst Actions

Upgrades

Ticker	Firm	From	To
ADNT	KeyBanc	Underwgt	Mkt Wgt
DG	Barclays	Mkt Wgt	Overwgt
ELAN	Merrill	Neutral	Buy
OKTA	Goldman	Neutral	Buy

Downgrades

Ticker	Firm	From	To
D	Macquarie	Outperf	Neutral
FB	Needham	Buy	Hold
HAIR	Wim Blair	Outperf	Mkt Perf
IR	Wells Fargo	Outperf	Mkt Perf
SWI	Goldman	Buy	Neutral
SYNA	Mizuho	Buy	Neutral

Initiations/Reiterations

Ticker	Firm	Action	Rating
GARG	Goldman	Resumed	Buy
I	MStanley	Reiterated	Mkt Wgt
NKE	Telsey	Reiterated	Outperf
WMC	KBW	Initiated	Mkt Perf
TRUE	Goldman	Resumed	Sell

Tomorrow

Economic Indicators & Events

Time	Event	Estimate	Last Report		
			Date	Act. vs. Est.	S&P
10:00	Factory Orders	0.3	2/27	-0.5	-0.05
10:00	Durable Goods	0.4	3/13	0.8	0.69

Earnings Reports

Ticker	Date	TOD	Estimate	
			EPS	Revs.
DSW	3/19/19	AM	0.05	843
HDS	3/19/19	AM	0.67	1416
MIK	3/19/19	AM	1.42	1780
FDX	3/19/19	PM	3.16	17716
SCS	3/19/19	PM	0.26	871
TME	3/19/19	PM	0.56	5252

Conferences & Meetings

NVDA	Investor Day
HUM	Investor Day

Dividends & Splits

LRCX	1.10	CINF	0.56
DIN	0.69	TIF	0.55
KSS	0.67	BBY	0.50
STX	0.63		

Index Changes

NGVT	Will replace ESL in the S&P 400 effective 3/18.
WLL	Will replace NGVT in the S&P 600 effective 3/18.

Market Timing Model



Expected S&P 500 Return (%)

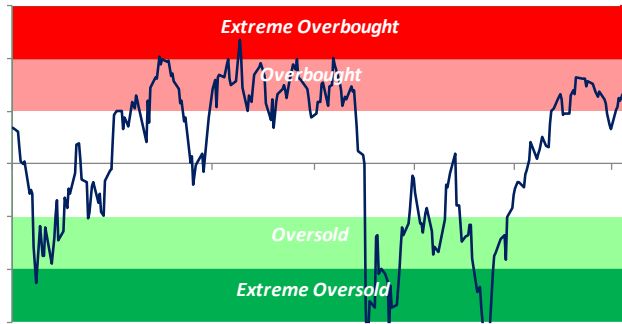
Category	One Week	Two Weeks	One Month
Sentiment	0.10	0.17	0.46
Technicals	-0.06	0.05	0.35
Fundamental	0.14	0.17	0.54
Overall	0.07	0.12	0.37
Average (all days)	0.13	0.25	0.51

Indicators/Events

Time	Event	Estimate	Last Report						
			Date	Est	Act.	Diff.	S&P	Best	Worst
10:00	NAHB Housing Index	63	2/19	59	62	3	0.15	Mat.	HC
MAR	Analyst Meeting								

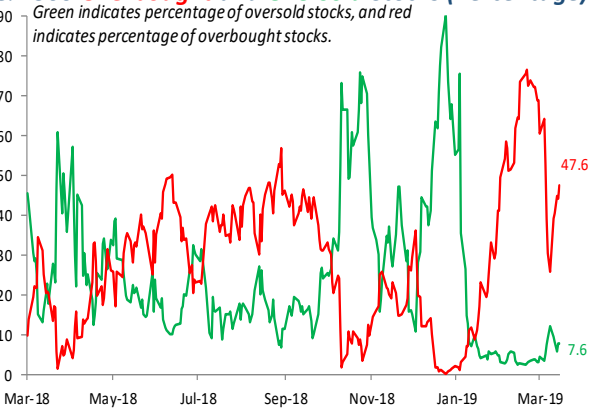


S&P 500 50-Day Moving Average Spread



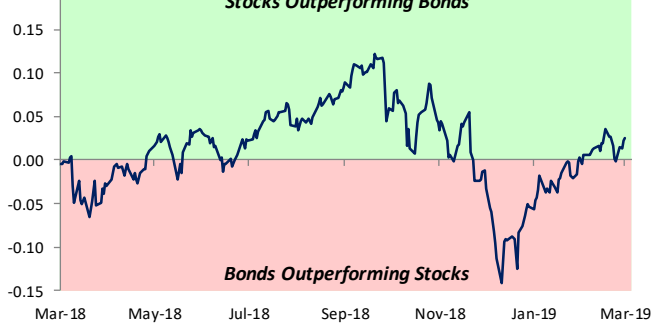
Mar-18 May-18 Jul-18 Sep-18 Nov-18 Jan-19 Mar-19

S&P 500 Overbought and Oversold Stocks (Percentage)



Mar-18 May-18 Jul-18 Sep-18 Nov-18 Jan-19 Mar-19

Relative Strength of Stocks versus Bonds



Mar-18 May-18 Jul-18 Sep-18 Nov-18 Jan-19 Mar-19

S&P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↑	4.3 %	2.6 %
10-Day A/D Line	↑	18	-862
# of Overbought Stocks	↑	238	129
# of Oversold Stocks	↓	38	60
P/E Ratio			
Trailing	↑	18.57	18.05
Forward	↑	16.93	16.44
Dividend Yield	↓	1.95 %	2.00 %
Net Earnings Revisions	↓	-22.5 %	0.0 %
Credit Spreads (bps)			
High Yield	↓	390	392
Corporate Bonds	↓	127	129

Trading Ranges: Sectors

Index/Sector	Current	1 Wk Ago	OS	N	OB
S&P 500	OB	N	█	●	█
Cons Discret.	OB	N	█	●	█
Cons Staples	OB	N	█	●	█
Energy	N	N	█	●	█
Financials	OB	N	█	●	█
Health Care	OB	N	█	●	█
Industrials	N	N	█	●	█
Materials	OB	N	█	●	█
Technology	OB	N	█	●	█
Comm. Svcs	OB	OB	█	●	█
Utilities	OB	OB	█	●	█

Trading Ranges: Bonds/Commodities

Commodity	Current	1 Wk Ago	OS	N	OB
\$/Euro	N	OB	█	●	█
\$/Yen	OB	OB	█	●	█
2-Year	OB	OB	█	●	█
10-Year	N	N	█	●	█
Gold	N	N	█	●	█
Silver	N	OS	█	●	█
Copper	OB	OB	█	●	█
Crude Oil	OB	OB	█	●	█
Heating Oil	N	N	█	●	█
Gasoline	OB	OB	█	●	█
Natural Gas	N	N	█	●	█

Yesterday's Movers

Ticker	% Chg.	Occ.	Average Return (%)			
			Next Day		Next Week	
			Chg.	Percent Up	Chg.	Percent Up
SYNH	12.8	3	0.5	66.7	1.8	66.7
ORN	9.5	39	-0.9	33.3	-1.5	48.7
TWI	9.4	35	0.2	48.6	1.4	60.0
MKSI	9.0	12	0.7	66.7	0.9	75.0
ASNA	-28.0	5	-2.2	20.0	-11.0	20.0
KOPN	-25.5	7	-3.3	42.9	3.3	42.9
KIRK	-23.4	6	4.9	50.0	6.5	66.7
DPLO	-13.6	9	0.8	55.6	3.0	66.7

S&P 500 Overbought Stocks Most Likely to Fall

Ticker	Price	Standard Deviations Above 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
DISH	32.57	1.27	-0.36	45.0
ALXN	136.09	1.35	-0.34	47.1

S&P 500 Oversold Stocks Most Likely to Rise

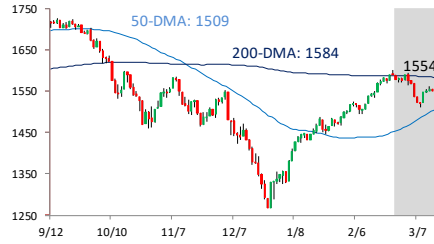
Ticker	Price	Standard Deviations Below 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
MGM	26.02	-1.48	0.95	56.9
EOG	88.85	-1.76	0.67	58.0
CME	170.14	-1.83	0.61	63.6
FMC	77.24	-1.07	0.60	60.8



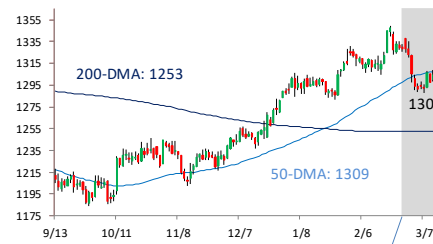
S&P 500: Last Six Months



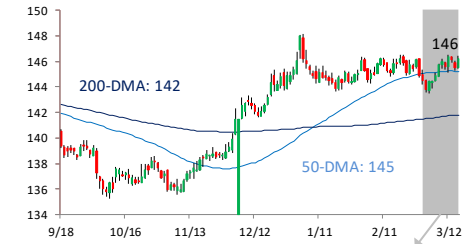
Russell 2000: Last Six Months



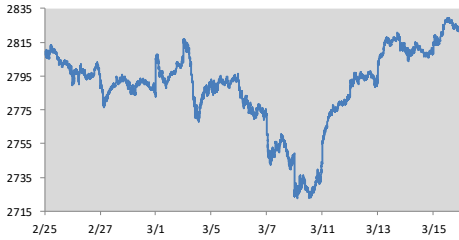
Gold Future: Last Six Months



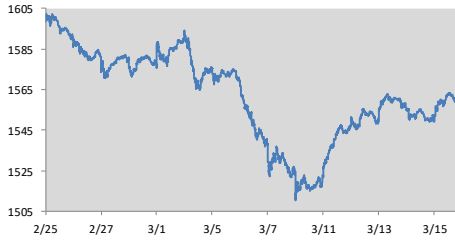
Long Bond Future: Last Six Months



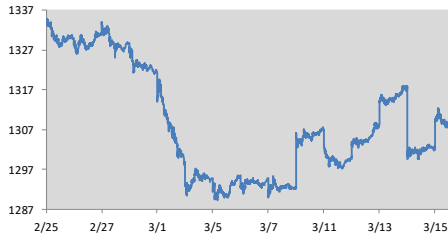
S&P 500: Last 15 Trading Days



Russell 2000: Last 15 Trading Days



Gold Front Month Future: Last 15 Trading Days



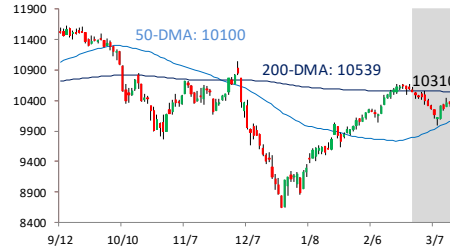
Long Bond Future Intraday: Last 15 Trading Days



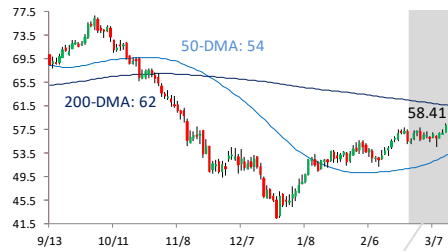
Nasdaq Composite: Last Six Months



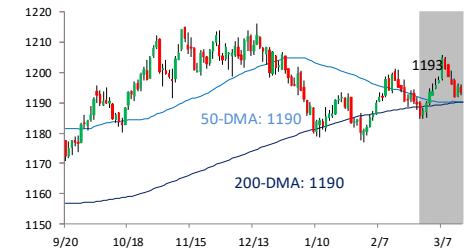
DJ Transports: Last Six Months



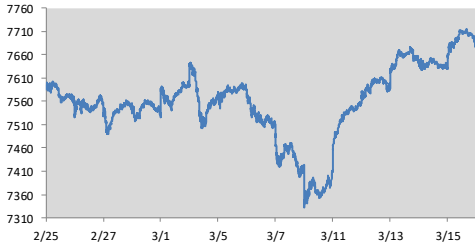
Oil Future: Last Six Months



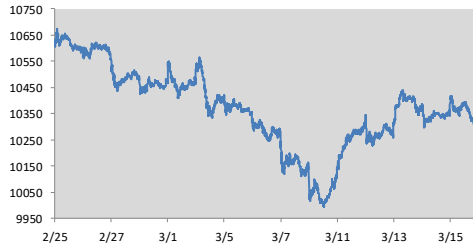
BBG US Dollar Index: Last Six Months



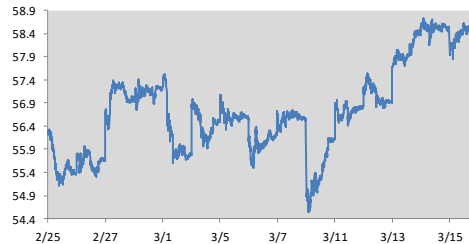
Nasdaq Composite: Last 15 Trading Days



DJ Transports: Last 15 Trading Days



Oil Future: Last 15 Trading Days



BBG US Dollar Index: Last 15 Trading Days





Morning Commentary

Overview: US equity index futures opened the session down last night but a good showing by Asia and positive headlines from Europe have them indicating a 20 bps rally at the open. UST rates are slightly higher and the curve is slightly steeper, the dollar is down and within a few basis points of both its 50- and 200-DMA, and commodities are mixed headed into the US trading day. [Economic scorecard](#)

APAC Markets: Chinese equity markets had a brilliant day to start the week, rising 2.85% on no particular news at all. As shown at right, the CSI 300 large cap index made a fractional new high on a closing basis for the current rally but perhaps more interestingly saw its 50-DMA move above its 200-DMA; this was not a “golden cross” that is triggered when both of those two are rising, but is still a sign of stronger momentum to the upside. There have been 8 prior instances where the CSI 300 saw its 50-DMA rise above its 200-DMA after at least six months below. On average, the index was up 18.93% over the next year, though the skew is huge with one gain of 141%, another of 42%, and three declines of 15% or more.



Other APAC markets were higher as well; while none kept up with A-shares, offshore H-shares were up 1.5% and the only decline in regional equities came courtesy of the Thai SET. Local FX was generally up versus USD, with an 85 bps gain for INR leading the charge out of the weekend.

Europe Markets: The STOXX 600 didn't get a single report to start the week, and markets are generally pretty stable. While the STOXX 600 is slightly higher (+18 bps), breadth is somewhat mixed with 7 groups lower on the day and a somewhat lopsided rally in Banks and Basic Resources. Base metals had a good night but M&A bankers might be the biggest winners as the much-discussed merger between Deutsche Bank and Commerzbank in Germany appears to be headed towards fruition. The German government supports the tie-up even though it will likely lead to tens of thousands of job losses. By assets, the bank would be the third-largest in the EU, and well-capitalized, but still face profitability concerns. For now, it's a good sign that the all-stock deal has sent the acquirer's currency *up*, as DB sharers traded in Germany are near session highs, +4.8%.

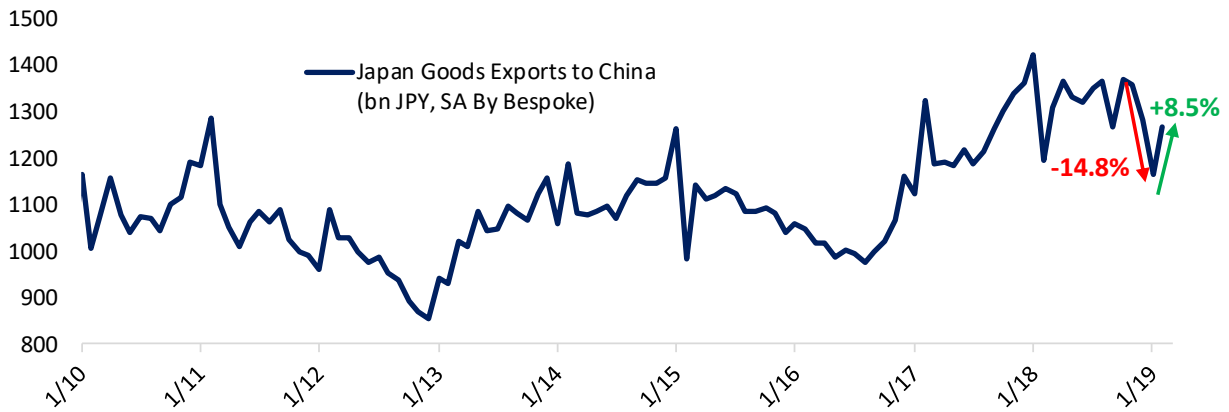
Elsewhere, EURUSD is once again trying to poke its head above its 50-DMA, while baser rates are slightly higher across the Eurozone (peripherals rallying as well), but credit is little-changed for synthetic indices despite a cash bond rally.



Morning Commentary

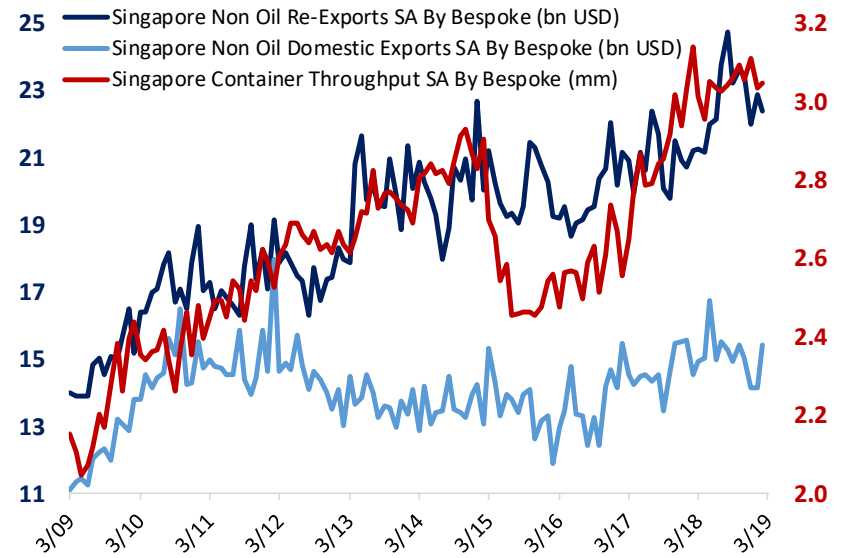
Japan Trade: Two key indicators of activity for the APAC region were released overnight. Japanese goods trade data was the first, with seasonally-adjusted trade balance for the month of February rising to 116.1bn JPY versus 86.0bn expected. Exports were down 1.2% YoY, but that compares relatively favorably with the 8.4% YoY decline reported last month. The really interesting bit, of course, was China. As shown below, Japanese exports to China fell 14.8% on a seasonally-adjusted basis in the three months ended January. February data shows a strong rebound of 8.5%. Whether that rebound in Chinese demand is something that can be sustained (probably by ongoing credit stimulus) is *the* big question, but for now this particular indicator of activity is suggesting that the typical January-February seasonal weirdness and a bit of a rough patch for Chinese activity isn't the end of the world yet.

The China Problem: Japanese Exports Bounce Back, But How Long & How Far?



Singapore Trade: February trade data for Singapore had similarly good news for global activity optimists. While both leading indicators and broad gauges of global trade activity have been in pretty persistent decline of late, we note that exports for Singapore (both from its domestic economy, and via broader measures like re-exports and container volumes, both of which are highly sensitive to global trade activity) have not suffered all that much. Certainly, exports are down, and re-exports are off their peak, but container through-put for the biggest Eurasian trade hub has remained very robust, something that would be impossible if total global trade was collapsing.

Singaporean Data Not Showing Significant Declines In Activity





Morning Commentary

Brexit: With the UK leaving the EU under current circumstances in 11 days, you would think that there might be more panic. Sterling has generally held the highs it hit last week on news of Brexiteer movement towards a the deal negotiated by PM May, and the general feeling that the EU would accept an extension. The general thinking is that an extension is very likely, which is both reasonable and creates significant downside risk, in our view. In Parliament, the most recent iteration of the deal is due to be voted on Tuesday, but understandably PM May is refusing to table the legislation unless there is a “strong chance” it will be approved. The problem, of course, is that if the UK isn’t even trying to vote on the terms the EU has negotiated, extending the deal requires the EU to be okay with indefinite can-kicking until something changes in the domestic UK political scene. While the EU is basically ground zero for can-kicking (see: Crisis, Eurozone, 2010-2013), the presumption that the UK can squabble internally for an indefinite period while the EU politely allows repeated extensions is somewhat hard to conceive.

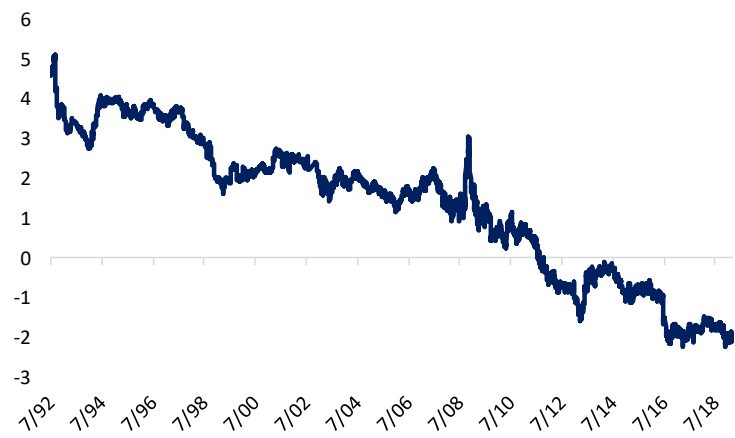
In the near-term, any extension is good for cable (GBPUSD) but keep in mind that most of the “extension news” is already in the price. Movement by Brexiteer ultras within May’s Conservative Party (for instance, members of the European Research Group) towards support are positive. On that front, key figure Jacob Rees-Mogg appeared to move towards a positive vote, saying today a bad deal is better than staying in the EU, while May’s former Foreign Minister Boris Johnson urged rejection of the May deal in a column. Another positive would be movement of Northern Ireland’s Democratic Unionist Party (DUP) towards May’s deal.

While we think the simplest thing to do is declare GBP in an uptrend, buyers will be in a load of pain should the EU’s support for an extension wobble. Also keep in mind that real UK government bond yields are -2% and near record lows; the interest rate market remains dour about the outlook for the UK’s economy in the long term.

GBPUSD: Past 5 Years, Weekly



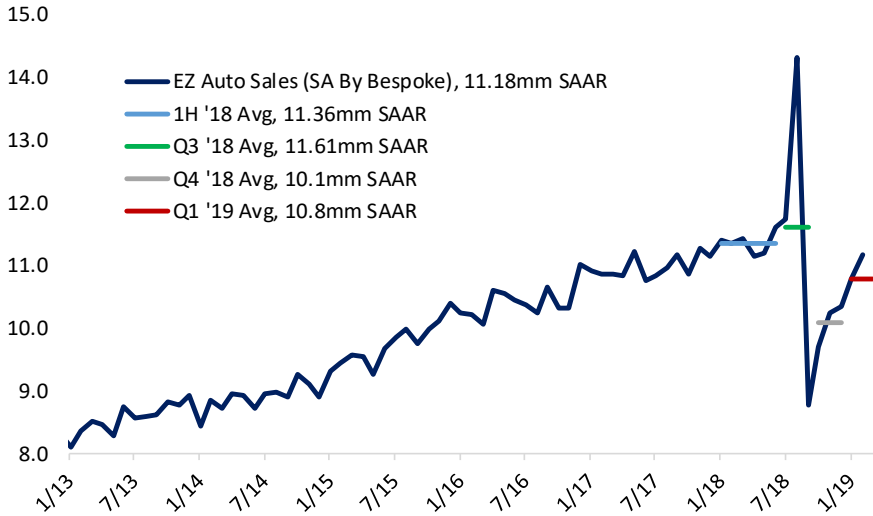
10 Year Real Gilt Yields (%), 1992 - Present





Morning Commentary

EZ Auto Sales, mm, 2013-Current (SAAR By Bespoke)



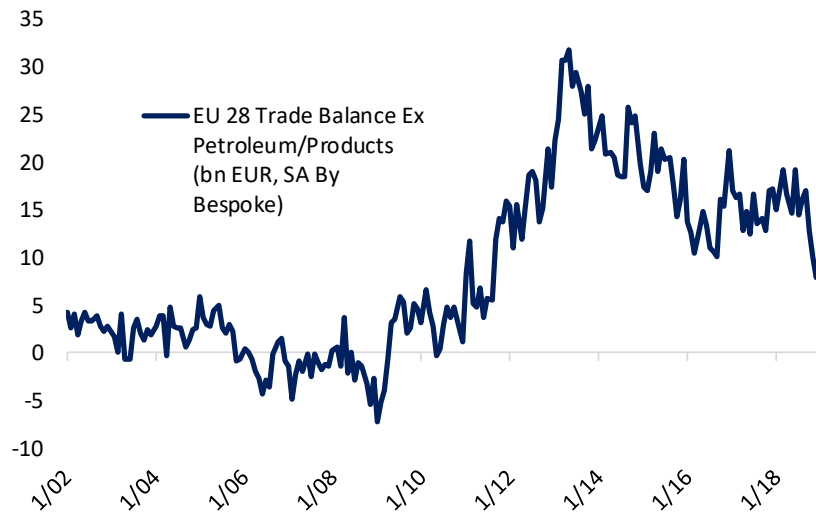
Eurozone Auto Sales:

We didn't get a chance to discuss Eurozone auto sales activity in detail last week and think it deserves mention today. As we've repeatedly emphasized, a surge and then collapse in auto sales volumes in the middle of last year thanks to regulations has continued to ease. So far in Q1, demand is

looking the closest to "normal" (we use the first six months of 2018 as our benchmark) it has since the regulations went into effect (September 2018). As shown in the chart, Eurozone auto sales ran at a pace of 11.18mm SAAR in February, nearly back to the 11.36mm SAAR pace from 1H '18. Q1 sales are therefore up 30.8% annualized versus Q4's 10.1mm SAAR sales pace. That's a very strong impulse (and again, is driven by the exogenous regulatory shock rather than the cyclical health of the Eurozone economy) that we don't see discussed often as a significant positive for Eurozone growth early in 2019.

Eurozone Data: As we've discussed in the past, European nominal data sees large impacts from energy prices, so we think it's helpful to strip those out. Based on the data reported today by Eurostat, we can say European Union (*note: not the same as the Eurozone*) the trade surplus was the second-weakest since 2012 excluding petroleum and petroleum products. That said, ex-petroleum exports were up 3% YoY, versus *down* 3.1% YoY in December, and a 2.1% advance in total exports YoY for the EU 28.

EU Trade Surpluses Falling, But Still Large Ex Energy





Morning Commentary

US Markets: Internet retailer and somewhat surprising cryptocurrency play Overstock (OSTK) announced a 30mm revenue miss versus analysts estimates this morning, losing \$1.39/share in Q4 thanks to weaker gross margins. The stock is trading around \$20, versus highs of \$90 at the peak of the crypto bubble. Another historic big decliner, Lumber Liquidators (LL) has a shot at a new all-time low this morning after reporting 17 cent adjusted EPS but very weak net sales below analysts' estimates and a GAAP EPS loss of \$1.99 per share. [Economic scorecard](#). [Interactive Earnings Calendar](#).

Major Asset Class Dashboard

Equity Futs					Commodity				
Asset	Level	Change	5d Chg	3m Chart	Asset	Level	Change	5d Chg	3m Chart
<i>(bps)</i>					<i>(bps)</i>				
S&P 500	2833.00	11.5	151.4		Gold	1304.70	13.8	88.1	
Russell	1561.40	9.6	47.0		Silver	15.35	13.7	16.3	
VIX Fut	14.90	16.8	-628.9		WTI	58.58	10.3	318.8	
TSX	960.00	2.1	35.5		Copper	292.65	70.5	67.1	
Trsy Yields					Int'l Equity				
2 Year	243.97	0.2	-3.5		Nikkei	21584.50	62.3	217.5	
5 Year	240.18	0.7	-4.0		CSI 300	3851.75	285.0	326.5	
10 Year	259.97	1.3	-4.0		ASX 200	6190.53	24.9	16.7	
30 Year	302.38	1.3	-0.3		Stoxx 600	381.59	12.9	217.4	
Curves/BE					FX				
2s10s	15.79	1.1	-0.4		BBG USD	1191.07	-14.6	-64.5	
5s30s	62.04	0.5	3.7		EURUSD	1.1358	28.3	100.5	
5 Yr BE	188.76	0.2	186.9		USDJPY	111.50	1.8	26.1	
10 Yr BE	194.60	0.1	192.7		EM FX	63.52	23.0	68.6	
Eurodollars					Credit				
Mar '19	97.38	-0.2	-1.5		CDX IG	57.84	-0.2	-2.1	
Jun '19	97.39	-1.0	1.0		iTraxx IG	59.84	-1.0	-3.1	
Sep '19	97.42	-0.5	2.5		CDX HY	340.18	-0.5	-10.5	
Dec '19	97.41	-0.5	4.0		iTraxx HY	270.20	-0.5	-14.7	