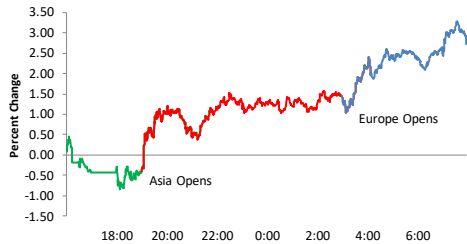




## Today's Events

### Overnight Trading



### Other Markets

Japan	↑	0.1 %
China	↑	0.6
Germany	↑	1.6
UK	↑	1.9
Oil	47.99 ↑	\$0.8
Gold	1648 ↑	\$3.6
\$/Euro	0.899 ↑	0.00
\$/Yen	107.51 ↑	0.4
10-Yr	0.99 ↓	-0.01

### Noteworthy Macro Events

- Biden Re-emerges as Democratic Front Runner.
- Italy Closes All Schools Until at Least Mid-March.
- 10-Year Yield Remains Below 1%.

### Overnight Trading

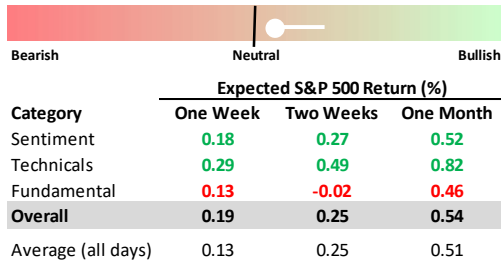
Trading Up (\$):  
AMZN (44.01), TSLA (37.54), UNH (26.4), ANTM (22.61), CI (14.95), AAPL (8.38)

Trading Down (\$):  
CDLX (-8.46), APT (-2.4), JWN (-2.35), DLTR (-1.82), URBN (-1.38), CODX (-1.26)

### Stock Specific News of Note

Ticker	News
AMBA	Beat EPS forecasts by 3 cents (0.14 vs 0.11) on inline revenues; raised sales guidance.
ANF	Beat EPS forecasts by 8 cents (1.31 vs 1.23) on stronger revenues; lowered guidance.
AVAV	Missed EPS forecasts by 18 cents (-0.01 vs 0.17) on weaker revenues; raised guidance.
BF/b	Missed EPS forecasts by 2 cents (0.48 vs 0.50) on weaker revenues; lowered guidance.
CNR	Beat EPS forecasts by 5 cents (0.11 vs 0.06) on stronger revenues.
CPB	Beat EPS forecasts by 6 cents (0.72 vs 0.66) on inline revenues; raised full year guidance.
CVET	Beat EPS forecasts by 6 cents (0.18 vs 0.12) on stronger revenues; lowered guidance.
DLTR	Beat EPS forecasts by 4 cents (1.79 vs 1.75) on weaker revenues; lowered guidance.
GE	Reaffirmed full year EPS guidance.
HPE	Reported inline EPS (0.44) on weaker revenues; reaffirmed guidance.
JW/a	Beat EPS forecasts by 14 cents (0.68 vs 0.54) on inline revenues; raised guidance.
JWN	Missed EPS forecasts by 6 cents (1.42 vs 1.48) on inline revenues; guided inline.
NAV	Missed EPS forecasts by 8 cents (-0.36 vs -0.28) on stronger revenues; reaffirmed guidance.
OMI	Beat EPS forecasts by 3 cents (0.26 vs 0.23) on weaker revenues; lowered guidance.
ROST	Reported inline EPS (1.26) on stronger revenues; lowered guidance.
TGI	Says it sees no impact from coronavirus on 2020 results.
TWI	Missed EPS forecasts by 29 cents (-0.40 vs -0.11) on weaker revenues.
URBN	Missed EPS forecasts by 13 cents (0.50 vs 0.63) on inline revenues.
VEEV	Beat EPS forecasts by 2 cents (0.54 vs 0.52) on stronger revenues; raised guidance.
WEX	Sees Q1 revenues 2%-3% lower due to coronavirus impact.

### Market Timing Model



### Indicators/Events

Time	Event	Estimate	Last Report						
			Date	Est	Act.	Diff.	S&P	Best	Worst
8:15	ADP Employment	170K	2/5	157	291	134	1.13	Ener	Tel Svcs
9:45	Markit US Services	49.4	2/21	53.4	49.4	-4.0	-1.05	C St.	Tech
10:00	ISM Services	54.9	2/5	55.1	55.5	0.4	1.13	Ener	Tel Svcs
10:30	DoE Energy Inventories								
18:30	Fed's Bullard Makes Opening Remarks at Lecture Conference								

## Tomorrow

### Economic Indicators & Events

Time	Event	Estimate	Last Report		
			Date	Act. vs. Est.	S&P
8:30	Nonfarm Productivity	1.3	2/6	-0.2	0.33
8:30	Unit Labor Costs	1.4	2/6	0.1	0.33
8:30	Jobless Claims	215.0	2/27	7	-4.42
8:30	Continuing Claims	1738.0	2/27	13	-4.42
10:00	Factory Orders	-0.1	2/4	0.6	1.50
10:00	Durable Goods	-0.2	2/27	1.2	-4.42

### Earnings Reports

Ticker	Date	TOD	Estimate	
			EPS	Revs.
BJ	3/5/20	AM	0.40	3,476.2
BURL	3/5/20	AM	3.23	2,208.4
CIEN	3/5/20	AM	0.38	818.6
DCI	3/5/20	AM	0.46	696.4
KR	3/5/20	AM	0.55	28,880.4
TECD	3/5/20	AM	4.82	10386
TTC	3/5/20	AM	0.58	789
VIPS	3/5/20	AM	2.16	27700
ADT	3/5/20	PM	0.23	1266
COO	3/5/20	PM	2.72	649
COST	3/5/20	PM	2.06	38265
HRB	3/5/20	PM	-0.56	487
KFY	3/5/20	PM	0.74	501

### Conferences & Meetings

- 10:30 EIA Natural Gas Stockpiles (-111)
- 18:30 Fed's Kaplan Speaks in Chicago
- 20:00 Fed's Kashkari Speaks at University Minnesota
- 20:45 Fed's Williams Speaks at Foreign Policy Dinner
- M Stanley TMT Conference

### Dividends & Splits

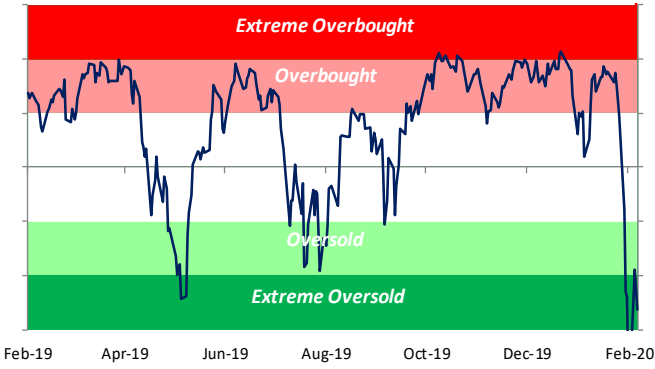
KMB	1.07	LANC	0.70
LIN	0.96	LCII	0.65
PEP	0.96	CRI	0.60
GPC	0.79	WM	0.55
RCL	0.78	CHRW	0.51

### Index Changes

None



### S&P 500 50-Day Moving Average Spread



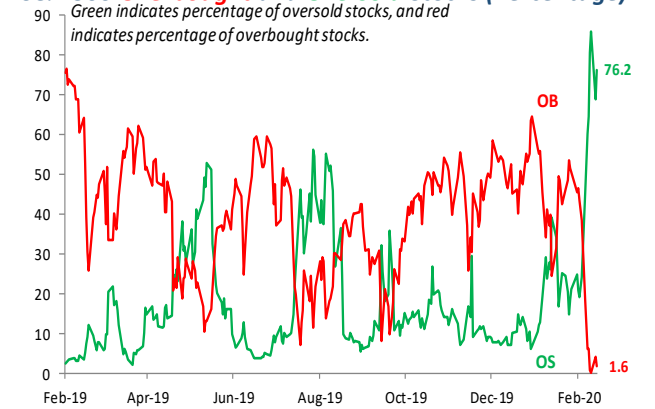
### S&P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↓	-7.9 %	-4.5 %
10-Day A/D Line	↓	-2047	-712
# of Overbought Stocks	↓	8	30
# of Oversold Stocks	↑	381	301
P/E Ratio			
Trailing	↓	19.74	20.56
Forward	↓	17.86	18.03
Dividend Yield	↑	2.01 %	1.93 %
Net Earnings Revisions		-17.5 %	-17.5 %
<b>Credit Spreads (bps)</b>			
High Yield	↑	497	418
Corporate Bonds	↑	133	113

### Yesterday's Movers

Ticker	% Chg.	Occ.	Average Return (%)			
			Next Day		Next Week	
			Chg.	Percent Up	Chg.	Percent Up
GNW	14.8	5	-1.9	0.0	-2.4	40.0
CEIX	9.2	25	0.5	52.0	0.7	52.0
EXTN	9.1	23	1.2	60.9	-1.2	39.1
PEI	6.8	26	-0.1	53.8	-2.1	53.8
DY	-12.0	5	2.4	60.0	4.7	60.0
CPS	-10.9	3	1.1	66.7	0.0	66.7
TVTY	-10.8	5	-2.1	20.0	-2.3	20.0
RIG	-10.7	2	4.2	50.0	-3.1	0.0

### S&P 500 Overbought and Oversold Stocks (Percentage)



### Trading Ranges: Sectors

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

### S&P 500 Overbought Stocks Most Likely to Fall

Ticker	Price	Standard Deviations		Avg % Return (One Week)	Percent of Time Positive
		Above 50-Day Avg	Below 50-Day Avg		
NEM	49.73	2.38	-0.11	49.4	

### Relative Strength of Stocks versus Bonds



### Trading Ranges: Bonds/Commodities

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

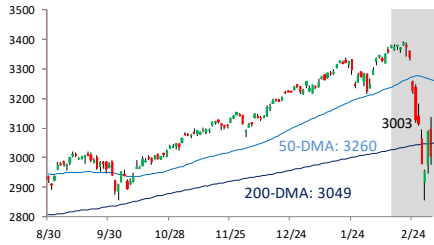
### S&P 500 Oversold Stocks Most Likely to Rise

Ticker	Price	Standard Deviations		Avg % Return (One Week)	Percent of Time Positive
		Below 50-Day Avg	Above 50-Day Avg		
GL	91.18	-3.34	3.62	100.0	
SPG	122.47	-2.88	3.08	80.0	

For an explanation of the first two pages of this report, please click [here](#).



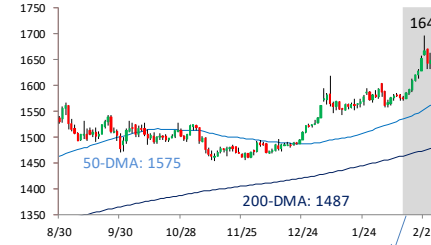
**S&P 500: Last Six Months**



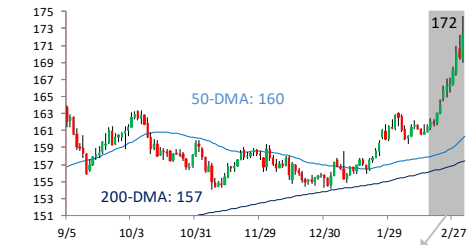
**Russell 2000: Last Six Months**



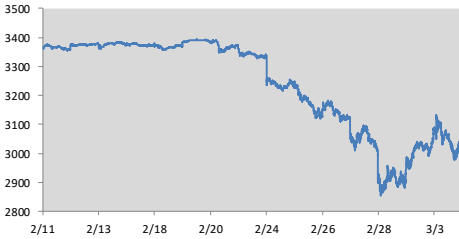
**Gold Future: Last Six Months**



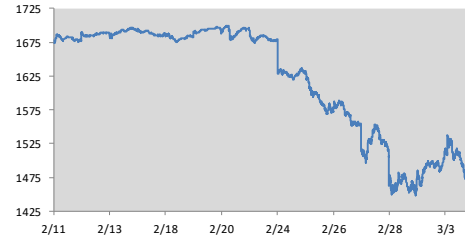
**Long Bond Future: Last Six Months**



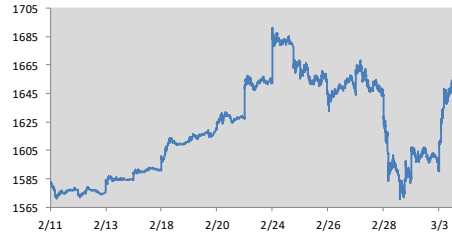
**S&P 500: Last 15 Trading Days**



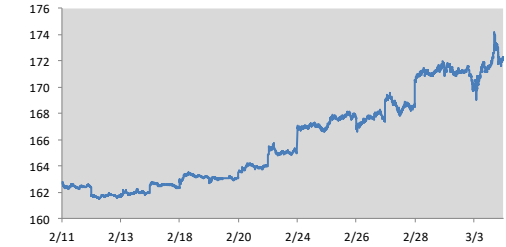
**Russell 2000: Last 15 Trading Days**



**Gold Front Month Future: Last 15 Trading Days**



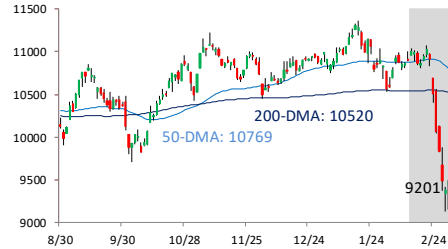
**Long Bond Future Intraday: Last 15 Trading Days**



**Nasdaq Composite: Last Six Months**



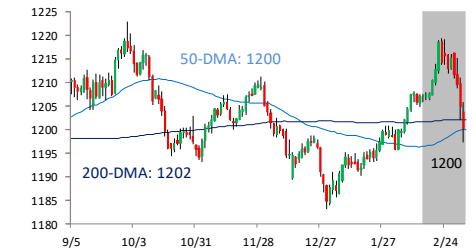
**DJ Transports: Last Six Months**



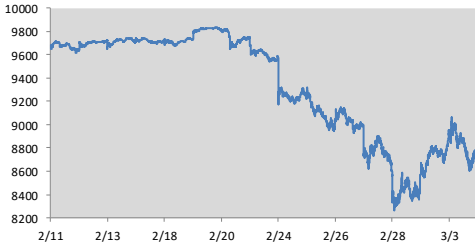
**Oil Future: Last Six Months**



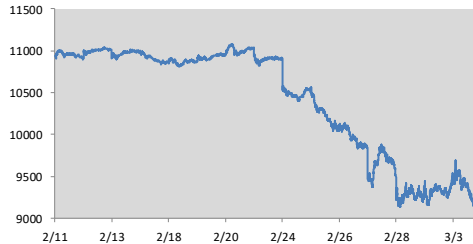
**BBG US Dollar Index: Last Six Months**



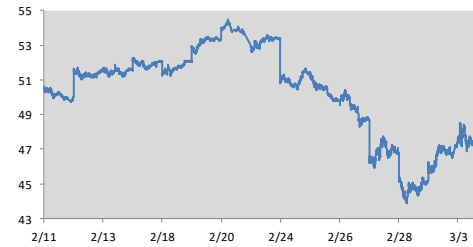
**Nasdaq Composite: Last 15 Trading Days**



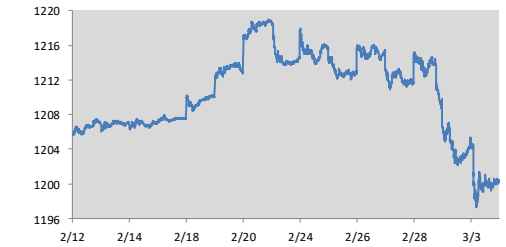
**DJ Transports: Last 15 Trading Days**



**Oil Future: Last 15 Trading Days**



**BBG US Dollar Index: Last 15 Trading Days**

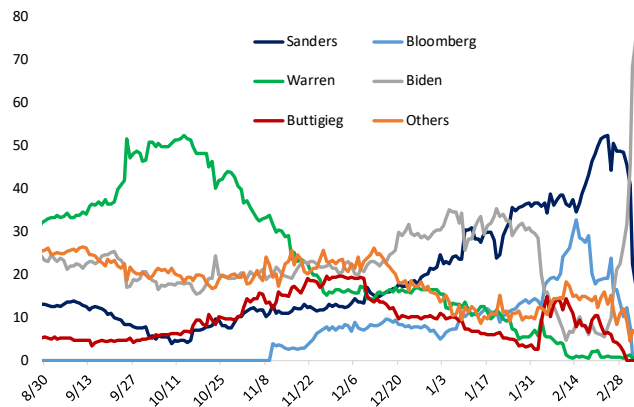




## Morning Commentary

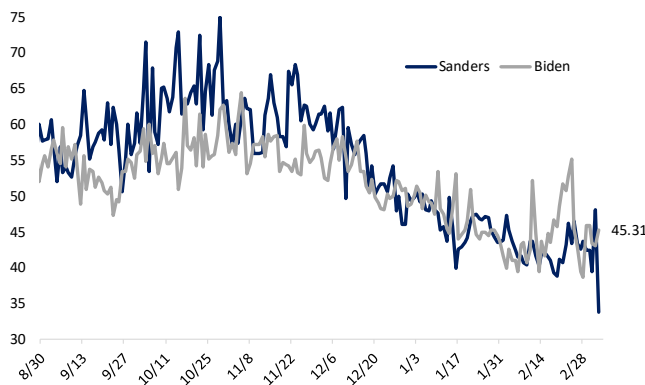
**Overview:** Stocks are ripping higher as the US cash equity market nears its open, with the S&P 500 priced to open up over 2% in a buying wave that started last night and has kept going. Interest rates are mixed on the day, but other stress indicators like the VIX are suffering. Gold is up on the session, the dollar is up, and after plunging below \$45/barrel earlier this week WTI trades back to \$48 in an impressive rebound for expected demand. While the US equity market is still well off its highs from yesterday, it's only about 21 bps below where it closed on Monday in a sign that buying interest has continued despite the intraday reversal yesterday. [Global Economic Scorecard](#)

Super Tuesday East Coast Blow-Outs Make Biden Overwhelming Favorite



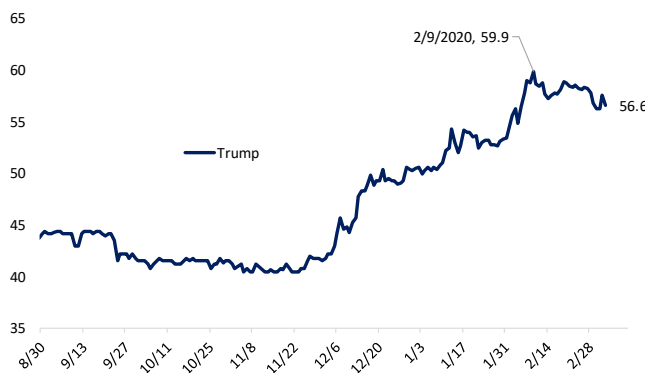
**Democrats Consolidate:** Former Vice President Joe Biden is now the leader in delegates after huge wins on Super Tuesday on the East Coast and Midwest dealt a blow to Senator Bernie Sanders. Biden also won Texas narrowly. Sanders is not by any means eliminated from the race (and the comeback for Biden should illustrate how fast things can change), thanks to strong performances in very large states; California's final delegate allocation won't be known for a week thanks to early votes mailed as late as election day trickling in, but Sanders' large margins in the state weren't enough to offset the massive margins for Biden elsewhere. Late voters broke overwhelmingly for Biden, with states that have little or no early vote (Virginia) performing huge for him and endorsements helping (Biden carried Minnesota after its Senator Klobuchar endorsed; he had no staff in the state).

Betting Markets' Implied Odds To Beat Trump Heads Up: Biden At 45%



Assuming Biden's momentum continues, markets currently price him at 45% chances of beating the President in November. Notably, the President's odds have started to plateau and drift lower as the Democratic Primary has ramped up, but in our view this looks more like a story about Covid-19 and its potential impact on the economy than the debate over who will face him in November moving the needle.

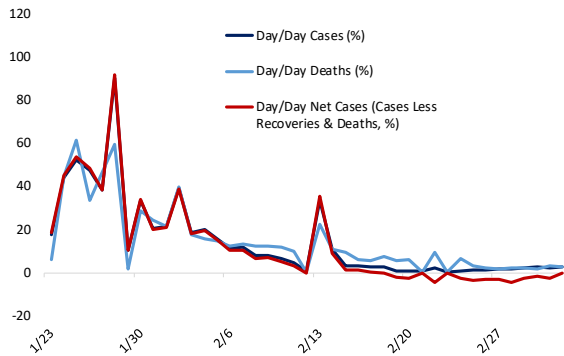
General Election Victory Odds Have Started To Slide



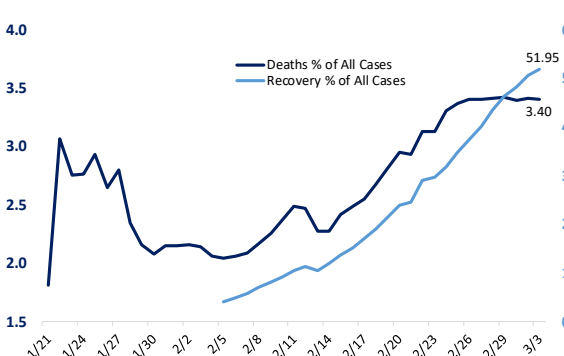


## Morning Commentary

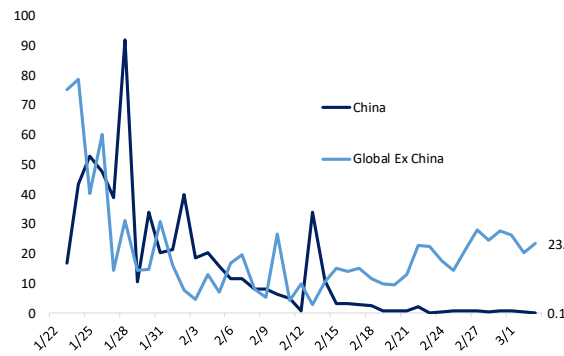
Global Net Case Growth Back Into Positive Territory



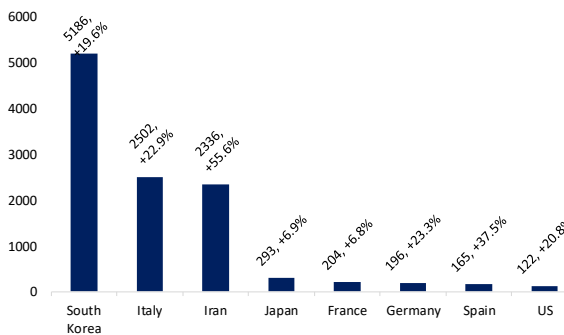
Confirmed Recoveries >One-half of Cases, Deaths ~3.5% of Cases



Ex-China Case Growth Still Accelerating



Largest National Disease Clusters, w/ 1 Day % Change



**Coronavirus:** Global case counts continued to rise yesterday with new cases outside of China up 23.2% sequentially. The good news is that disease clusters in South Korea and Italy are not seeing *accelerated* growth, but testing could be the bottleneck in those instances. With clusters established and growing in other major Western European countries and the United States, efforts at containment in those countries won't stop a broader global spread. Italy also just announced that all schools in the country will be closed until mid-March.

On a global basis, though, Covid-19's net growth (case count increases less recoveries and deaths) started its third week of negative prints today as recoveries continue to rise in China and the growth of new cases remains very soft. The number of deaths relative to total cases has also slowed dramatically, though there are now 8 deaths confirmed in Washington State as local health authorities work to contain an outbreak that started at a nursing home and now includes more than 20 firefighters.

As a reminder, US case counts are without doubt understated dramatically thanks to a massive testing bottleneck (in terms of both testing criteria and capabilities) that won't be cleared up soon. On the other hand, that means that deaths related to the disease are unlikely to be as large of a percentage of cases as they look.

As far as policy goes, Fed rate cuts won't help slow the spread of the virus, and so far Congress hasn't offered much help. Discussions about covering costs related to Covid-19 testing are under way, but targeted fiscal stimulus (income support for effected workers, bridge loans for companies that suffer, tax breaks targeted to keep doors open, or other related efforts) haven't been seriously considered yet.



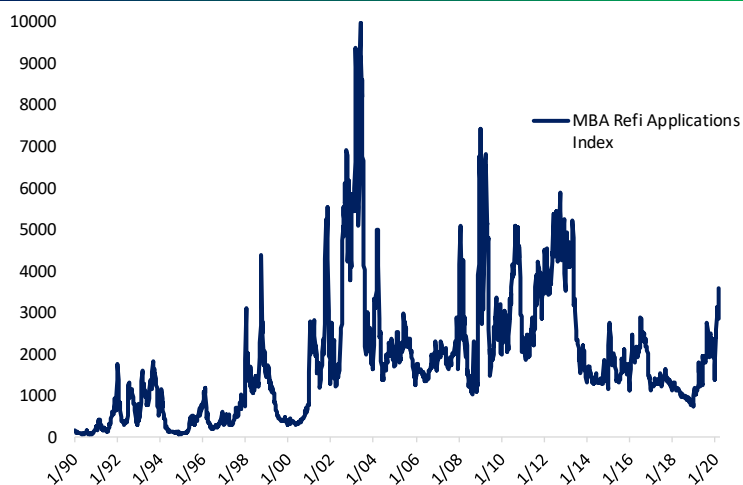
## Morning Commentary

**APAC Markets:** US futures' gapped down but general rallied from 7:00 PM onwards drove significant buying in a few specific Asian markets: Korea's KOSPI ramped 2.2% and Indonesia soared 2.4%, but Australian stocks dropped 1.7% and Japan's broad TOPIX index was slightly lower as regional investors tried to figure out whether US gains would hold. Regional FX was a very different story: IDR's 1.2% rally led a surge across the market that saw only USDJPY trade down versus USD. Ongoing evidence of containment in China has definitely helped sentiment, but air pollution numbers indicate that activity re-starts are slow and fitful so far.

**Europe Markets:** European equity markets rose modestly at the open and haven't looked back, surging 1.9% on better than 7:1 breadth that has all groups higher. While some more cyclical stocks are leading the charge (Resources is up 2.5%) the rally is broadly defensive in nature as Utilities, Health Care, and Food and Beverage are all in the top five best-performing groups. Autos, Banks, Tech, Industrial Goods/ Services, and Travel & Leisure are all up less than 1.5% and trail the broad market. Dialog, a semis firm that does design work for Apple (AAPL), reported Q1 sales would be reduced by as much as 15% thanks to the virus.

The biggest mover on the STOXX 600 this morning is laboratory services company Eurofins Scientific. That stock is up by the most in a decade after strong cash flow estimates for the next couple of years. Pharma names MorphSys and Ipsen are also up big, but thanks to individual catalysts in each name rather than the macro backdrop of the Covid-19 outbreak. Interest rates are not the explicit cause of the defensive tone in European equities this morning, though: German curves are bear-steepening, and while the US 2-year yield is down, longer-term bond yields are higher. Credit markets are giving a mixed reception to risk this morning too: while high yield is rallying, investment grade spreads are more mixed. In FX, EURUSD is posting an outside day bearish reversal, which suggests a plunge back towards the 50-DMA after the cross gained over 2.5% in the four sessions ended yesterday. EURCHF had even managed to rally a bit over the last week but that's reversing now, as the cross drops 31 bps.

**Refinancings Surge To 8 Year Highs As Mortgage Rates Fall To 3.5%**



**Refis:** This morning weekly data from the Mortgage Bankers' Association showed refinancing demand exploding as applications for loans came in at the highest levels since before the taper tantrum back in 2013. As shown in the chart below, this is a historic level of refinancing interest and we cannot stress enough that it will materially improve the cashflow of many consumers, reducing housing costs relative to incomes. That won't offset activity shocks from the virus, but at the very least it helps on the margins.



## Morning Commentary

**Markit PMIs:** Overnight Markit released a series of updated services and composite PMIs from around the world economy. The results are shown in the two tables below. In general, this PMI data is basically being thrown aside by the market in the face of Covid-19 drama, and that's a pretty understandable reaction in our view.

Only China and Hong Kong are showing major shifts in their Services sector, and that was already well-understood anyways. Impacts on European activity don't look to have shown up at all in February PMIs but absolutely will in March results given the surge in Italian cases and the spread of the disease across most of Western Europe.

Markit February Composite PMIs						Markit February Services PMIs					
Country	Current	Last	Change	Year Ago	Change	Country	Current	Last	Change	Year Ago	Change
	Level	Month		Level			Level	Level			
India	57.6	56.3	1.3	53.8	3.8	Ireland	59.9	56.9	3.0	55.9	4.0
Ireland	56.7	54.7	2.0	55.4	1.3	India	57.5	55.5	2.0	52.5	5.0
Nigeria	55.0	55.9	-0.9	53.3	1.7	UK	53.2	53.9	-0.7	51.3	1.9
UK	53.0	53.3	-0.3	51.5	1.5	Eurozone	52.6	52.5	0.1	52.8	-0.2
Saudi Arabia	52.5	54.9	-2.4	56.6	-4.1	France	52.5	51.0	1.5	50.2	2.3
France	52.0	51.1	0.9	50.4	1.6	Germany	52.5	54.2	-1.7	55.3	-2.8
Spain	51.8	51.5	0.3	53.5	-1.7	Spain	52.1	52.3	-0.2	54.5	-2.4
Eurozone	51.6	51.3	0.3	51.9	-0.3	Italy	52.1	51.4	0.7	50.4	1.7
Russia	50.9	52.6	-1.7	54.1	-3.2	Russia	52.0	54.1	-2.1	55.3	-3.3
Italy	50.7	50.4	0.3	49.6	1.1	US*	49.4	53.4	-4.0	56.0	-6.6
Germany	50.7	51.2	-0.5	52.8	-2.1	Australia	49.0	50.6	-1.6	48.7	0.3
US*	49.6	53.3	-3.7	55.5	-5.9	Japan	46.8	51.0	-4.2	52.3	-5.5
UAE	49.1	49.3	-0.2	53.4	-4.3	China	26.5	51.8	-25.3	51.1	-24.6
Kenya	49.0	49.7	-0.7	51.2	-2.2	<i>*Note: Flash</i>					
Australia	49.0	50.2	-1.2	49.1	-0.1	<b>Average</b>	<b>50.5</b>	<b>53.0</b>	<b>-2.5</b>	<b>52.8</b>	<b>-2.3</b>
South Africa	48.4	48.3	0.1	50.2	-1.8	<b>EM Average</b>	<b>54.2</b>	<b>52.9</b>	<b>1.3</b>	<b>52.8</b>	<b>1.4</b>
Egypt	47.1	46.0	1.1	48.2	-1.1	<b>DM Average</b>	<b>51.6</b>	<b>53.2</b>	<b>-1.5</b>	<b>53.0</b>	<b>-1.4</b>
Japan	47.0	50.1	-3.1	50.7	-3.7						
Singapore	47.0	51.4	-4.4	49.8	-2.8						
Lebanon	45.4	44.9	0.5	46.9	-1.5						
Hong Kong	33.1	46.8	-13.7	48.4	-15.3						
China	27.5	51.9	-24.4	50.7	-23.2						
<i>*Note: Flash</i>											
<b>Average</b>	<b>48.9</b>	<b>51.1</b>	<b>-2.3</b>	<b>51.7</b>	<b>-2.8</b>						
<b>EM Average</b>	<b>48.7</b>	<b>51.1</b>	<b>-2.3</b>	<b>51.6</b>	<b>-2.8</b>						
<b>DM Average</b>	<b>48.9</b>	<b>51.2</b>	<b>-2.3</b>	<b>51.8</b>	<b>-2.9</b>						



## Morning Commentary

**US Markets:** While data is a bit stale thanks to the Covid-19 outbreak, there's a big lineup today that includes ADP employment numbers for February, Services PMIs from Markit and ISM, and the Fed's Beige Book at 2:00 PM; that anecdotal update will be closely scrutinized for indications of Covid-19 impacts on the US business sector. To stay on top of all the latest reports, make sure to check out our [Interactive Earnings Calendar](#). You can also follow US and Global data with our [Economic Scorecard](#).

### Major Asset Class Dashboard

Asset	Level	Change	5d Chg	3m Chart	Asset	Level	Change	5d Chg	3m Chart		
<b>Equity Futs</b>	S&P 500	3067.00	233.6	-106.5		<b>Commodity</b>	Gold	1647.90	21.3	30.4	
	Russell	1511.60	216.3	-225.7			Silver	17.26	39.0	-387.2	
	VIX Fut	27.05	-728.4	2049.0			WTI	48.07	188.6	-119.2	
	TSX	972.10	0.0	-415.1			Copper	259.80	97.2	122.7	
<b>Trsy Yields</b>	2 Year	68.47	-1.4	-48.0		<b>Int'l Equity</b>	Nikkei	21100.06	8.2	-591.3	
	5 Year	74.76	0.5	-41.1			CSI 300	4115.05	57.9	103.2	
	10 Year	99.56	-0.3	-34.2			ASX 200	6325.40	-171.4	-570.5	
	30 Year	161.76	0.3	-20.7			Stoxx 600	388.47	192.6	-399.1	
<b>Curves/BE</b>	2s10s	30.46	1.1	13.6		<b>FX</b>	BBG USD	1201.47	11.0	-113.7	
	5s30s	86.84	0.0	20.7			EURUSD	1.1116	-51.0	216.0	
	5 Yr BE	137.82	2.1	-15.9			USDJPY	107.57	41.1	-259.0	
	10 Yr BE	146.40	1.5	-8.2			EM FX	58.86	39.6	43.9	
<b>Eurodollars</b>	Mar '20	98.98	0.0	54.3		<b>Credit</b>	CDX IG	65.76	-7.8	8.1	
	Jun '20	99.22	0.5	53.0			iTraxx IG	62.38	-1.8	10.8	
	Sep '20	99.31	1.0	51.0			CDX HY	367.40	-5.1	23.2	
	Dec '20	99.30	1.0	46.5			iTraxx HY	283.27	-1.6	27.6	