



Inside Today's Blitz

- US Small Business Optimism at 6 Month Low
- Markets Await Powell Speech
- USD Near 7 Month Low
- **DHR, PKI** Strong Guides; **A** Buyback; **OSH** Takeover Interest; **COIN** Restructuring; **CROX** Raises View; **GEHC** Raises View;

Market Outlook

Futures are trading lower this morning as hawkish Fed talk continues to weigh after the market got off to a strong start to the year and Powell is set to speak later today. We continue to see signs that inflation has peaked across the globe, but the Fed looks to remain behind the curve. Meanwhile, Bonds have started the year with a major rally and the USD sits near a 7-month low. JPM Healthcare and ICR Retail Conferences are driving single stock moves and Bank earnings will come out on Friday.

European stocks slipped into the red on Tuesday after two Fed officials said the Federal Reserve would likely raise interest rates to above 5 percent and hold them there for some time in order to keep inflation under control. Retail sales in Britain grew nearly 7 percent year-on-year in December, but this was largely due to goods costing more. French industrial production jumped 2.0 percent month-on-month in November.

Asian stocks ended on a mixed note Tuesday, with hawkish remarks from two Federal Reserve officials and fears of a coming recession weighing on markets. Japanese shares bucked the weak trend as traders returned to their desks following a public holiday. Treasury yields fell and the dollar consolidated recent losses while oil prices fell after three consecutive sessions of gains.

Calendar

Today... Fed Chair Powell Speaks, Final Wholesale Inventories; Japan CPI, China Money Supply; JPM Healthcare Conference

Tomorrow... Crude Oil Inventories, 10-year Bond Auction, Business Inflation Expectations; J.P. Morgan Healthcare Conference, Needham Growth Conference, ICR Conference

Overnight Markets

Description	Price	Change
Natural Gas	3.815	-2.43%
Copper	4.0145	-0.30%
Oil (WTI)	75.14	0.68%
Silver	23.64	-0.99%
Gold	1878	0.01%
US Dollar	103.3	0.29%
VIX	22.4	1.96%
Bonds	114.27	-0.31%
Bitcoin	17,250	0.15%
Ethereum	1,327	0.50%

Technical View



Key Levels to Watch

S&P Futures (ES_F) are pulling back with rising 1-month VWAP at 3877 likely key support aligning with the top of monthly value as the range breakout from Monday is being retested. If we slip deeper the 3850/3860 important zone for bulls to defend. The 3910/3930/3970 are upside levels of note as resistance if the market can find its footing early.

Economic Data

- **Japan** core consumer prices in Japan's capital, a leading indicator of nationwide trends, rose a faster-than-expected 4.0% in December from a year earlier, exceeding the central bank's 2% target for a seventh straight month in a sign of broadening inflationary pressure
- **China** credit expanded at a slower-than-expected pace in December as Covid disruptions and a turbulent bond market weighed on borrowing activity. Aggregate financing, a broad measure of credit, was 1.31 trillion yuan (\$193 billion) last month, the People's Bank of China said Tuesday
- **UK** labor market cooled further in December, according to a survey of recruiters published on Tuesday that may ease some of the Bank of England's concerns about the risks of longer-term inflation pressure
- **Denmark's** consumer price inflation eased further in December to the lowest level in five months amid a slight moderation in the price growth of food and non-alcoholic beverages, data from Statistics Denmark showed on Tuesday
- **France's** industrial production rebounded at a stronger-than-expected pace in November as operations returned to normal after the labor strike in refineries, official data revealed Tuesday

Movers

Gainers: OSH 28%, FRO 15%, TH 6%, ARCT 5%, DDD 3%, AZZ 3%, SHC 53%, STEM 5.5%

Losers: PTLO -4%, DOCN -3.5%, JEF -3.3%, ETWO -3%, HPE -2.7%, VEEV -2.4%, ISEE -2%, EURN -15%, ON -4%, AOS -3.4%, CRWD -3%, ZS -3%, SI -2%, BA -3%

Insider Buying

HSKA, XOMA, GNTY, LDI, ALTI, XOS, RILY

IPO Calendar

Skyward (SKWD) to IPO 8.5M Shares at \$14-\$16

MARKET HEALTH AND STATS CHECK

INDICATOR	SIGNAL
NYSI	BULL
WEEKLY MACD	BULL
8/21 WEEKLY MA	BEAR
CUMULATIVE A/D 89-EMA	BULL
NEW HIGH/LOW CUMULATIVE 10-MA	BEAR
UP/DOWN VOLUME RATIO 150-MA	BULL
TOP OF BOOK DEPTH	NEUTRAL
YTD EQUITY FLOWS	-\$2.5B
IMPLIED ERP	4%
P/E	17.5X
2022/2023 EPS GROWTH EST.	7%/0%
S&P SHORT INTEREST	1.70%

Macro News

- **Bank Earnings** - U.S. banking giants are forecast to report lower fourth quarter profits this week as lenders stockpile rainy-day funds to prepare for an economic slowdown that is battering investment banking. Rising prices and higher borrowing costs have prompted consumers and businesses to curb their spending, and since banks serve as economic middlemen, their profits decline when activity slows. The six banks are also expected to report an average 17% drop in net profit in the fourth quarter from a year earlier, according to preliminary analysts' estimates from Refinitiv. Still, lenders stand to gain from rising rates that allow them to earn more from the interest they charge borrowers. Investors and analysts will focus on bank bosses' commentary as an important gauge of the economic outlook. A parade of executives has warned in recent weeks of the tougher business environment, which has prompted firms to slash compensation or eliminate jobs
- **Inflation** - Some of the world's largest asset managers such as BlackRock Inc., Fidelity Investments and Carmignac are warning markets are underestimating both inflation and the ultimate peak of US rates, just like a year ago. Analysts at BlackRock's Investment Institute also see high inflation persisting, with little hope that a recession will spur the Fed to cut rates. Instead, they expect the Fed to taper its outsized hikes into smaller ones as the pain of the economic slowdown becomes clear, even if inflation stays above the bank's 2% target
- **ECB** - European Central Bank Executive Board member Isabel Schnabel said borrowing costs must be lifted much further, with inflation only just having dipped back into single digits

Sentiment

- **NFIB Small Business Optimism** falls to 89.3 in December versus 91.3 consensus expectation, a six-month low

Stock-Specific News

Consumer Goods (XLP)

- **WWW** guides Q4 revenues above Street but EPS low-end of guidance; moving quickly on previously-announced sale of Keds and Wolverine Leathers business, both are now in very active processes with potential buyers

- **URBN** reports record holiday sales; total net sales increased 2.3% Y/Y
- **CROX** guides FY23 revenues strong
- **PEP, KO** are under preliminary investigation by the U.S. Federal Trade Commission (FTC) over potential price discrimination in the soft drink market, Politico reported on Monday citing sources
- **BMW** fourth-quarter group sales rose 10.6%, the carmaker said on Tuesday, helped by easing supply chain bottlenecks in a year that has been plagued by war in Ukraine and lockdowns in China

Hawk Database

CROX 3900 Jan.\$95
calls bought along
with 2500 each March
\$110 and \$115 calls
bought in OI

Consumer / Business Services (XLY)

- **PLNT** announces year-end metrics: members increased 1.8M to approx. 17M; opened 158 new stores bringing the total to 2,410
- Spanish ride-hailing app **Cabify** plans to list its shares on the stock market within 12 to 15 months, local news website El Confidencial reported on Tuesday citing unidentified sources closed to the company's management. The company's valuation would be close to 2 billion euros (\$2.2 billion)
- Recruiter **Robert Walters** expects its 2022 full-year profit to have fallen slightly short of market expectations, the company warned on Tuesday, sending its shares plunging
- India's **Tata Consultancy Services** fell nearly 3% on Tuesday after missing profit estimates and flagging challenges in Europe while the IT major's first workforce decline since the pandemic in 2020 indicated a sharp growth moderation ahead

On the Chart

PLNT breaking out of
a bull flag this week
looks to have room
to \$90

Financials (XLF)

- **FICO** CFO Michael McLaughlin to step down; co reaffirms prior FY23 guidance
- **COIN** announces preliminary results for FY22 and further restructuring with job cuts
- **CG** acquired a majority stake in Indian beauty care and wellness solutions provider VLCC for around \$300M

Healthcare (XLV)

- **CVS** is reportedly eyeing a \$10B+ takeover of **Oak Street (OSH)**, Bloomberg reports. CVS, a major drugstore operator, has been expanding more directly into health care via acquisitions, agreeing last year to buy Signify Health Inc., a deal that should close in the first half of 2023. Oak Street, which went public in 2020, aims to reinvent care for Medicare patients with low incomes and chronic health problems. The company says its high-touch approach — frequent checkups, preventive

Sympathy Mover

AGL, PINC, PRVA,
DH other potential
M&A targets

screenings and meetings with social workers — can reduce patients' medical costs

- **JNJ** will look for opportunities to merge with or acquire firms that add value to its focus areas of eye care, surgical robots, orthopedics and cardiovascular products, the company's Chief Executive Officer Joaquin Duato said on Monday. The company's CEO expects J&J to continue growing towards its goal of \$60 billion in pharmaceutical sales by 2025, and is confident of exceeding current Street expectations by the targeted year
- **DHR** guides Q4 revenues above Street
- **PKI** expects to meet or exceed prior guidance for Q4
- **A** authorizes \$2B buyback
- **KIDS** cuts guidance for FY23
- **GEHC** announces it has entered into an agreement to acquire IMACTIS, an innovator in the rapidly growing field of computed tomography interventional guidance across an array of care areas; Guides Q4 revenues above Street
- **SHC** Announces Settlement of Ethylene Oxide Litigation in Illinois
- **BNTX** entered into an agreement under which BioNTech will acquire InstaDeep an upfront consideration of approximately £362M

On the Chart

A dipped to 55-MA support this week and a top 2023 pick still looks good versus \$145

Industrials (XLI)

- **CHRW** has reached an agreement to work with its activist investors as analysts said new board member Jim Barber would be a strong candidate to lead the company
- Swedish venture capital group Triton said on Tuesday it had made a rival offer for Finnish construction systems provider **Caverion** that valued the takeover target at around 1.09 billion euros (\$1.17 billion)

Hawk Database

CHRW seeing size February puts accumulate, featured write up today

Materials & Energy (XLB, XLE)

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Technology (XLK)

- **AAPL, QCOM, AVGO** – Bloomberg reported late Monday that Apple's push to replace the chips inside its devices with homegrown components will include dropping a key Broadcom Inc. part in 2025. As part of the shift, Apple also aims to ready its first cellular modem chip by the end of 2024 or early 2025, letting it swap out electronics from Qualcomm Inc. Apple is Broadcom's largest customer and accounted for about 20% of the chipmaker's revenue in the last fiscal year, amounting to almost \$7 billion. Qualcomm got 22% of its annual sales from the iPhone maker,

representing nearly \$10 billion, though that company has warned for years that its Apple reliance will wane.

- **Microsoft (MSFT)** is said to be in talks to invest \$10 billion into OpenAI, the owner of ChatGPT, Semafor reported on Monday
- **UDMY** CEO and Chairman to retire, Udemy Business President Greg Brown promoted to CEO; effective February 28, 2023
- **TSM** reports Dec revenues increased 23.9% Y/Y to NT\$192.6B; Q4 revenues below consensus
- **PLTR, NET** partner to help organizations cut cloud costs, increase control, and improve predictability over multi-cloud workloads

Communications & Utilities (XLU, XLC)

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Analyst Notes

Upgrades

- **TTM** raised to Buy at BAML
- **BMBL** raised to Overweight at KeyBanc
- **RCL** raised to Neutral at MSCO
- **T** raised to Overweight at Wells Fargo
- **OKE** raised to Overweight at JPM
- **BE, AMPS, STEM** raised to Overweight at MSCO
- **AMT** raised to Buy at Goldman
- **TECH** raised to Neutral at Wells Fargo; **A** raised to Overweight
- **CFLT, DV** raised to Overweight at Barclays
- **KEYS** raised to Overweight at Barclays
- **R** raised to Outperform at Wolfe
- **PUMP, NBR** raised to Overweight at Barclays
- **CPT** raised to Buy at Mizuho
- **BAC, PNC, KEY** raised to Buy at Odeon
- **CWST** raised to Buy at UBS

Hawk Database

T size buyers in February \$20 and \$19 puts on 1/9

On the Chart

R healthy pullback and over \$85.30 has room back to \$90

Downgrades

- **CHRW** cut to Neutral at Goldman; **CNI** cut to Sell
- **AOS** cut to sell at UBS
- **PCAR** cut to Underperform at Wolfe
- **USM** cut to Underweight from Overweight at Wells Fargo
- **BA** cut to Neutral at MSCO

- **CC, PPG** cut to Neutral at RBC
- **IVZ** cut to Neutral at UBS
- **ALLY, COF** cut to Neutral at Jefferies
- **HIG** cut to Neutral at Evercore
- **DT, HPE, NTAP** cut to Neutral at Barclays
- **ZI** cut to Neutral at Truist
- **ON** cut to Neutral at Blair
- **AZEK** cut to Neutral at Citi
- **BOX** cut to Underperform at RBC
- **RSG** cut to Neutral at UBS

Initiations

- **CHRD, CHK, CPE, SM, CRGY, MGY** started Buy at Mizuho

Other Notes

- **LULU** defended at Baird
- **EQIX, T** added to Citi Positive Catalyst Watch
- **WWE** target to \$110 at Citi and sees a sale possible

Trade Ideas

Argenx SE (ARGX) a favorite Biotech setting up after slipping below 1-year VPOC on Monday it rallied to close above and provides a solid reward/risk entry. ARGX needs to clear \$378 and then the 21-MA which would leave room to \$400 and likely new highs while the rising 200-MA near \$355 likely supportive followed by \$340 as VWAP from the 2022 low.



Small Cap Options Flow

ATI Inc. (ATI) on 1/5 with unusual buys of 3500 February \$35 calls to open \$1 to \$1.25 and has 2000 December 2023 \$35 buy-write calls in open interest as well as 1200 January \$27.50 calls bought on 11/2. ATI is starting 2023 with a weekly bull flag breakout and fresh weekly MACD bull cross that measures to a target of \$44. ATI is a specialty materials company with Aerospace & Defense its largest market at 40% led by jet engines and also has a strong presence in the energy markets, including specialty energy, oil & gas and downstream processing. Typical aerospace applications for nickel-based alloys and superalloys and advanced metallic powders include jet engine discs, blades, vanes, rings, casings and shafts. Nickel-based alloys and superalloys remain extremely strong at high temperatures and resist degradation under extreme conditions. The next-generation jet engines use advanced nickel-based superalloys and metallic powder alloys due to increased fuel efficiency requirements that require hotter-burning engines. ATI also has some medical exposure with MRI wiring and specialty alloys for replacement knees, hips and other prosthetic devices. Its biocompatible nickel-titanium shape memory alloy is used for stents to support collapsed or clogged blood vessels.

Technical Scans

Tight Bollinger Bands: MDLZ, BDX, ZBH, MET, CL, WAB, TECH, BBY, RS, OKTA, FIVN, TDC, FVRR, CSTL

Strong Trend Off Higher Base: TSM, BIDU, SQ, IFF, GRMN, TER, FND, CE, MIDD, MKSI, ARW, BC, SSD, IBP

21/55 Bull Crosses: UPS, TXN, UNP, VLO, LRCX, MPLX, SQ, NTRS, RCL, ALGN, JLL, Z

ATI has a market cap of \$4.1B and trades 15.5X Earnings, 9.5X EBITDA with a 4% FCF yield, and revenues seen rising 7% in 2023 following a 37% surge in 2022 while EBITDA seen climbing 8.2% following a 90.7% jump in 2022. ATI is coming off a weaker quarter missing estimates and lowering guidance but with the Aerospace recovery underway it could become a beat & raise story in 2023. ATI also expects to complete its Bakers, NC capacity expansion in 2023 that will relieve some bottlenecks. Titanium supply is tight and lead times are extending into the second half of 2023. The Ukraine/Russia conflict has prompted the commercial aerospace industry to redirect buying and commit titanium purchases to Western producers. ATI's investment in transitioning to a differentiated specialty product portfolio with a richer product mix and improved margins. ATI's content on all next-gen widebody platforms will drive significant margin expansion as international travel recovers and global freight growth continues.

Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
AG	21 APR 23 9 CALL	2,189	5,678	159.39%
WMT	17 MAR 23 155 CALL	4,364	8,569	96.36%
STX	17 FEB 23 52.5 PUT	2,877	5,218	81.37%
JNJ	17 FEB 23 180 PUT	1,196	2,069	72.99%
FCX	19 MAY 23 45 CALL	3,726	6,132	64.57%
PYPL	17 FEB 23 62.5 CALL	2,366	3,602	52.24%
DIS	17 MAR 23 90 CALL	3,662	5,335	45.69%
XOM	17 MAR 23 115 PUT	2,075	2,569	23.81%
TCOM	16 JUN 23 40 CALL	2,246	2,689	19.72%
WDAY	17 MAR 23 170 CALL	2,679	3,192	19.15%
BABA	19 JAN 24 115 CALL	4,136	4,751	14.87%
MSFT	17 MAR 23 225 CALL	2,657	2,347	-11.67%
IPG	17 FEB 23 36 CALL	2,040	1,721	-15.64%
SBUX	17 MAR 23 105 CALL	142,803	95,863	-32.87%

Extras

Treasury (TLT) late day buyer 9700 July \$120 calls \$2.02

MasterCard (MA) with 800 January 2024 \$380 calls sold 47.25 in a buy-write

Peloton (PTON) late day buyer 2000 September \$14 calls for \$1.30

Disney (DIS) large late day trade before the bell buys 1500 June 2025 \$115 calls to open for \$16.20

HSBC (HSBC) with 2250 February \$35 puts bought to open \$1.50

Axos (AX) buyer 5000 February \$37.5/\$30 put spreads

Blackstone (BX) buyer 1000 June \$82.50 puts at \$10.40

3M (MMM) late day size buyer 1500 January 2024 \$115 puts for \$9.20

What They're Saying

Chart Industries (GTLS) on rising TAM and deal synergies...“This is our near-term specialty total addressable market. When we refer to near term, we're referring to now through 2026, and there's a meaningful increase as well from 2026 to 2030. On our earnings call on February 24, we will put out the 2030 combined total addressable markets. The way that we do this is from the bottoms up. So we build it based on commercial pipelines, based on applications not just taking a worldwide TAM and applying a percent of -- we should win that. So this is really a bottoms-up build. And what you can see here is through the combination, we more than double our near-term total addressable market, and about half of that is related to hydrogen, which we're very excited about the combination, both companies being leading players in hydrogen with over 160 years of experience. And then lastly, both of our companies, respectively, issued 3 new products into the hydrogen market in the last 3 years, which is certainly a leading position in being able to do that and have it work and have it accepted. So the combined offering together brings us more access to gaseous than we would have on our own, but also the combination of pull-through to a production facility all the way through to end use is extraordinarily important. We have the top 5 combined usages of metals, plates, instrumentation and industrial fittings is a real meaningful spend when you put the 2 together. And what I would tell you, and I'll tell you in a minute, is as you're starting to see input costs come down, you combine that with a supply base that was very well benefited over the last couple of years in challenging supply chain times. Those 2 things together with the power of volume really lend itself to this being a strong time to go in there and get early day synergies.”

Earnings Grid

Stock	Next Earn		Open Interest	Historical Moves (8 Q)	Avg. 8 Q		Med. 8 Q	Sum. 8 Q	IV30 Avg		Hist	Short	SI Change
	Date	Time			Implied	Max	Close	Close	IV30 Skew	Crush	Put/Call		
					Move	Move	Move	Move			OI %tile	Float	(3mo)
CMC	1/9/2023	BMO	Bear: \$0.39M (100%)	Lower 5 of 8	5.76%	5.27%	-2.83%	-10.70%	3.35	-11.80%	99.47%	2.31%	-21.70%
AYI	1/9/2023	BMO	No Trades Since Last Report	Even of 8	6.69%	9.28%	0.39%	10.60%	4.97	-26.80%	95.43%	4.02%	-27.68%
TLRY	1/9/2023	BMO	Bear: \$0.95M (88%), Bull: \$0.13M (12%)	Higher 5 of 8	11.77%	15.97%	2.63%	16.80%	-18.78	-10.70%	0.55%	7.35%	-30.35%
JEF	1/9/2023	AMC	Bull: \$0.94M (71%), Bear: \$0.24M (18%), Stock: \$0.14M (11%)	Higher 5 of 8	5.79%	7.25%	0.72%	3.11%	4.03	-11.60%	76.03%	2.07%	-37.48%
ETWO	1/9/2023	AMC	No Trades Since Last Report	Lower 5 of 7, Lower last 2	11.15%	9.92%	-0.70%	-9.36%	12.2	-17.90%	95.92%	7.08%	6.46%
ACCD	1/9/2023	AMC	Stock: \$0.28M (61%), Bull: \$0.18M (39%)	Even of 8	17.18%	19.50%	-0.60%	-4.73%	-30.04	-16.10%	100.00%	4.56%	-29.31%
ACI	1/10/2023	BMO	Bull: \$10.44M (79%), Bear: \$1.9M (14%), Stock: \$0.91M (7%)	Higher 5 of 8, Higher last 2	2.58%	6.53%	0.76%	-11.60%	-4.21	-13.70%	90.91%	2.85%	-15.25%
SNX	1/10/2023	BMO	No Trades Since Last Report	Lower 5 of 8	6.29%	5.23%	-1.49%	-19.30%	5.63	-21.50%	73.04%	2.14%	-27.68%
BBBY	1/10/2023	BMO	Bull: \$4.75M (51%), Bear: \$4.54M (49%)	Lower 6 of 8, Lower last 3	36.33%	20.15%	-7.56%	-54.90%	-43.76	-16.50%	19.83%	49.04%	25.56%
KBH	1/11/2023	AMC	Bull: \$4.5M (76%), Bear: \$1.41M (24%)	Higher 5 of 8	7.08%	8.67%	1.44%	14.20%	5.79	-15.80%	95.35%	6.60%	-4.70%

Earnings Review

Disclosures

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