



## Inside Today's Blitz

- Biden to be Inaugurated Under Tight Security, Plans Sweeping E.O. to Unwind Trump Legacy
- **BABA's** Ma makes first public appearance in months; **EBAY** to explore alternatives for Korea business; **DFS** announces \$1B+ buyback; **PCAR**, **Aurora** to build autonomous trucks

## Market Outlook

Futures indicating a positive open for the day with the **Dow** up 17 bps, the **S&P** up 1.15%, and the **Nasdaq** up 80 bps. The **Russell** is lagging down 20 bps. Energy is strong with **WTI** up 1.2%. **Natural gas** continues to fade, down another 2.5%. **Gold** and **silver** are modestly higher with the former up 55 bps. **Grains** are under pressure again. The **Dollar** is flat. **Bonds** are down 11 bps. The **VIX** is 24.90. It's inauguration day in the US with President Biden to be sworn in at Noon today. He's expected to be busy right from the get-go with plans to sign up to 15 executive orders reversing some controversial Trump actions like rejoining the Paris Climate Agreement and WHO, halting construction on a border wall with Mexico, reversing the Muslim travel ban, and revoking the permit for the Keystone pipeline. He also is expected to introduce measures to reduce student debt burdens. His swearing in shouldn't be a big deal for markets but the threat of violence has

made the day much more tense than it should be. Elsewhere, Yellen's words on Capitol Hill being taken well, as expected, as she pushed forward plans for further stimulus yesterday. Biden expects to start his time in office focused on the \$1.9T plan as well as accelerating vaccine rollout, both helping optimism. Earnings overnight have been largely positive with **NFLX** jumping after-hours and positive reports out of Europe this morning.

Asian markets are higher this morning with Shanghai up 47 bps, Hong Kong up 1.08%, and Japan's Nikkei down 38 bps. Korea and Australia both up marginally as well. Europe is continuing higher this morning as well with strength in autos and materials names. US stimulus hopes and the shine of a new administration are boosting optimism. The DAX is up 50 bps, CAC up 40 bps, and FTSE up slightly. A busy morning for earnings. **ASML** is up 2.5% after the semiconductor posted a strong Q4. Luxury goods maker **Richemont** is up 3% after boosting their outlook while peer **Burberry** also with positive results. **BASF** is up 1.5% after the chemicals company boosted their forecast behind better volumes. **Hugo Boss** is rising after shareholder Frasers raised their stake again to 15%. Airline operator **IAG** is up 2% after their reached a deal to buy **Air Europa**. **IWG**, an operator of work-spaces like WeWork, fell 2% after their closed more locations and cut their outlook.

## Calendar

**Today...** Crude Inventories, Presidential Inauguration; **International Earnings:** ASML, Richemont, Antofagasta, HDFC, Burberry, Pearson, Dixon's Carphone; **Earnings Before the Open:** ASML, BK, CFG, FAST, MS, PG, USB, UNH; **Earnings After the Close:** AA, DFS, KMI, PLXS, UAL

**Tomorrow...** **International Earnings:** Sage, Bankia, Sandvik; **Earnings Before the Open:** BKR, BANC, CTXS, FITB, KEY, MTB, TAL, TRV, TFC, UNP, WBS, WNS; **Earnings After the Close:** CSX, IBM, INTC, ISRG, PPG, STX, SIVB; **Analyst Days:** AEO

## Overnight Markets

Oil (WTI)	53.62	1.20%
Lumber	668	0.77%
Gold	1848.5	0.45%
Copper	3.6405	0.20%
Silver	25.36	0.15%
US Dollar	90.49	0.02%
Bonds	168.75	-0.13%
Natural Gas	2.475	-2.65%

## Technical View



### Key Levels to Watch

Futures continuing to grind higher overnight and continue the trend from Tuesday. We hit our best levels of the night just now around 3808.25 with the low earlier around 3790. Overnight VWAP is rising at 3800 and VWAP for the week is down around 3785. On the daily, the reversal day off the 21-MA setting up for a re-test of new highs above 3820 with a measured move to 3900.

## Economic Data

- **China** kept LPR unchanged, as expected
- **UK** CPI was 1.4% vs 1.3% est. in December
- **Taiwan** exports rose 38.3% in December vs 30.4% est.
- **Eurozone** CPI was 3.1%, in-line with estimates

## Macro News

- **Biden** is expected to keep the hardline approach to **China** but shift tactics away from the more aggressive stance Trump took, per WSJ
- **China** is targeting economic policies aimed at boosting consumer spending, per Reuters

## Stock-Specific News

### Consumer

- **Office Depot (ODP)** has rejected **Staples'** takeover offer, per NYP. The company has countered with a more amenable deal to regulators
- **Wattpad** to be acquired by **Naver** for \$600M, per Nikkei. The storytelling platform has been accelerating it's International footprint
- **Burberry** trading higher today despite weaker-than-expected revenues as full-priced sales remained strong, per Reuters

### Movers

**Gainers: NFLX 12%, SRNE 7.5%**

**Losers:**

### Insider Buying

DRVN, AFRM

### 13G/13D Filings

### IPO Monitor

**RLX Tech (RLX)** raising \$1B at a \$14B market cap; sells e-cigarettes in China

**Patria Investments (PAX)** to raise \$400M at a \$2B market cap; a leading PE firm in Brazil

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- **Richemont** positive Q3 earnings update noting that they expect revenues of 5% vs flat; China continued to show strength, per Reuters
- **Hugo Boss** higher after Frasers boosts their stake to 15% from 10%, per Reuters. Frasers – formerly known as Sports Direct – initiated a position in June at 5%
- **Steak N' Shake** is preparing for bankruptcy, says WSJ

## Financials

- **DFS** approves new \$1.1B buyback program
- **HSBC**, Maybank's insurance venture among bidders for **AXA Singapore**, per Bloomberg. The unit could fetch \$700M
- **Sixth Street Partners** to buy life insurance business **Talcott Resolution** for \$2B, says the WSJ

## Healthcare

- **SRNE** to present new data from STI-2020 study on COVID antibodies
- **MRNA** remains on track for 100M doses of vaccine produced by the end of March, per WSJ
- **HAE** to acquire **Cardiva Medial** for \$475M cash and up to \$35M in contingent payments.
- **NVAX** is struggling to enroll more people in their COVID trials, especially the elderly, says Washington Post.
- **MRK** announces U.S. FDA approval of VERQUVO (vericiguat) - the first soluble guanylate cyclase stimulator, approved to treat heart failure
- **BMJ** - U.S. Food and Drug Administration Accepts for Priority Review Application for Opdivo(r) (nivolumab) Combined with Chemotherapy as First-Line Treatment in Metastatic Gastric Cancer, Gastroesophageal Junction Cancer and Esophageal Adenocarcinoma

## Energy & Materials

- **BHP** raising FY21 iron ore outlook; Co. slashes the value of their thermal coal assets again, per FT
- **BASF** is rallying in Europe after a positive pre-announcement for Q4, they note revenues of €15.9B vs €14.46B est.

## Industrials

- **PCAR** and Aurora have signed a global, strategic agreement to develop, test, and commercialize autonomous Peterbilt and Kenworth trucks
- **AZEK** sees Q1 above Street at \$209M to \$213M vs \$201.6M
- Britain's **IAG** is buying Spain's **Europa** for €500M, per Reuters
- **Kia Motors** may work with **Apple (AAPL)** on their EV project, says Reuters. Shares rallied in Korea

### Sympathy Movers

**TPR, CPRI, RL, SIG** some names to watch with the positive announcement from Burberry and Richemont

### On the Chart

**NVAX** continues to consolidate well ahead of their next readout and upside call buys since December indicate a move above \$140 could be strong with reach up to \$180 again

### Sympathy Movers

**DOW, DD, HUN, CC** some peers of BASF to watch on their positive announcement

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- **Germany's** auto industry faces critical shortage of semiconductor chips, per Reuters. Leaders of the major manufacturers have reached out to Merkel for help
- **Best Inc (BEST)** a Chinese logistics firm backed by e-commerce giant Alibaba Group Holding Ltd, is considering a sale as part of a strategic review, writes Reuters

### Tech/Telecom

- **LG Electronics** is considering all options for their mobile phone business including either selling it or closing it down, per Reuters
- **Intel (INTC)** is facing growing pressure to ramp up outsourcing to Asian chipmakers, per Nikkei. The company has been in talks with **TSM** to produce flagship chips
- **EBAY** is exploring strategic alternatives for their Korea business
- **BABA** founder Jack Ma makes first public appearance in months, per Reuters. Ma was featured in a video chat with rural teachers
- **GOOGL** launches Product Discovery solutions for Retail
- **Nidec** files patent infringement suit against **STX**
- **NPTN** a potential takeover target, says Dealreporter. They note after the CSCO/ACIA deal and LITE/COHR deal, more action in the optical space should be expected
- **MediaTek** has chosen **TSM** processing for their new 5G smartphone chips, says Reuters. The company expects to ramp 6nm production
- **LED chip makers** are raising prices, says Digitimes
- **R&D spending** will hit another record high for semiconductor companies in 2021, says Digitimes. They forecast 4% growth to \$71.4B
- **5G spectrum** auction is expected to top \$95B, says WSJ, and the payoff for carriers like **T**, **VZ**, and **TMUS** is far from certain creating a mixed outlook for the future

#### On the Chart

**EBAY** weekly continues to emerge out of a big bull wedge above \$55 with room back to new highs and a longer-term measured move to \$75

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## Analyst Notes

### Upgrades

- **DKNG** upgraded to Overweight at MSCO, analyst expects the company's revenue to beat 2022-25 consensus by greater than 25%. His channel checks suggest that 2021 should stand out as an exceptionally strong year of legalization who expects 12 states to legalize sports betting this year
- **NFLX** raised to Buy at UBS; Raised to Overweight at Wells Fargo with \$700 target; Wells note, "Netflix is now effectively cash sustaining." The analyst believes that with little to hinder pricing growth, and the subscriber base

#### Hawk Database

**DKNG** recently with 9000 May \$70 calls accumulating from buyers, the \$55.60 level a key resistance level for a breakout.

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still expanding, Netflix can afford to grow cash content spend AND deliver strong operating leverage.

- **LITE** raised to Buy at Goldman Sachs, firm sees the weakness yesterday as a buying opportunity given Lumentum's longer-term growth potential in the "capacity-constrained" datacom business
- **PII** raised to Outperform at BMO, Strong recreation retail demand is well known, but sales of Polaris' off-road products for utility purposes, primarily to farmers, are "under-appreciated," the firm notes. The agricultural market is in the early stages of a multi-year cycle. Meanwhile, a Biden presidency brings a stronger likelihood that onerous tariffs could be lifted, offering about 10% potential upside to current earnings estimates
- **DAL** raised to Buy at Argus
- **EQR, ESS** raised to Outperform at Evercore
- **UFS** raised to Buy at BAML, the increase in pulp pricing, if sustained, will circularly lead to more upward tension in uncoated free sheet.
- **HAL** raised to Overweight at Stephens
- **SAN** raised to Buy at HSBC

### Hawk Database

**LITE** pulled back on its deal for **COHR** yesterday but immediately we saw June \$100/\$110 call spreads bought and still has size in Jan. 29<sup>th</sup> (W) \$113 calls and 2000 March \$110 calls

## Downgrades

- **BYND** cut to Neutral from Buy at BTIG, growth through the retail channel will not be enough to sustain the company's growth rate and "hefty trading multiple" in 2021. While the analyst continues to believe in the long-term trend toward plant-based meats in the grocery and foodservice channels, he expects restaurant operators will remain focused on throughput over menu innovation, limiting adoption and sales growth through the foodservice channel this year
- **GBT, SWAV, ELF** cut to Neutral at Piper
- **BE** cut to Neutral at CSFB
- **GSK** cut to Underperform at CSFB; **NVO** cut to Neutral
- **ACI, KR** cut to Underweight at MSCO
- **MIK** cut to Underweight at MSCO
- **SENS** cut to Sell at Craig Hallum
- **RUN** cut to Neutral at CSFB
- **SNAP** cut to Sell at Arete
- **AMCR, OI, PTVE** cut to Hold at Deutsche Bank

## Initiations

- **GTLS** started Overweight at Piper, Although the stock is up 75% in the last year and is trading at the upper bounds of its historical valuation range, a

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"durable re-rate is defensible" given Chart's favorable energy transition, "strong" free cash flow and balance sheet, and end-market diversification

- **PENN** started Outperform at CSFB, sees upside from pandemic-related savings, recent acquisitions and targeted cost savings as well as from better than expected margins in sports betting and Penn's potential leadership in internet gaming
- **DT, ESTC, AYX, DDOG** started Buy at Truist
- **UTZ, TWNK, FRPT** started Overweight at Stephens
- **EL, KO, KDP, MO** started Outperform at Bernstein
- **CL, PEP** started Underperform at Bernstein
- **PII** started Overweight at MSCO
- **FICO** started Buy at Deutsche Bank
- **PXD** started Buy at Goldman Sachs
- **ZS** started Outperform at JMP
- **ZNTL** started Outperform at Wedbush

## Other Commentary

- **Ford (F)** a catalyst call buy idea from Deutsche Bank, believes a "robust" product cycle, favorable pricing environment for U.S. trucks, improved warranty performance, and restructuring savings could result in better than expected 2021 guidance and "prompt investors to anticipate a more aggressive turnaround trajectory."
- **COP** with a positive catalyst watch from Citi, expects ConocoPhillips to raise deal-synergies 40%-60% and re-introduce the market to "what competitive growth looks like after a year in which the entire oil industry has scaled back ambitions."
- **LLY** positive catalyst watch from Citi, While market expectations for their Alzheimer's data have "materially increased" following Lilly's top-line data release earlier this month, Lilly will showcase clinically significant slowing on both cognition and function across subgroups
- **BMJ** positive catalyst watch from Citi, believes the market is underappreciating the likely strength of Merck's/Eisai's KEYNOTE-581/CLEAR trial in first-line metastatic renal cell carcinoma. While Bristol's recent strong CHECKMATE-9ER has diminished fears over the competitive risk, the combination of Keytruda and Lenvima will set the new standard of care in first-line renal cell carcinoma management
- **NVO** positive catalyst watch at Citi, expects strengthening GLP-1 trends and rising optimism ahead of sema-2.4mg launch in the summer
- **TSLA** target to \$1036 from \$486 at OpCo
- **MELI** target to \$2150 from \$1300 at Citi

### Hawk Database

**DT** shares setting up nicely and has the 5000 February \$41 calls in OI from a large buy on 12/16

### Hawk Database

**FICO** with 1000 May \$500 calls bought on 1/15 and has the 1000 February \$400 calls bought on 10/30 in OI.

### Hawk Database

**COP** buyers in the March \$46 calls last week, over 3000X, while the May \$55 calls with size buys on 1/12 remain in OI

### Hawk Database

**LLY** large spread yesterday bought 3,000 March \$200 calls and sold the \$220 calls 6000X to open

## Trade Ideas

**Sailpoint Tech (SAIL)** shares flagging under new highs at \$59.50 with a breakout targeting almost 13.5% upside and name which has shown steady relative strength since March. SAIL held the rising 21-EMA yesterday and under volume accumulation since mid-December with light-volume sell-offs. SAIL is seen as a beneficiary of the push towards further IT spending on security in the wake of the Solar Winds breach with their focus on privileged access management.



### Technical Scans

**Bullish Reversal Days:** COUP, SAIL, PCTY, WIX, STZ, TWTR, LVS, AAP, CDLX

**Inside Days:** NET, BL, AVL, OKTA, ABNB, ZM, UBER, HUBS, RUN, ADSK, BILL, FTCH, SPOT, SHOP, ANET, NTR

**Relative Strength New Highs Before Price:** CC, ALB, QRVO, DIOD, MCHP, TTEK, ADI, EVR, MTL, EXAS

## SPAC Profile

**Porch.com (PRCH)** interesting name that went public in late December 2020 after their merger with PropTech was approved on 12/24 and positioned well in a big and growing market aided by tailwinds from housing demand we've seen highlighted over the last six months from **Zillow (Z)** and others. PRCH is an online platform that connects homeowners with local contractors. Since 2013, Porch has become a fully-integrated software platform on the back-end for home services professionals and gives them access to a massive pool of homeowners ahead of their move. Porch acts more like a concierge between the two parties throughout the move, not just a connecting platform, and you negotiate the price with Porch not with the contractor themselves (on the back-end, Porch and the contractor split the profits). Their current offerings include moving, insurance, security, TV/internet, and contractor services. They have 11,000 companies under their banner driving their recurring revenue.

Porch is a significant value-add for businesses as they know homebuyers are moving six weeks before the move due to unique early access. They promote that 'everyone else' gets access to this information 5-60 days before move, usually via USPS. This early access is a critical time for purchases like inspections, rental trucks, setting up utilities, and much more. Sallie Mae indicates that 71% of all major move-related decisions are made during this time. Porch makes it easier to move by connecting you with an in-house team that offers advice, prepares checklists, and helps with cost estimates.

## Trillion dollar market potential in Home Services



### U.S. Total Addressable Market ("TAM"):

- Moving Services: \$4B<sup>(1)</sup>**  
(moving, security, TV/internet)
- P&C Insurance: \$83B<sup>(2)</sup>**  
(home, auto, umbrella, flood)
- Contractor Services: \$141B<sup>(3)</sup>**  
(referral, managed services gross profit)
- Other Opportunities in "Home"**  
(SaaS, mover marketing, home care subscription)

Porch believes their TAM is \$200B and will continue to expand as they add services and connect with more and more contractors in some highly fragmented industries. The deals they did last week are expected to expand that opportunity too – up to \$320B. Porch bought Homeowners of America, a Managing General Agent and insurance carrier hybrid insurance carrier, and V12, a marketing and data platform for about \$120M and they said the two deals will boost their 2021 revenue by about 40%. They also added two smaller inspection and roofing companies. Homeowners of America has licenses in 31 states and operating in six, so paired with Porch's demand, they expect to scale meaningfully in 2021. CEO Matt Ehrlichman noted:

*"Their strengths and capabilities perfectly fit Porch as we continue to expand B2B2C insurance revenues on top of our vertical software platform. With our unique and early access to home buyers at very large scale, which is an aside for the consumers that need to purchase insurance, combined with our unique property data, and now with HOA's capabilities in insurance accelerating our execution, we believe we are the best-positioned technology company to disrupt the massive insurance industry."*

Porch has seen 49% CAGR revenue growth since 2018 and expects to generate positive EBITDA in 2021 for the first time. Margins continue to expand as well. They think the core business has potential to grow 30-35% annually as they gain access to more homebuyers and increase revenue per buyer through better value-added services and monetization efforts through new verticals. Expanding in insurance and better marketing alone could add \$600M in revenue annually. Porch notes that right now they currently earn about \$25/per homebuyer but given the full suite of their offerings, their potential revenue opportunity is significantly higher. Erlichman noted last week:

*"It's a similar flywheel to OpenTable where they would provide software restaurants and through those relationships get access to consumers, monetize the transaction fees and drive demand back to those restaurants. Unlike OpenTable, we play in a massively larger addressable market. And where OpenTable may make approximately \$1 per transaction, we can generate at times approximately \$1,000 per transaction. With our software platform, providing us unique, large and early access to homebuyers as well as aggregating proprietary data of our residential properties, we're continuing to go deeper into a select set of services, particularly insurance."*

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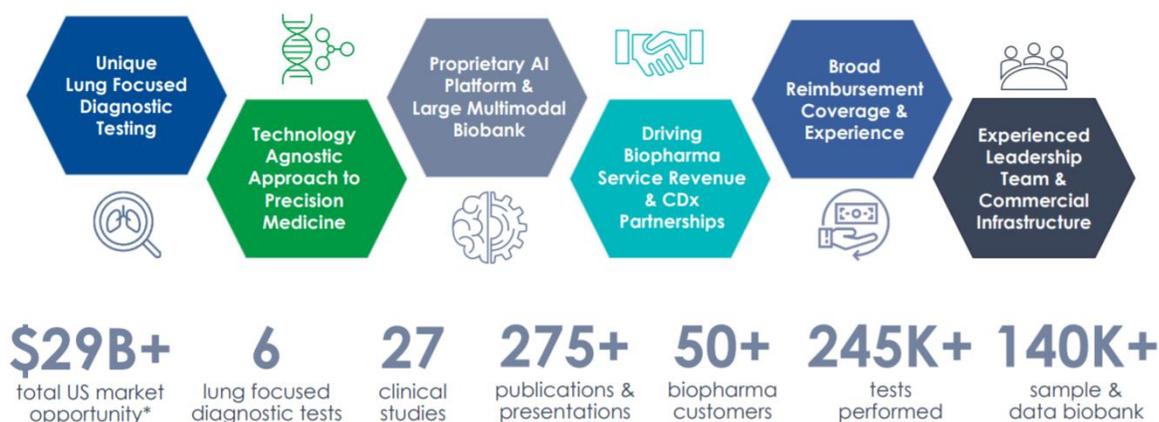
M&A will be a big part of their expansion strategy as well with a management team that has experience in the space. Sales and marketing expenses also likely jump in 2021 as they push forward more aggressive campaigns to build the platform base.

Benchmark starting coverage on 12/29 with a \$24 PT and Buy rating noting that the macro backdrop looks primed for home service and sale related companies next summer, while Porch is "flying under the radar" in terms of its position to capitalize on the rapidly growing home services software market. The company's user base is "relatively sticky" and Porch's hybrid model should allow for increased company and consumer wallet share over time. Northland with a \$25 PT and said last week their two latest deals give them a much more well-rounded set of solutions.

### Small Cap Profile

**Biodesix (BDSX)** is a newer issue that has seen shares rise 41.5% YTD as the diagnostics sector is seeing a lot of attention with expectations for healthcare reform.

BDSX is a leading data-driven diagnostic solutions company leveraging state of the art technologies with its proprietary artificial intelligence (AI) platform to discover, develop, and commercialize solutions for clinical unmet needs, with a primary focus in lung disease. Its solutions provide physicians with greater insights to help personalize their patient's care and meaningfully improve disease detection, evaluation, and treatment. BDSX also provides biopharmaceutical companies with services that include diagnostic research, clinical trial testing, and the discovery, development, and commercialization of companion diagnostics. BDSX employs multiple technologies, including genomics, transcriptomics, proteomics, and radiomics, and leverages its proprietary AI platform, the Diagnostic Cortex<sup>®</sup>, to discover innovative diagnostic tests for clinical use. BDSX has commercialized six diagnostic tests which are currently on market.



Despite significant advances over the last decade, lung cancer is still the deadliest type of cancer in both men and women in the United States today. While diagnostic testing has become routinely used at certain points in the lung cancer continuum of care, there is a substantial need for novel, advanced testing to improve on the current standard of care. It is estimated that in the United States, the lung cancer continuum of care currently represents over 10 million annual testing opportunities, and is over a \$27 billion market annually for testing alone. Over the last two decades, the use of biomarker testing in clinical trials has increased, with 55% of oncology trials involving the use of biomarker testing in 2018 versus 15% in 2000. The field of biomarker discovery and companion diagnostic development for biopharmaceutical therapeutics is set to continue growing as biopharmaceutical companies seek to de-risk their pipelines and increase chances of drug development success. BDSX estimates that the biopharmaceutical partnering and research opportunities represent over a \$2 billion market annually.

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BDSX currently has a market cap of \$700M with revenues growing 20% in 2019 and seen growing 118.5% in 2021. It is a fast growing company in a quickly growing field that has a large opportunity to penetrate a sizable market, making it just the kind of small cap investments we look for to own.

## What They're Saying

**Proto Labs (PRLB)** M&A call describing its deal for **3D Hubs**... “The acquisition gives Protolabs a platform to evolve our service model to provide unprecedented manufacturing flexibility to our customers. 3D Hubs is an online manufacturing platform that provides companies with on-demand access to a network of 240 manufacturing partners across 20 countries. Founded in 2013, the company has facilitated the production of over 6 million custom parts and products through its platform, which incorporates machine learning to continuously advance. 3D Hubs offers CNC machining, injection molding, 3D printing and sheet metal fabrication services. Customers receive instant pricing and design feedback, and the company has shown explosive growth in recent years. The acquisition of 3D Hubs is a key inflection point for our company's evolution to better serve customers. Adding 3D Hubs' capabilities will enable Protolabs to bolster our customer offer and serve more of the global custom contract manufacturing market. Together, we will serve up a broader selection of materials, tighter tolerances, more complete parts, more finishing options as well as more lead time options and competitive pricing and higher volumes to existing and new customers. With the world's most comprehensive digital manufacturing offer, we will expand our addressable market and continue to accelerate these growth vectors, allowing us to achieve \$1 billion in revenue even faster.”

## Open Interest Checks

		OI Checks		
Ticker	Contract	Prior OI	New OI	OI Change
DOCU	February \$300 Calls	1,060	3,871	265.19%
X	March \$20 Calls	1,587	5,088	220.60%
PLTR	March \$29 Puts	12,553	37,555	199.17%
LVS	March \$55 Calls	18,295	49,818	172.30%
VLO	March \$55 Calls	2,057	5,362	160.67%
TENB	March \$65 Calls	1,696	3,531	108.20%
TSN	July \$62.5 Short Puts	6,597	13,658	107.03%
SNAP	March \$60 Calls	2,928	5,878	100.75%
ATUS	March \$35 Calls	3,114	6,223	99.84%
AMD	April \$85 Puts	3,092	6,058	95.92%
FE	April \$33 Calls	2,765	5,352	93.56%
VALE	January 2023 \$25 Calls	3,786	6,419	69.55%
CRM	Jan. 2022 \$280 Calls	2,514	4,160	65.47%
WDC	February \$55 Calls	5,725	7,714	34.74%
NKE	April \$145 Calls	6,643	8,324	25.30%
GM	March \$55 Calls	18,817	19,385	3.02%
UBER	March \$65 Calls	11,559	9,900	-14.35%

## Extras

**Visa (V)** late day opening sale 3000 March \$190 puts \$4.05

**Omniceil (OMCL)** opening sale 1000 September \$105 puts \$3.10, recently approached by **Baxter (BAX)** for a potential deal

**Union Pacific (UNP)** buyer 1000 weekly \$217.5/\$230 call spreads into earnings

**Zillow (Z)** also with an opening sale 800 January 2023 \$135 puts \$33.30

**SailPoint (SAIL)** buyer 850 March \$65 OTM calls \$2.80 offer

**GE (GE)** opening sale 50,000 March \$9 puts for \$0.11

## Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (9mo)	IV90 Skew
UNH	1500 Feb \$360 Calls Bought in OI and 1500 Feb \$330 Short Puts	Higher 3 of 5, Lower Last 2	4.55%	3.32%	0.53%	6.2%	5.02%
PG	Jan 2022 \$135 Buy Write / 11K Mar \$145 Short Calls / 10K Apr \$145 Calls Bought in OI	Higher 5 of 6	3.30%	2.69%	0.52%	-3.5%	1.62%
INTC	Bull Flows Since November Lows	Higher 3 of 5, Lower Last 2	9.15%	5.35%	2.67%	-41.6%	-0.16%
ASML	No Notable OI	Lower Last 4	4.40%	4.00%	0.35%	1.0%	0.65%
MS	12K Apr \$85 Calls Bought; 9500 Mar \$75 Calls Bought in OI	Higher 6 of 7	4.00%	9.94%	2.57%	44.2%	1.27%
IBM	6500 Feb \$135 Short Calls / 10K Mar \$150 Calls Bought / 2K June \$130 and Hanb 2023 \$150 Call Buys	Lower 4 of 5	5.78%	4.23%	2.46%	-10.3%	2.87%
ISRG	1375 Jan 2023 \$800 Calls Bought; Jan 2022 \$580 and \$600 Calls Bought 1700X Each	Higher 4 of 5	4.27%	4.43%	1.87%	-15.7%	1.37%
USB	16,000 Jan 2022 \$62.5 Calls Bought in September	Lower 3 of 4	4.52%	3.22%	1.00%	-4.7%	2.10%
CSX	Feb \$92.5/\$97.5 Call Spreads 3500X / 2390 May \$40 Calls Bought	Alternates Lower/Higher Last 8 (Higher Last Q)	5.78%	3.68%	0.98%	2.5%	4.58%
PPG	2200 Feb \$155 Calls Bought in OI	Lower 3 of 4	3.35%	3.42%	1.96%	-9.5%	3.47%
SLB	12,000 Mar \$25 Calls Bought / 13K May \$30 Calls Bought / 9K May \$20 Calls Bought	Higher 3 of 5	5.32%	4.95%	1.53%	-10.8%	2.93%
DFS	1K Feb \$105 Call Buy / Jan 2023 \$35 Calls 1895X Bought in OI	Lower 3 of 5, Higher Last 2	7.70%	4.96%	2.42%	-23.0%	4.16%
IBKR	4000 Mar \$65 Calls Bought in OI	Lower 8 of 9	5.30%	7.57%	3.00%	-26.0%	-0.93%
FAST	2500 Feb \$52.1 Calls Bought / 1500 May \$47.1 Calls / 1600 Feb \$50 Calls / 4500 May \$54.6 Short Calls	Higher 3 of 5	7.65%	3.00%	2.74%	-0.9%	8.69%
EDU	400 July \$160 Puts Bought	Lower 4 of 5	6.28%	9.76%	2.27%	-5.5%	2.26%
BKR	1300 Apr \$18 Short Calls in OI - No Major Trades	Higher Last 3	5.50%	9.38%	5.50%	-14.7%	2.06%
KSU	No Major Notable OI	Higher 10 of 11	5.20%	3.85%	0.83%	-35.9%	5.60%
CTXS	2700 June \$115/\$100 Put Spreads in OI	Lower 7 of 8	8.10%	5.57%	2.78%	8.1%	5.38%
JBHT	No Major Notable OI	Higher 3 of 5	4.40%	7.04%	1.55%	-25.9%	4.40%
STX	2500 June \$70 Short Calls / 4450 June \$75 Calls Bought / Jan 2022 and 2023 \$47.5 Short Puts	Lower Last 6	7.43%	5.46%	7.05%	12.3%	3.69%
ALLY	4000 June \$40 Calls Bought in OI / 6000 June \$37 Calls Bought in OI / Massive Jan. 2022 Call OI Bought	Higher 6 of 9	6.70%	8.95%	2.88%	7.0%	1.69%
UAL	3K June \$40 and \$41 Calls Bought / 12K March \$52.5 and \$55 Calls Bought; 10K Jan 2022 \$80 Calls Bought	Lower Last 4	4.95%	5.22%	7.55%	-19.7%	1.61%

## Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
IBKR	Interactive Brokers	\$0.69	\$0.58	\$599.00	\$560.23	19.80%	
JBHT	J.B. Hunt Transport	\$1.44	\$1.31	\$2,737.60	\$2,573.63	11.70%	
NFLX	Netflix	\$1.19	\$1.41	\$6,644.44	\$6,623.82	21.50%	Q1 Above

### Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
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ASML	ASML	\$2.54	\$2.46	\$3,958.00	\$3,728.91	-1.90%	FY Above
BK	BNY Mellon	\$0.96	\$0.91	\$3,843.00	\$3,837.61	-19.60%	
FAST	Fastenal	\$0.34	\$0.33	\$1,358.00	\$1,333.00	6.40%	
MS	Morgan Stanley		\$1.28		\$11,532.18		
PG	Procter & Gamble		\$1.51		\$19,227.87		
USB	U.S. Bancorp	\$0.95	\$0.94	\$5,751.00	\$5,799.35	1.50%	
UNH	UnitedHealth	\$2.52	\$2.39	\$65,467.00	\$64,979.10	7.50%	

**NFLX** – Missed on EPS and Revs In Line, Q1 Above - We believe we are very close to being sustainably FCF positive. For the full year 2021, we currently anticipate free cash flow will be around break even (vs. our prior expectation for -\$1 billion to break even). Combined with our \$8.2 billion cash balance and our \$750m undrawn credit facility, we believe we no longer have a need to raise external financing for our day-to-day operations. For Q1'21, we expect paid net adds of 6.0m vs. last Q1's 15.8m, which included the impact from the initial COVID-19 lockdowns. Since the start of 2018, our paid memberships have risen from 111m to 204m and our average revenue per membership has grown from \$9.88 to \$11.02, despite significant F/X headwinds. This approach has allowed us to organically increase revenue by \$4-\$5 billion annually over the past several years. We've made good progress growing our profitability with FY20 operating margin of 18% rising five percentage points over prior year. For FY21, we're now targeting a 20% operating margin, up two percentage points from 2020 and higher than our previous 19% forecast, due to a more favorable revenue outlook. As we said last quarter, we intend to continue to grow our operating margin each year at an average rate of three percentage points per year over any few-year period, but we anticipate some lumpiness.

**JBHT** – Beat on EPS and Revs - Revenue growth in the quarter was driven primarily by our Integrated Capacity Solutions (ICS) and Truck (JBT) segments, which grew 56% and 50% respectively, as both segments were able to leverage capacity in the Marketplace for J.B. Hunt 360° for our customers during the quarter. Final Mile Services (FMS) revenue grew 30%, driven by the December 2019 acquisition and new contractual business onboarded throughout 2020. Dedicated (DCS) revenue grew 3%, primarily from a 9% increase in loads and a modest increase in the fleet. Revenue growth was partially offset by a 1% decline in revenue in Intermodal (JBI), and a 34% decline in fuel surcharge revenue. Current quarter total operating revenue, excluding fuel surcharges, increased approximately 18% vs. the comparable quarter 2019.

**IBKR** – Beat on EPS and Revs - Trading activity continued strong all year with active customer trading levels. Total DARTs began to increase last January and doubled over the course of the year to 2.1 million per day. Per account, DARTs rose from 266 last year to 459 this year. Growth came from a broad range of geographies and customer types from our geographically diverse sales team and from strong word of mouth. In many countries, we have now grown to a large enough size in terms of accounts that word of mouth leads to meaningful growth from the clients who use and recommend us to their friends and colleagues. As more people want to participate in the markets, invest globally and diversify their holdings, they look to the more experienced trends who have founded interactive brokers, the access and variety of securities they are looking for. They then see what we offer and sign up. In many regions, this global access can often be found nowhere else or if it can be found, comes only at an unreasonably high price. While accounts in the United States have doubled since 2015, outside the U.S., they are up more than 4x, meaning we are less dependent on the U.S. or in

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any one country for our future. The U.S. now accounts for 26% of our total accounts, down from nearly half 5 years ago.

**ASML** – Beats EPS and Revenues (-1.9%), Guides Q1 Above Street – A record year but also a very strong Q4 with total revenue at EUR 4.3 billion. Included in there, EUR 1.1 billion in Installed Base revenue and both higher than guided. Primarily, I would say, as a result of higher sales in DPV, DPV immersion and also as a result of more upgrades. If we look at the gross margin, gross margin came in at 52%, also quite a bit better than we guided. Order intake was very, very strong with EUR 4.2 billion of order intake, net bookings included in that net 6 EUV systems representing EUR 1.67 billion. And if we look at 2021, I would say that with the introduction of the 3600D, that will be the point in time where we will see EUV systems gross margin at the level of the corporate gross margin. EUV demand is developing very, very strongly. We have an order book of EUR 6.2 billion. Now if we look a little bit into this year and the expectations for this year, we expect total EUV system sales this year of EUR 5.8 billion, which is 30% up in comparison to the EUR 4.5 billion that we had for 2020. High-NA is developing very well. But I think it's also important to recognize that we have a significant roadmap still ahead of us for 0.33. And we're very aggressively working on that roadmap, really putting performance for our customers to meet their requirements, both on throughput, both on imaging, on overlay requirements. We think that will cater to the demand of our customers for the next couple of years. And then there will be a certain point in time, and we think that probably will be in '25, '26 timeframe, where our customers will no longer be able to perform based on -- or to meet the demands of their customers by applying double patterning. Then they will have to go beyond that. They will want to reduce the process complexity, and that will then require the need for them for High-NA. Logic already very strong this year. And still, we believe that Logic, we expect that to grow another 10% in 2021. And that really is because of all the changes that we see, the really continued development in the digital economy that we're witnessing and even more strongly after last year. And you see that everywhere. You see it on the advanced nodes with the secular trends in AI, high-performing compute, 5G. I mean those are the big drivers behind the big demand in advanced nodes, but also in the more mature nodes, where you see, particularly in the Internet of Things and also the application of that, both in the consumer, automotive and industrial markets. Memory, as we projected, you already saw the momentum being turned positively for, particularly, DRAM in 2020. So you did see some growth in DRAM, in particular, last year, and we see that momentum actually sustained into 2021. And that is because of all the demand for data centers but also the application of memory into consumer devices is something that we just continue to see.

**UNH** – Beats EPS and Revenues (+7.5%) – UnitedHealth Group's full year 2020 revenues of \$257.1 billion grew \$15.0 billion or 6.2% year-over-year, reflecting broad-based revenue growth across the businesses. The full year 2020 operating cost ratio of 16.2% increased from 14.5% in 2019 as continued operating efficiency gains were offset by the return of the health insurance tax, COVID-19 response efforts, business mix and increased investments in service, innovation and growth.

**FAST** – Beats EPS and Revenues (+6.4%) - Net sales increased \$81.1, or 6.4%, in the fourth quarter of 2020 when compared to the fourth quarter of 2019, due to higher unit sales of safety and janitorial products. Demand for these products was elevated relative to the fourth quarter of 2019 due to continued demand for personal protective equipment (PPE) and sanitizer products to mitigate the impact of the pandemic, support resumption of manufacturing and construction activity, and support sales to new customers. Growth of our product lines other than safety and janitorial, including fasteners, remained negative relative to the fourth quarter of 2019, but improved versus the third quarter of 2020 and through the fourth quarter of 2020, during which we continued to see gradual sequential improvement in general business activity. Our gross profit, as a percentage of net sales, declined 130 basis points to 45.6% in the fourth quarter of 2020 from 46.9% in the fourth quarter of

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2019. The first factor behind this decline was the impact of lower product margins, the most significant of which was within our safety product line.

**PG – Beats EPS and Revenues (+8.3%), Raises FY21 Above Street** - Organic sales, which excludes the impacts of foreign exchange, acquisitions and divestitures, also increased eight percent, driven by a five percent increase in shipment volume, one percentage point of increased pricing and two percentage points of positive mix impact. Positive mix was driven by the disproportionate growth of the higher-priced Home Care and Appliances categories and the North America region. Beauty segment organic sales increased five percent versus year ago. Skin and Personal Care organic sales increased mid-single digits primarily driven by innovation, increased pricing and positive mix impact of premium Olay Skin Care and Safeguard hand soap and hand sanitizer launches. Hair Care organic sales increased mid-single digits led by strong demand and retail execution in Greater China and increased pricing. Grooming segment organic sales increased six percent versus year ago. Appliances organic sales increased more than 20% due to increased demand for at-home shaving and styling products and innovation. Shave Care organic sales increased low single digits driven by innovation and devaluation-related pricing, partially offset by category contraction due to the pandemic and negative geographic mix impact. Health Care segment organic sales increased nine percent for the quarter. Oral Care organic sales increased double digits, with high single digits or higher growth in each region driven by innovation and positive mix impacts from the disproportionate growth of premium products. Personal Health Care organic sales increased mid-single digits primarily due to innovation, increased consumption, and increased pricing, partially offset by negative mix due to a decline in the sales of respiratory products driven by a lower than average incidence of cough, cold and flu this season. Fabric and Home Care segment organic sales increased 12% for the quarter. Fabric Care organic sales increased high single digits driven by innovations, incremental marketing spending, the disproportionate growth of premium forms like laundry unit dose and fabric enhancer beads and increased pricing. Home Care organic sales increased around 30% driven by increased consumer demand for home cleaning products during the pandemic, premium innovation and incremental marketing spending resulting in mid-single digits or higher growth in every region. Dish Care, Air Care and Surface Care each grew high teens or more. Baby, Feminine and Family Care segment organic sales increased six percent versus year ago. Baby Care organic sales increased low single digits primarily driven by mid-single digit growth in North America and devaluation-related price increases in certain regions, partially offset by category contraction in certain regions due to the pandemic and competitive activity.

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## Disclosures

### **Not Investment Advice or Recommendation**

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