



Inside Today's Blitz

- Oil, Global Stocks Fall as Investors Cut Risk Ahead of Earnings Season
- US, Russian Officials to Meet in Geneva
- China Cuts Rates Again, Pledges to Support Economic Growth
- **PTON** guides below for Q4 but denies reports of production shutdown, layoffs; **Ant Group** is caught up in another corruption scandal; **ECL** cuts their outlook; **INTC** is investing \$20B in Ohio

Market Outlook

Futures indicating a slightly weak open for the morning with the **Dow** down 23 bps, the **S&P** down 50 bps, and the **Nasdaq** down 90 bps. The **Russell** is down 25 bps. Energy is weak again today with **WTI** down 1.9%. **Natural Gas** is up 3%. **Gold** and **silver** are both lower with the latter down 1.3%. **Copper** is down 1.75%. The **dollar** is flat. **Bonds** are up 50 bps. **VIX** is 25.45. **Bitcoin** and **Ethereum** both breaking down overnight and off by 4-5%. US markets are bouncing back a bit overnight after yesterday's late day sell-off, although the tenor of the news is quiet/negative. Earnings risk is the main focus today after Netflix's 20% drop after-hours and also seeing a number of warnings including Siemens Energy, PPG Industries, SunPower, and EcoLab.

Elsewhere, China cut rates again overnight and seeing more commentary from Beijing about remaining accommodative. Tensions around Russia and Ukraine continue today with President

Biden saying the country will face a heavy price if they cross borders. Sec. of State Blinken will meet in Geneva today with Russian officials.

Asian markets are mostly lower today with the Hang Seng up 5 bps, Shanghai down 91 bps, and the Nikkei down 90 bps. In Europe, the major indices are all lower as well. The DAX is down 1.55%, CAC is down 1.6%, and the FTSE is down 83 bps. We're seeing weakness in tech and energy today. **Siemens Gamesa** is getting crushed today down around 10% after warning on its outlook.

Calendar

Today... Leading Index; **International Data:** Japan CPI, UK Retail Sales; **Earnings Before the Open:** SLB, ALLY, INFO, HBAN

Next week... It'll be a jam-packed week of events with flash PMIs on Monday morning, FOMC on Wednesday, GDP and inflation data on Thursday, and a huge slate of earnings reports. Notables include **AXP**, **IBM**, **GE**, **JNJ**, **LMT**, **VZ**, **MSFT**, **TXN**, **ABT**, **BA**, **FCX**, **KMB**, **INTC**, **LRCX**, **NOW**, **CMCSA**, **DOW**, **MA**, **MCD**, **AAPL**, **V**, **WDC**, **CAT**, **CL**, and **CVS**.

Overnight Markets

Natural Gas	3.915	3.00%
VIX	25.4	1.95%
Bonds	155.25	0.51%
US Dollar	95.68	-0.05%
Gold	1833.2	-0.50%
Silver	24.39	-1.32%
Copper	4.4985	-1.85%
Oil (WTI)	83.96	-1.85%
Bitcoin	38925	-4.32%
Ethereum	2854	-4.90%

Technical View



Key Levels to Watch

S&P futures (ES_F) are off the overnight lows although balancing in the low-end of yesterday's range. We're below a key volume node at 4471.5 and there's notable resistance above at 4500 and then 4525. Yesterday's VPOC is up at 4544.5. Support below is around 4423-4417 and a loss of that area could see a move down into a big HVN at 4363.50 but that would be a range extreme.

Economic Data

- **Japan** CPI was 0.8% vs 0.9% est.; core CPI fell 0.7% vs -0.6% est.
- **UK** retail sales fell 3% in December vs +1.1% est.

Macro News

- **China** is quietly urging banks to ramp up lending activities after a slow start to the year, per Reuters
- **China** is cutting rates on its SLF loans by 10bps, per Reuters
- **China's Premier Li** says the country is facing new pressures and the government will unveil measures to stabilize growth, per Reuters
- **China** daily COVID cases have fallen to a two-month low, per Reuters
- The US approved measures to send military equipment to **Ukraine** from three different NATO members, per WSJ
- **Democrats** likely won't swing for the fences again on legislation ahead of November, per Politico

Sentiment

- **NAAIM Exposure** fell to 56.73 for the week ending 1/19, down from 74.79 prior. This is the third lowest weekly close since May 2021

Movers

Gainers: PTON 6%, TCOM 3%, JD 2.2%, NKLA 1.5%

Losers: NFLX -18%, BITO -9%, RIOT -7.5%, MARA -7%, ROKU -5.5%, DIS -4.5%

Insider Buying

AXDX, NSTS

IPO Calendar

Four Springs Capital (FSPR) issuing 18M shares at \$13-\$15

Modular Medical (MODD) issuing 2.4M shares at \$12.50

Rhodium (RHDM) issuing 7.7M shares at \$12-\$14

Samsara Vision (SMSA) issuing 4M shares at \$5-\$7

Verdant Earth (VDNT) issuing 6.25M shares at \$7-\$9

Stock-Specific News

Consumer Goods

- **Peloton (PTON)** CEO told Bloomberg that the rumors of halting production and layoffs are false.
- **PTON** sees Q2 revenue at \$1.14B vs \$1.15B est.; taking significant corrective actions to improve our profitability outlook and optimize our costs across the company
- **LI, XPEV, NIO** – China plans to gradually remove curbs on new energy vehicle purchases, per Reuters

Consumer / Business Services

- **SONY, MSFT** – Microsoft affirmed on Thursday afternoon that they'll honor existing Activision agreements on other platforms including keeping Call of Duty on Playstation
- **PetSmart** is in talks to go public via SPAC deal with **KAHC**, per Bloomberg, and could be valued close to \$14B

Financials

- **Robinhood (HOOD)** is rolling out crypto wallets to a small group, per Bloomberg, as they beta test the new product
- **BABA** – Ant Group has been caught up in another corruption scandal, per FT, and implicated by Chinese state media
- **WFC** had a regulatory order from 2015 lifted last night, per Bloomberg
- **GS, JPM** are both boosting their bonus pools in a bid to help retain talent, per Reuters
- **BRBS, FVCB** have terminated their merger agreement

Healthcare

- **KURA** is given the OK to move forward with Phase 1b trials of KO-539 in acute myeloid leukemia
- **ELAN** says the FDA has approved Zorbium

Industrials

- **Ecolab (ECL)** sees Q4 below the Street at \$1.26-\$1.28 vs \$1.41; sees 10% revenue growth; company says temporary COVID related effects on broad business activity impacted the speed of the market recovery in the fourth quarter
- **BA** is closer to getting Chinese approval to fly the 737 MAX again after China Southern Air conducted a test flight this week, per Bloomberg

Sympathy Movers

WOOF a top competitor to PetSmart to watch on the potential listing

Hawk Database

WFC relative strength recently after earning and saw 10,000 March \$57.50 and \$60 calls bought on 1/12

OptionsHawk Market Blitz

- **CW** is buying **Safran Aerosystems Arresting Co.** for \$240M in cash, sees accretion; SAA is a designer and manufacturer of aircraft emergency arresting systems
- **Titan Acquisition** is up for sale, says Bloomberg, and owner Carlyle Group could sell the company to another defense firm for \$2B+

Energy & Materials

- **SunPower (SPWR)** sees preliminary Q4 at the low-end of guidance after the company identified product quality issues
- **RIO** had their lithium exploration license revoked in Serbia, per Reuters
- **SON** is raising prices on URB and uncoated paperboard
- **Siemens Gamesa Renewable** is warning this morning of a Q1 miss and cutting their FY guidance, per Reuters
- **Nippon Steel** is buying two steelmakers in Asia, G-Steel and GJ-Steel, for \$770M+, per Nikkei
- **TRGP** raises dividend 350%

Technology

- **Intel (INTC)** confirmed plans to invest more than \$20B in two new chip factories in Ohio, per Bloomberg, with capacity expected to come online around 2025
- **Meta (FB)** is working on plans to allow users to buy and sell NFTs through the platform, per FT
- **ST** announces \$500M buyback
- **TikTok** is exploring ways to allow creators to charge for their content including a paid subscription tier, per WSJ

Analyst Notes

Upgrades

- **UA** raised to Buy at Citi; the analyst views the company as a big beneficiary of Nike (NKE) cleaning up the marketplace in North America. This should drive Under Armour's selling prices higher and accelerate its shift to direct-to-consumer
- **AR** raised to Buy at Goldman as the firm thinks shares are not giving credit for the shift in the company's focus from balance sheet improvement to returning cash to shareholders
- **CTSH** upgraded to Neutral at UBS
- **LPX, BCC** raised to Neutral at Goldman
- **PTON** raised to Buy at Stifel

Hawk Database

UA calls been active with 10,000 April \$20 and 5000 February \$17.50 bought this week and has 25,000 April \$22.50 bought in OI

OptionsHawk Market Blitz

- **ISRG** raised to Buy at Citi
- **NET** raised to Outperform at CSFB
- **HRI** raised to Buy at Northcoast

Downgrades

- **NFLX** cut to Neutral at MSCO; base case of continued content spending growth but a more muted net adds outlook, lowering our earnings outlook materially
- **CPE** cut to Underweight at JPM; Callon's free cash flow will be used to reduce debt, as the company maintains one of the highest leverage profiles in the group despite reducing net debt by \$500 between Q2 of 2020 and Q3 of 2021, and despite the progress thus far, the company will exit 2021 at 2.7-times leverage
- **DVN** cut to Neutral at Goldman
- **CVAC** cut to Underperform at BAML

Initiations

- **ZS** started Buy at Stifel, \$335 PT; Zscaler has significantly broadened its platform with secure web gateway roots that provide secure access to the internet and software-as-a-service apps and now well positioned to sustain 30%-plus growth in coming years
- **NVAX** started Outperform at Cowen
- **MGPI** started Outperform at Cowen
- **BHF, LNC** started Outperform at Wolfe; **GL, RGA** started Underperform
- **CW, KTOS, MRCY** started Buy at Berenberg
- **TWLO** started Buy at BTIG

Other Notes

- **CMG** target cut to \$1850 at Keybank but they remain positive as Chipotle possesses top-tier/accelerating unit growth prospects, a robust innovation pipeline, and significant pricing power, given its favorable customer demographics, that should help it protect margins from rising costs
- **AA** target to \$70 from \$58 at Citi

Trade Ideas

Pfizer (PFE) holding up well on Thursday and finding support this week at the 55-EMA as well as the low-end of January value. Shares are forming a bull wedge from the December highs with a breakout above the 8-/21-EMA tangle at \$55.50 key for a move higher to \$58.50 and then the top of value near \$62. PFE has been a relative strength name since November and last quarter's earnings.



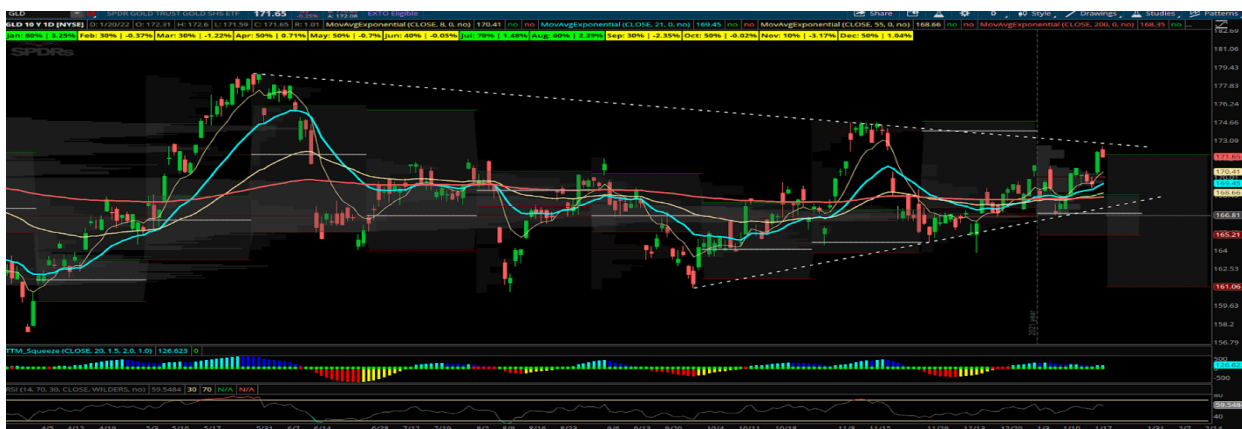
Technical Scans

Bullish Reversal Day: PFE, EHC, AWK, BYD, IQV, STT, C, BK, IFF, STZ

Breaking Lower Value: VVV, GPS, CASY, DG, IR, AAL, HPQ, TXRH, ACI, PAG, STX, ATUS, BLDR, HTZ, SPG, GIL, SWK, KLAC, RL, UPS, LEA, M, BBY, TTC, ROL, HBI, OTIS, X

Seasonal Stock Setup: Defensive Commodity Shining in a Sea of Red

Gold Trust (GLD) – The market continues to show weakness and one of the few solid charts out there forming a potential bigger breakout is that of gold futures. The GLD ETF is a simple way to participate in a trend move instead of picking a miner. Gold is in the triangle shown on the chart and has started to rally off January lows recently after starting the year weaker. January overall is one of the best calendar months seasonally for Gold with the last 10 years seeing bullish returns in 8 of those with average gains of +3.25%. Even going back 20 years the yellow metal has been 15 of those 20 January's. With a bit more time left in the month it could be poised to break out above the trendline and close the month strong. Longer term it shows bullish potential even on the weekly and monthly charts so gold could be turning the corner and heading much higher the rest of 2022. Short term a move to 175 looks likely with next resistance up near 181. The all time high from mid 2020 is a longer term target at 194. Recent option flows have been positioning for upside as well. On 1/12, the February \$170 calls bought at \$3.20 for \$2.5M and on 1/10 a larger buyer for over 10,000 of the Sept \$180 calls at \$4.55 for \$4.65M.



Biotech Catalyst Watch

Glaukos (GKOS) interesting name that has shown relative strength since the start of the year, especially against the **XBI**, and plenty of catalysts for the year on watch. The \$2.4B biotech focuses on developing therapeutic treatments for the glaucoma, corneal disorders, and other retinal diseases. Their primary product is iStent, iStent inject, and iStent inject W which are micro-bypass stents that improve ocular pressure reduction in patients after routine cataract surgery to treat mild-to-moderate open-angle glaucoma. Their pipeline includes two different Phase 2 trials for Dry Eye Disease and Presbyopia which is farsightedness caused by loss of elasticity of the lens of the eye. GKOS also expects NDA filings in 2022 for Epi-On for the treatment of Progressive keratoconus and the iDose TR for the treatment of glaucoma. GKOS sees a significant opportunity for growth in the retinal market where current therapies have proven to be ineffective. They estimate the market is currently around \$2B across glaucoma, corneal, and retinal diseases but can grow into \$60B+ over the next decade. Wells Fargo upgrading to Neutral on 1/19 and noting that the large number of upcoming catalysts are likely to provide support for the shares, and the likely decline in the U.S. MIGS, or micro-invasive glaucoma surgery, business in 2022 is priced into the shares. Further, the earlier than expected approval of iPrime should boost Glaukos' U.S. glaucoma business. Hedge fund ownership rose 46.5% last quarter.



Extras

Northern Oil (NOG) with 2,750 June \$30 calls bought this afternoon for \$1.70 to \$1.75 to open, setting up just below a weekly breakout above \$25 with room to \$40 longer-term

Global Online (GLBE) with 3000 February \$40 calls bought for \$2.20 this afternoon

Carnival (CCL) with 3000 May \$20 puts sold to open \$2.02

Deutsche Bank (DB) late day buyer into weakness of 10,000 January 2023 \$15 calls for \$1.10

Harley (HOG) buyer 1850 Feb. 11th (W) \$35 calls \$1.75 for earnings 2-8

Kroger (KR) with 3500 Feb. 4th (W) \$48 puts bought \$1.32

What They're Saying

Netflix (NFLX) earnings call discussing penetration levels of its 800 to 900 million global homes outside of China targeting which it is currently 25% penetrated... "We're, in the U.S., at about 2/3 of the pay TV high watermark. And so the back third is definitely going to be harder than the first 2/3 in terms of appealing more unscripted, more superhero, and we're working on all of that. Because we don't have sports and news, you might say, well, if we get to 80% or something of pay TV, that's a good accomplishment. But also streaming TV is such a better experience than the old linear TV. In some ways, we think to ourselves, we should be higher than pay TV, a combination of lower pricing and better experience. It's possible that we'll get there, but slower than we thought, smart TV adoption, complexity, those kinds of things. And I know it feels like we've been saying it for a long time, but it's early days. It really is. And I think about the evolving value proposition and how it's still maturing. The idea that big-ticket movies that people really care about premiering it being part of your Netflix subscription is actually taking the value proposition to a new level than it was just a couple of years ago. So I do think, like I said, it's dynamic market for sure. It may not be as steady as people can think about it in terms of we're going to add X number every month, every quarter, every week. But it's going to -- but there's no question that that's the direction the business is going in."

Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
AMD	18 FEB 22 135 CALL	6,191	18,483	198.55%
PYPL	18 MAR 22 180 CALL	1,525	3,584	135.02%
KSS	18 FEB 22 55 CALL	1,616	3,787	134.34%
ZTS	15 JUL 22 210 CALL	3,624	8,275	128.34%
COTY	18 FEB 22 9 CALL	18,703	41,090	119.70%
HLT	14 APR 22 150 CALL	2,517	5,374	113.51%
SPY	(Weeklys) 4 FEB 22 450 PUT	6,376	13,067	104.94%
QQQ	18 MAR 22 375 CALL	21,528	41,725	93.82%
SBUX	20 JAN 23 100 CALL	3,761	7,226	92.13%
XPEV	18 FEB 22 50 CALL	3,217	5,990	86.20%
COOP	14 APR 22 45 CALL	9,484	16,733	76.43%
DISCK	18 MAR 22 32.5 CALL	4,631	8,123	75.40%
ROKU	18 FEB 22 220 CALL	1,882	3,117	65.62%
AFRM	19 JAN 24 80 PUT	2,424	3,924	61.88%
AFRM	18 FEB 22 75 CALL	15,237	23,903	56.87%
MPC	14 APR 22 65 CALL	2,875	4,463	55.23%
X	17 JUN 22 20 PUT	15,456	22,632	46.43%
X	14 APR 22 20 CALL	1,787	2,557	43.09%
F	18 MAR 22 25 CALL	57,959	82,045	41.56%
IFF	18 FEB 22 145 CALL	12,615	15,552	23.28%
EOG	18 FEB 22 105 CALL	2,004	1,838	-8.28%
SOFI	17 JUN 22 10 CALL	2,418	1,858	-23.16%
F	18 MAR 22 22 PUT	10,760	7,765	-27.83%
AFRM	20 MAY 22 80 CALL	2,698	1,713	-36.51%
EL	14 APR 22 290 CALL	1,948	971	-50.15%
MSFT	14 APR 22 310 CALL	14,032	6,352	-54.73%

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
OZK	Bank OZK	\$1.17	\$0.97	\$296.08	\$273.42	11.20%	
CSX	CSX	\$0.42	\$0.41	\$3,430.00	\$3,317.87	21.40%	
ISRG	Intuitive Surgical	\$1.30	\$1.28	\$1,550.00	\$1,539.95	16.60%	
LLNW	Limelight Networks	\$0.02	\$0.01	\$62.90	\$61.57	13.50%	FY In Line
NFLX	Netflix	\$1.33	\$0.82	\$7,709.32	\$7,709.14	16.00%	Guide Below
PPG	PPG Industries	\$1.26	\$1.20	\$4190.0	\$4,048.97	11.5%	Q1 Below
SIVB	SVB Financial Group	\$6.56	\$6.57	\$1,508.00	\$1,447.42	23.70%	

CSX – Beat on EPS and Revs (+21.4%) – "I would like to thank all of CSX's employees for their hard work and dedication to our customers this quarter and for the entire year amidst the ongoing impacts of the pandemic and persistent global supply chain disruptions," said James Foote, president and chief executive officer. "As we enter 2022, we remain committed to providing our customers high quality service and creating additional capacity to help them address current supply chain challenges through the increased use of rail."

ISRG – Beat on EPS and Revs (+16.6%) – During 2020, da Vinci procedure volumes and system placements were significantly impacted by the COVID-19 pandemic, as healthcare systems around the world diverted resources to respond to COVID-19. During 2021, COVID-19 resurgences continued to impact da Vinci procedure volumes. The impact of the COVID-19 pandemic on the Company's business has, and continues to, differ by geography and region. COVID-19 has had, and will likely continue to have, an adverse impact on the Company's procedure volumes.

NFLX – Beat on EPS and Revs, Guidance Below (+16%) – We slightly over-forecasted paid net adds in Q4 (8.3m actual compared to the 8.5m paid net adds in both the year ago quarter and our beginning of quarter projection). For the full year 2021, paid net adds totaled 18m vs 37m in 2020. Our service continues to grow globally, with more than 90% of our paid net adds in 2021 coming from outside the UCAN region. Nonetheless, our UCAN region added 1.2m paid memberships in Q4'21 (vs. 0.9m last year), marking our strongest quarter of member growth in this region since the early days of COVID-19 in 2020. In APAC, we increased paid memberships by 2.6m (vs. 2.0m in the year ago quarter) with strong growth in both Japan and India. EMEA was our largest contributor to paid net adds in Q4 (3.5m vs. 4.5m in the prior year period) and the region delivered record quarterly revenue, exceeding \$2.5 billion for the first time. LATAM paid net adds totaled 1.0m vs. 1.2m last year.

Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
ALLY	Ally Financial		\$1.97		\$2,066.20		
HBAN	Huntington Banc	\$0.36	\$0.35		\$1,693.91		
INFO	IHS Markit	\$0.85	\$0.84	\$1,176.30	\$1,139.66	6.20%	
SLB	Schlumberger	\$0.41	\$0.39	\$6,225.00	\$6,086.22	12.50%	

OptionsHawk Market Blitz

SLB – Beats EPS and Revenues (+12.5%) – Strengthening activity, accelerating digital sales, and outstanding free cash flow performance combined to deliver another quarter of remarkable financial results to close the year with great momentum. In retrospect, we started 2021 with a constructive outlook and an ambition to visibly expand margins and deliver robust free cash flow, while remaining focused on capital discipline. We restored our North America pretax operating margin to double-digits and expanded our international margin, both exceeding prepandemic 2019 levels. Among the Divisions, Digital & Integration revenue increased 10% sequentially, driven by very strong digital sales, as the adoption of our digital offering continues to accelerate, and from increased exploration data licensing sales. Looking ahead into 2022, the industry macro fundamentals are very favorable, due to the combination of projected steady demand recovery, an increasingly tight supply market, and supportive oil prices. We believe this will result in a material step up in industry capital spending with simultaneous double-digit growth in international and North American markets. Absent any further COVID-related disruption, oil demand is expected to exceed prepandemic levels before the end of the year and to further strengthen in 2023. These favorable market conditions are strikingly similar to those experienced during the last industry supercycle, suggesting that resurgent global demand-led capital spending will result in an exceptional multiyear growth cycle.

Disclosures

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