market blitz | OPTIONSHAWK

Compiled Daily by alex@optionshawk.com

Tuesday, Jan. 26, 2021

Inside Today's Blitz

- McConnell Agrees to Power-Sharing Pact, Backs Off on Filibuster
- Asian Markets Pressured by Liquidity Fears as China Warns on Asset Bubbles
- **APO** CEO Black to step down, remain Chairman; **LLY** posts positive COVID data; **RBAC** ends talks with the Red Sox; **Rolls Royce** warns on outlook

Market Outlook

Futures are indicating a modestly higher open for the day with the **Dow** up 23 bps, the **S&P** up 7 bps, and the **Nasdaq** up 2 bps. The **Russell** is up 36 bps. Energy is also edging higher with **WTI** up 60 bps. **Natural gas** is up 1.3%. **Gold** and **silver** are basically flat, the former down 11 bps. **Copper** is down 70 bps. The **Dollar** is flat. **Bonds** are down 17 bps. The **VIX** is 25.40. Global markets are mixed this morning with Asia largely under pressure following some liquidity moves by China's PBOC. In the US, it looks like we're in for another long fight on stimulus as Schumer said yesterday the timeline for another round is not until mid-March when the next jobless benefits package runs out. POTUS has said he's flexible on the $1.9T plan he proposed and views this as a starting point for talks, not a hardline. Elsewhere, Janet Yellen was confirmed in the Senate as Treasury Secretary. COVID continues to drive more countries towards extending lockdowns – in some cases by months. Another new foreign strain has popped up in the US in Minnesota.

Asian markets are weak across the board today with the Hang Seng down 2.55%, Shanghai down 1.5%, and Nikkei down 96 bps. Korea and Taiwan are down sharply as well. In Europe, the major indices are all working higher with the DAX up 1.48%, the CAC up 1.09%, and the FTSE up 66 bps. Chemicals, autos, and industrials are leading. Financials are also strong after **UBS** posted a surge in profits in Q4. The Swiss company is up 2.5%. **Linde** is helping the chemicals group rise today after announcing a $5B buyback plan. Swedish buyout group **EQT** is up 11.5% after signing a deal to buy **Exeter** for $1.87B and expand their footprint. Spanish pharmaceutical **PharmaMar** is up 15% after a journal study showed their drug Plitidepisn has potential efficacy against COVID. **Novartis** is down 3% after earnings. **Rolls Royce** is down 9% after warning on the FY outlook.

Calendar

Today… Case-Schiller, Consumer Confidence, Richmond Fed, API Inventories; **Earnings Before the Open**: MMM, ALK, AXP, ADM, ALV, CIT, DHI, FCX, GATX, GE, IVZ, JNJ, LMT, NEE, NEP, NVS, PCAR, PPBI, PII, PLD, RTX, ROK, SFNC, SNV, UBS, VZ, XRX

Tomorrow… Durable Goods, EIA Inventories, FOMC Statement, Powell Press Conference; **Earnings Before the Open**: ABT, APH, ANTM, T, ADP, BX, BA, EAT, CLS, GIB, CVLT, GLW, EXTR, GD, GWB, HES, KNX, MKTX, MNRO, NDAQ, NYCB, NSC, OSK, PGR, PB, ROL, RES, SBSI, TEL, TDY, TXT, UMC, VFC

Overnight Markets

Natural Gas	2.637	1.50%
Oil (WTI)	53	0.45%
US Dollar	90.36	-0.02%
Silver	25.45	-0.13%
Bonds	169.72	-0.15%
Gold	1852	-0.17%
Copper	3.606	-0.65%

OptionsHawk Market Blitz

Technical View

Key Levels to Watch

It was an active night for futures with the S&P pulling back early to re-test the midpoint of Monday's range at 3820 before rallying. We traded under VWAP for most of the early night before turning with Europe and now back near the highs and above Monday's peak. VWAP is at 3836.50 and rising and from Sunday's open is at 3831.5.

Economic Data

- **South Korea** GDP was 1.1% vs 0.9% est.
- **Singapore** industrial production was 14.3% vs 12% prior
- **Hong Kong** exports were 11.7% vs 8.4% est.; **imports** rose 14.1% vs 8%

Macro News

- **Italy PM** is resigning, per Reuters
- **US inflation** will likely firm as the economy re-opens but Fed officials feel the hikes will only be temporary, per Reuters
- **China's PBOC** is warning about asset bubble risks, per FT
- **Europe** could face several more months of lockdown as vaccine delivery delays and new strains emerge, per WSJ

Sentiment

- **US equity correlations are falling,** says Bloomberg**.** This has preceded broader market selloffs in prior years
- **Merger Monday for SPACs shows the frenzy continues,** per FT. Over $15B in deals were announced yesterday
- **Companies have raised over $400B in the first three weeks of 2021,** says FT. The debt and equity deal making is far above the pace in past years which would be closer to $170B

Movers

Gainers: GME 15%, BB 13%, OSTK 12.5%, STAA 6%,

Losers: NVS -4%D

Insider Buying

DRVN

13G/13D Filings

IPO Monitor

Ortho Clinical Diagnostics (OCDX) to raise $1.5B at a $4.9B valuation; a pure-play in vitro diagnostics business

Qualtrics (XM) to raise $1.2B at a $12.6B market cap; customer and employee experience management platform

Shoals Group (SHLS) raising at a $3.6B market cap; solar

Stock-Specific News

Consumer

- **Hain Celestial (HAIN)** is looking to sell its "Earth's Best" organic baby food business, says Bloomberg. The unit could fetch $200M
- **Redball Acquisition (RBAC)** has ended talks to buy a minority stake in the Boston Red Sox and take them public, per Axios
- **CZR** has made a strategic investment in DFS platform Superdraft
- **ASO** says comps from October to year-end rose 16.6% Y/Y
- **IPAR** sees Q4 above Street at $184M vs $148M
- **Belk** is close to filing for bankruptcy, per Reuters
- **Wheel's Up** is in talks to go public via SPAC with **Aspirational Consumer Lifestyle (ASPL),** per Reuters
- **SSTK** to acquire 3D marketplace **TurboSquid** for $75M, expected to be immediately accretive to net income and adjusted EBITDA
- **VAC** to acquire timeshare company **Welk Resorts** for $430M

Financials

- **Apollo (APO) CEO Leon Black to step down.** He was also cleared in internal probe of his relationship with Jeffrey Epstein
- **APO** Black also recommends company moves to single class of stock, eliminating the C shares, which would qualify APO for inclusion into the S&P 500 and other indices
- **Ant Financial (BABA)** can resume IPO plans once they have resolved existing problems, says China's Central Bank, per Bloomberg
- **UBS** has committed to buying back CHF4B in stock over the next three years after reporting a strong quarter
- **EQT AB (EQT:SS)** shares higher by 17.5% after striking $1.9B property deal giving it access to North America and Europe markets, taking over privately held **Exeter Group**

Healthcare

- **Eli Lilly (LLY)** reports new data showing treatment with Lilly's neutralizing antibodies bamlanivimab (LY-CoV555) and etesevimab (LY-CoV016) together reduced risk of COVID-19 hospitalizations and death by 70%. **Holding update call at Noon Today.**
- **REGN** announces positive Phase 3 results from REGEN-COV antibody study, says Passive vaccination with REGEN-COV resulted in 100% prevention of symptomatic infection
- **PharmaMar** says journal Science confirms their drug Plitidepsin has a "potent preclinical efficacy" against COVID-19
- **STAA** to join S&P 400

On the Chart

CZR has held up better than peers lately and support at the 55-MA yesterday, a move back through $80 could get some momentum back to recent highs

Hawk Database

BABA some large bullish positioning lately ahead of earnings in early Feb. with put sellers across the Feb. 5th (W) and Feb. 12th (W) $250, $257.50 and $260 puts

Energy & Materials

- **Linde (LIN)** shares rallying in Europe after announcing a new $5B buyback and dividend
- **PLUG** raises 2021 Gross Bilings target; raises 2024 target by > 40%
- **IFM Global** offers to buy 22.7% stake in Spain's **Naturgy** for €5.06B, says Reuters. The LNG operator has been hit hard by a global glut of supply
- **DuPont (DD)** says prelim. Q4 Above Street at $0.93-$0.95 vs $0.80; revs $5.25B vs $5.07B
- **ERF** to buy Willison Basin operator Bruin E&P for $465M
- **OVV** will see a proxy fight with Kimmeridge Energy, per WSJ

Sympathy Movers

APD a name to watch with Linde strength today

On the Chart

PLUG nice flag forming on the chart above the rising 8-EMA and through $70 to the upside has significant potential to run, a name that can get going

Industrials

- **Delta (DAL)** will active 400 idled pilots for Summer travel season in a sign of optimism around a rebound, per Bloomberg
- **Macquarie (MIC)** is looking to sell their Macquarie Infrastructure Unit, says Bloomberg, and a deal could be worth $4B
- **Crown (CCK)'s** can business has attracted bids from **SON** and could be valued at over $2B, says Bloomberg
- **Komatsu** to mass-produce electrified excavators with **Proterra (ACTC),** says Nikkei. Electric-bus maker brings expertise on decarbonizing heavy-duty vehicles
- **Hyundai Heavy** is planning an IPO to raise money for a $4.5B, 5-year green tech investment, per Reuters
- **Rolls Royce** warns about near-term uncertainty due to new virus strains, says cash burn to accelerate in Q1

Tech/Telecom

- **Vimeo (IAC)** to raise $300M of equity from TROW at a $5B valuation
- **BB, BIDU** to deepen connected car partnership, says Tech Crunch
- **AMZN** is expanding their presence in Boston and plans to hire up to 3,000 new employees, per WSJ
- **TSM** is considering price hikes for auto chips, per Nikkei
- **ICLK** receives equity investment from **BZUN**
- **Foundries are building additional capacity for automotive chips,** per Digitimes. Companies expect additional output to arrive as early as the third quarter of this year
- **Semiconductor billings** rose 7.6% Y/Y in December, per SEMI

Hawk Databased

IAC bull spreads recently selling the June $180 puts to buy the $210/$260 call spread 1250X

Analyst Notes

Upgrades

- **DKNG** raised to Buy at Goldman Sachs, sees ongoing sales beats versus consensus estimates driven by DraftKings' "sustained market leading" position in new and existing markets, its ability to participate in the economics of single operator states, and the presence of national partnerships that should accelerate growth and achieve scale sooner than the broader peer group
- **DG** raised to Buy at Loop Capital, company has several strategic initiatives that will drive improved financial performance in FY21 and beyond that include DG Fresh, the non-consumable initiative, and expanding the rollout of produce and self-checkout
- **PPG** raised to Buy at BAML, more "constructive" on PPG's outlook and sees a "positive" risk-reward given the strength of BofA's Industrial Momentum Indicator, auto inventories remaining below their 5-year average, and customer concerns over supply. Strong deal activity offers other opportunities beyond Tikkurila
- **CMCSA** raised to Buy at TD, Given pandemic-related uncertainty, he had previously removed all value from the Parks business in his net asset value calculations, but Valentini is now including a value of $18B, or about $4.00 per share, for the Parks business with widespread vaccinations seemingly on the horizon
- **UAA** raised to Outperform at Cowen
- **AMAT** raised to Buy at DA Davidson
- **BAC** raised to Overweight at Atlantic
- **D** raised to Overweight at Wells Fargo
- **AR** raised to Outperform at Ray-Jay
- **APA, FANG** raised to Strong Buy at Ray-Jay
- **ALLO** raised to Buy at Stifel
- **BECN** raised to Buy at Longbow on robust roofing demand
- **TFII** raised to Buy at BAML
- **BRBR** raised to Buy at Truist

Downgrades

- **LAZR** cut to Neutral at Northland, there are now five lidar companies that are public or in the process of going public via a SPAC and that Luminar is still 18 months away from volume production. Even with an assumption of a 100% share, Luminar is trading at 5 times what he estimates to be the automotive Lidar market value of $2.5B in 2025

Chart Watch

DKNG was on our top set-ups for this week, and really needs to clear $55 to move out of a range that measures for a ten point move higher.

Hawk Database

UAA continues to consolidate and the 19,500 March $20 calls and 10,000 July $20 calls remains in open interest

Hawk Database

AR in a strong trend since November pulled back to the rising 21-MA last week and seen size May and Jan 2022 $10 calls bought recently with over 14,000 and 20,000 respectively.

- **JBHT, WERN, SNDR, ECHO** cut to Neutral at SIG, The valuation "de-rating" that hit asset-based truckload in the second half of 2020 will likely spread to other truckload-related businesses by the second half of 2021 while the "excellent backdrop" for truckload suggests 2021 could be peak earnings
- **BB** cut to Underperform at RBC
- **BBBY** cut to Sell at UBS
- **PDD** cut to Sector Weight at KeyBanc
- **CCL** cut to Reduce at HSBC

Initiations

- **TER** started Buy at Rosenblatt, as their primary market, system-on-a-chip mobility test, is in a cyclical upswing from rising processing complexities and speed requirements in smartphones
- **RXT** started Outperform at OpCo, calling it "one of the few pure-play stocks to invest in enterprise public cloud adoption." The company, whose software platform can now support the three major public cloud providers as well as private cloud and managed services, has revenue momentum entering 2021
- **PANW** assumed Outperform at Evercore, The combination of the company's execution and secular drivers will result in "sustainable" mid to high teens billing growth trajectory and strong free cash flow generation
- **FTNT** assumed Outperform at Evercore
- **ATVI, EA** started Outperform at Raymond James
- **APPF** started Underweight at Stephens
- **JD** started Buy at Deutsche Bank, $114 PT
- **AHCO** started Buy at BAML
- **ANNX** started Buy at Needham
- **CLAR** started Buy at DA Davidson
- **PSX** started Buy at UBS; **VLO, MPC** Neutral
- **NEPH, RBBN** started Buy at B Riley

Chart Watch

RXT put in a nice candle yesterday off of the 55-MA and out of a bull wedge, above $21 can get some momentum as it clears the IPO range with a measured move to $25

Other Notes

- **PENN** target to $124 from $86 at Goldman, sees "significant potential" for the online sports betting stocks to re-rate closer to consumer internet peers as a "network effect begins to take hold and new forms of revenue become visible." The analyst believes a "catalyst rich path" is ahead with "scale and a large identifiable" total addressable market driving optionality in marketing, business model, and legislation outlook
- **AVGO** target to $500 from $450 at Barclays
- **KLAC** target to $300 from $220 at Barclays

- **LRCX** target to $600 from $405 at Barclays
- **CREE** target to $100 from $60 at Deutsche Bank

Trade Ideas

Netapp (NTAP) coiled in a narrow range near recent highs and hitting the 'ready to run' scan today with MACD near a bullish inflection higher and RSI in a strong trend. The 65-minute shows a small downtrend set to break above $66 and measured move to $72. NTAP has been a strong name lately and relative strength vs the S&P in the 85th percentile of its 1-year range. Northland out with a $100 PT recently noting that the company has a rapidly growth public cloud services business and their $1B ARR target is easily achievable. "Sustained 20+% PCS growth, even after achieving the $1B ARR target in FY25, is very viable given Dollar Based Net Retention Rates and increasing number of workloads and growth of those workloads."

Technical Scans

Inside Days: TYL, VNT, ROL, NTRS, MCK

Bullish Reversal Days: PINS, SNOW, GLOB, ISRG, ALGN, UNH, ZI, ROST, CP, FAST, LHX, HOLX, EW, ANTM, MA, PGR, CB, HLF, PG, MDLZ, PPG, LIN, NTR

Relative Strength New Highs: BILI, AAXN, EXAS, NTES, OMCL

SPAC Profile

Achronix Semiconductor (ACEV) officially announced their deal earlier this month to merge with ACE Convergence in a $2.1B deal that will bring a budding FPGA company to market at a time when peer **Xilinx (XLNX)** is set to be acquired and **Altera (INTC)** has been off the market since being acquired by Intel in 2015 (it's good to note that the three leading c-suite members for Achronix come from decades of experience at Altera and Xilinx). FPGA – or field programmable gate arrays – are used to build digital circuits in a number of high-growth areas. Achronix is a play on data growth with growing importance across a number of end-market solutions like cloud, ADAS and 5G. The company was founded in 2004 and has turned their focus into solely high-end FPGA and embedded FPGAs which are used in complex processes like big data and AI. They expect FPGA chips to gain market share as the AI-era accelerates the number of devices on networks as they are more programmable than CPUs and have better performance than ASIC. Compared to peers, Achronix is better suited for general purpose applications than XLNX or Altera while their speed and efficiency makes them ideal for the growing industrial market as well. In addition to making high-end chips, the company also is a grantor of IP licenses with a deep library from their engineering team – especially around 7nm processing – which gives them another major revenue stream. CEO Robert Blake told The Next Platform last week:

"When you look at the economics of our business, consider this. If we license a small core with a lower license fee and royalty versus a larger core with a higher license fee for manufacture and a higher per-chip royalty per device, these device can be "small" in the order of millions of dollars or "large" in the $10-$20 million range. So economically, the business is interesting. We're leveraging other companies' R&D teams to build products that include our technology and we have no manufacturing costs. That makes for a very high-margin business."

Achronix sees a $10B opportunity with the FPGA market growing to $3.4B by 2025 while digital IP accelerators grow to $5.4B. They expect to do $158M in revenue in 2021, a 30% CAGR through 2023, with 76% gross margins.

Open Interest Checks

		OI Checks		
Ticker	Contract	Prior OI	New OI	OI Change
USFD	July $40 Calls	5,610	14,139	152.03%
V	March $205 Calls	9,941	18,026	81.33%
EXPE	March $135 Calls	2,232	3,369	50.94%
SNE	January $115 Calls	4,720	7,069	49.77%
IAA	April $60 Calls	6,093	8,473	39.06%
VRM	February $40 Calls	4,035	5,273	30.68%
FEYE	January $40 Calls	8,388	10,349	23.38%
NET	February $80 Calls	5,105	2,812	-44.92%
TWLO	July $500 Calls	1,254	571	-54.47%

Extras

Analog Devices (ADI) late day buyer 4000 next week $160 calls $1.26 to $1.30

US Foods (USFD) buyers of 9000 July $40 calls $2.50 to $2.80 into the close looking to add to the recent 5500 bought

Virtu Financial (VIRT) buyer of 2000 June $30 calls to open $1.25 offer

Lululemon (LULU) opening seller 400 June $330 puts on the day, the late day block of 300 at $21

Credit Acceptance (CACC) unusual buy of 300 April $300 puts $14.85 to $14.90 offers

Expedia (EXPE) buyers of 5000 deep ITM January $60 calls near $74.50

Fuel-Cell (FCEL) buy-writes active with 3000 January $37 calls being sold $4.95

Nio (NIO) August $60 puts active with opening sellers 2500X at $16.55

Zoom (ZM) buyer 250 August $380 puts at $68

Amazon (AMZN) with 400 November $2850 puts sold to open for $217.50

Square (SQ) spread sold 1000 June 2022 $330 calls for $23.40 and bought 1000 of the $180 puts at $32, likely collaring a stock position

What They're Saying

Kimberly Clark (KMB) on ecommerce growth… "Overall online -- and maybe I'll start with the e-commerce side, Nik, going very well for us. Overall, the company grew over -- well over 30% for the full year. Heartening to know that our biggest e-commerce business was by far our fastest-growing business and grow well north of that. And so we feel really good about that. And certainly, you can recognize in North America what's happening with all the retailers going to omnichannel. It's driving that grocery pickup and everything else. The incrementality question, we're still working through the math of trying to track that. The data is evolving because at this point, it's still tough for us to separate out. We do track online-enabled. But when you get into things like grocery pickup, it can be a little bit difficult to parse. And so I don't have a great answer for you right now, but that's something we're working on. But we do feel that we are gaining share on the online channels and growing well, and that's globally. And so we're really excited about our capability there. I think underneath, it is our focus on data and our data analytics capabilities, and our primary e-commerce markets really in these categories is very effective, and our customers like that, and they want to leverage that to be able to market to their constituents and their consumers and shoppers more effectively."

Boot Barn (BOOT) CEO on margin expansion opportunities... Going forward, if you look multiple quarters going forward, we continue to look at areas within e-commerce to get more margin expansion. For example, can we improve the exclusive brand penetration online. We continue to look for ways to reduce supply chain costs, whether it be more efficient in our performance center or try to figure out ways to lower shipping costs, et cetera. So there's still opportunities for us to find margin improvements, either merchandise margin or operating margin in both channels, stores and online. I wouldn't necessarily encourage you to model 150 basis points for the next several quarters, but it's not like we're out of ideas to find more margin rate.

Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew
T	17K Feb $29.5 Calls Bought; Size Feb $29, $28, $27 Puts Bought in OI	Lower 3 of 4	4.25%	3.42%	1.63%	-6.0%	-17.46%
ABT	Feb $120 Short Calls / 3K May $105 Call Buy / 2500 Jan $165 Call Buy / 1900 Feb $100 Call Buy	Lower 3 of 5	3.78%	3.06%	0.54%	0.2%	-2.17%
TXN	2K Apr $155 and July $150 Short Puts / 4K Jan $165 Short Puts	Lower 3 of 5	5.63%	4.27%	1.44%	0.5%	2.93%
BA	Aug $220/$180 Bull R/R 1K / Jan $220/$180 Bull R/R 5K / Mar $205 Call Buys	Higher 6 of 9	5.45%	4.43%	1.73%	-4.2%	1.74%
ANTM	450 June $330/$300 Bull R/R / June $300 and $260 Put Buys	Higher 10 of 13	6.00%	3.92%	1.42%	-22.5%	3.38%
BX	5K June $67.5 Call Buys / 7K Mar $62.5 Call Buys / 4K Jan $52.5 Call Buy	Lower 3 of 4	5.03%	3.10%	1.18%	-9.2%	2.70%
ADP	500 Feb $190 Calls Bought - No Major OI	Higher 4 of 6	5.10%	3.86%	1.29%	-1.1%	5.88%
NSC	2K June $210 Short Puts; 2K June $120 Calls Bought in OI	Higher 3 of 4	5.86%	3.62%	1.17%	35.6%	4.18%
PGR	4K Feb $80 Short Puts	Higher 7 of 8	3.60%	4.22%	1.12%	-3.4%	1.47%
COF	2K Feb $105/$110 Call Spread / Feb and Mar $110 Calls Bought / 6K Mar $120 Short Calls	Higher 7 Straight	4.87%	4.61%	1.31%	-8.7%	0.93%
VFC	Jan 29th (W) Short Calls in OI / 500 Aug $85 Call Buyer	Lower Last 5	6.66%	5.14%	2.43%	-12.6%	4.86%
GLW	5K Feb $37 Call Buyer / 4K May $31 Calls Bought	Lower 5 of 7	5.16%	4.93%	2.16%	-7.6%	1.09%
NDAQ	6250 Feb $145 Calls Bought	Higher 4 of 5	3.79%	4.59%	1.43%	10.8%	2.25%
HES	1200 Mar $67.5 Call Buy / Feb $55 and Mar $57.5 Put Sales / June $55 Put Sale / Aug $75 Buy-Write	Lower 3 of 5	6.60%	5.35%	2.72%	-23.7%	4.11%
CHRW	3K Feb $105/$110 Call Spreads / 1750 Aug $87.5 Call Buy / 1750 May $85 and 5K May $90 Calls Bought	Lower 6 of 7	10.46%	6.13%	9.94%	-0.8%	4.94%
FFIV	April $170 and July $230 Calls Bought 450X and 650X	Lower 5 of 8	9.90%	4.91%	6.42%	-24.5%	2.95%
KNX	10K Feb $45 Calls Accumulated w/ Buys	Higher 9 Straight	5.18%	7.21%	28.20%	-7.9%	0.74%
EAT	Feb $70 Short Calls, Feb $60 Put Buyer	Higher 4 of 5	12.50%	11.43%	15.01%	2.8%	4.86%
CVLT	500 Feb $52.5 and $57.5 Calls Bought, 1K Feb $65 Calls Sold	Higher 4 of 5	13.62%	8.52%	3.64%	11.0%	5.52%
NAVI	25,000 Feb $12.5 Calls Bought in OI	Higher 7 of 8	9.65%	12.97%	6.04%	2.0%	0.19%
HA	5K Feb $22 Calls Bought / 12K Apr $28 Calls Bought	Lower 9 Straight	8.58%	11.84%	8.60%	-31.7%	-1.85%

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
BOOT	Boot Barn	$0.99	$0.88	$302.33	$303.27	6.50%	
CR	Crane		$1.10		$736.22		
GGG	Graco	$0.61	$0.51	$470.34	$426.52	14.10%	
HXL	Hexcel	-$0.18	-$0.20	$295.80	$300.47	-47.60%	
JJSF	J&J Snack Foods	$0.09	$0.18	$241.00	$224.80	-14.80%	
STLD	Steel Dynamics	$0.97	$0.84	$2,600.00	$2,518.49	9.70%	
XLNX	Xilinx		$0.72		$776.35		

Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
MMM	3M	$2.38	$2.17	$8,583.00	$8,389.31	5.80%	
ALK	Alaska Air		-$2.93		$813.37		
AXP	American Express	$1.76	$1.30	$9,351.00	$9,318.93	-17.70%	
ADM	Archer-Daniels	$1.21	$1.09	$17,978.00	$16,479.22	10.10%	
ALV	Autoliv	$2.19	$1.85	$2,517.00	$2,417.83	14.90%	
CIT	CIT Group		$0.56		$451.85		
DHI	D.R. Horton	$2.14	$1.72	$5,933.40	$5,573.33	47.60%	FY Above
FCX	Freeport-McMoRan		$0.40		$4,330.06		
GE	General Electric	$0.08	$0.09	$21,928.00	$21,620.39	-16.40%	FY Below
IVZ	Invesco	$0.72	$0.57	$1,603.10	$1,204.70	26.40%	
JNJ	Johnson & Johnson	$1.86	$1.83	$22.50	$21,620.62	8.70%	FY Above
LMT	Lockheed Martin		$6.41		$16,924.31		
NEE	NextEra Energy		$0.38		$5,709.64		
NVS	Novartis AG	$1.34	$1.37	$12,770.00	$12,863.88	3.00%	
PCAR	PACCAR		$1.20		$5,145.95		
PII	Polaris Industries	$3.34	$2.90	$2,156.30	$1,826.89	24.20%	FY Above
PLD	Prologis		$0.90		$993.87		
RTX	Raytheon	$0.74	$0.69	$16,419.00	$16,074.96	-1.00%	FY In Line
ROK	Rockwell	$1.93	$1.87	$1,565.30	$1,605.65	-7.10%	FY Above
SNV	Synovus	$1.08	$0.82		$483.82		

VZ	Verizon	$1.21	$1.17	$34,700.00	$34,474.16	-0.20%	FY Above
XRX	Xerox	$0.58	$0.63	$1,930.00	$1,897.63	-21.00%	FY Above

BOOT – Beat on EPS and Missed on Revs, SSS +4.6% - Our strong third quarter results against a difficult economic backdrop demonstrate the power of our business model. The work we've done over the last several years successfully executing our key strategic initiatives has provided the foundation to navigate the ongoing headwinds from COVID-19 and deliver mid-single digit same store sales growth and a 150-basis point improvement in operating margin. We are encouraged that same store sales have accelerated in the fourth quarter with continued strength in margin. While the near term is likely to remain volatile, we believe our merchandising strategies, omni-channel capabilities and organizational expertise, combined with the adjustments we've made to our operating model during the pandemic, have us well positioned to build on our recent accomplishments and head into fiscal 2022 with good momentum.

STLD – Beat on EPS and Revs - "2020 was a period of shifting steel and raw material supply and demand dynamics," continued Millett. "While domestic steel demand and raw material supply were robust early in the year, the pandemic significantly reduced steel consumption and scrap generation during the second quarter 2020, as the automotive sector and its supply chain temporarily closed. As a result, a significant amount of higher-cost domestic steel production was idled. As many U.S. states lifted shelter-in-place restrictions and the broader manufacturing base restarted operations mid-year, steel demand quickly recovered. As demand improved in the second half of 2020, some domestic steel production remained idled. When coupled with extremely low steel inventory levels throughout the supply chain, flat roll steel index prices increased over $500 per ton from August through the end of the year. "Despite the challenges of 2020, as a result of our market share gains and the symbiotic relationships between our three operating platforms, we achieved strong companywide performance," stated Millett.

PII – Beats EPS and Revenues (+24.2%), Raises FY21 – While 2020 brought many unforeseen challenges, we emerged from the abrupt shutdown of the global economy early in the year to leverage the surge in demand across the Powersports industry and outdoor recreation, growing full year adjusted sales and earnings 4% and 22%, respectively. Over the year, we introduced over 120 new products across our portfolio and over 900 new accessories in our PG&A business and Aftermarket segment, combined. While supply chain challenges remain front and center for Polaris and most of the industry as we enter 2021, the operational track record of our team gives me great confidence in our ability to navigate those constraints, rebuild dealer inventories, and continue to bring to market the highest quality, most innovative products and services in the powersports industry. Retail demand and industry tailwinds remained strong during the quarter benefiting Company performance as both new and existing customers continued taking advantage of off-road vehicles, snowmobiles, motorcycles and boats to enjoy the outdoors while maintaining social distancing etiquette.

ALV – Beats EPS and Revenues (+14.9%) – The fourth quarter was a quarter with record net sales, record operating income and record cashflow. This was a result of high sales growth, good operational execution, structural savings, and crisis management cost reductions. This was achieved despite significant warranty and recall accruals. Supported by new and recent launches, we expect to outgrow LVP by mid-single digits in 2021. We increase our medium term target of annual average LVP outgrowth from 3-4% to 4-5%, supported by the strong order intake in the past few years.

GE – Misses EPS, Revenues Beat Modestly (-16.4%), Lowers FY21 Below Street – Total orders $23.2B, (7)%; organic orders (3)%; The fourth quarter marked a strong free cash flow finish to a challenging year, reflecting the results of better operations as well as strong and improving orders in Power and Renewable Energy. **Power:** Orders of $5.6 billion were up 26% reported and 27% organically, with Gas Power equipment and service orders growth more than offsetting a decrease in Power Portfolio orders, which was largely driven by our decision to exit new build coal. **Renewable:** Orders of $6.3 billion were up 34% reported and 32% organically, driven by large Onshore Wind equipment orders in North America as well as the team's first Haliade-X order in Offshore Wind. **Aviation:** Orders of $6.3 billion were down 41% reported and 40% organically, with declines of approximately 21% in Commercial Engines and 52% in Commercial Services. **Health:** Orders of $5.0 billion were down 15% reported and up 1% organically, with the difference largely due to the disposition of BioPharma. Healthcare Systems was up 1% organically with strength in Europe and China, and Pharmaceutical Diagnostics was down 1% organically.

MMM – Beats EPS and Revenues (+5.8%) – The 3M team delivered a strong fourth quarter with organic growth across all business groups, robust cash flow and a double-digit increase in earnings per share. We also took significant actions to transform and build 3M for the future, while advancing our core values. Moving forward we will continue to prioritize investments in growth, productivity and sustainability as we build on our progress and deliver strong results in 2021. Total sales grew 12.7 percent in Safety and Industrial, 10.6 percent in Consumer, 5.4 percent in Health Care, and 2.3 percent in Transportation and Electronics. On a geographic basis, total sales grew 7.4 percent in EMEA (Europe, Middle East and Africa), 5.8 percent in the Americas, and 5.3 percent in Asia Pacific. Sales increased in personal safety, roofing granules, industrial adhesives and tapes, and electrical markets; sales declined in automotive aftermarket, abrasives, and closure and masking. Sales increased in automotive and aerospace, transportation safety, electronics, and advanced materials; sales declined in commercial solutions. Sales increased in medical solutions, separation and purification, and food safety; sales declined in oral care and health information systems. Sales increased in home improvement, home care, and consumer health care; sales declined in stationery and office supplies.

DHI – Beats EPS and Revenues (+47.6%), Raises FY21 – Net sales orders for the first quarter ended December 31, 2020 increased 56% to 20,418 homes and 62% in value to $6.4 billion compared to 13,126 homes and $3.9 billion in the same quarter of the prior year. The Company's cancellation rate (cancelled sales orders divided by gross sales orders) for the first quarter of fiscal 2021 was 18% compared to 20% in the prior year quarter. The Company's sales order backlog of homes under contract at December 31, 2020 increased 107% to 28,487 homes and 111% in value to $8.9 billion compared to 13,780 homes and $4.2 billion at December 31, 2019. Our pre-tax profit margin for the quarter improved 440 basis points to 17.4%, while our earnings increased 84% to $2.14 per diluted share. These results reflect the strength of our experienced operational teams, industry-leading market share, broad geographic footprint and diverse product offerings across multiple brands. Housing market conditions remain very strong, and we are focused on maximizing returns and improving capital efficiency in each of our communities while increasing our market share.

JNJ – Beats EPS and Revenues (+8.7%), FY21 Above Street – Consumer Health worldwide operational sales, excluding the net impact of acquisitions and divestitures, grew 3.1%* driven by U.S. growth in over-the-counter products including TYLENOL analgesics, PEPCID and ZYRTEC; LISTERINE mouthwash in oral care products; OGX in skin health/beauty products and wound care products. Growth was negatively impacted by COVID-19 primarily in skin health/beauty and international baby care partially offset by increased COVID-19 demand in oral care products. Pharmaceutical worldwide operational sales, excluding the net impact of acquisitions and divestitures, grew 8.4%. Medical Devices worldwide operational sales, excluding the net impact of acquisitions and divestitures, declined by 10.5%*. The decline was primarily driven by the negative impact of the COVID-19 pandemic and the associated deferral of medical procedures to our Surgery, Orthopaedics, and Vision businesses. The decline was partially offset by growth in the Interventional Solutions business led by electrophysiology products.

RTX – Beats EPS and Revenues (-1%), FY21 EPS In Line, Revenues Light – We closed the year on a strong note with fourth quarter sales, EPS and free cash flow exceeding our expectations, as we delivered on our customer commitments and drove strong execution against our cost and cash actions. Combined with our recent structural actions, we're well positioned for sustainable growth and profitability in 2021 and beyond, and remain committed to returning $18 to $20 billion to shareowners in the four years following the merger. Backlog at the end of the fourth quarter was $150.1 billion, of which $82.8 billion was from commercial aerospace and $67.3 billion was from defense. Collins Aerospace had fourth quarter 2020 adjusted sales of $4,388 million, down 32 percent versus the prior year. Commercial OE was down 41 percent and commercial aftermarket was down 48 percent, while military was up 1 percent. Excluding the impact of the Military GPS and Space ISR divestitures, military was up 7 percent in the quarter. The decrease in commercial sales was driven primarily by the current environment which has resulted in lower flight hours, aircraft fleet utilization and commercial OEM deliveries, as well as the impact of the 737 MAX. This was slightly offset by higher sales across key military platforms. Pratt & Whitney had fourth quarter 2020 adjusted sales of $4,496 million, down 20 percent versus the prior year. Commercial OE was down 46 percent and commercial aftermarket was down 32 percent, while military was up 18 percent. The decrease in commercial sales was primarily due to a significant reduction in shop visits and related spare part sales, and commercial engine deliveries principally driven by the current environment. This was slightly offset by higher F-135 engine sales and aftermarket growth across key military platforms.

VZ – Beats EPS and Revenues (-0.2%), FY21 EPS Above – **Consumer:** 357,000 retail postpaid net additions, including 163,000 phone net additions and 284,000 postpaid smartphone net additions. Total retail postpaid churn of 0.96 percent, and retail postpaid phone churn of 0.76 percent. 2,000 Fios Internet net additions, an increase from 35,000 Fios Internet net additions in fourth-quarter 2019, and 95,000 total Fios Internet net additions across Consumer and Business, the most fourth-quarter total Fios Internet net additions since 2014. **Business:** 346,000 retail postpaid net additions, including 116,000 phone net additions. Total retail postpaid churn of 1.19 percent, and retail postpaid phone churn of 0.98 percent. Total Verizon Media revenues were $2.3 billion in fourth-quarter 2020, up 11.4 percent year over year, the first quarter of year over year growth since the Yahoo acquisition in 2017. Growth in the quarter was fueled by strong advertising trends with revenue from the demand side platform growing 41 percent year over year.

ADM – Beats EPS and Revenues (+10%) – Our Ag Services and Oilseeds team delivered outstanding results in 2020, crossing the $2 billion profit mark by capitalizing on our unparalleled and flexible global footprint to meet strong demand. With continued strong global demand for grains and oilseeds as well as meal and oils, we are confident in another outstanding performance from Ag Services & Oilseeds in 2021. Our Nutrition business continued to harvest investments, lead in consumer growth trend areas, and partner with customers to deliver new products and solutions in 2020, driving 37 percent annual operating profit growth. Based on our current organic growth plans, we expect the Nutrition team to deliver solid revenue expansion and profit growth in 2021. Ag Services results were significantly higher than the prior-year period, driven by great execution in North America, where the business capitalized on strong global demand, particularly from China, to deliver higher export volumes and margins. As expected, South American origination was lower year over year after significantly accelerated farmer selling in the first half of 2020. Starches and Sweeteners achieved significantly higher results versus the prior-year period, driven by lower net corn costs and intra-company insurance settlements. Earnings were partially offset by lower results from corn oil and wet mill ethanol margins.

AXP – Beats EPS and Revenues (-17.7%) – While we are still seeing impacts of the COVID-19 pandemic on our business, trends continued to steadily improve in the fourth quarter. Card Member spending has continued to recover, and non-travel and entertainment spend exceeded pre-COVID levels for the second consecutive quarter. We continued to expand our merchant network, as we sustained virtual parity coverage in the United

States and added more than 3.7 million merchants internationally in 2020. While we remain cautious about the pace of recovery, we are focused on achieving our aspiration of being back to the original EPS expectations we had for 2020 in 2022, and for the company to be positioned to execute on its financial growth algorithm.

ROK – Beats EPS, Misses Revenues (-7.1%), Raises FY21 Above Street – Total orders up double digits sequentially, exceeding pre-pandemic levels. The recovery in manufacturing is happening at a much faster pace than we were anticipating, with our total orders exceeding pre-pandemic levels. Demand was especially strong for Intelligent Devices and Information Solutions, which is expected to drive higher growth for the balance of the year. We continue to increase capacity and are expanding our manufacturing workforce to meet this sharp uptick in demand

Disclosures