



## Inside Today's Blitz

- Eurozone December PMI Optimism
- Asian December PMIs Weak
- Yen Hits 6-Month High
- **TSLA** Weak Q4 Deliveries; **UNVR** M&A Talks Dead; **WHD** \$621M Deal for FlexSteel Tech; **IDCC** Licenses and Buyback; **PLL** Supply Deal with Tesla; **AAPL** Weak Orders

## Market Outlook

Futures are indicating a higher open to start 2023 led by strength in the Nasdaq with Bonds rallying this morning and the US Dollar very strong as Oil/Gas trading lower. We saw mixed data over the Holiday weekend with Asia posting weak Macro data but also a lagging indicator with China now reopening while Europe is showing resilience in the latest Macro data. The Yen continues to show strength following a recent tweak in BOJ policy. It is another quiet week of events before Q4 reporting season starts but US PMI on tap today followed by Fed Minutes tomorrow.

European stocks rose sharply on Tuesday to extend gains from the previous session, as investors awaited German consumer price data expected to confirm the gradual easing that started last month. French Prime Minister Elisabeth Borne said that inflation was expected to peak at the start of 2023 before retreating.

Asian stocks turned in a mixed performance on Tuesday as investors digested disappointing Chinese data and awaited a slew of U.S. economic data this week for clues on the economic and interest-rate outlook. Chinese shares ended notably higher as state media played down the severity of the COVID-19 wave surging over the country ahead of a WHO meeting with Chinese scientists.

## Calendar

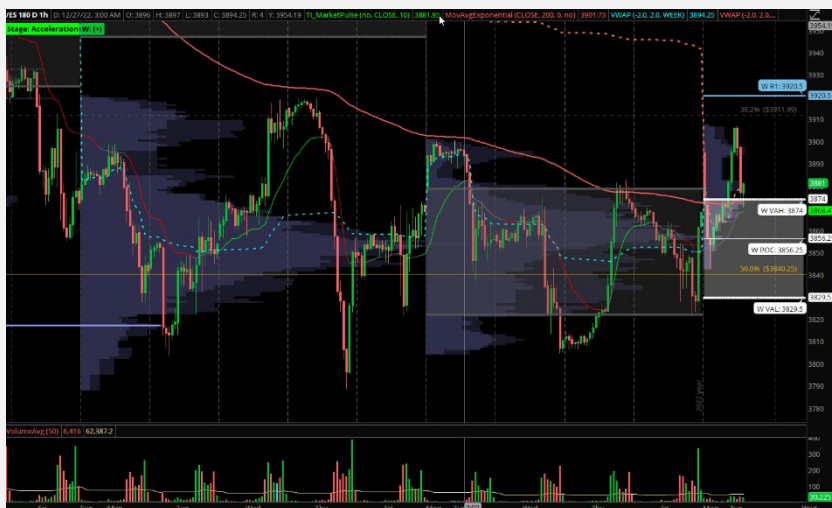
**Today...** Manufacturing PMI, Construction Spending; Manufacturing PMI, Construction Spending

**Tomorrow...** ISM Manufacturing, JOLTS Job Openings, Auto Sales, FOMC Meeting Minutes; Japan PMI, French CPI, German PMI, Eurozone PMI; Citi's Communications Media & Entertainment Conference, Consumer Electronics Show

## Overnight Markets

Description	Price	Change
<b>Natural Gas</b>	4.026	-10.00%
<b>Copper</b>	3.823	0.33%
<b>Oil (WTI)</b>	79.3	-1.18%
<b>Silver</b>	24.5	1.85%
<b>Gold</b>	1839.7	0.74%
<b>US Dollar</b>	104.77	1.21%
<b>VIX</b>	23.2	6.90%
<b>Bonds</b>	112.8	0.46%
<b>Bitcoin</b>	16,695	0.95%
<b>Etherium</b>	1,213	2.00%

## Technical View



### Key Levels to Watch

**S&P Futures (ES\_F)** traded in a wide range overnight and hit a high of 3906 and low of 3843 while retesting weekly POC at 3856.25. The top of weekly value comes in at 3874 and holding above that can see follow through above 3900 as last weeks narrow range breaks. 3920 and 3930 at upside targets while 4000 the larger resistance. Below 3860 opens up a retest lower to 3825 lows from Friday and then 3800 the next major support on the downside.

## Economic Data

- **South Korea** factory activity shrank for a sixth consecutive month in December, a business survey showed on Monday, as the global economic downturn and a local truckers' strike led to the worst slump in demand in 2-1/2 years
- **China** factory activity shrank for the third straight month in December and at the sharpest pace in nearly three years as COVID infections swept through production lines across the country after Beijing's abrupt reversal of anti-virus measures
- **Eurozone** PMI bounced to 47.8 in December from November's 47.1, matching a preliminary reading but still below the 50-mark separating growth from contraction. The downturn in euro zone manufacturing activity has likely passed its trough as supply chains begin to recover and inflationary pressures ease, a survey showed on Monday, leading to a rebound in optimism among factory managers
- **Germany** unemployment fell in December, Labor Office figures showed on Tuesday

## Macro News

- **Global Economic Outlook** - For much of the global economy, 2023 is going to be a tough year as the main engines of global growth - the United States, Europe and China - all experience weakening activity, the

### Movers

**Gainers:** LI 6%, XPEV 6%, BILI 5.8%, KALA 3.5%, SQ 3.4%, BABA 2.7%, COTY 2.7%, PYPL 2.7%, MLCO 2%

**Losers:** PBR -6%, TSLA -4.2%, LIN -3%, EQNR -4.4%, SWN -1.4%, GSK -1%, BHP -1.2%

### Insider Buying

ADC, TH, HHC, AKAM

### IPO Calendar

No Notable IPOs

### MARKET HEALTH AND STATS CHECK

INDICATOR	SIGNAL
NYSI	BEAR
WEEKLY MACD	BULL
8/21 WEEKLY MA	BEAR
CUMULATIVE A/D 89-EMA	BEAR
NEW HIGH/LOW CUMULATIVE 10-MA	BEAR
UP/DOWN VOLUME RATIO 150-MA	BEAR
TOP OF BOOK DEPTH	NEUTRAL
YTD EQUITY FLOWS	\$216.8B
IMPLIED ERP	4.20%
P/E	16.6X
2022/2023 EPS GROWTH EST.	7%/4%
S&P SHORT INTEREST	1.70%

head of the International Monetary Fund said on Sunday. Her comments, however, suggest another cut to both the China and global growth outlooks may be in the offing later this month when the IMF typically unveils updated forecasts during the World Economic Forum in Davos, Switzerland

- **China Covid** - The European Union has offered free COVID-19 vaccines to China to help Beijing contain a mass outbreak of the illness, the Financial Times reported on Tuesday
- **US Dollar** - The dollar posted gains against nearly all its major peers as trading kicked off in 2023 after a seasonal holiday lull. Only the Japanese yen proved stronger than the greenback among Group-of-10 currencies, with the pound, euro and Swiss franc falling sharply.

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## Sentiment

- **CNN Fear & Greed** closed 2022 at a Fear reading of 37, similar to the 38 reading a week prior but well below the reading of 69 a month earlier

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## Stock-Specific News

### Barron's Recap

- **TTWO, MU** highlighted by Barron's as potential 2023 winners that struggled in 2022

### Consumer Goods (XLP)

- **NIO** December deliveries +50.5%; **LI** +50.7%
- **TSLA** Q4 deliveries 405,278, missing estimates, +40% Y/Y
- **Aldi** said its sales in December rose 26% compared to the previous year, reflecting the opening of new stores and consumers' search for savings in a cost-of-living crisis

### Consumer / Business Services (XLY)

- **Shopify (SHOP)** to offer better Ad targeting, FT reports

### Financials (XLF)

- **TW** elevates Billy Hult to Chief Executive Officer

### Healthcare (XLV)

- **SY** raises buyback to \$25M from \$15M

#### Sympathy Mover

**KR, SFM** potential grocer sympathy plays as consumers spend strong on necessities

#### Hawk Database

**SHOP** has pulled back and still has large Sep. \$40 and \$45 call buys in OI vs. key \$32.7 support

- **LEGN** receives acceptance of its New Drug Application for Ciltacabtagene Autoleucel (Cilta-Cel) in China
- **PDSB** announces exclusive global license agreement with Merck KGaA (MKKGY) for the tumor-targeting IL-12 fusion protein M9241, which will join the pipeline as PDS0301

#### Industrials (XLI)

- **Rheinmetall** has won an order worth more than a quarter billion euros in the electromobility segment, the industrial group said in a statement on Monday. Rheinmetall said it would be providing the new 900-volt generation of electrically powered vehicles with a new type of contactor to a premium German automaker
- **SpaceX** is raising \$750 million in new fundraising, which values the company at \$137 billion, CNBC reported
- **WSO** raises dividend 11%

#### Materials & Energy (XLB, XLE)

- **UNVR** - German chemicals distributor Brenntag said on Monday it is ending talks with smaller U.S. rival Univar Solutions on a possible takeover, weeks after activist investor PrimeStone called on the company to consider a break-up instead
- **Cactus (WHD)** to acquire **FlexSteel Tech** for \$621M
- **XOM, CVX** are shifting focus of oil projects in the Americas, WSJ reports. The two fossil-fuel giants plan to spend most of their annual budgets in the Americas this year, with Chevron saying it will pour 70% of the capital allocated for production into oil fields in the U.S., Argentina and Canada, and Exxon saying it will spend a similar portion of its budget in the Permian Basin of New Mexico and West Texas, Guyana, Brazil and liquefied natural-gas projects
- **PLL** amends agreement with Tesla (TSLA); Piedmont has agreed to deliver approximately 125,000 metric tons of SC6 to Tesla beginning in H2 2023 through the end of 2025

#### On the Chart

**CVX** small flag with room to push back to November highs

#### Technology (XLK)

- **Meta Inc (META)** is preparing to announce whether it will allow former U.S. President Donald Trump back on to Facebook and Instagram
- **Atos** rallied on Monday, after newspaper Les Echos reported **Airbus** had started "exploratory talks" to take a minority share in the firm's cybersecurity unit, Reuters reports
- **IDCC** announced that the company has signed an HEVC and VVC patent license with LG Electronics; IDCC also announces increasing its buyback by \$333M to \$400M

- **AAPL** has notified several suppliers to build fewer components for AirPods, the Apple Watch and MacBooks for the first quarter, citing weakening demand, according to Nikkei Asia's supply chain checks with several component suppliers

### Communications & Utilities (XLU, XLC)

- **IRDM** announced that it had entered into a service provider agreement to enable Iridium's technology in smartphones

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## Analyst Notes

### Upgrades

- **EVR** raised to Outperform at KBW
- **IMVT** raised to Overweight at Wells Fargo
- **PEAK, NNN** raised to Buy at Jefferies
- **WYNN** raised to Overweight at Wells Fargo
- **SQ** raised to Outperform at Baird
- **USB** raised to Overweight at Barclays
- **EQNR, E** raised to Outperform at Bernstein
- **TWST** raised to Outperform at Evercore
- **CACI** raised to Overweight at MSCO
- **PYPL** raised to Buy at Truist
- **ENFN** raised to Overweight at MSCO
- **COTY** raised to Overweight at Piper
- **EIX** raised to Buy at UBS
- **MTB** raised to Outperform at Wedbush
- **ADAP, ACAD** raised to Buy at Guggenheim
- **BDX** raised to Buy at BAML
- **IVAC** raised to Buy at Benchmark

### Downgrades

- **DEI** cut to Underperform at Jefferies
- **APLS, ARVN** cut to Neutral at Wells Fargo
- **INVH, AMH** cut to Hold at Jefferies
- **OWL, CG, APO** cut to Neutral at KBW
- **LSI, CUBE** cut to Neutral at Jefferies
- **TAP** cut to Underweight at Wells Fargo
- **GILD** cut to Neutral at RBC
- **FOXA, LGF.A** cut to Underperform at Wolfe

#### On the Chart

**EVR** healthy consolidation wedge and looks good over \$111

#### Hawk Database

**WYNN** buyer 2500 Jan. \$84 calls last week continues to show strength

#### Hawk Database

**PYPL** bull flow active since 12-20 as it works out of a small bottoming base

#### Hawk Database

**APO** with 12,000 Feb. \$55 puts bought last week

- **TMUS** cut to Neutral at Wolfe
- **MDLZ** cut to Neutral at RBC
- **CVS** cut to Neutral at Evercore
- **ALLY, COF** cut to Neutral at Barclays
- **ZION** cut to Underweight at Barclays
- **GSK** cut to Underweight at JPM
- **PSN** cut to Underweight at MSCO; **SAIC** cut to Neutral
- **ETR** cut to Neutral at BAML
- **INFA** cut to Neutral at UBS
- **AZTA** cut to Neutral at Evercore
- **REYN** cut to Neutral at RBC
- **CI** cut to Neutral at Wells Fargo
- **LUNG** cut to Underperform at BAML
- **BAX** cut to Neutral at BAML

**On the Chart**

**CVS** vulnerable to a break of the 200-day near 92.25

**Initiations**

- **MDLZ** started Overweight at Wells Fargo; **HSY** started Underweight
- **SNDX** started Overweight at JPM; revumenib in acute leukemias, which is de-risked and has "best-in-class potential"

**Other Notes**

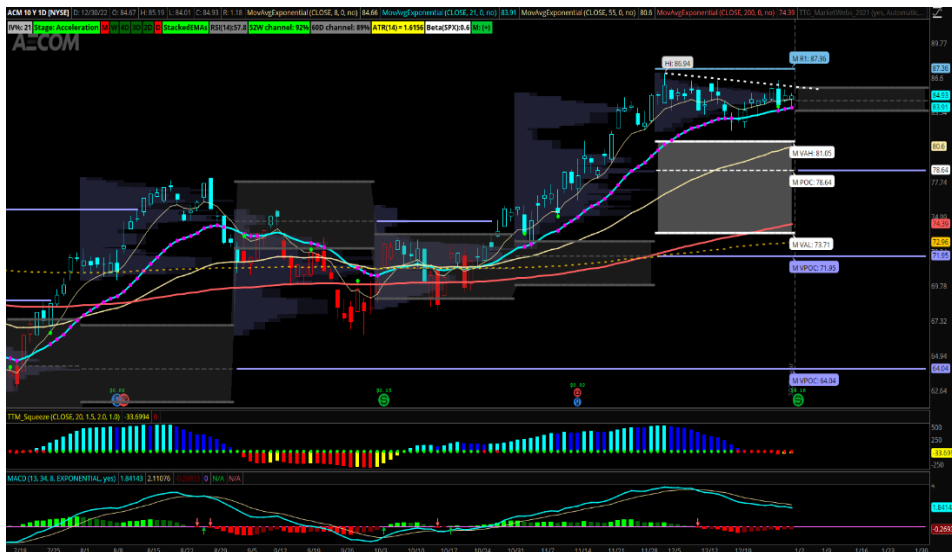
- **MRVL, LGF.B, AMD, NVDA, MU, HLIT, AYX, ALTR, CIEN, RMBS, CALX, SIX, EXTR, BATRK** named top 15 stocks for 2023 at Rosenblatt

**Hawk Database**

**AYX** stands out as a breakout play last week with the 28K Feb. \$40 synthetic longs in OI

## Trade Ideas

**Aecom (ACM)** shares are coiled in a bull flag the past month after a strong run in Q4 from 70 up to 85 and now seeing a setup for higher prices with a breakout above 85.50 likely sending the stock to new highs into 90 and beyond. The small cap industrial is in a sector seeing positive money flows and a stock that quietly is at all time highs with blue sky territory above. A close back under the 82 level would be a prudent stop.



### Technical Scans

**Inside Month Candle:** UNH, WMT, HON, LOW, BP, TJX, GE, NTES, SNOW, AFL, NTR, SQ, DOW, DD, TEAM, ON, DDOG, EBAY, TTD, CAH, DASH, TTWO, NET, MGM, BILL, TWLO, M, W

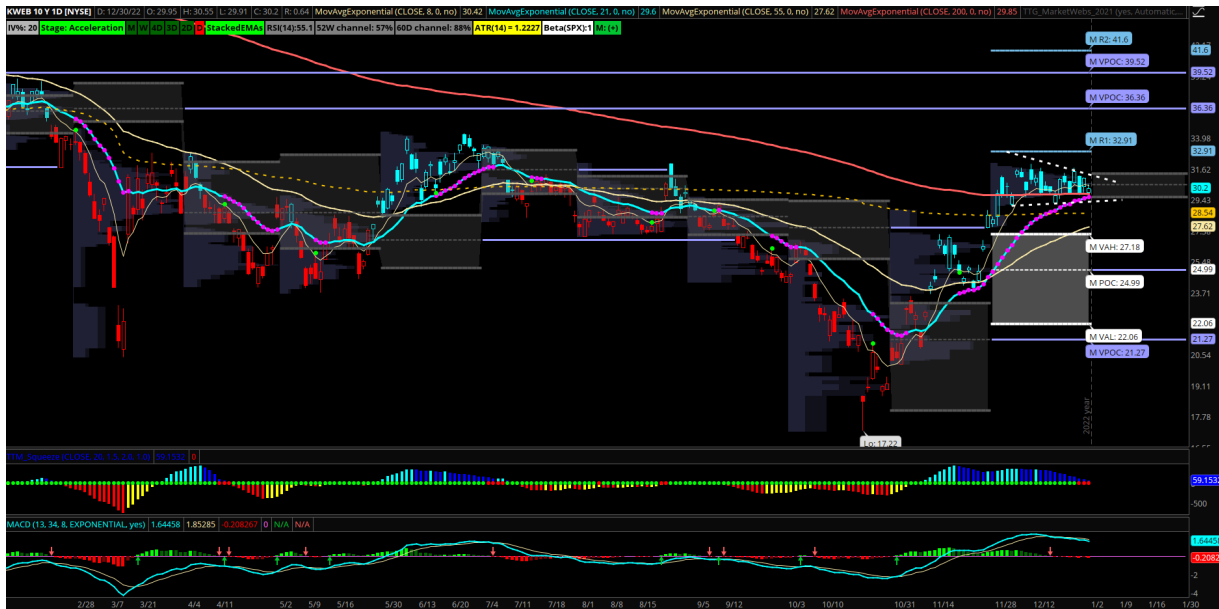
**OBV 3 Month High:** NVO, SCHW, BA, KHC, DB, RCI, LW, TTC, GL, RYAN, AGCO, BCH, RGLD, CROX, TPX, OSK, ROIV, AGI, MSGS, WK, SMCI, MANU, WFRD, SCPL, PINC, BANF, HHC

**Weekly MACD Bull Cross:** MDT, EW, FIS, COF, FWONK, SIVB, VIV, G, ALLY, SJI, TNET, SYNH, MRVI, FHB, NCNO, TCN, AMED, XENE, ZIM, CXM, FGEN, MATV, PDM

### ETF Sector Corner: China Internet Group Outperformance Standing Out

**KraneShares CSI China Internet ETF-** The only ETF on the market that offers pureplay exposure to Chinese software and information technology stocks that are China's answer to U.S. firms like Amazon and Facebook. KWEB's portfolio is dominated by well-known large-cap stocks like Alibaba and Tencent, but also owns a sizable chunk of mid- and small-cap firms that many U.S. investors might not recognize. KWEB is the only ETF of its type, which allows it to command a higher fee of 76 basis points, which isn't an unreasonable premium to pay for targeted exposure to Chinese internet firms.

The ETF's top holdings in order of weight include **Tencent Holdings, MPNGY, BABA, JD, PDD, TME, TCOM, NTES, BIDU, BILI, YMM, BZ, BEKE**. The ETF has 33 holdings while the top weighting Tencent makes up a large 10.3% of assets. The top 10 names make up about 60% of the fund. Large caps (>\$13B) make up 67.4% of the index. Mid-caps (\$2.7B-\$13B) make up 31% of the fund, while Small caps (<\$2.7B) are about 1.7%. The ETF has seasonal bullishness in January and on average since it was created the past 9 years are higher in January by 4.7% and 7 of the last 9 years higher in January. Shares are forming a bull flag and potential to see the advance off the October panic lows continue higher with untested VPOCs higher at 36.36 and 39.52 a few reasonable targets on the upside the next month or two. Support is seen lower at 27.50 near the 55-day EMA. Options flows have been bullish and on 12/6 saw a large trade open selling 30,000 February \$26/\$23 put spreads to buy 30k of the Feb \$30/\$36 call spreads. Also has seen 31,000 Feb \$35/\$40 call spreads bought at \$0.91 and May \$31/\$40 call ratio spreads opened for \$0.96 debit for 7,500x15,000x.



## Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
JD	17 MAR 23 85 CALL	4,435	9,057	104.22%
PDD	21 JUL 23 95 CALL	1,142	2,148	88.09%
DIS	19 JAN 24 70 PUT	2,193	3,999	82.35%
GOOG	20 JAN 23 85 CALL	3,753	6,771	80.42%
RRC	16 JUN 23 30 CALL	1,695	3,001	77.05%
PCG	17 NOV 23 17 PUT	1,633	2,860	75.14%
SAVA	17 FEB 23 40 CALL	2,777	4,699	69.21%
BABA	17 MAR 23 95 CALL	4,405	6,986	58.59%
NVS	21 JUL 23 92.5 CALL	3,962	6,033	52.27%
MCD	17 FEB 23 260 PUT	1,996	2,488	24.65%
FUTU	20 JAN 23 45 PUT	2,768	3,140	13.44%
CMCSA	16 JUN 23 32.5 CALL	4,237	4,237	0.00%
EDR	19 MAY 23 20 CALL	2,210	1,933	-12.53%
LPI	21 APR 23 80 CALL	3,423	2,394	-30.06%
JPM	21 JUL 23 140 CALL	2,483	1,714	-30.97%
SBOW	20 JAN 23 25 CALL	1,178	508	-56.88%

## Extras

**Twilio (TWLO)** buyer of 1600 Jan 2024 \$85 calls for \$4.49, adjusting the \$90 calls.

**NextEra Energy (NEE)** with 2600 Jan 2024 \$70 puts bought for \$4.20



**Novocure (NVCR)** large trade adjustment buys 1450 Feb \$100 ITM puts for \$41.93, adjusting from April puts

**3M (MMM)** with an opening seller of 1000 July \$110 puts for \$6.35

**Bilibili (BILI)** late day opening seller of 10,000 July \$17 puts for \$2.85

**General Motors (GM)** late day buyer of 2200 January \$33.50 calls for \$1.31

**Google (GOOGL)** late day buyer of 1250 March \$87.50 calls at \$6.55

**Meta (META)** large buyer of 1500 Jan 2024 \$85 ITM calls for \$46.80, over \$7M position and is adjusting the \$70 calls that bought in early November and staying bullish as the chart is poised to breakout

**Amazon (AMZN)** stock replacement sells to open 1600 October \$75 puts for \$7.80

**Exxon (XOM)** large opening seller of 455 Jan 2025 \$160 deep ITM puts for \$52, adjusting Jan 2024 \$110 short puts

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## What They're Saying

**Adobe (ADBE)** earnings call on Document Cloud, Express and Development Inflection...“Now turning to the Document Cloud business. Digital documents have become synonymous with productivity in our personal and professional lives, whether it's an offer to purchase a new home, a bank deposit form, a school permission slip or a sales contract. Document Cloud is the leader in digital documents, offering innovative solutions across every device and for every skill level. Our strategy to enable all common document actions, including editing, sharing, reviewing, scanning and signing across desktop, mobile and web is paying strong dividends. In Q4, Document Cloud had record revenue of \$619 million, which represents 19% year-over-year growth and strong net new ARR of \$123 million with ending ARR growing 23% year-over-year. Q4 was the strongest net new ARR quarter ever for Digital Media, driven by outstanding execution against multiple growth drivers in our core business. In addition, we're excited about the pending Figma acquisition, which represents a tremendous opportunity to accelerate the future of creativity and productivity for millions of people. We're very excited about sort of the state of Express. Express just finished its first year in market. We have millions of monthly active users. As I mentioned, we saw very strong growth sequentially quarter-over-quarter with -- in the U.S., which is our primary focus market, 40% quarter-over-quarter growth in visitors, terrific NPS of over 50% and that's really on the backs of hundreds of millions of stock content that we have, the 20,000 fonts that we've added that is unique to our offering the highest quality templates. And the constant addition of best-breed features from our other Adobe products like Photoshop and Premier and Acrobat. And so as users are coming, we're bringing in more users than we've ever had in audiences, we haven't reached by finding intent-based search for things. We're bringing those users in, which is giving us incredible top of funnel. We're driving the conversion. And we're also able to drive utilization increases in CC customers, which is driving retention of that business overall as well. So the funnel and that migration of that base is very healthy and playing out as expected. The only thing I would add is that there's an interesting inflection point that we are in terms of our product development cycles that give us an opportunity to take what we've always been doing, to your point, with product-led growth and drive even more use of it, which is the introduction of all the web applications that we have. So we now have Photoshop Web, we have Illustrator Web, we have Acrobat Web, we have Adobe Express, and you combine that with the sharing focus that we have with share for review as an example. And we have new growth loops that we can start optimizing, and that's been a huge area of focus for the teams.”

## Earnings Grid

Stock	Next Earn		Open Interest	Historical Moves (8 Q)	Implied	Avg. 8 Q	Med. 8 Q	Sum. 8 Q	Hist			SI Change (3mo)	
	Date	Time			Move	Max Move	Close Move	Close Move	IV30 Skew	Crush	Put/Call OI %-tile		Short Float
<a href="#">STZ</a>	1/5/2023	BMO	Bull: \$6.55M (95%), Bear: \$0.36M (5%) Bull: \$1.52M (46%), Stock: \$1.09M (33%), Bear: \$0.72M (22%)	Lower 5 of 8, Lower last 2	3.89%	4.78%	-1.06%	-6.24%	4.58	-15.20%	12.78%	1.09%	-42.91%
<a href="#">WBA</a>	1/5/2023	BMO	No Trades Since Last Report	Even of 8	4.64%	7.29%	0.37%	-1.66%	4.39	-15.90%	72.55%	3.35%	-6.38%
<a href="#">CAG</a>	1/5/2023	BMO	Vol: \$2.16M (95%), Bull: \$0.12M (5%) Bear: \$1.19M (100%)	Lower 6 of 8, Lower last 2	3.63%	4.54%	-2.75%	-24.00%	3.49	-18.50%	45.36%	1.96%	-39.05%
<a href="#">LW</a>	1/5/2023	BMO	No Trades Since Last Report	Even of 8, Higher last 4	5.40%	8.39%	0.72%	-2.72%	4.92	-23.00%	70.02%	1.95%	5.93%
<a href="#">RPM</a>	1/5/2023	BMO	No Trades Since Last Report	Even of 8	5.00%	4.08%	-0.17%	3.16%	5.48	-15.30%	37.92%	1.81%	2.22%
<a href="#">MSM</a>	1/5/2023	BMO	No Trades Since Last Report	Even of 8	4.62%	3.69%	0.14%	-0.91%	3.87	-17.50%	99.60%	2.35%	-4.42%
<a href="#">SMPL</a>	1/5/2023	BMO	No Trades Since Last Report	Higher 5 of 8	7.48%	7.60%	1.40%	8.40%	6	-22.70%	83.91%	3.08%	-11.22%
<a href="#">NEOG</a>	1/5/2023	BMO	No Trades Since Last Report	Higher 5 of 8	6.93%	5.66%	0.99%	3.26%	9.78	-10.10%	36.16%	9.81%	-69.28%
<a href="#">SCHN</a>	1/5/2023	BMO	No Trades Since Last Report	Even of 8	9.17%	7.11%	-0.11%	-18.00%	5.55	-6.26%	69.96%	2.42%	-5.51%
<a href="#">DCT</a>	1/5/2023	AMC	No Trades Since Last Report	Lower 6 of 8	16.50%	15.18%	-2.34%	-50.20%	0.35	-19.00%	58.71%	3.44%	26.21%

## Earnings Review

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## Disclosures

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