



Inside Today's Blitz

- Markets Mixed as Focus Turns to Georgia Run-Offs, Control of Senate
- OPEC Meets Again to Finalize February Production Guidelines
- **NFLX** says viewership in Dec. hit a record; **Gojek, Tokopedia** mulling \$18B merger; **BPFH** to be bought by **SIVB**; **MDLZ** is looking to buy chocolate-maker **Hu**; **Dialog Semi** positive Q4 update

Market Outlook

Futures indicating a modestly higher open for the day with the **Dow** up 12 bps, **the S&P** up 11 bps, and the **Nasdaq** up 10 bps. The **Russell** is up 15 bps. Energy is rallying again ahead of OPEC's decision with **WTI** up 1.85%. **Natural gas** is up another 4% ahead of some expected cold weather. **Gold** and **silver** are both higher with the latter up 1%. **Platinum** is up 2%. Grains are strong as well with **soybeans** up 1.7%. The **dollar** is continuing lower, down 30 bps, while **bonds** are down 20 bps. It has been a quiet morning for news with anticipation growing as Georgia goes to vote today. It likely takes a day or two for official results but recent polling suggests a Democratic sweep is possible which would give them control of the Senate, albeit a slim margin. The one scenario that should be hopeful for GOP is that Perdue topped Ossof in November by over 85,000 votes and even with the early polling data, it'll likely be a very close race. Elsewhere, OPEC tries again to reach a deal today on February production levels. Saudi Arabia and Russia remain the two at odds with one another. The UK is going into lockdown over COVID's recent surge and Germany may extend their national protocols another 5-days as well. The US likely hits another record this week for infections.

Asian markets are mixed this morning in cautious trade with the run-offs in Georgia and rising COVID cases in focus. Shanghai was up 73 bps, Hong Kong was up 64 bps, and the Nikkei was down modestly. Airlines and train operators under pressure in Japan with the prospect of another lockdown. European markets are mostly lower today as fears of COVID-related lockdowns rises. **Dialog Semi** rose 4% after giving an upbeat outlook for Q4 due to better demand for 5G phones and tablets. **Saint-Gobain** rose 1% as they plan to sell their distribution business in the Netherlands. **Fiat** is up 1% after announcing plans to invest \$250M in India. Oil majors like **BP** and **Shell** are higher by 2-3% this morning ahead of the OPEC decision. Fashion retailer **NEXT** is up 8.5% after announcing strong Holiday revenues. **Ryanair** is down 2% after December passenger metrics fell short of expectations.

Calendar

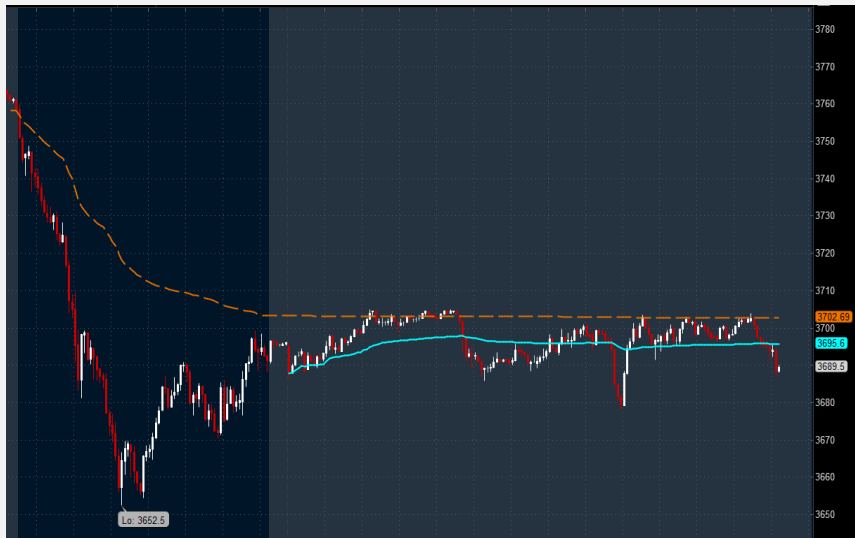
Today... ISM Manufacturing, API Inventories; **International Data:** German Retail Sales, Japan Services PMI, China Caixin Services PMI;
Earnings After the Close: SGH

Tomorrow... ADP Non-Farm Payrolls, Composite PMI, Services PMI, Factory Orders, EIA Inventories, FOMC Minutes; **International Data:** German Services PMI, Eurozone Services PMI, UK Services PMI, BOE's Bailey Speaks; **Earnings Before the Open:** GBX, MSM, RPM, SMPL;
Earnings After the Close: RGP; **Other:** COST monthly sales

Overnight Markets

Natural Gas	2.687	4.11%
Oil (WTI)	48.46	1.76%
Copper	3.599	1.25%
Silver	27.66	1.08%
Gold	1953.8	0.37%
Bonds	172.69	-0.20%
US Dollar	89.6	-0.27%
Lumber	700.5	-2.29%

Technical View



Key Levels to Watch

Its been a quiet night for S&P futures with a narrow range between 3702 and 3685. We had a brief dip this morning down to 3680 but bought up quickly. VWAP from Sunday's open has been a brick wall at 3702.50. The overall bounce from Monday's open to close retraced just 38.2% and a big low-volume gap above if we get some momentum.

Economic Data

- **German** retail sales for Nov +1.9% vs -2% est.
- **German** unemployment for Dec was 6.1% vs 6.2% est.
- **EU** money supply growth for Nov. was 11% vs 10.6% est.

Macro News

- **Fed's Bostic** says Fed may trim asset buys in 2021, per Reuters
- **Fed's Mester** says the economy may rebound in 2021 with the vaccine but it won't be enough to withdraw monetary support, per Reuters
- **Fed's Evans** says the central bank should be targeting inflation of 2.5%, per Bloomberg
- **Russia, Saudi Arabia** at odds over oil output, says WSJ. Russia is looking to continue hiking output
- **Muni bond sales hit record in 2020**, says Reuters. States, cities, schools and others sold \$451.2B last year, highest total since Refinitiv started tracking it in 1980

Movers

Gainers: SKLZ 12%, JEF 5%, MU 3%, APA 2.5%

Losers: FSLR -4%

Insider Buying

GEF, AIRT, GRTS

IPO Monitor

There are no upcoming IPOs currently available for this week.

Stock-Specific News

Consumer

- **Mondelez (MDLZ)** nearing deal for Hu, maker of paleo chocolate-bars at \$250M+, according to the WSJ
- **Next PLC** jump in Europe after strong Holiday sales and upside to FY22 guidance, per Bloomberg
- **Garmin (GRMN)** acquires GEOS Worldwide, no terms disclosed. GEOS Worldwide operates the International Emergency Response Coordination Center, the nerve center for SOS rescue efforts triggered by Garmin's inReach personal satellite communicators.

Hawk Database

MDLZ nice setup with shares forming a multi-week flag under \$59 and resistance from September, a breakout targeting \$62-\$63 short-term

Financials

- **Boston Private (BPFH)** to be acquired by **SVB Financial (SIVB)** in \$900M cash & stock deal
- **Jefferies (JEF)** posts strong Quarterly results; Raises dividend 33% and increases buyback by \$250M
- **Brazilian asset manager Vinci files for IPO in US**, per Reuters. Vinci has nearly 46 billion reais under management in private equity, infrastructure, real estate, hedge and credit funds
- Data-center operator **Global Switch** is said to explore an \$11B sale, per Bloomberg. The company has a footprint in Europe and Asia
- **JPM** is in talks to establish a new China JV, per Bloomberg
- **WFC** plans to build out their investment bank over the next 3-5 years, per Bloomberg, as new CEO Scharf looks to grow on Wall Street

Sympathy Movers

A top competitor for Global Switch is **InterXion** that was bought by **DLR** in 2019 while **EQIX** could look at deals to expand their overseas footprint, a major area of growth

Healthcare

- **BioXcel (BTAI)** says Phase 1b study in agitation due to dementia and Alzheimer's met all primary and secondary endpoints
- **LIFE** says Phase 2 trial in hospitalized COVID patients met its primary endpoint
- **AHCO** announces 8M share offering; **FATE** files to sell \$350M in stock; **NGM** files to sell \$100M in stock; **PRLD** to sell 1.75M shares of stock

Industrials

- **Magna (MGA)** could be a potential partner for **Apple (AAPL)** should they choose to build a car, says WaPo. The manufacturer is already advising tech groups and start-ups looking to enter the automotive business
- **Tesla (TSLA)** strikes new battery deal with **Panasonic**, per Nikkei. The deal runs through 2022 and comes amid a big surge in Model Y sales
- **LMT** wins \$4.93B AF contract modification

Hawk Database

MGA recent buyers in the OTM March \$80 calls, over 2100X

OptionsHawk Market Blitz

Energy/Materials

- **Avery Dennison (AVY)** to buy ACPO for \$87.6M, a leader in pressure-sensitive overlaminates products for the label and flexible packaging markets
- **AEM** to acquire **TMAC Resources** for C\$286.6M
- **SU** to record \$425M non-cash charge in Q4
- **IP** to divest its corrugated packaging business in Turkey to **Mondi** for €66M
- Hedge Funds raised mining shorts as COVID vaccines seen tamping **Gold (GLD)** gains according to filings reviewed by Reuters. **Barrick (GOLD)** and **Newmont (NEM)** cited with rising short trades.

Tech/Telecom

- **Netflix (NFLX)** says viewership set records in December, Christmas week, per Variety. 'Bridgerton' seen by over 63M households, the first production from their splashy deal with Shonda Rhimes
- **Gojek in talks to merge with Tokopedia in \$18B deal**, per Bloomberg. Indonesia's two most valuable startups, ride-hailing and payments giant Gojek and e-commerce pioneer PT Tokopedia, are in advanced talks
- **Alibaba (BABA)** will close its Xiami music app next month, per Reuters. The move marks a step back from some lofty entertainment ambitions for the company
- **Dialog Semi** jumping 3.5% in Europe after a positive Q4 update; the firm noted strong demand for 5G phones and tablets and expects momentum to continue into Q1
- **Hai Hai** posts strong December revenue due to demand for the new iPhone, says Bloomberg
- **Applied Materials (AMAT)** has raised their bid for **Kokosai Electric** to \$3.5B. U.S. company had agreed to pay owner KKR \$2.2 billion
- **TWTR** to buy podcasting startup Breaker
- **TMUS** to buy Sprint-branded wireless assets from BMU
- **CHU, CHL** no longer to be delisted, per Bloomberg
- **BILI** to raise over \$2B in Hong Kong listing, says Reuters
- **PDD** faces probe in China over worker conditions, says FT
- **HMI** to buy 29.9% stake in **Jiangsu Yitong** for \$174M cash
- **Shinko Electric, Lasertec** rally in Japan on reports that **TSM** is planning to build a new Tokyo facility, per Bloomberg
- **5G airwaves bids surge past \$75B to set auction record**, says Bloomberg. The jump is due to unprecedented demand from **VZ, T, TMUS**, and others and could top \$80B by the conclusion next week. Such high prices likely sends some companies to the debt market for financing, they note

Hawk Database

BILI recent buyers of the June \$95 calls and Jan. 2022 \$105 calls in size while the April \$85 calls bought 1750X on 12/29

Analyst Notes

Upgrades

- **ENPH** upgraded to Buy at Goldman, \$232 PT up from \$127; offers "multi-year, multi-faceted growth potential" due to market share gains, new product growth from batteries, international expansion and new end market growth from commercial
- **JD** raised to Buy at Stifel, While JD.com, as one of the leading e-commerce platforms in China, can benefit from secular trends to support its long-term growth, the company also has the potential to monetize investment stakes in newer businesses like logistics, health and JD Digits
- **MU** raised to Buy from Sell at Citi, shares still have "plenty of upside" as DRAM upturns usually last two years and supply/demand looks favorable over at least the next year
- **AVY** raised to Outperform at BMO, firm expects Avery to outperform the broader space, led by a recovery in the RBIS market, its focus on maintaining the strength of its margin profile, and "significant growth" from its RFID segment
- **CE** raised to Outperform at BMO, positive as "asset turnarounds" pulled forward to 2020 will enable reduced downtime in 2021 to benefit from a potential demand snapback
- **TROW** upgraded to Neutral at Goldman, Following slower organic growth in 2020, T. Rowe's flows should improve amid better prospects for its target date franchise on the back of a "solid" rebound in performance and reduced headwinds from the CARES Act provisions
- **RJF** raised to Buy from Sell at Goldman, Headwinds from low interest rates have worked their way into the company's net interest margin while credit provisions costs are likely receding
- **DOCU** raised to Overweight at Piper
- **DIN** raised to Buy at Deutsche Bank
- **CDNS** upgraded to Overweight at Keybanc, \$155 PT
- **PLAN, HUBS** raised to Overweight at Wells Fargo
- **PTCT** raised to Buy at Citi
- **THC** raised to Buy at BAML
- **MMSI** raised to Buy at Needham
- **IQ** raised to Buy at New Street
- **AWI** raised to Buy at BAML
- **HBAN** raised to Overweight at Piper
- **BAC, EVR** raised to Outperform at Wolfe

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ENPH has recently seen accumulation of May \$270 calls with 8,300 opening since 12/28, and a nice consolidation set-up for a breakout.

Hawk Database

JD has pulled back to fill gaps and retest a recent key base breakout and the focus here the February \$85 calls where 20,000 were bought in early December.

Downgrades

- **FSLR** cut to Sell at Goldman, believes FSLR's module selling prices will "decline sharply" starting in 2022 owing to the expiration of Section 201
- **EGHT** cut to Underweight at Wells Fargo, shares will likely be challenged in the coming year as the recent re-rating already implies significant improvement in the underlying financial profile beyond current levels and thinks the timing of changes could place the company further behind peers in efforts to capitalize on recent cloud acceleration
- **BGS** cut to Underperform at CSFB, the portfolio is the most likely to experience major sales declines once consumers return to their prior eating patterns away from their homes. The analyst argues that the recent acquisition of Crisco increases B&G's exposure to "normalcy" even further because Crisco was declining at a 5% rate prior to the pandemic due to stagnant baking trends and consumers shifting to healthier options
- **CREE** cut to Neutral at JPM, While he expects headlines will "turn consistently positive" for Cree in 2021 amid the auto industry's pivot towards electrification, he also anticipates several quarters of weak earnings owing to investment in a new fab ahead of the ramp in demand
- **OKTA, FTNT, RPD** cut to Neutral at Piper
- **PHM** cut to Neutral at BAML
- **UHS** cut to Underperform at BAML
- **CAG** cut to Underperform at CSFB
- **NTRS, JHG, BEN** cut to Sell; **STT, SF** cut to Neutral at Goldman
- **TSLA** cut to Underperform at Exane Paribas
- **ABNB** cut to Neutral at Atlantic
- **J** cut to Neutral at Baird
- **SCHW, SF, STT, HLI** cut to Underperform at Wolfe
- **DVA** cut to Neutral from Buy at BAML
- **KO** cut to Neutral from Buy at Guggenheim
- **LESL** cut to Hold from Buy at Loop Capital

Hawk Database

PHM weak but has recently seen 10,000 July \$44 calls bought and has 4000 April \$40 short puts in OI. The 200-day MA near \$38.5 a bounce level to target.

Initiations

- **MCD** started Outperform at Wedbush, predicts McDonald's can accelerate free cash flow per share growth in 2022 and EPS growth in 2023 to double-digits percentages
- **CERT** started Buy at BAML, positive on the company's leading position in Biosimulation, or the use of software to model various biological questions in pharma R&D rather than through "costly" clinical trials.
- **OZON** started Buy at HSBC, Ozon is one of the fastest growing multi-category e-commerce players in Russia with strong logistic capabilities and

Hawk Database

CERT is a real interesting recent IPO providing simulation tools to Biopharma, above \$35 allows a nice reward/risk versus the recent low.

OptionsHawk Market Blitz

believes the company's investments are directed towards gaining market share, developing logistics and building scale to win in the long run.

- **TXRH** started Buy at Truist
- **TRQ** started Outperform at BMO
- **ABCL** started Buy at Stifel

Other Commentary

- **SEDG, MAXN, JKS, NOVA, SPWR, ARRY** estimates raised at Goldman; the firm remains positive on solar equities heading into 2021 given the ongoing secular growth amidst renewed policy support and attractive financing conditions.
- **MRK** target raised to \$105 at Citi, believes that 2021 is the year that the market begins to reflect the earnings power of Merck's "burgeoning" pipeline. Maturing clinical data for pipeline drugs islatravir, belzutifan, vibostolimab, ladiratumab vedotin and financial guidance for Merck excluding Organon should "narrow the gap between investor and management expectations" for long-term earnings growth and diminish investor concerns over Keytruda concentrations risk
- **PZZA** Longbow's top restaurant pick, expects the pizza company to accelerate its innovation pipeline over the course of the year based on his most recent discussions with his franchisee contacts. This dynamic could equate to an even greater same-store sales lift from new products than last year
- **LULU** named short-term investment idea at Deutsche Bank, analyst believes Lululemon was a relative outperformer during a "mixed" holiday shopping season due to product newness and ongoing momentum in the athleisure category. His channel checks suggest that clearance inventory levels are down materially year-over-year.
- **CYBR** target to \$180 from \$125 at Piper
- **CRWD** target to \$240 from \$180 at Piper
- **ZS** target to \$190 from \$160 at Piper
- **VRNS** target to \$180 from \$140 at Piper
- **DIS** target to \$195 from \$175 at Truist

Hawk Database

LULU also a favorite set-up with it basing on the 55-day MA and above \$360 a volume pocket to run to \$370.

Trade Ideas

Zillow (Z) hammer reversal yesterday off the rising 21-EMA and a low-volume node from December's profile. VWAP from the recent highs sits at \$135.50 and above that level has room back to recent highs and then a measured move to \$160. Z has seen some large put sales recently into the pullback including the Jan. 2022 \$120 strike on 12/30 and remains a top play on the digitization of the real estate industry while monetizing areas like mortgage services as demand from first-time home buyers is accelerating



Technical Scans

Weekly 10-MA Test: TPX, MDLZ, TRU, WDAY, FVRR, COUP, AMZN, OKTA, OLED, PINS, EMN, HOLX, TDG, HON, APH, TYL, TROW, EXAS, TSCO, CMCSA, YUM, ADBE, PAYC, APPN

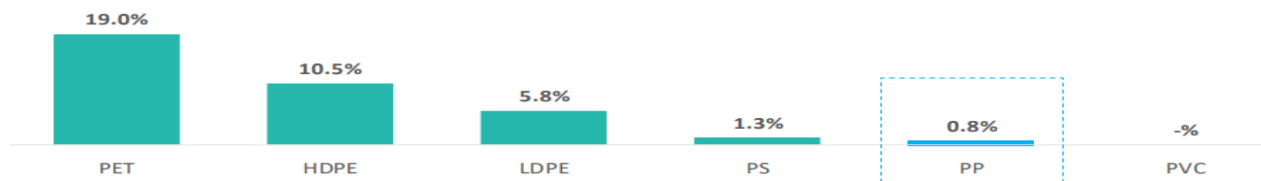
Bullish Reversal Days: HLF, OCFT, EYE, RIDE, W, OPEN, WIX, ACIA, SVMK, BYND, GIS, BEAM, ROOT, SBNY, IONS, NBIX, Z, CARG, HAE, GDRX

SPAC Profile

Pure Cycle (ROCH) is an interesting SPAC that was recently announced, merging with Roth Acquisition at a post-deal value of \$1.2B. The company is targeting to close in Q1. Pure Cycle is a leader in polypropylene recycling, an interesting area that complements our thematic profile in the 2021 outlook on aluminum. Polypropylene is used in many household and consumer products like garbage bags, bottled water, shampoo bottles, yogurt canisters, etc. PP has long been an 'unrecyclable' product due to the cost and effort to make PP usable again for new products. As a result, just 3% of PP gets recycled while 25M tons end up in landfills. PP represents 28% of global polymer demand as well, so a massive market opportunity.

Very Low Polypropylene Recycling Rates Today³

(% of Global Waste Recycled Today)



Pure Cycle has developed a process in which they can produce high-quality resin for food-grade consumer products out of existing PP. They use a purification process that can separate colors, odors, and other imperfections and derive a 100% recycled content for use across a number of applications. They have a number of large CPG customers already like P&G, L'Oreal, and Aptar and expanding in 2021 with further license agreements as they build out production capacity. Pure Cycle sees a lot of room for expansion into the \$19B packaging market and \$10B consumer electronics markets.

What They're Saying

Dentsply (XRAY) discussing its deal for **Byte**... “By acquiring Byte, we are taking an important step to enhance the continued growth of Dentsply Sirona. It also directly supports our focus on innovation. As you've heard me say before, there is a strong R&D engine here. The improvements around SureSmile, the launch of Primescan, Primemill, SureFil One and Axeos are just a few examples of recent launches. But we also believe that we can be opportunistic in tapping into external innovation, and Byte is a great example. We believe that the clear aligner market has become one of the most important categories in dental. It is fast-growing, profitable and is driving the acceleration of the dental digital dentistry. With this transaction, we are significantly enhancing our scale in this critical category. We will now have 2 leading assets. SureSmile, our innovative in office clear aligner system, in one of the most attractive markets within dentistry and now Byte. We also believe the transaction has the potential to increase access to quality dental care for additional patients, which we will discuss further in a minute. Byte employs a direct-to-consumer approach, which has worked to increase patient access to dental care. Byte's advanced technology provides quality care for patients and gives them the gift of an improved smile. And Byte has a strong consumer brand and comes with a robust marketing and data analytics platform to support it. To summarize, when we think about this transaction, it offers multiple strategic benefits. The first is the increase in scale in the clear aligner space; second, leveraging each of Dentsply Sirona's and Byte's unique capabilities, the combined clear aligner business is well positioned to unlock additional growth and profitability; next, this combination will now have both in-office and at-home solutions and will allow us to expand our total addressable market and extend access to additional patients.”

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
RUN	January \$75 Calls	2,924	6,841	133.96%
AMD	June \$75 Calls	5,412	12,584	132.52%
SRPT	January \$200 Calls	1,442	3,310	129.54%
TSM	July \$120 Calls	1,725	3,673	112.93%
CHEF	April \$30 Calls	2,707	5,729	111.64%
X	April \$17 Short Puts	2,570	5,100	98.44%
UBER	February \$55 Calls	3,916	7,729	97.37%
GOLD	February \$25 Calls	4,868	9,585	96.90%
VIPS	February \$27 Calls	3,765	7,175	90.57%
LGND	May \$110 Puts	3,111	5,109	64.22%
IQ	February \$20 Calls	3,566	5,785	62.23%
NUAN	August \$45 Calls	4,132	6,661	61.21%
GOOGL	June \$1800 Calls	1,436	2,296	59.89%
DG	January \$210 Calls	1,547	2,070	33.81%
NVDA	February \$600 Calls	3,176	3,398	6.99%
JWN	January 2022 \$42.5 Calls	5,063	4,053	-19.95%
CSX	May \$40 Calls	5,254	2,391	-54.49%

Extras

Lakeland (LAKE) with 585 April \$25 calls bought late up to \$5.95, PPE play
DraftKing (DKNG) late day buyer 1400 January 29th (W) \$45 puts \$3.50 to open
SleepNumber (SNBR) buyer 400 March \$95/\$105 OTM call spreads for \$1.34
Vail Resorts (MTN) unusual buy of 500 July \$190 puts \$4.90 offer late day
Spotify (SPOT) opening sale 400 April \$300 puts near \$28.30 into midday lows
Regeneron (REGN) opening sale 300 August \$465 puts \$46 to \$44 into midday lows

Disclosures

Not Investment Advice or Recommendation

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