



## Inside Today's Blitz

- Mnuchin, Pelosi Narrowing Gap on Stimulus as Deadline Approaches
- European COVID Cases Surge as Patchwork Lockdown Policy Fails to Slow Spread
- **GS** nears \$2B settlement with DOJ over 1MDB; **MRNA** on track for FDA EUA by year-end; **PXD** in talks to buy **PE**, per reports; **CMCSA** is pushing more movies into theaters; **BMW** positive Q3 outlook

## Market Outlook

Futures indicating a strong open for the day with the **Dow** up 70 bps, **the S&P** up 78 bps, and the **Nasdaq** up 80 bps. The **Russell** is up around 1%. Metals are quiet today with **gold** down 15 bps and **silver** up 17 bps. The **dollar** is weak again down 30 bps. **Bonds** are also weak off by 30 bps. Energy is modestly higher with **WTI** up 60 bps, **gasoline** up 1%, and **natural gas** up over 3.75%. Grains are bid up again with **soybeans**, **corn**, and **wheat** near new highs for the year. It is yet another quiet night on the macro-side with the main drivers like stimulus, COVID, and the election all fairly 'status quo.' In Washington, Nancy Pelosi's deadline for progress on the stimulus bill is today with little signs of notable progress. Talks with Mnuchin continue but even if they get something put together, the odds of the Senate GOP agreeing to it or agreeing to put it out for a vote are basically zero. They will vote on a smaller package today. On the campaign trail, Biden's lead continues to narrow in some spots with the battleground state of PA in focus now. In Europe, EU leaders are moving quickly for more lockdowns as COVID rages on. Ireland and Wales are moving into full lockdowns like in March while daily cases hit a new high in Germany prompting calls for lockdowns there too.

Asian markets are mixed this morning with Shanghai up 47 bps and Hong Kong up 11 bps higher. The Nikkei was down around 45 bps with rails weak – **East Japan Rail** and **Central Japan Rail** both off by around 4%. European markets are mixed with the DAX down 20 bps and the FTSE up around 20 bps. Parts of the UK and Spain went into further lockdown while France is putting on new curfews in an effort to slow COVID. It was a busy morning for earnings. **Logitech** is up 21% after reporting a strong quarter with a 75% jump in sales. **BMW** is modestly higher after raising their outlook for FCF, the third positive auto announcement lately in Europe. **Reckitt Benckiser** is up 2% after the consumer company raised their outlook – strong demand for hygiene products. Pharma equipment maker **Sartorius** up 3% after earnings, a strong demand for their entire product range. **Dufry** is higher by 2% after **Alibaba (BABA)** raised its stake to 6%. **UBS** is up 3% after a strong report and committing to further capital return. **Remy Cointreau** is down 1.5% despite a solid overall report. Software maker **TeamViewer** is down 7% after top holder **Permira** sold a large part of their stake.

## Calendar

**Today...** fed speakers (Evans, Williams, Singh), Housing Starts, Building Permits; **Earnings After the Close:** CNI, CSL, HCSG, IBKR, IRBT, NAVI, NFLX, SNAP, THC, TER, TXN, USNA, WRB, WDFC; **Analyst Days/Roadshows:** LGND, WMT, COST; **Conferences:** ADBE MAX Conference

**Tomorrow...** Fed's Mester speaks, NY Fed's Singh speaks, Fed Beige Book; **Earnings After the Close:** ALGN, CMG, CLB, CCI, CSX, DFS, EW, EFX, GGG, ICLR, KALU, KMI, LRCX, LSTR, LVS, MTH, NTGR, SLM, SLG, SUI, TSLA, TRN, VMI, WHR, WTFC, XLNX; **Analyst Days:** SPLK

## Overnight Markets

Natural Gas	2.893	3.51%
Copper	3.118	1.05%
Gasoline	1.171	0.75%
Euro	1.1826	0.37%
Oil (WTI)	41.18	0.30%
Silver	24.73	0.11%
Gold	1908.4	-0.17%
US Dollar	93.21	-0.25%
Bonds	173.94	-0.32%

## Technical View



### Key Levels to Watch

It was a very quiet night for S&P futures with a narrow range between 3445 and 3430. We're starting to break out a bit here into the US open with overnight VWAP at 3439 and potential support. On the 30-minute timeframe, SPY traded back to the 38.2% Fibonacci from the September lows. VWAP from the Sept. lows is down at \$339.45. Resistance above is VWAP from yesterday at \$343.90 and then from the recent high at \$348.50.

## Economic Data

- **Taiwan** exports for Sept. +9.9% vs +8% forecast
- **China** new home prices +0.34% vs +0.5% forecast
- **China** LPR was unchanged, as expected
- **German** PPI for Sept. +0.4% vs -0.1% forecast

## Macro News

- **US high-frequency readings point to economic rebound losing steam**, says Bloomberg. Cooler weather in many parts of the country threatens to unwind progress in some areas of the economy
- **The BOJ** will likely cut their growth forecasts for FY20 next week, says Reuters. Any such downgrade is unlikely to trigger an immediate expansion of monetary stimulus
- **UK, EU** officials are optimistic a Brexit deal can be reached this week, says FT, after the two sides begin to repair frayed relations
- The White House and **Brazil** have reached a trade deal, says NYT
- **NYC** could ease some COVID restrictions soon as hot spots abate, says WSJ. School re-opening in particular has been positive
- **TSA Checkpoint** screenings topped 1M yesterday for the first time since March, says Reuters.
- **Biden's lead in PA**, a key battleground state, has shrunk to 4 points from 7 points says Reuters

### Movers

**Gainers:** APTX 66%, LOGI 21%, PE 10.5%, UBS 6.6%, PLAY 5.8%. CDNS 4.5%, MRNA 4%

**Losers:** IBM -3%

### Insider Buying

13F

Starboard Value with a 9% active stake in **ACI World (ACIW)**

### IPO Monitor

**McAfee (MCFE)** to raise \$759M at a \$9.6B valuation; provides integrated security solutions against cyberattacks

**Datto (MSP)** to raise \$561M at a \$4.2B valuation; IT infrastructure platform

**Guild Holdings (GHLD)** to raise \$153M at \$1.1B valuation; provides loan sourcing and mortgage services

## Stock-Specific News

### Consumer

- **Comcast's (CMCSA) Universal will push more films towards theaters by year-end**, says WSJ. This is a bit of a reversal from peers and a lifeline for theater owners. CMCSA is experimenting with a new hybrid distribution model
- The WSJ profiles **cannabis stocks** and their recent rally. The publication notes that the group has been strong anticipating a Biden win but the enthusiasm is less excitable than in 2016, a potential positive
- **Reckitt Benckiser** shares jump in Europe after strong growth (revs up 13.3%) with hygiene and health up double digits and nutrition up LSD. They also raised guidance for FY
- **Remy Cointreau** posted a smaller than expected sales decline, says Reuters, powered by robust demand for its premium cognac in the United States and China
- **Southeastern Grocers files for IPO**, says Bloomberg. The owner of Winn-Dixie and Fresco had \$4.5B in revenue in 2019
- **Impossible Foods** set to debut in Asian grocery stores as they accelerate their International push, says Reuters
- **Britvic** jumps as the company extends 20-year contract with **PEP**

#### Sympathy Watch

**CHD, JNJ, PG, UL** all top competitors to Reckitt who has a wide range of products

### Financials

- **Brookfield (BAM)** is weighing the sale of their life sciences real-estate portfolio for \$3B, per Bloomberg
- **Goldman (GS)** has reached a **\$2B settlement over 1MDB with the DOJ**, says Bloomberg. The company's total fines from the scandal now top \$5B worldwide
- **Starboard discloses 9% stake in ACI Worldwide (ACIW)**, says Reuters. The firm may propose a variety of changes that could include board changes or a strategic review
- **WRB** may sell their London property The Scalpel for \$800M, says FT
- **SYF, WMT's** Sam's Club extend strategic financing, credit card pact

#### Chart Watch

**GS** has traded in a narrow range for months now and looks set to clear the 8-EMA this morning and take another run at resistance around \$215, potential for a longer run to \$245/\$250

### Healthcare

- **Moderna (MRNA)** expected to have interim Phase 3 COVID vaccine data in November, on track for FDA EUA in December, says WSJ
- **ACOR** to receive \$15M milestone payment from **BIIB**
- **APTIX** discloses positive Phase 2 data for their PTSD treatment
- **ALGN** files patent suit against 3Shape

## Energy/Materials

- **Pioneer (PXD) in talks to buy Parsley (PE)**, says WSJ. The all-stock deal could be finalized by the end of the month. PE has a \$4B market cap and over \$3B in debt on hand
- **NGVT** preliminary Q3 \$1.79 vs. \$1.01, Revenues \$332M vs. \$313M; results were driven by strong rebounds in automotive sales and production worldwide versus a weak second quarter, along with continued strong paving activity, cost reduction actions and strong execution
- **BHP** reports Q1 production, Copper +2%

### Hawk Database

**NGVT** looking set to clear a multi-month range today and on 10/14 the Nov. \$55/\$75 call spread bought 500X

## Industrials

- **BMW** sees Q3 above Street; this is the third positive auto pre-announcement out of Europe in the last week (Daimler, Volvo)
- **United Air (UAL)** is targeting a new \$3B bond offering after a failed attempt at refinancing earlier this Summer, per Bloomberg. The new paper could have a yield around 6%
- **WHR** raises its quarterly dividend
- **CCK** to start dividend in Q1 2021
- **CP** signs multi-year rail agreement with **Maersk**

## Tech/Telecom

- **Intel (INTC) will sell the bulk of their memory business to SK Hynix** for \$9B, says WSJ. This was out late on Monday. The Intel unit makes NAND flash for hard drives, cameras, etc.
- **Didi Chuxing** could pursue an IPO in 2021, says Reuters. China's top ride-hailing firm is targeting a \$60B valuation
- **TRMB, Boston Dynamics** announce strategic alliance for development of autonomous robots in construction
- **Huawei, ZTE** to be banned from Sweden's 5G auction, says Reuters
- **Permira** to sell €1B stake in **Teamviewer**, says Bloomberg
- **PC memory supply is falling short of demand**, says Digitimes. This comes with fears already that tight supply won't ease until early 2021

### Sympathy Watch

**WDC, MU STX** jumped yesterday with the news and plenty of room for further upside as more details come out on this sale

## Analyst Notes

### Upgrades

- **WDAY** raised to Overweight at Piper, the firm sees several drivers for growth in 2H including remote work tailwinds within the core human capital management and back-office automation that could open up an entirely new business-to-business payment revenue opportunity similar to Coupa Pay
- **PLAY** raised to Outperform at BMO, yesterday's private senior notes offering bolsters the company's liquidity and extends its covenant relief, removing the primary concern and a key overhang
- **FTNT** raised to Buy at Goldman, Based on recent conversations with industry participants as well as industry trends this quarter, the analyst believes Fortinet's large enterprise headwinds may be abating sooner than anticipated. Further, the company's SD-WAN traction still seems to be accelerating and NP7 product cycles remain in early stages
- **WTRG** upgraded to Conviction Buy at Goldman
- **OGE** upgraded to Neutral at Goldman
- **LII** upgraded to Hold at Vertical
- **JHX** raised to Outperform at RBC
- **RYAM** raised to Outperform at RBC
- **BC** raised to Overweight at JPM
- **LOGI** raised to Overweight at JPM

### Downgrades

- **SFM** cut to Hold at Gordon Haskett, given his concerns about how the company will retain and cultivate both new and existing shoppers with much of the company's year-to-date comp strength supported by its Instacart partnership and with no formal loyalty card program in place
- **ED** cut to Sell at Goldman, cautious on the potential COVID-19 cash impact from increasing aged receivables from bad debt, lost customers, and the non-collection of late fees could increase the company's financing needs while ultimately weighing on its earnings power
- **IHG** cut to Reduce at Alpha Value

### Initiations

- **A TEC** started Buy at Stifel, \$13 PT, company has found its footing implementing multiple growth-accelerating initiatives that are now manifesting in tangible, top-line momentum

#### Chart Watch

**FTNT** a high-quality cyber security name put in a nice base on the rising 55 week moving average and retest of the May breakout, a name lacking much notable open interest but Jan. \$100, \$105, \$110 calls remain in OI.

#### Hawk Database

**WDAY** continues to consolidate after a strong move and the 4500 Dec. \$210 calls bought over a few days remain holding in OI

#### Chart Watch

**SFM** forming a bear flag after the recent bounce with the declining 50-day just above, could see more pressure under \$20

## OptionsHawk Market Blitz

- **ICE** initiated Buy at Goldman, their acquisition of Ellie Mae adds a compelling top-line growth lever to the business, and it will create meaningful cross selling opportunities to ICE's customer network
- **BLUE** initiated Buy at Mizuho, \$123 PT, the current share price does not appropriately reflect the value in the company's gene therapy platform and potential to drive significant revenue over time in both severe genetic diseases and oncology
- **LNG** started Buy at Wells Fargo, the Cheniere complex, a pure play U.S. LNG export operator, is a compelling investment given long-term take-or-pay cash flows, investment-grade counterparties, projected free cash flow generation in 2021 and beyond, supported by attractive returns on capital, and growth potential as the global LNG market recovers and eventually moves to a supply/demand imbalance
- **PDD** initiated Outperform at OpCo, \$100 PT, despite having 683M active buyers, average spending on Pinduoduo is only one-fifth Alibaba's and a third of JD's. The firm expects Pinduoduo will narrow this gap by leveraging its "large and active" buyer base.
- **PMVP** started Buy, \$42 target at BAML, the opportunity to treat large numbers of patients and drive peak unadjusted sales of \$4.5B for the first two products
- **CRSR** started Outperform at Wedbush
- **NUVA, SPNE** started Buy at Stifel; **GMED, OFIX** started Hold
- **OMER** started Buy at BAML, meaningful potential in the pipeline beyond currently marketed Omidria
- Baird resuming coverage on **GNTX, APTV, BWA, LFUS, ST, APH, TEL, VC** at Outperform; **ALV, VNE, SNA, ALSN, CMI, MEI** at Neutral
- **MRVL** assumed Overweight at Keybanc, \$55 PT
- **CVX** started Outperform at CSFB

### Hawk Database

**PDD** small flag forming after gapping higher recently and snapping a downtrend with bullish buying in the Oct. 30<sup>th</sup> (W) \$86 calls and sellers in longer-dated puts

## Other Commentary

- **CVNA** at risk of missing 2H estimates, says Piper. App downloads turned negative year-over-year five weeks ago, and comparisons have remained negative ever since
- **FSLR** PT raised to \$100 at JMP, the quarter should see a "higher backlog" amid an end-of-year project rush, noting that in his prior conversations with the management, the company had as much as 1GW of business having been tied up due to COVID
- **XLNX** negative catalyst watch at Citi, sees no **AMD** deal as Xilinx management is against getting taken out given its dominant and improving position in the high-margin PLD market
- **GOOGL** positive from CSFB into earnings, although Google's search revenue growth labored under the double-barreled cyclical headwinds against both commercial query volume as well as ad pricing during Q1 and



## OptionsHawk Market Blitz

for most of Q2, he believes volume has more or less normalized as of Q3 and pricing had ceased to exert as significant a drag

- **BABA** target to \$360 from \$320 at Barclays
- **AVLR** target to \$175 from \$150 at Mizuho
- **BKI** target to \$98 from \$85 at Deutsche Bank
- **DDOG** target to \$140 from \$110 at Loop Capital
- **SWKS** target to \$159 from \$140 at Goldman
- **QRVO** target to \$171 from \$151 at Goldman

## Trade Ideas

### Earnings Preview

**Teradyne (TER)** earnings tonight after the close and strong history closing higher in six of the last seven, an average close higher of 6.25% and current implied move of 8%. TER has seen bullish flow lately as well with buyers in the Nov. \$87.50 calls on 10/12 and the April \$92.50 calls yesterday. Shares are just below new highs around \$92.5 and a move above that level sets up for a clear move to \$100. Support is down around the rising 21-MA at \$82. The \$14.5B company trades 21.2X earnings, 5.22X sales, and 15.2X cash. TER has become a critical provider to a number of high-growth tech themes like industrial automation, robotics, 5G, AI, autonomous vehicles, and more and has a number of levers for growth into 2021. TER has a positive read-through from recent report from TSM a leading customer who recently reported strong growth and “strong demand for our advanced technologies and specialty technology solutions, driven by 5G smartphones, HPC and IoT-related applications.” Smartphones are near 50% of TER’s overall revenue (the 2H ramp for the new iPhone should be a tailwind) and they continue to gain momentum in memory, so upside to consensus is expected. Stifel recently upgrading to Buy with a \$115 PT. They think growth prospects in semiconductor test have improved given a shorter digestion phase with smartphone picking back up and “more broadly we believe upward pressure on test intensity (more test rev\$/wafer) is unlikely to abate and we see Teradyne capitalizing on this given its strong/improving customer position.” Longer-term, TER’s industrial automation group likely sees notable pull forward from COVID as more companies look to improve supply chains. CSFB noted last week in their preview that TER likely puts much more emphasis on IA given they recently made some management changes that’ll give the business more visibility.

### Daily Technical Scans

**Reversal Days:** DKNK, CRI, PLUG, Z, QDEL, RDFN

**Bearish Reversal Days:** GRUB, DOW, BLK, SYF, RTX, FDX, MMM, ABC, FIVE, MGM, FFIV, JCI, CSCO, PPG

**Inside Days:** TDOC, SQ, AMZN, EVBG, EVER, CAT, CNC, COLM, DGX, GH, GRA, LH, SAIL, TWTR, UBER, WIX, XPO

Date	Description	Descrj	Open.In	Price	Deltz	Impl Vo	Prob.ITM	Premium Pai
10/19/2020	TER 100 20 NOV 20 82.5 PUT	1,035	203	\$3.49	-0.35	50.90%	40.40%	\$361,215
10/19/2020	TER 100 20 NOV 20 100 CALL	1,195	340	\$1.15	0.19	50.11%	15.20%	\$137,425
10/12/2020	TER 100 20 NOV 20 87.5 CALL	1,230	60	\$5.70	0.52	52.03%	44.79%	\$701,100
8/25/2020	TER 100 15 JAN 21 100 CALL	1,376	244	\$6.13	0.4	45.15%	29.42%	\$843,488
7/31/2020	TER 100 15 JAN 21 90 CALL	4,244	118	\$10.90	0.546	47.33%	41.96%	\$4,625,960
7/31/2020	TER 100 15 JAN 21 105 CALL	875	27	\$5.00	0.345	44.97%	24.11%	\$437,500
7/22/2020	TER 100 15 JAN 21 80 PUT	251	50	\$7.46	-0.32	48.30%	45.31%	\$205,820
7/1/2020	TER 100 21 JAN 22 82.5 CALL	1,014	4	\$18.50	0.604	45.24%	38.74%	\$1,875,900

## Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
UNFI	May \$25 Puts	5,010	12,010	139.72%
ALXN	November \$135 Calls	2,410	5,235	117.22%
BIIB	November \$280 Puts	2,233	4,525	102.64%
AKAM	November \$110 Calls	1,517	2,776	82.99%
TWTR	November \$46 Calls	3,208	5,760	79.55%
RUN	December \$65 Calls	3,860	6,522	68.96%
PXD	January \$100 Calls	1,637	2,607	59.25%
LVS	February \$48 Calls	7,659	11,649	52.10%
RUN	March \$90 Calls	1,774	2,656	49.72%
MRK	January \$85 Calls	16,188	23,673	46.24%
BABA	November \$310 Calls	4,989	6,998	40.27%
CYRX	March \$40 Puts	2,501	2,535	1.36%

## What They're Saying

**Lennox (LII) CEO Todd Bluedorn on the residential market dynamics...** "In terms of looking into 2021 on markets, we continue to remain bullish on the residential markets. There's lots of moving pieces. But we called -- we're calling for the market to be flat this year. And I think that's an important perspective to remember. I understand that some folks are wondering the demand get pulled in to something from 2021 get pulled into the strong third quarter. 2 points I'd make. One is, overall, the market is going to be flat year-over-year in the middle of a pandemic. Second is just the behavior of a residential homeowner. Even when there's not a pandemic, no one wants anyone enter their house to replace the unit unless they have to. And there's a catastrophic failure if they replace the unit. And especially in a pandemic, no one wants people coming into their houses and spending 2 or 3 days replacing the units. So these are being replaced when they break. And they're not being repaired like they were during the financial crisis, but there has to be approximate cost for them coming in. And that's not pulling forward demand. No one is sort of saying, let's replace it now rather than next summer. They're replacing it now when it breaks, and they have enough choice. And so we remain confident, as we've talked before, that we think there's another couple of years of this mid- single-digit growth and for it to be flat in the middle of the pandemic shows the resiliency of this market. And so we remain confident in the resi market for 2021."

## Extras

**Qualcomm (QCOM)** buyer 1300 November \$141 calls \$2.64 offer

**Simon Property (SPG)** now seeing 3500 Dec. \$65 puts bought \$6.40 to \$6.45

**Abbott (ABT)** opening sale 400 May \$105 puts \$8.05 bid

**Alexion (ALXN)** opening sale 400 January 2022 \$125 puts \$20.50



## OptionsHawk Market Blitz

**NVIDIA (NVDA)** into afternoon weakness a buy of 1500 December \$650 calls \$12.65, while March \$720 calls sold to open 2000X at \$17.60 to \$17.45

**Amazon (AMZN)** buyers of 1400 Nov. 27<sup>th</sup> (W) \$3200/\$3300 call spreads

**Visa (V)** buyer 1500 Nov. 27<sup>th</sup> (W) \$200 calls \$6.46 into afternoon weakness

**Taiwan Semi (TSM)** late day opening sale of 1500 January \$85 puts \$5.45

**Snap (SNAP)** with 3500 December \$28 synthetic long positions opening at \$0.77 debit

**Citi (C)** with 3000 September \$35 puts sold to open on the day, a lot of late day action at \$2.41 bid

**Markel (MKL)** into weakness with a stock replacement opening 100 April \$970 calls for \$84.30

## Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew
VZ	25,000 June \$67.50 Calls in OI; 10K Nov \$60 Calls; 2K June \$57.5 Short Puts	Lower 5 of 7, Higher Last 2	2.65%	2.11%	0.65%	-14.5%	1.50%
ABT	May \$135 BuyWrite 1500X; 1K Nov \$115 Put Buy; 2700 Jan 2022 \$165 Call Buy, 5500 Nov \$115 Calls, 9K Nov \$110, 3K Feb \$100 Calls	Higher 3 of 5	4.10%	3.42%	0.54%	-25.7%	0.28%
TMO	1K Nov \$510 Short Calls; Nov \$440 and \$470 Calls Bought; 500 Jan \$340 Calls Bought	Higher 3 of 4	4.77%	6.24%	0.59%	-22.3%	3.77%
NEE	1300 Jan 2022 \$370/\$240 Bull R/R; Dec and Nov \$290 Short Puts 1000X; 1K Mar \$280 and \$290 Call Buys	Higher 4 of 5	2.40%	5.39%	1.18%	3.1%	0.95%
TXN	10K Nov \$135 Short Puts; 2K Jan \$145 Short Puts; 1K Mar \$135 Short Puts; 1500 June \$150 Calls Bought 9500 Jan \$135 Calls Bought	Higher 5 of 7	5.37%	4.10%	1.44%	-27.3%	5.69%
BIIB	2800 Nov \$250 Puts Bought; 700 Dec \$340 Calls Bought; 2300 Nov \$320 Calls Bought; 3900 Jan 2022 \$500 Calls	Higher 3 of 5	11.35%	4.07%	1.53%	11.0%	-1.26%
APH	Nov \$115 and \$120 Short Calls in OI	Higher 3 of 4	5.70%	5.94%	0.57%	-37.7%	2.08%
NDAQ	1800 Dec \$135 Calls Accumulated in OI	Higher 3 of 4	3.45%	5.68%	1.43%	20.9%	5.01%
TER	3000 Nov \$87.5 Calls; 4000 Jan \$90 Calls Bought; 1985 Jan 2022 \$70 Calls Bought	Higher 6 of 7	11.10%	9.93%	5.53%	7.4%	2.28%
AVY	No Notable OI	Higher 3 of 5, Lower Last 2	6.34%	6.21%	1.15%	7.0%	2.66%
KNX	2500 Jan \$40 Short Puts; 9500 Nov \$40 Call Buys in OI; 2K Jan \$50 Call Buys	Higher Last 8	5.06%	8.63%	28.20%	-7.9%	2.02%
AN	4500 Nov \$45 Calls Bought in OI	Higher 5 of 6	10.07%	10.54%	4.32%	-1.8%	5.87%
THC	2K Jan \$28 Calls Bought; 2500 Jan \$23 Call Buys; 10K Jan 2022 \$25 Calls Bought	Higher 3 of 4	10.00%	7.73%	7.85%	0.6%	9.48%
IRBT	6500 Mar \$100 Puts Bought and 3K Nov \$85 Puts	Lower 5 of 6	17.70%	9.88%	37.81%	-0.7%	-0.23%
WGO	500 Jan \$75 Calls Bought	Higher 7 of 9	14.33%	12.76%	8.54%	-0.4%	8.10%

## Earnings Review

### Earnings After the Close

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
CDNS	Cadence Design	\$0.70	\$0.61	\$667.00	\$642.29	15.20%	
CCK	Crown	\$1.96	\$1.58	\$3,167.00	\$3,039.08		FY Above
HXL	Hexcel	-\$0.29	\$0.07	\$286.90	\$359.43	-49.90%	
IBM	IBM	\$2.58	\$2.58	\$17,560.00	\$17,556.66	-2.60%	
LOGI	Logitech Int'l SA		\$0.54		\$840.85		
PPG	PPG Industries	\$1.93	\$1.92	\$3,685.00	\$3,598.93	-3.70%	Q4 Above
STLD	Steel Dynamics	\$0.51	\$0.48	\$2330.83	\$2,211.47	-7.8%	

### Earnings Before the Open

## OptionsHawk Market Blitz

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
ACI	Albertsons		\$0.23		\$15,619.28		
CP	Canadian Pacific		\$4.23		\$1,852.29		
DOV	Dover	\$1.60	\$1.32	\$1,748.00	\$1,642.89	-4.20%	
GATX	GATX		\$0.82		\$293.50		
GPK	Graphic Packaging	\$0.26	\$0.22	\$1,697.70	\$1,642.31	7.30%	
IQV	IQVIA	\$1.63	\$1.52	\$2,786.00	\$2,750.24	0.60%	
IRDM	Iridium Communications	-\$0.03	-\$0.10	\$151.47	\$138.12	4.60%	
LMT	Lockheed Martin	\$6.05	\$6.10	\$16,500.0	\$16,139.43		
MAN	Manpower		\$0.65		\$4,255.19		
NVR	NVR		\$59.89		\$1,967.23		
PCAR	PACCAR		\$0.96		\$4,404.79		
PG	Procter & Gamble	\$1.63	\$1.42	\$19,318.00	\$18,378.70	8.50%	
PLD	Prologis		\$0.88		\$955.32		
PM	Philip Morris International	\$1.42	\$1.36	\$7,446.00	\$7,266.84	-2.60%	
PNR	Pentair	\$0.70	\$0.51	\$799.00	\$679.77	11.90%	
TRV	Travelers	\$3.12	\$3.07	\$7,771.00	\$7,316.83	2.70%	

**PPG – Beat on EPS and Revs, Sees Q4 Above** - Strong year-over-year organic sales growth in global architectural coatings and continued cost management drove earnings growth in our Performance Coatings reporting segment. In addition, our leading technology and service capabilities benefited us as demand for automotive OEM coatings and general industrial coatings began recovering in the quarter, generating strong PPG operating leverage and boosting earnings in our Industrial Coatings reporting segment.

**HXL – Missed on EPS and Revs** - Hexcel faced significant headwinds resulting from the current unprecedented decline in demand impacting our industry. Sales were half of 2019 levels, and adjusted EPS was a negative 29 cents. We have taken rapid and significant actions over the past several months to cut overhead costs and reduce employment costs to align with demand levels lowered due to the effects of the pandemic. Together, these actions have reduced annualized overhead costs by more than \$150 million and will better position us over the next several quarters as we adjust to build rate reductions announced by our key customers, compounded by extensive supply chain adjustments.

**IBM – EPS and Revs In Line - Q3 Cloud & Cognitive Software revenue \$5.6B, up 7%.** Q3 Global Business Services revenue \$4B, down 5%. Q3 Global Technology Services revenue \$6.5B, down 4%. Q3 Systems revenue \$1.3B, down 15%. Q3 Global Financing revenue \$273M, down 20%. "The strong performance of our cloud business, led by Red Hat, underscores the growing client adoption of our open hybrid cloud platform," said Arvind Krishna, IBM chief executive officer. "Separating the managed infrastructure services business creates a market-leading standalone company and

### Sympathy Movers

**SHW, AXTA on PPG**

**SNPS, ANSS on CDNS**

**NUE, AKS, X on STLD**

**SPR, WWD, TGI on HXL**

**CMI on PCAR**

**CL, CHD, KMB on PG**

**BTI, MO on PM**

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further sharpens our focus on IBM's open hybrid cloud platform and AI capabilities. This will accelerate our growth strategy and better position IBM to seize the \$1 trillion hybrid cloud opportunity."

**CDNS – Beat on EPS and Revs, Raising FY** - "System and semiconductor design activity remains strong and our Intelligent System Design strategy uniquely positions us to enable our customers to realize their cutting-edge designs. In the third quarter we expanded the scale and scope of our relationship with a global marquee company, and I am especially pleased with the momentum of our new systems products."

**STLD – EPS In Line and Revs Above** - CEO Mark Millett says: "The domestic economy is recovering from the shock of COVID-19 although it is still difficult to know the full extent of its eventual impact. However, we are currently seeing a solid recovery in domestic steel demand. The automotive sector has seen the strongest improvement, and the construction sector has remained resilient. We are seeing pent up demand, as steel service center inventories were extremely low and still remain low compared to historical norms. Energy remains the weakest end market."

**LOGI – Beats EPS and Revenues (+74.7%), FY21 Above Street** – The growth trends that drive our business have accelerated as society adjusts to its new reality. The organization leaders I speak to envision people increasingly working from multiple locations, a hybrid work culture that is emerging as the norm. And at home, the rise of gaming as a spectator and participant sport continues - with no end in sight. Our products are essential to helping customers work, play and create wherever they are. Logitech is well positioned for long-term growth.

**DOV – Beats EPS and Revenues (-4.2%), FY20 Above Street** – Our third quarter results reflect the continued recovery in most of the markets we serve, as well as strong execution by our teams around the world. Operationally, we executed well in the quarter, which allowed us to respond effectively to the improved demand environment, deliver on the backlogs in our long-cycle businesses and positively impact the results for the quarter. The trajectory of new orders continued to improve through the third quarter resulting in approximately flat bookings compared to the same quarter last year. We saw activity improve with positive comparable year-over-year organic bookings across multiple markets, most notably marking & coding, automotive aftermarket, food retail, heat exchangers, biopharma, can making, plastics & processing and aerospace & defense. Digital textile printing, compression components and aftermarket, commercial foodservice and waste hauling remained impacted by pandemic-induced disruptions in their respective end-markets. We also continue to make significant strides on our process improvement and product simplification efforts, yielding robust margin performance despite demand softness.

**PNR – Beats EPS and Revenues (+11.9%), FY20 Above Street** - Our ability to deliver double digit sales and earnings growth in the quarter is a reflection of our diverse portfolio that includes a large mix of residential focused businesses that are currently experiencing strong demand. Our Consumer Solutions segment delivered strong growth in the quarter led by strength in residential markets, particularly our Pool business. Our Industrial & Flow Technologies segment continues to be negatively impacted by delayed capital spending globally across its commercial and industrial markets, however, the business has shown stabilization as the year has progressed. We generated strong cash flow during the quarter and our balance sheet ended the quarter in excellent shape.

**IQV – Beats EPS and Revenues (+0.6%), FY21 EPS and Revenues Above Street** – TAS has already returned to pre-COVID growth rates and R&DS is expected to reach double-digit growth in the fourth quarter. Demand remains robust, as evidenced by another record quarter of bookings in R&DS, setting the stage for an excellent 2021.

**PG – Beats EPS and Revenues (+8.5%), FY21 Strong, Raises Buyback** - We delivered another strong quarter of organic sales growth, core earnings per share and cash returned to shareowners, enabling us to increase our outlook for fiscal year results. Positive mix was driven by the disproportionate growth of premium home, health and hygiene products and the North American business, driven in part by pandemic-related consumption and inventory increases. Beauty

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segment organic sales increased seven percent versus year ago. Skin and Personal Care organic sales increased high single digits driven by innovation-led growth in North America and Greater China. Grooming segment organic sales increased six percent versus year ago. Appliances organic sales increased more than 30% due to innovation, increased demand for dry shaving and styling products, and increased pricing. Fabric and Home Care segment organic sales increased 14% for the quarter. Fabric Care organic sales increased high single digits driven by high teens growth in the North America region through new innovations, incremental brand communication, and disproportionate growth of premium forms like laundry unit dose and fabric enhancer beads. Baby, Feminine and Family Care segment organic sales increased four percent versus year ago. Family Care organic sales increased double digits primarily due to consumption increases driven by consumers spending more time at home during the pandemic.

**Nordic Semi (NOD:NO)** We had a continued strong growth in Q3. This was driven by both Tier 1 and also a strong uptake from the broad market. We had a revenue of \$119.4 million. It's up 45% from last year and 34.9% from quarter past. Our Bluetooth revenue was \$97.1 million, up 56% year-on-year, proprietary revenue up to \$19 million, plus 3%. And remember, when we entered this year, we expected that we should have a decline in proprietary. But despite, it's been growing 3%. Overall, order backlog is at a new level and is a higher level. The backlog ended at \$288 million. It's 155 -- 154% year-on-year. Bluetooth account for 82% of this backlog. And we see that there is a technology shift trend. It's getting more of the previous classic use -- Bluetooth classic users and now moving over to Bluetooth Low Energy.

**Remy Cointreau (RCO:FP)** While most markets were no longer under lockdown in our fiscal Q2, the channel, so bar and clubs remain closed in most markets. We also continue to face spirit sales restriction in some market and continue to suffer from a collapse in duty-free sales, given that the international borders remain largely closed. In that context, we suffered from significant destocking efforts by our sellers, which tend to show deep cautioners overall in those periods. As a result, and that's my second message, our organic sales declined by 16.4% organically in the H1. So after a 33.2% decline in Q1, Q2 marked a significant improvement as sales only declined by 4%, 4-0, 4.0. But the main driver of the Q2 improvement was clearly the U.S., which delivered a robust, very robust double-digit organic sales growth. Strong U.S. growth in the first half was driven by Rémy Martin, Centro and Scotch Single Malt. From a value depletion and volume depletion standpoint, our brands are growing significantly ahead of the market. So we are gaining market share both in volume and value, driven by impressive up trading consumption pattern, strong appetite for legacy brand, cocktail trends and very robust retail.

**Reckitt Benckiser (RB:LN)** Group revenues were GBP 3.5 billion, with like-for-like net revenue up 13.3%, mainly driven by strong volume growth. Reported revenues grew by 6.9%, reflecting a foreign exchange headwind of 6.4%, mainly due to weak Latin American currencies, and to some degree, a weaker U.S. dollar. In the quarter, we saw market share gains across many of our brands, including Finish, Lysol, Durex, Dettol and Gaviscon. Additionally, e-commerce sales continued to grow rapidly. Year-to-date, we've seen growth of over 50% across all geographies in each of our main e-commerce channels. At Hygiene, net revenue grew by 19.5% on a like-for-like basis to GBP 1.490 billion in the quarter. All major Lysol markets delivered share gains, with most delivering revenue growth in excess of 60%. And overall, Lysol was up over 70%. Now turning to Health. Revenue grew on a like-for-like basis 12.6% in the quarter to GBP 1.270 billion. We continue to see strong growth for Dettol, up over 50% in the quarter, with material share gains in all major markets, with a number of key markets, including the U.K., seeing the brand more than double in revenue. Durex delivered double-digit growth in revenue, led by markets where the rate of pandemic infection has materially improved. Finally, at Nutrition, which grew 4.1% on a like-for-like basis to GBP 806 million. Infant and Child Nutrition revenue was unchanged year-on-year in the quarter and improved performance compared to the first half of the year. Growth in North America was strong in the quarter, boosted in part by increased trade inventories, which will largely unwind in the fourth quarter.

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**Husqvarna (HUSQ-B:SS)** All in all, we delivered a record third quarter as we continued to win in our core categories. And net sales are up 22% in the quarter. And the growth is really strong across the board here, but particularly strong in robotics, battery and in the watering category. In the quarter, the Husqvarna and Gardena divisions benefited from an extended season created by favorable weather conditions. For the first 9 months, then on a year-to-date basis, we're actually up 3% in the Husqvarna Division, and I think it really represents how things have moved between the quarters this year. So it's very notable that we should look at the year-to-date position, given how volumes have moved between Q1, Q2 and Q3. Moving over to Construction division, which, of course, is our most cyclical division and the most macro affected division. Q3 has certainly seen an improvement. After a strong end to Q2, we've seen the continued improvement into Q3. So we're really pleased with that. We've been capturing share in many areas, and we've certainly strengthened our positions. North America was particularly strong as was Asia Pacific, and we've also seen growth in parts of Europe, the weakness really coming in the Middle East in the quarter.

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## Disclosures

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

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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