



Inside Today's Blitz

- Italy, Spain Unveil Fresh Lockdown Measures as WHO Warns of 'Dangerous Moment' for COVID
 - Stimulus Talks Come to Standstill as Senate Prepares to Depart
- SAP** cuts FY outlook; **DNKN** in talks to go private in \$9B deal; **BX** to buy **Simply Storage** for \$1.2B; **Bayer** is buying **Asklepios Bio** in a \$4B deal; **CVE/Husky** agree to merge in all-stock deal; **AAPL** services could get hit by **GOOGL** case

Market Outlook

Futures indicating a weak open for the day with the **Dow** down 93 bps, the **S&P** off by 93 bps, and the **Nasdaq** down 80 bps. The **Russell** is lagging off by 1.3%. Energy is on sale today with **WTI** down 1.94% and **Brent** off by 1.72%. The November **Natural Gas** contract is up 1.5%. The **dollar** is up 20 bps and **bonds** also higher by around 45 bps. Precious metals are mixed with **silver** down over 1.25%. **Copper** is down 40 bps. It's a gloomy Monday morning for stocks as COVID continues to ramp in Europe and we got an ugly warning from SAP putting the company on pace for its worst single-day loss in twelve years. Looking at COVID, the focus continues to be on the ramp in new cases. In the US, we topped 85,000 on Sunday which beat the record set on... Saturday. The WHO warned that some countries are facing a dangerous moment with the spread showing no signs of slowing down. The focus now really turns to more data from current trials. We got positive news from AZN this weekend and could see an update from PFE this week. Elsewhere, any hope of a stimulus deal before the Election was all but killed this weekend with no progress made and the Senate leaving Washington to campaign today (they'll vote on ACB nomination and then depart). Mnuchin and Pelosi will continue talks but the idea of Senators being recalled for anything is all but gone. Finally, the SAP warning is really hitting sentiment in Europe and likely weighs in the US. But, feels like a lot of it is company-specific and growth tech could see weakness bought up.

Asian markets finished the day mostly lower amid a slow news cycle. Chinese markets were lower by about 80 bps as they wait for the closure of the key policy meeting by the Communist Party this week. Hong Kong was closed on Holiday. Japan's Nikkei was marginally lower with all eyes on the BOJ this week. European markets are also lower today as continued ramp in COVID cases is hitting sentiment. The DAX fell over 2%, a big laggard, as they registered over 10,000 cases for the fourth day in a row on Sunday. It was a quiet morning overall for stock-specific news. **SAP** getting whacked today down 18% after cutting their outlook for 2020 and calling for a longer recovery. **Teamview** and **Capgemini** both lower by 1.5% and 2.5% respectively as well. And overall EU Tech index is down about 5%. **Bayer** is up around 1% after buying Asklepios Bio for \$4B. **Novartis** was unchanged after presenting positive Phase 2 data for their renal disease therapy at EORTC.

Calendar

Today... Chicago Fed, New Home Sales, Dallas Fed; **Earnings After the Close:** AGNC, ARE, ACC, AMKR, BYD, BRO, CATY, CHGG, CINF, FIX, CR, FFIV, HLIT, HSTM, HTLF, IBTX, LRN, MEDP, MC, NOV, NXPI, OMF, PKG, PCH, PFG, QTS, SSD, TCF, TNET, TBI, TWLO, VRNS; **Analyst Days:** ARAY

Tomorrow... Durable Goods, Consumer Confidence; **Notable Earnings Before the Open** from NVS, PFE, MRK, LLY, MMM, RTX, CAT, SPGI, SHW, ECL, BP, ROP, CNC, CMI, MSCI, SWK, GLW, ODFL, MKTX, LH, QSR, TRU, BEN, OMC, ST, TECK, IVZ, PII, NEO, HOG, XRX, JBLU, CROS

Overnight Markets

Natural Gas	3.255	1.50%
Bonds	173.22	0.36%
US Dollar	92.94	0.20%
Gold	1905.9	0.04%
Euro	1.1835	-0.31%
Copper	3.1185	-0.35%
Silver	24.4	-1.13%
Oil (WTI)	39.07	-1.96%

Technical View



Key Levels to Watch

A weak overnight session for stocks started with a gap down to 3425 and bounce early back to 3440. We failed to garner much momentum and steadily fell all night back to that early support level. A breakdown around 2am took us to the overnight low at 3415 where we're basing now. Overnight VWAP is at 3426. **Scary headline numbers but nothing hugely broken technically** with the 21-MA at 3425 intact and support from last week at 3410/3400 holding.

Economic Data

- **German** Business Climate IFO for Oct was 92.7 vs 93 est.; Expectations were 95 vs 96.5 est.
- **German** GDP estimates revised to -5.5% vs -5.8% prior
- **Singapore** industrial production was 10.1% vs -7.8% est.

Macro News

- **China's new growth plan may push economy past US within decade**, says Bloomberg. The country's 14th five-year plan is expected to center around technological innovation, economic self-reliance and a cleaner environment.
- **China is looking into unfair competition on e-commerce platforms**, says Reuters. They have plans to crack down on areas such as unfair competition and the illegal trading of counterfeits or wildlife
- **Italy, Spain** unveil new COVID mitigation measures, says FT. Both are aimed at high-risk locations
- Treasury report on **international currency manipulation** expected in mid-November, says Bloomberg.
- More **Iranian** sanctions are expected in the coming weeks, says WSJ. The Trump admin will use various anti-terrorism measures making it hard to unwind by future administrations

Movers

Gainers: YY 5.5%

Losers: SAP -19.5%, CCL -3%, NCLH -2.5%, UAL -2.5%, ORCL -2.5%

Insider Buying

SELB, FAF

IPO Monitor

Leslie's (LESL) raising \$600M at a \$2.8B market cap; pool supplies retailer

Root (ROOT) raising \$568M at \$6.1B market cap; Mobile-based auto insurer

Caliber Home Loans (HOMS) raising \$345M at \$1.8B market cap; residential mortgage lenders

Allegro Micro (ALGM) raising \$325M at \$2.5B market cap; leading global designer, developer, fabless manufacturer, and marketer of sensor integrated circuits

Sentiment

- **Record flows pouring into ESG funds**, says Bloomberg. Inflows to ESG ETFs have surged to \$22 billion so far in 2020, already about three times the 2019 total

Stock-Specific News

Barron's Wrap

- **Next-Era (NEE), Xcel (XEL), WEC Energy (WEC)** safe utility yields which should continue to grow
- **The government is coming for Google (GOOGL), big tech.** Investors seem remarkably, almost impossibly, indifferent to the intensifying regulatory assault on the tech megacaps
- **Sprouts (SFM) is ready for a rebound.** After peaking in the March quarter, Sprouts' same-store sales declined as consumers favored one-stop-shops like Target (TGT) and Walmart (WMT) to reduce the risk of virus exposure, but upcoming earnings could spark a rebound
- **Coke (KO) shaking things up, stock is a buy.** Coke benefits from rising living standards in the developing world. And Coke provides exposure to a weaker dollar because the company generates about 75% of its profits outside the U.S.

Consumer

- **Dunkin (DNKN) confirms early talks to be taken private by Inspire Brands.** The deal being discussed would take Dunkin' Brands private at a price of \$106.50 a share or \$9B.
- **Jumia (JMIA)** could top \$150/share, says Citron Research. The firm is positive on Africa adopting e-commerce and "a Softbank or Alibaba investment/partnership is inevitable."
- **AMZN** wins order to stall \$3.4B **Reliance, Future** deal, says Bloomberg
- **CCEP** announces proposed acquisition of Coca-Cola Amatil
- **BKNG** criticizes EU rules on regulation, per FT
- **Aryetza** has ended takeover talks with Elliott with no deal, says Reuters
- **Guitar Center** is preparing bankruptcy, says NYT
- The WSJ looks at how retail stocks are bid up despite a cautious outlook on the Holidays. Holiday spending is projected to fall 7% from 2019 to an average of \$1,387 per household, according to a Deloitte survey of about 4,000 consumers. Of those respondents, 38% said they expect to spend less this year compared with last year.

Inside the Hawk Database

KO a lot of bullish flow lately including buyers in the Feb. \$50 calls, Nov. \$50 calls, and longer-dated Jan. 2022 calls, can check archives for 8/25 as well for a write up on the name

Financials

- **Blackstone (BX)** to buy **Simply Storage** for \$1.2B, says WSJ. The company has an 8M square-foot portfolio of self-storage facilities
- **Apollo (APO)** hit again as **Aksia** tells clients to delay investment, per Bloomberg. Connecticut treasurer puts off committing new capital to firm as the Leon Black / Jeffrey Epstein investigation in ongoing
- Banks may have to brace for heavy losses as **commercial property prices** plunge, says CNBC
- EU, UK banks could resume buybacks in 2021, says Times

Sympathy Movers

PSA, LSI two names to watch on the Simply Storage deal, albeit slightly larger in terms of size

Healthcare

- **Bayer** is buying US-based biotech **Asklepios Biopharma** in a \$4B deal, says WSJ. The move comes as Bayer looks to bolster their drug unit
- **AstraZeneca's (AZN)** COVID vaccine candidate has produced a robust response in the elderly, says FT
- **Mirati (MRTX)** reports preliminary results from mutant KRAS selective inhibitor programs, 45% OR which is better than **AMGN** 510
- **TPTX** presents positive Phase 1 data in MET-altered NSCLC
- **CVS, WBA** see thousands of long-term care facilities opt into coronavirus vaccine deal, says HHS, per CNBC
- South Korea's **Celltrion's** COVID test get EUA from the FDA, per Reuters

Sympathy Movers

AMGN is the name to watch today on the MRTX data as they were the leader in the space until this data, so could see some weakness

Energy/Materials

- **Cenovus Energy (CVE), Husky Energy** combine to create oil, natural gas company. The all-stock deal is valued at \$23.6B, inclusive of debt
- **Saudi chemicals maker Sabic posts profit as demand revives**, says Bloomberg. Petrochemicals prices have picked up due to higher crude prices and stronger demand after the initial wave of virus-related lockdowns

Industrials

- **Carlisle (CG)** nearing **\$2.4B deal for Siemen's Flender business**, says Bloomberg. Flender makes gears and transmissions used in everything from cement production and shipbuilding to offshore oil extraction.
- Defense names **LMT, BA, RTX** expected to be hit by sanctions by China due to US arms deal with Taiwan, says Reuters
- **Fiat (FCAU), PSA** on track for merger approval in the EU, says Bloomberg. The two sides hope to close in early 2021

Inside the Hawk Database

FCAU recent size put sales in the June \$12.5 strike and Jan. 2023 \$12.50 strike, seeing limited downside into the deal close and positive commentary recently from EU autos on demand

Tech/Telecom

- **SAP cuts FY outlook**; the company said it expects the coronavirus pandemic to hurt demand through “at least” the first half of 2021 as a fresh wave of lockdowns hits businesses globally
- **SAP** in advanced stages for **Qualtrics** IPO, says Bloomberg. The listing of their software unit is a surprise U-turn for new CEO Klein
- **Apple (AAPL) Services business could be hit in Google antitrust battle**, says WSJ. A multibillion-dollar deal in which Google pays to be the default search engine on Apple's iPhones and other devices is at the heart of the case the U.S. government filed last week against Google.
- **AT&T (T) could spin or sell CNN**, says WSJ. A deep-dive on CNN boss Jeff Zucker who may depart and leave the network in limbo
- **FB** antitrust decision could come as soon as mid-November, says WaPo
- **FB, TWTR** will appear before the Senate Judiciary committee on 11/17, says Politico. The topic will be anti-conservative bias
- **Samsung Chairman passes away**; affiliate shares are rising in Korea amid hopes of a shake-up, per Reuters
- **Bytedance** is set to IPO its unit **Douyin** in Hong Kong, says Reuters
- Judge denies government bid to remove **WeChat** from US app stores, says Reuters

Sympathy Movers

SVMK an interesting comp to **Qualtrics** and could get a boost from a sale/IPO valuation

Analyst Notes

Upgrades

- **IBP** upgraded to Overweight at Keybank, analysis of the installation market suggests attractive risk-to-return growth versus new construction companies, especially the home-builders, with share gains and Commercial exposure offering upside potential, while avoiding limiting factors for builders like land and labor
- **FSLR** upgraded to Buy at Roth as policy drivers support greater demand and higher ASPs. Heading into Q3 results, the analyst sees the narrative around First Solar serving as a go-to company for customers seeking security of supply and reduced reliance on the Chinese supply chain gaining further momentum
- **AAPL** resumed Buy at Atlantic, firm thinks the iPhone SE 2 can drive smartphone market share gains from Android phones in the \$400-\$599 price bracket while the greater segmentation for the new iPhone 12 line-up will enable Apple to grow average selling prices compared to the prior generation of the high-end phones

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- **WGO** raised to Buy at Citi, A return to extensive travel via planes, cruise and hotels is "several years away," and the attractiveness of the recreational vehicle lifestyle is here to stay
- **TOL, PHM, DHI** upgraded at Ray-Jay; on **TOL**: Extraordinary new home demand is now extending across all price points, well into Toll's luxury home segment, evidenced by its "stunning" 110% y/y order growth reported as a preliminary result six weeks through its current quarter ending in October. On **DHI**: remains one of the best-positioned homebuilders to capitalize on the key post-COVID secular drivers, which are now pushing thousands of buyers into suburban communities.
- **RRC** raised to Buy at BAML, firm views Range as most levered to the possibility of any permanent upward reset in gas prices
- **CHKP** upgraded to Neutral at Goldman
- **PKX** raised to Buy at Nomura
- **CCI** raised to Outperform at Ray-Jay
- **AMGN** raised to Outperform at Ray-Jay
- **PSO** raised to Buy at UBS
- **KTB** raised to Buy from Underperform at BAML
- **FTI** raised to Buy at Soc-Gen

On the Chart

TOL strong r/r setup here after pulling back to the rising 50-day on Friday and putting in a strong candle, above \$48 can get some momentum back to recent highs

Downgrades

- **SPWR** cut to Neutral at CSFB; analyst believes the stock already implies strong EBITDA recovery through 2022, driven by cost reduction, operating leverage, and lower cost of capital guided by management at September analyst day. Nonetheless, he acknowledges that EBITDA and costs could benefit from any extension of solar tariffs
- **FSLR** cut to Underperform at CSFB
- **BOOT** cut to Hold at Craig Hallum
- **KEY** cut to Neutral at Wedbush
- **EXC** cut to Neutral at Guggenheim
- **CVE** cut to Neutral at CSFB

Initiations

- **LUNG** started Buy at Stifel, \$50 PT, Pulmonx's Zephyr Endobronchial Valve "fills a clear clinical need for a less-invasive and effective solution" for the "underserved" severe emphysema population
- **NOMD** started Buy at BTIG, believes that the company's "foundational investments" over the past several years are leading to market share gains across its brands in core European markets and will result in Nomad's brands and growth prospects becoming "considerably better positioned" than the "under-resourced" assets that it acquired several years ago

On the Chart

NOMD has been a strong performer since July and reversal day on Friday setting up for a run back at \$26 and a potential multi-week breakout

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- **SU** started Outperform at CIBC, expects "material" improvements in operating costs and free cash flow generation through Suncor's "tangible initiatives."
- **PLTR** started Buy at Jefferies, believes Palantir's "more repeatable" new logo adds can broaden its reach to support 30%-plus growth with growing profitability

Other Commentary

- **TSLA** negative comments from GLJ Research, the reported 50K China Tesla car recall isn't its impressive size, it's that it is happening at all noting that it is a 100% elective action by China
- **TPTX** PT raised to \$120 at Oppenheimer, TPX-0022 data at EORTC were "amongst the most impressive" he has seen for any MET inhibitor- showing clear signs of activity in a variety of Exon14del and MET-amplified genotypes
- **FB** PT raised to \$340 at Keybanc, Consistent with his thesis that advertising is the second derivative to e-commerce, the analyst continues to see robust advertising spend in the second half of 2020
- **LULU** PT raised to \$415 at JPM, Recent fieldwork points to potential upside to Q3 comp estimates based on mid-September sales acceleration and incremental bottom-line flow-through opportunity
- **GDOT** PT raised to \$72 at BTIG, While much of the recent discussion on the shares has revolved around the potential for the company to acquire Netspend and the possible impact of another round of government stimulus payments on its on prepaid debit card enrollment and volumes, the stock merits a fuller valuation even without a boost from either catalyst. Green Dot shares have "ample upside" from management's cost-cutting actions, the announcement of new banking-as-a-service partnerships and the anticipated launch of a mobile-first bank account during the next few months
- **ZEN** target to \$130 from \$113 at OpCo
- **AMD** target to \$95 from \$85 at SIG
- **NOW** target to \$550 from \$500 at Stifel

Inside the Hawk Database

GDOT recent buyers in the November \$60 calls and strong r/r set up with the recent pullback and reversal day on Friday

Trade Ideas

Earnings Preview

Chegg (CHGG) reporting earnings tonight after the close with the Street looking for \$0.10 on \$143.68M in sales, a 52% increase Y/Y. The FY is being guided to \$1.23 on \$611.64M, a near 50% increase. CHGG has a strong history, nice trend higher, and plenty of fundamental tailwinds which should provide a solid earnings boost. Shares have closed higher in eight of the last ten with an average closing move of 8.8% and a max move of 32.27%. The current implied move is 11.26%. Shares are flagging around the August range with a longer-term range breakout targeting \$115. The \$10.76B company trades 15X cash and 21.9X EV/sales with mid-20% revenue growth. CHGG expects to see continued momentum from the pandemic as they invest in International, new products like Study Pack, and their skill-based learning platform Thinkful. Analysts have an average target for shares of \$85 with a Street High \$105 from Craig Hallum. MSCO positive on 10/20 ahead of earnings seeing continued tailwinds from the virtual education environment and Chegg trades relatively in line with the SaaS group despite significantly faster growth and better margins. Keybank positive on 9/24 as the initial enrollment data posted by the NSCRC, a non-profit educational reporting organization, for fall term was slightly better than the firm's analysis, coming in at a 2.5% y/y decline for undergraduate enrollments. Needham with positive checks on 9/29 as their survey work found, "Our survey of more than 580 students indicates that demand for digital study tools in a remote learning environment has increased, with 61% of respondents more likely to use digital tools. The number of digital tools used is also expanding as, on average, 31% of respondents are using 3 or more tools this fall, up from 17% pre-COVID." Short interest is 11.5% but down from 17% this time last year. Hedge fund ownership rose 2.25%. A director bought \$100K in stock in August at \$84, the only open market buy in the name ever.

Daily Technical Scans

Inside Weeks: MCD, COST, QCOM, SYK, DE, PNC, ADI, HCA, TEL, BK, MCK, AME, MXIM, ROL, HOLX, XYL, CGNX, DVA, HDS, SWI, LPLA, ARW, IOVA, VSH, WWW, KLIC

Double Inside Weeks: HCA, RPM, QRVO, TEL, MCHP, DORM, LW

Date	Description	Volume	Open.In	Price	Deltz	Impl Vo	Prob.ITW	Premium Pair
10/16/2020	CHGG 100 18 DEC 20 90 CALL	682	2	\$6.60	0.46	59.57%	36.53%	\$450,120
9/25/2020	CHGG 100 20 NOV 20 70 CALL	459	335	\$7.20	0.545	67.28%	44.03%	\$330,480
9/18/2020	CHGG 100 21 JAN 22 45 PUT	450	355	\$6.40	-0.192	56.29%	41.45%	\$288,000
9/3/2020	CHGG 100 21 JAN 22 55 PUT	537	16	\$10.30	-0.26	56.46%	51.00%	\$553,110
7/23/2020	CHGG 100 21 JAN 22 115 CALL	450	0	\$9.60	0.36	48.51%	17.34%	\$432,000

What They're Saying

Illinois Tool (ITW) on Automotive OEM pronounced recovery and Polymer/Fluid growth "In a matter of weeks, our customers went from being shut down to operating close to full capacity, and the team responded by leveraging their experienced workforce, local supply chains and flexible operating system to quickly ramp up and meet customer demand. Overall, organic revenue was still down 5% year-over-year with North America, down 10%; and Europe, down 5%. China, which had already turned positive last quarter at 6% also improved sequentially and was up 15% this quarter. Lastly, as discussed on our last call, we did initiate a few restructuring projects that were part of our 2020 plan pre-pandemic, which led to a reduction in operating margins of 150

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basis points to 20.8%. Polymers & Fluids reported record organic growth of 6% in the quarter. The automotive aftermarket business benefited from strong retail sales to grow 10% with double-digit growth in tire and engine repair products. Fluids was up 6%, with strong sales in health care and hygiene end markets.”

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
SNOW	Novemebr \$300 Calls	872	4,091	369.15%
HEAR	November \$22 Calls	2,418	5,634	133.00%
MS	Jan. 2023 \$65 Calls	1,314	2,711	106.32%
RKT	November \$20 Calls	3,926	6,904	75.85%
RL	December \$80 Calls	1,584	2,589	63.45%
SPY	November \$360 Calls	38,491	55,966	45.40%
LVS	March \$52.50 Calls	3,810	4,779	25.43%
CAR	November \$41 Calls	2,579	2,117	-17.91%
MU	November \$52.50 Calls	17,508	13,893	-20.65%
SBUX	June \$90 Calls	4,766	3,219	-32.46%
ZM	June 2021 \$740 Calls	1,167	439	-62.38%

Extras

American Campus (ACC) with 3,400 December \$35 puts sold to buy the \$40/\$45 call spread

Lyft (LYFT) buyer of the Nov. 6th (W) \$26.5/\$33.5 call spread 6,000X12,000

Car Parts (PRTS) unusual late day buyers of 2,000 December \$12.50 calls up to \$2.55 and 2,000 January \$12.50 calls for \$2.85 to \$3

Snap (SNAP) buyer of 5,000 January 2022 \$50 calls for \$7.50

Under Armour (UAA) with 9,000 April \$20 calls being bought for \$0.83 as the January \$15 calls bought last week adjust up and out

United (UAL) buyer of 11,000 January 2022 \$80 calls for \$2.09

Uber (UBER) the Nov. 6th (W) \$36.5/\$42.5 call spread bought 8000X for \$1.91

US Bank (USB) with over 9,250 December \$35 puts sold to open down to \$0.93

II-VI (IIVI) with 1000 December \$40 puts sold to open for \$1.30 to \$1.20

Disney (DIS) buyers of 20,000 October 30th (W) \$130 calls up to \$1.30; also spread buys 5,000 March \$150/\$175 call spreads for \$2.55 and sells the Dec. 4th (W) \$115 puts for \$1.75

Quidel (QDEL) buyers of 400 November \$280 calls for \$11.10 to \$12

Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew
MMM	1500 Nov \$170/\$180 Call Spreads; 3K Nov \$175 Calls Bought; 4K Jan \$140 Long Puts in OI	Lower 5 of 6	6.90%	3.39%	0.98%	-15.6%	6.86%
RTX	13K Jan \$50 Short Puts; 12K Jan \$60 Calls Bought; 7K Feb \$65/\$75 Call Spreads, Short \$50 Puts; 6K Jan \$65/\$75 Call Spread	Lower 2 Reports	2.25%	3.27%	1.20%	39.7%	3.88%
CAT	2K Dec \$150 Short Puts; 1500 Nov \$175 Long Calls; 8500 Jan \$170 Calls Bought in OI and 4500 Nov \$155 Calls	Lower 8 of 10	3.97%	3.48%	1.18%	2.0%	5.66%
SPGI	1K Nov \$340 Puts Bought, Nov \$400 Calls Sold; 1K Nov \$350 Short Calls; 650 Feb \$400 Puts Bought	Higher 4 of 5	3.95%	3.05%	1.02%	23.5%	6.34%
SHW	Pre-Announced - No Notable Size in OI	Higher 6 of 7	6.27%	5.65%	0.99%	21.7%	3.30%
ROP	450 Nov \$440 Calls Bought	Higher Last 3	5.90%	5.67%	1.40%	25.0%	8.34%
TWLO	4K Oct 30th (W) \$290 Long Calls in OI; 1650 Jan \$290 Calls Bought	Lower 6 of 7	13.60%	7.07%	8.04%	-4.0%	-1.38%
CNC	1500 Nov \$64 Put Bought; Oct 30th (W) \$60 Short Puts; Dec \$62.5/\$70 Call Spread 10K X 15K	Lower 3 of 4	5.90%	3.91%	2.24%	-8.5%	6.47%
NXPI	Pre-Announced - 4800 Jan \$150 Calls in OI, Mixed Flow - Jan \$140 Buy Writes 9000X; 5K Jan \$135 Calls Bought	Higher 5 of 6, Lower Last 1	7.00%	4.01%	1.79%	-26.4%	4.42%
CMI	600 Dec \$220 Calls Bought in OI - No Major OI	Lower 3 of 5, Higher Last 2	5.83%	3.94%	2.05%	-23.2%	8.71%
MSCI	No Major Size in OI	Lower 4 of 6	4.15%	6.73%	1.17%	12.2%	7.03%
SWK	4350 Apr \$165 Short Puts in OI; 1500 Jan \$155 and \$160 Calls Bought in OI	Lower Last 4	6.15%	3.57%	2.25%	-13.9%	10.46%
GLW	4K Jan \$40 Calls, 2380 Feb \$28 Calls, 4K Jan \$37 Calls, 2900 Nov \$36 Calls, and 9500 Nov \$33 Calls Bought in OI	Lower 4 of 6	6.05%	4.49%	2.16%	-22.7%	7.84%
LH	2450 Nov \$195 Calls Bought in OI	Lower 4 of 5	5.40%	5.92%	1.27%	-12.6%	5.36%
QSR	1080 Jan \$50 Long Calls; Jan \$50 Puts w/ Stock, 3500 Nov \$57.5 Short Puts	Lower 4 of 6	4.95%	6.45%	3.50%	16.8%	4.30%
TRU	No Major Size in OI	Higher 3 of 5	5.35%	6.41%	0.84%	-23.0%	0.47%
PKG	No Major Size in OI	Lower 6 of 7	5.10%	6.41%	2.02%	0.5%	3.90%
CHGG	800 Dec \$90 Calls Bought; 500 Jan 2022 \$115 Calls; 1K Jan 2022 \$60 Short Puts; 1500 Jan \$45 Calls	Higher 8 of 11	16.95%	12.77%	11.99%	7.8%	-4.05%
FFIV	8000 Nov \$110 Puts Accumulated in OI from Buyers	Lower 5 of 7	8.85%	5.33%	6.42%	14.9%	8.19%
PII	1800 Nov \$95/\$105 Call Spreads, Short \$80 Puts;	Higher Last 5	10.05%	9.34%	2.23%	-25.3%	4.63%
HOG	Oct 30th (W) \$29 and \$30 Call Buyers; 1750 Feb \$34 Buy Write	Higher 3 of 5	9.60%	6.25%	12.83%	-7.1%	7.41%
BYD	1450 Nov \$35 Calls; Nov \$30, Nov \$31, Dec \$31 Short Puts; Nov \$33 and \$34 Call Buys	Higher 3 of 4	6.60%	11.12%	4.96%	-26.8%	3.64%
CROX	6000 Jan \$45 Long Calls Remain in OI - Buy Write with Nov \$65 Calls	Higher 3 of 5	14.65%	13.32%	3.42%	11.8%	1.60%
LRN	4000 Nov \$25 Long Calls in OI and 1600 Nov \$24 Calls and 2000 Dec. \$25 Calls and 1000 Mar \$50 Calls	Lower Last 5	17.00%	15.96%	7.54%	58.6%	-0.36%

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
AMG	Affiliated Managers	\$3.27	\$2.85	\$494.80	\$469.16	-9.90%	
HAS	Hasbro	\$1.88	\$1.61	\$1,776.60	\$1,736.83	12.80%	
HCA	HCA		\$2.26		\$12,915.59		
KOP	Koppers Holdings		\$1.29		\$425.77		
NRZ	New Residential	\$0.31	\$0.36	\$685.00	\$623.19	9.10%	
OTIS	Otis Worldwide	\$0.69	\$0.56	\$3,268.00	\$3,198.38	-1.40%	FY Above
PETS	PetMed Express		\$0.40		\$77.05		
SAP	SAP SE	\$1.70	\$1.30	\$6,535.00	\$6,851.58	-3.90%	Cuts Outlook
SMPL	Simply Good Foods	\$0.20	\$0.16	\$222.30	\$205.93	59.70%	

SAP – Beats EPS, Misses Revenues (-3.9%), Lowers FY20 – Cloud revenue grew 11% year over year to €1.98 billion (IFRS), up 10% to €1.98 billion (non-IFRS) and up 14% (non-IFRS at constant currencies). Continued lower transactional revenues, particularly in Concur, negatively impacted cloud growth by 6 percentage points. Cloud revenue from SAP's SaaS/PaaS offerings, that do not belong to Intelligent Spend, and its IaaS offering grew by 26% and 24% (non-IFRS at

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constant currencies), respectively. Software licenses revenue was down 23% year over year to €0.71 billion (IFRS and non-IFRS) and down 19% (non-IFRS at constant currencies). Cloud and software revenue was down 2% year over year to €5.54 billion (IFRS and non-IFRS) and up 2% (non-IFRS at constant currencies). The move to the cloud combined with a true business transformation has become a must for enterprises, to gain resiliency and position them to emerge stronger out of the crisis. Together with our customers and partners we will co-innovate and reinvent how businesses run in a digital world. SAP will accelerate growth in the cloud to more than €22 billion in 2025 and expand the share of more predictable revenue to approximately 85%. In Q3 we continued to improve our operating margin against a strong prior year comparison amidst a challenging environment. Earnings per share and cash flow grew even more rapidly. This allows us to raise our 2020 free cash flow outlook even beyond the target communicated last November. Our expedited move to the cloud will ensure we continue our path as a cloud growth company while we remain focused on cost efficiency. These actions and our resilient business model position us well to meet our new ambition targets as uncertainty recedes.

OTIS – Beats EPS and Revenues (-1.4%), Raises FY20 EPS – New Equipment orders were up slightly at constant currency with low single digit growth in EMEA and Asia, partially offset by low single digit decline in the Americas. New Equipment orders in China were strong, up high single digits. New equipment backlog at constant currency increased 3% versus prior year. Otis had another strong quarter as we continued to grow share, build backlog, expand adjusted margin and generate robust cash flow. These outcomes again demonstrate the resiliency of our business, the strength of our strategy and the dedication of our colleagues around the world to provide essential services to our customers while introducing innovative solutions to grow our business.

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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