



Inside Today's Blitz

- Moderna Vaccine Shows 94.5% Efficacy in Phase 3 Trials, Stable Shelf Life
- Biden Administration Opposes National Lockdown, Favors Targeted Actions
- PNC to buy BBVA US business for \$11.6b cash; Nexi to buy Nets, forming \$9.2b payments giant; UBER is close to selling their self-driving unit; VOD could IPO their EU towers business in 2021

Market Outlook

Futures are indicating a strong open for the day with the **Dow** up 1.2%, the **S&P** up 1%, and the **Nasdaq** up 55 bps. The **Russell** is up 1.5%. Energy is rallying with **WTI** up 3% and **Brent** up 2.25%. **Natural Gas** is getting hit hard down 5%. **Gold** and **silver** are down modestly. **Copper** is up 1.8% and breaking out of a bull flag, its best two-day run in a while. The **dollar** and **bonds** both flat. The focus this morning is on positive vaccine data out of Moderna which showed a 94.5% efficacy in 95 cases, another strong showing after Pfizer's interim look last week. Moderna's vaccine also can be shipped at a more standard temperature and is shelf stable without dilution or special handling at the point of vaccination, big logistical advantages over Pfizer's read-out. The news is another positive step forward in the narrative that Spring 2021 will be a major turning point for the economy and re-opening narrative. The near-term story remains bleak with cases surging nearly

every day but most countries are forgoing strict lockdowns like the Spring and instead turning to regional actions. President-elect Biden's advisors said this weekend that the incoming administration opposes a national lockdown. But nonetheless optimism is -- and deservedly should be -- high with today's news. Elsewhere, markets don't seem care much about Washington or the election drama the President is pushing forward. And stimulus feels like an inevitability but a lot of questions remain on the size and duration of the plan.

Asian markets are rising today with more upbeat economic data out of China and Japan GDP growth. Shanghai was up 1.11% while Hong Kong was up 86 bps. The Nikkei rose 2.05% to new 29-year highs. European markets are also higher today on vaccine optimism. The DAX rose 50 bps while the CAC was up 1% and FTSE up 80 bps. It was a quiet morning for stock-specific news. **BBVA** is up 16% after agreeing to sell their US business to PNC for \$11.6B. **Banco Sabadell** is up 13% with rumors that **BBVA** is now in a position to buy them and consolidate some EU operations. **Vodafone** is up 3.5% after earnings and guidance were affirmed. The company also kept its dividend in place. Engineering firm **Smith's Group** is up 2.5% after affirming FY guidance. Telecom **Orange** is up 1.5% after winning a tax credit case. **Unibail-Rodamco** jumped 11% after reports their CEO may leave.

Calendar

Today... Fed's Clarida speaks, Empire Manufacturing; **Earnings After the Close:** API, BIDU, GAN, GDS, IQ, YY, MSGE, SDC; **Analyst Days:** CMI, MSTR

Tomorrow... Retail Sales, Industrial Production, NAHB Housing, Fed's Bostic, Daly, Kashkari, and Rosengren speak; **Earnings Before the Open:** ARMK, AQUA, HD, KSS, SE, WMT; **Earnings After the Close:** LZB, NIO, VREX; **Analyst Days:** Dassault Systems, Electrolux, ENTG, ROK

Overnight Markets

Oil (WTI)	41.46	3.30%
Copper	3.2395	1.95%
US Dollar	92.75	-0.01%
Bonds	171.47	-0.42%
Gold	1864	-1.20%
Silver	24.29	-2.00%
Natural Gas	2.837	-5.25%

Technical View



Key Levels to Watch

It was a very quiet night for S&P futures until the Moderna data this morning. We consolidated in a narrow range after a bit of a strong open. Key area of volume overnight was around 3610. The data readout popped up to 3637. We held overnight VWAP all night long on re-tests and currently down at 3612. A key area to watch is 3668 from last Monday's Pfizer read-out.

Economic Data

- **China** industrial production 6.9% vs 6.7% est.
- **Japan** GDP was 21.4% vs 18.9% est.
- **Thailand** GDP was 6.5% vs 3.9% est.

Macro News

- **China** is prepared for new restrictions during the final 10-weeks of the Trump administration, says Axios
- **China's PBOC** put \$120B in fresh capital into their banking system to calm markets after a recent bond sell off, says Reuters
- **The UK** could move to ban the sale of new gasoline/diesel autos by 2030, says FT, in a move to slow climate change
- **The UK, EU** have only 7-10 days left to make major breakthroughs on Brexit and it isn't clear if a deal can get done, says FT
- **France** is confident a deal can be reached with the US over Airbus/Boeing tariffs, says Reuters
- **Germany** expects to pay over €20B in aid to companies due to COVID, says Reuters
- **Michigan** to impose three-week partial lockdown to combat COVID, says Bloomberg
- **Cargo shipments** are rising at a fast rate, says Bloomberg.

Movers

Gainers: HPR 80%, CCL 10%, MRNA 8%, TCO 8%, NCLH 8%, RCL 6%, UAL 5.8%

Losers: ZM -4%

Insider Buying

MPLN, HBI, PI, SPT, AVTR, WSC, COURT, ARVN, LGF.B, CWH, MYGN

IPO Monitor

Maravai LifeSciences (MRVI) raising \$1.3B at \$6.6B market cap; provides critical products to enable development of drugs, diagnostics, novel vaccines

Sotera Health (SHC) raising \$1B at \$6B market cap; sterilization, testing, and advisory services to research labs

Yatsen (YSG) raising \$558M at \$6.4B market cap; cosmetics and skincare products

Sentiment

- **Bond investors who bet on the US consumer are winning big in 2020**, says WSJ. Complex bonds tied to consumer loans are being buoyed by a savings surge
- **Credit card balances are falling**, says FT. This is causing banks to struggle as consumer spending slows and more people are paying down debt using stimulus checks

Stock-Specific News

Barron's Wrap

- **Logitech (LOGI) was booming before the pandemic.** The stock could have further to rise, as working from home becomes an enduring trend after the coronavirus, and strong demand for e-sports and computer games drives sales
- **Target (TGT) is still undervalued.** Target stock stagnated for years as the company tried to figure out how to combat the rise of Amazon.com (AMZN), but that period of pain prepared it for success during the pandemic
- **Intel (INTC) can rise again.** Intel isn't GE, and there are already signs of the chip maker's rebound.
- **Micron (MU) a cheap play on 5G, EVs.** The outlook for Micron is brightening - and the stock could double from here

Inside the Hawk Database

TGT recent buyers in the Jan. \$190 calls and Dec. 24th (W) \$165 calls, strong setup into earnings this week

13F Filings

- Third Point takes new stakes in **PCG, MSFT, TDG, FTV, EXPE**
- Soros takes new stakes in **PLTR, MCHP, U, VAR**
- Starboard Value takes new stakes in **CTVA**

Consumer

- **Washington Football Team** minority owners are looking to sell their 40% stake in the team for \$900M, says NYT
- **KKR, Rakuten** to acquire 85% stakes in Seiyu from **WMT**
- **Guitar Center** files for bankruptcy, per Bloomberg
- The WSJ looks positively at how **e-commerce** has surged during the pandemic and the shift will likely be permanent

Sympathy Movers

MSGS in focus with the Washington sale as this is a premium to private valuation estimates and appetite for franchises continues to rise

Financials

OptionsHawk Market Blitz

- **PNC Financial (PNC)** formally announced a deal to buy **BBVA's** US regional business for \$11.6B cash. PNC expects the transaction to be approximately 21% accretive to earnings in 2022
- **Nexi to buy Nets in \$9.2B deal to create payment giant**, says Bloomberg. The two firms wrapped up weeks of talks with a deal that will generate about €170M of synergies per year.
- **UBS** says they are not looking for partners despite rumors of a tie-up with **Credit Suisse (CS)**, per Reuters
- **DB** to focus on restructuring in 2021 instead of M&A, says Reuters
- **SPG, TCO** modify merger price to \$43 per share in cash

Healthcare

- **Moderna (MRNA)** COVID vaccine candidate Phase 3 study met primary endpoint with an efficacy of 94.5% through 95 events
- **GILD, NVO** present new data from proof-of-concept trial in NASH; trial met its primary endpoint
- **JNJ** is starting Phase 3 trial for COVID vaccine in the UK, says Bloomberg
- **PFE, MYL** complete Upjohn transaction

Energy / Materials

- **Endeavour Mining** to buy **Teranga Gold** for \$1.86B, per Bloomberg
- **OVV** looking to sell Eagle Ford assets, says Reuters
- **Saudi Aramco** is looking to sell debt to fund its dividend, says Bloomberg.
- **GPOR** files for Chapter 11, per Bloomberg

Industrials

- **Berkshire's (BRK.B) 'elephant' may be itself**, says WSJ. Biggest recent purchase that the conglomerate has made is buyback of its own stock
- **Korea Air** will become the largest shareholder of **Asiana Airlines** in a \$1.62B deal, says Reuters
- **Qantas** expects capacity to return to 50% by year-end, says Reuters
- **SPCE** pushes back New Mexico flight due to COVID rules
- **GM** to recall 69,000 Bolt EVs

Tech/Telecom

- **Uber (UBER)** disussing sale of **ATG** self-driving business to Aurora, says Tech Crunch. Terms of the deal are still unknown, but sources say the two companies have been in talks since October
- **Qualcomm (QCOM)** receives license to continue selling chips to Huawei, says Reuters. The deal is for 4G chips only
- **Vodafone (VOD)** could raise \$4B through an IPO of its EU towers business next year, says Bloomberg

Sympathy Movers

PFE, BNTX could see a pullback today given better efficacy and storage; **CYRX** also could see some weakness on storage data

Inside the Hawk Database

UBER recent buyers in the Dec. 31st (W) \$55 calls and Dec. 11th calls

- **FOX** may face pressure when Trump leaves the White House as allies are looking to build a competing network, says WSJ
- **AAPL** tracks iPhone users without their knowledge, activist Max Schrems claims, per FT
- **UiPath**, a leader in robotic process automation, is preparing for an early 2021 IPO, says Bloomberg
- **Foxconn, Pegatron** expanding production outside China, says Digitimes

Analyst Notes

Upgrades

- **IP** upgraded to Buy at Citi citing the firm's expectations of a second \$50 per ton containerboard price hike, which they expects could be announced in Q1 of 2021
- **ACAD** upgraded to Strong Buy at RJF, remains confident in Nuplazid's approval for DRP after reviewing the additional supportive data from the Phase 3 HARMONY trial.
- **BLMN** upgraded to Outperform at BMO, the company's post-pandemic EBITDA could reach \$450M before virtual brands based on a channel-level analysis across its business
- **BIGC** raised to Buy at Truist, analyst likes the stock as he expects to be a "very robust holiday season for e-commerce", also citing his forecast for higher growth enterprise business, partner revenue monetization, and international expansion
- **TPR** raised to Overweight at JPM, Tapestry CEO Joanne Crevoiserat showed "clear confidence" in the company's multi-year earnings acceleration during recent meetings
- **HPE** raised to Outperform at Ray-Jay
- **AMD** raised to Buy at Cleveland Research
- **TDG** raised to Overweight at Barclays
- **CHUY** raised to Outperform at BMO
- **AUY** raised to Outperform at BMO
- **BMJ** raised to Buy at Soc-Gen
- **TRGP** raised to Outperform at CSFB
- **FFIV** raised to Overweight at JPM
- **LI** raised to Buy at Citi
- **BSY** raised to Outperform at RBC
- **RRC** raised to Overweight at Stephens

Inside the Hawk Database

BIGC the focus of a recent write up with buyers of the April \$80 calls, December \$70 calls, and Nov . \$70/\$75 call spread

Downgrades

OptionsHawk Market Blitz

- **WELL** downgraded to Equal Weight at Wells Fargo, Q4 is normally the seasonally slow period for the senior housing space due to the reluctance to move loved ones into assisted living facilities because of pending major holidays and believes this year will be no exception due to rising COVID cases
- **SAGE** cut to Equal Weight at MSCO, Although he believes zuranolone is likely to demonstrate efficacy in patients with major depressive disorder, given his view that upcoming results could demonstrate modest efficacy and belief that Sage's share price now discounts the potential for a \$1B+ drug, Harrison sees greater upside in other names
- **ACB, TLR** cut to Underperform at Jefferies
- **KOD** cut to Equal Weight at MSCO

Initiations

- **CHWY** started Buy at Needham, while the pandemic has "undoubtedly accelerated" Chewy's growth and margin progress, he continues to see the backdrop for the company remaining favorable post-COVID given the growing total addressable market for the pet product and services market as well as the ongoing digital adoption
- **KEYS** started Buy at Deutsche Bank, the market leader in a \$17.5B served addressable market for electronic design and test/measurement across its end markets
- **TTWO** started Outperform at Evercore
- **BIGC** started Buy at Stifel
- **MCFE** started Buy at Goldman
- **TWLO** target raised to \$550 from \$350 at OpCo

Inside the Hawk Database

CHWY size buyers recently in the April \$65 and OTM \$80 calls

Other Commentary

- **FMC** target raised to \$134 at RBC, the recent WASDE data could result in more soy acres next year, driving farmers to select "premium" crop protection products that would benefiting FMC Corp's earnings growth
- **PNR** set up for a strong 2021, says Citi, citing strong growth in its pool business and a "significant runway for self-help." Additionally, Pentair has capital allocation optionality that should provide a tailwind to earnings over time
- **CMG** target raised to \$1745 from \$1514 at Piper, Chipotle has both the human capital and technological tools to carry out its long-term growth strategy
- **CMCSA, ETN, NICE, TWTR** added to US1 List at BAML
- **SQ** target to \$250 from \$215 at KeyBanc

Trade Ideas

Earnings Preview

Target (TGT) reporting earnings on Wednesday before the open with the Street looking for \$1.60 on \$20.7B in sales. TGT has a strong history closing higher in five of the last seven and an average closing move of 6.75%. The current implied move is 5.72%. Shares are trading in a bullish consolidation under \$167 with a breakout targeting \$180. Flows have been bullish as well with 2,250 January \$190 calls bought last week and the January \$160 calls bought over 2000X in late October. The \$79.86B company trades 21X earnings, 0.94X sales, and 11X cash. TGT has been thriving in 2020 with the pandemic driving higher sales of all products including grocery while their investments in pick-up, mobile, and delivery are expanding. TGT has wide reach with locations near 90% of Americans and competing well against peers like WMT and KR. Analysts have an average target for shares of \$142. BAML positive on 11/13 as omni-channel penetration and higher margin general merchandise momentum gaining momentum into next year. The firm thinks both Walmart and Target have benefitted as customer shopping trip consolidation has allowed the retailers to gain share and poised for big quarters. Jefferies raising estimates on 11/12 as a review of alternative data suggests foot traffic was relatively stable and website visits decelerated only modestly. Telsey positive on 11/13 raising their comp estimate to 11%, "We forecast digital sales growth of 125% to ~\$3B, resulting in a comp contribution of ~900 bps. This should benefit from continued digital momentum, including Target's two-day online sales event, Deal Days, which saw sales growth of over 250% relative to the same event last year, with strength in electronics, toys, beauty, and home, including a ~300% rise in same-day fulfillment options. In addition, the rollout of selling food (fresh and frozen) via BOPIS and Drive Up should help." Short interest is 1.3% and the lowest in eight years.

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob ITM	Premium Paid
11/10/2020	TGT 100 15 JAN 21 190 CALL	1,738	800	\$0.72	0.08	31.16%	6.51%	\$125,136
11/9/2020	TGT 100 (Weeklys) 24 DEC 20 165 CALL	522	0	\$4.32	0.38	30.31%	34.05%	\$225,504
11/5/2020	TGT 100 20 NOV 20 157.5 CALL	1,053	268	\$5.58	0.53	41.13%	49.49%	\$587,574
11/3/2020	TGT 100 20 JAN 23 190 CALL	1,287	0	\$15.19	0.39	30.88%	23.72%	\$1,954,953
11/3/2020	TGT 100 20 JAN 23 155 PUT	1,287	11	\$29.03	-0.41	30.12%	60.56%	\$3,736,161
11/3/2020	TGT 100 20 JAN 23 125 PUT	1,287	13	\$15.62	-0.25	33.11%	44.03%	\$2,010,294
11/3/2020	TGT 100 20 JAN 23 120 CALL	1,287	28	\$48.27	0.76	35.67%	56.98%	\$6,212,349
11/2/2020	TGT 100 15 JAN 21 170 CALL	2,768	1,749	\$3.96	0.29	34.03%	23.61%	\$1,096,128
10/22/2020	TGT 100 15 JAN 21 160 CALL	2,086	2,094	\$9.65	0.51	32.56%	45.22%	\$2,012,990

What They're Saying

2U (TWOU) on its evolving product lines... "So our graduate and undergraduate programs, we started the business focused on graduate programs. And that has typically a deeper J-curve where we actually sort of invest a little bit more upfront and over the early years of that program, and it builds a longer-term revenue stream. The short courses and the boot camps operate a little bit faster. And so each product set is different. The investment with a single short course, which is 6 to 8 weeks to help somebody improve a skill set, whether it be learning about sustainability or learning about blockchain. That's a very different premise than, let's say, a doctor of physical therapy, which is like a 2.5- to 3-year experience across many different courses that has a life-

changing outcome. But a student that's entering that program is with us for a longer time than the short course. Boot camp is just about right in the middle. So it's much longer than short course, much shorter than a degree. And you're allowing somebody to become a full stack web developer or get experience in fintech. So each product, Brett, offers sort of a different set of skills from 2U. The investment components in the short course side and the boot camp side, it's a smaller investment for 2U than the degree side. So if you saw our current period results, the alternative credential segment growing close to 60%. That segment of 2U is now a really meaningful part of the business. And that's really just been the company really diversifying the company to meet the needs of the learner for the great university partner in a way that I think the rest of ed tech is playing a bit of catch-up. And so each product has a bit of a different flavor. But all 3 are really critical to the great university today. And some of these, it is very difficult for the university to build on their own. So we're pretty excited about being this comprehensive solution to really digitally transform a great university and continue to build this long-term product strategy for them."

Extras

Alibaba (BABA) size buyers this afternoon for 9,450 March \$275 calls from \$19.65 to \$20.90, near \$20M

Disney (DIS) buyers today of 2,200 April \$140 calls from \$10.55 to \$10.95

JP Morgan (JPM) the November 27th (W) \$115 calls bought 3,450X late for \$2.10

Uniti (UNIT) with 4,000 January 2022 \$10 puts sold to open for \$2.50 to \$2.40

Qualcomm (QCOM) opening sale of 4,000 December \$150 calls for \$3.40 to \$3.35

JD.com (JD) with 1,750 Jan. 2022 \$65 puts sold to open from \$6.55 to \$6.15

Barrick (GOLD) with 4,500 June 2021 \$23 puts sold to open for \$1.63

Enphase (ENPH) the May \$190 calls bought over 925X for \$8.15 to \$8.20

Constellium (CSTM) with 10,000 January \$12 calls bought for \$0.90 as 5,000 of the \$10 calls roll up

Lattice Semi (LSCC) with 1,175 January \$45 calls bought for \$1.70

Huntington Ingalls (HII) with 865 December \$160 puts sold to open down to \$5.70

Quidel (QDEL) late day buyers of 400 December \$190 calls for \$24

Zillow (ZG) buyers of 800 February \$95 puts from \$6.90 to \$7.20 into the close

Open Interest Checks

OI Checks				
Ticker	Contract	Prior OI	New OI	OI Change
FSLY	December \$90 Calls	2,010	4,104	104.18%
MPC	April \$42.5 Calls	20,786	40,916	96.84%
ZM	February \$270 Puts	1,293	2,537	96.21%
TRIP	January \$25 Short Calls	10,379	20,163	94.27%
BABA	March \$270 Calls	1,401	2,520	79.87%
FLGT	November \$42.50 Calls	1,093	1,955	78.87%
UPS	January \$180 Calls	5,888	8,319	41.29%
MTCH	December \$135 Calls	2,228	1,655	-25.72%
SRPT	January 2022 \$200 Calls	617	417	-32.41%
JBLU	January \$13 Calls	5,406	151	-97.21%

Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew
BIDU	March \$180 Buy-Write; 2K June \$200 Calls Bought; 6500 Nov \$130 Calls	Higher 4 of 5, Lower Last 1	10.65%	6.44%	2.19%	-4.5%	1.37%
GDS	Bullish OI - 1500 Dec \$95 Calls, 3500 Dec \$90 Calls, 1K Mar \$50 and \$55 Calls, Plenty of Short Puts	Higher 5 of 8, Lower Last 3	5.97%	6.03%	8.90%	-2.0%	2.00%
IQ	June \$30 and \$32.5 Short Calls; Dec \$25 Call Buys, 15K Nov \$26.5 Calls Bought	Lower 5 of 6	10.28%	9.55%	12.74%	12.6%	-0.17%
ARMK	1K Oct \$37 Put Buyer; Nov, \$27, \$28 and Dec. \$28 Size Short Puts; 2300 Jan \$30 Calls	Higher 3 of 5	7.87%	6.34%	6.00%	5.4%	0.84%
YY	9800 Jan 2022 \$30 Puts Bought; Jan 2022 and Feb 2021 \$65 Call Buys	Lower 3 of 5	9.65%	8.17%	5.79%	9.4%	-4.24%
KSS	4K Dec \$27.5 and 5K Dec \$30 Calls Bought, 5500 Dec. \$22.5 Calls Bought;	Lower 6 Straight	12.17%	11.00%	15.52%	-11.3%	5.52%
GAN	3K Jan 2022 \$15 Calls and 4350 Jan 2021 \$20 Calls Bought in Spreads	Lower 1 of 2	14.50%	11.85%	-	-	3.66%

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
ACM	Aecom Tech	\$0.60	\$0.57	\$3,569.00	\$3,346.06	-30.20%	FY Above
AZUL	Azul S.A.	-\$1.99	-\$2.12	\$805.30	\$891.65	-73.20%	
CSPR	Casper Sleep	-\$0.40	-\$0.35	\$123.50	\$145.93	-3.30%	
JD	JD.com	\$3.42	\$2.71	\$174,214.50	\$170,213.50	29.20%	
PANW	Palo Alto	\$1.62	\$1.33	\$946.00	\$921.38	22.60%	FY Above
TSN	Tyson Foods		\$1.19		\$11,032.59		

JD – Beats EPS and Revenues (+29.2%) - Today, as China emerges from the pandemic, we are glad to see that our business partners are recovering rapidly with the support of our online and offline supply chain infrastructure. And our consumer mindshare continues to expand with over 100 million new active users joining our platform compared to a year ago. We delivered robust topline growth across all of our product lines as well as record profitability driven by

improved operating efficiency and the realization of scale benefits. With solid profitable growth as our basis, we will continue to invest in technology and infrastructure to enhance our user experience.

PANW – Beats EPS and Revenues (+22.6%), Raises FY21 - We delivered another consecutive strong quarter of solid results, with first quarter billings of 21% year-over-year growth; both our firewall transformation and our Next-Generation Security services continue to make great progress, giving us confidence to raise previously issued guidance for the year. We introduced several significant product enhancements across the portfolio and were recognized by industry analysts as a leader in two Gartner Magic Quadrants as well as Zero Trust. Additionally, we are excited about our proposed acquisition of Expanse, Inc., which we announced last week.

Disclosures

Not Investment Advice or Recommendation

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