



Inside Today's Blitz

- US COVID Relief Talks Hit Snag Over Lawsuit Protections
- Pfizer, BioNTech Vaccine Recommended by FDA Panel, Paving Way for EUA
- **DIS** raises guidance for Disney+ subs; **MET** sells Auto & Home business for \$3.94B; **AAPL** working on own modem chip, weighing on **QCOM**; **ERIC** files suit against **Samsung**

Market Outlook

Futures indicating a weak open for the day with the **Dow** off by 82 bps, the **S&P** down 90 bps, and the **Nasdaq** off 86 bps. The **Russell** is down 1.18%. Energy is also weak with **WTI** down 65 bps. **Silver** is down 95 bps while **gold** is holding up better. **Copper** is down 1.33%, its worst day in some time. **Lumber** is rallying again up 4.25%. The **dollar** is up 20 bps. **Bonds** are up 25 bps. Stocks are under some pressure this morning as a combination of Brexit anxiety, lack of stimulus, and growing COVID cases start to weigh. In the US, Democrats and Republicans appear farther apart today on a stimulus deal than they were yesterday. McConnell remains a big roadblock to the \$900B+ deal as he continues to push a smaller package with more business liability protections. In the UK, Brexit goes into its final weekend (probably) and UK PM Johnson has warned that they should be prepared for a no-deal scenario. The two sides have until Sunday night to reach a deal. Elsewhere, the Pfizer/BioNTech vaccine was recommended by the FDA panel last night and should get EUA within a few days. There was some negative vaccine news overnight as the SNY/GSK data showed little immune response and CSL abandoned their vaccine work.

Asian markets are mixed this morning amid concerns over stimulus in the US and a Brexit delay. Shanghai was down 77 bps while Hong Kong was up 36 bps. The Nikkei ended a bit lower, off by 39 bps, and its first weekly loss in six weeks. **Softbank** fell 4.5% after two strong days into the DoorDash IPO. European markets are sliding this morning amid Brexit anxiety. The DAX and CAC both down around 90 bps while the FTSE down 50 bps. **Sanofi** fell 3% after the company said their COVID vaccine being developed with GSK didn't show a strong immune response. Financials were weak in the UK with the Brexit fears, both **Lloyds** and **Barclays** down around 4%. **Rolls Royce** was down 5.5% after they cut their outlook for cash flows in 2020. **Ericsson** is down 5.5% after they filed a suit against **Samsung** and warned about legal costs.

Calendar

Today... PPI, Michigan Sentiment; **International Data:** ECB's Holzman Speaks; **Earnings Before the Open:** ROAD; **Analyst Days:** PNW; **Conferences:** Barclays TMT

Next Week... another busy week before we start settling in for year-end with the Electors meeting on Monday, China data on Tuesday, Flash PMIs, and the Fed. We'll also get bank stress tests. **Earnings** in focus include LEN, ACN, JBL, FDX, and NKE. **Analyst meetings** of note from ABBV, PLAB, TT, ELAN, LLY, PTC, BE, NOK, WPP, and CNC

Overnight Markets

Lumber	786.5	4.25%
Natural Gas	2.572	0.75%
Bonds	173.91	0.25%
US Dollar	90.93	0.19%
Gold	1836.8	-0.03%
Oil (WTI)	46.58	-0.45%
Silver	23.9	-0.81%
Copper	3.5275	-1.36%

Technical View



Key Levels to Watch

A weak night overall for S&P futures after breaking under Thursday's session low at 3644. We opened somewhat flat at 3660 and traded in a small range until around the EU open but never made another high and selling accelerated down to 3620.75 as the session went on. Overnight VWAP is up at 3645. VWAP for the week is up at 3681.

Economic Data

- **Italian** industrial production was 1.3% vs 1% est.

Macro News

- **EU** leaders approve historic \$2.2T stimulus plan, says Bloomberg
- **China** will step up fiscal support for its economy and make it more dependent on domestic demand, says Reuters
- **The FCC** will determine whether **China's** access to the US telecom market will be revoked, says Bloomberg
- **The BOE** may revise the rules around home loans making it easier to obtain one, says Reuters
- **Germany** expects their economy to contract 5.5% in 2020, better than the 7.1% contraction earlier, per Reuters
- **Germany** may implement a hard lockdown soon to curtail COVID cases, says Reuters
- High-net worth individuals are jumping into **bitcoin** as the stigma around crypto fades, says Bloomberg

Movers

Gainers: SGMO 7%, APRN 6.6%, DIS 4%, ALKS 3.9%

Losers: NIO -6%

Insider Buying

BH, ARDX, ESCA, COLD

IPO Monitor

Stock-Specific News

Consumer

- **Disney (DIS)** sees Disney+ subscribers at 230M to 260M by FY24, up from prior view of 60M to 90M
- **DIS** signs deal with **CMCSA** to distribute Disney+ and ESPN+ on the Xfinity and Flex platforms
- **Nintendo** sold 1.35M Switch units in November, top selling console for the month again says NPD
- **Luxury Brands** featured in WSJ story on how designer labels have been forced to get better at ecommerce. (**FTCH**)
- **APRN** CFO resigns to pursue another opportunity; Company sees Q4 results above prior outlook
- **ZipRecruiter** hires banks for IPO, says Reuters, eyeing valuation between \$3B and \$5B
- **LVMH** looking to sell **Thomas Pink** brand, says the Standard UK, as COVID hits demand for office shirts
- **RACE** announces immediate retirement of CEO
- **NIO** offers to sell 60M ADS

Inside the Hawk Database

MET size buyers of the January 2022 \$50 calls and June \$52.50 calls recently, the latter over 10,000X

Financials

- **MetLife (MET)** sells Auto & Home business to **Zurich Insurance** for \$3.94B; Announces \$3B Buyback

Healthcare

- **Pfizer (PFE), BioNTech (BNTX)** receive FDA panel vote supporting EUA for COVID-19 vaccine. The panel voted 17-4 in favor.
- **SNY, GSK** COVID vaccine shows low response in older adults
- **DVAX** positive CHMP opinion for HEPLISAV-B
- **XERS** receives positive CHMP opinion for Ogluo
- **BMJ** raises dividend 10%, settles patent litigation with Cipla

Inside the Hawk Database

BMJ weak recently filling the earnings gap but buyers in the Dec. 24th (W) calls yesterday, June \$55 short puts, Jan. 2022 \$70 calls and large Jan. 2023 calls also recently, potential bounce candidate

Industrials

- **UHAL** announces \$2/share special cash dividend
- **LDOS** to acquire 1901 Group for \$215M; 1901 Group delivers cloud, cybersecurity, and enterprise-scale digital modernization services and capabilities that improve performance and reduce costs
- **Lightning EMotors** to go public via SPAC, says Bloomberg. The company electrifies commercial-vehicle fleets
- **Innoviz** to go public via SPAC, says Venture Beat. The LIDAR startup will have a \$1.4B valuation

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- **Lufthansa** says bookings for Summer 2021 have tripled since vaccine news in early November, per Reuters
- **LUV** warns January/February will be difficult given COVID and seasonality, per Bloomberg
- **Rolls Royce** cuts cash flow outlook, per Reuters

Energy/Materials

- **UFPI** agrees to purchase PalletOne for \$232M; PalletOne is a manufacturer of new pallets, trailing 12-month sales and adjusted EBITDA through October 2020 of \$672 mln and \$44 mln, respectively.
- **Calisen** to go private in \$1.9B deal, says Reuters. The UK company provides energy meters and meter reading services
- **PKG** raising dividend 27%

Tech/Telecom

- **Apple (AAPL)** starting work on their own cellular modem, chip chief says, according to Bloomberg. Component would eventually replace mobile chips from **Qualcomm (QCOM)**
- **ERIC** files patent suit against **Samsung**; Co. warns delayed royalties and legal fees could weigh on earnings in 2021, per Reuters
- **FB** says **TikTok** is the most formidable competitor it has ever seen for its Instagram platform, per CNBC
- **Hyundai** will buy an 80% stake in robotics firm **Boston Dynamics** from **Softbank**, says Nikkei. The South Korean automaker will pay \$1.1B and the deal helps them pivot into smart mobility
- Investors are shifting their holdings in **Chinese** companies from US exchanges to Hong Kong amid fears of de-listing, says Reuters. Notes **BABA, JD, and NTES** as focus
- Samsung sees yield issues with 8nm process, says Digitimes

On the Chart

QCOM strong trend and the 20-day MA at \$149.50 in focus today to hold

Analyst Notes

Upgrades

- **LBTYA** upgraded to Hold at Berenberg, The company will benefit from a price increase at its Virgin Media business in the U.K. next year as well as cost reductions from its Swiss and U.K. fixed-mobile mergers
- **CTSH** raised to Overweight at JPM, The company has executed well against new management's strategy and improved its growth profile

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- **COMM** raised to Overweight at JPM, The company will benefit from a ramp in investments towards 5G infrastructure densification in 2021 as customer priorities increasingly focus on wireless investments
- **CCI** raised to Buy at Deutsche Bank, Crown is poised to be the "early beneficiary of multiple new industry catalysts" in upcoming years, including Dish's 5G build and C-Band spectrum deployments
- **VLO** raised to Overweight at MSCO, Valero should benefit from an anticipated demand recovery, inventory normalization, and refining margin improvement that comes with those
- **RL** raised to Buy at Citi, With "lean" inventories helping gross margin in the near-term and expense cuts "cushioning margins" in the medium-term, Ralph Lauren can "significantly" increase earnings in the coming years and exceed consensus forecasts
- **AZO** raised to Buy at Jefferies
- **FANG** raised to Overweight at MSCO
- **SNV** raised to Outperform at RBC
- **EFX** raised to Buy at Stifel
- **HESM, ET** raised to Overweight at MSCO
- **UAL, ALK** raised to Buy at UBS

On the Chart

AZO with a large multi-month base on the 200-day MA and a move above \$1150 key to work out of this wedge and continue the trend higher

Inside the Hawk Database

FANG large buyers of the March \$50 calls recently, over 5000X

Downgrades

- **JNPR** cut to Neutral from Overweight at JPM, Juniper's incremental investments in the portfolio as well as earnings dilution from integration of 128 Technology and Apstra are likely to remain a limiting factor on earnings growth for fiscal 2021
- **SNOW** cut to Hold from Buy at Deutsche Bank, With the shares trading at 52 times estimated fiscal 2032 sales, the risk/reward is now balanced while the lockup expiration that will take the float from 32.2M shares to 345.8M in March of 2021 could weigh on the stock
- **ALGT, ALK, DAL, JBLU, SAVE, SKYW, UAL, AAL** cut to Hold from Buy at Deutsche Bank; the stocks are at or near fair value based on 2022 valuations, suggesting that investors' have already paid for two years of earnings growth
- **TSLA** cut to Neutral at Jefferies
- **SFIX** cut to Neutral at Goldman Sachs
- **GLW** cut to Neutral from Overweight at JPM
- **TJX** cut to Neutral at Citi on margin outlook
- **AMT** cut to Hold at Deutsche Bank

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Initiations

- **RIDE** started Buy at Goldman, Lordstown's "first-mover advantage" as the first all-electric pickup truck in the market, "unique" design technology and features that should be well-received by the customer base will help the company to be successful
- **CZR** started Buy at Loop Capital, Given the "almost universally accepted view" that it will take several years for Las Vegas to recover, now is the time to be a "contrarian bull" on the medium- and long-term outlook for both Caesars and Las Vegas
- **NKE, PVH** started Overweight at KeyBanc, the two companies are making the right investments, particularly in e-commerce, international, and product and thinks the consumer spending environment remains robust in the near-term
- **ENPH, SEDG** started Overweight at Piper; **FSLR** started Neutral
- **RMG, PLL** started Buy at BTIG
- **NEO** started Buy at BTIG
- **CRTX** started Sell at Citi
- **IPG** started Overweight at Barclays
- **WING** started Buy at CL King

Other Commentary

- **UPS** short-term Buy idea at Deutsche Bank, sees potential for a "sizeable beat" in Q4. Unlike Q3s beat, this may come from the company's "all-important" Domestic business
- **ETSY** target raised to \$180 at Keybanc, after a soft Black Friday weekend, Yruma is seeing some sequential improvement at omnichannel retailers and expects results to accelerate as shipping deadlines are pulled forward
- **JBL** Citi opens positive catalyst watch, sees upside to the company's revenue driven by Apple (AAPL) product demand and potential share gains from Catcher. Strong iPhone demand should be a tailwind for Jabil as Apple accounts for 20% of its revenue
- **LULU** target to \$490 from \$396 at Piper
- **CLSK** target to \$24 from \$18 at HCW
- **FIVE** target to \$195 from \$140 at OpCo

Inside the Hawk Database

CZR buyer of the December 31st (W) \$75/\$80 call spread earlier this week, 3000X, while the March \$60 and \$70 calls with size in OI from 11/24

On the Chart

ETSY small bull flag forming under \$168 with a measured move for \$15 of upside and continuation of the strong trend

Trade Ideas

IPO Profile

Maravai LifeSciences (MRVI) a recent IPO that traded up to \$32 and has pulled back to \$24. MRVI is a leading life sciences company providing critical products to enable the development of drug therapies, diagnostics, novel vaccines and support research on human diseases. Its products address the key phases of biopharmaceutical development and include complex nucleic acids for diagnostic and therapeutic applications, antibody-based products to detect impurities during the production of biopharmaceutical products, and products to detect the expression of proteins in tissues of various species. Its businesses principally serve high growth market segments in biopharmaceutical development and manufacturing. In particular, the field of cell and gene therapy has emerged as one of the fastest growing treatment modalities to address a host of human conditions. There are more than 400 cell and gene therapies in development or launched and sales in this category are expected to grow more than tenfold by 2024, according to industry consultants and management estimates. MRVI estimates that more than 64% of our revenue for the nine months ended September 30, 2020 was in support of vaccines and therapies in development, including biological drugs and cell and gene therapies. MRVI participates in three distinct market segments: nucleic acid production, biologics safety testing and protein detection, which together represented approximately \$8.4 billion in annual spending in 2019 and which are expected to grow at a 15% compound annual growth rate ("CAGR") through 2023 according to industry consultants and management estimates. Its particular addressable market is \$3.6B. MRVI has a market cap of \$6.5B. For the 9 months ended September 30th, 2020 MRVI generated revenue of \$185.7 million, representing 73% growth as compared to the nine months ended September 30, 2019.

Technical Scans

Bullish Reversal Days:

FIVN, PYPL, CHTR, CDNS, AMD, SAP, LUV, NICE, MSCI, FVRR, ORLY, VIAV, ZM, NOVA, ORA, LAUR, BAC, EPAM, IT, LULU, CONE, WWE, BAC, BRKS, FLEX, SIVB, XLNX, STNE, GWPH, AZPN, SHOP, NOW, AEIS, FEYE, AVLR, ALK, TER, DKS, NWL, EVBG, LEG, DPZ, AAPL, PTON, MANH, VG, ENTG, NVDA, ACI

What They're Saying

Alarm (ALRM) at Barclays Tech Conference highlighting its opportunity... " And Parks Associates is a research firm that focuses on security and that market. What they identified was there's about 24 million homes in North America that have professionally monitored security systems out of about 140 million homes. So of those 24 million homes, only about 8 million have Interactive Security, meaning that's our market. And again, just about a year ago, we announced we had about 6.8 million subscribers. So we certainly have a large market share. So the difference between that 24 million and 8 million are the homes that have the legacy systems that are not interactive. They're landline-based. They're -- the keypad and punch-in at home. And so there's -- what we've been benefiting from is not just the overall growth of the market, but also the conversion, if you will, upgrade your systems from the legacy systems to Interactive Systems that we invented, including the -- system is being a cellular-based. It has a lot of capabilities, a lot of smart features versus the legacy systems. And so what's driving that is all these applications that we've come out with. And -- including better video cameras, the smart thermostats, video analytics has really been a game changer. We came out with video analytics a couple of years ago based on an acquisition we did back in March in 2007 -- January 2017, where we acquired a company called

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ObjectVideo that was doing a lot of AI for the government. They had about 17 employees, a lot of PhDs and video analytics. And we've added to that team quite a bit and increased the amount of engineering focus there and come out now with the system, the neural network system that can identify and distinguish between people, animals and vehicles and a lot of activity that's occurring. So both commercial and residential customers can use that for smart alerts. And so it's been really very helpful and very value added."

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
SRNE	June \$10 Calls	6,005	13,409	123.30%
WPX	January \$8 Calls	9,255	19,247	107.96%
XLE	January \$42 Calls	20,428	39,961	95.62%
CRM	May \$240 Calls	1,189	2,245	88.81%
FB	February \$280 Calls	16,978	29,905	76.14%
XOP	January 2022 \$65 Calls	5,448	9,555	75.39%
BIDU	January \$170 Calls	2,354	3,759	59.69%
MET	January 2022 \$50 Calls	1,567	2,379	51.82%
SRPT	January \$180 Calls	2,038	3,027	48.53%
BP	February \$20 Calls	11,940	16,238	36.00%
PLUG	January \$26 Calls	6,300	8,065	28.02%
NKE	March \$135 Calls	2,034	1,846	-9.24%

Extras

Anthem (ANTM) with 450 June \$330 calls bought with the \$300/\$260 put spread sold for a net \$10.70

Gap (GPS) opening sales 1500 January 2023 \$25 calls \$5.05 in buy-writes

ZenDesk (ZEN) buyer 500 July \$165 calls \$9 adjusting April \$150

Aecom (ACM) buyer 2500 March \$50 calls \$3.50, sells January \$55 calls

NetEase (NTES) opening sale 1000 March \$80 puts for \$3.80

NVIDIA (NVDA) opening trade for 1000 February \$520 synthetic long positions at a \$1 credit

Disney (DIS) late day buy of 1950 Dec. 31st (W) \$152.50 calls for \$6.25

Advanced Micro (AMD) late day opening sales 1500 February \$87.50 puts \$6.80 to \$6.75

Citi (C) with 3000 January 2023 \$60 puts sold to open \$12.20

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	YY Change	Notes
AVGO	Broadcom	\$6.35	\$6.20	\$6,467.00	\$6,432.22	12.00%	FY Above
COST	Costco	\$2.29	\$1.93	\$43,208.00	\$42,258.16	16.70%	
PLAY	Dave & Buster's	-\$1.01	-\$1.09	\$109.10	\$109.36	-63.60%	
LULU	lululemon athletica	\$1.16	\$0.88	\$1,117.43	\$1,012.38	22.00%	
ORCL	Oracle	\$1.06	\$1.00	\$9,800.00	\$9,782.61	1.90%	FY Above
NX	Quanex	\$0.67	\$0.46	\$255.40	\$238.10	6.20%	FY Above
MTN	Vail Resorts	-\$3.82	-\$3.66	\$131.80	\$158.46	-50.80%	

LULU – Beat on EPS and Revs – Our third quarter results demonstrate the strength of lululemon across channels and markets, both in North America and around the world. Our product innovations, investments in the e-commerce business, and strategic acquisition of MIRROR position us well to serve our guests as their needs evolve across both physical and digital experiences.

ORCL – Beat on EPS and Revs - “Our highly profitable multi-billion dollar Fusion and NetSuite Cloud ERP applications businesses grew revenue 33% and 21% respectively in Q2,” said Oracle CEO, Safra Catz. “These two strategic cloud applications businesses are major contributors to Oracle’s increased operating earnings and consistent earnings per share growth. We expect this rapid market share and revenue growth trend to continue as both Gartner and IDC rank Oracle’s ERP suite number one in the cloud.” “Oracle’s Gen2 Cloud Infrastructure is adding customers and growing revenue at a rate well in excess of 100% per year,” said Oracle Chairman and CTO, Larry Ellison. “Demand for our Gen2 Cloud Infrastructure is exceeding our plan and we are opening new datacenters as fast as we can. Oracle opened 13 additional regional datacenters in 2020 to bring our total to 29 regional datacenters worldwide, more than AWS.”

Disclosures

Not Investment Advice or Recommendation

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