



Inside Today's Blitz

- Biden signs \$1.7T spending bill.
- Spain's December CPI +0.3% (last -0.1%)
- **LUV** resumes operations; Barron's positive **GOOG, AMZN, BAC**. China regulation hits **FUTU, TIGR**.

Market Outlook

Futures are trading slightly lower this morning following gains yesterday. The Santa Claus rally period encompasses the last five trading days of the year and the first two trading sessions of the new year, and it is believed to be a good sign for how the new year will start when it produces a cumulative gain over that stretch. The negative bias is driven in part by premarket losses in mega cap stocks amid thinner trading volume ahead of an extended holiday weekend.

European stocks are under some selling pressure in the final session of 2022 amid thin trading volumes. The UK market is closing early today. On a related note, the London Times reports that Prime Minister Sunak is considering cutting in half the fiscal support provided to businesses to help pay fuel bills. Spain's December CPI dropped to 5.8% year/year from 6.8%, leaving it at a high level but headed in the right direction. EUR/USD +0.2% to 1.0676.

Asian stocks had a subdued Friday session with mixed performances (and modest changes) for the major indices that were open for trading. It was a quiet day of economic reporting. The only release of note was South Korea's December CPI report, which showed a 0.2% m/m increase and an unchanged 5.0% yr/yr rate that helped the peak inflation narrative. China, meanwhile, will be releasing its official Manufacturing PMI and Non-Manufacturing PMI reports after the U.S. market closes today and both are expected to remain in contraction territory

Calendar

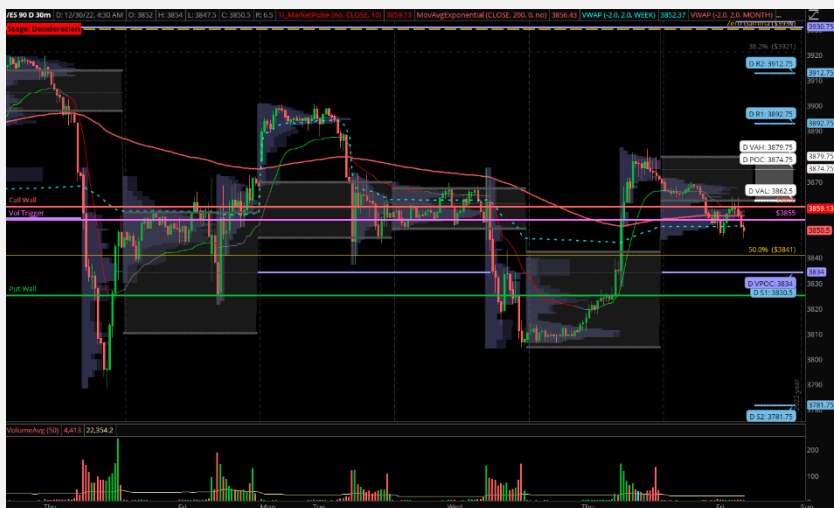
Today... Chicago PMI; **International Data:** UK HPI, BOE Bulletin, Spain CPI, China PMI (after market)

Next Week... ISM Manufacturing, JOLTS Jobs Openings, FOMC Minutes, ADP Employment, Non-Farm Jobs Report

Overnight Markets

Description	Price	Change
Natural Gas	4.582	0.50%
Copper	3.819	-14.00%
Oil (WTI)	77.98	-0.54%
Silver	24.11	-0.58%
Gold	1825.4	-0.10%
US Dollar	103.735	-0.10%
VIX	22.1	3.10%
Bonds	112.105	-0.10%
Bitcoin	16,330	-0.34%
Etherium	1,179	-0.25%

Technical View



Key Levels to Watch

S&P Futures (ES_F) traded lower overnight back to the key sticky magnet of 3860 and tested weekly POC at 3853. There is an untested VPOC at 3834 below from yesterday which could be a target today but if can hold above 3850 then potential still exists for a rally up to 3900 after Thursday's strong advance. The market forming an inside week candle so choppy action continues and need a break of 3800-3900 for follow through next week.

Economic Data

- **South Korea** consumer prices in December rose 5.0% from a year earlier, official data showed on Friday, matching market expectations and the pace seen in November

Macro News

- **Government Funding** - President Joe Biden on Thursday signed a \$1.66 trillion bill funding the U.S. government for fiscal year 2023, the White House said in a statement. The legislation includes record military funding, emergency aid to Ukraine, more aid for students with disabilities, additional funding to protect workers' rights and more job-training resources, as well as more affordable housing for families, veterans and those fleeing domestic violence

Sentiment

- **NAAIM Exposure Index** for 12/28 came in at 43.48, up from 39.35 the week prior but remains overly pessimistic
- **Hedge Funds** - Global hedge funds are set to register their worst returns in 14 years in 2022 after aggressive U.S. interest rate rises hit asset prices hard, however, their declines are overall smaller than the slump seen in equity and bond markets this year. Some hedge fund strategies that put

Movers

Gainers: SJR +10.3%, ORIC +5.1%, QMCO +2.8%, ENVX +2.6%, HSII +1.5%, AMC +1%

Losers: TIGR -32.3%, FUTU -24.6%, KC -2.9%

Insider Buying

HQI, BLNK, CRWD, COIN, UTI

IPO Calendar

No Notable IPOs

MARKET HEALTH AND STATS CHECK

INDICATOR	SIGNAL
NYSI	BEAR
WEEKLY MACD	BULL
8/21 WEEKLY MA	BEAR
CUMULATIVE A/D 89-EMA	BEAR
NEW HIGH/LOW CUMULATIVE 10-MA	BEAR
UP/DOWN VOLUME RATIO 150-MA	BEAR
TOP OF BOOK DEPTH	NEUTRAL
YTD EQUITY FLOWS	\$216.8B
IMPLIED ERP	4.20%
P/E	16.6X
2022/2023 EPS GROWTH EST.	7%/4%
S&P SHORT INTEREST	1.70%

money in commodities and currencies using macro-focused strategies and exploited price differences between related securities outperformed in 2022, handing decent gains to investors. According to investment data firm Preqin, hedge fund returns have fallen 6.5% this year, their biggest since a 13% decline in 2008

Stock-Specific News

Consumer Goods (XLP)

- **Li Auto (LI)** holds media event at Auto Guangzhou 2022; announced its December deliveries will exceed 20,000 vehicles
- **Nikola (NKLA)** enters into a Securities Purchase Agreement for the sale of up to \$125,000,000 in initial principal amount of senior convertible notes

Consumer / Business Services (XLY)

- **MCD, QSR, WEN, JACK** - A group of restaurants file lawsuit against California to block fast food wage law

Financials (XLF)

- **SCHW, AMTD, MS, HOOD** - Government funding bill will make it easier to save for retirement
- **BAC** – Barron's out with a positive view on Bank of America
- **FUTU, TIGR** - asked by China regulators to take corrective measures amid allegations of unlawful activities.

Healthcare (XLV)

- **Biogen (BIIB)** - The U.S. Food and Drug Administration failed to adhere to its own guidance and internal practices during the approval process for Biogen's Alzheimer's drug Aduhelm, which was "rife with irregularities," a congressional report showed on Thursday
- Private equity fund MBK Partners said on Thursday it had struck a deal to acquire a 99.5% stake in **Medit**, a local intraoral scanner manufacturer, for some 2.4 trillion won (\$1.9 billion)
- **ORIC Pharma (ORIC)** – Pfizer discloses 12% stake in the \$237M clinical stage biotech company. ORIC is engaged in developing a pipeline of therapies designed to counter resistance mechanisms in cancer.
- **Cigna (CI)** reaffirms FY22 EPS guidance
- **Calliditas Therapeutics (CALT)** partner Everest Medicines announced that the Center for Drug Evaluation of the China National Medical Products Administration has recommended Priority Review for the New Drug Application of Nefecon for the treatment of primary

Sympathy Mover

JPM a strong bank with a bull flag building near 130

On the Chart

CI is trending well as a big 2022 winner and pulling back to 21 EMA support

immunoglobulin A nephropathy in adults at risk of rapid disease progression.

- **Merck (MRK)** China approves Merck's (MRK) coronavirus antiviral molnupiravir.

Industrials (XLI)

- **GFF**- Voss Capital discloses 5% active stake (up from 4.5% passive holding); delivered a letter nominating a slate of director candidates
- **LMT, NOC, LIX, GD**- Gov't spending bill includes \$45B for Ukraine
- **LUV** to resume normal operations Friday, offers refunds. Executives say holiday issues will impact Q4 results and company will reimburse travel expenses to customers with cancelled flights.

Materials & Energy (XLB, XLE)

- **Natural Gas Services (NGS)** - Hoak & Co affirms 9.26% active stake; sends letter that calls on the Board to cease any search process for a new CEO and to commence a review of strategic alternatives
- **Borr Drilling (BORR)** - announces it has been awarded new contracts for two of its premium jack-up drilling rigs.
- **Bloom Energy (BE)** expands its energy platform customer base to Taiwan

Technology (XLK)

- **SNAP, META** – Gov't spending bill includes TikTok ban on government issued devices
- **BIDU** - announced a major step forward for its autonomous ride-hailing business in Beijing, as the company has been granted the Chinese capital's first-ever license to test drive fully driverless vehicles on public roads, with no driver or safety operator in the car.
- **AMZN, GOOG** - Barron's out with a positive view on Amazon and Google.

Hawk Database

SNAP saw a large opening put sale this week for 2000 Jan 2025 \$10 puts

Communications & Utilities (XLU, XLC)

- **AVA** - Avista provides Washington Utilities and Transportation Commission settlement update

Analyst Notes

Upgrades

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Downgrades

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Initiations

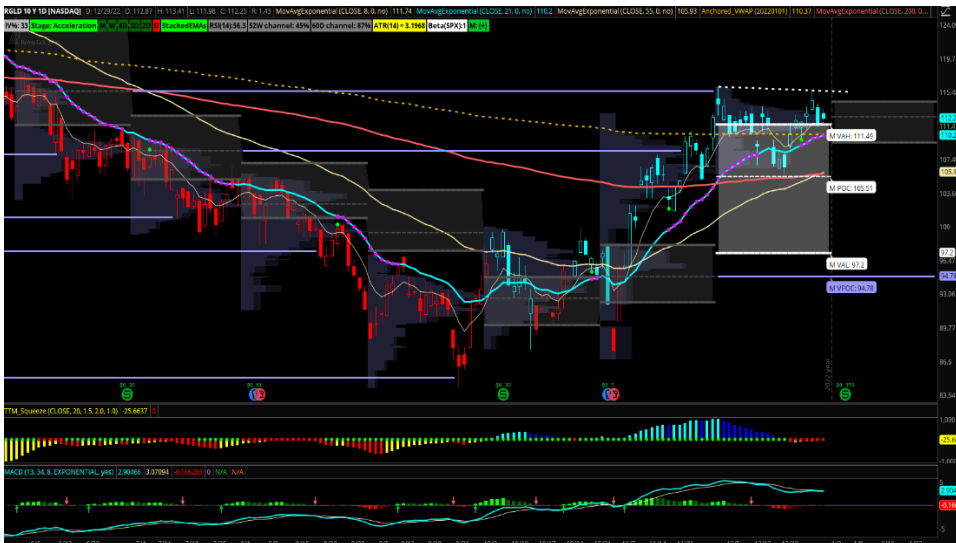
- **Ultragenyx Pharma (RARE)** – Assumed Buy at HC Wainwright, target of \$82.
Leading Rare Disease Developer Trading at a Steep Discount Heading into a Catalyst-Rich 2023

Other Notes

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Trade Ideas

Royal Gold (RGLD) shares are forming a bull flag at the top of monthly value support as the 21 EMA plays catch up to price action. RGLD has pulled back to value area high at 111.50 and building a tight squeeze pattern with a break above 114 needed to trigger buy-side momentum higher into 125 and possibly fill the open gap up near 130. This key zone between 111-113 is also the top of yearly value area from the prior year so a strong sign of buyers if can clear higher.



Technical Scans

Inside Day Candle: AAPL, UNH, JNJ, XOM, JPM, WMT, PG, CVX, ABBV, PEP, BABA, COST, CSCO, NKE, TMUS, SCHW, UPS, HON, AMGN, UNP, IBM, HSBC, LOW, GILD, PDD, MDT, ADP, JD, SLB, MNST, MAR, DD, LVS, MGM, Z

Ready to Run: JNJ, JPM, LLY, ORCL, ADBE, RTX, HON, LMT, BLK, AMT, TJX, NOC, GD, ITW, EMR, FCX, MNST, PSX, DOW, PH, SCCO, SPG, CBOE, TXT, RH

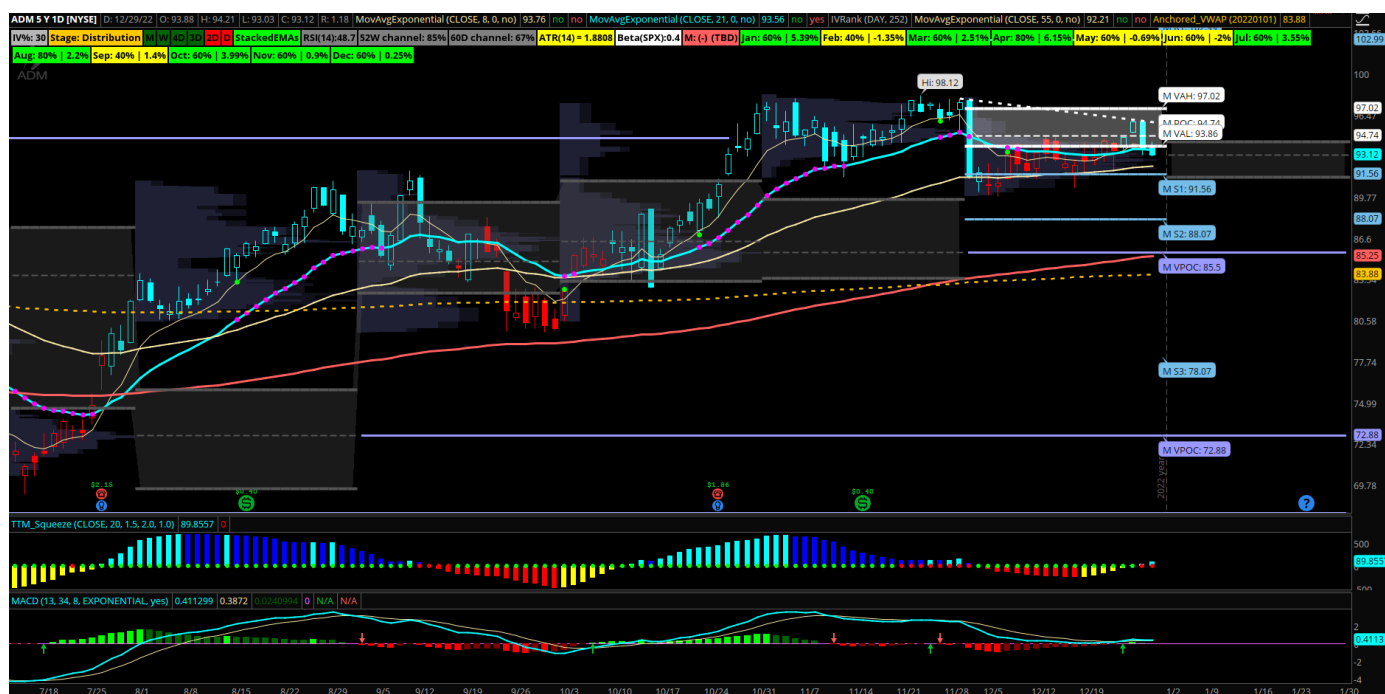
Bullish Reversal Days: BMY, HSY, MELI, LNG, EA, MBLY, DASH, DAL, CHK, CPNG, EQT, CHK, AR, WYNN, CZR, RRC, DBX, TOL, CERE, BXP, H, HRB, BYD

Seasonal Stock Setup: Agriculture Originator Setting Up Strong into January

Archer Daniels Midland (ADM) has a strong seasonal history in January with 6 of the last 10 years higher in January for an average return of +5.4% in the most recent 5-year window which follows December's average returns of +2.2%. The only month stronger than January has been April with 6.2% returns but the period between January and April has been impressive the past 20 years showing positive returns each month capped off with April gaining +4.6% on average per year. The seasonal strength in ADM seems to start as the new year begins. Shares are trending well the last 6 months and recently made a new all-time high at 98 so a name that is bucking the sluggish overall market and now

consolidating in a range between 90 and 96 with a potential breakout trigger looming at 97. Support is at 91 and under 90 would be a stop level as it could slide further to 85. A move to new highs can target the 1.272 fib extension at 105.50.

The \$51.2B company trades at 14x earnings, 0.6x sales, and FCF yield of 5.5% while revenues are expected to grow +19% in FY22 and flat growth in FY23. Short interest is 1.2% and hedge fund ownership fell 0.5%. The Company offers sustainable human and animal nutrition. It is engaged in developing sustainable solutions in agriculture, energy, and bio-based alternatives to materials and fuels produced from petroleum products. Average analyst price target is at \$101. UBS starts ADM with a Buy this month and price target of \$115 citing earnings of \$7.75 per share by 2026 when factoring in productivity and innovation initiatives, even in a normalized margin environment. Baird raised its target to \$98 and keeps an Outperform saying they remain a buyer as underlying demand remains strong as the company navigates a mixed supply chain and exchange rate environment. Also, management continues to add value to shareholders through share repurchases and strategic M&A, setting up a strong long-term outlook. Option flows are bullish, and this week saw an opening put sale for 360 June \$97.50 deep ITM puts sold at \$7.50.



Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
OSTK	16 JUN 23 20 CALL	1,051	6,066	477.16%
COIN	16 JUN 23 35 CALL	627	1,545	146.41%
Z	19 JAN 24 35 PUT	1,389	2,389	71.99%
PDD	17 MAR 23 80 PUT	1,575	2,664	69.14%
TWLO	17 FEB 23 50 CALL	1,316	2,187	66.19%
CHPT	19 MAY 23 10 PUT	3,034	5,038	66.05%
VRT	15 SEP 23 15 CALL	3,079	5,085	65.15%
BABA	17 FEB 23 90 CALL	1,703	2,734	60.54%
TXN	17 FEB 23 165 CALL	1,330	2,093	57.37%
PDD	21 APR 23 75 PUT	1,550	2,192	41.42%
PDD	21 APR 23 105 CALL	1,575	2,077	31.87%
COIN	16 JUN 23 35 PUT	3,837	5,014	30.68%
RNG	21 APR 23 40 CALL	894	1,029	15.10%
SMAR	17 FEB 23 40 CALL	1,944	1,944	0.00%
WDAY	17 MAR 23 170 CALL	4,088	2,670	-34.69%
WDAY	17 MAR 23 155 CALL	9,441	4,399	-53.41%
HUBS	17 MAR 23 320 CALL	7,292	687	-90.58%

Extras

JP Morgan (JPM) with 725 July \$100 deep ITM calls bought for \$35.75

Caterpillar (CAT) with 800 Jan 2024 \$330 calls bought for \$7.85 in stock replacements

Palo Alto (PANW) with 975 March \$143.33 puts sold to open \$11.70

UnitedHealth (UNH) with a large bull risk reversal opens by selling 690 of the Jan 2024 \$420 puts and buying the \$490 calls for a net debit of \$76.73

Cloudflare (NET) with 745 June \$50 calls sold to open for \$7.50

Broadcom (AVGO) With 400 Jan 2024 \$600 calls bought for \$61

Wynn Resorts (WYNN) with 470 Jan 2024 \$100 ITM puts for \$25.75

Bill.com (BILL) with 370 May \$115 calls sold to open for \$19.70

Guardant Health (GH) buyers of 1100 April \$15 deep ITM calls at \$12.50 to \$13

Silergate (SI) with 3700 January \$10 calls bought for \$6.63, adjusting the \$12.50 calls

Tesla (TSLA) stock replacement sold 1300 December 2023 \$70 puts at \$8.50. Also, a buyer of 1750 May \$150 calls at \$12.40. Also, a buyer of 2000 Jan 2024 \$95 ITM calls for \$47.60, adjusting down the \$260 calls

Netflix (NFLX) stock replacement opens 1100 March \$285 bull synthetics for \$6.80

Snap (SNAP) with a stock replacement selling to open 2000 Jan 2025 \$10 puts for \$3.85

Nio (NIO) with 4000 Jan 2024 \$5 ITM calls bought at \$6.15

IQIYI (IQ) late day opening seller of 1000 Jan 2024 \$5 puts for \$2.90

What They're Saying

Winnebago (WGO) earnings call on stabilizing comps and longer-term outlook...“While we believe many of the underlying drivers of this record-setting period are secular and likely to have a significant and positive impact in the long term, including the introduction of thousands of new, younger and more diverse RV families that could remain customers of our premium brands for many years to come. Winnebago Industries will continue facing difficult comparisons to our fiscal '22 results as the RV industry stabilizes throughout fiscal 2023. Our performance was also challenged by several macroeconomic factors that we expect to impact our near-term results. This includes a broader economic slowdown, general inflation that while trending lower, is still meaningful, higher interest rates, and as a result, lower consumer confidence. While there will likely be RV industry shipment contraction in calendar year 2023, we do believe market tailwinds will be present again in that segment by the time we reach the fiscal 2025 year. However, a dramatic rebound in RV shipments is not a dominant assumption in order for us to achieve our 2025 financial targets. We also have stated a clear intent to complement profitable organic growth with strategic inorganic investments and continued operational excellence initiatives that cumulatively drive accretive profitability and competitive differentiation during this 3-year period. As it pertains to calendar 2023 RV shipment projections, we now generally agree with the recent RV Industry Association forecasts, which anticipated a midrange estimate of 391,000 wholesale sales. This updated expectation is slightly lower than our previous 400,000 to 410,000 forecast we offered in October. Looking ahead, we are confident that Winnebago Industries has significant long-term opportunity for sustained market share gains and profitable growth across our portfolio.”

Earnings Grid

Earnings Review

Disclosures

Disclaimer:

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