



Inside Today's Blitz

- Futures Climb Behind Tech Earnings
- US National Debt Exceeds \$30T
- **GOOG** announces 20-for-1 stock split; **SONY** cuts PS5 production outlook; **Ford (F)** is ramping spending on EVs; **AAPL** iPad delivery times continue to stretch

Market Outlook

Futures indicating a positive open for the day with the Dow up 11 bps, the **S&P** up 75 bps, and the **Nasdaq** up 1.5%. The **Russell** is up 25-30 bps. Energy is modestly lower with **WTI** down 10 bps and **Brent** down 30 bps. **Natural Gas** is surging 5.75%. **Gold** and **silver** are higher today with the latter up 90 bps. **Copper** is up 1.35%. The **dollar** is down 45 bps and below its pre-FOMC levels. **Bonds** are up 15 bps as **yields** pull back. **VIX** is 22.40. **Bitcoin** and **Ethereum** remain quiet. Stocks are extending the recent rally overnight with big tech earnings, specifically Google, helping lift sentiment today while there continues to be a lot of ugly reports overall (Match and PayPal in particular last night).

Meanwhile, inflation data today will be in focus and we already got a hot print from Europe this morning where CPI overshot expectations following Germany's print this week. Elsewhere, OPEC+ meets today and expected to hike production by 400K but could see a further boost given the elevated prices. Tensions around the Ukraine are subsiding a bit as Putin engages in talks with NATO.

Asian markets are mostly higher today with the Nikkei up 1.68% and India up 1.2%. Most of the region remains closed for the New Year. In Europe, the major indices are rallying again. The DAX is up 36 bps, the CAC is up 45 bps, and the FTSE is up 85 bps. We're seeing strength in industrials and tech while energy, healthcare, and financials lag. **Novartis** is lower by 2% after earnings while **Novo Nordisk** jumped 3% after raising their outlook. Lender **Julius Baer** fell 5.5% as cost surged in the quarter. Swedish industrial technology group **Hexagon** rose 3.5% after posting record quarterly earnings. **Swedbank** fell 4% after missing expectations. **Wizz Air Holdings** rose 1.5% after unveiling strong passenger traffic figures for January. **TeamViewer** rose as much as 15% after the software company said Q4 billings were up 20% from prior year. Chip supplier **Siltronic** rose 2% after a strong quarter.

Calendar

Today... Earnings After the Close: EGHT, ADTN, AFL, ALGN, ALGT, ALL, AVB, BDN, CCS, CHNG, CCMP, CTSH, CLB, CTVA, DXC, ELF, ESS, FORM, FBHS, GL, THG, HI, HOLX, KLIC, LNC, MXL, MCK, FB, MET, MTG, MAA, MUSA, NTGR, OHI, OMF, QRVO, QCOM, RYN, RRR, RRX, SITM, SKY, SPOT, TTEK, TMUS, TBI, UGI, YELL; **Analyst Days:** TREE, ATEN

Tomorrow... Productivity/Costs, Services PMI, Factory Orders, ISM Non-Manufacturing PMI, Fed Confirmation Hearings; **Earnings Before the Open:** ABB, ABMD, WMS, AME, APTV, ARW, AZEK, BCE, BDX, BERY, BIIB, BV, CAH, CSII, CG, CHKP, CI, CMS, COP, CMI, DLX, LLY, EL, FTV, GWW, HAIN, HBI, HSY, HON, HUBB, ITW, INGR, ICE, JHG, LANC, LAZ, LITE, MMS, MPW, MRK, MTOR, MSGS, NJR, NOK, NS, PH, PENN, PBH, DGX, RL, SNDR, RDS-A, SNA, TKR, TW, VSAT, VSTO, WD, WEC, WRK, XYL

Overnight Markets

| | | |
|-------------|--------|--------|
| Natural Gas | 5.003 | 5.30% |
| Copper | 4.495 | 1.38% |
| Silver | 22.79 | 0.86% |
| Bonds | 155.53 | 0.15% |
| Gold | 1803.6 | 0.12% |
| Oil (WTI) | 88.08 | -0.15% |
| Bitcoin | 38555 | -0.40% |
| US Dollar | 95.95 | -0.45% |
| Ethereum | 2772 | -0.60% |
| VIX | 22.4 | -1.52% |

Technical View



Key Levels to Watch

S&P futures (ES_F) drifting higher again overnight as we balance above Tuesday's range. We're knocking on some notable resistance with 4595-4605 a key area to watch early. A break and hold above that zone has upside to 4635-4640. Support below is near yesterday's POC with a key zone at 4522-4515 and the breakout level and then 4485. Further weakness could see us back at the prior balance at 4460.

Economic Data

- **EU** inflation rose 5.1% vs 4.4% est. and up from 5% prior
- **New Zealand** unemployment fell to 3.2% vs 3.3% est.

Macro News

- **China** is looking to boost collaboration between domestic chip firms and international leaders like Intel, per Nikkei
- **China** has failed to meet its Phase 1 obligations, per Reuters
- **Russia's Putin** is looking to dial back tensions over Ukraine, per NYT, and expressed hope for more dialog with NATO
- **The RBA** said it may consider rate hikes later in 2022, per Reuters
- **UK** retailers are hiking prices by the highest margin since 2012, per FT
- **Sen. Manchin** made clear again on Tuesday that the former BBB deal from 2021 is all but 'dead' in his eyes, per Politico
- **US government debt** hit \$30T on Tuesday, up around \$7T since the start of the pandemic, per The Hill
- **Jobs report** – the White House is talking down expectations for Friday given Omicron-related headwinds, per Bloomberg

Movers

Gainers: AMD 10.5%, XLNX 10%, GOOGL 9%, TTD 5%, NVDA 4.8%, TENB 4.5%

Losers: LFVN -22%, PYPL -18%, MRCY -9%, SQ -7%, EHC -5%, OI -4.5%, MTCH -4%, GILD -3.5%

Insider Buying

BANC, CNTA, MSFT, SRRA, EPZM, NEE, RIDE, SRRA

IPO Calendar

Direct Digital (DRCT) issuing 4M shares at \$7-\$9

Stock-Specific News

Consumer Goods

- **SONY** is cutting their PS5 production outlook to 11.5M from 14M-15M, per Bloomberg, as component shortages bite
- **Ford Motor (F)** is planning to ramp spending on EVs with an additional \$10B to \$20B investment over the next decade, per Bloomberg
- **General Motors (GM)** said they've seen the semiconductor situation improve in Q4, per Bloomberg
- **GM Cruise** is launching a robotaxi service in San Francisco, per FT
- **ELMS** CEO, Chairman resign after board investigation

Consumer / Business Services

- **Cedar Fair (FUN)** confirmed an unsolicited proposal from Seaworld to buy the company but no details on price were disclosed. Bloomberg reported the deal at \$60/share in cash.
- **RRD** says their 'strategic party' has withdrawn its \$11.50 proposal
- **NYT** is raising their dividend and adopting a \$150M buyback
- **The Denver Broncos** football team is being put up for sale, per Bloomberg, following a family legal feud. They were valued by Forbes last year at \$3.75B

Financials

- **Schwab (SCHW)** was the biggest firm who benefited from PFOF in 2021 as brokerage firms earned \$3.8B in aggregate last year, up 33% Y/Y, from the practice, per WSJ. **HOOD** earned \$971M.
- **MCO** is buying a majority stake in Global Credit Rating
- **CME** says January ADV was up 28%
- **Julius Baer** shares are weak today in Europe after earnings, per Bloomberg, after costs rose above guidance

Healthcare

- **Novartis (NVS)** could see private equity firms Blackstone and Carlyle make a joint bid for their generics business, per Bloomberg. The unit is valued near \$25B
- **GSK** announces settlement between ViiV and Gilead on dolutegravir
- **PFE, BNTX** confirm rolling EUA with FDA for COVID vaccine in children between six months and five years
- **HUM** is targeting an additional \$1B in cost savings by 2023
- **BDX** says their spinoff of Embecta has been approved
- **MDT** says the first procedure has been performed with HUGO RAS

Hawk Database

SCHW recent bull write up with sellers in the June \$80 puts and buyers in the March \$90 calls

On the Chart

HUM has a gap above at \$402-\$405 to watch with a move higher targeting back up into the \$425-\$430 range

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- **ISRG, SYK, EW** are becoming 'true steals' in the market right now, says CNBC's Jim Cramer, as Omicron weighs on sentiment and near-term challenges

Industrials

- **TGI** is selling their Stuart, Florida Aerostructures business

Energy & Materials

- **Fortune Brands (FBHS)** is buying Solar Innovations for \$63M; the company is a leading producer of wide-opening exterior door systems and outdoor enclosures
- **Potash** – India may buy potash from Belarus, per Reuters, circumventing sanctions
- **MPC** adds an incremental \$5B to buyback authorization

Technology

- **Apple (AAPL)** is prioritizing iPhone production over the iPad, per Nikkei, and delivery times for the latter continue to get extended
- **AMZN** may raise prices on their Prime service due to higher costs around wages and freight, per Reuters, citing Wall Street analysts who think it could happen with Thursday's earnings report
- **Google (GOOG)** announced a 20-for-1 stock split
- **SMIC** could be subject to further US export controls, per Reuters
- **TeamViewer** shares are higher in Europe this morning after positive guidance for FY22, per Bloomberg

Telecom & Utilities

- **VOD** may explore selling its Spanish unit, per Reuters
- **VZ** is looking to activate an additional 2000 5G towers in February, per Reuters, as they settle issues with the FAA

On the Chart

MPC on breakout watch today above \$76 with a measured move out to \$85+

Analyst Notes

Upgrades

- **UAA** raised to Overweight at MSCO; Can outperform peers in '22 on lower relative supply chain risk, stronger relative China performance, industry channel check momentum, & likely conservative '22 guidance & expectations

Hawk Database

UAA has seen a lot of bull flow with buyers in near-term calls but also large opening put sales including February \$22.50, July \$22.50 and January \$25

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- **ISRG, EW** raised to Buy at UBS; On ISRG they note: there's an attractive entry point for a quality growth name well positioned for recovery. Intuitive has grown procedures at 14% annually through the pandemic and given a high acuity mix and with robotic adoption growing, the company's procedures will be quick to recover as COVID disruption subsides throughout the year
- **ENTG** raised to Buy at Mizuho, cites ongoing secular tailwinds in advanced nodes and architecture complexity, a strong semiconductor capex cycle and the company's capacity expansions
- **TWOU** raised to Buy at Goldman; TWOU benefits from a meaningfully expanded addressable market for online program management in higher education post-COVID that creates an extended runway of double-digit organic revenue growth. Company does not face difficult comps from over-earning during the 2020-2021 timeframe given long sales and implementation cycles associated with online degree programs, and instead should reap the rewards of increased online education adoption over time.
- **PCH** raised to Outperform at RBC
- **ARW** raised to Outperform at RJF
- **KOD** raised to Overweight at JPM
- **DDOG** raised to Buy at Rosenblatt
- **AMRC** raised to Buy at BAML
- **ETSY** raised to Neutral from Sell at UBS
- **PZZA** raised to Buy at Northcoast
- **ABUS** raised to Buy at Jefferies

Downgrades

- **SBUX** cut to Neutral at Goldman; cost pressures continue to flow through due to commodity inflation and labor costs. In China, SSS trends were materially pressured by COVID and the zero COVID policy
- **ZBH** cut to Neutral at UBS
- **SUN** cut to Neutral at Citi
- **DGX** cut to Neutral at Jefferies
- **PYPL** cut to Neutral at Mizuho, RJF
- **DOX** cut to Neutral at JPM
- **KMB, CLX** cut to Underperform at Bernstein

Initiations

- **FVRR** started Outperform at JMP, while growth is slowing for freelancer platforms as comps are more difficult and as they grow from larger bases, both platforms have improved during the pandemic

Hawk Database

EW recent featured write-up with the 9000 May \$120 calls bought in OI has snapped back to its 200-MA

Hawk Database

ETSY recent large opening sales in January 2024 \$150 and \$145 puts as smart money sees value in the dip

Hawk Database

DDOG one of the strongest high growth names based at the 200-MA and broke out. DDOG has a large 4350 June \$140 call position in OI from 1/28

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- **SQ** started Overweight at JPM, the company's current valuation and growth are quite attractive with new product launches serving as positive catalysts, de-risking the hard/soft-landing concern for stand-alone Cash App growth deceleration near-term
- **IS, MTTR** started Buy at Deutsche Bank
- **STC, FAF** started Buy at BTIG
- **AMLX** started Outperform at Evercore
- **CLOV** started Buy at Canaccord
- **CARG** started Buy at Northcoast

Other Notes

- **UPS** target to \$275 from \$250 at Citi
- **MA** target to \$435 from \$400 at Mizuho
- **FUN** – KeyBanc notes a \$75-\$85 buyout offer may be needed by **SEAS**
- **GOOGL** target to \$3400 from \$3090 at KeyBanc

Trade Ideas

Exelixis (EXEL) shares hitting the 'ready to run' scan today with shares sitting just below the top of February value and a multi-week breakout. A move above \$18.50 clears a pullback trend, as well, with upside to \$19.25 and then into a big volume gap from November that reaches back to \$21.50. Momentum is starting to inflect higher with MACD close to a bullish reversal and RSI in a strong trend. EXEL has seen a lot of bullish flow recently including buyers of 2000 August \$19 and \$20 calls.



Technical Scans

Bullish Reversal Days: CAG, EPD, K, LHX, NOC, REGN

Ready to Run: CRC, MNRL, NTR, GEL, OGN, EXPE, CDK, BOX, OKE, BSX, FMC, ACAD, TDS, NOMD, BHF, WYNN, MUSA, MGM, LNC, NE, PTCT, IBM, KRA, HIG, RCL, CB, SAIA, CR, USFD, MAR, RGLD, TU, AZPN, BKNG, AKAM

Small-Cap Options Flow

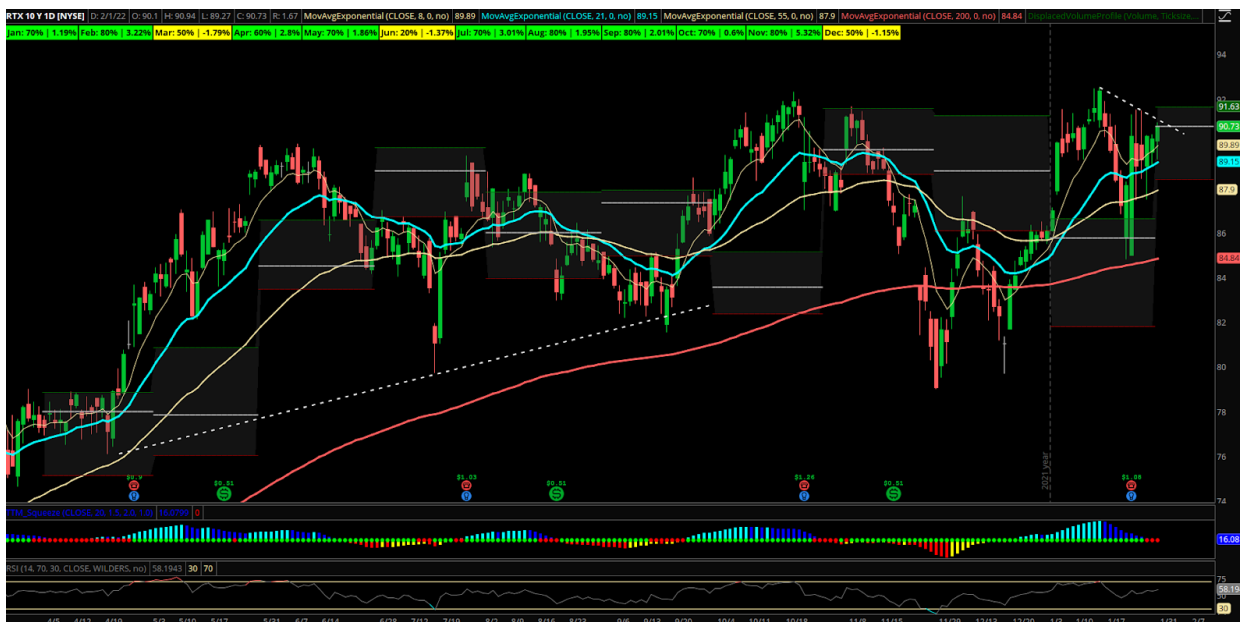
Forward Air (FWRD) is a small-cap showing relative strength recently and bull spreads on 2/1 bought 1000 February \$110/\$120 call spreads for \$3.10 with the \$100 puts sold for \$1.65, unusual size for a name with little open interest. FWRD is a \$2.8B asset-light freight and logistics company with both Expedited Freight and Intermodal businesses. The former provides both regional and national less-than-truckload services as well as local pick-up and delivery. The unit has benefited from growth in large appliance deliveries as well as large

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consumer products for residential and multi-family complexes. FWRD has key customer relationship with United, Best Buy, and Expeditors. The latter provides intermodal container drayage and warehouse and handling services. FWRD laid out plans last year to hit double-digit revenue growth, double-digit operating margins, and expansion of ROIC while also returning over \$350M in capital to shareholders. They see \$2B to \$2.6B in annual revenue by 2023 through better customer cross-selling, accretive M&A, and better investors in tech which will improve data-driven pricing opportunities. Analysts have an average target for shares of \$133 with a Street High \$165. Wolfe cutting to Neutral on 1/6 as inventory levels start to improve due to better supply chain issues which will slow freight demand and pricing gains in 2H. Stephens upgrading to Overweight on 1/4. They like how FWRD has expanded its addressable market to focus more on premium less-than-truckload, or LTL, freight over the course of 2021 and also culled non-palletized freight from its network, which served to increase its available capacity by about 20%. And, as the company executes its plan to expand its existing network of about 100 terminals by about 10 or so a year for the next several years, the firm thinks there is the potential for a re-rating in the stock's trading multiple.

Seasonal Stock Setup: Defense Industrial Near Highs Into Strong February

Raytheon (RTX) – The industrial group has shown a nice rebound off recent lows with the market but many of its more defensive components are still near highs such as RTX which stayed above its 55 EMA on a closing basis in January which not many names can say. RTX has had strong seasonality over the last decade into February, being higher 8 of 10 years for an average gain of +3.2%. Only November has been a stronger calendar month for the lower beta defensive stock. Closing back above 90 it now looks poised to take a run at new highs if it can clear its monthly value high at 91.63. Longer term the old high from early 2020 is right at the round number 100 price so would be a nice target to lean into. The chart structure continues to be bullish with stacked EMA's on both the daily and weekly charts as the uptrend continues. Recent option flows have been leaning more bullish as on 1/27 the March \$80 puts were sold to open for \$323k and a buyer from 12/16 of the June \$80 calls at \$8.00 for \$1.6M remains in open interest sitting on a 50% gain thus far.



Extras

Norwegian Cruise (NCLH) with the September \$30 calls sold to open from \$1.30 to \$1.26, over 9750X

Tapestry (TPR) with 1100 January 2023 \$35 puts sold for \$4.75 and 1100 of the Feb. \$38 puts bought \$1.70

eBay (EBAY) with 2,500 June \$67.50 OTM calls bought for \$2.43 to \$2.45 with late February earnings

Atlas Air (AAWW) with 1200 March \$75 puts sold to open for \$2.45/\$2.40

Salesforce (CRM) with 1000 May \$280/\$185 strangles sold to open for \$6.95

Qurate (QRTEA) with 1000 July \$17 ITM puts sold to open for \$9.80

MagnaChip Semi (MX) with 1000 September \$20 ITM puts sold to open \$4

Baker Hughes (BKR) late day sweep buys 2500 March \$30 calls \$0.60 offer

FarFetch (FTCH) with 7000 June \$35 calls bought \$1.20 to \$1.32 late day into the close

Oracle (ORCL) with 600 January 2024 \$82.5 puts sold to open down to \$13.70

Wells Fargo (WFC) opening sale 2000 July \$55 puts for \$4.27

Open Interest Checks

| Ticker | Contract | Prior OI | New OI | OI Change |
|--------|---------------------|----------|--------|-----------|
| SNAP | 18 MAR 22 35 PUT | 1,729 | 4,508 | 160.73% |
| CVX | 18 MAR 22 130 PUT | 2,270 | 5,137 | 126.30% |
| JWN | 14 APR 22 22.5 CALL | 2,098 | 4,181 | 99.29% |
| HTA | 14 APR 22 32.5 CALL | 12,121 | 21,916 | 80.81% |
| RBLX | 18 FEB 22 70 CALL | 2,445 | 4,069 | 66.42% |
| MGM | 20 JAN 23 32 PUT | 2,595 | 4,282 | 65.01% |
| TDOC | 20 JAN 23 105 CALL | 1,308 | 2,124 | 62.39% |
| UPS | 20 JAN 23 250 CALL | 2,012 | 3,172 | 57.65% |
| PYPL | 16 SEP 22 150 PUT | 2,946 | 4,617 | 56.72% |
| EXPE | 17 JUN 22 170 CALL | 13,150 | 19,800 | 50.57% |
| DIS | 14 APR 22 140 PUT | 2,374 | 3,466 | 46.00% |
| AKAM | 20 JAN 23 120 CALL | 4,572 | 6,288 | 37.53% |
| PTON | 18 FEB 22 27 PUT | 2,661 | 3,560 | 33.78% |
| IBM | 14 APR 22 130 CALL | 2,882 | 3,556 | 23.39% |
| VIAC | 18 MAR 22 35 CALL | 16,471 | 20,122 | 22.17% |
| PYPL | 16 SEP 22 180 CALL | 4,418 | 5,313 | 20.26% |
| COIN | 14 APR 22 180 PUT | 1,904 | 1,662 | -12.71% |
| V | 14 APR 22 245 CALL | 1,967 | 1,601 | -18.61% |

What They're Saying

Stanley (SWK) earnings call on positive secular demand trends.... "There are several positive secular demand trends that are benefiting our businesses. We remain bullish on construction, DIY as well as gradual recoveries

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in the automotive and aerospace OEM markets. We've developed an array of growth catalysts, including product innovation, e-commerce and electrification to position our businesses to capture this opportunity. And we are continuing to focus on innovation, manufacturing, automation, capacity expansion and our logistics capabilities to meet the elevated demand in the near term and support strong, sustainable growth over the medium and long term. As noted, our tools and outdoor businesses enjoyed high demand levels across our global markets and channels. And as we think about some of the causal factors in North America, many of the traditional drivers of housing and repair/remodel activity are trending in a positive direction. Household formation driven by millennial first-time home purchasers as well as the urban exodus support strong housing demand, and the low levels of existing housing inventory will continue to be a catalyst for new residential construction. Home prices have appreciated, building home equity, which generally supports home reinvestment growth through repair and remodel activity. In recent years, the consumer mindset and behavior patterns regarding home and garden have shifted as more time is spent in these environments. Home base for many has grown in importance, serving multiple purposes, including as a sanctuary, as a locus for increased indoor, outdoor activities and as a workspace for more permanent remote and hybrid workers. These behavioral shifts are driving robust project activity for both contractors and DIYers not only in the U.S. but globally as well. Leading indicators for non-resi construction, such as ABI and Dodge, rebounded during much of 2021 and have remained positive as construction activity has continued to recover. Industrial production is returning to pre-pandemic levels as manufacturers look to replenish their supply chains. “

Tenable (TENB) earnings call on its bullish outlook... “We're chasing a massive market opportunity. We've expanded the product portfolio. We've gone into new markets, in markets that are large and growing rapidly. We're making investments, too. I think that's one of the important things to know is that we started making investments more aggressively really in the first half of the year, and it's great -- and it's making a difference really on the top line. Adding sales capacity, we're also achieving higher levels of productivity. We're continuing to evolve the product suite. And I think all that really makes a difference with the backdrop of not just high profile data breaches, but threats that are very relevant to the problems that we're solving today. So I think it gives us a lot of confidence in our outlook in 2022. We're certainly not going to cap our growth rate, not by any means. This is a big opportunity. We're pleased to see the acceleration. And obviously, we'll learn more as we work our way throughout the year.”

Bio-Techne (TECH) earnings call on Biologics growth... “ It's -- we're killing it. We can't keep up, and we can't get this off the ground fast enough. We're being throttled, actually. And the most exciting thing you saw in the transcript, you put a lot of extra detail around the applications for cell and gene therapy from the rest of our portfolio. All the way -- we're finding all our instruments are being -- we're having an incredible growth. Biologics isn't supposed to be growing continue at 30%. It's being used inspecting for cell and gene therapy applications, AAV purity and stuff. And on all 3 of our platforms are being inspecting in the cell and gene therapy applications going well beyond the TAMs that we are positioning these instruments from the beginning. So yes, we see this being a juggernaut for years. And our \$2 billion target out there in 2026, the largest component of that was cell and gene therapy. And guess what? It's just gotten a lot bigger when you add Wilson Wolf revenue to it. So it's going to be -- it could be roughly half the company or more by then which should take it well beyond \$2 billion, too. So yes. And the new thing is coming, we're definitely going to do media. We're definitely doing antibodies. We have more and more demand for antibodies that are being used in these areas as well. This halo effect is -- it's broad. And it's because I think we did all the right things starting 4 years ago with -- doing more than a one-trick pony-type of approach. We have about 10 different products that can affect the workflow of cell and gene therapy. And then the things we couldn't get, we created the JV to give us more power in the channel, and it's really working. Both of those entities Wilson Wolf and Fresenius are doing quite well.”

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PayPal (PYPL) earnings call on its shift towards engagement... “Moving forward, we will continue to grow our users, but our focus will be on sustainable growth and driving engagement. To be very clear, this is a choice on our part. We could increase our spend and accelerate our net new active trajectory. However, we believe there are better ways to achieve our financial results. We strongly believe that we are making the right decisions in redirecting our spend toward high-value customer acquisition and engagement channels. That said, over the next 12 months as these less engaged customers naturally roll off, it will materially reduce our quarterly net adds. Over the next couple of quarters, we plan to supplement the disclosure of net new actives with the addition of monthly active unique user and ARPU metrics. These metrics have a more meaningful correlation with our financial results, and we believe this incremental disclosure will allow you to better assess engagement on our platform and the degree to which our strategies are working.”

Advanced Micro (AMD) earnings call on gaining more market share in servers.... “So look, we always expect the competitive environment to be very strong and very aggressive. And that's the way we plan our business. That being the case, I think we're very happy with the growth that we've seen in the business sort of last year. And as we look forward, we see opportunities in both cloud and enterprise. On the cloud side, we're in 10 of the largest hyperscalers in the world are using AMD. As they get familiar with us over multiple generations, they're expanding the workloads that they're using AMD on. So we see that across internal and external workloads. In the enterprise segment, we doubled year over year here in 2021. We continue to add more field support to have more people get familiar with our architecture. We have very strong OEM relationships. So I feel very good about our server trajectory. And yes, it's very competitive out there. But we think the data center business is a secular growth business. And within that, we can grow significantly faster than the market.”

Electronic Arts (EA) earnings call on Battlefield 2042 missing expectations... “We did have a charge in Q3 as the launch of Battlefield 2042 did not meet expectations. Battlefield 2042 was always an ambitious game and our teams push to innovate across many dimensions, including massive scale and 128 planned matches, new modes, new dynamic gameplay and more. Developing this game with our teams working from home for nearly 2 years ultimately proved to be challenging. Through our process for testing and preparation, we believe the experience is ready to be put in our players' hands. We launched with strong stability. However, as more players experienced the full game, it became clear that were unanticipated performance issues that we would need to address. Some of the design choices we made with the game also did not resonate with everyone in our community. We are fully committed to realizing the full potential of this game and fully committed to our Battlefield fans. We've already implemented a series of major updates to the game, and there is more to be done. Players can expect meaningful updates to continue in the weeks ahead, and we are shifting the first season of live service content to early summer as we work closely with our community to evolve and improve the core experience in Battlefield 2042.”

Alphabet (GOOGL) earnings call on the growth at Cloud... “In Q4, Cloud revenue grew 45% year-over-year to \$5.5 billion. Alphabet's backlog increased more than 70% to \$51 billion, most of which is attributed to Google Cloud. This growth comes from many leading businesses including Albertsons and LVMH; digital natives including Box and Spotify; and public sector agencies including the Commonwealth of Massachusetts, the Defense Innovation Unit and the USDA. Our sales force, which we have more than tripled since 2019, delivered strong results across geographies, products and industries, and we continue to invest. For the full year 2021, compared with the full year 2020, we saw over 80% growth in total deal volume for Google Cloud Platform and over 65% growth in the number of deals over \$1 billion. Our partner ecosystem is helping accelerate our growth. For the full year 2021 compared with the full year 2020, the number of customers spending more than \$1 million through the marketplace increased by 6x. Customer spend through channel partners on GCP more than doubled, and the number of active certifications within our top global systems integrators more than

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|------|----------------------|---------|---------|-------------|-------------|---------|------------|
| DOX | Amdocs | \$1.20 | \$1.18 | \$1,104.60 | \$1,100.32 | 1.70% | FY In Line |
| ASH | Ashland | \$0.88 | \$0.84 | \$512.00 | \$512.44 | 9.40% | |
| CB | Chubb | \$3.81 | \$3.28 | \$8,517.00 | \$8,511.14 | 9.60% | |
| EA | Electronic Arts | \$0.23 | \$0.05 | \$2,577.00 | \$2,663.16 | 7.40% | FY In Line |
| EHC | Encompass Health | \$0.97 | \$1.05 | \$11,318.70 | \$1,306.85 | 832.00% | FY In Line |
| EQR | Equity Residential | \$0.82 | \$0.80 | \$645.13 | \$633.11 | 5.20% | |
| GM | General Motors | \$1.35 | \$1.15 | \$33,584.00 | \$34,239.55 | -10.50% | FY In Line |
| GILD | Gilead Sciences | \$0.69 | \$1.61 | \$7,244.00 | \$6,644.09 | -2.40% | |
| HRB | H & R Block | -\$1.02 | -\$1.25 | \$158.82 | \$158.30 | 11.90% | |
| HMN | Horace Mann | \$0.97 | \$0.73 | \$331.40 | \$333.40 | -5.90% | FY Above |
| IEX | IDEX Corp | \$1.55 | \$1.60 | \$714.80 | \$705.84 | 16.30% | FY Above |
| LFUS | Littelfuse | \$3.16 | \$2.94 | \$553.10 | \$523.84 | 37.90% | |
| MANH | Manhattan Assoc | \$0.48 | \$0.38 | \$171.49 | \$162.85 | 16.60% | |
| MTCH | Match Group | -\$0.60 | \$0.60 | \$806.70 | \$821.16 | 23.80% | FY Below |
| MRCY | Mercury | \$0.39 | \$0.42 | \$220.40 | \$223.43 | 4.70% | |
| MSTR | MicroStrategy | -\$8.41 | \$1.49 | \$134.52 | \$133.20 | 2.40% | |
| OI | O-I Glass | \$0.36 | \$0.33 | \$1,588.00 | \$1,517.52 | 6.10% | |
| PYPL | PayPal | \$1.11 | \$1.12 | \$6,918.00 | \$6,888.57 | 13.10% | FY Below |
| PKI | PerkinElmer | \$2.56 | \$2.33 | \$1,364.33 | \$1,317.31 | 0.70% | |
| SBUX | Starbucks | \$0.72 | \$0.80 | \$8,050.40 | \$7,954.64 | 19.30% | |
| SMCI | Super Micro Computer | \$0.88 | \$0.78 | \$1,172.42 | \$1,152.63 | 41.20% | |
| TENB | Tenable | \$0.05 | \$0.03 | \$149.02 | \$144.55 | 26.20% | |
| UNM | Unum Group | \$0.89 | \$0.85 | \$2,987.80 | \$2,984.47 | 0.60% | |
| ZWS | Zurn Water Solutions | \$0.22 | \$0.11 | \$232.30 | \$222.34 | 23.40% | |

AMD – Beat on EPS and Revs (+48.8%) – "2021 was an outstanding year for AMD with record annual revenue and profitability," said AMD president and CEO Lisa Su. "Each of our businesses performed extremely well, with data center revenue doubling year-over-year driven by growing adoption of AMD EPYC processors across cloud and enterprise customers. We expect another year of significant growth in 2022 as we ramp our current portfolio and launch our next generation of PC, gaming and data center products."

GOOG – Beat on EPS and Revs (+32.4%) – Our deep investment in AI technologies continues to drive extraordinary and helpful experiences for people and businesses, across our most important products. Q4 saw ongoing strong growth in our advertising business, which helped millions of businesses thrive and find new customers, a quarterly sales record for our Pixel phones despite supply constraints, and our Cloud business continuing to grow strongly. Our fourth quarter revenues of \$75 billion, up 32% year over year, reflected broad-based strength in advertiser spend and strong consumer online activity, as well as substantial ongoing revenue

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growth from Google Cloud. Our investments have helped us drive this growth by delivering the services that people, our partners and businesses need, and we continue to invest in long-term opportunities.

EA – Beat on EPS and Missed on Revs (+7.4%) – "FY22 has been a year of outstanding growth for Electronic Arts, and we're proud that our franchises were among the most-downloaded, most-played, and most popular titles over the last year and the holiday quarter," said Andrew Wilson, CEO of Electronic Arts. "Our network of more than 540 million unique active accounts continues to expand, players are spending more time in our games, and with our amazing IP we are well-positioned for continued growth."

GM – Beat on EPS and Missed on Revs (-10.5%) – CFO Paul Jacobson states: "We see a stabilizing semiconductor environment and envision wholesale getting to a normalized run rate towards the beginning of the third quarter with a target of around 800,000 units in North America on a quarterly basis. We expect total company volume to increase 25% to 30% year-over-year, with the majority of the increase occurring in the second half of the year, primarily due to the production constraints in the second half of 2021. Sequentially, we expect the positive trend to continue, with Q1 wholesale volumes up 20% to 25% versus Q4 2021."

GILD – Missed on EPS and Beat on Revs (-2.4%) – "Gilead is at an important point in its transformation journey, having built considerable momentum in the expansion of our commercial and clinical portfolios in both virology and oncology in 2021," said Daniel O'Day, Gilead's Chairman and Chief Executive Officer. "We are planning to further increase the number of clinical development studies across our novel oncology portfolio in 2022. We also look forward to advancing our long-acting programs for HIV. Today our cancer therapies, Trodelvy, Yescarta and Tecartus are reaching increasing numbers of cancer patients, Veklury is playing a critical role in the pandemic and Biktarvy remains the most prescribed HIV treatment in the US. We have all the elements in place for a strong year and a strong decade."

MTCH – Missed on EPS and Revs (+23.8%) – Our 2022 Total Revenue outlook is for 15% to 20% year-over-year growth led by high-teens growth at Tinder and continued rapid growth at Hinge. That's a slightly more conservative outlook than we previously provided, which is due to two macro headwinds: FX and COVID/Omicron. Our current outlook reflects approximately three points of negative impact on revenue growth versus our prior outlook due to these factors. Approximately \$60 million (two points) of that is due to worsening FX impacts since our last update. The balance of the impact is from the rapid spread of the Omicron variant, which is affecting early 2022 performance. While the pandemic trajectory has been extremely difficult to predict, we are forecasting improved momentum as we move into the spring and summer months... We continue to expect slight (50-100bps) margin improvement ex-Hyperconnect, as a reduction in Google subscription fees and legal costs is partially reinvested in safety and CSR initiatives as well as headcount costs given the strong labor market. For the company as a whole, with a full year of Hyperconnect included, we expect to achieve a similar margin in 2022 as we did in 2021.

SBUX – Missed on EPS and Beat on Revs (+19.3%) – "This holiday quarter delivered strong revenue growth highlighted by incredible customer demand for Starbucks. As we enter the third year of this pandemic, our stores continue to play an important role as a community gathering place that offers safe, familiar and convenient experiences for our customers. Although demand was strong, this pandemic has not been linear, and the macro environment remains dynamic as we experienced higher-than-expected inflationary pressures, increased costs due to Omicron and a tight labor market. We remain focused on actions that drive both top and bottom line growth, including industry-leading investments to attract, train and retain the best talent for our stores as customer occasions increase," said Kevin Johnson, president and CEO.

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Earnings Before the Open

| Ticker | Stock | EPS Actual | EPS Est. | Revs Actual | Revs Est. | Y/Y Change | Notes |
|--------|---------------------------|------------|----------|-------------|-------------|------------|------------|
| ABBV | AbbVie | | \$3.28 | | \$14,958.87 | | |
| ATI | Allegheny Tech | | \$0.11 | | \$723.20 | | |
| ABC | AmerisourceBergen | \$2.58 | \$2.58 | \$59,628.81 | \$59,619.33 | 13.50% | FY In Line |
| AVY | Avery Dennison | \$2.13 | \$2.12 | \$2,183.20 | \$2,124.72 | 9.70% | FY In Line |
| BSX | Boston Scientific | \$0.45 | \$0.44 | \$3,127.00 | \$3,111.31 | 15.50% | FY Below |
| EAT | Brinker | \$0.71 | \$0.51 | \$925.80 | \$924.24 | 21.70% | |
| BIP | Brookfield Infrastructure | \$0.97 | \$0.93 | \$3,252.00 | \$1,937.68 | 28.30% | |
| CHRW | C.H. Robinson | | \$1.86 | | \$6,256.07 | | |
| CPRI | Capri Holdings | \$2.22 | \$1.69 | \$1,609.00 | \$1,468.96 | 23.60% | FY In Line |
| CRS | Carpenter Tech | | -\$0.64 | | \$348.33 | | |
| GIB | CGI Group | \$1.50 | \$1.43 | \$3,092.40 | \$3,119.69 | 2.40% | |
| DHI | D.R. Horton | \$3.17 | \$2.80 | \$7,053.40 | \$6,722.92 | 18.90% | FY Above |
| DT | Dynatrace | \$0.18 | \$0.16 | \$240.80 | \$234.50 | 31.70% | |
| EMR | Emerson | \$1.05 | \$1.01 | \$4,473.00 | \$4,484.11 | 7.50% | |
| EVR | Evercore | \$7.15 | \$4.56 | \$1,124.15 | \$891.89 | 15.90% | |
| RACE | Ferrari | \$1.16 | \$1.03 | \$1,172.00 | \$1,184.32 | 9.60% | |
| HWM | Howmet Aerospace | \$0.30 | \$0.29 | \$1,285.00 | \$1,309.29 | 3.80% | |
| HUM | Humana | \$1.24 | \$1.16 | \$21,054.00 | \$21,284.96 | 10.50% | FY Above |
| IDXX | IDEXX Labs | \$1.83 | \$1.72 | \$801.00 | \$781.83 | 11.10% | |
| JCI | Johnson Controls | \$0.54 | \$0.53 | \$5,862.00 | \$5,786.90 | 9.80% | |
| MMP | Magellan Midstream | | \$1.08 | | \$655.66 | | |
| MPC | Marathon Petroleum | \$1.30 | \$0.56 | \$35,608.00 | \$25,785.06 | 95.80% | |
| MPLX | MPLX LP | \$0.78 | \$0.74 | \$2,734.00 | \$2,450.68 | 21.60% | |
| NYT | New York Times | \$0.43 | \$0.35 | \$594.23 | \$579.98 | 16.70% | |
| NVS | Novartis AG | \$1.40 | \$1.42 | \$13,229.00 | \$13,250.44 | 3.60% | |
| ODFL | Old Dominion | \$2.41 | \$2.27 | \$1,410.36 | \$1,383.45 | 31.40% | |
| ROP | Roper | \$3.73 | \$3.70 | \$1,510.00 | \$1,499.65 | 0.00% | FY In Line |
| SAIA | Saia | | \$2.57 | | \$600.04 | | |
| SBH | Sally Beauty | \$0.63 | \$0.59 | \$980.00 | \$993.34 | 4.70% | |
| SLAB | Silicon Labs | \$0.77 | \$0.57 | \$208.68 | \$200.15 | 43.10% | FY Above |
| SR | Spire | \$1.14 | \$1.32 | \$555.40 | \$548.70 | 8.30% | |
| SPR | Spirit Aerosystems | | -\$0.66 | | \$1,055.81 | | |

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|-----|---------------|---------|---------|-------------|------------|--------|--|
| TMO | Thermo Fisher | \$6.54 | \$5.27 | \$10,702.00 | \$9,248.89 | 1.40% | |
| VNE | Veoneer | -\$0.77 | -\$0.75 | \$449.00 | \$470.33 | -1.30% | |
| WNC | Wabash Natl | \$0.07 | \$0.12 | \$479.28 | \$489.23 | 18.60% | |
| WM | Waste Mgmt | | \$1.26 | | \$4,618.82 | | |

TMO – Beats EPS and Revenues (+1.4%) – Our exceptional performance has enabled us to further strengthen our long-term competitive position by significantly accelerating our growth strategy through enhanced customer relationships and significant investments in commercial capabilities, innovation, capacity expansion and acquisitions, to ensure an even brighter future.

MPC – Beats EPS and Revenues (+95.8%) – On our portfolio, we completed the Speedway sale, started up our Dickinson renewable diesel facility, and progressed the conversion of our Martinez refinery into a renewable fuels facility. Commercially, we executed initiatives to enhance the value of our assets by securing logistically advantaged feedstocks through our JV with ADM to supply feedstock to Dickinson and adding pretreatment facilities. Throughout this year, we maintained \$1.5 billion of cost reductions and today, the announcement of our 2022 capital outlook reflects our continued commitment to capital discipline. On our portfolio, we completed the Speedway sale, started up our Dickinson renewable diesel facility, and progressed the conversion of our Martinez refinery into a renewable fuels facility. Commercially, we executed initiatives to enhance the value of our assets by securing logistically advantaged feedstocks through our JV with ADM to supply feedstock to Dickinson and adding pretreatment facilities. Throughout this year, we maintained \$1.5 billion of cost reductions and today, the announcement of our 2022 capital outlook reflects our continued commitment to capital discipline.

DHI – Beats EPS and Revenues (+18.9%), Raises Outlook – Net sales orders for the first quarter ended December 31, 2021 increased 5% to 21,522 homes and 29% in value to \$8.3 billion compared to 20,418 homes and \$6.4 billion in the same quarter of the prior year. The Company's cancellation rate (cancelled sales orders divided by gross sales orders) for the first quarter of fiscal 2022 was 15% compared to 18% in the prior year quarter. The Company's sales order backlog of homes under contract at December 31, 2021 increased 3% to 29,347 homes and 24% in value to \$11.1 billion compared to 28,487 homes and \$8.9 billion at December 31, 2020. Housing market conditions remain very robust, and we are still selling homes later in the construction cycle so we can better ensure the certainty of the home close date for our homebuyers. We continue to focus on building the infrastructure and processes to support a higher level of home starts while working to stabilize and then reduce our construction cycle times to historical norms. We started 25,500 homes during the quarter, resulting in a 30% increase in our homes in inventory at December 31, 2021 compared to a year ago. Our January home starts and net sales order volume were in line with our plans, and we are confident that we are well-positioned to deliver double-digit volume growth in fiscal 2022 with 29,300 homes in backlog, 54,800 homes in inventory, a robust lot supply and strong trade and supplier relationships.

DT – Beats EPS and Revenues (+31.7%), Raises Outlook – Pleased with our third quarter performance, beating the high end of guidance across our key operating metrics driven by new logo additions and continued net expansion rate above 120%. Our strong performance fuels our belief that customers increasingly view our software intelligence platform as an indispensable part of their digital transformation ecosystem. Looking ahead, we plan to further increase investments to capture the tremendous market opportunity ahead of us with the objective of accelerating growth as we scale to build a multibillion-dollar business.

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AVY – Beats EPS and Revenues (+9.7%), Reaffirms Outlook – Our strong performance comes at a challenging time as the global health crisis continues, supply chains are tight and significant inflationary pressures persist. Label and Packaging Materials sales were up low-double digits from prior year on an organic basis, with strong growth in both high value product categories and the base business. Intelligent Labels was up more than 20% organically.

CPRI – Beats EPS and Revenues (+23.6%), FY23 Above Street – We are pleased to report third quarter performance exceeded our expectations for revenue, operating margin and earnings per share. Results were driven by strong momentum across all three luxury houses reflecting the power of Versace, Jimmy Choo and Michael Kors as well as the continued execution of our strategic initiatives. We are especially proud of our performance given the ongoing headwinds caused by the pandemic, including regional restrictions and supply chain challenges. We are pleased to report third quarter performance exceeded our expectations for revenue, operating margin and earnings per share. Results were driven by strong momentum across all three luxury houses reflecting the power of Versace, Jimmy Choo and Michael Kors as well as the continued execution of our strategic initiatives. We are especially proud of our performance given the ongoing headwinds caused by the pandemic, including regional restrictions and supply chain challenges.

JCI – Beats EPS and Revenues (+9.8%), Outlook In-Line – We are off to a strong start in fiscal 2022, delivering strong order, revenue and profitability growth in the quarter, despite a continuously challenging operating environment. Order and revenue performance reflects continued robust demand for healthy, smart, and sustainable building solutions. More importantly, we believe we remain well positioned for accelerated growth as we leverage our OpenBlue digital platform to capitalize on the global trend towards reducing carbon emissions and energy intensity and improving the overall health of indoor environments.

EMR - Beats EPS, Revenues Light (+7.5%), Outlook Below Street - Strong demand continued in both the Automation Solutions and Commercial & Residential Solutions platforms with ongoing growth in residential, discrete and hybrid end markets, as well as strong recovery in our commercial and process automation end markets. Much like the rest of the industry, labor shortages, inflation and supply chain challenges remain a hurdle, but a strong focus on operational excellence and a steadfast commitment to our cost reset targets have proven valuable in offsetting these headwinds.

Disclosures

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Not Investment Advice or Recommendation

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