



## Inside Today's Blitz

- House Passes \$1.9T Virus Relief Bill
- J&J Receives FDA Emergency Use Authorization for COVID Vaccine
- **JNJ** receives EUA for their COVID shot; **WMT** is boosting fintech development; **BRK** buys back a record amount of stock in 2020; **Robinhood** IPO could be this month; **CAE** to buy **LHX's** military training unit for \$1B

## Market Outlook

Futures indicating a strong open for the day with the **Dow** up 93 bps, the **S&P** up 1%, and the **Nasdaq** up 1.37%. The **Russell** is up 2%. Energy is rallying with **WTI** up 1.15%. **Gold** and **silver** are both in the green with the latter up 1.7%. **Copper** is up 1.2%. The **dollar** is up 20 bps. **Bonds** are up 26 bps. **VIX** is 25.15. **Bitcoin** is now up 5.7% after trading below \$44,000 this weekend. It is a strong day overall for stocks so far with two notable stories over the weekend, albeit well-known stories. First, J&J got EUA for their COVID shot and has already shipped out nearly 2M doses for use. This is big, again, as it will greatly speed up vaccination in the US with both PFE and MRNA planning to boost production in March. The FDA also outlined fast-track approval processes for new vaccines or boosters. Second, the House passed the \$1.9T stimulus bill with zero GOP votes. The focus now turns to the Senate to get a deal done in the next two weeks before unemployment benefits run out. Finally, global yields are stabilizing a bit as central banks reassure investors they will continue their easy policy. Australia stepped in to buy \$3B in bonds.

Asian markets were mostly higher this morning with the Hang Seng up 1.6%, Shanghai up 1.2%, and the Nikkei up 2.4%. Taiwan was closed. In Europe, the major indices are moving strong as well with most up around 1.5%. Travel/reopening plays are hot again (**IAG**, **Carnival**) while there's strength in materials, retail, and REITs. There's not a ton of weakness right now but autos are lagging. **Danone** is higher by 2.5% after reaching a deal to sell their stake in Mengniu. **BP**, **TOT**, and **Shell** are all higher by 2%+ as oil rallies. Homebuilding stocks in the UK are hot as the government unveiled measures to bring back 95% mortgages to help aid new buyers. **Persimmon**, **Taylor Wimpey**, and **Barratt** all up around 5%. **BayWa** is up 2% after the ag company announced strong preliminary FY results.

## Calendar

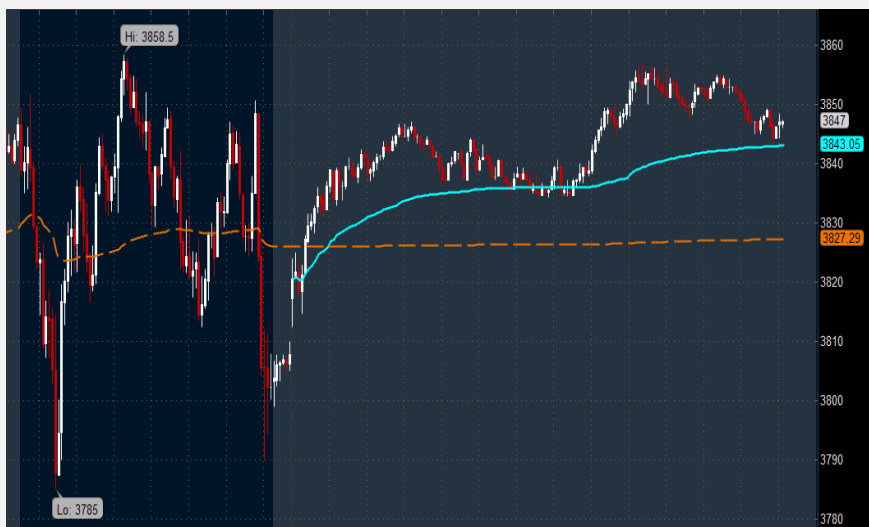
**Today... Earnings After the Close:** DDD, AMBC, CYRX, FGEN, HLIO, INO, INSG, IPAR, LMND, MBI, MELI, NCMI, NIO, NVAX, OOMA, OSUR, RGNX, RPAY, SRPT, SGMS, SILK, SWCH, ZM; **Analyst Days:** ETN, LOGI, VTRS; **Conferences:** BMO Metals/Mining, Cowen Healthcare, Credit Suisse Energy, Morgan Stanley TMT

**Tomorrow... Earnings Before the Open:** ANF, AER, AZO, BSY, CHS, DIN, TILE, IGT, KSS, KTB, LL, SE, TGT; **Conferences:** BMO Metals/Mining, Cowen Healthcare, Credit Suisse Energy, Morgan Stanley TMT

## Overnight Markets

Silver	26.87	1.63%
Copper	4.1375	1.10%
Oil (WTI)	62.11	0.99%
Natural Gas	2.789	0.65%
Gold	1739.9	0.64%
US Dollar	91.07	0.21%
Bonds	159.44	0.10%

## Technical View



### Key Levels to Watch

The S&P with a strong session overnight back to the 3850 level which was key resistance on Friday. We gained back all of the late sell-off from Friday and above the 8-day MA at 3862 potential to see some early follow-through this week. February VPOC above at 3900 is key. Overnight VWAP has been critical so far and sits at 3843.

## Economic Data

- **China** manufacturing PMI fell to 50.6 vs 51 est., a new 9-month low amid seasonal weakness from Lunar New Year
- **South Korea** February exports jump 9.5% on growth in memory chips and vehicles (Average Daily +26.4% Y/Y account for Lunar New Year)
- **Japan** PMI 51.4 in February, fastest expansion in over two years
- **Japan** auto sales fell 2.2% Y/Y as chip shortages hit production
- **Eurozone** manufacturing PMI was 57.9 vs 57.7 flash
- **Macau** gaming revenue for February was up 135.6% Y/Y vs 145% est., a big turnaround from January vs easier comps

## Macro News

- **The UK** will pledge \$7B in grants to help firms struggling due to COVID, says Bloomberg
- **Iran** has refused to engage in direct talks with the US on their nuclear deal, says WSJ, as Biden won't ease sanctions
- **China** faces a demographic challenge as the number of babies born in 2020 was the lowest since 1961, per WSJ
- **Japan** is considering more cash payments to low-income households to help cope with the COVID downturn, per Reuters
- **Australia's RBA** will buy more than \$3B in longer-dated bonds, a surprise boost to their policy, per Bloomberg

### Movers

**Gainers:** APEN 72%, ASLN 60%, SOS 20%, CAN 15%, AMC 12%, MARA 11%, FUTU 6.5%, RIOT 10%, DVAX 10%, MITK 8%, PLUG 7%, NIO 5%, ON 4.5%, TRIP 4.5%, UAL 4%, BIDU 4%

**Losers:** Losers: ATNX -21%, FSR -6%, PRGO -3%, RCL -1%, LOGI -1.4%

### Insider Buying

CNNE, RPRX, M

### Notable ARK Investment Buys

SHOP, TDOC, ONEM, PLTR, ACIC

### IPO Calendar

**Oscar Health (OSCR)** issuing 31M shares at \$32-\$34; Health insurance provider using full stack technology platform

## OptionsHawk Market Blitz

- **Canada** continues to push forward with spending plans despite some worries about the deficit, says Reuters
- **Bitcoin** extends fall from record highs near \$60,000 to hit its lowest mark in 20 days, per Reuters
- **Bitcoin** could be shunned by big investors due to ESG concerns, says Bloomberg, while regulations also rise
- **Food prices** are soaring faster than inflation and incomes, per Bloomberg, especially in emerging markets

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## Stock-Specific News

### Barron's Wrap

- **Ross Stores (ROST) is a bargain.** Ross is a high-quality name beaten up by the pandemic but its underperformance means that Ross also has the most to gain as more vaccines are given and reopening accelerates
- **Dow Chemical (DOW) ready to run again.** Everything is breaking right for the company, but market analysts have failed to notice, which means this is one time when investors can get in ahead of Wall Street
- **Utilities are a nice yield and sneaky play on green energy.** They prefer industry leader **NEE** but also like **AEP, D, ETR,** and **EXC**

### Consumer

- **Walmart (WMT)** has lured a pair of Goldman banks to help lead a new fintech startup, says Bloomberg. Omer Ismail was one of the key architects of growing Marcus into a billion-dollar business
- **WMT** is dropping the \$35 minimum for express delivery as they look to better compete with **AMZN, TGT**
- **MCD** is considering selling part of **Dynamic Yield**, its AI startup that provides personalized digital promotions to consumers, per Bloomberg
- **DIS** is reportedly close to a deal with the NFL to keep **'Monday Night Football'** on ESPN and add ABC to the Superbowl rotation for the first time in 15 years, per Variety
- **TRIP** - Tripadvisor Takes Unusual Route With Private Equity Help to Build Its New Subscription Offering – Skift
- **M, GPS** are adding 'buy now, pay later' options, per WSJ, including **Klarna Bank, Affirm (AFRM)** and **Afterpay**
- **HLF** is set to refresh its board as Icahn ends investment, per WSJ
- **BYND** CFO set to depart in May
- **RCL** announces proposed offering of stock
- **AT&T (T)** says 'Tom and Jerry' draws \$13.7M in second-best pandemic debut, per Bloomberg

### On the Chart

**DIS** nice pullback last week just off of recent highs to the 21-MA and just above VWAP from the January lows, a solid reward/risk spot for a return higher

## OptionsHawk Market Blitz

- **Danone** is taking steps to sell its stake in its Chinese dairy partner, per Reuters, as they face activist pressure

## Financials

- **Berkshire Hathaway (BRK.B)** sees profit rise 23% in Q4 with net earnings \$23,015/share. Co. buys back record \$25B of stock in 2020. **BRK.B** takes \$11B write down on 2016 Precision Castparts deal
- The WSJ with a positive profile of **Citi (C)**'s new CEO Jane Fraser – who takes over today – and her uphill battle to simplify the bank. She doesn't plan to sell their Mexico consumer bank or separate their equities business, however
- **Robinhood** could file confidentially for an IPO as soon as this month, per Bloomberg. The company raised financing this year that will convert to equity in an IPO
- **Rocket (RKT)** profiled positively in the WSJ. The 'Heard on the Street' column notes the company has bucked the trend of other mortgage lenders who are facing strong emerging headwinds
- **CSGP** increased proposal to acquire at **CLGX** \$6.00 per share in cash and 0.1019 shares of CoStar Group, valuing shares at \$90
- **CS** is looking to reduce ties to **Softbank**-backed **Greensill Capital**, per WSJ, as they grow concerned about ties to a single client
- **DB** is under scrutiny over some derivative products in Spain, per FT
- **CNNE** announces three year, 10M share buyback plan
- **CDLX** to acquire **Dosh** for \$275M in cash and stock, a consumer app that provides cash back for millions of consumers from thousands of merchants
- **Reliance** is partnering with **FB**, **GOOGL** to build out a national digital payment network, says Reuters
- **Commerzbank** has told customers to take deposits elsewhere as they look at charging negative rates on savings, per WSJ
- The WSJ with a cautious look at **office lessors** and the impact of COVID long-term. They note that a shift toward more flexible work patterns will hurt occupancy and rates long-term, mentions **SLG**, **ESRT**

### Hawk Database

**Citi (C)** with a lot of bullish flow lately including put sales on Friday in the May \$62.5 strike and buyers at the May \$70 and \$75 calls

### Insider Focus

**CNNE** also continues to insiders actively buying with the CEO adding \$400k in stock on 2/24 at \$39.78

## Healthcare

- **J&J (JNJ)** confirms COVID vaccine granted EUA from FDA. The company has 4M doses of the 1-shot vaccine ready to ship
- **AZN** will market Junshi Bio's PD-1 cancer drug in China, says Bloomberg

## OptionsHawk Market Blitz

- **AZN** is closing in on a deal to sell their stake in **MRNA** for more than \$1B, per The Times. AZN had a 7.7% holding
- Europe has a stockpile of **AZN** vaccine sitting in storage as more citizens are snubbing the shot in favor of **PFE, MRNA**, says FT
- **PRGO** to sell Generic Rx business to Altaris Capital for \$1.55B
- **HOLX** to acquire Diagenode for \$159M, a European developer and manufacturer of molecular diagnostic assays and epigenetics products
- **ATNX** receives CRL for oral paclitaxel for the treatment of metastatic breast cancer, requests new study
- **BBIO** receives FDA approval for NULIBRY
- **ASLN** reports positive data from three dose cohorts for study of ASLAN004 for the treatment of moderate to severe atopic dermatitis
- **RETA** submits NDA for Bardoxolone in alport syndrome
- **REGN** antibody for cat allergies met primary endpoint in Phase 2 study
- **MRK** New Drug Application for Gefapixant accepted by FDA for review with PDUFA 12-21-2021
- **CTLT** has faced vaccine production setbacks, says FT, but they still expect to meet commitments to both **JNJ** and **MRNA**
- Japanese medical device company **Olympus Corp.** has announced that it is exercising its call option to fully acquire Israeli medical device company **Medi-Tate** for \$300M in an all-cash deal.
- UAE's **Amanat** is buying **Cambridge Medical** for \$232M, says Bloomberg, as they look to capitalize on the demand for healthcare in the Gulf as the population ages

### On the Chart

**HOLX** a high-quality name that pulled back last week to VWAP from the September lows, a major inflection point for the recent rally

### On the Chart

**RETA** nice multi-week base forming under \$130 with a measured move to \$160 and back near the November highs on a breakout

## Energy & Materials

- **Rio Tinto (RIO), Mongolia** have agreed to replace \$7B plan to expand copper mine, per Nikkei, and they will look to work out a new deal to better share rising costs
- **PQG** to sell their Performance Chemicals business for \$1.1B to Cerberus
- **CNOOC** will be delisted on the NYSE, says WSJ
- **BIDU, Huaneng** sign MOU for energy industry development
- **CMC Materials (CCMP)** agreed to acquire **ITS** for approximately \$125M Cash, a leader in the design and production of innovative, high-performance consumables used to optimize critical semiconductor testing

## Industrials

- **CAE** to buy **L3 Harris (LHX)** Military-Training Unit for \$1.05B. The unit has about \$500M in annual revenue

## OptionsHawk Market Blitz

- **Automakers** are braced for a prolonged **chip shortage**, says FT. Executives warn supply is unlikely to meet demand in the first half of the year and the drought could delay 1M cars in Q1
- **PII** to debut 2022 electric Ranger utility side-by-side in December
- **FLS** to provide manufacturing support to Pfizer for production of COVID vaccine including pumps, valves and seals
- **Rocket Lab USA** is nearing a deal to go public via SPAC with **Vector Acquisition (VACQ)**, per WSJ. The space-transportation startup would be valued around \$4B
- **Spire Global** to go public via SPAC deal with **NavSight (NSH)** at a \$1.6B post-money valuation. Spire is a provider of space-based data and analytics

### Sympathy Movers

**MAXR** a peer of Spire's as they both do a lot of work with NASA on earth imagery

## Tech/Telecom

- **Twilio (TWLO)** is nearing a deal to invest up to \$750M in **Syniverse**, per WSJ. The deal could be followed in the coming months by a merger between Syniverse and a SPAC
- **Spotify (SPOT)** is offering cheap plans in countries across Asia, Africa to build its user base in its most ambitious expansion yet, per Bloomberg
- **LOGI** shares gapped higher in Europe after they raised their 2021 outlook but guided 2022 to flat, per Reuters
- **JMIA** is expanding their online food delivery platform as they look to grow beyond their main business of phones, electronics, says Bloomberg
- Cyber security startup **Axonius** recently raised \$100M at a \$1.2B valuation, says Reuters
- **ACN** to acquire Cirrus, a UK leadership and talent consultancy firm
- **Softbank** will invest \$4.7B in the new **Yahoo/Line** integration, says Nikkei, including hiring 5,000 AI engineers
- **China** vows to support the semiconductor industry, says SCMP

### Hawk Database

**SPOT** put in a nice reversal on Friday and name with a lot of bull flow lately including buyers in the April \$370/\$310 bull risk reversal and the January \$410 calls

## Utilities

- Texas's oldest power co-op **Brazos Electric Power Cooperative** filed for bankruptcy this morning, per Reuters

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## Analyst Notes

### Upgrades

- **PLUG** raised to Overweight at JPM, company has a lot of drivers including additional pedestal customer wins, partnerships and joint ventures that enable Plug Power to enter new geographies and end-market applications quickly and with modest capital commitment

## OptionsHawk Market Blitz

- **W** raised to Buy at Truist, company is set to emerge from the pandemic stronger after solidifying its position as category leader in Home and an improvement in business underpinnings, driving healthy sales growth and improving profitability over an extended period
- **ICLR** raised to Buy at UBS, Icon's \$12B deal to acquire PRA Health (PRAH) looks to have many attractive features, including taking advantage of Icon's strong balance sheet, low tax rate and receptive financing markets to create meaningful financial accretion
- **CARS** raised to Buy at Benchmark, thinks the company's overall offering has become much stronger than it once was and that its enablement strategy has not only stabilized dealer count but also provided an avenue for margin accretive growth
- **ON** raised to Buy from Underperform at BAML, citing rising auto content and restructuring tailwinds. He expects the company's relatively new CEO and CFO to leverage their past turnaround experience to exit unprofitable areas, drive a more asset-light model and raise margins
- **SPR** raised to Overweight from Underweight at MSCO
- **YNDX** raised to Overweight at MSCO
- **LSI** raised to Outperform at Evercore
- **RLJ, PEB** raised to Buy at Compass Point
- **MAN** raised to Overweight from Underweight at Barclays
- **MDP** raised to Buy at Benchmark
- **ALB** raised to Buy at Loop Capital
- **PARR** raised to Outperform at Cowen

## Downgrades

- **BGNE** cut to Underperform at CLSA, cites a weaker sales forecast, a higher forecast for R&D spending due to the collaboration with Novartis, sentiment, and what he sees as a lack of meaningful clinical, regulatory or revenue catalysts
- **AGIO** cut to Neutral at JPM
- **APA, PXD** cut to Perform at Bernstein
- **BEAM, EDIT** cut to Equal Weight at Barclays
- **KOD** cut to Underweight at Barclays

## Initiations

- **FIVN** started Buy at Jefferies, expects share gains in a \$24B total addressable market, upmarket success, and product portfolio expansion to power this growth.

### On the Chart

**W** rallied nicely off its 200-day MA last week, larger bull pennant forming, key breakout is above \$312.

### Hawk Database

**CARS** still has a 10,000 contract March \$10/\$15 call spread in OI

### Hawk Database

**ON** held up well and flagging nicely under new highs, recent buyer of 4000 July \$40 calls for around \$2M in OI.

### Hawk Database

**YNDX** has pulled back sharply but still has 3000 each of May \$75, Aug. \$75 and Jan. 2023 \$70 calls bought in OI for the eventual recovery

## OptionsHawk Market Blitz

- **CDXS** started Buy at Stifel, company's entry into new verticals in Food & Nutrition and Life Sciences should raise the company's revenue and margin profile, while also offering key focal points within what has historically been a somewhat complex stock story
- **CREE** started Buy at BAML
- **SANA** started Buy at BAML
- **FSTX** started Buy at HCW
- **RPTX** started Buy at Berenberg
- **OPEN** started Outperform at CSFB
- **ATC** started Buy at BAML
- **ONTF** started Outperform at Blair; Started Buy at Needham
- **DZSI** started Buy at Needham

## Other Notes

- **APTIV** target to \$180 from \$110 at Piper after analyzing the company's self-driving joint venture with Hyundai. And while it will be loss-heavy until 2029 with 90% software-related gross margin and the potential for mid-40s EBIT margin, the venture will eventually generate two-times more profit than Aptiv's legacy business

## Trade Ideas

**GFL Environmental (GFL)** shares forming a multi-week bull flag under \$31.75 and showing relative strength last week holding above both its 8- and 21-MA. RSI is breaking out of a downtrend and MACD reset nicely recently and bullish MACD cross on 2/24. GFL is above VWAP for the year and a breakout has room to \$36-\$37, roughly 15% upside. GFL acquired a number of assets in 2020 that were divested from Waste Management and Advanced Disposal as part of their merger and GFL sees significant upside in 2021 as they execute on integration and cost-savings plans



### Technical Scans

**Inside Days:** HD, JAZZ, PENN, DHI, KLAC, NFLX, TEAM, CHGG, KEYS, SHOP, PEGA, SNA, AVGO, ROKU, FB, NVDA, W

**Bullish Reversal Days:** MELI, SE, JD, AMZN, MTCH, UBER, DOCU, BILL, NOW, SPOT, FND, NVTA, SGEN, GDS, YETI, SMG, APTV, SQ, DXCM

**Ready to Run:** QRVO, BHVN, ALLO, W, HOME, WSM



### **Small Cap Radar**

**E2open (ETWO)** unusual activity on 2/26 with 1000 July \$10 calls bought up to \$1.95 to open, a name with 5000 July \$17.5 short calls in open interest. ETWO came public in 2020. ETWO provides a fully cloud-based software platform to orchestrate complex global supply chains. Its software combines networks, data and applications to provide an integrated, mission-critical platform that allows customers to optimize their supply chain across channel shaping, demand sensing, business planning, logistics, global trade, manufacturing and supply management. ETWO is targeting a \$45B TAM growing at a 12% CAGR through 2024 and sees more than 85% whitespace available. ETWO sees revenue acceleration and accretive acquisitions driving value. The \$1.74B company trades just 1.5X FY21 EV/Sales with revenues seen rising 9-10% annually in 2022 and 2023. ETWO is 100% cloud-based and has a 107% net retention rate and sees FY22 EBITDA margins at 33%.

### **Small Cap Profile**

**Danimer Scientific (DNMR)** shares are +62% YTD despite being nearly cut in half from early February highs, a new issue trading very volatile in its early days. Shares closed February back at the low-end of a high value zone that extends up to \$49 and also a 61.8% retracement support.

Danimer is a performance polymer company specializing in bioplastic replacements for traditional petrochemical-based plastics. DNMR brings together innovative technologies to deliver renewable, environmentally friendly bioplastic materials to global consumer product companies. Its process uses sustainably sourced canola oil. Danimer has been engaged primarily in research and development and early-stage commercial activities. Danimer's product revenue is significantly impacted by its ability to successfully scale the Kentucky Facility for commercial production of PHA. The completion of Phase I and Phase II of the Kentucky Facility will significantly increase Danimer's capacity to produce and sell PHA. PHAs serve as a biodegradable plastic alternative to petrochemical-based plastics. Since 2020, Danimer has sold PHAs commercially under its proprietary Nodax® brand name for usage in a wide variety of plastic applications including water bottles, straws, food containers, among others. Its PHA is also FDA-approved for food contact and will biodegrade aerobically or anaerobically in soil, water and industrial or home compost within three to six months depending on conditions. Danimer originally acquired its PHA technology from Procter & Gamble in 2007. PHAs are made through a fermentation process in which bacteria consume vegetable oil and produce PHA within their cell membranes as energy reserves. DNMR believes PHAs are a complete replacement for petrochemical-based plastics with the added benefit that its customers in most cases are not required to purchase new equipment in order to switch to using Danimer's bio-plastics products. Utilizing PHAs as a base resin significantly expands the number of potential applications for bioplastics in the plastics industry and also enables Danimer to produce resin that is not just compostable, but also fully biodegradable.

Competitive companies that produce bioplastics include: Kaneka Corporation (produces the biopolymer PHBH); and Novamont S.p.A. (makes polybutylene adipate terephthalate (PBAT)). The price of conventional petroleum-based plastic is volatile, as it is dependent on petroleum as a key manufacturing input. In addition, the non-biodegradability of conventional petroleum-based plastics makes them persistent in and harmful to the environment and creates significant waste. DNMR is far ahead of competition and also has a significant greenfield opportunity with ground expected to break Q1 2022 with 18 months of construction leading to 125mm lbs. of annual finished product by 2027.

Globally, over 800 billion pounds of plastic are produced each year. PHA and PLA are excellent replacements for commercial plastics created with synthetic polymers derived from petrochemicals. Danimer believes that PHA is a competitive replacement for polypropylene (PP), polyethylene (PE), polystyrene (PS), and polyethylene terephthalate (PET) plastics. These plastics represent over 63% of traditional petrochemical-based plastic worldwide, so there is potential for PHAs to replace over 500 billion pounds of plastic applications annually.

## OptionsHawk Market Blitz

Bioplastics are used in a wide range of applications, including packaging, adhesives, food additives, food service items and many others.

Since the inception and commercialization of its first products, a significant portion of Danimer's revenues have been generated from the sale of materials utilized in single-use food service articles. While single-use food service articles currently are expected to remain a significant component of its revenue, Danimer continues to develop new products for many different applications; therefore, its client base is changing along with its product mix. For the years ended December 31, 2019 and 2018, Danimer had four customers that each individually accounted for more than 10% of revenue and collectively represented 65% and 59% of total revenue, respectively. Pepsi, Nestle, and Genpak are notable customers. Danimer has supply agreements for PHA-resins with over six other customers and has contractual commitments for all of its PHA-production capacity through the end of 2021, the expected completion date of Phase II of the production capacity expansion at the Kentucky Facility.

DNMR currently has a market cap of \$3.4B which is 31X FY21 expected sales with forecasts for revenues looking for hyper-growth through 2024 when it is seen reaching \$450-\$500M. As DNMR scales operations and its facilities come online it can be a situation of accelerating growth as it signs more customer deals, the opportunity is massive with companies looking to become more ESG friendly. At \$500M revenues it can command a 15X multiple as growth slows which still puts valuation around \$7.5B, so a patient investor is likely to be rewarded, and estimates are likely too low considering the potential opportunity. DNMR's profitability profile is also strong, Danimer is projected to organically grow EBITDA at a ~140% CAGR from 2020E – 2025E with a projected ~685% increase in EBITDA margin to 33%.

### Earnings Preview

**Target (TGT)** reporting earnings Tuesday before the Open with the Street looking for \$2.54 on \$27.4B in sales (+17.2%). Next quarter is guided to \$1.83/\$20.56B while the FY is at \$9.30 and \$92.7B (+18.7%). Shares have closed higher in six of the last eight reports with an average closing move of 10.33%. The current implied move is 5.49%. Shares have traded back to the rising 55-MA, a spot that has been supportive in both October and January and forming a bull wedge under \$192. A breakout targets \$225 and plenty of room to run with RSI/MACD reset a bit. The \$92.68B company trades 20.9X earnings, 1.05X sales, and 15.45X cash with a 1.5% yield. TGT posted solid Holiday sales in January with broad-based strength in Home,

Hardlines, and Electronics. They continue to be the best-in-class retailer on the digital side with sales surging including Shipt up 300%, same-day up 193%, and Drive-Up up 500%. TGT will face tough comps for the remainder of 2021 but they've improved on the cost-side well, a number of new and exciting partnerships will drive new customers in-store (Ulta, etc.) and they're managing inventory on a store-level better than pre-pandemic. TGT also has upside from their private label offerings with their latest, "All in Motion", recently becoming a billion-dollar brand after its launch in January 2020. Analysts have an average target for shares of \$165 and a Street High \$230 from Cowen. Stifel upgrading to Buy in early February expecting share gains across most categories, especially digital, where outperformance in same-day services has been most notable. The firm's consumer spending survey indicates Target consumers are about 40% more likely to be users of at least one same-day service compared to overall respondents, which is notable given his view that same-day has a higher recurrence/usage rate than traditional shopping channels. Short interest is 1.05% and lowest level since 2012. Hedge fund ownership fell 5% in Q4, D1 Capital a buyer of more than 1.28M shares. Palestra Capital and Samlyn Capital both notable buyers as well.

#### Hawk Database

TGT has 2,500 of this week's \$195 calls in OI as well as recent buyers of 1000 March \$197.50 calls and the March \$200/\$210 call spread in OI over 10,000X

## OptionsHawk Market Blitz

Target Corp, Daily, Nasdaq + Cboe BZX O 174.25 H 179.02 L 173.59 C 177.56 Change +1.90% Market closed

[Expand indicator list](#)



## Extras

**Corning (GLW)** afternoon buyers of 1,500 March \$37.50 calls up to \$1.95, some size buyers in the August calls earlier this week and MSCO conference on Monday

**Walgreens (WBA)** with 1000 January 2023 \$45 puts sold to open for \$8.30 into the close

**TripAdvisor (TRIP)** afternoon buyers of 2,500 March \$45 calls for \$6.45 to \$6.70 and closing near the highs

**Yamana (AUY)** with 12,000 January \$4 puts sold to open for \$0.82 in a stock replacement

**Baidu (BIDU)** buyer of 1000 June \$280 calls for \$45.50 to \$48 and earlier 1000 September \$270 puts sold for \$44.05 in a stock replacement

**Carnival (CCL)** buyers of 4,000 March \$25.50 calls for \$2.28 to \$2.31

**Canopy Growth (CGC)** with 2,500 January \$42.50 calls bought up to \$7

**GE** opening sale of 3,000 April \$13 puts for \$1.02

**Huntington Bank (HBAN)** with 1850 October \$14 puts sold to open for \$1.30

**JD.com (JD)** buyer of 2,000 October \$105 calls for \$10.05 to \$10.60

**Macys (M)** with 3,000 January 2023 \$10 puts sold to open for \$2.05

**Mosaic (MOS)** with 2,000 January \$27 puts sold to open for \$4.95

**Mittal Steel (MT)** with 1,000 June \$27 puts bought for \$5.30

**Root (ROOT)** buyer of 1000 June \$1 calls for \$2.50

## OptionsHawk Market Blitz

**Snap (SNAP)** with 20,000 March 12<sup>th</sup> (W) \$67/\$63 put spreads bought in the afternoon

**AT&T (T)** size buyers late of 77,000 April \$29 puts for \$1.92, some March and March 5<sup>th</sup> (W) positions rolling

**United (UAL)** large spread bought 8000 June \$57.50 calls for \$5.65 and sold 4,000 of the \$75 calls for \$1.78

**Context Logic (WISH)** with 7,000 April \$15 puts sold to open late down to \$0.75

**Nvidia (NVDA)** buyer of 1000 April \$510 ITM calls for \$57.65 to \$59.20

**Activision (ATVI)** with 750 January \$105 calls bought for \$9

**Ballard Power (BLDP)** with 700 January \$27 puts sold to open for \$7.30

**EOG Resources (EOG)** buyers of 750 January 2023 \$60 calls for \$17 as some January calls adjust

**Lemonade (LMND)** with 750 April \$110 puts sold to open for \$10.40

**LAM (LRCX)** with 400 May \$560 calls bought for \$57.50 to \$61.40

**Pacific Bio (PACB)** with 600 June \$45 puts sold to open for \$16.70

**New Oriental (EDU)** with 300 December \$165 puts sold to open for \$20

## Open Interest Checks

		OI Checks		
Ticker	Contract	Prior OI	New OI	OI Change
SPY	May \$395 Calls	3,410	14,867	335.98%
LTHM	July \$20 Calls	1,406	3,824	171.98%
ELF	May \$30 Calls	4,779	12,147	154.17%
FNV	January \$150 Calls	950	1,950	105.26%
CPB	January 2023 \$43 Calls	976	1,917	96.41%
CRSP	January 2023 \$100 Calls	1,128	2,128	88.65%
MAXR	November \$45 Calls	1,542	2,597	68.42%
MGM	March \$40 Calls	5,687	9,455	66.26%
CREE	April \$100 Calls	916	1,286	40.39%
AAPL	May \$130 Calls	15,691	22,009	40.27%
TRIP	April \$50 Calls	2,071	2,759	33.22%
MRVL	April \$50 Calls	4,512	5,818	28.95%
HPQ	January 2023 \$20 Calls	1,655	1,127	-31.90%
CCJ	July \$22 Calls	7,279	4,280	-41.20%

## What They're Saying

**DraftKings (DKNG)** excited about the opportunity in Canada... "Canada is going to present a really exciting opportunity. Should it open up. We've seen really good progress there, both the federal and province level in

## *OptionsHawk Market Blitz*

Ontario legislatively Ontario, as you probably know, is the largest province, I believe it's somewhere in the neighborhood of 45% of the population in Canada. So very to get any province, that was the one to get first. So very excited about that. And we're hoping additional provinces follow too, but haven't really seen whether that is the case yet. I think that first and foremost is the legislation had to move along, and we're seeing that. There's a lot left up to the regulator. It's a little bit different than U.S. legislation where there's a lot of detail in the legislation in Ontario, it's really kind of 1 line or 2, maybe not quite that a little, but it's very much left up to the regulator on what the rules of the road are. So we are waiting for regulations. I know those are being worked on by the Ontario government. So once we get that, we'll have a better sense of what timing could be, what sort of product could look like and things like that. And as far as preparing, you mentioned the NFL expansion of our NFL deal in Canada. We're very excited about that. We have been doing marketing in Canada for quite some time. We have very large daily fantasy sports customer base, Ontario. Obviously, being our biggest province in terms of customer base. So we feel very well prepared both to convert our existing daily fantasy customer base as well as to expand what we're doing with the existing marketing channels that we utilize in Canada."

**Global Blood (GBT)** at Leerink Conference on its market potential... "So our market, overall, there's about 100,000 sickle cell patients in the United States, about 85,000 or 86,000 are 12 years of age and older, which is our indication for Oxbryta. So it's a very large orphan disease. We've announced that our new prescriptions are approximately 5,000 since launch. So as you can tell, we've just really scratched the surface. We call on about 5,000 of the top sickle cell treaters in the United States on a routine basis, much of it is virtual right now. And we have announced that 1,365 of them have written a prescription for Oxbryta, and they tend to write multiple prescriptions once you get them started. But that means is only about 1/4 of our target list has prescribed. So again, we're just scratching the surface at this stage of the game, lots of opportunity. Now we're talking to a lot of customers and patient groups, and the feedback has been positive, that those that have used Oxbryta, feel the benefits and see the benefits and they plan to use it in more and more patients as soon as engagements start to increase and people feel comfortable reengaging with the health care system."

**Weyerhaeuser (WY)** at the RBC conference on sustainability/ESG opportunities... "We've been operating our business with integrity and a strong focus on sustainability for over 100 years. Weyerhaeuser was a pioneer in sustainable forestry, going all the way back to the '20s and '30s. And we rolled out a new and updated sustainability strategy last summer that further builds on that strong ESG foundation. And just a brief comment here on climate change specifically. My view is as society continues to focus on the impacts of climate change and global warming, I really believe that the role of forest and sustainable wood products, as a key part of the solution, is going to become more and more evident. The growing conversation around climate and carbon will, we believe, help drive incremental demand for our sustainable wood building products, which have lower embodied carbon and other building materials as well as potentially opening up additional market opportunities around carbon and climate solutions."

### On the Chart

**WY** pulling back to the rising 50-day MA last week, YTD VWAP as well as the top of January value, a key spot to bounce and continue the longer-term bullish trend

**Ally Financial (ALLY)** at the CSFB Financial conference on their Ally Lending business... "We haven't talked too much about the new businesses, but we do see them accelerating and contributing more and more to the earnings profile of the company. I'll just say mortgage was a business that was a couple hundred million a couple of years ago. Our direct-to-consumer business is very quickly ramping up to \$10-plus billion. And the returns on that business are already accretive to our financial profile right now. Ally

### Hawk Database

**ALLY** back at VWAP from the 1/27 lows with 1500 April \$43 calls and 2,000 January \$45 calls bought recently

## OptionsHawk Market Blitz

Lending, I think it's probably one of the best businesses that we have. It completely kind of plays into the acceleration of e-commerce. It's got great value for the end consumers, for merchants. And for Ally, again, it's a very accretive from -- right now on a variable basis. But as we think about scaling that business, it will be accretive on an all-in business basis as well. And we're pleased to see that very early in the innings on that business, our PPNR is already positive. Now there's some tough growth math for that asset class just with CECL, but on a PPNR basis, it's already accreting income."

## Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew
TGT	2450 Weekly \$195 Calls Bought / 10K Mar \$200 / \$210 Call Spreads in OI / 1K Mar \$197.5 Call Buyer	Higher 6 of 8	10.33%	5.49%	1.71%	-7.5%	-0.68%
MELI	750 Jan. 2023 \$1840/\$2100 Call Spreads / 550 June \$1540 Short Puts	Higher 8 of 10	11.40%	7.23%	4.18%	-26.9%	5.58%
NIO	4000 June \$50 Calls Bought / Sep \$35 and Dec \$40 Size Short Puts / Sep \$40 Size Short Puts / Dec \$50/\$80 Call Spreads	Lower Last 4	30.65%	13.03%	8.73%	-10.7%	1.54%
AZO	350 June \$1140/\$1100 Put Spreads	Lower 4 of 6	5.77%	4.61%	1.56%	-9.1%	2.63%
NVAX	Jan \$350/\$390 Call Spreads / 400 July \$230 Short Puts / Apr \$380/\$440 Call Spreads / July \$240/\$160 Bull R/R 500X	Lower 3 of 4	24.70%	11.17%	33.32%	-28.8%	-3.74%
BSY	No Notable OI	No History	-	14.00%	1.00%	147.6%	-8.74%
KSS	5000 Jan \$35 Calls Bought / 5K Mar 52.5/57.5 Call Spreads	Lower 6 of 7, Higher Last 1	11.93%	8.72%	15.52%	-50.1%	-6.99%
LMND	1000 Apr \$100 Puts Bought / 2500 Mar \$190/\$130 Bull R/R / Mar \$135 Short Puts 1000X	Lower 2 Reports	10.60%	13.07%	13.30%	-54.3%	0.28%
DDD	1500 May \$25 Short Puts / Mar \$70 Calls 4000X Bought / 1500 Mar \$48 Short Puts	Lower Last 5	11.88%	14.07%	35.05%	-74.0%	-12.99%
SGMS	14,250 Apr \$50 Calls Bought / 10K Jan \$30 Calls Bought / 6800 Apr \$30 Calls Bought	Lower 3 of 4	12.97%	15.15%	8.07%	19.4%	3.30%
IGT	10,000 Mar \$19/\$22 Call Spreads in OI / 5K Apr \$20/\$25 Call Spreads	Lower 3 of 4	13.15%	12.22%	1.64%	369.0%	1.67%
ANF	1K Aug \$30 Call Buy / 2K Mar \$20 Short Puts / 3000 May \$25 Calls Bought 11/23 in OI	Higher 3 of 4	11.80%	10.79%	14.84%	-41.7%	5.06%
STLA		Lower Last 3	4.15%	8.76%	0.50%	17.8%	7.67%

## Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
CDLX	Cardlytics	-\$0.05	-\$0.03	\$67.08	\$60.84	-3.20%	
CORE	Core-Mark	\$0.57	\$0.31	\$4,252.10	\$4,159.00	2.30%	FY Above
CVET	Covetrus	\$0.21	\$0.16	\$1,121.00	\$1,057.16	11.20%	
XRAY	Dentsply Sirona	\$0.87	\$0.64	\$1,082.00	\$997.38	-2.60%	FY Above
EBIX	Ebix		\$0.72		\$155.00		
EVTC	EVERTEC	\$0.59	\$0.54	\$134.20	\$133.45	5.50%	FY In Line
THRM	Gentherm	\$1.16	\$0.73	\$288.90	\$251.44	25.40%	FY Above
HGV	Hilton Grand		-\$0.09		\$242.43		
MIDD	Middleby	\$1.62	\$1.42	\$729.30	\$694.90	-7.40%	
NOVT	Novanta	\$0.53	\$0.44	\$147.50	\$147.05	-7.60%	
NRG	NRG Energy		\$1.18		\$2,532.98		
PRGO	Perrigo		\$1.00		\$1,328.78		
SSYS	Stratasys		\$0.00		\$135.35		
TGNA	TEGNA		\$1.16		\$934.10		

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## Disclosures

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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