



Inside Today's Blitz

- US Boosts Gas Deliveries to Europe Amid Scramble for New Supply
- Biden to Visit Poland, Express Weapons and Aid for Ukraine
- Yield Curve Speeding Towards Inversion
- **BBBY** nearing settlement with activist Cohen; Softbank thinks **ARM Holdings** IPO could target \$60B valuation; **BABA**, **BIDU** weak amid fresh delisting concerns

Market Outlook

Futures indicating a flat open for the day with the **Dow** up 10 bps, the **S&P** up 11 bps, and the **Nasdaq** up 9-10 bps. The **Russell** is up 11 bps. Energy is pulling back a bit with **WTI** down 1.45%, **Brent** down 1%, and **Gasoline** down 33 bps. **Natural Gas** is up 2.45%. **Gold** and **silver** are down with the former off by 60 bps. **Copper** is down 50 bps. The **dollar** is down 10 bps. **Bonds** are down again by 40 bps while **yields** climb. **VIX** is 24.20. Stocks are quiet this morning as focus remains on Ukraine and the efforts out of the NATO Summit to reduce reliance on Russian commodities. The US and EU reached a deal to boost LNG supplies by the end of the year while Germany also announced plans to halve their imports of energy from the country. Biden will call today for further action on Russia including removal from the G20. Elsewhere, concerns growing about the yield curve as the spread between the 2- and 10-year

yields is the narrowest it has been since the pandemic.

Asian markets are mixed this morning with the Hang Seng down 2.45%, Shanghai down 1.15%, and the Nikkei up 15 bps. In Europe, the major indices are higher with the DAX up 30 bps, CAC up 50 bps, and the FTSE up 3-5 bps. **Telecom Italia** is higher by 3% after U.S. investment firm KKR said it remains interested in a deal. **Freenet AG** fell 2% after the German telecommunications and web content provider gave light preliminary Q3 results. **AstraZeneca** is up around 1% after the EU's drug watchdog recommended for approval its Covid-19 prevention cocktail. **Smiths Group** fell 2% after the British engineering company reported 1H results. **Go-Ahead Group**, a public transport company, rose 6% after the company announced that its subsidiary Govia Thameslink Railway has won a national rail contract.

Calendar

Today... Fed's Williams Speaks, Michigan Consumer Sentiment, Pending Home Sales, Fed's Waller Speaks; **International Data:** Tokyo CPI, German IFO, EU Money Supply, EC Council; **Earnings Before the Open:** DOOO, PRVA, DCTH; **Analyst Days:** OSCR, CHS

Next Week... it will be a quiet week. The situation in Ukraine remains at the forefront while the FOMC minutes on Wednesday also of note. Earnings are dying down for the quarter but we'll get notables from **CAG**, **LOW** and **STZ**. There will be key analyst days from **ADI**, **ACN**, **CRWD**, and **TEAM**.

Overnight Markets

Natural Gas	5.523	2.25%
Ethereum	3145	1.15%
Bitcoin	44245	0.50%
US Dollar	98.68	-0.15%
VIX	98.68	-0.15%
Silver	25.85	-0.33%
Bonds	148.84	-0.33%
Copper	4.7215	-0.45%
Gold	1950.6	-0.60%
Brent Crude	117.7	-1.15%
Oil (WTI)	110.72	-1.45%

Technical View



Key Levels to Watch

S&P Futures (ES_F) with a quiet night balancing in the top of Thursday's range and held the value high at 4500 on first test. The key question early will be whether we can sustain momentum out of this current balance above 4515 which has upside to 4535-4540 and then out upside target for the week at 4554. A move back into balance has support at 4485-4480 and 4470-4467.

Economic Data

- **German** IFO was light with business expectations **85.1 vs 92 est.**
- **Italian** IFO was light with consumer confidence and business confidence both missing estimates
- **Spanish** GDP was **5.5% vs 5.2% est.**
- **UK** retail sales rose **7% vs 7.8% est.**
- **Singapore** industrial production rose **16.6% vs -0.9% est.**

Macro News

- **US, EU** have reached a broad-based agreement to boost the supply of **liquid natural gas** to the EU by 2022, per Bloomberg
- **Germany** has said they plan to halve their Russian oil imports by June, per Bloomberg, as they cut dependence
- **US, EU** reached a preliminary deal on data privacy, per WSJ
- **Shanghai** hit a record daily COVID cases, per Bloomberg, after 60% spike in infections
- **North Korea** confirmed it tested a new ICBM, per Reuters

Movers

Gainers: TLRV 15%, CGC 10%, MJ 6%, HYFM 3%, MSOS 3%

Losers: HNST -20%, SMRT -16%, KC -6%, BEKE -6%, BILI -6%, PDD -6%, JD -4%, LI -4%

Insider Buying

GWRS, WE, LAZR, ANIP, PLBY, ASPN, GME, EXC

IPO Calendar

Nothing Notable

Sentiment

- **IPO market outlook is shifting**, says WSJ, as bankers prepare for the market to reignite into the Summer with a focus on companies with profits and stability
- **NAAIM Exposure** continued to rebound to 52.69 for the week ending 3/23, up from 46.68 prior

Stock-Specific News

Consumer Goods

- **Cannabis stocks** higher in the afternoon following reports the House will vote on the MORE Act and potentially decriminalizing marijuana in the US, per Bloomberg
- **SMRT** is buying SightPlan -- a player in multifamily workflow management -- for \$135M all-cash.
- **NIO, XPEV** – China's EV makers could see a drop in demand as they raise prices, per CNBC, while names like Tesla and BYD are better positioned to weather the move due to strong supply chains
- **TSN, PPC** – the US is shipping record amounts of pork to Mexico as hog diseases like PEDv decimate their herds, per Bloomberg
- **Xiaomi** plans to present an EV prototype by Q3 2022, per Digitimes, earlier than expected
- **Chelsea FC** could see at least three American investors bid for the team, per Bloomberg, that's said to fetch \$4B

Consumer / Business Services

- **Bed Bath & Beyond (BBBY)** is nearing a settlement with activist Ryan Cohen, per Bloomberg. The company would add three board members. Cohen wants BBBY to consider a sale of Buybuy Baby
- **SBUX** profiled in the WSJ today as returning CEO Howard Schultz faces a difficult task from inflation, unions, and China
- **Instacart** has slashed their valuation by almost 25% down to \$24B, per Reuters, as the pandemic darling struggles with growth

Financials

- **Digital Bridge (DBRG)** is buying TowerCo for \$820M in cash. The deal will greatly expand their footprint in Belgium
- **GS** is halted business with Pamplona Capital, per FT, as the vast majority of backing comes from oligarch Mikhail Fridman

On the Chart

BBBY has a notable volume shelf at \$25 and above has room to move with upside to \$29.75 and the recent spike

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- **CFG** said today they expect their Investors Bancorp deal to close in mid-April after approval

Energy & Materials

- **BP PLC (BP)** has established a partnership focused on offshore wind in Japan, per CNBC, as they look to move further into renewables
- **MLM** is selling their CO/TX mixed concrete operations to Smyrna
- **ProLogium Tech** is preparing a 2022 IPO, per Bloomberg, with the Mercedes-backed battery developer followin peer LG Energy

Healthcare

- **Bausch Health (BHC)** is under fire from investors who claim the spin off their vision care unit is a 'fraudulent transfer' aimed at protecting valuable assets from litigation, per Bloomberg
- **MEIP** said that they won't submit an FDA marketing application on the TIDAL study for zandelisib
- **BMY, Roche** are partnering to advance two new assays
- **BMY** announced a delay for FDA review of their beta thalassemia therapy which is now expected 6/27
- **Change Healthcare** is expected to announce the winning bidder for their ClaimsXten business as soon as next week, per Reuters

Hawk Database

BHC bull flow this week into the October \$15 short puts 4500X and the July \$17 short puts 7500X

Industrials

- **Fed-Ex (FDX)** is testing electric carts for last mile delivery in bigger US cities, per CNBC, as e-commerce demand surges
- **XPO** sold their intermodal business to STG Logistics for \$710M
- **BA** may not get 737 MAX 10 certification by the end of the year, er Reuters. The FAA notification comes ahead of a key safety deadline set by Congress in 2021
- **AL** confirmed new leasing agreements for nine Boeing aircraft

On the Chart

FDX holding up well and forming a small bull flag under \$230 and the 55-MA, a push above can run to \$240

Technology

- **Apple (AAPL)** has filed arguments with the appeals court in their antitrust suit with Epic Games, per WSJ
- **BABA, JD, PDD, BIDU** - US could move closer to de-listing Chinese firms, per WaPo, as efforts to gain access to audits in question
- **BABA** is not preparing to leave Russia, per WSJ, despite sanctions on AliExpress and partners
- **Softbank** is seeking at least \$60B in an IPO for **ARM Holdings**, per Bloomberg, afer their failed deal with Nvidia
- **Kioxia** is planning to expand production capacity for 3D flash memory, per Digitimes

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- **Chip industry production** under threat with neon production set to fall following the Russia/Ukraine invasion, per CNBC. Neon is a critical gas used in advanced chip manufacturing

Utilities & Telecom

- **TMUS** CEO was on CNBC last night and said the company is well-positioned to win share in every price bracket while their 5G tech is years ahead of peers like **VZ, T**
- **Telecom Italia** jumped in Europe this morning after KKR confirmed it was still interested in a buyout deal, per Reuters

On the Chart

TMUS strong chart highlight last week and pulled back to the 21-EMA with a move above \$128 on watch

Analyst Notes

Upgrades

- **TEVA** raised to Outperform at Bernstein as the firm now sees a confluence of positive news, including gains from the biosimilar launch of interchangeable Humira and Stelara, launching Risperidone and the Revlimid settlement. It also seems settling opioid litigations should be within reach
- **FTCH** raised to Buy at Soc-Gen

Downgrades

- **ASML** cut to Sell at Redburn as an increasing push-out of orders means that even with a recovery in the second half of 2022, capex won't be sufficient for earnings estimates to meet expectations in 2022 and 2023
- **CCL** cut to Hold at Argus as prospects have deteriorated given the slow recovery from the omicron surge and rapidly rising fuel costs
- **FTNT** cut to Neutral from Buy at BAML on valuation
- **COMM** cut to Underperform at BAML
- **PRU** cut to Neutral at CSFB
- **AXTA** cut to Perform at RBC
- **DSEY** cut to Perform at RBC
- **SWCH** cut to Neutral at Wells Fargo

Initiations

- **AVY** started Buy at Truist as the Street is underestimating growth in RFID and Intelligent Labels, with are labels inlaid with RFID allowing them to effectively communicate with customers

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- **ISRG** started Outperform at RBC, positive on the company's leading position in the \$6B robotic-assisted surgery market, which the analyst sees as being among the least penetrated and fastest growing medical device sub-markets. Intuitive Surgical is uniquely positioned for a multi-year runway of growth given market expansion in line-of-sight procedures and its ability to drive penetration given technological leadership, diversified platform offerings, and no major competition
- **HUT, HIVE** started Speculative Buy at Stifel
- **ANSS** started Sell at Daiwa
- **REE** started Underweight at Wells Fargo

On the Chart
ISRG quality name on watch for a move above \$293 that would open a volume pocket move to \$320.

Other Notes

- **AA** target raised to \$115 from \$88 at Goldman; the analyst still sees upside potential for Alcoa shares as the company warrants a higher multiple than its past given an improved leverage position, structural growth in the longer term outlook for aluminum demand, and focus on decarbonization
- **PANW** target to \$710 from \$670 at RBC

Trade Ideas

Generac (GNRC) shares consolidating in a multi-month base under \$330 and positioned well here for a breakout move that can spark a run back to the 200-MA at \$385. Shares had a massive run after the pandemic and pulled back to the 50% retracement over the last four months where it has found some stability. Momentum is starting to inflect also on the weekly with MACD nearing a bull cross and RSI just below 50.



Technical Scans

Weekly MACD Bull

Crossover: MQ, AOSL, CDLX, NVEI, DUOL, AMKR, SNAP, SEAS, AVID, PLUG, SWCH, QLYS, SUPN, TTMI

8/21 Bull Cross:

INTC, AMAT, CVNA, FTNT, ALB, PINS, WMG, AAPL, BX, S, RJF, ACN, PYPL, Z, ICLR, STE, EPD, GME, SHEL, IBKR, O, USB, ZTS, CHWY, BABA, BIDU, BILI, NTES, AMC, IMO

Small-Cap Options Flow

Schnitzer Steel (SCHN) buyers late on 3/24 for 1250 August \$65 calls for \$3.20 after a big move higher and setting up for a massive weekly flag breakout above \$58.25. SCHN saw buyers in the August \$50 calls on 3/10. The \$1.59B company trades 8.3X earnings, 0.55X sales, and 80X cash with a 1.35% yield. The company is a leading metals recycler from cars, home appliances, industrial machinery, manufacturing scrap, and construction and demolition. They also sell serviceable used auto parts from salvaged cars through its 50 self-service auto parts stores. SCHN did over 4M tons of ferrous metals and 600M pounds of non-ferrous metals last year which they distributed to customers throughout the world. They've been benefitting from better pricing trends within the market for both ferrous metals, rebar and wire, and PGM. SCHN is also seeing long-term tailwinds from higher metal content in low-carbon tech in new vehicles as well as growth in renewable energy and 'smart grids.' Northland positive on the name with an \$80 PT as they think demand for scrap metal is likely to be robust for the foreseeable future and the firm expects the stock's multiple to expand as investors recognize Schnitzer's ESG credentials. Goldman has a Buy rating for the stock noting that SCHN should benefit from volume growth at its core ferrous recycling business and margin improvement at the nonferrous recycling arm. Short interest is 2.5%

Unusual Large Call Buy in Small Med-Tech with Key Catalysts, Accelerating Growth

ViewRay (VRAY) with 25,000 May \$4 calls bought on 3/17 for \$2M and 10,000 of the \$6 calls sold for \$200K, an unusually large trade in a small cap. VRAY shares based the last few weeks at a 61.8% Fibonacci and starting to show signs of momentum, a move above \$4.25 can work shares to \$5.25. VRAY designs, manufactures, and markets the MRIdian® MRI-Guided Radiation Therapy System to address the unique challenges and clinical workflow for advanced radiation oncology. VRAY has a market cap near \$700M and trades 3.2X Cash and 5.8X EV/Sales with revenues seen surging 35.6% in FY22 and 41.5% in FY23, though profitability remains far away. VRAY is expecting to see a strong ramp as the installation and access challenges abate. VRAY also has a robust clinical catalyst schedule, interim MIRAGE data readout was highly positive and now await SMART Pancreas multicenter trial, which is currently enrolling, with initial data likely in mid-2022; SHORTER, RCT of SMART for post-op prostate, to see first toxicity data in 2022, likely in the back half; SMART ONE trial (across a number of tumor trials) recently commenced enrollment and we expect it to ramp throughout 2022, with an initial data readout potentially in early 2023; and the LUNG STAAR and FORT (started enrolling last fall) trials are now in start-up phase. Stifel started shares Buy in January noting VRAY's MRIdian linear accelerator system offering transformational radiation therapy technology for cancer treatment.

Seasonal Stock Setup: Industrial Ready to Breakout into Strong April

Honeywell (HON) – HON is a \$141B diversified industrial leader which operates through four segments: Aerospace, Honeywell Building Technologies, Performance Materials and Technologies, and Safety and Productivity Solutions. The stock has been a bit of a laggard this year but up 6% in the last month and now back over its YTD VPOC level at 187 and looking to clear its monthly value area on a breakout over 195. The Industrial sector (XLI) has seasonally been strong into April the last 15 years, up 11 of those years for an average gain of +3.5%. Looking at the seasonality of HON shows that the stock has been higher in 12 of the last 15 years in April for an average return of +4.5%. In the last 5 years it's up every April for avg gains of +5.5%. Clearly a strong calendar month and a stock that can play catch up as it looks ready to get back above its 55 day EMA and target the 205-210 zone where there is an untested VPOC overhead. Options flows have been mixed as of late with both put sellers and call sales but some recent buys in April \$195 calls at \$2.70 for about \$276k and also on 1/19 an opening put sale of June \$190 puts at \$5.51 for \$935K remain in OI.

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Extras

Health Equity (HQB) strong move through the 200-day MA and 1000 May \$65/\$60 bull risk reversals opened

KB Homes (KBH) with 3000 January 2024 \$30 puts sold to open at \$5 into late day lows

DR Horton (DHI) afternoon buyers of 10,000 April \$85 calls at \$0.78 adjusting back \$90 calls

Rivian (RIVN) buyer of 2000 June \$55/\$65 call spreads

Sofi (SOFI) buyers of 8000 October \$20 calls for \$0.34

Citi (C) with nearly 20,000 June \$60 calls bought \$1.52 as May \$65 adjusted

Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
OXY	16 SEP 22 60 CALL	680	2,802	312.06%
BGS	20 MAY 22 22.5 PUT	3,012	9,828	226.29%
IWM	20 MAY 22 195 PUT	17,563	51,550	193.51%
NXE	20 MAY 22 7 CALL	5,113	12,391	142.34%
ADBE	20 MAY 22 400 PUT	1,236	2,792	125.89%
GOLD	17 JUN 22 28 CALL	5,975	13,242	121.62%
UBER	20 MAY 22 37.5 CALL	19,144	36,975	93.14%
INMD	20 MAY 22 45 CALL	3,650	6,153	68.58%
DIS	14 APR 22 145 CALL	5,860	9,547	62.92%
RIVN	17 JUN 22 40 PUT	2,100	3,355	59.76%
MQ	20 MAY 22 12.5 CALL	9,269	14,808	59.76%
BMY	15 JUL 22 75 CALL	10,694	11,373	6.35%

What They're Saying

SmartSheet (SMAR) at Wolfe Software Conference on what is most misunderstood of its business.... "The first is the sense of sameness. The sense of sameness is all these products must be doing the same things, and it's actually not true. The products do different things. Our product is really tuned to drive what I call larger opportunities. They can do the simple ones, but they do the larger ones with high-value workloads, which scale projects, programs and processes. Given the extensibility of our platform as well as this suite of capability-based products, we just make this unique. When we are dealing with, for example, a very critical project, they're not talking to multiple people. They talk to us because our product actually solves things for them. And then the second misunderstood thing, Alex, is you started it when you said, "Hey, you're in finance." I think we've been misquoted a lot of times by saying we're in finance. We're across all functions, across all departments, across customers of all sizes. We have a variety of personas that buy our products. So if you think of something that's really broad, wide and deep, that's us. So we've got a large opportunity. We've got a product market fit with a unique product that really hits it and a dialed in go-to-market motion. So the 3 things that I've talked about are we're investing in really mining this opportunity by field capacity. We have a motion. We are going to double down on that motion with field capacity. The second one for us is this international motion, which is we've established our data center. We've got a good presence in 2 markets. We're going to extend that out. And then the last is really taking these capabilities. We've got some pretty amazing and unique capabilities which differentiate us. Whether it's advanced, which we've had huge success on, or it's WorkApps, or it's Brandfolder. These are things we're going to double down on. So those are the opportunities for us."

Earnings Review

HNST – Missed on EPS and Revs, FY Below - "I'm pleased we delivered our ninth consecutive quarter of year-over-year revenue growth. The power of the Honest brand remains resilient in a highly volatile environment, reflected in our strong year-over-year revenue growth of 19% for our core product categories in the fourth quarter, and 13% for the full year 2021. During this same timeframe, we have increased market share as well as overall household penetration in these product categories," said CEO Nick Vlahos. "While we expect inflation and supply chain headwinds to continue to challenge the industry, we remain deeply focused on what we can control: driving innovation, investing in digital capabilities, expanding our distribution foot print and executing our pricing strategies to position Honest for long-term growth."

Disclosures

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