



## Inside Today's Blitz

- Futures Edge Lower After Indexes Hit Records to Start the Week
- Most EU Countries Have Enough Vaccine Supply to Inoculate Majority by June
- **CS** takes \$4.7B hit on Archegos meltdown, cuts dividend; **ILMN** raises outlook; **BP** will hit its debt target early; **PSX** is cutting their outlook in Q1; **Softbank** to buy 40% stake in AutoStore

## Market Outlook

Futures indicating a slightly red open for the day with the **Dow** off by 15 bps, the **S&P** off by 23 bps, and the **Nasdaq** down 26 bps. The **Russell** continues to lag down 71 bps. Energy is bouncing back with **WTI** up 1.8% and **Brent** up 1.6%. **Natural Gas** is up 2%. **Gold** and **silver** modestly higher today with the latter up 70 bps. The **dollar** is up 20 bps. **VIX** is 19.45. The **10-year yield** is 1.708%. **Bitcoin** is down around 95 bps but remains in a tight bull flag and looks poised to break out to new highs above \$60,000. It has been a quiet night for macro news. In Washington, President Biden got a boost as Senate Parliamentarian ruled that Democrats could enact another resolution package this year. The move allows for additional bills to be passed in 2021 without GOP support and paves the way for more parts of his massive economic plan to go into effect. The major obstacle now is moderate Dems who have opposed the deal. Elsewhere, Credit Suisse updated their outlook today

after the Archegos fallout and now sees about a \$4.7B writedown tied to the sales. They also cut their dividend and saw several executive departures. There were a couple more blocks of stock offered out last night too in FTCH, VIPS, and VIAC. The Fed's Mester said the recent economic data doesn't change her outlook on policy but we'll get a few other speakers this week who could differ. Iran and the US will engage in talks today with the EU over the 2015 nuclear agreement. Some notable chip events today with INTC set to roll out their new Ice Lake server chip today and AMAT will host an analyst day.

Asian markets are mixed today with Shanghai down 4 bps, the Nikkei down 1.3% and the Hang Seng remaining closed. In Europe, the major indices were mostly higher today, albeit a lot of catch up trade after being closed Monday. The DAX was up 90 bps, CAC up 60 bps, and FTSE up 1.1%. We're seeing outperformance in travel stocks, tech, and financials while healthcare and telecom lag. Miners like **Anglo American** and **Glencore** both up around 3-4% with the better macro backdrop. **Easy Jet** and **Ryanair** both down around 1% after UK PM Johnson warned about Summer travel concerns. **Oxford Biomedica** rallied 2.5% after signing a new 3-year deal with **Boehringer Ingelheim** for manufacturing. **Credit Suisse** is up around 1% after updating on the Archegos fallout and seeing more executives depart. **Suez** was up slightly after reaching a deal to sell their Australian business to Cleanway Waste Management.

## Calendar

**Today... Earnings After the Close:** SGH; **Analyst Days:** AMAT;  
**Roadshow Meetings:** ADSK, PHR, CSV

**Tomorrow... Trade Balance, FOMC Minutes, Consumer Credit, Fed's Evans speaks, Fed's Kaplan speaks; Earnings Before the Open:** SMPL, RPM, MSM, LW, SCHN; **Earnings After the Close:** PLUS, EXFO, LNDC, RGP; **Analyst Days:** CCL; **Roadshow Meetings:** ESTC, ADSK

## Overnight Markets

Natural Gas	2.558	1.87%
Oil (WTI)	59.43	1.33%
Silver	24.95	0.69%
US Dollar	92.77	0.19%
Gold	1732.1	0.19%
Bonds	155.88	0.18%
Copper	4.0765	-1.45%

## Technical View



### Key Levels to Watch

It has been a quiet night for S&P futures as we pulled back slightly from Monday's high. We hit a high early around 4074.5 but have since drifted back to the 38.2% Fibonacci of Monday's run and now forming a wide base since around 11pm. A move back above 4065 can challenge those prior highs and potentially out to 4089. A move below 4050 in focus for a return to 4035 and retracing the rally.

## Economic Data

- **China** Caixin services PMI was 54.3 vs 52.1 est.
- **RBA** left rates unchanged, as expected, and suggested there would be no hikes until 2024
- **Eurozone** unemployment was 8.3% vs 8.1% est.

## Macro News

- **US, Japan** are working together on an infrastructure partnership, per Nikkei, as an alternative to China's 'Belt and Road'
- **China** is asking banks to slow down loan growth for the rest of 2021 as they look to ease bubble concerns, per FT
- **Chinese travel** reached 95% of 2019 levels during the recent holiday week but spending was only 57% of 2019 levels, per Bloomberg
- **China** has created its own digital currency, per WSJ, as the cyber yuan gives Beijing power to track spending in real time

## Stock-Specific News

### Consumer

- **Dolce & Gabbana** has denied that it is currently in takeover talks with luxury leader **Kering**, per Reuters

### Movers

**Gainers:** ILMN 10%, JCOM 8%, TREX 5%, BP 2.5%

**Losers:** UAVS -10%, ARES -7%, UCTT -6.5%, VIAC -3.5%

### Insider Buying

CTOS, HPK, FGNA, FOLD

### IPO Calendar

There are no IPO's scheduled at this time.

- **Softbank** is in talks to invest in the new combined company of **Univision** and **Grupo Televisa (TV)**, per Bloomberg. The two are currently in talks to merge some assets in a \$4B deal
- **Topps** to go public via SPAC, says CNBC, merging with **Mudrick Capital Acquisition (MUDS)**. The deal values them at \$1.3B. Topps' net sales rose 23% in 2020 to \$567 million, a record high for the company and has recently branched out into interactive mobile apps and NFT
- **SIG** to acquire jewelry subscription service **Rocksbox**, giving it a significant foothold in a growing online service popular with younger demographics
- **NCLH** announces plan to return to cruising outside the US; plans to resume US port departures on July 4
- **OGI** to acquire The Edibles & Infusions Corp for \$22M
- **VIAC** 34M share block priced \$41-\$42.75
- **FTCH** 11.1M share block priced \$47.50-\$49.25

#### On the Chart

**SIG** a narrow range forming above its 8- and 21-day MA and breakout above \$60.50 can challenge recent highs and potential measured move out to \$75

#### Financials

- **Credit Suisse (CS)** cuts dividend to CHF0.10 after the loss from Archegos Capital; says loss from U.S. hedge fund 'could be highly significant'; CEO of Investment Bank, Chief Risk Officer stepping down
- **MRAC** in talks to acquire **Enjoy Tech** in a \$1.6B SPAC deal, per Bloomberg, an operator of mobile retail stores led by ex-Apple (AAPL) executive Ron Johnson
- **Coinbase** is raising some questions ahead of their direct listing as many of their independent directors have close ties to the company, per WSJ
- **BCO** to acquire US PAI for \$213M, a privately owned provider of ATM services in the US
- **Greenbox (GBOX)**, a provider of POS services and blockchain security services, raised their 2021 processing outlook
- **ARES** files to sell 9.5M shares
- The CFPB has proposed **banning foreclosures** on homes until 2022 at the earliest, per The Hill

#### Healthcare

- **SPNE** guides Q1 and FY21 revenues above the Street consensus as revenue accelerated as the first quarter progressed
- **ILMN** guides Q1 and FY21 revenues well above Street estimates; **ILMN** sees Q1 \$1.085B vs \$924.6M; "seeing broad-based acceleration across our core clinical and research applications"
- **CARA** to replace **MTSC** in S&P 600
- **CTLT** to double output of **MRNA** COVID vaccine, per WSJ, as they look to reach 400 vials per minute filled

#### On the Chart

**ILMN** set to clear a multi-month downtrend today and room to work back to February VPOC around \$450

## OptionsHawk Market Blitz

- **CRIS** receives FDA orphan drug designation for acute myeloid leukemia treatment
- **ICAD** says preliminary Q1 revenues above Street
- **ANIP** to acquire Sandoz NDAs including OXISTAT Lotion, VEREGEN Ointment, and Pandel Cream

## Energy & Materials

- **BP** will hit its net debt target earlier than expected thanks to asset sales and a strong Q1, per Reuters. The debt goal will allow them to resume buybacks soon
- **PSX** sees Q1 adjusted net loss between \$550M and \$700M citing the effects of recent winter storms and the ongoing COVID-19 pandemic
- **XOM** has filed a breach of contract suit against **ET**, per Reuters, as the pipeline operator hit XOM with charges and withdrew other credits after the oil producer moved some oil to other outlets last August
- **Brookfield, Blackrock (BLK)** are no longer in the running to buy \$10B stake in **Saudi Aramco's** pipeline project, per Reuters
- **UEC** secures additional 705,000 pounds of US uranium

## Industrials

- **Suez** will sell its Australian business to **Cleanaway Waste Management** for \$1.9B, per Bloomberg. Suez can terminate the deal by May 6 if they make progress with Veolia on a deal
- **GOL** says March traffic was down 47.8%
- **Air France** has received about €4B in funding from the French government as they boost their stake in the airline to 30%, per Reuters
- **British Airways** is confident travel will resume in mid-May, per Reuters
- **Japan Air** will retire certain **Boeing (BA)** 777 planes early due to issues regarding Pratt & Whitney engines, per Reuters
- **Subaru** is cutting production due to the automotive chip shortage, per Nikkei, and sees production normalizing in 2H
- **LNN** says they expect delays in road construction activity this year due to COVID while strong agricultural market fundamentals set the stage for improved irrigation equipment demand
- **The Auto industry** is calling on Congress and the President to provide some **supply chain assistance** amid worries the shortage could cut production by 1.28M vehicles, per Reuters
- **RMO** enters long-term supply agreement with **PCAR** for Peterbilt 579 and 520 battery-electric vehicles
- The WSJ with a positive look at **railroads** today noting that the recent deal between **CP/KSU** and the growing focus on global transportation and shipping once again shows the value of the US rail network

## Tech/Telecom

### On the Chart

**BP** set to gap above a narrow downtrend / pullback today and 8-EMA with room to run back to \$27 and then fresh highs above the March peak

### Hawk Database

**PSX** is holding the 50-day and recent base this morning and has some size in the May \$85 calls from December, over 5000X spread with the \$95 calls

### On the Chart

**LNN** a quiet name but forming a nice narrow range near recent highs and above \$175 has a measured move to \$200 and continuation of the longer-term trend

- **Amazon (AMZN)** is being targeted by trade and merchant groups, per WSJ, for legislation around antitrust
- **Softbank** to take 40% stake in **AutoStore** for \$2.8B, valuing the company a \$7.7B EV; AutoStore is a robotics technology company that invented Cube Storage Automation, the densest storage technology
- **Acer** has said the global shortage of semiconductor chips is easing, per Reuters, and consumer products should begin to accelerate again
- **BE Semiconductor** with strong preliminary Q1 orders, per Reuters, citing strong demand for high-end smart phone applications linked to 5G
- **Hon Hai** revenue jumps 44%, per Bloomberg, as stay-at-home demand for gadgets remains hot
- **Sarcos Robotics** to merge with **Rotor Acquisition SPAC (ROT)** in a deal that values them around \$1.3B including debt
- **UCTT** announces \$175M offering
- **VIPS** 14M share block priced at \$28.50-\$29.50

### Sympathy Movers

**Acer's** commentary would be positive for other consumer names like **DELL** and **HPQ** would had some risk around the shortage

## Analyst Notes

### Upgrades

- **PARR** raised to Buy at Goldman; see a clear recovery for oil demand in Hawaii in 2H2021/2022 as tourism levels improve and view valuation as dislocated relative to other US refiners after a recent equity financing
- **ALLE** raised to Overweight from Underweight at Barclays; the firm believes ALLE's relative organic sales growth profile should improve from below par to above par as investors' focus shifts from 2021 to 2022. Allegion accrues 80% of profits from non-residential markets, where key indicators look to be near a trough
- **WYNN** raised to Buy at Argus citing the recovery in the company's Las Vegas business and growth in its Boston operations as more COVID vaccines are rolled out and leisure travel returns. The analyst is also positive on Macau recovery and iGaming in 10 states
- **HBM** raised to Buy at BAML from Underperform on improved Copper outlook and the company's announcement of improved life of mine plans for its Snow Lake and Constanica mines
- **FCX** upgraded to Outperform at Raymond James
- **SAN** raised to Outperform at CSFB
- **SNAP** raised to Overweight at Atlantic
- **VSH** raised to Buy at Loop

### Hawk Database

**PARR** a small cap that has seen an unusual amount of call accumulation in June and September, particularly the \$17.50 strike with 28,000 combined

### Hawk Database

**VSH** broke out to start the week and still has 4,450 April \$22.50 calls in open interest from buyers in late December.

## Downgrades

- **ACAD** cut to Neutral at Goldman Sachs, firm now believes there could be at least one additional trial required for the supplemental new drug application to be back on track. While the Type A meeting and/or eventual appeal present somewhat near-term catalysts, it is difficult to find conviction that the stance taken by the FDA could change
- **PTON** cut to Neutral at Evercore ISI
- **YELP** cut to In Line at Evercore
- **CVX** cut to Neutral at Goldman
- **CS** cut to Underperform at BAML
- **PFSI** cut to Perform at KBW
- **PXD** cut to Neutral from Overweight at JPM
- **CFX** cut to Underweight at Barclays

## Initiations

- **PINS, SFIX, ROKU, ABNB, NFLX, MTCH, ETSY, WIX, Z** started Outperform at Evercore ISI
- **HAYW** started Buy at Goldman, \$27 target; see several favorable attributes supporting a positive view on the stock
- **SLQT** started Overweight at Piper, believes SelectQuote has a differentiated approach to match consumers with third-party insurers, particularly in the large and growing \$30B market for Medicare Advantage and Medicare Supplement plans
- **JOAN** started Buy at BAML, \$27 target, the company is threading the needle from primarily being a beneficiary of 2020 lockdowns to an emergent omnichannel winner with longer-term growth in crafting and do-it-yourself trends
- **YNDX** started Buy at New Street, Over 80% of the company's revenue is likely to see accelerating growth in 2021 while many e-commerce markets struggle given tough Covid comps
- **CURI** started Buy at BAML, \$16 target
- **APEI** started Buy at Truist
- **PTON** started Outperform at CSFB
- **YETI** started Outperform at CSFB
- **YUMC, SBUX** started Overweight at Atlantic
- **VRNS** started Outperform at FBN

### Chart Watch

**YNDX** forming a nice base on its 200-day moving average, need to see it clear \$66.50 to get above the 55-MA and YTD VPOC, name with some size August and January call open interest

### Chart Watch

**YETI** nice weekly bull flag setting up under \$75.50, potential for a big breakout move.

## Other Notes

- **ACN** target raised to \$310 from \$278 at Deutsche Bank, T demand was already strong prior to the Covid-19 pandemic but CTO Paul Daugherty



characterized the current environment coming out of the pandemic as significantly stronger

- **WSM** target raised to \$205 from \$185 at Argus, the company should be able to grow its operating margin to 15% with expense leverage to growing sales, higher profitability from higher-margin e-commerce sales, and the occupancy leverage from closing stores and renegotiating rent agreements
- **BUD** a catalyst call 'sell idea' at Deutsche Bank, saying there is downside risk to consensus estimates for both Q1 and fiscal 2021 due to margin pressure from currency, rising commodities, and rising freight and canning costs with packaging supply being shifted across borders in both the U.S. and Mexico

## Trade Ideas

**TripAdvisor (TRIP)** shares forming a narrow flag above the 8- and 21-day MA and just below recent highs. A move out of this six-session range above \$57.50 has room to \$62.50 and then a longer-term measured move to \$80. MACD has reset a bit and near a bull crossover while RSI is in a healthy trend. TRIP has been steadily higher since early November with the reopening/vaccination progress and should continue to see tailwinds this Summer as travel becomes more ubiquitous.



### Technical Scans

**Inside Days:** MDB, U, SPOT, ABNB, MTCH, OKTA, TEAM, WDAY, ANTM, HLF, PEGA

**Ready to Run:** KMT, IRBT, TRN, SPLK, GMED, RL, BIGC, NTRA, ZNGA, SAGE, SPNS

**13-34 Bull MA Cross:** AVTR, CDNS, BSY, CHEF, CRUS, DIS, FND, FTDR, HUBS, LOGI, POOL, SONY, TDG, TMUS, VECO, WDAY

### Fundamental Snapshot

**Loews (L)** setting up well for a bull flag breakout and yesterday traded 700 May \$50 calls for around \$4, the largest line of the day which ran about 10X average. Loews is a name we haven't looked at in a while and worth revisiting with shares near 15-year highs. The \$13.82B company is a conglomerate focused on a number of areas with majority-stakes in Diamond Offshore, Boardwalk Pipeline, Loews Hotels, and Altium Packaging. Their biggest business is in P&C insurance through CNA Financial. The company is a 125-year-old provider of insurance solutions to businesses with specialties in professional liability and both Surety and Warranty. Loews has been

investing in growing their underwriting profits and sees 2021 as a big year as they put COVID-related losses behind them. They saw acceleration in P&C rates and higher overall premium growth in 2020. The industry itself is expected to hit its stride in 201 with WaterStreet noting that positive trends early in the year and Deloitte seeing 3% growth for the market, mostly due to International. Analysts have an average target for shares of \$75, albeit limited coverage. On the chart, shares setting up in a small bull flag just below a notable spot from early 2020 at \$55 and the rising 21-day MA just below is support.

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## Extras

**Marriott (MAR)** late day opening sale 1000 January \$130 puts for \$8.50

**Apache (APA)** stock replacement opens 10,000 June \$20 calls for \$1.13

**Fiserv (FISV)** buyer 1500 January \$105 puts \$4.65 to open

**Future Fuels (FF)** with 1000 November \$17.50 calls sold \$1.35 in a buy-write

**Zimmer (ZBH)** buyer 300 September \$165 ITM puts \$12.60 above the offer

**DoorDash (DASH)** opening sale 250 November \$125 puts \$21.90

**Micron (MU)** buyer of 9000 June \$100 calls \$4.20 offer to open

**Twitter (TWTR)** opening sales 1200 September \$65 puts \$9.20 to \$8.70 in the afternoon session

**Microstrategy (MSTR)** morning buyer of 150 January 2023 \$800 calls for \$4.4M

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## Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
IIVI	July \$80 Calls	931	3,640	290.98%
VIAC	June \$45 Calls	4,763	12,394	160.21%
CCJ	June \$20 Calls	9,556	20,096	110.30%
FB	April 23rd (W) \$310 Calls	2,289	4,478	95.63%
PTON	May \$120 Calls	1,226	2,366	92.99%
NEM	September \$65 Calls	3,319	4,943	48.93%
CRM	May \$220 Calls	5,549	4,044	-27.12%

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## What They're Saying

**Kroger (KR)** Analyst Day on 3-31 discussing digital, fresh, and brands... “Our fresh offering is both an important sales driver for Kroger and a competitive advantage because customers rank our fresh departments higher than that of all large national retailers. Digital is also a significant growth opportunity. By digital, we mean the Kroger



seamless ecosystem we've built over the past few years to be able to deliver anything, anytime, anywhere regardless of channel, whether pick up, delivery or shipped. Today, we are seeing more and more new customers engaging in our seamless ecosystem. Since the pandemic, we have more than doubled our digital business in 2020. We will continue to build on this momentum, and we have a clear path to drive profitability. We have also been evolving our customer fulfillment network, leveraging our existing network of assets and strategic partnerships to meet heightened demand. As we expand and strengthen our distribution network, our selection of products increase, which leads to higher customer engagement and greater sales. I spoke about Fresh earlier, but now let me spend a moment on Our Brands, which truly provide a unique reason to shop at Kroger. Simply put, customers tell us they love Our Brands and choose them over other leading competitor brands. Our Brands business, if it were a stand-alone company, would rank 8th on the Fortune 500 listing of CPGs. When it comes to the customer, a more personalized experience will continue to drive loyalty. We have a customer base with connections to over 60 million households that we are able to leverage into new growth opportunities. And the scale of our digital business has grown so rapidly that during 2020, we had over 1.3 billion customer interactions across digital, a 30% increase over last year. Our significant reach allows us to meaningfully personalize the customer experience. At the same time, our ecosystem monetizes the traffic and data insights generated by our enhanced customer experience."

**Duck Creek (DCT)** on their market and opportunity advantage... "The global P&C industry is one of the most complex and highly regulated markets in the world, with products that span a significant number of diverse categories and different regulatory bodies. It's also an industry that is undergoing significant change with the entry of new competitors and increasingly sophisticated customers who now expect a simplified digital experience and tailored product choices that best fit their needs. This new industry paradigm represents exciting opportunities for carriers to increase innovation and reimagine how they operate. However, one of the key constraints limiting those carriers is their IT stack, which is typically legacy on-premise, code-based solutions that are brittle and very inflexible. As we've talked about on prior earnings calls, core systems modernization is the #1 IT spending priority for carriers, in large part, because modern core systems are vital for driving better business performance. We increasingly hear from customers and prospects that they view a SaaS cloud-based core system platform, first and foremost, as a competitive differentiator as well as providing a lower total cost of ownership. This is exactly the vision we had when we began developing Duck Creek OnDemand in 2014. We believe that a well-designed SaaS core platform could accelerate innovation and empower business users to dynamically react to changes in the market and customer preferences. "

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## Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
GBX	Greenbrier	-\$0.28	-\$0.37	\$295.60	\$375.64	-52.60%	
LNN	Lindsay Corp	\$1.08	\$0.86	\$143.60	\$132.50	26.20%	
PAYX	Paychex		\$0.92		\$1,108.73		

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## Disclosures

**Not Investment Advice or Recommendation**

## *OptionsHawk Market Blitz*

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