



## Inside Today's Blitz

- Eurozone PMI Data Hits Three-Year High; UK Retail Sales Soar as Recovery Builds Momentum
- **HD** announces new \$20B buyback; **TSLA** could expand production into Russia; **TSM** boosts production of key auto chip component

## Market Outlook

Futures indicating a higher open for the day with the **Dow** up 28 bps, the **S&P** up 26 bps, and the **Nasdaq** up 22 bps. The **Russell** is up 41 bps. Energy is rallying back with **WTI** up 1.35% and **Natural Gas** also up over 1%. **Gold** and **silver** pulling back with the latter down 50 bps. **Copper** is down 25 bps. Grains are weak across the board with **corn** down over 1%. The **dollar** is down 12 bps. **Bonds** are up 2 bps. **VIX** is 22.10. It has been a quiet morning for macro news and the markets are quietly higher across the globe. The biggest change was PMI flash data which was pretty much positive across the board with Service PMIs in Europe jumping quite a bit. In the UK, PMIs hit their highest level since the survey began in 1998 according to Bloomberg.

Elsewhere, the US is proposing a 15% global minimum corporate tax rate and looking to have an international agreement by mid-year. The EU is moving forward with a plan for

vaccination certificates to help improve cross-border travel. There's more concern about the Olympics today with a recent survey of Japanese businesses showing most want the games either postponed or cancelled.

Asian markets are mixed today with the Hang Seng up 3 bps, Shanghai down 58 bps, and the Nikkei up 78 bps despite some concerns about a slowdown in the recovery. **Takeda** is higher by 1.5% after reaching a deal with Moderna to manufacture their COVID vaccine. In Europe, the major indices are mixed today with the DAX up 19 bps, CAC up 53 bps, and the FTSE down 2 bps. We're seeing outperformance in industrials and energy while safe-haven groups like utilities lag. Swiss luxury goods maker **Richemont** is up 4% after doubling their dividend. **Lufthansa** is down 6.5% after one their largest shareholders cut their stake by half. Concert promoter **CTS Eventim** is higher by 5% after they said ticket sales in Germany have begun to pick up for both major and mid-sized artists. **BMW** is higher by 1% after they said they expect the antitrust fine from the EU to be lower than expected.

## Calendar

**Today...** Manufacturing PMI, Services PMI, Composite PMI, Existing Home Sales; **International Data:** UK core retail sales, EU manufacturing PMI, EU services PMI, UK manufacturing PMI; **Earnings Before the Open:** BAH, BKE, DE, FL, ROLL, VFC

**Next Week...** Bank CEOs will testify before the Senate on Wednesday and House on Thursday. Conference season kicks off again with JP Morgan TMT, UBS Healthcare, UBS Oil and Gas, and Wolfe Transports. Coinbase holds a conference as well. Earnings slow down but key reports from INTU, TOL, ANF, DKS, CPRI, AEO, NTN, NVDA, OKTA, SNOW, WDAY, BBY, DG, DLTR, MDT, ADSK, BOX, COST, CRM, DELL, ULTA, and VMW

## Overnight Markets

Natural Gas	2.968	1.50%
Oil (WTI)	62.78	1.36%
Bonds	157.03	0.02%
VIX	22.1	-0.01%
US Dollar	89.72	-0.10%
Gold	1878.9	-0.17%
Copper	4.554	-0.31%
Silver	27.92	-0.52%

## Technical View



### Key Levels to Watch

Last night's range in the S&P was about as rangebound as you can get with Thursday's high at 4169 and close at 4152 bracketing the action. VWAP is flat at 4162.25 and a breakout here has room up to 4186.25. VWAP for the week is down at 4127. The 4161.25 area is a key inflection point to watch today. Targets about are 4186.25, 4211, and 4236.25. A move back into Thursday's range targets 4136.25, 4111, and 4086.

## Economic Data

- **EU** manufacturing PMI flash was 62.8 vs 62.5 est.
- **EU** services PMI flash was 55.1 vs 52.5 est.
- **German** manufacturing PMI flash was 64 vs 65.9 est.
- **German** services PMI flash was 52.8 vs 52 est.
- **UK** manufacturing PMI flash was 66.1 vs 60.8 est.
- **UK** services PMI flash was 61.8 vs 62.2 est.
- **UK** retail sales rose 9% in April vs 4.4% est.
- **Japan** manufacturing PMI flash was 52.5 vs 53.6 prior
- **Hong Kong** CPI was 0.7% vs 0.6% est.
- **South Korea** PPI was 5.6% vs 4.1% prior
- **Australian** manufacturing PMI was 59.9 vs 59.7 prior

## Macro News

- **The EU** is optimistic a truce can be reached over aircraft disputes with the US over Airbus subsidies, per Reuters
- **Israel, Hamas** reached a ceasefire truce, per Reuters
- A recent survey of **Japanese companies** shows that most want the **Olympics** to be cancelled this Summer, per Reuters
- **Canada** is considering new mortgage qualifications to hopefully cool their red-hot housing market, per Bloomberg

### Movers

**Gainers: LFMD 8.5%, DECK 6%, PANW 6%, AUPH 3%**

**Losers: RIDE -6%, ELAN -5%, CYH -4.5%, MAXN -3%**

### Insider Buying

MSM, LIFE, APP, BE, CUTR

### IPO Calendar

**Upcoming... InterMedia Cloud (INTM)** issuing 12.2M shares at \$23-\$26; provider of a cloud-based communications and collaboration platform

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- **Small businesses** in the US are finding it very difficult to find workers, per WSJ, as they struggle to compete with pay raises and benefits
- **The Fed** has confirmed that it is studying the creation of a central bank **digital currency**, per CNBC

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## Stock-Specific News

### Consumer

- **Hugo Boss** is higher by 5.5% this morning in Europe on speculation that Fraser CEO Mike Ashley is negotiating a purchase of the company, per Bloomberg. Ashley's Fraser Group owns 15.2% of the company
- **LVMH** chairman Bernard Arnault has spent recent months buying \$538M in company stock through companies he and his family control, per Bloomberg, a big bet on recovery post-pandemic
- **HD** announces new \$20B buyback plan
- **ROST** authorizes new \$1.5B buyback
- **DECK** approves \$750M boost to buyback
- **CCL** resume cruising to Alaska in July
- **Richemont** shares are higher in Europe this morning after Earnings, per Reuters. The company guided above expectations and management proposed to double the dividend
- **Hand sanitizer** sales are down sharply, says WSJ, and many companies and stores are now awash in oversupply.

### On the Chart

**HD** pulled back to the rising 50-day MA and held this week, an attractive spot to look for a reversal back through the 8-day at \$320.50

### Sympathy Movers

**SIG** a potential mover on the positive Richemont numbers

### Financials

- **CS** is considering retention bonuses and other perks to stop the exodus of talent from the bank, per Bloomberg
- **ARES** to acquire Black Creek Group
- **STNE** announces new \$200M buyback
- **Italy** is discussing easing merger rules with the EU to allow for a combination of two banks, says Reuters

### Healthcare

- **AUPH** presents supportive AURORA 2 interim analysis; says the addition of voclosporin significantly increased the renal response rate and reduced proteinuria
- **BIIB, Gingko Bioworks** enter gene therapy collaboration, license agreement
- **AZN, MRNA** receive Japan MHLW special approval for COVID-19 vaccine
- **INSP** says Anthem to cover Inspire therapy, effective May 20

### Hawk Database

**AUPH** a lot of bull flows lately including buyers in the Jan. 2023 \$12/\$20 call spread and accumulation in the July \$15 calls and October short puts

## Industrials

- **Ford Motor (F)** took over 20,000 reservations for the Lightning within 12 hours, says CNBC.
- **KC Southern (KSU)** is expected to formally abandon deal talks with **CP** today in favor of the **CNI** deal, says WSJ. This is in line with what they've said already regarding the two bids but CP still believes they will have less regulatory issues to deal with
- **TSLA** is raising prices on the Model 3 and Y, per Reuters
- **TSLA's** Musk is looking at Russia as a potential expansion spot for their production, per Bloomberg
- **Lufthansa's** second largest shareholder has sold more than half of their stake, says Bloomberg

## Tech/Telecom

- **QCOM's** 5G SoC process is being built using **TSM's** 6nm process, says Digitimes. The chip is designed mainly for midrange 5G-capable Android smartphones
- **AAPL's** chip push could shake up the US PC market, says Bloomberg. Macs have always been the pricier laptops on the market but moving to their own processors, they can lower the entry price for their Macs and close the market share gap with **Lenovo, HPQ, and DELL**
- **T** CEO says the new dividend will still be attractive while the media company faces better growth prospects, per Reuters
- **TSM** says 2021 output of key auto chip component is up 60% Y/Y, per Reuters. This is a 30% boost vs 2019 as well
- **JD** will begin marketing the Hong Kong IPO for its logistics unit next week, says Reuters
- **GOOGL** is ending autonomy talks with its DeepMind AI business, says Reuters. The unit had sought more independence from GOOGL
- **Huawei** is expanding their smart-car partnership with **Chongqing Changan Auto** to include design of auto chips, per Reuters
- **Europe** has said that they are prepared to invest significant funds into its **semiconductor industry**, per Reuters
- **5G** is continuing to grow rapidly despite component shortages, says Digitimes.

### Hawk Database

**JD** has seen size buyers in the October \$67.50 calls and July \$72.50 calls this week

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## Analyst Notes

### Upgrades

- **T** raised to Buy at UBS, analyst believes AT&T's target for \$20B in free cash flow is achievable and that its capital intensity should ease beyond 2023, paving the way for buybacks two years earlier than expected
- **DDOG** raised to Overweight at MSCO, analyst sees evidence of accelerating market share gains and believes underlying demand trends have recovered to pre-pandemic levels heading into a period of easier year-on-year comparatives
- **PSTG** raised to Buy at Stifel, the analyst likes their simple, best-in-class product and service portfolio while the value contributions from the company's burgeoning cloud and as-a-service offerings are underappreciated
- **LAD** raised to Buy at BAML; Based on the aggressive actions taken thus far and the capital markets willingness to fund LAD's efforts, we believe the company's target for \$3-5bn in acquisitions per annum (acquired revenue) through 2025, as well as \$50bn in revenue and \$50 in EPS by 2025, is increasingly likely/maybe even conservative. In fact, a (not so) blue sky scenario analysis of \$50 in EPS and through-cycle average dealer multiple of 12-16x P/E implies that LAD could be a \$600-\$800 stock by 2025, or \$450-\$600 discounted back to 2025 at a 7.5% rate
- **KAR** raised to Buy from Underperform at BAML; view that recent management changeover (new CEO Peter Kelly succeeded Chairman Jim Hallett in April 2021) could catalyze a broader turnaround effort at the company and will likely result in more sustainable improved operating performance and more streamlined pursuit of new business ventures and acquisitions
- **LW** upgraded to Buy at Stifel
- **SPLK** raised to Neutral at UBS
- **ASAN** raised to Overweight at KeyBanc
- **BLMN** raised to Buy at Gordon Haskett
- **COMM** raised to Outperform at Evercore
- **PXD, FANG** raised to Outperform at ScotiaBank
- **SPCE** raised to Buy at UBS
- **WTFC** raised to Buy at Truist

### Hawk Database

**DDOG** has shown some relative strength since 10,000 September \$90 calls bought on 5/17 for over \$5.8M.

### Downgrades

- **ATHM** downgraded to Underperform at Macquarie
- **NLSN** cut to Neutral from Buy at Citi

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- **STX** cut to Perform at Northland

### Initiations

- **BBIO, APLS, FOLD, ZNTL, KYMR, KDMN** started Buy at UBS
  - On **APLS** - lead asset APL-2 targets a core piece in the complement system, which has significant potential across many diseases
  - On **KYMR** - anticipates a near-term inflection, stating Kymera is a protein degradation player offering a novel modality that has the potential to rapidly accelerate drug innovation and open the door to a large number of undruggable targets
  - On **FOLD** - sees potential updates on regulatory/manufacturing next steps over the next one to two years possibly driving more investor credit
- **LDOS** started Buy at Citi, deserves a premium multiple thanks to ramping IT modernization, Health exposure and an ability to drive better margins
- **THG, AIZ** started Buy at BAML; AIZ stock trades fairly close to the P&C insurance group on a year-ahead P/E basis (105%), but we believe its comparatively capital-light mix and higher return profile merit a higher premium. The Hanover is relatively well-positioned to weather industry challenges from rising loss cost trends on the Commercial lines side and a hyper-competitive environment on the Personal side. Furthermore, its ROE has consistently outperformed that of the industry, which we expect to continue.
- **ONEM** started Overweight at KeyBanc
- **DISH** started Buy at Benchmark
- **OSH** started Outperform at Bernstein

### Other Notes

- **HON** growth is underappreciated, says JPM, as the analyst believes Honeywell's presentation on the future of urban mobility in the \$11.5B aerospace segment highlighted another one of the company's underappreciated growth opportunities. Investors underappreciate the many growth initiatives Honeywell has embedded in its portfolio that are on the cusp of bearing fruit in the middle of key early stage secular trends
- **AZO** target to \$1665 from \$1562 at JPM
- **TSLA** target cut to \$700 at BAML

## Trade Ideas

**Leslie's (LESL)** strong day on Thursday and back above its 8- and 21-day MA with MACD near a bull cross. Shares are close to a bull wedge breakout above \$29 and forming a wide post-IPO cup and handle with a move through \$31.50 measuring out to \$40. LESL could see sentiment pick up into the Summer with pool season expected to be big again in 2021 with their maintenance and services business likely picks up from big buys in 2020



### Technical Scans

**Inside Days:** IOVA, ECL, PH, GNTX, CE, TTC, BAH, CHH, NTR, RKT, EMN, STLD, CMI

**Bull Reversals:** LEVI, CSCO, PGR, EXLS, CRI, WAB, RIO, MAT, PFGC, VFC, HSIC, KR, EXP, BBY, FCX, TX

**Ready to Run:** WYNN, TDG, NXST, ALNY, GRMN, LESL, TV, NOMD, BRKR, ZBRA, ZTS, NTGR, PSA, SMPL, QURE

## Biotech Options Flow

**Celldex Therapeutics (CLDX)** with a large trade on 5/20 that opened 2000 January \$30 calls at \$7.40 as the May \$25 calls closed while 1000 May \$20 calls bought on 1/6 look ready to exercise, 600 August \$25 long calls remain and over 1500 January \$30 calls already in OI from prior buyer flow. CLDX has been a relative strength Biotech with shares +58% YTD and in a nice weekly rising channel. Shares have consolidated since hitting a new high recently but have room up to \$40. CLDX is a biopharmaceutical company dedicated to developing therapeutic monoclonal and bispecific antibodies that address diseases for which available treatments are inadequate. Its drug candidates include antibody-based therapeutics which have the ability to engage the human immune system and/or directly affect critical pathways to improve the lives of patients with inflammatory diseases and many forms of cancer. CDX-0159, a monoclonal antibody that specifically binds the KIT receptor and potently inhibits its activity, which completed a Phase 1a study in healthy subjects in summer 2020. CDX-1140, an agonist monoclonal antibody targeted to CD40, a key activator of immune response, currently being studied in a Phase 1 study. CDX-527, a bispecific antibody that uses our proprietary highly active anti-PD-L1 and CD27 human antibodies to couple CD27 co-stimulation with blockade of the PD-L1/PD-1 pathway, for which it initiated a Phase 1 study in advanced solid tumors in August 2020. CLDX has a market cap of \$1B and revenues not seen near-term as a clinical stage Biotech while it has \$195M in cash. Analysts have an average target of \$35 and short interest is elevated at 25% of the float. HCW rates shares Buy with a \$36 target positive on recent CDX-0159 data as being highly promising after an 80% response rate. Cantor raised its target to \$35 in February seeing potential for CDX-1059 in prurigo nodularis which could open an important market opportunity. CLDX trades fairly cheap for the potential market opportunity and could attract M&A interest.



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### IPO Profile

**Oatly (OTLY)** debuting this week after pricing their IPO at \$17/share and then opening around \$22, valuing the company at more than \$10B. The Swedish company raised \$1.4B. Blackstone is a 10% holder and they have other big name backers like Oprah and Starbucks CEO Howard Schultz. The maker of oat-based dairy substitutes was started in 1994 at a Swedish research program which used enzyme technology to make oats into a liquid food. They didn't come to the US however until 2016 and are now in 20 countries, 60,000 retail doors, and 32,000 coffee shops. OTLY has an interesting origin story in the US choosing to start in coffee shops before expanding into grocery stores and other channels. Today, they participate not only in the milk category but also ice cream and frozen dessert, yogurt, cream, cheese and other dairy products.

The company is capitalizing on a massive shift away from animal-based products and towards more sustainable, plant-based alternatives. OTLY is also capitalizing on massive spending flows from Millennials and Gen Z which have led this shift. The company has been at the forefront of recognizing carbon footprint impact and actually labeling their products with the info in Europe. They note that 25% of the human impact on climate is driven from the food industry (this is compared to 14% from transportation). This is despite the fact that animal-based products account for just 20% of consumed calories. The global dairy market is \$600B with a large foodservice footprint and burgeoning e-commerce opportunity. Milk is the largest subset within the category at \$179B in 2020 and estimated to hit \$247B by 2025 growing at a 6.6% CAGR. The trend towards non-dairy substitutes is accelerating too. In the US, since 2018, 32% of consumers have reduced their milk intake and many have shifted to plant-based alternatives.



OTLY is an emerging leader in an attractive category and should continue to draw positive flows given its ESG angle and big numbers. They'll draw comparisons to Beyond Meat (BYND) but they have better footprint established already with QSRs and in grocery retail. A better comp may be to WhiteWave which was acquired by Danone in 2017. OTLY had revenues of \$421.4M last year, up 106.5% from 2019, and rising from 72.9% growth in 2019. They had a \$120.7M in gross profit with margins of 30.7%. In 2020, retail sales growth rates were 99% in the United Kingdom, according to IRI Infoscan, 199% in Germany and 182% in the United States, according to Nielsen. They entered the China market in 2018 and have seen strong growth with a rate of 450% through 2020. Some key drivers going forward include adding new co-manufacturing partners, new product launches, and expanding geographies.



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## Extras

**Pinterest (PINS)** strong close with 4000 January \$80 calls trading \$4.40

**Shake Shack (SHAK)** with 300 January 2023 \$65 puts sold to open \$8.90

**Alliance Data (ADS)** late day action bought 4000 June \$130/\$140 OTM call spreads with shares flagging under recent highs

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## Open Interest Checks

		<u>OI Checks</u>		
Ticker	Contract	Prior OI	New OI	OI Change
X	January 2023 \$25 Calls	3,464	12,937	273.47%
MSFT	June 2022 \$260 Calls	2,427	6,894	184.05%
BX	June \$87.50 Calls	1,664	4,134	148.44%
AMD	July \$77.5 Calls	3,813	8,167	114.19%
UAL	September \$50 Puts	4,273	8,723	104.14%
U	June \$105 Calls	7,128	13,686	92.00%
JD	October \$67.5 Calls	8,095	13,104	61.88%
PDD	June \$145 Calls	2,766	4,419	59.76%
EXPE	August \$175 Calls	3,212	4,753	47.98%
USFD	August \$40 Calls	15,252	20,592	35.01%
U	August \$100 Calls	3,282	4,290	30.71%
CP	September \$84 Calls	5,064	5,233	3.34%
UNH	August \$420 Calls	1,691	1,564	-7.51%
TXN	July \$185 Calls	6,737	3,196	-52.56%

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## What They're Saying

**Vonage (VG)** at MSCO Conference on its transition... "Our unified communications is in the early stages of moving to the cloud. The contact center is becoming a core part of almost every company's customer engagement strategy. And if you look at the API ecosystem, it's really enabling companies to differentiate the experience, right, and the way they engage with customers through that embedded communication platform. I mean we think we're just at the beginning of this new way of doing business. But the integration and the breadth and depth of our platform, I think, is going to be something we're going to see continued explosive growth not just for the next year, but the next 3 years and perhaps even longer as we go through. And we were able to really capitalize on the video portion of our APIs within our high-value offerings. And really, our video opportunity show some exceptional growth. And if we look at where that was, it was really driven by telehealth. As folks were trying to communicate without actually going into any of the medical facilities, more remote learning as well as some of the social aspects just feeling connected, whether it be through fitness and what have you and just more virtual events. So our customers created many new experiences and new ways of

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doing business that we think is really well beyond the pandemic. It just opened up new markets and connection points. And the rate of the digital transformation continues to accelerate for businesses everywhere. In my previous background, look, we said there is a relatively small amount of folks moving to the cloud, it's heightened, right, the need for people to see the opportunities. And as companies are accelerating their e-commerce, their e-support plans and those industries around the remote facilities like health, and education, events, we're really seeing an unprecedented increasing growth rates. That digital transformation of business communications is really becoming a critical driver of business outcomes. And as hybrid work environments are really taking hold and the work from anywhere becomes the new standards, customers really expect that they need to interact with businesses across any channel across the globe based on what their customers and they prefer. And this reflects the opportunities that we see within our UCC pipeline, as we feel this is going to return, right? And we feel a confident return of growth."

**Decker Outdoor (DECK)** on China market opportunity for HOKA brand... "We also talked about the fact that the international growth is really kicking in from a units perspective, which is great to see the balance of that business globally and the balance across distribution. The one area that we talked about investing in and we're starting to invest in infrastructure building this year is China. It's still a relatively small business in China. It's a very exciting market for us to get into. We've been leveraging really the UGG team on the ground there for DTC for HOKA, but it's time to start putting dedicated full-time heads on the HOKA team in China to get after that. So \$800 million this year. Obviously, we're on the path to \$1 billion earlier than we expected. And the momentum seems to be just building as people become more aware of the brand, and we bring more consumers, particularly younger consumers into our ecosystem, really focusing on repeat purchases and expanding into new styles beyond just core running. We think the formula there is right. I think the controlled distribution, the product assortment. The fact that we are resonating in multiple categories in multiple markets globally gives us a lot of confidence that I see in some ways, we're still in the early innings for this brand."

**Applied Materials (AMAT)** earnings call on major secular trends and the 5 overlapping inflections... "First, at a macro level, digital transformation of the economy is rapidly advancing. Digital transformation is driving exponential growth in data generation, which leads to the second major inflection, AI computing. Third, the benefits of traditional Moore's Law 2D scaling are slowing down, and the semiconductor industry is transitioning to a new playbook to drive power, performance, area, cost and time to market. As the PPAcT playbook is adopted, it is driving a step-up in investments across the ecosystem. Fourth, there's an increased focus on ensuring that growth is sustainable and responsible as the industry scales and advancing energy-efficient computing is critical. And fifth, there's a business model inflection as companies migrate away from products and transactions to outcomes and deeper collaborations focused on speed and time to market. These 5 factors add up to strong and strengthening demand for wafer fab equipment and advanced services that we believe is sustainable well beyond 2021."

**Sonos (SONO)** at Morgan Stanley Conference on 3 major Macro trends that power its confidence in the future growth... "The first is, we are in this golden age of audio, where everything is streaming, people are listening more than ever. And you see this, whether they're in the home or on the go. And so podcasts, audio books, now social audio, right? People are engaging with audio in a different way. The second is really around what we've seen with the video streaming side. So we've seen a lot more going direct-to-consumer for video and a lot more new movie releases, but just a lot more content in general. And you need a way at home to really enjoy that in its full fidelity. And that's really powered part of -- a big part of our business, which is sound bars and home theater, making that audio experience in -- for video really great. And the last is what Rich Barton coined the great reshuffling, and I'm a big believer in, I'm seeing it happen, where a lot of people, particularly in the -- our

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target audience are moving because they have the flexibility to do so right now, as the world kind of changes and people rethink where they work and where they live. And so we're seeing that."

## Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew
TCOM	2K Spe \$32 Puts Bought / 3500 Jan \$40 Short Puts / 3350 Sep \$50 Calls / 3K Spe \$38 Short Puts / 7500 June \$36 Calls	Higher 3 of 5	6.88%	5.61%	2.00%	-1.4%	3.44%
TTWO	1K Dec \$185 Short Puts, 1500 Jan \$195 Calls / 1500 Jan \$190 Short Puts	Lower 3 of 5	7.45%	5.50%	3.03%	30.9%	1.90%
IQ	15K Sep \$10 Short Puts / 20K June \$27.5 and \$30 Calls Bought / 20K Jan \$12.5 Puts Bought	Lower 4 of 5	12.10%	10.39%	13.90%	-24.8%	2.94%
M	20K May \$15 Puts Bought / May 18/20 Call Spreads 15K	Higher Last 3	8.25%	8.89%	12.23%	-17.4%	-0.04%
LOW	Strong Bearish Bias of Put Accumulation in June and September	Higher 4 of 7	5.63%	4.54%	0.94%	-11.1%	2.07%
JD	Mixed Flows - 2K Dec \$75 Calls Bought, 2K Jan 2023 \$65 Short Puts, 2K Dec \$60 Put Buy, 10K Aug \$65 Short Puts	Higher 4 of 5	7.78%	5.71%	2.29%	0.5%	0.71%
TJX	4500 July \$67.5 Short Puts, 19,500 July \$67.5 Calls Bought, 4350 Oct \$65 Calls Bought	Higher 4 of 6	6.43%	4.21%	0.95%	-18.9%	3.32%
BEKE	3K Oct \$35 and 1400 Jan 2023 \$45 Short Puts / 3K May \$45 and \$40 Puts Bought in OI / 2K Oct \$60 Short Puts	Higher 1 of 2	15.30%	9.18%	1.60%	9.6%	4.72%
ADI	8000 Sep \$155 Calls Bought in OI, 10K May \$145 Short Puts, 4500 Sep \$150 Calls Bought	Higher 4 of 6	4.78%	3.39%	9.89%	3.7%	-4.69%
SNPS	1850 Sep \$270 Calls Bought in OI	Higher 3 of 4	5.70%	5.11%	1.10%	-7.8%	8.17%
KEYS	1850 May \$150 Calls Accumulated w/ Buyers / 1K Jan \$130 Calls	Lower 3 of 4	5.83%	4.25%	3.36%	8.8%	3.84%
LB	5K Aug \$80 Call Buy, June Call Buys, 2K Sep \$75/\$95 Call Spreads, Size May Bull Out	Higher Last 6	14.00%	7.05%	3.43%	-2.6%	-2.80%
ROST	No Major Size in OI	Lower 7 of 8	4.00%	4.64%	0.92%	-42.6%	-2.84%
KSS	3K Oct \$62.5 Calls Bought in OI, 7K Jna \$35 Calls, 11K July \$37.5 Calls	Lower 6 of 8, Higher Last 2	11.25%	7.78%	7.02%	-3.5%	4.53%
DECK	850 June \$300 Short Puts	Lower 5 of 7	8.20%	6.10%	3.36%	25.7%	2.12%
LSPD	2350 May \$60 Puts Bought in OI	No History	-	10.76%	2.10%	14.3%	-2.93%
BJ	2450 Aug \$30 Short Puts, 2K May \$45 Calls Bought	Higher 4 of 5	9.45%	7.20%	11.18%	-13.1%	3.80%
VFC	5K Aug \$97.5 Calls Bought in OI / 3300 Aug \$87.5 Calls / 2K June \$92.5 Calls	Lower Last 6	7.30%	4.30%	1.91%	20.5%	4.51%
FL	2K May 28th (W) \$49 Short Puts / 4450 May \$60 Calls Bought / 2K Jan \$45 Short Puts in OI, 5850 Jan \$40 Short Puts	Lower 6 of 8	9.70%	7.50%	4.38%	-3.4%	4.54%

## Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
AMAT	Applied Materials	\$1.63	\$1.51	\$5,582.00	\$5,401.32	41.10%	FY Above
DECK	Deckers Outdoor	\$1.18	\$0.62	\$561.20	\$434.41	49.70%	FY In Line
PLUS	ePlus	\$1.41	\$1.28	\$352.60	\$392.45	-3.80%	
FLO	Flowers Foods	\$0.41	\$0.39	\$1,302.17	\$1,325.81	-3.50%	
PANW	Palo Alto Networks	\$1.38	\$1.28	\$1,073.90	\$1,057.90	23.50%	FY In Line
ROST	Ross Stores	\$1.34	\$0.83	\$4,516.08	\$3,799.55	145.10%	

## Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
BKE	Buckle	\$1.17	\$0.25	\$299.10	\$197.90	159.20%	
DE	Deere	\$5.68	\$4.38	\$10,998.00	\$10,269.80	33.70%	
FL	Foot Locker	\$1.96	\$1.02	\$2,153.00	\$1,856.23	83.10%	
ROLL	RBC Bearings		\$1.07		\$158.97		
VFC	V.F. Corp	\$0.27	\$0.28	\$2,582.67	\$2,501.07	22.80%	FY Above

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BAH	Booz Allen Hamilton	\$0.89	\$0.84	\$1,979.28	\$1,998.58	0.50%	FY Above
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**AMAT** – Beat on EPS and Revs – "Applied Materials' record performance is underpinned by broad-based strength across our semiconductor businesses," said Gary Dickerson, president and CEO. "We are confident in our ability to outperform our markets as large, secular trends create sustainable demand for semiconductors and our leadership in materials engineering becomes increasingly critical to deliver new chip technologies."

**DECK** – Beat on EPS and Revs – "Fiscal 2021 was an exceptional year for Deckers, led by global growth of the HOKA brand, and broad-based demand for the head-to-toe assortment of UGG brand products," said Dave Powers, President and Chief Executive Officer. "While our fourth quarter benefited from certain macro tailwinds as well as lapping last year's disruption, the health of our brands, strength of our omni-channel organization, and our digitally focused long-term strategies provided the foundation for success over the past year, accelerating our growth trajectory. We are excited for the year ahead as we invest in the long-term evolution of Deckers to drive sustainable top and bottom-line growth."

**PANW** – Beat on EPS and Revs – "The work-from-home shift earlier in the year and recent cybersecurity issues have increased the focus on security. Coupled with good execution, this has driven great strength across our business, with Q3 billings growth accelerating to 27% year over year. In particular, we saw a number of customers make large commitments to Palo Alto Networks across our three major platforms," said Nikesh Arora, chairman and CEO of Palo Alto Networks. "We are pleased to be raising our guidance for fiscal year 2021 as we see these trends continuing into our fiscal fourth quarter, bolstering our confidence in our pipeline."

**ROST** – Beat on EPS and Revs – Barbara Rentler, Chief Executive Officer, commented, "First quarter sales significantly exceeded our expectations as we benefited considerably from a combination of government stimulus payments, ongoing vaccine rollouts, easing of COVID restrictions, and pent-up consumer demand. In addition, customers responded enthusiastically to the broad assortment of great bargains we offered throughout our stores. Operating margin of 14.2% was well above plan and slightly above 2019 as leverage from the strong comparable sales gains offset the expected expense pressures from higher freight and wages, as well as ongoing COVID-related operating costs."

**DE** – Beats on EPS and Revenues (+33.7%) - Our results received support across our entire business lineup, reflecting healthy worldwide markets for farm and construction equipment. Our smart industrial operating strategy is continuing to have a significant impact on performance while also helping customers do their jobs in a more profitable and sustainable manner. We are working closely with key suppliers to secure the parts and components that our customers need to deliver essential food production and infrastructure. Despite these challenges, Deere is on track for a strong year and we believe is well-positioned to unlock greater value for our customers and other stakeholders in the future. Production and precision agriculture sales increased for the quarter due to higher shipment volumes and price realization. Operating profit rose primarily due to price realization and higher shipment volumes / sales mix. These items were partially offset by higher production costs.

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## Disclosures

**Not Investment Advice or Recommendation**

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*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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