



Inside Today's Blitz

- Bipartisan Senators Reach Infrastructure Deal without a Tax Hike
- Global stocks relieved after US inflation data
- **VRTX** not advancing key pipeline drug; **NVDA** buys autonomous mapping company; **AAPL** hires car executive; **DIDI** to come public this Summer

Market Outlook

Futures indicating a quiet open this morning after hitting record highs with the **Dow** up 24 bps, the **S&P** up 17 bps, and the **Nasdaq** up 19 bps. Global stocks remain strong following US inflation data and as the G-7 meetings continue. Energy is modestly higher with **WTI** up 26 bps. **Natural Gas** is up sharply gaining 3.45%. **Gold** is flat while **Silver** is up 116 bps. **Copper** is climbing strong up 2.35%. **Grains** are weak with **Corn** and **Soy** each off more than 1%. The **USD** is up 14 bps. **Bonds** are up 13 bps. **VIX** is 15.75, moving below 16 after sinking yesterday. **Lumber** is being sold off sharply down 3.6%. **Bitcoin** is up another 2.2% as the rebound from earlier this week sticks.

Asian markets were mainly weaker with machinery makers **Komatsu** and **Kubota** off 3-5%. India stocks closed at record highs as COVID-19 cases eased further. **China** stocks were lower led by weakness in liquor and financial firms. **Japan** was marginally lower with cyclical stocks, banks, and real estate weak while **Toshiba** fell 1.6% on an investigative report.

European markets are mostly higher with strength in mining stocks like **Glencore**, **Anglo American**, and **Antofagasta**. Strength also seen in some apparel names like **Pandora**, **LVMH** and **Christian Dior** while Bank stocks were mostly lower with January-May bond issuance falling short of expectations. Spanish hotel chain **Melia** rose 0.7% after its chief executive forecast a return to profitability. European stocks are seeing optimism in the reopening with investors rotating to cyclical stocks. The European Central Bank raised its growth and inflation projections for the euro zone on Thursday but pledged a steady flow of stimulus over the summer.

Calendar

Today...Consumer Sentiment at 9am; G7 Leaders Summit

Next Week...Earnings from **ADBE**, **ORCL**, **LEN**, **JBL**; Retail Sales, PPI, and Industrial Production Tuesday; Housing Starts, EIA and FOMC Decision Wednesday; Jobless Claims and Philly Fed Thursday;

Conferences: BAML Media, CSFB Communications, Evercore Retail, MSCO Financials; Oppenheimer Consumer, Berenberg Software, Deutsche Bank Auto, JMP Life Sciences; **Analyst Days** at **HUM**, **DXC**, **VOD**

Overnight Markets

	Price	Change
Nat Gas	3.258	3.46%
Copper	4.591	2.36%
Oil (WTI)	70.47	0.26%
Silver	28.36	1.16%
Gold	1896.8	0.02%
US Dollar	90.2	0.14%

Technical View



Key Levels to Watch

S&P Futures (ES_F) based nicely and pushing higher with three strong bars before the open, holding 4228 key now, and below would likely target a move back to 1-month VWAP at 4215. To the upside we are still looking to revisit the highs near 4250 with 4255 a Fibonacci extension target.

Economic Data

- **Germany** wholesale prices rise at fastest pace since mid-2008
- **UK** GDP rose 2.3% in April, above 2.2% expected and fastest since July 2020
- **China** Auto sales fall 3% in May, first drop in 14 months

Macro News

- **IEA** sees oil-demand surpassing pre-COVID levels by end of 2022

Sentiment

- **Bonds** - The WSJ highlights that cheap dollars are attracting foreign investors to treasury's while pension buyers have also becoming big buyers and the demand pickup could weigh on Treasury rates even as the economy strengthens
- **Fed** – WSJ notes that the inflation rate climb is adding impetus to a Fed policy shift and Central bankers are set to begin talking about easing bond purchases as soaring prices test patience
- **Crypto** – Bitcoin and other crypto assets are being targeted for stiff banking regulation. A proposal for a strict new rule that would require banks to essentially set aside a dollar in capital for every dollar of bitcoin they own

Movers

Gainers: PLAY 5%, ARWR 5%, PGEN 30%, AMEH 10%, FLR 3%

Losers: CHWY -2.3%, VRTX -14%, ELY -4%, SNOW -4%, LOGI -2.7%, CVAC -8%

Insider Buying

DLTR, CHRS, EVFM, VKTX, FRG

IPO Calendar

Kanzhun (BZ) is raising \$864M at a \$8.4B valuation

TaskUs (TASK) is raising \$300M at a \$2.5B valuation – Priced \$23

Stock-Specific News

Consumer

- **Didi Chuxing (DIDI)**, China's ride-hailing giant, unveils US IPO filing with plans to come public in July and could fetch a \$70B valuation – WSJ report
- **Signa Sports United**, a leading ecommerce platform for sporting goods, agrees to come public via SPAC with **YAC**
- **ELY** to replace **GRUB** in S&P 400

Financials

- **CIT** is selling its aviation loan portfolio to **KKR**
- **ADC** 4M share offering

Healthcare

- **VRTX** Phase 2 study in VX-864 in Alpha-1 Antitrypsin deficiency achieves primary endpoint; **VRTX** will not advance to late-stage development
- **AMEH** to be added to the S&P 600
- **GILD** announces FDA approval of new formulation of Eplusa
- **PGEN** positive Phase 1b/2a results in AG019 ActoBiotics for the treatment of recent-onset type 1 diabetes
- **ABBV** VENCLYXTO/VENCLEXTA Fixed Duration Combination Demonstrates Sustained Progression-Free Survival in Chronic Lymphocytic Leukemia Patients after Three Years off Treatment
- **BGNE** Presents Long-Term Efficacy and Safety Results from Three Pivotal Trials of BRUKINSA® (Zanubrutinib) and Tislelizumab at EHA2021
- **NVS** reports iptacopan shows benefit as monotherapy in treatment-naïve patients with rare and life-threatening blood disorder paroxysmal nocturnal hemoglobinuria
- **XLRN, BMY** Present First Results from Phase 2 BEYOND Study of Reblozyl® (luspatercept-aamt) in Adults with Non-Transfusion Dependent (NTD) Beta Thalassemia
- **BLUE** betibeglogene autotemcel (beti-cel) One-Time Gene Therapy for β -thalassemia Continues to Demonstrate Durable Efficacy Across Pediatric and Adult Patient Populations and All Genotypes
- **AGIO** Presents Positive Results from Phase 2 Study of Mitapivat in Non-transfusion-dependent α - and β -Thalassemia
- **EDIT** reports preclinical data supporting the initiation of the EDIT-301 Phase 1/2 RUBY Clinical Trial for the treatment of sickle cell disease
- **INCY** PDUFA for ruxolitinib cream for the treatment of atopic dermatitis extended 3 months to 9-21-21

Hawk Database

ABBV buyer of 2500 September \$120 calls yesterday after November \$105 and \$110 calls each bought 1000X ITM 6/9. **ABBV** also still has over 16,000 July \$110 calls bought in OI

On the Chart

BGNE hit a top bull chart scan last night with a nice weekly consolidation setting up for a potential new high breakout.

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Industrials

- **AAL** to invest in **Vertical Aerospace**
- **UHAL** special cash dividend of \$0.50/share
- **LHX** awarded \$3.3B Army contract

Energy & Materials

- **RFP** announces \$1/share special cash dividend
- **ESI** makes offer to acquire **Coventya** for EUR420M in cash; a provider of specialty chemicals for the surface finishing industry

Tech/Telecom

- **AAPL** is hiring a former **BMW** Executive to lead its car project according to Bloomberg
- **NVDA** is buying autonomous vehicles' mapping startup DeepMap, no terms disclosed
- **MKSI** has approach **Atotech** eyeing a potential \$4.7B deal according to Reuters

Utilities

- -

On the Chart

MKSI forming a nice weekly consolidating as the rising 21-week moving average has held many tests, above \$192.5 can run strong.

Analyst Notes

Upgrades

- **CNQ** raised to Buy at Goldman; see upside to consensus and material FCF generation
- **BIIB** raised to Outperform at Bernstein, \$500 target; sees Aduhelm reaching \$10B in sales in 2023, conservatively
- **ERJ** raised to Buy at BAML
- **STX** raised to Neutral at SIG
- **IP** raised to Buy at Argus with \$75 target seeing products in high demands on other side of pandemic and strong recent business trends
- **BBU** raised to Outperform at CSFB
- **CELH** raised to Outperform at CSFB, target to \$78 from \$57
- **UNFI** raised to Buy at Northcoast

Hawk Database

STX a name with a lot of bullish OI accumulating as August \$100 calls bought yesterday, January \$97.5 puts sold to open the day prior, and size in September \$115 calls 12,000X and July \$110 calls 20,000X

Downgrades

- **LOGI** cut to Equal Weight at MSCO
- **CRCT** cut to Hold at MSCO
- **SMAR** cut to Perform at RBC

Initiations

- **DOCU, JCOM, PEGA, TWLO, ZM, DBX** started/assumed Outperform at RBC
- **OWL** started Buy with \$18.50 target at Goldman; a niche Alternative manager with outsized EPS growth prospects and attractive business attributes including (1) 100% of earnings from FRE, and (2) mostly a permanent capital AUM base creating significant model durability
- **ACI** started Underperform at Goldman; based on 1) Expected earnings headwinds in coming quarters owing to the lapping of COVID tailwinds and rising inflation 2) The lack of near term catalysts to drive spreads tighter, whether an upgrade, sale-leaseback, or tender / liability management and 3) Risks unique to ACI not present elsewhere in our food universe, including required annual pension contributions, a unionized labor force, and concentrated equity ownership
- **VXRT** started Overweight at Piper seeing high success potential for its seven candidates through 2022
- **HGEN** started Outperform at CSFB as favorable Phase 3 data for lenzilumab in COVID could support an emergency use authorization decision by late summer
- **NTLA** started Buy at HCW with \$111 target seeing a de-risking readout in the horizon
- **NDAQ** started Overweight at MSCO; **CBOE** started Underweight; **CME, ICE** at Neutral
- **TENB** started Buy at Needham
- **GPOR** started Buy at Truist
- **KARO** started Outperform at Ray-Jay as an attractive way to invest in the growth of connected cars on a global basis, given its leading telematics platform and go-to-market engine that has consistently delivered double-digit y/y subscription growth

Other Notes

- **PRTA** target raised to \$50 from \$28 at RBC on its early stage Alzheimer's program after the Biogen results
- **BLK** target raised to \$1005 from \$922 at Deutsche Bank; notes competitive position in the asset management industry and durability of

Hawk Database

LOGI August and September puts accumulating into recent strength

On the Chart

TWLO one to watch, it has lagged the rallies in peers despite being one of the stronger fundamental stories. It looks good above \$329.

organic growth will continue to gradually expand its premium valuation to peers

- **HES** target to \$100 from \$80 at JPM
- **HOLX** weakness a buying opportunity says Citi
- **VRTX** weakness being deended at Goldman and Stifel as over-reaction, CF franchise is undervalued

Trade Ideas

Horizon Therapeutics (HZNP) a long-time favorite name with a long weekly flag forming under the \$95 level it needs to close above on a weekly basis and break out of the lower highs on weekly RSI. A move above can start a run to \$120.



Technical Scans

Ready to Run: SHOP, SNAP, ATVI, VEEV, SNPS, PANW, MRVL, BGNE, YNDX, TEAM, ZS, MDB, ESTC, ARGX, BEAM, LSPD, ALGM, WK, TENB, SAFE, ACCD, MANT, MXL, SITM

Basing Above 200-MA: GDDY, AMGN, EXEL

Strong Trend Off Higher Base: ILMN, INCY, XP, NTRA, FATE, QTRX, SCR

RSI Leading: AMZN, BDX, TWTR, KLAC, PINS, ALGN, DXCM, STM, ENPH

Small Cap Profile

Inspired Gaming (INSE) looks to be an overlooked play in gaming with strong growth seen ahead in revenues and profitability.

INSE is a global gaming technology company, supplying content, platform and other products and services to online and land-based regulated lottery, betting and gaming operators worldwide through a broad range of distribution channels, predominantly on a business-to-business basis. Its content and other products can be found through the consumer-facing portals of its interactive customers and, through land-based customers, in licensed betting offices, adult gaming centers, pubs, bingo halls, airports, motorway service areas and leisure parks. Key customers include William Hill, SNAI, Sisal, Lottomatica, Betfred, Paddy Power, Betfair, Genting, bet365, Sky Bet, Fortuna, the Greek Organisation of Football Prognostics S.A. (OPAP S.A.), Entain Plc, the Pennsylvania Lottery, Bourne Leisure, Greentube, Stonegate, Mitchells & Butler, Marstons PLC, Greene King, JD Wetherspoon PLC, Parkdean Resort, Centre Parcs Resorts and Novomatic. INSE generates 70% of revenues from UK operations.

The Gaming segment supplies gaming terminals as well as gaming software and games for the terminals provided to betting offices, casinos, gaming halls and high street adult gaming centers. SBG products offer an extensive portfolio of games through digital terminals with over 31,500 digital terminals. The SBG game portfolio includes a broad selection of

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popular omni-channel slots titles including the Centurion™ game family and Super Hot Fruits™ (featuring the Sizzling Hot Spins™ game family).

The Virtual Sports business designs, develops, markets and distributes ultra-high-definition games that create an always-on sports wagering experience in betting shops, other locations and online. The product comprises a complex software and networking package that provides fixed odds wagering on an ultra-high definition computer rendering of a simulated sporting event, such as soccer, football or basketball. Players can bet on the simulated sporting event, in both a streaming and on-demand environment, overcoming the relative infrequency of live sporting events. The Virtual Sports game portfolio includes titles such as V-Play Soccer, V-Play Football, V-Play Basketball, Virtual Grand National and V-Play NFLA, as well as greyhounds, other horse racing products, tennis, motor racing, cycling, cricket, speedway, golf and darts.

The Interactive business uses offerings from Gaming and Virtual Sports segments, as well as interactive-only content, via remote gaming servers to allow online gaming operators to use INSE games and content online and on mobile devices worldwide. INSE also has a Leisure segment that supplies gaming terminals and amusement machines to the Leisure and Hospitality sectors and one of the largest operators of “pay to play” gaming terminals and amusement machines in the UK. It also operates approximately 9,300 amusement machines and 2,200 gaming terminals in family entertainment centers located in holiday parks, bowling centers and other entertainment venues.

INSE currently has a market cap of just \$263M and trades 2X FY22 EV/Sales with revenues seen growing 16% in 2021 and 44% in 2022 while EBITDA at -19.5% and +52% respectively. INSE operates with 79% gross margins and Adjusted EBITDA margins seen at 30-35% and generates strong FCF. INSE expanded margins during the recent tricky period and showed the scalability of its business and long-term contracts with a high amount of recurring revenues provide stability in results. INSE does have \$330M in debt with \$47M in Cash.

In closing INSE feels way undervalued for its strong installed base and tailwinds from the UK and other European countries reopening while the US opportunity remains untapped. The Interactive segment is essentially a free call option on the growing iGaming market seen to hit \$89.5B by 2024. The debt burden has held shares back but as conditions improve it should be able to start generating strong cash flows to pay-down debt and allow for multiple expansion.

Extras

Lufax (LU) opening sale 3000 September \$12.50 puts \$1.25

Service-Now (NOW) buyer 250 March 2022 \$560 calls to open \$34 to \$34.30

Thor (THO) into weakness a buyer 400 January \$100 ITM calls \$24.10

NovoCure (NVCR) stock replacement opens 400 January 2023 \$260 calls for \$54.50

Alcoa (AA) opening sale 1500 January \$36 puts for \$5.55

Occidental Petro (OXY) opening sale 2000 November \$25 puts at \$2.23

Freeport (FCX) opening sale 2000 November \$38 puts for \$3.90

Las Vegas Sands (LVS) late day buyer 3250 September \$57.50 calls for \$3.35 to open

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
PLBY	July \$40 Calls	1,486	4,515	203.84%
AMD	September \$82.5 Calls	9,288	24,742	166.39%
TPX	September \$45 Calls	2,105	4,784	127.27%
IAA	October \$55 Calls	8,028	18,068	125.06%
PTON	January \$140 Calls	2,190	4,331	97.76%
BHF	August \$50 Calls	5,278	10,290	94.96%
KO	September \$55 Short Puts	4,703	8,602	82.90%
AMZN	August \$3500 Calls	1,834	3,104	69.25%
PFE	September \$39 Calls	7,199	11,462	59.22%
SYN	July \$75 Calls	6,337	10,053	58.64%
PDD	October \$115 Short Puts	2,185	3,448	57.80%
TSLA	March 2022 \$500 Calls	1,625	2,468	51.88%
BSX	August \$45 Calls	4,459	6,380	43.08%
DOCU	November \$200 Calls	5,011	7,035	40.39%
ABNB	July \$160 Calls	5,663	7,454	31.63%
NET	August \$95 Calls	1,429	1,865	30.51%
MCD	September \$230 Puts	2,281	2,832	24.16%
RTX	August \$85 Calls	7,165	6,422	-10.37%
FDX	January \$270 Puts	2,570	1,702	-33.77%
OPEN	July \$18 Calls	12,051	7,569	-37.19%
PTON	September \$95 Calls	6,136	3,442	-43.90%
PRTY	October \$10 Calls	8,749	4,293	-50.93%

What They're Saying

Autodesk (ADSK) at MSCO Conference describing the business and opportunity in ESG... “So we provide end-to-end software in the construction industry, architectures, engineers and construction and also in the manufacturing sector and also media and entertainment. And what we provide is best-in-class vertical tools to enable our customers to achieve their design and make ambitions. But important that we also connect them with horizontal data and collaboration tools that enable them to realize much greater efficiency and sustainability and really sort of build that across their supply chains into their processes. And really, if you think about construction and manufacturing being 2 of the largest sources of carbon and also things like waste in the economy, if those sectors are going to achieve their sustainability goals, they really have to implement end-to-end computing to do that. And we'll be the largest global provider doing that sort of thing. So that's why we're pretty excited about the opportunity ahead of us. Our customers are dealing with very complex environments. They're having to deal with shorter product life cycles. They're having to deal with product -- increasing product complexity, growing customer expectations. And at the same time, in the recent times, we've seen supply chain pressures. Our customers are having to reconcile all these, requirements and at the same time, reduce their footprint on the planet. And this is where our software comes in. Our software is helping our customers make these very complex trade-offs and decisions with up-to-speed kind of algorithms that factor in

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all things: materials, supply chain constraints, cost pressures, and give the customers a set of options that they can consider as they evaluate the outcomes that they're looking to achieve in the market.”

Illumina (ILMN) at Goldman Healthcare Conference on priorities for 2021... “We are entering 2021 with a huge amount of momentum in the genomics space and Illumina's business specifically. Q1 for us was a very strong quarter and exceeded our expectations with the first \$1 billion quarter in Illumina's history and record revenue across all our regions. So as we think about sort of the themes on the priorities for the rest of the year and for the coming years, There are probably 4 that I want to talk about. The first one is we want to continue to do everything we are doing to drive genomics to be accepted as a standard of care in clinical practice across domains like oncology therapy selection, reproductive health, genetic disease testing, and population genomics initiatives. We do a lot of work, both in terms of providing the technologies that power those programs, but also in helping drive reimbursement in countries So that the testing is accessible also in creating clear products to accelerate the adoption of these technologies. So our first priority is to continue to drive the adoption of genomics.”

ANSYS (ANSS) at Baird Conference on four key solution areas for the company... “There are 4 solution areas that I would point to as being particularly important right now: electrification, autonomy, 5G and IoT. These are areas where customers are spending significant amounts of investment, and there is a significant level of complexity. It's very difficult to build an electric car. There's lots of elements. Autonomous is obviously a challenging problem. 5G is also very challenging. And all of these areas require extensive uses of simulation, and we, of course, are in a position to support our customers as they embark on these initiatives in trying to be successful.”

Max-Linear (MXL) at BAML Tech Conference on some opportunities ahead... “Our infrastructure business is -- did about \$76 million last year. It grew a little over 60% in Q1 of this year. So things are really picking up nicely with some of the newer areas like optical. But on also our 5G products, we have a massive MIMO solution or a transceiver that's going into those markets. It's getting a lot of traction. Early days, but a big market opportunity for MaxLinear. And so we're very excited for those infrastructure products. We also have some new products. We've got a new transceiver in the backhaul space that's just now beginning to ramp, and that will continue to progress throughout the year while optical and while 5G really starts to come on in earnest. So that's kind of the infrastructure piece. So now if I think about a gateway in your home that historically we had \$15 of content in with the new content of Ethernet and WiFi and ultimately even some of our power management solutions on top of that, we can see that going up to, say, \$30-ish of content. So it's a big content increase. The WiFi solutions, our new products -- WiFi 6 is really just coming to market. We just started last year. We talked about our WiFi business doing on or about \$25 million last year. Expecting that to double this year and then really has the potential to even double again next year. So we're getting tremendous amount of traction and really pleased to see a product line -- always exciting to take a product line from less than \$20 million north of \$100 million. And I think we've got our sights on \$200-plus million in the not-too-distant future. It's a big, big market opportunity. Connectivity alone is north of a \$2 billion servable market for us.”

Earnings Review

Earnings After the Close (Thursday)							
Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
CHWY	Chewy	\$0.09	-\$0.02	\$2,140.00	\$2,129.10	31.70%	FY22 In Line
PLAY	Dave & Buster's	\$0.40	-\$0.19	\$265.30	\$256.59	66.00%	Q2 Above

CHWY – Beats EPS and Revenues (+31.7%) - Continued growth in our active customer base and strength in purchasing behavior drove our top line results. While we are pleased with our net sales in the quarter, elevated out-of-stock levels were a persistent headwind throughout the quarter and reduced our Q1 net sales by an estimated \$40 million. Efficiently adding new customers to our platform and then growing their share of wallet remains a key part of our growth strategy. Active customers increased by 4.7 million or 31.6% to end the first quarter at 19.8 million customers. New customer additions remained above pre-pandemic levels and, as anticipated, moderated against the peak pandemic levels of this past year. Further, retention rates remained steady as the 2020 cohort matures into their second year on our platform. First quarter net sales per active customer, or NSPAC, increased \$31 or 8.7% to reach \$388, a meaningful acceleration over our 2020 growth rate. In reviewing the purchase behavior of the Q1 customer cohort, we saw the same kind of positive engagement levels and basket size trends that we saw throughout 2020, which helped drive a 13% year-over-year increase in Q1 average spend per new customer. Top line momentum translated into improved margin performance. Q1 gross margin was 27.6%, reflecting a 420-basis-point increase, approximately half of which is the result of our efforts to improve customer engagement and drive structural growth in our hard goods, proprietary brands, specialty and health care verticals. The remainder came from normalizing freight costs against the COVID-related spike last year and the muted pricing and promotional environment.

Disclosures

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