



Inside Today's Blitz

- Markets await the Fed Meeting for more clarity
- **NVAX** vaccine 90% effective; **TSLA** positive BitCoin comments; **CANO** does \$600M bolt-on deal; **Boxed** to come public via SPAC

Market Outlook

Futures indicating a modestly higher open this morning after hitting record highs with the **Dow** up 2 bps, the **S&P** up 8 bps, and the **Nasdaq** up 132 bps. Energy strength remains with **WTI** up 69 bps. **Natural Gas** is pulling back slightly. **Gold** and **Silver** are both weak selling off 1.2% this morning. **Copper** is also lower. **Grains** are weak with **Corn** and **Soy** each declining sharply. The **USD** is down 13 bps. **Bonds** are flat. **VIX** is back near 16 jumping a bit to start the week. **Lumber** is being sold off sharply down another 5.5% while **Orange Juice** also off more than 5%. **Cocoa** and **Cattle** are the only bright spots in the commodity complex outside of **Oil**. **Bitcoin** is up another 5.5% as the rebound from last week gains momentum.

Asian markets were quiet with **China** closed for Holiday. **Japan** stocks rose modestly led by cyclicals while **Toshiba** gained after ousting two board directors. Shippers were the top gainers, with **Nippon Yusen** up 2.3% and also Tire manufacturers gained. **M3** gained 4.5%, while **Fanuc** rose 3.2% and **Keyence** climbed 2.7%. **Kobe Bussan** jumped 11.1% on strong guidance. Financials were the worst performers with the move in yields.

European markets moved to record highs as bets on the accommodative policy continuing gathered steam. **Shell** rose 1.5% on talks of a potential oil field sale. **Serco Group** jumped 3.8% after raising its 2021 profit outlook. Some top gainers included **TeamViewer** up 7%, **Vestas Wind** up 3%, and **Adyen** up 2%. There was notable strength across the Utility sector in Europe. **Philips (PHG)** a top decliner after announcing a recall of its CPAP devices.

Calendar

Today...Analyst Day at **ZI**; CSFB Communications Conference and MSCO Financials Conference

Tomorrow...Retail Sales, NY Empire, PPI, Industrial Production, Business Inventories and NAHB Housing Index; Earnings from **ORCL**; Analyst Days at **UPWK**, **HUM**, **HLIO**

Overnight Markets

	Price	Change
Nat Gas	3.294	-0.06%
Copper	4.527	-0.28%
Oil (WTI)	71.4	0.70%
Silver	27.81	-1.21%
Gold	1856.3	-1.24%
US Dollar	90.44	-0.13%

Technical View



Key Levels to Watch

S&P Futures (ES_F) are trading in a narrow range just below the recent highs with 4222 a first key area of support eyed for this week, followed by 1-week VWAP at 4215 and then the 4200 level. The upside still has some room for expansion to 4255.

Economic Data

- **Japan** April Industrial Production rises 2.9%, better than the 2.5% estimate
- **India** May Wholesale Prices rise 12.94% Y/Y, below 13.07% estimates
- **Eurozone** April Industrial Production rises 0.8%, faster than 0.4% rise in March

Macro News

- **Indian** policy markets seen tolerating high inflation for growth; The RBI isn't thinking about normalization at the moment, Governor Shaktikanta Das said this month – Bloomberg
- **Fed** could pencil in earlier rate increase at meeting this week after recent high inflation readings, the WSJ writes

Sentiment

- **CBOE Skew Index** hits a five-year high; The Skew Index measures perceived tail-risk in the S&P 500.

Movers

Gainers: **CRSR 14%, ORPH 21%, NVAX 8.3%, MARA 7.5%, RIOT 7%, CLNE 4.4%, CAN 6%, VLDR 4%**

Losers: **UPST -2.7%, CLF -1.6%, MRNA -1.8%, GOLD -1.4%**

Insider Buying

AI, REVG, ASAN, OPEN, DXC, ROP

IPO Calendar

Walkme (WKME) to price at \$29-\$32; SaaS play with Digital Adoption Platform (DAP)

Convey (CNVY) to price at \$14-\$16; provider of Medicare-focused software and services

Lyell (LYEL) to price at \$16-\$18; preclinical biotech developing T cell therapies for solid tumors

Angel Oak Mortgage (AOMR) to price at \$20-\$21; a mortgage REIT

SSKEW - CBOE Skew Index - Weekly Area Chart



Stock-Specific News

Barron's Recap

- **LLY, Roche** may benefit from the **BIIB** Alzheimer's approval
- **TSM** should be avoided with some bumpy quarters ahead
- **UPS** is a name to buy on the 15% correction
- **DOCU** is a smarter meme trade and investors should be buying

Consumer

- **Grab** CEO confident that SPAC deal will close by year-end after delay, says Bloomberg; The Singapore-based startup last week postponed the expected completion of the deal with **Altimeter Growth Corp. (AGC)** -- set to be one of the largest-ever mergers with a special purpose acquisition company -- to the fourth quarter as it works on an audit of the past three years.
- **Z Capital** is merging two portfolio companies **Affinity Gaming** and **Sports Info** to create a \$1.3B entity
- Bloomberg feature on the US Auto situation noting average age of cars on U.S. roads hit a record 12.1 years in January, setting up strong markets for sales of new vehicles and for repairs and maintenance
- **Boxed**, a grocery courier, set to go public via SPAC with **Seven Oaks (SVOK)**; deal would value the combined company at nearly \$900 million

Financials

- **UBS, DWS** move to submit final bids for **NN Group's** asset management arm, says Reuters; deal expected to raise \$1.9B

Sympathy Watch

The ageing auto situation seen as a positive tailwinds for names like **SNA, ORLY, AAP, AZO, VNT, MNRO**

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- **BitCoin** – Tesla’s Musk says will resume accepting with confirmation of clean energy usage
- **Stripe** featured in WSJ report noting that **SHOP**, Sequoia Capital have recently bought shares in Stripe which could go public later this year
- **WPG** files for chapter 11 bankruptcy protection
- **SAFE** raises quarterly dividend 4.8%

Healthcare

- **NVAX** announces preclinical and clinical data on its recombinant protein COVID-19 vaccine candidate, NVX-CoV2373. The vaccine demonstrated strong immunogenicity and protection against the Beta (B.1.351) variant, Alpha (B.1.1.7) variant, originally identified in the UK, as well as the original SARS-CoV-2 in animal and human studies.
- **ABBV** says Phase 3 GLOW study met primary endpoint of superior PFS
- **MEDP** raises share repurchase by \$150M
- **Cano Health (CANO)** nears \$600M deal for Miami-based **University Health Care** according to a Bloomberg report. Deal Confirmed.
- **Philips (PHG)** recalls 3-4 million CPAP machines due to foam part
- **HUM** agreement to acquire One Homecare Solutions from WayPoint Capital

Hawk Database

ABBV with 5000 September \$120 calls bought to open last week.

Sympathy Watch

RMD, INSP alternatives to **PHG** that could benefit from its issues.

Industrials

- **HLIO** to acquire NEM, an innovative hydraulic solutions company providing customized material handling, construction, industrial vehicle and agricultural applications to its global customer base
- **NKLA** - Company has the right, but not the obligation, to sell to Tumim, and Tumim is obligated to purchase, up to \$300 million of the Company's common stock
- **RIDE** announces executive management changes
- Container Spot Shipping rates continue to soar to record highs with momentum accelerating – International Shipping News

Sympathy Watch

SBLK, ZIM, NMM have been our preferred shipping plays and recent write-ups

Energy & Materials

- **Shell (RDS.A)** considering sale of largest US oil field worth up to \$10B; sale could be for part or all of Shell’s about 260,000 acres (105,200 hectares) in the Permian Basin
- **GTLS** booked an order for a helium liquefaction large scale Helium plant for one of the largest independent oil and gas producers in Russia
- **Clariant** to sell pigments business to **Heubach** for \$951M
- Japan’s big bet on Hydrogen could revolutionize the energy market, a WSJ report.
- **ESTE** announces \$48M in Eagle Ford bolt-on acquisitions

On the Chart

GTLS a favorite fundamental play on Hydrogen setting up with a long weekly consolidation that could start a new trend move to highs.

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- **LNG** market poised for buoyant recovery with demand growing across Asia - Hellenic Shipping News

Tech/Telecom

- **SMH** - WSJ highlights the chip shortage bringing frustration to industry middlemen; Highlights **AVT, ARW** as seeing surge in activity to procure components
- **Flipkart** in talks with Abu Dhabi's ADQ for \$500M investment that would value it between \$35B to \$40B
- **MSFT** promises Halo Infinite for Holiday season during a press showcase at the E3 gaming conference
- **EQIX** announced agreements for additional joint ventures in the form of limited liability partnerships with GIC, Singapore's sovereign wealth fund, to expand XScale data center portfolio
- **GOOG** announces Google Workspace for Everyone
- **QCOM** reportedly offers to invest in Arm as regulators threaten to block Nvidia's \$40 billion acquisition – The Telegraph
- **KLR** guides FY21 revenues below Street consensus

Utilities

- **PPL** completes sale of its UK utility business to **NGG** for Eur7.8B

Analyst Notes

Upgrades

- **CQP** raised to Buy at Goldman, \$56 target; defensive and largely contracted asset base that offers visibility into stable cash flows and upside to consensus from tailwinds to Cheniere Energy Partners' commodity margins from global natural gas prices
- **CMG** raised to Strong Buy from Outperform at Ray-Jay, \$1800 target
- **GRFS** raised to Buy at Deutsche Bank
- **NVGS, WELL** raised to Outperform at Evercore
- **AUTL** raised to Buy at Jefferies, \$12 target
- **WEN** raised to Buy at Northcoast
- **HPP, BXP** raised to Overweight at Piper
- **CRSP** raised to Neutral from Sell at Citi

Downgrades

- **RACE** cut to Sell at Goldman

On the Chart

CQP has a tight weekly bull flag looking to get above \$44 and make a run at the 2019 highs.

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- **KMI** cut to Sell at Goldman
- **DEO** cut to Perform at Bernstein
- **CLB** cut to Sell at Citi
- **AVB, EQR, CPT** cut to Neutral at Evercore

Initiations

- **HESM** started Buy at Goldman; best in class leverage metrics and returns, and improving FCF that, along with strong credit metrics, could lead to a multi-year capital allocation story or could fund growth via drop downs
- **SQSP** started Buy at Goldman, \$90 target; Squarespace has historically differentiated itself through high quality product design and ease of use
- **PCOR** started Overweight at Barclays, KeyBanc; Started Buy at Stifel; positioned to be a vertical leader for the construction software market; to benefit from a combination of greenfield industry growth, international expansion, broader constituent adoption, and installed-base up-sells and cross-sells
- **OTLY** started Outperform at CSFB; Powerful branding, international exposure, and strong environmental, social, and governance credentials; growing demand for health and wellness food/beverages, a mainstream Flexitarian diet, and a preference for sustainability-marketed consumer packaged goods will all act as category tailwinds
- **HALO** started Outperform at Evercore; bullish on near/mid-term royalty revenue growth prospects, largely driven by Darzalex FASPRO

Other Notes

- **BIIB** target raised to \$436 at Goldman, raises estimates, expect the Aduhelm launch to be more similar to a cancer drug – penetrating into an incident (rather than prevalent) population in the out years, with a higher percentage of Medicare patients in the US (~80%)
- **WDC** target to \$110 from \$98 at Stifel; near-term trends are receiving a boost from crypto-farming demand but long-term mass capacity storage demand trends remain on track
- **STX** target to \$115 from \$95 at Stifel
- **CAKE** added to Best Ideas List at Wedbush; expects post-Covid market share opportunities to result in higher growth versus pre-Covid growth rates

On the Chart

PCOR with an Analyst “love-fest” this morning, a well defined range since the IPO, could explode above \$89 and run to \$100

Hawk Database

STX, WDC have both seen significant OTM call accumulation and both remain top ideas

Trade Ideas

PTC Tech (PTC) a quality name that showed up on the RSI Leading Higher screen and can see a large ascending triangle forming while weekly RSI held the 50 level and MACD is looking to work higher. Shares should be able to work to \$145 near-term with potential for a much larger breakout.



Technical Scans

Ready to Run: SHOP, ATVI, VEEV, PANW, TEA, TTWO, YNDX, ZS, MDB, ESTC

TTM Squeezes: MMM, CTSH, WCN, IP, HIG, AVY, ETSY, OMC, UHS, APO, ARW

Ready to Break Higher: DHR, ORLY, NOC, RSG, GLW, KKR, AJG, EFX, DTE, TSCO, TRU, VRSN, XRAY, MOH, DVA

RSI Leading Higher: AAPL, INTC, DG, KLAC, TWTR, DXCM, CDNS, STM, HUBS, CSGP, CDW, ENPH, PTC, Z, TYL, MPWR, ZEN, FICO, GDDY

IPO Profile

Karoooo/Cartrack (KARO) a recent IPO trading at a reasonable valuation that is worth taking a closer look at in a strengthening Telematics industry. KARO was founded in South Africa but now is headquartered in Singapore.

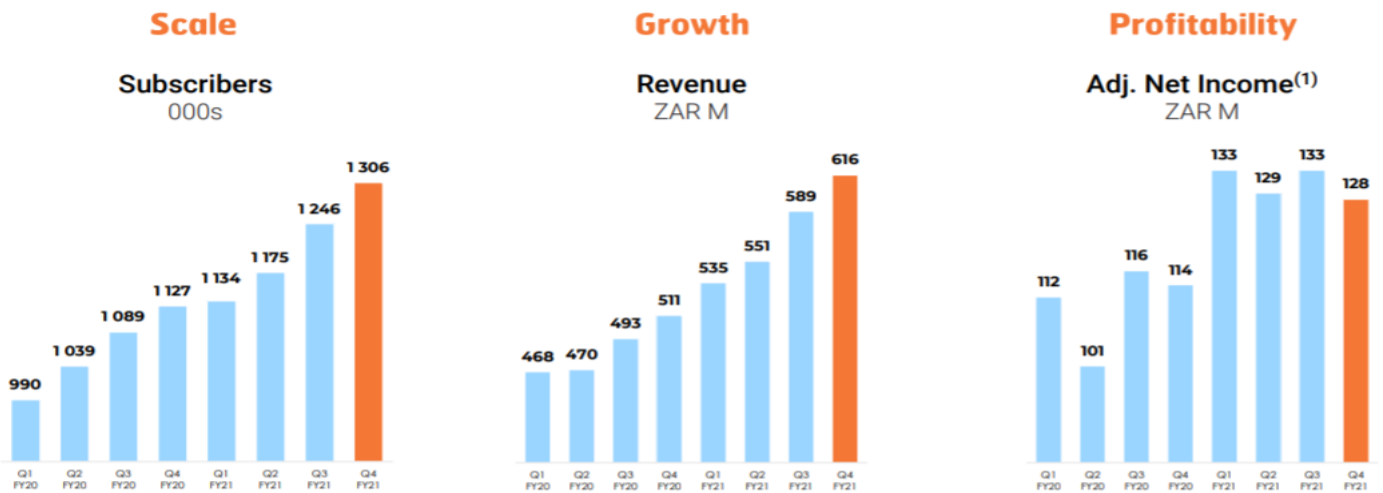
Cartrack is a leading global provider of real-time mobility data analytics solutions for smart transportation. KARO offers a comprehensive, cloud-based smart mobility platform for connected vehicles and other assets. The platform provides customers with differentiated insights and analytics to optimize their business and workforce, increase efficiency and decrease costs, improve safety, monitor environmental impact, assist with regularity compliance and manage risk. KARO serves customers in 23 countries across five continents, supporting more than 1.3M subscribers as of January 31, 2021, and the highly scalable platform serves large multinational enterprises and individual consumers alike, enabling it to address a large, growing and underpenetrated global market. The SaaS platform acts as a central nervous system for connected vehicles and other mobile assets, such as construction equipment, generators, refrigeration units, trailers and boats. Its web-based applications provide a comprehensive set of software features for managing fleets and related workforces without the need for customers to incur upfront information technology costs and include advanced functionality such as real-time high-speed video streaming.

According to Allied Market Research, the global automotive telematics market was valued at \$50.4 billion in 2018, and is projected to reach \$320.6 billion by 2026, reflecting a CAGR of 26% from 2018 to 2026. The market opportunity in automotive telematics in commercial vehicles alone is expected to grow from \$33.4 billion in 2018 to \$219.1 billion in 2026, representing a CAGR of 28%. KARO estimates its serviceable market (automotive telematics markets in Africa, Asia Pacific, Middle East and Europe) was around \$12.2 billion in 2018 and expect it to grow to \$77.4 billion by the end of 2026. The growth in size and complexity of vehicle fleets, as well as increasing data sources and real-time connectivity, continue to provide a growing market opportunity due to increased adoption of connected device analytics and mobility

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management offerings as businesses and their customers are demanding more software features and greater transparency into fleet operations. In addition, the increasing costs of labor for drivers, fuel, maintenance and insurance have led to higher expenses associated with fleet operations and has driven demand for cost-effective solutions.

KARO currently has a market cap of \$820M and trades 4.4X FY22 EV/Sales and 9X EBITDA. KARO has 95% of revenues via subscriptions and greater than 25% operating margins, a strong combination of sustainable growth and profitability. KARO revenues are seen growing 41.5% in 2022 and 20% in 2023 with EBITDA rising 36.8% and 18% respectively.



Extras

Avis (CAR) late day buyer into strength of 2500 August \$75 puts \$2.70 to \$3

Lab Corp (LH) with another 2000 November \$270 calls bought \$16 with 5000 in OI

Anaplan (PLAN) with 1500 August \$57.5/July \$52.5 bull risk reversals opening for \$0.29 debit

First Solar (FSLR) with 1000 December \$85 calls sold to open \$7.45 to \$7.05

NetApp (NTAP) with 1150 September \$80 puts bought \$4 to \$4.10 to open

Tempur Pedic (TPX) with another 3000 September \$45 calls bought \$1.25 offer

Marathon (MARA) buyer 2000 July \$28 puts \$4.15 offer

Kodak (KODK) buyer of 3500 July 2nd (W) \$9.50 calls \$1.20 to \$1.26

WorkHorse (WKHS) buyer 4500 July 2nd (W) \$18 calls to open near \$1.33

DoorDash (DASH) buyer 300 August \$140 calls \$22.30 as June \$134 adjusted

Broadcom (AVGO) with 700 October \$450 puts opening \$22.43

Lyondell (LYB) bullish opening sale of 700 January 2023 \$90 puts \$10.40 after the recent size call buys

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
FEYE	July \$21 Calls	8,504	19,933	134.40%
ABNB	July \$180 Calls	6,146	12,557	104.31%
UNP	August \$230 Puts	1,016	2,047	101.48%
MDT	January \$125 Calls	1,377	2,694	95.64%
TWTR	August \$55 Calls	5,528	9,997	80.84%
VLO	July \$85 Calls	12,775	22,881	79.11%
PLTR	August \$24 Puts	10,788	18,773	74.02%
INTC	August \$60 Calls	10,345	17,619	70.31%
ABNB	July \$145 Calls	1,817	3,069	68.90%
PTON	September \$140 Calls	2,606	4,336	66.39%
TPX	September \$45 Calls	4,784	7,800	63.04%
LH	November \$270 Calls	5,616	8,016	42.74%
LMT	January 2023 \$530 Calls	1,518	2,153	41.83%
PII	September \$130 Puts	1,116	1,571	40.77%
ABBV	September \$120 Calls	4,098	5,593	36.48%
ETSY	September \$200 Calls	2,979	2,008	-32.59%
CHWY	January \$110 Calls	2,761	1,217	-55.92%

What They're Saying

Keysight Tech (KEYS) at BAML Conference 6-10 on where it is on the ramp in 5G manufacturing with communications its largest market... "So we continue to believe that we are in the very early stages of 5G rollout. And so there's significant opportunity that lies in front of us on both manufacturing and on the R&D side. Keysight, as you've mentioned, has carved out over the last several years a very strong leadership position in 5G, still at this point heavily skewed towards the research and development lab. But if you go back in time, Keysight has historically been #1 in component manufacturing for cellular communications, 4G, 3G and other standards as well as on the base station side of manufacturing. And so we would expect to continue that strength here in the 5G cycle. And we are starting to see and have over the last several quarters started to see an increase in that manufacturing activity within our portfolio, but we continue to believe it's very early days. So there's an awful lot of deployment here that still has to happen. Most of the service providers and geographies around the world that are deploying 5G currently are doing so at relatively low frequency, sub-6 gigahertz. We do believe that over time, most, if not all, are going to want to migrate to higher frequency implementations of 5G because that's where you really get the performance advantages that have been promised. And so that's going to create a whole second wave of deployments. And so when we think about this from a runway perspective, there's an awful lot of the opportunity that is still in front of us on both the R&D side as well as the manufacturing side. And we haven't even really talked about the use cases beyond the cell phone, places where we're seeing demand in automotive and IOT and aerospace/defense, private networks. All of those types of things are really going to look to capitalize on the technology once it's more mature and has been deployed."

Earnings Review

No Reports

Disclosures

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