



## Inside Today's Blitz

- GOP Back on Board After Biden Scrambles to Save Infrastructure Plan
- Stock Futures Flat After Hitting S&P Record
- **NTLA** discloses positive in vivo gene editing data; **Burberry** CEO to depart for Ferragamo; **TSLA** to recall 285K cars in China due to autopilot issues; **Allbirds** planning IPO

## Market Outlook

Futures indicating a quiet open for the day with the **Dow** off by 16 bps, the **S&P** down 2 bps, and the **Nasdaq** up 18 bps. The **Russell** is down 36 bps. Energy is modestly lower with **WTI** down 11 bps. **Gasoline** is down 77 bps while **natural gas** rose 80 bps. **Gold** and **silver** both quiet with the latter up 16 bps. **Copper** is down 44 bps. **Grains** have a solid bid today. The **dollar** is down 7 bps. **Bonds** are up 33 bps. **VIX** is 17.70. It has been a slow morning for macro news and not much change over the weekend either. COVID-related news was a bit downbeat over the weekend as concerns in Europe and Asia rise over the spread of the delta variant and we likely see more shutdowns soon. In Washington, the President clarified that he won't link the bipartisan infrastructure bill with plans for a larger tax and spending bill and will allow talks on both to move forward separately. Progressive Democrats are growing worried that Biden will compromise on policies like climate change, voting rights and more to get his Build Back Better done. Elsewhere, the UK is cracking down on crypto advertising and promotions. We'll get bank capital return announcements today after the close which should continue the positive news flow for the group.

Asian markets are mixed this morning with the Hang Seng down 7 bps, Shanghai down 3 bps, and the Nikkei down 6 bps. In Europe, the major indices are all lower with the DAX off by 36 bps, CAC down 60 bps, and the FTSE down 62 bps. We're seeing outperformance in healthcare while banks and energy lag. Concerns about the delta variant spreading are weighing on sentiment in the region. Travel stocks are mostly lower with **TUI**, **EasyJet**, and **Ryanair** all down around 2-3%. Miners were weak today with China industrial profits slowing in May. **Burberry** is down 7% after their CEO departed for luxury goods peer **Ferragamo**. **Petrofac** is down 2% after earnings. French drug maker **Sanofi** was higher after selling a portfolio of regional consumer brands to Stada.

## Calendar

**Today... Earnings After the Close:** MLHR, LIVX; **Analyst Days:** NVO; **Conferences:** Stifel Waste Summit (CWST, CLH, CVA), Mobile World Congress 2021 (ORAN, FFIV, INTC, QCOM, ACN, VOD, VIAC, KEYS)

**Tomorrow...** Redbook, Fed's Barkin Speaks, Housing Price Index, Consumer Confidence, API Inventories; **Earnings Before the Open:** FDS, EPAC; **Earnings After the Close:** POWW, AVAV, CDMO, NG; **Analyst Days:** CPRI, JACK, PFG, UAL, SRE, JLL; **Conferences:** Mobile World Congress 2021, Leerink CNS Forum

## Overnight Markets

Natural Gas	3.548	0.80%
Silver	26.17	0.30%
VIX	17.75	0.27%
Gold	1778.7	0.05%
US Dollar	91.77	-0.10%
Oil (WTI)	73.96	-0.12%
Copper	4.276	-0.37%

## Technical View



### Key Levels to Watch

**S&P futures (ES\_F)** with a very quiet night overall pulling back to VWAP from Friday's open around 4269. We were capped by Friday's highs at 4276.75 and VWAP is declining overnight but not significantly around 4273.50. A move above Friday's close at 4274 targets 4282, 4290, and then 4300. Support is down around 4266, 4258, and 4250.

## Economic Data

- **China** industrial profits rose 36.4% in May vs 57% in April
- **South Korea** boosted their GDP outlook to 4.2% from 3.2%

## Macro News

- **US, Taiwan** will hold trade talks on June 30, says WSJ
- **Canada** could ease restrictions with the US on July 21, per Politico
- **The US** carried out airstrikes on **Iranian**-backed militias in **Iraq** and **Syria** over the weekend, says NYT
- **US, Iran** talks have slowed as Tehran won't commit to handing over nuclear site images, per CNBC
- **China** is starting to buy pork for state reserves, per Reuters, in a move to bolster prices
- **Sweden's PM** has resigned after a no-confidence vote, per Reuters
- **Sen. Toomey** is concerned that the Fed is at risk of being behind on fighting inflation, says FT
- **Democrats** are working on plans to hike taxes to pay for the infrastructure bill, says WSJ
- **Fed's Rosengren** warned that the US economy can't afford to have a boom and bust in real estate, per FT, and the Fed is paying more attention to housing excesses

### Movers

**Gainers: NTLA 41%, BEAM 13%, EDIT 10.5%, CRSP 8%, SPC 7%**

**Losers: GTEC -13%, ATOS -8%, NCLH -3%, CCL -3%**

### Insider Buying

RIG, COSM, RPHM, ORGN

### IPO Calendar

**Didi Global (DIDI)** raising \$3.9B at a \$67.5B market cap, China's dominant ride-hailing app

**Sentinel One (S)** raising \$880M at a \$8.2B market cap, AI-powered cyber security platform

**Krispy Kreme (DNUT)** raising \$600M at a \$3.8B market cap, doughnut shop operator

**LegalZoom (LZ)** raising \$488M at a \$5B market cap, online platform for legal and compliance solutions

## OptionsHawk Market Blitz

- **Unemployment** is falling at a much faster rate in states that have cancelled enhanced federal benefits, says WSJ
- **Labor shortages** are slowing the recovery for restaurants, hotels as the busy travel season picks up, per WSJ
- A surge in **capital-spending** is boosting the economy, says WSJ, as more businesses are pouring money into equipment and technology

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## Stock-Specific News

### Barron's Wrap

- **Chart Industries (GTLS)** a smart play on hydrogen, natural gas. Chart makes most of its money providing equipment to industrial-gas companies or fossil-fuel energy markets.
- **Darden (DRI)** is a buy. The risks are still there-commodity prices are rising, and labor costs are rising even faster-but the company should have the ability to raise prices to compensate
- **NMIH, ESNT** should benefit from a strong housing market this Summer, one of the few housing-related areas that still looks cheap

### Consumer

- **Allbirds** is working on an IPO and could come public as soon as September, per Bloomberg. The footwear company is looking at a valuation of \$2B+
- **CMCSA's 'F9'** opened with \$70M in domestic ticket sales, says Variety, as theaters continue to draw more people back
- **DIS** is offering hiring incentives for their Florida parks as they look to ramp up staffing, says Bloomberg
- **TSCO** raised prices for certain products, per their CEO, and there hasn't been any change in demand since the move
- **Burberry** CEO has resigned and will join **Ferragamo** as CEO
- **FAT** to acquire Global Franchise Group for \$442.5M; GFG franchises and operates a portfolio of five quick service restaurant concepts
- Billionaire Philip Anschutz is selling his 27% minority stake in the **LA Lakers**, says Sportico, and the move will value the team at \$5B

### Financials

- **Metlife (MET)** is in talks to sell some EU life insurance assets to NN Group for \$740M, per Bloomberg

#### On the Chart

**TSCO** coiled just above its 8- and 21-EMA and a pop above \$184 has room to run to \$192 and April high-volume node

#### Sympathy Movers

**MSGS** one to watch with the Lakers valuation which is slightly higher than current estimates and Knicks are valued at about \$5B now

## OptionsHawk Market Blitz

- **PYPL** says they will allow personal accounts on Venmo to sell products and services for a fee
- **NatWest** is selling €4.2B in performing corporate and commercial loans to AIB Group, says Bloomberg
- **UBS** will follow a hybrid working model permanently, says FT
- **Intesa San Paolo** says that the Italian banking industry should consolidate down to three large banks, per Reuters

## Healthcare

- **NTLA, REGN** announce positive interim data from Phase 1 study of NTLA-2001, 87% mean reduction in serum TTR following treatment, the first positive in vivo treatment for CRISPR
- **MRNA, PFE** vaccines have been shown to create long-lasting immunity against COVID, says NYT, and could protect for years without a booster
- **JNJ's** vaccine may require a booster to protect against the delta variant of COVID, says Reuters
- **JNJ** settles opioid-related claims with NY State for \$263M
- **LLY's** COVID antibody treatment has been halted in the US over concerns about effectiveness against variants, says Bloomberg
- **ARWR** says ARO-AAT led to improvements in multiple measures in study
- **EXEL, Ipsen** announce COSMIC-312 trial meets one primary endpoint in treating patients with previously untreated advanced hepatocellular carcinoma, or HCC
- **ORPH** announced 24-month interim results for arimoclomol treatment; Co. to reduce workforce by two-thirds in restructuring

### Sympathy Movers

**CRSP, EDIT** two other names to watch today on the news and both with solid call buying lately

### On the Chart

**EXEL** trading weak this morning on the news but \$21.20 may be solid support going back to January

## Industrials

- **TSLA** announces 285,000 car recall in China due to autopilot risks, per regulatory authorities. Tesla delivered more than 275,000 imported and domestically-made Model 3s and Model Ys in China since 2019
- **BA** has been called out by the FAA over safety issues related to its 777X jet, per Reuters, and they likely won't receive certification until 2023
- **UAL** is close to announcing a deal to buy 150 Boeing 737 MAX jets and 50 Airbus A321neos, per Bloomberg
- **Modulaire** is being sold to Brookfield for \$5B, says Bloomberg. The company makes modular workspaces and storage
- **Daimler** is on track to spin off their trucks unit by year-end, says Reuters
- **Duravant** is reportedly being shopped by private equity firm Warburg Pincus, says Bloomberg, and a sale could fetch \$4B
- **JBT** to acquire Prevenio for \$170M, sees accretion
- **IR** to acquire Maximus for CAD\$135.4M

## *OptionsHawk Market Blitz*

- **DORM** to acquire Dayton Parts for \$338M
- **LMT** announces \$735M Navy contract win

### Energy/Materials

- **The US shale industry** is tempering output even as oil prices jump, says Reuters. The restraint gives OPEC room to add more oil to the global markets while shale firms focus on improving returns

### Tech/Telecom

- **AAPL** is exploring developing larger iPads, says Bloomberg, after redesigning the iPad Pro is 2021
- **AAPL** is starting to pull in components for their new iPhone, says Digitimes. The company has begun orders for a late 2021 launch
- **AAPL** will face a big test soon for their TV service as promotions begin to run out and new billing cycles begin, says CNBC
- **AMZN** is exploring AR glasses, says Bloomberg. They are also looking at a foldable Kindle as part of a mobile device refresh
- **AMZN** is buying Wickr, a provider of encrypted communications, says FT. The app is popular with government agencies
- **IBM** signed new cloud agreements with Verizon, Telefonica, per Reuters
- **INTC** CEO says the chip shortage should trough in the 2H of the year but the supply/demand imbalance won't resolve until 2023, per Bloomberg
- **AVGO, MRVL** have become two of ARM's biggest customers to publicly support the \$40B merger with **Nvidia (NVDA)**, says Sunday Times
- **PERI** says prelim. Q2 results are tracking above Street estimates citing "strong performance of our advertising business"
- **NVDA, GOOGL** partner to establish AI-on-5G Innovation Lab
- **Carousell** is in talks to go public via SPAC deal, says Bloomberg. The Singapore-based online classifieds marketplace operator could be valued around \$1.5B

#### On the Chart

**IBM** small base forming lately and looking to clear the 8- and 21-EMA today and make a run back at \$150 and then prior highs

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## Analyst Notes

### Upgrades

- **NRG** raised to Conviction Buy at Goldman as cash inflows in 2021 should recover materially and the analyst expects robust free cash flow in 2022-2023 driven by NRG's retail business and a return to more normal operating conditions
- **MAC** upgraded to Buy at Deutsche Bank, the analyst views Macerich as the top value investment among their coverage, saying it trades at a five-turn discount to pre-Covid levels. Leasing momentum and demand continues its positive surprise as we reach pandemic escape velocity
- **NKTR** upgraded to Buy at Stifel
- **CX** upgraded to Outperform at Bradesco
- **IP** upgraded to Overweight at Stephens
- **TOL** upgraded to Neutral at BTIG

### Downgrades

- **GBT** cut to Neutral at JP Morgan, sees a meaningful long-term market opportunity for Oxbritya but says the feedback was more mixed on the overall profile/clinical experience with the drug so uptake could be more gradual than first thought
- **BRFS** cut to Neutral at Goldman
- **WIX** cut to Equal Weight at Barclays
- **RMD** downgraded to Neutral at Citi

### Initiations

- **CRM** started Buy at Redburn, \$320 PT and believes Salesforce will continue to prosper and remain dominant in the customer experience management solutions category
- **PSFE** started Outperform at Cowen as Paysafe has ample opportunity to capitalize on the fast growing, but still nascent U.S. internet gaming opportunity
- **DLO** started Buy at BAML, \$55 PT; Started Overweight at MSCO and they think the shift from cash to plastic and from offline to online commerce has plenty of runway in emerging markets
- **PAYA** started Buy at Truist, the firm likes Paya's vertical market offerings in B2B, healthcare, government, non-profit and education, and sees its multi-rail strategy as unique among digital adjacent FinTechs

#### Hawk Database

**NRG** a focus write up for us on Friday morning with recent buyers in the December and January calls

#### On the Chart

**WIX** is a high-quality name and buy-the-dip candidate back at the rising 21-EMA around 283.50 if it gets there

#### On the Chart

**PSFE** nice jump last week and above \$13 can continue its momentum with \$14 a big volume node from April

## Other Notes

- **NTLA** target raised to \$130 from \$85 at Chardan, If durability holds up and no longer-term safety signals emerge, NTLA-2001 has the potential to be a functional cure for ATTR

## Trade Ideas

**Fidelity National (FIS)** hitting the 'ready to run' scan today with shares basing under \$147.25 and a move out of a high-volume node. Shares have shown relative strength in early 2021 and the current pullback positions it well above the 200-EMA. Friday's close put it right back above the 8- and 13-EMA and breakout move has room to \$151 and then new highs. The weekly wedge breakout targets \$165 and finally above this 18-month range. FIS has seen bullish flow recently in the January \$155 calls over 7000X.



### Technical Scans

**Inside Days:** LII, NTR, LHX, DLR, MA, SNAP, STLD, PAGS, ANET, BAH, ZTO, WCN, CRL, AMD, RKT, RUN

**Bull Reversal Days:** VICI, ETR, CACI, SWCH, AWK, NOMD, DAR, AMN, CYBR, CASY, CHKP, NVS, SFM, MNST

**Weekly Ready to Run:** ARGX, CDNS, ENPH, CRSP, MPWR, MELI, PAYC, QCOM, PTON, SQ, TSLA, TXG, XLNX, WIX

## Small Cap Insider Buying

**RumbleOn (RMBL)** insiders active buying stock over the last month with two different directors adding at \$39 to \$39.50, one buy over \$240K. In March, insiders bought stock around \$57 while the chairman and CEO was buying stock in 2020 around \$28. RMBL is an ecommerce platform centered around powersports with buying, selling, trading, and financing vehicles and access to virtual inventory and customers. RMBL is unique within the online auto buying experience as neither Carvana nor CarMax sell motorcycles or off-road vehicles. The company has also expanded into transportation services between dealerships, auctions, and customers. In March, the company executed a significant M&A deal for RideNow for \$575M in cash and stock. RideNow is the nation's largest powersports dealer which will greatly expand the NewCo's omnichannel reach with a dominant footprint and retail brand. RMBL thinks the combination will allow them to more quickly gain share in the highly fragmented, \$100B powersports market in the US as they reach more consumers at a time when interest in ORV and motorcycles is rising. RideNow has 40 retail locations and sales across ATVs, UTVs, motorcycles, snowmobiles, and personal watercraft. The company noted in March, "this transaction is about unlocking incremental sales, capturing additional monetization opportunities such as parts and services, and consolidating a fragmented industry to drive efficiency and improve the customer experience." The \$142.5M company trades

## OptionsHawk Market Blitz

0.5X EV/sales with expectations in 2021 for 84% revenue growth and 102% growth in 2022. They expect to generate positive EBITDA in FY22. On 6/21 the company reported Q2 revenue would be between \$140M to \$150M, up 67% Y/Y. Short interest is 0.5%. RMBL sees limited coverage but analysts have an average target for shares of \$75 with a Street High \$80.

## Extras

**Align Tech (ALGN)** with 150 August \$620 calls bought up to \$39

**Cisco (CSCO)** with 4,000 January 2023 \$60 puts sold to open \$11.57

**Decker Outdoors (DECK)** with 500 December \$410 calls bought for \$27

**Goldman Sachs (GS)** with 200 June 2022 \$360 puts sold to open for \$35.90

**Lowe's (LOW)** large late buyer of 1000 January 2023 \$230 calls for \$11.10

**Moderna (MRNA)** with 300 January 2023 \$220 puts sold to open for \$52.70, stock replacement and similar to CVAC, BNTX late day

**O'Reilly (ORLY)** buyer of 200 January \$600 calls for \$20.75

**Consumer Discretionary (XLY)** with 5000 September \$180 calls bought \$4.70 to \$4.80

## Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
FSLR	January \$87.50 Calls	1,001	3,093	208.99%
PAGS	September \$60 calls	4,084	8,067	97.53%
WMT	Jan. 2023 \$150 Calls	1,964	3,824	94.70%
CAR	August \$85 Calls	1,610	2,514	56.15%
ABNB	Jan. 2023 \$170 Short Puts	1,292	1,842	42.57%
LB	November \$75 Calls	801	1,070	33.58%
CRSP	August \$160 Calls	1,026	674	-34.31%
MGNI	September \$45 Calls	10,042	4,218	-58.00%

## What They're Saying

**Macy's (M)** at the Jefferies conference on margin opportunities... "we're making real gains on markdowns, driven by pricing at local levels with clear promotions, particularly through our A/B testing for our POS promotions, which both reflect our continuing investment to really sustain those margins as the business normalizes. And we're also focused on achieving the optimal merchandise mix, picking the opportunity to really reconstruct and reinvent our private-label offerings, which we're very much in the early innings on this particular piece, but it's still very much top of mind for us."



**Chegg (CHGG)** at the BAML TMT conference on growth opportunities... "I think there are several axes of growth for us. There's certainly significant growth opportunities in the U.S. as we expand subject matters, as we -- as our Chegg Study Pack, which we didn't talk about, continues to penetrate. I think that when we look at international, we're just at the very beginning of international. We've talked about 1 million -- more than 1 million subscribers this year, but that should be millions and millions of subscribers as we continue to think beyond just the next 2 or 3 years. And then the skills space, once again, at the very beginning of skills, where if we're having this conversation 5 years from now, if we don't have a multi-hundred million dollar skills business, I would argue we failed. And we don't plan on failing. So that's another massive growth area for us. I'd say those are the 3 key growth areas for us. And in many of them, we're still very -- in the very early innings. We're super excited. We -- bottom line is I actually think -- as good as people think the past has been for Chegg, I think the future is much better.

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## Disclosures

### Disclaimer:

#### Not Investment Advice or Recommendation

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