



## Inside Today's Blitz

- Stock Futures Waver After Nasdaq, S&P Hit Record Closes
- Delta Variant Surges in Australia as Officials Rethink COVID Measures
- **MS** leads banks in capital return plans; **UAL** adds 270 Boeing, Airbus aircraft; **TWOU** is buying edX assets for \$800M; **PLBY** is buying Honey Birdette for \$333M

## Market Outlook

Futures indicating a mixed open for the day with the **Dow** up 10 bps, the **S&P** down 4 bps, and the **Nasdaq** down 10 bps. The **Russell** is flat. Energy is lower today with **WTI** down 67 bps. **Natural Gas** is up 30 bps. **Gold** and **silver** both lower this morning with the latter down 68 bps. **Copper** is down 1.4%. The **dollar** is up 18 bps. **Bonds** are up 2 bps. **VIX** is 17.70. It has been a very quiet morning so far today without much macro news of note. Rising concerns over the delta variant of COVID hit Asian stocks overnight and travel/leisure is under pressure in Europe early too. Over half of Australia's population is now under lockdown as the nation deals with the delta variant and Indonesia is considering stricter controls. In Washington, the President continues to press forward with his infrastructure proposal and will be in Wisconsin today to pitch the deal to the public. Elsewhere, bank capital return announcements were uneventful

although we did see some upside to projections from Morgan Stanley, Goldman, and Wells Fargo. Citi was the biggest laggard versus expectations. OPEC meets today and expectations are for the joint technical committee to recommend ministers agree to a production hike. The full OPEC+ meeting is on Thursday.

Asian markets are mostly lower this morning with the Hang Seng off by 94 bps, Shanghai off by 92 bps, and the Nikkei down 81 bps. In Europe, the major indices are mostly higher today with the DAX up 86 bps, CAC up 37 bps, and the FTSE up 17 bps. We're seeing outperformance from banks and energy while utilities lag, although pretty quiet overall. **Sanofi** was unchanged despite announcing a new €400M investment into mRNA vaccine development. **Rexel** jumped 5% after the distributor of electrical supplies raised guidance. Housebuilder **Persimmon** rose 1.5% after UK housing prices rose in June. Oil rig construction company **Lamprell** fell 20% after warning of liquidity constraints for the year.

## Calendar

**Today... Earnings After the Close:** POWW, AVAV, CDMO, NG;  
**Analyst Days:** CPRI, JACK, PFG, UAL, SRE, JLL; **Conferences:**  
 Mobile World Congress 2021, Leerink CNS Forum (MRNS, ZGNX, BIIB, SAGE)

**Tomorrow...** MBA Mortgage Applications, ADP Employment, Chicago PMI, Pending Home Sales, EIA Inventories; **International Earnings:** Ted Baker; **Earnings Before the Open:** BBBY, STZ, GIS, SCHN, UNF, BYRN; **Earnings After the Close:** MU, YUMC, FC;  
**Analyst Days:** BNED, COP; **Conferences:** Mobile World Congress 2021, Leerink CNS Forum

## Overnight Markets

Natural Gas	3.609	0.45%
US Dollar	92.05	0.18%
VIX	17.7	-0.12%
Gold	1769.3	-0.65%
Oil (WTI)	72.43	-0.66%
Silver	26.03	-0.75%
Copper	4.218	-1.40%

## Technical View



### Key Levels to Watch

**S&P futures (ES\_F)** with a quiet night overall pulling back to VWP from Sunday's open at 4273.50 and then bouncing a bit. We are finding some resistance at yesterday's close/highs around 4281/4282 but the range is tight overall. VWP for the night is at 4277.50. Above yesterday's highs targets 4290, 4299 and 4307.75. A pullback has support at 4272.25, 4263.50, and 4254.

## Economic Data

- **Japan** retail sales rose 8.2% in May vs 8.1% est.
- **Japan** unemployment rose 3% vs 2.9%
- **EU** consumer confidence was -3.3 vs -3.3 est.
- **EU** services sentiment was 17.9 vs 14.8 est. while industrial sentiment was 12.7 vs 12.3 est.
- **Spanish** CPI was 2.6% vs 2.7% prior

## Macro News

- **US house** passes bill aimed at boosting US competitiveness against **China**, says WSJ. The Senate will now fine-tune the document before sending it to Biden
- **Biden** will speak today in Wisconsin about the infrastructure bill, per WSJ, as he looks to garner public support
- **US, Canada** urged to settle lumber dispute to help bring down prices of the commodity, per NYT
- **Fed's Quarles** expressed some skepticism yesterday about a US central bank digital currency, per Reuters
- The recent reflation trade unwind has caught several big hedge funds off guard, says FT.

### Movers

**Gainers: JEF 4%, BCC 3.5%**

**Losers: MLHR -4%, IOVA -4%**

### Insider Buying

DOCS, ASAN, EXLS, RIG

### 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

## Stock-Specific News

### Consumer/Business Services

- **PLBY** to acquire Honey Birdette for \$333M in cash and stock. Honey Birdette is a fast-growing, luxury lingerie and lifestyle brand with 33 stores in Australia
- **DIS** is delaying a cruise launch after getting inconsistent COVID testing results back, per AP News
- **TWOU** to acquire assets from edX for \$800M in cash; 2U and edX will now reach over 50M learners globally
- **SGMS** to divest their Lottery, Sports Betting business; the company is considering a potential IPO for the unit
- Marketing firm **System1** to go public through Foley-backed SPAC **Trebia (TREB)**, per Bloomberg. The deal values them at \$1.4B

#### On the Chart

**TWOU** an attractive base building under \$43/\$44 and a breakout higher has a big low-volume area back through to the Feb highs near \$52

### Financials

- **Financial Capital Return Plans**
  - **Considering Dividend Raise:** **USB, RF** boards to consider dividend hike; **PNC** to recommend 9% hike, \$3B buyback
  - **Raising Dividend and Buyback:** **MS** doubles dividend to \$0.70/share; authorizes buyback of \$12B; **BK** to raise dividend by 10%, authorizes \$6B buyback of stock; **WFC** doubles dividend; to buyback \$18B in stock
  - **Raising Dividends:** **STT** raises dividend by 10%; **JPM** raises dividend by 10%; **BAC** raises dividend by 17%; **TFC** raises dividend by 7%; **JEF** raises dividend 25%; **GS** to boost dividend by 50%
- **PSFE** announces expanded partnership with FoxBet
- **JPM** is raising compensation for first-year analysts in a bid to win and retain more talent, per Bloomberg
- **JPM** to acquire OpenInvest, a leader in values-based investing
- **MGI** repaid \$100M in debt after their recent ATM, per Reuters
- **Fidelity, Standard Chartered** will launch a crypto trading platform with **TP ICAP**, says Reuters
- PE Firm **Bridgepoint** is considering a public listing in London, says Bloomberg. The firm would be valued at GBP2B
- **Ark Invest** has filed for a **bitcoin ETF**, says CNBC. The filing comes as the SEC continues to postpone decisions to approve the first bitcoin ETF

#### Hawk Database

**MS** buyers active last week in the July \$87 calls, over 2000X

#### On the Chart

**MGI** nice flag forming under \$11 and breakout has a measured move to \$13

### Healthcare

## OptionsHawk Market Blitz

- **BMJ** could settle their lawsuit related to the Celgene CVR for as much as \$3B to \$4B, says Barrons
- **IOVA** reports clinical data for TIL therapy LN-145 in mNSCLC, treatment reached an ORR of 24.1%
- **UDG Healthcare** will be acquired by CD&R for GBP2.8B, per Bloomberg. UDG provides a range of services to pharmaceutical customers

## Industrials

- **UAL** adds 270 Boeing, Airbus aircraft as part of 'United Next' plan
- **CP** urges STB to reject the voting trust proposal of **CNI, KSU**
- **Autostore**, a Norwegian warehouse robotics company, is considering an IPO this year, per Bloomberg. The company could be valued at \$10B
- Logistics company **ShipBob** raised \$200M at a \$1B valuation, per WSJ
- **Rexel** shares are higher in Europe today after raising guidance, per Bloomberg, with sales up 12-15% vs 5-7% prior.
- **Knorr-Bremse** confirmed their interest in buying a 60% stake in **Hella**, a German automotive part supplier

## Energy & Materials

- **BLDR** to acquire WTS Paradigm for \$450M; Paradigm is a software solutions and services provider for the building products industry

## Tech/Telecom

- **FB** is rolling out its newsletter product, 'Bulletin,' on Tuesday, per CNN. Bulletin is Facebook's competitor to Substack
- **TSM** could post record revenue in June, says Digitimes. This comes despite a reported cutback in orders from China's Bitmain
- **AMZN** has maintained their cloud infrastructure lead, says WSJ, with a 40.8% market share in 2020. This is down from 44.6% in 2019. **MSFT** has a 19.7% share.
- **FROG** to acquire Vdoo for \$300M cash and stock; affirms Q2 outlook; Vdoo will help expand JFrog's end-to-end DevOps Platform offering
- **NXPI** announces collaboration with Jio Platforms
- **DRAM, NAND Flash** prices to rise 10% Q/Q in Q3, says Digitimes

## Utilities

- **SRE** raising FY outlook to \$7.75-\$8.35 from \$7.50-\$8.10, "well positioned to build the critical energy infrastructure that will be needed to support new growth, while accelerating North America's transition to cleaner forms of energy"
- **SWX** to acquire Riggs Distler for \$855M in cash

### On the Chart

**BMJ** shares are flagging under \$67.60 and the top of June value, a break higher and out of a six-month range targets \$70

### Hawk Database

**BLDR** buyers in the August \$45 calls recently over 3000X while the July calls still have notable OI from buyers in May

### On the Chart

**FROG** sitting just below a big volume shelf at \$52.50 and a move higher has room up to February VPOC at \$67.50

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## Analyst Notes

### Upgrades

- **TXT** upgraded to Overweight at MSCO, while the market has already started valuing the return of business jets, the Red-Hot Capex Cycle in the U.S. could provide further share upside. Textron is a strong contender as a market leader in electric vertical take-off and landing. Optionality from eVTOLs is underestimated at current share levels.
- **CSX** upgraded to Buy at Citi, citing a longer runway for volume growth due to supply constraints in 2021 and the accretion from the Quality Carriers transaction
- **AR** upgraded to Buy at TD Securities
- **KDP** upgraded to Overweight at Wells Fargo
- **RARE** upgraded to Buy at BAML

#### On the Chart

**TXT** nice multi-month bull flag forming under recent highs at \$70 and a run higher targets \$76-\$80 range

### Downgrades

- **BLI** cut to Neutral at KeyBanc
- **CVNA** cut to Neutral at Piper
- **FOXA** cut to Neutral at Guggenheim
- **KSU** cut to Neutral at Citi
- **TWO** cut to Neutral at CSFB

#### Hawk Database

**CVNA** a nice dip buy name with buyers recently in the Feb. \$320 calls and Aug. \$300 put sales in size

### Initiations

- **HLF** started Buy at B Riley, the company is gaining incremental traction in targeted and sports/fitness nutrition, while growing profitably amid favorable macro trends. The analyst believes the shares have the potential to re-rate as investors refocus on cash flow generation and the company's growth opportunities ahead
- **DRVN** started Buy at Stifel, \$40 PT, the firm believes the company can triple its unit count to at least 12,000 locations by expanding high-returning franchise concept and consolidating smaller chains through tuck-in acquisitions and/or conversions
- **PRCH** started Outperform at OpCo, Porch Group offers a compelling value proposition for home service companies and by gaining access is able to monetize critical services such as insurance, moving services, and security installations at extremely low customer acquisition costs
- **QCOM** started Outperform at KGI
- **MPC** started Overweight at Barclays

#### On the Chart

**PRCH** is an intriguing recent IPO we dug into in January and above \$20 clears a bull flag with room to its highs around \$23

Other Notes

- **F** target raised to \$16 at UBS citing Ford's intention to boost its EV/AV spending to over \$30B over the next five years while noting that its all-electric F-150 Lightning comes with an attractive base price
- **BIIB** target cut to \$446 from \$455 at Guggenheim
- **DASH** target raised to \$215 from \$170 at Wells Fargo
- **FB** target raised to \$400 at BAML
- **GM** target raised to \$79 at UBS
- **MDLZ** target raised to \$71 at Jefferies
- **PYPL** target raised to \$315 from \$300 at Baird
- **QRVO, SWKS** estimates raised at Barclays
- **TSLA** UBS cuts target to \$660 from \$730

**Hawk Database**  
**SWKS** recent write up with bullish accumulation in the August \$175 calls in size

Trade Ideas

**Teradyne (TER)** shares consolidating in a nice bull flag below downtrend resistance at \$133 with a breakout targeting a move to \$139 and then new highs. TER has formed a series of higher lows since March and big volume shelf setting up with momentum improving as MACD curls higher and RSI back near 60.



**Technical Scans**  
**Inside Days:** LSPD, IPGP, AMZN, U, CGNX, DHI, NCNO, UPS, SNPS  
**Bullish Reversal Days:** OSCR, NFE, SOFI, CPNG, ALGT, XP, KBH, SFM, DD, PPG, APD  
**Ready to Run:** REYN, APH, RIDE, TSM, AMAT, HYFM, LRCX, VIAV, TER, TXN, TPX, SIMO, ALLE, JBL, RLG, AVGO, POWI, CHD, SCHW, MCK, GTN, YELP, UNH, LHCG, SBUX

Small-Cap Biotech

**Ironwood Pharma (IRWD)** an intriguing small-cap that has shown relative strength recently breaking out of nearly 18-month base and bullish options flow with over 9000 August \$15 calls bought on 6/25. IRWD is a \$2B biotech that focuses on gastrointestinal (GI) products including linaclotide, a guanylate cyclase type-C agonist for the treatment of adults suffering from irritable bowel syndrome with constipation (IBS-C) or chronic idiopathic constipation (CIC) under the LINZESS name. The treatment works by increasing the draw of fluid in the intestines to help speed up movement of food through the gut. It isn't a laxative, even though it sounds like it, as the treatment can proactively manage symptoms of IBS and CIC like stomach pain. IRWD sees a big opportunity for

## *OptionsHawk Market Blitz*

LINZESS given growth in demand and becoming the volume leader in the market in Q1. They see three key catalysts for growth including greater access to the drug, expanding marketing and promotional focus, and building overall awareness. In March they were at the Barclays healthcare conference talking about their pipeline. "Prior to 2021, we were focused on late staging commercial assets only. We decided to widen the funnel for a few different reasons. One is, we do believe that if we go a little bit earlier, hopefully, we can find -- have a better shot of finding that innovative asset. Two, really with the rightsizing of the sales force, it allowed us to change our focus a bit. And that now we have 100 reps. They are selling LINZESS right now, and they also have a co-promote with Alnylam, and they're promoting GIVLAARI as well. So right now, we don't have the urgency to add another product to a much larger sales force. And it gives us the opportunity or the flexibility to go a bit earlier stage. We might have a win here as well. Hopefully, earlier stage would be -- maybe at a more reasonable valuation that we would be able to successfully compete in as well." IRWD named a new permanent CEO recently. The \$2.07B company trades 11X earnings, 5.2X sales, and 4.7X cash. Analysts have an average target for shares of \$10.65 with a Street High \$12. Short interest is 12.8%. Hedge fund ownership rose 2%. Sarissa Capital with 16.3M shares and adding another 2.35M.

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## Extras

**Macys (M)** with 2000 January \$20 puts sold to open for \$3.48, adjusting back some short puts

**Match (MTCH)** spread bought 1000 December \$130 puts for \$5.45 and sold the August \$140 puts for \$2.50

**Pinduoduo (PDD)** with 1000 October \$125 calls bought around \$13

**Vistra (VST)** with 7000 August \$20 calls bought for \$0.45

**Wendy's (WEN)** large late day sale of 5000 April 2022 \$22 puts for \$2

**Visa (V)** buyer of 1000 January \$245 puts for \$22.70 and also seeing spreads sell the October \$210 puts to buy the \$245/\$265 call spreads

**Abbott (ABT)** late buyers of 2000 July 9<sup>th</sup> (W) \$115 calls for \$1.17

**AB In Bev (BUD)** with 500 January 2023 \$70 calls bought for \$12

**Coupa Software (COUP)** with 500 January 2023 \$200 puts sold to open for \$28.10

**Expedia (EXPE)** also with 450 January 2023 \$150 puts sold to open for \$24.10

**Sea (SE)** with 150 June 2022 \$310 calls bought for \$42

**Boston Beer (SAM)** with 150 December \$950 puts sold to open for \$71.80

**Illumina (ILMN)** spread sells the January \$450 puts and buys the \$500/\$600 call spread 300X

**Autozone (AZO)** with 235 September \$1500 puts sold to open from \$65 to \$62

## Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
F	August \$13 Calls	3,041	13,187	333.64%
MSFT	October \$270 Calls	3,309	10,373	213.48%
RBLX	July \$105 Calls	3,056	6,277	105.40%
IGT	August \$25 Calls	10,776	20,724	92.32%
PINS	January \$100 Calls	3,343	6,179	84.83%
FISV	September \$120 Calls	3,624	6,276	73.18%
SABR	August \$14 Calls	3,981	6,549	64.51%
CVS	July \$85 Calls	2,459	3,931	59.86%
PDD	October \$125 Calls	1,058	1,461	38.09%
COMM	January \$22 Calls	44,111	44,176	0.15%

## What They're Saying

**Cummins (CMI)** at the BAML Hydrogen conference potential partnerships... "There's a ton of openings. I think that the dance, if you will, there's still a lot of dance partners who are having a waltz here or there, stepping back, coming together. I don't think it's settled. We have a project going on with PACCAR actually to, with some DOE funding, to do some fuel cell trucks that should come out next year, drayage trucks and one other application. We have a project with Scania, and we've put some waste vehicles that we did together with them. We are talking to other OEMs. We have a project -- another DOE project with Navistar. And one of the benefits, I think, is everybody is, I think, right now, doing a lot of pilot projects in the fuel cell space. And so that's what I mean by the dance, there's a lot of these going on, and the real solidification, if you will, of what exclusive partnerships is still forming.

**Brunswick (BC)** M&A call on why Navico is attractive... "I think the characteristics of this business, independent of the kind of shorter-term market conditions, are extremely attractive. The presence in particularly electronics, we're acquiring a company that is, to a large extent, a software company with hundreds of software developers and analysts in there. So it is an incredible future-orientated asset that I think fully deserves that multiple. Obviously, that multiple obviously does not include the synergies that we expect to deliver over the next few years. So I think that we would have expected in any circumstance to pay that kind of multiple. I think we're certainly a company, as I mentioned earlier, that can deliver significant synergies on an opportunity like this, probably larger than some other companies could have done. So I'm very, very comfortable with where we will be on a net basis, given the incredible quality of this asset and the alignment with our strategy. Really we've been talking about ACES a lot previously. This moves us tremendously forward not only from a sensor and display perspective, but if you think about the role of cartography in autonomy, it's huge. We're acquiring not just tremendous product lines that have leading share in their respective marketplaces, but also 2,000 people who are dedicated to software development and advanced controls. I mean that is an unbelievable asset. I'm delighted with the deal we're able to get."



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## Earnings Review

**MLHR** – Beat on EPS and Revs; \$0.56 vs \$0.39 and \$621.5 vs \$603.8M; Our Retail business continued its impressive growth trajectory with sales and orders up 106.1% and 81.0% over last year, respectively. We saw year-over-year growth in every product category in the quarter. With many companies beginning to return to their offices, activity levels are increasing across North America. This resulted in sequential demand improvements in the quarter, with order levels up 21.2% compared to last quarter. Compared to the fourth quarter of last fiscal year, sales were down by 4.2%, while orders were flat. With the impact of the pandemic moderating in many parts of the world, we continue to benefit from increased activity in many international regions. Our International business delivered year-over-year growth in both sales and orders. On a reported basis, sales were up 58.2%, while orders increased by 55.2% compared to the prior year. On an organic basis, adjusted for the impact of foreign currency translation, sales increased by 48.4% and orders were 45.4% higher than last year.

**JEF** – Beat on EPS and Revs; \$1.30 vs \$0.90 and \$1.95B vs \$1.58B - As of our second quarter ending May 31, 2020, Jefferies Group had last twelve months ("LTM") net revenues, LTM earnings before income taxes and LTM net earnings of \$3,730 million, \$515 million and \$388 million, respectively. For our current LTM ending May 31, 2021, our comparable numbers are \$6,739 million, \$1,870 million and \$1,387 million, respectively. These significant increases of 81%, 263% and 257%, respectively, show the remarkable progress that we have achieved over the past year, as we rose to the unique challenges that were presented due to COVID-19 and emerged as an even stronger, more client focused and more diversified firm

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## Disclosures

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