



Inside Today's Blitz

- Yellen Predicts Inflation Will Hit 3% in 2021
- Fed Inching Towards Discussion of Slowing Bond Purchases but Formal Debate Remains Ways Off
- White House Rejects Latest GOP Offer on Infrastructure
- **VMC** to buy USCR for \$1.29B; **QTS** is being sold to Blackstone for \$6.7B; Medical supply company **Medline** being bought for \$30B by PE; **MIC** to sell Atlantic for \$4.475B; **Klarna** eyeing \$30B US IPO

Market Outlook

Futures are indicating a flat open for the morning with the **Dow** up 7 bps, the **S&P** down 11 bps, and the **Nasdaq** down 33 bps. The **Russell** is down 15 bps. Energy is lower today with **WTI** down 50 bps, **Brent** off by 58 bps, and **Natural Gas** down 16 bps. **Gold** and **silver** both lower with the latter off by 68 bps. **Copper** is down 1.06%. **Grains** are higher across the board today. The **dollar** is up 8 bps. **Bonds** are down 26 bps. **VIX** is 18.20. It has been a fairly quiet weekend for macro news and neither the US nor Europe are moving too much. The G7 agreed to a Global Minimum Tax deal this weekend but some cautious pieces out suggesting it will be a long time before it's a reality. The FOMC meeting remains the big focus in mid-June. The consensus is quickly becoming that Powell will acknowledge that a tapering talk should begin even though when and how will be undetermined. Inflation expectations have eased a bit in recent days. Elsewhere, Janet Yellen said over the weekend that 3% inflation is likely this year and that Biden's plan should be pushed through.

Asian markets are mixed this morning with the Hang Seng down 45 bps, Shanghai up 21 bps, and the Nikkei up 27 bps. In Europe, the major indices are all higher with the DAX up 16 bps, CAC up 21 bps, and FTSE up 28 bps. We're seeing outperformance in industrials and banks while tech and energy lag. Homebuilder **Barratt Developments** and **Taylor Wimpey** both rose around 2.5% after strong U.K. housing data. Miners **Antofagasta** and **Glencore** fell around 2% as copper prices fell on downbeat China export data. **Total**, **BP** and **Shell** were modestly lower as oil prices slipped ahead of talks this week between Iran and world leaders. Office space provider **IWG** plunged 14% to a new four-month low after warning on the FY outlook. **Argenx** fell 6.5% after a J&J subsidiary discontinued a collaboration agreement for its anti-CD70 antibody cusatuzuma.

Calendar

Today... Earnings After the Close: COUP, HQY, MRVL, REVG, SFIX, MTN; **Analyst Days:** REGN; **Conferences:** Deutsche Bank Global Consumer, Goldman Travel and Leisure, Evercore ISI TMT; **Other:** BIIB PDUFA, AAPL Developers Conference

Tomorrow... NFIB Small Business Optimism, Imports/Exports, Trade Balance, Redbook, JOLTs; Earnings Before the Open: ASO, MOMO, THO, NAV, YTRA; **Analyst Days:** SHW; **Conferences:** Deutsche Bank Global Consumer, Goldman Travel and Leisure, Evercore ISI TMT, Bank America Global Technology, Goldman Healthcare, RBC Energy, UBS Industrials/Transports, Baird Consumer, NAREIT REIT Week

Overnight Markets

VIX	18.2	0.42%
US Dollar	90.2	0.07%
Natural Gas	3.092	-0.16%
Gold	1888.8	-0.16%
Oil (WTI)	69.24	-0.55%
Silver	27.72	-0.65%
Copper	4.483	-1.02%

Technical View



Key Levels to Watch

S&P futures opened the week flat and trading down a bit pre-market to re-test VWAP from Friday at 4215.50. We're moving a bit higher now back above overnight VWAP at 4222 and around Friday's close of 4227.5. Overall, remains bullish and poised to challenge 4230 again. Above that level would target 4240.25, 4251.5 and 4262.75. A move lower would target 4217.75 and then 4205 and 4195.25 gap fill.

Economic Data

- **China** exports for May rose 27.9% vs 32.1% est.
- **China** imports for May rose 51.1% vs 53.5% est.
- **German** factory orders for April -0.2% vs +0.5% est.

Macro News

- **Yellen** says it would be a positive for the US and the Federal Reserve if rates moved a bit higher, per Bloomberg.
- **Yellen** thinks inflation could hit 3% this year, per WaPo, but reiterates that it would be transitory
- **The White House** has rejected the latest GOP offer on infrastructure, per WaPo. The gap between the two sides remains ~\$700B
- **Sen. Manchin** is confident a deal can be struck between the two sides on infrastructure, per Politico
- **US, China** trade relationship has major imbalances, says USTR Tai, per Bloomberg, and the White House is committed to evening it
- The G7 has backed the **global minimum tax**, as expected, says Bloomberg, but the path towards approval through Congress remains fairly difficult
- El Salvador will become the first country to adopt **bitcoin** as legal tender, says CNBC

Movers

Gainers: QTS 13%, RMED 11%, CLNE 8.5%, MVIS 8%, TELL 6%, RLX 1.5%, EXPR 1%

Losers: SOFI -4%, EDU -3.5%, TAL -2%, YINN -1.5%

Insider Buying

FEYE, ACI, GOED

IPO Calendar

Marqeta (MQ) is raising \$1B at a \$12.4B valuation

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

LifeStance Health (LFST) is raising \$640M at a \$6B valuation

Monday.com (MNDY) is raising \$490M at a \$6.8B valuation

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

Stock-Specific News

IPO Calendar

- **Marqeta (MQ)** is raising \$1B at a \$12.4B valuation; their platform allows businesses to launch and manage their own card programs, issue cards to their customers or end users, and authorize and settle transactions.
- **Kanzhun (BZ)** is raising \$864M at a \$8.4B valuation; their primary app is a mobile-native platform that promotes direct chats between job seekers and enterprise clients
- **LifeStance Health (LFST)** is raising \$640M at a \$6B valuation; one of the nation's largest outpatient mental health platforms
- **Monday.com (MNDY)** is raising \$490M at a \$6.8B valuation; allows organizations to easily build software applications and work management tools that fit their needs
- **TaskUs (TASK)** is raising \$300M at a \$2.5B valuation; a digital business services outsourcer, providing digital customer experience services, content security services, and artificial intelligence operations

Barron's Wrap

- **BP** shift to renewables carries sizable risk as pivoting to greener energy might attract sustainability-focused investors, it could also come at the price of lower returns
- **Zoom (ZM)** needs a second act and barring some nightmarish, unexpected change in the path of the pandemic, Zoom's days of incredible growth are over
- **PTC** has more upside as they have succeeded in transitioning into a subscription service software company
- **PNC Financial (PNC)** a top play on the lending revival and while loan growth has been hard to come by for the banks, but it could be the catalyst for their next move higher
- **Brinker (EAT)** looks ready to soar as the parent of Chili's Grill & Bar, has been a COVID pandemic loser and a reopening winner
- **MA, V** remain two top reopening plays that haven't surged yet
- **MGM** still faces a number of hurdles in Las Vegas's recovery

M&A

- **Medline**, a medical supply company, is being bought for \$30B by **Blackstone (BX)**, **Carlyle (CG)**, and **Hellman & Friedman**; It is the largest LBO in over a decade and Goldman notes this could open the floodgates for more LBO deals with ideal conditions such as low interest rates, aggressive financing, and significant dry powder

On the Chart

PTC nice base forming under \$135 and has a low-volume gap above to fill back to \$145

Hawk Database

EAT buyers in the June \$65 calls and July \$75 calls recently while the \$70 puts also with sellers

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- **Vulcan Materials (VMC)** is buying **US Concrete (USCR)** for \$74/share in cash or \$1.294B. U.S. Concrete is an important Vulcan customer in a number of key areas
- **LSPD** is buying NuOrder for \$425M in cash and stock and buying Ecwid for \$500M in cash and stock
- **MIC** to sell Atlantic Aviation to KKR for \$4.475B
- Waste management firm **Urbaser** is being sold to Platinum Equity for \$4.2B, says Reuters.
- **QTS Realty (QTS)** is being sold to **Blackstone** for \$6.7B, per the WSJ. The company owns more than 7 million square feet of data-center space in 28 locations across North America and Europe
- **Autodesk (ADSK)** confirms non-binding proposal to acquire **Altium** for A\$38.50 per share or A5.05B. The proposal was rejected by Altium would consider a higher price. Altium develops software used by printed circuit board, or PCB, designers and electrical engineers
- **One Medical (ONEM)** announces \$2.1B stock deal for **Iora Health**; a human-centric, value-based primary care group with built-for-purpose technology focused on serving Medicare populations
- **Reckitt Benckiser** is selling their baby formula business in China to Primavera for \$2.2B, says FT. The deal will be used to pay down debt

Sympathy Movers

MLM, EXP two names to watch with the deal between VMC and USCR today

Sympathy Movers

EQIX, DLR, COR other data center REITs to watch today

Consumer

- **UBER** says their UK, Spain and German businesses have returned to pre-pandemic levels as of mid-May, per FT. The company also says they're looking for drivers in the UK to meet the demand spike
- **Oda**, Norway's largest online grocery business, reaches \$1.2B valuation, rising 36% in six weeks
- **Flipkart** is in talks to raise up to \$3B from investors including Softbank, per Bloomberg, at a \$40B valuation
- **STMP** settles class action, sees cash outflows of \$66M to \$77M
- **CAR** is adding \$325M to their buyback plan
- **GIII** reports \$0.53 vs \$0.15 est. on \$519.9M vs \$462.6; FY in line

Hawk Database

UBER recent size buyers of the June \$51 calls and June \$52 calls

Financials

- **Klarna Bank**, Europe's most valuable start-up, is eyeing a US listing over London, says the London Times. Klarna was valued at \$31B in a funding round this March, and the listing is likely in the next year or two.
- **Citi (C)** is making a major hiring push in their wealth management business, says Bloomberg, as they look to take market share
- **GS** Inks Deal With **Visa (V)** For Corporate Payments Push
- **ESS** is boosting FY guidance and Q2 outlook for property revenues as market conditions improve

On the Chart

CAR nice bull flag forming under \$90 and now above its 8- and 21-day MA with upside to around \$105

OptionsHawk Market Blitz

- **IWG** shares are lower in Europe today after warning on the FY outlook, per Bloomberg. The shared-work / flexible office provider said profits will be well below estimates due to new COVID variants
- **National Australian Bank** is being investigated by the regulator for financial crimes, per FT

Healthcare

- **ARGX** says JNJ subsidiary has discontinued a collaboration agreement for its anti-CD70 antibody cusatuzuma
- **UTHR** is seeking a trade secret misappropriation case against **LQDA**
- **PETS** won't extend CEOs employment agreement
- **SWTX, SGEN** enter collaboration for nirogacestat w/ SEA-BCMA

Industrials

- **Daimler** is looking to boost output in China through their JV amid surging demand for luxury vehicles, per Reuters

Energy & Materials

- **Soyoil** prices reach record highs on renewable-fuel push; WSJ reports that futures have soared 70% this year with demand growing from the biofuels industry
- Options traders bet on return to **\$100/oil**, says WSJ. Traders are buying call options tied to both Brent and WTI prices hitting \$100 by the end of 2023, a level not seen since 2014
- **TMST** is raising prices on all SBQ products by \$50/ton

Tech/Telecom

- **EBAY** has received bids for its South Korean business from Lotte Shipping as well as Shinsegae Group, per Reuters
- **AAPL** will unveil their spatial audio feature for Apple Music today at WWDC, per 9to5 Mac
- **SONY** semiconductor business is suffering in 2021, says Nikkei, as shipments to Huawei fall due to the US sanctions
- **FLEX** says the semiconductor shortage will last at least another year, per FT
- **VZ, TMUS** are offering some of the most generous promotional plans ever, says WSJ, looking to lock in more customers at long-term contracts
- **GOOGL** will move parts of YouTube to its cloud service, says CNBC, a move that could make it easier for Google's cloud salespeople to persuade large companies that the Google cloud is ready for big-time workloads
- **GOOGL** will pay \$270M to settle ad practices case in France, says WSJ
- **FB** acquires Unit 2 Games, studio behind Crayta gaming platform

On the Chart

EBAY one of the nicer weekly charts starting to break out with upside to \$75

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- **Samsung** expects non-memory sales to increase in 2021, per Digitimes, fueled by strong demand for handset application processors, CMOS image sensors, power management chips and display driver ICs
- **Toshiba** will buy back 6% of their outstanding shares and pay a special dividend, per Reuters
- **GDDY** launches new features for ecommerce including integration with Amazon and eBay, and for publishing on Instagram
- **TYL** raises FY21 view on EPS to \$6.65-\$6.77 versus prior \$5.65-\$5.77 and Street at \$6.46

Analyst Notes

Upgrades

- **CHRW** raised to Buy from Sell at Goldman; asset-based truckload sector fundamentals are very robust right now (supply tight, demand strong, and prices elevated), but approaching peak or near peak levels as we exit 2021 and move into 2022; truck broker sector is exhibiting a similar overall demand and price strength but tends to be a later cycle sector owing to its non-asset based, variable cost model which should feel less downward pressure on margin as volumes and/or price decelerates versus asset based carriers who witness negative margin effects due to reduced density over a more fixed cost structure
- **V** raised to Overweight at Piper, believes higher vaccine rates in the United States are already driving higher domestic activity and that faster growth in cross-border revenue should help Visa close its gap with MA
- **SPLK** raised to Buy at Summit, Splunk sounded bullish and lot more confident and upbeat following last week's results, and the company has one of the best platforms to analyze data in the industry
- **VAC** raised to Buy at Deutsche Bank, has an incrementally bullish outlook for big ticket spending from a historically robust consumer and sees a favorable longer term outlook for leisure travel in post-Covid
- **MRUS** raised to Buy at Citi
- **NEXT** raised to Overweight at MSCO
- **FATE** raised to Buy at HCW
- **RUBI** raised to Buy at Truist
- **MGNI** raised to Buy at Truist

Hawk Database

CHRW looks good above \$98, has 3000 Aug. \$87.50 calls bought in OI and notable November call OI

Hawk Database

V focus write-up today with the 6500 December \$240 calls bought Friday and size in August and September call OI

Hawk Database

VAC recently with 2000 October \$175 calls bought for over \$2M.

Downgrades

- **TAL** cut to Underperform at CSFB; **EDU** cut to Neutral and more cautious on the worst-case scenario of the upcoming regulation due to increasing negative news
- **WERN** cut to Sell at Goldman; concerns over new capacity entering the market and the potential for rate deceleration as we exit 2021 and move into 2022
- **FIS, FISV** cut to Neutral from Buy at Truist, there is nothing wrong with these companies, but the analyst believes that the stock's valuation will contract as investors consider the slowing Merchant segment organic revenue growth and their lack of strategic optionality
- **NLY** cut to Market Perform at KBW
- **COF** cut to Neutral at Baird
- **PGR** cut to Underweight at MSCO
- **AZO** cut to Hold from Buy at Argus

Initiations

- **GLBE** started Buy at Goldman, \$44 target; gaining share in the cross-border eCommerce market; expect Global-e's recent exclusive partnership with Shopify to accelerate growth into 2022 and 2023
- **PTON** started Buy at Loop Capital, firm believes the impact of the recalls will be short-lived and that management's guidance likely bakes in an excessive amount of conservatism. Peloton could easily raise subscription prices and its pricing power potential is underappreciated by investors
- **ETSY** started Overweight at Atlantic, \$200 target, sees Etsy as a unique digital retail growth story, benefitting from a number of strong consumer trends, including the growth of digital commerce, and consumers' growing desire for more meaningful consumption
- **AEYE** started Buy at HCW
- **IPW** started Buy at DA Davidson

Other Notes

- **V, MA** targets raised at Barclays
- **AVGO** target raised to \$550 from \$500 at Baird
- **AXP** target to \$185 from \$165 at Wells Fargo
- **MSFT** entry point attractive, says MSCO

Trade Ideas

Croc's (CROX) hitting the 'ready to run' scan tonight with shares back near trend support from the post-earnings gap higher. A move above \$105 in focus to take a run at recent highs and a longer-term measured move out to \$118.50. MACD has reset and nearing a bull cross while RSI is poised to move back above 60. CROX is coming off of a blowout quarter and demand continues to grow.



Technical Scans

Inside Days: OKTA, ANTM, EXPE, DECK, FVRR, SPOT, MTCH, CHWY, MELI, PINS, ZS, DKNG, BILL, ROST, CB, TCOM, HON, HOLX, SNAP, BILI

Bullish Reversal Days: GPC, GENI, TPR, AEO, FEYE, TWLO, CARG, GOOS, KSS, VRM, CPRI, LGIH, PII, NTES, FTDR, BURL

Ready to Run: DPZ, CHKP, USB, HPE, MMM, KEX, WCN, IBM, CROX, GD, SIMO, EXP

Small Cap Biotech Watch

Ocugen (OCGN) a small cap Biotech that sees a lot of activity with 237,000 calls and 155,000 puts in open interest and an IV30 of 217%. The volatility structure indicated a large move is likely coming by mid-July though the most notable options activity came on 6/2 when 10,000 October \$15 calls bought for over \$2M. The October \$17.50 calls also saw 10,000 open in smaller lots on 5/27. OCGN is showing sharply inverted 30-day IV Skew at -15%. OCGN is a biopharmaceutical company focused on developing gene therapies to cure blindness diseases and is also developing a COVID-19 vaccine. The COVID vaccine is being developed with Bharat Bio with Phase 3 trials ongoing in India and the first interim analysis showed 81% efficacy. OCGN plans on submitting a EUA for COVAXIN in June with the FDA. OCGN's modifier gene therapy platform is based on NHRs, which have the potential to restore homeostasis, the basic biological processes in the retina. IRDs such as RP, a group of rare genetic disorders that involve a breakdown and loss of cells in the retina and can lead to visual impairment and blindness, affect over 2.0 million people worldwide. OCU400 has received four Orphan Drug Designations from the FDA for the treatment of certain disease genotypes. OCGN short interest has swelled to 19% of the float, rising 225% Q/Q.

Small Cap Growth Company Write-Up

Avid Technology (AVID) a small cap not often discussed that has shown major relative strength with shares +350% Y/Y and up 112% YTD yet valuation still appears attractive. AVID is powering much of the media content we enjoy.

AVID develops software and integrated solutions for video and audio content creation, management, and distribution. AVID is a leading technology provider that powers the media and entertainment industry. It

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provides an open and efficient platform for digital media, along with a comprehensive set of creative software tools and workflow solutions. Its solutions are used in production and post-production facilities; film studios; network, affiliate, independent and cable television stations; recording studios; live-sound performance venues; advertising agencies; government and educational institutions; corporate communications departments; and by independent video and audio creative professionals, as well as aspiring professionals. Projects produced using its tools, platform, and ecosystem include feature films, television programming, live events, news broadcasts, sports productions, commercials, music, video, and other digital media content.

AVIS is benefitting from the digitization of the media industry as consumers are empowered to create and consume content on-demand, anywhere, anytime. The growth in content distribution platforms and increase in content consumption channels is leading to a surge in demand for the solutions AVID provides. All of its key products and solutions have been integrated into its MediaCentral Platform, which provides the industry's most open, integrated, and efficient platform designed for media. In addition, AVID provides flexible deployment models, licensing options, and commercial structures so customers can choose how, when, and where to deploy the tools.

In music, Avid Pro Tools are being used to record, mix, and edit tracks across the streaming music platforms. In TV & Film AVID tools are editing the visuals and also managing the content. AVID also plays a major role in the traditional broadcast space for sports & news. AVID outlined a \$6B TAM at its recent Investor Day that it sees growing to \$13B.

Audio & Music solutions is a \$1.7B market growing 5% with AVID having an 8-9% market share. Video Post & Storage is a \$6.7B market growing 6%. Media & Cloud solutions is a \$2.5B market growing 20% with AVID having a 7% market share.

AVID is greatly benefitting from the growth in streaming media which is subscription-based and requires these companies to continually offer fresh content. There are so many trends in the content/media industry with AVID positioned to thrive from a surge in creative content creators. AVID's ecommerce business is a high margin channel for creative tool sales with attractive customer acquisition costs.

AVID currently has a market cap of \$1.49B and trades 22.5X Earnings, 4X Sales and 28.6X FCF. Forecasts see AVID growing revenues 9-10% annually in 2021 and 2022 with EBITDA rising 27.8% and 22.3% respectively. AVID has transitioned to a recurring revenue-based model through a combination of subscription offerings and long-term agreements. This has results in AVID's margin profile being greatly enhanced with gross margins rising to 65% from 57% and EBITDA margins to 16% from 11.5%, and room for further expansion. AVID subscriptions last quarter rose 49.2% Y/Y. AVIS aspires to hit \$275M in subscription revenues by 2025 (currently \$83.7M) with recurring revenue mix at 25% and Adjusted EBITDA margins of 27%+.

Extras

Petrobras (PBR) with over 5,000 June 2022 \$10 puts bought for \$1.18

Raytheon (RTX) with 1000 November \$90 puts sold to open for \$6.85 as the October short puts adjust out

BP with 1000 October \$25 calls bought \$3.20 to \$3.35

Berkshire (BRK.B) buyer of 600 June 2022 \$290/\$200 put spreads for \$20.25

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Cameco (CCJ) spread this afternoon bought 5000 December \$25 calls for \$1.84 and sold the June \$20 puts for \$0.30

Fuel Cell (FCEL) over 4,000 October \$10 calls bought into the close for \$2.60

PayPal (PYPL) with 1,350 July 23rd (W) \$262.50 calls bought \$11.35 to \$11.45

Relmada Therapeutics (RLMD) with over 1,000 July \$30 puts sold to open in the afternoon for \$5.40

Switch (SWCH) late buyer of 2,500 August \$22 calls for \$0.64

TAL Education (TAL) with 2,000 November \$30 puts sold to open for \$5.95

US Steel (X) with 3,900 August \$31 calls bought up to \$1.65

Credit Acceptance (CACC) with 200 January \$430 puts bought mid-day for \$62

Electronic Arts (EA) with 350 December \$135 calls bought for \$17.20

Interactive Brokers (IBKR) with 200 January 2023 \$60 calls bought \$16.10

American Eagle (AEO) buyer of 10,000 June 11th (W) \$33/\$35.50 call spreads for \$0.61

Caesars (CZR) buyer of 2,500 June 11th (W) \$109/\$100 put spreads

Penn National (PENN) buyer of 2,375 June 11th (W) \$79/\$73 put spreads

Nordstrom (JWN) the June 11th (W) \$33.50/\$37 call spreads bought 4000X

L Brands (LB) the June 11th (W) \$64/\$61 put spread bought 5000X as the \$65.5 puts roll down

Moderna (MRNA) with 10,000 June 11th (W) \$185 puts sold to open for \$0.87

Pioneer Natural (PXD) with 2,000 June 11th (W) \$165 puts sold to open for \$1.45

Under Armour (UAA) with 8000 June 11th (W) \$21.50 calls bought for \$0.58

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
NKE	August \$140 Calls	1,571	5,814	270.08%
APLS	October \$60 Calls	1,031	2,032	97.09%
PLUG	July \$40 Calls	2,019	3,942	95.25%
AOUT	January \$30 Short Puts	1,220	2,340	91.80%
CVX	September \$130 Calls	3,890	7,045	81.11%
BIIB	October \$250 Calls	2,437	3,420	40.34%
LVS	August \$60 Calls	22,241	28,336	27.40%
ALKS	August \$25 Calls	7,300	9,070	24.25%
VLO	September \$75 Calls	2,063	2,555	23.85%
RBLX	July \$125 Calls	1,967	1,574	-19.98%
BA	August \$250 Calls	11,051	7,843	-29.03%
LGF.A	September \$25 Calls	2,551		-100.00%

What They're Saying

LH Harris (LHX) at Bernstein Conference discussing the new CEO's priorities and synergies... "And when I talk about the cost synergies back in April, I said we're now looking at \$320 million to \$350 million of cumulative benefits in 2021. So that's a year ahead of schedule and we're leaning towards the higher end of that range. And then on the revenue synergies, as we've said, I think that's been the pleasant surprise. We have a robust pipeline with \$7 billion of opportunities, we've been awarded \$400 million to date and we're at a 70% win rate. So I thought it was just important to kind of go through the first 2 years. Going out 5 years as I think I'd look in the near term and then the 5-year period -- in the near term, meaning the next 12 or 18 months -- we need to complete the integration. I think we're going to wrap that up officially at the end of this calendar year. But there'll continue to be opportunities as we're still in the early innings, and we'll talk about those savings as E3 savings going forward. I think the team has done a nice job of building the E3 program. That's contributed to the margin expansion. But that's an operating system that we're going to continue to enhance and get into the DNA and the culture of the company. And like I said, we're off to a good start but there's more to do there. And we talked about the portfolio shaping. We've announced our closed divestitures that are going to bring in around \$2.5 billion of cash proceeds, so we'll be wrapping that up this year as well. So that's kind of the near term. But in parallel, we're going to continue our focus as a nontraditional prime and I covered that a lot back in April. We have some unique and great capabilities. We're trying to kind of thread that needle between being a traditional prime and a new entrant, taking the best of both models with a real focus on innovation and agility. So that's going to be a key part of the strategy. As a result of that, we're going to generate a fair amount of cash. We talked about a lot of that going back to the shareholders in the form of competitive dividends and share repurchases. We're also targeting double-digit earnings and free cash flow per share growth over the medium term. The other thing I think I'd throw out there over the next 5 years is really continuing to embrace the whole digital engineering movement. We have some pockets of excellence here at L3Harris. We've been leaning forward. And over the next 5 years, I'd like to continue to expand that across our enterprise. It's clearly aligned with where our customer is headed. And ultimately, in 5 years, we can have our entire development cycle in the digital realm, and that's going to really pay dividends and increase our probability of winning and reduce the cost of our offering."

Boston Scientific (BSX) at Bernstein Conference on the WATCHMAN program... "Yes, this is a fantastic business for us. It's exceeded our expectations. The FLEX launch has exceeded our expectations in terms of the effectiveness and safety profile of that device and the confidence that doctors have in it. And that was done organically within the company. So big kudos to our R&D team who really developed a second-generation device that's significantly better. And so that platform is performing extremely well. We have a significant infrastructure in place. We're launching it now globally in Japan. It's doing well in China. And as you know, we have a bunch of clinical trials that are actively enrolling to expand the addressable market. So we think, in our current indication, we're well under probably 7%, 8% of the indicated patients who're actually receiving WATCHMAN. So there's a significant amount of growth to drive in the current indication beyond geographic expansion. And then we have a number of trials in place to expand the TAM over time. So we think LAAC will be one of the fastest-growing markets in med tech for many, many years. With competition coming, they will certainly take some share. Difficult to predict what that will be. But given the strength of the portfolio that we have, the infrastructure that we have, the growth rate of the market and the indication expansion we anticipate, it's going to be a big grower for the company for many years."

General Electric (GE) at the Bernstein conference on their healthcare business... "Honestly, I think this is a bit of an underappreciated gem within the GE portfolio today. Clearly, a leadership position at the heart of Precision

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held primarily through our imaging franchises. but I think also increasingly with our Pharmaceutical Diagnostics offering and how the 2 complement, particularly as we think about some of the oncology applications that some of our recent acquisitions help us exploit. We touch over 1 billion patients a year at GE Healthcare. When you look at how the over 4 million strong installed base of our MR, CT, our ultrasound scanners and our patient monitors and the like are used across the global health care scene. Now what is that? 15% of worldwide population. It's a big number. But clearly, plenty of opportunities for us to continue to grow here. And grow we want to do to serve the customers. We know this business is more valuable to investors. And we can get that low single-digit growth rate up sustainably into the mid-single digit range. There's a lot of good commercial execution improvements on the table. Clearly, you see us investing aggressively in innovation, over 40 NPIs last year. And certainly, Digital is going to be a bigger part of what we do here.”

MGM at Bernstein Conference on investor concerns with promotional/marketing expenses... “So what we have begun to see and what we believe, and we've ramped all this, in sports betting, it's anywhere from 20 to 22 months, give or take. We think the average acquisition cost of a customer will come down over time. It's -- we're sure we think maybe 20% to 25% of them stick at the end of it. They'll average about, on sports betting, about \$90 a year. We think in iGaming, about \$160 a year. And so if you start doing the TAMs on that, that's where some of these numbers and the \$30 billion come from. And we have tracked to begun to see that very clearly in more mature markets. Now it is still early days. But I think what's important is it is tracking in that direction. I believe you have to be disciplined. The idea that we're all going to go out and do massive sponsorship, massive media deals, over time, that will take its toll on the business if you're not disciplined. And so for example, we are not a national advertiser. We advertise in those markets that we have product, where others potentially are. At some point, we may make critical mass where that makes sense. But for today, it does not. And so it's just about how you think about your business, how you truly want to interact and how quickly you want to get to profitability. In our case, we think that MGM late '23, early '24 goes profitable, and then we begin to see a growth from there.”

Jamf (JAMF) at Blair Growth Conference breaking down its markets... “Everybody knows that the iOS market is way bigger than the Mac market. However, we have a lot more product for the Mac. And as a result, our ASP, our potential price per Mac, is much higher than it is on iOS. And as a result, fewer devices, but the market share is growing of Mac. So that \$5 billion that's available on Mac is growing sharply as Macs are being used in the enterprise like with IBM. The iOS market of \$7 billion, we have lesser product for that but just as differentiating, just the ASP is a little bit lower until, and this gets to the strategic reason for the Wandera acquisition, we just way upped our ASP per device. And we actually added another \$6 billion onto that iOS market with the Wandera solutions. So we have really 3 ways to expand our ARR. One is through Mac growth, which we already dominate; the other is bringing iOS devices over to the Jamf system; and the third is selling our follow-on solutions.”

Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew
MRVL	June \$49 Short Calls 11K; 5K June \$47 Put Buy; 8K Aug \$65/\$80 Call Spreads	Higher 3 of 5, Lower Last 2	9.20%	4.97%	2.60%	-58.7%	7.05%
COUP	945 Jan 2023 \$400 Calls Bought / 1K June \$300 Puts Bought / 1850 Jan \$500 Calls Bought / 4500 Jan \$450 Calls	Lower Last 3, Higher Prior 5	11.70%	6.98%	12.84%	-1.2%	3.64%
SFIX	4500 June \$50 Puts Bought / 4400 June \$55 Puts Bought	Lower 4 of 5	26.20%	15.85%	45.00%	31.5%	-6.06%
MTN	850 June \$350 Calls Bought / 400 July \$290 Short Puts / 1600 Jan \$330 Puts Bought	Lower 3 of 5	6.00%	4.42%	5.95%	-3.4%	-5.74%
PATH	June and Aug Put Accumulation	No History	No History	15.26%	-	-	7.10%
ASO	4000 Dec \$35/\$45 Call Spreads / 1K Jan \$45 Call Buy / 12K June \$40 Call Buys / 8K July \$40 Call Buys	Higher 2 Reports	11.00%	11.37%	32.00%	5.4%	-12.00%
THO	2250 June \$120/\$135 Call Spread, Short \$105 Puts	Higher 3 of 4	10.30%	7.14%	11.91%	-27.6%	1.30%
CPB	10K June \$46 Short Puts / 2900 July \$48 Short Puts / 1200 Jan \$43 and 1800 Jan \$47 Calls Bought	Lower 3 of 4	6.00%	3.72%	6.33%	8.4%	0.69%
LOVE	No Notable Size in OI	Higher 4 of 7	27.35%	12.70%	19.06%	-1.5%	2.54%
UNFI	3K June \$35 Call Sales / 3K Aug \$25 Put Bought / Aug \$40, \$35 Put Buys	Lower 11 of 12, Higher Last 1	20.60%	14.25%	21.52%	-24.3%	0.72%
GME	2K Aug/Nov \$150 Put Calendar	Lower 10 of 11	19.95%	20.59%	67.11%	16.0%	-53.22%
RH	1200 Jan 2023 \$320 and \$310 Short Puts / Jan \$470 and Nov \$360 Put Sales 500X	Lower 3 of 5	14.14%	8.38%	23.35%	19.1%	1.18%
VRNT	Small Dec. \$45 Call Buying	Higher Last 3	12.10%	50.08%	2.10%	-8.6%	7.35%
SIG	June 62.5/70 Call Ratio 1000X2000	Lower 3 of 4	17.80%	10.90%	23.76%	-10.2%	0.83%
CHWY	Lots of Action, Leans Bullish / 5500 July \$70 Short Puts	Lower 4 of 5	9.06%	7.83%	23.19%	18.8%	-1.36%
PLAY	2500 Weekly \$45 Calls Bought / Jan \$35 Short Puts 4925X / 1800 July \$50 Call Buys / 18K Jan \$25 Call Buy	Lower 6 of 8	9.63%	8.85%	29.47%	-3.4%	6.92%
FCEL	5K Jan 2023 \$25 Calls Bought / 4500 July \$14 Call Buy / 2K Oct \$16 Short Puts / 3K Jan 2023 \$30 Call Buy	Higher 3 of 5	20.80%	13.61%	39.92%	26.1%	-7.04%

Disclosures

Disclaimer:

Not Investment Advice or Recommendation

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