



Inside Today's Blitz

- ECB to Hold Special Meeting Next Week on Long-Term Inflation Strategy
- OPEC Nears Deal to Boost Output
- UK Planning to Ease Travel Restrictions
- **Macau** revenue jumps in June; **EU banks** likely to see dividend cap removed in September; **CVAC** data fell short of expectations; **MKSI** to acquire **ATC** for \$5.1B

Market Outlook

Futures are indicating a mixed open for the day with the **Dow** up 7 bps, the **S&P** up 3 bps, and the **Nasdaq** down 17 bps. The **Russell** is higher by 30 bps. Energy is rallying with the OPEC meeting as **WTI** rises 1.8%. **Natural gas** is up 2.16%. **Gold** and **silver** both higher today with the latter up 60 bps. **Copper** is up 10 bps. The **dollar** is up 7 bps. **Bonds** are down 40 bps. **VIX** is 17.85. Stocks are relatively quiet this morning to kick off Q3 after posting one of the best first halves in more than two decades. Manufacturing PMI data was mixed but nothing that is going to alter the overall narrative right now. Energy is getting a boost today from OPEC which is reportedly working towards additional easing of output cuts through year-end. Saudi Arabia and Russia had been at odds over potential easing but have reached an agreement according to sources on a tapered approach. Oil hit \$75 for the first time since 2018. Elsewhere, the UK is working towards easing more travel restrictions around COVID. This comes at a time when more countries (mostly in Asia) are looking to reimpose lockdowns due to the delta variant spread. China's Xi spoke at the Communist Party anniversary and while there was nothing incremental, he did reiterate some of their stronger military claims around Taiwan and Hong Kong. Weekly claims today likely show a small drop W/W.

Asian markets are mostly lower this morning with Hang Seng down 57 bps, Shanghai down 7 bps, and the Nikkei down 29 bps. In Europe, the major indices are mostly higher with the DAX up 20 bps, the CAC up 29 bps, and the FTSE up 62 bps. We're seeing outperformance in autos, banks and energy. Airline stocks are all higher this morning with talk that the UK is closer to a deal to ease travel restrictions. **EasyJet**, **IAG** and **Ryanair** rose between 3% and 4%. **Associated British Foods** jumped 4.5% as sales at their Primark stores topped expectations after the reopening. French catering group **Sodexo** rose 5% after raising their 2H outlook and positive on US schools reopening. French retailer **H&M** fell 2% after Q2 earnings were light.

Calendar

Today... Weekly Claims, Manufacturing PMI, ISM Manufacturing, Construction Spending, Vehicle Sales; **Conferences:** Mobile World Congress 2021

Tomorrow... Non-Farm Payrolls, Unemployment Rate, Durable Goods, Factory Orders

Overnight Markets

Natural Gas	3.732	2.25%
Oil (WTI)	74.82	1.85%
Silver	26.34	0.54%
Gold	1774.7	0.17%
Copper	4.293	0.09%
US Dollar	92.5	0.07%
VIX	17.9	-0.02%

Technical View



Key Levels to Watch

S&P futures (ES_F) with an active morning after a very quiet start to the night. We traded in a narrow range for much of the evening around 4296 before ramping up to 4305.75 into the EU open and then falling. We're now at the lows of the session around 4288 and VWAP is declining around 4296. Areas to watch higher include 4292, 4300, and 4309. Below targets 4285, 4276.5, and 4268.25.

Economic Data

- **China** Caixin manufacturing PMI was 51.3 vs 51.9 est.
- **Europe** manufacturing PMI was 63.4 vs 63.1 est.
- **Japan** manufacturing PMI was 52.4 vs 51.5 est.
- **South Korea** manufacturing PMI was 53.9 vs 53.7 est.
- **South Korea** exports rose 39.7% in June vs 33.8% est.; Imports rose 40.7% in June vs 33.6% est.

Macro News

- **Saudi Arabia, Russia** reached a preliminary deal on raising oil output, per Reuters. OPEC+ deal likely includes monthly hikes of less than 0.5M BPD until December 2021
- **China's Xi** spoke at the Community Party's 100th Anniversary last night and said that the country needs to build up its military to fend off bullies, reunite **Taiwan**, and promote stability in **Hong Kong**, per Reuters
- **US, Japan** will conduct military exercises, per FT
- **Japan** will likely extend COVID restrictions by two more weeks as new cases remain elevated, per Reuters
- **Indonesia** will soon adopt emergency measures to combat a recent spike in COVID cases, per Reuters
- **The ECB** will hold a special meeting next week to review concerns over long-term inflation strategy, per Bloomberg

Movers

Gainers: BGI 70%, SPRI 40%

Losers: CVAC -9%, MU -2%

Insider Buying

BHG, ASAN, KOD

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

- **Macau** casino revenue for June rose 812.5% vs 717.8% est.; This is up from 492.4% in May (**LVS, WYNN, MGM, MLCO**)
- **DG** is expanding their produce offering to more than 10,000 additional communities in the next 2-3 years, per Reuters
- **GPS** will cut back its European business, says Bloomberg, including handing over its French and Italian stores to partners and shuttering some UK and Ireland stores
- **ASGN** will sell their Oxford unit to HIG Capital for \$525M
- **PM** to acquire Fertin Pharma from EQT for DKK 5.1B
- **WISH** CFO is resigning
- **DNUT** is pricing below range at \$17
- **Adidas** is moving closer to a sale of their **Reebok** unit and has narrowed the bidders list further, per Reuters
- **Associated British Foods** is rallying in London this morning after earnings and raising their outlook for Primark, per Reuters
- **H&M** is weak today after sales numbers for May and June missed estimates, per Bloomberg
- **Sodexo** is raising their outlook as the catering group is more optimistic around school reopenings, per Reuters
- **Bowlero** is going public via SPAC deal with **Isos Acquisition (ISOS)**, says Bloomberg. The bowling center operator is valued at \$2.6B

Financials

- **Eurozone banks** could see the cap on dividends and buybacks expire at the end of September, per Bloomberg
- Private equity giant **TPG** is considering an IPO, per WSJ, and could be valued at \$10B+
- **Apollo (APO)** is looking to take a stake in Fintech investor **Motive Partners**, says WSJ. The deal is to buy up to 24.9% of the company and value them around \$1B
- **CFG** said that they expect to see more consolidation in regional banks as firms struggle to invest in tech, per FT
- **CS** said that one of its largest shareholders Qatar Investment has cut their stake from 5.2% to 4.8%, per WSJ
- **CS** Chairman has set a year-end deadline for deciding on a new strategy for the struggling bank, per Reuters

Hawk Database

LVS size call buyers all week and recently had 4000 December \$60 calls bought and 10K Aug. \$57.50/\$67.50 call spreads opening

On the Chart

GPS nice base forming under \$34 and a break higher can move to the high end of May value at \$35.50

Hawk Database

DB a name to watch with the EU banks news with recent buyers in the September \$15 calls and January \$16 calls

OptionsHawk Market Blitz

Healthcare

- **CVAC** says their COVID vaccine showed 48% efficacy after revealing full data from their trial, per Bloomberg. This is only up from 47% on the interim data and falls far short of peers
- **GSK** is seeing further pressure from Elliott who wants a board refresh and CEO review, per FT
- **ARQT** to terminate Phase 2a trial of ARQ-252

Industrials

- **NIO** delivered 8,083 vehicles in June, a new monthly record; their three-month deliveries totaled 21,896 vs guidance of 21K to 22K
- **XPEV** deliveries were up 617% in June
- **Ford Motor (F)** will close several factories through July due to the semiconductor shortage, per WSJ
- **BA** named a new CFO
- Electric-vehicle charging group **Freewire** could go public via SPAC deal with DHC **Acquisition (DHCA)**, says Bloomberg. The deal would value them at \$1B

Energy & Materials

- **XOM** said that Q2 earnings for their upstream unit are up around \$350M Q/Q while chemicals is up \$600M
- **CVX** is looking to divest some Permian assets, says Reuters, and a deal could be worth as much as \$1B

Tech/Telecom

- **Facebook (FB)** said that Instagram is no longer just a photo sharing app as they plan to expand its offering to better compete with TikTok and YouTube, per CNBC
- **MU** will sell its Lehi, Utah fab to **TXN** for \$1.5B comprised of \$900M in cash and \$600M in assets
- **MKSI** to acquire **ATC** for \$16.20/share in cash and stock; the equity value of the deal is \$5.1B
- **STM** launches new \$1.04B buyback program
- **AAPL** is buying a button on the **ROKU** remote control, says NY Post. Others buying buttons including **NFLX**, **DIS**, and **Hulu**
- **AMZN** is looking to have new FTC chairwoman Khan removed from any antitrust cases involving the company, per WSJ

On the Chart

GSK back at the rising 21-day MA this week, an area of support on this run higher since the news in April

On the Chart

XOM flagging well under recent highs and a move above \$64.50 has room to run with an initial target around \$68-\$69

Analyst Notes

Upgrades

- **WOW** upgraded to Strong Buy at Raymond James, The public markets are catching on to the value being created in rural broadband, and shares of WideOpenWest can outperform from here on lower leverage, more greenfield builds, and acceptance of the value created with its rejuvenated edge-out campaign
- **MTOR** upgraded to Buy at Citi, Q3 results may return confidence in the story, with the fiscal 2022 outlook, progression on electric vehicles and the December 7 investor day where 2025 targets expected serving as potential catalysts
- **THO** upgraded to Buy at Citi, Outdoor Recreation trends remain robust in Q2 after record Q1 results. The analyst's dealer checks indicate continued robust demand and he points out that shares of Thor are down 20% since late April versus the larger outdoor recreational universe dropping 12%
- **AGCO** upgraded to Outperform at CSFB
- **AXL** upgraded to Overweight at Keybanc
- **CBT** upgraded to Buy at Loop Capital
- **DASH** upgraded to Buy at Arete
- **TSCO** upgraded to Buy at Northcoast
- **UBER** upgraded to Neutral at Arete

On the Chart

THO out of a downtrend recently and above \$115.50 and June value has room to run to \$122.50

Hawk Database

DASH buyers recently in the July \$190 calls 2000X

Downgrades

- **MU** downgraded to Hold at Summit Insights, the analyst warns that the favorable memory demand-supply dynamics will peak in the second half of 2021 due to seasonal build and also cites the changes in inventory management tactics by many of Micron's customers. DRAM and NAND contract pricing will continue to improve sequentially into the August quarter, but pricing is likely nearing a near-term peak
- **EIX** cut to Neutral at Keybanc
- **GSHD** cut to Neutral at JP Morgan
- **PII** downgraded to Neutral at Longbow

On the Chart

GSHD a strong run lately and potential dip buy back around the recent breakout at \$115

Initiations

- **QRVO** started Buy at Argus, positive on the company's position as a leading provider of RF solutions as it leverages its mobility position into diversified end markets. Qorvo's experienced management team also allows for multiple opportunities ahead in its served markets of mobility,

OptionsHawk Market Blitz

infrastructure and aerospace while noting that its growth opportunities in areas such as IOT and data communication are accelerating

- **BBBY** started Buy at B Riley
- **SEEL** started Buy at Guggenheim
- **SKIN** started Buy at Goldman Sachs
- **TWLO** started Buy at Daiwa

Other Notes

- **EBAY** target raised to \$81 from \$71 at Piper, post transactions, eBay's non-core divestiture process looks complete and the business should be much simpler to operate
- **AA** target raised to \$40 from \$35 at Jefferies
- **GIS** target raised to \$61 at JP Morgan
- **IBM** target raised to \$150 at Evercore
- **LYFT** target raised to \$76 at Cowen
- **PYPL** target raised to \$330 at Wedbush
- **SIG** target raised to \$85 at Telsey
- **TXN** target raised to \$230 from \$220 at Susquehanna

On the Chart

LYFT above \$62 likely will run back to the March volume range and initial target around \$64, although a lot more upside above there

Trade Ideas

Tapestry (TPR) shares forming a nice base around the \$42 level and pushing back above the 8- and 21-EMA yesterday. A move higher through \$44 and the top of June value has room to run out to \$46.50 and then \$48.75. MACD had a bullish cross recently and RSI is nearing a move above 60 with plenty of room to run.



Technical Scans

Inside Days: NTR, XLRN, MKC, EMN, PG, TRU, MDLZ, TMUS, DHI, SPGI, CARR, APTV, ROL, MTD, SCCO, CP, PAGES

Bullish Reversal Days: IPG, NUE, CAE, WRK, SC, NLSN, SYU, INGR, WWD, FOXA, PLNT, J, HBI, IVZ, FOX, ABNB, AXTA, SQSP, NXST, TGNA, TSN, IAA, HII

Ready to Run: GIII, W, TPR, BALY, HSY, BYD, PEP, CMCSA

IPO Profile

Krispy Kreme (DNUT) returning to the public markets this week with an IPO looking to raise \$560M to \$640M at a \$3.5B to \$4B valuation. They were looking to sell shares between \$21 and \$24 but priced weak today \$17. The company went private in 2016 when JAB Holdings bought them for \$1.35B and they plan to hold onto 38.6% of shares. JAB's Chairman is also planning to buy \$5M in stock while JAB will buy another \$50M to \$100M in stock on the open market. DNUT has spent the last three years focused on creating significant changes to their business model including expanding on an omnichannel strategy, greater control of their network in key markets, and starting to expand outside the US. DNUT has a 'hub and spoke' model with fresh shops, ecommerce/delivery, branded treats, and hotlight theater shops. Ecommerce has grown to around 18% of all sales and they've found that digital sales have about a 60% higher transaction value. They see a massive, untapped opportunity as the indulgence market grows to \$650B worldwide and premium, high-quality but affordable experiences pick up momentum with younger demographics. DNUT currently operates within markets that represent only about half of that TAM and it's a market that grows overall at 5% CAGR (doughnuts are a faster-growing part of the indulgence market growing around 10%). The company sees a huge whitespace opportunity too with around 4.5B people without easy access to a store despite overwhelming brand awareness. DNUT is almost singularly a doughnut company with 93% of sales from the product and over 75% of their doughnuts sold in what they refer to as 'sharing quantities.' In 2018, DNUT bought a stake in Insomnia Cookies which moves them beyond the iconic doughnuts and JAB has said many times recently they think the brand could be the 'next Krispy Kreme.' DNUT revenue rose 17% in 2020 to \$1.12B on a loss of \$60.9M, their third straight year of losses as they focus on investing in the business.

Extras

AppLovin (APP) into weakness a buyer of 900 February \$80 calls for \$10.50 to \$10.60

Li Auto (LI) with 1100 January \$42 calls bought for \$4.60

Micron (MU) with 1650 November \$100 calls bought \$3.35 to \$3.50

Skechers (SKX) late buyer of 1000 August \$50 calls for \$3.30

SSR Mining (SSRM) with 5000 September \$13 puts sold to buy the \$17/\$20 call spread

Exxon (XOM) with 2,900 June 2022 \$57.50 puts sold to open for \$5.17

Boeing (BA) with 300 February \$240 puts sold to open for \$26

BioHaven (BHVN) with 500 October \$120 calls bought for \$5

Decker Outdoors (DECK) with 400 December \$400 calls bought for \$33.50

RH buyer of 200 December \$690 calls for \$82.70

Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
TAL	August \$32.50 Calls	1,561	6,808	336.13%
SABR	October \$15 Calls	3,754	8,719	132.26%
SAVA	August \$100 Calls	1,815	4,139	128.04%
XOM	June 2022 \$57.50 Short Puts	2,398	5,299	120.98%
CSCO	January \$57.50 Calls	11,730	24,435	108.31%
NEE	January 2023 \$75 Short Puts	1,228	2,476	101.63%
FANG	January \$95 Calls	1,267	2,277	79.72%
NCLH	August \$30 Calls	2,057	3,570	73.55%

What They're Saying

Micron (MU) earnings call on demand trends... "PC, on a year-over-year basis in calendar year '21, the growth is in high teens. And of course, the SSD attach rate average content continues to increase on the NAND side and continue -- PC continues to drive healthy demand for DRAM as well. Our data center, after the digestion period earlier in the year in the second half, driving strong demand for us as well. Smartphone, 5G trends driving unit sales as well as average content growth. Automotive, we can't meet the supply. We can't meet the demand that is strong there. Industrial markets, the demand is strong. So across the board, almost across all end markets, we are seeing strong demand. In fact, in the industry, there is unmet demand. And did you know that there is semiconductor shortage across the technology ecosystem and as that semiconductor shortage gets alleviated over time, that actually is going to create more demand for memory and storage because every end application today, whether it's analog IC-related or memory, CPU cores-related, all of them actually require memory and storage. So semiconductor shortage, which is actually impacting some of the demand, as that gets alleviated over the course of next several quarters, that, too, will bring about increased demand. So demand trends are strong. The supply, as we see through the year, through the end of the year and into calendar year 2022, is tight as well. And you know that CapEx in the industry has been on the DRAM side, extremely disciplined. The producer inventories, the supplier inventories are running extremely lean as well. I can certainly speak for our inventory. Our days of inventory are at 98, extremely low as well. And capital intensity is increasing as well in the industry, and that all bodes well for disciplined supply growth as well. We talked about that how DDR5 as a spec that is there in the industry, as a JEDEC spec, actually requires more on chip ECC that results in bigger die sizes for everybody in the industry for DDR5 over DDR4. So that, again, as you can well understand, as the industry transitions to DDR5 over the course of next several quarters in '22 as well as in '23, that too, means less supply growth availability from the wafers, even with technology transitions. And so all of those trends from the demand side as well as from the supply side bode well for our industry."

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
LNN	Lindsay Corp	\$1.61	\$1.30	\$161.90	\$146.43	31.50%	
MKC	McCormick	\$0.69	\$0.62	\$1,556.70	\$1,466.21	11.10%	FY Above
SMPL	Simply Good Foods	\$0.43	\$0.28	\$284.00	\$245.09	32%	FY Above
WBA	Walgreens Boots	\$1.51	\$1.15	\$34,030.00	\$33,472.19	12.10%	FY Above
MU	Micron	\$1.88	\$1.71	\$7,422.00	\$7,257.78	36.50%	FY Above

WBA – Beat on EPS and Revs - Comparable sales increased 6.4% from the year-ago quarter reflecting an 8.4% increase in comparable pharmacy sales and a 1.7% increase in comparable retail sales. CEO Rosalind Brewer said, "This quarter's results demonstrate continued momentum, and while challenges lie ahead, we are in a strong position to grow and innovate our core retail and pharmacy businesses for the future. We are accelerating our investments to advance our operational excellence, including technology innovations that support mass personalization, pharmacy of the future and the next phase of growth in tech-enabled healthcare. These investments are fueled by our Alliance Healthcare divestiture. I remain proud of our team members and the essential role they are playing to help end the pandemic as the communities we serve continue to turn to our trusted brands and expert pharmacists."

MU – Beat on EPS and Revs - "Micron set multiple market and product revenue records in our third quarter and achieved the largest sequential earnings improvement in our history," said Micron Technology President and CEO Sanjay Mehrotra. "Our industry-leading 1alpha DRAM and 176-layer NAND now represent a meaningful portion of our production, and Micron is in the best position ever to capitalize on the long-term demand trends across the data center, intelligent edge and user devices." Based on our assessment of the progress EUV has been making and aligned with our technology strategy and industry-leading DRAM scaling roadmap, we plan to insert EUV into our DRAM roadmap starting in the 2024 time frame. Micron has placed purchase orders for multiple EUV tools from ASML as part of a long-term volume agreement. The pre-payments for these systems will contribute toward the FY21 and FY22 CapEx. We have increased our FY21 CapEx to be somewhat above \$9.5 billion, mostly from areas that do not impact CY21 and CY22 bit growth, such as these EUV pre-payments, construction spending and other R&D and corporate items.

MKC – Beat on EPS and Revs - McCormick is capitalizing on the sustained shift to cooking more at home and the growing consumer interests in clean and flavorful eating, increased digital engagement, trusted brands and purpose-minded practices. These long-term trends have accelerated during the COVID-19 pandemic and are expected to persist beyond the pandemic. The Company expects the shift in consumer demand to at-home consumption to be sustained at higher than pre-pandemic levels, as well as a gradual recovery in the demand from restaurant and other foodservice customers which have been impacted by the curtailment of away-from-home dining. McCormick is well positioned for continued growth through the combination of its alignment with these consumer trends, the breadth and reach of its flavor portfolio and its effective growth strategies. For the fiscal year 2021, McCormick increased its financial outlook for sales, adjusted operating income and adjusted earnings per share based on the Company's strong year-to-date performance and robust operating momentum. The Company now expects a three-percentage point favorable impact from currency rates on sales and reaffirms the two-percentage point favorable impact from currency on adjusted operating income and adjusted earnings per share.

Disclosures

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