



Inside Today's Blitz

- Virus Cases Continue to Rise as Cities, States Consider Further Lockdown Measures
 - EU Leaders Move Closer to Massive COVID-19 Rescue Fund Package
 - Biden Opens Up 15-Point Lead Over Trump in ABC News/WaPo Poll
- CVX** reaches \$5B deal to buy **NBL** in largest energy deal of year; **LMT** wins a \$15B USAF contract; **EBAY** nears deal to sell Classifieds business; **CBL** is close to declaring bankruptcy; **TopGolf** may come public via SPAC; **Philips** rallies on earnings, strong 2H outlook

Market Outlook

Futures indicating a flat open for the morning with the **Dow** down around 12 bps, **S&P** off by 20 bps, and **Nasdaq** up 8 bps. It was a fairly quiet weekend for macro news with a lot of the same pillars being discussed. COVID-19 cases continue to look terrible in the US (especially compared to ROW) while there's increasing concern we could see further lockdown measures. LA's Mayor warned the city is on the brink of another shutdown while Florida had its fifth straight day of 10,000+ cases. It still doesn't seem like we'll see the sweeping shutdown orders we saw in March/April (it doesn't seem like many politicians feel they have the political capital to pull it off, unfortunately) but if cases continue to rise then the chatter will rise too. In Europe, the focus is on stimulus with talks wrapping up on a deal today. Leaders met through the weekend and appear to have bridged a gap between some big differences so much so that a deal could be announced

today. They remain undecided on oversight. In Washington, Joe Biden continues to show impressive polling nationally versus Trump with the latest ABC/WaPo poll having him up 15 points. GOP leaders will meet with the President today to discuss the next stimulus bill. The deadline for the \$370B fiscal cliff is fast approaching.

Asian markets were pretty mixed overnight with the Nikkei basically flat and strong showings in China after their central bank left rates unchanged again -- Shanghai (up 3.11%) and the Shenzhen (up 2.65%). **Softbank** was down around 2%. European markets are rebounding early after a weak open. EU talks remain in focus on a recovery fund. Travel and leisure was the biggest decliner while energy also weak. **Philips** jumped 4.5% after a strong report with higher orders and improved outlook for the 2H. **Intesa Sanpaolo** up 1% after they raised their offer for **UBI Banca**. Recruiting company **SThree** up 1.5% after earnings. **Renault** is up around 2% despite reporting a nearly 35% drop in 1H sales but did note signs of a recovery in June. British retailer **Marks & Spencer** down 2% as they plan to cut hundreds of jobs. Swiss wealth manager **Julius Baer** down 3% after they reported a 6% drop in AUM during the 1H of 2020

Calendar

Today... Earnings after the close from ACC, BXS, CDNS, CCK, ELS, IBM, LLNW, LOGI, STLD, ZION

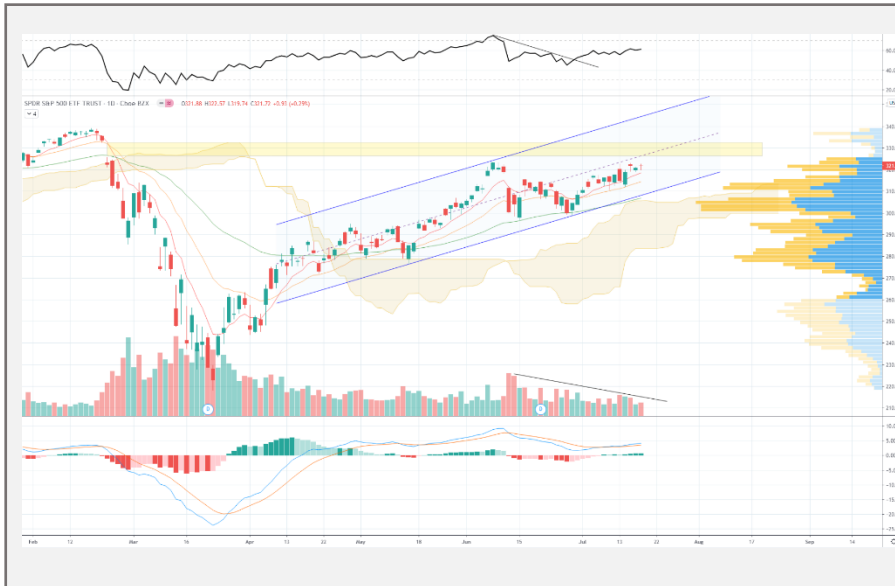
Tomorrow... API Inventories.

Earnings BMO from Alfa Laval, Novartis, Remy Cointreau, CIT, KO, CMA, CBSH, GATX, GPK, LMT, MUSA, NEOG, NVS, OGI, PM, PLD, SBNY, SFNC, SYF, SNV, UBS

Overnight Markets

Lumber	550.2	4.96%
Platinum	859.2	1.13%
Silver	19.88	0.59%
Gold	1814.2	0.23%
Bonds	180	0.16%
VIX	26.4	-0.09%
Copper	2.9015	-0.10%
US Dollar	95.72	-0.18%
Oil (WTI)	40.41	-0.83%
Natural Gas	1.69	-1.63%

Technical View



Key Levels to Watch

A fairly active overnight after opening flat on Sunday. We made an early high around 3222 and then dropped sharply around the Asian open and drifted down until around 2am to 3,190. The bounce-back started into the EU open taking us back to 3,207.5 and we're continued to grind higher into the US open. Overnight VWAP is 3204. We basically traded down to Thursday's low and bounced, so nothing huge. The 8-EMA at 3188.5 remains key support.

Economic Data

- **Taiwan** exports rose 6.5% in June vs 1.2% est.
- **Japan** exports fell 26.2% in June vs 24.7 drop est.
- **Hong Kong** unemployment fell to 6.2% vs 6.4% prior
- **China** left the LPR unchanged
- **The BOJ Minutes** showed policymakers concerned about the risk of return to deflation

Sentiment

- **Global real estate investment** plunges 33% amid pandemic. The biggest areas of focus are hotels which saw investment decline by 59% in the first half of the year, followed by a 41% drop for retail properties, says Bloomberg
- Rising volatility plus a 'fear of missing out' is making bullish **covered risk-reversals** a popular options strategy recommendation this earnings season, says Bloomberg
- **Momentum investing** has gained in popularity recently with retail traders and factor models chasing stocks higher, says WSJ

Macro News

- Companies set to chronicle troughs of pandemic as they report earnings, says the WSJ, noting an expected 44% drop in Q2 earnings

Movers

Gainers: BTAI 25.5%, NBL 8%, BNTX 7.5%, DVAX 7%, NVAX 4.5%, VBIV 4.5%, BABA 4%, ERIC 3.5%, PFE 3%

Losers: NKLA -18%, APDN -3%, BTI -2.7%, FSLY -1.8%, CRON -1.3%

Insider Buying

DMS, PSTL

Smart Money (13D/13F Filings)

IPO Monitor

Jamf Holdings (JAMF) issuing 16M shares at \$17-\$19; Developer of cloud software that's the only vertically-integrated Apple infrastructure and security platform in the world

Montrose Environmental (MEG) issuing 10M shares at \$15-\$17; Servicer of complex, recurring, and non-discretionary environmental needs

OptionsHawk Market Blitz

- **Bonds** wave red flag on US Economy while stocks show green, reports Bloomberg, citing indications of doubt in an economic recovery in the US. 10-year real yields measured by TIPS slide for past six weeks.
- **Shutdowns** – A former HHS Chief says that the outbreak in Florida is ‘out of control’ and the state needs to shut down again. Meanwhile in LA, the mayor said that his city is ‘on the brink’ of more restrictions.
- **Personal Bankruptcies** – The NYT noting that while many people have averted filings so far, once federal benefits dry up there is expected to be a surge
- **UK, Hong Kong** – British Foreign Sec. Raab to make statement on Hong Kong extradition on Monday
- **Brexit Talks** have failed to make much progress in recent weeks, says Bloomberg.
- **UK dividends** were down 57% in Q2, says the FT
- **Digital Taxes** – Finance officials from the G20 vowed to reach a consensus on taxing big tech by year-end, per Reuters

Sympathy Movers

Names in focus with the digital tax are **AAPL**, **GOOGL**, **FB**, etc.

Stock-Specific News

Consumer

- **ERI, CZR** gain approval from NJ gaming commission for deal
- UK apparel company **Ted Baker** to cut 25% of workforce, the Sunday Times reports
- **EssilorLuxottica** is pursuing legal action against takeover target **Grandvision** to disclose how it has done during the coronavirus crisis, says Bloomberg
- **Goya Foods** has quietly quashed an agreement to sell part of the company, says the NYP
- **Brooks Brothers** has another bidder as Italian-based Giglio Group is looking at the company, per WSJ
- **Topgolf is in talks to come public via SPAC**. The company was discussing an IPO last year in the ~\$4B range. **ELY** owns a 14% stake in the company.
- **Levi's (LEVI)** hopes to capitalize on the wave of retail/apparel bankruptcies, says its CEO. He spoke with the FT and also noted LEVI may close more stores due to COVID.
- Mall-owner **CBL** is preparing for bankruptcy, says Bloomberg
- **CMCSA's** NBCU is looking at deep layoffs, says NYP

On the Chart

DG trading in a very narrow range under \$192/\$193 and potential breakout targets \$210

OptionsHawk Market Blitz

- Barron's positive discount/dollar stores **DLTR, DG** as both are focused on value, and as a result, they are a growth story when other retailers are not
- Barron's thinks **CMG** should 'crush' earnings next week. They note Chipotle has kept business rather brisk in the face of COVID-19 when many others are struggling

Financials

- **Vanguard's** initial venture with **Ant Financial** has drawn 200,000 Chinese clients, says FT
- **Goldman Sachs (GS)** executives are in Malaysia to discuss a 1MDB settlement, says Reuters
- **Natixis** owner **BPCE** has explored buying the remaining 30% of the French bank, per the FT
- **Intesa Sanpaolo** has raised its bid for **UBI Banca**, says Reuters
- China is encouraging consolidation among its brokers and mutual fund groups, says Reuters
- **Julius Baer** CEO sees 2021 uncertainty a big risk
- Barron's positive **MSCI, SPGI** as both stocks could keep rising as new products and services translate into higher sales and profits
- Barron's like **GHC** as a deep value with shares down 40% in 2020
- Barron's thinks **WFC** is a buy here. The publication does note that it's a turnaround story but if investors are looking for a comeback play it'd be high on their list

Healthcare

- Medical Devices Aren't Out of the Danger Zone, the WSJ Reports, citing risks to the smaller, more specialized companies
- **TMO** may need to raise their bid for **QGEN** again, says investment fund. The current bid of \$49/share undervalues the company which has gained from COVID-19.
- **GSK** is working with Germany's **CureVac** on as many as five COVID-19 vaccines and will buy a 10% stake in the company for GBP130M, says Bloomberg
- **Philips** rallies in Europe after earnings and strong order growth, company sees a return to growth in 2H
- **PTCT** announces deal to monetize portion of Risdiplam royalty stream for \$650M
- **PFE, BNTX** to supply UK w/ 30M doses of vaccine candidate
- **ASMB, BGNE** announce collaboration
- **Grifols (GRFS)** to acquire Green Cross plasma facility for \$460M

Inside the Hawk Database

WFC recently with a buyer of 10,000 January 2022 \$42.50 calls for \$1.25M, long-term approach seeing significant upside

Inside the Hawk Database

QGEN had a buyer of 3000 August \$49 calls on Friday for \$0.95

OptionsHawk Market Blitz

- Carlyle sees pharma M&A accelerating in India, per Bloomberg
- **BTAI BXCL501** met primary and secondary endpoints of SERENITY 1 and SERENITY II

Energy/Materials

- **Chevron (CVX)** reaches **\$5B deal for Noble (NBL)**, per the WSJ. The deal values Noble at \$10.38/share or 0.1191 CVX share. It would be the largest oil deal since the pandemic.
- **Celanese (CE)** to divest **45% stake in Polyplastics JV to Daicel for \$1.58B**. CE has also raised their buyback by \$500M.
- **AUY** is set for listing in London as the Canadian producer wants to tap a larger pool of capital as precious metal interest surges during the pandemic, says FT
- China has started shipping oil back into the international market from their reserves as storage shrinks, says Bloomberg
- **Denbury (DNR)** Receives Corporate buyout offer at \$1.20/share
- Korean battery maker **LG Chem** lifted by **TSLA** boom, reports Bloomberg

M&A Breakdown

CVX does a deal for **NBL** after failing to acquire **APC** last year. M&A could be a positive driver to a struggling group, and some other names to watch are **XEC, DVN, PE, MRO, APA, CLR, CXO, COG**

Industrials

- **Lockheed (LMT)** wins **\$15B USAF contract**. The deal is for C-130J development and runs through 2030.
- **Boeing (BA)** faces a financial drag from undelivered 787 jets. Bloomberg notes that the 787 is a critical source of cash amid the ongoing crisis over the MAX.
- **American Airlines (AAL)** profiled in the WSJ with a look at how CEO Doug Parker is 'all-in' on getting flights back quickly.
- The WSJ looks at the difficulty in remaking **General Electric (GE)** into a software focused company. They note that efforts have been scrambled by employee confusion, deep costs and delusions about what it would take to reposition the company into a profitable business.
- **Airbus** is seeing some modest signs of recovery in domestic flying, says Bloomberg
- Germany's **Sixt** set to accelerate US expansion in car-rental industry, according to the WSJ
- KPS Capital is acquiring substantially all assets of **BGG**
- Auto Makers charge ahead with electric-vehicle plans, reports the WSJ, naming **GM**, Volkswagen and Nissan

Inside the Hawk Database

LMT recent buyer of \$500K in September \$355 calls

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- **Xpeng** has raised \$500M even as the China EV market slows. The company competes with local peers like **NIO** and global rivals **BMW**, **Daimler**, and **TSLA**.
- **Renault's** electric Zoe defies virus with a jump in sales, +38% in 1H
- **NKLA** files offering for 23.89M shares
- US Airlines face the end of business travel as they knew it contests Bloomberg, consultants seeing the most lucrative part of the airline industry never returning to pre-COVID levels (**UAL**, **DAL**, **AAL**)

Tech/Telecom

- **eBay (EBAY) wants to keep stake in Classifieds sale.** The company's shift in strategy likely boosts Norway's Adevin's \$9B cash and stock offer over Prosus's all-cash offer, says Bloomberg.
- **Disney (DIS) the latest to cut ad-spend on Facebook (FB).** Disney was Facebook's top U.S. advertiser for the first six months of 2020, research company Pathmatics estimates.
- **FB's** Zuckerberg would be deposed by the FTC as part of the antitrust investigation, says NYT
- **Rosetta Stone (RST) is exploring options including a potential sale, says Bloomberg.** This was out on Friday. The company is experiencing a boost in business during the coronavirus pandemic.
- **Softbank** wants retail investors to be able to invest in the Vision Fund, per Nikkei
- **TWTR's** latest hack revives concerns over data security, says the WSJ. Overall nothing huge in the article but did note that the relatively mundane mechanics of the attack show TWTR continues to struggle even with basic security issues
- Chinese AI chipmaker **Cambricon Tech** soars 350% in Shanghai debut. This comes after a strong open for SMIC.
- **Samsung** is struggling to improve 5nm yields, says Digitimes
- Japan plans to invite **TSM** to build joint chip plant in hopes of reviving their lagging domestic chip industry, says Reuters
- **UBER, GOOGL** enter partnership over Maps
- **MAXR** renews for International defense/intelligence contracts worth \$120M
- **Barron's** thinks **Softbank's chip business (the former ARMH) could be the next big IPO.** The publication notes that a listing could value it at \$40B+
- Jack Ma's **Ant Group** Plans Dual IPOs in Shanghai, Hong Kong; Ant Group is backed by **Alibaba (BABA)**

Inside the Hawk Database

EBAY with a lot of bullish flows lately including 2,000 Aug. 14th (W) \$60 calls on 7/16 and a move above \$59.50 on the open puts it out of a small range

Analyst Notes

Featured: Facebook (FB) PT raised to \$305 at Credit Suisse. After seeing month-on-month improvements almost across the board throughout April and May, advertiser feedback suggested moderating brand budget growth recovery in June. Even in the midst of its previously-announced 8mm advertiser tally, investors are unlikely to see a material impact on revenue, particularly as ad inventory is sold on an auction. Overall, as we take stock of industry budget movements, we have left our near term estimates essentially unchanged for now. We maintain our Outperform rating on the following long-term advantages: potential for better than-expected ad revenue growth on product innovation (Facebook Shops, Search in Marketplaces, etc.), Street models are too conservative and underestimate the long-term monetization potential of other billion-user properties like Messenger and WhatsApp, optionality for faster FCF growth on greater efficiency on content screening/security costs.

Inside the Hawk Database

FB has continually seen strong bull flows despite the headlines with recent buyers in the Dec. \$275 calls, November \$290 calls, and September \$330 calls in size. Shares are coiled under new highs and today's open looks set for just above the 20-day at \$237/\$238

Upgrades

- **FORM** upgraded to Buy at Citi, \$36 PT; company has benefited from improving target multiples in the consumable space and has long term growth potential in advanced packaging and 5G
- **DBX** raised to Buy at Jefferies, \$28 target, a work from home beneficiary with "impressive top-of-funnel metrics," and has shown it can deliver on margin goals
- **MELI** raised to Outperform at Bradesco BBI, back to being "well-placed to capitalize" on the trend of online growth in Brazil
- **GILD** upgraded to Neutral at CSFB, \$75 PT. While there remain a lot of issues, remdesivir revenue can address some of its near-term growth
- **TRV** upgraded to Outperform at William Blair
- **CTXS** raised to Overweight at Barclays, \$180 PT, 67% of the resellers surveyed expect a potentially strong uptake of Citrix's Workspace cloud within the next twelve months, compared to 50% in the last survey
- **MTDR** raised to Buy at Stifel; Raised to Outperform at Ray-Jay
- **APA, LPI** upgraded to Outperform at Ray-Jay
- **PSX** upgraded to Buy at Jefferies, \$73 target
- **VLO** upgraded to Buy at Jefferies
- **PSXP, HEP** raised to Buy at Jefferies
- **FHN** raised to Outperform at Evercore ISI
- **CAH** raised to Buy at Guggenheim
- **PPG** raised to Buy at SunTrust

Inside the Hawk Database

DBX large bull activity 6/9 with 3000 Oct. \$18 and 13,000 Oct \$22 calls bought, and remain in OI

Inside the Hawk Database

CTXS has seen 1000 each of the August \$160 and \$165 calls bought as well as some downside put selling. CTXS also with 1000 September \$165 calls bought in OI and shares clearing a long weekly consolidation range.

Downgrades

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- **BTI** downgraded to Neutral at Jefferies, a number of concerns, including its relative exposure to "risk" emerging markets, not being immune to U.S. deep discount, questions over mgmt control and visibility following a recent change in guidance and valuation.
- **ACRX** cut to Sell at CSFB; "mounting challenges" around selling Dsuvia and has concerns around financing
- **GDS** cut to Sell at Deutsche Bank, \$70 target
- **SLG** cut to Neutral at Deutsche Bank; **KRC** cut to Sell
- **WPM** cut to Underweight at Barclays
- **MRNA** cut to Neutral at JPM
- **URBN** cut to Sell at Loop Capital
- **DOOR** cut to Hold at Northcoast
- **FCX** downgraded to Neutral at Barclays, \$14 PT

Initiations

- **ZYXI** started Overweight, \$30 target, at Piper citing outstanding revenue growth, strong profitability and an option on its recently approved blood volume monitoring system
- **SBUX** started Overweight at Wells Fargo, \$92 target, seeing the business model sustainable long-term given their suite of digital data gathering, one-to-one marketing, and innovation capabilities
- **IMUX** initiated Buy at BMO, \$40 PT. The firm sees high risk, high reward on their lead candidate IMU-838 which is a more tolerable DHODH inhibitor vs peer **SNY**
- **TYL** started Overweight at Piper, a "compelling opportunity over the next decade to build a digital dynasty within the government vertical."
- **HTGC** initiated Buy at Piper, \$12 PT
- **BA** started Hold at Canaccord
- **PD** started Buy at Monness Crespi & Hardt, \$35 target

Other Commentary

- Stifel a buyer of **MSFT** into earnings, \$215 PT. Guidance may be conservative but long-term organizations of all sizes will likely sustain accelerated cloud migration strategies, and Microsoft should be a key beneficiary. Jefferies also raising their PT to \$240 and expects MSFT to deliver strong Q4 results and a conservative guide per norm.
- **HBI** PT raised to \$16 at Stifel, PPE revenue appears a "significant offset" to pressures on the company's core business
- **CCMP** PT hiked to \$155 at Citi following **TSM** positive results; Higher growth expectations on the leading edge will continue to drive demand

On the Chart

SBUX has a nice one-month base forming above a major volume node and showing bullish RSI divergence on the daily, a name popular with opening put sellers at \$70, \$72.5, \$75 strikes, so shares have value here

On the Chart

CCMP a nice base building around YTD VPOC at \$138.50 and above \$143.50 can move back to the late May highs near \$160.

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for higher volumes of higher purity and higher selling priced consumable products

- **CMI** PT raised to \$205 at Wells Fargo, positive into earnings partly driven by increased North American Class 8 production expectations and an expectation that equipment utilization and capital investment trends continue to slowly improve from the first half of 2020 trough levels.
- **FIS** PT raised to \$164 at Stephens, COVID-19 will accelerate the "already positive" trend of banks adopting modern technology
- **ALLY** Citi is buying the dip in shares post-earnings; Ally's "ample" capital position could handle substantially higher provisions builds before the company would have to raise equity.
- **AMZN** target raised to \$3800 at Goldman, Jefferies
- **BTAI** target raised to \$200 at HC Wainwright
- **BL** PT raised to \$95 at JMP citing industry checks
- **TEAM** PT raised to \$175 at Jefferies
- **TSCO** PT raised to \$162 at Baird
- **TPIC** target raised to \$37 from \$28 at Benchmark
- **ROK** target to \$247 from \$216 at OpCo
- **DG** target to \$225 from \$205 at OpCo
- **CMG** target to \$1336 from \$946 at SunTrust

Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew vs. 52-Week Avg. (%)
NVS	No Notable Activity Recently - 2K Jan \$87.5 and \$90 Calls in OI	Higher 6 of 8	2.60%	2.72%	0.09%	-26.2%	3.2 vs 1.9
KO	Sep \$47 Call Buys; Feb \$42.5 Put Sale 1600X; Sep \$50 Short Calls	Higher 6 of 8	4.89%	3.22%	0.57%	-13.1%	0.5 vs 0.2
PM	20K Sep \$80 Short Calls; 1K Aug \$72.5 Call Buy; 3K Sep \$70 Call Buyer; Bullish Jan OI	Higher 5 of 7	5.35%	3.55%	0.49%	-28.3%	1.4 vs 2.8
IBM	Oct \$115 Puts 1500X w/ Stock; Aug \$120/\$115 Short Strangle; 2K Spe \$120 Puts w/ Stock; 1500 Jan \$105 Call Buy	Alternated Red/Green Last 9 Q's (Red Last Q)	6.60%	4.90%	2.74%	26.4%	0.6 vs 2.8
LMT	850 Sep \$400 Call Buy; 1K Sep \$380 Put Buy	Higher 4 of 6	3.15%	3.30%	0.90%	21.6%	0 vs 3.1
PLD	7K Aug \$85 Short Puts; 500 Aug \$100 Calls and 300 Feb \$95 Calls Bought	Higher 5 of 7	3.16%	2.00%	1.00%	-15.2%	6.4 vs 3.8
CDNS	1200 Aug \$95/\$85 Put Spreads; 850 Nov \$90 Call Buys Remain in OI	Higher 7 of 9	5.78%	6.86%	1.41%	-14.3%	2.9 vs 2.5
SYF	7K Aug \$21 and \$20 Puts Bought; 14,500 Aug \$23 Call Buyer; 2600 Sep \$23 Call Buy; 3K Dec \$20 and 2K Dec \$22 Call Buyer Jan 2022 \$15 and \$18 Size Call Buys	Lower 3 of 4	4.67%	5.50%	3.11%	12.8%	-0.3 vs 0.7
LOGI	1675 Dec \$70 Call Buyer; 800 Dec \$55 Call Buy; 500 Dec \$65 Put Buy; 2500 Dec \$65 and 4K Sep \$55 Put Buys	Higher 4 of 6	4.50%	4.15%	1.50%	13.7%	3 vs 0.8
CCK	1300 Aug \$65 Puts Bought	Higher 4 of 6	5.97%	5.20%	1.86%	21.8%	8.4 vs 2.3
ACC	5500 Sep \$35 Short Puts in OI	Lower 7 of 9	3.53%	2.50%	2.96%	23.2%	0 vs 0.9
LLNW	3500 Sep \$8 Calls Bought; 3800 Aug \$9 Short Calls	Lower 3 of 4	15.00%	19.30%	7.31%	1.1%	-12 vs -0.1

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.
CALM	Cal-Maine Foods	\$1.24	\$1.14	\$453.30	\$458.22
HAL	Halliburton	\$0.05	-\$0.12	\$3,196.00	\$3,346.11
LII	Lennox Int'l	\$2.97	\$2.71	\$941.00	\$906.50
MAN	Manpower	\$0.18	\$0.17	\$3,742.00	\$3,630.32
PETS	PetMed Express		\$0.40		\$90.96
PHG	Philips	\$0.35	\$0.23	\$4,395.00	\$4,325.10

Phillips (PHG) +5% on results overseas: Sales amounted to EUR 4.4 billion, with a 6% comparable sales decrease; Comparable order intake increased 27%; Adjusted EBITA margin was 9.5% of sales, compared to 11.8% of sales in Q2 2019; Comparable order intake grew a further 27% on the back of double-digit growth in the previous quarter, driven by CT imaging systems, hospital ventilators and patient monitors. As anticipated, COVID-19 caused a steep decrease in consumer demand and postponement of installations in hospitals, as well as elective procedures, resulting in a 19% comparable sales decrease for our Personal Health businesses and a 9% decline for our Diagnosis & Treatment businesses. This was partly offset by a strong 14% comparable sales growth for our Connected Care businesses.

HAL – Beats EPS, Revenues Miss (-46%) – Completion and Production revenue in the second quarter of 2020 was \$1.7 billion, a decrease of \$1.3 billion, or 44%, when compared to the first quarter of 2020, while operating income was \$159 million, a decrease of \$186 million, or 54%. These declines were driven by a decrease in pressure pumping activity globally, primarily in U.S. land and Latin America, coupled with lower artificial lift activity in U.S. land. This was partially offset by improved completion tool sales internationally. Drilling and Evaluation revenue in the second quarter of 2020 was \$1.5 billion, a decrease of \$551 million, or 27%, when compared to the first quarter of 2020, while operating income was \$127 million, a decrease of \$90 million, or 41%. This decline was primarily due to a global reduction in drilling-related services and lower software sales internationally. Halliburton's second quarter performance in a tough market shows we can execute quickly and aggressively to deliver solid financial results and free cash flow despite a severe drop in global activity. Our results demonstrate a significant and sustainable reset to the power of our business to generate positive earnings and free cash flow. Total company revenue was \$3.2 billion and adjusted operating income was \$236 million. Despite the market headwinds, the margin performance of our Completion and Production and Drilling and Evaluation divisions and the \$456 million of positive free cash flow generated this quarter show the speed and effectiveness of our aggressive cost actions. We have an excellent international business, an efficient North America service delivery improvement strategy, a disciplined capital allocation approach, and a committed and competitive team. Our continued deployment of leading digital technologies will drive efficiency and cost reductions for our customers and Halliburton.

Sympathy Movers

SLB, BKR on HAL Earnings

CHWY on PETS Earnings

TT, FIX, AAON on LII Earnings

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LII –Beats EPS and Revenues (-14.4%) - Raises FY20 Revenue and EPS Guidance - The COVID-19 pandemic significantly impacted all our businesses in the second quarter, but our Residential business improved each month through the quarter and was up 7% year-over-year in June as the economy continued to re-open and weather heated up. With hot weather continuing month-to-date in July, we are seeing strong Residential growth on excellent operational execution by the team to capitalize on market opportunities. As expected, our commercial-facing businesses were more heavily impacted from the pandemic. In our Commercial business segment, revenue was down 28%, driven primarily by national account customers pushing out orders as previously discussed. Regional and local business was also down significantly in the quarter. Commercial segment profit was down 34%, and segment margin contracted 170 basis points to 18.9%. In the Refrigeration segment, adjusted revenue was down broadly across our businesses in North America and Europe, declining 26% at constant currency. Segment profit was down 53%, and segment margin contracted 460 basis points to 8.2%. We continue to face highly uncertain market conditions in the second half of the year, and the company's stock repurchase program currently remains on hold. Lennox International maintains a strong balance sheet and continues to expect a strong year of cash generation, targeting approximately \$340 million of free cash flow.

Trade Ideas



Advanced Micro (AMD) weekly looks primed for a move after pulling back last to the 8-week and finding support. A run above \$58/\$59 sets up for a big continuation of the longer-term trend higher with a measured move to \$69. Shares are eking back above daily cloud and all of its notable short-term moving averages and could run into 7-28 earnings.

Industrial Logistics Properties (ILPT) an interesting name popping up on the 'ready to run' scan with a strong close on Friday. Shares are consolidating in a bull

Daily Technical Scans

RSI Leading (Bull): INTC, BMY, ECL, CSX, NSC, APH, MCK, CTVA, CPRT, ANET, CAH, DOV, RGLD, IFF, WAT, JNPR, ENPH, COG, PRAH, CASY, RGEN, SRCL, INGR, LB, GBT, CCMP, HLNE, HLI, IOVA, BCPC, PRLB, STRA, AEIS, AIT, FELE, DORM

Ready to Break Higher: V, NVS, NVO, DG, UL, ARE, ALXN, EFX, BKI, NDSN, INVH, SWI, HAIN, DLB, ZUMZ, GTY, TCRR, SWIR

"Ready to Run": NVO, FISV, ICE, AFL, ED, ARE, INVH, BXP, PEAK, VTR, WPC, OTEX, ELS, RCL, CG, MPW, AMH, CIEN, BFAM, HTA, CHDN, IAA, JOBS, AER, HXL, TXRH, AL, HHC, EVR, TPTX, EXLS, LAUR, EVTC,

OptionsHawk Market Blitz

wedge under \$21 with the rising 50-MA just below and room back up to the 2020 highs around \$24. The \$1.31B REIT trades at 1.34X book and 17X FCF with a 6.5% yield. ILPT owns and leases logistics and industrial properties, much like mega-cap peers like Prologis (PLD). They have around 300 properties in the US with over 43M square feet and have been active expanding their portfolio with over \$1B in acquisitions in the last 15 months. ILPT is unique in that 226 of their 301 properties are in Hawaii, a high-barrier and much sought-after area where scarcity drives long-term value. As such, these properties have consistently very high occupancy rates, strong rental pricing power, and generate stable cash flows for the business. Their largest tenant is Amazon followed by Fed-Ex and P&G but Coca Cola, Grainger, and many others also have long-term leases. ILPT sees some big tailwinds over the next two decades driving stable returns including the growth in e-commerce which will force companies to nearly triple their industrial and logistics space. ILPT recently signed into a \$680M JV for 12 of their mainland, non-Hawaii properties as a way to reduce leverage and they noted on their last call they are contemplating the sale of another equity interest in the JV to further cut down on debt. ILPT sees limited coverage but JMP started at Buy on 6-8 with a \$27 PT.

What They're Saying

PPG Industries (PPG) CEO on EV Market Opportunity... “We are getting orders on the various aspects of the EV battery. So we're getting some, obviously, painting the exterior. We just recently won a new award for, I would say, the leading EV maker in China, where we're providing protective coatings inside the battery. Obviously, that's to eliminate what they call thermal vents, which you and I call fires. So we're very pleased with that. And we continue to see more trials underway with all the leading battery guys in China. And we think that's the market that's going to grow the fastest for EVs.”

Ally Financial (ALLY) CEO Jeff Brown on why used vehicles may see continued high demand in the near-term... I think when we talked a little bit smaller, one store dealers in the big chains like Rick Hendrix, Hendrick Automotive Group, their biggest challenge right now, they just need more cars. I mean, they will tell you that's the bigger challenge and obviously with the factories being impacted, there is just not a new car flow coming into them. So that's part of the reason why Jan covered, used cars felt really good right now. We still have a sort of a more balanced outlook going forward, because we do think new car production should return but I mean, it's really interesting when you talk to the dealer base. They really say that's the bigger challenge they faced more than anything. It's just a simple lack of inventory.

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Chang
Z	November \$60 Calls	2,039	4,044	98.33%
ELAN	August \$25 Calls	5,109	9,766	91.15%
VMW	August \$155 Calls	3,293	5,923	79.87%
SPLK	January \$220 Calls	1,864	2,864	53.65%
TWLO	October \$210 Calls	5,197	7,203	38.60%
MTSI	August \$35 Calls	9,971	13,589	36.29%
NFLX	January 2022 \$520 Calls	2,362	2,239	-5.21%
QDEL	December \$300 Calls	2,651	1,996	-24.71%

Extras

Gold (GLD) buyer 18,000 August \$175/\$179 call spreads for \$0.58

Raytheon (RTX) late sweep buys 2500 July 24th (W) \$62.50 calls up to \$1.10

Berry (BERY) afternoon buyer 1000 September \$47.50 calls \$3.30 to \$3.50

Interactive (IAC) buyer 1200 August \$140 calls \$2.25 to open

Edison (EIX) opening sale 10,000 August \$60/\$55 strangles for \$1.50

Cheniere Energy (LNG) opening sale 10,000 August \$55/\$45 strangles for \$1.73 credit

TCR2 Therapeutic (TCRR) afternoon trade bought 1000 August \$15/\$10 put spreads and 1000 \$17.5/\$22.5 call spreads for net \$3.05 expecting large move on upcoming data

Facebook (FB) afternoon buyer 1200 November \$280 calls \$9.40 offer

Disclosures

Not Investment Advice or Recommendation

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