



## Inside Today's Blitz

- China Orders US Consulate Closed in Retaliatory Move as Tensions Escalate
  - Pompeo Criticizes 'Totalitarian' China Regime
  - GOP Pushes Back Talks to Monday as Lawmakers, WH Squabble Over Details to \$1T Plan
- INTC** topped estimates but further delays in 7nm weigh on sentiment; **DIS** announced some big film delays due to COVID-19; **GS** is close to a settlement with Malaysia over 1MDB; POTUS is set to issue an EO on drug prices this afternoon; tech testimony for Monday has been delayed

## Market Outlook

Futures indicating a weak open for the day with the **Dow** and **S&P** both of by around 25 bps and the **Nasdaq** lagging down 80 bps. **Crude oil** is staging a bit of a rally up 75 bps and **lumber** has bounced back. **Silver** continues to retreat down another 1.2%. US/China tensions are in focus this morning with China ordering the US to close its consulate in Chengdu, a move Beijing deemed retaliation for the Houston move this week. Sec. Pompeo continued with his hardline rhetoric yesterday as well saying that the mission of our time is to secure people's freedom from China's communist party. POTUS also seemed to brush off the issues saying COVID-19 is more important to him than a second trade deal. In Washington, the GOP's \$1T stimulus deal has been pushed back to Monday as party leaders and the WH fight over details. The lack of a deal continues to be frustrating with time running low on current unemployment assistance. Finally, strong data out of

Europe with economic activity recovering well and continued positive signs the EU economy is set to outpace the US into the 2H.

Asian markets continued to pullback overnight with the US/China tensions in focus. Shanghai was down as much as 3.85% while Hong Kong closed off by 2.2%. In Europe, the outlook was not much better despite a lot of positive data in the region. The DAX is off by 1.8% while the CAC and FTSE both doing slightly better. British gas owner **Centrica** up 18% after announcing a deal with NRG to sell its NA business. **Signify**, the world's biggest lighting maker, jumped 4.5% after earnings. German chemical company **Brenntag** up 2% after positive pre-announcement. Plumbing supplier **Ferguson** higher after their US business showed signs of a recovery. Otherwise, it was a pretty downbeat morning for news. Tech stocks saw some pressure with **SAP**, **ASML**, **Infineon**, and **Dialog Semi** all off by 4-5% following the US earnings. **Dassault Aviation** down 4% after results. **Thales** was down 2.5% after their lowered their outlook given the disruptions in the commercial aviation market. Education firm **Pearson** down 4% after posting a 1H loss. **Vodafone** down 4.5% after a weak quarter. They did announce the mobile towers spinoff.

## Calendar

**Economic data** to watch on Monday includes China industrial profits, EU money supply, German IFO, Hong Kong Imports/Exports, US Durable Goods, and the Dallas Fed

**Earnings of Note on Monday** morning include AMG, ABCB, AVY, BOH, CBU, EQT, HAS, LECO, PPBI, RPM, and SAP

## Overnight Markets

<b>Lumber</b>	522.4	2.33%
<b>Oil (WTI)</b>	41.41	0.93%
<b>VIX</b>	28.95	0.61%
<b>US Dollar</b>	94.72	0.08%
<b>Bonds</b>	181.13	0.02%
<b>Gold</b>	1890.1	0.01%
<b>Natural Gas</b>	1.766	-1.06%
<b>Silver</b>	22.73	-1.14%
<b>Copper</b>	2.884	-1.85%

## Technical View



### Key Levels to Watch

A weak overnight session after opening relatively flat around 3,230. We started cracking to the downside around the Asian open and pressure took us below the Thursday lows to 3199.25. We bounced a bit into the EU open back to the mid-point of the range and overnight VWAP around 3217. We're below VWAP for the week which is up at 3245 and potential magnet today. On the daily, the 13-EMA was supportive at 3204 and 20-day at 3180.5.

## Economic Data

- **Singapore** industrial production was 0.2% vs 5.5% est.
- **Australia** flash PMIs were strong with manufacturing 53.4 and services 58.5, both beating
- **UK** retail sales were 13.5% vs 7.9% est. in June
- **UK** flash PMIs were strong at 53.6 manufacturing and 56.5 for services, both beating
- **EU** flash PMIs were OK with manufacturing 51.1 vs 50.1 and services 55.1 vs 51

## Sentiment

- **AAll Sentiment** for the week ending 7/22 showed a 4.8% decline in bulls and a 3.3% jump in Neutral sentiment
- **NAAIM** hit 97.88 this week, the highest since mid-Dec.
- **Lipper fund flows** had \$746M of inflows, stopping the string of six weeks of outflows from equities
- **US Equity fund outflows** top \$20B for the year, says FT
- **Wealth Allocation** – State-Controlled funds, among the world's wealthiest asset managers, entered the pandemic with the lowest allocation to stocks in six years, and will continue to shun stocks according to an Invesco survey. Instead, choosing to channel more money into infrastructure, real estate and private-equity deals, all illiquid investments that can't easily be exited.

### Movers

**Gainers:** SWIR 25%, TPH 17%, SCPL 15%, LMAT 12%, ABUS 12%, AMD 7%, AU 4.4%, GFI 4%, BNTX 4%, HMY 3.7%, TSM 3%

**Losers:** EHTH -20%, INTC -12.5%, MIST -7.5%, BLDP -6.5%, PLUG -5.5%

### Insider Buying

JAMF, FREQ, PAND, FDX

### 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

**JAMF Prices \$26/Share**

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

**MEG Priced at \$15**

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## Macro News

- **US/China** – The NYT reporting that Beijing has little desire to escalate things further given the fragile markets and current situation w/ coronavirus.
- **Brexit** – The UK's main negotiator says the two-sides are still far apart and time is running out, per FT
- The CFTC has voted to scale back regulations and oversight on **cross-border swaps trading**, per WSJ
- **Election Polls** – Biden has opened up wide leads in Michigan and Pennsylvania, says Fox News. Meanwhile the latest Quinnipac poll showed he had a 13-point lead in Florida.
- **Economic Concerns** – Kids at home from schools adopting online or hybrid models will make it impossible for millions of parents to work, reports the WSJ. The economic consequences could be severe. There are nearly 60 million prekindergarten, elementary, middle and high-school students in the U.S.

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## Stock-Specific News

### Consumer

- **DIS** is pushing back a huge slate of films due to COVID-19. They now expect *Mulan*, *Avatar*, and the upcoming *Star Wars* films to be delayed by as much as a year.
- **Macau casinos** see deepening losses as virus slams China travel, says Reuters. The article is fairly dour as many reportedly carry “not much hope” for a near-term recovery.
- The WSJ ‘Heard on the Street’ column suggests taking profits on **TSCO** as valuation becomes stretched
- **Buzzfeed News** has laid off 50 employees as advertising revenue falls in Q2, per Bloomberg
- **Kayak's** CEO has hinted that the metasearch company could be getting into the hotel business, says Skift
- **Naked Wines**, online wine seller, says sales surged 67% in June Y/Y
- **CZR** to reopen Bally's Las Vegas
- **Authentic, SPG** reach a ‘stalking horse’ bid for **Brooks Brothers**, says WSJ. The deal is for \$305M. WHP Global is also preparing a bid and the deadline is Aug. 11.
- **Sycamore Partners, Authentic Brands** weigh bid for **ASNA**
- **Pearson** trading lower in Europe after a weak 1H although like many they did see a pick-up in June.

### Sympathy Movers

**MLCO, WYNN, MGM, LVS** the usual names to watch with Macau

## OptionsHawk Market Blitz

- **Signify**, leading LED lighting maker, reports 62% profit jump
- Cannabis demand is surging during the pandemic, **Curaleaf** chairman told Bloomberg. People 55+ are driving demand for wellness products. Plans production of UV light to breakdown COVID-19.
- **Hotel Chocolat** highlights accelerated switch to online sales, digital sales surged 200% in Q4

## Financials

- **GS** has reportedly reached a \$3.9B settlement with Malaysia over 1MDB, says Bloomberg
- **UBI Banca** has rejected a takeout bid from **Intesa SanPaolo**
- **LMND** CEO tells Jim Cramer on Mad Money that the core elements of their business have thrived during COVID and insurance may be the most disruptable industry on the planet.

### Inside the Hawk Database

**LMND** a nice setup under \$88 with recent buyers in the March \$100 calls and Sept. \$105 calls

## Healthcare

- **Drug prices** in focus today with the President set to sign an executive order around 3pm aimed at lowering prices, says Politico. They will reportedly not include a ban on rebates to PBMs.
- **MYOK** receives FDA breakthrough therapy designation for mavacamten for the treatment of symptomatic, obstructive hypertrophic cardiomyopathy
- **NVAX, FUJIFILM Diosynth Bio** reach pact to produce COVID vaccine candidate
- **RDUS** enters global licensing agreement the Menarini Group to develop and commercialize elacestrant; Radius will receive an upfront payment of \$30 mln and up to \$320M in additional payments based on the successful achievement of future development and sales milestones

### Chart Highlight

**MYOK** a big gap higher in May and has pulled back to the mid-point of the move where its been basing the last couple weeks. A run above \$96/\$97 has room up to \$110

## Energy/Materials

- **Centrica** has agreed to sell its NA energy business to **NRG Energy (NRG)** for \$3.6B, says Bloomberg. The UK's largest household energy supplier is looking to focus on the UK
- **Equinor** CEO sees fragile situation in Oil market for some time

## Industrials

- **TSLA** has accused **Rivian** of stealing trade secrets, says CNBC.

## OptionsHawk Market Blitz

- **Airbus** will remove subsidies to end WTO dispute and US tariffs
- **Schindler** is cautious on the 2H with global new installation and modernization markets to contract further
- EV maker **Via Motors** is looking to raise about \$250M at a \$1B value, says Bloomberg
- Trump expected to ease drone export rules Friday, + **AVAV**

## Tech/Telecom

- TV ads for streaming services jumped 205% in 1H 2020, says Deadline. The total spending jumped over \$1B with **Hulu** leading while **AMZN**, **DIS** were next.
- The House hearing with CEOs of **AAPL**, **AMZN**, **FB**, and **GOOG** is being delayed, says Reuters
- **INTC's** next-gen 7nm chips are delayed now until 2022
- **GLW** debuts new Gorilla Glass 'Victus'
- **TikTok's** parent company is considering selling a majority stake in the app, says the NYT.
- **VOD** tower IPO may unlock stunted value, reports Breaking Views
- **MU** is gearing up for a handset market boom in the 2H, says Digitimes
- **AAPL** is reportedly delaying their 5G launch event again to the 'latter half of October' says NYP
- **DOX** to acquire Openet, a provider of 5G charging, policy and cloud technologies, for \$180M cash; Co. sees accretion in FY22
- **SWIR** to divest China-based automotive embedded module product line for \$165M cash
- **RPAY** to acquire cPayPlus for \$16M
- **ECOM** guides Q2 revenues \$37.3M vs. Street at \$32.83M

### Inside the Hawk Database

**GLW** with buyers on 7/22 of more than 10,000 November \$33 calls while the Sept. \$30 calls with over 5000 bought on 7/16 to open

### Inside the Hawk Database

**MU** has seen 25,000 Oct. \$52.5 calls bought over four days in large lots.

### Inside the Hawk Database

**ECOM** has seen unusual call activity with open interest in August, but 3600 Sep. \$15 calls the largest position in OI

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## Analyst Notes

**Featured: CSFB raising PT on Amazon (AMZN) to \$3,400, sees consumer behavior changes sticking...** The longer consumers remain under shelter-in-place, the higher the likelihood of the new behaviors learned during quarantine to become newfound habits. So whereas our model had conservatively assumed that all of the step-function improvement in GMV growth will be confined to 2Q20, we raise our 2H20 GMV estimates to forecast a more gradual drop-off. Looking longer term, this potential change in habit is most important for Amazon's groceries effort, as it remains the largest pool of offline dollars for online adoption (the others, in our view, being furniture/home décor and apparel).

## Upgrades

- **BKI** raised to Outperform at KBW, market is undervaluing Black Knight's \$1.4B stake in Dun & Bradstreet (DNB) at \$7.50 per share following the July initial public offering and its improving visibility around reaccelerating revenue growth
- **JPM** upgraded to Buy at Goldman, can generate the highest return on tangible common equity among the large banks after 2020
- **ADS** upgraded to Buy at BAML, \$63 PT; Investor sentiment and valuation is likely to improve over the next few quarters as ADS' delivers on its financial targets and new management engages further with the investor community
- **MXL** upgraded to Buy at Roth Capital, likes the opportunity in broadband and networking RF and mixed-signal and is encouraged by the sharp infrastructure recovery and expects infrastructure to grow over the next several quarters
- **AGNC, NLY** upgraded to Buy at Deutsche Bank
- **MIST** upgraded to Buy at Jefferies, \$15 PT
- **UN** upgraded to Overweight at Barclays
- **FOXA** upgraded to Buy at Loop Capital
- **HSY** upgraded to Outperform at Evercore ISI
- **GGB** upgraded to Outperform at Itau BBA

## Downgrades

- **INTC** downgraded to Neutral at Roth Capital, Deutsche Bank; **INTC** cut to Sell at Barclays, BNP Paribas and Bernstein; says Barclays, "The big issue here is that 10nm is still not fixed and now 7nm seems uncertain even with the delay. AMD should continue to eat into Intel's share for the foreseeable future."
- **SGEN** downgraded to Neutral at Piper, the firm feels there is limited visibility into "significant value creating events" like the last year provided
- **EXC** downgraded to Underperform at Mizuho, sees a "growing likelihood" that Exelon will issue equity to bolster its balance sheet after S&P revised its outlook of the company to negative
- **TSLA** downgraded to Neutral at Daiwa, sees the possibility of near-term disappointment in margins as Tesla executes on its capacity and product expansion strategy
- **TSCO** downgraded to Neutral at MSCO
- **BRBR** downgraded to Neutral at Evercore ISI
- **XXR** downgraded to Underweight at JP Morgan

## Initiations

### Inside the Hawk Database

**BKI** notable October put sale yesterday, see the archives for write-up

### Inside the Hawk Database

**JPM** with recent buyers of the Aug. \$100 calls in size, over 17,000 and above \$101 on the chart has above \$10+ of upside

### Inside the Hawk Database

**SGEN** a high-quality biotech with bullish call buys in OI in the Sept. \$170 and Aug. \$165 strikes. If there's a meaningful dip back to the 50-day, a nice risk/reward setup.



## OptionsHawk Market Blitz

- **COP** initiated Buy at Sun Trust, \$51 PT; favors the company for its reasonable leverage levels, relatively secure dividend, and strong upside to an oil recovery.
- **CVX** initiated Buy at Sun Trust, \$120 PT; front-loaded capex projects coming on in 2021 and 2022 allow for growth while its "clean" balance sheet make the dividend the most attractive of the majors
- **XOM** initiated Neutral at Sun Trust, \$41 PT
- **RY** initiated Buy at CIBC; **BMO, BNS, TD** started at Neutral
- **VEEV** started Outperform, \$310 target, at Verity

## Other Commentary

- **MPWR** PT raised to \$285 at OpCo, sees a beat and raise quarter coming as excluding auto, all segments should be up with cloud and 5G RAN leading upside, boosted by work from home trends
- **W** PT hiked to \$275 at Piper, Q2 will be a blowout and recent industry work and supplier checks suggest sales trends in Q3 "aren't slowing" as consumer demand for home furnishings remain elevated in a COVID world
- **TSCO** PT raised to \$165 at Stephens, believes July is off to a strong start based on his store checks and management's commentary
- **WHR** PT raised to \$200 at Longbow, the company's conservative posture on the second half outlook is prudent under the circumstances but sets them up for a series of beat and raises
- **DGX** PT raised to \$144 at Mizhuo, based on the "rapid recovery" in base volume and "strong" COVID-19 testing demand

### Chart Highlight

**MPWR** a real strong trend since March and dipping back yesterday to the rising 20-MA, potential bounce spot w/ new highs just above at \$255

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## Earnings Grid

**Hasbro (HAS)** the only name of note reporting Monday morning with open interest, the July 31<sup>st</sup> (W) \$75/\$70 bull risk reversal 2000X. HAS has closed lower the last three reports and 5 of the last 7. Options market pricing in a 7% move and 30 day IV Skew at +8.1% versus the +1.2% 52-week average. Short interest is 4% of the float, rising 80% Q/Q.

**Avery Dennison (AVY)** a quality packaging name set to report, no notable open interest, but strong history with shares higher 8 of the last 11 reports. AVY makes pressure-sensitive materials, labels and tags, and RFID inlays that are used across retail, personal care, pharmaceutical, automotive industries. AVY sees a big driver going forward from RFID adoption in the apparel market, a smaller part of their mix now but expected to grow 15% to 20% annually. They are the leader in the space today with 50% market share and more companies are buying into their use for better inventory management, especially as omni-channel growth surges.

## Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
BJRI	BJ Restaurants	-\$1.38	-\$1.98	\$128.02	\$128.91	-57.50%	
SAM	Boston Beer Co	\$4.88	\$2.42	\$452.20	\$421.44	42.00%	Raising FY
BOOM	DMC Global	-\$0.29	-\$0.14	\$43.20	\$42.95	-61.10%	
ETFC	E*TRADE	\$0.88	\$0.76	\$716.00	\$676.99	4.50%	
EW	Edwards Lifesciences	\$0.34	\$0.19	\$925.00	\$791.71	-14.90%	FY In Line
EHTH	eHealth	\$0.07	-\$0.15	\$88.80	\$80.89	35.00%	FY In Line
IEX	IDEX Corp	\$1.10	\$1.00	\$561.25	\$527.12	-12.60%	
INTC	Intel	\$1.23	\$1.11	\$19,728.00	\$18,550.85	19.50%	
LMAT	Lemaitre Vascular	\$0.17	\$0.01	\$24.90	\$17.13	-15.60%	Q3 Above
MANH	Manhattan Assoc	\$0.40	\$0.34	\$135.63	\$127.61	-12.10%	FY In Line
MAT	Mattel	-\$0.26	-\$0.34	\$732.00	\$679.69	-14.90%	
MXL	MaxLinear	\$0.09	\$0.08	\$65.22	\$65.29	-21.00%	Q3 Above
RHI	Robert Half	\$0.41	\$0.37	\$1,108.33	\$1,119.71	-26.90%	
SCHL	Scholastic Corp	\$0.23	-\$0.93	\$284.00	\$272.60	-39.70%	
SGMS	Scientific Games	-\$2.15	-\$1.89	\$539.00	\$457.59	-36.20%	
SKX	Skechers USA	-\$0.44	-\$0.64	\$729.47	\$655.30	-42.00%	
SWKS	Skyworks	\$1.25	\$1.14	\$736.80	\$691.22	-3.90%	Q3 Above
VRSN	VeriSign	\$1.32	\$1.32	\$314.70	\$312.65	2.70%	
VICR	Vicor	\$0.06	\$0.01	\$70.76	\$66.13	11.70%	
AUY	Yamana Gold	\$0.07	\$0.03	\$303.00	\$316.43	-34.60%	
AIMC	Altra Industrial Motion	\$0.60	\$0.31	\$400.80	\$367.98	-14.10%	FY Above
AXP	American Express	\$0.29	\$0.02	\$7,675.00	\$8,251.89	-29.20%	
BLMN	Bloomin' Brands	-\$0.74	-\$1.17	\$578.50	\$591.05	-43.40%	
CRI	Carter Holdings	\$0.54	-\$0.25	\$514.90	\$506.12	-29.90%	
GNTX	Gentex		\$0.12		\$266.36		
HON	Honeywell	\$1.26	\$1.24	\$7,477.00	\$7,279.34	-19.10%	
SLB	Schlumberger	\$0.05	-\$0.01	\$5,336.00	\$5,375.09	-35.50%	
TPH	TRI Pointe Homes	\$0.51	\$0.34	\$766.90	\$742.66	10.80%	
TRTN	Triton International	\$0.86	\$0.81	\$321.40	\$312.72	-5.10%	FY Above
VZ	Verizon		\$1.15		\$29,975.86		



## OptionsHawk Market Blitz

**SAM – Beat on EPS and Revs** – We achieved depletions growth of 46% in Q2, of which 42% is from Boston Beer legacy brands and 4% is from the addition of Dogfish Head brands. Our depletions growth in the second quarter was a result of increases in our Truly Hard Seltzer and Twisted Tea brands and the addition of the Dogfish Head brands that were only partially offset by decreases in our Samuel Adams and Angry Orchard brands. The growth of the Truly brand, led by Truly Hard Lemonade, has accelerated and continues to grow beyond our expectations. Since early January, Truly has grown its velocity and its market share sequentially while other national, regional and local hard seltzer brands have entered the category. Truly is the only hard seltzer, not introduced earlier this year, to grow its share during 2020. We will continue to invest heavily in the Truly brand and work to improve our position in the hard seltzer category as competition continues to increase. We are excited about our new Truly advertising campaign that showcases colors, variety and joy to hard seltzer drinkers through four spots, but we have been deliberately slow to roll out this campaign given the consumer environment surrounding COVID-19 and it is too early to know if it will resonate with drinkers. Twisted Tea continues to generate double-digit volume growth rates that are well above full-year 2019 trends. We expect to increase our brand investments in the second half compared to the first half and see significant distribution and volume growth opportunities for our Truly, Twisted Tea and Dogfish Head brands. Samuel Adams and Angry Orchard's volumes continue to decline, as they are more deeply impacted by the effect of COVID-19 on on-premise retailers. We are encouraged that Samuel Adams Boston Lager and Angry Orchard Crisp Apple both have experienced double-digit growth in the measured off-premise channels during the quarter. We continue to work on returning these brands to growth, but do not expect them to grow during 2020 because of on-premise closures.

**EW – Beat on EPS and Revs** – Sales declined 15% to \$925 million; underlying<sup>1</sup> sales declined 14%. TAVR sales declined 12%; underlying<sup>1</sup> sales declined 11%. As expected, sales were depressed in April as patients and providers turned their focus to the pandemic response. However, we were encouraged by steady improvement in procedure volumes throughout May and June, when approximately 90% of our active sites performed TAVR cases. Surgical Structural Heart sales for the quarter were \$161 million, a decrease of 26% compared to the second quarter of 2019, or down 25% on an underlying basis. Second quarter sales were primarily impacted by COVID-19, while ongoing adoption of TAVR also contributed to U.S. surgical aortic valve procedure headwinds. Critical Care sales were \$164 million for the quarter, representing a decrease of 11% versus the second quarter of 2019, or down 10% on an underlying basis.

**INTC – Beat on EPS and Revs** – “It was an excellent quarter, well above our expectations on the continued strong demand for computing performance to support cloud-delivered services, a work- and learn-at-home environment, and the build-out of 5G networks,” said Bob Swan, Intel CEO. “In our increasingly digital world, Intel technology is essential to nearly every industry on this planet. We have an incredible opportunity to enrich lives and grow this company with a continued focus on innovation and execution.” Second-quarter data-centric results were led by strength in the Data Center Group (DCG) with revenue up 43 percent YoY driven by broad strength including 47 percent YoY growth in cloud service provider revenue. The PC-centric business (CCG) was up 7 percent YoY in the second quarter on notebook strength driven by the continued work- and learn at home dynamics of COVID-19, which also contributed to a volume decline in desktop form factors as demand shifted to notebooks.

**SKX – Beat on EPS and Revs** – “The impact of COVID-19 to Skechers’ business was significant in the second quarter as we saw much of the world outside Asia shutter nearly all businesses,” began David Weinberg, chief operating officer of Skechers. “However, we remain optimistic about the early signs of recovery we witnessed during the quarter, including a return to growth in China, consistent improvement each month in some markets outside of China, and record shattering growth of over 400 percent in our Company-owned e-commerce business. While every country’s recovery has been unique, we began to see a similar recovery trend, first reflected in China and now extending into other markets globally including Australia, Germany, South Korea and Taiwan. We believe the positive sales trends in

### Sympathy Movers

**TAP** on **SAM**

**FL, NKE, DECK, WWW** on **SKX**

**MDT, ABMD** on **EW**

**ZNGA, GLUU** on **SCPL**

**HAS** on **MAT**

**DFS, COF, V, MA** – on **AXP**

**PLCE** – on **CRI**

**HAL** – on **SLB**

**T, TMUS** – on **VZ**

## *OptionsHawk Market Blitz*

markets that have re-opened, as well as the efficiency with which we addressed the pandemic challenges, are strong indicators that when the global health crisis stabilizes, Skechers will remain a global footwear leader.”

**SWKS – Beat on EPS and Revs** - Skyworks delivered results well above expectations in the June quarter, as our Sky5<sup>®</sup> platform gains traction, powering innovation in 5G applications at the leading mobile phone OEMs worldwide, and increasingly across our IoT customers,” said Liam K. Griffin, president and chief executive officer of Skyworks. At the cusp of a multi-year upgrade cycle, we are capitalizing on early market momentum and accelerating widespread 5G adoption. Our efforts are underpinned by years of investment in next-generation technologies, uniquely positioning Skyworks to deliver long-term profitable growth.”

**HON – Beats EPS and Revenues (-19%)** – Aerospace sales for the second quarter were down 27% on an organic basis driven by lower commercial aftermarket demand due to steep declines in flight hours, reduced volumes in commercial original equipment, and the 737 MAX impact in air transport original equipment, partially offset by continued strength in the Defense and Space business. Segment margin contracted 510 basis points to 20.8% driven by lower volumes and sales mix. Honeywell Building Technologies sales for the second quarter were down 17% on an organic basis driven by lower demand for security, building management, and fire products, and delays in Building Solutions projects in key verticals. Segment margin expanded 50 basis points to 21.2%. Margin performance was driven by commercial excellence and productivity actions. Performance Materials and Technologies sales for the second quarter were down 17% on an organic basis driven by volume declines in products, including thermal solutions and smart energy, in Process Solutions; lower gas processing projects, catalyst shipments, and licensing due to softness in the oil and gas sector in UOP; and lower automotive refrigerant volumes in Advanced Materials, partially offset by strength in specialty products. Safety and Productivity Solutions sales for the second quarter were up 1% on an organic basis driven by double-digit Intelligrated growth and demand for respiratory personal protective equipment, partially offset by lower short-cycle sales volumes in sensing and IoT, productivity products, and gas sensing. Record high bookings of \$0.7 billion in PPE and \$1.2 billion in Intelligrated drove orders growth up approximately 90% year-over-year. The second quarter was a challenging one, but we executed on the three things that will enable us to weather this downturn: aggressively managing cost, driving sales growth where demand is strong, and investing in exciting new technologies that, through careful attention to customer and end-user needs, will help keep people safe when they get back to the workplace, back to play, back to travel, and back to life. In terms of cost management, we delivered \$500 million in savings from the first phase of cost actions we announced earlier this year, and we funded over \$250 million of repositioning in the quarter. In addition, we developed a second phase of cost actions that, when combined with our previously announced plan, will generate \$1.4 billion to \$1.6 billion of cost savings during 2020. We also remain focused on driving sales growth in areas that have not been as impacted by the current downturn. In the second quarter, our businesses serving the defense, warehouse automation, and personal protective equipment industries exhibited outstanding performance. Orders for Intelligrated were \$1.2 billion in the quarter, up triple-digits year-over-year, positioning the business for continued growth. We committed approximately \$250 million of incremental growth capital expenditures compared to our previous allocated budget for new projects to accelerate our investments in personal protective equipment, Intelligrated, and other growth areas. We are actively investing in and introducing new solutions, such as an efficient and effective ultraviolet light cleaner for aircraft, temperature and PPE compliance monitoring solutions, technologies that can help building owners comply with new hygiene and social distancing policies, and a new pharmaceutical packaging system for bottles and vials that preserves shelf-life and drug efficacy.

**AXP – Beats EPS and Revenues Miss (-29%)** – While our second quarter results reflect the challenges of the current environment, we remain confident that our strategy for navigating this period of uncertainty is the right one. Our customers continue to be engaged with our products and services; we have a productive and dedicated workforce; our capital and liquidity levels remain strong; and we continue to focus on those areas most critical to our long-term growth. Spending volumes, which declined to their lowest point this quarter in April, gradually improved in May and June, with small businesses being the most resilient. We extended our digital solutions for our commercial customers with the recent launch of American Express One AP, our first proprietary accounts payable automation offering. For our merchant partners, we raised our contactless transaction thresholds in 60 countries around the world, and we were pleased to become the first foreign payments network to be licensed to clear local currency transactions in mainland China.

## OptionsHawk Market Blitz

**VZ** – Beats EPS and Revenues (-5.2%), Reaffirms Outlook - Total wireless service revenue of \$15.9 billion, a 1.7 percent decrease year over year. 352,000 retail postpaid net additions, including 173,000 phone net additions and 287,000 postpaid smartphone net additions. Total Verizon Media revenues were \$1.4 billion, down 24.5 percent year over year, primarily as a result of COVID-19 related impacts.

## Trade Ideas



### Daily Technical Scans

**“Ready to Run”:** WELL, SUI, KEY, IVZ, BOKF, AMG, ADCT, AAN, ADUS

**Inside Weeks of Note:** DD, DLR, CHRW, AVTR, HLF, CFX, ASGN, BCPC, AIMC, ATSG, ECPG

**8/20 MA Crossovers:** DISH, DT, OLLI, FIVE, EPAY, AVAV

**Disney (DIS)** setting up well at the low-end of channel support and working on an inside week with potential to run ahead of 8-4 earnings. There’s a volume gap on the profile above \$122 that runs back to \$129 and the channel targets a bit of a further extension to \$135. DIS has been a quiet name lately but nice risk/reward here with optimism on the print likely stemming from D+ adds and their growth in OTT while a return to sports for ESPN and early results from Parks will be in focus.

**ETF Focus – RoundHill Sports Betting (BETZ)** is a relatively new offering which seeks to gain exposure to sports betting and iGaming, two major secular themes within the tech and consumer landscape. BETZ is in focus now with sports returning to live play this week with Major League Baseball kicking off last night and the NBA and NHL set to follow-suit soon. Sports betting is a major thematic trend we’ve

dug into before with \$449B in GGR in 2018 and growing at a sharp rate as technological adoption expands. The firm estimates that online gaming is now 11.3% of the total market, up from 9.5%, with plenty of room for expansion in the coming years as more US states and countries push for legalization. BETZ top holdings are **DKNG, Kindred Group, Flutter, Points Bet, GAN, William Hill, GVC, PENN, and Tab Corp**, so a lot of exposure outside the US already. It’s majority small-cap names around \$1B to \$5B. A couple interesting non-US names including **Kindred Group** which is an owner-operator of about a dozen brands in Europe. They have exposure to things like real-money online Bingo, poker, and sports betting with their Danish bookmaker Bet24. **Flutter** is a top operator of both sports betting operations and poker in the EU. Their big move was the \$6.95B acquisition of Stars Group in 2019 which accelerated their

## THEMATIC RELEVANCE BREAKDOWN

● Sportsbook	34.6%
● Technology	26.7%
● Casinos & Other	20.9%
● iGaming	17.8%



## *OptionsHawk Market Blitz*

International penetration and gave them a foothold in the US. Flutter has a massive customer base and coming off a strong quarter with US sales doubling and still just 19% of their overall mix. Finally, **PointsBet** an interesting name and one of the fastest growing online bookmakers in the US. The Australian company is pushing their high-risk, high-reward style of betting as a way to entice more casual gamers into the space. On the chart, BETZ is right back at VPOC for June around \$15.80.

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## What They're Saying

**SciPlay (SCPL) CEO on record results...** "We delivered significant and compelling enhancements to economies, game quality and live ops across our portfolio that allowed us to truly capitalize on the surge we have seen in player demand as well as new features such as island hopping in Gold Fish and tournament of champions in Jackpot Party. As a result, we generated record quarterly revenue of \$166 million, up 40% from last year, and our AEBITDA increased 80% to \$60 million, also a quarterly record. ARPDau increased 40% to \$0.67; average monthly revenue per payer increased 24% to \$101.13; payer conversion grew 80 basis points to 6.8%; and we saw our mobile penetration increased 4 points to 87%. All of these KPIs represented record levels and demonstrate the incredible position all of our games are in. Looking at our portfolio of games, we saw Gold Fish drive outstanding results and also saw strong growth from Jackpot Party, Quick Hit and MONOPOLY. We are very confident we have strength and momentum in all of our games that will enable us to outpace industry growth in 2020. And finally, we continue to actively support several exciting M&A possibilities, which will allow us to further broaden our portfolio and leverage our significant capabilities around data-driven user acquisition, engagement and monetization to continue to drive growth."

**Boston Beer (SAM) breaks down its brands and hard seltzer strength...** "Our depletions growth in the second quarter was a result of increases in our Truly Hard Seltzer and Twisted Tea brands and the addition of the Dogfish Head brands that were only partially offset by decreases in our Samuel Adams and Angry Orchard brands. The growth of the Truly brand led by Truly Hard Lemonade has accelerated and continues to grow beyond our expectations. Since early January, Truly has significantly grown its philosophy and has sequentially grown its market share, while many other hard seltzer brands have entered the category. Truly is the only hard seltzer not introduced earlier this year, to grow its share during 2020. We'll continue to invest heavily in the Truly brand and further improve our position in the hard seltzer category as competition continues to increase. We're excited about our new Truly advertising campaign that showcases colors, variety, enjoy to hard seltzer drinkers through 4 different ads."

**Twitter (TWTR) CEO Jack Dorsey on Subscription Products...** We have a really high bar for when we would ask consumers to pay for aspects of Twitter. And this is a start and we're in the very, very early phases of exploring. As you mentioned, there have been a number of ideas over the years. We have focused majority of our attention on increasing revenue durability, meaning that we have multiple lines of revenue to pull from. But most importantly, we want to make sure that any new line of revenue is complementary to our advertising business. We do think there is a world where subscription is complementary. We think there is a world where commerce is complementary. You can imagine work around helping people manage payrolls as well that we believe is complementary. So that's what we're looking for. We have a small team who is exploring our options, obviously we're hiring for those teams. But given the work that we've done now and finished on our ad server, given the progression of our roadmap on MAP and given the increased speed we're moving at in terms of our development velocity, we're now at a place where we can explore other ideas and you will likely see some tests this year.

## Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
GLD	June 2021 \$200 Calls	9,671	34,078	252.37%
AAPL	September 2021 \$540 Calls	1,246	3,140	152.01%
NTNX	September \$25 Calls	2,033	4,367	114.81%
SPOT	January 2022 \$330 Calls	511	1,010	97.65%
PYPL	August \$185 Calls	2,068	3,832	85.30%
CCXI	September \$80 Calls	2,697	4,352	61.36%
KO	January 2022 \$42.5 Calls	2,114	3,300	56.10%
PTON	Jan. 2022 \$55 Short Puts	4,168	6,068	45.59%
MU	October \$52.50 Calls	19,680	25,269	28.40%
DOCU	September \$210 Calls	1,341	1,322	-1.42%
V	September \$200 Calls	6,653	6,510	-2.15%
TSLA	August \$1450 Calls	1,566	559	-64.30%

## Extras

**Fiserv (FISV)** late day buy 2000 November \$115 calls \$3.10

**ONEOK (OKE)** buyer of 4000 August 7th (W) \$30 calls for \$0.80 to \$0.85

**Pfizer (PFE)** Aug \$41/\$45 call spreads trading some size late for 7000X

**PayPal (PYPL)** opening sale 400 January 2022 \$165 puts for \$25.50

## Disclosures

### Not Investment Advice or Recommendation

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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