



Inside Today's Blitz

- Tech Continues to Outperform Ahead of FOMC Minutes
- China May Close Loophole Used by Tech Companies to List in US
- **Samsung** prelim Q2 numbers top estimates; **RDS.A** raised their capital return outlook; **KRA** is exploring a sale; **DISCA** CEO is looking for more deals after Warner merger

Market Outlook

Futures indicating a mixed open for the day with the **Dow** up 4 bps, the **S&P** up 12 bps, and the **Nasdaq** up 42 bps. The **Russell** is up 7 bps. Energy is rallying with **WTI** up 1.8% and **Brent** up 1.7%. **Natural Gas** is up 1.4%. **Gold** and **silver** are both higher today with the latter up 1.2%. **Copper** is up 2%. **Grains** are getting hit hard across the board today. The **dollar** is down 2 bps. **Bonds** are up 37 bps. **VIX** is 17.85. It's been a quiet night for macro news with more of the same rotations happening overnight with the Nasdaq outperforming and value stocks underperforming. The FOMC minutes are the focus today, although there shouldn't be anything shocking, as consensus is looking for a more hawkish bias to member commentary. Most traders will be on watch for any hints around tapering. Elsewhere, China continues to crack down on tech companies and could close a major loophole that allowed some big US listing in the last couple years. Japan is facing calls to hold back all spectators for the Olympic games due to another surge of COVID. Indonesia and Bangladesh are reporting new record case numbers. The EU raised their growth and inflation forecasts for the region.

Asian markets are mixed this morning with the Hang Seng down 40 bps, Shanghai up 66 bps, and the Nikkei down 96 bps. In Europe, the major indices are mostly higher with tech driving the upside momentum. The DAX is higher by 87 bps, CAC higher by 6 bps, and FTSE higher by 50 bps. Banks and autos are lagging. **SAP** is higher by 3% after being upgraded by BAML to Buy from Sell. **Shell** is higher by 2% after raising their capital return plans ahead of schedule. **Alstom** is lower again today after yesterday's investor day. French power group **EDF** is higher by 2% after raising their 2021 EBITDA targets citing higher nuclear output in France. Swiss duty-free retailer **Dufry** is lower after Italy's **Autogrill** denied reports it was looking to merge with the company.

Calendar

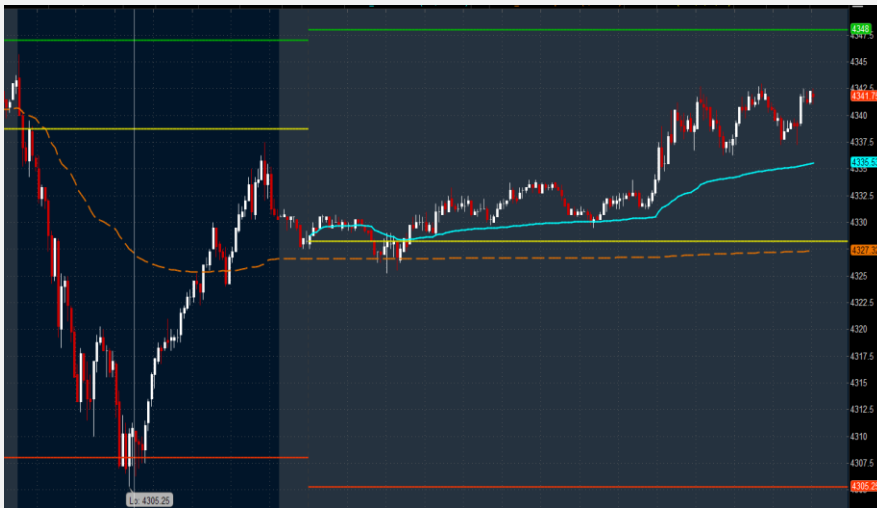
Today... JOLTs, FOMC Minutes, API Inventories; **Earnings Before the Open:** MSM; **Earnings After the Close:** WDFC

Tomorrow... Weekly Claims, EIA Inventories, Consumer Credit; **International Data:** German Imports/Exports; **International Earnings:** Tata Consultancy; **Earnings Before the Open:** HELE; **Earnings After the Close:** ACCD, DCT, LEVI, PSMT; **Analyst Days:** STLA, FEYE; **Other:** COST Monthly Sales

Overnight Markets

Copper	4.338	2.05%
Oil (WTI)	74.63	1.72%
Natural Gas	3.686	1.35%
Silver	26.53	1.35%
Gold	1808.3	0.80%
US Dollar	92.53	-0.01%
VIX	17.8	-1.10%

Technical View



Key Levels to Watch

S&P futures (ES_F) continued their rebound overnight back above 4337.50 after the strong afternoon bounce on Tuesday and sitting at the breakdown spot from yesterday morning. VWAP is rising around 4335.50. A move higher targets 4358.25 and then 4375 if our ranges get loose. Support below is at 4317.75 and 4300.

Economic Data

- **China** FX reserves were \$3.214T vs \$3.2T est.
- **Taiwan** exports for June were 35.1% vs 33% est. while **imports** rose 42.3% vs 34.5% est.
- **German** industrial production fell 0.3% in May vs +0.5% est.

Macro News

- **China** may close a loophole that will allow Beijing to block overseas IPOs, per Bloomberg. It has been used by tech giants to list in the US
- **China** will sell more metals inventory on the open market to ensure prices remain stable, per Bloomberg
- **South Korean** regulators are cracking down on the country's IPO market amid concerns of a bubble, per FT
- **The EU** raised growth/inflation forecasts for the region, per FT
- Rising **oil and gas prices** will be a headwind to the recovering US economy in the future, per NYT
- McConnell will fight against using reconciliation as a pathway to pass a massive **infrastructure bill**, per The Hill
- **Yellen** will push for a higher **global minimum tax** when she addresses the G20 this week, per Reuters
- Biden will sign an executive order focused on limiting the power of non-compete agreements, says NYT

Movers

Gainers: OPNT 58%, JKS 5%

Losers: DIDI -4%, KVSJ -3%

Insider Buying

KLR, S, PLSE, ASAN, RAIN, LAZR

IPO Calendar

LinkDoc Tech (LDOC) raising \$200M at a \$1.5B market cap; data platform for patient care and clinical research, specifically within oncology

Stock-Specific News

Consumer/Business Services

- **DISCA** CEO sees more media mergers after their deal with Warner closes, per NY Post. Zaslav says there are a lot of assets out there with good IP and need a better home
- **Authentic Brands** has filed for an IPO and could be valued at as much as \$10B, per Bloomberg.
- **DG** is expanding their healthcare offerings; this includes an increased assortment of cough and cold, dental, nutritional, medical, health aids and feminine hygiene products
- **CMCSA** will put more of their Universal released movies on Peacock after theatrical release in the future, says WSJ, as their deal with HBO Max expires
- **GCI** is launching a paywall for USA Today
- **BJRI** CEO to retire; Co. announces succession plan
- Media and production company **Hello Sunshine** is exploring a sale, per WSJ. They began exploring a sale after being approached by multiple suitors, including Apple, and could be valued at \$1B

Financials

- **WLTW, AON** trial with the DOJ won't start until after the deal has expired, per WSJ, which would allow WLTW to walk away with the \$1B break fee or negotiate new terms
- **Visa (V)** says that crypto-linked card usage topped \$1B in the first half of 2021, per CNBC
- **APO, ATH** to buy a \$539M stake in **Challenger**, per Reuters. The company is the largest provider of annuities in Australia
- **Binance** is suspending Euro bank deposits from Sepa, one of the regions largest payment networks, per FT
- **Nomura** is planning to stop offering cash prime-brokerage services in the US and Europe, says Bloomberg. This comes in the wake of the Archegos blowup
- **STAR** to explore market interest for its net lease assets
- **Wise**, UK Fintech IPO, make strong debut in London direct listing valued at more than \$11B; company aims to make transferring money across borders easier and less expensive.

Sympathy Movers

LGF/A on watch as the most obvious M&A target in the space

On the Chart

CMSCA nice chart setting up with shares bouncing off the 8-EMA yesterday and poised to break out of a multi-month range above \$59 with room to run to \$64

Hawk Database

Visa (V) size buyers recently in the October \$240 calls and \$245 calls

OptionsHawk Market Blitz

Healthcare

- **OPNT** says nasal nalmeфene achieved higher plasma concentrations than injection in recent studies
- **BHVN** reports \$93M in Q2 product revenues from NURTEC ODT

Industrials

- **Planet Labs**, a startup that operates a network of satellites, is coming public via SPAC with **DMYQ** value at \$2.8B
- **HOLI** sees FY revenue above Street at \$560M to \$595M vs \$547M est. Co says growth in its industrial automation business is expected to increase by more than 30% Y/Y
- **WBT** has determined that the revised proposal from Ali Group is superior to other offers
- **BMW** outsold all of its luxury peers in Q2, says Bloomberg, citing a large supply of semiconductors which allowed production to remain mostly on schedule
- UK engineering firm **Renishaw** has abandoned plans to sell itself, says FT
- **LGIH** says June closings were 997, +31% Y/Y
- **BDC** disclosed a cyber attack

Energy & Materials

- **KRA** is exploring a potential sale after attracting buyout interest, per Reuters. The company is trying to cope with higher raw material costs that have eroded its profitability
- **RDS.A** plans to boost their capital return to 20-30% of cash flow from operations in Q2, per Reuters, slightly earlier than expected
- Solar power firm **Heliogen** is going public via SPAC deal with **Athena Tech (ATHN)**, per WSJ. The concentrated solar power company would be valued at around \$2B
- French power group **EDF** shares are higher in Europe this morning after raising their 2021 EBITDA outlook, per Reuters
- **STLD** authorizes \$1B stock buyback
- **BLDR** divests Eastern US gypsum distribution operations
- **STAR Market**, Chinese company, discussed by WSJ as it prepares for an IPO of **Syngenta** at \$10B

Tech/Telecom

- **Samsung** says preliminary Q2 operating profits will be KRW12.5T vs 11T est. with revenues of KRW63T vs 61.5T est.
- **INTC** is bringing back one of its famed chip architects to lead its consumer chip development, per Globes. Weiss was previously at Mellonox and Nvidia before returning

Hawk Database

BHVN nice consolidation above its rising 21-EMA and a breakout above \$101 can hit new highs; **BHVN** has seen buyers in the October \$120 calls and October \$100 calls lately

On the Chart

HOLI bull flag forming under \$15 and setting up for a big weekly breakout above \$16 with room to run

On the Chart

RDS.A consolidating under \$42 with a move higher targeting \$45 and new 1-year highs

Hawk Database

INTC buyers active yesterday for 3500 July 30th (W) \$56.50 calls and the July \$56.50 calls recently with buyers

OptionsHawk Market Blitz

- **TSM** is facing pressure from the US over plans to expand capacity/production at their China fab, per Digitimes
- **TEF** could raise as much as €500M by selling a minority stake in its tech unit, says Reuters
- **IMMR** says Q2 is tracking above estimates at \$0.22 to \$0.23 vs \$0.11
- Advertising tech company **Teads** will file for an IPO this week, per WSJ. The company is owned by Altice and had \$540M in revenue in 2020
- Foundries are putting **automotive chips** at the top priority in Q3, says Digitimes. Pure-play names are allocating more resources to automotive ICs with the outlook more promising

Analyst Notes

Upgrades

- **SAP** raised to Buy from Underperform; “With SAP RISE’s launch, we expect Cloud momentum to accelerate, gradually changing the perception on a stock that has lagged behind EU Tech”
- **NICE** upgraded to Outperform at RBC, firm believes contact center as a service adoption is in the early innings and that Nice's CXone cloud contact center platform has differentiated itself. Nice's total revenue growth should accelerate to sustained double-digit organic growth and its margins have room to expand
- **SAM** raised to Outperform at CSFB, firm likes how they have navigated the seltzer category and thinks seltzer could reach 10% of total beverage alcohol by 2025 vs 3.5% today, approaching the size of wine
- **CCXI** upgraded to Buy at Stifel, while the FDA amendment does not equate to guaranteed approval, the analyst thinks that the FDA's receptivity towards additional data/analyses in light of the unmet need and a standard of care in need of innovation resurfaces the question on FDA's 'flexibility' when reviewing drug applications
- **FLS** raised to Outperform at Cowen
- **VST** raised to Outperform at Wolfe as ERCOT overhang lifts
- **OAS** upgraded to Outperform at RBC
- **Adidas (ADDYY)** raised to Buy at HSBC
- **NOVA** raised to Strong Buy at Ray-Jay

Hawk Database

VST with 5000 August \$19/\$21 call spreads bought yesterday also has seen size buys of July \$17, July \$18 and August \$20 calls

Downgrades

- **NTDOY** cut to Hold from Buy at Jefferies
- **MAS** cut to Underweight at JP Morgan
- **SHEN** cut to Underperform at Ray-Jay

OptionsHawk Market Blitz

- **CRNC** cut to Perform at Ray-Jay
- **PAHC** cut to Underweight at Barclays, while the livestock industry is recovering from the double whammy of African Swine Flu and Covid, Phibro will see a slower recovery, especially in China
- **FTS** cut to Underperform at BAML

Initiations

- **CFG, MTB, C, USB, WFC, TFC, MS** assumed Outperform at KBW
- **VLRS** started Buy at BAML; combines strong fundamentals, robust earnings momentum (38% EBITDA CAGR for 2021-23) and attractive valuation
- **JAGX** started Overweight at Cantor, the company's Mytesi represents a pipeline in a product, providing potential benefits in multiple gastrointestinal disorders in humans and other animals, including dogs, dairy calves, foals, and equine athletes

Other Notes

- **ALV, APTV, BWA, LEA, MTOR, VNE, VC, AXL** targets cut at Barclays; sees the potential for autos to be mired in a sideways trading pattern as chip concerns linger. With the sector under pressure in the past several weeks, this could be the beginning of a good as it gets trade, especially as companies are likely to be fairly non-committal as to when chip shortages may alleviate
- **KRA** upside to \$50/share in a sale, says Stifel; analyst believes a total company sale would likely occur at an attractive premium to current valuation, but views the lack of strategic fit between the Pine Chemical and Styrenic Copolymer businesses to any single strategic buyer as the primary hurdle. Also, the timing is somewhat unexpected given Kraton should be coming off of trough earnings
- **GNRC** target to \$480 from \$410 at Piper
- **CHTR** estimates and buyback forecast raised at BAML

Trade Ideas

Trimble (TRMB) hitting the 'inside day' scan and forming a small bull flag around the rising 8-EMA with a breakout targeting recent highs from March at \$84.75. TRMB is in a nice longer-term pattern with shares flagging for the last three months and a continuation higher has room up to \$97-\$100.



Technical Scans

Inside Days: W, DKNG, MTCH, EW, ORLY, BLL, AVGO, RACE, OLED, TRMB

Bull Reversal Days: AEIS, FFIV, EXPI, GKOS, VMC, SAFM, ZG, MSA, IRDM, CARG, NNN, SWAV, JBGS

Ready to Run: XLRN, CCI, QLYS, PLCE, OUT, PGNV, ABBV, SUMO, WCN

Small-Cap Options Flow - Dave & Busters (PLAY) Put Sales See Limited Downside into Brand Relaunch, Potential Sports Betting Partnership

Dave & Busters (PLAY) small-cap seeing a lot of bullish put sales recently including 1,000 January \$40 puts and 2,500 December \$35 puts sold on 7/6. PLAY has also seen sellers in the August \$35 puts and January \$35 puts while the July \$40 calls with 4750 in open interest from buyers in late June. Shares have run sharply since November and forming a narrow weekly bull wedge since mid-March. A break higher above \$43.75 key to setting up a run back to recent highs at \$50 and then longer-term measured move to \$56. The \$1.9B company trades 15.2X earnings and 3.5X sales. PLAY has seen their business recover well recently with the rate of vaccinations picking up and back near 2019 levels with robust sequential improvement. The company expects to continue looking at the pipeline of stores and where they can re-accelerate growth in the next 12-18 months to get to the 230-250 store goal they laid out a few years ago. PLAY is on the cusp of a big relaunch as well with an overhauled menu, new investment in games, and more expansive media strategy. Analysts have an average target for shares of \$48 with a Street High \$57. Piper raising estimates in June expecting strong trends to continue into Q2 as the reopening continues to gain momentum. Wells Fargo positive note in June and citing an interesting catalyst saying that any potential announcement regarding an in-store sports-betting partnership could spark a near-term cover rally in the stock. The company noted that a sports betting partnership could be tied into a broader football season drive, "we have a number of initiatives planned to establish Dave & Buster's as the ultimate tailgate destination. These include proprietary video content, live entertainment in select markets, contest designed to draw our guest into the game and, of course, compelling food and beverage promotions." Short interest is 19%. Hedge fund ownership fell 14% in Q1. Samlyn Capital a buyer of a new stake.

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
MLCO	January \$18 Calls	11,257	31,860	183.02%
VRM	December \$50 Calls	1,478	3,388	129.23%
VRM	October \$50 Calls	2,929	6,661	127.42%
NVDA	August \$900 Calls	2,555	5,475	114.29%
TIGR	January \$30 Calls	2,621	5,588	113.20%
CMCSA	October \$57.50 Calls	12,426	22,527	81.29%
APA	August \$22.5 Calls	12,830	22,577	75.97%
UBER	September \$55 Calls	12,232	20,918	71.01%
FANG	January \$130 Calls	1,868	3,063	63.97%
ARWR	September \$70 Calls	1,947	2,925	50.23%
DLTR	August \$100 Calls	2,931	4,349	48.38%
AMAT	August \$135 Calls	2,820	4,170	47.87%
JMIA	August \$30 Calls	3,934	4,284	8.90%
ZEN	August \$145 Puts	3,106	3,111	0.16%
LOGI	August \$130 Puts	2,316	2,317	0.04%
IRBT	August \$105 Puts	2,873	2,873	0.00%
IGT	January \$24 Calls	1,521	1,399	-8.02%
ATOS	January 2022 \$3.50 Calls	3,832	2,895	-24.45%
AXP	September \$170 Calls	6,343	1,295	-79.58%

Extras

Academy Sports (ASO) into day lows with a buyer 2500 July \$41 calls and sells 3000 of the \$45 calls that may be adjusting

Las Vegas Sands (LVS) with 7500 September \$52.50 calls opening late day as upside call spread adjusted back

GrafTech (EAF) late day buyer of 4500 January \$12.50 calls for \$1.15 as July calls adjusted

Laredo Petro (LPI) buyer 300 August \$85 calls \$10.80 to \$11

What They're Saying

Knight Swift (KNX) M&A call on its deal for AAA Cooper... "Over the last several quarters, we've been vocal about our interest in growing our company through acquisition, including the LTL market. As we evaluated different means of entering the market, there were three main objectives or requirements. And as a full truckload provider with a limited experience in LTL, we understand and appreciate the differences between operating a full truckload operation versus a less-than-truckload operation. We felt the best way to begin our LTL growth platform was to start with an excellent

OptionsHawk Market Blitz

foundation, a proven, successful LTL provider with leaders who understand the business and run it the right way with an excellent employee culture. Given our size and ability to invest, an important requirement was an LTL provider with meaningful market share. Part of a strong LTL foundation includes a financially successful LTL company, one whose success could be replicated or further scaled. In LTL, density of freight is a significant factor to success. At Knight-Swift, our wide-ranging variety of customers developed over decades also ship LTL freight. This will provide an opportunity to expand services offered to our customers. Although the LTL and TL markets differ, we believe there are capacity and pricing trends and business intelligence tools between truckload and LTL that both Knight-Swift and AAA Cooper can learn from each other to make us more effective in the markets we serve.”

Earnings Review

MSM – Beat on EPS and Revs; \$1.42 vs \$1.39 and \$866.3M vs \$848.6M, +3.7% Y/Y; Erik Gershwind, president and CEO, said, "The economic environment improved significantly and most of our manufacturing end markets turned positive during our fiscal third quarter. Total company sales returned to growth and, while muted by PPE-related comparisons, our non-safety and non-janitorial product lines grew 21 percent. Execution on our Mission Critical initiatives continued at a high level and we have lifted our expectations both in terms of gross and net savings for fiscal 2021."

Disclosures

Disclaimer:

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.

Content is for informational and educational purposes only, and is not to be construed as specific investment advice or recommendations. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek qualified professional financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, OptionsHawk has not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information does not consider the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors

OptionsHawk Market Blitz

For example, and, as always, be aware that market timing and conditions may materially affect trades of this nature: The above is an example of a trade idea, but you must be aware of the risks of trading. As we have disclosed, we are not licensed, and we are not giving specific securities advice for your portfolio. We are merely providing examples and education of strategies. We always advise people to get professional advice, and we are not recommending any particular trade or security or soliciting any trade or security.