



Inside Today's Blitz

- China Inflation Cools in June
- China Central Bank Cuts RRR by 50 Bps as Concerns Over Growth Rise
- **STMP** to be bought by Thoma Bravo for \$6.6B; **COST** June comps top estimates; **Airbus** deliveries were strong in 1H; **AAPL** may be targeted next by state AGs over app store

Market Outlook

Futures indicating a higher open for the day with the **Dow** up 61 bps, the **S&P** up 32 bps, and the **Nasdaq** down 12 bps. The **Russell** is up 1.05%. Energy is rallying with **WTI** up 1.07% and **Brent** up 85 bps. **Natural Gas** is down 25 bps. **Gold** and **silver** both higher today with the latter up 57 bps. **Copper** is rallying 2%. The **dollar** is down 15 bps. **Bonds** are down 65 bps. **VIX** is 18.70. Stocks are rebounding this morning with cyclicals showing some outperformance and bond yields continuing to climb. China inflation data showed a bit of easing in June. Price increases were moderate in the month overall, but Beijing remains concerned about a slowdown in the recovery. Their central bank cut their RRR for banks by 50 bps. Elsewhere, it has been a quiet morning for macro news. The G20 finance ministers meeting kicks off in Venice today with a focus on global tax reform. The President will sign a series of executive orders today around competition in US industries. The delta variant remains a concern in Asia as more countries move towards lockdown.

Asian markets are mostly lower this morning with Hang Seng up 70 bps, Shanghai down 4 bps, and the Nikkei down 63 bps. In Europe, the major indices are rallying. The DAX is higher by 84 bps, the CAC higher by 1.69%, and the FTSE higher by 68 bps. We're seeing outperformance in cyclical stocks like materials and industrials. German bund yields rose slightly today, snapping an 8-day losing streak. Plane maker **Airbus** surged 4.5% after it reported a 52% jump in jet deliveries in the first half of 2021. Travel-related stocks such as **easyJet**, **Ryanair** and **British Airways**-owner **IAG** were up around 3% as the UK eased quarantine restrictions. Aircraft and car parts supplier **Senior** advanced 1.5% after raising its guidance for the FY. **Victrix**, a supplier of high-performance polymer solutions, gained 1.5% after Q3 sales climbed 37% from last year.

Calendar

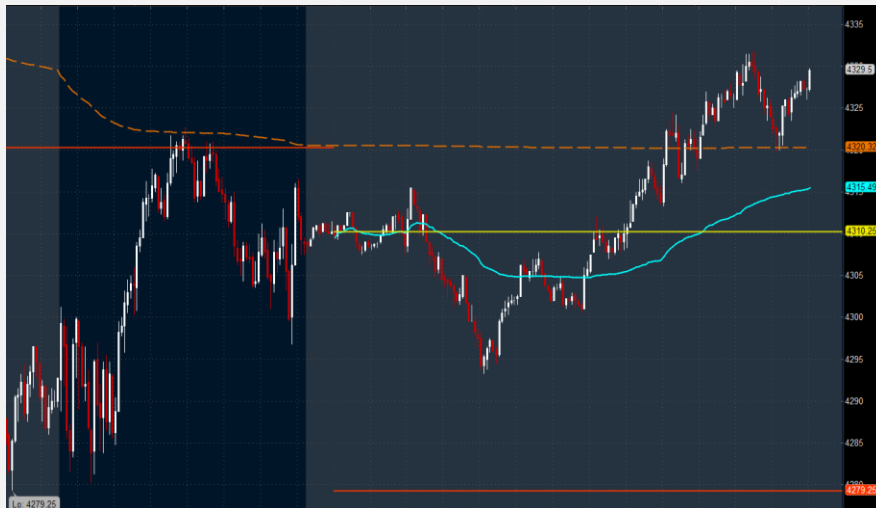
Today... Wholesale Inventories, G20 Finance Ministers Meeting Starts; **Earnings Before the Open:** AZZ, GBX

Next Week... we'll get China import/export data on Tuesday and then GDP/retail sales on Thursday, US CPI on Tuesday, and Jerome Powell will be on Capital Hill on Thursday. Earnings season kicks off with a big focus on banks (**BAC, JPM, GS, BLK, C, WFC, MS, USB**). Others of note include **PEP, DAL, TSM, UNH, AA, and KSU**.

Overnight Markets

Copper	4.3495	2.00%
Oil (WTI)	73.69	1.03%
US Dollar	92.28	0.49%
VIX	18.7	0.23%
Gold	1804.4	-0.14%
Silver	26.12	-0.27%
Natural Gas	3.678	-4.32%

Technical View



Key Levels to Watch

S&P futures (ES_F) with a strong overnight session after pulling back to a low-volume support at 4295 and pushing up through Thursday's high. We're in a gap now from yesterday's open back up to 4340 range. Support on a pullback is around 4315.50 and then 4294.5 is a key spot with room below to 4273.25 and 4252.25. Other areas of interest above include 4357.75 and 4379.

Economic Data

- **China** CPI was 1.1% vs 1.2% est. and 1.3% prior
- **China** PPI was 8.8% vs 9% prior
- **China** auto sales fell 12.4% in June
- **China** cut its RRR for banks by 50 bps
- **UK** industrial production was 20.6% in May vs 21.6% est.
- **UK** GDP was 0.8% vs 2% prior

Macro News

- **China's** government will create a new team to review domestic company plans to IPO in the US, per Reuters
- More **Asian countries** are reimposing COVID restrictions as the delta variant spreads, per FT
- **US, Iran** nuclear deal may be 'beyond saving' per Bloomberg
- **Bank of Canada** is likely to begin tapering their asset buys at their July 14 meeting, per Reuters
- **Fed's Daly** says COVID and the new strain are major risks to the recovery and urged caution around tapering, per FT
- **Fed's Kaplan** says tapering should begin at a gradual pace, per Reuters
- **President Biden** will sign an EO aimed at promoting competition in US industries, per NYT, and focus on tech, banks, rails, and shipping

Movers

Gainers: EH 6%, LEVI 4%, TIGR 4%, NOV 2%

Losers: DBGI -4%

Insider Buying

PLL, ECOR, SMAR, DNUT

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

- **COST** reports core US June sales +7.8% vs 7.2% est.
- **Stamps.com (STMP)** to be acquired by Thoma Bravo for \$6.6B or \$330/share in cash. This is a 67% premium over yesterday's closing price
- **Philip Morris (PM)** offers to acquire Vectura Group for \$1.2B; Vectura is a provider of inhaled drug delivery solutions that enable partners to bring their medicines to patients.
- Luxury gym operator **Equinox** is no longer in talks to go public, says Bloomberg. The company could not agree on a valuation with its prior SPAC partner
- **AMZN** will be able to stream **Universal** movies four months after their will appear in theaters and Peacock, says CNET. They won the deal from **HBO Max (T)**
- **LYV** CEO was on CNBC yesterday and said that the US concert business is now 'fully open'
- **PLBY, SuperRare** to collaborate on NFT art collection
- **Instacart** named a new CEO who previously worked at Facebook, per FT
- **LEVI** raises dividend by 30%
- **SJM** raises dividend by 10%

On the Chart

PM strong trend overall since February and back at the rising 50-MA this week, key spot for a turn back towards recent highs at \$100

Hawk Database

LYV has seen a lot of bullish flows recently including buyers in the July \$87.50 calls and August \$85 calls in size

Financials

- **RIOT** mined 243 bitcoin in June, up 406% Y/Y; Co. commences development of 400 MW of additional capacity
- **SQ** CEO confirms they are working on a hardware wallet and service to make bitcoin custody more mainstream
- **Stripe** has hired a legal adviser to help with IPO preparations, says Reuters. There's been no decision on timing but it is the first big step towards going public
- **Sen. Warren** wants the SEC to investigate **crypto exchanges** to determine whether they create risks for consumers, per The Hill
- **The White House** is expected to take action against 'outrageous' real estate brokerage fees, per WSJ

On the Chart

PFE nice multi-week range forming under \$40 with a breakout having room to run and continue the bounce from March

Healthcare

- **PFE** is seeking an FDA EUA for their COVID vaccine booster, says Reuters, as evidence grows of the higher risks due to the delta variant
- **BGNE** receives approval for Kyprolis, dexamethasone combination from NMPA in China

OptionsHawk Market Blitz

- **BKD** says June occupancy rose 1% Y/Y
- **SGTX** announces a clinical hold on their Phase 1 study in hemophilia A
- **Pelosi** launched an attack on the US **drug industry** yesterday and pushed for better pricing practices, per Bloomberg

Industrials

- **Airbus** says June deliveries numbers were 297 after a late month surge while 1H deliveries rose 52%, per Reuters
- **MATX** sees preliminary Q2 above Street; Ocean Transportation and Logistics businesses continued to perform well
- **Polestar**, the EV maker controlled by Volvo and Zhejian Geely, is in talks to go public via SPAC with **GGPI**, per Bloomberg. The deal would value them at \$25B
- **KBH** boosts buyback to 5M shares from 2M

Energy & Materials

- WSJ report noting “**American Frackers Show Restraint as Oil Tops \$70**”. It discusses how Shale companies, flush with cash, are paying off debt and sharing with investors rather than drilling more. Public shale companies that drill primarily for oil collectively generated a record \$4.1 billion in free cash flow in the first quarter of 2021 and are poised to take in almost \$15 billion for the year if prices remain higher, according to consulting firm Rystad Energy. **OXY, OVV, PXD, DVN** mentioned.

Tech/Telecom

- **CRUS** to acquire Lion Semiconductor for \$335M in cash; “adds further momentum to our strategy of applying our mixed-signal expertise to new markets”
- **AAPL** could be targeted next for app store abuse by state AGs, says Barron’s, after Google’s suit this week
- **TSM** June revenue rose 22.8%; sees Q2 in line with estimates at \$13.3B
- **MU** has developed an AI tool developed internally that is helping it generate millions in extra returns from its cash deposits, per WSJ
- **NFLX** is turning to a former Apple exec to help lead its new podcasting business, per Bloomberg
- **CFLT** with a 9.99% stake from Lone Pine Capital
- **Wall Street may be too optimistic about PCs**, says Bloomberg, as the market could easily return to its ‘no growth’ past as pandemic trends shift

On the Chart

MATX has pulled back from prior highs near \$78 and set to clear a wide base here above \$65 with room to move back to April VPOC at \$68

Hawk Database

DVN nice reversal off the 50-day yesterday and name with a lot of bullish OI including 17K July 30th (W) \$30 calls

On the Chart

TSM put in a nice reversal day yesterday right at multi-week support and a push higher and through \$120 and June’s value can move with upside to \$130+

Analyst Notes

Upgrades

- **TEX** upgraded to Buy at Deutsche Bank as the company should benefit from increasing aerial work platforms replacement demand
- **NSC** raised to Outperform at Evercore, the transport cycle has a long runway remaining for pricing, earnings, and cash flow expansion with supply chain constraints significantly delaying the usual capacity response to freight strength in both demand and pricing
- **ALGN** raised to Overweight at Stephens citing an analysis of Invisalign app data; firm sees potential for Align to deliver Q2 revenue growth above consensus estimates and sustain the favorable topline growth momentum throughout 2021
- **DFS** upgraded to Buy at Citi; of the card issuers, Discover has the clearest near-term path to benefit from the return of consumer card spending and lending as pandemic-related benefits expire and elevated payment rates return to lower levels
- **STT** raised to Buy at UBS
- **VST** upgraded to Buy at BAML
- **LVMUY** raised to Buy at Stifel
- **CINF** raised to Neutral at Piper
- **MSM** raised to Overweight at Stephens

Hawk Database

ALGN great weekly bull flag continues to form near a breakout and has large call buys in August and January \$600 strike open interest

Downgrades

- **CLB** cut to Equal Weight at MSCO
- **XL** cut to Neutral at BTIG
- **LEV** cut to Sell at Vertical

Initiations

- **GM** started Outperform at Wedbush, GM CEO Mary Barra has led the legacy auto company back to the top of the auto industry in the United States and the team's laser focus on electric vehicles has given new energy and strategic focus to GM
- **TASK** started Buy at BTIG, positive on the company's leading tech and other digital-native businesses as they increasingly turn to TaskUs to help lead major transformational projects across CX and other next-gen demands
- **CPNG** started Outperform at CLSA, the company's launch of Rocket Deliveries opened up Korean consumers to new levels of service at just

OptionsHawk Market Blitz

the right time, riding the tailwind of rising digital consumption boosted by Covid-19

- **MELI** started Buy at DZ Bank
- **BMBL, MTCH** started Outperform at RBC
- **ANTM, CNC, UHS, HCA, UNH** started Buy at Seaport
- **ASLN** started Buy at Jefferies
- **LTCH** started Outperform at Blair
- **REGI** started Buy at Guggenheim

Other Notes

- **COUP** reiterated Buy into Analyst Day next week on Coupa Pay opportunity
- **MLCO** 30-day positive catalyst watch at Citi as the analyst's forecasts suggest that Melco is the operator with the most EBITDA improvement amongst the six Macau gaming operators during Q2. As soon as travel restrictions are lifted, EBITDA should return swiftly to pre-Covid levels
- **CRWD** target to \$280 from \$250 at Piper
- **DOCU** target to \$330 from \$300 at Piper
- **NOW** target to \$585 from \$550 at Piper
- **DT** target to \$70 from \$56 at BMO
- **PYPL** target to \$370 from \$313 at Evercore

On the Chart

MELI recently rejected at key resistance and has lagged the rally of growth/ecommerce peers, the \$1590 level next key for a break higher

Hawk Database

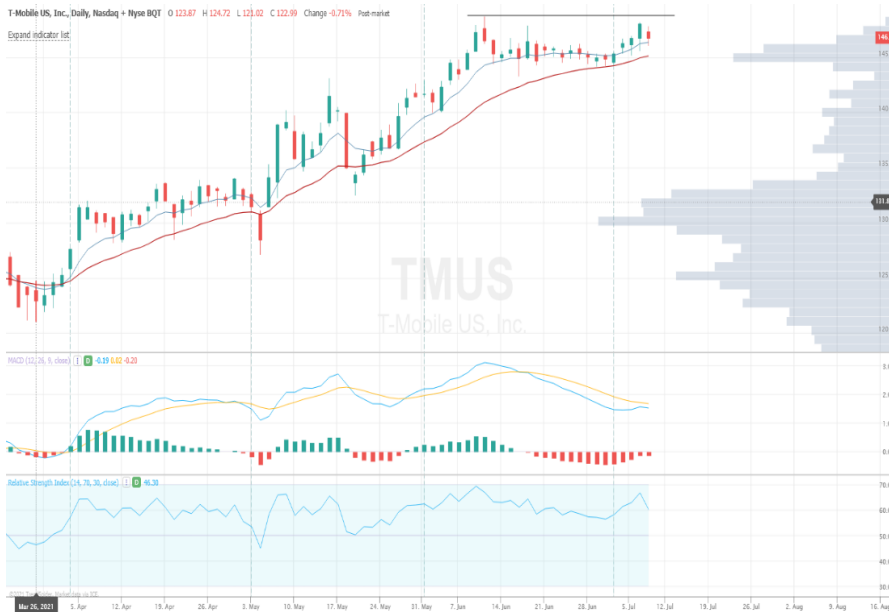
MLCO recently with a surge in call flows as January \$18 calls have bought 60,000X the past week and also some buyers in October \$18 calls 10,000X

On the Chart

NOW worth keeping a close eye on above \$561.50, a top Software name that would break out of a large cup and handle

Trade Ideas

T-Mobile (TMUS) shares holding up well this week and coiled above the 8- and 21-EMA and not far from new highs. A move above the June highs at \$148.50 can make a run to \$155 in the near-term with both MACD and RSI in healthy trends and ready to potentially run. TMUS has been a solid winner in 2021 and best-of-breed name which should continue to post solid results in Q2.



Technical Scans

Inside Days: DGX, LOGI, JAZZ, ABBV, YUM, SPGI, SBAC, PGR, ECL, CMI, DPZ, CTAS, OTIS, GGG, CRL, LMT, ANET, FAST, ROL, WCN

Bullish Reversals: ETSY, MTCH, U, PENN, ROKU, BEKE, PTON, TSLA

Ready to Run: PING, DSEY, ARVN, MGLN, NCNO, IGMS, BCRX, WY, SNOW, GATO, COOP, LHX, NOC, MDLZ

Small-Cap Options Flow

Masonite (DOOR) strong small-cap that has nearly tripled off the 2020 lows and back at an attractive entry point this week with shares around the 200-EMA and the breakout spot from February 2021. DOOR had a buyer of 1000 October \$125/\$150 call spreads on 7/8 and still has 1000 September \$130 calls in open interest from February buyers. DOOR is a \$2.77B manufacturer of interior and exterior doors for new construction and repair/remodel (50% of all sales) of both residential and non-residential construction. The company gets about 75% of revenue from North America and 11% from Europe with acquisitions in the UK helping to expand their footprint. DOOR has expanded their product lineup into facings, wood veneers and fiber or particleboard cores. They have had very consistent result since 2015 with 12% CAGR in margins and 4% CAGR in revenues. DOOR announced a long-term strategic plan recently, their 2025 Centennial Plan, with a focus on hitting \$4B in net sales, sector-leading ROIC and 20% adjusted EBITDA margins. The company is working on executing a cost-cutting plan, improving price/cost relationship for products, and improving their mix to boost margins. DOOR is also trying to win more at the point of sale, as they explained in May:

“Our research shows that substitution is very common, and 94% of homeowners will purchase what is convenient and available at the time they are in market. We believe that the work Jennifer and her team are doing in conjunction with our channel partners to focus on down channel marketing and demand creation can change this behavior. With consistent and reliable supply, driving specified demand and winning at the point of sale, we believe we can drive incremental growth by capturing meaningfully higher prices for innovative new products, allowing Masonite to grow in excess of what the market would naturally provide.”

OptionsHawk Market Blitz

Analysts have an average target for shares of \$145 with a Street High \$154. Short interest is 2%. Hedge fund ownership rose 3% in Q1, Praesidium with a 8.7% stake and 2.1M shares. Stifel starting coverage in May at Buy as DOOR is likely to see benefits from an early-cycle cyclical upswing in new housing and the company has a meaningful barrier to entry from new players. Baird upgraded to Outperform in March citing recent margin expansion, operational improvement, and capital deployment efforts which have pushed ROIC above 10%, with a path towards mid/high teens over the next several year via price-cost management, volume leverage, and continued free cash flow/stock buybacks.



Extras

Pag Seguro (PAGS) with 15,000 September \$55 calls active with buyers with some \$60 calls adjusting back

Nio (NIO) sale to open 2000 March 2022 \$45 puts for \$9.35

Cameco (CCJ) buyer of 10,000 August \$20 calls for \$0.71, stock replacement adjusting out of July

Charter (CHTR) been impressive and late day trades opening 1350 September \$780 calls \$17.65 in stock replacements

General Mills (GIS) late day buyers of 2500 October \$60 puts for \$2.90

Sea (SE) buyers of 2000 August \$300 calls \$6.75 to \$7.15 late day

Nio (NIO) saw size opening put sales June 2022 \$40 strike 3000X near \$8.50

JP Morgan (JPM) buyer 5550 September \$155 calls late day for \$4.40, over \$3M into 7-13 earnings

MasterCard (MA) stock replacement bought 3470 September \$380 calls to open \$11.70

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
TWTR	August \$65 Puts	1,618	6,908	326.95%
SE	August \$300 Calls	1,196	3,287	174.83%
GM	September \$57.5 Calls	3,377	8,444	150.04%
WMT	September \$130 Puts	4,689	11,509	145.45%
PAGS	September \$55 Calls	9,586	23,387	143.97%
SAVE	September \$30 Calls	2,830	6,130	116.61%
CLF	October \$17 Puts	5,574	11,561	107.41%
ZH	September \$10 Short Puts	4,462	9,156	105.20%
ALEC	August \$40 Calls	1,097	2,225	102.83%
AON	August \$240 Calls	1,287	2,412	87.41%
CCL	March 2022 \$22.50 Short Puts	5,038	9,191	82.43%
APLS	October \$80 Calls	3,101	5,601	80.62%
JPM	September \$155 Calls	4,423	7,968	80.15%
DLTR	January \$105 Calls	1,445	2,328	61.11%
WYNN	September \$120 Calls	1,357	2,093	54.24%
SQ	August \$210 Puts	5,050	7,734	53.15%
JD	January \$70 Calls	2,303	3,518	52.76%
SPCE	August \$50 Calls	2,758	4,183	51.67%
WFC	September \$42.5 Calls	8,226	11,845	43.99%
BABA	August \$180 Puts	3,754	5,157	37.37%
PATH	August \$70 Calls	2,154	2,703	25.49%
RCL	January 2023 \$80 Puts	3,167	3,079	-2.78%
TIGR	December \$25 Puts	2,827	2,351	-16.84%
SPCE	August \$75 Calls	8,166	6,755	-17.28%
BA	January \$295 Calls	6,710	5,050	-24.74%
BA	January \$290 Calls	11,875	8,086	-31.91%
TJX	January \$60 Calls	6,447	4,251	-34.06%
HST	January \$15 Calls	10,309	2,431	-76.42%

What They're Saying

Levi Strauss (LEVI) earnings call on e-commerce investments, digital and AI improvements... "In our DTC channel, we've continued to accelerate our omnichannel capabilities to ensure that our consumers can get product wherever and whenever they choose. Our company-operated e-commerce business grew 42% on a reported basis, a great result considering we're lapping strong growth in the prior year. We were particularly pleased that the growth rate remains strong even as brick-and-mortar stores reopened in the second quarter. We're investing in leading technology and expanding our fulfillment capabilities. And earlier this month, our largest distribution center in Henderson, Nevada, became our first owned and operated facility to fulfill orders for e-commerce, retail and wholesale channels. Over time, we expect to increasingly leverage our own DCs to fulfill e-commerce orders, which

OptionsHawk Market Blitz

will drive more agility and inventory positioning, reduce lead times and accelerate expansion of e-commerce margins. We're now accepting PayPal and Venmo in all of our U.S. stores as it extends our reach, especially for Gen Z. We've implemented pivotal improvements to our Buy Online Pickup in Store program like to shop the store function, and we saw an increase in both this volume and higher units per transaction after it was launched on the site. Shop the Stores is expected to launch on our app in Q3. We're using digital data and AI to dramatically improve the consumer experience and deepen connections leveraging every touch point to better connect and engage our fans. We will continue to deliver compelling consumer experiences digitally. We just launched our global TikTok channel, which generated more than 100 million views in the first 6 weeks since its launch, and we held our first shoppable live stream event on levi.com in the beginning of June. Through data and AI capabilities, we created a more cohesive and personalized consumer experience on our app and with our loyalty program."

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
ACCD	Accolade	-\$0.84	-\$0.34	\$59.53	\$55.78	65.80%	FY Above
DCT	Duck Creek	\$0.03	-\$0.01	\$67.90	\$63.81	25.70%	FY Above
LEVI	Levi Strauss	\$0.23	\$0.09	\$1,275.97	\$1,205.24	156.50%	FY Above
PSMT	PriceSmart	\$0.73	\$0.64	\$895.26	\$848.37	11.90%	
AZZ	AZZ	\$0.88	\$0.62	\$229.8	\$223.69	7.7%	
GBX	Greenbrier	\$0.69	\$0.13	\$450.1	\$489.44	-41%	

LEVI – Beat on EPS and Revs; "We generated strong momentum in the second quarter with the accelerated recovery of our revenues and delivered growth across all regions and channels. This was underscored by the strength of our brands and our ability to capitalize on evolving denim trends and a continued shift to casualization" said Chip Bergh, president and chief executive officer of Levi Strauss & Co. "As we move into the second half of 2021, we are focused on emerging stronger with our strategic priorities of leading with our enduring brand, accelerating our direct-to-consumer connections, and diversifying across categories, channels and geographies."

DCT – Beat on EPS and Revs; "Duck Creek continued to perform at a high level in the third quarter, highlighted by 56% subscription revenue growth," said Michael Jackowski, Duck Creek's CEO. "We signed several important wins with new and existing customers, including a substantial expansion with a Tier 1 carrier that is deploying Duck Creek OnDemand to additional lines of business." Jackowski added, "Our growing roster of successful Duck Creek OnDemand deployments is a clear demonstration that the P&C insurance industry is recognizing that our SaaS core systems platform can provide greater flexibility, faster innovation and a better customer experience than legacy systems. We remain at the early stages of this transformation and believe Duck Creek is well positioned to benefit for years to come."

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

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.