



## Inside Today's Blitz

- US COVID Cases Slip to Lowest Since Late June, South Korea Imposes New Lockdown Measures
- Chipmakers Worry New Huawei Restrictions Could Impact Global Supply Chain
- **ORCL** has reportedly held talks about buying **TikTok's** US operations; **APO** recently held talks to buy **BIG**;
- **Robinhood** is now valued at \$11.2B after their latest round; **BA** is adding job cuts; Insider selling is surging

## Market Outlook

Futures are indicating a modestly higher open for the morning with the **S&P** up 17 bps, the **Dow** up 24 bps, and **Nasdaq** up 33 bps. **Gold** and **silver** both continuing higher with the latter up 2.75%. The **US dollar** continues to fall down another 40 bps and near a bear flag breakdown while **bonds** are basically flat. It has been a fairly quiet 12 hours for news without much changing in the overall picture. US/China tensions remain in focus after the US action on Huawei yesterday. The move adds more pressure to the May action and weighing on tech overseas. The move is the latest in a series of escalating back-and-forth between the two with more headlines about TikTok today as well. In Washington, stimulus remains at a standstill with most expectations now for a deal sometime in September. There's some concern with Mitch McConnell now indicating that the election could put a pause in talks as well and may not get anything substantive done until after that date. COVID remains mixed with more countries taking steps to stop flare ups (Germany, South Korea) and in the US the overall rate is sliding a bit.

Asian shares were mixed on Tuesday with rising US/China tensions in focus.. Shanghai was up 36 bps while Hong Kong was up fractionally. The Nikkei was down 20 bps. Airlines like ANA and Japan Air fell with the IATA saying they don't see traffic back to pre-pandemic levels until 2024. Europe is slightly higher overall with Brexit talks kicking off. The DAX is up 40 bps while the CAC and FTSE up 20 bps. Travel is bouncing back a bit after two days of strong selling while defensive areas like REITS, telecom and utilities outperformed. **Nestle** is up about 1% after their deal for IM Sciences. Engineering firm **Wood Group** is up 8% after earnings and keeping their FY targets intact. Homebuilder **Persimmon** is up 4.5% after restoring their dividend. German healthcare firm **Evotec** is up 2% after announcing a collaboration with **Novo Nordisk**. Dutch jeweler **Pandora** is down 8.5% after earnings. The company sees 2H demand being impacted by the continuing shutdowns over COVID. **BHP Group** is off by 1.5% after a weak report. Retailer **Marks & Spencer** is down 3% after announcing cuts of more than 7000 jobs.

## Calendar

**Today...** Housing Starts at 8:30am, API Inventories at 4:30pm

**Earnings:** ATGE, A, CREE, JKHY, LZB, SUPN

**Analyst Days:** FORM

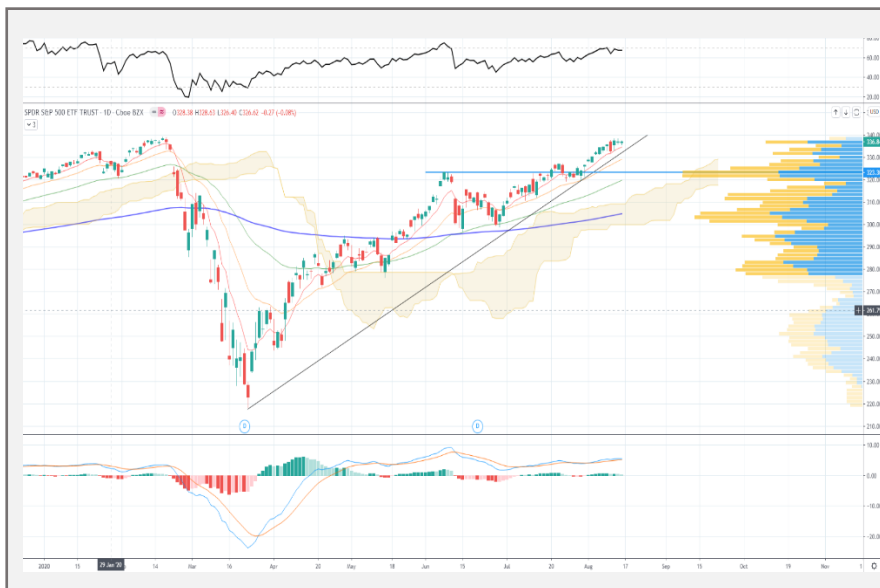
**Tomorrow...** EIA Inventories at 10:30am, FOMC Minutes at 2pm

**Earnings** from ADI, LOW, TGT, TJX, VIPS

## Overnight Markets

Silver	28.48	2.92%
Gold	2017	0.92%
Copper	2.918	0.57%
Oil (WTI)	43.03	0.33%
Bonds	178.44	0.05%
US Dollar	92.54	-0.34%

## Technical View



### Key Levels to Watch

S&P futures with a nice range overnight after Monday's narrow session. We moved higher initially up to 3387 before fading and down hard into the EU open to 3371. The rebound has been sharp however and we're now on the highs up around 3388.5. Overnight VWAP is 3381 and from Sunday's open it is around 3378. On the daily, we continue to form a small flag above the 8-day at 3360.

## Economic Data

- **Indonesian** exports fell 9.9% vs down 14.3% est; imports fell 32.5% vs down 19.4% est.
- **RBA** doesn't see the need for further easing at this time, per their latest minutes

## Sentiment

- **Insider Selling** – CEOs and leading shareholders are selling stock at a rapid rate, per CNN. Insiders have sold more than \$50B in shares since the start of May with August on pace to be the third month in the last four with > \$15B.
- **Housing** – NAHB reported yesterday that builder confidence jumped 6 points to 78 in August, a new record high for the index's 35-year history. They note that soaring lumber prices could dampen momentum, but builders are clearly benefiting from the severe shortage of existing homes for sale.

## Macro News

- **USD Falls to 2-Year Low, Treasury Yields Slip**; The yen was soaking up demand for haven assets driven by geopolitical risks from US-China tensions to protests in Belarus. Increasing worries about the

### Movers

**Gainers:** GRWG 13%, RXT 9.2%, DBX 5.5%, TSLA 5%, BLDP 3.5%, SE 3%, ORCL 3%

**Losers:** SRNE -3.5%, CVAC -2.8%

### Insider Buying

VRCA, LMAT

### Smart Money (13D/13F Filings)

### IPO Monitor

**Harmony Bio (HRMY)** issuing 4.7M shares at \$20-\$23; focuses on rare neurological disorders

**INHIBRX (INBX)** issuing 6M shares at \$16-\$18; focuses on biologic treatments

**Nano-X Imaging (NNOX)** issuing 5.9M shares at \$16-\$18; Manufacturer of medical imaging technology

## OptionsHawk Market Blitz

pace of the US economic recovery from the coronavirus crisis added to the pressure on the dollar. Stalling negotiations on the next round of fiscal stimulus for the US have heightened uncertainty about the speed of recovery

- **COVID Cases** – US numbers continue to fall from their peak in June as the infection rate fell to its lowest (~35k) since early June yesterday, per WSJ
- **Stimulus** – McConnell said on Monday that he can't guarantee they'll get another bill passed and warned for the first time that the Elections could interfere, per The Hill
- Other countries are taking more proactive steps to stop flare ups with both **Germany** and **South Korea** acting on bans, per Bloomberg
- **Housing Delinquencies** – FHA mortgage delinquencies reached a record in Q2 rising to 16%, up from 9.7% says Bloomberg
- The **latest polling** has Joe Biden continuing to lead Trump nationally but the lead continues to narrow with CNN at 4 points

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## Stock-Specific News

### Consumer

- **Apollo (APO)** recently held talks to buy **Big Lots (BIG)**, says Bloomberg. This was out on Monday late afternoon and the report notes the company's recent leaseback deal led talks to end
- **Academy Sports + Outdoors** files for IPO, per Bloomberg. The company is a sporting goods discount store chain
- **Carnival (CCL)** CEO says cruises could happen in 2020 but it's too early to say for sure, per Bloomberg. He does note "a lot of pent-up demand" among customers eager to cruise again.
- NY state has said **gyms** can reopen on 8/24 at 30% capacity while those in NYC must wait for a health inspection, per WSJ
- **Marks & Spencer** is cutting another 7,000 jobs
- **Pandora A/S** sees FY growth of down 14% to 20% vs estimates of down 16% as the recent lockdowns have impacted consumer spending on jewelery and watches
- **Nestle Health Science** has agreed to buy **IM Healthscience**, a maker of IBgard and FDgard for dietary management of IBS
- **DEO** to buy Aviation Gin for \$635M
- **SKX** launches Dr Seuss-inspired footwear collection

#### Sympathy Movers

**DKS, BGFV, HIBB** some competitors of A+S Outdoors

#### Sympathy Movers

**PLNT** on NYC gym openings

#### Sympathy Movers

**SIG** the most notable peer of Pandora in the US after the TIF deal

### Financials

- **Robinhood** is now valued at \$11.2B, says NYP. The company closed a new \$200M round of financing on Monday
- **CBL** warned of bankruptcy risk in their latest filing

## *OptionsHawk Market Blitz*

### Healthcare

- **VNDA** interim analysis showed tradipitant may accelerate clinical improvement in SARS-CoV-2 (COVID-19) pneumonia in the ODYSSEY study

### Energy & Materials

- **BHP** to exit thermal coal as investor pressure builds, says the FT. The company announced the divestment plan as iron ore business helps offset coronavirus impact
- **Chevron (CVX)** is close to signing a new exploration deal with Iraq and could make a formal announcement today, says the WSJ

#### Inside the Hawk Database

**CVX** with buyers of 3000 September \$92.50 calls from late June.

### Industrials

- **BA** is set to deepen job cuts beyond 10% plan with new buyout offer, says Bloomberg.
- **Persimmon**, a homebuilder overseas, jumps 6% after proposing interim dividend and noted an excellent start to the second half of 2020.
- **Automakers** have agreed to new emissions standards in CA, says Reuters. The deal with **F**, **GM**, and others comes in defiance of the WH
- **HCAC** announces agreement to bring EV-Maker **Canoo (CNOO)** public. Canoo's proprietary, all-electric skateboard platform has been purposefully designed and engineered to support a wide range of business-to-consumer (B2C) and business-to-business (B2B) vehicle configurations

### Tech/Telecom

- **Oracle (ORCL)** is in talks to buy **TikTok's US business**, says FT. The company has reached out to Sequoia about a joint bid however MSFT remains the front-runner

#### Radar Focus

**ORCL** bid slightly higher this morning on this news and bullish flow the focus of a recent write up on 8/14 with put sales into this pullback, can check the archives

## OptionsHawk Market Blitz

- **AAPL** threatens to terminate **Epic Games** developer license as feud over app-store fees intensifies, per MacRumors
- The Justice department is apparently concerned there isn't a solid antitrust case yet against **Google (GOOGL)**, per WSJ.
- **Uber (UBER)** plans to continue operating Uber Eats despite concerns over ride business and employment, says Reuters.
- **Softbank** continues to invest in big tech with stakes in **AMZN, TSLA, NFLX, GOOGL**, and **NVDA**, per Bloomberg. They also took small stakes in **PAYC, BILI** and **IQ**
- **Verizon (VZ)** is offering Hulu, Disney+ and ESPN+ together for new sign ups in a bid to win shares into the 5G rollout, per Bloomberg
- **Memory pricing** to continue facing downward pressure in 1H21, says Digitimes. Prices are expected to fall 10% alone in Q4
- **ANET** announced a new enterprise-grade Software-as-a-Service (SaaS) offering for the flagship CloudVision® platform
- **AMZN** bets on office-based work with expansion in major cities; plans to create 3,500 new tech and corporate jobs across six cities in the United States; will expand its Tech Hubs in Dallas, Detroit, Denver, New York (Manhattan), Phoenix, and San Diego
- Chip stocks in Asia are under pressure after the **Huawei** restrictions put in place, says FT. Names like **Dialog Semi, Advantest**, and **Tokyo Electron** are concerned over global supply chains

### Inside the Hawk Database

The **Softbank** news continues to be interesting as it coincides with massive call spreads and call buys in large tech **AAPL, MSFT, GOOGL, CRM, ADBE, AMZN, FB**, and others

### Sympathy Movers

**MU, WDC** been weak names with memory pricing pressures.

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## Analyst Notes

### Upgrades

- **JD** upgraded to Outperform at Macquarie; JD raised to Conviction Buy at Goldman, \$85 PT citing the more visible margin expansion profile along with the growing valuation of its subsidiaries and associates, as JD Health, JD Logistics and JD Digits become "more viable".
- **BBY** upgraded to Outperform at Wedbush as with more entrenched work and study from home, consumers who made "quick fixes" to accommodate home office workstations and online learning in the spring are now upgrading to longer-term solution

### Inside the Hawk Database

**JD** size buyers moved into November \$62.5 calls into post-earnings lows on 8/17 with open interest now above 14,500.

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### Downgrades

- **NBR** downgraded to Sell at Goldman as the company is experiencing a decline in active rigs within its key Saudi market, with dayrates also under pressure. They see EBITDA in the Int'l segment declining by a third in 2021
- **ICE** cut to Perform from Outperform at OpCo
- **VG** cut to Equal-Weight at MSCO
- **UBX** downgraded to Neutral at Mizuho
- **HWM** downgraded to Hold at Argus

### Initiations

- **VOYA** started Overweight at Wells Fargo, \$62 target, company has taken steps to reduce its exposure to lower interest rates, mortality risk, and improve its return on capital and free cash flow generation through exiting lower returning businesses
- **LMNX** initiated Buy at Piper, company is enjoying COVID-19 tailwinds, new product launches and a larger installed base can drive long-term growth to Luminex's goal of \$500M in revenue
- **MCRB** initiated Buy at Piper, \$40 PT; leading microbiome therapeutic play and sees \$2.5B in peak sales in a conservative US launch scenario
- **NRIX** initiated Buy at Piper, \$40 PT; the overall potential of their platform has been validated by recent deals with Gilead and Sanof
- **INZY** started Buy, \$33 target at BAML; INZY is a preclinicalstage company developing enzyme replacement therapy (ERT) in metabolic disorders. We view INZY's approach, albeit early-stage, as rational and somewhat de-risked, given ERT is an established approach in diseases (e.g. Pompe and Fabry) to correct the underlying enzyme deficiency.
- **ANNX** started Buy at BAML, \$33 target; ANNX develops therapeutics targeting the complement system (part of the immune system). We view C1q inhibition favorably, as it provides a potentially differentiated safety and efficacy profile compared to competing complement targets
- **PSNL** started Buy at Needham, \$25 target

### Other Commentary

- **DOCU** target raised to \$230 from \$210 at RBC citing his proprietary data indicating that download and usage activity remain near all-time highs as he anticipates "significant upside" in revenue and billings in the quarter.

#### On the Chart

**ICE** working out of a narrow multi-month range over the last two weeks and potentially nice dip buy back around \$98.40 and the rising 21-day

#### Inside the Hawk Database

**DOCU** with size buyers of the September \$210 calls last week, over 3500X

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- **EL** target raised to \$194 from \$173 at RBC citing the pace of recovery and the read-through commentary on the luxury market in Asia, as both L'Oreal and LVMH indicated that China was back to double-digit growth in the quarter.
- **ZM** target to \$300 from \$250 at RBC as app downloads "remain strong" and he sees a "path" toward Q2 revenue exceeding consensus expectations while serving as a catalyst
- **DE** target to \$209 from \$182 at Goldman, field checks with dealer executives over the past several weeks "point to strong progress towards" Deere hitting \$3B in agriculture sales over the medium term
- **NKE** PT raised to \$140 at Stifel citing better than expected athletic footwear demand, healthier than feared channel inventories and more buoyant expectations for gross margins and continued eCommerce strength and associated benefit to revenue per unit
- **LL** PT raised to \$23 at Piper as the home improvement/flooring backdrop has "rapidly improved" in the past couple months
- **IAC** PT raised to \$174 at BMO with \$3B of "dry powder" remaining the probability of share buybacks is also rising
- Mizuho says buy **PLAN**, **INTU** into earnings, raising PT on **COUP** as channel checks suggest demand for application software has gradually improved
- **NVDA** – Citi sees strong upside when it reports

### Inside the Hawk Database

**NKE** with buyers last week in the August \$107 calls while the Sept. \$110 calls and October \$100 calls with buyers on 8/10

### Inside the Hawk Database

**LL** with buyers of 2,000 September \$24 calls on 8/13 and also with some notable open interest in November and January

## Earnings Review

**HD** – Beats EPS and Revenues (+23.4%); Comps +23.4% - The investments we have made across the business have significantly increased our agility, allowing us to respond quickly to changes while continuing to promote a safe operating environment. This enhanced our team's ability to work cross-functionally to better serve our customers and deliver record-breaking sales in the quarter

**WMT** – Beats EPS and Revenues; Comps +9.3% - Walmart U.S. eCommerce sales grew 97% with strong results across all channels. Sam's Club comp sales increased 13.3%. eCommerce sales grew 39%. Reduced tobacco sales negatively affected comp sales by approximately 390 basis points. Growth in membership income was the highest quarterly increase in more than five years. New member count increased more than 60%. Consolidated operating income was \$6.1 billion, an increase of 8.5%. Adjusted operating income in constant currency increased 18.6% led by strength across all operating segments, including significantly lower losses in Walmart U.S. eCommerce.

**SE** – Misses EPS, Revenues Miss (+102.2%) – Digital Entertainment: Quarterly active users ("QAUs") reached 499.8 million, an increase of 61.0% year-on-year from 310.5 million for the second quarter of 2019. Quarterly paying users grew by 91.2% year-on-year to 49.9 million, which represented 10.0% of QAUs for the second quarter compared to 8.4% for the same period in 2019. Our self-developed global hit game, Free Fire, achieved a new record high of over 100

### Sympathy Movers

**LOW, LL, FND, WHR** on **HD**  
**ORLY, AZO, GPC** on **AAP**  
**DLTR, DG, TGT, BJ, COST** on **WMT**

## OptionsHawk Market Blitz

million peak daily active users and, according to App Annie. E-Commerce: Gross orders totaled 615.9 million with accelerated growth of 150.1% year-on-year, compared to a growth rate of 111.2% year-on-year in the first quarter of 2020. Gross orders from Shopee Mall grew at an even faster pace with a year-on-year increase of over 210%. Gross merchandise value (“GMV”) growth further accelerated to 109.9% year-on-year to reach US\$8.0 billion for the second quarter, compared to 74.3% year-on-year in the first quarter of 2020.

**AAP – Beats EPS and Revenues (+7.3%); Comps +7.5%** - We delivered very strong comparable sales growth of 7.5% in the quarter, our highest quarterly growth rate in nearly 10 years. Adjusted operating income grew 42%, with margins expanding 274 basis points to 11.2%. Behind strong sales growth and margin expansion, we also delivered a 60% increase in quarterly Free cash flow. Without question, we benefited from a surge in industry demand in the quarter fueled by the government stimulus, unemployment benefits and the impact COVID-19 had on consumer behavior in terms of how they repaired and maintained their vehicles. Through the first five weeks of the third quarter, the Company continues to see strong growth in DIY Omnichannel and positive comparable store sales in Professional

**FN – Beat on EPS and Revs** - CEO Seamus Grady said, "We exceeded our guidance for revenue and earnings in the fourth quarter, ending the year in a better position than ever to continue our success. This performance helped us generate record operating cash flow in fiscal 2020 and end the year with a record cash balance. We remain optimistic about demand for products in the core markets we serve, despite COVID headwinds, and anticipate sequential growth in the first quarter. Going forward, we anticipate that we can extend our history of strong cash flow generation and see opportunities to continue investing in further growth while also more aggressively returning value to shareholders through an expanded share repurchase program."

## Earnings Grid

Stock	Open Interest	Historical Moves	Avg. 6 Q Max Move	Implied Move	Short Float	SI Change (3mo)	IV30 Skew
WMT	Size September \$115, \$120, \$130, \$135 Calls Bought in OI; 10K Aug \$130 Short Puts	Higher 4 of 6	4.00%	4.01%	0.43%	-6.7%	0.76%
LOW	2K Jan \$110 Long Calls; 2K Jan \$130 Long Calls; Oct \$140 Short Puts in OI	Higher 4 of 6	8.13%	5.01%	0.97%	-7.4%	3.49%
PDD	2K Jan \$35 Calls; 3K Jan \$60 Calls; 2800 Sep \$35 Calls; 2K Jan \$90 Calls; 1500 Sep \$46 Calls; 3850 Oct \$80 Short Puts	Lower 4 of 6	16.00%	11.44%	6.16%	0.3%	-0.50%
EL	Mixed OI - No Major Size	Lower 3 of 5	8.25%	5.61%	1.05%	-11.3%	4.47%
TGT	3K Oct \$125, 2K Jan \$125 Calls and 2K Jan \$130 Calls Bought in OI; 4K Sep \$135 Call Buys 8/10	Higher 4 of 6, Lower Last 2	9.80%	5.09%	2.68%	-27.9%	0.75%
TJX	3280 Oct \$50 Calls Bought in OI, 3950 Jan \$60 Calls; 5K Aug \$57.5 Short Calls; 9500 Sep \$55 Puts Bought	Higher 5 of 6	5.50%	5.88%	1.20%	-5.8%	-9.14%
ADI	3200 Mar \$65 Calls and 9900 Dec \$125 Calls Bought in OI; Sep \$125 Call Buyers	Higher 8 of 9	5.03%	3.99%	1.93%	186.0%	-9.31%
ROST	Small Jan \$115 and \$120 Calls Bought in OI	Lower 4 of 5	3.58%	5.87%	1.01%	3.4%	16.07%
A	3K Sep \$105/\$95 Bear R/R; 1700 Aug \$87.5 Calls Bought in OI; 3K Aug \$97.5 Short Calls	Higher Last 4	6.55%	4.47%	1.30%	-22.8%	4.59%
SNPS	No Notable Size in OI	Higher 3 of 5	5.03%	5.26%	1.23%	-12.3%	4.49%
KEYS	1440 Aug \$100 and 1400 Sep \$100 Calls Bought in OI though many closed	Higher 11 of 12	8.94%	5.30%	4.62%	-6.7%	2.14%
GDS	Sep \$55 and \$60, \$70 Call Buys; Dec and Mar Size Calls Bought	Higher 5 of 7, Lower Last 2	6.10%	5.64%	9.51%	-12.4%	4.45%
AAP	4K Jan \$90 Calls Bought in OI; Aug \$135 and \$145 Call Buys in OI	Higher 4 of 5	8.20%	6.75%	3.58%	-1.5%	6.04%
MLCO	8900 Sep \$16 Calls, 10K Oct \$18 Calls Bought; 11K Oct \$19 Calls Bought; 5K Oct \$17 Calls; Size Sep \$20 and \$22 Calls	Lower 3 of 5	4.70%	6.11%	0.82%	8.0%	-1.80%
LB	35K Jan \$10 Calls, 43K Aug \$12.5 Calls and 30K Aug \$10 Calls and 35K Jan \$15 Calls and Size in OI Calls	Higher 4 of 5	14.00%	7.80%	7.70%	-15.1%	4.19%
BJ	1500 Sep \$40/\$50 Call Spreads	Higher 4 of 5	12.00%	8.81%	9.96%	7.9%	0.29%
KSS	Jan 2021 and Jan 2022 Size Puts at \$40 Strike in OI; Jan \$20 Short Puts in OI and Oct \$25 Calls Bought 3000X	Lower Last 5	10.60%	11.21%	14.27%	14.0%	9.16%
FL	9K Jan \$35 Short Puts; Jan \$45 and \$42.5 Short Puts; 5700 Jan \$30 Call Buys	Lower 4 of 5	14.50%	8.80%	8.62%	-7.3%	7.05%
DQ	No Notable Size in OI	Higher 4 of 5	12.70%	9.25%	3.22%	-43.7%	-0.31%



## Trade Ideas

**SBA Communications (SBAC)** a best-in-class tower name setting up with a coiled weekly ascending triangle, supported by the rising 21 week moving average, a name with potential for a nice breakout to new highs.



### Daily Technical Scans

#### Strong Trend, Off Higher

**Base:** YUM, BURL, PE, DNKN, ARWR, HOG, GIL, TMHC, MYOV, COHU

#### 55/144 EMA Bull Cross:

MMM, LMT, WM, HCA, TT, WMB, TTC, AES, MIDD, KMT, GPS

#### Reversal Days:

DRE, WPC, OHI, INVH, MAA, AMH, O, PEAK, HIW, REXR, NOMD, ACC, COLD, SBRA

#### Ready to Run:

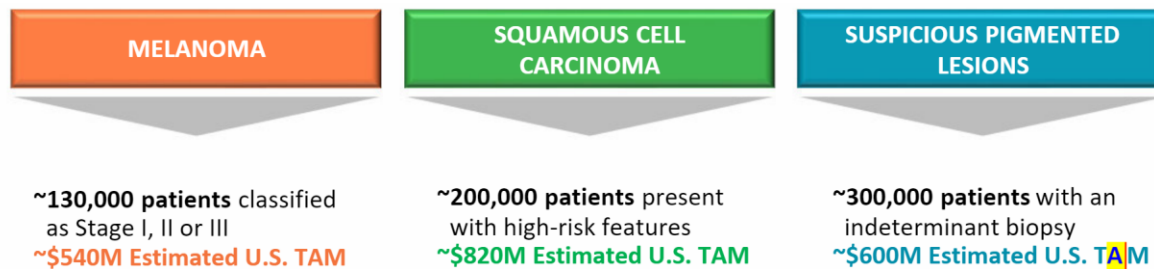
BABA, TNDM, GDOT, SNPS, ADSK, CDNA, GIS, INMD, CRSP, TMHC, BPMC, NVTA, BCC, IMMU, TWTR, EBAY, EGHT, WDAY

### Small Cap Watch

**Castle Biosciences (CSTL)** is a name that came public a year ago and on the weekly chart shares forming a nice bull flag under new highs. CSTL is a commercial-stage dermatological cancer company focused on providing physicians and their patients with personalized, clinically actionable genomic information to make more accurate treatment decisions. Its non-invasive products utilize proprietary algorithms to provide an assessment of a patient's specific risk of metastasis or recurrence of their cancer, allowing physicians to identify patients who are likely to benefit from an escalation of care as well as those who may avoid unnecessary medical and surgical interventions. Its lead product, DecisionDx-Melanoma, is a proprietary multi-gene expression profile, or GEP, test that predicts the risk of metastasis or recurrence for patients diagnosed with invasive cutaneous melanoma, a deadly skin cancer. It also markets DecisionDx-UM, which is a proprietary GEP test that predicts the risk of metastasis for patients with uveal melanoma, a rare eye cancer. Further, it has two late-stage proprietary products in development that address cutaneous squamous cell carcinoma, or SCC, and suspicious pigmented lesions which are indications with high clinical need in dermatological cancer.

Skin cancer is the most commonly diagnosed cancer in the United States. There are more than 5.5 million new cases of skin cancer diagnosed annually, compared with 1.6 million new cases for all other cancers combined. DecisionDx-Melanoma targets more than an estimated 100,000 patients diagnosed with invasive cutaneous melanoma each year. Its two late-stage proprietary products target approximately 200,000 patients diagnosed with SCC with high-risk features and approximately 300,000 patients with suspicious pigmented lesions without a definitive diagnosis of skin cancer. We estimate that the total addressable U.S. market for these three indications is approximately \$1.8 billion.

## OptionsHawk Market Blitz



COMPANIES WITH ADDRESSABLE OFFERINGS IN THE U.S.

Castle:  
DecisionDx  
MELANOMA

Castle (proj. Q32020):  
DecisionDx·SCC

Castle (proj. 2H2020):  
GEP test for Suspicious Pigmented Lesions

CSL currently has a market cap of \$850M and trades 8.5X FY21 EV/Sales with revenue growth of 127.6% in 2019, expectations for 20.3% in 2020, and acceleration to 33.4% growth in 2021 while profitability may come as soon as FY21. CSL operates with impressive gross margins in the 80-85% range and has a secure balance sheet with \$180M in cash and equivalents.

## Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
JD	November \$62.50 Calls	1,953	14,258	630.06%
JPM	January 2022 \$140 Calls	2,300	4,604	100.17%
NOW	January \$450 Calls	560	1,049	87.32%
FDX	January \$250 Calls	1,289	2,267	75.87%
EBAY	October \$60 Calls	5,893	8,627	46.39%
DIS	January \$140 Calls	13,570	17,761	30.88%
MIK	September \$7.50 Calls	6,841	7,719	12.83%
PINS	September \$35 Calls	7,081	7,493	5.82%
CVNA	September \$200 Calls	6,673	6,457	-3.24%
SERV	August \$40 Calls	4,944	4,636	-6.23%
QCOM	September \$105 Calls	4,032	3,287	-18.48%
ARKK	March \$50 Calls	5,004	3,702	-26.02%
RGEN	November \$145 Calls	2,002	1,265	-36.81%
FLT	November \$260 Calls	2,299	759	-66.99%

## Extras

Southwest Air (LUV) late day large buy 5200 December \$40 calls at \$2.44 as September \$37.5 adjust

Chewy (CHWY) buyer 450 October 2<sup>nd</sup> (W) \$50 calls to open \$7.65 to \$8.20 offer

Ever-Quote (EVER) with 300 each of the December \$55 and \$50 ITM puts sold to open at \$17.90 and \$13.10 respectively

## OptionsHawk Market Blitz

**Lockheed Martin (LMT)** with 700 December \$395 calls opening late day for \$1.3M as September adjusted

**Bank of America (BAC)** spread sold 20,000 December \$22 puts to buy the \$28/\$32 call spreads

## What They're Saying

**Fabrinet (FN)** on its non-optical business that experienced softness... As we look to non-optical communications drivers in the first quarter, we expect to see continued softness in industrial lasers and automotive, reflecting broader market conditions. We also believe that current ramps of new automotive products, such as LIDAR sensors from Velodyne, would soon begin to offset some of the weakness in the traditional automotive market. As we look ahead, our new product introduction, or NPI capabilities, will continue to be an important factor for winning new business.

**JD.com (JD)'s Lei Xu, CEO of JD Retail, on competition in Chinese market...** in terms of the competition, we have seen that the users are growing on all the industry and top players in this e-commerce industry. This has been shown in some industry reports. And we also noticed that there is a very high overlapping of users across different e-commerce platforms and there will be less and less users who only choose to use only one platform in the future. So, I see this as a very normal situation. And in this process, we at JD, we are very confident that there's still a very large space for us to grow our users, and our core abilities and our core competitiveness in growing our users exist in our very strong supply chains and our good quality services and our unique business model.

## Earnings Grid

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
AAP	Advance Auto	\$2.92	\$1.97	\$2,501.40	\$2,371.09	7.30%	
AMCR	Amcor	\$0.20	\$0.19	\$3,143.00	\$3,337.97	0.10%	FY In Line
GDS	GDS Holdings	-\$0.77	-\$0.40	\$1,342.20	\$1,340.29	36.20%	
HD	Home Depot	\$4.02	\$3.38	\$38,053.00	\$32,130.81	23.40%	
KC	Kingsoft Cloud	-\$0.19	-\$1.00	\$1,534.70	\$1,531.21	64.10%	FY In Line
KSS	Kohl's	-\$0.25	-\$0.88	\$3,407.00	\$3,072.10	-23.10%	
LX	LexinFintech	\$2.21	\$2.25	\$2,958.00	\$2,529.67	18.70%	
SE	Sea Limited	-\$0.68	-\$0.43	\$1,287.60	\$1,058.04	93.50%	
SFL	Ship Finance Intl	\$0.11	\$0.23	\$118.47	\$118.22	6.80%	
WMT	Walmart	\$1.56	\$1.25	\$137,700.00	\$133,773.69	2.80%	
API	Agora	\$0.03	\$0.00	\$33.90	\$27.30	127.50%	
BEST	BEST Inc.	\$0.05	-\$0.15	\$8,418.27	\$8,951.46	-4.20%	
FN	Fabrinet	\$0.96	\$0.87	\$405.10	\$386.86	0.00%	FY In Line

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## 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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