



Inside Today's Blitz

- Global Markets Fall as Fed Citing Considerable Risks to Economy
 - US, China to Hold Phase 1 Progress Talks
- INTC** announced accelerated \$10B buyback; **UBER** preparing to shut down ops in California; **BA** received its first orders for 737 MAX in 2020; **Accor** is exploring a deal with IHG; **Airbnb** files for an IPO

Market Outlook

Futures indicating a weak open for the morning with the **Nasdaq** off by 5 bps but the **Dow** and **S&P** both down around 30 bps. We're well off the weakest levels of the night with 1-month VWAP holding again overnight. Precious metals continue to sell off hard with **gold** down 1.9% and **silver** off by 1.5%. **Platinum** and **copper** both off by around 2% as well. The **dollar** is up around 12 bps. **Bonds** up 30 bps. Crude is under pressure with **WTI** and **Brent** both down around 1%. The Fed minutes continue to reverberate a bit globally with the committee citing considerable risks to the economy in the medium term and weighing on sentiment.

Meanwhile, the US and China have agreed to talk again with a call set for the next few days to discuss Phase 1 progress. The two sides had expected to talk last week but POTUS called off the meeting. The US continues to escalate tensions however by suspending extradition treaty with Hong Kong due to the Chinese crackdown. Finally, COVID continues to rise again in Europe. Spain recorded the highest daily infection rate since April while Germany added another 1,000 new cases for the third straight day. Countries are reluctant to impose lockdowns like in March but seeing more travel restrictions.

Asian markets are mostly lower overnight as the Fed weighs a bit on the global outlook. China fell as the US suspended its extradition treaty with Hong Kong as tensions between the two rise. Shanghai was down 1.3% while Hong Kong was off by 1.5%. The Nikkei was down 1% with tech under pressure. European markets are lower as well today with some worries about a COVID surge. Norway will begin a 10-day quarantine on all incoming visitors. Private equity firm **EQT** down 13% after they posted weak earnings citing fewer investment opportunities in 2020 and a slower pace of exits. Payment processor **Adyen** down 5% after reporting slower growth amid high expectations. Chilean miner **Antofagasta** is down 4% after posting a big loss in 1H driven by weaker metal prices. **BP** and **Shell** down around 2% on weak oil prices. Building supplier **CRH** is down around 1.5% after a fall in 1H profits. **Accor** is higher by 1% after a report that its looking at a merger with IHG. Real estate firm **TAG Immobilien** is up around 3% after affirming their outlook.

Calendar

Today... Weekly Claims at 8:30am, Philadelphia Fed at 8:30am

Earnings: KEYS, OSIS, ROST

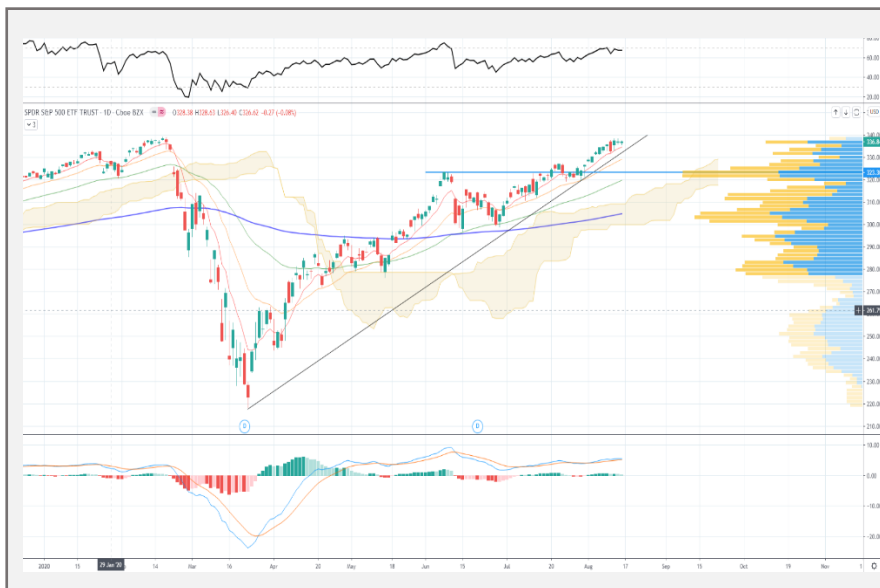
Tomorrow... Manufacturing PMI at 9:45am, Composite PMI at 9:45am, Services PMI at 9:45am, Existing Home Sales at 10:00am

Earnings from BZUN, BKE, DE, FL, PDD

Overnight Markets

Bonds	179.09	0.37%
US Dollar	93.01	0.14%
Oil (WTI)	42.66	-1.04%
Silver	26.94	-1.48%
Gold	1932.9	-1.90%
Copper	2.965	-1.92%

Technical View



Key Levels to Watch

It was an active night for S&P futures with the late-day weakness extending further. We slid down as far as 3,344.75 around midnight during the Asia session before bouncing. We're back around the 50% retracement of the selloff now at 3,370 with overnight VWAP at 3,357 and rising a bit. VWAP from Sunday's open is at 3,380 and potential magnet above. The 8-EMA is 3,363 and in focus for a close below today for the first time since 7/28

Economic Data

- **Taiwan** exports rose 12.4% vs 3.1% est.
- **China** left their 1-year and 5-year LPR unchanged, as expected
- **Norway** left rates unchanged, as expected
- **EU** construction output rose 4.04% in June vs 29.37% in May
- **German** PPI was up 0.2% vs 0.1% est.

Macro News

- **Phase 1 Talks** – The US and China plan to hold a call in the next few days to update progress, per WSJ
- The FT says China is **unlikely to retaliate** against US companies. They have threatened LMT and others in the past
- **Buybacks** – US companies spent \$90B on buybacks in Q2, down 46% Y/Y, says the FT. This is largely due to COVID driving many to suspend their capital return plans
- The Fed's **Bullard** says Wall Street's reaction to COVID was 'about right' in a Reuters interview. He also expects the US to outperform as many businesses adapt to COVID risks
- **Iran** will have all sanctions re-imposed after the WH formally asked the UN to do so, says the NYT
- **Venezuela** could see sanctions by the US raised even more in October, says Reuters. They are targeting an end of oil exemptions

Movers

Gainers: CVAC 7.5%, SNPS 5%, INTC 4%, SABR 3.3%, SRNE 2.8%, PLUG 2%, YNDX 1.5%

Losers: BLNK -13%, FUV -8.5%, TSM -2.5%, BABA -2%, NVDA -1.5%, AMD -1.5%

Insider Buying

AXS, SDC, FOX, REYN, RRR, UPLD

Smart Money (13D/13F Filings)

Icahn raises stake in XRX to 12.82%

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

Stock-Specific News

Consumer

- **Int'l Game (IGT)** signs long-term sports betting technology agreement with **Boyd Gaming (BYD)**
- **Autonation (AN)** will close its aftermarket collision parts business in an effort to streamline ops
- **Accor exploring possible merger with InterContinental**, per Reuters. The hotel operator's board is apparently OK with a potential transaction
- **Sweaty Betty**, a UK women's activewear retailer, is exploring a sale that could fetch \$524M; Potential suitors could include large retailers or a private equity firm
- Online thrift shop **ThredUp** is planning an IPO in early 2021, says Bloomberg. They could raise \$200M to \$300M
- **SEAS** has been cleared to open their San Diego location ahead of some nearby rivals, per Bloomberg
- **GAN** announces the launch of the mychoice® social casino app, powered by GAN's Simulated Gaming software and delivered to **Penn Interactive (PENN)**
- **Swiss Watch exports** recovering from pandemic slump; Shipments fell 17% to 1.6B Swiss francs (\$1.8B), according to the Federation of the Swiss Watch Industry. That's half the drop seen the previous month. Shipments to China jumped 59%, the second consecutive month of strong growth, as consumers return to luxury shopping in their home market.

Sympathy Mover

H, HLT, MAR, CHH, WH all on watch if hotel M&A begins to pick up

Sympathy Mover

Thredup competes with other resale names like **Poshmark** and **REAL**

Financials

- **South Street Securities** exploring a sale, says Bloomberg. The company specializes in borrowing and lending via repurchase agreements
- **Adyen (ADYEN:NA)** reports 1H results: Processed Volume +23%, Revs +27%, EBITDA +12%; Shares dip as growth slows, expectations high
- EU private equity firm **EQT** down 13% after they posted weak earnings citing fewer investment opportunities in 2020 and a slower pace of exits
- Property Portfolio: In E-Commerce Future, Bet on Logistics – Bloomberg; Marcus Meijer, Founder & CEO of Meyer Bergman. Speaking to Daybreak Europe's Sandra Kilhof on Property Portfolio, Meijer argues that last-mile logistics in Europe's capital cities are the best opportunity out there for real-estate investors.

Sympathy Mover

PYPL, SQ on watch to move with the Adyen results

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Healthcare

- The Supreme Court will hear a major ACA case in November, per Bloomberg. The justices plan to review a federal appeals court decision that found part of the original 2010 law unconstitutional
- **CVAC** to supply 225M COVID-19 vaccine doses to EU
- **AXSM** expects data for AXS-07 in acute migraine to be supportive of NDA after meeting with the FDA
- Biotechs tap growing US government support for Alzheimer's Research, writes the WSJ. Federal funding for dementia and Alzheimer's studies has surged, as venture funding focuses on other diseases

Sympathy Mover

Insurers in focus with the ACA, even though the timeline is long – **ANTM, UNH, CI, CVS**

Energy & Materials

- **Technip (FTI)** wins subsea contract in Brazil for \$500M to \$1B
- **Antofagasta** down around 4% in Europe after 1H earnings were weak due to weaker metals prices, especially copper
- Green Energy shares rise along with Biden's polling numbers, writes the WSJ, Investors betting that Joe Biden will win the presidential election are buying up clean-energy stocks, sending the share prices of some companies to all-time highs.
- Solar, Wind and Batteries are all growth up, a piece by Bloomberg Green. Renewables are finally mainstream, which means big changes in the way we invest in, plan for, and dream about our energy future.

Industrials

- The WSJ with a positive look at **AAXN** and how calls to defund the police could drive demand for their business
- **CRH (CRH:LN)** Q1 Americas Materials sales +8% Y/Y; benefiting from good underlying demand and pricing improvements in all products.
- **Nio (NIO)** is exploring a battery leasing business, International expansion, says Reuters. The service entails drivers paying a monthly rental fee for use of the batteries.
- **Panasonic** is boosting production of batteries at their Nevada Gigafactory due to high demand from **TSLA**, says Bloomberg.
- **Boeing (BA)** received its first order for a 737 MAX in 2020 when Poland's Enter Air agreed to buy up to four, per Reuters
- **FDX, UPS** seek to prove they can thrive in busiest Holiday rush, writes Bloomberg. FedEx followed UPS and the U.S. Postal Service this week in setting aggressive peak-season fees, signaling increased pricing power with retailers ahead of what's expected to be an unprecedented year-end surge of packages.

Inside the Hawk Database

BA large buyer of 1000 October \$160 calls on 8/19

FDX opening sale 1000 October \$210 straddles on 8/19 implying the reaction this quarter may be more muted and look ahead to the December report.

Tech/Telecom

- **Uber (UBER)** prepares to shut down ops in California, per Business Insider. The company told drivers that due to the recent decision about employment status that ridesharing will be suspended
- **Intel (INTC)** entering into accelerated share repurchase agreements to repurchase an aggregate of \$10B of Intel's common stock
- Software maker **Asana** is preparing for a direct listing soon after choosing the NYSE as venue, per Bloomberg
- **Huawei** is looking to build up 45nm chip fabrication without US help, says Digitimes. The publication notes this will be very difficult and some sources said "impossible"
- **Airbnb** Files Confidentially for IPO With SEC; The San Francisco-based home-sharing giant said the number of shares and the price range for the proposed offering haven't been determined.

Chart Watch

INTC based well back near March support and long term 200 week moving average and this could be news to get shares moving again, into a large volume pocket zone

INTC also with size insider buying in early Aug. from CEO Swan, see our write up on 8/3 in the archives

Analyst Notes

Upgrades

- **SHAK** raised to Outperform at Wedbush, as management increases digital investments and aggressively targets multiple unit formats, Shake Shack's long-term domestic company unit target of 450 could prove meaningfully conservative
- **ESTC** raised to Buy at Citi, \$126 target, they also opened a "90 day positive catalyst watch" on the shares. Elastic is setup well in the near-term with expectations that look "unusually low," positive data points on accelerating hiring and cloud demand, and catalysts ahead from the August 26 earnings report and September analyst day
- **DAN** raised to Overweight at Barclays, \$17 target, valuation typically follows the non-light vehicle exposed names ahead of a cyclical upswing, but its current valuation "points to a disconnect" which could correct in the near/mid-term
- **POWI** upgraded to Neutral at Northland
- **CNK** upgraded to Buy at Benchmark
- **BLDP** upgraded to Outperform at National Bank
- **ELAN** raised to Overweight at MSCO, \$31 target
- **SE** raised to Buy from Sell at DBS Group

Chart Watch

SHAK broke out of a bull wedge earlier this week and set for a move above the 200-day and long-term downtrend break from the 2019 highs, potential to \$60 in the near-term

Chart Watch

DAN broke out of a base recently and the last 7 sessions pulled back to support, still a volume pocket remains up to \$16.

Downgrades

- **BMRN** downgraded to Neutral at Citi, the setback into 2021/2022 increases uncertainty and likely gives time for the competition to catch up
- **WPM** downgraded to Neutral at BMO, positive on the company's well-valued diversified exposure to precious metals, but with the stock having reached her price target, she cites valuation in her rating change
- **SRPT** cut to Neutral at CSFB, clinical uncertainties related to Phase 2/3 gene therapy results in Q1 2021 along with regulatory and commercial uncertainties may persist beyond the topline results
- **CCI** cut to Equal Weight at Wells Fargo, firm sees risk to hitting its 2020 guidance, believing slower than expected T-Mobile (TMUS) spending will impact its "lofty expectations for services revenue" in the second half. And longer term, a deeper dive into the company's fiber business shows that it "justifiably" trades at a material discount to its macro tower business
- **REGN** downgraded to Hold at Benchmark
- **WELL** cut to Perform at RJF

Initiations

- **VRT** started Buy at BAML, \$20 target; The company has multiple levers to drive margin expansion and a credible deleveraging path
- **ROK** started Buy at Berenberg, \$270 target; **EMR** started Buy at Berenberg, \$83 target; **ABB** started Sell at Berenberg; the energy transition and "re-shoring" of supply chains, accelerated by COVID-19, should drive medium- and long-term growth rates in the electricals and automation sectors above historical levels. Electricals names have the potential to outperform the wider industrial sector for years.
- **IBP** initiated Buy at Berenberg, \$115 PT; **BLD** initiated Buy at Berenberg, \$180 PT; While the commercial environment will be challenging for the next 6-12 months, expansion via greenfields and acquisitions should allow for above-market growth for insulation installers
- **TNDM** started Overweight at Wells Fargo, \$120 target, expects the company's current t:slim X2 insulin pump with Control IQ and the launch of its smaller t:sport pump in 2021 to drive share gains in the "growing" insulin pump market
- **FHN** initiated Buy at Goldman, \$12 PT, as favorable demographics, with 4.5% expected population growth in the southeast, 25% faster than national average, should drive upside to growth over time
- **PANW, ZS** initiated Buy at Deutsche Bank, **FTNT** and **CHKP** started at Hold; "extensive" industry checks with global executives and top-tier resellers indicate a picture of evolution in on-premise firewall "rather than outright disruption." Well positioned vendors are gaining new sales in public cloud security, and "will not only weather the storm but will emerge stronger"

Chart Watch

ROK been a relative strength Industrial and featured in our recent Industrial 4.0 write-up. Shares pulled back nicely to the rising 21 MA yesterday and recent range break still targets upside to \$250.

Inside the Hawk Database

TNDM bullish positioning including a large buyer of 3000 January \$110 calls in OI while the chart nearing a key range break as well

Inside the Hawk Database

FHN with over 8500 September \$10 calls bought recently

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- **VIR** started Buy at Needham, \$62 target
- **EGHT** started Outperform at Evercore, \$23 target
- **ACAD** initiated Overweight at MSCO

Other Commentary

- **NFLX** sub adds are running strong, says CSFB. They do note that global application downloads have been "roughly flat" with Asia pacific being the only region that has grown
- **BILL** target raised to \$105 at BAML; Commentary from accounting partners suggests solid Q2 customer adds on demand for managing payments remotely
- **FDX** target raised to \$235 from \$177 at BAML; Airfreight sector undergoing positive structural change focusing on pricing; this has beneficial impacts to margins/returns
- **ADI PT** raised to \$150 at Goldman, while management expects growth in the communications business to moderate in Q4, improving trends in automotive and continued strength across multiple applications in industrial will serve as offsets
- **SQ PT** raised to \$180 at Deutsche Bank, continues to be impressed with the Cash App which has significantly outperformed during the current pandemic gaining new highly engaged customers to monetize and accelerate product adoption through cross-sell
- **NVDA** target raised to \$540 from \$475 at Cowen; Target to \$600 at BAML

Chart Watch

BILL recently based on the rising 55 MA and working higher, room to target new highs \$105 to \$110 zone.

Earnings Review

NVDA – Beat on EPS and Revs – “Adoption of NVIDIA computing is accelerating, driving record revenue and exceptional growth,” said Jensen Huang, founder and CEO of NVIDIA. “Growth in GeForce gaming accelerated as gamers increasingly immerse themselves in realistic virtual worlds created by NVIDIA RTX ray tracing and AI. “Our new Ampere GPU architecture is sprinting out of the blocks, with the world’s top cloud service providers and server makers moving quickly to offer NVIDIA accelerated computing. Mellanox grew sharply, driven by the need for high-speed networking in cloud data centers to scale-out AI services. And Mercedes-Benz’s partnership with NVIDIA to power its next-generation fleet of luxury cars -- from the computer to the AI software, and from the cloud to the car -- is transformative. “Despite the pandemic’s impact on our professional visualization and automotive platforms, we are well positioned to grow, as gaming, AI, cloud computing and autonomous machines drive the next industrial revolution around the world,” he said.

Sympathy Movers

JD, SE, PDD on **BABA**

ELF, ULTA on **EL**

COST, BIG on **BJ**

CDNS on **SNPS**

OptionsHawk Market Blitz

SNPS – Beat on EPS and Revs - "Synopsys again executed very well in the third quarter, delivering record revenue, non-GAAP earnings per share and operating cash flow. We saw double-digit revenue growth across all product groups and strength in all geographies. Our intense, multi-year innovation push is driving increased momentum in product successes and production adoptions," said Aart de Geus, chairman and co-CEO of Synopsys. "Even as the world navigates through the pandemic and economic challenges, global design activity and customer engagements are flourishing. Due to our very strong fiscal third quarter, confidence in our outlook and resilient business model, we are raising 2020 revenue, operating margin, non-GAAP earnings-per-share and operating cash flow targets."

BABA – Beats on EPS and Revenues (+33.8%) – We were well positioned to capture growth from the ongoing digital transformation, which has been accelerated by the pandemic, in both consumption and enterprise operations. Our domestic core commerce business has fully recovered to pre-COVID-19 levels across the board, while cloud computing revenue grew 59% year-over-year. Our strong profit growth and cash flow enable us to continue to strengthen our core business and invest for long term growth. Tmall online physical goods GMV, excluding unpaid orders, grew 27% year-over-year during the June 2020 quarter, with all major categories growing at similar or faster rates compared to the December 2019 quarter. Ele.me food delivery GMV growth turned positive in April and improved during the quarter as lockdown measures for the pandemic in China were lifted. Unit economics per order for the on-demand delivery business was positive during the quarter, reflecting improved delivery network efficiency as well as enhanced marketing efficiency that leverages our consumer insights technology. Youku continues to focus on increasing paying subscribers and delivering a superior user experience by offering more original and exclusive content. Youku's daily average subscriber base increased by over 60% year-over-year during the quarter.

BJ – Beats on EPS and Sales (+15.7%); Comps +17.2% - Comparable club sales, excluding gasoline sales, increased by 24.2%, including digitally enabled sales growth of over 300% for the second quarter of fiscal 2020. We delivered another remarkable quarter with strong comp growth and record profitability. Our business has been transformed and strengthened in the last six months by every measure. We are extremely well positioned to continue to win as we invest in digital capabilities, membership, assortment, marketing and geographic expansion to further accelerate this transformation.

EL – Misses on EPS and Revenues (-32.3%), Lowers Outlook – The net sales decline was driven by retail store closures as a result of the global spread of COVID-19 that was partially offset by the tremendous acceleration online. In this challenging year, our multiple engines of growth strategy proved highly effective. The Estée Lauder brand grew double-digits for the third consecutive year. Asia/Pacific was strong with organic sales growth in mainland China and several other markets driving prestige beauty share gains, our skin care category grew and was further boosted by the acquisition of Dr. Jart+, and our online channel surged. We enter fiscal 2021 with cautious optimism, given the vibrancy of our skin care portfolio, acceleration in Asia/Pacific, momentum online globally, and robust innovation pipeline, which includes the exciting launch this month of Estée Lauder's new Advanced Night Repair. We expect sales trends to improve sequentially each quarter.

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

Spotify (SPOT) shares have based nicely above the rising 55 MA and daily RSI working out of a downtrend, a name looking for continuation back to new highs. The \$251 level would be an aggressive stop while \$242 less aggressive at around a 7% stop-loss for a name that can easily see \$350 by year-end, so a solid reward/risk.



Daily Technical Scans

Reversal Days: G, CARG, STT, BPOP, ATUS, ACAD, MSGS, STX, THG, HPQ, POST, SAIC, LUV, QRTEA

Ready to Run: KWR, CBOE, WDAY, DKNK, TNDM, CDNA, RIO, KNX, GOOG, BCC, K, IGT, TAL, GIS, INMD, EBAY, VALE, ADSK, FISV, SRPT, TWTR

RSI Leading (Bullish): TAK, ADPT, STZ, BLDP, BOX, MYOV, RCUS, NTLA, INMD, PETS

13/34 Bear Cross: SYK, CB, TME, XRAY, MRCY, HST, TSEM, SUM, WIFI

Insider Focus

Reynolds Consumer (REYN) notable insider buy this week from a director at \$33.41, 15,000 shares and an investment over \$500k. REYN is a \$6.95B maker of home kitchen products like cooking and baking packaging products, waste bags, and tableware products. They operate under iconic brands like Hefty, Reynolds Wrap, ALCAN, and EZ foil. They operate in some attractive categories that are growing in the mid-single digits and brands footprint gives them strong strategic barrier to entry. Cooking products have a huge TAM especially with new household formation from millennials giving them a big opportunity to grow. REYN is also benefiting from the pandemic as more people shift discretionary spending towards home cooking versus dining out. CEO Lance Mitchell noted in August that "well over half of our consumers are cleaning, cooking, baking, doing yardwork and organizing more often than they did 3 months ago. And 80% of customers say they're cooking more meals. The majority, over 64%, say they're generating more trash and using more disposable dishes to ease the burden of cleaning." REYN is consolidating in a nice range under \$35 with a breakout targeting \$40+ and continuation of the strong move from April and May. Citi positive in July as Reynolds has managed to grow market share in its core categories by investing in innovation and marketing, but also by establishing very good relationships with key retail customers

What They're Saying

Synopsys (SNPS) detailing strength of its business...Our excellent results and confidence reflects product differentiation and technical strength, bolstered by an intense multiyear innovation push and high demand for our advanced solutions. Even if the world navigates through the pandemic, a slowing economy and geopolitical uncertainty, the market in which we operate remains robust. Global design activity and customer engagements are flourishing, driven by unrelenting complexity of chip and system design, under both fabless and vertically integrated strategies. Growing segments, such as AI, 5G, high-performance compute, cloud and the proliferation of "Smart Everything" are especially strong for Synopsys. As a result of extensive technology investments, our product platforms are the best they've ever been. In digital design, our intense multiyear innovation push is bearing fruit, with accelerated product adoption and revenue growth across our Fusion Design Platform. Most notably, our Fusion Compiler product continues to win benchmarks and drive increased competitive displacements that solidify plan of record status. Consequently, the adoption rate in production design is accelerating, especially in new projects and for the most advanced process nodes that require this high level of integration. In this quarter alone, we literally saw a doubling of tape-outs. Proliferation momentum is broad across many different markets, ranging from very large global semis, specializing in automotive and communication chips, to promising AI start-ups and notably a microprocessor leader who is expanding Fusion Compiler usage as plan of record across next-generation projects. Another dimension of continuous innovation is cloud enablement. Our collaboration with industry leaders, Microsoft and TSMC has delivered cloud-enabled sign-off product, showing dramatically higher throughput and 2x savings on cloud computing resources.

On the Chart

SNPS indicating an open this morning above \$205 and key breakout spot, a multi-week range set for new highs and a measured move up to \$220

Bandwidth (BAND) CEO on top three drivers of CPaaS market over next five years...So I'll start with the CPaaS market. IDC estimates it will grow from \$5 billion to \$17 billion by 2023. The 3 greatest drivers within the CPaaS market have everything to do with the incumbent, dominant players from whom we take share. We're talking about Verizon, AT&T, CenturyLink, that's who we compete with most of the time. And the 3 drivers are relative

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to what they have in the enterprise space. And what's going on is a 10-year technology shift from premise-based legacy analog solutions for communications to the cloud. And that overarching shift is well underway in voice and messaging. And the biggest drivers are companies who recently, through this season, have even accelerated, realizing they have to go to the cloud to support remote work. They must take advantage of both the efficiency and the economy of getting rid of legacy providers and analog hardware. So #1 is just a general technology trend of digital transformation. That's a huge driver. #2, how do you do it? And the answer is a software platform and a network. The biggest driver for us is the fact that we can go into a call center like the Fortune 100 bank we announced on our last call, and displace AT&T and Verizon because we have a software platform and they don't. So because they have largely invested in other areas, there's an amazing opportunity for CPaaS to serve enterprise customers in a way that the incumbents simply can't. And then last, messaging. So messaging is something that we have watched grow since our IPO pretty extraordinarily from 6% to now 11% of our revenue. And again, it's based upon having a software application that can really easily allow an enterprise to message-enable their communications. The carriers, again, largely have ignored or even tried in some cases with surcharges to suppress the proliferation of this new and vital engagement channel. So overall, the space is large. The incumbents are pretty passive and the software and network combination and the extraordinary journey transformation, 10-year shift in technology.

Open Interest Checks

		OI Checks		
Ticker	Contract	Prior OI	New OI	OI Change
ROKU	October \$155 Calls	653	2,082	218.84%
AMZN	February \$3300 Calls	878	2,313	163.44%
VALE	December \$13 Calls	8,017	16,009	99.69%
BMJ	November \$65 Calls	2,691	5,024	86.70%
STM	November \$35 Calls	4,017	6,332	57.63%
MA	January \$350 Calls	2,615	4,050	54.88%
BA	January \$150 Calls	3,041	4,563	50.05%
FAST	November \$45 Calls	2,882	4,277	48.40%
NKE	October \$110 Calls	4,892	6,335	29.50%
ORCL	March 2021 \$55 Calls	4,341	5,438	25.27%
PENN	October \$55 Calls	3,504	3,082	-12.04%
JD	January \$80 Calls	5,777	4,921	-14.82%
AMZN	September \$3200 Calls	2,035	1,658	-18.53%
JNJ	March \$150 Calls	3,380	2,164	-35.98%
SE	January \$200 Calls	4,295	2,590	-39.70%
NXPI	January \$115 Calls	5,985	785	-86.88%

Extras

NVIDIA (NVDA) with 2500 October \$510 calls selling to open \$28.10 to \$28 into earnings tonight

NovoCure (NVCR) opening seller 825 December \$75 puts for \$6.20

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Trip.com (TCOM) buy-writes active late with 2500 March \$32 calls sold \$1.45 to \$1.40

Zillow (Z) opening buy 1350 January 2022 \$120 calls for \$13 as January \$70 calls adjusted out and up

Tesla (TSLA) opening sellers of October \$1000 puts 2500X near \$10.50.

Earnings Grid

Earnings After the Close

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
LB	L Brands	\$0.25	-\$0.42	\$2,319.00	\$2,172.96	-20.10%	
NDSN	Nordson	\$1.42	\$1.34	\$538.00	\$503.36	-3.80%	
NVDA	NVIDIA	\$2.18	\$1.68	\$3,870.00	\$3,655.78	50.10%	FY Above
SQM	Sociedad Quimica	\$0.17	\$0.21	\$392.00	\$446.67	-20.60%	
SNPS	Synopsys	\$1.74	\$1.34	\$964.10	\$894.23	13.00%	FY In Line

Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
BABA	Alibaba	\$14.82	\$13.56	\$153,751.00	\$147,303.08	33.80%	
BJ	BJ's Wholesale	\$0.77	\$0.60	\$3,871.60	\$3,739.96	15.70%	
EL	Estee Lauder	-\$0.53	-\$0.17	\$2,430.00	\$2,451.74	-32.30%	FY Below

Disclosures

Not Investment Advice or Recommendation

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