



Inside Today's Blitz

- Merger Mania lifts global market sentiment
 - Trump signs Executive Order to lower drug prices
 - AstraZeneca resumes late-stage COVID-19 vaccine trials
 - Hot IPO's Snowflake, JFrog raise expected pricing ranges
- NVDA** to acquire ARM Holdings; **GILD** \$21B deal for **IMMU**; **ORCL** wins bidding for TikTok US operations; **VIAC** to sell CNET for \$500M; **BABA** to invest in Grab; **SoftBank** considers going private; **SGEN** and **MRK** Oncology Collaboration

Market Outlook

Stocks are indicating a higher open to the week as a number of large M&A deals announced over the weekend with NVDA doing a \$40B deal for ARM Holdings, Gilead a \$21B oncology deal for Immunomedics, and Oracle emerging as the winner for the TikTok US operations bidding. Vaccine hopes also propped markets higher as AstraZeneca resumed its pivotal vaccine trials and Pfizer/BioNTech proposed expanding trials of its Phase 3 candidate. There is also some sign of risk appetite with expected hot Tech IPOs this week of Snowflake and JFrog raising pricing ranges. The schedule is quiet this week into the Fed on Wednesday but do get earnings from Fed-Ex and Adobe tomorrow night.

In Europe stocks gained on the M&A and Vaccine drivers setting aside recent concerns of Brexit, travel & leisure stocks leading gainers. Chipmaker leaders ASML and ST Micro were higher as well. Dassault Aviation led gainers up 11% on a large order from Greece. Metro jumped 6.6% as EP Global Commerce, an acquisition vehicle owned by Czech and Slovak investors, launched a takeover offer for the German wholesaler's shares. Thales, Ocado and HellFresh other notable gainers. In Asia, China markets were higher, notably Chinese banks extended more new loans in August than expected, while broad credit growth quickened, pointing to continued policy support.

Calendar

Today...Earnings from Lennar. Deutsche Bank Tech, Barclays Financial, Jefferies Software, Morgan Stanley Healthcare and JP Morgan Leisure Conferences.

Tomorrow... Import/Export Prices, NY Empire Manufacturing, Industrial Production, API Crude; Fed-Ex and Adobe Earnings; Apple Event; Deutsche Bank Tech, Barclays Financial, Jefferies Software, Morgan Stanley Healthcare and JP Morgan Leisure Conferences.

Overnight Markets

	Price	Change
Nat Gas	2.347	3.44%
Copper	3.0405	0.03%
Oil (WTI)	37.13	(0.54%)
Silver	27	0.54%
Gold	1950.5	0.13%
US Dollar	93.05	(0.31%)
Euro	1.1894	0.32%
Lumber	640.4	4.74%

Technical View



Key Levels to Watch

S&P futures indicating a strong open higher but remains in a downward trend with resistance at overnight 3375 highs followed by the 3400 level. The one-month VWAP level is up at 3428.50. A break below 3,333 would likely accelerate the selling and target recent support near 3300. The 3350/3390 zone contains most of the volume, so expect a forty point move on a move out of that range.

Economic Data

- **India** wholesale price index rises 0.16% in August vs. 0.27% expected decline
- **Eurozone** July industrial production +4.1% vs. +4% consensus
- **Japan** July industrial production +8.7%
- **China** August new home prices accelerate to +0.56%

Macro News

- **Israel** to enter second national lockdown
- **Fed** officials are begging for more stimulus from Congress, writes the WSJ, because new research says spending, not lower rates, would do more to prevent deeper economic scars among the unemployed, businesses and state governments from the pandemic
- **Inflation** - The Labor Department on Friday said that consumer prices rose 0.4% in August from July, putting them 1.3% above their year-earlier level. Core prices, which exclude food and energy items, were up 0.4% on the month and 1.7% on the year. The Fed last month said that it will now accept inflation that runs a bit above its 2% target after periods of below-target inflation. The WSJ writes that Investors are conditioned to worry about inflation picking up, but in this case that is a prospect they should be cheering on, as a sign of a sustained recovery.

Movers

Gainers: IMMU 106%, DVAX 14%, SRNE 10.8%, SGEN 10%, ORCL 6.8%, OSTK 6.8%, NVDA 6.5%, FSLY 5%, BNTX 4\$, MU 3.9%

Losers: NKLA -12%, GILD -1.5%

Insider Buying

PFS, PBF, LMB, OFG

Smart Money (13D/13F Filings)

IPO Monitor

JFrog (FROG) to IPO 11.6M Shares \$39 to \$41 on 9/16

Snowflake (SNOW) to IPO 17.5M shares at \$100 to \$110 on 9/16

Sumo Logic (SUMO) to IPO 14.8M Shares at \$17-\$21 on 9/17

Vitru (VTRU) to IPO 11.2M shares at \$22 to \$24 on 9/17

Sentiment

- **Goldman / Deutsche Bank** say US stock selloff may be close to an end, writes Bloomberg. It notes the recent move is in-line with a typical correction and options positioning has normalized. The strategists note that historically corrections in the put-call ratio have tended to be sharp but short-lived impacts to markets.
- **The Wildly Popular Trades Behind the Market's Swoon and Surge – WSJ:** Investors are trading stock options and chasing fast-rising shares at record rates, activity that's expected to jolt markets through the coming election. A surge in options trading targeted at giant tech stocks by both small and large investors is magnifying the market's ups and downs. Investors are also simply buying shares that are going up, a strategy that can create its own wild swings in the market. The two strategies show no signs of fading despite big declines in the past week.

Stock-Specific News

Consumer

- **Disney (DIS)** "Mulan" brings in \$23.2M during lackluster opening weekend in China
- **DISH** and NFL Network / NFL RedZone reach multi-year carriage agreement
- **VIAC** to Sell CNET to Red Ventures for \$500M
- **CROX** featured positively in Barron's; footwear company now has a varied product lineup, a growing e-commerce business, and a savvy social-media strategy based in part on brand ambassadors and licensing partnerships
- **SGMS** announces that a number of long-term institutional investors, including highly credentialed gaming industry investor Caledonia, have reached agreement to acquire a 34.9% stake in SGMS from MacAndrews & Forbes at \$28.00/share
- **ANGI** President and COO to step down
- **TPX** announced that quarter-to-date order trends have improved from previous expectations and the Company now estimates total third quarter net sales to grow more than 30% compared to prior year

Financials

- **SoftBank** executives revive talks on taking it private, reports the FT

Inside the Hawk Database

DISH has seen a lot of bullish December and March 2021 positioning since June, this may remove one overhang

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- **Macquarie** shares fall 5%; expects earnings to drop by 25% for the six months ending September 30
- **AIV** plans to separate its business into two, separate and distinct, publicly traded companies

Healthcare

- **Immunomedics (IMMU)** to be acquired by **Gilead (GILD)** in \$21B deal at \$88/share cash. “ This acquisition represents significant progress in Gilead’s work to build a strong and diverse oncology portfolio. Trodelvy is an approved, transformational medicine for a form of cancer that is particularly challenging to treat. We will now continue to explore its potential to treat many other types of cancer, both as a monotherapy and in combination with other treatments”
- **SGEN, MRK** to collaborate on two Oncology studies: Merck to acquire \$1B equity stake in Seattle Genetics common stock at \$200/share
- **PFE, BNTX** propose expansion of pivotal COVID-19 vaccine trial
- **NVS** positive topline results from the first Phase III trial of Beovu versus aflibercept in patients with diabetic macular edema
- **MRK** Covid-19 Vaccine Begins Human Testing; The Phase 1 /2 trial would evaluate the shot in healthy volunteers to make sure it is safe and as look for signs the vaccine generates an immune response to the new coronavirus. The study is projected to complete in April 2022
- **AXSM** presents new data from GEMINI Phase 3 Trial with AXS-05 demonstrating rapid and significant improvements in patient-reported outcomes in major depressive disorder
- **SWTX** enters collaboration, supply agreement with Janssen

On the Chart

SGEN shares been basing above the 144 MA the past five sessions with some bull RSI divergence signals.

Inside the Hawk Database

NVS recently with buyers active in October \$95 OTM calls with 6800 now in OI

Energy & Materials

- **DOW** divests Gulf Coast marine and terminal operations and assets for \$620M
- Natural Gas climbs 5%; Gulf Coast prepares for Sally to become Hurricane

Industrials

- **Tesla (TSLA)** in talks to buy low carbon nickel from Canada; in discussions with Giga Metals
- **Boeing (BA)** senior engineers unaware of 737 Max issues before crashes, reports Bloomberg
- **General Motors (GM)** deal with **NKLA** could double its stock price, suggests Barron’s

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- **NAV** has unanimously concluded that while TRATON's revised proposal of \$43.00 per share significantly undervalues the Company and substantial synergies from a combination, it does represent a starting point for further exploring the possibility of a transaction

Tech/Telecom

- **NVIDIA (NVDA)** announces definitive agreement to acquire ARM Holdings from SoftBank for \$40B in cash and stock; NVIDIA will pay to SoftBank a total of \$21.5 billion in NVIDIA common stock and \$12 billion in cash
- **Oracle (ORCL)** wins bidding to acquire **TikTok** US Operations
- **AMZN** hiring 100,000 new full- and part-time employees across the US and Canada
- **BABA** in talks to invest \$3B in Grab, acquiring some of **UBER**'s stake
- **XCM Solutions** acquired by Wolters Kluwer for EUR136M; a cloud-based workflow solutions provider for professional tax and accounting firms

Sympathy Watch

MSFT/WMT were hoping to win the TikTok bidding

Analyst Notes

Upgrades

- **MU** raised to Buy at Goldman, \$58 target, sees supply discipline stabilizing prices in NAND and DRAM
- **ANDE** raised to Outperform at BMO, vast improvement in fundamentals and operational efficiencies
- **PNR** raised to Buy at Citi, \$51 target, on sustainable positive trends in residential construction
- **GPC** raised to Overweight with a \$117 target, sees growth acceleration and margin upside
- **XEC** raised to Overweight at Wells Fargo
- **GME** raised to Outperform at TAG
- **TW** raised to Buy at Rosenblatt, \$60 target
- **KIM** raised to Overweight at MSCO
- **AMKR** raised to Outperform at CSFB
- **TM** raised to Outperform at CSFB
- **BP** raised to Outperform at CSFB
- **MUR** raised to Buy at MKM
- **MTDR** raised to Overweight at Wells Fargo
- **ZYXI** raised to Buy at HCW

Downgrades

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- **JAZZ** cut to Sell at Goldman
- **CASY** cut to Underweight at JPM
- **MAC** cut to Underweight at MSCO
- **LPI** cut to Underweight at Wells Fargo
- **KR** cut to Neutral from Buy at BAML
- **MGM** cut to Sell at Goldman

Initiations

- **ARNC** started Buy at Deutsche Bank, \$32 target, likes exposure to vehicle light-weighting and robust packaging demand to outweigh Aerospace headwinds
- **OSTK** started Buy at Needham, \$96 target. Overstock has benefited from a more focused strategy and self-help initiatives across mobile, pricing, marketing and customer service
- **GTLS** started Buy at BAML, \$86 target, as world's leading single-source LNG equipment and solutions provider across the complete value chain
- **AVTR** started Overweight at MSCO, \$24 target, plays a vital role in the life sciences supply chain

Other Commentary

- **INTC** – RBC sees NVDA/ARMH deal negative for Intel if it can close
- **FDX** target to \$260 from \$171 at CSFB, peak volume demand with growth sustainable and potential for margin expansion

Trade Ideas

Small Cap Profile

Limbach (LMB) an intriguing small cap name that has seen the CEO, CFO and COO buying stock the past week despite shares rising 95% YTD. LMB is a specialty contractor providing heating, ventilation, air-conditioning (“HVAC”), plumbing, electrical and building controls design, engineering, installation and maintenance services in commercial, institutional and light industrial markets. The Company operates in new construction, renovation and retrofit environments. Its core markets are Healthcare, Education, Mission Critical Facilities and Industrial Manufacturing Facilities. It has also been expanding building controls to offer digital solutions to building owners.

The \$58M Company trades just 9X Earnings and 2X Cash. LMB is targeting a mix shift to Services of 50% by 2025 from the current 20%. LMB is coming off an impressive quarter showing strong FCF and EBITDA growth. LMB is seeing demand for new systems in its core markets for innovative solutions related to COVID concerns. LMB received an offer on 7-31 from its largest shareholder at Blue Wolf Capital to purchase more stock.

Daily Technical Scans

Weekly MACD Bull

Crossover: DKNG, BBIO, EURN, PRPL, ZYME, CLI, PLCE

RSI Leading (Bull): SNY, SNAP, GFL, MRSN, PRPL, HCAT, TPB, KRA

Ready to Break Higher:

ABB, INFY, NYT, SSD, FUTU, FSKR

Earnings Review

No Reports

What They're Saying

RingCentral (RNG) at Piper Conference on the cloud transition opportunity enterprise communication infrastructure market... there are about 400 million seats worldwide. So this is one of those situations where it is not a hypothetical knowledge worker/kind of estimate. These are actually deployed seats, 400 million on-prem by legacy vendors, correct? So that is an existing thing. There's also, by different estimates, about 4 million to 5 million, around about 5 million to maybe a little bit million here or there estimate of what number of seats have moved to the cloud. And that is pretty early on a relative basis, as you can imagine -- I mean, what the numbers show. In the enterprise communications, the driving factor started as people started adopting and changing the behavior with smartphones, they started communicating very differently in their personal life. The voice was one element of the channel. There was video. There was messaging. There was WhatsApp. There were applications integrated with other applications. Suddenly, the richness of that communication capabilities and the integration with apps suddenly made on-prem legacy systems, which are fixed-line voice only, completely archaic. So what happened was the early adopters of the companies, especially with knowledge workers and distributed and mobile workforce who already had that environment for them, started looking at solutions. And cloud was -- that is what the cloud solution was designed for. The cloud was designed for people to work with any device from anywhere in any form of communication. And because it's a cloud infrastructure, easy to integrate with other enterprise applications, very different from the on-prem. So we are very early. So that was what was driving the growth and the RingCentral's, especially what we are known for.

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
IRBT	March \$90 Puts	2,498	5,002	100.24%
NEM	December \$70 Calls	3,170	6,325	99.53%
ANGI	September \$12.50 Calls	11,240	19,990	77.85%
PENN	November \$65 Calls	1,028	1,727	68.00%
WDAY	December \$210 Calls	1,840	2,880	56.52%
FCX	October \$16 Calls	11,052	15,612	41.26%
KHC	October \$32.5 Calls	5,065	6,427	26.89%
BA	November \$170 Calls	2,271	2,373	4.49%
SBUX	October \$95 Calls	7,353	7,599	3.35%
AAPL	June 2022 \$121.25 Calls	8,720	8,481	-2.74%
FB	September 2022 \$440 Calls	2,602	2,138	-17.83%
AMD	January 2022 \$140 Calls	16,791	12,078	-28.07%
WW	October \$25 Puts	3,006	1,039	-65.44%

Extras

Carnival (CCL) with 1000 April \$22.50 calls bought \$3 to \$3.10 in late trade

Next-Era (NEE) buyer 750 Dec. \$280 calls \$16.50 looks to be adjusting 940 of the \$290 calls

Intuitive Surgical (ISRG) late trades seeing nearly 1000 September \$705 puts open as weekly positions adjust

Marriott (MAR) with 2500 October \$85 ITM calls bought near \$15 to open, similar to trades in **HLT**

HSBC (HSBC) with a large buy-write late day as 7500 December \$22 calls were sold \$0.82

Microsoft (MSFT) large buy 1900 January 2022 \$230 calls \$21.91 to open

Wal-Mart (WMT) stock buyer collared with 1500 March \$165/\$120

Delta Air (DAL) buyers of 1600 June \$32 calls \$6.50 offer and October \$32 calls with 5000X bought in the afternoon

Boeing (BA) with 3000 November \$165 calls bought in the afternoon \$14.40 to \$15 which followed the buys in November \$170 calls earlier. BA also traded 9000 October \$160 calls.

Shopify (SHOP) buyer 350 January \$760 puts to open \$59

Amazon (AMZN) buyer 300 March \$3900 calls \$129.40 for over \$4M

Disclosures

Not Investment Advice or Recommendation

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