



## Inside Today's Blitz

- Mnuchin, Pelosi Unable to Make Much Progress on Stimulus After Call
- Biden's National Lead Over Trump Narrows
- **Visa (V)** said spending trends were steady in August; **MDT** is considering cost cuts; **XOM** is exploring job cuts; **Boxed** is considering a sale; **Bumble** is preparing a \$6B IPO for early 2021; **AT&T (T)** considering sale of digital ads business

## Market Outlook

Futures indicating a strong open for the day with the **Dow** up 72 bps, the **S&P** up 70 bps, and the **Nasdaq** up 104 bps. A bit of weakness elsewhere today. Precious metals are pulling back with **silver** off by 2%. The **dollar** is up 31 bps. **Bonds** are down around 25 bps. The energy complex is quiet with **WTI** up 37 bps and **gasoline** up 1.25%. Markets rallying on a quiet morning for news, the comments from Lael Brainard yesterday boosting sentiment. The Fed governor continued with dovish commentary out of the Jackson Hole meeting. In Washington, Mnuchin said that he had a short call with Pelosi over stimulus but the two sides remain far apart. He was just on Capitol Hill as well emphasizing the need for more stimulus while Trump's COS Meadows reaffirmed need for smaller, targeted stimulus. Meanwhile, the election continues to come into focus with 62 days until the vote. Joe Biden's lead over POTUS in national polls continues to narrow. Otherwise, nothing new to the broader narratives today as momentum continues to carry us higher.

Asian markets were mixed overnight with Shanghai down around 17 bps and Hong Kong down 26 bps. The former saw some pressure as Sec. of State Pompeo added some cautious comments about further actions against China in the coming days. The Nikkei was up 47 bps. In Europe, the major indices are mostly higher today. The DAX is jumping 2.4% while the FTSE is up around 1.6%. It was a quiet day for stock-specific news. **Computacenter** rose 10.5% after strong 1H results. **AstraZeneca** is up slightly after their confirmed they had started large-scale trials of their COVID vaccine. **Barratt Developments** up 6.5% after the UK's largest homebuilder said it was seeing green shoots in the housing recovery. **Pernod Ricard** up 3.3% after the French spirits company said was seeing strong sales in US and Europe supermarkets. **Saint-Gobain** up 3.3% after their reached a deal to buy **Strikolith**, a maker of external insulation systems. **Evotec** up 2% after the German drug discovery company announced a partnership with Oxford.

## Calendar

**Today...** ADP Employment, Factory Orders, EIA Inventories, Beige Book

**Earnings from** AMBA, CLDR, CPRT, CRWD, FIVE, GWRE, MDB, PD, PVH, SAIC, SMAR, SPWH, VRNT, ZUO

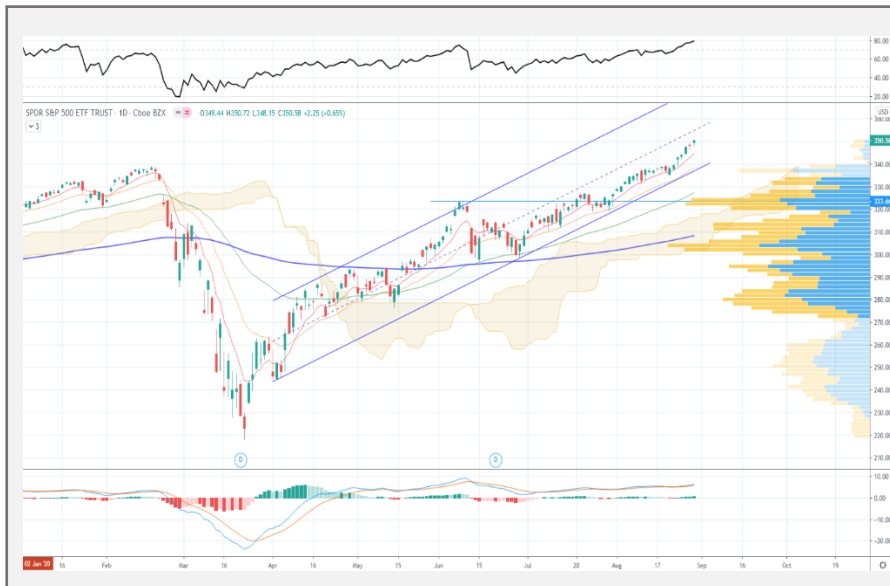
**Other:** COST August Sales

**Later this week...** Non-farm Payrolls, Import/Exports, Weekly Claims, Services PMI, ISM Non-Manufacturing; **Earnings from** CPB, CIEN, CONN, DBI, DCI, GCO, GMS, JW.A, KFY, MEI, MIK, MOMO, PDCO, SIG, TTC, AVGO, COO, DOCU, DOMO, MDLA, OXM, NX, SWBI, YEXT

## Overnight Markets

Oil (WTI)	42.96	0.47%
US Dollar	92.61	0.30%
Copper	3.032	0.12%
Bonds	175.91	-0.25%
Gold	1973	-0.30%
Euro	1.1863	-0.42%
Nat Gas	2.48	-1.86%
Silver	28.05	-2.09%

## Technical View



### Key Levels to Watch

A strong overnight session – a ‘trend up’ night – and continuation of Tuesday’s trend. We made our low for the night early at 3526.5 and never looked back with futures climbing to a high in the last hour up around 3556.25. Overnight VWAP is rising at 3542.75 and will be nice support if it gets tested. VWAP for the week is down around 3508. On the daily, we remain extended well above the 8-day

## Economic Data

- **Australia** GDP was -7% vs -6% est.
- **German** retail sales fell 0.9% in July vs 0.5% est.
- **EU** PPI was 0.6% vs 0.5% est. in July

## Macro News

- **Pelosi, Mnuchin** continue talks on **stimulus** but neither side is willing to concede much ahead of the break, says The Hill
- **NYC is pushing back the start date for in-person schooling**, says Bloomberg. This comes as Mayor de Blasio remains cautious about opening indoor spaces in the city
- **Biden’s** national lead over **Trump** continues to fall in latest polls and now at 7 points per USA Today
- The USTR has extended some **China tariff exemptions** through year-end, says Reuters.

## Sentiment

- **US Election priced as worst event risk in VIX futures history**, says Bloomberg. That obviously suggests that markets anticipate some pretty incredible fireworks. The spread between October and

### Movers

**Gainers:** AMC 10%, CRWD 7%, ZUO 6.6%, CAL 5.5%, BLDR 5%, PD 5%

**Losers:** HOME -14%, SCVL -13%, JAMF -10%

### Insider Buying

BMRN, CAR, CORT, QDEL, AMG, ODT, FBIO, CWH

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

### IPO Monitor

No IPO's scheduled at this time

## OptionsHawk Market Blitz

November VIX futures is also wide at about -1.7 instead of about 0.2 which is typical

- **Traders says Options Market is Firing Up Rally in Nasdaq**, per Bloomberg. They point to recent days when implied volatility on the S&P 500 and Nasdaq 100 rose even as equities rallied -- a rare alignment that is out of step with historical patterns. One theory is that an explosion in demand for call options to bet on megacap tech is feeding into gains in the stocks as dealers hedge.
- **The Fed now owns about one third of all bonds backed by home loans in the US**, says Bloomberg. They have bought about \$1T in mortgage securities

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## Stock-Specific News

### Consumer

- **Online retailer Boxed is exploring going public**, says Reuters. They could also pursue a sale and fetch ~\$1B.
- **Lego** with a solid report in the 1H as work-from-home and more schooling/kids at home boosted sales.
- **Retail evictions starting to pick up, says WSJ**. Some tenants, particularly those from apparel, fitness and theater sectors, continue to struggle with rent payments even as coronavirus shutdowns lift
- **Pernod Ricard** higher in Europe after strong sales performance in off-premise in the quarter, especially in the US
- Mobile gaming company **Skillz** to go public via SPAC, says Reuters
- **GSX** discloses SEC investigation
- **AMC** expects 70% of theaters to be open this weekend

### Sympathy Movers

**DEO, STZ** potential movers on the Pernod comments on US demand

### Financials

- **Visa (V)** says spending trends in August were consistent with July. They saw a 7% growth in US payments volume while debit rose 24%
- **Citi (C)** has gained a custody license in China, says FT.
- **Australia's AMP is conducting a company review, sparking speculation of a sale, says Reuters**. A sale or break-up could mean the end of a household name in Australian retail finance which manages some \$161B
- **AXP is exploring letting small businesses borrow on their cards, says WaPo**. It's the latest bet that AmEx, the largest provider of cards to U.S. small businesses, is making on the recovery of such firms.
- **DB CEO** says it will take longer to return to pre-pandemic levels than thought previously

### Inside the Hawk Database

**V** and **MA** both seeing a lot of bull flow lately including buyers in the former at the October \$210 calls yesterday and March \$250 calls on 8/28

## OptionsHawk Market Blitz

### Healthcare

- **Medtronic (MDT)** announces cost cutting actions. The company is targeting \$450M in savings by FY23
- Trump said yesterday he was **meeting with drug makers about pricing** this week, says Reuters. The companies however said they had no idea what he was referring to

### Energy & Materials

- **Veolia** has said their bid price for **Suez** is fair and may launch a hostile bid for the company if talks don't advance, says Reuters
- **Exxon (XOM)** is considering a global job cuts plan, says Reuters

### Industrials

- **ServiceMaster (SERV)** to sell ServiceMaster Brands Franchise Business to Roark Capital for \$1.553B
- **Qatar Air** has reached a deferral deal with Airbus, says Reuters. They are also in talks with **Boeing (BA)**
- **Daimler** CEO affirms FY outlook, says market has stabilized and returning to normalcy led by China
- **Barratt Developments**, the UK's largest homebuilder, said they are seeing green shoots in the recovery finally
- **Saint-Gobain** reached a deal to buy **Strikolith**, a maker of external insulation products
- **WOR** sells some of their stake in **NKLA**

### Tech/Telecom

- **Bumble is preparing for an IPO**, says WSJ. The deal could price around \$6B valuation and take part in early 2021.
- **AT&T (T) is exploring sale of digital ad business**, says WSJ. The telecom giant had hoped to use its scale and AppNexus deal to build up an advertising business
- **AT&T (T)** has halted sale talks for their video game business as they deem it too valuable of an asset, says Bloomberg
- Local broadcasters **MDP, GTN** are teaming up for a streaming service, says WSJ. The ad-supported platform will offer access to 200 local channels
- **Netflix (NFLX), Amazon (AMZN)** are bidding up prices on streaming blockbuster movies, says Bloomberg. Universal Pictures and Sony Pictures have begun negotiating to license their next round of theatrical movies for home video

#### On the Chart

**GM** a nice sympathy mover on the Daimler comments and shares setting up well in a bull flag under \$30, a breakout has room to run with the current cup and handle targeting \$36

#### Sympathy Movers

**MTCH** the most obvious sympathy mover on a Bumble IPO

## Analyst Notes

### Upgrades

- **Z** upgraded to Buy at Deutsche Bank, Zillow has gotten the Premier Agent business "back on a stable footing" and better agent lead flows and conversion can drive monetization over the next year. Further, they expect Zillow Offers to scale in 2021 at a healthy revenue share
- **EQH** upgraded to Buy at RBC, positioned for "meaningful" earnings growth next year thanks to its "strong" capital position and the resumption of its buybacks, which he sees as a "catalyst" for multiple expansion
- **LUV** upgraded to Buy at Berenberg
- **TDOC** upgraded to Buy at Berenberg
- **WGO** upgraded to Buy from Sell at CFRA

### Downgrades

- **DAL** downgraded to Hold at Berenberg; **AAL** cut to Sell; firm believes U.S. airlines' cost and capital spending cuts seem to be reaching their limits. Their cut on AAL is given his view that its current share price does not reflect the "continued equity value destruction" that is ongoing
- **MOS** cut to Hold at VTB Capital

### Initiations

- **TAL, EDU** started Buy at Jefferies, sees the names as "long-term winners" post COVID-19, anticipating a "paradigm shifts in education consumption" with greater online "disruption" and more competition. TAL is his top pick in the K-12 After School Tutoring, or AST, with "Lean and Mean" attributes of "superior" online economics, strong pricing power, and its emerging B2B products
- **NLS** initiated Buy at William Blair, believes the company is positioned for long-term profitable growth with demand for at-home fitness products surging in late March amid pandemic-related restrictions.
- **CNQ, SU, CVE** initiated Buy at Barclays, as the sector reemerges from the COVID-19 pandemic and Saudi/Russia oil price war, companies have drastically cut capital budgets, reduced production guidance and lowered refinery runs.
- **STRO** initiated Buy at Jefferies, their 002 antibody has the potential to become a "best-in-class" ADC for platinum resistant ovarian cancer
- **BTAI** initiated Buy at Jefferies, lead asset, '501 is a rapid on-set, easy to administer, sublingual film for acute agitation in schizophrenia and bipolar that is likely to be approved. This indication is a \$1B revenue opportunity

#### Inside the Hawk Database

**Z** saw big adds yesterday into the February \$105 calls and June \$115 calls

#### On the Chart

**LUV** nice bounce yesterday off the rising 8-EMA and rounded bottom continues to set up well for a run through the 200-day at \$41.50

#### Inside the Hawk Database

**NLS** saw a surge in call buying yesterday including 4000 ITM October \$10 calls and 2000 September \$10 calls, strong chart setting up

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and BioXcel is also pursuing '501 for agitation in dementia, which is likely the company's biggest opportunity at revenue of about \$1.4B

- **HRC** initiated Buy at Baird, \$115 PT; **MASI** initiated Buy, \$260 PT; **STE** initiated Buy, \$175 PT; **NVRO** initiated Buy, \$160 PT; **LIVN** initiated Buy, \$55 PT; **ISRG** started at Neutral
- **MPW** initiated Buy at Stifel

## Other Commentary

- **TSLA** has a catalyst-rich September, says CSFB. While electric vehicle euphoria is a global phenomenon, the analyst believes a key test lies ahead for Tesla in Europe, underscoring the need for the Berlin Gigafactory to go live. They also think S&P announcement could be by the end of the week
- **PINS** PT raised to \$41 at Baird, channel checks suggest advertising budgets from some larger advertisers allocated to Pinterest through late August, including The North Face, Ben & Jerry's, Levi's, The Hershey Company, Unilever and Best Buy
- **PLNT** PT raised to \$81 at Piper, Near-term, member cancellation trends for gyms open several months appear to be moderating, and national advertising starting next week should help new member growth
- **LULU** PT raised to \$396 at Piper, Channel checks support continued "solid" demand for Lululemon during Q2
- **NVDA** PT raised to \$610 at RBC, sees the announcement as a "notable positive" considering the chips' "wide range" and "reasonable" ASPs.
- **SAM** PT raised to \$1,050 at Citi, Given the shift of consumption from on-premise, where hard seltzer is less penetrated, to off-premise, where hard seltzer has higher market shares relative to other alcoholic beverages, overall category growth has been "exceptionally strong" year-to-date

### Inside the Hawk Database

**PLNT** size bull spread bought recently in January looking for a recovery int year-end

## Trade Ideas



**SkyWorks (SWKS)** hitting the ready to run screen today with shares in a nice bull flag just below a new 50-day high and MACD/RSI in healthy trends set to resume higher. SWKS also held the prior range breakout on the pullback and well above the February range with a longer-term target out to \$160+. SWKS could see momentum in the Fall ahead of the iPhone launch with expectations for a decently large refresh cycle.

### Daily Technical Scans

**Ready to Run:** TSM, RIO, VALE, ORLY, SBAC, TROW, WEC, SWKS, ATUS, ZBRA, FMC, LNG, STE, MAA, PKI, FICO, NET, ON, KC, GLOB, CRSP, NVRO, SLGN, LSCC, HALO, IRDM, BYND

**Reversal Days:** UNP, CNI, RACE, CMI, JCI, TT, ORIS, PH, KMX, DOV, MAS, JBHT, IR, FMC, GPC, CE, RPM, BWA, KNX, OC, FIVE, SRCL, DAR, AN, PAG, LPX, WERN

## Earnings Preview

**Ciena (CIEN)** will report earnings on Thursday before the open with the Street looking for \$0.82 on \$973.64M in revenue. The FY is guided to \$2.90 on \$3.69B, a 3.5% Y/Y increase. CIEN shares have closed higher in four of the last six with an average closing move of 9.82% and a max move of 26.78%. The current implied move is 7.68% which is about in line with recent quarters. The \$9B company trades 18.4X earnings, 2.5X sales, and 9.1X cash with limited debt and mid-teens growth.

CIEN has seen strong results behind data center growth which is helping offset service provider demand that has lagged. Short interest is 2.6% and near 10-year lows. Hedge fund ownership fell 8.4% in Q2. Polar Capital with a 1.7M share buy last quarter. Analysts have an average target for shares of \$57. Jefferies positive on 8/3 seeing potential for the company to take share from Huawei faster than expected. The firm believes Ciena has \$750M in available market share opportunity where the company currently overlaps with Huawei among European carrier accounts. RJF noting on 7/28 that Corning is a good read-through to CIEN results, a slight positive given commentary around fiber. Needham upgrading to Buy on 7/21 citing positive news flow around the company's 800G product, particularly at Verizon Communications (VZ), where he sees deployments starting in the second half of 2020. Further, guidance looks conservative. CIEN had buyers of 3,000 September \$60 calls for \$2.15 to \$2.25 yesterday



## What They're Saying

**Zoom (ZM) CEO Eric Yuan on monetization efforts and new products in the near-term...** It looks like there are so many opportunities here and there, all kinds of use cases, right, my kids also use Zoom and telemedicine, telehealth. I think it's clearer to define now our top priority is to help people stay connected and make sure our service always up. Quickly, based on the customer feedback, add some features, and make sure when you have multiple meetings, you do not have a meeting fatigue, right? I think that's our top priority. So we would like you to maybe leave for the future for how to further monetize that. Again, that's not our top priority. We got to laser-focus on one thing, how to truly make a customer happy rather than stay negative, especially during this pandemic time.

**And on new use cases for Zoom...** I'll give you several. Like you see the PropNex uses Zoom for their virtual property tour. During the last 10 weeks, they have closed over 50% of the newly launched properties in Singapore over Zoom, and also the CSK, first law firm in Florida to have virtual trial by jury, and also, like South Coast Community Services, which is largest mental health service provider in California also use Zoom to offer mental health being mental health is becoming a very big problem. A lot of new use cases like that. So every day, I feel very, very excited to see so many new use cases, not to mention, like we just announced the partnership with the United States Tennis Association to offer the virtual experience is very cool.

## Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
PINS	December \$32 Calls	10,361	20,617	98.99%
DG	November \$200 Calls	3,727	7,275	95.20%
V	October \$210 Calls	1,249	2,279	82.47%
AAPL	March \$135 Calls	7,815	13,913	78.03%
FB	December \$300 Calls	3,224	4,877	51.27%
AMZN	June \$4000 Calls	925	1,290	39.46%
AAPL	June \$150 Calls	13,976	19,033	36.18%
ORCL	October \$60 Calls	8,205	9,903	20.69%
UBER	January \$33 Calls	11,772	13,307	13.04%
KNX	September \$45 Calls	4,976	5,309	6.69%
CRM	October \$330 Calls	3,020	3,199	5.93%
CLDR	January \$20 Calls	6,039	5,210	-13.73%
BABA	December \$300 Calls	9,198	6,953	-24.41%
UNP	January \$195 Calls	2,036	1,434	-29.57%
TMO	October \$440 Calls	1,085	569	-47.56%

## Extras

**Amazon (AMZN)** buyer of 700 December \$3,500 calls for \$362.40, adjusting out of some November calls



## OptionsHawk Market Blitz

**Intel (INTC)** with 5,000 November \$50 puts sold to open for \$3.20

**Walmart (WMT)** buyers of more than 10,000 November \$150 puts for \$13.10

**Fiserv (FISV)** afternoon buyer of 31,000 January 2022 \$105 calls for \$15.50 as the \$115 calls rolled back again

**Square (SQ)** large opening seller of 1,200 January 2022 \$130 puts for \$22.40

**Tortoise Acquisition (SHLL)** with 1,000 November \$30 calls bought \$19.50 to \$19.70, strong move late; SPAC that is merging with Hylion, a leader in electrified powertrain solutions for Class 8 commercial vehicles

**TI (TXN)** with 1,000 March \$135 puts sold to open \$10.50 in a stock replacement

**Ciena (CIEN)** buyers of 3,000 September \$60 calls for \$2.15 to \$2.25 into earnings, higher four of the last six

**Air Products (APD)** with buyers of 1,000 October \$320 calls for \$5.20

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## Earnings Grid

### Earnings After the Close

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
HOME	At Home Group	\$1.41	\$1.31	\$515.24	\$515.00	50.50%	
CAL	Caleres	-\$0.57	-\$1.02	\$501.40	\$450.11	-33.40%	
HRB	H & R Block	\$0.55	\$0.33	\$601.03	\$617.03	299.70%	
SCVL	Shoe Carnival	\$0.71	\$0.62	\$300.80	\$310.46	12.20%	

### Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
BF.B	Brown-Forman		\$0.30		\$691.28		
GSX	GSX Techedu	\$0.29	\$0.39	\$1,650.30	\$1,592.39	366.60%	
GES	Guess?		-\$0.58		\$384.82		
M	Macy's	-\$0.81	-\$1.80	\$3,559.00	\$3,512.20	-35.80%	
VRA	Vera Bradley		-\$0.07		\$100.48		

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## Disclosures

### Not Investment Advice or Recommendation

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