



Inside Today's Blitz

- Stocks Under Pressure as Yields Rise, Oil Continues Surge
- Senate Fails to Pass Joint Debt Ceiling/ Budget Bill As Shutdown Looms
- **SGMS** to sell sports betting biz to **EDR** for \$1.2B; **MRK** is considering a \$11B bid for **XLRN**, per reports; **Ford (F)** outlines ambitious EV investment; **HUN** being targeted by activist Starboard

Market Outlook

Futures indicating a weak open for the day with the **Dow** off by 33 bps, the **S&P** down 79 bps, and the **Nasdaq** down 1.5%. The **Russell** is down 23 bps. Energy is rallying again with **WTI** up 98 bps and **Brent** above \$80/barrel. **Natural Gas** is up 7.5%. **Gold** and **silver** both under pressure today with the latter down 2.2%. The **dollar** is up 30 bps. **Bonds** are down 72 bps. **VIX** is 21.45. **Bitcoin** and **Ethereum** are both down around 75 bps. Stocks are under pressure this morning as yields spike and oil continues to surge. The 10-year moved above 1.5% which is weighing on tech stocks in the EU and the US pre-market. The energy crisis in the EU continues today as well with natural gas up another 7.5% and concerns now about factory issues becoming a headwind for growth. Elsewhere, Goldman Sachs cut their forecasts for China growth in 2021 as constraints around energy consumption weigh. China's central bank injected more liquidity into markets today. Senate Republicans blocked a bill yesterday

that would have suspended the debt ceiling. The move adds pressure to Democrats to get a deal done before a shutdown.

Asian markets are mixed overnight with the Hang Seng up 1.2%, Shanghai up 54 bps, and the Nikkei down 19 bps. Australia's ASX 200 was down almost 1.5%. In Europe, the major indices are weak this morning. The DAX is down 1.15%, CAC is down 1.62%, and the FTSE is down 47 bps. We're seeing tech dragging today down around 3% with the surge in yields while financials and energy outperform again. **Total**, **BP Plc** and **Royal Dutch Shell** rose between 2-3% as oil prices climbed for the sixth day running on supply concerns. Swedish real estate company **Castellum AB** fell 2% on news it is selling 16 properties to Oscar Properties. Merchant banking group **Close Brothers** fell 2% despite reporting a rise in fiscal 2021 net profit. **Sanofi** rose around 1% in Paris after they announced positive interim results from a Phase 1/2 study of its mRNA-based COVID-19 vaccine candidate.

Calendar

Today... Earnings After the Close: CALM, MU; **Analyst Days:** ASM Int'l, DAN, HAIN, OI, PSTG; **Conferences:** Cantor Healthcare

Tomorrow... MBA Mortgage Applications, Pending Home Sales, EIA Inventories, Fed Chair Powell Speaks, Fed's Bostic Speaks;

International Data: Japan Elections; **Earnings Before the Open:** CTAS, EPAC, JBL, WOR; **Earnings After the Close:** MLHR; **Analyst Days:** ASML, GNRC; **Conferences:** Cantor Healthcare

Overnight Markets

Natural Gas	6.15	7.30%
VIX	21.45	6.67%
Oil (WTI)	76.19	0.98%
US Dollar	93.66	0.30%
Bonds	159.63	-0.66%
Ethereum	2904.25	-0.76%
Bitcoin	41823.95	-0.85%
Gold	1736.6	-0.89%
Copper	4.2395	-1.17%
Silver	22.22	-2.09%

Technical View



Key Levels to Watch

S&P futures (ES_F) are rolling over a bit this morning after breaking yesterday's key support (and now resistance) at 4426-4422. We quickly moved back to a big area of interest highlighted yesterday at 4389-4386 that aligns with VPOC from 9/22. This is also VWAP from the 9/20 lows, so a move under here would be notable and could target the composite VPOC from the recent lows at 4357.25.

Economic Data

- **China** industrial profits rose 10.1% in Aug. vs 16.4% in July
- **Australian** retail sales fell 1.7% in Aug. vs -2.5% est.
- **Malaysian** exports rose 18.4% vs 14.6% est.; imports were a letdown rising just 12.5% vs 24.5% est.

Macro News

- **China** injected another \$15.5B of liquidity on Tuesday, the eighth straight day, and the longest streak since December, per Bloomberg
- **China** has additional room for policy accommodation, if necessary, to support the economy, says Bloomberg
- **North Korea** launched a single short-range missile off its east coast last night as tensions continue to rise, per WSJ
- **Japan** will end its COVID state of emergency this month, says Reuters
- **EU, US** may be close to resolving an industrial metal tariff, says SCMP
- As many as 90% of pumps in major **UK** cities have run dry amid a massive fuel shortage, says Bloomberg
- **Brazil** is facing a significant drought that could impact global food supply, per Bloomberg
- **Sen. Manchin** is raising red flags about the carbon tax, says The Hill, and may not vote for reconciliation without it removed

Movers

Gainers: EDR 10%, SGMS 6.5%, HUN 4%, GOSS 3.5%

Losers: ALNY -7%, ANY -5%

Insider Buying

ADC, EVRG, ALPN

IPO Calendar

Allvue (ALVU) issuing 15.3M shares at \$17-\$19

Amplitude (AMPL) issuing 35.3M shares at \$35.41

First Watch (FWRG) issuing 9.45M shares at \$17-\$20

Olaplex (OLPX) issuing 67M shares at \$14-\$16

Warby Parker (WRBY) issuing 77.7M shares at \$24.50

Stock-Specific News

Consumer/ Business Services

- **SGMS** is selling their sports betting business OpenBet to **EDR** for \$1.2B, a mix of \$1B in cash and \$200M in stock; SGMS plans to use the proceeds to pay down existing debt
- **ATVI** reaches agreement with EEOC to settle discrimination claims; the Co. will pay about \$18M
- **GOGO** is raising their long-term outlook sees revenue CAGR of 15% vs 10% prior and EBITDA margins of 45% from 40%
- **GT** is investing in autonomous trucking company Gatik
- **CVNA, SFT, VRM** – Bloomberg looks at how the used car market is thriving online driving more traditional dealers like **AN, LAD** to get into the space
- Talent agency **CAA** has agreed to buy rival **ICM Partners**, says Bloomberg, creating one of the largest agencies in the industry
- **Lego** reported a strong 1H with revs up 43% and net profit up 140%, per FT, as the company gains share as the world's largest toy company

On the Chart

SGMS response is a bit muted but it's a great deal and holding above \$85 can continue to run out of this weekly range

Financials

- **MasterCard (MA)** has entered into a new BNPL program with a consortium of banks including **BCS, FITB, FIS, HBAN, MQ, SOFI, SYF**; the program will extend from the US, Australia and UK
- **BLK** may buy China equities amid drop, says Bloomberg, as they weigh broader market exposure as part of their pro-risk stance
- **Bank mergers** are on track to hit their highest level since the financial crisis, says WSJ, with more than \$54B in deals announced this year, up from about \$17B at this time in 2020

Healthcare

- **Merck (MRK)** is in talks to acquire **Acceleron (XLRN)**, says WSJ. The \$11B move would bolster Merck's rare-disease business
- **BIIB, Eisai** are seeking a swift U.S. approval of another Alzheimer's disease therapy, just months after Aduhelm was cleared by the FDA, says Bloomberg
- **SNY** is ending development of their own mRNA vaccine for COVID as it would get to market 'too late' per Bloomberg. The company is focusing their resources on boosters with **GSK**
- **PFE** has dosed their first patient in Phase 1 trials looking at using mRNA vaccines against influenza
- **IMAB** is considering a stake sale to a large pharma and may hire advisors for a strategic review, says Bloomberg

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- **LLY** to lower list price of Insulin Lispro Injection by additional 40%
- **SPNE** receives CE Mark for 7D Flash Navigation System module
- **MDT** receives CE Mark approval for radial artery access portfolio

Industrials

- **Ford (F)** is building two new campuses in Tennessee, Kentucky in EV push; the company plans to invest \$11.4B and will be the largest ever U.S. investment in electric vehicles at one time by any automotive manufacturer
- **RACE** is partnering with former Apple designer Jony Ive as they look to manufacture their first EV, per FT
- **Griffon (GFF)** authorized a review of strategic alternatives for Griffon's subsidiary Telephonics Corporation
- **HON** has acquired Performix, a provider of manufacturing execution system software for the pharmaceutical manufacturing and biotech industries
- **BA** sees the commercial aviation industry back to 2019 levels in 2-3 years, says Bloomberg
- **China International Marine** is buying **Maersk's** Denmark and China units for \$1.08B, says Reuters

Hawk Database

RACE long-term continues to set up well and has 2000 November \$210 calls, 4000 November \$220 calls in open interest

Energy & Materials

- Activist Starboard has an 8.4% stake in **Huntsman (HUN)** says the WSJ, and plans to push for changes
- **AEM, KL** announce merger or equals; the NewCo will have the gold industry's highest-quality senior producer, with the lowest unit costs, highest margins, most favourable risk profile
- **OI** sees Q3 at the high-end of guidance; narrows FY outlook to \$1.70-\$1.75 from \$1.65-\$1.75
- **XOM, CVX** – The WSJ 'Heard on the Street' looks at how investors haven't given much credit to US oil majors shifting plans towards renewables while EU peers have soared

On the Chart

HUN looks poised to challenge the \$30-\$31 level on the weekly with a potential breakout targeting \$40 long-term

Technology

- **AMD** says that demand remains strong and they expect tight conditions to continue into 2022, per Bloomberg
- **BABA** will start integrating payment options from peer **Tencent** on their platforms in response to recent government orders, per Reuters
- **GOOGL** is facing more regulatory scrutiny in Australia as antitrust watchers look at how they use data to sell targeted ads, per Reuters
- **PING** has acquired Singluar Key, a leader in no-code identity and security orchestration
- **NFLX** says it has no plans to buy a movie theater chain, per Reuters

On the Chart

AMD is opening weak with the rest of tech but right on its 8-EMA at \$105.75-\$106 and could be a nice bounce spot after yesterday's strength and bigger wedge pattern forming

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- **CSCO** CEO has adopted a 10b5-1 plan to sell stock, per Bloomberg
- **FB** is facing a probe in Florida over election interference claims, says Bloomberg, the latest in controversy for the platform
- UK- software firm **Blue Prism** is being sold to Vista Equity for \$1.5B, says Reuters as they look to grow their automation technology portfolio
- **SK Hynix** said that the current power outages in China won't impact production, per Bloomberg
- **Pegatron** says they also don't expect a material impact from China power cuts, per Digitimes
- **ASM International** raised their outlook, per Reuters, as the firm expects next-gen chips to drive double-digit growth in core markets
- **Graphic card** supplies remain tight, says Trendforce, despite China's crackdown on cryptocurrencies and the result is likely higher prices through the 1H of 2022

Utilities

- **SRE** subsidiary has agreed to pay \$1.1B in a settlement over a 2015 natural gas facility leak; **SRE** is guiding to the high-end of the FY outlook for EPS at \$7.75 to \$8.35

Analyst Notes

Upgrades

- **OKTA** raised to Overweight at MSCO an improving demand environment should benefit OKTA as enterprises are shifting a greater portion of security budgets towards Identity and Access Management, or IAM, where Okta is the market leader
- **CHWY** raised to Outperform at Wolfe, the analyst believes Chewy's decline in net new customer additions during fiscal 2021 should reverse in 2022 as the impact of 2020 cohort churn moderates mathematically. And with less than 10% share of total pet spend, Chewy still has plenty of strong growth ahead
- **M** raised to Buy at Gordon Haskett
- **HARP** raised to Buy at Citi
- **CCJ** raised to Buy at TD
- **PBYI** raised to Buy at Citi

Downgrades

- **LOGI** cut to Underweight at MSCO, the firm's data shows cyclical tailwinds fading and difficult year-over-year growth comparisons approaching for

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OKTA recent large opening sale in Jan. 2023 \$220 puts and has large Jan. \$240 short puts and some size Jan. call buys in OI

Hawk Database

CCJ size call buyers on 9/27 into this recent Uranium dip with a major focus in November positioning

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Logitech. The analyst sees a greater probability of negative estimate revisions and multiple compression

- **TNL** cut to Hold at Jefferies
- **ASML, AMAT** cut to Neutral at New Street
- **MS** cut to Hold at Berenberg
- **WFC** cut to Neutral at MSCO
- **MCHP** cut to Neutral at Wells Fargo

Initiations

- **HWM** started Buy at UBS, the company's forgings and castings have been and will be in the critical path of the aerospace recovery with the company set to take advantage of an unparalleled moat in their product offerings
- **COIN** started Outperform at JMP
- **POSH** started Buy at Berenberg
- **OTMO** started Buy at Needham
- **UPS** started Outperform at Evercore

Other Notes

- **TSLA's** Q3 will be their strongest quarter ever, says Piper, EV penetration has trended steadily higher in recent months, especially in Europe and China and Tesla's market share has also continued rising
- **PGNY** target raised to \$80 from \$72 at Barclays, the analyst estimates the fertility total addressable market going from \$9B to \$58B, with her top pick Progyny taking more than their share
- **EDIT** data readout is risky, says Goldman, as they recommend buying Oct. \$57 puts for the event. The firm has yet to see any preclinical data showing EDIT-101 improves visual function
- **ETSY** target to \$245 from \$220 at Loop

Trade Ideas

Oracle (ORCL) shares working above monthly value yesterday and poised to break out of a multi-week range to new highs. A move above \$92 has room to run to \$100 and a long-term continuation of the trend can stretch to \$105-\$110. Shares are hitting the 'ready to run' scan today with MACD crossing over bullish and plenty of room for expansion while RSI is above 60 and inflecting higher.



Technical Scans

Inside Days: NYT, TROW, TWLO, CMCSA, FTCH, CHTR, UPS, CPRT, LITE, PANW, JAZZ, APPN, SNAP, TTD

Ready to Run: KTB, FFIV, VECO, SKY, PATK, RUN, ACLS, ARRY, SLM, BCRX, BLD, DIOD, SEDG, TGI, HWM, CWH

Breaking Above Monthly Value: IBKR, ORCL, RF, CAG, TM, CTSH, HWM, TS, LRCX, BAC, CVS, J, BCS, F, WRK

IPO Profile

ON Holdings AG (ONON) a recent IPO that has seen bullish puts over the last week including 1,500 October \$35 puts sold on 9/23 and 2,500 November \$35 puts sold for \$3.05 on 9/27. Shares priced at \$24, well above the expected range of \$18-20. ON is a Swiss- maker of footwear and sports apparel products including ultralight and stretchable fabrics. The company was started in 2010 around their unique technology for running shoes called 'cloudtec' an adaptive surface that allows for cushioning on the landing but not on push off. And, in the years since, the company has expanded their in-house tech into new areas like superfoam soles, mission-grip, and zero gravity lightweight soles. Their singular focus on premium performance-wear has attracted some big-name athletes, most notably Roger Federer, which has helped brand awareness and customer acquisition at a lower cost. The \$9.77B company trades 17X sales with 85% annualized growth from 2010 to 2020. This continued in the 1H of 2021 with 84.6% sales growth. And, being within the premium channel, they've been able to have more pricing power in recent years which has helped gross margins expand as well to around 54%. In the 1H of 2021, adjust EBTIDA margins grew to 15%. ONON has a relatively balanced mix of regional sales with 49% in the US and 44% in Europe and a lot of opportunity for them to expand into Asia-Pacific where premium brands tend to thrive. They entered China in 2018 and saw net sales go from CHF1.8M to CHF5.5M in 2020. They have a true omnichannel brand with over 8,000 retail contacts and yet nearly 40% of sales coming from DTC including sales across Tmall and JD.com in China. ONON has benefitted in the last year from the bigger thematic shift towards personal health, outdoor activities, and athleisure. And, as they expand into new product verticals and apply their same premium-focused, innovation-first approach to design, they're likely to carve out a very successful niche. Shares trade at a hefty premium today but ONON is one to keep on the radar as a fast-growing player within the space and at the right price could be a nice pick-up.

Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
FUTU	DEC. 60 PUTS	1,090	5,178	375.05%
T	MARCH 25 CALLS	2,789	7,107	154.82%
MAR	JANUARY 155 CALLS	1,060	2,497	135.57%
DKNG	OCT. 22ND (w) 56 CALLS	5,064	11,089	118.98%
Z	NOVEMBER 80 PUTS	1,573	3192	102.92%
WMT	JANUARY 145 CALLS	9,619	18662	94.01%
RIO	APRIL 60 CALLS	1,312	2,341	78.43%
MRK	DEC 80 CALLS	3,434	6,060	76.47%
CPE	JANUARY 165 CALLS	1,851	3,253	75.74%
IGT	JANUARY 27 CALLS	10,157	17,663	73.90%
TDOC	JANUARY 2024 190 CALLS	3,151	5406	71.56%
UBER	JANUARY 2023 55 SHORT PUTS	5,355	8,355	56.02%
FCX	JANUARY 35 CALLS	18,274	28,396	55.39%
CAR	NOVEMBER 110 CALLS	1,800	2,715	50.83%
PLTR	NOVEMBER 28 PUTS	4,882	7,286	49.24%
BBY	DEC 115 CALLS	10,196	15,003	47.15%
AMD	JUNE 90 SHORT PUTS	5,522	8,102	46.72%
BILI	MARCH 65 SHORT PUTS	2,272	3,236	42.43%
OXY	OCT 32 CALLS	5,309	7,524	41.72%
ADNT	JANUARY 46 CALLS	5,291	7291	37.80%
OMER	JANUARY 15 CALLS	5,496	7534	37.08%
OXY	JAN 2023 25 CALLS	2,800	3,829	36.75%
HTA	JANUARY 30 CALLS	14,689	19,693	34.07%
PAGS	JANUARY 60 CALLS	21,635	26747	23.63%
BA	SEPTEMBER 2022 300 CALLS	977	1,194	22.21%
ABBV	JANUARY 2023 95 PUTS	1,027	1118	8.86%
LYV	JANUARY 2023 100 CALLS	1,898	1898	0.00%
MPC	JAN. 2023 55 CALLS	2,010	1,931	-3.93%
CPRI	NOVEMBER 57.5 CALLS	4,346	3,121	-28.19%
MAR	JANUARY 135 CALLS	1,395	655	-53.05%

Extras

S&P Global (SPGI) buyer 1000 October \$455 calls late for \$5.60 adjusting the \$480 calls

Apollo (APO) opening sale of 6,582 November \$55 puts for \$0.81

Live Nation (LYV) buyer of 1000 January \$85 puts for \$4.80, tied to stock

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Callon Petro (CPE) late day buyer 1000 Jan. 2023 \$85 max strike calls for \$8

Kohl's (KSS) late day trades opened January \$62.5/\$70 call ratio spreads 3150X6300

Stratasys (SSYS) buyer of 425 March \$20 ITM calls \$5.30 offer

Illumina (ILMN) afternoon buyers of 550 March \$450 calls at \$30.30 to \$30.50

Exxon (XOM) with 16,000 December \$62.50 calls bought \$1.62 as the Dec. \$57.5 calls that were rolled to from November last week adjusted again taking a lot off the table

ASML (ASML) into Analyst Day with 350 August 2022 \$780 puts sold to open \$73.50 to \$72.50, common strategy in the name lately

WalMart (WMT) continues to base on the 200-MA and an afternoon buyer of 9000 January \$145 calls at \$4.60

What They're Saying

Pfizer (PFE) at Cantor Fitzgerald Healthcare Conference on durability of the COVID vaccine franchise and most exciting things moving forward... "On next year, we will manufacture approximately 4 billion -- will exceed 4 billion doses. And we have already signed many contracts, of course, not for all of them. There are many doses available. Known contracts that have been signed are U.S., U.K., EU, Israel, Canada. I'm not sure if we've announced Japan but we are working. So basically, all the developed countries are placed or are about to place orders for next year. And I imagine also the middle- and low-income countries to also place orders so that they will not be, let's say, in a situation that, again, all the produced quantities have been allocated to those that they placed for. We presented data of our RSV vaccine on a CHALLENGE study, a Phase II CHALLENGE study where we presented 100% efficacy. We already jumped into VAT with a Phase III study that it is recruiting very fast. So we are very excited because this 1 has, from 1 hand, significant unmet medical needs. As you know, there are no vaccines for a disease that is really spiking up right now. And on the other hand, we have a high probability of success, given the stellar results of our Phase II study. The study actually is recruiting very fast, also partly because we do it. Of course, we do things different as we learn from COVID, but also there is a lot of RSV out there. Oncology, it is, again, an area that we have been quite successful. We are very strong in breast cancer. We are very strong in prostate cancer. We are -- we did -- we are now moving -- we did several acquisitions. Trillium, acquisition of Trillium is positioning us very strongly in the lymphoma space so that we can develop even further, together with our internal pipeline, our blood cancers franchise. In rare diseases, I think the most exciting things that I will single out because there are a lot of things that are happening, of course, will be the gene therapy approaches that we have. I will speak, we have 10 different programs, 3 of them are in the clinic. And let me speak about the hemophilia A. We have already people that have been in the treatment for 18 months."

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
FDS	FactSet	\$2.88	\$2.73	\$411.90	\$404.92	7.40%	FY Above

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INFO	IHS Markit	\$0.85	\$0.83	\$1,180.50	\$1,167.21	10.00%	
SNX	Synnex		\$2.07		\$14,218.00		
THO	Thor Industries	\$4.12	\$2.88	\$3,593.00	\$3,324.96	54.60%	
UNFI	United Natural Foods	\$1.18	\$0.80	\$6,735.00	\$6,838.89	-0.30%	FY Above

Disclosures

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