



Inside Today's Blitz

- House Democrats Propose New \$2.2T Stimulus Plan, Eyeing Vote this Week
 - COVID Cases Continue to Surge as Lockdowns All But Certain in Fall
 - Biden Leads Trump by 9 Points in Critical State of Pennsylvania
- Fed near decision on bank buybacks; **McAfee** has filed for an IPO; **UBER** considering a deal for FreeNow; **NOK** won a key 5G contract with **BT Group**; **Reckitt** is looking to sell more brands; **WMT** to invest up to \$25B in Tata app; **Hitachi** considering sale of Metals unit

Market Outlook

Futures indicating a slightly weak open today with the **S&P** off by 5 bps, the **Dow** down 4 bps, and the **Nasdaq** off by 20 bps. Precious metals are rallying with **silver** up 1.45% and **gold** up 40 bps. **Copper** is down 70 bps. Energy is weak with **WTI** down 50 bps and **Natural Gas** off by near 2%. **Bonds** are up 20 bps and the **dollar** is flat. Global markets are reversing a bit of Monday's gains with news flow very slow again overnight. In Washington, House Democrats are proposing a new \$2.2T stimulus package which has been met with silence from the White House. Pelosi and Mnuchin plan to talk again today and Democrats plan to move forward with a vote on the plan even if they get no help from the WH. Again, odds of a deal before the election are slim as most members of Congress head out to campaign this week. COVID cases continue to rise and lockdowns are looking like more of a reality, albeit on a smaller scale than in March. Experts are

warning that the healthcare system will come under pressure again. Finally, focus on the first Presidential debate tonight. The debate will include topics like trump's tax position, the economy, and trade. Biden is leading in the latest Pennsylvania polls, a critical battleground state.

Asian markets are mixed this morning with Shanghai up 21 bps and Hong Kong down 85 bps. The Nikkei was higher by 12 bps despite opening weak. Telecom **NTT** was down 3% after reports its preparing to takeover **DoCoMo**. The latter was up around 16%. Rival **KDDI** was down 4%. European markets are sliding this morning as the final round of Brexit talks come into focus. Both sides reportedly remain far apart. The DAX is off by 70 bps while the CAC is down 40 bps. Most of the weakness is in Monday's top gainers, so some profit-taking likely. It was a real quiet day for news. **Nokia** is edging higher after signing a 5G deal with **BT**. Plumbing parts maker **Ferguson** up 5.5% after restoring their dividend. Auto supplier **Hella GmbH** fell 1% after selling a business unit to VW. Travel stocks are weak again with more lockdowns set to be imposed globally. **IAG** and **Easy Jet** both down around 2%. Bakery **Greggs** fell 5% after their warned that sales will remain lower for longer.

Calendar

Today... Fed's Williams speaks, Fed's Harker speaks, Fed's Clarida speaks, Fed's Quarles speaks, S&P CoreLogic Home Prices, Conference Board Consumer Confidence; **Earnings After the Close:** CMTL, MU, PRGS, SNX

Tomorrow... Fed's Kashkari speaks, Fed's Bowman speaks, GDP, Chicago PMI, Pending Home Sales, **Analyst Days/Business Updates:** BABA, MMYT, BMO, FLO, BJ, JW.A, UHM, INSM, CSL

Overnight Markets

Silver	23.9	1.23%
Platinum	887.6	0.57%
Gold	1888	0.30%
Euro	1.1705	0.18%
Bonds	177.09	0.15%
US Dollar	94.18	-0.13%
Corn	364.5	-0.60%
Oil (WTI)	40.3	-0.75%
Copper	2.9655	-0.82%
Lumber	578.6	-4.77%

Technical View



Key Levels to Watch

An active night for S&P futures as we moved higher early back to 1-month VWAP at 3363 and saw selling which has brought us back under some pressure. We fell around 1am back down to 3335 - - VWAP from Sunday's open -- and the low-end of yesterday's value but unable to break further and now basing a bit. Overnight VWAP is 3347.50 and flattening.

Economic Data

- **EU** economic confidence for Sept. 91.1 vs 89
- **South Korea** industrial production -0.7% M/M in August vs estimate of flat; July revised higher
- **Japan's** Tokyo CPI was 0.2% vs 0.1% est.
- **Vietnam** exports for Sep. were strong up +18% vs 6.5% est.; imports +11.6% vs 4% est.

Macro News

- **Democrats expect to release a new \$2.2T stimulus plan**, says Bloomberg. Legislation intended to further Pelosi and Mnuchin talks
- **China** has slowed the pace of Ag purchases, says Reuters. They continue to lag far behind Phase 1 commitments
- **China** is considering lowering their growth target for 2021-2025, says Reuters. They'll hold a meeting 10/26 to 10/29
- **China** is looking to normalize monetary policy, says Bloomberg. This comes as their economy recovers steadily
- The **ECB's Lagarde** said that they are expected to remain in deflation over the coming months as the Euro strengthens, per Reuters
- The **ECB** will pursue asset buys, not rate cuts, says Reuters
- Trump is weighing new sanctions on **Iran's financial sector**, says Bloomberg. The move is seen as hamstringing Biden's vow to re-enter nuclear deal

Movers

Gainers: FLUX 43.5%, FIT 8%, SU 4.5%, SHLL 4%, SQ 1.5%

Losers: PECK -15%, PLL -11%, NKLA -5%, INO -3%, TSLA -2%

Insider Buying

AEL, UEPS, HOME, PBF

13F/13G Watch

SNOW – Berkshire Hathaway discloses 15.2% stake; Altimeter Capital disclosed 13.27% stake

IPO Monitor

Palantir (PLTR) direct listing in focus on 9/30, company valued at \$10B+ in their latest round

OptionsHawk Market Blitz

- **Canada** is considering restrictions on leisure activities in a bid to stop COVID's fall wave, says Politico
- **NY** is facing an economic 'calamity' says NYT. The pandemic has crippled tourism, retail and the culture sector and they're facing layoffs and debt not seen since the 1970s
- **Biden's lead** in Pennsylvania is now 9 points, says WaPo. The state has become critical in the 2020 race

Stock-Specific News

Consumer

- **LVMH countersues Tiffany (TIF)** over canceled \$16B buyout, says Bloomberg. A Jan. 5 trial set to decide whether LVMH must consummate deal
- **Reckitt Benckiser** is looking to sell more non-core brands, per Reuters. The package of four brands could fetch \$1.3B and includes E45 Skin Cream, Clearasil, and Scholl foot products
- **Walmart (WMT)** is looking to invest \$25B in Tata's 'Super App', says Reuters. The app will tie in all of Tata's consumer business, including healthcare, grocery, insurance, fashion and electronics
- **Target (TGT) will run 'Deal Days' on 10/13 and 10/14** in counter to Amazon's Prime Day, says Bloomberg
- **BIG** updates Q3 guidance well above Street with EPS seen \$0.50-\$0.70 vs. \$0.21; Sees comps rising mid-teens
- **PZZA** Sept system-wide international restaurants comps of 23.3% (Q3 20.6%), system-wide North America restaurants Sept comps were 18.4% (Q3 23.8%).
- **EU-based coffee giant Tchibo is targeting the US**, says Bloomberg. The company is launching premium products in the Midwest this Fall in a bid to take on **Peets** and **Starbucks (SBUX)**
- **MKC** announces 2-for-1 stock split
- **UNFI** CEO to retire

Financials

- **Pension funds are suing Allianz for \$4B over COVID losses**, per Reuters. In March, the company was forced to shutter two private hedge funds after severe losses
- **The Fed is expected to decide within days whether to allow companies to resume buybacks in Q4**, says Bloomberg
- **Banks are making more than usual on equity underwriting**, says WSJ. The 'Heard on the Street' column looks at how bank fees are booming with stocks this year

On the Chart

BIG a top chart from last night's scans forming a great base above its prior breakout and with strong momentum. A move above \$49.50 can target new highs.

Hawk Database

PZZA sitting back at support and has 2000 October \$85/\$90 call spreads and Oct. 23rd (W) \$90/\$95 call spreads in open interest from recent trades.

OptionsHawk Market Blitz

- **ACIW, MA** announced that they will partner to provide a wide range of real-time payment solutions globally

Healthcare

- FDA approves **Pfizer's (PFE)** XELJANZ for the treatment of active polyarticular course juvenile idiopathic arthritis
- **Biogen (BIIB)** discloses 11.16% stake in **Denali (DNLI)**
- **ASND** announces 6-month data from Phase 2 study of TransCon PTH in adults with hypoparathyroidism
- **SRNE** preclinical data for STI-1499 and STI-2020; demonstrated potent neutralizing activity against SARS-CoV-2 virus isolates
- **MOH** to acquire Affinity Health Plan for \$380M
- **PRSC** expands into Home Care Segment with accretive acquisition of Simplura Health Group for \$575M
- **XLRN, BMY** announced that Health Canada has approved REBLOZYL for the treatment of adult patients with red blood cell transfusion-dependent anemia associated with beta(beta)-thalassemia
- **DHR** Cepheid receives EUA for COVID-19

On the Chart

PRSC has quietly been a strong performer and a long-time small cap value. Shares pulled back nicely and based just above a prior key breakout level and look set to resume higher.

Energy & Materials

- **Petrobras (PBR)** is looking to spend \$6B through 2024 to dismantle assets, per Reuters.
- **Hitachi** plans to sell their metals unit, **Hitachi Metals**, in a deal that could fetch \$6.6B, says Reuters
- **BCC** declares supplemental dividend of \$1.60/share

On the Chart

BCC pulled back to the 200-MA last week and finding support with 500 November \$40 calls bought on 9/25, nice trend from the March lows with room back to \$50+

Industrials

- **Tesla (TSLA)** is looking to mine its own lithium after dropping M&A plan, per Bloomberg. Producing lithium from clay has so far proven difficult and costly.
- **TSLA** could also look at taking a stake in **LG Chem**, says Reuters. They announced a plan last week to separate its battery business in December, to pave the way for "large investments"
- **TSLA** - Walmart Canada is now reserving a total of 130 Tesla Semi trucks, making it one of the largest reservations of electrified trucks in the country
- **RLGT** adjusted EPS of \$0.18; revenue rose 34.6% Y/Y to \$275.5M
- **PII** signed a 10-year partnership with Zero Motorcycles, a global leader in electric motorcycle powertrains and technology

OptionsHawk Market Blitz

- **Valmet** is seeking a merger with **Neles**, challenging a \$2B bid from **Alfa Laval**, says Reuters

Tech/Telecom

- **UBER weighing a deal for Free Now**, a ride-hailing JV from BMW-Daimler, according to Bloomberg. They noted also that any deal could be complicated by the challenging market faced by ride-hailing companies
- **Nvidia's (NVDA) deal for ARM is likely to be rejected**, says former Lenovo chief engineer per SCMP. US tech sanctions have galvanised China to double down on developing its own domestic semiconductor industry
- **Google (GOOGL)** is cracking down on Google Store payments bypassing, says NY Post. This is similar to what's happening with Apple's store
- **CableOne (CABO)** to buy 45% stake in MBI for \$574M cash; they have the right to buy the remaining company in 2023
- **Verizon (VZ) is scrambling to unload HuffPost as losses mount**, says NY Post. The company has approached multiple digital-media companies during the past few months in a bid to get the property off its books as losses accelerate
- **McAfee**, cyber-security firm files for IPO. McAfee was previously a unit of Intel Corp. which bought the software maker in a \$7.7 billion deal that closed in 2011.
- **Nokia (NOK)** wins a 5G contract with Britain's BT, says Reuters. This comes just months after Britain said it would ban China's Huawei
- **RNG, AVYA** announced the expansion of Avaya Cloud Office™ by RingCentral® across Europe; announced that they have signed their first seven-figure deal with a large United Kingdom-based Government customer
- **ORCL, ZM** expand integrations for customer experience
- **WBAI** auditor resigns, past financials should not be relied upon
- **JCOM** to acquire RetailMeNot for approximately \$420M
- **SOGO** announces merger plan with **Tencent**
- **EIGI** is again considering a sale, says Bloomberg
- **ZTO** raises \$1.27B in Hong Kong listing, says Reuters

Sympathy Movers

Some top competitors for McAfee include **FEYE, NLOK, FTNT, CHKP, PFPT**

Inside the Hawk Database

NOK buyers active in the April \$4 calls yesterday with over 5250 trading

Analyst Notes

Upgrades

- **L'Oreal** upgraded to Buy at Goldman, says the company's organic sales growth will recover at a fast pace, driven by its Asia market, skin care, and e-commerce initiatives. The overall beauty market has grown at 3%-5% over the last 20 years, and the company is set to emerge as a "structural winner" in an attractive category
- **EL** upgraded to Neutral at Goldman, sees a "sustained" Chinese consumption as a positive for its business
- **RH** raised to Outperform at Cowen, firm is constructive on RH's transformation and sees upside to the company's long-term targets on revenue. Channel checks and a European market analysis point to an underappreciated long-term opportunity for RH
- **FWRD** raised to Outperform at RJF, company uniquely positioned to capitalize on a tightening freight market and a robust LTL pricing backdrop, anchored by its accelerating LTL door-door expansion, primarily focused on time sensitive LTL freight
- **HSY** raised to Outperform at BMO, Near-term concerns surrounding Halloween likely are overestimated, and the company's vision on brand investment, pricing, data analytics, e-commerce, and cost management should expand its competitive position and drive earnings growth at or above its long-term growth algorithm in 2021
- **SQ** raised to Outperform at Wolfe
- **D** raised to Overweight at JPM on green growth potential
- **STAY, SHO, PEB** raised to Buy at BAML

Downgrades

- **CHH, HST, RLJ** cut to Underperform at BAML
- **AZUL** downgraded to Neutral at Bradesco

Initiations

- **ZNTL** started Overweight, \$44 target, at Cantor Fitzgerald, sees long-term underappreciated value potential from the company's oncology portfolio and believes the assets have \$1B-plus revenue potential
- **BKI** started Buy at BAML; software offerings are mission-critical and deeply embedded in client workflows which leads to high client retention
- **SSTK** started Buy at BAML; constructive on longterm fundamentals given a large addressable market, large diversified customer base, highly recurring revenue base from subscription business model, and large scale and network effects

On the Chart

RH has filled the earnings gap and starting to turn back higher with a move over \$375 in focus

Inside the Hawk Database

HSY has seen some smaller accumulation in the November \$145 calls and October \$130 calls over the last week

On the Chart

BKI setting up just below \$87 for a small flag breakout and room to \$100 as it continues to show relative strength

OptionsHawk Market Blitz

- **AXSM** started Underperform at BAML; Axsome's 2021 primary care launches (depression, migraine) are likely to disappoint with undifferentiated products in saturated markets
- **PLD** resumed Buy at Goldman, \$126 PT, benefits from "secular demand tailwinds" such as e-commerce growth and increasing inventory levels are "offset somewhat by cyclical headwinds" such as weaker industrial production and international trade
- **PEN** started Buy at BTIG, while the stock's valuation "skews high," the tailwind of increased clotting from COVID could drive faster adoption of Penumbra's peripheral vascular products, as well as give the company time to increase its presence in post-acute rehab
- **MGNI** initiated Buy at RBC, company addresses a "large and attractive" segment of the advertising market experiencing "powerful" secular tailwinds that include Programmatic, CTV, and Supply Path Optimization
- **DAR** started Overweight at Stephens
- **AZN, BMY, GSK, NVS** started Buy at Berenberg

Other Commentary

- **LOVE** PT raised to \$44 at BTIG after management meetings affirmed the company's "robust multi-year sales and margin opportunity" in the context of a "vast" \$30B sofa market where Lovesac only has a 1% share
- **RNG** PT raised to \$300 at MSCO, Ring's ability to execute in the UCaaS market leads peers and she believes partnerships with incumbent Unified Communications vendors should position the company to remain in a leadership position within the channel
- **NIO** could be the next iconic auto brands, says Deutsche Bank, as there is "compelling evidence" that NIO is increasingly perceived by customers as a high-quality premium brand with best-in-class technology and service
- **KTB** PT raised to \$29 at Goldman, Off-mall retailers exposed to local consumers continue to outperform, and Kontoor's wholesale footprint is well positioned given higher exposure to essential retail,
- **CVNA** target to \$265 from \$209 at Piper
- **NIO** may become the next iconic auto brand says Deutsche Bank

Inside the Hawk Database

NIO sets up well in a bull flag under \$20 with size buyers in the February \$21 calls, October \$19 calls, and January 2022 \$35 calls recently

Earnings Review

UNFI – Beat on EPS and Revs - Net sales from continuing operations in the fourth quarter of fiscal 2020 were \$6.75 billion compared to \$6.26 billion last year when excluding the additional week in fiscal 2019, which accounted for \$475 million in net sales last year. The increase in net sales on a 13 week comparable basis was driven by strong customer demand as well as the benefits from cross selling. Gross margin rate in the fourth quarter of fiscal 2020 was 14.81% of net sales compared to 14.40% of net sales for the fourth quarter of fiscal 2019. Retail contributed approximately 29 basis points of the increase due to a higher gross margin rate driven by lower promotional spending and the retail segment representing a greater percentage of total net sales.

McCormick (MKC) beats on EPS and Revenues (+7.6%), FY20 View Mixed - Our results for the third quarter continued to be significantly impacted by the sustained consumer preference for cooking more at home. Our outstanding consumer segment growth was driven by the substantial increase in demand reflecting the change in consumer behavior and fueled by our brand marketing, strong consumer digital connections and new products. In our flavor solutions segment, lower demand from our restaurant and other foodservice customers improved sequentially from the second quarter and were almost fully offset by increased sales to packaged food companies. Taken together, these impacts continue to demonstrate the strength and diversity of our offering. Year to date we have delivered robust sales, operating profit, and earnings per share growth, as well as significant cash flow, all driven by the engagement of our employees and the successful execution of our strategies. Our updated 2020 outlook reflects the strength of these year-to-date results and our confidence in the sustainability of higher at home consumption trends.

ANGO – Beats EPS and Revenues (+6.4%), Raises FY21 Above Street - While customer demand has not yet returned to pre-COVID levels, the team is clearly executing in this challenging environment. Our key technology platforms performed well during the quarter, including strong sales growth of our AngioVac platform and more than \$1 million in sales of our Auryon platform. We're still seeing the impact of COVID, particularly in our Oncology business, but, despite the unique challenges presented by this environment, we remain confident in our ability to efficiently manage the business while growing our key technology platforms.

Trade Ideas

Repligen (RGEN) a long-time favorite small cap growth name setting up nicely with a consolidation channel and larger rising wedge with an unresolved measured move target up to \$175. RGEN is working above all key moving averages and looks for bullish momentum continuation to new highs.



Daily Technical Scans

RSI Leading (Bullish): EA, EBAY, LRCX, ABC, DLTR, MRNA, ALNY, MKTX, TYL, ETSY, NET, APO, BILL, OCFT, IPHI, STMP, AAXN, IIVI, BIG, SKY, PATK, ATSG, AUDC, BRBR

13/34 Bull Crosses: TMUS, TJX, SNPS, AWK, WLTW, TTD, TEAM, TDOC, MASI, URI, EXAS, AVLR, CDAY, SEDG, RS, BILL, AAXN, MRCY, SERV, HRB

Ready to Run: PLUG, SPWR, LGIH, UNFI, MEOH, GPI, GPS, TPH, GEO, STWD, ZLAB, ESNT, STLD, AAN, WEN, EYE, SCHW, CDW, TGTX, ATSG, FBHS, BIIB, ADI, ST, INTC, DNB FKX

What They're Saying

FactSet (FDS) outlining technology improvements and its investments... We also opened up many more APIs, creating new ways for clients to ingest, process and program against our data and analytics. We added more industries to our deep sector program, made progress on our private market strategy and executed on our wealth investments, expanding coverage of our StreetAccount offering in both Asia Pac and Canada. We remain committed to our multiyear investment plan for both content and technology and believe continuing to invest now is the best long-term strategy. We also opened up many more APIs, creating new ways for clients to ingest, process and program against our data and analytics. We added more industries to our deep sector program, made progress on our private market strategy and executed on our wealth investments, expanding coverage of our StreetAccount offering in both Asia Pac and Canada. We remain committed to our multiyear investment plan for both content and technology and believe continuing to invest now is the best long-term strategy.

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
DISH	December \$32.5 Calls	4,142	10,253	147.54%
AAPL	October 30th (W) \$125 Calls	5,388	12,371	129.60%
PINS	January \$45 Calls	4,642	7,416	59.76%
SBUX	January \$90 Calls	11,436	16,297	42.51%
SBUX	June 2021 \$87.5 Calls	2,297	2,744	19.46%
XOM	April \$32.5 Puts	8,572	8,788	2.52%
ALGN	November \$310 Calls	3,221	785	-75.63%

Extras

Alexion (ALXN) with 750 January 2022 \$120 puts sold to open \$22.50 to \$22.25 as some January 2021 short puts adjust

NetApp (NTAP) late trade sells 1500 January 2022 \$30 puts to open for \$3.30

Utz Brands (UTZ) late day buyers of 4500 October \$17.50 calls for \$0.40 to \$0.60

SunPower (SPWR) buyer of 3,100 March \$11 puts for \$2.30, tied to stock

Herbalife (HLF) buyer 2500 January 2022 \$20 puts \$1.30 to \$1.35

Nikola (NKLA) opening buy 2000 January \$22.50 calls for \$5.10. NKLA also an opening seller 6700 January \$7.50 puts \$1.60.

Disclosures

Not Investment Advice or Recommendation

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