



Inside Today's Blitz

- AstraZeneca promising COVID vaccine on hold
 - Tech rout spills over to Asia
 - Oil rebounds after largest fall in months
- LVMH** calls off deal for **TIF**; **NFLX** global TV head departs; **WORK, COUP, LULU** disappoint with high expectations; **ITCI** positive data

Market Outlook

Stocks moved lower after-hours Tuesday after AstraZeneca's COVID vaccine trial was reportedly halted and was considered the most promising contender. Stocks found support overnight and now indicating a positive open, Oil also rebounding after dropping sharply on Tuesday to multi-month lows. The schedule is very quiet today and can look to the ECB Statement tomorrow along with US Jobs data as the next catalyst for markets. We saw three high growth momentum names sell-off on results Tuesday night as investors continue to show aversion to risk though seeing some strength pre-market in high-fliers like Zoom (ZM) and Tesla (TSLA) after recent sell-offs.

In Asia, stocks were weak with China falling the most in six weeks as US tensions continue to escalate while Japan traded to a one-week low. SoftBank shares shed another 3%. Sentiment in China also worsened on signs regulators are stepping up a crackdown on speculation. Australian markets fell 2% with Energy stocks moving to a four-month low and Victoria seeing a surge in COVID cases. In Europe, travel & leisure stocks lagged as AstraZeneca halted its vaccine trial, but overall markets were modestly higher led by defensive groups such as Utility, Telecom, and Healthcare. The ECB now in focus, analysts not expecting any surprises with regards to changes in rate policy, focusing more on the central bank's inflation outlook and commentary on the euro's recent strength.

Calendar

Today... JOLTs, API inventories; earnings from AEO, GII, HDS, LOVE, NAV, REVG, SCWX; conferences including Baird healthcare, Barclays consumer, Barclays energy, Citi biotech, Goldman retail, KBW insurance, Cowen transports, Wells Fargo healthcare

Tomorrow... ECB Statement, US Core PPI and Jobless Claims; Earnings from CHWY, PLAY, PTON, ORCL; Analyst Meetings at LKQ, SAGE, SPWR, TMO; Conferences continue with Baird healthcare, Barclays consumer staples, Citigroup biopharma, Citigroup tech, Cowen transports, Goldman retail, KBW insurance, Wells Fargo healthcare

Overnight Markets

	Price	Change
Nat Gas	2.4	0.00%
Copper	3.02	(0.12%)
Oil (WTI)	37.45	1.88%
Silver	26.74	(0.93%)
Gold	1931.8	(0.60%)
US Dollar	93.6	0.18%
Euro	1.1759	(0.20%)

Technical View



Key Levels to Watch

S&P futures rebounded overnight after making fresh lows for the correction and held just above that channel support and key volume node, also the rising 55 MA and retest of the early August breakout. The overnight low now seen as key support while need to see a move above 3385 for anything bullish/constructive.

Economic Data

- **China** CPI +2.4% in August
- **Australia** Home Loans +10.7% in August
- **Australia** Consumer Confidence jumps 18% to 93.8 in September
- **Japan** machine Orders -23.3% in August after -31.1% slump in July

Macro News

- **Biden** plan sets tax penalties for companies' offshore profits; proposing a 10% tax penalty on companies that move operations overseas and a 10% tax credit for companies that create jobs in the U.S.
- **Stimulus** – Republicans roll out skinny stimulus bill as talks with Democrats remain stalled. The new bill, which includes jobless aid, liability protections for businesses and school funding among other measures, is expected to cost around \$300 billion, after the \$650 billion in new spending is offset with \$350 billion in savings from unspent funds from earlier coronavirus packages
- **Brexit** - The prospect of the U.K. and European Union reaching a trade agreement by an October deadline is looking less likely, with Britain saying this week it's willing to walk away and break international law in the process. That risks the pound falling to a 35-year low, stocks

Movers

Gainers: QRVO 5.3%, MRNA 4.5%, TRIL 30%, BNTX 5.5%, TSLA 4.9%, NKLA 4%, SPCE 4%, ZM 3.5%, RKT 3%, ITCI 100%

Losers: WORK -18%, LULU -5.7%, CASY -4.7%, COUP -4.5%, AZEK -7.5%, AZN -2.5%, UAA -2.2%, VRM -5%, TIF -7%, NCLH -2.5%

Insider Buying

WCC, SUM, SRE, PRY, VST

Smart Money (13D/13F Filings)

IPO Monitor

No IPO's scheduled at this time

Snowflake IPO could value it up to \$24B, Salesforce/Berkshire to invest

OptionsHawk Market Blitz

that lag international peers, and bond yields turning negative for the first time amid bets on Bank of England interest-rate cuts, fund managers say.

Sentiment

- **CNN Fear & Greed** has pulled back to a 54 reading, Neutral, after peaking near 80 recently

Stock-Specific News

Consumer

- **REYN** expects Q3 revenue to increase at high single-digit rate; expects FY20 adjusted EPS to be at upper end of previously provided range
- **TIF** to sue LVMH over delayed \$16B takeover; LVMH says won't move ahead with takeover
-

Financials

- **MA** updates Q3 operating metrics, switched transactions +5% week-ending Aug. 28th, improving from last month; Bloomberg reports it is helping Asian central banks set up mobile payments

Healthcare

- **AZN** COVID-19 study put on hold following a serious adverse reaction in UK according to Stat News
- **GBT** enters into exclusive agreement with Biopharma-MEA for Oxbraya distribution in six Middle Eastern countries
- **QGEN** plans to launch rapid portable test capable of detecting SARS-CoV-2 antigens in less than 15 minutes
- **PFE, BNTX** announced that they had concluded exploratory talks with the European Commission for a proposed supply of 200 million doses of their investigational BNT162 mRNA-based vaccine candidate against SARS-CoV-2 to European Union Member States
- **ITCI** announces positive topline results from its Phase 3 clinical trial (Study 402) evaluating lumateperone as adjunctive therapy to lithium or valproate in the treatment of major depressive episodes associated with Bipolar I or Bipolar II disorder
- **ALBO** announces 3M share offering

On the Chart

REYN shares pulled back to familiar support near \$31 and risk/reward skews positive for the solid name, potential to climb and break out higher of this range.

OptionsHawk Market Blitz

- **ATNX** announces 10M share offering
- **TXG** 3.5M share offering

Energy & Materials

- **HUN** sees Q3 Polyurethane segment EBITDA at least 40% higher than prior view
- **AZEK** launches 25M share offering

Industrials

- **NOC** awarded \$13.3B Air Force contract
- **ST** raises Q3 revenue view above Street
- **ARCB** reports August metrics; Total Tonnage/Day increased approximately 3.5% Y/Y
-

Sympathy Watch

APH, TEL peers of **ST** that could see a boost from its positive outlook.

Tech/Telecom

- **QRVO** raises Q2 EPS and Revenue guidance above Street
- **NFLX** management shakeup; Bela Bajaria has been put in charge of global television and Cindy Holland, an architect of the streaming giant's original-content strategy, is leaving
- **LYFT** provides August business trend update, rideshare +7.3% versus July
- **GLW** gives positive sales guidance
- **VRM** commences 9M share offering
- **IMXI** announces delivery of record remittances in August, +13.4% Y/Y
- **SCWX** to acquire Delve Laboratories; acquisition is expected to be completed in Secureworks' 2021 fiscal third quarter
- **Unity Software** sets IPO terms; to offer 25M shares at \$34-\$42

Inside the Hawk Database

QRVO with a large buyer of 1000 November \$115 calls on 9/8.

LYFT saw a lot of call activity on 9/8 targeting the 9/25 expiration.

Analyst Notes

Upgrades

- **VRM** raised to Overweight at JPM
- **SHW** raised to Outperform at BMO, \$790 target, expecting better results due to strong US housing trends
- **INVH** raised to Buy from Sell at Goldman, \$35 target, strong fundamentals and FFO growth

OptionsHawk Market Blitz

- **SPCE** raised to Outperform at CSFB, \$24 target, progressing toward commercial operations and entering a period of positive news flow, which could drive multiple expansion
- **THO** raised to Outperform at BMO, \$105 target, cites strong RV demand and attractive with recent pullback
- **DUK** raised to Buy at BAML, says risks reflected in valuation and positive regulatory backdrop in 2021
- **TPH** raised to Outperform at Wedbush
- **AZUL, VLRS, GOL** raised to Buy at Deutsche Bank
- **VVNT** raised to Buy at Deutsche Bank, \$20 target
- **CLR** raised to Buy from Neutral at MKM
- **ARMK** raised to Buy at Goldman

Downgrades

- **GOGO** cut to Perform from Outperform at Cowen
- **ESS** cut to Sell at Goldman

Initiations

- **EVRI** started Buy at BTIG, \$12 target, sees acceleration of demand among casino customers for cashless and contactless funding solutions
- **DKNG** started Outperform, \$60 target, at Evercore, sees markets underappreciating the pull-forward for US states' plans to legalize sports betting.
- **HZNP** started Overweight at JPM, \$110 target, emerging as a leading rare disease player with the company's two main products, Tepezza and Krystexxa, expected to each generate peak sales of greater than \$1B and supporting 20% revenue and greater than 30% earnings growth over the next four years
- **SFIX** started Buy at Deutsche Bank, \$34 target, likely to be one of the biggest beneficiaries of the ongoing lockdowns and accelerated store closures
- **QLYS** started Buy at Loop Capita, \$140 target, emerging as a go-to vendor for securing cloud workloads, and its technology is becoming the standard deployment approach for most cloud-based applications
- **MIME** started Buy at Loop Capital, \$60 target, sees email security a top priority for organizations
- **TXG** started Overweight at MSCO, \$135 target
- **NEO** started Overweight at MSCO, \$46 target
- **GH** started Overweight at MSCO, \$110 target

Other Commentary

OptionsHawk Market Blitz

- **ADBE** target to \$570 from \$470 at Jefferies, expects upside in Q3 results
- **LULU** post-earnings pullback a buying opportunity, says Piper, best-in-class growth name with conservative outlook
- **GM** deal with **NKLA** a strong positive says Deutsche Bank
- **DRI** target to \$100 from \$90 at UBS, sees it well positioned for long-term gains
- **ATVI** estimates raised at Needham

Trade Ideas

Clorox (CLX) shares with a strong reversal hammer to start the week and comes after testing a key June breakout level, large volume node, as well as a 38.2% retracement of the March to August rally. Shares look good against support as we enter flu season when its products see higher demand.



Daily Technical Scans

Weekly Buy Signal: F, SO, TME, LUV, DAL, VIAC, TTC, STOR, ALK, KSS, TUP, CSTL, AEO

21/55 EMA Bear Cross: PAYC, REGN, AU, CIEN, BRKR, LITE, CLR, FTDR, ENR, VIAB, DIOD, MUR, RGR

Earnings Review

Earnings After Market Close (Tuesday)							
Ticker	Company	EPS Actual	EPS Forecast	Rev Actual	Rev Forecast	YY Growth	Notes
ABM	ABM Industries	\$0.75	\$0.42	\$1,390.00	\$1,470.43	-15.40%	
CVGW	Calavo Growers	\$0.73	\$0.72	\$270.00	\$325.37	-24.70%	
CASY	Casey's General	\$3.24	\$2.06	\$2,100.00	\$2,115.89	-19.90%	
COUP	Coupa Software	\$0.21	\$0.08	\$125.90	\$118.82	32.50%	FY21 Above Street
HQY	HealthEquity	\$0.44	\$0.28	\$176.00	\$171.11	102.00%	FY21 EPS Above, Revenues Below
LULU	lululemon athletica	\$0.74	\$0.56	\$902.90	\$847.38	2.20%	No Guidance
PHR	Phreesia	-\$0.17	-\$0.18	\$35.00	\$31.23	13.60%	
WORK	Slack	\$0.00	-\$0.03	\$215.90	\$209.22	49.00%	Mixed Outlook Q3/ FY21 Strong

OptionsHawk Market Blitz

Ticker	Company	EPS Actual	EPS Forecast	Rev Actual	Rev Forecast	YY Growth
AEO	American Eagle		-\$0.18		\$822.73	
GIII	G-III Apparel	-\$0.31	-\$0.64	\$297.20	\$327.68	-53.80%
HDS	HD Supply Holdings	\$0.83	\$0.72	\$1,550.00	\$1,549.53	-4.40%
LOVE	Lovesac	-\$0.08	-\$0.49	\$61.90	\$52.35	28.70%
NAV	Navistar	-\$0.37	-\$0.18	\$1,680.00	\$1,843.98	-44.60%
REVG	REV Group	\$0.10	\$0.01	\$582.20	\$551.74	-5.60%
SCWX	SecureWorks	\$0.10	\$0.02	\$138.50	\$136.11	1.40%

COUP – Beats EPS and Revenues, Raises FY21 Above Street - Our strong financial results for the second quarter underscore the importance our customers place on business resilience and the value that Coupa is delivering to their organizations, especially amid the everchanging macroeconomic environment. We were proud to deliver record revenues and adjusted free cash flows during the quarter. We also reached a new financial milestone, generating \$100 million in adjusted free cash flows over the trailing twelve months, while continuing to assertively invest in our long-term success.

LULU – Beats EPS and Revenues - Direct to consumer net revenue was \$554.3 million, an increase of 155% compared to the second quarter of fiscal 2019. On constant dollar basis, direct to consumer net revenue increased 157%. Direct to consumer net revenue represented 61.4% of total net revenue compared to 24.6% for the second quarter of fiscal 2019. Operating margin was 13.8%, a decrease of 520 basis points compared to the second quarter of fiscal 2019. Adjusted operating margin was 15.0%, a decrease of 400 basis points. We're pleased with our overall business results for the second quarter, as lululemon increasingly lives into its Omni potential. As trends around the world are shifting to working and sweating from home with an increased focus on health and wellness, we believe 2020 is likely an inflection point for retail and for lululemon.

WORK – Beats EPS and Revenues, Q3 Mixed Outlook, FY21 Strong Outlook - Paid Customer growth — which is the single most important driver of the business over the long term — accelerated in Q2, up 30% year-over-year. One of the drivers of this acceleration was Slack Connect, which offers seamless, secure intercompany collaboration that we believe is light years ahead of email. We ended the quarter with more than 380,000 connected endpoints, up more than 200% year-over-year, and now more than 52,000 Paid Customers use Connect, up 160% year-over-year. Our largest customers are standardizing their work on Slack, and we ended the quarter with 87 Paid Customers spending over \$1 million annually, up 78% year-over-year.

What They're Saying

Universal Display (OLED) at Citi Conference on demand drivers... “Well, today, the market for OLED for smartphones is approximately 450 million units out of a TAM of -- was 1.4 billion units. So it's about 1/3 of the smartphone market. And it's expected to grow over the next 3 or to 4 years to almost half of the smartphone market. And I think one of the drivers for that obviously is 5G in that 5G technology is a very power-hungry technology. And the OEMs are looking for ways of extending the battery or keeping the battery at least to where it is while using technology that is a very power-hungry technology. OLED displays the reason that they are where they are today, aside from the picture quality, which has always been rated the best picture of any display, is the fact that it's very power-efficient. Using Universal Displays, phosphorescent emissive materials for red and green for mobile devices really extends the battery life. I think that the TAM for TVs is about 240 million units. And OLEDs today are still 1.5% to 2%. Last year, there was 3.3 million OLED TVs sold. Estimates for this year are 4 million to 4.5 million. But for us, approximately 10 million OLED TVs, when you look at panel demand square meters of glass, that's equal to about 700 million smartphones. So for Universal Display, TV growth really drives as part of growth and will drive our growth in the future.”

Open Interest Checks

Ticker	Contract	OI Checks		
		Prior OI	New OI	OI Change
BABA	October \$280 Calls	4,118	17,074	314.62%
NVS	October \$95 Calls	2,759	7,895	186.15%
UN	October \$60 Calls	2,678	6,179	130.73%
SPOT	October \$270 Calls	511	1,141	123.29%
PTON	October \$90 Calls	2,858	6,323	121.24%
XLNX	January 2022 \$105 Calls	571	1,168	104.55%
AGO	January \$23 Puts	2,152	4,304	100.00%
MRO	January \$5 Calls	8,745	17,370	98.63%
DIS	November \$140 Calls	1,939	3,845	98.30%
LVS	January \$50 Calls	9,845	16,632	68.94%
FISV	March \$100 Calls	19,357	32,013	65.38%
PINS	October \$34 Calls	5,788	8,396	45.06%
DIS	June 2021 \$135 Calls	1,715	1,976	15.22%
WMT	November \$150 Calls	3,026	3,144	3.90%
GM	March \$32 Calls	2,621	2,084	-20.49%
DOMO	November \$36 Calls	5,432	4,252	-21.72%
MRNA	November \$90 Calls	3,575	2,527	-29.31%
BA	November \$180 Calls	6,404	3,358	-47.56%

Extras

Fed-Ex (FDX) 2500 September \$215 calls opening late \$15.75 as the weekly \$200 calls adjust

Pinterest (PINS) with 2700 September 2021 \$28 puts being sold to open \$5.70 to \$5.45

NXP Semi (NXPI) opening sale 2000 October \$110 puts for \$3.10 into weakness, similar to the ADI trade

Tencent Music (TME) late day buys 3000 October \$16 calls for \$0.90

Salesforce (CRM) afternoon buys of 300 December \$250 calls and 700 December \$270 calls to open

Workday (WDAY) afternoon buyer 900 December \$210 calls \$22.59 for around \$2M

Delta (DAL) afternoon opening sales of 2750 June 2021 \$30 puts down to \$5.75

Home Depot (HD) spreads sold October \$240 puts to buy the \$275/\$295 call spreads for around 4500X adjusting out of September bull covered risk reversal spreads

Disclosures

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

OptionsHawk Market Blitz

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors.