



WEEKLY RADAR REPORT 6-27-2022



Technical Market View

The SPX closed higher by 6% on the week and about half of that move came on Friday to close the week with a sharp rally into 3900. With prices closing back above that level, it's back to a tricky spot as quarter end nears but using the 8/21 EMA as a road map for short term bias will be key. MACD is crossing to the bullish side so the market might be willing to follow through higher into quarter end. Staying above 3900 can potentially see 3970-4000 if the markets want higher but with 4 days left in the quarter there might be a lot of whipsaws back and forth action as well. The next overhead level is near 4000 where the open gap exists from two weeks ago. If the market traded up into that it would likely be met with stiff resistance near the 55 EMA and start to become short term overbought. The 4110 level from the February lows continues to be a more longer-term line in sand for trend.



Market Sentiment/Breadth

AAll sentiment for the week ending 6/22 showed bullish responses drop to 18.2% from 19.4% prior while bearish responses rose to 59.3% from 58.3%. Neutral sentiment steady to 22.5% from 22.2%. Optimism is at among the lowest levels recorded in the survey. At the same time, pessimism rose to one of the highest levels ever recorded. NAAIM Exposure fell sharply to 19.86 and is in extreme bearish sentiment. Lipper fund flows for the week ending 6/22 had \$5.4B of outflows of equities. Friday's close saw NYSE new highs at 10 while new lows of 68, bearish breadth but improving. The percentage of SPX stocks above their 50-MA is 22.4% while those above their 200-MA was 24%. NYSI and NASI Summation index both below the 8-MA but starting to curl up. NYMO rose to 0 to end the week in flat and neutral. Cumulative AD remaining in a downtrend below the 40 EMA short term and 89 EMA long term. CBOE Equity P/C 50-day MA at 0.67 and at very high levels. CNN Fear and Greed in Extreme Fear zone at 28 from 14 last week.

Seasonality Outlook

Per the Trader's Almanac,

- Last day of Q2 has been more bullish recently, Dow up 8 of the last 10 years and Nasdaq up 21 of the last 29 years.
- First day of July has strong bull bias, S&P up 28 of the last 32 years, average gain +0.5%.
- July is the best month of the 3rd quarter, and ranks 4th best month for S&P.
- July strength is more evident in the first half of the month, as the 2nd half of year brings inflows.

Below shows the daily odds the market has been up each day since the year 2000. The last week of June has shown a little weakness early but then strength to end the quarter and most notably in the Nasdaq with each day showing a bullish bias. The first day of July is one of the stronger days of the month as new inflows start the 2nd half of the year. This is also the day before the 4th of July holiday weekend and tends to see positive drift. The week after the 4th starts off with weakness but ends stronger historically.

	Seasonality Percentages					% up since year 2000
	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Avg
	6/27/2022	6/28/2022	6/29/2022	6/30/2022	7/1/2022	
Dow	38.1	52.4	52.4	52.4	76.2	54.3
S&P	42.9	47.6	57.1	52.4	85.7	57.1
Nasdaq	52.4	66.7	61.9	61.9	76.2	63.8
Average	44.5	55.6	57.1	55.6	79.4	58.4
	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Avg
	7/4/2022	7/5/2022	7/6/2022	7/7/2022	7/8/2022	
Dow	4th of July	33.3	57.1	57.1	61.9	52.4
S&P	Market Closed	38.1	66.7	57.1	57.1	54.8
Nasdaq		38.1	61.9	61.9	57.1	54.8
Average		36.5	61.9	58.7	58.7	54.0

Market Event Outlook

Monday: G7 Meetings, Durable Goods, Pending Home Sales; **International Data:** German Retail Sales, China Industrial Profits; **Earnings After the Close:** NKE, TCOM, JEF; **Analyst Days:** NTAP, STNE, TNL, HQY, GTLS, EFX; **Conferences:** H.C. Wainwright Mental Healthcare Conference (6/27) ACHV, APTX, ATAI, ENVB, MSET CN, CYBN CN, AWKN CN, BETRF, DELC CN, KTTA, RVPH, NUMI CN.

Tuesday: Consumer Confidence, Richmond Manufacturing; **International Data:** ECB President Lagarde Speaks, German Consumer Climate; **Earnings After the Close:** PRGS; **Analyst Days:** LC, FOXA, AKTR, GXO, J, XPO, BRY, POR, PUMP; **Conferences:** PDAC Conference (6/28) AG, EDG CN, HM CN, IAU CN, NGE CN, NOM CN, PRB CN, TMC.

Wednesday: Fed Member Mester Speaks, Final GDP, Fed Chair Powell Speaks, Crude Oil Inventories, Fed Member Bullard Speaks **International Data:** Japan Retail Sales, Australia Retail Sales, German CPI, ECB President Lagarde Speaks,

BOE Governor Bailey speaks; **Earnings Before the Open:** PAYX, GIS, BBBY, MKC, MSM, SCHN, SJR, UNF; **Earnings After the Close:** SGH, DCT, MLKN, FIZZ; **Analyst Days:** ARRY, J, SO; **Conferences:** Stifel Virtual Cell Therapy Conference (6/29-6/30) ALLO, GRCL, INAB, VOR.

Thursday: Core PCE Price Index, Jobless Claims, Chicago PMI; **International Data:** Japan Industrial Production, China Manufacturing PMI, Non-Manufacturing PMI, Australia Private Sector Credit, UK GDP, Eurozone Unemployment Rate, France CPI/PPI, Germany Employment, Italy Unemployment Rate and PPI; **Earnings Before the Open:** WBA, STZ, AYI, LNN, SMPL; **Earnings After the Close:** MU; **Analyst Days:** HPQ, FRPT, TDW; **Conferences:** Stifel Virtual Cell Therapy Conference (6/30) ALLO.

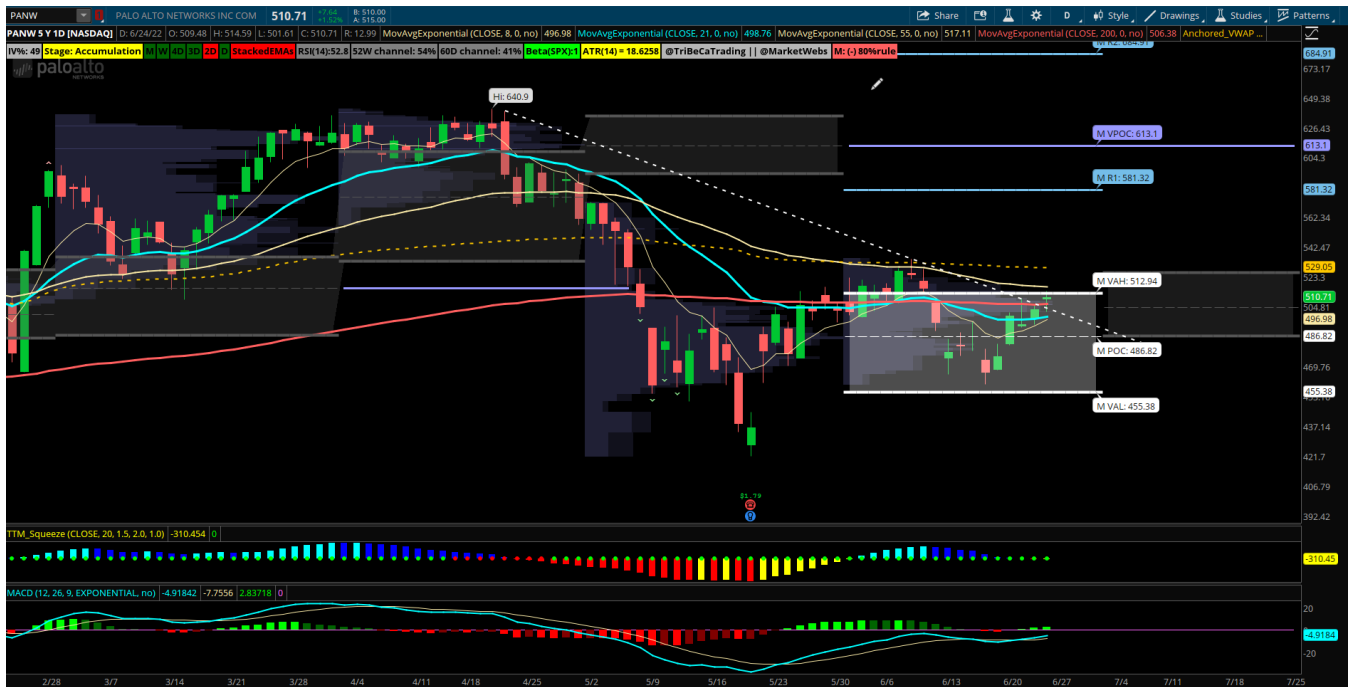
Friday: ISM Manufacturing, Construction Spending; **International Data:** Japan CPI, Employment Data, Auto Sales, Manufacturing PMI, Eurozone PMI and CPI, Germany PMI, France PMI, Italy PMI and CPI, UK PMI

Weekly Open Interest Radar

Palo Alto Networks (PANW) shares have shown relative strength in June after reporting strong results on earnings in late May and held the bottom edge of monthly value into June OPEX as the market made new lows. PANW is back above its 21 and 200 EMA's with a MACD bull cross this past week pointing to a breakout above its downtrend line from the highs. Potential for the stock to clear value at 513 and move back up to the 550 level where it slipped from a few months ago. Options still in open interest reflect bullish positioning with several opening put sales in the past month in the longer-term January 2023 \$480 puts sold at \$72.50 for over \$5.7M and a large call buyer on 5/9 for 1,000 January 2024 \$410 ITM calls at \$133.50 for nearly \$14M and still in OI.

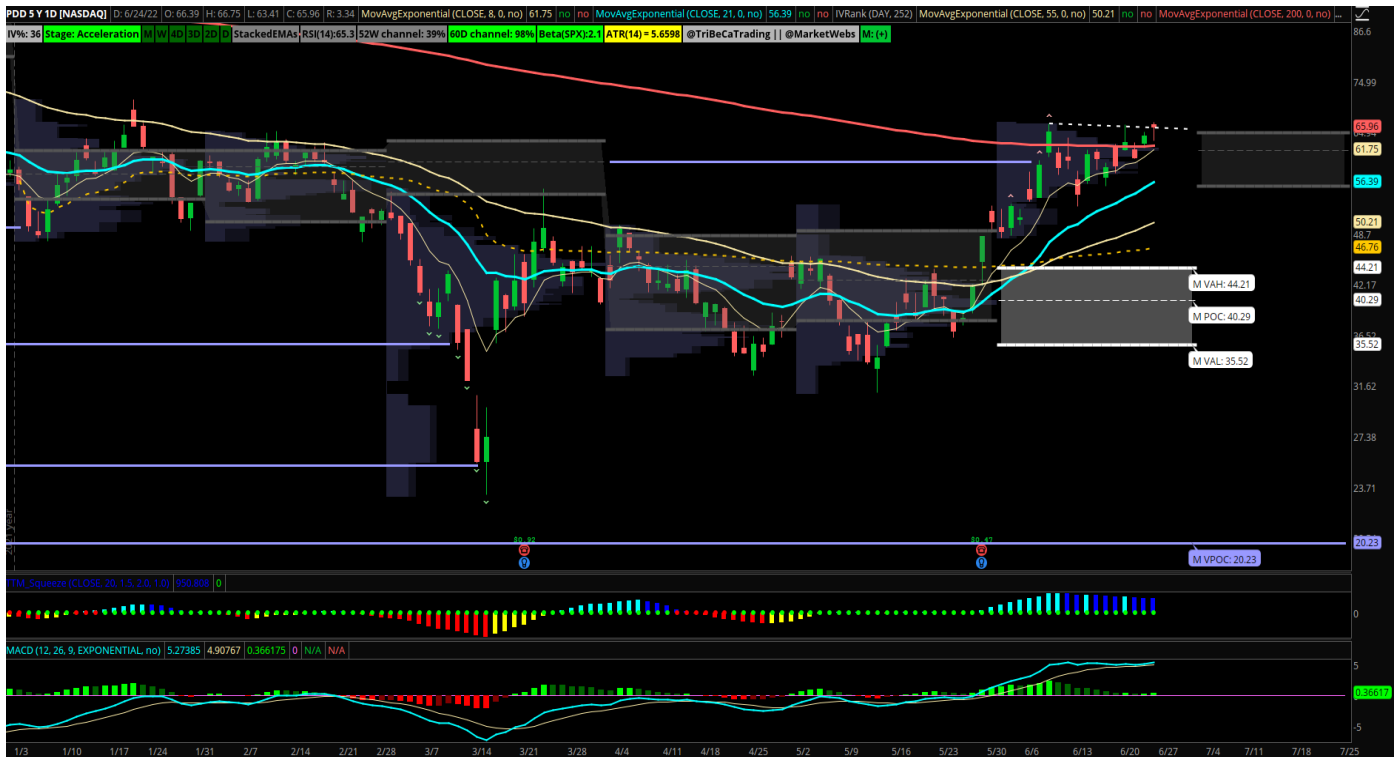
Trade to Consider: Long the PANW July \$530/\$550 call spread at \$6.00 or better.

Date ▾	Ticker	Contract	Volume	OI	Price	Delta	IV	Premium
05-18-2022	PANW	PANW 100 20 JAN 23 250 PUT	10,994	331	\$9.55	-0.08	59.05%	\$10,664,180
05-12-2022	PANW	PANW 100 19 JAN 24 440 PUT	280	55	\$76.2	-0.32	42.54%	\$2,133,600
05-11-2022	PANW	PANW 100 20 JAN 23 480 PUT	750	172	\$72.5	-0.43	46.77%	\$5,767,500
05-09-2022	PANW	PANW 100 19 JAN 24 410 CALL	1,000	7	\$133.5	0.70	47.59%	\$13,930,000
03-02-2022	PANW	PANW 100 19 JAN 24 560 PUT	300	83	\$97	-0.38	34.72%	\$3,060,000
02-22-2022	PANW	PANW 100 20 JAN 23 400 PUT	5,028	4,850	\$34.1	-0.26	39.22%	\$17,145,480
02-14-2022	PANW	PANW 100 19 JAN 24 520 PUT	1,300	44	\$88.8	-0.41	32.18%	\$12,038,000
12-02-2021	PANW	PANW 100 19 JAN 24 500 PUT	1,700	56	\$74.28	-0.35	31.04%	\$13,515,000
11-30-2021	PANW	PANW 100 19 JAN 24 430 PUT	1,000	0	\$40.5	-0.22	31.49%	\$4,050,000
10-21-2021	PANW	PANW 100 19 JAN 24 400 PUT	3,725	5,403	\$38.45	-0.23	29.92%	\$15,198,000



Weekly Options Technical Trade Set-Up

Ticker	PDD
Trigger Level	66.75
Call/Put	Calls
Strike	67
Target	74
Stop	62

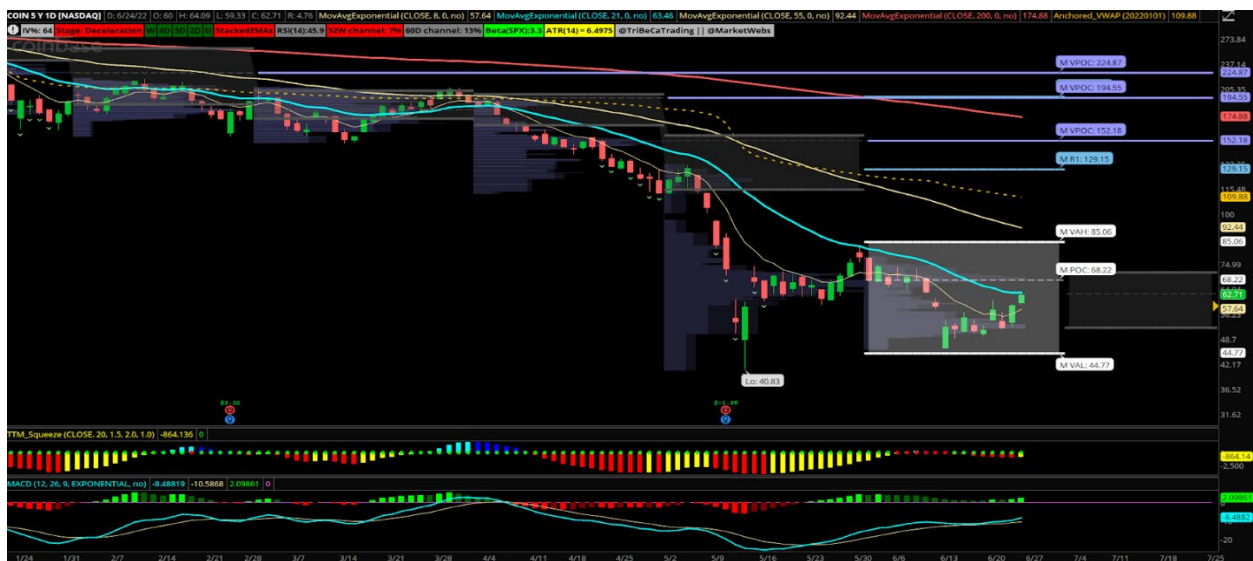


Credit Spread of the Week

Credit Spread of the Week: Struggling Fintech Name Back at Resistance

Coinbase (COIN) is a \$13.9B financial tech company that provides end-to-end financial infrastructure and technology for the crypto economy. The stock has recovered off its mid-June low near 45 and is back at the down trending 21 EMA at 63 which lines up close to monthly VPOC resistance also at 68. A potential failure zone as Crypto markets overall have shown a lackluster rebound off the lows and Bitcoin still showing signs it may continue lower before a real bottom is in. COIN has a large recent range and value area for the month is wide so there is also a good chance it goes sideways inside of value which would benefit any premium selling strategies. Selling a bear call spread into resistance looking for the stock to stay under 70 on rally attempts. Options flows have stayed very bearish with Friday seeing large buyers in September \$60 puts for \$4.2M and Sept \$70 puts bought up to \$19.10.

Trade to consider: Sell **COIN** August 70/80 bear call spread at \$3.30 credit or better. Targeting 50% profit of the credit.



Insider Trade of the Week

Vistra Corp (VST) - with several insider buys this month from three different insiders. On 6/17, a director bought 10k shares at \$22.40 for about \$224k. The CFO bought 18k shares at \$22.01, 32k shares at \$23.30 for a combined total of over \$1.1M in purchases. Also, another director bought 8,050 shares at \$22.50. These were the largest open market buys of the company stock since May 2021. The stock has seen bull flows mostly since the end of April and recently on 6/17 saw a large July \$24 call buyer for 25,000 contracts at \$0.31, over \$877k in premium bought. Also has January \$15, \$22, and \$27 calls still in open interest. The stock has corrected back to the 200-day EMA with the selloff in Energy stocks and is still in a longer-term uptrend as the 8/21/55 weekly EMA's point higher. A move back to the 52-week highs would be nearly a 25% rally from current levels. On the downside, larger support sits at 20 which is the top of yearly value. The \$10B company trades at 10.8x earnings, 1.3x sales, and a FCF yield at 23%. The stock also has a 2.7% dividend yield. VST is a public utility servicing electricity and natural gas to residential, commercial, and industrial customers across 20 states. The company has been shifting focus towards their zero-carbon generation business, Vistra Zero, which aims to generate 7,300 MW of clean energy by 2026. The company is also expanding their solar footprint and energy storage ambitions through new projects like Moss Landing in California. Average analyst target is at \$26.50 with a Street high at \$31. Morgan Stanley recently boosting its target to \$31 in late May and maintaining an Overweight rating. BAML with a \$28 PT and Buy rating for shares citing improvement in retail margins and an increase in wholesale power prices. Short interest is 2.9%. Hedge fund ownership rose 7.5% last quarter.

Earnings Preview

Paychex (PAYX) reporting earnings on 6/29 before the open and the Street looking for \$0.80/\$1.109B in sales. Shares have closed higher 4 straight quarters but are split the last 8 reports with a median closing move of -0.52% and average max move of 4.76%. Current implied move is 7.1%. The average IV crush for earnings is about -14.2%. Historical put/call OI percentile sits at 87.8%. Short interest at 3%. PAYX shares have held up near the 200-day EMA recently after getting as low as 110 which retested the January lows but did not break them. The stock has resistance overhead at 125 with the YTD VWAP but on a break below 115 could likely take out those 110 lows and see the 104 level which is an untested VPOC. The \$44.2B company trades 32.7X earnings, 9.5Xsales, and has a FCF yield of 3.2% with a 2.2% dividend yield. PAYX is a provider of integrated human capital management (HCM) solutions for payroll, human resource (HR), retirement and insurance services for small- to medium-sized businesses. Analysts have an average target for shares of \$129 with a Street High \$145. Last week Cowen lowered their price target to \$140 from \$151 and cited a modestly positive view into the print seeing expectations as well-supported and thinks a beat and affirmation of its initial 2023 outlook is apt to be enough. Jefferies also lowered their price target recently to \$130 and stating stiffening economic headwinds and the looming risk of recession, considering factors that include end market exposure, cash flow support, exposure to Europe, and historical gross/net retention. Several recent datapoints suggest consumer behavior is changing quickly and that demand may also be softening, while commentary from big box retailers raised concerns on a mix shift and a slowdown in consumers' e-commerce spending. Options flows have been quite bearish with most of the longer-term positions in puts. A recent buyer on 5/5 for nearly \$1M in September \$120 puts bought for \$7.60. Short interest is 2.8% and hedge fund ownership fell 7.5%.

Date	Ticker	Contract	Volume	OI	Price	Delta	IV	Premium
05-05-2022	PAYX	PAYX 100 16 SEP 22 120 PUT	1,201	587	\$7.6	-0.39	32.36%	\$924,770
02-18-2022	PAYX	PAYX 100 19 JAN 24 65 PUT	2,504	4	\$2.8	-0.08	33.52%	\$801,280
10-21-2021	PAYX	PAYX 100 20 JAN 23 120 PUT	501	3	\$12.3	-0.45	22.39%	\$616,230
10-14-2021	PAYX	PAYX 100 20 JAN 23 95 PUT	500	293	\$5.3	-0.21	27.77%	\$265,000
04-22-2022	PAYX	PAYX 100 16 SEP 22 120 PUT	551	178	\$4.4	-0.29	28.54%	\$242,440
10-21-2021	PAYX	PAYX 100 20 JAN 23 90 PUT	500	11	\$4	-0.15	29.75%	\$200,000

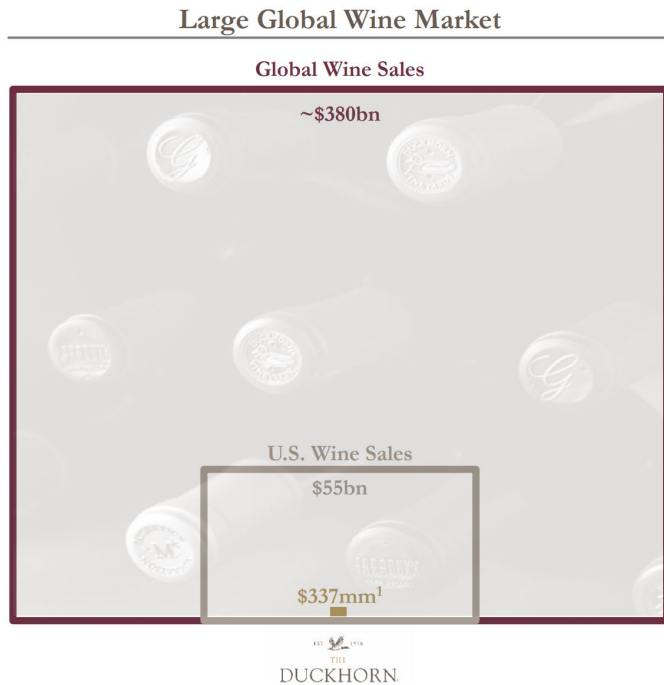
Weekly Small Cap Write-Up

The Duckhorn Portfolio (NAPA) a small cap that screened well into 2022 and shares have held up well down 8% YTD and gaining 20% the last three months. NAPA shares put in a strong candle last week and are breaking out of its high volume value zone with the \$24 level next major resistance.

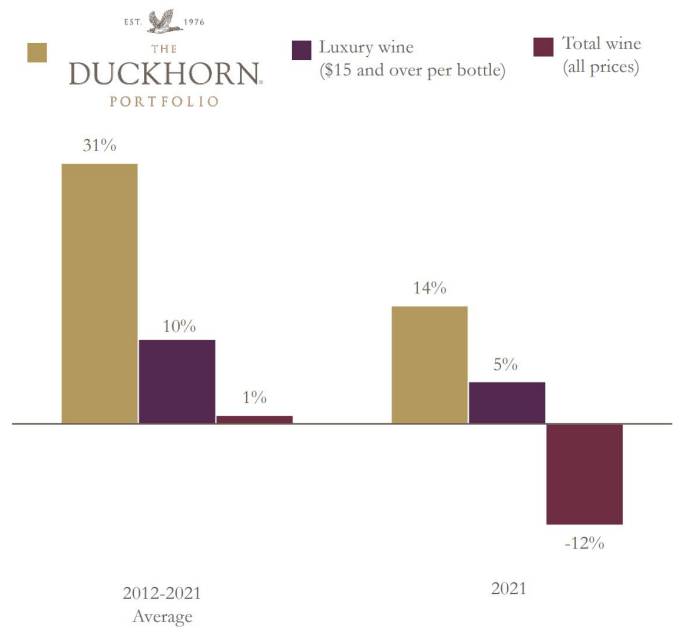
Duckhorn is a premier scaled producer of luxury wines in North America with a comprehensive portfolio of highly acclaimed luxury wines across multiple winery brands, varietals, appellations and price points. The portfolio is focused exclusively on the desirable luxury segment, which it defines as wines sold for \$15 or higher per 750ml bottle. NAPA sells wines in all 50 states and over 50 countries at SRPs ranging from \$20 to \$200 per bottle under a world-class luxury portfolio of brands, including Duckhorn Vineyards, Decoy, Kosta Browne, Goldeneye, Paraduxx, Calera, Migration, Canvasback, Greenwing and Postmark.

NAPA does sell through the wholesale channel to distributors but also has a powerful omni-channel sales model that leverages its multi-winery e-commerce website, and features award-winning subscription wine clubs and tasting rooms. The DTC channel made up 34.7% of our net sales in 2021 which delivers stronger margins. According to data from Statista capturing on-premise and off-premise sales, the total sales value of wine in the United States was more than

\$53B in 2019. The luxury wine segment, which comprised between 10% and 15% of the total U.S. wine market in 2020, expanded at more than double the pace of the broader wine industry from 2012 to 2020 with premiumization a key theme across alcoholic beverages.



Year-Over-Year 52-Week Dollar Sales Sell-Through Growth 2012-2021



NAPA has a market cap of \$2.5B and trades 29.8X Earnings, 18X FY23 EBITDA, 58X FCF and 6.9X Sales with revenues rising 24.4% in 2021 and seen growing 8-10% annually through 2024. NAPA operates with impressive 15% FCF margins and 33.5% EBITDA margins. NAPA's 3-year volume CAGR was 19.9% as of its latest report and is seeing healthy consumer demand and strong brand strength. When looking at IRI consumption data as a proxy for certain types of off-premise sales, the Duckhorn portfolio remains the fastest-growing supplier of scale in the over \$15 per bottle U.S. luxury wine segment having posted mid-teens growth in both dollars and units. NAPA is seeing accelerating growth on all 3 key metrics: cases, accounts sold and points of distribution. Its high-margin DTC channel growth continues to be somewhat restrained by Costa Brown supply constraints but is seen fully recovering by late FY23.

NAPA is an impressive growth story operating in a more insulated consumer area of luxury wine while having a strong business model and high margin business. Shares do trade at a premium valuation but, in this case, it looks deserved and should continue to be a top performing small cap consumer goods stock. NAPA operates in a very fragmented industry and its breadth/scale offers significant operational advantages. NAPA should continue to gain market share, launch new labels, expand distribution and salesforce and capitalize on its DTC channel.

Luxury Wine Producer Fragmentation



Distributor Consolidation



Duckhorn Sales Force Capabilities



July 1st (W) 2022 OpEx Notable Open Interest

Date	Description	Volume	Current	Current Price	Price Change	Current Value
6/23/2022	EXPE 100 (Weeklys) 1 JUL 22 97.5 CALL	5,811	6,729	\$6.05	126.59%	\$4,071,045
6/22/2022	META 100 (Weeklys) 1 JUL 22 160 CALL	2,041	3,399	\$11.40	96.55%	\$3,874,860
6/21/2022	SHOP 100 (Weeklys) 1 JUL 22 370 CALL	1,093	1,187	\$27.99	177.13%	\$3,322,413
5/31/2022	BX 100 (Weeklys) 1 JUL 22 115 PUT	619	1,091	\$23.79	382.56%	\$2,595,489
6/1/2022	HAL 100 (Weeklys) 1 JUL 22 40 PUT	2,775	2,874	\$9.00	504.03%	\$2,586,600
6/23/2022	SHOP 100 (Weeklys) 1 JUL 22 350 CALL	1,254	612	\$41.95	60.11%	\$2,567,340
6/1/2022	MSFT 100 (Weeklys) 1 JUL 22 280 PUT	1,506	1,604	\$13.85	-5.73%	\$2,221,540
6/9/2022	FCX 100 (Weeklys) 1 JUL 22 40 PUT	4,466	2,237	\$9.55	485.89%	\$2,136,335
6/23/2022	SHOP 100 (Weeklys) 1 JUL 22 375 CALL	1,044	649	\$25.50	78.57%	\$1,654,950
6/21/2022	U 100 (Weeklys) 1 JUL 22 40 CALL	2,127	2,307	\$7.17	265.82%	\$1,654,119
6/22/2022	AMD 100 (Weeklys) 1 JUL 22 85 CALL	3,409	4,147	\$3.75	10.29%	\$1,555,125
6/7/2022	MOS 100 (Weeklys) 1 JUL 22 50 PUT	5,601	3,707	\$3.90	225.00%	\$1,445,730
6/8/2022	PDD 100 (Weeklys) 1 JUL 22 60 CALL	1,340	1,969	\$7.00	-16.07%	\$1,378,300
6/7/2022	PDD 100 (Weeklys) 1 JUL 22 60 CALL	1,423	1,969	\$7.00	81.35%	\$1,378,300
6/23/2022	NKE 100 (Weeklys) 1 JUL 22 108 CALL	2,338	1,848	\$7.25	62.56%	\$1,339,800
6/17/2022	OXY 100 (Weeklys) 1 JUL 22 45 CALL	1,001	1,006	\$12.71	2.91%	\$1,278,626
6/16/2022	MPC 100 (Weeklys) 1 JUL 22 95 PUT	1,376	1,203	\$10.13	117.85%	\$1,218,639
6/7/2022	UAL 100 (Weeklys) 1 JUL 22 46 PUT	1,213	1,465	\$7.62	178.10%	\$1,116,330
6/6/2022	ZEN 100 (Weeklys) 1 JUL 22 75 PUT	12,000	8,550	\$1.25	40.48%	\$1,068,750
6/22/2022	GS 100 (Weeklys) 1 JUL 22 285 CALL	1,512	570	\$18.48	210.59%	\$1,053,360
6/15/2022	ADSK 100 (Weeklys) 1 JUL 22 175 CALL	650	661	\$15.75	107.24%	\$1,041,075
6/13/2022	MU 100 (Weeklys) 1 JUL 22 60 PUT	2,118	3,062	\$3.05	-26.51%	\$933,910
6/21/2022	MU 100 (Weeklys) 1 JUL 22 60 CALL	4,017	6,182	\$1.50	17.19%	\$927,300
6/9/2022	SE 100 (Weeklys) 1 JUL 22 85 PUT	1,020	1,264	\$6.31	-20.13%	\$797,584
6/23/2022	CHPT 100 (Weeklys) 1 JUL 22 14 PUT	30,055	30,555	\$0.26	50.00%	\$794,430
6/21/2022	BBWI 100 (Weeklys) 1 JUL 22 32 PUT	2,530	2,501	\$3.11	196.19%	\$777,811
5/27/2022	NVAX 100 (Weeklys) 1 JUL 22 65 PUT	373	391	\$19.00	-21.41%	\$742,900
5/18/2022	RCL 100 (Weeklys) 1 JUL 22 50 PUT	1,000	846	\$8.45	424.84%	\$714,870
6/22/2022	PDD 100 (Weeklys) 1 JUL 22 64 CALL	2,018	1,618	\$4.10	39.93%	\$663,380
5/31/2022	MPC 100 (Weeklys) 1 JUL 22 104 PUT	508	454	\$14.57	223.78%	\$661,478
6/15/2022	CBOE 100 (Weeklys) 1 JUL 22 112 CALL	1,417	1,754	\$3.50	124.36%	\$613,900
6/21/2022	MU 100 (Weeklys) 1 JUL 22 57 CALL	1,150	2,043	\$2.90	-7.94%	\$592,470
6/10/2022	LOW 100 (Weeklys) 1 JUL 22 190 PUT	1,118	620	\$9.42	29.04%	\$584,040
6/14/2022	APO 100 (Weeklys) 1 JUL 22 50 CALL	1,200	2,050	\$2.80	19.15%	\$574,000
6/10/2022	SE 100 (Weeklys) 1 JUL 22 83 PUT	1,045	1,009	\$5.27	-33.21%	\$531,743
6/13/2022	DISH 100 (Weeklys) 1 JUL 22 19 PUT	5,365	5,092	\$0.81	-50.91%	\$412,452
6/13/2022	DIS 100 (Weeklys) 1 JUL 22 100 PUT	1,081	1,258	\$3.20	-43.46%	\$402,560
6/23/2022	TGT 100 (Weeklys) 1 JUL 22 143 CALL	1,014	493	\$7.59	26.50%	\$374,187
6/22/2022	TSCO 100 (Weeklys) 1 JUL 22 185 PUT	3,314	3,321	\$1.10	50.23%	\$365,310
6/17/2022	KSS 100 (Weeklys) 1 JUL 22 44 CALL	2,000	2,288	\$1.40	-49.09%	\$320,320
6/7/2022	TSLA 100 (Weeklys) 1 JUL 22 550 PUT	2,142	4,254	\$0.72	89.41%	\$306,288
6/2/2022	NKE 100 (Weeklys) 1 JUL 22 100 PUT	3,569	4,288	\$0.65	35.00%	\$278,720

Disclaimer:

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.

Content is for informational and educational purposes only, and is not to be construed as specific investment advice or recommendations. 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 qualified professional 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, OptionsHawk has not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information does not consider 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

Please see full legal disclaimer and terms of the subscription agreement for further details:

Note: Any attempt to copy or forward contents of this email is a violation of your subscriber agreement and can result in termination without refund. Please note your subscriber agreement makes you legally liable for any copyright infringement.