

OptionsHawk

Technical Market View

The **S&P 500 (SPX)** with a strong, albeit quiet, week with a green close every session and back above the 8- and 21-EMA late in the week. **Volatility (VIX)** continued to fade with a close below 28 for the first time since 6/10 when Jerome Powell's comments and a spike in hospitalizations sparked a 48% jump. On Friday, we traded up to 3,145 which has been resistance multiple times since mid-June and failed to gain much momentum closing on the lows. And, after four green closes in a row, a small pullback early in the week to back-check the 8-EMA around 3,085 would be constructive to test the strength of the rebound. This would also align with the recent bull wedge breakout which measures up to 3,400. Momentum is also starting to shift back to the bulls on a more intermediate-term timeframe with MACD curling around and near a bullish cross after resetting near zero. The 21-EMA is flat but a bit of a move higher would start to see it curl back up while the 55-day remains positively sloped. The June highs near 3,200 a key spot for a sustained run. Below the 8-EMA would target the 200-MA at 3,020.



Market Sentiment/Breadth

The latest AAll sentiment for the week ending 7/1 showed a 5.5% jump in neutral sentiment as bearish responses fell 3% and bullish fell 2%. Bearish sentiment remains elevated at 45.9% vs the historical average of 30.5%. NAAIM Exposure fell to 71.47%, down slightly from the prior week but remaining fairly highly elevated. Lipper Fund flows had another \$10B in outflows, the third straight week. There has now been over \$138B in outflows for the year. As of Friday's close there were 353 new highs vs just 31 new lows, very extreme breadth. The percentage of stocks above their 50-MA rose to 72.9% while those above their 200-MA was 38.6%. NYSE Summation continued to fade back to 737.62 and remains below its 8-EMA. However, it has started to flatten out and potential for a bullish cross again in the coming week. NYMO continued to bounce from last Friday's low near -70 and now back around -8.5 and a more neutral reading. CBOE Equity P/C 50-MA remain complacent around 0.55. Cumulative A/D rose this week and remains supportive of the rally. CNN Fear and Greed closed at 50, Neutral.

Market Event Outlook

Monday: Composite PMI at 9:45am, Services PMI at 9:45am, ISM Non-Manufacturing PMI at 10:00am; **International Data:** German Factory Orders, UK Retail Sales

Tuesday: JOLTs at 10:00am, API Inventories at 4:30pm; **International Data:** German Industrial Production, UK Labor Report; **Earnings Before the Open:** PAYX; **Earnings After the Close:** LEVI, SGH

Wednesday: Weekly Mortgage Applications at 7:00am, EIA Inventories at 10:30am; **International Data:** EU Economic Forecasts, BOE Hearings, Japan PMI, China CPI; **Earnings Before the Open:** SMPL; **Earnings After the Close:** BBY

Thursday: Weekly Claims at 8:30am; **International Data:** German Import/Exports, Japan Machine Tool Orders; **Earnings Before the Open:** AZZ, HELE, WBA; **Earnings After the Close:** PSMT, WDFC

Friday: Core PPI at 8:30am, WASDE at 12:00pm; **Earnings Before the Open:** GBX

Weekly Open Interest Radar

Dow (DOW) shares consolidating in a narrow three-week range above the 50-MA and clearing its short-term moving averages on Friday which are starting to curl higher. A run back above \$45 targets a high-volume spot from February at \$48 and then up through to \$52 and with MACD starting to curl higher and bullish cross, a lot of room to run. DOW has some bullish notables in the September \$35, \$42.50, \$45 and \$50 calls.

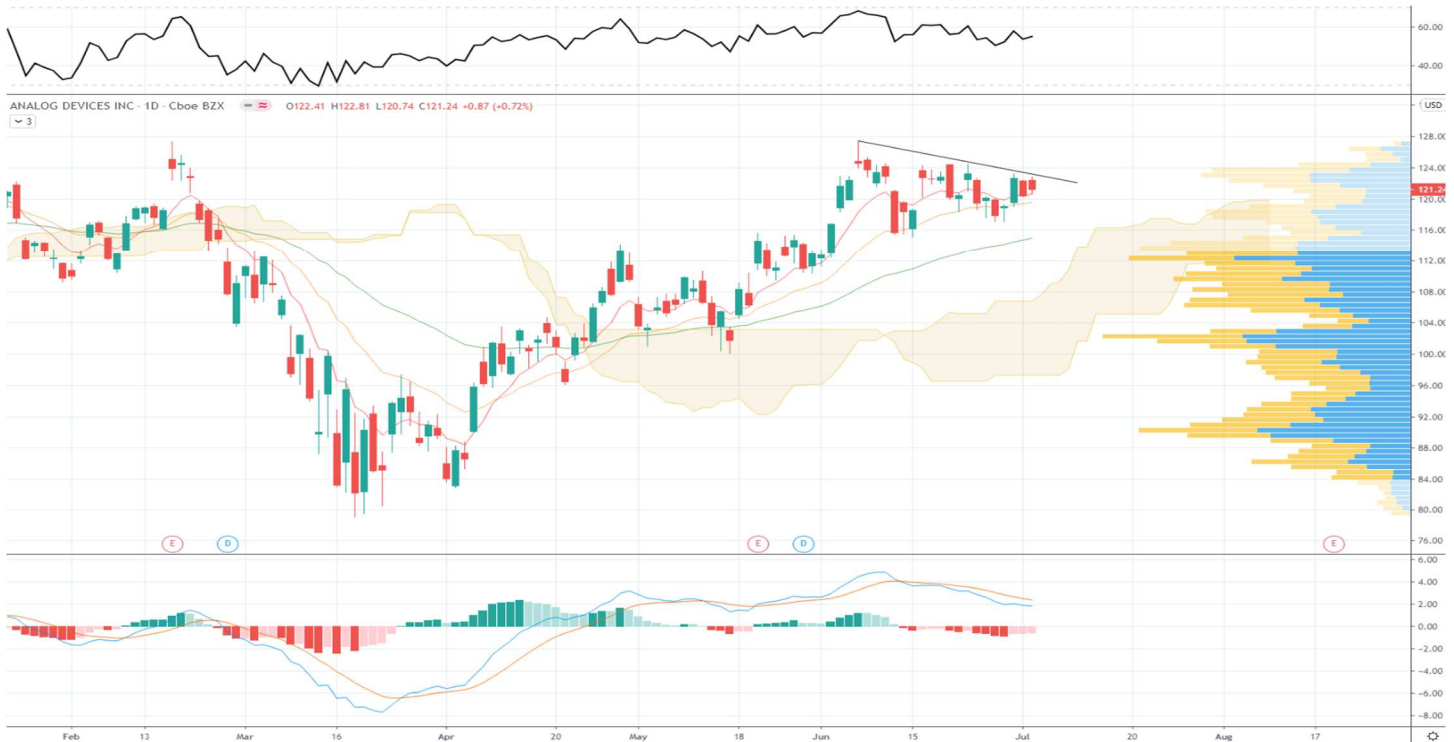
Trade to Consider: Long the **DOW** August \$45 Calls for \$1.50



Date	Description	Volume	Open_Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic
6/24/2020	DOW 100 18 SEP 20 45 CALL	2,257	2,221	\$1.35	0.29	46.05%	22.14%	\$349,835
6/19/2020	DOW 100 17 JUL 20 37.5 PUT	2,011	520	\$0.70	-0.2	53.40%	24.20%	\$160,880
6/18/2020	DOW 100 (Weeklys) 10 JUL 20 45 CALL	2,789	113	\$0.62	0.25	45.06%	21.88%	\$209,175
6/17/2020	DOW 100 18 SEP 20 45 CALL	1,029	2,774	\$2.55	0.4	50.11%	30.44%	\$262,395
6/15/2020	DOW 100 18 SEP 20 35 PUT	4,610	2,198	\$2.10	-0.23	60.38%	34.42%	\$1,014,200
6/10/2020	DOW 100 18 SEP 20 37.5 PUT	1,564	536	\$2.05	-0.26	49.50%	35.24%	\$320,620
6/8/2020	DOW 100 18 SEP 20 50 CALL	5,974	1,602	\$1.90	0.33	41.30%	25.54%	\$1,223,440
6/4/2020	DOW 100 15 JAN 21 35 PUT	1,775	2,029	\$3.23	-0.26	48.73%	41.22%	\$573,325
6/3/2020	DOW 100 17 JUL 20 40 PUT	7,730	213	\$1.76	-0.38	41.42%	43.51%	\$1,391,400
6/3/2020	DOW 100 17 JUL 20 35 PUT	7,774	407	\$0.58	-0.15	49.92%	19.20%	\$505,310
6/2/2020	DOW 100 18 SEP 20 45 CALL	4,480	779	\$2.05	0.35	44.22%	26.66%	\$918,400
6/2/2020	DOW 100 18 SEP 20 42.5 CALL	1,095	724	\$2.86	0.44	45.05%	35.04%	\$323,025
5/28/2020	DOW 100 21 JAN 22 37.5 PUT	1,500	127	\$8.80	-0.4	41.01%	65.56%	\$1,410,000
5/20/2020	DOW 100 17 JUL 20 40 CALL	3,051	367	\$0.90	0.27	41.74%	21.55%	\$289,845

Weekly Options Technical Trade Set-Up

Ticker	ADI
Trigger Level	\$123
Call/Put	Calls
Strike	\$123
Target	\$127
Stop	\$121



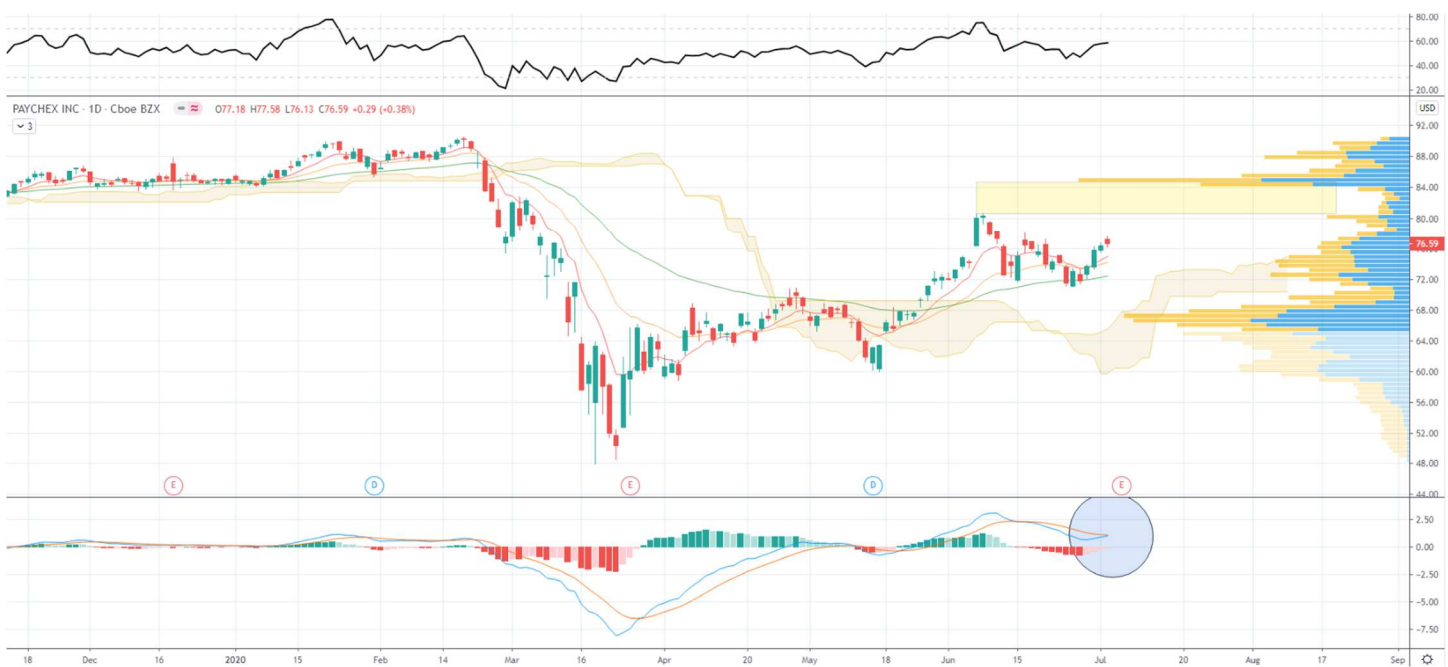
Insider Trade of the Week

IHS Markit (INFO) with a notable insider buy from director Robert Kelly of 7,000 shares across 6/26 and 7/1 from \$72.29 to \$75.88, a more than \$500,000 investment. Kelly's buys follow a \$1.2M buy from director Bill Ford in March around \$58.50. INFO has traded basically flat for the year, up over 16.5% in the last twelve months. Shares are around 7% below their 52-week high. The \$30B company trades 24X earnings, 6.9X sales, and 49.7X FCF with a small yield. INFO expects low-double digit growth and sales growth around 5-6% through FY22. INFO has built themselves into a global leader in information, analytics and services with a plethora of IP in areas like financial services, transportation, resources, and CMS. They continue to see growth through new products, growth in demand due to rising compliance and regulatory costs, and strong pricing power which should help margins. Their depth of data gives them a long-term advantage as they start to apply more advanced analytics to create high-impact products for customers. Analysts have an average target for shares of \$82, Wells and RBC with a Street High \$90. The former noting on 6-24 that INFO is well-positioned to withstand macro headwinds given strong revenue visibility, well-diversified revenue, cost-cutting discipline, transparency, and overall resiliency. The latter positive on IHS Markit's diversified end market exposure, "must-have" services, and cost initiatives that should drive margin expansion of over 100bps along with solid earnings growth. Short interest is 2.3% and down from around 4% recently. Hedge fund ownership rose marginally in Q1. Select Equity, Atlanta Capital, and Kensico all buyers.

Earnings Preview

Paychex (PAYX) will report earnings on Tuesday before the Open with the Street looking for \$0.60 on \$910.91M. The FY is guided to \$3.00 on \$4.04B. PAYX shares have closed lower in three of the last five with an average closing move of 1% and an implied move of 3.3%. The \$27.37B company trades 27.59X earnings and 6.6X sales with a 3.25% yield. PAYX has taken estimates down quite a bit since March and now sees negative growth in FY21. PAYX is an integrated, cloud-based HCM platform with exposure to payrolls, benefits, HR, and insurance for small- and medium-sized businesses. PAYX has been focusing on investment in areas like retirement benefits, flexible and real-time payments, and data analytics/AI. COVID-19 has been a disruptive factor for many of their clients although seeing some improvement off the late April lows. A lot of focus in Q1 will be on the churn rate given the more challenging environment overall while some of the better employment data in June could be a tailwind for better visibility. Analysts have an average target for shares of \$71. Deutsche Bank with a \$75 PT in mid-May noting that while PAYX has seen a "modest bounce back" in late April and into early May volumes are still down in the double-digit teens and should continue to weigh. BMO with a \$70 PT noting in March that the company's HR services business could see increased demand due to the "expected complexity" of the fiscal stimulus plan. BAML has an Underperform for shares and they note that June will likely be an important month to gauge whether the re-opening of the economy is driving sufficient demand for PAYX to avoid a surge in client churn. Short interest is 3%. Hedge fund ownership rose 8% in Q1. Hamlin Capital a buyer of 544K shares while Greenlight Capital also with a new, small position. PAYX had an insider buy stock on 3/27 at \$60.59, a small \$100k buy but the first open market purchase since 2018.

Date	Description	Volume	Open.Intl	Price	Delta	Impl Vol	Prob.ITV	Premium Paic	Symbol
7/2/2020	PAYX 100 21 AUG 20 80 CALL	488	71	\$2.40	0.382	35.26%	33.33%	\$117,120	.PAYX200821C80
6/29/2020	PAYX 100 18 DEC 20 82.5 CALL	1,199	57	\$3.30	0.346	35.73%	26.26%	\$395,670	.PAYX201218C82.5
6/24/2020	PAYX 100 18 SEP 20 85 CALL	1,192	802	\$0.90	0.17	34.65%	13.15%	\$160,920	.PAYX200918C85
6/12/2020	PAYX 100 18 SEP 20 75 CALL	2,124	1,206	\$5.60	0.495	41.61%	41.01%	\$1,189,440	.PAYX200918C75
6/5/2020	PAYX 100 17 JUL 20 85 CALL	1,202	59	\$1.10	0.265	0.2791	23.29%	\$132,220	.PAYX200717C85



Top 40 Micro-Cap Profile of the Week

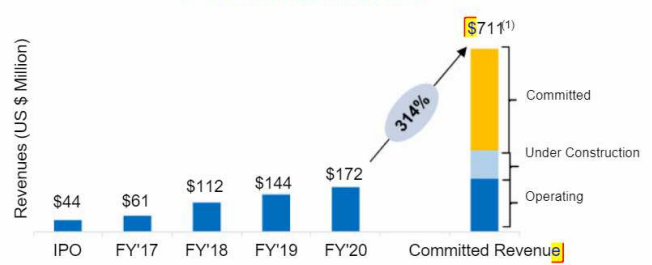
Azure Power Global (AZRE) engages in the development, construction, ownership, operation, maintenance, and management of solar power plants in India. It had a 7 GW+ PAN India portfolio of solar assets and is India's first private grid connected MW solar plant. Its mission is to be the lowest-cost power producer in the world. India's economic growth is intrinsically linked to the increasing consumption of energy and natural resources. Energy demand has outpaced capacity additions in recent years, which has resulted in persistent peak power deficits in the country. Solar is an attractive option to help address this energy gap driven by regional fundamentals and regulatory support by the Indian government. The Indian government increased its 2022 target for solar capacity from 20GW to 100GW.

AZRE is seeing strong momentum in contract wins and capturing economies of scale as its G&A as a % of Revenue continues to fall while Adjusted EBITDA has jumped 313% since its IPO in 2016. It forecasts a 32% CAGR in MWs through FY25 and sees EBITDA climbing 4-5X.

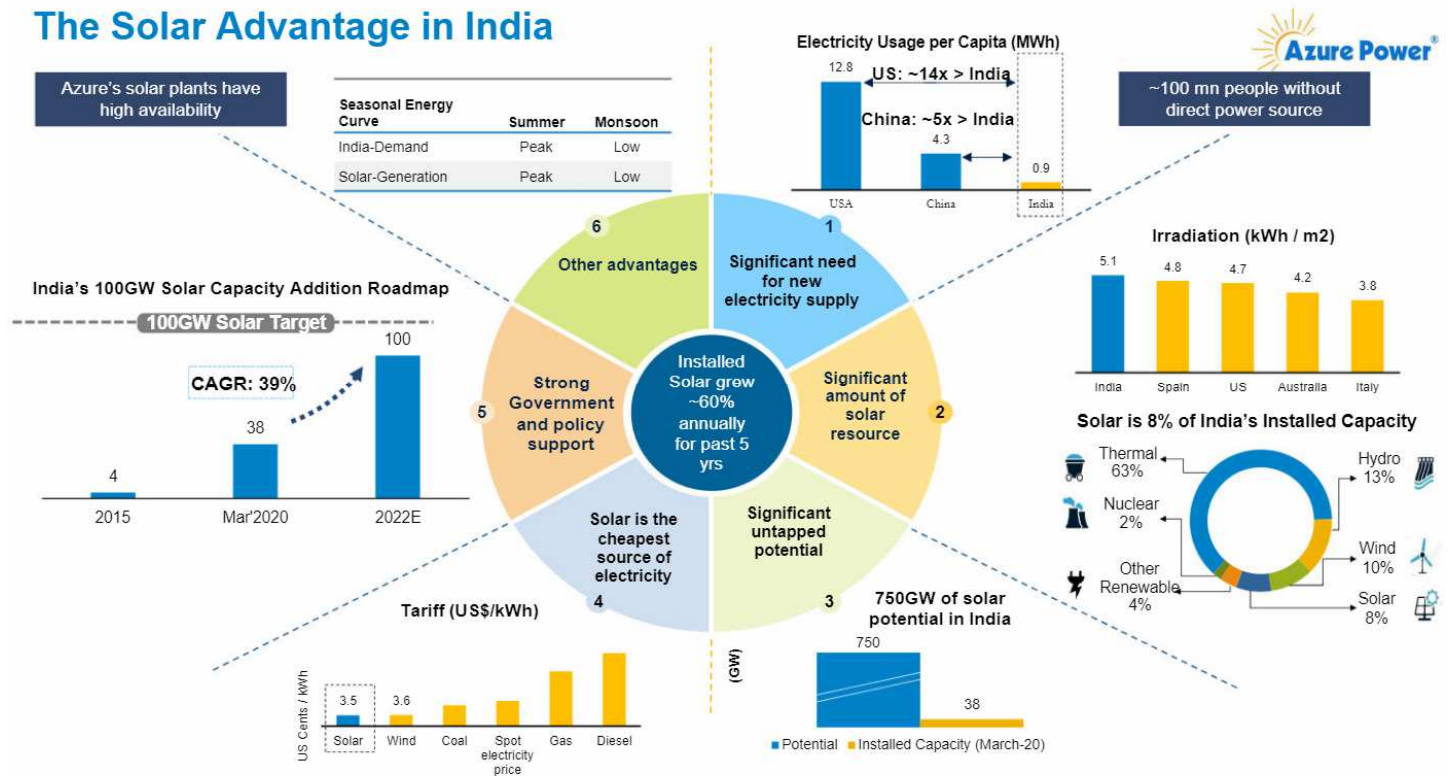
Growing Portfolio with Strong Contracts in Place



Substantial Revenue Growth to Portfolio Run-Rate⁽¹⁾⁽²⁾



The Solar Advantage in India



OpEx Notable Open Interest

Date	Description	Volume	Price	Premium Paid	Current OI	Current Price	OI Different	Current Value	Price Change
6/5/2020	NFLX 100 (Weeklys) 10 JUL 20 400 CALL	2,110	\$29.14	\$6,148,540	1307	\$87.30	-39.10%	\$11,410,110.00	199.59%
6/5/2020	NFLX 100 (Weeklys) 10 JUL 20 410 CALL	2,188	\$22.15	\$4,846,420	1338	\$76.10	-45.34%	\$10,182,180.00	243.57%
6/29/2020	CRM 100 (Weeklys) 10 JUL 20 150 CALL	1,024	\$32.70	\$3,348,480	1974	\$42.00	53.74%	\$8,290,800.00	28.44%
5/29/2020	MSFT 100 (Weeklys) 10 JUL 20 195 CALL	4,468	\$1.90	\$848,920	5272	\$10.26	17.70%	\$5,409,072.00	440.00%
6/9/2020	MSFT 100 (Weeklys) 10 JUL 20 200 CALL	11,511	\$2.14	\$2,509,398	7384	\$6.13	-38.36%	\$4,526,392.00	186.45%
6/19/2020	BAC 100 (Weeklys) 10 JUL 20 26 PUT	10,111	\$1.97	\$1,921,090	16024	\$2.77	2.37%	\$4,438,648.00	40.61%
6/17/2020	BAC 100 (Weeklys) 10 JUL 20 26 PUT	5,226	\$1.85	\$1,019,070	16024	\$2.77	179.12%	\$4,438,648.00	49.73%
6/25/2020	SNAP 100 (Weeklys) 10 JUL 20 23.5 CALL	45,095	\$1.25	\$5,681,970	45121	\$0.78	-2.35%	\$3,519,438.00	-37.60%
6/22/2020	BYND 100 (Weeklys) 10 JUL 20 150 PUT	1,917	\$6.10	\$1,178,955	1972	\$12.10	-1.45%	\$2,386,120.00	98.36%
7/1/2020	AAPL 100 (Weeklys) 10 JUL 20 360 PUT	6,085	\$4.55	\$2,768,675	3794	\$4.55	-51.20%	\$1,726,270.00	0.00%
6/30/2020	SHOP 100 (Weeklys) 10 JUL 20 1000 CALL	445	\$15.08	\$671,060	405	\$42.07	-43.28%	\$1,703,835.00	178.98%
6/23/2020	ROKU 100 (Weeklys) 10 JUL 20 135 PUT	1,442	\$10.44	\$1,651,090	1739	\$9.30	-2.47%	\$1,617,270.00	-10.92%
6/29/2020	MTCH 100 (Weeklys) 10 JUL 20 107 CALL	4,419	\$3.38	\$1,493,622	4281	\$3.60	-3.12%	\$1,541,160.00	6.51%
6/22/2020	KSS 100 (Weeklys) 10 JUL 20 21.5 PUT	5,016	\$1.62	\$812,592	5339	\$1.80	0.28%	\$961,020.00	11.11%
6/18/2020	BMJ 100 (Weeklys) 10 JUL 20 54 CALL	1,497	\$3.00	\$464,070	1473	\$5.60	-2.77%	\$824,880.00	86.67%
6/2/2020	BAC 100 (Weeklys) 10 JUL 20 22.5 PUT	17,737	\$0.65	\$1,170,642	25089	\$0.32	41.13%	\$802,848.00	-50.77%
6/29/2020	PFE 100 (Weeklys) 10 JUL 20 32.5 CALL	10,385	\$0.86	\$893,110	4932	\$1.50	-64.76%	\$739,800.00	74.42%
6/29/2020	GPS 100 (Weeklys) 10 JUL 20 12.5 CALL	4,596	\$0.95	\$436,620	9427	\$0.75	92.62%	\$707,025.00	-21.05%
6/29/2020	GPS 100 (Weeklys) 10 JUL 20 13 CALL	7,401	\$0.74	\$547,674	14571	\$0.48	73.55%	\$699,408.00	-35.14%
6/25/2020	NVDA 100 (Weeklys) 10 JUL 20 380 CALL	917	\$12.50	\$1,160,005	762	\$9.10	-38.50%	\$693,420.00	-27.20%
6/29/2020	MTCH 100 (Weeklys) 10 JUL 20 110 CALL	2,592	\$1.65	\$427,680	2543	\$2.60	-2.94%	\$661,180.00	57.58%
6/19/2020	BRK/B 100 (Weeklys) 10 JUL 20 177.5 PUT	1,010	\$3.60	\$363,600	3334	\$1.98	191.43%	\$660,132.00	-45.00%
6/26/2020	SWKS 100 (Weeklys) 10 JUL 20 123 CALL	1,153	\$6.21	\$737,920	1158	\$5.24	0.26%	\$606,792.00	-15.62%
6/26/2020	SPOT 100 (Weeklys) 10 JUL 20 260 CALL	1,225	\$20.00	\$2,450,000	569	\$8.97	-62.29%	\$510,393.00	-55.15%
6/12/2020	COST 100 (Weeklys) 10 JUL 20 305 CALL	939	\$6.47	\$607,533	1533	\$3.25	0.66%	\$498,225.00	-49.77%
6/26/2020	FSLY 100 (Weeklys) 10 JUL 20 90 CALL	1,030	\$4.90	\$535,600	1321	\$3.60	4.59%	\$475,560.00	-26.53%
6/23/2020	AMZN 100 (Weeklys) 10 JUL 20 2700 PUT	502	\$41.00	\$2,058,200	527	\$7.05	-12.46%	\$371,535.00	-82.80%
6/15/2020	LYFT 100 (Weeklys) 10 JUL 20 36.5 PUT	630	\$3.65	\$229,950	753	\$4.54	14.44%	\$341,862.00	24.38%
6/25/2020	GPS 100 (Weeklys) 10 JUL 20 11 CALL	4,061	\$0.46	\$186,806	1921	\$1.75	-54.94%	\$336,175.00	280.43%
6/29/2020	ABT 100 (Weeklys) 10 JUL 20 95 CALL	6,947	\$0.39	\$270,933	6787	\$0.48	-4.08%	\$325,776.00	23.08%
6/29/2020	AMD 100 (Weeklys) 10 JUL 20 54 CALL	2,281	\$0.60	\$136,860	3790	\$0.82	-9.59%	\$310,780.00	36.67%
5/29/2020	ZNGA 100 (Weeklys) 10 JUL 20 8.5 CALL	1,818	\$0.58	\$105,444	2364	\$1.27	28.06%	\$300,228.00	118.97%
6/29/2020	AAL 100 (Weeklys) 10 JUL 20 14 CALL	6,029	\$0.75	\$452,175	7429	\$0.40	-10.00%	\$297,160.00	-46.67%
6/25/2020	LLY 100 (Weeklys) 10 JUL 20 160 CALL	635	\$4.97	\$315,595	418	\$6.15	-55.15%	\$257,070.00	23.74%
6/12/2020	EA 100 (Weeklys) 10 JUL 20 135 CALL	1,446	\$1.28	\$185,088	852	\$2.82	-44.89%	\$240,264.00	120.31%
6/11/2020	NKE 100 (Weeklys) 10 JUL 20 102 CALL	6,939	\$2.60	\$2,040,066	7916	\$0.30	12.64%	\$237,480.00	-88.46%
6/23/2020	CMCSA 100 (Weeklys) 10 JUL 20 40 CALL	7,140	\$0.60	\$442,680	3417	\$0.67	-52.71%	\$228,939.00	11.67%

Technical Scans

BULL SCANS

Notable 8/21 EMA Bull Crossovers: GOOG, V, UNH, PEP, PLD, ISRG, ADP, LFC, MMC, SHW, EMR, ETN, DOW, ES, TROW, AZO, AWK, PH, BLL, PANW, FTNT, TLK, SLF, DTE, APTV, IBKR, CMS, HES, KMJ, DRE, LBTK, SUI, Z, ZG, IEX, ELS, VAR, MT, BAH, MOH, HAS, RPM, CCC, NTCO, SQM, NWSA, AZPN, RGEN, PLAN, SYNH, BERY, RHI, ALLO, CUBE, KIM, TECK, FR, ACC, COR, MDU, FCN, TERP, TTEK, LSTR, GBT, HBI, MDLA, BRX, WMGI, FLS, ADC, EME, HLNE, MAT, SPCE, PAG, IGT, SPB, CAR, IDCC, KFY, MLI, RGNX, RCM, VCYT, SKY, NSTG, CBZ, TTMI, LZB, UNFI, VRTU, KRG, CLM, VCEL, GTS, BFYT, ETG, FNDF, EVV, XLRE, NFJ, RQI

Notable 13/34 EMA Bull Crossovers: FIS, HUM, XEL, IBKR, CMS, CHKP, TCOM, DPZ, DOV, PKX, MASI, AVTR, CPT, ORI, COR, EBS, CCOI, EME, GRA, CFX, SIGI, MTOR, PDCE, VCYT, AXNX, TTMI, BANR, EPAC, GOSS, BKE, XPER, RDUS

Notable 21/55 EMA Bull Crossovers: MT, ES, AES, NFG, MOS, SMPL, SAGE, ZGNX, AVNS, TTMI

Emerging Strength (Daily RSI Cross of 50 w/ Accumulation/Distribution Ratio at 12 Week High): PETS

20 Day Highs with Strong Closes: FAST, FMS, TAL, CRWD, MASI, IMMU, TXG, GNRC, RARE, ATR, NEP, DSGX, SFIX, VRNS, NSTG, LMNX, CYRX, WRTC

BEAR SCANS

Notable 8/21 Bear EMA Crossovers: MRNA, DHI, TEVA, PE, UAL, IIVI, DIOD, WERN, ALLK, SMCI, AEO, IMVT, MLHR, NTGR, FIXX

Notable 13/34 EMA Bear Crossovers: AXP, FITB, RF, GNTX, FFIV, IAC, NCLH, ACIA, KAR, VNOM, WBS, YELP, SKYW, HRTX, ACB, PPBI

Notable 21/55 EMA Bear Crossovers: UBER, PSX, ANET, RJF, ATHM, MGM, CRI, FANG, PNFP, TSEM, YELP, MLHR, SCS, DSPG

20 Day Lows with Weak Closes: USB, MSI, WORK, BURL, GDDY, TDY, BAP, LYFT, DOX, LNC, FIVE, CMA, SHLX, HFC, WES, CAE, WAL, BXMT, BLUE, AJRD, KEX, JCOM, SATS, VSAT, DCP, KOD, AMN, MAIN, HP, CVI, PRNB, PBH, KAR, AUB, PEB, NS, HEP, SMCI, WCC, MLHR, NGM, TBPH, BMA, PBF, EAT, CEQP, DLX, GEL, DUO, ATEX, APLT, NBLX, CUE, RLMD, MTEM, PBFX, DDS, TBK, BHLB, IHRT, INSW, BJRI, TNK, XPEL, HVT, INFU, CPS, CORR, TA, DSS, HOFV

OBV 3 Month Low: WMT, LBRDK, TDY, DISCA, DISCK, WUBA, HII, POST, PB, ORI, RGA, LEG, CAE, STRA, BXMT, ALLK, VLY, OMCL, SJI, UMPQ, ADS, QURE, PRNB, PGRE, MOG.A, UCBI, TCBI, VGR, FRO, NAVI, ARGO, HTLF, SVC, REPL, DHT, FRG, FBNC, RLMD, INN, DDS, VEC, TBK, NLTX, NFBK, IHRT, VVI, DSSI, ATRO, CLDT, LQDA, INFU, NBSE

Disclaimer:

Not Investment Advice or Recommendation

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