



MARKET RECAP REPORT 1/11/2021

Sector Leaders

Retail

Housing

Semi's

Stock Gainers

PI 32%

ODP 17%

TTM 13.8%

BOOT 13.5%

CROX 12.7%

LLY 12%

Volatility Gainers

- GPRO
- AUPH
- TWTR
- ACB
- LMND
- MNST

High Call Volume

- TRXC
- INOV
- RESN
- SQM
- TAK
- EXEL

Bullish Options

- CVS
- HON
- AAPL
- TWTR
- LUV
- LMND
- UBER
- XEC
- SNAP
- UPWK
- RACE

Market Review: Stocks were lower to start the week with a lot of political risk seen the next two weeks into the transfer of power, an unstable Trump seems set to cause further disruptions while US/China relations remain fragile. It was an active morning of pre-announcements with the key Investment Conferences kicking off, notable JP Morgan Healthcare and ICR for Retail. The S&P bounced just above Friday's low and strength led by Housing, Retail, Banks and Semiconductors. Some of the hot money came out of Solar, Lithium/EV, and Crypto. It was mostly a choppy and quiet session breadth mixed but price-action remains firmly bullish into a big OpEx week. The schedule remains light tomorrow and most of the focus currently on the transition of power and then the upcoming earnings season while Investment Conferences key for Retail and Biotech this week.

S&P Chart:



| Resistance | Support |
|------------|---------|
| 3,855 | 3,610 |
| 4,000 | 3,520 |
| 4,140 | 3,400 |

Options Action Trends:

What's On Tap: Small Business Optimism and JOLTs.

Trade Tracker Portfolio Changes:

- 1) Closed **BMV** Calls \$3.80 (Opened \$1.90)

Sector Laggards

Solar

Payments

Utility

Stock Losers

MIC -26%

MARA -20%

RIOT -19%

EDIT -16%

NCTY -11%

BMRN -8.5%

Volatility Losers

- MIC
- VIR
- KALV
- BMRN
- SSYS
- PACB

High Put Volume

- CVE
- VIR
- RPRX
- K
- SRPT
- VIPS

Bearish Options

- TAP
- BBBY
- VIPS
- FGEN
- CVE
- RPRX
- MT
- DE
- ANGI
- LMND
- AKAM
- APPN



FEATURED OPTIONS RADAR REPORT



Unusual Call Buys in Knight-Swift on Strong Trucking Market Outlook

Ticker/Price: KNX (\$43.50)

Analysis:

Knight Swift (KNX) on 1/8 with more than 2500 May \$45 calls bought to open near \$3.50 which follows recent accumulation of 5500 February \$45 calls. KNX shares last week broke out of a nice bottoming pattern that targets a move to \$47.50 after holding key trend support and the rising wedge on the weekly leaves room for a move into the \$50's. The \$7.4B trucker trades just 13X Earnings, 6.3X FY21 EBITDA and 29X FCF. KNX forecasts see 9.7% revenue growth and 14.6% EBITDA growth in 2021 after managing well through 2020. KNX is the largest truckload (TL) carrier in North America following the 2017 merger with Swift, with more than 80% of its revenue derived from its trucking services, complemented by its Intermodal (10% of revenue) and Logistics (7%) businesses. KNX is well positioned to take advantage of the present tightness in the domestic TL market. The TL industry has benefitted from elevated demand associated with robust spending on goods and inventory restocking since the early days of the pandemic, and although these trends are likely to carry well into 2021, the pending release of a vaccine and likely return to spending on services could remove a bit of this demand tailwind. At the same time, after several months of limited ordering and OEM disruptions, Class 8 tractor orders have built momentum over the last three months, indicating that net capacity growth could re-accelerate at the same time the demand tailwinds alleviate, calling into question the sustainability of the current pricing strength. KNX is best positioned from current demand/pricing environment and has the lowest operating ratio (a positive) in the industry and also an industry-leader for capital returns. Analysts have an average target of \$50.50 and short interest at 20% of the float is high. KNX has seen downgrades from Citi and Wolfe in recent months while MSCO raised its target to \$60 following earnings. Hedge Fund ownership rose 8% in Q3 filings.

Hawk Vision:



Hawk's Perspective: KNX is a best-in-class name that looks to have near-term room up to \$50 and the flows support that move.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Quimica OTM Calls Hot as Lithium Demand Strengthens

Ticker/Price: SQM \$56.25

Analysis:

Sociedad Quimica (SQM) IV ramping here with buyers of 2,000 February \$65 calls up to \$1.90 and follows buyers last week in the February \$70 calls over 7450X and the \$75 calls over 4000X. SQM also has 1,800 February \$60 calls in open interest from December buys. Shares have run strong since breaking out above \$50.50 and pulling back right the 8-EMA today. A move back above \$57 can get momentum back through the recent highs. The \$13.35B company trades 51.5X earnings, 7.5X sales, and 12.7X cash with a 1.25% yield and mid-teens growth. Short interest is 2.2%. SQM is a leading Chilean producer of lithium and other specialty chemicals like potassium chloride and sulfate. SQM gets only around 16% of their overall revenue from lithium and derivatives but it's the biggest future growth driver for the company with EV adoption a multi-decade catalyst. They are the number two producer worldwide with 15% market share and 50 kMT in volumes but expected to announce plans to raise \$1.1B to expand capacity and output at a special meeting on 1/22. The plan would support their broader four-year plan to double output. SQM's other core businesses include specialty plants and nutrition where they have a 51% market share, iodine (34%), and industrial chemicals (41%). Analysts have an average target for shares of \$34.50 and Street High \$57 from BMO in December citing SQM's high leverage to lithium price and demand recovery, with up to 30% per year volume growth trajectory at industry-low capital intensity levels. Hedge fund ownership rose 6% in Q3.

Hawk Vision:



Hawk's Perspective: SQM has been in a strong trend lately and pullback to the 8-EMA gives a nice short-term level to trade against with a clear catalyst ahead, Feb skew has a nice bullish look as well so call spreads may be a nice option

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Southwest Bulls Active into Earnings, Leisure Travel Recovery

Ticker/Price: LUV \$47.85

Analysis:

Southwest (LUV) the March \$45 calls being bought 4,000X today up to \$5.20, spread with the \$55 calls, and follows size buyers last week in the February \$45 and \$50 calls. LUV has also seen buyers in the March \$47.50 calls recently with put sales in the March \$50 and June \$40 strikes in late November. Shares are in a narrow multi-week range under \$48.50 and working back above VWAP from the Pfizer vaccine announcement today. A move higher targets \$55 and MACD with a bull cross today, momentum starting to turn. The \$28B company trades 2.2X sales and less than 2X sales with a narrow view of profitability in 2021 but improving out into the next five years. LUV has the best balance sheet of the large airline names and taking a more aggressive stance during the pandemic to position themselves well for beyond 2021. LUV's CEO said in December the company plans to expand into new markets including Chicago O'Hare and Houston, two big hubs for United (UAL) who are at-risk to losing share. LUV updated guidance in mid-December and trends remain soft for early 2021 as COVID surges again but long-term outlook remains positive. Analysts have an average target for shares of \$49 with a Street High \$59 from Bernstein who thinks the airline sector will see a firmer recovery in 2021. RJF cutting to Outperform in November, positive on their recent network actions, as well as GDS channel expansion, which signal that Southwest should be able to use its balance sheet strength to gain share in a recovery. Short interest is 2.8%. Hedge fund ownership fell 12.5% in Q3. LUV reports on 1-21, higher three of the last four.

Hawk Vision:



Hawk's Perspective: LUV remains my favorite airline name of the group and setup is favorable into earnings with a nice level to lean against

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Russell (IWM) opening sale 4000 March \$216 calls \$5.20

NASDAQ (QQQ) February \$320 puts opening 20,000X against sales of 40,000X each of the \$300 and \$280 puts

Tech (XLK) block of 10,000 December \$85 puts bought \$1.95 with stock

Ultrashort Treasury (TBT) spread sold 5000 September \$16 puts \$1.11 to buy 5000 of the \$18/\$23 call spreads for \$1.19

Emerging Market (EEM) buyer 5000 June \$54 puts for \$3.35

Junior Gold Miner (GDXJ) unusual large butterfly trade in January 2022 for the \$40/\$53/\$70 3000X6000X3000

Energy (XLE) June 30th (Q) \$47/\$50 call spreads opening 38,000X today with January 29th (W) spreads adjusting

Consumer Goods

Peloton (PTON) with 1000 June \$165 calls being sold to open down to \$25.20. **PTON** June \$165 short calls up to 10,000 on the session

Costco (COST) Jan. 22nd (W) \$370 calls active with buyers 2000X near \$4.20. **COST** also with 500 February 5th (W) \$372.50 calls bought for \$5

Monster (MNST) with 2500 January \$93 puts bought up to \$1.65 into Investor Day, and **TAP** announcing that Energy drink this morning

Target (TGT) with 1,000 February \$210 calls bought \$2.15 to \$2.31 today

Advanced Auto (AAP) with 2000 March \$170 calls opening as the \$160 adjust and spreading with \$195 as the \$185 adjust

Foot Locker (FL) buyers 2000 February \$47.50 calls near \$1.71 and selling 1500 of the \$52.5 calls

Village Farms (VFF) shares ramping to the early highs with 3,000 February \$15 calls bought \$1.25 to \$1.30. **VFF** the March \$20 calls also with 2000 bought today for \$0.90 to \$1. **VFF** at the ICR conference on Wednesday

Kellogg (K) IV falling with more than 7,000 February \$55 puts sold to open down to \$0.35 and 5,600 February \$57.50 puts sold to open for \$1.05 to \$0.90

Boston Beer (SAM) opening sale 100 February \$950 puts for \$60

Kroger (KR) with 850 February \$29 ITM calls bought \$5.85 to \$5.90 to open today

Kirkland's (KIRK) with 1,000 February \$17.50 puts sold to open for \$2.05

National Beverages (FIZZ) with the April \$80 puts bought 1150X from \$8.60 to \$9, tied to stock

Consumer/Business Services

Electronic Arts (EA) another 1,000 January 2022 \$135 calls bought today for \$22.25, spot where buyers were active back in July

Vail Resorts (MTN) the February \$300 calls being bought 340X this morning for \$6.30, shares trading in a very narrow range since November

Gap (GPS) opening sale 4800 February \$18 puts \$0.30

FarFetch (FTCH) opening seller 1400 February \$55 puts \$2.83

America Movil (AMX) jumpy with 12,000 February \$16 calls bought \$0.20 to \$0.35

Booking (BKNG) buyer of 190 February \$2,100 calls for \$195.11, adjusting up the January \$2,040 calls, a more than \$3.7M position

William Sonoma (WSM) the February \$115 calls being bought near 1,000X for \$4.50 to \$4.70 today, nice consolidation under \$114 from the mid-November highs

Qurate Retail (QRTEA) buyers 2000 April \$10.50 calls in offer sweeps \$1.67 to \$1.69. **QRTEA** also with 2,000 April \$11.50 calls bought \$1.31

Hilton Grand (HGV) the February \$36/\$29 strangle sold 5,375X for \$0.95

Pitney Bowes (PBI) with 1700 Jan. 2022 \$7 puts selling to open \$2.30

Urban (URBN) buyer 11,200 February \$29 calls for \$1.75 as January \$26 calls adjust

Kohl's (KSS) with 1500 January 2022 \$52.5/\$62.5 call spreads bought today

Activision (ATVI) unusual opening sale 3000 Feb. 26th (W) \$97 puts for \$7.95

Energy

Kinder Morgan (KMI) early buys of 4,425 June \$17 calls \$0.34/\$0.35

Cenovous (CVE) buyer of 13,000 February \$6 puts for \$0.40 as the January puts adjust from 12/29 buys

Cheniere (LNG) opening sellers of 1,000 February \$65 puts for \$2.05 to \$1.95

Star Peak (STPK) buyers of the January \$30 calls over 5,000X from \$4.40 to \$4.60, a SPAC vehicle with bullish buying multiple times last week

Financials

Lemonade (LMND) the February \$200/\$115 bull risk reversal opening 1,750X for \$1 as the January \$110/\$75 position from 12/7 adjusts out and up. **LMND** also with 1,500 February \$175 puts bought for \$32.90 with stock. **LMND** buyer 2000 March \$180 puts \$42.70 to \$43.50

NCR Corp (NCR) with buyers of 1,000 February \$35 calls for \$2.75 with their higher bid for Cardtronics (CATM) this morning

PayPal (PYPL) nearly 2000 Jan. 29th (W) \$242.50 calls active as \$240's adjust

BGC Partners (BGCP) unusual 2000 August \$4 calls bought \$0.85

Blackrock (BLK) the June \$900 calls bought 200X for \$12.20 as the \$700 calls adjust higher into strength, earnings on Thursday

Fiserv (FISV) buyer 200 January 2023 \$115 calls \$22.25

Goldman (GS) buyer 400 June \$280/\$180 put spreads

Intercontinental (ICE) the August \$140 calls bought 1,000X for \$2, announced a deal to bring Bakkt public today

Morgan Stanley (MS) with 10,230 April \$85 calls opening \$2.05 as January \$60 close at \$16

Fidelity National (FNF) working to day highs with 1600 June \$42 calls opening up to \$2.20 in unusual action

Capital One (COF) the March \$120 calls being sold to open 7500X for \$3.45, adjusting some short calls from the January \$100 strike

AGNC Investment (AGNC) buyer 5000 June \$14 puts \$0.57 to open

Healthcare

Neurocrine Biosciences (NBIX) more bull flow today with 500 August \$115 puts sold to open for \$16.90 to \$16.80, focus name last week and jumped after guidance. **NBIX** also now with the February \$100/\$90 put ratio spread bought 2,400X4,800 for \$1.15 and likely protective

AmWell (AMWL) buyers active into the early dip for 525 February \$22.50 calls for \$5.30

Fibrogen (FGEN) with 1,000 February \$35 puts opening for \$6.18, adjusting the January \$45 puts that were bought on 10/12

BioMarin (BMRN) weak early after data at JPM this morning but seeing 1,200 February \$75 puts sold to open for \$2.05 to \$2

CVS Health (CVS) buyer 1000 Jan. 2023 \$65 calls for \$14.95 offer

Eli Lilly (LLY) trading 1500 January 2023 \$220 OTM calls \$14 to \$16 with shares up big on Phase 2 Alzheimer's data, will confirm OI tomorrow. **LLY** also with 1,000 June \$175 calls bought today for \$20.35, adjusting the February calls

Jazz Pharma (JAZZ) buyers of 500 June \$165 calls from \$14.70 up to \$15.10 today and still has 1,700 of the June \$160 calls in open interest

Inovalon (INOV) with 4000 February \$22.50 calls opening \$1.70 as January \$20 adjust

VIR Biotech (VIR) with 10,000 February \$17.50 puts sold to open for \$0.55/\$0.50, wide base forming

Perrigo (PRGO) the May \$47.50/\$55 call spread bought 1300X for \$1.95

Royalty Pharma (RPRX) spread is buying 4,000 July \$45 puts for \$5.25 and selling the April \$65 calls for \$1.15 to open, name that has seen some larger bear flows lately

Exelixis (EXEL) with the March \$30 OTM calls being bought today from \$0.70 to \$0.75, 2000X

Deciphera Pharma (DCPH) with 350 April \$45 synthetic long spreads opening today for \$8.28 as the January \$45 calls adjust out, basing above the 200-MA for the last two weeks

Aurinia (AUPH) on highs with IV30 up 22% and February \$15 calls active 5000X

Schrodinger (SDGR) with 920 January 2022 \$50 ITM calls bought for \$45.70 to \$46.80, follows the large put selling last week

Myriad (MYGN) buyer 400 May \$25 calls for \$3.90 to \$4.30

Odonate (ODT) unusual 400 July \$20 calls bought up to \$6

Catalent (CTLT) opening seller 550 February \$110 puts \$3.70

Novavax (NVAX) with 500 February \$110 calls bought to open \$26 to \$27.50 zone

Pfizer (PFE) February \$38/\$42 call ratio spreads trade 14,000X28,000

DaVita (DVA) with 1500 April \$130 calls sold to open \$5.50 as 1000 February \$120 short calls from 1/5 adjust

Biogen (BIIB) the March \$300/\$380 call spread being bought 2,000X for \$20.50, strong mover today with the Eli Lilly (LLY) data after their CEO commented on positive parallels between the two studies this morning at JPM. The company also noted they expect FDA action in the coming weeks

Alkermes (ALKS) the May \$25/\$18 bull risk reversal bought for \$0.40 debit, 1950X, and name with potential for further strategic actions with activist Sarissa buying the stock in June and Elliott also involved

AbbVie (ABBV) more bull flow today with 5000 March \$115 calls bought as January \$110 adjust

CVS Health (CVS) buyers 2000 January 2022 \$77.50 calls today \$7.50 to \$7.70

Guardant Health (GH) buyer 250 July \$160 calls for \$20.50 and 200 January 2022 \$140 calls \$38.10. **Guardant Health (GH)** the April \$160 calls being bought 750X today for \$15.20 to \$15.30 into the breakout move from late last week

CRISPR (CRSP) the February OTM \$220/\$230 call spread bought 1000X for \$2.50

Sarepta (SRPT) this afternoon with 750 January 2022 \$90 puts being sold to open \$25.50 to \$24

Arcus Bio (RCUS) buyer 1,525 July \$25 puts \$5.20 into strength

Industrials

Spirit (SAVE) buyer of 1,000 January 2022 \$27.50 calls for \$5.32 to \$5.37, adjusting up the \$25 calls

Honeywell (HON) buyer 1000 January 2023 \$200 calls \$36.05

Ferrari (RACE) with 940 February \$220 calls bought up to \$7.50 to open, rebounding off a nice retest of its former breakout

3D Systems (DDD) with 2500 February \$35 calls sold to open \$2.20

Delta (DAL) with 1,000 Jan. 29th (W) \$38 calls bought \$2.85 to \$2.88 into earnings, adjusting some Jan. \$37 calls out

Camping World (CWH) with 2850 June \$26.09 puts selling to open \$4.10 to \$4, expecting the rising 200-MA to hold as support

Tata Motors (TTM) the January 2022 \$12 puts sold to open 1400X for \$1.45

Deere (DE) spreads buying 950 March \$290 puts and selling 850 of the February \$280 puts

Tenneco (TEN) the July \$13/\$20 call spread being bought 2,000X for \$1.27, auto parts name closely tied to China production

JetBlue (JBLU) with 690 January 2023 \$10 ITM calls opening today near \$6.70

Coherent (COHR) jumps with January \$185 calls 365X at \$1.75

Rockwell (ROK) another 500 July \$310 calls being bought today for \$7.20, looks to be adding to recent buyers

Materials

BHP Billiton (BHP) with 1,000 May \$72.50 calls bought for \$4.40 to \$4.60 today into weakness

Franco Nevada (FNV) with 400 April \$120 puts sold to open from \$5.50 to \$5.10, trying to base in a multi-month range

Arcelor (MT) buyers 4000 next week \$24 puts for \$0.65

MDU Resources (MDU) unusual buyers 2300 April \$30 calls \$0.65 to \$0.75

Agnico Eagle (AEM) opening sale of 1,000 May \$55 puts for \$1.55

Masco (MAS) block of 2300 February \$60 puts bought \$5.10 with stock

Tech and Telecom

Twitter (TWTR) on watch for over-reaction reversal with 4500 January \$46 calls bought up to \$1.85 here, look to be rolling back \$50 strike calls. **TWTR** January \$46.50 calls also active 4000X. **TWTR** continues to rebound, 5000 next week \$50 calls hot as well

Uber (UBER) strong early and 6000 next week \$55 calls hot

Cisco (CSCO) also opening seller 1500 April \$44 puts today \$1.98 after Jan. 22nd (W) call buys earlier

Snap (SNAP) breaking out of nice bull flag and 10,000 next week \$57.5/\$60 call spreads active

Apple (AAPL) seeing 5500 ITM Feb. 26th (W) \$120/\$135 call spreads open in early trade

Acacia (ACIA) buy-write sells 2000 November \$85 calls for \$5.50

MongoDB (MDB) with 2800 February \$280 puts sold to open \$2.20 to \$2.15

Upwork (UPWK) buyer 1850 April \$60 calls \$1.30 offer with stock at \$36.60

Autodesk (ADSK) with 1,950 March \$350 calls sold to open today as the Jan. \$290 short calls from 10/16 adjust out

Tenable (TENB) the March \$65 calls bought 1000X for \$2.00, BTIG positive this morning

McAfee (MCFE) with 5,000 February \$20 calls sold to open today for \$0.58

Lam Research (LRCX) with 200 July \$540 calls bought for \$52 to open today, nice consolidation and name with a lot of longer-term bull flow in OI

JD (JD) opening sale 300 Jan. 2022 \$105 ITM puts \$26.50 bid

Switch (SWCH) with 1500 August \$15 puts being sold to open \$1.45

Match (MTCH) buyer 1000 next week \$150 calls \$5.80 offer in sweeps, setting up nicely

Facebook (FB) buyer 10,000 June \$270 calls up to \$23.50

Taiwan Semi (TSM) seeing 3900 Jan. 29th (W) \$135 OTM calls bought to open

Advanced Micro (AMD) February \$125 calls active with buyers 5000X with shares at \$98.75

Digital Turbine (APPS) with 1,000 September \$50 puts sold to open today for \$13.10 in stock replacements

Entegris (ENTG) with 700 May \$115 calls opening \$3.80 as some February \$95 adjust

HP (HPQ) opening sale 1250 January 2023 \$25 puts \$4.85

Zoom Video (ZM) buyer of 2,600 Jan. 2023 \$350/\$550 call spreads for \$52.50, a lot of large longer-dated buying with shares back near the 200-day

Palo Alto (PANW) the January 2023 \$450 calls being bought 700X for \$36 to open

American Tower (AMT) into weakness back at recent support seeing 1300 April \$200 calls bought today \$22.60 to \$23

DocuSign (DOCU) trading 2,250 March \$240/\$250 call spreads to open

Amazon (AMZN) over \$21.5M in June \$2860 puts bought to open today 1250X tied to long stock as a protective position

Akamai (AKAM) with 3900 Jan. 29th (W) \$97 puts opening \$1.05 as January expiration puts adjust out

Viasat (VSAT) with 1100 June \$30 puts being sold to open \$2.90 to \$2.75

Chegg (CHGG) with 550 Jan. 2023 \$140 calls opening for \$15

Avaya (AVYA) with a buyer of 6,700 February \$22.50 calls for \$1.30, closing the January \$12.50 calls bought in August over 4000X

Sony (SNE) buyers of 1,000 January 2022 \$115 calls for \$8.50 to \$8.60. **SNE** the March \$115 calls also with buyers for \$2 to \$2.05, 1400X

Qorvo (QRVO) the February \$185 calls bought 1300X for \$10.50 to \$10.70, some January calls adjusting up and out

Bandwidth (BAND) the August \$140 calls being bought 500X for \$36.70, a quiet options name but a favorite into 2021 as it continues to win market share with the shift to the cloud

Utility

American Water (AWK) with 500 June \$155 calls bought for \$11.40 today, follows the March \$160 call buys on Friday afternoon

NextEra (NEE) opening sale 500 January 2022 \$77.5 puts \$8.80

Disclaimer:

Not Investment Advice or Recommendation

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