

OptionsHawk

OPTIONS HAWK DAILY MARKET 1/13/2020

Sector Leaders

China Internet

Software

Solar

Stock Gainers

PRMW 24.75%

CVM 20%

CDLX 18.7%

BLDP 13%

TERP 10.2%

BYND 10%

WB 9.65%

Volatility Gainers

- NBEV
- SSI
- CGC
- PRTY
- BYND
- MELI

High Call Volume

- CLW
- AAP
- NBEV
- THC
- NEO
- ABBV

Bullish Options

- JD
- IP
- AAP
- TSN
- PPG
- TCOM
- UBER
- CRWD
- AMRN
- GLW
- SBUX

Sector Laggards

Biotech

Retail

Energy

Stock Losers

SSI -58%

INGN -22%

ABMD -12.75%

EXAS -12.5%

IOVA -12%

FIVE -12%

TCMD -9.2%

Volatility Losers

- IOVA
- EXEL
- INVA
- EXAS
- AEO
- ABMD

High Put Volume

- AXNX
- R
- FIVE
- MTN
- AGIO
- GOOS

Bearish Options

- EBAY
- TDOC
- TWTR
- UPS
- TGT
- HLT
- GOOS
- BX
- R
- ENPH
- W
-

Market Review: Stocks were modestly higher to start the week into the Phase 1 US/China trade deal signing and as we enter a busy week of Retail and Biotech with their respective conferences as well as start another earnings season. Growth names led the morning rally with Software, Internet, and Semiconductors all strong, a Tech focused rally. Biotech was the weakest group with the classic sell the news reaction from the JPM Conference, while Energy and Retail lagged with Financials. Stocks stayed strong through the early afternoon with impressive breadth for this stage of the rally. The schedule is fairly light tomorrow outside of the US/China deal set to be officially signed and now turning out focus more to earnings season. The move is starting to feel a bit euphoric and nearing some key levels into OpEx week, and could see markets turn back a bit an earnings may underwhelm with conservative guidance.

S&P Chart:



Resistance	Support
3,275	3,187.5
3,285	3,178.5
3,300	3,167

Options Action Trends: The cyber security growth names like **ZS/CRWD** saw more call buying today after a positive Piper CIO Survey. We also saw bullish flow in Tanker names **STNG** and **FRO**.

What's On Tap: Inflation Data and US/China Phase 1 Signing.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long the **PG** February \$125 Calls \$2.20



Wayfair Bearish Bets Accumulate

Ticker/Price: W (\$99)

Analysis:

Wayfair (W) continuing to draw size bearish flow today with 1,000 March \$105 ITM puts bought up to \$14.70 and follows buyers in the March \$100 puts over 5,000X last week for more than \$6M while the February \$100 puts bought 2,200X on 1-7 for \$1M+.

Shares have been in a steady downtrend since early 2019 from their peak around \$160/share and gapped down on earnings in October. The recent move higher in shares has filled that drop back to around \$100 and a reversal under today's lows at \$93.50 opens up a potential re-test of \$80. The \$9B online furniture retailer trades 1.05X sales and 7X cash with profitability a long way off. W is facing a number of headwinds that are weighing on long-term revenue growth which is expected to slow to the high 20% range in FY22, down from 35-40% in 2019. The company highlighted a sharp impact from tariffs last quarter which continues to weigh on margins while coming off a big year for spending on infrastructure, logistics, and marketing. And, given the need to likely keep up with growing competition in the space from Amazon (AMZN) and Target (TGT) which are both exploring free shipping on furniture, Wayfair may need to continue pushing expenses higher and at risk in 2020 from another capital raise. Analysts have an average target for shares of \$124.25 with 14 buy ratings, 10 hold and 2 sell. Piper positive on 1-9 with the company entering a digestion mode after a big capital expenditure push. Sun Trust is Neutral on the name seeing risk to their outlook from tariffs. Stephens with an interesting note on 11-18 highlighting a potential end to their tie-up with Aaron's (AAN) in rent-to-own which would take away a big channel of customers. Short interest is 21.6%, the highest all-time levels, and up from around 12.5% in August. Hedge fund ownership rose 3% in Q3 with Whale Rock Capital and Senator Investment buyers. Citron a vocal short on the name. In August, a director bought \$3.1M in stock at \$109.75. Wayfair (W) also with near 600 February 28th (W) \$103 puts bought up to \$12.50 this morning.

Hawk Vision:



Hawk's Perspective: W flows are showing major concern into its next report and combined with short interest and price-action, one of the better looking shorts.

Confidence Ranking: \$\$



Twilio Bulls Position for Further Upside

Ticker/Price: TWLO (\$119.40)

Analysis:

Twilio (TWLO) earlier with 1000 Jan. 24th (W) \$115 puts sold to open also seeing hot call activity with 1,450 of the Jan. 31st (W) \$120 calls bought \$3 to \$3.50 and 2,875 of the Feb. 7th (W) \$120 calls opening \$4.50 to \$5. TWLO has seen bullish activity mostly the last few weeks near-term and longer term. Shares triggered a base breakout at the \$103 level recently and have made a sharp move higher into the 200 day MA. The \$15.5B communications software Company is in the sweet-spot for expected CIO spending in 2020, and is trading 13.4X EV/Sales with topline growing 63% and 72% the last two years and 31.6% growth seen in FY20 as profitability also ramps higher. TWLO will next report earnings on 2-11-20. Analysts have an average target of \$130 while short interest at 17.7% of the float is also hitting a new high. Piper raised its target to \$145 on 1-8-20 seeing Street estimates stabilizing. KeyBanc with coverage recently at Overweight with a \$127 target noting Flex is a 2021+ story and concerns over billing challenges and slowing expansion rates are overdone. Hedge Fund ownership fell modestly in Q3 filings, Whale Rock a notable top holder.

Hawk Vision:



Hawk's Perspective: TWLO has made a great move from the technical base breakout trigger and now with 200 MA resistance and the concern of that surging short interest, more of a spot I would be raising stops and cutting shares.

Confidence Ranking: \$\$



Unusual Large Call Buys in Inphi

Ticker/Price: IPHI (\$82.75)

Analysis:

Inphi (IPHI) IV rising this morning into strength with 1150 April \$80 calls bought up to \$9.30 and volumes up over 2,750 now in the afternoon. IPHI has little other notable open interest and today's volume is 9X average and pushing IV₃₀ up 7.5%. Shares have been working nicely out of a multi-month consolidation lately and a bit extended here near-term but a longer-term target up to \$90 and ultimately \$100. The \$3.7B company trades 10X EV/sales with limited debt and strong FCF. They expect 25%-30% EPS growth and sales growth of 15% to 20% through FY22 driven by data center growth and demand for their bandwidth bottleneck solutions like switches and routers across 100G and 400G. IPHI is in the sweet-spot of a number of big and growing tech themes like cloud, IoT, 5G, AI, and more. They're a leader in multiple data center applications and they've executed some tuck-in deals recently like e-Silicon which given a broader product content scale both inside and off-premise. Analysts have an average target for shares of \$90 with BAML taking their PO up to a Street High \$100 on Friday. They see IPHI as a top SMID-cap pick in the space with exposure to recovering cloud capex and 5G investments. Needham positive in October noting they expect a strong ramp in Porrima shipments in Q4 for the production of 400G modules to be delivered to its tier-one hyperscale customer. Short interest is 9.4% but declining steadily since 2018 when it peaked around 25.5%. Hedge fund ownership jump 31% in Q3. Maverick Capital a notable buyer of a new position.

Hawk Vision:



Hawk's Perspective: IPHI has made a big move from its last base and need to see shares reset a bit in order to get a quality entry, a solid name but just think there is time between now and April to monitor these calls and look for a better entry back near \$77.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Emerging Markets (EEM) massive trade in Dec. 2020 with 50,000 \$48 calls opening \$2.20 and 126,000 of the \$43/\$35 put spreads bought, also 197,000 Feb. \$42 puts sold, overall likely an elaborate stock hedge

S&P (SPY) stock replacement sold 6000 January 2021 \$285 puts to open for \$8.40. The May \$330 synthetic short is opening 5000X today as well. SPY also a size buy this morning of 8500 Feb. 7th (W) \$323 puts to open \$2.385. **SPY** buyer of 7300 May \$343 calls for \$2.49 adjusts out of April \$330 calls

China Internet (KWEB) now also seeing 6,250 February \$54 calls roll up to buy the \$56 calls for \$1.14 into strength

Healthcare (XLV) with 20,000 March \$100 puts opening today against the \$93 puts

Consumer Discretionary/Services

eBay (EBAY) more bearish flow with 1100 Jan. 31st (W) \$36 puts opening \$1.92 to \$1.93. **EBAY** puts could also be related to a potential Holiday sales update

Target (TGT) size put buys continue with 4500 January \$123 bought up to \$3.40 offer, ahead of Holiday sales update, though a strong performer may be seeing a lot of protection. **TGT** also a buy of 1000 March \$125/\$135 call spreads

Advanced Auto (AAP) with 5400 June \$155 calls rolling back to the \$145 strike that open for \$14, downgraded pre-market. **AAP** also with 765 March \$150 calls bought for \$7.60 to \$8 into weakness

Starbucks (SBUX) with 4600 February \$95 calls bought up to \$1.12 with the move today

Canada Goose (GOOS) with 4000 Feb. 28th (W) \$32 puts opening \$2.50 as Jan. 24th (W) \$39 puts adjust

Charter (CHTR) seeing over \$1M in February \$480 calls open 300X as January calls adjust

Abercrombie (ANF) with 1,100 March \$19 calls bought for \$1.38 to open today, near a narrow multi-month range breakout and move back above the 200-day

Dollar Tree (DLTR) with buyers of 750 March \$95 call for \$2.95, follows the \$90 calls bought over 1750X last week

Tapestry (TPR) with February \$30/\$32.5 call ratio spreads opening 3,795X7,590

Lululemon (LULU) with 1000 February \$240 puts bought with the \$260 calls sold into strength, paying \$3.55 and likely collaring stock

L Brands (LB) opening sale 5000 Jan. 31st (W) \$20 puts for \$0.75 to \$0.70

Consumer Goods

Tyson (TSN) buyer of 475 Feb. 28th (W) \$93 calls \$3.80 offer

Kraft (KHC) near 8,000 March \$35 calls bought this morning around \$0.33 into the recent pullback

Beyond Meat (BYND) another strong day and flagging intraday with July IV selling off as 2000 July \$110 ITM puts are being sold to open to collect \$4M

Canopy Growth (CGC) stock and IV lifting with 6,000 January 24th (W) \$22.50 calls bought up to \$1.01

iRobot (IRBT) with 1,000 February \$55 calls bought \$3.05 to \$3.30, reports of new products on Friday

Coca Cola (KO) with 5500 May \$57.50 calls being sold to open as buy-writes from January \$55 extend out and up

Archer Daniel (ADM) buyer of 545 January 2022 \$42 ITM calls for \$6.05 to open

Goodyear (GT) shares moving to the highs with 4200 February 14th (W) \$15 calls bought up to \$0.65, earnings around 2-7. **GT** also with 1150 April \$16 calls bought \$0.65

Philip Morris (PM) with 4030 February \$85 synthetic long positions opening, earnings 2-6

Energy

Scorpio Tankers (STNG) with the February \$34/\$38 call spread bought 1,000X2,000 for \$0.60. **STNG** also with 400 July \$39/\$43 call spreads bought today. **STNG** with 1,450 March \$35/\$40 call spreads bought this afternoon, as well

Hess Corp (HES) with 3,000 March \$75/\$62.50 strangles sold to open today for \$3

Enphase Energy (ENPH) with the May \$27.50 puts bought for \$3.35 and spread with sales of the \$37.50 calls for \$3.05, over 2600X, and may be collaring stock. **ENPH** 1000 Jan. 2022 \$25 ITM calls sold to open \$13.70

California Resources (CRC) a levered Oil play with 3000 far OTM May \$15 calls bought \$0.45 to \$0.50. **CRC** more May \$15 calls here with volume now over 8000X

Petrobras (PBR) bullish flow continues to accumulate, the March \$14 calls ITM active with buyers today 3800X near \$1.90

Concho (CXO) with 1,000 February 14th (W) \$91 calls bought for \$2.38 to open today, strong run since October and shallow dip the last week. **CXO** also seeing 4000 January 2021 \$115 calls sold to open \$4.60 to \$4.70 today

Centennial Resources (CDEV) stock buyer sells 12,500 Jan. 2021 \$7.50 calls for \$0.45 in a buy-write

Frontline (FRO) a strong Tanker trend the last few months and 3000 May \$13/\$15 OTM call spreads bought today

Financials

Blackstone (BX) with 2050 January 2021 \$55 puts bought \$4.80 to open

AmEx (AXP) with 1,000 February 28th (W) \$132 calls opening for \$1.69 as the January \$125 calls adjust up

Citi (C) buy-write sells 3500 June \$87.5 calls \$1.58

Banc of California (BANC) with 1,000 February \$16 calls bought for \$1.31, adjusting some January calls; nice flag forming after a strong run

JP Morgan (JPM) with 3000 February \$135 synthetic long positions opening \$2 debit

Schwab (SCHW) with 1050 January 2021 \$52.5 calls bought \$3.40 offer to open aggressively

Credit Suisse (CS) with 2,000 March \$13 calls bought \$1.13 to \$1.16, adjusting some January calls

Healthcare

Teladoc (TDOC) with 2,700 March \$95 puts bought to open up to \$8.60 into the 7% move higher following their M&A deal today. **TelaDoc (TDOC)** shares up 9.25% after its deal for InTouch and seeing 950 January 2022 \$90 calls open near \$26 in opening sales. **TDOC** also seeing 3,000 March \$85 puts roll back to the \$95 strike for \$6.70 this afternoon, over 6000 now at the strike today

Axonics (AXNX) big move last week after raising guidance seeing 1200 July \$22.50 puts sold to open today for \$2 to \$1.85

Amarin (AMRN) opening sale 1200 June \$23 ITM puts for \$6.05

Humana (HUM) with 1000 February \$370 calls opening \$8.55 and 1000 February \$365 calls opening \$11.13 as January calls look to be adjusting, a favored name for its MA exposure in MCO's

Esperion (ESPR) with 300 March \$60/\$55 bull risk reversals opening into weakness for a small credit

DaVita (DVA) steady move higher recently and 1,000 February \$77.50 calls bought up to \$2.40

Bristol Myers (BMY) buyer 1000 May \$67.50 calls \$3.10 to \$3.15

Anthem (ANTM) with 1600 February \$260 OTM puts bought \$1.30 to \$1.40 to open this afternoon, earnings on 1-29

Deciphera (DCPH) with 700 July \$40 synthetic long spreads opening for \$21.15 with some January calls adjusting

PetIQ (PETQ) buyer of 500 April \$24 calls for \$4.50 and spread with a sale of 1,000 \$36 calls for \$0.35

Walgreens (WBA) buyers of 1,750 January 31st (W) \$53 calls \$1.77 to \$1.81 into weakness. **WBA** Jan 31st (W) \$53 calls up to 5900X for over \$1M into weakness, remember there has been buyout talks

Eli Lilly (LLY) with 3000 March \$150 calls opening \$1.21 as February \$135 calls that opened on 12/18 take strong profits and keep a runner on

AbbVie (ABBV) with 1800 September \$100 OTM calls bought \$2.24 today into weakness

CVS Health (CVS) with 2,500 May \$65 puts bought for \$1.50, spread with a sale of the \$80 calls for \$1.14 and likely collaring stock

Vertex (VRTX) opening sale 250 July \$220 puts \$15.45 in stock replacement

Industrials

JB Hunt (JBHT) with 2,000 January \$125 calls sold to buy the \$115 puts for a net \$1.25 ahead of 1-17 earnings

Ryder (R) with 2,000 February \$52.50 puts bought up to \$2.40 to open today and spread with sales of the \$57.50 calls, similar to JBHT

Northrop Grumman (NOC) opening sale of 300 January 2021 \$300 puts \$10.20 in stock replacement

CSX Corp (CSX) strong today ahead of earnings on 1-16 and buyers active for 1,000 January 24th (W) \$75 calls up to \$1.13

Caterpillar (CAT) buyers active for 5,000 of next week's \$148 calls for \$0.85 with some positive China headlines

RADA Electronic (RADA) spread buys the July \$7.50/\$10 call spread and sells the \$5 puts, 2000X; same as Friday which opened 3,000X

Hillenbrand (HI) odd volume for the name as near 1,000 February \$35 puts are bought for \$3.40 to \$3.50 to open and also 700 of the \$30 puts bought around \$0.70. The \$2.48B industrial traded weak in 2019 and has bounced back to the declining 200-MA

TransDigm (TDG) with 220 February \$610 calls opening \$16.40 to \$16.90

United Tech (UTX) block of 10,000 January \$150 ITM calls trades \$2.40 to open

General Electric (GE) with 4,250 February \$11 calls bought \$1.20 to \$1.22 to open today into 1-29 earnings

Lockheed (LMT) buyers active today for 570 September \$455 OTM calls \$9.20 to \$9.50 offers

Genuine Parts (GPC) with 650 August \$105 calls opening around \$3.35 to \$3.40 as some May \$110 calls adjust

Materials

International Paper (IP) with 1200 January 2022 \$35 calls opening deep ITM for \$10.57 as January 2021 adjust

PPG Industries (PPG) into earnings this week with 1400 May \$140 OTM calls bought \$1.40 to \$1.48

Alcoa (AA) buyers of 1500 January \$19.50 calls to open \$0.50 to \$0.55, name that has a lot of size bullish opening put sales in OI, earnings this week

Corteva (CTVA) consolidating the last two weeks seeing 1275 Jan. 2021 \$35 calls bought \$1.36 to open

Clearwater Paper (CLW) with 2,100 April \$22.50 calls bought for \$1.10, adjusting back the \$25 calls

Tech and Telecom

Twitter (TWTR) with 10,000 January 24th (W) \$32 puts bought up to \$0.35 today

Uber (UBER) with 3,000 February \$34 calls bought up to \$1.91 today as some January \$32 calls roll out and up. **UBER** with 15,000 March \$38 calls being sold to open down to \$1.08

JD.com (JD) size bull action with 6500 March \$40 calls bought \$2.25 offer sweep. **JD** also trading some size March \$43/\$45 call spreads here

Sohu.com (SOHU) running this morning with 1,000 March \$15 calls bought to open \$1.15 to \$1.30

Expedia (EXPE) with 4,000 January \$110 calls rolling to the January 31st (W) \$114 calls that open for \$0.90

Trip.com (TCOM) now also with 1400 OTM September \$50 calls bought \$1.15 with the note on a potential HK listing last week

CheckPoint (CHKP) buyer 200 February \$110 calls for \$5.40 to open into downgrade

Crowd-Strike (CRWD) with 1250 March \$65/\$50 bull risk reversals opening as March \$60 calls adjust. **CRWD** also with 800 February 28th (W) \$60 calls bought today \$3.70 to \$3.90

Z-Scaler (ZS) strength out of base continues and 1000 January \$56 calls being bought up to \$2.65

Qualcomm (QCOM) IV rising all morning with buyers active for 500) Jan \$92 calls

Corning (GLW) with 1300 March \$27 calls being bought up to \$3.50 to open today, coiled just below the 200-day

NVIDIA (NVDA) with 1000 Jun \$285 deep ITM puts being sold to open for \$44

Trade Desk (TTD) with 300 April \$275 ITM calls opening today for over \$1M

Adobe (ADBE) with 400 Jan. 31st (W) \$340 calls opening today \$7.55 to \$8.05

Skyworks (SWKS) buyer 350 Jan. 31st (W) \$123 calls \$5 to \$5.10

ON Semi (ON) with 2000 February \$25 calls sold to open \$1.25 bid, also seeing April \$30 calls with 3000X sold to open

Data-Dog (DDOG) opening sales 2000 February \$50 calls into strength

Wayfair (W) now also seeing 4,000 March \$100 puts roll back to the \$105 puts which have traded over 7450X on the day now

NXP Semi (NXPI) with 5,200 Jan. 2021 \$115/\$95 bull risk reversals open for \$22.70

Western Digital (WDC) opening sale 1100 January 2021 \$60 puts for \$6.75

Service Now (NOW) with 1233 January \$210 calls bought back in January 2019 closing and rolling out to buy the August \$330/\$270 bull risk reversal 754X for \$5.30

Pure Storage (PSTG) with nearly 3000 August \$20 calls opening \$2.15 as February \$20 calls adjust

Applied Materials (AMAT) with 1000 April \$62.5 puts sold \$4.25 to buy 1,000 January 2021 \$62.5 puts \$8.30

Facebook (FB) opening sale 1000 February \$230 ITM puts for \$14.30

Twitter (TWTR) seeing 8000 March \$32 calls roll to the \$33 strike. **TWTR** afternoon buys of 2000 June \$34 calls for \$3 and 2000 of the \$35 calls for \$2.63

AutoDesk (ADSK) IV drops with 3000 February \$200 calls sold to open down to \$3.10. **ADSK** also with 485 Jan. 2021 \$250 far OTM calls being bought to open near \$7.75

Match (MTCH) buyer of 5400 February \$80 puts \$1.90 tied to stock

Accenture (ACN) with 2500 February \$205 puts opening \$2.45 offer

Perficient (PRFT) strong move of late and the 1500 Jan. \$45 calls that opened on 11/14 at \$0.50 closing for \$3.60 but opening 1500 Apr \$50 calls for \$2.10 today. **PRFT** on a parabolic move since early 2019 and still trades just 20.2X Earnings and 2.8X Sales.

It provides IT consulting services, a hot spot for the digital transformation. PRFT is in the early stages of a multi-year margin expansion runway and is integrating its digital agency that competes with large advertising and global marketing agencies.

Utility

Southern Co (SO) with 4,000 February \$65/\$60 bull risk reversals opening for \$0.44 with shares breaking out of a flag

Vistra Energy (VST) with another 5,000 April \$25 calls bought today for \$0.425

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Not Investment Advice or Recommendation

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