

OptionsHawk

OPTIONS HAWK DAILY MARKET 1/17/2020

Sector Leaders

Solar

Housing

Financials

Stock Gainers

FTSV 12.5%

PLAY 9.4%

IIIN 7.3%

ALEC 7.2%

ZYME 7%

BE 7%

TWOU 6.9%

Volatility Gainers

- PBVI
- TWOU
- FHN
- ALLT
- AIMT
- QDEL

High Call Volume

- SFL
- JMIA
- DISCK
- SNA
- MEET
- PBVI

Bullish Options

- CHL
- MAS
- M
- Z
- MS
- CRM
- XPO
- NSC
- YETI
- AMGN
- GPN

Market Review: Stocks continued higher in the overnight session with global economic optimism as China data showed a recovery in December. We saw some somber news in the morning from the Transports with weak results at JB Hunt and Expeditors following a mixed CSX Corp report. December Housing Starts came in extremely strong among expectations while December Industrial Production came in much weaker than consensus expectations. It was a quiet morning as markets pulled in off early highs, strength in Housing, Solar, and Financials. Energy and Metals remained weak while growth areas Biotech and Software also pulled back. The focus next week turns to earnings with markets extended and long overdue for a move at least back to the 8 day moving average.

S&P Chart:



Resistance	Support
3,305	3,187.5
3,390	3,178.5
3,440	3,167

Options Action Trends: With it being January OpEx expiration there were a lot of adjustment trades, and seeing a lot of bullish call buys in Healthcare names like **LH**, **AMGN** and **QDEL** as well as two big call purchases in Transports like **XPO** and **NSC**.

What's On Tap: Markets will be Closed Monday. Economic data is light next week without any major reports until we get Flash PMI reports for January on Friday. We enter the major 3-4 week window of earnings reports which will be the focus.

Trade Tracker Portfolio Changes:

- 1) Closed **ETFC** Calls \$2.50 (Opened \$2)
- 2)

Sector Laggards

Metals

Oil & Gas

Software

Stock Losers

MGPI -24%

CDE -15%

UNFI -10%

AERI -6.5%

PKE -5.5%

AIMT -5%

LOVE -4.8%

Volatility Losers

- TGTX
- PRGS
- LK
- WMGI
- CSX
- BYND

High Put Volume

- ALLT
- INSM
- ERIC
- NOK
- EGO
- DISCA

Bearish Options

- TGT
- ITW
- RDUS
- IDXX
- NOK
- ALLT
- EOG
- LITE
- ROKU
- R
-



Speculative Biotech ADMA Attracts Call Buy

Ticker/Price: ADMA (\$4.59)

Analysis:

ADMA Bio (ADMA) unusual opening of 1000 August \$2.5 ITM calls \$2.35 to \$2.45 and a name with some notable open interest at February and May \$2.50 strikes for nearly 5000 combined. The \$255M Biopharmaceutical develops specialty plasma-derived biologics for the treatment of immune deficiencies and infectious diseases, its lead product RI-002 for treatment of immune deficiency disease. ADMA is trading 8.5X sales and 5.3X cash but does have plenty of debt.

Revenues have showed strong accelerating growth the last two quarters and seen continuing with an overall 52.5% growth number for FY19 and 89% growth seen in FY20. ADMA just raised Q4 guidance on 1-9 well above the Street view and also outlined key 2020 strategic priorities. The Plasma-derived therapeutic industry is valued at \$6.8B as of 2018 and seen rising to \$13.9B by 2025, a strong 10.9% CAGR. ADMA is expecting to ramp production and sees peak sales of its products at \$250M annually, currently with 3 FDA-approved IG products in the US. Short interest at 11.6% of the float has been climbing and hitting new highs. ADMA does not see a lot of analyst coverage, though Jefferies started at Buy last June with an \$8 target on successful launches of BIVIGAM and ASCENIV bringing the company to breakeven by 2021 and \$240M in sales within five years, seeing it as a great way to play a \$12B intravenous immunoglobulin market. Perceptive Advisors is the top holder with a \$51M position.

Hawk Vision:



Hawk's Perspective: ADMA clearly carries the small Biotech risk but the story does look attractive, a company that can generate \$250M revenues a few years out carrying just a \$250M market cap.

Confidence Ranking: \$\$



Size Calls Accumulate in MetLife on Attractive Value Profile

Ticker/Price: MET (\$52.20)

Analysis:

MetLife (MET) with more than 4000 June \$47.50 ITM calls adding to open interest overnight with buyers paying \$5.45 to \$5.70, a size position. MET has been seeing steady bullish positioning since October with January 2021 calls accumulating in size, more than 9000 June \$50 calls bought, and large size in March calls that have accumulated though the \$55 calls sold to open in a buy-write. MET's monthly chart shows shares in a near 10-year rising channel with shares recently moving above the mid-point and the range break targeting a run up to \$60 in coming months. MET announced a \$2B buyback in August and a Bloomberg report in December noted it could look to purchase a CIGNA (CI) unit worth \$6B, though Sun Life and New York Life also bidding. MET announced a small deal in December for PetFirst as it diversifies its businesses. The \$48B Insurance leader trades 8.6X Earnings, 0.71X Book and yields a 3.37% dividend with a ROE at 11.8%. Forecasts see MET EPS rising 10.6% in FY20. MET held an investor day in December outlining 12-14% ROE target, generating \$20B in FCF over five years, and accelerating growth via operating leverage. It has lowered its risk profile and seeing strong growth from new business as it shifts its mix to Group and A&H. Analysts have an average target of \$56 and short interest is subdued at 1.7% of the float. Morgan Stanley upgraded shares to Overweight on 1/7 with a \$60 target seeing benefits from the move to simplicity and cash generation with ample room for multiple expansion. JP Morgan out 1/2 was out cautious on the industry for 2020 but named MET the Top Pick. Hedge Fund ownership surged 47.6% in Q3 filings, Dodge & Cox and Diamond Hill notable top holders.

Hawk Vision:



Hawk's Perspective: MET looks attractive on valuation and this chart has room to work higher, a nice safer name to be involved over the next few months.

Confidence Ranking: \$\$



Global Payments Bullish Positions Build into Earnings

Ticker/Price: GPN (\$198)

Analysis:

Global Payment (GPN) buyer of 1000 February \$195 calls \$7.30 sells 1,390 of the \$210 calls \$1.20. GPN had a \$1M buy of 300 December \$195 calls earlier this week and has notable call open interest already in February \$170, \$180, and \$195 strikes. GPN shares broke out of a consolidation range in November and continue to gain strength to new highs, a potential target is \$207 as the 138.2% extension. The \$59B payments company trades 25.9X Earnings and 38.7X FCF. A Director bought stock back in November. GPN recently closed their merger with TSYS that makes them a leading pure play payments technology company with integrated payments, owned software, and omnichannel solutions. The NewCo has huge scale and breadth with their software solutions used by over 1300 financial institutions worldwide. The company is coming off a strong quarter and raising their outlook for synergies by \$25M annually. The next couple years now turn focus to deleveraging. Forecasts are calling for 62% revenue growth in FY20 with 22% EPS growth. Analysts have an average target at \$200. In September Goldman started shares at Buy with a \$212 target seeing above-industry growth and substantial margin expansion for the combined company. Wedbush raised its target to \$218 earlier this week expecting strong core results. Ray-Jay upgraded to Outperform with a \$210 target on 1/6, and sees EPS as high as \$10 in 2021 and expects upside to estimates. Hedge Fund ownership soared 137.5% in Q3 filings, Lone Pine Capital and Suvretta Capital notable new positions while Coatue Mgmt. and Point-72 added to positions. GPN will report on 2-12.

Hawk Vision:



Hawk's Perspective: GPN is one of many amazing payment stories and continues to operate as one of the best along with FIS and others, though extended near-term, any weakness over the next month into earnings is a buy opportunity.

Confidence Ranking: \$\$



Bulls See Generac Powering Higher

Ticker/Price: GNRC (\$103.65)

Analysis:

Generac (GNRC) with 400 Feb \$97.5 calls opening for \$7.98 as January calls adjust, a top performer last year and option traders continue to adjust and look for more upside. Since December we have seen August \$125 calls open 340X, May \$100 calls open 1245X and May \$105 calls open 665X, and 1000 February \$100 calls opened on 12/27. GNRC shares with a parabolic move since June 2019 and recently consolidated before breaking back out this week, looking to continue to new highs and the \$113 level would be the first extension level target. The \$6.55B maker of power generation equipment trades 19.7X Earnings, 16X EBITDA and 37X FCF. GNRC has grown revenues 8.8% this year even after facing tough comps with 16% and 20.5% sales growth the two years prior while EPS seen rising 7% in FY20 with 6.7% revenue growth. GNRC is seeing strong numbers across every product category and notes powerful secular growth opportunities around an aging electrical grid in the US susceptible to more power outages with climate change. It also sees trends from Natural Gas usage for power, Telecom infrastructure shifts to next generation, and legacy infrastructure of need of an investment cycle as positive drivers. Analysts have an average target of \$105 and short interest at 2.8% of the float is hitting multi-year lows. Northcoast raised its target to \$118 on 11/1 noting strong execution in core and newer markets with significant growth opportunities ahead. Hedge Fund ownership jumped 27% in Q3 filings, Alyeska a top buyer.

Hawk Vision:



Hawk's Perspective: GNRC has respected its rising 50 day MA and a kind of growth story that needs to be owned when dips come around, a top growth story in Industrials.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Brazil (EWZ) with 12,500 February \$44/\$48 call spreads bought this morning

Biotech (XBI) with 4500 February \$96/\$92 put spreads bought

NASDAQ (QQQ) with 12,000 April \$232 calls being bought to open in sweeps \$2.64+ over the last 15 minutes

S&P (SPY) with an opening sale of 15,000 Feb. 28th (W) \$331 puts for \$4.21 confident the markets gains will be holding

Consumer Discretionary/Services

Macys (M) early buyers of 3,500 March \$18 calls up to \$1.12

Fossil (FOSL) with 400 ITM June \$5 calls and June \$7 calls opening for \$3.60 and \$2.30 respectively, some Feb. calls adjusting; positive Richemont comments today

Yeti (YETI) with 4,000 February 7th (W) \$34 calls bought up to \$1.30 to open this morning, earning expected early in the month

Target (TGT) with 2500 March \$110 puts opening \$2.53 with January put adjustments

Restaurant Brands (QSR) seeing 1500 February \$62.50 puts sold to open as the January \$65 short puts from December adjust

Gluu Mobile (GLUU) with 2900 February \$6 calls opening \$0.58 as January 5.50 calls adjust

Meet Group (MEET) strong move this week and unusual 1800 May \$5 ITM calls opening here \$1.30 to \$1.40

Madison Square Garden (MSG) with 320 February \$310 calls opening \$6.50 to \$7.50 range this morning

Las Vegas Sands (LVS) adjustment trades in June and look to be opening 2000 June \$75/\$80 call spreads

Dave and Busters (PLAY) up 10% on news today and 1200 Feb. 28th (W) \$47 calls opening \$2.25 offer

International Gaming (IGT) with 10,000 February \$14 puts sold to open \$0.30 to \$0.25

Ralph Lauren (RL) with 750 July \$110 short puts opening as some April \$100 adjust

Stitch Fix (SFIX) with 1000 June \$24 ITM calls opening \$4.30 to \$4.50, shares basing here after pulling back in orderly fashion, and has 4000 next week \$25 calls in open interest from buys on 1/14. Short interest is high at 45% of the float.

Boot Barn (BOOT) pulling back to support this week, one of the stronger stories in Retail, and 2500 February \$45 calls are bought \$1.825 against the sale of 4000 Feb \$50 calls. BOOT also with smaller buys 345 May \$45 calls

Starbucks (SBUX) buyer of the January 2021 \$95/\$70 put ratio spread 1000X2000

Consumer Goods

Sprouts Farmer Market (SFM) buyers of 2,000 February \$17.50 calls for \$0.75 to \$0.80 into the Wells Fargo downgrade

Colgate (CL) with another 5000 May \$75 calls bought here, not spreading with the \$80's this time

Philip Morris (PM) seeing a sharp IV rise late morning with opening buyers of Jan. 31st (W) \$88 calls

Smucker (SJM) breaks above base, out of downtrend and above 6 month VPOC with 1000 Feb 110 cheap calls bought for \$0.75

P&G (PG) with 20,000 April \$115 puts sold to open for \$0.92

International Flavors (IFF) with 2500 February \$135/\$145 call spreads bought for \$3.60

Altria (MO) buyer of 2000 June \$47.5/\$35 put spreads

ConAgra (CAG) opening buys 2200 February \$33 calls this afternoon \$0.85 to \$1.05

Energy

Halliburton (HAL) higher after the Schlumberger (SLB) report despite calling out weak North American markets, and HAL set to report Tuesday morning is seeing buyers of 4000 March \$26 calls as well as 3000 next week \$23.5 calls opening \$0.93 offer. **HAL** also 3000 June \$21 puts sold to open for \$0.86

Petrobras (PBR) buyer of 2000 July \$15 calls to open \$1.34

Conoco (COP) buyer 2000 June 57.50 puts for \$1.53

Exxon (XOM) with 15,000 January 2021 \$45 puts opening for \$0.59 which may be adjusting January 2020 short puts

EOG Resources (EOG) with 8000 July \$105 calls sold to open today

Financials

Zillow (Z) early buyer 2000 May \$55/\$65 call spreads

Blackstone (BX) with 5,000 February \$65 calls bought up to \$0.33 this morning with earnings 1-30. **KKR** also with 2,500 January 31st (W) \$31 calls bought \$0.70/\$0.72 into 1-31 earnings

Morgan Stanley (MS) with another 5000 March \$57.50 calls bought up to \$1.34. **MS** also with 1500 June \$60/\$55 stock collars opening

Sun Life Financial (SLF) with 1000 August \$50 calls opening \$1.35, unusual trade for the name

Apollo (APO) with 1000 June \$50 synthetic long positions opening at \$0.20 credit

Realogy (RLGY) with 7000 March \$12.50 calls bought \$0.35 to \$0.40 here

Goldman (GS) block of 1200 Feb. 28th (W) \$260 OTM calls sold \$2.58 in a buy-write

Axis Capital (AXS) IV rising this afternoon with 1250 March \$65 calls bought for \$0.80 to \$0.85 offers, and has 2700 Feb \$65 calls in OI from buys

Healthcare

Radius (RDUS) buyer of 1000 April \$17.50 puts to open \$1.20

Nektar (NKTR) with 400 May \$20 synthetic longs opening as January calls adjust

Biohaven (BHVN) with 1,000 March \$55/\$70 call spreads bought for \$5.25 and still has 5,000 February \$55 calls in OI ahead of key Phase 3 data

EXACT Sciences (EXAS) trades the March \$85/\$75 put ratio 600X1200

Idexx Labs (IDXX) buyer of 250 February \$290/\$280 put spreads for 1-31 earnings

Lab Corp (LH) large trade opens 2700 August \$180 calls \$12.20, recent size buys sit in February call OI

Amgen (AMGN) with 1750 February \$240 calls opening for \$5.10 as January \$230 calls adjust

Quidel (QDEL) seeing 1,300 March \$65 calls bought for \$11.40 as the January \$70 calls adjust out

Elanco Animal Health (ELAN) opening sale of 1500 July \$30 puts \$2.40 to \$2.35, seeing the move above the 200 MA this week holding

Alnylam (ALNY) trade sold a block of 1500 May \$120 calls to open \$10.90 seeing limited upside near-term and may be writing against a stock position

PetMed (PETS) buyer aggressive 2500 Mar \$30 calls \$0.80 to \$0.95

Insmid (INSM) unusual spread buys 1000 February \$22 puts for \$2.30 and sells 4000 of the Mar \$17 puts at \$0.70, net credit spread

Forty Seven (FTSV) unusual 750 April \$60 calls opening for \$2.05 with stock at \$45, but IV move indicating sold to open. FTSV is a \$2B Biotech focused on cancer therapies. SunTrust on Monday started shares Buy with a \$55 target seeing further value creation with high-impact catalysts this year in solid tumors to unlock value. FTSV will have data in two early phase Ib trials evaluating magrolimab combinations with tumor-targeting antibodies in colorectal and ovarian cancers. Considering the run in shares, a stock holder may be writing these calls for extra income.

Puma Bio (PBYI) unusual buyers of 4,850 February \$12.50 calls \$0.40 up to \$0.88 as IV climbs sharply, IV30 up 44.5%

Medtronic (MDT) diagonal spread 2000X sells March \$125 calls to buy April \$120 calls at \$2.59

Regenx-Bio (RGNX) with 300 April \$40 synthetic longs opening as January calls adjust

E-Health (EHTH) far OTM August \$125/\$135 call spreads bought today, SunTrust note today calling it the most profound growth opportunity they have ever covered. **EHTH** August call spreads up to 1000X

Alkermes (ALKS) with 5000 February \$18 puts sold to open down to \$0.50

Amarin (AMRN) buyer of 5000 February \$18 calls \$3 as January \$17 adjust

Novartis (NVS) buyers active here for 2800 February \$97.50 calls \$1.10 offer

Baxter (BAX) with 3000 February \$92.50 calls bought up to \$0.70

Zogenix (ZGNX) with 1050 February \$40 puts bought \$2.75 after 625 of the \$42 puts bought earlier for \$3, stock on day lows

Cardiovascular Systems (CSII) with 1000 February \$60 calls opening \$1.10 offer

Gilead (GILD) buyer of 2800 January 2022 \$62.5 calls for \$8 as 4,200 of the Jan. 2021 calls adjust

AbbVie (ABBV) with 3000 February 7th (W) \$92.5 calls bought \$0.60 to \$0.63

Cooper (COO) buyer of 250 August \$370 ITM puts to open \$32.50 into a big move this week

Industrials

XPO Logistics (XPO) buyer of 1,000 August \$110/\$82.50 bull risk reversals for \$0.80 debit with the company exploring strategic alternatives

Norfolk Southern (NSC) buyer of 2000 March \$210 calls \$5.90 offer, earnings on 1-29

Honeywell (HON) with 2,200 of next week's \$185 calls bought up to \$0.80

CoPart (CPRT) size buy of 5750 March \$97.50 calls for \$5, could see the size \$90 call OI adjust

Caterpillar (CAT) moves off session lows with 3000 Jan. 31st (W) \$150 calls being bought to open \$2.25+ targeting earnings on 1/31

Ryder (R) buyer of 3000 February \$55/\$50 put spreads with the group off to a tough earnings season

DHT Holding (DHT) buyer of 13,000 April \$9 calls for \$0.40

3M (MMM) with 645 June \$170 puts bought \$5.55

Materials

Masco (MAS) continues to draw bullish flow with 1,350 April \$50 calls bought \$1.95 to \$2.05. **MAS** also with 1000 April \$55 calls opening for \$0.55

Pan American (PAAS) with 1925 April \$21 puts sold to open for \$1.30 into the pullback

El Dorado Gold (EGO) mixed action with 3000 April \$8 ITM puts opening \$1.10 to \$1.15 while 2000 of the ITM calls opening \$2.35 to \$2.53

Graftech (EAF) with 3000 February \$12.50 puts being sold to open for \$1 today, ITM put sales seeing recent support at \$11 holding

Builder First-Source (BLDR) opening sale 3500 February \$25 puts for \$0.45

Bunge (BG) afternoon buy of 1500 February \$57.50 calls for \$1.25

Crown (CCK) buyer 500 April \$72.5 puts to open for \$3

Tech and Telecom

China Mobile (CHL) buyers of 1,000 ITM March \$40 calls for \$3.30 to \$3.50, shares flagging just below the 200-day

Salesforce (CRM) with 1200 June \$185 calls opening \$10.34 to \$10.39

Veeva (VEEV) a lagging Software name seeing 1000 June \$165 calls sold to open this morning down to \$6.20

Google (GOOGL) hitting record highs and buyers active for 1200 Jan. 24th (W) \$1480 calls early \$4.50 to \$5. **GOOGL** also with 2000 February \$1400/\$1500 call spreads bought to open

ON Semi (ON) with 7000 July \$27 calls opening \$1.80 in stock replacement. **ON** now with 1800 February \$24 calls bought \$1.85 offer

National Instruments (NATI) buyer of 430 February \$45 calls for \$2.35 to \$2.40 ahead of 1-30 earnings

Advanced Micro (AMD) buyer 1000 March 2021 \$65 calls for \$6.25

Nokia (NOK) with 5000 Jan 24th (W) \$4.50 puts bought to open \$0.37 to \$0.39

Yelp (YELP) opening sale of 1000 May \$32 puts for \$1.60

2U (TWOU) unusual 1200 July \$30 calls opening today, Sachem Head pushing the Co. to sell itself. **TWOU** 1000 July \$20 puts open now for \$2

New Relic (NEWR) with 330 January 2021 \$60 puts opening \$5.50 offer

Yandex (YNDX) with 400 January 2021 \$47 calls opening for \$5.45

Pinduoduo (PDD) bullish positioning continues with 4000 February \$43 OTM calls bought for \$0.90 offer in a sweep, looking for a big earnings breakout this quarter. **PDD** also a sale of 2000 September \$38 puts to open for \$5

AT&T (T) with 50,000 April \$40 calls bought for \$0.64 as March \$40 adjust

NVIDIA (NVDA) buyer 750 September \$200 puts for \$9.15

Roku (ROKU) been trading heavy and 1700 Feb. 14th (W) \$130 puts opening today near \$12.20

AutoDesk (ADSK) with nearly 3000 Feb. 28th (W) \$210/\$172.5 bull risk reversals opening as Feb. \$195 calls close

Microchip (MCHP) with 9500 Jan. 24th (W) \$112 calls opening for \$0.65 earlier today

MACOM Tech (MTSI) with the February \$30/\$35 call ratio spreads active 1500X3000 as shares break to multi-month highs

Lattice Semi (LSCC) buyers of 3500 February \$22.50 calls \$1.45 to \$1.75 as IV rises sharply this afternoon, name with 7,950 March \$20 calls bought in OI

Vicor (VICR) with 525 February \$40 ITM calls opening as January calls adjust

Nutanix (NTNX) with 500 Feb 7th (W) \$30 calls opening \$5.52 as January adjustments continue

Match (MTCH) buyer of 1000 February \$95/\$100 call spreads, rolls out of Jan 88 calls

Dell (DELL) opening sale of 1000 March \$50 puts \$2.65

CommScope (COMM) sale of 3000 January 2021 \$17 calls for \$2.05 in a buy-write

Cognizant Tech (CTSH) with 2 000 February \$65 calls opening \$0.69 to \$0.80 today, earnings 2-5, sits just under the 200 MA after months of basing

Juniper (JNPR) IV rising this afternoon with 6500 next week \$25 calls bought \$0.11 to \$0.30, 1500 Jan. 31st (W) \$25.5 calls bought up to \$0.52, and 3000 February \$25 calls bought \$0.72 to \$0.73, comes ahead of ERIC earnings next week, a Co. rumored to potentially wanting to acquire JNPR in the past

PTC Inc (PTC) ugly reversal today and 600 February \$77.5 puts bought \$2.75 offer this afternoon, earnings 1-22

Utility

Southern (SO) with 7500 Feb 28th (W) \$67 calls opening as the \$66 calls adjust

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Not Investment Advice or Recommendation

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