

OptionsHawk

OPTIONS HAWK DAILY MARKET 1/23/2020

Sector Leaders

Housing

Bonds

Software

Stock Gainers

SLM 22%

HZO 20%

ZLAB 11%

PTC 10.7%

CTXS 8.2%

PCG 7.5%

DNLI 6%

Volatility Gainers

- LK
- DDD
- CLVS
- CRC
- CGC
- AVYA

High Call Volume

- SPWH
- CMC
- GIII
- DDD
- VFC
- TER

Bullish Options

- EBAY
- MLCO
- WYNN
- ELAN
- MPC
- CRM
- WDC
- XRX
- GOOG
- SKX
- BIDU

Market Review: Stocks were lower overnight as the concern for the outbreak in China continues as it quarantines large cities. The ECB was out in the morning and markets moved a bit lower while earnings were mixed, strong reports in the Semiconductor group from Texas Instruments, Teradyne, and ST Micro as well as from large caps Comcast and P&G. We saw a flight to safety with Bonds and Gold outperforming while Software, Housing and Industrials held up well. Energy and Metals continued to lag while Banks and Biotech also sold off. Breadth started to improve early afternoon as Cumulative TICK crossed bullish just before 1pm and at 1:30 we hit day highs as the World Health Organization did not declare an International emergency. Earnings in focus tonight and tomorrow as well as early PMI readings as January nears an end.

S&P Chart:



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

Options Action Trends: In early action we saw traders selling February puts to open in Chinese Internet leaders like **BIDU/JD/EDU/TAL**. We also saw size call buys adjust to lower strikes in the Casino names **WYNN/LVS/MLCO** that have been hit on China fears.

What's On Tap: PMI Readings. Earnings from AXP, NEE, APD, SYF, HRC, and ERIC.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **NTAP** March \$60 Puts \$2.85 – No Fill

Sector Laggards

Metals

Energy

Biotech

Stock Losers

KRTX -15%

PRA -10.7%

ALLK -10.5%

CMRE -9.5%

VFC -9%

ALTR -8.5%

RJF -7.3%

Volatility Losers

- TER
- ACOR
- DERM
- VFC
- TXN
- CTXS

High Put Volume

- EL
- LOGI
- CARS
- HBAN
- RCL
- YUMC

Bearish Options

- PNC
- PDD
- UNIT
- RCL
- MED
- COUP
- LEN
- CME
- FL
- HSBC
- BABA



Bulls Position for Upside in Sarepta for 2020 Catalysts

Ticker/Price: SRPT (\$118.50)

Analysis:

Sarepta Therapeutics (SRPT) seeing bullish positioning the past month including 500 June 2021 \$130 calls bought for \$1.6M on 1/22, and March \$130/\$115 bull risk reversals opened 725X on 1/21 against the \$150 calls sold. SRPT also has 1000 May \$130 and 3000 May \$135 calls in open interest from size buys and has seen 1,650 June \$115 puts sold to open and 1500 January 2021 \$110 puts sold to open. The \$8.85B Biotech is trading 21.8X EV/Sales with revenue growth of 25.6% in FY19 seen accelerating to 63% growth in FY20, though profitability is far away. On the chart shares have pulled back into a recent gap and nearing a 55/200 MA crossover level with key volume support also there near \$114 though could retest a \$111.50 level. A move above \$130 should target a run back to \$155 which aligns with the May spread target level. SRPT has 42 programs in total with RNA and Gene Therapy the focus. Sarepta has continued to build out its gene therapy pipeline with expansions into indications such as MPS IIIA (with Lysogene), Charcot-Marie-Tooth (CMT, with NCH), Pompe disease and two other CNS disorders (with Lacerta). On the RNA side, the co has also continued to innovate and second-generation technology is already in the clinic. SRPT's \$1.1B in cash as of the end of 2Q positions it well to continue to execute on the pipeline. Analysts have an average target of \$195 on shares and short interest at 16.9% of the float is high but has pulled back 17.8% Q/Q off a three-year high. CSFB out in December seeing SRPT as a big mover in 2020 with functional results of SRP-9001 in DMD due in late 2020 and in Q1 2020 expecting efficacy results for its LGMD program. BAML named SAGE a top pick for 2020 on 1/7 with a \$187 target after a surprise accelerated approval and a strong pipeline. BTIG also named SRPT a top pick for 2020 seeing increased visibility for its gene therapy programs. Piper noted the partnership with Roche highly validated the program and has an Overweight rating with a \$210 target while Bernstein sees the DMD program worth \$90/share to Sarepta alone. RW Baird also positive on the Roche deal and sees SRP-9001 leading to profitability within one or two quarters of its launch. HC Wainwright has a \$260 target calling the Roche deal robust with compelling economics for the outside US rights. Hedge Fund ownership rose 22% in Q3 filings, Cadian Capital adding to a large position and Boxer Capital with a new position. SRPT was seen as the 2nd most likely Biotech M&A candidate in RBC's survey for 2020.

Hawk Vision:



Hawk's Perspective: SRPT needs to find some price support and form a proper base but the story remains compelling for gene therapy and the put sales make the \$110/\$115 zone optimal.

Confidence Ranking: \$\$



Schwab Calls Bought as Shares Move Out of Consolidation

Ticker/Price: SCHW (\$48.90)

Analysis:

Charles Schwab (SCHW) with over 3,450 March \$48 calls bought yesterday for \$2.30 to \$2.40 to open. SCHW has seen buyers recently in the June \$48 and \$50 calls as well. Shares are coiled under \$51 and just above their 50-MA with MACD and RSI setting up for a trigger higher. SCHW announced a \$26B all stock deal for TD Ameritrade (AMTD) in November that positions them as a clear leader in the retail brokerage space with over \$5T in assets. The deal comes as disruption hit the industry as fees have been slashed and fears about margin pressures and revenue have been pervasive. However, SCHW sees client growth and assets as a major differentiator while they'll be able to cut costs due to duplicative back-room operations and vendor fees as well as explore new revenue streams with their base from services. The deal is expected to face regulatory scrutiny as it makes them the third largest broker by dollars in the US behind Fidelity and Vanguard but only 11% of all client assets. The \$60.34B company trades 17.6X earnings and 5X sales with strong FCF. SCHW sees mid-single digit growth in 2021. Hedge fund ownership rose 1.5% last quarter. Eminence Capital with a 3.47M share equivalent in call options bought and also adding stock with over 7M shares now. Analysts have an average target for shares of \$49 with 8 buy and 7 hold ratings. Keefe Bruyette upgrading to Buy on 12-13 with a \$48 PT.

Hawk Vision:



Hawk's Perspective: SCHW is setting up nicely, flagging after clearing a long downtrend, and these March calls can be traded with a nice reward/risk versus \$46.50.

Confidence Ranking: \$\$



Unusual Call Size Bought in Mercury Systems

Ticker/Price: MRCY (\$75.3)

Analysis:

Mercury Systems (MRCY) interesting small-cap that has traded down from 52-week highs and forming a nice multi-week base. MRCY yesterday traded over 40X average calls with buyers active in the February \$75 calls as well as the March \$75 and \$80 calls. MRCY doesn't have any other notable open interest. Shares have been in a strong long-term trend and basing at the low-end of a weekly channel that targets a run up to \$95-\$100 over the next year. MACD is also turning higher on the weekly and near a bull crossover. The \$4.1B company trades 31X earnings and 6X sales with mid-teens EPS growth and expected to hit \$1B in annual sales by FY23. MRCY is a leading supplier of electronics for aerospace and defense. MRCY is now a tier 2 supplier which is allowing them to grow their content share within certain systems and a long-term goal of growing their content per system by 12X as they expand into adjacent markets and submarkets. Their business is broken into two segments: command/control management and sensor systems. The former is a \$22.6B market within global defense and growing at a 4% CAGR, slightly better than the traditional market. Their communications platform is used in prime projects like the JLTV, WIN-T, and Aegis naval fleet and features products like displays, storage, network management, and servers. These are primarily used for control of mission systems and processing of information aboard certain systems. Their sensors are used across massive programs like the F-16, F35, Triton, Stormbreaker, and more. The sensor/mission systems market is \$17.4B and growing 4.6% CAGR. Their products like radar, acoustics, and weapons focus on things like RF signals for tracking and seekers. Short interest is 3.5%. Hedge fund ownership fell almost 19% in Q3 but Silvercrest a notable new position and top five holder in the stock. Analysts have an average target for shares of \$75.50 with 5 buy ratings and 2 hold ratings. Baird with a Street High \$87 PT and positive on 12-4 noting that weakness should be bought as they have long-term opportunity for share gains increase from industry outsourcing and expanded capabilities within the Tier-2 subsystems market. BAML positive on 12-4 with an \$85 PT. The firm still thinks share trade rich but a clean balance sheet and company ready to deploy capital. They also note that MRCY has a unique benefit from the US/China tensions. "As China trade tensions continue to intensify, there has been a clear push from the DoD to de-couple the US critical technology supply chain from China. Mercury is poised to benefit from this secular pivot, as it is a trusted supplier in embedded computing, secure processing, microelectronics, and more."

Hawk Vision:



Hawk's Perspective: MRCY has long been a favorite small cap and carved out a great multi-week base, a nice level to add shares in my view.

Confidence Ranking: \$\$



Unusual Large Call Buy in Avaya

Ticker/Price: AVYA (\$14.15)

Analysis:

Avaya (AVYA) with 8,000 March \$15 calls bought up to \$1.05 to open this morning and follows accumulation in the January \$12.50 calls recently with over 3,000 in OI. AVYA has over 10,000 February \$15 calls in OI as well from buyers. Shares are extended short-term but back above the 200-day this week and near a multi-week base breakout above \$14.50 that targets a run to \$19. AVYA has been in a downtrend since July 2018 but constructive bottom being put in with a bullish RSI divergence last Fall. The \$1.56B company trades 3.4X earnings and 0.54X sales with strong FCF and over \$6.75/share in cash on hand. AVYA sees 25% EPS growth and low-single digit revenue growth in 2021. In October, the company announced a partnership with RingCentral (RNG) where the latter would offer a branded UCaaS product for Avaya on their platform. AVYA has struggled to build out a cloud platform to migrate their massive legacy on-premises customers from Lucent/Nortel and the RNG deal gives them a big opportunity in both public, private, and hybrid cloud. AVYA expects to roll out their first products in the 1H 2020. Analysts have an average target for shares of \$18.50. Goldman upgrading to Buy on 1-21 noting that the economics of the RNG deal will drive revenue and profitability above consensus. Piper starting at Overweight on 12-10 seeing the shift to a UCaaS company in the very early innings and a potential multi-year catalyst to the upside. Short interest is 17.8% and elevated. Hedge fund ownership fell 5% in Q3 but Viex Capital a notable buyer. RNG also bought 7.8M shares as part of their agreement.

Hawk Vision:



Hawk's Perspective: AVYA looks like an attractive play out of a large weekly base, though RNG the more exciting name.

Confidence Ranking: \$\$



Speculative Upside Calls Bought in DHT Holding

Ticker/Price: DHT (\$7)

Analysis:

DHT Holding (DHT) working on reversal off key support and 12,000 March \$8 calls bought \$0.40 to \$0.45. DHT is a name with a lot of size in April call open interest, the \$7 and \$8 calls each with 9000X and the \$9 calls with over 19,000 after 13,000 added on 1/17. Shares pulled back to a 38.2% retracement of a big 2019 move and looking to base at key value support. The \$1.05B crude oil tanker company trades 6.8X EV/EBITDA with a 2.79% yield and fairly strong balance sheet, based in Oslo and next reports in early February. Forecasts are calling for EBITDA growth to finish 2019 at 120% and to follow that up with 55% growth in 2020. DHT did a secondary offering at \$6.90/share in November. DHT is a pure VLCC play with best in class cost structure. VLCC rates have always been very volatile and recently have come down 40%, and AXS Marine noted hire rates remain healthy but there is some unwinding in rates. Tanker rates often soften in Q1 and are coming down off a historic Q4. Analysts have an average target at \$9 and short interest is 7.4% of the float, rising 71% Q/Q. Analysts have been quiet lately in the name while Hedge Fund ownership rose 9.45% in Q3 filings.

Hawk Vision:



Hawk's Perspective: DHT is clearly a more speculative name and is putting in a trade against candle today, the Tanker names often run in unison and have to keep an eye on rates, while **STNG** tends to be our preferred way to play the group.

Confidence Ranking: \$\$



Foot Locker Puts Bought as Shares Lose Support

Ticker/Price: FL (\$39.55)

Analysis:

Foot Locker (FL) with 4,000 ITM March \$40 puts bought for \$3.00 to \$3.20 today and later 1500 August \$37.50 puts bought \$4.10 to open. FL has seen some smaller bearish plays open since early December including the Jan. 2022 \$40 puts and Jan. 2021 \$37.50 puts while some large call buys stuck OTM around the \$55 strike from November. Shares are consolidating in a multi-week range under the declining 50-day MA with a breakdown under \$38 and the 6-month value-area setting up for a re-test of the prior lows at \$34. RSI and MACD have both reset back to zero from oversold levels and turning over, plenty of room to break from this weekly bear flag. The \$4.13B company trades 7.6X earnings and 0.51X sales with over \$7/share in cash on hand and a 3.82% yield. FL sees EPS growing mid-single digits the next two years while revenues remain stagnant around 1-2% growth. FL has undergone a

big transition since early 2017 as they look to embrace the 'new world' of retail and focus more on digital/e-commerce partnerships. Costs are expected to weigh as well as they expand out their "Power" store concept in 2020. FL still relies heavily on Nike (NKE) with over 70% of sales and long-term risk to sales as they pursue a more aggressive DTC strategy. Analysts have an average target for shares of \$54 with 12 buy ratings, 8 hold, and 1 sell. Susquehanna downgrading to Neutral on 1-10 noting that new launches from NKE and Adidas likely won't be enough to help them overcome tough early-year comps while less effective engagement and communication is driving lackluster results. Argus cautious as well on 1-3 as FL will have to allocate more investment to digital advertising which should weigh on margins. Short interest is 8%. Hedge fund ownership fell 10.5% in Q3, Samlyn Capital cutting their stake by over 1.5M shares.

Hawk Vision:



Hawk's Perspective: FL fits the perpetual Retail short play with its high mall exposure and looks likely to continue to struggle.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Regional Banks (KRE) with 8500 March \$56/\$52 put spreads opening

Biotech (XBI) pulled back to key support with rising 55 MA and value level and 8500 March \$95 calls are bought for \$3.30

Retail (XRT) interesting buy of 1000 September \$40 deep ITM calls \$6.30 to \$6.45

Gold (GLD) some large trades today with 16,000 Sep. 30th (Q) \$151 calls sold to open \$4.90 in buy-writes, also seeing 13,000 September \$147 calls bought \$6.35 to \$6.40 to open

NASDAQ (QQQ) afternoon buyers 3000 March \$222 calls to open \$7.32

Energy (XLE) rebounding this afternoon with 3400 June \$58 calls bought \$2.29 to \$2.37

S&P (SPY) with the March \$334/\$347 call ratio spreads bought 15,000X30,000 shortly before the WHO announcement

Consumer Discretionary/Services

New Oriental Education (EDU) with 600 April \$120 puts sold to open from \$4.10 to \$3.90 into weakness

TAL Education (TAL) with 1000 May \$47 puts sold for \$3.50 in a stock replacement today while the August \$45 puts also sold 1,000X for \$4. **TAL** also a sale of 2250 January \$42 puts to open \$4.20 and buyer of 1000 May \$48 calls \$3.70 offer

Melco (MLCO) buyer 5000 March \$22 calls for \$1.05 as the \$23 calls adjust back. **MLCO** also now with 2,000 July \$20 puts sold for \$1.55 to open

Wynn (WYNN) the September \$130 calls being bought 5500X for \$18.55 as the \$140 calls roll back again. **WYNN** also with 2000 March \$135 calls bought for \$8.22 as some \$150 calls roll back

Royal Caribbean (RCL) seeing 5000 February \$115/\$105 put spreads open with Travel names under further pressure

eBay (EBAY) buyers of 2,000 January 31st (W) \$36 calls this morning for \$0.90 to \$1 into weakness, earnings on 1-28 and potential for more strategic actions announced

Skechers (SKX) buyers into weakness of 2,000 February \$42 calls for \$1.80 to \$2

Xerox (XRX) with 1090 January \$35 calls bought \$4.55 to open

Hilton (HLT) spread today sells 2,888 February \$115 calls for \$1 to buy the \$105 puts for \$1.90, likely collaring stock with earnings on 2-11 and fears now about global travel

VF Corp (VFC) buyer of 3000 March \$92.5/\$97.5 call spreads into weakness for \$0.87

Sportsman's Warehouse (SPWH) with 4,123 July \$7.50 calls bought for \$0.79 as the April calls adjust again

L Brands (LB) with 1,200 August \$20 puts sold to open for \$2.70 today, stock replacement with the positive Barclays note today

FarFetch (FTCH) opening sale of 3,500 July \$12 puts for \$1.80 on the PHLX

Advanced Auto (AAP) with 4,500 June \$155 calls bought up to \$10.60 as shares jump. **AAP** also with 300 January \$145 synthetic long positions opening. **AAP** buyer of 1000 March \$155 calls aggressively \$6.10 to \$6.30 earlier as well

Scientific Games (SGMS) with 1,300 February \$24 ITM calls opening \$3.00 to \$3.05 today, coiled name

Starbucks (SBUX) seeing 8,500 February \$100 calls sold from \$0.40 to \$0.37 to open today into 1-28 earnings, likely overwrite

CBS Viacom (VIAC) with 5500 September \$42.5/\$35 bull risk reversals opening at a net credit, follows morning buys in the June \$42.5 calls and some January 2022 call spreads

Front Door (FTDR) with 800 March \$46 calls opening \$3.30 to \$3.50 today with shares back at the 200 MA support

Las Vegas Sands (LVS) May \$70 calls with 10,000X bought up to \$4.15 offer

Zynga (ZNGA) block of 10,000 February \$6 calls bought \$0.60 offer into weakness

Stamps (STMP) IV dropping hard with 600 February \$85 puts sold to open \$7.35

RH Corp (RH) day highs and nearing a key breakout, the February \$225 synthetic long opening 1000X this afternoon

Kontoor Brands (KTB) rebounding from the early lows and 445 March \$40 calls bought up to \$3.80 today

Texas Roadhouse (TXRH) buyer 1000 February \$65 calls \$1.10 offer and has 2500 Mar \$60 / Feb \$55 bull risk reversals in OI

L Brands (LB) seeing sweep buys here May \$22.50 calls \$1.35 to \$1.40 with 3000X trading. **LB** with 5000 March \$22.50 calls bought \$1 offer too

Luckin (LK) with 29,500 February \$70 calls sold to open \$1.30 to \$1.05, may be writing over stock

Consumer Goods

Estee Lauder (EL) trading 2000 April \$200 and \$195 puts early, tricky spread on bid-ask but likely bull put spreads in a top name after the strong PG beauty numbers

Kraft (KHC) with 3000 July \$25 puts sold to open \$0.63

Beyond Meat (BYND) buyer of 2500 March \$100 puts to open \$5.95 this morning

Kellogg (K) buyer of 900 June \$75/\$67.5 strangles for \$3.60 which skews negative

McCormick (MKC) strong move to highs with 380 September \$190 OTM calls bought \$4.70 offer in a sweep, earnings 1-28 and working out of a weekly consolidation

Energy

Sun Power (SPWR) buyers opening 1000 March \$7 calls around \$2 today

Halliburton (HAL) with 6500 February \$23 puts sold to open down to \$0.61 into weakness. **HAL** also 980 June \$24 calls bought \$1.58 offer. **HAL** June \$24 calls are up over 5000X as size buys came in

Transocean (RIG) stock replacement sells 20,000 August \$4 puts for \$0.40 on the PHLX

Marathon Petroleum (MPC) with over 8,000 April \$57.50 calls bought for \$1.77 as some \$62.50 calls adjust back

Occidental Petro (OXY) with 1000 July \$42.5 calls opening \$2.93 in a stock replacement. **OXY** 1000 Feb 28th (W) \$43 calls bought \$1.47

Cimarex (XEC) with 3,000 February \$50 calls opening for \$1.44 as the \$55 calls roll back into weakness

Diamondback Energy (FANG) opening seller 650 January \$95 deep ITM puts for \$17.90 to \$17.60

First Solar (FSLR) with 3,250 February \$55 calls bought up to \$1.43 as IV jumps, earnings later in the month. FSLR 61.8% retracement and lines up w/ Oct lows, held as support this week

Scorpio Tankers (STNG) shares right back at the 200-MA today and 1000 February \$30 calls open for \$2.50 to \$2.55

Petrobras (PBR) with 20,000 February \$15 calls bought for \$0.44 and spread with the January 31st (W) \$14.50 calls that are sold in a calendar spread

Antero (AR) with 4500 January 2022 \$1.50 puts bought today

Hess Corp (HES) with 1,150 January 31st (W) \$66 calls bought \$2.25 to \$2.30 today with 1-29 earnings

Financials

PNC Financial (PNC) trading 2000 March \$150/\$145 put spreads in early trade

Uniti (UNIT) bearish action continues with 5000 January \$5 puts bought \$1 to \$1.10

CME Group (CME) with 6500 January \$130 puts bought \$1.90

Carlyle Group (CG) with 3,500 September \$40 calls sold for \$0.70 with stock, similar to yesterday

E-Trade (ETFC) remains coiled and 1000 weekly \$44.50 calls opening near \$1.70 today, earnings tonight

Discover Financial (DFS) with 1,000 July \$77.5 puts opening \$1.50 as April adjust

Itau Unibanco (ITUB) with 5,000 June \$8 calls bought for \$0.60, adjusting back the January 2021 \$10 calls into earnings

QIWI PLC (QIWI) with 1,370 May \$17.50 puts sold to open today from \$1.00 to \$0.90, shares basing above the 200-MA

Bank America (BAC) stock replacement opens 5000 June \$34/\$30 bull risk reversals for \$1.03

Square (SQ) with 9000 Feb. 28th (W) \$69 calls opening \$1.02 as the \$68 calls adjust, those calls adjusted from \$67 yesterday

Diamond Eagle (DEAC) a SPAC that continues to trade well with the recent August call buys and today another 500 August \$15 calls bought \$2.45 to \$2.55

Lincoln National (LNC) buyer of 500 January \$60 calls for \$5

Fidelity (FIS) with 675 February \$145 puts bought today up to \$2.65 ahead of 2-13 earnings, likely hedge with the recent strength

Comerica (CMA) with 5,000 April \$72.50/\$75 call spreads opening today for \$0.35

Healthcare

Elanco (ELAN) with 2,000 July \$33 calls bought for \$2.90 with yesterday's bullish activity and the upsized offering

Teva Pharma (TEVA) with 2000 September \$12/\$17 call spreads bought with the \$8 put sold

Walgreens (WBA) buyers of 2,500 April \$55 calls for \$1.40 to \$1.45 today with the reports in late 2019 of a potential LBO

Medifast (MED) with 400 March \$115 puts opening \$8.90, follows size September puts bought yesterday

Amerisource (ABC) with 1,000 March \$92.50 calls being bought this morning from \$3.20 to \$3.70, smaller lots

Mirati (MRTX) with 500 March \$85 puts sold to open for \$5

Edward's (EW) with 500 Jan. 31st (W) 4222.50 puts opening \$3.10, earnings 1-30

Novavax (NVAX) on the highs and 1500 February \$8 calls bought up to \$1.80 with the China virus scare

United Therapeutics (UTHR) buyers of 500 March \$100 calls today for \$2.75 as IV lifted earlier, Phase 3 INCREASE data for Tyvaso expected in Q1

Ligand (LGND) buyers of 420 April \$90 puts today up to \$9.50 to open, a biotech royalties company that has had some short pressures over the last year

Accelaron (XLRN) buyer 1500 March \$60 calls \$2.95 to \$3 after bull risk reversals opened yesterday

Aurinia (AUPH) with 1050 January \$10 calls bought ITM \$11 to \$11.20 today, third straight day of large ITM call buys

Biogen (BIIB) with 1,000 January 31st (W) \$267.50 puts bought \$2.25 to \$2.40 with earnings on 1-30, a lot of potential catalysts including updates on their Alzheimer's study and the Tecfidera patent challenge

ChemoCentryx (CCXI) with 600 August \$27 puts sold to open this afternoon from \$3.10 to \$3 into weakness, name with size Aug. calls in OI and busy year of catalysts

Bristol Myers (BMY) with 3500 May \$65 synthetic long positions opening

Industrials

3-D Systems (DDD) flagging after a recent move higher and today 6,000 February \$13 calls bought for \$0.35 to \$0.38. **DDD** also with 1000 August \$14 calls bought around \$1.22

Waste Mgmt. (WM) with 300 July \$115 puts sold \$2.90 to open

Mercury Systems (MRCY) another 1000 March \$80 calls trading for \$3 today after the unusual action yesterday. **MRCY** also looks like 1000 February \$75 calls are rolling out to the March \$80 calls now, stock up 1.5% and on the highs

Knight Swift (KNX) with 5000 February \$35 puts sold to open for \$0.85, name with size call OI

Lennar (LEN) with 1750 February \$66/\$62.5 put spreads opening into strength

Union Pacific (UNP) buyer of 1100 March \$185 calls for \$5.60, strong move on earnings

American Air (AAL) buyer 1000 ITM May \$25 calls to open \$2.75. **AAL** 10,000 February \$29 calls bought here \$0.66 as the \$31 calls adjust

Tesla (TSLA) with 2,500 February \$625 calls being sold to open today from \$28.80 down to \$24.70, likely overwriting stock into strength

LCI Industries (LCII) with 2,100 April \$125 OTM calls bought for \$1.85 to \$1.95 to open today, earnings in early Feb. The \$2.66B manufacturer of components for RVs trades 16.6X earnings and 1.15X sales with impressive strength in 2019 rebounding from a big pullback the year prior

MasTec (MTZ) with 520 November \$55 puts sold to open for \$4.10 into weakness today

Norfolk Southern (NSC) opening buyers of 750 February \$200 puts from \$3.55 to \$4 ahead of earnings on 1-29

Polaris (PIL) another 850 February \$90 puts being bought today for \$3.90, same spot with buyers earlier this week

Ingersoll Rand (IR) 750 Mar \$125 puts sold to open \$1.70 down to \$1.50

Johnson Controls (JCI) working out of its base and 4200 February \$40 synthetic longs open

Materials

Arch Coal (ARCH) buyers of 895 July \$75 calls early for \$2.10

Freeport (FCX) with 3500 June \$11 puts being sold to open into earnings weakness. **FCX** also seeing 2500 August \$11 and 4000 August \$9 puts sold to open into weakness

Martin Marietta (MLM) with 1500 February \$250 puts sold to open down to \$2.70

Chemours (CC) with 1565 March \$16 puts sold to open from \$1.75 to \$1.55 with shares putting in a hammer reversal today

DuPont (DD) with 750 January 2021 \$52.50 puts sold to open for \$2.97

Teck Resources (TECK) with 2,200 May \$16 calls bought up to \$1 as well today

Tech and Telecom

Baidu (BIDU) with 1200 February \$128 puts sold to open \$4 to \$3.85 early. **BIDU** also with 1500 Feb. \$137/\$147 call spreads bought, earnings 2-6. **BIDU** also with 1000 June \$140/\$165 call spreads bought with the \$120 puts sold

JD.com (JD) with 2000 March \$39 puts sold \$1.55 to open

Salesforce (CRM) buyers opening 2,000 March \$200 calls today for \$1.74 to \$1.90, flagging after the recent run and action crosses 5000X early. **CRM** also with buyers of 1700 Feb. 7th (W) \$185 calls near \$2.78 offer

Expedia (EXPE) with 1300 Feb. 7th (W) \$115 calls bought \$1.25 to \$1.40. **EXPE** also with 1350 April \$125/\$135 call spreads bought

GrubHub (GRUB) with the Feb. 7th (W) \$60/\$65 call ratio spreads opening 2000X4000 at \$0.30 debit. **GRUB** also seeing 650 OTM June \$70 calls bought

Western Digital (WDC) with buyers of 1,285 February \$71 calls for \$3.85 to \$3.90 today with the positive comments on memory so far this earnings season. **WDC** now with 1200 of next week's \$73 calls bought \$1.99 to \$2 with 1-30 earnings

NXP Semi (NXPI) buyer of 1000 February \$140/\$150 call spreads, earnings 2-3. **NXPI** now with 2,800 April \$140 calls bought up to \$5.55 to open

Pinduoduo (PDD) buyer 1000 February \$40.50 puts \$3.40 offer. **PDD** also with 1000 March \$41 calls bought \$1.95 to \$2.10

Uber (UBER) opening buys 1500 Feb. 7th (W) \$37.50 calls near \$1.69

Twitter (TWTR) stock buyer puts on 1500 June \$42/\$25 collars

Microsoft (MSFT) interesting spread bought 1250 March \$170 calls \$3.82 and sold 1250 May \$180/\$145 strangles for \$4.59

Coupa (COUP) buyers of 400 February \$162.50 puts \$6.10 offer

Logitech (LOGI) with 500 September \$48 puts sold to open for \$3.70

Spotify (SPOT) unusual buy of 1000 January \$170 far OTM calls for \$1.10. **SPOT** also with 750 July \$120 puts sold \$3.40 to open

Intel (INTC) with over 6000 June \$70 OTM calls bought up to \$1.50 to open here. **INTC** also 1000 September \$65 puts sold to open \$6.15 ITM

Xilinx (XLNX) buyer of 1200 February \$112/\$120 call spreads. **Xilinx (XLNX)** buyer 2500 March \$105 calls \$3.90 to \$4

Alibaba (BABA) with 17,000 February \$215 puts opening \$5.63 with the \$220 puts that were adjusted to last week adjust again

Netflix (NFLX) stock replacement opens 500 January \$325 calls \$54.95. **Netflix (NFLX)** with the impressive move today rebounding from the earnings sell-off already is seeing 3500 February \$325 calls active

Shopify (SHOP) with 100 January 2022 \$700 calls opening \$59.30

Coupa (COUP) with 6000 June \$170 calls sold to open \$18.35 against stock

Oracle (ORCL) with 20,000 OTM January \$75 calls bought up to \$0.34

Impinj (PI) an intriguing growth name with a big move this week seeing 1500 April \$35 puts sold to open \$3.30 to \$3.10 after the \$30 puts sold yesterday

Cree (CREE) with 1300 next week \$52 calls bought \$3.15 offer here, recent size Jan. 2022 upside calls opened. **CREE** 1250 of the \$54 calls open for \$2.15 as well

Pinterest (PINS) shares pop with 1,150 February \$22.50 calls bought for \$1.70 to \$1.75

Extreme Networks (EXTR) with 1000 January \$10 calls bought for \$0.90 to \$0.95, name popular with short puts in June

Huya (HUYA) opening sale 1500 July \$15 puts for \$1.15

Trip.com (TCOM) with 3500 March \$37 calls bought \$0.90 to \$1.05 in sweeps earlier as shares bounce today

Lam Research (LRCX) with 600 February 28th (W) \$310 puts bought up to \$13.25 ahead of 1-29 earnings. **LRCX** also with 1000 February \$300 puts bought \$8.25

Apple (AAPL) with 5000 March \$320 straddles bought to open today near \$26.10

Utility

Southern Co (SO) with 9,000 February 28th (W) \$69 calls bought for \$1.02 as the \$68 calls adjust higher again

Disclaimer:

Not Investment Advice or Recommendation

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