

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 1/24/2019

### Sector Leaders

Semi's

Solar

Oil Services

### Stock Gainers

TGI 25.8%

XLNX 18.8%

TER 15.75%

AZPN 14.4%

LRCX 14.4%

MMYT 11.75%

SLM 11.3%

### Volatility Gainers

- PAH
- GOOS
- FISV
- CRON
- HSY
- FOLD

### High Call Volume

- XLNX
- GRA
- MAS
- FFIV
- VSH
- MXIM

### Bullish Options

- TSM
- RDS.A
- NFLX
- INTC
- LVS
- BLL
- KSU
- BKNG
- RH
- TWLO
- EOG

### Sector Laggards

Consumer Goods

Healthcare

Retail

### Stock Losers

BGG 16.7%

MKC -12.5%

WVE -11.3%

URGN -10.7%

GOOS -10%

CTXS -7.45%

PTC -7.4%

### Volatility Losers

- ISCA
- ADTN
- TER
- VAR
- TAL
- URI

### High Put Volume

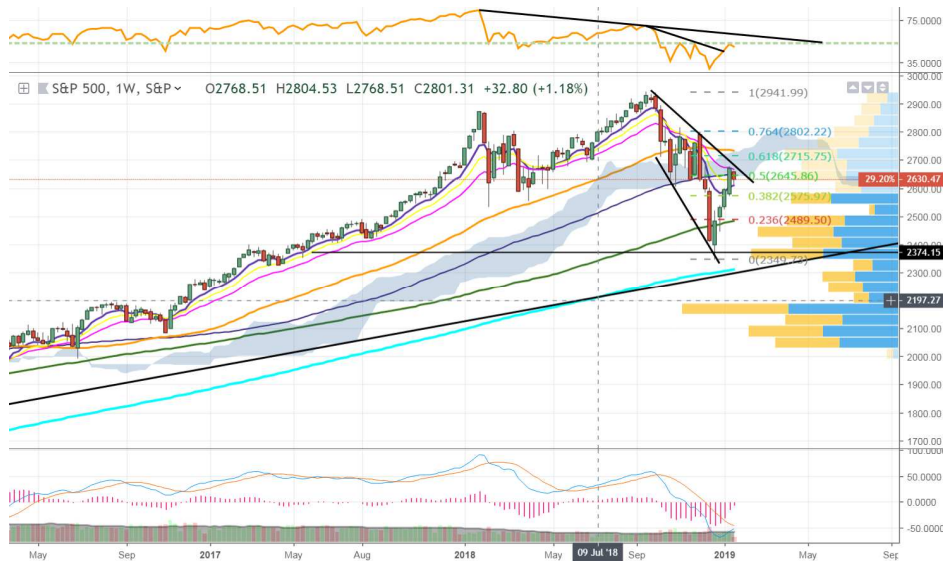
- PAH
- AKS
- PTC
- FGEN
- FISV
- POST

### Bearish Options

- ZS
- CL
- VMW
- PAH
- BK
- KR
- CRM
- FGEN
- CPRI
- FISV
- VMW

**Market Review:** Stocks were mixed overnight with Eurozone PMI data coming in weak but Tech saw some relief after earnings from XLNX, TXN, LRCX and STM in the ever-important chip sector surprised. The ECB left rates unchanged as expected and markets awaited further guidance from Draghi who noted a weaker economic outlook. Jobless claims came in below expected but futures dove into the open after Wilbur Ross had a dismal outlook for a China/US trade resolution. The US PMI number came in above estimates and stocks jumped early. We saw major strength across Semiconductors while Oil Services and Solar rose strong with Transports/Aerospace also gaining. Weakness was seen in Consumer Goods, Healthcare, Retail, and Metals. Stocks started to fade in the afternoon, still unable to show momentum back above recent highs that met major technical resistance.

S&P Chart:



Resistance	Support
2,650	2,617
2,665	2,545
2,715	2,525

**Options Action Trends:** We saw early action jumping on the move in Semiconductors with call buying in INTC and TSM. It continued later in other names like ON, MXIM, MRVL and QRVO.

**What's On Tap:** Earnings from ABBV, NEE, CL, APD, ERIC, DHI, LEA and HRC.

### Trade Tracker Portfolio Changes:

1. Long CME March \$185 Calls \$4.50 Debit – Spotlight Trade – No Fill
2. Earnings Flow Trade (Long DHI Feb. \$37/\$40 Call Spreads \$1.10)



## Bulls Position for Next RH Earnings Upside Move

**Ticker/Price:** RH (\$132.50)

### Analysis:

**RH (RH)** sweep buy of 300 May \$135 calls \$17.30 offer after 200 of the May \$130 calls bought yesterday and 600 of the May \$120 calls on 1/16. RH also has seen 600 May \$115 calls bought, the May \$115 puts sold to open 680X, and has 3,000 February \$120 short puts and 3,000 of the Jan. 2020 \$160 calls bought to open in OI. RH shares are flagging above a recent breakout and are above the 200 MA, a larger base pattern measures to \$170 upside on a break above the \$140 level, a strong weekly trend chart. The \$2.65B upscale home retailer trades 12.9X Earnings, 1.06X Sales and sees revenue growth picking up strongly next year while EPS growth remains very strong. RH is coming off a solid quarter with strong full price selling, higher outlet margins and cost benefits from its operating platform. RH is an expanding margin story and also a growth acceleration story into 2019. Its membership platform has eliminated frantic buying patterns. It sees the transformation of its real estate allowing for the doubling of revenues and earnings in every market. It has a long term goal of \$4-\$5B in revenues with industry-leading operating margins and ROIC, believing it can grow revenues 8-12%, earnings 15-20% for the next ten years. RH will next report in late March. Analysts have an average target of \$162 on shares and short interest remains high at 38% of the float but has been steady. Stifel was out on 12-4 with a \$180 target seeing the company distinguishing itself in a competitive industry. KeyBanc downgraded shares on 1/7 on a negative call on the whole Home Furnishings segment. Hedge Fund ownership rose 14.4% in Q3 filings, DE Shaw taking a large position.

### Hawk Vision:



**Trading Strategy:** RH has a great look to it and one of my favored stories in retail this has long been misunderstood by the short crowd. Positioning in May calls looks attractive versus the 200 day.

**Confidence Ranking:** \$\$



## EOG Resources a Favored Oil & Gas Name for Smart Money

**Ticker/Price:** EOG (\$97)

### Analysis:

**EOG Resources (EOG)** buyer today of 6,600 June \$105 calls for \$4.65 in a stock replacement, sizable positioning which follows buyers in the April \$100/\$90 bull risk reversal and the June \$115/\$85 bull risk reversal on 1/16. The Jan. 2020 \$105/\$85 bull risk reversal opened on 1/9 as well, 800X. EOG still has the Jan. 2020 \$135/\$105 bull risk reversal in OI 7,500X from June. EOG shares have rallied off of recent lows and now flagging under \$102.50 and above its 20-EMA with the 200-EMA above at \$107.50. Shares bounced off a big volume area from 2017 and room back near recent highs around \$120/\$130 from 2018. The \$55.75B energy company trades 3.5X sales, 8.75X FCF and 8.15X EV/EBITDA with a 1% yield. The company has been cutting costs, down 5% in 2018, and targeting further reductions in 2019 as they look to return to positive EPS growth in 2020. They see revenue growth of 4% in 2019 and 13.5% in 2020 as they boost spending to complete more high-margin wells in key areas like the Delaware, Eagle Ford, and Bakken. EOG has done a good job balancing record crude volumes with cost cuts in 2018 while NGL productions jumped late in the year, up 46%. Analysts have an average target for shares of \$132 with 18 buy ratings and 7 hold ratings. Short interest is 2.6% but up from 1.5% in July. RBC upgraded shares to Outperform on 1/7 with a \$125 PT. The firm is positive on EOG's efforts to decouple the business from commodity prices by focusing on debt reduction, premium drilling, and capturing margin in ancillary areas. JP Morgan upgrading to Overweight on 12/7 citing its more defensive tilt which will outperform peers assuming oil prices remain near strip levels. Institutional ownership rose 11.7% last quarter.

### Hawk Vision:



**Trading Strategy:** EOG is a preferred name and like the consolidation, alert in at \$100 level.

**Confidence Ranking:** \$\$



## Kroger Attracts Bearish Bets into Rebound, Headwinds Persist

Ticker/Price: KR (\$29)

### Analysis:

**Kroger (KR)** buyers earlier of 10,000 March \$30 puts today up to \$2.16 and follows buyers of 2,225 February \$30 puts on 1/14. KR has seen buyers in the Jan. 2020 \$27 puts, over 5,000X, and the July \$27 puts also accumulating over 2,000X. KR has 10,000 April \$31 calls in OI but down around 75% from the original buy. Shares bounced back into cloud resistance this week and rolling back under the 13- and 20-EMA today with recent support at \$26.50. A breakdown targets \$23.50 and forming a series of lower highs since September. The \$23.3B company trades 12.9X earnings, 0.2X sales, and 54X cash with a 1.92% yield. KR expects 5-10% EPS growth over the next two years with 2-3% revenue growth but margins continue to contract hitting their lowest level since 2015.

The company faces near-term headwinds as they sacrifice pricing power to gain traffic share as they compete with peers like Amazon and Walmart. They are also entering a heavy period of investment in their omnichannel strategy and concerns last quarter over rising healthcare/pension costs. Analysts have an average target for shares of \$31.50 with 7 buy ratings, 9 hold ratings, and 2 sell ratings. Loop Capital with a \$30 PT and on 12/17 reiterating a more cautious stance noting that near-term guidance was a surprising positive but their aggressive 600-store remodel progress remains below plan. They also think valuation is unlikely to expand without a meaningful turnaround in comps. Institutional ownership fell 10% last quarter. Short interest is 5.1% and down from 2018 highs near 8.5%.

### Hawk Vision:



**Trading Strategy:** KR looks like it can roll over from this level and setting alert for \$28 as a key breakdown.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**NASDAQ (QQQ)** April \$163 calls opened 80,000X at \$6.76, stock replacement, a \$54M position

## **Consumer Discretionary**

**Las Vegas Sands (LVS)** digesting the weak quarter well and holding the low end of its range, above \$58.2 can break to \$65. A big buy comes in this morning for 7,395 Jan. 2020 \$55 calls \$6.90 to \$7.30. **Las Vegas Sands (LVS)** spreads are buying the June \$60/\$70 call spread and selling the \$50 puts, 2700X into post-earnings weakness

**Capri (CPRI)**, the former Michael Kors, with 1,000 March \$40 puts bought today for \$2.35 to open, could be some China concerns on their 2-6 earnings

**Barnes and Noble (BKS)** trades 3,300 March \$5/\$7 call spreads for \$1.34, may be rolling back

**Scientific Games (SGMS)** another 1,500 July \$25 calls bought today for \$4.90 as the April \$22 calls close 1,250X and roll out, similar to a trade last week

**International Speedway (ISCA)** down 1.2% after earnings and 2,000 March \$45 calls open at the CBOE for \$1.20. Note that ISCA received a \$42/share takeover offer from NASCAR it is reviewing

**Tempur Sealy (TPX)** with 3,000 June \$60/\$75 call spreads bought today to open for \$2.60, adjusting out of 5,000 March call spreads

**Int'l Game Tech (IGT)** buyers of 3,000 February \$17 calls for \$0.55 to open today, working on a base and downtrend breakout back above the 50-day

**Nike (NKE)** with 9500 Feb \$85 calls sold to open

**ActiVision (ATVI)** with 1,000 August \$52.50 calls opening \$3.18

**DISH Network (DISH)** buyer of 1,300 September \$25 puts for \$2.38, name with a lot of bearish positioning

**Starbucks (SBUX)** with 1,175 July \$65 calls bought to open today \$4.40 to \$4.50

## **Consumer Staples**

**Colgate (CL)** with 5,000 February \$59 puts bought \$0.66, weak historical performance after earnings, reports tomorrow. **CL** now with a buy of 1,000 May \$65 calls to open \$1.88

**Unilever (UN)** with 800 August \$52.50 calls being bought today for \$2.90 to \$2.95 into the lows of the day

**Avon Products (AVP)** with 15,000 January 2020 \$1 calls bought today for \$1.07 to \$1.10

## **Energy**

**Royal Dutch (RDS.A)** buyer of 1,000 Jan. 2020 \$60 calls to open for \$3.30

**Apache (APA)** on the highs with 1,225 July \$32.50 calls being bought this morning up to \$2.95, small flag under its 50-day MA after clearing a recent downtrend

**Noble Energy (NBL)** sweep buy 1,300 August \$25 calls \$1.40 offer

**Solar Edge (SEDG)** into strength with 1,000 February \$40/\$35 bear risk reversals opening \$1.70 credit

## Financials

**Bank of NY (BK)** the March \$50 puts bought 2,735X for \$0.66 to \$0.70 today into strength

**Fiserv (FISV)** strong run recently after the initial weakness following their deal for First Data but today seeing 1,500 February \$80 puts bought for \$1.20 to \$1.60 ahead of 2-8 earnings

**Visa (V)** the February \$147 calls being sold to open today 13,000X from \$0.51 to \$0.47

**LPL Financial (LPLA)** a strong name with 3,500 April \$765 calls bought \$1.75 to open, earnings 1-31

**Lincoln National (LNC)** opening sale of 3,500 February \$57.5 puts \$1.36 at the ISE, earnings on 2-6

**PayPal (PYPL)** block of 4,000 Jan. 2020 \$115 calls opens \$4.20, stock replacement

**Aspen Life (AHL)** buyer of 2,000 February \$40/\$35 put spreads for \$0.25

## Healthcare

**Bristol Myers (BMY)** the April \$49/\$42 put spread bought 1,500X for \$2.43

**FibroGen (FGEN)** spread sells 1,000 March \$45 puts to buy 1,000 of the June \$40/\$25 put spreads, net \$1.25 debit

**Amicus (FOLD)** with 5,000 March \$10 puts sold to open for \$0.60

**Myriad Genetics (MYGN)** the March \$27/\$22 put spread being bought 1,000X into the lows of the day, paying \$1.70

**Biogen (BIIB)** with 250 Jan 2020 \$360 puts bought to open \$52 for \$1.3M

**Lab Corp (LH)** with 1,000 February \$135 puts opening \$3.65 as 1,000 March \$150 calls are sold, a group seeing some weak results lately, it reports 2-7

**Incyte (INCY)** sweep buy 920 February \$82.5 OTM calls \$1.45 offer, two upgrades this morning and recent bullish positioning. The \$85 calls trade 1,300X bought \$0.90 to \$0.95 as well.

**Immunomedics (IMMU)** opening sale of 2,000 Jan. 2020 \$12 puts today \$3.15

## Industrials

**Kansas City Southern (KSU)** flagging tightly after the earnings move just above its 200 MA and 710 March \$110 calls buy \$2.75 offer to open

**General Electric (GE)** with 123,000 March 8th (W) \$9/\$8.50 bear risk reversals opening at zero cost

**General Motors (GM)** with 7,000 April \$40 calls bought \$1.20 to \$1.21 to open

**Fiat Chrysler (FCAU)** with the June \$17/\$20 call spread opening 3,500X7,500 today as shares consolidate above its 20-day MA

**Emerson (EMR)** sweep buy 2,550 February \$62 puts \$1.60 offer, earnings 2-5

**Tesla (TSLA)** large roll of 4,000 weekly \$330 puts today to 4,000 of the February \$310 puts bought to open \$33.95

**Carmax (KMX)** buyers of 1,000 March \$57.50 puts from \$1.75 to \$1.85

**Cree (CREE)** buyers coming in for 800 March \$50 calls \$2.50 to \$2.60, earnings 1-30

**Clean Harbors (CLH)** buyers of 2,500 April \$60 calls for \$2.25 to \$2.45, unusual size trading for the name. The \$3.15B waste management company trades 37X earnings, 1X sales and 10.25X FCF. CLH will report next week, 1-30. BMO positive in October noting that the solid waste sector is well positioned in the current environment and CLH stands to benefit from the accelerated U.S. industrial activity. It is also the firm's preferred choice from additional growth opportunities such as oil recycling and lower valuation

## Materials

**Ball Corp (BLL)** the August \$55 calls opening 1,500X for \$2.25 today in a stock replacement, some notable February calls still in OI in the \$50, \$52.50 strikes

**Platform Specialty (PAH)** buyers of 9,500 February \$10 puts for \$0.20 to \$0.25

**Masco (MAS)** buyer of 2,600 February \$32 calls for \$0.90 to open today, reports on 2-7 and recent buys in the Feb. \$30 calls

**Vale SA (VALE)** green now on the day despite a downgrade this morning and 5,000 February \$14.50 puts being sold to open from \$0.38 to \$0.37

**Martin Marietta (MLM)** stock replacement sells 1,000 July \$160 puts to open today for \$7.10

**Vulcan (VMC)** trading 2,150 March \$105/\$90 bull risk reversals to open \$1.40 debit

**AK Steel (AKS)** buyer of 46,000 Jan. 2021 \$2 puts today for \$0.49 as the Jan. 2020 \$3 puts bought back in late 2017 close and adjust down and out

**Dow DuPont (DWDP)** IV rising midday with 2,500 February \$58 calls being bought to open \$1.20 to \$1.26

**Clearwater Paper (CLW)** strong breakout today and seeing 1,000 July \$40 calls open \$1.80, unusual activity for the name

**Linde (LIN)** with 1,000 Jan. 2020 \$160 puts bought \$16.35 to open ahead of APD earnings tomorrow

**MoHawk (MHK)** with 5,000 February \$110 puts sold to open \$1.30 to \$1.35

**Crown (CCK)** buyer 2,500 March \$50 OTM calls \$1.15 to \$1.20 to open, shares working above a key level today. The recent acquisition of Signode is seen key to investors.

**Alcoa (AA)** stock replacement bought 900 April \$28 calls to open \$2.45

**Kraton (KRA)** 500 April \$25 calls opening today for \$3.10 to \$3.20, unusual size for the name which is down nearly 50% over the last six months. Shares in the \$800M chemicals company trade 6.45X earnings and 0.4X sales

### Tech and Telecom

**Taiwan Semi (TSM)** early sweep buys 770 March \$37 calls for \$1.20 offer with improving sentiment after some peer results. **TSM** calls up to 3500X with buyers

**Intel (INTC)** buyers of 10,000 March \$52.50 calls \$0.90 to \$0.94 where 20,000 recently opened with buys. **INTC** with 10K Apr \$55 calls bought \$0.79 to \$0.85 earlier today

**VMWare (VMW)** spread sells 1,624 February \$160 calls to buy the Feb. 22nd (W) \$146 puts, could see pressure after CTXS/FFIV reports. **VMW** on the lows with 420 March \$145 puts bought for \$5.60 to \$5.70

**Booking (BKNG)** with \$5M worth of Jan. 2020 \$2100 calls opening \$95, similar action to yesterday longer dated calls

**Z-Scaler (ZS)** early buys of 2,000 March \$44 puts to open \$4.30 to \$4.90 after 2,000 of the \$45 puts opened recently

**Netflix (NFLX)** with 2,000 next week \$335 calls bought to open early near \$4. **NFLX** the September \$400/\$490 call spread being bought 500X1,000 today for \$8 net debit

**Match Group (MTCH)** buyers of 450 March \$48 calls this morning from \$4.80 to \$5.20 ahead of 2-6 earnings

**Salesforce.com (CRM)** relative weakness today and 2,550 March \$145 puts active with buyers, many tied to sales of the \$155 calls. **CRM** also seeing 3,700 March 1st (W) \$150 calls being sold to open from \$5.90 down to \$5.55

**NXP Semi (NXPI)** with 1,000 February \$86 calls opening \$2.65 into 2-6 earnings. **NXPI** July \$100 calls bought 1000X \$2.95

**Roku (ROKU)** with 2,000 Feb. 1st (W) \$43/\$46 call spreads bought to open today, shares coiled

**Facebook (FB)** with 1,400 February \$143 ITM calls bought to open into the hit piece weakness on fake users at \$6.80 to \$7.25 for around \$1M

**ON Semi (ON)** buyers of 6,250 March \$20 calls this morning for \$0.86 to \$0.90, reporting on 2-4

**Marvell Tech (MRVL)** buyer of 3,250 February \$17.50 calls this morning for \$0.60 to \$0.64 into strength today, shares clearing a small bull flag

**Qorvo (QRVO)** nice base building under \$65 and today 1,600 March \$65 calls opening \$3.30, reports 2-7; recent buyers in the May \$80 calls

**Brooks Automation (BRKS)** in Semi group moving out of 4 month downtrend and 1,180 April \$32.5 calls open for \$1.40

**Broadcom (AVGO)** spread sells 750 Jan. 2020 \$340 calls and buys 750 Jan. 2021 \$380 calls, \$1.80 debit

**Intelsat (I)** another 1,475 September \$16 puts bought today from \$3.40 to \$3.80, spot where 1,650 were bought yesterday

**Logitech (LOGI)** seeing 845 September \$35 ITM calls open for \$4.20, coming off a great quarter

**Trip Advisor (TRIP)** buyer of 1,000 Feb. 8th (W) \$56.5 puts \$1.60, earnings 2-23

**Spotify (SPOT)** buyer of 500 March \$120 puts for \$5.20 to open this morning, reports on 2-6

**Nokia (NOK)** with another 10,000 April \$6 calls bought today for \$0.47 to \$0.48, reports 1-31

**US Cellular (USM)** a strong chart and 650 March \$60 calls bought for \$2.25 today, previous unusual buys in April \$60 and July \$65 calls

**Nvidia (NVDA)** with 1,000 March 8th (W) \$165 calls opening today \$7.35 to \$7.70

**Sony (SNE)** with 1,000 next week \$48 calls bought to open \$1.80, earnings 2-1

**Stratasys (SSYS)** buyer of 1,500 September \$22.50 puts for \$3.55

### Utility

#### **Disclaimer:**

#### **Not Investment Advice or Recommendation**

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