

OptionsHawk

OPTIONS HAWK DAILY MARKET 1/3/2020

Sector Leaders

Utilities

Real Estate

Gold

Stock Gainers

LW 11.7%

LB 8%

MTDR 5.8%

COUP 5.5%

BILI 5%

KOS 5%

Volatility Gainers

- MDR
- DNR
- WTI
- WLL
- VAL
- XON
- FEYE
- IRBT

High Call Volume

- PAGP
- TRGP
- KTOS
- PENN
- DAR
- UPLD
- ADM
- FSCT

Bullish Options

- JD
- MPC
- NSC
- QCOM
- MU
- OXY
- KKR
- WDAY
- VALE

Sector Laggards

Financials

Healthcare

Industrials

Stock Losers

INCY -10.4%

AXSM -8.3%

CC -6.5%

HFC -6.5%

CXW -6.24%

ADNT -6%

Volatility Losers

- APLS
- AMRN
- TGTX
- GME
- CBB
- REGI
- INCY
- LW

High Put Volume

- ERIC
- WELL
- CG
- PENN
- NCLH
- UFS
- PAA
- CALM

Bearish Options

- SDC
- EXPE
- ERIC
- SEDG
- SQ
- URBN
- BYND
- TGT
- HBI

Market Review: Global stocks closed the Holiday-shortened week in the red after a US airstrike in Iraq killed a top Iranian military leader. The move has shaken up the already fragile region and prompted retaliation from Iran which sent oil surging higher by 4% and safe havens like gold up strong as well. Yields faded as bonds jumped and weighed on financials. ISM came in weak at 47.2 vs 49.0 forecast, as well, which is dinging sentiment with a lot of optimism in Q4 on an inflection in the industrial turnaround. Construction output was slightly better than feared at 0.6% vs 0.3%. Sectors like real estate and utilities with a slight bid early with the yields move as well while software bounced back quick with some strong moves in names like **COUP**. The early move lower in the S&P was bought back up to week-to-date VWAP around 3,233 where were bounced around in the morning before making a run higher to 3,245 and the mid-point of yesterday's range. An unconfirmed report from a NYT reporter that a US base in Iraq had been bombed reversed the bounce and back to that week-to-date VWAP line while oil picked up again.

S&P Chart (Weekly):



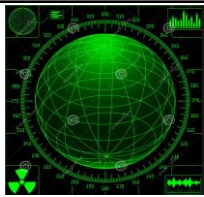
Resistance	Support
3,255	3,187.5
3,275	3,178.5
3,285	3,167

Options Action Trends: We saw a number of larger oil trades from December in **HAL, SLB, TRGP, COP**, and others roll up into strength with the move in spot prices. The alternative asset managers **APO, KKR, CG** all saw put selling out in Feb/March. The exchanges **ICE** and **CME** were hot early with the volatility in energy.

What's On Tap: Looking at economic data next week the focus is on EU CPI, US non-manufacturing ISM, German factory orders, and then US jobs report on Friday. Earnings start to come back a bit with **CMC, LEN, ANGO, MSM, STZ, WBA, BBBY, HELE, KBH, SNX, AYI, WDFC, and LNN**. Conferences in focus will be CES and the Goldman Energy forum with JPM Healthcare and ICR the following week and may see positioning during the week for those.

Trade Tracker Portfolio Changes:

1. **BP** – Closed Calls \$1.80 (Opened \$1.20)



Ascendis Seen Continuing to New Highs with Key Data in Q1

Ticker/Price: ASND (\$140.7)

Analysis:

Ascendis Pharma (ASND) with one of the largest trades of the day on 1/2/20 with 1000 April \$140 calls opening for \$18, a \$1.8M purchase. ASND also still has more than 4000 January \$115 calls in open interest from buyers and many originally spread versus \$150 calls but most of the short calls were bought back to close. ASND shares are on a strong four week move to new highs and cleared a double top level at \$130, a potential Fibonacci extension target at 161.8 is \$161.75. Shares have been riding the 8 day moving average higher since breaking out on 12/17. The \$6.7B Biotech soared in March 2019 after presenting Phase 3 results for its TransCon Growth Hormone (hGH) for pediatric growth hormone deficiency. ASND is trading 9X cash and expects revenues to start ramping in 2021. ASND plans a BLA for 1H20 for TransCon hGH and also has a Q1 2020 readout due for Phase 2 data in TransCon PTH for hypoparathyroidism. It also has an Oncology pipeline in development and high-value collaborations with Roche/Genentech in ophthalmology and with Sanofi in Diabetes. The growth hormone market is seen ripe for disruption, an estimated \$3.5B market growing at a 2.4% CAGR. Analysts have an average target near \$160 and short interest has steadily moved higher but fairly low at 4.8% of the float. On 12-3 Leerink raised its target to \$152 with confidence in the Q1 2020 data and overall program. Cantor Fitzgerald has a \$185 target seeing investors undervaluing the potential opportunity from its therapies and key programs/filings are all on track. Wells Fargo has a \$176 target and JP Morgan sees a \$2B commercial opportunity for its growth hormone with it positioned to take the most share. Hedge Fund ownership fell 7.65% in Q3 filings, Perceptive selling its stake and Lakewood Capital reducing though RA Capital, Orbimed, and Baker Brothers all have concentrated stakes.

Hawk Vision:



Hawk's Perspective: ASND has been on the radar a while with the January positioning and caught a great multi-week run, these April calls validate it remains a top Biotech.

Confidence Ranking: \$\$



Expedia Calls Buy into Recovery with Diller Taking Active Role

Ticker/Price: EXPE \$111.85

Analysis:

Expedia (EXPE) with 2,250 February \$110 calls bought late yesterday to open for \$6.50 and follows buyers on 12/30 at the strike. EXPE has also seen 16,000 January \$110 calls bought to open into weakness while three different insiders bought stock on 11/25, 12/5, and 12/6 including a \$1.95M buy and a \$2.5M buy. EXPE shares have rebounded from the weakest levels after earnings and now flagging under the gap at \$116 which measures back to \$135. The \$15.94B company trades 15.9X earnings, 1.35X sales, and 16.26X FCF with a 1.25% yield. EXPE is guiding to 13.2% and then 18% EPS growth with revenues up 8.5% each of the next two years. Shares sank on earnings in November after disappointing on core bookings but rebounding in early December after a major shakeup to the c-suite by Barry Diller. The CEO and CFO both departed amid disagreements on strategy with a focus on re-accelerating growth in 2020 key. Diller has also said he'll buy shares in EXPE which he believes has a number of value-add opportunities including potentially a sale of some under-performing units like Trivago. Short interest is 5.7%. Hedge fund ownership rose marginally in Q3. Polar Capital, AQR, and PAR Capital all buyers of note. Analysts have an average target for shares of \$140. Deutsche Bank positive on 12-12 as the analyst sees prospects for sustainably better improvements to the company's fixed cost structure and potential for asset rationalization. RBC lowering their PT to \$125 but buyers on weakness given the attractive valuation.

Hawk Vision:



Hawk's Perspective: EXPE will open weak today with travel under pressure following the Iran news but its shaping up to be an intriguing situational-trade with Diller more involved and potential for strategic action to get it back on track. The insider buying adds a lot of conviction as well.

Confidence Ranking: \$\$



Upland Calls Targeting Rebound in 2020

Ticker/Price: UPLD \$38.30

Analysis:

Upland Software (UPLD) buyers early for 500 April \$40 calls and now volumes running up over 800 with activity up to \$3 to open today. UPLD has 1300 January \$35 short puts in OI as well as some OTM January \$45 and \$50 calls from buyers in August that are far underwater. In November, the April \$35 puts were sold to open near 700X. UPLD is working out of a multi-week range this week and back above its 50-day MA with the 200-day and a wider base breakout above at \$41.50. Shares rallied in early 2019 up to \$54 but have pulled back to the 61.8% Fibonacci while the weekly is back at trend support with MACD nearing a bull crossover and RSI moving out of a range. The \$967.8M company trades 5.6X EV/sales and 8.2X cash. UPLD focuses on cloud-based enterprise management software with end-market reach across their portfolio into finance, professional services, marketing, and more. UPLD has a well-defined acquisition strategy and roll-up model and recently bought Altify, a leader in CRO solutions. The deal is accretive to EBITDA and expands them into a big new vertical. The company also raised guidance and now sees high-single digit EPS growth and sales up 19.35% in 2020. Analysts have an average target for shares of \$51.75. CSFB starting at Outperform on 11-6 with a \$48 PT. The firm notes management has a strong track record of integrating deals and the firm likes their approach of acquiring overlooked and underappreciated assets at disciplined multiples. Jefferies with a Buy rating as well while Craig-Hallum positive on the Altify deal as it is nicely accretive, fits well with existing solutions, provides a substantial new incremental addressable market opportunity. Short interest is high at 15.4%. Hedge fund ownership rose 20.78% in Q3. Silvercrest, Raging Capital, and Whetstone Capital notable adds.

Hawk Vision:



Hawk's Perspective: UPLD is a bit extended here after the two-day run and would prefer to target on a pullback to the 8- or 13-EMA but like the longer-term look, despite the 15% short float

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Russell (IWM) with the June \$160/\$142 ratio put spreads opening 15,000X30,000

S&P (SPY) with 6000 Feb 14th (W) \$318/\$306 put spreads opening

Treasury (TLT) March \$140 calls active with buyers today near \$2.30 as it looks to break out of a weekly wedge and could benefit from a flight to safety on increased geopolitical tensions

Consumer Goods/Services

Target (TGT) buyer of 2500 next week \$122 puts for \$0.81. **TGT** buyers of 3,850 of next week's \$124 puts today up to \$1.75

Marriott Vacations (VAC) buyer of the April \$130/\$145 call spread 500X1,000 for \$2.80 net debit

MGM bullish spread sells the Jan. \$33 puts to buy the \$33.50/\$34.50 call spread

Nordstrom (JWN) buyer of 2,000 January \$40.50 calls for \$1.14, stock replacement

SeaWorld (SEAS) with the February \$32/\$35 call spread bought 1,000X2,000 for \$0.60

Kohl's (KSS) buyer of 2000 January 2021 \$40 puts to open \$3.90 offer

Consumer Staples

ConAgra (CAG) with buyers of 2600 February \$33 puts for \$0.90 into strength

Smucker's (SJM) sweep buy 450 February \$100 puts \$2.30, a chart that looks vulnerable

Colgate-Palmolive (CL) buyers opening the February \$70/\$75 call spread 2500X today for \$0.97

Beyond Meat (BYND) seeing 2,000 January \$80 puts roll down to the \$76/\$73 put spread

Casey's General (CASY) with 1850 March \$170/\$175 call spreads opening today for \$1.15, pulled back to the rising 200-day and basing

Energy

Plains GP (PAGP) with buyers of 1,400 February \$20 calls and over 6,000 of the \$21 calls early as IV perks up. **PAGP** February \$21 calls are up over 15,000X now this morning and also 1000 August \$20 calls opening \$1.20 to \$1.35

Solar Edge (SEDG) another 1,000 March \$100 puts bought this morning \$8.70 to \$9

Occidental Petro (OXY) buyers active early for 7000 February \$47.50 calls with Oil up 3.7% as January \$42.5 calls adjust. **OXY** also with 1500 June \$47.50 calls bought today around \$1.70/\$1.75

Marathon Petroleum (MPC) buyer of 10,000 April \$67.50 calls for \$1.41 as some January calls adjust

Conoco (COP) with 3500 February \$70 calls bought \$1.01 as January \$67.5 adjust out and up

Enphase Energy (ENPH) with 700 Jan. 2022 \$25 puts sold to open for \$8.50

Marathon (MRO) IV climbing with 10,000 of next week's \$14 calls bought for \$0.23 to \$0.28

Transocean (RIG) with 8,200 August \$5 calls opening today for \$2.58 on the PHLX, energy name that has rallied since November

Halliburton (HAL) buyer of 12,000 February \$26/\$28 call spreads as the \$24 calls adjust

Schlumberger (SLB) similar adjustment trades as **HAL** as February \$37.5 calls close 15,000X and buy 32,000 \$42.50 calls while selling 17,000 of the \$47.5 calls

Targa (TRGP) with 7,500 February \$42 calls bought today for \$1.20 and spread with 5,000 of the \$44 calls sold for \$0.50

Plains All American (PAA) buyers of 1,325 May \$19 calls today for \$1 to \$1.05

Renewable Energy (REGI) with 1500 February \$30 calls bought for \$1.90 and still has some notable April and July call OI

BP PLC (BP) seeing 2,345 July \$39 calls bought today into strength from \$1.45 to \$1.60, looking to add to OI

Cimarex (XEC) buyer of 2,000 February \$55 calls for \$2.60 as the January \$50 calls close and roll out and up

Financials

KKR (KKR) with 2350 March \$29 puts sold to open for \$1.35 and **Apollo (APO)** with 1,500 March \$46 puts sold to open for \$2; **Carlyle (CG)** opening sale 2950 February \$30 puts for \$0.77 continuing the theme of put sales in Alternative Asset Managers

AmEx (AXP) with 925 February \$120 puts sold to open \$1.92 to \$1.90

InterContinental (ICE) with 1275 January 2021 \$115 far OTM calls bought \$1.20 to \$1.35, likely to benefit from Energy volatility; **CME Group (CME)** buyer 500 January 2021 \$250 calls \$3.40 to \$3.60 with similar line of thinking as **ICE**

Wells Fargo (WFC) buyers of 2000 February \$52.50 calls while 4000 of the \$55 calls being sold

Fiserv (FISV) with 200 January 2021 \$100 ITM calls opening \$23.25

Itau Unibanco (ITUB) with 5,000 February \$9 puts sold for \$0.35 to open

Square (SQ) with 7,000 February \$60 puts opening for \$1.70, some January puts rolling

Banco Bradesco (BBD) buyer of 10,000 January 2021 \$10 calls for \$0.90, emerging out of a multi-month base

Healthcare

Amarin (AMRN) with 3000 February \$23 calls being bought up to \$1.45. **AMRN** also with 1000 June \$23 calls bought \$3.82

Eli Lilly (LLY) with 800 March \$130 calls bought today between \$5.90 and \$6.15, strong run to close the year and consolidating in a narrow range

Apellis (APLS) a number of smaller trades today ahead of key Phase 3 data, likely next week, as 500 February \$30 calls open for \$7.50 and 500 of the February \$22.50 puts are sold for \$3.20 to \$3.10 while later the January \$30/\$45 call spread was bought 750X for \$5.20

Uniqure (QURE) with 1,000 January \$70/\$65 bull put spreads opening for \$1.75, one of the more popular M&A names among healthcare outlooks for this year

Heron Therapeutics (HRTX) with 1,000 April \$27 calls sold in a buy-write with stock

ChemoCentryx (CCXI) with 1,300 August \$40 calls bought for \$9.90 today after the 2,000 \$43 calls bought in late December

Bristol Myers (BMY) with 2,000 February \$60 calls opening today \$4.10 to \$4.15 ahead of JP Morgan Healthcare conference

Flexion Therapeutics (FLXN) stock and IV higher with 1,400 January \$22.50 calls bought today, recently gapping higher on a new label for Zilretta

Exact Sciences (EXAS) IV lifting this afternoon with 865 January \$97 calls bought \$3.00 to \$3.10 to open, working out of a rounded bottom in November/December and flagging under the 200-day now

Cara Therapeutics (CARA) with 1,500 May \$15 calls being bought this afternoon from \$2.70 to \$2.75 to open, weak biotech recently but a number of data readouts in 2020 expected

Industrials

CSX Corp (CSX) with 700 January 2021 \$60 calls opening for \$15.50, adjusting out of some February \$60 calls

American (AAL) now a block of February \$29 calls bought 3000X at \$1.09 offer

Materials

Vale SA (VALE) buyers of 13,000 Jan. 2021 \$15 calls for \$1.85 today into the shallow dip, name popular with put sales

Eastman (EMN) IV jumpy this afternoon with 965 January \$77.50 calls bought for \$1.00 to \$1.05 to open into weakness

Darling Ingredients (DAR) with 2,000 May \$30 calls bought for \$1.40 to open today, strong run since earnings in November

LyondellBasell (LYB) with 885 February \$90 puts sold to open today \$2.70 to \$2.65 as IV fell

Dow (DOW) with 1,500 ITM Jan. 10th (W) \$54 puts bought this afternoon for \$1.65,

Tech and Telecom

Western Digital (WDC) with another 1000 February \$67.50 puts bought \$5.75 after some opening activity yesterday, though has also seen plenty of bullish action, it could use a short-term pullback

Workday (WDAY) buyers early of 920 March \$175 calls to open \$7 to \$7.30

Micron (MU) the April \$60/\$70 call spread being bought another 2500X early for \$1.94, same spot where 7500 bought yesterday

Expedia (EXPE) seeing 3300 February \$105 ITM calls sold to open down to \$8, this was a common strategy for Jan. 2020 before shares sold off sharply

Qualcomm (QCOM) buyer of 1,340 April \$95 calls \$2.42 to \$2.45 offers. **QCOM** into weakness also seeing buyers active for 2000 February \$85 calls \$4.90 to \$5 where there has been size accumulation

JD the June \$42/\$50 call spread being bought 1585X for \$1.53 to open into strength, now green on the day and comes with a few potential unit IPOs in 2020; **JD** also with 1000 Jan. 2021 \$37 puts sold to open \$4.45 bid. **JD** also with more than 2,000 June \$39 calls bought today, \$3.50 to \$3.55

Nutanix (NTNX) with buyers of 2500 of next week's \$32 calls for \$0.90 as shares pop; Co. will be at CES

Shopify (SHOP) with 500 Jan. 24th (W) \$372.50 puts sold to open from \$5.10 to \$4.70 today

Upland Software (UPLD) shares moving to the highs with 500 April \$40 calls being bought \$2.60 to \$3 to open, strong today day move out of a consolidation

Facebook (FB) green today and buyers active this morning for 3500 February \$230 calls near \$2.40

Fire-Eye (FEYE) higher by 2.5% with the cyber names strong today and another 2,450 January 2021 \$20 calls bought \$1.35 to \$1.50. **FEYE** also seeing 1275 February \$17 calls bought today \$1.08 to \$1.14

Marvell Tech (MRVL) with 2,000 Jan. 2021 \$30 calls bought this afternoon for \$2.70, nice weekly flag for the semi name

Coherent (COHR) stock and IV pop with 1,500 February \$165 calls bought for \$11.70, nice flag forming just below the September highs which has a measured move to \$185

Crowd Strike (CRWD) with 3,000 January \$51.50 calls opening today \$2.00 to \$2.20 into strength with the cyber names strong amid the Iran tensions

Roku (ROKU) with buyers of 1,000 February \$140 calls this morning from \$15.15 to \$15.40

AMD also with 5000 July \$45 calls rolling up to the \$50 strike that open for \$6.77

American Tower (AMT) the April \$240/\$250 call spread opening 1400X2800 for a small credit

Z-Scaler (ZS) with 1,800 weekly \$45 calls rolling to the January 10th (W) expiration that open for \$2.85. **ZS** also seeing the Jan. 24th (W) \$45/\$51 call spread bought today 750X for \$2.78

Dish (DISH) opening seller 3000 January 2021 \$32.50 puts for \$4.05

Coupa Software (COUP) with the rally today seeing 800 January \$165 calls bought \$4.20 to \$4.35. **COUP** also seeing some March \$130 short puts roll up to the \$160 strike

II-VI (IIVI) with 2,250 February \$35 puts bought today for \$2.60 to open, shares rallying recently back into the 200-day MA

Seagate (STX) with 3,000 February \$60 puts being bought to open today for \$3.20

Utility

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