

# OptionsHawk

## OPTIONS HAWK DAILY MARKET RECAP 1/4/19

### Sector Leaders

Tech

Materials

Discretionary

### Stock Gainers

MAT 12.35%

SQ 11.8%

ROKU 11.3%

GDS 10.5%

CLF 10%

AMD 10%

### Volatility Gainers

- WFT
- NAT
- UXIN
- RAD
- GME
- OSTK
- MAT

### High Call Volume

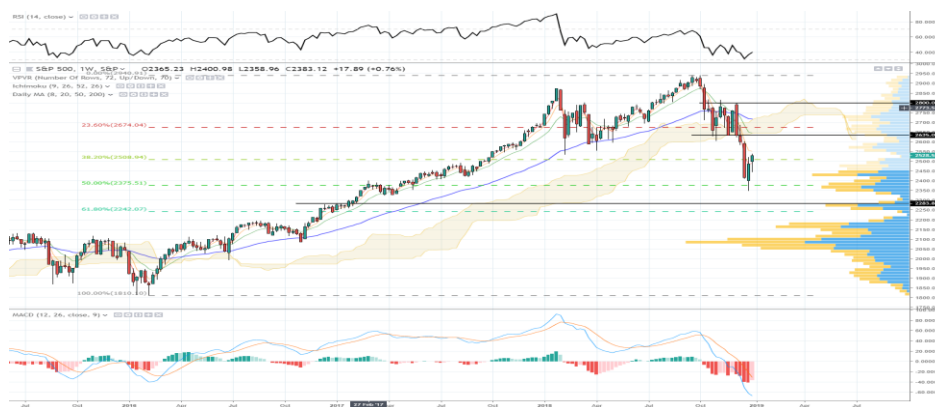
- FHN
- BMJ
- HAL
- VC
- CHGG
- COG
- STOR

### Bullish Options

- COG
- ZAYO
- CJ
- GILD
- BMJ
- URI
- SEAS
- INCY
- HRTX
- TXN

**Market Review:** Global markets closed the week on a positive note after reports that the US and China were set to resume trade talks next week in Beijing. This will be their first meeting since the G20 in December. Payrolls data came in very strong at 312K in December vs 180K consensus while wages and unemployment remained steady. Bulls also pointing to the number of people voluntarily switching jobs as a positive for consumer confidence. Markets took another strong leg higher with comments from Jerome Powell. The Fed Chair hinted that they could pause rate hikes as there is no preset path. He also noted how current inflation readings may give them more patience and the Fed would not hesitate to change their balance sheet program if it was problematic to continue. In Washington, the President stood firm on his promise to keep the government closed until he had border wall funding. POTUS said he was comfortable keeping it closed for "months or even years." The major indices all with a strong trend day higher, the Nasdaq leading up over 4.35%. The S&P is on track to close above its 13-EMA for the first time since the G-20 gap up on 12-3.

### S&P Chart (Weekly):



Resistance	Support
2,645	2,565
2,700	2,500
2,750	2,425

**Options Action and Trends:** We saw a number of low-delta call buys in Chinese internet names like MOMO, HUYA, and IQ which have been battered. A number of financials including GS, MS, and C saw March call spreads open.

**What's On Tap:** Looking ahead to next week the focus will be on ISM Non-manufacturing, Factory Orders, JOLTs, the FOMC Minutes, and then Inflation on Friday. We'll get a number of Fed speakers as well. We'll get earnings from AYI, STZ, GBX, LEN, BBBY, KBH, PSMT, and SNX. This will be the last semi-calm week before the earnings season kicks off in full gear on 1/14 and 1/15 with the Banks.

### Trade Tracker Portfolio Changes:

1. None

### Sector Laggards

Utilities

REITs

Gold/Silver

### Stock Losers

EGO -7.5%

AUY -4.4%

RPM -4%

KL -3%

DECK -2.9%

AKCA -2.85%

### Volatility Losers

- ATRC
- NVAX
- AVEO
- WDC
- P
- NWSA
- EXAS

### High Put Volume

- CHTR
- VZZ
- HAL
- BKS
- UN
- CRUS
- ESV

### Bearish Options

- MAT
- AAL
- NEM
- BLK
- CME
- QCOM
- COHR
- SHW
- INST
- NUS



## Texas Instruments Bulls Add into Semi Weakness

**Ticker/Price:** TXN \$92.75

### Analysis:

**Texas Instruments (TXN)** with 4,250 June \$110 calls opening \$1.48 mid-market, and has seen accumulation in June \$100 calls with over 9,000 in OI. TXN shares are basing above the \$88 level since late October and holding the 38.2% Fibonacci of the run from the early 2016 lows. TXN is forming a big weekly channel in 2018 and has room back to \$110 with a breakout measuring up to \$130. The \$87.9B semiconductor trades 16X earnings, 5.5X sales, and 25X FCF with a 3.5% yield. The company cut their outlook last quarter and expects 2019 to be a transition year before returning to growth in 2020 with 11% EPS growth and revenue growth of 6%. TXN has seen strong demand in Analog and end-market exposure to outperforming markets like industrial and automotive where they've allocated more R&D spending in recent years. TXN expects to ramp production of 300mm chips which is more cost effective than 200mm and remains underpenetrated becoming a much larger part of the overall market mix. TXN expects to continue double-digit FCF growth as well in 2019/2020. Analysts have an average target for shares of \$115 with 15 buy ratings, 13 hold ratings, and 1 sell rating. Short interest is 1.7%. BAML downgraded shares to Neutral today expecting overall semiconductor sales to slow in 2019. Citi noted in November that the company's long-term outlook remains strong and the guidance cut is the start of a bottoming process for estimates. Institutional ownership rose 18.5% last quarter. AQR adding more than 1.4M shares to their position. On 10/29, a Director bought \$1M in stock at \$91.70, the only open market buy in the name in four years.

### Hawk Vision:



**Trading Strategy:** TXN has long been one of the stronger large-cap semi names and in a much more defensive position than some but the whole group is under pressure right now and would be much tighter with a new position.

**Confidence Ranking:** \$\$



## Albemarle LEAPs Accumulate Amid Chilean Talks

**Ticker/Price:** ALB \$76.5

### Analysis:

**Albemarle (ALB)** with another 500 January 2021 \$75 calls trading today for \$17.30, spot where 1,000 were bought on 12/20 for nearly \$1.95M and 1,000 of the \$80 calls were bought on 12/19 for more than \$1.8M. ALB also has OTM calls in OI at the Jan. 2020 \$120 calls from August as well as 1,500 January 2019 \$80 short puts in open interest from February 2018 risk reversals. ALB shares have been weak since peaking around \$140 in late 2017 and back to a key breakout spot around \$75 from May 2017. Shares have a big volume node above at \$95 to target on a rebound. The \$7.9B company trades 11.75X earnings, 2.39X sales, and 12.3X cash with a 1.85% yield. ALB expects double-digit EPS growth and revenue growth of 8% this year and 7.4% in 2020 to nearly \$4B. ALB has facing pressure from governments like in Chile to restrict lithium outputs and steer production towards local miners. The company's arbitration with the government was delayed at the end of December as they seek to raise the quota. On 12/14 the company announced a \$1.15B deal to acquire a 50% stake in the Australian-based Wodgina project to help diversify their output base. ALB is investing more than \$1B to triple their output capacity as demand from electric vehicles is expected to be a tailwind for the market for many years. Analysts have an average target for shares of \$120 with 17 buy ratings, 2 hold ratings, and 2 sell ratings. Short interest is around 13% and rising steadily since early 2017. Berenberg downgraded shares to Neutral this week until the Chilean issues are resolved while a recent announcement from YLB in Bolivia could have a significant impact on supply. Keybank positive on 12/18 with a \$120 PT. They think the recent deal in Australia is positive as it adds valuable capacity in lithium hydroxide. Organically, the firm still sees strong growth in 2019 given the new volume coming on stream. Institutional ownership fell 8% last quarter. Glenview a new \$34M stake.

### Hawk Vision:



**Trading Strategy:** ALB is in an ugly trend and short interest has been relentless in the name given headwinds with pricing and their issues abroad. I'd like to see these add to OI on Monday and avoiding it until a much cleaner reward/risk is set up.

**Confidence Ranking:** \$

## ***Additional Options Flow***

### **Market/ETFs**

**Semi's (SMH)** with 4,150 March \$82/\$72 wide put spreads opening with it at \$84.50

**Treasury (TLT)** with 7,150 February \$121 puts opening \$1.40

**Utilities (XLU)** spread this afternoon buys the March \$66/\$69 call spread and sells the \$60 puts, 7000X for a \$0.22

### **Consumer Goods**

**SeaWorld (SEAS)** buyer of 1,500 Jan. \$22.50 calls to open \$1.90 and also seeing some bullish flow in Jan. \$23 and Feb \$23 calls, some talk of a deal in late 2018. SEAS the February \$23 calls also being bought 925X today for \$2.20 to \$2.30

**Macy's (M)** the January \$29.50 calls being bought 1,125X for \$1.15

**Tempur Sealy (TPX)** the March \$45/\$55 call spread bought 2,000X for \$1.65, spot with over 6,000 in OI from late Dec.

**Target (TGT)** with 1,000 Jan. 11th (W) \$67 puts opening \$2.24 to \$2.56. TGT also with 2,385 January \$64 puts bought for \$1.32, spread against 4,772 of the \$60 puts which are sold for \$0.45

**Floor & Decor (FND)** buyers of 1,135 January \$30 calls for \$0.60 and also some smaller February \$27.50 and \$30 calls bought

**Wayfair (W)** buyer of 650 Jan \$90 puts near \$4.70

**Tapestry (TPR)** with 770 May \$35 puts being sold to open \$3.80 also with 500 Feb \$35 calls bought \$1.75 offer to open

**World Wrestling (WWE)** with more than 2,000 January \$85 calls bought today for \$0.55 as the \$80 calls adjust higher

**Far Fetch (FTCH)** with 1,000 January \$27.50 calls opening today for \$1, recent IPO which saw some notable funds open new positions last quarter

**Game Stop (GME)** higher by 15% today after the WSJ reported that two private equity firms were eyeing a buyout of the company and now 2,300 April \$16/\$19 call spreads are bought for \$0.98

**Caesars (CZR)** the June \$7 calls opening 5,000X today for \$1.25, the focus of M&A talks late in 2018

**Pepsi (PEP)** buyer of 500 June 2020 \$110 calls for \$9.85, rolling out of some January \$110 calls and buyers in the June calls earlier this week

**Dave & Busters (PLAY)** buyers of 500 April \$45 calls for \$4.29 to \$4.30

**Scientific Games (SGMS)** with more than 22,000 Jan. 2020 \$30 calls bought today for \$3.10 as the \$40 calls adjust back, big April calls bought yesterday 5,000X

**Constellation Brands (STZ)** buyer of 1,000 January \$165 calls for \$6.50 this morning into earnings on 1-9, recent \$145 put sales over 6,000X

**Nu Skin (NUS)** the February \$55/\$50 put spread opening 1,500X today for \$0.80

**Mondelez (MDLZ)** the Jan. 2020 \$35 calls opening 1,385X for \$7.20 to \$7.25, some January 2019 calls adjusting

## Energy

**Ring Energy (REI)** unusual buys of 600 June \$7.50 calls to open \$0.55 to \$0.60 offer

**Cabot Oil (COG)** buyer of 5,000 February \$25 calls \$0.94 and 3,000 of the \$26 calls at \$0.60 as 15K of the Jan. \$24 calls adjust

**C&J Energy (CJ)** buyers of the July \$17.50 calls 2,000X for \$1.35 to \$1.40

**Hess (HES)** sweep buyer 1,085 August \$55 calls \$2.85 offer

**Whiting Petroleum (WLL)** the February \$26 calls bought for \$1.80 today, 1500X, as the January \$27 calls adjust out

**Murphy Oil (MUR)** buyers of 2,500 February \$27.50 calls for \$0.95 to \$1

**Marathon (MRO)** buyers of 3,350 February \$15 calls for \$1.10 to \$1.15 this morning

## Financials

**CME Group (CME)** the February 8th (W) / February \$170 put calendar spread opening 500X today for \$0.50, positioning ahead of earnings which are on 2-14

**Blackrock (BLK)** bearish positioning with 600 February \$370 puts opening \$10.90 to \$11.50

**Moody's (MCO)** block of 4,000 February \$140 puts opens \$4.30 tied to stock

**First Data (FDC)** with 3,000 March \$17 puts being sold to open for \$1.40

**Goldman Sachs (GS)** the March \$185/\$200 call spread and \$180/\$195 call spread opening nearly 2,000X this afternoon, earnings 1-16

**Morgan Stanley (MS)** the March \$43/\$47 call spread bought 2,450X this afternoon for \$1.04 into earnings which should be the week of 1/14. MS the March \$42/\$46 call spread now trading 4,000X

**AIG (AIG)** the March \$42 calls opening 2,500X today for \$1.35

**Citi (C)** the March \$55/60 call spread opening 7,000X this afternoon, similar to the action in Morgan Stanley

**PayPal (PYPL)** the March \$90 calls opening 1,100X today for \$3.90 to \$3.95 as the January \$85 calls roll out

## Healthcare

**Bristol Myers (BMY)** buyers of 5,000 June \$50 calls for \$3.05 to \$3.10 this morning into weakness following the CELG deal, follows bullish flow yesterday

**Abbott (ABT)** seeing 2,000 Jan. \$67.5 puts roll to Feb \$67.5 puts

**SAGE Therapeutics (SAGE)** the January \$95/\$120 call spread bought 500X1,000 to open for \$3.85 debit into SAGE-217 PPD data this month

**Heron Therapeutics (HRTX)** stock replacement opens 1,250 June \$32 call for \$2.60 today, follows bullish June spreads yesterday

**Henry Schein (HSIC)** the July \$77.50/\$87.50 call spread being bought today 900X1,800 for \$1.20 debit, media reports late in 2018 that the company could be an M&A target for Amazon after their animal health spin

**Teva Pharma (TEVA)** the February \$18 calls bought 3,500X for \$0.95 today in a stock replacement

### **Industrials**

**American Air (AAL)** with 3,000 February 1st (W) \$32 puts opening today for \$2.70 as the weekly puts adjust, earnings expected around 1-24 and got Delta's weak guidance yesterday

**United Rental (URI)** buyer of 1,800 Jan. 25th (W) \$121 calls to open for \$1.05 to \$1.15, earnings expected around 1-23. URI also seeing 6 00 February \$115 calls opening today for \$4.70 with earnings in late January

**CSX Corp (CSX)** with 1,666 February \$67.5 calls opening \$1.03, earnings 1-16

**Embraer (ERJ)** the July 25 calls bought 950X for \$1.80 amid the talks with Boeing

**Arconic (ARNC)** with 3,300 February \$20 calls bought today for \$1.07, spread against 6,600 of the \$22 calls at \$0.40 with reports this week of a deal around \$22 being discussed. ARNC also with 2,500 April \$20 calls bought up to \$1.26

**DR Horton (DHI)** sweep buys of 1,500 Jan. 25th (W) \$35 calls \$2.37 to \$2.45, earnings 1-25

**Visteon (VC)** with 1,000 Jan. 2019 \$60 calls bought \$2.70 to \$2.85 to open, also 259 Feb \$60 calls opening \$4.30

**Delta (DAL)** with 2,000 February \$45 puts sold to open \$1.36 to \$1.30

**Eaton (ETN)** buyers of 1,000 February \$70 calls for \$1.85 to \$1.95 today

**Deere (DE)** another 1,000 June \$165 calls being bought today for \$6.85 to \$7, spot where buyers were active on 12/17

**Ryder (R)** the February \$52.50/\$57.50 call spread bought 3,000X for \$1.65

**Fiat Chrysler (FCAU)** stock replacement today sells 140,000 February \$15 puts for \$0.90 to \$0.80 to open

### **Materials**

**Newmont Mining (NEM)** with 2,500 February \$34 calls being sold to open \$1.27 to \$1.20

**AngloGold (AU)** with 1,675 Jan. 2021 \$10 puts opening for \$1.25

**Alcoa (AA)** buyers of 2,000 February \$30 calls \$1.25 to \$1.35 offers. AA Feb \$30 calls up to 10,000X now with a big block at \$1.50

**Sherwin Williams (SHW)** the February \$380/\$330 put spread bought 500X to open for \$10.50 into 1-31 earnings

**Vale SA (VALE)** buyers of 1,000 June \$13 calls for \$1.88 to open

**Freeport (FCX)** the August \$10 puts being sold to open for \$1.17 today, 7500X in a stock replacement

### **Tech and Telecom**

**Square (SQ)** with early buyers of 1,050 March \$60 calls near \$3.95 offer

**Charter (CHTR)** seeing 10,430 February 22nd (W) \$297.5/\$292.5 strangles sold to open for \$31.67

**Instructure (INST)** the February \$40/\$35 put spread opening 1,000X for \$1.70

**Qualcomm (QCOM)** with 3,000 Jan. 11th (W) \$54.50 puts opening for \$0.65



**IQIYI (IQ)** with 5,000 February \$17.5 calls opening \$0.80 to \$0.90

**Momo (MOMO)** with 5,000 February \$30 calls opening for \$0.60 today, China names showing strength this morning

**HUYA (HUYA)** now with 5,000 February \$20 calls bought for \$0.75 to \$0.80, similar to MOMO and IQ earlier

**IBM (IBM)** with more than 3,250 June \$90 puts sold to open for \$1.61 to \$1.58

**Apple (AAPL)** with another block of 5,000 March \$160 calls trading \$3.45, will confirm OI change

**Luxoft (LXFT)** unusual trade opening 400 April \$35/\$30 bull risk reversals at a net credit, Software name that trades cheap at 10.1X Earnings and 1.1X EV/Sales

**JD.com (JD)** the February \$23 calls opening 30,000X today for \$0.99 as the Jan. \$24 calls close and roll out

**Veeva Systems (VEEV)** with 1,760 March \$95 calls selling to open \$5.40 down to \$5 into strength. VEEV this morning also seeing 1,400 June \$105 calls sold to open around \$5

**Texas Instruments (TXN)** with 4,250 June \$110 calls opening \$1.48 mid-market, and has seen accumulation in June \$100 calls with over 9000 in OI

**Workday (WDAY)** with buyers of 1,965 next week \$150 puts to open OTM \$1.45 to \$1.60

**Nutanix (NTNX)** buyers of 1,500 OTM February \$50 calls for \$1.05 to open

**Twitter (TWTR)** the February \$32/\$36 call spread bought 5,000X for \$1.07 into strength, shares up 6.5% and out of small range

**Mellanox (MLNX)** buyer of 1,000 February \$95/\$105 call spreads today for \$1.65, recent M&A talk; shares down this week after hiring a CFO which has led many to speculate that a deal is off the table in the near-term. MLNX also seeing the March \$95/\$105 call spread open 2,500X for \$1.95

**Juniper (JNPR)** the July \$27 calls bought 700X for \$2.35 to \$2.45, adjusting down and out from the April \$31 calls

**Nexstar (NXST)** the February \$85 and \$90 calls active with buyers today as the January \$85 calls adjust out, recently announced a deal for Tribune

**Pivotal Software (PVTI)** the January \$16 calls being bought 1,000X to open today up to \$1.85, rallying back above its 50-day MA today

**Go Pro (GPRO)** the February \$5 puts bought 13,750X for \$0.76 today to open with earnings expected around 1-31

**Wix.com (WIX)** seeing 400 July \$80 puts sold to open today for \$7.50 as the April puts from September adjust out

**Alibaba (BABA)** spreads selling February \$175 calls to buy March \$160 calls 3,000X to open

**Skyworks (SWKS)** with 750 February 1st (W) \$67.50 puts opening today for \$5.78 as the January 11th (W) \$70 puts adjust out

**ZScaler (ZS)** with 500 May \$44 calls opening this afternoon for \$5.50 to \$5.80

**Nvidia (NVDA)** the March \$145 calls opening 1,500X today for \$8.05, the March \$130 calls bought on Monday

### Utility