

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 1/7/2020

### Sector Leaders

Semi's

Internet

Solar

### Stock Gainers

APA 25.5%

APLS 23.4%

XENE 12%

CNXN 9.4%

CBMG 8.4%

BYND 7.7%

MCHP 6.7%

### Volatility Gainers

- GTE
- HIMX
- GRUB
- BYND
- CLF
- ABMD

### High Call Volume

- TCOM
- RDS.B
- PTCT
- AJRD
- TGNA
- MCHP

### Bullish Options

- AA
- DBX
- GM
- BLK
- TCOM
- PYPL
- APA
- MTCH
- MU
- PTCT
- 

**Market Review:** Stocks were quiet overnight with no further developments with the US/Iran tensions and Oil pulled back. Microchip was a bright spot raising guidance last night and boosting chip stocks. We got some positive data in the US with Factory Orders a bit better than expected and ISM Services with a healthy beat. Strength was seen again in a lot of growth/momentum names with Semiconductors, Internet, Software and Biotech higher. Energy saw the most weakness with Retail, REITS and Financials also under selling pressure. VWAPs in S&P futures are turning back up and bulls still have momentum but watching a potential diamond topping pattern form. Tomorrow will be a very light day of data without any major catalysts. It was a choppy session today and really watching a move out of the 3220/3255 range for more clarity on the trend continuing higher, or reversing lower.

### S&P Chart:



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

**Options Action Trends:** We saw some large put positions open back up in weak businesses like **SIG**, **BBBY** and **TUP** in consumer space. There were also put buys in Foreign Banks **BCS** and **DB** while **LYG** saw call buying.

**What's On Tap:** Mortgage Applications, Consumer Credit, and EIA Data.

### Trade Tracker Portfolio Changes:

- 1) No Changes

### Sector Laggards

Energy

REITS

Banks

### Stock Losers

TNAV -25%

VAL -11.7%

EYES -10.4%

ELF -9%

CLVS -8.8%

MRTX -8.75%

CRNC -6.7%

### Volatility Losers

- APLS
- ANGO
- OSPN
- CLVS
- TGNA
- ITCI

### High Put Volume

- EXPR
- CARS
- KNX
- DGX
- TUP
- ENR

### Bearish Options

- GS
- WDC
- TDOC
- W
- DD
- MRTX
- BCS
- GPN
- ENR
- SIG
- TXN



## Bulls Position in Viavi Calls for 5G Cycle

Ticker/Price: VIAV (\$15)

### Analysis:

**Viavi (VIAV)** notable buy late day yesterday of 4,000 December 2020 \$17 calls for \$1.34 and name that has some notable March \$15 and \$17 call OI as well from last Fall. VIAV shares are coiled under 52-week highs and just above trend support from the December 2018 lows as well as the low-end of cloud support. The longer-term channel higher targets a move above \$20. The \$3.5B company trades 19.35X earnings, 3X sales, and 6.6X cash with double-digit EPS growth and sales guided to grow 3-4% in both FY20 and FY21. VIAV provides networking testing, monitoring, and other communications products including instruments and software used in the construction and development of enterprise projects. VIAV is coming off of a big investment cycle with more than \$1.3B put to work through R&D and M&A as they look to build up market share in 3D-sensing, anti-counterfeiting, fiber/cable instrumentation, and 5G which are all expected to be major tech themes for the next 5-10 years. They've expanded their TAM with new lines into RF field instrumentation while 3D-sensing builds their consumer, automotive, and industrial/aerospace verticals. The automotive segment is a smaller part of their overall mix now but potential to be a major opportunity given the adoption of driver/passenger monitoring in cabin and external monitoring for ADAS and autonomous. In September, the company held an analyst day where they laid out near-term plans for growth which include vying for new contracts in optics guidance and defense, expanding their fiber monitoring solutions as the number of field techs is set to grow above 100k in the US, and parlaying their leadership in lab test to actual deployment in 5G systems. VIAV is coming off a nice quarter with their core network enablement (NE) business showing strength. Short interest is 5.4%. Hedge fund ownership fell 10.85% in Q3. Analysts have an average target for shares of \$16. Susquehanna starting coverage at Positive in October with a \$19 PT. The firm thinks the global 5G rollout comes with significant opportunity for Viavi, which provides testing equipment for network manufacturers and carriers. Needham positive in September following their analyst day noting that VIAV is well positioned to continue expanding its margins and TAM as the fast growing 5G and 3D Sensing markets ramp while FY21 and FY22 outlooks may prove conservative.

### Hawk Vision:



**Hawk's Perspective:** VIAV is a top small cap that I own for the longer term retirement account and continue to like the options positioning.

Confidence Ranking: \$\$



## Trip.com Calls Surge as Shares Break Out of Weekly Bottoming Pattern

**Ticker/Price:** TCOM (\$36.30)

### Analysis:

**Trip.com (TCOM)** with buyers of more than 6,000 February \$38 calls this morning up to \$1 and volumes now over 11,000. Today's flow follows over 1200 of the September \$40 calls bought yesterday around \$2.65. TCOM still has 6500 June \$35 puts sold to open that remain in OI and finding value around current levels. TCOM shares are trying to work back above the 200-day MA this week with the 8-EMA support just below today's range with the recent base targeting \$45 on a move higher. TCOM is forming a big higher low vs the October range as it looks to bottom and work out of a downtrend from the 2018 highs up near \$60. The \$20.26B company trades 18X earnings, 4X sales and 3.2X cash with expectations for accelerating EPS growth (19.5% to 25% through FY21). Revenue growth is expected to remain steady at 13.5% and 15%. TCOM has favorable tailwinds from growing air travel within China with the number of annual passengers up to 611M in 2018 vs just 230M in 2009, and expected to continue with wide adoption among China's growing middle class. TCOM has a number of verticals to take advantage including reservations, transportation ticketing, packaged tours, corporate travel, and other destination services. In November, they reported their 12th straight quarter of triple-digit growth for air ticketing volumes while revenue is being driven by higher International ticketing demand. On 11-13 they announced a JV with TripAdvisor (TRIP). Analysts have an average target for shares of \$42.80 with 15 buy ratings and 4 hold ratings. Mizuho positive in November after earnings seeing geopolitical weakness as a short-term issue. TCOM remains the "best-in-class" online travel agency globally due to easing competitive pressure within China and outbound travel opportunities with limited competition. Short interest is 2.3%. Hedge fund ownership jumped 45% in Q3. Jane Street Capital, Point72, and Broad Peak Investments notable buyers.

### Hawk Vision:



**Hawk's Perspective:** TCOM is a China play that has flown under the radar as peers have run, so like the flows and potential for a run to \$40 near-term.

**Confidence Ranking:** \$\$





## Zen-Desk Options Positioning Sees It as M&A Target

Ticker/Price: ZEN (\$79.65)

### Analysis:

**ZenDesk (ZEN)** with 680 August \$95/\$110 call spreads being bought, and has 11,000 February \$80/\$90 call spreads in open interest. ZEN has lagged its peers **Five-9 (FIVN)** and **Ring-Central (RNG)** in 2019 and pulled back to a 61.8% retracement where shares bottomed and now trying to work back above its 200 day MA and value range, a move above \$82 targets a measured move to \$100. The \$9.3B customer support company trades 10.4X EV/Sales and revenues grew 35-40% per year the last three and sees 30% growth in FY20. ZEN will next report earnings 2-4-20. ZEN is seeing an expanding TAM and product innovation driving sustainable growth with strong momentum in Enterprise & SMB. ZEN is FCF positive and benefiting from stronger operating leverage while its industry is seeing strong growth from higher customer interactions online. Analysts have an average target of \$94 on shares while short interest at 7.8% of the float has climbed to a three-year high. On 12/17 Guggenheim started shares at Buy with a \$90 target as it capitalizes on digitization of small and mid-sized businesses and efforts to increase product attach rates. On 11/25 Piper started coverage Overweight with a \$94 target, and on 10/30 RBC noted ZEN could be an interesting strategic M&A target as a small player in a large and growing market. Hedge Fund ownership fell 4% in Q3 filings but notable large opening new stakes by Corvex Mgmt. and Cadian Capital. Whale Rock added to its position as its 9th largest holding.

### Hawk Vision:



**Hawk's Perspective:** ZEN between the spread positioning and Hedge Funds of note seems like an ideal M&A target and like some upside exposure to the name.

Confidence Ranking: \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Energy (XLE)** seller of 3000 June \$60 straddles today for \$6.55

**REITS (IYR)** February \$92 puts bought 5000X at \$1.78 versus the \$88 puts as January spreads adjust

**Gold (GLD)** stock replacement opened 5000 January 2021 \$148 calls \$9.25 to \$9.30. **GLD** also with 7500 March \$147 puts sold to open \$2.70

**Mexico (EWW)** nearing a three year downtrend breakout and 11,000 January 2021 \$46 calls opening \$3.35 in a stock replacement

## **Consumer Discretionary/Services**

**Comcast (CMCSA)** with 4350 Feb 7th (W) \$46.50 calls bought \$0.41 to \$0.45

**Garmin (GRMN)** buyers of 575 February \$95 calls this morning to open for \$5.65 to \$5.80, recent January accumulation

**GSX Tech (GSX)** with 550 February \$30 calls bought \$2.10 today into strength

**Floor & Decor (FND)** with 750 Feb. \$57.50 calls sold to buy the \$50/\$42.50 put spread at a net \$1.25; BAML cautious this morning

**Signet Jewelers (SIG)** with 1000 April \$19 puts bought for \$3.20 to open as shares fade a bit, potential Holiday update soon, and activity rises to 4000X. **SIG** now also seeing 8000 January \$23 puts roll down to the \$20 strike that open for \$2.45

**Bed Bath & Beyond (BBBY)** with 5000 May \$17 puts bought \$2.96 to \$3 to open today into strength

**Ross Stores (ROST)** with 1000 May \$120 calls opening as January \$115 adjust

**Advanced Auto (AAP)** with 500 Feb. \$165 calls sold to buy the \$150/\$140 put spread at a net \$0.20 debit ahead of **ONLY** earnings on 2-5

**Trimble (TRMB)** unusual opening seller of 575 August \$40 puts \$2.80 bid

**Las Vegas Sands (LVS)** strong move up to the day's highs with 2,000 March \$70 calls bought for \$3.25 to \$3.30

**Macy's (M)** with 5000 Feb 7th (W) \$16.50 puts bought to open earlier today \$0.61 to \$0.63

**Nordstrom (JWN)** with 2700 January \$42 straddles sold to open for \$2.75

**Nike (NKE)** block of 3000 February \$105 puts opens \$4.25 tied to stock

**Dollar General (DG)** with 1,500 January \$152.50 puts sold to open for \$1.90

## **Consumer Goods**

**Altria (MO)** with 5,000 February \$47.50 puts sold to open this morning from \$0.75 to \$0.70 ahead of 1-30 earnings

**Monster Beverages (MNST)** looking to work out of a bull flag and 2,750 January \$63.50 calls being bought today up to \$1.40

**Prestige Brands (PBH)** buyer of 2,000 January \$40 puts for \$0.60 today into strength, company will be at the ICR Conference on 1/13

**Energizer (ENR)** buyer of 500 February \$50/\$45 put spreads today

**Tupperware (TUP)** with 7500 April \$10 puts opening at \$2.35, tied to stock and likely replacing a short stock position

**Sony (SNE)** with 400 June \$65 ITM calls opening today \$7.93 to \$8. **Sony (SNE)** with 1800 January \$70.50 calls bought for \$1.00 to \$1.04 into the highs, company at CES this week

**Yum! Brands (YUM)** opening buy 1000 January 2021 \$115 calls for \$3.43, did a deal for Habit (HABT) earlier this week

### Energy

**Marathon Petro (MPC)** with 8000 April \$62.5/\$67.5 call spreads bought. **MPC** also with 1000 January \$58.50 calls bought up to \$1.39

**Apache (APA)** buyer 900 July \$32.50 calls here \$3.50 offer

**Schlumberger (SLB)** with 1335 August \$40 puts sold to open for \$3.90

**BP PLC (BP)** with a buyer of 4,450 June \$41/\$35 bull risk reversals for a \$0.23 debit into today's dip

**Exxon (XOM)** opening seller 1000 March \$75 puts for \$6.25

**Cimarex Energy (XEC)** buyer of 1000 February \$55 calls \$2.95 offer looking to add to OI

**Royal Dutch (RDS.B)** with 3000 July \$62.5 calls opening \$1.70 today as January \$60 adjust

**EOG Resources (EOG)** with 3,000 July \$115 calls sold to open \$1.22 to \$1.20

**Noble Energy (NBL)** buyer 2000 May \$22.50 puts \$1.70 offer to open

### Financials

**Goldman (GS)** trading 840 April \$230/\$210 put spreads early

**PayPal (PYPL)** opening sellers of 2500 February \$105 puts early near \$1.90. **PYPL** buyer of 3000 January \$113 calls \$0.79 and sells 4500 of the \$117 calls

**Blackrock (BLK)** with 250 February \$510 calls opening \$13.50 to \$14 today ahead of earnings on 1-15, higher three of the last four

**Barclays (BCS)** sweep buys of deep ITM February \$14 puts 2000X and the \$13 puts for 1500X

**Global Payments (GPN)** the February \$185 puts bought 600X for \$4.40 and spread with 900 of the \$175 puts sold for \$1.80

**Deutsche Bank (DB)** buyer 10,000 July \$7 puts to open \$0.37/\$0.38 offer

**CBOE Global (CBOE)** spread buys 1500 January \$116 puts \$0.80 and sells 2500 March \$110 puts \$1.70

**Brookfield Asset Mgmt. (BAM)** buyer of 3250 February \$60 calls for \$0.55 as January calls adjust, tight bull flag forming

**Hartford (HIG)** with 5,000 March \$65 calls bought into weakness today for \$0.32

**Tanger (SKT)** with another 5000 February \$16 puts bought \$2.10 with January \$19 adjusting

**Goldman (GS)** with 1000 February \$230 ITM calls bought for \$11.90

**S&P Global (SPGI)** with 650 May \$290 calls opening as February \$280 adjust

### Healthcare

**TelaDoc (TDOC)** sweep buy of 850 February \$80 puts \$2.05 offer. **TDOC** also seeing 1000 March \$90 puts bought to open today for \$8.50 to \$8.90

**Neurocrine (NBIX)** block of 2500 February \$115 calls opens \$2.90 on a \$2.75-\$3.80 bid-ask, may be writing versus stock

**Intra-Cellular (ITCI)** with 1,500 January \$32 calls opening today for \$1.55, Canaccord with a \$65 PT recently after the FDA approved their schizophrenia drug

**PTC Therapeutics (PTCT)** with 3,000 January \$51 calls bought today for \$1.40 and spread against a sale of the February \$45 puts for \$1.05. PTCT will be at JPM HC on 1/15

**Guardant Health (GH)** buyer 500 February \$85 calls at \$4 sells 750 of the March \$90 calls for \$4.90

**Bristol Myers (BMY)** buyer of 6950 February \$65 calls \$1.62. **BMY** also with 2,445 January 2021 \$60 puts being sold to open today \$4.65

**Zimmer Bio (ZBH)** with 500 February \$145/\$135 put spreads opening today for \$2.55 ahead of earnings on 2-4

**Amerisource (ABC)** with 625 May \$87.50 calls sold to open today down to \$4.12

**Amarin (AMRN)** buyer of 10,000 February \$21 calls for \$1.94 as the January \$20 calls close 5500X, raised guidance this morning and bouncing off its 55 MA

**Millendo Therapeutics (MLND)** with 2,000 July \$7.50 calls bought for \$3.50 today and spread with a sale of the April \$12.50 calls for \$1, odd size for the name. MLND shares are trading around \$7 now with Phase 2 data in congenital adrenal hyperplasia due in 2H of 2020 while they also have data in Prader-Willi syndrome expected by mid-year. MLND sees little coverage but Jefferies with a \$22 PT in September sees their main asset livoletide as an "under-appreciated asset" with potential to be the first-to-market in 2021 in PWS

**Deciphera (DCPH)** with 500 January \$65/\$75 call spreads bought for \$1.90 ahead of JPM next week and still has 5,000 January \$60 short puts in OI from spreads with the \$70/\$80 call spread. **DCPH** is seeing 500 January 2021 \$80 calls open today \$6 to \$6.50. DCPH will be presenting on 1-13 at the JPM Healthcare Conf.

**Mirati (MRTX)** with 2,000 March \$130 calls sold to open \$4.20 to \$4.00

**Vanda (VND)** moving higher since midday when unusual June \$19 calls bought to open \$1.45 to \$1.80 with IV climbing. The \$875M Biotech has pulled back orderly the last few weeks after a run-up and has just 8.6% of its float short with shares trading 4X Sales and 21X Earnings. VND jumped sharply after a big earnings beat in November.

### **Industrials**

**General Motors (GM)** with 9000 March \$38 calls bought \$0.59 to \$0.60. **GM** also with a buyer of the March \$38/\$41 call spread for \$0.45, trading over 7000X. **GM** also with 14,500 February \$37 calls opening for \$0.62

**General Dynamics (GD)** buyer of 400 Feb. 14th (W) \$180 calls \$5.20 to \$5.30

**Boeing (BA)** highs of the day and IV lifting with 1600 January 31st (W) \$360 calls bought \$4.35, captures 1-29 earnings

**Cummins (CMI)** with 1,500 February \$160 puts sold to open today \$2.10 to \$2.05

**Kratos (KTOS)** moving higher again today and 1,000 May \$20 calls bought to open from \$2.50 to \$2.65, small-cap defense play

**Emerson (EMR)** IV rising with 2,500 February \$80 calls bought to open \$1.10 to \$1.25, tight flag near recent highs with bullish flow yesterday too

**Waste Mgmt (WM)** with 700 July \$110 puts opening this morning \$3.10 to \$3.20

**Tesla (TSLA)** buyer 1000 March \$455 puts for around \$3.7M

**Wesco (WCC)** with buyers of 1,000 February \$60 calls for \$2.85, adjusting some January \$60 calls amid the escalating bids for **Anixter (AXE)**

**Knight Transport (KNX)** large opening sale of 8500 March \$35 puts today for \$1.45, recent size call accumulation as well

**ZTO Express (ZTO)** opening sale 2000 April \$23 puts for \$1.15 seeing limited downside for shares

**Polaris (PII)** into weakness with spread selling 750 February \$85 puts to buy the \$95/\$105 call spreads

### **Materials**

**Alcoa (AA)** with 975 March \$19 ITM calls bought early \$2.75 to \$2.80

**Cliff's Natural (CLF)** with 2,000 February 7th (W) \$8.50 calls and over 19,000 of the \$9 calls being bought today as IV rises

**Amyris (AMRS)** with 1,000 January \$5 short puts rolling to June \$5 puts today sold for \$2.16

### **Tech and Telecom**

**DropBox (DBX)** with 1300 July \$18 ITM calls bought \$2.55 to \$2.60

**Micron (MU)** buyers opening 5,600 June \$57.50 calls today into strength for \$5.85 to \$5.95. **MU** now also seeing 10,000 March \$60 calls roll up to the \$62.50 strike for \$2.13. **MU** also seeing 7500 April \$62.5 calls bought now as the \$60 calls adjust

**Match (MTCH)** with 1,000 June \$87.50 calls opening this morning for \$5.90

**JD.com (JD)** with 4,500 February \$36 puts sold to open from \$0.90 to \$0.88

**Trip.com (TCOM)** now also with 1,500 September \$42 calls bought \$2.45 to open

**Fire-Eye (FEYE)** with 5,000 January \$18.50 calls bought for \$0.45 into strength

**Microchip (MCHP)** with 2,450 April \$115/\$135 call spreads opening for \$3.95 as some \$110/\$125 spreads adjust

**Wayfair (W)** buyer 2200 February \$100 puts to open \$10.60 to \$11.10

**Shopify (SHOP)** with 1000 Jan. 31st (W) \$382.5 puts sold to open \$5.58 to \$5.41

**Twitter (TWTR)** with 1,500 February \$33/\$38 call spreads bought today for \$1.37 ahead of earnings on 2-6, targeting a big gap fill from October

**Salesforce (CRM)** continuing to run today and 1400 March \$175 calls being bought \$8.45 to \$8.60. **CRM** also with 1000 Jan. 24th (W) \$177.50 calls bought up to \$2.36. **CRM** 2000 May \$155 calls bought \$25, will confirm OI tomorrow

**Coherent (COHR)** with 1,000 February \$170 calls bought up to \$10.27 to open this morning as IV lifts, follows the 1500 Feb. \$165 calls bought on Friday; nice bull flag forming just below a big weekly range breakout

**Applied Materials (AMAT)** IV ramping with 3,700 January \$62 calls bought up to \$1.01 to open now after the **MCHP** update. **AMAT** could be play on Samsung and Taiwan Semi catalysts near term

**Interactive Corp (IAC)** with 1000 April \$240 puts opening for \$11.05

**One-Span (OSPN)** with 2000 February \$17 puts sold to open for \$0.75

**Facebook (FB)** with 4500 March \$215 calls bought \$10.80 offer to open as February \$200 calls adjust. **FB** also seeing 3000 Jan. 31st (W) \$220 calls open today near \$5

**Broadcom (AVGO)** with the Jan. 2022 \$320/\$260 put spreads bought 500X1,000 today at a net credit, likely protective vs stock

**II-VI (IIVI)** with 1150 April \$35 puts bought \$2.45 to \$2.55 today, follow some Feb. put buys recently into the 200-MA

**Chegg (CHGG)** starting to work out of a narrow bull flag, strong looking setup, and 475 February \$35 calls being bought up to \$5.90 to open

**Baidu (BIDU)** with 750 September \$150 calls opening \$12.15 at the PHLX

**TI (TXN)** buyer of 900 January 2021 \$110 puts to open for \$6.03, and the Jan. 24th (W) \$130 puts active 1680X bought \$3.25 offer

**Zoom Video (ZM)** working out of a small base today and 1,200 January \$70.50 calls bought up to \$2.05. **Zoom (ZM)** also with 1000 May \$80 calls bought \$4.93 to \$5.10. **ZM** also with 3000 May \$100 calls bought \$1.30

**ForeScout Tech (FSCT)** with 1250 December 40 calls opening \$3.225 in a buy-write

**Arista Network (ANET)** coiled under the 55 MA and large earning gap with 500 June \$220 calls opening for \$13.50, and Level 2 and IV move show opening sale

**Sea Ltd (SE)** with 2000 January 2021 \$50/\$35 bull risk reversals opening for \$0.60 debit



**VMware (VMW)** spread buys 700 April \$165 calls at \$4.48 and sells 1200 of the \$195 calls for \$0.49

**Qualcomm (QCOM)** seeing 1500 January 2022 \$120/\$135 far OTM call spreads open

**IQIYI (IQ)** buyers of 1,500 Feb. \$22.50 calls for \$2.14 to \$2.16

**Pinduoduo (PDD)** with 3000 ITM Jan. 31st (W) \$40 calls being sold to open today for \$2.55

### Utility

#### **Disclaimer:**

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

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