



# MARKET RECAP REPORT 10/1/2020

## Sector Leaders

Semi's

Solar

Software

## Stock Gainers

AMAG 44%

BBBY 35%

AEL 35%

NKLA 28%

SAIL 12.9%

CAMT 12%

DMRC 11%

## Volatility Gainers

- SNDL
- SNCR
- X
- PACB
- FTAI
- RKT

## High Call Volume

- AXTA
- FTAI
- GBT
- PRGS
- MTB
- SAIL

## Bullish Options

- NFLX
- PLUG
- DKNB
- DDOG
- ADS
- ETSY
- BA
- NUE
- ZNGA
- MSFT

**Market Review:** Stocks were sharply higher overnight and into the open as Q4 kicked off and some positives continue to come in from early earnings reads with Pepsi, ConAgra, Bed Bath and ST Micro strong numbers. Fiscal Stimulus remains in focus with reports both sides are closer on a deal before Congress breaks. Jobless Claims came in a bit under estimates while Personal Spending beat estimates and Personal Income sharply missed forecasts. ISM Manufacturing came in weaker than expected. Tech led strength and breadth with Software & Semi performing well while Solar and Consumer Discretionary also rallied. Bonds were weak again along with Energy. Breadth remained strong through midday despite a VIX that also climbed. The employment report in focus tomorrow and now nearing the start of earnings season as well as the Election nearing.

S&P Chart:



Resistance	Support
3,350	3,315
3,425	3,225
3,470	3,100

**Options Action Trends:** We saw a number of large call buys in large cap Tech adjusting out and up while Internet names continue to see bullish flow. There was not much bearish flow at all.

**What's On Tap:** Employment Report, ISM NY, Consumer Sentiment and Fed Speakers.

## Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **BMJ** January \$62.5 Calls at \$2.35

## Sector Laggards

Energy

Ag

Bonds

## Stock Losers

CELH -11%

PAR -10%

HP -9%

OMI -8.6%

VLO -7.9%

PNTG -7%

GDRX -7%

## Volatility Losers

- AMAG
- GNW
- OPK
- BBBY
- GME
- EBAY

## High Put Volume

- SNCR
- CLR
- BBBY
- OC
- SIX
- CBOE

## Bearish Options

- CBOE
- C
- AAL
- IWM
- SAM
- CLR
- VALE
- SPG
- AEO
- O
- DUK



## FEATURED OPTIONS RADAR REPORT



### Darden Calls See Rally Continuing

Ticker/Price: DRI (\$100.70)

#### Analysis:

**Darden Restaurants (DRI)** with a buyer of 1500 November \$105 calls for \$5.20 on 9/30 while 750 January \$100/\$125 call spreads also traded. DRI recently saw opening sales of 4500 October \$90 puts and has 4500 of the \$100 calls in open interest and 5800 of the October \$95 calls, the latter part of \$95/\$85 strangle sales. DRI also still has 1900 January \$95, 1300 January \$100, and 1500 January \$110 calls in open interest. Shares continue to recover from the COVID shutdown impact and recently cleared a \$70/\$90 range that measures back to \$110. The \$13.1B owner of Longhorn Steakhouse, Cheddar's and Olive Garden trades 16.65X Earnings and 1.8X Sales with a 1.2% dividend yield. DRI forecasts see revenue growth of 17.7% in 2022 with 2021 sales seen lower by 4.8%. DRI reinstated its quarterly dividend and is transforming its business model via technology to improve the guest experience. It is still seeing strong sales at restaurants and adjusted its cost structure to generate strong cash flows. DRI off-premise sales jumped 123% last quarter and represented 45% of total sales with 60% coming from online sales. Analysts have an average target of \$107 and short interest is low at 4.6% of the float. CSFB started coverage in July at Buy noting DRI is the best-in-class casual dining operator and sees future market share gains and improving margins. Argus raised shares to Buy with a \$115 target this week seeing Darden turning the corner on sales comps and sees shares undervalued at 16X Earnings. Loop Capital raised its target to \$115 noting best-in-class management and positive on profitability and cost controls. Truist raised its target to \$128 noting the reimaged business will come with higher margins and sees easing of restrictions leading to better comps. Hedge Fund ownership fell 1% in Q2 filings, Soros Fund a top holder and Sachem Head took a new position.

#### Hawk Vision:



**Hawk's Perspective:** DRI is a bit extended near-term and typically prefer WING/CMG but Darden offers attractive valuation and a transformation story, the October/November \$105 call calendar looks like a nice strategy.

Confidence Ranking: \$\$



## FEATURED OPTIONS RADAR REPORT



### Cree Calls Position for 6 Month Move Higher

Ticker/Price: CREE (\$65.45)

#### Analysis:

**Cree (CREE)** with 500 March \$65 calls bought to open for \$9.70 today and also seeing some smaller, high-dollar buys in the January \$65 calls with shares basing just below new highs. CREE has 650 December \$65 calls in OI as well as 6,000 January 2022 \$75 calls from a buyer in January, although sitting on a nice gain. CREE has rebounded well this year and now forming a multi-week base above the 38.2% Fibonacci of the rally. A run above \$67.25 can re-test the highs with a longer-term measured target of \$90. The \$6.88B company trades 7.5X sales, 5.5X cash, and 41.5X FY23 earnings with limited debt and high-20% revenue growth. CREE closed on their sale of the lighting business to IDEAL last year and now a pure-play on silicon carbide and GaN tech with exposure to some major secular transitions like the growth in EVs and 5G. CREE has been expanding production capacity to meet the demand with their new massive, automated 200mm SiC factory and positioned well to be an industry-leader for years. They recently signed a partnership with Arrow (ARW) that added \$1.6B of opportunities to their long-term pipeline while the company now sees an opportunity device pipeline well over \$10B. Analysts have an average target for shares of \$66.50 and Canaccord a Street High \$79. MSCO positive on 9/22 noting that the recent earnings sell-off is a situation where the near-term hype was over-exuberant but CREE is a multi-year growth opportunity. Short interest is 12% and rising recently from around 6.5%. Hedge fund ownership rose 12.65% in Q2. Whale Rock a buyer of 3.24M shares, a new position.

#### Hawk Vision:



**Hawk's Perspective:** CREE is a bit ahead of itself and would like to see a move back to \$63 moving average convergence, but CREE has nice positioning to become a strong performer once again.

Confidence Ranking: \$\$



## FEATURED OPTIONS RADAR REPORT



### Plug Power Calls Surge as Shares Near Breakout

Ticker/Price: PLUG (\$13.85)

#### Analysis:

**Plug Power (PLUG)** with buyers of 4,500 November \$15 calls early and now trading more than 8,000 on the day up to \$1.65. PLUG has 7,000 of next week's \$14 calls in OI from buyers earlier this week while the December \$14 and January \$13 calls with size buys as well. PLUG is setting up right near resistance but plenty of put sales in OI as well and buyers into a dip across the December \$11 and \$12 strikes and March \$11 strikes. A run above \$14.25 targets a move up to \$18 and name that has been volatile since June, so potential for an extended run. The \$4.89B company trades 18.5X sales and 32X cash with a path to profitability within three years. PLUG is guiding to 30-40% annual revenue growth through FY22 as they win new contracts and expand their production capacity. PLUG is an emerging play in the fuel cell market, in specific the \$20B materials handling industry where they can help companies hit higher productivity, lower operational costs, and reach significant carbon footprint goals as ESG mission statements become more universal. The company has been spending recently on consolidating some of their supply chain as they target being more vertically integrated by 2023. Analysts have an average target for shares of \$11 with a Street High \$14 at MSCO. The firm thinks PLUG has year of rapid growth ahead as they grow in Europe and make further progress on their electrolyzer tech. PLUG also has room to sign more deals like the Linde agreement and the Apex partnership. B Riley noting on 9/25 that the company remains on target to hit their 2024 goals despite a 'game changing' announcement from the investor day. Short interest is 15.4% and down from 23.4% in July. Hedge fund ownership jumped 56.5% in Q2, SG Capital and Point72 notable buyers.

#### Hawk Vision:



**Hawk's Perspective:** PLUG sets up well and we recently wrote up another intriguing play **BE**, overall very interested in the Hydrogen/Battery space and **APD** favorite stable way to play it, but plenty of likely winners to come out of this theme.

Confidence Ranking: \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Gold (GLD)** opening sale 4000 March \$172 puts for \$6.35

**NASDAQ (QQQ)** pulling back off morning highs, Oct. 30th (W) \$267/\$240 put spreads opening 10,000X. **QQQ** also 3000 March \$320 calls opening \$8.20 and the March \$290 calls with 10,000 bought \$18.72 to open

**S&P (SPY)** with 7000 January/March \$353 call calendar spreads opening, saw similar Jan/Mar. call calendars open earlier this week. **S&P (SPY)** around 11am with size buys of over 10,000 Oct 23rd (W) \$345 calls for \$3.63

**Gold Miners (GDX)** buy-write with 8000 January 2022 \$65 OTM calls at \$1.69

**Consumer Discretionary (XLY)** buyer 2000 March \$170 calls to open \$2.94

**Homebuilders (XHB)** with 10,000 December \$55/\$58 call spreads bought for \$1.41

## **Consumer Discretionary/Services**

**DraftKing (DKNG)** early action buying 945 Jan. 2022 \$85 OTM calls to open up to \$15.10

**Norwegian Cruise (NCLH)** the October \$18/\$21 call spread being bought 3000X today

**Darden (DRI)** with 2,000 October \$110 calls sold for \$1 to open in a buy-write. **DRI** buyers active April \$110 calls 300X as well near \$10.50

**IAC Interactive (IAC)** with 975 October \$130/\$135 call spreads bought for \$1.15

**Marriott (MAR)** the December \$105/\$125 call spread bought 1000X for \$3.25

**Zynga (ZNGA)** strong on the move since recent size call buying and 11,000 November \$9 being bought today as well as other strikes

**Foot Locker (FL)** with 1,500 January \$35/\$25 bull risk reversals opening for \$2.40 in a stock replacement today

**American Eagle (AEO)** with 10,000 October \$14.50/\$13.50 put spreads bought today as the weekly \$13.50 puts adjust

**Bed Bath (BBBY)** up 32% on results and 1600 Oct. 30th (W) \$20 calls bought \$1.99 to \$2.10

**Live Nation (LYV)** opening sale 1000 November \$60/\$47.5 stranglers for \$3.95

**Match (MTCH)** buyer 1130 November \$110 calls \$12.20 as Oct. \$100 adjust

**Carvana (CVNA)** strength continues and today 775 May \$150 puts sold to open \$17.70, while 375 of the February \$210 puts bought \$30.50

**L Brands (LB)** with 5,000 October \$35 calls sold to open \$0.77 to \$0.70

**Levi (LEVI)** clearing multi-week highs and buyers active 4850 October \$14 calls \$0.65 to \$0.75

**FarFetch (FTCH)** with 1000 November \$28 calls bought up to \$3.20

**Dick's Sporting (DKS)** buy-write with 3000 October 23rd (W) \$63.5 calls sold \$1.05

**Hilton Grand (HGV)** aggressive buy 725 April \$21 calls \$3.50 offer, been some M&A talk in the past

## Consumer Goods

**Constellation Brands (STZ)** down marginally after earnings and 500 November \$170 puts sold to open \$3.60 to \$3.50

**Sanderson Farms (SAFM)** opening sale 500 November \$105 puts for \$2.30

**SunDial Growers (SNDL)** a \$0.30 stock seeing April \$3 calls with 6000X bought to open this morning at \$0.05 to \$0.10, a Cannabis play

**Pepsi (PEP)** with 10,000 October \$142 calls opening \$1.06 after earnings

**Boston Beer (SAM)** strong name coiled under new highs, and sneaky high dollar value but low contract trade opened 100 November \$890 puts at \$75

**Dollar General (DG)** with 2,000 October 23rd (W) \$217.50 calls sold to open from \$2.65 to \$2.50

**Chef's Warehouse (CHEF)** buyer of 400 April \$17.50 calls for \$2.65, re-opening play with their exposure to food service

**Target (TGT)** opening sale 1500 Oct. 30th (W) \$162.50 calls for \$3.50 into new highs

**Beyond Meat (BYND)** opening sale of 3,000 October 23rd (W) \$160 puts for \$6.50, may be targeting earnings which should be around month-end

## Energy

**Continental (CLR)** buyer 7000 October \$11 puts \$0.60 as Oct. \$12.50 puts adjust 4000X

**Solar Edge (SEDG)** the December \$230 puts being bought 1000X for \$27.75 to \$28.30 , tied to long stock

**Chevron (CVX)** with 1800 January \$65 calls opening spread with the \$80 calls

**JK Solar (JKS)** the December \$55 OTM calls bought 1000X for \$2.25 to open

**SunCor (SU)** with 5000 October \$11 calls opening \$0.91 as the \$12 calls adjust back

**Enphase (ENPH)** the November \$92.50/\$110 call spread bought 500X1,000 for a small debit, same timeframe and structure as trades late yesterday in **FSLR**

## Financials

**Alliance Data (ADS)** buyers of 1500 December \$55 calls \$1.70 to \$1.90 for 2nd straight day

**CBOE Holding (CBOE)** with 1500 November \$85/\$80 put spreads opening, a name in focus with the potential data pricing probe

**Citi (C)** with Nov. 6th (W) \$48.50 puts opening 1460X as this week adjust out

**Flying Eagle Acquisition (FEAC)** with the October \$12.50 calls active 2500X this morning, a SPAC merging with mobile gaming company Skillz valuing it at \$3.5B, and has 2.6M users

**M&T Bank (MTB)** buyer 1500 November \$110 calls \$0.95 offer

**Macerich (MAC)** with 1,700 March \$8 calls bought \$1.10 to \$1.15

**Simon Property (SPG)** buyers of 1,200 November \$60 puts for \$4.40 to \$4.45

**Vornado (VNO)** stock replacement opens 2350 Dec. \$40 calls for \$1.05

**Zillow (Z)** buyers opening 400 May \$150 calls for \$7.10 today as it continues to work higher

**CIT Group (CIT)** with 1000 January \$18 calls bought \$2.75 to \$2.84

**American Express (AXP)** buyer 300 April \$95 calls \$13.10 offer to open

**AIG** opening sale of 900 May \$22 puts for \$1.59

**JP Morgan (JPM)** spread sells 6,973 December \$85 puts for \$2.62 and buys the same number of \$100/\$115 call spreads for \$3.73

**Ocwen Financial (OCN)** opening sale of 6000 April \$10 puts for \$0.75, big rebound since April and positive originations data for August

**LPL Financial (LPLA)** spread buys 1000 November \$75 calls \$6.25 and sells 1500 of the \$85 calls for \$2, name that tends to rally on earnings which come late October

**Realty Income (O)** with 1,165 January \$60 puts bought up to \$4.10

**Fiserv (FISV)** buyer 1450 March \$120 calls \$4.40 as December \$120 adjust

### Healthcare

**Rite Aid (RAD)** buyer 1000 January \$9 calls \$1.95 to open

**AbbVie (ABBV)** the November \$77.50 puts sold to open today 2000X for \$1.15 into the extended pullback

**Biogen (BIIB)** another 1000 January \$250 puts trade with 500 of the \$295/\$355 call spreads, will confirm OI tomorrow

**Global Blood (GBT)** the November \$60/\$70 call spread bought 2,000X4000 for \$2.25 net debit

**Neurocrine (NBIX)** with 450 November \$100 calls bought \$5.10 to \$5.20 into weakness

**Biontech (BNTX)** with 500 November \$90 deep ITM puts opening up to \$27.80 below fair value as opening sales. **BNTX** highs and the November \$90 short puts trading down to \$25 now and up to 3,325X, very unusual bullish ITM put selling

**Regeneron (REGN)** buy-writes selling 175 January 2022 \$660 calls to open near \$57.70

**Pfizer (PFE)** with 3,000 March \$45/\$29 collars opening with stock for a small debit

**PPD (PPD)** buyer of 1600 November \$40 calls for \$1.15, early year IPO that has climbed back strong

**Jazz (JAZZ)** sale of 1000 November \$165 calls to buy the \$135/\$125 put spreads, likely protective

**Bluebird (BLUE)** the October \$75 OTM calls being bought 1800X for \$0.50 and name that has seen over 2900 October \$65 calls bought lately

**Bausch (BHC)** with 4000 October 30th (W) \$17 calls bought \$0.54 in stock replacements

**Zymeworks (ZYME)** with 5,000 November \$55 calls opening for \$2.35, adjusting the October \$35 calls up and out

### Industrials

**Boeing (BA)** with 2000 Oct. 30th (W) \$170 calls active with buyers up to \$13 this morning, captures earnings that week. **Boeing (BA)** 950 May \$250 OTM calls bought \$9 to open, also 1000 January 2023 \$120 calls opening near \$74

**American (AAL)** with 2,000 November 6th (W) \$13.50 puts bought \$2 as some weeklies roll

**Keysight Tech (KEYS)** with 850 November \$90 puts sold to open for \$2.20, common strategy in the name

**Triton Int'l (TRTN)** buyer of 1000 April \$35 puts for \$3.70 into weakness today, tied to stock; Co. announced a 10.7M share offering

**Atlas Air (AAWW)** opening sale 1000 November \$57.50 puts \$3.40 to \$3.30

**Navistar (NAV)** another 1,750 October \$42 calls bought for \$2, looks to add to OI with the recent M&A talk

**Crane (CR)** with 500 November \$50 puts sold to open for \$3.40

**Fed-Ex (FDX)** with 1,300 January \$230 puts sold to buy the \$270/\$330 call spread at a net \$0.30 debit

### Materials

**Nucor (NUE)** buyers active for 750 November \$45 calls up to \$2.60, follows the size longer-dated call buys earlier this week. **NUE** November calls up over 1850X

**Mosaic (MOS)** opening seller 5200 Oct. 30th (W) \$15 puts \$0.19

**Vale SA (VALE)** buyer 1000 April \$14 puts for \$4.30

**Agnico Eagle (AEM)** opening sale 315 May \$75 puts at \$8

**Barrick (GOLD)** with buyers of 1,000 January 2023 \$32 calls for \$6

**Clearwater Paper (CLW)** small spread sells 400 November \$30 puts to buy the \$40/\$50 call spread, name with a lot of October call open interest

**Rio Tinto (RIO)** to day lows with buys 920 November \$57.50 puts \$2.10 offer

### Tech and Telecom

**Netflix (NFLX)** buyer 1000 Oct. 9th (W) \$510/\$520 call spreads, strong move out of its base

**Dropbox (DBX)** buyers 1300 November \$20 calls \$1.30, been lagging, but base breakout trigger this morning and some size in Oct. call OI

**Pinterest (PINS)** buyer 1000 Oct. 30th (W) \$46 calls \$2.50 offer. **PINS** opening seller 1000 January \$47 calls for \$4.55. **PINS** 5000 December \$42 calls bought \$6.34, rolling up the \$38 calls. **PINS** now with 7000 December \$45 calls bought for \$5.61, adjusting the November \$39 calls

**Spotify (SPOT)** with 500 January 2022 \$180 puts bought \$21.20 with stock

**Etsy (ETSY)** with 1,000 October \$126 calls bought \$5.75 to \$6.10 with shares up 3%

**Synchronoss (SNCR)** the October \$5 puts rolling 8,566X to December that open for \$1.96, position that has been adjusting for a while

**Slack (WORK)** buyers of 2,000 November \$29 calls for \$1.50 to \$1.53. **WORK** buyer 570 Apr \$26 calls \$5.35



**Sea (SE)** with more bullish near-term flows with 1,200 October \$165 calls bought up to \$4.50, shares sitting near new highs and flag breakout

**Micron (MU)** buyer 1000 April \$45 puts for \$5

**Datadog (DDOG)** with 400 March \$100 puts sold to open this morning around \$15.50 in stock replacements

**Crowd-Strike (CRWD)** with 400 ITM June \$180 puts sold to open today from \$50.14 to \$50.08 in stock replacements, just above \$2M

**Microsoft (MSFT)** buyers active 5500 Nov. 6th (W) \$230 calls \$3.10 to \$3.15. **MSFT** with 950 September \$275 calls bought \$9.45 to open

**Facebook (FB)** October \$275/\$285 call spreads active 6000X

**Amazon (AMZN)** with 1000 March \$3200 calls opening for \$39.5M as 1200 January \$3200 adjust

**Zoom (ZM)** action in January 2022 seeing 250 of the \$640//\$770 call spreads bought and 500 of the \$650/\$780 call spreads. ZM also a buyer of 350 February \$430 puts to open for \$60

**Fastly (FSLY)** late morning action with shares clearing a bull flag and 1500 March \$100 calls being bought to open \$21 to \$22

**Uber (UBER)** opening sellers 3000 March \$40 calls down to \$4

**Netflix (NFLX)** unusual trade structure buys 2200 January \$510 calls for \$56 and sells 1900 of the March \$510 calls for \$68

**Advanced Micro (AMD)** buyer 1500 OTM March \$125 calls today above offer at \$3.50

**NVIDIA (NVDA)** late morning buyer 1200 Oct. 30th (W) \$540 calls to open \$32 to \$32.50

**Facebook (FB)** buyer 2000 June 2021 \$350 calls for \$11.20, adjusts out of 1,025 January \$270 calls. **Facebook (FB)** with 9800 January \$265 calls bought \$26.50, trades with 8000 March \$265 calls that may be closing

**Progress Software (PRGS)** bouncing after initial earnings sell off this week and 1000 March \$40 calls bought today \$3 to \$3.10

**ON Semi (ON)** with 10,000 April \$26 calls sold for \$2.20 and spread with a buy of 10,000 November \$22 puts for \$1.70, tied to stock

**Unity (U)** buyer 315 May \$85 ITM calls \$26 to \$26.50

**VMWare (VMW)** with 400 November \$150 calls bought \$6.10 to \$6.40, narrow range since July and could see an update on a **DELL** transaction

**Google (GOOG)** with 900 March \$1,490 calls bought for \$158 and 1,100 January \$1490 calls bought for \$128.50 to open, both around \$14M

**Yandex (YNDX)** buyer of 500 May \$70 calls for \$6 in a stock replacement

**Roku (ROKU)** block of 1000 January \$290 calls sold to open \$5.75

**Rapid-7 (RPD)** buyer 1000 November \$60 puts \$3.30 to \$3.60 to open here

**Salesforce (CRM)** stock replacement buys 1,610 January \$260 calls for \$23.10

**Okta (OKTA)** buyer 300 January 2022 \$270 calls for \$30.05

**Alibaba (BABA)** with 1000 March \$275 puts sold to open \$22.60, also today a buy-write with 1050 Dec. \$335 calls sold for \$8

**Apple (AAPL)** large lots trading in Oct. 23rd (W) \$112 puts since midday with 18,500X trading, early action paying \$3.20 to \$3.30

**Corning (GLW)** with 13,500 next week \$33 calls bought here up to \$0.46

**Twitter (TWTR)** with 8500 Oct. 30th (W) \$47.5 calls opening as the \$45.5 adjust

### Utility

**Duke Energy (DUK)** buyer 1400 April \$80 puts \$3.70 to \$3.80 today, recent M&A talks with **NEE**

#### **Disclaimer:**

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

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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