



MARKET RECAP REPORT 10/13/2020

Sector Leaders

Solar

Software

Internet

Stock Gainers

ALT 17%

ETH 12.4%

KIRK 11%

INMD 9.5%

DQ 17.5%

JKS 8.85%

Volatility Gainers

- CRON
- LOOP
- RKT
- AMRN
- ALT
- AMC

High Call Volume

- PAGP
- WSM
- JKS
- KTOS
- FUN
- DENN

Bullish Options

- DIS
- RKT
- GOGO
- SBUX
- WSM
- BA
- RUN
- MCK
- CAR
- SGEN
- RCL

Market Review: S&P futures were modestly lower overnight holding most of Monday's strong gains while Tech continued to rally, earnings season kicked off with solid results at JP Morgan, Blackrock and J&J. Stocks pulled back into the open on further headlines showing the fiscal stimulus remains in a stalemate. Breadth was weak the opening two hours and COVID beneficiaries like **ZM, CMG, ETSY, W, TDOC** outperformed on concerns of vaccines not being near. The NASDAQ showed leadership again and we saw growth areas like Solar, Biotech, Internet and Software outperform while Banks and Basic Materials sold off. The S&P is clearly extended near-term and has some gaps and moving averages it can pull back to for a healthy pause as the earnings schedule really begins to pick up next week.

S&P Chart:



Resistance	Support
3,500	3,420
3,600	3,355
3,725	3,210

Options Action Trends: We continue to see a lot of opening put selling across a variety of names and industries, bulls that may have missed rallies that are willing to get in lower. We saw some large put buys in a few names like **TAL, OLLI, UNFI, CYRX**.

What's On Tap: PPI and Fed Speakers. Earnings from UNH, BAC, ASML, USB, UAL, AA, SNBR.

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Banks

REITS

Metals

Stock Losers

GOSS -35%

LOOP -34%

WKHS -15%

EBS -11%

RCL -10%

DDS -10%

Volatility Losers

- GPOR
- BHR
- NOK
- TECK
- WKHS
- CLDR

High Put Volume

- ELAN
- AMCX
- XRAY
- WIFI
- AES
- EGHT

Bearish Options

- BYND
- TAL
- URI
- WKHS
- ELAN
- ILMN
- BIIB
- OLLI
- WORK
- CFX
- APH
- CYRX



FEATURED OPTIONS RADAR REPORT



Vonage Unusual Call Accumulation as Relative Unknown in Strong Growing Markets

Ticker/Price: VG (\$11)

Analysis:

Vonage (VG) bullish activity accumulating recently, a buyer of 3000 January \$12 calls for \$0.85 to start the week on 10/12 which follows recent accumulation of 10,900 December \$11 calls and 7,670 December \$12 calls. VG shares traded down near \$4 in March and up to \$13 in August, recently pulling back and basing right at the 38.2% retracement and working out of a downtrend and its base since last week. The \$2.55B provider of cloud communication services also saw the CEO buy \$400,000 worth of stock in August at \$11.29 and \$11.83. VG currently trades 68.65X Earnings, 2.5X FY21 EV/Sales and 29.1X FCF with revenue growth seen accelerating each quarter in 2021, the company has transformed itself to a leading UCaaS play. VG sees itself positioned across massive TAM estimates for 2022 with UCaaS at \$50B, CCaaS at \$11B and CPaaS at \$18B as the addressable market for cloud communications is growing rapidly. VG has been gaining traction in the mid-market and enterprise with strong bookings growth. Analysts have an average target of \$14 and short interest is at 6.3% of the float. MSCO downgraded shares to Neutral in August as the impending completion of a strategic review of the company's Consumer business has helped to ease leverage-related concerns and show increased appreciation for the Business segment. MSCO remains optimistic on Vonage's ability to appreciate through the eventual realization of these opportunities, but says the built out of a channel on the Applications side and focus on higher margin business on the Communications Platform as a Service API side likely pauses multiple expansion in the near-term. Stephens with an interesting note in June when Agora (API) came public noting VG became the global leader in video API outside of China following its TokBox acquisition. Hedge Fund ownership rose 1.3% in Q2 filings, Rubric Capital taking a new 2.75% weighted position and Alta Park adding to its position.

Hawk Vision:



Hawk's Perspective: VG looks great versus the recent base and seems intriguing as a name that could see major multiple expansion as it positions well in key growth markets.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Bulls Position in SunRun after Sell-off

Ticker/Price: RUN (\$66.5)

Analysis:

SunRun (RUN) buyer 500 March \$70/\$90 call spreads and sells 250 of the \$60 puts, and spreads now at 1700X850. RUN traded a similar structure in February expiration yesterday into weakness and a name that has been seeing a lot of flow, a number of longer term buy-writes. RUN was on a parabolic trend move and a much needed pullback last week with the rising 8 week EMA currently acting as support, Solar names pulling back on some tariff concerns though likely an over-reaction as the long term trend to renewables, specifically solar, remains in the early stages and a long runway for growth. The \$8B company currently trades 9.4X FY21 EV/Sales with revenues seen rising 45.8% in FY21 as it integrates the Vivint Solar acquisition. RUN is a provider of rooftop solar and battery storage and has increased its market share in residential to 15%. Its Brightbox home battery it claims is superior to generators. Analysts have an average target of \$58.50 and short interest is high at 16.7% of the float. Piper started shares Neutral recently with a \$70 target noting solar is only 3-4% penetrated in residential and a Biden win would be a boost while costs continue to decline favorably. Hedge Fund ownership fell 5% in Q2 filings, Tiger Global has a large \$1.65B stake.

Hawk Vision:



Hawk's Perspective: RUN is likely an opportunity here and remain very positive across Solar and new-age energy names, though favor **SEDG**, **ENPH**.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Bulls Position in SunRun after Sell-off

Ticker/Price: MCK (\$151.50)

Analysis:

McKesson (MCK) with 1,000 January \$170/\$135 bull risk reversals opening at zero cost earlier this morning and now up to 2,000 on the day. MCK has seen some smaller, high-dollar buying lately across the November, January 2021 and January 2022 calls since mid-July seeing upside as far as \$200+. Shares are in a very narrow weekly bull wedge above the 200-day with a run above \$155 measuring out to \$190 and move out of a four-year base. MACD has crossed over bullish recently on the daily while RSI back above 50 with plenty of room to run. The \$24.87B company trades 8.85X earning, 0.11X sales, and 9X FCF with a 1.1% yield and low-double digit growth. MCK has been a bit of a value-trap given the opioid overhang but indications recently that a final framework for settlement could be determined by year-end and more favorably for the defendants (which also include CAH, ABC, TEVA, and JNJ). Meanwhile, the company continues to improve their core business while overall trends have improved significantly since March/April. The company has seen higher volumes throughout the Summer as re-opening occurred, especially in their primary care business where patient visits have expanded beyond the most critical cases. And, the company has tailwinds into 2021 from COVID given higher demand for PPE which is boosting their Medical Group results while on 8/14 they signed a deal with the Federal Government to be the lead distributor for an approved vaccine under Operation Warp Speed. In the UK, they're seeing better volumes despite lower foot traffic after a timely buy in 2019 for Echo which gave them a big digital fulfillment business and expanded their digital and omnichannel strategy. Analysts have an average target for shares of \$179 with 10 buy ratings and 3 hold. MSCO with a Street High \$204. Deutsche Bank upgrading to Buy in August noting that demand for personal protective equipment and improving customer mix in response to the COVID crisis increased sharply last quarter while the negatives weren't nearly as bad as feared. Short interest is 1.3% and near decade lows. Hedge fund ownership fell 12% in Q2. Baupost remains a top holder while Glenview also a top 20 holder.

Hawk Vision:



Hawk's Perspective: MCK is the highest quality name in the small drug distributor group, but overall one that lacks much compelling growth. It's purely a longer term value play name, a group that has not been in favor.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Ollie's Large Put Buy into Modest Rebound

Ticker/Price: OLLI (\$94.70)

Analysis:

Ollie's Bargain Outlet (OLLI) with 1,900 April \$110 puts being bought \$23 to \$23.70 and follows buyers in the January 2022 \$120 puts for more than \$10.5M in mid-August that remain in OI. Shares have faded off of 52-week highs and the recent bounce puts it right back at the declining 50-MA and high-volume node from the Summer. A move under \$85 can see pressure back to the 200-day at \$76.25. The \$5.99B company trades 31X earnings, 3.68X sales, and 19.5X cash with expectations for flat EPS growth in FY22 and revenue growth slowing to mid-single digits from 27% this year. OLLI has benefited from the run of closures and scale-back in brick-and-mortar during the pandemic as the pipeline for the closeout market has been robust. But today they face increasingly difficult comp into 2021 and likely 'chasing the business' for much of next year. We've also seen comments from retailers last quarter that points to better inventory rationalization at many large-scale names which will lead to less opportunities for closeout buyers. Analysts have an average target for shares of \$98.50 and Craig Hallum a Street High \$128. Citi cut to Sell in July given the drivers of Ollie's comp strength are temporary in nature and the analyst has concerns about the scalability of the company's closeout model. Short interest is 13.5%, down from around 25% in March. Hedge fund ownership rose 1.3% in Q2.

Hawk Vision:



Hawk's Perspective: OLLI is a short-setup if it rolls back under \$91, always good to keep a basket of short ideas for when the market moves back into a sell signal.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

High Yield (HYG) opening sale 5000 June \$78 puts \$1.80

NASDAQ (QQQ) buyer 5500 Nov. 13th (W) \$285 puts for \$7.80 this morning, captures Election. **QQQ** March \$310 calls trading 12,700X with buyers active \$16.26 to \$18 and look to add to 10,721 in OI, a spot where 5K opened on 9/25

Vanguard REIT ETF (VNQ) with the March \$74/\$66 ratio put spreads opening 17,000X34,000 at a net credit

Russell Growth (IWF) with 3,000 December \$240 calls sold to buy the \$220 puts for a net \$2.30

Emerging Markets (EEM) buyer 10,000 June 2021 \$48 calls \$2.36

Tech (XLK) with 15,000 January \$105 puts sold to open \$2.40 to \$2.35

Financials (XLF) opening sale of 5500 June 2021 \$26/\$20 bull risk reversals

Small Cap Bull 3X (TNA) buyer 2000 April \$45 puts for \$12.30

Gold Miner (GDX) afternoon rally along with 12,000 Dec. \$39 calls being bought \$3.30+

Consumer Discretionary/Services

Starbucks (SBUX) with 2000 June 2021 \$92.50 calls active with buyers above \$8 early, though name seen a lot of June 2021 call action for two weeks with minimal amounts showing up in OI

TAL Education (TAL) buyer 1800 November \$72.5 puts \$2.70 and the January \$80 puts active 1600X with buyers after the **EDU** results

Williams Sonoma (WSM) with 3,000 November \$105 calls opening for \$5.47, the October \$92.50 calls adjusting out from 9/23 buys and another name benefitting from more home cooking in 2020. **WSM** separately with 700 November \$100 puts bought \$6.20 to \$6.70 today

International Gaming Tech (IGT) with 5000 November \$12/\$10 bull risk reversals opening at a \$0.315 credit

Royal Caribbean (RCL) down 10% and buyer comes in for 1000 Oct. 30th (W) \$65 calls \$2.93. **Royal Caribbean (RCL)** with 3,000 October 30th (W) \$64/\$80 call spreads bought to open for \$3.04 into weakness on their business update, shares holding the 50-day however early and earnings expected officially around 10-29

Foot Locker (FL) opening sale 800 January 2023 \$40 puts \$11.35, upgraded at BAML this morning

Stitch-Fix (SFIK) buy-write sells 2450 March \$40 calls for \$2.70. **SFIK** also seeing next week \$32 calls hot with buyers 7500X. **SFIK** now also with 1000 March \$25 puts sold to open for \$2.65

Caesar's (CZR) with 5200 December \$55 calls bought \$6.65 as Oct. \$48 calls adjust from a trade on 8/28, also seeing 1250 next week \$54 calls sell to open \$2.25

Disney (DIS) with 2000 December \$135 calls bought, 1000 versus the \$145 calls, and also March \$135 calls trading 6800X with buyers \$98.35 to \$8.60. **DIS** also with 1000 December \$140 calls bought today for \$3.60, stock replacement

eBay (EBAY) December \$55 ITM calls up to 1885X here with adjustments from October positions. **EBAY** the February \$55 calls noted earlier trading with 1800 December \$50 puts sold for \$1.26 to \$1.27

TJX Co (TJX) with 2000 April \$65 calls sold for \$3.30 in a buy-write

Cedar Fair (FUN) with 450 January 2023 \$30/\$40 call spreads bought for \$2.78 into weakness, similar Jan. 2023 spreads bought in some hotel names last week also which would benefit from a vaccine and return to 'normalcy'

Charter (CHTR) with 245 January 2023 \$650 calls being bought throughout the day up to \$103.10, near \$2.5M

Consumer Goods

Beyond-Meat (BYND) weak on downgrade seeing 1200 December \$180 puts open early \$21.50+. **BYND** also seeing 800 Jan. 2023 \$290 max strike calls bought to open \$48 to \$49 today

Sony (SNE) with 1200 November \$72.5 puts sold to open \$2.20 to \$2.10. **SNE** now seeing January \$77.5/\$87.5 call spreads bought 1500X2000

Wal-Mart (WMT) large opening sale 3000 June 2021 \$130 puts for \$6.98. **WMT** with 1000 March \$135 puts sold to open this afternoon for \$6.25

Kellogg (K) with 500 January 2023 \$52.50 puts sold to open for \$4.60, adjusting some January 2022 short puts and similar to yesterday at the \$50 strike

Callaway (ELY) buyers active in the December \$22 and \$23 OTM calls today, the former over 2000X from \$1.15 to \$1.20 and name that saw heavy buying in the November calls last week

United Natural Foods (UNFI) size buyers coming in for 8,250 May \$20 puts \$4.80 to \$5.20

JM Smucker (SJM) buyer of 500 November \$120 puts for \$4.30 to \$4.55, adjusting out the October \$110 puts bought in August

Energy

Schlumberger (SLB) spread buys 2000 May \$15 puts \$2.35 adjusting out of January

Scorpio Tankers (STNG) buyers of 2,000 January \$12 calls for \$1.25 to \$1.35 today

Devon Energy (DVN) with 2,725 April ITM \$17 puts sold to open today between \$7.80 and \$7.70

Exxon (XOM) with 3000 May \$42.50 calls sold \$1.30 in a buy-write

Financials

Rocket (RKT) sweep buyers 5500 next week \$26 calls here \$0.60 to \$0.70

Apollo (APO) the March \$45 calls bought 1500X for \$3.40 as some December calls bought on 9/14 roll down and out in time

Vornado (VNO) opening sale 2000 March \$25 puts \$1.30

Visa (V) with 1400 Oct. 30th (W) \$200 calls opening \$7.60 to \$7.70 today

Synchrony (SYF) with 1725 November \$29 calls bought \$1.47 to \$1.49, adjusting higher the October \$26 calls from 9/9

Retail Opportunities (ROIC) buyers here 1900 April \$10 calls \$1.85

Simon Property (SPG) with 4000 November \$70 calls being bought near \$3.70 as shares test October OpEx VPOC today

Morgan Stanley (MS) the June \$50 calls being bought for \$5.55 to \$5.60 today, over 2900X. **MS** also with 1500 January 2023 \$30 puts sold to open now for \$2.47

Healthcare

Invitae (NVTA) with 750 November \$60 calls bought \$3.20 to open this morning

BioMarin (BMRN) opening sale 1600 November \$70 puts \$1.10 to \$1.15

Quidel (QDEL) with 1000 November \$230/\$330 call spreads bought to open for \$42, big rebound since hitting the 200-day earlier this Fall and should see higher volumes into year-end with their COVID/Flu test

Elanco (ELAN) with 3500 November \$31 puts bought around \$1.20 to \$1.23 to open today as some October puts adjust from late last week, strong move on the Sachem Head news recently

Biogen (BIIB) the November \$280/\$200 put spread bought 1000X for \$26.45 into their AdCom

Trupanion (TRUP) with 550 November \$100 straddles sold to open \$18.05 which leans strongly bullish Delta

Illumina (ILMN) buyer 250 Oct. 30th (W) \$340/\$305 put spreads, downgrade this morning and been questions on its recent buyout and also a name that has underwhelmed on numbers, next report 10-29 lines up with this play

Seattle Genetics (SGEN) seeing both the November \$210 calls for \$13.40 and the December \$210 calls for \$15.30 open today 750X as a trader closes the October \$170 calls bought on 8/20, position that has rolled three times already from \$145 up and always two strikes together from two June to August/September and then October

Novavax (NVAX) emerging out of narrow range and bullish action selling 400 November \$140 deep ITM puts to open this morning for \$1.15M

United Health (UNH) with 1000 December \$300 puts sold to open today for \$7.80, shares out of a wide range this week and hitting new highs into earnings tomorrow, higher three of the last four

Pfizer (PFE) November \$38/\$41/\$44 butterfly call spreads opening 24,000X48,000 at \$0.48

Alkermes (ALKS) the May \$14 puts being sold to buy the \$22/\$26 call spread today 1000X for a net credit, follows some bull flow yesterday as well after their positive FDA panel news

TG Therapeutics (TGTX) with 400 May \$37 calls bought for \$5.55 to \$5.90 today, the February \$30 calls bought in August are adjusting higher

Intercept (ICPT) strong this afternoon but a buyer here of 1,000 January \$20 puts for \$1.40 to open, laggard in the group this year. **ICPT** also with 750 December \$35/\$25 put spreads bought today

Cryoport (CYRX) buyers back for another 2000 November \$50 [puts \$4.80 to \$5.20

Ionis (IONS) working on a small base the last two weeks seeing 1200 April \$55 calls bought \$3.50 to \$3.70 this afternoon in opening trades

Industrials

Tesla (TSLA) with 2200 Oct. 23rd (W) \$455 calls opening for \$4.2M, earnings 10-21, rolling from October \$55

Nio (NIO) with 8500 Nov. 13th (W) \$21 calls opening today but being sold to open

Welbilt (WBT) another 2,000 March \$10/\$15 call spreads being bought today as the December spreads roll, similar to Friday

Boeing (BA) November \$175 calls active with buyers 2500X early \$7.90 to \$8.10

United Rentals (URI) with the January \$200/\$180 put spread bought for \$9.15, 485X today ahead of 10-28 earnings

Avis (CAR) buyer 1000 November \$31/\$39 call spreads for \$1.91. **CAR** also buyer 1000 November \$32 calls at \$2.05 to open

WorkHorse (WKHS) buyer 2400 January \$19 puts for \$3.80. **WKHS** also today buyer 1000 Jan. 2023 \$40 calls \$9.40

Camping World (CWH) with 1000 November \$25 calls bought between \$7.85 and \$7.90 today with shares forming a rounded base just below new highs

Fastenal (FAST) with 1350 February \$50 calls opening for \$1.46 into weakness today, some November calls adjusting with shares down 6% on earnings

Li Auto (LI) with 1000 March \$20 puts sold to open today \$4.20 to \$4, working out of a range this week. **LI** March \$20 short puts up to 9000X with large blocks sold here for \$4.10

Kratos (KTOS) with 2,000 November \$17.50 puts sold to buy the \$22.50/\$27.50 call spread 2,000X4,000

Union Pacific (UNP) with 1750 December \$185 puts sold to open for \$4.45, shares just off of new highs ahead of earnings on 10/22

United Parcel (UPS) buyer of 400 June \$195 calls for \$11 in a stock replacement into new highs, earnings 10-28

Toll Brothers (TOL) with 1200 March \$55 calls being sold to open today for \$4 into strength

Jacob's Engineering (J) off the lows with 400 November \$95 puts sold to open for \$2.05, confident trade in the strong name

Amphenol (APH) with 1270 November \$120 calls sold to open \$2.15 to \$2.05, earnings 10-21

Norfolk Southern (NSC) the October 30th (W) \$215/\$200 put spread bought 2950X today with the \$220 calls sold, protective positioning ahead of earnings on 10-28

Materials

Silvercrest (SILV) with 2000 February \$15 calls bought for \$0.60 into early weakness

Crown (CCK) another 1375 November \$75 puts sold to open \$1.40

Barrick (GOLD) the June \$25 puts sold to open today 2,500X for \$2.40 in a stock replacement

Masco (MAS) seller of 1000 November \$55 puts for \$1.68 into the morning lows, nice base forming just below new highs with earnings on 10/28

Celanese (CE) the November \$105 puts being sold to open 925X from \$2.00 to \$1.95 today, earnings on 10/25 and group that has shown relative strength lately

Arconic (ARNC) with 1250 November \$22 at-the-money puts sold to open \$1.50 bid

Olin (OLN) on a strong run lately and 2000 November \$17 calls opening for \$0.75 today

Tech and Telecom

Gogo Wireless (GOGO) buyers 1100 Dec. \$10 calls \$2.25 offer. **GOGO** November \$10 calls also hot 4000X

IPG Photonics (IPGP) with 745 November \$200 calls being sold to open today \$4.30 to \$4 into strength and earnings early in the month

Twitter (TWTR) with 2000 November \$50/\$65 call spreads bought into the early low for \$2.51

Cloudflare (NET) with 700 May \$70 calls bought from \$6.52 to \$6.80 today, some \$50 calls adjusting higher into strength

FireEye (FEYE) spikes with 10,000 next week \$14 calls bought \$0.21 to \$0.40

ST Micro (STM) opening sale 2000 January \$32.50 puts \$1.95, recent guidance boost

Slack (WORK) with 1,600 March \$35 puts bought \$6.80 to open into the strong recent move

Intel (INTC) with 1500 January 2023 \$40 puts sold to open for \$4.47 as Jan. 2022 adjust

Lattice Semi (LSCC) with 600 December \$35 calls opening today as Oct. \$30 adjust

Spotify (SPOT) opening seller 500 November \$300/\$220 strangles for \$11.50

Cornerstone OnDemand (CSOD) with 1,500 November \$37.50 calls sold to open for \$2.20, the October short calls adjusting out

Match (MTCH) spread buys 1,000 November \$115 calls for \$6.96 and sells the November \$135 calls to open 1500X for \$1.42

Atlassian (TEAM) with 1000 November \$210/\$220 call spreads opening

Facebook (FB) block of 1350 January 2022 \$325 calls sold to open for \$33.60

Expedia (EXPE) retesting its base breakout and 1000 November \$110 deep ITM puts being sold to open \$17.35 to \$17.20

Twilio (TWLO) this afternoon seeing 300 January 2023 \$150 puts sold to open for \$14 to \$13.95,

Coupa (COUP) with November \$320 calls active today with 800 opening for over \$1M

Utility

NRG Energy (NRG) opening sale 3750 November \$30 puts \$0.65

AES Corp (AES) opening sale 5000 November \$18 puts \$0.40

Next-Era (NEE) with 1300 January 2022 \$370/\$240 bull risk reversals opening at \$3.90 credit

Disclaimer:

Not Investment Advice or Recommendation

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