



## MARKET RECAP REPORT 10/16/2020

### Sector Leaders

Biotech

Utility

Industrials

### Stock Gainers

CIT 25%

NAV 21%

FLEX 15%

PQG 13%

BMI 12.5%

JMIA 11.5%

### Volatility Gainers

- HTZ
- FLEX
- SY
- AMRN
- APA
- DISH

### High Call Volume

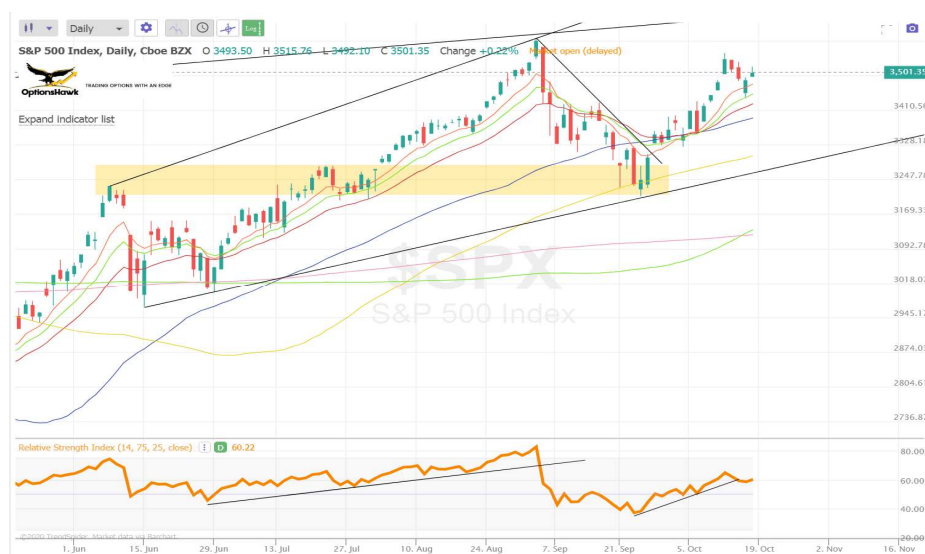
- FLEX
- DBI
- CARS
- VIPS
- NAV
- TACO

### Bullish Options

- PENN
- CAT
- FCX
- TGT
- DISCK
- PFSI
- AAPL
- GM
- ORCL
- DBI
- PFE
- ELY

**Market Review:** Stocks held higher overnight and into the open after the strong positive reversal for markets on Thursday, an overall choppy weak of trading with COVID 2<sup>nd</sup> wave concerns and lack of a fiscal stimulus deal weighing on sentiment. Some solid results out of European heavyweights LVMH, Daimler, and Volvo providing a lift as well. On the economic front September Retail Sales data came in very strong above estimates and consumer sentiment a bit above expected. Tech stocks started to fade after the opening hour as rotations seen earlier this week continued into earnings season. Industrials and Utilities were among the strongest groups and Banks continued short-term momentum while Biotech was a top performer. Transports were notably weak after **KSU**, **JBHT** results did not impress.

### S&P Chart:



Resistance	Support
3,500	3,440
3,600	3,420
3,725	3,375

**Options Action Trends:** We saw some more bullish position across Auto with **GM**, **FCAU** notable, signs of a recovery.

**What's On Tap:** Looking ahead to next week the economic schedule is quiet with a bunch of housing data and later in the week Flash PMI numbers for October as well as Chicago/Dallas Fed Surveys. The real focus will be on earnings with the bulk of reports over the next few weeks, and next week includes Netflix, Tesla, Union Pacific, Dow Chemical, AT&T, Abbott, Coca Cola, P&G and more.

### Trade Tracker Portfolio Changes:

- 1) No Change

### Sector Laggards

Energy

Transports

Semi's

### Stock Losers

NKLA -14%

JBHT -8.5%

GLPG -7.3%

SLB -7.3%

BCLI -6%

DQ -5.8%

### Volatility Losers

- NAV
- TACO
- SRNE
- CLDR
- W
- RKT

### High Put Volume

- JBHT
- HUN
- CBRE
- AXTA
- UAA
- CFG

### Bearish Options

- BIIB
- MRTX
- BCRX
- ENPH
- AR
- MYL
- GNMK
- CXO
- YNDX
- DOV
- MLCO
- CORT



## FEATURED OPTIONS RADAR REPORT



### Elastic Bulls Extends Large Bullish Bet

Ticker/Price: ESTC (\$120)

#### Analysis:

**Elastic (ESTC)** with a large adjustment on 10/15 as 1,297 January \$120 calls bought to open at \$14 while closing the October \$95 calls at \$27.60 after paying \$15.70 back on 8/20. ESTC does not have a lot of other notable open interest.

ESTC lagged software peers from July 2019 to Q1 2020 but shares have more than doubled since the March low and nearing a 138.2% Fibonacci extension at \$130, the next target is \$145. ESTC focuses on data visualization, search and analytics across various sources and formats. They operate within a massive \$45B TAM which taps into some mega-themes in tech like IoT, cloud, and AI/machine learning. The \$10B company now trades 14.4X EV/Sales with revenues seen growing 25-30% per year in 2021 and 2022 after 69.9% and 57.4% growth the previous two years. ESTC hosted an Analyst Day on 9/15 and noted its TAM is set to reach \$78B in 2021 and it is seeing rapid customer growth while SaaS is still just 22% of total revenue. Analysts have an average target of \$128 and short interest is elevated at 9.4% of the float.

RBC raised its target to \$140 this week citing management highlighting the breadth of its platform and margin expansion opportunities. Citi raised its target to \$146 in August seeing attractive set-up for many quarters to come on conservative guidance. Hedge Fund ownership declined 4.3% in Q2 filings, notable top holders include Tiger Global, Jackson Square, and Carmignac Gestion.

#### Hawk Vision:



**Hawk's Perspective:** ESTC is a name that got really cheap in March and we started seeing some large bullish option trades that recently cashed in. This is a newer trade letting some profits ride and I continue to like the ESTC niche offering and think its one of the more attractive M&A targets in software.

Confidence Ranking: \$\$



## FEATURED OPTIONS RADAR REPORT



### Vertex Pharma Bulls Position into Sell-Off Opportunity

**Ticker/Price:** VRTX (\$215)

#### Analysis:

**Vertex Pharmaceuticals (VRTX)** with a 20.7% decline on 10/15 as the VX-814/AAT program failed and ended development but some large trades came in thinking the move was an over-reaction. In particular the January \$220 puts were sold to open 2000X for over \$4M while 1000 of the \$250/\$280 call spreads were bought, a name that otherwise lacks any notable open interest. VRTX shares fell to a notable level, a 38.2% retracement of the 2016/2020 range at \$216 as a potential level to hold as support though a 50% retracement lines up with trend support and a retest of the key range breakout from 2019 at the \$188 level. The \$55.8B Biotech now trades 19X Earnings, 21.8X FCF and 10.3X Sales. VRTX has been a best-in-class operator for a few years delivering strong results every quarter with revenues hitting \$4.16B in 2019 from \$1B in 2015 and seen rising to \$6B in 2020. VRTX has a dominant position with its Cystic Fibrosis (CF) franchise. VRTX is also partnered with CRSP in a gene editing program for beta-thalassemia and sickle cell disease. Analysts have an average target of \$305 and short interest low at 1.3% of the float. Truist defended shares this morning with a \$305 target reducing \$1B in sales from its model and sees no credit given to its pipeline with multiple readouts over the next 12 months. JPM notes that it was a major disappointment and will take some successes in the pipeline to rebuild confidence for the next leg of growth to the VRTX story. Citi called the weakness a buying opportunity seeing fair value for shares at \$260-\$270 for the CF franchise alone and though the AAT program was worth no more than \$10-\$15 per share. VRTX should still deliver strong numbers from Trikafta with the EU launch a likely driver of upside to estimates. CSFB noted in July VRTX is the most insulated Biotech from COVID issues. Phase 1/2 CTX001 CRISPR/Cas9 gene editing data in transfusion-dependent beta thalassemia and severe sickle cell disease was positive and Goldman sees a 60% chance of success for that program. Hedge Fund ownership fell 7% in Q2 filings.

#### Hawk Vision:



**Hawk's Perspective:** VRTX certainly looks like an opportunity to own a top large cap Biotech franchise on this over-reaction though ideal entry is \$190 the \$215 may be worth 1/2 entry for those wanting to build a long term position, or can utilize put sales.

**Confidence Ranking:** \$\$





## FEATURED OPTIONS RADAR REPORT



### Bulls See Value in Ionis Weakness

Ticker/Price: IONS (\$47.80)

#### Analysis:

**Ionis (IONS)** with 725 April \$45 puts sold to open today \$5.30 after 2500 April \$55 calls opened this week. IONS also has some underwater bull synthetic long positions in open interest at January 2022 \$50 strike and January 2021 \$70 strike. IONS shares have lagged the market and in a clear downtrend though back near four year trend support with a recent bounce at the \$45 level. The \$5B Biotech trades 5.3X Sales and 29.2X FCF with a lot of cash (over \$2.5B) and revenues seen recover 15% in 2021 after 87% growth in 2019 was followed by an expected 36.5% decline this year. SPINRAZA continues to see strong growth US adult patient populations and plenty of opportunity left to expand into emerging markets. TEGSEDI is also starting to see strong growth in the US and launching in more EU countries this summer should be a boost into the 2H. IONS has one of the deepest pipelines within the mid-cap bio space with ten different NDAs on track for the next five years and more than sixteen programs in development across Huntington's, Hep B, hATTR polyneuropathy, FCS, hereditary angioedema and more. IONS has 6 Phase 3 studies by the end of 2020 with data expected through 2024. IONS's antisense technology works on all types of RNA, through many mechanisms, via various routes and broadly throughout the body. One overhang has been concerns of Spinraza competition so pipeline developments are important. IONS PKK-L is being investigated in a COVID-19 study. Analysts have an average target of \$68 with short interest at 6% of the float. Citi lowered its target to \$74 recently but noted "Ionis's antisense drug development platform is the best in the industry and is "very likely" to continue to advance a growing number of agents through development over the next 12 months." Hedge Fund ownership fell 11% in Q2 filings.

#### Hawk Vision:



**Hawk's Perspective:** IONS has traded poorly for months but seeing increased interest down near \$45 and clearly some value here with potential major pipeline upside. The upside calls are speculative but could pay off in a big way.

**Confidence Ranking:** \$\$

## ***Additional Options Flow***

### **Market/ETFs**

**NASDAQ (QQQ)** spreads selling November \$305 calls to buy \$282/\$256 put spreads 5000X, likely protective. **QQQ** also 2500 Feb. \$290 puts bought \$20.26, stock-tied. **QQQ** opening seller 4000 Dec. \$262 puts for \$6.14 today. **QQQ** also with 2050 March \$295 puts sold \$24.25 to open

**Russell (IWM)** buyer 3000 March \$147/\$130 put spreads to open for \$3.13

**Solar (TAN)** interesting strategy targeting Elections with 1800 Oct. 30th (W) \$73 calls sold to buy the Nov. 6th (W) \$75 calls

**Banks (KBE)** with 3800 January \$33 puts sold to open \$2.50

**S&P (SPY)** large opening sale today of 40,000 April \$315 puts for \$12.71

**Industrial (XLI)** with 11,000 January \$85 calls opening \$2.69, follows recent November accumulation

### **Consumer Discretionary/Services**

**Carvana (CVNA)** with 600 November 6th (W) \$230/\$240 call spreads bought for \$3.62 ahead of 10-29 earnings

**PVH (PVH)** buyer 1000 November \$65/\$75 call spreads as Oct. \$60 adjust

**Target (TGT)** with 130 April \$170 calls seeing buyers up to \$13.20, the April expiration been active

**Discovery (DISCK)** stock replacement opens 20,000 March \$22.50 calls for \$1.10 all week with 1800 of the \$165 and 2300 of the \$190 opening

**Tiffany (TIF)** buyer of 1,250 October 30th (W) \$125 calls for \$1.65, EU commission expected to make a decision on the LVMH deal by Oct. 26th

**Penn National (PENN)** with 500 December \$70 calls bought for \$10.60 to open early, size November \$60 calls bought yesterday

**MSG Sports (MSGS)** with 550 December \$145 puts sold to open for \$7.80 and spread with a buy of 550 February \$155 calls for \$9.81 adjusting out of some October bull risk reversals

**Take Two (TTWO)** unusual 2900 Oct. 30th (W) \$195 far OTM calls bought \$0.45 offer

**Designer Brands (DBI)** unusual large trade bought 10,000 January \$5 calls to open \$1.25 in a stock replacement

**Las Vegas Sands (LVS)** spread buys 2500 November \$47 calls \$2.38 and sells Dec. \$40 puts \$1.78

**Starbucks (SBUX)** 800 Apr \$90 puts being sold to open \$8.45

**TJX Co (TJX)** spread buys 5000 Nov. 6th (W) \$61 calls \$0.70 and sells 6000 of the \$52.5 puts at \$0.55

**Conduent (CNDT)** on the move with 2950 April \$5 calls bought \$0.80 to \$0.85

**eBay (EBAY)** opening sale 1000 December \$55 puts for \$3.20

**Carnival (CCL)** working higher off morning lows with 8500 Oct. 30th (W) \$15 calls active and 7500 Dec. \$20/\$25 call spreads bought

**VF Corp (VFC)** shares down 4% on earnings and 5000 November \$80 calls sold to open \$1.45 to \$1.35

**Lululemon (LULU)** into day lows with 1000 November 6th (W) \$370 calls bought \$6.15 to \$6.60 to open

**Hilton (HLT)** with 6750 January \$97.50 calls sold to open \$4 to \$4.10 with October short calls from July adjusting. **HLT** now with 1000 November \$90 calls sold \$4.30 in a buy-write

**Boyd Gaming (BYD)** with 1850 November \$36 calls opening \$2.51 as Jan. \$40 adjust back

**Disney (DIS)** with 18,000 Dec. \$130 calls bought this week seeing the \$130/\$150 call ratio spread bought today 4850X9700

### Consumer Goods

**Nautilus (NLS)** with 600 January 2022 \$30 calls bought \$8.80, strong name since April

**Peloton (PTON)** buy-writes with 1200 January \$180 calls sold \$8.35

**Sysco (SYY)** with 1,000 November \$65 puts bought for \$2.70 and spread with a sale of 1,500 November \$60 puts for \$1.20

**British Tobacco (BTI)** buyer 300 Jan. 2022 \$30 ITM calls \$5.30 to \$5.40 to open

**Callaway Golf (ELY)** shares on the move with 1400 February \$21 calls bought up to \$2.55, name with size recent bullish accumulation

**Sally Beauty (SBH)** buyer 4000 November \$12.50 calls \$0.20/\$0.25 offers

**United Natural (UNFI)** buyers 1700 February \$17.50 calls \$4.30 to \$4.40 offer

**Purple Innovation (PRPL)** new highs and November \$35/\$40 call ratio spreads opening 1250X2500 after positive **SNBR** read-through

### Energy

**Sun Run (RUN)** with 500 March \$70 ITM puts sold to open today \$18.40 to \$18.20 with the recent pullback

**Enphase (ENPH)** spread sells 1400 November \$140 calls to buy the \$105/\$85 put spreads, likely protective into earnings season

**Antero (AR)** buyer 17,000 November \$3.50/\$3 put spreads

**EQT Corp (EQT)** with 2000 November \$15 puts sold to open \$1.20 as Oct. \$15 short puts adjust

**EOG Resources (EOG)** with 1875 November \$37.50 puts being sold to open ITM into weakness \$2.78

**Concho (CXO)** with 4000 Nov. 6th (W) \$47 puts bought \$2.49 and 6000 of the \$43 puts sold \$0.75, recent M&A reports

### Financials

**PayPal (PYPL)** with 3500 December \$220 calls sold to open \$9.40 likely writing versus stock holding. **PYPL** also 2000 March \$210 calls opening \$22.20 in stock replacements. **PYPL** also 1500 Nov. 6th (W) \$225 calls sold to buy \$202.5/\$185 put spreads, likely earnings protection

**Citizens Financial (CFG)** weak today after earnings and 1875 January \$30 puts opening for \$4.70, adjusting the October short puts from 7/10

**PennyMac Financial (PFSI)** with 4500 December \$70 calls opening \$3 as November \$60 calls adjust, name benefiting from the mortgage demand

**RedFin (RDFN)** buyers 700 December \$50 calls \$5.80 to \$6 into day lows

**Washington RE (WRE)** with 3600 November \$20 short puts opening as October roll from a trade back on 8/31

**Zillow (Z)** weak again back to lower value support and 4000 Nov. 6th (W) \$113 calls sell to open \$2.66 while 2000 of the \$101 calls are bought \$6.31 in a ratio spread. **Z** also a buy of 1000 Nov. 6th (W) \$103 calls today \$5.79 that should capture earnings

**Citi (C)** opening sale 1000 June 2022 \$40 puts for \$5.90

**Ray-Jay (RJF)** roll of 1200 Oct. \$77.5 short calls to Dec. \$82.5 short calls

**Redwood Trust (RWT)** breaking to multi-month highs and April \$7.50 puts being sold to open 3000X at \$0.75

**Alliance Data (ADS)** with 2000 December \$65 calls opening \$2.70 offer in stock replacement, name with recent Dec. call accumulation at lower strikes

**Rocket (RKT)** opening sale 1000 Dec. \$18 puts for \$3.80

### Healthcare

**Mirati (MRTX)** with 1000 November \$230 calls sold to open for \$10.10. **MRTX** also with 1000 January \$270 calls sold to open for \$7.20

**Kala Pharma (KALA)** another 1000 April \$17.50 calls bought today for \$1.45 to \$1.60, spot where 2000 bought yesterday

**Mylan (MYL)** with 2000 April \$15 puts being sold to open \$1.72. **Mylan (MYL)** now with 20,000 November \$17.50 puts bought \$2.27 as the \$15 puts adjust

**Hologic (HOLX)** with 1500 November \$70 puts sold to open for \$5.20, adjusting October \$70 short puts from 10/9

**Pfizer (PFE)** with 20,000 November \$39/\$34 bull risk reversals opening at \$0.39 debit

**Community Health (CYH)** unusual 4000 November \$6 calls bought \$0.30 to \$0.35

**DaVita (DVA)** with 3000 January \$97.50 calls sold to open for \$3.30 as Oct. \$87.5 short calls adjust 2000X

**Abbott (ABT)** buy-writes with 1500 May \$135 calls sold \$2.15, also 1100 Dec. \$120 calls sold \$1.87

**Targa (TGTX)** a Biotech holding strong and seeing 1000 November \$30 synthetic long positions open

**Novavax (NVAX)** opening seller 500 January \$90 puts \$16.45, vaccine play seeing bull flows all week

**Inspire Medical (INSP)** with 500 November \$135 calls opening \$5.40 to \$5.70, been a strong med-tech play

**Glaxo (GSK)** sweep buy 2950 Nov. \$38 calls \$0.60 offer earlier

**Reata (RETA)** long base near breakout and 200 Feb \$150 calls bought \$16.20 to \$16.40, been considered a top M&A target in Biotech

**DexCom (DXCM)** strong base breakout today and seeing some spreads in November go long 500 \$420/\$390 strangles, adjusting from October positions

**Vaoptherm (VAPO)** long base and jumping late with 1600 November \$35 calls bought \$1.85 to \$2.30

## Industrials

**Caterpillar (CAT)** next week \$170 calls hot early with nearly 2000X bought up to \$2.32. **Caterpillar (CAT)** with 2200 December \$150 puts being sold to open \$3.25 to \$3.15

**Parker Hannifin (PH)** with 450 November \$230 calls bought \$7.90 to \$8.40 to open today, shares working out of a narrow multi-month range today to new highs

**Fiat Chrysler (FCAU)** breaking out and 7000 June \$12.50 puts sold to open \$1.30, comes after strong European auto sales for September and overall signs of an Auto recovery. **FCAU** also targeting early Q1 2021 to close their merger with PSA, recently raised their synergy estimates to over €5B from €3.7B

**General Motors (GM)** with 2,000 June \$35 calls bought \$4.05 to \$4.10 to open with earnings 11-5, positive China data this week

**Waste Mgmt. (WM)** opening sale 500 November \$120 ITM puts \$5.40

**General Electric (GE)** with 5500 January 2023 \$4 ITM calls opening near \$4

**Nio (NIO)** buyers active in Oct. 30th (W) \$33 OTM calls today with 10K trading

**Thor (THO)** buyer 1250 November \$105/\$120 call spreads, closes the Oct \$95 calls

**AerCap (AER)** with 1850 Dec. \$30 calls bought \$1.75 to \$1.80 to open

**Perspecta (PRSP)** breaking out of nice base and small unusual trade puts on 1000 December \$22.5/\$17.5 bull risk reversals for \$0.19. **PRSP** also unusual 900 Mar. \$22.50 calls w/ buyers near \$1.80

**Air Transport (ATSG)** with 2900 November \$25 puts sold to open \$0.55

**Hawaiian Air (HA)** unusual late day buys 5000 November \$15 calls \$0.55 to \$0.70

## Materials

**Freeport (FCX)** buyer 1500 December \$15 calls \$2.77 as Oct. \$12 adjust out and up, positive RIO commentary on Copper markets

**WestRock (WRK)** strength continues and seeing nearly 1000 April \$47.50 calls open today \$2.90 to \$3

## Tech and Telecom

**Alibaba (BABA)** some early bear flow with 2975 Oct. 30th (W) \$290 puts opening up to \$3.95

**Zoom (ZM)** continues to hit record highs, January \$600/\$560 bull put spreads open 1000X early at a credit of \$24

**So-Young (SY)** jumpy with 1000 December \$12.50 calls bought to open \$2.50 to \$2.75, the leading vertical platform in medical aesthetics in China

**Amphenol (APH)** with 550 November \$115 calls sold to open for \$4.60 to \$4.40, recent sales of 7500 November \$120 calls

**Apple (AAPL)** notable opening seller of 2000 November \$126.25 puts today down to \$9.70 bids

**Flextronics (FLEX)** buyer of 2000 October 30th (W) \$13.50 calls for \$1.23 to \$1.24, rolling up 1000 of the \$12 calls with earnings on 10-29, bullish RBC note today

**Oracle (ORCL)** multi-week flag forming and a buyer today 1500 December \$60 calls \$3.50 offer



**Rackspace (RXT)** with 6000 November \$20 calls sold to open \$0.55

**Autodesk (ADSK)** with another 2000 January \$290 calls sold down to \$9.60

**Momo (MOMO)** opening sellers 1300 April \$14 puts \$2.05

**Lyft (LYFT)** hit fresh lows today and seeing a lot of action in the options market, the November 6th (W) \$28 puts with 2000 sold to open, November 6th (W) \$25.50 and \$26.50 calls hot with 5500X of each bought, and 5500 December \$32.5/\$40 call spreads bought to open

**Fastly (FSLY)** opening sale 500 June 2021 \$80 puts for \$19.60, similar to put sales yesterday at \$80 strikes

**Vianet (VNET)** buyer 1000 Dec. \$20 calls for \$5.50

**Atlassian (TEAM)** opening sale 1000 January 2023 \$165 puts \$31.60, confident in long term viability

**Akamai (AKAM)** large bull risk reversal buys 1000 Jan. 2022 \$125 calls \$10.41 and sells the \$100 puts for \$10.29

**T-Mobile (TMUS)** November 6th (W) \$119/\$125 call ratio spreads opening 1500X3000

**Yandex (YNDX)** with 1000 Nov. 6th (W) \$69 puts opening \$10.20 as Oct. \$69 adjust, shares weak to day lows here

**Verizon (VZ)** buyer 3500 January 2022 \$67.50 calls \$1.52 in a stock replacement

**Unity (U)** with 450 Dec. \$105 calls opening \$7.61 as Oct. \$90 adjust

**Netflix (NFLX)** midday with 1000 November \$565 calls bought \$27.80 to open, earnings 10-20

### Utility

**AES Corp (AES)** buyers of 4500 November \$21 calls for \$0.55 offer to open, the Nov \$20 calls with over 16,000 in OI from recent buys

**Disclaimer:****Not Investment Advice or Recommendation**

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