



MARKET RECAP REPORT 10/21/2020

Sector Leaders

Communication

Insurance

Gold/Silver

Stock Gainers

SNAP 35%

CALX 23%

ESTA 19.7%

WDFC 17%

HAE 12%

PHR 11%

Volatility Gainers

- INO
- GSX
- BCLI
- GPS
- VLDR
- SNOW

High Call Volume

- LBTYK
- WGO
- NYT
- JKS
- HLT
- STLD

Bullish Options

- BZUN
- NKE
- SBSW
- GNTX
- FLR
- COF
- SNOW
- UBER
- MRO
- RKT
- XOM
- HLT

Market Review: Stocks were lower overnight as the odds of a fiscal stimulus deal continued to fade and 10-year yields rising to four-month highs a cause for concern. M&A remains active with an \$8.3B Utility deal and \$4.5B Oil & Gas deal. The early earnings season reads have been quite positive with the recovery stronger/quicker than previously seen. Market breadth rolled over after the opening hour and selling picked up into midday, failing to hold above the 8 day moving average. The momentum/growth names sold off the hardest. It was another session of fiscal stimulus headlines, an annoying headline-driven tape right now and the Election creeping closer. The S&P remains above the recent breakout level and 21 MA and NYSI remains in a buy signal but showing signs of rolling over, a bullish candle needed to save the uptrend. Earnings remain the focus the rest of the week, Jobless Claims and Home Sales on the docket tomorrow.

S&P Chart:



Resistance	Support
3,500	3,420
3,600	3,375
3,725	3,310

Options Action Trends: Large bull risk reversals opened in Oil & Gas names in the morning session with **COP, XOM, MRO**.

What's On Tap: Jobless Claims, Existing Home Sales, KC Fed. Earnings from INTC, KO, T, DHR, UNP, NOC, KMB, TAL, COF, STM, SIRI, LUV, VRSN, WST, CHKP, TSCO, CTXS, VLO, DGX.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long AMD November \$85/\$95 Call Spreads \$2.65

Sector Laggards

Solar

Housing

Biotech

Stock Losers

GSX -27%

CRSP -14%

JKS -12%

DQ -10%

FVRR -10%

CWH -9%

Volatility Losers

- TCS
- CALX
- ENDP
- IRBT
- SNAP
- ERIC

High Put Volume

- NYT
- BX
- SMAR
- IRBT
- SNY
- MAT

Bearish Options

- BX
- NTGR
- SPWR
- WORK
- AAL
- UNM
- HES
- CRWD
- CXO
- CVAC
- TIF



FEATURED OPTIONS RADAR REPORT



TransDigm Calls Bought on Aerospace Recovery Prospects

Ticker/Price: TDG (\$493)

Analysis:

TransDigm (TDG) with action on 10/20 as February \$320 calls were bought near \$37 early and saw more buys late in the session taking volume up to 1200X and a large lot paying \$39.50 to open. TDG recently with 750 November \$490 puts sold to open as well while 1100 December \$640 calls were sold to open 9/16 and remain in OI. On the chart shares have been basing above the 89-day moving average and above \$500 can target a more key breakout level at \$515 that would move shares out of a one-hundred-point range. The \$26B Company has been hit hard by the pandemic as a supplier to the Aerospace industry and is trading 40X Earnings and 19X EBITDA. TDG sees a return to growth in 2HH 2021 with FY22 seen as a 40% EPS growth and 11% revenue growth year. TDG makes proprietary and highly engineered components with a focus on the aftermarket which insulates it a bit more from the OEM suppliers. Analysts have an average target of \$515 and short interest is at 5.5% of the float. Jefferies out on 9/18 seeing TDG as a likely buyer of Triumph (TGI) which could generate 22% accretion by year two though uncertainty on commercial aerospace and its high debt load may make it less likely. CSFB raised its target to \$577 on 9/17 citing the unique margin recovery prospects with three levers to pull via price, cost, and mix. Barclays raised its target to \$550 noting Aerospace earnings should exit the pandemic better than where it entered. Hedge Fund ownership jumped 13.5% in Q2 filings with a new large Tiger Global position and notable top holders like Lone Pine, Altarock, Stockbridge and Matrix.

Hawk Vision:



Hawk's Perspective: TDG is a high quality name as a margin leader, obviously in a tough industry for this environment, but a likely long-term opportunity as Aerospace troughs.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Coupa Large Call Buyer Positive on Growth Drivers

Ticker/Price: COUP (\$296)

Analysis:

Coupa (COUP) with a large buy of 2000 January \$260 calls on 10/20 for over \$11M adding to 1500 already in OI. COUP has seen some other bullish trades at smaller contract lots including 1000 Jan. 2022 \$300 short puts opened, 500 Jan. 2022 \$400/\$320 bull risk reversals, and 800 Jan. \$300 short puts. COUP is in a strong bull trend but has not gone very far since July, selling off sharply in early September and currently consolidation back under a key value level near \$310 with a bullish 21/55 MA crossover just below. A move out of this weekly consolidation would target a run to \$400 for one of the strongest growth stories in Tech. The \$20.6B software company trades at a premium multiple of 32.7X FY21 EV/Sales with revenue growth of 39.4% and 49.7% the last two years and seen at 25-30% per year the next three. COUP sees a massive \$56B opportunity which excludes the Coupa Pay opportunity in payments. COUP has seen operating margins trend higher reaching 10% in Q1 and has 14% FCF margins. COUP has been expanding its ecosystem and is a disruptor with a long runway for growth. Analysts have an average target of \$280 and short interest elevated at 12.8% of the float due to valuation concerns. RBC raised its atrget to \$350 last week confident in near-term upside drivers with Federal business and improving close rates while Pay and Bellin meaningful growth catalysts in 2021. Deutsche Bank started shares Buy 10/9 with a \$345 target as a leader in a large and growing market. Hedge Fund ownership fell 17% in Q2 filings, Alkeon with a large position and Whale Rock added to its position.

Hawk Vision:



Hawk's Perspective: COUP is an elite growth name with a big future, a big cluster of moving average support in play near \$290 so reward/risk setting up positively into this 1-week pullback.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Unusual Call Buying in BaoZun as China Internet Momentum Continues

Ticker/Price: BZUN (\$37.6)

Analysis:

BaoZun (BZUN) trading over 4X average calls today with buyers active in the December \$40 calls over 2,750X up to \$2.90. BZUN doesn't have a lot of notable open interest currently. BZUN shares are showing relative strength as they work out of a downtrend and base this week and eyeing a close back above the 55-day for the first time since August. A run higher targets the big high-volume node from this Summer at \$42 and longer-term, monthly bull wedge looks explosive above \$47.50. The \$6B China-based e-commerce platform trades 19.2X earnings and 5.4X sales with near 40% EPS growth and sales growing at 28.5%. BZUN recently launched a 40M share secondary in Hong Kong which gives them ample liquidity to invest in infrastructure and operations as e-commerce demand surges in China. BZUN has expanded their capabilities into a full-scale e-commerce giant helping Western brands establish online stores, digital marketing, and warehouse/fulfillment in China. They count some major names like NKE, MSFT, and PHG as key customers and they have broad exposure to the biggest Chinese platforms like Alibaba's T-Mall and JD.com. BZUN is expanding into new verticals like beauty and cosmetics, home furnishings, and appliances while investments in tech and back-end improvements like AI/big data are making their operations more cost-efficient. And, they'll continue to have an edge in 2021 and beyond as entry into China for Western brands remains difficult as a standalone given regulatory hurdles but much sought after with the huge TAM. Analysts have an average target for shares of \$42 with limited coverage, Citi a Street High \$50 citing smart moves to streamline operations at a time when they have the resources to capture new demand and grow longer-term. Short interest is 11% but down from 27.5% in March. Hedge fund ownership surged 58% in Q2.

Hawk Vision:



Hawk's Perspective: BZUN looks way too cheap on valuation for the growth opportunity, a name that has settled and now not being watched by many, but looks great out of this base.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Hilton Size Call Buy Looks for Hotel Recovery

Ticker/Price: HLT (\$88.5)

Analysis:

Hilton Worldwide (HLT) size buyer today of 20,000 April \$80 ITM calls for \$15.45 and follows sales of the November \$80 puts earlier this week, over 6000X, and buyers in the April calls yesterday. HLT has seen accumulation in the December \$92.50/\$75 bull risk reversals, over 3500X lately, while the January \$92.50 and \$95 calls with buyers in late August. Shares are flagging under \$95 and set for a big break after a series of higher lows and lower highs lately. A breakout higher targets \$115 and back at the February range and HLT outperforming all of its peers since the March lows. The \$24.6B company trades 37.3X earnings, 3.4X sales, and 7X cash and screens well versus other hotel majors given their asset-light model. HLT has been positioning for a late 2021 recovery with investments in remodels this Summer as 54% of their rooms currently under construction and set to ramp unit growth again ideally when the environment is more attractive. HLT has been noting positive early booking trends for 2021 groups business as many have begun rescheduling. Leisure travel trends during the quarter are also improving with TSA checks their highest level since March and recent industry surveys showing 36% of people comfortable with air travel, up from 8% in April, despite fears of a second wave. Analysts have an average target for shares of \$90 and Nomura with a \$121 PT in June. BMO upgraded to Neutral last week positioning for a lodging demand recovery. They also note that “Although a real inflection in demand will likely take until the second half of 2021 and into 2022, the stock's risk/reward is more balanced while occupancy levels are well off the lows and the attractiveness of Hilton's model provides support.” HLT has a number of stock-specific catalysts also into 2020 including new brand announcements, improvement in RevPAR, asset sales, and capital return announcements. Short interest is 3.9% and up from around 1.5% in the Spring. Hedge fund ownership rose 3.5% in Q2, Pershing Square a top holder with 13.78M shares.

Hawk Vision:



Hawk's Perspective: HLT continues a theme recently of bullish positioning in reopening recovery names hoping for a vaccine and return to normalization and HLT always been my preferred Hotel play.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Biotech (XBI) the December \$103 puts bought 2,000X for \$2.63 as the November \$100 puts close 4,000X and adjust the likely hedge

NASDAQ (QQQ) trade sold 5000 Dec. \$242 puts to open \$3.10

Energy (XLE) buyers active for 15,000 December \$30 calls this morning \$1.72 to \$1.75 with recent M&A in the group

Treasury (TLT) January \$158/\$152 ratio put spreads opening 5500X11,000

Homebuilders (XHB) sweep buyer 6000 Jan. \$50 puts \$1.55

Euro Stoxx (FEZ) with 26,000 Jan. 2023 \$30 puts sold to open for \$2.50

Consumer Discretionary/Services

Charter (CHTR) into declines the past week with buyer 200 Oct. 20th (W) \$615 calls \$14 to \$15, earnings 10-30

Nike (NKE) ITM November \$125 calls being bought 3000X to open \$7.75 to \$8

NY Times (NYT) protective spread ahead of earnings on 11/5 sells 2,870 Dec. \$50 calls to buy the \$42/\$40 put spread 3,130X

Boyd Gaming (BYD) the November \$31 puts sold to open 2,000X today for \$1.15 to \$1.10, strong trend with a lot of bullish call buys lately too

Crocs (CROX) strong run lately and today 2000 November \$65 calls sold for \$1 to open in a buy-write

Disney (DIS) buyer 10,000 March \$130 calls to open \$9.40, seeing \$135 calls adjust back a bit, stock moving to highs

Hanes (HBI) consolidating a recent run and large spread sells 3000 each of the November \$17 and \$15 puts for \$1.20 net and buys 6000 of the \$18 calls at \$0.65

Las Vegas Sands (LVS) buyer of 1,500 November \$46 calls bought \$3.17, adjusting back the \$50 calls and follows some size June call buys yesterday late

Carvana (CVNA) buyer 1000 weekly \$197.50 calls for \$4.22 to open

Norwegian Cruise (NCLH) buyers of 5,500 November \$18.50 calls this afternoon for \$1.05 to \$1.20, earnings in early November

Match (MTCH) holding up well and 1000 November \$120 calls opening \$7.55 as the \$115 adjust which originally spread versus the \$135 calls

Vroom (VRM) buyer of the November \$50 calls for \$3.10, over 2950X, as the \$55 calls look to roll back in strikes

Chipotle (CMG) buyer 200 December \$1400 ITM puts for \$117.50, follows November \$1220 calls closing out this morning into earnings

TJX Co (TJX) with 3,000 December \$55/\$65 call spreads bought for \$3, adjusting some November calls down and out

Consumer Goods

TreeHouse Foods (THS) opening sale of 2,250 November \$35 puts for \$0.55/\$0.50, laggard name despite the pantry loading bump it got in March/April

ARAMARK (ARMK) with 1600 Jan. 2022 \$20 puts sold to open \$3.50, name with a ton of put selling lately

Tupperware (TUP) with 1000 November \$20 puts sold to open \$2.70 bid

Hasbro (HAS) with 750 Oct. 30th (W) \$92 / Nov. \$88 call diagonal spreads opening, earnings 10-26

Advanced Auto (AAP) with another 2500 Jan. 2022 \$170 calls bought up to \$20.80 with 7,650 in OI already

Energy

Canadian Solar (CSIQ) early buyers 2000 next week \$46 calls \$1.60 to \$1.70

Total SA (TOT) another 800 February \$30 puts sold to open for \$1.50 today, spot where 500 sold yesterday

First Solar (FSLR) buyers of 1,200 Nov. 6th (W) \$85 calls for \$5.80 to \$5.90 with earnings on 10-27

Marathon Oil (MRO) with 15,000 January \$5/\$3 and December \$5/\$3 bull risk reversals trading with stock moving up here, recent M&A in the group

Sun Power (SPWR) another solar name seeing put buys here into strength as the November \$16.50 puts bought 1,700X for \$2.30, earnings 10-28 and run a lot recently and group due for a pullback

Exxon (XOM) buyer of 2800 May \$30 calls for \$5.25 in a stock replacement into 10-30 earnings. **XOM** correction from earlier, December \$37.5/\$27.5 bull risk reversals opening 18,000X at \$0.24 debit, similar to COP. **XOM** now buyer 30,000 April \$37.50 calls \$1.74

Conoco (COP) with 18,000 December \$36/\$27 bull risk reversals opening for \$0.10 with its recent M&A deal for **CXO**

Hess (HESS) earlier sweep buy 1000 Oct. 30th (W) \$40 ITM puts \$3 to \$3.05

Concho (CXO) with 6000 Nov. 6th (W) \$45 puts opening \$2.20 as the \$47 puts adjust, weak since M&A deal announced

Matador (MTDR) with 20,300 March \$10 puts sold to open for \$2.80, adjusting the November \$10 position again

Bausch (BHC) now also with 5000 November \$21/\$24 call spreads bought for \$0.31

Financials

Goldman Sachs (GS) buyer opening the November \$207.5/\$225 call ratio spread 1,200X2,400 for \$3.60 debit. **GS** also with 2500 Dec. \$240 calls being sold to open this morning

Capital One (COF) buyer of 1,250 December \$87.50 calls for \$2.12 in a stock replacement, shares right back at the 21-EMA today into earnings tomorrow. **COF** also 2100 March \$70 puts open \$6.75 today as Dec. \$75 adjust

Blackstone (BX) with over 47,000 OTM March \$35 puts bought up to \$0.64

Rocket Mortgage (RKT) Nov. 6th (W) calls hot into lows with 2000 of the \$18.50 bought and 3500 of the \$21's

MetLife (MET) jumps with 10,000 November \$45 puts selling to open \$6.05

Unum (UNM) large put buying with December and March \$17.50 puts opening 3600X each at \$0.95 and \$1.75 offers

Zillow (Z) with 400 February \$90 puts sold to open \$9.10

Digital Realty (DLR) with 575 April \$150 puts sold to open today for \$11.10 in a stock replacement

HSBC (HSBC) buyer 8000 next week \$20.50 calls \$0.27 to \$0.36, earnings 10-27

Healthcare

Philips (PHG) with 660 Dec. \$35 ITM calls opening \$15 to \$15.30 for near \$1M

Bausch Health (BHC) this morning with 10,000 next week \$18 calls bought to open

Haemonetics (HAE) strong mover today up over 10% despite the market basically trading flat and 500 December \$115 OTM calls bought for \$2.80 to \$3 to open, earnings on 11-4. **HAE** IV30 up 20.8%, suspicious move/action

Gilead (GILD) with 5,000 November 27th (W) \$63/\$58 bear risk reversals bought 5000X for a small net debit, earnings on 10-28 and weak history lower in eight of the last ten

Centene (CNC) buyers of the November \$64 puts this afternoon up to \$2.78, 1300X with earnings and the election in focus soon

Molina Healthcare (MOH) with 450 November \$200 puts bought \$10.10 to \$10.50 today ahead of earnings next week

Invitae (NVTA) buyers opening 450 March \$40 puts today from \$6.10 to \$6.20 into the recent strong run and follows almost 5000 June \$40 calls closing in the last week

National Health (NHI) unusual 1000 November \$65 calls bought \$0.60 to \$0.95 into weakness

CureVac (CVAC) with 2000 January \$60 calls sold to open \$3.70 to \$3.50

Eli Lilly (LLY) with 1000 November \$142 puts opening for \$6 midday

Align (ALGN) stock and IV rising with 300 November \$360 calls bought \$11 to \$12.60 this afternoon into earnings tonight

Medtronic (MDT) with another 2,300 December \$120 calls bought today around \$1.60 as the November calls adjust, similar to earlier this week

Industrials

General Motors (GM) early spreads selling 1000 Dec. \$31 puts to buy the \$38/\$45 call spreads

Union Pacific (UNP) 1250 weekly \$202.5/\$190 put spreads open into earnings

Gentex (GNTX) aggressive offer buys November \$27.50 calls \$1.60 for over 1800X with a key weekly breakout also triggering, strong Auto commentary this Q

Taylor Morrison (TMHC) into weakness opening sale 2000 November \$25 puts \$1.15

General Motors (GM) opening seller 3000 Nov. \$37.5 calls \$1.35. **GM** also with 10,000 Dec. \$40 calls sold to open \$1.10

Velodyne (VLDR) the November \$15/\$20 call spread bought 2,500X to open for \$0.90, recent SPAC deal that makes LiDAR solutions for autonomous vehicles

Li Auto (LI) opening sellers 1480 June 2021 \$22.50 puts for \$6.40, popular strategy in the name for weeks now

Camping World (CWH) with 800 Dec. \$25 calls sold ITM to open at \$5.90 bid, been a popular way to be bearish this name since early August. **CWH** also 1000 December \$23 calls sold to open \$6.60

Thor Industries (THO) with 1,250 November \$95 calls bought for \$3.45, adjusting back the \$105 calls from last week

Polaris (PII) with 1,750 November \$80 puts sold to buy the \$95/\$105 call spread at a net \$1.65, earnings 10-27 and an outdoors name that bridges well into the colder months with their snowmobile and all-year ATV lines

AutoNation (AN) big jump today on earnings and 1,295 January \$65 calls being bought to open from \$6.00 to \$6.30

American Air (AAL) buyer 5000 Dec. \$11 puts for \$0.90

Lockheed (LMT) with 5000 November \$350 puts selling to open \$5.90 to \$5.70 into continued weakness since posting earnings

Materials

Steel Dynamics (STLD) with 1000 November \$31 calls bought \$2 to open today, pulling in to the rising 21-EMA and recent base breakout

Sibanye (SBSW) with 2,500 April \$15/\$22.50 call spreads bought today for \$1.40, closing the January \$12.50 calls and name that likely looks for deals in 2021 for N.A. gold miners

Dow Chemical (DOW) bullish trade into earnings buys 600 January \$52.5 calls \$2.25 and sells March \$50 puts at \$5.80 to open

Coeur Mining (CDE) with near 2,000 June \$7 puts sold to open for \$1.40 this afternoon

Tech and Telecom

Pinterest (PINS) Oct. 30th (W) \$50 puts opening 900X at \$4 offer into strength with shares up 11.5%

Lyft (LYFT) buyers 1850 November \$26 calls \$1.86 to \$1.89. **LYFT** also with 2,000 April \$20 puts being sold to open for \$2.26 to \$2.22

Twitter (TWTR) with 5000 next week \$52/\$60 call spreads opening as the \$48 calls adjust. **TWTR** also 1500 Nov. 6th (W) \$48 puts bought to open near \$2.45

Netflix (NFLX) hovering near \$500 after earnings and large trade sells 1300 Feb. \$440 puts to buy the \$550/\$700 call spread, net credit of \$0.65

Baidu (BIDU) buyer 2000 next week \$135 calls \$3.35

Atlassian (TEAM) with 650 December \$200/\$180 bull put spreads opening for \$6.45

Snow (SNOW) trading 1375 November \$280 calls for around \$2M with the range breakout this morning, though mixed flows in smaller lots

Spotify (SPOT) breaking out of flag and seeing 700 Nov. 27th (W) \$180 calls open at \$89.71 as Oct. 23rd (W) adjust

Uber (UBER) with 25,000 January 2023 \$50 OTM calls bought for \$7.70 in a stock replacement, very coiled name on the weekly and could see a big boost next year with more economies re-opening following a vaccine. **UBER** also with 7500 January 2022 \$37 calls bought for \$8 in stock replacements today. **UBER** also now with 2000 January 2023 \$23 puts sold for \$4.25 in stock replacements

Alibaba (BABA) with 2000 Nov. 13th (W) \$335 calls opening near \$6

SmartSheet (SMAR) protective spread sells 3,750 December \$70 calls for \$1.25 to buy the \$55/\$50 put spread 2,500X for \$2.20, earnings in early December

Pinterest (PINS) with 5000 Dec. \$50 calls opening \$6.17 as the \$42 calls adjust

Amazon (AMZN) buyer of 1000 July \$3200 calls \$473.20 as 1500 of the February \$3250 calls sell to open \$314.25

Oracle (ORCL) buyer of 3,950 June \$57.50 puts for \$4.50 today with long stock

Five-9 (FIVN) November put spreads closing and opens 2910 December \$135/\$130 put spreads with the \$175 calls sold 1,460X, protective action

Live Person (LPSN) into earnings next week on 10-29 a trader sells 500 November \$75 calls to buy the \$55 puts for \$2.70

Wix (WIX) buyer 400 November \$300 ITM puts to open \$34.50, comes ahead of **VRSN** results this week

Apple (AAPL) the June 2022 \$120/\$190 call spread bought 2,500X5,000 for \$9.30

Materialise (MTLS) unusual volume for the name as 1,000 November \$40 puts are sold to buy the \$50/\$60 call spread 1,500X. The \$2.74B Belgium-based software company focuses on 3D printing services

ACM Research (ACMR) opening sale 1000 December \$55 puts \$2.70

Corning (GLW) buyers of 700 December \$34 calls for \$2.44 into earnings next week, maybe more clarity on their involvement in the new iPhone 12

Twilio (TWLO) with 1100 June 2022 \$200 puts sold to open this afternoon near \$29

Utility

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