



MARKET RECAP REPORT 10/30/2020

Sector Leaders

Silver/Gold

Paper Products

REITs

Stock Gainers

NVST 8%

LMND 5.9%

CHTR 5%

NWL 5%

TAP 4.5%

ABBV 4.5%

BAH 4.4%

Volatility Gainers

- CRON
- GNW
- BCRX
- RRC
- TGTX
- TECK

High Call Volume

- LEG
- MTRD
- MMC
- FLEX
- VNET
- LBTYK

Bullish Options

- AAPL
- ADM
- BIIB
- NIO
- TEAM
- XPEV
- NIO
- HZNP
- DLR
- BA
- CRSP

Market Review: Stocks gave up much of the rebound efforts from Thursday overnight with Tech earnings being sold into despite strong results weighing on sentiment and COVID continue to surge in the US and Europe. On the positive side European GDP numbers came in strong above expectations. In morning data Personal Income & Spending numbers both surpassed estimates. Chicago PMI also came in strong above consensus. Michigan consumer sentiment was slightly above the Flash number at 81.8 vs 81.2, a lot of forward expectations centered around the election though. It was a fairly quiet day despite some early weakness, we quickly tested the overnight low and bounced back to the overnight pivot at 3260, mostly methodical trading than liquidation. Volatility remains elevated with a number of significant macro events upcoming including Tuesday's vote. On the daily, still some concern as we're back below YTD VPOC and the trend support from the May/September lows. And, with Summation still firmly below its 8-EMA, caution remains the name of the game.

S&P Chart:



Resistance	Support
3,440	3,300
3,500	3,240
3,600	3,130

Options Action Trends: Bullish flow continued in China EV names **XPEV, LI, NIO** after the BYD China report. Recent social media winners **SNAP, PINS** saw some elevated put buying, protecting gains.

What's On Tap: A major week for macro catalysts with the Election on Tuesday and central bank decisions from BOE, the Fed, and others. The jobs report on Friday also important and we may also get early COVID vaccine data. Earnings of note include CLX, EL, ANET, IR, MDLZ, PYPL, SWKS, EMR, ETN, W, EXPE, H, MET, QCOM, QRVO, BABA, BMY, GM, AIG, BKNG, EA, MCHP, MELI, PTON, SQ, ROKU, and more

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **GDS** December \$90/\$100 Call Spreads at \$2.30

Sector Laggards

Consumer Elec.

Solar

Software

Stock Losers

TWTR

-20%

RRC -17%

OPK -16.75%

GT -13.8%

APPS -13%

U -12.5%

SGEN -12.25%

Volatility Losers

- HTZ
- OPK
- APPS
- TWTR
- WW
- SKX

High Put Volume

- LEG
- RL
- CYH
- ZTO
- PBI
- PCAR

Bearish Options

- TSLA
- SNAP
- SNOW
- GILD
- LEG
- FSLY
- PBI
- BBBY
- TXN



FEATURED OPTIONS RADAR REPORT



Best Buy Bulls See Further Upside as Secular Trends Remain Positive

Ticker/Price: BBY \$112.28

Analysis:

Best Buy (BBY) spread yesterday bought 1,200 March \$120 calls for \$8.60 and sold 1,680 March \$135 calls for \$3.89. BBY still has over 1,700 March \$125 calls in open interest from buyers in late August while the December \$95 puts and Jan. 2022 \$105 puts sold to open in September. BBY shares have pulled in to the rising 55-MA and trend support this week with a move back above \$115 key to a run back toward \$130. BBY has been a clear outperformer in 2020 and one of few brick-and-mortar names trading so far above all-time highs. The \$28.58B company trades 15.5X earnings, 0.66X sales, and 6.37X FCF with a 2% yield. BBY is guiding to high-single digit EPS growth into FY23 while revenues grow in the low-single digits. BBY has positive drivers going forward from work-from-home which is galvanizing PC sales, the new smartphone cycle, next-gen gaming consoles, and a revitalized e-commerce strategy. The company also resumed in-store services last quarter after delivery, install and repair resumed in May. Services growth is largely tied to in-store sales and fell in Q2 due to a higher mix of e-commerce, so potential to see that rebound in Q3. Analysts have an average target for shares of \$106, Telsey Advisory a Street High \$135. Piper checks were positive on 10/28 and sees the shift to e-commerce and a re-optimized store labor structure taking Best Buy's EBIT margin "sustainably well above" its long-term 5% target. Cleveland Research positive on 9/29 after the analyst's checks point to growth that "seems very strong in absolute terms" and looks to be outpacing supply across almost all categories. Short interest is 1.8% and near decade lows. Hedge fund ownership rose 0.75% in Q2, Boston Partners and Ayeska both top holders. Melvin Capital an owner of put options.

Hawk Vision:



Hawk's Perspective: BBY has been a strong performer all year and one of the few brick-and-mortar names with a diversified strategy and notable trends at its back into 2021

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Unusual Call Buying in Interesting Alternative Energy LP, Enviva

Ticker/Price: EVA (\$42.50)

Analysis:

Enviva Partners (EVA) unusual 900 January \$40 calls opening \$4.20 to \$4.80, share sup 4.4% on no news. EVA is a \$1.63B seller of utility-grade wood pellets with a 7.5% dividend yield, which are used as a substitute for coal at power plants. EVA has a strong weekly trend and consolidating above the early 2020 high breakout with a lot of support near \$40 and putting in a strong candle this week in a tough tape, impressive relative strength. EVA currently trades 20.6X

Earnings, 2.6X Book and 8.6X FY21 EBITDA. EVA is a unique and lesser known play on climate change and environmental / alternative energy, wood pellet consumption up 127% since 2012. EVA is on pace to displace another 86M MT of coal after displacing 15M thus far. Enviva is the world's largest supplier of utility-grade wood pellets in a highly fragmented industry with numerous small, single-plant operators. Analysts have an average target of \$45 and short interest minimal at 0.4% of the float. EVA as been transforming with acquisitions of Greenwood and Georgia Biomass that increased production capacity by 1/3 and added \$5.3B in contracted revenue backlog. EVA has not seen much analyst coverage, hedge fund ownership up 3.9% in Q2 filings with Value Act a notable large holder.

Hawk Vision:



Hawk's Perspective: EVA is one of the more interesting discoveries and clearly has secular growth megatrends at its back while offering a big yield to own for the long-term.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Horizon Bulls Position Ahead of Earnings, New Highs

Ticker/Price: HZNP \$74.66

Analysis:

Horizon Pharma (HZNP) with 950 May \$85 calls bought \$9.60 to \$10.40 today, follows the Nov. \$85/\$95 call spread bought 5,000X earlier this week. HZNP has over 3,500 February \$80 calls in OI from buyers as well back in August, spread with a sale of the Dec. \$60 puts. HZNP has earnings on Monday morning and strong history closing higher in 10 of the last 12. Shares are trading in a narrow range since August with gap support down around \$65 with the current bear flag setting up. Longer-term, HZNP has been a strong trending name and has room to \$100 on a breakout. The \$16.14B company trades 17.4X earnings, 10.5X sales, and 22.5X cash with some sky-high growth estimates driven by their pair of high-growth assets Tepezza and Krystexxa. The company has seen encouraging adoption numbers for both and sees potential for more than \$4B in combined peak sales in the US. HZNP could also further strengthen their moat in the TED space with Immunovant (IMVT) data expected soon for their Phase 2 treatment, one of the highest profile competitors in development. Beyond 2020, the company has a data-rich year upcoming as they look to build out both franchises with data expected in Diffuse Cutaneous Systemic Scleris and Uncontrolled Gout. Analysts have an average target for shares of \$77 with a Street High \$112 from Citi, they like how HZNP's strong balance sheet gives them optionality for bolt-on deals. Stifel was out positive on 10/14 previewing earnings given recent checks while recent Tepezza data provides even greater support to Tepezza's broad usage in the active TED population and lends greater justification to attempt usage across chronic patients, given the great risk-reward benefit. JPM starting coverage at Overweight on 9/9 noting that Tepezza's launch has meaningfully exceeded expectations and should see "significant" growth over the next several years. Piper with positive survey work in late August supporting continued patient growth for Krystexxa. Short interest is 1.9% and far below its highest levels back in 2017. Hedge fund ownership fell 6% in Q2, Polar Capital, Samlyn Capital, and Viking Global all top holders.

Hawk Vision:



Hawk's Perspective: HZNP has been a super star all year and more than doubled since our last write up on the name in early May. It's got a very bright long-term future and strong earnings history, one to potentially take a flier on for Monday or eye that \$65/\$66 area on a dip for a longer-term position

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Russell (IWM) with 2,000 Dec. 2021 \$149 puts sold to open today for \$16.56 in a stock replacement

7-10 Year Bonds (IEF) with 10,000 December \$122/\$120 collars opening today for \$0.54, adjusting some November protective spreads

Software (IGV) with 10,000 January \$305 calls opening today for \$18.70, stock replacement strategy and follows the large Feb. call buys yesterday

Junior Silver Miners (SILJ) with 9,750 December \$13 calls sold to open today down to \$1.40

Homebuilders (XHB) with over 1,650 Jan. 2022 \$50 puts sold to open today for \$5.95 to \$6, stock replacements in the strong group

Biotech (XBI) buyer of 2,000 Nov. 13th (W) \$110 puts for \$3.50 today, closing 1000 Nov. 6th (W) \$118 puts and adjusting

Consumer Discretionary/Services

Liberty (LBTYK) buyers of 2500 Nov. 13th (W) \$18.5 calls for \$1

Leggett and Platt (LEG) with 5000 November \$45/\$40 bear risk reversals opening into 11-2 earnings

Norwegian Cruise (NCLH) with 3,500 November \$14.50 puts sold to open today for \$1.14 to \$1.11 in stock replacements

Caesar's (CZR) opening sale 3000 Nov. 6th (W) \$43 puts for \$2.60

TAL Education (TAL) with 700 February \$62.50 puts sold to open for \$5.10 in a stock replacement

Ralph Lauren (RL) into weakness today an opening seller of 17,000 November \$55 puts for \$0.25 to \$0.30

Scientific Games (SGMS) opening sale 500 November \$30 puts \$2.45, earnings 11-4

Darden (DRI) with 1,500 November \$85 puts sold to open today for \$2.80 in a stock replacement

Far Fetch (FTCH) opening sale 1500 January \$27 puts \$3.50

Stitch Fix (SFIX) opening sale 1000 January \$33 puts \$3.20, similar to **FTCH**

Advanced Auto (AAP) the November \$150 calls being sold to open 2.300X from \$6.40 to \$5.70 this morning ahead of 11-10 earnings, potential stock overwrite

Penn National (PENN) the November \$50/\$43 bull put spread opening 1750X for \$1.79

Chef's Warehouse (CHEF) buyers of 2,000 April \$15 calls this afternoon for \$2.14 to \$2.15, odd size for the name that would benefit greatly from expanded independent restaurant openings

WW (WW) with 1000 Jan. \$27.50 calls bought this afternoon from \$0.95 up to \$1.05

Tempur Sealy (TPX) coming off a strong quarter and today 1,000 November ITM \$80 calls are bought for \$9.70 and 1,000 of the November \$85 calls are bought for \$6.20

Consumer Goods

Bed Bath & Beyond (BBBY) with 4,000 January \$21 puts bought for \$3.70 as the \$24 puts adjust down in strikes

CostCo (COST) with opening sales of nearly 3,950 November \$395 calls for \$1.28 to \$1.25

Molson Coors (TAP) buyer 1000 Nov. 6th (W) \$36.50 puts \$2.25

Camping World (CWH) with 1000 December \$26 puts sold to open today \$3.50 to \$3.40. **CWH** also with 1000 January \$25 ITM calls sold to open today for \$4.20. **CWH** also with 1000 ITM December \$25 calls sold to open today

Yum Brands (YUM) with 2,000 December \$90 puts sold to open today from \$3.40 to \$3.38, becoming a common strategy in the name and name holding up well

Dunkin (DNKN) with 3,500 November \$100 calls bought for \$4 today, looks to be adjusting back some of the \$105 calls

Energy

Range Resources (RRC) with 8,000 March \$6 puts sold to open for \$1.12 into the 16% drop today

Sun Run (RUN) buyer of 1,750 November \$40 puts for \$1.30 into earnings on 11-5

Financials

S&P Global (SPGI) with another 1000 Dec. \$330 puts being sold to open

Digital Realty (DLR) down 3% on earnings and 1000 Jan. \$125 puts sold to open down to \$3.10

Fair Isaac (FICO) buyers of the February \$400 calls today for \$29.50 to \$32.70 to open, 1100X, high-quality name which is pulling back to the 200-day this week and earnings on 11-10. FICO is one of the largest providers of credit scoring and analytical solutions for credit processing

Apollo (APO) the March \$40 calls opening 2,950X for \$2.60, some January calls adjusting

Lamar Advertising (LAMR) with 1,000 November \$62.5 calls bought for \$2.85 to \$3 and 1,000 November \$65 calls bought for \$1.90 to \$2, spread against a sale of 1000 November \$72.50 calls for \$0.25 with earnings on 11-5

Discover (DFS) with 800 weekly \$61 calls bought on 10/21 closing today and rolling out to buy 1600 November \$64 calls for \$3.05 to \$3.10

Marsh & McLennan (MMC) the December \$110/\$120 call spread bought 1000X for \$1.53

Healthcare

Biogen (BIIB) with 700 June 2021 \$400 calls bought today for \$5.30 to \$5.65 ahead of their AdCom next Friday, briefing docs out on Wednesday. **BIIB** now with the Nov. 6th (W) \$300/\$325/\$350 call butterfly spread bought 500X1,000 for \$2.25. **BIIB** the Nov. 13th (W) \$300/\$325/\$350 call fly also active today. **BIIB** also with 500 January \$275 calls being bought today around \$19.10 to \$19.20, some being spread off with the \$350 calls

GlaxoSmithKline (GSK) with 725 Jan. 2023 \$35 calls being bought for \$3.10 to \$3.20 into weakness

Horizon Pharma (HZNP) with 950 May \$85 calls bought \$9.60 to \$10.40 today, follows the Nov. upside call spreads earlier this week into earnings

Community Health (CYH) opening sale 1000 March \$7 puts for \$1.80

Phressia (PHR) buyer of the January \$40 calls 475X for \$3.80 to \$3.90, relative strength with shares holding up in a nice bull flag

Eli Lilly (LLY) buyers of 1,000 Dec. 4th (W) \$135 calls for \$3.70 to \$4.15, potentially positioning for a COVID vaccine update

Gilead (GILD) buyer of 1,100 June \$47.50 puts for \$2.42 today, weak since May. **GILD** also with 1000 Jan. 2023 \$57.50 puts bought for \$13.40 to open

Bluebird Bio (BLUE) another 490 May \$70 calls bought today for \$5.50, looks to add to the 580 bought yesterday

Iovance (IOVA) opening sale 1000 March \$50 calls \$1.50

Pfizer (PFE) stock replacement sells 2500 Jan. 2023 \$35 puts to open \$7.05. **Pfizer (PFE)** with 1,000 Dec. 4th (W) \$34.50 puts bought today for \$1.83 to \$1.85 with vaccine readouts expected into year-end

CRISPR (CRSP) with 1100 January \$90 calls opening today around \$15

IRhythm Tech (IRTC) the December \$250 calls being sold to open today 750X for \$11.30, tied to stock in a buy-write

Idexx Labs (IDXX) quietly a very strong name this year and seeing 425 November \$430 calls bought for \$15 to open this morning into the small pullback, a top play on animal health

Novavax (NVAX) weak today but buyers earlier stepping in for 725 November \$100 calls for \$3.65 to \$3.75

Industrials

Nio (NIO) with 1,725 December \$39 OTM calls bought for \$1.85 to \$1.95. **NIO** also 5350 Nov. \$37 calls being bought as lower strikes adjust up, seeing bullish China EV flows today after the BYD China numbers

Xpeng (XPEV) with 4,900 OTM January \$35 calls being bought up to \$1.10 today, recent issue that is basing under \$22

Tesla (TSLA) now with some larger Deltas as the Nov. 6th (W) \$420 puts opening 4470X for \$13M rolling out of Oct. 30th (W)

ABB Ltd. (ABB) buyers 700 Dec. \$23 calls \$1.95 offer

Veeco (VECO) opening sale 1000 December \$13 puts \$1

Pitney Bowes (PBI) down over 20% today and seeing 4,000 January \$8 puts close and adjust to buy 5,000 December \$6 puts for \$0.88

Spirit Air (SAVE) with 10,000 ITM November \$15 calls opening for \$3

Boeing (BA) back near May levels and large sweep buy 2000 May \$200 calls \$7.60

United Air (UAL) buyers of 2,500 June \$36 calls for \$6.95 to \$7

CH Robinson (CHRW) with 1000 May \$85 calls opening near \$9.30 as February \$80 adjust

Diebold (DBD) with 975 Jan. 2022 \$7.50 calls bought for \$2.05 today and also 1,290 Jan. 2022 \$10 calls bought for \$1.55

Raytheon Tech (RTX) the Jan. 2022 \$40 puts sold to open today for \$3.45, stock replacement strategy and follows the large Jan. 2022 \$55 call buy yesterday into weakness

Thor Industries (THO) spread today sells 1,500 November \$75 puts to buy the \$85/\$100 call spread at a net \$3.15 as shares try to hold the 200-day

Materials

Cliff's (CLF) with another 1000 Jan. 2023 \$10 calls bought \$2.50

Boise Cascade (BCC) buyer 1067 Dec. \$42.50 calls \$1.35 in a stock replacement, Benchmark saying this morning to buy into tonight's results and Monday's call

Acuity (AYI) with 500 May \$80 puts sold to open today for \$8.07, stock replacement

Tech and Telecom

Veeva (VEEV) with 2,000 December \$270 puts sold to open today from \$15.60 to \$15.20

Carparts.com (PRTS) the November \$10 calls active with buyers today for \$4, over 900

Apple (AAPL) buyer 1000 Jan. 2023 \$165 calls \$10.35 to \$10.50 into post-earnings weakness. **AAPL** size opening seller 6000 Dec. 11th (W) \$116 ITM puts for \$9.40. **AAPL** large buy 10,000 February \$130 calls for \$3.15 as January adjust

Sea (SE) opening sale 800 February \$165 ITM puts \$22.05 bid

Pinterest (PINS) buyer 1400 February \$45 puts \$3.05 offer

Atlassian (TEAM) down 8.5% and 7500 November \$197.5 calls buy \$6.70 to \$7.90 to open

Alphabet (GOOGL) with 750 February \$1,500 calls bought for \$219.20, adjusting some Dec. calls up and out after earnings

Microsoft (MSFT) opening sale 750 July 2021 \$160 puts for \$7.05

Vianet (VNET) buyers of 800 November \$20 calls for \$3.20 into earnings mid-month, nice weekly flag building

Trade Desk (TTD) with 400 November \$680/\$660/\$520/\$500 Iron Condors opening

Digital Turbine (APPS) buyer 500 Jan. 2023 \$35 calls for \$13

Snowflake (SNOW) rolling over and saw Nov. 6th (W) put action yesterday and today Nov. 6th (W) \$250 active 600X

Fastly (FSLY) seeing 1500 June \$65 calls sell to open \$15.40 bids

Skyworks (SWKS) buyer 2000 next week \$149 calls \$2.90 to \$3 for earnings 11-2

Lyft (LYFT) opening sale 3500 November \$26 puts \$4.375 ITM

Pinterest (PINS) IV jumpy here with over 17,500 November \$62 calls bought from \$3.45 to \$4.25. **PINS** the Nov. \$61 calls also with 1000 bought around \$3.90/\$3.95

Marvell Tech (MRVL) the May \$35 puts being sold to open today for \$4.05, over 1950X, with the weakness following their deal this week for Inphi (IPHI)

AT&T (T) opening sale of 2,000 Jan. 2023 \$23 puts for \$3

Shopify (SHOP) the Jan. 2021 \$760 puts being sold to open this morning 930X for \$31, a more than \$2.88M position, and looks tied to an opening buy of 300 Jan. \$920 calls for \$96

Uber (UBER) buyer of 3,000 Nov. 13th (W) \$35 calls for \$1.71 today, stock replacement into the Election and Prop 22 vote in CA

Crowd-Strike (CRWD) with 700 November 27th (W) \$124 puts sold to open today from \$9.55 earlier down to \$7.95

Cloudflare (NET) spread today buys 527 July \$50 calls for \$12.80 and also buys 1,055 Jan. 2022 \$70 calls for \$9.30

Xerox (XRX) the April \$15 puts being bought this afternoon for \$1.45, over 1375X

Xilinx (XLNX) buyer of the November \$123 calls 1,700X for \$3.95 to \$4 and spread with a sale of the \$128 calls 2,550X for \$2.48, similar to the spreads yesterday

Utility

First Energy (FE) with 1,500 ITM November \$33 puts sold to open for \$3.30

Disclaimer:

Not Investment Advice or Recommendation

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