



Sector Leaders

Biotech

Banks

Energy

Stock Gainers

MYOK 58%

EIDX 41%

CYTK 19%

AOSL 17%

EXPI 16%

JELD 13%

Volatility Gainers

- AXGT
- AMRN
- FIT
- CNK
- BIIB
- GAN

High Call Volume

- ADNT
- GPRE
- LTHM
- SKX
- AXTA
- AAN

Bullish Options

- LTHM
- ON
- OSTK
- TIF
- CSCO
- ELY
- SKX
- GPS
- UPS
- PFE
- C

Market Review: Stocks started the week in positive territory as POTUS condition seemingly is improving and Bonds & the USD moved lower. M&A also remains a theme ahead of a potential regime shift and tax law changes, so deals remain active include a big \$13B Biotech deal for Myokardia. ISM Services for September came in strong above expectations. Biotech was a strong group with the M&A and also the COVID treatments while Banks/Energy snapped back after lagging last week. Breadth stayed strong through the morning session in strong trend-up fashion and the S&P with a bull 8/21 moving average crossover. Stocks continued to run higher in the afternoon as breadth indicated early a trend-up day.

S&P Chart:



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

Options Action Trends: Call buying remained active in apparel names like **SKX, LEVI, BKE** potentially eyeing a **VFC** deal in the space. Outside of that the action was not too exciting without any major new trends emerging. We also saw call buyers in Auto Parts names **ADNT, TEN, MTOR**.

What's On Tap: US Trade Balance & Fed Speakers.

Trade Tracker Portfolio Changes:

- 1) Closed ½ **MRVL** Calls \$4 (Opened \$2)

Sector Laggards

Bonds

Housing

REITS

Stock Losers

CNK -18%

AMC -11%

EPR -9.8%

MCS -9%

DKNG -6.5%

MLCO -5.5%

Volatility Losers

- CRON
- MYOK
- TLR
- OKE
- CODX
- TRNE

High Put Volume

- AINV
- CYTK
- ATUS
- FBP
- GFL
- CNK

Bearish Options

- CNK
- COF
- AINV
- ILMN
- JNJ
- ATUS
- DHI
- CYRX
- EFA
- HY
- VALE
- SPWR



FEATURED OPTIONS RADAR REPORT



Cloudflare Bulls Position for New Highs

Ticker/Price: NET (\$41.75)

Analysis:

Cloudflare (NET) with large buy orders on 10/2 of 2500 November \$41 calls at \$5.20 and traded more than 3500 on the day. NET saw October \$37 calls open 5000X on 9/10 and has plenty of bullish positioning in January call open interest and a buy-write in July used 1000 February \$55 calls. NET shares have gained after testing the 21-week MA four weeks ago and now back near highs and a breakout of its long consolidation range which would target a run to \$50 or higher. The \$12.3B provider of cloud network services trades 22.5X FY21 EV/Sales with revenues rising 42.8% and 49% the last two years and seen growing 41.5% this year. The Network-as-a-Service industry is an estimated \$47B TAM while Enhanced Enterprise & Expansion a \$66B TAM. It estimates its current TAM at \$32B. NET has posted a 65% CAGR in large customer growth since 2018, and has competitive advantages to the On-Premise, Point Solutions, and Public Cloud providers. It sees incremental growth opportunities in Serverless, IoT, 5G and Remote Work. NET's long-term model sees 20%+ operating margins, currently at (10%). Analysts have an average target of \$46 with short interest low at 4.5% of the float. On 7/28 Jefferies raised to Buy with a \$50 target noting it is disrupting legacy network and web security vendors with its unique cloud-based technology architecture and freemium model. OpCo raised its target to \$55 after results and sees TAM expanding to above \$50B while recent product launches providing long-term tailwinds, high VPN product profitability that could translate into faster than expected positive cash flow, and Cloudflare's Workers product, which is gaining momentum. Hedge Fund ownership fell nearly 35% in Q2 filings, Gilder Gagnon Howe a notable buyer. NET will next report results in early November.

Hawk Vision:



Hawk's Perspective: NET remains a favorite name in Tech and see it having upside to \$55 over the next few months, a quality name in Tech.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Pure Storage Seen Working Higher as Business Transforms

Ticker/Price: PSTG (\$16.30)

Analysis:

Pure Storage (PSTG) shares moving sharp today and 1,250 January \$15 calls bought \$2.65/\$2.70 to open and now volumes over 2,850X. PSTG recently had buyers in the October \$17.50 calls January \$17.50 calls, and November \$15 short puts while over 20,000 of the OTM January \$20 calls have been accumulating as well from buys. Shares are working out of a multi-week base today and back above its key moving average clusters with a low-volume gap back to \$17.50. PSTG has been a longer-term laggard but big potential for a trend shift above \$18.50 and out of a two year downtrend. The \$4.24B company trades 3.28X cash and 2.2X EV/sales with accelerating top and bottom-line growth. PSTG is coming off a messy quarter but part of a greater transition into subscription model and Storage-as-a-Service (STaaS) leadership. They noted that their pipeline continues to expand with a number of deals in earlier stages due to COVID slowing some spending at the start of the year, so expected to finish strong. PSTG sees huge opportunity in the shift from on-premises to cloud with the latter in the early innings of their overall mix shift and \$50B+ market. They've got new products launching including their Cloud Block Store which is driving higher sales for both new and existing customers. PSTG also said in August that FlashArray//C has been one of the fastest product launches they've ever had and sees momentum carrying into 2021 as more IT spending focuses on cost-savings. PSTG announced a deal for Portworx for \$370M cash on 9/16. It's their largest deal to date and gives them "deeper expansion into the fast-growing market for multi-cloud data services to support Kubernetes and containers." Analysts have an average target for shares of \$20 with Susquehanna Street High \$23. Northland positive in late August noting that they are positioned for ongoing growth of over 20% once the current capex downturn passes. Lake Street positive earlier this year citing their transition into a subscription model. The firm thinks they can keep up 30%+ services revenue growth for some time. Short interest is 6.5%. Hedge fund ownership rose 2.5% in Q2. Eminence Capital a top holder while ARK Investment also with over 11M shares and adding 6.8M last quarter.

Hawk Vision:



Hawk's Perspective: PSTG has long been a name I have seen as a healthier play in a tough storage industry and likely M&A target but has traded relatively poorly. It has a nice set-up versus \$15.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Exelon Large Trade Positions for Upside

Ticker/Price: EXC (\$36.70)

Analysis:

Exelon (EXC) with 10,000 January \$38/\$33 bull risk reversals bought today for \$0.39, name with 2,500 October \$37 calls in open interest from buyers and bullish longer-term open interest in the January \$35, \$40 and \$43 calls, the latter over 10,000X. Shares have lagged the broader Utility sector this year but starting to turn above its 20- and 50-MA today and out of a multi-week bull wedge in focus above \$37.75. A run above \$39 and this big volume node key to setting up for further upside but potential to \$45 with a big low-volume gap from March in play. The \$35B utility trades 12.2X earnings, 1.05X sales, and 1.07X book with a 4.25% yield. EXC carries some debt but concerns about an equity raise quashed recently as the company said it remains committed to their plan of cost-cutting, asset sales, and alternative finance arrangements. EXC is coming off a strong quarter with continued improvement in rates, investments across line rebuilds and new projects back on track, and overall remains one of the leading zero-carbon electricity programs in the US, near 2X higher than peer Next-Era (NEE). The company has had headwinds due to political issues in Illinois around a potential deal to keep two nuclear plants operational. The company said they plan to retire the two plants without a compromise but recent reports about surging costs to the city of Chicago could sway legislators in favor of EXC's and keeping them open. Analysts have an average target for shares of \$46 with 10 buy ratings, 2 hold and 3 sell. MSCO a Street High \$60 PT this morning. The firm is positive on some developments in Illinois noting that Governor Pritzker's energy principles as a price on carbon emissions would "represent significant upside" given Exelon's mostly nuclear generation business. BAML cutting to Underperform in August as there's concern around legislation getting passed in 2020. Short interest is 0.9% and near a 10-year low. Hedge fund ownership fell marginally in Q2. Corvex Management an interesting new 2.17M share position and their 7th largest position. The activist has been quiet on the name but could agitate for change to help close the value disconnect with peers.

Hawk Vision:



Hawk's Perspective: EXC may turn into an event-driven name but overall continue to just stick to NEE in the Utility sector.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

NASDAQ (QQQ) buyer 1000 January \$294 calls \$12.16

S&P (SPY) November \$321 puts active into strength this morning with 11,500 bought \$7.90 offer. **SPY** Oct 30th (W) \$325 puts also active with buyers this morning, 12500X trading. **SPY** afternoon buy 11,000 March \$360 calls \$11.40, spot where 6000 bought on 8/26. **SPY** March \$360 calls large orders keep coming in, original 11,000 bought just before 2pm and now up to 32,000

Emerging Markets (EEM) buyer 25,000 March \$48/\$53 call spreads

Industrial (XLI) seeing a number of bullish chart breakouts and 4000 November \$82/\$87 bear call spreads opening for \$1.22

MSCI EAFE (EFA) with 900 January 2022 \$52 puts bought \$2.47

Materials (XLB) stock replacement bought 7500 Dec. \$65 calls to open \$3.15, top holdings mainly chemical names **LIN, APD, NEM, ECL, SHW, DD, DOW, PPG, BLL, CTVA**

Consumer Discretionary/Services

Tiffany's (TIF) buyer 10,000 November \$125/\$130 call spreads \$1.05 with the LVMH deal in question, though remember that Buffett had interest originally

Skechers (SKX) with 10,000 November \$34/\$44 call spreads bought for \$2.10

Levi (LEVI) big move today after the surge in call buying late last week and 3350 Nov \$18 calls with buyers today \$0.35 to \$0.45

Cinemark (CNK) with 5000 October \$7.50 puts bought \$0.20 to \$0.25 with Regal shuttering cinemas due to film delays

Foot Locker (FL) buyer 1000 October \$37 calls \$1.13 to \$1.17

Gap (GPS) buyer 7500 Oct. 23rd (W) \$19/\$22 call spreads

DraftKings (DKNG) down 6.75% on offering but 1500 Oct. 30th (W) \$60 puts sold to open here for \$6

Altice (ATUS) buyers of 5500 January \$20 OTM puts for \$0.50

Stitch Fix (SFIX) with 1000 November \$23 calls bought for \$5.95 to \$6.10

Smith & Wesson (SWBI) opening sellers of 1600 November \$15 puts for \$1.15 to \$1.10, positive NICS data this morning

Wayfair (W) with 400 February \$480 calls being bought today for \$12.95 to \$13.00, some November calls adjusting out

Buckle (BKE) buyer 880 Dec. \$22.50 calls \$2.80 offer

Tapestry (TPR) the November \$15 puts being sold 5000X for \$0.83 as the \$12.50 short puts adjust back in strikes

Las Vegas Sands (LVS) size buyer 12,000 March \$50 calls up to \$4.65 to open

Vail (MTN) with 500 April \$150 puts sold to open today \$4.90 to \$4.60, coiled multi-week range heading into ski season

Dish Network (DISH) the June \$40 calls bought 2,000X for \$2.28 to \$2.29. **DISH** also with 16,000 January 2022 \$60 OTM calls bought for \$1.95

Ulta Beauty (ULTA) with 850 January 2022 \$320 calls sold to open today from \$20.90 to \$20.20

Consumer Goods

Callaway (ELY) buyers of 2,400 November \$20 calls bought \$1.60 to \$1.70, potential catalyst from TopGolf IPO announcement

Aaron's (AAN) the November \$60/\$65/\$70 call butterfly spread bought 1,000X2,000 to open today for \$0.95 with the \$45 puts sold for \$1, narrow range forming for weeks with earnings upcoming around 11/2

Nautilus (NLS) buyers of the November \$17.50 calls here for \$3.50 to \$3.70 to open, over 2,450X, name benefitting from more exercise at home during COVID

ARAMARK (ARMK) opening sale 10,000 November \$27 puts \$1.80 which follows the recent 10K Nov. \$26 puts sold to open

Costco (COST) with 1000 January \$310 puts sold to open for \$5.80 in a stock replacement

Energy

Plug Power (PLUG) breaking out of a bull flag today and 3,000 November \$17/\$25 call spreads being bought for \$1.13 to open

Green Plains Energy (GPRE) an Ethanol play with 3,157 January 2022 \$20 calls opening \$2.85 as 2,538 January \$10 calls close \$6.50

Canadian Solar (CSIQ) buyer 1000 November \$45 calls \$1.60 to \$1.80

Sun Power (SPWR) with 2,325 January 2022 \$20 calls sold to open from \$3.65 to \$3.50 into strength, likely stock overwrite. **SPWR** also 1175 March \$15 puts bought \$3.45 and 13,650 of the \$14 puts accumulated last week

Enbridge (ENB) with 3000 January 2023 \$32.50 puts opening as January 2022 adjust from a trade on 6/10

Financials

Invesco (IVZ) with 4500 April \$15 calls sold to open \$0.70

Bank of America (BAC) buyers 5500 Nov. 13th (W) \$26.50 calls \$0.58 to \$0.63

Capital One (COF) with 500 December \$80 puts bought for \$9.30 to open into strength today. **COF** also buyers 1250 Dec. \$90 calls today \$3.15 offer

Apollo Investment (AINV) seeing March \$8 puts open 6500X as December \$10 adjust

Wex (WEX) buyer of 1,000 November \$175 calls for \$2.40 in a stock replacement

Paychex (PAYX) strong and 2000 Oct. \$87.5/\$72.5 bull risk reversals open at \$0.25

One Main (OMF) with 1,000 November \$31 puts sold to open from \$1.55 to \$1.50, common strategy in the name

Citi (C) block of 8000 October \$42.5 calls bought \$3.04 and 8000 of the \$43 calls bought \$2.64

Axis Capital (AXS) stock replacement buys 1500 November \$50 calls \$1.10

Zillow (Z) opening sale 1250 January 2022 \$90 puts for \$16.60. **Zillow (Z)** also with another 1,000 January 2022 \$80 puts sold for \$12.35 today. **Z** with 7,180 February \$120 calls sold to open \$13 as January \$90 buy-write calls extend and adjust from a trade on 9/1

Blackstone (BX) with 7200 November \$45 puts sold to open for \$0.50

Fiserv (FISV) with 400 January 2022 \$100 puts sold to open today for \$15.95 in a stock replacement

Wells Fargo (WFC) with 3000 January 2023 \$27.50 puts sold to open \$7.40 as January 2022 adjust

Berkshire (BRK.B) with 1200 June 2021 \$170 puts sold to open today \$4.40

Discover (DFS) with 800 April \$62.50 puts bought \$9 to \$9.10 today

Genworth (GNW) buyer 5000 December \$2.50 puts \$0.45

US Bank (USB) with 2,500 January \$37.50 calls bought this afternoon for \$3.30

LPL Financial (LPLA) buyers of 600 November \$80 puts for \$5.60

CME Group (CME) buyers of near 600 November \$165 puts for \$6.20

Square (SQ) with 1,650 June ITM \$52.50 calls bought for \$128.08, more than \$20M, as the December \$52.50 calls adjust from 5/8 buys

Healthcare

Bausch Health (BHC) the October 23rd (W) \$18 calls with buyers again today, over 6750X up to \$0.31

Exact Sciences (EXAS) with 400 November \$105/\$95 put spreads bought for \$4.25 to open into strength

Align (ALGN) opening sale 320 April \$190 puts \$7.40 to \$7.20

J&J (JNJ) with 1650 December \$155/\$135 put spreads opening as October adjust

Pfizer (PFE) buyers 5000 Oct. 23rd (W) \$37 calls \$0.85 to \$0.89. **PFE** calls are up to 15,000X

Biogen (BIIB) another 1,000 November \$320 calls bought \$18 to \$18.01 today where 1,200 bought on 9/28 ahead of their AdComm on 11/6

CryoPort (CYRX) with 1000 November \$50 puts bought to open between \$7.30 and \$7.50

Thermo Fisher (TMO) up near new highs with 300 November \$470 calls bought \$11.50 to \$12.40

AbbVie (ABBV) spread buys 1200 February \$87.50 puts for \$7.10 and sells the \$92.50 calls for \$3.10 to open, stock collar

Owens & Minor (OMI) with 1000 November \$22.50 puts bought for \$1.95 into strength

Industrials

Allison Transmission (ALSN) with 1000 May \$35 puts sold to open today for \$4.05

Adient (ADNT) with 2,480 January \$23 calls bought \$2.59 to \$2.62 as the \$20 calls roll up in strikes, a top auto supplier name. **ADNT** also with 1500 November \$24 calls bought today

United Parcel Service (UPS) the October 23rd (W) \$180 calls being bought over 3000X for \$1.26 as the October \$170 calls adjust from 8/31 buys, should capture earnings expected around 10-22. **UPS** today with 1500 April \$130 puts bought \$4.25, stock-tied

Spirit (SPR) with 2,500 OTM December \$32.50 calls bought for \$0.75 to \$0.80 today, recent upside call spreads bought

DR Horton (DHI) with 1000 October \$75.5 puts bought \$2.26 to open, Housing a weak group today with rates moving up

Li Auto (LI) opening sale of 730 January 2022 \$20 puts for \$8 to \$7.90, common strategy in the name

Pulte (PHM) with opening sellers of 1625 April \$30 puts for \$1.20 to \$1.15, flagging not far from new highs

KC Southern (KSU) buyer 450 November \$180 calls \$9.50 to \$10 to open, recent M&A discussions

Hyster-Yale (HY) unusual buy 200 December \$45 ITM puts \$6.45

Virgin Galactic (SPCE) IV perking up with 6,000 November \$21 calls being bought here up to \$3.40

Materials

Livent (LTHM) with 1000 December \$10 calls bought for \$1.70 into strength following the Barron's piece

Nucor (NUE) with 400 January 2022 \$47.50 calls bought this morning from \$6.27 to \$6.45, follows the April call buys last week

Air Products (APD) with 300 November \$310 calls bought \$11.10 to open

Ball Corp (BLL) with 500 May \$95 OTM calls bought today for \$5.20 to open, breaking out of a bull flag to new highs

Teck Resources (TECK) with 3,000 January 2023 \$17 calls sold for \$3.75 in a buy-write, extending a position from February in the January 2022 expiration

Vale SA (VALE) sweep buys 1600 April \$13 puts for \$3.25 offer

Arcelor (MT) sweep buys 6500 November \$15 calls \$0.66 to \$0.72

Tech and Telecom

ON Semi (ON) January \$24 calls hot early at \$1.55 and quickly up to \$2 for 2000X

Sailpoint (SAIL) buyers of 500 November \$45 calls for \$4.30 to \$4.40, positive note from MSCO last week as the company has a lot of runway in the \$34B Identity and Access Management market

Overstock (OSTK) with 400 January \$105 calls bought for \$12.50 to open with shares in a narrow range

Facebook (FB) seeing 1745 June 2022 \$350/\$410 call spreads open. **FB** also with near 600 January 2023 \$340/\$410 call spreads bought today to open for \$14.60

Taiwan Semi (TSM) buyer 1000 Oct. 30th (W) \$88 calls \$1.65

ST Micro (STM) with 500 April \$35 puts sold to open today for \$5.60, recent breakout on positive guidance

Snowflake (SNOW) weeklies active early with the weekly \$230/\$240 call spreads 1500X as lower strike spreads adjust 750X. **SNOW** also 275 Nov. 13th (W) \$237.50 calls being opened for over \$750K

Cisco (CSCO) continues to see bull flow with 700 December \$35 calls bought for \$4.65 to \$4.85

Snap (SNAP) 20,000 November \$24 puts bought \$1.08 tied to stock. **SNAP** now 20,000 October \$29 calls bought \$0.40

Alibaba (BABA) opening sale 2500 this week \$287.5 calls \$4.05. **BABA** also with 250 September 2021 \$260 calls bought for \$56.50 to \$57.60 today, over \$1.45M. **BABA** also with 275 September \$265 calls bought \$53.55 to \$53.70. **BABA** now with 20,000 November \$290/\$300 call spreads opening

America Movil (AMX) with 1,390 May \$12 puts sold to open for \$1.20, Barclays with a \$16 PT seeing them as a key beneficiary of growing mobile data usage. **AMX** put sales over 8785X on the day

LiveRamp (RAMP) buyer of 1,078 May \$30 calls for \$25.60 as the February deep ITM calls roll again

DocuSign (DOCU) aggressive buys of 1300 Nov. 6th (W) \$250 calls \$9.90 offer

Advanced Micro (AMD) opening seller of 4000 Nov. 6th (W) \$90 calls for \$4.90, likely stock holder willing to be called away

Upland (UPLD) with 2000 January 2022 \$35 calls opening \$12.50 as the \$30 calls adjust

NVIDIA (NVDA) with 1000 November \$575 calls sold to open down to \$30.50

Roku (ROKU) opening sale of 400 April \$185 puts for \$28.35 to open, stock replacement

Equinix (EQIX) clearing key VPOC and 450 November \$700 puts are sold to open \$11.10 to \$11

Xilinx (XLNX) sweep buys 1400 November \$110 calls \$4 offer

NXP Semi (NXPI) a favorite Semi up near highs and 1200 October \$137/\$145 call spreads opening

T-Mobile (TMUS) moving higher here with 8900 November \$125/\$100 bull risk reversals bought for \$0.75, follows the buyers in the \$120 calls on Friday and recent January call buys

Utility

Next-Era (NEE) with 1,141 November \$270 puts sold to open today for \$5.95 and also 1,254 November \$260 puts sold for \$3.82

Dominion (D) buyer 1000 July \$65 puts \$2.85

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