

OptionsHawk

OPTIONS HAWK DAILY MARKET 11/12/2019

Sector Leaders

Tech

Healthcare

Energy

Stock Gainers

BREW 121%

CVET 21%

AMRN 19.9%

SE 19.24%

DXC 17%

Volatility Gainers

- AOBC
- AAOI
- ADT
- I
- ACAD
- MTSI
- TWLO

High Call Volume

- EXPD
- ENR
- BSX
- AAP
- LKQ
- APPS
- NCR

Bullish Options

- ZS
- CTVA
- HZNP
- INTU
- CL
- BSX
- UBER
- ARQL
- AVGO
- TMUS
- NOW

Sector Laggards

Staples

Materials

Utilities

Stock Losers

SLDB -73%

DPLO -57%

CRR -21%

IIVI -8.85%

EPC -8.75%

Volatility Losers

- SLDB
- AMRN
- BREW
- CVET
- KEM
- DXC
- GO

High Put Volume

- HASI
- ALLT
- CLDR
- AAP
- EAF
- FGEN
- UNIT

Bearish Options

- DE
- NTAP
- MT
- UI
- GPRO
- CAR
- TRIP
- AMRN
- ACB
- FL
- VRSN

Market Review: Global markets were modestly higher this morning ahead of President Trump's address to the Economic Club of NY. Politico reported that he would likely be making constructive comments on China talks and a potential Phase 1 signing. It was a light morning for economic data with German sentiment surprising to the upside. Earnings remain slow this morning but solid reports out of **Infineon** and **Rockwell (ROK)** while **Advanced Auto (AAP)** slipped. The President stuck to the US with his speech mid-day touting the economy's growth under his watch while consumer confidence has grown. Chinese officials were reportedly upset with his depiction of the two sides. The S&P opened just above Monday's range and pushed up to new highs early at 3102 before reversing into the POTUS comments. We continued to fade back under 3093 mid-day to VWAP for the week putting in a potential near-term topping candle with Cumulative TICK turning negative.

S&P Chart (Daily):



Resistance	Support
3093.75	3075
3110.5	3060.25
3127.25	3043.5

Options Action Trends: Healthcare/med-tech continued to draw bullish positioning near-term with BSX again in focus today and follow BAX and MDT yesterday.

What's On Tap: The focus tomorrow is on Jerome Powell who begins two days in Washington. We'll also get CPI and a couple Fed speakers in the afternoon. Tomorrow evening is China Industrial Production, Retail Sales, and Japan GDP. Earnings tomorrow morning of note are GOOS, ENR, LK, MTOR, SSYS, and FVRR.

Trade Tracker Portfolio Changes:

1. None
- 2.



Colgate Bulls Position for Turnaround as Margins, Mix Improve

Ticker/Price: CL \$66.75

Analysis:

Colgate-Palmolive (CL) buyers early in the February \$70 calls as well as opening sellers of 2,975 December \$67.50 puts and follows bullish flow on Friday that bought 1800 December \$67.50 calls and sold the Jan. 2021 \$57.50 puts that now are over 3000X. CL recently also seeing 2,500 Jan. 2021 \$60 puts sold to open around \$3 and still has over 8,000 January \$70 calls in OI from buyers. Shares have traded weak since August and now back at a key volume node from March as well as the 61.8% Fibonacci of the rally from the December 2018 lows. A move above \$68 has room back to the 50- and 200-MA at \$70 and then a VPOC at \$72.50. The \$57.23B company trades 22.2X earnings and 3.7X sales with a 2.6% yield. CL sees mid-single digit EPS and revenue growth through the next two years. CL is coming off a mixed report but did show improvement Internationally while North America continues to lag in both volumes and pricing. CL is undergoing a big mix shift towards more premiumization of their portfolio across both consumer brands and pet food and has positive catalysts into 2020 with the launch of more Naturals products and Optic White. Short interest is 1.5%. Analysts have an average target for shares of \$72.50. BAML positive on 11-4 with a \$77 PT. They think that with a number of initiatives, management can continue to deliver improvements while they already addressed challenges in China, Russia, India, and Africa. They also see potential for an improvement in NA as efforts to accelerate spending in digital behind bigger brands should provide some lift along with growth in the skincare business and a focus on shifting mix in the Hill's relaunch from Science Diet to the margin-accretive Prescription formula.

Hawk Vision:



Hawk's Perspective: CL gets interesting out of this downtrend and a potential catch-up trade into year-end but otherwise would stick with leaders like **PG**.

Confidence Ranking: \$\$



Honeywell Calls Look for Momentum to Continue

Ticker/Price: HON \$182.25

Analysis:

Honeywell (HON) buyers of 2,000 January \$185 calls this morning up to \$3.45 to open and follows buyers in the January \$150 ITM calls on 11-1 for more than \$5M as well as the December \$170, \$175, and \$180 calls. HON today is also seeing some buying in the November 22nd (W) \$182.50 calls. Shares are in a strong trend higher since earnings in early October and recently clearing a big multi-month range over \$180. The recent range targets \$200 on a longer-term timeframe but could pullback to re-test that level in the near-term that also aligns with the rising 20-MA. The \$128B company trades 20.5X earnings, 3.5X sales, and 10.3X cash with a 2% yield. HON is seeing accelerating top and bottom-line growth the next two years behind growth in aerospace, demand for commercial fire products, and their industry-leading tech/software business that again saw double-digit growth in Q3. HON has a large cash pile and M&A continues to be a potential positive driver with the CEO expressing interest for several years now. Short interest is 0.8%. AQR and DE Shaw top buyers in Q2. Analysts have an average target for shares of \$187. Argus positive with a \$195 PT seeing HON outperforming peers given its broad exposure, diverse product lines, its strong presence in the commercial aerospace and commercial construction markets, as well as its "mid-market" product presence in China that is growing in spite of the country's infrastructure slowdown. Barron's positive this weekend noting the software business continues to have upside as IIoT grows and they continue to win industrial market share. They think in the future it could be worth \$25B.

Hawk Vision:



Hawk's Perspective: HON is a bit too extended here but it remains the best-of-breed large-cap industrial and one to target on a consolidation or pullback into that rising 20-MA.

Confidence Ranking: \$\$



Zscaler Bulls Stepping Back into High-Growth Security Name

Ticker/Price: ZS \$44.50

Analysis:

Zscaler (ZS) with 1,800 January \$47 calls opening for \$3.40 this morning and name that has draw a lot of bullish flow recently including 400 Jan. 2021 \$50/\$75 call spreads on 11-6, sellers of 1,000 December \$42 puts over 1000X, and buyers in the Feb. \$55 OTM calls over 1500X. ZS has also seen sellers in the January, December, and May puts while the OTM \$55 and \$60 calls in January have size open interest from buyers earlier this year. Shares are basing in a multi-week range and trying to break a downtrend from the July highs. We got a bullish 8-/20- EMA crossover this week and above \$48 has room up to fill a gap from September earnings around \$60. ZS has retraced the entire run higher from December up to \$90. The \$5.44B software company trades 15X cash and 17.4X EV/sales with expectations for 27-28% revenue growth the next two years. ZS expects to ramp profitability as well up to \$0.45 from \$0.15. ZS has been hit with the major shift away from high-multiple software names while guidance came in light in September. The company continues to have a huge addressable market in cloud security with a secular shift for enterprise use to the cloud and growth in connected devices. Short interest is 9.7% and up from 5% in September, a cautious signal. Hedge fund ownership fell 10% in Q2. Analysts have an average target for shares of \$62.50 with 8 buy ratings, 9 hold, and 2 sell. Goldman started at Neutral today seeing the company well positioned to take advantage of a shift in security spending but the multiple is still elevated. Citi with a Neutral rating and \$50 PT on 10-14 seeing a lot of market opportunity up for grabs as identity management becomes more strategic as companies move to cloud. Berenberg upgrading to Buy on 9-24 with a \$60 PT. The firm notes checks have shown ZS has superior technology relative to legacy competition and can continue to win business and grow into their multiple.

Hawk Vision:



Hawk's Perspective: ZS is an attractive long-term story and giving a nice risk/reward spot here to trade against but can keep it smaller until more confidence returns to these high-multiple software names. They'll have earnings on 12-3 and a mixed history.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P 500 (SPY) with 10,000 December 6th (W) \$307/\$298 put spreads opening for \$1.42

Nasdaq (QQQ) buyer of 1,000 Sept. 2020 \$210 calls for \$10.05

Brazil (EWZ) with 30,000 November 29th (W) \$44 calls bought for \$0.46 to \$0.49, rolling back the \$44.50 calls

Consumer Goods / Services

Macys (M) another 14,000 Nov. 22nd (W) \$17 puts bought today up to \$2.05, looks to add to OI ahead of 11-21 earnings. M also seeing over 24,500 January \$16 calls bought up to \$1.65. M also seeing 1250 December \$17 puts bought for \$2.07 as some Nov. 22nd (W) puts adjust

Colgate (CL) buyers opening nearly 1000 February \$70 calls for \$1.25 today and also seeing more than 2,950 December \$67.50 puts sold for \$1.75 to \$1.65

Activision (ATVI) buyers opening 2,350 November 22nd (W) \$52 calls \$1.23 to \$1.26.

Electronic Arts (EA) buyers of 1000 December \$90 calls for \$7.45 to \$7.50 with shares consolidating in a multi-month range

Tiffany (TIF) on the lows and 1000 November 22nd (W) \$120 puts bought \$2.30/\$2.40 to open, engaged in talks with LVMH

Campbell Soup (CPB) buyers of 3,000 December 6th (W) \$45.50 puts up to \$1.40 today, earnings on 12-4 and higher the last four

Target (TGT) buyer of 5,000 December \$110 puts for \$4.70, tied to stock

Disney (DIS) higher today with the D+ launch and 1,300 December 27th (W) \$140 calls bought up to \$3.15 to open

Kraft (KHC) bull flag forming after earnings and over 9000 December 13th (W) \$34 calls being bought today up to. \$0.40

MGM seller of 1000 Jan. 2021 \$30 puts for \$3.50 in a stock replacement

Discovery (DISCA) stock replacement sells 1,000 Jan. 2021 \$30 puts for \$3.60

B&G Foods (BGS) buyer of 2000 February \$15 puts for \$1.05, some Nov. puts adjusting

American Outdoor (AOBC) weak today with 3,500 January \$7.50 puts bought up to \$0.60, potential impact from the Remington SCOTUS case

Philip Morris (PM) with 1,300 June \$70 puts bought for \$2.12 today, tied to stock

Foot Locker (FL) buyers of 2900 November 22nd (W) \$42 puts for \$1.15 into earnings on 11-22, shares have rebounded back into the declining 200-day MA and down by 15%+ the last two

MGM seller of 1000 Jan. 2021 \$30 puts for \$3.50 in a stock replacement

Avis Budget (CAR) with a buyer of 1,000 February \$29 puts for \$1.87 to open today

Winnebago (WGO) bull flag forming after the earnings move higher and 740 December \$45 calls being bought today up to \$5.60

Nordstrom (JWN) earnings on 11-21 and today the November 22nd (W) \$35/\$33 put spread is bought 4000X8000 to open

Energy

Solar Edge (SEDG) buyers of 500 March \$85 calls up to \$9.10 with shares pulling back to range support this week

Petrobras (PBR) buyer of 10,000 December \$14 synthetic long spreads for \$1.86 with the Brazilian oil auction underway

Halliburton (HAL) buyers opening 8,500 December \$19 puts for \$0.22 to \$0.26

Financials

PayPal (PYPL) with 1000 April \$90 puts bought for \$2.35, tied to stock

Square (SQ) 3,000 March \$70 calls opening for \$3.50 in a buy-write with long stock. **SQ** continuing to trade lower following the FB news and over 5,000 November 29th (W) \$60 puts being bought up to \$1.32

Visa (V) another 1000 January \$190 calls bought up to \$1.88 today into strength as it works out of a multi-week base

Digital Realty (DLR) with 1000 December \$120 calls bought \$2.15, adjusting back some \$125 calls into weakness

HSBC buyer of 3,000 March \$36 puts for \$1.17, name that has come under pressure with the Hong Kong protests since July

Healthcare

Bausch Health (BHC) another 2,000 January \$27 calls bought today from \$1.25 to \$1.31

Reata Pharma (RETA) with 1,000 December \$220 calls bought for \$12.80, adjusting some Nov. \$210 calls in the strong bio

Boston Scientific (BSX) now with 5,000 November \$41 calls bought up to \$0.43, shares up almost 2% on the day. BSX now with an opening buyer of 4,000 December 6th (W) \$41.50 calls. BSX also seeing 1000 ITM November 22nd (W) \$40 calls bought today up to \$1.50, IV30 up 12.5% and staying bid despite the overall market weakness. BSX will be at the Stephens investment conference tomorrow and Stifel HC conference on 11-19; it's a name that has also attracted M&A attention earlier this year with Stryker (SYK) reportedly eyeing the company

Abbott Labs (ABT) IV rising with 1,000 December 6th (W) \$84 puts bought \$1.14 to \$1.25

ArQule (ARQL) moving higher with 5,000 December \$9/\$7 bull risk reversals bought for \$0.10, shares back at the 200-day

Coherus Bio (CHRS) with 500 May \$22.50 puts sold for \$5.90 to \$5.80

Horizon Therapeutics (HZNP) buyers of the December \$24 ITM calls for \$6.08, over 1300X, as the November \$24 calls roll

GW Pharma (GWPH) buyer of 1,000 December \$110 calls for \$6.50 in a stock replacement with the recent weakness

Quidel (QDEL) looks like 500 November \$55 calls rolling out to December today that open for \$7.10, same spot where 500 were bought on 11-8 and will check OI tomorrow

Fibrogen (FGEN) into weakness today seeing 3000 January \$35 calls bought for \$3.50

Industrials

Dover (DOV) buyer opening 1000 March \$105 puts for \$3.61 and also seeing some small \$95 puts bought for \$1.40

Graftech (EAF) buyer of 4,000 January \$12.50 puts for \$0.50, tied to long stock

Deere (DE) buyers of 600 Dec. \$175 puts today for \$4.65 into earnings on 11-27

American Woodmark (AMWD) buyers of 500 December \$100 calls today for \$4.80 to \$5.20 with shares forming a narrow bull flag after a strong run

Tri Pointe Homes (TPH) buyers opening 1390 December \$15 calls for \$0.70 to \$0.80 today, shares pulling back to the rising 50-day MA and strong overall trend.

Berkshire Hathaway (BRKB) with 8,500 December \$120 synthetic long spreads opening for \$1.70 debit, adjusting some November spreads

Aerojet Rocketdyne (AJRD) stock replacement opens 1,500 ITM December \$30 calls for \$15, pulling back to the 200-day MA where its basing

Materials

Newmont Mining (NEM) seeing 8,500 November \$37 puts roll to December \$36 puts that open for \$0.73

Arcelor Mittal (MT) with 10,000 December \$16 puts bought for \$0.45 and spread against a sale of the \$19 calls for \$0.26

Tech and Telecom

JD.com (JD) early buyers of 4,000 November 22nd (W) \$35 calls up to \$0.97, earnings on 11-15. JD with over 16,000 December \$37 calls being bought today as well up to \$0.67

Grub Hub (GRUB) buyer of 1000 June \$45 calls for \$3.50 today, stock replacement into recent weakness

Lyft (LYFT) red on the day now after opening higher and 2,750 November 22nd (W) \$44 puts bought \$1.90 to \$2.05

Zscaler (ZS) buyer of 1,800 January \$47 calls for \$3.40/\$3.50 today to open, beaten up name that is trying to base with the declining 50-day just above

Netflix (NFLX) off the lows with another 5,600 February \$290 calls bought up to \$24.95, will check OI

Micron (MU) also seeing 4,600 November 29th (W) \$46.50 calls bought up to \$1.95 to open, coiled weekly setup

Snap (SNAP) buyers of 1200 ITM Dec. 6th (W) \$13 calls for \$1.72 to \$1.73

Sea Ltd (SE) strong move on earnings and buyers opening 1,150 Jan. 2021 \$45 calls for \$5.20 today looking for continuation

Xilinx (XLNX) IV fades as 1200 December 6th (W) \$94 puts sold to open down to \$1.61

Cisco (CSCO) buyers of 10,000 November 22nd (W) \$51 calls for \$0.40 into earnings tomorrow afternoon, looking to add to OI

Uber (UBER) with 2,500 June \$22 puts sold to open for \$1.70, stock replacement. UBER also with 2,000 June \$25 puts sold for \$2.80 in a stock replacement

NetApp (NTAP) buyer of 2,250 January \$60 puts for \$4 to open as the December \$55 puts close 5,000X and adjust into earnings tomorrow and bearish flow for weeks

Broadcom (AVGO) buyers of 2,600 November 22nd (W) \$322.50 calls for \$2.05, closing the November \$305 calls and rolling out

T-Mobile (TMUS) weak again today and 500 Jan. 2022 \$85 calls bought up to \$10.75

Cree (CREE) IV jumpy earlier with 1,475 OTM Nov. 29th (W) \$51 calls bought for \$0.90

PROS Holdings (PRO) with 500 December \$55 puts bought \$4.00 to \$4.10 today, looks to be adding to open interest with shares flagging under the 200-day

Verisign (VRSN) IV rising this morning with 650 December \$185 puts up to \$5.25

Go Pro (GPRO) buyers of 2,400 February \$5 puts for \$0.85/\$0.86 into recent strength

Adobe Systems (ADBE) with 2,270 December \$320 calls sold from \$1.22 to \$1.19, likely overwriting stock into strength

Intuit (INTU) with 1230 December \$280 calls opening \$2.10 into earnings on 11-21

Oracle (ORCL) with 3,000 June \$55 puts bought for \$3.30, tied to long stock

Ubiquiti Networks (UI) buyer of 1,500 January \$185 puts up to \$12 to open into strength

Coherent (COHR) buyers of 600 December \$170 calls for \$2.75 to \$3.30, adjusting the Nov. \$160 calls bought on 9-5 and follows the Feb. call buys this week already

Keysight Tech (KEYS) strong chart and today buyers opening 840 December \$100 calls for \$9.30 to \$9.60, earnings on 11-26

Century Link (CTL) buyer of 1000 April \$14 puts up to \$1.30 to open today with the recent strength

Altice (ATUS) buyer of 5,000 December \$28/\$25 bull risk reversals for a small 2 cent debit into weakness, basing at the 200-day

Sprint (S) stock replacement sells 20,000 March \$4 puts for \$0.42 to open today

Utility

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Not Investment Advice or Recommendation

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