

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 11/22/2019

### Sector Leaders

Metals

Financials

Healthcare

### Stock Gainers

BKE 20.5%

STNE 16.6%

GSX 16%

HIBB 14.8%

SPLK 10.4%

### Volatility Gainers

- VSTM
- VHC
- CCXI
- CRC
- SPCE
- HIIQ
- QGEN
- CLVS

### High Call Volume

- CY
- DLPH
- BHVN
- SNPS
- PSTG
- ALNY
- SPGI
- CCXI

### Bullish Options

- NTNX
- STNE
- LULU
- CVS
- IBKR
- MGLN
- SNAP
- TWTR
- MU

### Sector Laggards

Tech

Consumer Goods

Utilities

### Stock Losers

PSTG -16%

CGC -9.2%

TSLA -5.5%

INTU -5%

FL -5%

### Volatility Losers

- ADMP
- FL
- JWN
- STNE
- PSTG
- SPLK
- WSM
- GPS

### High Put Volume

- UPWK
- AMCX
- USAC
- CC
- PSTG
- ZTO
- FL
- MLNX

### Bearish Options

- SPCE
- CAG
- OLLI
- CBRL
- HUBS
- UFS
- SWKS
- CAR
- ROK

**Market Review:** Global markets finished the week on a positive note after comments from China's Xi seemed to temper some trade concerns. Although nothing really new in his comments (looking for mutual respect), they were much less sharp than they could've been. Overall, a rough week for the indices with most suffering their worst pullback since early October. The President was on Fox News around 8am with a sprawling interview about his campaign and impeachment but little substance about trade. The final Michigan Consumer Sentiment figure came in higher at 96.8 vs 94.9. Retail had a bit of a bounce back today with positive earnings out of **Nordstrom (JWN)** and the **Gap (GPS)**. The S&P opened modestly higher and pulled back early to test the low-end of yesterday's value as well as November VWAP which is around 3,095 and a key line in the sand. A move lower would likely target the VWAP from the 10-11 gap higher around 3,052. RSI did break a recent trend higher and MACD with a bearish cross this week and NYSE Summation continues to weaken under its 8-EMA, cautious signals. Overall a quiet day however Cumulative TICK did show some strength rising steadily since the 10am lows.

S&P Chart (Daily):



Resistance	Support
3110.5	3075
3127.50	3060.25
3140	3043.5

**Options Action Trends:** There was bullish flow into some of the teen apparel names again like **GES** and **ANF** with positive retail moves today out of Gap and Nordstrom. Auto parts names **DLPH** and **AXL** with bullish flow.

**What's On Tap:** Next week will be Holiday-shortened with Thanksgiving on Thursday and the early close on Friday. The focus for economic data will be on PCE (Wed). Earnings will be busy again with some late-quarter reports from A, HPE, PANW, PVH, ADI, BBY, DLTR, ADSK, BOX, DELL, HPQ, VMW, and DE.

### Trade Tracker Portfolio Changes:

1. None



## Put Buys in Ollies Target Earnings Against Tough Comps, Structural Issues

Ticker/Price: OLLI \$62.15

### Analysis:

**Ollie's Bargain Outlet (OLLI)** with a size buyer of 2,000 December \$65 puts this morning for \$5.80 to \$5.90, trading 4X average volume and the most notable open interest in the name. Shares gapped lower on earnings in August and recently testing the gap around \$67.50 and rolling over. We got a bearish 8/20 EMA crossover this week and room back to \$55 and then new 1-year lows with a measured move to \$45. The \$4B retailer trades 27.6X earnings, 3X sales, and 51X cash. Estimates came down a bit last quarter but still seeing mid-teens EPS growth and revenue growth each of the next two years, lofty estimates. OLLI is coming off a weak quarter with the first negative comps as a public company, margin contraction, and a sizable cut to their outlook. OLLI is facing higher costs from supply chain optimizations as well as inventory issues stemming from a the rapid expansion of their footprint. Q4 will also be a tough comp. Short interest has risen to 14.9% of the float, up from around 5.5% in January and 9.6% in September. Hedge Fund ownership fell 50% in Q3. On 9-13, a director bought \$129k in stock at \$64.66. Analysts have an average target for shares of \$78 with 8 buy ratings and 3 hold. RBC upgrading to Outperform on 10-15 seeing long-term potential in the name although Q4 and Q1 likely to still be difficult. Loop Capital lowering their PT to \$75 and noting that there remains a lack of visibility going forward as management didn't foresee the problems in Q2 and could take some significant changes to right the ship. CSFB with a \$78 PT seeing last quarter as one of the biggest operational missteps they can recall for OLLI and while there's a lot of potential long-term it's a show-me story near-term.

### Hawk Vision:



**Hawk's Perspective:** OLLI is clearly an earnings-driven play with results expected in early December and given the elevated short interest and potential for their structural issues to bleed through more than one quarter, maybe a nice opportunity for puts.

**Confidence Ranking:** \$\$



## CVS Calls Continue to See Upside in Strong Name

**Ticker/Price:** CVS \$75.50

### Analysis:

**CVS Health (CVS)** with 7650 February \$75 calls opening \$3.61 this morning the \$72.5 calls adjust into strength. CVS has recently seen buyers in the May \$90 calls and January 2022 \$65 and May \$65 short puts while the January 2021 \$90 calls still are over 140,000 although coming down since 10-30. CVS has been nearly vertical since mid-October and back at a big VPOC from the 2018 range around \$75, so some potential for a consolidation in the near-term. Shares cleared a major downtrend from the 2015 highs last week and longer-term trend has room back to \$100. The \$97.57B company trades 10.5X earnings, 0.40X sales, and 12.6X FCF with a 2.67% yield. CVS is coming off a strong quarter while the Aetna deal continues to show strong ROI. CVS sees EPS and revenue both accelerating in FY20 and FY21 while the synergy program is ahead of schedule in 2019 with nearly \$8B in deleveraging since the deal closed. They also continue to execute well on their Transformation Plan that includes opening 1500 Health Hubs to focus on services, adding new product categories, digital tools, on demand health kiosks, and other personalized care. Short interest is 1.7%. Hedge fund ownership fell 3% in Q3. Masters Capital a buyer of call options while Silvercrest and Balyasny also buyers. Vulcan Value remains a top holder with 8.75M shares. Analysts have an average target for shares of \$78. Mizuho with an \$82 PT citing strong execution last quarter while Sun Trust an \$85 PT citing solid core trends, strong script growth, and robust free cash flows, along with progress in the integration synergies and cost savings from the Aetna merger. Raymond James with an \$80 PT noting that while retail pharma and PBM may face headline issues in 2020, the bar is low and beatable.

### Hawk Vision:



**Hawk's Perspective:** CVS is one that Joe dove into near the lows for the year and remains a top name to keep on watch even if it is far too elevated at this level to initiate a new position without a specific catalyst. Shares are cheap given the strength of their core business and initiatives into the hot and growing personal care space.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**S&P (SPY)** with 1400 April \$314 calls bought \$9.12 to \$9.28 offers early for \$1.3M

**Russell Growth (IWO)** struggling at resistance and 5000 December \$200/\$190 put spreads open

## **Services**

**RH Corp (RH)** early buys 800 next week \$200 calls \$3.50 to \$3.70. **RH** also seeing 400 ITM December 6th (W) \$185 calls bought for \$13.30 this afternoon

**Abercrombie (ANF)** with 1500 February \$15 synthetic long positions trading early with some positive Retail moves like **JWN**

**Ulta (ULTA)** buyer 590 January \$195 puts \$3.50 offer. **ULTA** January \$195 puts now up to 1000X and also 1000 of the \$205 puts bought for \$5.70, earnings 12-5

**Best Buy (BBY)** strong and 500 Dec. 13th (W) \$75 calls bought \$2.07 offer

**Disney (DIS)** buyer 1000 Dec. 27th (W) \$147 calls for \$3.40

**Wal-Mart (WMT)** early bear flow with 4000 January \$120 puts bought \$3.05 to \$3.10 to open

**Under Armour (UAA)** buyer of 520 January 2021 \$15 ITM calls \$4.40 offer

**Guess (GES)** strong to the morning highs with 1,150 December \$20 calls bought for \$0.70, the \$17 calls with over 7,450 bought over the last two weeks into 11-26 earnings

**L Brands (LB)** with 7500 January \$20 calls bought for \$0.50, adjusting higher the 5,000 \$17.50 calls that close after earnings; some talk of activism this week as well

**AMC Networks (AMCX)** buyer of 9,630 January \$35 puts for \$0.60, tied to stock

**Cracker Barrel (CBRL)** with 3,000 June \$190 calls sold for \$0.50 to \$0.45 to open, earnings on 11-26

**The Gap (GPS)** another block of March \$14 puts opening now for \$0.71 and volume over 10,000, tied to stock and with short interest up around 9.4% and near multi-year highs more likely opening as a married put position rather than a stock replacement as noted earlier

**Hanes (HBI)** IV rising with 2750 December \$15 puts opening \$0.65 to \$0.70

**Kohls (KSS)** buyer this morning of 750 June \$40 puts for \$3.20 into weakness after earnings, under \$44 has room for notable downside

**Campbell Soup (CPB)** with 1,000 December \$47 calls bought for \$1.85 into earnings on 12-4, stock replacement

**Tiffany (TIF)** with 2400 December 6th (W) \$130 calls opening around \$1.40/\$1.45 today, spread with the Dec. \$135 calls at \$0.45 which likely add to open interest on Monday as diagonal spreads around earnings on 12-5 and a potential bid from LVMH. The December \$135 calls already with over 9950 in OI from call spreads with the \$130 calls

## **Consumer Staples**

**Hormel (HRL)** with 1875 next week \$42.50 puts being bought \$0.85 to \$1 for earnings 11-26

**Hershey (HSY)** with 1,275 December \$146 calls opening ITM for \$3.30

**P&G (PG)** buyer 1500 April \$115 puts to open for \$4

**Colgate (CL)** buyer 500 January 2021 \$67.5 calls \$4.95

**ConAgra (CAG)** with 10,000 December \$30 synthetic short spreads opening for \$1.26

### Energy

**SunPower (SPWR)** with 2000 June \$7 puts bought \$1.50 in a sweep

**Apache (APA)** buyer 1000 Dec. 6th (W) \$21 calls \$2.81 to \$2.83

**Concho (CXO)** with 850 Jan. 2022 \$90 calls sold to open for \$11.90

### Financials

**Bank of America (BAC)** rising early and a buyer of 6100 March \$33 calls for \$1.77 offer in a large block

**Bank of NY (BK)** buyer of 1,500 March \$45 puts for \$1.10 into recent strength

**Interactive Brokers (IBKR)** buyer of 2000 January \$50 calls for \$1.15 with the M&A talk in the group this week. **IBKR** on the highs with 1000 December \$50 calls also bought to open

**US Bancorp (USB)** buyer of stock opens 2,000 June \$57.50 puts for \$2.49 today on the ISE

**Grupo Financiero (GGAL)** earlier buyer of 4,650 December \$15 calls for \$0.35, adjusting back some \$17.50 calls in the name that has yet to bounce much from the election results in August

**Safehold (SAFE)** with buyers of 400 April \$35 calls this morning \$5.00 to \$5.10, strong name all year with the \$1.55B REIT at 1-year highs

**S&P Global (SPGI)** with 4,250 December \$272.50 calls sold to open for \$2.20 to \$2.05, likely overwrite on stock given the strength all year

**Ally Financial (ALLY)** buyer 5000 December \$32 calls \$0.45 offer

**Ameritrade (AMTD)** buyers of 1500 November 29th (W) \$47 calls for \$1.55 to \$1.60 with reports that a **SCHW** deal could be announced this weekend

### Healthcare

**Weight Watchers (WW)** strength continues and 2000 February \$50 calls being bought \$1.65 to \$1.85 this morning, positioning in Nov. 29th (W) OI as well

**CVS Health (CVS)** with 7650 February \$75 calls opening \$3.61 as the \$72.5 calls adjust

**Medtronic (MDT)** buyer 1000 Dec. 6th (W) \$111 puts to open \$1.41 to \$1.43

**Magellan Health (MGLN)** with 365 March \$85 calls bought for \$3.40 to \$3.70 this morning and also seeing 1000 December \$80 calls open for \$1.40 in a stock replacement. MGLN has traded very strong over the last two weeks after a sizable contract win in California

**Qiagen (QGEN)** trader closes the December \$32 calls bought into weakness on 11-7 and looks to be rolling up to buy the \$40 calls 1500X for \$3 with the M&A talk

**Alnylam (ALNY)** with 2,000 January \$115/\$130 call spreads opening this morning for \$2.90 into strength

**Athenex (ATNX)** shares and IV higher with 1500 January \$20 calls bought up to \$0.85

**AMAG Pharma (AMAG)** moving higher with 1,000 ITM December \$12 puts sold for \$2.05 to open, basing in a long range since March

**Mirati (MRTX)** with the January \$100/\$120 call spread bought 5000X for \$3.30. **MRTX** also seeing 750 June 2020 \$100 calls open \$12.45

**ChemoCentryx (CCXI)** another 2,300 December \$10/\$15 call spreads bought for \$1.35, same trade that has opened over 4500X recently into data

**Health Insurance Innovations (HIQ)** with 1000 May \$19 calls bought from \$2.80 to \$3.10 to open, name exploring strategic alternatives

**J&J (JNJ)** with 7,250 December \$135 calls rolling to February \$140 calls that open for \$3.15, adjusting a position from 10-21

**Illumina (ILMN)** buyer of 500 December 27th (W) / January \$320 call calendar spreads opening for \$6.60

**Abiomed (ABMD)** with over 500 December / January \$190 call calendar spreads opening for \$4.95

**Sarepta (SRPT)** with 4,000 January \$110/\$120 call spreads opening this afternoon for \$3.70. **SRPT** also seeing 400 January \$105 puts bought for \$9.55

### Industrials

**Spirit Air (SAVE)** opening sale of 1000 March \$37.5 puts for \$2.90, popular strategy in the name of late

**Anixter (AXE)** continues to trade above even the raised M&A offer price and 2000 Dec. \$85 calls opening

**Delphi Auto (DLPH)** with 10,000 March \$12.50 calls opening \$1.25 offer into weakness

**General Electric (GE)** with 4000 August \$13 calls opening \$0.97 as March calls look to be adjusting

**General Motors (GM)** with 14,500 each of the February \$38 and \$39 calls sold to open \$0.70 and \$0.48 respectively. **GM** now with 10,000 January \$37 calls bought \$0.49 to \$0.58

**American Axle (AXL)** with a buyer of 1,000 October 2020 \$10 calls for \$2.20 into the recent pullback, name that has been mentioned as a potential LBO candidate in the space

**USA Compression (USAC)** buyer of 3,500 March \$15 puts this morning for \$0.60 to \$0.65 as shares move back under the 200-MA

**Avis Budget (CAR)** with 2,000 May \$23 puts opening for \$1.40, weekly bear wedge forming back into the 200-MA

**Rockwell Automation (ROK)** with 1,500 January \$185 puts bought \$3.80 to \$3.95 into strength

**Parker Hannifin (PH)** with 445 February \$200 calls bought up to \$9 to open this morning, IV climbing into the morning lows. Shares on a strong run lately and consolidating in a bull flag

**Triton Int'l (TRTN)** buyer of 750 December 2020 \$35 puts earlier for \$4.15

**Norfolk Southern (NSC)** buyers of 800 January \$195 calls from \$5.80 to \$6 to open today, nice flag forming above its 200-MA and potential run back to 52-week highs around \$205

**Emerson (EMR)** with 1,000 January \$70 synthetic long spreads opening for \$3.75 today

**Front Yard Residential (RESI)** stock and IV higher with another 4,400 January \$12.50 calls bought for \$0.45

### Materials

**Peabody (BTU)** opening sale 5000 February \$9 puts down to \$0.95

**US Steel (X)** working out of consolidation with Metals hot this morning and 5000 next week \$14 calls bought \$0.15 to \$0.20

**Domtar (UFS)** with 925 January \$35 puts bought today for \$1

**Teck Resources (TECK)** with 1,000 May \$15 puts sold for \$1.31 in a stock replacement today, shares basing after a long downtrend

**Chemours (CC)** buyers of 3800 December \$20 OTM calls for \$0.25. **CC** now seeing over 19,000 April \$17 puts bought \$3.00 to \$3.10, some January \$14 puts adjusting

### Tech and Telecom

**KLA Tencor (KLAC)** with 650 January \$165 calls bought \$5.40 to \$5.50 after Dec. call buys yesterday

**Amazon (AMZN)** in early action seeing 1,180 February \$1840 OTM calls bought \$44 to \$46.80 for over \$5.5M and follows the 4000 \$1730 calls bought this week for \$35M

**Nutanix (NTNX)** buyers of 935 Nov. 29th (W) \$29 calls near \$2.15, earnings 11-25. **NTNX** now also seeing 2000 November 29th (W) \$30/\$35 call spreads bought to open for \$1.37

**HP Enterprise (HPE)** with 1000 January 2021 \$15 puts sold to open for \$1.48, saw the \$17 puts sold earlier this week

**Nvidia (NVDA)** call flows heating up with 2,800 December \$210 calls and 3,800 January \$315 calls with buyers

**Audio Codes (AUDC)** trading 1000 June \$22.5/\$30 call spreads, a strong small cap performer written up earlier this year in depth, and looks to add to 1600 of these in OI

**Veeva (VEEV)** IV being bid up with 1200 December \$165 calls active into earnings next week

**Skyworks (SWKS)** with 1265 of next week's \$98.50 puts bought today \$1.80 to \$1.95

**Stone Co (STNE)** on the highs and up over 15% on the day, the December \$38 calls trading over 2,650X up to \$3.80 today

**Corning (GLW)** with 3,650 December 6th (W) \$29 calls opening today between \$0.35 and \$0.40

**HubSpot (HUBS)** buyer of more than \$1.07M in August \$160 puts this afternoon for \$27.40, consolidating below its declining 50-MA

**Snap (SNAP)** with 100,000 April \$21 calls sold for \$0.52, trading as a buy-write with 2.1M shares at \$15.335. **SNAP** also seeing buyers of the December \$15.50 calls over 13,000X for \$0.64 to \$0.68

**Synopsys (SNPS)** earnings on 12-4 and today the December \$145/\$150 call spread is opening for \$0.80, over 2200X so far

**UpWork (UPWK)** seeing 8,750 January \$12.50 short puts close today and roll out to open the July \$10 puts that are sold to open for \$1.05, 12,950X

**Trip.com (TCOM)** with 1,000 Sept. 2020 \$30 puts sold for \$3 in a stock replacement on the PHLX

**Virgin Galactic (SPCE)** with 2200 February \$8 calls bought to open \$0.90 to \$0.95 this morning, CSFB positive this week. **SPCE** also seeing more than 3500 December \$7.50 puts bought today

**Western Digital (WDC)** with 1,150 December \$47.50 calls bought up to \$2.84, recent notable Feb. call buys. **WDC** with 750 July \$42.50 puts sold to open for \$4.05 in a stock replacement

**Pure Storage (PSTG)** down over 18% on a weak quarter but seeing the January 2021 \$20/\$12.50 bull risk reversal bought 16,250X for \$0.70

**Applied Materials (AMAT)** with 800 June \$55 calls bought for \$6.20. **AMAT** also seeing afternoon buyers of the December \$54 and \$53 puts

**Netflix (NFLX)** buyers of 2,300 December \$305 calls from \$12.65 to \$12.95

**Broadcom (AVGO)** with 825 March \$350/\$370 call spreads bought today for \$4.05

**T Mobile (TMUS)** highs of the day with 1,000 December \$81/\$74 bull risk reversals bought for \$0.47, pulled back just above the 200-day and basing

### Utility

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**Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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