

OptionsHawk

OPTIONS HAWK DAILY MARKET 11/27/2019

Sector Leaders

Biotech

Solar

Discretionary

Stock Gainers

AVX 26%

CLVS 12%

MANU 12%

MYOV 11.7%

GBT 8%

MGTX 7.3%

BOX 7.3%

Volatility Gainers

- CLVS
- EVH
- VRAY
- EDIT
- SSI
- APA

High Call Volume

- GES
- CCC
- SSI
- DLTR
- GWPH
- MDC

Bullish Options

- COST
- UBER
- FB
- BABA
- GES
- AYX
- IGV
- DELL
- AAPL
- CVNA
- TWTR

Market Review: Stocks were modestly higher overnight moving to new highs as enthusiasm continues to build on a potential US/China trade deal that would include IP. Macro continued to weaken with China industrial profits suffering its largest drop in eight months though in the US October Durable Goods and Q3 GDP beat expectations. There was not a ton of morning movement in markets with indices extended and entering a slow trading period but strength seen in Biotech, Solar, Consumer Discretionary and Tech. Industrials and Metals were the laggards. Small caps continued to outperform with the increased risk appetite seen all week long. Markets will be closed tomorrow and for Friday's shortened session it should be quiet with no earnings or data due out in the US.

S&P Chart:



Resistance	Support
3,155	3,060
3,225	3,030
3,500	3,000

Options Action Trends: A light day of trading with no major sector trends developing on the day, large cap Tech continuing to draw the size bullish positioning with **AAPL**, **FB** and **BABA**.

What's On Tap: Markets Closed for Thanksgiving Holiday.

Trade Tracker Portfolio Changes:

1. **Spotlight:** Long the **SBUX** January \$85 Calls at \$2 (No Fill)

Sector Laggards

Gold Miners

Metals

Transports

Stock Losers

CENTA -19%

TITN -4.9%

DE -5.6%

VEEV -4.6%

GSX -4.6%

DCPH -4.4%

PI -4%

Volatility Losers

- ADSK
- GES
- BOX
- KEYS
- DELL
- VEEV

High Put Volume

- CBB
- CNK
- GSK
- DGX
- EXTR
- STAA

Bearish Options

- CDW
- DGX
- TDG
- FND
- STAA
- SNY
- ZS
- BGNE
- JWN
- DOV
- VMW



Uber Calls Accumulate as Potential Bottom in Place into 2020

Ticker/Price: UBER (\$29.35)

Analysis:

Uber (UBER) early action seeing 6000 March \$35 calls bought \$1.10 offer, OI at 9,237. **UBER** also with 3000 June \$29 calls opening \$4.30 in a stock replacement today and options flows have leaned strongly bullish since the start of November with both call buys and put sales through June 2020 expirations. The flow sentiment shift has come with shares recently putting in a bullish 8/21 EMA crossover and flagging under its falling 55 day moving average while the post-IPO downtrend can be broken on a move above \$30.50 and cause a key trend inflection. UBER shares are down 29% YTD and now trades 4.2X EV/Sales with revenue growth seen accelerating to above 30% in FY20 as the ride-sharing theme continues to be an emerging megatrend. UBER's CEO bought 250,000 shares at \$26.75 on 11/18 worth over \$6.5M. UBER is coming off a quarter where it beat estimates and noted continued category leadership, greater financial discipline, and an industry-wide shift towards healthier growth are already having on our financial performance. Analysts have an average target at \$44 and short interest low at 4.9% of the float down 30% over the last month. On 10/25 Guggenheim started coverage at Buy with a \$40 target seeing a more benign competitive environment and potential EBITDA starting as early as 2021 while rising prices in the US can fuel a strong 2H, seeing UBER at a potential turning point. Stifel upgraded shares to Buy with a \$34 target on 11/22 noting new key developments such as the ridesharing market (particularly in the U.S.) experienced faster-than-expected competitive rationalization, Uber demonstrated an accelerated path to profitability and set a formal 2021 profitability target, take rates improved, better segment-level disclosure leaves us more constructive on the core Rides fundamentals, management has communicated a willingness to exit losing parts of the business (Eats in lower- market share markets) in 12-18 months, valuation has reset to a level with better risk / reward, and the IPO lockup expiration has passed. Cowen out earlier this week with a \$60 target seeing a muted impact from the news in London on its private hire operator license and expects an appeal and favorable outcome. MSCO with a \$55 target this week and calls it a top pick for 2020. Hedge Fund ownership fell 17.5% in Q3 filings, Altimeter Capital adding 11.4M shares and now 10.4% of its portfolio, while Viking Global also added to its position.

Hawk Vision:



Hawk's Perspective: UBER looks better with multiple headwinds abating into 2020, and above \$30.15 triggers a breakout past its 50 MA, solid reward/risk versus \$27.50.

Confidence Ranking: \$\$



Bullish Positioning into TI Weakness

Ticker/Price: TXN (\$121)

Analysis:

Texas Instruments (TXN) rising today with shares forming a multi-week base above the 200-MA and on 11/26 buyers opening more than 1200 April \$120 calls around \$6.30 while the April \$125 calls with 800 bought on 11-22. The January \$105 puts were sold to open 10,000X on 11-21 and adding to the 5,000 previously sold seeing further weakness as an opportunity. Shares remain in a strong long-term trend with the recent move lower simply back to trend support from the 2018 lows. The rising channel targets a move back to \$140+. MACD and RSI on the weekly reset a bit and turning back higher. The \$111.5B semiconductor trades 23.8X earnings and 7.5X sales with a strong yield. TXN sees FY20 as a transition year in Analog and Embedded Processing with FY21 expectations for a high-single digit rebound. TXN has scale and product advantage over a peers and likely uses the next 12 months focused on investing in the areas of highest growth like industrial and automotive to help drive longer-term value. Analysts have an average target for shares of \$121. Jefferies positive on 10-23 noting that TXN's cut shouldn't be a surprise as it was more of a catch-up to peers and historically management has a strong track record of adjusting to difficult environments. Mizuho in October noting that comps in 2020 get easier and seasonality can be a tailwind early in the year. Short interest is 1.5% and down from 2.3% and multi-year highs in August. Hedge fund ownership was up 3% in Q3. DE Shaw, AQR, and Millennium Management buyers.

Hawk Vision:



Hawk's Perspective: TXN looks solid technically against its 200 MA and remains a leader though it clearly had one of the worst quarters in the Semi space and plenty of names I prefer to it like ADI, MCHP, NXPI.

Confidence Ranking: \$\$



Service Master Calls Bought into Rebound Move

Ticker/Price: SERV (\$39.75)

Analysis:

Service Master (SERV) with buyers of 3,500 January \$40 calls up to \$1.85 today and now volume over 5,000X. SERV also seeing activity in the February \$40 and \$45 calls as some positions from early November appear to be rolling up. Shares have been crushed over the last month from 52-week highs around \$57.50 and back to the 61.8% Fibonacci of the rally from the 2016 lows.

There's a low-volume gap above the \$42 level that runs back up to \$50. SERV cut their guidance in October citing legacy risk overhangs from a number of damage claim suits over their residential fumigation business. They announced plans to manage the process with limited long-term exposure while affirming their commitment to the termite business over time but expecting profitability in the segment to be muted. The \$5.39B company trades 27.8X earnings, 2.66X sales, and 38.5X cash. SERV sees mid-single digit EPS growth in 2020 before returning to mid-teens in 2021. Their retention rates remains strong, up 3% last quarter, while they have focused a lot on bolt-on M&A to build out their commercial capabilities. SERV also closed their deal for Nomor AB that helps them expand into European markets, a major area of potential growth. Short interest is 2.4%. Hedge fund ownership rose 4.5% in Q3. Select Equity a notable buyer of shares and now over 8.7M, their fifth largest. On 11-11, a director bought 2000 shares at \$35, the first open market buys since March 2018 when another director bought stock at \$50. Analysts have an average target for shares of \$51. Jefferies starting at Buy on 11-21 while William Blair positive on 11-18 noting the totality of claims in Alabama is likely less than \$150M, much less than the market reaction is implying. They think SERV remains a well-capitalized leader in a very attractive industry.

Hawk Vision:



Hawk's Perspective: SERV has lost its uptrend and overall seems there are plenty of healthier and less risky names to be involved, so just an observer in this one.

Confidence Ranking: \$

Additional Options Flow

Market/ETFs

S&P (SPY) with 4400 January 2021 \$304 puts opening \$17.75 for over \$7.8M. **SPY** 10,000 March \$309 calls opening today as \$301 calls adjust

Software (IGV) with 5000 May \$240 calls opening \$8.80 in a stock replacement

Industrials (XLI) with 2300 March \$83 calls being bought to open today near \$2.54

Semi (SMH) stock buyer sells 1200 June \$140/\$125 strangles

NASDAQ (QQQ) large trade today seeing 7000 September \$210/\$205 strangles trade with long stock. **QQQ** stock replacement buys 7500 March \$210 calls \$5.37 offer

Russell (IWM) largest trade of the day opened 10,000 January 2021 \$165 puts \$13.40, stock-tied

Consumer Discretionary/Services

Stage Stores (SSI) with 905 April \$5 calls bought \$1.35 to open today, big run for the retailer after earnings

Dicks Sporting Goods (DKS) with 1000 December \$47 puts sold for \$1.90 to \$1.85. **DISH** also with 1290 June \$30 puts sold for \$2.10 to open

Guess (GES) spread sells 3500 January \$18 puts and buys the \$20/\$22 call spreads, net credit \$0.05

Dish Network (DISH) opening sales of 3750 March \$30 puts \$1.20

Xerox (XRX) buyer 1100 January 2021 \$45/\$50 call spreads

Cinemark (CNK) with 1,500 June \$30 puts bought for \$1.75, tied to stock and follows buyers of 3000 June \$35 puts

Dollar Tree (DLTR) down a bit more today after selling off sharply yesterday on earnings and seeing spreads sell 1500 June \$75 puts for \$1.90 and buy 1,500 each of the \$95, \$100, and \$105 calls while selling 3000 of the \$120 calls

Disney (DIS) buyer of 1000 June \$150 puts for \$9.34

Stitch Fix (SFIX) earnings on 12-9 and a spread this morning sells 5000 Dec. 6th (W) \$25 calls to open for \$0.30 to buy the Dec. 13th (W) \$25/\$30 call spread 5000X7500

1-800-Flowers (FLWS) buyer of 2,000 March \$12.50/\$17.50 call spreads for \$1.77, name that has seen longer-dated accumulation and profiled recently. **FLWS** has pulled back sharply from May highs to a 61.8% Fibonacci and retest of its 2019 breakout level, a name that has averaged +19% in February the last 5 years, potentially due to Valentine's Day

CBS Corp (CBS) with 2,000 March \$45 calls bought \$1.01 to \$1.02, rolling up the \$42.50 calls with their **VIAB** deal closing next week

Home Depot (HD) spread sells 1000 March \$205 puts and buys the \$130/\$240 call spreads, net credit

Fossil Group (FOSL) with 1300 March \$9 calls bought \$0.75

Starbucks (SBUX) with 1,500 Jan. 2022 \$82.50 puts sold to open for \$10 today, similar to the recent June \$92.50 put sales with shares basing on the 200-MA

Five Below (FIVE) buyer of 1000 December 6th (W) \$132 calls from \$1.45 to \$1.80 into 12-4 earnings, higher five of the last seven

Canada Goose (GOOS) opening sale 6500 December \$35 puts for \$0.32

Consumer Goods

Coca Cola (KO) with nearly 30,000 June \$52.50 ITM calls bought \$3.07 as January \$48 calls adjust

Mattel (MAT) stock replacement sells 5600 April \$10 puts for \$0.60

Peloton (PTON) IV rising with buyers 2900 January \$40 OTM calls this afternoon \$0.85 to \$1.10

Kraft Heinz (KHC) stock replacement sells 1410 June \$45 ITM puts to open \$14.55, shares recently rallying

Energy

Energy Transfer (ET) with 1810 July \$12 calls opening early \$1.14, name has seen a lot of April 2020 and Jan. 2021 call accumulation in recent days

Diamondback Energy (FANG) running a bit after 1000 OTM Jan \$90 calls bought \$0.80 to \$0.90

Canadian Natural (CNQ) with 875 June \$27 calls opening for \$3

Financials

Travelers (TRV) stock replacement opens 470 July \$120 calls for \$18.90 on the PHLX

HSBC (HSBC) with 2000 June \$36 puts being sold to open today \$1.93

Healthcare

Cerner (CERN) with 1300 March \$65 puts sold to open \$1.25 in stock replacement, recent March call buyers in it

Quest Diagnostics (DGX) with 1000 December \$110 puts opening \$2.84

Abbott Labs (ABT) with 1,500 January 2022 \$75 puts opening \$7.20, tied to long stock

Neurocrine (NBIX) with 1000 January \$125 calls sold to open \$2.10, likely writing versus stock

Centene (CNC) with 470 ITM June \$50 calls being bought today \$13.60, very strong bounce in the group since October

Iovance (IOVA) with another 2000 March \$25 calls sold to open, likely writing against a stock position

Aurinia (AUPH) more bull flow with the July \$12 calls bought 550X for \$2.25 today into key data

Intercept (ICPT) with the January \$110/\$130 call spread bought 650X for \$5.15 into strength

Health Insurance Innovations (HIQ) with 1000 January \$21 calls bought up to \$2.20, adjusting higher some \$19 calls with the company exploring strategic alternatives

STAAR Surgical (STAA) rolling a bit with 1500 December \$36 puts sold to buy the January \$36 puts in a calendar spread

GW Pharma (GWPH) with 3,600 January \$110/\$125 call spreads bought for \$2.73, adjusting some Dec. calls

DexCom (DXCM) with over 6,350 December \$210 puts sold to open for \$2.00 to \$1.95 into strength. **DXCM** also with 550 December \$220 puts sold today down to \$4.10

Sanofi (SNY) with 3000 December \$47 puts opening up to \$1.33

ABIOMED (ABMD) with 460 January \$190 puts bought up to \$10.50, some Dec. puts adjust

Nevro (NVRO) seeing 600 January/February \$125 calendar call spreads open today

Allakos (ALLK) strong Biotech to new highs and December positions adjusting to 300 February \$80 synthetic longs today

Bristol Myers (BMY) January 10th (W) \$60 calls with 3550X being bought \$0.71 to \$0.74 this afternoon after a few days of hot call action

Beigene (BGNE) with 1,100 December 195 puts bought for \$10.60 and spread vs a sale of the February \$170 puts for \$6.60

Industrials

Tesla (TSLA) with 1500 January 2021 \$420 calls trading \$32.93 to \$33.26 this morning with OI at 1,576, will confirm change tomorrow. **TSLA** also seeing 1500 March \$390 calls bought today

Fed-Ex (FDX) with 1000 December 13th (W) \$157.50/\$152.50 put spreads bought for \$1.17

Carvana (CVNA) with 400 February \$100 calls bought to open \$5.80 to \$6

Virgin Galactic (SPCE) buyer of 5,000 January \$9 calls for \$0.50/\$0.55

Honeywell (HON) more bullish flow with 1985 December \$182.50 calls bought \$1.35 to \$1.55

AutoNation (AN) opening sale 600 April \$50 calls \$4.58

Dover (DOV) trader rolling back 1000 December \$105 puts to the \$110 strike that open for \$1.27

Zebra Tech (ZBRA) second straight day with buyers of the December \$260 calls, today over 900 trading up to \$4.35

Materials

Chemours (CC) with 1000 April \$20/\$23 call spreads bought for \$0.60

US Steel (X) opening sale 2000 February \$12 puts \$0.76

Methanex (MEOH) with 570 July \$32.50 puts bought for \$2.75 to \$2.90, shares rolling back under the 50-MA today

Tech and Telecom

Facebook (FB) calls hot early with 5500 December \$207.50 bought \$1.55+ as nears key flag and YTD upper value breakout

Alibaba (BABA) seeing 4,000 February \$190 calls roll up to the \$200 strike that open for \$10.30. **BABA** also with 4650 March \$240 calls bought for \$1.90 and the March \$220/\$175 bull risk reversals opening 2000X

Alteryx (AYX) buyer of 1200 January 2021 \$130/\$155 call spreads for \$6.95 as shares recover this week back above their 50- and 200-MA

CDW Corp (CDW) early action buying 945 December \$140 ITM puts for \$5

IQIYI (IQ) stock and IV rising with 6000 December \$21 calls bought up to \$0.40. **IQ** also seeing 2,000 January \$20 calls roll to June \$25 calls that open for \$1.17

CommVault (CVLT) starting to work out of a narrow range seeing unusual 325 January \$50 calls open \$2.20

Dell (DELL) buyers of 4000 April \$55 calls this morning into earnings weakness looking to add to OI

Extreme Networks (EXTR) with 1000 June \$7 puts sold to open for \$1.05

Apple (AAPL) tight bull flag under new highs and 10,000 Dec. 27th (W) \$260 calls opening \$9.75 as January \$250 calls adjust

Twitter (TWTR) with 1000 June ITM \$25 calls bought for \$7.75, spread with the \$33 calls that look to be adjusting back

Ultra-Clean (UCTT) rising with December \$22.50 calls seeing 600 bought

Uber (UBER) also with 5000 January 10th (W) \$31 calls sold to open in a buy-write

Zscaler (ZS) with buyers of 1000 December 6th (W) \$49 puts for \$2.00 to \$2.25 into 12-3 earnings

Qorvo (QRVO) with 1000 June \$72.50 puts sold for \$1.45 to open

Pinduoduo (PDD) buyer 450 September \$35 calls to open \$6.80

Applied Materials (AMAT) with 1000 December 27th (W) \$60 calls bought up to \$1.12, both the CSFB Tech Conference next week and the UBS TMT Conference on 12/9 in focus

VMWare (VMW) with 1,000 April \$160 puts bought up to \$10.65 with some spread against sales of the \$135 puts for \$3.25

Lyft (LYFT) with 1250 Dec. 27th (W) \$50 calls opening for \$2.07

Lumentum (LITE) with near 700 December 6th (W) \$71 calls bought up to \$3

Utility

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Not Investment Advice or Recommendation

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