

OptionsHawk

OPTIONS HAWK DAILY MARKET 11/7/2019

Sector Leaders

Financials

Energy

Communications

Stock Gainers

DXCM 28.2%

VSTO 28%

COMM 22.3%

SBH 21.75%

CLVS 19.5%

Volatility Gainers

- PRTY
- ARLO
- ETRN
- EB
- AM
- CG
- GLNG
- MSG

High Call Volume

- SC
- MNST
- BJRI
- EXPE
- INVA
- MDC
- DLR

Bullish Options

- BABA
- AIG
- UPS
- MET
- WIX
- NOC
- FDX
- FOSL
- WYNN
- TWTR

Sector Laggards

Utilities

Staples

REITs

Stock Losers

PRTY -60%

BLCM -27%

EXPE -26%

AERI -22.5%

TRIP -21.5%

Volatility Losers

- COMM
- ANGI
- CHRS
- CECO
- SAIL
- VSTO
- CLVS
- NVTA

High Put Volume

- EXPD
- UPWK
- TRIP
- BOOM
- PRTY
- YELP
- EQIX

Bearish Options

- RPD
- TEVA
- GDDY
- SBH
- PS
- O
- NLSN
-

Market Review: Global markets were mixed overnight until news hit around 2:15a that the US and China were preparing to phase out tariffs as part of their agreement on trade. The move would allow both sides some reprieve as they work out details. Phase 1 has yet to be signed (or agreed to) but signing could come at the NATO summit in early Dec. Later in the session, reports that the decision to roll back tariffs is facing opposition within the White House (likely China hawk Peter Navarro who tends to have POTUS's ear on trade). Weekly claims came in strong at 211k but nothing hugely concerning. Yields in focus today with the 10-year yield up to 1.94% and breaking out above the Sept. highs. This is helping lift financials while pressuring some groups like utilities. Earnings remain the focus with **QCOM** helping lift the semis while some high-growth names like **ROKU** under pressure. Travel and leisure remained a weak spot with **BKNG** down after results from **EXPE/TRIP**. The S&P gapped up to new highs this morning hitting 3,097 in early trade but pretty flat trading throughout the day in a seven-point range. Internals weakened all day with cumulative TICK weakening right from the open and accelerating into the afternoon lows. We remain above the 8-EMA without a close below since 10-9 and getting a little extended.

S&P Chart (Weekly):



Resistance	Support
3,000	2,930
3,030	2,860
3,050	2,820

Options Action Trends: We saw bullish call buying in the transports like **FDX**, **UPS**, **CHRW**, and **CSX** that are exposed heavily to trade.

What's On Tap: China imports/exports, US wholesale inventories, Michigan consumer sentiment, and two Fed speakers (Daly, Brainard). Earnings from AER, EPAY, DUK, ETM, FLY, MSG, USCR

Trade Tracker Portfolio Changes:

1. **COST** - Closed Call Spreads \$4.35 (Opened \$2.85)
2. **GM** - Closed Calls \$3.20 (Opened \$2.15)
- 3.



MSG Spreads See Upside into Split, Activist Pressure

Ticker/Price: MSG \$278.65

Analysis:

Medison Square Garden (MSG) with 1,100 February \$260/\$230 bull risk reversals opening for \$24.25 today and follows buyers of 500 May \$330 calls on 10-29. MSG has some notable December risk reversals in smaller size from earlier this year, the \$300/\$260 and \$310/\$270 strikes. Shares are working out of a narrow multi-month base ahead of earnings tomorrow and back into the 200-day at \$285. MSG is also clearing a downtrend from the April highs (~\$310) that has room up to a July VPOC at \$290 and then another around \$305 from May. The \$6.47B company trades 4X sales and 5.4X cash with mid-teens growth that is expected to ramp into FY22 as they expand their venue reach. MSG is set to open a Las Vegas venue in 2021 the 'MSG Sphere' which is expected to be a transformative venue that will house concerts, sports, and more. MSG is moving forward with plans to split the company into two entities, one that will house their sports franchises (Knicks and Rangers) and one their entertainment venues. And, they were in the headlines this week with Silver Lake reportedly seeking to buy stakes in the two sports teams. Activist Blue Harbour also out this morning seeing valuation for shares around \$400 as the two team are valued closer to \$7.2B vs \$5.5B. Analysts have an average target for shares of \$344 with limited coverage. Macquarie at Outperform on 8-22 seeing plenty of catalysts on the horizon including sees catalysts on the horizon including the Sports spin, eSports, Spheres and growth in Entertainment. Short interest is 4.5%. Hedge fund ownership has risen recently, up 5.4%. Blue Harbour is the top holder with a \$189M stake while Mason Capital and KKR also notable.

Hawk Vision:



Hawk's Perspective: MSG has earnings tomorrow and remains an interesting event-driven trade with a lot of value in the two entities that feels under-represented but I am hesitant to see a near-term scenario where James Dolan sells a stake in either team.

Confidence Ranking: \$\$



Novo Calls Position into Key Conference, Momentum Continuing

Ticker/Price: NVO \$56.25

Analysis:

Novo Nordisk (NVO) with buyers of more than 3,775 December \$57.50 calls up to \$1.20 today and also seeing some Nov. \$57.50 calls open 1800X into the modest pullback today to the rising 8-EMA. NVO has over 2,500 December \$55 calls in OI from buyers while the November \$55 calls with over 6000X expiring next week. Shares have been on a strong run since mid-October and nearing a big monthly breakout above \$58 that targets a run up to \$75 long-term. The \$102.1B pharma company trades 20.3X earnings, 5.8X sales, and 36.5X cash with a 2.2% yield. They are guiding to 14.75% and then 11.75% EPS growth the next two years with sales up 5.9% and 8% respectively, big bounce backs from 2019. NVO is coming off a strong quarter with 9% growth and improvements across all therapy areas with obesity helping outweigh insulin weakness. Analysts have an average target for shares of \$55. Citi upgrading to Buy in September. They think NVO's GLP-1 franchise across diabetes, obesity and nonalcoholic steatohepatitis is "burgeoning." The firm's survey of doctors suggests the company's volume penetration in diabetes could reach 25%-35% versus 7% now. Short interest is negligible. Hedge fund ownership rose 9.35% in Q2. Adage Capital, Glacier Peak, and RenTech notable holders. NVO will be at ASH on 12/7 to 12/9.

Hawk Vision:



Hawk's Perspective: NVO has been on a strong run and would prefer to see it consolidate a bit to set up a better risk/reward.

Confidence Ranking: \$\$



Unusual MDC Calls Buy into Weakness

Ticker/Price: MDC \$36.80

Analysis:

MDC Holdings (MDC) buyers of 3,000 March \$39 calls today from \$1.95 to \$2.10, trading over 17X average volume in the name and already has 2,500 December \$40 calls in OI from buyers in early September. MDC has been weak recently following earnings and back near the rising 200-MA at \$34.80. Shares have been on a massive run higher since March up around 72.5% and back around the 50% retracement of that move at \$37. The \$2.33B homebuilder trades 9.25X earnings, 0.75X sales, and 7X cash with a 3.15% yield. MDC is expecting 15% EPS growth in 2020 with 11.5% revenue growth. MDC is a smaller homebuilder with footprint in the West and Northwest US with a focus on single-family and first-time homebuyers. MDC is seeing better margins on home sales while unit volumes up 58% Y/Y. Analysts have an average target for shares of \$45 with limited coverage. Raymond James upgrading to Strong Buy on 9-13 with a \$49 PT. The firm notes that Summer order activity has been "dramatically ahead" of expectations and MDC faces easier Y/Y comps into the Fall. They think MDC will continue to benefit from its distinctively re-designed affordable homes along with increasingly favorable market conditions across its core footprint. In February, BAML noting that MDC could be an attractive M&A target for someone like TOL as the industry continues to consolidate. Short interest is 3.3% and near multi-year lows. Polar Capital and Pacific Capital notable holders.

Hawk Vision:



Hawk's Perspective: MDC is a pretty ugly chart in the near-term but would watch for a bounce/consolidation around the 200-day MA and plenty of time with the March timeline

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P 500 (SPY) with the December 31st (Q) \$308 puts bought 10,500X for \$5.32, spread with the \$300 puts at \$3.11

Energy (XLE) with 6,800 March \$59 calls bought \$3.90 to \$3.95

Consumer Goods / Services

BJs Restaurants (BJRI) consolidating above its 8-EMA after earnings and 1000 December \$45 calls being bought up to \$0.90

Fossil (FOSL) down sharply on earnings but recovering early and 3000 December \$10 calls bought aggressive \$0.95 to \$1.05

Wynn Resorts (WYNN) up 4.5% on earnings and 1200 January \$135 calls being bought to open today \$4.15 to \$4.20

Sally Beauty (SBH) with buyers of 1000 December \$20 puts for \$.85 into strength

Six Flags (SIX) another 1250 January \$42.50 calls bought early \$2.70 to \$2.90, spot where 4800 opened yesterday

Colgate (CL) with 2,500 January 2021 \$60 puts sold to open for \$3.07 today

Darling (DAR) up 9.5% on earnings and 3000 January \$21 puts being bought for \$0.40/\$0.45

Caesars (CZR) with 30,000 March \$13 calls bought for \$0.35, adjusting some Dec. \$12 calls as shares drift higher; agreed to a cash-and-stock deal with ERI in June

Floor & Decor (FND) spread sells 1,500 April \$37.50 puts to buy the \$45/\$55 call spread with shares back at the 200-MA. FND also seeing 3800 December \$45 calls bought up to \$1.45 this afternoon

Target (TGT) buyer of 1500 November 29th (W) \$110/\$100 put spreads for \$2.88 and follows some size December put buys yesterday, earnings 11-20

Kohls (KSS) buyer opening 11,000 January \$60 puts for \$6.40 to \$6.70, adjusting back the \$55 puts that close 7000X into 11-19 earnings

Goodyear Tire (GT) with 13,000 January \$19 calls bought up to \$0.45

Dicks Sporting Goods (DKS) with 865 January \$40 calls bought for \$3.55 to \$3.60 into 11-26 earnings, the March \$41 calls with over 9000 in OI

Mondelez (MDLZ) with 875 June \$45 calls bought today around \$8

Kroger (KR) with 2,000 April \$22 calls bought for \$5.45/\$5.50 today, follows the 10,000 April \$29 calls bought into strength this week following their investor day

P&G (PG) with 5,000 December \$115 puts sold to open for \$1.10

Capri (CPRI) afternoon buyer of 1,000 January 2021 \$65 calls for \$1.45

Nike (NKE) with a buyer of 1000 November 22nd (W) \$91 calls for \$1.20 as the \$89 calls adjust higher, notable June call buy earlier this week

Darden (DRI) with 1,000 December \$120 calls sold for \$1.20 in a buy-write, earnings on 12-19

Energy

Callon (CPE) buyer of 1000 December \$3 ITM calls for \$1.35/\$1.40, acquiring Carrizo (CRZO) in a deal that has faced scrutiny

Green Plains (GPRE) with a buyer of 2,000 March \$16 calls for \$1.70, continues to run strong with the better regulatory backdrop

EOG Resources (EOG) continuing to draw call buys as 1,000 November 22nd (W) \$75 calls are bought up to \$2.42

Equitrans (ETRN) buyers of 7,000 January \$15 calls for \$0.35/\$0.40

Financials

Everest Re (RE) with 945 January \$270/\$280 call spreads opening for \$2.50

MetLife (MET) buyer 1175 January 2021 \$45 ITM calls \$7.10 offer, similar to AIG activity yesterday

Wells Fargo (WFC) opening sale 10,000 June \$50 puts \$2.15

Paypal (PYPL) with 2,500 November 29th (W) \$104/\$109 call spreads bought into the highs of the day. PYPL the November 29th (W) \$104 calls over 12,000 now as more volume comes in this afternoon, Citi FinTech conference on 11/13

Realty Income (O) buyers of 1500 December \$75 ITM calls \$3.89 to \$4 offers

Progressive (PGR) with 2,000 January \$75 calls bought for \$1.50, adjusting some Nov. \$70 calls out

Fidelity Info (FIS) buyer 2750 January \$135 calls \$3.85 to \$4 to open, recent size April calls opened

Old National (ONB) with 4,000 June \$19 calls bought for \$0.85, more December \$17.50 calls rolling out

Ameris (ABCB) with 1000 April \$50 calls opening for \$1, name that has 2000 January \$45 calls and 2,000 April \$45 calls in OI

Equinix (EQIX) with 2,000 December \$500 puts bought for \$8.20, closing 1,750 of the \$520 puts closing \$15.40

Morgan Stanley (MS) opening seller of 4,500 June \$50 puts for \$4.35

Healthcare

Teva Pharma (TEVA) buyers of more than 20,000 March \$9 puts up to \$1.53 into strength. TEVA now also with 22,000 March \$10 puts bought up to \$2.16

CVS Health (CVS) with 7000 January \$70 calls rolling to February \$72.50

Deciphera Pharma (DCPH) strong Biotech closing 1500 January \$40 calls \$9 and opening 3000 of the \$50 calls \$4.50

Medtronic (MDT) with 2,000 December 13th (W) \$109 calls bought for \$1.40, rolling out of the weekly \$106 calls

Amgen (AMGN) the January \$210/\$180 put spread opening 1800X for \$4.40 as the \$200/\$170 spread adjusts back in strikes

Danaher (DHR) back into the rising 200-day MA today and 1000 December \$140 calls being bought to open for \$1.45

Axsome Therapeutics (AXSM) another 2,000 January \$30 calls bought today for \$3.80 with shares down 11% after earnings

Novo Nordisk (NVO) buyers opening 3,300 December \$57.50 calls for \$1.25 today, IV jumpy

Innoviva (INVA) with 5,000 March \$12.50 calls opening for \$0.95 to \$1, name that has over 12,000 December \$12.50 calls and 5,000 December \$15 calls in OI from buyers.

Coherus Bio (CHRS) with 2,200 December \$20 calls bought for \$1.15 today, shares up 14% on earnings and deal for a Lucentis biosimilar

Regenxbio (RGNX) buyers today of 400 January \$35 calls for \$7.20 to \$7.30, nice multi-week base forming

Qiagen (QGEN) the December \$32 calls being bought over 2,190X for \$1.20, spot where 1500 opened recently into the rebound from the outlook cut in October. QGEN also with 1385 May \$29 puts sold to open \$1.75 earlier

Centene (CNC) buyers adding today to the December \$55 calls where over 6000 are bought for \$1.55 to \$1.70

Industrials

3M (MMM) with 500 Nov. 22nd (W) \$177.50 calls opening \$2. MMM with 1375 December \$170 puts opening \$3.10 to \$3.16 into rebound, look to adjust January \$160 puts

Pulte Homes (PHM) 1,250 January \$39 calls bought into early weakness for \$1.45 to \$1.47

General Electric (GE) with 5500 October \$10 calls opening \$2.09 with March adjusting

CH Robinson (CHRW) aggressive offer buys 1500 May \$90 calls \$1.85

United Parcel (UPS) stock replacement opens 1000 April \$125 calls \$5.85

Fed-Ex (FDX) with 1,750 November 29th (W) \$167.50 calls bought for \$2.80 as the \$162.50 calls roll up yet again

Northrop Grumman (NOC) unusual trading in February 2020 expiration where around 250 of the \$345/\$385 and the \$365/\$405 call spreads look to be opening

CSX Corp (CSX) with 5000 January \$82.50/\$65 bull risk reversals opening for a small credit

Kansas City Southern (KSU) with 2,000 December \$160 calls opening for \$1.60 as well today into strength

Union Pacific (UNP) with 5,500 January \$195/\$155 bull risk reversals opening for a small net credit today, similar to positions in other rails recently

Stericycle (SRCL) with 1,500 December \$60 puts bought \$1.35 to \$1.45 to open today into strength

Whirlpool (WHR) with 675 June 2020 \$135 calls opening for \$28.10, adjusting out 600 March \$120 calls into strength

Materials

Alcoa (AA) buyers of 1900 December \$25 OTM calls for \$0.45 as it consolidates just below the 200-day MA

Freeport (FCX) with 5,000 February \$12/\$11 bull risk reversals opening for a net credit. FCX today also seeing 25,000 December \$12 calls bought for \$0.45 as some \$11 calls roll up

US Steel (X) the November 22nd (W) \$14 calls actively bought up to \$0.30, over 7000X

Tech and Telecom

Rapid 7 (RPD) buyer of 1000 December \$50 puts for \$2.27, rolling out of the Nov. puts

Plural-Sight (PS) with 1150 November \$17.5 puts rolling to December

Go-Daddy (GDDY) big gainer on earnings after recent call buys, seeing 1000 December \$70 puts open early \$2.90 to \$3.50 looking to fade the move

Twitter (TWTR) buyers of 2000 January \$29 calls near \$1.63 into morning weakness. TWTR also with 4,000 ITM December 6th (W) \$27.50 calls bought up to \$1.92

Alibaba (BABA) buyers of 12,500 June \$200 calls \$12.75 to \$12.85

Wix.com (WIX) earnings 11-14 and trying to work out of a base and back above its 200 day moving average, the December \$130 calls opening 450X this morning at \$6.30

Nielsen (NLSN) down 8.5% after earnings and 5000 January \$19 puts being bought to open \$1.50 to \$1.52

NXP Semi (NXPI) buyer of 2000 January \$120 calls at \$6.20

Roku (ROKU) down 12.5% on earnings but the December \$120 calls being bought this morning more than 1300X up to \$11, shares right at the 61.8% Fibonacci retracement of the run in October. ROKU the January \$90 ITM calls also opening 3000X up to \$36.50

Intel (INTC) with 11,000 February \$60 calls bought for \$2.17 as the January \$57.50 calls adjust out and up

Ambarella (AMBA) earnings on 11-25 and today buyers of 1000 December \$55 puts for \$3.10 to \$3.20 to open, recent Hikvision headlines hitting the stock

Sprint (S) with 34,300 December \$7 calls bought for \$0.18 as they await the TMUS deal closure

Scientific Games (SGMS) with 5,000 January \$30 calls adjusting out to the January 2021 \$40 calls today that open for \$3.34

Century Link (CTL) buyer of 5000 January \$14 puts for \$0.69 into strength

Fire-Eye (FEYE) with 2,000 December 13th (W) / January \$18 call calendar spreads bought today for a small net debit

Microchip (MCHP) with 3,500 January \$100 calls bought for \$2.90, consolidating above the 50-day that is starting to slope higher. A move above \$100 has a measured move out to \$110 in the near-term but massive monthly breakout on tap as well

JD.com (JD) with buyers of 1000 March \$36 calls for \$2.09 to \$2.10 into Singles Day

Xerox (XRX) buyers of 2,350 December \$39 calls bought \$1.00 to \$1.17 today, shares up near session highs with the HPQ deal talk this week

Cloudera (CLDR) opening seller of 2,500 January 2021 \$10 puts for \$2.65 as some January \$10 short puts adjust

Micron (MU) buyer of 3,000 April \$49 puts for \$5.20, tied to stock

Trip.com (TCOM) with 6,500 June 2020 \$35 puts sold to open for \$3.80 in a stock replacement

Eventbrite (EB) earnings tonight and 1000 January \$22.50/\$15 bull risk reversals opening for a small \$0.05 credit today

Western Digital (WDC) buyers of 1000 ITM November 22nd (W) \$50 calls for \$3.70 to \$3.75

DXC Tech (DXC) more bullish flow today as 6250 January OTM \$37.50 calls bought to open for \$0.80 to \$0.85

Uber (UBER) with 2900 December 13th (W) \$29.50 calls bought this afternoon and 1500 June \$32 calls bought \$2.50 to \$2.55

Norton Life-Lock (NLOK) buyer of 10,000 January \$22 puts for \$0.35 with stock

Ebay (EBAY) with over 3,450 December \$36 puts bought this afternoon for \$1.55 to \$1.59, nearing a move lower out of the post-earnings range

Sea Ltd (SE) opening sale of 2,000 May \$23 puts this afternoon for \$1.20, stock replacement

Utility

Exelon (EXC) buyers of 10,000 December \$44 puts for \$0.95 today as the November \$44 puts adjust

Disclaimer:

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.

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors.