

OptionsHawk

OPTIONS HAWK DAILY MARKET 12/12/2019

Sector Leaders

Oil & Gas

Banks

Semiconductors

Stock Gainers

ASMB 25%

CIEN 15.3%

LL 12%

MDLA 10%

CNST 10%

PLAB 8.6%

GTX 8%

Volatility Gainers

- OMI
- AMRX
- FCEL
- DBD
- INSG
- PCG

High Call Volume

- MLCO
- OMI
- HRB
- SNY
- DBD
- FOSL

Bullish Options

- WYNN
- CMCSA
- FDX
- FIVE
- MCHP
- ATVI
- MLCO
- MAS
- FOSL
- SE
- IRBT

Market Review: Stocks were flat to higher overnight into an active day with the ECB Decision, UK Elections and approaching China tariff deadline. Stocks rallied in the morning up to new highs on China deal optimism before stalling and saw growth stocks start to rotate to value once again. Breadth showed sellers into strength right after the opening hour, the positioning seeing a real outcome as questionable at best. Energy led strength along with Banks and Semiconductors. There was a move out of safety with Bonds very weak along with REITs, the yield sectors under rotation, while Housing and Software also showed weakness. All eyes remain on any outcome on China trade while we also get Retail Sales and Business Inventories data tomorrow.

S&P Chart:



| Resistance | Support |
|------------|---------|
| 3,165 | 3,060 |
| 3,225 | 3,030 |
| 3,500 | 3,000 |

Options Action Trends: Option traders also appeared cautious to chase the move without a low of high impact trades on the day or any clear sector biases. Around midday a number of Industrial saw small January put buys, likely protective. Bullish trades moved into Biotech names in the afternoon with size calls bought in **BMRN**, **GILD** and **GBT**.

What's On Tap: Retail Sales and Business Inventories.

Trade Tracker Portfolio Changes:

- 1) **Spotlight** – Long **WYNN** March \$125/\$135 Call Spreads \$3.50 – No Fill
- 2) Closed **SBUX** Calls \$4.50 (Opened \$2)
- 3) Closed **GS** Calls \$7 (Opened \$5)

Sector Laggards

Bonds

REITs

Housing

Stock Losers

LOVE -13.5%

TCDA -9.6%

TLRD -9.5%

RH -5.8%

MGTA -5.7%

PYX -5.3%

CAAS -5.6%

Volatility Losers

- TLRD
- SPPI
- CIEN
- LULU
- PTI
- CLNY

High Put Volume

- AKRX
- CDEV
- RUBI
- RBS
- LII
- SBGI

Bearish Options

- GILD
- ADSK
- CLVS
- AKRX
- ETN
- RCL
- CCL
- MDLZ
- LII
- AME
- DOV



Melco Calls Bought in Size as Gaming Stocks Surge

Ticker/Price: MLCO (\$22.20)

Analysis:

Melco Resorts (MLCO) with buyers of 15,000 January \$23 calls for \$0.60, follows the 14,500 January \$22 calls bought recently. MLCO still has 8,000 ITM January \$18 calls in OI as well opened back in November 2018. Shares are jumping today out of a multi-week bull wedge and downtrend from the April highs and back above the 200-MA with a move over \$23 triggering a bigger sentiment shift in the laggard. MLCO has breakout potential up to \$27/\$28. The \$10.15B casino trades 16.5X earnings, 1.8X sales, and 5.8X cash with a 3.1% yield. MLCO sees 24.4% and then 19.8% EPS growth the next two years with revenues up 4.5% to 5.7%. Casino names are hot today on news that China's President Xi is set to announce new financial stimulus programs for the city as they look to diversify the city's economy and pull back from Hong Kong. MLCO is a key beneficiary of mass market gaming in the region with more table and machine exposure as well as a greater focus on resorts and non-gaming elements. They have tailwinds from the HKZM bridge as well as new light rail opening in the city in 2020 while upgrades to their Macau casinos is also expected to be a boost. MLCO could also pick up business in some of their smaller hubs like Manila as more junket operators move away from Macau next year. Short interest is 0.5%. Hedge fund ownership rose 7.8% in Q3. Tremblant Capital, Balyasny, and Indus Capital notable holders. Analysts have an average target for shares of \$24 with 10 buy ratings. JP Morgan positive on 12-4 seeing easier market-wide comps in 2020 as well as more attractive valuations for the mass-market centric names. Daiwa upgrading to Buy in July, the 'Crown Prince of Macau', given their extensive exposure to the region and tailwinds from city-wide changes to drive tourism.

Hawk Vision:



Hawk's Perspective: MLCO recently screened very strong for me against peers so looking good though the group is up a ton today already and had a Spotlight trade on WYNN last night.

Confidence Ranking: \$\$



Calls Accumulate in Marvell Tech into 5G Cycle

Ticker/Price: MRVL (\$25.55)

Analysis:

Marvell Tech (MRVL) buyers of 1500 May \$28 calls today near \$1.50, follows action earlier this week with May \$25 calls seeing more than 3500 add to open interest and has seen February and May calls accumulate since early November. MRVL also has plenty of January 2020 call open interest that accumulated throughout the year. MRVL shares recently pulled back to just under its 200 day MA and low-end of a six month range and putting in a strong candle this week looking to work to new highs around \$30. The \$16B Semi trades 25.2X Earnings, 5.9X Sales and has a 0.97% dividend yield. Revenues are seen accelerating in 2021 with 15.7% growth seen and EPS forecasted to rise 50%. MRVL has been seeing improving operating margins and delivers solutions to move, store and process all the world's data, and targeting the Tech infrastructure segment which is boosted by its acquisition of Cavium a few years ago. It sees storage disruptions, enterprise upgrade cycle, 5G and Data Center as key drivers of growth with an estimated TAM of \$23.5B for FY21 comprised of Storage, Networking and Arm Server. Analysts have an average target near \$30 and short interest low at 4.7% of the float. In November Wells Fargo upgraded shares to Outperform with a \$32 target noting the company is at a topping point ahead of 5G launch with increasing sales to large telecom providers ahead of 5G base stations and sees greater than 35% operating margins achievable. Argus recently boosted its target to \$30 with a Buy rating seeing strong sequential growth in Q4 with recent acquisitions and organic momentum of 5G as well as attractive valuation to peers. Hedge Fund ownership fell 31.5% in Q3 filings, Senator and Point-72 exiting positions while Whale Rock reduced.

Hawk Vision:



Hawk's Perspective: MRVL has lagged peers but looks like an intriguing value play into 2020 with some positive catalysts and May calls are fairly cheap.

Confidence Ranking: \$\$



Call Buyer in Fastenal as Momentum Picks Back Up

Ticker/Price: FAST (\$36.90)

Analysis:

Fastenal (FAST) buyers today of 1,000 May \$37.50 calls for \$2.00 to \$2.05 and follows recent buying in the January \$33.75 and \$38.75 calls as well as a more than \$1.3M purchase of the Feb. \$35 calls on 10-21 that remains in OI and pricing just below the original trade price. FAST has been a strong performer all year and flagging just below the highs at \$38 with a move higher targeting \$42. Shares pulled back to the 50-MA and cloud support recently and rebounding with MACD crossing over bullish with today's strength and RSI back above 60, ready to run. The \$20.8B company trades 24.85X earnings and near 4X sales with a 2.43% dividend, a bit rich on valuation. They see mid-to-high single digit EPS growth and steady 5-6% revenue growth through FY21. FAST reported strong November metrics last week which build upon a strong Q3 where the company eased some concerns of a more severe slowdown while margins improved. FAST is also taking more proactive measures to counter margin headwinds with price hikes to keep ahead of both the October and December tariffs. Short interest is 5.3% but down from around 10% in early 2018 and hitting seven year lows. Hedge fund ownership fell 6.5% in Q3. Ardevora a top buyer with a new 1M share position. Analysts have an average target for shares of \$78.25 with 2 buy ratings, 9 hold, and 1 sell. Argus with a \$41 PT recently citing confidence in capital return continuing to grow in 2020 as well as expectations for increased government spending on infrastructure projects outweighing tariff-related headwinds. Stephens downgrading to Neutral in October with a \$37 PT expecting some softness in the company's core manufacturing end market.

Hawk Vision:



Hawk's Perspective: FAST is a high quality operator despite its rich valuation and continues to execute very well. Shares look to have some room to move up to \$40.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

United Kingdom (EWU) with a spread today selling 3,225 January 2021 \$30 puts to buy the \$35 calls for net credit \$0.70

Semiconductor (SMH) buyer 3000 January \$142 calls to open \$2.25

Software (IGV) lagging today with 2500 May \$189 puts being sold to open \$2.75

S&P (SPY) buyer of 10,000 April \$320 calls today that adjusts March \$318 calls

Russell (IWM) buyer 5000 February \$165 calls to open \$3.67 offer earlier

REITs (IYR) buyer 30,000 June \$90/\$86 put spreads for \$1.29

Consumer Discretionary/Services

Activision (ATVI) another 2,600 January \$57.50/\$62.50 call spreads bought for \$1.32. **ATVI** with 1300 December 27th (W) \$58.50 calls bought now. **ATVI** buyers also this afternoon of 1750 January 3rd (W) \$59 calls for \$1.11 to \$1.14

Royal Caribbean (RCL) buyers of 1000 December \$123 puts for \$2.40

Nike (NKE) opening sellers of 1265 December \$96 puts from \$1.64 down to \$1.58

Las Vegas Sands (LVS) another 1000 February \$70/\$75 call spreads trading this morning for \$1.34

Shake Shack (SHAK) IV climbing with 1360 December \$61 calls bought up to \$1.20

Children's Place (PLCE) buyer of 560 March \$55 puts for \$5.16 into strength today, spread with a sale of the \$75 calls

Wynn (WYNN) higher by over 7% now on the morning and 1500 January 3rd (W) \$134 calls being bought up to \$2.30

Fossil (FOSL) buyers of 2300 OTM February \$10 calls for \$0.40, still has nearly 13,000 March \$12 calls in OI

Five Below (FIVE) buyers of 1675 December \$123 calls up to \$3 today, share basing after a small pullback and above \$125 has room back to \$136 and recent highs

Disney (DIS) buyer of the January 24th (W) \$150/\$157.50 call spread for \$1.87, over 1400 trading so far

Comcast (CMCSA) strong bounce today seeing active buyers of 2,275 January 10th (W) \$41 calls near \$2.07, will confirm OI change

Tegna (TGNA) with 1800 January \$17 calls bought \$0.40 to open big weekly flag forming under \$16.50. TGNA is a big beneficiary of the political ad cycle in 2020 expecting more than \$300M in revenue from ads

Altime US (ATUS) with 4,000 January \$23 puts sold to open this morning, \$0.20 to \$0.15

Noodles & Co (NDLS) buyer of 1000 May \$7.50 calls for \$0.50

Dave and Buster (PLAY) seeing 2126 July \$45/\$35 stock collars open with stock

Chewy (CHWY) momentum continuing and a buyer of 1000 April \$31 calls today to open \$2.75

Capri (CPRI) with a buyer of 1250 OTM May \$47.50 calls for \$1.95 into strength today

L Brands (LB) with 4,800 December \$18 calls bought \$0.65 as the weekly calls roll

eBay (EBAY) buyer 1000 Dec. 27th (W) \$34 ITM calls to open \$1.37

Take-Two (TTWO) jumpy off the afternoon lows with 3,500 December \$125 calls bought up to \$1.55 and also seeing some weekly \$124 calls actively bought

Burlington (BURL) with 925 December \$225 calls being bought up to \$3.80

Carnival (CCL) buyer of 2500 Jan. 10th (W) \$46.50 puts to open for \$1.45

Consumer Goods

Mondelez (MDLZ) buyer of 1500 February \$50 puts for \$0.66

Hasbro (HAS) with 1,250 January 3rd (W) \$102 calls bought up to \$2.90 to open today

Energy

Marathon Oil (MRO) with 2,900 December 27th (W) \$13 calls bought up to \$0.35 into strength today, working out of a multi-week range

Centennial (CDEV) opening seller of 20,000 January 2021 \$2.50 puts for \$0.50

Canadian Natural (CNQ) strong run recently and 500 June \$28 calls being bought for \$3.90 today

Magellan Midstream (MMP) opening seller of 1500 January 2021 \$55 puts today \$2.55

Schlumberger (SLB) block of 1500 January 2021 \$42.5 calls opens for \$5.30, recent upside February call spreads opened

Scorpio Tanker (STNG) aggressive buy of 1000 July \$45 calls \$3.60 to \$3.65

Financials

Keycorp (KEY) with 3200 June \$20 calls bought \$1.30 to \$1.31 to open into strength

H&R Block (HRB) IV jumpy with 1700 January \$24 calls bought for \$0.40/\$0.45 with shares back at the September lows

PayPal (PYPL) stock buyer puts on 1000 January 2021 \$110/\$90 collars

Diebold (DBD) 3500 Dec. \$10 short term calls bought \$0.35 to \$0.50 to open this morning

Mid-America (MAA) buyers of 300 June \$130 calls for \$6.00 to \$6.10 into weakness today, some recent June \$120 call buys

Blackstone (BX) buyer of 1000 June \$55 calls \$3.70 adjusts out of January 2021 \$60 calls

FleetCor (FLT) with 1,000 December \$300 puts opening \$4.50 to \$5

Wells Fargo (WFC) opening seller of 4400 February \$55 ITM puts \$2.585

Digital Realty (DLR) with 500 July \$100 puts bought \$3 today

Healthcare

Owens and Minor (OMI) seeing 6425 December \$7.50 calls roll to March \$5 calls that open for \$2.13

Akorn (AKRX) buyers of 7700 June \$3 puts for \$0.50 to \$0.55 into strength

Bristol Myers (BMY) buyer of 1850 February \$70 calls for \$0.80 and also another 5000 of the \$75 calls trading today where 11,000 opened yesterday

Aimmune (AIMT) buyer this morning of 500 February \$35 calls for \$2.90 to \$2.95, Piper with a \$60 PT recently ahead of their launch in 2020

Gilead (GILD) buyer of the February \$67.50/\$60 put spreads 1200X2400 for \$1.33 into strength

Sanofi (SNY) with 4250 January \$50 calls bought for \$0.85 today, closing 6,000 of the \$48 calls and adjusting higher

Alnylam (ALNY) seeing 1,500 December \$125 calls roll to open 1,000 January \$135 calls for \$3.20 to \$3.30

Qiagen (QGEN) with 1,000 January \$40 puts bought for \$1.65 today with long stock

Theravance Bio (TBPH) with 600 January \$22.50 calls bought today \$1.50 to \$1.70 to open today, the \$1.17B company flagging after a strong move off the lows. Cantor positive on 11-21 with a \$55 PT citing its pipeline into the 2H of 2020 and as it continues to expand on the commercial launches of Trelegy Ellipta and Yupelri

Assembly Bio (ASMB) big mover today and buyers now for 500 May \$25 calls \$2.25 to \$2.30

Supernus (SUPN) buyer 1600 March \$26 calls \$0.95 offer

BioMarin (BMRN) coiled at the 200 MA into upcoming data and shares jump here with 3000 January \$80 calls bought up to \$5.60

Innoviva (INVA) with 900 January \$12.50 calls bought today \$1.35 to \$1.45, name with some large March call buys recently

Global Blood Therapeutics (GBT) with 2,600 March \$85 calls bought for \$5.90 to \$5.95 to open today, Piper out with a \$120 PT earlier this week ahead of the Oxbraya launch

Bluebird Bio (BLUE) with 1000 December \$85/\$105 call spreads bought here for \$3.05

Dermira (DERM) up another 14% today and buyers this afternoon of 1000 December \$13 calls for \$0.91 and also seeing small buys in the \$14 and \$15 calls

Industrials

Eaton (ETN) buyer of 1000 January 24th (W) \$92.50/\$87.50 put spreads for \$1.20

Masco (MAS) buyers of 3,000 December \$47 calls for \$0.65 to \$0.70 with shares near a nice bull flag breakout. Goldman positive recently seeing 2020 as a "transformational year" as investor focus shifts to its more stable plumbing and paint segments.

Union Pacific (UNP) IV falling as 1,600 June \$135 puts sold to open around \$2.20. **UNP** also 3,000 December 27th (W) \$177.50/\$182.50 call spreads bought for \$1.30

Fed-Ex (FDX) seeing 3,000 December \$160 calls roll up to the \$165 strike today that open for \$5.20 ahead of earnings on 12-17, looks to be adding to OI

General Electric (GE) another 30,000 January 2021 \$12/\$15 call spreads bought today for \$0.88, a couple upgrades last night on the name. **GE** buyers active in June \$13 calls today as well 10,000X

CSX Corp (CSX) with 2500 Dec. 27th (W) \$74 calls sold to open

Jacobs Engineering (J) with 900 January \$90 calls bought today \$2.15 to \$2.20

Lennox (LII) with 750 June \$250/\$210 put spreads opening for \$10.20

Asbury Automotive (ABG) with 500 January \$125 calls bought for \$2.20 today with shares up 6%, big two day run after their \$1B deal for Park Place, a move they see as accretive to EPS in 2020 by \$1.25

Alaska Air (ALK) with 2000 January 2021 \$60 puts opening \$5 tied to stock

Emerson (EMR) with 3,000 January \$75 puts bought \$1.57 as some \$70 puts look to roll back in strikes

Ametek (AME) with 1000 January \$95 puts bought for \$0.95 to \$1

Dover (DOV) buyers of 1000 January \$110 puts for \$1.20

Honeywell (HON) buyers of 1000 January 10th (W) \$172 puts for \$1.59 to \$1.60

United Tech (UTX) with 1000 January \$145 puts bought \$1.72 to \$1.74

ITT (ITT) another Industrial with January put buys as 1650 January \$70 open \$1 to \$1.15

Colfax (CFX) with 2500 January \$32.5 puts opening today, another Industrial

Boeing (BA) with 1000 September \$350 puts opening \$37.50

Jet Blue (JBLU) buyer of 550 January 2022 \$17 ITM calls to open \$4.70

Materials

Ball Corp (BLL) with 950 February \$65 calls sold to open \$2.375

Lyondell (LYB) IV rising this afternoon with 2000 January \$95 calls bought aggressively to open up to \$2.70

Tech and Telecom

Liberty (LBTYK) buyer of 2800 December \$21 calls for \$0.40/\$0.45, space that continues to draw bullish flow

Alibaba (BABA) buyers of 1,000 December 27th (W) \$207.50 calls for \$3.10 to \$3.40

NeoPhotonics (NPTN) with buyers of 1,100 February \$10 calls and 985 January \$7.50 calls for \$0.90

AMD another 12,500 February \$44 calls being bought today up to \$2.15 where 14,000 have opened already this week

Microchip (MCHP) with 1325 December ITM \$102 calls bought around \$3 to open today with semis ripping higher

Sea (SE) buyers of 1450 January \$38 calls up to \$1.70 into the morning highs, consolidating range

I Robot (IRBT) strong move higher with 3,000 January 3rd (W) \$50.50 calls bought up to \$1.70 to open. Piper survey positive on 12-3 noting that the Holiday season has started strong with demand for the 17/i7+, e5 and Roomba 960 exceeded expectations

Western Digital (WDC) seeing 700 April \$55 calls bought today around \$4.40 as some \$52.50 calls roll higher, working out of a base and back above the 200-MA today

AutoDesk (ADSK) another 1,000 January \$175 puts being bought today for \$4.30 to \$4.40 into strength

Tower Semi (TSEM) with 1,000 July \$26/\$30 call spreads bought against a sale of the \$20 puts

Advanced Micro (AMD) bullish February activity continues today with the \$41 and \$44 calls trading 5000X and 13,000X respectively with buyer flow. **AMD** with 2000 April \$45 calls also bought today up to \$2.89. **AMD** also seeing 4000 of the Feb \$36 puts sold to open today

Microsoft (MSFT) with 6000 March \$165 calls being sold to open today

Avalara (AVLR) with 840 February ITM \$65 calls bought today for \$10.40, adjusting the December \$65 calls

Seagate (STX) with buyers of 1200 December 27th (W) \$56 calls bought \$3.05 to \$3.10

Nuance (NUAN) recent call activity and 1000 April \$20 calls opening \$0.50 today

American Tower (AMT) correction, the Jan. 2021 \$270 calls sold 1000X were traded with 500 of the \$200 calls bought \$24.80 in a ratio spread

Dell (DELL) with recent massive accumulation of April \$50 calls seeing 3,520 close and open 5000 April \$52.5 calls for \$3.05

Uber (UBER) trade opened 15,000 Jan. 10th (W) \$30/\$25 bull risk reversals for \$0.45 earlier today. **UBER** with 2000 Jan. 10th (W) \$29 calls bought \$1.05 to open as well

Intel (INTC) unusual buying of September \$80 far OTM calls today 7500X where 18,000 have been bought since 11/26 and 15,000 of the \$82.5 calls have opened

Huya (HUYA) with 3000 April \$15 puts sold to open \$1.025 into recent weakness

HP (HPQ) with 775 January 2022 \$17 deep ITM calls opening \$4.85 to \$4.90

Norton LifeLock (NLOK) stock replacement buys 28,500 March \$27 calls for \$1.30 with the recent M&A talk

Service Now (NOW) size buyer of 4,000 February \$270 calls from \$15.20 to \$15.60 into the recent pullback. **NOW** similar to **CRM** holding 200 MA this week

Twitter (TWTR) stock and IV moving late day with 9000 Dec. \$30.50 calls hot

Utility

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Not Investment Advice or Recommendation

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