

OptionsHawk

OPTIONS HAWK DAILY MARKET 12/17/2019

Sector Leaders

Oil & Gas

Utility

Retail

Stock Gainers

REGI 28.5%

TGE 20.75%

TA 16.5%

FF 10.8%

SSL 10.4%

WOR 9%

RICK 8%

Volatility Gainers

- TUP
- WPX
- JCOM
- PCG
- DCP
- FLXN

High Call Volume

- CLW
- TUP
- CDK
- DCP
- RPD
- CHDN

Bullish Options

- RPD
- LK
- SLB
- MMP
- LLY
- DCP
- CL
- GRMN
- RETA
- YNDX
- GDS

Sector Laggards

Biotech

Airlines

Software

Stock Losers

BOOM -18%

WVE -12.2%

NAV -9%

GOSS -9%

UL -8.6%

RCKT -7%

AMRN -7%

Volatility Losers

- LOGM
- JBL
- CHK
- CLVS
- TNDM
- HEI

High Put Volume

- JCOM
- STOR
- GKOS
- UL
- SPR
- CTAS

Bearish Options

- JCOM
- STMP
- CAR
- QRVO
- SBUX
- O
- BCS
- CLVS
- TME
- CRUS
- SPR

Market Review: Stocks were quiet overnight without a lot of incremental news and polling data being watched into Wednesday's Democratic debates. With Brexit and China Trade headwinds being removed for now markets continue to hold strong. Energy led the gainers once again while Utility and Retail were also strong. Growth sectors pulled back with Biotech and Software two of the weakest groups. We are at the stage of the rally where a lot of the laggards are working higher as portfolio managers look for Alpha, and seeing a strong bid in Energy names. Stocks traded in a narrow range most of the day while NASDAQ breadth showed more weakness than the NYSE. The schedule is very light tomorrow while Thursday we look at a few Central Bank decisions overseas.

S&P Chart:



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

Options Action Trends: In early action we saw call buyers in Midstream Energy names following the TGE buyout that followed deals for ANDX/SEMG already this year, and calls bought today in MMP/DCP. We also saw cautious opening call sales in Defense names like NOC/RTN.

What's On Tap: EIA Oil Data and Mortgage Applications.

Trade Tracker Portfolio Changes:

- 1) No Changes
- 2)



Garmin Calls Bought as Breakout to New Highs Nears

Ticker/Price: GRMN (\$97.40)

Analysis:

Garmin (GRMN) with buyers of 1,200 January \$95 calls today up to \$3.70 to open, name trading in a narrow flag after earnings in late October. GRMN has seen smaller buys in the July \$105 calls recently with short puts in the Jan. 2021 \$72.50 and \$70 strikes. Shares have run strong since mid-July after two straight strong quarters and a move above \$98/\$99 has room up to \$110. RSI is turning the corner a bit after resetting from overbought conditions and plenty of room to run. The \$18.66B company trades 22.5X earnings, 5.2X sales, and 14.5X cash with a 2.3% yield. GRMN is guiding to accelerating EPS growth in FY20 and FY21 with sales up 4-5%. GRMN is a hugely diverse company with exposure to fitness wearables, outdoor products like mapping systems, marine tech, automotive solutions, and even aviation through their autonomous flight software. The company has been busy with more than 100 product launches in the last two years and considers themselves in the early innings of automotive and aviation penetration while military applications a new area where they intend to focus on in 2020. GRMN has a deep portfolio of IP as well that gives them a tech advantage for new products well into the future. Short interest is 1.8% and near decade-lows. Hedge fund ownership rose 26.4% in Q3. Analysts have an average target for shares of \$78 with limited coverage. MSCO a Street High \$85 PT. Tigress positive on 8-16 seeing multi-year tailwinds from the FAA ADS-B mandate for air traffic control technology along with a number of new products that include fitness trainers, smart wearables, Instinct adventure watch, and its Marine ecosystem devices. Barron's positive on 11-4 noting that the company has diversified well away from automotive (just 15% of revs now vs 80% in 2007) and continues to be unaffected by the AAPL watch's growth in popularity.

Hawk Vision:



Hawk's Perspective: GRMN has been an ignored strong story for years and has grown into a higher valuation, but it continues to have strong fundamental and technical momentum, and a top name into 2020.

Confidence Ranking: \$\$



Shake Shack Calls Bought on Q4 Reset

Ticker/Price: SHAK (\$58.25)

Analysis:

Shake Shack (SHAK) with 1000 January \$57.50 ITM calls opening today near \$2.95 as December \$60 calls adjust, and SHAK has seen 1,650 of the December \$61 calls bought and 3000 March \$70 calls open in the past week. SHAK shares have corrected sharply in Q4 but now back testing near longer term uptrend support and trying to base back where the original breakout move started in 2019, shares still +30% YTD despite being down 42% this quarter. The \$2.22B casual dining company trades 95X Earnings and 3.9X Sales with its topline growing 28% in 2018 and 29.8% in 2019. SHAK is one of the strongest growth stories in the industry with plenty of room left for expansion. Its store count was around 208 as of 2018 with 124 company-operated and 84 licensed which I would note is an opportunity to move more to the franchise asset-light model the Street prefers. In 2019 it will open 36-40 new “Shacks”, its largest ever, and 2H back-weighted. It has around 50% of its Shacks in the Northeast with significant expansion potential is the US and Internationally. It also has been positioning itself uniquely in Hotels, Airports and Ballparks. Analysts have an average target of \$77 and short interest remains elevated at 15.5% of the float but down sharply from 2018 levels. RW Baird started shares Neutral with a \$66 target on 11/19 seeing well above-average growth for an extended period but tempered by valuation if comps/margin performance do not meaningfully improve near-term. SHAK announced a delivery deal with GrubHub in Q4. Wedbush lowered its target to \$75 after Q3 SSS and margins disappointed with an impact from dropping non-GrubHub delivery partners. Hedge Fund ownership increased modestly in Q3 filings, Leonard Green an interesting holder of \$110M.

Hawk Vision:



Hawk's Perspective: SHAK has been punished but I think the issues are transitory and see it still as one of the most compelling growth names in the industry, so keep an eye on a move above \$60, these Mar \$70 calls are intriguing.

Confidence Ranking: \$\$



Progressive Options Bullish as Shares Base

Ticker/Price: PGR (\$71.85)

Analysis:

Progressive (PGR) buyers of 3,400 January \$72.50 calls today up to \$1, spot where 2600 were bought yesterday and follows buyers in the January \$75 calls over 4,000X in November. PGR today also seeing 2500 January \$70 puts close today. Shares have pulled back from multi-year highs made back in April and basing around the 50% retracement of the rally at \$70.75. Weekly MACD is curling higher with a move over \$73.50 targeting the August VPOC around \$77. The \$41.87B company trades 13.16X earnings, 3X book and 9.85 FCF with strong ROE and a small yield. In December, the company announced a larger-than-expected special dividend. PGR sees mid-single digit EPS growth and double-digit growth in revenues next year. PGR is coming off a mixed quarter with better PIF in autos, a \$14.5B TAM where they have seen share grow vs peers in 2019 like Geico and Allstate. PGR continues to see upside to growth with bundling within personal lines on the P&C side. In August, they also outlined plans to invest more in the \$328B commercial market with greater exposure to areas like worker's comp, marine insurance, mortgage guarantees, and more. Short interest is less than 1%. Hedge fund ownership fell 5.65% in Q3. Viking Global a new position while Highline Capital also opening a new 485k share position. Analysts have an average target for shares of \$81. William Blair positive on 11-7 seeing potential for upward revisions to the long-term outlook and shares cheap at 11X 2020 estimates. Goldman downgrading to Neutral on 11-18 seeing shares undervalued but 2020 likely another year where they prioritize sales growth over sustaining core underwriting margins.

Hawk Vision:



Hawk's Perspective: PGR consistently screens as the highest quality name in Insurance and has reset a bit, needing to see it retake its 200 MA for a nice reward/risk trade versus the recent support base.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P (SPY) buyer of 1000 January 2021 \$313 puts to open \$18. **SPY** March \$288 puts with 20,000 opening for more than \$4.2M as the \$270 puts adjust

Russell (IWM) with 5250 January \$164 synthetic short positions opening at \$0.18 credit

Consumer Discretionary/Services

Luckin' (LK) hot early with 3000 January \$31 calls bought \$2.50 to \$2.65

Starbucks (SBUX) buyer of 1500 April \$90 puts \$4.80 to \$4.90

Stamps.com (STMP) down 3% and fading with the May \$65 puts that were bought 250X this morning up to 885X

Activision (ATVI) IV perking up again with 1,865 January 3rd (W) \$58.50 calls bought up to \$1.20 to open; also seeing 1000 of the \$59 calls bought \$0.96 to \$1. **ATVI** also seeing 3700 January \$62.50 calls and 7,400 of the \$65 calls trading

Churchill Downs (CHDN) with 600 December \$130 calls rolling to January that open for \$6.20 with shares not far from new highs

Red Robin (RRGB) with 1,000 January \$25 calls bought for \$4.80 to open, recent insider buying as well in the name that has been an activist focus all year

Electronic Arts (EA) with 500 January 2022 \$120/\$110 strangles sold for \$31.50 against long stock

Liberty (LBTYK) with 3,150 January 3rd (W) \$21 calls bought up to \$0.70 this morning into the highs

Children's Place (PLCE) with 500 March \$70 puts bought \$11.40 to \$11.80

Macys (M) afternoon buyers of 1,000 March \$17 calls up to \$1.10 into strength today

Las Vegas Sands (LVS) buyers of 1480 February \$70 calls today near \$2.12 looking to add to OI

PVH Corp (PVH) with 1400 January \$105 calls bought up to \$4 to open, some \$100 calls adjusting higher

Consumer Goods

Tupperware (TUP) buyers of 5450 January \$7.50 calls up to \$0.95 as IV pops

Colgate (CL) with 2,850 January \$70 calls bought up to \$1.15 and also 1,650 of the \$72.50 calls bought for \$0.51

Energy

Schlumberger (SLB) bullish action continues with 2000 May \$42.50 calls opening this morning \$1.95. **SLB** buyers 2000 Dec. 27th (W) \$40.50 puts looking for some near-term weakness

Magellan Midstream (MMP) with 2,000 January \$65 calls bought up to \$1.05 today after the Tallgrass deal

DCP Midstream (DCP) IV running higher early with 3,300 January \$25 calls bought up to \$1.05 to open, similar to **MMP**

Hess (HES) buyer 200 January 2022 \$70/\$95 call spreads, adjusts Jan. 2021 \$70 calls, also seeing 300 March \$65/\$55 put spreads open

Enlink Midstream (ENLC) with 1260 June \$5 calls opening \$1.10 to \$1.15 amid the M&A activity

Transocean (RIG) with 2,000 May \$6 puts sold to open for \$1 in a stock replacement, strong recently and into the 200-MA today

Devon Energy (DVN) buyers of 2,200 January \$26 calls up to \$0.43

Petrobras (PBR) with 10,000 February \$15 puts sold for \$0.51 today in a stock replacement

Antero Resources (AR) buyers of 9,000 January \$3 calls for \$0.20/\$0.25

First Solar (FSLR) with 500 February \$57.50 puts sold to open this afternoon for \$3.65 to \$3.60

Financials

Zillow (Z) buyer of 300 January 10th (W) \$43 calls here \$1.70

Citi (C) roll of 5000 January \$77.50 short calls to Feb \$80 short calls

MetLife (MET) with 2500 February \$47.50 puts sold to open \$0.62. **MET** also buyer of 500 January 2022 \$55 calls today \$4.30 to \$4.35. **MET** 5000 Jan. 31st (W) \$52.5 puts opens \$1.93 tied to stock here

Barclays (BCS) block of 4,950 January 2021 \$10 ITM puts opens \$1.30 into recent strength

PayPal (PYPL) with 1,400 January 3rd (W) \$109 calls bought \$1.51. **PYPL** also with the June \$110/\$140 call spread bought 1,000X3,000

Travelers (TRV) with 525 July \$145 calls opening \$3.55 to \$3.70 as some December \$135 calls adjust

Axis Capital (AXS) with 1,000 February \$65 calls bought today for \$0.65 with shares working out of a multi-week base

Healthcare

Glaukos (GKOS) under pressure lately but 3000 January \$50 puts sold to open down to \$0.48 here

Ultragenyx (RARE) with 500 May \$50 ITM puts opening \$10.10

Eli Lilly (LLY) higher after its 2020 guidance and the 3000 December \$124 calls opened yesterday rolling to February \$125 calls that open for \$3.43. **LLY** also with buyers 2000 April \$125 calls here \$5.35 to \$5.40

Gilead (GILD) opening sale of 2000 June \$70 ITM puts for \$7.30. **Gilead (GILD)** now with 2000 January 2021 \$72.5 puts sold to open \$11.30

Pfizer (PFE) with 3300 January 31st (W) \$40 calls opening \$0.63

J&J (JNJ) with 7000 March \$145 calls opening \$3.70 as February \$140 calls adjust

Flexion (FLXN) with 1,200 January \$20 calls bought \$1.30 to open as some December calls roll

Amgen (AMGN) with 1200 January \$240 straddles sold

Reata Pharma (RETA) with 1,000 January \$230 calls bought for \$8.90 as some Dec. calls roll, size May call spreads in OI as well

Iovance (IOVA) with 600 March \$25 puts bought \$2.55 to open today into strength

Deciphera (DCPH) with 2,500 January \$60 puts sold to buy the \$70/\$80 call spread for a net \$0.50; DCPH announced an NDA for their GIST treatment yesterday

Health Innovations (HIIQ) buyer 2000 May \$20/\$30 call spreads for \$3.29

Aimmune (AIMT) buyers today of near 1,200 January \$30 calls up to \$3.40

Centene (CNC) with buyers of 1,500 of next week's \$59 puts for \$1.15 to \$1.30

Thermo Fisher (TMO) opening sale 500 January \$320 straddles for \$11.96

Esperion (ESPR) IV rising with 1000 January \$55 calls bought \$1.55 to \$1.65 offer in a sweep. **ESPR** potential catalysts seen as Potential FDA approval of BA on Feb 21, 2020; Potential FDA approval of BA+EZ on Feb 26, 2020; Potential EMA approval of BA and BA+EZ in Q2 2020; RoW partnership announcement by 2020

Adamas (ADMS) into a 45% move lower seeing 2000 June \$7.50 calls bought this afternoon \$0.45 to \$0.70

Cerner (CERN) with 1500 June \$75/\$62.5 bull risk reversals opening \$2.02

Aurinia Pharma (AUPH) buyer of 3000 April \$25 calls \$2.10 as 1500 of the \$20 calls adjust

Exact Sciences (EXAS) with 2000 January \$92.50 puts opening as the \$90 puts adjust. **EXAS** also with 400 July \$90 puts opening \$11.05 to \$11.25

DexCom (DXCM) sweep buy of 235 January 2021 \$300 calls \$15.10

Intuitive Surgical (ISRG) lot of 300 January 2021 OTM \$780 calls opening \$16.10, looks to be writing against a stock position

Pfenex (PFNX) strong momentum name and rising off day lows after 700 January \$7.50 ITM calls opened for \$4.70 adjusting out of December. The \$380M Biotech focused on protein therapies in unmet needs with PF708 its lead candidate for osteoporosis. Cantor started shares Overweight in October with a \$20 target as a compelling investment into 2020 seeing value to be unlocked over the next 12-18 months through data readouts. JMP in September with a \$17 target citing its lead candidate progressing towards approval and potential Q4 commercial launch.

Industrials

FleetCor (FLT) high quality name set up just below new highs seeing 1100 January \$290 puts sold to open for \$3.90

Avis Budget (CAR) another 500 May \$35 puts bought \$5.50 today where 5,000 opened yesterday

Lockheed (LMT) with 1150 January \$400/\$405/\$370/\$365 iron condors opening today

LKQ Corp (LKQ) seeing 2000 February \$37.5 calls active \$0.70 to \$0.80. **LKQ** an activist situation with Value Act recently disclosing a stake

Fed-Ex (FDX) buyer 1350 January \$170 calls for \$4.05 as December \$165 adjust

Tesla (TSLA) with IV declining in March all morning as the \$410 ITM puts being sold to open near \$50.75 for over 2000 contracts

Winnebago (WGO) buyer of 500 January \$45 calls \$4.70 to \$4.90, earnings 12-20

AerCap (AER) opening sale 1000 January \$62.5/\$60 strangles for \$1.65

Generac (GNRC) with 400 January \$97.50 calls opening for \$5.02, adjusting some December calls into strength with the California blackouts

Spirit (SAVE) with 3,000 March \$42.50 calls bought for \$2.28 as 1,500 December \$37.50 calls close and adjust higher. **SAVE** March \$42.50 calls up over 5000X now with another block at \$2.40

United Tech (UTX) with 1500 March \$145 puts opening \$4.45 tied to stock

Raytheon (RTN) with 2400 February \$230 calls sold to open \$2.42

Northrop Grumman (NOC) opening sale 1000 February \$365 calls \$4.40, similar to action in **RTN**

Spirit Aero (SPR) with 3000 January \$75 puts opening \$2.29 as the December puts bought yesterday adjust, the Boeing 737 Max issues weighing

Skyline (SKY) buyer 800 February \$33/\$37 call spreads for \$1.25 into weakness

Hertz (HTZ) with 1400 July \$19 ITM puts opening \$4.10

United Parcel (UPS) with 850 January 24th (W) \$120 calls bought up to \$2.99

Materials

Clearwater Paper (CLW) trader rolling 1,750 January \$22.50 calls out to April that open for \$2.30

Barrick (GOLD) another 2900 February \$19 calls bought today where 10,000 opened yesterday

DuPont (DD) with 1200 July \$55 puts sold to open \$2 into weakness

Archer Daniels (ADM) with 560 June \$42/\$40 bull risk reversals opening for \$4.55 as some December calls close

Owens Corning (OC) with 1,000 ITM January \$62.50 calls sold to open for \$3.30 to \$3.10. **OC** also with 500 February \$62.5 calls sold to open for \$4.50

Berry Global (BERY) buyers of 1,000 June \$55 OTM calls for \$1.50

BHP Billiton (BHP) with 1,200 May \$60 calls bought up to \$1.10, some December calls adjusting out

Tech and Telecom

Rapid-7 (RPD) unusual action off the open with 1070 February \$65 calls being bought \$1.30 to \$1.35

Far-Fetch (FTCH) with 1275 April \$9 puts sold to open for \$1

J2 Global (JCOM) IV up sharply with January \$95 puts opening 1000X aggressive/sloppy orders up to \$6.20. **JCOM** still has 3000 Dec. \$95 puts in OI as well

Microsoft (MSFT) February \$155 calls active with buyers this morning as 4,350 are trading versus OI of 7,174, will confirm OI tomorrow

Qorvo (QRVO) buyers active for 1900 January \$110 puts \$1.85 to \$1.90 after a big run in shares, similar to **SWKS** yesterday

GDS Holding (GDS) with 500 December \$45 calls rolling to March \$47 calls that open for \$5.05. **GDS** March \$47 calls are up to 2000X

CrowdStrike (CRWD) seeing 470 OTM June \$60 calls bought to open today \$4.30 with a nice base forming above \$46, and action up to 1250X now

Netflix (NFLX) with 2500 January \$320 straddles sold today, while seeing 1000 Jan. 24th (W) \$340 calls bought to open. **NFLX** bullish trade sold 1,450 April \$305 puts to open \$21.60

CDK Global (CDK) with 1700 May \$55 calls rolling to the \$60 strike

FitBit (FIT) trade opens 500 May \$7/\$5 bear risk reversals as deal has drawn some scrutiny

Yandex (YNDX) with 2000 January 2021 \$42 calls opening \$6.80 and 2000 of the deep ITM \$15 calls opening \$28.25

Intel (INTC) continues to flag under the April highs and seeing 2200 July \$57.5/\$52.5 bull risk reversals open today for \$1.88 debit

HubSpot (HUBS) seeing some December \$155 calls roll to 465 January \$165 calls today that open for \$2.78 to \$2.84

American Tower (AMT) buyer of the July \$220/\$250 call spread 450X900 for \$5.75 net debit with shares back at the 200-MA and basing since early November

Tencent Music (TME) fading off morning highs with 2000 April \$11 puts bought \$0.55 offer in a sweep earlier

Qualcomm (QCOM) with 5,000 of next week's \$88 puts bought up to \$1.30 to open

Cirrus Logic (CRUS) buyer 500 January 2021 \$65 puts \$6.20 offer

Utility

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