



MARKET RECAP REPORT 12/17/2020

Sector Leaders

Materials

Utilities

Tech

Stock Gainers

FUBO 17.5%

MP 16%

SUMO 14%

MIC 14%

MDB 10%

NNOX 10%

Volatility Gainers

- MEIP
- TRIT
- ARDX
- DS
- MVIS
- ENDP

High Call Volume

- FUBO
- INFN
- REAL
- MLHR
- MT
- MP

Bullish Options

- NFLX
- INFN
- BHC
- MA
- PENN
- TECK
- FCX
- LTHM
- PLUG
- PHM
- CZR
- TG

Market Review: Stocks moved to record highs overnight and held gains into the open on further optimism for Fiscal Stimulus, while the USD continued to weaken, and Wednesday's Fed commentary was fully digested. In morning data November Housing Starts beat estimates, Jobless Claims once again came in higher than expected, and Philly Fed missed estimates. It was a broad-based advance early on Thursday with most sectors positive – energy was a laggard. Housing was strong after the Lennar numbers and positive commentary on the demand environment. The dollar continued to fall today, down around 75 bps and lowest spot since early 2018. It's a fairly quiet macro calendar currently and likely stays that way into the Holiday and year-end with the two big areas, stimulus and the vaccine, both well-known and likely priced into the move lately.

S&P Chart:



Resistance	Support
3,680	3,520
3,855	3,400
4,000	3,365

Options Action Trends: We saw bullish flow in casino stocks early with **PENN, CZR** and **WYNN**. There was bullish flow in the hot fuel cells sector with **BLDP** and **PLUG**. Call buying was active in metals again with **MT, SSRM**, and **SBSW**.

What's On Tap: Fed Speakers and December Options Expiration.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **FCX** February \$24 Calls \$2.30 – No Fill

Sector Laggards

Energy

Financials

Healthcare

Stock Losers

MLHR -11%

HZNP -10%

NVTA -8%

IQ -5%

KURA -4%

APHA -4%

Volatility Losers

- ZYNE
- RIGL
- EOLS
- GPRO
- RAD
- MSTR

High Put Volume

- NOG
- FOLD
- SUMO
- NUVA
- UNM
- VST

Bearish Options

- JWN
- ROKU
- NOG
- FOLD
- HBI
- SFIX
- UNM
- SPGI
- FUBO
- T
- RAD
- CRTX



FEATURED OPTIONS RADAR REPORT



AstraZeneca Put Sales Active into Weakness Following Alexion Deal

Ticker/Price: AZN \$50.93

Analysis:

AstraZeneca (AZN) a lot of bullish flow this week after shares fell following their deal for Alexion (ALXN) including sellers of the July \$50 and \$45 puts on 12/16 and follows the April \$45 puts sold over 4850X on 12/14 as well and buyers were active for the January 2023 ITM \$40 calls for \$13.60. AZN has 2800 April \$55 short puts and 19,000 January \$57.50 calls in open interest. Shares gapped down to \$50 support, an area that has held up earlier this year and the 50% retracement of the early-year rally. There's a gap above the 8-EMA back to \$54 and continuation of the longer-term trend. The \$133B company trades 17.2X earnings, 5.2X sales, and 15.8X cash. AZN made a splash this week with their deal for ALXN which gives them much-needed diversity in their portfolio, near-term cash flows, and strong revenues with about \$6B expected in year one. The deal also has plenty of room for upside as AZN will likely take Ultimoris and Soliris into areas like China where they don't have a big foothold. Elsewhere, AZN should have further data for their COVID vaccine soon and expectations have fallen a bit recently, so potential for an upside surprise as it has functioned well at a lower dose in early trials and is easier to manufacture and distribute than Pfizer's. Analysts have an average target for shares of \$90. MSCO upgrading to Overweight on 12/7 noting that the company remains on track to deliver on its fiscal 2020 targets given underlying sales strength and a diversified product portfolio while fiscal 2021 earnings risk is skewed to the upside. Hedge fund ownership fell 11.5% in Q3, Winslow Capital remains a top holder with 5.8M shares.

Hawk Vision:



Hawk's Perspective: The ALXN deal likely turns out to be a big winner **AZN** from both an earnings and R&D perspective – although I do feel there's some risk to a competing bid at the \$39B price point – and it feels like the market is ascribing little value to their COVID trials. It needs to stabilize a bit more but worth a shot if the recent low can hold up.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Tractor Supply Put Sales Show Confidence in Strong Brand, Long-Term Value

Ticker/Price: TSCO \$144.23

Analysis:

Tractor Supply (TSCO) with 500 January 2022 \$150 puts sold to open on 12/16 for \$1.1M, sizable trade and name that still has the April \$135/\$160 call spread in open interest 1600X2100 from earlier this Fall. TSCO also has 850 April \$100 short puts in open interest. TSCO was a chart highlight last week and starting to work out of a multi-week base after pulling back just above the 200-MA. A small gap to be filled here up to \$150 and breakout higher targets \$185. The \$16.5B company trades 22.3X earnings, 1.66X sales, and 14.8X cash with a 1.1% yield and mid-teens growth. TSCO is the US's leading rural lifestyle retailer and thriving in 2020 given their strong omnichannel presence and structural shift away from urban areas. They see a massive opportunity longer-term from trends like rural revitalization and homestead sanctuary and estimate they've penetrated just 10% of a \$110B TAM. They plan to aggressively expand over the next decade with 2,500 stores possible, up from 1904 now. TSCO is coming off a strong quarter posting 26.8% comps and growth in their club membership topping 17.5M. They're also seeing broad-based margin expansion as they pullback on promotions and clearance activity. Analysts have an average target for shares of \$137.50 and a Street High \$180 from BAML. RBC positive recently noting the company has tailwinds from new customer acquisitions, the "Retail Lift" and rural migration. Baird says the company is making moves to benefit it beyond the pandemic and wisely reinvesting aggressively to strengthen their already considerable competitive advantages. Short interest is 3.89% and down from around 7% this Summer. Hedge fund ownership rose 22% in Q3.

Hawk Vision:



Hawk's Perspective: TSCO is a high-quality company with a really big opportunity long-term, a bright spot among the retail space. If you didn't get involved earlier this week with the chart setup, one to watch for a re-test of the rising 8- or 20-MA

Confidence Ranking: \$\$

Market/ETFs

Gold Miners (GDX) buyers active for 10,000 Dec. 24th (W) \$36 calls for \$1.22 to \$1.24

Nasdaq (QQQ) buyer of the February \$312/\$324 call spread 10,000X20,000 for a net credit. **QQQ** also with the January 29th (W) \$288/\$272.50 put spread opening 13,450X11,575

Silver (SLV) the April \$26 calls bought 10,000X today for \$1.99 and being spread with the \$30 calls which may be adjusting back

Consumer Goods

Nordstrom (JWN) the March \$30/\$25 put spread bought 2,200X for \$2.20

Macys (M) with 13,000 December 31st (W) \$11 calls bought \$0.24 to \$0.30

Wal-Mart (WMT) large spread sells 6770 February \$155 calls to buy the \$135 puts for a net credit, likely collaring stock

American Eagle (AEO) earlier sale of 3400 December 31st (W) \$18 puts to open, retailer that has seen a lot of bull flow lately

Fiat (FCAU) the June \$17.50 puts sold to open today 5000X from \$1.65 to \$1.60, expecting their merger to close in early 2021

Chewy (CHWY) with 2,000 December 31st (W) \$100 calls bought today up to \$3.95

Philip Morris (PM) stock replacements are buying 1600 January 2022 \$85 calls for \$7.35 to \$7.40 today

Ambev (ABEV) with 7,500 January 2023 \$2.50 calls bought today for \$1.30

Costco (COST) buyer of 1000 January 8th (W) \$372.50 calls for \$6.41 today, adjusting some Dec. calls into December sales on 1/6

Consumer/Business Services

Penn (PENN) Dec. 31st (W) spreads adjusting, and opening a new one selling 2500 of the \$80 puts to buy the \$90/\$105 call spreads

CarMax (KMX) with 1200 December 31st (W) \$102/\$110 call spreads bought for \$2 ahead of 12-22 earnings, although lower in each of its last 5

Etsy (ETSY) with 2,000 January 2023 \$230 calls bought today for \$42 in a stock replacement

Cedar Fair (FUN) with 525 June \$35 calls bought for \$7.70 to open today, follows the bullish spreads in **SIX** earlier this week

World Wrestling (WWE) with 1150 February \$50 calls bought for \$2 to \$2.05

The Real Real (REAL) with 1000 January \$20 calls bought for \$1.10 today

Caesar's (CZR) with 2,500 January 2022 \$60 puts sold to open for \$10.45 in a stock replacement

Wynn (WYNN) buyers of 900 June \$100 calls for \$26.67, being spread with the \$130 calls which may be adjusting back

Cinemark (CNK) with 4,000 January \$10 ITM calls bought for \$6.07, adjusting some December calls out

Stitch Fix (SFIX) with 2,250 February \$70 puts bought \$7.55 to \$7.90 today into strength

GSX Techedu (GSX) with 2500 March \$60 puts opening today for over \$3.5M

Energy

Northern Oil (NOG) buyer of 4,000 January \$9 puts for \$0.95, adjusting the January \$8 puts back into strength

Devon Energy (DVN) with 1,000 January 2022 \$14.74 puts sold to open today for \$3.55

Ballard Power (BLDP) with 1,500 January 2022 \$22 puts sold to open for \$7.90 today and separately 1,000 January 2022 \$20 puts sold for \$6.50

Plug Power (PLUG) with over 20,000 January \$35 calls bought today up to \$2.06. **PLUG** also seeing 1600 January 2022 \$42 calls bought today for \$8.32, adjusting higher the \$30 calls

Schlumberger (SLB) with 10,000 March \$25 calls being bought for \$1.51 to \$1.53

Financials

MasterCard (MA) Dec. 24th (W) \$345 OTM calls hot with 3200X bought up to \$2.30 from \$1.98

Navient (NAVI) with 500 September \$7.50 calls bought for \$2.40 to \$2.50 today, follows bullish flow into SLM earlier this week

Green Dot (GDOT) with 500 June \$50 puts sold to open today between \$5 and \$5.10, popular strategy in the name this year and basing nicely under recent highs

S&P Global (SPGI) with 680 February \$290 calls sold to open today, ITM from \$35 to \$33.40

Social Cap B (IPOB) with 1,000 May \$40 calls bought for \$3.90, spread with a sale of the February \$15 puts for \$0.80, soon to be **OpenDoor**

Unum (UNM) buyer of 3600 June \$22.50 puts for \$3.30, adjusting some March puts back into strength

Banco Bradesco (BBD) opening sale of 15,000 June \$5 puts for \$0.51 today

Citi (C) opening sale of 4000 February \$55 puts for \$1.85

Stone (STNE) with sellers into the highs for 2,000 OTM February \$90 calls for \$3.50

Chubb (CB) with 1,000 January \$155 calls sold to open today for \$3.50

Schwab (SCHW) with 5,000 March \$55 calls sold earlier for \$2.07 in a buy-write

Carlyle (CG) active February \$31 and \$32 calls opening today with December adjustments, on a strong run

Bank of America (BAC) earlier with 25,000 February \$26 puts sold to open \$0.56 as December \$28 calls closed

Healthcare

Bausch Health (BHC) shares moving today with 2,200 July \$23 calls bought for \$2.11 to \$2.20. **BHC** the July \$22 calls also being bought today 1400X for \$2.63

Nektar (NKTR) with 2000 February \$22 calls bought for \$1

Quidel (QDEL) with 500 January \$195 calls bought for \$17.30, adjusting some Dec. calls

NanoString (NSTG) with 890 January \$60 calls bought for \$12.90 today, adjusting the December \$50 calls

LivaNova (LIVN) stock replacement buys 500 January \$65 calls for \$5.60, big monthly base breakout this week

Hill-Rom (HRC) with buyers of 1000 January \$100 calls today for \$2.50 to \$2.70, tight flag forming around its 200-MA

Sarepta (SRPT) with 600 January \$200 calls bought \$10.50 to \$10.60, more bullish flow after yesterday's spreads

Alexion (ALXN) buyer of the February \$175/\$190 call spread today 1000X for \$1.60

Viking Therapeutics (VKTX) with 1,150 February \$5 calls bought \$2.16 as some December positions adjust

Galapagos (GLPG) weak today again but 1000 July \$90 puts being sold to open for \$10.80 to \$10.70. **GLPG** highs of the session and another 1000 July \$90 puts sold to open for \$10.30/\$10.20

Global Blood (GBT) opening sale of 1,000 February \$40 puts for \$2.35 to \$2.20

Horizon (HZNP) spreads selling 3000 May \$55 puts to buy the \$75/\$95 call spreads into the weakness from the news this morning

Inovio (INO) with 1850 January 2023 \$5 calls bought earlier \$7 to \$7.15

Novavax (NVAX) stock replacement sold 1000 April \$100 puts \$22.75

Fibrogen (FGEN) the January \$47.50/\$65 call spread being bought 1000X for \$4

Anika Therapeutics (ANIK) seeing 8000 December \$40 short calls adjust to the June \$55 calls that open for \$2.90

CIGNA (CI) with 4500 January \$200 synthetic short positions opening at net credit of \$2.05

Masimo (MASI) with 600 February \$275 calls opening \$11.50 as December \$250 adjust

Industrials

Pulte (PHM) with 6,500 July \$44 calls bought up to \$6.50, nice multi-week wedge breakout today

Macquarie (MIC) with 10,000 January \$40/\$32.50 bull risk reversals bought today for \$0.30

Air Lease (AL) with 2,250 January \$45 calls bought today up to \$1.50, nice flag forming and benefits in 2021 from an aerospace recovery

Kansas City Southern (KSU) with 1,000 January \$190 puts sold to open today for \$3.20 to \$3.00, M&A talk about the name earlier this Fall

United (UAL) with 1250 June \$45 puts sold to open today for \$7.52

Carnival (CCL) today with opening sales of 1,275 January 2023 \$22.50 puts around \$8.20

Boeing (BA) the January 2022 \$225 calls bought 1500X for \$44.40 to \$45.25, adjusting back some \$230 calls

Virgin Galactic (SPCE) the January \$27/\$34 call spread being bought 4000X today into weakness

Materials

MP Materials (MP) higher by 13.5% today after large ITM put sales this week and today 600 December 2021 \$40 calls being bought \$9.20 to \$9.30

Teck Resources (TECK) with a buyer of 1700 January \$19 calls for \$1.06, seeing 1700 December 31st (W) \$18 calls adjust higher

Weyerhaeuser (WY) rising with 7000 January \$37 calls bought \$0.38 to \$0.50

Livent (LTHM) nice bull flag and a buyer of 2500 July \$25 calls to open for \$1.90

Tredegar (TG) unusual size for the name today as 1500 June \$17.50 puts are sold to open for \$2.05 in a stock replacement, small-cap materials company focusing on polyethylene plastic films

SSR Mining (SSRM) with 2450 January \$17 ITM calls being bought today around \$3.40, although smaller lots, \$4B Canadian metals play that is trying to break out of a wedge

Sibanye (SBSW) with 2,500 February \$17.50 calls opening today for \$1 as the January \$15 calls close and roll up, gold miner highlighted earlier this Fall whose CEO is looking for deals

Arcelor Mittal (MT) buyer of the March \$24 calls 1000X for \$2.80 to \$2.92 into strength, a couple steel names raising guidance this morning

CEMEX (CX) nearly 3000 January 2022 \$4.50 puts selling to open \$0.75

VALE SA (VALE) buyer 5000 June \$19 calls \$1.25/\$1.26 this afternoon

Tech and Telecom

Netflix (NFLX) buyer of 1000 February \$550 calls \$29.50 to \$31 in the opening minutes

Roku (ROKU) early buy 1000 January \$350 puts \$23.70 into new high move

Infinera (INFN) shares popping with 1500 July \$11 calls bought up to \$2.10, bullish flow all week in the name

Snap (SNAP) buyer 3000 February \$60/\$65 call spreads for \$2.21

Five-9 (FIVN) with 450 January \$170 calls opening for \$10.60 today, adjusting some Dec. \$155 calls bought on 11/19

Lattice Semi (LSCC) buyer of 750 February \$45 calls today for \$3.20 as some Dec. \$35 calls from mid-October roll

Cree (CREE) buyers of the Dec. 31st (W) \$91 calls for \$4.40 today, near 700X and the Dec. 31st (W) \$100 calls active again, 3500X.
CREE the Dec. 31st (W) \$100 calls noted earlier now up to 5,500 on the day with buyers here at \$2.50, name with a lot of odd OTM call buying lately

FuboTV (FUBO) with 3,000 January \$35/\$25 put spreads bought for \$4.99 into strength

Kingsoft (KC) buyers earlier of 2,000 January \$50 calls for \$2.55 to \$3 to open, play on cloud growth in China

Cornerstone OnDemand (CSOD) with 1000 January \$45 calls opening for \$1.85 today, adjusting some Dec. calls out

Palo Alto (PANW) with 1800 January 2023 \$380 calls bought for \$42 to open

Alibaba (BABA) buyers of 2,000 March \$295 calls today for \$7.35 to \$7.50

Inseego (INSG) opening sale this morning of 1,500 March \$12.50 puts for \$1.86, strong move last week

Unity (U) the May \$135 puts being sold to open today in stock replacements, 1300X between \$27.90 and \$28.30

Pinduoduo (PDD) also with the June \$150/\$100 put spread bought 900X for \$22.25

Palantir (PLTR) buyer of 1000 May \$28 puts for \$8 into today's move higher

Jumia (JMIA) with 1200 May \$32 puts bought around \$7.50 today, tied to stock

Tencent Music (TME) with the July \$20 calls sold to open today 3500X for \$1.49

Flextronics (FLEX) buyers today of the January \$17 calls from \$1.25 to \$1.35, over 5300X, strong stock since October with rumors of a potential split

Digital Turbine (APPS) with buyers active for the January \$60 calls today from \$2.35 up to \$3, over 3200 trading on the day

Twitter (TWTR) with 2300 January 22nd (W) \$54 puts sold to open for \$2.73, stock replacement

Weibo (WB) buyers active all day for more than 3,000 July \$50 calls between \$3.40 and \$3.50

ZoomInfo (ZI) with 1150 April \$40 puts sold to open for around \$5 today, basing nicely and showing confidence in it

Utility

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