



MARKET RECAP REPORT 12/18/2020

Sector Leaders

Solar

Software

Tech

Stock Gainers

MGNI 18%

JKS 15%

DMTK 15%

FEYE 14%

TISI 13.5%

TENB 13%

Volatility Gainers

- AMPE
- SNDL
- JMIA
- FEYE
- BCLI
- SURF

High Call Volume

- MGNI
- FEYE
- FUBO
- QS
- CYBR
- ATI

Bullish Options

- FCX
- LI
- WDC
- UNH
- VALE
- CRM
- FSLY
- MTCH
- TGT
- CHL
- SNDX

Market Review: Stocks held gains well overnight and were higher into the open after a strong week as a \$900B Fiscal Stimulus nears completion and further vaccine optimism after the FDA approved Moderna's version. The BOJ stayed the course and no major news from the meeting. The M&A market remains hot into year-end with BioTelemetry bought in Med-Tech and PPG doing a deal in Coatings. Markets pulled in off highs early, a bit exhausted from the recent run and China relations making a comeback as a headwind. Software was hot with cyber-security particularly strong with hacking in focus, while Solar also climbed with Biotech, solid day for growth stocks but event he NASDAQ reversed lower into the afternoon with profit taking. Energy and Metals pulled back with the USD rise and Banks & Transports also weak in a very bifurcated session. The afternoon session was quiet, Tech held up while other sectors were weak, and only a few trading days left in 2020 with the schedule slowing the rest of the year.

S&P Chart:



Resistance	Support
3,855	3,610
4,000	3,520
4,140	3,400

Options Action Trends: Call buyers were hot for Chinese EV names **XPEV, LI** in early action. There was unusual speculative upside January call buys in Midstream plays **AM, MPLX**.

What's On Tap: Looking ahead to next week the schedule will be very quiet as we head into a Holiday shortened week, developments on the Fiscal Stimulus and Brexit fronts remain the focus. On Monday we get Chicago Fed, on Wednesday Income & Spending, and Thursday Durable Goods Orders and Jobless Claims.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **FCX** February \$24 Calls \$2.30 – No Fill
- 2) Closed **WDAY** Call Spreads \$10.80 (Opened \$6.25)

Sector Laggards

Energy

Metals

Transports

Stock Losers

MESO -34%

BB -13%

SCHL -9.6%

FREQ -8.5%

CDE -8%

CAMP -7%

Volatility Losers

- BEAT
- SNDX
- MYOV
- RAD
- MARA
- AUPH

High Put Volume

- NBIX
- ENDP
- TRIL
- MTG
- AUDC
- CHKP

Bearish Options

- YNDX
- INTC
- YETI
- DD
- RPD
- LOW
- SPWR
- IQ
- ANET
- USFD
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FEATURED OPTIONS RADAR REPORT



Unusual Upside Bet in Small Lithium Producer

Ticker/Price: LTHM (\$16.79)

Analysis:

Livent (LTHM) with an unusual large aggressive buy of 2500 July \$25 calls for \$1.90 on 12/17 with shares trading \$16.80, looking for a lot of upside, and a name that saw April calls accumulate in November. LTHM shares have been riding the 21-day moving average higher and currently flagging under recent highs looking to move to a new trading high going back to its debut in 2018 and this leg should extend to \$20 near-term. LTHM was formerly part of **FMC (FMC)** and spin-off was back in 2018. LTHM is a pure-play, fully integrated lithium company, with a long, proven history of producing performance lithium compounds. Its primary products, namely battery-grade lithium hydroxide, lithium carbonate, butyllithium and high purity lithium metal are critical inputs used in various performance applications. In the EV market it is one of a small number of lithium suppliers whose battery-grade lithium hydroxide has been qualified by customers for use in their cathode material production processes. LTHM is also a vertically integrated producer with low cost deposits from Argentina. The EV market is seen growing at a 32% CAGR through 2025 and Lithium demand seen growing seven-fold in that timeframe. LTHM has a market cap of \$2.6B and trades 9.2X Sales and 41X FY21 EBITDA. Forecasts see revenues growing around 20% per year the next two and EBITDA seen climbing to \$106M in 2022 from \$24.5M in 2020 (was \$99.8M in 2019). Analysts have an average target of \$14 and short interest high at 20% of the float. Loop Capital raised its target to \$21 last week citing a broader footprint, ramp in capacity and recovery in pricing & margins. Citi upgraded to Buy in November with a \$16.50 target seeing lithium supply/demand tightening over the next two years as the inventory overhang evaporates mid-2021 and pricing should inflect in 2022. Hedge Fund ownership rose 4% in Q3 filings.

Hawk Vision:



Hawk's Perspective: LTHM looks great with this set-up and can see the Lithium pricing story as a key catalyst, so a trend to look at participating, though **ALB** a higher quality play in Lithium.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Size Bullish Bets on Microsoft to Start 2021 Strong

Ticker/Price: MSFT (\$219.25)

Analysis:

Microsoft (MSFT) this week in focus for bullish trades in February expiration with 10,000 February \$215 calls added on 12/15 for over \$10M, the February \$240 calls bought 45,000X on 12/16 for over \$16M, and on 12/17 the February \$235 calls bought over 5000X for \$3M. MSFT has been a technical set-up in focus with a weekly consolidation triangle forming, a move above \$220 sets up for a run to new highs at \$250. The \$1.63 trillion Tech leader trades 29.35X Earnings, 48.5X FCF and 11X Sales with a 1% dividend yield. MSFT forecasts see 10.7% topline growth in 2021 and 11% in 2022 after 13-14% growth the last two years while EPS seen rising 17% in 2021. MSFT's Azure continues to post impressive numbers with it a leading cloud provider while Office 365 and the upcoming gaming cycle for the XBOX also positive drivers. MSFT could be looking to put some cash to work as well, its large deal for LinkedIn now way in the past. Analysts have an average target of \$240 and short interest minimal at 0.5% of the float. MSCO raised its target to \$260 this week seeing upside after a few quarters of tough comps and mixed metrics. BAML recently reinstating at Buy with a \$256 target seeing room for margin expansion and low double digit growth sustainable for another 3-5 years driven by Azure adoption, cloud-based Office 365, and a more profitable Games division. Barclays an interesting note on 11/12 noting MSFT has a \$30B hidden asset in Security, a division it has built out an expansive offering. OpCo upgraded to Outperform with a \$260 target on 11/5 as a lead beneficiary of digitization efforts by companies. Hedge Fund ownership declined 2% in Q3 filings.

Hawk Vision:



Hawk's Perspective: MSFT has a great set-up and triggered out of this narrow zone earlier this week, the February calls look likely to pay off on the way to \$250.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P (SPY) buyer 1170 May \$374 calls for \$16.40. **S&P (SPY)** buyer of 21,250 January \$378 calls for \$2.85 today rolling out of some Dec. 31st (Q) calls

NASDAQ (QQQ) buyer 5000 April \$245 puts to open near \$4, far OTM. **NASDAQ (QQQ)** block of 7000 January 2022 \$310 calls opened for \$32.02 in a stock replacement, and a block of 8000 January 2023 \$350 calls opened in another trade \$26.54

Russell (IWM) with 6500 Jan. 22nd (W) \$202 calls opening around \$2.5M as January \$196 adjust

Semiconductor (SMH) with 10,000 May \$190 calls opening as February \$175 adjust

MSCI EAFE (EFA) buyer 7500 December 2021 \$65 puts \$3.20

Treasury (TLT) spreads in June 2021 selling 2500 of the \$170 calls and buying \$150/\$137 put spreads

Emerging Markets (EEM) trade closing 23,419 Dec. 2021 \$39 calls and opening the \$48/\$25 bull risk reversals, also the \$54 calls with 9,367 opening for \$3.06

Alternative Harvest (MJ) the Cannabis ETF, with 5500 January \$17 puts opening as December adjust

Oil & Gas (XOP) afternoon opening sales 1200 January 2023 \$60 ITM puts \$15.50

Consumer Goods

Kimberly Clark (KMB) with 2000 Dec. 24th (W) \$136 calls being bought \$1.25 to \$1.30

Peloton (PTON) with 2400 March \$100 puts bought \$4.32 to \$4.35, also seeing 1775 of the \$160 calls bought adjusting from January \$135

Mondelez (MDLZ) with 2000 February \$60 calls sold to open as Dec. \$57.5 short calls adjust, may be extending a buy write

Consumer/Business Services

Darden (DRI) after earnings with 2350 January \$105 puts being sold to open \$1.65

Target (TGT) with 500 January 2022 \$175 put sold to open for \$24.30. **TGT** buyer of 4882 February \$175 calls for \$5.47, adjusts a January ratio spread

Team (TISI) with 6000 June \$12.50 calls opening \$2.95 as the \$10 calls adjust

The Gap (GPS) with 7500 Dec. 31st (W) \$20.50 calls bought \$0.65 to \$0.70

Lowe's (LOW) with 700 March \$165/\$140 put spreads bought to open

World Wrestling (WWE) with 1000 April \$50 calls sold to open for \$3.25

Chipotle (CMG) rarely with large trades and tough to catch with the low contracts often being high dollar value, interesting one this morning bought 100 January 2022 \$1780 calls \$93.40 with stock at \$1422, \$930K purchase

Disney (DIS) stock replacement opens 1250 May \$190 calls \$9.92

Wynn (WYNN) trading 2400 Dec. 31st (W) \$117/\$123 call spreads to open

Carnival (CCL) with 2100 Dec. 31st (W) \$18 ITM calls opened earlier today \$3.80 to \$3.85

CarMax (KMX) reports on 12-22 and today seeing 2000 next week \$110 calls sold to buy January \$110 calls in calendar spread strategy

Doordash (DASH) strong candle to close the week with reversal and afternoon buy of 400 May \$240 max strike calls \$16.30 offer to open

Energy

MPLX LP (MPLX) unusual buying of 2000 January \$24 calls aggressive on \$0.70 offers, potential Midstream M&A target

Canadian Solar (CSIQ) calls hot with the breakout, next week \$47 with 2400X bought and 1250 April \$50 trading

Antero Midstream (AM) another midstream with upside January speculative call action, the January \$12.50 calls bought 3400X at \$0.45

Plug Power (PLUG) strong pattern and performance this week, large buy of 3600 January \$36 calls this morning \$2.10 offer in a single lot

SunPower (SPWR) drops off highs with 12,500 February \$29 puts bought up to \$6.20

Chevron (CVX) opening sale 3000 January \$87.50 straddles for \$7

Scorpio Tanker (STNG) jumps with 2000 April \$13 calls bought \$1.45 to \$1.60, a name management has been known to buy call options in

Ballard Power (BLDP) January spreads selling 1,425 of the \$20 puts to buy \$23/\$25 call spreads

Financials

Root (ROOT) still basing since IPO pullback, recent January opening put seller, and today 1700 February \$20 calls bought \$1.05, insurance disruptor

US Bancorp (USB) buyer 1000 June \$45 puts for \$4.40 to \$4.45

Healthcare

United Health (UNH) consolidating since November seeing 900 January 2022 \$450 OTM calls bought aggressive to open \$9.50 offers

Global Blood (GBT) volume continuing now and 1,000 June \$35 puts sold to open for \$3.40 to \$3.30, follows the March \$30 puts being sold 3000X in the last week

Neurocrine (NBIX) with the January \$100/\$90 ratio put spread opening 2400X4800 at \$0.20, typically protective

Syndax Pharma (SNDX) with 1000 April \$35 calls opening at \$5.50 as January \$30 adjust out and up, tight consolidation last few weeks

Quest (DGX) with 1000 January \$120 short puts opening \$3.50 as the December short puts from 11/18 adjust

Gilead (GILD) buyers of 3000 February \$62.50 calls today near \$1.50

Glaxo (GSK) jumped off session lows as 2600 January \$38 calls bought for \$0.46

UltraGenyx (RARE) interesting play today as 1000 February \$200 calls bought \$4.55 and spread with 1000 May \$220 sold for \$7.15

Seattle Genetics (SGEN) unusual action today with 950 February \$220 calls trading to open, but \$7.40 down to \$6.90 and IV declining, opening sellers. **SGEN** also 250 February \$175 synthetic long opens as Dec. calls adjust

Trillium (TRIL) beat up on recent data but basing and 4700 February \$12.50 puts are sold to open for \$2.45 today, adjusting the short Dec. \$15 puts from a short strangle

Arrowhead (ARWR) with 300 March \$65 synthetic longs opening as Dec. calls adjust

Industrials

Xpeng (XPEV) basing nicely with 1200 February \$60 calls bought today for \$3.70 to \$3.80

Li Auto (LI) with 2,800 January 2022 \$30 calls bought to open for \$11.81

United Rental (URI) with 300 March \$220/\$190 put spreads opening

General Motors (GM) opening sale 2400 February \$40 puts for \$2.21

Raytheon (RTX) opening seller of 750 August \$60 puts for \$3.70, pulled back this week

United (UAL) with \$1M in Dec. 31st (W) \$39 calls opening 1650X earlier as Dec. \$39 adjusts out two weeks

Expeditors (EXPD) unusual 600 February \$100 calls bought \$2.15 to \$2.20, quality name

Illinois Tool (ITW) with 1200 March \$210 calls active for \$800K as some December positions adjust, nice orderly pullback from November highs, back above today's high looks good

Tesla (TSLA) block of 15,000 next week \$630 calls opens \$60.95 here as Dec. \$600 adjust

Materials

Freeport (FCX) buyers of 4000 March \$28 calls to open \$1.28 to \$1.34. **FCX** also with 2500 March \$24 puts being sold to open

Vale (VALE) with 40,000 March \$21 calls opening \$0.48 to \$0.50 as the \$19 calls adjust. **VALE** also buyer 1000 June \$21 ITM puts today for \$5.15

Allegheny Tech (ATI) opening sale 2500 Dec. 2021 \$20 calls for \$2.50

Couer D'Alene (CDE) speculative buy of 1000 June \$16 far OTM calls \$0.95

McEwen Mining (MUX) with 6500 August \$1 puts sold to open for \$0.25

Kraton (KRA) buyer 1250 January \$30 calls \$1.50 here as Dec. \$25 adjust

Teck Resources (TECK) buyer 3000 August \$23 calls \$1.52 after recent size February call buys

Mosaic (MOS) nice flag forming and 1500 February \$25 calls being bought \$1.25 to \$1.33 this afternoon

US Concrete (USCR) out of a tight range today and up 8%, unusual 275 August \$40 calls bought \$8.20 to open

Tech and Telecom

Western Digital (WDC) with 2,000 January 8th (W) \$52.50 calls bought for \$2.80 today. **WDC** also 700 April \$57.50 puts sold to open \$7.95

Snap (SNAP) with 10,000 Dec. 31st (W) \$50/\$48 bull put spreads opening for \$0.34

Yandex (YNDX) buyers of 1580 May \$65 puts for \$4.90 to \$5. **YNDX** now also with 1000 February \$70 puts bought \$4.60 to \$4.70

Fastly (FSLY) breaking out and IV higher again with 5500 Dec. 31st (W) \$110 calls hot this morning, recent surge in call buying in the name

Rapid7 (RPD) with 1000 May \$105 calls bought for \$1.70, stock replacement

Fire-Eye (FEYE) with 12,750 January \$19 OTM calls bought for \$0.12 to \$0.17

Match (MTCH) with 2500 next week \$155 calls opening \$2.10 as Dec. \$150 adjust

Cloudflare (NET) buyers of the January \$90 calls for \$3.50 to \$4, spot with 6,000+ in open interest and looks to be adding

Z-Scaler (ZS) buyer 200 January 2023 \$210 calls for \$46

GDS Holding (GDS) with 350 March \$85 calls opening as Dec. \$70 roll out and up. **GDS** also 1000 March \$105 calls sold to open as Dec. \$95 adjust, likely extending a buy-write

Salesforce (CRM) with 300 January 2023 \$180 puts sold to open \$21.75 into this recent weakness, willing to own the long term leader

China Mobile (CHL) trading 3200 February \$32.50 calls this morning \$0.60 to \$0.70, calls active in the name all week

American Tower (AMT) with 675 April \$200/\$180 bull put spreads opening to buy 675 of the \$240 calls

Wayfair (W) opening sale 950 January 2023 \$300 ITM puts for \$103.50 in stock replacement, long term believer in the name

Weibo (WB) December 31st (W) \$47.50 calls jump to 4000X with a 3K block at \$1.85 bought

Zoom (ZM) with 1000 January 2022 \$300 puts sold to open \$43.20 this morning

Sea (SE) buyer 1600 February \$200 calls \$17.35 offer, size trade

Twitter (TWTR) buyers of 2000 January 22nd (W) \$55 calls \$3.20 offer to open

Jumia (JMIA) running hard to highs, 1500 January \$38 calls bought \$5.60 offer this morning

Advanced Micro (AMD) coiled under highs, buyer 1500 April \$100 calls \$10.30 this morning looks to add to 3764 in OI

Magnite (MGNI) big breakout to close the week up 18.5% now after positive initiation pre-market, seeing size June short calls adjust to 5500 of the June \$30 sold to open \$3.70, likely adjusting a buy-write

IQIYI (IQ) buyer 13,000 January 2022 \$12.50 puts for \$2.42

Flextronic (FLEX) moving up this afternoon and seeing 7650 February \$20 calls bought and 3000 of the \$19 calls bought with spreads against the \$23 and \$24 strikes while February \$15 and \$14 puts being sold to open, two large bull covered risk reversal trades

Lyft (LYFT) moving to afternoon highs with 4600 February \$50 calls opening \$4.56, as January \$40 adjust out and up

Oracle (ORCL) large buy-write sells 5000 January 2022 \$85 calls for \$1.56

Veeva (VEEV) working out of a pullback trend this week, failing right now at 55-day MA but above today high can really run, and this afternoon the June \$320 calls active 1390X being sold to open at \$16.10 to \$15.90, potentially versus a stock holding

Utility

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