



MARKET RECAP REPORT 12/21/2020

Sector Leaders

Solar

Financials

Biotech

Stock Gainers

ATEX 42%

EDIT 41%

NK 39%

RP 29%

FUBO 26%

AGIO 25%

Volatility Gainers

- EDIT
- APT
- IMMR
- NK
- TECK
- CRSP

High Call Volume

- QS
- DM
- FEYE
- FUBO
- OUT
- VUZI

Bullish Options

- NIO
- NET
- IMMR
- RAD
- BHC
- JKS
- GS
- CDE
- BAC
- UBER
- NVDA

Market Review: Stocks opened the week sharply lower following the passage of the \$900B pandemic relief bill with some new concerns of a new strain of COVID in Europe causing further lockdowns and travel bans. M&A remained active with a Defense deal for Aerojet Rocketdyne, a Software deal for RealPage, an Energy deal for QEP Resources, and a few other small deals. Despite the weak open the S&P bounced right at a retest of the December breakout and filling the month-start gap, Energy, Semiconductors and Materials the weakest groups while Clean Energy and Biotech led upside along with small cap growth strength. Breadth improved through the early afternoon with Cumulative TICK showing a big reversal day with Tech stocks leading the strong recovery. The schedule is quiet tomorrow and now bulls want to see these reversal candles hold.

S&P Chart:



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

Options Action Trends: In early action we saw several large opening January OTM call sales in high growth winners from 2020 while Healthcare names saw opening January put sellers. We saw Dec. 31st (W) put buying in Cruise names **RCL, CCL**. We also saw April size puts bought in **HLT, MAR**.

What's On Tap: S&P Case Shiller and API Crude Inventories.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **FCX** February \$24 Calls \$2.20

Sector Laggards

Energy

Utility

Semi's

Stock Losers

TG -28%

QURE -15.5%

FGEN -14%

CURO -12.7%

SCS -9.7%

TTM -8.5%

Volatility Losers

- FGEN
- CURO
- RP
- AJRD
- NAK
- CALA

High Put Volume

- FOLD
- FGEN
- QS
- ATUS
- HUM
- CARG

Bearish Options

- CWH
- KRE
- ANGI
- F
- LYFT
- DISH
- RCL
- CCL
- CHWY
- BA
- MDB
- NTLA



FEATURED OPTIONS RADAR REPORT



United Health Seen Having Strong 2021, Continuing Leadership Role

Ticker/Price: UNH (\$338)

Analysis:

United Health (UNH) on 12/18 with 1500 January 2022 \$450 calls trading in the \$8.50 to \$10.50 range throughout the session with buy-side flow and has seen some size buyers in January \$370 and \$390 OTM calls in early November while 33500 of the \$310 calls remain in open interest. UNH shares made a strong move in early November and since have consolidated in orderly fashion above the 13-week moving average and the 55-day moving average has also been supportive. Shares can work out of this pullback and target new highs at \$380, the 161.8% Fibonacci extension of the COVID correction. The \$326B best-in-class managed care company trades 18.8X Earnings and 20.75X FCF with a 1.46% yield, attractive valuation for a name delivering consistent top and bottom line growth. Analysts have an average target of \$385 and short interest low at 0.6% of the float. UNH held an Investor Day in early December and should benefit from a split government limiting too many changes to Healthcare policy. BMO raised its target to \$395 on 12/2 citing exceptional strong trends in Medicare Advantage growth. Truist raised its target to \$400 after the investor day citing strong core trends, complementary growth platforms and further penetration of integrated and value-based care while site-of-service re-direction offers a huge opportunity. JPM took its target up to \$430 expecting earnings growth acceleration through 2022 while MSCO upped its target to \$454 looking out to 2022 earnings power of around \$22/share. Hedge Fund ownership rose 1.3% in Q3 filings.

Hawk Vision:



Hawk's Perspective: UNH has coiled back to the rising 55-day MA so nicely and a best-in-class name, so looks great if can get over this past week high.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Unusual Call Buying in Rackspace as Multicloud Transformation in Focus

Ticker/Price: RXT (\$20.20)

Analysis:

Rackspace (RXT) early unusual buying 1665 February \$22.50 calls, above \$20.50 triggers a breakout. RXT Feb calls are now up over 3,050X and trading up to \$1.75 from early action at \$1.37 with IV30 rising 12.6%, and a name that has over 12,000 January \$20 calls in open interest from buyers. RXT since its IPO has formed a weekly cup and handle pattern that measures to a \$27 target on a breakout. The \$4B provider of cloud services trades 17.65X Earnings, 3X EV/Sales and forecasts looking for 8.4% revenue growth in 2021 and 43% EPS growth. RXT has reemerged since its LBO back to a public company with a more attractive growth focus, impressive 64% bookings growth, and less capital intensity. RXT estimates the market for multicloud services at a TAM of \$400B. Analysts have an average target of \$26.50. RXT announced in September it was working with Sell on new modernized solutions for multicloud. Citi raised its target to \$26 in September after a strong quarter, and Goldman has a \$38 target. JPM sees RXT as a show-me story due to the legacy stigma, but RXT looks faster, better and more profitable now. Deutsche Bank at a \$28 target noting company has made significant investments over the past several years in building out its platform of Rackspace Fabric solutions, which has quickly transformed the company and shifted the business mix toward a more partnership centric multi-cloud services approach. Boston Partners, Rubric Capital and Point-72 showed positions in Q3 filings.

Hawk Vision:



Hawk's Perspective: RXT January \$20 calls look pretty attractive for \$1.50, its \$4B market cap with key relationships seems way too small and could become a nice M&A target.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Bausch Health Calls Accumulate for 6 Month Outlook

Ticker/Price: BHC (\$20.65)

Analysis:

Bausch Health (BHC) nice rebound early off the 20-MA and seeing 840 July \$21 calls bought to open for \$2.71 and also another 2,300 July \$18 calls bought and looking to add to size buys from last week where 7,000 accumulated. BHC has also seen buyers recently in the July \$22 and \$23 calls as well as sales in the \$18 and \$19 puts while the April open interest has also seen accumulation. The January \$21 calls with over 21,000 in OI. Shares have trended well since September and today's dip is finding support at the rising 21-MA. A move above \$24 has room to work further into the gap from February which measures back to \$27. The \$7.5B company trades 4.7X earnings, 0.93X sales, and 11.5X FCF. BHC is an interesting event-driven play in 2021 after having announced their intention to separate Bausch & Lomb and now focus turns to structure of the spin and how to distribute capital back to shareholders. CFO Paul Herendeen was at the Evercore conference on 12/1 and noted they believe they'll be ready to spin next year, earlier than expected, and how they monetize the unit could be decided in the 1H of the year. He also noted that BHC has hired advisors to help them find actionable alternatives to unlock value including unit sales where they have gotten significant interest. Analysts have an average target for shares of \$26.50. BAML positive on 12/10 noting they believe there's 20% upside to the current SOTP with a further premium for divestitures in 2021 and a potential special dividend. They also think a spinoff earlier than 2H 2022 is possible if results improve in 2021 (February next earnings) which would allow for other unit sales to accelerate. Short interest is 4.75%. Hedge fund ownership rose 3.2% with Paulson, ValueAct and Glenview the top three holders with a combined 58.5M shares.

Hawk Vision:



Hawk's Perspective: BHC is clearly an event driven play, so could pay off nicely though I tend to prefer true organic growth plays. The July calls are cheap enough to tuck some away if wanting to let this play out.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Velodyne Call Buyers Look for New Highs

Ticker/Price: VLDR (\$21.30)

Analysis:

Velodyne (VLDR) buyers active today in the February \$22.50 calls with over 2,000 trading up to \$3.40 now in the afternoon. VLDR has seen a lot of activity lately including 7500 January \$20 calls bought since 12/8 and 2,000 March \$30 OTM calls bought on 12/4. Shares are flagging nicely above the 8-EMA with a breakout above \$22 and value-area for the year setting up well for run back at the August highs near \$30. The \$3.5B company trades 45X sales and 11.7X cash with 50% sales growth expected in FY21 and accelerating to 62% in FY22. VLDR is a leading developer of both solid-state and rotational LiDAR tech, a key component to development of ADAS systems and autonomous vehicles.

VLDR has a wide end-market reach with usage growing outside of automotive as ASPs fall including areas like warehousing applications, advanced mapping, and last-mile delivery. They are targeting 9M units shipped by 2025 as they scale up manufacturing and expand into new products like hemispherical architectures and software. Analysts have an average target for shares of \$26 and a Street High \$30 from Needham. The firm started coverage on 12/15 noting that VLDR has a growing customer base, first-mover advantage in a big category, and plenty of projects in the pipeline to drive long-term growth. Short interest is 7%. Hudson Bay Capital a notable buyer of stock last quarter, 3M shares.

Hawk Vision:



Hawk's Perspective: VLDR is one of the more intriguing recent SPACs as LiDAR a theme I have been discussing for a few years now and TDY been the only play, and not a pure-play, so liking the potential long-term upside in a name like VLDR.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Regional Banks (KRE) buyer 3600 March \$50 puts for \$3.45

Russell (IWM) with 9000 January 8th (W) 4190 puts opening, many spreading versus lower strikes. **IWM** with 20,000 January 22nd (W) \$188/\$174 put spreads bought to open

S&P (SPY) with 1000 February \$331 calls opening \$38.87 in a single lot ITM. **SPY** 1500 May \$349 puts sold to open \$14.76

NASDAQ (QQQ) with 4000 January \$283 calls opening into morning lows for \$10M. **QQQ** also seeing 50,000 June \$278 puts open as March \$251 adjust out, likely a hedge

Silver (SLV) with 20,000 April \$26/\$30 call spreads bought today for \$0.90

Silver Miners (SIL) with 10,000 February \$55 calls bought \$0.95 to \$1, top weightings include WPM, PAAS, HL and Polymetal Int'l

Convertible Bond Index (CWB) which rarely sees any activity with unusual 1480 April \$81/\$73 put spreads opened for \$2.20

Consumer Goods

Monster Beverage (MNST) with 1,500 January \$88.50/\$93.50 call spreads bought for \$1.65 with shares bouncing off the 20-MA

Lakeland (LAKE) pops here with 1000 January \$22.50 calls bought \$2.30 to \$2.65, another PPE play

Sunopta (STKL) opening sales 5000 Dec. 2021 \$17.50 calls down to \$1.55

Peloton (PTON) now with 2000 January 22nd (W) \$155 calls opening \$7.13 as this week calls adjust from \$130 strike

Target (TGT) buyers today of 1000 January 2022 \$230 calls for \$4.90 to \$5.35

Consumer/Business Services

Carvana (CVNA) with 4500 January \$330 calls sold to open as we have seen across several growth plays this morning

Tempur Sealy (TPX) with 1000 January 2022 \$32.50/\$22.50 bull risk reversals bought today for \$0.35 debit

Fubo (FUBO) buyers 5000 January \$45/\$30 put spreads into big surge to new highs

Royal Caribbean (RCL) buyer of the Dec. 31st (W) \$66 puts from \$1.22 to \$1.29, over 3900X

Dish Network (DISH) buyers coming in here for 6000 March \$30 calls up to \$3.57

Norwegian Cruise (NCLH) with 4000 January 2022 \$20 puts sold into weakness

Overstock (OSTK) opening buyers of 475 February \$55 calls for \$13.70 to \$14.20 as shares continue to base above the 200-day

TJX Co (TJX) buyers earlier of 500 July \$70 calls for \$5 to \$5.10, strong retailer that broke back above the February highs recently

Hilton (HLT) and **Marriott (MAR)** each with some size April put buys, will confirm OI tomorrow

Wynn (WYNN) with 1000 March \$105 puts opened this morning \$9.40 to \$9.45 offers

Energy

Clean Energy Fuels (CLNE) unusual large buy 2100 January 2022 \$10 calls here \$1.45

Jinko Solar (JKS) starting to work out of multi-month bull wedge seeing 3700 January \$80 calls active with buyers \$4 to \$4.70

Canadian Solar (CSIQ) buyer of the January 2022 \$50/\$65 call spread 500X1,000 for a \$2.50 net credit, shares breaking out of a range today

Continental Resources (CLR) opening sales 500 January 2022 \$15 puts for \$4

Solar Edge (SEDG) buyer of 600 February \$310 calls for \$38.15, adjusting the January \$290 calls bought on 12/11

EQT Corp (EQT) with 3000 January 2023 \$5 deep ITM calls bought \$9.30, BAML bullish note this morning

Financials

Santander (SAN) with 2500 January 2023 \$4 puts sold \$1.35 to open

Stone (STNE) opening sale of 13,500 January \$100 calls from \$0.70 to \$0.63

Square (SQ) with 15,000 January \$300 calls sold to open down to \$1.52, potential overwrite strategy

Goldman Sachs (GS) buyers 825 June \$280 calls bought \$12.80 to \$14.60 this morning

Bank of America (BAC) out of a long flag to start the week and 3400 January 29th (W) \$28 calls bought here \$2 to \$2.04

ING Group (ING) buyer 1200 July \$9 calls \$1 to \$1.05, been a popular put sale name

Prudential (PRU) buyers of the June \$97.50 calls for \$0.95 to \$1.10, 1500X

Invesco (IVR) seeing 25,000 January 2023 \$3.50 calls sell to open \$0.80 to \$0.65

Credit Suisse (CS) into weakness with a buy of 1000 January 2022 \$10 ITM calls \$2.95, rebounding to session highs

Citi (C) 1100 February \$60 puts sold to open \$3.75 to \$3.70

Futu (FUTU) unusual buy of 1500 far OTM March \$75 calls for \$1.75 earlier, above \$45 should be able to run

Healthcare

Rite Aid (RAD) with 1,000 April \$18 calls bought for \$3.55 to \$3.75, a lot of bullish flow into this recent ramp higher

Humana (HUM) large opening sale of the January \$340 puts 5200X for \$1.70 to \$1.41

Blueprint Medicines (BPMC) with 7,350 January \$95 OTM puts sold to open today for \$0.40/\$0.45

DexCom (DXCM) opening sale of 5900 January \$300 puts down to \$2.35

Zymeworks (ZYME) with 4,483 January \$40 puts sold to open for \$1 this morning, biotech showing relative strength lately

Medtronic (MDT) strong setup and 565 May \$110 puts sold to open for \$5.90 to \$6 today into the dip. **MDT** with the January \$114/\$118 call spread bought 1000X2,000 as well into the dip today

Amicus (FOLD) with 15,000 January \$20 puts sold to open for \$0.25/\$0.20, similar other biotechs today like ZYME and BPMC

Magellan Health (MGLN) opening put sale a bit different than other Healthcare peers with 1225 ITM January \$80 sold to open \$3.15

Argenx (ARGX) with 725 January \$270 puts sold to open today from \$4.00 to \$3.60

Galapagos (GLPG) opening sale of 1000 July \$65 puts for \$2.50, follows the 2000 July \$90 puts sold last week to open

Good-Rx (GDRX) with 2700 July \$20 puts sold to open for \$0.70

Alexion (ALXN) with 1000 Dec. 31st (W) \$150 calls opening as Dec. 24th (W) \$160 adjust, tied to **AZN** shares now but some trades indicating potential higher offer could come

Intellia (NTLA) strong up 21.8% with January \$55 puts active with buyers as well near the \$5 to \$6 level for 2500X

Uniqure (QURE) weak today after another setback but buyer stepping in here for 1,000 April \$50/\$35 bull risk reversals for a \$1.10 net credit

Sangamo (SGMO) with 2,000 May \$19 calls bought today for \$2.62 to \$2.63 as the May \$13 calls from 12/10 close 1000X and adjust higher

CareDx (CDNA) buyer of 750 May \$110 calls for \$2.05 in a stock replacement

Teledoc (TDOC) pulled in from the morning highs and buyers active now for 3,450 December 31st (W) \$210 calls up to \$2.10

Bristol Myers (BMY) trading 9000 February \$65 calls today, block of 5000 sold to open for \$1.17

Pacific Bio (PACB) on a big run recently seeing March \$25/\$15 put spreads bought 1000X with the \$30 calls sold, likely collaring stock

Bausch Health (BHC) now also seeing 2,000 February \$22 puts sold to open for \$2.12 as the \$21 short puts from Friday adjust back

Viatrix (VTRS) with 400 ITM January 2023 \$35 puts bought today between \$19.30 and \$19.45

Sarepta (SRPT) opening sale 1000 March \$80 puts for \$4

Industrials

Camping World (CWH) opening sales of 1300 ITM February \$26 calls for \$4.60 to \$4.40

Ford (F) buyers 13,000 March \$8 puts up to \$0.44

Li Auto (LI) with 4050 Dec. 24th (W) \$38 short puts adjusting to Jan. 8th (W) \$38

Boeing (BA) buyer of 1000 March \$205 puts \$15.35 offer to open into the late morning bounce

Tesla (TSLA) buyer 1000 September 2022 \$600/\$200 put spreads. **TSLA** looks like 5000 January 2022 \$770 short calls adjusting to September 2021 \$740 calls, likely adjusting a buy-write

AerCap (AER) buyer of 5,000 February \$35 puts for \$1.75

Delta Air (DAL) with 1500 June \$38 puts selling to open \$4.65 to \$4.55 midday

General Motors (GM) with 1000 January 2023 \$50 calls bought \$6.35 to \$6.50 offers

Lockheed Martin (LMT) with 1000 OTM January 2022 \$530 calls bought today from \$2.40 to \$2.65 after their \$4.4B deal for Aerojet

Materials

Rio Tinto (RIO) opening sales 2185 April \$65 puts \$2.25 into early weakness

Coeur Mining (CDE) buyer 1475 June \$10 calls \$2.15 to \$2.20

Turquoise Hill (TRQ) with 2000 June \$17 calls sold to open for \$1.35 into the recent rally

Fortune Brands (FBHS) buyer 1200 March \$90 calls for \$6.10 and 6000 of the \$100 calls for \$2.50

Cornerstone Building (CNR) buyer of 1000 January \$7.50 calls for \$2.15, trading 10X average and coiled weekly. The \$1.18B company focuses on external building products like siding and windows

Tech and Telecom

Cloudflare (NET) buyer 1000 Dec. 31st (W) \$85.50 calls \$4.10 to \$4.50, an expiration where **NET/FSLY** calls been hot for two weeks now

JD (JD) with 2500 Jan. 20th (W) \$74 puts sold \$1.80 to open

Western Digital (WDC) buyers of 1000 January \$54 calls for \$1.57 to \$1.61

Palantir (PLTR) with 2,000 February \$22 puts sold to open for \$2.25

Marathon Patent (MARA) hot again and today 1200 OTM June \$15 calls bought \$3.60 to \$4

Doordash (DASH) with 6500 January \$230 calls sold to open \$2.70

Immersion (IMMR) nice flag forming above its 20-MA and buyers active for 3,300 February \$10 calls from \$0.70 to \$1.05

Atlassian (TEAM) with 7000 January \$290 calls sold to open \$0.60 to \$0.55

Adobe Systems (ADBE) opening sale of 500 January \$505 puts for \$23.40 to \$22.90, nice multi-month range forming under \$510

Datadog (DDOG) with 14,000 January \$135 calls selling to open, similar to other Tech growth plays

Bill.com (BILL) with opening sales of 4300 January \$175 calls today for \$0.70, similar to other high growth names

Coupa (COUP) opening sale of 6150 January \$470 calls for \$0.55/\$0.50 too

Match (MTCH) opening sales 8800 January \$180 calls

Uber (UBER) nice reversal candle forming off November OpEx VPOC and its lower Bollinger, the March \$40 calls bought 3000X this morning for \$11.25

Chewy (CHWY) into its highs with 3500 January \$105 puts opening up to \$6.35

Cyber Ark (CYBR) buyers of 1000 January \$165 calls for \$2.00 to \$2.50 this morning, strong move last week with the latest hackings

Apple (AAPL) pulled back and held support early, the January 29th (W) \$127 calls with size lot buyers around 10:50am are trading over 12,000X on the day \$5.13+

MongoDb (MDB) buyer of 500 February \$360 puts for \$25.30 to \$25.60 into the strong move higher. **MDB** also with 500 January 2022 \$350 puts sold to open for \$62.40 in a stock replacement

Dropbox (DBX) with 1450 April \$28 calls bought \$1.17 to \$1.22 to open, M&A rumors recently after the Slack deal

DocuSign (DOCU) making a midday run with 1500 Dec. 31st (W) \$265 calls bought \$2.05 to \$2.35

CrowdStrike (CRWD) opening seller 1000 January \$190 puts \$4.30 bid

NVIDIA (NVDA) with 2000 June \$430 calls opening \$126.65 as January \$400 adjust

Cree (CREE) the January \$120 calls being bought 1800X for \$1.95 to \$2, follows the over 11,000 Dec. 31st (W) \$110 calls bought last week. **CREE** with 400 March \$115 calls bought also today for \$7

Amazon (AMZN) buyer of 1450 June 2021 \$4,400 calls for \$58 to \$59 to open

Airbnb (ABNB) big rip after that midday trigger above Friday's high and came with 2000 February \$200 calls active \$17.80 to \$19 as well

Unity (U) with 250 December 2021 \$165 calls opening for \$1.3M as the \$130 calls adjust up

Utility

Next-Era (NEE) opening seller 2000 February \$72.50 puts for \$2.80 on the open

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