



Sector Leaders

Housing

Transports

Retail

Stock Gainers

- RCKT 75%
- MTSC 50%
- CATM 33%
- QS 27%
- LOVE 15%
- OMI 14%

Volatility Gainers

- ARVN
- TDC
- QS
- SSYS
- SBE
- FEYE

High Call Volume

- TDC
- QS
- WBT
- ESI
- PS
- SSYS

Bullish Options

- HOG
- HRB
- X
- CHEF
- BIDU
- CSTM
- SAVE
- PENN
- RAD
- SSYS
- ARVN

**Market Review:** Stocks were modestly higher overnight with stimulus talks and Brexit remaining in focus for markets as trading days remaining in 2020 start to dwindle. Stocks pulled back into late morning testing one-week VWAP though overall breadth held up fairly well. Housing, Retail and Transports were among the leading gainers while Solar and Tech, specifically Software and Semiconductors, pulled back possibly due to selling winners to raise funds for the Doordash and Airbnb IPOs. The S&P and NASDAQ both pulled back to rising 8-day moving averages midday. Selling pressure picked up into the afternoon, a weak session, though not unexpected considering the recent frothy sentiment and seasonal decline before an end of year run higher. The schedule remains quiet this week though get some large cap Tech and Retail earnings reports, markets waiting on resolution of the two big overhangs and early January Senate outcome catalyst also getting closer.

**S&P Chart:**



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

**Options Action Trends:** In early action some large opening March put sales in Energy names **PXD, LNG** showing confidence in the recent jump. Bullish action also continued across the Metals group.

**What's On Tap:** Inflation, Jobless Claims and WASDE. Earnings from ORCL, AVGO, COST, LULU, MTN, CIEN.

**Trade Tracker Portfolio Changes:**

- 1) No Change

Sector Laggards

Solar

Software

Semi's

Stock Losers

- PSTI -40%
- TALO -18%
- PLAB -16%
- BE -15%
- UNFI -15%
- GME -15%

Volatility Losers

- GPRO
- RCKT
- GME
- INFI
- LOVE
- UNFI

High Put Volume

- EIX
- QRTEA
- CC
- RPRX
- SLM
- MSTR

Bearish Options

- AAL
- NET
- CVNA
- MRNA
- CHTR
- STT
- TSLA
- NLSN
- ZG
- HCA
- AMWL



## FEATURED OPTIONS RADAR REPORT



### DR Horton Bulls Position for Strong Spring Housing Market

**Ticker/Price:** DHI (\$70.85)

#### Analysis:

**DR Horton (DHI)** a name with a lot of bullish open interest including 25,000 January \$80 calls bought and 22,000 of the \$60 puts sold, but this week a focus on May where 6000 May \$75 calls opened for over \$4M and also seen buyers in \$85 and \$90 calls. DHI is forming a nice weekly bull flag above its 21-week moving average with housing names pulling back recently on rising rates and concerns of a slowdown to the hot housing market of 2020 in 2021. DHI shares can make a run to \$100 on a move above \$78 out of this consolidation. The \$27B homebuilder trades 8.4X Earnings, 6.5X EBITDA and 25X FCF with a 1.08% dividend yield. DHI revenues jumped 15.5% in 2020 and seen rising 22% in 2021.

DHI continues to invest in single-family and multi-family rentals expecting to double its investments in 2021. The housing market continues to have pent-up demand with a favorable rate environment and DHI has also been able to increase its margins. DHI also has an investment in Forestar as a residential lot manufacturer and continues to grow that business. Analysts have an average target of \$88 on shares and short interest down to multi-year lows at 1.3% of the float. UBS initiated shares at Buy after the close on 12/8, and on 11/19 Truist upgraded to Buy with a \$100 target as a large cap growth play on first-time and entry-level housing boom with strong visibility. SIG upgraded to Positive on 11/1 citing better earnings power after a blowout quarter and sees estimates needing to rise. Hedge fund ownership fell 10% in Q3 filings, notable large holders include Egerton and Soros.

#### Hawk Vision:



**Hawk's Perspective:** DHI is a favorite name and I think Housing still has plenty of tailwinds into 2021, so liking this set-up with the May calls giving plenty of time to play out.

**Confidence Ranking:** \$\$\$



## FEATURED OPTIONS RADAR REPORT



### Option Bulls Continue to Like Constellium

Ticker/Price: CSTM (\$13.25)

#### Analysis:

**Constellium (CSTM)** buyer of 1,000 January 2022 \$15/\$25 call spreads for \$2.15, nice flag forming and name that has drawn a lot of bullish flow including buyers in the May \$15 calls which have risen to over 7000X in spreads with the \$20 calls and looks like another 3,500 adding today. CSTM has also seen buyers in the May \$13 calls over 4000X. Shares are forming a small bull flag after a strong run and measured move out to \$15 on a breakout in the short-term. CSTM has long-term resistance around \$14.50 to \$15 and move higher puts it out of a five-year base with plenty of room to run, shares trading as high as \$32 in 2014. The \$1.78B company trades 18.75X earnings, 0.29X sales, and 10X FCF with low-double digit growth. CSTM is a leading manufacturer of rolled aluminum products and benefiting from a bounce-back in automotive and industrial demand last quarter. CSTM sees a brighter 2021 given recent preliminary anti-dumping duties in the US while they have slashed costs and continue to improved operational capabilities. CSTM has two major secular themes driving long-term growth estimates. First, within CPG, is a major shift away from plastic bottles towards aluminum cans. The company noted in November that packaging shipments are running 95% of 2019 levels already and consumer preference for cans will continue to press demand and give the company ample pricing power. Second is within automotive and a continuing shift away from steel as regulations over fuel efficiency and reducing emissions cause manufacturers to move to lighter aluminum. CSTM has also noted this year that EV adoption and hybrid vehicles are becoming more aluminum intensive and they expect to win more share within each body. Analysts have an average target for shares of \$16.25, although limited coverage, Northland with a Street High \$20. Short interest is 1.3%. Hedge fund ownership fell 6% in Q3, Sachem Head a top holder with 3.76M shares and adding 1.635M last quarter.

#### Hawk Vision:



**Hawk's Perspective:** CSTM continues to see bullish options action and is a favorite in aluminum, a nice momentum trade to ride higher.

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Unusual Call Buying in Inovalon

**Ticker/Price:** INOV (\$19.50)

#### Analysis:

**Inovalon (INOV)** buyers active today for more than 5,500 January \$20 calls from \$0.90 to \$1.10, trading more than 50X average volume with IV30 up near 8%. Insiders have been active recently as well. On 10/30, the CEO bought \$1.17M in stock and the CAO bought \$285,000, both around \$19-\$19.50. Shares fell hard in October after earnings and back to YTD VPOC around \$19.50 and weekly trend support from the 2018 lows. INOV has upside to \$23.50 through the low-volume gap. The \$2.89B provider of cloud-based platforms for data-driven healthcare trades 25.5X earnings, 4.4X sales, and 24.8X FCF. INOV continues to see strong adoption of their Inovalon ONE platform with key wins from Walmart (WMT) and Cardinal Health (CAH) and expansion within their existing client base. INOV sees key drivers into 2021 from higher renewal rates, client retention, pricing power, and positive growth in Medicare and Medicaid. They also are opening up their API which they expect will drive both enterprise and mobile app software growth, a big potential inroad on the consumer side. Analysts have an average target for shares of \$24 with a Street High \$29 from Keybank. The firm thinks INOV should see tailwinds from its software deployment at Walmart (WMT), improving pricing, and new software launches in the direct-to-consumer space. Their new "Consumer Health Gateway" offering could generate \$150M-plus total contract value in the near-term. Short interest is 2.08% and down steadily since peaking in February 2019 around 8%. Hedge fund ownership fell 5.5% in Q3.

#### Hawk Vision:



**Hawk's Perspective:** INOV has a clear low to trade against if a believer in the recovery story and potential to have a stronger 2021 and sits above a big volume shelf, so reward/risk appears favorable.

**Confidence Ranking:** \$\$

## Market/ETFs

**Oil & Gas Exploration (XOP)** buyer 5000 June \$80/\$100 call spreads at \$2.05. **XOP** spreads selling January 2022 \$40 puts to buy \$65/\$100 call spreads, 5100X

**S&P (SPY)** seeing some put buying early with 13,050 of the Dec. 30th (W) \$363 puts and 3000 of the Jan. 4th (W) \$370 puts size buys. **SPY** size buyers came into afternoon lows for 5000 January 22nd (W) \$371 calls \$6.43 to \$6.50

**Corporate Bond (LQD)** spread in March sold 25,500 of the \$140 calls and bought the \$134 puts, though likely protective

**Consumer Discretionary (XLY)** strong move off morning lows with aggressive buys of 5000 March \$165 calls \$4.35 to \$4.50

**Russell (IWM)** with 10,000 Dec. 24th (W) \$185 puts opening \$1.97, also with 20,000 of the Dec. 31st (W) \$185 puts opening \$2.69 as the \$176 adjust

**NASDAQ (QQQ)** large opening buy for 2400 September \$268 puts \$14.23. **QQQ** buyer 2500 February \$296 puts for \$12

**Emerging Markets (EEM)** with 24,500 December 2021 \$44 puts opening \$2.56 as June \$38 adjust. **EEM** also seeing March \$50 puts sold to open 15,000X today \$2.11

**Bonds (TLT)** bouncing here but 23,000 March \$150/\$145 put spreads being bought

**MSCI EAFE (EFA)** spread sold 5,147 September \$69/\$61 put spreads to buy the \$77 calls

**Banks (KBE)** opening sale 2000 January 2023 \$40 puts for \$6.65

**Gold (GLD)** buyer 1900 January 2023 \$174 puts today \$21.05 offer for over \$4M

**Biotech (IBB)** with 2000 June \$147 puts bought this afternoon \$11 to \$11.35, over \$2M

## Consumer & Business Discretionary/Services

**Chewy (CHWY)** buyers active into the earnings dip today for 4,200 December 24th (W) \$80 calls up to \$3.40

**Penn National (PENN)** with 1,500 April \$60 puts sold to open for \$4.85. **PENN** also seeing 1500 December 31st (W) \$80 calls bought \$3.75 as the \$70 calls adjust

**NY Times (NYT)** with 2000 January \$50 puts sold \$2.15 to open

**Caravana (CVNA)** with 1000 February \$270 calls sold to open for \$27, theme in it all week

**Tencent Music (TME)** up 7% today and 3,250 July \$21 calls being sold to open for \$1.80

**TripAdvisor (TRIP)** with 5,000 March \$32 calls bought for \$2.74, adjusting the December \$28 calls

**Charter (CHTR)** buyer 385 January \$650 puts with 85 at \$18 and 300 at \$19

**Carnival (CCL)** buyers of 3,500 January 22nd (W) \$25 calls for \$2.25. **CCL** buyer 10,000 July \$25 calls \$5.53, adjusts January \$20 calls

**Electronic Arts (EA)** the June \$135 calls being bought 1900X this morning up to \$12.20, some March \$145 calls bought in August are adjusting

**Nielsen (NLSN)** with 7000 February \$19 puts bought for \$1.60 as the \$17 puts adjust back

**Lowe's (LOW)** with 7000 December \$160 calls bought as the \$157.50 adjust

**FarFetch (FTCH)** the December \$65 calls being bought for \$0.78 here, 2750X

**Viacom (VIAC)** with 1000 January 2022 \$35 puts sold to open \$6.10

**Nike (NKE)** with 1250 July \$140 calls opening near \$13.43 today as April \$110 adjust, earnings 12-18

**Sleep Number (SNBR)** buyer of 1,000 December \$80/\$70 put spreads for \$2.05

**William Sonoma (WSM)** the January \$115/\$95 put spread bought 745X for \$9.60

**Croc's (CROX)** spreads selling 2000 January \$55 puts to buy the \$65/\$75 call spreads

**Best Buy (BBY)** with 6900 March \$110/\$125 call spreads bought to open

**Dave and Buster (PLAY)** with 14,000 January 2022 \$25 calls opening \$8.75, spread with the sale of 14,000 of the \$17.5 puts at \$4.25, replacing stock with a risk reversal

**Carter's (CRI)** buyer of 1000 December \$95/\$85 put spreads

**Live Nation (LYV)** with 2000 January \$67.50 calls bought today with December \$65 adjusting out and up

### Consumer Goods

**Chef's Warehouse (CHEF)** buyer of 2,000 April \$35 calls for \$1.55 to \$1.60, re-opening play tied to foodservice that has rallied lately. **CHEF** also with 1000 July \$35 calls bought \$2.85 to \$2.90

**Li Auto (LI)** with 4,000 June \$30 puts sold to open for \$7.20 in a stock replacement

**Harley (HOG)** tight bull flag with 2500 Dec. \$39 calls being bought \$1.55 to \$1.90

**Xpeng (XPEV)** with 1000 July \$40 puts sold to open \$10.10

**Molson Coors (TAP)** buyer 1100 Dec. 31st (W) \$46 puts \$0.85 to \$0.90

**Kraft (KHC)** buy-write with 4000 April \$35 calls sold \$1.85

**Tesla (TSLA)** red after making a new high and June 2021 \$300 far OTM puts trading nearly 10,000X on the day with buyer play \$11+ this morning

**Hasbro (HAS)** with 1500 January \$80 puts sold to open \$1 to \$0.95 into weakness

### Energy

**Cheniere Energy (LNG)** breaking out with 1000 March \$60 puts sold to open \$3.70

**Pioneer Natural (PXD)** opening sales of 1,000 March \$100 puts for \$6 down to \$5.60, shares flagging above the 200-day and just below a big base breakout

**Occidental (OXY)** buyer 26,000 January \$21 calls as the \$19 close

**Exxon (XOM)** buyer of 2,700 February \$47.50/\$55 call spreads for \$1, recent report of an activist getting involved and pushing for board seats

**Callon (CPE)** buyers of 1,000 January 2022 \$20 calls for \$6 to open today

**Solar Edge (SEDG)** the January 2022 \$200 puts bought 1,400X for \$34.30 and spread with a sale of the \$145 puts 3250X for \$14.90

**Devon Energy (DVN)** with 5,000 January \$15.74/\$13.74 put spreads bought for \$0.80

**Hess Corp (HES)** with 1000 May \$60 calls bought today for \$4.65, adjusting the December \$50 calls bought in mid-November

**Concho (CXO)** buyer of 2500 January \$60/\$55 put spreads

**Targa (TRGP)** buyer opening 5,000 January \$25/\$22 put spreads for \$1, adjusting some Dec. spreads'

### Financials

**HR Block (HRB)** with 1300 April \$17 calls being bought \$1.28 to \$1.47

**Zillow (Z)** opening sale 300 June \$115 puts \$17.05

**Americold Realty (COLD)** unusual buy of 300 July \$30 ITM calls to open \$5.25

**Square (SQ)** buyer 3000 December \$240 calls \$1.31, above offer

**Alliance Bernstein (AB)** with unusual 2350 January \$35 OTM calls bought \$0.40 to \$0.50 today with IV30 up 21%, been consolidation in Asset Mgmt. **AB** activity comes with **JPM** Dimon's comments yesterday about looking for deals in the space

**Moody's (MCO)** with 1000 January \$290 calls sold to open \$3.60 to \$3.40

**Morgan Stanley (MS)** opening seller of 500 July \$75 ITM puts \$13.45

**Prudential (PRU)** opening sale of 400 January 2023 \$65 puts for \$8.70

**State Street (STT)** with 780 February \$85/\$65 put spreads bought today and 3,250 December \$75 puts being bought up to \$3, company at the Goldman Conference this morning and sees servicing fees a bit lighter than forecast

**Shift 4 Payments (FOUR)** with the January \$80 calls sold to buy the \$60/\$50 put spread for a net \$2.34, 1000X and likely protective

**Zillow Group (ZG)** buyer 800 January \$115 puts \$4.70 to open into morning rally

**Texas Capital (TCBI)** with 1000 June \$65 calls sold to open \$4.70

**Blackstone (BX)** jumping with 11,350 March \$62.50 calls bought \$3.25 to \$3.50 to open

### Healthcare

**Curevac (CVAC)** trade puts on April \$100/\$180 call ratio spread 1000X2000

**Editas (EDIT)** buyer 1300 Dec. 31st (W) \$50 calls \$4.07, adjusts back January \$50

**Rite Aid (RAD)** with 1000 January 2022 \$35 calls opening with July \$30 adjusting, saw buyers in Apr. \$20 calls yesterday, up another 9.5% today. **RAD** buyers also active for 3900 January \$23 calls today

**AbbVie (ABBV)** buyer of 1000 January 22nd (W) \$109/\$102 bull risk reversals today for \$1.80

**Baxter (BAX)** opening seller 650 January 2022 \$95 ITM puts for \$18.50

**Moderna (MRNA)** opening sale of 1000 April \$220 calls between \$21.25 to \$21.50, **MRNA** the April \$140/\$115 put spread bought 1000X this afternoon as well

**Elanco (ELAN)** buyers here of 2000 December \$29 calls for \$0.85 to \$0.90

**Community Health (CYH)** with 5000 January 2022 \$5 puts sold to open \$1.05

**Arvina (ARVN)** stock and IV popping as December \$35 calls open 2714X at \$2.25. **ARVN** follow up, calls look to be playing this catalyst, Phase 1 trials evaluating ARV-110 and ARV-471 in advanced metastatic prostate and breast cancer settings, respectively, due soon

**Abbott Labs (ABT)** with 2,100 May \$105 calls opening for \$8.30 as the February \$100 calls adjust from 8/21

**Revance Therapeutic (RVNC)** with 500 July \$30 calls bought for \$4.60, basing above the 200-day after the FDA recently delaying a decision on their frown lines treatment

**Pfizer (PFE)** with 2,000 January 2022 \$35 puts sold to open for \$3

**Sorrento (SRNE)** buyers of 5,000 June \$10 calls for \$2.70 to \$2.85

**Anthem (ANTM)** buyer of 300 June \$300 puts \$23 to \$23.30

### Industrials

**American Air (AAL)** with 15,500 December \$17.50 puts bought up to \$0.67 early

**Spirit Aero (SPR)** opening sale 710 January 2023 \$35 puts for \$9.92. **SPR** also with 600 January 2022 \$32 puts sold to open for \$6.10

**Spirit Air (SAVE)** buyer 17,500 January \$30/\$32.5 call spreads for \$0.55

**DR Horton (DHI)** with 2,500 May \$72.50 puts sold to open for \$8.90 in a stock replacement

**ZTO Express (ZTO)** opening sale 1500 April \$25 puts \$1.35

**Stratasys (SSYS)** buyers active for 6,500 January \$20 calls up to \$1.50 here after their smaller M&A deal this morning

**Welbilt (WBT)** buyer of 2,000 June \$12.50 calls for \$1.90 as the \$10 calls start to roll higher, spot with 8000 in OI

**Air Lease (AL)** buyer 5500 May \$35 puts \$3.67 tied to stock

**Aercap (AER)** with 5,000 April \$37 puts bought today for \$4.48 tied to stock, similar to the **AL** trade earlier

**Atlas Air (AAWW)** buyer of 500 February \$52.50/\$75 call spreads for \$6.15, pulling back after a strong run lately

### Materials

**American Woodmark (AMWD)** strong morning and a name that has seen unusual upside calls active the last two weeks, this morning January \$95 calls active with buyers up to \$4.40 for 898X

**Summit Materials (SUM)** buyer of 650 February \$17.50 calls for \$3.57, adjusting back the \$20 calls

**US Steel (X)** opening sale 800 July \$19 puts \$3.85 bid

**Dow Chemical (DOW)** opening sale of 700 January 2022 \$55 puts for \$9.30, stock replacement strategy

**Weyerhaeuser (WY)** upside April \$36 calls bought 1400X \$0.85 to \$0.95 with Lumber prices strong



## Tech and Telecom

**Apple (AAPL)** in the opening 45 minutes with 8000 January 8th (W) \$125 puts sold to open \$4.30 to \$4.20

**Nokia (NOK)** early unusual buying of 3300 February \$4 calls \$0.49 to \$0.51

**Baidu (BIDU)** opening sellers of 500 December \$155 puts for \$6.60 today, shares looking to break out above the November highs and strong run since testing the 50-MA in late November. **BIDU** also with 770 January 2022 \$220 max strike calls being bought \$6.40 to \$6.70 today

**Sea (SE)** with 2600 December 31st (W) \$240 calls opening \$2.70 as the \$215 calls adjust. **SE** also with 700 May \$185 puts sold to open for \$21.40

**Unity (U)** with a 250 contract spread selling October \$230 calls and buying the \$160/\$130 put spread, likely collaring stock

**Cree (CREE)** with 1,300 December 31st (W) \$115 calls bought for \$2.32, adjusting higher the \$105 calls from yesterday. **CREE** 3900 Dec. \$115 calls now bought \$0.85 as Dec. 31st (W) \$105 adjust. **CREE** buyer of 400 January 2023 \$120 calls today as well for \$18.50

**IQIYI (IQ)** opening sale 2000 June \$20 puts for \$2.70

**Dynatrace (DT)** with 3,000 February \$40 puts bought for \$4.30 as the January \$35 puts adjust, opened with stock originally

**Seagate (STX)** opening sale 500 January 2023 \$60 puts at \$11

**Snap (SNAP)** with 1900 January 2023 \$60 calls opening \$11.85 average as June \$55 calls adjust

**Etsy (ETSY)** with 750 January 2022 \$140 puts bought this morning for \$23.45 into strength

**Verizon (VZ)** coiled under recent highs and a \$1M buy today of 1500 January 2023 \$57.50 calls \$6.80 to \$7.10

**UBER** with 2000 January 2022 \$50 puts bought for \$8.30 with stock

**Workday (WDAY)** buyer of 525 March \$260 calls for \$6.40, stock replacement

**Wix.com (WIX)** with 400 December \$250 calls bought to open between \$7.20 and \$7.40 into weakness today. **WIX** also with 1920 April \$170 puts sold to open for \$4.10 to \$4

**YY** opening sale of 600 May \$75 puts for \$10 in a stock replacement

**Adobe (ADBE)** with 1250 January \$550/\$440 bull risk reversals opening at a \$3 credit into weakness ahead of earnings tonight

**JD.com (JD)** opening seller 5000 June \$75 puts for \$6.45, stock back at key VPOC and 55 MA support

**Facebook (FB)** day lows, block of 10,000 June \$230 puts sold to open \$11.10 earlier in a stock replacement

**Go-Daddy (GDDY)** buyer of 825 January \$87.50 calls for \$2.20, the December \$82.50 calls bought in mid-November rolling

**Oracle (ORCL)** seeing 785 September 2022 \$60 puts open today for around \$700K, report tomorrow night

**Autodesk (ADSK)** buyer 300 January 22nd (W) \$282.5/\$300 call spreads for \$7.10

## Utility

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**Not Investment Advice or Recommendation**

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