

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 2/15/2019

### Sector Leaders

Oil Services

Banks

Aerospace

### Stock Gainers

TLND 25%

TNET 25%

SMCI 18.9%

CPSI 16%

AXL 13.3%

AIRG 11.7%

SPXC 10.5%

### Volatility Gainers

- NUVA
- ACRX
- DNR
- PYX
- RDN
- BKS

### High Call Volume

- QURE
- RDN
- SSNC
- FTV
- LOGM
- CBS

### Bullish Options

- KO
- CFG
- LEN
- DAL
- CLVS
- EPC
- BBBY
- AZN
- GRUB
- FNV
- QURE

### Sector Laggards

Solar

Gaming

Gold Miners

### Stock Losers

TRUE -22.8%

NWL -18.7%

XPO -17.65%

AMN -15.8%

CPS -13.7%

LOGM -13.5%

ACORD -9%

### Volatility Losers

- RDFN
- TRUE
- AMN
- LOGM
- ANET
- NVDA

### High Put Volume

- DAKT
- CTB
- MDRX
- ASND
- PTCT
- STLD

### Bearish Options

- HLT
- FSLR
- MAR
- MDR
- CVNA
- FB
- LOW
- FLR
- STLD
- PH

**Market Review:** Stocks were higher overnight on optimism on China/US trade talks that are continuing while Chinese inflation data came in light overnight and earnings out of Europe continued to improve. The February Empire Manufacturing number came in above consensus estimates. Consumer Sentiment also beat expectations. Energy continued to be a leading sector gainer while Banks joined the move higher today and Aerospace and other Industrial showed relative strength. Biotech was also very strong, especially the small/mid-caps. The rally stalled in the afternoon near the upper end of the three-week rising channel and overall quiet markets. Next week is the last active week for earnings and already slowing, while the Fed, China/US Trade, and Economic Data come back into focus. The S&P is closing the week above the weekly cloud, all key moving averages, and breadth remains strong.

### S&P Chart:



Resistance	Support
2,755	2,725
2,770	2,675
2,800	2,650

**Options Action Trends:** Early action was slow but saw March put buys and HLT and MAR in the hotel space. We saw some low Delta puts bought in Steelmakers STLD and NUE for March. There was a lot of bullish positioning in Biotech names like QURE, SRPT, BHVN, DVAX and VKTX. Large call positions in HAL and SLB rolled out to March for the Oil Services leaders. We later saw some April volatility buyers in large cap Tech IBM, TXN, CRM and MSFT.

**What's On Tap:** Looking ahead to next week markets are closed Monday for President's Day, and the schedule is quiet Tuesday and Wednesday before picking up later in the week with Durable Goods Orders, Philly Fed, and Flash PMI for February. On the earnings front top reports come from WMT, MDT, CVS, INTU, ECL, ADI, HPQ, SBAC, A, MELI and others.

### Trade Tracker Portfolio Changes:

1. **Earnings Flow Trades** (Long **MDT** March \$90/\$95/\$97.5 Call Fly \$1.80)
2. Closed **PEP** Calendar Spreads \$2.40 (Opened \$2)



## Call Accumulation in ABB Ltd. On Valuation, Capital Deployment

Ticker/Price: ABB (\$19.70)

### Analysis:

**ABB Ltd. (ABB)** shares triggered a weekly base breakout on the open this morning, a name that traded to \$28.50 in early 2018 and since has hit a low near \$18, not recovering like many American peers. ABB now has plenty of room to make a run back to \$22 or higher and has seen some call accumulation, a name with low volatility offering cheap upside calls. It has 4,350 March \$20, 2,500 March \$21, 5,400 June \$20 and 3,725 June \$21 calls in open interest from offer side buys. It also has September \$20 and \$21 calls 1,288 and 1,947 respectively. The \$42B Swiss Industrial trades 12.9X Earnings, 1.17X Sales, 21.9X FCF and 8.3X FY19 EV/EBITDA with a 4.29% dividend yield. ABB will report earnings on 2-28. The growth outlook is healthy after 8.5% topline growth in 2018 seeing 6% growth in 2019 and 15% EPS growth forecasted. Barron's was out positive earlier this month noting the industrial giant is taking steps to hike growth and return billions to shareholders. There was a report out of a European paper recently noting ABB is considering more deals in the robotics space as well. ABB is a leader in Power Grids, Electrification, Industrial Automation, and Robotics/Motion. Analysts have an average target of \$22.60 on shares and short interest low at 0.1% of the float. The Street is mostly at Hold and Sell ratings. Vertical Research cut to Sell on 1/10 citing weak oil prices and mounting China trade pressures as well as an insufficient backlog to support the 2019 outlook. In December it sold 80.1% of Power Grids to Hitachi for \$9.1B. Hedge Fund ownership was down around 5% in recent filings,

### Hawk Vision:



**Trading Strategy:** ABB is a slow mover but offers cheap calls for upside plays while also a fat yield and cheap valuation for a long term patient investors, either way looks attractive to position in the name.

**Confidence Ranking:** \$\$



## Positive Reward/Risk Seen in Best of Breed Gold Play Franco Nevada

**Ticker/Price:** FNV (\$75.70)

### Analysis:

**Franco Nevada (FNV)** with 2,450 Jan. 2020 \$75/\$70 bull risk reversals opening at \$4.27 debits, continuing a bullish positioning theme in Gold Miners and this being the only real notable open interest now in FNV. The \$13.9 royalty gold miner trades 64.9X Earnings with a 1.29% dividend. FNV will next report results on 3-20 and presents at the BMO Metals & Mining Conference on 2-24. FNV's business model has long outperformed that of GLD/GDX as a high margin and low leverage play. It keeps an 80%+ precious metals mix while also some exposure to Oil & Gas, Base Metals, Bulks, and Battery Metals. It currently has \$1.2B in available capital to deploy, and Cobre Panama is set to begin production in 2019 as the largest new copper-gold development in the world. FNV has 11 consecutive years of dividend increases. Analysts have an average target of \$75.70 on shares and short interest low at 1.8% of the float. Barclays started coverage in October at Overweight with a \$70 target. Hedge Fund ownership jumped 14% in recent filings, Elephas with a new concentrated stake. On the chart shares broke out of a large weekly bull wedge early in 2019 and recently re-tested and held key volume support while nearing a break above the weekly cloud and strong RSI.

### Hawk Vision:



**Trading Strategy:** FNV is the name to own in the gold group, though not the best for swing trading opportunities where AEM/NEM are more suitable.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Tech (XLK)** buyers of 10,000 April \$72 calls to open \$0.91/\$0.92

**S&P 500 (SPY)** with 17,250 March 29th (Q) \$255 puts opening \$1 as March 1st (W) \$265 puts adjust, also 23,000 Feb. 22nd (W) \$276 puts active this morning with buyers

**Semiconductors (SMH)** trade opened 10,000 Feb. 22nd (W) / March \$98 put calendar spreads for \$0.98, interesting strategy. **SMH** also with 4,800 May \$97/\$85 put spreads bought

**Russell (IWM)** buyer of 5,000 May \$150 puts to open \$2.95 earlier today

**S&P (SPY)** this morning with 3,000 Jan. 2020 \$263 puts opening \$11 to \$11.20 for over \$3M

## **Consumer Discretionary**

**Hilton (HLT)** with 500 March \$85 puts opening and **Marriott (MAR)** with 500 March \$125 puts opening in early action

**Bed Bath (BBBY)** out above its 200 MA this week and a large buy of 9,400 Jan. 2020 \$12.50 calls at \$5.55 here

**CBS (CBS)** higher by 2.3% after earnings and yesterday 10,000 June \$60 OTM calls opened while today 10,000 of the \$65 calls open \$0.22, a name expected to be involved in M&A, and could become the acquired Co. instead of the acquirer

**Electronic Arts (EA)** roll of 5,000 June \$145 calls to September \$145 that are a part of a buy-write

**Lowe's (LOW)** with 1,000 April \$105 puts bought \$4.70 to \$4.75 aggressively into strength, earnings 2-27.

**Las Vegas Sands (LVS)** sweep buyer 700 April \$60 calls \$2.38 to \$2.64

**Melco (MLCO)** buyer of 2,500 July \$25 calls today \$0.90 to \$0.94, testing lower end of recent flag range just under a downward sloping 200 MA

**Wayfair (W)** with 1,200 March \$100 puts being sold to open ahead of 2-22 earnings \$2.10 down to \$2

**Blooming Brands (BLMN)** with 10,000 Jan. 2020 \$30 calls sold to open \$0.55 to \$0.50

**Cheesecake Factory (CAKE)** buyer of 1,000 March \$45 puts to open \$1.10 for 2-20 earnings

**Lululemon (LULU)** after a strong run this week seeing 775 June \$160 OTM calls sold to open \$11 to \$10.95

## **Consumer Staples**

**Coca Cola (KO)** buyer of 15,000 August \$48 calls \$0.96 rolls out of March calls buying more time as shares try and bottom after the earnings move, right under 200 MA

**Edgewell Personal Care (EPC)** aggressive buyer 550 March \$45 calls \$1.55 to \$1.70

**Kimberly Clark (KMB)** with 865 March 22nd (W) \$117 calls opening today with the breakout as Feb \$112 calls roll out and up

**P&G (PG)** strong name near new highs seeing 39,000 July \$95 calls open for \$5.55 as the April \$95 calls opened in October adjust

**Wal-Mart (WMT)** buyer of 1,500 June \$100/\$90 put spreads at \$3.44, tied to stock

**Newell Rubbermaid (NWL)** shares down 20.6% on earnings but seeing 2,000 September \$15 ITM calls open this afternoon \$3.40. **NWL** with 16,000 March \$16 puts sold to open for \$0.30 as well

**General Mills (GIS)** working out of its bull flag consolidation above the 200 MA and seeing 1,000 Jan. 2021 long-dated \$45 calls bought \$4.65 to open today

**Cal-Maine (CALM)** weak this afternoon and IV surging with 1,100 May \$42.5 puts bought \$1.45 to \$1.55

**Herbalife (HLF)** buyer of 2,000 Jan. 2020 \$42.50 puts to open \$1.72

## Energy

**First Solar (FSLR)** earnings on 2-21 with a strategy putting on 1,500 next week \$52/\$48 bear risk reversals for \$0.17 debit

**McDermott Int'l (MDR)** buyer of 10,000 March \$6 puts for \$0.20 to \$0.25, big move lower this morning after concerns about their Cameron LNG project

**GOLAR LNG (GLNG)** with 2,500 March \$22.50 calls bought \$1.70 as February roll out

**NGL Energy (NGL)** stock replacement opens 2,500 July \$15 calls \$0.60 after a strong run in the name

**Anadarko (APC)** with 2,300 Jan. 2020 \$52.5 calls sold \$2.95 to open in a buy-write

**Schlumberger (SLB)** buyer of 20,000 March \$45 calls \$1.27, rolls out of 10,000 February \$42.5 calls

**Halliburton (HAL)** trade follows suit rolling 10,000 February \$30 calls to March \$30 calls

**Occidental Petro (OXY)** opening sale of 1,000 March \$67.5 ITM puts for \$2.36

**YPF SA (YPF)** IV rising this afternoon with 3,750 March \$15 puts bought \$0.35 to \$0.50

**Laredo Petro (LPI)** long base forming and afternoon buyers of 900 July \$3 calls to open \$1.10 offer with aggressive orders

## Financials

**Bank of America (BAC)** buyer of 39,000 April \$32/\$27 strangles for \$0.63

**Citizen's Financial (CFG)** buyer of 1,000 March \$35 calls for \$2

**Radian Group (RDN)** buyers of 2,350 March \$31 calls for \$0.70 to \$0.80 today with the report that Apollo, Centerview had approached them about a deal

**MasterCard (MA)** with the March 8th (W) \$220/\$215 put ratio spread trading 1,500X3,000

**American Express (AXP)** trading 1,800 July \$110 calls this morning \$4.70 to \$4.67, opening sales

**Cullen Frost (CFR)** breaking out of a bull flag and seeing M&A heat up in regional banks, the April \$105 calls opening 1,200X today as Feb. \$100 calls adjust

**NMI Holding (NMIH)** with a stock replacement opening 1,500 September \$25 calls for \$2.30, shares breaking out of a nice bull flag the last two days and nearing record highs set last September. The \$1.52B provider of mortgage insurance services has screened as a high quality financial the last two years and trades 10.25X Earnings and 12.8X FCF. The action comes today as a peer, Radian (RDN) is also seeing call buying amid reports of potential buyout interest. JPM started shares Overweight with a \$25 target in December.

**AG Mortgage Investments (MITT)** unusual 1,000 August \$17.50 puts opening today \$1.25

**Goldman Sachs (GS)** flagging seeing 1,675 March 1st (W) \$200 calls bought to open \$2.30 to \$2.50

**Diebold (DBD)** a name with a major recovery since December seeing 1,000 August \$10/\$15 call spreads and 2,000 Jan. 2020 \$10/\$15 call spreads open today. DA Davidson upgraded shares to Buy last month. **DBD** ITM Aug \$5 calls roll to Jan 2020 \$5 calls 600X as well

## Healthcare

**Nuvasive (NUVA)** spread this morning buys 500 March \$60 calls for \$2.90 and sells the \$65/\$50 strangle 800X for \$1.60 with earnings on 2-20. **NUVA** note recent reports that Smith and Nephew (SNN) was considering a bid for the company

**Clovis (CLVS)** buyers of 500 March \$27 OTM calls \$2.20 offer aggressively this morning

**AstraZeneca (AZN)** buyer of 1,500 July \$40 calls for \$2.05 today in a stock replacement, big mover this week

**IQVIA (IQV)** buyer of 1,250 May \$130 puts \$2.75 tied to stock, a name a lot of smart funds were adding last quarter

**Mirati (MRTX)** bullish note out this morning and seen plenty of bullish positioning, today the Feb. \$60 calls close and opens 300 April \$65 synthetic long positions

**Ascendis (ASND)** traded 2,000 March \$45 puts to open \$5 against stock into key data

**Welltower (WELL)** with 1,500 March \$77.50 calls opening as February \$75 calls adjust, strong bull flag set up

**Merck (MRK)** roll of 10,000 March \$82.5 short calls to April

**UNIQURE (QURE)** a hot Biotech with gene therapy exposure sees a big block of 5,000 December \$40 calls bought \$8.20 to open today. **QURE** follow up, HC Wainwright note out earlier this week raising target to \$73. " Our \$73 (raised from \$60) price target, is based on a 13-year DCF analysis that incorporates rNPV of two clinical stage pipeline products AMT-061 and AMT-130, with the upside being a reflection of higher market share assumptions following the EAHAD update on February 8, 2019. For AMT-061, we assume a 70% POS driven by the compelling clinical updates and single-arm Phase 3 involving about 50 patients, along with RMAT and PRIME designations. We anticipate commercial launch during 2H21, with a NAB-based exclusion of 5%, and model risk-adjusted peak sales of roughly \$765M, during 2028. We assume a launch price of \$850K, which could be an underestimate based on the 7 plus years of anticipated durability. At peak, we estimate about 550 patients in the U.S. and approximately 735 patients in the developed markets who would have received AMT-061. We limit our market adoption to about 50% of moderate to severe hemophilia segment and would not be surprised if AMT-061 becomes the dominant and only product in the segment although, our model currently assumes substantial market share for Pfizer. For AMT-130, we assign a modest 9% (raised from 5%) POS, which reflects the program moving from preIND to Phase 1/2 and assume commercial launch in late 2023 and model risk-adjusted peak sales of roughly \$215M during 2028. Our DCF analysis, is based on: beta of 1.49, terminal growth rate of 0.5%, risk premium of 4.93%, calculated WACC of 10.0%, and tax rate of 15% beginning in FY2025. Furthermore, we view uniQure's Bristol-Myers (BMJ; not rated) partnered CVD program as well as, AMT-180, AMT-190 and AMT-150 as free options, with room for upside revisions as these mature. Key risks include: (1) emergence of gene therapy-related safety concerns; (2) clinical risks; (3) regulatory risks; (4) financial risks; and (5) manufacturing. "

**Allergan (AGN)** shares catch a small bid here as 5,000 August \$165/\$185 call spreads are bought for \$2.20

**EXACT Sciences (EXAS)** buyer of 1,000 March \$82.5/\$77.5 put spreads today after Feb. 22nd (W) put spreads opened yesterday for earnings 2-21

**Dynavax (DVAX)** seeing midday lift with 1,200 July \$12 calls bought aggressive to open \$1.65 to \$1.75

**BioHaven (BHVN)** bullish positioning continues with 1,215 March \$40 calls opening \$6 to \$6.90 midday

**Sarepta (SRPT)** buyer of 500 April \$150 calls \$12 to \$12.10. **SRPT** also with the March \$145/\$160/\$175 call fly trading 1,000X2,000X1,000 at \$2.40 debit positioning for upside with upcoming data

**Viking Therapeutics (VKTX)** seeing 800 March \$10 puts bought \$1.85 while 4,000 of the \$9 calls are bought \$1.30, shares moving to highs

**CIGNA (CI)** buyer of 1,500 April \$210 calls to open \$2.20 offer and has over 5,000 of the March \$210 calls sitting in OI

**Hologic (HOLX)** strong run today and speculative buyers of 2,600 March \$48 OTM calls earlier today

**Macrogenics (MGNX)** has pulled back from \$32 to \$21 after a big move on data last week and this afternoon buyers of 970 July \$20 ITM calls coming in \$5 to \$5.20

**US Physical Therapy (USPH)** unusual buy of 500 March \$115 calls \$4.50 this afternoon for a name with very little open interest. Shares are nearing a breakout of a nice weekly bull wedge.

**LivaNova (LIVN)** opening sale of 300 December \$95 puts for \$10.75

**Madrigal (MDGL)** IV jumped midday with 550 March \$135 calls bought to open \$9.65, a Co. that has been discussed as being for sale

**Sage Therapeutics (SAGE)** with 750 Jan. 2020 \$160 puts opening \$30.90 at the CBOE this afternoon, large \$2.3M position

## Industrials

**XPO Logistics (XPO)** down 16.5% today on earnings and 1,325 March \$45 puts bought from \$0.85 to \$1.00 now, their Norbert Dentressangle deal in Europe from 2017 really weighed on results with France/UK headwinds

**Lennar (LEN)** with 2,000 March \$47.50 calls opening as February calls adjust out, homebuilders a hot space lately

**Fed-Ex (FDX)** trading 1,240 April \$190 calls with buyers \$3.45 to \$3.60 this morning

**Fluor (FLR)** with 2,275 next week \$36.50 puts bought to open \$1.60 to \$1.65, earnings 2-21

**Fortive (FTV)** with 775 March 29th (W) \$82 calls opening near \$1.80 as March \$75 calls adjust and keep on some exposure

**Parker Hannifin (PH)** buyer of 1,000 March \$165/\$155 put spreads for \$1.20

**Terex (TEX)** buyer of 1,000 March \$34 calls \$1.10 to \$1.15, earnings 2-18

**Boeing (BA)** far OTM Jan. 2020 \$560 calls open \$4.67 today, stock replacement

## Materials

**Newmont Mining (NEM)** seeing 2,470 April \$32 puts sold to open near \$0.85

**Steel Dynamics (STLD)** weak after 5,000 March \$35 puts were bought \$0.45 offer to open

**Nucor (NUE)** similar to STLD with 5,000 March \$55 puts bought \$0.38 to open. NUE also seeing 1,710 March 29th (W) \$61 calls open \$1.24 as April \$65 calls adjust

**Amyris (AMRS)** a name with unusual call spreads bought earlier this week today seeing 1,500 Jan. 2020 \$7.50 ITM puts sold to open \$3.50 to \$3.40

**Berry Plastics (BERY)** speculative action buying 3,500 March \$55 calls today \$0.27 to \$0.30, name working out of a large basing pattern targeting a move to \$57-\$60. BERY already has sizable open interest in March \$47.5, \$50, and \$52.5 calls as well. BERY was reportedly considering a rival bid for RPC Group (RPM) over Apollo Global.

**TPI Composites (TPIC)** with 1,500 March \$30 puts bought \$0.75 to \$0.95 for earnings 2-28, shares been on a big run

## Tech and Telecom

**Facebook (FB)** acting weak and vulnerable to fade into earnings gap with 3,000 May \$160 puts bought to open \$8.30 to \$8.55 this morning

**Grub-Hub (GRUB)** with 700 June \$90 calls being bought to open into morning weakness \$6.80 to \$7, shares carving out a multi-week rounded base and saw some notable call buying into recent weakness

**Atlassian (TEAM)** buyer of 1,000 March \$100 puts \$2.20 to open

**Palo Alto (PANW)** steady move higher since triggering in late 2018 out of its bottoming pattern and a Tech name yet to report, scheduled for 2-26. The March \$230 calls are being sold \$8.75 to \$8.45 today, potentially taking profits

**NICE Systems (NICE)** opening sale of 400 March \$115 puts \$3.40

**Ubiquiti (UBNT)** buyer of 100 Jan. 2020 \$125 calls for \$27.40

**Netflix (NFLX)** buyer of 950 May \$320 puts today \$13.60 to \$13.80

**Microsoft (MSFT)** with 6,000 April \$110 straddles bought to open \$7.89

**Alibaba (BABA)** with 6,000 April \$175 calls bought today \$3.86 to \$3.93 as March \$175 calls are sold against. BABA also seeing 3,000 June \$195 calls bought that look to be rolling back from the \$200 strike

**IBM** buyer of 2,000 April \$140 straddles for \$9.39

**TI (TXN)** buyer of 2,000 April \$110 straddles for \$7.93

**Salesforce.com (CRM)** buyer of 1,000 April \$160 straddles for \$16.94

**eBay (EBAY)** buyer of 15,000 April \$38 calls for \$1.06 as 7,500 of the \$36 calls adjust

**Qualcomm (QCOM)** some speculative action buying 6,500 March 22nd (W) \$55 calls \$0.49 to \$0.51 this afternoon

**Far-Fetch (FTCH)** a coiled chart and an unusual afternoon buyer of 2,940 March \$20 calls \$1.20 to \$1.25. FTCH had an unusual buy of 1,000 July \$25 calls back on 1/17 and will report earnings 2-28. The \$5.6B provider of a technology platform for luxury retail trades 6X FY19 EV/Sales and after 59% and 50% topline growth last two years sees 34% growth in 2019. FTCH acquired Stadium Goods for \$250M in December. Cowen has a \$27 target seeing an opportunity to consolidate the \$300B luxury market and CSFB noting brand owners' wanting to protect image/equity and control inventory access which benefits the FTCH platform. Wells Fargo with a \$30 target notes "an opportunity to hop aboard an early-stage e-commerce growth story with an incredibly long runway ahead of it. At a high level, Farfetch appears to be extremely well positioned in the market, as digital is beginning to transform the luxury space and there currently is not a global platform for curated aggregation of the best luxury brands/retailers, while current platforms are not tailored to service the modern luxury consumer."

**Wage Works (WAGE)** recent call accumulation and today 775 April \$35 puts sold to open \$3.40 to \$3.20

**Intuit (INTU)** a favorite Software name with 500 Jan. 2020 \$250 calls bought \$17 to open this afternoon, but also seeing 1,275 April \$240 calls sold to open \$5.90 seeing limited near-term upside, earnings 2-21

### Utility

#### **Disclaimer:**

#### **Not Investment Advice or Recommendation**

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