



## MARKET RECAP 2/15/2022

### Sector Leaders

Solar

Semi's

Transports

### Stock Gainers

SABR 20%

YNDX 15%

SE 9.3%

Z 8.5%

PLUG 8.5%

AMKR 8.5%

### Volatility Gainers

- RBLX
- LEGN
- ALKS
- MYTE
- GGPI
- MQ

### High Call Volume

- OSH
- LH
- KBH
- YUMC
- NWL
- AN

### Bullish Options

- BA
- INTC
- ACAD
- UBER
- KMX
- STNG
- YUMS
- CSCO
- VALE
- OPEN
- LH
- KBH

**Market Review:** Stocks surged into the open on reports of Russia pulling back some troops while the 10-year continued to rise above a 2% yield. Markets faded a bit into the open as the reporting on the Russia situation lacks and real clarity and January PPI data came in hot. The open was rather muted without any real strong buying pressure gapping higher into a downtrend but the move digested well and saw strength in Solar, Biotech, Semi's and most industries while Energy & Gold pulled back and Bonds stayed weak. Markets tested support a few times but up/down volume ratios climbed throughout the session as a trend day developed though the high at the 8 and 21-day moving average convergence acted as resistance. We get an active morning of data tomorrow along with FOMC Minutes midday as the narrative is starting to shift into potential recession talk with inflation surging and growth slowing.

### S&P Chart:



Resistance	Support
4550	4440
4630	4350
4720	4300

**Options Action Trends:** We saw some large call position adjustments in **LH**, **KBH** and others which tend to occur on days large holders are trying to call an intermediate low in markets. We also continued to see large March straddle sales in Tech growth names like **OKTA**, **TTD**.

**What's On Tap:** Retail Sales, Import/Export, Industrial Production, EIA Data and FOMC. Earnings from **NVDA**, **CSCO**, **AMAT**, **ADI**, **HLT**, **NTR**, **TTD**, **DASH**, **ALB**, **GRMN** and more.

### Trade Tracker Portfolio Changes:

- 1) Spotlight: Long **SCHW** March \$90 Calls \$2.50 – No Fill

### Sector Laggards

Energy

Gold

Bonds

### Stock Losers

MEDP -14%

CAR -13.5%

CLR -8.8%

OMCL -7.7%

FIS -7.5%

IPGP -7.5%

### Volatility Losers

- PINS
- RDFN
- AA
- DDOG
- FSLY
- SPOT

### High Put Volume

- CWB
- TIP
- ZI
- ASHR
- SOXX
- IGV

### Bearish Options

- BTU
- JOBS
- FSR
- BMJ
- HLTH
- W
- GDS
- SOND
- IRBT
- WHR
- GILD
-



## FEATURED OPTIONS RADAR REPORT



### Large Call Buy in Attractive Biotech M&A Target

**Ticker/Price:** MRTX (\$101.45)

**Mirati (MRTX)** with a large buy of 1475 September \$135 calls late in the session on 2/14 for over \$1.5M and otherwise has very little notable open interest with recent opening sales of 1500 March \$135 calls. MRTX shares are -30% YTD as one of the weaker mid-cap Biotech stocks but at an interesting spot on the long-term chart with the 61.8% Fibonacci at \$97.50 and VWAP from the 2017 breakout near \$90 also retesting the most meaningful volume node. Mirati Therapeutics, Inc. is a clinical-stage oncology company developing novel therapeutics to address the genetic and immunological promoters of cancer. MRTX849 is an investigational, selective, specific, potent and orally available KRAS G12C inhibitor in clinical development as a monotherapy and in combination with other agents. Adagrasib is the provisionally filed nonproprietary name for MRTX849. The RAS family of genes is the most commonly mutated oncogene and mutations in this gene family occur in up to approximately 25% of all human cancers. Among the RAS family members, mutations most frequently occur in KRAS (approximately 85% of all RAS family mutations). Tumors characterized by KRAS mutations are commonly associated with poor prognosis and resistance to therapy. MRTX currently has a market cap of \$5.84B and trades 5X cash and 4.5X FY25 estimated sales. MRTX presented last week at the Guggenheim oncology event with the focus on differentiating factors for adagrasib versus Amgen's LUMAKRAS. MRTX will also be presenting CNS data for KRSYTAL-1 study in Q2. NDA filing for Adagrasib monotherapy (600mg BID) in the 2L+ NSCLC treatment setting is underway with potential approval in mid-2022 with breakthrough therapy designation. Analysts have an average target of \$195 with short interest low at 5.7% of the float and down 31% Q/Q. Goldman sees Adagrasib as having a best-in-class profile and has a \$287 target and \$353 takeover valuation seeing a 30-50% chance of M&A related to its role as a precision medicine story with a broad immuno-oncology pipeline. BAML upgraded shares to Neutral earlier this month though noted potential downside if Sitra fails and Ada combos fail to yield anything viable. BMO started shares Outperform in November with a \$187 target seeing MRTX superior to AMGN and also noted it as an attractive buyout target.

### Hawk Vision:



**Hawk's Perspective:** MRTX has a weak chart but easily could wake up one day to a significant buyout premium with Merck one potential buyer. These calls should hold value into catalysts mid-year with potential to catch a deal so even keeping tight versus the \$95 level the reward/risk is compelling.

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Bull Sticks with Medicaid Leader with Multiple Avenues for Value Creation

**Ticker/Price:** CNC (\$83.65)

#### Analysis:

**Centene (CNC)** opening buyer of 2000 March \$77.50 calls for \$7.40 to \$7.50, closing the February \$73 calls and adjusting out but staying bullish the name. CNC has seen recent sales in the September \$70 puts and buyers of 2000 March 4<sup>th</sup> (W) \$80 calls, as well, while the March \$72.50 and \$80 calls both with 2000 in open interest, the latter bought in late December and priced just below where they opened. Shares jumped on earnings recently and pulling back into the rising 8-EMA this week with a breakout above \$86.50 in focus to clear a multi-week range. CNC has room to run to \$100 on a breakout. The \$48.5B company trades 13X earnings, 0.40X sales, and 3.6X cash. CNC is coming off of a strong quarter driven by their Medicaid business which saw 11% revenue growth. CNC recently outlined plans to boost their Medicaid footprint with expansion plans in Ohio, Nevada, and Arizona while also targeting more value-based arrangements and expanding Medicare as the patient pool jumps. They also continue to make progress on a massive efficiency plan launched in late 2020 to help grow margins. CNC held an investor day in December 2021 where they highlighted a number of potential drivers of shareholder value including reviewing strategic options for their International business, potential non-core asset sales, and expanding their capital return. Analysts have an average target for shares of \$92 with a Street High \$109. BMO raising estimates last week citing the company's high-quality results, adding that they are optimistic about Centene's prospects based on the focus on margin improvement for 2022-2023 and beyond. The firm also notes that the long-anticipated headwind of Medicaid eligibility redeterminations will be easily manageable. Hedge fund ownership rose 6% last quarter. Politan Capital a buyer of 12.6M shares while activist Eminence Capital a buyer of a new 1.8M share position. Short interest is 1%. In January, Bloomberg reported that Centene had attracted takeover interest from Cigna (CI) but the deal likely would face high scrutiny from regulators and talks have reportedly not moved beyond the initial stages.

#### Hawk Vision:



**Hawk's Perspective:** CNC is a high-quality name with a lot of potential levers to pull for further expansion out of this range while the secular tailwinds around Medicare and Medicaid remain very favorable, on watch above \$86

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Ahead of Ambitious Expansion Plan, Bulls Buy into Laggard QSR Stock

**Ticker/Price:** YUMC (\$51.75)

#### Analysis:

**Yum China (YUMC)** with 1,850 January \$55 calls bought between \$4.75 and \$5 to open today, follows buyers in the March \$47.50 calls and 6,285 April \$50 calls recently. Shares have traded weak since mid-2021 but back at a major volume node on the longer timeframe at \$45 and the 50% retracement of the bigger bull trend in the name. A move back above its 21- and 55-EMA at \$55 sets up for a run back at \$65 and the breakdown area from last year. The \$21.2B company trades 22.6X earnings, 2.15X sales, and 28X FCF with a 1% yield. YUMC is coming off a mixed quarter as China has faced more lockdowns and COVID headwinds than other countries recently. They continue to see strong growth in delivery and off-premise sales while their digital orders and membership enrollment continues to hit new highs. YUMC has some of the more resilient brands in the country's QSR space with both KFC and Pizza Hut bouncing back strong in 2021 versus 2019 due the expanding omnichannel footprint, revamped menu, and higher ticket size. YUMC has aggressive with some of their expansion plans as they look beyond COVID noting in September they see plenty of spots to target growth despite the near-term concerns. They announced plans to spend between \$5B and \$6.5B through 2027 to expand their footprint to 20,000+. They also signed a partnership with Lavazza in 2020 to build out a chain of cafes and they noted recently they see room to open 1,000 stores by 2025 under the JV with a focus on higher density and more urban cities where they think they can win share in the emerging coffee market in China. Analysts have an average target for shares of \$81 with a Street High \$123. MSCO with a \$70 PT but they think the full recovery timeline needs to be pushed back to early 2023 given recent COVID outbreaks in the country. Macquarie downgraded shares to Underperform in September noting that the recovery will be bumpy as outbreaks continue and China remains more vigilant on lockdowns than other countries. Hedge fund ownership fell 3.5% last quarter. AllSpring Global a buyer of 4M shares. Short interest is 2%.

#### Hawk Vision:



**Hawk's Perspective:** YUMC is in a weak trend but bouncing at a big longer-term spot and like how they're positioning themselves for a post-COVID recovery where they have multiple ways to grow

**Confidence Ranking:** \$\$



## **Additional Options Flow**

### **Market/ETFs**

**Russia (RSX)** sale to open 2500 August \$22 puts \$1.90

**Convertible Bonds (CWB)** with 3600 March \$77/\$71 put spreads bought, one of many broken Bond charts

**Vanguard Total Stock Index (VTI)** with 1150 September \$197 puts sold to open \$7.40

**Nasdaq (QQQ)** size buyer 3000 May \$338 puts \$13.90. **QQQ** buyer 1500 April \$357 calls for \$13.65

**S&P (SPY)** in opening hour flows with 3000 March 7th (W) \$435 puts bought \$1.8M, June 30th (Q) \$384 puts opening 4500X for \$4M, and sellers of 7500 September \$360 puts for \$7M

**Software (IGV)** with 2000 March \$340/\$310 put spreads opening as February adjust

**Oil & Gas (XOP)** block of 2500 January \$102 puts sold to open for \$14.10

**Treasury (TLT)** with a buyer of 5000 August \$137/\$145 call spreads today for \$2.77. **TLT** also an opening put sale 2000 June \$141 puts for \$9

**Russell (IWM)** buyer of 10,000 March 11th (W) \$204 puts this afternoon for \$5.66 to open

**Vanguard Energy (VDE)** unusual size action with 10,000 March \$97 calls being sold to open today as Energy shows some signs of peaking

### **Consumer Goods**

**Oatly (OTLY)** the June \$7.50 calls with another 2,500 bought today for \$1.65, spot where 5,000 opened last week

**Kraft (KHC)** with 2000 January 2024 \$35 calls sold to open for \$3.70 today into earnings tomorrow morning

**The Gap (GPS)** with another 2,500 January \$13 puts bought for \$1.97 today after the downgrade at BAML today, recent buy in the strike tied to stock

**Tempur Pedic (TPX)** with 5000 March \$45 calls sold to buy the \$35 puts into 2-22 earnings, may be collaring stock

**Mattel (MAT)** small buyer 1000 January \$35 OTM calls \$0.95, coming off a strong quarter and analyst day Friday

**British Tobacco (BTI)** with 2,200 June \$45 puts sold to open this morning for \$1.90, strong name in 2022. **BTI** also seeing IV drop with 5,000 June \$50 calls sold to open near \$0.90/\$0.95

**Fisker (FSR)** fading off the early highs with 5,000 May \$12.50 puts bought for \$2.68 to \$2.80

**Philip Morris (PM)** more bull flow today with 2,300 September \$85 puts sold to open for \$1.55

**I-Robot (IRBT)** the May \$65 puts opening today between \$7.20 and \$7.30 as some Feb. \$75 puts adjusting from 12/1 buys

**Whirlpool (WHR)** with buyers of 1600 May \$210 puts for \$19.80 to open today

**Under Armour (UAA)** buyer 5000 next week \$17.50 calls \$0.73 offer spread versus \$19.50. **UAA** also 5000 of the \$17 puts sold to open

**Monster Beverages (MNST)** with 2,000 June \$90 calls bought for \$3 to \$3.10 this afternoon with the report that talks with Constellation are progressing

**Tupperware (TUP)** buyer of 500 January 2024 \$18 calls for \$6.60/\$6.70

### Consumer/Business Services

**Uber (UBER)** buyer 7500 next week \$35/\$40 call spreads with some Feb. calls adjusting. **UBER** also with 7500 May \$37.50 calls being bought today near \$3.54 and will confirm OI add tomorrow. **UBER** large afternoon buyer 7500 January 2023 \$42 calls for \$5

**Live Nation (LYV)** with 1250 April \$105 puts sold to open for \$4.30

**CarMax (KMX)** with 1000 March \$110 calls bought \$7.40 to \$7.60 into AutoNation earnings

**Wynn (WYNN)** with 600 September \$97.50 puts sold \$14.25 to open and 600 of the March \$105 calls bought \$12.10 into earnings tonight with Casinos a hot group

**Wayfair (W)** with 1000 March \$165 calls sold to open \$7.10 to \$7

**Overstock (OSTK)** buyer of 1000 March \$55/\$40 bull risk reversals today for \$1.35 ahead of earnings next week

**eBay (EBAY)** with 1650 April \$57.50 puts sold to open today for \$2.92

**Las Vegas Sands (LVS)** volume continuing all morning and the January 2024 \$47 calls now trading over 1,425X on the day around \$11.70 to \$11.85. **LVS** also with 400 January 2024 \$65 puts sold to open for \$21.90

**Best Buy (BBY)** ahead of 3-3 earnings season 3000 March \$90/\$75 OTM put spreads bought today for \$1.65

**AutoNation (AN)** with 750 July \$120 calls bought for \$7.50 to open today ahead of earnings this week

**Disney (DIS)** working back near earnings highs with 2000 March 4th (W) \$155 calls bought \$3.35 to \$3.50 today

**Doordash (DASH)** buyer of 1750 April \$85/\$70 put spreads into earnings tomorrow

**Penske (PAG)** buyer 350 August \$100 calls for \$11

**Airbnb (ABNB)** with 600 May \$175/\$220 call spreads bought this afternoon ahead of earnings for \$14.45

**Revolve (RVLV)** also with 500 January 2023 \$55 puts sold to open for \$13.10

**Dollar Tree (DLTR)** with 3000 June \$135 puts opening for \$10.90, tied to stock as some March positions adjust

### Energy

**Scorpio Tanker (STNG)** buyer of 1000 July \$16 calls for \$2.20 to \$2.30 to open today

**Baker Hughes (BKR)** opening sales of 1150 September \$26 puts for \$2.25 today

**Plug Power (PLUG)** strong move up 8% and moving out of a base with room to run seeing 2000 June \$17.50 ITM calls bought \$6.50 to \$6.85

**Sun Run (RUN)** with 5000 March \$20 puts sold to open for \$0.97 today

**Marathon Oil (MRO)** with 4,000 April \$19 puts sold to open today for \$1.08 to \$1.09 as the January 2024 \$15 short puts adjust from October

**Cheniere (LNG)** with 1300 September \$80 puts being sold to open for \$2

**Sun Run (RUN)** with 5000 March \$20 puts sold to open for \$0.97 today

**Cameco (CCJ)** with 10,000 September \$35 far OTM calls bought for \$0.92/\$0.93

**Chevron (CVX)** with 4,450 April \$150 calls sold to open this afternoon for \$1.18, likely overwrite

### Financials

**Fidelity Info (FIS)** with 1,000 March \$110 calls bought for \$2.12 today with the \$95 puts sold for \$2.01 to open in a risk reversal trade; adjusting back the \$120 calls from 1/20

**Citi (C)** with 3000 May \$65 puts sold to open \$3.05

**Open Door (OPEN)** with 6000 January \$12.50 calls being bought \$3.15 to \$3.353 into 2-24 earnings for over \$2M

**S&P Global (SPGI)** with 750 January \$340 puts bought for \$22.20 today, tied to stock

**Hartford (HIG)** with 3,000 March 11th (W) \$65 puts sold to open for \$0.40 as it bases above the 200-MA

**Black Knight (BKI)** buyer 1000 March \$70 calls \$1.30 into weakness

**Voya Group (VOYA)** with 1000 March \$70 calls bought today for \$3.40 to open, nice consolidation above its 200-day

**Synchrony (SYF)** with 2000 September \$46 calls sold to open for \$4.20 today

**Upstart (UPST)** with 4,950 June \$105 puts sold to open from \$26.15 to \$26 this afternoon into the lows

**EPR Properties (EPR)** with 1950 July \$50 puts sold to open for \$7.20, earnings on 2-22, beneficiary of reopening

### Healthcare

**Acadia Pharma (ACAD)** with 1000 March \$22 ITM calls bought for \$6.10 today, popular trade lately with ITM March calls in the name ahead of some key regulatory catalysts

**Danaher (DHR)** with 400 September \$300 calls sold today for \$13.80 in buy-writes, similar to yesterday's trades in the name'

**Lab Corp (LH)** into weakness with 6150 May \$280 calls opening \$10.60 as the \$300 calls adjust back, shares at recent support

**Oak Street Health (OSH)** buyer of 5,000 December \$25/\$45 call spreads today for \$2, looks to be adding to the 10,000 December \$25 calls bought recently

**Bristol Myers (BMY)** seeing the May \$62.50 puts bought over 6,850X from \$1.25 to \$1.33 today into strength

**Boston Scientific (BSX)** seeing 1000 March \$44 puts sold to open today for \$1.44 to \$1.47 as some Feb. short positions adjust out

**Novavax (NVAX)** with 450 July \$90 puts bought this morning up to \$28 to open, tied to stock

**Pfizer (PFE)** with 7500 June \$38 puts selling to open near \$0.55

**Cutera (CUTR)** seeing 1,000 March \$40/\$35 bull risk reversals bought today for a small debit, adjusting the Feb. risk reversals higher

**TG Therapeutics (TGTX)** with 1,350 March \$11 calls bought for \$1.15 to open today, AdComm meeting for UKONIQ due sometime in March

**Cue Health (HLTH)** with 1150 September \$10 puts bought \$3.60 into this recent rally

**Envista (NVST)** opening sale of 1000 June \$50 calls for \$2.80 to \$2.70 into strength

**WW (WW)** with 1,000 January \$10 puts sold to open for \$1.95 today, adjusting some short positions out

**NanoString (NSTG)** with 1,000 March \$40 calls bought for \$2.50 today and spread with the February \$40/\$35 strangle sale for \$1

**Viatis (VTRS)** aggressive sweep buyers of 5000 March \$15 calls \$0.85 offer, reports 2-28

**Protagonist Therapeutics (PTGX)** with 5,000 July \$35/\$45 call spreads bought today for \$2.05 to open, big size for the name ahead of Phase 2 data for their ulcerative colitis treatment in Q2

**Opko Health (OPK)** buyer 5000 June \$3.50 calls \$0.49/\$0.50

### Industrials

**Emerson (EMR)** buyers of 465 June \$92.50 puts for \$5.10, follows some bear flow yesterday

**Boeing (BA)** 1350 March 4th (W) \$222.5 calls with early buyers for \$770K as Feb. 25th (W) calls adjust

**KB Homes (KBH)** buyer of 8350 July \$45 calls for \$2.20 as April calls adjust

**Lockheed Martin (LMT)** with 750 March \$380 puts sold to open today for \$9.05 in stock replacements

**Toll Brothers (TOL)** with 2,000 September \$50/\$30 bull put spreads opening today for \$3.92

### Materials

**Vale SA (VALE)** buyer of 5000 January 2024 \$17 calls for \$2.85 into the dip on the iron ore movement today

**Peabody (BTU)** with 4000 ITM April \$16 calls being sold to open \$3 to \$2.80

**Freeport McMoRan (FCX)** more bull flow today with 2,750 March \$42 puts sold to open for \$2.40. **FCX** now with 2000 April \$41 puts bought for \$2.41, stock tied

**Mosaic (MOS)** with 2,000 April \$48 calls sold to open this afternoon for \$2.63 down to \$2.58

**Huntsman (HUN)** up nearly 10% on results and March \$41 calls open 2000X at \$1.20 as February calls adjust, also seeing buyers of 1475 Jan. \$50 calls

### Tech

**Cisco (CSCO)** buyers of 3,250 weekly \$54 calls for \$1.40 to \$1.45 ahead of earnings tomorrow afternoon

**Shopify (SHOP)** with 600 April \$1000 calls sold to open today for \$41.50 to \$41.20 into earnings tomorrow morning

**DynaTrace (DT)** with 450 August \$40 calls bought \$8.80 to \$8.90. **DT** now with 3,000 August \$55 calls bought \$3.30/\$3.40 to open

**JD.com (JD)** buyer of stock sells 2700 June \$85/\$67.50 strangles for \$9.82

**Intel (INTC)** buyer 2000 June \$47.50 calls \$3.75 to \$3.80 early after its TSEM deal

**Apple (AAPL)** with 11500 March 4th (W) \$177.5 calls being sold to open



**Applied Materials (AMAT)** large stock replacement buys 17,100 March \$145 calls for \$4.40 into earnings tomorrow night

**Datadog (DDOG)** with nearly 900 July \$190 calls sold to buy the \$135 puts today for a small net credit, likely collaring stock

**Facebook (FB)** sale to open of 700 August \$215 puts for \$22.60, put sellers continue to show a willingness to be long near \$200 cost-basis. **Meta (FB)** with 1000 March \$205 ITM calls bought today for \$17.50 as some Feb. 25th (W) calls adjust out

**Immersion (IMMR)** with 1500 August \$5 puts sold to open today for \$1, name that often moves on patent news

**GDS Holdings (GDS)** with 1000 June \$65 calls sold to open today for \$2.65/\$2.60

**Pinduoduo (PDD)** with 1,500 May \$60 puts sold to open this morning for \$9 as shares continue to base in a multi-week range

**Pinterest (PINS)** large block of 3600 August \$25 puts sold to open \$4.25

**Sonder (SOND)** with 1000 March \$10 puts bought \$3 to \$3.20

**Okta (OKTA)** with 1,500 March \$195 straddles sold to open today for \$27.15

**Trade Desk (TTD)** with 2250 March \$80 straddles sold for \$16.12, common strategy in Tech growth lately

**Par Tech (PAR)** jumpy here with 4,600 December \$22.50 ITM calls bought for \$24.55, spread with some Feb. calls that look to be adjusting

**Nvidia (NVDA)** stock replacement bought 1000 July \$300 calls for \$20.80

**Zoom Info (ZI)** size put buyers in February \$60 and \$55 this afternoon with earnings after the close, a high multiple name at 29X FY22 EV/Sales

**ZScaler (ZS)** 400 Mar \$280 puts bought \$21.80 today, reports 2-24

**Dell (DELL)** with 1000 December \$65 calls sold for \$4.20 in a buy-write

**Joyy (YY)** buyer 1000 May \$45 puts for \$3.35

#### Communications/Utilities

**Ventas (VTR)** opening sale of 1000 January \$42.50 puts for \$3.10 today

**Disclaimer:****Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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