

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 2/18/2020

### Sector Leaders

Gold

Bonds

Software

### Stock Gainers

SPCE 25.5%

LM 23.6%

VG 17%

CEVA 14.2%

RESI 11%

GSX 10.5%

LDOS 10.2%

### Volatility Gainers

- SPCE
- TERP
- CVM
- CRWD
- CENX
- TUP

### High Call Volume

- CENX
- DBI
- EXC
- NCLH
- GLUU
- SPCE

### Bullish Options

- TWLO
- WVE
- GLUU
- LYFT
- TUP
- WIX
- TV
- ZM
- ARVN
- TMUS
- ESTC

### Sector Laggards

Energy

Banks

Semi's

### Stock Losers

FLR -23.5%

JELD -11.2%

TSEM -10.8%

KOP -10.5%

CEIX -10%

WLK -7.8%

CAG -7.7%

### Volatility Losers

- AGRX
- RESI
- FLR
- AMRN
- WMT
- AAP

### High Put Volume

- KRE
- DISH
- FLR
- SVMK
- IPGP
- MTN

### Bearish Options

- ELAN
- CME
- ENPH
- TEVA
- SMPL
- LYB
- WORK
- ERIC
- APA
- ALLT
- SCHW

**Market Review:** Stocks opened the week lower mostly driven by the Apple earnings warning as the coronavirus continues to show an economic impact. The NY Empire Manufacturing report came in strong above consensus expectations. Stocks tried to bounce early but gave way to selling pressure while safety groups like Bonds and Gold broke out of multi-week consolidation patterns. Software held up relatively well as a group immune from many of the Macro concerns. The usual laggards remained with Banks and Energy while Semiconductors a group hit with the Apple news. The schedule tomorrow will focus on FOMC Minutes and will continue to monitor for any more earnings warnings. The S&P tested and held its rising 8 day MA on the day lows, a key gauge of momentum.

S&P Chart:



Resistance	Support
3,380	3,340
3,440	3,300
3,525	3,010

**Options Action Trends:** Activity overall was a bit quieter and despite the negative news flow no real indications of bearish positioning or hedging across the leaders, bullish activity continues to dominate.

**What's On Tap:** Housing Starts, PPI, FOMC Minutes. Earnings from NEM, SBAC, HRL, EPAM, DPZ, NCLH, LAMR, OLED, ZS and more.

### Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long ORCL June \$57.5 Calls \$1.75 – No Fill



## Unusual Call Buying in Eventbrite, Niche Software Provider

Ticker/Price: EB (\$22)

### Analysis:

**Eventbrite (EB)** unusual activity on 2/14 as calls traded 17.5X average daily volume with 5500 of the March \$22.5 calls opening in the \$1.70 to \$1.90 range, and still has 1500 April \$20 calls bought and 1800 of the \$25 calls bought in open interest. EB shares have trended lower since its debut in Q4 2018 and will next report on 2-27, shares breaking out of a range and its post-IPO downtrend in late January with weekly RSI showing strength since bottoming May 2019. Next potential retracement targets are at \$24.85 and \$27.75. The \$1.8B software company is a niche player operating ticketing and event technology platforms allowing for planning, promoting and producing live events. They did 3.9M events in 2018 and 265M tickets overall, notable scale worldwide as they cater to mid-market creators. EB sees a \$14B market opportunity as they grow into verticals like tours and attractions. Their all-in-one platform offers creators flexibility to manage marketing/advertising, analytics, checkout and other event-day projects. EB has struggled after going public in September of 2018 around \$35 and unable to gain traction. This has largely been due to integration issues from their acquisition of Ticketfly in 2017, a distribution service previously owned by Pandora. They suffered a security breach in May of 2018 and lost a number of customers during the transition over to the EB platform. EB shares now trade 4.3X EV/Sales and 62.5X FCF with revenue growth seen accelerating to 13.3% in 2020 and EBITDA inflecting positively. Analysts have an average target of \$20.50 and short interest at 10% of the float is down 30% Q/Q. William Blair out positive on 1/24 with data showing fan engagement growing with accelerating traffic to its website. EB shares pulled back in November after Square opted to pull back its marketplace product but did mention potential to explore a partnership in the future. Hedge Fund ownership grew 7.2% in the latest quarterly filings, Foxhaven reducing its position.

### Hawk Vision:



**Hawk's Perspective:** EB is extremely interesting as I always love niche Software names as acquisition targets and it's in a strong growth industry of live events, while attractive on valuation. It looks to be a solid own at these levels.

Confidence Ranking: \$\$



## Arconic Calls Hot into Separation Event

**Ticker/Price:** ARNC (\$33.35)

### Analysis:

**Arconic (ARNC)** with a big breakout last week of a consolidation flag to new highs with a measured move target to \$40. ARNC has seen some unusual call buying recently with the Feb. 28<sup>th</sup> (W) \$31 calls having 2,990X remaining in OI and last week the \$34 calls opened 9000X while 4500 of the \$35 calls traded Friday. ARNC also has 1,100 April \$30 and 1,500 April \$31 calls bought in OI as well as 1250 July \$28 calls. The \$14.55B maker of lightweight metals saw the CEO as an active buyer of shares last year and a Director bought 5000 shares at \$29.50 in November. ARNC is trading 7.8X EV/EBITDA, 12.35X Earnings and 1X Sales. Forecasts are calling for revenue growth to return in 2021 with 2020 a flat year as it reshuffles the portfolio and sees an impact from the 737 while EBITDA growth seen at 3% and 6.3% respectively for 2020 and 2021. ARNC presented at the Cowen Aerospace conference last week after the Board recently approved the separation of the company. Analysts have an average target of \$36 and short interest is low at 1.3% of the float. CSFB raised its target to \$34 back in October and then to \$43 on 1/28 seeing the Q2 separation as a positive catalyst, and notes 2020 EBITDA growth will be driven by acceleration in narrow-body build rates as 737 Max recovers, jet engine growth is supported by two new plant ramp ups and spares restock cycle / JSF demand. GRP should see strong volume growth on new auto wins and ARNC gets full annualized benefit of \$260mm cost down /repricing gains further support the growth trajectory. As major aerospace contracts reset starting 2022 ARNC should be uniquely positioned for margin upside, adding another leg to the growth story. Argus upgraded shares to Buy this morning with a \$38 target, saying management has done a good job in setting and meeting expectations over the past two years and also sees its balance sheet as improved, adding that the current valuation on the stock of only 12-times its projected 2021 earnings undervalues its prospects. Hedge Fund ownership fell 4.66% in latest quarterly filings, Elliott a large concentrated holder and Kensico added to a large stake, now its 5<sup>th</sup> largest.

### Hawk Vision:



**Hawk's Perspective:** ARNC has major momentum and most of the positioning is very short-term so one to keep an eye on next two weeks while the valuation story is worth a longer term view.

**Confidence Ranking:** \$\$



## Call Buyers See Positive Data Coming from Arvinas

**Ticker/Price:** ARVN (\$50)

### Analysis:

**Arvinas (ARVN)** shares in a narrow consolidation in 2020 and today unusual 1500 July \$60 calls opening with early lots at \$8.60 but the largest paying \$10.50, 30 day IV up 12%. ARVN shares made a big move October to January and now looking for a continuation breakout. The \$4B Biotech is involved in therapies for degrade disease-causing proteins, lead product ARV-100 targeting the androgen receptor (AR) protein for the treatment of men with metastatic castration-resistant prostate cancer. ARVN is clinical stage and trades 20X Cash. It has partnerships with Pfizer, Genentech, and Bayer with up to \$2.1B in potential milestones plus tiered royalties. Analysts have an average target near \$50 and short interest relatively low at 7% of the float. HC Wainwright out with a Buy rating and \$50 target back on 12/19, noting "The tremendous potential of protein degradation as a novel therapeutic approach has led to the emergence of a plethora of companies in the space. We highlight Arvinas as a true platform play with the most advanced clinical programs. BMO raised its target to \$62 and sees a positive read-through into Arvinas's Phase1 prostate cancer trial evaluating ARV-110 ahead of its expected efficacy results in Q2. Wedbush raised its target to \$60, Arvinas will present initial efficacy data for lead PROTAC ARV-110 in 1H20, sees a high chance of success given compelling preclinical data showing anti-tumor activity of ARV-110 in a number of PC models that are insensitive or resistant to second generation AR antagonists, as well as the highly selective and potent nature of AR degradation. Additionally, Arvinas will present initial efficacy data for second PROTAC ARV-471 in 2H20, expects to be meaningful given dosing was reported to already be in potentially therapeutic range in 4Q19. Hedge Fund ownership jumped 55% in the latest quarterly filings, RA Capital adding to a large position.

### Hawk Vision:



**Hawk's Perspective:** ARVN is clearly speculative but showing good price action, subdued short interest and a size call buy into data, a potential next big winner in Biotech.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**NASDAQ (QQQ)** with 23,500 March \$226 puts bought in offer sweeps to open around 11:20am. **QQQ** buyer 12,000 April \$240 calls \$3.23 as the \$232 calls adjust, also seeing buyers this afternoon of 12,000 of the \$242 calls

**REITS (IYR)** sweep buyer 5350 April \$99 puts \$1.65 to \$1.67

**Gold Miner (GDJ)** buyer of 5000 July \$29 straddles this afternoon at \$3.72

## **Consumer Discretionary/Services**

**World Wrestling (WWE)** aggressive early buy 2000 April \$45 calls \$3.80 to \$4 after the Consumer Edge upgrade and size calls bought late last week

**Grupo Televisa (TV)** buyer of 2500 July \$12 calls \$0.75 offer aggressively to open

**Vodafone (VOD)** shares jump with 17,000 next week \$20 calls bought to open up to \$0.31

**Glu Mobile (GLUU)** jumps with 5800 June \$7 calls bought ITM to open \$1.15 offer

**Designer Brands (DBI)** stock replacement opens 5000 April \$15 calls \$1.25 offer

**William Sonoma (WSM)** spread selling 500 March \$80 calls to buy \$72.5/\$65 put spreads

**Scientific Games (SGMS)** buyer 500 March \$25 ITM calls \$4.56 to \$4.60 into earnings tonight

**Shake Shack (SHAK)** breakout now seeing 800 February \$76 calls open up to \$1.10

**Five Below (FIVE)** with May \$120/\$135 call ratio spreads opening 500X1000 at \$2.75

**Advanced Auto (AAP)** higher by 7.7% on earnings and seeing midday buys of 800 June \$140 calls ITM \$11.70 to \$12, name with size upside calls and call spreads in June OI

**The Gap (GPS)** on day lows and 4600 June \$16 puts open \$0.97

**Ruths Hospitality (RUTH)** moving through 6 month VWAP today with 2000 March \$25 calls opening \$0.45 to \$0.50 into 2-21 earnings, shares higher 7 of the last 9 reports and jumped as much as 25% last quarter

**Yum (YUM)** buy-write sells 2000 July \$115 calls at \$1.13

**ActiVision (ATVI)** with 1200 March \$55 calls opening \$8.965 as February calls adjust

**Signet (SIG)** with 1000 September \$175 calls sold \$3.70 bid to open

**eBay (EBAY)** opening sale 7000 March \$37 puts for \$0.55

## **Consumer Goods**

**Tupperware (TUP)** with 5850 March \$5 calls bought to open up to \$1.35

**Conagra (CAG)** off 7.75% after its earnings warnings with 2000 June \$34 calls bought \$0.80 and the \$36 calls with 3000 bought \$0.40 to \$0.45

**Simply Good Foods (SMPL)** buyers of 2000 March \$22.5 puts \$0.45 to \$0.50

**Coca Cola (KO)** opening seller 2000 April \$57.5 ITM calls \$2.56

## **Energy**

**Enphase (ENPH)** with 1600 March \$40 puts bought for \$3.80 offer, earnings tomorrow night

**Apache (APA)** with 1000 January 2022 \$20 puts opening today \$2.85 to \$2.94

**Marathon Petro (MPC)** earlier with July \$57.5 calls opening 800X as February adjusted and also today seeing 10,000 next week \$59 calls open

**Technip-FMC (FTI)** intraday strength after 2000 March \$17 calls opening \$0.80 to \$0.90, earnings 2-26

**Concho (CXO)** buyer 2500 Feb. 28th (W) \$80/\$85 call spreads \$1.07

**Petrobras (PBR)** with 5000 January \$12 calls bought \$3.35 offer in sweeps this afternoon

### Financials

**CME Group (CME)** spreads selling 600 September \$240 calls to buy the \$200 puts

**Apollo (APO)** into multi-week pullback with nearly 1000 September \$48 calls bought \$2.65 to open

**Schwab (SCHW)** with 865 September \$50 puts opening \$5.40 to \$5.60

**Visa (V)** with 1500 December \$210 calls active with buyers as June calls adjust

**Global Payments (GPN)** with 3000 March \$200 puts opening \$2.45 as the \$195 puts adjust

**Chimera (CIM)** with 2500 June/September \$22 put calendar spreads opening for \$0.65

**Zillow (Z)** large stock buyer sells 10,000 January 2022 \$65 calls \$10 in a buy-write

### Healthcare

**Axsome (AXSM)** working higher in a narrow base seeing 280 June \$85 calls bought to open near \$25.20, rolling March \$70 calls

**Akebia (AKBA)** shares flagging tightly seeing 1000 July \$7.50 calls open \$2.70 to \$2.85

**Novo Nordisk (NVO)** buyer 1500 March \$65 calls \$1.15 offer as February \$62.5 adjust

**Bausch Health (BHC)** with 10,000 March \$29 calls sold to open for \$0.80, earnings tomorrow morning

**Align Tech (ALGN)** unusual 500 January \$400 OTM calls bought \$6.10 to \$6.20 to open

**Amgen (AMGN)** opening sale 500 May \$210 puts \$5.65 bid

**Amarin (AMRN)** higher on the Citi upgrade note seeing action this afternoon open 5000 April \$18 calls \$3 to \$3.09 and sell 10,000 Marc \$12 puts to open. **AMRN** spread also selling 5000 March \$18 calls to open, and buying 5000 March \$17 puts

**Veeva (VEEV)** with 1050 September \$175 calls sold to open \$12 to \$11.50 this afternoon, earnings 3-3, likely writing against a stock position

**Anthem (ANTM)** opening sale 1700 March \$310 calls \$5.45 in a buy-write

### Industrials

**Tata Motors (TTM)** opening sale 4300 July \$11 puts \$1.19

**Illinois Tool (ITW)** with 1500 March \$180/\$170 put spreads bought to open

**Ford (F)** with 10,000 April 3rd (W) \$9 puts bought to open near \$0.99 as March puts adjust

**Tesla (TSLA)** buyer earlier today of 1000 March 6th (W) \$860 calls to open \$50 to \$52 range

## Materials

**Barrick (GOLD)** with 2275 June \$23 calls bought \$0.45 offer in early action. **GOLD** strength continues and 5500 September \$21 calls active with buyers this afternoon

**Arconic (ARNC)** buyer of 825 January 2022 \$32 calls for \$6.30

**Century Aluminum (CENX)** buyer 5000 June \$6 calls to open \$0.62 in a sweep

**Lyondell (LYB)** with 680 Apr. 3rd (W) \$80 puts bought \$2.70+ to open

**Olin (OLN)** unusual 1200 January 2022 \$30 calls bought far OTM to open \$0.65

**Vale SA (VALE)** buyer 1000 January 2022 \$8 deep ITM calls \$4.60

## Tech and Telecom

**Twilio (TWLO)** aggressive size buy off the open of 1500 March \$130 calls \$4.75 to \$4.80

**Wix.com (WIX)** with 880 March \$150 calls bought offers this morning, earnings 2-20. **WIX** also seeing 700 of the March \$155 calls bought \$5.30 to \$5.60

**Alibaba (BABA)** with 3450 April \$225 calls bought this morning offer side action

**Zoom (ZM)** strong mover today and 1300 next week \$95 calls opening up to \$3.10. **ZM** also 800 March 6th (W) \$105 calls bought \$3.20 to \$3.60 to open that captures earnings 3-3

**Lyft (LYFT)** trying to bounce after selling off multiple days since earnings and seeing 1500 July \$45 calls bought \$5.25 to \$5.30 offers to open. **LYFT** also with 4500 February \$46 calls bought to open \$0.51. **LYFT** also with 1500 July \$45 puts sold below bid \$4.75

**Advanced Micro (AMD)** buyer 2500 March \$52.5 calls \$4.83. **AMD** strong up 2.65% on highs with Semi peers lagging and May \$52.5 calls active 5,250X for over \$4.2M

**BlackBerry (BB)** buyers of 17,000 March 6th (W) \$6 calls to open \$0.28 to \$0.37

**Slack (WORK)** pulls off early strength with 7000 March \$29 puts bought \$2.60 to \$2.75 offers in sweeps, earnings 3-12

**Ericsson (ERIC)** buyer 1250 January \$10 puts \$1.75 to open

**Shopify (SHOP)** up 3% on highs today after consolidating its earnings gap last week, seeing next week \$550 calls actively bought 1200X this morning

**Allot (ALLT)** buyer 1000 June \$12.50 puts \$1.25 offer

**Power Integration (POWI)** unusual 480 July \$105 calls opening near \$9.50

**Radware (RDWR)** buyer of 1000 September \$24/\$28 call spreads that sells 1000 of the \$21 puts

**Dish (DISH)** with 8500 March \$40 puts opening \$2.59 as February close and adjust

**Ebix (EBIX)** earnings on 3-2 seeing 2000 March/June \$30 put calendar spreads open and around 400 June \$40 puts bought

**American Tower (AMT)** with 1300 March \$270 calls sold to buy the \$250 puts, though after the strong move, may be collaring a stock position

**Mongo-DB (MDB)** seeing a lot of options action this afternoon, earnings not until around 3-11, the February \$175 and \$177.5 calls active with buyers as shares work out of a range, while 1900 Feb 28th (W) \$190 calls also opening. **MDB** also a buyer into the rally to day highs of 1250 March \$175 puts \$11.40 to \$11.85

**Baozun (BZUN)** opening seller 2500 July \$25 puts for \$1.50

**Fire-Eye (FEYE)** with nearly 4000 March \$14 calls ITM opening near \$2.50 into today's move lower

**Juniper (JNPR)** with 1950 April \$22 ITM calls opening today near \$2.35 as it tested the 21 MA on a dip

**Far-Fetch (FTCH)** opening sale 5200 July \$9 puts for \$0.50, popular strategy in this name lately

**JD.com (JD)** last hour buyer of 4500 March 6th (W) \$42.50 calls to open up to \$1.89

### Utility

**Exelon (EXC)** one of a number of Utility stocks strong the past week and seeing 4000 July \$50 calls open today near \$2.10

#### **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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