

OptionsHawk

OPTIONS HAWK DAILY MARKET 2/19/2020

Sector Leaders

Solar

Semi's

Energy

Stock Gainers

ENPH 34.5%

RCUS 23.5%

XPER 20.9%

HCKT 19.8%

GSX 17.9%

EVBG 13.3%

SEDG 12%

Volatility Gainers

- PLUG
- SPCE
- TSLA
- SONO
- CVNA
- CHWY

High Call Volume

- SEE
- FANG
- CBRE
- LPX
- CAKE
- WING

Bullish Options

- TDOC
- MDB
- JD
- DHI
- TWLO
- NVDA
- EXPE
- ZM
- FANG
- XLRN
- MMM

Market Review: Stocks were higher into the open as global markets rebounded on optimism of slowing virus cases and increased stimulus from China to offset the economic impact. In the US we got very strong Housing Data once again for January. Inflation data came in hot with PPI rising 0.5%, the largest surge in 15 months. Stocks pushed higher through the morning with China-driven groups leading like Semiconductors, Solar, and Energy while Software continues momentum. The only weakness on the day was in Bonds and its proxy groups like REITS and Utility. Breadth held up steady through the early afternoon, not a major accumulation day, but a complete lack of sellers. Stocks pulled in a bit on FOMC Minutes showing less concern on the economy and more concern with asset valuations. Philly Fed on the schedule tomorrow while Friday will be a very busy day for global economic data.

S&P Chart:



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

Options Action Trends: Mortgage REITS all with unusual put buying in early trade with **CIM**, **AGNC**, **IVR** and **NLY**.

What's On Tap: Jobless Claims and Philly Fed. Earnings from ADI, EPAM, TFX, NEM, SBAC, DPZ and others.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **ORCL** June \$57.5 Calls \$1.75 – No Fill
- 2) Closed **PAAS** Calls \$3 (Opened \$1.75)
- 3) Closed **DG** Calls \$7 (Opened \$4)

Sector Laggards

REITS

Utility

Bonds

Stock Losers

GRPN -43.5%

APRN -21.5%

SGMS -19.3%

FDP -14%

KNL -13.6%

ALLY -11%

SAH -9.5%

Volatility Losers

- ENH
- STNG
- SGMS
- GRMN
- HLF
- CXO

High Put Volume

- RAMP
- CIM
- NERV
- TM
- SNPS
- EAF

Bearish Options

- SNPS
- AGNC
- IVR
- CIM
- DLR
- NLY
- RAMP
- KMB
- CPB
-



Bulls See Opportunity in Lyft Sell-Off

Ticker/Price: LYFT (\$45.08)

Analysis:

Lyft (LYFT) bulls returned in the options market on 2/18 with the recent weakness since reporting earnings as we saw on 2/18 large buys of 3000 July \$45 calls, opening sales of 2500 July \$45 puts, and buyers in near-term upside calls. LYFT has a lot of bullish OI remaining including 17,500 April \$57.50 calls and on 2/5 the July \$65 ITM puts were sold to open 2000X.

Shares have pulled back to a 61.8% Fibonacci retracement as well as trend support from October and January lows. The \$14.35B leader in ride-hailing software now trades 3.5X EV/Sales and has a lot of cash with no debt. Forecasts see revenues growing 27.4% in 2020 with EBITDA on a path to potential positive territory for FY22. Active rider count and revenue per active rider both increased +23% Y/Y last quarter but shares sold off on a disappointing/conservative outlook. Analysts have an average target of \$65 and short interest is elevated at 9.2% of the float. Cascend out after the report saying "We like Lyft better than Uber. Because of its focus on the higher-value North American markets, and focus on rides (rather than Eats, Freight, autonomous driving and flying cars)." DA Davidson lowered its target to \$63 from \$75 seeing potential for the Enterprise business and positive on the rider metrics. JP Morgan called the earnings sell-off a buying opportunity as Lyft continues to focus on product innovation and improving user experience, taking share of the rideshare market and rates shares Overweight with an \$85 target. Hedge Fund ownership declined 3.25% in the latest quarterly filings.

Hawk Vision:



Hawk's Perspective: LYFT looks interesting versus this potential higher low near \$44, the reward/risk becoming favorable again and could look to April call spreads.

Confidence Ranking: \$\$



Option Traders Position for Immunomedic Upside on Data, Approval, Launch

Ticker/Price: IMMU (\$18.38)

Analysis:

Immunomedics (IMMU) January \$20 calls open interest jumped to 6,655 as 2,500 bought aggressively at the \$4.20 offer on 2/18, the most notable open interest in the name but also 1700 August \$22 puts sold to open for \$6.90 back in November. IMMU shares have pulled back right to a 38.2% Fibonacci retracement of the October/December rally with the rising 89 day MA looking to once again act as support. The \$3.92B Biotech forecasts see revenues jumping the next two years and shares currently trade 10.6X Cash and around 7X FY21 projected sales. IMMU has transformed over the past few years with a unique ADX platform and has multiple Phase 3 studies with large opportunities while developing multiple global partnerships. The Sacituzumab Govitecan program is seen aggressing multiple unmet needs in cancers and seen to become a recognized leader in TNBC. Analysts have an average target of \$27 on shares and short interest at 14.2% of the float has been declining the last few months. Piper out positive in November raising its target to \$25, coming away after meetings with management more confident on Q2 approval after IMMU overhauled manufacturing following a CRL, and sees a Q3 US launch probable. Topline ASCENT data is also expected in mid-2020. IMMU reiterated that they believe their current cash balance of \$370M is sufficient through 2020 and that this doesn't take into account milestones from Everest (\$60M at US approval) and potential revenue from a US approval. On 12/27 HC Wainwright raised its target to \$31, after the FDA accepted the company's Biologics License Application for sacituzumab govitecan in third-line plus metastatic triplenegative breast cancer for review. While there is the possibility that the FDA could wait for the ASCENT trial data, which is expected in mid-2020, before making a final decision to approve the drug, sacituzumab should potentially reach the market in early Q3 of 2020. Hedge Fund ownership fell 5.7% in the latest quarterly filings, Palo Alto Investors exiting a stake and Deerfield reducing, while Boxer Capital added to a large concentrated position as its second largest holding and Partner Fund took a new stake.

Hawk Vision:



Hawk's Perspective: IMMU has an eventful 2020 ahead and positioning is bullish while the chart sets up nicely as well. It comes with a fair amount of risk, but positioning with calendar spreads such as May/January \$20 is a good strategy to consider.

Confidence Ranking: \$\$



Size Call Spread in nVent Sees Upside Momentum Continuing

Ticker/Price: NVT (\$28)

Analysis:

nVent (NVT) with 20,000 August \$30/\$35 call spreads opening \$1.20, a name with very little notable open interest but shares with strength the last three weeks and clearing a 1 year downtrend. The timing is interesting after RBC upgraded to Outperform with a \$31 target yesterday noting the worst of the earnings reset due to industrial headwinds are in the past and prospects of a takeout are high as the company approaches the two-year anniversary of its spinoff while trading at a discounted valuation. The \$4.66B maker of electrical connecting and protection products trades 12X EBITDA, 14X Earnings and 26X FCF with a 2.5% dividend yield. NVT will speak at the Barclays Conference tomorrow. Forecasts see revenue growth returning in 2020 and accelerating quarterly while EBITDA growth seen around 4-5% the next two years annually. NVT is focused on improving utilization, lowering costs and maximizing customer up-time and has a strong margin profile with strong FCF. Analysts have an average target of \$29 with short interest low at 2% of the float. Barclays upgraded to Overweight on 2-6 with a \$32 target, and back in November Rosenblatt initiated at Buy seeing execution momentum and the earnings bar reset. Hedge Fund ownership jumped 11.8% in the latest quarterly filings, Peltz's Trian Fund a notable top holder.

Hawk Vision:



Hawk's Perspective: NVT is a bit extended near-term but an Industrial I liked before the slowdown across its end-markets and does make for an intriguing takeout target.

Confidence Ranking: \$\$



Speculative Calls Bought in Sonos

Ticker/Price: SONO (\$13.90)

Analysis:

Sonos (SONO) has pulled back since earnings and seeing March \$15 calls hot today with 11,000 trading \$0.30 to \$0.50, and volume now up to 18,450X as of 1:30pm. SONO still has notable OI with 4000 April \$15 calls bought and February \$15 short puts 1000X with the February \$15 calls over 4000X looking likely to expire. SONO on the weekly chart pulled back to trend support of an ascending triangle starting to form and above \$14.20 with some moving average convergence resistance, room to retest the highs. SONO recently filed a complaint against Google with the US trade panel alleging patent infringement. The \$1.48B maker of audio products trades 14.5X EBITDA and 1.1X Sales. Forecasts are looking for 56% EBITDA growth in 2021 with revenues seen rising around 10% each of the next two years. The company continues to see growth in smart speakers as Google Assistant continues to ramp. Their core products like Beam and wireless speakers remain strong, up double digits. SONO spoke at a Goldman Conference last week and noted in Q1 it had the fastest new household additions in its history for a quarter, growing its base. SONO has also introduced Sono Flex and Sono Business as new growth drivers while its IKEA partnership continues to drive strong sales. Including outdoor, SONO sees a \$20B addressable market for its products, and outdoor seen as its next big play. Analysts have an average target of \$18 and short interest is 12% of the float. DA Davidson rates shares Buy with a \$20 target though sees the Google lawsuit creating incremental risks for the stock, if it led to a loss of the Google Assistant program. SONO paid \$37.5M for Snips in November, an AI voice platform for connected devices, an intriguing deal. RBC started shares Outperform with an \$18 target in November seeing valuation not capturing the company's acquisition potential, expansion opportunities or current baseline growth. Hedge Fund ownership rose 10% in the latest quarterly filings.

Hawk Vision:



Hawk's Perspective: SONO activity here feels like M&A speculation, and overall I am liking the SONO story more and more, a nice support level to trade against the 200 MA in my view.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Russell (IWM) with 4500 December \$170 synthetic short positions opening today

NASDAQ (QQQ) with 5500 May \$248 short calls opening \$2.74 today, also seeing 3000 June \$240 puts open \$10.09

Oil & Gas (XOP) with 5000 January 2022 \$19 calls opening \$3.25 in stock replacement

Consumer Discretionary/Services

Land's End (LE) with 950 September \$10 calls opening ITM 950X

New Oriental (EDU) opening sale 500 July \$125 puts \$6.10

RH (RH) buy-write sells 1000 January 2022 \$310 calls for \$45

RLJ Lodging (RLJ) weak chart with 2000 August \$15 puts bought \$0.55 to \$0.60 today into earnings 2-25

Ollie's (OLLI) spread puts on the March \$55/\$60 call ratio 600X1200 and sells 600 of the \$50 puts for \$0.90

CBS Viacom (VIAC) into earnings with 27,000 March \$37.50 calls opening \$0.96 with Feb \$35 adjusting

Nielsen (NLSN) with 10,000 May/January \$25 call calendar spreads opening \$1.15

Wynn (WYNN) with 3500 June \$140 calls opening \$10.10 as June \$125 adjust

Lowe's (LOW) buyer of 3000 Mar. 6th (W) \$126/\$136 call spreads for \$2.57, earnings 2-26, a strong Housing market seen offsetting a fairly weak Holiday season

Aaron's (AAN) with 1500 March \$55/\$65 call spreads bought for \$3.75 into earnings

Cheesecake Factory (CAKE) stock and IV rising midday into earnings tonight as 2500 March \$45 calls opened

Consumer Goods

Altria (MO) trying to bottom and 3500 Feb 28th (W) \$45.50 calls bought to open \$0.60 to \$0.63 today

Peloton (PTON) with around 200 April \$30 calls bought \$1.55 to \$1.65 earlier with that stock move. **PTON** also a buyer 5000 March \$30/\$34 call spreads this afternoon for \$0.75

Campbell Soup (CPB) rolling over late with 3500 March \$47 puts bought to open up to \$1.20, earnings on 3-4

Hershey (HSY) with 660 March \$155 calls opening \$6.30 as February \$147 adjust

Energy

Canadian Solar (CSIQ) trading July \$25/\$28 call ratio spreads 1400X4200

Diamondback (FANG) with 2000 January \$100 calls closing at \$4 and opens 7000 each of the January 2022 \$125 and \$140 calls at \$3.70 and \$3 respectively. **FANG** buyer 1000 June \$85 calls to open \$3.80 offer earlier today

Scorpio (STNG) buyer 1500 March \$23 calls \$1.95 offer

Vivent Solar (VSLR) on a run recently seeing 3000 March \$13 calls active with buyers this morning

Apache (APA) with 3000 April \$30/\$35 call spreads opening \$1.09

Solar Edge (SEDG) with 1500 March \$120 puts opening as the \$100 puts adjust a likely hedge

Enphase (ENPH) gaining 40% on earnings today seeing 2000 January 2022 \$25 puts sold to open \$3.70 to \$3.50

Targa (TRGP) higher by 1% with Oil up 2.5% and seeing buyers active for 2750 March \$38 calls up to \$1.25, name with 6800 of the \$37 calls in open interest and working above 6 month VWAP today

Financials

AGNC Investment (AGNC) buyer of 2450 June \$20 puts \$1.25 to open in unusual action

Chimera (CIM) with 2 600 June \$23 puts opening \$1, stock tied

Invesco Mortgage (IVR) with 2,380 July \$19 puts bought aggressive \$2.10 offer to open

Annaly (NLY) another mortgage REIT with put buying, July \$11 puts 1200X at \$1

PagSeguro (PAGS) breaking a big value range today with buyers of March \$40 calls 2675X at \$1.20, earnings 2-27

Discover (DFS) with 1,460 Apr 3rd (W) \$78.5 puts opening \$3.92 as Feb. 28th (W) adjust, one of the weaker reports this quarter

Alliance Data (ADS) works off lows as 1000 September \$110/\$90 bull risk reversals look to be adding

Ally Financial (ALLY) off lows after its acquisition news this morning, shares off 11.4% but January 2022 \$35 calls back with buyers 8000X where 36K are in OI

Moody's (MCO) with 250 December \$270 ITM calls opening today near \$36

Healthcare

Cel-Sci (CVM) with 1000 April \$25 calls opening \$1.80 early after the July put sale yesterday

TelaDoc (TDOC) buyers active early for 615 March \$120 calls into 2-26 earnings paying \$6.80 to \$7

Health-Equity (HQQ) higher by 7% after impressive numbers seeing 1000 December \$85 ITM puts sold to open today \$12.15 to \$12.20 range

Acceleron (XLRN) tight range since the strong data that caused shares to surge in January, today 500 June \$95 calls open \$16.10

Amarin (AMRN) with 7500 March \$20 calls bought \$1.05 as February \$18 adjust. **AMRN** now with 2400 April \$17 puts bought \$2.55 as the name continues to see two-way flows

Anthem (ANTM) with 2950 March \$320 calls being sold to open

Mirati (MRTX) IV falling with 600 March \$95 puts being sold to open \$4.50 to \$4.30

Galxo (GSK) March \$44 calls that saw 4000X buy late yesterday with another 6000X bought this morning \$0.40 to \$0.55, a big vaccine player, so interesting with coronavirus potential

Pacira (PCRX) working out of bull flag seeing 650 March \$50 calls bought \$3.40 to \$3.50 this morning

DexCom (DXCM) with 1500 January \$230/\$200 bull put spreads opening for \$8.05 credit

Bed Bath (BBBY) with 10,000 January \$15 puts bought \$4.80 to \$4.85 in offer sweeps

Clovis (CLVS) with 6000 March \$10 calls rolling to the \$12 calls while April \$10 calls a block of 3000X bought \$2.30

Clarivate (CCC) strong winner recently seeing 2500 March \$22.5 calls open as February adjust

Axsome (AXSM) buyers of 250 June \$90/\$130 call spreads today

Provention Bio (PRVB) IV lower with 600 October \$17.5 ITM puts sold to open \$5.30 to \$5.20, working out of small base today

Industrials

Tesla (TSLA) max strike May \$1880 calls active 2000X early. **TSLA** seeing deep ITM January \$1300 puts sold to open \$470 down to \$468 for nearly 1000X. **TSLA** seeing 1000 April \$1240 calls sold to open

DR Horton (DHI) buyers active 3000 May \$65 calls \$1.89 to \$2.01 this morning with shares starting to emerge from consolidation after very strong January housing data

United Rental (URI) opening buy 300 Apr. 3rd (W) \$155 ITM calls \$7.37 to \$7.50

Oshkosh (OSK) shares trying to base after pulling back the last few weeks, unusually active options this morning with March \$85/\$90 call spreads trading 1400X, awarded a new contract yesterday. **OSK** seeing March \$85/\$80 put spreads active today as well 1500X

Textainer Group (TGH) with 2400 August \$10 calls opening today \$1.45 with February positions adjusting

3M (MMM) a low IV name seeing a surge in IV with 8400 Mar. 13th (W) \$167.50 calls hot with buyers pushing the price to \$1.10 from initial \$0.75 buys.

Hertz (HTZ) with 1500 January 2021 \$13 calls sold to open \$7.70 to \$7.65 into 2-24 earnings

Kratos (KTOS) running with buys of 1335 March \$20 calls and the \$22.5 calls sold 1450X, earnings 2-24

Atlas Air (AAWW) set to report 2-20 seeing March \$30 calls bought 3000X up to \$2.05

Ryder (R) working higher this afternoon after 1000 March \$40 calls bought \$1.40 to \$1.45 into recent weakness

Materials

GrafTech (EAF) with 4350 March \$12.5 short puts opening as February adjust

Louisiana Pacific (LPX) unusual buying in March \$35 calls for 2000X at \$0.65 to \$0.70

Teck (TECK) with another 1500 January 2022 \$10 ITM calls bought today

Alcoa (AA) buyer 2800 July \$15 puts for \$1.15 to open

CF Industries (CF) seeing August \$35 and \$37.5 calls with buyers at 500X each ITM today

PPG Industries (PPG) with 1000 March \$120 calls bought \$2.60 to \$2.80 to open, a beaten up name that has reported some weak numbers and expected to be a buyer in M&A

US Steel (X) strong today with more than 20,000 next week \$9 calls bought early today

Nucor (NUE) this afternoon seeing nearly 1000 January 2022 \$40 ITM calls open \$10.25

Tech and Telecom

Expedia (EXPE) with 8500 January \$130 calls opening this morning starting at \$9.50 and the largest block trades at \$11.20, shares moving off lows after pulling back a bit into its earnings gap. Guggenheim raised its target to \$160 saying Barry Diller said all the right things on his first earnings call in years discussing substantial cost cuts and expectations for double-digit growth, overall tone encouraging.

Arista Network (ANET) more call buys into recent earnings move lower, 200 March 6th (W) \$225 calls open \$6 to \$6.12

JD.com (JD) bullish action continues with 5400 March 13th (W) \$43.50 calls bought to open this morning up to \$1.68. **JD** also 10,000 April \$43 calls bought \$2.64 here as March \$38 close 8000X

NVIDIA (NVDA) strong after Bernstein upgrade and March 6th (W) \$310 calls active 1325X bought \$10.05 and April \$335 calls 1,365X bought near \$8

Zoom (ZM) with 1000 March \$100 calls bought as the \$75 strike rolls up. **ZM** also seeing 1000 May \$115 calls open this morning up to \$5.50. **ZM** May \$115 calls up to 2500X now as May \$100 start adjusting. **ZM** with 1000 August \$80 ITM calls opening \$26.54 as well

Roku (ROKU) March \$130 calls active this morning with 3850X opening as February positions adjust. **ROKU** with 2000 January \$135 long straddles opening today, also seeing March 13th (W) \$132 calls with 1000 opening

Synopsys (SNPS) with 1350 February \$160 puts opening early into earnings as \$155 adjust into upgrade strength

Mongo-DB (MDB) with 2500 next week \$200 calls opening \$0.95 to \$1.10 early. **MDB** buyer 300 Mar 13th (W) \$192.5 calls for \$6.50 that captures earnings, also 440 March \$190 calls bought

Twilio (TWLO) with 5000 February \$120 synthetic longs adjusting to March \$130

Chewy (CHWY) seeing 1500 July \$30 calls open early \$2 to \$2.20 though smaller lots could be a newsletter play. **CHWY** also seeing 800 July \$30 puts sold to open for \$4.20

LiveRamp (RAMP) with 1950 June \$35 puts opening \$2.05 as February \$45 puts take profits

Applied Material (AMAT) with over \$5M in January 2022 deep ITM \$40 calls opening 1700X as the January 2021 adjust

Norton Life Lock (NLOK) with 5500 April \$21 calls bought \$1.18 with March \$19 adjusting

Autodesk (ADSK) buyers of 650 Mar 6th (W) \$210 calls, earnings 2-27, rolling Feb. 28th (W) positions, a \$550K position

Advanced Micro (AMD) with 5500 March 13th (W) \$55/\$65 call spreads opening today

Micron (MU) deep ITM April \$42 calls opening 2250X today for around \$3.9M

Dell (DELL) with 1500 June \$50 puts sold to open \$2.75 as March short puts adjust

Twitter (TWTR) active buying all morning in April 3rd (W) \$40 calls with 6850X on the day trading up to \$1.30 midday

Wayfair (W) with 1000 next week \$82 puts opening \$6.10, look to adjust the \$80 puts into 2-28 earnings, also seeing May \$70 puts with 2000X sold to open today

Bilibili (BILI) with 1000 July \$25 puts sold to open \$2.85 to \$2.75

SVMK (SVMK) buyer 500 July \$22.50 calls for \$1.90

Utility

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