

OptionsHawk

OPTIONS HAWK DAILY MARKET 2/20/2020

Sector Leaders

Bonds

Retail

Gold

Stock Gainers

STMP 53%

ETFC 25%

DPZ 22.8%

CAR 18.75%

Z 18.5%

CSTM 14.5%

Volatility Gainers

- LL
- VSLR
- NET
- AMKR
- BB
- SQ

High Call Volume

- AMKR
- CHD
- VSLR
- LL
- FVRR
- CPRT

Bullish Options

- AMAT
- CPRT
- CHD
- FVRR
- IBM
- CRM
- FDX
- SE
- EXPE
- AMKR
-

Sector Laggards

Semi's

Software

Biotech

Stock Losers

TVTY -44%

BTAI -22%

MD -22%

AAN -19%

SIX -18%

VIAC -17%

COMM -14%

Volatility Losers

- STMP
- Z
- SEDG
- HRTX
- COMM
- AAWW

High Put Volume

- CDAY
- HRTX
- ALKS
- SOHU
- SQM
- TRN

Bearish Options

- BIDU
- ISRG
- TWLO
- ANF
- RUN
- EDU
- NYT
- QRVO
- SWKS
- COST
- ALK

Market Review: Stocks pulled back modestly overnight and into the open as virus outbreak concerns lingered while the outcome of the Democratic debate also weighed. The big news on the morning was a \$13B deal for E-Trade by Morgan Stanley. The Philly Fed came in with a very strong beat and the highest in three years. We got more positive news with Leading Indicators coming in well above expected. A sharp sell program triggered midday and accelerated as S&P Futures cracked 1 week VWAP support with selling led by the momentum/growth names that had outperformed, a potential rotation back to cyclicals, and the low hit 1 month VWAP. It was an overall risk-off shift with markets near long-term channel resistance into OpEx. Stocks were able to bounce as the sell-off appeared tied to a single large sell program while breadth overall held up. Markets may be showing some nerves into the Flash PMI reports tomorrow.

S&P Chart:



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

Options Action Trends: We saw some size call positions start to close out in early trade with names like **SCHW/FIS/TCOM**. Call buyers active in Software early with **FVRR, CRM, IBM**.

What's On Tap: Existing Home Sales and February Flash PMI's. Earnings from DE, MGA, and TECK.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **ORCL** June \$57.5 Calls \$1.75
- 2) **Spotlight:** Long **UNP** March \$185 Calls \$2.90
- 3) **Earnings Flow Trade:** Long **FSLY** March \$25/\$28 Call Spreads \$0.90
- 4)



Unusual Call Buys in PetsMed into New Platform Launch, Potential for M&A

Ticker/Price: PETS (\$28.1)

Analysis:

PetMed Express (PETS) IV rose late in trade with more than 1500 March \$25 calls active with buyers near a price of \$3.60, a name that has 1,770 of the March \$30 calls and 1,275 of the June \$30 calls in open interest from recent buyer flow. PETS is a name that has fell sharply since 2018 highs but recently bottomed near \$16 and has shown strong momentum since Q4 2019 recently extending out past an earnings gap move, and the next retracement level aligns with a key breakdown retest level near \$31.25. The \$580M online pet pharmacy trades 19.3X Earnings, 2.1X Sales, 15.7X EBITDA and has a high 3.84% dividend yield. PETS saw revenues down Y/Y in 2020 for the first time since 2015 and expects growth to return in 2021. It reported results 1/21 beating EPS estimates while coming in light on revenues with margin expansion. It noted that increased online competition did negatively impact its new order sales though sees a continued shift to online sales from veterinarians who have the majority of prescription medication market share. Spring and summer are considered peak seasons, with fall or winter being the off-season. PETS will be adding a new e-commerce platform by the end of February that will improve the user experience with more personalization, ease of use and speed utilizing AI capabilities. Analysts have an average target of \$23.50 with short interest still very high at 30.6% of the float, but coming down 40% from peak levels in July 2019. PETS does not see a lot of analyst coverage but an interesting note from Craig Hallum last July noted its CEO in an 8K filing saw an amendment in the change in control section which could be a hint the company may explore strategic alternatives.

Hawk Vision:



Hawk's Perspective: PETS with a nice bull flag for a potential further squeeze higher and becoming very interesting as a stable business at good valuation and the new platform could drive upside to numbers.

Confidence Ranking: \$\$



Stitch Fix Calls Accumulate into Quarterly Results

Ticker/Price: SFIX (\$28.50)

Analysis:

Stitch Fix (SFIX) seeing increasingly bullish activity as its March 9th earnings date draws closer, on 2/19 the June \$35 calls that are fairly far OTM and saw 1000X bought on 2/18 traded another 4000X. SFIX has a large position of nearly 9000 March \$20 calls in open interest from buyers late September 2019, and the March \$26 calls with more than 7000X with a big buyer back on 1/30 while March \$28 calls were bought 3500X back on 1/23. A large June \$30 put purchase of 7000X from 12/11/2019 also remains in open interest. SFIX shares have closed higher three of its last four reports and a six quarter average max move of 26.8%. The \$2.8B provider of an e-commerce service for apparel trades 1.4X EV/Sales with revenues seen growing 20-22% per year in 2020 and 2021 and profitability expected this year. It is targeting a massive opportunity in the \$431B apparel market in the US/UK set to reach \$527B in 2023 with online sales expected to have a 13.8% CAGR. SFIX drives a capital-efficient model and has shown strong client retention. Analysts have an average target of \$30.50 while short interest is very high at 48% of the float and trending upwards. On the weekly chart shares have put in a third key higher low while weekly RSI this week is clearing an 18 month high, the \$32 level the next major level of resistance. DA Davidson upgraded shares to Buy on 1/30 with a \$29 target seeing multiple catalysts this year allowing for growth of its active clients and revenue per client, seeing the direct-buy functionality gaining real traction and driving more wallet share. SunTrust raised its target to \$38 in December seeing sustainable positive trends with the last quarter showing healthy demand and sees it as a winner in a struggling retail industry. RW Baird with a raised \$33 target in December noting healthy top-line momentum and better than expected margins with significant whitespace ahead as the company invests in new categories. Hedge Fund ownership jumped 35% in Q4 filings, new position for Scopus and Coatue Mgmt. while Jackson Square remains a top holder.

Hawk Vision:



Hawk's Perspective: SFIX is a tough call, the short interest is so high it is a red flag but overall the business model is strong and valuation not terribly rich, so it has the potential to be another great short squeeze and best to define your risk utilizing options.

Confidence Ranking: \$\$



Amkor Sees Surge in Call Buying as Earnings Gap Partially Fills

Ticker/Price: AMKR (\$12.40)

Analysis:

Amkor Tech (AMKR) calls unusually active with 30 day IV up 30% as 17,000 March \$13 calls open \$0.25 to \$0.55 and 6000 September \$15 calls also trading to open near \$0.85. Call volume running 57X average in just two hours and a name without a lot of notable open interest. AMKR shares gapped up big on earnings recently but now pulled back to support. A move back above \$13.35 can start a real trend breakout continuation move. The \$3B Semi trades 11.2X Earnings, 0.75X Sales and 15.35X FCF, attractive valuation. Forecasts see 15% revenue growth this year and 96% EPS growth. AMKR is the leader in assembly and test and the advanced packaging leader and plays an integral part of the worldwide semiconductor supply chain. Its flip chip has applications in smartphones, automotive, and high performance computing and AMKR sees 5G, IoT, Automotive and HPC/Networking as growth drivers. Analysts have an average target of \$13.70 and short interest is 3.5% of the float, rising 60% Q/Q. Deutsche Bank upgraded back in October with a \$12 target after a better than expected flagship smartphone launch. CSFB upgraded in October with a \$15 target. Hedge Fund ownership jumped 21% in Q4 filings, Hood River a big add.

Hawk Vision:



Hawk's Perspective: AMKR looks attractive on valuation and its positioning though disruptions to the Semi supply chain keep me a bit hesitant with the recent surge in short interest.

Confidence Ranking: \$\$



Alnylam Large Put Sale as Vote of Confidence Upside Continues

Ticker/Price: ALNY (\$132.50)

Analysis:

Alnylam (ALNY) nice bull flag and 1000 May \$140 ITM puts being sold to open for \$16, an aggressive bull signal in a name has 2800 May \$120 calls in open interest from buyers and seen September \$145/\$175 call spreads open the past two weeks. ALNY shares forming a nice bull flag as it looks to work even higher after consolidating much of the last few months, the current flag measures to a target of \$155. ALNY is involved with RNAi Therapeutics as a new class of innovative medicines with transformational potential. Onpattro is the first approved RNAi Therapeutic targeting ATTR Amyloidosis. The \$14.55B Biotech expects 115% growth in revenues this year and 83% next year, and is partnered with Medicine Co. (MDCO) on Iclisiran, which was bought out recently. Analysts have an average target of \$140 and short interest low at 4.5% of the float for a Biotech growth name. Chardan raised its atrget to \$190 in December after positive ILLUMINATE-A Phase 3 data with NDA and MAA submission expected early 2020. ALNY noted in early February its current cash will support operations for multiple years. ALNY is now a commercial growth story with a robust pipeline. Hedge Fund ownership fell 12% in Q4 filings, Maverick reducing while Slate Path, Artal Group and Bridger all added.

Hawk Vision:



Hawk's Perspective: ALNY looks very strong here and fits that desired Biotech criteria of early commercial growth, definitely a name that could attract M&A interest.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P (SPY) rolling over hard here through the 1 week VWAP that had been supportive, April \$316 puts active 19,000X this morning with sellers, while May \$323 puts with over 7000 bought early in sweeps. **SPY** with 5000 October \$310 puts bought \$8.75 to open

Biotech (XBI) takes a leg lower and 2000 September \$95 puts opening this morning up to \$6.09

Consumer Discretionary/Services

Hilton Grand (HGV) with 2000 March \$32 calls opening \$1.75 as February adjust

Abercrombie (ANF) with 2000 May \$19 puts bought to open up to \$2.78 and the March \$18 puts opening 2000X as well \$1.75 to \$1.80

Lumber Liquidator (LL) IV rising with calls very active, the March \$11 and \$12 trading 2400X and 1500X

Cinemark (CNK) stock replacement opens 1500 September \$35 calls for \$1.55

NY Times (NYT) rolling over after 10,000 of the \$42 calls sold to buy 14,000 of the \$40 puts

Charter (CHTR) with 500 March \$520 calls opening as February \$480 adjust

Six Flags (SIX) buyer 1000 March \$30 calls \$2.20 offer into 18% decline

Conn's (CONN) interesting trades today with 1200 July \$7 puts sold to buy the \$12/\$17 call spreads

Viacom (VIAC) down sharply on results but did see September \$25 deep ITM calls open 1900X near \$5.80

Dish (DISH) buyer 3000 March \$37.5 puts to open \$0.85

eBay (EBAY) with 3000 January \$42 calls being sold to open late

Consumer Goods

SYSCO (SYY) recent weakness but seeing 425 May \$80 ITM puts sold to open

Church and Dwight (CHD) nice flag forming since the spike in January and IV30 up 35% with March \$80 calls hot trading 4000X and being bid up sharply

McDonald's (MCD) coiled under recent highs seeing 2000 April 3rd (W) \$215/\$220 call spreads open this morning. **MCD** also trading 2000 of the Apr. 4rd (W) \$212.5/\$207.5 put spreads

Fomento (FMX) with 2000 April \$95/\$90 bull put spreads opening

Costco (COST) buyer of 900 June \$310 puts today, trading versus \$290 puts that may be adjusting

Energy

Halliburton (HAL) with 8500 March \$23 short puts opening as February adjust

First Solar (FSLR) with 300 January 2022 \$50 ITM calls opening \$17.60

Hess (HES) with 1000 August \$70 calls sold to open \$3.20

Pioneer (PXD) with 1200 Jan \$180 calls bought \$6.80 in stock replacement and seeing 6000 January 2022 \$170/\$220 call spreads bought for \$11.40

Energy Transfer (ET) spread sold 10,000 March 27th (W) \$12.5/\$12 put spreads and bought the \$13 calls 10,000X

Targa (TRGP) strong move on earnings for a name that saw size March calls open the past week, and 3000 March \$41 open today \$1.10 as the \$38 adjust

Delek (DK) IV jumps here with 4000 March \$30 calls bought, earnings 2-25

Financials

Morgan Stanley (MS) opening seller 2250 June \$48 puts for \$0.87 into weakness after its \$13B stock deal for ETFC

Fiserv (FISV) buy-write sells 1000 September \$140 calls at \$2.20

Schwab (SCHW) opening sale 2000 June \$42 puts \$0.95

Ally (ALLY) after the January 2022 call adds into weakness yesterday seeing IV30 up an insane 60% today with March \$31 and \$32 calls trading 13,000X and 19,000X respectively

KKR Corp (KKR) with 2000 March \$33 calls sold \$1.35 bid to open

Healthcare

Intuitive Surgical (ISRG) some weakness as 450 next week \$610 puts bought \$5.90 to \$7.60 to open

Guardant (GH) breakout continues to gain strength, earnings 2-24 and seeing 750 April \$95 calls open \$6 as the March \$90 adjust

BioMarin (BMRN) with 2000 July \$105 calls bought for \$2.82 as 1000 April \$85 close \$7.14

Axsome (AXSM) bullish action continues with 1200 June \$150 calls opening near \$7.20

Mirati (MRTX) today with 1000 March \$95 calls sold \$4.50 to \$4.40 to open

Bristol Myers (BMY) trading 20,000 March \$65 synthetic long positions as February adjust into weakness

Novocure (NVCR) with 300 January \$130/\$100 bull risk reversals opening at large net credit as February calls and March calls adjust

AbbVie (ABBV) testing support and its 8 MA seeing 3500 January \$87.5 puts sold to open \$7.425

Intracellular (ITCI) spread sells 500 April \$22 puts to buy 500 August \$30 calls at \$3.975

Dentsply (XRAY) aggressive buy 600 March \$57.5 calls \$2.30 offer into weakness, earnings 3-2, a name that has seen unusual calls accumulate

Elanco (ELAN) rallying this afternoon with 1000 January \$32 calls opening \$2.55 and 2000 July \$30 calls bought \$2.25 as well as 1000 March \$30 calls for \$1

ABIOMED (ABMD) unusual buy of 1500 March \$200 OTM calls for \$1.25

Cardinal Health (CAH) rising near range break and 2500 Mar \$62.5 calls bought to open up to \$1 here, coming off strong quarter

Industrials

Generac (GNRC) with 1150 December \$115 stock-tied puts opening as May adjust

CoPart (CPRT) bouncing off support after a rare earnings miss and seeing 7500 August \$95 calls bought for \$9

Fed-Ex (FDX) big sweep order for 2500 April \$170 calls \$4 to \$4.25. **FDX** working nicely out of long value range and weekly bull wedge with bull RSI divergence

Union Pacific (UNP) with 5000 February \$182.50 calls bought into the market dip

Alaska Air (ALK) buyer of 1000 April \$67.5/\$60 put spreads

Deere (DE) with 1200 March \$165 puts bought \$4.70 into earnings tomorrow

Caterpillar (CAT) buy-write sells 1000 June 2021 \$170 calls for \$5

Aecom (ACM) with 1500 Mar \$52.5/\$60 call spreads bought \$2.10 as M&A rumors swirl

Materials

DuPont (DD) opening sale 1000 July \$47.5 puts for \$1.62

Steel Dynamics (STLD) with 1200 January \$25 puts sold \$1.90 to open

Axalta (AXTA) with 5000 March \$30 calls bought \$0.85 with a long strategic review ongoing

Agnico Eagle (AEM) with 1000 August \$50 puts sold to open today \$4 to \$3.90

Freeport (FCX) block of 4000 January 2022 \$10 puts sold \$1.55 to open today

Tech and Telecom

DropBox (DBX) with 1950 March 6th (W) \$18 puts bought at \$1 offer in sweeps into earnings early. **DBX** 1600 Mar 6th (W) \$18.5 puts bought for \$1.2 in offer sweeps as well

Applied Materials (AMAT) sale of 2000 January \$60 puts for \$5 in stock replacement. **AMAT** also with buyers 1000 March \$65 calls \$3.40 to \$3.55

Baidu (BIDU) in early action with 1,590 March 27th (W) \$125 puts bought to open near \$2.45 offer in sweeps, earnings 2-27

Fiverr (FVRR) flagging intraday and 1300 July \$35 calls opening \$2.80 to \$3.20, upgraded at JPM this morning and coming off a strong report

Zoom (ZM) with 1000 March \$105 puts opening up to \$8.40, likely protective and does not counter the amount of calls bought in the name the last few weeks

IBM buyer 1000 March 6th (W) 4152.5 calls to open \$1.35. **IBM** wedging tightly after a big run and 1000 June \$155 calls bought here \$4.80 to \$4.85

Salesforce (CRM) buyer of 1000 June \$200 calls \$10.10 to \$10.20. **CRM** also today seeing June \$210 calls with 4000 bought \$5.90 to \$6.20. **CRM** also with 2000 March 6th (W) \$200 calls opening \$3.50 to \$3.65

Sea (SE) hot name with 1000 March \$50 calls bought here \$4.60 offer

Match (MTCH) seeing 1000 September \$90 OTM calls open near \$3.60 this morning into weakness

JD with 3000 March \$41 calls bought \$3.20 with the \$40 calls adjusting some

Expedia (EXPE) rising with another 5500 January \$130 calls bought up to \$12.80

Uber (UBER) buy-write sells 2500 September \$46 calls for \$3.15. **UBER** flagging and now seeing 5500 Apr. 3rd (W) \$42 calls bought up to \$1.55

Crowd-Strike (CRWD) with 1500 September \$60 short puts opening near \$7.10 as April adjust

Wix.com (WIX) shares down 9.2% on earnings seeing January \$115 puts sold to open 1000X \$7.60 to \$7.50

Skyworks (SWKS) with 1045 Mar. 6th (W) \$115 puts opening \$2.55 as Feb 28th (W) adjust

Ciena (CIEN) buyer 400 July \$40 ITM calls \$6.35 offer into day lows

Intel (INTC) with up to 8000 September \$70/\$60 strangles sold on the day versus long stock, willing to add stock at \$60 and call away at \$70

Western Digital (WDC) nice consolidation pattern forming and 1000 July \$80 calls bought today \$2.75 to \$2.80. **WDC** also with 1000 April \$67.5 calls opening buys \$4.75 to \$4.80 sweeps

Atlassian (TEAM) tested lower value range earlier, bouncing and now May \$150 calls with 725X bought \$11.20 to \$11.30

Plantronics (PLT) rallying a bit here with 2000 August \$15 puts sold ITM to open \$2.90 to \$2.80

Pegasystems (PEGA) strong lately and unusual 475 March \$105 calls bought aggressive \$1.25 offer this morning

Mercado Libre (MELI) with the March \$730/\$680 bull risk reversals adjusting to March \$770/\$730 500X

Seagate (STX) with 3000 Mar. 6th (W) \$55.50 calls bought \$0.78 to \$0.90 earlier today

Cludera (CLDR) buyers 1600 March \$10 calls for \$1.35 offer to open, earnings 3-10

NVIDIA (NVDA) fresh size positioning today includes 2,345 of the Mar 13th (W) \$315 calls opening and 1700 of the Mar. 27th (W) \$310 calls opening, near \$5M combined, some adjustments

Utility

CenterPoint (CNP) with 2000 March \$26 calls bought \$0.60 to \$0.65

Disclaimer:

Not Investment Advice or Recommendation

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