

OptionsHawk

OPTIONS HAWK DAILY MARKET 2/21/2020

Sector Leaders

Bonds

Consumer Goods

Gold

Stock Gainers

DCO 30%

DBX 2.5%

AMSWA 21.5%

SFM 14.6%

NCFM 14.8%

UEIC 13.4%

STMP 13%

Volatility Gainers

- PTLA
- MIK
- GLUU
- STMP
- HGTV
- AMRN

High Call Volume

- DK
- HMY
- LLNW
- EGO
- INSP
- SFM

Bullish Options

- MIK
- BAC
- JPM
- MSFT
- CRM
- IQ
- JNJ
- PDD
- NOW
- GILD
- DHR
- OXY

Market Review: Stocks dipped on the opened bell with global markets staying cautious on the virus impact while safe-haven assets like Bonds, Gold, and the US Dollar have been thriving. Stocks attempted to bounce late morning but ultimately failed near 1 week VWAP and the 8 day MA now acting as overhead resistance for the S&P, not a lot of urgency for traders to take on risk into the weekend. Momentum has rolled back near-term but overall just re-testing the recent breakout and not a lot of damage, markets waiting on more clarity from the coronavirus impact. Banks and Energy remained weak groups due to the ongoing collapse in yields and rising USD respectively while Software and Discretionary also sold off on the risk-off move. Breadth stayed week all day with a buyers strike to close the week.

S&P Chart:



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

Options Action Trends: Big Banks **JPM/BAC** with some bullish call buys into early weakness. Large cap software **MSFT/CRM** also with size call buys. We saw some large ITM call buys in Oil names **OXY/PE**. Software growth leaders **NOW/AYX** with large March bull risk reversals into recent dips.

What's On Tap: Looking into next week on Monday we get more regional Fed surveys with Chicago and Dallas. It then slows until Thursday with GDP, Durable Goods and Pending Home Sales followed by Income/Spending, Chicago PMI and Consumer Sentiment on Friday. Earnings season slows but still some big reports due from **Home Depot, Salesforce, Booking, VMware, Baidu, Autodesk, Workday, Monster, EOG Resources, Square, Palo Alto, Intuit, American Tower, Ansys, and Trade Desk.**

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Energy

Software

Banks

Stock Losers

BXC -20.5%

APPN -20%

RMAX -18.7%

ZS -18.5%

FSLR -14.4%

TECK -14.1%

BJRI -13%

Volatility Losers

- LL
- FIT
- SPCE
- OLED
- AERI
- ZS

High Put Volume

- AERI
- EGHT
- APPN
- FRPT
- KALA
- PLT

Bearish Options

- MMM
- FRPT
- SHAK
- QCOM
- ZGNX
- VIAC
- BABA
- W
- GES
- BBBY
-



Fiverr Momentum Seen Continuing in 2020

Ticker/Price: FVRR (\$35.1)

Analysis:

Fiverr (FVRR) a strong mover this week following its earnings on 2/19 where it beat estimates and raised guidance with revenues rising 43% Y/Y. FVRR saw a surge in call activity on 2/20 with the July \$35 max strike and timeframe calls trading more than 4000 contracts in the \$2.80 to \$3.20 range. The \$1.07B company operates an online marketplace for services which hires freelancers and small businesses. FVRR shares are now trading 7.8X EV/Revenues with growth seen slowing to 26.8% in 2020 while EBITDA likely to turn positive in 2022. It saw a strong profitability surge last quarter as Adjusted EBITDA Margins moved to -17% from -28% as well as 17% active buyer growth which has accelerated and expanding wallet share. Fiverr's catalog spans over 300 categories across 8 verticals and added 100 new categories in 2019 alone. Their platform uses a deep library of transaction and behavioral data to match buyers and sellers while taking into account previous budget, design, and purchasing patterns. FVRR is continuing to build out their platform in areas like payments, collaboration, and automation. Currently, they generate revenue from transaction-based fees, a 5% service charge. The freelancer market is an enormous opportunity at \$750B annually and FVRR sees their TAM at \$100B which will continue to grow as they build out into new areas of focus. They've also got a huge international opportunity with 70% of all revenue today from English-speaking countries. They have secular tailwinds from a more entrepreneurial workforce, especially Gen Z, as well as shift to more on-demand, online, and flexible employee connections. Analysts have an average target of \$29 and short interest elevated at 16.5% of the float. JP Morgan sparked shares on 2/20 upgrading to Overweight with a \$37 target positive on the quarter and recent product launches and ongoing investments in the business. Needham raised its target to \$38 citing strong execution with multiple intriguing new products and growth drivers, the most direct way to play the secular rise of freelancing with fast growth and improving profitability.

Hawk Vision:



Hawk's Perspective: FVRR is a name we need to wait to see it base and set back up, but certainly an exciting opportunity.

Confidence Ranking: \$\$



Danaher Calls Bought into Rare Dip to 50 Day MA

Ticker/Price: DHR (\$160.75)

Analysis:

Danaher (DHR) reversing off earlier weakness and seeing 1,170 June \$160 calls bought \$8.20 to \$8.50 to open. DHR no longer sees a lot of options activity but as seen opening sellers in March \$170 and \$160 puts 1500X and 1000X while March \$160 calls with 1000 bought on 2/12 in a synthetic long. DHR shares broke some support this week and stopped just above its rising 55 MA, a strong long term trend firmly intact. The \$109.75B maker of life sciences products trades 26X Earnings, 20X EBITDA, 6.1X Sales and yields a 0.42% dividend with a 3.5% FCF yield. DHR has made a lot of portfolio changes the last few years. The moves are ultimately making DHR a more focused entity with better end-markets, margins, and growth prospects. Forecasts see revenues growing 19% in 2020 and 9.5% in 2021 with 23.5% and 13% EPS growth. It now has 3 key segments with Life Sciences, Diagnostics and Environment and Applied Solutions. Analysts have an average target of \$175 and short interest low at 1.3% of the float. ON 2/3 Needham raised its target to \$187 after better than expected results, though the coronavirus a potential near-term overhang, but sees strong upside from the pending GE Biopharma acquisition. Piper thinks 2020 guidance is conservative and ripe for upside. Citi started at Buy with a \$180 target in January. Hedge Fund ownership fell 11% in Q4 filings, Aristotle Capital adding to its large position, a new stake from Orbimed, and the #5 holding for Third Point.

Hawk Vision:



Hawk's Perspective: DHR looks great versus its 50 day here, a top name that is operating in very strong end-markets and likely to continue to be a leading compounder.

Confidence Ranking: \$\$



Euronet Call Spread Steps into Weakness

Ticker/Price: EEFT (\$140.40)

Analysis:

Euronet (EEFT) a former momentum/growth leader in payments that has pulled back sharply since reporting but today the May \$150/\$170 call spreads are bought 4,905X to open \$3.50. EEFT March \$150 puts that bought size into earnings have now mostly closed as well. Shares are right back at a key 38.2% retracement level where shares based after a sell-off in 2019, trying to stay above \$140 on the weekly. The \$7.82B payment processor trades 15.6X Earnings, 12X EBITDA and 2.7X EV/Sales. It will present at the SunTrust Conference on 3-10 as the next event. Forecasts see revenues continuing to grow 9-10% annually with 13-15% EPS growth, valuation appears very attractive here. In the latest quarter epay transactions grew 27% with high watermark operating margins also achieved, with continued digital media expansion and significant contributions from wallet-driven mobile top-up transactions in India. Money Transfers grew 4%. This growth was the result of double-digit expansion out of our U.S. outbound and international originated sends, partially offset by continued softness in our intra U.S. Money Transfer business. Analysts have an average target of \$180 and short interest low at 1% of the float. SunTrust trimmed its target to \$180 citing competitive advantages in software, processing and pricing. DA Davidson upgraded to Buy in October and notes it could do accretive acquisitions. Hedge Fund ownership jumped 22.8% in Q4 filings, Wasatch Advisors adding to a concentrated position.

Hawk Vision:



Hawk's Perspective: EEFT shares need to find bottom around here and above the \$146.75 level would likely confirm a reversal, a name looking very attractive on valuation for growth.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Gold (GLD) buyer 2,625 September \$156 calls aggressive \$6.25 offer to open

Semiconductor (SMH) with 2000 August \$132 puts bought \$5.10 offer to open. **SMH** remains weak and also today with March \$145 puts active 7000X

Russell (IWM) seeing April/May \$170 call calendar spreads open 5000X

NASDAQ (QQQ) with 40,000 March 31st (Q) \$225 puts sold to open \$3.92 bid

S&P (SPY) this afternoon seeing 7500 deep ITM July \$310 calls open for around \$20M

Consumer Discretionary/Services

Michael's (MIK) up early and 10,000 March \$7.50 calls bought for \$0.35 to \$0.60, also trading June \$7.50 calls 1000X at \$0.95 offer

Shake Shack (SHAK) lower by 5% on downgrade and seeing March \$70 and June \$60 put each bought 2000X to open in size bear flow. **SHAK** 1000 March \$75 calls sold to open as well

Stitch Fix (SFIX) trading the Mar. 6th (W) \$28/\$30 call ratio spreads to open 1600X3200

Far Fetch (FTCH) strong chart and been a favorite of put sellers, March \$15 calls bought 4000X today \$0.45 to \$0.50 into 2-27 earnings

CBS Viacom (VIAC) with 1250 January \$25 puts opening \$2.17 to \$2.36

SeaWorld (SEAS) buyer of 1000 next week \$35 calls \$1.40 offer into rare dip in strong name since December, earnings 2-26

TAL Education (TAL) with 1000 May \$52.5 puts sold to open today \$2.15 to \$2.20 range

Bed Bath (BBBY) buyers of 3000 April \$13 puts to open this morning near \$1.75

Wendy's (WEN) strong weekly breakout this week and 5000 March \$25 calls being bought to open into earnings 2-26

eBay (EBAY) buy-write sells 3000 March \$41 calls \$0.41. **EBAY** 2500 next week \$37 calls bought 0.80 to 0.85 to open

RH (RH) spread buys 500 March 6th (W) \$237.5 calls and sells the \$247.5 and \$250 calls 500X each

Chipotle (CMG) testing 8 MA today after big run and today a \$1M+ purchase of 250 June \$895 puts \$43.40 to \$44 to open

Skechers (SKX) buyer 5000 April \$43 calls \$0.30 to \$0.40

Consumer Goods

Fresh Pet (FRPT) buyer of 1000 March \$75 puts \$4.25 and sells the \$85 calls at \$2, may be collaring stock

I-Robot (IRBT) with 3150 September \$40 puts opening this morning up to \$3.40

Colgate (CL) buyer 1000 January \$70 puts for \$2.85

GII Apparel (GIII) seeing March \$30 calls with nearly 2000X open today \$0.60 to \$0.70

Energy

Parsley (PE) with 1000 January 2022 \$12.5 deep ITM calls opening \$6 to \$6.10

Delek (DK) another 3000 March \$30 calls bought into day lows at \$0.45 to \$0.50, same as yesterday. **DK** also with 1900 Mar \$27.5 puts being sold to open today

Occidental Petro (OXY) strong multi-week base forming, September calls active today, The \$37.5 ITM calls with 1,400X bought \$5.85 offer, the \$42.5 calls and \$45 calls also some action

Cheniere Energy (LNG) traders closing the 4500 March \$55 puts and opening \$52.5 puts

Financials

Bank America (BAC) buyer 20,000 April \$36 calls at \$0.51 offer to open. **BAC** also seeing 15,000 August \$37/\$31 collars open today

S&P Global (SPGI) with 250 December \$250 calls opening for \$1.38M as February adjust

JP Morgan (JPM) seeing 4300 March 6th (W) \$135 calls open early \$2.70 to \$2.90, Investor Day 2020 next week on 2-25

Chubb (CB) with 340 August \$160 puts opening \$6.70 offer

Morgan Stanley (MS) buyer 1000 March 27th (W) \$52 calls \$2.10 offer

NMI Holding (NMIH) buy-write sells 1500 June \$30 calls \$2.55

Apollo (APO) buyer 1000 September \$45 calls \$4.50 offer

Public Storage (PSA) large bearish buy 2000 June \$230 puts \$13.20 to \$14

MSCI (MSCI) rare pullback last two days and buyers in March \$320 calls 825X at \$5 this afternoon, name that sees very little action

Healthcare

J&J (JNJ) with 7000 May \$150 calls opening \$3.55 to \$3.60 with March \$145 adjusting

Medtronic (MDT) buyer 1000 April 3rd (W) \$115/\$120 call spreads

Zogenix (ZGNX) with 2000 April \$35/\$24 bear risk reversals opening at \$0.15 credit

Gilead (GILD) strong all morning and now aggressive buyers of 5000 Mar. 27th (W) \$69.5 calls. **GILD** also 2000 April 3rd (W) \$70 calls opening now in sweeps

BioHaven (BHVN) with another 2000 April \$55 calls bought today, lots of data due soon

TG Therapeutics (TGTX) buyer 1000 March \$16 puts for \$2.20 to \$2.30

Coherus (CHRS) strong Biotech this month seeing February \$20 calls close 300X and May \$20 synthetic long open

Vertex (VRTX) a leader in large cap Biotech seeing a buy of 300 March 27th (W) \$247.5 calls today for \$8.50

Bristol Myers (BMY) far OTM January 2022 \$100 calls being bought 1950X this morning \$0.80 up to \$0.98, the CELG deal likely to pay off for years to come

Novavax (NVAX) coiled tightly and been a name in focus with the coronavirus, seeing 3000 March \$7 calls open today \$1.92 to \$2.05 as February adjust

Aerie Pharma (AERI) big winner after earnings and seeing 3000 May \$20 puts sold \$1.60 to open into the move

Pfizer (PFE) opening seller 4000 September \$32 puts for \$0.79

United Therapeutic (UTHR) with 250 May \$95 synthetic longs opening as Feb \$95 calls adjust

Penumbra (PEN) hot med-tech name set to report next week with 500 March \$210 calls opening \$3.30

Kala Pharma (KALA) buyer of 1000 April \$5/\$10 call spreads for \$1.65, but also with 3000 March \$2.50 puts bought \$0.15 to \$0.20. KALA shares consolidating tightly last few weeks after a run-up, completed STRIDE 3 enrollment in January for dry eye disease with top-line data due by the end of Q1

Agilent (A) rising this afternoon with 1300 March \$87.5 calls bought to open, also 2500 of the \$92.5 calls bought, name with a \$1M call buy in August OI

HCA (HCA) buy-write sells 750 September \$165 calls for \$4.60

Industrials

3M (MMM) buyer 2500 January \$140 puts \$7.85 in sweeps for over \$2M

United Parcel (UPS) unusual 5450 Mar. 27th (W) \$113 calls opening OTM \$0.45 to \$0.50, interesting ahead of Berkshire Hathaway report this weekend, a name I have always seen as a potential "elephant target". **UPS** also trading 3000 Mar 27th (W) \$110 calls while those \$113 calls are up over 22,000X

Eaton (ETN) one of strongest Industrials and great upgrade note earlier this week seeing 1890 Mar 27th (W) \$110 calls open 1800X

Hertz (HTZ) buy-write sells 5000 July \$23 calls \$1.35, earnings 2-24

Johnson (JCI) with 3000 April \$42 puts opening \$1.17 tied to stock

Kirby (KEX) with 600 September \$80 calls sold and 1000 of the \$65 puts sold

CSX Corp (CSX) buyer 3000 March \$77.50 puts \$1.11 to \$1.14

Emerson (EMR) with 1700 June \$75 calls opening \$2.09 today

Tutor Perini (TPC) buyer 2000 April \$10 puts at \$0.50 for earnings 2-26

Hub Group (HUBG) spread buys 2000 March \$55 puts at \$1.79 and sells 3000 of the \$50 puts at \$0.26

Kansas City Southern (KSU) buyer of 1000 March \$165 calls for \$11 as February adjust, strong Rail name

Materials

El Dorado Gold (EGO) big surge today and seeing 2300 July \$10 calls with buyers \$1.25

Gibraltar (ROCK) quietly a strong long-term trend name flagging the last few weeks, earnings 2-28, unusual buy of 500 March \$55 calls today \$2.65 to \$2.85, shares higher 7 of the last 9 reports with an 11.44% average max move. The \$1.8B Company is a maker of building products and sets up well this quarter with the strength seen in the housing market. ROCK shares trade 19.65X Earnings, 15.1X FCF and 13X EBITDA. Forecasts see EBITDA growth accelerating to 16% in 2020. Renewable Energy, Conservation, Residential Products, Infrastructure, Industrial are its target end-markets and its ROIC has quadrupled over the last 5 years to 15.6%.

Tech and Telecom

Qualcomm (QCOM) buyers of 975 Apr 3rd (W) \$88 puts to open early up to \$4.10

Microsoft (MSFT) buyer 1200 March 27th (W) \$182.50 calls \$5.55

Salesforce (CRM) buyers active 1150 May \$195 calls \$7.60 offer into early weakness into earnings next week. **CRM** buyers of May \$180/\$200 call spreads 1000X. **CRM** trading over 5500 of the June \$210 calls that saw opening yesterday in size, will confirm OI Monday

Palo Alto (PANW) earnings 2-24 seeing 1000 Feb. 28th (W) \$250 calls with buyers this morning \$5 to \$5.40 range. **PANW** IV rising this afternoon with 1000 March \$250 calls bought \$7.65, earnings 2-24

IQIYI (IQ) sweep buyers 2000 June \$30 calls \$1.12 offer, name with 5000 next week \$27 calls in OI for earnings 2-27, pulled right back to key support

Alibaba (BABA) seeing 5000 Mar. 13th (W) \$212.50 puts open near \$5.45

KLA Tencorp (KLAC) buyer 500 March 6th (W) \$162.5/\$152.5 put spreads

Live Person (LPSN) buyer 500 November \$40 calls up to \$3, seeing call buys all week into recent sell-off, could attract a M&A buyer into the move

Roku (ROKU) buy-write sells 1000 May \$140 calls \$9.85, level willing to be called away as a trader buys the support

Pinduoduo (PDD) buyer 2600 April \$35 calls for \$2.90, shares testing Feb OpEx value range low. **PDD** also opening seller 2000 June \$33 puts \$2.90. **PDD** also with 4000 March 6th (W) \$35.5 puts being sold to open \$1.60 to \$1.55

Wayfair (W) with 5000 March 6th (W) \$88 puts open at \$12.40, earnings 2-28

Service-Now (NOW) with 3000 March \$360/\$330 bull risk reversals opening for \$0.35 debit. **NOW** also a buyer 500 May \$400 OTM calls today \$4.70

Chewy (CHWY) with 750 January \$30 puts sold to open \$5.40 bid, similar to July \$30 put sale earlier this week

Qualcomm (QCOM) stock buyer selling 7,500 April \$97.5 calls and buying 15,000 of the \$75 puts as protective

Limelight Networks (LLNW) 30 day IV up 75% with 3000 March \$7 calls being bought today \$0.15 to \$0.25. The \$721M network services name has been on a strong trend move since September. Craig Hallum named it a top pick for 2020 last month on attractive valuation.

Z-Scaler (ZS) with 1000 January 2022 \$65/\$90 call spreads opening into weakness

Alteryx (AYX) stock replacement opens 4000 March \$150/\$135 bull risk reversals opening \$0.30 debit

Uber (UBER) bullish flow continues today seeing July \$38 puts bought 2000X at \$2.48 tied to stock while June \$43/\$47 bull call spreads active 3000X

Analog Devices (ADI) with 2650 Apr. 3rd (W) \$125 calls opening up to \$3.50 as shares hit day highs

Zoom (ZM) buy-write sold 540 January \$115 calls for \$16.60

Plantronics (PLT) today with 2000 August \$20 calls bought and 1000 October \$20 calls while 2000 October \$12.5 puts are sold, follows the 2000 Aug \$15 short puts yesterday

8x8 (EGHT) with 5000 April \$15 puts opening \$0.20 to \$0.25

Fire-Eye (FEYE) jumped midday with another 8000 March \$17 calls trading

Citrix Systems (CTXS) with 1000 June \$115 puts sold to open \$3.80 today

Lyft (LYFT) trading another 4000 July \$45 calls near \$5 today, look to be adding and will confirm Monday

Anaplan (PLAN) buyer of 1000 May \$60 calls \$5.60 in a stock replacement

Elastic (ESTC) with buyers of 2500 March \$80 calls this afternoon \$2.40 to \$2.60 into 2-26 earnings, Software name that has seen size positioning for upside

Nuance (NUAN) sweep buy of 3000 March \$23 calls today for \$0.80, strong name since reporting

Crowd Strike (CRWD) buyers of 1000 Mar. 13th (W) \$60 puts today near \$3, earnings 3-19

Etsy (ETSY) seeing buyers active for 2000 March \$60 calls today, earnings 2-26

Lumentum (LITE) offer buy 500 September \$70 puts to open \$5.20

F-5 (FFIV) rare options trade with 250 January \$135 calls \$13.57 to \$14.10

Coupa (COUP) buyer of 340 June \$160 puts to open at \$17 offer

Utility

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.

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors.