

OptionsHawk

OPTIONS HAWK DAILY MARKET 2/27/2020

Sector Leaders

Retail

Housing

Transports

Stock Gainers

GCAP 66%

REZI 22%

TDOC 20%

ESTC 18.5%

ETSY 17%

ECPG 16%

SERV 15.5%

Volatility Gainers

- APT
- LAKE
- INO
- SPCE
- BLDP
- DO

High Call Volume

- WYND
- CAH
- IOVA
- MRNA
- IRWD
- CLX

Bullish Options

- CNC
- GILD
- IBM
- DAL
- EXPE
- STNG
- MPC
- CPRT
- ABT
- DIS
- UNP

Sector Laggards

Gold Miners

Energy

Semi's

Stock Losers

MTNX -21%

PLAN -20%

FLIR -18.7%

SAGE -15%

WPP -15%

SPCE -15%

SRI -14.5%

Volatility Losers

- ACOR
- NAV
- NTNX
- DDD
- ETSY
- NOK

High Put Volume

- STOR
- HUBG
- ACOR
- OKE
- PLT
- MUR

Bearish Options

- STM
- OXY
- ODFL
- WING
- TPX
- HTZ
- TSN
- CLR
- NTES
- BABA
- DISH

Market Review: Stocks extended a slide into the open as pandemic fears continue to dominate the headlines as it causes some temporary economic slowdowns. In morning data we saw Durable Goods Orders for January beat expectations while the Q4 GDP number came in a bit light but still a very solid +2.1%. Microsoft and PayPal two more large caps warning on outlooks due to COVID-19, though very minor financial impacts and markets seem to be over-reacting more to the uncertainty than the impact. Stocks caught a strong midday bid and breadth started to finally show improvement while clearing a shorter term downtrend after the S&P reached a retest level and its rising 55 week MA of support as well as a 38.2% retracement of 2018/2020. The S&P is trying to hammer with a close above its 200 MA on a massive volume day, and we get a good amount of economic data tomorrow morning.

S&P Chart:



Resistance	Support
3,130	2,995
3,180	2,870
3,260	2,630

Options Action Trends: We saw some very large call buys into morning lows in large caps like **ABT, UNP, QCOM, LVS, WYNN**. We also saw a number of large put positions closing into the lows.

What's On Tap: Personal Income/Spending, Trade Balance, Chicago PMI and Michigan Consumer Sentiment. Earnings from **EOG, STRA, W, and FL**.

Trade Tracker Portfolio Changes:

- 1) No Changes



Unusual Call Buy in Strong Leader Booz Allen

Ticker/Price: BAH (\$71.9)

Analysis:

Booz Allen (BAH) unusual call buying on 2/26 with 2500 June \$75 calls bought to open \$2.65 to \$2.80 for around \$750,000 and becomes the only notable open interest in the name. BAH shares have pulled back to 9 month trend support this week and sit right above its rising 200 day MA, a name with a strong run in 2019 and has been delivering stellar quarterly results. BAH offers a number of services such as Analytics, Engineering, and Digital Solutions. The Defense industry is 47% of its customer base, Civil is 26% and Intelligence is 23%. BAH is experiencing a positive mix shift leading to better growth and margins. The \$10.27B Company's shares trade 20.3X Earnings, 15X EBITDA and yield a 1.72% dividend. Forecasts expect revenue growth to slow to 7.7% in 2021 from 11% in 2020 while EPS growth expected near 12%. Analysts have an average target of \$85 and short interest is low at 1.8% of its float. BAH will present at the AFCEA West 2020 Conference on 3-2. On 2/3 Raymond James raised its target to \$84 noting its streak of impressive organic growth, EBITDA margin expansion, headcount growth and record backlog. SunTrust upped its target to \$88 in November on strong operational performance such as a 2.7X Book/Bill ratio and notes it is an industry-leader in organic growth. Hedge Fund ownership fell 5.9% in Q4 filings, Black Creek a top concentrated holder.

Hawk Vision:



Hawk's Perspective: BAH is a great name and one to own when the market volatility calms and investments start being worthwhile again.

Confidence Ranking: \$\$



Macquarie Infrastructure Strategic Alternatives Seen Sending Shares Above \$45

Ticker/Price: MIC (\$40.55)

Analysis:

Macquarie Infrastructure (MIC) an event-driven name attracting some options activity. A strategist on 2/26 bought 6000 July \$45 calls for \$0.64 and sold 4800 of the \$35 puts for \$0.80 with shares at \$40.47. The action follows large opening sales of 13,500 July \$37.50 puts and has seen \$47.5 and \$50 calls bought with 6,775X and 17,400X in OI respectively. MIC also has 2,875 January \$45 calls in open interest from buy orders and 2000 April \$42.5 calls bought at \$0.60 on 2/25. MIC shares put in a massive run from 2009 to 2015 but since July 2017 have been a major laggard and in a \$36/\$45.75 basing range since the sell-off in early 2018. MIC has always been an intriguing company as it operates a diverse set of businesses with International-Matex Tank Terminals 45% of EBITDA, Atlantic Aviation at 33%, Contracted Power at 13% and MIC Hawaii at 9%. On 10/31 MIC announce plans to pursue strategic alternatives, the CEO saying “Over the past 18 months we have successfully executed initiatives including the sales of smaller and non-core businesses which have strengthened our balance sheet and increased our financial flexibility. In addition, the investments we have made in the infrastructure of our businesses during this period have both improved their competitive position and increased their resilience.” “Building on the momentum created by these actions, we are confident that now is the appropriate time to consider sales of our remaining businesses in order to unlock additional value for our shareholders.”

Hawk Vision:



Hawk's Perspective: MIC shares are back to the level from right before the 10-31 announcement, so reward/risk is turning favorable in the unusual name.

Confidence Ranking: \$\$



L3 Harris Bull Trades as Best Positioned Defense Name

Ticker/Price: LHX (\$210.45)

Analysis:

L3 Harris Tech (LHX) with an unusual trade on 2/26 as 750 May \$220 calls were bought to open for \$575,000 and followed a 2/10 trade that bought 450 December \$230 calls for \$960,000. LHX is coming off another strong quarter and pulling back off its new highs the last two weeks to a key volume node, a 50% retracement, and trend support a bit lower near the base breakout retest level of \$202. The \$46.7B Defense Co. trades 15.9X Earnings, 13.9X EBITDA and yields a 1.43% dividend. Forecasts call for revenue growth in the 5-7% range the next few years and EPS seen reaching \$13.90/share in FY22 from \$7.56/share in FY19. Last quarter saw strong growth across Integrated Mission Systems, Space and Airborne Systems and Communication Systems as well as margin expansion in every segment and robust free cash flow. 2020 is a year of heavy cost cuts as LHX works to integrate legacy L3 (LLL) into its structure. LHX leads all defense peers in R&D spend as a % of revenue as it continues to innovate and is well aligned with the growth areas of the DoD budget with increasing global demand for intelligence, surveillance and reconnaissance (ISR). Analysts have an average target of \$257 and short interest low at 1.3% of the float. Argus raised its target to \$255 on 2/12 noting management confidence in the outlook and positive business trends. Benchmark started shares at Buy with a \$280 target on 2/7 seeing it well positioned to take share of future budgets with its broad based electronic warfare exposure and commercial model while integration targets are exceeding expectations and divestures shifting the portfolio to higher margin solutions. Hedge Fund ownership was fairly flat in Q4 filings, some top concentrated holders include Frontier Capital, Holocene, Iridian, Westfield and Ceredex Value.

Hawk Vision:



Hawk's Perspective: LHX is a high quality name, the old Harris was my preferred Defense name and now LHX is picking up that momentum. It's a tough tape to be buying, but a name to own once it puts in a proper bottom.

Confidence Ranking: \$\$



Abbott Labs Calls Hot into Weakness

Ticker/Price: ABT (\$80)

Analysis:

Abbott Labs (ABT) seeing 2200 May \$82.5 calls bought near \$3 to open and with shares near day lows IV moving up with 4500X of these now trading and bid \$3.20, strong buying interest. ABT shares with an ugly monthly candle along with the rest of the market but only testing the low-end of a multi-month range and likely limited impact to its business. The \$145B med-tech leader trades 20.3X Earnings, 4.55X Sales and yields 1.77%. Forecasts see revenues growing around 7% the next two years, impressive for a large cap, and 10-12% EPS growth. ABT coming off a strong quarter with double-digit organic sales growth in Heart Failure, Electrophysiology, Structural Heart and Diabetes Care. It also delivered strong growth in the Pharma division. Analysts have an average target of \$100 and short interest is low at 1% of the float. Goldman initiated shares Neutral on 2/12 with a \$96 target, which is 20% above its current price. Stifel raised its target to \$104 on 1/23 after the quarter, noting key drivers such as MitraClip, Libre and Alinity can deliver durable, sustainable growth in the business. Wells Fargo raised its target to \$103 citing confident in Libre 2.0/iCGM approval, expects to sustain its current levels of organic growth, is executing on its diverse pipeline and remains selective with regards to M&A. Hedge Fund ownership was flat in Q4, Polen Capital adding 8.8M shares, and Sustainable Growth Advisors adding to a large position.

Hawk Vision:



Hawk's Perspective: ABT is an attractive large cap growth story with limited virus-risk, so once markets calm the kind of name you want to be buying.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Gold (GLD) buyer 10,000 March 2021 \$175/\$215 call spreads for \$3.25. **GLD** also block of 13,000 Dec. 31 (Q) \$157 calls opening \$8.05 offer earlier

S&P (SPY) large blocks were buying April \$315 calls this morning \$6 to \$7 with nearly 30,000 trading on the day

NASDAQ (QQQ) large blocks of April \$212 calls opening this morning up to \$8.50 with 17,000 trading

Semi (SMH) weak group and 11,000 March \$128 puts opening today as higher strike puts adjust down

Brazil (EWZ) with 13,500 March \$38.50 calls bought to open this morning

Consumer Discretionary/Services

Wing-Stop (WING) with 1000 March \$85 puts opening up to \$3.70

Disney (DIS) buyers active in size for 3000 June \$120 calls into morning weakness \$8.40 to \$8.50

Las Vegas Sands (LVS) with 5500 May \$57.5 calls opening \$4.48, look to be adjusting from \$72.5

Lululemon (LULU) buyer 500 June \$270 calls \$8.40 to \$8.50

Wynn (WYNN) buyer 3500 June \$110 calls \$10.25, adjusting \$140 calls

Dish (DISH) with 30,000 March \$33 puts bought \$1.35 as the \$37.5 adjust

Big Lots (BIG) buyer 1000 April \$22.50 calls aggressively \$1.65 offer

Marriott (MAR) rallying off lows and green on the day after reporting, big block of 2500 April \$125 calls bought \$5.30 to open

Hilton Grand (HGV) aggressive offer buy 5000 April \$29 calls \$1.65

Signet (SIG) with 10,000 March \$19 puts sold to open down to \$0.25

MGM (MGM) buyer of 4000 April \$27/\$22 put spreads for \$1.55

Nike (NKE) buyer 3000 March \$89/\$80 put spreads

Sally Beauty (SBH) with 35,000 March \$12.50 puts sold to open earlier \$0.475

Darden (DRI) buyer 500 April \$100 calls \$7.80 to \$7.85, earnings 3-19

Hanes (HBI) a favorite of put buyers for years now with 3900 April \$13 bought \$1 to \$1.05 in offer sweeps earlier today

Sinclair Broadcasting (SBGI) moves higher this afternoon with 5000 January \$25 calls bought aggressively \$4.10 to \$4.60 to open

eBay (EBAY) buyer 1000 October \$40 calls \$1.525 and then big block takes volume to 10,000X at \$1.55

Consumer Goods

Tyson (TSN) with 10,000 April \$70 puts opening \$3.80 as the \$80 puts adjust

Newell (NWL) buyers of 1700 September \$14 puts to open \$1.30 offer

McDonald's (MCD) opening sale of 1000 April \$195 puts \$3.45 to \$3.40

Sony (SNE) buyer 2000 June \$65/\$75 call spreads for \$2.50, shares looking to close above 38.2% retracement off 2019/2020 range

Herbalife (HLF) IV rising this afternoon with 2000 May \$35 calls bought to open up to \$2.45

Beyond Meat (BYND) buyer 1000 March \$107 puts \$10.10 offer into earnings

Energy

Occidental Petro (OXY) with 3,975 July \$32.50 puts opening for \$4 as weekly puts adjust

Hess (HES) with 2000 August \$50 puts sold to open \$4.95 as March adjust

Marathon Petro (MPC) buyer 3500 March \$51 calls for \$2.04. **MPC** also with 6000 April \$50 puts opening \$3.95 to \$4.18

Scorpio Tanker (STNG) with 1000 July \$15 calls opening \$4.50 and 1000 of the \$16 calls at \$3.95, shares whacked with Energy move recently

Continental (CLR) with 800 January 2022 \$17.5 puts opening \$5 to \$5.20

Exxon (XOM) with June \$55 calls bought 4450X to open today and May \$57.50 calls active 5500X with buyers as well

Schlumberger (SLB) with 10,000 March \$27 puts bought to open near \$1.40 earlier

Conoco (COP) with 1500 January 2022 \$40 puts bought \$4.75 to open

EOG Resources (EOG) spreads selling October \$50/\$40 put spreads to buy the \$65 calls 3500X

Williams (WMB) with 6800 April \$20 calls opening \$0.61 and **Kinder Morgan (KMI)** with 9400 April \$21 calls at \$0.41 opening late day

Financials

Invesco (IVZ) with 1000 Oct \$13 calls opening ITM

Simon Property (SPG) with 1500 April \$115 puts sold to open \$1.90

Comerica (CMA) with 1000 January \$50 puts sold to open \$5.15 to \$4.75

Fleetcor (FLT) with 4000 August \$280 calls bought for \$21.80 as the \$300 calls adjust back

STORE Capital (STOR) with 4000 March \$35 puts opening as \$40 puts adjust, and sell the \$30 puts against

Citi (C) block of 3000 September \$60 puts bought \$3.55 tied to stock, while Jan 2022 \$80 calls with 3000X opening with buys

Global Payments (GPN) IV diving with 7500 March \$180 puts sold to open down to \$3.80

Newmark (NMRK) trying to hammer on 200 MA seeing 1180 September \$12.5 puts bought \$2.60 to open

PagSeguro (PAGS) with 3000 March \$32.5 puts bought up to \$1.95 here late into earnings tonight

Healthcare

Gilead (GILD) buyer 2000 June \$80 calls \$5.25 to \$5.30 near the open

Iovance (IOVA) with 4000 September \$45 short calls opening \$2.40 as June \$25 adjust, likely a buy-write position, and company reportedly exploring a sale. **Iovance (IOVA)** buy-write sells 1000 January \$40 calls for \$4.70

Centene (CNC) a bit under its 200 MA here and aggressive buys coming in for 1270 April \$55 calls \$2.95, above offer. **Centene (CNC)** with 1000 June \$55 calls bought as well \$4.90 offer

United Health (UNH) with 5000 March \$285 calls being sold to open down to \$1.60

Portola (PTLA) opening sale 5000 June \$10 puts today \$1.50

IQVIA (IQV) putting in a hammer with 1000 May \$155 calls opening earlier for \$3.95

Cardinal Health (CAH) hammering today after filling earnings gap and 8000 March \$57 calls opening \$1.16 to \$1.25

BioHaven (BHVN) with 2500 May \$55 calls opening for \$6 as April \$65 adjust

Agios (AGIO) opening put sale yesterday and today with 2500 August \$55 calls bought \$3.70 to \$4 to open here

Anthem (ANTM) buyer of 1500 March \$282.5 calls for \$5.50 sells the \$292.5 and \$297.5 against

Bruker (BRKR) unusual 1000 March \$45 puts bought to open \$2.05 to \$2.20

ResMed (RMD) with 1175 July \$175 calls bought aggressively to open this afternoon \$10.50 to \$11.20, shares pulling back to just above the rising 55 MA this week

CVS Health (CVS) with 1200 August \$62.5 calls bought \$4 to \$4.15 today

Thermo Fisher (TMO) adjustment of stock-tied puts as March \$320 roll to April 1250X

Industrials

Delta (DAL) buyer 5000 April \$50 calls into weakness \$2.20 to \$2.35

Old Dominion (ODFL) with 1500 March \$200 puts opening as the \$210 puts adjust down, a \$1M position in the leading Trucker

Copart (CPRT) with 1000 April \$90 calls bought to open \$2.70

Virgin Galactic (SPCE) seeing 8000 April \$23 calls open \$3.80 to \$3.90 with shares down 30% this morning back to volume support

Embraer (ERJ) with 1500 January \$15 calls opening \$2.15 into weakness

Hertz (HTZ) with 4800 March \$13 puts bought to open

Union Pacific (UNP) buyer of 5000 April \$160 calls \$7.60 and 5000 June \$160 calls for \$9.70

Saia (SAIA) buyer of 2000 March \$90/\$85 put spreads for \$1.70 in the trucker

Knight (KNX) bullish action into three day sell-off, already size in OI, and today 4000 April \$35 calls bought aggressive \$1.35 offer to open

General Motors (GM) buyer 10,000 June \$28 puts \$1.10

Emerson (EMR) with 1750 June \$70 calls opening \$2.63 as the \$75 calls adjust back

Jacobs (JEC) buyer 1000 March \$95 puts to open \$2.80 to \$2.85

3M (MMM) with 650 Dec. \$150 puts bought \$14.10 to \$14.20 for around \$1M

Materials

Lyondell (LYB) with 1000 September \$65 puts sold to open for \$4.52, the \$75 calls bought 500X at \$5.78

Nutrien (NTR) with 6000 June \$40 puts opening \$2.30 with March puts adjusting

Dow Chemical (DOW) buyer 3000 January 2022 \$35 puts \$5.30 tied to stock

Tech and Telecom

ST Micro (STM) with 1785 July \$25 puts bought \$1.85 offer to open

IBM (IBM) with over 3000 June \$145/\$155 call spreads bought for \$2.75 this morning, shares working back to the January breakout level

Trip Advisor (TRIP) buyer 2000 September \$32 calls \$0.75 offer

NetEase (NTES) with 735 April \$285 puts being bought \$6.10 to \$6.40 with shares down 8% after results

Expedia (EXPE) buyer of 19,000 January \$100 calls as the \$105 calls roll back again, trying to get into the name at a low and hold long term

Alibaba (BABA) with 12,500 April \$205 puts opening with \$210 puts adjusting. **BABA** also a buyer 1500 July \$175 puts \$6.05 offer

Nutanix (NTNX) down 26.5% on earnings and seeing 2500 January 2022 \$25 ITM puts being sold to open \$7.10

Qualcomm (QCOM) with 4500 April \$75 calls opening \$5.35 to \$5.60. **QCOM** with 6000 next week \$75 puts sold to open here down to \$1.90

Anaplan (PLAN) buyer of 5500 January \$50 calls for \$7.60

Shopify (SHOP) with 525 January \$370/\$650 call spreads opening today in size trades

NVIDIA (NVDA) stock replacement opens 2000 April \$260 calls for \$19

Upwork (UPWK) up 8% after results seeing 3000 March \$10 ITM puts sell to open for \$1.50

Skyworks (SWKS) with 1350 April \$100 calls opening at \$8 in offer sweeps earlier

Carvana (CVNA) working off morning lows with buyers coming into January 2022 \$130 calls looking long-term, 1800X trading to open \$18 to \$20

Plantronic (PLT) buyer 3500 August \$15 puts for \$3.60 as March \$30 puts take profits and keep a runner

Synopsys (SNPS) touched 200 MA on lows earlier and 1000 April \$140/\$135 bull risk reversals opening at \$1.70 debit

Match (MTCH) buyer 3200 April \$67.5/\$70 call spreads for \$1.20

Micron (MU) buyer 11,000 April \$52.5 calls this morning for \$3.35 with some adjustments

Cloudera (CLDR) buyer 2250 January \$10 calls for \$1.60 offer

Fire-Eye (FEYE) earlier IV jump with 3500 April \$14 calls bought near \$1 to open

Intuit (INTU) buyers of 700 April \$290 calls to open \$6.50, shares tapped 200 MA earlier

DocuSign (DOCU) strength, earnings 3-12, and June \$80 puts being sold to open down to \$6 for 900X

TI (TXN) ITM January \$90 calls bought 685X to open \$29.60

Utility

Vistra (VST) buyers of 3000 March \$22 calls today near \$0.75 to open

Disclaimer:

Not Investment Advice or Recommendation

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