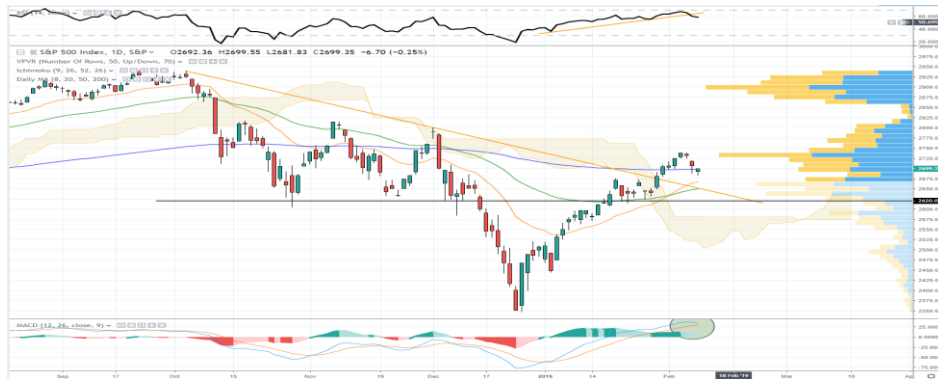


OptionsHawk

OPTIONS HAWK DAILY MARKET RECAP 2/8/19

Market Review: Global markets closed the week on a down note as fears about US/China talks returned. Reports that the President is not planning to meet with Xi ahead of the March 1 deadline have sparked concerns that any potential resolution will be extended and/or tariffs will jump. There are also concerns this morning about the EU with US negotiators citing a lack of good faith progress from their counterparts. The more defensive utilities sector was the only group in the green in the early trading today with energy and financials leading to the downside. Treasuries edged higher with yields down and the dollar putting in a strong week. We traded lower in the early half of the day back 2,680 before forming an intraday base and bouncing after the EU close. We held the 13-EMA at 2,686 and for the week a fairly indecisive candle after reversing off the earlier highs. Some major resistance remains above with the 200-MA and the upper boundary of the weekly cloud. Overall, a more cautious environment but not one that's overly bearish as we simply digest the recent move.

S&P Chart (Weekly):



Resistance	Support
2,645	2,565
2,700	2,500
2,750	2,425

Options Action and Trends: There were not a lot of new trends for the day, a lot of adjustments seen in names which had made big moves on earnings. We saw bullish flow into the industrial metals with RIO, FCX, and VALE.

What's On Tap: Looking ahead to next week, the focus will be on CPI on Wednesday, Retail Sales, Business Inventories, and PPI-FD on Thursday. Empire State manufacturing, Industrial production, and consumer sentiment on Friday. Earnings continue with notable reports from SHOP, TWLO, TRIP, CSCO, DE, QSR, CHGG, RNG, TAP, UAA, ATVI, CSOD, HLT, AIG, CF, DVA, FOSL, H, MGM, NTAP, WCN, YELP, and many others. Overall, a very big week for growth tech names.

Trade Tracker Portfolio Changes:

1. None
- 2.

Sector Leaders

Utilities

Staples

Healthcare

Stock Gainers

COTY 28.5%

MAT 22.7%

COLM 17%

UBNT 15.8%

SKX 14.6%

MSI 13.2%

Volatility Gainers

- DAKT
- NVAX
- XENT
- GRPN
- DNR
- CRC

High Call Volume

- ELAN
- WMGI
- EXEL
- MTW
- BLMN
- EA
- EPAY
- COLM

Bullish Options

- EA
- EXPE
- WMGI
- CCK
- WYNN
- VALE
- KTOS
- AAL
- EXEL
- BLMN
- RIO

Sector Laggards

Energy

Financials

Materials

Stock Losers

SGEN -12%

GT -9%

MBT -8.3%

TTM -7.85%

NIO -7.4%

SNDE -7%

Volatility Losers

- SKX
- ELAN
- COTY
- UBNT
- MHK
- NCR

High Put Volume

- ELAN
- NOG
- INGN
- ARLO
- NCR
- AVLK
- SGEN
- WU

Bearish Options

- CLF
- WTW
- DECK
- SGEN
- IMMU
- TTD
- DVN
- FLR
- FDX
- GT
- OSR



Rio Tinto Bulls Add as Iron Ore Prices Jump

Ticker/Price: RIO \$56

Analysis:

Rio Tinto (RIO) buyer of 4,000 April \$55 calls to open \$2.65 offer and follows over 23,000 April \$60 calls bought over the last week. RIO has seen buyers in the March \$52.50 calls recently as well with a number of bullish positions out to January 2020 open as well from last year. RIO has been on a strong run recently and pulling back to the 8-EMA today with a longer-term bull flag forming under \$60 and the July highs. A breakout targets \$75 from the recent multi-month base. The \$90B industrial metals giant trades 12.5X earnings, 2.2X sales, and 11X cash with a 4.5% yield. RIO is getting a boost this month from a rally in iron ore which is hitting its highest level since 2014 in the wake of the Vale dam collapse and potential for more mine closures which will keep a bid under prices. RIO has shifted their focus in 2019 to returning over \$7B to shareholders while re-shaping their portfolio around high-return growth assets while divesting over \$5B of assets last year including underperforming coal and coking coal. Analysts have an average target for shares of \$56 with 7 buy ratings, 9 hold ratings, and 3 sell ratings. UBS was out positive on 2/7 noting that the recent run in iron ore prices is a positive tailwind for RIO as every \$10 higher boosts their FCF by \$1.9B. JP Morgan downgraded shares to Underweight on Monday citing a 'less defensive balance sheet' near term and the recently rally reflecting higher iron ore prices. Institutional ownership rose 47.5% last quarter. Impala Asset Management a buyer of nearly 1M shares. Short interest is 0.77%.

Hawk Vision:



Trading Strategy: RIO has been on a strong run recently and prefer to see it settle into a new range before looking at a new position.

Confidence Ranking: \$\$



Axalta Upside Calls Accumulate

Ticker/Price: AXTA \$26

Analysis:

Axalta Coatings (AXTA) with 1,125 June \$28 calls bought today for \$1.10 to \$1.20 and 500 July \$28 calls bought for \$1.40, follows 1,000 of the July \$29 calls bought yesterday. AXTA has also seen 1,000 January \$28 calls bought recently and has some sizable April short puts in open interest with 19,000 at the \$30 line from 12/26 and more than 13,000 at both the \$29 and \$28 lines from bull spreads which have adjusted since September. AXTA has bounced off the recent lows and holding up well above its 8-EMA recently as it works out of a multi-month base. A move above the 200-EMA at \$27 has room back to \$30/\$31 and a high-volume node from August. The \$6.14B company trades 18.8X earnings, 1.3X sales, and 10.4X cash with high-single digit EPS growth. AXTA expects 1-3% revenue growth over the next two years, up from no growth in 2018. The company continues to see strong demand in their Refinish and Industrial end-markets while price changes in Performance Coatings have helped offset some impacts from inflation and softness in autos. AXTA highlighted strength from some of their largest body shop customers with both volumes and sales up in Q4 and sees some of the weakness from peers related more to channel inventory than demand. Analysts have an average target for shares of \$31 with 7 buy ratings and 4 hold ratings. Short interest is 2.3% and down from over 4.2% in early 2018. Baird positive on 1/31 with a \$30 PT citing a combination of execution on price and increased capital allocation optionality. Citi positive on 1/15 noting that a lot of the issues facing SHW and PPG are tied to architectural paint which AXTA has no exposure. BAML upgraded to Buy on 1/8. They see the industry recapturing a majority of the lost margins over the next 2-3 through higher prices and lower raw material costs. They like AXTA due to their ability to pursue M&A deals which can drive earnings growth. Institutional ownership fell 13% last quarter.

Hawk Vision:



Trading Strategy: AXTA is an interesting name with the sizable short puts in open interest and a lot of optionality for upside including potential M&A.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Oil and Gas E&P (XOP) with 18,600 March \$26 puts opening for \$0.50 as the March \$28 puts close 10,000X

High Yield (HYG) the September \$77/\$74 put spread bought 5,000X today

Regional Banks (KRE) with 5,000 April \$53/\$49 put spreads bought for \$1 into strength following the STI/BBT deal

Consumer Goods

Electronic Arts (EA) early buys of 1,285 April \$95 calls to open \$3.90 to \$4 as shares recover strong this week. EA also seeing far OTM September \$110 calls open 465X \$5 to \$5.50 after 1,000 each of the \$120 and \$125 calls opened earlier this week

Wynn Resorts (WYNN) with 1,500 February \$126 calls bought \$2.39, look to be rolling back \$128 calls

Decker Outdoors (DECK) size buyer of 1,350 June \$150 puts for \$16.40 to \$16.50 today into strength. DECK now also 485 June \$140 puts bought for \$12

GIII Apparel (GIII) buyer of 1,000 March \$35 calls for \$2.10 as 250 February \$30 calls adjust

Omnicom (OMC) with more than 2,300 March \$72.50 puts opening today for \$1.92 ahead of earnings on 2-12, weakness this week from Publicis's earnings and OMC still has over 6,000 February \$75 puts in OI

Bloomin Brands (BLMN) buyers of 2,500 March \$20 calls up to \$0.55 into post-earnings weakness, trading 15X average calls

Chipotle (CMG) strong move post-earnings but seeing 670 April \$585 calls sold to open from \$35 down to \$32.20.

Restaurant Brands (QSR) earnings on Monday morning and 2,000 February \$60 puts being bought for \$0.60 to \$0.62 and 1,000 July \$60 puts bought for \$3.65 as the March puts adjust out

ConAgra (CAG) with 2,500 Jan. 2020 \$25/\$20 bull risk reversals opening for small credits

FrontDoor (FTDR) unusual buys of 1,000 February \$28 puts \$0.85 to \$0.95 to open

I Robot (IRBT) seeing 1,000 May \$110 puts bought from \$14.00 to \$14.70 into strength today

The Gap (GPS) with 10,000 March \$21 puts sold to open earlier for \$0.27 ahead of earnings on 2-28

Royal Caribbean (RCL) with 500 September \$120/\$110 bull risk reversals opening today for a small net credit, still has some size March calls in OI

Wynn Resorts (WYNN) buyer of 2,500 April \$130 calls this afternoon for \$6.45 as the \$135 calls look to adjust back

Mattel (MAT) higher by 21.5% today and seeing over 4,900 March \$16 calls bought this morning from \$0.60 to \$0.65

Hilton Grand (HGV) with 1,650 March \$31/\$28 strangles bought for \$1.55

Wage Works (WAGE) on the highs of the day with 750 May \$35 calls bought for \$5.12 to \$5.13 in a stock replacement this afternoon

Capri Holdings (CPRI) stock replacement today buys 1,500 March 8th (W) \$46 calls for \$1.80

Red Rock (RRR) buyer of 1,125 March \$25 calls today for \$1.65

Wolverine World Wide (WWW) trader sells 1,000 September \$40 calls to open today for \$1.85 in a buy-write

JM Smucker (SJM) with 685 ITM March \$110 puts being sold to open today for \$8.30 to \$8.10

Energy

Encana (ECA) another 5,000 March \$6 calls bought today where buyers were active yesterday for more than 4,000

Financials

M&T Bank (MTB) spreads selling March \$165 and \$170 calls to buy 1,500 of the \$160/\$155 put spreads

BB&T (BBT) with 5,000 March \$48 puts opening \$0.75, some reports the SunTrust deal could come under scrutiny

WorldPay (WP) working out of consolidation with 2,200 March \$90 calls being bought \$1.10. WP this afternoon also seeing 445 August \$90 calls bought for \$5.28 to \$5.40

Metlife (MET) with 1,500 January 2021 \$42.50 puts being bought today for \$5.85, tied to stock. Metlife (MET) also seeing 10,000 March \$45 calls close and roll out to April \$45 calls which open for \$0.70 today

Bank of America (BAC) with 5,000 March 1st (W) \$28.50 calls being bought today up to \$0.50

Zions Bancorp (ZION) with 1,250 January 2020 \$50 calls bought earlier for \$3.77 with regional banks higher this week with the BBT/STI deal

Synchrony Financial (SYF) with over 3,650 March \$31 calls bought this afternoon for \$0.58 to \$0.60

Santander Consumer (SC) buyers of more than 5,750 March \$21 calls for \$0.25 to \$0.35 this afternoon, talk last year that their parent Co. could pursue a buyout

Alliance Data (ADS) with 2,000 March \$170 calls sold to open today for \$3.00 to \$2.90

Healthcare

Weight Watchers (WTW) early buyer 1,000 March \$30 puts \$3.50 to \$3.70 and volume over 5,000X now with a bigger block bought at \$4.10

Wright Medical (WMGI) buyer of 2,000 May \$32.5 calls to open \$1.20. WMGI also seeing 1,500 May \$35 calls bought now from \$0.60 to \$0.70

Seattle Genetics (SGEN) with the December \$75 puts opening \$15.20 for 500X and the December \$70 puts 500X for \$12.10, shares down 13% today

Genomic Health (GHDX) opening sale of 1,000 March \$80 calls \$3.20

Biogen (BIIB) with 1,600 April \$400 calls bought \$1.65 to \$2.15, a spot where 4,780 have accumulated

Exelixis (EXEL) with 19,937 August \$18 calls bought \$5.25 a the February \$16 calls roll out and up

Novavax (NVAX) spread buys 17,000 April \$3.50 calls and sells 17,000 Jan. 2020 \$5 calls, net \$0.10 debit

Intercept (ICPT) with 3,500 April \$50 puts sold to open \$3.20, defining a level for shares to be a buyer on bad news

Clovis Oncology (CLVS) with 4,500 April \$28 calls sold to open for \$3.10 to \$3.00 into recent strength

Biohaven (BHVN) strong again today and seeing 1,200 April \$50/\$60 call spreads bought for \$2.30

Immunomedics (IMMU) with 1,700 March 1st (W) \$18 puts rolling to March 29th (W) expiration which open for \$4.20. IMMU also seeing some March 1st (W) \$17 puts close and roll out to buy 2,280 March 29th (W) \$17 puts for \$3.41. IMMU now seeing the 5,000 March 1st (W) \$16 puts bought on 1/18 close and roll to the March 29th (W) \$16 puts which open for \$2.75

Novacure (NVCR) strong run recently and today 1,500 March \$50 calls sold to open for \$3.00 to \$2.85

Integra Lifesciences (IART) with 500 June \$50 calls opening today for \$3.50 into earnings on 2-21

Neurocrine (NBIX) steady move off the early lows and over 900 May \$90 calls are opening today between \$3.90 and \$4.20, follows buyers in the March calls this week

Sarepta (SRPT) the April \$145/\$160 call spread being bought today for \$3.60, over 625X

Zoetis (ZTS) with over 5,000 March \$90 calls bought today for \$1.25 to \$1.35 ahead of earnings on 2-14

CVS Health (CVS) with 2,000 March \$65 calls bought from \$2.27 to \$2.33 in a stock replacement strategy

Industrials

Kratos (KTOS) shares moving to early highs with 2,000 March \$17.50 calls bought for \$0.50, already has buyers in the May and August calls OI, some M&A talk today

Goodyear (GT) with 4,000 July \$16 puts opening \$0.60, down 8.75% after earnings

XPO Logistics (XPO) with 2,000 May \$70 calls opening this morning for \$1.50 into weakness, recent buyers active in the February \$60 calls

Fluor (FLR) on the lows and 1,625 March \$32.50 puts bought today for \$1.50 ahead of 2-21 earnings

General Electric (GE) stock replacement today buys the August \$10/\$13 call spread 5,000X10,000 for \$0.55 net debit

Materials

Cliff Natural (CLF) with 2,000 ITM Mar. 29th (W) \$14 puts opening \$2.33 to \$2.51

Vale SA (VALE) buyer of 5,100 March \$11 calls for \$0.62, put sales active in September this week with shares weak recently with the headwinds from the dam collapse. VALE strong move off the early lows and now seeing the June \$13/\$15 call spread bought 20,000X40,000 for \$0.21 debit

Freeport (FCX) buyer of the August \$14/\$17 call spread 10,000X20,000 today for \$0.26

Rio Tinto (RIO) buyer of 4,000 April \$55 calls to open \$2.65 offer

Tech and Telecom

Avalara (AVLR) the February \$40/\$35 put spread active early 575X into earnings on 2-12

Expedia (EXPE) buyer of 1,000 March \$135 calls for \$2.60 to \$3.15 today, strong move higher on earnings

Yelp (YELP) buyer of stock sells 4,000 May \$33/\$40 strangles for \$6.28

Twitter (TWTR) buyer of 2,000 September \$27 puts to open \$2.98 tied to stock

Intersect ENT (XENT) another 1,000 February \$27.50 straddles sold today for \$2.00 to buy the July \$27.50 calls for \$5.60, same spread as yesterday

MicroChip (MCHP) with 2,600 Jan 2020 \$80 puts bought \$7.20 to \$7.35 after 1,000 of the \$85 puts bought yesterday

Alibaba (BABA) with 2,800 February \$167.5 puts opening for next week with the weekly puts adjusting

Twilio (TWLO) buyer of 150 Jan. 2020 \$170 max strike calls \$11 to open

Nutanix (NTNX) with 1,000 July \$35 puts sold to open today for \$1.50 to \$1.45

Cisco (CSCO) buyer of 3,000 April \$45 puts \$1.37 offer, have to confirm OI Monday

eBay (EBAY) another 10,000 March 29th (W) \$35 calls look to be bought today for \$1.45 to \$1.47, spot where 10,000 have opened already this week

Bottomline Tech (EPAY) with an unusual 2,000 March \$50 calls bought today for \$0.35 to \$0.40 into weakness, trading 12X average

Trade Desk (TTD) buyer of the February 22nd (W) \$165/\$130 bear risk reversal 700X today for \$2.00 ahead of 2-21 earnings, adjusting out of a February 8th (W) bear risk reversal from 1/18

Vicor Corp (VICR) seeing 500 March \$45 calls bought earlier this week close and adjust out to buy the April \$40 calls for \$2.58, weak move yesterday

Arlo Tech (ARLO) with 3,000 July \$5 puts being sold to open today for \$1.70, lower this week after earnings and down over 80% since being spun out of Netgear in August. The \$289M company trades 0.6X sales and 1.5X cash

Vocera (VCRA) down sharply on earnings, off by 22.5%, and seeing 2,000 April \$35/\$40 call spreads bought now for \$0.75 in a stock replacement strategy

Grub Hub (GRUB) strong move post-earnings despite the early weakness and today 400 September \$85 puts being sold to open for \$13.00 to \$12.90

Ring Central (RNG) stock replacement opens 1,000 July \$115 calls today for \$5.70, earnings next week on 2-11

Snap (SNAP) IV rising today with over 29,500 April \$9 calls being bought from \$0.86 to \$0.89, big move this week on earnings and back near the 200-MA

Box (BOX) strong today and 1,600 March \$24 calls bought for \$1.20 to \$1.35

Sony (SNE) buyer of 1,645 June \$50 calls for \$1.20 to \$1.25 with the company announcing a \$900M buyback today

Utility

PG&E (PCG) with 6,500 June \$20 calls opening today for \$1.05 in a buy-write