

OptionsHawk

OPTIONS HAWK DAILY MARKET 3/12/2019

Sector Leaders

Metals

Oil Services

Utility

Stock Gainers

SFIX 26%

MOMO 11.85%

STML 11%

ANAB 8%

IO 7.5%

FANH 6.9%

KLXE 6.5%

Volatility Gainers

- NVAX
- WAGE
- BA
- ZTO
- VRA
- CVNA

High Call Volume

- QEP
- PLNT
- WBC
- MOMO
- CKDR
- NOG

Bullish Options

- CF
- CVS
- EOG
- SEAS
- PYPL
- GOOG
- PFE
- ZS
- SIRI
- ON
- HRTX

Market Review: Stocks were higher overnight but faded into the US open as US/China trade talks resumed and the Brexit situation remained overhangs. US inflation data came in below expected as CPI growth was the slowest since September 2016. The S&P moved up to 2,800 before turning lower and strength was led by Energy, Metals, and Utility, not the preferred areas of strength. There was notable weakness in Industrials, Housing, Retail, and Transports. Internals hung tough as markets moved around that 2800 level on another rather uneventful session. Tomorrow we get some new data with PPI & Durable Goods orders, and nearing March OpEx, while positioning for quarter-end also comes back into play. Stocks continue to hold above key VPOC and cloud support as well as numerous weekly moving averages, ultimately a move below 2715 needed to likely break the uptrend.

S&P Chart:



Resistance	Support
2,820	2,770
2,850	2,730
2,900	2,715

Options Action Trends: We saw some put buying early in consumer related names TIF and TGT while activity in other sectors was very slow.

What's On Tap: Core PPI, Durable Goods Orders, and Construction Spending.

Trade Tracker Portfolio Changes:

1. **Spotlight:** Long MDT May \$92.5 Calls \$2.20 Debit

Sector Laggards

Aerospace

Gaming

Industrials

Stock Losers

DKS -11.5%

TCMD -9.7%

MG -8.8%

TAL -8.2%

NUVA -8.2%

NSTG -7.7%

UNFI -7.65%

Volatility Losers

- SFIX
- DKS
- MLNX
- MOMO
- COUP
- ADT

High Put Volume

- ZTO
- BCE
- TGI
- CHL
- SPR
- WAGE

Bearish Options

- CVNA
- TIF
- ZTO
- TGT
- SMH
- ABBV
- GE
- TGI
- TSLA
- GGAL
- X



Unusual Far Out of the Money Upside Calls Bought in GreenSky as Momentum Picks Up

Ticker/Price: GSKY (\$13.15)

Analysis:

Green Sky (GSKY) has seen 9,000 September \$20 calls open in the past week with buyers paying \$0.70 to \$0.85 and selecting the maximum timeframe and strike available in a name trading at \$13. GSKY also has over 4,000 June \$12.50 calls in open interest from buyers on 2/13. Shares recently jumped on earnings and now flagging just under its 100 day MA, and also triggering a favorite pattern of the post-IPO downtrend breakout, shares trading as high as \$27 in 2018 and recently bottomed near \$8.50. Two potential retracement level targets of note at \$15.50 as the 38.2% and \$17.70 as the 50%. The \$2.4B provider of payment solutions for merchants, consumers, and banks trades 14.2X Earnings, 12.2X FY19 EV/EBITDA, and 6.1X Sales. GSKY grew the top-line 23.5% and 27% the last two years and expects 32.8% growth in 2019 along with 45% EPS growth. In August a Director bought nearly \$1M in stock at \$15.69/share. GSKY provides financing and payment solutions across the entire cycle for a loan from credit applications to settlement. The company has a wide base of customers with 13,000 active merchants leveraging their platform to expand and 1.9B consumers receiving a personal loan. The company did \$11B in cumulative transaction volumes. One of the biggest areas they service is home improvement loans, an area where consumers spent \$315B in 2017. GSKY sees significant opportunity to expand their market share with their bank partners extending \$4B in loans for projects last year. Elective healthcare projects are another area of significant opportunity. Their technology allows for faster funding, better integration with merchant sales associates, and higher sales volumes and average ticket. GSKY's transaction volume growth was 34% last year and it sees its addressable market as "huge." Short interest remains elevated at 21% of the float. On 12/10 Sandler O'Neil upgraded shares to Buy citing confidence in bank partner relationships. SunTrust was out positive with a Buy rating and \$14 target after earnings seeing confidence in momentum despite low visibility round its credit costs and should work well in an ample bank liquidity environment. Hedge Fund ownership soared 72% in Q4 filings, Shapiro Capital taking a \$74M stake and Pacific Investments with a \$77M stake.

Hawk Vision:



Trading Strategy: GSKY looks like a name that could squeeze the shorts and has a notable gap to fill to around \$14.40 for shorter-term traders. The June \$12.5 calls fit my preferred Delta strategy more as a way to ride this momentum.

Confidence Ranking: \$\$



Sirius Attracts Unusual Sized Call Buying

Ticker/Price: SIRI (\$6)

Analysis:

Sirius XM (SIRI) with buyers of 15,000 May \$6 calls today up to \$0.31 to open and follows buyers of 15,750 June \$6 calls last week for more than \$630K. On 2/4, a buyer opened 7,000 January \$7 calls for more than \$1.47M. Shares have traded in a narrow range since October and nearing a downtrend break and move back above the 200-EMA at \$6.25 which targets a gap from September and retracement to \$7. SIRI has been in a strong bull trend since 2009 and pulling back in late 2018 to the 23.6% Fibonacci of the move. The long-term target above \$7.65 targets \$10.60. The \$26.16B company trades 22.3X earnings, 4.5X sales, and 19.77X FCF with a small yield and 17-20% EPS growth expected in FY20. SIRI sees 35% revenue growth in 2019 due to their recent deal for Pandora before settling into a 6.5% to 7% growth range in 2020 and 2021. SIRI is coming off a quarter with record revenues and customer adds, over 346K, while churn hit its lowest level since 2007. SIRI sees 2019 as a big year as they roll out their new 360L system which will improve user experience, generate new avenues for ad revenue, and fully integrate their XM platform with Pandora. The system rolls out with GM, FCA, and others later this year. They also just added a new long-term contract with Toyota, one of the largest adds in years which will increase penetration across all product lines. Both moves are helping them add share in new vehicles and SIRI sees a lot of untapped opportunity in used vehicles which is a 2.5X bigger market. The company recently hit 40% penetration in the space. Analysts have an average target for shares of \$7.20 with 6 buy ratings, 4 hold ratings, and 3 sell ratings. Short interest is 3.8% and down from around 6% in late 2018 due to the Pandora deal. Institutional ownership rose 16% last quarter. Berkshire Hathaway a top holder with 137.9M shares. Buckingham recently upgrading shares to Buy citing significant synergies from the Pandora deal and seeing their spectrum undervalued, potential upside being \$9.25/share given recent auctions.

Hawk Vision:



Trading Strategy: SIRI looks very attractive here with this long base, options activity, and improving fundamentals, a low \$ stock that likely can be an equity trade instead of using options.

Confidence Ranking: \$\$



Large Put Sales in YY Inc. Confident in Move Higher

Ticker/Price: YY (\$80.75)

Analysis:

YY (YY) with 620 August \$85 puts sold to open ITM \$12.30 to \$11.70 and continuing all morning with over 2,625X on the day now down to \$11.10. YY also seeing some May \$85 puts sold to open from \$9.10 to \$8.70. Last week, the April 5th (W) \$85 puts were sold to open 700X and the name has short puts in August and January as well. The August \$75 calls have also seen buyers. YY is working out of a wide multi-month base which stretches back to August and running into the 233-MA today around \$81. Shares have a big low-volume gap to work through back to \$95/\$100 which was the breakdown level in June 2018. Longer-term, shares traded as high as \$140 in early 2018 and pulled back right to the 78.6% Fibonacci in the Fall which held firm. The \$5B company trades 9.4X earnings and 2X sales with a significant cash balance. YY sees 22% and 29.3% EPS growth over the next two years with revenue growth of 53.6% and 30.1%. YY is coming off a strong quarter with active users growing 18% and paid users up 36.6%. The company is in the earliest stages of expansion outside of China after their \$1.45B buyout of Bigo last Summer. The deal is a huge boost their long-term addressable market as YY has long been constrained to China where it faces competition from its spin-off HUYA and peer Douyu. The company's first international platform, HAGO, launched late last year in 33 countries and hit 20.9M active users. Analysts have an average target for shares of \$100 with 7 buy ratings and 3 hold ratings. Short interest is 2%, down from 4.5% in Summer 2018. JP Morgan upgrading to Overweight on 3/6 with a \$100 PT. They are turning more positive on YY's core monetization outlook and see upside to guidance of high single digit core revenue growth in FY19 as they expand Internationally. Institutional ownership rose 26.85% last quarter. Alkeon Capital a buyer of 624K shares.

Hawk Vision:



Trading Strategy: YY is moving out of a large weekly base that should target a move back to \$100 and looks to be generating investor interest again. It's hard to chase near the highs, but \$75 be an optimal entry level.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Tech (XLK) buyer of 7,800 April \$73 calls to open \$0.68

Semi's (SMH) seeing 5,000 April \$101 puts open near \$2.15 this morning

7-10 Year Treasury (IEF) strong weekly flag and 50,000 March/April \$105 call calendars open \$0.45

Biotech (XBI) spreads today sold the April \$95 calls to buy the \$86/\$79 put spreads 12,000X, popular hedging strategy

NASDAQ (QQQ) with 50,000 April \$163 puts bought \$0.75 to open this morning

S&P (SPY) block buys just before Noon of 10,000 April 5th (W) \$284 calls \$0.95. **SPY** seeing 9,000 July \$268 puts open for nearly \$5M just after 1pm paying near \$5.45

Consumer Discretionary

Tiffany (TIF) buyers active for 600 March 22nd (W) \$94.50 puts from \$2.70 to \$2.77 into earnings on 3-22

Vera Bradley (VRA) shares pop with 1,625 May \$10 calls bought up to \$1.55 to open into earnings tomorrow morning

Target (TGT) buyer of 2,000 July \$75 puts to open \$3.70

Planet Fitness (PLNT) with more than 2,000 May \$65/\$70 call spreads bought this morning

SeaWorld (SEAS) buyer of the September \$25/\$33 call spread 1,750X3,500 today for \$1.95, recently broke a downtrend from the September highs

Under Armour (UA) seeing 2,500 ITM April \$20 puts sold to open \$1.30 to \$1.25

Chipotle (CMG) buyer of 100 April 26th (W) \$625 calls to open \$35.55. **CMG** also looks like 500 April \$600 puts rolling back to the \$630 strike today into strength, opening \$18.78

CBS with 910 September \$50 puts opening as March \$52.50 adjust

Foot Locker (FL) buyer of 5,000 August \$57.50 puts today for \$5.10, tied to stock

Scientific Games (SGMS) trader closing 9,436 January 2020 \$50 calls and rolling out to the January 2021 \$40 calls which open for \$4.18

Papa Johns (PZZA) buyer of the January \$50 puts 6,900X for \$9.60 to \$9.70, rolling out of the July \$45 puts

Glu Mobile (GLUU) buyers of 5,000 June \$9 calls for \$1.10, 2,000 of the April \$10 calls for \$0.23 and 3,000 of the April \$8 calls for \$1.30 as the March \$8 calls close 10,000X and roll out

Red Lion Hotels (RLH) with 1,000 October \$5 calls opening for \$3.40 today, unusual size for the name. The \$180M hotel operator trades 32.75X earnings, 1.23X sales, and 9.9X cash. Coliseum Capital bought a significant stake in the company last year from HNA during their liquidation and the firm working close with management to transition RLH into a higher-margin franchise business / asset light model

Consumer Staples

Kroger (KR) block of 5,090 Jan. \$30 calls trades \$1 mid-market, has 59,769 in OI. **Kroger (KR)** with another 4,000 April \$25 puts bought today from \$1.16 to \$1.22, looking to add to open interest

Hain Celestial (HAIN) seeing nearly 3,000 March \$14 short puts roll out to open the August \$18 puts for \$0.64

Hasbro (HAS) highs of the day and 5,000 January \$110 calls bought for \$1.80 in a stock replacement

Energy

EOG Resources (EOG) 300 April \$80 calls opening for \$8.30 this morning, shares back near recent support. **EOG** also with 300 October \$92.50 calls opening \$6.35

QEP Resources (QEP) with 10,000 September \$10/\$5 bull risk reversals opening for \$0.08 today, name where Elliott may push for board representation as they undergo strategic alternatives

YPF SA (YPF) buyer of 1,500 Jan \$15 puts \$2.75 offer

KLX Energy (KLXE) buyers of 4,000 April \$30 calls for \$0.25 today

McDermott (MDR) the August \$8/\$7 bull risk reversal opening 26,000X for \$1 today as the May spreads adjust out

Financials

PayPal (PYPL) with 2,950 March \$97 calls now trading on the morning, partnership with Chipotle (CMG) this morning

Grupo Financiero (GGAL) buyer of 500 January \$30 puts for \$5.60 to \$5.70, Argentine bank which has struggles recently with currency devaluation

Fiserv (FISV) with 500 December \$90 calls opening \$5.10 to \$5.20

Paychex (PAYX) moving to highs today and seeing spreads sell 3,500 Jan. \$90 calls and buy 3,500 September \$62.5 puts, likely collaring a stock position

Waddell & Reed (WDR) sweep buyers 3,000 June \$20 puts \$2.80 to open

Healthcare

CVS Health (CVS) spreads active this morning buying the August \$55/\$65 call spread and selling the \$47.50 puts, 2000X to open

AbbVie (ABBV) buyers of more than 10,000 March 29th (W) \$77.50 puts into the day's highs, paying up to \$1.11 as some March regular expiry puts roll out

Zogenix (ZGNX) with 500 April \$55 calls opening \$2.35

Pfizer (PFE) spread buys 9,200 May \$43 calls \$0.72 and sells 4,600 of the \$42 puts \$1.48

Teladoc (TDOC) with 100 January \$60 calls opening \$10.30

Novocure (NVCR) with 2,500 June \$50 calls bought today for \$5.80, rolling out of the March \$45 calls

Intercept (ICPT) with 715 January \$150 calls opening \$9.73 as April 5th (W) \$120 calls that were bought for \$3.40 on 3/1 adjust

Array (ARRY) with the 6,500 March \$22 short calls adjusting to May \$23, likely a covered call position

Wright Medical (WMGI) with 1,500 August \$35 calls opening \$1.55 into Analyst Day this week

Heron Therapeutics (HRTX) the June \$30/\$35 call spread bought for \$1.15 today, 2,000X

Global Blood (GBT) roll of March \$55 calls out to April \$60 1,050X. **GBT** also with 2,000 June \$55 calls opening as March \$50 adjust

Merit Medical (MMSI) unusual activity with 415 April \$60 calls bought for \$1.75 to open

Cerner (CERN) with 435 September \$60 calls opening \$2.85 to \$2.90

Ascendis (ASND) opening sale 1,000 July \$155 calls \$5.10 as traders continue to write calls into strength

Cigna (CI) with 719 January 2021 \$185 calls bought today for \$23.30, spot where 500 were bought late last week

Industrials

Carvana (CVNA) with 800 ITM April \$55 puts bought \$5 to \$5.20

DXC Tech (DXC) with 2,600 April \$62.50 puts sold to open this morning \$0.90 to \$0.85

Intelsat (I) buyers of 500 June \$17.50 calls from \$4.40 to \$4.65 this morning as some March 22 calls adjust out in time. I also with 5,000 June \$17.5 puts sold to open \$3.80. I also with 1,000 May \$25/\$31 call spreads bought for \$0.75

ZTO Express (ZTO) with 5,000 April \$17 puts opening \$0.50. **ZTO** also with 3,500 Jan. \$15 puts sold to open \$0.75 into earnings tonight

General Electric (GE) buyer of 10,000 April 26th (W) \$9 puts for \$0.30 today into their company outlook on Thursday. JP Morgan cautious this morning as they continue to see challenges in both the Power segment and Aviation

Triumph Group (TGI) buyers of 950 June \$20 puts from \$2.00 to \$2.10 today with the ongoing Boeing issues

American Outdoor Brands (AOBC) buyer of the June \$11 calls for \$0.40, 2340X, looks to be rolling back in strikes into recent weakness

Corning (GLW) with 5,000 April \$35 calls sold this morning for \$0.60 in a buy-write

American Air (AAL) buyer of 2,500 August \$35 calls \$1.63, will confirm OI tomorrow

Southwest (LUV) buyer of 1,500 June \$50 calls for \$3.42, rolling back 3,000 of the \$55 calls

Tesla (TSLA) with 1,000 July \$210/\$140 put spreads trading

Materials

CF Industries (CF) with \$100K of April \$42.50 calls bought early \$1.31 to \$1.36 for 750X

US Steel (X) the May \$25/\$28 call spread bought 4,000X this morning for \$0.28. **X** also with 4,000 October \$16 puts opening today for \$0.92

Vale SA (VALE) another 12,000 January \$15 calls bought today \$1.05 to \$1.08, over 50K in open interest already

Livent (LTHM) another 1,000 April \$15 puts bought today \$2.25 to \$2.65 where 2,000 opened late yesterday

Gerdau (GGB) trader adjusting 74,611 March \$4 synthetic long positions out to June today, one which has been rolled a few times already

Martin Marietta (MLM) with 1,000 April \$210 calls sold to buy the \$195/\$180 put spread for \$3

Vulcan (VMC) seeing similar spreads to MLM with April \$120 calls sold to buy the \$110/\$100 put spreads 1000X. **VMC** spreads now to 3500X

Tech and Telecom

Google (GOOG) buyer of 900 May \$1200 calls rolls out of 700 May \$1110 calls that opened 2/25

Xilinx (XLNX) working out of small base and 1,150 April \$120 puts being sold to open \$3.10 to \$3.05

Z-Scaler (ZS) with 300 Jan. \$70 calls bought \$8.80 to \$9 after recent accumulation of 6,000 of the \$60 calls

RampLive (RAMP) strong chart earlier with small May calls bought also seeing 1,750 April \$60 calls open \$3.20 to \$3.30 range

Stone (STNE) unusual spread in July looks to be opening the \$32.5/\$37.5 call ratio 500X1000 and the \$31/\$22.5 put spreads 1000X

ON Semi (ON) with 8,500 May \$24 calls opening \$0.85 to \$0.93, sizable March call open interest and shares flagging on the weekly

Wayfair (W) strong with 500 August \$250 far OTM calls opening \$4

GDS Holding (GDS) seeing April \$40 calls sold to buy the \$35/\$30 put spreads ahead of 3-14 earnings for nearly 4000X, could be collaring stock after a strong run on volume in February

Splunk (SPLK) buyers of 2,700 March 22nd (W) \$121 puts for \$1.40 to \$1.55

Analog Devices (ADI) sweep buyer 1,660 March 29th (W) \$110 calls \$1.25 offer. **ADI** also with 1,500 June \$100 puts bought tied to stock

Seagate Tech (STX) with 1,500 September \$40 puts opening \$1.94. **STX** also with 2500 June \$40 puts opening \$1

Cisco (CSCO) buyer of 3,750 June \$50 puts \$1.39 tied to stock

China Mobile (CHL) opening buy of 2,000 June \$55 calls \$1.20, and looks to be closing 2,000 June \$50 short puts

Trade Desk (TTD) buyer 470 March 29th (W) \$215 calls \$5.10

Utility

PG&E (PCG) stock replacement buys 5,000 June \$21 calls \$2.05 offer. **PCG** also with 1,500 Jan \$18 calls bought \$5.50

NRG Energy (NRG) highs of the day but seeing 1,200 June \$41/\$36 put spreads bought for \$1.20. **NRG** with 5,000 September \$38 puts opened \$1.60 versus stock

Disclaimer:

Not Investment Advice or Recommendation

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