

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 3/13/2019

### Sector Leaders

Oil & Gas

Software

Transports

### Stock Gainers

VRA 20.75%

NTRA 20%

GH 14%

CARA 13%

EVRI 11.8%

OAK 11.75%

DNLI 11.75%

### Volatility Gainers

- SIEN
- FOXA
- BTI
- CARS
- TTWO
- CRON

### High Call Volume

- VRAY
- MGA
- CFX
- EXP
- KSU
- SMAR

### Bullish Options

- UNP
- NVDA
- EXP
- TTWO
- INTU
- UPS
- ANTM
- KSU
- KEYS
- VRAY
- PYPL

### Sector Laggards

Utility

Gaming

Solar

### Stock Losers

SIEN -24.5%

BXC -19.5%

PDD -16%

CLW -14.85%

NOAH -12.8%

EBS -7.3%

COHU -6.5%

### Volatility Losers

- EVRI
- NVAX
- PDD
- SFIX
- CARA
- MLNX

### High Put Volume

- EXP
- BCE
- FI
- SEDG
- PDD
- QSR

### Bearish Options

- KO
- MJ
- AKS
- MAR
- DVA
- TSLA
- LUV
- IRBT
- FDX
- CRON
- CAG

**Market Review:** Stocks were higher into the open with S&P futures back above the 2800 level with Brexit and US/China Trade remaining in focus, while we saw some more negative Macro data out of Japan. In morning data Durable Goods orders came in a bit light while inflation data remained subdued. Energy was a leader yet again while Software, Biotech, and Transports all showed impressive strength. The S&P pushed back toward the prior week highs and weekly RSI starting to break out of a 1 year downtrend. Tomorrow is the most active day of the week with a combination of economic data and some key earnings reports after the bell for Tech as we head into March options expiration, 2730/2820 range in focus.

S&P Chart:



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

**Options Action Trends:** We saw some early bullish flow in Transports like UPS, DAL, KSU, and UNP.

**What's On Tap:** Jobless Claims, Import/Export Prices, and New Home Sales. Earnings from Adobe, Broadcom, Dollar General, Oracle and Ulta Beauty.

### Trade Tracker Portfolio Changes:

1. No Changes



## Eagle Materials Call Buyers Active as CEO Retires, Outlook Improves

**Ticker/Price:** EXP (\$74.25)

### Analysis:

**Eagle Materials (EXP)** buyer of 525 July \$82.50 calls for \$2.40 follows recent activity with 1,500 April \$82.5 and 1,000 April \$85 calls bought in open interest as well as 2,500 July \$60/\$80 call spreads that opened on 1/7. EXP follows peer bullish positioning recently in April in MLM/VMC, all potential beneficiaries of an Infrastructure Spending package. On the chart EXP shares are forming a large weekly base under the \$83 level with a break above measuring to a target above \$100. The \$3.5B supplier of heavy construction materials trades 13.75X Earnings, 2.5X Sales and 21.45X FCF with a 0.52% yield. EXP's currently outlook is for fairly weak growth next year at 2.5% while EPS see rising 11%.

EXP is a low cost producer with Gypsum Wallboard and Cement accounting for most of its revenues. The CEO announced his retirement on 3-4 which could drive some speculation it could for sale. Analysts have an average target of \$86 and short interest is 5.4% of the float. Last September Macquarie started coverage at Buy with a \$105 target citing tight cement market capacity and wallboard hitting its stride, and notes EXP's strong FCF and modest leverage. Jefferies was positive the Materials group this morning on China green shoots, a turn in the inventory cycle and better housing data. Hedge Fund ownership was down less than 1% in Q4 filings, Three Bays and Melvin Capital exiting positions while Maverick took a new stake.

### Hawk Vision:



**Trading Strategy:** EXP is breaking support short-term and looking at a retest of that \$72 level as ideal support here.

**Confidence Ranking:** \$\$



## Eagle Materials Call Buyers Active as CEO Retires, Outlook Improves

**Ticker/Price:** KSU (\$115)

### Analysis:

**Kansas City Southern (KSU)** buyer of 4,200 April \$120/\$125 call spreads today for \$1.05 and follows buyers late last week in the January \$110 calls around \$11.50. The \$120 calls have seen over 700 bought while the \$130 calls were bought 500X last year which remain in OI. KSU has also seen buyers in the June \$110 calls. Shares are working out of a bull flag this week which targets the August highs around \$117.50 while the longer-term picture shows a massive range breakout above \$120 stretching back to 2013. The six-year bull flag targets \$160. The \$11.5B railroad operator trades 14.8X earnings, 4.2X sales, and 16.5X FCF with a 1.25% yield. KSU is targeting 13% EPS growth in both FY20 and FY21 with revenue growth accelerating to 6% annually after years of flat growth. KSU announced plans in January to shift to Precision Scheduled Railroading as it focuses on making operations a more cost-efficient. The company is hoping to emulate the success of CN, Canadian Pacific, and CSX who have all taken on similar measures but KSU intends to do so more gradually to avoid many of the disruptive changes their peers faced. Long-term, the move will make KSU less capital-intensive and reduce labor costs while maintaining their volumes. They expect to announce initial targets throughout the year as they progress which Citi noted on 3/6 gives the company a number of incremental catalysts for shares. They raised their PT to \$130 seeing upside to their OR and earnings throughout the year. Their bull case targets \$183. Loop Capital positive on 2/22 citing easier comps this year due to the 2018 closure of their Texas utility plan which pressured volumes last year. Analysts have an average target for shares of \$124 with 11 buy ratings and 2 hold. Short interest is 1.7% and recently broke down to 1-year lows. Institutional ownership fell 3% last quarter. 3G Capital and Point72 both buyers of shares. In October, a Director bought \$102K in stock around \$103.

### Hawk Vision:



**Trading Strategy:** KSU shares did break out of a small flag this week and the \$111 level would be the pullback support of note.

**Confidence Ranking:** \$\$



## Honeywell Attracts Bullish Positions after Large Base Breakout

**Ticker/Price:** HON (\$155)

### Analysis:

**Honeywell (HON)** more than 4,500 April \$160 calls opening today for \$1.12 to \$1.13 and spot where 3,000 have been bought since 2/25 including 1,000 opened as risk reversals with the \$145 puts. HON has notable open interest in June and January as well from last Fall. Shares are setting up strong for a major long-term range breakout to new highs above \$160 which targets a run to \$185+. RSI on the weekly is emerging out of a 15-month downtrend. The \$112.5B industrial leader trades 17.6X earnings, 2.7X sales, and 33.75X FCF with a 2% yield. The company expects 8.5% EPS growth and 4.5% revenue growth in FY20. The company was at the JP Morgan Aviation conference recently and positive on the early signs for 2019 with strength in orders, especially in aerospace, as they target double-digit backlog growth. They were also positive on their automation business as HON continues sees software and tech become a larger part of the overall mix. They see 20% software CAGR and a key driver of future opportunities. HON has become a leaner company in recent years with their spinoffs which has also reduced cyclicality and given them a better array of end-market exposure across energy, defense, industrial, and aerospace. Analysts have an average target for shares of \$168 with 13 buy ratings and 3 hold ratings. Short interest is 0.7% and the lowest since early 2017. Institutional ownership jumped 25% last quarter. Argus positive on 2/4 noting that they can continue to see low double-digit growth for the next five years and fears about China are overblown as while infrastructure growth is slowing, Honeywell's mid-market product sales in the country are growing.

### Hawk Vision:



**Trading Strategy:** HON remains one of the highest quality Industrial plays, and if the market can confirm a new leg higher, a top name to own with \$175 upside target.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**NASDAQ (QQQ)** early trade bought 5,000 May \$180 calls and sold the \$160 puts, net \$1.83 debit. **NASDAQ (QQQ)** seeing a lot of flows today with 37,000 Apr 26th (W) \$165 puts bought \$0.94 the largest trade, followed by 25,000 June \$188 calls opening \$1.48 in buy-writes. QQQ also with 4,800 Apr 26th (W) \$178 calls bought \$3.35 to open at the PHLX, and 20,000 April \$182 calls opening with buys as the \$178 calls take some off the table. QQQ also with 7,500 May \$180 calls bought today \$2.92 to \$3.35

**Alternative Harvest (MJ)** another 3,700 July \$30 puts trading early \$1.40 to \$1.45 where 3,000 were bought late yesterday

**S&P (SPY)** with 3,860 March 2020 \$265 puts bought near \$11.25 this morning into market strength

**China (FXI)** with 15,000 June \$42 puts opening \$1.10 with April puts sold against

**Dow Jones (DIA)** with 10,000 Apr 12th (W) \$250 puts bought to open today

**Oil & Gas (XOP)** with 50,000 September \$27 puts opening \$1.42 as June \$27 puts adjust

**Metals (XME)** interesting trade puts on the September \$32/\$36/\$40 call fly 4,000X8,000 at \$0.73

## **Consumer Discretionary**

**Marriott (MAR)** buyers of 1,000 March 22nd (W) \$120 puts for \$1.42 to \$1.43, Analyst meeting on 3-18

**Take-Two (TTWO)** with another 2,200 April \$95 calls trading this morning from \$2.90 to \$3.10 with takeover rumors driving early strength

**Big Lots (BIG)** shares moving back near the early highs with 1,450 April \$34 calls bought up to \$1.85, coming off a strong quarter

**Electronic Arts (EA)** block of 1,900 May \$105 calls opened \$5.05. **EA** also seeing 4,250 January \$85 puts sold to open for \$6 in a stock replacement. **EA** buyer of 1,000 far OTM September \$140 calls to open \$2.14

**Papa John's (PZZA)** buyers of 550 October \$42.50 puts for \$4.50 to \$4.60 as some April puts adjust, size buyer yesterday in the January puts

**Nielsen (NLSN)** buyer of 15,000 May \$28/\$31 call spreads for \$1.31 as the April \$28 calls close

**Disney (DIS)** buyers of 1,300 May \$115 calls for \$3.45 to \$3.50, position ahead of the 4/11 Analyst Day

**Yeti (YETI)** buyer of 3,000 May \$30 puts for \$5.35 today, rolling back the \$25 puts

**Best Buy (BBY)** with 700 September \$77.5/\$65 bull risk reversals opening \$1.70 credit

**CBS Corp (CBS)** buyers active today for nearly 900 January 2021 \$45 puts from \$3.95 to \$4.55, shares rolling back under the 50-day and near recent support

**Cracker Barrel (CBRL)** the September \$160/\$175 call spread being bought 430X today for \$3.80 into recent weakness

**Jack in the Box (JACK)** buyer of 1,000 April \$80 calls for \$1.75 to \$1.80, undergoing a strategic review

**Kodak (KODK)** with 2,000 October \$5 calls opening \$0.50 today, recent unusual bullish flow in it

## **Consumer Staples**

**Cronos (CRON)** buyers of 3,000 May \$22 puts for \$3.40 to \$3.50

**Aurora Cannabis (ACB)** with 1,500 May \$10 puts opening \$1.90

**Boston Beer (SAM)** stock replacement opens 100 December \$380 calls \$16.40

**Colgate (CL)** on the highs of the day and another 2,000 May \$67.50 calls bought for \$1.61

**P&G (PG)** with afternoon sweep buyers of May \$100 calls trading 2,700X at \$3.35, will confirm OI tomorrow

### Energy

**BP PLC (BP)** with 1,500 December \$50 calls opening \$0.45. **BP** 10,000 March \$43 calls rolling to 5,000 April \$44 calls

**Solar Edge (SEDG)** protective spread today sells 1,507 September \$45 calls to buy the \$39/\$30 put spread for a small debit

**Holly Frontier (HFC)** moving to the highs with 425 January 2021 \$55 calls opening \$6.60 to \$7.50 today, working off a double-bottom near the December lows

**California Resources (CRC)** buyer of 2,000 April \$21 puts for \$0.85 this afternoon

### Financials

**Diebold (DBD)** continues to climb and 1,125 August \$12.50 calls opening today \$1.35 to \$1.45

**PayPal (PYPL)** breaking out and 5,000 April \$97.5 calls are bought \$4.65 to \$4.70

**Unum (UNM)** elevated call buying with 2,285 April \$40 calls trading and 1,000 June \$40 calls

**IHS Markit (INFO)** buyers of 1,300 April \$55 calls \$1.30

**Invesco (IVZ)** looks like another 5,000 January 2021 \$25 calls being bought today for \$0.85, would add to the 20,000 opened in late February

**S&P Global (SPGI)** with 1,000 May \$195 puts sold to open today \$4.30 in a stock replacement

**JP Morgan (JPM)** trade bought 4,000 September \$105 calls \$5.525, have to confirm OI change tomorrow

**Visa (V)** with 1,475 September \$150 calls bought today around \$11.45

**Credit Suisse (CS)** with 1,000 Jan. 2021 \$15 puts sold to open ITM \$3.70

**Goldman (GS)** trade opened 1,500 June \$210/\$185 bull risk reversals for \$0.39 debit

### Healthcare

**Wright Medical (WMGI)** trade opens 1,000 April \$30 ITM calls \$1.90 into Analyst Day

**DaVita (DVA)** another 1,300 April \$50 puts bought today \$1.35 to \$1.40. **DVA** now with 2,450 April \$55 calls bought \$1.35 to \$1.45

**Anthem (ANTM)** out of small base and held up better than peers, seeing 120 September \$300 calls open \$21.30

**View-Ray (VRAY)** buyer of 3,000 September \$8/\$11 call spreads bought for \$1.10

**Addus Health (ADUS)** with 500 October \$65 ITM puts opening \$8.80

**Uniqure (QURE)** trader today closing 2,000 December \$40 calls for \$27.90 and looks to be opening 2,000 July \$75 calls for \$7.15, spot where 5,000 were bought recently, as well as 2,000 December \$80 calls for \$9.65

**Ionis Pharma (IONS)** strong Biotech seeing 2,500 May \$75 close to the money puts sold to open \$4.40 bid

**Exelixis (EXEL)** with 3,000 May \$24 puts sold to open \$1.45 in a stock replacement

**Alnylam (ALNY)** roll of 1,000 March \$85 calls to June \$90 calls that were part of a buy-write

**Stryker (SYK)** with 500 September \$200 calls bought to open here \$7.70

**Bluebird Bio (BLUE)** with 300 April \$150 calls bought this afternoon from \$10.10 up to \$10.90, shares consolidating back above its 200-day MA

**Allergan (AGN)** with 800 January \$180 OTM calls bought today \$5 offer

**Bristol Myers (BMY)** with 8,200 May \$50/\$46 put spreads bought this afternoon for \$1.69

### Industrials

**Union Pacific (UNP)** seeing 850 May \$170/\$160 bull risk reversals open in early trade

**Colfax (CFX)** 5,000 April \$30 calls opening \$0.45 as the \$27.50 calls bought on 2/21 roll up in strikes

**Spirit Air (SPR)** with 1,000 April \$85 puts bought and 1,000 of the \$97.50 calls sold, likely collaring a stock position

**Delta (DAL)** with 1,000 May \$50 calls bought \$2.60 to \$2.67

**United Parcel (UPS)** buyers opening 1,075 April 26th (W) \$117 calls for \$1.00 to \$1.03 today, peer Fed-Ex reporting on 3-19

**Tesla (TSLA)** with another 2,000 July \$210/\$140 put spreads opening

**Fed-Ex (FDX)** with 300 October \$170 puts bought \$9.85 to \$9.95

**KeySight Tech (KEYS)** looking to come out of tight bull flag and 850 May \$90 calls open \$1.75 to \$1.85

**General Electric (GE)** with 20,000 April 26th (W) \$10.50 calls opening as March \$10 adjust

**Magna Int'l (MGA)** buyer of 2,000 April \$52.50 calls for \$0.65/\$0.70 today, adjusting 4,000 March calls bought in December

**American Air (AAL)** buyer of 1,000 August \$32 calls for \$2.87 today as the \$35 calls adjust back

**Welbilt (WBT)** buyer today of 2,500 September \$17.50 calls for \$1.12 to open, rolling out of some June \$15 calls

**Mitcham (MIND)** unusual trade opens 2,000 September \$2.50 ITM calls for \$1.80

**Fortive (FTV)** coming out of nice long flag and unusual action today as 450 September \$95 OTM calls bought \$2.05 to open. **FTV** also with 1,350 January \$90 calls opening today \$5.05

**Ferarri (RACE)** buyers of 1,000 April \$130 calls up to \$4

**Visteon (VC)** spread sells 750 December \$105 calls to buy the \$75 puts for a \$6.35 net debit

### Materials

**AK Steel (AKS)** buyers of 12,000 June \$4 ITM puts for \$1.21 to \$1.22, looks to be adjusting some March puts

**Alcoa (AA)** buyers of 1,970 April \$30 calls \$1 to \$1.10

**Linde (LIN)** with 300 Jan. 2021 \$150 ITM calls opening for more than \$1M

**Eagle Materials (EXP)** now seeing spreads sell 4,000 April \$77.5 calls to buy the \$72.5/\$67.5 put spreads, similar to the MLM & VMC trades, and likely protective

### Tech and Telecom

**Smartsheet (SMAR)** with 1,000 August \$45 calls opening for \$3.60 as the May \$40 calls close 1,250X and adjust out, earnings on 3-19

**Twilio (TWLO)** seeing 300 November \$125 ITM calls open

**Teladoc (TDOC)** trying to work out of small base and seeing buys in Jan. \$60 calls \$10.20 to \$10.30, 290X

**I Robot (IRBT)** buyers of 575 January \$125 puts today between \$24.20 and \$24.80 into strength

**Coupa (COUP)** remaining in its range after earnings earlier this week and today 1,900 April \$95 calls open \$2.90 as March call spreads adjust

**Globant (GLOB)** shares forming a bull flag near new highs and today seeing 1,000 April \$70 calls bought throughout the morning from \$3.70 to \$4.40 in smaller lots but unusual size for the name. The \$2.54B technological services company is targeting 20-30% growth through 2021

**Crown Castle (CCI)** block of 2,000 April \$120 calls closing today and rolling out to the May \$125 calls which open for \$3, position which has been adjusted higher before during this recent run

**Verizon (VZ)** with 1,250 July \$52.50 calls bought this morning from \$5.40 to \$5.60. **VZ** trader bought 1,000 June \$55 puts \$4.17 to open

**Intuit (INTU)** IV jumps as 2,000 April \$250 calls are bought \$9.50 to \$10.20

**Intel (INTC)** buyers of 1,375 May \$55 puts \$2.67/\$2.68

**Motorola Solutions (MSI)** the April \$135 calls bought in September closing today and rolling out to buy 460 October \$145 calls for \$8.07

**Broadcom (AVGO)** size buy of 3,000 March \$270 calls for \$7.40 into earnings tomorrow night

**Workday (WDAY)** seeing 2,000 April \$185 synthetic long positions open today for \$5.40 as the March \$165 positions adjust higher

**Western Digital (WDC)** with nearly 2,000 April 5th (W) \$50.50 calls bought for \$1.21 to \$1.22

**Salesforce.com (CRM)** buyer of 1,000 January \$170 calls \$14.25 offer

**Twitter (TWTR)** buyers of 8,400 May \$32 calls for \$2.11 to \$2.17 this afternoon, consolidating in a narrow range under the 50-day MA

**Yandex (YNDX)** buyer of 1,000 January \$30 calls for \$8.75 and 3,000 of the \$40 calls for \$3.85

### 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.*

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