

OptionsHawk

OPTIONS HAWK DAILY MARKET 3/16/2020

Sector Leaders

Gold

Bonds

Consumer Goods

Stock Gainers

APRN 40%

MRNA 25%

AU 18.75%

AOBC 15%

CAG 12\$

SFM 10.8%

BGS 9%

Volatility Gainers

- APRN
- GPOR
- OAS
- MUR
- PLAY
- GPRE

High Call Volume

- IT
- TECD
- LH
- H
- RGR
- JCOM

Bullish Options

- FDX
- GS
- RIO
- PINS
- IOVA
- LB
- NTNIX
- CPRI
- ERI
- QSR
-

Sector Laggards

Housing

Solar

Regional Banks

Stock Losers

CHEF -40%

PENN -38%

PFGC -37%

LB -35%

EAT -34%

MGP -30%

PLNT -31%

Volatility Losers

- PRTY
- CCL
- CASA
- NCLH
- NOK
- SIX

High Put Volume

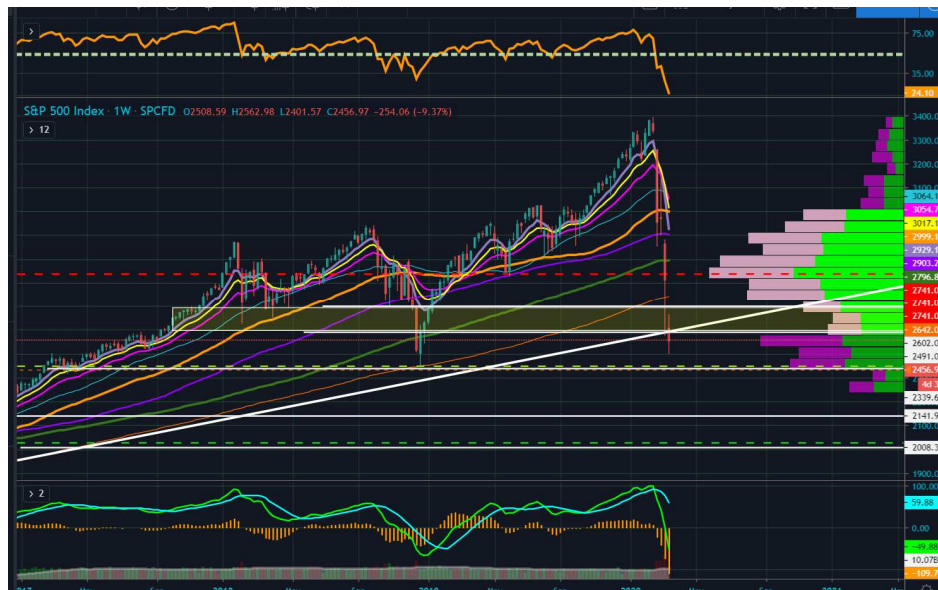
- ACOR
- AXL
- TNET
- GPRE
- UNM
- RGEN

Bearish Options

- BKE
- SLB
- F
- QRVO
- NRZ
- GE
- ALB
- WYNN
- LULU
- BAC
- TNET

Market Review: Stocks opened limit-down as the Fed's attempt to reassure markets fell flat and concerns remained on the severe economic impact likely from COVID-19 as cases rise and businesses shutter. Oil was down 8% early and even Gold traded sharply lower while Bonds rose. We saw a number of consumer names slammed on the shutdowns happening around the country. Outside of Bonds and Gold Miners there were not a lot of gainers, some strength in consumer goods names as consumers stockpile and also work-from-home Tech plays. Banks, Housing, consumer Discretionary and Retail were slammed the hardest. The S&P is back near the lows from Q4 2018 and showing little sign of buyers while all attempts by the government to boost markets are being sold, and continuing to see a move back towards 2000 as likely.

S&P Chart:



Resistance	Support
2,600	2,370
2,720	2,250
2,830	2,100

Options Action Trends: Early action with slow with wide spreads and no liquidity, some buyers of puts in Oil Services names. In the early afternoon we saw some call blocks bought in Alt Investment plays **BX/APO**. We saw some large call positions throw in the towel in **IT, LH, FLT, H** and others.

What's On Tap: Retail Sales, Business Inventories and Housing Index.

Trade Tracker Portfolio Changes:

- 1) No Changes



Enbridge Bulls Active into Weakness

Ticker/Price: ENB (\$30.95)

Analysis:

Enbridge (ENB) a \$63.5B energy infrastructure company in Canada that has always held up better than peers has seen some bullish activity recently with 5000 January \$30 calls opening \$3.30 and 5000 of the April \$27.5/\$22.5 put spreads sold to open. It also has 5000 April \$35 puts in open interest that were sold to open on 11/11/2019 that are underwater sharply. ENB shares dipped below 2016 lows last week before managing to close just above key volume node support \$30.70, a large gap overhead to fill back to \$35.65. ENB shares trade 12X EBITDA, 14.7X Earnings and now yields a 7.75% dividend. Forecasts see 2020 as a challenging year before returning to 5% EBITDA growth in 2021. ENB is the largest midstream player in North America delivering 25% of the crude oil transported and 20% of the Natural Gas. It has predictable cash flows with 98% contracted and Debt to EBITDA in the 4.5-5X target range while having industry-leading ESG policies. Analysts have an average target of \$42.50 and short interest low at 0.9% of the float. ENB raised its dividend by nearly 10% in December. Goldman cut shares to Sell on 2/23 with EBITDA estimates below the consensus. BAML started shares Buy in December with a \$45 target noting it is the industry leader. Argus sees it as the leader in midstream with an extensive infrastructure network and a strong dividend yield and stable cash flows makes it attractive in a low return fixed income environment. Hedge Fund ownership fell 4% in Q4 filings.

Hawk Vision:



Hawk's Perspective: ENB offers a fat yield and is one of the few high quality names in the Midstream group, but like others names have to see some stabilization in Energy.

Confidence Ranking: \$\$



NextEra Yield-Co Calls Bought into Weakness

Ticker/Price: NEP (\$46.65)

Analysis:

Next-Era Energy Partners (NEP) with two unusual block trades last week as 1200 October \$50 calls opened at \$2.80 and 2500 of the July \$55 calls opened. NEP does not see a lot of options trading but does have 3000 July \$60 short calls in open interest from 1/27 as well. NEP shares suffered a sharp correction last week pulling back to a 50% retracement of its 2016/2020 range, and retesting the 2019 breakout level it managed to close the week above. The \$3.7B operates as a limited partnership for renewable generation assets as well as natural gas pipeline assets. NEP shares trade 9.6X EBITDA, 25X Earnings and 14.6X FCF with a 4.52% dividend yield. NEP has a strong history of distribution growth and transitioned its portfolio while having a deep pool of acquisition targets. Forecasts see EBITDA growing 15.9% in 2020. Raymond James upgraded shares to Outperform with a \$63 target last week noting the Yieldco business model is economically insensitive and with rates close to zero its yield looks attractive again. NEP is also expected to benefit from a more benign cost of capital tailwind. Hedge Fund ownership jumped 26% in Q4 filings.

Hawk Vision:



Hawk's Perspective: NEP is a favorite in this group as NEE has always been our preferred Utility due to Renewable exposure, shares looking attractive at these levels.

Confidence Ranking: \$\$



T Rowe Price Bullish Positioning into Declines

Ticker/Price: TROW (\$107)

Analysis:

T Rowe Price (TROW) on Friday an opening seller of 1,250 October \$75 puts from \$9.60 to \$8.50. TROW had 1265 April \$115 calls bought on 3-10 for \$7.10 as the \$130 calls adjusted back, while the April \$120 calls in OI over 1200X as well. Shares bounced last week right at monthly cloud support and also holding trend support from the 2016 lows. The longer-term channel higher targets \$150. The \$29.14B company trades 11.78X earnings, 3.54X book and 16.4X cash with a 3.35% yield. TROW expects 4% EPS growth and 4% revenue growth in FY21. TROW held an analyst day in February where they laid out long-term plans to grow AUM as they expand distribution within the US broker-dealer channel, the DCIO segment, and Asian/European markets. The company has seen most of their recent flows from Asia which should remain strong. In 2020, the company plans to launch ESG products, sustainable products, and multi-asset capabilities to help drive inflows. The firm has a decent cash balance and could pursue M&A to expand internationally. Analysts have an average target for shares of \$126. BMO with a \$115 PT citing positive net flows and strong investment performance. CSFB has a \$151 PT and Outperform rating. They think the company's very strong investment performance (84% of mutual fund AUM rated 5/4 stars by Morningstar) and recent investments across product/geography/ vehicle/ technology will continue to help the firm expand its market share and support positive organic growth in the 1-2% range. Short interest is 2.3% and flat over the last year. Hedge fund ownership was flat in Q4.

Hawk Vision:



Hawk's Perspective: TROW was developing into a strong story but with the current market environment asset managers are a tough group to trust, and have to wait for better markets.

Confidence Ranking: \$\$



Global Blood Draws Bull Position on Key Trend Test

Ticker/Price: GBT (\$48)

Analysis:

Global Blood Therapeutics (GBT) with 1,000 September ITM \$60 puts being sold to open today \$17 to \$16.80, strong vote of confidence in the name that has sold back to key support from August/October 2019. GBT has a lot of March open interest set to expire this week and today's action the most notable remaining. Shares are right back at trend support from the 2016 lows as well and 61.8% Fib support, so nice risk/reward to lean against for a potential move back to a high-volume node at \$50 and then above. GBT traded as high as \$87 in January. The \$3.95B company trades 6.5X cash with limited debt as they enter the early commercial stage for their drug Oxbryta which was approved in November. The treatment for sickle cell disease was a first for the FDA which marks a significant step forward in treatment and analyst see potential for \$2.5B in peak sales given first-mover status and a broad patient population. Analysts have an average target for shares of \$97. Piper positive on 2-26 with a \$120 PT. The firm thinks the Oxybryta launch is going well in the early weeks and continues to view demand as high. The firm thinks upcoming hard launch metrics could be a positive catalyst. Cantor positive in February noting that label expansion into younger children could be an upside to 2021 estimates and we might get an answer on the path forward in this group in the second half of 2020. Short interest is 12.2% and down from around 14% to start the year. Hedge fund ownership fell 9% in Q4. Point72 a buyer of call options while Perceptive remains a top holder with 5.8M shares.

Hawk Vision:



Hawk's Perspective: GBT a Biotech favorite that has corrected back to 2019 base levels giving a nice level to be trading against.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Software (IGV) with 1500 April \$200 puts opening for over \$2M

NASDAQ (QQQ) with 3400 April \$174 puts bought to open \$12.51. **NASDAQ (QQQ)** buyer 6500 Apr. 3rd (W) \$170 puts \$8.40

Russell (IWM) with 5500 April \$122 calls bought \$2 to open

MSCI EAFE (EFA) block 15,000 March 2021 \$55 calls opens \$2.50

Vanguard Europe (VGK) with 5,500 September \$39 puts opening today for \$5.70 and 7,400 June \$39 puts at \$4.40, weighted towards Nestle, Roche, Novartis, Shell, HSBC, Unilever, and SAP

High Yield (HYG) seeing 50,000 May \$65 puts sold to open with September \$60 puts bought 25,000X

S&P (SPY) with 15,000 April 3rd (W) \$245 puts opening today for around \$23M

Consumer Discretionary/Services

Norwegian Cruise (NCLH) one of the first names to go green today and 500 Jan. 2022 \$7.50/\$30 call spreads opening for \$4.94

MGM also and 2500 March 27th (W) \$20 ITM puts bought up to \$7.97, hit not just with the closures but has one of the bigger sportsbooks and with some talk of the NBA being out until June could be a bigger drag

Wynn (WYNN) with 2000 April \$40 puts opening as June higher strike puts adjust

Trip.com (TCOM) buyer 1000 April \$28 calls \$0.95

L Brands (LB) with 15,000 January \$20 calls opening \$1.50 to \$1.90

Lululemon (LULU) with 400 September \$100 puts bought \$11.85 to open as it closes down stores

Capri (CPRI) rising here with 4550 August \$12.50 calls bought \$2.35 offer

El Dorado (ERI) with the April \$17.5/\$12.5 bull risk reversal opening 5000X at \$0.85 debit

Restaurant Brands (QSR) with 1600 January \$50 calls opening \$2.90 to \$3.30 into weakness

Caesars (CZR) with the March 27th (W) \$6.50/\$4.50 put spread opening 5000X for \$0.70

Dollar Tree (DLTR) with 450 August \$60 puts sold from \$4.40 to \$4.30 into weakness, Loop Capital upgrading today

Five Below (FIVE) buyers of 1,000 August \$65 puts for \$14.55, rolling down the \$75 puts into earnings this week. **FIVE** also with 1000 May \$75 puts opening as the \$80 puts roll down

Macys (M) buyer of 15,000 August \$9 puts for \$3.60, adjusting down the March \$16 puts

Viacom (VIAC) opening sale 1000 March 27th (W) ITM \$19 puts \$4.90 bid. **VIAC** also with 1,000 January \$13 calls opening \$3.79 in a stock replacement

Starbucks (SBUX) buyer 4000 Mar. 27th (W) \$50/\$45 put spreads

Wendys (WEN) the April \$16 puts bought 1,350X for \$3.50 into the lows, widely expected to close stores and move to delivery or "to-go" only

Wynn (WYNN) the June \$70 calls bought 2,000X for \$10.00 as the \$75 calls roll back

Stitch Fix (SFIX) with 1,780 June \$9 puts bought to open for \$1.20 to \$1.30 this afternoon

Bed Bath (BBY) with 10,000 April \$5 puts opening

Best Buy (BBY) the June \$50 ITM calls opened 1,000X today between \$10.95 and \$13.10, potential play on home offices

Consumer Goods

Altria (MO) with 1450 September \$40 puts opening \$7.20 as March adjust

US Food (USFD) hit hard by the lockdown seeing 1000 November \$20 calls open \$2.65 to \$2.70

Performance Food (PFGC) sellers of 23,750 April \$17.50 calls from \$1.95 to \$1.60

Darling (DAR) with 700 April \$20 puts opening \$3.53, adjusting down the March \$25 puts

Energy

Baker Hughes (BKR) with 1000 October \$10 puts opening \$2.50 with Oil down 8.7%

Schlumberger (SLB) with 1000 January \$15 puts opening \$5.05. **SLB** buyer 1000 January 2022 \$20 calls at \$3.50

Exxon (XOM) with 25,000 April \$35 puts opening against 10,000 of the \$30 puts with \$40 puts adjusting

Enterprise (EPD) with the April \$13 puts bought 8500X at \$2.03 and the \$11 puts sold 13,000X at \$1.05

Financials

Goldman Sachs (GS) with 1250 June \$200 calls bought \$6.80

Annaly Capital (NLY) moving to the highs with 10,000 April \$8 calls bought for \$0.35; Co. announced a new CEO today

New Residential (NRZ) with 10,000 August \$9 puts opening for \$1.25

Bank of America (BAC) IV rising with 4,500 December \$18 puts being bought this morning for \$2.89, earnings 4-15. **BAC** now with 2,850 June \$18 calls being bought \$5.15 to \$5.20

Automatic Data (ADP) the May \$140 calls opening 900X for \$11.75, adjusting back some \$180 calls from 2-13

TriNet (TNET) with 3500 June \$35 puts opening \$4.40 as March \$50 adjust

Unum (UNM) with 5580 September \$12.50 puts opening \$3, the March \$30 puts opened on 11/18/2019 taking size profits off and letting some run

Pennymac Financial (PFSI) down 23% seeing 1000 August \$25 calls open \$3.20 to \$3.30, **PFSI** also 1050 April \$20 puts opening here \$2.40

Comerica (CMA) buyers of 575 April \$32.50 puts up to \$4.25 today, name with a lot of oil exposure

Blackstone (BX) with 1000 June \$49 calls opening \$3 in stock replacement. **Apollo (APO)** with 1000 September \$40 calls opening \$2.50

Alliance Bernstein (AB) with 500 January \$20 puts sold to open \$3.50

Healthcare

Moderna (MRNA) with 300 April 24th (W) \$19 calls opening for \$6.40 today, an early COVID-19 vaccine play

Iovance Bio (IOVA) gave up its move from reports it could see a M&A bid and today 1000 September \$40 calls open \$3.40, name with size bullish OI already

Acorda (ACOR) roll of 20,000 July \$2 short puts to October

Alexion (ALXN) with 500 August \$85 calls bought \$8 to \$9.10

Mallinckrodt (MNK) opening buyers of 2,000 October \$5 puts for \$3.80 to \$3.90. **MNK** also with 2,000 July \$5 puts bought for \$3.50

AstraZeneca (AZN) the April \$32.50 puts sold to open over 7,500X for \$1.10

Elanco (ELAN) buyer of 500 October \$21 calls for \$2.75 to \$2.80; ELAN another name like ZTS that likely sees little impact on demand from both the livestock or companion side

Exact Sciences (EXAS) with 500 April \$47.50 puts opening today for \$6.40, rolling down 300 of the \$65 puts

Zimmer (ZBH) with 200 September \$95 calls opening \$11.70 to \$12.80

Alnylam (ALNY) with 550 April \$110 calls opening around \$6

Axsome (AXSM) the April \$75 calls bought 1,000X for \$4.90 and spread with sales of the \$95 calls at \$1.85 as shares test the 200-MA today

Bridge Bio (BBIO) the August \$25/\$35 call spread bought 500X for \$2.05, follows a bullish spread on 3-9 buying the May \$30 calls and selling the Aug. \$40 calls

Industrials

Fed-Ex (FDX) buyer 500 March \$93 calls for \$7 into earnings tomorrow. **FDX** strong rally after morning call buyer, also seeing 440 May 1st (W) \$95 calls bought \$14.70 to \$15.75

Ford Motor (F) another 16,000 April \$5 puts bought today up to \$0.77, adjusting more March \$5.50 puts

Ruger (RGR) with 875 April \$45 calls being bought

Aecom (ACM) with 1,000 April \$27.50 puts opening for \$3.70, adjusting the March \$30 puts that close 2,000X from 3/12

United Tech (UTX) sale of 750 January 2022 \$130/\$100 strangles for \$33

Carvana (CVNA) with 2500 August \$55 calls opening \$7.50 with the \$75 calls sold against

Raytheon (RTN) with 450 May \$140 puts opening for \$19.40 to \$20.50 today, more than \$900k position

Jet Blue (JBLU) the June \$9 calls being bought 1,000X today up to \$4, spot where 500 bought on Friday

American Axle (AXL) buyer 30,000 July \$3 puts \$0.75 as 15K of the \$5 puts adjust

Southwest (LUV) buyers of 1,000 May \$32.50 puts between \$4.70 and \$4.90

Meritor (MTOR) with 1500 May \$10 puts bought to open for \$1.10

Stanley (SWK) with 900 April \$125 calls opening \$1.75

Materials

Rio Tinto (RIO) buyer 700 April \$42.5 calls \$3.10 offer

Albemarle (ALB) another 1,000 April \$60 puts bought for \$6.02 as the \$80 puts roll down 500X, similar to Friday when the \$85 puts adjusted

MDC Holding (MDC) sweep buy 1000 April \$20 puts for \$2.45

Tech and Telecom

NVIDIA (NVDA) buyers active early for nearly 4000 May \$170 puts up to \$14.65

Tech Data (TECD) with 1000 April \$115 puts opening with March \$130 adjusting. **TECD** also 2000 June \$125 calls bought \$10.20 offer to open. **TECD** spread now buys 2700 April \$105 puts and sells the June \$85 puts

Pinterest (PINS) buyer 1200 August \$10 calls \$3.70 offer. **PINS** also 2000 March \$13 puts bought \$1.60 to \$1.70

Weibo (WB) now with 500 April \$30 calls bought \$5.95, adjusting back the \$35 calls and follows the 600 July \$40 calls bought earlier in adjustment trades

Skyworks (SWKS) buyer 220 August \$75 calls \$12.80 to \$13

Uber (UBER) with 11,000 January \$15 puts sold to open today \$2.95 in a stock replacement

DocuSign (DOCU) one of the more impressive names in the entire market seeing 1400 April \$87.5 calls open \$6.80

Roku (ROKU) buyers of 1,600 April \$60 puts for \$3.70 to \$3.85

Xilinx (XLNX) with 800 ITM March 27th (W) \$75 puts being bought mid-day for \$5.40 to \$5.90

Aspen Tech (AZPN) buyer 400 Oct. \$85 puts \$11.60

Booking (BKNG) on lows with 155 April \$1240 calls opening for around \$3M, completed its volume pocket retesting 2016 level

Fastly (FSLY) with 1,000 April \$12 short puts opening today for \$1.85, adjusting the March \$20 puts

Cisco (CSCO) block of 5800 March \$37 puts opening \$2.14

Utility

Duke Energy (DUK) buyers of 600 April \$75 puts for \$5.90 to \$6.20 into the lows

Disclaimer:

Not Investment Advice or Recommendation

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