

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 3/18/2019

### Sector Leaders

Oil Services

Banks

Gaming

### Stock Gainers

DERM 97%

WP 9%

PBYI 8.35%

STNE 7.65%

RUBY 7.4%

EW 6.6%

GTS 6.2%

### Volatility Gainers

- NIHD
- OPK
- HEXO
- NFLX
- DVA
- MIK

### High Call Volume

- MIK
- VNTR
- USAT
- FIS
- STNG
- EW

### Bullish Options

- NFLX
- AVGO
- EGHT
- EXPE
- MDCO
- AA
- MS
- CCK
- BP
- HLT
- ZTS

**Market Review:** Stocks moved higher into the US open building on last week's momentum as M&A remained a positive theme as well as earnings season wrapping up, while the Fed and US/China Trade remain in focus as the calendar shifts to a more Macro focus until Q1 earnings kick-off in mid-April. Stocks faded off the opening hour run and we saw strength in Energy and Banks once again. Daily VWAP provided support and stocks pushed higher into the early afternoon as the sector rotations were clear, and positioning starts into quarter-end. The schedule tomorrow includes Factory Orders and Fed-Ex earnings, a light week of events.

### S&P Chart:



Resistance	Support
2,830	2,770
2,850	2,730
2,900	2,715

**Options Action Trends:** We saw morning call buyers in Banks like MS and C as they broke out of ranges into the FOMC. With markets extended we also saw plenty of call overwriting in large caps like PFE, WMT, SQ, GM, and PYPL.

**What's On Tap:** Factory Orders. Fed-Ex Earnings. The FOMC on Wednesday and March PMI's on Friday are the main events for this week.

### Trade Tracker Portfolio Changes:

1. **Spotlight:** Long MCD May \$190 Calls \$3.25
2. Closed CB Call Spreads \$2.65 (Opened \$2)

### Sector Laggards

Semi's

REITS

Utility

### Stock Losers

NIHD -29%

FF -21%

SYNA -19.5%

GPX -14.5%

LL -11.5%

HEAR -9%

PTE -9%

### Volatility Losers

- DERM
- NVAX
- LL
- QD
- OSTK
- EW

### High Put Volume

- SYNA
- COTY
- NUS
- SMART
- TER
- ADNT

### Bearish Options

- TSLA
- TRIP
- DISH
- BA
- SMAR
- WAB
- STNG
- NUS
- IRM
- DVA
- CCI



## Puts Accumulate in WABTEC

**Ticker/Price:** WAB (\$71.65)

### Analysis:

**WABTEC (WAB)** buyers of 500 July \$70 puts bought today \$4.40 to \$4.50, spot where 2,000 bought on Friday, and also seeing another 1,000 April \$70 puts bought up to \$2.25 where 2,000 were bought on Friday. Shares are back at the 8- and 20-EMA as it consolidates above new 1-year lows around \$65. A breakdown targets a 10-point move lower.

Longer-term, shares are consolidating in a weekly flag below the recent trend line break from the 2016 lows and a big volume gap. The \$11.73B company trades 14.5X earnings, 2.69X sales, and 20X cash with a 0.67% yield. WAB sees 7.6% EPS growth in 2019 with revenues nearly doubling after their deal with GE. The company acquired GE Transportation in cash and stock, the latter of which GE has said they'll sell down over the next 2-3 years. The deal creates a massive rail equipment maker but facing work stoppages and backlash already as the tie-up enters the earliest integration stages. WAB faces longer-term pressure from the industry-wide transition to PSR which will reduce the number of locomotives in use in a mass efficiency push by operators. Both NSC and KSU have moved forward in 2019 with significant shifts towards the model. Analysts have an average target for shares of \$99.75 with 8 buy ratings and 4 hold ratings. Short interest is 7.9%, down from 11% recently. Jefferies starting at Hold recently with an \$80 PT. They think the risks for and equipment demand slowdown in the near-term are underappreciated while the technical overhang created by the GE merger will linger for some time. Institutional ownership rose 30%.

### Hawk Vision:



**Trading Strategy:** WAB continues to lag in a strong tape and see put accumulation, making it an ideal short to target to balance out long exposure.

**Confidence Ranking:** \$\$



## Amazon Seen Rising Back Above \$2000 on Strong Growth Opportunities

**Ticker/Price:** AMZN (\$1730)

### Analysis:

**Amazon (AMZN)** with 100 July \$1725 calls opening \$113 for fifty of them and \$121 for the other 50 contracts, a position of over \$1M. On Friday traders bought June \$1730/\$1760 call spreads, and 1,000 April \$1750 calls, while the prior days saw 1,000 April \$1640 synthetic long positions open, and we have seen some Jan. 2021 call buys as well since the start of March. On the chart AMZN is starting the week moving out of a range after clearing a downward channel early in 2019, now out of this \$1370/\$1720 bottoming weekly pattern that targets a move to \$2070. We are also seeing weekly RSI break out over the 50 level to multi-week highs and the next objective is clearing the upper weekly cloud boundary at \$1800. The \$830B leader in the cloud, ecommerce and other emerging Tech areas trades 42.85X Earnings, 3.55X Sales and 48X FCF. AMZN is seen with around 18% topline growth each of the next two years while EPS seen jumping 36% and 45%. It will next report earnings in late April. Analysts have an average target of \$2080 and short interest is low at 1% of the float and down 24% Q/Q. KeyBanc recently upgraded to Overweight on a better profitability view for the retail business and the incremental opportunity in its emerging and robustly growing advertising business. NY Post reported the Amazon ad business is expected to increase 50% this year. AMZN is also seen investing more in original content for its media business and sees opportunities in sports. UBS was out with a \$2100 target last week despite the regulatory overhang with Amazon continuing to gain exposure to secular growth trends, and sees long-term prospects in financial services and healthcare. Hedge Fund ownership rose 7.8% in Q4 filings when many funds were de-risking.

### Hawk Vision:



**Trading Strategy:** AMZN looks great and with the market looking to take a breather could be a spot money moves back to with shares above the 200 MA.

**Confidence Ranking:** \$\$



## Bulls Stick with United Health as Managed Care Headwinds Overblown

**Ticker/Price:** UNH (\$253)

### Analysis:

**United Health (UNH)** with 1,000 September \$260 calls bought today for \$12.85 in a stock replacement and follows buyers recently in the April \$240, \$250, and May \$250 calls. The April \$260 calls also with 3,000 in OI from buyers while the April 12<sup>th</sup> (W) \$255 calls with 1,000 from buys. Shares have pulled back to weekly cloud support where they formed a double-bottom against \$240 and a breakout above the downtrend at \$260 targets new highs. The long-term measured move is out to \$330 from the recent range. The \$243B managed care leader trades 15X earnings, 1.07X sales, and 22.37X cash with a 1.45% yield and mid-double digit EPS growth. They see 8.2% and 8.3% revenue growth over the next two years driven by growth in services at Optum. The company sees growth in higher acuity markets like Medicare as a tailwind for the business. UNH is coming off a strong MA enrollment cycle and investing in digital/tech experience to help separate themselves from peers in terms of retention numbers. Long-term, the company sees tailwinds from healthcare spending trends which are expected to rise 5.5%/year over the next 10 years with Medicare spending up 7.4% during the same timeframe. Analysts have an average target for shares of \$300 with 20 buy ratings and 1 hold. BAML positive on 3/12 with a \$320 PT. They note their recent POS rebate pilot program is a leading example of how the industry is shifting away from rebates and should greatly reduce the risk to earnings from potential changes to regulation. Short interest is 0.6%, near the lowest level in six years. Institutional ownership fell 9.2% last quarter.

### Hawk Vision:



**Trading Strategy:** UNH has bounced sharply and we have seen similar positioning in managed care peers, and UNH is best of breed, but a lot of key MA overhead resistance to jump in here.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**S&P (SPY)** bullish flows early with 10,000 April \$284 calls bought and 5,800 June \$287 calls bought. **SPY** also seeing 10,000 May \$286 calls bought this morning

**NASDAQ (QQQ)** buyer of 50,000 June \$188/\$192 call spreads

**Russell (IWM)** with 30,000 March 29th (Q) \$157 calls opening \$0.82 to \$0.84 into midday dip

**Biotech (IBB)** opening sale 2,500 May \$110 puts for \$1.95

## **Consumer Discretionary**

**Tapestry (TPR)** buyers of 640 April \$32.50 calls \$1.10 offer

**Tailored Brands (TLRD)** trading at new lows this week after cutting guidance again on Friday but seeing 2,000 August \$8 calls open \$1.30 to \$1.35 this morning

**William Sonoma (WSM)** the April \$62.50/\$47.50 strangle sold to open today 5,000X6,000 into earnings on 3-20

**Dish (DISH)** with 4,150 April \$30 puts opening \$0.55

**SeaWorld (SEAS)** buyer 500 April \$22.50 calls \$2 to \$2.15 into weakness

**Hilton (HLT)** strong after the upgrade last week seeing 2,000 July \$85 calls close and open the October \$92.50 calls

**Electronic Arts (EA)** buyers of 1,090 March 29th (W) \$98 calls into weakness near \$2.10

**Michael's (MIK)** into weakness with 7,400 May \$12.50 calls opening \$0.65

**Take Two (TTWO)** buyer 500 April \$96.50 calls here for \$3.20, M&A rumors last week

**TJX Co (TJX)** ITM July \$45 calls opening \$7.50 to \$7.60 for 550X

**Citi Trends (CTRN)** up 5.2% seeing 950 November \$20/\$22.50 call spreads open, news this morning that Macellum Advisors nominated four members to the Board

**VF Corp (VFC)** the May \$85 calls opening \$3.80 to \$4.00 today as shares consolidate in a narrow range

**Yeti (YETI)** rallying a bit back near the HOD as 1,350 April \$25 calls are bought \$4.60 to \$5.20

**Comcast (CMCSA)** with 2,200 October \$40/\$35 bull risk reversals opening at \$1.56

**Manpowergroup (MAN)** stock and IV jumps with 900 April \$85 calls bought up to \$2.90, shares flagging around the 200-day MA

**Target (TGT)** October \$70 puts open 1,000X at \$2.77 versus long stock

## **Consumer Staples**

**Hasbro (HAS)** the October \$90 calls opening 500X from \$6.32 to \$6.33 today, coiled name under the 50- and 200-day MA

**Canopy Growth (CGC)** seeing October/January \$55 calendar call spreads open 1,275X today

## **Energy**

**Anadarko (APC)** strong this morning off the early lows and 1,000 April \$46 calls bought \$1.24

**BP PLC (BP)** seeing 2,000 ITM May \$40 calls open this morning near \$4.40

**Scorpio Tankers (STNG)** with 6,000 April \$20 calls sold to open \$0.80 to \$0.70 into recent strength

**EnSCO (ESV)** with 5,000 ITM May \$5 puts sold to open \$0.70

**Cenovus (CVE)** buyer of 3,500 June \$10 calls for \$0.47 today, name with size in the April \$9 and \$10 calls

**US Silica (SLCA)** breaking out of a range this morning and 1,775 April \$16 calls bought up to \$0.95

**Marathon (MRO)** the May \$18/\$17 strangle bought 2,500X today for \$1.43

**QEP Resources (QEP)** with 8,000 September \$10/\$6 bull risk reversals opening for \$0.05 debit, looking at strategic options that could result in a sale of the Co. with Elliott involved

**Cactus (WHD)** with 400 November \$40/\$35 bull risk reversals opening at \$0.85 debit today

### Financials

**Affiliated Managers (AMG)** with 920 April \$115 calls opening \$1.15

**Citi (C)** buyer of 1,275 May \$62.50 calls \$4.45 to \$4.60 offers

**Morgan Stanley (MS)** buyer of 1,375 May \$42 calls \$2.57 offer to open as Banks break out of ranges into the FOMC

**WorldPay (WP)** with 1,060 August \$100 calls opening \$11.40 today as the April \$97.50 calls close and roll out, agreed to a cash and stock deal with FIS this morning

**Goldman (GS)** opening sale of 1,000 April \$207.50 calls \$3.75 bid

**Qudian (QD)** spreads today are selling the November \$4 puts to buy the \$7/\$9 call spread, 1000X, another China tech company which is working out of a big base from the October lows. The \$1.73B company trades 4X earnings with double-digit growth

**Radian (RDN)** buyer of 500 November \$24 calls \$0.95 to \$1

**American Express (AXP)** with 1,150 July \$110 calls bought \$7.15 and trading 1,235 of the \$120 calls with April call adjustments

**PayPal (PYPL)** with 5,500 April \$101 calls being sold to open

**Square (SQ)** similar to PYPL seeing 3,000 April \$77 calls sold to open down to \$2.16

**Fidelity Info (FIS)** moves off day lows as 10,000 April \$110 calls open \$1.85 after its transformational deal for WorldPay (WP)

**S&P Global (SPGI)** with 500 November \$220 calls sold today for \$7, tied to stock

### Healthcare

**Medicine Co (MDCO)** IV rising with 1,675 July \$34 OTM calls hot for \$1.30 to \$1.40 early

**Nu Skin (NUS)** weak today back near the December lows and 1,125 April \$55 puts bought \$1.50 to \$1.85

**Zoetis (ZTS)** opening sale of 2,000 April 26th (W) \$100 puts for \$3.30, a name with some notable call open interest in April from buys. Stifel recently upped to Buy with a \$110 target

**Wright Medical (WMGI)** with 1,500 April \$32.50 calls opening \$0.90 today, still has 1,500 of the \$30 calls in OI as shares work out of a bull flag

**Exact Sciences (EXAS)** with 650 January \$92.50 puts opening for \$15.40, rolling down the \$95 puts

**Bausch & Lomb (BHC)** buyer of 6,000 July \$26 calls \$1.53 looks to add to 19,000 in OI, shares working out of base

**Pfizer (PFE)** the May \$44 calls being sold to open today 12,500X

**Novartis (NVS)** 1,000 April \$90 calls closing and rolling out to open 1,000 May \$95 calls for \$1.45

**Zogenix (ZGNX)** with 1,000 May \$55 calls sold \$2.75 to open

**McKesson (MCK)** over \$3M in Jan 2020 \$170 deep ITM puts opening 614X at \$49.60

**Regeneron (REGN)** with 100 Jan. 2021 \$460 calls opening near \$56 in stock replacements

**AbbVie (ABBV)** with 2,500 August \$87.50 calls sold to open today near \$2.05

**Align Tech (ALGN)** with 400 May \$250 puts opening this afternoon \$15.40 to \$15.50, OTR Global downgrading last week with checks showing growing competition from other aligner brands

**Waters Corp (WAT)** buyers of 667 April \$240 calls this afternoon from \$8.70 to \$9.40

**Boston Scientific (BSX)** into weakness with 2,500 August \$41 calls opening \$1.58

### Industrials

**Tesla (TSLA)** opening sale of 1,000 September \$340 calls \$19.20

**BitAuto (BITA)** weak chart but seeing 1,000 April \$17.50 calls bought \$1.15 to \$1.30 this morning

**Boeing (BA)** continues to defend \$365 level with shares seeing more negative news flow, the August \$420 calls with 900 being sold to open and the \$335 puts bought to open 900X this morning

**Adient (ADNT)** with 3,000 April \$14 puts opening this morning for \$0.90 tied to stock

**General Motors (GM)** with 7,725 April \$39 calls sold to open today \$0.55 to \$0.52

**Venator (VNTR)** buyer of 2,150 April \$5 calls this morning for \$0.65, 17X average calls. The \$558M specialty chemicals company with a focus on TiO<sub>2</sub> and Performance Additives for coatings, plastics, and paper trades 5.57X earnings and 0.25X sales. VNTR has traded weak since being spun out of Huntsman (HUN) but Citi with a Buy recently and \$7.50 PT noting that checks with paint companies lead them to conclude that TiO<sub>2</sub> destocking is ending in early 2019.

**CarMax (KMX)** buyer of 1,000 March 29th (W) \$60.50 calls for \$2.20, earnings 3-29

**Southwest (LUV)** stock replacement sells 2,000 September \$45 puts for \$1.50 today to open

**United Rentals (URI)** buyer of 500 April 26th (W) \$125/\$135 call spreads bought for \$3.10, captures earnings which should be around 4/17

**American Air (AAL)** stock replacement buys 2,000 January \$35 calls for \$2.55

### Materials

**Alcoa (AA)** buyers of the May \$31 calls up to \$0.90 to open today, 3,980X. **AA** also with 535 January 2021 \$35 calls bought \$4.30

**Crown (CCK)** with 500 May \$55 calls bought \$2.15 aggressive to open, consolidating tightly the last few weeks

**Bunge (BG)** with 2,500 May \$50 puts opening \$1.50

**Ashland (ASH)** trades 1,000 May \$85 calls for \$1 and 4,000 of the \$90 calls for \$0.30

**Mohawk (MHK)** stock replacement opens 500 April \$130 calls for \$3.75

**Mosaic (MOS)** seeing 4,000 April \$28 puts bought on 2/26 rolling out to the June \$27 puts today for \$0.99

## Tech and Telecom

**Broadcom (AVGO)** June \$320 calls with 1,970X trading up to \$5.40 early with 2,382 in OI, will confirm OI tomorrow

**8x8 (EGHT)** buyers of 1,000 April \$20 calls this morning \$1.05 to \$1.25 with shares nearing a multi-month breakout

**Expedia (EXPE)** buyer of 1,000 April \$125 calls for \$1.70 to \$1.85, shares pulling back following earnings back to the 50-day and basing

**Five-9 (FIVN)** a favored Software name looking to break out of a range to new highs and seeing July \$50 calls open 220X at \$8.30 to \$8.50

**USA Tech (USAT)** opening sale of 10,000 June \$5 calls for \$0.40

**Trip Advisor (TRIP)** with 1,200 May \$47.50 puts opening at \$2

**Xilinx (XLNX)** opening seller of 1,000 April \$126 puts for \$4.05

**SmartSheet (SMAR)** strong run recently and seeing 1,000 April \$45 puts bought \$2.50 to \$2.75 looking for a pullback

**FarFetch (FTCH)** buyer of the October \$28 calls 750X today for \$4.40 as the April \$25 calls roll out, strong earnings move and now basing

**Twitter (TWTR)** seeing 2,250 March 29th (W) \$29 ITM calls open this morning

**Snap (SNAP)** with the 3,500 July \$9 calls rolling to the \$12 strike, also the April 5th (W) \$11 calls being bought 4000X \$0.59 to \$0.63

**Crown Castle (CCI)** buyers of 1,000 May \$125 puts \$3.40 to \$3.50

**Teradyne (TER)** dropping as 4,190 May \$40 puts bought to open up to \$2.20

**DropBox (DBX)** roll of the April \$26 puts that opened 1/2 to May \$26 puts for 5000X

**Ctrip.com (CTRP)** with 1,000 May \$42 calls being bought today for \$2.25 in a stock replacement

**Pinduoduo (PDD)** finding support after earnings weakness last week and 3000 May \$25 puts sold to open for \$1.56

**TI (TXN)** with 3,150 April 26th (W) \$106 puts opening for \$1.60, sold to open into weakness

**Lumentum (LITE)** reversal this morning off the early highs and the 200-day MA and 900 April \$52/\$45 put spreads bought for \$2.00

**Grub-Hub (GRUB)** seeing some opening action with the April / April 26th (W) \$77.50 call calendar spreads opening, and the same at the \$78 strike

**Cyber-Ark (CYBR)** with 2,100 April \$115 calls opening for \$3

**Criteo (CRTO)** buyer of 1,100 May \$25 calls for \$3.80 in a stock replacement, the April calls with buyers recently as well

**Rapid7 (RPD)** back near session highs with 980 April \$45 calls bought this afternoon up to \$5.90

**Domo (DOMO)** afternoon IV rising sharply with 1,200 April \$41 call sweeps \$3.10 and higher

**Analog Devices (ADI)** afternoon IV rising with 1,300 April \$109 calls opening \$2.85 offer

**Roku (ROKU)** October \$65 calls opening \$11.60 to \$12.10 this afternoon for \$1.75M

**Microsoft (MSFT)** with 7500 April \$118 straddles sold to open today

**Google (GOOG)** four day consolidation back to its rising 8 MA and seeing 1,200 April \$1200 calls bought today



Oracle (ORCL) with 2,500 September \$50 puts sold to open \$1.62 today in a stock replacement

### 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.*

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors.