

OptionsHawk

OPTIONS HAWK DAILY MARKET 3/20/2020

Sector Leaders

Bonds

Solar

Semi

Stock Gainers

PENN 70%

RRR 50%

SGMS 45%

AZUL 40%

DK 33%

SKYW 32%

ERI 30%

Volatility Gainers

- GNMK
- CNK
- OKE
- ABT
- CNC
- GME

High Call Volume

- QDEL
- TAK
- VSLR
- RIG
- AZN
- IMMU

Bullish Options

- MS
- MSFT
- CPRI
- SPOT
- ORCL
- TSLA
- GOOG
- IMMU
- BSX
- W
- WHR

Market Review: Stocks were a bit higher into the open but back into yesterday afternoon's range with optimism surrounding the global effort on stimulus while in the US the Fiscal plan in focus. Stocks opened strong and saw some good moves before a morning fade with Cuomo's press conference sparking fear, and Bonds started to push back higher. Energy and Banks continue to struggle along with Utility, Retail and Housing. The news flow out of the US on number of cases of COVID-19 continues to worsen and the entire Northeast headed to a shutdown. The S&P is trying to close the week above the December 2018 support and 38.2% Fibonacci but ultimately RSI much weaker and showing potential to continue down to 2100 as a potential targets that would align with large April put spread positioning. The schedule next week will likely show just how bad the economic impact has been initially and little chance of it clearing up until May.

S&P Chart:



Resistance	Support
2,600	2,335
2,720	2,270
2,830	2,100

Options Action Trends: We saw some interesting call buys in January 2022 for Internet names **SPOT/W**.

What's On Tap: Looking ahead to next week we get Flash PMI reports for March on Tuesday which are sure to be ugly. We also have other data such as GDP, Durable Goods, and Income/Spending but the market will remain focused on the current crisis. The stock-specific schedule remains light outside of earnings from Nike, Micron, and Lululemon.

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Oil

Banks

Utility

Stock Losers

APRN -27%

BLFS -21%

ATNI -21%

IPAR -14.5%

NVAX -14%

EPC -12.3%

SCL -12%

Volatility Losers

- UAL
- HTZ
- PENN
- FCAU
- DAL
- UBER

High Put Volume

- BRFS
- ACHC
- RICK
- APRN
- SHOO
- GES

Bearish Options

- YUMC
- PYPL
- T
- CLX
- GH
- OXY
- CTL
- CRM
- QCOM
- RIO
- GS



Unusual Call Buying in Regional Bank

Ticker/Price: HBAN (\$7.70)

Analysis:

Huntington Bancshares (HBAN) on 3/19 with unusual trading as 5000 May \$8 calls opening \$0.98 to \$1.07 in morning trade with shares down 50% YTD. On the lows this week HBAN shares pulled back to a major volume support node from its 2013 range breakout with the \$6/\$7 zone important to hold and resistance on a rebound seen at \$10 initially. The \$8.5B regional bank operates 944 branches throughout Ohio, Michigan, Pennsylvania, Indiana, Illinois, Wisconsin, West Virginia, and Kentucky. HBAN has seen some insider purchases this year in late January and February with shares \$13.02 and \$13.52. Shares currently trades 5.7X Earnings, 0.75X Book and have a 7.8% dividend yield and ROE of 12.7%. HBAN has a 50/50 split with commercial and consumer loans, a strong capital base, and culture of disciplined credit underwriting. Its Loan to Deposit ratio is 91% and Liquidity Coverage 156%. Analysts have an average target of \$14.50 on shares with short interest minimal at 2.3% of the float. RW Baird raised shares to Outperform on 3-9 expecting the 10 year yield to retrace higher when volatility normalizes. BAML raised shares to Buy in late February noting its more defensive nature than peers and seven straight years of positive operating leverage. It has a \$16 target and sees it the right time to take shares out of the penalty box for its First Merit acquisition. Hedge Fund ownership fell 5.75% in Q4 filings, Anchor Capital with a 1.53% weighted holding.

Hawk Vision:



Hawk's Perspective: HBAN is a strong operator and the combination of value/yield at these levels is looking quite attractive.

Confidence Ranking: \$\$



Navistar Calls Accumulate with Deal in Focus

Ticker/Price: NAV (\$18)

Analysis:

Navistar (NAV) buyers of another 2,000 October \$20 calls for \$3.50 and follows 6,000 bought on Wednesday into weakness. NAV has also seen some small buyers in the July \$18 calls around \$5.00 this week. Shares have dropped back to multi-year lows from \$37.50/\$38 where they gapped to in February on news that VW was looking to buy their remaining share in the company. VW made a \$2.9B bid for the company as they look to compete with Daimler and Volvo in the heavy-truck market. The offer was ~\$35/share. NAV is in the middle of an efficiency push as they undergo a multi-year product refresh under pressure from activist Carl Icahn and MHR Fund Management. Shares fell over the last week over concerns about the deal going through while also a miscommunication regarding whether VW had pulled the deal but management clarified they had not. The \$1.99B company trades 5.85X earnings, 0.2X sales, and 2.88X FCF. They see mid-teens EPS growth and 3% revenue growth in 2021. Analysts have an average target for shares of \$33.50. Baird was out positive on 3-17 noting this is a "great opportunity" to get back involved. The firm notes that VW CFO Frank Witter said that the company has "not pulled the deal," but that the company will watch the liquidity situation and development and the prioritization of all activities. BMO with a \$35 PT on 3-10. They think management is doing an "excellent job" in getting the company "back on track" and its partnership with Traton SE should accelerate its recovery. Short interest is 2.1% and multi-year lows. Hedge fund ownership rose 2.9% in Q4. Icahn owns 16.72M shares while MHR has 16.22M shares. In December 2018, a director bought stock at \$26.69. VW bought stock in 2017 around \$29/\$30.

Hawk Vision:



Hawk's Perspective: NAV is yet another one of these pending deal names where the spread with the offer has blown out. I expect we could see some offer prices lowered but still above current market value, so a potential opportunity down here.

Confidence Ranking: \$\$



Spotify LEAPS Position for Long Term Upside

Ticker/Price: SPOT (\$125)

Analysis:

Spotify (SPOT) unusual activity this morning with 1300 January 2022 \$200 calls opening at \$13.22 with shares at \$125. SPOT shares showing relative strength all week working on a strong reversal candle at a higher low from its two prior post-IPO bottoms. SPOT is a name that screened healthy earlier this week for balance sheet, cash flows, and minimal impact from COVID-19. It has seen some prior bullish positioning with smaller activity. The company announced a deal to acquire The Ringer earlier this year and has made a massive push into the quick growing Podcast space, an area likely to see strong demand from consumers stuck at home. The \$25B streaming music leader trades 2.4X EV/Sales though not yet profitable expecting to be positive EBITDA in FY21. SPOT also has extensive growth potential left with geographic expansion. Analysts have an average target of \$167 on shares with short interest at 4.7% of the float, fairly low for a growth name. Barclays lowered its target to \$180 on 2/11 noting healthy trends in MAUs while uncertainty with label deals remains the overhang while new initiatives are in early stages. Raymond James out positive recently seeing little disruption to service. Many see the margin expansion story as a key one moving forward as it moves out of an investment phase. Hedge Fund ownership fell 7.6% in Q4 filings, Tencent has a large stake, while Tiger Global, Cadian Capital and Tremblant Capital notable top holders.

Hawk Vision:



Hawk's Perspective: SPOT hit the top 25 list in the special report last night and like seeing this longer term confidence, a name that could be a big long-term winners.

Confidence Ranking: \$\$



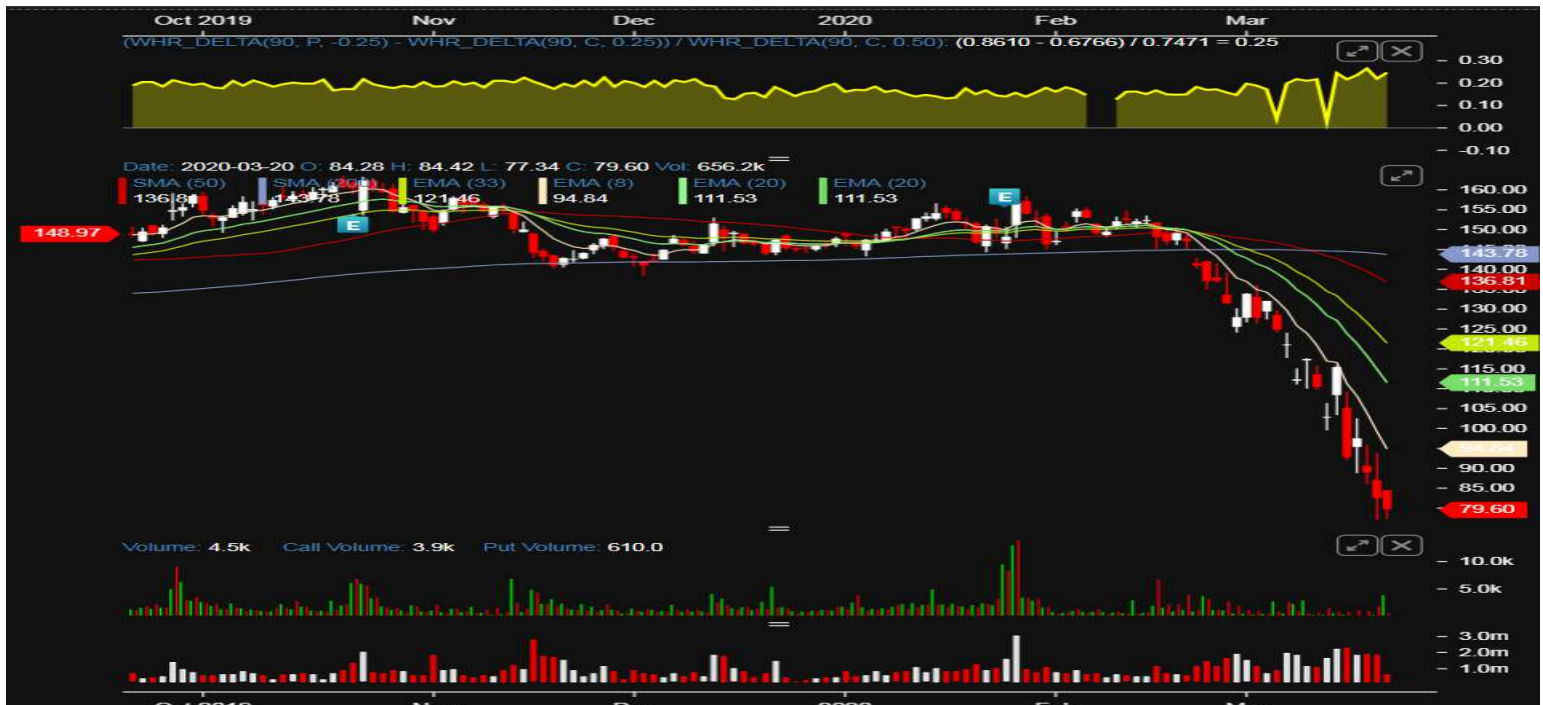
Whirlpool Call Spreads Open into Multi-Year Lows

Ticker/Price: WHR (\$79.20)

Analysis:

Whirlpool (WHR) interesting action today with shares off 6% as 1700 April \$90/\$110 call spreads are opening, shares down 44% YTD. WHR has very little open interest for any strikes in spitting distance. WHR is back to 2012 levels and a major monthly volume node with \$76.50 VPOC support. The \$5.55B appliance maker trades just 4.25X trailing earnings, 14.15X FCF and 2.85X Cash with a 5.8% yield currently. WHR does have a levered balance sheet and Debt/EBITDA at 2.75X. WHR has average a ROIC near 10% the last three years. WHR was entering 2020 in a stronger position with an improved price and cost outlook and with the tariff issued addressed. WHR's main categories include Refrigerators/Freezers, Laundry, and Cooking, fairly stable businesses and seen benefiting from strong Housing numbers. It has been growing its higher margin consumer direct business and moving into connected appliances. Analysts have an average target of \$160 and short interest high at 13.8% of the float surging 62% Q/Q. Goldman started shares Buy in December with a \$165 target with management's newly found discipline and staying power as it re-builds profitability while seeing favorable steel pricing. Hedge Fund ownership jumped 11% in Q4 filings, Lyrical a top concentrated holder.

Hawk Vision:



Hawk's Perspective: WHR valuation is wildly cheap though worry about debt and consumers likely cut back on large expenditures near-term, while short interest a red flag, so a name likely too unstable to be long.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P (SPY) May 1st (W) \$240/\$220/\$200 butterfly put spreads open 7000X14,000 at around \$2.50 debit. **S&P (SPY)** April \$260 calls with 40,000 sold and the \$235/\$210 put spreads bought 80,000X

Investment Grade Bonds (LQD) with 16,000 deep ITM June \$122 puts opening \$16.50

Gold (GLD) options active today, the March 2021 \$175/\$215 call spreads look to be closing 20,000X. The September \$141 calls bought 5000X at \$12.60 offer in a stock replacement, the June \$130 puts opening 6000X as January \$135 adjust back, and May \$145 synthetic shorts trading 10,000X

NASDAQ (QQQ) with 6000 April \$184 puts opening as June \$186 adjust back

Brazil (EWZ) with 8000 September \$30 puts opening \$9.07 as June \$30 adjust

MSCI EAFE (EFA) with 8000 May \$46 puts opening \$2.27 as the \$50 puts adjust

Russell (IWM) April \$103 puts bought in size blocks \$5.30 to \$5.44 earlier, over 18,000X trading. **IWM** also block of 10,000 June \$125 calls bought \$2.41 to open earlier

Consumer Discretionary/Services

Yum China (YUMC) with 1000 April \$40 puts bought \$3.50 to \$3.60

Match (MTCH) with 3000 April \$55 calls sold \$2.75 to open

Lululemon (LULU) with 1000 January \$125 puts opening \$23.30, stock-tied

Capri (CPRI) with 925 April 3rd (W) \$10 calls opening \$1.40 to \$1.50, over 10,000 of the August \$12.50 calls bought lately

RH Corp (RH) with 450 Apr.. 3rd (W) \$100 calls opening \$9.50, earnings late March

Disney (DIS) with 8000 January \$70 puts opening today near \$8.40

Chipotle (CMG) with 400 March 27th (W) \$625/\$495 bear risk reversals opening today

Host Hotel (HST) also 1350 October \$13 calls bought here \$1.75 to \$1.80 after 2500 July \$10 puts sold to open earlier

Las Vegas Sands (LVS) higher by 8% today with 2000 January \$35 puts sold to open or \$7.75 in stock replacements

Wyndham (WYND) sweep buy 1000 April \$27.50 calls \$2.15 to \$2.35 offer, shares up 23% today

Bed Bath (BBBY) with 4000 June \$7 puts opening as April \$13 adjust

Glu Mobile (GLUU) with 6000 April \$7 puts bought \$1.10 to \$1.20 into this week's sharp rebound

Hyatt (H) opening sales 2000 April \$60 calls

Consumer Goods

Kraft (KHC) with 500 May \$20 calls opening ITM \$4.25 to \$4.30

Clorox (CLX) another 500 May \$160 puts bought up to \$9.00 today where 9,500 opened yesterday

Brazil Foods (BRFS) with 8800 September \$7.50 puts opening as March adjust

Hershey (HSY) with 500 August \$110/\$100 put spreads bought to open

Coca Cola (KO) opening seller 4000 January \$40 calls \$5.10 to \$4.85

Energy

Exxon (XOM) with 2000 January \$35 calls being sold to open

Occidental (OXY) 7000 Apr \$7.50 puts opening up to \$0.90

Transocean (RIG) buyer 4000 January 2022 \$3.5/\$10 call spreads \$0.43

Vivint Solar (VSLR) with 2500 October \$5/\$10 call spreads opening \$1.20.

Enphase (ENPH) with 2500 April \$30 calls sold to open down to \$3. **ENPH** also 2500 May \$17.50 puts sold to open \$1.25 today

Financials

Keycorp (KEY) with 1500 May 1st (W) \$10 calls opening early \$1.03 to \$1.20 range

Metlife (MET) with 1,500 April \$17.50 puts sold to open down to \$1.40

Morgan Stanley (MS) with 1500 September \$30 puts sold \$5.90 bid and 500 September \$29 sold \$5.45 bid. **MS** Sep \$30 short puts up to 5000X on the day

PayPal (PYPL) with 1000 April 3rd (W) \$95 puts opening \$6.90

Capital One (COF) with 1500 September \$45 puts opening \$8.80, stock tied

Automatic Data (ADP) with 1200 June \$75 puts opening tied to stock

Goldman (GS) with 2000 April \$150/\$110 put spreads opening

KKR (KKR) with 1150 June \$22 calls opening near \$2.44. **KKR** June \$22 calls up to 3000X and being bought as spreads versus the \$32 calls

MetLife (MET) with 5000 September \$25 puts sold to open \$5.95 in stock replacement

Bank America (BAC) with 15,000 June \$18 puts sold to open \$2.14 in stock replacement

TFS Financial (TFSL) with 800 October \$15 calls bought \$2.40 to open

Cannae (CNNE) with 2000 May \$30 calls opening \$4.96 to \$5.10 range

Healthcare

Guardant (GH) with 1000 April \$80/\$55 bear risk reversals opening as March puts adjust

Quidel (QDEL) with 650 April \$75 ITM calls bought for \$21.25 as the March \$60 calls close 400X and roll

Immunomedic (IMMU) with 2600 January 2021 \$15 calls opening \$3.27 with the \$20 calls adjusting back

Boston Scientific (BSX) with 5000 May \$30/\$35 call spreads bought for \$1.60

AbbVie (ABBV) with 500 May \$72.5 calls bought \$3.25 and then another 500 at \$3.50. **ABBV** May \$72.5 calls up to 3000X on the day and trading \$4

Zai Lab (ZLAB) name holding up well the past month and basing, the June \$45 synthetic long opening 300X today as March adjusts

Varex Imaging (VREX) with 1000 August \$25 calls sold \$1.35 in a buy-write

Baxter (BAX) with 1000 May \$90 calls opening \$1.80

Alexion (ALXN) seeing 1100 April 24th (W) \$90 calls open today, unusual bullish activity all week in the name

Sarepta (SRPT) with 300 next week \$80 ITM calls opening \$9

Tenet (THC) with 2000 Mar. 27th (W) \$12 puts opening as March \$15 adjust

Industrials

Delta (DAL) with 3000 January \$23 calls being sold to open today and **United (UAL)** with 1700 January \$23 calls being sold to open into bounces

Tesla (TSLA) with 2000 April \$625 calls bought \$13 to \$13.60 offers

CH Robinson (CHRW) buyer 2000 April \$65/\$55 put spreads with the \$75 calls sold against

LKQ Corp (LKQ) with 3000 April \$12.50 puts opening \$0.40 to \$0.60

Pentair (PNR) unusual 550 May \$30 calls opening \$1.15 to \$1.20 this morning

Lockheed (LMT) with 1000 far OTM June \$430 calls opening at \$1

Aptiva (APTV) up 15% today with 1125 May \$65 calls opening \$1.10

PACCAR (PCAR) OTM April \$45 puts bought \$1 to \$1.30 earlier today

Materials

Rio Tinto (RIO) seeing 1000 January \$54.39 calls sold to buy the \$36.89 puts for \$5.40

Air Products (APD) with 250 June \$190 calls opening near the money \$21.50 to \$21.70

Tech and Telecom

Zoom (ZM) with 300 August \$180/\$190 call spreads opening

AT&T (T) weak and 9000 April \$29 puts bought \$3.05 offer this morning

Century Link (CTL) with 535 January 2022 \$17 puts bought up to \$8.55

Salesforce (CRM) block 1500 January \$140 puts trades \$24.50, have to confirm OI tomorrow

Microsoft (MSFT) early action with 3500 April \$145 calls bought \$11.50 to \$12 range, shares basing well last 6 days. **MSFT** also buyers 3000 April 24th (W) \$165 calls today

Qualcomm (QCOM) with 1300 July \$50 puts opening \$3.35

Crowd-Strike (CRWD) with 400 July \$40 ITM calls opening \$13.90 to \$14.10

Oracle (ORCL) large buyer 3300 March 2021 \$52.50 calls \$5.40

Analog Devices (ADI) buyer 1500 April \$95 straddles for \$15.20

Workday (WDAY) buy-write sells 1000 January 2022 \$200 calls \$11.90

Microchip (MCHP) with 600 October \$77.5 calls bought \$5.50 offer

LAM (LRCX) sale 750 June \$255 calls \$12.50 in a buy-write

Twitter (TWTR) buyer 2500 September \$21 puts \$2.98

Google (GOOG) with 1275 April \$1300 calls bought this morning \$10 to \$11.60 to open

Uber (UBER) with 3000 September \$39/\$15 bear risk reversals opening for \$1.55. **UBER** with 10,000 April 3rd (W) / April 9th (W) \$20 calendar put spreads opening

Wayfair (W) with 5000 January 2022 \$50 calls opening \$9.25

Nokia (NOK) with 8000 June 2021 \$4 calls opening \$0.22

Service-Now (NOW) a best-in-class Software name with a large opening sale 1000 January 2022 \$250 puts \$56.50

Micron (MU) with 7000 May \$40 calls opening \$3.55, adjustment from 9000 of the April \$42

NVIDIA (NVDA) with 1000 January 2022 \$250 calls opening \$50.43 as the Jan. 2021 adjust out a year. **NVDA** sweep buys 2000 April 3rd (W) \$210 puts here \$13.55 to \$14

Facebook (FB) with 1975 March 2021 \$155 puts being sold to open today near \$26.50

Taiwan Semi (TSM) with 1500 October \$40 puts sold to open for \$3.80

Alibaba (BABA) with 1050 April 24th (W) \$165 ITM calls opening midday \$24.25 offer

Skyworks (SWKS) buy 1500 April \$60 puts \$1.75 to \$1.85. **SWKS** April \$60 puts jump to 6000X

Logitech (LOGI) IV rising this afternoon as shares reverse after a strong rally week and 1300 June \$43 puts opening \$4.70 to \$5.20

Z-Scaler (ZS) unusual 1400 April 24th (W) OTM \$65 calls opening today, large Jan. 2021 puts sold to close this morning as well

NXP Semi (NXPI) buyer 500 April \$75 calls \$7.50 offer

Ring Central (RNG) day lows and earlier 550 April 3rd (W) \$170 puts opened \$8.20

Broadcom (AVGO) with 500 September \$230 calls opening near \$16.80 as April adjust

Booking (BKNG) day lows with 700 April \$975 puts opening this afternoon \$42 to \$43 for around \$3M

Verizon (VZ) with 2000 April 3rd (W) \$57 puts opening near \$6.50 as March puts adjust

Utility

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