



MARKET RECAP REPORT 3/26/2021

Sector Leaders

Materials

Energy

Industrials

Stock Gainers

UI 13%

X 8.3%

ROOT 7.85%

RRC 7.7%

UPST 7.5%

MAXR 7%

Volatility Gainers

- GSX
- SRNE
- DISCA
- TME
- VIAC
- IQ

High Call Volume

- EDU
- VG
- IAC
- EAT
- TAL
- NUE

Bullish Options

- CAT
- AMC
- UNM
- BIDU
- NUE
- VIPS
- EAT
- NTES
- FSLR
- KDP
- AA
- SNAP

Market Review: Stocks held onto Thursday's gains and were modestly higher into the open with Oil showing strength, though Bonds resumed lower. The Suez Canal blockage is causing further anxiety on global growth forecasts. In morning data the February income & spending numbers came in light while inflation also below expected. Breadth was very strong the opening hour giving signs of a trend up day as the reversal off key supports from Thursday saw continuation though Nasdaq breadth started to weaken after the first hour and the rotation to safety/yield kicked back in. Breadth continued to weaken around mid-day while we saw some liquidation moves in Viacom and Discovery as well as a number of China tech names like IQIYI. Tech overall remains the odd-man-out while the Dow, S&P and Russell all had quiet sessions as those reversal lows from Thursday remain nice levels to lean against for the short-term.

S&P Chart:



| Resistance | Support |
|------------|---------|
| 3,950 | 3,900 |
| 4,000 | 3,880 |
| 4,140 | 3,830 |

Options Action Trends: Call buyers were active in the opening thirty minutes in China tech names **PDD, BIDU, NTES, TME** and **VIPS**. Homebuilders **DHI, KBH** saw large January 2022 call buys.

What's On Tap: The big focus will be on March data, China PMIs on Wednesday, US manufacturing ISM, and the jobs report which will come Friday morning with the market closed. Biden will speak on Wednesday and unveil his infrastructure plan. OPEC meets on Thursday. Earnings schedule remains light with notable from MKC, CHWY, LULU, PVH, WBA, MU, and KMX

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long the **MOS** May \$32 Calls \$2

Sector Laggards

Communications

China Tech

Utilities

Stock Losers

GSX -34%

VIAC -30%

DISCA -26%

RUBY -20%

SAIC -18%

VIPS -15%

Volatility Losers

- VTRS
- INO
- MX
- PRQR
- RLX
- FSR

High Put Volume

- TAL
- TME
- FTCH
- OLN
- KWEB
- WB

Bearish Options

- CHWY
- SKLZ
- TAL
- CCEP
- DISCA
- CAR
- NKLA
- XL
- OPEN
- TSLA
- RNG
- KWEB



FEATURED OPTIONS RADAR REPORT



Call Buyers Look for GoDaddy Bottom

Ticker/Price: GDDY (\$77)

Analysis:

GoDaddy (GDDY) has seen 3000 May \$77.50 calls open this week for over \$1M, rare activity for a name with very little notable open interest. GDDY shares have pulled back with Tech off recent highs and sit just above VWAP off its March lows and a key volume level of support, looking to put in a higher low. Shares are attempting to base at trend support and just below its 200-day moving average and above \$77.75 would leave room to run. GDDY is a leading provider of cloud-based solutions, delivering simple, easy-to-use products, and outcome-driven, personalized guidance to small businesses, individuals, organizations, developers, designers and domain investors, enabling our customers to name their venture, build their website, establish and manage their online marketing, sell their products and services and get branded email. GDDY currently has a market cap of \$12.7B and is trading 36.6X Earnings, 3.8X Sales and 18.2X FCF with revenues seen rising 10-12% each of the next two years and EBITDA seen at \$970M in 2022 from \$475M in 2020. GDDY has strong momentum with three straight quarters of accelerating bookings growth and is seeing higher ARPU and strong retention/renewal rates. GoDaddy's scale and breadth of product offerings will allow the company to sustain double digit top-line growth while improving profitability over time. The company also remains confident in its ability to attract net new subscribers, and provide solutions appropriate to the customer – Websites + Marketing for those looking for easy to use, holistic solutions, and products like managed WordPress for more sophisticated users. Analysts have an average target of \$103 and short interest low at 3.2% of the float. JPM raised its target to \$113 in February and Barclays to \$107 seeing further progress in commerce offerings as a key area for growth in 2021. OpCo with a \$110 target positive on plans to deploy \$5B+ in capital by 2023. Hedge Fund ownership rose 1.5% in the latest quarter filings, Select Equity and BlueSpruce Investments with large concentrated positions.

Hawk Vision:



Hawk's Perspective: GDDY is not one of these high-flying, high-valuation Tech names but a steady grower with solid core fundamentals and upside growth potential, a good looking own versus support.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Spotify Put Sellers See Sell-Off Overdone

Ticker/Price: SPOT (\$254)

Analysis:

Spotify (SPOT) weak recently but put sellers active on 3/25 with the May \$210 puts sold to open 2,000 for \$4.60 to \$4.40, 400 May \$240 puts \$12.90 bid in stock replacement, and July \$250 puts also with sellers 400X. SPOT had sellers last week in the January 2023 \$280 and \$260 puts for more than \$1M each and plenty of bullish open interest across April, July, and September options. Shares are back at a volume node from 2020 as well as the 50% retracement of the big run from the lows near \$120. A rebound back above \$280 key to resuming the bull trend with a small volume gap back to \$320. The \$49B company trades 4.2X EV/sales with 19.5% growth expected in FY22 and 17.8% in FY23. SPOT saw acceleration in user growth for both premium and ad-supported platforms in Q4 and planning incremental price hikes in 2021 for an HQ version. SPOT held an analyst event in February where they outlined plans to expand to more than 80 new markets with a footprint of more than 1B people and this comes on the heels of strong early adoption in new markets like India last year. They continue to invest in new content deals with AGBO, Joe Rogan and former President Obama and building a best-in-class library of original programming that should keep user growth steady as peers continue to focus on music rights. SPOT could see a boost in hours listened this year as more people return to work and in-transit times increase. Analysts have an average target for shares of \$292 with a Street High \$425. JP Morgan out positive on 2/23 citing International expansion, advertising opportunities, and interface enhancements. Short interest is 2.45%. Hedge fund ownership rose 5% in Q4, ARK a buyer of 1.2M shares.

Hawk Vision:



Hawk's Perspective: SPOT is a high-quality name with a lot of long-term upside but stuck in a bad trend right now and needs to show better price action before getting back involved, a base around the \$240-\$250 level and reclaim of the 200-day ideal

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Teladoc Bulls Step into Weakness

Ticker/Price: TDOC (\$176)

Analysis:

TelaDoc (TDOC) bullish flows on 3/25 with 1000 May \$170 puts sold to open \$13.70, also July \$190 calls 1100X bought \$15.80 and 600 October \$170 puts sold to open today for \$25.25, stock replacements. TDOC has seen size buyers in the October \$300 calls as well as sellers in the January \$165 puts and October \$165 puts recently and plenty of bullish flow in the July, October, and December options. Shares are trying to hold major support this week at the \$175 level that stretches back to mid-2020 as well as the low-end of 1-year value. The 61.8% Fibonacci retracement of the massive rally in 2020 is down around \$155, a major area of interest. The \$27B company trades 34X cash and 13.9X EV/sales with 80% growth expected in FY21 and 31% in FY22. TDOC has grown rapidly since the start of 2020 with user adoption becoming ubiquitous during the pandemic and they continue to see elevated demand for virtual care. The company will face some tough comps in 2021 but they noted at the recent Cowen conference they believe the long-term shift in healthcare habit and comfort with virtual care for basic doctor/patient interaction is more permanent than some may think. TDOC also has a big opportunity going forward to expand their TAM into verticals like mental health and behavioral telemedicine which is expected to grow 4X over the next five years to more than \$20B. Analysts have an average target for shares of \$243 with a Street High \$330. Piper positive on 3/23 despite concerns about competition from Amazon noting that the breadth, integration and scale put TDOC several years ahead of Amazon Care and the firm expects TDOC to continue to grow sizable moats in the employer benefits market for Virtual Care. RBC positive on 3/18 as they think the Livongo deal puts them far ahead of Amazon's potential while the company likely falls short of meeting the desires of the larger multi-national companies that prefer solutions that can address their entire employee base. Short interest is 8%. Hedge fund ownership rose 64% in Q4, ARK a big buyer of 5.8M shares.

Hawk Vision:



Hawk's Perspective: TDOC is clearly in an ugly trend right and I think you can be patient waiting for a move back above \$200 to get involved, a leader in a very big and growing space that I think will continue to see strong use even after vaccinations

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Caterpillar Bulls Position for Strong Cycle

Ticker/Price: CAT (\$223.75)

Analysis:

Caterpillar (CAT) June \$230 calls have seen buyers active since 2/19 and size adds on 3/24 with more trading on 3/25, open interest now above 5000X while May \$220 call open interested has swelled to above 10,750X. CAT shares have trended strong in 2021 with the value cyclicals and put in a strong reversal candle on 3/25 just above the rising 34-day moving average and also key volume support. The CAT bull flag break from a few backs back still targets a measured move up to \$275/\$280. The \$123.5B company is likely to see a boost from the infrastructure plan. Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. The Machinery group outperforms during periods of high input cost inflation as inflation for steel & transportation reflects accelerating global industry demand. Caterpillar has a strong track record of posting margin expansion amid rapid steel cost inflation. CAT also has some opportunities in Energy, CAT was awarded funding from the U.S. Department of Energy for two hydrogen research projects. The first project, a hydrogen fuel cell system for data center power, is expected to launch in 1Q21. The second project, a flexible natural gas and hydrogen combined heat and power system, is expected to launch in mid-2021. CAT currently trades 15X FY22 EBITDA, 20.9X Earnings and 40X FCF with a 1.86% dividend yield, though estimates may be too low considering the recent strong commodity cycle and strength in China. CAT forecasts see EBITDA growth of 16% and 17% the next two years. The historical framework is Cat's revenues off the trough will more than double, and the EPS will triple to maybe even a 5 bagger in some special cycles. CAT has talked about doubling service revenues to \$28B by 2026 which can be a boost to margins. Analysts have an average target of \$212 with short interest at 1.1% of the float. Goldman has a \$240 target with a Buy rating seeing improved pricing lifting operating leverage and an end-market recovery. Citi raised its target to \$245 last week to reflect stronger global demand and positive channel feedback. Hedge Fund ownership fell 6.8% in the latest quarter filings, Bill & Melinda Gates with a \$2B stake.

Hawk Vision:



Hawk's Perspective: CAT is no longer cheap on valuation but should continue to benefit from strengthening end-markets and put in a nice candle to be long against on 3/25.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Materials (XLB) with 5,000 June \$77 put sold to open for \$2.40, heavy exposure to LIN, APD, SHW, ECL, and DOW

South Korea (EWY) the May \$90/\$96 call spread bought 1,500X3,000 today, biggest weight toward Samsung, SK Hynix, and LG Chemical

Consumer Goods

Keurig (KDP) buyers 1800 May \$35 calls here aggressive \$1.25 offer, size in April call OI

Coca Cola (KO) strong session and over 3,000 September \$52.50 calls bought for \$2.45 to \$2.50

Go Pro (GPRO) with 6000 April \$13 calls bought earlier into the lows for \$0.50

ELF Beauty (ELF) highs of the day and 1000 November \$40 calls bought up to \$1.20

Kroger (KR) seller of 5,000 July \$36 puts for \$1.79 in a stock replacement

Consumer/Business Services

TAL Education (TAL) with 20,000 April 47.50 puts bought this morning for \$1.25, the \$55 puts bought earlier this week adjusting down as 10,000X close. **TAL** now also with 2,000 May \$50 calls bought for \$5.70 to \$6. **TAL** now looks like 10,000 April \$47.50 puts bought this morning are already rolling down to the \$35 strike for \$1.15. **TAL** now also with 10,000 April \$40 puts bought for \$1.60 as more of the \$55 puts roll down in strikes

AMC Entertainment (AMC) buyer 4000 May \$10 calls \$3.45

Chewy (CHWY) with 1700 April \$75 puts being bought into 3-30 earnings. **CHWY** puts now up to 10,000X

Hanes (HBI) with 2450 May \$20 calls bought up to \$1.50

Brinker (EAT) buyers of 1400 April \$75 calls \$2.50, though saw May calls sell to open yesterday

Electronic Arts (EA) buy-write with 2000 January \$185 calls at \$2.39

VipShop (VIPS) April \$38 calls hot up to 8000X now with blocks bought \$1.40. **VIPS** 6000 Apr \$41 calls bought \$1 now

Tencent Music (TME) buyer 1000 October \$23 calls \$2.97 offer, May \$20 calls also active 3000X

Macy's (M) buyer 20,000 May \$18/\$20 call spreads

New Oriental (EDU) with 5000 July \$15 puts sold \$2.40 to open and **TAL Education (TAL)** seller 2000 August \$52.5 puts for \$6.60 to open

Sabre (SABR) buy-write with 5000 Oct. \$17 calls sold \$2.10

Avis (CAR) with 4000 May \$60 puts opening \$3.10

FarFetch (FTCH) fading with 3,000 April \$41 puts bought for \$0.50 up to \$1.20. FTCH has a lot of exposure to China -- BABA has invested over \$1B in them as well -- could be pulled down with the Xinjiang issues

Viacom CBS (VIAC) with 3,750 May \$40 puts bought for \$1.36, adjusting down the May \$55 puts from earlier this week that opened with stock

Dave & Busters (PLAY) with 2,350 April 1st (W) \$60 calls sold to buy the \$49/\$44 put spread ahead of 3-31 earnings

Booking (BKNG) buyer of 150 January \$2,600 calls this morning for \$165, more than \$2.45M

Fox (FOXA) buyers active this morning for near 1000 October \$35 puts from \$3.30 to \$3.50

Context Logic (WISH) with 2,250 May \$15 calls bought this morning for \$2.45 to \$2.60, a late 2020 IPO that has fallen back below its initial offer range

Aramark (ARMK) buyers of 4,000 April \$36 puts for \$0.60 to \$0.80

Las Vegas Sands (LVS) with 3,000 April \$61 calls bought this afternoon up to \$1.85. **LVS** also seeing 1000 May \$57.50 puts now bought for \$2.91 to \$2.95

Nielsen (NLSN) buyers of 1,400 May \$28 puts for \$3.40 and separately buyers of the May \$24 puts for \$1.15, over 1450X

Avis Budget (CAR) the May \$65 puts bought 1,500X this afternoon for \$5.90. **CAR** the May \$67.50 puts also with buyers of 1400X for \$6.90 to \$7

Energy

W&T Offshore (WTI) buyers of 3750 May \$4 calls up to \$0.50 as it works out of a narrow pullback channel

First Solar (FSLR) buyer 2200 September \$90 calls \$8.20. **FSLR** the Sept. \$92.50 calls also with 550 bought for \$7.20 to \$7.30

Bloom Energy (BE) the November \$26 puts sold to open today for \$5.80, over 550X

Marathon Petroleum (MPC) with 1,000 May \$45 ITM calls bought today for \$10.20

Financials

Aon (AON) sweep buy 400 December \$260 OTM calls \$6.70 offer, name has seen 1000 July \$230 and 3400 July \$240 calls bought

PNC Financial (PNC) buy-write with 1500 November \$200 calls sold \$6.80

OpenDoor (OPEN) with 1,500 June \$27 puts bought for \$7.80

Bank of America (BAC) buyer today of 10,000 May \$39/\$45 call spreads for \$1.35

Lending Club (LC) opening sale of 1,500 May \$17 puts for \$1.60

Root (ROOT) buyers this afternoon of 4,500 June \$12.50 puts for \$2.30 to \$2.65 into the move higher on Citron's comments and positive metrics

Healthcare

Edwards Lifesciences (EW) buyer of 4,000 May \$85/\$70 bull risk reversals for \$1.50 with shares back at the 200-day MA

Community Health (CYH) with 1200 June \$15 calls bought for \$2

BioMarin (BMRN) the October \$75 calls bought 575X today for \$7.70 to \$7.80 with shares back near multi-month support

Anthem (ANTM) with 690 June \$390 calls sold to buy \$340/\$300 put spreads

Schrodinger (SDGR) with 500 September \$60 puts sold to open for \$7.30 this morning

Altimune (ALT) with 1,000 June \$20 calls bought this afternoon for \$2.25 to \$2.40

Kura Oncology (KURA) buyer of 1,500 April \$30/\$35 call spreads for \$1.10

10X Genomics (TXG) buyer of 200 May \$160 calls for \$19 to \$20

Incyte (INCY) buyers today of 400 September \$80 calls for \$9.70 to \$9.80

Intersect ENT (XENT) buyer of 1000 May \$22.50/\$17.50 bull risk reversals today at a small net credit

Teladoc (TDOC) with 800 October \$160 puts sold to open this morning for \$18.15 in stock replacements, follows the put sales yesterday into weakness

Allakos (ALLK) with 500 January \$130 calls opening today for \$30.20 to \$30.30, shares moving to the highs and IV30 ticking higher. ALLK shares are back around the 200-day MA and saw a buyer of 300 June \$90 synthetic long spreads on 3/18

Arcus Bio (RCUS) with buyers of the July \$40 calls today for \$6 to \$6.10, over 550X

Elanco (ELAN) with 5,000 April \$26 puts bought for \$0.45 and also seeing buyers in the May \$30 and \$27 puts for \$3.20 and \$1.60 respectively

Industrials

Caterpillar (CAT) early action opens 1800 June \$240/\$260 call spreads

United Parcel (UPS) with 1500 June \$160 puts sold to open \$6.62 and 1500 of the \$170 calls sell \$5.88

Lordstown Motors (RIDE) sellers of 1000 October \$12.50 puts today for \$4.10 to \$4 in stock replacements

Nikola (NKLA) rolling over here with 4450 May \$15 puts bought up to \$2.95

DR Horton (DHI) buyer of 1300 January \$92.50 calls for \$10.10, similar to KBH

KB Homes (KBH) with the January \$45 calls bought 3,400X here up to \$8.50 to open, looking to break out of a bull flag and multi-month range to new highs following earnings this week

XL Group (XL) with 3,000 May \$11/\$7.50 put spreads bought this morning for \$2.004, some April positions adjusting

Tesla (TSLA) the May \$630 puts bought today 650X up to \$68.75, a more than \$4.5M buy

Fluor (FLR) the May \$22.50 calls bought 1000X today for \$2

ABB Limited (ABB) buyers of the April \$29 calls or \$2.30 today, 1000X, and looking to clear a narrow range to new highs

Materials

Nucor (NUE) with 1000 April 30th (W) \$77 calls bought up to \$3.10 from \$2 early. **NUE** also seeing July \$80 calls active 1100X into Infrastructure news

Alcoa (AA) buyer 2400 January \$40 calls \$4.20

US Steel (X) session highs and 1400 May \$20 ITM calls bought for \$3.40

Sibayne Stillwater (SBSW) buyers of 5000 May \$20 calls up to \$0.94

Crown (CCK) strong setup and 1100 May \$90 puts sold to open today for \$1.65 in a stock replacement

Steel Dynamics (STLD) relative strength as it nears recent highs and buyers in the August \$55 calls for \$3.00 to \$3.10 today 1250X

Nucor (NUE) with 2,000 July \$85 calls bought today for \$3.50 to \$3.60

Tech and Telecom

Baidu (BIDU) buyers early for 1700 April 9th (W) \$220 calls for \$6.95 to \$8. **BIDU** also with 2,000 April \$245 calls bought \$3.95

NetEase (NTES) with another 1000 June \$105 calls bought this morning for \$7.50 to \$8.40, same spot as yesterday

Service-Now (NOW) opening sale 1000 June 2022 \$340 puts for \$22

Spotify (SPOT) with 400 January 2023 \$240 puts sold to open this morning for \$46.50 in a stock replacement

Snap (SNAP) in early trade seeing 6000 June \$60 calls bought \$3.50 offers looking to add to 14,350 in OI. **SNAP** April 1st (W) \$55.50 calls active with buyers 11,000X

Palo Alto (PANW) with 2,000 January 2023 \$320 calls sold for \$59.50 in a buy-write

Roku (ROKU) with 1,750 April \$250 OTM puts bought \$2.64 to \$2.75

Himax Tech (HIMX) buyers of 1,400 OTM May \$15 calls for \$0.80

Ring Central (RNG) with 500 October \$240 puts bought for \$17.30

TI (TXN) also this afternoon with 1000 August \$210 calls bought for \$4.00 to \$4.10

IAC Interactive (IAC) buyers of the June \$230 calls mid-day for \$11.80 to \$13.20, over 2000X ahead of the Vimeo spin

Vonage (VG) stock pops with 4,500 May \$13 calls bought for \$0.60. **VG** now also seeing 1800 May \$12 calls bought \$1.05

Alteryx (AYX) sellers of 645 January \$80 puts into the morning lows for \$14.55 to \$14.50

Applied Materials (AMAT) with 850 January 2023 \$70 puts sold to open this morning for \$5.60 to \$5.40

Charter (CHTR) with 1,250 May \$725 calls sold today for \$3.90 in a buy-write with stock

Belden (BDC) with 1000 June \$40 puts sold to open for \$2.20 to \$2.10

Teradata (TDC) with 2000 January \$50 calls sold for \$5 in a buy-write

Corning (GLW) highs of the day now and 2,000 June \$46 calls bought for \$1.17 to \$1.33

Crowd-Strike (CRWD) with 1,500 May \$160 puts bought this afternoon for \$8.60 to \$8.70, aggressive buys

Booz Allen (BAH) IV lower this afternoon with 1000 May \$80 puts sold to open down to \$3.70

Utility

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