

OptionsHawk

OPTIONS HAWK DAILY MARKET 3/27/2020

Sector Leaders

Staples

Utilities

REITs

Stock Gainers

EURN 10%

ANGI 9.5%

SUI 8%

ZM 7.3%

MRNA 7%

TDOC 6.75%

Volatility Gainers

- CRC
- RIG
- GRPN
- MEET
- LB
- LYG
- AVDL

High Call Volume

- CARG
- TRP
- CCJ
- PCRX
- SABR
- J
- SIEN

Bullish Options

- LOB
- KBH
- CCJ
- HAL
- EB
- MRVL
- SBUX
- SE
- DAL
- UBER

Sector Laggards

Energy

Industrials

Healthcare

Stock Losers

NCLH -19.5%

SPR -17%

W -16.5%

CCL -15%

CVNA -14%

AER -13.75%

Volatility Losers

- CHK
- GME
- MYOK
- SEAS
- MFA
- APRN
- DO

High Put Volume

- CARG
- PCRX
- MYOK
- LYG
- THC
- CFR
- IMAX

Bearish Options

- PINS
- IRM
- AAL
- EBIX
- CAR
- MYOK
- NCLH
- GS
- AMD
- DISH

Market Review: Global markets finished the week mixed with some profit-taking in Europe after a strong 3-day run. The biggest news overnight regarding COVID-19 was that the US has now surpassed China in cases and many experts expect a peak still a few weeks away. The WH continues to press for Shelter in Place rules to be relaxed but ultimately state and local governments likely keep them in place. The \$2T stimulus bill continued its trip through Congress on its way to President Trump's desk for signature. Personal income data was basically in line but February numbers, so mostly ignored. The final Michigan Consumer sentiment figures were revised down a notch to 89.1 vs 95.7 and a real indicator of how Main Street is viewing the coronavirus impact. Breadth was weak for most of the day with all eleven S&P sectors in the red. Energy and industrials leading to the downside as crude fell over 7% and near a bear flag breakdown. The S&P opened lower, right at the 23.6% Fibonacci of the rally from the 3/23 lows, and based in a narrow range all day. We moved slightly higher to 2-day VWAP around 2560 but overall a quiet session finally.

S&P Chart (Monthly):



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

Options Action Trends: It was a quiet overall day, again, with married puts a common trade while also seeing a number of call overwrites again taking advantage of the higher-volatility environment.

What's On Tap: It's our last light week before earnings season kicks off with eco data in focus like final March PMIs, US March ISM, US jobs report, and China PMI. Earnings are scant but some notables like PVH, WBA, STZ, and CAG. The main focus will remain COVID-19 updates as well as the CDC travel ban which is set to be lifted on 3/31.

Trade Tracker Portfolio Changes:

- 1) None



Guardant Calls See Value in Emerging Diagnostics Leader

Ticker/Price: GH \$71.13

Analysis:

Guardant Health (GH) buyer yesterday of 500 October \$70 calls near \$16.00, sizable trade in the name that has been holding up well in a multi-week base. GH has limited open interest but did have over 1800 April \$95 calls accumulate in late February and \$600k in January \$100 puts sold on 2/10. On 3/20, the April \$80/\$55 bear risk reversal opened 1000X but may be collaring stock. Shares are basing under \$72.50 with the 50- and 200-MA above around \$80. Shares pulled back to October 2019 support and long-term forming a big range under \$100. The \$6.19B company trades 29X sales and 11.8X cash with limited debt and explosive growth potential. The company sees mid-20% to low-30% revenue growth the next two years. GH is a leader in the liquid biopsy-based cancer testing market, a faster, more precise and more efficient solution to traditional tissue-based biopsies. GH believes that their platform can transform cancer management with a total market opportunity around \$50B in both clinical and biopharma customers working in early- and late-stage diseases. They recently announced expanded Medicare coverage for Guardant360. Analysts have an average target for shares of \$109.50. JP Morgan positive on 3-11 and Guggenheim starting at Buy on 2-21 with a \$103 PT. The firm thinks GH can expand its total addressable market "dramatically" by using its technology to monitor for cancer recurrence. Canaccord with a Buy rating noting that the company is one of the best executors in the space with long-term strategic thinking and a global vision across cancers in late stage therapy selection, cancer monitoring, and early stage cancer screening. Short interest is 4.4%. Hedge fund ownership rose 21% in Q4 with Coatue, Viking Global, and Redmile notable buyers.

Hawk Vision:



Hawk's Perspective: GH is a favorite name with a big and expanding market opportunity; shares have shown relative strength lately and think it can be traded on a pullback vs the recent low.

Confidence Ranking: \$\$



eBay Bullish Positions Accumulate into Market Driven Weakness

Ticker/Price: AEM (\$41.20)

Analysis:

Agnico Eagle Mines (AEM) on 3/26 with an afternoon buy of 1000 January \$42 calls for \$7.15 and another 200 added at \$7.30. AEM saw 1000 August \$30 puts old to open on 3/19 and 1000 August \$50 puts sold to open on 2/20. Despite gold prices being back near highs AEM shares have pulled back sharply off highs and tested support from 2018 before bouncing the last two weeks. AEM has a monthly channel developing and could make a run back to highs over the next few months. The \$9.1B miner trades 23.45X Earnings, 2.05X Book and 9X EBITDA with a 1.94% dividend yield. Forecasts see EBITDA growth of 25.5% in 2020 and 15% in 2021. AEM hit record gold production and cash flow in 2019 with 18% production growth seen through 2020. Its new Nunavut gold mines completed in 2019 and ramp up is continuing through Q1 2020. AEM has a strong balance sheet with \$328M in cash and minimal debt obligations. AEM's reserves rank top in the industry for quality grade. It expects to utilize rising FCF via new pipeline projects, reducing debt, and raising its dividend. Analysts have an average target of \$62 and short interest low at 1.5% of the float. TD Securities upgraded AEM to Buy earlier this week and on 3/2 Canaccord raised to Buy with a C\$82 target as an attractive reward/risk. Hedge Fund ownership rose 9.5% in Q4 filings, Findlay Park and Duquesne Family Office notable holders.

Hawk Vision:



Hawk's Perspective: EBAY held key trend support and obviously remains an event-driven name with some clear value and big guns supporting it, relatively safer than many peers.

Confidence Ranking: \$\$



Z-Scaler Puts Accumulate into Rally

Ticker/Price: ZS (\$60.45)

Analysis:

Z-Scaler (ZS) bearish activity this week after its relative strength as the June \$62.5 puts have opened 3000X for \$2.6M and April \$55 puts bought 1000X on 3/26 to open as well. ZS shares with a big move the last two weeks off lows but stalled right at February highs while \$35/\$50 remains a big volume zone and shares could look to test the lower limit again. The \$7.6B cloud security company trades at one of the highest premium valuations for its industry at 18X EV/Sales and forecasts see revenue growth slipping under 30% in 2021. ZS is coming off a strong quarter but did give underwhelming guidance and margin declines were a concern. Its core market is SaaS secure web gateway (SWG) but also is branching into branch/campus firewalls, DLP, CASB, and ATP and further opportunities exists in VPN replacement, SD-WAN, and Network Monitoring. Analysts have an average target of \$65 and short interest at 20% of the float continues to be elevated near its historic highs. RW Baird raised its target on ZS to \$70 this week confident on the work from home shift placing a spotlight on VPN security needs. On 2/21 Cowen defended shares after selling off on results expecting an increase in sales capacity and new products driving upside, also a \$70 target. Hedge Fund ownership fell 7.5% in Q4 filings, and lacks any notable top holders.

Hawk Vision:



Hawk's Perspective: ZS valuation is very high especially considering its execution issues and weak margins last quarter. I think using a weekly close above \$63 as a stop sets up as a nice short risk/reward.

Confidence Ranking: \$\$



Iron Mountain Bears See Continued Weakness as Pricing Pressures

Ticker/Price: IRM \$24.15

Analysis:

Iron Mountain (IRM) buyers of 2,600 May \$30 ITM puts today up to \$6.40 to open and volumes now over 5750. IRM is a name that has seen a lot of bearish flows including 5000 January \$25 puts and 1000 July \$32.50 puts in early March. IRM also has some size OI in the January \$27.50 puts. Shares have rebounding this week to the declining 8-EMA and 38.2% Fibonacci of the recent decline, potential turning point for a run back at recent lows around \$21. Longer-term, IRM is back at major monthly support going back to 2008 after breaking an uptrend and has room under \$15 with further pressure. The \$7.5B company trades 18.8X earnings and 1.8X sales with a near 10% yield. IRM is a leader in storage solutions like records storage, information management, digital conversion, secure destruction, and more. They've seen a slowdown in margins within their core business with EPS estimates coming down from 25% growth to as low as 3.5% in FY22 while revenue projections remain sluggish in the low-single digits. They've seen steady declines in records management volumes, as well, while customer acquisition costs continue to rise. IRM has been hurt by declining office paper prices that has contracted by double-digits over the last year and near the lowest levels since 2009. Analysts have an average target for shares of \$31. BAML with an Underperform noting that recycle paper prices continue to decline and remain an insurmountable headwind to guidance. They note that while selling recycled paper is a small part of the overall mix, it's a big part of margin guidance. Goldman positive on 2-12 seeing potential for a bottoming in paper prices as pulp inventories start to decline. Short interest is 15.9% and surging since late 2016 when it was around 4%. Hedge fund ownership was flat in Q4, Glaxis Capital with a put position.

Hawk Vision:



Hawk's Perspective: IRM looks like a nice short and recent bounce gives a short-term spot to lean against looking for a move back to \$22.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P 500 Bull (SPXL) buyer 2000 January \$22 calls early \$8.30 to \$8.60

S&P (SPY) with 13,000 June \$224 puts active this morning for around \$17M in opening trades, also with 6000 Apr. 29th (W) \$190 far OTM puts opening. **S&P (SPY)** large spread in December bought 30,000 of the \$315 calls and sold 30,000 each of the \$330 and \$350 calls, net \$0.90 debit

Gold (GLD) with 4000 March \$146/\$156 call spreads bought htis morning

Regional Banks (KRE) buyer 7000 April \$32.5/\$29 put spreads into rebound

NASDAQ (QQQ) with 7500 May \$140 puts bought around \$3.10 to open today

Consumer Goods/Services

Target (TGT) hit hard early this week on its sales update and 1550 April \$92.5 puts being bought to open up to \$5.70

Mondelez (MDLZ) with 1000 January \$50 calls bought in early action \$4.20 to \$4.40, will confirm OI change Monday

Las Vegas Sands (LVS) with 2500 April \$43 puts being sold to open \$4.45 to \$4 seeing limited downside

Planet Fitness (PLNT) with 570 April \$50 puts sold to open \$5.10 to \$4.70

Wayfair (W) with 1500 April 3rd (W) \$60 calls opening \$3 into weakness today

Altria (MO) with 2000 Apr 24th (W) \$39.50 calls opening \$0.75. **MO** also with 1000 May \$37.50 calls bought up to \$2.87 today

Coty (COTY) buyer 1000 May \$7 calls \$0.80

Darden (DRI) the April \$55 puts bought 2,000X this afternoon up to \$8.10, potentially faces a similar issue as **CAKE** this week

Yum Brands (YUM) the April \$70/\$80 call spread bought 1000X2000 today for \$2.35

Energy

Halliburton (HAL) buyer 900 June \$5 calls ITM to open \$2.85 offer. **HAL** also seeing over 3400 January \$7.50 calls bought this afternoon from \$1.85 to \$1.95

Exxon (XOM) the April \$38/\$35 strangle being bought 2,500X today for \$4.79

Occidental Petro (OXY) with 1300 July \$10 ITM calls opening \$4.10 to \$4.15. **Occidental (OXY)** block of 20,000 November \$5 puts opens \$1.27

Cameco (CCJ) buyers of 20,000 June \$7 calls for \$0.95, adjusting back the \$9 calls

BP seller of 2000 June \$26 calls for \$1.58 in a buy-write

TC Energy (TRP) with 4,000 Aug. \$55 calls sold for \$1.40 in a buy-write

Hannon Armstrong (HASI) buyer of 4000 September \$25 puts from \$7.40 to \$8.50

Financials

Citi (C) with 2500 January \$47.50 calls being sold to open \$6.55 to \$6.45

AIG (AIG) with 1,100 January \$30 calls bought from \$2.89 to \$3.35 today, follows some Aug. call buys yesterday

MasterCard (MA) with 3000 April \$290 calls sold to open down to \$1.70

Live Oak Bank (LOB) jumpy on the highs with 445 May \$12.50 calls bought aggressively from \$1.65 up to \$2.10

Regions Financial (RF) buyer of 1000 May \$10 calls for \$1.04

Goldman Sachs (GS) the April \$180 calls sold to open today for \$3.90, over 1400X

Lloyds (LYG) the May \$2 puts sold to open this morning 4850X

ING Group (ING) with 1950 July \$9 puts sold to open today for \$3.40 to \$3.20

WillScot (WSC) with 3,500 July \$12.50 calls bought for \$0.98 today, adjusting out of 2500 April \$12.50 calls

Healthcare

Tenet Health (THC) buyer 5000 May \$15 puts \$2.30 to \$2.50

Centene (CNC) with 2100 May \$65 calls opening for \$2.30 today, stock replacement

Bristol Myers (BMY) with 1800 October \$60 calls opening OTM near \$2.10 on wide bid-ask

Nuvasive (NUVA) with 1600 December \$60 calls opening for \$5.20, stock replacements

Axsome (AXSM) the April \$50/\$40 put spread bought 1500X3000 for \$1.50, Phase 2 data for their treatment of agitation associated with Alzheimer's due in Q2

Industrials

Royal Caribbean (RCL) down 12% and seeing 1,625 January \$22.50 puts open near \$8.30

Generac (GNRC) with 1000 April \$87.5 puts opening \$3.70 to \$4.25

United Air (UAL) with 1350 June \$27 puts sold to open \$5.15 and June \$26 puts sold to open 1275X at \$4.70

XPO Logistics (XPO) the May \$45/\$40 bull risk reversal opening 2450X, adjusting down the \$85/\$75 spreads

Harley (HOG) buyers of 575 May \$18 puts for \$3.05 to \$3.20 today

KB Home (KBH) the Oct. \$20 calls opening over 925X this morning between \$4.00 and \$4.35, saw bullish call buys in **LEN** and **DHI** this week. **KBH** also with 500 July \$20 calls opening \$3.65 to \$3.70

Navistar (NAV) buyers of 500 May \$19 calls for \$2.90 today into weakness, recent Oct. call buys

CSX Corp (CSX) spread today closes 2000 weekly puts and sells 2,000 April 3rd (W) \$57 calls to buy the April 24th (W) \$55 puts for a net \$2.23 ahead of 4-22 earnings

American Air (AAL) buyers of 6,500 November \$15 puts for \$5.10, adjusting some January puts back from 2/28. **AAL** also with 3000 May \$13 puts bought this afternoon from \$2.44 to \$2.48

TriNet (TNET) with near 500 May \$35 puts opening today between \$2.90 and \$3.00

Norwegian Cruise (NCLH) buyers of 1100 May \$10 puts from \$2.35 to \$3.10, cruise lines back under pressure and left out of the stimulus bill

Southwest (LUV) buyer of stock sells 3,000 September \$55 calls for \$1.70

Knight Swift (KNX) into strength today with 5000 May \$40 calls sold for \$1.10 to \$0.98

Materials

Freeport (FCX) seeing 5000 June \$7 calls bought up to \$0.99, the \$9 calls rolling back. **FCX** now also with 8000 August \$10 calls bought for \$0.45. **FCX** buyer of 4000 June \$6 puts this afternoon, tied to long stock

Tech and Telecom

Snap (SNAP) trading another 2000 May \$12 calls this morning where 7000 opened this week already. **SNAP** with over 2000 July \$12 calls also bought today up to \$2.00

CarGuru (CARG) with 10,000 August \$30/\$15 bear risk reversals opening

Citrix Systems (CTXS) buyer 1000 June \$140/\$100 put spreads tied to stock

Zoom (ZM) buyer 600 April 9th (W) \$152.5 calls \$13 to \$13.30. **ZM** also with 1500 April 3rd (W) \$150 calls bought \$11.10 to \$11.30

NetEase (NTES) with 400 September \$340 calls sold to open \$20.70 to \$20.90

Cree (CREE) with 500 May \$40 calls opening \$4.10 to \$4.20

SAP SE (SAP) with 700 May \$95 puts opening this morning for \$3.50 to \$3.80

Ubiquiti (UI) buyer 400 September \$100 puts \$7.70 after bearish flow all week

Trade Desk (TTD) buyers of 1,150 April \$140 OTM puts for \$3.90 to \$4.10

TI (TXN) stock replacement sells 1000 January \$95 puts to open \$12.40

Event-Brite (EB) buyers of 1500 April \$7.50 calls for \$1.05 to \$1.10 this afternoon, follows the \$10 calls bought earlier this week

Marvell Tech (MRVL) the November \$23 puts sold to open 800X for \$4.36 today, stock replacement

Sea Ltd (SE) buyer of 1000 May \$45 calls around \$4.25, spread against some \$50 and \$55 calls

Uber (UBER) over 1850 September \$17 puts sold to open today from \$1.80 to \$1.70

Pinterest (PINS) the May \$13/\$10 put spread bought 2500X for \$0.85

Ebix (EBIX) sellers of 1000 September \$25 calls for \$2.05 to \$1.50

Twitter (TWTR) with 1500 January 2022 \$47 calls sold for \$2.55 today in a buy-write. **TWTR** with more than 6000 June \$28 calls sold this afternoon from \$2.44 to \$2.37 with stock

JD.com (JD) with 5000 April \$40 synthetic long spreads opening for \$0.50

AMD buyer 4500 June \$52.5 puts ITM to open \$9.45 to \$9.50. **AMD** also with 2500 May \$39 puts bought \$2.30 to \$2.35

Dish Network (DISH) buyers of 1000 June \$15 puts for \$1.50

Okta (OKTA) with 750 April \$115 puts opening 750X today around \$5.00 as the \$110 puts roll back, originally opened in spreads with the \$90 puts

RingCentral (RNG) strong afternoon move and next week's calls active with 1,500 of the \$230 calls and 1000 of the \$235 calls bought, shares running strong

Expedia (EXPE) the June \$50 puts being sold today over 1800X from \$9.30 down to \$8.70 this afternoon

Dell Tech (DELL) afternoon buyers of 2500 April \$35 puts up to \$1.80, tied to stock

Utility

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