

OptionsHawk

OPTIONS HAWK DAILY MARKET 3/28/2019

Sector Leaders

Ag's

Transports

Consumer Goods

Stock Gainers

MOV 17.5%

QTNA 17.3%

LULU 15%

PVH 14.4%

VRNT 10.5%

VFF 8%

FIVE 6.45%

Volatility Gainers

- RLGY
- TXMD
- CRON
- NLSN
- PCG
- GRUB

High Call Volume

- VRNT
- SNN
- SGEN
- KNX
- DRI
- SNE

Bullish Options

- WDC
- W
- MS
- SNN
- SNE
- KNX
- SPLK
- ANET
- COST
- TPR
- TIF

Sector Laggards

Gold Miners

Housing

Utility

Stock Losers

CTST -17%

WBC -10%

NLSN -10%

TITN -7%

RYTM -6.6%

LGIH -5.75%

SA -5.5%

Volatility Losers

- AVEO
- WBC
- LULU
- FIVE
- SGEN
- FL

High Put Volume

- SPR
- TM
- RLGY
- DB
- NLSN
- AON

Bearish Options

- DB
- ROKU
- GPS
- TGT
- KMX
- SKX
- TME
- KSS
- UBNT
- CRON
- CARA

Market Review: Markets were fairly quiet overnight into the final two days of the quarter with plenty of US data expected. The recent move in Treasury yields has been the driver of investor angst. GDP data came in weak as Macro continues to be a concern here in the US and overseas. Stocks faded hard after a brief morning rally though Transports and Consumer Staples showed strength, there was weakness across Housing, Utility, Energy, Semiconductors and Metals. Action remained choppy and saw a move higher in the early afternoon, awaiting more details out of US/China talks and have some key economic data over the next few days. The momentum of the market has clearly stalled as we hit an optimistic level for valuation, while downside continues to find support due to under-invested funds.

S&P Chart:



Resistance	Support
2,850	2,780
2,915	2,750
2,950	2,730

Options Action Trends: We saw some cautious trading early in Retail/Apparel into strength off the PVH/LULU reports with puts bought in GPS, SKX, KSS and TGT as well as opening call sales in DKS and RL.

What's On Tap: Personal Spending/Income, Chicago PMI, Consumer Sentiment and New Home Sales.

Trade Tracker Portfolio Changes:

1. Closed **MCD** Calls \$4.70 (Opened \$3.25)



Tableau Calls Accumulate into Weakness

Ticker/Price: DATA (\$123.50)

Analysis:

Tableau (DATA) with 1,500 May \$120 calls opened yesterday for \$1.4M and has a \$21M position in October \$120 calls that opened on 2/20. Shares have pulled back with Tech to its rising 21 week MA that has been supportive for most of 2018 and 2019 on dips. The \$11.3B business analytics software Co. trades 54.45X Earnings, 84X FCF and 7X FY19 EV/Sales with 11.8% FCF margins. DATA posted 31.7% revenue growth last year and sees 18-20% each of the next three years with EPS also entering a strong operating leverage phase with over \$3/share seen in 2020 after registering a \$0.30/share loss in 2018. DATA has been seeing strength in Enterprise and large deals with strong ARR growth. Analysts have an average target of \$136 on shares and short interest is elevated at 9.5% of the float and jumping 100% Q/Q. BAML was out with a \$152 target after the latest quarter seeing better than consensus growth. BTIG raised its target to \$150 on 2-6 citing the transition to subscription model is making major strides and new disclosures show the real healthy of the business to investors. Stifel has a \$145 target after an “impressive quarter across the board.” Hedge Fund ownership jumped 7.45% in Q4 filings, Alkeon with a new call option disclosure and CoatueMgmt. added to its large position. DATA was one name Barron’s named as a potential takeover target for Google in a report November 26th, 2018. DATA was also on the Salesforce (CRM) leaked list of acquisition targets and Tableau reportedly explored a sale back in 2016.

Hawk Vision:



Trading Strategy: DATA looks to have a nice support level near \$120 to trade against and the upside can be large as it trades at a cheap valuation to its peers.

Confidence Ranking: \$\$



Large Call Positions Open in Knight Swift

Ticker/Price: KNX (\$32)

Analysis:

Knight Swift (KNX) with 20,000 August \$35 calls bought today for \$2.35 and follows over 15,000 May \$33 calls bought on 3/15 for \$2.05. KNX has seen buyers in the January \$45 calls and May \$40 calls recently, the latter with almost 5,000 in open interest. Shares have pulled back to cloud support and the 50-EMA recently as it forms a big inverted head and shoulders under \$35. A move above the 233-MA and neckline targets \$45. On the weekly, shares have been showing positive RSI divergence into the recent lows and out of a downtrend from the early 2018 highs. The \$5.58B company trades 10.6X earnings, 1.04X sales, and 67X FCF with a small yield. KNX expects 6.5% to 7% EPS growth and 3.5% to 4.5% revenue growth over the next two years. Margins have started to improve the last two quarters and a lot of room for expansion back to 2015/2016 levels. KNX expects an improvement in 2019 as market dynamics improve and contract rate hikes are expected to be in the mid-single digits. They see opportunities to grow in Brokerage and Intermodal and actively looking at bolt-on M&A. They continue to see challenges from the tight driver market. Analysts have an average target for shares of \$46 with 8 buy ratings and 4 hold. Short interest is high at 16.7% and 12-month highs. Loop Capital positive on 2/1 citing margin improvement and management's initiatives to integrate the Swift business finally taking shape. They see a strong road to lower operating costs and higher revenues per mile at the former properties helping drive a rebound. Institutional ownership fell 1.5%. Luminus Management a buyer of 3.35M shares while Impala Asset Management bought 1.6M shares. In late 2018, three different insiders bought stock at \$27.25 to \$32. In April, a director bought \$194K in stock at \$39.

Hawk Vision:



Trading Strategy: KNX is a concern on technicals with a bear flag under its 50 MA, so need to see it make progress above \$33 especially with the elevated short interest.

Confidence Ranking: \$



International Paper Call Buyers Looks for Recovery

Ticker/Price: IP (\$45.65)

Analysis:

International Paper (IP) late buyers yesterday of 1,350 October \$45 calls for \$3.50 and follows buyers recently in the July \$47.50 calls where over 3,700 have accumulated. IP has 1,350 July \$45 short puts and over 6,000 of the July \$50 calls in OI as well while the January \$50 calls have 2,850 from buyers in 2018. Shares are consolidating below \$48 and the 200-day MA, a big volume shelf from the November and February ranges which targets \$55 on a breakout. The \$18.74B company trades 8.6X earnings, 0.80X sales, and 21.5X FCF with a healthy 4.4% yield. IP is coming off a strong quarter with profit growth across industrial packaging, cellulose fibers, and printing papers. Their Graphic Packaging merger is entering year two which has greatly expanded their footprint in the SBS foodservice market. Analysts have an average target for shares of \$55 with 5 buy ratings, 6 hold ratings, and 1 sell. RBC raising their PT on 2/1 citing better FCF as they expect lower capital expenditures in year two of the merger integration. Citi positive on late-year volumes in 2018 and record EBITDA per ton in their Industrial Packaging business, potential signs of a turnaround in 2019. Stephens upgraded to Overweight on 1/23 with a \$60 PT. The firm thinks investor sentiment is unusually low and capacity risk in containerboard is overblown. Institutional ownership rose 46.75% last quarter. Short interest is 2.5% and down from 2.8% in late 2018.

Hawk Vision:



Trading Strategy: IP is cheap on valuation but yet to see much improvement in its core industry, an alert in at \$46.25 for now.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Brazil (EWZ) with 6500 September \$46 calls opening as the \$47 calls look to be adjusting back

Treasury (TLT) buyer of 5,000 September \$125 puts \$3.05 tied to stock

Energy (XLE) buyer of 2,500 September \$68 calls to open \$2.75

S&P (SPY) buyer of 4,173 September \$272/\$245 put spreads for \$4.85

Russell (IWM) with 6,900 December \$175 calls opening \$1.20, look to be rolling September \$170 calls

MSCI UK ETF (EWU) unusual buy of 7,500 July \$33 calls \$1.10 to \$1.15, top holdings include HSBC, BP, RDS.A, AZN, GSK, DEO, BTI, RIO, UL

Semi (SMH) stock replacement bought 7500 April 26th (W) \$105 calls for \$2.49

Consumer Discretionary

World Wrestling (WWE) buyer of 1,000 April \$90 calls for \$1.20 to \$1.25 with shares back at trend support

Target (TGT) buyer of 3,000 July \$77./50 puts \$2.82 tied to stock. **TGT** also with 2,250 ITM October \$85 puts bought \$7.95 today

Dicks Sporting Goods (DKS) with 1,000 September \$41 calls sold to open today \$2.05 into recent strength

The Gap (GPS) buyers of the June \$27 puts up to \$2.43 this morning, another 3,000 adding to over 8K in open interest. **GPS** buyers 1050 September \$25 puts as well now \$2.25

Guess (GES) buyer of 1,000 May \$20 calls \$0.85 offer

Ralph Lauren (RL) with 1,250 April \$130 calls sold to open \$3.50 into strength

Children Place (PLCE) buyer of 1,500 June \$90 puts \$4.70 tied to stock

Skechers (SKX) another 2,500 May \$34 puts being bought today for \$2.90 to \$3.00 where buyers were active yesterday

Kohls (KSS) buyer of 1,240 July \$67.50 puts for \$3.90, adding to recent buys and name which saw May \$65 puts bought last week

Nexstar (NXST) buyer of 750 August \$120 calls for \$4.40 to open today into strength

Foot Locker (FL) with 1,000 April \$60.50 calls bought \$2 as weekly calls adjust. **FL** also seeing 2000 May \$60 calls open today

Tiffany (TIF) the August \$110 calls bought 750X today from \$4.20 to \$4.30, coming off a strong quarter. Loop Capital positive today on their multi-year store revamp which is in the early stages

Tapestry (TPR) the August \$32.50/\$27.50 bull risk reversal bought 4,000X for \$2.15 in a stock replacement. Shares are back near recent lows after guiding weak in the 2H but MKM positive recently noting that concerns over Coach 2020 growth and integration of Kate Spade are overblown

At Home (HOME) buyer of 500 May \$18 calls for \$1.50 after September call buys into weakness yesterday and action climbs to 1300. **HOME** September \$19 calls up to 2000X as well now looking to add to yesterday's buys

Las Vegas Sands (LVS) with 550 September \$60 calls bought today \$4.45 to \$4.50 and also seeing some June \$60/\$70 call spreads trade again

Canada Goose (GOOS) with over 10,000 April \$40 puts sold to open this morning \$0.25/\$0.20

MGM (MGM) opening buy 4,000 June \$24 puts \$0.94

Papa John's (PZZA) buyers of nearly 800 January ITM \$60 puts for \$12.70 to \$13.15, over 10,000 of the \$50 puts in OI. **PZZA** now starting to see the January \$50 puts roll back as well to the \$60 strike, 9,700X at \$13.30 to \$13.50

Eldorado (ERI) buyers of nearly 1,000 April \$50 puts today for \$2.90 to \$3.80, fading off the recent highs despite talks of M&A with Caesars

Container Store (TCS) hot name all week seeing 700 July \$7.50 ITM calls open \$1.45

Madison Square Garden (MSG) buyer of 300 December \$310/\$270 bull risk reversals for \$5.80, shares flagging above the 200-day MA. Imperial with a \$383 PT recently citing the growing value of the Knicks and Rangers franchises

Dunkin Brands (DNKN) with 1,000 January \$75 puts opening today for \$5.00, tied to long stock

Consumer Staples

Cronos (CRON) with more than 5,600 June \$18 puts opening today for \$2.73, adjusting down some April \$23, \$22, and \$19 puts

Costco (COST) with 1,000 July \$240 calls opening today \$11.45 as the April \$250 calls adjust, March sales data on 4/10

Fresh Del Monte (FDP) with 1,200 June \$25 puts bought for \$1.60 today as the April puts adjust out

ConAgra (CAG) another 1,725 January \$28 calls bought today for \$2.45

Energy

Diamondback (FANG) on the highs with 550 June \$95 puts sold \$3.70 to \$3.60

Talos Energy (TALO) a hot name recently and seeing unusual activity as 1,000 October \$30 calls open for \$2. **TALO** is a \$1.53B Energy Co. trading 9.43X Earnings and 3.3X EV/EBITDA. **TALO** is a Gulf of Mexico focused name started Buy at Guggenheim in February at Buy with a \$38 target. It made history with its Zama discovery last year.

Enterprise Products (EPD) with 12,750 April \$29.50 calls being bought on the day up to \$0.25 as shares move to session highs

Financials

Deutsche Bank (DB) more bearish flow today as 3,000 October \$7 puts are bought to open up to \$0.59. **DB** now with 10,000 January 2021 \$10/\$8 collars with stock opening

Morgan Stanley (MS) with another 8,000 July \$44 calls being bought \$1.47

Vornado (VNO) with 750 May \$65 calls opening \$3.15

HSBC (HSBC) stock replacement sells 8,000 May \$39 puts to open for \$0.59, shares back near key volume support from December

Redfin (RDFN) falling with 1,000 May \$21 puts opening \$2.10, a failed breakout candle today

BB&T (BBT) the September \$44 calls bought 500X for \$3.45 in a stock replacement

Ares Capital (ARCC) with 13,800 September \$18 calls opening \$0.15

Prudential (PRU) with 2,000 April \$95 puts closing today and rolling to May \$90 puts which are bought for \$2.55. **PRU** also with 1200 May \$90 calls bought to open \$4.30 offer in a sweep today

Healthcare

Centene (CNC) the September \$50/\$42.50 put spread bought 5,000X for \$2.40 after their deal for WellCare yesterday

Therapeutics MD (TXMD) the September \$4 puts bought 1,700X up to \$0.55, Jefferies cautious recently on the commercial success of their assets due to a mature market and their relatively low innovation.

Smith & Nephew (SNN) another 1,000 May \$40 calls bought \$1.50 today where buyers were active this week already

Seattle Genetics (SGEN) buyer of 2,000 May \$85/\$95 call spreads for \$1.70, shares higher after positive data this morning

Cara Therapeutics (CARA) more bearish flow today as 1,500 Jun \$12.50 puts bought \$0.65 to \$0.67, the \$17.50 puts bought 2,000X yesterday. **Cara Therapeutics (CARA)** also seeing 2,500 May \$20 calls bought today for \$1.55 in a stock replacement

Bausch and Lomb (BHC) buyer of 2,000 April 26th (W) \$25 calls to open \$0.90

TelaDoc (TDOC) with 500 May \$55 puts bought \$5.90 offer, seeing lots of put flow in it recently

Integer (ITGR) with 500 December \$95 calls opening \$3.85, shares under pressure the past week and under the 200 MA

ABIOMED (ABMD) April \$300/\$320 call spreads bought 440X into recent weakness

Novocure (NVCR) with 1,000 September \$57.50 calls opening \$3.10 as June \$50 calls adjust

Weight Watchers (WTW) the January 2021 \$40/\$70 call spread trading 1,500X today for \$1.90 into weakness

Walgreens (WBA) the July \$67.50 calls active into earnings next week, 1,000 up to \$1.75

Intercept (ICPT) the April \$95 puts bought 1,000X up to \$3.40 today, spread against the \$75 puts which may be rolling back into EASL

Sarepta (SRPT) buyers of 850 August \$145 calls today for \$8.15 into recent weakness

Abbott Labs (ABT) with 1,750 January \$85 calls bought \$3.62 in a stock replacement

Industrials

Tesla (TSLA) buyer of 1,000 July \$355 calls \$8.50 to \$8.55 in early trade

CarMax (KMX) buyers of 1,600 May \$60 puts to open \$1.80 to \$1.85 into earnings

Spirit Aerosystems (SPR) buyer of 5,000 July \$80 puts for \$1.95 today, tied to long stock

Fastenal (FAST) with 1,350 May \$65/\$62.50 strangles bought today for \$3.85, earnings 4-11

American Air (AAL) block of 10,000 June \$33 ITM puts sold to open for \$3.35

CarMax (KMX) spread today buys 2,250 April \$61 puts for \$1.60 and sells 6,500 of the April \$68 calls for \$1.00, likely overwriting stock ahead of earnings tomorrow

Adient (ADNT) with 3,500 January \$20 calls bought \$1.30, spot where 5,000 have accumulated

Materials

Element Solutions (ESI) another 1,500 August \$10 calls bought today for \$1.05 where buyers were active earlier this week

Tech and Telecom

Western Digital (WDC) with 1,600 April \$49 calls being bought \$0.65 to open. **WDC** also with 2,500 May \$50 calls bought and April \$49 calls over 3000X now

Wayfair (W) buyer of 1,500 January \$170 calls \$25.20 and 2,000 of the \$150 calls at \$33.10 as some April positioning adjusts, also 1,500 May \$180 calls sold to open for \$4.40. **W** also a buyer of 200 January 2021 \$170 calls for \$42.20

Roku (ROKU) buyers of 1,000 April \$59 puts from \$2.00 to \$2.04 today

Applied Materials (AMAT) with 1,000 October \$33 puts sold to open for \$1.46 in a stock replacement, call buys active yesterday

HubSpot (HUBS) with 575 May \$170 calls opening today for \$7.25, rolling out of the April \$165 calls which were bought on 3/4

WageWorks (WAGE) buyers early of 1,000 May \$45 calls up to \$0.80, jumped recently after filing their delayed financials and flagging now under \$40; WAGE still has 6,000 April \$35 calls in OI. **WAGE** with 500 November \$45 calls also opening today \$3.60 to \$3.80

IBM tightly coiled with more than 1,000 May \$145 calls being bought this morning \$2.73

Verizon (VZ) with 3,000 September \$62.50 calls selling to open \$1.49, likely writing against a stock position into strength

Sony (SNE) with 4,000 June \$45 calls opening \$1.30 today as the \$47.50 calls roll back from 3/7 buys

Tencent Music (TME) buyer of 1,000 May \$18 puts for \$1.95 today, consolidating above its 50-day MA after the earnings gap lower

Ubiquiti (UBNT) with 400 May \$150 puts opening \$13.90 to \$14.30 into strength

Arista Networks (ANET) strong name seeing 100 September \$380 calls open this morning \$11.90 to \$12.30

Splunk (SPLK) with 395 April 12th (W) \$116 ITM calls opening near \$7.50, shares at YTD lower value support

Nokia (NOK) with 1,200 November \$8 ITM puts bought \$2.41 to open

Juniper (JNPR) buyers of 1,300 April 12th (W) \$26.50 puts for \$0.76

Taiwan Semi (TSM) buyer of 7,000 May \$40 puts to open up to \$1.35

Casa Systems (CASA) buyers of 1,070 April \$10 puts for \$1.80 to \$1.95 into the lows of the day

JD.com (JD) opening sale of 2,000 May \$30 ITM puts for \$2.18

Broadcom (AVGO) buyer of 750 June 2020 \$400 calls for \$9.30 today to open with shares trading \$300, a lot of upside seen with their recent CA Tech integration and Argus noting that the pivot into 5G will help drive a rebound in sales in the device market in both infrastructure and handsets

Analog Devices (ADI) with 1,500 June \$105 calls bought for \$4.70 to \$4.90 with shares back at the 50-day MA

Booking (BKNG) sizable trade opens 100 January \$1750 calls today in a stock replacement at \$185.90

Salesforce (CRM) with 1,000 August \$135 puts sold to open for \$3.61, follows some June call buys yesterday

Universal Display (OLED) seeing 1,500 April \$150 calls sold to open

Adobe (ADBE) with 6,000 April \$280 calls sold to open today, common strategy in the name for stock holder overwriting calls

Palo Alto Networks (PANW) stock replacement sells 450 January \$200 puts today for \$10.65

Workday (WDAY) with 550 January 2021 \$220 deep ITM puts opening today \$50.65

Utility

NextEra Energy (NEE) buyers of 500 June \$185 puts for \$3.40 to \$3.60 today into recent strength

Disclaimer:

Not Investment Advice or Recommendation

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