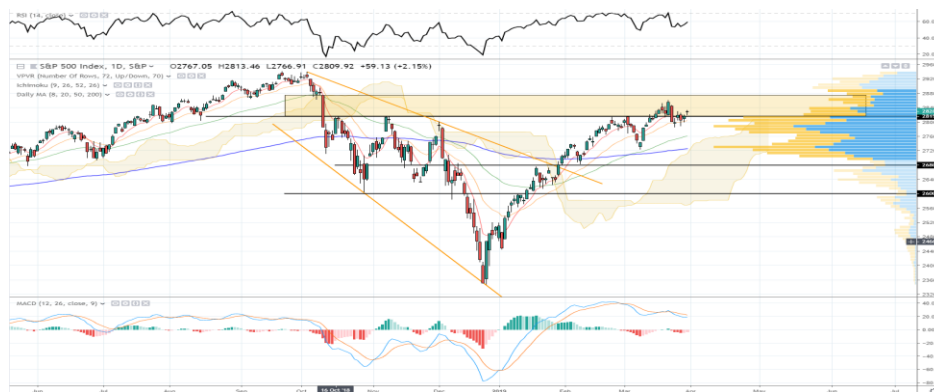


# OptionsHawk

## OPTIONS HAWK DAILY MARKET RECAP 3/29/19

**Market Review:** Global markets finished the week on a strong note as US/China trade talks resumed amicably in Beijing. The two sides will resume in the US in early April as they work towards a deal. The fourth Brexit vote in Parliament failed to gain enough votes for approval, as expected. Personal income data rose 0.2% in February vs 0.3% consensus while spending increased 0.1% vs 0.3%. Chicago PMI was weak at 58.7 vs 61 forecast while the final consumer sentiment figure for March was higher than the flash number at 98.4. New home sales rose 4.9% in February, more positive housing data. **Lyft (LYFT)** opened strong above the priced range, +13.5%. The Fed's Randal Quarles spoke today, a little more Hawkish than others recently, noting that further hikes may be necessary and optimistic on US growth. Larry Kudlow a bit more foreboding calling for an immediate 50 bps rate cut amid an imminent recession. In all, price action remained quiet today after gapping higher to 2,835. We pulled back a bit into yesterday's range but found buyers and held 2,825. A fairly flat week as we consolidate under 2,837.50 but closing near the highs and above key short-term levels like the 8-, 13-, and 20-EMA.

S&P Chart (Daily):



Resistance	Support
2,800	2,725
2,820	2,695
2,900	2,675

### Options Action and Trends:

**What's On Tap:** Looking ahead to next week, we'll get retail sales, PMI manufacturing, Business inventories, ISM Manufacturing, construction spending, ADP Employment, ISM non-manufacturing, and then the focus on NFP on Friday. Overseas, the focus will be on EU PMI manufacturing, China Services PMI, ECB minutes and German industrial production. The earnings schedule is light with LW, WBA, PLAY, GME, SIG, AYI, STZ, and DLTH the focus.

### Trade Tracker Portfolio Changes:

- None
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### Sector Leaders

Energy

Industrials

Tech

### Stock Gainers

GLPG 17%

BB 12.5%

EXP 11.4%

KMX 8.75%

GH 7.5%

### Volatility Gainers

- VKTX
- BHC
- GME
- BIIB
- TLRY
- SYNA
- DB

### High Call Volume

- BB
- ELY
- GLPG
- VRNT
- KMX
- EXP
- RH
- TM

### Bullish Options

- MS
- YY
- AVGO
- DE
- NLSN
- WB
- LULU
- MDT
- WWE
- BAX

### Sector Laggards

REITs

Utilities

Healthcare

### Stock Losers

RH -18.75%

YETI -7%

AZN -4.85%

GSH -3.4%

PVH -3.3%

### Volatility Losers

- RH
- CELG
- BB
- KMX
- LULU
- BMY
- BA

### High Put Volume

- AMAG
- NMRK
- PH
- HSY
- ALRM
- CELG
- TPR
- SCVL

### Bearish Options

- DWDP
- CVS
- HSY
- DB
- TSM
- BMRN
- MNST
- KEX
- JCI
- STNG



## ZenDesk Bulls Pile into Strength

**Ticker/Price:** ZEN \$85

### Analysis:

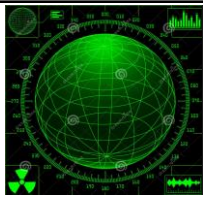
**Zen-Desk (ZEN)** buyers of 700 October \$100 calls \$5.20 offer and follows 1,000 of the October \$95 calls sold to open earlier this week in a buy-write and also have seen buyers in upside January 2020 and 2021 calls. ZEN shares are coming out of a small consolidation and again aiming at new highs, the \$90 levels a 161.8% Fibonacci extension of the 2018 peak to 2018 pullback. The \$9.35B Software Company provides customer support software and trades 11.5X FY19 EV/Sales. ZEN is targeting 35% revenue growth this year after 27% and 39% growth the last two years and set to enter a strong EPS growth phase. It operates with 70% margins and starting to see better FCF. ZEN will present at Showcase Dallas on 4-10-19. ZEN is looking to scale higher with moving upmarket, partnering, and moving into new products. It sees a \$20B+ opportunity between Customer Services Software and Contact Centers. Analysts have an average target of \$87 on shares and short interest is at 6% of the float. Deutsche Bank sees 30%+ revenue growth sustainable for years and has several additional growth drivers, a true differentiator. Wells Fargo with a \$90 target notes momentum in enterprise, growing interest in new products, and strong sales execution. Hedge Fund ownership rose 27.46% in Q4 filings, notable new positions for Viking Global, Time-Square Capital, and Corvex while Cadian Capital continue to add to a large stake.

### Hawk Vision:



**Trading Strategy:** ZEN looks good out of a small range on an eventual run to \$100. Alert set for \$86.

**Confidence Ranking:** \$\$



## Call Buyers Active in Hot Name Sea Limited

**Ticker/Price:** SE \$23.25

### Analysis:

**Sea Limited (SE)** with buyers of 4,140 May \$25 calls for \$1.15 to \$1.20 today and name which has seen a lot of put sales recently into strength in the May \$22.50 and April \$20 strikes. SE has seen buyers in the August \$30 calls as well as May \$22.50 calls which have over 11,000 in open interest. SE is consolidating a big run higher following earnings and back at the 20-EMA today where it is finding support. A move above \$25 targets a short-term move to \$28/\$30 while longer-term measured move is out to \$35. The \$9.93B company trades 12X sales and 9.9X cash with 116% revenue growth in 2019 and 37% in 2020 up to \$3B. SE is a leading internet platform in Asia which focuses on online games, e-commerce (Shopee) and payment processing (AirPay). Revenues more than doubled last quarter with strength in e-commerce up 530% driven by higher GMV and orders. The company sees long-term drivers from higher monetization of their growing community of players, especially around the game Free Fire which rolled out a global eSports tournament in late 2018. Analysts have an average target for shares of \$26 with limited coverage. Short interest is 4.6% and down from around 5% in early March. Stifel positive in March after the company priced an offering of 50M shares. They see the company moving towards profitability without additional need for more external capital. They think the gaming platform (Garena)'s value at \$4.5B and Shopee's at \$5B are well-below the multiples for high-growth marketplace comps. Institutional ownership rose 10.3% last quarter. Tencent a holder of 122M shares and adding last quarter. Tiger Global a holder of 12.29M shares.

### Hawk Vision:



**Trading Strategy:** SE looks great here against the 20-day MA for a swing back above the recent highs and the put sales give added confidence on any move back near the earnings gap.

**Confidence Ranking:** \$\$



## Taiwan Semi Puts Accumulate

**Ticker/Price:** TSM \$41

### Analysis:

**Taiwan Semi (TSM)** with 4,400 May \$41 puts bought today up to \$1.60 and follows 7,000 May \$40 puts were bought yesterday. TSM has seen buyers in the April \$39 puts over 9,000X which remain in OI while longer-term January \$37 puts are in open interest 4,500X. Shares have been strong in 2019 back into weekly cloud resistance at \$41 as well as a high-volume node from mid-2018. TSM is forming a series of lower highs since October and back near resistance of a downward channel which targets a move back to \$32.50. The \$206B semiconductor trades 16.2X earnings, 6.16X sales, and 24.6X FCF with a 3.35% yield. TSM expects a 11% drop in EPS this year and sales growth to be slightly negative for the second straight year. Margins continue to contract after hitting a decade-long high in 2018. TSM reported a 22% drop in February revenue, below guidance which was already cut due to defects in materials from a supplier. The chemical issue damaged a number of chips in production and media reports in mid-March speculated that the production woes, coupled with a slowdown in data center growth and a saturated smartphone market, could drive an annual decrease in profits this year. This would be the first such instance in eight years. Analysts have an average target for shares of \$42 with CLSA downgrading to Underweight in January citing weakness in their long-term outlook. Short interest is 0.66%. Institutional ownership fell 7.5%.

### Hawk Vision:



**Trading Strategy:** Price action remains strong for TSM as it melts higher but on watch for a move under the 13/20 EMA for confirmation of a trend reversal. Earnings coming up in mid-April, a potential candidate for a bearish play.

**Confidence Ranking:** \$\$

## ***Additional Options Flow***

### **Market/ETFs**

**China (FXI)** with 20,000 April 12th (W) \$44.50 calls bought to open looking for potential US/China Trade Deal

**Brazil (EWZ)** stock replacement opens 7000 June \$41 calls \$2.75

**Treasury (TLT)** buyer of 3,000 June \$129 calls today for \$1.14 in a stock replacement

### **Consumer Goods**

**Lululemon (LULU)** with 500 May 3rd (W) \$160 calls bought for \$9.80 as the weekly \$157.50 calls adjust out

**Hershey (HSY)** buyer of 3,000 May \$110 puts for \$2.10

**World Wrestling (WWE)** the April \$80 puts sold to open today 1,300X for \$1.05

**Tiffany's (TIF)** buyers of nearly 1,000 April 12th (W) \$105/\$109 call spreads. TIF also with 725 April \$105 calls bought for \$2.45 to \$2.60

**Tapestry (TPR)** the August \$32.50/\$27.50 bull risk reversal bought another 4,000X today for \$2.20 in a stock replacement, weak name all year

**Callaway (ELY)** buyer of 1,750 April \$12 calls for \$4.18 in a stock replacement, shares basing under \$17.50 and a big low-volume gap from last Fall

**Fresh Del Monte (FDP)** buyer of 1,250 June \$25 puts for \$1.55 today, tied to stock

**Tempur Pedic (TPX)** also with 1,840 January \$67.50 calls sold to open \$5.30 down to \$5

**P&G (PG)** with 1,300 October \$85 puts being sold to open near \$0.99

**Macy's (M)** with buyers of 1,335 August \$24 calls for \$2.25 to \$2.30

**Electronic Arts (EA)** with 1,650 May 3rd (W) \$93.50 puts sold to open today down to \$1.12

**Skechers (SKX)** another 1,475 April \$34 calls bought today for \$1.75 into the highs of the day, IV popping a bit, and earnings expected around 4-18

**Disney (DIS)** the April 12th (W) \$108 puts sold to open today 3,350X down to \$1.15 ahead of their Investor Day

**Lamb Weston (LW)** another 1,550 April \$75 calls bought for \$2.15 into earnings on 4-2

**VF Corp (VFC)** with 650 May 10th (W) \$87 puts sold to open \$3.00 to \$2.80

**Caleres (CAL)** stock pops a bit with 1,250 April \$25 calls bought for \$0.65, almost 15X average

**Harley Davidson (HOG)** buyer of 500 August \$37.50 puts for \$3.70 to \$3.75, earnings on 4-23 and a name which has been in secular decline

## Energy

**Apache (APA)** with 1,170 May \$35 calls opening today \$1.68 to \$1.69

**Halliburton (HAL)** another 1,000 May \$30 calls bought for \$1.01 today in a stock replacement

**Range Resources (RRC)** the April \$10 calls bought 1,000X for \$1.45 as some weekly calls adjust

**YPF SA (YPF)** buyer of 30,000 January \$18 calls for \$0.70, beaten up South American energy name

## Financials

**Uniti Group (UNIT)** buyer of 1,000 August \$10 calls for \$2.30 as it recovers off of recent lows

**Citi (C)** with 10,000 April \$59 puts sold to open \$0.57

**Visa (V)** seeing 1,500 January \$165 calls roll out to 1,000 January 2021 \$65 calls

**US Bancorp (USB)** buyer of 1,000 ITM January 2021 \$45 calls today for \$7.15 to \$7.20

**Greensky (GSKY)** IV falling all morning with 500 June \$15 puts sold to open for \$2.70 to \$2.60, some notable June calls bought recently. GSKY now also with 900 December \$25 calls bought for \$0.65, max strike and timeframe

**Marsh and McLennan (MMC)** with 450 October \$100 calls opening for \$2.03 as some July \$95 calls roll out, name which is flagging under recent highs

## Healthcare

**Medtronic (MDT)** buyers early today for 1,900 May \$92.50 calls

**BioMarin (BMRN)** May IV higher this morning with 500 ITM \$90 puts opening \$5.80 to \$6.10 range

**CVS Health (CVS)** bear continues to press bet with 2,000 next week \$56.50 puts opening as this week adjust

**Cara Therapeutics (CARA)** buyers of 925 May \$20 calls for \$1.80 where buyers opened 1,500 yesterday afternoon. CARA highs of the day and now 1,500 June \$20 calls bought \$2.85

**Amarin (AMRN)** with 1,600 September \$21 puts sold to open \$4.70 in a stock replacement

**Novartis (NVS)** buyers of 4,000 May \$100 calls for \$0.95 today as the \$95 calls close 2,500X and roll up in strikes

**Baxter (BAX)** buyers of 2,000 May \$82.50 calls for \$1.63 to \$1.67 with shares on the highs of the day

**Myriad Genetics (MYGN)** the May \$31/\$25 put spread bought 3,500X today for \$1.20, tied to stock

**TG Therapeutics (TGTX)** IV jumpy earlier with 3,000 April \$10/\$6 strangles bought for \$0.37 into their data presentation at AACR on Monday

**Marinus (MRNS)** the July \$3 calls bought 975X today for \$1.70 to \$1.75 into PPD data due by mid-year

## Industrials

**Deere (DE)** buyers of 1,000 April 12th (W) \$165 calls for \$1.05 to \$1.08 with the planting report later today

**UPS (UPS)** the April 12th (W) \$113/\$116 call spread opening 2,000X for \$0.74 as some weekly \$112 calls close out, near a flag breakout

**Cummins (CMI)** with 785 April 12th (W) \$160 calls bought \$1.20 to \$1.60

**Colfax (CFX)** buyers of 1,625 September \$30 calls for \$2.95 to \$3, moving out of a flag today above the 200-day MA

**Kirby (KEX)** spread sells the April \$80 calls to buy the \$75/\$70 put spread 3,000X for a net \$1.00 debit

**Johnson Controls (JCI)** the April \$36 puts bought 2,000X today for \$0.37 as IV pops

**Scorpio Tankers (STNG)** with 1,000 January \$22 calls sold to open for \$3

**Matson (MATX)** with 700 September \$30 calls opening today for \$7.40 in a stock replacement, consolidating in a flag around the 200-day

**AerCap (AER)** another 1,500 October \$42.50 puts bought for \$2.15 today, spot where 2,500 have been bought recently

## Materials

**Dow DuPont (DWDP)** opening sale of 1,000 September \$52.50 calls \$3.25 bid after cutting outlook again. DWDP with 3,000 January \$75 calls sold to buy 3,000 of the \$50 puts, may be collaring up a stock position. DWDP now with 2,000 June 2020 \$62.5/\$45 bull risk reversals opening \$1.15 credit

**Timken (TKR)** unusual buys of 330 June \$40 calls \$4.80 in sweeps

**Vulcan Materials (VMC)** with 5,000 May \$125 calls sold to open today for \$2.05 tied to stock

**Univar (UNVR)** the December \$20 puts sold to open today 2,000X for \$1.45, shares back to cloud support and the 50-EMA after a strong bounce since December.

**Grace (GRA)** buyer of 400 September \$77.50 calls for \$4.60 today, rolling up 200 of the September \$70 calls

**Freeport McMoRan (FCX)** with 16,800 April \$13.50 calls and 12,000 April \$14 calls bought today, low-premium plays as IV jumps

**Eagle Materials (EXP)** higher by 14.5% today after Sachem Head disclosed an activist stake and seeing 1,150 April \$82.50 puts bought from \$1.75 to \$1.80 this afternoon, likely hedging gains

## Tech and Telecom

**Weibo (WB)** the May \$65 calls bought 1,000X today for \$1.96 to \$2.00 as the April \$70 calls adjust

**Nielsen (NLSN)** aggressive buy of 1,000 June \$25 calls \$1.30 to \$1.35

**Taiwan Semi (TSM)** buyer of 3,000 May \$41 puts up to \$1.60 after 7000 of the \$40 puts opened yesterday

**Broadcom (AVGO)** opening sale of 500 April \$315 puts for \$15

**YY (YY)** with 425 ITM April 26th (W) \$90 puts sold to open today \$9.00 to \$8.30

**Xilinx (XLNX)** with 400 ITM June \$130 puts being sold to open near \$9.25 after the big target raise this morning

**TAL Education (TAL)** near a breakout with 950 May \$39 calls bought \$1.15

**Ubiquiti (UBNT)** seeing 525 May \$145 puts bought to open after 1,000 of the \$150 puts opened yesterday

**Universal Display (OLED)** with 440 January \$135 calls opening for over \$1.5M position as the \$120 calls adjust

**Marvell Tech (MRVL)** another 5,000 April \$20 calls bought today up to \$0.57, looks to add to almost 10K in open interest

**Microchip (MCHP)** pulling back this week to the 20-week EMA and 4,000 April \$87.50 calls open this afternoon for \$0.50 to \$0.55. Piper positive on 3/21 seeing a strong 2H

**Wix.com (WIX)** buyers active for 685 April \$120 calls up to \$4.20

**Bilibili (BILI)** with 2,000 June \$17.50 puts sold to open this morning for \$1.60 to \$1.30, pulled back to prior support and moving out of a bull wedge today. BILI also with 400 July \$20 puts sold to open for \$2.90 today

**Grub Hub (GRUB)** with an opening sale of 400 January \$55 puts for \$5.10 today

**Flex (FLEX)** buyers of 5,000 May \$10 calls for \$0.53 to \$0.54

**Yandex (YNDX)** the April \$35 calls opening for \$1.05 today, 2000X as shares continue to consolidate above the prior breakout

**Snap (SNAP)** bouncing a bit here with 12,500 April 12th (W) \$11 calls bought up to \$0.42

**Altaba (AABA)** buyers of 10,000 April \$73 puts for \$1.04 to \$1.12 this afternoon

**JD.com (JD)** buyer of 11,500 May \$32 calls for \$1.14 today as some positions adjust into strength, name which has drawn a lot of bullish flow lately

**Okta (OKTA)** buyers of 500 November \$105 calls for \$6.09 to \$6.10 with shares trading \$82.50

**Mitek (MITK)** buyer of 2,000 May \$15 calls for \$15 as some April calls adjust

**Shutterfly (SFLY)** spread sells the September \$30 puts to buy the \$50/\$55 call spread 900X at a net credit

**TE Connectivity (TEL)** buyers of 1,000 April \$80 puts for \$1.20 today, rolling back the \$75 puts as shares fade off the 200-day

**Qualcomm (QCOM)** buyer of the April \$56.50 puts 8,500X for \$1.06 to \$1.13 late day

### 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.*

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