

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 3/4/2019

### Sector Leaders

#### Homebuilders

Ag's

#### Oil Services

#### Stock Gainers

ASND 59%

CLFD 9.6%

MR 8.6%

STNE 8.6%

EGAN 8.5%

VYGR 8%

SYNL 7.75%

#### Volatility Gainers

- CELG
- OKTA
- COUP
- STNE
- SIG
- ELAN

#### High Call Volume

- KAR
- LOGI
- SSP
- SSNC
- ASND
- WDAY

#### Bullish Options

- AMAT
- MCD
- WDAY
- QCOM
- UNP
- MA
- MELI
- WP
- PDD
- NVDA
- CTRP

### Sector Laggards

#### Software

Biotech

#### Retail

#### Stock Losers

FMC -13%

OKTA -11.75%

ENDP -11.4%

PLCE -10%

TNDM -9.8%

PETQ -9.8%

GWRE -9%

#### Volatility Losers

- ASND
- RDNT
- DDD
- OMER
- PLCE
- RESI

#### High Put Volume

- SBAC
- SCI
- VSM
- IRDM
- TM
- RESI

#### Bearish Options

- K
- GPS
- TSLA
- MOMO
- SBAC
- ESTC
- BBBY
- FTCH
- IRBT
- ACN
- SHOP

**Market Review:** Stocks were sharply higher overnight to start the week continuing the 2019 upward momentum on continued optimism on a US/China trade deal and Europe/Asia traded strong. Despite the positive open we saw an early rotation out of the top performing Software group as Macro/China clarity provided for rotations to other industries. Markets sold off hard after the higher open with a classic sell the news reaction to a nearing China agreement, some strength in Housing and Oil Services while weakness across growth areas like Software, Biotech, Aerospace, and Consumer Discretionary. The schedule tomorrow is fairly quiet with New Home Sales and ISM Services and investors will be watching to see if the low today that saved the five week trend can hold.

#### S&P Chart:



Resistance	Support
2,820	2,770
2,850	2,730
2,900	2,695

**Options Action Trends:** We saw some put buying in Software outperformers like ESTC and FTCH while calls bought in Semiconductors like TXN and NVDA on the changing China sentiment. Tech dominated opening hour flows.

**What's On Tap:** New Home Sales and ISM Services.

#### Trade Tracker Portfolio Changes:

1. **Spotlight:** Long the **BAC** June \$29 Calls \$1.50
2. **Spotlight:** Long **DHI** May \$39 Calls \$2.45 – No Fill



## Bulls Active in Fast Growing Chinese Co. Pinduoduo

Ticker/Price: PDD (\$31.70)

### Analysis:

**Pinduoduo (PDD)** been the strongest China name and 2,000 April \$35 calls bought \$1.20 to \$1.40 this morning, earnings 3-13. PDD showed strength even when China was weak and has seen all bullish positioning in 2019 with put sales often a popular strategy. Shares are out of its \$18/\$26 range that targets a move to \$34. The \$33B Chinese ecommerce platform trades 13.3X FY19 EV/Sales and grew revenues 239% in 2017, set for 647% growth in 2018, and forecasts another 110% growth in 2019. PDD is seeing strength across all metrics like active users/buyers and spending per active buyer. Analysts have an average target of \$31 and short interest is 10.3% of the float. PDD has not seen a lot of sell-side coverage, Goldman initiating Buy with a \$31.90 target in September as the fastest-growing internet company in the World benefiting from robust growth in China ecommerce via its popular app and Tencent's social networks. Morgan Stanley also positive seeing it best positioned for ecommerce in lower tier cities in China. Hedge Fund ownership fell 12.88% in Q4 filings, Tencent with a \$21B stake.

### Hawk Vision:



**Trading Strategy:** PDD is an exciting growth name and up too much here to chase ahead of earnings, but surely will be providing opportunities down the road.

**Confidence Ranking:** \$\$



## Continental Resources Attracts Upside Call Buys

**Ticker/Price:** CLR (\$45)

### Analysis:

**Continental Resources (CLR)** aggressive buyer of 1,860 June \$52.5 OTM calls \$1.45 to \$1.50. CLR has some notable open interest in the March \$47.5 and \$50 upside calls while the \$42.5 and \$42 puts have seen opening sales. CLR saw opening buys recently of 1,875 April \$45 calls and 1,225 of the \$47.5 calls. CLR shares are sitting on a big level with the 200 day MA and VPOC, a move above \$47 would be bullish. The \$17.2B Oil company trades 14.45X Earnings and 6.7X EV/EBITDA. CLR sees 2019 as a transitional year and a return to 20% topline and 48% bottom-line growth in 2020. CLR has exposure to all the hot shale areas with Bakken, STACK and SCOOP and saw solid production growth in each region last quarter. CLR is a cost leader with the lowest cash flow breakeven among peers, and the highest recycle ratio. Analysts have an average target of \$59 and short interest at 9.9% of the float is near a new three year low. Citi lowered its target to \$55 this morning citing the slower growth outlook but remains Buy rated. KeyBanc started shares Overweight on 2-12 liking the consistent free cash flow and beta reaction to a continued oil price recovery. Hedge Fund ownership rose 1.8% in Q4 filings, Point-72 adding to its stake. CLR would make an intriguing acquisition target for Exxon (XOM).

### Hawk Vision:



**Trading Strategy:** CLR is one of the more attractive Oil & Gas names if prices can break to the upside, alert in at that \$47 level for now.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Russell (IWM)** with the June \$159/\$151 put spreads bought 3,000X to open and sold the \$167 calls. **IWM** also with 6,900 March 22nd (W) \$156 puts opening

**S&P (SPY)** with 38,000 April 12th (W) 4262 puts opening for \$0.87 as March 29th (W) \$257 adjust, also Mar. 29th (W) \$275 puts being bought 15,000X to open

**NASDAQ (QQQ)** with 76,000 Apr. 12th (W) \$163 puts opening this morning

**Consumer Staples (XLP)** buyer of 5,600 April \$54 puts to open \$0.78

**China (FXI)** block of 9,000 May \$44.50 calls opened \$1.59, rolling up \$43.5

## **Consumer Discretionary**

**The Gap (GPS)** with another 5,000 April \$28 puts bought \$1.05

**McDonald's (MCD)** weak early but seeing 5,000 April 5th (W) \$190/\$195 call spreads bought to open, presenting 3-15 at JPM Conference. **MCD** May \$180 calls opening 1,500X at \$7.50, look to be adjusting April \$185

**Chipotle (CMG)** with 100 March 29th (W) \$600 calls opening \$25.55

**Signet (SIG)** buyer of another 2,000 April \$30 puts at \$4

**Shutterfly (SFLY)** with 3,500 April \$40 puts being sold to open \$0.55 bid

**Etsy (ETSY)** seeing 1,300 June \$65 puts open this morning spread versus \$55 and \$50 puts

**Nielsen (NLSN)** stock buyers opening 3,200 June \$30/\$25 collars

**Darden (DRI)** shares jumpy as 3,000 April \$110 calls are bought to open \$4.40 to \$4.55, earnings 3-21, also trading 1,345 March \$110 calls and saw some calls roll out last week

**Dish (DISH)** sweep buyer of 670 June 2020 \$35 calls \$6.50 offer

**Rent-A-Center (RCII)** opening aggressive buy of 4,000 April \$18 puts \$0.85 offer

**Nike (NKE)** buyers of 3,200 June \$72.5 OTM puts to open today \$0.77 to \$0.85

**Chico's (CHS)** buyers 12,000 March \$6 puts \$0.55 to \$0.65 ahead of earnings Wednesday

**Abercrombie (ANF)** down 4% today ahead of 3-6 earnings and seeing spreads sell the weekly \$18 puts to buy the \$23/\$25 call spreads 4000X

## **Consumer Staples**

**Anheuser Busch (BUD)** with 15,000 September \$70 calls opening \$13.50 as March \$70 calls adjust

**Costco (COST)** trading 1,000 July \$220/\$210 put spreads ahead of earnings 3-7

## **Energy**

**Conoco (COP)** buyers of 735 April \$67.50 calls \$3.70 to \$3.90. **COP** April \$67.50 calls up to 2,760X on the day

**Sandridge Energy (SD)** buyer of 4,000 July \$10 calls \$0.55



**EnSCO (ESV)** an offshore name seeing 10,000 September \$4 calls open ITM \$0.95 to \$1

**Hess (HES)** with IV rising as 5,000 weekly \$58 puts open

**Helmerich and Payne (HP)** buyers of 560 June \$55 calls \$2.95 to open

### Financials

**MasterCard (MA)** buyer of 3,000 March \$230 calls \$1.95 as weekly \$227.50 calls adjust, earlier the April 5th (W) OTM \$242.50 calls with unusual buying

**WorldPay (WP)** buyers of 875 May \$100 calls to open \$3.70

**Blackrock (BLK)** consolidating under the 200 MA and 100 October \$450 calls bought in a sweep \$26.90 to \$27.60

**BB&T (BBT)** with 3,000 April \$50 puts opening \$0.60

**Automatic Data (ADP)** buyer of 1,500 March \$152.50 calls for \$2 in a stock replacement

**CME Group (CME)** opening sale of 1,000 April \$180 puts for \$4

**Cullen Frost (CFR)** unusual buyer 500 December \$95 puts to open \$4.40

**Goldman (GS)** with 1,000 April 12th (W) \$200 puts opening \$8.17 as March \$200 puts roll

### Healthcare

**Centene (CNC)** buyer of 1,500 June \$72.5/\$77.5 call spreads for \$0.45, M&A an active theme in Managed Care

**DaVita (DVA)** with 1,000 October \$50 puts bought \$2.85 to \$3 to open, follows the 4,375 April \$55 puts last week and news this morning regarding dialysis centers

**Teva (TEVA)** opening sale of 1,000 Jan. 2021 \$18 straddles for \$7.45

**United Therapeutic (UTHR)** buyer of 1000 Mar \$120 puts to open \$1.30

**BioHaven (BHVN)** calls active yet again with 1,500 April \$50 calls \$3.65, have to confirm OI tomorrow

**Lab Corp (LH)** unusual activity with 970 August \$145 ITM calls opening \$9.70 to \$9.90 midday, shares pulling back to the 20 day MA today and in a narrow two week trading range. The \$15B diagnostics lab trades 12.4X Earnings and 13.7X FCF. Piper out on 2-7 saying shares are already pricing in bad news and expects more deal activity and share buy backs in 2019. UBS started at Buy with a \$169 target on 1-17 expecting the multiple to rerate with a better 2H19.

**Intra-Cellular (ITCI)** with 3,000 April/August \$15 calendar call spreads opening for \$1.85

**Amarin (AMRN)** unusual spread opens 20,000 March \$17 ITM calls at \$4.35 to \$4.40 and sells 10,000 April \$22 calls \$2

**Abbott (ABT)** a strong chart seeing 2,000 April \$80 calls open today as March \$75 adjust out and up

**Boston Scientific (BSX)** with 2,500 weekly \$41 calls opening \$0.45 and 1,500 March \$40.50 calls for \$0.70

**Exelixis (EXEL)** with 5,000 May \$23 calls sold to open \$1.85 versus stock

### Industrials

**Union Pacific (UNP)** trade opens 5,000 April \$175 synthetic long positions at net credit of \$4.55

**KAR Auction (KAR)** moving higher with 3,000 April \$50 calls bought \$0.60 to \$0.65 into recent weakness

**Stanley (SWK)** featured recently with bullish positioning and did pull back the last six sessions but bouncing near its rising 20 MA and today 2,500 October \$140 calls are bought \$9.75 to open.

**DR Horton (DHI)** buyer of 4,800 May \$39 calls \$3.09 as March \$39 calls adjust

**Canadian National (CNI)** spread buys 2,500 April \$85 puts \$1.90 and sells 2,500 each of the \$80 and \$75 puts for \$0.71

### Materials

**Rio Tinto (RIO)** with 1,000 Jan. \$52.5 calls bought for \$8 as October calls adjust out

**US Steel (X)** buyer of stock with 5,000 October \$24/\$22 collars

**Methanex (MEOH)** strength in a weak tape with 1,000 April \$65 calls bought to open \$0.90 to \$0.95

### Tech and Telecom

**Applied Materials (AMAT)** buyers active early for 2,500 March \$38 calls up to \$2.25. **AMAT** with 1,000 May \$40 puts opening \$2.12 to \$2.15

**Workday (WDAY)** with 12,500 September \$160 calls opening \$37.50 as the March \$140 calls roll out and up

**Salesforce.com (CRM)** with earnings tonight seeing 3,800 April \$185 calls sold to open in early trading, likely writing versus stock holdings

**NVIDIA (NVDA)** buyer of 2,600 May \$175 calls to open \$4.95

**Okta (OKTA)** seeing IV rise with 3,000 March \$90 calls opening \$1.80 to \$2.20 into earnings 3-7

**C-Trip (CTRP)** buyer of 1,000 June \$35 calls to open \$3.30 offer in an aggressive sweep, shares breaking out of consolidation this morning with room to push back to \$38

**I-Robot (IRBT)** with 1,000 May \$130 puts opening into strength up to \$14.80

**Coupa (COUP)** in a tight trading range last few weeks into 3-11 earnings and despite Software weakness this morning seeing 1,000 April \$90 calls open for over \$1M

**Far-Fetch (FTCH)** with 3,000 April \$30 puts opening \$2.50 into recent strength

**Elastic (ESTC)** down 6% and seeing 1,000 April \$90 puts open \$5.70 to \$6 with Software weak

**MercadoLibre (MELI)** buyer of \$1M in April \$400 calls 175X at \$64 to \$65

**Momo (MOMO)** with 2,000 March \$31.50 puts opening \$0.95 to \$1.15. **MOMO** with 1,000 March \$32 puts opening \$1.20 to \$1.35 as well

**SBA Communication (SBAC)** seeing 1,000 April \$180/\$175 put spreads opening and the \$185 calls sold against 490X

**Qualcomm (QCOM)** with sizable October call buys on Friday and today 2,675 May \$62.5 OTM calls opening \$0.46 offer

**Z-Scaler (ZS)** far OTM calls with buyer this morning, the Jan. \$90 calls 340X and the Jan. 2021 \$90 calls 200X

**Criteo (CRTO)** with 500 July \$25 ITM calls opening \$4.30

**LAM Research (LRCX)** with 500 May \$170 puts bought \$6.10 to \$6.15 to open, also seeing 700 March 22nd (W) \$162.5 deep ITM calls open

**Weibo (WB)** tight consolidation under the 200 MA and earnings tomorrow morning, the July \$80 calls open 600X at \$5.20 and 1,000 weekly \$78 calls opening

**Shopify (SHOP)** sweep buy of 500 April \$190 puts \$12.30

**Versum (VSM)** with 2,500 June \$47.5 puts sold to open for \$1.35, currently being acquired and received a higher offer from Merck KgA that it rejected

**Iridium (IRDM)** buyer of 3,000 July \$22 puts to open \$2.35 to \$2.45

**Western Digital (WDC)** with 4,000 May \$52.50 calls bought to open \$4.28 as 2,500 April \$45 calls close out \$8.41

**Twilio (TWLO)** down 7% with growth Tech sold off hard to start the day, and back at the Feb OpEx VPOC and seeing 4,000 April \$125 calls open \$3.65 to \$3.70

**Baidu (BIDU)** with 1,000 May \$165 calls bought \$8.30 to \$8.47

**Sea Ltd (SE)** seeing 1,000 each of the Jan. 2021 \$20 and \$17.5 puts sold to open. **SE** ripping this afternoon with 3,000 March \$22.50 calls bought up to \$0.75 after large Jan 2021 opening put sales earlier

**IBM** 1000 May \$140 puts bought tied to stock

**Microsoft (MSFT)** seeing size trades in Jan. 2020 today with large sales of the \$90 and \$77.50 puts and buys of the \$115, \$130, and \$135 calls in bull risk reversals

**Hubspot (HUBS)** with 580 April \$165 calls opening as March adjust out, positive note from BAML this morning

**Cisco (CSCO)** opening sale of 4,000 Jan. \$50 puts for \$3.90 in stock replacement

**Trip Advisor (TRIP)** with 2,000 April \$50 puts opening \$1.43 as March \$55 roll down and out

### Utility

**PG&E (PCG)** with 25,000 June \$25 OTM calls bought \$0.55 to \$0.60 as March now deep ITM \$10 calls close \$7.95, keeping upside lottery ticket exposure after a big gain

### **Disclaimer:**

#### **Not Investment Advice or Recommendation**

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