

OptionsHawk

OPTIONS HAWK DAILY MARKET 3/5/2019

Sector Leaders

Retail

Consumer Discret.

Media

Stock Gainers

CTRP 21%

YY 13.5%

TPB 13.3%

HUYA 11.25%

VRTV 10.5%

GSKY 10.3%

QTT 8.3%

Volatility Gainers

- NVAX
- ARQL
- I
- ANIK
- ELAN
- TSLA

High Call Volume

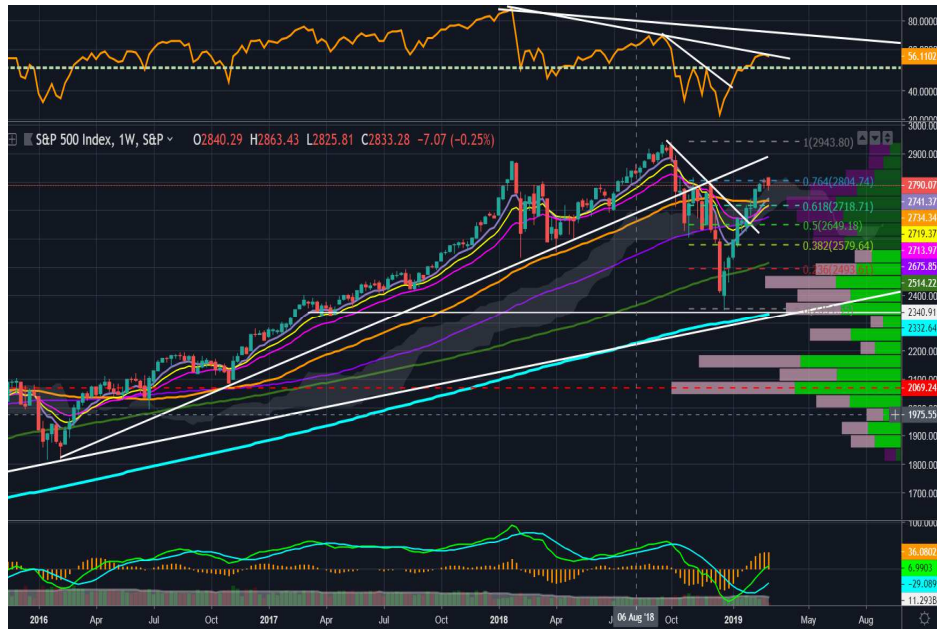
- YNDX
- STAY
- GPRE
- GSKY
- CARS
- CHKP

Bullish Options

- ABT
- T
- MRK
- ALGN
- PG
- CVS
- MLNX
- YNDX
- WP
- STAY
- WCG

Market Review: Markets rebounded modestly overnight despite China lowering its growth outlook as they also initiated pro-growth policies slashing taxes and boosting lending. In Europe the Services numbers came in healthy alleviating some fears of a sharp slowdown in that economy. We saw solid Retail earnings out of Target and Kohl's, and in Tech Salesforce and Ciena posted strong quarterly results. ISM Services came in strong in morning data and lifted shares off an early fade and new home sales also came in strong. We saw Housing, Energy and Financials show relative weakness while Retail, Discretionary and Media rallied. Stocks bounced in a key 2780/2797 value range for S&P futures. We saw Med-Tech and Biotech gain some strength throughout the session. The Fed will be in focus tomorrow with a few speakers and the Beige Book.

S&P Chart:



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

Options Action Trends: Action was lighter than normal with the market entering a bit of a catalyst-void, though Tech remained the focus. Bulls continued to be active in Managed Care names CNC, HUM, CVS and WCG.

What's On Tap: Trade Balance, Fed Speakers, and Beige Book.

Trade Tracker Portfolio Changes:

1. **Spotlight:** Long DHI May \$39 Calls \$2.45 – No Fill

Sector Laggards

Oil & Gas

Housing

Financials

Stock Losers

ADMS -30%

REV -19%

JW.A -15.5%

I -14.8%

HTZ -12.5%

DOMO -9.5%

PS -7.5%

Volatility Losers

- GSKY
- DOVA
- CIEN
- KSS
- YY
- CRM

High Put Volume

- PWR
- LYB
- EVH
- NPTN
- FDP
- HTZ

Bearish Options

- VOD
- GLW
- GM
- GME
- GPS
- JEF
- PLCE
- MU
- BIDU
- NOC
- IRBT



Bulls Target Darden Calls for Earnings Breakout

Ticker/Price: DRI (\$111.20)

Analysis:

Darden Restaurants (DRI) traded 8.5X daily call volume on 3/4 as sizable buys came in for 3,000 April \$110 calls \$4.40 to \$4.55 while 1,340 March \$110 calls saw sweep buys aggressively \$2.45 to \$2.60 as well. DRI saw 640 October \$125 calls open on 3/1 as an adjustment from April \$105 calls, and has some open interest from December buys in July \$110 and \$115 calls for 1,000X and 500X respectively. The \$13.78B owner of Olive Garden, Yard House, Bahama Breeze, and Longhorn Steakhouse trades 17.55X Earnings, 1.66X Sales, 39.5X FCF and 12X EBITDA with a 2.7% dividend yield. DRI is next set to post earnings 3-21 and shares have closed higher 7 of the last 10 reports with an 8.1% average six quarter move. DRI is seen hitting 5.4% revenue growth and 18% EPS growth for FY19 and 7%/11.4% in FY20. It has seen ROIC steadily climb to 10.5% in 2018 and at 0.4X Debt/EBITDA it has a strong balance sheet. On the chart shares held well above the uptrend line in the Q4 selloff and also above the supportive rising 89 week MA, now coiled under \$113.50 for a breakout move that measures to a \$130 target. Short interest is at 5.3% of the float down 11.8% Q/Q. Wedbush started shares Neutral on 1-31 with a \$110 target on valuation. Loop Capital was out positive on 1/17 seeing an upbeat tone at the ICR Conference with a favorable backdrop of wage growth and strong employment and a best-in-class position among casual diners to gain market share given superior operations. BAML raised to Buy on 1-11 with a \$120 target noting the company is positioned to leverage its size and brand strength and its data analytics & customer insights positions the company for an industry shift towards scale. Hedge Fund ownership fell 0.84% in Q4 filings, Point-72, Bridgewater, and Melvin Capital all new buyers of note.

Hawk Vision:



Trading Strategy: DRI is a good combination of strong fundamentals, nice chart set-up, and institutional sized call buying. I set an alert above the recent high to consider entry.

Confidence Ranking: \$\$



Conoco Bulls Look for Oil Strength to Drive Upside

Ticker/Price: COP (\$69.85)

Analysis:

Conoco Philips (COP) yesterday with over 4,500 April \$67.50 calls bought up to \$3.90 on the day, over \$1.1M in premium paid. COP had 1,150 May \$67.50 puts sold to open recently and notable June open interest with the \$65, \$67.50, and \$70 calls as well as the \$55 short puts. The January 2020 \$80 calls have also seen over 2,000 bought. Shares are nearing a bull flag breakout above \$71 which measures out to \$77 and a small volume node from early October. COP is consolidating above the weekly cloud and 8-week EMA with a channel target of \$85. The \$80.9B company trades 16.25X earnings, 2.2X sales, and 16.8X FCF with a 1.75% yield. COP expects 21% EPS growth in FY20 with 14.6% revenue growth as they benefit from better production levels and higher realized prices. COP has been exploring a sale of their North Sea assets which could fetch up to \$2B and Reuters recently reporting that Eni and Hitec-Vision are teaming on a bid. Analysts have an average target for shares of \$76.50 with 13 buy ratings and 7 hold ratings. Short interest is 0.9% and moving to its lowest level since 2011 last month. Goldman upgraded shares to Buy on 2/3 with a \$82 PT. They see better long-term differential assumptions outside of the U.S. and a reduced operating cost outlook given recent trends as tailwinds. Institutional ownership fell 7.5%. Gyroscope Management a buyer of 20,000 call options.

Hawk Vision:



Trading Strategy: COP is a best of breed name among the large cap producers, though trading Energy names is always tricky but OPEC in June could propel prices higher. Current breakout alert set at \$70.50.

Confidence Ranking: \$\$



Large Call Buys into Align tech Weakness

Ticker/Price: ALGN (\$235)

Analysis:

Align Tech (ALGN) with \$3M in calls bought the opening 20 minutes with 1,430 July \$240 calls opening \$22.90 to \$23.50. ALGN shares are down 7.5% this morning after closing 12 Invisalign store in a arbitration ruling and booking a Q1 charge. ALGN has previously seen buyers in the \$230, \$260 and \$270 calls as well as 1,000 April \$185 short puts.

ALGN shares are pulling back to near the 50 day MA at \$227 while true volume support is near \$220. The \$20.45B med-tech leader trades 36.85X Earnings, 10.4X Sales and 77.25X FCF. ALGN is set to finish 2018 with 33.5% topline growth and sees 23% growth each of the next two years. Analysts have an average target of \$275 and short interest at 4.5% of the float has been rising early in 2019. UBS cut shares to Neutral with a \$275 target on 2-14 noting declines in ASPs but annual price increases mid-year should be a boost. It continues to have dominant market share and best-in-class technology in an underpenetrated market. ALGN remains a leader in the clear aligner space which has a massive

TAM, over 12M ortho cases globally where they estimate just a small fraction have been served. The company is expanding their digital services and new product offerings in areas like MA in 2019 which should help them gain share in an overly competitive space. ALGN especially sees a big opportunity in emerging markets and focused on Brazil which is the second largest market for cosmetic procedures. RW Baird defended shares this morning with a \$286 target. Hedge Fund ownership fell 3.6% in Q4 filings, Polen Capital reducing its position while Tybourne, Melvin and Viking Global took new positions.

Hawk Vision:



Trading Strategy: ALGN is still a great long term own and want to see this sell-off settle out before taking a new position, also figure we see more flows in coming days/weeks.

Confidence Ranking: \$\$



Sizable Call Spreads Open in Beaten Up Wellcare

Ticker/Price: WCG (\$243)

Analysis:

WellCare (WCG) working on reversal and 3000 April \$250/\$280 call spreads are bought for \$7.10 as beaten up managed care names continue to draw bullish positioning. WCG saw 1,000 April \$270 calls open on 2/28 as well. WCG is hitting the lower end of its weekly cloud and a key volume node, important to hold above \$237.50. The \$12.7B Company trades 14.9X Earnings, 0.62X Sales and 101X FCF. WCG grew revenues 20% each of the last two years and sees 29% growth in FY19 while EPS seen growing more than 20% each of the next two years. WCG presents at the Raymond James Conference today and Barclays Conference on 3-13. Barron's was out positive recently on the aging US population and extension of Medicaid coverage in most states. Analysts have an average target of \$327 on shares and short interest down 20% over the past quarter. Cowen started shares Outperform with a \$335 target last week seeing visibility in multi-year growth drivers such as Meridian, organic contract wins, and the addition of Aetna's prescription drug lives in 2020 as well as PBM re-contracting in 2021. BMO has a \$330 target calling it the best positioned growth stories in Managed Care with significant room for margin expansion. Hedge Fund ownership fell 20.5% in Q4 filings, Carmignac Gestion taking a notable new stake as did Healthcor Mgmt., Viking Global, and Point-72.

Hawk Vision:



Trading Strategy: WCG looks like a great name to own into weakness as a best of breed name and working on that reversal candle today, worth monitoring closely.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Silver (SLV) hit hard the past week seeing 24,165 May \$14 calls bought to open \$0.49 to \$0.51

NASDAQ (QQQ) with the May \$177/\$185 call ratio opening 4,000X8,000

S&P (SPY) with 8,000 June \$254/\$247 put spreads bought to open

Biotech (XBI) with 10,000 April \$88/\$80 put spreads bought as the \$82/\$75 spreads adjust, likely hedging a Biotech portfolio

Consumer Discretionary

The Gap (GPS) with 5,000 March \$27 puts bought \$0.43 to \$0.52

Children's Place (PLCE) with 1,500 June \$90/\$70 put spreads opening

Capri (CPRI) buyer of 1,800 May \$45 straddles for \$7.40

Take Two (TTWO) with 1,000 March \$90.50 calls opening \$0.94

Extended Stay (STAY) popping with 9,500 July \$30 calls bought up to \$1.10, follows action in the \$17.5 and \$20 calls last week 5000X and the Goldman note on strategic value

BJ's (BJ) with 2,000 March \$25 puts bought \$0.95 to open into 3-6 earnings

Charter (CHTR) IV jumped as 2,500 April \$320 puts opened for \$3.30

Cinemark (CNK) with 890 April \$40 calls bought \$1.05 to \$1.15 to open, strong breakout yesterday on volume. Imperial with a \$47 target noting it beat on all metrics and raised the dividend.

Chico's (CHS) with 10,000 March \$7 puts opening into earnings as the \$6 puts adjust

Comcast (CMCSA) buyers of 3,650 July \$42.50 calls today \$0.60

Starbucks (SBUX) with 3,500 April \$72.50 strangles sold to open \$3.49

Wynn (WYNN) large opening buy 3,500 June \$125 calls \$9.85 to \$10.45 into recent weakness

Stitch Fix (SFIX) buyer of 1,000 March \$26.50 puts \$1.70 today

Consumer Staples

P&G (PG) seeing 2,200 May \$100 calls open \$2.45 to \$2.50

Molson (TAP) buyer of 750 July \$65 calls \$1.80, the April \$62.5 adjusting out and up

ConAgra (CAG) trading another 3,000 Jan. 2021 \$20 calls today looking to add to the 1000 opened yesterday. **CAG** also seeing 3500 April \$22 puts bought \$0.80 to open

Kraft Heinz (KHC) seeing 4,500 deep ITM Jan. 2021 \$25 calls open near \$9.40 in stock replacements

Intentional Flavors (IFF) with the May \$125/\$115 ratio put spreads opening 5,000X10,000 at \$1.75 debit

Energy

Halliburton (HAL) opening sales 7,615 April \$27.50 puts this morning near \$0.28

Green Plains (GPRE) with 3,000 April \$18 calls opening \$0.35, rolls out of March

Solar Edge (SEDG) with 1,000 June \$45/\$38 bull risk reversals opening for \$0.55 debit

Anadarko (APC) opening sale of 2,000 August \$40 puts \$2.28

Targa (TRGP) with 3,500 April \$40 puts opening \$1.04 as March \$41 puts adjust, name that has seen a lot of put activity

Conoco (COP) down 1.85% today but another 3,450 April \$67.50 calls trade \$3.50 looking to add to open interest from yesterday's large trades

Cheniere (LNG) with 2,200 April \$65 puts opening \$1.81 as March puts adjust out

Financials

Greensky (GSKY) higher on earnings and 3,000 September \$20 far OTM calls bought to open \$0.80 to \$0.85

Jefferies (JEF) buyer of 1,000 April \$20 puts to open \$0.85

CoStar Group (CSGP) with 200 April \$480 calls opening \$10

Synchrony Financial (SYF) with 2,000 Jan. 2021 \$30 synthetic long positions opening \$2.75

World-Pay (WP) bullish action continues with 1,400 May \$97.5 calls opening \$3.90, looks to be rolling back some of the \$100 calls

Lending Tree (TREE) with 500 July \$280 puts opening \$21.50 to \$22.20

Blackstone (BX) tightly coiled and seeing 1700 May \$34 calls open \$1.05 to \$1.15

Healthcare

Merck (MRK) buyers of 1,200 May \$80 calls in early action with many spread versus the \$85 calls

CVS Health (CVS) buyers coming for 1,645 August \$57.5 calls \$3.10 to \$3.20. **CVS** also seeing 6,400 August \$60 calls bought \$2.38 and 7,000 of the \$50 puts sold to open \$2.27. **CVS** with 15,000 Jan. 2021 calls bought \$1.40 after recent accumulation of 60,000 of the Jan. 2021 \$100 calls

Abbott Labs (ABT) a consistently strong name trading 3,250 May \$77.50 calls bought in the \$3.30 to \$3.45 range and also trading 2,430 of the \$82.50 calls \$1 to \$1.06

Ascendis (ASND) opening seller of 1,000 April \$135 calls \$3.70 after the big move, likely willing to have a stock position called away

Anika (ANIK) opening sale of 2,000 June \$35 calls \$1.60 to \$1.40

Centene (CNC) with 2,900 April \$55 puts sold to open \$1.05, popular in the name lately. **CNC** also with 1,300 April \$60/\$65 call spreads bought now

BioMarin (BMRN) opening buy 475 June \$105 calls \$4.70 to \$5.10

Humana (HUM) similar to WCG action seeing 3,000 April \$290/\$310 call spreads bought for \$4.90. **HUM** also with 1,000 May \$300/\$320 call spreads bought

Axsome (AXSM) IV rising with 1,700 June \$7.50 puts bought \$2.75 to \$2.80

Takeda (TAK) spread bought 4,000 April \$22.5 calls and sold 4,000 March \$20 puts for net \$0.15 debit

Edward's (EW) small aggressive buy of 185 Apr. 12th (W) \$175 calls for \$6.30, positioning for March 17th data from EW's pivotal Low RISK TAVR trial.

Bristol Myers (BMY) with 40,000 April \$57.5 calls bought \$1.72, rolls up 25,000 April \$55 calls

Amarin (AMRN) with 6,000 April \$23 calls opening as March \$18 adjust out and up. **AMRN** also seeing 3,000 June \$25 calls roll to Jan. \$30 calls

Teva (TEVA) with 2,750 May \$18 puts opening \$2.04 to \$2.10 as March \$20 puts adjust down and out

Medtronic (MDT) IV rising this afternoon with 3,000 April \$92.5 calls bought to open \$2.09 to \$2.18

Diplomat Pharmacy (DPLO) buyer of 4,000 April \$7.50 calls and sells 3,000 of the \$10 calls

China Biologic (CBPO) with 500 October \$90 calls bought \$7 to \$7.50 to open

Ionis (IONS) coming off another great quarter and seeing 500 Jan. 2021 \$80 calls open today as Jan. 2020 \$70 calls roll out and up

Insulet (PODD) one of the stronger names today and also seeing unusual activity with 550 June \$100 straddles bought \$15.32

Industrials

General Motors (GM) buyers of 5,000 April \$37 puts \$0.60

Northrop Grumman (NOC) with 315 August \$310 puts opening for over \$1M as May puts adjust

XPO Logistics (XPO) continues to break lower but 1,000 August \$65 calls are bought \$1.35 to open

Quanta Services (PWR) with 2,500 May \$35 puts opening as March puts adjust out

CarMax (KMX) with 4,200 April \$62.50 puts bought to open \$3.70 to \$3.90, earnings 3-29

Cooper (CPS) unusual buy of 100 October \$60 calls for \$9.40, shares basing the last two weeks after a sell-off

Spirit Air (SAVE) with 890 June \$62.5 calls with sweep buyers \$2.35 to \$2.40

Materials

Nutrien (NTR) buyer of 1,000 April \$55 calls \$1.50 that sells 2,000 March \$55 calls and 2,000 April \$50 puts

Lyondell (LYB) buyer of 4,900 April \$80/\$75 put spreads for \$0.90

Tech and Telecom

Vodafone (VOD) trading 3,500 April \$18 puts on the open \$0.80 to \$0.90

AT&T (T) has a big bidder in May \$30 calls, 2400 trade so far for \$0.88

Micron (MU) with 3,000 April 12th (W) \$40 puts opening \$2.70 to \$2.80 this morning, captures earnings 3-20. **MU** opening sale of 1,300 October \$38 puts today \$4.35 as well in a stock replacement

Arlo Tech (ARLO) seeing 3,000 October \$6 puts sold to open for \$1.95, common strategy in the name lately, and facing activist pressures while also saw an insider buy yesterday

Ring Central (RNG) spread sells 700 April \$115 calls to buy the \$100/\$85 put spreads, possibly collaring a stock position

Roku (ROKU) buyers of 480 May \$80 OTM calls \$3.55 to \$3.75 this morning, 8 EMA bounce. **ROKU** also with 1,350 May \$65 puts sold to open \$6.08

Fire-Eye (FEYE) seeing 2,885 March \$16.50 calls open this morning

Mellanox (MLNX) buyers of 775 September \$120 calls \$4.90 to \$5.50 with M&A talks recently

Baidu (BIDU) buyer of 800 Jan \$135 puts for \$7.20

Pinduoduo (PDD) bullish activity continues with 1,000 July \$30 puts sold to open today \$3.90 bid

Corning (GLW) early bearish flow with 2,500 May \$34 puts being bought to open near \$1.22. **GLW** puts now up to 6500X

Apple (AAPL) opening sale of 1,000 October \$180 calls \$10.60

Yandex (YNDX) continues to break out and 20,000 Jan. \$45/\$50 call spreads bought for \$1.10

TI (TXN) opening sale of 20,000 May \$115 calls, likely overwriting which has been common in the name

IRobot (IRBT) with another 1,000 May \$130/\$110 put spreads bought for \$7.65

Ebix (EBIX) buyer of 1,000 June \$50 puts to open for \$3.30

Acacia (ACIA) buyer of 1,200 Jan. \$45 puts \$4.30 versus stock

Netflix (NFLX) moving towards day highs as 5,500 May \$350 calls are bought \$25.75 to \$27.50 in a sizable order. **NFLX** also seeing 1,000 March 22nd (W) \$360 calls bought as well as 4,000 of the \$400 far OTM calls

Huya (HUYA) up 14% after earnings and breaking out with 1,260 April 12th (W) \$29 ITM puts being sold to open \$3.60 to \$3.40

Criteo (CRTO) another 500 July \$25 calls bought \$4.20 to \$4.30 where 1,000 opened yesterday and has 3,500 of the \$22.5 and 7,000 of the \$27.5 calls in OI.

Dell (DELL) back to the lower end of the March OpEx range and seeing 2,000 July \$60/\$70 call spreads bought for \$2.10, continues to see bullish activity

Yelp (YELP) with 2,000 April \$35 puts sold to open \$0.98

Sirius (SIRI) buyer of 15,000 June \$6 calls \$0.37 to \$0.40

Facebook (FB) spread today sold 1,400 June 2021 \$170 puts to buy 1,400 of the \$205/\$260 call spreads

C-Trip (CTRP) shares 22% higher after impressive earnings and 3,000 Jan. \$43 calls opening \$5.70 in a stock replacement. **CTRP** nearly 1500 June \$41 puts bought \$2.55 for short term fade as well

Advanced Micro (AMD) with 6,000 May \$24 calls bought to open \$2.10 to \$2.16 this afternoon

LAM Research (LRCX) large stock replacement opens 1,500 May \$175 calls \$9.70

Utility

Next-Era Energy (NEE) opening sale 2,600 Jan. \$210 calls \$3.10, likely writing against a stock position in one of the best performing Utility stocks over the past few years

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