

OptionsHawk

OPTIONS HAWK DAILY MARKET 3/9/2020

Sector Leaders

Bonds

Gold

Nat-Gas

Stock Gainers

EQT 21%

KALA 16%

SWN 20%

PETS 4.9%

HRB 3%

TWTR 3.7%

FOSL 3%

Volatility Gainers

- SM
- CRC
- OAS
- MRO
- DVN
- CLR

High Call Volume

- SKY
- VSLR
- PLAN
- DGX
- INO
- BPMC

Bullish Options

- SONO
- SNAP
- FISV
- ZM
- FB
- PFE
- UBER
- ADNT
- CNC
- CI
- BPMC

Market Review: A historic start to the week with markets collapsing as Oil fell more than 30% on price wards, volatility surged, Bonds rocketed higher and credit markets saw stress, and all this piling onto the recent fears surrounding the spread of COVID-19. Energy and Banks got crushed while we saw some bonces in Tech off key support, but overall sharp selling across every sector. The S&P is continuing to test bear market territory and the rising 200 week moving average near 2630 seen as a potential reversal point. The schedule for tomorrow is a quiet one and markets will continue to monitor virus news and any potential stimulus announcements, but until liquidity improves and volatility comes in, a market to observe rather than participate.

S&P Chart:



Resistance	Support
3,150	2,720
3,200	2,630
3,260	2,420

Options Action Trends: Flows were quiet early with the volatile open and overall the lack of liquidity making it a very tough environment to get any good reads, plenty of adjustment trades seen today, but no major new trends emerged. Large put positions in Data-Center REITS **EQIX/DLR** adjusted down and out.

What's On Tap: No Economic Events of Note. Earnings from DKS, PSN, CLDR, CCXI.

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Energy

Banks

Metals

Stock Losers

APA -45%

FANG -45%

TRGP -43%

MUR -36%

HES -35%

XEC -35%

OXY -35%

Volatility Losers

- PGEN
- CHK
- CY
- BPMC
- S
- SFI

High Put Volume

- SCOR
- MAT
- MTDR
- OKE
- LGND
- UL

Bearish Options

- BIIB
- NKTR
- TGT
- CAR
- MTDR
- SIG
- TEVA
- HTZ
- BBL
- M
- TXN



Altice Bulls See Upside in 2020 on New Products, Expansion Plans, M&A

Ticker/Price: ATUS (\$25.85)

Analysis:

Altice US (ATUS) buyers on Friday of 1,000 January \$27 calls up to \$3.60 and follows the December \$30 calls bought on 3/4 over 2,500X. The Jan. 2022 \$27 calls were bought in mid-February for more than \$1.15M. Shares are back at the December lows as well as VWAP from the December 2018 low that sparked a massive rally. The recent high is up around \$31 and a longer-term move above that level would measure to \$38. The \$16.6B company trades 21.36X earnings, 9X EBITDA, 1.7X sales, and 13.85X FCF. ATUS is entering a period of strong EPS growth, expected to be up 62% and 59.35% the next two years, while revenues are in the low-single digits but growing. ATUS suffered higher video sub losses and lower broadband adds in December but encouraging gains for their new mobile service which ended its introductory rollout in February. They're also accelerating their fiber rollouts as well, a big part of their next-gen strategy to boost broadband numbers. ATUS has been slowly expanding their footprint in the US with 8.8M homes and has made no secret they'd like to look at M&A in 2020. On the Q4 call, the company announced a deal for Service Electric which gained them homes in New Jersey. Analysts have an average target for shares of \$33.50. Raymond James upgrading to Strong Buy in February with a \$35 PT. They think Altice represents a strong FCF growth story over the next few years as management has removed cost and can begin to reap the benefits of network upgrades, SME expansion, advertising and mobile. CSFB out positive in January noting that the recent Sprint/TMUS deal has positive read-throughs as it both shows the DOJ is supportive of communications consolidation and because of Altice's prior Sprint MVNO relationship which has been extended to 7 years post close. Short interest is 2.3% and declining. Hedge fund ownership rose 1.35% in Q4 with Soroban Capital and Melvin Capital top holders, the latter with a new 9.5M share position. Activist Corvex also with an interesting new 1.6M share position. On 1/31 a director bought stock at \$26.37, albeit a small buy.

Hawk Vision:



Hawk's Perspective: ATUS is an intriguing consolidation play in this group and seeing good signs it can bottom out, but have to wait for markets to stabilize.

Confidence Ranking: \$\$



Unusual Call Buying in Utility Co. DTE Energy

Ticker/Price: DTE (\$116)

Analysis:

DTE Energy (DTE) unusual action Friday afternoon with 1,845 July \$130 calls bought to open up to \$2 offer with shares at \$116, the first notable open interest in the name. DTE shares sold off sharply recently back to the rising 200 week moving average that was supportive in 2018 into weakness, and also hitting near five year trend support. The \$22.35B Utility trades 11.4X EV/EBITDA, 16.3X Earnings, 1.9X Book and yields a 3.5% dividend. Forecasts see EBITDA growing 18% in 2020, best in many years. DTE has sustained a strong ROE and Michigan seen as a top regulatory jurisdiction supporting rates. DTE is also in a heavy investment phase towards cleaner and more reliable energy and targeting a reduction in carbon emissions. Renewables is seen to target 25-30% of its business by 2030 as it further moves away from a reliance on coal. Analysts have an average target of \$145 and short interest is low at 2.4% of the float. UBS upgraded to Buy in December with a \$143 target following its \$2.65B deal for Indigo and sees shares at a discounted valuation due for a re-rating. CSFB upgraded to Neutral in January on a combination of higher utility capital growth, modest upside from midstream acquisition activity and more attractive pricing after underperformance. MSCO started shares Neutral on 2/26 with a \$130 target, positive on the Utility business but sees limited equity value for the Midstream business. Hedge Fund ownership jumped 12% in Q4 filings.

Hawk Vision:



Hawk's Perspective: DTE valuation and yield hitting compelling levels, and Utilities could catch a bid on a yield chase.

Confidence Ranking: \$\$



Adient Spreads Position for Upside in 2020

Ticker/Price: ADNT (\$17.80)

Analysis:

Adient (ADNT) spread today is selling the Jan. \$13 puts to buy the \$25/\$35 call spread, 1000X, and third straight session for the bullish position which has accumulated over 5000X in open interest so far. Shares have been largely range-bound since early 2019 and back near support at \$16. ADNT needs to rebound off this area and position itself for a move back above the 8-EMA to gain some momentum but the range high targets \$26 and breakout measures to a double from current levels. The \$1.89B auto parts company trades 8X earnings, 0.12X sales, and 7.27X FCF with guidance looking for 30% and then 20.94% EPS growth the next two years. ADNT has been focused on deleveraging after restructuring their China JV and selling a stake while recently announcing a \$175M deal to sell their auto fabric business to Sage Automotive. Both moves are part of a 'back to basics' plan that will focus the company on launching new products, cost reduction, and a leaner operational structure. They announced a number of new contract wins recently including the much-anticipated Ford Mach E and the Tesla Model 3 in China and a number of exciting new products at CES that should drive further deals. Analysts have an average target for shares of \$25.50. Morgan Stanley upgrading to Neutral in February citing gradual improvement in Seat Structures & Mechanisms, the company's lower leverage and the fact that production data is stabilizing in China excluding the coronavirus. They also think the recent Yanfeng deal raises the multiple for the entire business in China. BAML upgrading to Buy after Q1 showed the first real indication of inflection in performance. Short interest is 6.1% and down from around 8% in February and 12% in July. Hedge fund ownership rose 2% in Q4 with Lyrical Asset Management and Point72 buyers. Last year, Barclays with an interesting note seeing more potential for LBOs within the auto space after Magnetti Marelli and Tower deals. They think ADNT is one of a few that screen well to go private.

Hawk Vision:



Hawk's Perspective: ADNT has a levered balance sheet which makes it tough to trust in this environment, though see clear value and potential for it to be a LBO.

Confidence Ranking: \$\$



Adjustment by Clearwater Paper Bull

Ticker/Price: CLW (\$24.20)

Analysis:

Clearwater Paper (CLW) buyer of the April \$25 calls 3,000X for \$2.75, closing 5,000 of the April \$30 calls and rolling back. CLW continue to have 2,700 April \$22.50 calls and 2,200 April \$20 calls in OI while the \$25 calls had 1,150 in OI from buyers. Shares have been showing some relative strength recently and filling a small gap today from January. CLW is also back to VWAP from the October earnings report, an ideal bounce spot. The \$453M company trades 0.7X EV/sales with accelerating revenue growth the next two years, up 2.85% and 10.17%. FY22 expected to a big inflection year for shares after years of investment in expanding capacity at their Shelby, NC facility. CLW is a new CEO story after announcing a change on 1-29 and shares jumped more than 20%. They also announced a new independent chairman. The move follows years of execution issues, cost overruns, poorly timed M&A deals, and much more while the balance sheet got stretched as well. CLW sees management bringing new discipline and focus as they look to finally ramp production and gain share in the growing tissue market. Analysts have an average target for shares of \$35.50. RBC upgrading to Neutral in January seeing CLW having reduced its downside risk by working past prior challenges, having navigated the union negotiations and gotten past peak leverage. DA Davidson positive on the name as well and a \$44 PT. The firm thinks its assets are some of the “most undervalued across our universe” and its profitability and cash flow should improve in the coming years after a transitional 2019. Short interest is 3.5% and down from 7.8% in September. Hedge fund ownership fell 4% in Q4. In May, the former CEO bought stock at \$17.92, the first open market buy in over four years.

Hawk Vision:



Hawk's Perspective: CLW is an interesting relative strength name and developing story that quickly could get back to highs in a healthier tape.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Semi's (SMH) with 5000 May \$146 calls sold to buy \$118/\$108 put spreads

Regional Banks (KRE) with 13,000 April \$35 puts opening as the \$40 puts adjust

Biotech (XBI) with 2000 May \$82/\$68 put spreads opening

India Fund (INDA) with 3000 June \$29 synthetic long positions opening

Consumer Discretionary (XLY) with 5000 March 27th (W) \$105/\$90 put spreads opening as March \$118 puts adjust

S&P (SPY) with 3000 May \$282 calls opening \$19.60 to \$19.70, also 2000 Jan. \$287 calls opening \$23.84

NASDAQ (QQQ) trade put on 10,000 April \$205/\$180 bull risk reversals for \$0.60 credit, willing to be long at at 61.8% retracement near Aug 2019 lows

Consumer Discretionary/Services

Signet (SIG) buyer 1000 March \$22 puts bought to open this morning

Carnival (CCL) the January \$25/\$15 put spread bought 850X1,700 today for \$0.82 debit

Macys (M) buyer of 5,350 March \$10 puts between \$0.75 and \$0.80

Wynn (WYNN) buyer 3000 June \$90 calls \$11.08, looks to be rolling the \$100 calls back. **WYNN** June \$85 calls bought 3000X at \$11.82 as the \$90 calls adjust already

Xerox (XRX) with 2000 May \$30 calls opening \$2.475, **XRX** also with 1000 May \$33/\$38 call spreads bought today

Disney (DIS) puts active across many contracts this morning including 15,000 April \$100

Nike (NKE) with 1,600 July \$65 puts sold to open for \$3.00 to \$2.88

Qurate (QRTEA) with 84,750 April \$4 puts sold to open down to \$0.20

Viacom-CBS (VIAC) buyers of 2500 April \$22 calls for \$0.92, adjusting back some \$24 calls; report last week about potential divestitures

Live Nation (LYV) IV coming down since midday with ore than 3500 July \$40 puts sold to open

Norwegian Cruise (NCLH) IV moves lower with 1500 June \$20 puts sold to open \$5.40

Eldorado (ERI) buyer of 4500 June \$35 calls for \$4, adjusting back the \$40 calls

Nexstar (NXST) with 500 January \$70 ITM calls opening up to \$25

Consumer Goods

Mattel (MAT) with 42,000 April \$9 puts sold to open \$0.37

Pepsi (PEP) the April \$130/\$110 put spread bought 1000X2000 for \$1.65

Energy

Matador (MTDR) buyer of 10,000 April \$2.50 puts for \$1.40, closing the \$7.50 puts bought on Thursday - highly leveraged small-cap energy name

Marathon (MRO) into weakness a buyer of 1,000 January \$5 calls for \$1.25

Vivint Solar (VSLR) the April \$8 puts being sold to buy the \$11/\$14 call spread this morning 1850X

Cabot Oil & Gas (COG) strong name last two sessions with 1000 July \$17 calls bought \$3 to \$3.10

ONEOK (OKE) buyer of 3,750 April \$40 puts for \$6.70, the \$62.50 puts rolling down into weakness

Occidental (OXY) with 5000 April \$15 puts opening as the \$25 adjust lower

Kinder Morgan (KMI) buyer 3500 September \$16 puts to open \$2.36

National Fuel & Gas (NFG) strong to peers holding last week lows and aggressive 950 October \$40 calls bought \$2.50 to \$2.75 range

Schlumberger (SLB) down 28.7% and buyers coming in for 2500 January \$20 calls up to \$2.79 offer. **SLB** calls jump to 11,000X with the largest block of 8000+ trading for \$3

Total SA (TOT) buyer of 1,375 August \$37.50 calls for \$2.50, rolling back some \$50 calls into weakness

Financials

Fiserv (FISV) rebounding off lows early with 1400 June \$105 calls opening \$7.40 to \$8

Square (SQ) buyer 1000 March \$68 calls \$3.45 to open

Bank of America (BAC) buyer of 5,000 September \$23 calls for \$3.05. **BAC** also with the April \$24 calls bought for \$1.34, over 6950X, as the \$26 calls roll back

Visa (V) with 1500 December \$175 puts sold to open this morning for \$24

BOK Financial (BOKF) unusual 350 September \$60 puts opening, heavily exposed to Energy

Equifax (EFX) seeing 200 October \$145 puts open up to \$21.20

Metlife (MET) buyers active for 1,300 May \$35 calls for \$2.75/\$2.80 in stock replacements

Fleetcor (FLT) buyer of the August \$250 calls 4000X for \$21.50, rolling back the \$280 calls

Schwab (SCHW) 1,100 June \$26 puts opening for \$2.14 today, closing and rolling the March \$33 puts

Cannae (CNNE) trying to hammer on its 200 MA and 2000 April \$35 calls open \$1.75 offer in unusual trade

Digital Realty (DLR) with 4050 July \$105 puts opening \$8.20 as the April \$120 puts adjust

Ozark (OZK) with 1475 August \$20 puts sold to open today \$2 to \$1.95

CBOE (CBOE) seeing 1000 June \$120 calls bought and 2000 of the \$130/\$140 call spreads bought, name at multi-week lows despite expectations it would benefit from volatile markets

Equinix (EQIX) with 1750 June \$500 puts opening \$29.45 as March \$550 puts adjust

Cullen Frost (CFR) buyers of 575 July \$50 puts for \$6.80 to \$7, energy exposed financial

Healthcare

Biogen (BIIB) with 100 March 2021 \$350 puts opening \$89.58

Nektar (NKTR) with 1000 January \$25 puts bought \$11 as the \$30 puts adjust down

Clovis Oncology (CLVS) with 3,000 March \$6 calls opening for \$2 today, rolling the weekly calls again

Teva (TEVA) with 10,000 April \$9 puts bought with the \$11 puts adjusting

Pfizer (PFE) with 2,375 April \$34 calls bought today \$2.17 to \$2.25

Bristol Myers (BMY) opening seller 2500 March \$56 puts down to \$1.80

Cerus (CERS) strong name holding up past three weeks with 1000 August \$5 calls opening \$0.90

Centene (CNC) with 1000 September \$60 calls opening \$5.10 to \$5.20

Cigna (CI) similar to CNC seeing 1,000 October \$210 calls open up to \$11.85

Blueprint (BPMC) buyer of 2,500 March \$60 calls from \$1.60 to \$2.25. BPMC will have Phase 2 data for Avapritinib as a SM treatment on 3/16 despite the cancellation of AAAAI

Perrigo (PRGO) back to early January support seeing 1500 March \$52.5 calls open \$1.05 to \$1.45. **PRGO** back at major volume node support and still has the 2000 August \$55 short put sin OI

BioXcel Therapeutics (BTAI) spreads today are buying the Aug. \$45 calls up to \$11.30 and selling the May \$22.50 puts down to 3.45, over 850X. BTAI has Phase 3 data in schizophrenia and bipolar due mid-year

Abbott (ABT) opening sale 1500 June \$60 puts for \$2.45

Ligand (LGND) the May \$110 puts being bought 2,195X from \$19 to \$22.50

Mylan (MYL) with 1750 October \$15 puts opening near \$2.50 as July \$17.5 adjust

LHC Group (LHCG) with 595 April \$125 calls bought today up to \$9.15, stock replacements into weakness; LHCG a top performer in 2019 and back at the 38.2% Fibonacci of the rally

Cerner (CERN) with 3000 April \$67.5 puts sold to open for \$3 with March short puts adjusting. **CERN** also with 4000 April \$65 puts sold \$1.90 to open as Mar \$67.5 adjust

Mastec (MTZ) seller of 5,000 March \$40 calls for \$1.85 to \$1.71

MEDNAX (MD) with 5300 March \$15 calls opening \$0.70 to \$0.75, a Starboard Value top holding (12th)

Industrials

Hertz (HTZ) buyer 4500 March \$8 puts as the \$9 puts adjust

Skyline Champion (SKY) block of 3000 May \$25 calls opens for \$2.50

GM (GM) roll to 5000 June \$29 puts from the \$28 puts

Lyft (LYFT) stock replacement selling 1000 October \$30 puts to open today

CSX Corp (CSX) buyer 3000 Apr. 9th (W) \$60/\$50 put spreads as March \$70 adjust

ArcBest (ARCB) the June \$22.50/\$30 call spread bought 1000X for \$1.55, adjusting some \$25 calls

General Dynamics (GD) the April \$120 puts sold 2,175X to open for \$2.35 to \$2.10

Southwest Air (LUV) opening sale 1000 Mar 27th (W) \$42 puts sold to open \$3.10 bid

WillScot (WSC) with 3,000 April \$12.50 calls bought for \$1.55, adjusting back 5,000 April \$17.50 calls; recently announced a deal with **MINI**

Union Pacific (UNP) buyer 500 May \$135 puts \$11.15 to \$11.20

Lockheed Martin (LMT) with 1000 May \$300 puts sold to open today for \$10.50

Materials

BHP Group (BBL) buyer 1500 March \$30 puts to open \$2.10

Berry Global (BERY) with 875 March ITM \$35 puts sold to open \$3.50 to \$3.30 into weakness

Pan American Silver (PAAS) buyer 1000 July \$21 calls \$3.20 to \$3.30

Kirkland Gold (KL) unable to rally with Gold lately and 2850 Oct \$40 calls sell to open \$2.80

Tech and Telecom

Sonos (SONO) buyer of 1,500 July \$10 calls for \$1.30, spread with the \$15 calls sold for \$0.30

IBM stock replacement sells 2000 April \$120 puts to open for \$8.10

Nutanix (NTNX) with 1475 January 2022 \$17.5 puts sold to open for \$5

Uber (UBER) buyer of 2,350 April \$29 calls for \$3.60 as the \$32 calls roll back. **UBER** also with 2,000 April \$31 calls bought \$2.77 today to open, stock replacement

Snap (SNAP) buyers of 1,260 July \$12 calls for \$1.70 to \$1.90, adjusting back the \$14 calls

Facebook (FB) with 1275 April \$175 calls opening into early lows

Zoom Video (ZM) buyer of 1,500 January \$95 calls for \$39.00, adjusting up and out of the August \$85 calls

II-VI (IIVI) seeing 2500 April \$30 calls bought \$1.40 to \$1.50, spot where 6,315 sit in OI from buys

Expedia (EXPE) the April \$95/\$105/\$75/\$65 iron condor opening over 2350X today

Elastic NV (ESTC) the January \$35 puts now over 2,845X, sellers at \$3.10 to \$3.00

TI (TXN) buyer 1000 weekly \$107 puts to open \$3.95 to \$4.10, likely cuts its outlook soon

Crowd Strike (CRWD) with 2000 weekly \$52 calls opening \$0.95 to \$1

Anaplan (PLAN) the January \$43 calls bought 4500X for \$7.25, looks to be rolling back in strikes from the 2/27 buys at the \$50 strike

Palo Alto (PANW) buyer of 600 June \$180 calls \$10.80 to \$11.20 to open

Microsoft (MSFT) with 3000 June 2022 \$145 puts being sold to open today near \$25

Atlassian (TEAM) with 1,150 January \$75 puts sold to open today from \$3.80 to \$3.40, chart highlight this morning

Skyworks (SWKS) buyer of 1,950 April \$92.50 calls for \$7.78, spread with the \$110 calls from 2/26 that are adjusting back. **SWKS** also with 750 August \$90 calls opening \$13.40 to \$13.50 today

Micron (MU) the April \$49 calls bought 7,000X for \$4.10, adjusting back from some \$55 calls bought back on 1/30

Pinterest (PINS) with 1,000 January \$10 calls opening for \$7.80 in a stock replacement

Splunk (SPLK) opening sale 825 January \$110 puts today \$13.30 to \$13

Utility

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