

OptionsHawk

OPTIONS HAWK DAILY MARKET 4/16/2020

Sector Leaders

Semi's

Software

Biotech

Stock Gainers

RCUS 82%

CEMI 29%

LOVE 25%

BBBY 18%

JACK 17%

ROKU 14.5%

ALLT 11%

Volatility Gainers

- DO
- HTZ
- NOK
- GPRO
- BLMN
- AMZN

High Call Volume

- MFC
- TWNK
- DVAX
- ABT
- JACK
- DNKN

Bullish Options

- DNKN
- AMZN
- GILD
- WORK
- ADSK
- DAL
- ADBE
- BIDU
-

Market Review: Stocks were modestly higher into the open without a lot of news overnight as investors continue to eye the economy reopening plans, while we got fairly positive numbers from key companies like Blackrock, Taiwan Semi, and Abbott Labs though the outlooks are fully uncertain at this time. We had more dreary economic data with Jobless Claims above 5M and Philly Fed the worst level since 1974. The tape disregarded the negativity and saw strong rallies in Software, Semiconductors and Biotech, growth sectors. Financials and Energy continues to be weak along with Industrials, specifically Transports. NASDAQ outperformance carried it up to touch YTD VPOC before fading a bit midday. We have a real light schedule tomorrow for April options expiration with a few minor earnings reports due before reporting season really picks up next week.

S&P Chart:



Resistance	Support
2,800	2,650
2,890	2,500
3,020	2,450

Options Action Trends: We saw some large put buys early in names where puts are accumulating like **TGT, MED**.

What's On Tap: Leading Index. Earnings from **SLB, STT, KSU, RF, CFG**.

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Oil Services

Banks

Transports

Stock Losers

RAD -22%

CALA -17%

HTZ -16%

PLT -16%

APY -14%

AMWD -12%

CAR -12%

Volatility Losers

- LTRPA
- BBBY
- LAKE
- MLNX
- KEY
- W

High Put Volume

- NYT
- HTHT
- MED
- DNKN
- APTV
- TAL

Bearish Options

- TAL
- BTI
- TGT
- MED
- DELL
- EMN
- SLB
- HTZ
- UNP
- TCO
- TSLA



Wal-Mart Bulls Adjusts Seeing More Upside in Shares

Ticker/Price: WMT (\$128.75)

Analysis:

Wal-Mart (WMT) with 7500 September \$130 calls opening on 4/15 for over \$6M as a large June position adjusted while also seeing 5500 of the May 1st (W) \$135 calls active with buyers. WMT has a large amount of open interest in June calls. Shares have been on a big run as a key beneficiary of consumers stockpiling and also lower gasoline prices favorable for its consumer demographic. Shares are extended near-term hitting record highs but the 138.2% extension level is up at \$133 though shares are hitting potential resistance of an extension off its 2018 and 2019 highs and offer better entry on a retest of the \$121 breakout. The \$365B discount retailer with a large grocery business as well trades 23.65X Earnings, 0.7X Sales and 43X FCF with a 1.67% dividend yield but likely to see estimates rise with it recently hiring 100,000 new workers to meet demand. Consensus estimates are looking for 3.2% sales growth and 4% EPS growth in FY21. Analysts have an average target of \$129 and short interest at 1% of the float is down 18.5% Q/Q. TAG raised its target to \$135 on 4/6 following a WSJ report indicating US store sales up 20% in March and ecommerce sales up 30%. It now sees a Q1 comp growth at 11.5%. Citi on 4/8 out with a Buy rating and \$140 target expecting further customer loyalty to develop from its favorable position in this environment remaining open and value based. Hedge Fund ownership fell modestly in Q4 filings.

Hawk Vision:



Hawk's Perspective: WMT as described earlier I prefer to wait for a pullback though the May 1st (W) call action suggests a potential catalyst, possibly a pre-announcement or M&A, in the near-term.

Confidence Ranking: \$\$



Veeva Upside Calls Bought into Strong Momentum Move

Ticker/Price: VEEV (\$174.50)

Analysis:

Veeva Systems (VEEV) on 4/14 with a buyer of 1000 September \$200 OTM calls to open at \$8.50 looking for continued strength in the recent strong performer. VEEV has previously seen some opening sales in June \$170 and September \$185 calls that may have been writing against stock, and similar seen across other June and September strikes. VEEV shares broke key support in March but have since rallied sharply to record highs, and the first Fibonacci extension target is right near \$200.

The \$25.65B software company trades rich at 18X EV/Sales and 59X FCF. VEEV is a leader of cloud solutions in the life sciences industry which is likely seeing a surge in demand due to the response to the virus. VEEV has a strong presence with its installed base in life sciences and sees opportunity for its Vault offering in new verticals moving forward that can significantly expand its TAM. VEEV is also one of the most profitable SaaS names with 35% margins and has sustainable revenue/FCF growth. The life sciences industry leads all in R&D as a percentage of sales which benefits demand for VEEV offerings. It is seeing accelerating adoption from existing customers through cross-selling. VEEV is coming off a strong quarter beating estimates and its 2025 targets are for \$3B in revenues and 35%+ operating margins. It continues to see accelerating adoption for its Vault product and estimates a \$10B TAM. Analysts have an average target of \$175 and short interest low at 2.6% of the float. Leerink started shares at Perform earlier in the week and a \$166 target with some concerns on the macro backdrop. Piper out positive on 3/4 with a \$188 target seeing upside levers to growth over the next three years and strong customer wins. VEEV has announced an antitrust lawsuit against Iqvia (IQV) with a trial expected in late 2021. Hedge Fund ownership fell 3% in Q4 filings, Winslow Capital with a 1% weighting.

Hawk Vision:



Hawk's Perspective: VEEV would look better back near \$158 after the recent run and sure looks to have regained as momentum as a top software name despite the lofty valuation.

Confidence Ranking: \$\$



Baidu Large Call Buy Sees Upside Potential

Ticker/Price: BIDU (\$101)

Analysis:

Baidu (BIDU) with buyers active today for 12,500 September \$125 calls up to \$3.20 and follows buyers recently across the June options with call buys from the \$100 strike up to the \$140 calls. BIDU has also seen a lot of put sales since mid-February across multiple months with many underwater with the recent move lower. BIDU is consolidating in a narrow multi-week range under \$105, the new VPOC for 2020 as volume continues to grow, and a breakout targeting \$125 on a move higher. The 8- and 20-MA are just below and starting to turn higher, signs of short-term momentum. The \$34.3B company trades 11.2X earnings and 2.25X sales with limited debt. BIDU's balance sheet is strong and gives them a strong moat to withstand the macro uncertainty while they hold over \$60/share in cash which they have said they're willing to deploy on investments in tech and new verticals as appropriate. The company also likely comes out of the COVID-19 pullback in a relatively strong position given mobile internet usage stats in China have surged, up 20%+ from pre-crisis levels. BIDU is coming off a strong quarter with margins improving and DAU growth of 21%. They continue to lead in search with 30% growth in queries. Analysts have an average target for shares of \$146.50. Mizuho defending the company on 4-9 noting that recent government suspensions of content represent only a small percentage of their output and short calls on IQ are overblown. OpCo positive on 3-23 given mobile usage numbers in China and knowing the COVID-19 peaked in China in February. The firm also notes their ad business is showing greater resiliency than peers. Short interest is 0.9% and down from 3% in mid-2019. Hedge fund ownership rose 9.7% in Q4. Harding Levner a buyer of 1.45M shares while Point72 and Driehaus buyers of new positions.

Hawk Vision:



Hawk's Perspective: BIDU surprisingly has not moved much and though like the valuation and its positioning to withstand this crisis, JD/BABA have been much better growth names.

Confidence Ranking: \$\$



Large Puts Build in Medifast

Ticker/Price: MED (\$64.50)

Analysis:

Medifast (MED) buyers active again today 1,300 May \$80 puts from \$17.40 to \$18.30, sizable flows and follows buyers at the strike earlier in the week. MED still has 2,000 September \$120 deep ITM puts in OI from earlier in the year. Shares have rebounded back to the 38.2% Fibonacci of the run lower this year, one of the weaker bounces, and slipping under the 8-EMA today. A bear pennant is forming under the declining 50-MA and a break under \$60 targets a re-test of the March lows and longer-term support down near \$35/\$40. The \$767M company trades 8.5X earnings and 1.1X sales. They have limited debt and around \$8/share in cash on hand with a 6.75% dividend yield, although certainly at risk as their FCF guidance in February only exceeded the payout by \$12M. MED faces a number of challenges as their earnings and sales growth has slowed to low-single digits in FY20 and they've invested a lot in Optavia, their coach + client model, which relies on doubling the business size every 3-4 years as they scale. 2020 is also the beginning of a big international ramp and the company highlighting in February challenges in their earliest locations like Hong Kong due to political unrest while China and the US will undoubtedly be impacted by COVID-19. Analysts have an average target for shares of \$86.50 and limited coverage since COVID-19's breakout. On 2-27, Jefferies downgrading to Hold as they see guidance challenged and a lack of momentum keeping shares range-bound. The firm also notes that their conviction in a 2H ramp in sales is very low as it counters natural seasonality. Short interest is 28.2%. Hedge fund ownership rose 12.5% in Q4. Melvin Capital holds put options in the name while Engaged Capital has a 1.1M share position and active with a 13-D filing last year.

Hawk Vision:



Hawk's Perspective: MED has been a favorite short target noted previously and looks vulnerable to continue to new lows from here as a top viable short play.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Gold (GLD) buyers of 4500 September \$190 calls this morning \$3.40 to \$3.45

NASDAQ (QQQ) May 8th (W) \$205 puts active with morning with size lot buyers, over 6000X. **QQQ** buy-write sold 3500 July \$231 calls for \$5.53

Treasury (TLT) with 6500 May \$171/\$170 strangles being sold to open

S&P (SPY) with 4000 July \$268 puts opening today for around \$6.5M. **SPY** 2000 June 2021 \$280 calls bought to day near \$30.50 to open over \$6M

Financials (XLF) consistently lagging and seeing 60,000 December \$21/\$17 put spreads bought today

Natural Gas (UNG) strong afternoon with 20,000 July \$12 calls opening today \$1.26 to \$1.30

Consumer Discretionary/Services

TAL Education (TAL) with another 4,000 May \$40 puts trading early \$0.80 to \$0.85 where 9,000 opened late yesterday, recent fraud claims

Six Flags (SIX) more bullish flows as 3,000 September \$10 puts sold to open down to \$1.45

Dunkin' (DNKN) seeing 2700 September \$60/\$47.5 bull risk reversals open near a \$1 debit

Take Two (TTWO) opening sale 1250 May \$105 puts \$1.41

MGM with 20,000 May \$8 puts sold to open for \$0.26

Live Nation (LYV) with 600 July \$27.50 puts sold to open for \$3.00

Target (TGT) more put buyers with 1700 June \$105 \$6.80 to \$7. **TGT** buyer 1000 January \$110 puts for \$15

Starbucks (SBUX) with 3,300 July \$82.50 calls sold to open \$2.15 to \$2.14

Penn National (PENN) with 1650 May \$14 calls bought \$1.90 to \$1.95 today, spread with sales of the \$16 and \$17 calls

Advanced Auto (AAP) the May \$115 calls bought 400X this morning for \$7.30 to \$7.50, could benefit from higher DIY sales as people shift to upkeep vs new autos

TJX Co (TJX) the May \$50/\$55 call spread bought 1,000X2,000 to open, common strategy in the name. **TJX** also with 1500 October \$50/\$60 call spreads trading this afternoon for \$2.70 to \$2.80

AMC Theaters (AMC) the September \$5 calls being sold to buy the \$1 puts in bear risk reversals today, 4000X

Dollar General (DG) with 650 June \$190 calls opening \$7.45 with April \$160 adjusting leaving on a runner

Starbucks (SBUX) seeing the October \$77.5/\$87.5 call ratio spreads open 3300X6600

Activision (ATVI) spreads active today selling the January \$60 puts and buying the \$70/\$85 call spread 1000X

Omnicom (OMC) with 1200 May \$57.50 calls sold to open for \$1.05, advertising outlook expected to be ugly as companies pull back

Sportsman Warehouse (SPWH) with 3,800 July \$7.50 calls bought for \$0.79 to \$0.80 as the \$5 calls roll up

eBay (EBAY) buyer 10,000 October \$45 calls \$1.03 to \$1.05

Consumer Goods

British Tobacco (BTI) with 1,000 January \$30 puts bought \$2.00 today amid their recently announced DOJ investigation

Molson Coors (TAP) buyer of 375 May \$45/\$40 put spreads for \$2.03, shares fading off the 50-MA today

Mattel (MAT) with 3400 May \$9 puts sold to open \$0.875, recent reports of increased toy sales from the stay at home orders

ARAMARK (ARMK) nearly 3000 October \$11 puts being sold to open \$1.05 to \$0.85

Energy

Suncor (SU) with 2,000 May \$14 puts opening this morning \$0.98 to \$1.07 as the April \$15 puts roll

Schlumberger (SLB) with 2,265 May \$15 puts bought up to \$2.00, adjusting some April puts bought on 3/19

EQT Corp (EQT) with 1000 May \$13 puts sold to open \$1.23

Baker Hughes (BKR) with 1000 October \$12 puts sold to open \$2.20 to \$2.15

Hess (HES) opening buy 1000 August \$37.50 calls for \$4.40, shares dipping back to YTD VPOC

Financials

Zillow (Z) opening sale 500 November \$30 puts for \$5.70. **Z** with 3350 next week \$30 puts active with buyers at \$0.60 to \$0.75

Huntington Bank (HBAN) with 1000 January 2022 \$8 calls opening \$1.75

Taubman (TCO) another 1,000 June \$50 puts bought today \$8.80 to \$9.10, looks to add to OI

American Express (AXP) with 2900 next week \$90 calls active OTM with buyers, earnings 4-24. **AXP** also seeing 500 October \$70 puts bought today \$7.35 to \$7.40

Bank America (BAC) buyers active for 6000 May 1st (W) \$21.50 calls looking for a rebound, paying near \$1.13. **BAC** also with 7500 August \$18 puts bought \$1.52 to \$1.54

Synchrony (SYF) the January 2022 \$13 puts bought for \$4.00 near 1000X, follows the Jan. 2022 puts bought over 13,000X recently

XP Inc (XP) another 3,500 November \$25/\$35 call spreads bought with the \$15 puts sold to open, stock replacement and looks to add to yesterday's flows

Schwab (SCHW) opening sale 1000 September \$30 puts for \$2.57

Northwest Bancshares (NWBI) with 5000 May \$10 calls sold to open \$0.50

Square (SQ) 2000 far OTM January 2022 \$120 calls bought \$3.45 to \$3.50 to open

T Rowe Price (TROW) with 900 October \$115 calls bought \$5.25 as some April \$115 calls bought back in mid-March roll

PayPal (PYPL) buyers of 6,000 May \$110 calls for \$5.50 ahead of early May earnings. **PYPL** also with 1000 October \$85 puts sold to open \$4.45 in a stock replacement

CME Group (CME) with 400 September \$200 calls sold to open \$11.70 to \$11.50

Healthcare

Baxter (BAX) with 750 May \$92.50 calls opening \$1.73

Seattle Genetics (SGEN) buyers 825 June \$150 calls \$5 offer, will confirm OI change tomorrow

Medtronic (MDT) buyers of 1100 May \$95/\$97.50 call spreads in early trade

J&J (JNJ) off a strong quarter with 3000 May \$135 put sold \$1.69 to open in stock replacement

Gilead (GILD) in early trade with 2800 August \$80 calls bought aggressively at \$5.85 offer, shares basing on key VPOC. **GILD** August \$80 calls up to 7500X here trading up to \$6.40 now. **GILD** August \$85 calls bought aggressive to open as well now \$4.60 to \$5.10 for 7500X. **GILD** 3500 Aug \$87.5 calls bought \$4.90 to \$5.05 as well now

BioCryst (BCRX) with 7500 May \$3 calls opening \$0.66 as April \$2 adjust

Biohaven (BHVN) buyer of 755 May \$30 calls for \$5.05, adjusting some April \$30 calls and follows some July call buys this week in more adjustment trades

Moderna (MRNA) into new highs with 1200 October \$33 puts opening \$4.90

Genmark (GNMK) 2000 May \$10 calls opening \$0.75, been in focus as COVID-19 diagnostics play

EHealth (EHTH) spread sells 1,170 May \$165 calls to buy the \$100/\$70 put spread, net \$3.50 and comes with the recent short report from Muddy Waters

Zoetis (ZTS) the May \$120 puts bought 500X from \$3.70 to \$3.80 ahead of 5-6 earnings

Sanofi (SNY) buyer of 600 June \$46 calls for \$2.02 as the April \$44 calls adjust into earnings next week, coiled around its 200-MA

PetsMed (PETS) ugly reversal and 500 May \$35 puts opening for \$5

Revance Therapeutics (RVNC) with 1,000 July \$17.50 calls bought this afternoon \$1.53 to \$1.55, coiled range recently and a data-heavy couple of months upcoming with three different readouts around mid-year

Anthem (ANTM) with 1800 June \$300 calls sold to open \$5.86, likely writing versus a stock position

HCA (HCA) earlier with 750 May \$120 calls opening as April adjusted also seeing 1000 May \$115 open for \$6.80

Incyte (INCY) buyer 735 June \$100 OTM calls \$3.70 to \$4 today, also 350 January \$95 puts sold to open \$13.60

Exact Sciences (EXAS) with 580 July \$80 calls bought \$4.80 to \$5.10 to open today as it clears a range

Nevro (NVRO) with 320 August \$105 puts sold to open \$13.10 today, a favored med-tech name

DexCom (DXCM) buyer 200 September \$370 calls for \$20.80

Industrials

Aptiv (APTV) with 2,000 May \$45 puts sold to open for \$0.75, follows some short puts yesterday as well

Union Pacific (UNP) the May \$140/\$125 put spread bought 1,500X for \$4.41 with the \$150 calls sold for \$4.19 into earnings on 4-23, potential collar

Ferrari (RACE) with 200 January \$150 puts opening \$16.60

Hertz (HTZ) spread sells 10,000 July \$8 calls to buy the October \$2 puts for a net \$0.30, report today they're seeking a bailout

Delta (DAL) buyers of 6500 June \$25 calls \$2.91 to \$3.05, best of breed Airliner

Tesla (TSLA) buyer of 1170 June 2021 \$400 puts for \$64 to open. **TSLA** also today 1000 September 2021 \$1100 calls opening for around \$13.5M

Old Dominion (ODFL) with 1,000 May \$140/\$150 call spreads bought with the \$120 puts sold for a net \$1.05 with earnings next week

Caterpillar (CAT) with 5000 May \$90/\$80 put spreads opening

Avis (CAR) spread today sells 3,950 August \$22 calls for \$1.15 to buy the November \$5 puts for \$1.33, similar to **HTZ**. **CAR** also 500 January 2022 \$8 puts bought \$3.40

Materials

Eastman Chemical (EMN) buyer 1000 May \$50/\$42.5 put spreads. **EMN** with 2500 May \$45/\$35 put spreads bought this afternoon as well

Anglo-Gold (AU) with 1200 January \$18 puts sold to open \$2.45 to \$2.40

Reliance Steel (RS) with 500 May \$80/\$70 put spreads opening

Linde (LIN) with 325 May \$175 puts opening \$7.70 to \$7.90

Corteva (CTVA) buyer of 1,175 June \$27 calls for \$1.18, adjusting some April calls; shares pulled back to the recent breakout area around \$25

Air Products (APD) with 2000 May \$175 puts opening well below theoretical value at \$2, sold to open

Tech and Telecom

Slack (WORK) with 2750 May \$27 calls being sold to open early ITM \$3 to \$2.80. **WORK** with 7000 next week \$29 calls being bought up to \$1.20

Dell Tech (DELL) buyers of 1,850 May \$37.50 puts up to \$1.40

Amazon (AMZN) with 700 June \$2380 calls opening with \$2250 strike adjusting

Roku (ROKU) with 1600 May \$160 calls sold to open \$3.25 in a block

Autodesk (ADSK) with 3000 July \$200 calls closing from 2/28 that opened with short \$140 puts and seeing 1600 of the \$195 calls bought \$6.75 to open with \$110 puts sold 1650X

NVIDIA (NVDA) opening sales 5000 May \$340 calls for \$3.55

Netflix (NFLX) with 1,800 June \$475 calls sold to open into strength, \$27.60 down to \$26.50

Akamai (AKAM) with 1,000 January 2022 \$115 calls sold for \$13.90 in a buy-write with stock

Adobe (ADBE) with 300 July \$365 calls being bought this morning near \$17.10

Apple (AAPL) with 1000 June 2021 \$280 puts sold to open \$38.20

Chegg (CHGG) with 1,275 May \$40 calls bought today around \$2.35, the April \$35 and \$40 calls adjusting

Amazon (AMZN) with 1400 October \$3000 calls being sold to open in buy-writes

Fire-Eye (FEYE) with 1,000 September \$10 calls bought today \$2.06 to \$2.10

MongoDb (MDB) buyers of 400 June \$200 calls for \$3.00 to \$3.40 today, strong back above its YTD VPOC this week

Cree (CREE) with 400 September \$32.50 puts bought \$3.85

IBM (IBM) with 1900 June \$120 calls being sold to open \$6 to \$5.70

Match (MTCH) buyer 1000 May \$75 puts \$4.81 trades against the \$65 puts

T-Mobile (TMUS) buyer 1000 June \$95 calls \$3.10 to \$3.25 offers in a sweep

Splunk (SPLK) with 1265 June \$130 puts opening \$10 to \$10.50 range, stock-tied

Broadcom (AVGO) unusual late morning activity with 7500 April \$267.50 OTM calls bought \$0.90 to \$1.10 a day from expiration

Arista Network (ANET) with 200 May 8th (W) \$215 calls opening \$8 to \$8.10, captures 5-5 earnings

Crowd Strike (CRWD) with 550 January 2022 \$50 puts sold to open near \$8.80, name seeing a lot of put sales lately and showing relative strength. **CRWD** also with 950 October \$65 calls bought between \$8.60 and \$8.80

Spotify (SPOT) with 700 of next week's \$140 calls opening around \$3.50 as the April \$135 calls adjust

Xilinx (XLNX) with 2000 September \$120 calls bought \$0.68 to \$0.72 this morning, secured Samsung contract, and if M&A returns to group it remains a potential crown jewel target

Weibo (WB) coiled long base seeing 1350 May \$30 ITM calls bought to open \$5.90 to \$6.30 this morning

Advanced Micro (AMD) spreads 5000X selling May 1st (W) \$60 calls to buy \$55/\$48 put spreads

Alibaba (BABA) with 8000 May 22nd (W) \$205 puts opening \$7.40 as the April 24th (W) \$200 adjust from 4/14

Expedia (EXPE) another 5000 January 2022 \$100 calls bought \$7.60

VeriSign (VRSN) with 315 September \$230 calls bought aggressive \$8.40 offer today, resilient business

Fortinet (FTNT) the May \$100/\$90 bull put spread opened 900X for \$1.61 credit

Teradyne (TER) with 1,000 July \$70 calls bought this afternoon \$3.40 to \$3.60

Zen Desk (ZEN) with 750 October \$70 calls opening near \$9.55 today in stock replacements

IQIYI (IQ) with 4,000 September \$20 calls bought \$2.95 in a stock replacement today, comes with the **BIDU** action as well

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.

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors. **Gold Fields (GFI)** buyers of 11,500 October \$6 calls for \$1.26 to \$1.29