

OptionsHawk

OPTIONS HAWK DAILY MARKET 4/20/2020

Sector Leaders

Biotech

Software

Banks

Stock Gainers

EXEL 26%

NVAX 24%

CEMI 20%

CODX 15.4%

ONEM 15%

CODI 14.2%

FVRR 14%

Volatility Gainers

- NVAX
- KEY
- MRNA
- APRN
- FLIR
- NYT

High Call Volume

- FLIR
- SMPL
- APRN
- EXEL
- AKAM
- TW

Bullish Options

- ADBE
- MPC
- CRWD
- COUP
- QCOM
- THC
- IVZ
- MDB
- MS
- BABA
- DFS

Market Review: Markets opened the week lower with oil prices falling to a twenty year low while in Washington they worked on a new round of stimulus. Stocks rebounded early keeping the two week uptrend intact and led by strength in growth areas like Biotech and Software, though Banks also showed some strength. Weakness in Energy, Transports, Housing and REITS were a drag. Breadth improved all morning and early afternoon, led by NASDAQ. The S&P remains above the 8 MA with near-term bullish momentum but sits under its 55 MA. Breadth worsened in the afternoon with some strong sell programs. The schedule is light most of the week for economic data but will be focusing on earnings reports and management commentary.

S&P Chart:



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

Options Action Trends: In early trading we saw some large volume trades sell OTM May puts in leading Software names like **COUP/ADBE** willing to buy on major weakness. We also saw some opening call sales in Tech names out into June/July.

What's On Tap: Existing Home Sales. Earnings from KO, NFLX, SAP, PM, LMT, TXN, PLD, CB, HCA, EMR, CP, TRV, CMG, IBKR, EDU, SNAP.

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Energy

Housing

REITS

Stock Losers

AEGN -10.3%

MPAA -8.6%

ATI -8.2%

REV -8%

BPT -8%

CUB -8%

CHCO -7.7%

Volatility Losers

- BCRX
- GRPN
- AMC
- AAL
- STNE
- JWN

High Put Volume

- RUTH
- NYT
- EGHT
- COUP
- EDU
- CVNA

Bearish Options

- MDT
- VLO
- EDU
- NYT
- AXP
- XRX
- DISCA
- SSNC
- WU
- PII
- EWC



Dish Network Calls Position for Upside on Potential Event Driven Situation

Ticker/Price: DISH (\$22.5)

Analysis:

Dish Network (DISH) with large trades late on 4/17 with 6000 of the June \$25 calls bought to open \$1.85 to \$2.10 the last fifteen minutes of trading. On 4/6 there was a large buy of 2700 January 2022 \$25 calls to open for \$1.566M and DISH also has a lot of open interest in the June expiration including a lot of puts sold to open now trading in-the-money. DISH shares have been basing the last few weeks and above \$23 have room to run back to \$30. The \$11.12B satellite television operator has struggled in recent years with subscriber losses and the lack of live sports currently is likely to impact results further when it reports in May. Shares currently trade 8.65X trailing earnings, 12X FY19 EBITDA and 3.9X Cash. DISH does have leverage with Debt/EBITDA at 5.85X. DISH should be set to move forward with its acquisition of Boost Mobile from Sprint that it announced last July as it looks to make a push into the wireless space. Dish also has Sling and there has been talks about it merging with AT&T's DirecTV. Reuters reported on 4/13 that DISH is cutting jobs and reevaluating its business, and it plans to push into the 5G race. Analysts have an average target of \$40.50 and short interest at 4% of the float is reaching a three-year low. Bernstein upgraded shares to Perform with a \$34 target on 3/6 seeing the strategic outlook for DISH Wireless expanding and regulatory backdrop for a merger of DTV/DISH improving. Citi cuts its target to \$29 from \$47 on 3/25 while BAML on 3-12 resumed coverage at Buy and a \$36 target seeing upside call options across its business despite risks to cord cutting and high leverage. On 3/4 Pivotal upgraded to Buy with a \$39 target expecting CEO Charlie Ergen to be successful with wireless efforts and sees a potential merger by early 2021. Hedge Fund ownership fell 1.1% in Q4 filings.

Hawk Vision:



Hawk's Perspective: DISH has a nice bottoming pattern making for an easy to manage trade versus a \$20 stop, potential to create value here.

Confidence Ranking: \$\$



Plains GP a Midstream with Bullish Positioning as Oil Stabilizes

Ticker/Price: PAGP (\$7.55)

Analysis:

Plains GP Holding (PAGP) with 6,250 January \$9 calls bought to open late in trading on 4/17 at \$1.45 to \$1.60 which follows recent opening of 2500 August \$11 calls. PAGP shares are emerging out of a narrow range and have a large volume pocket back to \$16 as well as a gap to fill to \$12. The \$1.83B midstream energy company trades 14X FY19 EBITDA and 0.65X Book with an 18.87% dividend yield. PAGP has a lot of debt with a 3.65X Debt/EBITDA ratio and a Current Ratio of 0.92X. PAGP insiders have been buying the stock since late February accumulating buys from Directors, the CEO and the CCO. Analysts have an average target of \$14.35 on shares with short interest at 3.5% of the float. Goldman upgraded shares in February seeing cash flows and leverage improving with large projects coming online. Stifel cut shares to Hold with a \$14 target on 3/12 seeing declines in oil prices leading to lower production volumes as a top transporter of Permian crude. MSCO out negative on the midstream group on 3/16 saying assets face volume risk on uncommitted capacity, risk to in-flight or anticipated capital investment, and counterparty risk. Hedge Fund ownership rose 10.8% in Q4 filings.

Hawk Vision:



Hawk's Perspective: PAGP looks to be one of the more attractive MLP names and has some major room to run near-term.

Confidence Ranking: \$\$



Valero Bulls See Value at Recent Trading Low

Ticker/Price: VLO (\$51.75)

Analysis:

Valero (VLO) with 11,000 January \$35 puts sold to open on Friday down to \$4.30 and follows a number of recent size call flows including the January \$55 calls, January \$50 calls, June \$55 calls, May \$55 calls, and Jan. \$70 calls. Insiders active recently, as well. On 3/13, a director bought \$2.1M in stock at \$47.31. Shares are consolidating in a multi-week base under \$55 with a move higher target YTD VWAP at \$60.50 and a high-volume node from March. Downtrend resistance from February is also right around \$62.50 and a move higher opens up a run back to \$85 through a low-volume gap. The \$21.95B company trades 11.75X earnings, 0.20X sales, and 5.6X FCF with a 7.56% yield. VLO has a strong balance sheet given the current downtrend with a 1.4X Current Ratio and Debt/Equity below 0.45X. They also have significant capital flexibility as they slow down growth projects while annual maintenance capex is covered 5X by their current liquidity. Refiners have concerns, certainly, from lower demand expectations in 2020 but with crude oil prices depressed the company stands to benefit from lower input costs and better profit margins on refining crude from outside the US. And, VLO has long had one of the best asset bases and cost-profile of any of the large-cap refiners. The company could also see relief soon as several states have asked the White House to exempt refiners, including VLO, from certain EPA targets to help them survive the demand slump. VLO gave preliminary guidance on 4-13 and came in above expectations and they pre-emptively cut back on certain products. They plan to continue forward with expansion projects like Diamond Green given the strong tax credit incentives that remain in place until 2022. Analysts have an average target for shares of \$82. Jefferies upgrading to Buy on 3-26. Raymond James with a \$60 PT citing their best in class balance sheet, impressive crude flexibility and cost advantages. Piper upgrading to Buy on 3-12 with a \$97 PT. They think VLO is one of the largest beneficiaries from potentially wider sweet/sour differentials which an oil war would serve to exacerbate after a 'tight' 2019. Short interest is 2%. Hedge fund ownership rose 1.65%. Arosa Capital a buyer of call options.

Hawk Vision:



Hawk's Perspective: VLO is the preferred name to own in Refiners but this strategy also seeing plenty of room for downside, so one to target more into weakness with its strong balance sheet.

Confidence Ranking: \$\$



Tencent Music Bulls See Trend Breakout Sustaining

Ticker/Price: TME (\$11.4)

Analysis:

Tencent Music (TME) with more than 2,500 July \$9 calls being bought today between \$2.50 and \$2.70 and follows a recent buyer of the May \$11/\$12 call spread 3000X and the January \$11 puts sold to open 3,000X on 4/17. The July \$12 short puts are in OI over 7500X from late February while notable put sales also across the \$13 and \$11 strikes. Shares are near a bull flag breakout above \$11.40 today and move back above its 50-MA with YTD VPOC above at \$12.45. TME has been in a downward channel since early 2019 and needs a longer-term move above \$12.90 to start a bigger trend shift with upside targets around volume nodes at \$14 and then \$16. The \$18.29B company trades 20.5X earnings and 5X sales with a clean balance sheet with little-to-no debt and a health Current Ratio of 3.2X. TME was plagued earlier in the year by a lingering antitrust investigation by Chinese authorities but that was dropped in February clearing a near-term overhang. TME is expecting mid-20% revenue growth in each of the next two years and recently reported a double-digit boost in revenue and 8% growth in ARPU. They continue to convert free-listeners into paid subs well adding 4.5M, up 47.9% Y/Y. On 3-31, the company was part of a consortium that closed on a deal for 10% of UMG from Vivendi. Analysts have an average target for shares of \$15.75. Hong Kong-based BOCOM raising to Neutral on 3-18. OpCo positive on 2-10 seeing the company as one of the more resilient during COVID-19 given the jump in online screen time and shift towards more individual activities centered on games, video, and music. Short interest is 1.3% and down from 2.4% in January. Hedge fund ownership surged 41% in Q4. Honeycomb Asset Management a buyer of 5.6M shares, now a 7% weight, while Merian Global and Tiger Legatus Capital other notables. Tiger Global has a 2.7M share position.

Hawk Vision:



Hawk's Perspective: TME looks solid versus recent lows as a name with limited exposure to economic weakness.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Natural Gas (UNG) with another 4,675 July \$15 calls bought today from \$0.83 to \$0.88, follows the \$12 calls bought over 8,000X last week

Gold Miners (GDX) with 7000 December \$25 puts being sold to open \$2.25 to \$2.15 this morning

S&P (SPY) buyer 2000 January \$222 puts bought \$11.705 to open. **SPY** the June \$260/\$234 put spread bought 10,000X20,000 for a small net debit

NASDAQ (QQQ) with 4000 May 8th (W) \$217 ITM puts opening against the \$190 puts

Energy (XLE) with 11,000 June \$30.21 puts being bought to open \$2.13 to \$2.20

Canada (EWC) with 10,000 June \$22 puts opening \$1.03, economy tied to Oil

Russell (IWM) with 7500 June 2021 \$140/\$115 strangles sold to open for \$21.25

Consumer Discretionary/Services

New Oriental Education (EDU) another 850 May \$115 puts bought today up to \$10.70, spot where 2,000 bought on Friday, while the May \$110/\$95 put spread also opening 600X750

Marriott (MAR) buyer of stock opens 950 July \$90/\$75 collars today for \$1.32 with earnings in May

Blue Apron (APRN) rallying with 3,000 May \$15 calls bought up to \$1.95

Activision (ATVI) seller of 1800 August \$75 calls \$2.79 in a buy-write

NY Times (NYT) the October \$21/\$18 put spread trading another 4000X6000, similar to Friday, likely faces advertising headwinds

Comcast (CMCSA) with 1,375 May 1st (W) \$37.50 calls bought up to \$1.89 today ahead of 4-30 earnings

Discovery (DISCA) with 2,200 January \$22.50 puts bought for \$3.90, name with some notable July puts in OI

Xerox (XRX) buyer 1000 January \$18 calls \$3.44 to \$3.55

RH (RH) buyer 1200 May 1st (W) \$119 ITM calls to open \$13.30

Wynn Resorts (WYNN) with 1000 January \$77.50 puts sold to open ITM for \$18.90

Hilton (HLT) with 3000 May \$85 calls bought \$1.25 to \$1.30 earlier today

Consumer Goods

Sysco (SYY) with 1000 May \$55 calls opening \$2.18 as the \$50 strike calls adjust

Wal-Mart (WMT) opening seller 2,535 June \$120 puts \$3.07

Molson Coors (TAP) the May \$45 puts bought 1100X up to \$3.40 this afternoon with earnings in late April, likely impacted by restaurant closures

Dollar General (DG) with 300 January \$165 puts bought \$14.30 to \$14.80 to open

Energy

Marathon Petro (MPC) buyers of 3300 October \$35 calls \$1.85 offer to open

BP (BP) opening sale 5000 January 2022 \$18 puts for \$3.50

Occidental Petro (OXY) with 4500 May \$11 puts being sold to open down to \$1.03

Valero (VLO) with 1000 September \$40 puts bought \$3.95 to \$4

Halliburton (HAL) the May \$7.50/\$6.50 put spread opening 3,000X for \$0.43, some weekly puts adjusting down. **HAL** 120000 May \$8.5 calls being sold to open \$.54

Cabot (COG) with 2,600 May \$22.50 calls bought \$1.05 into strength today, earnings 4-30 and relative strength lately

Canadian Natural (CNQ) with 4000 May \$12 puts sold to open \$0.70

Energy Transfer (ET) with 4,500 July \$4 calls bought today from \$2.25 to \$2.30

Financials

Invesco (IVZ) buyer 1000 October \$7 calls for \$2.70

Morgan Stanley (MS) the June 2021 \$40 calls bought 1600X for \$5.80 to open today, adjusting some June 2020 calls bought back in August

Deutsche Bank (DB) nearly 1,000 July \$5 calls bought up to \$1.80 into weakness today, reporting on 4-29

Discover Financial (DFS) jumpy here with 4500 May \$40 calls bought \$1.30 to \$1.55, also seeing the \$35 puts open 2250X with opening sales \$3.80 to \$3.75, DFS will report 4/22. **DFS** also with 1,850 October \$17.50 puts sold to open \$1.65 to \$1.60 today

American Express (AXP) with 1800 weekly \$87 ITM puts opening \$4.85 this morning for 4-24 bearish earnings bet. JP Morgan last week on earnings cautious on credit card spending, volumes especially around travel and restaurants where AmEx has some focus. **AXP** also with 1770 June \$70/\$55 put spreads opening

Brookfield Property (BPY) buyers this afternoon 2200 January \$7.50 ITM calls \$3.30 to \$3.40 to open

Schwab (SCHW) with 1500 September \$30 puts sold to open \$2.20 where 1000 were recently sold to open

Chubb (CB) the May \$95 puts being sold to open 1500X for \$1.55 today ahead of 4-21 earnings, after the close

State Street (STT) unusual 900 August \$57.5 ITM calls opening today near \$8, coming off a solid earnings report and sitting on its 8 MA

Western Union (WU) with 2500 August \$15 puts opening \$0.60 to \$0.65

KKR Corp (KKR) with 1700 January \$23 puts sold to open ITM today \$3.90

JP Morgan (JPM) with 5500 July \$70 puts sold to open \$2.70 to \$2.66

BOK Financial (BOKF) buyers of 600 May \$35 puts up to \$3.50 this afternoon, earnings on 4-22. The Oklahoma-based bank has one of the highest energy exposures of regional banks

Healthcare

Align Tech (ALGN) with 400 May \$195 calls sold to open \$13 to \$13.70, shares forming a nice basing pattern with above \$198 a breakout

Medtronic (MDT) buyers 1450 May \$100 puts \$3.10 to \$3.20

Tenet (THC) with 2000 June \$24 calls opening \$2.10

Gilead (GILD) with 5000 August \$120 calls sold to open for \$1.86. **GILD** now also with 3,000 May 29th (W) \$105 calls sold to buy the \$75 puts for \$2.33, may be collaring stock

Bristol Myers (BMY) August \$75 low Delta OTM calls bought 5000X at \$0.44

Quidel (QDEL) with 485 May \$100 calls bought today \$15.10 to \$15.30 and still has 1,500 deep ITM May \$75 calls in OI from a recent roll

Schrodinger (SDGR) with 1,250 May \$40 puts sold to open today from \$3.60 earlier down to \$2.65 now, early February IPO that is forming a narrow range. The \$1.79B company focuses on computational chemistry and helps pharmaceutical companies with drug development

DaVita (DVA) buy-write sells 2000 July \$80 calls for \$4.90

Immunomedics (IMMU) with 10,000 June \$22 calls bought for \$2.85 in a stock replacement. **IMMU** also with 1000 November \$23 calls bought \$4.71 as the May \$18 calls roll ahead of the June PDUFA for Sacitizumab

Thermo Fisher (TMO) buy-write sells 1000 September \$390 calls \$7.10

Editas (EDIT) with 725 November \$35 calls sold to open today from \$4.30 down to \$4.00 into strength

Abbott Labs (ABT) with 2,000 May 1st (W) \$97 calls bought \$4.90 to \$5.20

Amgen (AMGN) with 1250 May 1st (W) \$225 puts sold to open \$2.96

Novartis (NVS) unusual buys of 5500 January \$120 calls \$0.35 to \$0.40

Inmode (INMD) with 500 June \$20 calls bought \$6.50 to \$6.90, a Summer 2019 IPO that has pulled back and basing under the 200-MA

TelaDoc (TDOC) seeing 1000 January \$170/\$140 put spreads bought this afternoon

Industrials

Flir Systems (FLIR) buyers of 2,350 May \$40 calls from \$1.20 up to \$2.50 today as shares work out of a narrow range. **FLIR** talk earlier of Amazon using thermal imaging

United Parcel (UPS) spreads ahead of 4-28 earnings are selling 1,000 May 1st (W) \$110 calls to buy the \$100/\$93 put spread for a net \$0.72, likely collaring stock

Union Pacific (UNP) with 10,000 May \$135 puts sold to open for \$3.05

Fed-Ex (FDX) spreads selling the May \$140 calls to buy the \$120/\$105 put spread, 1000X for \$2 debit, similar to **UPS**

Leidos (LDOS) with 800 May \$85 puts sold \$1.11 to open

Virgin Galactic (SPCE) with buyers of more than 3,650 May \$20 calls this morning up to \$3.40 as IV rose, coiled under its 50-MA and above the recent range breakout

Delta (DAL) opening sale 1000 January 2022 \$18 puts for \$5.15

XPO Logistic (XPO) with 1000 May \$57.50 calls opening \$6.30 to \$6.50, strong candle today out of coiled pattern

General Motors (GM) buyer 3600 January \$23 puts \$4.65

Polaris (PII) IV rising this afternoon with 3000 May \$50 puts bought \$1.55

Kansas City Southern (KSU) with 590 September \$130 calls opening this afternoon near \$16 with shares on day lows

Materials

Alcoa (AA) buyer 1000 January 2022 \$10 calls \$2.35 offer, earnings 4-22

Newmont Mining (NEM) with 2,500 June \$75 calls bought \$1.04 in a stock replacement

Tech and Telecom

Adobe (ADBE) with 6000 May \$300 puts being sold to open near \$3. **ADBE** also a buyer of 1000 May \$385 calls to open \$3.05

Coupa (COUP) with 10000 May \$135 puts being sold to open \$2.10 to \$1.95

Upland (UPLD) with 1400 July \$35 calls sold to open \$1.60

Alibaba (BABA) seeing 3350 July \$230 calls open near \$7.55 as the \$225 calls adjust

CrowdStrike (CRWD) with 1000 July \$90 OTM calls being bought this morning to go with the active weekly calls, IBM reporting this week. **CRWD** June \$100 far OTM calls with buyers near \$0.45 as well today 2800X

Mongo-DB (MDB) buyer 270 January \$185 OTM calls \$20.70 offer. **MDB** also with 470 November \$195 calls bought \$16.60 offer today

Qualcomm (QCOM) with 1800 May 1st (W) \$77 calls bought up to \$2.77 today, positioning for 4-29 earnings

Carvana (CVNA) with 5000 May 1st (W) \$90 calls being sold to open \$0.755 and the \$65 puts with 8,650 being sold to open \$1.83

Advanced Micro (AMD) with 1500 October \$55 puts bought \$7.65 tied to stock

Marvell Tech (MRVL) with 5000 August \$33 calls being bought to open \$0.58 to \$0.68 this morning, name back above February highs and outperforming many Semi peers.

Ambarella (AMBA) emerging out of narrow range and 200 January 2022 \$52.5 calls bought \$12.50 to \$12.70

Sea (SE) opening seller 1500 May \$50 puts for \$1.80. **SE** with 1000 June \$50 puts now sold to open for \$3.10

Pinduoduo (PDD) with 2200 October \$30 puts sold to open \$2.10

Dell (DELL) with 1500 October \$45 calls sold \$3.75 to open. **DELL** the June \$45 calls also being sold today for \$1.90, 1500X, in a buy-write

Celestica (CLS) buyer of 3,000 May \$5 calls up to \$0.40, small-cap EMS company with exposure to aerospace, industrial automation, smart energy and telecom

Micron (MU) buyer of stock opens 1,500 October \$42.50 puts for \$5.45, similar to **AMD** earlier

Grub Hub (GRUB) on the highs with 625 May 1st (W) \$40 calls bought today up to \$4.20, coiled below a downtrend at \$45

Twilio (TWLO) with 625 May \$130 calls bought today up to \$2.30

Service Now (NOW) with 1,600 May 1st (W) \$330 calls bought \$6.35 to \$7.20 with earnings on 4-29

Autodesk (ADSK) the July \$210 calls sold to open 2,750X from \$6.30 down to \$5.90

VMware (VMW) with 4400 July \$160 calls sold to open \$3.30 to \$3.11

TI (TXN) seeing weekly \$115/\$125 call spreads and \$116/\$125 call spreads trade 4500X and 1500X into earnings

Veeva (VEEV) strong to new highs today with 850 January \$250 OTM calls opening \$5 to \$6.70 today. **VEEV** also seeing 1500 May \$210 calls sold from \$2.15 to \$1.70

SS&C (SSNC) buyer of 1,600 May \$45 puts for \$1 ahead of earnings on 4-30

Xilinx (XLNX) large opening buy 1000 January \$90 calls for \$11.85

KeySight (KEYS) with 1100 May \$85 puts sold to open \$1.05

Stitch Fix (SFIX) with 3,750 May \$15 calls bought \$1.70 to \$2.00 to open today, Benchmark buying \$30M in stock on 4/9 at \$15.80

Yandex (YNDX) the May 1st (W) \$38 calls sold to buy the \$35 puts, 2600X for \$0.22, potentially collaring stock with earnings expected soon; their ridesharing business likely impacted by coronavirus

Pinterest (PINS) earlier with 4000 May 1st (W) \$18 calls active with buyers

TripAdvisor (TRIP) with 1850 January \$19 puts opening \$4.80 to \$5, tied to stock

Zen-Desk (ZEN) with 800 August \$75 calls bought for \$7.80 this afternoon and follows buyers in the October \$70 calls last week

CheckPoint (CHKP) with 1,200 January \$90 puts bought for \$4.90, tied to stock

Utility

Tc Energy (TRP) another 4,500 November \$40 puts bought today for \$4.60, tied to stock

Disclaimer:

Not Investment Advice or Recommendation

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