

OptionsHawk

OPTIONS HAWK DAILY MARKET 4/21/2020

Sector Leaders

Bonds

Gold

Oil E&P

Stock Gainers

ASC 10.4%

AR 8.75%

FLIR 7.85%

UNIT 9%

BYND 6%

STNG 4.5%

TUP 3.8%

Volatility Gainers

- NAT
- VALE
- TECO
- CRON
- TGT
- I

High Call Volume

- FLIR
- WSM
- NAT
- TWNK
- CNX
- PRGO

Bullish Options

- RYAA
- WIX
- VEEV
- GD
- CVNA
- ORCL
- CF
- WSM
- MOS
- JD
- SU

Market Review: Stocks were lower overnight and into the open as Oil continued its historical sell-off, WHO warned the worst of COVID-19 is still ahead, and earnings season got underway with, as expected, a lot of uncertainty in outlooks from management teams. Stocks rolled over under selling pressure in the opening hour with the NASDAQ finally giving way to sellers and the S&P moved firmly below its 8 day MA with an early sign of a loss of leadership while some junky names rallied. Bonds was really the only area in the green along with Natural Gas.

S&P Chart:



Resistance	Support
2,885	2,785
2,900	2,635
3,020	2,450

Options Action Trends: Action was pretty quiet, we did see some large January 2021 call buys in Canadian oil producers **SU/CNQ**. We saw put buyers in Canadian Banks like **RY/BNS**.

What's On Tap: House Price Index & EIA Data. Earnings from **T, TMO, NEE, BIIB, KMB, CSX, LRCX, SRE, LVS, ERIC, ORLY, XLNX, AMTD, STM, NDAQ, DAL, BKR, STX, DGX, TDY, DFS**.

Trade Tracker Portfolio Changes:

- 1) **Earnings Flow Trades** (Long T June \$30/\$27 Put Spreads at \$0.75; Long **KMB** April 24th (W) / May \$145 Calendar Call Spreads at \$1.70)

Sector Laggards

Software

Semi's

Internet

Stock Losers

EC -15.5%

NVAX -13%

LE -12.6%

ZIXI -12.2%

AYX -11%

PLMR -11%

RAD -10.2%

Volatility Losers

- AMC
- APRN
- GRPN
- EDU
- AAL
- SIG

High Put Volume

- VNQ
- WY
- CHD
- CCK
- BP
- CHKP

Bearish Options

- BP
- WY
- CRWD
- CHD
- MSFT
- IQV
- EW
- INTU
- COTY
- QCOM
- XPO



Xilinx Large Call Buy into Earnings

Ticker/Price: XLNX (\$89)

Analysis:

Xilinx (XLNX) with a large opening buy of 1000 January \$90 calls on 4/20 at \$11.85 ahead of earnings on 4-22 and follows some action last week with a seller of September \$70 puts and the September \$120 far OTM calls opened 3500X. XLNX has a lot of open interested distributed across June with mostly bullish call buys and put sales as well. XLNX shares are forming a multi-year falling wedge pattern and some recent strength out of a \$70/\$85 base that targets a move to \$100 with the 200 MA sitting up near \$96. XLNX weekly RSI has already broken out of a downtrend and the name that touched \$140 in early 2019 has a 38.2% retracement at \$96 and a 50% retrace at \$104.70. XLNX shares have closed lower each of its last four reports and current options market pricing in a 5.3% move. The \$22.3B Semi trades 28.3X Earnings, 6.9X Sales and 35X FCF with a 1.66% yield, rich valuation though a cash-rich and strong balance sheet and its outstanding margins have always driven a premium valuation, also making it an ideal M&A target. XLNX remains positively positioned for two key secular themes with 5G expansion and data center acceleration driven by hyperscale cloud deployments. Analysts have an average target of \$96 and short interest at 2.3% of the float is minimal. On 4/15 there was a PR regarding Samsung working with Xilinx on 5G. XLNX AI-based FPGA chips are also seen important to next generation automotive uses. On 3/30 Citi lowered its target to \$84 while Goldman on 3/24 upgraded shares to Buy with a \$92 target seeing compelling risk/reward with fundamentals in its Communications business near a tough while Data-Center a strong growth business. Hedge Fund ownership fell 10.2% in Q4 filings, Ceredex Value adding to its position, now its 4th largest holding and ARK Investment has a \$100M position.

Hawk Vision:



Hawk's Perspective: XLNX has room to run up to \$96 near-term, though earnings season has plenty of uncertainty, could look to a bullish June call spread.

Confidence Ranking: \$\$



Marvell Call Buyers See Upside on 5G Opportunity

Ticker/Price: MRVL (\$26.20)

Analysis:

Marvell Tech (MRVL) with 5000 August \$33 calls bought on 4/20 in the \$0.73 to \$0.83 range and action picked up midday and traded 17,500X on the session. MRVL saw 20,000 May \$28 calls sold to open on 4/8 and next reports in late May after expiration, and also has some size call open interest with 23,000 of the January \$35. MRVL has shown relative strength to Semi peers and shares down just 2.3% YTD, a choppy pattern since 2019. The \$17B Semi trades 18.75X Earnings, 6.3X Sales and has a 0.92% yield with a fortified balance sheet. MRVL has been seeing improving operating margins and delivers solutions to move, store and process all the world's data, and targeting the Tech infrastructure segment which is boosted by its acquisition of Cavium a few years ago. It sees storage disruptions, enterprise upgrade cycle, 5G and Data Center as key drivers of growth with an estimated TAM of \$23.5B for FY21 comprised of Storage, Networking and Arm Server. Analysts have an average target of \$29 and short interest down 38.7% Q/Q to 3.9% of the float. MRVL announced an expanded relationship with Nokia for 5G and will start chipping its first custom product later this year. UBS was out positive on 3/27 for its 5G exposure. Jefferies noting on 3/5 that MRVL is a primary beneficiary of the 5G network buildout with recent design wins and has a \$32 target. Piper also raising its target to \$32 seeing multiple growth drivers in place for 2H20. Hedge Fund ownership was down 2.55% in Q4 filings, Whale Rock the only notable top holder and reduced its position in Q4.

Hawk Vision:



Hawk's Perspective: MRVL has a clear uptrend to trade against and a long time until its next earnings report, the August \$28/\$33 call spreads at \$1.40 have a strong reward/risk.

Confidence Ranking: \$\$



Zen-Desk Bulls Position for Strong 2020

Ticker/Price: ZEN (\$72.35)

Analysis:

Zen-Desk (ZEN) buyer yesterday of 800 August \$75 calls for \$7.80 to \$8 and follows a buyer of 750 October \$70 calls on Friday for \$9.60. ZEN has also seen a buyer of 500 Jan. \$55 calls on 4/8 for more than \$900,000 while the July \$100 calls have 1000X in OI from February. Shares are back above the 50% retracement of the move lower from the

February high with YTD VPOC above at \$84.50. The \$8.24B company trades 10.3X EV/sales and 17X cash with expectations for 75% EPS growth and 26.5% revenue growth in FY20. ZEN is focused on expanding their product suite including multi-platform support and sales, messaging, and more. They see a huge and expanding TAM opportunity as they build into adjacent markets while also diversifying their client mix with more enterprise contracts which have more than 3X LTV/CAC than small business. ZEN could see strong tailwinds in a post-COVID world as customer/retailer relationship is in focus and adoption of cloud-based digital support systems grows. Analysts have an average target for shares of \$96. RBC with a \$100 PT positive on its Sell and Conversations products having a "meaningful" tailwind.

BAML positive on 4/15 citing checks with partners. "Feedback suggests some slowdown in lead volume. However, renewal/upsell deals remained solid, from healthy upsell/cross sell activity for Sunshine, driven by demand for the new conversations tool. We also noted some uptick in the Sell CRM offering sold into renewals." Short interest is 7.5%, up from 6% in late 2019. Hedge fund ownership rose 13% in Q4. Whale Rock Capital, Polar Capital, Corvex, EMS Capital, Tiger Global, and Jericho Capital all notable holders

Hawk Vision:



Hawk's Perspective: ZEN working out of a nice basing pattern and continues to like it since the last write-up as a potential M&A target in a consolidating group.

Confidence Ranking: \$\$



Unusual Put Buys in Canadian Bank with Energy Crisis Impact

Ticker/Price: BNS (\$37.25)

Analysis:

Bank of Nova Scotia (BNS) trading 6X average put volume today with buyers of 500 September \$40 puts for \$6 offer and follows 2300 September \$35 puts bought last week for \$3, unusual size for the name. BNS is also a top-10 weighting in the Canadian ETF (EWC) which had 10,000 June \$22 puts bought yesterday. Shares are down sharply from February and rebounded only to the 38.2% Fibonacci where they have faded and now consolidating in a small bear flag under the 8-EMA. Longer-term, shares broke a major uptrend from the 2009 lows and a move under recent lows at \$32.50 has room back to \$25. The \$48.5B financial trades 7.56X earnings, 1X book, and 5.6X FCF with a 6.6% yield. They are expecting 7% contraction in EPS this year and 6.8% revenue growth, although estimates cut over the last three months. BNS faces headwinds given the macro challenges from coronavirus as well as a low-rate environment which will pressure ROE. But, they also face specific headwinds from housing exposure -- mortgage deferrals expected to hit 1M nationwide by May -- and from energy. According to Bloomberg data, Canada's six largest lenders had near \$60B in energy loans on their books and BNS is the largest, writing more loans for the sector 2019 than any other bank. Analysts have an average target for shares of \$72. BAML downgrading to Neutral on 3-13 given heightened concerns over a recovery in rates and housing which could jeopardize capital return. BAML estimates a 40% cut in EPS and 500 bp cut in ROE for the group over average in a recession scenario which they now expect in Canada given negative GDP growth in Q2 and Q3 expected. Short interest is minimal. Hedge fund ownership fell 5.8% in Q4.

Hawk Vision:



Hawk's Perspective: BNS along with the rest of the Canadian Banks look very troubled and in a real bad position, hard to estimate how low these can go but another leg down appears likely.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

NASDAQ (QQQ) seeing 11,500 September \$210 calls adjust to the \$230 strike

Vanguard Real Estate (VNQ) with 40,000 December \$65 puts opening as the 22,000 September \$81 puts that opened 3/6 adjust

Biotech (XBI) with 4000 June \$85 puts being sold to open \$3.80. **XBI** also with 3850 September \$101 calls sold to open \$5.55 today

S&P (SPY) seeing 4000 September \$271 puts open above \$25.70 today for over \$10M

Consumer Discretionary/Services

Hanes (HBI) buyers of 820 October \$6 calls for \$3.30

Darden Restaurants (DRI) with 1,000 May \$60 calls sold to open from \$7.40 to \$7.10 after their SSS update this morning

Las Vegas Sands (LVS) buyer 3000 weekly \$44 calls \$1.27 spread with the \$47 calls into earnings

William Sonoma (WSM) buyer of 2,500 May \$52.50/\$57.50 call spreads for \$1.55, interesting comes with **RH** short-term bullish flows yesterday as a tie-up between the two has been speculated before

Disney (DIS) with 1600 October \$80 OTM puts being bought \$5.15 to \$5.20

Zynga (ZNGA) with 5000 September \$8 calls bought for \$0.72, the September \$8 puts sold 5000X for \$1.24, and the September \$7 puts bought 5000X at \$0.72 in an oddly structure trade

Comcast (CMCSA) with 10,000 weekly \$36 puts sold to open down to \$0.93 from \$0.99

MGM (MGM) with 3000 May 1st (W) \$12.50 puts bought to open near \$1.05

eBay (EBAY) with 4000 June \$40/\$37 strangles sold to open for \$3.52. **EBAY** also 4000 May \$38 puts bought today up to \$2.10

Big Lots (BIG) with 1000 July \$22.50 puts sold to open \$5.10

Chipotle (CMG) seeing earnings strategist put on May \$790/\$810/\$820 butterfly call spread 100X200X100, earnings 4-21 after the close

Wynn (WYNN) with 1,500 May \$52.50 puts bought \$2.20 to \$2.23 today

Nike (NKE) also seeing 1000 July \$90 calls bought today \$5.15 to \$5.25, the \$100 calls with 1500X sold

Activision (ATVI) buyer 1500 January \$65 puts to open \$8.90 and follows large January put buy in **TTWO** yesterday

Consumer Goods

Church & Dwight (CHD) the May \$75 puts bought 1300X for \$5.70 to \$6.20 into 4-30 earnings

Wal-Mart (WMT) bullish flows continues with 7500 May 1st (W) \$135 calls being bought opening thirty minutes. **WMT** nice 8 MA test on early lows it bounced

Coty (COTY) with 700 August \$6 puts bought this morning between \$1.35 and \$1.39, earnings in early May and travel retail in Europe a big part of their revenue

Kroger (KR) buyers of 10,000 July \$34 puts up to \$3.80

Mondelez (MDLZ) with 1000 September \$55 calls bought \$2.81

ConAgra (CAG) buyer of 750 September \$36 calls for \$2.23, the May \$32 calls adjusting

Sprouts (SFM) with 2,400 September \$20 calls being bought this afternoon \$2.70 to \$2.90, Oppenheimer upgrade today citing benefits from more at-home food consumption

Dollar General (DG) opening sale 380 November \$140 puts \$6.50

Energy

Nordic American Tanker (NAT) higher by 17% with the crude storage concerns and May \$5.50 calls active early with over 4,000 trading \$0.75 to \$1

Schlumberger (SLB) buyer 2400 June \$17.5 puts \$3.83

Suncor (SU) buyer 5000 January \$20 calls for \$1.23

Sasol (SSL) with 800 December \$2.50 puts sold to open \$1.18

Frontline (FRO) with 5,000 May \$15 calls sold to buy the \$10/\$7 put spread into recent strength

Sun-Run (RUN) buyer of 1375 November \$12 calls \$3 to \$3.20 to open, earnings 5-6 and shares basing the last few weeks

Canadian Natural (CNQ) with 5000 January \$18 calls opening \$1.19, similar to the **SU** trade as Canadian Oil producers see some longer term call buys

Financials

Synchrony (SYF) buyer of 1,500 January 2022 \$18 calls for \$3.80, adjusting some January 2021 calls down and out. **SYF** also 3000 May \$15 puts sold to open \$1.21 to \$1.17

Uniti (UNIT) with 5000 November \$3 puts bought for \$0.40

Noah Holding (NOAH) unusual action buying 2500 September \$35 calls and selling 2500 June \$20 puts for small net debit trades. **NOAH** spreads now jump to 10,000X

CME Group (CME) buyer of 1,000 May \$140 puts for \$2.30 to \$2.45

American International (AIG) with 1000 January \$25 calls bought \$3.66

Citi (C) with 1500 June 2021 \$35 puts sold to open today for \$5.95

Ares Management (ARES) with 850 May \$30 puts bought today \$1.90 to \$2.35, their PE portfolio is majority energy and retail names

US Bancorp (USB) buyer 1500 January \$30 puts to open \$4.30

Royal Bank of Canada (RY) with 600 May \$55 puts bought up to \$2.15, 485 of the \$50 puts bought up to \$1.40, and over 7450 OTM May \$40 puts bought up to \$0.75

Cannae (CNNE) with 2500 August \$35 calls opening \$2.30 as May \$35 adjust

Healthcare

Iqvia (IQV) with 500 August \$105 puts being bought this morning from \$5.80 up to \$6.50, shares rallying back to the 50-MA and 50% retracement

Edwards Lifesciences (EW) buyers of 580 August \$190 puts for \$10.10 to \$10.70, earnings 4-23

Pacira Pharma (PCRX) with 490 August \$45 calls bought \$3.10 to \$3.40, expecting to file for EXPAREL in post-op pediatric pain management soon

Agilent (A) buyers of 520 May \$72.50 puts for \$2.61 to \$2.66, earnings not until late May but captures **TMO** tomorrow morning and **DHR** in early May

Gilead (GILD) with 1000 November \$87.5/\$60 put spreads opening

AztraZeneca (AZN) with 3500 May 22nd (W) \$51 calls being sold to open down to \$1.55

Alexion (ALXN) with 400 September \$115 calls bought for \$6.80 today, looks to be adjusting up the \$105 calls; relative strength name since mid-March

Deciphera (DCPH) the May \$55 calls being bought today 915X from \$2.90 up to \$3.60, comes ahead of competitor **Blueprint (BPMC)**'s PDUFA on 5/14 for their GIST treatment

Industrials

Ryanair (RYAAY) with 1000 December \$75 calls bought \$6.30 to open while September \$90 calls seeing 850X sold near \$1.70

Delta (DAL) buyers of 1,000 May \$26 calls up to \$1.42 as shares move red-to-green early; earnings tomorrow morning

Flir Systems (FLIR) buyers of 1,000 May \$50 calls today up to \$2.40, continues to run with the **AMZN** report yesterday. **FLIR** the June \$50 calls also with buyers 600X from \$3.50 to \$3.70

XPO Logistics (XPO) buyer 1000 August \$50 puts \$5.60 to \$5.80

Fastenal (FAST) 925 August \$30 puts sold to open for \$1.70

Goodyear Tire (GT) buyers of the July \$5 puts nearly 4000X this afternoon into earnings, likely impacted by less travel and car miles

American Air (AAL) buyer 7800 November \$6 puts for \$1.27

Southwest Air (LUV) with 3000 January \$20 puts sold to open \$2.60 bid

General Motors (GM) with 3000 September \$18 puts opening \$2.31 to \$2.39

Boeing (BA) opening seller of 1600 September \$110 puts earlier today near \$18.50

Tesla (TSLA) with 2000 July \$800 calls bought as June \$800 adjust out, also seeing a buyer of 1000 July \$850 calls for \$68.47

Caterpillar (CAT) buyer 1000 January \$110 calls to open \$15.35

Timken (TKR) buyer of 500 June \$30 puts for \$2.35, starting to roll out of a rising wedge today and back under the 8-EMA

Materials

Weyerhaeuser (WY) with 7500 May \$15 puts opening \$0.39

CF Industries (CF) with 500 June \$25 calls bought \$3.50 to \$3.70 into early weakness, earnings 5-6

Mosaic (MOS) the June \$12/\$10 bull risk reversal opening 5900X for a small debit

Newmont (NEM) with 1000 June \$55 puts sold to open \$3.26

Eldorado Gold (EGO) buyers of 1000 October \$10 calls up to \$1.50

Tech and Telecom

Veeva (VEEV) June \$210 OTM calls with 250X bought \$4.70 to \$5. **VEEV** also seeing 650 January \$150 puts sold to open \$15.20 to \$14.70

Wix.com (WIX) unusual action early with 570 June \$135 calls with opening buys \$11.20 to \$11.80 range

Carvana (CVNA) strong open moving through YTD VPOC and deep ITM August \$105 puts being sold to open 810X down to \$31.20

Crowd-Strike (CRWD) with 1500 May \$67.50/\$57 put spreads bought for \$3.05 with the May 1st (W) \$80 call sold for \$0.80, may be trading around a stock position

Microsoft (MSFT) buyer 2500 May 1st (W) \$172.5 puts for \$6.60 with earnings 4-29

Oracle (ORCL) with 1250 September \$52.50 calls opening \$4.90 to \$5.10 range

Advanced Micro (AMD) with 1250 May 29th (W) \$58 calls opening as May 1st (W) \$55 adjust

IQIYI (IQ) opening sale 500 December \$17.5 puts \$3.65

Expedia (EXPE) with 2000 May \$85/\$75/\$45/\$35 Iron Condors opening. **Expedia (EXPE)** with 1500 January \$65 calls sold \$10.20 in a buy-write

Intuit (INTU) with 975 July \$230 puts bought this morning \$11.60 to \$12, fading off the 200-MA this week

Qualcomm (QCOM) buyers 1500 May 1st (W) \$73 puts \$3.60 to \$3.65

Wayfair (W) buyer 200 June \$100 puts \$18.30

AutoDesk (ADSK) with 300 October \$155 puts being bought near \$15.15 to open. **ADSK** with 400 May \$160 puts bought as well \$6.90 to \$7

Zen-Desk (ZEN) with 1000 May \$65/\$55 put spreads bought to open \$2.18. **ZEN** also with 400 May \$70 puts bought \$5.10

Micron (MU) buyer 4000 October \$35 puts \$3.45 to \$3.65

CheckPoint (CHKP) set to report on 4-27 before the open and seeing 1000 May \$95 puts bought near \$2

Stitch Fix (SFIX) with another 2,000 May \$15 calls bought up to \$1.70, spot where buyers active yesterday

Trip.com (TCOM) with 1500 September \$22 puts sold to open \$2.35

JD.com (JD) with 2000 September \$49 calls bought \$2.76 against a sale of 4000 September \$42 puts at \$5.03

Lyft (LYFT) with 7,950 May \$28 puts bought up to \$2.87 this morning **LYFT** also with 2000 May \$28.50 puts bought \$3.10 to \$3.25

T-Mobile (TMUS) with 500 November \$92.50/\$97.50 call spreads bought with the \$60 puts sold to open for a net credit

Appian (APPN) unusual 325 June \$40 calls bought \$4.60 offer to open

Zscaler (ZS) with 500 November \$67.50 calls being bought this afternoon around \$11. **ZS** now with 500 September \$67.5 ITM puts sold to open for \$11.70, and November \$67.5 calls up to 1365X

YY Inc (YY) with 1050 January \$65 calls sold \$7.75 to open

Roku (ROKU) opening sale 1100 May \$135 calls for \$10.40

NetEase (NTES) with 500 January \$320 puts bought around \$39, tied to stock, China name that held up great during the recent sell-off and near a monthly breakout above the 2017 highs

Fortinet (FTNT) weak today down 9.4% but seeing stock replacement buy 500 January \$105 calls to open \$15.73 to \$16.35

Okta (OKTA) seeing June \$155/\$175 call ratio spreads open 500X1000

Analog Devices (ADI) with 500 January \$97.50 calls bought up to \$13.20 in a stock replacements

Utility

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Not Investment Advice or Recommendation

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