

# OptionsHawk

**OPTIONS HAWK DAILY MARKET 4/27/2020**

## Sector Leaders

Retail

Banks

Housing

## Stock Gainers

AXSM 23%

ARCT 22%

AUDC 21%

CMD 20%

SALT 19%

LE 17.5%

MAG 17%

## Volatility Gainers

- JWN
- STNG
- W
- ZNGA
- HOG
- TGT

## High Call Volume

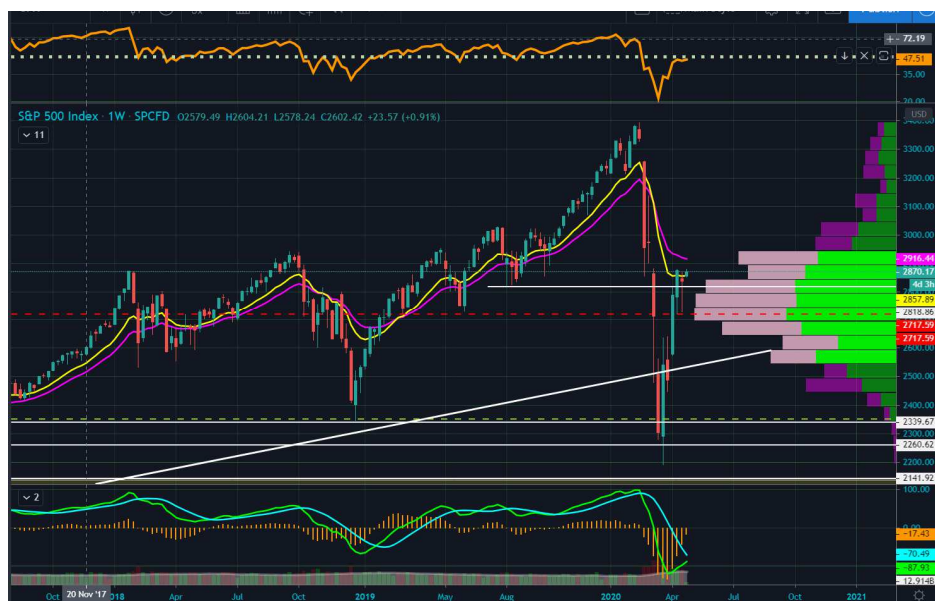
- STNG
- AUDC
- AXSM
- TAK
- UNFI
- LH

## Bullish Options

- LULU
- WYNN
- ZNGA
- LVS
- SWK
- LH
- ATUS
- STNG
- PANW
- ITUB
- TEVA

**Market Review:** Stocks were higher into the open to start a packed earnings week and did not appear phased by Oil trading nearly 20% lower early. Stimulus back in focus with Japan continuing to initiate action and the ECB/Fed speaking this week. Parts of the US economy are slowly reopening as the curve is flattening though treatment options continue to fail in studies. We saw strength leadership from beaten down groups like Banks, Housing and Retail though Internet/Software were also strong. Energy lagged sharply while Bonds also sold off. Breadth stayed healthy through the early afternoon with a trend up day, the S&P now working above its 55 day moving average with the 200 day MA the next potential upside target with a number of bullish set-ups triggering to start the week. We have a quiet schedule tomorrow before the Fed and GDP on Wednesday while earnings take center-stage.

**S&P Chart:**



Resistance	Support
2,885	2,785
2,900	2,660
3,020	2,635

**Options Action Trends:** Bullish flow continued from Friday in Casino leaders WYNN/LVS.

**What's On Tap:** Richmond Fed Index and Wholesale Inventories. Earnings from PFE, GOOG, MRK, PEP, SBUX, UPS, MMM, MDLZ, SPGI, CAT, AMD, ROP and more.

## Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long CVS June \$65 Calls for \$2 – No Fill
- 2) -

## Sector Laggards

Energy

Bonds

Gold Miners

## Stock Losers

CHK -24%

CPA -13.6%

RYCE -9%

COTY -8.75%

TALO -8%

PDCE -7.6%

EGOV -6.75%

## Volatility Losers

- VSTM
- AMC
- DVAX
- GPS
- HTZ
- AAL

## High Put Volume

- HOG
- FIZZ
- NDAQ
- AAWW
- VFC
- BERY

## Bearish Options

- AAL
- BA
- HMY
- ADSK
- IAA
- HOG
- FIZZ
- UNH
- ORCL
- JBI
- IRDM



## American Campus Puts Bought as Schools Close, Occupancy Concerns for Fall 2020

**Ticker/Price:** ACC (\$29.82)

### Analysis:

**American Campus (ACC)** seeing bearish positioning recently with May \$25 put open interest climbing above 6000X in a name with very little other open interest. ACC shares are lower by 36.5% YTD breaking a long-term uptrend in February and a long term topping pattern targeting a move down to \$15 or lower. The \$4.25B REIT is the largest owner, manager and developer of student housing communities and clearly faces major headwinds from University closings as well as lack of demand and ability to meet rental commitments. On 3-9 a Director bought 10,000 shares at \$42.50/share. ACC posted results on 4-20 beating on FFO and Revenues (+3%). It noted "total volumes have slowed and are currently at a pace that is roughly 60 percent of prior year activity." ACC also has \$785.8M in its development pipeline. As of March 31, 2020, the company had approximately \$177 million in cash and over \$390 million available on its unsecured revolving credit facility. The company has no remaining debt maturities in 2020 and approximately \$230 million in planned development expenditures for the remainder of the year. ACC trades 18.7X FY19 FFO and has a 6.3% dividend yield. From a higher level view it sees an addressable market of 6.9M students and currently its 113,000 beds represents a 1.5% market share while the other Top 25 owners have 490,000 combined beds, a highly fragmented market. ACC has been a strong operators with a fifteen year NOI CAGR of 21% with 2.5% average rental rate growth and 97.5% occupancy. Analysts have an average target of \$41 and short interest remains muted at 1.4% of the float. Goldman upgraded to Buy on 4-2 with a lowered \$38 target noting its earnings and rent growth are more insulated to economic downturns than peers and sees students returning to campus for the 2020/2021 school year. Hedge Fund ownership rose 1.3% in Q4 filings, no notable concentrated holders.

### Hawk Vision:



**Hawk's Perspective:** ACC looks like a nice short under last week's low and if we start hearing more Fall 2020 school delays it could really suffer.

**Confidence Ranking:** \$\$



## DuPont Bulls Position for Upswing

Ticker/Price: DD (\$41.90)

### Analysis:

**DuPont (DD)** has been seeing a surge in bullish positioning lately with another 5000 June \$45 calls bought late on 4/24 and adding to open interest which follows recent buys of 2500 October \$50/\$60 call spreads and 1000 July \$45 calls. DD has also seen opening sellers in July \$50 and \$47.50 puts that remain in open interest. DD shares are currently working above its 55 day moving average and out of a multi-week base with limited resistance until \$52.50 which aligns with the measured move target of the base breakout. DD came out on 4/20 raising its Q1 view well above the Street with a surge in demand for pandemic related materials, though suspended FY20 guidance. The \$31B chemical company trades 11.75X Earnings, 10X EV/EBITDA and 0.76X Book with a 2.85% dividend yield. DD has around \$5B in debt obligations through 2022. Analysts have an average target near \$50 and short interest low at 2% of the float but jumping 69% Q/Q. BMO lowered its target to \$55 last week seeing recession headwinds impacting a number of DD's end-markets but expects cash flows to remain resilient. JPM upgraded shares to Overweight with a \$55 target seeing shares too cheap for a quality asset and confident the IFF deal will close. Stephens with a \$55 target notes management is downplaying serious litigation risks but sees DuPont with greater cyclical upturn potential than most of the cyclically exposed material company peers. KeyBanc on 3-26 starting shares Overweight with a \$44 target on attractive valuation. Hedge Fund ownership rose 5% in Q4 filings, notable concentrated positions from Maverick and Edgepoint.

### Hawk Vision:



**Hawk's Perspective:** DD does look attractive versus peers and has a nice pattern developing with \$37.5 an easy manageable stop level.

**Confidence Ranking:** \$\$





## ST Micro Calls Bought as Shares Clear Base

Ticker/Price: STM (\$25)

### Analysis:

**ST Micro (STM)** with 3,500 November \$25 calls being bought on Friday up to \$4.10, notable positioning in the name. STM has seen buyers in the July \$20 calls recently while the Jan. 2022 \$40/\$25 bull risk reversal bought in February remains in OI. Shares moved out of a bull flag on Friday and back above its 20, 50- and 200-MA into some clear space back to \$30. The \$22.4B semiconductor trades 19.5X earnings and 2.3X sales with a 1% yield and strong cash position and limited debt. They have a Current Ratio of 3.1X. Given the recent pullback, shares trade cheap at 1.8X EV/sales on a FY22 basis. STM reported a mixed Q1 with exposure to a slowdown in auto manufacturing but management guiding to a bottom in Q2 and recovery through year-end. Inventory levels remained positive in MCUs and while they expect to see some build from Q1 slowdowns, it'll be fully reabsorbed in the 2H given customer demand. The long-term trajectory for some of their biggest areas of interest like EVs and industrial IoT remain robust while they've been winning more design contracts in 5G smartphones and the next cycle expected to be a significant long-term driver. In the near-term, STM expects tailwinds from SiC project ramps (time of flight sensors, ranging sensors). Analysts have an average target for shares of \$25. JP Morgan downgrading to Neutral on 4-14 but noting that STM should "meaningfully participate" over the next auto and smartphone cycle but short-to-medium term disruptions shouldn't be underestimated. Short interest is minimal. Hedge fund ownership fell 11%.

### Hawk Vision:



**Hawk's Perspective:** STM is one of the healthier looking Semiconductors and with the Apple production delayed could be a strong 2H performer. I see near-term resistance near \$27.

Confidence Ranking: \$\$



## Bearish Positioning in IAA with Weak Business Trends

Ticker/Price: IAA (\$38)

### Analysis:

**IAA Inc (IAA)** with 5,000 June \$30/\$20 put spreads bought this morning for \$1.50 and follows 1500 June \$30 puts bought on Friday around \$2, standout volume in a name that had only 933 options in open interest before Friday. Shares have rebounded from the March lows and back above its 50-MA this morning but running into a major volume shelf 2019 range around \$37.50. A move back under the 50% retracement and under the 8-EMA at \$34 key to watch for a short-term break in momentum. The \$4.8B company trades 21.2X earnings, 3.35X sales and 102X cash. They have some notable debt due to the spin-off structure from KAR Auction (KAR) and noted in March they expect their leverage ratio above 3X in 2020 with interest payments rising. IAA focuses on auto salvage solutions and auctions for total loss, damaged, and low-value vehicles in the US. They took down estimates for the FY recently, like many, but ongoing risks to their core business due to COVID-19. First, IAA relies on volume which comes from more total accidents and miles driven. The LA Times recently noted a 60% dip in overall auto traffic on their highways while areas like Michigan (67%), and NY (80%) also show the nationwide dip in miles traveled. This is likely compounded by the fact that IAA lost major share from customer Geico in October to Copart (CPRT). Second, IAA relies on active auctions and used car pricing. The former have come to a standstill and some have moved online but JD Power noting on 4/23 that the last two weeks of March saw the two largest-ever declines in average used-car transaction prices. Analysts have an average target for shares of \$47. Barrington upgrading to Buy on 3-18 noting that world will return to normal some day and the firm thinks their long-term margin plan provides upside. Short interest is 4%. Hedge fund ownership rose 8%. Third Point a notable buyer of 6.5M shares.

### Hawk Vision:



**Hawk's Perspective:** IAA has some near-term momentum but any reversal candle signal makes it a compelling short as there is a clear bear thesis here.

Confidence Ranking: \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**S&P (SPY)** block of 5000 September \$248 puts bought \$11.30 to open

**NASDAQ (QQQ)** moving to session lows here with May \$205/\$195 put spreads trading 25,000X. **QQQ** with 50,000 December \$198 puts opening \$15.02 to \$15.10, stock-tied and looks to be adjusting a June \$209 call sale from a buy-write

**China (FXI)** stock replacement opens 8000 January \$39 calls \$2.86

**Gold Miners (GDX)** with 8000 July \$35 calls sold \$2.96 to open

**S&P (SPY)** opening buy earlier of 3000 May 29th (W) \$286 calls \$9.52. SPY also opening seller 6,025 September \$215 puts for \$5.12. **SPY** the May \$250/\$235/\$220 put butterfly spread trading 22,500X45,000 today

**Vanguard Emerging Market (VWO)** seeing 5500 November \$37 calls sold \$2.25 to open today

**Russell (IWM)** been the focus of bullish options positioning last few weeks and active again today, the October \$155/\$170 call spreads bought 15,000X for \$1.18. Also seeing 10,000 May \$134/\$119 strangles sold to open.

## **Consumer Discretionary/Services**

**Lululemon (LULU)** with active May 1st and May 8th weekly calls all last week seeing May 1st (W) OTM \$230 calls hot early nearly 4000X bought

**Wynn (WYNN)** another 1,000 January 2022 \$85 calls bought today \$21.95 to \$23

**Las Vegas Sands (LVS)** buyer 1000 September \$50 calls \$5.20

**TAL Education (TAL)** with 1500 June \$50 puts sold to open \$4.30 to \$4.00. **TAL** also with 1000 August \$50 puts sold for \$5.40 in a stock replacement

**Zynga (ZNGA)** with 11,000 May \$7.50 calls bought up to \$0.64 early, earnings 5-6 and been an obvious stay at home winner

**VF Corp (VFC)** sellers of 1500 November \$32.50 puts for \$1.75 to \$1.70, basing in a narrow multi-week range

**Starbucks (SBUX)** with 1300 October \$90/\$65 put spreads bought for \$12.05

**Charter (CHTR)** stock replacement opens 500 May \$515 calls \$19.95 to \$20.21, earnings 5-1. **Charter (CHTR)** also with 500 September \$600 calls opening today \$12.67 as June \$540/\$390 bull risk reversals adjust 2/28

**Live Nation (LYV)** opening sale 1500 May \$42.5/\$37.5 strangles for \$4

**Altice (ATUS)** with 8000 September \$25 puts sold to open \$2.65 in a stock replacement

**Tiffany's (TIF)** seeing 2300 August \$130/\$135 call spreads open today

**Under Armour (UAA)** with 7000 May 8th (W) \$10.50 calls bought \$0.36 to \$0.45 to open, working out of long bottoming pattern

**Kohl's (KSS)** buyers 4500 May \$18 calls \$1.35 to \$1.45

**Dillard's (DDS)** unusual buy of 1500 November \$65 calls for \$0.65

**Chewy (CHWY)** with 1250 max strike January \$65 calls opening in sales, likely writing versus stock

**America Movil (AMX)** with 600 November \$10 calls bought \$2.80 ahead of earnings tomorrow, higher three of the last four

**Stitch Fix (SFIX)** on the highs and into the gap with 1750 May 8th (W) \$17 calls bought up to \$1.15

**Marriott (MAR)** with 1000 May 22nd (W) \$84/\$78 put spreads opening. **MAR** buy-write also trades with 750 October \$90 calls sold \$11.83

**Floor and Decor (FND)** with nearly 1000 May \$35 puts bought late \$1.38 to \$1.49, earnings 4-30

### Consumer Goods

**Coca Cola (KO)** with another 1,500 July \$45 puts sold to open for \$2.17 in a stock replacement, same trade as Friday

**National Beverage (FIZZ)** buyers of 1,250 July \$50 puts up to \$5.25

**United Natural (UNFI)** with 2,000 June \$12.50 calls bought \$1.60 to \$1.70 today, grocery stockpiling beneficiary

**Tempur Sealy (TPX)** with 2,500 May \$47.50 calls bought \$5.80 to \$5.90, shares in a narrow range under \$50. **TPX** volumes up to 5,000X now with a block at \$6.60

**Pepsi (PEP)** with 1000 January 2022 \$105 synthetic long positions opening deep ITM

**P&G (PG)** with near 900 October \$100 puts sold to open around \$3.60 in stock replacements

**Hanes (HBI)** buyer of 6,600 May \$10 puts for \$1.15 to \$1.20; earnings on 4-30 and could see pressure with their reliance on mass merchant sellers like TGT and KSS

**Estee Lauder (EL)** day lows, earnings 5-1, buyer 825 May \$150 puts for \$2.41 this morning

**Molson Coors (TAP)** opening sellers in January \$35 puts up to 1065X now \$2.70 to \$2.65

**P&G (PG)** with near 900 October \$100 puts sold to open around \$3.60 in stock replacements

**Aphria (APHA)** with 1600 October \$5 puts bought \$2.20 offer to open

### Energy

**Scorpio Tanker (STNG)** with 2450 January 2022 \$35 calls opening \$8.80 to \$8.90 today

**Shell (RDS.A)** with 900 June 5th (W) \$36 calls bought \$1.35 this morning, earnings 4-30

### Financials

**PayPal (PYPL)** with 1500 May 8th (W) \$115 puts opening \$2.28 as the \$110 puts from 4/14 adjust. **PYPL** 1000 June \$120 puts bought \$7 offer

**Banco Itau (ITUB)** buyers 12,500 June \$4 calls \$0.33 to \$0.40

**S&P Global (SPGI)** small buys of 265 November \$350 OTM calls today \$7 to \$7.40

**Goldman Sachs (GS)** with 1500 July \$200 calls bought \$6.20 to \$6.35 to open with Banks leading the rally today

### Healthcare

**Gilead (GILD)** opening sales 2500 July \$90 calls \$4.70 to \$4.65. **GILD** also 1000 November \$70 puts sold to open for \$7.20. **Gilead (GILD)** buyer 3500 weekly \$81/\$87 call spreads here

**Zogenix (ZGNX)** with 1000 July \$35/\$50 call spreads trading early, beaten up Biotech with some recent momentum higher

**CVS Health (CVS)** adjustment of May \$77.5 short puts to November \$75 short puts 1325X

**Becton Dickinson (BDX)** buyer of 600 May \$275 calls from \$6.80 to \$7.90 into 5-7 earnings

**Lab Corp (LH)** with 400 August \$170 calls opening near \$20 as May \$150 adjust. **LH** now with 500 August \$175 calls bought around \$18.65 as the May \$155 calls adjust as well

**Regeneron (REGN)** with 200 January 2022 \$600 calls opening into weakness as stock replacements for around \$1.9M

**Stryker (SYK)** with 2,360 June \$165 puts sold to open \$3.70

**Teva (TEVA)** with 2000 December \$12/\$8 bull risk reversals opening for \$0.65 debit

**Jazz Pharma (JAZZ)** long base and 500 May \$110 calls bought \$5.50 to open today, earnings 5-5

**Biogen (BIIB)** buyers of 335 September \$300 calls at \$31 to \$31.50 for over \$1M midday. BIIB shares pulled back last week but quickly basing at YTD VPOC near \$290

**Schrodinger (SDGR)** with 500 June \$55 calls bought today from \$5.34 to \$5.90, interesting 2019 IPO that could benefit from higher drug development volumes amid coronavirus

**AMN Healthcare (AMN)** buyer 2000 May \$50 calls to open \$1.60 to \$1.85, earnings 5-11

**Merck (MRK)** opening sale 10,000 June \$90 calls for \$0.98 into earnings tomorrow, likely writing versus stock position

**Alexion (ALXN)** with 1000 May 8th (W) \$107/\$98.5 put spreads opening \$1.55 capturing 5-6 earnings

**Uniqure (QURE)** afternoon buyers of 500 May \$70 calls from \$2.15 to \$2.35

**Zoetis (ZTS)** tightly coiled and 500 October \$150 calls opening \$3 to \$3.20 today, earnings 5-6

**Bluebird Bio (BLUE)** buyers this afternoon of 400 June \$70 calls from \$3.80 to \$4.15, working back above the 50-day for the first time since early February

### **Industrials**

**Boeing (BA)** earnings 4-29 seeing 5000 weekly 4120 puts active early, also in June 2022 the \$130 calls sold 1000X to buy the \$120/\$70 put spread

**Stanley Works (SWK)** with 2,000 June \$120 calls opening for \$5.40, stock replacement ahead of 4-30 earnings

**Caterpillar (CAT)** with 500 November \$120/\$95 strangles sold 500X with long stock

**Southwest Air (LUV)** sweep buyers 3500 weekly \$29 calls \$1.45/\$1.50 into earnings tomorrow morning, strong history after reporting

**PACCAR (PCAR)** with 300 August \$67.50 puts sold to open \$5.10 bid

**Tesla (TSLA)** with 1500 January \$460 puts bought \$54.10 to open. TSLA also with 2000 December \$380 puts sold to open today near \$30.70.

**Euronav (EURN)** buyers of 875 December \$15 calls for \$2.65 to \$2.90 with rates exploding due to the crude storage shortage

**American Air (AAL)** buyer 10,000 January \$5 puts \$1.24

**Copa (CPA)** down 14% after its update this morning, seeing 2000 August \$40 puts trade with sales, and already 2000 of the short puts in open interest, will confirm OI tomorrow

**Hertz (HTZ)** buyer 2000 October \$5 puts to open \$2.40 to \$2.45

### **Materials**

**Harmony Gold (HMY)** with 1000 January \$6 ITM puts opening \$2.80

**Masco (MAS)** with 775 July \$37 puts sold to open \$1.75

**Trex (TREX)** with 500 May \$75 puts bought today for \$2.40 to \$2.65 ahead of earnings on 5-4



**Rio Tinto (RIO)** with the October \$47.50/\$57.50 call spread bought 5,000X15,000 for \$0.80 debit

### **Tech and Telecom**

**Yandex (YNDX)** with 2,000 May \$38 calls bought \$1.10 into earnings this week

**DropBox (DBX)** with 3000 May \$24 calls bought \$0.30 offer

**Trade Desk (TTD)** the June \$170 puts being sold to open \$4.80 to \$4.60, over 500X

**Audio Codes (AUDC)** up 24% on strong quarter, name with some bullish open interest and seeing November \$25 puts sold to buy. **TTD** also 425 October \$135 far OTM puts sold \$7.50 to open \$30/\$40 call spreads today 500X. **AUDC** another 500 of those Nov. call spreads bought with the \$22.50 puts sold this time

**Autodesk (ADSK)** buyer 250 June \$180/\$155 put spreads, active put buys last week in it

**CrowdStrike (CRWD)** bullish flow continues with 1200 OTM July \$100 calls with buyers today up to \$1.70

**Advanced Micro (AMD)** with 6,800 May \$52 puts sold to open today down to \$1.36 with earnings tomorrow afternoon

**Lyft (LYFT)** with 2500 October \$40 calls sold to open \$4.14 to \$4.12 into strength. **LYFT** also with 2000 June \$42.50 calls sold for \$1.25

**Palo Alto (PANW)** with 1000 September \$200 calls opening \$20.50 in a stock replacement

**Oracle (ORCL)** with 1700 July \$52.50 puts bought to open \$3.05 to \$3.20

**Paycom (PAYC)** with 475 May \$220/\$190 put spreads bought today for \$9.35 ahead of earnings tomorrow, could see SMB headwinds. **PAYC** May put spreads up over 1200X

**Coupa Software (COUP)** with 400 May \$172.50 calls bought \$6.25 today to open, adjusting higher the \$155 calls with shares out of a small flag and not far from new highs. **COUP** also with 400 June \$150/\$125 put spreads bought today

**Logitech (LOGI)** with 400 December \$38 puts sold to open for \$2.00 to \$1.95 and also 400 December \$35 puts sold to open \$1.45

**HubSpot (HUBS)** with 800 December \$140 puts bought \$21.90 to open, name with small business exposure in Software

**Teradyne (TER)** buyers coming in for May \$65 puts \$3.10 offer 825X

**Salesforce (CRM)** rolling over from midday highs with 4000 June \$140 puts active with buyers paying \$4.30 to \$4.40. CRM shares failing right at the 200 MA

**ON Semi (ON)** seeing 1500 October \$16 straddles bought

**Applied Materials (AMAT)** with 750 October \$47.50 puts sold \$5.18 to open

### **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.*

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