



FEATURED OPTIONS RADAR REPORT



Cloudflare Bulls Position into Strength as Leading Growth Name Surges

Ticker/Price: NET (\$84.75)

Analysis:

Cloudflare (NET) has seen some large positions over the past week starting with 2,350 November \$70 puts sold to open for \$2.3M on 4/21 and then on 4/26 the June \$75 calls bought 2000X for \$2.6M. On 2/12 the January \$85 puts sold to open 1500X and NET also has 6500 January \$70 short puts in open interest. The call side has seen less action but a buyer of July \$80 calls from 11/9 is holding 3,450X. NET has been on a powerful run the past two weeks after breaking out of a key weekly base that formed above the rising 34-week moving average and VWAP off the September 2020 lows, shares now up near the top-end of its range with potential for a break to new highs. NET recently announced a partnership with Nvidia (NVDA) that sparked a strong rally in shares and spoke at the Morgan Stanley conference in March about expanding its TAM and adding new products, seeing itself at the early innings of its journey. NET is a leader in the edge computing / CDN theme which has seen growth ramp quickly over the last year as more importance is put on digital services and infrastructure. NET has a superior product to peers given their low read-error rates, faster processing and flexibility. They have plenty of opportunity to win share in the \$47B TAM with tailwinds from 5G, IoT, and remote work and 2021 the priorities shift into expanding partnerships, new products, and extending their serverless platform strategy into a new class of applications and market opportunities. NET currently has a market cap of \$23.4B and trades rich at a multiple of 41.8X EV/Sales with revenues seen growing 37.5% in 2021 and 32% in 2022. Analysts have an average target of \$100 on shares with short interest at 6% of the float. Baird out positive on 3/29 seeing NET positioned well for the long-run. Truist raised to Buy on 3/23 with a \$110 target after customer checks. Hedge Fund ownership surged 48% in the latest quarterly filings.

Hawk Vision:



Hawk's Perspective: NET remains a favorite, the multiple is hard to justify, but price-action is very strong and the Spotlight trade in May call spreads is now profitable after a wild ride, and may roll the dice into earnings as I see it posting a blowout number.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Sun Run Bull Spreads Active into Pullback as Risk/Reward More Favorable

Ticker/Price: RUN (\$57.20)

Analysis:

Sun-Run (RUN) seeing several bullish spreads this morning including stock replacements that sold 3000 August \$40 puts at \$1.90 to buy the \$70/\$85 call spreads at \$2.35, 2,500 June \$65/\$80 call spreads bought for \$2.25 and finally 2,000 August \$45 puts sold to buy the \$70/\$85 call spread 3,000X, similar to earlier this morning. Shares are clearing a downtrend this week from the early 2021 highs and looking to work back above the 50- and 200-MA around \$60.

RUN has room back to February VPOC just above \$70. The \$11B company trades 12X sales and 20X cash with 50% growth in FY21. RUN is a clear leader in the residential solar market which is in the earliest stages of growth in the US.

They're coming off a strong quarter and highlighted strength in storage attach rates recently at the MSCO Energy conference. Analysts have an average target for shares of \$81 with a Street High \$116. Evercore ISI starting coverage last week at Outperform citing scale advantages in a massively underpenetrated market. Piper upgraded to Overweight in mid-April citing strong demand for residential and a more favorable valuation as shares have pulled back. The firm thinks regulatory uncertainty in CA will be resolved and there will be more catalysts for the stock in the 2H. RBC starting at Outperform recently as the investment tax credit extension is a long-term positive for solar and storage. Short interest is 13.5% and up from around 10% in January. Hedge fund ownership rose 17% in Q4, Coatue a buyer of 10M shares and now with 18.7M total, their fifth largest.

Hawk Vision:



Hawk's Perspective: RUN remains a clear leader with scale and tech in a massive emerging market and the recent pullback makes valuation much more favorable into earnings next week

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Smith & Wesson Bulls Targeting Breakout Move

Ticker/Price: SWBI (\$18)

Analysis:

Smith & Wesson (SWBI) with 4500 June \$17.50 calls bought ITM \$1.65 to \$1.90 here this morning and volume running over 10,000X on the day. Shares are trading in a narrow multi-month range under \$19.75 with room to break higher and run back to 2020 highs above \$25. SWBI had a strong run off the March lows in 2020 and the \$16.50 level a key 50% retracement area for a longer-term continuation of the move. The \$940M company trades 8.6X earnings, 1X sales, and 3.2X FCF with a 1% yield. SWBI has benefited from a stronger demand backdrop for firearms over the last year while NICS background checks continue to show strong Y/Y growth up 25% in March while January was the fifth biggest month on record. SWBI has two potential catalysts in Washington to watch; first, the DOJ is expected to issue new regulations within the next month on background checks; and second, it could move with the news yesterday that SCOTUS will take up a big gun control case that could make getting a conceal-and-carry permit less restrictive. The conservative majority has been publicly more supportive of gun rights than the last time a major firearm issue was brought before the court. Analysts have an average target for shares of \$23 with a Street High \$34. Lake Street positive in March noting that demand for firearms continues to remain strong which will help mitigate some headwinds from tougher comps in 2021. Short interest is 8.25% but down from around 12.5% in December and 25% in 2017. Hedge fund ownership fell 11% in Q4. Insiders active in March, albeit smaller size, with a director adding stock at \$17.

Hawk Vision:



Hawk's Perspective: SWBI is an easy one to manage with a potentially explosive move above \$19.50 and plenty of drivers for upside into mid-year

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Oil & Gas (XOP) working above 21-MA and 4000 June \$82/\$90 call spreads are bought

Russell (IWM) with 8000 June \$227 puts opening \$7.58 as the May \$216 are sold and May \$220 also adjust

Regional Banks (KRE) opening seller 7500 June \$65 puts \$1.59

NASDAQ (QQQ) with 20,000 June \$325/\$295 bull put spreads opening with May \$330/\$300 adjusting

Consumer Goods

Advanced Auto (AAP) with 750 May \$200 calls opening for \$5.15 as the \$190 calls close 1250X and adjust higher

Kroger (KR) with 7000 July \$36 puts opening for \$1.56, closing 6,000 May \$38 puts from 3/30

Mudrick Capital (MUDS) heating up with 3000 October \$15 calls bought \$2.35 to \$2.50, taking Topps public via SPAC and becoming a major NFT play

Levi's (LEVI) buyer of 1000 October \$30 calls for \$2.90 to \$2.95

Colgate (CL) with 6,000 May \$77/\$73 put spreads bought this afternoon for \$0.75 into earnings on 4-30

Consumer/Business Services

Bed Bath & Beyond (BBBY) with 2000 June \$32 OTM calls bought for \$1 today following the June \$29 call buys yesterday

Penn (PENN) size buyers early 1700 October \$105 calls \$11.95 offer with the strong bullish Needham initiation. **PENN** Oct calls now up over 4000X

Revolve (RVLV) with 2500 May 7th (W) \$51.50 calls opening for earnings 5-6 as the May 14th (W) adjust from 4/19

Cheesecake Factory (CAKE) with 1000 May \$60 calls bought for \$2.60 to \$2.70 ahead of 4-28 earnings, higher by 8% last quarter

MGM Resorts (MGM) buyer of 1,129 July \$41 calls for \$4 ahead of 4-28 earnings

Williams Sonoma (WSM) with 1,500 May \$175/\$160 put spreads opening for \$5 as some May puts adjust out

TJX Co (TJX) with 790 October \$65 ITM calls opening \$7.70 to \$7.75. **TJX** October calls are up to 2500X

Starbucks (SBUX) opening sale 1000 January \$110 puts \$7.75 into earnings

Interactive (IAC) buy-write sells 400 December \$280 calls \$22.30

Leslie's (LESL) over 4,400 May \$30 calls active with buyers this afternoon up to \$2.60 as the name gets discussed on TV

Overstock (OSTK) with 800 September \$60 puts being sold to open \$9.85 ahead of 4-29 earnings, Piper out positive again today

Uber (UBER) buyers coming into May 7th (W) \$60 calls \$1.39 to \$1.55 for over 10,000X

Best Buy (BBY) buyers of 1225 May \$117 calls up to \$4.05, bouncing off the 50-MA this week and nice weekly bull flag

Nike (NKE) opening sale of 1000 June 2022 \$100 puts for \$4.15 in a stock replacement

WW (WW) with 5000 of next week's \$26 puts bought up to \$0.80 into earnings on 5-5

eBay (EBAY) into 4-28 earnings with a large buy-write that sells 3000 January \$70 calls \$3.30

Marriott (MAR) buyers of 2000 May \$155/\$165 call spreads, earnings 5-10

Abercrombie (ANF) with 750 July \$37 calls bought today for \$5.10 to \$5.20

Scientific Games (SGMS) buyer 3000 July \$65 calls \$3.80 as May \$50 adjust

Energy

BP PLC (BP) with 2050 January 2023 \$22 synthetic long positions opening \$2.20 debit. **BP** also seeing 4000 June \$25 puts sold to open \$1.43

Total SA (TOT) with 1900 June \$45 puts sold to open \$1.90 to \$1.85

Royal Dutch (RDS.B) with 2000 October \$40 calls bought \$1.60. **RDS.A** with 2850 June \$37.5 puts sold to open \$1.50

Financials

CME Group (CME) with 1750 May \$210 synthetic shorts opening at \$6 debit into earnings, name with weak history on reports

Coinbase (COIN) with 1200 May 7th (W) \$290 puts opening up to \$7.20

OpenDoor (OPEN) with 3,000 June \$27 calls sold to open today \$1.10 to \$1.07

JP Morgan (JPM) buyer 850 January 2023 \$175 calls at \$9.70 offer

Fiserv (FISV) the September \$115 ITM calls opening 1350X from \$11.50 to \$11.70

Signature Bank (SBNY) with 200 January 2023 \$210 puts sold to open today for \$30.90 in stock replacements

Healthcare

Certara (CERT) with 1,500 May \$30 puts sold to open for \$1.30/\$1.25, recent \$4.5B IPO focused on software for biosimulation in drug discovery

United Health (UNH) with 1000 June 4th (W) \$395/\$405 call spreads bought for \$4.50

Novavax (NVAX) with 300 June \$270 ITM puts being sold to open today around \$55

Intuitive Surgical (ISRG) with 400 July \$800/\$700 put spreads bought \$14.10

Patterson (PDCO) with 1,500 May \$34 calls bought today for \$0.75/\$0.80

Zoetis (ZTS) buyers active in May \$170 calls this morning \$4 to \$4.40 for 2000X, earnings 5-6, a top name

I-Rhythm (IRTC) with 725 August \$70 puts sold to open this afternoon for \$7.50/\$7.60

Dexcom (DXCM) with near 200 September \$390 puts sold to open today for \$28.65

Avadel Pharma (AVDL) with 2000 September/December \$10 call calendar spreads opening for a debit of \$0.95. AVDL has a 10/15/21 PDUFA for FT218, an investigational, once-nightly formulation of sodium oxybate for the treatment of excessive daytime sleepiness and cataplexy in adults with narcolepsy.

Industrials

KC Southern (KSU) with 1250 May/June \$320 call calendar spreads opening at \$2, bidding war. **KSU** also with spreads selling 5000 May \$285 puts and buying \$310/\$320 call spreads

Honeywell (HON) with 525 December \$210 calls opening \$21.95 as June \$200 adjust. **Honeywell (HON)** buyer 1400 January \$185 puts for \$4.95 spread versus the sale of June \$165 puts

Union Pacific (UNP) the January 2023 \$220 calls being bought for \$31.80 today, over 900X, as the Jan. 2022 \$185 calls adjust higher

IAA (IAA) stock jumping with another 5000 October \$65 calls being bought from \$4.10 to 4.50

Nikola (NKLA) buyer 1000 June 4th (W) \$14 puts for \$2.85

Hub Group (HUBG) with 1000 June \$70 calls bought for \$1.65 to \$1.85 ahead of earnings on 5-5, still has 1500 July \$65 calls in OI

Adient (ADNT) with 2000 October \$55/\$70 call spreads bought for \$3.40, also 5000 January \$50 calls opening \$9.40 as \$45 calls adjust

Cummins (CMI) a bit lower today with **PCAR** report but 600 January \$210 puts selling to open \$7.50

Materials

US Steel (X) stock replacement buys 1500 October \$28 calls \$3.15

Mosaic (MOS) size sweep buyers 5000 September \$40 calls \$2.35

Kraton (KRA) jumps with 2000 May \$35 puts sold to buy \$40/\$50 call spreads, earnings tomorrow night

Tech and Telecom

American Tower (AMT) with 3,500 May 7th (W) \$255 calls bought \$3.70 with the \$265 calls sold 2,000X for \$0.80, earnings 4-29

Sony (SONY) buyer of the May \$109/\$114 call spread 1000X2000 into weakness today. **SONY** spreads up to 5,000X10,000

Cloudflare (NET) trades 1000 January \$100 calls \$11 to \$11.25, wide spreads and will need to confirm if adds to OI tomorrow

JD.com (JD) working strongly higher here with 9000 October \$65 puts being sold and 18,000 of the \$115 calls being bought, though may be closing. **JD** also trading 10,000 June \$82.5/\$90 call spreads today

Facebook (FB) with 1300 August \$320 calls being bought \$15.50 to \$16

AT&T (T) with 30,000 September \$30 puts bought \$1.26 to \$1.31 as June adjust where 150K are in OI

Vonage (VG) with 1000 August \$10 calls opening for \$4.40 as the May \$10 calls bought in late March adjust out

Applied Materials (AMAT) with 1000 October \$135 puts sold to open \$13.35

Amphenol (APH) with 1000 June \$65 calls bought to open for \$4.50 to \$4.80 ahead of earnings tomorrow morning, higher three of the last four and near a big weekly breakout

Kingsoft Cloud (KC) with 1200 November \$45 puts sold to open today for \$6.50

Microvision (MVIS) the July \$13/\$10 put spread bought 3,000X6,000 this morning for a small debit

Alphabet (GOOGL) the August \$2600/\$2900 OTM call spread opening 1275X today for \$32.40 with earnings tonight

Micron (MU) the August \$92.50 calls being bought 1500X for \$6.45. **MU** those Aug. \$92.50 calls up to 7375X on the day

Snap (SNAP) with 2500 June 2022 \$45 puts sold to open \$4.85 today, also seeing January 2022 \$90 calls sold 7000X to buy the \$55 puts 7000X, potential collar

Microsoft (MSFT) buyer of 5,000 May 28th (W) \$282.50 calls for \$1.12 ahead of earnings tonight

Fastly (FSLY) with 1500 September \$90 calls sold to open for \$4.90 today. **FSLY** calls trading with 3,750 May \$60 puts bought for \$1.84 as well

Microsoft (MSFT) into earnings a block of 5000 May 28th (W) \$282.50 calls bought \$1.12 offer, also buyers active for 6000 May \$277.50 calls

Pinereest (PINS) buyer 1000 May 7th (W) \$78 calls to open \$4.65 into earnings

Okta (OKTA) with 950 Aug. \$260 puts sold to open for \$16.35 as the \$220 short puts adjust back

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.