

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 4/8/2020

### Sector Leaders

Housing

Retail

Banks

### Stock Gainers

EFC 70%

FVRR 27.5%

KOP 26%

NVAX 19%

BYD 18%

BXMT 17%

PLT 17%

### Volatility Gainers

- EHTH
- TAL
- IQ
- OUT
- VIAC
- PDD

### High Call Volume

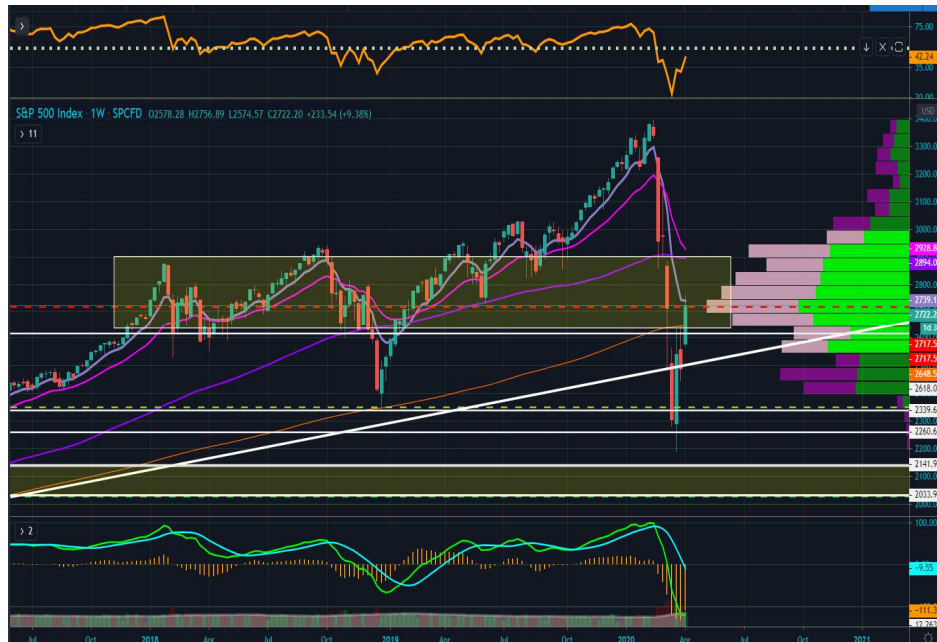
- OUT
- LBTYK
- VICI
- CCC
- AN
- PFSI

### Bullish Options

- SQ
- APRN
- COOP
- IAC
- JD
- EDU
- CMCSA
- IWM
- CROX
- AN
- GILD

**Market Review:** Stocks were modestly higher into the open holding up well overnight after a nasty reversal candle on Tuesday, a quiet morning of news with stimulus and COVID-19 remaining the main focal points for investors. We saw the beaten up groups like Housing, Retail and Banks lead upside once again, but market breadth/internals were healthy through the morning session. Bonds and Gold, safety assets, lagged for a second straight day. It was a steady grind higher through the early afternoon, the overnight low now in focus as a "trade against" level. The shortened week will end tomorrow with a slew of economic reports, notable jobless claims now becoming a focal point, while Q1 earnings season starts to kick off next week with the Banks.

### S&P Chart:



Resistance	Support
2,750	2,635
2,830	2,445
2,945	2,300

**Options Action Trends:** Puts were active early in Chinese names with all the talks of fraud, seen in **TAL, PDD, BIDU, VIPS** and others.

**What's On Tap:** Jobless Claims, PPI, Consumer Sentiment and Wholesale Inventories.

### Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long ROK May \$160/\$140 Put Spreads at \$6.50

### Sector Laggards

Bonds

Ag

Gold

### Stock Losers

EHTH -15%

LAUR -9.5%

IQ -7.5%

ANGO -7%

HCAT -6.7%

GLUU -6.7%

WMK -6.5%

### Volatility Losers

- COOP
- LEVI
- PBR
- PLAY
- PENN
- LYV

### High Put Volume

- TAL
- EHTH
- GES
- VNOM
- CCJ
- HTHT

### Bearish Options

- TAL
- PDD
- KSU
- CCJ
- GES
- LYFT
- DAL
- LGND
- COF
- TGT
- BKNG



## Large Fiat Chrysler Bull Spread Sees Value as Merger Expected to Proceed

Ticker/Price: FCAU (\$7.60)

### Analysis:

**Fiat Chrysler (FCAU)** with 20,000 January \$8.54 calls bought \$1.20 to \$1.21 while 26,000 of the \$11.54 calls sold for \$0.37 in a large ratio spread. FCAU has some notable size in January 2021 put open interest now firmly ITM. Shares fell back to the \$6 level, a support from 2016 that formed a long base and have rebounded this week. FCAU shares are working out of a base this week and have a large volume pocket overhead back to \$10+. The \$15B automaker now trades 1.1X EV/EBITDA with Debt/EBITDA at 1.09X and a Current Ratio of 0.8X. FCAU recently reported Q1 sales down 10% to 447,000 and Reuter reported in early January that the Peugeot family wanted to raise its stake in PSA and FCAU quickly after the two agreed to a merger and issued a large special dividend, targeting \$4B in annual cost savings with the deal expected to close Q1 2021. FCAU will hold its Annual Meeting in June and announced plans to restart production in the US and Canada on May 4<sup>th</sup>. Analysts have an average target of \$18 and short interest has moved higher to 3% of the float. Hedge Fund ownership fell 19% in Q4 filings. Confier Mgmt. taking a new 28M share stake.

### Hawk Vision:



**Hawk's Perspective:** FCAU is one of the healthier situations of the traditional auto companies and looks to have some value at these levels, though prefer to see more flow.

**Confidence Ranking:** \$\$



## Wells Fargo Calls Bought into Key Support Zone

**Ticker/Price:** WFC (\$28.75)

### Analysis:

**Wells Fargo (WFC)** block of 15,000 October \$35 calls opened for \$1.78 on 4/7, and on 4/1 the June \$22.50 puts sold to open 5500X while January 2022 \$25 puts sold to open 3000X on 3/31. On 3/26 the June \$40 calls were bought 10,000X to open and back in late February the January 2022 \$37.50 calls bought 20,000X to open. The \$121B Bank trades 7.5X Earnings, 0.73X Book and has a 7.1% yield. WFC will be reporting earnings on 4-14. Wells Fargo was a laggard during the strong market as it dealt with DOJ and SEC investigations but has now resolved its outstanding investigations. Analysts have an average target of \$40 and short interest at 1.3% of the float has risen 33% to 1-year highs. The CEO bought 193,000 shares recently for around \$5M in the \$28.36 to \$29.63 range. WFC is also reorganizing into five business units. Hedge Fund ownership was flat in Q4 filings, Berkshire still a top holder though reduced its position. On the chart WFC completed its broken head and shoulders neckline target move and now sits just above key support from 2010 and 2011 near \$24. WFC has been basing the last few weeks sideways and above \$31 has room back to \$39.

### Hawk Vision:



**Hawk's Perspective:** WFC above \$31 would trigger a nice short-term trade, though prefer to stick to best-in-class **JPM** when the time is right to own a large Bank.

**Confidence Ranking:** \$\$



## Wells Fargo Calls Bought into Key Support Zone

Ticker/Price: GLW (\$19.70)

### Analysis:

**Corning (GLW)** with 3,000 November \$22 calls bought yesterday around \$2 and follows 2,500 August \$22 calls and 1,200 January 2022 \$25 calls bought recently. GLW had a more than \$900K buy in the January \$20 calls on 3/10. Shares are right at major trend support from the 2008 and 2012 lows as well as a high-volume node from the 2010-2014 consolidation. GLW has been forming a small base under \$22 with a low-volume node above that targets \$24 and then ultimately back up to \$28. The \$15.67B company trades 10.3X earnings and 1.36X sales with a 4.5% yield and a Current Ratio of 2.1. They have around \$2.5B in cash and a total Debt/Capital of 37%. GLW's near-term is clouded by uncertainty around production delays in consumer mobile for the 2H but a largely well-known story and they've got a well balanced portfolio with content across Samsung, Sony, Realme, and Huawei which have all resumed production near capacity. Meanwhile, their Life Sciences business could see an uptick due to COVID-19 for materials like PCR consumables, storage plates, tubes and storage, and virus production hyperflasks. GLW also recently announced a partnership with Qualcomm (QCOM) for 5G mmWave infrastructure platforms for enterprises, giving them more long-term optionality for growth. Analysts have an average target for shares of \$31. MSCO downgrading to Neutral in January as they saw most of their demand driven catalysts around mid-year while auto and life sciences are further out from material commitments. BAML with a Buy for shares, \$34 PT, seeing a number of longer-term themes to benefit from including 5G and hyperscale cloud spending. Short interest is 3.3%. Hedge fund ownership rose 4.3% in Q4. Masters Capital a buyer of call options while Levin Capital a buyer of stock.

### Hawk Vision:



**Hawk's Perspective:** GLW is an interesting set-up with major long-term trend support and short-term basing with a bullish RSI divergence. Valuation/Yield are attractive and it is cash-rich, the reward/risk appears attractive.

**Confidence Ranking:** \$\$



## Cognizant Tech Calls Bought with Shares basing

**Ticker/Price:** CTSH (\$50.25)

### Analysis:

**Cognizant Tech (CTSH)** with buyers active today for 775 June \$50 calls up to \$3.80 to open and follows buyers recently in the April 24th (W) \$50 calls, April \$50 calls, and October \$52.50 calls. On 3/11, the May \$52.50 puts were sold to open over 865X as well. CTSH has seen some OTM January put buys as well and August call sales up at the \$60 and \$70 strike, but likely writing against stock. Shares are right at resistance of a multi-week base today above \$50.50 with a low-volume gap above back to \$59. Longer-term, shares pulled back right to a key breakout spot from 2013 as well as big volume shelf around \$40. The \$26.76B company trades 11X FY20 earnings and 1.6X sales with a Current Ratio of 2.6. CTSH has little-to-no debt with over \$3.3B in cash and a greater than 6% FCF yield. CTSH won't be immune to the near-term disruptions in tech spending but likely a long-term winner as COVID-19 will force many companies to focus on IT modernization and more cost-effective digital strategies. CTSH focuses on big data, AI, analytics and more and key verticals like financial services, healthcare, and logistics all will need long-term improvements. Analysts have an average target for shares of \$65. MSCO upgrading to Neutral on 3-30 seeing headwinds from a spending slowdown priced into shares. The firm also notes that CTSH – and their new CEO -- can more easily find attractive deal opportunities in this environment to help boost their long-term aspirations whereas they may have had to over-pay prior. Short interest is 2.2%. Hedge fund ownership rose 2.5% in Q4. Altrinsic Global a buyer of shares and now a 4.8% weight position. The last notable insider buy was back in May 2019 when the CEO bought \$1.16M in stock at \$61.09, about 20% above today's price.

### Hawk Vision:



**Hawk's Perspective:** CTSH is basing nicely and one of the names that screened as solid fundamentally. Shares have a nice reward/risk long-term here.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Russell (IWM)** with 12,000 June 2021 \$125 calls opening \$9.43 this morning, leading Indices strength this morning. **IWM** spread buys 5500 September \$120 calls \$9.89, sells 8,250 of the \$140 calls \$2.38. **IWM** also 3500 May \$117/\$127 call spreads bought today

**Gold (GLD)** large stock replacement bought 3000 January \$156 calls \$14.20 offer

**Biotech (IBB)** diagonal spreads selling 2000 June \$117 calls to buy 2000 September \$124 calls, interesting structure

**Industrials (XLI)** with 2000 January 2022 \$65 calls bought \$8.07 to \$8.10 to open

**Emerging Markets (EEM)** opening sale 8000 September \$35.73 straddles for \$6

**Energy (XLE)** stock replacement opened 20,000 June \$35 calls \$2.40 to \$2.47 earlier today

**Canada (EWC)** with 20,000 June \$23/\$21 strangles bought to open

## **Consumer Discretionary/Services**

**Cheesecake Factory (CAKE)** with 1,000 July \$22.50 calls opening \$1.40 to \$1.55. **CAKE** on the highs and 1,400 May \$20 calls also bought today from \$1.30 to \$1.65

**New Oriental (EDU)** with 2300 January \$115 calls opening \$17.30, name with size calls in OI and feels more legit than many of these other Chinese plays

**Comcast (CMCSA)** opening buys 1225 June 2021 \$40 calls \$4.20

**Croc's (CROX)** with 900 June \$19 calls bought \$3.05 looking to add to the 900 bought earlier this week. **CROX** now with 1,350 ITM November \$27 puts bought \$9.50

**Chuy's (CHUY)** buyer of 1,200 July \$15 calls for \$1.25

**OutFront Media (OUT)**, a leading billboard advertiser, with 5500 June \$15 calls bought \$0.85 to \$1.10 to open

**Guess (GES)** buyer of 3000 September \$3 puts \$0.45

**eBay (EBAY)** buyer 5000 June \$28 puts for \$0.83

**El Dorado (ERI)** with 1500 May \$22.5/\$15 bull risk reversals opening near zero cost

**Boyd Gaming (BYD)** with 1,000 September \$15 puts sold to open for \$3.80

**Scientific Games (SGMS)** buyers of 725 July \$10 calls for \$2.05 to \$2.20, follows bullish flows in other gaming names this week

**Target (TGT)** with 6,500 June \$110 puts bought to open from \$11.20 to \$12.20. **TGT** now with 2500 June \$105 puts bought up to \$9.35

**TAL Education (TAL)** recovering and a block of 3400 January \$47 puts sold to open \$6.60 in a stock replacement

**Omnicom (OMC)** with 700 July \$60 calls sold to open from \$2.70 to \$2.55

**Hyatt (H)** buyers of 6,000 May \$35 puts for \$1.50

**Match (MTCH)** with 2,000 January \$100 calls sold for \$2.80 in a buy-write

**Marriott (MAR)** now with 1300 May \$45 puts bought \$1.55

**Melco (MLCO)** with 3,275 May \$16 calls bought \$0.30/\$0.40

**Wendy's (WEN)** with 2000 April \$17 puts bought \$1.61 to open

**Guess (GES)** with 2600 September \$6 puts bought for \$1.25 to \$1.45, follows bearish flow earlier this week

### Consumer Goods

**Blue Apron (APRN)** with 1275 January \$40 calls opening \$2.75

**BJ's Wholesale (BJ)** the August \$22.50 puts sold to open 1,000X this morning down to \$1.55; imagine they're benefiting from pantry-loading as well during the shelter in place

**Herbalife (HLF)** stock replacement opens 1,500 May \$32.50 calls for \$2.24

**McDonald's (MCD)** with 1200 April 24th (W) \$182.50 calls bought \$3.75 to \$4.10 to open today

### Energy

**Petrobras (PBR)** with 7500 June \$8 puts sold for \$1.96 in a stock replacement

**Occidental Petro (OXY)** seller 10,000 June \$15 calls \$2.90 in a buy-write. **OXY** now 10,000 June \$17.5 calls sold \$2.40 in buy-write

**Solar Edge (SEDG)** with 1600 June \$90 puts opening tied to stock

**Cabot Oil (COG)** with 1,000 October \$21 calls bought for \$1.85 to \$1.90, relative strength name lately

**Canadian Solar (CSIQ)** with 2200 May \$18 calls being bought at \$1 offer today

### Financials

**New Residential (NRZ)** block of 1000 August \$4 calls opens \$1.60 on the open

**Mr. Cooper (COOP)** buyer of 5,000 October \$10 calls for \$1.55

**Square (SQ)** buyers 3000 April \$56/\$60 call spreads early, shares can run on move over \$56. **Square (SQ)** spread is selling the May \$65 calls to buy the \$52.50/\$45 put spread 3,800X and likely collaring stock into earnings season

**Vici Properties (VICI)** with 750 June \$15 calls bought for \$2.37 today, adjusting back some \$20 calls

**Apollo (APO)** with 2,500 September \$38/\$48 call spreads bought with the June \$27 puts sold to open

**Brixmor Property (BRX)** unusual buyer 1000 November \$12.50 calls \$1.20 offer

**PennyMac (PFSI)** buyer 1000 April \$22.50 calls \$1.70 offer to open

**Chubb (CB)** stock buyer with 500 January \$140/\$90 collars

**Pag-Seguro (PAGS)** IV rising with shares working strong up 10% out of a base and 3400 April \$22.5 calls bought \$0.80 to \$1.10

**Capital One (COF)** buyer 1500 June \$47.5/\$37.5 put spreads for \$2.30

**Citi (C)** sweep buyer 10,000 September \$60 calls up to \$1.30

**Bank of America (BAC)** out of its range today and 7500 August \$25 ITM puts being sold to open near \$3.85

**Aflac (AFL)** buyers of 1,500 May \$32.50 puts for \$1.35 to \$1.39, adjusting down the \$40 puts bought in early March

**Ally Financial (ALLY)** with the January \$20/\$5 bull risk reversal bought 1,000X for \$1.60

**Fidelity Info System (FIS)** with 3000 May \$130 calls opening \$4.50 in a buy-write

**Wex (WEX)** with 1400 May \$105 puts bought for \$7.18 as some April \$180 puts from late February adjust out

**Tanger (SKT)** with 3000 June \$10 puts opening \$4.23

**Iron Mountain (IRM)** with 2000 ITM October \$30 puts opening \$6.30 to \$6.80

### Healthcare

**Smile Direct (SDC)** with 4,000 May \$5 calls bought up to \$0.75

**Gilead (GILD)** buyer 1200 May 1st (W) \$75 calls to open \$4.85 offer

**Clarivate Analytics (CCC)** buyers of the July \$25 calls 1,000X up to \$1.40, near 7X average

**Ligand (LGND)** with 1000 May \$85 puts bought \$12.70 to \$15 looking to add to bearish OI

**Smith and Nephew (SNN)** buyer 400 May \$40 calls \$1.65 to \$1.90

**Zimmer Bio (ZBH)** opening sale of 500 December \$95 puts \$9.225

**Quest (DGX)** with 4000 May \$100 calls sold to open for \$1.05

**Amarin (AMRN)** with 20,000 June \$5 puts being sold to open down to \$0.70

**Stryker (SYK)** stock replacements selling 800 January \$145 puts to open today, half at \$13.10 and the other half at \$13.83. SYK also with 500 May \$185 calls bought \$5.50 to open

**Bio-Techne (TECH)** with 840 May \$210 puts opening ITM \$21.90, adjusting April \$210 puts that opened 3/11 and had adjusted from March

### Industrials

**Kansas City Southern (KSU)** with 500 May \$130/\$105 put spreads bought today for \$4.10 into 4-17 earnings

**AutoNation (AN)** buyers active for 1,500 July \$26 calls up to \$5.00

**Marten Transports (MRTN)** buyers of 485 May \$22.50 calls up to \$2.20 as shares work off the early lows, relative strength name not far from new highs. Loop Capital positive on 3-31 as refrigerated transportation is an attractive way to play some of the new trends resulting from the COVID-19 pandemic

**Boeing (BA)** with over 4000 Apr. 24th (W) \$160 calls opening this morning, smaller lots and mostly bid-side sales

**General Electric (GE)** with 10,000 May 1st (W) \$6 calls opening \$1.37 ITM

**Delta (DAL)** with 2000 May \$19 puts bought here \$1.90

**Heico (HEI)** with 1,000 May \$85 puts bought for \$6.87 as the \$70 puts roll back in strikes

**Thor Industries (THO)** the May \$50 puts opening 550X today for \$7.24, tied to stock

**Fiat (FCAU)** the January \$8.54 calls bought 20,000X for \$1.30 and spread with a sale of the \$11.54 calls 26,000X for \$0.45, same as yesterday

**Fed-Ex (FDX)** seeing a few 100 lot orders for May \$120 calls today \$9.50 to \$10.80 ranging amounting to 1000X, shares nearing move out of April OpEx range

**Brunswick (BC)** spread buys 1,250 April \$35 puts for \$2.15 and sells 2,500 of the May \$25 puts for \$0.70, earnings not until 4-30 but could pre-announce a weak report given their exposure to recreational, outdoor products

**Copa (CPA)** unusual large trade sells 1000 August \$40 puts for \$7 to open

**Vista Outdoors (VSTO)** with 1500 May \$7.50 calls bought for \$1.50 to \$1.60, could benefit from higher firearm sales



## Materials

**Air Products (APD)** buyers of the May \$170 puts for \$1.90 to \$2.10 this afternoon, over 600X

**Barrick Gold (GOLD)** with 2000 January \$25 ITM puts sold \$6.35 bid to open

**Corteva (CTVA)** with 850 January \$25 calls bought today from \$3.70 to \$4.40

## Tech and Telecom

**Pinterest (PINS)** into early strength with 1500 April \$16.50 puts bought and 5000 May \$20 calls sold to open

**Apple (AAPL)** opening seller of 1250 July \$235 puts this morning near \$11.75

**Salesforce (CRM)** spreads selling January \$180 calls to buy August \$130/\$100 put spreads, likely protective like we have seen across Tech names this week

**Pinduoduo (PDD)** with 5800 June \$25 puts bought \$0.35 to \$0.50, Chinese names under fire with frauds

**Interactive (IAC)** with 1000 May/July \$220 call calendar spreads opening \$6.10 debit

**JD.com (JD)** down modestly with Chinese internet names seeing 4500 June \$41 calls bought \$3.52 to \$3.58 into weakness, likely a more legit name as well

**Advanced Micro (AMD)** buyer 3000 July \$47 calls to open \$6.15 offer

**Workday (WDAY)** with 640 September \$150 calls opening \$11 to \$11.40 range

**Microsoft (MSFT)** with 3000 May 22nd (W) \$180 calls opening with buyers today

**Roku (ROKU)** moving to day highs with 1500 Apr \$983 calls opening near \$2

**ACM Research (ACMR)** unusual buy of 700 May \$40 calls to open \$1.63, a name that has rebounded strong off its 200 MA and shown relative strength. The \$610M Semi trades 21.5X Earnings and 5.7X Sales, a strong growth story.

**NVIDIA (NVDA)** with 3000 May \$260 straddles opening \$40.50, leans bullish Net Delta

**Marvell Tech (MRVL)** with 20,000 May \$28 calls sold to open for \$0.31 to \$0.28

**Booking (BKNG)** with 575 May \$1200 puts being bought \$38 to \$39.80 to open here

**T-Mobile (TMUS)** opening sale 1075 January \$87.50 puts \$11.57

**Ciena (CIEN)** IV rising this afternoon with 3000 April \$45 puts opening up to \$0.90

**TI (TXN)** stock replacements opening 675 September \$115 calls today near \$8.20

**Pinterest (PINS)** buyers of 2,250 May 1st (W) \$16 calls bought this afternoon \$1.45 to \$1.60, positive guidance update last night as active users jumped

**Lyft (LYFT)** with 2,000 July \$30 calls bought this afternoon up to \$4.55

## Utility

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**Not Investment Advice or Recommendation**

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