



MARKET RECAP REPORT 5/10/2021

Sector Leaders

Metals

Housing

Utility

Stock Gainers

CUE 29%

TNST 16%

TEN 15.5%

PRTY 13.5%

RYAM 13%

BGFV 12.5%

Volatility Gainers

- BIIB
- FSR
- RIDE
- NAK
- BTU
- GME

High Call Volume

- HYFM
- KAR
- EDU
- STKL
- EPR
- PRTY

Bullish Options

- LVS
- LYV
- EPR
- XOM
- BIIB
- INTC
- VALE
- SNOW
- NEM
- DAR
- MU
- DKS

Market Review: Stocks kicked off the week mixed with commodities once again leading the upside moves. The bifurcated tape continued early with weak breadth in Tech while other groups rallied but did start to see some topy moves across commodity names after multi-day surges. There was sharp selling in Solar, Biotech, and Semiconductors. While the S&P and Dow Jones are making new highs the Nasdaq continued to lag as inflation concerns continue to factor into multiples. It remains a tape to tread lightly as there seems to be some volatility ahead as we enter a seasonally more frustrating period for stocks. Bonds sold off throughout the day as Yields were back on the rise. Just after 2pm we saw a strong sell program hit. The schedule is light tomorrow and will continue to hear from more Fed speakers.

S&P Chart:



Resistance	Support
4,220	4,050
4,385	4,000
4,400	3,880

Options Action Trends: Just before Noon we started to see large opening put sales in May still fairly far OTM across growth leaders like **SQ, BILL, MTCH, CVNA**.

What's On Tap: Fed Speakers and NFIB Small Business Optimism. Earnings from **EA, PLTR, TDG, U, BSY, QS, DAR, OPEN, ARMK, UPST, PSFE** and more.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **TSM** June \$120 Calls at \$1.90
- 2) Closed **GILD** Calls \$3.30 (Opened \$2.50)

Sector Laggards

Semi's

Solar

Biotech

Stock Losers

TTD -20%

INSM -18.5%

CEVA -16%

MGNI -15%

KOD -14%

TWST -13%

Volatility Losers

- SAN
- PRTY
- COTY
- GEO
- ENB
- FCEL

High Put Volume

- IGT
- ELY
- COOP
- XM
- EA
- TAL

Bearish Options

- EA
- PDD
- NET
- TNMD
- LEV
- ARKK
- LI
- COF
- BEKE
- GS
- ARRY
- TSCO



FEATURED OPTIONS RADAR REPORT



Bullish Positioning in Johnson Controls as Transformation Story Takes Hold

Ticker/Price: JCI (\$65.65)

Analysis:

Johnson Controls (JCI) with large spreads on 5/7 that sold the July \$60 puts to open more than 15,000X and bought the \$67.50 calls to open more than 11,500X. JCI does not have a lot of notable open interest and has been popular with buy-writes with sales in October \$62.5, \$65, and \$70 calls. JCI has been an impressive performer with shares +41% YTD and hitting new highs working out of consolidation last week, and a measured move still in play to \$72.50. JCI is a global company with products and solutions that enable smart, energy efficient, sustainable buildings that work seamlessly together to advance the safety, comfort and intelligence of spaces. In 2016, Johnson Controls completed the spin-off of its automotive business into Adient plc, an independent, publicly traded company. In 2019, the Company sold its Power Solutions business to BCP Acquisitions LLC and completed its transformation to a pure-play building technologies company. JCI sells and installs its commercial HVAC control systems, security systems, fire-detection systems, equipment and services. In fiscal 2020, the Company launched OpenBlue, a digitally driven suite of connected solutions that delivers impactful sustainability, new occupant experiences, and respectful safety and security by combining the Company's building expertise with cutting-edge technology, including AI-powered service solutions such as remote diagnostics, predictive maintenance, compliance monitoring and advanced risk assessments. JCI announced an \$870M deal for Silent-Aire in April that established a leadership position in hyperscale data center technology. JCI currently has a market cap of \$46.5B and trades 20.9X Earnings, 15X EBITDA, 2.1X Sales and 26.9X FCF with a 1.64% dividend yield. JCI forecasts see 5-6% revenue growth and 10-12% EBITDA growth the next two years. Analysts have an average target of \$68 on shares with short interest low at 1% of the float. Goldman has a \$75 target and sees JCI as one of the best positioned HVAC OEMs to take advantage of decarbonization trends, and notes the strong discount in valuation to peers **LII**, **TT**. The American Rescue Plan passed in March will drive 25-50% HVAC sales growth in the Education segment through 2023. UBS raised its target to \$70 in April seeing healthy growth for a few years with the clean building and infrastructure investments supporting upgrades. Hedge Fund ownership rose 11% last quarter, Aristotle Capital with an \$830M stake.

Hawk Vision:



Hawk's Perspective: JCI is an attractive HVAC play with strong fundamental tailwinds, a pullback to \$62 would be an ideal entry.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Alaska Air Bulls Look for Return to 52-Week Highs

Ticker/Price: ALK (\$68.75)

Analysis:

Alaska Air (ALK) strong setup and trading 3X average calls today with buyers of 3,000 June \$75 calls for \$1.00 to \$1.15 and name with limited yet bullish open interest in the January \$57.50 calls, January \$75 calls, and January 2023 \$60 calls. ALK has also seen sellers in the July \$62.5 puts. Shares have pulled back off of recent 52-week highs and setting up for a potential wedge breakout above \$70 with room out to \$75 and then \$85 as a measured target. MACD has reset back near zero and curling higher and RSI is back above 50, ready to run. The \$8.34B company trades 14X earnings, 3X sales and 2.35X cash. ALK was positive recently on the 2H of 2021 as pent-up demand for travel accelerates and they're positioned well in hubs that cater more towards leisure travel (i.e. Hawaii, California, Colorado, Florida) which is expected to come back soonest. They noted in April that Q1 was a major inflection point on a return to pre-pandemic levels with future bookings roughly 80% of 2019 ranges while they're continuing to operate within a more cost-effective framework setup last year. ALK sees further upside in 2021 as they receive more 737-9 MAX aircraft and get the OK from the FAA to put them into service. The company received four recently and by the end of 2022 they expect another 39 MAX 9s, replacing their older Airbus fleet with planes that are 25% more fuel efficient with lower maintenance costs and higher potential for revenue growth given passenger sizes. Analysts have an average target for shares of \$70 with a Street High \$104. Raymond James raising estimates in April citing its low-cost/capital-efficient DNA, largely domestic focus, relatively unimpaired balance sheet with an ability to deleverage faster than peers as upside drivers. The firm also thinks there is revenue upside from the expanded American (AAL) partnership and new one world membership. Short interest is 1.8% and near multi-year lows. Hedge fund ownership jumped 12% in Q4, Victory Capital, PAR Capital, and Point72 buyers of stock. In November, insiders active buying stock around \$47.

Hawk Vision:



Hawk's Perspective: ALK has a great setup under \$75 and recent highs and prefer the name to some other airlines given their more selective routes, low-cost model, and exposure to leisure travel

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Carrier Bull Spreads See Continued Upside Through Summer

Ticker/Price: CARR (\$45.50)

Analysis:

Carrier Global (CARR) with a large bullish trade on 5/7 as 7,500 September \$47/\$43 bull risk reversals were bought for \$0.30 debit. CARR doesn't see a lot of options flow but does have over 5000 January \$35 puts sold to open on 4/19. Shares are working on their third strong session in a row today and out of a bull flag above \$45.50 with room out to \$50 near-term. The \$38.4B company trades 19.25X earnings, 2X sales, and 28.5X FCF with a 1% yield. CARR is a leader in HVAC services with exposure to refrigeration, fire security and building automation tech. They have market leading brands like Kidde and Bryant that have positioned them as market share winners long-term and allow them to capitalize on massive secular trends towards climate change, urbanization, and industrial IoT. CARR sees significant upside over the next decade in the shift towards energy efficient HVAC as well as cold storage. They also see major post-COVID trends in healthy buildings driving commercial growth as their OptiClean units become more in-demand. The company is coming off of a strong quarter with 21% revenue growth and raising their outlook as order trends improve, especially around North American residential. Analysts have an average target for shares of \$44 with a Street High \$57. BAML starting coverage at Buy in mid-April citing a big discount to HVAC peers and seeing that gap close as the company starts benefiting from restructuring and de-levers. UBS with a \$50 PT citing portfolio changes and margin improvements. Short interest is 0.82%. Hedge fund ownership rose 1% in Q4. Theleme Partners a buyer of 1.68M shares and now up to 5.5M share stake. Causeway Capital a new 1M share position as well.

Hawk Vision:



Hawk's Perspective: CARR is a fantastic operator and name with some major secular tailwinds driving their core business, a name that can likely be bought and held for a long time

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Oil & Gas (XOP) with 6250 June \$95 calls bought as May \$90 adjust

Tech (XLK) buyer 7500 June \$136/\$126 put spreads

ARK Innovation (ARKK) seeing 3700 September \$105 puts with buyers \$11.50 offer+

Volatility Index (VIX) large trade buys 30,000 September \$25 calls \$3.93, sells 30,000 each of the \$35 and \$40 calls and looks to be adjusting \$30 calls

S&P (SPY) block of 8000 July \$388 puts sold to open \$4.05

Consumer Goods

Hydrofarm (HYFM) into 5-13 earnings with spreads buying 1500 May \$65 calls and selling 3000 June \$80 calls

Callaway Golf (ELY) buyer 4000 May \$31/\$28 put spreads into earnings tonight

Consumer/Business Services

Party City (PRTY) buyers of 2500 July \$12 OTM calls for \$0.45. near a weekly breakout

Las Vegas Sands (LVS) with 17,500 June 4th (W) \$60 calls opening \$1.47 as the \$63 calls adjust back

Live Nation (LYV) buyers active early 1250 June \$82.50 calls \$3.65/\$3.90. **LYV** now also seeing 2,650 June \$80 calls open around \$4.50 as the May \$77.50 calls adjust higher and out

Dick's Sporting (DKS) seeing May 28th (W) \$95/\$100 call spreads trade 2000X to open

GSX Tech (GOTU) buyer of 10,000 May 28th (W) \$25.50/\$32 call spreads as some May 14th (W) spreads adjust again

Melco (MLCO) shares jumpy with 9000 June \$20 calls bought \$0.45 to \$0.50

Carmax (KMX) the October \$135 calls being bought 400X today for \$8.50 to \$8.80

Int'l Game (IGT) buyer of 2000 June \$19/\$22 call spreads this morning for \$0.75

Uber (UBER) buyers of 3250 June 4th (W) \$48 calls up to \$1.27 into the morning lows here

Tractor Supply (TSCO) with 1000 June \$195/\$175 put spreads bought to open \$4

Tencent Music (TME) opening seller 2500 October \$14 puts \$1.18

Expedia (EXPE) stock replacement bought 1500 November \$190 calls for \$13.65

Energy

Contango Oil & Gas (MCF) unusual buy of 1000 October \$4 calls \$1.25

Occidental (OXY) with 5000 May 28th (W) \$30 calls bought \$0.52 to \$0.55 today ahead of earnings tonight

Frontline (FRO) spread buys 2720 January \$9 calls \$1.02 and sells 4,080 of the \$7 puts \$0.68. **STNG** similar spread to **FRO** with 800 January \$23 calls bought \$2.98 and 1,360 of the \$15 puts sold \$1.40

Pioneer Natural (PXD) with 500 June \$170 puts sold to open today between \$7.50 and \$6.80

Array Tech (ARRY) with buyers of the May \$25 puts into earnings this week, 5-11, over 3000X from \$1.30 to \$1.40

Philips 66 (PSX) buyers of 1000 June \$82.50 puts for \$2.15 to \$2.35

Financials

EPR Properties (EPR) buyer of 1000 October \$55/\$75 call spreads for \$2.81, emerging out of a narrow range

Radian (RDN) with 3750 November \$27 calls opening \$0.90 as higher strike calls adjust back

Citi (C) buyer 1200 October \$85 calls \$2.52

Lincoln National (LNC) buyer of the June \$72.50 calls, 1380X for \$2.40 as the May \$65 calls close and roll out

Western Union (WU) with 2000 August \$26 calls bought for \$1.09 to \$1.15 after shares pulled back to the 50-MA last week.

WU highs of the day now and also seeing 2000 January 2023 \$20 ITM calls bought for \$6.40. **WU** with 1600 January 2023 \$18 calls also opening today \$8.10 to \$8.20

KE Holding (BEKE) IV rising all morning with 4000 June \$40 puts bought on the day

Square (SQ) with 7300 May \$195 puts sold to open \$1.50

Coinbase (COIN) the December \$400/\$500 call spread bought 1000X today for \$10

Fintech Acquisition (FTCV) jumps strong with 5000 November \$12.50 calls bought \$1.25

Lemonade (LMND) buyer 2000 May \$65 puts \$2.05

Visa (V) buyer 2500 July \$240 calls \$3.10 offer

Moody's (MCO) with buyers of the December \$300 calls 200X for \$46.25 today as the May \$290 calls roll out

Synchrony (SYF) with 880 September \$55/\$35 put spreads bought for \$8.90

AIG (AIG) with 3,885 November \$49 puts bought \$3 to \$3.05 this afternoon

Healthcare

Biogen (BIIB) spread buys 2000 June \$320 calls at \$18 and sells 2000 October \$400 calls at \$7

Tandem (TNDM) buyer 1000 June \$90 puts \$9.20 to \$9.70

Ecolab (ECL) with 1300 June \$230 calls opening \$5.10 to \$5.30 in smaller lot trades, may be a newsletter

Bausch Health (BHC) sweep buyers 1600 June \$25 ITM calls \$3.45 offer

TelaDoc (TDOC) with 760 August \$140 puts sold to open for \$11.35

Merck (MRK) buyer 1700 November \$80 calls at \$3.60 offer, will confirm OI tomorrow

Hologic (HOLX) with 2,000 June \$65 calls bought for \$2.60 to \$2.80 into weakness

AstraZeneca (AZN) with 1600 January 2023 \$50 puts bought \$4.60 to \$4.70 today, tied to stock

Align (ALGN) buyer 2000 January \$600 calls \$64.30 as Oct. \$610 adjust 1500X

Novavax (NVAX) into weakness seeing 975 January \$165 puts sell to open \$47.65. **NVAX** low today came right near its rising 200-MA

Rapt Therapeutic (RAPT) buyer 2000 June \$25/\$40 call spreads \$2.20

Guardant (GH) spread buys 500 December 2022 \$150 calls \$21.75 and sells 360 of the \$80 puts at \$9.80

Good-RX (GDRX) buyers 3000 June \$30 puts \$1.65 offer into earnings 5-13

Industrials

KAR Auction (KAR) buyers of 6000 May \$17.50 calls \$0.85

Canadian Pacific (CP) buyer of 1,600 May \$390 puts for \$3.60, tied to stock. **CP** also with 2000 June \$380/\$360 put spreads opening today, tied to stock

Jacobs (J) with 330 July \$150/\$120 put spreads bought today after earnings for \$9.11

Titan Machinery (TITN) unusual volume today with a buyer of 2000 June \$30 calls for \$0.85, narrow consolidation since February and earnings upcoming in late May

Materials

Mosaic (MOS) with 1500 May 28th (W) \$36.50 calls bought today \$1.85 to \$1.90

US Steel (X) with 1750 May 28th (W) \$24 ITM calls bought up to \$5. **X** also with 2000 October \$22 puts sold to open for \$1.65. **X** also with 600 January 2023 \$25 puts sold to open for \$6.45

Vale SA (VALE) with 4,950 September \$27 OTM calls bought \$0.67 to \$0.68

Darling Ingredients (DAR) buyer of 1000 June \$75 calls for \$3.20 ahead of earnings tomorrow night

Newmont (NEM) buyer of 2500 September \$80 calls \$1.50 with recent resurgence in Gold prices

Alcoa (AA) with 3,000 April 2022 \$30 puts sold to open this morning for \$2.30

Southern Copper (SCCO) big run recently and nearing a weekly flag breakout with 465 December \$85 calls bought for \$8

Louisiana Pacific (LPX) with 2000 June \$90 calls bought \$0.70 to \$0.85 as Lumber plays continue to run

Franco Nevada (FNV) with 1000 January \$235 puts sold to open \$7.20 to \$7, strong run recently in the Gold play

Cameco (CCJ) buyer 7000 June \$21/\$24 call spreads \$0.65

Cliff's Natural (CLF) with 1600 January \$30 puts sold to open today for \$10.60 in a stock replacement

Nucor (NUE) with 1000 January 2023 \$62.50 puts sold to open today at \$4.40

Tech and Telecom

Pinduoduo (PDD) with 2000 May 28th (W) \$110 puts bought for \$2.85 into the gap lower, potential bear flag breakdown under the 200-MA with China tech weak. **PDD** also with 1000 July \$115 puts bought up to \$8.85 today. **PDD** also with 5000 May 28th (W) \$138 calls bought up to \$2.05

Intel (INTC) buyer 1000 August \$52.50 ITM calls for \$6.40

Micron (MU) seeing around 5000 August \$82.50 calls open near \$6.80 with July call adjustments

Snowflake (SNOW) buyer of 1000 January 2023 \$250 calls \$36.70 to \$38.80 range this morning

Qualtrics (XM) with 2500 November \$30 short puts opening near \$3.08 as the May adjust

Jumia (JMIA) buyer 5000 May \$20 puts \$0.83 as 2000 of the \$24 puts adjust

REKOR (REKR) the November \$15 calls bought 1465X for \$5.20 into weakness

Alibaba (BABA) with 4000 May 28th (W) \$225 calls opening buys \$4.81 and \$5.19 in large lots, spread with the \$230 calls. **BABA** buyer 1000 January 2023 \$140 puts \$10.89

Criteo (CRTO) buyer of 2000 October \$40/\$47.50 call spreads into weakness today for \$2.40, consolidating above its 50-MA

Microstrategy (MSTR) with 150 January 2023 \$570 calls bought today for \$245, a \$3.675M position in the bitcoin play

Baidu (BIDU) with 1000 January 2023 \$230 calls bought at \$25 and the \$170 puts sold for \$27.30, earnings next week

JD now with 12,000 August \$65 puts being sold to open \$2.25 and October \$115 calls bought \$0.85

Splunk (SPLK) with 500 November \$105 puts sold to open today for \$8.80, stock replacement

Allot (ALLT) with 1000 December \$15 puts sold to open for \$1.50 this morning, shares flagging above the 50-MA

Fastly (FSLY) red to green reversal hammer today after recent sharp earnings sell-off and 1500 January \$45 calls are bought \$9 to open. FSLY now trading 10X EV/Sales with 25-30% annual revenue growth is getting a bit cheap on valuation.

Palantir (PLTR) into weakness and ahead of earnings tomorrow morning with 7000 November \$18 puts being sold near \$2.91

Mercado Libre (MELI) buyer 100 January 2023 \$1880 calls for \$157 at the PHLX

Himax (HIMX) with 2500 June \$12 puts sold to open today for \$0.95

SailPoint (SAIL) buyer 1000 June \$50 calls \$1.65 spread with the \$55 that may be adjusting into earnings tonight

IBM buyer 5000 January 2023 \$200 calls \$3.10 offer on a wide bid-ask

Applied Materials (AMAT) with 500 January 2023 \$120 puts sold to open \$20.30

Commscope (COMM) with 3500 November \$17 puts sold to buy the January \$22 calls, popular strategy in the name lately

Unity (U) with 1000 June \$80 puts bought up to \$5 to open today

Utility

First Energy (FE) with 1300 October \$40/\$34 bull risk reversals bought today for \$0.26, utility working on a big gap fill from last July's court ruling

Disclaimer:

Not Investment Advice or Recommendation

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