

OptionsHawk

OPTIONS HAWK DAILY MARKET 5/14/2020

Sector Leaders

Gold Miners

Bonds

Financials

Stock Gainers

ALLO 30%

CLLS 17%

CODX 16%

ONEM 13.7%

AKRO 12%

PSTI 12%

ACMR 13.5%

Volatility Gainers

- GRPN
- HTZ
- CRC
- AAL
- SFIX
- CAR

High Call Volume

- SWCH
- WIX
- PAGS
- MT
- UPWK
- BG

Bullish Options

- BG
- NEM
- BABA
- WIX
- PAGS
- DLTR
- FTNT
- TJX
- ABT
- DD
- BKNG

Market Review: Stocks were modestly lower into the open sticking near the 2800 level, some pre-market comments by POTUS ratcheting up the US/China troubles while the market remains uneasy after Powell's commentary Wednesday. Stocks continued lower early before bouncing a bit above the 55 day moving average, strength led by Bonds and Gold Miners while Financials finally showed some strength. Weakness was most prevalent in Aerospace, REITS, Housing, Transports and Retail. The bounce came off the 23.6% retracement level and **SPY** attempted to hold above YTD VPOC, though breadth struggled to sustain momentum higher. We have an active morning of economic data while the market continues to focus on states reopening and China/US escalating tensions. All eyes on the 8/21 potential bearish moving average cross near 2855 as a rejection level for the rebound.

S&P Chart:



Resistance	Support
2,950	2,835
3,000	2,790
3,125	2,660

Options Action Trends: We saw active put buying in many of the major crisis-impacted names like **COF, H, SPG, HLT, MAR, CAR, AAL, UAL** and also in **HYG**.

What's On Tap: Retail Sales, NY Empire, Industrial Production and Consumer Confidence. Earnings from **JD, DKNG, VFC**.

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Solar

Aerospace

REITS

Stock Losers

VRTU -27.5%

CRC -16%

UNFI -16.5%

CGEN -16%

MDP -14%

ARVN -13%

PKE -10%

Volatility Losers

- RVLV
- SAN
- WLL
- ONEM
- MAC
- WIX

High Put Volume

- ACC
- XP
- BERY
- ACM
- APTV
- H

Bearish Options

- SNCR
- HOG
- MTOR
- SWKS
- JCI
- SPG
- CAR
- WB
- HYG
- H
- COF



Quidel Explosive Move Seen Extending Much Further

Ticker/Price: QDEL (\$179)

Analysis:

Quidel (QDEL) on 5/13 with real interesting options activity as the December \$300 calls saw buyer flow for more than 2300X up to a block of 700 at \$9.60 and followed 500 that opened on 5/12 above \$11. Those calls require shares to nearly double by year-end. QDEL still has 1500 deep ITM May \$75 calls in open interest from a 4/15 position that has rolled multiple times, and recently seen buyers in some June upside calls. QDEL shares pulled back the last two days with the market but bounced strong off the rising 8 day moving average on Wednesday. QDEL has been in a parabolic move this year with shares +140% YTD as diagnostics take focus with the COVID-19 pandemic. QDEL recently received FDA approval for its antigen test which will be a major factor for reopening global economies. QDEL has long been a top pick and now trading 29X earnings and 55X FCF with a \$7.4B market cap. QDEL provides testing solutions for infectious diseases, cardiology, women's health, toxicology and a vast number of general health conditions. QDEL sets up well in the Point-of-Care testing market which is benefiting from a secular shift towards more quick-service healthcare services like expanded urgent care, pharmacies, and retail clinics. They have a deep pipeline with over 30 FDA approvals since 2011 and their Savannah platform a big potential launch in the next 12-18 months in the high-growth molecular diagnostic segment. QDEL noted last call it sees it becoming a flagship product over the next 2-3 years and may equal the Sofia franchise in importance Total revenue for Q1 was roughly \$175 million, driven by \$80 million in Influenza testing revenue, which demonstrated the strength of the Sofia franchise and shows what leveraging 43,000 analyzers looks like. Analysts have an average target of \$169 and short interest at 7.5% of the float rising 25% Q/Q. JP Morgan downgraded shares this week on valuation and skepticism on the value of its COVID-19 test opportunity. Craig Hallum raised its target to \$170 noting the scale/ability to perform mass COVID_19 testing and flue testing and drive the pandemic-forced expansion of point-of-care diagnostics. Hedge Fund ownership rose 1.6% in Q4 filings, Brown Capital with a large position though reducing its stake.

Hawk Vision:



Hawk's Perspective: QDEL may seem crazy buying up here but this action is very interesting and the name is a favorite, I see it being a name that can grow for many years and become a Healthcare leader.

Confidence Ranking: \$\$



Bulls Position in TJX as Retailer to Benefit Most in Reopening Environment

Ticker/Price: TJX (\$43.95)

Analysis:

TJX Co (TJX) with 1675 June \$45 calls bought near \$2.20 after size activity yesterday in the June \$45 and \$47.5 calls with large purchases. TJX also has over 2000 October \$50/\$60 call spreads in open interest against the short \$27.50 puts. TJX also has some bullish positioning in longer dated options. Shares are putting in a red to green reversal this morning off a 50% retrace of the rally level, and longer term remains in an uptrend despite the choppy trading since store closures took effect. The \$52.7B Retailer trades 17.4X Earnings, 1.25X Sales and 29.75X FCF with a 2.1% dividend yield and strong balance sheet, a name that has been resistance to eCommerce threats due to its treasure-hunt store model. TJX will next report 5-21 before the open. TJX should start to see benefits of abating wage and freight costs this year. Analysts have an average target at \$60 and short interest is low at 1.2% of the float. RBC raised to Outperform on 3-25 seeing longer-term market share opportunities ahead, pandemic accelerates industry consolidation and provides future product availability and balance sheet strength, considers TJX the best-in-class, global off-price play. CSFB with a note in late April seeing off-price benefiting from department store and specialty store closures. Atlantic upgraded on 4-29 seeing the strong business model recovering faster than others. Nomura raising its target to \$59 this week seeing April as peak month in virus pressure to sales and improving Q2 comps ahead. Barclays with a \$60 target also noting likely share gains from department store closures. Hedge Fund ownership rose modestly in Q4 filings, Fiduciary Mgmt. and Longview top holders.

Hawk Vision:



Hawk's Perspective: TJX and ROST are two favorites in this tough Retail environment to focus on moving forward.

Confidence Ranking: \$\$



Bears See Further Weakness in Simon Property

Ticker/Price: SPG (\$51.65)

Analysis:

Simon Property (SPG) with more bearish flows today including over \$1M in October \$40 puts and buyers of more than 4,500 October far OTM \$25 puts, a spot where buyers were active on 5/4. Today's flows follow buyers recently in the June puts recently as well as call sales across the June and July options in late April. SPG has vastly under-performed both the S&P as well as the IYR since mid-March and near a breakdown under \$45 has a measured move down under \$30. The \$15.7B company trades 23.5X cash and 20X FFO with a 16.4% yield which they affirmed earlier this week. The company has long touted their strong capital structure but the long closures and imminent rent delays will put pressure on cash flows while they look to maintain significant capital returns and investments. SPG is also looking to close their **Taubman (TCO)** acquisition which will shift their Net Debt/NOI higher from its current 5.2X and may impact their A/A2 credit rating. SPG is one of the largest mall-operators in the US with over 2B shopper visits in 2019 but that number will be a small fraction in 2020 given capacity guidance from tenants like Lifetime Fitness, hotels like **Hyatt (H)**, **Marriott (MAR)**, **Hilton (HLT)** and **IHG**, as well as movie theaters like **AMC**. Analysts have an average target for shares of \$107.50. Wells Fargo downgrading to Hold recently seeing a rocky road to recovery for malls as many stores remain closed and some may never re-open. The firm thinks May rent collections will remain weak and that landlords will negotiate rent relief given that the credit quality of the top tenant base has weakened. BAML cutting to Neutral on 4-14 as there is zero visibility about 2020+. Short interest is 6.5% and rising from 2.8% in mid-2019. Hedge fund ownership rose 2.4% in Q4. SPG has seen some notable insider buying including a \$9M buy from the CEO on 3/17 at \$60.83.

Hawk Vision:



Hawk's Perspective: SPG has been noted as a top short play for a couple years now with its exposure to weak trends in Retail and the current environment accelerating that headwind. I continue to see this name struggling and a likely dividend cut and capital concerns.

Confidence Ranking: \$\$



Bullish Longer Term View in Philip Morris Calls

Ticker/Price: PM (\$67.55)

Analysis:

Philip Morris (PM) size buyer on 5/13 of 1,000 January 2022 \$70 calls for \$8.45 and follows recent buyers of the December \$72.50 calls. PM has seen sellers in the January \$75 puts and June \$80 puts as well, both a bit underwater from earlier 2020 trades.

Shares pulled back to key support from 2018 recently before bouncing over 40% and today trying to hammer off the 50% retracement of that move. A move above the 8-EMA at \$70 sets up for a potential return higher to the 200-day at \$80. The \$107.1B tobacco company trades 12.8X earnings and 3.55X sales with a 6.8% yield and strong liquidity position to cover near-term maturities and an ongoing \$1B cost-cutting program. PM saw a strong Q1 with expectations for more pressures in Q2 although we've seen some positive commentary recently from peers like Swedish Match which indicate that demand has remained steady. PM

has been able to keep manufacturing operations functioning well during the pandemic as inventories were healthy before the temporary shutdown and capacity was only impacted by 20%. PM has been growing IQOS users by nearly 70% Q/Q since early 2018 and now the third largest brand in all of its major markets. Analysts have an average target for shares of \$92. Goldman starting at Buy on 4-1 noting that the actual impact of COVID-19 on consumer behavior is being dramatically overblown while PM has multiple levers to offset any potential near-term pressure including pricing changes and cost-cutting. Piper positive in March noting that nicotine demand will remain resilient near-term. Cowen in February noted that IQOS remains a major long-term story given its attractive unit economics and profit potential and the company has done an exceptional job of conversion early. Short interest is 0.7%. Hedge fund ownership fell 2%. PM last saw insiders buying stock in May 2019 around \$84.50.

Hawk Vision:



Hawk's Perspective: PM is a value/yield name though the market has not favored value for a long time and personally have trouble seeing much of a future for Tobacco, so not a name overly interested in participating.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Ultra-Short Dow Jones (DXD) with 4000 June \$26 calls bought \$2.10 offer as it works out of long base

Regional Banks (KRE) with 10,000 June \$28/\$24 put spreads opening with some adjustments today, a weak group on concerns with bad loan losses and overall exposure to credit

High Yield (HYG) weak morning seeing 13,000 May 29th (W) \$78 puts bought to open as breaks tight range to downside

Emerging Market Bonds (EMB) buyer of 5,000 June \$99/\$94 put spreads for \$1.20

Russell (IWM) buy-write position sold 4000 July \$131 calls \$3.89

S&P (SPY) large opening sale 4000 March 2021 \$240 puts today for \$17.56, over \$7M premium collected.

Treasury (TLT) spread sells 6,626 June \$160 puts \$1.09 to buy the \$169/\$174 call spreads at \$1.37

Dow Jones (DIA) stock replacement opened 1150 September \$235 calls \$16.30

China (FXI) sale of 12,500 September \$38 calls \$2.41 in a buy-write

Consumer Discretionary/Services

Hyatt (H) with 2000 August \$35 puts bought to open \$2.70

Hilton (HLT) with 1275 January \$60 puts bought \$10 to open

Marriott (MAR) buyer of 1,500 January \$65 puts for \$11.20 to \$11.30

Penn National (PENN) buyers of 4,000 July \$19 calls from \$2.70 to \$2.80 as some re-openings start and sports expected to return in a limited capacity

Nike (NKE) buyer 1000 January \$105 calls \$3.25 offer

Tempur Sealy (TPX) buyer of the June \$50/\$45/\$40 put butterfly 1,000X2,000

Capri (CPRI) buyer of 2,000 January \$10 puts for \$2.35, tied to stock

Bloomin' Brands (BLMN) buyer of 3,500 June \$10/\$7.50 bull risk reversals for \$0.30

Darden (DRI) with 1,000 June \$65 puts sold to open this afternoon for \$5.70

Gildan (GIL) with 8500 December \$10 puts sold to open for \$0.85

Dominos (DPZ) seller of 622 July \$320 puts to open earlier for \$8.80

Consumer Goods

Yeti (YETI) buyer of 500 November \$27.50 calls for \$3.80

P&G (PG) seeing around 3000 July \$105 puts sold to open and buying \$115/\$125 call spreads 3000X today, shares testing lower value support

Energy

National Oilwell (NOV) with buyers 865 June \$10 ITM calls this morning

California Resources (CRC) buyer of 1,185 July \$2 puts for \$1.35 and 700 June \$2 ITM puts for \$1.15, highly leveraged oil name

SunCor Energy (SU) opening sale 3500 June \$14 puts \$0.75 to \$0.73

Marathon (MPC) buyer of the July \$25/\$20 bull risk reversal 1338X for \$6.34 as the May calls close and adjust from prior spreads

First Solar (FSLR) over 1,000 December \$32.50 puts sold to open this afternoon \$3.20 to \$3.15 in stock replacements

Financials

PagSeguro (PAGS) with 3,450 June \$30 calls being bought \$0.50 to \$0.55 into 5-28 earnings, follows the June \$32.50 calls earlier this week. **PAGS** also with 1,300 November \$30 calls bought \$2.45 to \$2.70

Capital One (COF) with 1500 September \$47.50 puts bought to open \$5.55. **COF** with 2600 July \$50 puts bought for \$3.15 as well today

XP Inc (XP) coming off a strong quarter and today 4,000 November \$20 puts sold for \$2.70 to open, still has 9500 November \$25/\$35 call spreads in open interest

Trupanion (TRUP) buyer 500 August \$25 puts for \$3.90, seeing competition coming from ZTS entry into pet insurance

FleetCor (FLT) with 675 August \$220 calls bought \$18 to \$18.60, shares reversing red to green and size open interest accumulating in August

Region Financial (RF) with 1300 June \$8 calls bought \$1.20 offer

Bank of NY (BK) with 1150 September \$35 calls being bought \$1.88 to \$1.98 this morning

SVB Financial (SIVB) working on bull engulfing today with 765 June \$165 calls being bought \$15.30 to \$16

Wells Fargo (WFC) with 1425 January \$17.50 deep ITM calls bought \$7.80 to \$7.90 offer

Digital Realty (DLR) with 2000 June \$120/\$100 put spreads bought \$2.70

Noah Holdings (NOAH) with 1,950 June \$22.50 puts sold to open for \$0.65

HSBC (HSBC) stock replacement opens 3500 September \$25 calls \$1.48

PayPal (PYPL) with 1250 September \$150 calls bought \$10 to \$10.85 today

Morgan Stanley (MS) buyer 2000 January 2022 \$35 puts \$7.10

REPAY (RPAY) with 600 June \$20 puts sold to open today between \$2.00 and \$2.10, still has 1750 June \$17.50 calls in OI from recent buys

American Express (AXP) opening sales 1000 January 2022 \$60 puts near \$7.90 this afternoon

Healthcare

Abbott (ABT) back to YTD VPOC and 1000 January \$110 calls are bought \$3.20 to \$3.40

ResMed (RMD) with 100 October \$150 puts opening this morning above \$11.50 after October put buys yesterday afternoon

Alexion (ALXN) buyer 1000 August \$120 OTM calls \$2.55 to \$2.65, being urged to pursue a sale. **ALXN** also 400 Jan 2022 \$70 puts sold to open near \$7

Masimo (MASI) with 300 July \$250 calls opening \$15.30 as May \$220 adjust and take some off the table

Jazz Pharma (JAZZ) opening sellers of 600 December \$105 puts down to \$12.25, trading in stock replacements

Cassava Bio (SAVA) buyer of the August \$10/\$20 call spread for \$1.93, 3000X; **SAVA** has key Alzheimer's data upcoming

Boston Scientific (BSX) spreads are selling the June \$37 calls to buy the \$33 puts today, 5000X for a small debit

Allogene (ALLO) up 30% on data and 4500 June \$30 puts being sold to open \$1.50 to \$1.55

Ironwood (IRWD) with 2000 June \$12.5/\$10 bull risk reversals opening at zero cost

Ligand (LGND) the August \$95 puts bought up to \$16.40 today, over 1300X, as some May positions adjust; name tied to the **GILD** remdesivir trials

Tenet Health (THC) sweep buyer 1395 August \$15 puts \$2.45 offer

Lab Corp (LH) with 3000 June \$200 calls bought to open \$0.65 to \$0.75

Henry Schein (HSIC) buyers of 500 June \$52.50 calls today \$2.45 to \$2.50

Hologic (HOLX) opening sale 1000 September \$50 puts for \$4.10

Inovio Pharma (INO) buyer of 5,000 November \$16 puts for \$8.50 today and spread with a sale of 10,000 November \$8 puts for \$2.75, small-cap bio that has run on COVID-19 vaccine hopes

Industrials

Meritor (MTOR) with 2000 August \$12.50 puts bought \$1.05 to \$1.20

Avis Budget (CAR) buyer of more than 10,000 August \$8 puts for \$2.45

Fastenal (FAST) sweep buyer 1350 January \$35 puts \$3.40 to \$3.50. **FAST** puts up over 3500X

American Air (AAL) opening buyer of 10,000 August \$4 puts up to \$0.90

General Motors (GM) buyer of 2,500 July \$24 calls today for \$1.04

United (UAL) buyers of 2,500 January 2022 \$10 puts from \$4.30 to \$4.50

Lennar (LEN) buyer of 1,200 June \$50 calls for \$2.81, the May \$35 calls rolling up and out

Boeing (BA) with June 2022 \$125 calls bought 1000X at \$41.30 to \$42.25 against 1000 June 2022 \$120 puts sold to open \$43.47 to \$42.61

Fed-Ex (FDX) the June \$105/\$90 put spread opening 2,250X for \$5.05 as some \$115/\$100 spreads adjust down

Invitation Homes (INVH) with 3450 July \$20 short puts opening \$0.60

PACCAR (PCAR) buyer 600 November \$67.50 calls \$5.80 to \$5.90

Southwest (LUV) the December \$30/\$45 call spread bought 2500X for \$2.70 to open

Allegiant (ALGT) sellers of 750 June \$70 puts this afternoon for \$6.00, well below theoretical value

Borg Warner (BWA) with 2500 August \$27.5/\$22.5 bear risk reversals opening today

Genuine Parts (GPC) the November \$80 calls bought 1,200X for \$3.84 today, adjusting the May \$70 calls from late March

Materials

Bunge (BG) with 1000 July \$32.50 calls bought ITM in early trade near \$3.25

Newmont (NEM) working higher early and 1,600 June 5th (W) \$64 calls bought up to \$4

DuPont (DD) working on hammer with 700 October \$45 calls bought \$3.65 to \$3.70 offer. **DuPont (DD)** the January \$55 OTM calls bought 3,000X for \$2.35

Arcelor (MT) rallying with 11,000 next week \$8.50 calls hot \$0.29 to \$0.33

SSR Mining (SSRM) breaking out with Silver today and 1500 September \$23 calls bought \$1.35 to open

Alcoa (AA) opening seller 2000 January \$5 puts today and 1000 October \$6 puts sold to open

Tronox (TROX) the January \$6 puts bought 1000X for \$1.60

Tech and Telecom

Synchronoss (SNCR) with 1,850 September \$5 puts bought \$2.67 to \$2.68 as the June \$5 puts roll from mid-March

Alibaba (BABA) with 5,000 May 29th (W) \$205 calls bought into early weakness for \$4.30 ahead of 5-22 earnings

Fortinet (FTNT) with 900 deep ITM June \$90 calls bought today up to \$49.10, over \$4.3M

Weibo (WB) with 800 January \$25 puts bought \$2.40 to open, breaking down out of a bearish wedge after testing the 50-day

WIX.com (WIX) with 500 June \$170 calls opening \$16.90 as the May \$120 calls adjust higher post-earnings

HP (HPQ) with 2,345 June \$12 puts sold to open today down to \$0.33,

Booking (BKNG) with 2,000 January 2022 \$1,700 calls bought for \$183 to \$189.10, adjusting back the 1,000 Jan. 2022 \$1,900 calls from recently

CarVana (CVNA) buyer 300 November \$120 OTM calls \$10.30

Etsy (ETSY) stock replacement buys 300 December \$95 calls for \$10.80

Micron (MU) buyers of 13,000 June \$46 calls from \$2.50 to \$2.70

Microsoft (MSFT) with 900 October \$170 puts sold to open \$13.10

Advanced Micro (AMD) with 6000 May 29th (W) \$53/\$57 call spreads bought today

Twitter (TWTR) with 1200 December \$27 puts sold to open \$4.35 bid. **TWTR** working to day highs off support and December \$34 and \$35 calls active with buyers 1900X in each

Pinterest (PINS) buyer 1200 January 2022 \$25 calls \$3.85 to \$3.10

Pinduoduo (PDD) strong name with a lot of bullish options action for months now seeing a buy-write with 2000 July \$65 calls sold \$4.70 today

Oracle (ORCL) stock replacement with 2150 September \$50 calls opening \$5.15

PagerDuty (PD) buyers of 1,425 November \$25 calls up to \$5.55 ahead of 6-4 earnings

Workday (WDAY) with 500 May 29th (W) \$130 puts sold to buy the \$170/\$180 call spread today ahead of 5-28 earnings

Chewy (CHWY) buyer of the July \$38/\$30 put spread today 1000X3000 for a small net credit, may be protection against a long position and willing to own shares near the 200-day

Cisco (CSCO) higher on earnings today with a buy-write selling 4600 September \$47.50 calls for \$1.82

AT&T (T) with 19,000 July \$31 puts being bought \$3.55 here this afternoon, will confirm OI change tomorrow

Viavi (VIAV) weak lately with 5G delays but seeing 2000 July \$11 calls bought \$0.72 to \$0.74 today

Smart-Sheet (SMAR) opening buy 1250 January \$35 puts \$3.20

Palo Alto (PANW) with 500 May 22nd (W) \$225 calls bought \$6.80 to \$7.07 mid-day ahead of earnings on 5-21

Z-Scaler (ZS) with 600 November \$57.50 puts being sold to open, adjusting August 42.5 short puts

Applied Materials (AMAT) with 2000 October \$45 puts being sold to open near \$4 this afternoon into earnings, and look spread with buys of the \$55 calls above \$5

Utility

Southern Co (SO) with 2500 November \$57.50 calls being sold to open \$3.30 bid

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Not Investment Advice or Recommendation

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