



MARKET RECAP REPORT 5/21/2021

Sector Leaders

Energy

Banks

Industrials

Stock Gainers

YALA 16%

TRIT 9.7%

TCX 9.7%

PATH 9.5%

REKR 9.5%

RBLX 8.75%

Volatility Gainers

- VOD
- NNBR
- TAL
- TRIT
- LUMN
- RBLX

High Call Volume

- VOD
- MDLZ
- FTAI
- PRCH
- ZBH
- AON

Bullish Options

- LAZR
- SYF
- NVDA
- AAL
- NCLH
- HRB
- AQUA
- RBLX
- PRCH
- TMUS
- U
- TME

Market Review: Stocks were higher into the open to close the week into May options expiration with strong PMI data out of Europe boosting sentiment. The US Dollar continued to show weakness and led to a commodity rebound. It was a choppy morning session without a lot of progress made following the strong open, which tends to happen on major option expirations. Energy, Banks and Industrials led at midday as we say some rotations back to value as Tech lagged. The afternoon session was also quiet and we now head into the end of the month trading in the middle of the recent range as 1-month VPOC held on the dip today. The schedule remains fairly light next week with May PMI numbers in focus and some high growth Tech reports.

S&P Chart:



Resistance	Support
4,170	4,110
4,220	4,055
4,385	4,030

Options Action Trends: Bullish plays in **RL, PVH** May calls adjusted to bull risk reversals for June with both set to report in June. Utilities continues to see a lot of bull flow this week with **NEE, DUK, EXC, AES**.

What's On Tap: The schedule for next week is very quiet with some housing data in the front-half of the week and later in the week Durable Goods Orders & GDP while Personal Income/Spending and Inflation data expected Friday. The earnings schedule slows but still some big reports due from **NVDA, CRM, MDT, COST, INTU, DELL, ADSK, WDAY, SNOW, VEEV, BBY, OKTA** and other while Conference season also starts to pick back up.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **LVS** July \$60 Calls \$2.70
- 2) Closed **JNJ** Calls \$5 (Opened \$3)
- 3) Rolled **ATVI** May \$95 Calls to June \$97.50 at \$1.25

Sector Laggards

Miners

Semi's

Housing

Stock Losers

NCTY -10%

MAXN -10%

TAL -8%

BTBT -8%

VFC -7.5%

EQOS -7%

Volatility Losers

- DSX
- FL
- AGEN
- SPCE
- IOVA
- PANW

High Put Volume

- TAL
- MNKD
- EOSE
- CP
- ROST
- PCG

Bearish Options

- RSI
- TAL
- PATH
- ORLY
- YALA
- FLGT
- RCL
- HBM
- NCR
- ETSY
- WGO
- NSC



FEATURED OPTIONS RADAR REPORT



Bulls Position for Southwest Air to Rally with Travel Recovery

Ticker/Price: LUV (\$59.85)

Analysis:

Southwest Air (LUV) with bullish positioning this week as 3000 January 2022 \$55 puts were sold to open for \$1.5M seeing limited downside for shares at 1500 July \$57.50 calls were bought to open for \$750K. LUYV also has 3750 June \$62.50 calls bought in OI, 3800 June \$55 calls, 1500 September \$57.50 calls and 5800 June \$45 calls. LUV shares pushed sharply higher February to April and have now been forming a falling wedge pattern, a move above \$63 would be a key breakout for the next leg higher with \$72.70 as a 138.2% COVID-correction Fibonacci extension a potential target. The \$34.35B regional airliner trades 19.7X Earnings, 5X Sales and 7.6X FY22 EBITDA. LUV is seen posting 68% revenue growth in 2021 and 37% growth in 2022 as travel rebounds, and recent Airline data showing a strong surge in travel starting as the majority of the population is now vaccinated. LUV forecasts see EBITDA reaching new records by 2023. LUV has always been the best-in-class operator yet valuation is not at much of a premium to peers and has the best balance sheet in the industry. LUV also continues to expand into new markets. US airline stocks tend to trade on pricing power and booking trends support strong pricing. Southwest is uniquely positioned for growth as demand continues to recover due to its industry leading balance sheet, fleet ownership costs tailwinds (as a result of agreements with Boeing's due to lost profits in prior years), and increasing cost efficiencies/potential for new revenue drivers. Southwest has made several technology investments such as its new maintenance system (replacing a ~30 year old program) and its entrance into the GDS systems which should drive cost efficiencies and new revenue generation capability, respectively, all while reducing CAPEX vs. pre-COVID-19 expectations. Analysts have an average target of \$70 with short interest low at 3% of the float. Raymond James raised its target to \$71 in April and cites the strong balance sheet. MSCO raised its target to \$80 seeing 2022 consensus numbers far too low. Argus upgraded to Buy in March noting it is best positioned to emerge strongly due to the leisure travel focus and could expand its earnings multiple to the high-end of the historical range near 25X. Hedge Fund ownership fell 6% in the latest quarterly filings.

Hawk Vision:



Hawk's Perspective: LUV is a favorite Airliner and still see the reopening theme playing out further, like to see it above this moving average cluster near \$61.20.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Large Call Buy in US Steel Sees Multi-Year Strength on Record Steel Prices

Ticker/Price: X (\$24)

Analysis:

US Steel (X) sees a lot of daily action but on 5/20 significant size and long-term bets took place with more than 10,000 January 2023 \$25 calls bought to open \$7.40 to \$7.45 and a block of 1500 January 2023 \$22 puts sold to open \$6.35. X also has seen plenty of buying of June and October calls and has over 13,500 January \$30 calls in open interest. X shares have pulled back this week with some profit-taking in commodities and sits back near the rising 55-day moving average and trend support from the February lows, also retesting a recent base breakout. On a long-term view shares above \$28 would have room to run to \$40. X currently has a market cap of \$6.6B and trades 3.3X EBITDA, 12.1X Earnings and 1.3X Book. X revenues are seen rising 73% this year and EBITDA up 2250% before then resetting in 2022. X recently canceled plans for the Mon Valley upgrade which should accelerate its debt reduction process. US Steel is also seeing benefits start to pay off from its Big River Steel deal which shifted US Steel into the hybrid blast furnace/EAF producer category. US steel prices have continued to move higher, driven by relentless demand strength, extreme supply tightness and low inventory levels. Analysts have an average target of \$28 and short interest is elevated at 18.8% of the float. MSCO upgraded to Overweight on 5-11 citing high steel prices and a stronger-for-longer outlook with lead times extended, inventories low and imports limited. It also sees Infrastructure plans supportive of demand and China's push to cut emissions in the steel industry as a game changer for global pricing. On 5-4 CSFB upgraded X to Outperform from Underperform with its target moving to \$35 from \$15 on higher earnings estimates and a higher target multiple seeing serious progress in improving ROIC and reducing its carbon footprint. It also had an interesting note that X could unlock value in its iron ore assets. Hedge Fund ownership jumped 6% last quarter.

Hawk Vision:



Hawk's Perspective: X fundamentals are the best they have been in a long time and this looks like an optimal pullback to be getting involved. **STLD** is always the preferred play in the group and **NUE** has seen bull flow as well, but **X** is very liquid and could squeeze to \$30.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Alliance Data Bulls Position after Upbeat Investor Day

Ticker/Price: ADS (\$119)

Analysis:

Alliance Data Systems (ADS) unusual action today with 750 June \$120 calls being bought \$6 to \$6.30 and follows 4000 June \$130/\$140 call spreads opening yesterday, a name with otherwise minimal open interest. ADS has been a strong performer this year with shares up more than 50% and a current strong trend with shares flagging under recent highs. Despite the big move shares remain well off levels seen back in 2018 when shares were above \$250 and the current flag measures to a \$150 near-term upside target. ADS is a leading provider of data-driven marketing, loyalty and payment solutions serving large, consumer-based industries. Its Card Services business is a comprehensive provider of market-leading private label, co-brand, general purpose and business credit card programs, digital payments, including Bread®, and Comenity-branded financial services. Its LoyaltyOne clients are focused on acquiring and retaining loyal and profitable customers. ADS falls into the value category that has done so well in 2021 with it having a \$5.6B market cap and trading 13.4X EBITDA, 8.15X Earnings and 1.3X Sales with over \$3B in cash. ADS forecasts see revenues down in 2021 due to Q1 but solid growth the rest of the year and into 2022. ADS recently held an Investor Day and continues its progress to digital initiatives. Management seemed upbeat on the ability to produce high single digit to low double digit growth, with the potential for pent-up demand and the expansion of its Bread platform to drive even higher growth over time (which could drive 2023 receivables to be as high as \$20B). The company highlighted contactless payments, frictionless applications, enhanced rewards structures and better data and analytics as various technology initiatives underway. On 5-12 ADS announced its intention to conduct a tax-free spin of its LoyaltyOne business into a separately traded company, which the company expects to occur by the end of 2021. Analysts have an average target of \$133.50 and short interest is 7.4% of the float. Truist raised its target to \$150 from \$95 yesterday seeing upside to estimates with product improvements and a reinvigorated platform. Hedge Fund ownership jumped 11% last quarter with Lyrical, Redwood and Palestra notable top holders.

Hawk Vision:



Hawk's Perspective: ADS is a name I disliked for many years but the current environment supports its value-emphasis and definitely a potential re-rate play on digital initiatives to growth while also event-driven catalysts, like it to \$150.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Infrastructure ETF (PAVE) with 5000 September \$23/\$20 put spreads sold to buy the \$28 calls

Emerging Markets (EEM) into session lows with 15,000 December \$55 calls bought \$2.35 in a stock replacement

Nasdaq (QQQ) with 10,000 July 2nd (W) \$305/\$290 put spreads opening today

ARK Innovation (ARKK) with 5000 June \$100 puts opening today

Banks (KBE) into day lows earlier with 2000 January 2023 \$53 puts sold to open for \$6.90

Energy (XLE) a few blocks trading today, the December \$45 puts with 5000X bought \$2.34, while 5000 March 31st (Q) 2022 \$55 calls bought \$4.30

Consumer Goods

Dollar General (DG) with 1000 June \$210 calls bought against 1500 of the \$220 sold, earnings 5-27

VF Corp (VFC) whacked on earnings back to YTD lower value and 200-MA with 1000 June \$77.5 calls buying the dip for \$2.30

Winnebago (WGO) buyers of 2500 June \$70 puts up to \$5.10

PVH Corp (PVH) with 2000 June \$115/\$95 bull risk reversals opening as May \$110 calls adjust, earnings 6-2

Pepsi (PEP) tried to break out of a nice flag today but rolled back a bit, buyer of 1000 June 2022 \$145 calls for \$11.25

Clarus (CLAR) a favorite small cap name for years with unusual 1200 August \$20 calls opening today \$3.60 to \$3.80

Smith & Wesson (SWBI) moving to day highs and 500 January 2023 \$20 calls bought \$5.30 today

Kroger (KR) with 2000 January \$37 puts sold to open \$3.65

Altria (MO) with 6000 June 11th (W) \$50 puts sold to open \$0.88

Consumer/Business Services

Groupon (GRPN) with 500 August \$42/\$65 call spreads bought for \$5.50, some large December call spreads in OI from recent buyers as well

O'Reilly (ORLY) more volume now as spreads are selling the June \$590 calls and buying the \$540/\$500 put spread 1280X for \$6.95

Roblox (RBLX) buyer of 5000 June 4th (W) \$95 calls into the morning highs from \$1.29 to \$1.40

Norwegian Cruise (NCLH) buyer of 4000 July \$30 calls \$2.32 to \$2.39

Rush Street (RSI) buyer 1500 December \$10 puts \$1.45

Porch (PRCH) with 15,000 June \$17.50 calls opening \$1.55 to \$1.65 as May \$15 adjust

Tencent Music (TME) buyers of 5000 July \$15 calls for \$1.28 to \$1.30

International Gaming (IGT) with 2000 January \$35 calls sold \$1.40 in a buy-write. **International Gaming (IGT)** buyer 10,000 July \$25/\$30 call spreads as June spreads adjust

Viacom (VIAC) buyer of 1675 September \$44 calls \$3.80 offer with the M&A talk

TAL Education (TAL) buyer 1500 August \$47.50 puts \$6.30

Angie's (ANGI) aggressive offer buyers 3000 June \$15 calls \$0.60

Etsy (ETSY) with 500 December \$160 puts bought \$20.65/\$20.70 to open. **ETSY** with 700 December \$230 calls bought \$8.30

Mercado-Libre (MELI) stock replacement opens 223 September \$1200 calls \$239.80

VIP Shop (VIPS) jumping as 4850 August \$26 calls are bought aggressive \$1.40 offer. **VIPS** afternoon buyer 5000 July 2nd (W) \$28 calls \$0.60

Ralph Lauren (RL) buyer of 1000 June \$120/\$135 call spreads and selling the \$110 puts as May \$120 calls adjust

Bumble (BMBL) trying to base and 1500 July \$45 calls bought for \$2.25

Discovery (DISCA) with 5000 June \$30 calls opening \$2.62 as the \$32.5 adjust back following the weak response to the AT&T merger deal. DISCA also seeing 1300 January \$25 calls open. **DISCA** buyer 10,000 July \$32.5/\$40 call spreads into weakness

Wynn (WYNN) with 2750 January \$105/\$75 bull put spreads opening at a \$5.95 credit

Bloomin Brands (BLMN) with 1000 January \$25 puts sold to open \$2.40

Citi Trends (CTRN) unusual buyer 500 June \$105 calls \$3.30 for earnings 5-25, quietly been a strong story higher its last 7 reports

Expedia (EXPE) another 3000 August \$175 calls bought \$11.50, constant accumulation

Royal Caribbean (RCL) with nearly 1400 December \$75 puts bought \$7.45 offer where there has been accumulation all week

Penn Gaming (PENN) opening sale 400 June 2022 \$70 puts \$13.75

Energy

Genesis (GEL) buyer 1300 September \$10 calls \$0.85 to \$0.90, long flag forming

Pioneer (PXD) opening sale 500 January \$155 puts for \$21

Marathon Petro (MPC) afternoon buyers of 5000 October \$55 puts \$3

Financials

H&R Block (HRB) with 2,000 July \$25 calls bought for \$1.15 to \$1.20 this morning

American National (ANAT) buyer of 600 September \$190 calls for \$5 with the company reportedly exploring a sale

Citi (C) September \$77.5/\$90 call ratio trades 1200X3600

Cantaloupe (CTLP) with 5000 January \$17.5/\$10 strangles sold to open for \$1.45

NCR Corp (NCR) buyer 500 December \$45 puts \$3.80 offer

Pershing Square Tontine (PSTH) with July \$22.5/\$40 call spreads bought 6000X

Zillow (Z) with 500 November \$100 puts selling to open this afternoon near \$11.75

Healthcare

BioMarin (BMRN) with 1350 June \$75 puts sold to open \$1 to \$0.95

Cooper (COO) with 200 June \$400/\$380 bull risk reversals opening, breaking out of pullback trend and reports on 6-3

Fulgent (FLGT) unable to rally much and 400 June \$80 puts bought \$9.10 offer

Owens & Minor (OMI) buyer of 1000 June \$35 puts for \$3.60

UltraGenyx (RARE) with 300 August \$120/\$105 bull risk reversals opening as May \$105 calls adjust. **RARE** nice long basing pattern with \$115 level on watch for breakout

Establishment Labs (ESTA) nice set-up and seeing 500 June \$80/\$90 call spreads bought today as May positions adjust out

McKesson (MCK) strength continues with 1450 January \$250 calls bought \$5.50 to open. **MCK** Jan. calls up over 3000X now. **MCK** also with 680 Jan \$230 calls bought for \$9

Universal Health (UHS) buyer of 1000 January \$170/\$150 strangles for \$24

Cardinal (CAH) aggressive buy 2000 January \$65 calls and follows call buys in Jan. earlier this week, also seeing **MCK** Jan. calls hot today

Bluebird Bio (BLUE) aggressive buyer 600 January \$40 calls \$5.20 paying above the offer, also 1300 July \$45 calls open \$1.50

Bausch Health (BHC) with 2000 January \$37/\$30 strangles sold to open for \$5.95

Industrials

Luminar (LAZR) early spreads 3000X selling June \$20/\$15 put spreads and buying the \$25 calls

Evoqua Water (AQUA) breaking out with unusual 2300 June \$30 calls bought \$1.10

Aeva Tech (AEVA) buyer of 2500 October \$10 calls for \$1.30 this morning, a \$1.55B machine vision company that makes optical sensors for automotive manufacturing. **AEVA** now also with 1500 October \$5 calls bought for \$3.80

NN (NNBR) large opening seller 2500 December \$10 calls \$1.20 into morning highs

Canadian National (CNI) buyer 2000 July \$110 calls for \$1.95

Diana Shipping (DSX) put sellers today with 2000 June \$5 and 1000 September \$5 sold to open

Fortress (FTAI) buyer 15,000 June \$29/\$32 call spreads with May calls adjusting

KB Homes (KBH) with 700 January 2023 \$40 puts sold to open for \$7.20 this afternoon

DR Horton (DHI) into afternoon lows and back under its 55-MA with 10,000 July \$95/\$80 bull risk reversals opening at \$1.90 debit

Colfax (CFX) July \$42.5/\$37.5 put spreads open 4000X5000 as June \$42.5 adjust

Materials

Hudbay Minerals (HBM) buyer 4000 June \$7.50 puts \$0.60 to \$0.65

Builder First-Source (BLDR) buyer 1000 June \$45 calls for \$2.05

Sibayne Stillwater (SBSW) buyer of 2500 July \$17.50 calls \$1.95 to \$2 into morning weakness, precious metals play

Alcoa (AA) with 1000 January \$36 calls opening \$6.60. **AA** block of 1650 June 2022 \$30 puts opened \$4.60, stock tied

Vedanta (VEDL) a metals play flagging and unusual 1200 September \$12.50 calls bought today \$3.30 to \$3.40

CEMEX (CX) flagging under the \$8.50 level and 2750 January \$5 ITM calls bought today \$3.35 to \$3.40

Tech and Telecom

UI Path (PATH) buyers of 500 August \$80 puts for \$13.90 to \$14.10 into the recent strength. **PATH** also with 500 June \$80 puts bought \$9.60 to \$10.20

NVIDIA (NVDA) buyer 1000 September \$680 calls \$27.50 to \$29.50 after the 4:1 split news and ahead of earnings next week. **NVDA** also 1500 June 4th (W) \$660 calls bought that may be adjusting from \$630

T-Mobile (TMUS) with 4000 June \$140/\$150 call spreads opening as May \$136 calls adjust

Vodafone (VOD) buyer 10,000 October \$19 calls up to \$0.72

Flextronics (FLEX) with 5000 July \$20/\$17 bull risk reversals opening at a small credit

Unity (U) more bullish flow today as 1200 August \$95 calls bought to open \$8.90 to \$9

Western Digital (WDC) opening seller 300 October \$80 ITM puts \$13.15

Dell (DELL) spreads again today are buying 1500 July \$105 calls and selling the \$95/\$90 put spread, same trade as yesterday

Coupa Software (COUP) with 300 January 2023 \$400 calls bought today for \$17.50

Alibaba (BABA) buyer of 1000 October \$195 ITM calls \$28 to \$28.20

Calix (CALX) dives to lows with 4000 June \$42 short calls opening as May \$45 adjust

Workday (WDAY) with 2400 June \$260 OTM calls sold to open, reports 5-26

Google (GOOGL) trading 3000 June \$2100/\$2400 call spreads

Palo Alto (PANW) buyer 3500 June \$380 calls \$3.35 as May \$350 adjust, shares up 4.65% after earnings and off early highs

Interactive (IAC) seeing June \$250 calls close 1250X and the \$260/\$280 call ratio open 1250X2000

Zoom (ZM) buyer 1000 next week \$310 calls \$12.71, adjusting the \$320 calls

Facebook (FB) with 1000 October \$320 puts opening \$26.45. **FB** 1000 Aug. \$320 puts bought \$21.40 as well now

Arista Network (ANET) buyer of 500 January \$410 calls for \$12.80, recent strong name

Utility

Next-Era (NEE) with 1000 July \$75 puts sold to open \$2.85

Duke Energy (DUK) with 1500 January \$90 puts sold to open \$3.20 to \$3.10, recent activist battle

Exelon (EXC) buyer 4000 July \$46 calls for \$1.25 after the large call buy yesterday in Jan. 2022

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.