



MARKET RECAP REPORT 5/24/2021

Sector Leaders

Semi's

Internet

Software

Stock Gainers

VRTV 15.5%

SPCE 15%

AMC 13.5%

TDUP 12%

BYND 9.75%

PATH 9%

Volatility Gainers

- HNST
- PATH
- TAL
- EDU
- GOTU
- GME

High Call Volume

- KSU
- RRD
- TEN
- VOD
- BSX
- NOV

Bullish Options

- SBUX
- UBER
- ABNB
- RBLX
- W
- TWTR
- DISCA
- TRIP
- SHOP
- NUE
- DB

Market Review: Stocks started the week strong despite Infrastructure spending talks stalling, a wild weekend in crypto once again as Bitcoin plunged but then rebounded sharply. Tech led the morning rally with Semiconductors, Internet, and Software gaining while Banks, Energy and Biotech lagged. It was a narrow trading range day but started to break above 4200 early afternoon, a day lacking any major catalysts. The S&P and Nasdaq both pushed firmly above the 21-day moving averages which now become vital to hold above or could start a lower lows type of move. Heading into tomorrow the schedule remains very light as we enter a quiet period of trading through the 4th of July.

S&P Chart:



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

Options Action Trends: In early action we saw low Delta opening June put sales in growth names CVNA, SQ, DDOG, NOW, GPN, DXCM.

What's On Tap: New Home Sales and House Prices. Earnings from INTU, A, AZO, ZS, TOL, JWN.

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Solar

Banks

Biotech

Stock Losers

NGM -38%

SFT -12.8%

TAL -12%

WISH -11%

CAN -11%

NMM -10%

Volatility Losers

- ATOS
- AMRN
- SIRI
- RESN
- SPCE
- HGEN

High Put Volume

- BLDP
- IVR
- YALA
- DXCM
- QRTEA
- DDOG

Bearish Options

- IRBT
- PATH
- UPST
- AKAM
- PRVB
- TAL
- HNST
- SNAP
- YETI
- RAPT
- BYND



FEATURED OPTIONS RADAR REPORT



Lumentum Risk Reversals See Value into Weakness

Ticker/Price: LITE (\$79.35)

Analysis:

Lumentum (LITE) with large bull trades late on 5/20 as 2500 December \$80/\$70 bull risk reversals opened at \$3.70 to \$3.80 net debits, a name where options activity has been slow recently outside of some September \$87.50 put sales. LITE shares have been weak in 2021 down 16% YTD and since its attempted buyout of **Coherent (COHR)** that turned into a bidding war won by **II-VI (IIVI)**. LITE shares have snapped back this week off the 200-week moving average and a retest of a major long-term range breakout from 2019. LITE is an industry-leading provider of optical and photonic products addressing a range of end market applications including Optical Communications and Commercial Lasers for manufacturing, inspection and life-science applications. It is a key player in 3D sensing for consumer electronics and diode light sources for a variety of consumer and industrial applications. LITE is a key supplier to Apple for 3D sensing while also seeing opportunities in Hyperscale and Telecom. LITE sees a tremendous opportunity in automotive the next few years. The \$5.8B company is trading just 12.9X Earnings, 3.35X Sales and 8X FCF with margins trending upwards to record levels and has over \$1.5B in cash. LITE revenues are seen fairly flat Y/Y into 2022 with growth reaccelerating in 2023 and the reason for its current low multiple. LITE is coming off a weak quarter on slower 5G deployments in China but more positive on the growth outlook heading into FH2'22 driven by accelerating telecom demand, new EML capacity, and improving Lasers trends. Lumentum also expects the overall global 3D sensing market expected to decline ~20-25% in FY22 due to smaller chips in certain applications. Analysts have an average target of \$90 and short interest elevated at 9% of the float. JPM cut to Neutral on 5-14 with a lowered \$80 target citing near-term headwinds and moderating growth in 3D sensing for smartphones though does note the robust opportunities in Telecom optical and Automotive LiDAR. Needham lowered its target to \$87 but expects a sharp recovery in FY23 as the EML capacity kicks in and DML demand recovers. Hedge Fund ownership jumped 10.9% last quarter.

Hawk Vision:



Hawk's Perspective: LITE shares have snapped back 20% in six days and although I see shares as undervalued particularly looking out 3-5 years, likely need shares to pull back near-term and set back up.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



McKesson Bulls See Upside Move Continuing in 2021

Ticker/Price: MCK (\$202.68)

Analysis:

McKesson (MCK) a value name seeing bullish action recently as 3000 June \$210 calls opened on 5/14 and 5/17 and on 5/21 the January \$250 calls bought 3000X for over \$1.7M and 650 of the \$230 calls also bought for \$670K. MCK shares have been in a steady strong trend since a big gap higher last November and are +16.5% YTD and look headed back to a test of the 2015 highs up near \$235/\$240. MCK is a global leader in healthcare supply chain management solutions, retail pharmacy, community oncology and specialty care, and healthcare information solutions. The U.S. Pharmaceutical segment distributes branded, generic, specialty, biosimilar and over-the-counter pharmaceutical drugs, and other healthcare-related products. The Medical-Surgical Solutions segment provides medical-surgical supply distribution, logistics, and other services to healthcare providers, including physician offices, surgery centers, nursing homes, hospital reference labs, and home health care agencies. The RxTS segment brings together CoverMyMeds, RelayHealth, RxCrossroads, and McKesson Prescription Automation, including Multi-Client Central Fill as a Service, to serve our biopharma and life sciences partners and patients. The \$32B company trades 7.5X EBITDA, 9.8X Earnings and 8.45X FCF with a 0.83% yield and strong balance sheet. MCK forecasts seen revenues growing at a steady 3-5% annual rate the next three years with EPS growth 8-12%. MCK recently guided FY22 EPS above estimates with strength in US Pharma from specialty and tailwinds from utilization returning. MCK also squashed investor concerns with the generic segment which remains stable. MCK has also had a long overhang of the opioid settlement and likely sees reduced legal expense moving forward. MCK has been benefitting as a key distributor of the COVID vaccine. MCK spoke at the BAML Conference on 5-13 and noted capital deployment opportunities already having a \$2B buyback guided for FY22. Analysts have an average target of \$225 and short interest is low at 1.7% of the float. CSFB raised its target to \$222 recently seeing upside to 2022 estimates. Argus upgraded to Buy on 3/30 with a \$230 target. Glenview and Healthcor notable concentrated holders.

Hawk Vision:



Hawk's Perspective: MCK remains attractively valued and can easily see \$250 this year, its business trends are improving, and a re-rate should continue.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Nucor Bull Sees Further Upside as Prices, End-Market Demand Remains Supportive

Ticker/Price: NUE (\$103.25)

Analysis:

Nucor (NUE) with 1,050 January \$92.50 puts sold to open for \$8.40 with the \$110 calls bought for \$9.90 this morning in bull risk reversals and follows the July \$110/\$115 call spreads active recently. NUE has seen sellers in the longer-term January 2023 puts in May while the January \$110 calls with 2,000 bought around \$7.20 in early May too. Shares have run a lot in 2021, up over 92%, and consolidating now in a small flag under \$107 with further room up to \$120. Longer-term, NUE out of a big monthly bull flag above \$84 and a lot of room to run. The \$30.26B company trades 17.75X earnings, 1.4X sales, and 10.5X cash with a 1.6% yield. NUE is coming off of a strong quarter as long-term capacity investments paying off as prices rise across their portfolio of products. They hit 95% utilization in Q1, up from 87% in late 2020, and adding more opportunity to run overtime at their mills to meet market demand in Q2. The company continues to see upside given strength in their key end-markets, especially renewable energy, while inventories remain lean. Analysts have an average target for shares of \$69 with a Street High \$110 at BMO. The firm was out on 5/14 raising estimates and citing the company announcing a new \$3B stock buyback program, replacing the \$2B authorization made in 2018, while also maintaining his view that Nucor is a best-in-class steel producer. BAML upgraded shares in April citing the better macro environment. Hedge fund ownership rose 1.5% in Q1.

Hawk Vision:



Hawk's Perspective: NUE is starting to form a nice high-and-tight flag around \$105 and long been a preferred name in the steel space along with **STLD**, potential for it to continue building up a nice range as the 21-MA catches up, a spot that has been supportive on the latest run

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Allstate Bull Spread Positions for Continued Strength

Ticker/Price: ALL (\$137.40)

Analysis:

Allstate (ALL) with 5000 January \$150/\$170 call spreads bought today for \$3.30 with the \$110 puts sold 4,000X for \$2.96 and follows buyers of 2,000 June \$140 calls recently. ALL has also seen buyers in the October \$125 calls and January \$155 calls recently. ALL has been very strong lately, higher six of the last seven weeks, and trading at all-time highs after breaking above \$126.50 in April. ALL had been rangebound from 2018 to 2021 and longer-term measured move targets \$172.50. The \$40.75B company trades 10.4X earnings, 0.86X sales, and 1.7X book with a 2.37% yield. ALL has been posting strong results lately with 19.8% return on equity in Q1 driven by less-frequent auto accidents, strong profitability of homeowners insurance despite an active hurricane season and growth in their Protection Plans business. The company closed on their deal for National General in January which will expand their market share in personal property-liability insurance and another strong for product growth in 2021. Analysts have an average target for shares of \$132 with a Street High \$155 from Argus who was out on 5/10 noting that ALL continues to post strong ROE and underwriting results, while its management has the ability to increase prices, reduce costs, and grow policies in force. JP Morgan raising estimates in May as they see multiple drivers for outperformance including their strong personal lines franchise, a positive outlook for business trends, and an attractive valuation. Short interest is 1.35%. Hedge fund ownership fell 6% in Q1.

Hawk Vision:



Hawk's Perspective: ALL has been a relative strength name since February and hasn't really given a nice dip to get involved with since but a move back to the 21-day around \$132.75 would be a nice risk/reward

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P (SPY) offer sweep buyers active in July \$399 puts 20,000X into opening hour highs for over \$10M. **SPY** buy-write sold 14,000 July \$425 calls \$5.91

Tech (XLK) interesting trade sold 4000 January 2022 \$140 puts for \$11.05 and bought 2000 January 2023 \$126 calls for \$22.05

Volatility (VXX) opening sale 5000 January \$35 puts for \$9.88

Homebuilder (ITB) July \$65 ITM calls opening 3000X near \$6.25 this afternoon ahead of a bunch of housing data this week

Consumer Goods

Callaway (ELY) with 2,500 June \$35/\$33 bull risk reversals opening early for a \$0.15 debit

Kroger (KR) with 5000 June 11th (W) \$37.5/\$34 bull risk reversals opening \$0.38

British Tobacco (BTI) opening sale 500 December \$40 puts \$3.60

Yeti (YETI) into strength with nearly 800 August \$92.50 puts bought \$9.60 offer in sweeps

International Gaming (IGT) with 1500 January \$24 calls opening near \$4.30 as July \$20 adjust. **IGT** also with a buyer of 1000 October \$24/\$30 call spreads for \$2

Tyson (TSN) with 1000 October \$80 puts opening \$4.60. **TSN** also with 1000 January \$80 puts sold to open for \$6.10

Consumer/Business Services

AirBnb (ABNB) the January \$100 ITM calls being bought 1000X for \$42.90 to \$43.10 ahead of their mid-day event

The Gap (GPS) the July \$35 ITM puts sold to open today \$4.15 to \$4.10, pulled back to the 50-day MA and hammering today. **GPS** also seeing this week's \$33/\$36 call spread bought 5000X for \$0.82 into 5-27 earnings

RR Donnelly (RRD) with 5,500 September \$6 calls open for \$1.05, the \$5 calls rolling higher from late April buyers

Roblox (RBLX) with 500 August \$95 calls bought for \$9.10 and later 2,500 June \$105 calls bought for \$1.70. **RBLX** with 1,500 August \$100 calls bought now for \$8.45

Wayfair (W) buyers early of 500 August \$320 calls up to \$34.70, strong weekly setup with shares basing off the 200-day MA. **W** also seeing over 600 August \$290 puts open between \$23.80 and \$24.60 today. **W** with 3000 January 2023 \$240/\$180 bull put spreads opening

Starbucks (SBUX) early action in June with (W) \$111 calls 1,625X

Uber (UBER) trading 15,000 weekly \$49.5/\$53.5 call spreads in the opening ten minutes

Carvana (CVNA) with 7000 June \$200 puts selling to open \$0.91

Viacom (VIAC) with 8770 August \$42.5 straddles sold to open for \$8.25

Home Depot (HD) with 10,000 July \$330 calls sold to open \$4.65 to \$4.40

TAL Education (TAL) buyer 1000 August \$37.50 puts \$3.50 offer

Discover (DISCA) buyer of 1500 October \$32.50 calls \$3.10 offer here as shares move to day highs. **DISCA** seller 1500 October \$30 puts to open \$2.65

Match (MTCH) with 1,750 December \$130 calls bought for \$26.52, adjusting the June \$130 calls bought in early March. **MTCH** July 2022 \$140 puts bought to open 635X at \$20.25

ThredUp (TDUP) with 900 June \$25 puts sold to open today for \$3.20, stock replacement in the recent IPO

Context Logic (WISH) weak today but 2,500 January \$10/\$7.50 bull risk reversals opening this morning for a small net credit

VIP Shops (VIPS) with 1000 January 2023 \$25 calls bought for \$5.50

Ralph Lauren (RL) buyers of the October \$120 calls today 575X up to \$11

IAC Interactive (IAC) with 700 December \$330 calls sold for \$9.80 in a buy-write

Norwegian Cruises (NCLH) running after call buys last week and 2500 July \$30 calls hot here today

Hyatt Hotels (H) with 1000 October \$75 puts sold to open for \$5 into the recent pullback

Nordstrom (JWN) also with 2,000 July \$45 calls bought for \$1.25, spread with the \$55 calls into earnings

Cheesecake Factory (CAKE) with 500 April 2022 \$50 puts sold to open for \$6.20

Steve Madden (SHOO) buyer 2500 June \$40 calls \$1.55 to \$1.75

Ollie's (OLLI) buyer 3000 June \$80/\$100 call spreads for \$2.75 ahead of earnings

VF Corp (VFC) with 700 January \$75 calls bought for \$7.80 this afternoon into weakness, Baird defending this morning

Wynn Resorts (WYNN) strong chart and 500 December \$140 calls bought for \$12.70 to \$12.90 this afternoon

Energy

Ballard Power (BLDP) with 25,000 June \$13 puts selling to open \$0.10

Hess Corp (HES) with the August \$72.50 puts sold to open today for \$2.60, over 1765X. **HES** also now 1000 July \$75 puts selling to open

Occidental (OXY) with 3,000 June 25th (W) \$26 calls bought for \$1.27, very coiled energy name under recent highs

Financials

Global Payments (GPN) with 5685 June \$180 puts sold to open today for \$0.85

UpStart (UPST) buyers of 600 June \$160 puts up to \$30.99 this morning, saw some size June puts bought last week too. **UPST** now also seeing 3,000 June \$140 puts roll back to the \$160 strike that open for \$33.50

Citi (C) with 1,150 July \$77.50 puts sold to open for \$3.15 today

Deutsche Bank (DB) another 4,300 September \$15 calls being bought today from \$1.11 to \$1.16

Pag-Seguro (PAGS) buyer 5000 June \$50 calls for \$1.20

Tip-Tree (TIPT) unusual spread sells 1500 December \$7.50 puts \$0.53 and buys the \$10/\$20 call ratio spread 1500X3000 at \$1.73. TIPT is a \$365M specialty insurance products company

Lemonade (LMND) with 500 December \$80 puts bought today for \$17.20, tied to long stock

Morgan Stanley (MS) late day action with 4000 July \$80 calls closing while 9500 of the \$90 calls active against \$100 and \$105 call sales

UP Fintech (TIGR) late day buyer of 1000 January \$17.50 calls for \$5 offer

Healthcare

Intra-Cellular (ITCI) with 1,650 August \$50 calls sold to open for \$2.05

CVS Health (CVS) opening sale 10,000 August \$100 calls \$0.98/\$0.97

Boston Scientific (BSX) bull flow continues with 6500 June \$45 calls bought. **BSX** 2500 July \$45/\$40 bull risk reversals opens here \$0.48

DexCom (DXCM) with 4500 June \$300 puts sold \$1.10 to open

Edward's Lifesciences (EW) buyers of 1300 August \$105 calls for \$1.70 to \$2 with shares not far from recent highs

Iovance (IOVA) with 1250 July \$17.50 ITM calls sold for \$2.60 to \$2.30 today to open

BioNTech (BNTX) with 350 September \$195 calls sold to open \$31.10

Medtronic (MDT) buyer of 750 June \$128 calls for \$3, follows bullish flows in **BSX, EW**

RAPT Therapeutic (RAPT) buyer 10,000 July \$15/\$7.5 put spreads for \$3.45 into key catalysts. **RAPT** now 2000 June \$20/\$30 call spreads are bought

Neurocrine (NBIX) with 1880 August \$90 puts sold to open this morning down to \$4.60

Vertex (VRTX) with 675 June \$215 calls bought for \$10 to \$10.10, adjusting back some \$240 calls. **VRTX** with the June \$215/\$225/\$235 call fly opening 2000X4000 ahead of Topline data from the Ph2 VX-864 (second generation AAT small molecule corrector)

Zogenix (ZGNX) with over 15,000 July \$24 calls sold to open for \$0.40

Abbott Labs (ABT) with 1230 June 2022 \$110 calls opening \$15.55 as January adjust

Homology (FIXX) with 1000 January \$2.50 calls bought today for \$4 into the mid-morning lows

Cassava Sciences (SAVA) the August \$55 calls bought mid-day for \$11, over 600X, consolidating in a narrow range since jumping in February on Alzheimer's data

Denali Therapeutics (DNLI) with 2,468 July \$65 calls sold to open for \$3.30 today, similar to other biotechs today

Omeros (OMER) with 4,600 November \$20/\$30 call spreads bought today for \$1.65 into the recent gap down

Immunovant (IMVT) buyer 2000 October \$25 calls for \$1.40

CymaBay (CBAY) with 6000 June \$5 calls bought today for \$0.25 to \$0.40

Industrials

Virgin Galactic (SPCE) IV climbing with 2950 July \$38 OTM calls bought from \$1.06 to \$1.08 after their flight this weekend

Ford (F) buyer 5700 October \$13 calls \$1.57 as September \$11 adjust

Caterpillar (CAT) buyer of 1000 September \$200 puts \$3.50

Tenneco (TEN) early highs and 1500 July \$16 calls bought as the \$13 calls adjust higher

KC Southern (KSU) with 2,000 June / July \$300 call calendar spreads bought today for \$4

Golden Ocean (GOGL) 1000 December \$7.50 calls bought for \$3.40 to \$3.60, small-cap shipping name that has run strong in 2021

Spirit Aerosystems (SPR) with 800 August \$50 puts sold to open for \$6.30

Boeing (BA) buyer 300 January 2023 \$265 calls \$30.65 in a stock replacement

Canadian National (CNI) weak again today but seeing a buyer of 1,000 July \$110/\$95 bull risk reversals for \$0.30 debit

JB Hunt (JBHT) with 2,500 June \$180 calls sold to buy the \$170/\$160 put spread, common strategy in the name which has trade well

Starbulk (SBLK) with 1,500 June \$22 puts sold to open \$1.65 to \$1.45, nice flag around recent highs

KB Homes (KBH) with 1000 January \$40 puts sold to open \$4.10, been a popular play in the name the past week

American Air (AAL) buyer 10,000 November \$18 puts \$1.24

Materials

Future Fuel (FF) with 1000 November \$12.50 puts sold to open for \$2.75, stock replacement, popular strategy lately

Builder's First (BLDR) buyer of 1000 July \$48 calls for \$1.50 to \$1.54 into the recent pullback, did another small M&A deal this morning

Sibanye (SBSW) buyers of 600 October \$25 puts for \$8.20 to open today, under its 50-MA and a break of support has room back to the 200-day

Tech and Telecom

Service Now (NOW) the June \$420 puts sold to open over 3850X for \$1.80

UI Path (PATH) bearish flow this morning with 700 June \$85 puts bought \$11.20 to \$12.30

Twitter (TWTR) buyer 10,000 September \$60 calls for \$4.28 as 5000 of the \$55 adjust. **TWTR** buy-write sold 2000 January 2023 \$85 calls for \$5.10

Apple (AAPL) buyer 4150 November \$120 calls \$13.85 as June adjust

Snap (SNAP) buyer 1400 August \$55 puts \$4.40/\$4.45 offers

Shopify (SHOP) buyer of 750 October \$1,260 calls for \$139 to open today, around \$10M

Roku (ROKU) with 1000 September \$260 puts sold to open today around \$9.60/\$9.50

NVIDIA (NVDA) with 1000 August \$650 calls opening for around \$3.5M into earnings 5-26

Broadcom (AVGO) opening sale 3500 July \$500 calls for \$4.95

Radware (RDWR) the September \$32 puts being sold to open for \$3.20 today, over 1400X, while the Sept. \$30 puts also sold 1500X for \$1.75, long-time common strategy in the name

Ouster (OUST) with 500 November \$17.50 puts bought today \$8.40 to \$8.60, a recent SPAC deal that has traded poorly this year

Netease (NTES) with 660 January \$115 calls bought \$13.65 today, still has notable September calls in OI

DXC Tech (DXC) spreads today are buying the June \$37 puts for \$2.03 and selling the \$40 calls for \$0.83 ahead of earnings this week, likely collar given the strength

Salesforce (CRM) with 1400 August \$240 calls bought \$7.45 to \$7.55 ahead of earnings this week

Zoom Video (ZM) buyer of 600 July \$350 calls for \$13, continues to base under \$340

Appian (APPN) with 950 January \$80 puts bought for \$16.10, tied to stock

Gartner (IT) stock replacement opens 475 Dec \$250 calls \$14.70, name with 7000 Sep \$230 calls in OI

Baidu (BIDU) buyer 1000 August \$190 puts \$14.45

Netflix (NFLX) opening sale 800 September \$535 calls \$21.10 to \$21

Intuit (INTU) strong performer reporting tomorrow night, the January \$440 puts sold to open 250X today \$42.25

Applied Materials (AMAT) with 1325 June 11th (W) \$127 calls bought today for \$9.49, adjusting the weekly \$125 calls out into strength

Utility

PG&E (PCG) with 3000 January 2023 \$12 calls opening \$1.93 as the \$10 calls adjust

Next-Era (NEE) with 500 January 2023 \$67.50 puts sold to open today \$6.00 to \$5.90

Disclaimer:

Not Investment Advice or Recommendation

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