



MARKET RECAP REPORT 5/25/2021

Sector Leaders

Housing

Payments

Bonds

Stock Gainers

- JYNT 18.5%
- EDU 15%
- TAL 13.5%
- OPRA 12%
- HRTX 9%
- AHT 8.5%

Volatility Gainers

- PIRS
- INO
- VLDR
- AMC
- DOYU
- TTOO

High Call Volume

- THO
- APD
- SHAK
- K
- DOYU
- VOD

Bullish Options

- X
- BMY
- CYRX
- K
- CVNA
- DOYU
- TEAM
- TSN
- ETSY
- THO
- AHT
- FTAI

Market Review: Stocks were modestly higher overnight and into the open with Tech leading strength once gain as inflation fears have eased this week and yields fell back lower. In morning data, consumer confidence came in strong while housing data once again missed estimates. Breadth was firmly positive in the opening hour though lackluster unable to trend and rolled back late morning to test one-week VWAP. There was some relative strength in Housing, Payments, Software and Semi's while Energy, Banks and Biotech led the downside once again. The pullback found buyers at that VWAP and the Fed's Clarida out with midday commentary positive on the US economy and seeing inflation manageable but sellers returned into the close. The Fed speakers in focus tomorrow along with some big Tech earnings remaining this week but overall a quiet schedule continues with light Summer trading action in full effect.

S&P Chart:



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

Options Action Trends: It was a quiet day of flows, saw some action on both sides with no real sector trends outside of some opening December put sales in Canadian Oil plays SU, CNQ.

What's On Tap: EIA Data and Fed Speakers. Earnings from NVDA, PDD, WDAY, SNOW, OKTA, WSM, CPRI, DKS, NTNIX, AEO, APPS, PSTG, and ANF.

Trade Tracker Portfolio Changes:

- 1) Closed UAL Call Spreads \$4.15 (Opened \$3.35)

Sector Laggards

Energy

Banks

Biotech

Stock Losers

- RIDE -14%
- SB -11%
- SBLK -9.5%
- DSX -8.7%
- CTRN -8.3%
- SPCE -7%

Volatility Losers

- ATOS
- FCEL
- RIDE
- TAL
- TIGR
- FINV

High Put Volume

- EDU
- SBLK
- GDS
- SBSW
- BEKE
- TAL

Bearish Options

- HOG
- HIMX
- CAL
- PRVB
- APPS
- PLTR
- SPLK
- RBLX
- RETA
- PBR
- TDC
- JYNT



FEATURED OPTIONS RADAR REPORT



Arista Networks Bull Positions for New Highs, Continued Strength

Ticker/Price: ANET (\$337)

Analysis:

Arista Networks (ANET) on 5/21 with a large trade that bought 500 January 2022 \$410 calls to open for \$12.80, the first notable trade in the name in 2021. ANET has been an impressive mover in 2021 with shares +14.3% and last week breaking out above the 2019 record highs. The current range breakout has a measured move target up to \$380 while a 138.2% Fibonacci extension of the 2019/2020 range targets near \$400. ANET pioneered software-driven, cognitive cloud networking for large-scale data center and campus workspace environments. Its cloud networking solutions consist of Extensible Operating System, a set of network applications and its Ethernet switching and routing platforms. Its cloud networking solutions deliver industry-leading performance, scalability, availability, programmability, automation and visibility. ANET competes primarily in the data center switching market for 10 Gigabit Ethernet and above, excluding blade switches. ANET expects to disrupt the campus and router incumbency of the last few decades in the next few years. ANET also has subscription software/services such as Arista A-Care, CloudVision, CloudEOS router for multi-cloud, big switch monitoring and its latest entry into advanced network detection and response with the acquisition of Awake Security. ANET is coming off a solid quarter with management calling out improving Cloud Titan visibility as well as solid trends across verticals and product lines. Management highlighted an increase of large Enterprise customers and noted accelerated customer willingness to partner with Arista instead of large Enterprise competitors. ANET noted better visibility around Cloud Titans this quarter and that customers have begun pilot programs in advance of the 400G upgrade cycle ramp expected in H2'21. ANET currently has a market cap of \$25.65B and remains attractively valued at 29X Earnings, 8X EV/Sales and 33X FCF with a debt-free balance sheet. ANET consensus forecasts see revenue growth of 19% in 2021 and 12% in 2022 with EPS rising 13.5% and 11.5% respectively. Analysts have an average target of \$350 with short interest low at 3.8% of the float. Goldman was positive after the latest quarter raising its target to \$433 as Arista gains confidence that large hyperscale network upgrades are likely in H2 of this year. JP Morgan raised its target to \$365 in February seeing ANET a key beneficiary to cloud spending acceleration. Hedge Fund ownership fell 11% in Q1 filings with Ruane Cunniff & Goldfarb one of the lone notable concentrated holders.

Hawk Vision:



Hawk's Perspective: ANET price action has been great and it remains a fundamental favorite trading at attractive valuation, a name to own through 2021.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Exelon Calls Accumulate into Multiple Value Creating Catalysts

Ticker/Price: EXC (\$46)

Analysis:

Exelon (EXC) a name seeing consistent bullish activity with a lot of call accumulation. EXC currently has over 90,000 calls in open interest as compared to 25,000 puts and on 5/24 another 3000 July \$46 calls added to the 4000 bought on 5/21. EXC has also notable June call open interest with 3500 of the \$45 calls from 5/20, 7,825 of the \$46 calls from 5/14 and even 6,800 of the \$48 OTM calls. In July expiration the \$45 calls now at 10,250 in OI with size buys back in January and the \$47 calls have more than 9,500 in OI. EXC shares are trading at multi-month highs and now +9% YTD sitting just below a key volume ledge as it tries to recover to pre-COVID levels and looks to run at least back to the \$50 highs from 2019. Exelon is a utility services holding company engaged in the generation, delivery, and marketing of energy through Generation and the energy distribution and transmission businesses through ComEd, PECO, BGE, Pepco, DPL, and ACE. On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies. Exelon has a \$45B market cap and trades 15.2X Earnings, 10X EBITDA and 1.4X Book with a 3.32% dividend yield. EXC is seeing an improvement in rates, investments across line rebuilds and new projects back on track, and overall remains one of the leading zero-carbon electricity programs in the US, near 2X higher than peer Next-Era (NEE). EXC has several rate cases still in progress, including orders in multiyear plans for Pepco D.C. and Pepco Maryland, which are expected in the second quarter. EXC also continues to have a bit of an overhang with Illinois and proposals for its Nuclear plants. Another upcoming catalyst is the PJM auction to be held later this month. Analysts have an average target of \$50 and short interest minimal at 1.4% of the float. BAML upgraded to Buy in January expecting a re-rate of its core utilities as well as upside value from the GenCo spin-off. On 5-13 Goldman out positive with a \$53 target seeing shares trading at a discount to its implied sum-of-the-parts valuation. Wells Fargo raised its target to \$54 in April noting that Illinois is once again considering clean energy legislation that could include mechanisms to help support Exelon's economically distressed nuclear fleet. Corvex Management further increased its stake in Q1 to its 2nd largest position and 8.28% of its portfolio.

Hawk Vision:



Hawk's Perspective: EXC remains undervalued with a nice yield and plenty of upside catalysts ahead, the calls offer a cheap way to participate in a potential move to \$50.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Bulls Accumulate Upside Positioning in L Brands Ahead of Split

Ticker/Price: LB (\$67)

Analysis:

L Brands (LB) name that has drawn a lot of bullish flow over the last two weeks including buyers today of 750 January \$70/\$90 call spreads for \$5.25. The August \$80/\$55 bull risk reversal has accumulated over 14,000X since 5/14 while the June 11th (W) \$68/\$73 call spread bought 10,000X on 5/24. LB has been consolidating the recent run higher since early April and a breakout above \$70 has room up to \$77. MACD has reset back around zero and RSI is back around 50, ready to run on the daily. The \$18.4B company trades 11.9X earnings, 1.4X sales, and 11.5X FCF with expectations for low-20% sales growth in FY22. In April, LB announced a long-awaited split with Bath and Body Works set to become an independent company and Victoria's Secret remaining publicly listed as well after bids came in low. LB has had a resurgent six months after tapping new CEO Martin Waters who helped overhaul their product lineup and shift into more 'everyday casual' which has helped them expand their demographics. They also closed nearly 200 stores and executed well on a profitability plan that is paying off at both brands with margin expansion in Q1. LB expects to continue paring back promotional items and expanding their ecommerce efforts to have a more balanced channel approach with stores reopening. Analysts have an average target for shares of \$63 with a Street High \$93. MSCO raising estimates on Friday noting that 2021 may be L Brands' most profitable year in its history and the firm has confidence in Victoria's Secret's turnaround and profit trajectory as well as Bath & Body Work's revenue growth sustainability margin expansion opportunity. Hedge fund ownership fell 9% in Q1, Lone Pine Capital a top holder with 26M shares. Melvin Capital also a top 10 holder in the name but sold some last quarter. In March, a director bought \$200,000 in stock at \$54.50, the largest open market buy since 2017.

Hawk Vision:



Hawk's Perspective: LB has been one of the better retail/apparel stories of the last year and their separation is clear value driver for the company; shares setting up well here along the 50-day for a break out of this range

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Bunge Call Buyers Target Return to New Highs

Ticker/Price: BG (\$87)

Analysis:

Bunge (BG) buyers active today for 2,450 July \$87.50 calls for \$3.40 to \$3.60 and strong name that is lacking a lot of notable open interest. BG shares have pulled back to the top of April value and forming a small wedge under \$88 and the 21-day MA. A move higher has room up to \$90.50 and then \$100 out of this consolidation. The \$12B company trades 12.45X earnings, 0.27X sales, and 11X cash with a 2.3% yield. BG is benefitting from better agricultural market conditions in 2021 including strong crop export demand and better oilseed crushing margins. They continue to expect strong demand from foodservice as COVID restrictions ease and improvements in Brazil and India are likely both be 2H events. BG is also seeing upside from China which they said last week at the BMO Farm Forum was at the beginning of a multi-year cycle as they look to improve corn yields, rebuild their hog herds, and expand commercial agricultural production. Analysts have an average target for shares of \$85 with a Street High \$100 from Barclays who was out on 5/6 positive on the year citing strong demand for grain products across the globe, increased demand for renewable green diesel and its restructuring. Hedge fund ownership fell 12% in Q1. BG saw a director buy over \$507,000 in March around \$79.

Hawk Vision:



Hawk's Perspective: BG looks like it may re-test that 50-MA around \$83.25 which would be a nice spot to lean against looking for a move back to new highs in name that has plenty of tailwinds still in 2021

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Treasury (TLT) with 4000 June \$139 straddles sold to open \$3.59. **TLT** an opening sale 3000 December \$127 puts today for \$2.68

Russell (IWM) with 25,000 July \$213 puts active early as \$209 strike adjust up, a likely hedge adjustment, also the September \$205 puts open 7770X as the \$190 adjust

Airlines ETF (JETS) with 9000 July \$26 ITM calls active with buyers early near \$1.80 as all the Airlines break out of bull wedges into Summer travel season

Volatility (VXX) with 5000 September \$34 puts opening as June adjust

S&P (SPY) seeing more than 25,000 July 2nd (W) \$410/\$390 put spreads open today

Tech (XLK) opening sale 2000 September \$137 puts for \$6

Nasdaq (QQQ) stock replacement today bought 6000 December \$335 calls \$20.95, large \$12.5M trade

Consumer Goods

Kellogg (K) the September \$70 calls bought 10,000X for \$1.15 as some June calls adjust; K still has 10,000 Sept. \$67.50 calls in OI

Harley Davidson (HOG) buyer of 1000 August \$45 puts for \$2.90 this morning

Costco (COST) with 800 January 2023 \$510 calls being sold to open today \$9 to \$9.50 ahead of earnings this week

RR Donnelley (RRD) jumping as 15,000 September \$5 calls are bought with 5000 of the \$3 calls adjusting

Molson Coors (TAP) with 750 January 2023 \$70 calls sold for \$5.50 in a buy-write

Consumer/Business Services

GSX Tech (GOTU) buyers of 1000 July \$22.50 calls for \$2.47 into the early morning lows

Carvana (CVNA) with 1000 June \$260 calls bought \$13.50 to \$14. **Carvana (CVNA)** with 7500 November \$190 puts now bought for \$11.10, tied to stock

Etsy (ETSY) buyer 2000 September \$180/\$200 call spreads for around \$6 debit

Caleres (CAL) the June \$25/\$22.50 put spread bought 3,500X7,000 for \$0.45 debit into earnings later this week

Roblox (RBLX) now with 4000 June \$115 OTM calls bought up to \$1.30 to open

Starbucks (SBUX) with 1970 November \$105 puts bought \$4.65

Royal Caribbean (RCL) with 3500 July \$70 puts sold to open \$0.85

Abercrombie (ANF) with 4000 weekly \$38.50 calls opening here into earnings as \$40 calls adjust back

Target (TGT) trading 800 October \$220 / January \$230 put diagonal spreads

Stamps.com (STMP) with 250 November \$170 puts sold to open today \$17.90/\$18

Outfront Media (OUT) rising with 6000 July \$25 calls being bought in offer sweeps \$0.65 to \$0.80

Williams Sonoma (WSM) with the June \$165/\$185 call spread bought 1000X for \$7.07 today ahead of earnings tomorrow afternoon

Energy

Ballard Power (BLDP) opening sale of 1,500 January 2023 \$15 puts for \$4.20 today

Royal Dutch Shell (RDS.A) with 2000 September \$35 calls active ITM near \$6

Chevron (CVX) with 2,000 June 2022 \$115 puts sold to open for \$20 in a stock replacement

Plains All American (PAA) with 2,000 January \$11 puts sold to open for \$1.60

Devon Energy (DVN) over 1800 October \$26 puts sold to open for \$3.55 this afternoon

Scorpio Tanker (STNG) buyer of 2000 January \$25 calls \$3.10

Suncor (SU) similarly seeing 2,800 December \$20 puts sold to open for \$1.35

Canadian Natural (CNQ) with over 3,350 December \$29 puts sold to open today for \$1.90

Financials

Envestnet (ENV) unusual buyer of 1500 July \$80 calls \$0.70 to \$0.90 this morning, name I have always seen as an eventual buyout target

Merck (MRK) with 20,000 September \$85 calls sold to open

Morgan Stanley (MS) opening seller 9750 June \$92 calls \$1.40

Ashford Hospitality (AHT) July \$5 calls hot 2850X \$0.35 to \$0.50 with buyers, IV30 up 13%

MasterCard (MA) buyer 500 August \$350 puts \$11.05

Fiserv (FISV) with 4,000 June \$120 calls being bought this morning between \$1.10 and \$1.15, spread with the \$130 calls which may be rolling back

Goldman (GS) with 1000 January \$380 calls bought today \$27.20 to \$27.45

AON with 285 December \$240 puts sold to open for \$12.40 today, name with a lot of bullish call OI and flagging in a narrow range lately with the 21-day just below

Progressive (PGR) opening seller 4000 August \$90 puts for \$1.70 in the best-in-class insurance play

S&P Global (SPGI) with 600 January \$360 puts bought today around \$21, tied to stock

Simon (SPG) buyers this afternoon of 950 October \$115 puts for \$6.05

Jones Lang LaSalle (JLL) buyer of 900 December \$250 calls for \$5.10, reopening play as more people go back to work

Redfin (RDFN) with 500 January 2023 \$60 puts sold to open for \$19.90

One Main Financial (OMF) with 2,250 June \$55 puts sold to open for \$1.70, popular strategy in the name

Healthcare

Bristol Myers (BMY) the July \$65 calls bought 1700X early for \$3 to \$3.05, adjusting back the \$70 calls

CryoPort (CYRX) with 2,850 January \$35 calls opening today for \$19.40 as the \$40 calls bought in December adjust back

ICU Medical (ICUI) with 200 August \$210 calls bought today for \$12.30 with the June \$195 puts sold for \$2.20 to open

Arcturus (ARCT) with 150 December \$55 puts sold to open today for \$28 to \$29.30, adjusting some June ITM short puts

Joint (JYNT) up 18.6% on S&P addition and now sees 1000 July \$60 puts bought \$2.30 and 500 October \$60/\$40 put spreads open

Lilly (LLY) with 1300 June 11th (W) \$195 puts opening near \$2.77, may be targeting the **BIIB** news. **LLY** also with 600 August \$200 puts sold to open for \$9.60 in a stock replacement

TG Therapeutics (TGTX) steady move off the mid-morning lows with over 1,000 January \$25 ITM calls bought from \$12.10 to \$12.60

Boston Scientific (BSX) with 1,850 November \$43 calls bought for \$3.40 to \$3.45, continues to draw bull flow this week

Sage Therapeutics (SAGE) into weakness with June \$90/\$100/\$110 call butterfly opening 2000X4000 into key data, similar to the **VRTX** strategy yesterday. **SAGE** also now a buyer of 1500 June \$90/\$120 call spreads and 1500 of the \$50/\$30 put spreads

Industrials

Velodyne (VLDR) with 3,650 July \$12.50 calls bought up to \$0.95. **VLDR** July \$12.50 calls up to 7300X with more buyers here

Alaska Air (ALK) buyer of the January \$72.50/\$90 call ratio spread today 600X1,200, nice setup and positive guidance today

JetBlue (JBLU) buyer 700 July \$21 calls, has over 15K June \$21 bought in OI

Thor Industries (THO) spread sells the June \$105 puts and buys the \$120/\$135 call spread 2,250X for a net \$2.55, early June earnings

Fortress (FTAI) aggressive buyer of nearly 1000 November \$28 calls \$4.20 offer, seen a lot of bull flow here

United Parcel (UPS) with 3,900 June \$217.50 calls sold to open down to \$2.65

Johnson Controls (JCI) adjustment on October \$52.50 buy-write calls to January \$55 for 9500X

Illinois Tool (ITW) options unusually active with 1980 September \$250 calls being bought \$3.88 to \$4 and the \$200 puts selling to open 2200X \$2.73 to \$2.50.

Canadian Pacific (CP) buyers of 1950 September \$80 puts today for \$3.79

Materials

US Steel (X) buyer 2000 June 4th (W) \$24 calls \$1.54

Air Products (APD) with 7000 July \$310 calls selling to open \$3.25. **APD** also with 500 August \$310 calls bought for \$6.50 to \$6.70

Alcoa (AA) opening sale of 2,000 October \$30 puts for \$2.19, stock replacement

Freeport (FCX) opening sale of 1,000 January 2023 \$37 puts for \$7.16

Cliff's Natural (CLF) off the day's lows here with 3,200 June 25th (W) \$21 calls bought up to \$0.68, name with a lot of June 11th (W) call open interest

Dow Chemical (DOW) opening sale of 1000 January \$62.50 puts for \$4.80, stock replacement

Tech and Telecom

DouYu (DOYU) pops here with 2000 August \$7.50 calls bought for \$1.35/\$1.40

Atlassian (TEAM) buyer of 9,548 December \$230 calls for \$25.90 as the June \$220 calls adjust out

AppLovin (APP) with 400 November \$65 puts sold to open this morning for \$8.20

Netflix (NFLX) early spreads 1000X buying July \$515 calls and selling the \$450 puts

Digital Turbine (APPS) with 3,500 June \$55/\$50 OTM put spreads opening for \$1.20 into earnings on 6-1

Baidu (BIDU) buyers of 800 December \$230 calls for \$10.05

Snowflake (SNOW) with 375 November \$215 puts sold to open today for \$25.30

Seagate (STX) buyer of 1,000 July \$97.5 calls for \$5.50 into weakness today, continuing to flag well above its 21-day

Teradata (TDC) buyers today of 1,000 October \$42.50 puts for \$2.95 to \$3.20 into the recent rebound

Unity (U) opening sale of 4000 December \$125 calls for \$5

Facebook (FB) earlier with 1000 February 2022 \$325 calls bought \$39.85. **FB** with 27,000 September \$370 calls bought \$8.185 as the \$350 calls close 22,600X at \$13.50

Anaplan (PLAN) earnings this week and spread here sells the June \$67.50 calls and buys the \$55 puts for a net \$1.14, 2000X. **PLAN** also seeing 5000 August \$65 calls close out

Workday (WDAY) with 9000 June 2022 \$260 calls sold to open for \$24.30 in a buy-write. **WDAY** also with 300 Dec. \$260 calls sold to open \$15.70 into earnings

Twitter (TWTR) with 3000 January 2023 \$85 calls sold \$5.05 in buy-writes, follows recent 2000X

ViaSat (VSAT) unusual large buy of 2500 September \$50 calls \$3.20 to \$3.25, aggressive on wide bid-ask

Okta (OKTA) buy-write ahead of earnings sells 1000 Jan. 2023 \$280 calls \$38.50

Aspen Tech (AZPN) unusual buy 800 June \$160 OTM calls \$1.05

Oracle (ORCL) with 2200 August \$82.50 calls sold to open \$1.93

Pinterest (PINS) buyer 5000 August \$70 calls \$3.99 adjusts June \$65 calls

Spotify (SPOT) buyer 350 January 2023 \$300 calls \$29.50 offer

SAP AG (SAP) with 470 December \$135 puts bought \$8.10 earlier today

Sea (SE) spread today sells 1300 June 4th (W) \$265 calls for \$2.10 and buys the June \$225 puts for \$3.50

Utility

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