

OptionsHawk

OPTIONS HAWK DAILY MARKET 5/25/2020

Sector Leaders

Banks

Energy

Transports

Stock Gainers

ARGX 33%

ASPS 22.4%

VVI 21.5%

SAVE 18%

DOYU 17.5%

ADS 17.3%

ACMR 16.75%

Volatility Gainers

- BCRX
- CLVS
- GPS
- UAL
- PENN
- BOX

High Call Volume

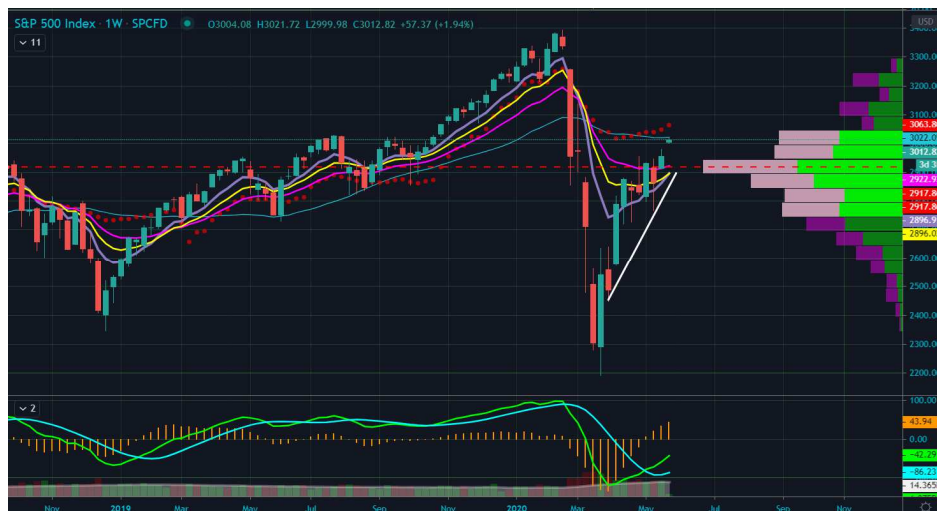
- CSTM
- LEVI
- COTY
- BJ
- BOX
- APPS

Bullish Options

- GDS
- SPWR
- WORK
- INCY
- NOW
- UGI
- SWK
- LPX
- ON
- MGM
- BUD

Market Review: Stocks started the new week with a large gap higher on optimism of the global reopening, further stimulus efforts, and some positive sentiment survey readings. Stocks were unable to really extend the gains in the morning, top gainers driven by the more lagging groups like Banks, Industrials, and Energy. Growth areas pulled back with Software/Biotech lagging, while safety groups like Bonds/Gold also weak. The S&P hovered near its 200 day MA most of the session, the 34 week MA providing resistance. The schedule is light as we head into tomorrow and traders will be watching closes in regard to the 200 day MA this week, a few big Tech earnings later this week but June expected to be a slow month with all eyes on COVID-19 case growth.

S&P Chart:



Resistance	Support
3,050	2,835
3,140	2,790
3,250	2,660

Options Action Trends: Action was light to start the week, no major new trends observed but a lack of put buying remained a theme in individual names though we saw ETF Index put buyers hedging gains.

What's On Tap: Richmond Fed Survey and Fed Beige Book. Earnings from **ADSK, WDAY, HPQ, HEI, NTAP, VIPS, UHAL, RL, NTN, COHR, TOL, BOX, SMTC.**

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **AKAM** June \$100 Calls \$2.50 – No Fill
- 2) **Spotlight:** Long **TSLA** June \$850/\$880 Call Spreads \$10
- 3) Closed **GS** Call Spreads \$7.60 (Opened \$6.25)

Sector Laggards

Gold Miners

Bonds

Software

Stock Losers

ATRA -15.6%

ONEM -10%

MRNA -9.85%

PLAN -9.5%

CDLX -7.7%

SSRM -7%

QDEL -7.6%

Volatility Losers

- FSCT
- PLAY
- PLAN
- PDD
- GPRE
- HPQ

High Put Volume

- MARK
- BAM
- BLL
- OSUR
- OLLI
- OMF

Bearish Options

- TAL
- GOLD
- ENPH
- CORT
- NKE
- DBX
- THO
- APPN
- THS
- VNO
- HUBS



Vornado Bearish Bets Accumulate in Open Interest

Ticker/Price: VNO (\$34.10)

Analysis:

Vornado Realty Trust (VNO) on Friday with buyers of 5,000 September \$30 puts up to \$2.70 and then later 5,000 July \$30 puts bought up to \$1.60. VNO traded over 48X average volume. VNO has seen buyers in the June \$35 and July \$35 puts earlier in the week while the June \$30 puts bought over 1000X on 5/13. The \$6.83B REIT trades 1.1X book, 4.3X cash and 11.4X 2020 FFO. Their weighted-average debt maturity is around 3 years. VNO has a big yield, over 7%, and Baa2/BBB rated on their debt with some risk to longer-term rating with concerns over rent. VNO is one of the largest commercial real-estate landlords in the US with a heavy concentration on NYC, although they also have some assets in Chicago and San Francisco. They also own retail properties including several on Fifth Avenue, Madison Avenue, and in Union Square. VNO faces risks from COVID-19 as commercial lessors either renegotiate rents or skip payments altogether and they could occupancy rates fall over the next 12 months. They reported 83% of rent paid in April with 53% of retail tenants up-to-date. The pandemic also hit during a time where VNO was engaged in a massive development project in midtown Manhattan as well as a multitude of supply coming online from peers. Longer-term, the pandemic likely alters the commercial real estate market permanently with work-from-anywhere being adopted by more companies. VNO relies on growth in NYC's population, growth in International visa approvals, and growth in VC funding and placement all of which are at-risk if sentiment moves away from large urban centers. Analysts have an average target for shares of \$57.50. Stifel moving to Sell on 5-5. They have a \$35 PT and the analyst notes that they are facing too many challenges in the near and long term, recommending a dividend cut as his reduced FY20 FFO estimate may not cover the payout. The firm also notes weak lease economics are set to worsen and its Manhattan office fundamentals are set to deteriorate "materially". Short interest is 4.8% and up from 1.5% in December. Hedge fund ownership rose 0.66% in Q1. Long Pond Capital a top holder but sold nearly 30% of their stake. Land & Buildings a recent short position. On 3/30, a director bought \$497,113 in stock at \$48.74. On Friday, we also saw buyers in Boston Properties (BXP) of 5,000 October \$60 puts for \$3.50, a similar name to VNO. They are the largest developer of Class-A office properties in the US with Boston, LA, NY, San Francisco, and DC their focus.

Hawk Vision:



Hawk's Perspective: VNO looks to be a primary loser in some major economic shifts likely to accelerate over the next few years, and a good looking short.

Confidence Ranking: \$\$



Unusual Call Buys in Telus

Ticker/Price: TU (\$16.75)

Analysis:

Telus (TU) unusual activity this morning with 4500 September \$17 calls bought to open \$0.50 to \$0.70 and IV30 up sharply +37%. TU does not have any other notable options positioning and strong today up 3.7% working out of a multi-week tight range, likely to see some resistance at \$17.50 from a former break of support while the 200 MA is at \$18. The \$20.5B Telecom company operating in Canada trades 11.4X Earnings, 8.2X EBITDA and yields a 5.13% dividend. TELUS is a dynamic, world-leading communications and information technology company with \$14.7 billion in annual revenue and 15.2 million customer connections spanning wireless, data, IP, voice, television, entertainment, video and security. TU is set to present tomorrow at the TD Securities Conference. TU reported in early May with solid first quarter customer growth of 106,000 net client additions, up 12,000 over the same period last year, reflecting continued broadband network leadership and customer service excellence. It experienced a tenfold surge in demand for its Babylon by TELUS Health virtual care service. Analysts have an average target off \$18 and short interest low at 0.3% of the float. BMO upgraded to Outperform on 4/14 with a C\$26.5 target noting an attractive mix of stable businesses and differentiated growth opportunities. Hedge Fund ownership jumped 7.7% in Q1 filings.

Hawk Vision:



Hawk's Perspective: TU offers a strong yield, defensive business and has some real exciting growth units, a good-looking longer term own at these levels.

Confidence Ranking: \$\$



Large Visa Adjustment Positions for Further Upside

Ticker/Price: V (\$194)

Analysis:

Visa (V) buyer of 12,000 September \$220 calls for \$2.84 to open, adjusting the June \$205 calls higher and follows buyers recently in the Aug. \$200 calls, March 2021 \$225 calls, and June \$195 calls. Visa has notable bullish open interest in the December \$210 and January \$210 calls from February has well. Shares are riding the 8-EMA higher and back above the 200-MA recently with a low-volume gap above \$195 from earlier this year that stretches back to \$210. Longer-term, V poised to return to new highs above \$215 with a measured target out to \$260 with a recent weekly bullish MACD cross. The \$405B credit services leader trades 32.5X earnings and 17X sales with a 0.63% yield and low-double digit growth. Visa is poised to capitalize on a number of major trends in a post-COVID-19 world with growth in contactless payments (topping 175M cards issued last quarter), cash displacement, and a significant pull-forward of e-commerce trends. The company is coming off a strong quarter with spending stabilizing in April and cross border e-commerce growth ex-travel now higher than it was pre-crisis. They also highlighted two major contract wins from “issuers who recently completed mergers” as they continue to build on and expand key relationships. Analysts have an average target for shares of \$203.50. Cowen with a \$196 PT on 5-20 as the need for digital commerce has become clearer with the pandemic giving him increased confidence in the company's long-term growth algorithm. Stephens positive on 5-6 and expecting Visa's businesses to exit the recession given faster adoption of contactless payments and e-commerce. Short interest is 1.5%. Hedge fund ownership rose 2.5% in Q1. Lone Pine a new buyer of 3.3M shares.

Hawk Vision:



Hawk's Perspective: V remains a market leader and along with MA, PYPL and others the Payments space remains one to always have exposure. V could probably pull back to 185 for better entry near-term.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P (SPY) with 3000 June 12th (W) \$301 puts bought \$5.73 to open. SPY also with 1000 December \$299 puts bought to open early \$23.40 and size lots buying 8000 July \$287 puts. **SPY** nearly 4500 October \$331 calls bought \$3.75 to \$3.78 offers in size lots

Russell (IWM) with 2500 June \$139 puts bought \$4.88 to open. IWM also 10,000 July \$133 puts bought \$4.76 to open, 10,000 June \$134 puts to open, while 4000 June 2021 \$145 ITM puts sold to open \$18.65. **IWM** buyer 2700 September \$147 calls \$5.43.

Volatility (VXX) seeing the 90,000 July \$35 puts that opened 4/29 adjust to August \$30/\$22 put spreads

Oil & Gas (XOP) July spreads selling the \$47 puts to buy the \$59/\$65 call spreads 6500X

Russell 2000 Value (IWN) rarely sees activity but 5000 July \$105/\$80 bull risk reversals opening today near \$1.30. IWN is weighted 26.6% Financials, 12.8% Real Estate, 13.9% Industrial, and 10.9% Tech.

Consumer Discretionary/Services

Wynn (WYNN) buyer 1000 June 5th (W) \$84 calls \$4.70 to \$4.85

Nike (NKE) with 1000 October \$87.50 puts bought \$4.80 to open

TripAdvisor (TRIP) the September \$20 puts sold to open for \$2.65, another 1500X

Wingstop (WING) buyers of 1,000 June \$130 calls up to \$2.70, best-in-class name on the delivery / to-go theme

MGM Resorts (MGM) with 2,000 July \$19 calls bought \$1.14 to \$1.15 today with plans of an early June re-opening

O'Reilly (ORLY) with 500 June \$430 calls sold to buy the \$410/\$380 put spreads, potential collar on stock

Logitech (LOGI) buyers 2250 September \$55 puts \$4 to \$4.30

Norwegian Cruise (NCLH) stock replacement sells 5,000 July \$10 puts to open for \$0.50

Royal Caribbean (RCL) with 1,300 December \$22.50 puts sold to open this morning from \$2.63 down to \$2.51

Sleep Number (SNBR) buyer of 1,000 June \$35 calls for \$1.80 and spread with the \$38 calls sold 2,000X in a ratio spread

Monro Auto Service (MNRO) with 400 July \$60 calls being bought today from \$4.80 to \$5.30 into earnings on 5-28

Activision (ATVI) with 2000 August \$70 calls bought today \$5.30 to \$5.40, will confirm OI tomorrow

Darden (DRI) with 1500 January \$95 calls opening \$9.30 as October \$80 adjust. **DRI** also 760 October \$65 puts sold to open today \$6.40

Consumer Goods

Ollie's (OLLI) with 500 June \$95 calls opening \$3.70 to \$3.80, earnings 5-28. **OLLI** now with a trade selling 1750 June \$100 calls to buy the \$87.5/\$77.5 put spreads, likely collaring a stock position

Dollar General (DG) the weekly \$180/\$167.50 put ratio spread bought 750X1500 into earnings for \$2.85 debit

Anheuser (BUD) buyer of 3000 September \$50 calls today for \$2

Movado (MOV) with 800 June \$11 puts bought for \$0.80 to \$0.90 into earnings 5-28 pre-market, recent weak Swiss watch data

Constellation Brands (STZ) buyer of 500 October \$185 calls for \$13.65 to open, earnings in early July and they'll be speaking at the RBC virtual consumer conference tomorrow

Tyson (TSN) working out of narrow range and 1200 October \$65 calls open \$4 mid-market

Estee Lauder (EL) breaking out of big weekly base approaching 200 MA with 375 October \$195 calls bought today \$10.30 to \$11.60 range

Walmart (WMT) with 1,000 January 2022 \$120 puts sold to open today \$13.80

Energy

Sun Power (SPWR) with the September \$5 calls being bought early 1,875X from \$2.50 to \$2.75

Enphase (ENPH) with 1000 June \$60 puts bought to open for \$5. **ENPH** afternoon action seeing buyers in November \$60 calls 1300X near \$14.35

Vivint Solar (VSLR) with 3,000 January \$6/\$11 call spreads bought for \$1.40, adjusting some October spreads out

Marathon Petro (MPC) with 10,000 July \$40 calls sold to open for \$2.28

Halliburton (HAL) with 3000 January 2022 \$12.50 puts being sold to open ITM for \$3.90

Financials

Bank of NY (BK) with 3,666 June \$37.5 calls opening \$0.96 with some \$35's adjusting

Carlytics (CDLX) down almost 7% today after the gap higher but seeing 1000 June \$55 puts sold to open from \$1.45 to \$1.25 into the mid-morning lows

PaySign (PAYS) with 2000 January 2022 \$5 ITM calls opening \$3.59 in stock replacement

Citi (C) with 5000 July \$50 synthetic long positions opening for \$1.97 credit

Discover (DFS) buyers 3500 OTM July \$55 calls \$0.65

Chubb (CB) with 500 July \$120 calls bought \$5.70 to \$5.80 today, recent write-up with shares near a base breakout

Progressive (PGR) with 1,000 August \$67.50 puts sold to open for \$2.25

Metlife (MET) IV ramping higher this afternoon with over 11,000 August \$40 calls bought up to \$1.45

Deutsche Bank (DB) with 10,000 January 2022 \$12 calls bought for \$0.80, adjusting back the calls from 2/13

Northwest Bancshares (NWBI) unusual 2500 August \$10 calls bought \$0.90 to open. The \$1.23B regional bank trades 12.75X Earnings, 0.76X Book and yields 7.88% with a ROE of 6.9%. NWBI boasts a strong deposit base, a history of strong credit quality metrics and a history of successful acquisitions with an intention to continue to grow inorganically.

Athene (ATH) with a block of 5300 November \$25 puts bought \$3.80, stock-tied

Blackstone (BX) with 2,000 July \$57.50 calls bought for \$2.62 to \$2.67

Zillow (Z) protective spread sells 1,750 June 12th (W) \$65 calls for \$1.10 to buy the \$59/\$53 put spread 2,500X for \$2

Capital One (COF) with 3800 July \$60/\$50 put spreads bought for \$1.85

Healthcare

Incyte (INCY) the July \$100/\$115 call spread being bought 900X for \$5.49, follows the December call accumulation last week

Biohaven (BHVN) with 1,500 January \$75 calls bought \$9 to open as the October \$65 calls close and roll higher again

Fate Therapeutics (FATE) seeing 500 December \$40 OTM calls bought today up to \$9 to open

Corcept (CORT) with 3,000 January \$12/\$9 put spreads bought for \$1 into strength

Argenx (ARGX) with 250 October \$2400 OTM calls with shares up 33.5% on data, paying \$15.50 to \$15.60

Minerva (NERV) with 750 June / July \$20 call calendar spreads bought today to open for \$2.40 debit, Phase 3 data in schizophrenia due in Q2

Amicus Therapeutics (FOLD) buyer of 500 January \$15 calls for \$2.30 today, nice bull flag forming after the recent rally

Becton Dickinson (BDX) with 540 January \$210 puts being sold to open today \$12.10 to \$12.40

Inovio Pharma (INO) name that has run a lot since March with their vaccine candidate and today seeing 1,700 June 26th (W) \$9 puts sold to open for \$0.70

Zymeworks (ZYME) unusual 750 January \$25 puts bought aggressively \$3.40 offer to open

J&J (JNJ) trying to base seeing July \$145 calls with 2500X bought near \$6, look to be adjusting back \$150 strike

Novocure (NVCR) buyers of 600 December \$65 calls this afternoon between \$10.85 and \$11.50 as shares base above the March lows

Magellan Health (MGLN) with 500 June \$70 puts sold to open for \$2.55 today, not a name that trades many options averaging 11 a day. The \$1.76B company focuses on healthcare management services and pharmacy benefits for complex care needs like behavioral health and specialty imaging. On 5/15, the CEO bought \$304,317 in stock at \$67.63

Industrials

Stanley (SWK) buyer 350 July 2nd (W) \$130 calls to open for \$6

Carvana (CVNA) deep ITM November \$150 puts being sold to open 350X today for over \$2M, popular strategy in it recently. **CVNA** also with 1100 November \$50 puts sold to open down to \$5.80

American Air (AAL) spread is selling 23,750 January 2022 \$30 calls to buy the \$3 puts for no cost

Flir (FLIR) with 1000 January \$50/\$45 strangles sold to open for \$11.95

Knight Swift (KNX) with 2,000 August \$45 calls being sold to open \$1.70

Boeing (BA) up 5% above 55 MA and out of base after large call buying late last week, seeing 5000 June \$160 synthetic long positions open for a large credit of \$15.50

Raytheon (RTX) with 1845 November \$75 calls sold to open \$3.30 to \$3.15

Fed-Ex (FDX) spread sold 7000 June 5th (W) 4135 calls \$0.36 and bought 7000 June \$145 calls \$0.28

Whirlpool (WHR) buyer of 1,000 June \$120/\$115 put spreads for \$1.20

Rockwell (ROK) highs after BAML upgrade and up 7% today, the October \$220 calls bought 200X for \$15

Union Pacific (UNP) buyers of 1,000 July \$175 calls for \$5.35 to \$5.60

Caterpillar (CAT) with 600 March 2021 \$130/\$110 bull risk reversals opening

Materials

Louisiana Pacific (LPX) buyer 777 November \$25 calls \$3.60 offer to open

Constellium (CSTM) buyer 10,000 August \$10 calls for \$0.75, adjusts the \$7 calls that close 5000X

Alcoa (AA) deep ITM August \$6 calls bought 1350X to open today as shares work out of a multi-week base

Vulcan (VMC) with 370 January 2022 \$120/\$80 bull risk reversals opening 370X at \$4.25 debit

Tech and Telecom

GDS Holding (GDS) with 1850 July \$60 calls opening as June calls adjust with the recent dip in shares on concerns with China delisting

Okta (OKTA) buyer 1000 weekly \$195 calls to open \$9 into earnings 5-28

Service Now (NOW) stock replacements are buying 920 November \$410 calls between \$40 and \$42

ForeScout (FSCT) with August \$22.5/\$17.5 put ratio opening 1500X3000 with recent deal concerns

Slack (WORK) buyer of 1,000 August \$31 calls for \$5.50/\$5.60 this morning. **WORK** also 5000 August \$34 calls open \$4 in stock replacement

DropBox (DBX) with 14,000 June 5th (W) \$23 puts being bought \$0.85 to \$1 to open

Uber (UBER) buyer 10,000 September \$42 calls \$2.15, spot where 15,000 bought on 5/21. **UBER** 1000 January \$34 puts sold to open in two lots, one \$5.70 and one \$5.95

ON Semi (ON) with 2,500 June \$18/\$15 bull risk reversals opening for a small credit as shares flag below its 200-day

Zen-Desk (ZEN) with 700 July \$70 puts sold to open for \$1.75 to \$1.70 into the morning lows

Appian (APPN) with 700 June \$55/\$45 put spreads bought for \$1.15, follows the put spreads on Friday into strength

Facebook (FB) buyer 600 September 2022 \$340 max strike and timeframe calls for \$20 to \$21

Nutanix (NTNX) with 770 September \$20 puts sold to open for \$2.42

DSP Group (DSGP) an interesting \$400M Semi recently profiled seeing unusual 1970 June \$17.50 calls open \$0.90 to \$1.10

Sea Ltd (SE) buyers here for the June \$90 calls for \$2.20, over 3900X on the day in total

Pinduoduo (PDD) with 2,500 July \$75 calls sold to open for \$2

Stratasys (SSYS) opening seller of 500 September \$20 puts for \$3.00 earlier

Microsoft (MSFT) block of 1700 March 2021 \$170 puts sold to open \$15.05

Elastic (ESTC) with 4800 January \$55 short puts opening \$3.525 as \$35 strike adjust

One Span (OSPN) unusual 2000 June \$20 calls bought today \$1 to \$1.10, a \$750M maker of identity, security and productivity software solutions.

Z-Scaler (ZS) with 400 November \$65 puts sold to open \$7.25, earnings 5-28, also seeing 640 July \$80 calls sold to open

Anaplan (PLAN) into weakness a spread sells 1,000 June \$40 puts to buy the \$52.50/\$57.50 call spread for a small debit

Inseego (INSG) opening seller 500 January \$20 deep ITM puts at \$10

Ring Central (RNG) midday buyer 400 June \$255 puts ITM for \$15

Match (MTCH) with 500 January 2022 \$70 puts sold to open \$14.50

Twilio (TWLO) confident trade sold 500 January 2022 \$170 puts to open for \$35.25

Mercado Libre (MELI) with 1,000 January 2021 \$450 puts sold to open for \$18.30, adjusting back the \$250 short puts from March

Utility

UGI Corp (UGI) a \$6B Utility seeing 530 October \$30 ITM calls bought \$4.10 offer with shares working out of a long bottoming base

Disclaimer:

Not Investment Advice or Recommendation

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