



# MARKET RECAP REPORT 5/26/2021

## Sector Leaders

Retail

Energy

Housing

## Stock Gainers

OMI 20%

GME 17.5%

AMC 17.5%

SOL 17.5%

DKS 17%

LI 15%

## Volatility Gainers

- KERN
- FOSL
- BBBY
- BSX
- PACK
- RBLX

## High Call Volume

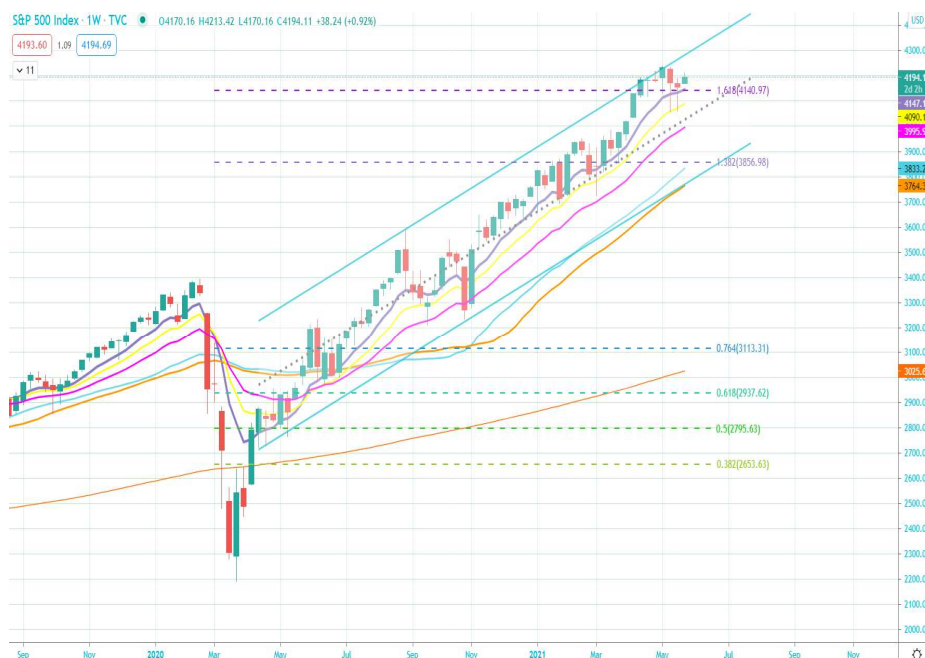
- DKS
- FOSL
- GES
- URBN
- FTNT
- ZS

## Bullish Options

- TWTR
- UBER
- CVX
- RBLX
- F
- VSAT
- GILD
- HOG
- BIDU
- TSLA
- OXY
- XRX

**Market Review:** Stocks were modestly higher overnight as the main story this week remains easing fears of inflation while Infrastructure talks continue but the magnitude of the plan for an agreement continues to move lower. We had a few M&A deals again with Amazon securing MGM Studios and Mondelez doing a \$2B snacks deal. The open was choppy but at the end of the opening hour breadth indicators all were at best levels of the session. Retail led strength after a few strong earnings reports while Energy rebounded and growth also led upside, a lot of participation while value lagged a bit. The S&P and Nasdaq now both working on bullish 8/21 EMA crossovers, a positive sign. Tomorrow morning will be an active one for data as this quiet trading week continues.

S&P Chart:



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

**Options Action Trends:** The data center REIT leaders **EQIX**, **DLR** saw large puts roll out a few months while overall fairly quiet without many sector trends on the day.

**What's On Tap:** Durable Goods Orders, Jobless Claims, GDP, PCE Prices and Pending Home Sales. Earnings from **CRM**, **COST**, **MDT**, **DELL**, **DG**, **ADSK**, **VEEV**, **HPQ**, **BBY**, **DLTR**, **BURL**, **ULTA**, **GPS**, **ATHM**, **PLAN**, **OLLI**, **YY**.

**Trade Tracker Portfolio Changes:**

- 1) **Spotlight:** Long **NEE** August \$75 Calls \$2.35

## Sector Laggards

Materials

Semi's

Industrials

## Stock Losers

TVTX -17.5%

JWN -8.5%

PACK -7.5%

RCM -7%

RLX -6.7%

PLAB -5.8%

## Volatility Losers

- ANF
- VNET
- GOTU
- ARVL
- VOD
- CPRI

## High Put Volume

- DLR
- EQIX
- SBLK
- CP
- EOSE
- SFT

## Bearish Options

- RIDE
- RCM
- EOSE
- EXC
- DLR
- EQIX
- WY
- CLOV
- OLLI
- PLTR
- CZR
- BKE



## FEATURED OPTIONS RADAR REPORT



### Devon Energy Bulls Active as WPX Deal Synergies Play Out

**Ticker/Price:** DVN (\$25.80)

#### Analysis:

**Devon Energy (DVN)** a name seeing consistent bull flow in the options market that continued on 5/25 with 1800 October \$26 puts sold to open for \$3.55. DVN has previously seen opening sales in July \$26 puts while October \$27 calls have 2000X bought and 14,000 of the October \$30/\$35 call spreads from a trade on 5/6. DVN also has seen call buyers in July \$29, January 2023 \$30, June \$24 and \$27, July \$26 and July \$35, steady accumulation since March.

DVN shares are currently flagging beneath recent highs near \$27 which also happens to be the 200-week moving average and have broken out of a downtrend that started from the 2014 peak with VWAP from those highs up at \$30 and a 38.2% Fibonacci retracement target at \$34 followed by a 50% retrace at \$43. DVN is an independent energy company engaged primarily in the exploration, development and production of oil, natural gas and NGLs with operations primarily US onshore. In January Devon announced an all-stock merger with WPX, an oil and gas exploration and production company with assets in the Delaware Basin in Texas and New Mexico and the Williston Basin in North Dakota. DVN now has a market cap of \$17.5B and trades 9.2X Earnings, 5.4x EBITDA and 28.3X FCF with a 2.43% dividend yield. DVN's EBITDA is seen rising 173% in 2021 and 15% in 2022. DVN management has noted plans to implement a fixed + variable dividend model following its proposed merger with WPX. DVN is well positioned among larger E&Ps and screens well on FCF yield/balance sheet/valuation. DVN recently hosted an investor meeting noting for 2022, DVN is 20% hedged, providing greater upside to FCF if oil prices are strong. Further, DVN noted that 2022 will be the first full year of realized synergies from the DVN-WPX transaction. DVN noted that an ~\$80/bbl Brent price would be a signal to consider higher capital spend/production growth relative to its current maintenance-type scenario. Analysts have an average target of \$32.50 with short interest at 2.8% of the float. Goldman has a \$32 target on shares and sees a nice balance of growth and returns of capital, added to its Conviction Buy List on 3/23. Mizuho raised its target to \$35 last week on a higher outlook for Energy prices. DVN saw a 45% surge in hedge fund ownership in Q1 filings.

#### Hawk Vision:



**Hawk's Perspective:** DVN continues to trade well despite Energy pulling back recently and see upside to \$32-\$35 for this attractively valued E&P play.

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Unusual Bull Spread in Illinois Tool Which May Target Deals

Ticker/Price: ITW (\$232.50)

#### Analysis:

**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. ITW does have over 2000 June \$220 calls in open interest from buyers now deep ITM but otherwise sees very little activity. ITW shares hit new highs recently and pulled back to the rising 34-day moving average which has been supportive while the recent bull flag breakout at \$224 has a measured move to \$255. ITW is a global manufacturer of a diversified range of industrial products and operates in seven segments: Automotive OEM; Food Equipment; Test & Measurement and Electronics; Welding; Polymers & Fluids; Construction Products; and Specialty Products. ITW has always been a best-in-class operator and currently has a \$73.3B market cap trading 24.9X Earnings, 19X EBITDA, 5.7X Sales and 63.2X FCF with a 1.96% dividend yield. ITW forecasts see revenues rising 14% in 2021 and 5.5% in 2022 with EBITDA jumping 31.7% and 7.5% respectively. ITW is a margin leader and seeing further expansion across its segments last quarter while growth is inflecting positively. ITW also has a strong balance sheet to pursue M&A and did announce a \$3B buyback earlier this month. Analysts have an average target of \$250 and short interest is low at 1.4% of the float. Argus raised its target to \$260 on 5/5 seeing it taking share from customers as growth accelerates. CSFB raised its target to \$261 expecting M&A to reposition its portfolio over the medium term and sees Q1 as the turning point to deliver organic growth upside. Hedge Fund ownership fell 2% in Q1 filings,

#### Hawk Vision:



**Hawk's Perspective:** ITW is an Industrial leader and a nice small pullback wedge forming, a name that should continue to trade well in a strong Macro backdrop.

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Xerox Calls Target Strategic Action as Icahn Adds to Stake

Ticker/Price: XRX (\$23.70)

#### Analysis:

**Xerox (XRX)** buyers of near 1,500 January \$27 calls for \$1.10 and now volume over 12,000 and follows buyers in the January 2023 \$20 calls and sales in the \$25 puts recently. The January \$35 calls also have seen buyers while the Jan. \$20 short puts in OI over 2850X from November. Shares are forming a bull wedge back at VWAP from the October lows and above \$24.35 has room back to \$27 and recent highs. A longer-term breakout targets \$31. The \$4.48B company trades 10.5X earnings, 0.65X sales, and 17X FCF with a big cash position and 4.3% yield. XRX remains an event-driven play as CEO John Vistenin noted earlier this week at the JP Morgan TMT conference they continue to see consolidation as the most logical outcome for their industry. He highlighted investments in verticals like AR and robotics which likely have a strategic fit with manufacturers while their software business has become increasingly attractive as they grow sales with small-businesses looking for productivity savings. Analysts have an average target for shares of \$20, albeit limited coverage. Citi raising estimates in April as XRX is making positive changes standing up three separate businesses and seeing strong traction in selling Xerox services for full IT support to small- and mid-size businesses. Short interest is 3.85%. Hedge fund ownership fell 6.5% in Q1 but top holder Carl Icahn adding 2.3M shares and now with over 31M. Icahn has been buying on the open market as well with over \$25M in stock buys in November at \$18.35 to \$19. Icahn publicly pushed for a deal with HP in 2019 creating “an industry leader — with enhanced scale and best-in-class offerings across a complete product portfolio — that will be positioned to invest more in innovation and generate greater returns for shareholders.”

#### Hawk Vision:



**Hawk's Perspective:** XRX can make a nice move back above that \$24.40 range but clearly a more speculative, event-driven play, especially as growth shifts back into favor

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Trane Bull Sticks with Strong Trend, Sees Further Upside Through Year-End

Ticker/Price: TT (\$183)

#### Analysis:

**Trane (TT)** with 940 December \$145 calls opening for \$39.06 to \$39.39, adjusting some June \$135 and \$140 calls. TT sees limited options flow but did have buyers of 1000 August \$190/\$170 bull risk reversals on 5/7 that remain in open interest. Shares are flagging in a narrow range under \$185 and recent highs with the 21-day MA just below and potential for a run to \$200. TT has been a relative strength name since June 2020 with little pullback in shares. The \$43.27B company trades 26.58X earnings, 3.37X sales, and 15.25X cash with a 1.3% yield. TT is a leader in HVAC with products across air conditioning, chillers, furnaces, and more. TT has a strong, unlevered balance sheet and continues to show market share gains within their key verticals while passing on price hikes. TT was at the Goldman conference on Industrials in early May noting that they see a multitude of avenues for growth with some projects in their pipeline expanding out as much as five years. They see new segments and new markets like electrification of heating systems in Europe as multi-generational product opportunities. Analysts have an average target for shares of \$163 with a Street High \$210 from BMO. They hiked estimates on 5/12 citing positivity on the company repositioning its key platforms in anticipation of longer-term changes surrounding climate-related regulations and possible megatrends that could significantly alter the landscape of its end markets to drive ongoing industry outgrowth. Hedge fund ownership fell 8% in Q1.

#### Hawk Vision:



**Hawk's Perspective:** TT is a high-quality name setting up well for a continuation higher, options spreads are a bit illiquid but one to target with stock

**Confidence Ranking:** \$\$

## Additional Options Flow

### Market/ETFs

**Gold (GLD)** buyer 1000 August \$170 calls ITM \$10.35 to open. **GLD** also today with 4500 August \$178 puts bought to open \$4.95 to \$5.10

**Nasdaq (QQQ)** interesting spread today selling 7850 September \$302 puts to buy the \$334/\$351 call spreads 7850X

**Russell (IWM)** with 13,500 July \$212 puts bought midday at \$4.04 offer

### Consumer Goods

**Dollar Tree (DLTR)** with 1000 August \$110 calls sold to open for \$5 into earnings tomorrow morning. **DLTR** now also seeing 2,850 June \$110 calls bought for \$2.84 to \$3.40 into earnings

**Mondelez (MDLZ)** buy-write sells 1500 January \$65 calls \$2.95 after its \$2B deal

**Callaway (ELY)** with 1000 July \$39 calls bought for \$1.25 to \$1.30 today as the June \$35 calls start to adjust higher

**Molson Coors (TAP)** with 400 January \$60 puts sold to open \$7.60 bid. **Molson Coors (TAP)** opening sellers of 900 January 2023 \$80 calls for \$3.30

**Vuzix (VUZI)** with 7500 June \$20 calls being bought \$0.75 to \$0.95

**Sally Beauty (SBH)** with 800 December \$17.50 calls sold for \$5.45 in a buy-write

**Tyson (TSN)** with 1000 January \$75 puts sold to open today for \$4.20, follows the put selling earlier this week

**Hershey (HSY)** opening sales of 400 January 2023 \$160 puts for \$10.90 to \$11

### Consumer/Business Services

**Uber (UBER)** spreads early are selling the October \$45 puts and buying the \$55/\$70 call spread 1000X

**Roblox (RBLX)** with over 2,000 July \$95 calls being bought this morning around \$8.85. **RBLX** also with 1200 July \$120 calls bought. **RBLX** now also seeing 4000 June \$120 calls bought for \$1.83 as the \$105 calls close and adjust higher

**AMC Entertainment (AMC)** higher by 12% today and buyers of 3,000 July \$18 puts for \$4.90 and spread with 6,000 of the \$14 puts sold for \$2.32

**Burlington (BURL)** into earnings with 1000 weekly \$350 calls sold to buy \$325/\$305 put spreads, likely protective

**Nordstrom (JWN)** buyer 1500 August \$35 calls for \$2.72 with shares down 10% on earnings

**New Oriental Education (EDU)** with over 3,000 January \$10 puts sold to open for \$1.50 to \$1.55 into weakness

**Fossil (FOSL)** moving to the highs with 5000 June \$15 calls bought for \$0.45 to \$0.60

**Wynn (WYNN)** the June 11th (W) \$128 ITM calls now over 1000X with buyers up to \$7

**Dicks Sporting Goods (DKS)** with 1000 January 2023 \$80 puts sold to open today for \$11 in a stock replacement, stock up 17.5% on earnings

**Canada Goose (GOOS)** with 750 January 2023 \$37 puts sold to open for \$7, stock replacement

**Ollie's (OLLI)** buyer 3200 June \$75 puts \$2.60 into earnings

**Trip Advisor (TRIP)** jumps with 3000 August \$42 calls bought \$3.80 to \$4.10, follows recent August call buys

**Caesar's (CZR)** buyer 500 December \$100 puts \$11.15 offer. **CZR** also with 4,000 July \$115 calls sold to open for \$4.40

**Buckle (BKE)** with nearly 900 September \$47.50 puts bought for \$7.60

**Bed Bath & Beyond (BBBY)** with 2,500 July \$28 calls bought for \$2.43 with the \$26 puts sold for \$2.77

**Las Vegas Sands (LVS)** seeing June 4th (W) positions adjust 17,500 of the \$57/\$50 bull risk reversals and sells the \$67 calls 17,500X to buy 17,500 of the July \$60 calls at \$2.83, also sells 7500 July \$70/\$52.5 strangles

**Overstock (OSTK)** with 1,000 January \$70 puts sold to open today for \$10.75, follows the recent December put sales

**William Sonoma (WSM)** reporting tonight and the June \$165/\$185 call spreads with short \$135 puts close 1000X and instead opens 1500 with the \$145 puts sold and \$175/\$195 call spreads

**VF Corp (VFC)** with over 900 August \$80 calls bought for \$3.80 today as the June \$77.50 calls start to adjust out

**Trip.com (TCOM)** the June \$38 puts being sold 2350X for \$0.50 to buy the July \$44 calls for \$0.87

### Energy

**Chevron (CVX)** buyer of 1395 July 2nd (W) \$104/\$110 call spreads for \$2.10

**Valero (VLO)** with 1000 January 2023 \$55 puts sold to open today for \$5.10, narrow flag forming near recent highs. **VLO** also with 1750 June \$82 calls bought for \$1.45 today

**Occidental (OXY)** more bullish flows today with buyers of the June 25th (W) \$28 calls here for \$0.60, over 3600

### Financials

**Bank America (BAC)** opening sale 1600 Oct. \$40 puts \$2.05

**Opendoor (OPEN)** buyers of 3,000 July \$18/\$12 bull risk reversals this morning for \$0.75, recent insider write up with buying into weakness

**Digital Realty (DLR)** with 6,000 October \$125 puts opening for \$1.62 today, adjusting some July puts

**Blackstone (BX)** with 4,375 July \$85 puts sold to open today for \$1.18

**Metlife (MET)** stock replacement sells 1,500 January \$65 puts for \$6.25 to open this afternoon

**Futu Holding (FUTU)** sweep buyer 700 July \$135 calls \$14.10 to \$14.50

**Truist (TFC)** with bullish December action as the \$70 calls bought 1700X at \$1.35 and the \$75 calls being bought 2000X at \$0.65 to \$0.70

**Rocket (RKT)** opening seller 1500 Jan. 2023 \$13.89 puts \$2.17

**Zillow (Z)** with 1000 January 2023 \$150 calls sold today for \$19.50 in a buy-write. **Z** now also with 1000 January 2023 \$140 calls sold for \$22.25 in a buy-write

### Healthcare

**R1 (RCM)** looking weak and 2500 June \$25 puts open up to \$1.60

**Gilead (GILD)** buyer 5000 November \$70 calls \$2.47 to \$2.53

**Amgen (AMGN)** stock replacement buys 1,000 January \$240 calls for \$17.55

**Innoviva (INVA)** buyer of 1000 December \$16/\$12 bull risk reversals at no cost this morning, shares clearing a wide base this week

**Intellia (NTLA)** with 650 June \$80 calls bought today for \$5.20 to \$5.70 in stock replacements, holding up well and nice weekly flag forming

**Chimerix (CMRX)** buyers of 1000 July \$7.50 puts for \$1.30

**TelaDoc (TDOC)** with 500 August \$135 puts sold to open \$7.15 to \$7.20 in a stock replacements

**Endo (ENDP)** aggressive buy 4000 October \$4 puts \$0.60

### Industrials

**Howmet Aero (HWM)** with 1000 January \$42 calls bought \$1.25 OTM after recent call buying. **HWM** also with 1000 October \$37 calls bought for \$1.85

**Ford (F)** buyer 3000 December \$14 calls at \$1.63 in a single-lot. **F** October \$12 calls also active with buyers this morning 8000X

**Harley (HOG)** buyer 5000 June \$48 and \$49 calls at \$1.60 and \$1.20 respectively, closing June 11th (W) calls and June 4th (W) calls

**Deere (DE)** opening sales of 650 December \$260 puts for \$5.25 to \$5.20

**Tesla (TSLA)** buyer 1200 June \$695 calls \$7.30 to \$7.40

**Xpeng (XPEV)** with 5,000 June \$36 OTM calls bought for \$0.50 to \$0.55

**Ehang (EH)** buyers of 3,850 June \$35 calls bought from \$0.70 to \$0.95

**Navios Maritime (NMM)** looking to put in a bull reversal hammer at low range support and near the 55-MA and 1100 July \$25 calls are bought ITM \$3.40 offer sweeps

**Virgin Galactic (SPCE)** buyer 1600 January \$36 calls \$5.95 offer

**Generac (GNRC)** spread today is selling the January \$290 puts for \$24.72 and buying the \$330/\$440 call spread for \$28.56, 500X

### Materials

**Rio Tinto (RIO)** with 3000 June \$92.50 OTM calls bought for \$0.50 with shares back at the 50-MA

**Weyerhaeuser (WY)** seeing 850 March \$40 ITM puts open near \$6.10

**Tronox (TROX)** the September \$23 calls bought 1375X this morning from \$2.80 to \$2.90, flagging near recent highs

**Alcoa (AA)** with 1250 January \$33 puts sold to open for \$4.55 in a stock replacement

**International Flavors (IFF)** buyer of 1000 August \$160 calls sold the \$130 puts at net \$2.28 credit



**Desktop Metals (DM)** with 2000 January \$10 puts sold to open \$1.55

**Tenaris (TS)** stock and IV higher earlier with 5000 July \$25 calls bought for \$0.40

### Tech and Telecom

**Snowflake (SNOW)** buyer 1200 June 4th (W) \$265 OTM calls \$2.20, above offer into earnings

**Twitter (TWTR)** buyers 3000 June \$61 calls \$1.15 to \$1.18

**ViaSat (VSAT)** shares jump with another 1,700 September \$50 calls bought \$3.70 to \$3.80 this morning, spot where 3,000 opened yesterday

**Facebook (FB)** with 1450 September 2022 \$395 calls sold to open for \$27.30

**Taiwan Semi (TSM)** with 1000 January 2023 \$90 calls opening ITM up to \$31.82

**SVMK (SVMK)** working out of long base and 3,355 October \$20 short puts open \$2.22 as June \$17.5 adjust

**Baidu (BIDU)** buyer of 400 June 2022 \$180 calls for \$38.65 this morning, over \$1.5M

**DropBox (DBX)** buy-write sells 2500 January \$28 calls for \$3.10

**Radware (RDWR)** shares rising with more put sales today, this time the July \$29 strike over 1850X for \$0.70 and follows September earlier this week

**Service Now (NOW)** buyers of 700 June 4th (W) \$485 calls for \$8.25 to \$8.30, many being spread off with the \$505 calls

**Avalara (AVLR)** with 1,000 July \$135 calls sold today for \$7.40 in a buy-write with stock

**Palantir (PLTR)** with 2000 September \$27 ITM puts opening today for \$5.90 as some June puts roll out

**Salesforce (CRM)** buyer 3000 July \$250 calls \$3.55 to \$3.65, earnings tomorrow night and will confirm OI change. **CRM** buyer 1250 August \$250/\$270 call spreads now as well

**Splunk (SPLK)** with 2,500 June \$120/\$110 put spreads opening for \$3.34 ahead of earnings next week, 6-2

**Synnex (SNX)** with 500 July \$120 puts sold to open for \$5 to \$4.90

**Pinterest (PINS)** spread this afternoon is selling the August \$60 puts and buying the \$75/\$100 call spread for net \$2.95 credit, adjusting some June spreads

**DouYu (DOYU)** highs here with buyers of 2,650 July \$7.50 calls bought for \$1.10 to \$1.20, follows the Aug. \$7.50 call buys yesterday

**Fortinet (FTNT)** buyer of 300 January \$260 OTM calls \$8.80 offer to open, though also seeing around 4K of those June 210/220 call spreads close

**Wayfair (W)** with 350 August \$350 calls bought \$24.20 to \$24.60

**Spotify (SPOT)** afternoon sweep buyer 800 January \$165 far OTM puts \$5.60 to \$5.80

**DocuSign (DOCU)** with 600 December \$165 puts bought today from \$9.80 to \$9.90

**Twilio (TWLO)** with 1000 January 2023 \$180 puts bought for \$17.25, tied to stock

## Utility

**Exelon (EXC)** with 7,000 June \$44 puts bought for \$0.50 to \$0.52

### **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.*

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