

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 5/4/2020

### Sector Leaders

Energy

Biotech

Software

### Stock Gainers

STML 155%

ZYXI 16%

CLLS 14%

CODX 11.7%

SRRA 10%

CEQP 10%

STNG 8%

### Volatility Gainers

- APY
- EURN
- DKNG
- STNG
- AAL
- IMMU

### High Call Volume

- LBTYK
- CCJ
- RRC
- FLWS
- EFX
- NOW

### Bullish Options

- NOW
- DKS
- EFX
- ATVI
- BABA
- WYNN
- NKE
- RRC
- REGN
- TWLO
- ATUS

### Sector Laggards

Transport

Banks

Industrials

### Stock Losers

RESI -24%

PLAY -17%

SRLP -11%

GDEN -9.75%

TEN -10.5%

DENN -10.2%

KELYA -10%

### Volatility Losers

- STML
- TEVA
- RIG
- INO
- PDD
- AZN

### High Put Volume

- RL
- GPOR
- IIVI
- WUBA
- DKS
- HSY

### Bearish Options

- SBUX
- DIS
- BYD
- AAL
- RCL
- HLT
- SYY
- SYK
- CVM
- DE
- CLX

**Market Review:** Stocks continued the move lower to start the week as US/China tensions worsened and the initial reopening across states are seeing tepid consumer responses, and showing the unlikelihood of a V-style recovery. Stocks were weak in the morning but well off overnight lows and strength seen in Biotech and Software, growth/momentum groups. There was heavy weakness in the more Macro-correlated groups like Transports, Banks, Industrials, and Housing. Overall it was a surprisingly quiet and narrow trading range throughout the early afternoon. The S&P after being turned away at the upper end of the trading zone is looking to the 21 day MA as possible support. Tomorrow we get the ISM Services number as well as a very active earnings schedule all week. Stocks saw some strength in the afternoon with breadth improving into the close.

### S&P Chart:



Resistance	Support
3,000	2,835
3,020	2,770
3,135	2,660

**Options Action Trends:** In early action we saw size OTM put buys in COVID-19 impacted large caps **DIS/SBUX**. Action was pretty quiet overall on the day.

**What's On Tap:** Import/Exports and ISM Services. Earnings from **DIS, REGN, ITW, NEM, ATVI, LHX, TRI, DD, EA, SBAC, MELI, SYY, VRSK, PRU, KLAC, INCY, MTCH, MPC, TDG** and more.

### Trade Tracker Portfolio Changes:

- 1) Closed T Put Spreads \$1.15 (Opened \$0.75)
- 2)



## PTC Therapeutic Bull Adjusts Position to Capture Catalyst Delay

Ticker/Price: PTCT (\$48)

### Analysis:

**PTC Therapeutics (PTCT)** with a large adjustment trade on 5/1 as 2500 September \$60 calls opened at \$4.66, a large position, moving out of June calls while the 1150 June \$40 short puts opened in October remain in open interest. PTCT shares pulled back last week after missing earnings expectations and closed the week retesting a recent range breakout level and also holding just above its rising 200 day moving average. PTCT cited COVID-19 having an impact and withdrew 2020 guidance while revenues rose 26.5% Y/Y it missed estimates. On 4/28 PTCT announced along with Roche that FIREFISH Part 2 study met its primary endpoint, evaluation risdiplam in infants with Type 1 spinal muscular atrophy. It will have a PDUFA on August 24<sup>th</sup> that was recently extended due to submission of additional data. It noted “We are reporting \$40.5 million in worldwide Translarna sales and \$27.5 million in U.S. Emflaza sales. In addition, we continue to see positive trends in the weeks following the first quarter.” The \$3.2B Biotech trades 10.4X Sales and has \$595M in cash on its balance sheet. Their approved portfolio includes three products (Translarna, Emflaza, and Tegsedi) and they see over \$1.5B in annual revenue given some of their potential opportunities. Analysts have an average target of \$59 on shares with short interest at 7.5% of the float rising 30% Q/Q. On 4/9 Citi upgraded shares to Buy with a \$67 target citing a survey favorable on Risdiplam in SMA and could be preferred over Spinraza for the prevalent population. Cantor out 4/8 positive on the commercial potential and has an Overweight rating with an \$85 target seeing blockbuster potential for the drug being sold by Roche and PTC receiving royalties. Hedge Fund ownership fell 3.63% in Q4 filings.

### Hawk Vision:



**Hawk's Perspective:** PTCT pulling back to the 200 MA looks attractive, a name I have liked in Biotech with multiple commercially producing products and a pipeline for growth.

Confidence Ranking: \$\$



## Antem Size Call Buy into Modest Dip Off Recent High

**Ticker/Price:** ANTM (\$266)

### Analysis:

**Antem (ANTM)** size buyer here 1800 July \$290 calls \$9.80 to \$10 offers, and becomes the largest position in open interest, the June \$300 calls have 2500X that sold to open while there have been smaller contract call buys in January 2021. ANTM shares consolidating the last few weeks after a strong move off lows and testing major VPOC today, room to rebound while a bullish 21/55 moving average crossover sits near \$255. Shares still have an upside measured move target of \$315 from its bottoming base breakout. ANTM is coming off a very strong quarter beating estimates with solid premium pricing. The \$70.8B managed care company trades 10.7X Earnings, 0.65X Sales and 14X FCF with a 1.4% dividend yield, attractive valuation. Medical enrollment totaled 42.1 million members at March 31, 2020, an increase of 1.3 million, or 3.2 percent, from March 31, 2019. Analysts have an average target of \$330 on shares with short interest down 27% Q/Q to a low 1.3% of the float level. ANTM's CEO bought 7,600 shares at \$263.70 in late January. MSCO raised its target on shares to \$423 from \$310 last week. CSFB reiterated a positive view and \$355 target. Hedge Fund ownership fell 2.95% in Q4 filings, Viking Global a top holder.

### Hawk Vision:



**Hawk's Perspective:** ANTM is an attractive value here and stable business in wake of current events, can also sell June \$300 calls against these to own a diagonal spread.

**Confidence Ranking:** \$\$



## Equifax Bulls as Recovers from Image Issues

Ticker/Price: EFX (\$140)

### Analysis:

**Equifax (EFX)** buyers of 2,500 May \$144 calls this morning around \$1.10 to \$1.15 and stock now up 2% on the day as it finds early support at the 8-EMA. EFX has seen some smaller, higher-dollar trades recently in the July \$130 and 140 calls and October \$100 calls, positioning for a move above \$140/150. Shares are reclaiming the 200-MA today and longer-term rising channel targets \$165. The \$16.86B company trades 25.5X earnings, 4.66X sales, and 45X cash with a 1.15% yield. They re-affirmed their out-year targets last week of 18-19% EPS growth and revenue growth in the mid-single digits as they continue to invest in cloud-based data and security, uninterrupted by the pandemic. The shift gives them long-term visibility and growth potential as they can roll out new products that rely on rapid access to data analytics starting in 2020. EFX sees the benefits of the transition starting this year and accelerating in 2021 and 2022. The company stands out as more recession-resilient than others given 65% of their revenue mix is in counter-cyclical areas like Unemployment Claims Management and Workforce Solutions, where they expect significant growth. Analysts have an average target for shares of \$150. Wells Fargo with a \$160 PT citing the recent \$40M-50M/year contract with the Social Security Administration, its largest contract win ever. Short interest is 2.1%. Hedge fund ownership fell 3%. Samlyn Capital, Lone Pine, and Echo Street Capital all notable buyers.

### Hawk Vision:



**Hawk's Perspective:** EFX looks solid on a technical view and like its resilient business, a quality Fin-Tech name in a rising trend.

Confidence Ranking: \$\$



## Abbott Labs Bullish Positioning as Healthcare Leader

**Ticker/Price:** ABT (\$89.4)

### Analysis:

**Abbott Labs (ABT)** shares pulling back off of 52-week highs and today 765 January \$92.50 calls being bought around \$8.60 to open as some June calls bought back in August 2019 adjust up and out. ABT has seen buyers in the May 29th (W) \$98 calls recently as well as the May 8th (W) \$90 calls while the longer-term January 2022 \$80 calls bought and the Nov. \$90 puts sold as well. ABT continues to have some size May call OI in the \$90 line, over 4000, from buyers in Feb/March. ABT was one of few names to snap-back to new highs in April and modest retracement recently to YTD VPOC. A move above the 8-EMA at \$91.50 opens up for a re-test and return to new highs. The \$163B med-tech company trades 24.5X earnings and 5X sales. ABT has had an active two-and-a-half months since COVID-19 accelerated but a solid beat in mid-April and seemingly headwinds around elective procedures are abating and should ramp in Q3/Q4. ABT's near-term focus is on their COVID-19 tests that have been approved, expecting five in total which should be a tailwind to diagnostics. ABT sees volumes accelerating as they build out production with as many as 550M lab-based serology tests and 50M molecular tests on their ID NOW platform over the next 2-3 years given current demand. Analysts have an average target for shares of \$99.50. Stifel with a \$108 PT noting that ABT's COVID-19 tests could be a big driver in the 2H for their Diagnostics business while meaningfully incremental to overall sales as well. Wells Fargo positive with a \$107 PT citing their diversified business model with a 50/50 split between consumer demand and hospital demand. The firm also sees signs of stability in China. Short interest is 1.2%. Hedge fund ownership fell modestly in Q4. Winslow Capital remains a top holder while Polen Capital added over 8.8M shares.

### Hawk Vision:



**Hawk's Perspective:** ABT with a nice orderly pullback currently, and a long-time favorite, waiting for a close above the 8 day MA.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**S&P (SPY)** June \$266 puts active 8000X in opening hour for over \$7.5M put premium bought

**Emerging Market Bonds (EMB)** the January 2022 \$95 puts opening for \$11.15 today, over 2500X, as the September \$111 puts from early March adjust down; follows June put spreads on Friday

**Gold (GLD)** with 1325 July \$151 ITM calls bought \$11.85 to \$11.90 to open today. GLD also seeing buyers of 3850 June 2021 \$140 puts. **Gold (GLD)** trading 3850 July/September \$165 calendar put spreads to open

**NASDAQ (QQQ)** with 7500 May 22nd (W) \$210/\$195 put spreads bought to open. **QQQ** with 70,000 July \$170/\$155 put spreads opening as 85,000 June \$150/\$133 adjust

**Ultra Crude (UCO)** rising and January \$15 puts being sold to open \$6.75 to \$6.50

## **Consumer Discretionary/Services**

**Starbucks (SBUX)** losing its 21 MA on the open and 1800 August \$60 puts active with buyers near \$3. **SBUX** August \$60 puts up to 3000X

**Disney (DIS)** with June \$97.50 puts active opening 40 minutes with nearly 6000X trading now \$5 to \$5.05

**Dick's Sporting (DKS)** with 1500 May 29th (W) \$27 puts being sold to open 1500X down to \$2.50

**Activision (ATVI)** with 1750 November \$80/\$50 strangles sold to open for \$5.10

**Wynn (WYNN)** buyers here 1500 June \$90 calls \$5.55 to \$5.60

**1-800-Flowers (FLWS)** buyers of 1000 June \$19 calls \$1.40 to \$1.90 today ahead of Mother's Day, one of the biggest volume Holidays for the company

**Nike (NKE)** trading 1790 June \$90/\$77.5 bull risk reversals to open for \$0.23 debit

**Royal Caribbean (RCL)** the January \$80 calls sold to buy the \$15 puts, over 9900X at a small net credit and similar to the **AAL** trade earlier

**Lowe's (LOW)** with 500 July \$100 puts sold to open \$6.50 to \$6.40

**Hilton (HLT)** spreads selling 3500 July \$77.5 calls to buy the \$60 puts at a net credit

**Altice (ATUS)** with 2,550 September \$26 calls bought \$2.35 and 4,080 of the \$29 calls bought \$1.20

**Home Depot (HD)** with 1200 July \$200 puts opening \$9.55 tied to stock

**Yum Brands (YUM)** with near 600 June \$85 puts sold to open \$6.10 to \$5.75

**Under Armour (UA)** ITM July \$7.50 calls opened early today 1,675X near \$2.65, earnings 5-11, also a buyer of stock sold 2000 January \$15 calls in a buy-write

**William Sonoma (WSM)** with the May \$62.5/\$67.5 call ratio opening 1500X2250 as the \$52.5/\$57.5 spreads adjust

**MGM (MGM)** opening sale 11,000 September \$8 puts for \$0.70

**Floor and Decor (FND)** roll of 2000 May \$32.5 calls from a buy-write to January \$42.50

## **Consumer Goods**

**Unilever (UN)** with 475 November \$50 puts sold to open for \$5.30

**Peloton (PTON)** protective spread into earnings sells the May 8th (W) \$37 calls to buy the \$32/\$27 put spread for \$0.13 net debit, 5625X, typical of collaring stock into an event

**Costco (COST)** with 840 May 22nd (W) \$310 calls bought up to \$4.80 ahead of April sales data on 5-6

**Clorox (CLX)** buyer of 1,000 October \$210/\$175 put spreads for \$15.32

**Mondelez (MDLZ)** with 835 December \$50 calls bought \$4.55 to \$4.70 to open

**Tyson (TSN)** down 9% and into afternoon weakness 900 October \$55 calls being bought \$6.10+

**Pepsi (PEP)** with 760 December \$130 puts bought today \$12.80 to \$13

### Energy

**Range Resources (RRC)** trade opens 15,000 September \$7/\$5 bull risk reversals as the 5000 \$6/\$4 adjust

**Hess (HES)** unusual buy 1000 November \$75 far OTM calls \$0.95 to \$0.98

**Baker Hughes (BKR)** with 1000 October \$15 calls sold \$1.72 in a buy-write. **BKR** also with 3000 January \$20 calls sold \$0.70 in a buy-write

**Exxon (XOM)** with 2000 May 22nd (W) \$44 puts bought \$2.80 to open. **XOM** with 4000 October \$45 calls opening today with June \$37.5 adjusting

### Financials

**Discover (DFS)** with 4450 May 8th (W) \$40 puts sold to open \$1.35 down to \$1.15

**Wex (WEX)** with 1070 November \$155 calls being sold to open \$9.50 to \$9.70 range

**Berkshire Hathaway (BRK.B)** opening sale 2000 January \$185 calls \$13.45 to \$13.40

**FleetCor (FLT)** spread buying 500 August \$260 calls against opening sale May \$210 puts

**Santander Consumer (SC)** with 2,750 July \$13/\$8 put spreads bought for \$0.92, credit services name with a lot of exposure to autos

**Automatic Data (ADP)** with 625 June \$145 calls bought \$6.60 to \$6.75 midday

**Bank of Nova Scotia (BNS)** the June \$35 puts opening 4000X for \$1.55, tied to stock, name with some large Sept. put OI

### Healthcare

**United Health (UNH)** opening sale 2600 May \$300 calls down to \$1.52

**Humana (HUM)** with 2,250 May \$400 calls sold to open down to \$1.25 this morning, similar to **UNH**

**Regeneron (REGN)** seeing some large May to June calls adjust, the \$465 strike with 1,387X and the \$480 strike 463X

**Cel-Sci (CVM)** with 5000 July \$7.50/\$2.50 put spreads bought \$2.30 to open

**Myriad Genetics (MYGN)** more bullish spreads today buying 2,000 May \$17 calls for \$1.70 and selling the June \$12 puts for \$1.47, earnings tomorrow after the close

**Change Healthcare (CHNG)** with 1,250 October \$15/\$20 call spreads for \$0.53

**Gilead (GILD)** with 1000 January \$90/\$77.5 strangles sold to open for \$18

**Exact Sciences (EXAS)** with 1500 January 2022 \$52.50 puts bought \$10.80 to \$11.20 to open

**Centene (CNC)** opening sale 500 January \$67.5 ITM puts \$11.40 at the CBOE

### Industrials

**American Air (AAL)** spread is selling 17,500 January \$20 calls to buy the \$3 puts at a net credit, similar to those last week with the \$30 calls

**AutoNation (AN)** offer buys 800 October \$40 calls \$3.90

**Deere (DE)** the June \$115/\$100 put spread bought 885X for \$2.35 into earnings on 5-22

**Boeing (BA)** buyer of 1500 September \$125 puts for \$22.82 to \$22.84, tied to stock

**KB Home (KBH)** buyer of 825 January \$27 puts for \$6.55 to \$6.60

**Caterpillar (CAT)** with 2100 August \$125/\$80 bear risk reversals opening at \$0.25 credit with shares weak and breaking support today

**LKQ Corp (LKQ)** unusual 790 November \$25 puts bought to open \$4.10 offer

**Sonic Auto (SAH)** with 350 August \$17.5 puts bought to open and 100 November \$17.5 puts bought as well

**Tesla (TSLA)** opening seller 1000 July \$735 puts \$99.55 to \$98.80

**Parker Hannifin (PH)** with 300 August \$155 calls bought this afternoon near \$15.30, a favorite Industrial

**Avis Budget (CAR)** with 8600 January \$32 calls sold to buy the \$3 puts for a net \$0.10, same as the **RCL** and **AAL** trades today. **CAR** spread now also sells the Jan. \$25 calls to buy the \$5 puts for a small credit, 8600X

### Materials

**DuPont (DD)** opening seller 1350 June \$42.5 puts for \$2.57

**Barrick (GOLD)** buyer of the September \$30/\$40 call spread 6000X9000. **GOLD** 10,000 June \$25 puts bought \$1.10 looking to add to the 10,000 bought Friday

**Axalta (AXTA)** buyer of 5000 May \$20 calls for \$0.35 into earnings on 5-6

### Tech and Telecom

**Service-Now (NOW)** with May \$270 calls active early 2300X \$2.30 to \$2.40 on offers. **NOW** weekly \$350 calls hot 2450X to go along with May \$370 calls for next week earlier

**Western Digital (WDC)** with 1000 July \$37.50 puts sold to open for \$3.10

**II-VI (IIVI)** stock replacement sells 2,000 May \$30 puts for \$1.20 ahead of 5-11 earnings

**Crown Castle (CCI)** opening sales 500 October \$165 calls at \$8.50

**Twilio (TWLO)** with 3000 May \$125/\$95 bull risk reversals opening \$1.14 debit

**Cisco (CSCO)** buyer of 3,000 July \$37.50 puts for \$1.71, tied to stock with earnings next week

**Amazon (AMZN)** with 675 May 22nd (W) \$2500 calls bought \$23.50 to open, would need to take out recent highs, trying to find support at rising 21 MA since earnings move lower

**Alibaba (BABA)** with 2500 July \$205 calls sold \$8.05 in a buy-write. **Alibaba (BABA)** with 1200 May 29th (W) \$190 calls bought \$10 to \$10.40 as shares try a 200 day MA bounce, earnings mid-May. **BABA** with 10,000 September \$195 calls bought here \$15.35 as the \$205 calls adjust back



**Go-Daddy (GDDY)** nice 21 MA bounce this morning and seeing 1000 August \$67.5/\$95 call spreads bought. **GDDY** now also with 1000 June \$67.50 puts being bought to open up to \$5.50

**JD.com (JD)** opening sale 2500 August \$41 puts for \$4.10

**Uber (UBER)** with 2950 September \$24 puts active with buyers, most spreading with the \$17 puts

**CrowdStrike (CRWD)** name that continues to be strong and today 400 January \$85 calls bought \$9.10 offer to open, name that has seen a lot of put sales

**American Tower (AMT)** with 500 June \$240 calls bought \$10.65, the \$260 calls adjusting back

**Baidu (BIDU)** opening seller 400 December \$95 puts at \$13.65

### Utility

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#### **Not Investment Advice or Recommendation**

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