

OptionsHawk

OPTIONS HAWK DAILY MARKET 5/7/2020

Sector Leaders

Banks

Energy

Software

Stock Gainers

FSLY 37.5%

TWLO 35.5%

TPC 24.5%

LYFT 22.8%

LAMR 22%

CAI 22%

FTNT 19%

Volatility Gainers

CGEN

NET

DKNG

BLUE

DBX

DDOG

High Call Volume

CGEN

NET

DDOG

FSLY

DKNG

GDDY

Bullish Options

BKR

WDAY

BABA

AMGN

SQ

BLUE

PAAS

ERI

ET

DDOG

LOW

Market Review: Stocks were strong overnight and into the open although just moving back up near to resistance all week, the soft reopening being watched as economic data around the globe continues to be dismal. On the earnings front not seeing a lot of insight as there is too much uncertainty but clear winners are emerging in Tech/Healthcare simply from emerging growth seems seeing acceleration for the new environment. The opening two hours saw some choppy range trading though breadth was continuously improving. It was a flip-flop from yesterday with major strength in Banks/Energy while Software/Internet strength the consistent theme. We close the week tomorrow with the Jobs Report and some active earnings tonight before the overall news flow starts to slow the next few weeks and more of a focus back on Macro and if there is any return to normalcy for economic activity.

S&P Chart:



Resistance	Support
2,950	2,835
3,000	2,790
3,125	2,660

Options Action Trends: We saw June opening put sales in Oil tanker names early with STNG/INSW.

What's On Tap: US Jobs Reports. Earnings from EOG, CARR, BR, LEA and others.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long the UNH May/June \$300 Call Calendar at \$6.25
- 2) **Earnings Flow** (Long DBX July \$21/\$24 Call Spreads at \$1)
- 3) Closed JD Call Spreads \$1.60 (Opened \$1)
- 4) Closed CBOE Call Spreads \$1.30 (Opened \$1)

Sector Laggards

Consumer Goods

Solar

Biotech

Stock Losers

VSTO -30%

LCI -21.5%

SERV -18%

AXGN -16%

DDD -15%

CARS -13.5%

SEDG -13%

Volatility Losers

ANGI

INSG

ZNGA

CARS

AAWW

ETSY

High Put Volume

OMF

OMC

TRGP

CARS

BLL

AAWW

Bearish Options

AAL

M

HTZ

TTD

NRG

LGND

MGNX

OMC

TGTX

UAA

DHT



Atlassian Put Sales Sees Value at 200 Day MA

Ticker/Price: TEAM (\$173)

Analysis:

Atlassian (TEAM) with notable activity on 5/6 with the December \$130 puts being sold to open 1500X \$9 to \$8.80 even as shares reach new highs, and also trades 2750 January \$100/\$75 bull put spreads at \$1.95 credit. On 5/5 a buyer of 600 December \$200 calls for nearly \$900,000 was notable and 1400 January \$140 calls remain in open interest with 700 bought on 1/14. TEAM shares have seen a powerful breakout after initially dipping following its earnings report, and nearing both a weekly channel top and 161.8% Fibonacci extension in the \$175/\$180 zone, ideally new longs look for a retest back at \$156 or at least a test of the rising 8 day moving average. The \$42B software company has solutions in workflow management, collaboration, coding, managing customer service, and more in a wide array of solutions.

TEAM has always screened as one of the best-in-class software names with impressive FCF margins (lowest sales and marketing costs to peers) and considered a leader in the DevOps theme. TEAM also is still at just 47-50% of revenues on a subscription basis, room for expansion. TEAM is actively investing in R&D and utilizing a go-to-market approach adding large volumes of new customers. Its main sites are bitbucket.com, atlassian.com and trello.com. Shares are currently trading 26X EV/Sales and 80X FCF, rich valuation. Analysts have an average target at \$160 with short interest elevated near 7% of the float. Jefferies raised its target to \$145 last week with a Hold rating calling it a rare story in Software with strong margins and revenue growth. Cowen has a \$170 target, Goldman at \$169, and MSCO at \$173. Hedge fund ownership fell 3.6% in Q4 filings,

Hawk Vision:



Hawk's Perspective: TEAM is a clear Software leader and dips are likely to be shallow and buying opportunities.

Confidence Ranking: \$\$



Bluebird Bio Calls Heat Up on Base Breakout

Ticker/Price: BLUE (\$60)

Analysis:

Bluebird Bio (BLUE) buyers active early for more than 775 November \$75 calls up to \$8.15 and now paying \$8.70 with the stock up over 7.5%. The June \$70 calls are also active with 1200 trading up to \$3.90 where buyers had previously opened 1,340 and the May \$60 calls also with 500 bought. BLUE has 1000 January \$50 short puts in OI from February as well. BLUE has been a laggard in the space but basing nicely since March and consolidating in a small flag above its rising 8, 20-, and 50-MA this week with earnings next week. A move above \$62.50 has a quick gap to \$70 and then sets up for a run back to the 200-MA at \$85 and a major downtrend break. The \$3.24B company trades 2.93X cash with limited debt and the early stages of commercialization with revenues expected to ramp from \$40M to \$370M by FY22 as Zynteglo rolls out. The treatment is expected to have peak sales around \$1.2B. The company filed in late March with Bristol (BMY) for bb2121 in multiple myeloma and they have a deep pipeline of next-gen products in development in sickle cell, CCALD, beta-thalassemia, and more. BLUE disappointed recently after pushing back their expected BLA filing for LentiGlobin in TDT back to 2021 after being widely expected in Q2 of 2020 due to a disagreement with the FDA and any update on moving forward would be a positive catalyst. Analysts have an average target for shares of \$120. BMO with a \$107 PT and Stifel upgrading to Buy recently noting that while the story is not perfect, BLUE's opportunity in sickle cell disease and multiple myeloma is undervalued. Short interest is 13.6% and down from 16% in November. Hedge fund ownership rose 1.22% in Q4. Sands Capital, Casdin, and Peregrine Capital notable holders.

Hawk Vision:



Hawk's Perspective: BLUE caught my eye early this morning with June calls and continues to act great here, a gene therapy story that has been quiet but has some clear value here.

Confidence Ranking: \$\$



Tempur Pedic Size Call Buys as Shares Consolidate

Ticker/Price: TPX (\$53)

Analysis:

Tempur Sealy (TPX) with 3,000 September \$55 calls bought this afternoon up to \$8.30 and still has 5,000 May \$47.50 calls and 2000 June \$55 calls in OI from recent buyers. Shares are consolidating in a small bull flag above April's value area and a recent breakout at \$50. A move higher into the gap from March has space up to the 200-MA at \$75. The \$2.78B company trades 13X earnings and 0.86X sales with a nearly 6% FCF yield. TPX is coming off a strong quarter in the face of the pandemic and retail store closures while revenues in January/February were very strong Y/Y. The company has invested heavily in a better omni-channel platform and distribution in recent years with their higher-growth, higher-margin web-based sales up 25%. Analysts have an average target for shares of \$82. Wedbush raising their PT to \$70 on 5-1 noting that sales far exceeded expectations even as orders trended down 50% y/y but they expect a slow improvement as more stores open ahead of the Memorial Day selling period. Piper with a positive note on 3-30, one of their top bounce-back ideas for 2021, as the company has a highly variable cost structure and the model generates a significant amount of free cash flow. Short interest is 3.6% and down sharply from around 25% in late 2018. Hedge fund ownership fell 9% in Q4. Wedge Capital a notable buyer while activist H Partners has a 3.7M share position, their largest.

Hawk Vision:



Hawk's Perspective: TPX is flagging nicely after what I found to be a super impressive quarter and like the direction of the company, one that should return to its leadership position among home goods.

Confidence Ranking: \$\$



Unusual Put Sale in Stag Industrial

Ticker/Price: STAG (\$25.5)

Analysis:

Stag Industrial (STAG) with 1000 December \$25 puts sold to open \$3.30 in an unusual trade that is similar to the October put sale in **COLD**, another growing REIT, recently. STAG does not have any other notable open interest. Shares have been in a strong uptrend the past decade recently with a sharp correction but rebounded quickly and currently consolidating tightly and a move above \$26 opens room to run to \$30. The \$3.85B industrial REIT trades 13.8X AFFO and yields a 5.76% dividend with Debt to EBITDA at 4.8X. STAG reported on 4-30 and beat estimates with 24% revenue growth collecting 90% of April billings to date. STAG calls itself the only pure play industrial REIT active across the entire domestic market and has created a lot of value through property redevelopment. The industrial real estate industry is very fragmented and has stable cash flows with high tenant retention and low capital expenditure requirements, key secular demand drivers coming from Ecommerce and supply chain reconfiguration. STAG notes 43% of its portfolio handles ecommerce activity. Its top tenants include Amazon, XPO, Solo Cup, TriMas, DS Smith, Fed-Ex and DHL. It operates a conservative balance sheet and just 29% of debt matures through 2022. It operates a diverse portfolio across geography, tenants, and industries while trading at around 1/2 the multiple of peers. Analysts have an average target of \$30 and short interest is 6% of the float. RBC lowered its target to \$30 on 4/2 on Macro concerns but notes encouraged by the company's ability to navigate recent uncertainty. Hedge Fund ownership fell 5.2% in Q4 filings.

Hawk Vision:



Hawk's Perspective: STAG is beaten down and looks like an attractive value/yield play fairly insulated from the economic issues, liking its exposure to ecommerce.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

High Yield (HYG) with 7500 December \$75/\$65 put spreads bought for \$2.23

Russell (IWM) with 25,000 May 29th (W) \$123/\$106 put spreads bought to open

NASDAQ (QQQ) with 5000 March 2021 \$220 calls bought to open around \$12M position as December \$220 calls adjust out

Volatility Index (VIX) July \$45/\$65/\$75 call fly trades 25,000X50,000 at \$0.81

Consumer Discretionary/Services

1-800 Flowers (FLWS) buyers of 875 June \$21 calls up to \$2.15, continuing to climb with the June call buys to start the week

Omnicom (OMC) spread buys 1,000 June \$55 puts for \$3.40 and sells 1,500 of the \$47.50 puts against for \$1.11, adjusting some May puts

El Dorado (ERI) buyer 2950 September \$20/\$35 call spreads adjusts the \$15/\$30 call spreads

Robert Half (RHI) with 1500 June \$40 puts sold to open \$1.07 to \$1

Penn National (PENN) up 10% on earnings and 900 October \$15 ITM calls being bought \$5.60 to \$6

Nike (NKE) stock buyer sells 3000 July \$95 calls \$2.85

Lowe's (LOW) spread buys 1,874 January \$130 calls bought \$7.40 while 937 of the \$90 puts sold to open \$7.27

Carnival (CCL) opening sale 5400 July \$17.5 calls \$0.95

Under Armour (UAA) spread into 5-11 earnings with 7400 May \$9.50 puts bought \$0.58 and 7500 each of the \$9.50 and \$8 puts sold for \$0.36 combined, net \$0.22 debit

Darden (DRI) the June \$75/\$85 call spread bought 500X1,000 for \$1.45 net debit

Best Buy (BBY) with 1,800 January \$100 calls sold for \$3.85/\$3.90 today in buy-writes

Cinemark (CNK) the September \$20 calls being sold 2,000X for \$1.70 to \$1.65

Extended Stay (STAY) the December \$13/\$17 call spread being bought 1000X, recent stakes from Blackstone and Starwood, both with a long history of taking the company private

Wynn (WYNN) with 1350 June \$67.50 puts sold to open for \$3.55/\$3.50

Starbucks (SBUX) another 7000 June \$75 straddles sold for \$7.35, similar as 5-1

Dish Network (DISH) the December \$27.50 calls bought 5000X for \$3.35 as the June \$25 calls rolling

China Hotels (HTHT) with 5000 September \$22.50 puts sold to open \$0.90

Royal Caribbean (RCL) buyer 1600 September \$55 calls \$4.09

Ulta (ULTA) opening seller 1000 May \$215 puts for \$3

Foot Locker (FL) the January \$25/\$35 call spreads bought 1500X3000 for \$1.50

Consumer Goods

Lamb Weston (LW) with 1500 June \$50 puts sold to open \$0.76

Herbalife (HLF) the May \$36.50 puts being bought over 6500X for \$2.35 as the \$35 puts roll back

Aramark (ARMK) buyer of 1,500 July \$24 puts for \$2.80 to \$2.85, stock tied

Yeti (YETI) the August \$30/\$22.50 bull risk reversal opening 1000X for \$1.33, coming off a strong quarter

Turtle Beach (HEAR) reporting after the close, May \$13 calls hot earlier today with 4000X trading, 1900 June \$12 calls also with buyers, potential Work from Home quarter boost

Sally Beauty (SBH) buyer of the December \$7.50 calls 500X for \$3.72 and spread with a sale of 1000 \$17.50 calls for \$0.50

Peloton (PTON) with 3,000 October \$20 puts sold to open for \$0.70, adjusting back the Oct. \$13 short puts from 4/8

Energy

Baker Hughes (BKR) with 800 January 2022 \$13 ITM calls opening \$4 to \$4.20 early

Scorpio (STNG) with 900 June \$19 puts sold to open \$3.20

Energy Transfer (ET) with 10,000 July \$9/\$5 bull risk reversals opening \$0.34 debit

Exxon (XOM) buyers of more than 5,000 May 22nd (W) \$47.50 calls up to \$0.43

Cimarex Energy (XEC) rallying a bit near breakout of flag with 2500 September \$25 calls opening \$5 as the \$22.5 adjust, seen some positive Natural Gas flows lately

Conoco (COP) with 2400 June \$45 straddles bought

EQT Corp (EQT) flagging tightly and 700 September \$20 ITM puts sold \$6.60 to open today

Financials

S&P Global (SPGI) with 1125 May 29th (W) \$305 calls being sold to open \$4.10 to \$3.65

Wex (WEX) with 1310 June \$125 puts bought \$6.26 as the May \$130 puts adjust

Grupo Financiero (GGAL) shares moving 10% higher today and 1500 June \$7.50 calls bought for \$1.35 to \$1.50 as it works out of a narrow base

Broadridge (BR) opening sale 300 December \$110 puts for \$10.60

Healthcare

Amgen (AMGN) with 500 July \$200 synthetic long spreads opening as the May calls adjust

DexCom (DXCM) with 1000 June \$450/\$440 deep ITM put spreads being sold to open

Compugen (CGEN) a \$1B Biotech with 3500 May \$15 calls bought \$0.45 to \$0.65 in unusual action, SunTrust raising target to \$22 last month after COM701 data was positive and sees future positive readouts. Roth at Buy with a \$28 target, noting company has discovered and is developing immune checkpoint therapeutic drugs to address the unmet needs in a multitude of cancer indications, lead asset COM701, combined with the second asset COM902, has shown evidence of efficacy in tumors that are immunologically "cold," or immune-suppressed, where currently approved checkpoint inhibitors have shown little or no efficacy

Intra-Cellular (ITCI) buyers of 600 August \$19 calls for \$3.00 to \$3.10 today into weakness, expecting Phase 3 bipolar data for Lumateperone mid-year

Macrogenics (MGNX) spread sells the June \$40 calls to buy the \$17.50/\$7.50 put spread, 1000X for \$1.45, huge move yesterday after giving data during their earnings call and today's spread likely collaring stock

Cryoport (CYRX) seeing 850 November \$12.5 calls adjust to \$17.5 strike, clearing 2020 highs this week

Nuvasive (NUVA) with 600 October \$60 puts bought for \$9.65 today, tied to stock

ChemoCentryx (CCXI) buyer of the June \$60/\$80 call spread 1700X for \$5.25 and follows the recent May spreads, earnings 5-11

Align (ALGN) buyer of 400 October \$210 puts for \$27.40 with stock

Biogen (BIIB) with 400 October \$270 puts sold to open today near \$14, been popular strategy as await catalysts later this year

CVS Health (CVS) opening sale 1200 November \$50 puts \$2.33

Industrials

General Motors (GM) with 10,000 January 2022 \$35 calls opening as January 2021 adjust

American (AAL) the January \$12/\$7 bear risk reversal opening 3,500X for \$0.30. **AAL** also with 5000 November \$12/\$7 bear risk reversals opening for \$0.25

Hertz (HTZ) with another 10,000 January \$3/\$1 put spreads bought for \$1.45

Carvana (CVNA) strong breakout after results with 1500 August \$65 puts being sold to open for \$6.80, follows OTM call buys yesterday

United Parcel (UPS) with 3600 January \$110 calls sold to open \$3.45

Thor (THO) with 2000 May \$67.5 calls opening \$2.75 as the \$62.5 adjust

Pulte Homes (PHM) rising off lows this afternoon with 2,875 October \$28 calls bought \$4.30 up to \$4.60 to open, consolidating a base breakout with a large volume pocket back to \$38.5

Flir Systems (FLIR) with 5,000 June \$40 puts sold to open this afternoon down to \$0.66, strong move recently with adoption of their thermal temperature equipment

3M (MMM) with 425 March 2021 \$130 puts bought to open \$13.30 to \$13.45

Knight Swift (KNX) with 1,500 September \$45 calls sold to open down to \$1.40

Fed-Ex (FDX) short-term bearish play bought 1500 May \$115/\$110 put spreads for \$1.12

United (UAL) with 10,000 January \$13 puts bought for \$2.73, tied to stock

Fastenal (FAST) buyer of 2,000 August \$40 calls around \$2 as the May \$37.50 calls roll out. **FAST** also seeing buyers of 1700 June \$37.5 calls

Materials

Ball (BLL) with another 1750 June \$57.5 puts sold to open \$1.40 into earnings weakness, down 3.5%

Pan American (PAAS) tightly coiled under resistance seeing 1000 October \$28 calls open \$1.71. **PAAS** also with 1000 October \$17 puts sold to open \$1.575

Vulcan (VMC) with 400 November \$100 puts bought \$12.01 to open

CNX Resources (CNX) opening seller 1000 July \$10 puts \$1.29

Owen Illinois (OI) speculative buyers of 1750 December \$12 far OTM calls \$0.45 to \$0.50

Barrick (GOLD) buyer 1600 January 2022 \$40 OTM calls today \$3.45

Tech and Telecom

Fastly (FSLY) with 500 January \$45 OTM calls bought \$2.30 early

Twilio (TWLO) buyers of 1,000 May \$160 calls up to \$8 as some \$130 calls roll up

Trade Desk (TTD) buyer 1000 May 29th (W) \$315 puts \$29.20, also saw July \$300 calls with closing sales 900X earlier

Qualys (QLYS) buyers of 335 December \$125 calls for \$7.40 to \$7.70 today ahead of earnings, highlighted cloud-security name in the May Market Brief

Roku (ROKU) with 1500 deep ITM June \$160/\$155 bull put spreads opening

Zillow (Z) with 1000 May \$43 puts sold to open for \$2. **Z** also an opening sale 1000 November \$40 puts for \$7.25

Workday (WDAY) buyers of 550 May 29th (W) \$170 calls for \$3.20/\$3.30 ahead of earnings on 5-28

Synaptics (SYNA) with 500 June \$57.50 puts sold to open for \$2.25 in a stock replacement with earnings tonight

Equinix (EQIX) with \$950K of June \$690 calls opening near \$20 as May \$660 adjust

DataDog (DDOG) unusual speculative low Delta call buyers with 2000 May \$55 and 7500 May \$60 trading, reports 5/11, note Cisco also reports and formerly approached them with a takeover offer. **DDOG** also seeing 2000 October \$55 calls bought \$4 that are likely closing short calls

Salesforce (CRM) buyer 1000 July \$200 calls \$1.75

Twitter (TWTR) with 2000 December \$30 puts sold to open ITM for \$5.70

Pinduoduo (PDD) the June \$60 calls bought 1300X \$1.25 to \$1.35

Cognizant Tech (CTSH) buyers of 625 June 26th (W) \$59 calls for \$3.20 to \$3.30, rolling up and out of the May 8th (W) \$53 calls ahead of earnings

CornerStone On-Demand (CSOD) rising out of long basing pattern and 1700 June \$40 calls active with buyers near \$1.45 today, earnings 5-11

IMPINJ (PI) buyers of 715 June \$25 calls from \$1.85 to \$2.15 this afternoon, nice flag forming above the 50-MA

Palo Alto (PANW) strong session with the **FTNT** report, seeing 500 January \$260 calls open \$9.25 to \$9.30 today as a stock replacement, shares in a large earnings gap from February

Nutanix (NTNX) stock buyers with 2500 January 2022 \$10 puts bought \$1.95 and 1250 of the \$55 calls sold \$1.40

Box (BOX) buyer 2500 September \$17 calls to open \$2.10, earnings not until 5-27 but DBX reports tonight

PluralSight (PS) buyers of 1275 June \$17.50 puts for \$1.25 to \$1.30 into strength

Service-Now (NOW) buyer of 200 September 2022 \$420 calls for \$80.40, adjusts January 2021 \$340 calls

Wayfair (W) with 1000 August \$100 puts sold to open today near \$7.50

DocuSign (DOCU) buyer 1700 June \$135 calls to open \$3.80 adjusts May \$120 calls

Bill.com (BILL) with the June \$60/\$45 put ratio spread opening 1,500X4,500 for a small net credit into earnings tonight

NXP Semi (NXPI) buy-write sells 1300 September \$120 calls \$5.30

Utility

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