

OptionsHawk

OPTIONS HAWK DAILY MARKET 5/8/2020

Sector Leaders

Energy

Financials

Materials

Stock Gainers

AAXN 20.5%

BILL 13.95%

THO 12.65%

NWSA 11.5%

IPHI 10.5%

Volatility Gainers

- MARA
- APY
- WLL
- DB
- GME
- PCG
- IMMU

High Call Volume

- LOGI
- LEG
- AXL
- SVMK
- SWCH
- CHGG
- AVLR

Bullish Options

- CVS
- NIO
- WDAY
- KLAC
- ASML
- BKNG
- DISH
- LYFT
- TJX
- DIS
- KGC

Market Review: Global markets finished the week on a positive note with trade tensions easing a bit as the US/China affirmed their Phase 1 goals. Mnuchin and Lighthizer held a positive call with China that helped quell some animosity from the President. More fiscal stimulus also in focus with Speaker Pelosi preparing a \$2T add-on to the current US plan and Japan adding incentives for small business. Unemployment data was bad, as expected, with the rate surging to 14.7% but below the mid-point of estimates at 16.2%. NFP were down 20.5M. The market continues to pay more attention to the upcoming data and whether we've stabilized or turned a corner. Wholesale inventories down slightly in March. We saw more positive commentary about re-opening and a return to normalcy from UBER, DIS, and BA. The S&P higher in early trade today back up to 2917.75 and VWAP for the year (also aligns close w/ the 200-MA) where we ran out of steam and faded a bit. We are above all the short-term moving averages as well as March and April VWAP, so certainly some wind at our back but a close above the 2925/2950 range will be hugely important.

S&P Chart:



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

Options Action Trends: We saw some bullish flows into restaurant names like QSR, DIN, and EAT.

What's On Tap: Economic data in focus next week includes China CPI, US import prices, EU GDP, and US Industrial Production. Earnings slow down a lot but notable reports from CSCO and AMAT. It is a big week for conferences (industrials, TMT, retail, healthcare, gaming) and likely early commentary on May trends.

Trade Tracker Portfolio Changes:

- None

Sector Laggards

Tech

Healthcare

Utilities

Stock Losers

NET -15%

APPN -11%

AGO -8%

TTD -7%

MSI -6.5%

Volatility Losers

- HEAR
- NET
- SVMK
- BILL
- TWNK
- RDFN
- AAXN

High Put Volume

- FIZZ
- BILL
- CWH
- FE
- SEG
- MSI
- MKC
- TWLO

Bearish Options

- HDS
- LOW
- FISV
- BILL
- HLF
- RVLV
- HTZ
- FIZZ
- OXY
- AAL



Fastenal Bull Sees More Upside Amid Healthcare, Safety Push

Ticker/Price: FAST \$38

Analysis:

Fastenal (FAST) afternoon buyer of 2,000 August \$40 calls around \$2 as the May \$37.50 calls roll out and over 3,000 at the strike now. FAST also seeing buyers of 1700 June \$37.5 calls, same spot where buyers active on 4/27. Shares have held up well and back near new all-time highs above \$38.50 with a weekly breakout targeting \$45+. FAST is a bit over-extended above its 8-EMA but solid near-term trend and likely holds the YTD VPOC around \$36 on a pullback. The \$22B company trades 27.5X earnings and 4X sales with a 2.6% yield. FAST is coming off a strong quarter despite the overall retail weakness. Their safety business which makes eye protection, respiratory protection, hand protection, and other PPE rose 31% while their government business which focuses on sales to FEMA, among other federal agencies, rose 31%. Analysts have an average target for shares of \$75. Argus positive on 4-15 noting that the company has become a "critical infrastructure" provider due to its presence with state/local governments, first responders, and food processors, among other customer verticals. Baird positive on 4-15 as well noting that FAST has typically outperformed during recessionary periods. William Blair noting on 4-14 that if April is the worst sales month, then 2020 EPS could hold up much better than most thought given the store re-openings expected. Short interest is 4.5% but declining steadily since early 2018. Hedge fund ownership fell 6.5% in Q4. Route One Investment with 12M shares, their third largest. FAST insiders have been active in 2020 with the biggest purchase a \$640,000 buy from a director in January at \$35.57.

Hawk Vision:



Hawk's Perspective: FAST is a bit over-heated here but a nice name to target on a dip back to \$35/\$36 as it is showing clear relative strength and value.

Confidence Ranking: \$\$



Bullish Box Call Buyer Sees Potential Trend Inflection

Ticker/Price: BOX (\$16.75)

Analysis:

Box (BOX) unusual large buy of 2500 September \$17 calls for \$2.10 on 5/7, a name lacking much open interest though 1100 September \$18 puts sold to open on 4/17. BOX also has 7800 January \$10 puts in open interest from early March that may have been stock hedges. BOX was a strong trend name 2016-2018 and then pulled back to retest a base breakout form 2016 earlier this year, but now shares starting to emerge out of a monthly falling wedge pattern with a trend inflection. BOX sees significant opportunity in CCM with a \$40B TAM and nearly 96% recurring revenue while adding partnerships with other leaders like Amazon and IBM over the last two years have broadened their customer base. The company is seeing strong growth for add-on products like Governance, Keysafe, and Zones while expanding strategic partnerships. On 5/7 BOX announced its new Collections experience which also integrates Zoom (ZM). BOX currently carries a market cap of \$2.5B and trades 3.5X EV/Sales which is well below software peers but it has struggled to maintain growth, though 14.4% topline growth in 2020 and 119% EBITDA growth with 9.5%/70% seen in FY21 respectively. BOX has been a name in focus recently with activist Starboard taking a stake and drawing attention to the company's lack of growth. The firm thinks BOX needs to find better balance between growth and profitability as they are having problems with a model transition towards more software products and away from data-storage products and may be attractive in a sale, although not Starboard's preferred avenue. On 3/23 it was announced that 3 independent directors are joining the board. BOX should benefit from the recent work from home move with it positioned well in the \$45B content and collaboration market as ECM workloads moving to the cloud and offering an end-to-end CCM portfolio and Suites. Analysts have an average target of \$17.75 with shares interest at 5.2% of the float, rising 19% Q/Q. Berenberg upgraded shares to Buy on 3/25 and MSCO upgraded to Overweight on 3/25. Hedge Fund ownership was relatively flat in Q4 filings, Starboard adding to its position.

Hawk Vision:



Hawk's Perspective: BOX valuation looks compelling especially considering the work from home boost it should start to see, a name that could eventually be a M&A target.

Confidence Ranking: \$\$



Biohaven Bull Sees More Upside with Emerging Migraine Drug

Ticker/Price: BHVN \$47.90

Analysis:

BioHaven (BHVN) buyer of the October \$55 calls, 1500X for \$6.70 as the July \$45 calls adjust and a lot of bullish open interest in across the May, July, and January options. BHVN shares are flagging above the 200-MA after a strong run back to the Feb/March highs with a move above \$50 targeting a run to \$56 and the big volume node from December. Longer-term, BHVN is set to clear a downtrend from the April 2019 highs. The \$2.94B company trades 9.2X cash with limited near-term debt maturities. BHVN expects to see a strong ramp in revenues as they are in the early commercial stage for Rimegepant, their migraine treatment, with \$38M in FY20 and up to \$500M by FY22. Rimegepant has shown positive safety and efficacy in both acute and preventive cases of migraine and the only oral solution for the latter where IV is the current SoC. Migraine has a significant market opportunity with 15% of the US population impacted and most during their peak employment years. Analysts have an average target for shares of \$66.75 with 10 buy and 3 hold ratings. Cowen starting at Outperform on 4-17 based solely on the likelihood of Nurtec's success and ultimately \$1B in sales and thinks the drug will differentiate given its likely prevention label. Canaccord positive on 3-31 noting that their migraine franchise could fit well within a larger biopharma if M&A picks up. Short interest is 17.6% and rising in a cautious signal. Hedge fund ownership fell 10% in Q4. Polar Capital, Point72, and Broadfin all buyers of stock and calls. BHVN had a number of insider buys in mid-2019 between \$40.50 and \$43 including a \$400,000K buy from a director at \$40.37.

Hawk Vision:



Hawk's Perspective: BHVN has always been a tricky one for me given the high short float and early commercial names can be tough, but upside is strong given their broader label

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

NASDAQ (QQQ) morning trade round-up, seeing 5000 August \$195 puts open \$6.05 as May 29th (W) adjust. QQQ large trade bought 9300 September \$220 calls for \$18, adjusting December \$220 calls (6200X) that opened 4/13

Russell (IWM) with 2500 September \$140/\$129 stock collars opening. IWM seeing 10,000 June \$124 puts bought \$4.85 this morning as well. IWM August \$145 calls actively bought 7500X and will confirm OI change

S&P (SPY) with 3000 June 3rd (W) \$291 calls opening buys \$7.55 this morning, also seeing 2000 December \$278 puts sold to open \$21.82 today.

Semiconductor (SMH) with 2000 June \$138 calls bought to open today \$5.06

Consumer Discretionary/Services

Restaurant Brands (QSR) with 2500 June \$40 puts sold to open \$0.64

Take-Two Interactive (TTWO) with 1,230 June 5th (W) \$110 puts sold to open for \$1.25 to \$1.20 ahead of 5-20 earnings, strength from peers recently

Disney (DIS) buyer of 1000 September \$115/\$135 call spreads for \$5.19. **Disney (DIS)** September \$130 calls hot with 9000X bought \$2.45 to \$2.60, will confirm OI Monday

Lowe's (LOW) with 9900 May 22nd (W) \$115 calls sold to open \$3.65. **LOW** also with 10,000 May 22nd (W) \$120 calls sold for \$1.95. **LOW** now with 4000 June \$125 calls sold down to \$1.62 to open

Peloton (PTON) into small pullback early seeing 2450 January 2022 \$65 calls bought \$9.40 to \$10.15

Melco (MLCO) unusual buyers 1950 June \$18 calls early \$0.65 to \$0.70. MLCO also with 1000 July \$17/\$22 call spreads bought for \$1.32

Burlington (BURL) the September \$165 puts bought 500X for \$15.825 and spread with a sale of the \$145 puts 800X for \$8.06

TJX the June \$50/\$55 call spread bought 1000X2000, positioning for a move back to the 200-day

Best Buy (BBY) unusual short term bullish play as 1500 May \$80 puts sold to open ITM for \$3.15

Leggett (LEG) unusual 5000 short-term May \$30 calls bought \$0.45 to \$0.55 to open

Chewy (CHWY) buyer of 500 January 2022 \$32 puts for \$8.22, tied to stock

Signet (SIG) buyers of 7,250 far OTM July \$16 calls bought for \$0.50 to \$0.60 today, highly shorted name at 27% of the float. **SIG** also seeing some cheap short-term May \$11 calls bought today. Action today comes ahead of peer Richemont earnings on 5-15

Revolve Group (RVLV) buyers of 570 September \$17.50 puts for \$6.80, shares up 18% today with earnings next week

Dine Equity (DIN) buyers of 700 September \$55 calls for \$4.10 to \$4.60 today, owner-operator of IHOP and Applebee's

Brinker (EAT) with over 6,000 May \$22.50 calls bought up to \$1.10, shares basing back at the recent range breakout

Activision (ATVI) with 6000 May \$74 calls bought up to \$1.28

Norwegian Cruise (NCLH) the September \$15 calls bought 5,000X for \$2.95 to \$3

Under Armour (UAA) with 2,500 ITM January 2022 \$15 puts sold to open down to \$6.51 in a stock replacement

Starbucks (SBUX) with 6300 July \$85 calls sold for \$1.52, extending out some short calls from the May \$82.50 strike

McDonalds (MCD) with 2000 September \$210 calls sold to open for \$2.48 to \$2.46

Consumer Goods

National Beverage (FIZZ) with 2000 October \$55 puts bought up to \$11. **FIZZ** recently with 2000 July \$50 puts bought as well

Herbalife (HLF) the August \$45 puts bought 4500X for \$6.95 to \$7

Colgate (CL) the November \$70 calls opening 1000X for \$4.69, adjusting out of the May \$67.50 calls

Target (TGT) with 1000 May 22nd (W) \$107 ITM calls bought for \$9.80, adjusting some May calls for earnings on 5-20

Hormel (HRL) with 4000 June \$46 puts bought \$1.35 to \$1.40

Energy

Occidental (OXY) IV rising with 5000 June \$11 puts bought \$0.57 to \$0.64

Apache (APA) small flag forming and 2,750 May 22nd (W) \$13 calls bought up to \$0.68

Financials

Chubb (CB) buyer of 500 August \$110 calls for \$5, size insider buying lately including a \$1M buy from a director on 5/1

PagSeguro (PAGS) with 1200 June \$32.5/\$27.5 bull risk reversals opening \$1.53 credit

Morgan Stanley (MS) opening sale 1250 June \$39 calls \$3.05

Square (SQ) with 1,750 December \$52.50 ITM calls bought \$24.50 to \$24.75 as some June calls roll

Pennymac Financial (PFSI) buyers earlier of 1,000 June \$30 calls for \$2.60 to \$2.95

Welltower (WELL) with 5000 September \$50 calls bought for \$2.97, adjusting back the \$55 calls that opened with the \$42.50 puts in risk reversals lately

Athene (ATH) the June \$30 calls bought 8000X for \$1.25

Simon Property (SPG) earnings on 5-11 and today the July \$55/\$35 put spread bought 500X1,000

Healthcare

Schrodinger (SDGR) with 600 June \$55 calls bought \$5.00 to \$5.20 today as shares consolidate into earnings 5-13

Syndax Pharmaceuticals (SNDX) with 500 July \$25/\$12.50 bull risk reversals opening for \$1 as it continues to consolidate the recent move higher

So Young (SY) unusual action with 700 September \$10 calls being bought \$2.70 to \$2.95 this morning, Chinese platform for medical aesthetic services

CVS Healthcare (CVS) with 2,000 January 2022 \$70 calls opening \$6.35 as the January 2021 calls adjust out

Mednax (MD) with 2,500 June \$17.50 calls bought today for \$0.50, adjusting the May \$15 calls bought recently

Seres Therapeutics (MCRB) buyers of 2,500 October \$5 calls earlier for \$1.20 to \$1.30, odd size for the name that is looking to break out of a wide, year-long base. The \$319M biotech trades 9X sales and 3.3X cash.

AstraZeneca (AZN) buyer of 2,000 June \$55/\$50 bull risk reversals this afternoon for \$0.45

Industrials

General Dynamics (GD) unusual early action with 900 June \$140 calls opening \$1.50 to \$1.90

Honeywell (HON) unusual early action with 2000 OTM June \$155 calls bought \$0.74 to \$0.80

United (UAL) buyer of 10,000 June \$18 puts for \$1.17 to \$1.19

Nio (NIO) unusual 2500 November \$4.50 calls opening \$0.98 offer. **NIO** with a strong April deliveries number this week and extension of the EV subsidy in China until 2022

Delta (DAL) stock replacement opens 1500 August \$25 calls for \$2.90

American (AAL) with another 5,000 January \$3 puts bought up to \$1.60, spot with 31,500 accumulating lately

American Axle (AXL) buyer of 5,450 October \$10 calls for \$0.65 and spread with the \$15 calls to open, big move higher on earnings

Hertz (HTZ) with the July \$3/\$1 put spread bought 11,000X

Lear Corp (LEA) buyer of 1000 ITM September \$85 calls for \$22.24, stock up 8% on earnings today

HD Supply (HDS) with 1000 September \$32.50 calls sold to buy the \$27.50/\$20 put spread

Toll Brothers (TOL) strong move today with 4500 January \$28 calls bought \$4.65 to \$4.70

Snap-On (SNA) with 1000 June \$115/\$100 put spreads bought for \$2.35

Textron (TXT) with 2,000 June \$30/\$22.50 bull risk reversals opening today for a small debit

Materials

Kinross (KGC) the January \$7/\$13 call spread being bought 10,000X20,000 today with the \$5 puts sold 10,000X

Clearwater (CLW) the Jun \$30/\$40 call spread bought 500X for \$2.30, size October call OI from recent adjustments

Mittal Steel (MT) with 1,325 December \$11 puts sold to open \$1.96 to \$1.93

Axalta (AXTA) stock replacement buys 5000 July \$22 calls for \$0.65

Tech and Telecom

HP Enterprise (HPE) with 1050 August \$8 calls bought \$2.02 to \$2.15 to open, long base forming

NVIDIA (NVDA) buyer 2000 May 22nd (W) \$350 calls \$1.99 to \$2

AMD (AMD) with buyers 1635 May 29th (W) \$53 calls \$2.10 to \$2.12

T-Mobile (TMUS) with 1150 June \$100 calls opening \$2.21

Booking Holdings (BKNG) with 1,300 January 2022 \$1,900 calls bought today from \$142.50 to \$155 with shares forming a wide base and looking for travel to normalize in 2021+

ASML Corp (ASML) buyers this morning active for 465 July \$330 calls \$8 to \$8.40

KLA Tencor (KLAC) buyer 320 June \$180 calls \$5.60 to \$6

Workday (WDAY) with 500 May 29th (W) \$172.5 calls opening \$6.15 as May \$165 adjust

Lyft (LYFT) with sellers of 10,000 June \$30 puts to open today from \$1.90 down to \$1.83

Dish (DISH) with 1500 September \$27.50 calls opening as May \$25 adjust

ON Semi (ON) seeing 3500 May \$18 calls obought \$0.30, earnings 5-11

Fiverr (FVRR) strong lately and today 650 May \$50 calls bought up to \$2.10

Okta (OKTA) with 200 January 2022 \$180 calls bought to open above \$37 as January \$150 calls adjust, and over 2300 in OI there so could see more rolls

Chegg (CHGG) big mover this week and today 700 July \$65 calls bought for \$4.46 as some May calls adjust

ServiceNow (NOW) buyers of 600 June \$420 calls for \$9.40

Bill.com (BILL) buyers earlier of 1,275 June \$80 puts for \$11.60 to \$12.70 with the earnings move

Grub Hub (GRUB) sellers of 1,500 January \$40 puts for \$6.70 this morning, benefiting greatly from the pull-forward of users due to the pandemic

DataDog (DDOG) the October \$70 calls being bought 2,000X this morning up to \$2.30, stock trading \$52 with earnings on 5-11

Liberty (LBTYK) with 2,500 October \$25/\$17.50 bull risk reversals bought for \$0.35 with their Telefonica deal announced

JD.com (JD) with 7000 July \$47 calls bought \$3.65 to open, adjusting higher the June \$41 calls with earnings next week

Cisco (CSCO) with 1250 July \$39 puts sold to open today for \$1.53

Wix.com (WIX) with more than 1,650 January \$130 puts bought \$13.10 to \$13.60 with earnings on 5-13. **WIX** also with 1800 January \$115 OTM puts bought \$9.00 to \$9.30

TripAdvisor (TRIP) with 2,000 September \$21 calls bought today for \$1.85, stock replacements

Utility

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Not Investment Advice or Recommendation

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