

OptionsHawk

OPTIONS HAWK DAILY MARKET 5/9/2019

Sector Leaders

Gold Miners

Utility

Housing

Stock Gainers

CTRL 39%

ROKU 23%

TSG 16.3%

TTGT 16%

CDNA 15%

OSTK 14.2%

FLXN 12%

Volatility Gainers

- LCI
- TEN
- MLNX
- GDOT
- STM
- AMRN

High Call Volume

- SOHU
- BFR
- XEC
- TZOO
- TSS
- LBTYA

Bullish Options

- SOHU
- HUYA
- JD
- XEC
- CRM
- PCG
- BABA
- CAT
- TZOO
- SC
- MPC

Sector Laggards

Solar

Semi's

Retail

Stock Losers

STMP -55%

TEN -35%

CNDT -33%

RYAM -31%

GDOT -30%

SAIL -29%

VRTV -19%

Volatility Losers

- CTRL
- ETSY
- OSTK
- FOSL
- CVNA
- TTD

High Put Volume

- CTB
- CNDT
- APH
- ODP
- EXPD
- FRC

Bearish Options

- LRCX
- FL
- HIIQ
- CC
- KSS
- BP
- ARMK
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Market Review: Stocks were weak overnight trading down to the lowest level of the week as Trump continued to attach China as the hopes of a trade deal fade. Intel's Analyst Day carried over and weighed on Semiconductors while North Korea/Iran situations also closely being monitored. With the bulk of earnings season having passed, and with solid overall results, the focus turns back to global growth. Inflation data for April came in tame, justifying the Fed's patient approach. Weakness was broad-based again with Solar, Semiconductors, Oil Services and Retail all down more than 2%. Stocks rebounded sharply midday with Trump making comments on Bloomberg TV and the S&P attempted to put in a hammer reversal on its 50 day MA. Tomorrow sets up as a light schedule and trade talk remains in focus, while next week is May options expiration. Sellers hit stocks in the last hour after the weak bounce and internals remained weak, a downward trend continuing in May.

S&P Chart:



Resistance	Support
2,915	2,865
2,950	2,820
3,000	2,785

Options Action Trends: Call buyers targeted China Internet names early like HUYA, JD BABA and SOHU. We also saw Iron Condors opening as volatility hit near 2019 highs.

What's On Tap: Inflation Rates and Fed Speakers. Earnings from LIN, MAR, JD, EFX, VIAB and ENB.

Trade Tracker Portfolio Changes:

1. **Spotlight:** Long **AKAM** August \$80/\$87.5 Call Spreads \$2.10
2. Closed **FOXA** Call Calendars \$1 (Opened \$0.70)
3. Sold **NNI** \$61.50 (Bought \$59.9)



Santander Attracts Bullish Positioning

Ticker/Price: SC (\$21.40)

Analysis:

Santander Consumer (SC) shares pulling back from 52-week highs to rising cloud support and bullish flow yesterday as the November \$23/\$19 bull risk reversal opens 4,650X for a small debit. SC has bullish open interest in the May \$20 calls, July \$20, \$21, \$22, and \$23 calls from February and April. The small channel back to support has room back to \$22 and a breakout targeting \$26 out of this big weekly range. The \$7.49B company trades 7.58X earnings, 1.04X sales, and 1.25X FCF with a 3.75% yield. They see EPS growth of 3.1%, 5.7%, and 12.8% through the next three years with 5-6% revenue growth. SC is benefitting from better loan originations at Chrysler Capital, up 23%, with delinquency ratios falling by 50 bps. They see near-term tailwinds from strong macro data like historically low unemployment, rising consumer confidence and steady US auto sales. Recovery rates hit 50%, the highest since 2016. Short interest is 1.1% and near multi-year lows. CSFB raising their PT in late April to \$26. They believe the Federal Reserve recently lifting its order on SC is a prerequisite for the parent (SHUSA) to acquire the minority interest without significant incremental capital. "SC would have to acquire ~\$0.75 of its shares, or ~10% of today's market cap, to reach 80% ownership and consolidate SC which, we believe would reduce cash taxes on dividends as well as eliminate a deferred tax liability." Institutional ownership rose 5.6%. Windacre Capital a buyer of 5.9M shares, now with a 10.2M share stake and a 10.3% weighting. Azora Capital buying calls and Canyon Capital with 6.77M shares.

Hawk Vision:



Trading Strategy: SC has a clear catalyst expected this year with the consolidation structure but also like it a lot better close to that short put strike, or the 200 MA at \$20.

Confidence Ranking: \$\$



Call Positions Build in Immunomedics for 2H19 Rally

Ticker/Price: IMMU (\$14)

Analysis:

Immunomedic (IMMU) shares opened higher after reporting results but now trading 3% lower near multi-week lows, a name that has seen unusual activity this week including 3,500 January \$15/\$19 call spreads bought, 2,000 January \$22 calls bought, 2,000 August \$17 and \$20 calls bought, and 3,000 November \$20 calls bought. In the update it noted the agreement with Janseen to co-promote Balvera and its Phase 3 TROPICS-02 study launched in HR+/HER2 metastatic breast cancer. The CEO also noted " Significantly, we have received clarity from the FDA on the CRL and plan to resubmit the BLA in early fourth quarter of 2019." On the long term chart IMMU shares have retraced 50% of the big move in 2017-2018. The \$2.9B Biotech did not earn any revenues in the latest quarter, but has collaborations with Clovis (CLVS), AstraZeneca (AZN) and others. Analysts have an average target of \$25 and short interest now 31% of the float has risen sharply since Q4. HC Wainwright was out positive on 4-30 with a \$29 target noting the favorable licensing agreement with China's Everest Medicines to enable IMMU-132 to enter those markets quicker. Piper is Overweight with a \$20 target and also sees the recent licensing terms as very favorable. Berenberg started coverage in late March at Buy with a \$40 target. Hedge Fund ownership fell 2% in Q4 filings, Boxer Capital taking a notable new position.

Hawk Vision:



Trading Strategy: IMMU with a high and surging short float keeps me skeptical and if looking to own it would pair it with puts for protection.

Confidence Ranking: \$\$



Cimarex Energy Calls Active into Weakness

Ticker/Price: XEC (\$67)

Analysis:

Cimarex (XEC) with buyers of more than 1,200 June \$60 calls today between \$7 and \$7.70 and later 2,785 September \$80 calls bought around \$1.80/\$1.85. XEC is trading in a narrow channel from the January highs with a move over \$70 key above cloud resistance for a move back to \$77.50 and the 200-EMA. The \$6.92B company trades 4.25X EV/EBITDA and 8.65X cash with strong cash flow conversion and a 1.2% yield. XEC sees 21% EPS growth in FY20 and 5-6% the next year with revenue growth of 12.7% and 11.3%. They see production growth of 20-30% Y/Y and expected to see better price realizations as the differential between Permian and WTI narrows. The company acquired Resolute for \$1.6B in late 2018 and expands their footprint in the Permian Reeves Valley. The deal is accretive to EPS this year and cash flow from the new wells will fund additional development from day one. Analysts have an average target for shares of \$107.50 with 11 buy ratings and 12 hold. Short interest is 2.8% and down from around 6% in early 2019. Susquehanna upgrading to Positive in February with an \$88 PT. They think capital efficiency is set to improve as an extended period of Permian spacing tests, which negatively impacted well productivity, are largely behind the company. This, coupled with more oil-well growth from REN assets, provides a visible path for free-cash-flow generations. Institutional ownership rose 14.7%. Boston Partners, Bridgewater, and Point72 all notable buyers.

Hawk Vision:



Trading Strategy: XEC appears to be basing the last six days and M&A looks to be a potential driver in the space with XOM, CVX, and COP all possibly looking for deals after the OXY/APC deal. It has a nice level to trade against near-term.

Confidence Ranking: \$\$



Caesar's Bullish Positioning Near-Term and Long-Term

Ticker/Price: CZR (\$9)

Analysis:

Caesars (CZR) with the September \$8/\$6 bull risk reversal being bought 1,775X today and then later 38,000 January 2021 \$10 calls bought for \$1.40 in a stock replacement for 2.5M shares of stock. CZR recently has seen 20,000 May 24th (W) \$9.5 calls bought and the September \$9 and \$10 calls with buyers recently. The January \$10 calls also have 30,000 in open interest. Shares have pulled back to cloud support and putting in a strong hammer today. CZR is in a narrow multi-week range under \$9.50 with upside to \$12.50 and a big volume node from 2018. The \$5.87B company trades 0.7X sales and 4X cash with 2-3% sales growth. CZR is benefitting from strength on the Las Vegas strip where visitor metrics and convention attendance is growing. They see catalysts for further traffic growth in 2020 and beyond from the Raiders relocation, new LV convention center expansion, and MSG Sphere. CZR sees sports betting as a major growth engine and now operates 17 sportsbooks including 5 outside of NV and plans to open more this year pending legislation. They've signed partnerships with the NFL and Turner to help grow awareness for their branded app. Analysts have an average target for shares of \$12 with 5 buy ratings and 4 hold ratings. CZR has been an active deal name over the last several months with both Eldorado and Tillman Fertitta actively considering bids, though no decision has been made by CZR to explore a sale yet. Carl Icahn has taken a 15.5% stake in the company is reportedly urging the company to open a bidding process. Institutional ownership fell 25%, largely due to HG Vora selling 34.5M shares. Oaktree bought 10M shares while Icahn has 119.9M shares. Insiders were also active buyers in November/December with over \$800K bought between four different individuals. CEO Frissora bought \$950K in stock in August at \$9.55. Short interest is 19.3%.

Hawk Vision:



Trading Strategy: CZR looks intriguing versus the \$8.40 level on a combination of Insider buying, options flow, and potential M&A optionality.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Emerging Markets (EEM) sweep buys 18,000 June \$42.50 calls \$0.72 into sharp drop today

Taiwan (EWT) another Asian market with unusual put buying as 3,000 Dec. \$32 open \$1.23

Dow Jones (DIA) with 6000 May 24th (W) \$255 puts opened midday near \$3.35 in large lots

Consumer Discretionary/Services

Foot Locker (FL) 1,000 June ITM \$60 puts bought for \$6.20 today. **FL** now also with 1,450 of the June \$57.50 puts opening \$5. **FL** also with 500 June 7th (W) \$55 calls bought \$4.70 to \$4.80

Dick's Sporting (DKS) buyer of 1500 June \$35/\$30 put spreads. **DKS** also with 1000 June \$36/\$41 call spreads opening

Capri (CPRI) with 1,000 June \$45 calls bought for \$3.10 and spread against sales of the \$50 and \$52.50 calls today

Comcast (CMCSA) with 3000 January 2021 \$45 calls opening \$4.20 in a stock replacement. **CMCSA** with 4,350 March 2020 \$42.50 calls opening \$3.65 in a stock replacement

Kohl's (KSS) buyer of 2300 July \$60 puts \$2.15 where 5,500 are in OI

TravelZoo (TZOO) strong in a weak tape the last five sessions and unusual buying of 1,050 June \$18 calls for \$3 this morning. TZOO shares are quietly back to the 2018 highs and highest level since 2014 with today's activity coming ahead of the Booking (BKNG) report. The \$224M travel website company has seen strong accumulation since reporting better than expected EPS on 4-25 though revenues were light and unchanged Y/Y, also announced a \$1M share buyback on 5-7. TZOO now trades 42X Earnings, 18.8X EBITDA and 2X Sales. Revenues are expected to see accelerated growth the next three quarters and EPS seen growing 10% and 15% the next two years. Short interest is 6.3% of the float. Analysts have not provided any insight in a while as the name has not seen much coverage.

TAL Education (TAL) with 2,000 August \$34 puts bought today for \$2.15 tied to long stock into the pullback to the 50-day MA

Disney (DIS) opening sale 4500 November \$160 calls in a buy-write

Wendy's (WEN) buyer of 1000 June \$18 calls \$1.10 into post-earnings fade

At Home (HOME) highs of the day with 1,000 June \$24 calls bought \$2.10 to \$2.20

Liberty (LBTYK) another 4,000 October \$30 calls being bought today up to \$1.05 where 8,850 sit in open interest already

Consumer Staples

ARAMARK (ARMK) sweep buy 1000 July \$30 puts for \$1.25

Costco (COST) with 1,000 May 31st (W) \$220 puts bought for \$1.01 to \$1.06 ahead of 5-30 earnings

Energy

Marathon Petro (MPC) with 10,000 October \$57.5 calls bought \$2.65 into weakness at \$62.5 calls roll back. **MPC** also sweep buyers of 5000 July \$55 calls to open

BP PLC (BP) with 1,000 December \$39 puts bought to open \$1.98. **BP** also seeing 700 December \$39 calls bought for \$3.90 to \$3.95

Energy Transfer (ET) buyers of 8500 October \$16 calls \$0.61 to \$0.67

California Resources (CRC) buyer of the November \$20/\$28 call spread sells the \$15 puts to open today 1,000X

Clearway Energy (CWEN) unusual buy of 1,500 August \$15 puts for \$0.77

Marathon Oil (MRO) buyer of 1,500 January 2021 \$18 calls \$2.35

National Oil & Gas (NOG) with 17,500 January 2021 \$1.50 puts opening \$0.25

Schlumberger (SLB) with 1,000 ITM November \$45 puts sold down to \$6.55 today

Financials

TSS (TSS) looks like 1,000 May \$100 calls rolling to August \$105 calls today which open for \$1.80, spot where buyers were active in February

Banco Frances (BFR) with 2,600 October \$10 calls opening for \$0.85 today as some July calls roll out

Corrections Corp (CXW) with 400 December \$21 calls bought \$2.05 to open

Santander Consumer (SC) off the lows with another 2,800 November \$23/\$19 bull risk reversals bought for no cost today

Square (SQ) buyers of 2,285 May 31st (W) \$63.50 puts today from \$1.64 to \$1.70. **SQ** with 7500 June 14th (W) \$67.5 calls sold to open

Zillow (Z) earnings tonight and 2,700 June \$35 calls bought up to \$2.75

Healthcare

Lannett (LCI) opening sales 5000 December \$5 puts for \$0.75

Health Insurance Innovations (HIQ) buyers of 1,000 July \$23 ITM puts for \$4.80 to \$5.10

Alexion (ALXN) with 300 June \$130 puts bought \$6.40 to \$6.70

Amarin (AMRN) another 5,000 July \$20 calls being bought today up to \$0.90 as IV jumps

Medidata (MDSO) highs of the day and up almost 1%, the June \$90 calls being bought another 460X today up to \$9.50

Sangamo (SGMO) with 840 January \$9 calls bought today up to \$2.90, shares down over 11.5% and filling the gap from April's positive gene therapy data

Wellcare (WCG) another 1,000 December \$270 calls trading today for \$21.40 where a buyer bought 1,000 on Friday

InVitaE (NVTA) with 545 December \$17.50 calls being bought on the day up to \$5.40, shares hit this week on earnings

Industrials

General Dynamics (GD) another name seeing June iron condors open as the \$185/\$190/\$155/\$150 spreads trade 1,000X

Honeywell (HON) with 1,000 May 31st (W) \$165 puts opening \$2.45 to \$2.47, likely impacted by the potential tariff hike tomorrow

Boeing (BA) with 1,000 July \$335 puts opening \$11.45 against the sale of 1,080 of the \$375 calls, may be collaring stock

Caterpillar (CAT) the June \$125 calls being bought up to \$7.70 today, over 1,950 trading

Deere (DE) buyers of 1,750 May \$150 calls ahead of 5-17 earnings and selling 3,500 of the \$160 calls

Kratos (KTOS) higher by 5.5% after earnings today and seeing 1,800 June \$15 calls close and roll up to 3,000 June \$17.50 calls for \$0.60

Tenneco (TEN) down 33% today on earnings but seeing 1,970 June \$17 calls bought here up to \$0.50 looking for a bounce back

United (UAL) with 3,000 June \$82.50 calls bought spread versus the \$87.50 calls

CSX Corp (CSX) with the November \$77.5 calls opening 1000X as 1800 of the \$85 calls adjust

Emerson (EMR) with 1,500 September \$70 calls opening on the afternoon between \$1.65 and \$1.85

Materials

Freeport (FCX) with 3,000 September \$10 puts sold to open between \$0.65 to \$0.62, some May short puts adjusting

Chemours (CC) with 1,000 June \$28 puts bought \$2.35 offer after size put buying all week

Olin (OLN) aggressive buyer of 1000 June \$20 calls \$1.15 to \$1.20

Masco (MAS) with 2,000 June \$39 calls bought for \$0.78 and 1,225 June \$38 calls bought \$1.25 to \$1.30

Tech and Telecom

Lam Research (LRCX) with 1,600 June \$195 puts bought up to \$9.75

Sohu (SOHU) jumping off the lows with 1,150 December \$25 calls bought \$1.25 and 2,000 June \$20 calls bought up to \$0.75

Huya (HUYA) buyers of 5,000 May 24th (W) \$22 calls up to \$1.10 into weakness

JD.com (JD) buyers of 10,000 May \$26 calls to open into earnings in stock replacements. **JD** also with 1450 December \$26 puts bought \$3.25 to \$3.35 to open

Cisco (CSCO) the June \$60 calls closing today 12,000X and adjusting out to the July \$57.50 calls at \$0.67, originally opened as a buy-write with stock and moving lower into weakness today. **CRM** September \$155 calls up to 10,000X now

Salesforce (CRM) size buyers step in for 4,685 September \$155 calls \$11.90 to \$12.40

Etsy (ETSY) seeing over 4,000 June \$50 puts sold to open \$0.80 to \$0.75 into weakness today

Yelp (YELP) earnings tonight and seeing 1,250 August \$40 straddles sold for \$8.10

Advanced Micro (AMD) stock replacement buys 2000 October \$27 calls for \$3.40

Symantec (SYMC) buyers of 2,000 June \$22 calls up to \$1.30 here, recent bullish flow into earnings tonight

Flex (FLEX) recovering off the early lows and IV jumpy as 6,500 July \$11 calls bought to open up to \$0.47

Analog Devices (ADI) IV fading mid-day as 750 June \$110 puts sold to open \$5.60

Apple (AAPL) with 10,000 May \$212.50 puts being sold to open \$16 down to \$15

Applied Materials (AMAT) 3,000 January 2021 \$55 calls sold for \$2.86 in a buy-write

Microsoft (MSFT) seeing 15,000 May 24th (W) \$130 ITM puts sold to open down to \$6, similar to **AAPL** trades

Infinera (INFN) down 25% on earnings and 5000 January \$4 calls bought to open \$0.60 to \$0.65

Palo Alto (PANW) with 465 May 31st (W) \$245 calls opening today up to \$7.85 ahead of earnings on 5-29

Far Fetch (FTCH) with another 1,000 July \$26 calls bought today up to \$1.90 where buyers were active in mid-April

Upland Software (UPLD) strong bounce off YTD VPOC today and a spread sells 1,000 October \$35 puts to buy 1,000 of the \$45/\$55 call spreads, also sells 500 of the \$60 calls

Yandex (YNDX) sweeps of 1500 November \$41 calls sold to open \$2.55 bid

Amazon (AMZN) earlier today with a buyer of 100 August \$1890 calls at \$120, \$1.3M

8x8 (EGHT) buyers of 4000 May \$22.50 puts to open up to \$0.80 into earnings next week, name with surging short interest

Taiwan Semi (TSM) afternoon rally off lows with 5000 May \$44 calls bought

Utility

PG&E (PCG) buyer of 10,000 June \$21 calls today for \$1.52 as a stock replacement into weakness

NRG Energy (NRG) the June \$36 calls being bought 1,600X for \$1.75 to \$1.85 and spread vs 3,200 of the \$39 calls into weakness

Disclaimer:

Not Investment Advice or Recommendation

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