

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 6/17/2020

### Sector Leaders

China Internet

Semi's

Software

### Stock Gainers

YY 11.5%

KOP 10%

BZUN 10%

MGNX 10%

AAOI 9.5%

APT 9.25%

NVAX 9.2%

### Volatility Gainers

- MOMO
- CRBP
- VICI
- NAT
- ENPH
- GEO

### High Call Volume

- MOMO
- ANGI
- VST
- LX
- TDC
- PH

### Bullish Options

- MDLZ
- MOMO
- NET
- NFLX
- MU
- BABA
- TSLA
- VMW
- MS
- GS
- HCA

### Sector Laggards

Energy

Solar

Metals

### Stock Losers

CXW -16.5%

ENPH -13.5%

CHK -12.6%

GRPN -12%

PRVB -11.5%

TBPH -11%

TALO -11%

### Volatility Losers

- HTZ
- GAN
- GRPN
- SGMO
- PLAY
- NKLA

### High Put Volume

- CHD
- CSTM
- NKLA
- GNW
- DY
- ATI

### Bearish Options

- SBUX
- EGHT
- QQQ
- BBBY
- CSTM
- CHD
- GNW
- HAE
- LULU
- UPS
- JPM

**Market Review:** Stocks were modestly higher overnight and into the open, some positive developments on the second round of Fed stimulus and recent economic data surprises outweighing the COVID-19 second wave fears, for now. Mortgage applications jumped to an 11-year high in morning data. Stocks moved red early after more bad COVID-19 data from Texas/Florida but then bounced a bit, strength in Tech, Housing and Retail while Commodities were weak. Breadth was choppy through the morning with neither side taking conviction and a fairly quiet trading range but did see bulls take control after 1pm and Powell speaking. The S&P morning low was responsive to the rising 8 MA as support and continues to be a key indicator to watch for which side of near-term momentum the market stands. The schedule remains light tomorrow with Philly Fed and Jobless Claims and looking to June OpEx Friday and then a quiet period through July 4<sup>th</sup> Holiday.

S&P Chart:



Resistance	Support
3,260	3,000
3,300	2,930
3,325	2,870

**Options Action Trends:** Morning action saw plenty of upside speculation continue in Chinese Internet names with some recent going private deals and investment stakes.

**What's On Tap:** Jobless Claims and Philly Fed.

**Trade Tracker Portfolio Changes:**

- 1) **Spotlight:** Long TWTR September \$35/\$40 Call Spreads \$1.50 – No Fill
- 2)



## Reata Upside Calls Bought, Potential M&A Target in Biotech

Ticker/Price: RETA (\$162.50)

### Analysis:

**Reata (RETA)** buyer 150 November \$180 calls to open \$26.90 to \$27.60 on 6/16 that followed 1500 August \$150 calls bought \$12.45 on 6/4 for \$1.855M. RETA also has 950 of the August \$125 puts sitting in open interest from buys. RETA shares held an uptrend and basing along the rising 89 week moving average while a \$125/\$170 defined range could see a breakout move back to \$200 or higher. The \$5.5B Biotech is a clinical stage play without much in terms of revenues and short interest is reaching a three year high at 14% of the float while analysts have an average target near \$275. On 6/11 Blackstone Life Sciences announced a \$350M royalty and equity investment in RETA. This allows financing to extend its cash runway through the end of 2023. RETA stopped its CATALYST trial earlier this year as well as RANGER due to COVID-19 and weak efficacy, and lacks a lot of catalysts in 2020. RETA has two key franchises with Chronic Kidney Disease and Neurology. The former reported positive data for Bard in Alport syndrome with a NDA planned in 2020 and has ongoing studies in the pipeline. The latter reported positive Omap data in Friederichs ataxia with a NDA planned for 2020 and will study Omap and RTA 901 in additional neurological indications. RETA owns all the worldwide commercial rights to its pipeline assets. RETA was discussed earlier this year as a potential M&A target for Amgen (AMGN) after its comments on M&A priorities. Leerink has RETA as a Top Pick into 2020 with a \$328 PT. They think NRF2 activation may be a versatile platform with broad therapeutic implications beyond these first indications that may appeal to an acquirer. Jefferies raised its target to \$348 in April not concerned with the stopped trials to the long-term bullish story. Hedge Fund ownership rose 7.15% in Q1 filings, Duquesne Family Office adding to a large position.

### Hawk Vision:



**Hawk's Perspective:** RETA has some appeal on speculative M&A potential though short interest a worry, this current consolidation in relation to the 200 MA worth watching for momentum out of its large weekly base.

**Confidence Ranking:** \$\$



## Mondelez Bulls Position for Move Back to Highs

Ticker/Price: MDLZ (\$52.95)

### Analysis:

**Mondelez (MDLZ)** with 930 September \$47.50 ITM calls bought \$6.15 to \$6.20 in early day activity and now up to 1400X in the opening 90 minutes, a name that has seen bullish positioning in June expiration which are set to close this week while also seen July \$52.5 and December \$50 call buys and plenty of longer term bullish accumulation with call buys and put sales. MDLZ shares putting in a strong weekly candle but in a consolidation range for a few weeks, a big breakout started earlier this year but then shares fell with the market in March, though a potential beneficiary of snack spending with pantry hoarding. The \$74.75B consumer goods leader trades 19.1X Earnings, 2.87X Sales and yields 2.17%. MDLZ is a best-in-class business versus peers and seen strong margin expansion the last few years. MDLZ has a strong balance sheet, potential for 3-5% organic growth in 2020, and a flexible International portfolio. MDLZ spoke at the Evercore Conference yesterday and highlighted the strength it is seeing in core brands. Analysts have an average target near \$60 and short interest low at 0.9% of the float. Berenberg recently upgrade to Buy on higher organic growth with momentum across its categories and a return to margin expansion as it exits the heavy lifting phase of higher investments. Morgan Stanley on 6/2 noted MDLZ is building momentum in the US and Europe after a detailed market share analysis, an Overweight rating and \$58 target. Hedge Fund ownership rose 4% in Q1 filings, Triam Fund with a very large stake.

### Hawk Vision:



**Hawk's Perspective:** MDLZ is a favorite in this group though right now market favoring growth names, if we see a rotation it is a top name to turn to, also watching the 200 day MA here.

Confidence Ranking: \$\$





## Skechers Bulls Confident in Recovery

Ticker/Price: SKX (\$33.60)

### Analysis:

**Skechers (SKX)** with 1,000 January \$37 puts sold to open today for \$7.50, large vote of confidence in the name, and follows 4,000 July \$33 calls bought for \$2.45 on 5/28. Shares have rebounded from the March lows and looking to clear the 200-MA now around \$34.50. SKX has been trading in a big range since 2016 with value-area high up around \$38.50 and an ideal target on an initial run higher. The \$5.22B footwear company trades 15.5X earnings and 1X sales with a solid balance sheet including over \$8.35/share in cash and very few near-term maturities. SKX is coming off a strong quarter with e-commerce sales picking up considerably during the shutdown and a renewed focus on cost savings initiatives. They were at the Evercore Consumer conference earlier this week noting that they continue to see ‘incredible growth rates’ in their online business while the pattern with stores has largely been positive as consumer behavior builds. SKX even expects to post better Y/Y comps in some higher-traffic areas in May/June despite the slower pace of re-openings. Longer-term, SKX has been investing in their tech ventures including mobile, a new POS system that integrates their omni-channel capabilities, and building out a new loyalty program to drive retention within their ecosystem. Analysts have an average target for shares of \$38.50. UBS positive this morning noting that SKX is set to continue double-digit sales growth after posting a 13.4% CAGR over the past two decades, even though it trades at a discount to peers. They also note that recent survey work suggests improving traction with customers, especially in athletic wear. Susquehanna positive on 5/6 seeing SKX emerge from the crisis stronger than peers citing, “a compelling and accessibly priced product, a burgeoning e-commerce business, and ample liquidity.” Short interest is 4.9% and has been progressively falling since it peaked in 2015. Hedge fund ownership rose 7.3% in Q1. Samlyn Capital a buyer of 2.5M shares in a new position. Tremblant Capital also a buyer of 1.7M shares and now with a 4M share stake.

### Hawk Vision:



**Hawk's Perspective:** SKX has long been a good looking value and also a name I think is an ideal M&A target in the apparel group. A move above \$36 should be good for a run to \$40.

**Confidence Ranking:** \$\$



## TradeWeb Call Buyers See Strength Continuing

Ticker/Price: TW (\$63.4)

### Analysis:

**TradeWeb Markets (TW)** trading nearly 15X average calls today with 2,300 July \$65 calls bought up to \$2.90 to open and name with little other notable open interest. TW has a strong setup with shares flagging after nearly three-months of relative out-performance and strong risk/reward vs the recent lows for a move above \$67.50. A breakout targets \$80 longer-term. The \$14B company trades 45.5X earnings and 17X sales with a small yield. TW sees high-single digit EPS growth and revenues steady up 6-7% in both FY21 and FY22. TW is one of the largest electronic OTC marketplaces for fixed income trading for institutional, wholesale, and retail traders. TW has been riding a big wave of growth in electronic trading for fixed income with reports in January that 35% of all corporate bond trading now done via algorithmic execution. TW has been gaining share by adding new assets to their platform and expanding their digital network capabilities and connecting more institutional trading volumes. They see long-term growth from monetization of data, much like we've seen stock exchanges capitalize on in recent years. TW is coming off a strong quarter in May with double-digit ADV every month. Analysts have an average target for shares of \$55. Piper with a \$63 PT earlier this week positive on overall volume trends. Barclays with a \$60 PT noting that the forthcoming treasury issuance could spur trading activity which would be a tailwind for TW. CSFB out on 5/7 noting that they expect a rebound in wholesale/dealer volumes to be a positive catalyst while strategic M&A also an area of focus. Short interest is 0.5%. Hedge fund ownership fell 3% in Q1. Samlyn Capital a notable buyer.

### Hawk Vision:



**Hawk's Perspective:** TW along with MKTX are favorite thematic plays on electronic trading and continue to love both despite valuation, TW a nice wedge set up for short-term players to new highs.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Volatility Index (VIX)** trade sells 19,350 September \$60 calls \$1.81 and buys November \$65/\$100 call spreads 35,200X38,700. VIX spread now sells 9500 October 25 puts to buy the \$45/\$65 call spreads

**NASDAQ (QQQ)** morning buyers active 4000 July 24th (W) \$241 puts \$7.70 to \$7.94

**High Yield (HYG)** buyer of 18,300 November \$85 calls sells the \$87 and \$88 calls 18,300X each as well

**Software ETF (IGV)** with 700 January 2022 \$200 puts sold to open for \$13.20 today, stock replacement; top holdings in leaders like ADBE, CRM, MSFT, NOW, ADSK

**China (FXI)** block 7000 June 2021 \$34 puts bought \$1.95 offer to open

**Russell (IWM)** large afternoon trade bought 5000 March 2021 \$140 puts for \$15.20

## **Consumer Discretionary/Services**

**SeaWorld (SEAS)** sellers active for 1,000 July 31st (W) \$15 puts between \$1.20 and \$1.15

**Wyndham (WYND)** another 1000 November \$32.50 short calls adjusting back to August today that open for \$3.30

**Starbucks (SBUX)** stock replacements are selling 1,130 January 2022 \$55 puts down to \$4.40 to open today

**Bed Bath & Beyond (BBBY)** with 2,000 January \$9 puts bought \$2.90, adjusting out of some August puts

**VF Corp (VFC)** opening sale 500 January \$72.5 puts \$13.725

**eBay (EBAY)** with the August \$49 calls being bought over 1900X for \$2.94 to \$2.97, small consolidation above its 8-EMA

**Lululemon (LULU)** buyers of 2,000 OTM September \$200 puts for \$2.38 to \$2.86 today

**Canada Goose (GOOS)** with 1,000 January \$30 calls bought for \$2.85, spread with the \$40 calls and name highlighted as a potential target for VFC earlier this week

**Williams Sonoma (WSM)** buyer of 200 November \$75 calls for \$17.28 to \$17.48 and spread against sales of 300 November \$110 calls, small bull flag forming and retailer that is already back at 5-year highs

**Boyd Gaming (BYD)** buyers 1000 September \$26 calls earlier today up to \$1.75 offer

**Planet Fitness (PLNT)** earlier 2500 July \$60 calls open \$10.30 as June \$60 adjust and also July \$72.5/\$77.5 call spreads trading 1600X2400

## **Consumer Goods**

**Peloton (PTON)** early strength again with 700 July \$55 puts sold to open for \$7.40 to \$6.75

**Church & Dwight (CHD)** the January \$80 puts bought 6250X for \$9.90 to \$10, adjusting the October \$75 puts back which close 3800X from 5/1

**Coca Cola (KO)** opening sale 1500 June 2021 \$35 puts for \$1.58

**Newell Brands (NWL)** 4,500 July \$16 calls opening for \$0.81 as the June \$14 short calls close 3,650X and roll from 4/15

**Advanced Auto (AAP)** spreads today are buying the July \$150/\$165 call spread and selling the \$135 puts 750X for a net \$1.30

**US Foods (USFD)** with 3,000 July \$20 calls bought for \$2.05 as it looks like some July \$25 calls are rolling back, name that would benefit from wider restaurant re-openings

**Sony (SNE)** buyers 1375 October \$77.5/\$85 call spreads

**Sonos (SONO)** stock and IV moving with 7500 July \$15 calls bought for \$1.15

### Energy

**Marathon Oil (MRO)** buyer stock with 3000 June 2021 \$7 puts at \$2.35

**Diamondback (FANG)** opening sale 250 January 2022 \$55 puts ITM \$19.10

**Baker Hughes (BKR)** seller of 3,000 October \$20 calls for \$0.85 in a buy-write

**Conoco (COP)** block 1132 July 31st (W) \$46 calls open \$2.61

**Enphase (ENPH)** buyer 2000 July \$40/\$52.5 call spreads into weakness as June \$45 close

**USA Compression (USAC)** with 500 September \$15 calls bought with 1000 of the \$10 puts sold

### Financials

**Citi (C)** buyer 940 September 2021 \$52.5 ITM calls \$10.65

**REPAY (RPAY)** buyer of 2,300 July \$30 calls for \$0.65/\$0.70, strong trend continuing

**Prologis (PLD)** seller of 650 July \$85 puts for \$1.25, strong REIT sitting near new highs

**Morgan Stanley (MS)** with 12,000 June \$40 synthetic longs closing and 18,000 of the July \$46 opening

**Goldman (GS)** buyers 1000 October \$250 calls \$5.25 to \$5.50 today, will confirm OI tomorrow

**Vici Properties (VICI)** with 1500 July \$22.5/\$20 bull put spreads for \$0.50 credit and buys 1500 July \$25 calls at \$0.50

**Genworth (GNW)** with 25,000 September \$3 puts opening \$1.05

**FS KKR Capital (FSK)** unusual 1500 July \$17.50 calls open \$0.50/\$0.55

**Capital One (COF)** opening sale 600 January \$60 puts \$6.90

**Credit Suisse (CS)** buyer of 3,150 September \$10 puts for \$0.90, tied to stock

**Blackrock (BLK)** buyer 800 September \$500 puts \$18.20 tied to long stock

**Progressive (PGR)** with 4,350 August \$72.50 puts sold to open for \$2.15 to \$2.10

**Lincoln National (LNC)** opening sale 400 January 2022 \$42.5 puts \$12.80

**Prudential (PRU)** with 1000 July \$67.5/\$62.5 bull risk reversals opening \$0.40 credit

**JP Morgan (JPM)** buyer 3000 September 2021 \$60 puts for \$3.10

**US Bancorp (USB)** buyer 5000 January \$32.50 puts \$2.96, stock tied

**Square (SQ)** buy-write sold 2050 June 2021 \$135 calls for \$9.25

**Apollo (APO)** works off day lows after 1600 September \$45 puts sold to open \$2.25

**Walker & Dunlap (WD)** spread sells another 600 August \$45 puts for \$2.22 to buy the \$60 calls 1,200X for \$2.61, same as yesterday

### Healthcare

**PTC Therapeutic (PTCT)** with 500 September \$50 puts sold to open for \$6

**Bristol Myers (BMY)** with 10,000 July 2nd (W) \$55 puts sold to open for \$1.08 as the June \$57.50 short puts adjust

**Cerner (CERN)** another 1,000 December \$60 puts sold to open for \$2.75, spot where 3,000 have been sold already

**Genmab (GMAB)** buyer of 833 August \$35 calls for \$1 today, adjusting some June \$25 and \$35 calls out; recently announced a collaboration deal with **ABBV** with \$750M upfront

**HCA Corp (HCA)** with 600 September \$105 synthetic long positions opening at a \$3 credit

**Corbus (CRBP)** the August \$10/\$15 call spread bought 1,750X for \$0.90, near a flag breakout with a lot of data due this Summer across cystic fibrosis and systemic sclerosis

**Livongo (LVGO)** protective spread sells 1,000 July \$75 calls to buy the \$65/\$50 put spread for a net \$0.10

**Cytokinetics (CYTK)** strong chart setup for the biotech and 1,000 July \$22 calls opening from \$2.20 to \$2.45 today

**Merck (MRK)** opening sale 1000 June 2021 \$60 puts \$3.24

**Haemonetics (HAE)** more bearish flows today with 600 July \$85 puts bought for \$3.60 and spread with a sale of 1,200 July \$75 puts for \$1

**BioMarin (BMRN)** big breakout today, recent M&A rumors, seeing July \$115 calls open 1000X at \$5.90 as June \$95 adjust

**Danaher (DHR)** the January 2021 \$190 calls sold for \$9.40 in a buy-write

**Intracellular (ITCI)** with 1500 July \$30/\$18 strangles sold for \$3.18 to buy 1500 September \$25 calls for \$5.63

**Constellation Pharma (CNST)** unusual large buy 2000 December \$40/\$60 call spreads \$4.65 to open

**Biogen (BIIB)** with 1450 September \$250 puts opening for \$10.70 to \$10.90, tied to long stock ahead of key Alzheimer's data

**Hologic (HOLX)** with 2250 July \$55 calls sold to open \$1.35

### Industrials

**Parker Hannifin (PH)** roll of June \$155 calls now deep ITM to July \$190 that open 1874X at \$9.40, buy-write adjustment

**Tesla (TSLA)** July 24th (W) \$950 calls active in opening hour with 1480X trading versus minimal OI, over \$17M, adjusting 1500 July \$950 calls. **TSLA** also seeing July \$800 calls roll to July 24th (W) 845X

**Boeing (BA)** with 4775 September \$190 synthetic long positions opening at \$4.96

**Delta (DAL)** buyers of 5,000 September \$35 calls from \$3.40 to \$3.55

**Union Pacific (UNP)** with 2,112 August \$150 puts sold to open for \$3.75

**JetBlue (JBLU)** with 4000 September \$10 puts sold to open \$1.20

**Keysight Tech (KEYS)** buyers of 650 July \$100 calls today between \$7.50 and \$8.20

**Camping World (CWH)** with 1680 September ITM \$28 puts bought up to \$6.80, **CWH** puts now to 8000X as lower \$25 puts adjust

### Materials

**Corteva (CTVA)** with 3,500 July \$22 puts sold to open for \$0.24

**Vulcan Materials (VMC)** with 850 July \$100 puts sold to open for \$1.21/\$1.22 today, would be a beneficiary if an infrastructure deal gets done

**Constellium (CSTM)** day lows with 2500 July 2nd (W) \$8.5/\$7 put spreads bought



## Tech and Telecom

**Roku (ROKU)** early buyer 2000 next week \$145 calls up to \$1.37

**GDS Holdings (GDS)** with 800 July \$75 calls bought \$2.20 to \$2.35, positive note from Jefferies today on data center growth in China. The firm expects utilization to rise to 78% by 2022 from 65% currently as shortages in tier-1 cities continue

**Pinduoduo (PDD)** near new highs and 2000 July 2nd (W) \$85 calls active again with buyers

**Momo (MOMO)** IV surge with 6000 July \$21.76 calls bought \$0.40 to \$0.60. **MOMO** calls quickly now to \$0.80 trading 16K

**JD (JD)** opening sale 1500 September \$60 straddles versus long stock

**Cloudflare (NET)** with 1300 July \$37 calls bought \$1.15 after 1800 of the \$34 closed. **NET** July \$37 calls quickly to 6800X

**Advanced Micro (AMD)** June calls rolling to 1000 July 31st (W) \$51 calls that open near \$6.85

**Micron (MU)** one of the largest trades in opening hour with 2000 June 2021 \$50 calls opening \$10.65 offer

**Netflix (NFLX)** buyer today of 1,500 August \$450 calls for \$31.47, rolling up the August \$400 calls bought on 5/27. **NFLX** also with 1200 August \$450 puts being sold to open today down to \$36.30

**Alibaba (BABA)** July \$240 calls active for a 2nd day with buyers, more than 5000X trading this morning already. **BABA** block 1905 August \$245 calls bought \$5.25 offer

**VMWare (VMW)** with 500 April 2021 \$180 calls bought today for \$8.30 to open, eyeing a run back to 2019 highs and speculation last year of a transaction with **DELL**

**Oracle (ORCL)** into weakness today a spread sells 500 January 2022 \$40 puts for \$3.38 and buys the \$55/\$75 call spread 500X1,000 for \$4.97

**Trade Desk (TTD)** with the July \$400 puts sold to open 200X today for \$34.80 to \$34.60, near \$700K trade

**Bilibili (BILI)** the August \$35 puts being sold to open 1,500X down to \$1.70

**Snap (SNAP)** with 55,000 July 2nd (W) \$23.50 calls trading to open \$0.21/\$0.22 and then up to \$0.28. **SNAP** also 3500 July 24th (W) \$20 calls opening today ITM

**Facebook (FB)** buyers active 8800 September \$260 calls \$7.05 to \$7.40, over \$6.5M

**HP Enterprises (HPE)** buyers active today 11,500 January \$15 upside calls \$0.22 to \$0.26

**Ring Central (RNG)** buyer 500 each July \$260 and \$270 calls at \$31 and \$24.50 respectively

**NVIDIA (NVDA)** buyer 300 July 2nd (W) \$340 calls up to \$32

**Fortinet (FTNT)** buyers of 1,200 July \$150 calls up to \$2.25 today, nice consolidation since earnings and reversal candle on Monday just above the 50-MA

**Equinix (EQIX)** opening seller of 625 September \$620 puts for \$20.75

**Twilio (TWLO)** buyer 200 January \$280 calls \$15.10

**Cornerstone OnDemand (CSOD)** the November \$45 calls bought 850X for \$2.45, adjusting some June \$35 and \$37.50 calls

**BCE Inc (BCE)** with 500 December ITM \$35 calls bought to open today \$8.10 to \$8.20 to open, name that has recently seen some large stock buys with puts open. BCE recently announced a deal to sell some Canadian data centers to **EQIX** for \$750M

**LAM (LRCX)** stock replacement sells 200 September \$280 puts to open \$18.25

**Ceridian (CDAY)** afternoon buyers coming in for 1600 December \$100 calls \$5.40 to \$5.70

**Applied Material (AMAT)** with an afternoon IV surge with 8000 next week \$65 OTM calls active with buyers

**Domo (DOMO)** buyers earlier of the July \$32 calls for \$2.30 to \$2.45, over 500X, small bull flag forming above its rising 20-day

**Inphi (IPHI)** with 530 July \$115 calls opening today with June \$100 calls taking profits and keeping a runner

### Utility

**Vistra Energy (VST)** the October \$23/\$18 strangle sold 4,750X for \$1.90

#### **Disclaimer:**

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

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