

OptionsHawk

OPTIONS HAWK DAILY MARKET 6/26/2020

Sector Leaders

Utilities

Real Estate

Materials

Stock Gainers

- GPS 41%
- CLGX 22.5%
- BIG 22%
- AXSM 15.5%
- SNX 11.8%
- BBBY 9.5%

Volatility Gainers

- GPS
- CLDR
- UPWK
- UAL
- NKLA
- NVAX

High Call Volume

- SLM
- ZGNX
- GPS
- SONO
- CLDR
- SEAS
- HRTX

Bullish Options

- AZN
- PTON
- FTCH
- ALXN
- BA
- GDS
- UPWK
- HBI
- DRI
- GM
- LHX

Market Review: Global markets were strong to finish the week as Europe continues to outperform the US. COVID-19 cases continue to rise in the US but and focus now shifts to whether or not states go back into more strict lockdown mode again. Texas's governor announced in the morning that some of their re-opening plans were being rolled back. Obviously, the fear now is that other states like Florida or California could do something similar. Personal spending came in light at 8.2% vs 9% expected while income was down less than forecast. Overall, personal savings remains exceptionally high during the pandemic. The final Michigan consumer sentiment read was down to 78.1 vs 78.8 as concerns over 'wave two' fluctuate. Financials opened the day weak after the Stress Tests and Fed mandate of no buybacks in Q3 and capped dividends based on EPS. Social/Tech is also under pressure today with more advertisers pulling back from spending on Facebook (FB). Shares of Twitter and other peers getting hit as well. Breadth was weak all day with cumulative TICK steadily declining and a bit of a pick-up in the afternoon. The early sell-off took us back to the 200-MA which remains a battle ground at 3017.50. And, given the recent bearish sentiment issues cropping up, an environment to be more cautious than anything else.

S&P Chart:



3,140	3,020
3,260	2,965
3,325	2,950

Options Action Trends: Not a lot of big trends today with action overall pretty quiet. We continue to see call sales into strong names, likely stock holders writing against after a big run.

What's On Tap: It'll be a quiet week, relatively, ahead of the US holiday. Friday will be closed in observance of Independence Day. Economic data will focus on the normal first of the month things like construction spending, ISM, Macau, and more. ADP employment and NFP also on deck. The FOMC minutes on Wednesday largely a non-issue. Earnings of note will be from FDX, MU, CAG, CPRI, STZ, and GIS.

Trade Tracker Portfolio Changes:

- 1) None

Sector Laggards

Communications

Consumer

Energy

Stock Losers

- TBIO -18.8%
- DBVT -14%
- INO -10%
- NVAX -8.5%
- PAYS -8.5%
- MINI -8%

Volatility Losers

- ZGNX
- GNC
- CZR
- NKE
- RAD
- DKNX

High Put Volume

- HST
- DBD
- GPS
- ASNA
- LEVI
- SLM
- CBOE

Bearish Options

- ZGNX
- DKNX
- WFC
- STAA
- TSN
- HBAN
- COUP
- LEVI
- BSX
- TTD
- LGND



Lamar Bears Expect Pressure from Ad Spend

Ticker/Price: LAMR \$67.25

Analysis:

Lamar Advertising (LAMR) with a sizable buy of 2,000 August \$67.50 puts up to \$8 on 6/24 and name that has some October \$57.50 puts in OI from buyers in mid-May. Shares rallied from the March lows back to the 61.8% Fibonacci as well as the 200-MA where it has found some resistance this week. LAMR is back below the 8- and 21-EMA and under \$63.75 has room to \$56. The \$6.77B company trades 23.6X earnings, 3.8X sales, and 13.6X cash with a 3% yield. LAMR is the largest outdoor advertiser in North America with billboard, interstate, transit, and airport advertising. The company faces headwinds from an expected decline in advertising spend with GroupM expecting a 12% decline in 2020. LAMR is also uniquely exposed to secular shifts in ad spend with more money moving online and into e-commerce verticals, away from physical locations. GroupM thinks 'Out of Home' advertising spend will fall 25%, more than the average. LAMR noted on 6/12 at the JP Morgan conference that they're exposure to small business remains outsized and they've shifted to flex or suspended billing. Analysts have an average target for shares of \$66. MKM lowering their PT to \$53 in April as Lamar's headwinds are compounded by its meaningful exposure to local "MainStreet" businesses, and as a result, may require an extended period for a recovery once the domestic economy reopens. Short interest is 2.2%. Hedge fund ownership rose 8.29% in Q1. Select Equity, King Street Capital, and Waratah Capital notable buyers. LAMR had a \$990K insider buy in May at \$58.27.

Hawk Vision:



Hawk's Perspective: LAMR has a clear bear thesis and think it could be a nice pair trade against of the more growth-oriented ad names, especially those focused on e-commerce. It's a bit extended here down but a bounce back into the falling 8-EMA could be a nice r/r short.

Confidence Ranking: \$\$



Alkermes Unusual Bull Trades with Catalysts, Including Potential Sale

Ticker/Price: ALKS \$19.25

Analysis:

Alkermes (ALKS) has popped up twice this week with unusual bullish trades, on 6/24 the February \$25/\$15 bull risk reversals opened 4000X at small debits, and on 6/25 the same trade was put on another 4000X. ALKS also has 4000 July \$20 calls in open interest that were bought on 5/28 near \$0.50 against short \$16 puts. ALKS has been a long time laggard in Biotech trending down since 2018 but notable that its weekly RSI at 55.85 is hitting a two year high and last week broke out of this downtrend despite plenty of overhead resistance in the \$20/\$23 zone. The \$2.95B biopharmaceutical is focused on advancing its neuroscience and oncology pipeline to deliver long-term growth and profitability. ALKS has two current products with Vivitrol for the prevention of opioid dependence and Aristada for schizophrenia. It sees royalty and manufacturing of Vumerity in 2020 as an additional driver and in 2021 the potential launch of ALKS 3831 pending FDA approval. Vumerity is a treatment for relapsing forms of MS that was approved in October 2019, Biogen holding the exclusive worldwide license and ALKS receives 15% royalties. ALKS 3831 in a potential new oral treatment for adults with schizophrenia and for adults with bipolar 1 disorder with a PDUFA scheduled for 11/15/2020. It also has ALKS 4230 in Phase 1 for Oncology and in 2H20 will present additional data. ALKS currently trades 44X Earnings, 2.5X Sales and has a strong cash-rich balance sheet with revenues seen recovering with 12% growth in 2021. Analysts have an average target of \$20 with short interest at 6.9% of the float rising 90% Q/Q to near a five-year high. Gordon Haskett with an interesting note this week that Sarissa Capital's Alex Denner made a big purchase in Q1 and Citigroup's trading desk also made a large buy that may have been a swap for a client who wants to remain anonymous, speculating Denner could become a 13D holder and push the company to sell itself. Hedge Fund ownership rose 7% in Q1 filings, Camber Capital adding to a concentrated stake, Baker Brothers adding small, and Maverick taking a new position.

Hawk Vision:



Hawk's Perspective: ALKS becomes an intriguing event-driven play as these bullish trades accumulate and is worth keeping an eye on.

Confidence Ranking: \$\$



Upwork Bulls See Long-Term Impact from Coronavirus Shift to Remote Work

Ticker/Price: UPWK \$14.66

Analysis:

Upwork (UPWK) seeing 2350 August \$17.50 call sweeps early \$1 to \$1.45 and volumes now running over 5,700X on the morning, around 7X average. UPWK has not seen a lot of notable flows lately, especially outside of July, but has seen some January stock overwrites into strength. Shares are working out of a multi-week consolidation today above \$14.50 after a big gap higher on earnings in May and short-term measured move up to \$17.50/\$18. Longer-term, UPWK broke a long downtrend that stretched back to its IPO in late 2018 and a move above \$16.50 puts it back above a big volume node from last year and room to move back to \$20. The \$1.66B company trades 5.25X sales and 11.5X cash with profitability hitting break-even in FY21. UPWK is guiding to mid-teens revenue growth and COVID-19 likely drawing more near-term upside as employers look for flexible staffing solutions. UPWK has struggled since its debut and late 2019 saw their CEO step down less than 12 months after the IPO. But, the new c-suite has shifted focus to gaining traction among larger firms and recently announced hiring partners like Microsoft and Nasdaq as well as a partnership with Glassdoor. They are coming off a big quarter with the global shift to remote work likely pulling forward a significant amount of new users to the platform and record website visitors in April and May. UPWK is an online marketplace which connects businesses with freelance professionals across end-markets like marketing, data analytics, graphic design, and mobile development. The company is benefitting from broader macro trends around skills shortages and a move towards more remote work environments. They see plenty of room to grow in the \$322B freelancing market. Analysts have an average target for shares of \$14. RBC noting in February that their new CEO has focused 2020 as an investment year with greater focus on bigger clients and long-term perspective towards user growth. Short interest is 3.4% and down from around 5.5% in January. Hedge fund ownership rose 4.7% in Q1. Hawk Ridge Capital a notable buyer of 4.2M shares in a new position. UPWK has also seen insiders active with a director adding \$5.4M in stock in May at \$9.95 and two other, separate \$1M buys in March at \$8.

Hawk Vision:



Hawk's Perspective: FVRR has been the better performer in the space and prefer to stick with the momentum/growth name but **UPWK** worth a look as sentiment shifts and you can ride of the choppiness of a new CEO and their new direction being executed

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Biotech (XBI) protective trade opens 1,500 August \$100/\$90 put spread into strength for \$1.68

NASDAQ (QQQ) buy-write sells 14,000 September \$257 calls \$7.26. **QQQ** 2000 Jan \$240 puts sold into early weakness \$19.625

Financials (XLF) buyers of 5000 August \$22/\$19 put spreads

Consumer Goods & Services

Peloton (PTON) with 900 January 2022 \$60 puts sold to open today between \$20.20 and \$19.50

Hanes (HBI) buyer 2000 August \$12/\$14 call spreads for \$0.50

Disney (DIS) with 2000 January 2022 \$120/\$140 call spreads bought \$6.50

American Eagle (AEO) with 2,000 November \$11 puts bought \$2, tied to stock

Performance Food (PFGC) buyers of 500 July \$25 puts for \$1.40 to \$1.45, bear wedge forming and could see some pressure with restaurant re-closings

Chewy (CHWY) spread buys 500 January 2022 \$45 calls for \$16.45 and sells the January 2022 \$50 puts to open for \$15.45

Cheesecake Factory (CAKE) with 1000 August \$20 puts being bought \$2.20 to \$2.65

SeaWorld (SEAS) the December \$15/\$25 call spread being bought 3000X6000 for \$1.72

Host Hotels (HST) with 5000 January \$8 puts bought for \$0.82 with stock

Altria (MO) buyer of 1,450 August 7th (W) \$41 calls for \$1.05, targeting earnings on 7-28

TAL Education (TAL) seeing front-month IV fall with over 3,000 July \$70 calls sold to open for \$2.05

Ulta (ULTA) 1090 July \$220/\$190 put spreads adjust to \$200/\$175 put spreads

Darden (DRI) with 5000 August \$65 puts sold to open down to \$4.20

Levi's (LEVI) with buyers of 4500 August \$12 puts up to \$1.05 ahead of 7-7 earnings

Las Vegas Sands (LVS) with 1,000 December \$40 puts sold to open this afternoon as well for \$5.25, stock replacement, and name that has drawn upside calls all week. **LVS** buyer of 1000 July \$44 calls also today for \$2.29 in a stock replacement

Coca Cola (KO) with 1200 June 2021 \$37.50 puts sold to open for \$2.48

Energy

Scorpio Tankers (STNG) with 2,000 November \$9 puts sold to open for \$0.95

Apache (APA) buyer 1000 August \$100 calls \$4.15 offer

PDC Energy (PDCE) with 10,000 October \$10 put sold to open down to \$1.48

BP PLC (BP) with 1,425 January \$20 ITM calls bought \$4.30 to open today

Cheniere (LNG) spread today sells 750 September \$52.50 calls to buy the \$40 puts for \$2.40

Financials

Wells Fargo (WFC) weak today after Stress test results and 5000 September \$17.50 puts bought for \$0.35 to \$0.39

Square (SQ) with 3400 September \$130 calls opening with sales, adjusting August short calls that are likely part of a buy-write

Simon Property (SPG) with 2500 August \$55/\$45 put spreads bought to open as shutdown concerns linger

Discover Financial (DFS) bearish flow early with 1500 October \$45 puts bought to open \$4.90 offer

Goosehead Insurance (GSHD) with 500 September \$80 calls bought \$6.50 to \$6.70 in unusual volume, strong name which is well above the Feb. highs

Prudential (PRU) small bear flow with 435 August \$60 puts bought \$6.10 offer

Synchrony (SYF) with 5000 July \$20 puts bought for \$0.95 as the \$23 puts close and roll down in strikes

Goldman (GS) basing intraday and 1000 October \$225 calls bought \$6.85 offer. **GS** also sweep buys 1000 next week \$205 calls for \$3.05 earlier today

Bank of NY (BK) seller of 500 December \$30 puts into weakness for \$1.62

Deutsche Bank (DB) with 4,000 October \$8 puts bought for \$0.75

Sallie Mae (SLM) with 6,500 July \$7 calls opening up to \$0.36, weak recently with uncertainty around college openings this Fall

AGNC with 3,000 January \$14 calls bought \$0.78 to \$0.79 today, follows July call buys earlier this week

S&P Global (SPGI) with 1,000 July \$360 calls sold to open today \$1.10 to \$1.03

PayPal (PYPL) with 4650 July \$195 calls sold to open down to \$0.50

Greensky (GSKY) buyers this afternoon of 1,000 December \$5 calls for \$1.05

AIG another 950 January 2022 \$25 puts sold to open for \$5.45 today

Schwab (SCHW) stock replacement sells 2,850 December \$27 puts for \$2.10 to open

Americold (COLD) with 2000 August \$40 calls sold to open for \$0.80

Healthcare

AstraZeneca (AZN) buyers of 10,000 August \$65 calls up to \$0.65. **AZN** also with 2,500 August \$47.50 puts sold to open today for \$1.25/\$1.20

Zogenix (ZGNX) fading to red after opening strong on their FDA approval and 2,000 August \$37 calls sold to open for \$0.75. **ZGNX** also with 2000 August \$32 calls sold to open from \$1.60 to \$1.35

Accelaron (XLRN) with 1000 August \$95 puts sold to open for \$5.50

HCA Health (HCA) buyer 500 August \$105 calls aggressive on \$4 offer

Guardant Health (GH) with 500 July \$80 puts sold to open for \$4 today, follows some bullish long-term spreads

Catalent (CTLT) another 500 July \$75 calls bought for \$2.75 today, spot where buyers active yesterday after their **MRNA** announcement

Boston Scientific (BSX) spread is selling 2,500 July \$35.50 calls for \$0.52 to buy the August \$32 puts or \$1.65

Mirati (MRTX) seller of 1000 July \$120 calls for \$4.70 into strength

Industrials

Aptiv (APTIV) bear flow with 595 January \$65 puts bought \$8 to \$8.10

Diebold (DBD) large buy 3125 November \$7.50 puts for \$2.72

Southwest (LUV) the June 2021 \$27.50 puts being bought to open today for \$5.10, over 1000X

DR Horton (DHI) with 5,800 July \$60 calls sold to open down to \$0.31

Raytheon Tech (RTX) with 1,150 September \$55 calls bought to open today \$8.05 to \$8.10

Carlisle (CSL) unusual volume today with 500 July \$105 puts sold to open around \$1.50 to \$1.80

General Motors (GM) also with 8000 September \$26 calls bought for \$1.90/\$1.95 as the \$28 calls roll back in strikes

L3 Harris (LHX) with 150 September \$170 calls bought for \$13

Carnival (CCL) afternoon sellers of the September \$17.50 puts for \$4.90, over 1000X

Masonite (DOOR) buyer of 1,000 July \$75/\$85 call spreads for \$2, odd volume for the name that has pulled back to its 50-day and bouncing a bit

Materials

Barrick (GOLD) over 3,375 December \$20 puts being sold to open today from \$1.07 to \$1

Tech and Telecom

Glu Mobile (GLUU) shares setting up with a nice bull wedge back to its rising 55 day moving average and primed for a potential breakout. GLUU has a lot of July call open interest expiring in the next three weeks, July expiration, with the \$10 and \$11 calls opening 15,000X and 55,000X in hot action earlier this month while September \$10 calls have over 8000 in open interest, December \$12 calls with 7,475 in open interest, and January \$7 calls with 3500X. GLUU has a \$1.5B market cap as a leading developer of mobile games and has seen revenues grow from \$287M in 2017 to an expected \$527.5M in 2020, +28% Y/Y. Mobile is expected to be the fastest growing segment of the gaming industry with a 26.8% CAGR 2012-2021. Its three core products are seeing strong bookings growth with Design Home, Covert Fashion, and Tap Sports Baseball. It also has three new launches and three key games in development, Deer Hunter a key one it thinks has a lot of potential. Glu Mobile is a pure-play mobile business, mobile freemium to be exact. GLUU also has cash on hand with intention to do M&A. UBS started shares Buy with a \$13 target on 6/10 seeing multiple secular tailwinds such as increased engagement, platform consumption shifts, and international expansion.

Cloudera (CLDR) with 3,500 July 24th (W) \$13.50 calls active early with buyers around \$1.50 to \$1.60

Snap (SNAP) early size sweep buys 4500 October \$25 puts \$3.30 offer

GDS Holdings (GDS) early strength with 1000 August \$65 puts sold to open \$1.20, name with a ton of call open interest

SkyWorks (SWKS) with 1150 July 10th (W) 4123 calls opening above \$6.20 as this week calls bought 6/5 adjust

Viacom (VIAC) block of 15,500 December \$20 puts sold to open for \$2.95

Uber (UBER) with 1400 August \$29 calls bought \$3.22 to \$3.25

Int'l Game (IGT) trader closes some October \$9 calls and opens 1,200 October \$10 calls for \$1.01 and spread with a sale of 600 October \$7 puts for \$0.91

VMware (VMW) with 750 Aug. 7th (W) \$150 calls opening \$7.50 as July \$150 adjust

Crowd-Strike (CRWD) with 750 June 2021 \$65 puts bought for \$6.80

Alteryx (AYX) with 375 June 2021 \$95 puts sold to open today \$8.40 to \$8.20

Alibaba (BABA) size buyers into day lows of 10,000 August \$220 calls as the \$225 adjust from yesterday

Baidu (BIDU) with 1250 January \$130 puts sold to open \$18.55, trade versus the \$110 puts which may be closing

Go-Daddy (GDDY) buyer 1000 November \$70 puts \$7.10, looks to add to the 1000 opened 5/13

AMD 1200 Sep 2021 \$40 puts sold to open \$5.60, stock replacement

Akamai (AKAM) with 1250 August \$120 OTM calls bought up to \$1.40 following bullish technical trigger this morning. **AKAM** now also with 2,250 August \$105 calls bought \$6.70 to \$6.80

Xilinx (XLNX) buyers of 700 August \$95 calls for \$4.20, some size put sales recently as well

Twitter (TWTR) buyer of 1,500 August \$30 calls for \$2.37 into weakness

Trade Desk (TTD) with 600 August \$400 puts bought to open today for \$45.70 to \$49

Coupa Software (COUP) buyer of 1,500 August \$220/\$175 put spreads for \$4.55 into strength

Sabre (SABR) with 1,250 August \$7.50 puts sold to open today for \$1.15, name with some size bull spreads in OI as well. **SABR** now also with 10,000 July \$7.50 puts sold to open around \$0.65

IAC Interactive (IAC) with another 3,500 January \$280 synthetic long spreads opening

Zoom (ZM) with 1,500 August \$200/\$150 put spreads bought today for \$5.07

Cisco (CSCO) stock replacements are selling 2,000 January \$37 puts to open today around \$1.90

Xperi (XPER) the September \$13/\$10 put spread bought 1250X today after the \$14/\$11 put spread bought earlier this week

Shopify (SHOP) buyer of 500 ITM October \$750 calls for \$221.05

Fox (FOXA) with 1290 January \$27/\$37 call spreads bought to open today for \$2.45, a beneficiary of sports coming back

Momo (MOMO) buyer of 1,700 January 2022 \$34.26 calls for \$1.90

Utility

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Not Investment Advice or Recommendation

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