

OptionsHawk

OPTIONS HAWK DAILY MARKET 6/4/2019

Sector Leaders

Semi's

Metals

Banks

Stock Gainers

IO 21%

CLR 14.3%

QURE 10.7%

LE 10%

VYGR 10%

FOSL 9.5%

TTD 9.3%

Volatility Gainers

- DD
- TLRD
- QURE
- GRPN
- AVYA
- GTN

High Call Volume

- AU
- MOH
- CMC
- QURE
- MRTX
- CPB

Bullish Options

- GM
- PLNT
- PAYC
- MS
- TAP
- SNAP
- MDCO
- EMR
- LOW
- NOC
- CVNA

Market Review: Stocks opened the session modestly higher with some de-escalation in trade concerns with Mexico, the dovish Fed outlook, and a general oversold and extreme fear driven recovery. US Factory Orders pulled back from a 7 month high. Powell was out early saying the Fed will act appropriately to sustain the expansion. A lot of the weakest groups from May saw the strongest moves higher led by Semiconductors, Banks, Metals, Retail and Transports. We saw some outflows from safety groups Utility, REITs and Precious Metals. Breadth was very strong through the first three hours as markets hit highs. Stocks held gains into the early afternoon in a trend up session and The S&P retaking its 200 day moving average. The schedule is an active one tomorrow with ADP Employment and Beige Book as well as the key ISM Services number with recent weakening in US Macro data.

S&P Chart:



Resistance	Support
2,855	2,750
2,890	2,720
3,950	2,650

Options Action Trends: Early action was quiet but we saw some large opening call sales in gold miners that have run like AU and NEM. Bull risk reversals returned to LOW, TSM and EMR for January 2020. We also saw opening put sales in large cap Banks MS and C.

What's On Tap: ADP Employment Change, ISM Services, and Fed's Beige Book.

Trade Tracker Portfolio Changes:

1. Closed **NXPI** Call Spreads \$3 (Opened \$2.75)
- 2.

Sector Laggards

Utility

REITS

Precious Met.

Stock Losers

MGNX -9.3%

BOX -8%

KOS -5.5%

TGS -4.25%

INSP -4.2%

DQ -4%

Volatility Losers

- BBBY
- BOX
- COUP
- TIF
- CRON
- MRTX

High Put Volume

- BF.B
- TSEM
- GTN
- FLT
- DISH
- NCLH

Bearish Options

- GTN
- FB
- WCN
- NCLH
- CINF
- TLRD
- BBBY
- CRK
- DISH
- BF.B
- ORCL



Snap Bulls Accumulate Calls on Improving Fundamentals, Strong Technical Set-Up

Ticker/Price: SNAP (\$12)

Analysis:

Snap (SNAP) with 7500 July 12th (W) \$13.50 calls bought to open up to \$0.39. SNAP has nearly 20,000 this week \$12 calls in open interest from buyers and has recently seen size adds in January 2020 \$15 calls, August \$14 calls and October \$15 calls. SNAP shares have quietly held up during Tech weakness and sit near highs for the year, a \$10.5/\$12.5 range developing for a breakout target to \$15. SNAP shares are +112% YTD and the \$15B app company trades 9.4X EV/Sales with top-line growth of 35% seen FY19 and 30.5% in FY21 after 43% growth last year. SNAP recently agreed to sell its location-data division Placed to Foursquare. The WSJ reported in May the company is set to allow users to add music to posts, and SNAP announced a new CFO on 5-20. Analysts have an average target of \$11.50 on shares and short interest now just 7.6% of the float coming down sharply since late January. RBC is one of the lone Street bulls with an Outperform rating and \$17 target seeing improving fundamentals and user metrics. Hedge Fund ownership surged 108% in Q1 filings, and some notable funds taking new 1%+ positions.

Hawk Vision:



Trading Strategy: SNAP is quietly becoming a relative strength name and seems Analysts are behind the curve and will be upgrading as it continues to show improving fundamental metrics with upside potential on expanding verticals.

Confidence Ranking: \$\$



Bullish Three Way Spreads in Emerson Electric

Ticker/Price: EMR (\$62)

Analysis:

Emerson Electric (EMR) trading another 2,020 January \$65/\$75 call spreads with the \$55 puts sold against, more than 6,000 of these opened 5/31 and EMR still has more than 8,000 January \$80 calls in open interest. EMR has also seen 2,800 September \$65 calls open into recent weakness. EMR shares pulled back in May on global industrial growth slowdown concerns and hit a 50% retracement of the December/April range, also its 233 week MA that has been supportive in the past. The \$37.35B Industrial trades 15X Earnings, 2.07X Sales, 42X FCF and 10.7X EV/EBITDA with a 3.24% dividend yield. In early May EMR misses on revenues though rose 7.6% Y/Y and lowered FY19 EPS guidance.

EMR has been seeing steady improvements in order trends through 2018 with a 5-10% range expected. EMR is accelerating restructuring efforts in response to slower 1H growth. Analysts have an average target of \$73.25 on shares and short interest near multi-year lows at 0.9% of the float. Citi upped shares to Buy in early April with an \$81 target.

JPM was positive in February noting compelling growth opportunities in three best-in-class franchises and project orders in Automation Solutions continues to expand. Hedge Fund ownership fell 13.75% in Q1 filings, a new position for Scopus while Longview continued to add to a now 5.35% weighted position.

Hawk Vision:



Trading Strategy: EMR is a beaten up Industrial that is a quality name and like the strategy being used, it could weaken if Macro falls further but offers compelling entry on this retracement.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Russell Growth (IWF) buyer of 2500 July \$146/\$135 put spreads at \$2

Semi (SMH) buyer 8300 July 5th (W) \$95/\$85 put spreads

Russell (IWM) impressive candle today and back above June OpEx VPOC and 8 MA with 10,000 August \$150 synthetic long positions opening at a \$0.64 credit, also afternoon sweep buyers 7500 July \$142 calls

Consumer Discretionary/Services

Gray Television (GTN) with 1,500 June \$17.50 puts opening \$0.90/\$0.95 on the open

Boyd Gaming (BYD) opening seller 1000 June \$23 puts \$0.65

Planet Fitness (PLNT) trading 550 August \$75/\$80 call spreads that look to be adjusting June and July positions. **PLNT** spreads up to 2850X on the day

Charter (CHTR) buyer of 100 September \$400 calls \$14.50 to \$14.70

Lowe's (LOW) opening sale 2600 July \$95 straddles for \$6.90

Burlington (BURL) seeing July \$165/\$175 call ratio spreads open 1,189X2,374

Starbucks (SBUX) with 1,780 June 28th (W) \$77 puts bought \$1.42 to \$1.45 to open

Levi (LEVI) with 3,000 July \$22 calls sold to open \$0.90

Dish Network (DISH) with 7,000 July \$32.5 puts opening \$1.15 and 5,000 of the \$30 puts for \$0.60

Comcast (CMCSA) with 4,000 July \$32.5 deep ITM calls opening \$8.95 today

Wynn (WYNN) with 1,000 September \$120 calls bought to open today \$5.50

Target (TGT) bearish flow today with 2,385 September \$85 puts bought to open \$4.80 to \$4.95

Croc's (CROX) IV higher with 2000 July \$22 calls bought \$0.40 to \$0.50 to open

Cision (CISN) with 1000 June \$12.50 calls bought for \$0.25 earlier today, reports last week that M&A bids are expected soon

Xerox (XRX) buyer 1,300 July \$33 calls \$1.15 offer

Electronic Arts (EA) with 4500 next week \$95 calls bought \$1.47 to \$1.62. **EA** also with 800 June \$92.50 calls bought \$3.65 offer

Consumer Goods

Molson Coors (TAP) early action with sweep buys of 2,000 June 28th (W) \$56.50 calls to open \$1.75 to \$1.85. TAP recently with size buyers in July \$62.50 calls and also seen buyers in October calls.

Coca Cola (KO) roll of 10,000 June \$50 calls to August \$52.5 calls

Brown Forman (BF.B) with 2,500 June \$45 puts opening \$0.35/\$0.40 into earnings tomorrow morning

Pepsi (PEP) with 7500 January \$120 calls opening \$11.63 as June \$115 calls adjust, a relative strength name flagging under recent highs

Kraft (KHC) buyer 3000 June \$28.50 calls to open \$1.15

Cronos (CRON) with 3000 September \$15 puts opening \$2.71 as June \$18 puts adjust

Craft Brew (BREW) popped earlier with unusual 785 August \$15 calls bought \$0.85

Energy

Comstock Resources (CRK) with 3000 January \$5 puts opening \$1.225

Financials

Banco Frances (BFR) has seen 10,000 January \$10/\$15 call spreads open over the past week as well as 3,750 October \$10 calls opening earlier this month and still has 6,000 July \$10 calls in open interest from buyers. BFR shares are trading back near multi-year lows but did hold the trend support off the 2008 and 2013 lows. The \$1.74B Argentina-based Bank trades 5.3X Earnings and 1.82X Book with a 2.39% yield. **GGAL** is another small Argentina Bank that has seen bullish call positioning in January 2020. Argentina will be in focus in October for its Elections that could be a driver for its stocks. HSBC upgraded shares to Buy on 4/25 and Santander upgraded to Buy on 3/15.

Morgan Stanley (MS) with 6,000 July \$37 puts sold to open \$0.42. **MS** also 1000 July \$39 calls opening here \$3.70 to \$3.75

Citi (C) with 2,200 August \$65 puts sold to open for \$3.05

Square (SQ) spread sells 4,000 September \$80 calls and opens \$60/\$50 put spreads, possibly collaring stock

AXA Equitable (EQH) IV jumping with 2,600 June \$22.50 puts bought up to \$1.60

Cincinnati Financial (CINF) trading 2900 July \$95/\$90 put spreads to open today

Western Union (WU) stock and IV rising with 6000 June \$21 calls bought up to \$0.35

Healthcare

Medicine Co (MDCO) more bullish action with 1,625 June \$38 OTM calls aggressively bought \$1.35 to \$1.60

Invitae (NVTa) basing nicely after earnings sell-off above rising 200 MA and 300 January \$20 calls bought \$2.90 to open

uniQure (QURE) buyer of 1,000 July \$75/\$90 call spreads with shares up 8.5% breaking out today

Incyte (INCY) with 600 September \$82.50 calls opening \$5.75 at the PHLX, shares with a nice long basing pattern formed and above \$84 can make a big run

Molina (MOH) unusual activity with 2,765 each of the September \$150 and December \$160 calls opening, look to be opening long call spreads. **MOH** spreads are up to 7000X, seen as a potential buyer of divested assets in the WCG/CNC deal

Global Blood (GBT) a relative strength name all year in Biotech with a block of 5000 September \$55 puts being sold to open for \$4 in a stock replacement

Mirati (MRTX) buyer of 2,000 January \$100/\$145 call spreads for \$14.40, a number of positive sell-side notes out this morning.

MRTX also seeing 800 December \$135/\$70 collars open. **MRTX** now with 2500 September \$85 puts sold to open stock replacement \$8.60

AMN Health (AMN) buyer of 1,000 June \$50 calls \$1.10 to \$1.15

United Therapeutic (UTHR) buyer 648 August \$95 calls \$2.65 to open at the PHLX

Amicus (FOLD) buyer 4500 next week \$12 calls up to \$0.55, recently opening put sales into share offering

Mallinckrodt (MNK) buyers of another 5000 January \$10 puts up to \$3

Cardinal Health (CAH) with 1,300 January \$42.50 puts sold to open for \$3.70

Aglient (A) with 750 January \$67.50 straddles sold to open for \$12.15

Intercept Pharma (ICPT) with 400 September \$95 puts ITM opening \$16 rolling from June \$95

Industrials

Borg Warner (BWA) with 2,250 October \$35 short puts opening as June puts adjust

General Motors (GM) buyers early for 2000 July \$34 calls also with 10,000 September \$36 calls opening now up to \$1.45

Northrop Grumman (NOC) nice bull flag and 860 July \$310 calls opening for more than \$1M as June \$320 adjust

Waste Connections (WCN) with 1000 June \$95 puts bought to open near \$2.90, many spread versus \$90

United Rental (URI) buyer of 100 June 2020 \$100 ITM calls for \$31.30

Tenneco (TEN) buyer of 2000 January \$14 calls for \$1.10 offer after 2,500 of the \$13 calls recently opened

Textron (TXT) with 1,100 September \$45 calls being bought to open near \$5 with shares putting in a strong two day bounce off long-term trend support.

Tesla (TSLA) having its best day in a long time after 10,000 August \$250 calls were bought \$2.75 in a sweep early this morning

Sonic Auto (SAH) unusual buys 2,000 June \$20 calls \$0.70 to \$0.80

Copart (CPRT) buyer of 1,000 August \$70 calls \$4.50 offer looks to add to the 1,500 opened on 4/10, will confirm tomorrow

Materials

Angle-Gold (AU) large opening sale 12,938 July \$15 calls for \$0.50

Newmont Mining (NEM) opening sales 5,100 September \$35.12 calls down to \$1.41

Commercial Metals (CMC) buyers of 2000 June \$16 calls \$0.15/\$0.20

Lyondell (LYB) with 1500 July \$80 calls rolling up to \$85 strike already into strength

Arcelor (MT) trades the June \$15.50 puts 4000X to open as 8000 of the \$14.50 look to close

Tech and Telecom

Facebook (FB) trading 6000 June/July \$160 calendar put spreads early. **FB** with 5,000 August \$160/\$180 call spreads bought as well

Fortinet (FTNT) with 815 August \$70 puts sold to open down to \$4.40

Snap (SNAP) with 7500 July 12th (W) \$13.50 calls bought to open up to \$0.39

Paycom (PAYC) buyers active 1,400 June \$210 calls this morning where 2,000 opened yesterday, one of the strongest set-ups into this week before the Software sell-off yesterday, held the 50 day MA

Splunk (SPLK) buyer of 500 July \$115 calls to open \$4.50 with shares at multi-month lows

Carvana (CVNA) seeing 700 July \$60 calls open \$5.80 to \$5.90

Oracle (ORCL) buyers of 2,325 January \$52.50 puts \$4.15 offer, earnings mid-June

NXP Semi (NXPI) with 8,200 next week \$90 puts opening to \$1.69

Criteo (CRTO) buyers of 2000 June \$20 calls \$0.35/\$40.40 offer, potential beneficiary of Google antitrust

iQIYI (IQ) buyers of 1,350 December \$25 calls \$0.97 to \$1.03

JD.com (JD) with 22,000 September \$27 calls bought \$2.47 as June \$26 roll

Uber (UBER) buyer of 1,000 January \$45 calls to open \$5

Guidewire (GWRE) with July \$95 puts being bought to open \$3.80 to \$4 into earnings 615X

Motorola Solutions (MSI) strong performer and seeing 1,400 October \$160 calls bought today \$6.70 to \$7.20, as well as 450 of the \$175 calls

AutoHome (ATHM) with 735 September \$85/\$65 put spreads opening today

Flextronic (FLEX) IV jumping with 6900 July \$10 calls bought \$0.28 to \$0.31

NeoPhotonic (NPTN) with another 6500 June \$5 calls bought today with 12,000 in OI

Juniper (JNPR) IV surged a bit higher this afternoon with weekly \$25.50 calls active 3,150X and 4,350 of the \$26 calls. **JNPR** weeklies traded right around when was presenting at JPM Conf.

Elastic (ESTC) buyer of 400 June \$80 calls \$4.30 into earnings tomorrow night

Manhattan Associates (MANH) buyer of 300 July \$65 calls to open \$3.10 to \$3.20 in unusual activity, one of the stronger chart set-ups consolidating last quarter's earnings move

Google (GOOGL) opening sale of 900 December \$900 puts for \$24.30

Utility

Vistra Energy (VST) opening sales 2000 July \$24 puts \$0.95 to \$0.75

Disclaimer:

Not Investment Advice or Recommendation

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