



MARKET RECAP REPORT 6/7/2021

Sector Leaders

Biotech

Software

Internet

Stock Gainers

USCR 28.5%

BNGO 25%

ATOS 25%

QTS 21%

AMC 17.5%

CLOV 15%

Volatility Gainers

- INO
- OPK
- TEVA
- ATOS
- SAVA
- CLOV

High Call Volume

- FTAI
- EAT
- ADNT
- TPX
- GPN
- CLOV

Bullish Options

- SNOW
- CLF
- INTC
- DOCU
- EAT
- MU
- MRNA
- WDC
- C
- MLHR
- ORCL

Market Review: Stocks started the week off quietly with some softness related to further talks of rising inflation and Fed tapering while the M&A market saw more than \$50B in deals to start the week. We also had China trade data come in a bit weaker than expected for May. Biotech led strength for the first time in a long while after the surprise **Biogen (BIIB)** Alzheimer's approval while Tech was also very strong in Software and Internet. Semiconductors lagged in Tech while Financials, Metals, Energy and Industrials were weak, a pro-growth session. Overall the low volatility range-bound action continued and not a lot of catalysts scheduled the next few days.

S&P Chart:



Resistance	Support
4,220	4,170
4,385	4,110
4,450	4,055

Options Action Trends: No real new sector trends emerged with some good flows into Tech software calls like **SNOW, NET, DOCU** as traders become more comfortable with the high growth, high valuation names again.

What's On Tap: Small Business Optimism, Imports/Exports, and JOLTs.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long GE September \$13 Calls \$1.25 – No Fill

Sector Laggards

Solar

Metals

Semiconductors

Stock Losers

AFG -14.5%

TAL -12%

NEWT -11.75%

CAN -11%

VIPS -10%

MGNX -10%

Volatility Losers

- AMSC
- USCR
- ATS
- DNN
- JMIA
- AMCX

High Put Volume

- TAL
- IGT
- ZM
- EDU
- AI
- BEKE

Bearish Options

- IGT
- HP
- CAR
- EDU
- VIPS
- BEKE
- ARWR
- LFMD
- TLT
- ONEM
- TRGP
- DASH



FEATURED OPTIONS RADAR REPORT



Bulls Pile into Howmet on Aero Recovery Inflection

Ticker/Price: HWM (\$35.2)

Analysis:

Howmet Aero (HWM) is a name that continues to see strong bullish options activity with 10,000 October \$40 calls bought to open on 6/4 at \$1.25. HWM has 4500 June \$36 short calls in open interest but July has all bought to open calls including 2000 each of the \$32 and \$33 calls, 3950 of the \$35 calls, and 5000 of the \$37/\$40 call spreads. HWM also has 1000 each of the October \$35, \$37 and \$38 calls in OI and over 8000 January \$35 calls from buyer accumulation. HWM shares recently broke through its pre-COVID highs and \$43.65 is the first Fibonacci extension target. Howmet is a leading global provider of advanced engineered solutions for the aerospace and transportation industries. The Company's primary businesses focus on jet engine components, aerospace fastening systems, and titanium structural parts necessary for mission-critical performance and efficiency in aerospace and defense applications, as well as forged wheels for commercial transportation. The commercial transportation end market represented approximately 16% of the Company's revenue in 2020. The Company invented the forged aluminum wheel in 1948, and continues to advance technology to deliver breakthrough solutions that make trucks and buses lighter, more fuel efficient and sharper-looking. Howmet's forged aluminum wheels are a leading choice for commercial trucks and mass transportation vehicles because they can reduce weight and save fuel. The strength of the Company's rivets, bolts and fasteners offers another light-weighting solution that delivers performance. Industrial and other end markets include industrial gas turbines, oil and gas, and other industrials, which represented approximately 15% of the Company's revenue in 2020. HWM is seen to benefit from an inflection occurring in Aerospace and sees above-normal growth persisting through FY24. HWM currently has a market cap of \$15B with shares trading 23.7X Earnings, 13X FY22 EBITDA and 3.13X Sales. HWM forecasts see revenues growing 16% in 2022 and EBITDA rising 23.8%. The company cited an expectation for its Engines business to recover first, followed closely by Structures and then Fasteners which will likely not see substantial improvement until the end of 2021 or beginning of 2022. Management sees recent price actions, combined with structural cost takeout, as important levers to their differentiation as the industry recovers and margins expand with improved volumes. Analysts have an average target of \$40 and short interest is low at 1.4% of the float. Wells Fargo initiated Overweight on 5/12 with a \$39 target. HWM is Elliott's 2nd largest position and 10.9% of their portfolio while Kensico also with a concentrated stake. Apollo/Elliott formerly tried to buy Howmet in a \$15B deal that collapsed.

Hawk Vision:



Hawk's Perspective: HWM joins the long list of Aerospace names seeing bullish positioning and this is a quality business with growth seen above-average for multiple years and margin expansion, so a name that remains a good own.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Visa Calls Accumulate for 2H21 Strength

Ticker/Price: V (\$230)

Analysis:

Visa (V) large call buying activity continued on 6/4 as 6000 December \$240 calls were bought to open for over \$7M and a name with over 20,000 August \$230 calls bought in open interest with its next earnings report late July. V also has 6000 each of the September \$200 and \$205 calls that were bought last Summer as well as 4500 September \$215 calls from 11/30/20. V shares recently held a rising 55-day moving average test and starting to work out of consolidation with the April highs near \$235 in sight. The 138.2% Fibonacci extension of the COVID-correction remains in play at \$245 while \$260 a measured move target of the \$180/\$220 range break. The \$485B payments leader trades 32.7X Earnings, 23X FY22 EBITDA and 57X FCF. V forecasts see revenues rising 7.8% in 2021 while 19.6% growth seen in 2022 as the Macro tailwinds kick in and consumer spending recovers globally. Visa Direct has been a management topic of focus lately with expansion in new categories like tipping and earned wage access and disbursements in new industries, and the expansion of P2P. V has been reporting monthly metrics which have been strengthening. Visa also could continue to expand into new payment areas after its failed deal for Plaid earlier this year. Management remains confident in its ability to continue advancing Visa's broader strategy of driving growth across three pillars: (1) consumer payments; (2) new flows; and (3) value added services. With regulatory scrutiny being revitalized and the rise of alternative payment methods, there remains risk that Fintech 4.0 could be characterized by disintermediation of the networks, though seen as unlikely in the near-term due to the networks' deep competitive moats and partnerships with key players. V has seen strength in new initiatives, highlights include: 60% growth in Visa Direct transactions during the quarter with key wins like Airbnb; Decision Manager, a risk solution within Cybersource, has seen transactions up 30% YTD; Cardinal Commerce, an authentication capability, grew revenue ~50% Y/Y due to international expansion, with plans to more than double clients in Europe, the Middle East, and Africa. V management sees five opportunities in the cryptocurrency space, which include: (1) enabling purchase of cryptocurrencies; (2) enabling digital currency cash-outs to fiat; (3) enabling financial institutions and fintechs to have a crypto option for customers; (4) settlement; and (5) working with Central Banks on CBDCs. Analysts have an average target of \$265 and short interest is low at 1.7% of the float. Barclays raised its target to \$275 in May, and Jefferies also to \$275 expecting Q3 to provide a sizeable beat with the eventual cross-border recovery being underestimated by the Street. CSFB raised its target to \$280 citing an evolving mix within cross-border, as e-commerce, Visa Direct, and cross-border B2B scale. Edgewood has a \$3.3B position as its largest and Polen Capital also a large concentrated position.

Hawk Vision:



Hawk's Perspective: V is a great recovery play and should see a real strong set-up into the second half of 2021 and into 2022 as the recovery strengthens. Its growth initiatives also provide a unique source of upside.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Jack in the Box Bulls Target Investor Day Update

Ticker/Price: JACK (\$115.50)

Analysis:

Jack in the Box (JACK) with 1,500 July \$115/\$105 bull risk reversals opening for \$3.25, spot where 1,000 opened recently and follows buyers of more than 2,000 June \$115 calls on 6/1. Shares have been in a strong longer-term trend and forming a nice base lately above March and April VPOC. A move above the 21-day at \$115.50 and range extension targets \$120 and then a longer-term measured move to \$140. The \$2.5B company trades 16.44X earnings, 2.3X sales, and 27.7X cash with a 1.5% yield. JACK is projecting mid-single digit growth through FY23. JACK has been executing well on a series of growth initiatives launched recently including menu revamps and more digital/tech integrations. The company also is expanding their ghost kitchen footprint to eight locations which they hope will help drive their digital channel growth. JACK noted in May they've seen better traffic with dine-in restrictions lifted in some key markets like Texas and a higher mix of premium entrees on tickets while average check jumped 20% in Q2 as party sizes grow. The company will host an Investor Day on June 29 where the focus will likely turn to accelerating unit growth and expansion. Analysts have an average target for shares of \$120 with a Street High \$140 from Wells Fargo. The firm out positive on 5/13 citing their multi-layered, idiosyncratic initiatives that drove same-store sales out-performance and confident that these drivers will continue to resonate with guests. Hedge fund ownership fell 17% in Q1.

Hawk Vision:



Hawk's Perspective: JACK above \$116 can be a nice mover back towards recent highs and they have a clear-cut catalyst for these spreads but overall prefer other names in the casual space longer-term

Confidence Ranking: \$\$



Omeros Bulls See Limited Downside After PDUFA Delay

Ticker/Price: OMER (\$16.45)

Analysis:

Omeros (OMER) with 4,000 August \$15 puts sold to open this afternoon for \$2.02 and follows the January \$15 put sales last week and Nov. \$20/\$30 call spread bought 4,500X on 5/24. OMER has seen a lot of bullish flow into the May gap down including 2,000 January \$30 calls and still has 10,000 August \$20 calls in open interest from a buyer in January. Shares rallied strong in late 2020 / early 2021 and have since pulled back to the 61.8% Fibonacci of the move at \$14.85. A move above \$17/\$18 clears the downtrend and VPOC from April/May with upside to \$20 near-term. The broader two-year range breakout measures out to \$30. The \$1B biotech trades 14X sales and 10X cash. OMER focuses on small-molecule and protein therapeutics with clinical trials across immunoglobulin A nephropathy, atypical hemolytic uremic syndrome (aHUS), and COVID-19. Shares gapped lower recently after the FDA delayed the PDUFA for their treatment in hematopoietic stem-cell transplant-associated thrombotic microangiopathy. The candidate, narsoplimab, is their most advanced program and would be the first approved therapy in HSCT-TMA. Analysts have an average target for shares of \$23 with a Street High \$32. Needham defending shares on 5/20 noting that the delay is part of the regular FDA review process and provides the agency additional time to complete its pre-approval manufacturing inspection. UBS starting at Buy in February noting that the market is underappreciating their pipeline, specifically in IgA nephropathy. Short interest is 21.25% and unchanged over the last three years. Hedge fund ownership fell 4% in Q1.

Hawk Vision:



Hawk's Perspective: OMER is a speculative name and would size it as such but flows have been interesting into this gap down suggesting the risk/reward is skewed more positively at these levels

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Bonds Short (TBT) buyer 15,000 September \$20 calls \$1.35 as the \$18 calls close out

Gold (GLD) large trade sold 21,150 March 31st (Q) \$179 calls and bought 21,150 January 2023 \$175/\$140 put spreads, all tied to a stock position

China Internet (KWEB) with 3000 July \$68 puts opening \$2.45 as the \$71 adjust down

Russell (IWM) buyer 2000 July 23rd (W) \$226 puts \$5.28. **IWM** afternoon buyer 4500 November \$236 calls for \$9.68

Brazil (EWZ) strong to day highs with 10,000 December \$44 calls bought \$2.39 as July \$43 adjust

Treasury (TLT) with 2000 July \$142 puts bought \$3.80 offer and 12,000 July \$138 puts bought \$57 to \$1.66

Oil & Gas (XOP) block of 65000 January \$105 ITM puts opens \$16.96 for over \$8M as September \$80 adjust

China (FXI) stock replacement opened 20,000 August \$46/\$44 bull risk reversals for \$0.73

Consumer Goods

Advanced Auto (AAP) with 800 July \$190/\$180 bull put spreads opening today for \$3.05, small base forming after pulling back from recent highs

Aurora Cannabis (ACB) with 1,000 June 2022 \$15 ITM puts sold to open today for \$7.95

Aterian (ATER) strong range break this morning with 500 January \$25 calls bought for \$3

Herman Miller (MLHR) jumps with 5000 August \$50 calls bought \$3.80

I Robot (IRBT) with 1,500 August \$115 calls sold for \$5.30 to open, adjusting some June short calls from 5/11

Sonos (SONO) buyer 2500 August \$45 calls for \$1.07

Kroger (KR) sale 2000 January \$37 puts \$2.75 bid

Consumer/Business Services

Avis Budget (CAR) with 1,300 August \$77.50 puts bought \$4.90 to \$5 this morning into strength

Int'l Game Tech (IGT) with 5,000 July \$25/\$22 put spreads bought today for \$0.95 with the \$28 calls sold 3,000X for \$0.80 and the \$29 calls sold 1975X for \$0.66

Brinker (EAT) IV surge here as 6500 June \$65 calls are bought up to \$0.80

Caesar's (CZR) with 800 December \$120/\$90 bull risk reversals opening as September adjust

Fubo TV (FUBO) with 1600 June 25th (W) \$33 calls bought up to \$2.35 today after their LG announcement this morning

Skillz (SKLZ) with 3,450 August \$22.50 puts bought \$4.80 to \$4.90 to open today, tied to stock

Uber (UBER) with 3000 August \$57.50 calls sold \$1.91 to open. **UBER** also a buyer today 2000 September \$45 calls for \$8.25, adjusting June calls

Under Armour (UAA) with 1,500 January \$20 puts sold to open for \$2.01 this morning with shares back near support from April and May

DoorDash (DASH) buyer 2200 August \$135 puts for \$14.55, rally failed at a key VPOC today

Hyatt Hotels (H) with 400 January \$80 calls bought \$7.90 today

Energy

Denbury (DEN) opening sale 1000 October \$75 calls \$5.70 into recent strength

Hess Corp (HES) with 1,500 August \$77.50 puts sold to open today for \$2.20, stock replacement in the strong name lately

Stem (STEM) a newer name hot since the positive Goldman initiation with 1500 September \$50 far OTM calls bought for \$1.30

Murphy Oil (MUR) buyers 2500 July \$25 calls \$1.60 into morning lows, look to add to the 3320 in OI

Quantum-Scape (QS) IV rising with 7700 June 25th (W) \$37.50 far OTM calls active with buyers \$0.77 to \$0.89

Cenovus Energy (CVE) IV surge here with 10,000 July \$10 calls bought \$0.45 to \$0.47. **CVE** calls quickly up to 20K

Targa (TRGP) buyer 1800 October \$42 puts \$1.85 offer

Financials

KE Holdings (BEKE) with 2,250 July \$45 puts bought this morning for \$3.50 to \$3.60, reports last week of a regulatory investigation in China

Citi (C) buyer 10,000 January \$95 calls \$1.87 looks to be adjusting back the \$100 calls, also seeing 1600 July 23rd (W) \$80 calls open

Futu (FUTU) weak and into the lows down 5% seeing 1800 July \$145 ITM calls bought around \$16, appears some \$155 adjusting as well

Square (SQ) with 1,000 August \$210 puts sold to open for \$15.33 today, adjusting some June short puts

Coinbase (COIN) with 500 January 2023 \$140 puts sold to open for \$23.10

Blackstone (BX) buyers active for 2500 September \$95 calls \$4.50 to \$4.60, putting some dry powder to work in M&A deals this morning

Morgan Stanley (MS) with 3000 January 2023 \$130 calls sold \$3.80 to open

PagSeguro (PAGS) opening sale 1500 January 2023 \$75 calls \$5. **PagSeguro (PAGS)** with another 2,000 August \$52.50 calls bought for \$4.20, adjusting some June \$50 calls

Crestwood Equity (CEQP) with 990 October \$30 calls opening \$2.025 as July adjust

Verisk (VRSK) a name that has struggled seeing 500 August \$175 calls bought for \$3.80

Lending Tree (TREE) some strength today and needs to get above the VPOC and 55-day MA at \$208, seeing June \$200/\$185 bull risk reversals open at \$7.78 debit

JP Morgan (JPM) with 3600 January \$145 short puts opening \$5.62 as the \$125 close 6000X

Wells Fargo (WFC) buyer 2000 January 2023 \$65 calls for \$2.50

Healthcare

Liminal Bio (LMNL) unusual early action with 2800 June \$7.50 calls and IV30 up 13.5%. FDA last week approved Ryplazim for treatment of patients with plasminogen deficiency type 1, which is the company's first drug approval.

Vocera (VCRA) with 1000 July \$35 puts sold to open \$1.90 with stock at \$35, bullish initiation today

Moderna (MRNA) impressive strength continues and 1500 October \$260 calls being bought \$15 to \$16.50 this morning.

MRNA filing today in both the EU and Canada for EUA in adolescents. **MRNA** also with 400 January \$200 puts sold to open around \$24.75 to \$24.30

Zymeworks (ZYME) opening sale 200 January \$35 puts ITM \$10.80

Boston Scientific (BSX) with 500 January 2023 \$38 ITM calls bought for \$8.50

DexCom (DXCM) buyer of 300 September \$390/\$420 call spreads for \$12.57, strong rebound lately and trending above its 8-EMA

Precigen (PGEN) with 1000 January 2023 \$15 calls bought for \$1.15, small-cap biotech working on cell and gene therapies

Merck (MRK) with 1,000 January \$72.50 puts bought today for \$5.10, tied to stock

Clover Health (CLOV) IV rising this morning with 6,500 August \$17.50 calls bought for \$1.15

One Medical (ONEM) with 1000 January 2023 \$22.50 puts bought \$3.35 after it made a big acquisition this morning

Iqvia (IQV) with 500 June \$230 calls bought this morning from \$6.60 to \$7, narrow bull wedge forming around recent highs

BioNTech (BNTX) with 500 June 25th (W) \$295 calls bought for \$5.16 today, strong move lately. **BNTX** also with 350 July \$250 calls bought today up to \$26.40

VBI Vaccines (VBIV) with 3,000 January \$4 puts sold to open for \$4 today, the July \$3.5 short puts adjusting

Cassava (SAVA) buyer 1300 July \$95 calls \$5.80 as the \$75 adjust up

TG Therapeutics (TGTX) with buyers in the January 2023 \$27 calls for \$19 to \$20.80 today, over 1,500X and follows the January \$25 call buys on 5/25

Centene (CNC) buyer of 6850 June \$70 puts up to \$0.90

Seattle Genetics (SGEN) seeing bullish July upside call action and also 300 September \$130 synthetic long positions open as June \$130 calls adjust

Reata (RETA) with 325 January \$100 puts sold to open \$18

LabCorp (LH) rising off the lows with 1,950 November \$270 calls bought up to \$18.50, still has 4000 of the November \$280 calls in OI with JANA Partners involved in the name. **LH** those November \$280 calls now rolling back to the \$270 strike 4,500X

TelaDoc (TDOC) with 650 June 2022 \$150 puts sold to open for \$27.40 today

Industrials

Site One Landscape (SITE) opening sale of 2800 July \$140 puts for \$1.25/\$1.30

Nikola (NKLA) opening sale 1000 October \$17.50 puts at \$3.45 bid

Macquarie (MIC) October \$37.5/\$42.5 call ratio opens 1000X2000 after it sold Atlantic Aviation to KKR

Boeing (BA) with 3,000 July \$265 calls sold to open today from \$5.10 to \$5 into the recent run higher

Generac (GNRC) with 550 January \$400 calls bought for \$15.40 to \$15.80 today to open, best in class name forming a nice weekly bull flag

Materials

Cliff Natural (CLF) buyer 1300 January 2023 \$22 calls for \$6

Sibanye (SBSW) with 1,000 October \$17.50 puts sold to open for \$1.85, name actively looking for M&A deals

Scott's Miracle Gro (SMG) buyers 370 August \$220 calls \$4.80 to \$5.30 into this weakness back to its 200-MA with margin contraction concerns

Adecoagro (AGRO) strong name with unusual 2250 July \$12.50 calls bought up to \$0.40

McEwen Mining (MUX) with 7000 November \$1.50 puts sold to open \$0.30

Builders First (BLDR) with 1000 November \$47/\$40 strangles sold to open for \$7.60 today

Constellium (CSTM) with 5,000 August \$21 calls bought for \$1.11 today, adjusting higher the \$17 and \$18 calls bought on 4/23

Osisko Gold (OR) with 2,200 January \$17.50 calls sold to open for \$0.95 to \$0.80

Tech and Telecom

Apple (AAPL) trade on the open sells 5000 July 23rd (W) \$125 puts to open for \$3.45. **AAPL** also with 5000 July 9th (W) \$125 puts sold to open \$2.91

Intel (INTC) buyer 25,000 August \$55 calls \$4.13 as June \$52.5 adjust

Snowflake (SNOW) buyer 1350 August \$245 calls \$19.80 to \$20 for \$2.7M into key Investor Day. **SNOW** seeing 1100 August \$290 calls sell to open near \$9.40 as well

Allot (ALLT) unusual buy 1800 July \$20 calls \$0.85

Micron (MU) opening buy 1000 August \$77.50 ITM calls \$9.05

DocuSign (DOCU) morning buyers of 700 July \$240 calls for \$12.10 to \$15 with the strong two-day move

Western Digital (WDC) buyer of 600 October \$77.50 calls for \$7.55, adjusting higher the \$75 calls, narrowing range above its 8-EMA recently

TI (TXN) with 7000 August \$200 calls selling to open \$3.85 to \$3

Taiwan Semi (TSM) buyer 1500 September \$115 puts for \$3.90, Semi's the lagging Tech group today

JD.com (JD) quick adjustment of a large trade last week as 16,000 September \$75 calls open \$5.30 as the \$77.5 close

Roku (ROKU) with 200 September \$330 puts sold to open \$33.15

Dropbox (DBX) the August \$25 ITM calls bought 800X today for \$4.90 to \$5 shares continue to move out of a weekly bull flag and news recently of the Elliott stake

Twitter (TWTR) with 3000 July 23rd (W) \$65 calls sold to open \$2.07 as June \$80 short calls adjust

Oracle (ORCL) buyer 5000 June \$83.50 calls \$2.09 to \$2.18

Cloudflare (NET) with 1,000 January \$95 calls bought for \$9.85 to \$10 as the \$80 calls adjust higher into strength

eBay (EBAY) the August \$65 calls being bought 2,000X for \$3.70, nice weekly flag breakout setting up and report today they've received bids for their S. Korean business

Qualcomm (QCOM) with 1250 September \$125 puts being sold to open \$4.96-\$5

Sierra Wireless (SWIR) unusual buyer 875 December \$20 calls \$1.15 offer, shares breaking out of a 200-day moving average base and out of a pullback trend

Seagate (STX) with 2750 December \$65 puts being sold to open \$1.45

Facebook (FB) seeing 8000 August \$340 calls open this afternoon up to \$17.60 for over \$13M

Zoom (ZM) block of 3000 November \$280 calls bought for \$79.80 ITM

Utility

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