

OptionsHawk

OPTIONS HAWK DAILY MARKET 7/1/2019

Sector Leaders

Oil Services

Semi's

Software

Stock Gainers

NPTN 17%

GTT 12.2%

ACIA 9.35%

AMSC 9%

GWR 8.7%

ASMB 8%

MLND 7.6%

Volatility Gainers

- EROS
- AMRN
- OLED
- LK
- UAA
- GRUB

High Call Volume

- ESI
- RUN
- AMP
- SWK
- IYT
- MOBL

Bullish Options

- PLNT
- TWTR
- RUN
- WYNN
- T
- BABA
- NEWR
- ATUS
- JD
- FIVE
- SC

Market Review: Stocks opened sharply higher following a trade truce between the US and China, though overall not much of an incremental needle-mover. European data continued to be weak as Factory Orders slid. M&A remained a strong theme with another \$10B in morning deals across Rail, Food, and Tech industries. The initial expectation was for a sell the news type day but into a quiet trading week and start of a new quarter with the recent record outflows in equities, the potential for a euphoric chase was also in play. Tech really stood out with Semiconductors and Software groups very strong, though the market faded throughout the day with Cumulative TICK peaking at 9:45am and seeing net selling the entire session. The schedule is light tomorrow with ISM NY and Fed Speakers as we coast into the Holiday break.

S&P Chart:



Resistance	Support
2,950	2,900
2,975	2,870
3,000	2,830

Options Action Trends: It was extremely slow trading in the options market as we tend to see the smart money not initiate new positions into overbought gap up rallied, and also saw plenty of taking profit trades today.

What's On Tap: ISM New York and Fed's Williams/Meister Speak.

Trade Tracker Portfolio Changes:

1. Closed JPM Calls \$6.30 (Opened \$3.30)
- 2.

Sector Laggards

Gold Miners

Utility

Aerospace

Stock Losers

COTY -14.5%

FNKO -12.9%

NSSC -8.9%

GSKY -7.6%

CRWD -6.4%

AU -5.45%

MRLN -5%

Volatility Losers

- GWR
- GNW
- RTRX
- GME
- NR
- S

High Put Volume

- RTRX
- UFS
- DIOD
- PTE
- MUR
- LOGI

Bearish Options

- WDC
- AMAT
- SJM
- DECK
- ABBV
- ZS
- DIOD
- UFS
- TER
- AEM
- TSLA



Size Bull Positioning Accumulates in McDermott

Ticker/Price: MDR (\$9.55)

Analysis:

McDermott (MDR) with another 10,000 November \$8 calls bought on Friday for more than \$2.5M and also seeing 2,000 August \$8 calls add as well where size already sits in open interest. MDR saw buyers of 3,000 July ITM \$5 calls and 10,000 August \$10 calls on 6-27 while the January \$9 calls with size adds on 6-25. Shares have run since late May up around 60% and back near resistance of a multi-month base at \$10. A breakout targets \$14 but a big low-volume gap from October stretches back to \$16. The \$1.75B oil and gas services company trades 4.35X earnings, 0.2X sales, and 4.2X cash with 42% EPS growth in FY20. The company sees 11.5% and 6.9% revenue growth going out two years with margins inflecting positively for the first time since late 2017. MDR provides EPC solutions to the energy industry. They have geographic reach in the Americas, EMEA, and Pacific Rim. In 2017, MDR agreed to merge with CB&I in a \$6B deal creating a fully integrated onshore and offshore services company with an expanded presence in the Middle East and oil giant Saudi Aramco. Their technology portfolio has strong near-term visibility with a \$15.4B backlog and well positioned globally with a \$91B revenue opportunity pipeline in marine, fabrication, engineering and tech. They're starting to see earnings power grow as the offshore market recovers and anticipating capex growth in 2020/2021. Analysts have an average target for shares of \$24.50. CSFB with a Neutral rating and \$9 PT but positive on the recent \$2B Anadarko Mozambique LNG award. Institutional ownership fell 11.5%. AQR, Rubric Capital, Cooper Creek, and Anchor Bolt all notable holders of shares and calls. In January, a director bought \$101,828 in stock at \$10.18 and in 2018 a number of buys between \$7.90 and \$10.18 with the largest a \$504,854 buy at \$10.

Hawk Vision:



Trading Strategy: MDR shares have risen nearly 60% in a few weeks since we saw the large synthetic long positions open, so looks quite extended to be jumping in now, but one to monitor for a pullback base.

Confidence Ranking: \$\$



Twitter Bulls Active as Shares Look to Play Catch Up

Ticker/Price: TWTR (\$35.50)

Analysis:

Twitter (TWTR) with early buyers of 1,200 August ITM \$33 calls today for \$4.05 and volume over 4,400X now. TWTR also seeing some weekly \$36.50 calls bought over 4,500X as well. TWTR has seen buyers recently in the January \$35, \$39, and \$43 calls as well as near-term action focuses on the August 2nd (W) \$37 calls for more than 5,000 on 6-20. Shares jumped on earnings in April and pulling back to fill the gap recently and re-test a major base breakout at \$34.25. A move above \$36 clears the recent downtrend with room back near the post-earnings highs at \$40. The \$26.7B company trades 31.8X earnings and 8.45X sales with 8.1% and 19.1% EPS growth forecast as they improve monetization efforts. TWTR sees revenue growth of 14.7% and 13.2%. TWTR is coming off of a strong quarter with strong gains in monetizable DAUs and ad engagements. The company continues to invest in growth on the user-side and cleaning up the platform with the run up to the 2020 Election a pivotal event. Analysts have an average target for shares of \$40. Loop Capital out defending on 6-14 with a \$55 PT. The firm thinks the recent pullback offers an attractive entry as the company's user engagement story continues to improve and more casual users become daily users. They also think this will cause budget allocations from brand advertisers will to increase more rapidly as the industry chases the better growth rate. Short interest is 2.6% and down at its lowest levels since 2013 when the company debuted. Hedge Fund ownership fell 27.5% in the recent quarter. Aristotle Capital, SRS Investment, and ARK Investment concentrated holders.

Hawk Vision:



Trading Strategy: TWTR looks like a nice opportunity on reward/risk basis against last week's low as it still is an exciting Tech name that has coiled since last quarter's upside earnings move.

Confidence Ranking: \$\$



Unusual Speculative OTM Call Buys in Vericell

Ticker/Price: VCEL (\$18.65)

Analysis:

Vericell (VCEL) with its 30 day IV rising 24.5% this morning seeing January \$30 calls unusually active trading 1,770X at \$0.45 to \$0.55 in unusual activity. VCEL does not have any other notable open interest. On the chart shares recently based at the 55 week MA and lower Bollinger of the weekly while also retesting a key breakout from November 2018. Shares are now looking for a move to new highs. The \$810M bio-pharmaceutical that makes cellular therapies for sports medicine and severe burn markets posted 42% revenue growth last year and sees 24-27% growth this year and next. It will next report results in early August and in May entered a license agreement for NexoBrid with MediWound (MDWD). It sees the sports medicine market under-penetrated and growing as a \$2B available market for MACI. It is a company with significant operating margin expansion opportunities with incremental manufacturing capacity. VCEL also has \$84M in cash and equivalents with no debt. Analysts have an average target of \$26.50 and short interest is elevated at 18% of the float. OpCo raised its target to \$32 in early May after raising its guidance and announcing the MDWD deal. VCEL as seen as a multiple expansion name as it sets up for a beat and raise year and trades 8.6X Sales. Hedge Fund ownership fell 6.6% in Q1 filings, Consonance Capital with a \$75M position as the top holder.

Hawk Vision:



Trading Strategy: VCEL is a small cap with healthy topline growth and margin upside, a nice looking name as it shifts out of a downtrend for a small cap own.

Confidence Ranking: \$\$



Bullish Strategies in Altice US

Ticker/Price: ATUS (\$24.25)

Analysis:

Altice US (ATUS) recent spreads active buying the August \$25/\$27 call spread and selling the \$22 puts 2000X while on 6-7 a trader bought the September \$26/\$29 call spread and sold the \$22 puts 2,500X. Today, the OTM January \$17 puts are being sold to open 10,000X. ATUS also has seeing sellers in the December \$18 puts and buyers active in the January \$20 calls with over 2,000 holding in OI. ATUS shares are flagging under \$25 and the recent highs in a multi-week range with a \$27/\$28 measured target. On a long-term look, shares cleared a big base in early 2019 and consolidating above the rising 20-week MA. ATUS traded as high as \$32 in 2017. The \$16.25B company trades 23.28X earnings, 1.7X sales, and 12X FCF. ATUS expects to make \$1.50/share in earnings in FY21, up from \$0.55 this year, and sales growth expected to grow 3.6% and 2.7%. ATUS has a number of potential catalysts to drive value including acquiring assets from Sprint/T-Mobile's divestiture process, merger synergies from their \$200M deal for Cheddar, and a potential sale of their Lightpath Fiber business which could fetch \$3B. Analysts have an average target for shares of \$27. Pivotal with a \$32 PT on 6-14. The firm thinks there's plenty of room for upside as management continues to execute on a relatively lean cost structure and maintains their capital return. Short interest is 2.2%. Hedge Fund ownership rose 50% last quarter. Soroban Capital a top holder with 20M shares bought last quarter, a 7.78% weight. Zimmer Partners, Sessa Capital, Greenlight Capital, and Senator Investment all top holders as well.

Hawk Vision:



Trading Strategy: ATUS looks solid on the chart and a few potential upside breakout catalysts, but the activity leaves a lot of room for error and more a buy on weakness name based on the flow structure.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Regional Banks (KRE) with buyers of nearly 13,000 August \$52.50 puts for \$0.88 to \$0.94 into a busy period for earnings upcoming

Financials (XLF) with 20,000 January \$29 puts opening \$1.85 with the group moving to day lows, looks to be adjusting from \$28 strike

Russell (IWM) stock replacement opens 7500 September \$156 calls \$5.44. Also seeing 12,000 August \$152/\$141 put spreads active

S&P (SPY) with 13,300 August \$300 calls bought \$3.25 as some July \$293 and weekly \$294 calls adjust. **SPY** also today with 10,000 October \$295 calls opening \$9.33 as December \$295 calls close and roll back a couple months

NASDAQ (QQQ) faded since the open and trying to hold above \$189, seeing 5000 September \$187 puts open today \$4.715. **QQQ** Aug 2nd (W) \$185.5/\$181 put ratio spreads active 4000X12000

Gold (GLD) stock replacement opens 4500 January 2021 \$132 calls at \$9.60

Consumer Discretionary/Services

Planet Fitness (PLNT) with 1,300 July \$75 calls opening this morning up to \$2.50

Wynn (WYNN) seeing 1,280 September \$135 calls bought in late May close today and roll up to open the \$155 calls for \$2.35

L Brands (LB) buyer of 4000 January \$20 puts to open \$1

Penn Gaming (PENN) buyer of 1000 August \$20 calls \$1.05

Omnicom (OMC) opening sale 3400 October \$77.5 puts \$1.65

Best Buy (BBY) buyer of 1,000 August 2nd (W) \$72.50/\$68.50 put spreads for \$1.24

Home Depot (HD) buyer 1500 July \$210 straddles for \$6.04

Las Vegas Sands (LVS) with 2000 August \$55 calls closing and buying 2,650 of the \$60 calls

Five Below (FIVE) buyer of 500 August 2nd (W) \$125 calls for \$5.51 to \$5.70 as the \$122 calls roll up; earlier the August \$125/\$135 call spread bought 250X500

Sinclair Broadcasting (SBGI) seeing IV fade as 745 December \$65 calls sold to open for \$2.55 to \$2.50 today

Eldorado Resorts (ERI) more bullish flow after their Caesars deal today as 1,000 August \$50/\$55 call spreads are bought for \$1.07

SeaWorld (SEAS) buyer of 1,000 August \$30/\$26 put spreads for \$1.20 into strength

Grupo Televisa (TV) spreads buying 2,000 August \$9/\$11 call spreads and selling the \$8 puts to open for a small 5 cent debit

Avaya (AVYA) opening sale 1000 December \$12.50 ITM puts for \$1.90

Consumer Goods

Canopy Growth (CGC) with 5000 January \$50 calls opening \$2.65 as July \$55 adjust

Kraft Heinz (KHC) IV fades as 4,000 July 26th (W) \$31 puts sold to open for \$0.85 today

Energy

QEP Resources (QEP) buyers active for 1,500 August \$7 calls today for \$0.65 to \$0.70 with the reports last week that Elliott is close to acquiring the company

Equitrans Midstream (ETRN) unusual 2500 October \$22.50 calls bought \$0.40 to open

Range Resources (RRC) buyer of the January \$7/\$10 call ratio spread 2500X5000

Parsley Energy (PE) buyers of the January \$20/\$30 call spread today nearly 500X1,000, shares in a narrow range since the start of the year

Financials

Berkshire Hathaway (BRK.B) with 3,000 July \$217.50 calls bought from \$1.55 up to \$1.59 today to open

Ameris Bancorp (ABCB) unusual 1000 August \$40 calls opened \$0.60 at PHLX, follows unusual call buys in small regional banks last week

Equifax (EFX) opening sale 500 October \$135 calls for \$6.50

Realty Income (O) with 1,500 August \$65 puts bought to open today \$0.85 to \$0.89

Santander (SC) with 5000 November \$23 calls adjusting to the \$25 strike

Schwab (SCHW) into day lows a massive trade buys 77,000 August \$41 calls for \$1.35 and sells 75,000 of the \$40 puts for \$1.25 to \$1.30

Starwood Property Trust (STWD) buyer of 1000 December \$22.50 puts for \$0.75 to \$0.80 which follows some put buying late last week in Hospitality names

Interactive Brokers (IBKR) with 250 August \$50 calls bought \$5.30 to \$5.40 today and 180 of the \$55 calls opening \$2.00 to \$2.10, coiled name under \$56.50

Morgan Stanley (MS) a Bank with a lot of bullish open interest and today 4000 January \$52.5/\$43 bull risk reversals open for a \$2.30 credit

Healthcare

AbbVie (ABBV) buyer of 2000 September \$72.50 puts \$3.30 to \$3.40, recently doing a mega-deal for Allergan (AGN)

Beigene (BGNE) unusual opening trade for 500 August \$155 calls \$3.60

Retrophin (RTRX) buyer of 5000 August \$20 puts rolls from July \$17.50 puts and appears tied to stock. **RTRX** with 1000 September \$25 calls opening \$2.45 as well today. **RTRX** spreads now are selling 4,000 September \$30 calls to buy the August \$20/\$15 put spread

Illumina (ILMN) with 300 September \$370 calls bought for \$22.39 to \$22.34 in stock replacements, over \$670k trade

Iovance (IOVA) with 2000 September \$30 calls sold to open \$0.85/\$0.90

Penumbra (PEN) opening sale 300 January \$145 puts for \$11.50

Sarepta (SRPT) opening seller of 500 January 2021 \$155 puts down to \$40.75

Zynerba Pharma (ZYNE) forming a nice bull flag on the daily after strong accumulation since early April and today a buyer of stock sells 500 January \$25 calls for \$2.35 in a buy-write, a name trading \$13.90. The \$270M Biotech has 23% of its float short and not near commercialization yet. ZYNE sees a multi-billion dollar market opportunity for Zygel, a CBD gel, as a rare-near-rare neuropsychiatric company. It has top line BELIEVE 1 data in Q3 and top line CONNECT-FX data in 2H19. HC Wainwright on 5/31 with a \$23 target seeing shares potentially undervalued with an opportunity in Fragile X Syndrome, and sees peak US sales of \$700M. Cantor raised its target to \$22 noting broadening interest in the medical cannabis space.

Allakos (ALLK) buyer of 2,500 August \$35/\$22.50 put spreads for \$3.50 today, unusual size for the name which rarely trades options. The \$1.82B biotech has Phase 2 data in Eosinophilic Gastritis due later this year

Sangamo (SGMO) now also seeing buyers of the July \$11 puts 1970X for \$1 to \$1.10

GW Pharma (GWPH) IV and shares moving higher with August \$190 calls bought 265X at \$3.30 where over 1000 sit in OI

Bluebird Bio (BLUE) with 1,000 August \$140 calls sold to open \$4.20 to 4.10

Industrials

Tesla (TSLA) buyers of 2,000 October \$150 puts for \$5.80 to \$6.05 today. **TSLA** also with 5000 Aug. \$270 calls bought \$6.38 today as the \$250 calls appear to be adjusting

Albany International (AIN) with 200 September \$85 calls bought this morning from \$3.90 to \$7.00 with IV30 up 28.4, name that trades less than 10 calls per day on average and moving out of a big weekly flag to new highs. The \$2.61B company focuses on textiles

Boeing (BA) spread selling 420 February \$410 calls for \$12.20 to buy 280 of the \$330 puts \$17.85

Deere (DE) spread sells 1,000 July 26th (W) \$170 calls for \$1.54 and buys 2,000 of the \$160 puts for \$2.29, tied to 100,000 shares of stock

AeroJet (AJRD) buyer of 1500 February 2020 \$35 puts for \$1.30

3M (MMM) with 850 January \$190/\$170 bull risk reversals opening at a credit of \$4.45

SkyWest (SKYW) unusual sweep buys of 370 August \$60 calls \$3.30 to \$3.60 today with shares nearing a range breakout of a weekly consolidation. The \$3.1B regional airliner trades 9.4X Earnings, 5.9X EV/EBITDA and 4.5X FCF. SKYW departures on May rose 8.3% Y/Y and is coming off a very strong quarter as well as extending its agreements with American Air (AAL). Imperial raised its target to \$74 back in April, Stifel started coverage at Buy in April with a \$68 target as the best and most diversified regional operator. Short interest is low, 1.4% of the float

Zebra Tech (ZBRA) on the lows and today another 1,200 July \$200 puts bought for \$2.55 where 1,900 were bought late last week

United Parcel (UPS) buyer of 1000 June 2020 \$95 puts \$6.95

Materials

Domtar (UFS) fading to the lows, down 1.5% in a strong tape, and 2,000 July \$42.50 puts bought to open up to \$0.75

Element Solutions (ESI) with 10,000 August \$10 calls sold for \$0.95 to \$0.90

Agnico Eagle (AEM) buyer of 1000 July \$55 ITM puts \$5.05 to \$5.12

DuPont (DD) aggressive buyer of 2,000 September \$75 puts for \$3.70 to \$3.85 to open

Huntsman (HUN) with 1,375 July \$19 calls bought \$1.90 to \$2.00 today

Tech and Telecom

Taiwan Semi (TSM) buyer of 850 August \$43 calls to open \$1.10

Broadcom (AVGO) with 625 July \$295 calls adjusting out to August \$320 calls today for \$5.90

Xilinx (XLNX) seeing 500 January \$105 puts sold to open

Teradyne (TER) buyer 400 October \$45 puts into strength \$2.25 offer

Z-Scaler (ZS) with 1300 next week \$75 puts opening as this week adjust. **ZS** also seeing 500 July \$76 puts bought for \$3.10 today

Western Digital (WDC) with 1,500 October \$40/\$35 put spreads opening into strength

Diodes (DIOD) buyers of 2,000 August \$35 puts for \$1.47 to \$1.65 with the \$30 puts rolling back into strength. **Diodes (DIOD)** also with 5000 December \$35/\$30 put spreads opening at \$1.75

Alibaba (BABA) with 1,650 July 26th (W) \$182.5 calls opening as this week \$172.5 close

Sun-Run (RUN) with 2,100 January \$19 calls being bought to open \$2.90 to \$3.10. **RUN** also seeing 3000 August \$19 short calls roll to November \$21 today

AT&T (T) buyer of 10,000 October \$35 calls for \$0.50

Adobe Systems (ADBE) seeing 500 July 12th (W) \$295 calls roll up to the \$302.50 calls today where over 800 open around \$3.10

Sony (SNE) seeing 1,000 August \$50 puts sold to open today for \$1.10. **SNE** also with 2,200 Oct \$55/\$47.5 bull risk reversals opening

New Relic (NEWR) a lagging Software name seeing 1000 August \$100 calls bought \$1.65 to \$1.70 to open

Mercado-Libre (MELI) with 280 September \$660 puts opening deep ITM for near \$2M

VMware (VMW) with 325 October \$175/\$155 put spreads bought

Zillow (ZG) opening sale 400 February \$45 puts for \$6.20

Mobileiron (MOBL) strong small cap with unusual 555 October \$7 calls bought \$0.45/\$0.50 offers

Atlassian (TEAM) buyers of 150 September \$140 calls for \$7.10 to \$7.40 to open today, shares flagging nicely under recent highs

eBay (EBAY) buyer of 4800 July \$41.50 calls with 7-17 earnings as weekly calls adjust

Sea Ltd (SE) trades 2000 August/September \$38 call calendar spreads \$1.05

JD.com (JD) buyer of 8000 September \$31 calls \$2.29, closes 5,500 of the Sep \$27 calls

Twilio (TWLO) with 770 July 26th (W) \$145 calls sold to open today for \$3.00 to \$2.80

Advanced Micro (AMD) block of 10,000 August 2nd (W) \$28 puts opens \$0.96

Cree (CREE) buyers active here for 1,500 July \$60 calls for \$1.45 to \$1.50 to open

Applied Materials (AMAT) buyer of 2000 January \$44 puts \$3.65 offer

Zoom Tech (ZM) IV rising midday with 2500 July \$105 puts active with buyers \$19.40 to \$19.80, may be adding to size buys from 6/10 and 6/20 after a bearish Goldman note

Pinterest (PINS) with 500 November \$28 puts sold to open today for \$4.50, popular strategy in the name

Telecom Argentina (TEO) weak with an ugly candle today seeing 2900 Jan \$15 puts bought spread versus sales of \$10 and \$7.5 puts

Micron (MU) fading the strong open as it neared YTD VPOC and 6750 October \$42 ITM puts active with buyers today \$4.45/\$4.50

Kornit Digital (KRNT) big breakout last week seeing 750 August \$25 calls adjust to February \$30

Fortinet (FTNT) sweep buyers of 1000 August \$85 calls \$1.35 earlier today

Nova Measuring (NVMI) trader buys the August \$25 puts for \$1.00 and sells the November \$30/\$20 strangle for \$1.05 to open today

Utility

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Not Investment Advice or Recommendation

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