

OptionsHawk

OPTIONS HAWK DAILY MARKET 7/17/2019

Sector Leaders

Gold Miners

Utility

Solar

Stock Gainers

SGEN 16.7%

MTSI 8.6%

CTAS 8.5%

BNFT 7.2%

ASML 6.1%

SHOP 5.75%

PRGS 5.75%

Volatility Gainers

- DDS
- USAT
- HLF
- CRC
- PETS
- NSC

High Call Volume

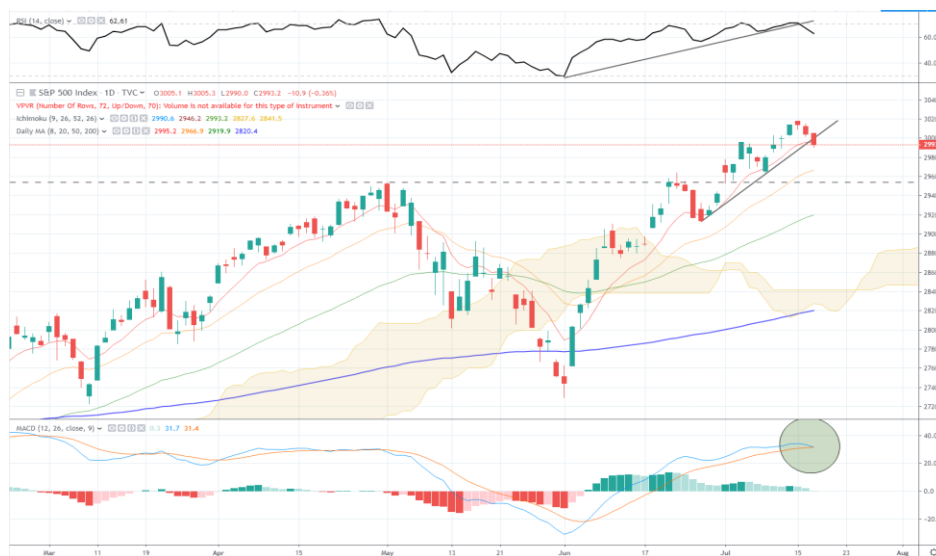
- VAR
- NGL
- GTT
- SGEN
- TRN
- RUN

Bullish Options

- RIO
- XOM
- QCOM
- MDT
- LB
- TROX
- UNP
- LITE
- LYV
- AMGN
- EGHT

Market Review: Stocks were in a narrow range overnight without a lot of movement once again, headlines being digested on worsening China trade potential and an accommodative Fed offsetting. Earnings continued to come in with CSX disappointing in the Rails, while Abbott posted a strong quarter in med-tech. Stocks rolled over in the opening hour with the Russell leading lower breaking under its 21 day MA and YTD VPOC. Weakness was led by Energy, Transports, and Industrials while Banks also pulled back. Housing starts came in weak while permits also fell more than expected, continued trends all year. Gold (GLD) showing some strength today after pulling back to the rising 20-day MA this week and near a flag breakout. Treasury's also showing some strength after basing at the 50-day this week. The S&P breached its 8-EMA for the first time since 6-26 but overall quiet session. We're getting a bearish MACD crossover on the SPX as well for the first time since May.

S&P Chart:



Resistance	Support
3,020	2,950
3,040	2,900
3,090	2,850

Options Action Trends: We saw some near-term bearish positioning in the asset managers BX and KKR, the latter repeat from earlier this week. Auto parts names drew put buying in ADNT, GT, and APTV.

What's On Tap: Philly Fed Index, Jobless Claims, and Fed Speakers. Earnings from MSFT, UNH, NVS, TSM, SAP, HON, PM, UNP, DHR, MS, ISRG, COF, STI, PPG, NUE, GPC, DOV, ALLY, ETFC, ADS and SNA.

Trade Tracker Portfolio Changes:

1. No Changes

Sector Laggards

Transports

Energy

Industrials

Stock Losers

NUS -16.25%

FTSV -11.2%

ERIC -11.2%

CSX -10.3%

SCPL -9.5%

GWB -7.5%

CRC -6.45%

Volatility Losers

- SGEN
- CTAS
- ERIC
- UAL
- OMC
- SYMC

High Put Volume

- COMM
- RDFN
- RRC
- CSX
- ADNT
- PETS

Bearish Options

- MRO
- IP
- CMA
- ITW
- GT
- KKR
- DXC
- TSLA
- BHC
- XLNX



Nevro Put Sales Confident in Shares

Ticker/Price: NVRO (\$63.6)

Analysis:

Nevro (NVRO) with 500 ITM February \$72.50 puts sold to open yesterday for \$12.50 and follows sellers in the August \$60 puts 1000X and November \$50 puts 1000X over the last two months. NVRO had 500 December \$70 puts sold to open for \$12 in April while the \$45 calls bought 300X for \$21.50. NVRO shares are consolidating in a narrow range under \$68 with a breakout targeting \$78. The 50-day MA is support just below around \$62.50. The \$1.92B company trades 5X sales and 8X cash with 10.6% revenue growth. Shares jumped in March after the CEO departed and the company reached an agreement with Broadfin Capital. The new CEO is expected to lead a turnaround as the company looks to capture a growing market opportunity from their Senzo spinal cord stimulation product. Analysts have an average target for shares of \$59 with 6 buy ratings, 3 hold, and 2 sell. MSCO upgrading to Overweight with a \$70 PT seeing management changes and the new platform disclosed at NANS 2019 represent "a new beginning" with a material change in strategy. The firm also takes the changes as evidence that the board is more committed to execution and shareholder returns. Wells Fargo with a \$75 PT as the firm believes the company has a good product, participates in a healthy, underpenetrated market, and has a "strong and underappreciated pipeline." BAML with a \$70 PT and Buy rating, they think CEO Keith Grossman is the best SMid cap commercial turn-around CEO in MedTech. NVRO has 12.9% of the float short but down from over 22% in 2017. Hedge Fund ownership rose 15.4% in Q1. Spark Investment and Birch Run Capital notable holders. On 6-10 a director bought \$500,981 in stock at \$61.22 while on 6-7 a different director bought \$100,500 in stock at \$60.

Hawk Vision:



Hawk's Perspective: NVRO has been choppy and a tough one for me to be confident on with the short float but is trading the 50 MA looks like the level to utilize.

Confidence Ranking: \$\$



Fluor Calls Accumulate as Shares Near Trend Shift

Ticker/Price: FLR (\$32.85)

Analysis:

Fluor (FLR) with October \$35 call open interest rising to 8,295 after another 4,500 added yesterday following 1,500 on Monday. FLR also has 1,500 August \$32.5 calls and 2,850 August \$35 calls in open interest, while the August \$32.50 put have also been bought 2,200X and sit in OI. The \$4.6B E&C leader trades 12X Earnings and 7.2X EV/EBITDA with a 2.55% dividend yield and a lot of cash. FLR forecasts call for another year of negative topline growth but sees 7% growth in 2020 and 2021. It will next report earnings on 8-1. In Q1 new awards and backlog both increased and is waiting on bids submitted for two LNG projects in 2H19. FLR has seen insider buys since last year and in May the Interim CEO and COB each bought stock \$29.52 to \$29.81 range. FLR options sentiment is positive into this quarter with one month normalized skew at its 15th percentile. The focus will be on project mark to market and bookings updates. Analysts have an average target of \$36.50 and short interest has jumped 100% Q/Q to 5.5% of the float. On the chart shares are trying to base at a five year low and nearing a move above the 21 week MA and downtrend line on a break above \$34.50 that can shift the trend. Canaccord raised its target to \$35 on 7/10 citing lack of visibility with a new CEO and CFO as well as some troubled projects in the backlog. Hedge Fund ownership soared 77% in Q1 filings.

Hawk Vision:



Hawk's Perspective: FLR valuation is looking very compelling and likely can trade against this rising 33 EMA, though JEC remains my preferred way to play the group.

Confidence Ranking: \$\$



ConAgra Seen to Have Upside Through Year-End

Ticker/Price: CAG (\$28.75)

Analysis:

ConAgra (CAG) with buyer of 3,000 January \$29 calls today for \$2.30 as some September \$30 calls adjust and follows buyers of the December \$29 and \$32 calls recently. CAG has also seen September \$24 put sales and has 3,800 January \$28 calls and 2,900 January \$30 calls in OI from earlier in the year. CAG shares are flagging on the weekly under \$31 and looking to clear a downtrend above \$29.50 in the near-term. Shares have a measured move up to \$36 and filling the low-volume gap from November and back to a big VPOC. The \$14B company trades 12.25X earnings, 1.5X sales, and 48.5X cash with a 3% yield and high-single digit EPS growth next year and moving up to 11.5% in 2022. CAG sees 2% revenue growth. CAG is coming off a messy quarter with the divestiture of their Wesson Oil business, Canadian Del Monte business, and some facility sales making comps tough. They continue to see strength in grocery and snacks while integration of the Pinnacle deal remains on track. CAG is expected to continue their focus on higher-impact areas with a number of new product launches into the 2H including frozen meals where they see considerable opportunity. Analysts have an average target for shares of \$35.75. Stifel positive on 6-28 expecting a marked improvement in the second half, particularly behind the Pinnacle business. BAML positive on 6-28 seeing recent headwinds as temporary and addressable by management as innovation and synergies still provide a strong upside draw. Short interest is 4.8% and up from around 2.5% in early 2019. Hedge Fund ownership fell 18.25% last quarter. Jana Partners remains a top holder with 14.9M shares and adding 1.4M more in Q1, their largest position at 35% weighting. Clearfield, Ayeska, and Schonfeld Strategic all notable holders as well. Insiders have been active this year with a \$668K open market buy from a Director on 7-2 at \$26.73 while buyers earlier this year at \$30 for more than \$300K. In October, the CEO bought \$500K in stock at \$35.25.

Hawk Vision:



Hawk's Perspective: CAG is not much of a growth name with the options positioning and JANA stake make it interesting. I prefer to stick to the names operating better and shares a bit extended short-term.

Confidence Ranking: \$\$



Calls Accumulate in Strong Small-Cap 8x8

Ticker/Price: EGHT \$25

Analysis:

8x8 (EGHT) seeing more than 3,450 August \$25 calls opening today for \$1.45 to \$1.55 in stock replacements, same spot where 1850 were bought yesterday. EGHT is trading 8X average calls and no other notable open interest in the name. Shares have been strong in 2019 and moving off of 52-week highs this week to re-test the prior breakout range around \$25. The current range breakout targets \$27-\$28 but longer-term a big weekly range from 2018 targets a move up to \$30. EGHT has key support below at \$23 from the April breakout. The \$2.37B company trades 6.7X sales and 6.8X cash with profitability expected next year. Revenue growth is forecast to be 21.9% and 32.1% through FY22. EGHT has been expanding their channel with nearly 700 partners now, up from 400 in the prior quarter, while undergoing a big investment cycle to accelerate growth. EGHT is a provider of cloud communications and customer engagement software with a focus on SMID businesses. They see a huge long-term opportunity with the \$50B legacy communications market migrating to the cloud (contact center, unified communications, and video collaboration). EGHT has a wide customer base and a lot of growth drivers including monetizing their analytics capabilities, better cross-sell on their platform, and global expansion. Analysts have an average target for shares of \$23 with 4 buy ratings and 5 hold. Dougherty downgrading to Neutral in May after “another reset” of expectations while valuation is fairly in line with peers. Stephens with an Overweight rating for shares citing momentum in large customer bookings while the new product cycle is also attractive with the release of the X Series product bundle. Short interest is 14.2% and up from around 4% earlier this year, definitely a cautious signal. Hedge Fund ownership rose 22.85%. Point72 is a 5% holder with over 4.85M shares while Tiger Global also with 4.7M shares, a new position in Q1. Polar Capital also with 1.5M shares. In November 2018, the CEO bought \$97K in stock around \$17.

Hawk Vision:



Hawk's Perspective: The short interest keeps me cautious but they've been wrong so far and **EGHT** in a strong trend. They have earnings on 7-30 and a weak history, lower 4 of the last 5, so one to target on the dip with a better reward/risk.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Emerging Markets (EEM) early buying of 4775 January \$42.50 puts \$1.94

MSCI EAFE (EFA) buyers active for 7000 December \$65 puts today \$1.85. **EFA** Dec \$65 puts up over 16,000X on the morning now

S&P (SPY) moving to morning lows with 10,000 Aug. 30th (W) \$295 puts bought in a sweep \$3 to \$3.05

Russell (IWM) with 7,500 Dec. 31st (Q) \$155 puts opening the first hour for over \$5M

Treasury (TLT) buyer of 5000 October \$133/\$129 strangles expecting a return of bond volatility

REITS (IYR) with 15,000 September \$93 calls bought \$0.56 to open as yields head lower, making the group more attractive

Consumer Discretionary/Services

Big Lots (BIG) buyers of 1600 August \$25 calls for \$1 to \$1.05 today and also seeing some July \$25 calls active for a small debit

L brands (LB) with 6000 Aug. 23rd (W) \$29 calls opening \$0.60 to \$0.65

Yeti (YETI) buyers of 1,000 August \$30/\$25 put spreads for \$1.33, recent buyers of size in the August \$35 puts with earnings 8-1

Ralph Lauren (RL) spreads selling the August 2nd (W) \$102 puts to buy the \$115/\$120 call spread 575X today into earnings on 7-30

Live Nation (LYV) with 1500 August \$70 calls opening \$2.55 as July \$62.5 adjust

Under Armour (UAA) opening sale 2300 October \$25 puts at \$1.21

Tupperware (TUP) buyer of 1,000 August \$17.50 puts for \$1.10 to \$1.15, earnings 7-24 and potentially similar issues that led USNA and NUS to warn as Tupperware products also on the 100-day list in China

Chewy (CHWY) weak today but seeing another 5,950 August \$35 calls bought for \$1.20 to \$1.35 this afternoon

Foot Locker (FL) seeing 1,500 September \$50 puts open for \$9 as the July \$50 puts roll

Consumer Goods

Mondelez (MDLZ) 1,250 January \$55 puts sold to open for \$2.85, seeing little downside with earnings on 7-30 and shares flagging near 52-week highs

Kellogg (K) with 1500 January 2021 \$55 puts opening \$6.59

Philip Morris (PM) IV rose with 4000 July \$78 puts opening up to \$0.45 for 7-18 earnings

Beyond Meat (BYND) the January 2021 \$170/\$200 call spread trading 1,000X today for \$7.85

Canopy Growth (CGC) with the September \$37.50 puts opening for \$4.52 today into strength, over 1650 rolling from July

United Natural (UNFI) buyer of 4,000 August \$10 puts for \$0.90, rolling down 2,500 of the \$12,50 puts in the weak name

Energy

Sun-Run (RUN) with 6000 November \$22 calls sold to open \$2.05 down to \$1.80 into strength

Exxon (XOM) buyer of 1000 ITM October \$72.5 calls \$4.40 to \$4.60

Energy Transfer (ET) seeing 5,000 July \$14.50 calls roll to October \$15 calls for \$0.65, considering a stake sale in their Rover Pipeline

Marathon Petroleum (MPC) another 2,500 August \$57.50 calls bought for \$1.20 in a stock replacement

Concho (CXO) another 2,300 January \$70 puts bought \$1.90 to \$1.95, spot where 11,500 were bought earlier this week

Cabot Oil (COG) buyer of 1,500 October \$22 puts for \$1.00 into weakness today

California Resources (CRC) buyer of 10,000 August \$19 calls for \$1 today to open, shares trying to base around the recent lows

Transocean (RIG) with 7,500 November \$6 straddles sold to open today for \$1.42

US Silica (SLCA) buyers of 950 September \$13 puts for \$2.05 to \$2.10 today

Schlumberger (SLB) over 1,000 ITM November \$35 calls opening between \$4.85 and \$5.25 today, earnings on 7-19

Alliance Resources (ARLP) with 1,375 December \$17.50 puts bought for \$1.85 to \$2 today

Financials

Comerica (CMA) buyer of 455 January \$65 puts \$3.55 after a weak report

KKR Co. (KKR) bearish flow all week and today 1700 January \$26 puts being bought \$2.15 as well as December \$24 put buys. KKR now also with 4,000 September \$26 puts bought \$1.45 to \$1.50

HSBC Holdings (HSBC) seeing 825 December \$39 calls open today \$2.80 to \$2.85 ahead of 8-5 earnings

Travelers (TRV) buyer of 1250 August \$150/\$140 put spreads for \$1.49 into earnings on 7-23

PayPal (PYPL) opening sale 2,200 June 2020 \$100 puts \$4.26

Nasdaq (NDAQ) buyers of 1,000 August \$105 calls for \$1.45 to \$1.50 today into earnings on 7-24, strong mover lately

Berkshire Hathaway (BRK.B) with 5700 September \$200 Synthetic Long positions opening as July \$200 calls adjust

Citizens Financial (CFG) stock replacement sells 1,500 January \$32.50 puts to open for \$1.60 into earnings this week, 7-19

Marsh & McLennan (MMC) buyers active for more than 2650 August \$100 puts up to \$1.45, IV jumpy with earnings on 7-30

Metlife (MET) stock replacement sells 1,500 September \$50 puts for \$1.78 today

Healthcare

Medtronic (MDT) buyers in the January calls yesterday and today 3,500 August \$105 calls bought up to \$0.35 with IV rising. **MDT** 1165 Aug. 30th (W) \$102 calls open \$1.87 as July calls adjust

Bristol Myers (BMY) sale of 1500 Jan. 2021 \$43 puts for \$4.95 bid

United Health (UNH) strong ahead of earnings tomorrow morning and 500 July 26th (W) \$265 calls bought up to \$6.25

Amgen (AMGN) buyer of 1,000 October \$175 calls this morning \$10.10 to \$10.30

AnaptysBio (ANAB) spread today sells 800 August \$55 puts for \$4.70 and buys the January \$50 puts to open for \$9.50

Community Health (CYH) with 1,000 December \$5 ITM puts opening \$2.80. CYH also with 20,000 January \$2 puts opening today for \$0.38

Industrials

Norfolk Southern (NSC) lower with CSX today but seeing 500 July 26th (W) \$202.50 calls bought up to \$3.90 into their own report on 7-24

Illinois Tool (ITW) with 500 August \$150/\$140 put spreads bought ahead of 7-26 earnings, likely faces a lot of pressure with slowing Macro

Goodyear Tire (GT) with 6000 January 2021 \$18 puts opening \$4.54

DXC Tech (DXC) with another 4850 September \$50 puts bought \$0.95 to \$1 where 5,700 have accumulated

Tesla (TSLA) another 5,000 September \$225 puts bought up to \$10.20 today, buyer earlier this week as well at the strike. **TSLA** buyer of 5000 October \$285/\$185 strangles for \$19.80 which leans heavily bullish Net Delta

Union Pacific (UNP) opening sale 10,000 August \$155 puts \$1.46 into weakness from the **CSX** report. **UNP** also with 2000 August \$150 synthetic long positions opening as September short puts adjust

CSX Corp (CSX) with 2,350 September \$70 straddles sold to open for over \$5

Adient (ADNT) buyers of 2,295 August \$20/\$16 put spreads for \$0.95. **ADNT** now with 4800 January 2021 \$13 puts opening \$2.25. **ADNT** also with 2,500 August \$17/\$14 put spreads bought today

Honeywell (HON) earnings tomorrow morning and buyers of 5,000 OTM August \$185 calls today for \$0.34 to \$0.40 to open

Johnson Controls (JCI) with 1,000 January \$45/\$38 strangles bought for \$2.30

Delta (DAL) buyer of 780 December \$65 ITM puts to open \$5.25

UPS (UPS) buyers of 2,500 October \$100 puts for \$3.50 to \$3.60 ahead of earnings on 7-24, rejected at the 200-day this week

Aptiv (APTIV) buyer of the August \$75/\$65 put spread 1,000X today for \$1.50 with earnings 7-31

Leidos (LDOS) seeing 2,000 August \$80 straddles opening today for \$5.16, adjusting the July straddles opened on 6-19

Westinghouse (WAB) buyers of 2,000 October \$75 puts for \$6.75 into strength

Toll Brothers (TOL) buyer of 1,000 August \$37 puts for \$1.10 today

3M Co (MMM) with 10,000 September \$185 calls sold to open \$2.33 to \$2.27 today

Sherwin Williams (SHW) buyer of 1,000 July 26th (W) \$450 puts for \$5.80 to \$6.03 today ahead of earnings on 7-23

Materials

Rio Tinto (RIO) buyer of 1,000 August \$60 calls for \$2.05

Tronox (TROX) another 3,000 January \$15 calls bought for \$0.85 where 10,000 have accumulated

Freeport (FCX) opening sale 5000 February \$10 puts \$0.82. **FCX** also with 7,500 November \$12 calls bought up to \$0.63

Axalta Coatings (AXTA) buyer of 1,000 August \$32/\$36 call spreads for \$0.70 ahead of PPG's results this week. **AXTA** also seeing 5,000 October \$34 calls sold today for \$0.85 to \$0.80, common area for sellers since the June gap higher and potentially overwriting stock

Crown (CCK) with 2400 July \$60 puts bought to open up to \$1.10 aggressively into earnings

Tech and Telecom

Qualcomm (QCOM) with 1000 Aug. 30th (W) \$79 calls opening \$3.20 into strength. **QCOM** August \$77.50 calls active today as well 6350X

Netflix (NFLX) July 26th (W) \$385 calls opening 2,250X for \$1.65M ahead of earnings tonight. **NFLX** seeing 4500 August \$415 calls sold to open

Seagate (STX) more bearish flow as 950 August \$45 puts bought up to \$1.58 into 8-2 earnings

Xilinx (XLNX) with 1500 August \$120 puts being bought \$5.18 against sales of September \$110 puts

Lumentum (LITE) aggressive buys 650 August \$60 calls \$1.50, report this morning from Digitimes that Apple is moving forward with a 3D sensing rear camera component for 2020 iPhones

Expedia (EXPE) with 750 October \$140/\$135 bear risk reversals opening at \$0.50 debit

Elastic NV (ESTC) continuing to climb today and protective spreads are selling the August \$115 calls to buy the \$95/\$75 put spread 500X for \$3.35 debit

T-Mobile (TMUS) with 3,000 August \$75 puts sold to open today from \$0.80 to \$0.77

GTT Communication (GTT) buyers of 5000 August \$20 calls \$0.20 to \$0.35

Waitr Holdings (WTRH) buyers of 1,000 January \$5 calls into weakness today for \$1.15 to \$1.25, small-cap food delivery company which made some M&A deals earlier this year to expand their geographic scale

Palo Alto (PANW) bullish spreads are selling 450 August 30th (W) \$212.50 puts to buy the \$225/\$235 call spread for a \$0.85 net debit

8x8 (EGHT) buyers of the August \$25 calls again today, 3475X, in stock replacements at \$1.45 to \$1.55 with shares not far from new highs and earnings 7-30

Nlight (LASR) with 1,135 September \$15 puts being bought today to open for \$1.30 to \$1.45, trading nearly 70X average volume with shares near new lows. The \$597M company trades 25X earnings and 3X sales with short interest 7.6% and rising steadily over the last year. LASR has been under pressure this year with a slowdown in their microfabrication business and the industrial markets.

Roku (ROKU) with 525 January 2021 \$155 max strike and time-frame calls sold to open \$22.10

Uniti (UNIT) trading 6000 Jan. 2021 \$5/\$10 call spreads

Nvidia (NVDA) buyers to open today of 1,340 Aug. 9th (W) \$150 deep ITM calls for over \$2.6M

Verizon (VZ) opening sale of 1,335 January 2021 \$52.50 puts

Cisco (CSCO) with 4300 October \$57.50 calls opening as July \$55 adjust

Lattice Semi (LSCC) off the lows with 1,000 December \$15 calls bought up to \$3.20

Z-Scaler (ZS) buyer of 750 January \$75 calls \$15.50 to \$15.70

Advanced Micro (AMD) with over 7,000 August 23rd (W) \$34 calls opening today between \$2.53 and \$2.56

Qudian (QD) off the day's lows with 1,000 January \$7 ITM calls opening \$2.35 to \$2.40, shares flagging under the June highs

Sony (SNE) buyer of the October \$60/\$65 call spread today over 5900X for \$0.82, earnings 7-30 and name where Third Point is pushing for changes

Micron (MU) buyers of 3,000 August ITM \$46 puts for \$3.35 today

Salesforce (CRM) IV rising as 2,000 August 23rd (W) \$155 puts bought \$3.20 to \$3.30

Pinduoduo (PDD) seeing 2,000 August \$22 puts sold to open for \$2.20 today

Utility

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Not Investment Advice or Recommendation

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