

OptionsHawk

OPTIONS HAWK DAILY MARKET 7/19/2019

Sector Leaders

Aerospace

Transports

Metals

Stock Gainers

GCI 23%

CRWED 14.75%

RRGB 13.5%

SKX 12.8%

NEWM 12.4%

EXPO 10%

GNTX 8.5%

Volatility Gainers

- NEWM
- HOME
- S
- GCI
- QEP
- DDS

High Call Volume

- IVZ
- TUP
- BPMC
- BEN
- BVN
- MRKR
- SKX

Bullish Options

- CRM
- WMGI
- ZS
- SHOP
- ILMN
- BAM
- DELL
- VIRT
- LYFT
- SNE
- BPMC

Sector Laggards

Gold Miners

REITS

Utility

Stock Losers

CUR -27%

MRKR -24%

PACB -13%

QEP -14%

IIN -6.1%

SXT -5.7%

CHWY -5.6%

Volatility Losers

- SKX
- SHWY
- RRGB
- CLF
- NEPT
- ISRG

High Put Volume

- ARAY
- JAG
- RHI
- MAC
- TROW
- ADNT

Bearish Options

- MAC
- BGS
- NVS
- IBM
- AEM
- ADNT
- SLV
- KEM
- MNK
- URBN
- RHI

Market Review: Stocks were modestly higher overnight into July OpEx on indications of US/China progress on trade and continued optimism about the ECB/Fed later this month being accommodative. Stocks fluctuated in a narrow range in the morning holding near the 3000 psychological level with strength in Transports once again while Banks and Metals climbed. We saw weakness in safety/yield groups like Utility/REITS while Biotech continued to underperform. Overall a very quiet week for markets with earnings in focus through the end of the month, and stalled right at a major trend extension target as well as the upper weekly Bollinger Band. Breadth was improving all day despite some "tape bombs" related to Iran this afternoon.

S&P Chart:



Resistance	Support
3,020	2,975
3,040	2,950
3,090	2,900

Options Action Trends: It was a very quiet options expiration without a lot of notable positioning, investors seem to be awaiting earnings season to pass and/or a market pullback to start taking on new plays.

What's On Tap: Looking ahead to next week the early part of the week features housing data and regional Fed surveys while Durable Goods Orders on Thursday and GDP on Friday the more meaningful reports for the market. Of course, any developments on the China-Trade front will be watched closely as well as progress with the Debt Ceiling. The ECB on 7/25 will command the markets attention. Earnings will be in focus with more than half the major companies reporting over the next two weeks, and next week includes Facebook, Amazon, Google, Visa, AT&T, Intel, Boeing, Coca Cola, Comcast, McDonald's, PayPal, Thermo Fisher, Starbucks, United Tech, 3M, UPS, Caterpillar, Stryker, Colgate and many more.

Trade Tracker Portfolio Changes:

1. Closed **AKAM** Call Spreads \$3.95 (Opened \$2.10)



Bulls Position in Teradyne into Earnings

Ticker/Price: TER (\$46)

Analysis:

Teradyne (TER) saw a lot of late day activity as 5,370 August \$48 calls were bought to open \$1.30 to \$1.55. TER does still have 3,300 August \$43 puts in open interest from buys on 7/11 while also 1,475 January \$45 calls that were bought back in May of 2018. TER will report earnings on 7/23 and on the weekly shares forming a large cup and handle pattern that would measure to a target of \$70 on a break above \$50. Looking at the 2019 trend shares pushed up to near \$50 in May and have pulled back and based above the prior breakout while forming a smaller \$41/\$49 pattern that measures to a \$57 target. The \$8B Co. focuses on Semiconductor test equipment and early peer reports from **ASML/TSM** have shown positive indications. TER trades 15.75X Earnings, 3.8X Sales and 19.8X FCF with a strong balance sheet. It has seen some headwinds with China trade worries and memory demand. Last quarter TER saw record sensor tester sales due to the proliferation of cameras and smartphones, automotive, industrial and security applications expanding rapidly. It is also seeing a ramp for test capacity for devices used in 5G base stations and related infrastructure. TER saw 35% sales growth in Industrial Automation last quarter driven by UR robot growth. Analysts have an average target of \$48.50 on shares and short interest at 4.5% of the float has been trending down and near a two-year low. Cowen raised its target to \$50 after last quarter noting impressive results amid a tough backdrop, and some of the big trends in test equipment should help the company. DA Davidson has a \$48 target seeing the emerging 5G ramp, improvement in Apple demand, and Industrial Automation in the early innings. Hedge Fund ownership dipped 3.7% in Q1 filings. TER shares have closed more than 6.3% higher in three of its last four reports.

Hawk Vision:



Hawk's Perspective: TER closed strong above a cluster of moving averages and the positioning one week out is ideal for being a solid earnings signal, a quality name that looks to have a lot of tailwinds.

Confidence Ranking: \$\$



Unusual Call Buying in Gossamer Bio

Ticker/Price: GOSS (\$19.70)

Analysis:

Gossamer Bio (GOSS) unusual size trading yesterday as 3,250 November \$22.50 calls bought \$2.70 to \$2.75 to open. Later another 3,000 were bought for \$2.90, over 6250 total on the day. GOSS has very little open interest. Shares have been range bound since its debut in February between \$24 and \$16 and putting in a hammer reversal yesterday off of trend support from the April lows as well as cloud support. The recent channel has a target back to the recent highs while MACD and RSI back near optimal entry levels. The \$1.32B company debuted earlier this year and trades 2.75X cash with a number of early stage assets. GOSS has exposure to immunology, inflammation, and oncology with three clinical trials ongoing and four initiations planned over the next 18 months. Their main asset is GBO01, a DP2 antagonist for the treatment of eosinophilic asthma. They expect Phase 2 interim results in early 2020. The treatment is a DP2 antagonist which looks to block the interaction which causes inflammation in the lungs. The LEDA study is aiming to control severe exacerbations. Other programs include Chronic Rhinosinusitis, Spontaneous Urticaria, and Pulmonary Arterial Hypertension. Analysts have an average target for shares of \$29.25. SVB Leerink starting at Outperform in March with a \$30 PT noting the novel mechanisms being pursued by the company could offer disease modifying activity in major markets, which offer significant room for clinical improvement. Barclays with a \$27 PT and sees GBO01 is the primary value driver for GOSS in the severe asthma market which could be offer \$2B-plus in peak sales potential. Evercore has a \$30 PT seeing long-term potential as they build out their pipeline in allergic diseases, PAH, IBD, and oncology. Omega Fund, Hillhouse Capital, Boxer Capital, Artal Group, and Baupost all notable holders. Short interest is 3.1%.

Hawk Vision:



Hawk's Perspective: GOSS is an interesting speculative own against recent lows with a number of notable top Bio investors involved. The November positioning is odd based on catalyst time-frame, and one option is long the stock against short November calls for a safer return/risk set-up.

Confidence Ranking: \$\$



Size Call Buys Accumulate in Lyft

Ticker/Price: LYFT (\$67.70)

Analysis:

Lyft (LYFT) buyer of 2000 January \$65 calls \$8.80 offer, a spot where 4,000 were bought a week ago for \$2.95M and LYFT has seen a bullish bias including the 10,000 October \$62.5 calls that opened on 4/16. LYFT will next report on 8/7 and shares finishing the week breaking out of consolidation with room to run back to \$75 near-term. The \$19.3B ride-sharing Co. is trading 7.2X EV/Sales with revenues seen rising 54% this year. LYFT is purely a US play currently and has ambitions to expand to autonomous vehicle and internationally. LYFT has been showing impressive market share gains and stated 2019 is the peak year for its spending, but the main drawback is it is a clear #2 brand to Uber.

However, it is a massive and growing market with a shift away from car ownership moving to Transportation-as-a-Service (TaaS) for the new on-demand economy. Consumers spent \$1.2 Trillion on transportation in 2017, the 2nd largest household expenditure. Ridesharing currently accounts for less than 3% of total vehicle miles traveled. In a 2016 survey, 57% of U.S. respondents who used sharing services said that well-priced and convenient offerings could cause them to give up ownership altogether. Investors will be focusing on company-specific metrics like Active Riders and Revenue per Active Rider. Analysts have an average target of \$72 on shares. Jefferies recently with a \$90 target citing improvements to profit margins and per-ride metrics with potential to out-execute **UBER** due to a higher focus and gain share in the duopoly.

Hawk Vision:



Hawk's Perspective: LYFT is freshly breaking out and not looking to chase the move but if it sets back up I like how options are positioning and the trend.

Confidence Ranking: \$\$



Large Eli Lilly Call Buyer Sees Key Support holding

Ticker/Price: LLY (\$107.50)

Analysis:

Eli Lilly (LLY) with 10,000 September \$110 calls being bought \$2.49 to \$2.70 to open with September IV rising. LLY has seen more cautious trading in recent days with buyers in August \$105 and September \$100 puts. LLY shares were a top performer in 2018 and peaked early in 2019 near \$130, currently back near a 50% retracement of the move and last real volume support at \$105 tested and held last week. The \$110B Pharma trades 16.5X Earnings, 4.6X Sales and yields 2.38% with its next report scheduled for 7-30. LLY has grown revenues 7-8% each of the last two years and EBITDA by 25% per year the last three. Recent reports that its Elanco Animal Health unit it spun off last year was seeing interest from Bayer. Lilly is absorbing the loss of Cialis exclusivity and expects to return to growth in 2H with net pricing in GLP1, immuno, and Emgality in focus on the call while Trulicity has been a growth driver. Goldman started coverage at Buy in late May with a \$135 target citing new product cycles in four large and growing therapeutic categories. Hedge Fund ownership rose 9.3% in Q1 filings. Analysts have an average target of \$124 on shares and short interest very low at 1.3% of the float.

Hawk Vision:



Hawk's Perspective: LLY needs to show some more constructive price action with short term bull moving average crossovers for me to take a renewed interest in it.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Silver (SLV) seeing 9500 October \$16.50 puts open ITM into parabolic move

S&P (SPY) with 2450 Dec. 2020 \$314 calls bought \$14.35 to \$14.40 for \$3.5M. **SPY** with 47,500 October \$294 puts opening \$5.75 as September \$295 look to be adjusting

Russell (IWM) with 4700 August \$151 calls opening \$5.57

NASDAQ (QQQ) with 7500 Aug. 2nd (W) \$196 calls bought \$1.19

Mexico (EWW) with 5000 January 2021 \$41/\$30 put spreads opening \$3.20 as September \$43 puts adjust

Brazil (EWZ) buyer of 31,000 January \$45/\$40 put spreads at \$1.62

Volatility Index (VIX) seeing the November \$18/\$16/\$13 butterfly put spreads open 30,000X60,000

Consumer Discretionary/Services

New Media (NEWM) with 1000 October \$10 calls bought \$0.65 offer

Royal Caribbean (RCL) earnings on 7-25 and trader today buys 500 August 2nd (W) \$113 calls for \$3.05 and sells the \$111/\$108 bull put spread for \$0.70, Deutsche Bank out positive today

Avaya (AVYA) with 2,000 August \$12.50 calls rolling to September calls which open \$0.60 as they are being pushed to sell themselves

Urban Outfitters (URBN) buyer of 3,000 September \$22/\$19 put spreads for \$0.93

Robert Half (RHI) seeing 2000 August \$60 puts bought to open \$3.10 to \$3.20

Sleep Number (SNBR) with 875 August \$44/\$49 call spreads bought for \$1.25 against the \$37 puts sold at \$0.95, earnings 7-25

Hanesbrand (HBI) with 1200 January 2021 \$13 ITM calls opening \$4.45

Chipotle (CMG) with 300 August \$725 straddles opening for \$54.95 that skews heavily bullish Delta

Zumiez (ZUMZ) rolling off highs with IV rising as 2000 November \$30 ITM puts open up to \$6.20

eBay (EBAY) with 1200 October \$41 ITM puts sold to open \$2.25

Nexstar (NXST) trading the January \$95/\$80 ratio put spreads 1250X2500

Consumer Goods

AB InBev (BUD) with 5,000 September \$100 calls sold to open down to \$1.22 into strength today

Tupperware (TUP) buyer of the October \$20/\$25 call spread for \$0.85, 2350X with earnings 7-24

Treehouse (THS) seeing 500 July \$55 calls rolling to November \$60 calls which open \$3.35, shares basing under \$57/\$58

P&G (PG) with 1600 September \$115 puts bought \$2.65 to open

Energy

Pioneer Natural (PXD) with 370 August \$130 calls bought for \$8.60 this morning into weakness

Concho (CXO) with sellers of August \$90 puts 2300X and buying 1000 of the \$100/\$105 call spreads

EQT Corp (EQT) stock replacement opens 5200 Aug \$17 calls \$0.26

FMC Tech (FTI) with 2500 October \$25 calls opening \$1.65 in a stock replacement

California Resources (CRC) with 12,000 November \$16 puts opening today as August adjust

Conoco (COP) another 2500 Jan. 2021 \$50 puts sold to open but this time tied to 2500 Nov. \$65 calls bought, net credit on the trade, upgraded at BAML this week

YPF SA (YPF) with 1700 October \$16 puts opening \$0.70 offer

Financials

Macerich (MAC) another 500 December \$32.50 puts bought today for \$3.30, spot where 800 have been bought the last two days

Cadence Bancorp (CADE) unusual buys 2,325 August \$20 calls \$0.60 offer, earnings 7-22, and seeing a lot of M&A in Regional Banks

Brookfield Asset (BAM) buyer of 3,250 December \$50/\$55 call spreads for \$1.20, report this morning they're looking to sell Atlantis Paradise Island resort

Bank of America (BAC) with 2,650 September \$28 calls bought \$2.04/\$2.05 offer

Virtu Financial (VIRT) buyer 625 September \$20 calls \$2.50 offer

Safehold (SAFE) stock and IV higher today with buyers of 400 October \$30 calls up to \$4.50, unusual size for the name. The \$588M REIT has been strong all year up over 68%

Invesco (IVZ) buyer of 40,000 January \$21 calls for \$0.84, adjusting back the 60,000 January 2021 \$25 calls

Athene (ATH) buyer of 2000 November \$40 puts to open \$1.65

Ambac (AMBC) with the November \$20/\$27.5 call ratio opening 2500X500 at \$0.75

Royal Bank (RY) with 1960 January \$80 calls bought \$2.70 to \$2.80 with 1,794 in OI, shares coiled tightly

Webster (WBS) with 1930 August \$50 calls opening \$1.30 as July \$45 adjust

Healthcare

Wright Medical (WMGI) aggressive buyer 1000 August \$25 calls \$2.90

Amarin (AMRN) with 1000 October \$16 puts sold to open \$1.50. **AMRN** also with 1500 December \$27 calls opening \$1.05 with September \$27 sold at \$0.15

Novartis (NVS) with 2,170 August \$92.5 puts bought \$0.80 to \$0.85. **NVS** along with earlier put buys seeing 4000 October \$92.5 calls close and August \$95 calls open 4000X at \$1.40

Illumina (ILMN) another 1,000 December \$320 calls bought today for \$16.45 where 4000 have been bought into weakness

Accuray (ARAY) seeing the July \$4 short puts roll to August today which open 6000X for \$0.30, position which has been adjusted once before

Nano-String (NSTG) with 500 October \$40 calls seeing unusual opening action near \$1.50

Alexion (ALXN) buyer of the August \$140/\$105 bull risk reversal 2,000X for \$0.40 net debit, earnings on 7-24

Blueprint Medicine (BPMC) strong Biotech set-up seeing 2500 July \$80 calls close at \$20 but keeping some exposure on opening 2500 October \$105 calls \$8.50

Pet-IQ (PETQ) unusual 500 August \$36 calls opening \$2.15

Bio-Telemetry (BEAT) breaking down and 1250 August \$40 puts bought \$1.15 against sale of 1000 Aug \$35 puts

Marker (MRKR) down 26% and 2000 Oct. \$7.50 calls open \$0.55

Danaher (DHR) opening sale 1850 Sep \$150 calls \$1.15

Ionis (IONS) with 300 October \$60 synthetic long positions opening

BioMarin (BMRN) IV rising here with 2000 August \$95 calls bought up to \$0.50 and 570 of the \$90 calls bought

Bausch Health (BHC) with 8000 August \$24 puts opening \$1.61 as July \$23 adjust that opened 5/31 and 6/3

Invitae (NVTA) buyer of 1000 August \$25 puts for \$2.25

Edward's (EW) unusual 2000 OTM August \$220 calls bought \$0.35 to \$0.45

United Therapeutic (UTHR) similar to the BMRN action with buyers of 2975 August \$90 OTM calls \$0.45 to \$0.60

Industrials

Intel-sat (I) another 1,000 September \$25 calls bought for \$1.25 to \$1.30

Adient (ADNT) with 5000 October \$17 puts bought \$0.95/\$1 as bear flow continues in it all week

Zebra Tech (ZBRA) with 2,350 August \$200/\$210 call spreads bought into weakness for earnings 7-30, though still with a lot of size in put OI

Hertz (HTZ) seeing 2000 January 2021 \$17/\$25 call spreads open

Whirlpool (WHR) with 1000 August \$155 calls opening \$3.45 as July \$145 adjust

Boeing (BA) buyer of 600 February \$355 puts \$20.65

CSX Corp (CSX) off day lows as shares try and hold the \$70 level post-earnings, and seeing 1850 November \$70 ITM calls open \$4.40 offer

Lennox (LII) Aug IV rising with some Aug \$270 put buys here 500X into Monday's report

Caterpillar (CAT) with 5500 November \$115 puts being bought to open today \$1.90 to \$2, earnings 7-24

Brunswick (BC) with 2000 August \$45/\$40 put spreads bought with earnings next week

United Tech (UTX) with 3000 February \$120 calls bought \$16.45 to open

Air Lease (AL) roll of 1000 July \$40 calls to August

Materials

Cliff Natural (CLF) with 5000 August \$11 puts sold to open \$0.45 after a solid quarter

Agnico Eagle (AEM) with 3,889 February \$55 calls opening \$4.12

Minas Buenaventura (BVN) with 3500 December \$18 calls opening \$1.30

Alcoa (AA) with 5000 October \$26 short puts opening as July adjust

International Paper (IP) fighting weak tape with 4000 next week \$44 calls bought \$0.52 to \$0.60 here, earnings 7-25

Tech and Telecom

Salesforce (CRM) buyer of 1000 Aug. 23rd (W) \$160 calls for \$5.30

Dell Tech (DELL) buyers of 545 September \$60 calls to open for \$3.20, size October call OI. **DELL** Sep \$60 calls up to 1760X

Z-Scaler (ZS) buyer of 730 August 23rd (W) \$83 calls \$4.80 to \$5.10

Match (MTCH) strong again and seeing 370 January 2021 \$95 OTM calls open. **Match (MTCH)** seeing over 3000 August \$80/\$90 call spreads bought. **MTCH** also trading September \$75/\$65/\$55 put butterflies 3400X6800

Shopify (SHOP) opening sale 310 October \$320 puts for \$22 and also with 350 Jan. 2021 \$390 calls opening \$59.40 to \$59.80

Lam Research (LRCX) stock replacement sells 2,000 August \$185 puts for \$2.97 into earnings on 7-31

IBM with 2,840 September \$155 puts opening ITM \$7.55

Entegris (ENTG) with 600 February \$40 calls opening for \$2.85 today, nearing a range breakout above \$38.50 and earnings next week 7-25; Goldman upgrading to Buy recently

KEMET (KEM) with 1700 December \$22 puts bought \$4.50 to \$4.60

Tripadvisor (TRIP) opening sale of 2,200 September \$37.50 puts for \$0.60/\$0.55

NXP Semi (NXPI) spread sells 1000 September \$110 calls and buys 2000 of the \$85 puts, may be protecting stock

Sony (SNE) with 1000 January \$50 calls bought as July \$47.5 adjust

Audio-Codes (AUDC) with 1000 December \$17.5/\$22.5 call spreads bought for \$0.96

Service-Now (NOW) with 350 Aug. 30th (W) \$310 calls opening \$9.50 as July \$290 adjust, earnings 7-24

MACOM Tech (MTSI) with November \$17.50 calls opening 1960X up to \$2.80, recent 3550 of the \$15 calls bought

PTC Tech (PTC) with 1570 October \$87.50 puts bought tied to stock. **PTC** now with buyers of 1500 August \$95 calls up to \$1.75 to open, earnings 7-24

Micron (MU) August \$49 calls active all morning up to 32,000X on the day

Crowd-Strike (CRWD) higher by nearly 15% after earnings and a block of 3,650 August \$85 calls trades \$5 offer to open

Knowles (KN) coiled back to support seeing August \$17.50 calls bought 3000X at \$1.05 offer to open, name with notable September \$17.5 (7000X) and \$20 (5000X) call OI from buys, earnings 7-24

Microchip Tech (MCHP) with 5000 August \$85 synthetic long positions opening, a Semi with plenty of bullish open interest

Chewy (CHWY) off session lows after reporting earnings last night and the move comes with 5500 October \$30 ITM calls opening \$3.90 to \$4.60

Advanced Micro (AMD) large opening sale of 2800 June 2020 \$37 puts for \$8.45

Baidu (BIDU) with 3500 December \$90 synthetic long positions opening

Alibaba (BABA) size afternoon buy 1700 November \$175 puts \$11.60 to \$11.80

Google (GOOG) with 2000 September \$1100 synthetic long positions opening today

JD.com (JD) afternoon buyer of 4000 August 23rd (W) \$32 calls \$1.20 to \$1.23

Utility

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Not Investment Advice or Recommendation

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