

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 7/3/2019

### Sector Leaders

#### Consumer Goods

#### REITS

#### Banks

#### Stock Gainers

OMN 55%

KPTI 36%

MLNT 16.5%

SYMC 13.5%

DBVT 8.15%

DOVA 7%

K 6.7%

#### Volatility Gainers

- CATM
- FEYE
- SNAP
- SHAK
- WMGI
- SYMC

#### High Call Volume

- AU
- DK
- WMGI
- K
- AGO
- SYMC

#### Bullish Options

- K
- MDB
- CGC
- SHAK
- WMGI
- DK
- NEM
- AVGO
- PAGES
- CDW
- ERIE

**Market Review:** Markets were at record highs overnight and into the open while Bonds and Gold also moved higher. Stocks continued to climb the wall of worry of worsening global economic data and expanded the trade war to the Eurozone and Vietnam so far this week. The M&A front continued to be a positive with Broadcom reportedly targeting another large deal in Symantec, while Omnova was a small acquisition in the chemicals space. The June ADP Employment number came in well below expectations for the second straight month. ISM Services also came in below expectations and Factory Orders were weak. Consumer Goods led the upside move while strength was in Banks, Insurance, REITS, and Transports as well, fairly broad-based strength. Energy and Metals were the only real laggards. Markets head into Friday's Employment Report a bit extended but overall breadth and the lack of participation by institutions fueling a shallow dip style trend. Resistance of the trend line off the prior highs is nearing.

#### S&P Chart:



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

**Options Action Trends:** We saw bullish positioning in Refiners **VLO** and **DK**.

**What's On Tap:** Employment Report.

**Trade Tracker Portfolio Changes:**

1. **No Changes**
- 2.

### Sector Laggards

#### Metals

#### Energy

#### Aerospace

#### Stock Losers

USNA -17%

GSB -15.5%

SCHN -7.3%

NINE -5%

RFL -4.75%

MX -4.7%

BLFS -4.7%

#### Volatility Losers

- KPTI
- RIOT
- ITCI
- OSTK
- ATVI
- TSLA

#### High Put Volume

- IWO
- KPTI
- ITCI
- FLT
- ESTC
- HSIC

#### Bearish Options

- APA
- AAL
- AVGO
- LLY
- FND
- MDB
- LITE
- NIO
- HSIC
- JCI
- CATM



## Live-Person Sets Up with Bullish Open Interest

**Ticker/Price:** LPSN (\$28.35)

### Analysis:

**LivePerson (LPSN)** shares consolidating in a multi-month bull flag just above the 20-week EMA and under \$30 after a big move higher to start the year. LPSN has notable bullish open interest including 1,000 July \$30 calls, 825 October \$30 calls bought in March and the OTM October \$35 calls with over 3,000 from buyers on 5-2 and 5-15. A move over \$30 and out of this narrow range targets \$35 but longer-term trend continues out above \$40. Weekly MACD and RSI are both back off of recent highs and turning back higher, ready to run. The \$1.81B company trades 7.6X cash and 6.8X EV/sales. The company sees making \$0.25/share in FY21 after losing around \$0.10 this year with revenue growth of 19% and 18.6%. LPSN is building a leading AI-powered enterprise platform for Conversational Commerce. The company helps businesses communication with patrons via automated chat, web apps, and social media platforms. LPSN sees a \$60B go-to-market opportunity spread across enterprise, midmarket, and small business. They've seen exponential growth on their platform since launch in 2016 with 2M conversations in year-one up to 20M in year-two. They have long-term goals of 25% revenue growth and 15% Adj. EBITDA. Analysts have an average target for shares of \$32 with 13 buy ratings. Jefferies with a \$36 PT seeing LPSN well positioned to benefit from consumers' increasing preference for engaging with brands via messaging, which is driving the rise of "conversational commerce. Piper has a \$39 PT as the secular shift of voice to messaging to artificial intelligence is both "real and massive," and as an early mover with legacy roots and advantages, the company will benefit greatly. Short interest is 5.9% and up from 2% in late October. Hedge Fund ownership rose 15%. RGM Capital, Polar Capital, and Vista Equity partners notable holders

### Hawk Vision:



**Trading Strategy:** LPSN is looking nice with this base to trade against, a move above \$29 a clear trigger.

**Confidence Ranking:** \$\$



## Unusual Call Buyer in Carlisle Co.

**Ticker/Price:** CSL (\$140.10)

### Analysis:

**Carlisle (CSL)** unusual opening buy 500 August \$140 calls \$5.25 yesterday and becomes the only open interest of note in the name. CSL shares are nearing a breakout of a long weekly bull flag that has consolidated since jumping last quarter on earnings. A move above \$142 targets a measured move to \$160. The \$7.9B Company trades 16.1X Earnings, 10.3X EV/EBITDA, 1.73X Sales and 35.9X FCF with a 1.14% dividend yield and will next report earnings 7-23. In its April report it beat EPS sharply and revenue rose 8.9% Y/Y beating estimates, citing healthy demand, price discipline, contributions from acquisitions, and efficiency gains. Carlisle has exposure to Aerospace, Medical, Transport and Food-Service markets as well as Building/Construction, a \$670M deal of Accella a couple years ago positioned it in a \$15B global construction related polyurethane market. CSL is forecasted to hit 8.6% revenue growth and 33% EPS growth this year. The company is executing on its Vision 2025 Plan of above-average organic growth, cost efficiencies, building scale through acquisitions, and deploying over \$3B in capital expenditures, dividends and buybacks. It sees \$8B in revenues for 2025, up from \$4.5B in 2018. Construction Materials is 64% of revenues and carries its highest operating margins at 15% with primary products such as Roofing Systems, Roofing Underlayment, Spray Foam Insulation and Metal Roofs. Analysts have an average target of \$146 and short interest is low at 2% of the float. OpCo raised its target to \$155 on 6/18 as it came away from an Expo incrementally positive on commercial roofing demand. RW Baird was out positive in April positive on roofing despite weather disruptions and sees strong fundamentals. Hedge Fund ownership fell 9.3% in Q1 filings, Atlanta Capital a concentrated top holder with a \$400M position as its 10th largest holding.

### Hawk Vision:



**Trading Strategy:** CSL looks excellent on all regards and the kind of stock that can double over the next 5 years, like it as a longer-term investment with options not very liquid.

**Confidence Ranking:** \$\$



## Calls Surge in Small Refiner Delek

**Ticker/Price:** DK (\$40.60)

### Analysis:

**Delek (DK)** a refiner flagging and seeing IV rise with nearly 3500 August \$45 calls opening \$0.65 to \$0.85 and also 875 January \$45 calls opening up to \$2.95. Volume continuing to come in now with the August calls over 8700X and the January calls over 2900X. DK recently had the October \$37.50 calls open over 2500X, some spread with the \$30 puts and \$45 calls in covered bull risk reversals. Shares are flagging above the rising 8-EMA and working out of a weekly base above \$41 which targets \$50+. DK had a positive RSI divergence into the recent low. The \$3.09B company trades 9.9X earnings, 0.3X sales, and 7.26X FCF with a 2.8% yield. They see revenues growing 3.2% in FY20. The company is coming off a strong quarter with margins improving behind better differentials as well as accretive drop-downs to Delek Logistics which is unlocking value. They're also making positive headway on new midstream projects like Big Spring as part of a plan to generate \$1B in EBITDA and support long-term growth. Analysts have an average target for shares of \$46.50. Goldman Sachs downgrading to Sell on 6-25 with a \$37 PT. The firm thinks earnings may be strong but long-term risk as three new pipelines come into service which could compress the Brent-Midland differential. CSFB positive on 5-16 with a \$48 PT and Outperform as the company's capture continues to be positive. They think higher gasoline margins across PADDs II and III should continue to drive upward revisions. Short interest is 7.6%. Hedge Fund ownership fell 33.8% last quarter. Fisher Asset Management, Encompass, and Tortoise Capital all notable holders.

### Hawk Vision:



**Trading Strategy:** DK is one of a few refiners strong since the incident in Philly and this is notable activity in one of the better growth plays, a good name for exposure to the group.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Russell (IWM)** block of 6000 September \$154 puts trades \$3.60 offer at CBOE. **IWM** opening sweep buys 6000 Aug. 2nd (W) \$157.5 calls this morning \$2.04

**NASDAQ (QQQ)** spread sells 1,950 September \$169 puts \$1.07 and buys 1,090 October \$181 puts at \$3.45. **QQQ** also buys 1,950 of the June 2020 \$171 puts \$6.25. **QQQ** buyer of 3500 September \$193/\$208 call spreads for \$4.51

**S&P (SPY)** seeing 45,000 August 2nd (W) \$303 calls sold for \$1.30 as July 5th (W) \$296 calls close 19,000X, also seeing July 12th (W) \$300 calls active with buyers 30,000X

**S&P (SPY)** with 14,000 October \$305 calls opening \$4.59, may be rolling back from December \$305 similar to a trade at \$300 strike yesterday

**Biotech (XBI)** with 6000 September \$83/\$73 put spreads opening \$1.73

## **Consumer Discretionary/Services**

**Foot Locker (FL)** buyers of 1,250 July \$40 calls for \$1.50/\$1.55 to open today

**Floor & Decor (FND)** buyer of 1,500 July \$40 puts for \$0.65

**Shake Shack (SHAK)** buyer of 1000 August OTM \$80 calls \$1.15. **SHAK** highs of the day now and 750 September \$75 calls bought up to \$3.80

**Yum Brands (YUM)** fading with 1,200 of next week's \$111 puts bought for \$0.88 to \$1.02

**Norwegian Cruise (NCLH)** opening sale of 2000 August \$47.50 puts \$0.40

**CBS Corp (CBS)** seeing 1,865 weekly \$50 calls roll to open the August \$52.50 calls for \$1.48, recent talk about a Viacom merger

**Signet (SIG)** another 3900 January \$20 calls bought today for \$1.80 to \$2.05, spot where 7,300 have been bought recently into weakness

**Macys (M)** opening sellers of 3,300 January \$23 calls for \$1.46 to \$1.44

**K12 (LRN)** IV rising today as 465 September \$31 calls bought to open for \$2.20 to \$2.65, unusual volume for the name. The \$1.18B company focuses on education services and trading in a bull wedge over the last couple months following a strong run

**Wynn (WYNN)** stock replacement bought 700 June 2020 \$175 calls \$6.30 offer

## **Consumer Goods**

**Kellogg (K)** buyers of 2,275 August \$55 calls for \$1.35 to \$1.45. **Kellogg (K)** now with 2,500 August \$60 calls bought \$0.44 to \$0.50. **K** now with 3500 January \$52.5 puts bought \$2.42 into this 6.66% move higher

**Canopy Growth (CGC)** buyer of 5000 January \$50 calls \$1.95 sells out of July \$55 calls

**Clorox (CLX)** working out of nice consolidation seeing 175 October \$150 ITM calls bought near \$10.40 to open

## **Energy**

**Apache (APA)** early activity opening 1,260 August \$27.50 puts

## **Financials**

**HSBC Holdings (HSBC)** another 5,000 January \$35 puts sold to open today for \$0.34 in a stock replacement

**Assured Guaranty (AGO)** working out of long base with 3000 Aug. \$45 calls bought \$0.78 as 1000 July \$42 calls close \$2.15

**Itau Unibanco (ITUB)** stock replacement sells 10,000 January \$8 puts to open for \$0.30

**FleetCor (FLT)** seeing August \$270/\$240 put spreads open 730X as the \$230/\$200 adjust, likely protective

**Erie Indemnity (ERIE)** most unusual trade of the day with 100 December \$240 calls opening ITM \$35.60, on a big run since a flag breakout in April

**WEX (WEX)** buyer of 2,365 August \$200 puts for \$5.20 and spread vs the \$170 puts sold 1890X as some other spreads adjust similar to FLT

**Cardtronics (CATM)** buyer of 2,100 August \$30 puts for \$3.20 to \$3.50 into the highs of the day

**Apollo (APO)** bull risk reversal buys 2500 Jan. \$38 calls and sells the \$31 puts for net \$0.49 debit

**NASDAQ (NDAQ)** IV higher with 600 July \$100 calls bought \$2.05 offer

### Healthcare

**Wright Medical (WMGI)** hit hard this week but seeing buyers of 1,100 August \$27.50 calls \$1.20 to \$1.40. **WMGI** also 2000 August \$25 calls open \$2.73 in stock replacement

**United Health (UNH)** buyers of 265 July 26th (W) \$247.50 calls for \$4.85 to \$5.60, earnings on 7-18

**Eli Lilly (LLY)** buyers of 1325 July \$114 puts \$1.15 to \$1.30 today looking to fade the gap higher

**ThermoFisher (TMO)** another 500 September \$300 calls bought \$13.60 to \$14.15, same spot buyers were active earlier this week

**Bausch Health (BHC)** opening buys of 1,000 August 2nd (W) \$25.50 calls for \$1.06 to \$1.09

**Medifast (MED)** near the lows of the day and IV jumpy with 1,000 August \$125 puts bought up to \$12.10 to open today

**Amerisource Bergen (ABC)** strong today and 250 January \$90 calls bought to open \$6.10 to \$6.40, clearing a small bull flag today

**Rocket Pharma (RCKT)** with 1,000 October \$12.50 puts sold to open today \$1.85 to \$1.80 into weakness and still has 1350 July \$15 short puts in OI

**Zoetis (ZTS)** with 500 August \$115 calls sold to open \$3.30 bid

### Industrials

**American Air (AAL)** with 3,690 January \$28 ITM calls trading \$6.05 down to \$5.90 in early trade, deep ITM and IV falling indicating opening sales

**Lockheed Martin (LMT)** 210 December \$375 calls opening \$13.90 to \$14 today as the September \$350 calls adjust

**Polaris (PII)** big jump in IV as 2,000 August \$90 puts bought for \$5.70 to \$5.80, faded the positive trade news this week

**Ingersoll Rand (IR)** spread sells 500 September \$115 puts and buys the \$130/\$135 call spreads

### Materials

**Anglo-Gold (AU)** a strong miner since June seeing size July \$14 and \$15 calls close while nearly 13,000 January \$18 calls open \$2.14

**Alcoa (AA)** buyer of 3,500 September \$23 calls for \$1.65 today, size October accumulation recently

### Tech and Telecom

**Trade Desk (TTD)** trading over 1000 August 9th (W) \$222.5/\$217.5 bull put spreads

**MongoDb (MDB)** with 270 December \$155 calls bought for \$25.50 to \$25.80. **MDB** December calls over 625X now

**CommVault (CVLT)** small 450 July \$50 calls bought \$1.25, trying to work out of base, always seen as likely M&A target

**AT&T (T)** buyer of 4000 Aug. 2nd (W) \$34 calls for \$0.50. **T** also seeing 25,000 September \$35 calls sold to open \$0.47 to \$0.44

**Broadcom (AVGO)** with 1,760 September \$290 calls bought today, 840X versus a sale of July \$305 calls in a diagonal spread, and 760X adjusted from October \$290

**Vicor (VICR)** a beat up Semi-related play seeing unusual 100 Jan \$25 and \$30 calls open today

**CDW Corp (CDW)** strong name out of a flag this week with unusual 350 September \$115 calls bought \$4.90 to \$5.10

**Atlassian (TEAM)** buyer of 500 July \$133 calls for \$5.10

**Vonage (VG)** strong today with 1,000 August \$12 calls bought to open \$0.90 to \$0.95

**Sea (SE)** with 8,500 August \$38 calls being bought \$1.10 today

**Uber (UBER)** with 1000 Aug. 9th (W) \$44 calls opening as July calls adjust

**Verizon (VZ)** with 6000 September \$57.50 puts opening for \$1.85

**SAP SE (SAP)** fading from session highs with 1,000 August \$135 puts bought \$2.40 to \$2.45, earnings on 7-18

### Utility

**Pampa Energia (PAM)** with 1,870 July \$35 calls rolling to August \$40 calls which open for \$1, a lot of September and December call OI

**Next-Era Energy (NEE)** buyers of 545 August \$210 calls today from \$4.00 earlier up to \$4.40, shares breaking out of a bull flag today

### **Disclaimer:**

#### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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