



MARKET RECAP REPORT 7/6/2020

Sector Leaders

Biotech

Software

Solar

Stock Gainers

VSLR 38.5%

NVAX 30%

RUN 26%

LVGO 18%

MXL 16.6%

FOUR 13%

OSTK 12.7%

Volatility Gainers

- RUN
- CZR
- VSLR
- SMPL
- TSLA
- UAA

High Call Volume

- VSLR
- SMPL
- RUN
- IRDM
- UA
- IBKR

Bullish Options

- IBKR
- USB
- DG
- YETI
- DELL
- NVDA
- NFLX
- SQ
- HLT
- BMRN

Market Review: Stocks opened the session lower on fears of surging virus cases slowing the economic recovery but remained above the recent base breakout range. Stocks moved higher into late morning led by growth areas like Biotech and Software as the momentum trade continued with Tech leadership, though Bonds were also higher. Banks and Energy remained laggards along with Industrials on the Macro concerns. Breadth rolled over to the weakest level of the day into the early afternoon as the S&P was unable to break through Monday's high. The S&P remains in a holding pattern above the base breakout to start the week and earnings season kicks off next week while the schedule this week continues to be quiet into tomorrow with no major catalysts. Strength in Bonds and Golds indicates a good time to be lightening up on risk into earnings season, and we saw Consumer Staples strong late day, more signs of risk-off rotations.

S&P Chart:



Resistance	Support
3,185	3,110
3,260	3,025
3,325	2,965

Options Action Trends: Action remained quiet overall with the slow schedule but did continue to see bullish positioning across Tech leaders.

What's On Tap: EIA Data and Consumer Credit.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long LULU August \$350 Calls at \$5

Sector Laggards

Energy

Banks

Aerospace

Stock Losers

EOLS -30%

CLLS -15.5%

CWCO -12.4%

SIMO -10%

WKHS -9%

VERI -8.7%

DQ -8.5%

Volatility Losers

- RIG
- HTZ
- NKLA
- M
- ADTN
- ENDP

High Put Volume

- FTCH
- INFY
- EOLS
- PEAK
- FLXN
- DY

Bearish Options

- LEN
- ZM
- SBUX
- NAV
- TAL
- CVNA
- LGND
- AER
- HYG
- HLF
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FEATURED OPTIONS RADAR REPORT



Unusual Call Buys in WestRock

Ticker/Price: WRK (\$28.75)

Analysis:

WestRock (WRK) traded 5X daily calls on 7/6 as the August \$30 calls heated up in late day trade with 2,825X trading \$1.40/\$1.45 to open and IV jumped. WRK does not have any other significant open interest. The \$7.2B company sells paper and packaging solutions and has an integrated model combining corrugated and consumer with machinery installations which is important to customers, while WRK also a differentiator with its e-commerce product offering. WRK should see a boost from strong consumer goods demand and did a deal for KapStone Paper back in 2018 which gave better scale on the West Coast and a more attractive mix. WRK currently trades 13.3X Earnings, 6.8X FY21 EBITDA, and 17.5X FCF with a 2.85% dividend yield. WRK also has new projects tamping up to add \$240M EBITDA and offers the broadest portfolio of differentiated paper grades and packaging solutions. WRK has > \$2.5B long-term liquidity and cash with limited debt maturities until March 2022. Analysts have an average target of \$37 with short interest low at 2% of the float. Morgan Stanley initiated on 6/15 at Equal Weight with a \$28 target seeing tough times for pricing the next six month seeing business challenges by weakening fundamental in the industry. BMO lowered its target to \$35 in May after WRK cut FY20/FY21 CAPEX and cut its dividend anticipating lower volumes and higher wastepaper costs. Hedge Fund ownership rose 1.9% in Q1 filings, Lakewood Capital adding to its position.

Hawk Vision:



Hawk's Perspective: WRK is not a sexy growth name but does look attractive on valuation and potential top operator, though a tough industry, one that can trade tight versus \$27.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Owens Corning Seen Benefitting from Improving Housing Demand

Ticker/Price: OC (\$55.70)

Analysis:

Owens Corning (OC) traded 55X daily calls on 7/6 with afternoon activity sending IV higher with 3,075 August \$60 calls trading \$2 to \$2.25 and followed the August \$60/\$70 call spreads bought 1300X on 7/1. OC also saw 500 November \$52.50 puts sold to open on 6/8 and has a position of 600 January \$72.50 calls bought back on 1/17 in OI. OC shares have climbed sharply off the March lows and more recently forming a narrow consolidation base above the 144-day moving average. OC is a global building and industrial materials leader that capitalizes on market-leading positions and innovative technologies to deliver substantial free cash flow. The \$5.95B company operates three relatively disparate businesses with Composites, Roofing and Insulation and with peer Masco (MAS) doing a strategic review last year OC has been speculated to potentially take that road after some special situation investors built a stake. Roofing is more resilient in downturns, Composites faces headwinds from a global industrial production slowdown and Insulation has high fixed costs and competition. OC's exposure is roughly 35% to Repair/Remodel, 12% New Construction, 20% Commercial/Industrial, and 33% International. Management has been able to improve margins the past decade investing in new technologies and implementing cost reductions. OC currently trades 14.85X Earnings, 8X FY21 EBITDA and 9.55X FCF with a 1.73% yield and averages a ROIC near 6%. Analysts have an average target of \$56.50 and short interest down 38% Q/Q and near multi-year lows at 2.8%. On 6/23 Deutsche Bank raised its target to \$60 seeing a rebound coming in building products and positive in a low rate environment. Benchmark raised its target to \$63 on 6/18 seeing housing demand improving with supply limited and sees the multiple moving higher as earnings estimates improve. Jefferies on 5/28 raising its target to \$62 after a meeting with the CEO who is seeing green shoots and could see a quick recovery in Housing.

Hawk Vision:



Hawk's Perspective: OC forming a nice base along a rising 34 EMA to trade against, and could become an interesting special situation, positive reward/risk here.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Unusual Call Buying in Kulicke & Soffa

Ticker/Price: KLIC (\$22)

Analysis:

Kulicke and Soffa (KLIC) unusual buying in August \$22 calls \$1.55 to \$1.70 for 2180X contracts and action now up over 3800X, a \$1.34B Semi Equipment name trading 13X Earnings with a strong balance sheet and a lot of cash. KLIC is positioned for growth in Auto, IoT, SSD, and Advanced Packaging, expanding its available markets. KLIC long seen as a M&A target and been an activist target in the past. KLIC forecasts see revenue growth of 13% this year and 23% next year. KLIC shares have not went anywhere since 2017 but the monthly forming a long \$19.50/\$24.50 high volume zone and it sits near support. On its April call it noted "Longer-term, ongoing technology transitions within the automotive market, display market and within advanced packaging are driving the need for new equipment capabilities. Ongoing progress of this technology transition will further diversify our unit-driven businesses. We continue to believe this improving condition and a longer-term opportunity will be much more meaningful to our business than the near-term headwinds." Analysts have an average target of \$30.75 on shares and short interest low at 2% of the float. KLIC raised its repurchase program to \$400M yesterday. B. Riley raised its target to \$29 in May on strong execution. Craig Hallum in January raised its target to \$40 seeing it positioned in growing markets and expansion of its advanced packaging solutions. Rising wirebonder utilization rates can also drive stronger numbers. Hedge Fund ownership fell nearly 7% in Q1 filings, Whale Rock a notable holder that added more shares.

Hawk Vision:



Hawk's Perspective: KLIC looks to be a forgotten name in Semi's that trades extremely attractive on valuation and potential M&A target, like the name versus recent low.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Calls Heat Up in Norton Life-Lock on Potential Activism

Ticker/Price: NLOK (\$20)

Analysis:

Norton LifeLock (NLOK) seeing 1800 October \$19 calls opening near \$2.15 and action heating up this afternoon with volume up to 3300X trading up to \$2.35. NLOK shares are in a tightening falling wedge pattern and above \$20.50 would trigger upside momentum. NLOK also has 3500 July \$19 short puts in open interest, 1200 October \$20 calls bought, 3500 December \$15 and 2920 December \$20 calls bought, 4000 January \$20 calls and 3,400 January 2022 \$20 calls bought sitting in open interest. The company announced a \$12/share special dividend back on 1/10 and the WSJ reported back in December that Intel's McAfee was weighing a combination. The \$11.6B security software company trades 4.66X Sales and 13.75X Earnings with a 2.5% dividend yield. NLOK is Starboard's largest position and could see an activist move. NLOK accelerated its transition to become the pure-play leader in consumer cyber safety and will generate \$11.5B in sales proceeds from enterprise assets. NLOK is spending 10% of revenues on R&D to expand features and gain more customers with the growing demand for identity management. Norton 360 has been seeing growth and becoming the major component of its business. Analysts have an average target of \$22 with short interest at 4.8% of the float. Baird raised shares to Outperform on 6-8 liking the story after the sale of the enterprise business to Broadcom, and new leadership driving eliminating costs and improving customer counts. MSCO upgraded in March seeing a path to strong EPS growth with consumer spending for security and identity protection durable in this macro-environment. Alyeska started a new position in Q1 filings.

Hawk Vision:



Hawk's Perspective: NLOK looks solid and above \$20.50 can run, a value name with potential value-unlock story developing.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

NASDAQ (QQQ) buyer 10,000 December \$291 calls \$5.65, adjusting the \$278 calls, also 2000 Dec. 2022 \$260 calls opening \$37.50 in stock replacements. **NASDAQ (QQQ)** opening seller of 3000 September \$260 puts for \$12.475 replacing stock. **QQQ** buy-write with 3000 December 2022 \$320 calls \$14.65

Financials (XLF) rolling over and 5000 June 2021 \$21 puts bought near \$1.99 to open this morning

Treasury (TLT) with 2000 December \$163 puts sold to open \$7.25, follows large Dec. put sale yesterday

Semiconductor (SMH) with 8700 January \$170 calls opening \$9.45 as the \$145 calls adjust up

Regional Bank (KRE) buyer 4000 August \$36/\$32 put spreads

Emerging Markets (EEM) with 15,000 October \$45/\$41 collars with stock opening, also 15,000 January \$43 puts bought \$3.50 offer with stock

S&P (SPY) August 14th (W) \$275/\$260/\$245 put fly opening 12,500X25,000. **SPY** 8000 October \$335 calls sold to open today in buy-writes

High Yield (HYG) with 13,000 October \$82 puts opening \$2.68 with August \$75 adjusting

Consumer Discretionary/Services

Bed Bath (BBBY) into earnings with July \$11.5/\$13/\$14.50 call butterfly opening 3000X6000

Under Armour (UA) buyers 9000 weekly \$9 calls \$0.20 to \$0.35

Macy's (M) jumps with 15,000 July 24th (W) \$7.50 speculative calls bought \$0.20 to \$0.27

Xerox (XRX) with 3500 August \$14 puts sold to open \$0.65 to \$0.60

Hilton (HLT) block of 10,000 October \$67.50 calls opens \$11.85

TAL Education (TAL) buyer 450 August \$72.50 puts in a sweep \$4.80 to \$5

Match (MTCH) with 400 far OTM January 2022 \$145 calls opening for \$8.45

Lamar (LAMR) with 2650 August \$55 puts sold to open \$1.925

Far-Fetch (FTCH) October \$12 puts sold to open 16,000X adjusting the \$8 puts. **FTCH** also 1175 September \$20 calls bought \$2.04 offer

Lowe's (LOW) buyer 650 September \$135 calls \$8.70 to \$8.80

Home Depot (HD) July spreads adjusting to September where 4250 of the \$220 puts sold to open \$4.85 and the \$255/\$275 call ratio opens 4,250X6,375

QURATE (QRTEA) buyers 1675 August \$9 calls \$1.26 to \$1.30

Starbucks (SBUX) opening sale 1500 September \$67.50 puts for \$2.18

Disney (DIS) ran up earlier with odd buying of 20,000 October \$170 calls \$0.30 to \$0.42 with shares under \$115

Consumer Goods

Dollar General (DG) a top set-up for this week with 3350 weekly \$190 calls hot with buyers early

Yeti (YETI) with 2,500 July \$35 puts sold \$0.20 and 5000 of the \$40 calls bought \$3.35

Altria (MO) buyers 1225 August \$40 calls \$1.55

ELF Beauty (ELF) strong to day highs with 1500 August \$20 call block opening \$1.80

Costco (COST) with 740 October \$325 calls opening near \$10.60 as July \$315 adjust

Herbalife (HLF) buyer 2000 November \$32.50 puts \$1.37

Energy

Energy Transfer (ET) with 10,000 July \$6.50 calls opening \$0.20 to \$0.25, been speculation with the name for potential activist/event news

Baker Hughes (BKR) with 3850 August \$13 puts sold to open \$0.40

Devon (DVN) buyers 1500 August \$11 puts \$1.38

Apache (APA) buyer 2000 October \$10 puts \$1.28 offer

Chevron (CVX) with 1000 August 14th (W) \$90 calls opening \$3.52

Enphase (ENPH) with 500 November \$60 puts sold to open down to \$16.85 ITM

Ovintiv (OVV) opening sale 2000 January \$6 puts for \$1.12, a \$2.45B Energy Co

Transocean (RIG) with 9000 January 2022 \$2 puts sold to open \$1.09

SunRun (RUN) shares up 24% after an all-stock deal for Vivint (VSLR) this morning and seeing 4000 January \$25 short calls open 2/10 adjusting to March \$30/\$15 collars, all tied to a stock holding. RUN also seeing nearly 4000 Augusts \$29 calls open with bid-side sales to open today

Marathon Petro (MPC) with 5000 January \$45 calls bought for \$2.40 as the \$50 calls look to be adjusting back

Financials

Interactive Broker (IBKR) buyer 2000 July \$45 calls \$1.30 to open in stock replacement

Square (SQ) buyer 1600 September \$130/\$150 call spreads for \$6.40

US Bancorp (USB) early buyers 550 September \$32.50 ITM calls \$5.20 to \$5.25. **USB** September \$32.50 calls up over 1500X

PayPal (PYPL) buyer 435 OTM October \$210 calls \$3.95 with positive Piper initiation this morning

Zillow (Z) break out continues and 500 Aug. 14th (W) \$65 calls bought \$5 to open

Credit Suisse (CS) opening sale 3000 January 2022 \$12 puts \$2.95

ProLogis (PLD) with 1000 August \$85 puts sold to open \$1.57, Feb. call buyer yesterday. **PLD** August \$85 short puts up over 5000X now after block traded \$1.50 bid

Schwab (SCHW) buyer 900 August \$30 calls \$4.70

EverQuote (EVER) sitting just under a new high breakout seeing 1500 July \$65 calls bought to open earlier

JP Morgan (JPM) buyer 1500 December \$90 calls \$10.75 to \$10.85, adjusting some weekly calls. **JPM** trades 2850 August \$100/\$80 bull risk reversals for \$0.88

VICI Property (VICI) spreads selling 4000 August \$17.50 puts and buying \$22.5/\$25 call spreads

Bank Montreal (BMO) buy-write with 4000 August \$60 calls sold \$0.40, similar to **BNS** yesterday

Berkshire (BRK.B) opening sales 1500 December \$150 puts today \$3.05

Synchrony Financial (SYF) seeing the July \$22 calls that bought on 5/27 adjusting the \$17 calls that day now adjusting to August \$23 calls that are bought 14,360X at \$1.40

Healthcare

BioMarin (BMRN) August \$140 calls opening 900X at \$5.20 as July \$125 adjust, strong Biotech the last few weeks

HCA (HCA) buyer 350 December \$115/\$130 call spreads

BioHaven (BHVN) buyer 500 February 2021 \$105 calls \$6.10 as September \$80 adjust

DexCom (DXCM) buyer 200 August \$430/\$460 call spreads today, another strong session

AerCap (AER) stock replacement sells 1750 January \$20 puts to open \$2.13

Pfizer (PFE) large opening sale 17,500 September \$37 calls for \$0.58

Cel-Sci (CVM) opening sale 6000 October \$5 puts for \$1.70

TelaDoc (TDOC) trading 1000 October \$240 calls today, pricey contracts above \$18, but smaller lots

Ligand (LGND) seeing 1650 November \$110 puts open near \$19.20, name with 60% of float short, and trading with stock, so looks to be replacing a short stock position with puts

TG Therapeutics (TGTX) strong breakout today seeing August \$22 calls 1375X and the \$23 calls 1080X with buyers, may be adjusting some of those \$20 calls

Industrials

Lennar (LEN) some bearish flow with 1250 August \$57.5 puts opening up to \$2.25

Boeing (BA) 1000 July 31st (W) \$200 calls bought for \$8.30 where 2000 opened yesterday

Middleby (MIDD) unusual 500 July \$75 calls opening \$4.50

AAON (AAON) most unusual action this morning with 960 January \$60 calls opening \$4 to \$5.30, name that trades less than 5 calls per day on average. The \$2.8B Co. has long been a top HVAC performer and likely to see a boost from COVID

ZTO Express (ZTO) with 1600 August \$35 puts sold to open near \$1.30

Nikola (NKLA) bearish flow July 24th (W) with the \$50 calls being sold 4000X and the \$35 puts bought 2000X

Tesla (TSLA) spreads today selling 3000 January \$900 puts and buying 3000 of the \$1440/\$1700 call spreads, net trade at credit of \$8. **TSLA** also this afternoon with 1200 July 31st (W) \$1395 puts sold to open \$143.80

AerCap (AER) afternoon buyers also coming in for 3800 August \$25 puts

Materials

BHP Group (BHP) sale of 1000 January \$50 straddles for \$9.80

Kirkland (KL) a gold miner breaking out of long range seeing buyers active for 2000 August \$45 calls up to \$2.45

Tech and Telecom

Calix Network (CALX) opening sales 2500 January \$17 calls \$1.65 to \$1.55

NVIDIA (NVDA) August \$565 far OTM calls active \$0.67 to \$0.76 for 2450X early with buyers, BAML positive this morning. **NVIDIA (NVDA)** buyers active for 1800 September \$420 calls \$23 to \$24

Netflix (NFLX) \$20M position opens with 2,280 June 2021 \$490 calls as the January \$450 adjust

Uber (UBER) buyer 2000 August \$32 puts \$2.40 tied to stock, and August \$33 puts with opening sellers 2000X. **UBER** 1000 Dec \$36 straddles sold \$10.70

Zoom (ZM) buyers of 1100 November \$200 puts to open this morning \$14 to \$14.20

Momo (MOMO) calls hot again with 8000 weekly \$20.50 being bought in opening thirty minutes

Infosys (INFY) with 4500 January \$9 puts being sold \$0.55 to open into day lows

Pinduoduo (PDD) buyer 1400 January \$80 puts \$11.30 tied to stock

Amazon (AMZN) 200 October \$3300 calls open \$140

Mongo-DB (MDB) with 600 July \$235 calls bought \$5.50 to \$6.30 on offer sweeps with strength here, a favorite name

Fastly (FSLY) 400 Jan \$125 calls sold \$13.10 in buy-write

Etsy (ETSY) buy-write with 400 December \$120 calls at \$15.60

Cisco (CSCO) block 1500 January \$45 calls sold to open \$5.30 ITM

CheckPoint (CHKP) with August \$120 calls opening over 1200X up to \$2.95 here as shares clear a key range and breaks out of an 18 month downtrend

Z-Scaler (ZS) with 500 February \$130 calls sold to open \$14.40 down to \$14

Coupa (COUP) stock replacement sells 800 January 2022 \$260 puts to open \$49.50

Apple (AAPL) large opening sale block of 2500 August \$370 puts for \$13.80, also seeing buyers active for 4000 July 31st (W) \$380 calls

Crowd-Strike (CRWD) with 300 June 2021 \$155 calls opening \$9.70 in a buy-write

Alteryx (AYX) buyer 350 August \$175 calls \$16.75 offer

Carvana (CVNA) with 850 November \$110 puts opening today \$14.35 to \$15.45 as the \$150 and \$140 adjust

Pinterest (PINS) buyers 2500 Aug. 7th (W) \$24 puts near \$1.40

Spotify (SPOT) seeing afternoon buyers in July \$270 calls that are trading nearly 2000X on the session, \$8 to \$8.90, the \$270 level a key one to break and could be a Gamma push name into July OpEx

Lyft (LYFT) buyer 1000 August \$32.50 calls into weakness \$2.60

Utility

Edison (EIX) December \$60/\$70 call ratio spreads opening 5000X10,000 with the August \$60/\$47.5 strangles sold 5000X to open

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