

OptionsHawk

OPTIONS HAWK DAILY MARKET 8/19/2019

Sector Leaders

Energy

China Internet

Semi's

Stock Gainers

DRYS 35%

QIWI 21%

SINA 12.7%

WB 12%

PAYS 11%

SONO 10.5%

EL 10%

Volatility Gainers

- QNST
- DRYS
- ZS
- ENDP
- SRPT
- ARWR

High Call Volume

- VRAY
- FRO
- IONS
- REAL
- PVTI
- MIMI

Bullish Options

- CRWD
- EA
- WVE
- MTCH
- XPO
- CNC
- BA
- ENPH
- TEAM
- NXPI
- COHR

Sector Laggards

Bonds

Gold

Materials

Stock Losers

PCG -28%

GGAL -12.2%

BMA -10%

ZS -8.4%

YPF -7%

HMI -6.2%

GLOB -5.7%

Volatility Losers

- TGNA
- EXEL
- BBY
- WB
- SINA
- DVA

High Put Volume

- AFL
- SSW
- COG
- SMAR
- CP
- MTCH

Bearish Options

- FDX
- PANW
- HD
- ACN
- XLNX
- PLCE
- CC
- JPM
- DPZ
- CINF
- ANAB

Market Review: Stocks opened the week higher as China trade developments remained in focus along with the Fed Meeting in Jackson Hole later this week. Energy rebounded and Semiconductors continued to show strength while Bonds/Gold were weak as the safety trade reverted. Breadth stayed strong and stocks pushed back up to recent resistance and a major VPOC level with the 21/50 SMA crossover looming overhead. The schedule remains very quiet into tomorrow though we will continue to get some large cap earnings reports. Stocks are right back near the middle of the recent trading range and a major convergence of weekly moving averages.

S&P Chart:



| Resistance | Support |
|------------|---------|
| 2,945 | 2,845 |
| 2,975 | 2,820 |
| 3,000 | 2,805 |

Options Action Trends: Options activity was fairly quiet to start the week which tends to be the norm into large gap moves back into resistance, traders hesitant to put on a lot of new exposure.

What's On Tap: Earnings from HD, MDT, TJX, JKHY, CREE, MSG, TOL and KSS.

Trade Tracker Portfolio Changes:

1. **Spotlight:** Long MDLZ September \$55 Calls at \$0.90 - No Fill



Bullish Trades in New Oriental

Ticker/Price: EDU (\$104.60)

Analysis:

New Oriental Education (EDU) with 1600 September \$110 calls bought on Friday up to \$2.90 and follows put sales earlier in the week at the October \$90 and January \$95 strikes. EDU has also seen put sales in the January \$85 and \$70 strikes. EDU's bullish flow comes with peer **TAL Education (TAL)** also drawing call buying and put sales recently. EDU has outperformed TAL up 89.12% for the year vs 26.51% while the 1-year return is 25.46% vs 5.66%. Shares are consolidating in a bullish flag under \$108 and pulled back to the 8- and 21-EMA the last two weeks where it has based. A move higher targets \$116 but also puts it above the early 2018 highs. The \$16.66B company trades 23.47X earnings, 5.4X sales, and 6.1X cash with 25% to 30% EPS growth. EDU expects 24.3% and 22.6% sales growth. The company is coming off of a strong quarter with their primary program, K-12 after-school tutoring, up 28.5%. Their Middle and High School tutoring businesses also jumping 27%. EDU continues to expand their footprint with square meters of classroom up 24% in Q4. Analysts have an average target for shares of \$91. MSCO with a \$105 PT in mid-June citing improving operations and industry consolidation as factors. TH Data Capital with a \$115 PT. The firm notes, "The current major risk for education companies is government regulations, specifically for online education, as regulations for offline occurred in 2018. However, we expect demand for off-school education to remain strong, whatever the policies may be." Short interest is 2.8%. Hedge Fund ownership fell 16.5% in Q2 filings. Harvest Fund, Hillhouse Capital, and DSM Capital notable holders.

Hawk Vision:



Hawk's Perspective: EDU has a nice technical set up although the flows looked retail-driven in smaller lots. It's an intriguing group for growth and relative strength impressive, tradable versus the 50 SMA.

Confidence Ranking: \$\$



Boeing Bulls Position for Recovery

Ticker/Price: BA (\$333)

Analysis:

Boeing (BA) with 1000 March 2020 \$395 calls bought to open up to \$9 and action up to 1700X with an long-term bullish view. Last week The February \$330 calls bought 700X to open for nearly \$2M and October \$350 calls with 4000 accumulating from size buys recently while 7500 October \$275 puts were sold to open in OI. BA shares have pulled back off record highs since having issues with the 737 MAX which may be grounded until 2020. Shares are back at the lower range support from the last 22 months setting up a solid reward/risk versus the lower weekly Bollinger Band it moved outside of but closed above last week. The \$186B Aerospace leader trades 14.8X Earnings and yields 2.5%. Boeing continues to benefit from strong growth in Commercial Aerospace and been seeing strong growth from its Services segment that also enhances the overall margin profile. Analysts have an average target of \$410 and short interest minimal at 0.9% of the float. Viking Global recently showed a new large stake in shares. Jefferies was out on 8-13 with a Buy rating and \$420 target citing cheap valuation with a 9% FCF yield. CSFB is at Outperform with a \$425 target, forecasting \$36 FCF per share in 2022. Winslow and Steadfast Capital also took new stakes in Q2 filings.

Hawk Vision:



Hawk's Perspective: BA has been susceptible to headline risk but the long-term story is firmly intact. China trade remains another risk, but above \$336.50 can trade this against the 8 day MA.

Confidence Ranking: \$\$



Ionis Bull Adjusts for Long-Term View

Ticker/Price: IONS (\$69.8)

Analysis:

Ionis Pharma (IONS) with 2,025 January 2021 \$70 synthetic long spreads bought today for \$1.20, looks to be adjusting some January 2020 \$50 calls from spreads in April. IONS has seen opening sales in the January 2021 \$60 and January 2020 \$65 ITM puts recently with the October \$60 and \$80 calls bought in smaller trades. IONS still has some January 2021 \$75 and \$80 calls in OI from February/March. Shares are trading in a wide multi-month range above the 200-day MA and nearing a breakout over \$71 which measures back up to the April highs around \$85. The \$9.48B company trades 24X earnings, 11.8X sales, and 60X FCF with over \$16.50/share in cash on hand. IONS expects 15.9% and 17.3% sales growth the next two years and plenty of upside potential through their pipeline. They have Phase 3 studies in ALS and Huntington's on track for data in 2020. Tegsedi and Waylivra are both in the early stages of launch with expansion into new geographies in the 2H of 2019 set to drive 2020 growth. Analysts have an average target for shares of \$67.25 with 1 buy rating and 7 hold. Piper positive on the name which is in a 'healthy and rare financial position' given ongoing profitability, \$2.3B in cash, and nearly \$400M in "durable" annual research and development revenues that offset R&D expenses. BMO the lone bull on the name with a \$96 PT. They see a large Huntington's disease opportunity and HTT-Rx projections could prove to be conservative. Short interest is 9.4% and down from around 11% in July. Hedge Fund ownership rose 60% in Q2. Polar Capital, SquarePoint, Kepos Capital, and Tudor Investment all notable holders.

Hawk Vision:



Hawk's Perspective: IONS forming a multi-month base and does look to be a compelling fundamental play in Biotech, also giving a clear level to trade against.

Confidence Ranking: \$\$



Put Sales in Smart-Sheet Show Confidence into Earnings

Ticker/Price: SMAR (\$50.65)

Analysis:

SmartSheet (SMAR) with 4,750 September \$45 puts sold to open today down \$1.25 as IV fades, notable size with earnings upcoming on 9-4. SMAR has seen buyers recently in the February \$40/\$50 call spreads, December \$45 and \$55 calls while the November \$50 puts sold to open on 7-22. SMAR pulled back recently from 52-week highs around \$55 to re-test the June base breakout at \$45 and now back above its 8- and 20-day MA. The YTD VPOC is just below around \$42. Shares have been in a big channel higher since January which targets a move up above \$60. SMAR has traded higher the last two reports. The \$5.35B software company trades 25.6X cash and 25.85X EV/sales with 37.3% and 40.6% sales growth forecast. SMAR is coming off a strong quarter with subscription revenue up 57% and growth by customers with a \$100K ACV up 139% Y/Y. Their dollar-based-retention rate rose 400 bps to 134%. The Collaborative Work Management market has long-term tailwinds as the pace of digital business expands with the TAM growing to \$31.6B by 2021. Analysts have an average target for shares of \$53.50 with 10 buy ratings and 1 hold. Needham raising their PT to \$60 on 7-11. The firm thinks SMAR can grow revenues around 40% the next 2+ years as the CWM market remains in the very early stages with little direct competition in most deals and a new marketing strategy is designed to create category leadership as the space matures. They also think a new M&A war chest and a robust product roadmap with an accelerating pace of innovation should enable SMAR's platform to stay ahead of less flexible competitive solutions. Short interest is 4.2% and up from around 1% in early 2019. Hedge Fund ownership rose 112.7% in Q2 filings. Whale Rock Capital, Tiger Global, Coatue, Alkeon Capital, and Hitchwood all notable filers.

Hawk Vision:



Hawk's Perspective: SMAR is a best-of-breed software name with extremely impressive metrics, a dip into the next earnings report near this short put strike would be a great opportunity.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

S&P (SPY) early buyer of 10,600 June 2020 \$260/\$230 put spreads

NASDAQ (QQQ) with 15,000 September \$187/\$180 put spreads bought into early strength. **QQQ** also with 3000 December \$187 puts opening \$7.80

Hong Kong (EWH) with 3,875 December \$26 puts bought \$2.55 to \$2.65

Industrials (XLI) with 3,300 December \$80 calls bought \$1.15

Consumer Discretionary/Services

Electronic Arts (EA) buyers of 1200 net week \$93 calls early

World Wrestling (WWE) buyer 1000 September \$75 calls to open \$1.73. **WWE** also seeing 500 January \$60 puts sold to buy the \$75/\$90 call spread

Urban Outfitter (URBN) early buyers of 1500 September \$22 calls \$1 to \$1.05, earnings tomorrow

Kohl's (KSS) opening sale of 1,400 September \$45.50 puts for \$2.60 into earnings this week

Children Place (PLCE) weekly \$80 puts open 1500X as September puts adjust, earnings 8-21. **PLCE** also with 1000 next week \$82.5 calls bought for \$3.70

At Home (HOME) buyer of 1400 December \$6 calls for \$1.15, spread with 700 each of the \$7 and \$8 calls

Dominos Pizza (DPZ) buyers of 470 October \$230 puts for \$10.40 up to \$12.50

Wynn Resorts (WYNN) with 2700 October \$130 calls opening \$1.30 and action up to 3,290X with contracts being bid up to above \$1.60. **WYNN** has seen over 4000 September \$110 calls accumulate since 8/12 and 1,500 of the Sep. 13th (W) \$115 calls bought to open. **WYNN** tested long-term trend support last week. In November a Director bought over \$1M in stock at \$103.

Sony (SNE) buyer of 3,000 October \$55 puts for \$1.95, stock tied into the early highs

Ollie's (OLLI) with 500 September \$80 puts bought tied to stock

TAL Education (TAL) another 1,000 November \$32 puts sold for \$1.70 in a stock replacement

Conduent (CNDT) buyers of 1,295 January \$10 calls up to \$0.40 today, name where Carl Icahn raised his stake again on Friday

BJs Wholesale (BJ) another 1,000 September \$22.50 calls bought today vs a sale of the February \$17.50 puts, same spread as Friday

Luckin Coffee (LK) buyer of 12,250 December \$20 calls for \$2.45 to \$2.50, the \$22.50 calls rolling back in strikes into weakness

Tapestry (TPR) buyers of 2,775 October \$20 puts for \$0.90

Qurate (QRTEA) with 12,600 September \$13 calls sold for \$0.25

Ralph Lauren (RL) buyers of 615 September \$88 calls for \$3.40 to \$3.60 this afternoon as IV rises

Nordstrom (JWN) with 600 April \$25 puts sold to open for \$3.50 to \$3.45 this afternoon, earnings later this week

Starbucks (SBUX) strong chart seeing 2,650 September 27th (W) \$100 calls bought to open \$1.36 to \$1.40

Consumer Goods

Clorox (CLX) buyers of 720 September 6th (W) \$162.50 calls for \$2.22 to \$2.55

Kroger (KR) more ITM calls trading today, 950 of the January \$19 at \$4.53

General Mills (GIS) the September \$55 puts sold for \$1.60 in a stock replacement, 2000X

Estee Lauder (EL) up 12% after impressive earnings and 2500 March \$175/\$160 bull put spreads open at a \$2.25 credit

Energy

Delek (DK) buyer 900 September \$35 OTM calls \$0.45

Schlumberger (SLB) with 2,370 Sep. 13th (W) \$34 calls opening \$0.99 to \$1

Enphase (ENPH) a hot Solar play seeing 1500 October \$35 calls open at \$2.90. **ENPH** also with 1,500 October \$40 calls opening \$1.45 to \$1.65

PBF Energy (PBF) another small Refiner with OTM call activity seeing 700 December \$25 calls bought for \$1.40

Frontline (FRO) buyers of 1000 September \$8 calls for \$0.30 to \$0.45 and another 850 September \$7 calls trading for \$1.05 where buyers opened 1650 on Friday

National Oilwell (NOV) with 400 January 2021 \$23 calls opening \$2.20 to \$2.23

Cabot Oil (COG) with the October \$16/\$14 put spread opening 2554X3405 as the \$19/\$17 spreads roll down

Financials

Morgan Stanley (MS) another 1000 September \$39 calls bought where buyers came in late Friday

PayPal (PYPL) buyers of 1,000 September 6th (W) \$107 calls for \$2.65. **PYPL** also with 1,500 October \$92.50 puts sold to open

JP Morgan (JPM) sweep buys 2,650 October \$110 puts \$4.95 offer

Cincinnati Financial (CINF) with 1,000 September \$105 puts opening \$1.10 to \$1.20

Digital Realty (DLR) buyers of 450 October \$125 puts up to \$5

Assured Guaranty (AGO) stock replacements are selling 700 ITM April \$55 puts for \$10.39 to \$10.28

Square (SQ) 1,000 November \$60 puts sold to open for \$3.30 today, stock replacement

Paysign (PAYS) with 2,000 December \$17.50 calls rolling to March \$20 calls today which open for \$2.35

Euronet (EEFT) with 375 February \$170 calls opening \$6.90 to \$7.10

Stone (STNE) with 2,280 September \$31 puts sold to open \$1.25 to \$1.20

Zillow (Z) buyers of 1,470 January \$50 calls for \$0.95

Green Sky (GSKY) with 2500 October \$7.50 puts opening \$0.95

Blackstone (BX) with 1800 January \$48 puts opening \$3.42

Healthcare

Iovance Bio (IOVA) buyer of 2,000 September \$17.50 puts for \$0.70

ViewRay (VRAY) with 7,000 December \$4 synthetic long spreads opening for \$0.40 as some September spreads adjust

Centene (CNC) spread buys 6,200 September \$50 calls \$1.10 and sells 12,400 December \$47.5 puts \$3.50

Humana (HUM) opening sale of 660 September \$285 puts for \$3.50, relative strength above its 20-day MA

Health Insurance Innovations (HIIQ) buyers of 1,500 November \$20 calls for \$1.70 to \$1.75

Eli Lilly (LLY) buyer of 2,500 September \$110 puts for \$2.19

Biohaven (BHVN) IV fading as 3,000 September \$40 calls sold to open \$2.60 to \$2.50

Anaptys Bio (ANAB) with 1,500 December \$45 puts bought for \$9 and sells the January \$25 puts against for \$1.50, Q4 data in both nasal polyps and atopic dermatitis

DaVita (DVA) buyer 1,650 Sep 6th (W) \$57 puts to open \$2.05 to \$2.25

Intercept (ICPT) with 1,000 September \$70 calls sold to open \$2.20 to \$2.05 today

Clovis (CLVS) the October \$8 short puts from mid-July closing today and adjusting to open 6,730 September \$6 puts which are sold for \$0.70

Merck (MRK) with 1250 June 2020 \$87.5/\$85 strangles bought for \$11.70

Bristol Myers (BMY) with 5000 October \$50 calls sold to open \$0.62 in a buy-write

Nektar (NKTR) unusual activity with 625 January 2021 \$30 puts sold to open \$13.50

Healthcare Services (HCSG) rising earlier with 9,250 September \$20 puts sold to open down to \$0.10, trading over 270X average volume

Tenet Healthcare (THC) size buyers of 6,000 January 2021 \$25 calls up to \$4.55

Industrials

United (UAL) with 1,650 December \$80 puts sold to open around \$3.55, some January short puts adjusting

XPO Logistics (XPO) buyer of 1600 September \$67.50 calls for \$4.50, comes ahead of Home Depot earnings, a Co. rumored to be looking at acquiring XPO in the past

Fed-Ex (FDX) with 1000 Sep 13th (W) \$150 puts opening up to \$2.25

CNH Industrial (CNHI) buyers of 6,885 September \$10 calls up to \$0.30 today

Boeing (BA) also with 900 October \$340/\$330 strangles bought for \$25.75

America's Car-Mart (CRMT) buyer of 200 December \$90/\$100 call spreads for \$3.70, shares basing in a multi-week range and targeting a move back to the May highs. The \$608M auto dealership trades 11.3X earnings, 0.91X sales, and 29X FCF

Materials

Chemours (CC) rolling over to session lows with 1500 October \$12 puts bought for \$1

Martin Marietta (MLM) buyer of 292 October \$250 calls for \$12.65, rolling up the September \$230 calls into strength

BHP Billiton (BHP) the November \$55 calls rolling back to the \$50 strike which open for \$1.75

Tech and Telecom

Match (MTCH) seeing 770 January \$85 calls open near \$10.20 in early trade. **Match Group (MTCH)** spread sells 6,750 September \$90 calls to buy the \$80/\$75 put spread for \$0.65 net debit and likely protective

Palo Alto (PANW) weak again with 2000 December \$180 puts bought \$8.40 to \$9.05, size bearish bets, and earnings 9-4

Dell Tech (DELL) another 5,000 October \$52.50 calls rolling to December which open for \$3.80. **DELL** also seeing 1600 October \$47.50/\$42.50 put spreads bought \$1.70 with the \$55 calls sold for \$1.50

Accenture (ACN) more bearish flow as 825 October \$195 puts bought to open today for \$7.30 to \$8.20

Xilinx (XLNX) buyers of 900 November \$110 puts for \$9.05 to \$9.20 into today's gap higher, shares below the 200-day

Citrix (CTXS) opening sale 1000 Aug. 30th (W) \$93 puts for \$1.30

Service-Now (NOW) opening sales 2000 September \$230 puts \$2.21

Mimecast (MIME) buyers of 600 November \$45 calls up to \$3 with shares back near the February gap and 50% retracement of the move from the December lows

Atlassian (TEAM) buyers active for 1,200 September \$140 calls today \$7.20 to \$7.70, looking to add to buys from early July

NXP Semi (NXPI) strong setup and today 1,500 September \$105 calls bought for \$3.50 to open. **NXP Semi (NXPI)** with 1,870 September 6th (W) \$107 calls now bought for \$1.87

Coherent (COHR) with 500 November \$155 calls opening up to \$15.10 after 1000 Nov. \$145 calls opened last week. **COHR** also seeing 600 September \$150 calls adjust to 770 of the \$160 calls

EBay (EBAY) with 2,000 October \$39 puts sold to open for \$1.14 in a stock replacement

Upland (UPLD) December \$60 short calls closing 2500X and opening January \$50/\$35 collars 4000X2000

Momo Group (MOMO) opening seller 2500 September \$31 puts \$1.10, earnings 8-27

Pinterest (PINS) strong today up 5% and buyers of 1,300 September 6th (W) \$35 calls for \$1.00 to \$1.20

Bilibili (BILI) with 1,000 October \$15 puts opening \$1.50, green to red move today and weak since March. **BILI** stock replacement sells 1250 April \$15 puts to open for \$2.65

JD.com (JD) with 5000 November \$32 calls opening \$2.53 as Sep. \$29 adjust

Rambus (RMBS) buyers of 2,285 September \$13 calls for \$0.30 today as the \$14 calls look to adjust back in strikes

CrowdStrike (CRWD) IV popped as a block of 3100 September \$100 calls traded \$7.80

Go-Daddy (GDDY) sellers of 1,825 October \$70 calls for \$1.31 to \$1.30 into the mid-morning highs

Research Frontiers (REFR) unusual 1,300 March \$7.50 calls bought for \$0.75 to \$0.85. The \$127M company focuses on SPD-smart light control technology such as lamination for windows, skylights, and sunroofs. Shares have been strong recently up almost 200% on the year.

II-VI (IIVI) with 400 December \$40 puts sold to open today \$4.00 to \$3.90

Iridium (IRDM) buyer of 1,000 September \$24 calls for \$0.85 in a stock replacement

Cyrus One (CONE) buyers today of 400 October \$75 puts from \$7.30 to \$8.10 into strength

Revolve Group (RVLV) opening sellers of 7,250 September \$17.50 puts for \$0.20 to \$0.15 today

Micron (MU) session highs with 2,000 September 6th (W) \$46.50 calls bought \$1.12

Sea (SEA) opening seller of 1,250 September \$37 puts for \$3.30

Salesforce (CRM) opening seller of 1000 February \$135 puts for \$7.95

Fire-Eye (FEYE) deep ITM December \$10 calls seeing 4,750X open today near \$3.75

Alibaba (BABA) with 5000 November \$185/\$205 call spreads bought today for \$5.45 as some September spreads adjust

Advanced Micro (AMD) buyer of more than 16,000 September \$32 straddles today while over 6500 April \$34 calls being sold to open \$4.30 to \$4.25 as well

T-Mobile (TMUS) buyers of 780 January \$75 puts for \$3.40 to \$3.50

Instructure (INST) with 400 February \$55/\$45 collars opening

Bandwidth (BAND) pulled off highs after unusual action opened 500 October \$90 puts for \$500K

Utility

WEC Energy (WEC) opening sales of 1,400 September \$90 puts from \$1.15 to \$1, recent October call spreads opened

Disclaimer:

Not Investment Advice or Recommendation

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