

OptionsHawk

OPTIONS HAWK DAILY MARKET 8/23/2019

Sector Leaders

Utilities

Silver/Gold

REITs

Stock Gainers

PVTL 8.9%

AUY 8%

EGO 7.5%

HMV 7.5%

KGC 6.7%

Volatility Gainers

- CDEV
- PCG
- NGD
- HMV
- TLRA
- BBAR
- CRC

High Call Volume

- TLRA
- INSP
- CBLK
- GPN
- ACM
- PI
- PVTL
- RGEN

Bullish Options

- RGEN
- PI
- CG
- SPGI
- OKTA
- LYFT
- RDS/B
- NKTR
- XPO
- NEM

Sector Laggards

Energy

Tech

Consumer Goods

Stock Losers

TELL -17.5%

FL -17%

HIBB -14.65%

WLL -12.38%

SDRL -10%

Volatility Losers

- CBLK
- PVTL
- BREW
- FL
- GPS
- RRGB
- VMW

High Put Volume

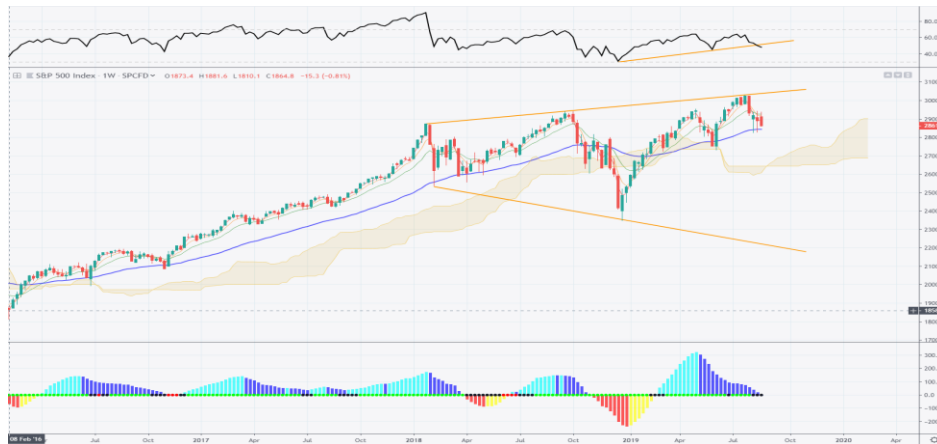
- STOR
- MTW
- CNSL
- EXP
- ALRM
- CBLK
- BHP
- FL

Bearish Options

- NCLH
- TSLA
- TGT
- AXP
- GOLD
- QSR
- UBER
- FDX
- MPC
- AIG
- BFRY

Market Review: Global markets wrapped up the week in the green as they awaited comments from Fed Chief Jerome Powell in Wyoming. China announced \$75B in retaliatory tariffs before the open in response to the 9-1 tranche which the US had previously announced. Many leaders were in France for the G7 where the focus was on the environment and the global economic slowdown. Powell came out and largely upheld the current belief that this was more of a mid-cycle adjustment and didn't explicitly call for much in the way of more aggressive easing. His speech was pushed aside quickly however when the President sent a barrage of tweets aimed at the Fed and China. Trump angrily said that he would respond to China soon and "ordered" US companies to begin pulling out of the country, something which is not at all within his realm of power. He also said that Jerome Powell and the Fed know "nothing" and questioned whether the Fed or China were the bigger enemy to the US. The 2/10 remained inverted while stocks sold off to new weekly lows. Gold rallied up to its highest level since 2013 while Silver also jumped. WTI was down around 3%.

S&P Chart:



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

Options Action Trends: We saw some size buys into strong staples like MCD, PG, and KO which have run strong. Energy names continue to draw some large put buying as they near new lows for the year.

What's On Tap: Next week slows down ahead of the Labor Day holiday. Economic data focus shifts to Durable Goods, Case-Schiller, Consumer Confidence, GDP, PCE, Chicago PMI, and Consumer Sentiment. Notable earnings from ADSK, VEEV, HPE, HEI, SJM, UBNT, PLAN, and a couple Canadian banks (BNS, BMO).

Trade Tracker Portfolio Changes:

1. None



Quest Bulls See Strong 2H Growth as UNH Contract Kicks In

Ticker/Price: DGX (\$102.60)

Analysis:

Quest Diagnostics (DGX) buyers yesterday of 500 January \$95 calls up to \$10.40, a more than \$545K buy. DGX has over 1200 January ITM \$110 puts sold to open from around \$27 back in January while the September \$100 calls with 1000 bought on 7-22 in open interest. Shares are forming a bull flag under \$104 after pulling back to rising cloud support and has a small gap above to \$108. DGX is forming a big weekly down channel from the 2018 highs with a move above \$108 targeting \$116 and then a run to \$125+. The \$13.85B company trades 15X earnings, 1.83X sales, and 21.35X FCF with a 2% yield and mid-single digit growth. DGX expects 2.5% annual revenue growth with plenty of room for margin expansion. DGX is coming off a strong quarter with volumes given PAMA, expanded network access, and the increased consumerization of health care. DGX has made a focus on shifting towards higher-margin contracts despite a modest drop in volumes. In April, the company announced that UNH had selected the company to take part in their PLN which started on 7-1. Analysts have an average target for shares of \$106. Goldman cut to Sell in June with the analyst seeing a "challenging" setup for the shares amid "muted" Preferred Lab Network prospects. Canaccord with a \$103 PT and Buy rating. They think Quest is off to a "good start" as it adds new volume growth related to 43M new lives from recent health plan wins from UnitedHealthcare (UNH) and others, and Quest expects volumes to gradually grow throughout this year. Jefferies upgrading to Buy in April with a \$107 PT. They think the outlook looks conservative given inclusion with UNH should bolster their organic growth beginning in 2020. Short interest is 3% and down from around 3.8% recently. Hedge Fund ownership fell 2% in Q2. Balyasny, Ariel Investment, and Tamarak Advisors notable holders.

Hawk Vision:



Hawk's Perspective: DGX looks good on all accounts and can set an alert at \$103.65 for a breakout.

Confidence Ranking: \$\$



Repligen Near-Term Calls Build with Shares Showing Relative Strength

Ticker/Price: RGEN (\$93)

Analysis:

Repligen (RGEN) with buyers adding to the September \$95 calls yesterday and now over 2,150 in OI, the largest line across any expiration. RGEN had buyers at the strike on 7-29 and 7-30 for over \$6. Shares are coiled in a bull flag under new highs at \$95 with a breakout targeting \$100 and longer-term trend up to \$105+. MACD is nearing a bullish crossover while RSI is also strong, ready to run. The \$4.56B company trades 85X earnings, 19.5X sales, and 21.8X cash with 11.35% and then 23.9% EPS growth forecast. RGEN sees sales growing 17.19% and 17.55% through FY21. The company is a leader in product development for use in biological manufacturing including protein ligands as well as chromatography for the purification of antibodies. RGEN has long-term drivers within the industry which is looking for efficient, single-use manufacturing processes. The SU market is estimated to be around \$3.9B and growing 15% through 2023. RGEN is also supported by a growing biologics market which has seen 50% growth in approvals since 2015 and more than 400 in clinic. Analysts have an average target for shares of \$99.50 with 7 buy ratings. Stephens resumed coverage today at Overweight, \$110 PT. The firm thinks RGEN's management is best-in-class while they're positioned with the right area of a rapidly growing industry. Craig Hallum raising their PT to \$108 on 8-5 citing 40% growth across all three of their largest business segments. Further, Repligen is likely to have nearly \$500M in firepower on its balance sheet. As such, firm believes the company now has the strength to consummate further acquisitions over the course of the next two to three years. Short interest is 8.6% and down from around 13% in November. Hedge Fund ownership rose 20.75% in Q2. Ardevora, 12 West Capital, and Palisade Capital notable holders.

Hawk Vision:



Hawk's Perspective: I'd like to see today's action add to OI on Monday but the setup remains strong and gives a nice level to trade against looking for a short-term move back to the highs.

Confidence Ranking: \$\$



Impinj Calls Hot Near New 1-Year Highs

Ticker/Price: PI (\$37.50)

Analysis:

Impinj (PI) stock and IV pop with 1,200 October \$35 calls bought on the day up to \$5.10, unusual size for the name. PI still has 4,200 January \$30 short puts in OI from April. Shares are coiled above their 20-day MA and just below new highs with a breakout over \$40 targeting \$45. PI traded as high as \$60 in 2017. The \$791M company trades 13X cash and 5.77X EV/sales with 290% EPS growth and revenue growth of 16.22% and 15.4%. PI hit record revenues in Q2 with strength in both endpoint ICs and systems. The latter has corrected from some inventory-related issues in late 2018 and returning to normalized growth in 2019/2020. Analysts have an average target for shares of \$40. Canaccord raising their PT to \$42 on 8-16 citing growing uses of RAI RFID across numerous vertical markets, including new industry opportunities with strong long-term growth potential. They see a number of opportunities for RAIN through 2021. Piper with a \$40 PT seeing the RFID market entering a new phase of growth and PI well positioned to take share. Short interest is 12.5% and steadily lower since 2018 when it was above 35%. Hedge Fund ownership rose 24% in Q2. Sylebra Capital, Arch Venture, Torondo Partners, and G2 Investment notable holders. PI saw insiders buying stock in 2018 but quiet ever since.

Hawk Vision:



Hawk's Perspective: PI is another one like RGEN which has been showing relative strength and giving a nice reward/risk vs the recent lows.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Software (IGV) another 1,755 November \$210 puts bought early for \$6.40, spot where 3,500 bought yesterday and likely hedging as a basket of stocks

Staples (XLP) the September 6th (W) \$60 puts being bought 25,000X up to \$0.76 and more than 25,000 of the \$59 puts for \$0.27, follows with the MCD, PG, KO puts earlier; looks like some may be adjusting down from morning buys, will check OI Monday

Industrials (XLI) buyer of more than 4,900 ITM \$75 puts for \$1.41 to \$1.61

Biotech (XBI) buyer of 4,500 December \$80/\$65 put spreads for \$4.15

S&P (SPY) trader buys 12,500 September \$271/\$266 put spreads for \$0.68 net. SPY also seeing over 6,000 September 13th (W) \$284 puts bought today for around \$2.4M

Silver (SLV) buyers of 11,500 April \$16 calls up to \$1.56 on the morning

Nasdaq (QQQ) buyer of 19,500 October \$178/\$159 put spreads for \$3.25

S&P Midcaps (MDY) with 4,500 September 13th (W) \$332.50 puts bought up to \$2.90

Dow Jones (DIA) with over 4,000 October \$240 puts bought on the day around \$1.80 to \$1.85

Consumer Goods and Services

Hasbro (HAS) opening sale of 1,000 October \$95 puts into weakness today down to \$1.17, shares off by 5.75% with their Entertainment One buy

Altria (MO) another 9500 September \$50 calls bought today up to \$0.35

Ruth's Hospitality (RUTH) weak since May but today seeing 900 February \$20 calls bought up to \$1.60 to open

Hilton Grand (HGV) buyer of 1130 September \$32/\$29 bull risk reversals for \$0.83 with the Apollo news this week

Noodles & Co (NDLS) with 1,000 February \$5 calls bought for \$1.35 to \$1.40

Foot Locker (FL) with 11,000 September \$31 puts sold to open for \$0.45 to \$0.40 today

Beyond Meat (BYND) with 1,000 November \$145 calls bought today for \$10.00 to \$10.80 into the recent pullback

VF Corp (VFC) buyer of 2,400 September \$82 calls up to \$1

Tractor Supply (TSCO) buyers of 2900 September \$102 calls up to \$1.50 this afternoon

I Robot (IRBT) sellers of 1,000 September 27th (W) \$60 puts from \$2.05 to \$2

McDonalds (MCD) buyer of 13,000 October \$195 puts up to \$1.30

P&G (PG) buyers of 12,500 September \$110 puts up to \$1.45

Coca Cola (KO) buyers of 34,500 October \$50 puts up to \$0.53 as IV climbs

L Brands (LB) with 2,500 January \$17.50 puts rolling down to the \$15 strike today which open \$1.10

Restaurant Brands (QSR) holding up well but today 1,000 September \$77.50 puts bought up to \$3.10

Norwegian Cruise (NCLH) buyers active this morning for 1,000 September \$50 puts for \$1.45 to \$1.50

AB InBev (BUD) opening buyers of 925 December \$95 calls for \$5.60 to \$5.70

Electronic Arts (EA) seeing 1,000 October \$95 calls sold for \$4.40 in a buy-write

Calavo Growers (CVGW) with 1,000 September \$85/\$70 put spreads bought for \$2.75, similar to the \$80/\$70 put spread bought earlier this week

Energy

YPF SA (YPF) with 3,250 April \$9 puts sold to open for \$1.85

Schlumberger (SLB) opening sale of 1750 January 2021 \$27.50 puts for \$3.20

Manitowec (MTW) buyers of 1200 March \$10 puts for \$0.95 with shares nearing a multi-month breakdown

Diamondback (FANG) buyer of 2,000 October \$85/\$75 put spreads for \$1.54, rejected on the bounceback at the declining 50-day this week

Royal Dutch Shell (RDS.B) weak name recently but today near 600 April \$55 puts sold to open for \$3.50

Philips 66 (PSX) buyers of 800 September \$96 puts for \$2.25 up to \$2.60 today

Centennial Development (CDEV) buyers of 8,500 September \$5 calls for \$0.30 to \$0.40 today into weakness

Concho (CXO) buyers of 1,975 September \$70 puts for \$2.75 to \$3

Energy Transfer (ET) with 4,000 January 2021 \$15 puts bought \$3.60 to \$3.70 today

EOG Resources (EOG) buyers of the January \$85/\$95 call ratio spread today 1350X2700 for a \$0.70 net debit

Whiting (WLL) buyers of 1,000 January \$7 puts for \$1.41 to \$1.43

Financials

Fiserv (FISV) buyers of 1,697 December \$105 puts for \$4.30

Travelers (TRV) higher early with 370 April \$155 calls bought for \$5

Store Capital (STOR) another 3,500 October \$35 puts bought up to \$0.65 today, spot where 3400 were bought this week

Synchrony Financial (SYF) buyer of 1,500 January 2021 \$35/\$23 bull risk reversals for \$1.75

Blackstone (BX) buyers active for 800 March \$47 puts for \$3.35 to \$3.45

S&P Global (SPGI) continues to draw bullish flow with 500 September 6th (W) \$262.50 calls bought today for \$3.70 to \$4.10

Carlyle (CG) buyer of 425 October \$20 calls for \$2.80 today, recently announced a c-corp transition

HSBC stock replacement buys 6,000 September 13th (W) \$36 calls for \$0.79

Santander Consumer (SC) fading today with 900 January 2021 \$27 puts bought up to \$4.80

Healthcare

Abbott (ABT) buyers of 2,500 of next week's \$82.50 puts up to \$0.60

Inspire Medical (INSP) spread buys 1,000 September \$67.50 calls for \$2.40 and sells 1500 of the \$72.50 calls to open; shares right back at the rising 50-MA

Evolent Health (EVH) IV rising all day with 1,000 November \$7.50 calls bought for \$1.00 to \$1.10

Telaria (TLRA) strong move this week and today 5000 October \$10 calls bought back in May are closing and rolling to open 5,000 January \$12.50 calls for \$0.80 to \$0.90

Cerner (CERN) with 2,000 October \$65 puts sold to open for \$0.95 to \$0.90

Medtronic (MDT) with 1,500 September 27th (W) \$107/\$110 call spreads bought for \$1.45

GW Pharma (GWPH) buyer of 400 September \$140 puts for \$4.00 to \$4.30 to open

United Health (UNH) seeing 500 September 13th (W) \$245 puts roll down to the \$230 strike today which open for \$5.20

Nektar Therapeutics (NKTR) buyers of 1,975 January \$15 calls for \$6.60 today into weakness

ThermoFisher (TMO) with 1,950 October \$270 puts bought on the afternoon up to \$10.90

DaVita (DVA) with 1,500 September \$55 calls bought for \$2.30 vs a sale of the \$57 calls 2,250X for \$1.30

Health Insurance Innovation (HIIQ) buyers of 1,000 February \$20 calls for \$3.30 to \$3.50

Industrials

Heico (HEI) strong name but today seeing 1,000 September \$140 puts bought up to \$3.60, a number of cautious comments recently on valuation; earnings 8-27

Harley Davidson (HOG) buyer of 2,000 January \$30 puts for \$2.02

DR Horton (DHI) strong run recently and today 1,000 October \$50 puts are bought for \$1.85 tied to long stock

Fiat Chrysler (FCAU) buyer of 3,700 December \$11.54 puts for \$0.60 with tariff worries hanging over the group again today

Fed-Ex (FDX) buyers of 1,725 Sept. \$135 puts up to \$1.10

Polaris (PII) seeing 1,000 December \$85 calls bought for \$4.40, rolling back the \$90 calls

Caterpillar (CAT) buyers of 1,500 November \$115 calls for \$6.25 to \$7

General Electric (GE) buyers of 3800 March \$7 calls for \$1.71 to \$1.75

XPO Logistics (XPO) buyers of 400 November \$77.50 OTM calls for \$2.65 to \$2.70, once discussed as an M&A target

Deere (DE) with 2,500 December \$165 calls opening for \$3.90 to \$4 in buy-writes

Hexcel (HXL) buyers of 1,000 September \$80 puts for \$1.40 into the lows, odd size for the name

Waste Management (WM) on the lows of the session and 1390 September \$115 puts bought for \$1.85 to \$2 to open

Materials

Eagle Materials (EXP) buyer of 1,000 September \$80/\$75 put spreads for \$1.25

Olin Corp (OLN) buyers of 1,500 February \$14 puts for \$1.30, weak name all year

Albemarle (ALB) weak name seeing 1300 September \$60 calls bought for \$2.95, rolling back the \$65 calls which close at \$0.95

BHP Billiton (BHP) opening buyer of 9,000 October \$45 puts for \$1.72 to \$1.83

Berry Global (BERY) buyer of 500 March \$40 puts for \$3.10 to \$3.20

Barrick (GOLD) with 7350 November \$17 puts bought up to \$0.48 into strength

Newmont Mining (NEM) buyer of 3,500 October \$40/\$38 bull risk reversals today for a small net debit, continued bull flow

Freeport (FCX) buyers of 1,650 November \$7 calls for \$2.03 to \$2.04

Tech and Telecom

Entegris (ENTG) buyers of 900 February \$45 puts for \$5 early

JD.com (JD) buyer of 5,000 November \$30 calls up to \$2.05. JD the October \$30 calls bought 2,000X for \$1.44 to \$1.47

HP (HPQ) buyer of 1500 October \$17 calls for \$1.10 to \$1.15, shares weak today after earnings and their CEO stepping down

Twilio (TWLO) buyers of 1,000 February \$115 puts up to \$11.55 and already has 2,000 of the February \$105 puts in OI

Alarm.com (ALRM) 1185 October \$42.50 puts sold to open today \$1.20

Shopify (SHOP) strong fade off the early highs and 1385 September \$385 puts bought mid-morning for \$19.50 to \$21.50

Lyft (LYFT) buyers of 750 January \$55 calls for \$4.50 with shares back near the May lows

Okta (OKTA) IV rising with 400 OTM March \$175 calls bought for \$8.20 to open, strong chart and earnings next week. OKTA also seeing a block of 400 February \$150 calls open for \$14 as the January \$145 calls adjust

UBER with 2000 October \$40 synthetic short spreads opening

Global Payments (GPN) with 1,600 September \$170/\$175 call spreads trading today, may be adjusting back the short-strike from yesterday's call spreads

Anaplan (PLAN) seeing 750 February \$75 calls opening today for \$3.25, adjusting some January calls up and out

DocuSign (DOCU) stock replacement sells 1500 March \$40 puts for \$3.60

Dell Tech (DELL) down 4% with the PVT/VMW deal and 1000 January \$45 puts being sold to open around \$3.90

Texas Instruments (TXN) with 1,500 June \$120 puts sold to open for \$10.30 in a stock replacement

Sinclair (SBGI) buyer of 1,000 September \$45 calls up to \$1.50 with the news this afternoon they're looking to buy more RSNs

Nvidia (NVDA) block of 1,000 November \$160 puts bought today for \$11.70

Utility

PG&E (PCG) buyer of 2,000 June 2020 \$20/\$30 call spreads for \$1.24 as some March call spreads adjust down and out. PCG also seeing 4,450 September \$9 puts bought up to \$1.05

Disclaimer:

Not Investment Advice or Recommendation

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