

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 8/26/2019

### Sector Leaders

Tech

Communications

Staples

### Stock Gainers

PDCE 15%

CBL 12.8%

AKRX 11.85%

MDCO 11.5%

FOSL 10.9%

### Volatility Gainers

- PTE
- ATRA
- ENDP
- NIO
- TEUM
- AVYA
- PLAN

### High Call Volume

- CSTM
- FGEN
- DY
- ATRA
- RY
- BILI
- ENDP

### Bullish Options

- ANIK
- GDS
- KN
- MO
- NEM
- AAN
- ATVI
- AXSM
- JD
- NXPI
- FGEN

### Sector Laggards

Materials

Industrials

Utilities

### Stock Losers

OSTK -16.6%

TIGR -10.2%

JMIA -10.18%

TEUM -10%

OCUL -9.25%

### Volatility Losers

- MDCO
- FSLY
- RRGB
- ALXN
- MNK
- SBGI
- TNDM

### High Put Volume

- AXL
- CTLT
- WBT
- EFX
- PTEN
- FNF
- HDS

### Bearish Options

- SNE
- PVG
- PRU
- SRCL
- XLI
- SO
- BK
- HDS
- CSX
- GPS
- SIG

**Market Review:** Global markets were mixed overnight and rising into the US open with some positive – albeit conflicting – headlines on trade. POTUS said that China had reached out to re-start talks but that was unsubstantiated as the Chinese delegation denied any call occurred. The talks already scheduled for September remain on between the two delegations. POTUS also declared more tariffs on Friday on Chinese goods in response to a retaliatory move from China. As the G7 wrapped up, Trump declared that the US was close to trade deals with Japan and the EU, avoiding auto tariffs in both cases. Durable goods came in strong at 2.1% vs 1.2% with June revised downward. 10-year treasury yields dipped below 1.5% pre-market but rebounded back up to 1.53% and were rather steady all day. Gold faded off the Sunday night highs but held up throughout a quiet day. Merger Monday was highlighted by a \$13.4B deal from Amgen (AMGN) for Otezla, the key asset being divested by BMJ/CELG. Other smaller deals were seen by VRSK, PDCE, ADUS, PBI and ZGNX. The SPX opened higher but right around the mid-point of Friday's range and unable to make much traction above 2-day VWAP. Cumulative TICK was quiet but faded a bit in the afternoon. Overall, an inside day after Friday's weakness and remain below the key short-term moving averages.

S&P Chart:



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

**Options Action Trends:** We saw bullish flow into tobacco names again today with MO drawing a number of plays.

**What's On Tap:** Redbook, Case-Schiller, Consumer Confidence, Richmond Fed; earnings from PLAN, BMO, BNS, BNED, CTLT, EV, FRO, JILL, SJM, LANC, MOMO

**Trade Tracker Portfolio Changes:**

1. None



## Cardtronics Bears See Long-Term Secular Headwinds

**Ticker/Price:** CATM (\$28.80)

### Analysis:

**Cardtronics (CATM)** buyer of 2,000 December \$30 puts for \$3.90 to \$4.20 and name which has over 6,000 December \$35 puts in OI from early August buys. Shares are forming a big monthly bear flag with a move under \$26 targeting a return to sub-\$20. On the daily time-frame, CATM bounced back last week into the declining 20-MA and failed at the Friday highs. The \$1.32B company trades 11.32X earnings, 0.99X sales, and 8X FCF with declining EPS the next two years. Sales growth is expected to be 4%. CATM faces long-term secular challenges as physical cash loses market share to digital and electronic payments. And, historically, the ATM market is heavily leveraged to volume gains which can impact earnings by as much as 40%. CATM has been expanding in the UK as well over the last couple years where tap and pay or contactless has become a far more significant part of the overall mix. ATM transactions fell 10% per year. Analysts have an average target for shares of \$40. DA Davidson starting at Buy in May, \$38 PT. The firm cites its position as the operator of the largest ATM networks in the world. While CATM has been subject to several "recent and secular" headwinds but believes that Cardtronics' Allpoint surcharge-free network is its prime asset. Short interest is 20.7% and jumping from 12% in early June. Hedge Fund ownership rose 4% in Q2. Hudson Executive Capital a notable buyer of shares.

### Hawk Vision:



**Hawk's Perspective:** CATM gave back the earnings gap pretty quickly and has a lot of potential downside as cash falls out of favor and electronic payments gain share.

**Confidence Ranking:** \$\$



## Fibrogen Bulls See Long-Term Upside Ahead of NDA

**Ticker/Price:** FGEN (\$43.75)

### Analysis:

**Fibrogen (FGEN)** with buyer of 4,000 January \$45 call for \$5.60 to open, sizable buy as shares put in a reversal candle after pulling back off of the 200-day MA. FGEN still has 3,000 November \$50 calls in OI while recent bullish flow in the September \$45 calls and put sales in the January \$45, March \$50, and January 2021 \$35 strikes. Shares continue to trade below the major moving averages and long-term downward channel from the 2018 highs around \$65. A move above the 200-day targets the downtrend and weekly cloud resistance around \$50. Today's action comes with the news pre-market of the passing of CEO Thomas Neff. The \$3.78B biotech trades 10.7X sales and 5.7X cash while in the earliest stages of profitability. FGEN sees 14% and 8% sales growth the next two years. FGEN announced approval in China for Roxadustat on 8-22 which expands on their leading anemia treatment for CKD. The company expects to launch in 2H of the year. FGEN recently had a positive pre-NDA meeting with the FDA and targeting an October filing while patients are now starting to be dosed in their pamrevlumab Phase 3 trial. Analysts have an average target for shares of \$63. Jefferies positive on 6-10 expecting an NDA in Q3 which should calm the Street on recent concerns. They also think FGEN could provide more detailed Phase 3 data which would drive a rebound in shares. Short interest is 6.1% and rising recently. Hedge Fund ownership rose 63% in Q2. Ecor1 Capital, Farallon Capital, BlueCrest capital, and AQR notable holders.

### Hawk Vision:



**Hawk's Perspective:** FGEN is a name we've profiled before this year and continue to like the reward/risk into the filing this October, a clear catalyst for shares.

**Confidence Ranking:** \$\$



## Tyson Spreads Position with Several Drivers for Upside

**Ticker/Price:** TSN (\$90.60)

### Analysis:

**Tyson Foods (TSN)** bullish spreads today are buying the October \$95 calls for \$1.95 and selling the September \$86.50 puts to open for \$1.27. Buyers initially came in for 1,000X and now volumes over 3500X on the day while the October \$97.50 calls also active 2000X. TSN has seen buyers in the September \$90 calls and October \$92.50/\$77.50 bull risk reversals lately. Shares have been strong trading up to new highs recently despite overall market weakness and trending above the rising 8- and 13-EMA. The recent breakout are around \$85, now support, also aligns with the 50-day MA and cloud support. Shares have a measured move up to \$95 on the recent move but longer-term measures out to \$105+. The \$33.4B company trades 12.97X earnings, 0.81X sales, and 42.8X cash with a 1.67% yield. TSN is expecting 16.5% and 17.2% EPS growth the next two years, big jumps from the near flat growth in FY19. Revenues are guided to 5.5% growth. TSN expects chicken sales to improve into year-end despite tariff headwinds and remains optimistic on Japan and EU trade agreements while China remains a question. In June, the company unveiled a plant-based protein under their “Raised and Rooted” brand which is expected to ramp into 2020. They expect to gain share within the multi-billion dollar market as soon as YE. Analysts have an average target for shares of \$82 with 9 buy ratings, 2 hold, and 1 sell. Mizuho raising their PT to \$95 on 8-6 seeing all operating segments matching or beating fiscal 2019 results, including prepared food. Barclays with a \$100 PT noting that diversified animal based protein companies seemingly are set to benefit most from the worsening African Swine Fever situation in China and other countries in Southeast Asia. TSN may see little benefit near-term but incrementally more benefits longer-term. Short interest is 1.3% and near 10-year lows. Hedge Fund ownership fell 9.5% in Q2. Aristotle Capital, Boston Partners, and Eminence Capital notable holders. In December, a director bought \$400K in stock at \$58.

### Hawk Vision:



**Hawk's Perspective:** TSN is too extended here to initiate a position but like it on a pullback to that \$85/\$86 level and think its alternative meat business can drive it a bit with more exposure.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Gold (GLD)** buyers today opening 5,600 September \$147 calls for \$1.70 to \$1.72

**Russell 2000 (IWM)** with 31,000 September \$139/\$134 put spreads being bought for \$0.68, adjusting some weekly put spreads

**Nasdaq (QQQ)** with 2,700 March 2020 \$180/\$163 put spreads bought to open today for \$4.66

**Semis (SMH)** buyers of 2,750 November \$110 calls for \$6.60 up to \$6.80

**Industrials (XLI)** buyer of 6,000 October \$73/\$67 put spreads for \$1.64, shares sitting right at multi-month support; top holdings include BA, HON, UNP, UTX, and LMT

## **Consumer Goods and Services**

**Yum Brands (YUM)** another 1,500 September \$115 calls trading up to \$3.60 today where 4,500 have been bought recently

**Activision (ATVI)** buyers of 1385 September \$47 calls up to \$2.52. ATVI also with the Sept. 13th (W) \$50/\$52.50 call spread bought 1000X2000

**CarMax (KMX)** big jump in IV as 2,450 October \$80 puts are bought to open up to \$4.20, earnings in late Sept.

**Philip Morris (PM)** opening seller of 1850 September \$86/\$79 strangles for \$1.95

**Tyson Foods (TSN)** more bullish flow today as the October \$95 calls bought near 1,000X for \$1.95 and spread vs a sale of the September \$86.50 puts for \$1.27

**Hormel (HRL)** buyers of 1,000 March \$40 puts for \$2.25 into the modest move higher on earnings last week

**Restaurant Brands (QSR)** buyers of 500 January \$82.50 calls for \$2.60 to \$2.70

**Children's Place (PLCE)** with 1300 October \$70 puts for \$2.35 to \$2.50 to open, weak report and bouncing back into the declining 20-day moving average

**Domino's Pizza (DPZ)** IV higher with 1,200 October \$250 calls bought for \$3.50 to \$3.60 to open, pressure recently from third-party delivery helping peers like Papa Johns

**Signet Jewelers (SIG)** buyers of 975 April \$12 puts for \$3.10

**Wayfair (W)** buyers of 500 February \$95 puts for \$9.90 today, tied to stock

**The Gap (GPS)** buyer of 5,000 September \$16 puts for \$0.58

**Altria (MO)** on the highs with 2,000 October \$47.50 calls being bought up to \$1.75 today as well as 4,000 October \$50 calls up to \$0.91, spot where over 15,000 sit in OI

**Foot Locker (FL)** buyers of 2,000 November \$40 calls up to \$0.85 to open today into weakness

## **Energy**

**JK Solar (JKS)** buyers of 2,000 September \$20 calls for \$1.00 to \$1.05 ahead of 8-30 earnings

**McDermott (MDR)** another 7,700 November \$4 calls bought this morning up to \$1.35

**Occidental (OXY)** buyers of 3,000 September \$44 calls for \$0.59 to \$0.70. OXY also seeing 6,000 September 27th (W) \$44 calls bought up to \$0.74

### Financials

**Equifax (EFX)** opening sales of 3,500 September \$135 puts down to \$1.15

**Morgan Stanley (MS)** opening sale of 2,000 January \$37 puts for \$1.76

**HDFC Bank (HDB)** seller of 500 April \$100 puts \$5.10 to \$5 into weakness

**Square (SQ)** seller of 1,750 November \$75 calls for \$1.70

**Bank of NY (BK)** buyers of 5,000 October \$40 puts for \$1.19 to \$1.25

**Banco Bradesco (BBD)** with 15,000 January 2021 \$7 puts sold to open for \$0.97

**Prudential (PRU)** buyers of 1,000 January \$65 puts today \$1.59 to \$1.62 to open

**Apollo (APO)** with 1250 March \$36 straddles sold for \$7.45

### Healthcare

**Mallinckrodt (MNK)** buyer of 975 January 2021 \$15 puts for \$10.95 as some Jan. puts roll

**Zogenix (ZGNX)** with a sale of 2,000 October \$40 puts to open for \$0.85, made a small deal this morning

**BioMarin (BMRN)** buyer of 300 January \$75 calls around \$10 with the October \$85 calls adjusting

**Anika Therapeutics (ANIK)** with 400 October \$55 calls for \$4.30 to \$5.20, coiled name in a multi-week range, highly anticipated first ever analyst day this September 18. The company said they'll update "a number of valuable opportunities ahead and we look forward to sharing in details of our five years strategic plan"

**Axsome Therapeutics (AXSM)** 1,500 December \$35 calls opening today \$3.10 to \$3.30, name which has seen 4,000 December \$40 calls open into weakness

**Teva (TEVA)** the March \$7 puts sold for \$1.35 to open today 3000X in a stock replacement

**HMS Holdings (HMSY)** buyers of 500 December \$40 calls earlier lifting IV, buyers paying \$2.55 to \$2.70

### Industrials

**Waste Management (WM)** opening sale of 500 April \$110 puts for \$4.10

**Union Pacific (UNP)** IV fading as 5,000 September \$150 puts sold to open down to \$1.70

**Boeing (BA)** opening sale of 500 October \$345 puts for \$11.25 in a stock replacement strategy

**Tesla (TSLA)** buyer of 2,000 September \$210 calls for \$13.35 and spread vs 4,000 of the \$240 calls at \$2.26

**American Axle (AXL)** trader closing 4,000 January 2021 \$8 puts for \$2.55 and rolling down to open 8,250 of the \$3 puts for \$0.30

**CSX Corp (CSX)** seeing 3,800 October \$67.50 calls sold \$1.48 to \$1.47

**HD Supply (HDS)** spread today sells the March \$42.50 calls for \$1.35 and buys the September \$37.50 puts for \$1.30, 2500X

**Dycom (DY)** buyer of 1,220 September \$45/\$50 call spreads for \$1.07 ahead of 8-28 earnings, weak history

**Delta (DAL)** buyers of 750 October \$55 calls for \$3.45 to \$3.50

## Materials

**Wheaton Precious Metals (WPM)** buyers of 5,000 October \$30 calls up to \$1.15. WPM the October 4th (W) \$29.50 calls also active 2,000X up to \$1.16

**Vale SA (VALE)** buyers of 1,450 December \$10 calls up to \$1.10

**Newmont Mining (NEM)** stock replacement sells 1,500 March \$36 puts for \$1.94

**Constellium (CSTM)** buyer of the September \$11/\$13 call spreads 2,000X4,000 for \$0.50 net debit

**Pretium (PVG)** with 2,000 ITM October \$9 calls sold to open for \$4.36 to \$4.30

## Tech and Telecom

**Commscope (COMM)** buyers of 1,000 ITM February \$8 calls for \$2.95 to \$3

**Sea Ltd (SE)** with 12,000 September \$27 puts sold to open \$0.25 to \$0.20

**Elastic NV (ESTC)** rolling over with buyers of 1,425 September \$75 puts for \$2.25 to \$2.50 ahead of 8-28 earnings

**ZenDesk (ZEN)** now seeing buyers of the September \$85 calls between \$1.50 and \$1.65, up over 2,750 on the day

**Dell Tech (DELL)** another 6,000 December \$50 calls bought for \$3.85, spread with the \$55 calls which may be adjusting back

**Micron (MU)** the November \$44 puts up over 2,500 on the morning with buyers

**Omnicom (OMC)** seeing 1200 January \$82.50 calls roll to April \$77.50 calls which are bought to open for \$4.35

**Yelp (YELP)** stock replacement opens 1,000 September \$32 calls for \$1.23

**Netflix (NFLX)** buyers active for 1,875 September \$295 calls as some \$320 calls roll back in strikes, paying \$11.80 to \$12

**Momo (MOMO)** stock replacement sells 1,000 April \$22.50 puts for \$1.65

**I Robot (IRBT)** opening sale of 500 March \$45 puts for \$2.45 in a stock replacement

**GDS Holdings (GDS)** buyers of 1,000 October \$45 calls for \$0.95

**Knowles (KN)** buyers of 2,000 September \$22.50 calls for \$0.50, relative strength name which is consolidating under \$20.75

**JD.com (JD)** buyer of 1550 November \$29 calls for \$2.75

**NXP Semi (NXPI)** with 3,000 October \$100 calls bought for \$4.90 today and later seeing 2,400 October \$95 calls trade for \$7.55 in a stock replacement

**Match (MTCH)** the October \$85/\$90 call spread active today opening 1500X

**Verizon (VZ)** with 600 ITM September 13th (W) \$54 calls bought for \$2.41 to \$2.65 and 800 of the \$55 calls bought up to \$1.83

**Xilinx (XLNX)** buyer of 700 January \$105/\$90 bull risk reversals for \$3.75 today

**Sony (SNE)** IV rising earlier with near 700 January \$52.50 puts bought up to \$2.65 to open

## Utility

**Southern Co (SO)** with 10,000 October \$60 calls sold to open \$0.70 to \$0.68

**Disclaimer:**

**Not Investment Advice or Recommendation**

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