



## MARKET RECAP REPORT 8/26/2020

### Sector Leaders

Software

Materials

Consumer

### Stock Gainers

BIGC 30%  
PLAN 28.5%  
CRM 24.5%  
URBN 18.5%  
DKS 15.5%  
ROKU 13%  
COUP 11%

### Volatility Gainers

- SWBI
- GTX
- FLDM
- GOGO
- CYRX
- LTHM
- NIO

### High Call Volume

- CCH
- LI
- DKS
- CRM
- PLAN
- NOV
- MXIM
- STM

### Bullish Options

- FB
- CBOE
- GAN
- NOV
- PTC
- GPS
- ROKU
- MRK

**Market Review:** Global markets were mixed overnight with Europe slightly positive ahead of further stimulus from Germany and France. It was a quiet night for macro news as the focus remains on Jackson Hole and Jerome Powell tomorrow. Congress remains in a holding pattern until their break is over in September but some talk that the recent spate of airline layoffs could drive the two sides to reach a deal. New orders for durable goods was up 11.2% in July, better than the 3.9% consensus. Earnings the other big focus today with Salesforce (CRM) delivering a blowout report and lifting many of the software names like WDAY. Mega-cap tech continues to run hot as well with NFLX, AMZN, MSFT, ADBE, and many others hitting new highs today. Bonds continued to fall a bit with yields. It was a trend up day for the S&P as we continue out of this small bull flag. Breadth was weak however with cumulative TICK trending lower all session and hitting a low-point into the 3,470 level, a divergence to watch going forward.

S&P Chart:



Resistance	Support
3,440	3,350
3,520	3,300
3,537	3,200

**Options Action Trends:** We saw large protective spreads in both **BABA** and **JD** for October. There was size put sales in the January 2022 expiration for some hot names like **ADSK**, **DDOG**, **Z**, and **COUP**.

**What's On Tap:** GDP, Jackson Hole, Powell's speech, Pending Home Sales, earnings from ANF, DG, DLTR, BILL, DELL, GPS, HPQ, MRVL, OKTA, OLLI, PAGS, ULTA, VMW, WDAY

### Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **SBUX** October \$77.5 Calls \$3 – No Fill

### Sector Laggards

Energy

Utilities

Financials

### Stock Losers

PSTG -8.5%  
RRC -6.5%  
NCLH -5.5%  
GSX -5.5%  
JWN -5%  
PBR -4.8%  
AER -4.5%

### Volatility Losers

- WLL
- AMRN
- PSTG
- TOL
- ANF
- PLAN
- JWN

### High Put Volume

- AVTR
- DKS
- JWN
- ADSK
- TIF
- OC
- SPLK
- OMER

### Bearish Options

- JMIA
- PEP
- EMR
- ZUO
- TCOM
- SPLK
-



## FEATURED OPTIONS RADAR REPORT



### Boston Scientific Bull Positions Accumulate

Ticker/Price: BSX (\$39.65)

#### Analysis:

**Boston Scientific (BSX)** on 8/25 with a buyer of 1000 November \$36 calls to open for nearly \$500K and follows recent buying in OTM calls in September and October as well as a number of opening put sales. BSX shares are forming a nice pattern above the 200 MA with clear room back to a key volume node at \$42 and the \$33/\$38 range break targets a move back to \$43. The \$56B medical device company has lagged the recovery along with peers as procedures slowed but Medtronic (MDT) was optimistic regarding a recovery in procedure volumes this week. BSX trades 23.4X Earnings, 5.55X Sales, and 62X FCF with forecasts for 18% revenue and 65% EPS growth in 2021, a name that could see rotations to it as comps start to ease. BSX has been a long turnaround story and launching a number of new products while expanding into some high-growth verticals like neuromodulation where they could address the 1.2M patient population impacted by Parkinson's. They are also targeting higher growth in endo where they have an industry-leading portfolio including Exalt-D which received CE market in late January. BSX also is integrating their \$4.2B deal for BTG which adds a wide array of minimally invasive vascular devices to their product scope and also specialty pharmaceutical and licensing wing of interventional oncology therapeutics for patients with liver and kidney cancers. BSX beat the consensus numbers sharply on 7/29 and presented at Guggenheim in early August highlighting its leadership positions in a number of key medical device categories. Analysts have an average target of \$46 and short interest is low at 1.1% of the float. Bernstein out positive last week as was CSFB with \$47 targets. Hedge Fund ownership rose 6% in Q2 filings, Viking Global, Steadfast Capital, and Glenview notable top holders.

#### Hawk Vision:



**Hawk's Perspective:** BSX sets up well here and like the name overall in Med-Tech at this valuation, and looks good to move up another 10% or so near-term.

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Bulls Position for Rally in Southwest into Year-End

Ticker/Price: LUV \$37

#### Analysis:

**Southwest (LUV)** buyers active for near 4,000 December \$37.50 calls from \$4.50 to \$4.60 on 8/25 and follows buyers in the September \$37.50 calls, October \$40 calls and over 9,000 December \$40 calls in the last week. LUV is starting to work out of a multi-week base above \$37.50 with a measured move up to \$45 and longer-term room back to \$50. The \$21.72B company trades 22.2X earnings, 1.3X sales, and 18.4X FCF. LUV has the best balance sheet in the space with tons of cash and limited near-term maturities. LUV has been volatile with concerns over reopening and travel weighing but they reports strong booking trends last week with leisure demand improving. LUV sees further opportunity to bring capacity down more into the late Summer and Fall as they continue to evaluate their fleet strategy and model overall. The company has a nice potential late-year catalyst with the Boeing (BA) 737 MAX potentially returning to service. The company lost ground in 2019/2020 given their exposure to the model but a positive update from BA would allow them to retire older planes and refresh the fleet which some analysts estimate could boost their efficiency gains by 2-3%. Analysts have an average target for shares of \$49. Goldman upgrading to Buy from Sell in late June citing an "industry-leading" balance sheet will drive a relatively faster recovery post-COVID-19 versus peers. Seaport initiating at Buy in June with a \$44 PT. They think LUV should come out of this downturn with market share gains that translate into incremental revenue and free cash flow leverage to the upside. Short interest is 2.6% and down from 3.7% in April. Hedge fund ownership rose 17.59% in Q2 and this is despite Berkshire selling 53M shares. PAR Capital, Point72, and Lansdowne all adding stock.

#### Hawk Vision:



**Hawk's Perspective:** LUV remains the top airline play given their balance sheet and optionality with the MAX and outside of DAL the only one really worth looking; think it sets up well into year-end

Confidence Ranking: \$\$



## FEATURED OPTIONS RADAR REPORT



### Zillow Spreads See Continued Strength into Year-End

Ticker/Price: Z \$82.83

#### Analysis:

**Zillow (Z)** bullish spread on 8/25 bought the January \$80/\$100 call spread 2,000X3,000 and sold the \$65 puts 2,000X to open, willing buyer of stock on a pullback to the recent breakout spot but seeing upside into year-end. Z has seen buyers in the January 2022 \$120 calls, February \$80 calls, and size put sales in the January 2022 \$70 puts recently while the ZG line has seen buyers in size in the February \$80 calls over 2,500X for \$12. Zillow has traded well since March with demand for home buying surging during the pandemic and traffic back above pre-March levels quickly. Shares bounced off the 10-day moving average yesterday and above \$85 have room in the near-term to run up to \$100 with the post-earnings consolidation setting up. The \$13.3B company trades 5X sales and 5X cash with eyes on profitability by FY22 and near 50% revenue growth in FY21. Zillow is being boosted by record low mortgage rates with a near 30% revenue gain last quarter and strength in their nascent Offers business which was up 82%. Zillow said in August they expect to invest strategically in geographies where it makes sense grow the latter business and used the shutdown in March/April to refine their approach which will hopefully make them more cost-effective going forward. Analysts have an average target for shares of \$77 and Needham at a Street High \$110. Benchmark raised their PT to \$100 recently noting that the faster snap back in the real estate market, as well as the increased need for its services in a socially distanced world, are both "huge tailwinds" for Zillow, who remains well positioned to win in a continued tight home supply market. Short interest is 0.8%. Hedge fund ownership rose 5.44% in Q2. Eminence Capital with 2M shares and Jericho added a new 2.7M share position.

#### Hawk Vision:



**Hawk's Perspective:** Z continues to trade well and yesterday's low gives a nice short-term level to lean against looking for \$100

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Russell (IWM)** with the September 30th (W) \$146 puts being sold to open today for \$1.92, 2,200X

**Nasdaq (QQQ)** protective spreads into strength are selling the December \$338 calls to buy the \$268/\$243 put spread at a net \$3.53. **QQQ** now with the November \$276/\$240/\$204 put butterfly spread bought 3,500X7,000. **QQQ** with 10,000 September 4th (W) \$286/\$277 put spreads bought for \$1.55 into the rally

**Silver (SLV)** with 2,450 June 2022 \$47 calls bought up to \$2.70 to open this afternoon

**Treasury (TLT)** with 2,000 March \$150/\$140 put spreads bought for \$1.90

**Tech (XLK)** protective trade buys 3,500 October 2nd (W) \$118.50/\$116 put spreads for \$0.71

## **Consumer Discretionary/Services**

**K12 (LRN)** into weakness a buyer of 1,000 October \$43/\$48 call spreads

**The Gap (GPS)** with 2,000 October \$17/\$20 call spreads bought for \$1.18 ahead of earnings

**GAN (GAN)** into weakness buyers today of 1,265 October \$25 calls for \$1.80 to \$1.85, held support around \$20 on the gap down

**The Gap (GPS)** now the October \$19/\$23 call spread being bought for \$0.80, 4000X

**Dicks Sporting Goods (DKS)** big move on earnings, up 15%, and today spreads are buying the September \$54/\$60 call spread and selling the \$50 puts to open 2000X. **DKS** now also with 2,000 January \$60 calls sold for \$7.60 in a buy-write

**Peloton (PTON)** another 3,500 September 11th (W) \$75 calls bought \$3.05 to \$3.20, targeting 9-10 earnings

**MGM** with 1500 November \$22 puts sold to open for \$2.72 in a stock replacement

**Urban Outfitters (URBN)** up 22% on earnings and 5,000 September \$27 calls being bought to open for \$1.30

**Carnival (CCL)** with 4,400 ITM September \$17.50 puts sold to open today \$2.70 to \$2.60

**GSX Edu (GSX)** with 1,000 September \$85 puts sold to open for \$11.60 to \$11.50 today

## **Consumer Goods**

**Target (TGT)** opening seller of 1,350 January \$180 calls for \$2.96 to \$2.87

**Dollar General (DG)** another 1,000 January \$260 calls being bought \$1.55 to \$1.60 today ahead of earnings, retailers in the value chain been posting strong numbers

**Constellation (STZ)** with 1,500 September 4th (W) / September 11th (W) \$185 call calendar spreads bought to open

**TreeHouse (THS)** with 2,000 September \$45 puts sold to open for \$1.95, name with some call buys recently as well and packaged goods names could see a resurgence if we get a 'fall wave' of COVID again

## **Energy**

**National Oilwell (NOV)** shares pop with 5,000 October \$12 calls bought for \$1.00 to \$1.15

**Schlumberger (SLB)** IV fading all morning with 3,000 ITM September \$19 puts sold to open around \$1

**Ballard Power (BLDP)** with 2,500 October \$19 calls bought for \$1 as the September \$16 calls adjust out 1500X, nice base forming

### Financials

**Zillow (Z)** with 1,000 January 2022 \$80 puts sold to open today for \$19

**Rocket Co (RKT)** with the September \$26/\$23/\$19 put butterfly spread bought 2,500X5,000 into strength today, often a nice hedge on long exposure. **RKT** into weakness a buyer of 500 December \$40/\$25 bull risk reversals at a net credit

**Wells Fargo (WFC)** with 2,000 ITM November \$20 calls bought \$4.90

**CBOE Global (CBOE)** with 550 October \$92.50 calls bought \$2.80 to \$2.90 today, follows some large ITM flows yesterday

**Trupanion (TRUP)** with the February \$55 puts sold to buy the November \$60 calls 345X today for a net \$2.60

**Citi (C)** with 1,200 October \$50 puts sold to open for \$2.35 into Jackson Hole tomorrow

**Apollo (APO)** spread sells the October \$45/\$40 bull put spread and buys the October \$47 calls for a net \$0.93 on 1500 contracts

**JP Morgan (JPM)** buyer of the October \$105/\$115 call spread 12,000X for \$1.85 ahead of Jackson Hole tomorrow

### Healthcare

**Gilead (GILD)** with 1,750 October \$62.50 calls bought \$4.14 as the September \$65 calls adjust

**Merck (MRK)** buyer of 2,000 June 2022 \$110/\$120 call spreads and follows the June 2022 \$125 calls bought over 4000X recently

**Healthcare Trust (HTA)** with over 5,350 October \$25 puts sold to open for \$0.70

**Bristol Myers (BMY)** opening sale of 1,000 March \$55 puts for \$2.60

**Marinus Pharma (MRNS)** with 5,000 October \$2/\$5 call spreads bought for \$0.50

### Industrials

**Lockheed (LMT)** with 500 January \$350 calls being bought for \$54.20 to open into the highs, \$2.7M buy. LMT calls over 1800X. **LMT** also with another 485 January \$390 calls bought \$26.20 to \$28

**United (UAL)** buyer of 1,350 October \$36 calls for \$3.35 as the airlines continue to see bullish flows

**Fortive (FTV)** with 1,000 October \$75 calls bought \$1.40, nice chart with shares pulling back to the 50-day today

**Nio (NIO)** intraday bull flag forming and buyers active for more than 3,400 October \$21 calls up to \$3.55

**Spirit Aerosystems (SPR)** with 2,400 November \$30/\$50 call spreads bought today, name tied to Boeing (BA) and the 737 MAX

### Materials

**Newmont Mining (NEM)** with 2,500 October \$60 puts sold to open for \$1.78 to \$1.76 today

**Nutrien (NTR)** September 25th (W) \$37 puts sold to open 1700X for \$0.90, a lot of positive commentary on the outlook recently

**US Steel (X)** with 30,000 April \$6 puts being bought for \$0.87, adjusting the October \$6 puts that were originally bought with stock

**Martin Marietta (MLM)** bullish spread today buys 500 January \$210 calls for \$18.50 and sells 1,000 January \$180 puts for \$7.50

### Tech and Telecom

**JD.com (JD)** large spread here with 6200 October \$95 calls sold to buy the \$75/\$65 put spread, tied to stock. **JD** buyers of 1500 OTM December \$110 calls today around \$1.80

**Splunk (SPLK)** spread here buys 1,000 August 28th (W) \$200 puts for \$3.00 and sells the September \$180 puts for \$1.35 into earnings tonight

**Fire-Eye (FEYE)** with 2,850 September \$15.50 calls bought today up to \$0.60, nice consolidation continuing post-earnings

**Alibaba (BABA)** with a protective spread today selling 5,000 October \$330 calls to buy the \$270/\$230 put spread, likely trading around stock. **Alibaba (BABA)** also with 1,000 December ITM \$230 calls bought today for \$66.30

**Facebook (FB)** early buyers of 4,000 OTM November \$400 calls for \$2.40. **FB** also with some smaller September 25th (W) \$315 calls bought. **FB** buyer here of 500 February \$340 calls for \$18.55. **FB** the September \$310/\$345 call spread also being bought 1,500X3,000 today

**Marvell (MRVL)** with 4,000 January \$35 puts sold to open today for \$3.40

**Pinduoduo (PDD)** with 1,250 September \$81 puts sold to open for \$2.80

**Roku (ROKU)** now with buyers of 2,000 November \$165 calls up to \$22.15

**Dell (DELL)** with the September \$65/\$70 call spread bought 3,000X for \$1.19 ahead of earnings

**WorkDay (WDAY)** with 2,500 weekly \$215 calls bought \$6.70 to open into earnings tomorrow. **WDAY** also with 1,500 January 2022 \$210 puts sold for \$37.40 to open, stock replacement similar to **COUP**

**Jumia (JMIA)** with 5,000 November \$9 puts bought for \$2.50, spread with 15,000 November \$6 puts sold for \$0.82

**Coupa Software (COUP)** with 1,000 January 2022 \$300 puts sold to open for \$55 today, similar to other high-growth names lately

**Kingsoft (KC)** buyers of 1,000 September \$40 calls from \$1.35 to \$1.55 today, working nicely out of a base today

**Chegg (CHGG)** with buyer of more than 4000 September \$80 calls today up to \$3, report this morning that more colleges are seeking spikes in COVID as they return and could put more pressure on remote learning

**Autodesk (ADSK)** strong turnaround off the 50-day MA and 5,485 September \$225 puts sold to open for \$2.15

**PTC (PTC)** with aggressive buyers of 3,200 January \$90 calls up to \$9.80 to open with shares on the highs

**Momo (MOMO)** with buyers of 525 ITM October 2nd (W) \$18.50 calls for \$3.45

**GDS Holdings (GDS)** with 2,500 December \$90 calls bought for \$5.30 today, adjusting the September \$85 calls up and out. **GDS** also with 350 December \$80 puts sold for \$7.75

**Service Now (NOW)** with the November \$480/\$450 put spread bought 400X into strength, paying \$13.20

**Sea Ltd (SE)** more bull flow today as 1,200 September \$185 calls bought \$2.85

**Bill.com (BILL)** spread today buys 1,130 November \$110 calls for \$12.70 to \$12.80 and sells 565 November \$130 calls to open for \$6.25, earnings this week

**Zuora (ZUO)** strong move today up over 11% and buyers active for 1700 January \$12.50 puts for \$1.85 to \$1.90

**Charter (CHTR)** buyers of the January \$780 OTM calls today from \$1.75 to \$2.10, over 1150X

**ZTO Express (ZTO)** been a weak name lately but 1,000 April \$30 puts being sold to open here for \$2.50 seeing limited downside

**2U (TWOU)** with 4,000 January 2022 \$5 puts sold to open for \$4.70 today in a stock replacement

**Trip.com (TCOM)** earlier buyer of 1,000 January \$35 puts for \$7.25

**Bilibili (BILI)** with 1,500 September \$60 calls bought for \$1



**Salesforce (CRM)** seeing 32,000 November \$250/\$280 call spreads open for \$16 as the \$200/\$230 spreads adjust higher from 8/5. **CRM** also seeing 6500 November \$260 calls open around \$32.35

**Apple (AAPL)** with over 6,000 September 25th (W) \$500 calls bought up to \$30.50 today, same timeframe they were buying in size yesterday across tech

**Netflix (NFLX)** the September \$520/\$540/\$560 call butterfly spread trading 1,000X2,000 today into strength, paying \$2.50

**Gogo Wireless (GOGO)** with 2,000 October \$5 calls bought mid-day for \$1.00 to \$1.25

**Ring Central (RNG)** with 1,125 September \$320/\$260 bull risk reversals bought for a small debit today, very coiled name just below new highs

**Datadog (DDOG)** with 925 January 2022 \$80 puts sold to open for \$17.50 today

**Adobe (ADBE)** with 10,000 October \$520/\$620 call spreads bought this afternoon for \$30.75

### Utility

#### **Disclaimer:**

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

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