

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 8/27/2019

### Sector Leaders

#### Utilities

#### REITs

#### Gold/Silver

### Stock Gainers

- CAL 25%
- BITA 11.8%
- PIZZA 7.8%
- PAAS 7.2%
- SSRM 4.9%
- FSLY 4.7%

### Volatility Gainers

- CHS
- AVYA
- LK
- YPF
- CLDR
- ADSK
- SSNC

### High Call Volume

- SSNC
- TLRA
- ZGNX
- THS
- MO
- DY
- CARB
- GO

### Bullish Options

- BBD
- NXPI
- GLNG
- JWN
- PLNT
- MDCO
- AERI
- AAP
- UAL

### Sector Laggards

#### Financials

#### Energy

#### Biotech

### Stock Losers

- REAL -9.5%
- SJM -8%
- PAYS -7.3%
- PM -7%
- CVET -6.8%
- RRGB -6.7%

### Volatility Losers

- SHOS
- CAL
- PLAN
- BILI
- MOMO
- JNJ
- MDCO

### High Put Volume

- UNM
- THS
- SNCR
- SJM
- AXL
- R
- LW
- ENTG

### Bearish Options

- PKG
- Z
- QCOM
- R
- AXL
- AAL
- UNM
- GOLD
- CB

**Market Review:** Global markets were mixed this morning as trade optimism coming out of the G7 seemed to fade. China reiterated their position that no new calls had been made to restart talks while Sept. meetings remain on track. Consumer confidence came in slightly above at 135.1 vs 129.6 and coming off a strong print in July. Case-Schiller was light at 2.1% vs 2.7%. The focus today has been on yields and the sharp move in some of the risk-off assets like gold and silver. Yields on the 10-year fell to 1.48% intraday while the 2-year/10-year spread inverted further to 4 bps. 30-year yields were also down to 1.963%, down about 8 bps. Gold and silver continued strong runs to new 52-week highs as well. The latter leading today up over 2.8% in the afternoon. Platinum also showing some strength. Stocks were unable to hold onto the morning gap higher and faded below VWAP for most all of the session. Internals never really found their footing for a move higher. Cumulative TICK tried to gain some momentum early but flipped negative around 10 AM and weakened all session. Advance/Decline was also negative for most of the session. Financials were weak today with the yield move. Overall, we remain in a range here above 2,850 and under the declining 20-MA.

S&P Chart:



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

**Options Action Trends:** We saw October put buyers target housing names DHI and LEN as well as the ETF ITB.

**What's On Tap:** Economic data is light with just EIA petroleum data and Mary Daly speaking in the evening. Earnings focus will be ADSK, HPE, HEI, and VEEV tonight and then TIF in the morning

### Trade Tracker Portfolio Changes:

1. None



## ZenDesk Calls Active as Shares Recover from Earnings Mis-Step

**Ticker/Price:** ZEN (\$83)

### Analysis:

**ZenDesk (ZEN)** buyers active yesterday for more than 3,250 September \$85 calls up to \$2.10 and follows buyers in the January \$82.50 calls for more than \$1.1M last week, 8-22. ZEN has seen buyers in the January \$80 calls and January 2021 \$115 calls in mid-August while the January 2021 \$95 calls with over 2400 in OI from buys. Shares pulled back recently to the rising 200-day MA where they formed a nice base and working higher now. The gap above runs up to \$90. The \$9.18B company trades 21.5X cash and 12.9X EV/sales with 30.5% and 27.75% revenue growth forecast. ZEN is guiding to over \$1.05/share in EPS by FY21. ZEN is coming off of a mixed quarter with caution over the outlook weighing on shares. They continue to see strong growth with 37% revenue growth and secular tailwinds from a growing \$20B+ opportunity between Customer Services Software and Contact Centers. ZEN has been adding new products including their open CRM platform, Zendesk Sell their foray into sales, and Zendesk Explore their data analytics tool. Analysts have an average target for shares of \$97. Compass Point started at Buy on 8-13 with a \$100 PT. The firm thinks ZEN is well positioned to benefit from the rising importance of messaging, and its Sunshine platform could be a "game changer." The firm thinks ZEN offers industry leading growth along with margin expansion. Jefferies with a \$102 PT on 8-6 noting the uptick in enterprise monthly recurring revenue "should allay concerns about the stalled out progress in recent quarters. Short interest is 5.8%. Hedge Fund ownership fell 13.5% in Q2. Alkeon Capital, Whale Rock, and Tiger Global top holders.

### Hawk Vision:



**Hawk's Perspective:** ZEN recently gave a nice risk/reward spot against the 200-day MA but running a bit and would like to see it set up again before taking a new position.

**Confidence Ranking:** \$\$



## Model N Bulls See Long-Term Upside as Subscription Transition Takes Hold

**Ticker/Price:** MODN (\$27.75)

### Analysis:

**Model N (MODN)** trading more than 40X average volume today with buyers of more than 1,450 February \$28 calls up to \$3.40 and also seeing over 850 of the \$35 calls open as well. MODN has little notable open interest but did have 1,000 October \$29 calls open on 8-19 as well as some Sept. \$27 and \$28 calls. Shares have been very strong following earnings up to new highs and riding the 8-EMA over the last two weeks. MODN broke out of a long range in July above \$22 which targets \$32-\$35. The \$918M software company trades 15.7X cash and 6.36X EV/sales with sales growth of 9.14% and 11.24%. MODN is seeing growing profitability and expects to earn \$0.35/share in 2021, up from \$0.18 this year. MODN focuses on revenue management software for the life sciences industry including government pricing solutions for managed care. Their cloud-based system allows companies to more efficiently apply pricing, contracting, rebates, incentives, and other billing compliance options. MODN is coming off a strong quarter with subscription revenue up 3% and new customer acquisition rising Y/Y. They've added new management from Workday and Veeva to help them build out their subscription transition which will give them better visibility and recurring revenue. Analysts have an average target for shares of \$24 with 7 buy ratings and 1 hold. Needham upgrading to Buy on 8-7 citing strong execution and bookings growth. The firm has more confidence about the company's revenue growth re-acceleration coming from existing customers' transition to SaaS while new logo wins are a nice near-term driver. JMP with a \$29 PT and positive on the company's focus on the life sciences and technology verticals, its "sales engine" under the new leadership, and underpenetrated markets. Short interest is 1.9% and down from around 3.6% in December. Hedge Fund ownership fell 1.25% last quarter. Nuveen Asset Management, Martingale Asset Management, and G2 Investment notable holders.

### Hawk Vision:



**Hawk's Perspective:** MODN is in an interesting software niche which sees little coverage but interesting story and long-term potential. Shares have run too far right now but given the timeframe, one to keep on the radar.

**Confidence Ranking:** \$\$



## Pan American Silver Bulls Target Monthly Breakout

**Ticker/Price:** PAAS (\$18.75)

### Analysis:

**Pan American Silver (PAAS)** buyers of 4,000 January \$18 calls up to \$2.65 to open today into the highs and follows buyers of the September \$18 calls over 19,500X on 8-1 and the September \$16 and \$17 calls. PAAS had buyers of the January \$16 calls on 8-1 as well, over 3500X, while some put sales in October. Shares are hitting new highs today and up almost 70% for the quarter as gold and silver rally. On a longer-term view, shares are basing in a multi-year range under \$20 which targets a move to \$30. The \$3.67B company trades 26.5X earnings, 4.2X sales, and 26.5X cash with a 0.80% yield. PAAS expects 102% and 45% EPS growth the next two years with revenues up 21% next year. PAAS is seeing better silver production while other metals like zinc/lead both rose 17% and 33% respectively in Q2. The company bounce Tahoe Resources in 2018 which expanded their foothold in South America. It doubled their reserve base to more than 575M ounces which was well-above peers like Hecla and Coeur. Analysts have an average target for shares of \$17 with 3 buy ratings, 3 hold, and 1 sell. Deutsche Bank upgrading to Buy earlier this summer citing their quality producing assets, such as La Colorada, coupled with large silver reserves and a strong track record of managing Latin America-based assets. Short interest is 5.25%. Hedge Fund ownership fell 22% in Q2. Polunin Capital, Slate Path Capital, and Passport capital all notable buyers.

### Hawk Vision:



**Hawk's Perspective:** Silver and gold are clearly more emotional, flight-to-safety trades right now which has made a number of these names run but PAAS is interesting from an asset perspective and one to target on a pullback.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

- Homebuilders (ITB)** with buyers of 5,375 October \$39 puts for \$1.10 to open today and follows the LEN and DHI buyers
- Semis (SMH)** another 3,000 November \$110 calls bought today for \$6.95 in a stock replacement, same spot as yesterday
- Silver (SLV)** buyers today of 21,000 December 31st (Q) \$17.50 calls up to \$0.90. SLV also seeing 12,000 of the December \$18 calls bought up to \$0.80
- Brazil (EWZ)** buyers opening 5,650 October \$38 puts for \$1.59 to \$1.73 today
- Software (IGV)** with 1,450 November \$210 puts bought for \$8.70 to \$8.80

## **Consumer Goods and Services**

- Camping World (CWH)** buyers of 1,000 September \$9 puts up to \$1.60
- Activision (ATVI)** trader closing 4,000 September 6th (W) \$50 calls and rolling up to the \$52 calls which open 5,000X for \$0.90. ATVI the Sept. 6th (W) \$52.50 calls over 7,700X now as some \$49 calls adjust
- Discovery (DISCA)** with 2,000 October \$30 calls bought for \$0.55 as some \$32.50 calls adjust back in strikes
- TreeHouse (THS)** buyers active this morning for 1200 October \$50 calls for \$2.15 to \$2.30 into new 6-month lows
- Skechers (SKX)** buyers of 1,390 September 6th (W) ITM \$29 calls for \$1.40 into weakness
- Advanced Auto (AAP)** continuing higher after size buyers of the December \$135 calls yesterday and this morning 150 March 2020 \$150 calls bought up to \$8.10. AAP also with 345 January \$140 calls bought for \$9.60
- Planet Fitness (PLNT)** buyers active again for 2,000 September \$70 calls up to \$2
- Melco Crown (MLCO)** buyers of 3,000 January \$19 puts for \$1.44 to \$1.45, group which has been weak with Macau exposure
- Signet (SIG)** on the lows with another 975 April \$12 puts bought for \$3.20
- L Brands (LB)** IV jumping with 10,000 September \$16.50 puts bought up to \$1.05 and also seeing 3,000 of the \$15.50 puts bought
- The Gap (GPS)** seller of 1500 January 2021 \$13 puts for \$2.05 in a stock replacement
- Luckin Coffee (LK)** buyer of 1000 March \$12.50 puts for \$1.80 this afternoon
- Walgreen Boots (WBA)** buyers of 1,425 October 4th (W) \$50 puts for \$1.84 to \$1.90
- Kohls (KSS)** buyer of 3,500 October \$47.50 puts for \$4.30 to \$4.40 to open today
- Newell Brands (NWL)** buyer of 3,500 March \$16 puts for \$2.10
- Cato Corp (CATO)** stock and IV spiking earlier with 940 January \$15 calls bought up to \$2.70 to open. CATO shares jumped 15% recently on earnings, strong gains in SSS for the retailer. The \$420M company trades 14.5X earnings, 0.51X sales and 2X cash with strong FCF and a nearly 8% yield

## **Energy**

- Marathon Petroleum (MPC)** buyer of 5,000 January \$55 calls for \$1.54 to \$1.55, looking to add to OI
- Golar LNG (GLNG)** buyers of 1,000 January \$15 calls for \$1.15
- Halliburton (HAL)** buyer of 5,000 Sept. 6th (W) \$18 puts for \$0.91

**Range Resources (RRC)** seeing 15,000 September \$4 puts roll down to the \$3.50 strike which open for \$0.40

**Schlumberger (SLB)** stock replacement buys 7,000 February \$35 calls for \$1.40

### Financials

**Unum Group (UNM)** buyers of 5,500 March 2020 \$25 puts for \$2.20 to \$2.30, small bear flag with shares near new 1-year lows

**Chubb (CB)** bearish positioning as 1,000 September \$150/\$140 put spreads and 500 October \$150/\$140 put spreads open

**Banco Bradesco (BBD)** buyer of 5000 March \$8 calls for \$0.69 in a stock replacement

**Keycorp (KEY)** buyer of 1,000 December \$15 puts up to \$0.74, bear flag nearing a breakdown

**Blackrock (BLK)** more than 640 October \$380 puts being sold to open today between \$8.20 and \$7.90

**Fidelity Info (FIS)** IV fades with 3,245 October \$125 puts sold to open today for \$1.77 to \$1.70

**Ameriprise (AMP)** buyers of 1,000 October \$125 puts for \$6.10 mid-day, IV rising 5% on the day

**Allstate (ALL)** buyer of 1,000 October \$95 puts this morning, \$1.10 to \$1.15

**Annaly Capital (NLY)** seeing 10,000 November \$9 puts close today and roll out to open the January \$8 puts for \$0.30

**Assurant (AIZ)** buyers of 580 January \$120 puts for \$6.50 to \$6.60 today

**Premier (PINC)** IV jumpy this afternoon with 1,000 December \$30 puts bought \$1.03 to \$1.10, trading 60X average

**Blackstone (BX)** buyer of 2,000 March \$50 calls today for \$4, trading just off of 52-week highs and strong group lately

### Healthcare

**UniQure (QURE)** strength early and 500 December \$40 puts sold to buy the \$60/\$70 call spread for a net \$0.60

**Aerie Pharma (AERI)** buyers of 245 February \$22.50 calls up to \$5.80

**Medicine Co (MDCO)** higher by another 9% today after data this week and 1,000 June 2020 \$40 puts opening for \$8.20, IV diving and indicating sales

**Telaria (TLRA)** another 5,000 October \$10 calls rolling to January \$12.50 calls which open for \$0.85

**Tenet Health (THC)** with 2500 September \$20 puts sold to open \$0.55

**Biohaven (BHVN)** spread today sells 500 December \$55 calls for \$2.55 to buy the \$40 puts for \$8.10

**Amgen (AMGN)** with the October \$210/\$180 put spread opening 1,000X for \$6.80 to \$7

**Iqivia (IQV)** buyer of 500 November \$150 puts for \$6.10, tied to long stock

**Axsome Therapeutics (AXSM)** down almost 6% today and seeing 525 January \$40 calls open for \$2.75 to \$2.80, similar to the Dec. \$40 calls which have 4,000 in OI

**Repligen (RGEN)** seeing another 1,000 September \$95 calls trading today where 3,700 have been bought while 925 October \$90 calls bought to open for \$7.30 to \$7.40

**iCAD (ICAD)** seeing 1,245 December \$5 calls roll to March today which open for \$1.90

**Anika Therapeutics (ANIK)** buyers of 480 October \$55 calls today up to \$5.10, spot where 350 bought ahead of their analyst day next month

**Humana (HUM)** shares down nearly 5% today but seeing 1,000 October \$270 puts sold to open for \$9.60 in the afternoon

**Zogenix (ZGNX)** buyer of 10,000 April \$55/\$75 call spreads today for \$3.75

### Industrials

**UPS** with 700 April \$110 calls opening \$11.50 as the January \$100 calls roll

**United (UAL)** with 2,800 October \$82.50 calls opening \$4.30 to \$4.40. **UAL** also with 850 December \$82.50 calls opening \$6.10

**Ryder (R)** buyer of 1,500 February \$50 puts for \$7.10, closing the \$60 puts 750X and rolling down

**American Axle (AXL)** the January 2021 \$3 puts bought today, 8250X for \$0.35 as more positions roll down

**American Air (AAL)** with 1,500 June 2020 \$23 puts bought for \$2.51 and spread with the sale of the \$32 calls

**Lennar (LEN)** buyers of 2,000 October \$50 puts up to \$2.07 and also seeing buyers in **DR Horton (DHI)** opening 2,200 October \$48 puts for \$1.63 to \$1.64

**Norfolk Southern (NSC)** IV rising this afternoon with 500 November \$160 puts bought to open \$4.80 to \$5.50

**United Rentals (URI)** the September \$115 puts bought on 7-19 closing today 1450X for \$12.20 and rolling down to buy 3,000 September \$100 puts for \$3.10

**Trinity (TRN)** IV rising with 925 January \$18 calls bought up to \$0.80

**Delta (DAL)** buyers of 1,500 December \$55 calls now from \$4.10 to \$4.15

**CSX Corp (CSX)** with 2,000 September \$65.50 calls sold to open \$1.31 to \$1.24 today, similar to Oct. sales yesterday

**Delphi (DLPH)** buyer of 10,000 October \$12.50 puts for \$1.20

**Mastec (MTZ)** with 1,500 April \$60/\$50 bull risk reversals opening for \$4.73

### Materials

**Packaging Corp (PKG)** with 800 September \$100 puts opening for \$3.70

**Barrick (GOLD)** now seeing more than 45,000 October \$24 calls bought up to \$0.20

**Berry Global (BERY)** seeing 500 March \$37.50 puts open for \$2.55, tied to stock

**Pan American (PAAS)** now with 3,750 October \$20 calls opening for \$1

### Tech and Telecom

**Model N (MODN)** buyers of nearly 900 February \$28 calls early for \$3.20 to \$3.30 and some spread with the \$35 calls

**WorkDay (WDAY)** with 300 September 6th (W) \$195 calls bought up to \$8.20 into earnings on 8-29; nice base on the 200-day

**SS&C Tech (SSNC)** buyers of 1345 October \$50 calls for \$0.60 to \$0.64. **SSNC** volumes over 8400X

**Entegris (ENTG)** with 880 February \$40 puts opening \$2.90 to \$3 today, recent \$45 puts opening 900X

**Cisco (CSCO)** with 2,275 March \$47.50 calls opening \$3.70 to \$3.75 this morning

**Pinduoduo (PDD)** with 1,000 January \$25 puts bought for \$1.30, tied to stock

**Zillow (Z)** buyers of 2,300 November \$30 puts for \$1.85 today with shares back near the post-earnings lows. Z on the lows as 3,500 September \$34 puts bought up to \$2.25. Z now also seeing 1150 January \$35 calls bought for \$3.90 to \$4

**Qualcomm (QCOM)** buyers of 1,000 September 6th (W) \$73 puts up to \$1.46 this morning into the gap higher

**NXP Semi (NXPI)** buyers of 500 November \$100 calls for \$7.35, semi which has held up well and Oct. call buys yesterday

**IQIYI (IQ)** with 2,350 October \$17.50 puts bought for \$1.20 to \$1.22 into the lows

**Box (BOX)** on the lows with 1,000 January \$13 puts bought \$1.15 to \$1.20

**Apple (AAPL)** buyers of 2,500 November \$205 puts for \$11.65 to \$12.05

**Ambarella (AMBA)** buyer of 750 February \$42.50 puts today for \$4.50 to \$4.60 with shares breaking down out of a bear flag today

**Dish Network (DISH)** buyers this afternoon of 750 December \$32.50 calls for \$3.50 into weakness

**Fastly (FSLY)** buyers of 500 March \$30 calls for \$6.20 this afternoon

**Seagate (STX)** buyers of 1,500 November \$45 puts for \$2.69 to \$2.71

**Cloudera (CLDR)** with more than 15,000 September \$7.50 calls and 5,000 weekly \$7 calls opening today into weakness, cheap positioning but one where Icahn has been building a stake

**TTEC Holdings (TTEC)** over 400 October \$45 calls opening throughout the day from \$2.80 to \$3, name holding up well near recent highs. The \$2.2B provider of customer experience solutions trades 23X earnings, 1.4X sales, and 29X cash. Craig Hallum raising their PT to \$60 in June as a "compelling," under the radar, improving fundamental story

**Uber (UBER)** shares red on the day after opening strong and 1,500 December \$36 puts bought around \$5.10 to open as the \$40 puts close 1000X

**Ciena (CIEN)** seeing 1375 January 2021 \$40 calls open today around \$7 as the \$47 calls look to roll back and shares not far from the 200-day MA

### Utility

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

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