

OptionsHawk

OPTIONS HAWK DAILY MARKET 8/30/2019

Sector Leaders

Materials

Industrials

Financials

Stock Gainers

FSLY 10%

DELL 8%

BLMN 7.9%

DBI 7.14%

SONO 7%

CPB 5.89%

Volatility Gainers

- MNK
- BLMN
- EXEL
- CVM
- ENDP
- WORK
- ADVM

High Call Volume

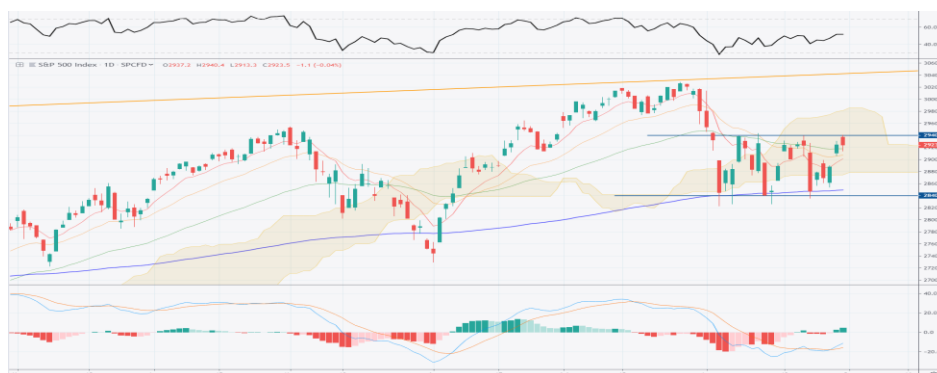
- COT
- CX
- BNS
- EXEL
- ULTA
- PRY

Bullish Options

- GILD
- UNVR
- NSTG
- SSYS
- VST
- TWTR
- BMY
- ELAN
- KL
- BCE
- RRR

Market Review: Stocks jumped to close the week with trade tensions easing into the holiday weekend. Financials, industrials, and materials led while some consumer stocks were weighed down by Ulta Beauty. Treasury yields were steady again today after a volatile week. The 10-year was flattish around 1.52% with the 2-year at 1.53%, so some slight inversion still. The dollar showed some strength again up 44 bps to 98.89 mid-afternoon and breaking out of a bull flag. PCE came in weak at 0.1% vs 0.4% forecast. This is largely due a drop in personal interest income while spending rose. The final reading for Consumer Sentiment showed a drop to 89.8 vs 92.4 consensus. This is the first move under 90 in the Trump presidency. Tariff issues weighed on most consumer's outlook. Chicago PMI came in strong. The SPX opened right at the 2940 level which has been a major road block recently and again unable to press through to new highs for the month. We faded back to 2915, simply the middle of yesterday's range, and bounced a bit. Cumulative TICK was lackluster all day and weakening in the afternoon. It was a quiet session overall into the 3-day weekend.

S&P Chart:



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

Options Action Trends: We saw more action into hurricane-related plays like UVE, RNR, and RE while rebuild/reconstruction plays like ACM saw call buying. Telecoms T and VZ both with bearish flow.

What's On Tap: Monday we're off for Labor Day. A busy week overall for new data with PMI Manufacturing, ISM Manufacturing, Construction Spending early and then ADP Employment, Productivity and Costs, ISM Non-Manufacturing, Factory Orders, and then NFP and Jerome Powell on Friday. Earnings slows down but key reports from COUP, NAV, MDB, PANW, WORK, SMAR, CIEN, GIII, CRWD, DOCU, GWRE, LULU, and ZM

Trade Tracker Portfolio Changes:

1. None

Sector Laggards

Discretionary

Tech

Communications

Stock Losers

ULTA -29.5%

YEXT -13.28%

ALXN -9.8%

GH -8.3%

SBH -7%

INMD -6.75%

Volatility Losers

- BIG
- YEXT
- DELL
- DNR
- JKS
- CPB
- AMBA

High Put Volume

- ENDP
- UVE
- CP
- ULTA
- COO
- BJ

Bearish Options

- SUI
- QSR
- AMAT
- HSIC
- MSFT
- VZ
- WFC
- MRK
- BABA
- T
- ARWR
- SLCA



Edwards Call Spread Positioning for Conference Season, New Indication Approval

Ticker/Price: EW (\$221)

Analysis:

Edwards Lifesciences (EW) buyer yesterday of 1,000 October \$230/\$240 call spreads for \$2.65 and follows buyers recently in the Sept. \$230 calls. EW has bullish calls in the January 250 calls as well as the January 2021 \$210 calls from June which remain in OI. Shares have consolidated in a multi-week range above its rising 20-day MA since earnings with a breakout targeting \$235.50. The \$46.77B company trades 36.8X earnings, 11.8X sales, and 50X cash with mid-teens EPS growth. EW expects 11% sales growth each of the next two years. EW is coming off a strong quarter with growth in TAVR up 16% and showing growing confidence the company will continue to gain share. TAVR is expected to be an \$8B market by 2023 and remains significantly underpenetrated with estimates at just 12% of all transcatheter aortic or mitral procedures. EW has a number of catalysts into year-end including approval of the expanded indications for TAVR in the US for low-risk patients (expected by the end of Sept.) and their annual investor meeting in December where they'll layout their strategic plan. EW will be at the Wells Fargo conference next week. Analysts have an average target for shares of \$218.50. Raymond James raising their PT to \$232 on 7-24 citing increased confidence given a sharp acceleration in TAVR growth and an earlier than expected approval for Low Risk. Jefferies with a \$245 PT noting that TAVR is again proving the naysayers wrong and with mitral just starting to ramp, there is more to come. Canaccord with a \$285 PT. They think TAVR growth will accelerate into year-end while TMTT growth will help drive the multiple higher. interest is 1%. Hedge Fund ownership rose 5.2% in Q2. Healthcor Management, Bessemer Group, and Merian Global notable holders.

Hawk Vision:



Hawk's Perspective: EW has been a standout this year and setting up well for a breakout above \$224 with well-defined catalysts. I'd like to see more activity in the name because ATM open interest is light.

Confidence Ranking: \$\$



Goldman Put Sales See Upside at Trend Support

Ticker/Price: GS (\$204)

Analysis:

Goldman Sachs (GS) seeing more than 1,800 June 2020 \$180 puts sold to open yesterday in stock replacements for \$9.55 and follows buyers of the January \$215 calls 1250X last week for \$7.20. GS has seen buyers recently in the June \$215 calls as well as the January 2021 \$250 calls for more than \$1M. Shares have pulled back to the 61.8% Fibonacci of the rally in June up to \$220 and looking to clear the 200-day resistance at \$205. GS has a significant VPOC above around \$230. The \$75.5B company trades 8X earnings, 1.4X sales, and 0.96X book with a sizable cash position. GS sees 9.85% and 8% EPS growth with revenues growing in the low-single digits the next two years. GS is coming off a strong quarter with strength in investing and lending. GS is benefiting from a robust M&A market, record NII and strength in equities trading. Analysts have an average target for shares of \$244. Keefe Bruyette upgraded shares to Outperform on 7-26 with a \$260 PT. The firm thinks the economic cycle will be extended following rate cuts from the Federal Reserve and current valuations for the group are attractive as we are not as late cycle as feared. BMO raising their PT to \$273 on 7-17 citing strength in equities. Odeon Capital raising to Buy on 6-20. The firm thinks GS is 'exciting again.' The analyst thinks projections are starting to rise due to the bank's "strong" showing in investment banking and the impact that rising asset values may be having on the asset management business. Also, as the company experiments with a series of new business thrusts, it gives them a lot of optionality in the future. Short interest is 2.2%. Hedge fund ownership rose 6.4% in Q2. Eagle Capital, Balyasny, and AQR all notable holders of stock.

Hawk Vision:



Hawk's Perspective: I like GS and think this recent base gives a nice spot to trade against with significant trend support below around \$196 as well.

Confidence Ranking: \$\$



Stratasys Calls See Return to Growth in 1H 2020

Ticker/Price: SSYS (\$23.75)

Analysis:

Stratasys (SSYS) with 2,200 March \$22.50 calls opening today up to \$4.30, trading over 5X average volume. SSYS still has 15,000 January 2021 \$40 calls from buyers outstanding, the most notable line by far in OI. Shares went on a strong run higher in June but pulling back recently to support at \$22 where it has been basing over the last two weeks. A move above the 200-day at \$24 has room back up to resistance at \$26 and then the prior peak around \$30. Longer-term, SSYS remains in a wide base with upside potential to \$40+. The \$1.31B company trades 35.7X earnings and 2X sales with 9.5% and 19% EPS growth expected the next two years. SSYS sees revenues growing 4.75% and 6.5% after a couple years of flat growth. SSYS is coming off a weak quarter with automotive and industrial markets soft, especially in Europe. They've made a focus on improving profitability recently with better supply chain and operational efficiencies which are set to grow over the next 2-3 years while a slate of new products will help them continue to gain share in the market. SSYS continues to see significant market opportunity in industrial manufacturing as well as verticals like healthcare as 3-D printing adoption grows. Analysts have an average target for share of \$27. Susquehanna positive on 8-5 with a \$29 PT. The firm thinks softness was not a surprise given softening Eurozone PMI's, weaker automobile industry data points, and recent commentary from peers but optimistic longer-term on more achievable growth accelerating. SIG thinks the company is an ideal takeover target given its leadership position in the market, strong balance sheet, and rising high margin revenue stream. Piper positive on 7-31 seeing new systems and new material introductions in 2020 driving upside. Short interest is 11.6% but down from around 13.7% in mid-August. Hedge Fund ownership fell 8.4% in Q2. Fisher Asset management, Coatue, and PDT Partners notable holders.

Hawk Vision:



Hawk's Perspective: SSYS with an ugly reaction to earnings but held up where it needed to and above \$24 can be constructive with room back to around \$27/\$28.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Regional Banks (KRE) buyer of 12,000 September 27th (W) \$49 puts today for \$1.01 to \$1.02

Brazil (EWZ) buyer of the December \$41/\$46 call spread today 5,000X10,000 for \$1.09 net debit

Russell 2000 (IWM) the September 30th (W) \$147/\$142 put spread bought 10,000X today for \$1.27. IWM also with 25,000 Sept. 13th (W) \$148 calls bought for \$2.93

S&P (SPY) buyer of the October 4th (W) \$284/\$273 put spread 4,000X8000

Consumer Goods and Services

Tapestry (TPR) with 9,000 October \$22.50 calls bought up to \$0.45 to open

Signet Jewelers (SIG) earnings on 9-5 and buyers active today for 3,400 Sept. \$13 calls up to \$1.30, highly shorted name

Ralph Lauren (RL) IV rising mid-morning with 2,000 October \$100 calls bought up to \$0.90

Wynn (WYNN) buyers of 2,750 October \$115 calls up to \$4.70 as the \$120 calls adjust back in strikes today, size January call buys earlier this week

Overstock (OSTK) seeing 2,000 ITM January 2021 \$15 calls opening today between \$6.20 and \$6.60, volatile name recently with their CEO stepping down

Tilray (TLRY) seeing 1,500 Sept. 27th (W) \$23 calls open today between \$3.95 and \$4.10

AutoNation (AN) strong chart and buyers active today for 1,245 October \$47 calls up to \$2.25

Las Vegas Sands (LVS) buyers of 1,000 September \$56 calls for \$1.44 to \$1.50, should get Macau data this weekend

Philip Morris (PM) opening buyers of 2,200 September \$71 puts for \$1.20 to \$1.35 with all of the Altria headlines this week

Hormel (HRL) buyers of 1,700 December \$37.50 puts for \$0.65, name with some notable Sept. and October puts in OI

McDonalds (MCD) buyer of 1325 September 13th (W) \$212.50 puts for \$1.03 to \$1.06

Restaurant Brands (QSR) buyers of 1,000 October \$80 puts for \$3.40 to \$3.90 to open today looking to fade the recent run

Luckin Coffee (LK) stock replacement sells 2,500 March \$15 puts for \$2.40

Party City (PRTY) buyers today of 3,000 April \$7.50 calls for \$0.60 to \$0.65, weak name but still has some sizable October and January open interest in the calls

Foot Locker (FL) with 750 January \$37 long straddles opening today for \$8.55

Wingstop (WING) lower mid-day but seeing 1,600 September \$105 calls bought up to \$2.10 where 1,400 were bought yesterday

Cott Corp (COT) shares and IV jumpy today with 3,000 October \$12.50 calls bought up to \$0.45

Red Rock Resorts (RRR) buyers active today in the October \$ 22.50 calls, over 1200X, while the \$20 calls are bought 600X for \$2.30 to \$2.35.

Dicks Sporting Goods (DKS) spread today sells 1300 January \$41 calls for \$1 to buy the \$30 puts for \$1.70

Target (TGT) buyer of 1,000 Sept. \$108 synthetic long spreads for a small net credit

Energy

Green Plains (GPRE) buyers of 2,000 Oct. \$9 calls for \$0.55 to \$0.60

Vistra Energy (VST) with 5,000 January \$26 calls bought for \$1.10 today, some \$24 calls adjusting higher into strength

Gran Tierra Energy (GTE) buyers of 1,500 February \$2.50 calls for \$1.10 with shares rebounding back into the declining 50-day

Financials

American Express (AXP) buyer of 2,000 September \$118 puts for \$1.19 and then \$1.24

Sun Communities (SUI) buyers of 1,000 September \$145 puts for \$1.35 to \$1.40 to open this morning. The \$13.42B residential REIT has traded strong in 2019 up over 45%

Wells Fargo (WFC) spread sells 3,000 September \$48.50 calls to buy the \$46/\$43.50 put spread

Square (SQ) buyer of 3,000 November \$60/\$50 put spreads for \$2.95 as some September spreads adjust out

Grupo Financiero (GGAL) buyer of 1,200 December \$10/\$7.50 put spreads for \$0.94 as some Oct. \$12.50 puts adjust

AIG buyers of more than 3,500 October \$55 calls for \$0.65 this afternoon

Healthcare

Exelixis (EXEL) strong today with more than 14,000 October \$22 calls bought up to \$0.95, shares back at key support this week

Adverum (ADVM) spread today buys 3,000 September \$15 calls for \$1.07 and sells the October \$5 puts for \$0.32. ADVM is expecting data for their early stage treatment of wet-AMD on 9-12

Amarin (AMRN) with 14,000 October \$12/\$10 put spreads bought for \$0.31

Abbott Labs (ABT) the October \$85/\$77.50 put spread bought 3,000X for \$2 to open today

Alexion (ALXN) with 900 November \$85 puts sold to open for \$1.95 to \$1.90 today, weak with news the patent board has opened a review of Soliris

Centene (CNC) buyers of 750 January \$45/\$52.50 call spreads for \$3.32 as some OTM spreads adjust back

Arrowhead Pharma (ARWR) down almost 2% today after opening higher and 645 August 2020 \$28 puts being bought for \$4.50

Bluebird Bio (BLUE) with 400 October \$100 puts bought early for \$5.60

Teva Pharma (TEVA) stock replacement opens 2,000 June \$5 calls for \$2.71

Elanco (ELAN) opening sellers of 2,100 January \$24 puts for \$1.25 to \$1.20, shares weak with their Bayer deal recently

Bristol Myers (BMY) stock replacement sells 3,000 March \$44 puts for \$2.05

Coherus Bio (CHRS) seller of 1,000 October \$22.50 calls for \$1.70

NanoString (NSTG) buyer of 1,000 Sept. \$25 calls for \$1.25 to open into the 200-day MA

Gilead (GILD) with 2,000 January 2021 \$60/\$90 call spreads bought against a sale of the \$52.50 puts for a net \$3.47 debit

Industrials

CSX Corp (CSX) buyers of 1,500 January \$72.50 calls for \$2.28 to \$2.38

Nio (NIO) with 20,000 October \$2.50 puts sold to open in a stock replacement

Illinois Toolworks (ITW) with 1,500 September \$148/\$138 put spreads bought for \$2.15

Deere (DE) seeing 1,200 March \$135 puts sold to open this morning for \$5.65 to \$5.50

Tesla (TSLA) trader buying 5,000 December \$200 puts for \$14.95 today, looks to be adjusting the October \$185 puts from 7-17 which were bought in a strangle

General Motors (GM) with 1,000 October 4th (W) \$38 puts bought for \$1.82 to \$1.86 and spread with 2,000 of the \$35.50 puts, at risk with tariffs potentially this weekend

United (UAL) with 2,500 March \$77.50 puts opening for \$3.85 today, tied to stock

Aecom (ACM) over 1,000 October \$35 calls opening today up to \$1.95, active all day in smaller lots, another hurricane play on recovery and reconstruction

Honeywell (HON) buyers opening over 4,400 September \$165 calls today around \$3.15 to \$3.35 and many spread vs the \$170 calls to open

Materials

Valvoline (VVO) September IV rising with 1850 September \$22.50 calls bought up to \$0.70, nice flag forming under recent highs

Fortune Brands (FBHS) stock replacement buys 560 March \$50 calls for \$5.30

Floor & Decor (FND) buyer of 480 January 2021 \$47.50 calls for \$11.90 to \$12

Agnico Eagle (AEM) buyer of 625 October \$60 calls this morning from \$4.45 to \$4.60 to open as the space remains hot

US Silica (SLCA) buyer of 500 March \$16 puts for \$6 as some December calls roll

Albemarle (ALB) with 750 January \$60 puts sold to open for \$5.00 to \$4.90 in stock replacements today

Cemex (CX) buyers of 10,000 January 2021 \$4 calls for \$0.72. CX also seeing 2,950 January \$3.50 calls open as well

Kirkland Lake (KL) buyers active today opening 1,700 January \$50 calls for \$4.80 to \$5.30

Univar (UNVR) more than 2,000 December \$20 calls bought up to \$1.35 to open today

Tech and Telecom

Zixi (ZIXI) early buyers today of 1,000 February \$7.50 calls for \$1.10 to \$1.20. The \$417M software company focuses on email encryption and data loss prevention

Autodesk (ADSK) with 5,000 September \$140/\$138 bull put spreads opening today for \$0.65

Slack (WORK) IV higher all morning with over 2,600 September ITM \$35 puts bought from \$5.80 to \$6.10

Microsoft (MSFT) buyers active this morning for 4,000 September 27th (W) \$137 puts up to \$3.60. MSFT also with 3,500 Sept. \$137 puts opening today up to \$3.10

Verizon (VZ) buyers of 3,750 October 4th (W) \$58 puts for \$1.12

Alibaba (BABA) buyer of 1,000 October 4th (W) \$170/\$150 put spreads opening today as some Sept. 27th (W) spreads adjust

AT&T (T) with 5,000 October \$35 puts being bought from \$1.01 to \$1.04

Broadcom (AVGO) buyer of 600 March \$280/\$260 bull risk reversals for \$9.20

Citrix (CTXS) seeing 2,000 October \$95 calls sold for \$1.70 in a buy-write

YY (YY) IV rising this afternoon with 1,500 September \$59.50 calls bought from \$1.30 to \$1.45

BCE Inc (BCE) with 965 March \$50 calls and 220 March \$45 calls bought to open today, the latter for \$2.80 to \$2.85

Cisco (CSCO) with 2,500 March 2020 \$45 synthetic long spreads opening for \$1.45

Dell Tech (DELL) more than 9,850 October \$55 calls trading this afternoon from \$1.30 to \$1.65 with shares up 9% on earnings, need to check OI on Tuesday but looks to be adding

Tencent Music (TME) 1,275 April \$13 calls opening today for \$1.75 to \$1.85 with shares back near support from June

Utility

Disclaimer:

Not Investment Advice or Recommendation

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