



## MARKET RECAP REPORT 8/7/2020

### Sector Leaders

Comms

Utilities

Real Estate

### Stock Gainers

TDC 18.5%

SAIL 17.25%

Z 15.5%

OSTK 13.85%

FSLR 12.5%

BIIB 9.25%

HZNP 8.5%

PENN 8%

### Volatility Gainers

- CNDT
- TRVN
- GSX
- JMIA
- OSTK
- BCRX

### High Call Volume

- PBI
- RESI
- IFF
- QRTEA
- AXL
- SNBR

### Bullish Options

- MGM
- AMZN
- TJX
- SWBI
- SNAP
- NVAX
- AXL
- FISV
- ROKU
- BAC

**Market Review:** Stocks were lower overnight on escalating US/China tensions and also saw a lot of hot software growth stocks sell-off Thursday after the close despite beat & raise quarters, but really markets were just awaiting the US Jobs Report. We got positive Exports data from Taiwan, Germany, and China as the Macro-recovery gains steam and also a few more M&A deals as that end of the market has seen momentum the last two weeks, deals for Ellie Mae and Third Point Insurance. Non-farm payrolls came in at 1.763M, slightly better than the estimate, while unemployment was 10.2% which was better than the 10.5% forecast and down from 11.1%. Overall, a better-than-expected report with the labor market recovering but nowhere near 'healthy.' Stimulus-driven headlines moved the market a lot today with reports the two sides remain far apart on any deal driving some pressure into mid-day. Software took the biggest hit with IGV off by over 2.75% after a strong run. Overall, S&P 500 remains in a very narrow range above its 8-EMA at 3300 but hitting upside resistance from February and likely in need of a healthy reset.

S&P Chart:



Resistance	Support
3,335	3,300
3,400	3,245
3,500	3,200

**Options Action Trends:** A lot of the "re-opening" plays saw bullish flow like airlines (AAL, DAL), cruise operators (NCLH), and restaurants (CAKE, EAT). Financials saw a lot of call buys into banks (C, BAC) and payments (SQ, MA, FISV).

**What's On Tap:** Looking ahead to next week the schedule slows sharply, inflation data expected mid-week and bulk of economic data coming Friday via Retail Sales, Industrial Production and Consumer Sentiment. On the earnings from we get reports from Cisco, Applied Materials, Marriott, Zoom Info, DraftKings, Interactive Corp., Lyft, NetEase, and Royal Caribbean.

### Trade Tracker Portfolio Changes:

- 1) Closed DISH Call Calendars for \$1.10 (Opened \$0.75)

### Sector Laggards

Energy

Materials

Software

### Stock Losers

AYX -28%

DDOG -15%

CVNA -12%

YY -11%

FSLY -11%

KC -10.5%

DBX -9.5%

BHC -8%

### Volatility Losers

- CRON
- GPRO
- CTL
- FNKO
- EB
- BHC

### High Put Volume

- HUN
- PI
- IBN
- YELP
- BC
- RAMP
- MOV

### Bearish Options

- UBER
- YELP
- DISH
- MDB
- INO
- GSX
- PENN
- CRWD
- SGRY



## FEATURED OPTIONS RADAR REPORT



### Option Traders See Overstock Resurgence Continuing

Ticker/Price: OSTK (\$108.50)

#### Analysis:

**Overstock (OSTK)** with 2300 September 25<sup>th</sup> (W) \$110 calls opening on 8/6 for over \$2.5M and follows September \$80 and \$85 calls bought last week 1200X each for nearly \$3M combined, size accumulation of calls. OSTK shares have made a parabolic run since March with so much focus on ecommerce and now out past 2018 highs. Shares have ridden the 8 EMA higher the last two months while the 21 MA supportive in May and June dips. The online retailer now has a \$3.8B market cap and trades 2.65X Sales. OSTK reported results 7-30 way above estimates with 110% revenue growth and saw substantial jumps in web traffic and new customers. The company will speak at a DA Davidson Conference on 9-9-2020. OSTK forecasts see 31.4% revenue growth this year, its best in a decade. OSTK is also seeing attention for its digital securities platform with Blockchain and Cryptocurrencies back in focus. OSTK core products are seeing strong demand in the current environment, such as home furnishings, and its drop-ship model is well suited. OSTK considers itself a tech company at its core with machine learning and AI in retail and Medici Ventures and tZero blockchain technology. OSTK improved SEO driving better customer growth and also seeing margins trend upwards. Analysts have an average target of \$100 with short interest still high at 14.5% of the float but has come down sharply to near multi-year lows. DA Davidson raised its target to \$103 recently as Q2 profitability exceeded expectations and sales trends remain strong through July, while tZero in the process of adding a third token to its alternative trading system. OSTK does not see a lot of other Analyst coverage outside of boutique shops. Hedge Fund ownership surged 21% higher in Q1 filings.

#### Hawk Vision:



**Hawk's Perspective:** OSTK is consolidating and setting back up and this momentum trade looks to have plenty of room to continue.

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Yandex Long Term View Sees Upside Potential

Ticker/Price: YNDX (\$60)

#### Analysis:

**Yandex (YNDX)** large opening buy in the afternoon on 8/6 of 2000 January 2022 \$55 calls \$14.20 to \$14.50. YNDX also with 500 November \$55 puts sold to open and has seen buyers in November \$50 calls. YNDX shares have been on a vertical run since the March lows and nearing the next Fibonacci extension target at \$62. Shares have ridden the 8 EMA higher since June without any major dips. Yandex gets the majority of its revenues through Search/Portal where it has a dominant market share in Russia, but also has growing businesses like Media, Classifieds, E-Commerce, and Taxi as well as Other Bets. The Taxi group is structured with 58.2% Yandex ownership and 36.2% owned by Uber. It encompasses ride-sharing, food delivery and self-driving cars. The Classifieds segment includes vehicle sales, real estate, and job seeking. The Media segment includes a music streaming service, a Russian source for movies and tv-show information, ticket buying and other services. The E-Commerce segment has a ton of potential with Russia at 5.3% penetration versus 23.9% in China. The Other Bets segment also has interesting businesses including Yandex Cloud, Yandex Education, a content feed called Zen, Geolocation Services and a car-sharing service. The \$18.75B Russian tech leader trades 34.35X Earnings, 7.4X Sales and 18.6X FY21 EBITDA with a clean balance sheet and a lot of cash. YNDX forecasts are looking for a return to robust growth in FY21 with 37% revenue and 82.8% EPS growth consensus. YNDX has posted impressive ROIC numbers since FY16 in the 18-25% range and operates with 29% EBITDA margins while FCF margins jumped to 13.6% in 2019. Yandex hit a key milestone in Q2, the reorganization of its joint ventures with Sberbank, full integration of e-commerce services into the Yandex ecosystem will unlock significant synergies in multiple areas and it can also not pursue fintech opportunities. GMV Marketplace increased by 3.5X in Q2, supported by wider assortment and higher number of orders. Analysts have an average target of \$55 and short interest is 2.9% of the float. Deutsche Bank raised its target to \$65 last week as a top fundamental own in global internet returning to growth in 2H20. BCS Global in June noted potential MSCI index inclusion for Russia and an IPO of the taxi unit as potential upside catalysts. Hedge Fund ownership rose 5.7% in Q1 filings, Egerton Capital a notable top holder.

#### Hawk Vision:



**Hawk's Perspective:** YNDX has always been a favorite International play and though missed this latest run, ready to jump into this on any weakness to the 55 MA.

Confidence Ranking: \$\$



## FEATURED OPTIONS RADAR REPORT



### Williams Sonoma Bull Spreads See Earnings Momentum Continuing

**Ticker/Price:** WSM \$89.75

#### Analysis:

**Williams & Sonoma (WSM)** spread on 8/6 bought 1,070 September \$92.50 calls for \$4.80 and sold the November \$80 puts for \$4.90 and name that has 4,000 August \$87.50 calls in OI from buyers in early July. Shares are in a narrow multi-week range after a strong recovery in March/April and starting to work higher this week with the 8-EMA inflecting upwards. WSM has a measured move to \$100 and weekly range targets \$110. The \$6.94B specialty retailer trades 18.2X earnings, 1.18X sales, and 8X cash with a 2.2% yield. WSM and its family of brands – Pottery Barn, West Elm, and more – have thrived in the pandemic with a growing focus on the home and nesting and their omnichannel investments giving them a big advantage over peers. WSM sees long-term drivers from consolidating a highly fragmented industry (50% of sales come from smaller, regional players) while also acceleration online penetration (80% of industry sales take place in store). Analysts have an average target for shares of \$75. Argus has a Street High \$95 PT citing growth in traffic, sales conversion and new customers. Wells Fargo starting coverage in June at Neutral noting that the valuation is largely reliant on sustainable upside throughout fiscal 2020 and they'd wait for a better entry. Loop Capital positive on 6-1 noting that its strong omnichannel presence gives it a major operational advantage. Short interest is 7.5% and has been falling since June 2019 when it was over 23.5%. Hedge fund ownership rose 10% in Q1. In March/April, WSM saw insiders active with two directors buying stock at \$40 and then \$50.50.

#### Hawk Vision:



**Hawk's Perspective:** WSM is setting up well for a continuation move higher and easy to manage versus the 50-MA and range low looking for \$100+, earnings in late Aug. likely setting up another strong beat with online penetration still in the early innings and a lot of first-time users being pulled into the ecosystem

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### American Water Bulls See Outperformance Continuing

**Ticker/Price:** AWK \$148.75

#### Analysis:

**American Water (AWK)** with 925 March \$145 calls being bought today between \$14.00 and \$14.20 to open, sizable trade in the name that is just shy of new highs. AWK has seen some buyers recently in the Aug. \$130 and \$135 calls while the Sept. \$135 calls have around 300 in OI from buyers in February, not a name that draws a lot of size flows. AWK shares are in a narrow flag with the rising 8-EMA just below today's lows and breakout targets \$160+. The utility has traded well since mid-June and just above the February highs with the wider weekly range measuring out to \$175-\$180. The \$26.5B company trades 34.8X earnings and 4.26X book with a 1.5% yield and steady returns with high-single digit base rate growth. AWK focuses on water and waste-water services to both municipalities as well as commercial entities like food and beverage providers, fire service providers, and industrials like mining companies. AWK noted yesterday they have seen little impact from COVID and continue to see their near-term and long-term acquisition and spending strategy on target (expected to spend \$20B over 10 years). Analysts have an average target for shares of \$136.50 with Janney a Street High \$153. Barclays recently noting that water valuations are extended among the group but there are few near-term headwinds to earnings even if expectations are high. Seaport starting coverage at Buy in May noting that, "the water/wastewater industry remains highly fragmented with 90% of the U.S. population getting services from municipally-owned systems and the current work-from-home arrangements inflate "higher-margin" residential water volumes, with at least some of the volume uptick likely to persist beyond 2020, benefiting American Water." Short interest is 1.4% and down from 2.5% in January and near 5-year lows. Hedge fund ownership rose 7.5% in Q1, Magellan Asset Management a buyer of shares. AWK saw a director buy \$231K in stock in May at \$116.

#### Hawk Vision:



**Hawk's Perspective:** AWK is one we dug into back in early April and still like the overall fundamental story with AWK a great operator and the spread between water utilities and electric utilities likely staying wide given the secular backdrop and drivers

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**S&P (SPY)** with 4250 Aug. 31st (W) \$333 calls opening this morning for \$2.5M

**NASDAQ (QQQ)** largest morning trade sold 5000 October \$300 calls to buy the \$244 puts at a debit of \$2.35, likely collaring

**Ultra Silver (AGQ)** seeing 2000 September \$70 puts sell to open \$16.20 bids

**Biotech (IBB)** with the March \$130/\$110/\$90 put butterfly spread bought 800X1,600

## **Consumer Discretionary/Services**

**TJX Co (TJX)** with 1665 September \$57.5/\$50 bull risk reversals opening at zero cost

**Cheesecake Factory (CAKE)** with 600 September \$22.50 puts sold to open today for \$1.10 to \$1.05

**Royal Caribbean (RCL)** opening sale of 3,000 September \$40 puts for \$1.85, carving out a small base this week despite some negative headlines

**Marriott (MAR)** with 2000 October \$100 calls opening \$5.15, buy-write position adjusts from Sep. calls into earnings Monday. **MAR** also with 2,000 August \$91 puts sold to open today for \$3.40

**Penn (PENN)** with 4000 next week \$46/\$41 put spreads opening into strength

**Carvana (CVNA)** with 1000 September \$150 and \$170 calls opening deep ITM at \$73.50 and \$56

**Brinker (EAT)** spread today is buying the January \$30/\$45 call spread and selling the \$25 puts, 1000X

**Melco (MLCO)** with 2,500 September \$19/\$17 bull risk reversals bought today for a small net credit

**Activision (ATVI)** with 1275 September \$72.50 puts sold to open today around \$1.10. **Activision (ATVI)** with 5,000 August 14th (W) \$83 calls bought for \$1.09, looks to be adjusting back the \$86 calls

**Callaway (ELY)** buyers into weakness of the September \$19 calls over 1300X for \$1.50, spread with the \$21 and \$22 calls sold

## **Consumer Goods**

**IRobot (IRBT)** buyer 1000 August \$80 calls \$1.50

**Camping World (CWH)** sellers of 1,200 January \$20 puts into weakness this morning from \$1.80 to \$1.70

**Sleep Number (SNBR)** buyers of 1,600 August \$47 calls for \$2.45 to \$2.50 to open, IV rising strong this morning and narrow range forming

**National Beverage (FIZZ)** buyers of 1,765 October \$60 puts for \$4.40 to \$4.90, follows buyers in the December \$75 puts and October \$75 puts recently

## **Energy**

**Exxon (XOM)** sweep buyer 2500 next week \$42 calls. **XOM** now with 3,000 December \$45 calls bought up to \$2.45 in stock replacements

**Range Resources (RRC)** with 10,000 September \$7 puts bought for \$0.33 as the \$6 puts roll back in strikes

**First Solar (FSLR)** with 1,000 November \$85 calls sold to open today for \$5.10 to \$4.10 into the move higher

## Financials

**Citi (C)** working higher here with 3000 Aug. 28th (W) \$52 calls bought \$1.15+. **Citi (C)** also with 2,000 September 4th (W) \$52 calls bought for \$1.55

**Fiserv (FISV)** call buyers continue today with 2000 March \$105 bought here \$9.40 to open. **FISV** March \$105 calls over 7650X

**PennyMac (PFSI)** opening sale 1500 November \$55 calls \$3.50

**Bank America (BAC)** with 7000 October \$28 calls active with buyers \$0.66 to \$0.69 this morning

**Front Yard Resi (RESI)** with 10,000 December \$10 calls bought \$0.75 today, terminated a merger agreement with Amhearst earlier this year and currently in a fight with top shareholder ASPS over long-term strategy

**Berkshire Hathaway (BRK.B)** out past its 200 MA this week and 2000 December \$205 puts being sold to open \$10.20 bids seeing limited downside through year-end

**Redfin (RDFN)** buyer of 1,250 September \$55 calls for \$1.35 to open today, strong quarter and breaking out of a range today with **Zillow's (Z)** numbers

**MasterCard (MA)** buyer of 4,500 January \$335/\$365 call spreads for \$11.50 with the January \$300 puts sold 2,250X for \$16.10

**Square (SQ)** buyer of 1,000 March \$200 calls for \$12.40 to open today, stock replacement with shares trading \$148

**Zillow (Z)** opening sale of 1,050 January \$65 puts for \$5.55 to \$5.50 into strength today following earnings

**Outfront Media (OUT)** with 5,000 December \$17.50 calls bought for \$1.62 and spread with the sale of 3,000 December \$12.50 puts for \$1.07

**CME Group (CME)** opening sale of 1,000 December \$195 calls for \$2.20

**Radian Group (RDN)** with 1,000 February \$13 puts bought for \$1.60, tied to stock

## Healthcare

**Zoetis (ZTS)** opening sale 800 October \$165 puts for \$8.90

**Novavax (NVAX)** buyer 350 October \$280 far OTM calls \$11.50 to \$11.70

**Biogen (BIIB)** with 650 January \$380 calls sold to open into strength

**PetIQ (PETQ)** with 500 October \$30 puts bought \$1.85 to \$1.95 into weakness, shares off by 14% following earnings

**E-Health (EHTH)** with 1100 September \$100 calls opening up to \$1.90

**Pfizer (PFE)** buyer 2500 January \$44 calls \$0.99

**Inovio (INO)** with a buyer of 1,000 August \$18 puts for \$1.84 with shares consolidating in a narrow range around the 50-day

**Clesius (CELH)** a hot beverage name profiled a couple months back seeing 1000 more January \$10 ITM calls trade \$12.80 to \$13 where 700 added yesterday

**Surgery Partners (SGRY)** with 2,000 December \$25 call sold to open this morning for \$2.15 into strength, likely stock overwrite

**Gilead (GILD)** opening sale of 1,000 June 2021 \$62.50 puts for \$5.35, stock replacement

**Medtronic (MDT)** with 2,000 August 28th (W) \$100 calls opening for \$2.06, saw some large put sales yesterday as well

**Zogenix (ZGNX)** over 8000 January \$30 calls being bought here up to \$3.10 in stock replacements

## Industrials

**Old Dominion (ODFL)** buyer 185 January \$200 calls \$10.60 offer

**Tesla (TSLA)** with 2000 August \$1315 short puts opening as next week short puts adjust

**American Axle (AXL)** with 4500 November \$8 calls bought for \$0.80 into the morning lows

**American Air (AAL)** with 5,000 September \$14 calls bought \$1.01 to \$1.02

**United Parcel (UPS)** hot and 1200 January \$180 OTM calls with opening buyers

**Air Lease (AL)** opening sale of 630 July \$40 calls for \$4.15

**Delta (DAL)** buyer of 5,000 October \$35 calls for \$0.95

**Caterpillar (CAT)** with 1000 September 25th (W) \$125 puts sold to open down to \$2.74

**Norwegian Cruise (NCLH)** front-month IV jumpy with 5,500 August \$14.50 calls bought up to \$0.75

**United (UAL)** with 1,000 January 2022 \$23 puts bought \$6.20 to open

### Materials

**FMC Corp (FMC)** opening sale 800 September \$95 puts for \$1.35

**Huntsman (HUN)** opening sale 4800 September \$17 puts \$0.30/\$0.25

**Domtar (UFS)** buyer 5000 October \$30 calls \$1.15 as August \$25 adjust

**Anglo Gold (AU)** with 1,500 August \$31 puts sold to open today for \$1.60, pulling back into the rising 50-MA this week

### Tech and Telecom

**Huya (HUYA)** buyer 1000 January \$42.50 calls \$1.20

**Uber (UBER)** buyers 9000 next week \$33 puts early

**Amazon (AMZN)** seeing 800 Aug. 28th (W) \$3300 calls open this morning \$67.15 to \$73

**Apple (AAPL)** block 2450 March \$240 calls opens for \$213 as January positions adjust, also seeing 2000 Dec. \$600 calls opening with aggressive buys this morning

**DataDog (DDOG)** buyer 750 March \$95/\$100 call spreads into earnings weakness. **DDOG** also opening sellers 1000 January \$70 puts for \$8. **DDOG** also with 900 September \$70 puts sold to open today \$2.70

**Service Now (NOW)** spread buys 1500 next week \$437.5/\$440 call spreads and sells the \$435/\$432.5 put spreads

**Snap (SNAP)** August \$22.50 calls hot this morning with 25,000X trading, buyer flow. **Snap (SNAP)** now 16,000 September \$26 calls bought \$0.46 to \$0.49. **SNAP** buyers today of more than 7,000 September \$23 calls as well up to \$1.40

**Magnite (MGNI)** unusual buys of 1,425 March \$10 calls for \$0.95 to \$1.10, small-cap advertising platform that formerly traded as RUBI

**NVIDIA (NVDA)** with 1400 September \$480 calls being sold to open \$21.25 down to \$20.5

**Roku (ROKU)** on a run seeing next week \$160 calls hot this morning up to 7000X now

**Advanced Micro (AMD)** with 3,000 September \$82.50 puts bought this morning from \$4.45 to \$4.60 into strength. **AMD** buyer 2000 November \$72.5 puts as well today for \$5



**Tencent Music (TME)** spread sells 3000 October \$17 calls to buy the \$13 puts for a \$0.53 net credit, likely collaring stock with the US/China tensions. **TME** also with afternoon buyers of 6900 August \$15 puts up to \$0.45

**Alarm (ALRM)** buyer 1000 September \$62.50 calls for \$2.80

**Yelp (YELP)** spread sells 2000 November \$23 calls and buys 2000 August \$22 puts

**J2 Global (JCOM)** buyers of the August \$65 calls for \$1.45 to \$1.60, 1000X, ahead of earnings on 8-10

**Mongo-Db (MDB)** with 1,000 January \$175/\$125 put spreads bought for \$12.20

**Pinterest (PINS)** working higher with buyers 1300 September \$39 calls. **Pinterest (PINS)** now with 5800 November \$39 calls bought \$4.05 to open in a stock replacement

**Jumia (JMIA)** strong run lately and stock and IV up today with buyers of 4000 OTM August \$30 calls up to \$1.10, stock trading under \$19

**DocuSign (DOCU)** with 800 December \$140 synthetic long spreads opening into the shallow pullback from the highs

**Avalara (AVLR)** quality software name that pulled in on earnings with 345 February \$110 puts being sold to open \$12.05, solid strategy

**Mercado-Libre (MELI)** buyer 300 August \$1280/\$1370 call spreads into earnings Monday morning

**CrowdStrike (CRWD)** with 1000 October \$95 puts opening near \$6.50 with buyers, a bit more caution with flows this week. **CRWD** also with 2,000 August \$95 puts bought up to \$1.25 this morning

**Salesforce (CRM)** size buyers of 4,500 November \$220 calls for \$9.60, over 6,340 January \$230 calls bought \$10.10, and 6,340 July \$230 calls for \$18.50

**Century Link (CTL)** buyers of 8000 November \$10 puts for \$0.83 as some August \$11 puts adjust out and down

**Fox (FOXA)** with 4,000 September 11th (W) \$20.50 puts bought for \$0.25

**Microsoft (MSFT)** with 11,800 January \$235 calls bought for \$11.20 and 11,000 July \$240 calls bought \$18.40, similar to **CRM**

**ACM Research (ACMR)** with 800 August \$95 puts bought for \$4.60 into strength

**Kingsoft (KC)** with opening sellers of 1,000 February \$30 puts for \$5.50 to \$5.80 this morning, popular strategy in the new issue

**Coupa Software (COUP)** with buyers of 1,500 September \$240 puts from \$6.80 to \$7.40 this afternoon into the sell-off, IV climbing and earnings on 9-8

**Zillow (Z)** also with 1,000 November \$85 calls being bought today for \$10.70 in a stock replacement

**2U (TWOU)** with opening sellers of 1000 December \$25 puts into weakness around \$1

### Utility

#### **Disclaimer:**

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

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors.