



MARKET RECAP REPORT 9/10/2020

Sector Leaders

Software

Retail

Semi's

Stock Gainers

VRTU 4%

RH 23%

OSTK 16%

NAV 16%

NCNO 13.5%

SLQT 12.5%

IGMS 12%

Volatility Gainers

- POR
- FSK
- HTZ
- CSTM
- SFIK
- NKLA

High Call Volume

- CSTM
- YRCW
- MLCO
- AON
- CPRI
- TPR

Bullish Options

- MLCO
- YRCW
- EHTH
- ETSY
- CPRI
- NET
- TPR
- ANGI
- PINS
- AON
- GPS

Market Review: Stocks were lower overnight testing one-week VWAP but rebounded after the ECB press conference alleviating some concerns with the rising Euro's impact on policy. Oil declines after a large inventory build was shown via API data. In morning US data jobless claims came in slightly above expected and PPI also came in a bit higher than consensus. The S&P pushed higher early but stalled at the prior day high which is also VWAP off the 9/2 high and the 8-day MA with breadth also reversing to negative. Tech led strength with positive moves in Software, Semi's and Internet while Energy & Banks remained laggards along with safety groups like Utility, REITS and Bonds. It was a rather uneventful session and the bounce looks to be losing steam at expected resistance while a number of market overhangs mount (Brexit, US/China, Elections, COVID, Stimulus).

S&P Chart:



Resistance	Support
3,450	3,350
3,510	3,275
3,585	3,255

Options Action Trends: Action started slow but saw some massive put buys in brick and mortar Retail names **GME, BBBY**. We saw speculative call buys in luxury goods retail names **CPRI, TPR**. Activity in large cap Tech options slowed sharply. We later saw Sep. 25th (W) put buying in Retailers **GPS, AEO**. There were more notable put buys than we have seen in many weeks today.

What's On Tap: Inflation Rate and WASDE.

Trade Tracker Portfolio Changes:

- 1) Closed **LVS** September Call Fly's \$1.75 (Opened \$1.20)
- 2)

Sector Laggards

Energy

Banks

REITS

Stock Losers

SPRO -16%

ATNX -16%

LRN -15%

POR -10%

PRO -10%

CSIQ -10%

NKLA -8.7%

Volatility Losers

- GME
- LAKE
- BIGC
- VRNT
- ZS
- AMRN

High Put Volume

- PBI
- NAV
- AAN
- GOGO
- GME
- ELAN

Bearish Options

- WDC
- GOGO
- BBBY
- VIAC
- GME
- JKHY
- T
- UI
- AEO
- ANET
- ELAN



FEATURED OPTIONS RADAR REPORT



LAM Calls Bought into Sharp Correction

Ticker/Price: LRCX (\$300.9)

Analysis:

LAM Research (LRCX) a large trade on 9/9 with 750 December \$305 calls bought to open for ~\$2.5M, a name lacking much notable open interest. LRCX has long been a top semi-equipment name and has pulled back more than 20% from July highs and sits right back at the 200 day moving average. The \$45B company trades 12.5X Earnings, 4.45X Sales and 35.5X FCF with a 1.73% yield. LRCX forecasts see 23.9% revenue growth for 2021 and 32% EPS growth. The activity came ahead of LRCX speaking at the Citi Tech Conference where the “elephant in the room” was discussed regarding the US Government eyeing restrictions to China manufacturing of semiconductors. LRCX cited strength in logic and foundry while NAND is recovering and DRAM is weak. Analysts have an average target of \$395 and short interest is low at 2.8% of the float. Wells Fargo raised its target to \$370 from \$270 in late July noting equipment demand remains strong and positive forward WFE commentary with a memory spending cycle likely starting 2H20 into 2021. CSFB raised its target to \$450 after its latest report and Needham to \$400. Hedge Fund ownership rose 5.7% in Q2 filings, Coatue a top holder added to its position as did Whale Rock.

Hawk Vision:



Hawk's Perspective: LRCX is a high quality name trading at a discount but want to see some support test and hold at the 200 MA as the sell-off has been sloppy with the China overhang.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Workday Calls Accumulate into Earnings Gap Fill

Ticker/Price: WDAY (\$210.60)

Analysis:

Workday (WDAY) over the last two days with 1800 December \$210 calls opening for over \$4M in notable trades, and shares back near the \$210 level where 2800 January 2022 \$210 puts were sold to open on 8/26. WDAY shares broke out of a nice bull wedge in mid-August and ran strong after earnings before pulling back recently with Tech names, sitting at its 21 MA. WDAY could do a full retest which aligns with a 38.2% retracement near \$195 as optimal re-entry into the name. The \$51.6B software leader in HCM currently trades 11.5X EV/Sales with revenues seen growing 17-19% annually the next three years. WDAY should see a boost from the accelerated cloud adoption and has many resilient Fortune 500 companies as clients. It operates in a \$100B TAM that includes Analytics, Financials, HCM, Payroll, Planning and Projects. It also sees opportunities in International markets moving forward and estimates just 13% penetration for HCM in EMEA. WDAY is coming off an impressive quarter with improved conversion rates. Analysts have an average target of \$240 and short interest is at 4.7% of the float. JPM raised its target to \$250 recently after solid results and RBC up to \$280 noting incremental improvements in new and existing businesses. BMO with a \$265 target citing better revenues, margins and FCF with strong closure rates. Hedge Fund ownership rose 13.5% in Q2 filings, a name that saw a lot of notable buying activity among smart funds like Tiger Global, Bares Capital, Sustainable Growth, Champlain, Matrix, and Kensico.

Hawk Vision:



Hawk's Perspective: WDAY looks good in this “baby with the bathwater” pullback though want to see Software come back into favor, this is notable call accumulation in a name executing well.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Russell (IWM) block of 3000 March 31st (Q) \$140 puts sold to open for \$8.14.

S&P (SPY) January 2022 \$445 far OTM calls today with buyers 6300X early after the \$435 active yesterday. **SPY** November \$339 puts 4100X active with opening action for over \$6M. **SPY** with 50,000 December \$375 calls sold to open today.

NASDAQ (QQQ) with 34,000 December \$274/\$252 put spreads opening

MSCI EAFE (EFA) with 5000 January 2022 \$55 puts opening \$3.25

Consumer Discretionary/Services

Melco (MLCO) after bullish calls yesterday seeing October \$22/\$16 bull risk reversals open 6000X at zero cost. **MLCO** now 3500 November \$20 calls bought \$1.65 to open

Bed Bath (BBBY) buyers 10,000 October \$13 puts \$1.82 to \$1.95 with shares up 10% on Wedbush note

GameStop (GME) with 20,000 July \$10 puts opening up to \$5.85 with September \$8 adjustments

Viacom (VIAC) buyer 12,000 Dec. \$30/\$20 put spreads for \$3.20

Capri (CPRI) jumping with 3000 October \$22.50 calls bought \$0.62 to \$0.80. **TPR** pops with 6500 Sep \$15 calls trading now as well like CPRI. **TPR** also with an opening seller 2000 January \$15 puts today for \$1.95

Angie's (ANGI) buyer 7500 September \$12.50 calls into weakness aggressive \$0.95 offer

Take Two (TTWO) Oct. \$180/\$190 call ratio opening 500X1000

Gap (GPS) opening sale 10,000 October \$15 puts \$0.48 to buy 10,000 of the \$18 calls at \$1.23 in a risk reversal. **Gap (GPS)** with 7500 Sep. 25th (W) \$17.5 puts bought \$0.98 to \$1.01, similar to **AEO**

Starbucks (SBUX) with large opening buys of 2270 June 2021 \$87.50 calls near \$8.80

K12 (LRN) with 1000 December \$25 calls bought for \$8 into weakness

American Eagle (AEO) buyer 7500 Sep 25th (W) \$13.50 puts \$0.80

Wynn (WYNN) seeing the Oct. 9th (W) \$95/\$105 call ratio spreads open 1500X3000

AMC Networks (AMCX) bear flow with sweep buyer 1000 October \$25 puts \$3.80 to \$3.90 offers

Fox (FOXA) with 1000 January \$31/\$24 bull risk reversals opening at \$0.73 debit

Consumer Goods

Wal-Mart (WMT) opening sale 1500 November \$140 puts for \$8.85, also 1000 of the \$160 calls bought \$2.75

Unilever (UN) nearly 1500 February \$60 puts sold to open \$4 to \$3.70

ARAMARK (ARMK) bear flow with 2300 April \$20 puts bought aggressive \$2.20 offer to open

Mondelez (MDLZ) earlier a lot buy of 800 March \$57.50 calls for \$3.90 offer

National Beverage (FIZZ) with 800 October \$80 puts sold to open for \$8

I-Robot (IRBT) moving lower here with 2950 March \$90 ITM puts opening up to \$22

Energy

Marathon Oil (MRO) opening seller 5000 June 2021 \$3 puts \$0.28 to \$0.27

Exxon (XOM) opening sale 1000 April \$35 puts for \$3

Devon (DVN) buyer 12,000 October \$8.74/\$7.74 put spreads for \$0.35

Murphy Oil (MUR) large buy 5000 September \$12.50 puts \$2.20 to \$2.25

SunPower (SPWR) opening sale 13,000 Jan. 2022 \$5 puts for \$0.77

EOG Resources (EOG) buyer 1000 October \$42.5/\$47.5 call spreads at \$0.95

SunRun (RUN) trades are March \$45/\$85 call ratio spreads 600X1200

Hess (HES) with 7000 November \$42.5 short puts opening as Sep. 47.5 adjust

Financials

Bank America (BAC) with 2375 March \$23 puts sold to open \$1.69

AON (AON) buyers active in January \$210 calls with 1800X trading \$13 offer in sweeps

US Bancorp (USB) unusual buy of 4000 January 2022 \$65 far OTM calls for \$0.50

Jack Henry (JKHY) unusual 340 Oct. \$160- puts being bought \$6.20 to \$6.40, coming off a disappointing quarter

JP Morgan (JPM) buyer 1500 Oct. 9th (W) \$102 calls for \$3.50

Citizen Financial (CFG) lows, 1700 Oct \$25 puts bought in sweeps at \$0.95 earlier

Boston Properties (BXP) with 1000 September \$85 puts sold to open today for \$2

Healthcare

E-Health (EHTH) strong early and out of a base seeing buyers of 850 October \$80 calls \$3.50 to \$3.80

Align (ALGN) buyer 315 October \$370 calls \$6.30 to \$6.40

Masimo (MASI) buyer 250 November \$230 calls for \$14

Novavax (NVAX) with 1000 Dec. \$180 calls being sold to open \$8.85 to \$8

Elanco (ELAN) bearish flow with 3000 November \$30 puts sweep buys \$3.90 to \$4.25

Omeros (OMER) with 3800 February \$15 calls being bought \$2.30 to \$2.51 to open today, name that jumped to \$25 in August on data and since pulled way back to \$10

Globus Medical (GMED) illiquid name so tough tape read but 1000 October \$57.50 calls opening \$2 to \$2.05, look buyer initiated, name setting up real nicely on the daily

Inspire Medical (INSP) with 800 November \$120/\$100 put spreads bought to open

Industrials

YRC Worldwide (YRCW) October \$5 calls hot early 8700X being bought \$0.50 to \$0.60

Alaska Air (ALK) bullish action with 1500 Sep. \$42.5 ITM puts being sold to open for \$2.20

Delta (DAL) buyer 4000 October \$33/\$40 call spreads

Materials

Constellium (CSTM) with 2375 October \$9 calls being bought \$0.30 to \$0.45

Cliff Natural (CLF) opening sale 3000 Apr \$6 puts for \$1.17

Tech and Telecom

Etsy (ETSY) strong morning move and seeing 750 March \$115 calls with buyers at \$22.60+ and volume climbing now to over 1000

Western Digital (WDC) weekly \$37 puts active 3390X with buyer early

Qorvo (QRVO) with 300 February \$125 calls opening near \$16.75, raised outlook yesterday

Gogo Wireless (GOGO) into strength seeing 2500 October \$8 puts bought \$0.90 offer

AT&T (T) opening seller 1000 April \$30 puts for \$3.10. **AT&T (T)** buyers coming inf or 10,000 December \$29 puts \$1.66, look to adjust Oct \$29

Cloudflare (NET) with October \$37 calls being bought \$2.20 to \$2.30 for 5000X though coming in smaller lots

Pinterest (PINS) size buys of 4250 February \$37 calls \$6.60 to \$6.70

Slack (WORK) nearly 1000 Apr \$23 puts being sold to open \$3.55

Twitter (TWTR) buyer 1500 October \$35 ITM calls \$5.90 to \$6

Netflix (NFLX) opening sale 150 March \$500 puts at \$68.70. NFLX also an opening sale 500 Jan. 2022 \$380 puts for \$45.80

Spotify (SPOT) opening sale 150 Jan. 2022 \$250 puts \$56.20

Live Person (LPSN) unusual October \$60/\$70 call spreads bought 500X to open, sitting back on rising 55 MA and always seemed like logical M&A target

HP Enterprise (HPE) opening seller 3500 Sep. 2021 \$8 puts for \$1

Ciena (CIEN) hit hard on earnings recently seeing 1150 Oct. 31st (W) \$41 calls bought for \$3.30

Ubiquiti (UI) with 1500 December \$155 puts opening \$15.40 as September \$185 adjust

Arista Network (ANET) breaking lower and 650 Oct. 2nd (W) 4195 puts bought for \$3.90 while 500 of the Oct. \$200 puts with buyers \$7.20 offer

Teradyne (TER) large buys coming into September \$77.50 calls 4000X \$1.70 to \$1.90

MACOM (MTSI) seeing 3000 November \$25 puts with buyers \$1.20 offer in sweeps

JD.com (JD) large opening sale 1300 March \$67.5 puts for \$6.64

KLATencor (KLAC) another beat-up semi-equipment name seeing 600 January \$190/\$160 bull risk reversals open into weakness

Limelight (LLNW) seeing 5000 September \$6 puts sold to open \$0.75 to \$0.70

Utility

PG&E (PCG) buyer 10,000 November \$9 puts for \$0.82

Disclaimer:

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