



# MARKET RECAP REPORT 9/16/2020

## Sector Leaders

Energy

Housing

Banks

## Stock Gainers

ARWR 50%

AMCX 22%

INO 17.5%

ALT 15%

CVET 14.5%

GOGO 13.8%

CAI 13%

## Volatility Gainers

- KODK
- AXTI
- OMER
- RIG
- ADT
- AXL

## High Call Volume

- A
- ARWR
- AXTA
- SCPL
- TPR
- XPO

## Bullish Options

- STM
- XPO
- TPR
- CI
- SWBI
- MDT
- SNE
- CRWD
- BYND
- MCD
- JAZZ

**Market Review:** Stocks were higher overnight continuing to rebound this week with focus on today's Fed commentary. We are also seeing a number of companies guide up at conferences and both Fed-Ex and Adobe delivered stellar results. Retail Sales for August came in weaker than expected. In the morning session the recent laggards became leaders with strong moves in Housing, Banks and Energy while Industrials and Biotech continued recent strength along with Retail. Tech lagged with notable weakness in Software/Internet. Strength faded a bit into midday with the 21 day MA rejecting the bounce yet again and into the Fed announcement and conference. The Fed came out quite accommodative showing no plans to raise rates through 2023 and likely further while noting financial conditions improved and a still uncertain economic recovery. Markets reacted higher but again failed at resistance and pulled back during the Press Conference. We have an active morning of data tomorrow with Housing Starts, Jobless Claims and Philly Fed and then September options expiration and quarterly rebalancing on Friday.

S&P Chart:



Resistance	Support
3,425	3,350
3,510	3,275
3,585	3,255

**Options Action Trends:** Action picked up today with a bullish bias, though data center names **DLR, EQIX** with elevated put buying. Cloud security plays **CRWD, ZS** saw bullish activity. We saw some October put buys in Solar names **RUN, FSLR** with rising US/China tensions and Oil climbing.

**What's On Tap:** Housing Starts, Jobless Claims and Philly Fed.

## Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **AMGN** October \$255 Calls \$4.50 – No Fill

## Sector Laggards

Software

Utility

Internet

## Stock Losers

AXL -14%

ILMN -6.7%

SYNH -6.6%

PAM -5.8%

CNSL -5.7%

NEE -5.1%

WGO -4.7%

## Volatility Losers

- CRON
- SAVA
- AMCX
- IMMU
- ALXN
- ADBE

## High Put Volume

- AXL
- NBIX
- GBT
- MAT
- DLR
- MTSI

## Bearish Options

- WYNN
- GPS
- CWH
- VMC
- DLR
- CWH
- RUN
- EQIX
- RIO
- FSLR
- IRBT



## FEATURED OPTIONS RADAR REPORT



### Agilent Bull Spread Sees New Highs this Year

Ticker/Price: A (\$100.3)

#### Analysis:

**Agilent Tech (A)** large trade late on 9/15 sold 2000 November \$90 puts to buy 4000 of the November \$105/\$115 call spreads. Agilent also has 3,170 November \$110 calls sold to open from a buy-write in OI, otherwise a lot of September options set to expire this week. Agilent shares recently bounced at the rising 55-day MA and not far from the new highs it reached in August and the next Fibonacci extension target is \$108.90. It is coming off a quarter where it beat estimates with a boost from COVID testing volumes while non-COVID volumes started to show signs of improvement. The \$30.65B Healthcare company trades 27X Earnings, 5.9X Sales and 23X EBITDA with a 0.72% yield. Forecasts are looking for 7.6% revenue growth and 14% EPS growth in 2021, strongest year since 2018. Agilent estimates a \$52B TAM across its six end-markets with an attractive recurring revenue base. Revenues are split 58% to Services, Consumables & Informatics and 42% to Instruments. Agilent has been a strong operating margin expansion story the last few years and revenues distributed across industries such as Chemical/Energy (23%), Environment (12%), Food (10%), Pharma (31%), Academia & Government (9%), and Clinical/Diagnostics (15%). Agilent bought BioTek for \$1.165B to double the scale of its position in the attractive cell analysis market. Analysts have an average target of \$102 with short interest low at 1.2% of the float. Wells Fargo raised its target to \$105 expecting a reacceleration of growth in 2021. Baird raised its target to \$104 as China returned to strong growth and Citi bumped its target to \$100 and sees the outlook conservative. Hedge Fund ownership was flat in Q2 filings, Ackman's Pershing Square with a large \$1.1B stake as its 4<sup>th</sup> largest position.

#### Hawk Vision:



**Hawk's Perspective:** A is a steady quality name, not the most exciting or liquid for trading options, but a core own type.

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### Medtronic Bulls Position for New Highs with Investor Day Catalyst

**Ticker/Price:** MDT (\$108)

#### Analysis:

**Medtronic (MDT)** saw early action in November \$120 calls with 3000 bought \$0.94 to \$1.12 and now trading 8,250X on the session pricing around \$1.30, strong surge in IV with the OTM buying pressure. MDT has recently seen October 23rd (W) \$108 calls open 2600X and 1200 of the \$110 calls as well while in February seen buyers of \$105 calls and \$120/\$130 OTM call spreads. MDT shares have been flagging through September above the rising 21 MA after a recent key range and 200 MA breakout, looking for continuation higher on a move above \$109 and the range break targets a move back to its highs around \$120. MDT was hit hard with COVID due to the slowdown in procedures but seeing positive momentum in trends across the industry the last two weeks with conference speakers. The \$145B med-tech leader trades 18.6X Earnings, 5.2X Sales and yields 2.16% with forecasts for revenue growth next FY of 10.5% with 42.9% EPS growth. MDT will next report in late November. MDT has a strong balance sheet with robust FCF and a strong pipeline for growth. Cardiac/Vascular is its largest segment followed closely by Minimally Invasive and Restorative Therapies while Diabetes the smallest segment but is growing rapidly. It sees a lot of growth potential in Emerging Markets as well. MDT spoke at the MSCO Healthcare Conference earlier this week noting stronger procedure volumes in September and it is taking share in a number of businesses while its TAM is expanding. MDT will host an Investor Day October 14th as a likely catalyst. Analysts have an average target of \$115 and short interest has been falling down to 0.5% of the float. Ray-Jay raised its target to \$115 on 8/26 noting new products generating market share gains. Citi raised its target to \$120 citing expanding market share a key note by management as the pipeline potential is already well known. Hedge Fund ownership fell 4.5% in Q2 filings, and a number of notable large holders in the name.

#### Hawk Vision:



**Hawk's Perspective:** MDT has quality fundamentals, sets up excellent on the chart, and has a clear catalyst, no a name worth positioning in November, though may want to wait for a dip.

**Confidence Ranking:** \$\$





## FEATURED OPTIONS RADAR REPORT



### Chewy Calls Bought into Post-Earnings Weakness

**Ticker/Price:** CHWY (\$56)

#### Analysis:

**Chewy (CHWY)** pulled back to rising 55 MA since earnings and big buyers today 1500 April \$55 calls \$11.10 to \$11.30 and volume running over 2550 now. CHWY has also seen October call accumulation all week across the \$50 and \$55 strikes while the October \$70 calls and longer-term January \$60 calls remain in OI from buyers in mid-August. Shares ran strong ahead of earnings hitting new highs above \$72 before pulling back and now sitting at key trend support as well as volume and cloud support. CHWY short-term has a target up around \$68 from the rising channel from the April lows. The \$24B company trades 4X sales with expectations for high-teens to low-20% growth in both FY22 and FY23 as they expand their product catalog and grow their private label business.

CHWY continues to see strong demand due to COVID and a big pull-forward of customer activity as they added more active customers in the first six months of 2020 as they did in all of 2019 and seeing higher ticket growth as well as they become a more full-service outlet from food and care to health as well. CHWY has been focused on margins as they ramp up capacity and build out a customer network and Q2 showing solid expansion with continued room for improvement as they invest in automation and retrofit current facilities. They see profitability within two years behind lower costs and better pricing power. CHWY continues to have long-term tailwinds as pet ownership rises and a recent TDA poll showed that 33% of Americans have considered adopting a new pet during the pandemic. The latest APPA poll showed that pet ownership trends have increased since March while the “majority of pet owners report their spending has not been influenced by the current economy.” Analysts have an average target for shares of \$59 and RBC at a Street High \$74, the company is positive on accelerating revenue growth and record high gross margin as well as consistent customer adds. UBS positive on their expansion into Pet Health noting that given their efficiency and scale benefits, could be a big driver going forward. CSFB sees potential for an earlier move to profitability as COVID is pulling forward a significant amount of new business into 2020. Short interest is 3.9%. Hedge fund ownership fell 4% in Q2 but Samlyn Capital and Tiger Global remain top holders.

#### Hawk Vision:



**Hawk's Perspective:** CHWY has trend and 55 MA support so versus recent lows sets up positively on a reward/risk basis for one of the stronger Internet growth stories.

**Confidence Ranking:** \$\$



## FEATURED OPTIONS RADAR REPORT



### XPO Logistics Size Calls Bought with Strength in Trucking/Logistics Driven by Ecommerce

Ticker/Price: XPO (\$92.70)

#### Analysis:

**XPO Logistics (XPO)** size buyers of more than 2,800 November \$85 calls up to \$13.30 today and later 2,000 September \$92.50 calls bought for \$2.75 as \$87.5 adjust. XPO has limited near-term options positioning but does have 1,750 November \$80 calls still in open interest from April buys, sitting on a big gain. Shares are breaking out of a small flag today above \$92.50 and clear path to \$100 in the near-term and upside to \$115 and the 2018 highs. The \$8B company trades 25.4X earnings, 0.5X sales, and 3.5X cash, some concerns over long-term debt from their acquisitions. They see mid-single digit revenue growth the next two years but likely very conservative given their market share gains in last-mile and growth in e-commerce, especially given their specialization in heavy goods like home furnishings and exercise equipment. XPO noted better performance from their freight brokerage business as well despite a tough environment. XPO sees significant runway for growth as they become a go-to for contract logistics as more customers look to manage peaks in demand and unpredictable buying patterns from customers during the pandemic. The rollout of their XPO Smart platform across Europe is driving warehouse efficiencies while XPO Direct – their shared space distribution network – is driving more opportunities with brick-and-mortar retailers who are looking to outsource operations as they expand omnichannel capabilities due to COVID. Analysts have an average target for shares of \$88 and Cowen a Street High \$119. Keybank recently upgrading to Buy as they expect improving end market demand, including within less-than-truckload, to be "more fully realized in coming quarters" and recent executive appointments suggest additional cost actions intermediately. CSFB with a \$105 PT this morning noting that there is a substantial opportunity to improve profit and margins via proprietary tech platforms. Short interest is 6.9% but down from as high as 15% in 2019. Hedge fund ownership fell 12.89% in Q2, Lyrical Asset Management a top holder with 3.15M shares. In May, the CFO bought \$100K in stock at \$67.13, only the second open market buy in the last four years.

#### Hawk Vision:



**Hawk's Perspective:** XPO is extended short-term but a favorite that I was a month early using the August expiration for recent Spotlight call trade, still really like the name in this group.

Confidence Ranking: \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**NASDAQ (QQQ)** with 2000 March \$257/\$215 put spreads bought this morning. **QQQ** Oct. 2nd (W) \$278 calls with 5000X bought earlier today \$6.67 to \$6.70, large \$3.7M position.

**Brazil (EWZ)** with 14,000 January 2022 \$30 puts bought today for \$6.40

**Treasury (TLT)** with 6250 January 2022 \$120 puts sold to open \$2.06

**Russell (IWM)** buyer 15,000 Oct. 2nd (W) \$150/\$143 put spreads at 2:21pm after the Fed announcement

**MSCI EAFE (EFA)** buyer today of 5000 January 2022 \$63/\$73 call spreads

**S&P (SPY)** with 10,000 June 2021 \$275/\$250 put spreads being bought

## **Consumer Discretionary/Services**

**Wynn (WYNN)** buyers of 2,000 October 2nd (W) \$78 puts from \$3.75 to \$3.90, downgraded at Roth this morning

**Tapestry (TPR)** up strong on Deutsche Bank upgrade and seeing 7500 September \$18 calls bought, highlighted in Blitz with the recent size September \$15 call buys, so likely gamma effect

**Children's Place (PLCE)** the October \$30 calls being bought 1,385X for \$2.75 as some \$25 calls roll up from recent buys

**Gap (GPS)** with 7500 Oct. 2nd (W) \$17 puts bought \$0.90 to \$0.96

**Starbucks (SBUX)** with 6500 next week \$91 calls bought to open \$0.67 to \$0.74

**Las Vegas Sands (LVS)** with 13,250 November \$50 calls bought up to \$4.55 into weakness today; LVS shares weak earlier on a report of a probe into their Singapore casino

**Under Armour (UA)** with 3500 January 2022 \$15 calls sold to open \$1.60 into strength

**Penn National (PENN)** the September 25th (W) \$65/\$60 put spread bought 2000X for \$1.27 into strength with the Barstool Sportsbook going live this week

**ADT (ADT)** with 10,000 October \$10 calls bought today with shares weak, paying \$0.40, recent relationship with Google

## **Consumer Goods**

**Smith & Wesson (SWBI)** with 2,000 January \$17.50 calls bought for \$3.10 to open today into the recent pullback, spinoff of their outdoor brands

**McDonald's (MCD)** bullish three-way spreads in December selling the \$210 puts to buy the \$130/\$250 call spreads nearing 1500X

**Go-Pro (GPRO)** seeing speculative buyers of 3000 Oct. \$4 calls this morning \$0.32 to \$0.36 offers

**Beyond Meat (BYND)** IV rising a bit with 2,250 October \$155 calls bought up to \$11.90 to open

**Sony (SNE)** buyers coming in for 2000 April \$110 far OTM calls \$1 to \$1.05

**Wal-Mart (WMT)** buy-write with 2500 Dec. \$155 calls at \$2.90

**Mattel (MAT)** with another 7050 April \$10 puts sold to open \$1.03

**Post Holdings (POST)** seller of 1,000 December \$95 calls for \$2.10 with stock

**I-Robot (IRBT)** weak with 3600 November \$85 puts opening up to \$10.56, name with recent size put buys

### Energy

**SunPower (SPWR)** with 1500 December \$9 ITM calls accumulating this morning near \$3

**Sun-Run (RUN)** with 2000 October \$50 OTM puts bought \$1.35 to \$1.40

**Occidental Petro (OXY)** rising to highs with 15,000 January \$12 calls actively bought this morning up to \$1.25

**Diamondback Energy (FANG)** working out of a high volume zone base and 1180 January \$45 far OTM calls being bought \$1.25 offer, follows October deep ITM calls bought yesterday

**First Solar (FSLR)** buyers of 4000 October \$67.50 puts up to \$1.80

**SunCor (SU)** opening call sellers today with 3080 January \$15 and 2000 Dec. \$13

### Financials

**Zillow (Z)** hot name lately seeing 300 Oct. 30th (W) \$89 ITM calls bought \$12.50 to open, also 750 January \$95 puts bought against the \$70 puts

**Pennymac (PFSI)** with 1,000 November \$55 puts sold to open today from \$3.50 earlier and later \$3

**Visa (V)** with 500 June 2021 \$185 puts sold to open today for \$12.05

**Ambac Financial (AMBC)** with 2,500 February \$15 calls bought today between \$1.50 and \$1.60, won a court judgement this Summer against Countrywide that many expect opens the door to a settlement by year-end

**Charles Schwab (SCHW)** with 1,000 ITM December \$30 calls opening \$6.40 today

**Zion's (ZION)** buyer 2000 January 2022 \$35/\$45 call spreads and sells the \$25 puts, net \$0.25 credit

**Wells Fargo (WFC)** buyer 10,000 November \$27.50 calls \$1.15 to \$1.20

**Simon Property (SPG)** buyer 800 March \$95 calls \$4.65 to \$5.05

**Discover Financial (DFS)** bear flow with 900 April \$57.5 puts being bought for \$700K and April \$62.5 calls with 845X being sold to open for \$600K

### Healthcare

**CIGNA (CI)** April spreads selling 1000 of the \$155 puts to buy the \$170/\$210 call spreads, net \$2.55 debit

**Horizon (HZNP)** with 1100 December \$90 calls sold to open \$4.60 near the bid, likely writing versus stock position

**Global Blood Therapeutics (GBT)** seeing 2,000 December \$50 short puts open for \$4 as the September \$60 puts adjust from sales back in March

**Agilent (A)** another 2,000 November \$90 puts being sold for \$1.66 to buy the \$105/\$115 call spread 4,000X for \$2.65. A trade sold 1250 November \$100 puts to open now at \$4.49

**JAZZ Pharma (JAZZ)** with 1,050 November \$160 calls bought for \$6.10 today, strong run recently and recovered well since early August up around 40%. Come ahead of the Cantor conference later today and BAML conference on 9/18 and name with 1600 October \$140 calls and 1,000 October \$155 calls in OI from buyers recently

**Neurocrine (NBIX)** with the November \$100/\$85 put spread bought 2300X4600 today for \$3.50

**Eli Lilly (LLY)** seeing aggressive buys 1200 Oct. 2nd (W) \$152.50 calls \$3.60 to \$4, base breakout this week after a large bull spread earlier in the week, been some positive COVID news with it

**Bausch Health (BHC)** buyers active 8000 October \$18 calls this morning \$0.40 to \$0.61, been an event-driven name

**Xeris Pharma (XERS)** with 1700 April \$5 calls opening for \$1.55, a \$255M Biotech focused on hypoglycemia and presented at a HCW Conference yesterday and trades 1.77X cash with a low short float. XERS weekly breaking out of a range and out of a downtrend that started at highs in August 2018. XERS has 6000 October \$5 and 15,000 January \$5 calls in open interest as well. Piper started Overweight in February with a \$12 target, positive on its lead product Gvoke in a vastly under-penetrated space.

**Iovance (IOVA)** buyer of 1,000 October \$30 puts from \$1.70 to \$2 into strength with ESMO upcoming this weekend

**Bluebird Bio (BLUE)** stock moving with 1,000 October \$65 calls bought up to \$2

**Wave (WVE)** up 12% after the unusual Oct. call buying yesterday, and today 1000 of the \$22.50 calls active

**Accelaron (XLRN)** buyer of 600 November \$110 calls for \$4.75 as 600 September \$110 calls bought in mid-July adjust

**Alnylam (ALNY)** with 550 November \$140 calls sold to open today \$8.20 to \$7.50

### Industrials

**Thor (THO)** buyer 1000 September \$92.50 calls into weakness at \$2.50. **THO** buyer 1000 October \$95 calls now \$4.90 to \$5.10

**Camping World (CWH)** with 1345 January \$30 puts bought \$5.10 to \$5.20 offers. **CWH** also seeing 1000 each Oct. \$27 and \$28 calls sold to open, down another 9% today

**Beazer Homes (BZH)** buy-write with 1500 February \$15 calls sold \$1

**American Axle (AXL)** stock replacement sells 2,500 January 2022 \$5 puts for \$1.40 to open, shares weak this morning ahead of their CFO speaking at the MSCO conference later today

**Tata Motors (TTM)** with 2000 April \$10 puts sold to open today \$1.40 to \$1.35, shares breaking out of a flag

**Tesla (TSLA)** adjusting the 7000 March \$470 calls bought on 9/8 to the \$490 strike

**Spirit Aero (SPR)** with 4800 OTM January \$40/\$50 call spreads bought for \$0.45

### Materials

**Vulcan Materials (VMC)** buyer 450 October \$130/\$110 put spreads

**Cameco (CCJ)** with 10,000 December \$13 calls bought for \$0.67 as the September \$11 calls adjust, name with some size in the July 2021 and March 2021 calls as well

**Beacon Roofing (BECN)** seller 500 Apr \$35/\$30 strangles for \$8.25

**Dow Chemical (DOW)** buyer of 1,000 January 2022 \$57.50 calls for \$4.90, bull spreads recently opened as well in December



**Rio Tinto (RIO)** buyers of 2500 October \$65 puts earlier \$2.10 to \$2.30 and shares fading all morning

**Barrick (GOLD)** opening sale of 1,100 January 2022 \$40 puts for \$12.90 to \$12.85

### Tech and Telecom

**ST Micro (STM)** more bull flow with 1500 January \$35 calls bought \$2.15 to \$2.20

**CrowdStrike (CRWD)** bullish flow with 1200 next week \$133 calls being bought \$5.30 to \$5.40. **CRWD** also today seeing 1300 Oct. 2nd (W) \$130 puts active w/ buyers

**MACOM (MTSI)** opening sale 1000 November \$35/\$30 strangles for \$4.60

**Service-Now (NOW)** another 800 January \$470 calls active here where 900 opened yesterday

**HP Enterprise (HPE)** with 1,329 September 2021 \$10 puts sold to open for \$2.05 to \$1.90 in the laggard name that has been basing since March

**JD.com (JD)** opening sales 1500 March \$60 puts for \$3.15

**Oracle (ORCL)** opening sale 5000 Dec. \$62.50 calls \$3.45 in a buy-write

**Digital Realty (DLR)** with 4,000 October \$140 puts bought \$1.65 up to \$2

**Equinix (EQIX)** with 485 October \$750 puts bought to open \$15.70 to \$16.50, similar to **DLR** puts in data center

**LAM (LRCX)** with 1000 October \$320 calls opening \$11.82, looks to be adjusting \$330 calls that sold to open 8/31

**Slack (WORK)** with 1200 March \$23 puts sold to open \$3 to \$3.05. **WORK** opening sales of 2850 June 2021 \$20 puts \$2.51 as well today

**Analog Devices (ADI)** with 750 March \$110 puts bought for \$8.35 with stock

**Z-Scaler (ZS)** opening sale 600 October \$130 puts \$7.75 bid

**Xilinx (XLNX)** buyer 500 June 2021 \$105 calls to open \$13

**Zoom Video (ZM)** buyers of 750 October 23rd (W) \$407.50 calls for \$34.65 to \$35.60, over \$2.5M. **ZM** buyer this afternoon of 1000 Oct. 2nd (W) \$412.50 puts for \$22.40

**Verizon (VZ)** seller of 1,000 June 2021 \$57.50 puts for \$3.23 with shares up near a monthly flag breakout

**Pinduoduo (PDD)** opening sales of 1,270 April \$70 puts today around \$7.95 to \$7.85 in stock replacements

**Intel (INTC)** with 1500 April \$50 puts sold to open \$5.04

**Spotify (SPOT)** continues to rebound off day lows and late morning trades sold 980 September 2021 \$190 puts to open \$25.70 down to \$24.40 bringing in over \$2.2M in premium

**nLight (LASR)** spread sells the March \$30 calls for \$1.05 and buys the December \$17.50 puts for \$1.00, up to 2500X

**American Tower (AMT)** with 1000 October \$250 puts bought \$3.20 to \$3.45

**Vonage (VG)** nice candle today and 1000 December \$11 calls opening \$0.85 offer

**Micron (MU)** June 2021 \$25 deep ITM calls active today over 5000X, popular strategy the past week

**Ichor (ICHR)** buyers of 1,000 October \$22.50 calls today for \$1.30 to \$1.40 into weakness

**Utility**

**PG&E (PCG)** with 5000 March \$9 puts sold to open today \$0.99

**Disclaimer:**

**Not Investment Advice or Recommendation**

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