

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 9/20/2019

### Sector Leaders

Biotech

Med-Tech

Retail

### Stock Gainers

MDR 70%

CRC 18.5%

IBN 10%

HDB 9%

SCS 9%

HRI 8.6%

ENS 8.6%

### Volatility Gainers

- ROKU
- GME
- VAL
- AXTA
- GWPH
- AAOI

### High Call Volume

- FOXA
- FBHS
- CRI
- RACE
- GDDY
- EMR

### Bullish Options

- CNC
- SNAP
- PM
- LITE
- FOXA
- WYNN
- DELL
- TPR
- AMD
- TER
- BA

### Sector Laggards

Metals

Aerospace

Communications

### Stock Losers

ROKU -13.2%

FRAN -9%

BTU -9%

PCG -6%

XLNX -5.9%

NFLX -5%

TPTX -5%

### Volatility Losers

- CRC
- MDR
- SCHL
- SCS
- S
- SNBR

### High Put Volume

- SNBR
- ENTG
- DXC
- CTSH
- AXTA
- BJRI

### Bearish Options

- CCL
- BHC
- GH
- MMM
- AXTA
- BBY
- SNBR
- GWPH
- MAC
- IRM
- TSCO

**Market Review:** Stocks wavered in a narrow range overnight a bit higher into the open and quad witching expiration. Discussions on China Trade remain in focus as the Fed Meeting has passed with meetings set for October, a month historically providing increased volatility to markets globally. We saw strength in Biotech and Med-Tech while Retail/Banks bounced. Stocks dropped in the early afternoon on further trade angst with the Chinese delegation cancelling a trip. Moves were exacerbated with it being OpEx and overall a sideways range for markets this week, and looking ahead of a more active economic schedule next week.

### S&P Chart:



Resistance	Support
3,030	2,955
3,050	2,900
3,100	2,820

**Options Action Trends:** A slow day with adjustment trades dominating.

**What's On Tap:** Looking ahead to next week it kicks off with Chicago Fed Index and September Flash PMI reports. On Thursday we get GDP and Pending Home Sales and Friday Personal Spending/Income & Durable Goods Orders, an active week of economic data as we close the month/quarter. Nike, Accenture, Micron, Carnival, AutoZone, McCormich, IHS Markit, Jabil and CarMax highlight the quiet earnings schedule. Tech also in focus with the Senate hearings on antitrust.

### Trade Tracker Portfolio Changes:

1. No Change



## Facebook Calls Accumulate as Return to Highs Seen

**Ticker/Price:** FB (\$190.10)

### Analysis:

**Facebook (FB)** shares setting up well and looking to clear the 50-MA and buyers active yesterday for more than 4,500 October 4th (W) \$195 calls and follows buyers of 2,000 October 11th (W) \$192.50 calls last week. FB Has seen some size November \$190 and \$205 calls bought in late August/early September and a lot of bullish open interest stretching across October, November, and out to June 2020. Shares tagged the 200MA on 8-23 and held with a nice base forming and potential for a run back to \$205. The big rising channel throughout the year targets a move ultimately to \$220. The \$537B company trades 19.8X earnings, 8.6X sales, and 30X FCF with EPS growth accelerating 15% and then 18.25% the next two years. FB continues to see low-20% revenue growth as they monetize a wide range of assets from Instagram and Messenger to WhatsApp. Analysts have an average target for shares of \$222.50. Cleveland Research raising estimates on 8-27 after checks suggest advertising spend appears better than expected. The firm says the higher spend is being driven by improving ROI, adoption of stories, and gains within digital video budgets and the analyst suggests further upside to ROI as a result of Campaign Budget Optimization, success with Direct Response Stories ads, positive feedback regarding the Instagram Shopping Beta, and limited impact from digital budget diversification. MKM starting at Buy on 8-2 with a \$245 PT as FB offers a rare combination of scale, growth, and profitability with significant runway ahead as they improve ad targeting, user experience, and monetization. Short interest is 0.9%. Hedge fund ownership rose 3.89% in Q2. Tiger Global a top holder with 8.975M shares while Viking Global, Coatue, Lone Pine, Appaloosa, and Altimeter all top holders.

### Hawk Vision:



**Hawk's Perspective:** FB has a small cup and handle and above \$192 can make a run to \$200 or higher into earnings. Fundamentals remain strong outside of the regulatory overhangs with user privacy.

**Confidence Ranking:** \$\$



## Centene Calls Accumulate on Consolidation Potential

**Ticker/Price:** CNC (\$46.7)

### Analysis:

**Centene (CNC)** bullish action this morning with 1000 October \$45 calls bought \$2.50 to \$2.60 and 1000 December \$45 calls bought \$4.10 offer, and follows the December \$47.5/\$42.5 bull risk reversal 2,500X5,000 yesterday and 2,500 December \$47.5 calls opened the prior day. CNC has seen accumulation in upside calls across multiple months and still has 12,500 December \$47.50 short puts in OI. Shares have pulled back and based for a few weeks at the rising 233 week EMA and looking to rebound. The \$19B managed care Co. trades 9.45X Earnings, 12.7X FCF and involved in M&A with a merger with WellCare (WCG), though rumors persist that Humana (HUM) may look to buy CNC and break up that deal. Hedge funds Corvex Management LP and Sachem Head Capital Management LP have built stakes in U.S. health insurer Centene Corp and are exploring challenging its planned \$17.3 billion acquisition of WellCare Health. Analysts have an average target of \$72 and short interest has risen to 18.5% of the float, though likely M&A arbitrage related. Viking Global also added to its large position in Q2 and Third Point took a new stake, hedge fund ownership up 44%. CNC will host an Investor Day on 12-13 and next reports 10-22. Deutsche Bank started coverage at Buy with a \$62 target earlier this month seeing it well positioned to grow market share organically and through the WCG acquisition, but also believes it is a M&A target itself.

### Hawk Vision:



**Hawk's Perspective:** CNC looks interesting versus recent lows and above this 33 EMA would solidify the base breakout, an intriguing event name with a lot of hedge fund interest.

**Confidence Ranking:** \$\$





## Unusual Bullish Trade in DBV Tech for Allergy Solution

Ticker/Price: DBVT (\$9.50)

### Analysis:

**DBV Tech (DBVT)** a coiled chart set-up and a name with no notable open interest today seeing 1800 November \$10 calls open for \$1.80. Short interest at 9.5% of the float has risen to a three year high. The \$700M clinical-stage biopharmaceutical saw peer Aimmune (AIMT) see its peanut allergy drug as the first FDA-approved. DBVT also has a Phase 3 Peanut Allergy candidate and a Phase 2 for Milk. HC Wainwright out recently saying DBVT still has the edge with less safety concern for Viaskin, and has a \$25 target on shares. Goldman started shares Buy with a \$14 target in June, catalysts include Biologics License Applications re-filing in Q3 and FDA acceptance in Q4, a potential panel hearing in mid-2020, and likely final U.S. approval by the end of 2020. Perceptive Advisors, Deerfield, and Boxer Capital among top buyers in DBVT in Q2.

### Hawk Vision:



**Hawk's Perspective:** DBVT is interesting versus the recent reversal low, clearly an event-driven name but looks like a potential emerging winner in this niche.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**Russell (IWM)** ITM December \$146 synthetic opens 12,500X as September adjusts

**Biotech (XBI)** strong group of late seeing 2500 October \$82 calls open as September \$80 adjust

**S&P (SPY)** Oct 25th (W) \$290 puts with 20,000 opening against the \$285 puts

**MSCI EAFE (EFA)** with 12,000 January 2022 \$65 calls opening today \$5.60 in bull risk reversals that are selling the \$50 puts

## **Consumer Discretionary/Services**

**Carnival (CCL)** weak again with buyers of 1000 October 4th (W) \$48.50 puts for \$1.70

**Bed Bath (BBBY)** with 20,000 October \$9 puts opening \$0.62

**Fox (FOXA)** with 6,000 October 11th (W) \$32.50 calls bought up to \$0.80

**Wynn (WYNN)** buyer of 1000 December \$115 calls \$7.50 to \$7.70, follows size March call adds yesterday

**Tapestry (TPR)** rising with 5500 next week \$26 calls bought \$0.40 to \$0.55

**Carter's (CRI)** with 1000 October \$95 calls opening \$1.20 with September calls adjusting

**Tractor Supply (TSCO)** with 2600 Oct. 4th (W) \$90 puts bought \$1.50 to \$1.60

**National Vision (EYE)** IV rising with 1000 October \$25 puts bought

**Advanced Auto (AAP)** with 790 October \$165 OTM calls bought \$1.20 to \$1.40 with **AZO** reporting next week

**Nordstrom (JWN)** stock replacements opening 1500 April \$37.50 calls into afternoon weakness

## **Consumer Goods**

**Philip Morris (PM)** with 870 ITM Dec. \$70 calls opening \$4.70. **PM** calls now over 1100X. **PM** Dec 70 calls up over 2000X now

**Estee Lauder (EL)** with 1200 October \$190/\$185 bull put spreads opening, also seeing October \$195/\$200 call spreads bought 750X

**Monster (MNST)** with 400 January 2021 \$70/\$55 bull risk reversals opening at \$1.05 credit after bullish Stifel note this morning

**ConAgra (CAG)** with 1150 January \$29 puts opening \$1.75 offer

**National Beverage (FIZZ)** with 1000 December \$45 puts bought up to \$4.50

## **Energy**

**Petrobras (PBR)** seeing 10,000 September \$17 short puts from mid-July roll out to the January \$17 puts which are sold for \$2.75

**SM Energy (SM)** with speculative buys of 3000 October \$12.50 calls \$0.40 to \$0.45

## **Financials**

**Macerich (MAC)** with 2700 March \$35 puts opening \$4.80 and also 800 March \$32.5 puts for \$3.20

**Iron Mountain (IRM)** buyer 2000 October \$32.50 puts \$0.85

**Tanger (SKT)** buyer 2500 December \$14 puts \$0.55/\$0.60 offer, size puts in OI

**Zillow (Z)** with 2000 October \$30 puts bought to open as Sep. \$35 adjust

**Goldman (GS)** with 750 April \$195 puts opening \$8.10 tied to stock

**One Main (OMF)** nice chart and 675 November \$39 calls bought \$1.80 to \$1.85 to open

**CyrusOne (CONE)** spreads buying October \$80 calls and selling March \$85 calls 1200X after the M&A reports yesterday

**Hartford (HIG)** buyers of 1300 December \$65 OTM calls \$0.72 to \$0.80 into afternoon lows

### Healthcare

**Arena Pharma (ARNA)** basing on 200 MA and early action with 850 January \$65 OTM calls trading \$1.79 to \$2

**Guardant (GH)** with 1200 October \$70 puts opening as September puts adjust

**GW Pharma (GWPH)** with 500 January 2021 \$160 puts opening as January \$170 adjust. **GWPH** with 1000 Oct \$110 puts opening as well \$0.80

**Centene (CNC)** now trades the December \$50/\$40 bull risk reversal 2500X5000

**Bluebird (BLUE)** with another 1000 November \$105 puts sold to open for \$8, will confirm OI change Monday

**Cerner (CERN)** with 3500 October \$67.5 short puts opening \$1.35 as September adjust

**Blueprint Medicine (BPMC)** with 1500 October \$105/\$65 bull risk reversals opening for net credit of \$0.05

**Moderna (MRNA)** with 800 April \$12.50 puts sold to open \$1.05

**Haemonetics (HAE)** strong name not far off new highs seeing 1200 October \$135 calls sold to buy the \$125 puts today, potentially collaring shares

### Industrials

**Boeing (BA)** buyer 200 Oct. 25th (W) \$380 calls \$14.80. **BA** also with 2000 October \$380 calls bought \$10.75 to \$10.80

**3M (MMM)** with 2000 January \$185 calls sold to open down to \$2.11

**Tesla (TSLA)** spread sold 5000 December \$275 calls to buy 5000 of the \$240/\$210 put spreads

**ZTO Express (ZTO)** opening sale 1000 April \$20 puts \$1.15

**General Dynamics (GD)** spread selling 1000 January \$160 puts to buy 1,500 of the \$200 calls

**Illinois Tool (ITW)** buyer 400 Nov. 1st (W) \$157.50 calls \$4.20 offer

**DR Horton (DHI)** with 1500 January \$50 puts bought \$2.45 tied to stock

**Jet Blue (JBLU)** with 1500 October \$18 puts sold to open for \$1

**AMETEK (AME)** a top Industrial with 580 December \$95 calls opening today \$1.80

### Materials

**Top Build (BLD)** buyer of 750 April \$80/\$60 put spreads for \$3.01 where 500 already sit in OI, some more Dec. spreads adjusting

**Builder First Source (BLDR)** seeing 4000 Sep \$20 short calls roll to Oct \$21

**Axalta (AXTA)** fading with 5,500 October \$30 puts bought \$0.90/\$0.95 amid their sale talks, company which has failed to reach a deal in the past

**Fortune Brands (FBHS)** opening seller 1400 December \$57.50 calls \$1.15 to \$1.10

**Pan American Silver (PAAS)** basing after pulling back to its 50 day MA seeing 1500 April \$16 synthetic long positions open

**Trex (TREX)** buyer 1000 October \$90 calls \$1.80 to \$1.85

**Nutrien (NTR)** 900 Dec \$55 calls bought \$1.15 offer

**US Steel (X)** with 20,000 November \$10 puts opening \$0.64 as October \$12/\$10 spreads adjust

**Anglo-Gold (AU)** IV falling this afternoon with 6000 October \$20 calls selling to open for \$1

### Tech and Telecom

**Snap (SNAP)** with 1900 November 1st (W) \$17.50 calls bought to open early at \$1.31 offer. **SNAP** also with 10,000 Oct. 11th (W) \$16.50 calls opening today with sellers driving IV lower

**Dell (DELL)** with 1500 April \$60/\$50 bull risk reversals opened at \$1 credit

**Lumentum (LITE)** higher with the IIVI/FNSR deal approval, and seeing 500 Nov. 1st (W) \$64 calls open up to \$2.10

**Yelp (YELP)** buyer of 1,500 October \$36 calls for \$1.31, rolling back 1000 of the \$37 calls as it fades a bit from the recent Groupon (GRPN) M&A talk

**Alibaba (BABA)** buyer of 3300 Oct. 4th (W) \$185 calls for \$3.30 as 1,200 Oct \$175 calls adjust into Analyst Day

**Oracle (ORCL)** opening sale 600 March \$57.50 ITM puts \$5.55 to \$5.50

**Netflix (NFLX)** with 1150 March \$230 puts sold to open \$11.25 today, also seeing 1000 of the \$365 calls sold to open. **NFLX** down 5.6% and 10,5000 October \$285 synthetic long opens and 3000 November \$275 calls are bought \$17 as the \$300 calls look to adjust

**Advanced Micro (AMD)** stock replacement opens 10,000 November \$31 calls \$2.07

**Uber (UBER)** with 1500 January 2021 \$33 puts opening \$6.90. **Uber (UBER)** buyer of 2600 January 2021 \$20/\$18 put spreads for \$0.55

**Teradyne (TER)** with 800 far OTM April \$75 calls bought \$1.75

**Tencent Music (TME)** with 1500 April \$12 puts sold to open for \$0.90

**NXP Semi (NXPI)** buyer 2500 November \$100 puts \$2.89 tied to stock

**Trip Advisor (TRIP)** IV rising with shares falling as 2000 next week \$40.50 puts are bought \$1.15

**Sea (SE)** buyer 800 February \$31 calls to open \$4.70. **SE** also with 10,000 Oct \$35 calls bought \$0.45 offer

**Sono (SONO)** with 4000 October \$15 puts opening \$0.65 to \$0.75 looking to fade recent strength

**MicroChip Tech (MCHP)** with 300 January 2021 \$110/\$87.5 bull risk reversals opening \$3.55 credit

**Amazon (AMZN)** holding near \$1800 seeing 1300 November \$1790 synthetic longs open as Sep. adjust

**Google (GOOGL)** with 1000 October \$1200 synthetic long positions opening, more September adjustments

**Salesforce (CRM)** with 13,000 November \$150 synthetic longs opening as September adjust

**Instructure (INST)** buyer of 880 February \$40 puts to open \$5.50 to \$5.80

**Pure Storage (PSTG)** with 2700 October \$17.50 calls bought into afternoon market dip at \$0.75 offer

**InterXion (INXN)** strong with M&A talk in the data center space seeing 850 Oct \$75 ITM calls open as 1065 September \$75 close

## Utility

**Southern Co (SO)** with 1600 November \$60/\$62.5 call spreads bought

### **Disclaimer:**

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

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