

OptionsHawk

OPTIONS HAWK DAILY MARKET 9/27/2019

Sector Leaders

Financials

Materials

Industrials

Stock Gainers

JE 27%

USAT 9%

AVDL 8.8%

ENDP 8.5%

ASNA 8%

Volatility Gainers

- NIO
- NAT
- PETS
- AMRS
- ALDR
- GME

High Call Volume

- PETS
- VOYA
- AOBC
- SDC
- BYD
- CNDT
- DOVA
- QGEN

Bullish Options

- AXSM
- BYD
- PII
- BLUE
- MXL
- BA
- CRM
- AMT
- TMUS
- AAL
- MS

Market Review: Global markets closed the week mixed with trade optimism again helping keep markets afloat overnight. The US and China set a data (10/10 and 10/11) for trade talks in the US. Personal income rose 0.4% in August, as expected, while durable goods were surprisingly strong at 0.2% growth. Consumer spending slowed modestly. Michigan sentiment rose slightly in its final read for Sept although worries about the economy and trade continue to linger ahead of the Holiday season. Stocks took a strong turn lower mid-morning after reports out that the Trump administration was considering limiting US investor holdings on Chinese-based companies and even potentially de-listing some names. This would be a new, and somewhat extreme, turn in the escalating tensions between the two sides. Tech was under a lot of pressure with the news with a lot of exposure. The SPX traded under yesterday's range in the afternoon and back at the 50-MA which has flattened at bit around 2,954. The August range resistance at 2,940 is the big area to hold on the downside. We got a bearish MACD crossover this week and MACD under 50 on Friday, certainly some risk-off signals.

S&P Chart:



Resistance	Support
3,030	2,945
3,050	2,900
3,100	2,820

Options Action Trends: We saw a lot of short-term bearish plays into tech names, especially China-related like IQ, HUYA, BILI and others. Asset managers KKR, APO, and BX drew bearish flow.

What's On Tap: The week starts quiet before PMI Manufacturing and Construction Spending on Tuesday as well as Macau numbers will be the usual first-of-the-month reads. ADP Employment on Wednesday and then Factory Orders/ISM Non-Mfg on Thursday. The focus will be on NFP on Friday. Notable earnings from COST, MKC, THO, LW, AYI, PAYX, BBBY, STZ, and PEP.

Trade Tracker Portfolio Changes:

1. **BSX** – Closed Call Spreads \$0.80 (Opened \$1.70)
2. **Spotlight:** Long the **CBOE** December \$120 Calls at \$3

Sector Laggards

Tech

Utilities

Staples

Stock Losers

INMD -17%

NIO -11%

MU -10.3%

HUYA -10%

OSTK -9.5%

Volatility Losers

- INFN
- DNR
- S
- MNK
- MU
- SDC

High Put Volume

- NOAH
- MCK
- ALDR
- GWRE
- BK
- KKR
- CIT
- WU

Bearish Options

- BILI
- PDD
- OKE
- LK
- IRM
- STX
- NOAH
- TME
- FTDR
- PAYC
- ZEN



AMD Calls Active into Product Launch

Ticker/Price: AMD (\$29.35)

Analysis:

Advanced Micro (AMD) strong early flows today with a buyer of 4000 February \$30 calls to open \$3.72, sells 2000 Nov. \$33 calls, and then 6500 Oct. 11th (W) \$30 calls bought as well early. AMD has seen size buyers in the November \$30 calls this week, over 39,000 now at the strike. AMD has also seen size buyers in the November \$28 and \$31 calls as well recently. Shares are trading back near the August lows and multi-month support at \$28 with a wedge forming under \$31 and the 50-MA. A move higher targets \$34 which was a key VPOC from July. Longer-term, AMD has been in a steady trend higher and continuation has upside to \$45. The \$32.7B company trades 27.85X earnings, 5.5X sales, and 29X cash. They expect to see significant EPS growth the next two years while revenue growth tops \$9.65B, mid-teens growth the next two years. AMD expects to launch their new 16-core Ryzen processors in November and management out earlier this week noting they're delaying slightly to ensure a smooth rollout given early demand indications. AMD continues to see strong long-term tailwinds from growth in gaming, AI, VR, and cloud expansion. Analysts have an average target for shares of \$31. Mizuho positive on 9-20 after checks, expecting the company to pick up share into year-end. Susquehanna with a positive note on 9-19 expecting upside due to new IP licensing agreements, increasing design wins in the data center, and share gains in GPU's. RBC positive on 9-11 noting concerns over the Ryzen 3 are unfounded. Short interest is 11.5% but near its lowest levels since 2016. Hedge Fund ownership fell 13%.

Hawk Vision:



Hawk's Perspective: AMD is right at trend support from May and potential for a nice weekly reversal above \$29.50, it can be traded with a tight stop otherwise more attractive for a swing back near the 200-day at \$27.

Confidence Ranking: \$\$



Polaris Calls Position for Seasonal Strength into Winter

Ticker/Price: PII (\$86.83)

Analysis:

Polaris (PII) buyer of 1,500 December \$90 calls for \$5.20 in a stock replacement and name which already has 2,000 of the December \$85 calls and 1,000 December \$95/\$115 call spreads in OI from 9-19. Shares are consolidating in a bull flag around the 20- and 50-MA after a move off the recent lows and a move above \$91/\$92 has room up to \$100. Longer-term, PII is working on a big multi-month base under \$100 with positive weekly RSI divergence. November is seasonally one of the strongest months of the year for shares ahead of the Winter push. The \$5.4B company trades 12.9X earnings, 0.8X sales, and 49.5X FCF with a 2.8% yield. They see EPS growth of 7.8% and then 9.65% the next two years with revenue growth of 3.5% to 4%. PII has been working to stabilize margins in the face of tariff headwinds and seeing positive volumes at their Indian Motorcycles business as well as their boating business. PII is lapping some tougher comps and reports of a heavier winter in parts of the US could be a tailwind for their snowmobile unit which has unveiled new models recently. Analysts have an average target for shares of \$107. UBS upgrading to Buy on 7-31 with a \$105 PT seeing shares pricing in the tariff risk. Raymond James with a Strong Buy and \$108 PT noting the core business continues to improve despite the macro headwinds and set to accelerate once US/China issues are settled. Lake Street with \$112 PT. Short interest is 6% and at the lowest level since August 2014. Hedge fund ownership rose 33.5% in Q2. Insiders were very active in the name at slightly higher prices in 2018 with over \$1.2M in stock bought by four different directors and the CEO buying \$312K in stock at \$104/\$105.

Hawk Vision:



Hawk's Perspective: PII has some obvious headwinds from tariffs, especially the incoming tranche, so can be kind of tricky to play but the insider buying and seasonal strength is interesting for a trade if it sets up.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

NASDAQ (QQQ) spread sold 5000 January \$170 puts \$2.90 and bought 5000 December \$190 calls \$6.80, have to confirm open interest change Monday. **Nasdaq (QQQ)** the October \$182/\$172 put spread bought 20,000X on the day for \$1.43

Gold (GLD) buyers today of 1,500 June 30th (Q) \$144 calls for \$7.35 to \$7.40

Semis (SMH) buyers opening 5,000 October \$117 puts for \$2.33 to \$2.39

S&P (SPY) the October 30th (W) \$290 puts being bought over 9,000 for \$3.88 to \$4.00, spread with sales of the October 7th (W) puts in calendar spreads and also later seeing 20,000 October 30th (W) \$282 puts bought up to \$2.49 to open. SPY also with over 15,000 October 25th (W) \$300 calls opening on the day around \$2.65

Consumer Goods and Services

Costco (COST) will report earnings 10/3 after the close with a slow week of reports, consensus calling for \$2.54 EPS and \$47.6B in Revenues (+7.2%) as it closes FY19 and Q1/FY20 seen at \$1.171/\$37.4B and \$8.55/\$163.93B. COST shares have closed lower 5 of its last 6 reports with a six quarter average max move of 4.7%. The \$127.43B bulk retailer trades 33.7X Earnings, 0.85X Sales, and 19.8X EBITDA with a 0.9% dividend yield. Estimates call for another year of 7%+ topline growth through EPS estimated at just 5.7% growth, weakest since 2016. Analysts have an average target of \$292 and short interest at 1.3% of the float is up 11% Q/Q. OpCo downgraded shares on valuation on 9-11 with aggressive Street forecasts and difficult comps a concern, but did cite prospects for a \$10-\$15 special dividend. COST posted 5.5% August comps, ahead of 3.8% estimates with strong traffic and 23.9% e-commerce growth, a Co. that continues to gain market share with strong sales/traffic trends, high membership renewal rates, ecommerce growth, and a recent expansion to China. Gordon Haskett upgraded to Buy with a \$330 target recently also seeing a likely special dividend. Bernstein out bearish on 9-19 cutting to Underperform on valuation with risks of the pace of growth on competition and a potential economic downturn while China growth could underwhelm. Hedge Fund ownership fell 9.75% in Q2 filings. On the chart shares have pulled back off recent highs and basing above its rising 55 MA, a strong trend though weekly MACD showing some negative divergences. Shares could find support at \$280 as a retest level on weakness. COST options are pricing in a 3.9% earnings move and 30 day IV Skew at 3.5% compares to the 2.3% 52-week average. COST saw a trade sell 1000 April \$240 puts to open yesterday, and has 1120 Oct. 4th (W) \$285 calls in OI from a buyer 9/19 and 1975 of the \$300 calls. It also has 700 Oct 11th (W) \$292.5 calls bought on 9/11 in a \$700K trade. I would expect COST to continue momentum and a potential earnings strategy is the October \$290/\$300/\$305 unbalanced call fly for \$2.75 debit.

Costco (COST) with 1,000 April \$250 puts sold to open today for \$7.30 ahead of earnings next week, similar to put sales in the \$240 strike yesterday

Lowe's (LOW) with another 10,000 April \$100 calls bought as Oct. \$100 adjust out

ActVision (ATVI) with 1529 Nov. 1st (W) \$56 calls opening \$1.80, same expiration as EA calls yesterday

Wayfair (W) with 1000 Oct. 4th (W) \$120 puts opening up to \$4.65

Altria (MO) buyer of 3,000 November \$42.50 calls for \$1 in a stock replacement strategy, weak recently with the Juul headwinds

Target (TGT) with 1000 November \$105 calls bought near \$4.80. **TGT** calls up over 3000X

Canopy Growth (CGC) with 3,000 November \$30 synthetic short spreads opening for \$6.60 with shares near a range breakdown

Constellation Brands (STZ) earnings on 10-3 and today seeing Oct. 4th (W) \$207.50 calls bought against sales of the \$190 puts and the \$220 calls in bullish covered risk reversals

Under Armour (UAA) buyer of 725 November \$17.50 calls for \$3, some Oct. calls adjusting out

Las Vegas Sands (LVS) with 1,195 November \$57.50 puts bought up to \$2.25 into strength following the S&P add

Hilton Grand (HGV) shares higher with 2,000 November \$33 calls bought up to \$1.70 as the company is being pushed to sell itself

Dillard's (DDS) buyers of 1000 November \$60 puts for \$4.80 to \$4.90 into strength today, shares up over 8.5%

New Education (EDU) shares back at the 50-MA today and 450 October \$110 calls being bought up to \$3.00 to open

Mattel (MAT) buyers opening 4300 October \$10.50 puts for \$0.40

Boyd Gaming (BYD) with 1,500 January \$26 calls opening for \$1.05

Luckin (LK) buyers of 1500 October \$21 puts for \$2.65 to \$2.75 into weakness

Melco (MLCO) buyer of 1,000 January \$21 calls for \$1 into weakness today

Energy

Enphase (ENPH) buyers into weakness opening 2,350 October \$22.50 calls up to \$1.85

Transocean (RIG) buyer of 15,000 May \$4 puts for \$0.64, tied to stock. **RIG** also seeing 7500 May \$5 puts bought for \$1.20

ONEOK (OKE) buyers of 3,850 January \$65 puts today for \$1.40 to \$1.45

Sun Power (SPWR) buyer of 5,000 October \$12.50 calls for \$0.53 to \$0.54, another solar name seeing bull flows this week

Financials

StoneCo (STNE) with 935 November \$35 puts bought \$2.60

Square (SQ) with buyers of 2000 next week \$61 calls as shares rally strong off session lows

Prudential (PRU) with 600 March \$80 puts opening \$3.10 as January \$75 short puts adjust

NYC Bancorp (NYCB) buyers of 5,800 January \$12 puts for \$0.50 to open today into strength

T Rowe Price (TROW) on the highs with 1,000 October \$115 calls bought \$1.80 to \$1.90 to open this morning, shares pulling back to the rising 50-MA

Wells Fargo (WFC) higher by 4% today after announcing a new CEO from outside the company and buyers opening 11,500 January 2021 \$55 calls for \$3.55 to \$3.60 seeing the company putting some of its recent issues behind it and closing the valuation gap with peers

Apollo (APO) buyer of 600 January 2021 \$32 puts for \$2.95

Blackstone (BX) buyer of 5,000 January 2021 \$37 puts today for \$2.35 and later the Jan. 2020 \$45/\$40 put spread 5000X

Noah Holdings (NOAH) buyers of 2,150 October \$30 puts for \$1.35, an asset manager with exposure to China. NOAH, those Oct. calls over 6000X now and also seeing 2,700 December \$25 puts bought up to \$1.

S&P Global (SPGI) with 2,000 October \$245 puts sold for \$4 to open this afternoon

Healthcare

Tandem (TNDM) with 600 October \$63 puts opening ITM early \$4.50 to \$4.60

Petmed Express (PETS) with 4,000 October \$20 calls bought up to \$0.60, spot where 1,800 were bought yesterday

J&J (JNJ) with 1,190 October \$131 calls bought up to \$1.50 to open today with shares hammering off of support

Amgen (AMGN) with over 1000 January \$200/\$170 put spreads bought as the October spreads look to be adjusting

McKesson (MCK) buyers of 440 November \$135 puts up to \$7 with shares rolling back near recent support

Guardant Health (GH) buyer of 1,000 October \$70/\$75 call spreads for \$1.20 into recent weakness

Dova Pharma (DOVA) buyers of 735 November \$20 calls up to \$3 to open today, spot where 400 opened yesterday. The \$617M biotech has shown relative strength recently ahead of Phase 3 data early next year in CIT

Urogen Pharma (URGN) buyers of 450 February \$25 puts for \$4.00 to \$4.10 today, ugly week for the name after data

Axsome Therapeutics (AXSM) buyer of 1,453 December \$25 calls for \$5.30, spread with the \$35 calls

Arqule (ARQL) spreads today are selling 1000 January \$11 calls to buy the \$6 puts for \$0.58 ahead of Q4 data

Bluebird bio (BLUE) buyers of 500 November \$100 calls for \$5.95 to open here, recent put sales

Exact Sciences (EXAS) with 1,000 October \$95 calls opening for \$3.42 today, rolling back the \$97 calls

Smile Direct Club (SDC) another 5,000 November \$15 calls being bought for \$1.40 and spread vs the April \$25 calls which are sold for \$0.60; recent IPO which has struggled out of the gate

Alnylam (ALNY) buyer of 1,000 December \$85 calls for \$5.20 to open today, a biotech holding up better than most and presenting at the Cantor conference next week

Cardinal (CAH) buyer of 1,950 November \$42.50/\$37.50 put spreads for \$0.75 today into recent strength

Industrials

Tesla (TSLA) early buyer of 1000 December \$260 calls \$16.70 to \$17. TSLA also with 2000 October \$222.50 puts sold to open down to \$3.45 ahead of deliveries data next week

Helmerich and Payne (HP) with 2000 March \$37.50 puts sold to open \$3.30

Stanley Works (SWK) stock replacement buys 568 January \$150 calls for \$6.60, looking to add to open interest

Deere (DE) buyer of the November \$165/\$185 call spread 600X1,200 today for \$5.90, shares coiled in a narrow range

Boeing (BA) with 585 January 2021 ITM \$320 calls opening today \$89.25 and \$91

American Air (AAL) buyer opening 1000 December \$24 calls for \$4.00 to \$4.20

Emerson (EMR) buyers of 5,000 November \$67.50 calls up to \$1.10 earlier with the news about DE Shaw pushing for a breakup

Materials

Int'l Paper (IP) buyer of 1,100 November 8th (W) \$41.50 calls for \$1.67, some weekly calls rolling out and up

Amyris (AMRS) shares pop with the March \$5/\$3.50 bull risk reversal opening for \$0.67, 1000X. Shares are working out of a small flag today and relative strength as it moves above the 20-MA since early August.

Tech and Telecom

Guidewire (GWRE) large bearish bet as 2000 December \$105 puts bought \$7.90 to \$8.50. **Guidewire (GWRE)** also seeing 500 October \$100 puts bought \$2.35 to \$2.90

Carvana (CVNA) weak again today but 475 January \$70/\$85 call spreads open early for \$4.50. **CVNA** now with 2,500 October \$70/\$77 call spreads bought to open for \$1.35

Conduent (CNDT) with 2500 November \$7.50 calls being bought to open \$0.40 to \$0.50

I Robot (IRBT) another 500 November \$65 puts bought up to \$8 into strength following an upgrade, spot where 3750 have been bought already this week

Nexstar (NXST) with 2,000 November \$120 short calls adjusting out to January \$130 calls which are sold for \$1.10

Zoom (ZM) buyer of 1000 Oct. 4th (W) \$77.50 puts to open up to \$2.20

Box (BOX) opening sale 2000 October \$16 puts for \$0.50

C-Trip (CTRP) with 685 December \$30 calls bought this morning \$2.50 to \$2.55, shares hitting multi-month lows. CTRP also with 1000 October \$30.50 calls bought for \$1.05. CTRP also seeing 1600 October \$28.50 puts bought on the afternoon up to \$1.15. The \$16.55B online travel Co. trades 18.55X Earnings an 3.5X Sales. CTRP has seen 2000 November \$30 short puts open and has 3900 January \$30 calls and a lot of January short puts in open interest. CTRP priced a secondary offering of 31M ADS at \$28 this week. Cowen raised its target to \$40 recently with growing confidence in margin expansion. MSCO cut to Equal Weight with a \$35 target on 9-10 seeing Macro and Industry headwinds. Jefferies started shares Buy with a \$47.5 target back in August with the long-term story benefiting from rising income levels and urbanization with market share gains in China and overseas. Booking (BKNG) has a \$1B stake and BIDU has a \$575M stake.

Uber (UBER) buyers opening 1380 November 1st (W) \$30 puts for \$1.48 to \$1.55

Cohu (COHU) stock and IV rising with 650 November \$12.50 calls bought up to \$2.05 to open; Craig Hallum with a \$20 PT recently citing optimism around a turn to growth in 2020 after Huawei headwinds and automotive slowing this year

Trimble (TRMB) another 1,300 November \$40 calls being bought today for \$1.45 in a stock replacement, spot with 2000 already as shares base under a big low-volume gap from 8-1

Sony (SNE) opening sale of 4000 November \$55 puts at \$1.05

Applied Materials (AMAT) with 1000 November \$52.50 calls being sold to open from \$1.84 to \$1.76

SmartSheet (SMAR) buyer of 1500 October \$40/\$45 call spreads for \$0.82 into weakness recently

Cirrus Logic (CRUS) buyer of 1,850 October \$53 puts for \$1.45 to \$1.50

Zen Desk (ZEN) with 1,000 October \$70 calls sold to open for \$3.50 to \$3.10

Paycom (PAYC) buyers of 500 October \$200 puts today for \$4.10 to \$4.60

Max Linear (MXL) with 420 March \$22.50 calls bought up to \$3.10, around 8X average, with shares flagging above the 20-MA

Salesforce (CRM) buyer of 750 February \$160 calls earlier for \$7.37 in a stock replacement

T-Mobile (TMUS) weak today but seeing 650 February \$82.50 calls bought for \$3.41 to \$3.42 an spread with sales of the \$75 and \$72.50 puts 325X each. **Sprint (S)** buyer today of 3,000 October \$6 calls for \$0.32 into weakness

Tencent Music (TME) buyer of 1,000 ITM November \$14 puts for \$1.75

Qorvo (QRVO) buyer of 1325 October \$67.50 puts for \$0.70

JD.com (JD) back near the 200-MA and the October \$29/\$31 call spread being bought 2,000X4,000 to open

Seagate (STX) the January 2021 \$55/\$37.50 put spread being bought 950X1,900 today for \$4.85 net debit

Iron Mountain (IRM) more bearish flow this week with 1,000 November \$32.50 puts bought up to \$1.45, the \$30 puts with over 4000 in OI, longer-term bearish chart and running into resistance today

Pinduoduo (PDD) also seeing 3,600 November \$29 puts sold to open into this news from \$1.40 to \$1.20

Bilibili (BILI) lower by 2.5% with the November \$15 puts bought over 1,170X to open for \$1.15

Roku (ROKU) the October \$110/\$118 call spread being bought 1000X today for \$5.42

Utility

Dominion (D) with 5,000 October \$82.50 calls bought for \$0.45, some spread with the \$80 puts which are sold 1500X for \$0.80

PG&E (PCG) stock replacement sells 1,890 March \$13 puts for \$5.10 to open

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.