

# OptionsHawk

## OPTIONS HAWK DAILY MARKET 9/30/2019

### Sector Leaders

Housing

Technology

Med-Tech

### Stock Gainers

DOVA 38.5%

THO 19.25%

SGEN 13%

GTT 10.5%

PATK 10%

BBBY 7.2%

NWL 6%

### Volatility Gainers

- AMRN
- SWN
- PTCT
- GME
- OSTK
- LYFT

### High Call Volume

- VRAY
- XENT
- HAIN
- QGEN
- TPX
- EEFT

### Bullish Options

- EA
- BMJ
- TPX
- LVS
- OKTA
- LULU
- PG
- PYPL
- ABT
- SNAP
- TWLO

### Sector Laggards

Gold Miners

Energy

Metals

### Stock Losers

GTHX -26%

ADMS -21%

IMMU -12.6%

CALM -10.3%

PIR -8.7%

TGP -8%

EQT -7.6%

### Volatility Losers

- DOVA
- VRAY
- THO
- IMMU
- LK
- JD

### High Put Volume

- STOR
- BKLN
- VIPS
- THO
- CHD
- CALM

### Bearish Options

- STNE
- ZM
- COUP
- KKR
- GRUB
- CHD
- NOW
- CGC
- CAT
- BBBY
- FSLR

**Market Review:** Stocks were modestly higher into the start of the week on the unlikelihood of the US imposing China investment limits while China PMI expanded at the fastest pace in 19 months. We saw some bounces in growth areas like China Internet, Semi's, and Med-Tech. Commodities remained under pressure with Energy and Metals the weakest groups, while Biotech and Banks were also under some pressure. S&P futures pushed up to highs midday and right into trend resistance off the one week channel down pattern developed. The S&P continues to sit on the mid-line of the upward channel in place through 2019. We get some US Manufacturing data tomorrow that could be a market mover and kick off Q4 after what was an extremely quiet session to start the week.

S&P Chart:



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

**Options Action Trends:** We saw some put buying in Oct. 11<sup>th</sup> (W) puts for **BX** and **KKR**. Bulls positioned in a few high growth names that have been sold off like **CRWD**, **SHOP**, **ADBE**, **OKTA** and **TWLO**.

**What's On Tap:** US ISM Manufacturing and September PMI. Fed Speakers Bullard and Bowman.

### Trade Tracker Portfolio Changes:

1. No Changes



## Bulls See Opportunity in Carvana Weakness

**Ticker/Price:** CVNA (\$66.10)

### Analysis:

**Carvana (CVNA)** shares have pulled back 20% over the last month off its highs but option players continued to position bullish with 2500 October \$70/\$77 call spreads bought on 9/27 and recent size buys of January 2021 \$75 calls that now have over 4000 in open interest while the \$50/\$80 call spreads for January 2021 have over 8000 in OI. The \$10.3B Company provides a platform for buying and selling used cars, part of a new wave of e-commerce solutions into the auto sales industry. CVNA sees massive opportunity to simplify the process of buying a used car and gain share in the highly fragmented \$1.2T auto market, an area they see as ripe for disruption given high levels of dissatisfaction with the current process. CVNA is looking to translate the more than 97% of used car buys in the US which start online into complete sales with a better UI, better pricing, and a wider selection of cars available than traditional dealerships. The company has deep offerings from intuitive search for vehicles, competitive trade-ins, financing, and more. They've been investing heavily on expanding their footprint in recent years, up to 109 locations in Q1 vs just 21 in 2016, while seeing 99% Y/Y growth in retail units sold. Their 'car vending machines' have also risen to 16 across the country, more than doubling in 18 months. Revenue growth has been exponential while gross margin expansion has been driven by a higher mix of wholesale vehicles sold, lower costs of funds on financing, new services, and better sourcing. According to Edmunds, the space has near-term tailwinds from rising new car prices and interest rates which should swing the pendulum back towards used cars in 2019 while tariffs are also causing a traffic uptick for the company. Analysts have an average target of \$75.70 on shares and short interest is high at nearly 40% of its float. On 9-12 Needham out positive starting coverage at Buy with a \$105 target, noting CVNA is leading the onslaught against traditional car retailing in the U.S. by leveraging a digitally native, data-centric, capital-efficient, verticalized approach that we believe is a more compelling buying experience and should lead to significant further value creation over the next several years. While the firm thinks financing concerns will remain a persistent overhang, the firm expects footprint expansion and execution to illuminate how underappreciated the company's gross profit potential is at current levels. OpCo started shares outperform with a \$95 target on 9-20 citing "While its model remains unproven, Carvana is demonstrating an ability to capture outsized share in the decidedly large and fragmented used car marketplace and sees upside potential of more than 20% from current share levels, expects Carvana's broad-based revenues to leverage its mostly centralized expense base." Hedge Fund ownership rose 5.5% in Q2 filings. On the chart shares have pulled back to potential channel support while also retesting a former key breakout level that is now support, and also sits on YTD VPOC support into this week.

### Hawk Vision:



**Hawk's Perspective:** CVNA remains the top player in this big disruption industry, and can eye it on a gap fill.

**Confidence Ranking:** \$\$



## Bulls Look for Recovery in Growth Leader Okta

**Ticker/Price:** OKTA (\$97.50)

### Analysis:

**Okta (OKTA)** trying to hammer early w/ 1000 Oct \$103 calls bought for \$2.40. OKTA has 3500 October \$110 calls in open interest that accumulated with buyers, now firmly underwater but still a few weeks left until expiration. OKTA also has a lot of call open interest in November spread across multiple strikes. Shares are trying to hammer at the rising 55 week MA and a 50% retracement of the big 2018/2019 run. The \$11.9B provider of an identity platform for enterprises is trading 19.7X EV/Sales and has been posting impressive results, over 55% revenue growth in 2019 and 40%+ seen in FY20. OKTA will speak at the Berenberg Conference on 10-3. OKTA expects profitability in FY22 behind higher subscription mix and a shift towards larger contract, high-margin deals. Analysts have an average target of \$143 on shares and short interest is 8.6% of the float. DA Davidson raised its target to \$131 recently with success of new products and large deal momentum, a company firing on all cylinders. JP Morgan raised its target to \$168 from \$127 citing impressive growth and product portfolio. Piper boosted its target to \$160 saying OKTA is in a class of its own. Hedge Fund ownership fell 6.9% in Q2 filings, Gilder Gagnon & Howe and Alkeon notable holders.

### Hawk Vision:



**Hawk's Perspective:** OKTA is one of the finest growth names in the market, but valuation has caused the group to come out of favor, though this can turn quickly, so giving a clear low to trade against today.

**Confidence Ranking:** \$\$

# ***Additional Options Flow***

## **Market/ETFs**

**NASDAQ (QQQ)** spread bought 5000 November \$194 calls \$2.43 and sold 5000 November \$182 puts for \$3.15. **QQQ** buyer 5000 Nov. 1st (W) \$185/\$170 put spreads today for \$2.39

**Biotech (XBI)** rolling over with 3000 December \$70 puts opening \$2.18 to \$2.19

**Gold (GLD)** Dec. 31st (Q) \$141/\$151 call spreads bought 10,000X to open today

## **Consumer Discretionary/Services**

**Electronic Arts (EA)** early buyer 1110 weekly \$97 calls

**Lululemon (LULU)** October \$195 calls seeing 1600X trade this morning \$3.35 to \$3.50

**Tempur Sealy (TPX)** with 2000 January \$67.50 calls bought near \$11 looking to add to over 4100 in OI

**Decker Outdoor (DECK)** 200 Oct \$135 calls bought \$11.50 to \$1.55

**Bed Bath (BBBY)** higher by 6.6% into earnings on sell-side commentary but seeing 10,000 weekly \$12 puts open ITM \$1.80

**Nike (NKE)** with 3000 October \$91 calls active with buyers this afternoon \$3.25 to \$3.30, continuing its key earnings breakout to new highs

**Carnival (CCL)** beat up stock with 400 April \$42.50 calls bought in an offer sweep \$4.10

## **Consumer Goods**

**P&G (PG)** seeing 9000 December \$130 calls open \$2.14 as November \$125 adjust

**Church and Dwight (CHD)** with 1500 October \$75 puts opening \$1.05

**Kroger (KR)** with 4300 April \$19 puts sold to open down to \$0.40

**Newell (NWL)** fading earlier upgrade strength and seeing 2000 November \$18 puts bought to open for \$1 offer, after large size put buying last week

**Avon Products (AVP)** with 2400 January 2021 \$1 calls opening today as January 2020 adjust deep ITM calls

**Fresh Del Monte (FDP)** pulling back hard today after recent strength and 500 March \$35 puts bought \$3.60 to open

## **Energy**

**McDermott (MDR)** with 15,000 January \$2 puts opening as November \$3 puts close 10,000X

**First Solar (FSLR)** with 2000 March \$47.50 puts bought to open \$2.38

**Pioneer Natural (PXD)** with 7000 weekly \$127 calls opening midday

## **Financials**

**Stone Co (STNE)** with 1500 November \$35 puts bought to open up to \$3.70 adding to recent buys in OI

**Aflac (AFL)** seeing 900 May \$57.5/\$45 bull risk reversals open

**PayPal (PYPL)** seeing 1650 October \$103 calls open this morning up to \$2.82

**KKR Co (KKR)** with 3000 Oct. 11th (W) \$26.50 puts opening \$0.60

**Macerich (MAC)** with 1500 November \$30 puts sold to open down to \$1

**Grupo Financiero (GGAL)** with 3500 December \$25 calls being bought \$0.35 to \$0.40

**Blackstone (BX)** with 3000 October 25th (W) \$46/\$42 put spreads bought, also seeing 2000 November \$50 calls sold to open today

**Fidelity Info (FIS)** large sweep buy 2660 November \$130 calls to open up to \$6.65, in the process of acquiring WorldPay in a transformational deal

### Healthcare

**Bristol Myers (BMY)** presenting a lot of data this weekend and early action with 10,000 June 2020 \$60 calls bought to open up to \$1. BMY buyers also active for 2000 March \$52.50 calls

**Bluebird Bio (BLUE)** spreads selling over 500 November \$110 calls in spreads buying the January \$100 calls

**Immunomedics (IMMU)** down 12% seeing 2000 January 2021 \$20 calls bought \$2.50 into weakness

**Abbott (ABT)** spreads buying October \$84 calls and selling the \$Oct. 25th (W) \$80 puts 1700X

**Intersect-ENT (XENT)** with 1000 November \$17.50 calls opening \$1.15

**ViewRay (VRAY)** with 20,000 November \$3 calls opening \$0.425 in stock replacements

**Exact Sciences (EXAS)** with 1300 October \$95 calls bought \$1.85 to \$2

**STAAR Surgical (STAA)** with 1000 November \$27 calls opening into weakness, looks to be adjusting \$32 calls

**Axsome (AXSM)** buyers of 300 December \$22.5/\$32.5 call spreads

**NanoString (NSTG)** with 1000 November \$22.50 calls opening \$1.75

**Biogen (BIIB)** buyer 400 November \$240 calls \$9.20, and sells October \$240 calls against at \$3.70

**GW Pharma (GWPH)** buyer of 1000 December \$140/\$170 call spreads \$3.75

**Inspire Medical (INSP)** with 1500 November \$70 calls sold to open today in buy-writes, name that has seen 2000 November \$67.5/\$72.5 call spreads open recently

### Industrials

**Autoliv (ALV)** with 1000 October \$80 calls opening \$1.35 to \$1.40

**Caterpillar (CAT)** with 1000 October \$123 puts opening \$1.95

**Deere (DE)** strong and breaking out today seeing 1400 October \$167.50 calls active with buyers near \$4

**Southwest Air (LUV)** buyers coming for over 1500 November \$55 calls up to \$1.95 from \$1.85

**Emerson (EMR)** strong today after an upgrade and 1000 March \$72.50 calls opening with \$62.5 strike adjusting

### Materials

**Corteva (CTVA)** with 834 November \$29 calls sold to open

**Agnico Eagle (AEM)** block of 3889 February \$55 calls that opened on 7/19 looks to be closing near flat today, while 1600 November \$50 puts being bought up to \$1.20

**Freeport (FCX)** with 2000 June \$9 puts sold to open for \$1

### Tech and Telecom

**Zoom (ZM)** buyers of 720 November \$75 puts for \$6.70 offer

**Coupa (COUP)** with 500 November \$125/\$115 put spreads bought

**Huya (HUYA)** with 870 November 8th (W) \$22.50 calls opening up to \$2.90

**GrubHub (GRUB)** sweep buy of 2000 November \$50 puts to open \$2.40 to \$2.45

**Snap (SNAP)** with 1000 November \$15 calls bought \$1.96 as October \$16 adjust

**Benefit Focus (BNFT)** jumpy with 1000 November \$25 calls bought \$1.55 to \$1.59 to open

**Service-Now (NOW)** with 2040 October \$225 puts opening \$1.45 mid-market

**Adobe (ADBE)** with 3000 October \$265 puts sold to open down to \$2.37, a willing owner with shares basing above its 200 day MA. **ADBE** also with 3000 November \$270 calls being bought to open \$16.35 to \$17.10

**Stitch-Fix (SFIX)** with 500 December \$15 calls opening \$5.40

**American Tower (AMT)** seeing Nov. 8th (W) \$220/\$230 call spreads open 345X

**YY Inc (YY)** with 870 January \$55 puts sold to open \$4.80 to \$4.70

**Sea Ltd (SE)** with 1500 October \$31 puts sold to open down to \$1.15. **SE** also with 10,000 October \$27 puts sold to open \$0.20 to \$0.15

**Twilio (TWLO)** with 1900 October \$110 calls opening \$4.18 with the Oct. 4th (W) \$107 puts being sold against

**C-Trip (CTRP)** with 1000 January 2021 \$25 puts sold to open \$2.91

**Alibaba (BABA)** with 4000 November \$170 calls bought \$7.25 offer to open in a stock replacement

**Microchip Semi (MCHP)** with 1950 January \$95 calls bought to open \$5.80

**CrowdStrike (CRWD)** one of the strongest growth bounces today with share sup 8.6% and seeing 1600 October \$60 calls bought earlier today up to \$1.75 in size lots

**TI (TXN)** with 3000 November \$125 puts sold to open for \$3.65

**Avalara (AVLR)** with 1000 October \$65 calls being bought to open up to \$4.55. **AVLR** also with 2000 November \$70 calls bought \$5.80 against the \$80 calls

**FireEye (FEYE)** climbing to session highs with sweep buyers of 2350 Oct. 25th (W) \$14.50 calls \$1.14, Analyst Day 10-8. **FEYE** regular expiration October \$14 calls hot as well with 12,000 trading \$0.18 up to \$0.28

**Apple (AAPL)** strong out of consolidation today, continues to show relative strength, and seeing 8000 Oct. 11th (W) \$225 calls active today with buyers spreading against the \$230 calls.

**JD.com (JD)** with 6500 January \$29 calls opening today near \$2.09 as December \$30 calls adjust

**Taiwan Semi (TSM)** with 4000 November \$47 calls opening as October \$46 adjust

### 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.