



MARKET RECAP REPORT 9/30/2020

Sector Leaders

Internet

Solar

Housing

Stock Gainers

RAPT 22%

LAC 16%

SPRO 13.6%

BGFV 13.5%

NKLA 12.7%

DDOG 11%

SGRY 10%

Volatility Gainers

- OAS
- SPWR
- GNW
- XPEV
- REGI
- AMC

High Call Volume

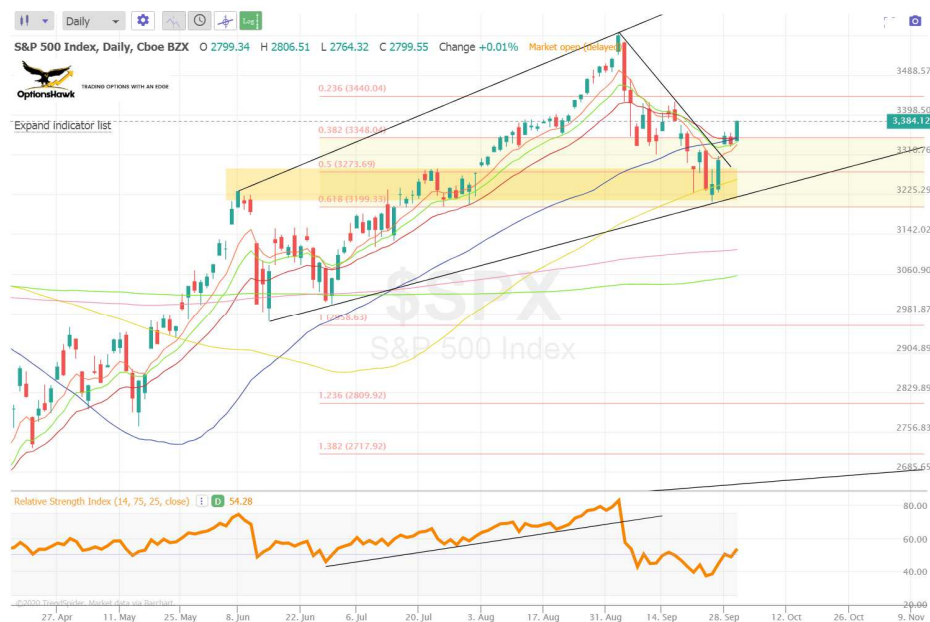
- ELAN
- GOOD
- DDOG
- REGI
- XPEV
- DUK

Bullish Options

- CCL
- DUK
- SHLL
- AMAT
- LIN
- BBY
- APD
- CCS
- ZTS
- XPEV
- SPR

Market Review: Stocks moved lower overnight giving up some of the recent rebound following the Presidential debate debacle, though polls and betting markets indicating Biden came away with an even larger lead. We received some better than expected data out of China and Japan overnight. In US data the ADP Jobs Report beat expectations and Mnuchin discussing potential for fiscal stimulus resolutions boosted stocks on the open. August pending home sales hit a new record high and stocks continued higher with S&P futures clearing 1-week and 1-month VWAP levels. Strength was led by Solar, Housing Internet, and Retail. Weakness was seen in safety groups like Bonds and Gold & Silver. Overall a solid continuation of the recent downtrend breakout and basing action with the 8 MA now curling higher nearing some bullish crossovers. Markets weakened into late day trading with prospects for a vaccine and fiscal stimulus both dwindling with the latest headlines and breadth reversed sharply from positive to negative.

S&P Chart:



Resistance	Support
3,350	3,315
3,425	3,225
3,470	3,100

Options Action Trends: Action was fairly quiet yet again, midday we saw some large opening call sales in Semi names **AVGO, LRCX, AMD**. November call sales spread to other names as well then like **DE, UNP**.

What's On Tap: Personal Income/Spending, Inflation, ISM, and Jobless Claims.

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Bonds

Gold/Silver

Telecom

Stock Losers

VLDR -16%

EQC -10%

EPAC -8.6%

UNFI -7.8%

PRGS -7%

PEIX -6.3%

SSSS -6%

Volatility Losers

- CLVS
- OPK
- TLRV
- GRPN
- MRVL
- MU

High Put Volume

- KDP
- AAN
- MSI
- MKC
- ZTS
- GNW

Bearish Options

- BIIB
- PBR
- TSLA
- NOV
- PDD
- LLY
- DE
- LRCX
- TMUS
- XOP



FEATURED OPTIONS RADAR REPORT



Option Bulls Bet on Las Vegas Recovery with Red Rocks

Ticker/Price: RRR ((\$16.65)

Analysis:

Red Rocks (RRR) attracting bullish positioning this week with 1500 September 2021 \$22.50 calls bought for \$3.10 and November \$20/\$25 call spreads opening 4500X. RRR also has 2000 April \$25 short calls in open interest and a lot of October \$20 calls still remaining, over 7000X. On 8/20 shares broke out above the 200 day moving average and since then have consolidated in a narrow range, testing that 200-day moving average on 9/21 and bouncing. The weekly leaves room back to \$25 to reclaim the COVID sell-off. RRR insiders, the CEO, VP and Directors have actively been buying shares since last August. The \$2B resort and gaming company trades 13X FY21 EBITDA and yields a 2.28% dividend. RRR is a holding company that owns an indirect equity interest in and manages Station Casinos LLC. Station LLC currently owns and operates ten major gaming and entertainment facilities and ten smaller casinos (three of which are 50% owned), offering approximately 20,400 slot machines, 375 table games and 5,000 hotel rooms in the Las Vegas regional market. In addition, Station LLC also manages Graton Resort & Casino in northern California on behalf of a Native American tribe. Its principal source of revenue and operating income is gaming, and non-gaming offerings include restaurants, hotels and other entertainment amenities. Approximately 80% to 85% of casino revenue is generated from slot play. RRR made a big splash for the Palms in Las Vegas in 2016 which then underwent a massive renovation which, in total, cost them around \$1B. The ramp up in terms of marketing remains in the early innings. RRR is much more levered to locals betting than peers on the strip and benefits from significant investment in the area including the new Raiders stadium and convention center. RRR has a lot of debt but no significant maturities until 2025. Analysts have an average target of \$19 and short interest elevated at 8.6% of the float. JPM raised its target to \$21 noting streamlined spending driver higher margins across the regional casino plays and potential for sports betting and internet gaming drivers in coming years. RRR recently won a ruling for its North Fork Rancheria Hotel & Casino Resort. Hedge Fund ownership rose 12% in Q2 filings, BAMCO a notable top holder.

Hawk Vision:



Hawk's Perspective: RRR is an intriguing name for a Las Vegas recovery play and not getting as much attention as other regional plays, watching for a range break.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Zoetis Bulls Willing to Own Stock at Current Level

Ticker/Price: ZTS (\$165.50)

Analysis:

Zoetis (ZTS) with 1,200 November \$165 puts sold to open for \$7.10 as the October \$165 puts close 800X and adjust from 8/7 and name that saw buyers in the April \$185 calls over 700X on 9/2 for more than \$500K. ZTS also has 700 April \$145 short puts and 750 January \$140 short puts in OI, although pretty far OTM at this point. Shares are breaking out of a narrow multi-week range today to new highs with a measured move to \$180. The \$75.8B company trades 39X earnings, 12X sales, and 68X FCF with limited near-term debt maturities. ZTS is targeting mid-teens EPS growth while growing the topline at 6% to 7.5% annually. ZTS is coming off a solid quarter with their companion animal business continuing to see tailwinds from higher pet ownership and adoption trends during the pandemic. Their livestock business has been under pressure but the company expects a turnaround in 2021 behind higher food service and restaurant demand as well as more export opportunities for US producers. ZTS has executed well over the last 2-3 years as they expand vaccine franchises and build out a best-in-class diagnostics business with recent deals in point-of-care and reference labs. They expect to launch a new platform for pet care in Q3, a disruptive move which will “bring clinical pathology right to the point-of-care.” Analysts have an average target for shares of \$156.50 and many cautious on valuation recently despite positive on the long-term business. Truist with a \$160 PT in August but cautious on valuation as investors are paying a premium for the thematic appeal, solid execution, and market leadership at these levels. Atlantic out with a Buy and a Street High \$191 last week. Short interest is 0.7% and near 5-year lows. Hedge fund ownership rose 0.5% in Q2, Polen Capital a buyer of 1M shares and now with 10M total. ZTS will report on 11-5 and solid history higher in 8 of the last 10.

Hawk Vision:



Hawk's Perspective: ZTS has a beautiful chart and is a best-in-class core own, these trades give confidence in owning the name further.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Zoetis Bulls Willing to Own Stock at Current Level

Ticker/Price: SPR (\$19)

Analysis:

Spirit Aero (SPR) buyers of 4000 December \$20/\$30 call spreads to open at \$1.95 and then 8000 more spreads are bought for \$2.10. SPR has over 5000 January \$40/\$50 call spreads in open interest from a trade on 9/16 and sizable underwater November \$30 and December \$40/\$50 call spreads also in OI. SPR shares are back near multi-year lows as a key supplier to Boeing but some signs of a base forming with RSI gaining. The \$1.86B company now trades 13.9X FY 21 EBITDA with revenues seen recovering 15.5% in 2021 after diving 58% in 2020. SPR recently terminated its deal to acquire ASCO Industries and has not seen any insider buys into declines. SPR builds large structures for commercial military aircraft, things like fuselages and wings and nacelles. It has large work packages for Airbus and Boeing programs, and the MAX has been a difficult situation as it makes 70% of the structure. SPR is set to burn \$800M in cash this year but had \$1.9B in cash at the end of Q2 and confident it will be cash flow positive again in 2022. SPR presented at the MSCO Laguna Conference on 9/15 and is investing in productivity of its factories during this downturn, and sees production rates rising over the next five years. Analysts have an average target of \$22 and short interest rising 58% Q/Q to 10% of the float. Barclays raised its target to \$24 on 9/10 noting expectations have bottomed out and it will exit the pandemic better off. MSCO started shares Underweight preferring aftermarket players until aircraft production starts increasing. Hedge Fund ownership fell 20% in Q2 filings, Darsana Capital a top holder reduced its position while Sculptor and Causeway added to positions.

Hawk Vision:



Hawk's Perspective: SPR is clearly a mess in the present, but the future is bright if MAX resumes and travel rebounds, more of a name for the long-hail patient investor, though this nearer term options action suggests there could be more to the story, potentially attracting M&A interest.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Bullish OTM Calls Hot in ZenDesk

Ticker/Price: ZEN (\$103.70)

Analysis:

Zen-Desk (ZEN) buyers of more than 1,000 January \$120 calls today up to \$5 and follows buyers in the October \$105 calls over 2300X and put sales across the January 2021 and January 2022 options in the last month. ZEN still has near 2,000 January \$115 calls in OI as well from buyers in 2019 for more than \$1M. Shares are working back near the 2020 highs today around \$108 with a range breakout targeting a run to \$125. ZEN is also in the early stages of a big monthly breakout above \$95 that stretches back to early 2019. The \$11.45B company trades 11.45X cash and 13.1X EV/sales with mid-20% revenue growth. ZEN has seen an uptick in demand during the pandemic as elevated levels of e-commerce are driving higher engagement levels and more companies look for easier, frictionless solutions to manage customer interactions. They are seeing improving trends for their analytics package and omnichannel bundle Zendesk Support Suite while some overall softness continues with some SMB contracts being adjusted or extended out into 2021. ZEN is a key player in a fast-growing niche of digital-first customer engagement with significant long-term opportunity as more companies look to cut costs and improve customer retention. Analysts have an average target for shares of \$102 and Piper recently out with a Street High \$123 PT. The company sees several underappreciated levers that could spark a demand recovery into 2021 such as improving international execution, transactional business stabilization in H2, and increasing direct-to-consumer use cases. The firm also thinks their long-term billings growth is set for a recovery despite exposure to travel and hospitality and they could benefit from the search for strategic M&A and the company could complement the cloud portfolios of MSFT, ADBE, NOW, or SAP. Short interest is 8.5% and near recent highs. Hedge fund ownership fell 11% in Q2, Whale Rock Capital the top holder with 2.96M shares.

Hawk Vision:



Hawk's Perspective: ZEN is a quality name in a great space (see FIVN yesterday), and Whale Rock is a top investor to follow, so this action is definitely interesting. RNG also seeing some upside April calls trade.

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Russell (IWM) buyer 10,000 Dec. 31st (Q) \$140/\$120 put spreads. **IWM** seeing 2000 Jan. \$154/\$149 strangles sold to open this afternoon

China Internet (KWEB) hot today with the Alibaba Investor Event and spread is buying 2,500 November \$72 calls for \$2.10 and selling 1,500 November \$65 puts for \$2.25

Gold (GLD) stock replacement sells 3000 June 2021 \$170 puts to open \$7.65

S&P (SPY) with 5000 Dec. \$377 calls sold \$2.08 in a buy-write

Oil and Gas (XOP) weak near lows with 6500 Dec. \$38 puts bought in sweeps \$2.29 to \$2.34 midday

NASDAQ (QQQ) opening seller midday of 7750 November \$247 puts for \$4.42, large trade. Also, 3000 June 2022 \$210/\$360 wide call spreads opening.

Treasury (TLT) November \$154 puts bought 10800X spread with the \$148 puts sold 9200X as October put spreads adjust more today

Consumer Discretionary/Services

Carnival (CCL) Oct. 30th (W) \$16.50 calls hot early 8500X up to \$1.34 bought

Bed Bath (BBBY) spread sells 2000 December \$11 puts \$0.76 to buy 3000 of the \$15/\$18 call spreads at \$1.14

Disney (DIS) stock replacement sells 700 March \$125 puts for \$11.15 to open today, bullish October positioning lately for their expected analyst day

Warner Music (WMG) with 2,000 November \$31 calls sold for \$0.80 in a buy-write today

The Buckle (BKE) buyers of 1200 November \$22.50 calls for \$1.20 to \$1.35

TAL Education (TAL) opening sellers of 3,000 November \$90 calls down to \$1.05 today

Activision (ATVI) opening sale of 1,850 January \$95 calls for \$2.18

MGM opening sale of 1500 March \$20 puts for \$2.74 as a stock replacement today

Darden (DRI) buyer of 750 January \$100/\$125 call spreads for \$8.45

Starbucks (SBUX) with 650 January 2022 \$85 puts sold to open \$12.05 to \$11.95

Lululemon (LULU) buyers of 595 March \$330 calls today near \$41 for almost \$2.5M, working well off recent post-earnings lows

Dillard's (DDS) near 700 October \$35 puts sold to open down to \$2, looking to clear a wide base today

Kohl's (KSS) with 2,500 November \$22.50 calls sold for \$0.90 in a buy-write, similar to trades yesterday

DraftKings (DKNG) with 1000 Nov. 6th (W) \$55 calls ITM opening in two large buys today \$7.90 and \$8.90

K12 (LRN) with 1600 November \$24/\$33 call spreads bought for \$3.60, high-flier in July that has come under some pressure and back at the 200-day

Ralph Lauren (RL) with 1,500 November \$75 calls bought for \$2.90 in a stock replacement, same trade as yesterday. **RL** also with 1600 November \$80 calls bought \$1.85 in a stock replacement

Dish Network (DISH) with 2,000 June \$25 puts sold to open today for \$3.45 to \$3.50

Groupon (GRPN) November \$20/\$30 call spreads opening 1350X

Consumer Goods

Keurig Dr. Pepper (KDP) opening sellers 5000 Oct. \$26 puts

Dollar General (DG) opening sales 2350 November \$230 calls down to \$1.85

Celsius (CELH) an intriguing small cap growth name with a great chart set-up seeing 1200 November \$20 puts sell to open for \$1.70

Energy

Petrobras (PBR) with 1700 April \$9 puts bought \$2.27 offer in sweeps

Solar Edge (SEDG) buyer 100 January 2022 \$290 calls up to \$50.70

SunCor (SU) buyer 5000 October \$12 calls \$0.75

Financials

RedFin (RDFN) opening sale 800 January \$40 puts for \$2.85

Discover (DFS) up 4% and buyers of the October 23rd (W) \$58 calls for \$2.85 to \$2.90, over 900X, as the October 23rd (W) \$56.50 calls noted yesterday are rolling up

Goldman (GS) buyer 300 Nov. 6th (W) \$185 ITM calls \$21.05 to \$21.30 to open

Square (SQ) buyer 100 January 2023 \$170 calls for \$52

Truist Financial (TFC) with 4500 March \$37.50 calls bought for \$4.10 to \$4.20, adjusting out of the December \$40 calls that were bought on 5/5

CIT Group (CIT) with 800 November \$16 calls bought around \$2.40 to open and spread with sales of the December \$24 calls for \$0.30

Simon (SPG) with 600 June \$60 calls bought today between \$12.85 and \$13

JP Morgan (JPM) opening sellers 4000 November 6th (W) \$105 calls for \$1.68

S&P Global (SPGI) the November \$400 calls sold to open today for \$3.30 to \$3.20, over 1000X

Alliance Data (ADS) buyer 1000 December \$55 OTM calls \$1.65 offer

Healthcare

Biogen (BIIB) buyer 1000 November \$200/\$160 far OTM put spreads

Eli Lilly (LLY) buyer of 1000 November \$130 puts for \$2.12 to \$2.13, back under its 200-day this week. **LLY** now the November \$140/\$130 put spread bought 2100X4200 for \$1.10

Bausch Health (BHC) the April \$14 ITM calls being bought 1150X for \$3.25, stock replacements

Envista (NVST) with 1000 November \$25 calls opening for \$2.50

Industrials

Century Communities (CCS) unusual volume for the name as 625 March \$40 calls being bought up to \$8, small-cap homebuilder breaking out of a multi-week range today. CCS calls now over 2000X.

Boeing (BA) buyer 100 January 2023 \$155 calls for \$59

X-Peng (XPEV) a speculative Chinese EV play seeing IV rising with buyers active 4000 October \$22.50 calls up to \$0.75

Tesla (TSLA) buyer of 1000 September 2021 \$350 puts for \$79.40 and sells 500 of the \$480 calls for \$112.05, likely collaring. **TSLA** midday with some size buys in Oct. 23rd (W) \$400 calls with over 2000 trading at around \$53.50, adjusting from Oct. \$400

General Motors (GM) opening sale of 1,000 January 2023 \$30 puts for \$7.80 in a stock replacement

Atlas Air (AAWW) with opening sales of 400 January \$57.50 puts for \$5.40, confident trade with shares sitting near new highs

Flir Systems (FLIR) the April \$40 calls being bought 500X today for \$2.95, nice base forming and could see renewed interest if we get a bigger second wave this Fall

Deere (DE) sellers of 2500 November \$260 calls down to \$1.70 to open

Thor (THO) opening sales of 800 March \$60 puts for \$3 today, basing above the 200-day with the recent pullback

Union Pacific (UNP) with 1425 November \$230 calls sold to open today down to \$1.14

Chart Industries (GTLS) with 400 October \$70 puts sold to open between \$3.10 and \$3.20

3M (MMM) day lows but seeing 1500 November \$170/\$180 call spreads bought, earnings 10-27

NVENT Electric (NVT) opening seller 1000 November \$17.5 puts \$1 to \$0.95

Materials

Cameco (CCJ) buy-write with 2000 July \$12 calls sold \$1.40

B2Gold (BTG) the November \$5 calls bought 1000X today for \$1.60

Linde (LIN) buyer 2000 October \$240 calls for \$5.40 to open and also trades 1000 October \$250/\$260 call spreads with short \$220/\$210 put spreads

Air Products (APD) with 500 January 2022 \$300 calls opening \$27.90 to \$38.20

Weyerhaeuser (WY) the April \$28 puts bought 1125X from \$2.95 to \$3.10

Tech and Telecom

Zscaler (ZS) another 1,350 October \$150 calls being bought today \$2.40 to \$3, coiled setup around \$140

Applied Materials (AMAT) the October 23rd (W) \$61 calls being bought over 3600X this morning for \$1.81 to \$1.93

Jabil (JBL) the November \$30 calls being bought 400X for \$4.90 to \$5, potentially targeting an iPhone event

Sea (SE) the October \$157.50/\$170 call spread being bought 600X for \$4.66 with the \$150 puts sold to open for \$4.66

Adobe (ADBE) with 1200 January \$560/\$440 collars opening

Fastly (FSLY) with 700 November \$75 puts sold to open \$4.90

Google (GOOGL) with 1450 November \$1750 calls sold to open \$11.30 to \$11

American Tower (AMT) with 1500 November \$270 calls sold to open \$2.15 to \$2.10

Broadcom (AVGO) opening sellers of 1,800 November \$430 calls for \$2.15 to \$2.05 today

Lam Research (LRCX) opening sales of 1,500 November \$410 calls for \$3.93 to \$3.70

Advanced Micro (AMD) seller of 1,000 January 2022 \$105 calls for \$13.10

Progress Software (PRGS) down 5% today on earnings but sellers active for 2,000 November \$35 puts here down to \$1.10 to open

Yext (YEXT) with 1,500 November \$15 puts sold to open for \$1 in a stock replacement, shares pulled back and held the 200-day

Sohu (SOHU) buyers opening 550 November \$17.50 calls for \$3.40 to \$3.60, recently had 1000 March \$30 calls bought

Cloudflare (NET) buyer 400 January \$47 calls \$3.60 to open

T-Mobile (TMUS) spread today buys 1,000 October \$113 puts for \$2.25 and also 2,000 November \$110/\$100 put spreads for \$2.87

Uber (UBER) buyers of 5,850 October 23rd (W) \$37.50 calls up to \$1.15

Service Now (NOW) with 750 November \$580 calls sold to open today for \$7.40 to \$7.20

Nuance (NUAN) another 1,000 December \$35 calls bought for \$2.10 today, spot where 2,000 bought late last week

Micron (MU) the November \$52.50/\$40 bull risk reversal being bought 9,250X this afternoon for \$0.82 into earnings weakness

Wayfair (W) opening sale 1200 November \$300 straddles for \$70.49

Big Commerce (BIGC) with 1000 November \$100/\$110 call spreads opening today

NVIDIA (NVDA) opening sale 1,042 November \$435 puts for \$8.65

Intel (INTC) large opening buy 2000 June 2021 \$55 ITM puts for \$8

Netflix (NFLX) earlier today with 1450 December \$550 calls opening around \$28, shares working out of a nice base and above 21 and 55 MA today

Utility

Duke Energy (DUK) January \$900/\$80 bull risk reversals trading 3000X with talk of a major M&A deal with **NEE**. **DUK** the April \$90/\$77.50 bull risk reversal also being bought today 1275X

PG&E (PCG) opening sale 5000 March \$8 puts for \$0.60

American Electric (AEP) opening sale 450 May \$80 puts for \$6.55

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