



MARKET RECAP 4/12/2022

Sector Leaders

Energy

Materials

Tech

Stock Gainers

BTU 13%
GOGO 10.5%
AHCO 10.5%
SIMO 10%
FRSH 7%
ARCH 6.5%

Volatility Gainers

- BCTX
- RLX
- FATH
- APRN
- GOGO
- ATER

High Call Volume

- PTEN
- USFD
- PHM
- LIDR
- XP
- IGT

Bullish Options

- PTEN
- M
- ALL
- C
- WFC
- TWI
- INTU
- MMM
- APA
- BA
- BHC
- T

Market Review: Stocks were quiet overnight with the focus on US inflation data while the war in Ukraine continues amid reports of an incoming Russian surge. China continues to signal that it will move forward with further policy easing while also pulling back a bit on COVID restrictions that have hampered growth. European banks were hit hard today after a big seller of stock in Deutsche Bank and Commerzbank. CPI ran very hot, as expected, in March but core CPI was up just 0.3% vs. 0.5% est. and that is giving the market a sigh of relief in early trading as many continue to see us near peak. Yields are down modestly while the major indices have jumped back into Monday's session highs. FedWatch is also pricing in a higher probability of a 50-bps hike next month at 86.6% vs 83.8% prior. Energy was a standout today as crude regained \$100. Healthcare and financials lagged. The SPX opened strong and pushed just above Monday's highs before fading and losing momentum throughout the session. We filled the gap from yesterday in the afternoon back near 4410. We continue to tread around the top of April value on the daily time frame while the declining 8- and 21-EMA remain resistance above at 4470.

S&P Chart:



Resistance	Support
4600	4500
4650	4450
4735	4330

Options Action Trends: It was a quiet day overall without a lot of new trends or size positioning. We saw bullish flows into financials ahead of earnings with **C, WFC, MS,** and **CASH** of note.

What's On Tap: Focus tomorrow is on PPI and EIA Inventories while we get more central bank decisions from New Zealand and Canada. **Earnings Before the Open:** BBBY, BLK, DAL, FAST, FRC, JPM, SJR; **Earnings After the Close:** WAFD; **Analyst Days:** PVH; **Conferences:** Needham Healthcare, Wells Fargo Biotech

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Healthcare

Financial

Industrials

Stock Losers

BILI -8%
NRGV -8%
KMX -8%
CHGG -7.5%
AMC -7%
ACI -5.5%

Volatility Losers

- VERU
- KMX
- ACI
- FTCH
- IPI
- KC

High Put Volume

- PHM
- ELY
- KMX
- BAX
- XP
- APRN

Bearish Options

- KMX
- MRVL
- ENV
- AMC
- A
- HPQ
- WFG
- EMR
- SDC
- W
- ETSY
- ROST



FEATURED OPTIONS RADAR REPORT



Bull Spread Targets Regional Bank After Transformative Merger

Ticker/Price: MTB (\$163.50)

Analysis:

M&T Bank (MTB) with a bullish spread on 4/8 that opened 2000 May \$170/\$150 risk reversals for \$1.25 debit and follows 1000 October \$130 puts sold to open on 3/29. Shares have pulled back into a big prior breakout spot from December at \$160 with room above to move back into \$175 and the prior value. The \$29B company trades 10.7X earnings, 1.3X book and 14.6X FCF with a 3% yield. MTB provides commercial and retail banking services. The company recently closed on their merger with People's United which creates a diversified franchise with \$200B in assets and a wide network across 12 states. The NewCo is a leading regional bank in the Northeast with top-tier deposit share and synergies that are immediately accretive to book value and EPS by 10-12% in 2023. They see \$330M in annual synergies. Analysts have an average target for shares of \$182.50 with a Street High \$212. MSCO lowering to Underweight on 3/28 as they argued that higher for longer inflation increases credit risk, an inverted curve could slow growth and that they shift their bear case to recession. Citi assuming coverage on 3/24 with a Buy rating citing eight potential hikes in 2022 and two in 2023. They also added the name to their Focus List citing its higher asset sensitivity combined with strong capital and liquidity position. The analyst believes there is a step change ahead in earnings power as the bank monetizes its asset sensitivity plus cost saves from the People's United (PBCT) acquisition. Hedge fund ownership rose 9% last quarter.

Hawk Vision:



Hawk's Perspective: MTB is a solid fundamental name and their PBCT merger gives them plenty of upside drivers over the next 12-18 months that should drive outperformance; the options are not very liquid but the stock versus the 200-MA gives a nice risk/reward

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Bullish Trades Accumulate in Top Consumer Name at Pivotal Strategic Shift

Ticker/Price: SBUX (\$81)

Analysis:

Starbucks (SBUX) has seen a number of bullish positions since the start of April including sellers in the January \$90 puts and January 2024 \$80 puts while the July \$75 calls, October \$85 calls, and December \$85 calls all active with buyers. Yesterday, on 4/11, we saw more October \$85 calls add to open interest with another 2000 bought for \$4.90. Shares have been weak recently but back near the March lows and potentially nice risk/reward for a push back up into April value near \$84.50. A rebound has upside to \$90.50 in the short-term. The \$95.6B company trades 21X earnings, 3.15X sales, and 23.5X cash with a 2.4% yield. SBUX is undergoing a transition after their CEO stepped down and founder Howard Schultz returned amid a flurry of near-term headwinds including higher wage costs and supply chain issues. Schultz is expected to make some bold moves to help reignite the brand and recently stopped their buyback plan to reinvest in the company and their people. SBUX could look at options like expanding into selling food and wine in the evening hours to drive traffic at night, café remodels, new menu items and advancements in tech, an area where they have historically been very strong. Schultz may also look at changing where they open new locations as the pandemic has changed the work/home balance. Analysts have an average target for shares of \$114.25 with a Street High \$135. BMO lowering estimates last week but noting that they do not believe the suspension to be indicative of meaningful long-term fundamental issues at Starbucks, but rather sees it as a reprioritization of resources as returning interim-CEO Howard Schultz works to improve employee relations. Jefferies defending the long-term trajectory of the stock noting that factors weighing on the stock in the near-term seen as being temporary and/or non-material events. Hedge fund ownership fell 7.5% last quarter.

Hawk Vision:



Hawk's Perspective: SBUX is a high-quality name that seems like at these levels the worst of the news is priced into shares while Schultz will likely be aggressive to position the brand for a strong long-term push again

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Consumer Discretionary (XLY) large spread today opening the June \$165/\$150/\$135 put butterfly 10,000X20,000

China (FXI) the May \$32/\$34 call spread being bought 40,000X60,000 today

Russell (IWM) seeing the May \$191 puts bought for \$3.46 to \$3.65 this morning, over 35,000X, while 7500 July \$180 puts also being bought up to \$4.48 as some May puts adjust

Nasdaq (QQQ) far OTM trade today opens the June \$280/\$260/\$240 put butterfly spread 12,500X25,000. **QQQ** now also seeing the July \$350/\$370 call spread bought 10,000X15,000 as some June positions adjust

Ultrashort Bonds (TBT) spread today buys the August \$24/\$30 call spread 20,000X for \$1.37, closing some June \$19 calls and adjusting out for further weakness in **TLT**

Tech (XLK) with 10,000 June \$130 puts bought for \$1.82 to open today

High-Yield (HYG) the September \$81/\$75 put spread bought 15,000X this afternoon for \$2.13

S&P (SPY) the July \$443/\$465 call spread being bought 2000X4000 this afternoon for \$5 net debit

Consumer Goods

US Foods (USFD) buyer of 7500 July \$40/\$50 call spreads today for \$1.64 with activist Sachem Head pushing for a revamp of the board and structural changes to catch up to peer Sysco

Clarus (CLAR) unusual size for the name here with 3000 May \$22.50 calls bought for \$1.30 in a stock replacement, a small-cap maker of outdoor equipment and lifestyle products

VF Corp (VFC) with 3000 January \$50 puts sold today for \$4.03 in a stock replacement

Nike (NKE) over 5000 April 22nd (W) \$131 calls bought today \$1.03 to \$1.05 to open

GM (GM) with 5000 May \$44 ITM puts sold to open for \$4.60 today, adjusting out of some April short puts

Estee Lauder (EL) with the May \$270/\$300 call spread bought today for \$8.58, 650X

Sony (SONY) with 800 January 2024 \$90 puts sold to open for \$12.40 today while the May 6th (W) \$85 puts being sold 1500X for \$1 to open

Crocs (CROX) buyers this afternoon in the May \$65 puts for \$3.30 to open, nearly 1000X

Callaway (ELY) buyer of 1,500 July \$21 puts for \$1.54 today, adjusting some April puts out and down

Consumer/Business Services

Macys (M) the June \$26/\$30 call spread being bought 1300X early for \$1.30, ongoing activist situation

Carmax (KMX) opening sales of 5000 May \$105 calls from \$2.95 to \$2.70. **KMX** also a buyer of 1000 May \$95 puts up to \$4.80 to open today

Bed Bath & Beyond (BBBY) with 1000 August \$12 puts bought for \$1.30

Kohls (KSS) buyer of 3000 May 27th (W) \$56 calls for \$8.35 to open today, adjusting some May 6th (W) calls with the ongoing buyout talk

Etsy (ETSY) with 800 May \$115 puts bought for \$11.50 to open here into the lows, IV perking up a bit, and name back near multi-week support

Ross Stores (ROST) buyers of 1850 August \$90 puts for \$3.60 today into strength

Marriott (MAR) another 1000 January \$145 puts sold to open today for \$10.20, will verify with OI checks tomorrow

Wayfair (W) buyers of 1000 May \$110 puts for \$12.40 this afternoon to open

Charter (CHTR) with 900 May \$560 calls bought this afternoon between \$21.10 and \$21.80

Energy

Patterson (PTEN) with the May \$17/\$19 call spread opening 3000X today as some bullish spreads adjust higher into strength

Apache (APA) buyers of the May 6th (W) \$43 calls from \$2.30 to \$2.44, over 2000X

Nextier Oilfield Solutions (NEX) buyers of 1,500 September \$12.50 calls for \$1.35 to \$1.50 today, strong small-cap hitting fresh highs today

Chevron (CVX) with over 14,250 April 29th (W) \$182.50 calls sold to open for \$0.98 as some April short calls adjust

Cenovus Energy (CVE) with 2600 May \$19 calls bought today for \$0.60

Flex LNG (FLNG) buyer of 1000 May \$30 calls for \$1.95 to \$2.10 to open, nice tight flag forming after breaking out of a big weekly range

EOG Resources (EOG) seller of 2000 October \$185 calls this afternoon for \$1.62 to \$1.60. **EOG** stock replacement is also selling 2500 January 2024 \$82 puts for \$7.20

Financials

Allstate (ALL) the June \$140/\$150 call spread being bought 1000X today for \$5 to open ahead of 5-4 earnings

Citi (C) seller of 2000 August \$52.50 puts for \$5.15 to open today, stock replacement

Wells Fargo (WFC) with 5,250 September \$52.50 calls bought for \$3.10 ahead of earnings this week, adjusting some calls up and out from April. **WFC** also with 5000 July \$37.50 puts sold to open today for \$0.63

Fidelity (FIS) with 2500 May \$100 puts sold to open for \$3.60, stock replacement strategy

Morgan Stanley (MS) stock replacement sells 1500 January \$77.50 puts for \$6.45. **MS** also a buyer of 700 July \$85/\$95 call spreads this morning

XP (XP) buyer of the May \$30/\$35 call spread here 5000X7500 with the \$26 puts sold to open 5000X, basing in a long range since November

PNC Financial (PNC) with 1000 January \$165 puts bought for \$11.80 today, tied to stock

Investnet (ENV) with 2000 May \$70 puts bought today for \$0.85 up to \$1.05

Meta Financial (CASH) with buyers of the May \$50 calls for \$2.35 to \$2.60 to open, aggressive on a wide bid-ask for 3000 contracts. The \$1.47B regional bank trades 7.75X earnings and 2.6X FCF with a focus on banking products and services in the US

Affirm (AFRM) buyer of 4500 May \$45 calls today for \$3.65 to \$3.70, spread with the \$70 calls being sold for \$0.54. **AFRM** the June \$30 puts also being bought 2500X for \$3.40. **AFRM** now also with a large buyer of 10,000 June \$25 puts for \$1.76

Synchrony (SYF) buyer of 6000 June \$33 puts for \$1.15 today ahead of earnings on 4-18

Alliance Bernstein (AB) weak all day but seeing 1000 October \$40 puts sold to open this afternoon for \$2.16

Healthcare

Bausch (BHC) with 15,000 July \$20 calls bought for \$4.20, adjusting some April ITM calls

Bristol Myers (BMY) buyer of 1,100 January \$77.50 puts for \$7.20 today, stock tied. **BMY** also seeing the May \$72.50/\$65 put ratio spread bought 5,000X10,000 today. **BMY** now also seeing 3500 May 6th (W) \$75 puts bought up to \$1.19 this afternoon

Rite-Aid (RAD) the January \$8 calls being bought today 1800X up to \$2.15, follows bullish call spreads last week into weakness

Cardinal Health (CAH) with over 5500 April 29th (W) \$65 calls being bought near \$1.10 to \$1.15, some April calls adjusting out

Smile Direct (SDC) the October \$5 puts being bought 1500X for \$3.10 to \$3.15 today, reports in early May and has a disastrous history lower in eight of the last ten with an average down move of 12.5% including five that were 20% or greater

Boston Scientific (BSX) with 5000 January \$40 puts bought for \$2.55 today, stock tied

Agilent Tech (A) with 1450 January \$160 calls sold to open today from \$4.70 to \$4.50

Baxter (BAX) buyer of 2000 April 29th (W) \$79 puts today for \$2.50 as some April \$80 puts roll out

Industrials

Titan Int'l (TWI) buyers of 1350 July \$15 calls this morning from \$1.30 to \$1.50 to open, unusual volume in a strong name that is trending just below recent highs

3M Co (MMM) with 1000 January \$145 ITM calls bought for \$14.90 to open today

Boeing (BA) buyer of 2000 May 6th (W) \$185/\$195 call spreads being bought this morning ahead of 4-27 earnings

Delta (DAL) with 6,400 May \$35 synthetic long spreads opening for \$3.65

Emerson (EMR) with 1250 January \$82.50 puts bought for \$4.40 to open today

Triton (TRTN) buyer of 1000 May \$60 calls mid-day for \$3.70 to open, weak name lately but bouncing off of its rising 200-MA this week

Pulte Homes (PHM) large stock replacement today sells 75,000 July \$40 puts for \$2.55 and buys 25,000 of the \$45 calls for \$2.20. **PHM** also with 4000 May \$45 calls bought today from \$1.20 to \$1.25

Quanta (PWR) the May \$130/\$120 put spread being bought 1450X this afternoon as some April \$130 puts adjust out

Materials

Peabody (BTU) hot again today up nearly 10% and seeing the May \$30/\$35/\$40 call butterfly spread bought 1000x2000 to open

Nutrien (NTR) stock replacements are selling 1000 September \$95 puts for \$5.20/\$5.30

Bunge (BG) buyers of the November \$135 calls for \$6.50 to open today, over 775X

West Fraser Timber (WFG) with 600 August \$80 calls sold to open today from \$6 down to \$5.70

Mosaic (MOS) also seeing 3000 April 29th (W) \$80 calls bought from \$2.30 to \$2.60. **Mosaic (MOS)** with 1500 May \$75 puts bought for \$6.35, stock tied

Cliff's (CLF) with over 4000 May 6th (W) \$35 calls bought \$0.80 to \$0.82 to open today

Freeport (FCX) seeing IV tick higher here with buyers of the September \$43 puts for \$3.50, over 3950X

Corteva (CTVA) with a jump in IV this afternoon as 4,275 May \$65 calls are bought for \$1.00 to \$1.05 to open into strength

Tech

Apple (AAPL) the May 13th (W) \$170 calls being sold to open early from \$4.85 down to \$4.70, over 12,000X, common strategy in the name lately. **AAPL** also seeing 10,000 May 13th (W) \$160 puts sold to open today for \$2.80, again this has been the theme recently for Apple which is short-term calls being sold and short-term puts being sold as well

Intuit (INTU) buyers active for 450 May \$500 calls for \$14.50 today, still has some notable September call open interest

Nvidia (NVDA) with over 5000 April 29th (W) \$230 calls bought today for \$8.50 to \$8.65. **NVDA** now also seeing 1800 November \$210 puts sold to open for \$27.10 in a stock replacement

Marvell Tech (MRVL) the April 29th (W) \$60/\$55 put spread being bought 2000X today. **MRVL** now also seeing buyers of the September \$47.50 puts from \$2.90 to \$3, over 1650X

Analog Devices (ADI) with 2500 January \$140 puts sold to open for \$10.40 today, working on the right side of a potential multi-month basing pattern

Confluent (CLFT) with 3000 May \$35 puts bought for \$2.80, stock tied, as shares try to carve out a nice multi-week base

AMD (AMD) with 1300 August \$95 puts being sold to open today for \$10.80 into multi-month support

Snap (SNAP) with 2000 September \$25 puts sold to open for \$2.17 to \$2.14

Varonis (VRNS) stock and IV jumpy mid-morning as 2500 May \$55 calls are bought up to \$1.55 to open, starting to move out of a bull flag and multi-month base

Cloudflare (NET) with 1000 August \$155 calls sold to open today between \$7.45 and \$7.70

Coupa (COUP) with 1000 May \$110 puts opening for \$10.35, adjusting the April \$110 puts that opened with stock in January. **COUP** also with 700 January \$115 puts sold to open for \$26

Sentinel One (S) with 2000 September \$50 calls sold to open today for \$2.55

TI (TXN) buyer of 400 June 2023 \$180 calls for \$18.70 to \$18.90

Intel (INTC) buyers of the June 2023 \$45 puts for \$5.60/\$5.65 to open today, over 1000X

Netflix (NFLX) seeing buyers of the May \$250 OTM puts here from \$2.45 to \$2.55 to open, over 2950X into earnings on 4-19

NXP Semi (NXPI) into weakness this afternoon a buyer of 1000 June \$180 calls for \$6.90 to \$7 to open, earnings on 4-25

Fubo TV (FUBO) with buyers of the June \$6 puts today for \$1.30 to \$1.35, over 6925X, tied to stock

Communications/Utilities

AT&T (T) with 10,000 September \$21 calls bough today for \$0.65 as some May calls adjust out

Disclaimer:

Not Investment Advice or Recommendation

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