



MARKET RECAP REPORT 6/4/2021

Sector Leaders

Tech

Materials

Healthcare

Stock Gainers

DOCU 17%

MVIS 15.5%

LX 15%

TRGP 12%

ASAN 10.5%

TIGR 10%

Volatility Gainers

- SENS
- BVN
- EH
- ATOM
- EYES
- MVIS

High Call Volume

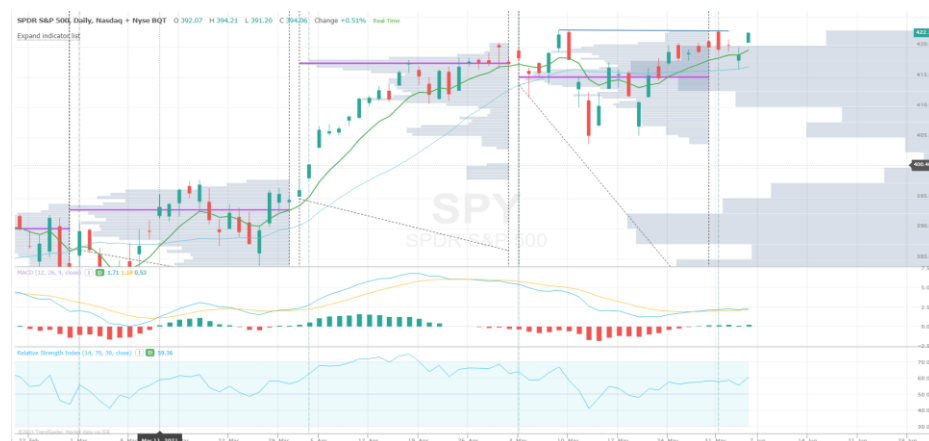
- HWM
- AMCX
- JBHT
- ATOM
- IOVA
- TPR

Bullish Options

- BIIB
- RBLX
- UBER
- NVDA
- ROKU
- UPST
- NOW
- V
- HWM
- ALGN
- GLW
- SONO

Market Review: Stocks were muted overnight and in the pre-market ahead of the Jobs Report while in politics the tax plans and infrastructure plans remain a key focus for investors. The May Employment Report came in weaker than expected though average hourly earnings posted a strong beat. The market reacted positively initially seeing the implications for the Fed to remain on its current path. Factory orders were a bit light, the first decline in eleven months. Non-defense capital goods posted a strong beat, however. Tech showed strength as Bond Yields declined while financials were under some early pressure. Internals remained strong all day and trend day developed as we cleared the top of May value at 4213.75. Technically, both the Nasdaq and S&P remain steady as we sit above the 8- and 21-day MA and focus now is follow-through out of this consolidation and potential to trend again, perhaps a run up to the June Fed meeting.

S&P Chart:



Resistance	Support
4,220	4,170
4,385	4,110
4,450	4,055

Options Action Trends: It was a quiet day for new, impactful flows while we continue to see a lot of adjustments. We saw more large call sales in large-cap names, a popular trade, and today targeting **LMT, JNJ, and MS**.

What's On Tap: The focus turns to China trade data, China CPI, ECB Meeting and US inflation data on Thursday. Earnings of note will be from MRVL, COUP, MTN, SFIX, CPB, PATH, RH, and CHWY. The big Biogen PDUFA will be on Monday. Apple will host its WWDC on Monday. There will be a ton of conferences again across healthcare, financials, travel, TMT, energy and industrials.

Trade Tracker Portfolio Changes:

- 1) **Spotlight:** Long **GE** September \$13 Calls \$1.25 – No Fill
- 2) **Spotlight:** Long **BA** August \$260/\$275 Call Spreads \$4.50

Sector Laggards

REITs

Industrials

Financials

Stock Losers

PSTH -13.8%

PD -13%

TAL -10.5%

BB -10.5%

SNDL -8.5%

RLX -8%

Volatility Losers

- BB
- WKHS
- BBBY
- GPRO
- AMC
- GME

High Put Volume

- EDU
- APTV
- PVH
- CNI
- LB
- SCCO
- AMCX

Bearish Options

- RCL
- GM
- PLCE
- F
- TAL
- MAC
- SQ
- GPRE
- BX
- JMIA
- TSLA



FEATURED OPTIONS RADAR REPORT



Fed-Ex Put Sellers into Pullback as Q4 Earnings Seen Strong as Margin Story Develops

Ticker/Price: FDX (\$306.30)

Analysis:

Fed-Ex (FDX) interesting action late on 6/3 as 1250 August \$310 puts were sold to open \$19.70 to \$19.40 showing a lot of confidence with shares at \$306. FDX has also recently seen June \$310 calls accumulate 6000X in bull call spreads with **UPS** hosting an Investor Day next week. On 5/17 the December \$320 puts were sold to open 1125X raising \$3.6M in premium. FDX will report earnings on 6-24. FDX shares are +18% YTD and have been consolidating above the 8-week moving average the last four weeks after a key breakout to new highs with \$333 a 138.2% Fibonacci extension target while the range break measures to \$350. The \$81.55B freight company remains at cheap valuation of 15.4X Earnings, 9.7X EBITDA, and 25.8X FCF with a 0.85% dividend yield. Forecasts see FDX revenues ending 2021 with 19.5% growth while 2022 seen closer to 5% growth as it laps tough comps. FDX has seen a surge due to the ecommerce boom but also a name closely tied to the Macroeconomy which is set to surge globally in 2021 and likely drive upside to estimates. FDX continues to show pricing power with it raising prices while cost efficiencies have also contributed to expanding margins. The FedEx Ground margin story is a key to investors and showed signs of recovery last quarter despite weather headwinds. FDX should see the higher margin Industrial economy business strengthen through 2021.

Analysts have an average target of \$350 with short interest at 1.3% of the float. On 4/13 KeyBanc upgraded to Overweight citing positive online parcel volumes, rational pricing dynamics, and improving global activity boosting air freight. On 5/26 they raised the target to \$370 seeing Q4 earnings as an upside catalyst expecting stronger margins.

Wolfe raised shares to Outperform on 5/3. Hedge Fund ownership jumped 12% in Q1 filings.

Hawk Vision:



Hawk's Perspective: FDX remains attractively valued with strong price momentum and the margin expansion should re-rate shares higher, no reason this can not be a \$400 stock later this year.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Unusual Bullish Activity in Switch

Ticker/Price: SWCH (\$19.88)

Analysis:

Switch (SWCH) seeing unusually active options activity this week as call volume of 9500 was 13X daily average on 6/3 with the focus early on the July \$20 calls at \$0.50 to \$0.65 and traded 7500 on the day. SWCH on 6/2 had an opening sale of 2000 November \$19 puts, and has also seen some buy-writes with August \$18, \$19 and \$21 calls. SWCH shares are breaking out on the weekly clearing the May 2020 and February 2021 highs, and this range break targeting a move up to \$24. SWCH is a pioneer in the design, construction and operation of some of the world's most reliable, secure, resilient and sustainable data centers. Its advanced data centers reside at the center of its platform and provide power densities that exceed industry averages with efficient cooling, while being powered by 100% renewable energy. SWCH has more than 950 customers, including some of the world's largest technology and digital media companies, cloud, IT and software providers, financial institutions and network and telecommunications providers. The \$4.7B company currently trades 11X EV/Sales, 68X Earnings and yields a 1% dividend. SWCH forecasts see revenues rising 8.5% and 13.3% the next two years with EBITDA up 7.8% and 12.1% respectively. In May SWCH entered an agreement to acquire Data Foundry, a carrier neutral data center operator for \$420M, at 19.2X FY21 EBITDA. The acquisition gives SWCH access to Data Foundry's 400+ customer logos, which could help accelerate growth in SWCH's existing PRIMEs. Analysts have an average target of \$21.50 and short interest at 9.7% of the float has risen 87% Q/Q. Truist started shares Buy in February with a \$24 target saying the post pandemic opportunity will result in above industry average growth, slightly improving margins and a declining capital intensity that should bolster valuation. SWCH employs the combination of what they view as proprietary technology that enhances the end user customer experience with a colo deployment while leveraging scaled telecommunications services resale in order to lower the unit economics for customers. The combination attracts an underserved type of customer but garners an EQIX like MRR/C (Monthly Recurring Charges/Cabinet) of ~\$2,400 per month with similar margins. Completion of Atlanta and Grand Rapids could accelerate revenue growth and lower cash burn.

Hawk Vision:



Hawk's Perspective: SWCH is a quality grower and intriguing data center play that should take share but valuation seems to fully reflect this currently and not looking to chase the move, though it could be a potential M&A bet.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Ally Financial Bull Sees Relative Strength Continuing

Ticker/Price: ALLY (\$55)

Analysis:

Ally Financial (ALLY) with 3,500 September \$60 calls bought on 6/3 for \$2.05. ALLY has seen 3,500 June \$55 puts sold to open recently while the September \$46 and \$50 calls active with buyers in April. Shares have been in a strong trend since July 2020 and back at the 8-EMA this week as well as the prior base breakout with potential for a move back to \$60. The \$20.46B company trades 8.9X earnings, 1.4X book and 1.15% cash with a 1.5% yield. ALLY is guiding to accelerating growth in FY22 and FY23, 4.5% and 5.5% respectively. ALLY is benefitting from growth in retail deposits, lending volumes, and 97% growth in customer assets for Ally Invest. Automotive has also been a bright spot with demand for new and used vehicles surging and values remaining elevated as inventories were constrained. ALLY sees a big opportunity to build out Ally Bank as home originations rise. Analysts have an average target for shares of \$48 with a Street High \$65. Deutsche Bank with a \$65 PT and Buy rating last week. They are positive given the current benign credit environment, elevated auto prices due in part to supply shortages, and continued strong demand amid a secular shift in consumer transportation preferences brought to the forefront by the pandemic. Hedge fund ownership fell 5% in Q1. Oaktree Capital remains a top holder with 11.1M shares.

Hawk Vision:



Hawk's Perspective: ALLY remains a solid dip buy within the financials and a move back to the 21-day around \$53.75 would set up a nice short-term risk/reward

Confidence Ranking: \$\$



Bulls Target Splunk into Weakness as Transition Story Continues

Ticker/Price: SPLK (\$112)

Analysis:

Splunk (SPLK) bullish flow on 6/3 into earnings weakness with 1000 January \$120/\$85 bull risk reversals opening, 1000X July \$105 puts sold to open, and 1000 July 9th (W) \$100 puts sold to open. Earlier this week the July \$125 calls and August \$125 calls were bought to open. SPLK has some large, longer-dated positions in open interest including a \$3M buy in the Jan. 2023 \$145 calls and \$3.3M in January \$120 puts sold to open. SPLK shares have been cut in half since October and now back at significant support level stretching back to early 2018. A rebound targets March and April VPOC around \$135 while the next major area of resistance is up at \$160. The \$18.3B company trades 9.85X cash and 7.2X EV/sales with mid-20% growth in FY23 and 29% growth in FY23. SPLK disappointed on operating margins and ARR growth but for the first time had more than half of their cloud-based ARR using workload-based pricing. SPLK is likely set up for a messy year as their cloud model transition continues but positioning themselves well for long-term growth with a recent set of strategic deals to expand their platform. They continue to have an industry-leading portfolio of IT, security and observability products and cloud services as well to capture the massive market opportunity. Analysts have an average target for shares of \$188 with a Street High \$300. Piper with a \$175 PT and encouraged by underlying cloud adoption metrics and continued unification and expansion of capabilities of the underlying platform. Barclays positive on the 2H which should start to get more interesting as larger enterprise accounts come up for renewal and cash flows start to snap back. Hedge fund ownership fell 17% in Q1.

Hawk Vision:



Hawk's Perspective: SPLK is obviously an ugly chart but back at a reasonable valuation as their cloud transition plays out and given their strong product and massive market opportunity, I wouldn't be surprised if it pops up on M&A radars

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Treasury (TLT) with 4400 January \$142 calls bought \$4.93, look to be adjusting the \$145 calls

Nasdaq (QQQ) with 22,000 September \$305 puts bought for near \$15M this morning as July \$303 adjust a likely hedge. QQQ also an opening sale 2000 December \$338 ITM puts \$22.65

Oil & Gas (XOP) buyer of 5,000 July \$100 calls for \$3.55 spread with the \$110 calls and later 2,000 December \$95 calls bought up to \$11.75 to open

Brazil (EWZ) with 10,000 September \$45/\$49 call spreads bought today for \$0.70

Investment Grade Bonds (LQD) buyer of 10,000 September \$129/\$122 put spreads for \$0.95

Russell (IWM) buyer of 2,250 June 2022 \$225/\$260 call spreads today for \$13.68

Consumer Goods

Logitech (LOGI) buyers of 1,000 July \$140 calls for \$3 to \$3.10 into strength

Under Armour (UAA) with 7000 next week \$21.50 calls bought \$0.48 to \$0.58 into day lows

Campbell Soup (CPB) with over 1685 July \$48 puts sold to open today for \$1.10 to \$1, nice chart with shares forming a weekly bull wedge under \$50

WW the January \$65 calls bought 1365X for \$1.65/\$1.70 with shares trading \$40

Sonos (SONO) buyer of 1,500 August \$45 calls for \$1.05 today, positive note on trends from peer B&O this week

Target (TGT) buyer earlier of 400 March 2022 \$240 calls for \$16.60 in a stock replacement

Callaway (ELY) afternoon buyers of 2,350 November \$30 puts for \$1.95 to \$2

Consumer/Business Services

Roblox (RBLX) buyer of 4,000 June 25th (W) \$120 calls for \$2.40, continues to see strong call buying almost every session

Children's Place (PLCE) with 2,500 June \$90/\$80 put spreads bought for \$3 this morning,

Uber (UBER) with 5000 June \$51 calls bought \$1.08 and \$1.13, small consolidation above the 21-day MA and 200-day MA. **UBER** also with 1500 June 2022 \$40 puts sold \$4.13 to open

Airbnb (ABNB) with 1175 June \$147 calls bought up to \$5.70

Groupon (GRPN) with 1250 December \$80/\$90 far OTM call spreads opening

PVH Corp (PVH) with 1,275 June \$105/\$115 call spreads opening for \$3.90 with the \$100 puts sold for \$1

Nike (NKE) buyer 1000 August \$140 calls \$3.30 to \$3.40, sits right on 200-MA

Carnival (CCL) opening sale 5000 January 2023 \$27.50 puts for \$5.35. **CCL** also with 2000 January 2023 \$30 puts sold to open for \$6.65

AMC Networks (AMCX) with 2,000 June \$60/\$55 bull risk reversals bought today for \$1.65, another name floated as a potential deal target in the consolidating space

Norwegian Cruise (NCLH) with 1,400 July 23rd (W) \$30.50 ITM calls bought for \$3.40

TAL Education (TAL) over 6,000 June \$25 puts bought today for \$1.20 to \$1.30, adjusting down the \$27 puts into more weakness

Abercrombie (ANF) buyer of 1850 June \$39 calls for \$1.70

Barnes and Noble Education (BNED) with 1,000 April \$10 calls bought for \$2.25 this afternoon, nice weekly flag setting up under \$9.50. **BNED** also with 1350 October \$10 calls bought today for \$1.30 to \$1.40

Norwegian Cruise (NCLH) with 600 December \$25 calls bought today \$9.10 to \$9.35

DriveShack (DS) shares and IV pop with 2450 July \$2.50 calls bought for \$0.80 to \$0.90

Energy

Valero (VLO) with 1000 ITM September \$75 calls bought \$11.50

Plug Power (PLUG) with 2,750 July \$40 calls bought this morning for \$1.35 to \$1.37

Devon Energy (DVN) with 1000 July \$33 ITM puts sold to open for \$3.70 today as bull flow in the energy space continues

Green Plains (GPRE) spreads today are buying 1000 June \$31 puts and selling the December \$21 puts for a small debit

Ballard Power (BLDP) another 1885 January 2023 \$15 puts sold to open this morning for \$3.90

Sun Run (RUN) with 800 January 2023 \$35 puts sold to open today for \$7.30

Financials

Bank of America (BAC) with 5,000 January \$45 puts sold to open this morning for \$4.85

Upstart (UPST) strong to new highs with 1000 June \$185 calls bought \$20.50 against sale of \$125 puts at \$6.50

Macerich (MAC) buyers of 8000 June \$17 puts \$0.75

Morgan Stanley (MS) seeing the September \$100/\$110 call ratio spreads open 2250X4500

Zillow (Z) unusually structured trade bought 7000 January \$150 calls \$5.85 but sold 7000 of the January 2023 \$150 calls for \$16.95 for a large net credit

Visa (V) buyers of 6,000 December \$240 calls up to \$10.70

JP Morgan (JPM) opening sale 10,000 July \$160 puts \$3.10

Square (SQ) buyer of 3250 August \$190/\$160 put spreads as June \$185 adjust

Futu (FUTU) buyers in July \$155 calls up to \$14.30 from \$13.90 offer, setting up under key resistance, IV surging here

Blackstone (BX) with 800 January \$90 puts opening for \$6.55

Capital One (COF) opening sale of 1000 June \$165 puts today for \$3.05, stock replacement

Morgan Stanley (MS) with 10,000 August \$100 calls sold to open for \$1.97 to \$1.95

PayPal (PYPL) today with 370 March 2022 \$260 calls bought up to \$31.70

PagSeguro (PAGS) buyer of 10,000 January \$60 calls for \$4.80 today, adjusting some June \$50 calls after earnings this week

Healthcare

Biogen (BIIB) buyer of another 1000 October \$250 calls \$52. **BIIB** buyer 1000 June \$290/\$350 call spreads for \$14.90

Intellia (NTLA) strong Biotech name with 1000 June \$70 puts selling to open \$3.40 to \$2.80

Prothena (PRTA) with 1300 June \$29 calls bought for \$2.50 to \$2.90, flagging above the 8-EMA and just below recent highs

MacroGenics (MGNX) into early weakness a buyer of 450 October \$30 calls for \$4.60 to \$4.90

BioNTech (BNTX) with 450 January 2023 \$200 puts sold to open today for \$49.50, stock replacements for more than \$2.4M

Elanco (ELAN) with 4000 July \$32 puts sold to open today for \$0.40

Gilead (GILD) with 2,800 January 2023 \$67.50 calls opening for \$6.85 today, the January 2022 calls adjusting higher

Abbott Labs (ABT) into weakness a buyer of 1,000 June \$100 synthetic long spreads for \$8.56

Teva Pharma (TEVA) spreads today are selling 3000 December \$9 puts to buy the \$12/\$17 call spread with shares continuing to base under \$11

J&J (JNJ) with 10,000 September \$175 calls sold to open today from \$2.77 to \$2.58

Align Tech (ALGN) moving to the highs with buyers in the August \$600 calls, size buyers of 1500 from \$34.75 to \$39

Guardant Health (GH) with nearly 900 July \$125 calls sold to buy the \$115 puts for a net \$2.50

Pfizer (PFE) buyer of 1000 January \$36 calls for \$4.05 today

Apellis (APLS) trading another 1,000 October \$60/\$85 call spreads today with the \$25 puts sold to open, same trade as yesterday

Industrials

General Motors (GM) with 3000 October \$65 puts opening \$6.75 into this recent rally. **GM** also with 1,000 October \$60 puts sold for \$3.90 in stock replacements

Northrop (NOC) another strong Defense chart and seeing 750 June \$380 calls bought up to \$3.50

Tesla (TSLA) June 11th (W) \$450 puts seeing over 50,000X with buyers today

Howmet Aerospace (HWM) with 10,000 October \$40 calls bought for \$1.25 in a stock replacement

Lockheed Martin (LMT) strong move today and the July \$410 calls being sold to open here for \$3.40 to \$3.10 over 10,000X

American Air (AAL) buyers earlier of 6,000 June 25th (W) \$23 ITM calls for \$1.90 to \$2

Ford Motor (F) over 7,000 December \$19 calls being bought this morning between \$1.30 and \$1.35

United Air (UAL) with over 11,000 June \$58 calls bought today around \$1.85 to \$1.90

United Parcel (UPS) with 1000 June 25th (W) \$205 puts sold to open today into the morning lows for \$3.35

Materials

US Steel (X) with 1,250 June 25th (W) \$23.50 calls bought \$3.60

Axalta (AXTA) with 1,450 October \$34 calls bought today between \$1.65 and \$1.70, flagging above its 8- and 21-day MA and oft-discussed M&A target

CEMEX (CX) buyer 2100 August \$7 calls for \$1.40

Albemarle (ALB) strong today and 1000 July \$195/\$210 call spreads being bought to open for \$1.23

Tech and Telecom

Atomera (ATOM) stock and IV moving higher today with 1925 June \$20 calls bought up to \$1.40, small flag building. **ATOM** IV jumpy now with 4500 June \$30 calls bought as well

Jumia (JMIA) more bull flow here with 2000 June \$33 calls bought up to \$2.05

Adobe Systems (ADBE) IV falling with 1000 June \$472.50 puts sold to open today for \$2.53 into the strong early move, back above the 8-day MA and small flag on the 21-day

Apple (AAPL) with 2000 December \$145/\$110 bear risk reversals trading, potentially collaring a stock position. **AAPL** also trading 3,500 December \$140/\$120 collars with stock today, paying \$2.35 debit

Alibaba (BABA) seller of 1000 January 2023 \$150 puts \$11.55 bid

NVIDIA (NVDA) with 1300 June 25th (W) \$760 far OTM calls bought \$6.70 to \$7.50

Roku (ROKU) size buyer 1000 next week \$325 ITM calls \$13.05 to \$14.30

IQIYI (IQ) with 4,500 July 23rd (W) \$14 calls bought up to \$1.10. **IQ** big block of 10,000 now for \$1.15

Zoom (ZM) buyers 1350 June 25th (W) \$365 calls \$4.10 offer

Criteo (CRTO) buyer of 1000 January \$40/\$50 call spreads for \$3.76, nearing a big weekly breakout

TI (TXN) with 1,000 June 2022 \$175 puts sold to open for \$15.15 today, same expiration as we've seen other large put sales recently

Service Now (NOW) with 750 July 23rd (W) \$485 calls opening for \$12.20 today as the July \$500 calls adjust

Baidu (BIDU) seeing 1500 July \$195 calls open for over \$1.1M as June \$200 calls adjust

Domo (DOMO) with 1,000 August \$75 calls sold to open today for \$4 to \$3.90

AMD buyers of 4,000 June 25th (W) \$88 calls for \$0.63/\$0.64

Corning (GLW) highs of the day and 1800 July \$40 ITM calls bought for \$3.85, narrow channel pullback from the April highs and small chance Apple announces new hardware at Monday's WWDC which could benefit GLW

Seagate (STX) with 700 January 2023 \$97.50 puts sold to open today for \$20.40 in a stock replacement

21ViaNet (VNET) with 2,500 January 2023 \$20 calls bought for \$6.50 and spread with the sale of 1000 January 2023 \$30 calls for \$3.30

Utility

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