



MARKET RECAP 8/27/2021

Sector Leaders

Energy

Materials

Industrials

Stock Gainers

BILL 28%

RRC 12%

RIG 10.75%

HP 10.5%

SM 10.5%

WDAY 10%

Volatility Gainers

- SPRT
- MRIN
- PAYA
- CEMI
- INO
- ROOT

High Call Volume

- HP
- SAVA
- CARA
- NOC
- SYU
- ACM

Bullish Options

- F
- CRM
- AA
- SEAS
- DASH
- FTDR
- PXD
- HP
- AMD
- GD
- CPB
- WDC

Market Review: Stocks were higher overnight rebounding from the selling on Thursday and ahead of the key Jackson Hole speeches. It was a light overnight session without much incremental news, China Industrial Profits missed expectations and we saw some hot inflation numbers overseas. The major indices jumped higher with Jerome Powell's comments this morning with a more dovish tone around tapering. The Fed Chair acknowledged strength in the economy but implied that its not time yet to begin cutting asset purchases with room for improvement in the labor market. Powell also remained supportive of a more accommodative policy from the Fed even after tapering. Yields moved modestly lower across the curve with his comments and the dollar was down around 40 bps. Breadth was strong for much of the session without a TICK below 400 until the afternoon. S&P broke out above yesterday's range and trended up above the key 4,500 level. VPOC shifted up to 4,500 and outside of the recent four-day balance range.

S&P Chart:



Resistance	Support
4,500	4,370
4,550	4,315
4,600	4,225

Options Action Trends: We saw more bullish positioning in reopening plays today like **DASH** and **SEAS**. There was bull flow in the morning into metals names like **AA**, **NUE**, **PAAS**, and **CLF**. Two natural gas plays saw call buys with the spot commodity moving higher – **COG**, **RRC**.

What's On Tap: The big focus will be the jobs report on Friday while we also get manufacturing ISM on Wednesday. Earnings slow down but major reports from ZM, CRWD, CPB, CHWY, OKTA, VEEV, AEO, AVGO, DOCU, and HPE

Trade Tracker Portfolio Changes:

- 1) No Changes

Sector Laggards

Utilities

Healthcare

Financials

Stock Losers

SAVA -15%

WB -10%

GDS -9.5%

VMW -8%

GRUB -7%

PTON -6.5%

Volatility Losers

- BILL
- DOMO
- TGTX
- HIBB
- OLLI
- GPS

High Put Volume

- OLLI
- CNQ
- GDS
- A
- PII
- BWA

Bearish Options

- GPS
- GDS
- HSBC
- AUPH
- HPQ
- ASAN
- HOOD
- WFC
- BWA
- SAVA
- WAB
- PII



FEATURED OPTIONS RADAR REPORT



Bulls Accumulate Positions in Fashion House Leader As Luxury Spending Remains Strong

Ticker/Price: CPRI (\$57.55)

Analysis:

Capri (CPRI) bullish flows on 8/26 including 4,000 September 10th (W) \$57.50/\$62.50 call spreads, 1000 January 2023 \$40 puts sold to open, and a buyer of 1000 January \$50 calls for \$1.2M, adding to open interest. CPRI has seen bulls this week with 1,000 November \$70 calls bought and 500 of the \$60 puts sold while the November \$52.50 puts also being sold to open recently. CPRI has 1,500 January 2023 \$50 calls in OI from a \$1.7M buy in February. Shares are consolidating just below new highs for the year with a breakout move above \$61.25 measuring out to \$75. Shares bounced off the top of July value this week. The \$8.53B company trades 10.75X earnings, 1.75X sales, and 12.95X FCF with mid-double-digit growth. CPRI is coming off a strong quarter with Y/Y growth across all three of their major houses – Versace, Jimmy Choo, and Michael Kors – behind better customer engagement and unique collaborations. The high-end is benefitting from the return of red carpet events this Summer while their casual offerings across both handbags, ready-to-wear and shoes are performing well through new product launches. CPRI sees further upside from expansion into new categories like accessories, ecommerce, and restructuring their store base. Analysts have an average target for shares of \$62.50 and a Street High \$90. Cowen upgrading to Outperform on 8/4 citing bold logo innovation at Michael Kors and Versace and more confidence in Michael Kors' product, inventory, and pricing execution as well as Versace's brand and margin momentum. MKM upgraded shares to Buy on 8/2 noting that their playbook has been working in what has been a show-me story of its execution on acquisitions, and the silver lining from the pandemic was the company's operational transformation that positions it for more profitable and sustainable growth. Hedge fund ownership fell marginally last quarter. Park West a new buyer of stock.

Hawk Vision:



Hawk's Perspective: CPRI trades cheap and with three iconic brands expanding and seeing strong sales traction, looks poised to clear this long range and move back to the 2018 highs

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Unusual Call Accumulation in Lesser Followed Foundry Leader Seeing Strong Business Trends

Ticker/Price: UMC (\$11.10)

Analysis:

United Micro Electronics (UMC) call activity has picked up again this week with 14,500 calls trading on 8/26 which is 7X average as more than 8000 April \$12.50 calls opened for more than \$825,000 and more January \$10 calls were bought to add to recent buys on 7/21. UMC still has size October and January \$10 short puts in open interest for over 7000X each. UMC has formed a weekly flag inside a much larger monthly flag and above \$11.35 sets up for a trend move higher with \$12.60 an initial Fibonacci extension target. UMC is one of the world's largest independent semiconductor foundries and a leader in semiconductor manufacturing process technologies. Its primary business is the manufacture, or "fabrication", of semiconductors for others. UMC sells and markets mainly wafers which in turn are used in a number of different applications by customers with Communication 52% of revenues, Consumer 24%, Computer 14% and Other 10%. UMC has a market cap of \$26.5B and trades 12.4X Earnings, 3.95X Sales and 17.85X FCF with a strong balance sheet flush with cash and offering a 2.6% dividend yield. UMC's revenues are seen rising 24% in 2021 after 25% growth in 2020 while EBITDA seen rising 38% for the second straight year. UMC is coming off a strong quarter of shipments with higher ASPs with strong demand fueled by 5G adoption and digital transformation. It sees the adoption rate of 22-nanometer technologies to continue to gain traction. UMC noted the worldwide semiconductor market growth rate will accelerate all the way from 2020 to 2025, driven by the 5G digital transformation, HPC, EV and IoT. Analysts have an average target of \$11 on shares and short interest is minimal. Goldman reiterated a Buy after the latest report with a NT\$102.8 target after strong demand, margins and positive forward commentary with likely further ASP upside on foundry supply tightness. UMC will be one of the biggest beneficiaries under the mega-trend of the growing semiconductor content in vehicle. Automotive semi will be the key demand drivers in the coming years for foundry, especially for legacy nodes, as mature nodes will take up 67% of the incremental demand. Citi upgraded to Buy on 7/29 seeing the stock attractive in this environment.

Hawk Vision:



Hawk's Perspective: UMC looks like an attractive own and its options are fairly cheap for a nice longer-term bet to sit on in April 2022.

Confidence Ranking: \$\$\$



FEATURED OPTIONS RADAR REPORT



Bulls Start to Support the Reward/Risk Profile of an EV Disruptor

Ticker/Price: QS (\$21.25)

Analysis:

QuantumScape (QS) shares made a crazy move in late 2020 into early 2021 to \$130 from \$12 and have since been steadily declining but starting to see sentiment in the options market shift more bullish in recent trades. QS has recently seen some large put sales with 2500 February \$20 sold for nearly \$1M and 2000 January \$17.50 sold to open. QS also with 3000 February \$17.50 puts sold to open for nearly \$1M on 8/19 and the December and January \$20 puts each sold to open in since on 7/27 and 8/3 for over \$2.5M combined premium. QS has also seen the February \$25 calls bought 3000X on 8/20 and 10,000 November \$25 calls bought on 8/18. On the chart QS shares basically did a round-trip and retested the main high volume node of support at \$20 which it has held above while weekly MACD has been climbing and nearing its first move into positive territory. Near-term a move above \$22.65 would inflect a recent downtrend. QuantumScape is developing next generation battery technology for electric vehicles and other applications. QS has spent the last decade developing a proprietary solid-state battery technology to meet this challenge of limitations that affect range, useful life, charging time, cost and safety of EV batteries to allow for more widespread adoption. The company believes that its cells could provide substantial improvements over today's lithium-ion cells with benefits including 80-90% greater energy density, a charging rate of <15 minutes for an 80% charge, and a 15-20% reduction in cost of cell manufacturing (driven primarily by eliminating the anode host material), along with safety benefits (traditional lithium-ion cells use a liquid electrolyte, which is flammable). QS has received more than \$2B in capital investment with \$300M spent on development thus far. QS has a strong partnership with Volkswagen who has announced plans to launch more than 70 new EV models and build more than 25 million vehicles on electric platforms by the end of the decade. The JV permits QS to work in parallel with other automotive OEMs and non-automotive companies to commercialize the technology. QS has plenty of key milestones ahead with 2022 seen as a year for Customer Prototype Sampling and QS-o Implementation, 2023 for QS-o producing test-cars, and commercialization in late 2024 or 2025. QS recently provided positive updates on its 10-layer cells. QS has a market cap of \$8.7B and is being valued on future prospects with no revenues seen for many years to come but the company continues to expect to enter 2022 with greater than \$1.3B in liquidity. QuantumScape believes its balance sheet will enable it to fully fund QS-o, start QS-1 production at 1 GWh scale, and contribute capital to the subsequent 20 GWh expansion of the QS-1 facility. Analysts have an average target of \$37 with short interest elevated at 18.8% of the float. Goldman is Neutral noting several positive technical milestone developments and sees QS potential to gain material share in the EV battery market it estimates at a \$300B TAM in 2020 but remains on the sidelines due to the long time to market with no material revenues until 2025/2026 and a challenging competitive landscape. JPM recently started at Neutral with a \$35 target citing risks of commercial success against the upside of potentially disrupting a massive industry.

Hawk Vision:



Hawk's Perspective: QS was the short of a lifetime earlier this year at a \$50B+ market cap but here I start to get intrigued, albeit, a very tough name to value with a lot of risks but potential for a major upside payout as well, one to trade with tight risk management.

Confidence Ranking: \$\$



FEATURED OPTIONS RADAR REPORT



Call Buyers Target Large-Cap Pharma with a Busy 2H Calendar

Ticker/Price: GILD (\$71.50)

Analysis:

Gilead (GILD) with 6000 October \$72.50 calls being bought \$1.46 to \$1.56 on 8/26 and follows size buyers in the June \$72.50 calls recently and February \$72.50 calls. GILD has seen buyers in the October \$70 calls and June \$80 calls as well recently while the November \$70 calls with over 17,500 bought since mid-May. Shares broke out of a big weekly range recently above \$70 and pulling back now to the rising 21-EMA as it consolidates for another leg higher. A breakout back above \$73.50 has room to run to \$78-\$80. The \$88.6B company trades 10.75X earnings, 3.33X sales, and 18X FCF with a near 4% yield. GILD is coming off of a solid quarter with remdesivir sales again outperforming while their core HIV and HCV businesses are looking ahead to fewer COVID headwinds in the 2H and early 2022. GILD is positioned well ahead of some key catalysts in the 2H including PFS data in their Phase III TROPiCS-02 study evaluating Trodelvy in HER2-negative metastatic breast cancer, early stage data in MDS, and potentially a BLA submission for lenacapavir and islatravir long-acting oral combination. GILD continues to sit on a nice balance sheet and cash position as well which gives them potential for dealmaking and the Pfizer deal recently for Trillium may signal appetite from large-caps to start adding to their pipelines as the COVID outlook improves. Analysts have an average target for shares of \$84 with a Street High \$100. BMO raising estimates on 7/30 citing strong earnings while RBC with an \$84 PT noting that strong Veklury sales have catalyzed a Q2 earnings beat, and the analyst sees a well-situated revenue mix heading into key upcoming oncology pipeline catalysts. Short interest is 2%. Hedge fund ownership fell 10% last quarter.

Hawk Vision:



Hawk's Perspective: GILD valuation is attractive with M&A optionality always intriguing for the name while the pipeline can drive further upside into year-end

Confidence Ranking: \$\$

Additional Options Flow

Market/ETFs

Nasdaq (QQQ) buyer 1000 June 30th (Q) 2022 \$380 calls \$27.04 offer for \$2.7M and spread versus \$390 calls. **QQQ** also seeing 5,000 October \$367/\$337 put spreads open today into the move higher

Russell (IWM) mid-day spread sold 10,000 January \$230 calls for \$9.56 to buy the \$225 puts for \$12.29

Investment Grade Bonds (LQD) buyer of 27,500 November \$131/\$128 put spreads for \$0.50

Gold Miners (GDX) buyers of 16,000 October 1st (W) \$32.50 calls today for \$1.08 to \$1.11

Japan ETF (EWJ) buyer today of 62,000 December \$73/\$76 call spreads for \$0.32

Biotech (XBI) with 6,000 October \$124/\$110 put spreads bought today for \$2.23

Consumer Goods

Polaris (PII) with 1,500 September \$120/\$110 put spreads bought to open as the \$130/\$120 spreads move lower

Herbalife (HLF) with 1,000 September \$52.50 puts bought today for \$1.85

Ulta Beauty (ULTA) buyers of 450 December \$420 calls today up to \$16.70

Nike (NKE) with 600 January \$165 puts sold to open for \$10.35 to \$10.30

Abercrombie (ANF) buyer of 1000 September \$38 calls for \$1.69, adjusting higher the \$36 calls

Campbell Soup (CPB) strong move today and buyers of 5,000 September \$41 calls for \$1.20 to \$1.30 to open now into 9-1 earnings

Williams Sonoma (WSM) with 645 November \$160 puts sold to open today for \$5.20

Consumer/Business Services

Match (MTCH) with 1000 next week \$139/\$128 bull risk reversals opening at \$2.60

SeaWorld (SEAS) buyers of 6,500 October 8th (W) \$51 calls for \$2.80 to \$2.85, shares coiled in a bull flag and above \$53.25 can make a run back at YTD highs

Penn National (PENN) buyers of 1000 January \$120 calls for \$3.30 to \$3.35 today as it works off of the top of 2020 value this week

Caesars (CZR) buyers of 1285 October \$115 calls for \$3.15 as some Sept. calls adjust higher

Frontdoor (FTDR) with 500 April \$40 calls bought for \$6.90 to \$7 today into recent weakness

DoorDash (DASH) jumpy here with over 4,000 September \$190 calls bought for \$7.25 to \$8.40 , coiled name above monthly value and trying to move red-to-green today despite the NYC news

Disney (DIS) stock replacements are selling 2,500 November \$150 puts for \$1.36 to \$1.34

Energy

Enphase (ENPH) with 1000 January \$260 calls being sold to open \$5.25

Helmerich & Payne (HP) with buyers active here for 1,425 October \$27.50 calls for \$1.35. **HP** now also with 10,000 September \$27.50 calls bought for \$0.75, adjusting back the \$30 calls

Range Resources (RRC) with 3,500 March \$16 calls opening for \$2.70 in a stock replacement

Devon (DVN) stock replacement sells 1,500 April \$28 puts for \$4.05

Pioneer Natural (PXD) opening sale of 400 January 2023 \$125 puts for \$20.30

Cabot Oil (COG) buyer of 5,500 October \$16 calls for \$0.60 into strength today

Occidental (OXY) with 2,000 October \$29 puts sold to open today \$4.05 to \$4

QuantumScape (QS) with 4,400 February \$20 puts sold to open today for \$3.50, looking to add to open interest

Financials

Bit Digital (BTBT) early buyers of 1000 October \$12.50 calls \$1.90 offer

Metlife (MET) buyers of 550 January 2023 \$62.50 calls for \$7.60

Bank of America (BAC) large opening sale earlier of 25,000 November \$38 puts for \$0.78, bullish call buying recently and write up earlier this week. **BAC** also with 3,000 October 8th (W) \$42 calls bought \$1.55

Square (SQ) with 1,000 September 24th (W) \$270 puts sold to open for \$11.60

Riot Blockchain (RIOT) buyers of more than 9,000 September 10th (W) \$37 puts into the highs here starting at \$1.83

Wells Fargo (WFC) buyer of 1,000 April \$50 puts for \$5.20 this morning

Blackstone (BX) with 1000 January \$120 puts sold to open for \$7.10 today, stock replacement in the strong name

Morgan Stanley (MS) with 1,900 January 2023 \$105 puts sold to open for \$15.60 to \$15.55

MasterCard (MA) afternoon buyers of 1000 October \$355 calls for \$11.10 to \$11.45, being spread with the \$375 calls which may be adjusting back

Healthcare

TG Therapeutics (TGTX) opening sales of 500 January \$26 at-the-money puts for \$5.40 into recent weakness, flagging in a small range now above its 8-day

Uniqure (QURE) buyer of 1800 January 2023 \$40/\$60 call spreads for \$5.10 today as the laggard biotech tries to bottom around recent lows

Cassava Sciences (SAVA) down another 25% today after the large call sales yesterday and this morning a buyer of 1000 January 2023 \$25 OTM puts for \$11.50. **SAVA** also seeing 1000 October \$120 calls sold from \$4 to \$3.70 and 1000 February \$75 calls sold for \$17.20 to \$16.50

CytoKinetics (CYTK) with 1000 November \$40 calls sold to open for \$2.05

DaVita (DVA) with 450 January 2023 \$130/\$100 bull put spreads opening for \$10.40

Inmode (INMD) buyers today of near 600 January \$130 calls for \$17.95 to \$18.35, adjusting some Sept. positions up and out

Schrodinger (SDGR) seller of 1000 September \$55 puts for \$1.20 today

Axsome (AXSM) IV rising this afternoon with 750 December \$30 calls bought for \$5

Apellis (APLS) buyer of 750 September \$95 OTM calls for \$5.10 this afternoon ahead of data

Industrials

Ford (F) November \$13 calls hot on the open \$0.94 to \$0.99 for 5000X

BorgWarner (BWA) buyers earlier of 3,000 September \$42.50 puts for \$0.80

General Dynamics (GD) buyers of 1000 September \$200 calls for \$3.30 today, similar to the **LMT** calls yesterday with the growing tensions around Afghanistan

Materials

Alcoa (AA) buyer of 1500 September \$44/\$50 call spreads as the \$41/\$45 spreads roll up. **AA** also with 3000 September \$46 calls bought for \$1 as the \$43 calls adjusted. **AA** also with 1000 November \$42 calls bought today for \$5.50

Olin (OLN) strong today with 525 January 2023 \$60 calls bought for \$6.60/\$6.70, near a nice weekly breakout

Newmont Mining (NEM) seeing 2000 September \$57.50/\$56 put spreads bought into strength today

Cliff's (CLF) with 500 April \$26 ITM puts sold to open for \$5.70

Nucor (NUE) stock replacements are buying 400 April \$140 calls for \$7.80 this afternoon

Dow Chemical (DOW) buyers of 4,350 September \$67 calls for \$0.45 to \$0.60 into the base breakout

Pan American Silver (PAAS) buyers of 1000 October \$26 calls today up to \$1.40

Tech and Telecom

Marvell Tech (MRVL) weak today after earnings but seeing 2,275 October \$55 puts sold to open or \$1.04 and also more than 8,000 of the \$67.50 calls bought

Ozon (OZON) with 1000 October \$50 puts sold to open for \$1.60 into the recent basing action

Salesforce (CRM) with 2000 November \$280/\$300 call spreads bought as October spreads adjust

Facebook (FB) strong seeing 1275 February \$275 puts sold to open \$5.25. **FB** also with 1350 March \$270 puts selling to open at \$5.50 bids

PubMatic (PUBM) with 1000 January \$30 calls sold to open \$4.20

OLO (OLO) buyer of 1,000 September \$50 puts for \$5 to \$5.10, adjusting back some \$40 puts bought recently with stock

Bill.com (BILL) strong quarter today and seeing 1,000 September \$300 calls bought this morning from \$3.60 to \$3.80

Anaplan (PLAN) bullish spread this morning buys 2,190 September \$70 calls for \$1.38 to \$1.39 and sells the \$62.5 puts 730X for \$3.71 into 8-31 earnings

Workday (WDAY) strong today off of earnings and 6,000 September \$250 puts sold to open for \$1.28

Snowflake (SNOW) IV higher mid-day with over 4,500 September \$300 calls bought around \$11, looking to add to open interest

ASML (ASML) with 1200 November \$610 puts being sold to open today for \$5.35, the October short puts adjusting out from 5/27

Joyy (YY) buyers of 1,600 October \$65/\$75 call spreads today with the recent talk of a potential go-private deal

Dell Technologies (DELL) into weakness today seeing buyers of 5,450 October \$100 calls for \$2.40 with their VMW transaction on track for Q4

Oracle (ORCL) buyers of 1,500 January 2023 \$75 puts for \$5.65

Asana (ASAN) buyers of 2,000 September \$70 puts for \$1.95 to \$2 into 9-1 earnings

C3 AI (AI) with 1000 January 2023 \$35 puts being sold to open for \$7.10 today

Western Digital (WDC) with over 8,500 September \$68 calls bought for \$1.39, spread with the \$75 calls with the Kioxia rumors this week

Snap (SNAP) with 5,000 June \$60 puts bought for \$6.80 today, adjusting out of 10,000 of the January 2023 \$60 puts bought with stock in April

Taiwan Semi (TSM) with 1,000 January 2023 \$145 calls bought for \$8.65

Analog Devices (ADI) this afternoon with 500 January \$155 puts sold to open for \$6.20

Disclaimer:

Not Investment Advice or Recommendation

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