Today's Options Market Update

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Stocks Flat Early with Oil, Yields Slightly Lower

Mulling strong results from Dell (DELL) and Palo Alto Networks (PANW), investors also nervously monitor yields and oil. Major indexes flattened early, still rattled by a jump to almost $90 per barrel for crude and a two-year high close for the 10-year yield after additional Middle East skirmishes.

New York Fed President John Williams told CNBC today that higher yields reflect economic strength, and he sees the trend of inflation slowly moving lower. Friday's August nonfarm payrolls report might blunt rate worries if it's soft. Analysts expect 45,000 new jobs. ADP August private sector employment of 38,000 missed the 47,000 consensus, but ADP doesn't typically correlate with the official government result.

Major indexes dipped Tuesday on war news that sent crude to five-week highs. Looking ahead, Broadcom (AVGO) earnings this afternoon could be a barometer for the chip industry and a possible gut check on Nvidia's (NVDA) recent solid results. A follow-up that mirrors Nvidia's progress might reinforce enthusiasm about AI demand growth.

Morning Rush

The 10-year U.S. Treasury yield (TNX) is unchanged at 4.79%.

The U.S. Dollar Index ($DXY) is lower by 0.13 to 99.55.

The CBOE Volatility Index® (VIX) is down 5.81% today to 15.39.

WTI Crude Oil (/CL) Futures are higher by $0.73 to $90.95/barrel.

Ethereum (ETH) is down by 1.00% to $2,401.

Today's Bullish Activity

Shares of Dell Technologies Inc. (DELL + $20.00 to $445.00) are up more than 4% today after the company raised its annual sales forecast by $25 billion, citing surging demand for servers that support artificial intelligence workloads. Dell now expects revenue for the fiscal year ending in January 2027 to be about $192 billion, including $74 billion from AI server sales, up from its May outlook of roughly $167 billion. The company also projected fiscal-year earnings of $25.50 per share, well above the average estimate of $19.10, and reported an AI server backlog of $95 billion at the end of the fiscal second quarter.

Dell also posted stronger-than-expected quarterly results, with sales jumping 58% to $47 billion. Profit, excluding certain items, was $7.04 per share, topping analysts' average estimates for adjusted earnings of $4.90 per share on revenue of $44.8 billion.

Shares of DELL touched an intraday high of $483.94 earlier this morning before paring much of those gains. Investors may also be weighing the stock's year-to-date performance, as shares have more than tripled already this year.

Option trading in DELL currently stands at 262,915 contracts, 12x average volume, with calls outpacing puts 2:1. The most active contracts are:

• September 4th, 2026, 500.00 call accounted for 15,106 contracts; open interest is 3,856 contracts.

• September 4th, 2026, 400.00 put accounted for 10,045 contracts; open interest is 7,364 contracts.

• September 4th, 2026, 450.00 call accounted for 7,341 contracts; open interest is 1,596 contracts.

New 52-week highs (91 new highs today): Gitlab Inc. (GTLB + $5.66 to $50.75), Johnson & Johnson (JNJ + $3.53 to $274.76), Omnilab Inc. (OABI + $0.94 to $5.38), Conocophillips (COP + $0.36 to $136.55)

Notable Call Activity

Call activity is elevated in Cheniere Energy Co. (LNG + $1.96 to $296.09), with 15,507 calls traded—12x average volume and 45x put volume. Nearly all of the flow is concentrated in the September 18th, 2026, expiration, led by a large call vertical spread between the 300.00 and 320.00 strikes. Traders bought 4,000 of these $20.00-wide bull call spreads, representing 8,000 total contracts, through multiple block orders at an average price of $4.90 each, well above the midpoint of $4.23. Given collective open interest of 2,370 contracts, the activity appears to represent new positioning and suggests bullish intent. Shares of LNG have broken out to the upside recently, rallying nearly 25% over the past two months, and are trading just below their 52-week high of $300.89.

Call activity is also elevated in Compass Diversified (CODI + $0.02 to $11.44), with 8,268 calls traded—223x average volume. Nearly all of the flow is concentrated in the December 18th, 2026, 13.00 strike calls, where traders sold more than 7,515 contracts through three large blocks at prices ranging from $0.85 to $0.90 each, at or near the bid. With open interest of 4,858 contracts, the activity appears to represent either new positioning or additions to existing short-call positions, suggesting neutral-to-bearish intent. Shares of CODI have rallied sharply year-to-date, rising more than 230%, but have pulled back recently after setting a 52-week high of $13.25 on August 14th.

Today's Bearish Activity

Shares of Palo Alto Networks Inc. (PANW - $29.09 to $333.00) are down more than 8% today, marking the stock's biggest drop in nearly seven months, despite the cybersecurity firm reporting better-than-expected fourth-quarter results. Adjusted EPS came in at $1.02, topping estimates of $0.98, while revenue of $3.41 billion also exceeded expectations for $3.35 billion. However, gross margin narrowed to 74.8% from 75.8% in the prior quarter.

The margin pressure, along with guidance pointing to slower fiscal 2027 growth in next-generation security products, appeared to overshadow the stronger profit outlook. Palo Alto expects fiscal 2027 revenue of $11.08 billion to $11.18 billion and adjusted profit of $4.16 to $4.19 per share, above Wall Street's average estimate of $4.11. Investors may also be taking some profits after a sharp rally, with PANW shares up nearly 150% year-to-date heading into last night's earnings report.

Analyst reaction remained constructive. RBC Capital raised its price target on the stock to $475 from $434, Deutsche Bank increased its target to $430 from $350, and DA Davidson lifted its target to $420 from $345.

Option trading in PANW currently stands at 71,106 contracts, 4x the average daily volume with calls and puts basically even. Leading the way are the following trades, expirations, and strikes:

• September 4th, 2026, 300.00 put accounted for 1,517 contracts; open interest is 2,699 contracts.

• September 4th, 2026, 320.00 put accounted for 1,511 contracts; open interest is 2,405 contracts.

• September 4th, 2026, 350.00 call accounted for 1,342 contracts; open interest is 209 contracts.

New 52-week lows (78 new lows today): Pacific Gas & Electric (PCG - $0.99 to $13.07), Nio Inc. (NIO - $0.18 to $3.88), Amrize Ltd. (AMRZ - $0.14 to $42.67), Xpeng Inc. (XPEV - $0.14 to $11.03)

Notable Put Activity

Put activity is elevated in The Campbell's Co. (CPB + $0.16 to $23.87), with 12,261 puts traded—15x average volume and 8x call volume. Nearly all of the activity is tied to the September 4th, 2026, expiration, where more than 10,600 contracts have traded in the 22.50 strike puts. While trading has been two-sided, the largest block orders, including a 2,552-contract purchase at $0.30, have been on the buy side. With open interest of 5,419 contracts, the activity likely represents either new positioning or additions to existing long positions, suggesting bearish intent. Campbell's is scheduled to report earnings before the open on September 3rd, so traders may be positioning for earnings-related volatility. Shares of CPB are down roughly 14% year-to-date but have rallied nearly 20% since posting a 52-week low of $19.56 in late May.

Put activity is unusually elevated in Amphenol Corp. (APH - $2.89 to $160.28), with 8,148 puts traded—13x average volume and 10x call volume. Nearly all of the flow is concentrated in the October 16th, 2026, 135.00 strike puts, where traders sold 7,120 contracts in a single block at $1.45, slightly below the midpoint. With open interest of 3,970 contracts, the activity appears to represent either new positioning or additions to existing short-put positions, suggesting neutral-to-bullish intent. Shares of APH have rallied recently, rising nearly 15% since the company reported better-than-expected earnings on July 29th.

Gauging Volatility

The Cboe Volatility Index (VIX - 0.95 to 15.39) is down 5.81% today, as equity markets are higher across the board (DJI + 230, SPX + 36, COMPX + 113). VIX movement has occurred within a wider range today (the intraday range is 15.33 to 16.82). The highest volume contract is currently the October 21st, 2026, 22.00 call (volume is 50,962 vs. open interest of 44,034).

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