



Earnings Snapshots 10/26/2020

MSFT, MA, EBAY, GOOGL, AMZN, FB, SBUX, TWTR

Microsoft (MSFT) will announce earnings 10/27 after the close with the Street looking for \$1.54 EPS and \$35.72B in Revenues (+8.1%), and Q2/FY21 seen at \$1.61/\$40.43B and \$6.46/\$156.9B. MSFT shares closed lower last quarter on results after being higher the prior five, a six quarter average max move of 3.38%. The Software leader trades 29.55X Earnings, 11.35X Sales and 54X FCF with a 1.04% yield. MSFT is positioned well for results with the WFH trends supporting Office 365, strong recent PC sales data, and Azure remaining a key cloud leader for the digital transformation. Analysts have an average target of \$233 and short interest low at 0.5% of the float. CSFB positive into results last week citing its leverage to strong secular growth trends. MSFT recently announced a \$7.5B deal for Zenimax as it pushed further into the gaming growth trend. Jefferies raised its target to \$260 into results expecting strong results and conservative guidance. One key number to watch is Azure growth with the consensus at 45%. Hedge Fund ownership fell 1.4% in Q2 filings. On the chart MSFT looks a lot like the S&P 500, recently breaking out of a base and now retesting with a wedge pattern back to the 55 MA. The rising 21-week MA was supportive into weakness in September. The \$225 and \$230 levels are likely resistance points while support levels currently at \$212, \$208, and \$199.50. MSFT options are pricing in a 1.5% move on earnings with 30 day IV Skew at +4.8 comparing to the +4.4 52-week average. MSFT saw size Nov. 6th (W) call spreads close out last week but has 20,000 Oct. 30th (W) \$225/\$235 call spreads in OI and 7350 Nov. 6th (W) \$230 calls bought on 10/1.

Trade to Consider: Long the **MSFT** Oct. 30th (W) \$220/\$225 Call Spreads \$1.55 Debit



MasterCard (MA) will release earnings 10/28 before the open with the Street estimate at \$1.65 EPS and \$2.27B in Revenues (-18.8%), and FY20 seen at \$6.68/\$15.64B. MA shares have closed lower 3 of the last 5 reports, a six quarter average max move of 3.06%. The \$334B payments leader trades 38.1X Earnings, 20.55X Sales and 50X FCF with a 0.5% yield. MA sees FY21 revenue growth of 19% and EPS growth near 30% after the 2020 weakness from the pandemic. Analysts have an average target near \$365 and short interest is low at 0.5% of the float, down 16% Q/Q. MA should benefit from improving cross-border volume trends and has been providing monthly metric updates. Barclays raised its target to \$385 on 9/21. Deutsche Bank raised its target to \$383 seeing trends improving and accelerated digital adoption to drive long-term growth rates higher. Hedge fund ownership fell 1.2% in Q2 filings. On the chart MA shares pulled back to key VPOC last week and near key \$325 support, below that the trend breaks and a retest of \$311 is likely. Shares have a major confluence of moving average resistance in the \$337-\$339 zone, above that shares can target next resistance at \$346.50. MA options are pricing in an earnings move of 1.7% and 30 day IV Skew at +4.5 compares to the +4.6 52-week average. MA has not seen a lot of recent activity, the November \$370 OTM calls sold to open 4000X, the November \$360 calls with 2000X bought, April \$290 puts with 1000X sold to open, January \$320 puts sold to open 1000X, buyers of January \$350/\$400 call spreads, and 8/7 trade bought 4,500 Jan. \$335/\$365 call spreads while selling 2500 of the \$300 puts.

Trade to Consider: Long the **MA** November/January \$350 Call Calendar Spread at \$6.65 Debit

Mastercard Inc, Daily, Nasdaq + Cboe BZX O 302.00 H 304.43 L 298.87 C 300.89 Change -0.37% Market closed



TRADING OPTIONS WITH AN EDGE

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©2020 TrendSpider Market data via Barrchart

eBay (EBAY) will report results 10/28 after the close with the Street view at \$0.84 EPS and \$2.63B in Revenues (-0.8%), and FY20 seen a \$3.51/\$10.49B. EBAY shares have closed lower three of the last four reports after being higher the previous four, a six quarter average max move of 6.2%. The \$36.6B company trades 14X Earnings, 3.4X Sales and 14.7X FCF with a 1.2% dividend yield. EBAY forecasts see revenue growth of 6.5% in 2021 with 9.8% EPS growth. EBAY has transformed its platform and acquired 8M new buyers in Q2 which is more than the prior six quarters combined. Analysts have an average target of \$62.50 and short interest at 4.1% of the float has risen 38% Q/Q. Mizuho raising its target to \$55 recently on channel checks showing accelerated search traffic and GMV growth could beat forecasts. Piper out on 10/8 noting 2022 estimates are too low with new products revenue generating greater scale. RW Baird positive on September data and has a \$65 target expecting a strong finish to 2020. CSFB positive into earnings noting the divesture-driven value creation cycle behind us and the focus turning to a product-driven rationale. Hedge Fund ownership rose 5.3% in Q2 filings, Baupost a large position as well as Lindsell Train and Elliott. On the chart EBAY shares sideways in the \$48-\$60 zone for months, currently making higher lows. The \$51, \$49.50 and \$48 levels are support while above \$55 can target next resistance at \$57 and then \$60. EBAY options are pricing in a 5.25% earnings move and 30 day IV Skew at +1.3 compares to the +0.8 52-week average. EBAY recently with 1500 Dec. \$55 short puts opened, also seen February \$55/\$65 call spreads bought 3000X, and February \$60 call accumulation with 14,500 still in OI. EBAY also with 5000 January \$55 calls bought in June, over 9500X in OI.

Trade to Consider: Long the **EBAY** November \$55/\$60/\$65 Call Fly at \$1 Debit

Ebay Inc, Daily, Nasdaq + Cboe BZX O 37.63 H 39.96 L 37.55 C 39.83 Change +5.85% Market closed



Google (GOOGL) will announce earnings 10/29 after the close with the Street looking for \$11.22 EPS and \$42.86B in Revenues (+5.6%) and FY20 seen at \$44.59/\$50.85B and FY21 at \$56.79/\$210B. GOOGL shares have closed lower on earnings 5 of the last 8 reports with a six quarter average max move of 7.14%. The \$1.1 Trillion leader in search cloud, streaming TV and more trades 28.75X Earnings, 6.6X Sales and 35.2X FCF. GOOGL even during the pandemic is seen growing its topline 7.3% this year with EPS down 9.3% and for FY21 sees 20.8%/27.3% growth respectively. GOOGL has been in focus recently with antitrust concerns back around and has a lot of moving parts, notably its YouTube business is extremely strong on the cord-cutting theme and Google Cloud also gaining momentum. GOOGL recently launched Google TV at an event as well. GOOG could have other potential catalysts such as taking the stock split route like Apple, ability to spin-off units, Waymo value unlock, and/or utilization of its \$120B in cash via acquisitions, dividends, or buybacks. Google has done a few minor deals including a \$2.6B deal for Looker in software and the FitBit deal, as well as a recent stake in ADT as it builds out its home security offerings with Nest. It also continues to build out Google Shopping. Analysts have an average target of \$1760 and short interest is low at 0.8% of the float, down 23% Q/Q. BAML recently called it a Top Pick for Q4 saying search advertising could be recovering faster than expected, while new business initiatives in subscription content, Cloud and self-driving vehicles are long-term COVID beneficiaries. Cleveland Research raised shares to Buy last week on Search improvement and Cloud momentum. Deutsche Bank raised its target to \$2020 recently positive on the ad recovery into year-end and sees easy comps into 2021 for accelerated growth and margin recovery. Hedge Fund ownership declined 2.8% in Q2 filings. On the chart GOOGL with strength last week out of a bull flag and back near \$1645 resistance while \$1726 the high from September. GOOGL on weakness with \$1515 and \$1475 levels in focus as support. GOOGL options are pricing a 2.7% earnings move with 30 day IV Skew at +3 comparing to the +4.5 52-week average. GOOGL with a buyer of 1500 Dec. \$1650 calls for \$8.5M on 10/23 and Jan. \$1800 calls with 4500X bought on 10/8.

Trade to Consider: Sell the **GOOGL** November \$1750/\$1760 Call Spread and \$1530/\$1520 Put Spread for a \$5.40 Credit (Iron Condor)



Amazon (AMZN) earnings will be released 10//29 after the close with the Street consensus at \$7.34 EPS and \$92.55B in Revenues (+32.2%), FY20/21 forecasted at \$31.99/\$369.2B and \$44.60/\$437B. AMZN shares have closed lower on results 5 of the last 8 reports though higher 2 of the last 3, a six quarter average max move of 5.8%. The \$1.6 trillion leader in ecommerce and cloud trades 72X Earnings and 59X FCF with revenues seen raising 31.6% this year and 18.3% in 2021 which will face tough comps, while EPS seen growing around 40% each of the next two years. Analysts have an average target of \$3730 and short interest at 0.6% of the float is down 28% Q/Q. AMZN recently held its Prime Day Event and Piper noted sales were up 49% Y/Y. Loop Capital out positive expecting a booming Holiday season and sees accelerated share gains for AMZN while potential inflection in grocer sales and the long-term potential of the Ad opportunity positives as well. Citi out positive into results on several growth engines including ecommerce, cloud and digital ads. Hedge Fund ownership fell 2.6% in Q2 filings. On the chart AMZN shares forming a weekly bull flag consolidation above the rising 21-week moving average and pulled back to key VPOC and the 89-day MA last week. The \$3170 and \$3000 levels are seen as support. A move above \$3400 can start a trend move to \$4500. AMZN options are pricing in a 3.3% earnings move and 30 da IV Skew at +0.9 vs. the 52-week average of +2.1. AMZN with a few large trades like the Nov. 27th (W) \$3200/\$3300 call spread bought 1400X, March \$3200 calls bought 1000X, and December \$3400 calls bought 1000X.

Trade to Consider: Long the **AMZN** December \$3350/\$3450 Call Spreads at \$34 Debit

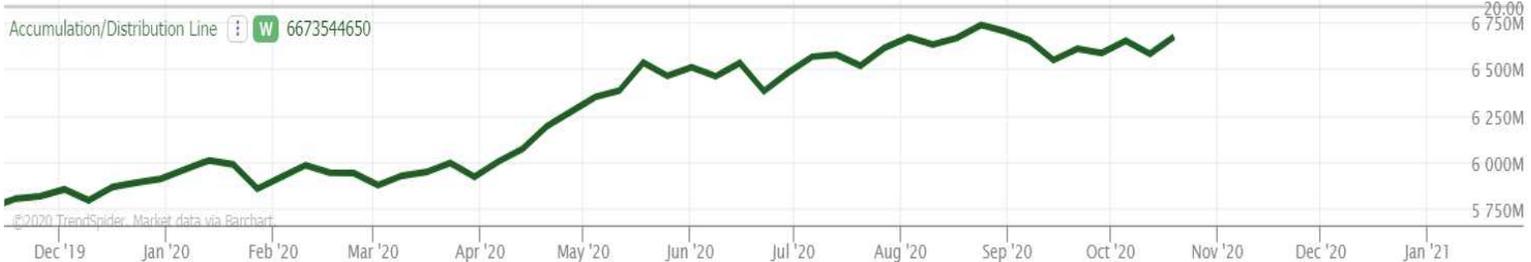
Amazon.com Inc, Weekly, Nasdaq + Cboe BZX O 1860.00 H 1917.82 L 1860.00 C 1883.16 Change +1.25% Market closed



Facebook (FB) will report earnings 10.29 after the close with the Street looking for \$1.90 EPS and \$19.79B in Revenues (+12%), and FY20/21 seen at \$8.07/\$80.37B and \$10.24/\$99.92B. FB shares have closed higher 6 of the last 8 reports with a six quarter average max move of 7.07%. The \$790B leader in digital advertising trades 27.8X Earnings and 42X FCF with revenues seen rising 13.7% this year and 24% in 2021 and EPS growth around 25-30% per year. Analysts have an average target near \$295 and short interest low at 0.98% of the float is down 26% Q/Q. Jefferies raised its target to \$320 on positive checks seeing Q2 ad revenues beating forecasts. CSFB raised its target to \$322 on better growth and ad pricing forecasts. On 10/12 Deutsche Bank raised its target to \$325 on the strong ad recovery. Hedge Fund ownership rose 1.34% in Q2 filings. On the chart FB broke out of a value zone to close last week and the base break measures to \$305. The \$262 and \$254 levels support on weakness. FB options are pricing in a 4.8% earnings move and 30 day IV Skew at +4.2 compares to the 52-week average of +4.8. FB recently with 3500 September 2021 \$135 calls opening for \$46M, 10,000 Dec. \$285 synthetic long position, and on 10/1 the January \$265 calls bought 10,000X to open for \$27.5M. On 9/1 the June 2021 \$370 calls bought 5000X that remain in OI.

Trade to Consider: Sell the **FB** November \$270/\$265 Put Spread for \$1.70 Credit

Facebook Inc, Weekly, Nasdaq + Cboe BZX O 265.53 H 285.24 L 259.88 C 284.79 Change +7.25% Market closed



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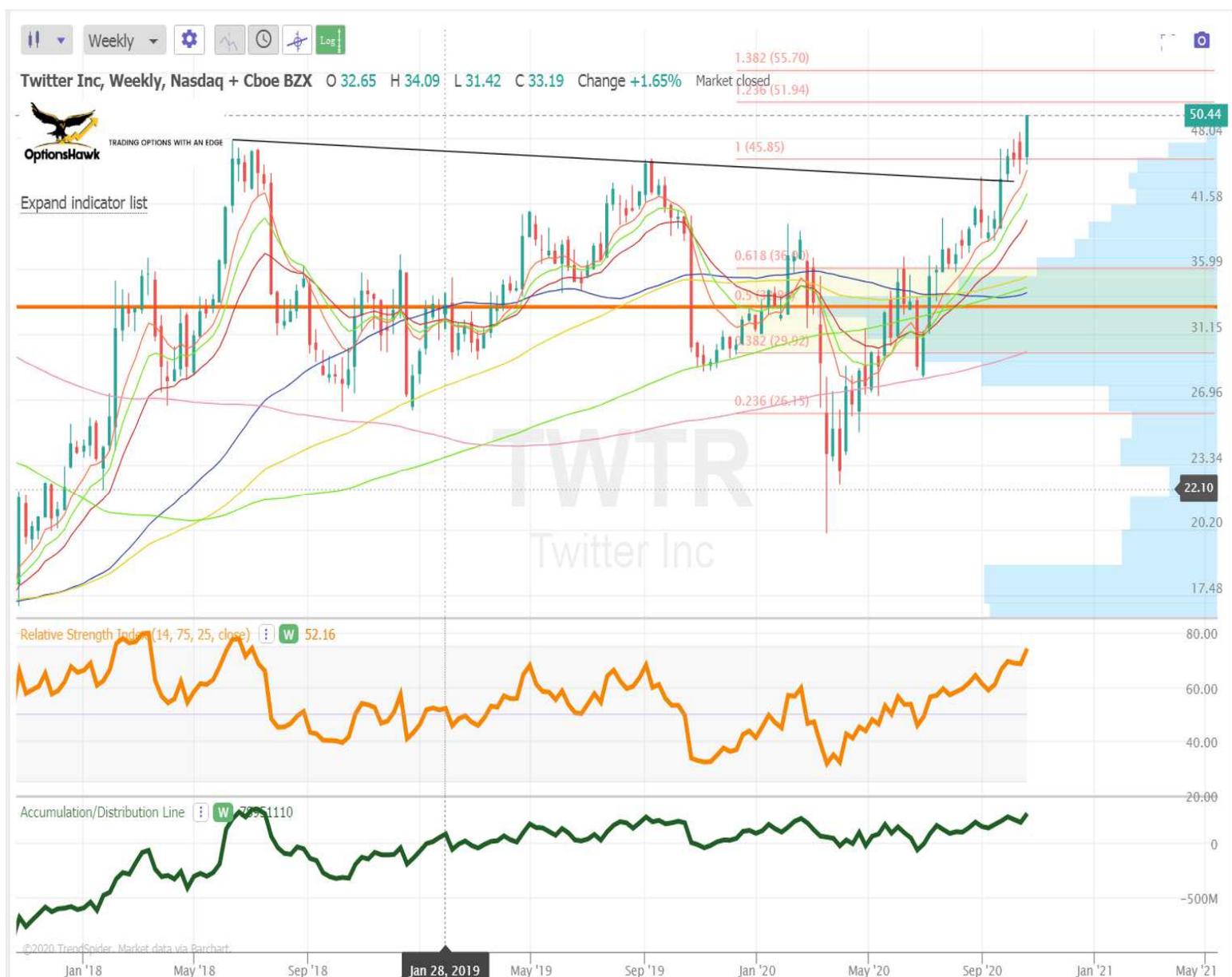
Starbucks (SBUX) will post results 10/29 after the close with the Street expecting \$0.31 EPS and \$6.06B in Revenues (-10.2%), and Q1/FY21 seen at \$0.63/\$6.93B and \$2.73/\$27.93B. SBUX shares have closed higher 7 of the last 9 reports, a six quarter average max move of 4.48%. The \$104B company trades 33.2X Earnings and 4.35X Sales with revenues seen down 12% this year and rising 19.6% in 2021. Analysts have an average target of \$88.50 and short interest at 1.1% of the float is down 30.5% Q/Q. TAG raised its target to \$90 in late September noting improving trends with a SSS recovery in the US and China. Cowen raised to Outperform with early signs of the US recovery. OpCo with a Buy note on 10/5 and \$101 target citing powerful self-help catalysts. Hedge Fund ownership fell 2.4% in Q2 filings. On the chart SBUX closed last week strong near multi-month highs and out of a downtrend, support on weakness at \$88 and \$85 levels. The highs from earlier this year near \$94 and then 2019 highs near \$98 next resistance levels. SBUX options are pricing in a 2.35% earnings move and 30 day IV Skew at +1.8 compares to the +2.7 52-week average. SBUX has seen buyers active near-term in November calls as well as size in June 2021 calls and January \$90/\$100 call spreads. SBUX also active with opening put sales.

Trade to Consider: Long **SBUX** Oct. 30th (W) \$90/\$93 Call Spreads at \$1.35 Debit



Twitter (TWTR) will report results 10/29 after the close and the Street view at \$0.06 EPS and \$769M in Revenues (-6.6%) and FY20/21 seen at (\$0.87)/\$3.31B and \$0.76/\$4.1B. TWTR shares have closed higher 4 of the last 6 reports with an average max move of 14.6%. The \$39.8B social media leader trades 66.2X Earnings, 12X Sales and 88X FCF with revenues seen down 4.4% this year and rising 23.8% in 2021. Analysts have an average target of \$39.50 and short interest is at 3.8% of the float, down 16.6% Q/Q. Jefferies raised its target to \$46 on improved ad spend but still sees it as a show-me story to show evidence it can better monetize its user base. On 10/12 Deutsche Bank upgraded to Buy on a compelling 2021 bull case as a re-rate in improving growth and strong product improvements. Hedge Fund ownership declined slightly in Q2 filings. On the chart TWTR with a big candle last week moving to new highs clearing the 2018 and 2019 highs with \$56 the next upside Fibonacci extension target. On weakness look for a gap fill move back to \$46. TWTR options are pricing in a 9% earnings move and 30 day IV Skew at 0% compares to the +1.5 52-week average. TWTR has seen some mixed near-term flows but still has 8500 Oct. 30th (W) \$47.50 long calls in OI, last week Nov. \$50.50 calls bought 3500X and Nov \$49.50 calls 3000X, the Nov \$45 calls bought 15,000X on 8/26 remain in OI, and 20,000 Nov. \$40 calls bought back on 8/14.

Trade to Consider: Sell the **TWTR** Oct. 30th (W) \$50 Straddle for \$5.80 Credit



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