



QCOM, BABA, SQ, UBER, Z

Qualcomm (QCOM) will report earnings 11/4 after the close with the Street looking for \$1.17 EPS and \$5.94B in Revenues (+23.4%) and Q/1Fy21 seen at \$1.68/\$7.13B and \$6.49/\$27.94B. QCOM shares have closed lower 6 of the last 9 quarters, an average six quarter max move of 7.3% and last quarter an outlier jumping over 15%. The \$142.5B Semi trades 19X Earnings, 7.1X Sales and yields a 2.1% dividend. QCOM won big last quarter with its antitrust legal victory and now is focused on being a top beneficiary of 5G handsets and sees RF as a key growth driver. Analysts have an average target of \$132 with short interest at 1.4% of the float down 10% Q/Q. Mizuho is at Buy with a \$145 target positive into the new iPhone launch with 2021 setting up for a strong 5G handset ramp. JPM raised its target to \$135 seeing benefits from Huawei restrictions spilling over to QCOM. Hedge Fund ownership rose 9.3% in Q2 filings, notable concentrated holders include Matrix, Two Sigma, and Aristotle. On the chart QCOM shares are in a strong trend and pulled back to the 8 week moving average last week and near the former breakout. Shares look to have good support near the 55-day moving average and prior VPOC in the \$117/\$119 zone while \$144.50 the next Fibonacci extension upside target. QCOM options are pricing in a 5.55% move on earnings and 30 day IV Skew at +0.4 compares to the +1.8 52-week average. QCOM has seen mostly bullish positioning with size buyers of January \$120 and \$130 calls, buyers of April \$120 calls, and more.

Trade to Consider: Long the **QCOM** November \$125/\$135/\$140 Unbalanced Call Butterfly Spread at \$2.55 Debit



Alibaba (BABA) will release results 11/5 before the open with the Street consensus at \$0.26 EPS and \$22.48B in Revenues (+32.5%), and FY21 seen at \$1.17/\$100.3B. BABA shares have closed lower its last 4 reports and a six quarter average max move of 3.78%. The \$845B China e-commerce and cloud leader trades 25.5X Earnings, 10.35X Sales and 34.6X FCF. BABA will has an early Singles Day 11/1 to 11/3 and the main one on 11/11 as another key catalyst. BABA continues to have a lot of moving parts including its Ant Financial stake but also been investing in areas like logistics, food delivery, entertainment and more and hosted an Analyst Day in late September. Analysts have an average target of \$333 while short interest at 14.6% of the float is up 12.7% Q/Q to a one-year high. OpCo raised its target to \$335 lowering estimates a bit following a pull forward but sees new monetization opportunities ahead. Barclays raised its target to \$360 as best positioned for a long growth runway and margin expansion. Goldman raised its target to \$350 with BABA remaining innovative and adaptive with the growth outlook intact. Hedge Fund ownership fell 1.5% in Q2 filings. On the chart BABA shares in a strong trend pulled back to its 21-day MA last week with market weakness, while key support seen at \$288 followed by \$275 and \$265. The upside trend extension leaves room to around \$340 upside. BABA options are pricing in a 6.5% earnings move and 30 day IV Skew at +7.9 is steep comparing to the +2.7 52-week average. BABA sees a ton of daily options flow and been fairly mixed overall recently though longer-dated positions skew bullish. BABA has 45,000 November \$290 calls in OI from large buys and size December \$260 and \$280 call buys from late August.

Trade to Consider: Sell the **BABA** November \$290/\$280 Bull Put Spreads for \$3 Credit

Alibaba Group Holding, Weekly, Nasdaq + Cboe BZX O 309.92 H 319.32 L 300.19 C 304.69 Change -1.69% Market closed

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Square (SQ) will report results 11/5 after the close with the Street estimate at \$0.16 EPS and \$2.07B in Revenues (+176%) and FY20 seen at \$0.56/\$7.5B while FY21 seen at \$1.20/\$9.6B. SQ shares have closed higher each of its last four reports, a six quarter average max move of 11.2%. The \$75B mobile payments leader trades 129X Earnings, 7.1X FY21 EV/Sales and revenues seen rising 170% in 2020 and 28% in 2021. It was reported last week SQ was in talks to buy Credit Karma's tax prep business. SQ has benefitted in 2020 from a surge in popularity of its Cash App while the seller ecosystem side of the business should see improving trends as well into year-end. Strong engagement in Cash App has led to 3X ARPU from 2017. Management sees a \$60B opportunity in Cash App across its core three services. It also noted at a recent conference penetration is less than 3% with 85-90% of the market legacy. Analysts have an average target of \$165 and short interest at 7.7% of the float is down 5.7% Q/Q. Deutsche Bank raised its target to \$215 expecting strong results on improvement in Seller volumes and sustained Cash App strength while improving consumer spend and new business formations bode well for the future. RBC raised its target to \$240 seeing the company further along in building a key financial services platform and sees a long-term large monetization opportunity. Hedge Fund ownership fell 4.5% in Q2 filings, Ark Investment a top holder along with Coatue, Whale Rock, and Tyborune. On the chart SQ shares got hit hard last week and broke the 55-day MA and pulled back to a key VPOC level and retesting a former flag breakout. The 21-week MA near \$142 likely next support is the lows break. SQ options are pricing in an 8% earnings move and 30 day IV Skew at +1.1 compares to the +2.1 52-week average. SQ has seen strong bullish bias to flows, the November \$150 puts sold to open in size recently while some large June 2021 \$52.5 and \$62.5 deep ITM calls bought in adjustment rolls, and June 2021 \$160 calls have over 15,500 in OI from size buyer accumulation.

Trade to Consider: Long the **SQ** November/January \$175 Call Calendar at \$5.45 Debit

Alibaba Group Holding, Weekly, Nasdaq + Cboe BZX O 309.92 H 319.32 L 300.19 C 304.69 Change -1.69% Market closed

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Uber (UBER) will announce results 11/5 after the close with the Street looking for (\$0.65) EPS and \$3.19B in Revenues (-16.2%), and FY20 seen at (\$3.86)/\$12.78B. UBER shares have closed lower 3 of its last five reports, a six quarter average max move of 8.18%. The \$59.7B ride-hailing leader trades 3.3X FY21 EV/Sales with revenues seen recovering in 2021 with 40% growth and 28% growth projected for 2022. UBER has massive scale and is transforming into a leader in the growing Delivery market as its core business was hit hard by the pandemic. It also sees an opportunity to expand in Freight. Analysts have an average target of \$42 and short interest at 6.2% of the float is fairly flat Q/Q. Hedge Fund ownership rose 1.1% in Q2 filings, notable top holders include Altimeter, Jackson Square, and Viking Global. On the chart UBER shares have pulled back to prior support and its 200-day moving average, a break of \$32.75 would target a move down to \$30. Resistance levels at \$36.5 and \$38 with potential major breakout above. UBER options are pricing in a 10.2% earnings move and 30 day IV Skew at +5.1 compares to the +4.1 52-week average. UBER has 13,500 Nov. 6th (W) \$36 calls in open interest from buyers, seen size buys in November \$38.50 calls, sellers in Nov. \$29.50 puts, the November \$40 calls with 27,000 in OI from buyers, the Jan. 2023 \$50 calls opening 27,000X recently, and Dec. \$35 calls with 17,500X bought.

Trade to Consider: Long the **UBER** Nov. 6th (W) \$34.5/\$37 Call Spreads at \$0.85



Zillow (Z) will report earnings 11/5 after the close with the Street expecting \$0.12 EPS and \$572M in Revenues (-23%) with FY20 seen at (\$0.40)/\$3.16B and FY21 at (\$0.08)/\$4.54B. Z shares have closed sharply higher each of its last four reports, a six quarter average max move of 18.57%. The \$14.25B real estate services leader trades 4X FY21 EV/Sales with revenues seen rising 15% in 2020 and 43.5% in 2021. Zillow has expanded into the Home Buying market via iBuyer where it competes with new start-ups like Opendoor and there is significant potential to scale-up and expand margins. The digital transformation of the real estate market remains in the early stages and Z has a strong position to capitalize. Analysts have an average target of \$96 and short interest remains high at 17% of the float, though down 15% Q/Q and nearing a two-year low. Goldman raised its target to \$93 last week on positive traffic data and macro indicators for home prices and pending sales acceleration through Q3. They also note the early stages of monetization streams in mortgage, homes, and other services. Deutsche Bank raised its target to \$140 increasing the Zillow Homes segment valuation and potential to re-rate higher in 2021 with multiple initiatives set to inflect including Partner Leaders. Piper started shares Overweight with a \$112 target on 9/24 noting the core business gaining momentum and new initiatives providing a long runway for growth. Hedge Fund ownership fell 2.45% in Q2 filings, notable top holders include ARK Investment, SRS, Jericho and Matrix. On the chart Z shares pulling back the last few weeks to near the rising 21-week MA, support at \$83 while a full re-test move would target \$65. Shares also pulled back to a 38.2% retracement level, potential spot to reverse higher. Z options are pricing in a 10.85% earnings move and 30 day IV Skew at 0 compares to the 52-week average of +3.8. Last week we saw Z November \$95/\$110 call ratio spreads open 1500X2000, the Nov. 6th (W) line as seen some bull vertical spreads open, June 2021 \$80 calls with 1700X opening recently, January \$105 synthetic long 1000X, and opening sellers of Jan. 2022 \$90 and \$80 puts. In February the \$110/\$135 and \$105/\$130 call spreads seen size buys as well.

Trade to Consider: Long the **Z** December \$95/\$105 Call Spreads at \$2.85 Debit



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