



ORCL, JD

Oracle (ORCL) will report earnings 3/10 after the close with the Street consensus at \$1.11 EPS and \$10.07B in Revenues (+2.8%), and Q4/FY21 seen at \$4.36/\$40.1B. ORCL shares have closed lower four of its last six reports with an average max move of 7.7%. The \$193B software company has seen shares rise 12.5% over the past month with relative strength to Tech peers and trades 15X Earnings, 21X FCF and 6X EV/Sales with revenue growth low at 2-3% annually while EPS seen rising 13% in 2021 and 7.4% in 2022. ORCL is a transformation story as they slowly shift their massive legacy on-premise licenses and hardware presence into the cloud and plenty of long-term runway with just 30% converted so far. ORCL recognizes that they've been late to the trend but sees a massive opportunity in the multi-trillion dollar public cloud space and while on the enterprise side they can leapfrog peer SAP. Their biggest enterprise cloud applications – Fusion and Netsuite Cloud ERP – both showed strong growth in December up 33% and 21% respectively. Analysts have an average target for shares of \$65 with a Street High \$82 from Monness Crespi & Hardt. The firm sees ORCL as a high-quality value play and one of the few companies in the world with a broad portfolio across all three layers of the cloud (PaaS, SaaS, and IaaS). They think not enough credit is being given to ORCL for their cloud transformation and attractive business model. Barclays upgraded to Overweight last week with an \$80 target seeing accelerating growth and margin expansions and sees solid cloud products offsetting headwinds from dwindling products. Short interest is just below 1%. Hedge fund ownership fell 2.5% in Q4, First Eagle a top position with over 28M shares. On the chart ORCL has run to new highs this month out of a flag and also working well above a trend extension line, Fibonacci extensions put \$73.50 as the next upside target as a 1.618 level. Shares could pull back to \$66 and find support. ORCL options are pricing in a 4.85% earnings move and 30-day IV Skew at 0 compares to the +1.5 52-week average. On Friday ORCL saw size add March \$75 calls as well as buying in April \$70 and \$72.5 calls.

Trade to Consider: Long the **ORCL** March \$70/\$75/\$80 Call Butterfly at \$1.15 Debit



JD.com (JD) will announce earnings 3/11 before the open with Street expecting \$0.09 EPS and \$33.16B in Revenues (+36.8%), and Q1/FY21 seen at \$0.25/\$28.87B and \$1.13/\$141.1B. JD shares closed sharply lower last report but were higher six of the prior seven, a six quarter average max move of 9.2%. The \$145B Chinese ecommerce leader trades 40X Earnings, 1.2X Sales and 25.4X FCF with revenues seen rising 28.5% to finish 2020 and 31.5% growth seen in 2021 with 50% EBITDA growth. JD continues to grow market share in one of the largest, yet most fragmented markets in the world with China's shift to e-commerce growing at nearly 10% annually. They're seeing high and sustained user growth with online penetration expanding overall in China but still just about 25% of the population. JD has also been expanding ancillary segments with JD Health and JD Logistics. Analysts have an average target of \$110 and short interest low at 2.3% of the float. On 1/27 Macquarie raised its target to \$133 utilizing a sum of the parts valuation though sees downside risk to earnings near-term. On 1/26 Deutsche Bank initiated shares Buy with a \$114 target positive on secular growth in China's ecommerce sector. Bernstein at Outperform with a \$120 target on 1/25 noting JD will out-compete and out-spend offline rivals and sees strong growth across key end markets. Hedge Fund ownership fell 11% in the latest quarterly filings, Tiger Global and D1 Capital with heavily concentrated positions. On the chart JD shares hammered on its 21-week EMA last week after retesting a base breakout from late 2020. JD also tested the lower end of a long weekly rising channel and closed just above a key 38.2% retracement level. JD options are pricing in a 6.25% earnings move with 30-day IV Skew at 0 comparing to the +0.6 52-week average. JD has tended to see a lot of bullish flow with opening put sales and upside call buys and has sizable open interest across most months.

Trade to Consider: Long the **JD** March/June \$100 Call Calendar at \$4.20 Debit



Disclaimer:

These trade ideas are to be self-managed as there will be no follow-up, and each user must take full responsibility of the trade, and only take action on trades that fit his/her risk profile and are comfortable trading.

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors.

OptionsHawk Inc. does not give individualized stock market advice. We publish information regarding companies in which we believe our subscribers may be interested and our reports reflect our sincere opinions. However, they are not intended to be personalized recommendations to buy, hold, or sell securities. Investments in the securities markets, and especially in options, are speculative and involve substantial risk. Only you can determine what level of risk is appropriate for you. Prior to buying or selling an option, an investor must have a copy of Characteristics and Risks of Standardized Options. You can access and download the booklet on The Options Clearing Corporation's (OCC) website at <http://www.optionsclearing.com/about/publications/character-risks.jsp>. This link reference is provided as a courtesy and does not imply that the OCC is endorsing SIR or its products. This booklet is also available for free from your broker or from any of the U.S. options exchanges.

We encourage you to invest carefully and to utilize the information available at the websites of the Securities and Exchange Commission at <http://www.sec.gov> and the Financial Industry Regulatory Authority at <http://www.FINRA.org>. You can review public companies' filings at the SEC's EDGAR page. The FINRA has published information on how to invest carefully at its website. We encourage you to get personal advice from your professional investment advisor or to make independent investigations before acting on information that we publish. Most of our information is derived directly from information published by the companies on which we report and/or from other sources we believe are reliable, without our independent verification. Therefore, we cannot assure you that the information is accurate or complete. We do not in any way warrant or guarantee the success of any action which you take in reliance on our statements.