



Earnings Snapshots for Week of July 13th, 2020

Goldman Sachs (GS) will report results 7/15 before the open with the Street looking for \$3.79 EPS and \$9.73B in Revenues (-32.2%), and FY20 seen at \$14.41/\$35.13B. GS shares have closed higher 5 of its last 7 reports with a six quarter average max move of 4.66% and average closing move of 2.59%. The \$67.7B Bank trades 9.5X Earnings, 0.91X Book and has a 2.43% yield. GS has been making some interesting acquisitions, announcing a deal for Folio back in May as it continues to boost the wealth management business. Goldman should be able to post strong trading results following a historic quarter for markets while the IPO/M&A activity slowed. The CEO is pushing to build an online banking franchise, broaden relationships with corporate clients, and expand a lucrative alternative-asset-management business, which includes private equity. Analysts have an average target of \$235 on shares with short interest near a three-year low at 1.3% of the float. Seaport started shares Buy with a \$261 target last week noting while it is not immune to credit risk, its lending exposure is manageable and interest rate risk is minimal and sees upside to capital markets revenues. Wells Fargo raised its target to \$230 in early June noting GS the least credit exposed, least rate sensitive, and trades below book value with self-help potential from several revenue growth initiatives and \$1.3B in expense cuts. Hedge Fund ownership rose 1.6% in Q1 filings. On the chart GS shares broke out near the \$185 level and made a run before recently forming a bull wedge and the rising 55 MA supportive. The \$211 and \$220 levels are resistance for a measured move back to \$235-\$240 from the \$185 cup and handle breakout. The \$195 and \$185 levels are notable support. GS options are pricing in an earnings move of 5.15% with 30 day IV Skew at 0 vs. the 52-week average of +5.5. GS has seen some bullish October positioning with the \$225, \$230 and \$250 calls seeing recent buys in size. GS also has some large January \$205 and \$210 calls bought in opening interest while the \$240 calls have over 4200 in OI.

Trade to Consider: Long the **GS** July \$210/\$225/\$235 Call Fly at \$2.65 Debit



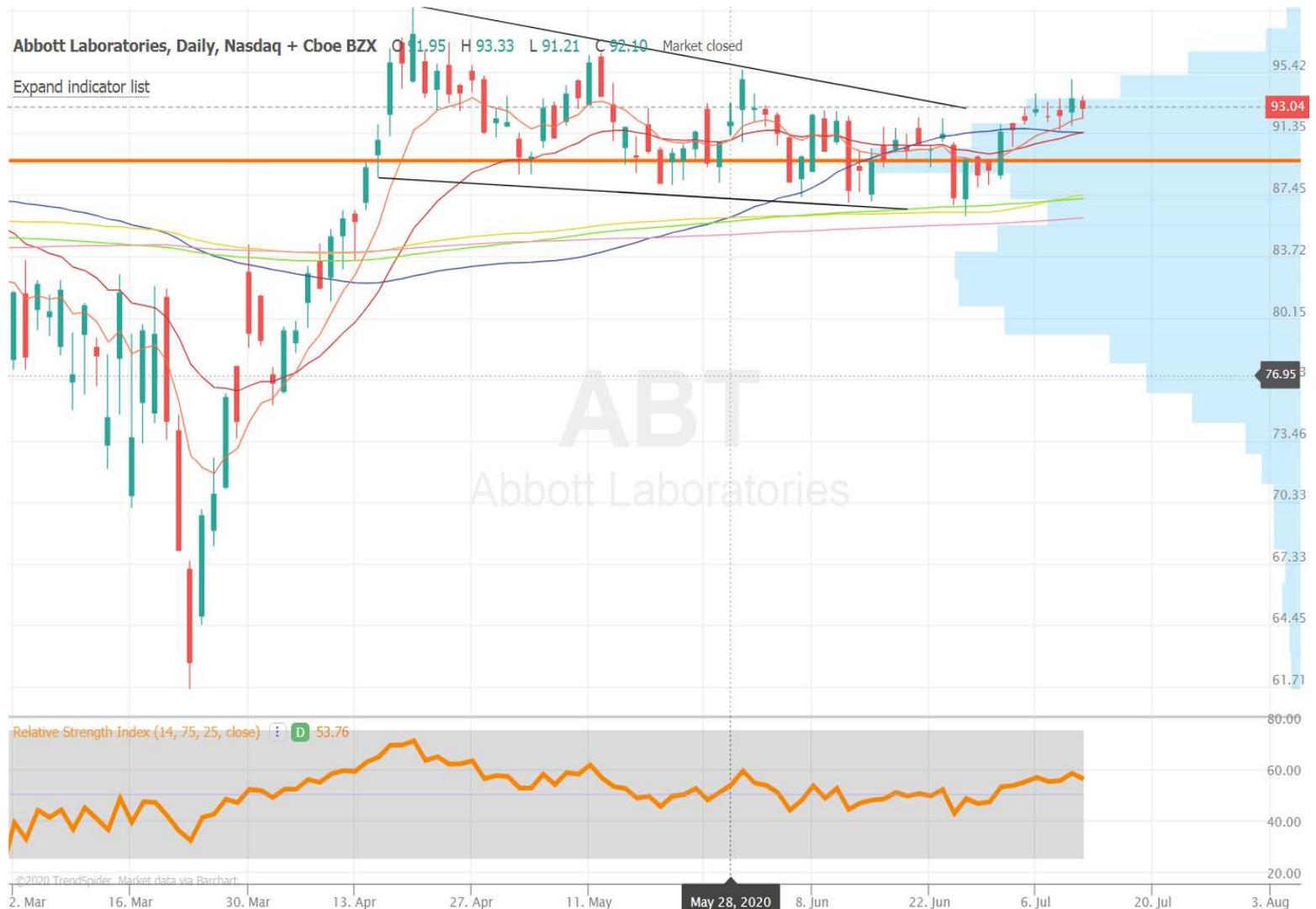
United Health (UNH) will announce earnings 7/15 before the open with the Street consensus at \$5.18 EPS and \$63.43B in Revenues (+4.7%), and FY20 seen at \$16.29/\$258.7B. UNH shares have closed higher the last three reports and 10 of the last 13, a six quarter average max move of 5.1%. The \$276B managed care leader trades 15.75X Earnings, 1.12X Sales and 22.8X FCF with a 1.72% yield. UNH has weathered the Macro climate well expecting 2020 to be a solid year of growth. UNH is a dominant player with top-tier positioning in Medicare Advantage, the most attractive secular theme in healthcare services. UNH did an interesting \$470M deal for AbleTo in April, a remote health service provider, integrating with its Optum division. Analysts have an average target of \$330 and short interest is low at 0.6% of the float near a three-year low. Cantor Fitzgerald out last week expecting UNH to reiterated its 2020 outlook and has a \$330 target on shares, expecting a lower medical loss ration boosting adjusted EPS. On 6/5 Goldman started shares Buy with a \$384 target seeing attractive valuation for a clear leader. Hedge Fund ownership rose 2.4% in Q1 filings, Lone Pine adding to its already very large stake. On the chart UNH shares have been in a narrow choppy range for a few months now, the \$300 and \$315 notable overhead levels. Support levels seen at \$278.5 and \$273.5, while below that would target a move back to \$250. UNH options are pricing in a 3.55% earnings move and 30 day IV Skew at 0.4 compares to the 52-week average of 4.1. UNH has seen buy-writes position with sales in September \$300, \$310, and \$320 calls. It also recently saw size December \$320/\$280 bear risk reversals that likely collar stock.

Trade to Consider: Long the **UNH** July \$295/\$300 Call Spreads at \$2.05 Debit



Abbott (ABT) will report earnings 7/16 before the open with the Street looking for \$0.41 EPS and \$6.75B in Revenues (-15.4%), and FY20 seen at \$2.84/\$31.36B. ABT shares have closed higher 3 of the last 4 reports with a six quarter average max move of 4.2%. The \$165.7B medical device company trades 25.3X Earnings, 5.15X Sales and yields 1.55%. ABT has had an active two-and-a-half months since COVID-19 accelerated but a solid beat in mid-April and seemingly headwinds around elective procedures are abating and should ramp in Q3/Q4. ABT's near-term focus is on their COVID-19 tests that have been approved, expecting five in total which should be a tailwind to diagnostics. ABT sees volumes accelerating as they build out production with as many as 550M lab-based serology tests and 50M molecular tests on their ID NOW platform over the next 2-3 years given current demand. ABT forecasts see 12% revenue growth and 29.5% EPS growth in FY21. ABT has market-leading positions in Cardiovascular Care, Diabetes, Neuromodulation, Diagnostics, Nutrition, and Generic Medicines. Analysts have an average target of \$102 and short interest at 0.6% of the float is down 36% Q/Q. UBS with a note on 6/11 reiterating a Buy rating and \$109 target noting its COVID-19 testing product will be a positive contributor. Goldman cut shares to Sell on 5/31 skeptical that antibody testing demand will be a material lever after a number of competing products were approved. Hedge Fund ownership rose 3.55% in Q1 filings, Polen Capital adding its already large stake. On the chart ABT shares have been forming a very narrow wedge pattern with the 200 MA recently acting as support and last week clearing the pullback trend. ABT has free-range on a move past \$94 to make a run to \$100. Support levels are \$92 and \$90 while the 200 MA sits back near \$86. ABT options are pricing in a 4.96% earnings move and 30 day IV Skew is 0 vs the 2.8 52-week average. ABT has seen smaller mixed flows the last few weeks, the August \$110 calls short 2500X in a buy-write, the November \$82.5 put bought 2000X with long stock, and Jan \$110 calls with some buys added to OI.

Trade to Consider: Long the **ABT** August \$95/\$100 Call Spreads at \$1.75 Debit



Taiwan Semi (TSM) will announce quarterly results on 7/16 before the open with the Street view at \$0.14 EPS and \$10.25B in Revenues (+32.3%), and FY20 seen at \$0.54/\$42.07B. TSM shares have closed higher 5 of the last 6 reports with a six quarter average max move of 3.43%. The \$304B Semi-Equipment leader trades 21X Earnings, 7.7X Sales and yields a 4.46% dividend. TSM forecasts see 21% revenue growth in 2020 and 30% EPS growth. TSM recently announced June revenues jumped 40.8% Y/Y and seeing robust demand in datacenters. TSM is expecting to see increased competition from Samsung in the future as it builds out a 5nm facility. Analysts have an average target of \$55 and short interest very low at 0.3% of the float. TSM does not garner a lot of analyst attention but continues to see a ton of positive news flow as it launches new products. Wedbush started shares Outperform in April, citing numerous secular drivers for rising semiconductor capacity including growth in AI applications. Hedge Fund ownership fell 12.4% in Q1 filings, a number of top holders reducing positions. On the chart TSM shares recently cleared major weekly resistance and upside trend extension and the 138.2% Fibonacci extension puts \$67.50 as an upside target. Shares are extended and a pullback would likely retest the early 2020 high \$60.65. TSM options are pricing in a 2.65% earnings move and 30 day IV Skew at +0.1 compares to the 52-week average of +1.2. TSM has seen 5000 August \$70 calls sold to open recently as a likely upside target, while July \$55, \$60, \$61, and \$64 calls all have sizable buyer flow in open interest. Last week saw buyers add August \$65 calls and January \$75 calls.

Trade to Consider: Long the **TSM** July/August \$65 Call Calendar Spreads at Debit of \$1.50



Netflix (NFLX) will announce its results 7/16 after the close with the Street consensus at \$1.82 EPS and \$6.08B in Revenues (+23.5%), and FY20 seen at \$6.46/\$24.8B. NFLX shares have closed lower 5 of its last 6 reports with an average max move of 5.96% and average closing move of 4.05%. The \$223B streaming leader trades 63.7X Earnings and 10.4X Sales. NFLX forecasts see 23% revenue growth and 56% EPS growth in 2020 as it continues to expand via International markets and price increases enhance its operating leverage. NFLX is coming off a quarter with 15.7M net subscriber additions and guided for 7.5M in Q2. NFLX has been able to extend its leadership and sale over streaming competitors and the profitability picture becoming more positive as it nears FCF break-even while still releasing a full slate of content. Analysts have an average target of \$466 and short interest at 2.6% of the float is down 29.5% Q/Q to a new three-year low. Goldman raised its target to a new Street high of \$670 on 7/10, expecting Q2 results well above guidance as quarterly app downloads reached a record highs and Y/Y growth in downloads the highest since Q1 2016 attributing to content growth, lower churn, and more time spent at home. CSFB raised its target to \$550 and previewed results with a lack of competition for entertainment with the lack of sports and theaters closed. JPM raised its estimate for Q2 subscriber additions to 8.5M. SunTrust sees it tracking at 9M-12M additions. Hedge Fund ownership rose 3.6% in Q1 filings, though some top holders like Viking Global, Edgewood, and Lone Pine reduced positions. On the chart NFLX shares have been working out of a monthly bull flag to new highs and well as a range break that targets a move to \$600. On a pullback shares likely find support at \$500, or lower at \$455 would be a key retest. NFLX options are pricing in a 7.3% earnings move and 30 day IV Skew at 0 compares to the +3.8 52-week average. NFLX has seen size bullish positioning for months now, the June 2021 \$490 calls recently opened 2350X for \$20M, August \$500 calls 2000X for \$5.7M, and November \$360 calls 8000X for \$75M, so if shares dip post-earnings, a likely opportunity to buy.

Trade to Consider: Long the **NFLX** July \$550 Straddle for \$50



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