



SYF, NFLX, SLB

**Synchrony Financial (SYF)** will report results on 10/16 before the open with the Street expecting \$1.81 EPS and \$3.75B in Revenues (+7.9%) and Q4/FY25 seen at \$1.26/\$3.64B and \$5.79/\$14.965B, the latter implying a decline in EPS and Revenues Y/Y for 2025. SYF shares have closed higher the last two reports and 7 of the last 10, a six-quarter average max move of 3.83%. SYF provides a range of credit products through programs with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers. SYF connects partners and consumers through its dynamic financial ecosystem and provides them with a diverse set of financing solutions and innovative digital capabilities to address their specific needs and deliver seamless, omnichannel experiences. Its offerings include private label, dual, co-brand and general-purpose credit cards, as well as short- and long-term installment loans and consumer banking products. SYF offers credit products through five sales platforms: Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle. SYF has a \$21B market cap and trades 9X Earnings and 1.47X Book, valuation around the 35<sup>th</sup> percentile across key metrics with ROE at the 60<sup>th</sup> percentile at 20.75%. Synchrony's delinquency rate peaked in February at 5.0% and has been trending lower since. Delay of implementation of the CFPB's late fee rule presents an opportunity to over earn, in the near-term, as the companies implement mitigants such as higher annual percentage rates (APRs) and new fees while still charging the old higher late fees. SYF's 4Q EPS could be 86% higher if the late fee doesn't go into effect in 4Q. Analysts have an average target of \$55 and short interest steady at 4% of the float. BAML upgraded shares to Buy in August seeing credit losses being stable to improving over the next few quarters at the later stages of the current credit cycle. BTIG downgraded SYF last month on less confidence in credit improvement and purchase volumes due to prime consumer deterioration. On the chart, SYF closed last week at new highs clearing the 2021 highs and now Fibonacci extension levels to target at \$58.50 and \$62.15. The \$49.50 level should be supportive on weakness. SYF options are pricing in a 2.25% earnings move and 30-day IV Skew at +4.4 is steep compared to the +1.1 52-week average. SYF put/call open interest ratio is at the 74<sup>th</sup> percentile while average IV30 crush is -19%. SYF has 14,700 January \$50 calls in open interest from size buys and some buy-writes, also 3700 January \$42 calls bought that are up substantially. SYF has also seen opening sales in November \$49, \$47 and \$44 put strikes.

Trade to Consider: Long the **SYF** January \$50/\$55/\$60 Butterfly Call Spreads at \$1 Debit



**Netflix (NFLX)** will announce quarterly numbers 10/17 after the close with the Street looking for \$5.11 EPS and \$9.765B in Revenues (+14.3%) while Q4/FY25 seen at \$3.91/\$10.02B and \$23.20/\$43.445B implying 12.2% revenue growth and 21% EPS growth Y/Y in 2025. NFLX shares have closed lower the last two reports after being higher five of the prior seven, a six-quarter average max move of 10.4%. NFLX is the leader in streaming and the recent focus has been its push into an ad-supported tier at a lower price that will drive incremental revenues for years to come. NFLX operates in a maturing business in a highly competitive market facing a global consumer under increasing economic stress. Success in monetizing the 100M homes identified as password-sharing would translate into higher ARPU over time. Netflix is the main beneficiary as the industry increases prices, consolidates platforms, cuts spend & renews focus on licensing. NFLX has a \$310B market cap and trades 31.3X Earnings, 8.55X Salers and 45.5X FCF, valuation on a P/E basis at the 23<sup>rd</sup> percentile of historical range as profitability has swelled. NFLX margins continue to hit record highs. NFLX has a strong 2H slate (NFL, Squid Game, Tyson Fight). Analysts have an average target of \$310 and short interest at 1.8% of the float remains muted. Jefferies says password sharing tailwinds and international growth should lead to another beat on net adds. he focus has shifted to the timing and size of NFLX's next price hike, potentially in Q4. MSCO with an \$820 target for YE25 is bullish on 1) a long runway for revenue growth, 2) above consensus expectations for operating leverage and EPS, and 3) a deepening competitive moat. Macquarie raised its target to \$795 on a strong advertising market. Guggenheimer expects member trends will remain the critical sentiment driver on Q3 earnings, raised its Q3 member net adds estimate to 5.2M from 2.5M. NFLX hit a new high last week and put in a slight reversal candle. NFLX still has upside Fibonacci extension targets at \$825 and \$904. The rising channel pattern shows some room to \$775 for this coming week while the 21-week EMA at \$670 should be supportive, otherwise looking at the \$645 level. NFLX options are pricing in a 6.1% earnings move and 30-day IV Skew at +2.5 compares to the +1.2 52-week average. NFLX put/call open interest is at the 99<sup>th</sup> percentile and average IV30 crush is -33.8%. NFLX has 2275 December \$750 calls bought in open interest form 9/18 and 9/24 trades. The largest OI line is November \$640 calls from 8/6 trades when those calls were sold to open when shares were near the lows in August, so potentially written against a stock holding but could also act as a magnet level if shares lose support.

Trade to Consider: Long the **NFLX** October/November \$650 Put Calendar Spread at \$6 Debit



**Schlumberger (SLB)** will release results 10/18 before the open with the Street consensus at \$0.88 EPS and \$9.313B in Revenues (+12.1%) while Q4/FY25 seen at \$0.97/\$9.592B and \$4/\$40.635B implying 15.5% EPS growth and 10.2% Revenue growth in 2025. SLB shares closed higher two of the last three reports after being lower the four prior, a six-quarter average max move of 4.55%. SLB is a global technology company driving energy innovation. SLB is innovating oil and gas, delivering digital at scale, decarbonizing industries, and developing and scaling new energy systems that accelerate the energy transition. SLB's Middle East operations are a key growth driver. SLB has strong conviction in upstream Oil & Gas markets and is a leader in technological solutions. SLB is targeting 500bps of margin expansion in its Core business from 2022-2025. SLB thinks that the total addressable market for its New Energy technologies will be in excess of \$700B by 2040. SLB has a market cap of \$63B and trades 11.2X Earnings, 7.5X EBITDA and 14X FCF, valuation metrics screening very cheap versus historical averages despite other metrics remaining strong. Analysts have an average target of \$63 and short interest at 2.7% of the float has risen from 1.5% last quarter. Stifel lowered its target to \$62 on slower growth estimates for 2025 though notes continued robust FCF and capital returns. Jefferies with a \$68 target also notes slower growth but closing the ChampionX deal a potential positive catalyst. SLB shares bottomed in September at a key long-term VPOC and major overhead resistance sits near \$49. SLB options are pricing in a 3.25% earnings move and 30-day IV Skew at +0.5 compares to the +0.8 52-week average. SLB largest open interest sits in January 2026 \$75 calls from recent accumulation and January \$47.50 calls. On 9/25 the January 2026 \$55 calls bought 5000X at \$2.30.

Trade to Consider: Long **SLB** November \$45/\$47.5 Call Spreads at \$1.05 Debit



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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.*

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