Earnings Snapshots 4/24/2023

GOOGL, MSFT, V, BA, META, AMZN

Alphabet (GOOGL) will announce results 4/25 after the close with the Street looking for $1.07 EPS and $68.87B in Revenues (+1.3%) and Q2/FY23 seen at $1.28/$72.24B and $5.05/$298.45B respectively implying 5.5% topline growth and 10.8% bottom-line growth in 2023 followed by 11.8%/20% growth in 2024. GOOGL shares have closed lower on earnings three of the last four after being higher the previous six, a six-quarter average max move of 7.4%. Google continues to see strength from improving digital advertising budgets as the leader in search but faces a much more volatile environment with some companies cutting back on spending, while also a leading media play with YouTube's success and the cloud business has been a recent standout. Alphabet has outlined several initiatives to continue to build out its capabilities around shopping/commerce and creators. GOOGL continues to face tougher comps and weaker ecommerce has been a headwind or search. Four drivers for Alphabet sentiment on quarters are: 1) Y/Y revenue trajectory, 2) Y/Y margin trajectory, 3) capital allocation, and 4) new disclosures/outlook. AI based search could collapse the shopping funnel, increasing utility for consumers and driving more consumption and ad dollars online. AI should further assist and personalize the product research and planning process. We see GOOGL's full integration of Bard into search is an important next step to showcase GOOGL's leading multi-year AI research and development. Web Traffic Tracker suggest Google share (Search + Bard) remains relatively steady in the low 90% range but has lost some ground to Bing. Call positives could include: 1) search stabilizing & meeting expectations (after 2 Qs of misses), 2) expense cuts in 1Q that suggest lower 2Q costs, & 3) positive outlook for AI integration into search. Negatives could include: 1) lack of q/q cost progress, 2) vague answers on AI integration timing or impact on search, and 3) a search miss surprise (on macro) that fuels market share concerns & impacts margins. GOOGL has a market cap of $1.35 trillion and trades 17.4X Earnings, 10.6X EBITDA and with a 5.2% FCF yield. Analysts have an average target of $125 while short interest is low at less than 1% of the float. On the chart, GOOGL is consolidating below upper monthly value and a 38.2% retracement while above $109.50 VWAP off the highs near $114 and the 50% retrace level at $117.30 are likely targets. The larger weekly base breakout has a measured move target back to $125. On weakness, look for the 200-day and VPOC near $101 to hold, while below would target lower value down to $94.50. GOOGL options are pricing in a 4.2% earnings move with 30-day IV Skew at +3.7 comparing to the 52-week average of +4.8. GOOGL put/call open interest ratio is low at the 18th percentile and average IV30 crush is -23.7%. GOOGL has large size in open interest for May $105, $110 and $115 long calls while 10K Sep. $90 puts sold to open on 3/8. GOOGL has also seen large buys in June $95 and September $102.5 calls.

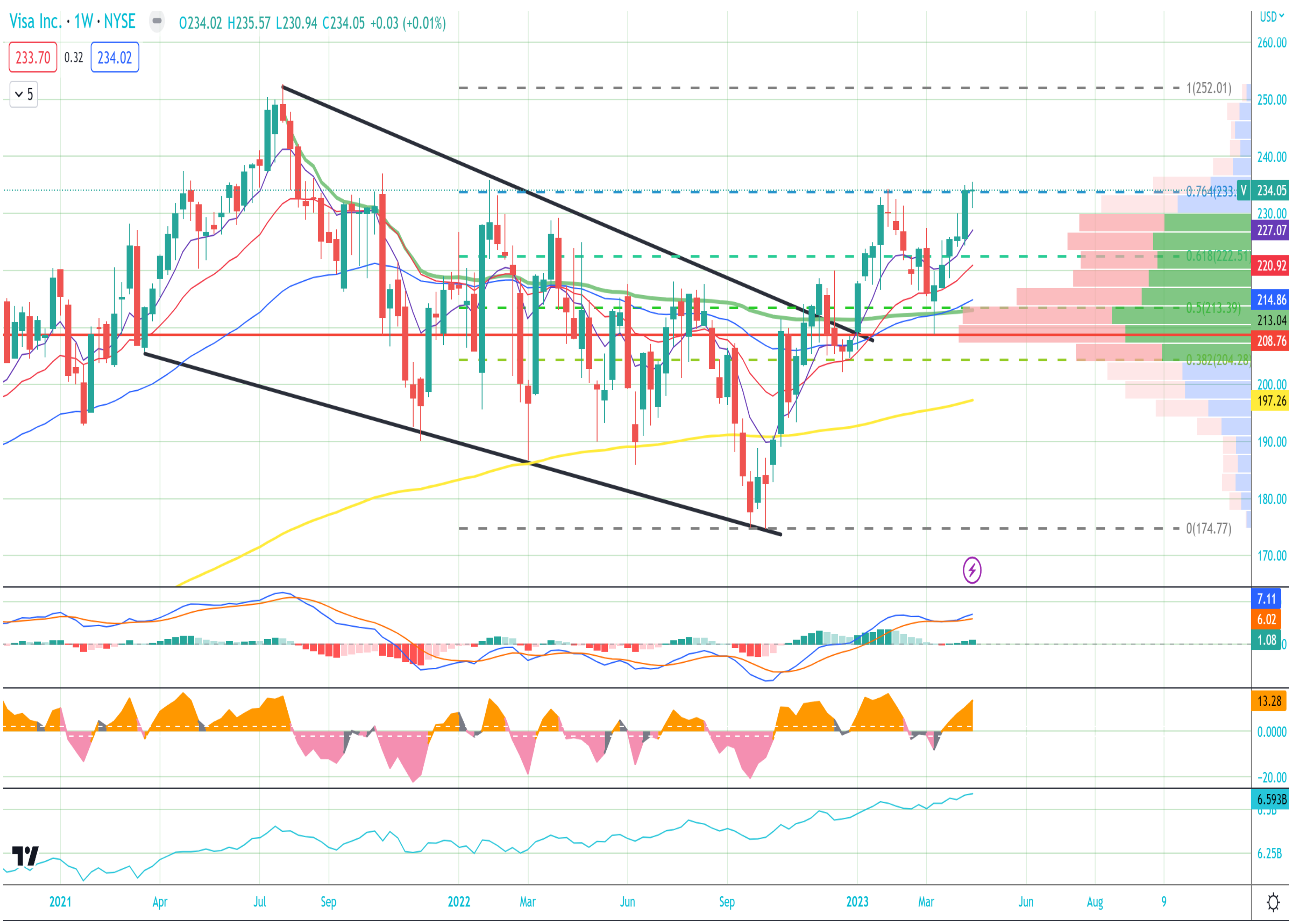
Trade to Consider: Long **GOOGL** April 28th (W) / May $100 Put Calendar Spreads at $1 Debit

Microsoft (MSFT) will report earnings 4/25 after the close with the Street expecting $2.23 EPS and $51B in Revenues (+3.4%) and Q4/FY24 seen at $2.46/$54.84B and $10.72/$231.6B implying 10.9% revenue growth and 14.7% EPS growth in 2024 as results accelerate the next six quarters. MSFT shares have closed lower the last two reports after being higher the previous four, a six-quarter average max move of 6.63%. Microsoft continues to represent a rare combination of strong secular positioning and reasonable profitability-based valuation within the software space. Server Products and Windows OEM growth normalization are headwinds, but MSFT remains positioned well in leading IT budget categories and continues to expand margins. Microsoft is well positioned to double its $60B+ commercial cloud business (Azure, Office 365, Dynamics, and LinkedIn Commercial) and Office 365 could potentially double its installed base from 255mn+ to 500mn given the massive number of knowledge workers worldwide. Alignment to key secular trends and benefits from vendor consolidation point to continued share gains. Microsoft is not immune to the weaker IT spending environment though recent actions to cut costs and the weaker USD are likely to provide a lift into 2H23. Azure is not immune to the weaker demand trends we are seeing. MSFT likely sees some weakness this quarter on PC trends. Q4 Azure cc growth of 24% already reflects a 5-6% point deceleration from Q3 and growth rate may be bottoming. AI offerings are likely to drive incremental growth in 2024. Macro concerns along with cloud optimization will weight but MSFT remains best positioned for secular shifts in Cloud and AI. MSFT has a $2.13 trillion market cap and trades 26.65X Earnings, 21X EBITDA and 10X EV/Sales with a 6.8% FCF yield. Analysts have an average target of $300 with short interest low at 0.55% of the float. BMO raised its target to $325 but noted a tricky quarter due to Azure growth deceleration concerns. Citi raised its target to $332 from $282 saying a likely uneventful quarter but more positive channel checks while AI monetization a major longer-term driver. On the chart, MSFT held 200-week EMA as support in 2022 and since has worked above a large weekly falling wedge and VWAP off the highs. Shares are in a tight consolidation and above $292.50 can look to target a move back to $300 while $310 a key measured move target. On weakness, look for VPOC at $278, the 55-MA at $269.75 and lower value near the 200-day at $255 as key levels of support. MSFT options are pricing in a 3% earnings move with 30-day IV Skew at +4.3 compared to the +5.3 52-week average. MSFT put/call open interest ratio is at the 58th percentile and average IV30 crush is -18.65%. MSFT has 10,000 April 28th (W) $290 puts in open interest from a large buyer on 4/12.

Trade to Consider: Long the **MSFT** May $280/$270/$260 Put Butterfly Spreads at $1.15 Debit

Visa (V) will release results 4/25 after the close with the Street view at $1.99 EPS and $7.79B in Revenues (+8.3%) and Q3/FY23 seen at $2.10/$8.05B and $8.46/$32.38B implying 10.5% revenue growth and 12.8% EPS growth while 2024 seen at 11.1%/14.6% growth. V shares have closed higher four of the last six reports with an average max move of 6.1%. Visa is the global leader in payments with attractive leverage to the long-term secular growth driver from payment electronification. Visa's business mix has greater leverage to the US and greater skew towards debit and will likely continue to deliver HSD revenue growth and high-teens EPS growth for many years to come, supported by persistent tailwinds and the nascent growth initiatives in areas like new flows and value-added services (for both card and non-card spending). Visa also has near-term tailwinds from the recovery in cross-border volumes. Color on April trends will also be a focus, given ongoing macro cross-currents, easing of inflation pressures on consumers' wallets is ultimately favorable for underlying spending patterns, and stubbornly low unemployment is also a positive. Average US card issuer volume growth (total of credit+debit) was 7.7% in 1Q vs. 6.0% in 4Q, with both credit and debit volume growth accelerating on easier y/y comps. V has a market cap of $482B and trades 24.2X Earnings, 21.5X EBITDA and 33.5X FCF. Analysts have an average target of $263 with short interest low at 1.9% of the float. Jefferies out on 3/3 noting the mid-quarter update suggests upside to Q1 with ongoing US consumer strength and stronger cross-border volumes. Betaville with a report in early March of potential Visa interest in Fidelity Info (FIS). On the chart, V shares also held firm at its 200-week EMA and since have worked out of a weekly falling wedge and above VWAP off the highs, recently stalling near key $235 resistance. V lacks much resistance back to highs near $250 on a break above $235 while on weakness look to a retest of value near $224 as support. Visa options are pricing in a 2.9% earnings move and 30-day IV Skew at +4.1 compares to the 52-week average of +5.1. V put/call open interest ratio is at the 81st percentile and average IV30 crush is -14.2%. V flows have recently been more cautious with September $250 call sales to open, May $235 calls sold to buy May $220 puts and a buyer of September $195 puts but did see a buy of 15,000 June $250 upside calls on 4/13.

Trade to Consider: Sell the **V** May $235/$240 Call Spreads for a Credit of $2.30 (Bear Call Spreads)



Boeing (BA) will report earnings 4/26 before the open with the Street consensus at ($1.04) EPS and $17.57B Revenues (+25.6%) and Q2/FY23 seen at ($0.31)/$19.27B and ($0.46)/$78.78B implying 18.3% revenue growth while 2024 seen at 15.2% revenue growth and EPS seen surging back to profitability. FCF has been the focus with recent inflection and although Q1 seen negative it will accelerate for several quarters. BA shares have closed lower eight of the last eleven reports with a six-quarter average max move of 6.5%. Boeing segments are Commercial Aero, Defense/Space/Security and Services (BGS). The commercial jet aircraft in production includes the 737 narrow-body model and the 747, 767, 777 and 787 wide-body models. Development continues on the 777X program and certain 737 MAX derivatives. Boeing was hit hard by the pandemic and is now positioned well for the Aerospace cycle recovery while it gains momentum with new plane deals and some regulatory overhangs being removed. BGS sustains aerospace platforms and systems with a full spectrum of products and services, including supply chain and logistics management, engineering, maintenance and modifications, upgrades and conversions, spare parts, pilot and maintenance training systems and services, technical and maintenance documents, and data analytics and digital services. Boeing remains a longer-term turnaround story focused on FCF recovery. Cash flow has inflected to positive, will accelerate over the coming years, and Boeing has taken an equity raise and near-term new aircraft development off the table - which will drive rapid delevering. Boeing delivered 64 total aircraft in March, above Airbus deliveries of 61 aircraft. 737 deliveries were higher than the 46 estimated by Cirium. Boeing has a market cap of $124B and trades 37X Earnings, 17.5X FY24 EBITDA and forecasted 6% FCF yield in 2024. Analysts have an average target of $232 with short interest low at 1.5% of the float. JPM on 4/12 saying the Q1 delivery report a positive and is at Overweight with a $225 target. SIG has a $260 target citing strong demand and China demand pickup around the corner, multi-year runway for deliveries growth. On the chart, BA is forming a large weekly bull flag in the $195/$220 range with the rising 21-week acting as support. Near-term VPOC support is at $201 and lower value at $197. On a breakdown, VWAP off the lows at $182.4 a nice level to step in as support. BA has resistance at $209, $215 and $220 while a flag breakout can start a push to $250. BA options are pricing in a 3.55% earnings move and 30-day IV Skew at +5.1 compares to the +11.3 52-week average. BA put/call open interest ratio at the 97th percentile and average IV30 crush is -7.85%. BA last week saw May $210 synthetic longs open and bullish trades in August, September and November with 3000 August 170 short puts to buy the 220/240 call spreads most notable.

Trade to Consider: Sell the **BA** May $195/$190 Put Spreads and Buy June/August $240 Call Calendar Spreads at Net $2.25 Debit

Meta Platforms (META) will announce earnings 4/26 after the close with the Street expecting $2.03 EPS and $27.62B in Revenues (-1%) and Q2/FY23 seen at $2.41/$29.51B and $9.97/$122.14B implying 4.7% revenue growth and 16% EPS growth while 2024 seen at 11.2%/24.7% growth. META shares surged more than 20% higher last quarter on earnings after being lower five of the previous six, a six-quarter average max move of 19.2%. Management sees the advertising business returning to better revenue growth with high margins and plans to use income to fund the growth of the Reality Labs business. The shift to short-form videos has been a drag on revenues due to less monetization that will eventually inflect positively. With two rounds of cost cuts already announced and behind us, the investment rationale now hinges on revenue growth outperformance. Meta seems to be garnering incremental ad spend share on the back of Advantage+. One of the key tailwinds for growth in 2023 is the lapping of tough comps on user engagement. Additional government oversight or regulation of TikTok could benefit Meta's Reels by weakening a significant competitor. BAML notes Positives for Meta include: 1) Increasing Reels monetization in 2023 will drive revenue uplift, 2) returns on massive AI/ML investments should help generate incremental ad spend, 3) large messaging monetization opportunity will be unlocked by call-to-action ads, 4) Improved competitive outlook with slowing TikTok user and revenue growth, 5) EPS upside on conservative expense outlook and recent cost-cutting initiatives. Sensor Tower data suggests stable DAU trends, with healthy time spent trends for IG. Meta's revenue set up for potential acceleration aided by Reels & messaging monetization, AI/ML targeting benefits and lapping IDFA comps. META has a $545B market cap and trades 17X Earnings, 4.7X Sales and 28.7X FCF. Analysts have an average target of $227 and short interest is low at 1.3% of the float. MSCO upgraded to Overweight in March noting META's structural pivot focusing on efficiency and ROIC, improving revenue and engagements trends, surging Reels monetization and 3 further revenue call options (AI, subscriptions, click-to-message). Piper raised its target to $250 saying checks were positive and noted rising cost per link click and a benefit from Advantage and SKAN 4.0. OTR Global upgraded META to Positive from Mixed on 4/11. On the chart, META has shown considerable relative strength but started to roll over a bit last week, a key $203 VPOC and below could work back to $185 as a level of support. META has a large volume pocket above $223 back to $324. META's recent high stalled right at VWAP off the pandemic low, interestingly. META has an upside 50% retracement target at $236 and then a volume node target at $260. META options are pricing in an 8.25% earnings move and 30-day IV Skew at +4.8 compares to the +5.4 52-week average. META put/call open interest ratio at the 88th percentile while average IV30 crush is -26.2%. META flows have skewed strongly bullish and has large May $180 and $215 long call open interest. We recently saw large adjustments open 20,000 Dec. 2025 $400 calls. There was a big buy of November $255 calls on 2/2 as an interesting upside strike.

Trade to Consider: Long **META** May/July $235 Call Calendar Spreads at $4.80 Debit

Amazon (AMZN) will announce quarterly results 4/27 after the close with the Street looking for $0.21 EPS and $124.53B in Revenues (+6.9%) and Q2/FY23 seen at $0.31/$129.83B and $1.42/$556.5B implying 8.3% revenue growth and 2930% EPS growth while 2024 seen at 12.3% revenue growth and 77.5% EPS growth. AMZN shares have traded lower nine of the last eleven reports with an average six-quarter max move of 11.8%. Amazon continues to have a massive retail business that faces headwinds of slowing consumer spending and rising costs but the focus remains on AWS, a behemoth in cloud which continues to scale and see increased spending. AMZN also has a massive opportunity in Advertising and has been making moves into Healthcare. AWS is top of mind, with 1Q growth expectations likely at 13% in 1Q, and concerns on further 2Q deceleration. Amazon's recent shareholder letter outlined still-strong customer demand for AWS and a positive LT growth outlook. Online Spending in 1Q'23 decreased 1% Y/Y, according to BAC aggregated credit and debit card data, stable y/y with 4Q'22. Online retail share gains and a large cloud opportunity leave optimism for the long-term picture. AMZN has a market cap of $1.065 trillion and trades 42.6X Earnings, 12.5X EBITDA and a 1.5% FCF yield. Analysts have an average target of $133 with short interest low at 0.7% of the float. JPM sees AMZN as the best idea in Internet expecting expanding operating margins in 2023. Evercore a bit cautious saying AWS growth and margin stabilization are not likely in 1H23. YipitData predicted that Amazon's retail business in North America is slated to beat Wall Street estimates and that April sales are also trending ahead of consensus estimates. On the chart, AMZN moved to multi-week highs last week and stopped right at its 200-day and also just below trend resistance. AMZN weekly bottom formed at a key 50% retracement and VWAP level. On weakness, look for support at $98.5 followed by $94. The large falling weekly wedge shows a bullish RSI divergence and clearing $110 opens up a return to the 200-week at $120.45 which is near VWAP off the highs at $123. AMZN options are pricing in just over a 6% earnings move and 30-day IV Skew at +4.2 compares to the 52-week average of +5.8. AMZN put/call open interest ratio is at the 18th percentile and average IV30 crush is -22.15%. AMZN has seen mixed flow recently including October $85 put buys and an opening sale of 10K April 28th (W) $104 calls. The May 5th (W) and May 12th (W) expirations have seen notable call buys and May 26th (W) while size buys of June $85 and July $80 calls recently opened as well. AMZN has 95,000 June $95 calls bought in open interest and 64,000 May $105 calls. The April 28th (W) $105 and $1109 calls have over 75,000 combined in OI from buyer flow and August $120 calls recently opened 32,650X as well as 8000 June 2025 $125 calls bought against the $170 calls for a long-term bull view.

Trade to Consider: Long the **AMZN** June $110/$125 Call Spreads at $4 Debit

Disclaimer:

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