



Earnings Snapshots 7/24/2023

GOOGL, MSFT, V, META

Alphabet (GOOGL) will announce quarterly results 7/25 after the close with the Street consensus at \$1.34 EPS and \$72.8B in Revenues (+4.5%) while Q3/FY23 seen at \$1.34/\$74.41B and \$5.33/\$300.3B with forecasts implying 16.9% EPS growth in 2023 with 6.2% topline growth and 17.9%/11.2% respectively in 2024 as growth is seen accelerating the next few quarters. GOOGL shares have closed lower the last three reports and four of five with a six-quarter average max move of 6.7%. 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. 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. GOOGL's full integration of Bard into search is an important next step to showcase GOOGL's leading multi-year AI research and development. GOOGL may face a tougher macro backdrop and some consumer behavior shifts while Apple privacy changes are normalizing and improving monetization potential for YouTube, Maps, and other non-Search units can drive upside. Analysts have an average target of \$135 with short interest minimal. BAML raised its target to \$142 into earnings on stable search share trends. CSFB raised its target to \$15 into earnings on improving monetization potential and acceleration in Search trends. On the chart, GOOGL dipped to lower value and rising 55-MA support late last week and forming a weekly bull flag. A move under \$117.50 would set up for a retest of \$105-\$108 zone while above \$126 targets a move to \$135. GOOGL options are pricing in a 5.15% earnings move and 30-day IV Skew at -0.7% is showing bullish inversion and compares to the +3.8 52-week average. GOOGL put/call open interest ratio is at the 36th percentile and average IV30 crush is -23%. GOOGL has recently seen some large buys in December and June 2024 \$135 calls while July 28th (W) \$123, \$124 and \$130 calls have each seen good buyer flow. GOOGL has seen large August \$120 and \$110 put sales and \$130 and \$135 call buys.

Trade to Consider: Long **GOOGL** August \$120/\$135 Call Spreads for a \$4 Debit



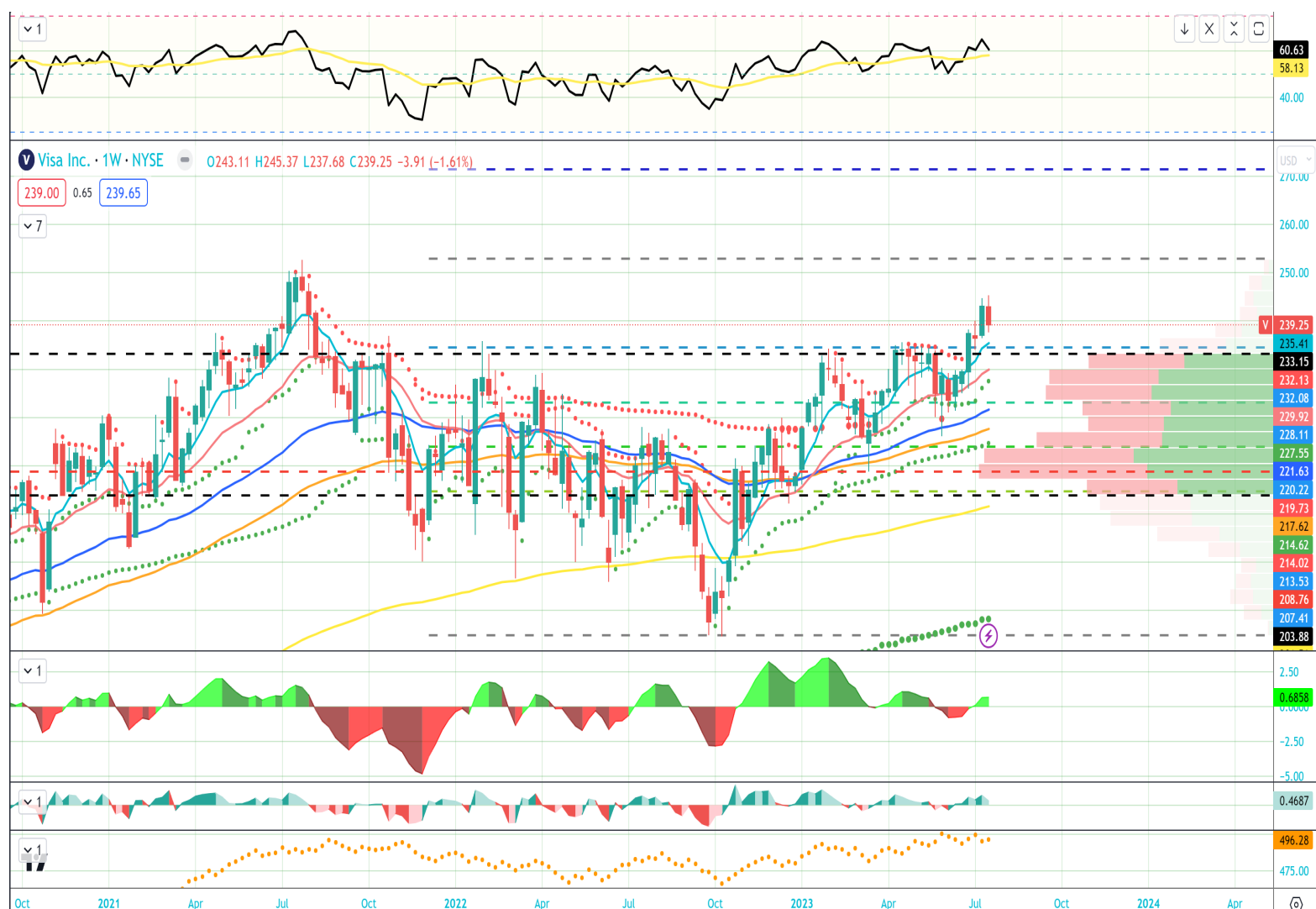
Microsoft (MSFT) will report earnings 7/25 after the close with the Street estimate at \$2.55 EPS and \$55.47B in Revenues (+7%) while Q1/FY24 seen at \$2.60/\$54.94B and \$11.03/\$236B implying 14% EPS growth and 11.7% Revenue growth in FY24 as growth accelerates the next few quarters. MSFT shares closed sharply higher last quarter on earnings and have closed higher five of the last seven with a six-quarter average max move of 7.25%. 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. Windows numbers imply even worse trends than the challenging reality (recent healthier PC numbers) and Office will continue to benefit from several tailwinds. The numerical setup for Azure presents some risk, but AI and perhaps an accounting windfall related to Cloud optimization efforts could both benefit the numbers. Two topics related to this will be: recently released Microsoft 365 Copilot pricing and FY24 Capex. Analysts have an average target of \$370 with short interest low at less than 1% of the float. Citi raised its target to \$425 from \$340 into earnings on accelerating growth and AI tailwinds. MSCO calls MSFT a Top Pick and sees earnings as a catalyst for upward revisions to estimates as investors are looking for signals the rate of optimization of spend is beginning to lessen as the secular catalyst of increased AI workloads and pricing uplifts loom on the other side of cyclical impacts. On the chart, MSFT put in a very topy weekly candle last week with a failed flag breakout but held lower value to close the week. Lower supports come into play at \$334 and \$327 followed by major support in the \$310-\$315 zone. As we look to upside Fibonacci extension targets, a move back over \$350 sets up for the \$401.75 target. MSFT options are pricing in a 5.25% earnings move with 30-day IV Skew also showing bullish inversion at -0.4 comparing to the +4.2 52-week average. MSFT put/call open interest ratio is at the 65th percentile and average IV30c rush is -19.25%. MSFT sees a lot of flow and has a massive Sep. \$300 call position in OI for 25K contracts up 59% from a trade on 5/23. MSFT has also seen large buys in Oct. \$385 calls, August \$340 calls, August \$370 and \$375 calls and September \$370 calls.

Trade to Consider: Long **MSFT** July 28th (W) / August \$365 Call Calendar Spreads at \$1.75 Debit



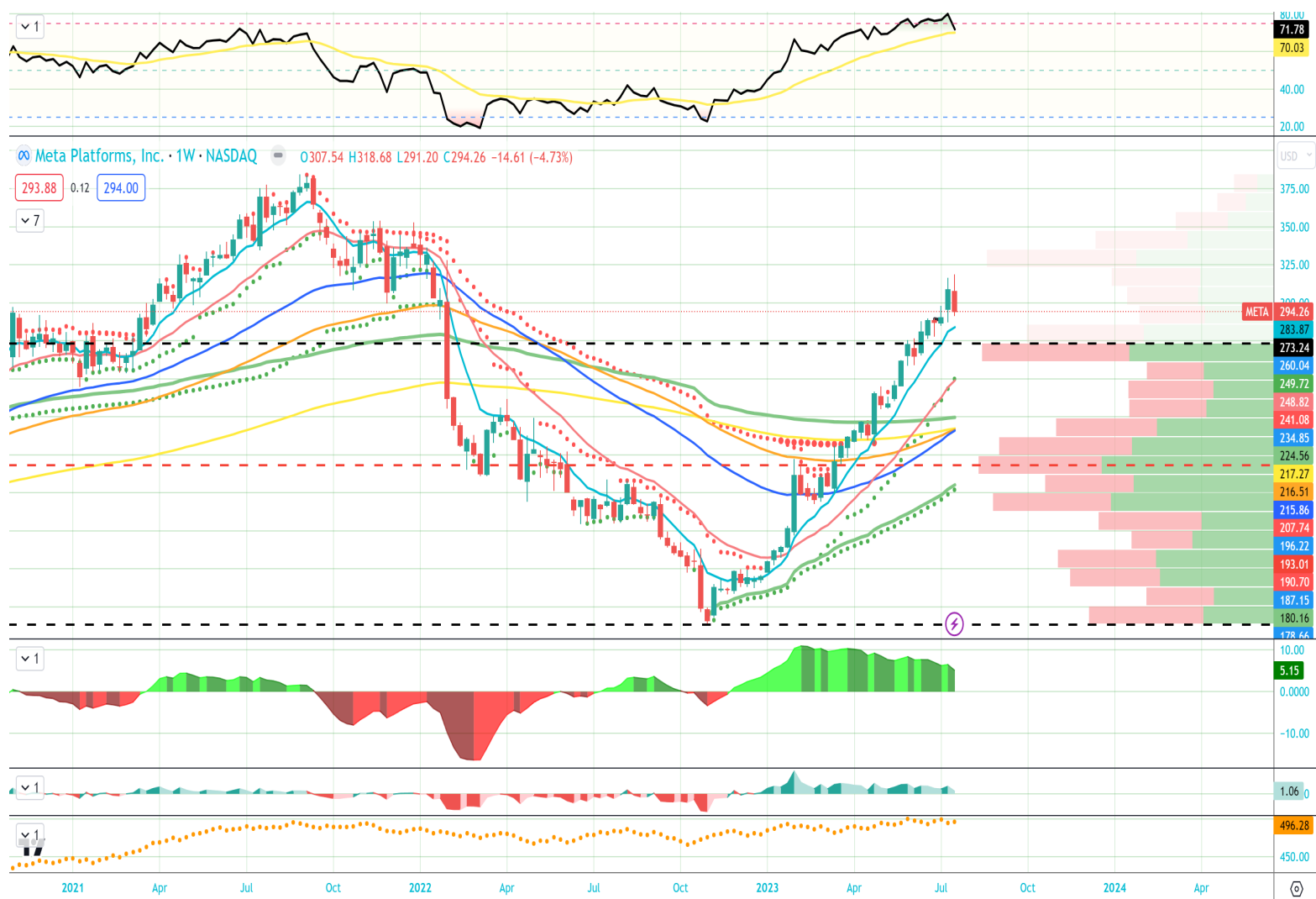
Visa (V) will announce earnings 7/25 after the close with the Street forecasting \$2.12 EPS and \$8.06B in Revenues (+10.8%) while Q4/FY23 seen at \$2.24/\$8.6B and \$8.60/\$32.57B with growth seen for FY23/24 at 11.1%/10.9% and 14.6%/13.7% for Revenues and EPS respectively. V shares have seen mixed closed the last few years with a six-quarter average max move of 4.55%. Visa is the global leader in payments with attractive leverage to the long-term secular growth driver from payment electrification. 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. Analysts have an average target of \$272 with short interest low at 1.8% of the float. BAML noted quarterly trends are tracking in-line though cross-border could beat estimates. MSCO also sees international travel trends providing modest upside to results. Banks reported a combined 4.6% YoY increase in total card spending in 2Q, slowing 3.3 pts from 7.9% in 1Q. On the chart, V shares pulled back last week and remain a long distance above value with a return to \$232 a key retest on weakness. The measured move upside target remains the \$250 level while Fibonacci extensions would look to \$283 in time. V options are pricing in a 2.9% earnings move and 30-day IV Skew at +2.9 compares to the 52-week average of +4.5. V put/call open interest ratio is at the 87th percentile and average IV30 crush is -14.65%. V has seen some mixed flows with 10,000 January \$250 calls bought one of the more notable positions while sellers in \$260 and \$270 call strikes. V has 4300 Sep. \$240 calls bought in OI while August \$250 calls sold to open.

Trade to Consider: Sell the **V** August \$255/\$250/\$235/\$230 Iron Condor for \$2.15 Credit



Meta Platforms (META) will report earnings 7/26 after the close with the Street expecting \$2.92 EPS and \$21.12B in Revenues while Q3/FY23 seen at \$3.06/\$31.28B and \$11.81/\$127B as implied EPS growth seen at 37.5% in 2023 and 25.7% in 2024 while Revenue growth seen at 8.9% and 11.1% with acceleration the next two quarters. META shares closed sharply higher on results the last two reports after being lower five of the prior six, a six-quarter average max move of 20.8%. 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. The monetization ramp in WhatsApp, Messenger, and Reels is a reason for optimism. Checks with advertisers continue to suggest budget growth acceleration as we lap the more significant drop-offs which started in May of last year. Engagement is growing with AI Content Discovery and Reels leading the way and monetization is improving. META expanded its AI partnership with MSFT and distribution through AWS & HuggingFace, which should drive more developer adoption, improve META's innovation feedback loop, and ultimately accelerate META's AI-based innovation on its core applications. Analysts have an average target of \$305 with short interest low at 1.3% of the float. Stifel raised its target to \$336 from \$280 seeing slight upside to estimates. Truist raised its target to \$340 noting an ad spending recovery in Q2 with acceleration coming in 2H23. CSFB upped its target to \$361 into results. Cowen upgraded to Outperform with a \$345 target on ad checks as well as Threads monetization optionality and further cost cuts. On the chart, META dipped last week after reaching a key upside target. META has key supports below at \$284, \$276 and \$266. META has plenty of resistance in the \$322/\$335 zone while above leads to \$350. META options are pricing in a 9.2% earnings move and 30-day IV Skew at +0.2 compares to the +4 52-week average. META put/call open interest ratio is at the 92nd percentile and average IV30 crush is -26%. META has seen mostly bull positioning including recent rolls that bought 90,000 Dec. 2025 \$600 calls.

Trade to Consider: Sell the **META** August \$275/\$265 Put Spreads for \$2.80 Credit (Bull Put Spreads)



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