



OptionsHawk

Juniper Calls Accumulate as Shares Show Strength

Ticker/Price: JNPR (\$27.40)

Analysis:

Juniper (JNPR) with 3,400 July \$25 calls trading up to \$3.15 today as action continues to build throughout the morning from early buys. JNPR had 2,750 July \$27 calls bought yesterday and has 1,500 April \$27 calls in OI from buyers. Shares are consolidating above cloud support and the 200-MA after clearing a multi-month downtrend from the November highs. Above \$27.50 shares have room up to \$29 and the measured target from the recent lows. Long-term, JNPR remains coiled in a three-year range under \$29.50 and weekly MACD is crossing over bullish with RSI just back above 50, ready to run. The \$9.44B company trades 13.5X earnings, 2X sales, and 20X FCF with over \$10.25 in cash per share. Shares yield 2.8%. The company sees 10% EPS growth in 2019 and 14% next year after taking down estimates in February with revenue returning to positive growth in 2020. JNPR has seen softness in demand in recent quarters while macro headwinds have also weighed. They are optimistic on growth in the 2H, especially in their enterprise business which grew 13% last quarter driven by new products. JNPR sees enterprise becoming a more important vertical into the 2H and 2020 while their security business growth is expected to help improve their overall mix. Analysts have an average target for shares of \$27 with 3 buy ratings, 8 hold ratings, and 5 sell ratings. Short interest is 5% and down from 6.4% in mid-2018. Barron's positive recently noting that JNPR could gain market share if more telecom operators move away from Huawei given their issues. RBC with a \$26 PT citing their stable long-term performance but near-term issues including the government shutdown and shift in its GTM strategy hurting visibility. BAML cut to Underperform in February seeing their effort to penetrate cloud vendors taking time. Institutional ownership fell 15% last quarter.

Hawk Vision:



Trading Strategy: JNPR is looking sound technically as it moves out of this downtrend and has some M&S optionality as a target or acquirer. It can be traded against its 50 MA.

Confidence Ranking: \$\$