



NXP Semi Bullish Bets Accumulate

Ticker/Price: NXPI (\$97.75)

Analysis:

NXP Semi (NXPI) seeing bullish spreads today buy the October \$100/\$120 call spread and sell the \$85 puts, over 900X, and name which has seen some large positioning open recently including 9,000 October \$105 calls and over 12,000 January \$130 calls. The January 2021 \$110/\$135 call spread also opening in size recently while the July \$100 calls with 10,000 in OI from buyers. Shares recently hit 52-week highs around \$107.50 and pulling back to the 200-EMA and cloud support yesterday. NXPI is re-testing VPOC for the year as well as channel support off the December lows with a target above of \$115. The \$30.66B company trades 10.15X earnings, 3.3X sales, and 9X FCF with a 1% yield and mid-double digit growth. NXPI sees 6.5% and 5.8% revenue growth through 2021 driven by share gains across automotive, industrial IoT, and mobile. The company is positive on 2H demand out of China which has caused visibility issues. Analysts have an average target for shares of \$115 with 12 buy ratings and 10 hold ratings. BAML adding to their US 1 List on 5/1. They think that NXPI had strong results despite a “cold” environment in China and the margin recovery is on track. The firm is positive on spending towards high-growth areas like ADAS, digital clusters, and in-vehicle connectivity which will outperform overall auto trends. NXPI will be at the JPM TMT conference this week and both the Cowen and Bernstein conferences in late May. Institutional ownership fell 41.5% among hedge funds last quarter mostly due to Elliott selling 10.5M shares and HPK selling 5M shares. OZ Management a buyer of 3.48M shares and call options for another 1.725M shares. Short interest is 2.4% and down from nearly 6% in late 2018

Hawk Vision:



Trading Strategy: NXPI is a favorite Semi into this group pullback nearing key trend support and if see China issues start to clear, one of the first names to turn.

Confidence Ranking: \$\$