



## Activision Attracts Bullish Positions as Nears Base Breakout

**Ticker/Price:** ATVI (\$48)

### Analysis:

**Activision Blizzard (ATVI)** spread on Friday bought 300 February \$47.50 calls for \$5.40 and sold 600 June \$40 puts for \$2.65 to open, another bullish trade in the name which has recently seen sellers in the November \$45 puts and buyers in the August \$47.50 calls, the latter over 9,800X. ATVI has seen a lot of bullish call buys in the August \$45 calls, January \$50 calls, and November \$60 calls, the latter in bull risk reversals with the \$40 puts. Shares have been in a narrow range since late November and back near a breakout above \$49 and the 200-day MA for the first time since 10/17. MACD is nearing a bullish crossover for the first time since early June while RSI has been showing a positive divergence and ready to run. The \$36.6B company trades 18.9X earnings, 4.98X sales, and 23X FCF with a 0.77% yield. ATVI expects 18.1% and 15.7% EPS growth with revenues up 11.1% and 9.3%. ATVI is focusing on their slate of releases into year-end, growing their live operations and events, expanding core franchises like Call of Duty into mobile, and monetization efforts like in-game advertising. Analysts have an average target for shares of \$60 with 21 buy ratings and 10 hold. BAML upgraded to Buy on 7-25 with a \$56 PT based on: 1) improving competitive outlook for CoD; 2) mobile catalysts (CoD late-3Q/Diablo late-4Q); 3) enthusiasm into BlizzCon in Nov; and 4) P/E near multi-year low. Needham positive on 6-12 after E3 as the company makes more progress maximizing monetization of core franchises and enters a period of more frequent and predictable content releases aimed at lowering volatility. Piper out with a survey on 7-24 suggesting upside to mobile revenue in Q2 given an analysis of iOS app rankings. Short interest is 2.1%. Hedge Fund ownership rose 9.78% in Q1. Coatue, Alkeon Capital, and DE Shaw notable buyers. Viking Global a buyer of 4.9M shares in a new position. In March, a director bought \$4.2M shares of stock at \$42.95, the largest open market buy in the name. ATVI reports on 8-8.

### Hawk Vision:



**Hawk's Perspective:** ATVI is looking best on a technical perspective among the beat-up group and videogames a potential strong 2020 trade with new console launches. It looks like it could make a strong move.

**Confidence Ranking:** \$\$