



Twitter Bulls Active as Shares Look to Play Catch Up

Ticker/Price: TWTR (\$35.50)

Analysis:

Twitter (TWTR) with early buyers of 1,200 August ITM \$33 calls today for \$4.05 and volume over 4,400X now. TWTR also seeing some weekly \$36.50 calls bought over 4,500X as well. TWTR has seen buyers recently in the January \$35, \$39, and \$43 calls as well as near-term action focuses on the August 2nd (W) \$37 calls for more than 5,000 on 6-20. Shares jumped on earnings in April and pulling back to fill the gap recently and re-test a major base breakout at \$34.25. A move above \$36 clears the recent downtrend with room back near the post-earnings highs at \$40. The \$26.7B company trades 31.8X earnings and 8.45X sales with 8.1% and 19.1% EPS growth forecast as they improve monetization efforts. TWTR sees revenue growth of 14.7% and 13.2%. TWTR is coming off of a strong quarter with strong gains in monetizable DAUs and ad engagements. The company continues to invest in growth on the user-side and cleaning up the platform with the run up to the 2020 Election a pivotal event. Analysts have an average target for shares of \$40. Loop Capital out defending on 6-14 with a \$55 PT. The firm thinks the recent pullback offers an attractive entry as the company's user engagement story continues to improve and more casual users become daily users. They also think this will cause budget allocations from brand advertisers will to increase more rapidly as the industry chases the better growth rate. Short interest is 2.6% and down at its lowest levels since 2013 when the company debuted. Hedge Fund ownership fell 27.5% in the recent quarter. Aristotle Capital, SRS Investment, and ARK Investment concentrated holders.

Hawk Vision:



Trading Strategy: TWTR looks like a nice opportunity on reward/risk basis against last week's low as it still is an exciting Tech name that has coiled since last quarter's upside earnings move.

Confidence Ranking: \$\$