



Medtronic Size Call Buys Accumulate in Open Interest

Ticker/Price: MDT (\$100)

Analysis:

Medtronic (MDT) seeing over 4,000 January \$100 calls bought today from \$5.10 to \$5.60 and follows 1,000 June 2020 \$110 calls bought on 7-5 and buyers active in the August \$100 and November \$100 calls in late June. MDT also saw sellers in the September \$97.50 and \$95 puts on 6-7 while the September \$100 calls with 4,000 bought on 6-5 as well. Shares are in a small bull flag under the June highs and above the key short-term moving averages with a near-term target to \$105. Longer-term, MDT looking to clear a big weekly range which measures to \$115. The \$133.9B company trades 16.8X earnings, 4.38X sales, and 13.6X cash with a 2.16% yield. MDT expects 8.3% and 8.6% EPS growth through FY22 with revenue growth of 4.7% and 4.9%. MDT is coming off a strong quarter with growth in Robotics and restorative therapies. MDT is benefitting from growth in emerging markets, especially Neurovascular and Neurosurgery from the Mazor X. They also reclaimed a top market share position in spinal for the first time in nearly three years last quarter. Analysts have an average target for shares of \$106 with 15 buy ratings and 5 hold. Barclays raising their PT to \$110 on 7-11 while UBS with a \$112 PT citing better operating margins and improving cash flows with a deep product pipeline and series of "big launches" coming over the next 2 years. Short interest is 0.7%. Hedge Fund ownership fell 4.5% in Q1. Square Point Capital, Stevens Capital, and Alyeska all notable holders. In May, a director bought \$1M in stock at \$92.40.

Hawk Vision:



Hawk's Perspective: MDT is extended near-term and based on timeframes of catalysts and positioning, a name one can be patient for better entry back near its 50 day.

Confidence Ranking: \$\$