Bank of America Attracts Bullish Activity

Ticker/Price: XLNX ($107)

Analysis:

Xilinx (XLNX) buyers of 470 November $110 calls to open $7.90 to $8.10 in early action and volume up to 675X after 30 minutes. XLNX has seen some size positioning in September and November $115 puts as well as 3,000 August $120 puts as well, but has a lot of out of the money September call open interest and some large January 2020 bull positions. Shares pulled back sharply last week with Semiconductors on China concerns and shits back near the June base breakout and its 200 day MA as well as the lower value area level for 2019. The $28.65B Semi trades 26.4X Earnings, 8.9X Sales and 38X FCF with revenues seen rising more than 12% the next few years. XLNX is well positioned with end-market exposure to 5G, the data center refresh cycle and struck partnership Microsoft last year in cloud. AI is an emerging area of strength. The company launched Alveo last year, their accelerator card, which is expected to see strong uptake in the 2H of 2019 and an incremental driver in 2020 and beyond. XLNX will speak at the KeyBanc Tech Conference on 8-13. Analysts have an average target of $130 on shares with short interest low at 3% of the float but rising 56% Q/Q. Rosenblatt has a $165 target and SIG is at a $145 target. Morgan Stanley out positive last week as the Street is growing more cautious on 5G near-term headwinds and sees the reason to own the stock is for the broader migration to SOC related businesses. KeyBanc is Overweight with a $140 target calling XLNX one of the best secular stories in semis with favorable 5G positioning and accelerated cloud computing. Hedge Fund ownership fell 18.5% in Q1 filings, a new position for Whale Rock in Q1 and Winslow Capital a top concentrated holder.

Hawk Vision:

Hawk's Perspective: XLNX looks to attempt a bull hammer at the rising 200 MA today and remains a favorite growth cycle story in Semiconductors, but overall need to see some broader market stabilization to be taking new long plays.

Confidence Ranking: $$