



## AMD Calls Active into Product Launch

**Ticker/Price:** AMD (\$29.35)

### Analysis:

**Advanced Micro (AMD)** strong early flows today with a buyer of 4000 February \$30 calls to open \$3.72, sells 2000 Nov. \$33 calls, and then 6500 Oct. 11th (W) \$30 calls bought as well early. AMD has seen size buyers in the November \$30 calls this week, over 39,000 now at the strike. AMD has also seen size buyers in the November \$28 and \$31 calls as well recently. Shares are trading back near the August lows and multi-month support at \$28 with a wedge forming under \$31 and the 50-MA. A move higher targets \$34 which was a key VPOC from July. Longer-term, AMD has been in a steady trend higher and continuation has upside to \$45. The \$32.7B company trades 27.85X earnings, 5.5X sales, and 29X cash. They expect to see significant EPS growth the next two years while revenue growth tops \$9.65B, mid-teens growth the next two years. AMD expects to launch their new 16-core Ryzen processors in November and management out earlier this week noting they're delaying slightly to ensure a smooth rollout given early demand indications. AMD continues to see strong long-term tailwinds from growth in gaming, AI, VR, and cloud expansion. Analysts have an average target for shares of \$31. Mizuho positive on 9-20 after checks, expecting the company to pick up share into year-end. Susquehanna with a positive note on 9-19 expecting upside due to new IP licensing agreements, increasing design wins in the data center, and share gains in GPU's. RBC positive on 9-11 noting concerns over the Ryzen 3 are unfounded. Short interest is 11.5% but near its lowest levels since 2016. Hedge Fund ownership fell 13%.

### Hawk Vision:



**Hawk's Perspective:** AMD is right at trend support from May and potential for a nice weekly reversal above \$29.50, it can be traded with a tight stop otherwise more attractive for a swing back near the 200-day at \$27.

**Confidence Ranking:** \$\$