



QUALCOMM Bulls Accumulate Calls into Consolidation

Ticker/Price: QCOM (\$74.80)

Analysis:

Qualcomm (QCOM) buyers active today for 775 December \$75 calls for \$5.25 to \$5.40 and follows buyers of the Feb. \$90 OTM calls last week as well as buyers in the Sept. \$67.50, \$70 and \$72.50 calls recently. QCOM has seen bullish flow consistently since late May with size buyers across the November and January calls as well as put sales at the November \$57.50 strike and January \$57.50 strike. Shares are consolidating in a multi-month range under \$78.50 and today's weakness pulling back into the 13-EMA. A move higher targets \$91.75 and the April highs. The \$94.65B company trades 18.5X earnings, 4.6X sales, and 6.5X cash with a 3.2% yield. QCOM is expecting 23.85% and then 40% EPS growth the next two years with revenues up 14.89% and 20.2%. QCOM remains a strong play on long-term 5G rollout worldwide while China has weighed on the near-term outlook. Analysts have an average target for shares of \$80.50. Mizuho positive on 8-26 with a \$68 PT citing the company's recent legal victory in the ninth circuit as they don't need to renegotiate licensing or patent deals during the appeal process. Raymond James has shares at Strong Buy citing the expected launch of 5G phones next year and potential for \$7/share in earnings power. BAML expects a ramp in 5G next year to increase both royalty income as well as demand for semiconductors. Short interest is 2.3%. Hedge Fund ownership fell 16.8% last quarter, largely with DE Shaw selling 11.4M shares. Matrix Capital, AQR, Polar Capital, and Senator Investment notable buyers. On 8-29, a director bought \$200K in stock at \$73.84, the first open market buy since 2017.

Hawk Vision:



Hawk's Perspective: QCOM sets up fairly well but there are a number of Semi names that I prefer to it so not looking at a position here.

Confidence Ranking: \$\$