

SPOTLIGHT OPTION TRADE



Lowe's Next Large Cap Breakout as Housing Market Strengthens

TRADE SNAPSHOT

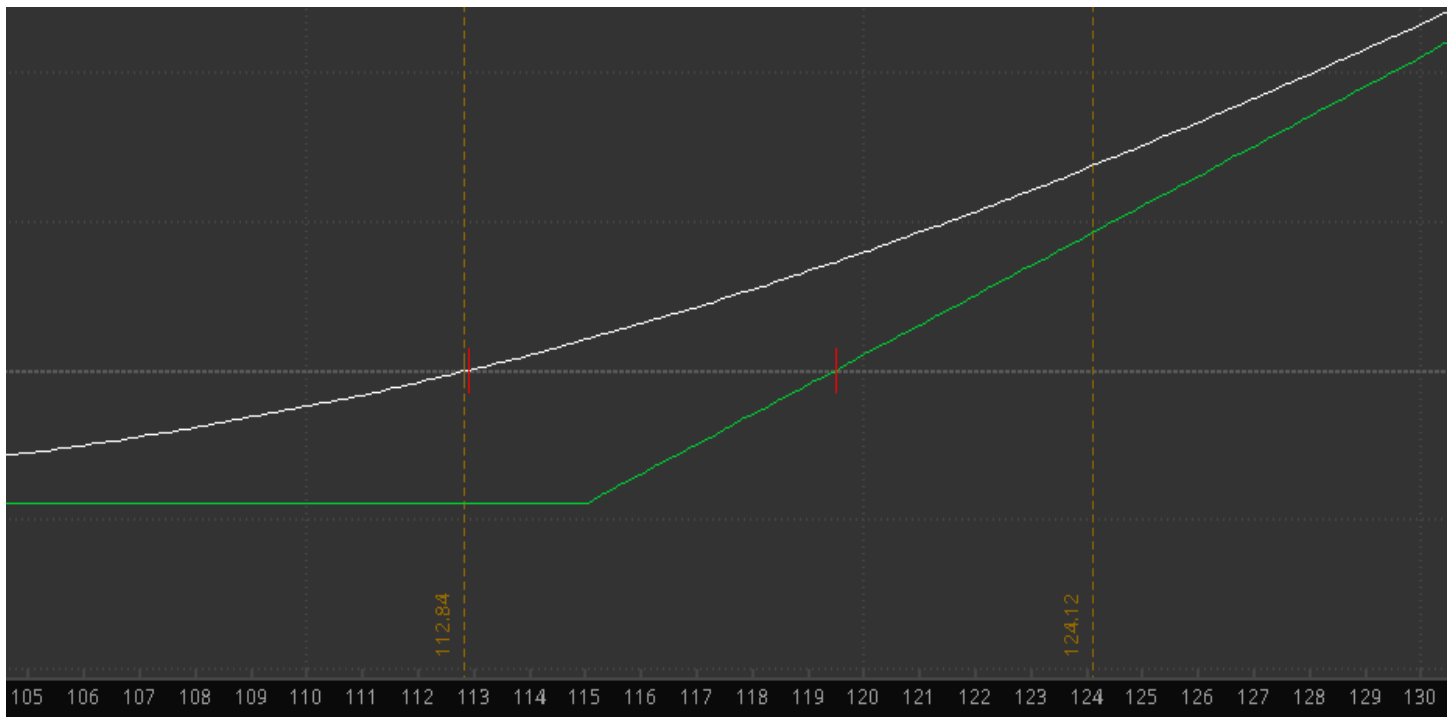
TICKER	LOW
SECURITY	Lowe's Co.
SECTOR	Consumer Services – Retail – Home Improvement
CURRENT PRICE	\$112.84
LONG/SHORT	Long
TARGET	\$125
STOP	\$106
TIMEFRAME	3 Months

Trading Strategy: Long the LOW January \$115 Calls \$4.50 or Better

Net Debit/Credit: Debit \$4.50

Profitability Zone: LOW Shares Above \$119.50 on January OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: LOW weekly chart setting up with a triangle pattern and looking for an upside breakout that measures to \$135 over time.



Fundamental Analysis: The \$88.1B home improvement retailer trades 17X Earnings, 1.23X Sales and yields a 1.95% dividend. LOW sees revenue growth accelerating back to 3%+ in Q4 and into FY21 with EPS growth rising to 17%. LOW is coming off a strong quarter posting +3.2% comps and continues to be a turnaround story as it narrows the gap with Home Depot. Analysts have an average target of \$122 on shares and short interest fairly low at 1.5% of the float. Piper raised shares to Overweight on 10-15 with a \$130 target seeing acceleration of fundamentals and analysis showing a strengthening housing/remodel backdrop into 2020, expecting comp and margin upside for LOW. OpCo raised its target to \$145 in early October seeing mortgage rate declines as a positive sales tailwind. Hedge Fund ownership fell 7.73% in Q2 filings.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
10/17/2019	LOW 100 19 JUN 20 115 CALL	508	438	\$8.78	0.51	26.00%	42.90%	\$449,580	.LOW200619C115
10/14/2019	LOW 100 15 NOV 19 115 CALL	1,277	3,870	\$1.08	0.27	20.46%	24.71%	\$139,193	.LOW191115C115
10/8/2019	LOW 100 15 NOV 19 110 CALL	1,051	1,895	\$2.25	0.38	23.14%	35.36%	\$219,659	.LOW191115C110
10/4/2019	LOW 100 15 NOV 19 110 CALL	1,803	611	\$2.03	0.385	21.40%	35.76%	\$366,009	.LOW191115C110
10/4/2019	LOW 100 15 NOV 19 105 CALL	695	134	\$4.41	0.58	23.56%	55.33%	\$295,375	.LOW191115C105
10/2/2019	LOW 100 17 JAN 20 97.5 PUT	8,212	2,296	\$2.95	-0.26	30.38%	31.73%	\$2,545,720	.LOW200117P97.5
9/27/2019	LOW 100 17 APR 20 100 CALL	9,937	10,066	\$15.40	0.71	29.07%	64.05%	\$15,302,980	.LOW200417C100
9/27/2019	LOW 100 18 OCT 19 109 CALL	1,015	22	\$2.58	0.545	22.93%	52.27%	\$261,870	.LOW191018C109
9/27/2019	LOW 100 18 OCT 19 109 PUT	1,038	131	\$2.14	-0.453	21.31%	47.39%	\$222,132	.LOW191018P109
9/26/2019	LOW 100 17 APR 20 100 CALL	10,000	44	\$15.45	0.71	29.79%	63.26%	\$16,000,000	.LOW200417C100
9/26/2019	LOW 100 (Weeklys) 4 OCT 19 109 CALL	1,743	822	\$2.28	0.65	21.72%	64.18%	\$407,862	.LOW191004C109
9/25/2019	LOW 100 15 NOV 19 110 PUT	2,110	119	\$3.79	-0.47	23.86%	50.82%	\$812,350	.LOW191115P110
9/25/2019	LOW 100 17 JAN 20 110 PUT	1,339	826	\$6.00	-0.45	25.75%	51.11%	\$810,095	.LOW200117P110
9/25/2019	LOW 100 15 NOV 19 105 PUT	2,110	73	\$2.01	-0.29	25.60%	32.42%	\$434,660	.LOW191115P105
9/19/2019	LOW 100 18 OCT 19 115 PUT	2,911	1,083	\$3.80	-0.7	16.82%	71.89%	\$1,193,510	.LOW191018P115
9/19/2019	LOW 100 18 OCT 19 115 CALL	2,990	5,152	\$1.22	0.32	18.68%	30.38%	\$370,760	.LOW191018C115
8/27/2019	LOW 100 (Weeklys) 4 OCT 19 106 PUT	475	97	\$3.25	-0.482	24.41%	51.44%	\$154,375	.LOW191004P106
8/27/2019	LOW 100 (Weeklys) 4 OCT 19 105 PUT	432	257	\$2.85	-0.435	24.92%	46.84%	\$123,120	.LOW191004P105
8/14/2019	LOW 100 18 OCT 19 95 CALL	1,543	551	\$5.32	0.52	34.44%	46.67%	\$848,650	.LOW191018C95
8/1/2019	LOW 100 18 OCT 19 97.5 PUT	2,138	1,005	\$4.05	-0.4	29.23%	44.87%	\$865,890	.LOW191018P97.5
8/1/2019	LOW 100 18 OCT 19 92.5 PUT	2,139	1,203	\$2.48	-0.265	30.57%	31.29%	\$530,472	.LOW191018P92.5
7/31/2019	LOW 100 18 OCT 19 110 CALL	1,120	3,636	\$2.36	0.31	25.20%	27.24%	\$263,200	.LOW191018C110
6/11/2019	LOW 100 18 OCT 19 85 PUT	1,312	405	\$2.09	-0.2	28.64%	25.79%	\$275,520	.LOW191018P85
6/10/2019	LOW 100 18 OCT 19 105 CALL	6,606	17,150	\$3.00	0.33	25.89%	28.05%	\$2,047,860	.LOW191018C105
6/7/2019	LOW 100 18 OCT 19 105 CALL	5,007	12,156	\$3.05	0.33	26.10%	27.96%	\$1,577,205	.LOW191018C105
6/6/2019	LOW 100 18 OCT 19 105 CALL	11,469	716	\$2.73	0.3	26.21%	25.08%	\$3,119,568	.LOW191018C105
6/4/2019	LOW 100 17 JAN 20 100 CALL	1,684	7,973	\$6.35	0.46	27.71%	38.04%	\$1,128,280	.LOW200117C100
6/4/2019	LOW 100 17 JAN 20 82.5 PUT	1,684	5,493	\$3.43	-0.23	30.47%	30.81%	\$597,820	.LOW200117P82.5
5/31/2019	LOW 100 17 JAN 20 100 CALL	3,376	3,295	\$5.50	0.41	27.31%	33.58%	\$1,856,800	.LOW200117C100
5/31/2019	LOW 100 17 JAN 20 82.5 PUT	3,370	767	\$4.00	-0.26	30.34%	34.78%	\$1,348,000	.LOW200117P82.5

Potential Catalysts: Earnings 11/20/19

Disclaimer:

Not Investment Advice or Recommendation

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