



Wynn Calls Adjust as Shares Sit on Support

Ticker/Price: WYNN (\$106.55)

Analysis:

Wynn Resorts (WYNN) buyers active today for 9,800 December \$115 calls today for \$5.05 to \$5.30, the \$125 calls closing, and follows some sizable opening trades within the last week in the March \$105 calls which were bought over 14,000X. Shares are back at the \$105 level which has been supportive in both May and August and also aligns with key volume support from early 2016. WYNN has been forming a series of higher lows since December and lower highs since April and longer-term a wedge breakout over \$120 has room up to \$175. The \$11.33B company trades 15X earnings and 1.7X sales with a 3.85% yield and high-teens EPS growth. WYNN is set to see an acceleration in revenue growth next year with both the recent opening of Wynn Boston and a \$2B expansion underway in Macau. Analysts have an average target for shares of \$136. Nomura with a \$117 PT this week seeing 2019 as a transition year with most of the risk of an outlook cut baked into shares. Goldman upgraded to Buy on 9-24 with a \$155 PT. They think FCF is set to inflect higher as these major projects are completed. They note that Boston's open has been strong while Las Vegas should also help domestic growth. Short interest is 3.7%, near multi-year lows, while hedge fund ownership fell 8.5% in Q2. Lone Pine Capital with a 4% weighted position and 5.4M shares while OZ Management has both calls and stock. WYNN is right back around a spot where a director bought \$1M in stock in November 2018 at \$103.

Hawk Vision:



Hawk's Perspective: WYNN is trading against an important trend support and at this level nice reward/risk versus recent lows near \$102, though the price-action remains weak, and prefer to see moving averages curl higher.

Confidence Ranking: \$\$