



## FEATURED OPTIONS RADAR REPORT



### Inphi Bulls Target New Highs Amid Major Product Cycle

**Ticker/Price:** IPHI \$116.75

#### Analysis:

**Inphi (IPHI)** with 850 December \$115 calls being bought to open today \$17.50 to \$19.10, strong setup with shares basing along the 50-day. IPHI has seen some smaller buys in the August \$115 calls and July \$115 calls while some October \$130 and \$145 calls remain in OI from May. Shares are moving out of a small base today after pulling back to the rising 50-MA and targeting new highs above \$127. A breakout measures to \$145/\$150 and into space with plenty of room to run with MACD and RSI both reset off of overbought levels. The \$5.29B company trades 31.5X earnings and 12.5X sales with estimates looking for high-teens EPS and revenue growth through FY22. IPHI is a leading provider of high-speed data movement interconnects and coming off a strong quarter with demand for data center components steady despite COVID-19. IPHI is benefitting from some major product cycles in the space driven by the transition to PAM by most cloud and large telecoms while data consumption and traffic growth remains a major theme in tech. PAM is regarded as a once in a multi-decade change in data transmission with most infrastructure shifting to 7m-10km and 10-120km outside for the fastest speeds and supportive of 5G. Analysts have an average target for shares of \$108. JP Morgan raising their PT last week to \$126, a top small-cap pick, noting they see data center growing 30%+ annually over the next five years. The firm thinks IPHI's datacenter interconnect business COLORZ with Microsoft (MSFT) has stepped up given Microsoft's aggressive expansion of its global datacenter footprint. Barclays with a \$135 PT on 6-15 noting that they feel better about a potential spending rebound in the 2H given the need for advancing network architectures are secular trends. Short interest is 5.6% and big drop last week from around 9.2%. It was as high as 25% in 2018 and falling steadily. Hedge fund ownership rose 7.5% in Q1.

#### Hawk Vision:



**Hawk's Perspective:** IPHI checks a lot of boxes with strong technical setup, fundamentals, and long-term thematic tailwinds, one that can make a strong run back at those prior highs

**Confidence Ranking:** \$\$\$