



FEATURED OPTIONS RADAR REPORT



Comcast Spreads See Strong Reward/Risk in Shares

Ticker/Price: CMCSA (\$43.80)

Analysis:

Comcast (CMCSA) spreads this morning are selling the January \$37.50 puts to buy the \$45/\$52.50 call spread for a net \$0.65, over 12,000X. CMCSA has seen those January \$45 calls accumulate over 35,000 with buyers recently around \$1.89 while the September \$42.50 and \$45 calls both with size buyers in late July and the October \$37.50 calls with a big buyer in late June. CMCSA shares are consolidating in a bull flag above the rising 21-EMA and the short-term 8-day support at the lows this morning. A breakout above \$44.25 targets \$46-\$48 range and could run with MACD nearing a bull cross. The \$198B company trades 14.77X earnings, 1.88X sales, and 14.2X cash with a 2% yield. CMCSA is coming off a strong quarter as Work-from-Home continues to draw more high-speed internet adds with cable hitting an all-time quarterly high for adds. CMCSA has been hit in multiple ways from the pandemic with advertising slowing and both global theaters and theme parks running at minimal capacity, although the former should improve as live sports has returned. The company did note in July they see this as an opportunity to lean into next-gen areas of spending like OTT streaming and monetizing their content. Their Peacock platform launched in late Q2 and already had 10M subs while their scale should give them an advantage in ramping further into year-end. They're also investing further in broadband where only 50% of homes/businesses are currently taking their data products. Analysts have an average target for shares of \$49. Deutsche Bank raising their PT to \$53 in early August citing continued strength in broadband subscriber growth, cable margins, and cable capital intensity. Bernstein upgrading to Outperform in early July with a \$52 PT. The firm thinks CMCSA needs to take bold moves given their leadership position and sees a path to \$4/share in earnings power and \$60+ stock in three years. Nomura noting that green shoots are emerging for the stock despite their advertising, film, and theme park exposure. Short interest is 1.9% and climbing a bit recently. Hedge fund ownership fell 1.5% in Q2, Viking Global a big buyer of 10M shares and now has over 28M total. Soroban with a new 10M share position. Activist Corvex also with a small new position.

Hawk Vision:



Hawk's Perspective: CMCSA remains a high quality leader and these spreads have a strong structure for one willing to own CMCSA back near June levels.

Confidence Ranking: \$\$