



FEATURED OPTIONS RADAR REPORT



Bulls Position in Google for New Highs

Ticker/Price: GOOG (\$1495)

Analysis:

Alphabet (GOOG) is one of the large cap Tech companies seeing large bullish positioning via vertical spreads across multiple timeframes over the last few days. On 8/3 the January \$1640 calls were bought 1500X for \$16M, on 8/5 the November \$1475/\$1620 call spreads opened 6000X at \$35M, on 8/7 January and July 2021 \$1660 calls were bought 1,600X and 1,450X and on 8/10 July 2021 \$1630/\$1780 call spreads, December \$1560/\$17100 call spreads, and March \$1600/\$1760 call spreads opened. On the chart GOOG shares have pulled back to the rising 55 day moving average and based nicely just above a key volume node and June breakout level, also forming a channel up pattern since April. Shares need to clear \$1515 and \$1535 resistance levels near-term to break out of the pullback channel and upside targets include the 138.2% extension of the COVID correction at \$1730 which aligns with this call spread targets. GOOG is coming off a solid quarter beating estimates and saw gradual improvement to the ads business that came under pressure early in Q2 while seeing strong traction in growth segments like Cloud, YouTube and Google Play. GOOG could have other potential catalysts such as taking the stock split route like Apple, ability to spin-off units, Waymo value unlock, and/or utilization of its \$120B in cash via acquisitions, dividends, or buybacks. Google has done a few minor deals including a \$2.6B deal for Looker in software and the FitBit deal, as well as a recent stake in ADT as it builds out its home security offerings with Nest. It also continues to build out Google Shopping. The \$1020B company continues to trade at undemanding valuation of 26.5X Earnings, 6.15X Sales and 32.75X FCF with forecasts for 21% revenue growth and 27.7% EPS growth in FY21. Google Cloud had \$14.8B in backlog as of Q2. Analysts have an average target of \$1675 and short interest minimal at less than 1% of the float. Barclays raised its target to \$1800 after Q2 results noting increased engagement and centrality of its consumer services should drive value longer-term. Raymond James moved its target to \$1700 citing solid long-term advertising revenue growth expectation driven by search, mobile, and YouTube, increasing Google Cloud momentum, option value in other areas, and attractive valuation. Hedge Fund ownership rose modestly in Q1 filings.

Hawk Vision:



Hawk's Perspective: GOOG sets up great and has its cash flow cow search business and strong growth in other key Tech areas like Cloud, Gaming, Ecommerce, and Streaming. It looks like a nice own versus the 55 MA.

Confidence Ranking: \$\$