



FEATURED OPTIONS RADAR REPORT



Medtronic Bulls Position for New Highs with Investor Day Catalyst

Ticker/Price: MDT (\$108)

Analysis:

Medtronic (MDT) saw early action in November \$120 calls with 3000 bought \$0.94 to \$1.12 and now trading 8,250X on the session pricing around \$1.30, strong surge in IV with the OTM buying pressure. MDT has recently seen October 23rd (W) \$108 calls open 2600X and 1200 of the \$110 calls as well while in February seen buyers of \$105 calls and \$120/\$130 OTM call spreads. MDT shares have been flagging through September above the rising 21 MA after a recent key range and 200 MA breakout, looking for continuation higher on a move above \$109 and the range break targets a move back to its highs around \$120. MDT was hit hard with COVID due to the slowdown in procedures but seeing positive momentum in trends across the industry the last two weeks with conference speakers. The \$145B med-tech leader trades 18.6X Earnings, 5.2X Sales and yields 2.16% with forecasts for revenue growth next FY of 10.5% with 42.9% EPS growth. MDT will next report in late November. MDT has a strong balance sheet with robust FCF and a strong pipeline for growth. Cardiac/Vascular is its largest segment followed closely by Minimally Invasive and Restorative Therapies while Diabetes the smallest segment but is growing rapidly. It sees a lot of growth potential in Emerging Markets as well. MDT spoke at the MSCO Healthcare Conference earlier this week noting stronger procedure volumes in September and it is taking share in a number of businesses while its TAM is expanding. MDT will host an Investor Day October 14th as a likely catalyst. Analysts have an average target of \$115 and short interest has been falling down to 0.5% of the float. Ray-Jay raised its target to \$115 on 8/26 noting new products generating market share gains. Citi raised its target to \$120 citing expanding market share a key note by management as the pipeline potential is already well known. Hedge Fund ownership fell 4.5% in Q2 filings, and a number of notable large holders in the name.

Hawk Vision:



Hawk's Perspective: MDT has quality fundamentals, sets up excellent on the chart, and has a clear catalyst, no a name worth positioning in November, though may want to wait for a dip.

Confidence Ranking: \$\$