



FEATURED OPTIONS RADAR REPORT



Disney Sell-Off Brings in Option Bulls

Ticker/Price: DIS (\$122.50)

Analysis:

Disney (DIS) bullish flows again today with buyers of 2,500 October \$124 calls up to \$3.35 and follows the October \$132 calls bought over 13,500X earlier this week in spreads with the \$118 puts sold 6,500X. DIS had a size buyer of 1,600 December \$115 calls on 9/21 for more than \$2.2M and the November \$120 calls with 4,000X bought on 9/15 for \$5.88M while the June 2021 calls with accumulation in early September. Shares are back at the \$122 level where it broke out post-earnings and also sitting around the 50/200-day bull cross level from early September. A reversal day here and move back above the 8-day near \$125 sets up for a run back to the post-earnings highs at \$135 and a measured move to \$150. The \$225B company trades 46.2X earnings, 3.2X sales, and 9.75X cash with strong top and bottom-line growth, especially for a mega-cap. DIS is coming off of a mixed quarter where Parks and other experiences revenues were hit hard by COVID but their CFO was at the BAML conference on 9/10 noting that they're seeing consumers come back without hesitancy even with the limited capacity and expect longer-term to re-open cruises with solid underlying booking demand. Streaming and their Disney+ momentum continues to be the primary driver for the company and likely the focal point of their upcoming Analyst Day which is expected in October. The platform is giving them a unique leverage point during COVID as they can more nimbly shift theatrical assets like Mulan to DTC. Their original content is also driving significant sub growth and the Mandalorian 2 in late October a potential boost to the quarter. DIS is expected to roll out more content debuts at their Analyst Day including Marvel branded shows as well as discuss Star, their International version of Hulu. Analysts have an average target for shares of \$131.50 and Deutsche Bank a Street High \$163 PT on 9/8 with their upgrade to Outperform. The firm thinks DIS is succeeding in the "land grab phase" of direct-to-consumer and has the most clear path to successfully transitioning its general entertainment programming and content production businesses into a globally scaled, vertically integrated streaming entertainment leader. They see a lot of ways to monetize the growing D+ user base. Short interest is 1.2%. Hedge fund ownership rose 4.75% in Q2, Third Point an interesting holder with 5.5M shares and adding size last quarter.

Hawk Vision:



Hawk's Perspective: DIS looks good at the 200-day though could slip a bit more to fill that gap from earnings, but overall a likely recovery candidate with strong upside coming from streaming.

Confidence Ranking: \$\$