



## FEATURED OPTIONS RADAR REPORT



### Google Bulls Position for Strong Q4 with Several Catalysts

Ticker/Price: GOOGL (\$1480)

#### Analysis:

**Google (GOOGL)** with buyers early 1750 January \$1800 calls \$17.90 to \$19.60 for over \$3.7M and midday up to 4500X for over \$10M in calls bought at that strike, large size. GOOGL has seen steady bullish flow, one notable trade bought 3000 January \$1500 calls back on 8/27 for over \$70M. GOOGL shares are in a multi-year rising channel pattern and recently put in a nice base on the rising 200 day MA and looking to work out of that base and reclaim its 21 MA near-term, the 55 MA next resistance up at \$1517. GOOGL will report results on 10/26 and can easily get back to its highs on a solid report. GOOGL has been in focus recently with antitrust concerns back around and has a lot of moving parts, notably its YouTube business is extremely strong on the cord-cutting theme and Google Cloud also gaining momentum. GOOGL recently launched Google TV at an event as well. 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 \$1015B Company trades 25.7X Earnings, 6.1X Sales and 32.6X FCF. Analysts have an average target of \$1765 and short interest low at 0.8% of the float. BAML recently called it a Top Pick for Q4 saying search advertising could be recovering faster than expected, while new business initiatives in subscription content, Cloud and self-driving vehicles are long-term COVID beneficiaries. Google has underperformed its FANG peers (Facebook, Amazon, Netflix) and has a YTD return of 9% vs FB at 27%, AMZN at 71% and NFLX at 51%. Any signs of meaningful progress with a vaccine in 4Q could present a favorable economic backdrop for continued search recovery in 2021. Hedge Fund ownership fell 2.8% in Q2 filings.

#### Hawk Vision:



**Hawk's Perspective:** GOOGL will be an earnings strategy and liking current basing pattern and reward/risk, likely to position bullish for earnings and further out with all these potential positive catalysts.

**Confidence Ranking:** \$