



FEATURED OPTIONS RADAR REPORT



Unusual Large Call Buys in Motorola Solutions with Relative Strength Impressive

Ticker/Price: MSI (\$170)

Analysis:

Motorola Solutions (MSI) with buyers today of 2,000 November \$185 calls up to \$6.20, trading near 8X average calls in the first hour. MSI has little notable open interest beyond some October positioning expiring this week. Shares have traded well recently and a bit extended near-term but longer-term base breakout targets a run up to \$195 and prior support at \$160 to focus on. MSI expected to report earnings in early November and strong performer closing higher in eight of the last ten. The \$27.66B company provides mission-critical communication solutions and shares trade 19.37X earnings, 3.6X sales, and 20.5X cash with a 1.5% yield. MSI sees mid-teens EPS growth in FY21. MSI said in July that they expect Q2 to be their low-point for the year with gradual improvement across LMR, video, and command center software while customer engagements continue to increase. Their body camera solutions continue to grow with a few smaller deals expanding their product pipeline (the new V300 debuted in May and upcoming quarter the first with it included) while noting that many customers are pushing for accelerated deployments. Software and service also continue to become a bigger part of their mix and moving more products to the cloud like Records and CAD over the Summer that should drive more adoption. MSI has long-term catalysts from increased spending in municipalities and States taking lots of moves to fill in funding gaps over the Summer including places like Utah, Michigan, Mississippi, Nevada, and Rhode Island that utilized reserve funds. Analysts have an average target for shares of \$141.50 and Cowen a Street High \$225. Argus cautious on 8/11 as state and local government tax receipts will be under pressure over the "intermediate term", which should restrict spending on new or upgraded civil agency networks. Northcoast in June noting that rising protests are a tailwind for MSI as the need for video and analytics has never become more apparent in keeping citizens safe and holding criminals accountable. Short interest is 2.4% and up from 1.5% in July. Hedge fund ownership fell 5% in Q2.

Hawk Vision:



Hawk's Perspective: MSI is a quality operator and been quiet until recently, now making a strong trend move and though extended near-term, can likely challenge new highs.

Confidence Ranking: \$\$