



FEATURED OPTIONS RADAR REPORT



Sony Bulls Position into Weakness into Gaming Cycle

Ticker/Price: SNE (\$75.7)

Analysis:

Sony Corp (SNE) bullish spread today sold 2,000 March \$60 puts to buy the \$75/\$90 call spread 2,000X2,500 into earnings next week and later 5000 January \$67.50 puts sold to buy the \$77.50/\$82.50 call spread. SNE recently had the January \$65/\$85 call spread bought 1200X while the April \$110 OTM calls and December \$90 calls also active. The Jan. \$80/\$100 call spread remains in OI over 15,000X from May. SNE has been a strong name for much of the year and pulled back to the 38.2% Fib of the recent rally from the March lows. It's breaking back above its 8- and 21-EMA today and out of a downtrend which has room back to \$82.50 from July, both MACD and RSI turning bullish and plenty of room to run. The \$93.35B company trades 16.5X earnings, 1.2X sales and 10.5X FCF with a lot of cash on the balance sheet. SNE has been a reformation project over the last 2-3 years and better-focused now between tech components and entertainment including equity investments in Bilibili (BILI) and Epic Games. They have seen strong demand in their gaming business during the pandemic and continue to see recent NPD data supportive of further growth ahead of their next-gen PS5 launch this Winter. In September, reports indicated that they had internally cut their output forecast for the unit this year due to production issues and earnings next week the first time to get updated figures on demand, a potential positive catalyst. Analysts have an average target for shares of \$96. Citi was positive on 10/9 noting that they expect bad news in the semi space to be fully baked into estimates. Baird positive on 9/23 as early demand for the PS5 has been strong and likely supply-constrained through year-end. Short interest is minimal and hedge fund ownership up 7.35% last quarter, Soroban a buyer of both stock and calls while activist Third Point exited their position.

Hawk Vision:



Hawk's Perspective: SNE looks great on this pullback and continue to see a lot of value in the name, an ideal entry versus the recent lows.

Confidence Ranking: \$\$