



## FEATURED OPTIONS RADAR REPORT



### Size Call Buys in Wynn Resorts into Likely Messy Results

Ticker/Price: WYNN (\$76.50)

#### Analysis:

**Wynn Resorts (WYNN)** with 5,000 December \$77.50 calls bought today up to \$7.20 to open, sizable trade that follows buyers recently in the December \$85 calls and \$90 calls as well as put sales across the June \$70 strike for more than \$1.4M. WYNN also still has 10,000 March \$80 calls in open interest from 9/21. WYNN shares forming a weekly bull wedge under \$80 with a breakout targeting a run back to \$100 and big sentiment/trend shift stretching back to early 2018. The \$8B company trades 1.85X sales and 2X cash with expectations to return to profitability in FY22 and earn over \$2.30/share in a more normalized environment. WYNN likely benefits greatly from a Biden administration which will return to a more stable relationship with China and comes ahead of the company's Macau gaming concessions expiring in June 2022. WYNN cited strong progress in the region last quarter with traveler restrictions loosening and talked up a potential positive catalyst with tourist visas expected to be resumed by the end of the year. The company said that event will help push Macau "back in business" and drive monthly figures much higher. Analysts have an average target for shares of \$105 and Barclays a Street High \$115 recently. MSCO upgrading to Overweight on 11/2 citing valuation and positive tailwinds into year-end from Chinese travelers again allowed to travel to Macau, other Chinese luxury segments showing robust growth, and both Las Vegas Sands (LVS) and MGM Resorts (MGM) having reported improving "premium mass" trends in October. Short interest is 10.7% and up from around 4% in early 2020. Hedge fund ownership fell 1%. Samlyn Capital a notable new buyer while Coatue added a new position as well. Melvin Capital a top 10 holder with a \$105M stake. WYNN will report tomorrow afternoon.

#### Hawk Vision:



**Hawk's Perspective:** WYNN is challenging with business so bad in this space right now and really want to wait for better signals of a return to normalcy before targeting the group.

**Confidence Ranking:** \$\$