



FEATURED OPTIONS RADAR REPORT



Size Bullish Bets on Microsoft to Start 2021 Strong

Ticker/Price: MSFT (\$219.25)

Analysis:

Microsoft (MSFT) this week in focus for bullish trades in February expiration with 10,000 February \$215 calls added on 12/15 for over \$10M, the February \$240 calls bought 45,000X on 12/16 for over \$16M, and on 12/17 the February \$235 calls bought over 5000X for \$3M. MSFT has been a technical set-up in focus with a weekly consolidation triangle forming, a move above \$220 sets up for a run to new highs at \$250. The \$1.63 trillion Tech leader trades 29.35X Earnings, 48.5X FCF and 11X Sales with a 1% dividend yield. MSFT forecasts see 10.7% topline growth in 2021 and 11% in 2022 after 13-14% growth the last two years while EPS seen rising 17% in 2021. MSFT's Azure continues to post impressive numbers with it a leading cloud provider while Office 365 and the upcoming gaming cycle for the XBOX also positive drivers. MSFT could be looking to put some cash to work as well, its large deal for LinkedIn now way in the past. Analysts have an average target of \$240 and short interest minimal at 0.5% of the float. MSCO raised its target to \$260 this week seeing upside after a few quarters of tough comps and mixed metrics. BAML recently reinstating at Buy with a \$256 target seeing room for margin expansion and low double digit growth sustainable for another 3-5 years driven by Azure adoption, cloud-based Office 365, and a more profitable Games division. Barclays an interesting note on 11/12 noting MSFT has a \$30B hidden asset in Security, a division it has built out an expansive offering. OpCo upgraded to Outperform with a \$260 target on 11/5 as a lead beneficiary of digitization efforts by companies. Hedge Fund ownership declined 2% in Q3 filings.

Hawk Vision:



Hawk's Perspective: MSFT has a great set-up and triggered out of this narrow zone earlier this week, the February calls look likely to pay off on the way to \$250.

Confidence Ranking: \$\$