

SPOTLIGHT OPTION TRADE



AbbVie Calls Cheap for Explosive Breakout Set-Up with Flows Positioned Bullish

TRADE SNAPSHOT

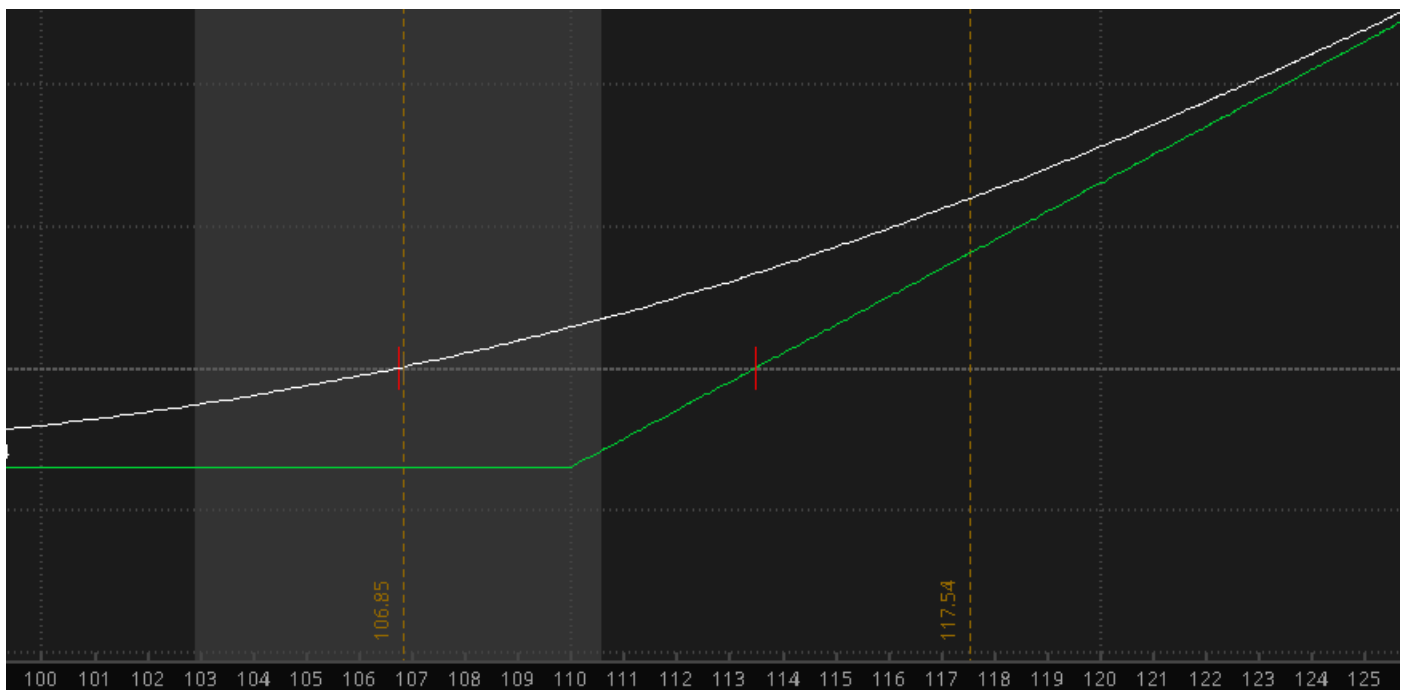
TICKER	ABBV
SECURITY	AbbVie
SECTOR	Healthcare – Drug Manufacturers
CURRENT PRICE	\$106.89
LONG/SHORT	Long
TARGET	\$120
STOP	\$101.5
TIMEFRAME	3 Months

Trading Strategy: Long ABBV July \$110 Calls \$3.50 or Better

Net Debit/Credit: Debit \$3.50

Profitability Zone: ABBV Shares Above \$113.50 on July OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: ABBV weekly forming a consolidation pennant and seeing a broader rising channel with the mid-line, 21-week moving average, and VWAP off October lows all supportive. Shares look primed to move higher as weekly RSI holds 50, MACD works towards a bull cross, and shares emerge from a squeeze.



Fundamental Analysis: The \$186B Pharma trades 7.7X Earnings, 4X Sales and 20.5X FCF with a large 4.86% dividend yield. ABBV revenues are expected to rise 20.9% in 2021 with EBITDA up 28.5%, making shares extremely cheap on valuation, though a 2023 patent cliff keeping valuation depressed. ABBV is a market leader in Immunology and new products are expected to contribute more than \$15B in revenues in 2025. The global immunology market is estimated at \$80B with Rheumatoid Arthritis, Psoriasis, Crohn's, Ulcerative Colitis, and Psoriatic Arthritis the main markets. ABBV erosion concerns for its key Humira drug remain as biosimilars cut into revenues into the 2023 patent cliff but Rinvoq and Skyrizi current value drivers. AbbVie has other growing franchises in Imbruvica (2021e: +16% y/y), Venclexta (+41%), Botox (+25%), Vraylar (+35%) and the newly launched Ubrelyv (+147%). Veliparib, navitoclax, ABBV-154, atogepant, and abicipar are key pipeline products targeting a wide range of disease states. Analysts have an average target of \$122 with short interest low at 1.1% of the float. Reuters reported on 3/15 ABBV is looking to sell its women's drug portfolio for \$5B. JPM is positive ABBV as a top Pharma pick citing several new launches across immunology and neurology point to further upside to estimates over the next several years and that its evolving mid/late-stage pipeline with multiple updates expected throughout 2021 should support multiple expansion. Into upcoming earnings Goldman sees the focus on the recovery of the aesthetics franchise (Botox and fillers) and progress with Skyrizi, Rinvoq, and Ubrelyv launches.

Company	Timing	Drug	Event
AMGN	Aug 16, 2021	Sotorasib	PDUFA date for NSCLC
AMGN	2H21	Sotorasib	Initial data for combination studies and Ph2 CRC monotherapy
ABBV	Early 3Q21	Vraylar	Ph3 data in MDD
ABBV	2H21	Rinvoq	PDUFA date for Atopic Dermatitis
ABBV	2H21	Rinvoq	Ph3 UC maintenance data
ABBV	2H21	Skyrizi	Ph3 CD maintenance data
BIIB	1H21	Zuranolone (SAGE 217)	Ph3 data (WATERFALL)
BIIB	June 7, 2021	Aducanumab	PDUFA date for Alzheimer's
BMY	Apr 23, 2021	TYK2	Presentation of full POETYK-1 and POETYK-2 at AAD
BMY	2021	Factor Xla	Ph2 data in total knee replacement (POC)
BMY	2H21	TYK2	Ph2 data in UC
GILD	1H21	RCUS TIGIT	Ph2 data in 1L NSCLC
GILD	2H21	Trodelyv	Ph1 basket data
GILD	YE21	Trodelyv	Ph3 data in HR+/HER2- BC
JNJ	2H21	JNJ-4528 (BCMA CAR-T)	Potential FDA approval for Multiple Myeloma
JNJ	2H21	COVID-19 Vaccine	Ph3 data from 2-dose regimen
LLY	2021	Zagotenemab	Ph2 Alzheimer's data
LLY	2H21	Lebrikizumab	Ph3 data in atopic dermatitis
LLY	2H21	Tirzepatide	SURPASS-4 data
LLY	2H21	Mirikizumab	Ph3 maintenance data in UC
MRK	1H21	Molnupiravir	Ph2/3 data in both hospitalized and non-hospitalized patients
MRK	2H21	Keytruda	Possible Ph3 adjuvant NSCLC data (KN-091)
PFE	Mid 2021	Xeljanz	Update on FDA labeling decision following ORAL Surveillance study
PFE	Early 3Q21	Abrocitinib	PDUFA date for Atopic Dermatitis
PFE	Late 2021	Xtandi + leoprolide	Ph3 EMBARK study data
REGN	2021	REGN1979	Update on FDA clinical hold
REGN	Late 2021/22	Bisppecifics platform	Ph1 POC data in solid tumors (ovarian and prostate)

Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI	Price Change
4/9/2021	ABBV 100 20 JAN 23 50 PUT	1,231	339	\$1.20	-0.056	39.79%	15.56%	\$147,720	.ABBV230120P50	\$1.20	978	0.00%
4/7/2021	ABBV 100 20 JAN 23 115 CALL	1,014	266	\$6.85	0.36	25.13%	23.76%	\$709,800	.ABBV230120C115	\$8.26	1255	20.58%
4/6/2021	ABBV 100 17 JUN 22 90 PUT	2,000	359	\$6.73	-0.29	25.57%	40.61%	\$1,320,000	.ABBV220617P90	\$6.79	2360	0.89%
3/29/2021	ABBV 100 17 JUN 22 82.5 PUT	2,000	403	\$4.35	-0.19	25.28%	28.61%	\$880,000	.ABBV220617P82.5	\$4.05	2468	-6.90%
3/17/2021	ABBV 100 20 JAN 23 85 PUT	2,150	343	\$8.40	-0.28	28.40%	45.31%	\$2,257,500	.ABBV230120P85	\$8.51	2599	1.31%
3/17/2021	ABBV 100 16 JUL 21 125 CALL	6,020	1,267	\$1.08	0.13	28.75%	10.20%	\$650,160	.ABBV210716C125	\$0.53	10558	-50.93%
3/17/2021	ABBV 100 16 JUL 21 110 CALL	7,077	4,680	\$3.85	0.37	28.74%	30.88%	\$2,901,570	.ABBV210716C110	\$3.15	17078	-18.18%
3/5/2021	ABBV 100 20 AUG 21 100 CALL	9,732	2,616	\$3.59	0.402	27.48%	35.28%	\$3,493,788	.ABBV210521C110	\$1.50	9841	-58.22%
3/3/2021	ABBV 100 17 JUN 22 160 CALL	1,130	13	\$1.15	0.09	27.81%	4.95%	\$155,940	.ABBV220617C160	\$1.47	686	27.83%
2/19/2021	ABBV 100 21 MAY 21 115 CALL	6,207	4,825	\$2.14	0.26	27.38%	21.76%	\$1,346,919	.ABBV210521C115	\$0.56	12570	-73.83%
2/19/2021	ABBV 100 20 JAN 23 85 PUT	764	322	\$10.54	-0.28	31.08%	47.39%	\$805,256	.ABBV230120P85	\$8.51	2599	-19.26%
2/10/2021	ABBV 100 20 AUG 21 100 CALL	747	238	\$10.00	0.58	30.12%	48.59%	\$747,000	.ABBV210820C100	\$9.50	920	-5.00%
2/10/2021	ABBV 100 17 JUN 22 110 PUT	1,143	39	\$20.21	-0.56	26.50%	71.00%	\$2,310,003	.ABBV220617P110	\$17.80	579	-11.92%
2/10/2021	ABBV 100 16 JUL 21 105 PUT	801	152	\$9.10	-0.52	27.03%	60.44%	\$728,910	.ABBV210716P105	\$5.00	2209	-45.05%
2/2/2021	ABBV 100 20 AUG 21 75 PUT	1,797	38	\$1.78	-0.11	37.66%	17.52%	\$319,866	.ABBV210820P75	\$0.52	2139	-70.79%
2/1/2021	ABBV 100 16 JUL 21 75 PUT	2,257	228	\$1.65	-0.11	40.20%	17.33%	\$372,405	.ABBV210716P75	\$0.20	2990	-87.88%
1/29/2021	ABBV 100 20 AUG 21 85 CALL	511	12	\$20.55	0.79	38.28%	66.77%	\$1,050,105	.ABBV210820C85	\$21.97	9	6.91%
1/27/2021	ABBV 100 20 AUG 21 115 CALL	2,515	157	\$4.20	0.32	30.18%	24.42%	\$1,056,300	.ABBV210820C115	\$2.40	2878	-42.86%
1/25/2021	ABBV 100 20 AUG 21 105 PUT	632	57	\$7.35	-0.4	27.44%	49.09%	\$464,520	.ABBV210820P105	\$6.10	1183	-17.01%
1/19/2021	ABBV 100 21 JAN 22 135 CALL	1,187	522	\$3.55	0.22	26.87%	15.53%	\$421,385	.ABBV220121C135	\$1.31	2527	-63.10%
1/19/2021	ABBV 100 20 JAN 23 150 CALL	1,001	5	\$4.10	0.18	25.35%	10.52%	\$410,410	.ABBV230120C150	\$2.21	2383	-46.10%
1/13/2021	ABBV 100 21 JAN 22 120 PUT	500	34	\$19.55	-0.58	27.13%	70.39%	\$977,500	.ABBV220121P120	\$22.90	1018	17.14%
1/11/2021	ABBV 100 16 JUL 21 97.5 PUT	692	79	\$4.80	-0.29	29.44%	37.58%	\$332,160	.ABBV210716P97.5	\$2.20	1047	-54.17%
1/5/2021	ABBV 100 21 JAN 22 110 CALL	2,514	2,783	\$7.45	0.42	26.86%	30.89%	\$1,872,930	.ABBV220121C110	\$6.35	6393	-14.77%
12/30/2020	ABBV 100 21 JAN 22 130 CALL	2,002	842	\$2.90	0.2	26.12%	13.84%	\$588,294	.ABBV220121C130	\$1.83	4427	-36.90%
12/21/2020	ABBV 100 21 JAN 22 125 CALL	1,984	511	\$3.40	0.23	27.13%	15.92%	\$674,560	.ABBV220121C125	\$2.46	3253	-27.65%
12/17/2020	ABBV 100 21 MAY 21 92.5 CALL	503	55	\$13.85	0.76	30.00%	66.67%	\$696,655	.ABBV210521C92.5	\$13.90	21	0.36%
12/4/2020	ABBV 100 21 MAY 21 95 PUT	1,508	461	\$4.00	-0.268	29.05%	34.31%	\$989,870	.ABBV210521P95	\$0.45	6664	-88.75%
12/3/2020	ABBV 100 21 JAN 22 97.5 PUT	500	93	\$10.75	-0.39	28.45%	53.63%	\$537,500	.ABBV220121P97.5	\$6.70	1700	-37.67%
11/23/2020	ABBV 100 21 JAN 22 105 PUT	1,000	1,039	\$16.25	-0.52	27.50%	66.74%	\$1,625,000	.ABBV220121P105	\$10.30	3131	-36.62%

Potential Catalysts: Asset Sales, Earnings 4-30

Disclaimer:

Not Investment Advice or Recommendation

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