

SPOTLIGHT OPTION TRADE



Pharma Leader Provides Optimal Reward/Risk into Weekly Support Base

TRADE SNAPSHOT

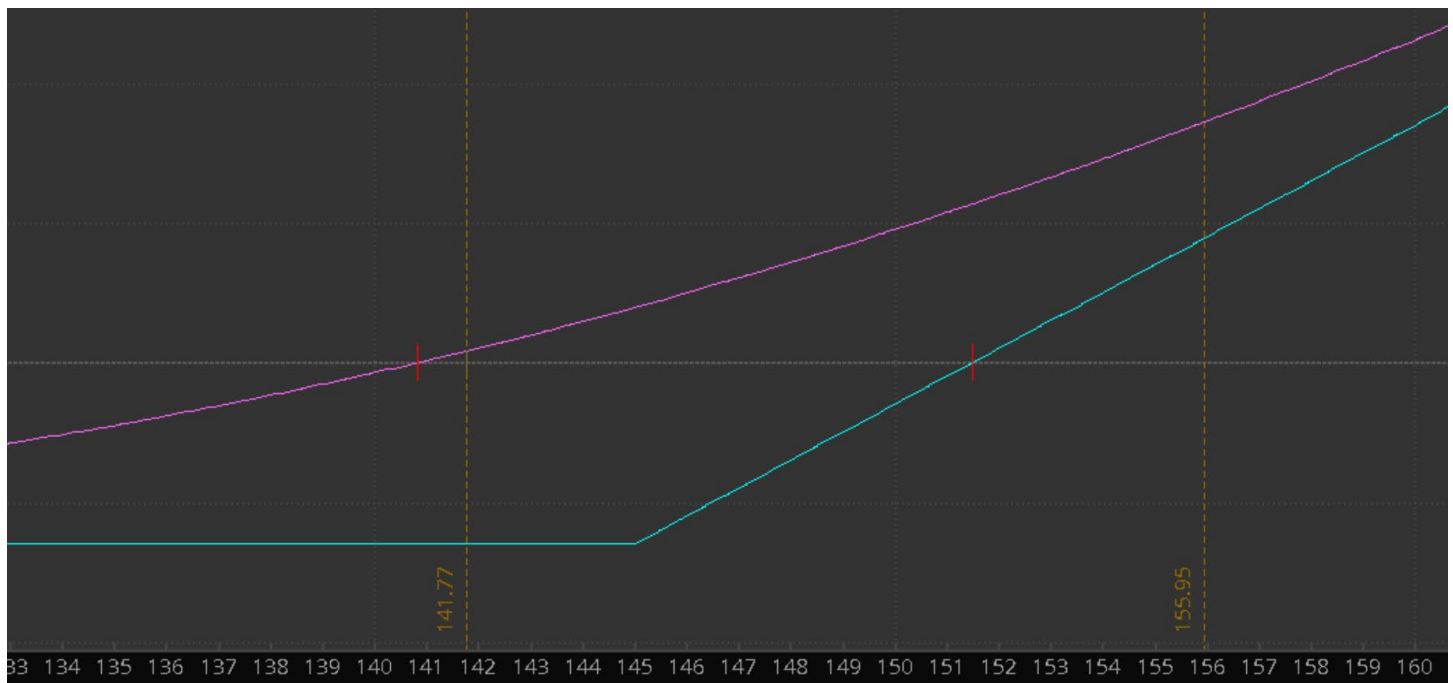
TICKER	ABBV
SECURITY	AbbVie
SECTOR	Healthcare - Pharma
CURRENT PRICE	\$141.77
LONG/SHORT	Long
TARGET	\$160
STOP	\$134 (Weekly Close)
TIMEFRAME	4 Months

Trading Strategy: Long ABBV January \$145 Calls at \$6.50 or Better

Net Debit/Credit: Debit of \$6.50

Profitability Zone: ABBV Above \$151.50 on January OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: ABBV shares with a multi-week base at the rising 55-week EMA and VWAP off the 2021 low before its strong rally started. ABBV has some nice potential here as weekly MACD nears a bull cross for the first time in months and shares look to regain the rising 200-day moving average.



Fundamental Analysis: ABBV has a market cap just under \$250B and trades 12X Earnings, 19.75X FCF and with a 4% dividend yield. ABBV revenues are seen rising 5% in 2022 with 9% EPS growth and the company has firepower to potentially do another M&A deal. ABBV is a global, diversified research-based biopharmaceutical company positioned for success with a comprehensive product portfolio that has leadership positions across immunology, hematologic oncology, neuroscience, aesthetics and eye care. Humira, Skyrizi and Rinvoq are its core products in immunology while Imbruvica in Oncology and Botox in Aesthetics. Humira is now facing direct biosimilar competition in Europe and other countries, and AbbVie will continue to face competitive pressure from these biologics and from orally administered products. ABBV spoke last week at the MSCO Healthcare Conference with trough EPS seen in 2023 and noted Rinvoq (UC) and Skyrizi (CD) IBD launches have been strong. ABBV-154 (TNF-ADC) Ph2b RA data (12-weeks) on track for later this year - aiming for efficacy that is clearly superior to historical Humira controls, with a better safety profile than steroids. ABBV is successfully diversifying away from its key immunology drug Humira, with the launches of new immunology drugs Skyrizi and Rinvoq and ongoing integration of the 2019 Allergan acquisition for an aesthetics franchise. Analysts have an average target of \$160 with short interest low at 0.7% of the float. JPM in early August called weakness a buying opportunity seeing the narrative shifting to longer-term growth drivers from Humira erosion and has a \$180 target.

Options Activity:

Date ▾	Ticker	Contract	Volume	Price	OI	Delta	IV	Premium	Last	Current OI	△ Price %
09-19-2022	ABBV	ABBV 100 21 OCT 22 155 CALL	11,168	\$0.37	3,614	0.09	20.57%	\$424,384	\$0.3	13,418	▲ 18.92%
09-19-2022	ABBV	ABBV 100 16 JUN 23 140 CALL	1,500	\$13.9	400	0.55	28.48%	\$2,092,500	\$13.9	1,900	▲ 0%
09-15-2022	ABBV	ABBV 100 21 JUN 24 135 CALL	2,025	\$22.9	27	0.60	28.78%	\$5,011,875	\$22.9	2,027	▲ 0%
09-09-2022	ABBV	ABBV 100 21 OCT 22 140 PUT	1,230	\$3.95	783	0.43	24.53%	\$492,000	\$3.91	3,626	▲ 1.01%
09-02-2022	ABBV	ABBV 100 (Weekly) 7 OCT 22 145 CALL	1,053	\$0.98	83	0.19	23.12%	\$116,883	\$2	1,460	▲ 104.08%
08-11-2022	ABBV	ABBV 100 18 NOV 22 160 CALL	5,021	\$1.49	1,506	0.17	23.14%	\$788,297	\$0.6	7,330	▲ 59.73%
08-02-2022	ABBV	ABBV 100 17 FEB 23 110 PUT	2,166	\$2.4	1,731	0.13	32.31%	\$580,488	\$1.7	3,915	▲ 29.17%
07-26-2022	ABBV	ABBV 100 19 JAN 24 120 PUT	624	\$7.9	372	0.21	28.88%	\$492,960	\$8.95	560	▲ 13.29%
07-26-2022	ABBV	ABBV 100 20 JAN 23 130 PUT	3,716	\$3.9	2,270	0.21	28.41%	\$1,446,120	\$4.6	4,669	▼ 17.95%
07-21-2022	ABBV	ABBV 100 17 FEB 23 110 PUT	1,736	\$2.12	6	0.11	33.63%	\$430,528	\$1.7	3,915	▲ 19.81%

Potential Catalysts: Earnings & Pipeline Data

Disclaimer:

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

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