



## Trade of the Week

**Adobe Systems (ADBE)** shares setting up in a small consolidation below new highs at \$475 and forming an inside week within a strong uptrend. MACD is curling back positive after pulling back and set for a bull crossover while RSI is healthy and ready to run. ADBE continues to hold its 8-week MA around \$429 setting up a positive risk/reward for a run back at the highs. ADBE has seen a lot of bull positioning including buyers in the Sept. \$445 calls, Jan. \$560 calls, and June \$450 calls while the October \$420 calls have over 5,950 in OI from buyers in mid-July.

7/20/2020	ADBE 100 18 SEP 20 445 CALL	233	0	\$28.50	0.58	34.40%	52.34%	\$664,050
7/20/2020	ADBE 100 18 JUN 21 410 PUT	231	25	\$38.90	-0.32	35.47%	44.45%	\$898,590
7/20/2020	ADBE 100 15 JAN 21 560 CALL	425	238	\$12.35	0.23	33.90%	16.14%	\$573,750
7/17/2020	ADBE 100 18 SEP 20 420 PUT	300	15	\$21.85	-0.42	35.27%	47.58%	\$655,500
7/14/2020	ADBE 100 18 JUN 21 620 CALL	454	4	\$10.60	0.17	32.98%	9.99%	\$508,480
7/14/2020	ADBE 100 18 JUN 21 450 CALL	232	72	\$53.86	0.53	36.65%	38.92%	\$1,296,880
7/14/2020	ADBE 100 (Weeklys) 14 AUG 20 420 CALL	500	2	\$21.71	0.59	39.67%	54.39%	\$1,085,500
7/10/2020	ADBE 100 16 OCT 20 420 CALL	3,119	1,049	\$61.85	0.736	37.81%	66.78%	\$19,291,015

The \$210.5B company trades 15.5X EV/sales with double-digit EPS growth and revenue growth around 15% annually. Short interest is 1%. Analysts have an average PT for shares of \$407. Goldman Sachs positive in late June on valuation while Argus with a \$474 PT as they think Adobe has positioned itself at the center of the exploding market for digital video content and advertising creation and management and believes management has typically under promised and overdelivered. ADBE is coming off a strong quarter with digital media ARR hitting a record and creative ARR up in the high-teens.



## Trade to Consider

Long the **ADBE** August \$452.5 calls for \$10 or Better