

SPOTLIGHT OPTION TRADE



Nike Pullback Attractive on Consumer Spending Recovery

TRADE SNAPSHOT

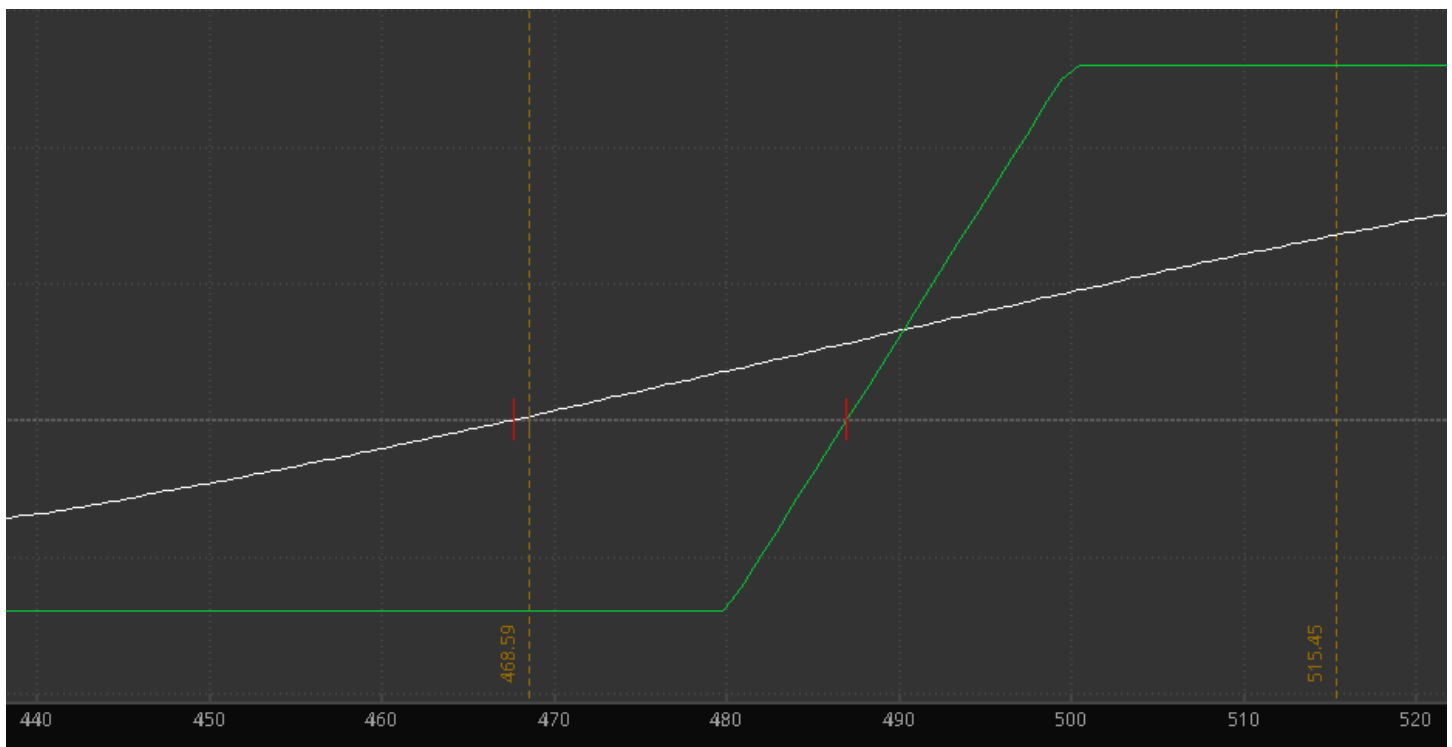
TICKER	AVGO
SECURITY	Broadcom
SECTOR	Tech - Semiconductors
CURRENT PRICE	\$468.60
LONG/SHORT	Long
TARGET	\$520
STOP	\$438
TIMEFRAME	2 Months

Trading Strategy: Long the AVGO September \$480/\$500 Call Spreads at \$7 Debit

Net Debit/Credit: Debit of \$7

Profitability Zone: AVGO Above \$487 on September OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: AVGO shares started to break out of a key long term consolidation pattern last week but pulled back getting caught up in some sector-driven weakness. Shares have now pulled into a 50% retrace of the recent rally and VWAP off the lows and bounced, setting up for potential to make another run at this major breakout and have it stick this time.

Broadcom Inc., Daily, Nasdaq + Nyse BQT O 467.62 H 472.22 L 463.47 C 468.40 Change +0.17% Market closed



TRADING OPTIONS WITH AN EDGE

Expand indicator list



Fundamental Analysis: AVGO has a market cap of \$196B and is a top Semiconductor company that has been diversifying into Software. It also screens as one of the cheapest names in the market at 15.65X Earnings, 28.5X FCF and 7.7X Sales while being a strong FCF generator and a long history of strong capital allocation via M&A. AVGO acquired Symantec's enterprise security business in 2019 and recent reports it was near a \$20B software deal that failed to come to terms. Secular trends in 5G and cloud continue to driver solid results. Forecasts see revenues rising 14% in 2021 with EBITDA rising 19%. Analysts have an average target of \$540 and short interest is low at 1.1% of the float. Baird raised its target to \$550 in June with its high margin profile and strong business trends. KeyBanc upped its target to \$565 citing a robust demand environment, lead times stabilizing and bookings strengthening while wireless will benefit from iPhone 13 content gains.

Options Activity:

Date	Description	Volume	Open Int	Price	Delt	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI
7/20/2021	AVGO 100 17 JUN 22 500 CALL	614	478	\$35.64	0.43	30.08%	32.73%	\$2,188,296	.AVGO220617C500		
7/15/2021	AVGO 100 17 SEP 21 460 PUT	1,117	1,500	\$14.11	-0.35	27.79%	39.68%	\$1,608,480	.AVGO210917P460	\$20.16	3703
7/15/2021	AVGO 100 17 SEP 21 450 PUT	1,117	981	\$11.02	-0.29	28.47%	33.12%	\$1,239,870	.AVGO210917P450	\$16.45	3346
7/13/2021	AVGO 100 17 SEP 21 500 CALL	636	456	\$15.37	0.4	28.95%	35.66%	\$1,030,320	.AVGO210917C500	\$8.30	978
7/13/2021	AVGO 100 (Weeklys) 30 JUL 21 497.5 CALL	1,258	98	\$5.61	0.32	26.17%	30.49%	\$729,640	.AVGO210730C497.5	\$1.07	1005
7/9/2021	AVGO 100 20 JAN 23 370 PUT	403	184	\$30.20	-0.22	32.14%	36.69%	\$1,217,060	.AVGO230120P370	\$32.50	514
7/9/2021	AVGO 100 15 OCT 21 490 CALL	1,530	216	\$21.30	0.449	27.13%	39.31%	\$3,258,900	.AVGO211015C490	\$14.40	1671
7/9/2021	AVGO 100 (Weeklys) 30 JUL 21 500 CALL	1,162	150	\$3.80	0.239	23.31%	22.16%	\$441,560	.AVGO210730C500	\$0.87	1295
7/6/2021	AVGO 100 17 SEP 21 470 PUT	509	429	\$22.50	-0.47	26.63%	52.15%	\$1,145,250	.AVGO210917P470	\$26.80	1866
6/29/2021	AVGO 100 20 JAN 23 430 PUT	517	104	\$52.40	-0.35	29.50%	51.19%	\$2,709,080	.AVGO230120P430	\$53.70	798
6/21/2021	AVGO 100 17 SEP 21 420 PUT	1,300	481	\$9.90	-0.24	28.67%	28.76%	\$1,326,000	.AVGO210917P420	\$8.00	1906
6/16/2021	AVGO 100 19 NOV 21 370 PUT	505	1	\$7.00	-0.13	31.41%	18.14%	\$358,550	.AVGO211119P370	\$3.70	499
6/15/2021	AVGO 100 19 NOV 21 400 PUT	256	5	\$10.50	-0.19	30.07%	24.59%	\$271,360	.AVGO211119P400	\$10.05	1024
6/11/2021	AVGO 100 15 OCT 21 450 PUT	712	91	\$22.57	-0.38	27.57%	44.82%	\$1,644,720	.AVGO211015P450	\$21.34	1048
6/2/2021	AVGO 100 15 OCT 21 420 CALL	100	27	\$63.75	0.76	30.53%	68.88%	\$666,000	.AVGO211015C420	\$71.16	128
5/24/2021	AVGO 100 17 JUN 22 350 PUT	480	67	\$21.90	-0.19	35.19%	31.70%	\$1,219,200	.AVGO220617P350	\$17.10	439

Potential Catalysts: Earnings Early September

Disclaimer:

Not Investment Advice or Recommendation

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