

FEATURED OPTIONS RADAR REPORT



AstraZeneca Bulls Positive on Recent Trend Shift Back Above 200-MA, Key 2H Readouts

Ticker/Price: AZN (\$55.75)

Analysis:

AstraZeneca (AZN) with 2,000 January 2023 \$60/\$47.5 bull risk reversals opening \$1.20 debit and follows 10,000 September \$60 calls bought last week for \$1.15, spot where it appears another 5,000 are adding today. AZN has a lot of May call open interest expiring this week and does have 10,000 September \$55 short calls in OI but potentially an overwrite on stock. Shares are working out of a large multi-month rounded base and back above the 200-day since earnings in late April. AZN has room up to \$60 in the near-term and longer-term the strong bull trend has a measured move above \$70. The \$145B company trades 17.3X earnings, 5.25X sales, and 18.65X cash with a 2.5% yield. AZN's COVID vaccine has been in focus for much of the last half of the year but their core business continues to execute well including 16% growth in oncology in Q1. They also continue to make progress on closing their deal for Alexion which greatly expands their reach in rare diseases. AZN expects acceleration in 2021 for majors like Targrisso, Imfinzi, and Lynparza as the macro environment starts to normalize and they also have key data readouts across breast cancer, asthma, and heart failure in the 2H which can boost their pipeline. Argus cut shares to hold recently citing manufacturing errors that led to AstraZeneca discarding millions of doses of COVID vaccine and the impact on public confidence in AZD1222 and, in turn, on potential revenue and earnings from the vaccine. Jefferies has shares at Buy as the growth profile is compelling, especially compared to EU peers, and shares are trading at a discount based on accretion from the Alexion deal. Hedge fund ownership fell 1.35% in Q4. Point72 adding 3.75M shares and now a top 10 position for the firm.

Hawk Vision:



Hawk's Perspective: AZN is a slow mover but like the relative strength recently and can continue to grind higher towards \$60+; shares are a bit extended near-term but on watch for a ret-test of the 8-day around \$54.50