



FEATURED OPTIONS RADAR REPORT



Bearish Flow into Consumer Electronics Company Beset by Headwinds

Ticker/Price: BBY (\$93.30)

Analysis:

Best Buy (BBY) buyers of the June \$92.50 puts for \$5.30 to open this morning, over 2275X, with earnings in late May and potentially impacted by a consumer spending slowdown. BBY has seen buyers of 3000 May \$90 puts and 1500 September \$80 puts recently. BBY had a big weekly false breakout in late 2021 of a multi-month range and now back near the low-end of support with a breakdown under \$90 targeting down to \$80 and then \$67.50. The \$21.6B company trades 9X earnings, 0.42X sales, and 11.8X FCF with a 3% yield. BBY could face challenges in early 2022 after reports last week that the consumer electronics market will slow down in the 1H as more people return to the office, international tensions impact supply chains, and rising inflation slows discretionary spending. Trendforce also noted in early April that customers had been cutting back on orders for PC, laptop, and TV components. Analysts have an average target for shares of \$121 with a Street High \$155. Raymond James downgrading shares on 3/4 to Hold citing a challenging setup going forward in 2022. They note while encouraged about its multi-year opportunity the next few quarters could miss expectations as Best Buy's product categories face very tough comparisons lapping the stock up of home-related tech and rounds of government stimulus. Hedge fund ownership fell 10% last quarter.

Hawk Vision:



Hawk's Perspective: BBY is a fantastic looking short opportunity against this recent range high with multiple headwinds into mid-year and late May earnings a catalyst

Confidence Ranking: \$\$