

## SPOTLIGHT OPTION TRADE



### Credit Spreads Attractive as Top Broadband Play Hits Key Support

#### TRADE SNAPSHOT

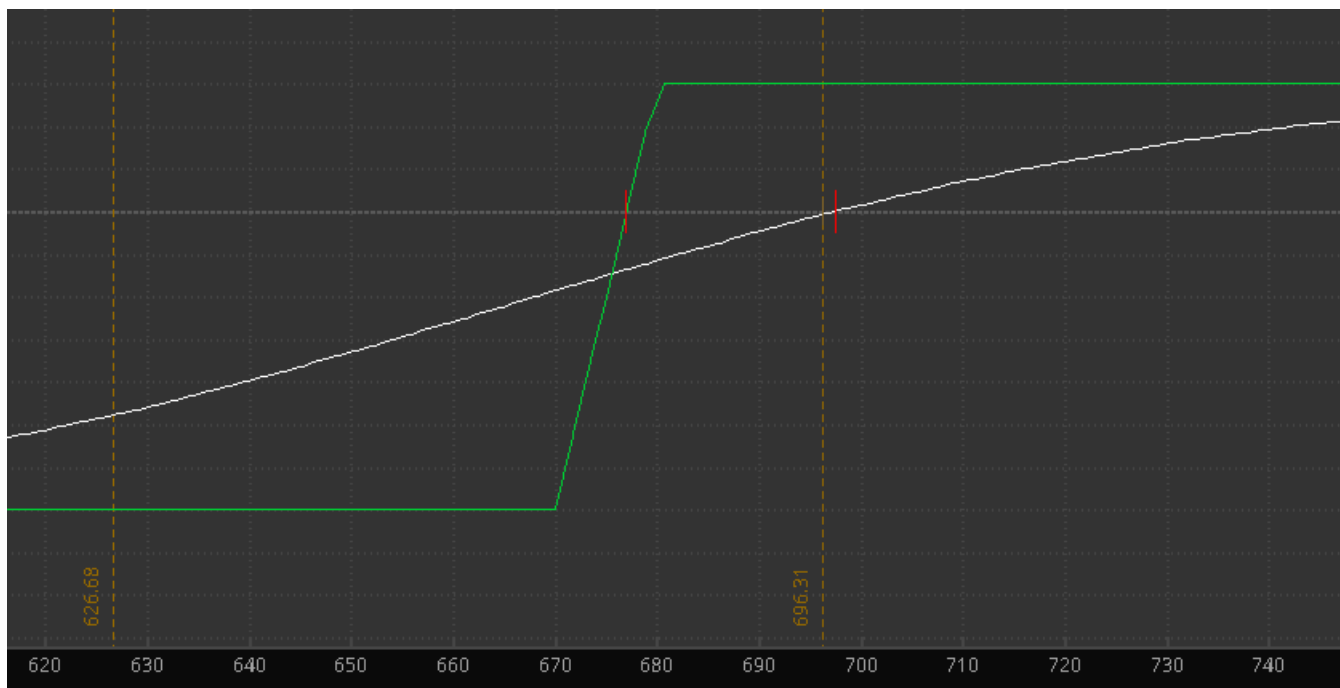
TICKER	CHTR
SECURITY	Charter Communications
SECTOR	Consumer Services – Communications
CURRENT PRICE	\$696
LONG/SHORT	Long Bias
TARGET	Above \$680
STOP	None – Risk Defined
TIMEFRAME	1-Month

**Trading Strategy:** Sell the CHTR December \$680/\$670 Put Spread for a \$3 Credit (Bull Put Spread)

**Net Debit/Credit:** Credit of \$3

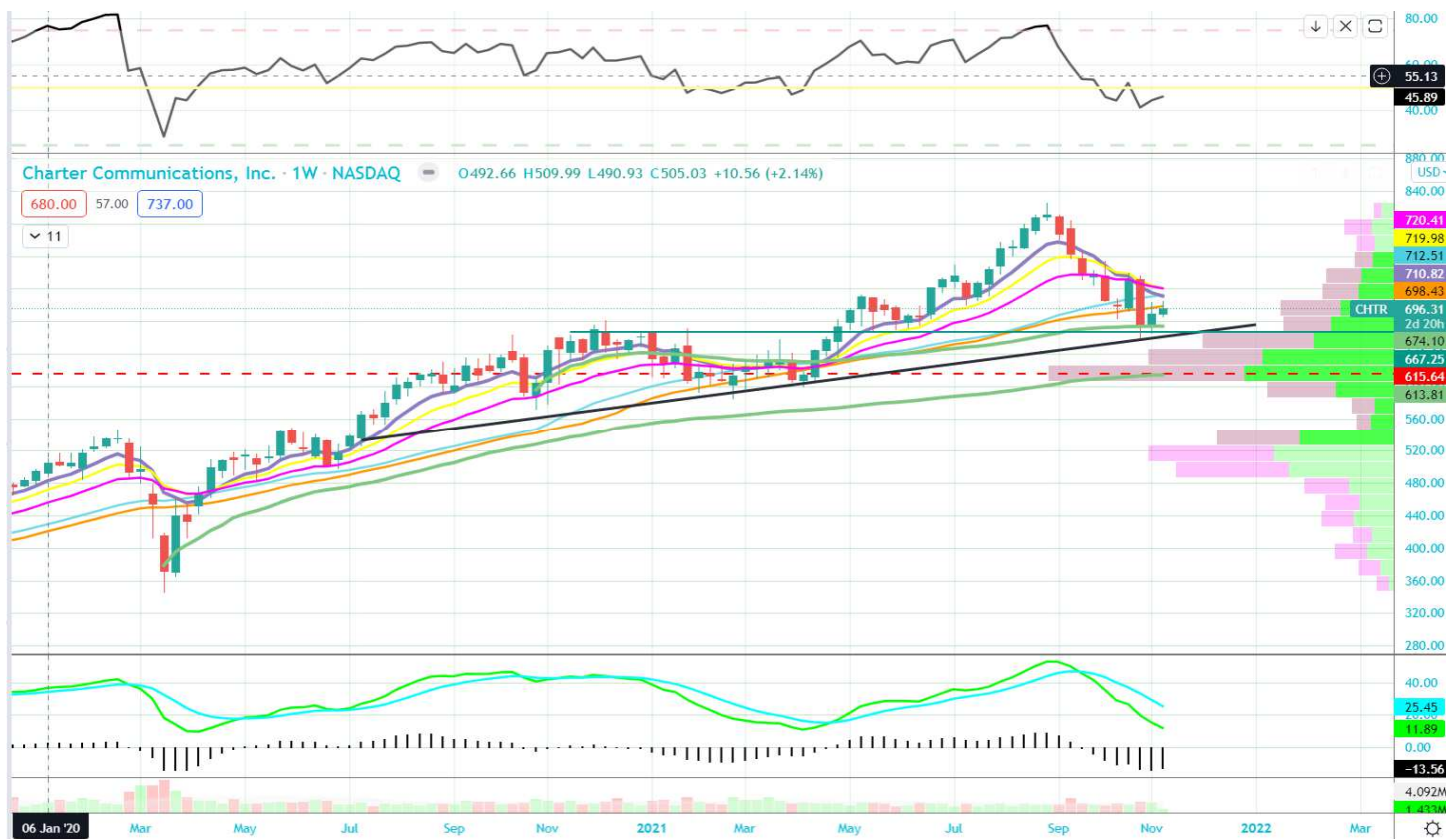
**Profitability Zone:** CHTR Above \$677 on December OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** CHTR is at oversold levels for it historically and has pulled back right to trend support, VWAP off the October 2020 lows and retesting a key breakout that is now support as well as the 200-day moving average. I expect CHTR to find good support in this \$670-\$700 zone.



**Fundamental Analysis:** Charter is a leading broadband connectivity company and cable operator serving more than 31 million customers in 41 states through its Spectrum brand. CHTR offers a full range of state-of-the-art residential and business services including Spectrum Internet, TV, Mobile and Voice. CHTR has a market cap of \$124B and trades 10.6X EBITDA, 22X Earnings and 14.55X FCF with revenues seen rising 7.5% in 2021 and 5% in 2022 with EBITDA climbing 10.7% and 7.2% respectively.

Charter spoke at a BAML Conference in September and laid out its strengths well: ““Look, the opportunity at Charter is the same as it's always been in that we're highly underpenetrated with a largely superior product and packaged in a way with multiple products that is very difficult for others to replicate, particularly at the price that we offer. So if you think about us today, we have 54 million passings, and we have 30 million Internet customers. So there's 24 million customers inside of our footprint that we think should have our Internet service. And then on top of that, you have -- of those 30 million Internet customers, you've got 2 million of those that are taking multiple mobile lines from us. So the opportunity at Charter really is to grow to 30, somewhere up there, continuing towards 54. And to grow the percentage of customers from where we are today of 2 million out of 30 million taking mobile, over time, to grow that significantly. And as those products converge and the connectivity service that you have really becomes less distinguished between multiple products. Our goal here really is about continuing to have higher and higher penetration, as you mentioned. And that means continuing to execute very well on the plan that we have, which is keep our products in a state of superiority and invest in those and package those in a way that others can't replicate. Keep our prices low and attractive for customers so that we're competitive, and to do it all with our own in-house service and to win customers every day.”

Analysts have an average target of \$815 with short interest at 6% of the float. Barclays lowered its target to \$700 on weaker broadband additions. Wells Fargo lowered its target to \$603 on concerns of slower subscriber growth and higher competition in 2022. Deutsche Bank cut shares to Hold with a \$725 target citing an end to the favorable cable environment as competition increases from telecoms building their own fiber builds.

### Options Activity:

Date	Description	Volume	Open Int	Price	Delt	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI	P/C
11/2/2021	CHTR 100 20 JAN 23 430 PUT	2,500	2,500	\$8.70	-0.07	32.53%	13.10%	\$3,250,000	.CHTR230120P430	\$8.70	2500	
11/2/2021	CHTR 100 17 DEC 21 730 CALL	541	39	\$6.50	0.22	22.57%	19.84%	\$351,650	.CHTR211217C730	\$7.10	565	
11/1/2021	CHTR 100 20 JAN 23 740 PUT	300	7	\$113.50	-0.58	25.32%	68.35%	\$3,606,000	.CHTR230120P740	\$113.50	305	
10/29/2021	CHTR 100 17 DEC 21 710 CALL	828	26	\$7.00	0.276	21.71%	24.97%	\$579,600	.CHTR211217C710	\$15.49	606	
10/29/2021	CHTR 100 17 DEC 21 670 CALL	425	1	\$20.67	0.552	23.07%	51.83%	\$878,475	.CHTR211217C670	\$34.70	316	
10/7/2021	CHTR 100 19 NOV 21 800 PUT	821	1	\$64.83	-0.792	25.42%	81.85%	\$5,322,543	.CHTR211119P800	\$99.42	802	
10/7/2021	CHTR 100 19 NOV 21 800 CALL	801	183	\$8.26	0.205	25.42%	18.15%	\$661,626	.CHTR211119C800	\$0.05	983	
10/1/2021	CHTR 100 19 NOV 21 720 PUT	1,000	15	\$23.00	-0.382	27.10%	42.06%	\$2,300,000	.CHTR211119P720	\$31.90	1162	
9/29/2021	CHTR 100 19 JAN 24 650 PUT	2,000	0	\$71.56	-0.304	26.38%	45.57%	\$14,312,000	.CHTR240119P650	\$75.60	2020	
9/29/2021	CHTR 100 19 JAN 24 470 PUT	2,000	0	\$22.97	-0.11	30.34%	22.80%	\$4,594,000	.CHTR240119P470	\$22.97	2000	
9/21/2021	CHTR 100 19 NOV 21 740 PUT	233	3	\$29.04	-0.44	27.24%	48.44%	\$676,632	.CHTR211119P740	\$51.10	126	
9/17/2021	CHTR 100 21 JAN 22 660 PUT	1,501	344	\$12.10	-0.17	27.86%	21.48%	\$1,891,260	.CHTR220121P660	\$17.30	1880	
9/14/2021	CHTR 100 17 DEC 21 680 PUT	931	10	\$12.40	-0.19	27.60%	23.58%	\$1,154,440	.CHTR211217P680	\$19.46	1021	
8/20/2021	CHTR 100 21 JAN 22 600 PUT	1,000	712	\$5.40	-0.06	30.48%	9.27%	\$550,000	.CHTR220121P600	\$5.90	2511	
8/5/2021	CHTR 100 18 MAR 22 740 CALL	118	0	\$73.86	0.62	24.76%	53.99%	\$871,548	.CHTR220318C740	\$41.30	68	
7/27/2021	CHTR 100 21 JAN 22 700 PUT	102	43	\$35.50	-0.38	24.32%	44.58%	\$376,380	.CHTR220121P700	\$34.70	261	
7/15/2021	CHTR 100 20 JAN 23 645 PUT	2,000	165	\$54.68	-0.33	24.61%	44.36%	\$11,400,000	.CHTR230120P645	\$48.40	1065	
7/12/2021	CHTR 100 20 JAN 23 655 PUT	273	4	\$55.30	-0.326	23.98%	43.84%	\$1,509,690	.CHTR230120P655	\$59.90	257	
7/7/2021	CHTR 100 17 JUN 22 820 PUT	100	0	\$118.70	-0.64	22.19%	71.50%	\$1,187,000	.CHTR220617P820	\$74.20	101	
7/1/2021	CHTR 100 17 JUN 22 680 PUT	302	0	\$46.50	-0.355	24.14%	44.68%	\$1,404,300	.CHTR220617P680	\$52.20	259	
6/24/2021	CHTR 100 17 JUN 22 605 CALL	223	0	\$134.10	0.77	27.03%	68.14%	\$2,990,430	.CHTR220617C605	\$134.10	222	
6/23/2021	CHTR 100 20 JAN 23 595 CALL	250	38	\$151.90	0.75	26.86%	62.61%	\$3,867,500	.CHTR230120C595	\$151.90	276	
5/13/2021	CHTR 100 17 JUN 22 480 PUT	615	0	\$13.00	-0.11	32.12%	18.36%	\$799,500	.CHTR220617P480	\$13.00	600	
4/29/2021	CHTR 100 21 JAN 22 620 PUT	281	97	\$37.10	-0.33	26.60%	41.48%	\$1,112,760	.CHTR220121P620	\$11.92	1119	
4/22/2021	CHTR 100 20 JAN 23 635 PUT	3,000	19	\$71.20	-0.4	24.37%	52.63%	\$23,100,000	.CHTR230120P635	\$39.40	3068	
4/22/2021	CHTR 100 20 JAN 23 480 PUT	3,000	0	\$22.60	-0.15	27.75%	24.98%	\$6,780,000	.CHTR230120P480	\$15.80	5006	
4/20/2021	CHTR 100 20 JAN 23 780 CALL	750	142	\$42.20	0.35	23.99%	24.16%	\$3,375,000	.CHTR230120C780	\$35.00	917	
2/24/2021	CHTR 100 20 JAN 23 630 PUT	2,500	100	\$104.55	-0.46	28.04%	61.15%	\$26,137,500	.CHTR230120P630	\$50.20	2950	

**Potential Catalysts:** No Events Scheduled

## **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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