

SPOTLIGHT OPTION TRADE



Digital Transformation Leader Momentum is Back

TRADE SNAPSHOT

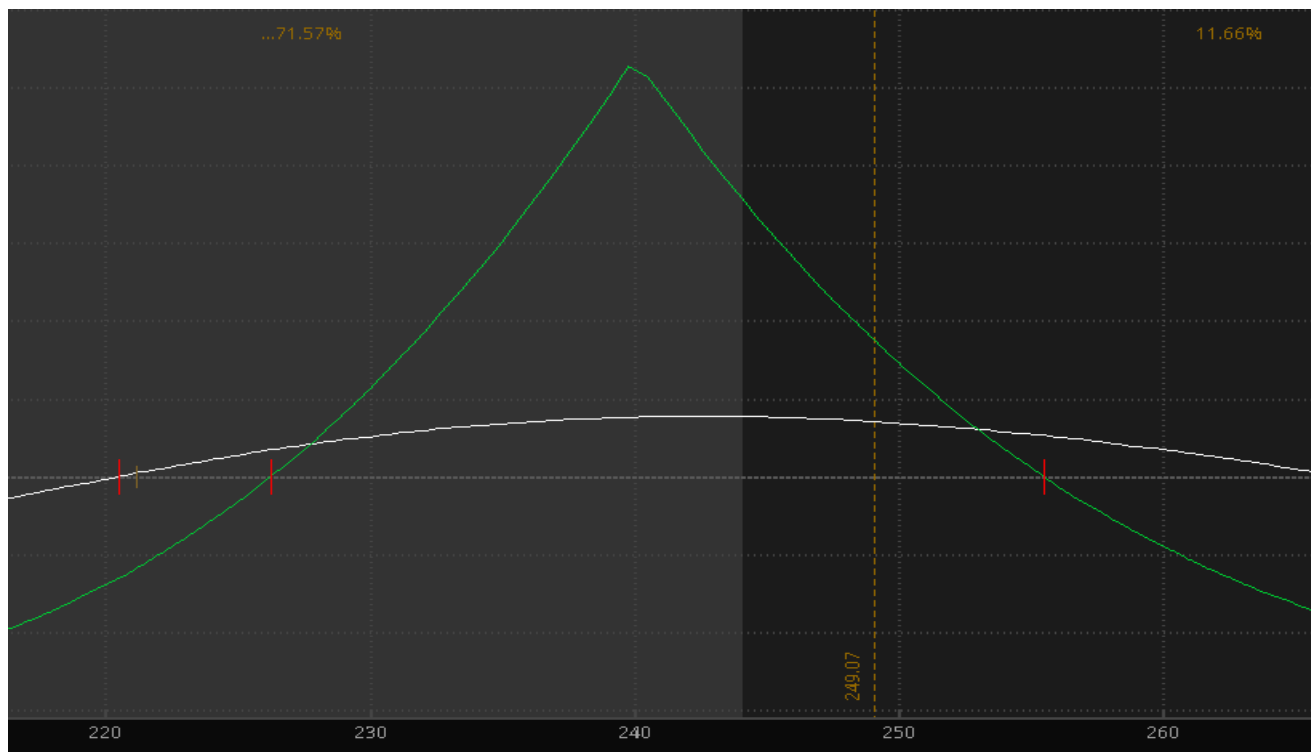
TICKER	CRM
SECURITY	Salesforce.com
SECTOR	Tech – Application Software
CURRENT PRICE	\$221.25
LONG/SHORT	Long
TARGET	\$245
STOP	\$205
TIMEFRAME	2-3 Months

Trading Strategy: Long the CRM May/June \$240 Calendar Call Spreads at \$3.20 Debit

Net Debit/Credit: Debit \$3.20

Profitability Zone: CRM Shares in \$230-\$250 Zone for May OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: CRM shares recently pushed off lows and flagged and breaking higher this week with a measured move target up near \$245 while VWAP off the highs near \$235 and major volume resistance coming into play near \$243. On the weekly CRM held the rising 55-week EMA, similar to the lows in 2020 and 2016. Seasonally entering a stronger time period as CRM has been up 5 of the last 5 years in April with average April returns of +7.4%. Going out 15 years is just as strong, being up 12 of 15 years in April for an average gain of +6.6%. This seasonal trend extends into summer with both May and June showing positive 5 year returns on average near 3%.



Fundamental Analysis: Salesforce is a cloud leader with a robust and strategically built product portfolio, spanning sales, service, marketing, ecommerce, analytics, artificial intelligence, custom applications, integration and collaboration cover virtually all aspects of Digital Transformation. CRM remains a top grower while operating margin expansion and FCF growth has been the new focus for investors as well as capital allocation after its large deal for Slack. CRM has a market cap of \$222B and trades 38.3X Earnings, 6.8X FY23 EV/Sales and 42X FCF with revenues still growing 18-22% annually and FCF growing at a similar clip. Analysts have an average target of \$300 and short interest is low at 1.3% of the float. Wedbush lowered its target to \$275 in March though noting attractive valuation with an impressive growth profile, cloud stalwart status and margin trajectory.

Options Activity:

Date	Ticker	Contract	Volume	OI	Price	Delta	IV	Premium	Last	Current OI	▲ Price	▲ OI	Current Value
02-23-2022	CRM	CRM 100 20 MAY 22 180 CALL	10,019	38	\$25.15	0.68	45.35%	\$25,398,165	\$43.23	10,046	▲ 71.89%	▼ 0.11%	\$43,428,858
06-15-2021	CRM	CRM 100 17 JUN 22 270 PUT	1,153	630	\$45.07	-0.58	28.92%	\$5,182,735	\$54.03	4,257	▼ 19.88%	▲ 138.75%	\$23,000,571
11-02-2021	CRM	CRM 100 17 JUN 22 270 PUT	2,295	2,667	\$14.3	-0.28	30.21%	\$3,281,850	\$54.03	4,257	▲ 277.83%	▼ 14.21%	\$23,000,571
04-09-2021	CRM	CRM 100 20 JAN 23 230 PUT	450	270	\$36.05	-0.42	29.47%	\$1,622,250	\$29.22	5,657	▼ 18.95%	▲ 685.69%	\$16,529,754
08-20-2021	CRM	CRM 100 20 JAN 23 230 PUT	1,092	1,070	\$26.55	-0.32	32.25%	\$2,904,720	\$29.22	5,657	▲ 10.06%	▲ 161.66%	\$16,529,754
09-01-2020	CRM	CRM 100 17 JUN 22 280 PUT	458	0	\$58.3	-0.39	39.66%	\$2,670,140	\$66.85	1,354	▼ 14.67%	▲ 195.63%	\$9,051,490
01-06-2022	CRM	CRM 100 19 JAN 24 160 CALL	1,098	44	\$92	0.82	41.51%	\$10,101,600	\$73.7	1,152	▼ 19.89%	▲ 0.88%	\$8,490,240
11-17-2020	CRM	CRM 100 20 JAN 23 250 PUT	250	122	\$49.2	-0.38	36.07%	\$1,230,000	\$43.07	1,905	▲ 12.46%	▲ 412.1%	\$8,204,835
10-20-2021	CRM	CRM 100 20 JAN 23 280 PUT	1,186	603	\$33.12	-0.39	30.17%	\$4,050,190	\$73.66	1,100	▼ 122.4%	▼ 38.51%	\$8,102,600
07-01-2021	CRM	CRM 100 20 JAN 23 310 PUT	268	19	\$80.05	-0.68	28.62%	\$2,145,340	\$109.87	726	▲ 37.25%	▲ 152.96%	\$7,976,562
10-18-2021	CRM	CRM 100 20 JAN 23 310 PUT	566	157	\$47.75	-0.51	27.84%	\$2,702,650	\$109.87	726	▲ 130.09%	▲ 0.41%	\$7,976,562
09-16-2020	CRM	CRM 100 20 JAN 23 190 PUT	425	0	\$26	-0.22	39.25%	\$1,105,000	\$13	4,251	▲ 50%	▲ 900.24%	\$5,526,300
12-18-2020	CRM	CRM 100 20 JAN 23 180 PUT	300	72	\$21.75	-0.24	36.5%	\$652,500	\$10.6	4,005	▲ 51.26%	▲ 976.61%	\$4,245,300
03-08-2022	CRM	CRM 100 14 APR 22 195 CALL	1,338	269	\$11.7	0.54	43.75%	\$1,505,250	\$26.62	1,482	▲ 127.52%	▼ 7.78%	\$3,945,084
01-11-2022	CRM	CRM 100 14 APR 22 220 PUT	3,544	614	\$8.9	-0.31	33.89%	\$3,154,160	\$4.82	7,947	▲ 45.84%	▲ 91.13%	\$3,830,454

Potential Catalysts: Earnings Late May

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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