



FEATURED OPTIONS RADAR REPORT



Cisco Bulls Position for Upside on Improved Order Trends

Ticker/Price: CSCO (\$51.57)

Analysis:

Cisco (CSCO) on 4/12 with a bullish trade as 3000 August \$50/\$48 bull risk reversals opened for \$2.25 debit and follows recent bullish flow in the name including 7000 January \$60 calls bought 3/31, buyers of 1000 each October \$49 and \$50 calls, the May \$49 calls with buyers on 3/5 now have 13,000 in OI and July \$48 calls with 5000 in OI have seen buyers. CSCO a few weeks back broke out of a large bottoming pattern that measures to a \$60 target and shares flagging the last two weeks. The \$219B Tech company trades 15.25X Earnings, 4.6X Sales and 26.5X FCF with a 2.84% dividend yield and plenty of firepower with its balance sheet. CSCO forecasts see 2022 revenues rising 3.8% with EPS up 6.2%. Analysts have an average target of \$52 and short interest is low at 1.2% of the float. On 3/25 Goldman upgraded to Buy with a \$59 target noting “the prospect of increased enterprise spending on campus networking to enable a video conferencing heavy return to offices presents opportunity for fundamental upside.” It sees improving order trends for Cisco while Cisco is only in the first half of the Catalyst 9K cycle replacing older technology, with the product continuing to see strong double-digit revenue growth. Cisco closed its \$4.5bn acquisition of Acacia on March 1 of this year. JP Morgan upgraded to Overweight with a \$55 target on 3/5 citing inexpensive valuation and a recovery in enterprise IT spending while being positioned well to navigate supply challenges from semiconductor shortages. Generation Investment has a large position as its 5th largest position.

Hawk Vision:



Hawk's Perspective: CSCO is a cheap name with plenty of optionality, large cap Tech back in favor and looks positioned well for this spending cycle to work back towards \$60.

Confidence Ranking: \$\$