

## Dell Calls Remain Popular as Nears Range Break

Ticker/Price: DELL (\$53.40)

## Analysis:

Dell Tech (DELL) with 5000 June \$57.50 calls bought today for \$3 to open, some April calls adjusting higher and name that has massive size at that expiration across the \$50, \$52.50, and \$55 strikes. DELL had over 800 June \$52.50 calls bought last week as well to open. Shares continue to build a big multi-month base under \$55 and looking for a move above the 200-MA and out of a downtrend this week. The current range has a measured target to \$60 but air up to \$65 as it recovers the move lower from last May. The \$39B company trades 7.8X earnings and 0.42X sales with \$1.6B in cash flow last quarter and around \$7.7B for the year that they've put towards lowering their leverage. DELL has a lot of moving parts and putting in a mixed quarter in November as their core markets continue to see soft demand but they are gaining share over peers. They continue to see themselves positioned well for a major IT spending push across storage, cloud, and hyperconverged systems where they are dominant players while major themes like AI, big data, and IoT should be tailwinds for years to come. DELL could see upside from a recent report that the White House has reached out to the company to work on US alternatives to Huawei as they continue to focus on building out next-gen 5G networks. DELL has also reportedly weighed buying their remaining stake in SecureWorks (SCWX) and/or selling RSA Security which could fetch \$1B. Analysts have an average target for shares of \$60. RBC out with a Hold rating and \$56 PT recently seeing the company on a clear path to debt reduction over the next 1-2 years but limited near-term catalysts. Short interest is 0.8%. Hedge fund ownership rose 14.25% in Q3 with buyers like Canyon Capital, Laurion, Lakewood Capital, and Nokomis Capital adding. Elliott continues to hold call options and 13M shares of stock.

## Hawk Vision:



**Hawk's Perspective: DELL** is a story we have followed for a long time and continues to see adjustments, this weekly base looks to break higher though there are much better growth Tech names to be involved in.

## **Confidence Ranking:** \$\$