

SPOTLIGHT OPTION TRADE



Opportunity in DR Horton into Spring Selling Season after Homebuilder Pullback

TRADE SNAPSHOT

TICKER	DHI
SECURITY	DR Horton Inc.
SECTOR	Industrials – Home Construction
CURRENT PRICE	\$38.78
LONG/SHORT	Long
TARGET	\$43
STOP	\$36
TIMEFRAME	10 Weeks

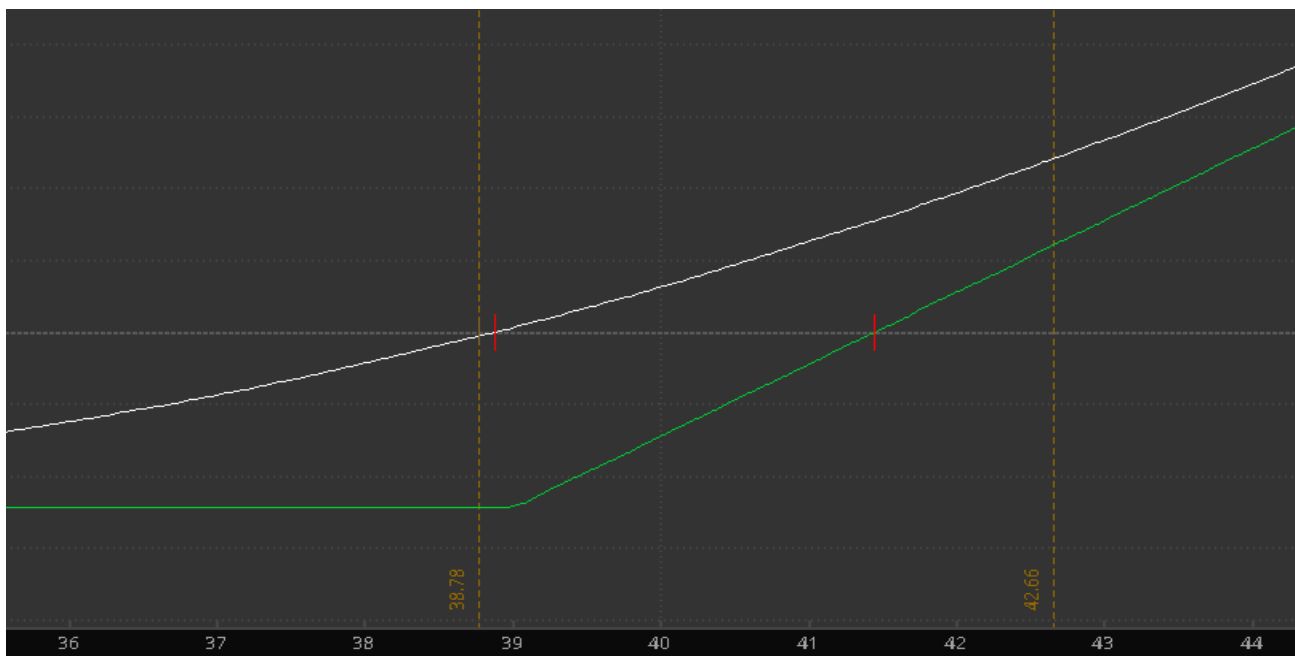
Trading Strategy: Long the **DHI** May \$39 Calls \$2.45 or Better

Net Debit/Credit: Debit \$2.45

Profitability Zone: DHI Shares Above \$41.45 on May OpEx

Greeks: Delta 52; Gamma 6; Vega 7; Theta -2

Options Volatility / Trade Simulator View:





Technical Analysis: DHI shares pulled back last week and touched near the 50 day MA and key volume support before bouncing. It was a natural move after testing 2+ year trend resistance and failing on the initial attempt, looking to move back above its 200 MA and clear the downtrend. It has a strong weekly base in place and expect it to recover and start a trend move higher.



Fundamental Analysis: The \$14.9B homebuilder trades 8.85X Earnings, 1.6X Book and 7.7X EV/EBITDA with a 1.55% dividend yield. DHI is seen hitting near 7% annual revenue growth each of the next two years. DHI is most exposed to the South Central, West, and Southeast for sales, and also targets mainly entry-level home buyers which positions it well for Millennials looking to buy their first homes. DHI is increasing efficiency and returns via its deal with Forestar as a large, national residential development company. Analysts have an average target of \$44.50 and short interest is low at 2.9% of the float. CSFB has an Outperform rating and \$46 target seeing a favorable set-up into the Spring as the company is seeing sequential improvement after mortgage rates peaked and started to decline the past few months. Mizuho raised to Buy on 1-23 with a \$45 target citing its price point diversification and strong balance sheet. Hedge Fund ownership fell 14.45% in Q4 filings.

Options Activity:

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
2/28/2019	DHI 100 18 APR 19 40 CALL	1,001	6	\$1.65	-12.70%	0.44	33.40%	38.91%	\$154,154	.DHI190418C40
2/25/2019	DHI 100 (Weeklys) 1 MAR 19 41.5 CALL	17,732	95	\$0.82	67.35%	0.5	43.28%	48.13%	\$1,454,024	.DHI190301C41.5
2/25/2019	DHI 100 15 MAR 19 41 CALL	4,864	7,488	\$1.22	8.93%	0.52	33.05%	48.71%	\$615,168	.DHI190315C41
2/19/2019	DHI 100 16 AUG 19 36 PUT	1,900	26	\$1.95	-5.80%	-0.27	35.09%	36.35%	\$370,500	.DHI190816P36
2/15/2019	DHI 100 16 AUG 19 34 PUT	1,241	81	\$1.48	-47.52%	-0.22	35.95%	30.54%	\$183,668	.DHI190816P34
2/13/2019	DHI 100 15 MAR 19 41 CALL	4,555	3,130	\$1.16	-14.71%	0.44	32.15%	39.91%	\$537,490	.DHI190315C41
2/12/2019	DHI 100 16 AUG 19 41 CALL	2,726	196	\$3.45	35.29%	0.49	35.23%	39.35%	\$926,840	.DHI190816C41
2/12/2019	DHI 100 15 MAR 19 40 CALL	3,331	14,526	\$1.31	98.48%	0.45	34.33%	41.16%	\$436,361	.DHI190315C40
2/12/2019	DHI 100 17 MAY 19 40 PUT	992	78	\$3.10	-25.84%	-0.49	34.91%	56.43%	\$307,520	.DHI190517P40
2/11/2019	DHI 100 16 AUG 19 42 CALL	4,075	280	\$2.13	-10.13%	0.37	33.99%	28.53%	\$872,050	.DHI190816C42
2/11/2019	DHI 100 16 AUG 19 37 CALL	1,001	3,085	\$4.15	-5.68%	0.57	36.19%	47.29%	\$415,415	.DHI190816C37
2/8/2019	DHI 100 15 MAR 19 40 PUT	718	1	\$3.05	-8.41%	-1 --		100.00%	\$218,990	.DHI190315P40
2/7/2019	DHI 100 16 AUG 19 38 CALL	1,252	44	\$3.90	10.48%	0.55	34.87%	45.78%	\$500,800	.DHI190816C38
2/7/2019	DHI 100 15 MAR 19 39 PUT	1,640	1	\$2.18	2.83%	-0.55	34.22%	59.80%	\$357,520	.DHI190315P39
2/7/2019	DHI 100 15 MAR 19 41 CALL	2,569	372	\$0.54	35.00%	0.24	31.66%	21.17%	\$141,295	.DHI190315C41
2/6/2019	DHI 100 16 AUG 19 37 CALL	2,962	105	\$4.05	0.00%	0.58	34.53%	48.12%	\$1,214,420	.DHI190816C37
2/6/2019	DHI 100 17 MAY 19 39 CALL	1,585	106	\$2.13	-7.39%	0.45	33.81%	38.58%	\$332,850	.DHI190517C39
2/6/2019	DHI 100 15 MAR 19 39 CALL	3,159	8,772	\$0.87	-26.27%	0.36	30.80%	32.84%	\$290,628	.DHI190315C39
2/1/2019	DHI 100 15 MAR 19 39 CALL	7,908	190	\$1.71	30.53%	0.52	32.41%	47.35%	\$1,352,268	.DHI190315C39
1/31/2019	DHI 100 16 AUG 19 40 CALL	3,106	35	\$3.04	-10.85%	0.49	33.49%	39.38%	\$944,224	.DHI190816C40
1/31/2019	DHI 100 15 MAR 19 40 CALL	5,613	2,806	\$1.01	83.64%	0.38	30.72%	33.86%	\$583,752	.DHI190315C40
1/31/2019	DHI 100 17 MAY 19 42 CALL	1,582	1,601	\$1.43	74.39%	0.35	31.73%	28.71%	\$227,808	.DHI190517C42
1/24/2019	DHI 100 17 MAY 19 42 CALL	1,525	118	\$1.50	42.86%	0.33	33.69%	26.89%	\$230,275	.DHI190517C42
1/24/2019	DHI 100 15 MAR 19 40 CALL	1,753	44	\$1.22	38.64%	0.38	34.23%	33.63%	\$224,384	.DHI190315C40
1/22/2019	DHI 100 17 MAY 19 40 CALL	1,201	60	\$1.42	-22.83%	0.34	32.93%	27.83%	\$170,542	.DHI190517C40
1/15/2019	DHI 100 16 AUG 19 38 PUT	1,000	13	\$3.50	0.00%	-0.41	34.02%	51.49%	\$360,000	.DHI190816P38
12/28/2018	DHI 100 17 JAN 20 35 CALL	1,755	447	\$5.00	8.70%	0.561	37.65%	41.69%	\$877,500	.DHI200117C35
11/7/2018	DHI 100 17 MAY 19 35 PUT	1,500	1,005	\$2.74	-32.35%	-0.35	36.48%	45.05%	\$417,000	.DHI190517P35

Potential Catalysts: Housing Data; Earnings 4-25-19

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.

Content is for informational and educational purposes only. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors.