



## FEATURED OPTIONS RADAR REPORT



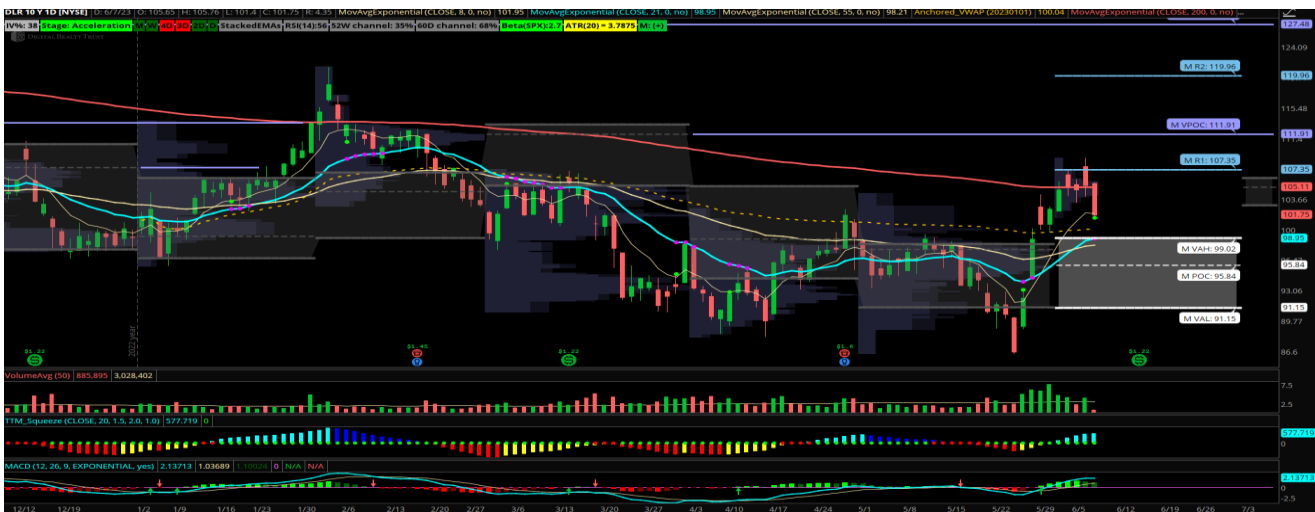
### REIT with Macro Pressures Mounting Sees Put Buyers into Rally

**Ticker/Price: DLR (\$101.90)**

#### Analysis:

**Digital Realty Trust (DLR)** on 6/5 saw a large buyer of 2700 January \$90 puts for \$6.20, spread against sales of the \$60 puts for a net \$5 debit. This follows buyers of 3000 September \$80/\$60 put spreads for \$3.10 on 5/22 and opening sale of 800 January \$90 calls for \$10 to \$9.90. DLR this week also with a buyer of 1100 January \$70 puts for \$2.25 into the rally. DLR falling this week due to some news of a director resignation after a disagreement with the company regarding governance policy and practice. DLR has also been in the news this month as it raised about \$1.1 billion through asset sales and ATM issuance the past month. Jim Chanos has also said he is short the stock. The \$30.2B company trades at 87x earnings, 9.6x sales, 3.3% FCF yield with a 4.7% dividend yield while revenue expected to grow +18% in FY23 and growth estimated at +6% in FY24. Digital Realty Trust is a real estate investment trust, which is engaged in the business of owning, acquiring, developing and operating data centers. The Company provides data center, colocation and interconnection solutions for customers across a range of industry verticals ranging from cloud and information technology services, communications and social networking to financial services, manufacturing, energy, healthcare and consumer products. Shares have been bouncing for the past few weeks off lows near 86 and back to 100 testing the 200 day EMA resistance but likely a good spot to look for a roll back down with these puts adding. Support is at 100 near the YTD VWAP but a move under can see 91 retested as larger value area support. DLR still has an ugly downtrend and these put buyers seem to be playing for new lows. Average analyst target is \$117. BMO out this week saying that a Cyxtera bankruptcy a potential headwind for Digital Realty, also saying the company's leverage is too high at 7.1 times even with operating demand improving. Barclays is bearish and has an \$80 price target with an Underweight rating and last month said the disposing of assets to de-lever remains in focus and concerning. Credit Suisse has an Underperform rating and \$81 target citing industry channel checks and business pressures to weigh on the stock through 2023. Wells Fargo mentioned the REIT continues to face risks into 2023, including higher interest rates, significant financing needs, uncertainty on development in Northern Virginia and slowing lease volumes. Short interest is at 5.5%. Hedge fund ownership fell 3%.

#### Hawk Vision:



**Hawk's Perspective:** DLR is likely a fade off this 200 day test at 105 resistance and any bounce back up to it worth shorting or using the put spreads in January noted against a stop above 105.

**Confidence Ranking: \$\$**