

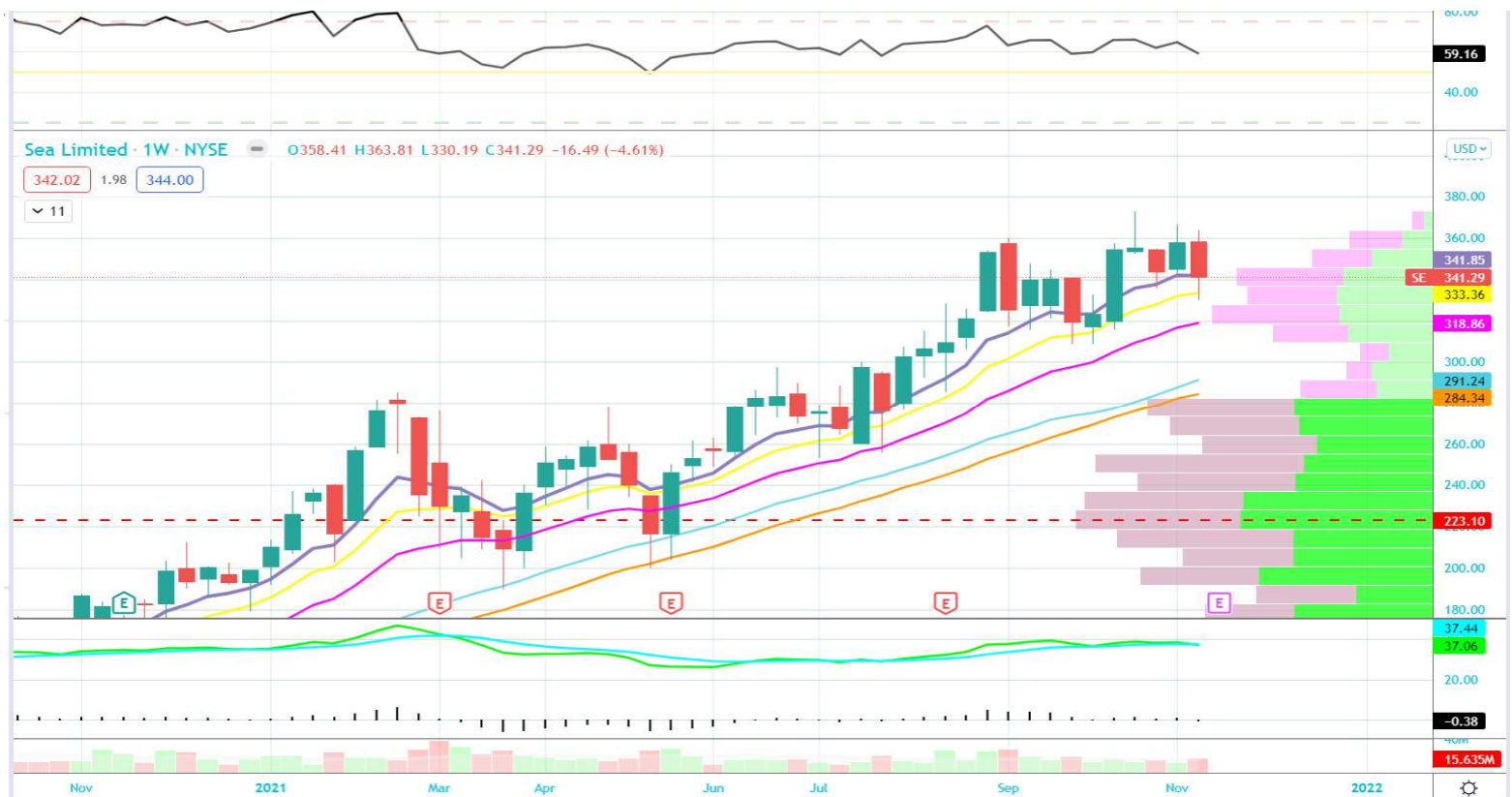


## Earnings Snapshots 11/15/2021

SE, TGT, NVDA, BABA, AMAT

**Sea (SE)** will announce results 11/16 before the open with the Street looking for (\$0.68) EPS and \$2.39B in Revenues (+97%) and Q4/FY21 seen at (\$0.09)/\$2.77B and (\$1.96)/\$9.06B. SE shares have closed higher 7 of its last 8 reports with a six quarter average max move of 9.8%. SE has built a huge base of customers and now focus turns to monetization efforts which should accelerate sustainable profitability and topline growth despite any volatility in the macro outlook. Shopee continues to rank as the #1 in the shopping category across Southeast Asia and Taiwan by download, average monthly active users and the total time spent in app on Android based on App Annie. The company offers an attractive blend of online gaming (Garena), e-commerce (Shopee), and digital finance businesses (SeaMoney). Shopee has been globalizing its platforms by expanding its presence from Southeast Asia & Taiwan first to LatAm, then to new geographies in Europe and most recently in India expanding its TAM to \$600B for FY24. SEA's games are at the forefront of new trends including the emergence of Metaverse, and has included several features including social elements, casual elements and entertainment (partnered with several renowned DJs, and collaborated with leading movie franchises, etc). The \$188B company trades 20X EV/Sales with revenues seen rising 107% in 2021 and 49.5% in 2022. Analysts have an average target of \$390 with short interest rising 25% Q/Q to 5.7% of the float. Goldman out positive last week with a \$460 target and on the Conviction Buy List. Barclays started shares Overweight on 11/2 with a \$427 target as a dominant name in Southeast Asia with massive growth potential. Citi raised its target to \$424 on 10/15 seeing upside from fintech and new Shopee markets. Stifel raised to Buy in September with a \$400 target seeing it well positioned across major secular growth markets. On the chart SE is in a very strong trend with consolidation since late August and sits on key \$330 VPOC, a move under would target \$313 support while \$289 major retest support. The upside levels in focus are \$350, \$360 and \$370. SE options are pricing in a 7.5% move on earnings with 30-day IV Skew at -0.7% bullish inverted and compares to a +0.6 52-week average. SE flows have been mostly bullish including 1000 March \$310 short puts, 1000 January \$300 short puts, and 1000 January \$320 short puts while some upside calls also seen buying with 1000 December \$370 of note.

Trade to Consider: Long the **SE** December \$350/\$370 Call Spreads at \$6.65



**Target (TGT)** will report earnings 11/17 before the open with the Street expecting \$2.82 EPS and \$24.54B in Revenues (+8.4%) and Q4/FY21 seen at \$2.84/\$30.56B and \$13.01/\$104.5B. TGT shares have closed lower 2 of the last 3 and 4 of the last 7 reports with a six quarter average max move of 6.5%. TGT is a leading department store that offers everyday essentials and fashionable, differentiated merchandise at discounted prices. TGT generates approximately 1/3 of sales from its owned and exclusive brands. TGT did a great job navigating the pandemic and has built out a strong omnichannel platform incorporating store pickup and delivery and stands to benefit from further market share gains. The \$130B company trades 20X Earnings, 1.3X Sales and 26.5X FCF with a 1.38% yield. Forecasts call for 11.7% revenue growth in 2022 and 23.7% EBITDA growth. Given ongoing transportation delays broadly, investors are focused on inventory positions for retailers ahead of fall/holiday, along with potential pressure to margins from higher associated freight costs. TGT should benefit from its scale and grew inventory 26.8% last quarter. Analysts have an average target of \$285 with short interest low at 1.7% of the float. Goldman recently removed TGT from its Conviction List seeing the pace of revenue growth slowing in 2022. It notes that TGT is well positioned to retain its customer and market share gains earned over the past 18 months as well as continue to gain share given demand has remained strong across all product categories, along with improving traffic trends while ecommerce traction remains strong. TGT rose positive in August seeing shares hitting \$320 over the next year as it benefits from strong consumer spending trends. Hedge Fund ownership fell 2.2% last quarter. On the chart TGT shares setting up with a nice consolidation right below YTD upper value and the prior highs from July/August. A move above \$260 would target a run to \$300 while \$285 the first Fibonacci extension out of this flag and support levels are at \$254, \$246 and \$242. TGT options are pricing in a 5.7% earnings move and 30-day IV Skew at +0.2 compares to the +0.7 52-week average. TGT was a featured write-up in mid-September with size call buys in December \$250 and \$260 strikes that remain in OI and recently with January \$260 size calls bought.

Trade to Consider: Long the **TGT** December \$260/\$280/\$290 Unbalanced Call Fly at \$5 Debit



**Nvidia (NVDA)** will report results 11/17 after the close with the Street consensus at \$1.10 EPS and \$6.82B in Revenues (+44%) and Q4/FY21 seen at \$1.08/\$6.81B and \$4.14/\$25.77B. NVDA shares have closed higher 5 of the last 7 reports with a six quarter average max move of 4.37%. Nvidia is a leading Semi and has leveraged its GPU architecture to create platforms for scientific computing, artificial intelligence, or AI, data science, autonomous vehicles, or AV, robotics, and augmented and virtual reality, or AR and VR. NVIDIA has a platform strategy, bringing together hardware, software, algorithms, libraries, systems, and services to create unique value for the markets it serves. NVDA's main markets are Gaming, Data Center and Automotive. NVDA has a market cap of \$760B and trades 29X EV/Sales and 65X Earnings with revenues seen rising 54.5% in FY22 and 12.8% in FY23 with EPS growing 65.8% and 12.9% respectively. NVDA remains committed to its Arm Holding acquisition which is under regulatory scrutiny. NVDA's next generation DPU was introduced at its April Investor Day, Bluefield-3 has 10x the accelerated compute power of the current generation and comes with significant security enhancements, expected to sample in 1Q22. Nvidia also announced its EGX platform, an AI computing infrastructure that is available to all VMware enterprise customers. Nvidia's addressable market will include VMware's 300,000 enterprise customers, or ~70% of global enterprises. Nvidia also introduced Aerial A100, a private 5G computing platform for the edge. Analysts have an average target of \$240 with short interest rising 180% Q/Q to 3.6% of the float. Wedbush downgraded shares last week on valuation with a \$300 target though noting unprecedented demand in data center and gaming will lead to strong results. SIG raised its target to \$360 expecting strong results but notes it could face deceleration. OpCo raised its target to \$350 raising estimates noting NVDA better positioned to secure capacity amidst supply chain issues. Hedge Fund ownership fell 4% last quarter. On the chart NVDA shares are quite extended from a breakout in October and have been riding the 8-day moving average higher, support level near \$296 while below can test the 21-MA near \$260. NVDA is on a parabolic run and lacks any real upside targets. NVDA options are pricing in a 4.9% earnings move and 30-day IV Skew at -0.9 remains bullish inverted and compares to the +1.2 52-week average. NVDA with a massive buy of 15,000 March \$220 calls on 11/5 and a featured write-up on 10/21 on the June \$230 call buys and December \$215 size call accumulation.

Trade to Consider: Sell the **NVDA** December \$330/\$320/\$260/\$250 Iron Condor for a \$4.30 Credit





**Alibaba (BABA)** will announce results 11/18 before the open with the Street view at \$0.24 EPS and \$31.68B in Revenues (+41%) and Q3/FY22 seen at \$0.39/\$42.12B and \$1.16/\$141.69B. BABA shares have closed lower the last eight reports and a six quarter average max move of 4.87%. The \$470B Chinese tech giant trades 19.9X Earnings, 3.9X Sales and 17X FCF. BABA forecasts see revenues rising 33.9% in FY22 and 19.5% in FY23 with 3.4% and 21.9% EBITDA growth respectively. BABA could see its outlook reduced with Macro weakness in China while regulatory issues remain a key overhang. BABA continues to invest to build a more diverse app and business matrix, including Taobao Deals, TaoCaiCai, Freshippo Neighborhood, and Local services. Analysts have an average target of \$245 with short interest at 2.6% of the float. Barclays started shares Overweight with a \$275 target on 11/2 as a top China tech pick. Vertical Group cut shares to Mixed on 10/28 citing macro uncertainty and power curtailments in China. Truist with a note on 10/25 that Q2 results are likely to reflect the slowing Chinese economy, which is negatively impacting domestic retail sales, along with a higher level of investment spend on newer growth initiatives and on greater social responsibility which all could weigh on guidance. Hedge Fund ownership dunk 11% last quarter. On the chart BABA remains in a downtrend though a potential inverse head & shoulders pattern setting up, a move above \$172 and \$178 resistance levels would open up a lot of room in a volume pocket back to the 200-day moving average near \$205. BABA interestingly sits just above VWAP from its IPO at \$157 and below that number lacks much real support until the October \$138 low. BABA options are pricing in a 4.8% earnings move and 30-day IV Skew at +2.1 compares to the +2.1 52-week average. BABA has seen mixed flows, March \$215/\$225 call spreads, 7500 December \$150 calls and September \$200/\$230/\$260 butterfly call spreads among bullish flow recently.

Trade to Consider: Long the **BABA** December \$180 / March \$185 Call Diagonal for \$5.65 Debit



**Applied Materials (AMAT)** will announce quarterly numbers 11/18 after the close with the Street looking for \$1.95 EPS and \$2.17B in Revenues (+52.5%) while Q1/FY22 seen at \$2.01/\$2.17B and \$7.97/\$26B. AMAT shares have closed lower the last two reports after being higher 5 of the prior 6, a six quarter average max move of 5.78%. The \$139B Semi Equipment leader trades 19.7X Earnings, 6.4X Sales and 33.3X FCF with revenues seen rising 35% as FY21 comes to a close and another 11.6% in 2022. AMAT is coming off a strong quarter given their leadership in materials engineering and surging demand for new chip technologies given the current shortage and now catch-up play. AMAT continues to see long-term opportunity given secular shifts towards data centers, AI computing, and more which require highly complex chips utilizing new technologies and support the semi-equipment markets. AMAT was at the Bernstein conference in June and forecasting longer-term growth for the semi market of \$1T by 2023, growing 8-9% annually driven by industries like transportation, healthcare, and more inflecting higher. Analysts have an average target of \$162 with short interest low at 1.3% of the float. Wells Fargo raised its target to \$175 last week though sees the focus on 1H22 commentary and little room for error after recent share performance. Piper started at neutral with a \$130 target in October citing a likely 2023 digestion period could limit upside. SIG cut shares to Neutral on 9/14 with a \$160 target noting the good news now priced into shares and a likely 2022 deceleration spend environment. Hedge Fund ownership fell 8.75% in the latest quarterly filings. On the chart AMAT shares with a big run recently after triggering out of a major weekly consolidation flag we were eyeing. The volume profile is quite thin up here with \$151 support likely followed by \$142 while \$162 a Fibonacci extension target. AMAT options are pricing in a 4% earnings move with 30-day IV Skew at +0.1 comparing to the +1 52-week average. AMAT has seen seller sin December \$160 and \$170 calls while buyers in January \$160 and \$165 calls recently.

Trade to Consider: Long the **AMAT** December/January \$160 Call Calendar at \$3 Debit



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**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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