



**CRM, SNOW, CRWD**

**Salesforce (CRM)** will report earnings 11/30 after the close with the Street expecting \$0.92 EPS and \$6.8B in Revenues (+25.4%) and Q4/FY23 seen at \$0.81/\$7.22B and \$4.66/\$31.8B. CRM shares have closed higher the last two reports after being lower five of the previous six with a six quarter average max move of 10.8%. The \$280B digital transformation leader estimates a \$175B TAM for FY25 and trades 61X Earnings, 8.8X FY23 EV/Sales and 51X FCF with revenues growth seen a 20.8% for FY23 with 20% EPS growth. CRM remains a top grower while operating margin expansion and FCF growth has been the new focus for investors as well as capital allocation after its large deal for Slack. The company's robust and strategically built product portfolio, spanning sales, service, marketing, ecommerce, analytics, artificial intelligence, custom applications, integration and collaboration cover virtually all aspects of Digital Transformation. While a series of sizeable acquisitions has slowed down the pace of operating margin expansion, revenues and margins have the potential to double in the next 5-6 years. Analysts have an average target of \$325 on shares with short interest low at 1.7% of the float. MSCO is a buyer into the print with positive channel checks and mixed sentiment. BAML and Jefferies each raised their targets to \$360 last week both highlighting strong survey and channel checks while increased margin discipline is in focus and Q3 comps are easy. Hedge Fund ownership rose 3% last quarter. On the chart CRM shares have pulled back to the 55-day moving average and nearing the 21-week that aligns with the first volume node of support at \$279 while retesting the high from 2020. The \$295 and \$310 levels overhead are notable resistance while YTD VPOC at \$273 potential key support. CRM options are pricing in a 6.2% earnings move with 30-day IV Skew at +0.1 comparing to the +0.8 52-week average. CRM's put/call open interest ratio is at the 41<sup>st</sup> percentile while it averages at 16% IV30 crush. CRM has seen fairly bullish flows, 1000 each of the Dec. 3<sup>rd</sup> (W) \$305 and \$310 calls bought in OI and recent accumulation of January \$310 calls while 4500 December \$310 calls bought on 10/28. CRM also a notable opening sale of 2000 February \$270 puts on 9/30 and 7000 Dec. \$290 calls bought on 9/24.

Trade to Consider: Long the **CRM** December \$290/\$300 Call Spreads at \$3.50 Debit



**Snowflake (SNOW)** will announce quarterly numbers 12/1 after the close with the Street looking for (\$0.06) EPS and \$305.6M in Revenues (+91.4%) and Q4/FY23 seen at (\$0.06)/\$339.4M and (\$0.17)/\$1.88B. SNOW shares have closed higher each of its four earnings reports with an average max move of 11.25%. The \$110B hyper-growth Tech company has outlined an opportunity to reach \$10B in revenues by 2028 targeting 10% operating margins, a plan that shows management's confidence in continuing to grow at an elevated rate given their disruptive platform, large enterprise backlog and pricing power. SNOW expects to continue gaining share as digitization of workloads continues which should translate into new logo growth while new product announcements should help cross-sell and up-sell activity. SNOW has long-term opportunities in areas like unstructured data as well that remain in the very earliest stages of penetration and could help them reach that long-term goal more quickly. SNOW currently trades 56X FY23 EV/Sales with revenues seen growing 93.9% in FY22 and 63.7% in FY23. Analysts have an average target of \$355 with short interest at 5.1% of the float. MSCO notes mixed checks with partners noting higher levels of competition from Teradata, Google BigQuery, Amazon Redshift, and other alternatives as customers are increasingly likely to evaluate and consider other options. Partners also cited deal slippages in the quarter. It notes that given a potential \$152 billion market opportunity, success for the company does not hinge on outright market dominance. Rosenblatt downgraded to Neutral on 11/19 citing valuation with near-term upside priced into shares. CSFC recently started Outperform with a \$455 target seeing it as a true pioneer in cloud-native data analytics and believes the company will play an increasingly important role across the entire data value chain with strong new customer acquisition, robust customer expansion, and attractive unit economics that can be sustained longer than the market appreciates. Hedge Fund ownership slipped 6.4% last quarter, Tiger Global and Viking Global each adding to positions while Melvin and D1 Capital reduced. On the chart SNOW pulled back last week with growth stock but bounced hard off its rising 55-day moving average putting recent low of \$335 as key support followed by \$320 VPOC which is near \$322 key VWAP off the August lows. The \$370 and \$400 upside levels are in focus on a move higher. SNOW options are pricing in a 7.25% earnings move with 30-day IV Skew at 0 comparing to the -0.9 52-week average. SNOW's put/call open interest ratio is at the 85<sup>th</sup> percentile and it averages a 10.8% IV30 crush after earnings. SNOW with a notable buyer of 3000 Dec. 3<sup>rd</sup> (W) \$345 calls on 11/23 sit in OI while Dec. \$380 and January \$410 calls have seen sellers but overall flows been bullish for months.

Trade to Consider: Sell the **SNOW** December \$320/\$315 Put Spread (Bull Put Spread) for a \$1 Credit

Snowflake Inc., Daily, Nasdaq + Nyse BQT O 349.92 H 363.45 L 349.25 C 362.60 Period +3.62% Market closed



**CrowdStrike (CRWD)** will announce earnings 12/1 after the close with the Street estimate at \$0.10 EPS and \$363.5M in Revenues (+56.4%) with Q4/FY23 seen at \$0.16/\$400M and \$0.78/\$1.95B. CRWD shares have closed lower the last two reports after being higher four of the previous five with a six quarter average max move of 9.4%. CRWD is a next-gen security leader winning market share with its Falcon platform the first multi-tenant, cloud native, intelligent security solution capable of protecting workloads across on-premise, virtualized, and cloud-based environments running on a variety of endpoints such as desktops, laptops, servers, virtual machines, cloud workloads, cloud containers, mobile, and IoT devices. CRWD has seen their TAM grow from around \$25B at the IPO to more than \$44B estimated by 2023 as they expand their product reach into areas like cloud security, identity protection, and log management. They also recently outlined a long-term plan that would see their TAM expand to \$100B, namely through the growth of cloud security. CRWD trades 26.7X FY23 EV/Sales with revenues seen growing 60.8% in 2022 and 38.5% in 2023. Analysts have an average target of \$310 on shares with short interest at 5.8% of the float. MSCO notes a strong security demand environment is largely reflected in investor expectations and valuation multiples and with CRWD partner checks indicate strong demand but point to more meaningful competition heading into 2022 as emerging alternatives gain momentum and expand their go-to market reach. DA Davidson started shares at Buy on 11/18 with a \$320 target on its superior technology leading to a competitive advantage in large and growing markets while significant margin opportunities exist over the next several years. Hedge Fund ownership fell 3% last quarter with Tiger Global and Matrix Capital large concentrated holders as well as Whale Rock. On the chart CRWD shares rolled over before the rest of the growth stocks and sit under a flattening 200-day moving average and closed the week just under the VWAP from the March 2021 lows and near the 50% retrace of that range. Shares did touch the low-end of a potential rising weekly channel pattern that puts a favorable reward/risk versus the recent low with the 21-week moving average near \$256 a likely rebound target. CRWD options are pricing in a 7% earnings move with 30-day IV Skew at +0.2 comparing to the +0.5 52-week average. CRWD's put/call open interest ratio is at the 63<sup>rd</sup> percentile and averages a 21.8% IV30 crush after earnings. CRWD recently with a large buy of 1500 Dec. \$240 calls on 11/24 into weakness though saw 5000 March \$250 puts bought in early November that remain in OI.

Trade to Consider: Long the **CRWD** December \$230/\$250/\$270 Butterfly Call Spread at \$3.85 Debit



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These trade ideas are to be self-managed as there will be no follow-up, and each user must take full responsibility of the trade, and only take action on trades that fit his/her risk profile and are comfortable trading.

**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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