



NVDA, WDAY, CRM

NVIDIA (NVDA) will report earnings 5-26 after the close with the Street looking for \$3.28 EPS and \$5.39B in Revenues (+75%), and Q2/FY22 seen at \$3.30/\$5.5B and \$13.60/\$22.41B. NVDA shares closed lower last quarter on results by more than 8% but were higher the previous four reports, a six quarter average max move of 5.05%. The \$360B chip maker trades 39X Earnings, 16.5X EV/Sales and 83X FCF with revenues seen rising 34.4% in 2021 and 11.8% in 2022. Analysts have an average target of \$670 and short interest is low at 1% of the float. NVDA is likely to also be experiencing some of the supply chain challenges but has seen strong demand from gaming and data center. NVDA held an Analyst Day last month so this quarter is unlikely to have many major surprises. Baird started shares Outperform with an \$800 target on 5-4 seeing it poised to dominate the data center as it moves to platform solutions. Ray-Jay raised to Strong Buy on 4-15 seeing improvements in enterprise and the A10 launch driving Datacenter growth in the second half. Hedge Fund ownership fell 4% in filings last quarter, Edgewood adding to a large position. On the chart NVDA shares broke out of its pullback trend last week with the 4:1 split news providing a lift and came after the pullback tested 200-day MA support and YTD VPOC support. That \$535 becomes a key support while \$500 the next target on a move below while \$620 and \$650 upside levels of note. NVDA options are pricing in a 4.15% earnings move with 30-day IV Skew at +1.1 comparing to the +1.3 52-week average. Last week NVDA saw buyers in June \$650, July \$700 and September \$680 calls while August \$550, \$545 and \$530 puts saw opening sales. NVDA with large buys of 2000 January \$510 and \$520 calls in early April remain.

Trade to Consider: Sell the **NVDA** June \$575/\$570 Put Spreads for \$1.75 Credit



Workday (WDAY) will announce results 5-26 after the close with the Street view at \$0.73 EPS and \$1.16B in Revenues (+13.9%) and Q2/FY22 seen at \$0.69/\$1.23B and \$2.80/\$4.99B. WDAY shares closed lower its last two reports, higher the three prior, and a six quarter average max move of 7.95%. The \$55B HCM software leader trades 66.6X Earnings, 43.5X FCF and 11X EV/Sales with revenues seen rising 15.6% in 2022 and 18.4% in 2023. Analysts have an average target of \$285 and short interest is 4.5% of the float. Workday is a uniquely positioned software application company addressing massive cloud replacement cycles in a \$90B+ TAM spanning HCM, financials, analytics, planning, and procurement. WDAY is coming off a strong quarter with the Financials vertical being a key growth driver moving forward. JMP raised its target to \$310 on 4/27 on positive field checks. Hedge Fund ownership fell 2% last quarter, a large position for Tiger Global, Baillie Gifford, Bares Capital, Lone Pine, Whale Rock, Sustainable Growth and Matrix. On the chart WDAY shares pulled back with Tech and fell under the 200-day moving average but quickly regained it and remains upward sloping. A move below \$218 support leaves a large volume pocket back to \$188. An upside target would be YTD VPOC near \$255. WDAY options are pricing in a 5.4% earnings move with 30-day IV Skew at +3% fairly steep to the +0.5% 52-week average. WDAY recently with 2000 June \$260 calls sold to open, the January 2023 \$250 puts were sold to open 1000X, the Jan. 2023 \$240 puts sold to open 1750X, and back on 11/20 the January \$330 calls bought 1500X.

Trade to Consider: Long the **WDAY** May 28th (W) / June \$250 Call Calendar Spreads \$2.20 Debit



Salesforce (CRM) will release earnings 5-27 after the close with the Street consensus at \$0.89 EPS and \$5.89B in Revenues (+21%), and Q2/FY22 seen at \$0.86/\$6.15B and \$3.43/\$25.86B. CRM shares have closed lower on results five of its last six reports with an average max move of 9.94%. The \$200B digital transformation software leader trades 53.6X Earnings, 48.8X FCF and 7.6X EV/Sales with revenues seen rising 21.7% in 2022 and 18.8% in 2023. Analysts have an average target of \$275 and short interest is low at 2.4% of the float. CRM did a big deal for Slack and the focus continues to be on its earnings power and margin expansion opportunities. MSCO out positive last week seeing positive risk/reward as it is set to benefit from accelerating investment into strategic digital transformation initiatives. CRM shares have lagged since its M&A appetite concerned investors but management is likely to now focus back on execution and margin expansion. Hedge Fund ownership was flat last quarter, notable top holders include Polen, Sustainable Growth, and Tiger Global. On the chart CRM shares pushed up to trend resistance in April and failed and now back below the rising 200-day moving average. The \$229 and \$234 levels key right now to get above for a major inflection out of a pullback trend. CRM options are pricing in a 4.55% earnings move and 30-day IV Skew at +1.2 compares to the +0.4 52-week average. CRM last week with 1200 September \$230 calls bought, also 3000 July \$185 puts sold to open recently, 4000 November \$200/\$260 call spreads bought, and still has the 10,000 September \$240 calls in OI bought back in December.

Trade to Consider: Long the **CRM** July \$230/\$240 Call Spreads at \$3



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