



JPM, PEP

JP Morgan (JPM) will announce earnings 7/13 before the open with the Street looking for \$3.17 EPS and \$29.95B in Revenues (-11.4%) with FY21 seen at \$13.19/\$121B. JPM shares have closed lower the last three reports with a six quarter average max move of 2.8%. The \$475B investment bank trades 13X Earnings and 1.9X Book with a 2.3% dividend yield and strong 16% ROE. Bank earnings are expected to strengthen with the improving economic growth outlook and also the coming higher rate environment should inflect NII with better loan growth. Analysts have an average target of \$170 with short interest minimal at 0.7% of the float. KBW started shares Neutral recently noting that the current revenue environment may be more challenging from those with outsized growth in bond portfolios and JPM's multiple is at historical highs. JPM shares recently peaked right at a 138.2% Fibonacci extension of the COVID-correction and currently trapped between \$149/\$156 high volume zone with a bear flag pattern on the weekly and a head and shoulders topping pattern on the daily. A move below \$148 would target a fall to \$129. JPM options are pricing in a 1.7% earnings move with 30-day IV Skew at +1.6 comparing to the +1.5 52-week average. JPM has recently seen some large buyers of September \$155 calls, sellers in the \$165 calls, and has 13,500 August \$160 calls in open interest from a large buy on 5/4 and 5/5.

Trade to Consider: Long the **JPM** July/August \$160 Calendar Call Spreads at \$2.15 Debit



Disclaimer:

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

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