



SE, NVDA, DE

**Sea (SE)** will report on 8/17 before the open with the Street looking for (\$0.53) EPS and \$1.94B in Revenues (+120%) with FY21 seen at (\$2.07)/\$8.33B. SE shares have closed higher 6 of the last 7 reports with an average max move of 9.5%. 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. SE currently trades 18.8X EV/Sales with revenues seen rising 90% this year and 50% next year. Analysts have an average target of \$315 with short interest low at 4.6% of the float. MSCO raised its target to \$320 on 7/22 seeing Free Fire's entrance into the US expanding that TAM to \$44B from \$23B and sees success in the e-commerce and fintech areas as well. Bernstein started Outperform in June with its strong growth in emerging markets and super app in the making. Ark, Tiger Global, Coatue and Tybourne notable concentrated holders. On the chart SE share hit new highs last week and remain coiled on the 195-minute chart with a flag that can measure to \$335 on a breakout while \$322.50 a key 138.2 Fibonacci extension level. On weakness look for support at \$290 and then \$278. SE options are pricing in a 5.6% move on earnings with 30-day IV Skew at +0.7 comparing to the +0.4 52-week average. SE with 4000 August \$270 calls bought on 7/27 that remain in open interest as a large trade and also 1200 September \$260 calls added that day. SE also has August \$300 calls in OI from buyers and on 6/29 though 2000 closed on 8/13 and the January \$320/\$260 bull risk reversals opened 1470X.

Trade to Consider: Sell the **SE** August \$330/\$325/\$270/\$265 Iron Condor for a \$1.60 Credit



**Nvidia (NVDA)** will report earnings 8/18 after the close with the Street expecting \$1.02 EPS and \$6.32B in Revenues (+63.5%) and Q3/FY22 seen at \$1.04/\$6.53B and \$3.95/\$24.88B. NVDA shares have closed lower the last two reports after being higher the previous four, a six quarter average max move of 4.6%. NVDA is likely to be experiencing some of the supply chain challenges but has seen strong demand from gaming and data center. The \$510B semiconductor giant trades 46.7X Earnings and 20X EV/Sales with revenues seen rising 49% this FY and then back to 10-12% annual growth. Analysts have an average target of \$195 with short interest low at 1.3% of the float. Evercore raised its target to \$250 last week seeing software investments at an inflection point and adding \$4B in annual revenues into 2025. Wells Fargo raised its target to \$245 as the most compelling long-term secular growth story. UBS raised its target to \$230 expecting a beat and raise quarter driving by data-center strength. Rosenblatt also raised its target to \$250 though noting the M&A deal for Arm Holdings is unlikely to happen. Hedge Fund ownership fell 4.5% last quarter, Edgewood and Winslow notable large concentrated stakes. On the chart NVDA shares forming a cup and handle pattern below new highs with \$220 a 1.382 Fibonacci extension target on a breakout. Shares have support at \$195 and \$190 levels. NVDA options are pricing in a 4% earnings move with 30-day IV Skew at +1.2 comparing to the +0.8 52-week average. NVDA flows have remained mostly bullish and on 7/23 the September \$200 calls with over 8000 bought to open.

Trade to Consider: Long the **NVDA** August/September \$215 Call Calendar Spread at \$3.10 Debit



**Deere (DE)** will release results on 8/20 before the open with the Street consensus at \$4.55 EPS and \$10.3B in Revenues (+31%) and FY21 seen at \$17.97/\$39.68B. DE shares have closed higher five of the last eight reports with a six quarter average max move of 6.3%. DE is seeing an improving backdrop from strengthening commodities providing a boost to farmer incomes while Deere also establishing itself as a leader in next-generation technologies such as Precision Ag. The ag equipment replacement cycle remains in the early stage and DE also continued to expand margins. The \$119B company trades 10.5X EBITDA, 18.25X Earnings and 17.4X FCF with a 0.95% yield. DE sees revenues rising 27% this year with 20.7% EBITDA growth and for 2022 growth at 11.6%/13.8% respectively. Analysts have an average target of \$415 with short interest minimal at 1.1% of the float. CSFB on 7/20 raised its target to \$439 noting strong demand with some supply chain disruption and inflated costs weighing on 2H. Jefferies raised its target to \$450 in May on strong execution and pricing last quarter with positive trends continuing with its increasing tech and digital investments into 2022. Hedge Fund ownership fell nearly 10% last quarter in filings. On the chart DE shares recently with a strong base breakout and closed back near new highs last week with MACD nearing a bull crossover on the weekly. On weakness support levels are \$370 and \$362 while upside resistance at \$400. DE options are pricing in a 3.4% earnings move with 30-day IV Skew at +2.3 comparing to the +1.2 52-week average. DE has not seen a lot of positioning, the August \$390 calls are short 1500X, the September \$340 puts were mostly sold to open, and September \$380 calls have 1875 in OI from buyer flow.

Trade to Consider: Long the **DE** August \$380/\$390/\$400 Butterfly Call Spread at \$1.85 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**

*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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