



COIN, NVDA, BABA, SQ

Coinbase (COIN) will report results 2/21 after the close with the Street looking for (\$2.55) EPS and \$589.4M in Revenues (-76.4%) while Q1/FY23 seen at (\$1.81)/\$598.2M and (\$5.32)/\$2.76B implying another 12% decline in revenues Y/Y following a 60% fall in 2023. COIN shares have closed higher the last two reports after being lower the previous three, a six-quarter average max move of 13%. COIN is the leading provider of end-to-end financial infrastructure and technology for cryptoeconomy. The unique properties of crypto assets naturally position them as digital alternatives to store of value analogs such as gold, enable the creation of an internet-based financial system, and provide a development platform for applications that are unimaginable today. COIN is seeing strong growth driven by increasing adoption of digital currencies and its business model thrives on elevated cryptocurrency volatility. COIN has plenty of opportunities to expand beyond the core business to driver other revenue streams. COIN has a \$15.5B market cap and now trades 4.8X EV/Sales and 18.75X expected FY25 EBITDA. COIN comps will ease in 2H23 and could set the stage for a re-rating, though it depends on the crypto markets. Analysts have an average target of \$63 with short interest very high at 24.4% of the float rising 45% Q/Q. Compass Point upgraded to Buy into earnings seeing market share gains positioning it will for when the crypto bull market returns and thinks regulatory headwinds are overblown. DA Davidson downgraded shares on regulatory risks with the SEC taking aim at staking, stable coins and custody. Mizuho sees take-rate pressure with retail accounting for the large majority of COIN's revenues. On the chart, COIN shares recently stalled at a key volume node of resistance and VWAP but held key support at \$53. A move above \$72 opens up for a run to \$85 while below \$52.5 can see a test of \$43. COIN options are pricing in a 14.5% earnings move and 30-day IV Skew at +3.9 compares to the +11.3 52-week average. COIN's put/call open interest ratio is at the 96th percentile and average IV30 crush is -15.3%. COIN has 20,000 Feb. 24th (W) \$50 puts bought in open interest but also has seen 13,700 March \$75 short puts open, a 2/13 seller of 9,725 April \$50 puts and sellers of 13,000 January \$30 puts.

Trade to Consider: Sell the **COIN** March \$80/\$75/\$50/\$45 Iron Condors for \$2.40 Credit



NVIDIA (NVDA) will announce earnings 2/22 after the close with the Street view at \$0.81 EPS and \$6.01B in Revenues (-21.4%) while Q/1FY24 seen at \$0.86/\$6.35B and \$4.29/\$29.25B implying 31% EPS growth and 8.6% Revenue growth. NVDA shares have closed higher four of the last six reports with an average max move of 6.95%. 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. Although datacenter growth is seen slowing, NVDA's exposure is more resilient due to the ramp of H100 datacenter GPU into cloud instances, 2H23 content gains on Grace CPU, and AI spend will significantly outperform aggregate hyperscale spending. NVDA has a \$552B market cap and trades 50X Earnings, 45X EBITDA and 17.8X EV/Sales making it extremely rich on valuation. Analysts have an average target of \$205 with short interest at 5.6% of the float rising 11.5% Q/Q. SIG raised its target to \$365 noting gaming inventory digestion but other aspects of the business strengthening. BAML raised its target to \$255 on the AI arms race impact. On the chart, NVDA recently stalled at \$230 as a 50% retracement level and pulled back to the 21-day last week. Shares have some support at \$200 and \$190 levels while the rising 55-day at \$179.4 lines up with stronger volume support. The next level of interest above \$230 is \$255. NVDA options are pricing in a 6.1% earnings move and 30-day IV Skew at +4.6 compares to the +7.7 52-week average. NVDA's put/call open interest ratio is at the 72nd percentile and average IV30 crush is -9.4%.

Trade to Consider: Long the **NVDA** March \$215/\$195/\$175 Put Butterfly for \$4.15 Debit



Alibaba (BABA) will release earnings 2/23 before the open with the Street consensus at \$0.29 EPS and \$34.5B in Revenues (-9.1%) while Q4/FY24 seen at \$0.20/\$31.33B and \$1.13/\$141.5B implying 18% EPS growth and 11% Revenue growth in 2024. BABA shares have closed higher the last three reports after being lower the previous ten reports, a six-quarter average max move of 9.63%. BABA continues to invest to build a more diverse app and business matrix, including Taobao Deals, TaoCaiCai, Freshippo Neighborhood, and Local services as it diversifies away from the core ecommerce business and Alibaba Cloud has been a standout performer. BABA sees three key drivers of future growth as user growth, wallet share expansion across new categories and value creation for merchants. BABA has a market cap of \$277B and trades 11X Earnings, 9.4X EBITDA and 1.9X EV/Sales. Analysts have an average target of \$144 with short interest low at 2.6% of the float. WSJ reported recently that activist Ryan Cohen took a new stake in Alibaba. On the chart, BABA shares have pulled back off \$121 highs with the 200-day at \$93 seen as key support that line sup with a key retest of its flag breakout to start the year. The recent high came near major \$123.25 volume resistance as the top-end of a large sideways pattern and breaking above measures to a target near \$170. The 200-week aligns with VWAP off highs near \$147. BABA options are pricing in a 4.7% earnings move and 30-day IV Skew at -1.6 compares to the +2.7 52-week average, bullish inverted skew. BABA's put/call open interest ratio is at the 15th percentile and average IV30 crush is -6.6%. BABA has large March 110/120 call ratios in open interest and 22,000 March \$80 calls bought in OI along with size March \$90 and \$115 calls bought.

Trade to Consider: Long the **BABA** March \$105/\$120/\$130 Call Butterfly Spread at \$2.15 Debut



Block (SQ) will announce results 2/23 after the close with the Street view at \$0.30 EPS and \$4.6B in Revenues (+12.7%) and Q1/FY23 seen at \$0.34/\$4.47B and \$1.72/\$19.97B implying 62% EPS growth and 14.1% Revenue growth Y/Y. SQ shares have closed higher three of the last four reports with a six-quarter average max mov eof 11.23%. Square is a leading payments company that continues to expand product offerings to monetize recent growth with the addition of Square Card, Cash Card, Stock Brokerage, and other financial services. SQ also made a big push into BNPL with its \$29B deal for Afterpay which is a key risk to the company. SQ is well positioned to benefit from Cash App's growing monetization from new product features (e.g., tax preparation, card spending, cash management, stock investing, Bitcoin) while enjoying ongoing user growth from the network effects of P2P payments, as well as Square's continued share gains within SMB acquiring. SQ has a market cap of \$45.4B and trades 43.5X Earnings, 33.8X EBITDA and 2.2X EV/Sales. App's improving monetization/durable deposit flows was a highlight last quarter. The market appreciated management's focus on driving operational efficiencies as the company plans to significantly decrease its pace of investment growth. The pandemic as well as new product introductions have led SQ's estimated TAM to increase from \$60B (Square only) in 2017. Analysts have an average target of \$90 with short interest at 6% of the float. OpCo cut to Perform on 1/25 still concerned with valuation and falling FY24 estimates. Mizuho with a cautious note on 1/9 expecting share losses to Toast and Clover. BAML is bullish SQ in 2023 due to 1) Cash App still has a long runway for growth (increasing inflows and functionality), 2) Square continues to gain traction upmarket (mid-market Square GPV was 40% of total in 3Q22 vs. 19% in 2017) and internationally (now 15% of Square GP), 3) SQ does not get enough credit for continued opex discipline (opex guide has improved for 3 straight quarters) and has stated its intention to remain disciplined in '23, and 4) crypto and BNPL together represented only 12% of GP in 3Q22. On the chart, SQ pulled back under the 8 and 21-day moving averages with the 200-day at \$70.20 as potential support and lower monthly value closer to \$67 which is where VWAP off November lows also comes into play. If shares can clear \$91 key resistance it measures to \$130 upside on the base breakout on the weekly while the 200-week at \$114 and VWAP off highs near \$110 other levels of note. SQ options are pricing in a 9% earnings move and 30-day IV Skew at +5.4 compares to the +8.3 52-week average. SQ put/call open interest ratio is at the 42nd percentile and average IV30 crush is -16.7%. SQ has 33,000 March \$65 puts bought in open interest but also 10,000 March \$45 calls bought while June \$80 puts bought 11,000X on 2/25 and remain in OI.

Trade to Consider: Long the **SQ** March/June \$65 Put Calendar Spread at \$3.50 Debit



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