

SPOTLIGHT OPTION TRADE



Facebook Weekly Chart Compressed, Play for an Upside Breakout

TRADE SNAPSHOT

TICKER	FB
SECURITY	Facebook
SECTOR	Tech – Internet
CURRENT PRICE	\$273.50
LONG/SHORT	Long
TARGET	\$310
STOP	\$255
TIMEFRAME	3 Months

Trading Strategy: Long the FB May \$280/\$305 Call Spreads at \$8.70 Debit

Net Debit/Credit: Debit \$8.70

Profitability Zone: FB Shares Above \$287.5 on May OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: FB shares are forming a very tight compressed wedge/triangle pattern on the weekly during a bull trend and RSI looks ready to work higher while MACD nears a bull cross.



Fundamental Analysis: The \$780B social media leader trades just 20.2X Earnings, 9X Sales and 33X FCF with revenues seen rising 25% in 2021 and EBITDA seen up 17.5%. Facebook shares have lagged with regulatory overhangs being a dominant factor while the underlying business remains very strong and moving into a large opportunity in social commerce. FB should lap easy comps in coming quarters after advertising demand was hit by the pandemic last year. Analysts have an average target of \$335 with short interest minimal at 1% of the float. FB is a name that would likely see upside if forced to break-up operations as it has just started to monetize WhatsApp and Messenger. FB is also pursuing plenty of new revenue streams with recent reports of it building a smartwatch and also looking to build a competitor to Clubhouse. FB is facing some potential headwinds from recent Apple privacy changes but is pursuing a legal challenge. FB has a solid core business generating strong cash flows while e-commerce and payments are areas of potential upside to growth estimates. Monetization trends are positive with pricing growth of 5% last quarter reversing an eight-quarter streak of declines. Melvin Capital took a large new position in Facebook in Q4.

Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob. ITM	Premium Paid	Symbol	Current Price	Current OI	Price Change	OI Differential
2/16/2021	FB 100 21 MAY 21 280 CALL	4,802	1,943	\$18.25	0.5	36.84%	42.34%	\$8,883,700	.FB210521C280	\$17.80	6199	-2.47%	-8.09%
2/16/2021	FB 100 20 JAN 23 410 PUT	568	48	\$149.90	-0.71	33.12%	86.48%	\$8,568,280	.FB230120P410	\$149.35	346	-0.37%	-43.83%
2/16/2021	FB 100 16 APR 21 245 PUT	2,044	1,289	\$4.47	-0.2	35.46%	23.72%	\$913,668	.FB210416P245	\$4.60	3190	2.91%	-4.29%
2/11/2021	FB 100 20 JAN 23 315 CALL	1,006	335	\$40.75	0.49	37.32%	28.94%	\$4,109,510	.FB230120C315	\$41.45	1274	1.72%	-5.00%
2/11/2021	FB 100 19 MAR 21 285 PUT	2,318	948	\$20.41	-0.69	31.91%	72.22%	\$4,751,900	.FB210319P285	\$16.89	2924	-17.25%	-10.47%
2/9/2021	FB 100 21 MAY 21 305 CALL	2,640	312	\$8.19	0.29	34.85%	22.69%	\$2,178,000	.FB210521C305	\$8.95	3263	9.28%	10.54%
2/9/2021	FB 100 21 MAY 21 275 CALL	2,693	339	\$18.48	0.5	35.79%	42.59%	\$4,982,050	.FB210521C275	\$19.93	3095	7.85%	2.08%
2/9/2021	FB 100 21 MAY 21 250 PUT	2,637	1,635	\$11.75	-0.31	37.52%	38.45%	\$3,217,140	.FB210521P250	\$10.07	5072	-14.30%	18.73%
2/4/2021	FB 100 16 APR 21 270 PUT	10,112	1,345	\$17.98	-0.51	33.15%	57.34%	\$18,181,376	.FB210416P270	\$12.45	12996	-30.76%	13.43%
2/4/2021	FB 100 16 APR 21 270 CALL	10,425	3,130	\$13.88	0.49	33.71%	42.68%	\$14,469,900	.FB210416C270	\$16.95	14222	22.12%	4.92%
2/4/2021	FB 100 16 APR 21 265 PUT	1,247	137	\$15.60	-0.46	33.76%	52.28%	\$1,945,320	.FB210416P265	\$10.50	2124	-32.69%	53.47%
2/2/2021	FB 100 17 SEP 21 285 CALL	1,805	2,318	\$25.21	0.48	37.93%	36.14%	\$4,550,405	.FB210917C285	\$26.55	3803	5.32%	-7.76%
2/1/2021	FB 100 16 APR 21 250 CALL	2,014	374	\$22.47	0.59	41.49%	51.81%	\$4,601,990	.FB210416C250	\$30.35	2405	35.07%	.71%
2/1/2021	FB 100 16 APR 21 240 CALL	2,000	850	\$29.40	0.67	42.22%	60.10%	\$5,780,000	.FB210416C240	\$38.27	2277	30.17%	-20.11%
1/29/2021	FB 100 21 MAY 21 250 PUT	1,143	99	\$19.35	-0.402	42.24%	49.53%	\$2,211,705	.FB210521P250	\$10.07	5072	-47.96%	308.37%
1/29/2021	FB 100 21 MAY 21 220 CALL	6,540	3	\$46.94	0.767	45.48%	68.28%	\$30,698,760	.FB210521C220	\$57.75	6590	23.03%	.72%
1/28/2021	FB 100 (Weekly) 5 MAR 21 305 CALL	1,148	85	\$4.00	0.22	39.63%	18.04%	\$459,200	.FB210305C305	\$0.80	1353	-80.00%	9.73%
1/27/2021	FB 100 16 APR 21 280 CALL	1,253	608	\$17.50	0.47	43.13%	39.06%	\$2,192,750	.FB210416C280	\$12.05	7215	-31.14%	287.69%
1/25/2021	FB 100 16 APR 21 270 PUT	1,013	85	\$18.00	-0.43	39.83%	50.06%	\$1,823,400	.FB210416P270	\$12.45	12996	-30.83%	1083.61%
1/22/2021	FB 100 21 MAY 21 285 CALL	1,177	37	\$20.91	0.484	40.10%	39.31%	\$2,461,107	.FB210521C285	\$15.59	2896	-25.44%	138.55%
1/21/2021	FB 100 17 JUN 22 420 CALL	10,258	36	\$11.62	0.21	36.03%	10.89%	\$11,919,796	.FB220617C420	\$10.35	10597	-10.93%	2.94%
1/21/2021	FB 100 17 JUN 22 320 CALL	10,280	193	\$32.85	0.45	38.67%	27.92%	\$33,769,800	.FB220617C320	\$30.25	10720	-7.91%	2.36%
1/21/2021	FB 100 17 JUN 22 290 CALL	1,203	93	\$43.20	0.54	39.29%	35.87%	\$5,196,960	.FB220617C290	\$40.80	1239	-5.56%	-4.40%
1/21/2021	FB 100 16 APR 21 270 CALL	1,280	374	\$21.49	0.55	38.97%	47.82%	\$2,750,720	.FB210416C270	\$16.95	14222	-21.13%	759.85%
1/20/2021	FB 100 20 JAN 23 320 CALL	1,246	827	\$38.39	0.47	38.09%	27.28%	\$4,783,394	.FB230120C320	\$40.60	3278	5.76%	58.13%
1/20/2021	FB 100 17 SEP 21 285 CALL	2,245	28	\$27.01	0.49	38.25%	36.91%	\$6,063,745	.FB210917C285	\$26.55	3803	-1.70%	67.31%
1/20/2021	FB 100 16 SEP 22 560 CALL	1,483	643	\$3.70	0.08	34.89%	3.20%	\$548,710	.FB220916C560	\$3.55	1664	-4.05%	-21.73%
1/19/2021	FB 100 17 JUN 22 360 CALL	1,003	1,317	\$16.35	0.29	37.32%	15.65%	\$1,639,905	.FB220617C360	\$18.00	2318	10.09%	-.09%
1/19/2021	FB 100 17 JUN 22 305 CALL	1,025	785	\$29.15	0.43	38.49%	26.45%	\$2,987,875	.FB220617C305	\$35.25	1941	20.93%	7.24%
1/19/2021	FB 100 16 APR 21 255 PUT	6,549	130	\$16.92	-0.42	38.55%	49.37%	\$11,080,908	.FB210416P255	\$6.95	7654	-58.92%	14.60%
1/19/2021	FB 100 16 APR 21 255 CALL	6,641	152	\$22.30	0.58	39.14%	50.50%	\$14,809,430	.FB210416C255	\$26.92	6928	20.72%	1.99%
1/12/2021	FB 100 19 MAR 21 290 CALL	6,347	5,495	\$6.07	0.25	40.64%	19.84%	\$3,852,629	.FB210319C290	\$4.70	14884	-22.57%	25.69%

Potential Catalysts: Earnings Late April / New Product News

Disclaimer:

Not Investment Advice or Recommendation

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