

SPOTLIGHT OPTION TRADE



Despite Vaccine Concerns, J&J Chart Looks Fantastic

TRADE SNAPSHOT

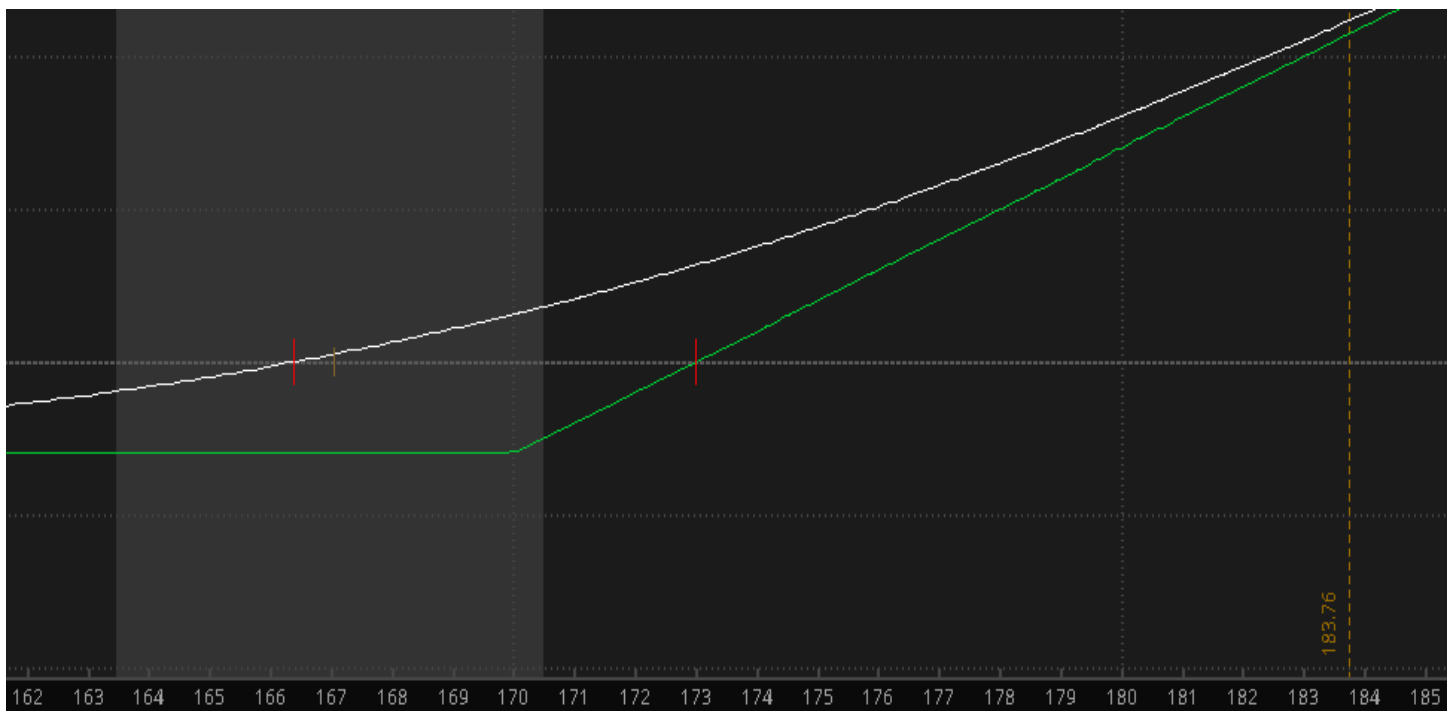
TICKER	JNJ
SECURITY	Johnson & Johnson
SECTOR	Healthcare – Pharma & Medical Devices
CURRENT PRICE	\$167
LONG/SHORT	Long
TARGET	\$180
STOP	\$160
TIMEFRAME	2 Months

Trading Strategy: Long the JNJ July \$170 Calls at \$3 or Better

Net Debit/Credit: Debit of \$3

Profitability Zone: JNJ Above \$173 on July OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: J&J shares are working out of a weekly consolidation pattern despite the negative headlines, a telling signal. The rising 21-week held firm on weakness.



Fundamental Analysis: The \$444B Pharma & Medical Device company is trading 16X Earnings, 5.3X Sales, and yields a 2.55% dividend. JNJ has a strong growth profile for a value name with 10.6% revenue growth seen in 2021 and 6.6% in 2022 while EPS seen rising 18.7% and 9.2% respectively. JNJ is coming off a solid quarter and continues to invest in growth opportunities in both sides of its business. In Pharma, Stelara grew ~18% y/y, the strong growth came from increased uptake in the Crohn's Disease (4 pts of US share gain) and Ulcerative Colitis (10 pts of US share gain) indications. FDA decisions for both JNJ-4528 for multiple myeloma and Amivantimab for NSCLC are expected 2H21. JNJ is also looking to sell its breast implant unit. Analysts have an average target of \$190 and short interest is minimal at 0.6% of the float.

1H21	JNJ-4528 (BCMA CAR-T)	Potential submission in multiple myeloma (EU)
2021	Xarelto	Potential submission in pediatric VTE (US)
2021	ZeJula	Potential filing in mCRPC
2021	Imbruvica	Ph3 data in 1L chronic lymphocytic leukemia (GLOW)
2021	Erleada	Potential filing for localized prostate cancer
2021	Imbruvica	Potential filing for 1L chronic lymphocytic leukemia (GLOW)
2021	Opsumit	Potential filing for fontan-palliated patients
2021	Uptravi	Potential approval for pulmonary arterial hypertension IV (US)
2021	Amivantimab	Potential approval in NSCLC (US)
2021	Darzalex	Potential approval in relapsed refractory MM with PomDex
2021	Xarelto	Potential approval in infrainguinal revascular PAD (US)
2021	Xarelto	Potential approval in pediatric VTE (US)
2021	Stelara	Ph3 data in Crohn's disease (SEAVUE; H2H vs. Humira)
2021	Paliperidone	Ph3 data for 6-month long-acting schizophrenia maintenance treatment
2021	Xarelto	Ph3 data in COVID-19 MI (PREVENT-HD)
2021	Tesnatilamab (Anti-NKG2D)	Ph2 data in Crohn's disease (TRIDENT)
2021	Darzalex	Potential approval in amyloidosis (EU)
2021	JNJ-4528 (BCMA CAR-T)	Ph2 data from longer term CARTITUDE -1 study in multiple myeloma
2021	Paliperidone	Potential approval for 6-month long-acting schizophrenia maintenance treatment
2H21	JNJ-4528 (BCMA CAR-T)	Potential approval in multiple myeloma (US)
2H21	Ad26.COV2.S (VAC31518)	Ph3 data for two dose trial (ENSEMBLE 2)
2H21	HIV vaccine	Ph2b data from Imbokodo in women
2H21	Factor XIa (with BMY)	Ph2 data in total knee replacement (POC)
Nov 18, 2021	-	Pharma business review
2023	HIV vaccine	Initial Ph3 data from Mosaico in men

Options Activity:

Date	Description	Volum	Open_In	Price	Delt	Impl Vo	Prob.ITM	Premium Pai	Symbol	Current Price	Current OI	Price Change	OI Differential
5/4/2021	JNJ 100 21 JAN 22 175 PUT	750	77	\$17.00	-0.64	17.56%	70.97%	\$1,275,000	JNJ220121P175	\$17.00	803	0.00%	-2.90%
5/3/2021	JNJ 100 15 OCT 21 160 CALL	1,002	775	\$9.85	0.6	18.46%	53.65%	\$991,980	JNJ211015C160	\$11.30	1570	14.72%	-11.65%
4/22/2021	JNJ 100 20 JAN 23 200 CALL	2,120	529	\$4.66	0.22	19.91%	15.20%	\$1,049,400	JNJ230120C200	\$5.10	2678	9.44%	1.09%
4/22/2021	JNJ 100 20 JAN 23 130 PUT	2,101	1,001	\$6.15	-0.2	21.52%	29.40%	\$1,292,115	JNJ230120P130	\$5.72	3479	-6.99%	12.15%
4/14/2021	JNJ 100 (Weeklys) 14 MAY 21 160 PUT	1,036	37	\$3.40	-0.52	16.07%	54.45%	\$352,240	JNJ210514P160	\$0.19	973	-94.41%	-9.32%
4/8/2021	JNJ 100 17 SEP 21 155 CALL	1,506	286	\$11.82	0.67	18.18%	60.58%	\$1,731,900	JNJ210917C155	\$14.35	1966	21.40%	9.71%
4/1/2021	JNJ 100 20 JAN 23 175 CALL	884	277	\$10.35	0.39	19.87%	28.95%	\$945,880	JNJ230120C175	\$10.55	1055	1.93%	-9.13%
3/30/2021	JNJ 100 17 JUN 22 150 CALL	1,002	335	\$21.45	0.67	21.77%	56.32%	\$2,149,290	JNJ220617C150	\$18.40	1328	-14.22%	-0.67%
3/29/2021	JNJ 100 16 JUL 21 170 CALL	2,154	1,866	\$4.34	0.4	17.49%	36.18%	\$936,990	JNJ210716C170	\$3.50	5505	-19.35%	36.94%
3/22/2021	JNJ 100 21 MAY 21 170 CALL	6,777	2,215	\$1.30	0.2	17.95%	18.37%	\$880,880	JNJ210521C170	\$1.31	16976	0.77%	88.79%
3/17/2021	JNJ 100 21 MAY 21 165 PUT	7,010	218	\$7.70	-0.63	18.08%	65.79%	\$5,397,700	JNJ210521P165	\$1.20	9525	-84.42%	31.78%
3/17/2021	JNJ 100 21 MAY 21 165 CALL	7,047	1,712	\$3.95	0.4	21.62%	36.17%	\$2,818,800	JNJ210521C165	\$3.90	17474	-1.27%	99.50%
3/5/2021	JNJ 100 21 MAY 21 140 PUT	1,705	249	\$1.75	-0.169	26.06%	20.09%	\$298,375	JNJ210521P140	\$0.02	3146	-98.86%	61.00%
3/3/2021	JNJ 100 18 JUN 21 165 PUT	2,000	2,666	\$13.06	-0.69	19.64%	73.15%	\$2,612,000	JNJ210618P165	\$3.01	3209	-76.95%	-31.23%
2/23/2021	JNJ 100 21 MAY 21 160 PUT	1,136	28	\$6.35	-0.47	20.56%	51.68%	\$721,360	JNJ210521P160	\$0.31	5838	-95.12%	401.55%
2/19/2021	JNJ 100 21 MAY 21 170 PUT	1,139	0	\$11.30	-0.63	21.34%	67.55%	\$1,287,070	JNJ210521P170	\$3.50	1277	-69.03%	12.12%
2/3/2021	JNJ 100 17 JUN 22 155 CALL	1,801	1,951	\$17.90	0.57	24.45%	44.81%	\$3,223,790	JNJ220617C155	\$16.14	1980	-9.83%	-47.23%
2/2/2021	JNJ 100 16 JUL 21 180 CALL	2,375	383	\$3.60	0.24	23.51%	19.81%	\$855,000	JNJ210716C180	\$0.85	4140	-76.39%	50.11%
1/29/2021	JNJ 100 20 JAN 23 160 PUT	619	76	\$24.00	-0.43	24.93%	59.10%	\$1,485,600	JNJ230120P160	\$15.60	1032	-35.00%	48.49%

Potential Catalysts: Bernstein Conference 6-3-21; BAML Conference 5-11-21

Disclaimer:

Not Investment Advice or Recommendation

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