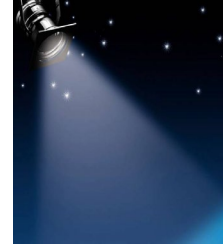


SPOTLIGHT OPTION TRADE



Buy Puts in Broken Homebuilder Uptrends with Room to Fall Further on Rates

TRADE SNAPSHOT

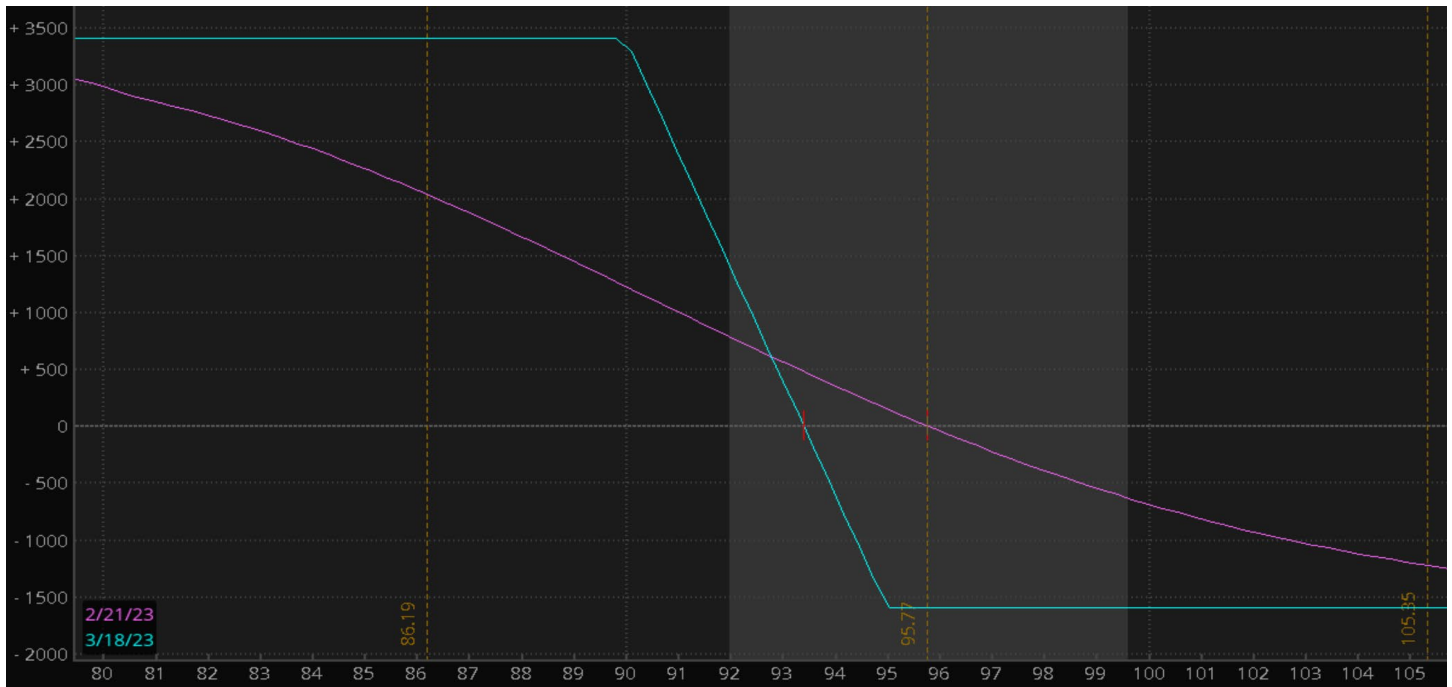
TICKER	LEN
SECURITY	Lennar
SECTOR	Cyclical - Homebuilder
CURRENT PRICE	\$95.77
LONG/SHORT	Short
TARGET	\$90 or Lower
STOP	\$103
TIMEFRAME	1 Month

Trading Strategy: Long LEN March \$95/\$90 Put Spreads at \$1.50 Debit

Net Debit/Credit: Debit 1.50

Profitability Zone: LEN Below \$93.50 on March OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: LEN could bounce a bit off this 55-MA but ultimately a broken uptrend that needs to rest lower, the 50% retrace at \$89.70 a target that lines up near VWAP off the October lows and retest of a key volume breakout.



Fundamental Analysis: Lennar is the second largest homebuilder in the United States by deliveries, revenues and net earnings, an originator of residential and commercial mortgage loans, a provider of title insurance and closing services and a developer of multifamily rental properties. LEN has a \$28B market cap and on the surface looks cheap at 7.5X EBITDA and 9.5X Earnings but with cyclicals you want to sell low valuation and buy high valuation. LEN revenues are seen down 17.6% in 2023 with EPS down 41.7% as it hit peak cycle and housing now weak with affordability declining as mortgage rates have surged while also facing labor and other cost pressures. Analysts have an average target of \$110 and short interest is low at 3.2% of the float. RBC cut shares to Underperform on 1/13 with a \$76 target seeing downside risks to the Spring selling season and weaker margins.

Options Activity:

Date	Ticker	Contract	Volume	Price	OI	Delta	IV	Premium	Last	Current OI ▾	▲ Price %
01-24-2023	LEN	LEN 100 17 MAR 23 90 PUT	5,136	\$1.7	130	-0.21	35.37%	\$898,800	\$1.62	5,728	▼ 4.71%
09-20-2022	LEN	LEN 100 17 JAN 25 37.5 PUT	2,700	\$3.58	0	-0.08	48.07%	\$966,600	\$1.3	5,045	▼ 63.69%
11-16-2022	LEN	LEN 100 19 MAY 23 75 PUT	2,016	\$5.2	333	-0.27	44.68%	\$1,088,640	\$0.95	2,515	▲ 81.73%
01-30-2023	LEN	LEN 100 17 MAR 23 100 PUT	1,960	\$4.5	143	-0.46	32.81%	\$882,000	\$5.85	2,159	▲ 30%
01-24-2023	LEN	LEN 100 17 MAR 23 87.5 PUT	1,356	\$1.2	400	-0.16	35.67%	\$183,060	\$1.02	1,755	▼ 15%
02-09-2022	LEN	LEN 100 19 JAN 24 50 PUT	1,558	\$2.7	0	-0.08	40.89%	\$420,660	\$1.1	1,724	▼ 59.26%
01-12-2023	LEN	LEN 100 19 JAN 24 60 PUT	1,333	\$2.25	156	-0.09	47.45%	\$319,920	\$2	1,658	▼ 11.11%
01-23-2023	LEN	LEN 100 18 AUG 23 90 PUT	1,080	\$6.17	134	-0.30	35.53%	\$658,800	\$6.3	1,473	▲ 2.11%
01-23-2023	LEN	LEN 100 18 AUG 23 70 PUT	1,080	\$1.74	41	-0.10	41.87%	\$194,400	\$1.65	1,324	▲ 5.17%
01-24-2023	LEN	LEN 100 19 JAN 24 97.5 PUT	625	\$11.59	87	-0.40	34.06%	\$731,250	\$12.2	1,297	▲ 5.26%

Potential Catalysts: Earnings Mid-March; Housing Numbers

Disclaimer:

Not Investment Advice or Recommendation

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