

## SPOTLIGHT OPTION TRADE



### Bull Put Spreads in Oversold Financial Services Leader

#### TRADE SNAPSHOT

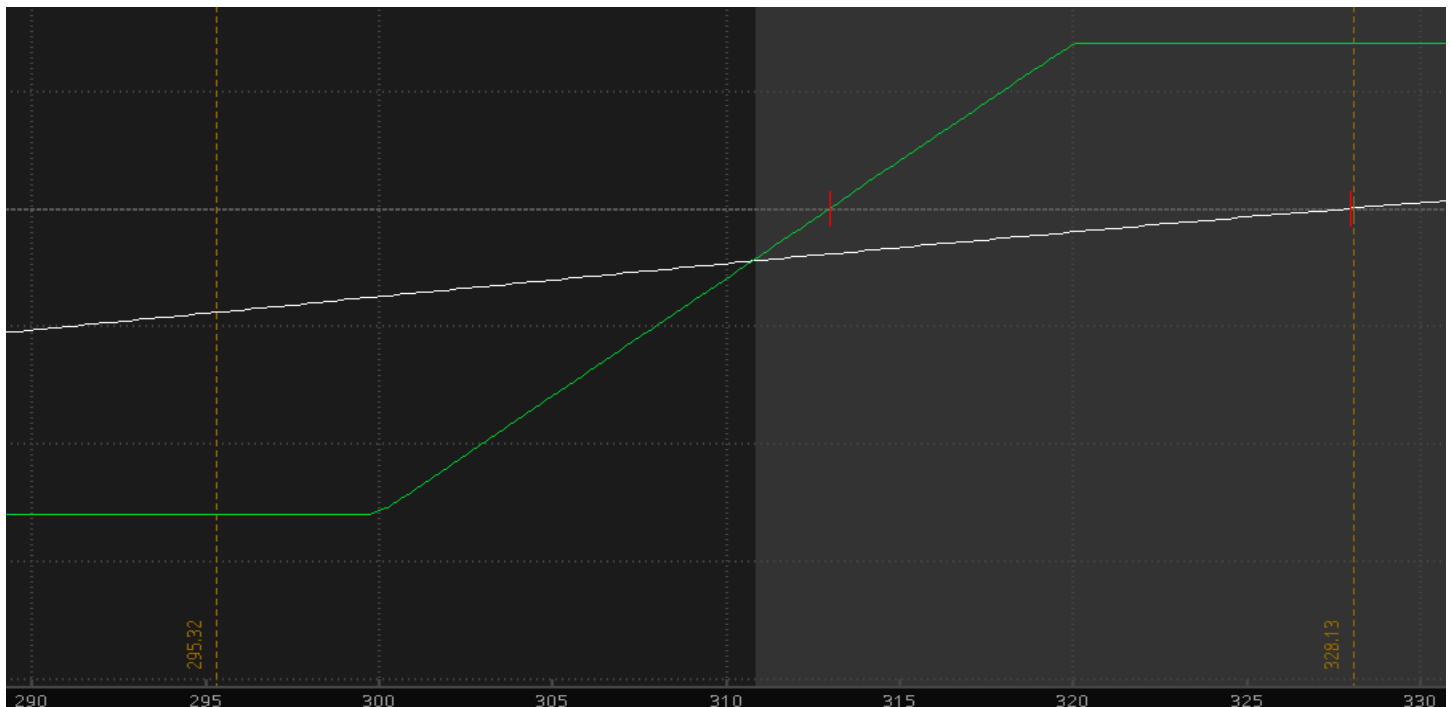
TICKER	MA
SECURITY	MasterCard
SECTOR	Financial – Credit Services
CURRENT PRICE	\$328
LONG/SHORT	Long Bias
TARGET	> \$320
STOP	\$293
TIMEFRAME	2 Months

**Trading Strategy:** Sell the MA May \$320/\$300 Put Spread for a \$7 Credit

**Net Debit/Credit:** Credit of \$7

**Profitability Zone:** MA Above \$313 on May OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** MA shares are testing a major support range low and 38.2% Fibonacci as well as a rising 144-week moving average that has been supportive in past corrections.



**Fundamental Analysis:** MA has a market cap of \$330.6B and trades 25X Earnings, 45X FCF and 24X EBITDA with revenues seen rising 15-20% annually and EBITDA growing at a 20%+ forward CAGR putting it firmly in the quality compounder list. MA shares have come under pressure the past month with concerns over Ukraine/Russia and the impact to the Eurozone economy but is coming off a strong quarter with cross-border spending now above pre-pandemic levels. MA disclosed its exposure to Russia and Ukraine, stating in a filing that the countries made up 4% and 2% of 2021 revenues, respectively. The greater risk stems from the possibility of a recession or significant economic impacts in other important European markets. MA has focused on scaling new products and developing new partnerships over the last year which has entrenched their services even further into the fintech ecosystem and positioned them well for the next 2-3 years. The WSJ reported earlier this week that MA/V are ready to raise fees to large merchants that are likely to start in April. Analysts have an average target of \$430 and short interest is minimal at 0.7% of the float. I see the quick 20% fall in MA shares as pricing in the worst quickly and expect shares to stabilize with major upside if we get a resolution out of Ukraine/Russia easing pressures on the European economies.

### Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI
3/1/2022	MA 100 (Weeklys) 1 APR 22 400 CALL	1,252	9	\$1.64	0.12	34.45%	9.88%	\$343,048	.MA220401C400	\$0.45	2,050
2/18/2022	MA 100 20 JAN 23 400 CALL	2,606	2,699	\$33.00	0.46	31.46%	34.81%	\$9,094,940	.MA230120C400	\$15.20	5,216
2/18/2022	MA 100 20 JAN 23 450 CALL	2,600	1,470	\$16.60	0.3	29.60%	20.86%	\$4,862,000	.MA230120C450	\$6.73	4,073
2/18/2022	MA 100 18 MAR 22 370 PUT	2,080	784	\$12.63	-0.47	33.67%	50.82%	\$2,808,000	.MA220318P370	\$41.40	2,510
2/17/2022	MA 100 20 JAN 23 400 CALL	1,111	1,742	\$35.20	0.47	31.78%	35.21%	\$4,021,820	.MA230120C400	\$15.20	5,216
2/17/2022	MA 100 20 MAY 22 365 PUT	1,050	79	\$20.34	-0.41	33.46%	47.38%	\$2,157,750	.MA220520P365	\$44.32	1,356
2/17/2022	MA 100 20 JAN 23 450 CALL	1,120	403	\$18.30	0.31	30.10%	21.31%	\$2,150,400	.MA230120C450	\$6.73	4,073
2/17/2022	MA 100 20 MAY 22 360 PUT	1,084	116	\$18.42	-0.38	33.94%	44.30%	\$2,016,240	.MA220520P360	\$40.45	1,323
2/8/2022	MA 100 14 APR 22 395 CALL	501	152	\$10.92	0.36	30.09%	31.64%	\$576,150	.MA220414C395	\$0.89	871
1/28/2022	MA 100 17 JUN 22 330 PUT	2,607	1,292	\$12.85	-0.221	35.56%	29.23%	\$3,349,995	.MA220617P330	\$26.75	2,436
11/30/2021	MA 100 18 MAR 22 320 CALL	1,669	328	\$19.65	0.48	34.62%	40.46%	\$3,338,000	.MA220318C320	\$13.85	1,591
11/23/2021	MA 100 15 JUL 22 320 CALL	229	4	\$34.00	0.56	32.32%	45.64%	\$796,920	.MA220715C320	\$26.08	239
11/23/2021	MA 100 17 JUN 22 300 CALL	207	109	\$43.14	0.66	33.35%	56.14%	\$915,975	.MA220617C300	\$41.10	148

**Potential Catalysts:** Earnings Late April; Ukraine/Russia Resolution

## **Disclaimer:**

### **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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