

SPOTLIGHT OPTION TRADE



McDonald's Sets Up for Trend Move to New Highs

TRADE SNAPSHOT

| | |
|---------------|------------------------------|
| TICKER | MCD |
| SECURITY | McDonald's Corp. |
| SECTOR | Consumer – Restaurants – QSR |
| CURRENT PRICE | \$185.33 |
| LONG/SHORT | Long |
| TARGET | \$200 |
| STOP | \$178 |
| TIMEFRAME | 2 Months |

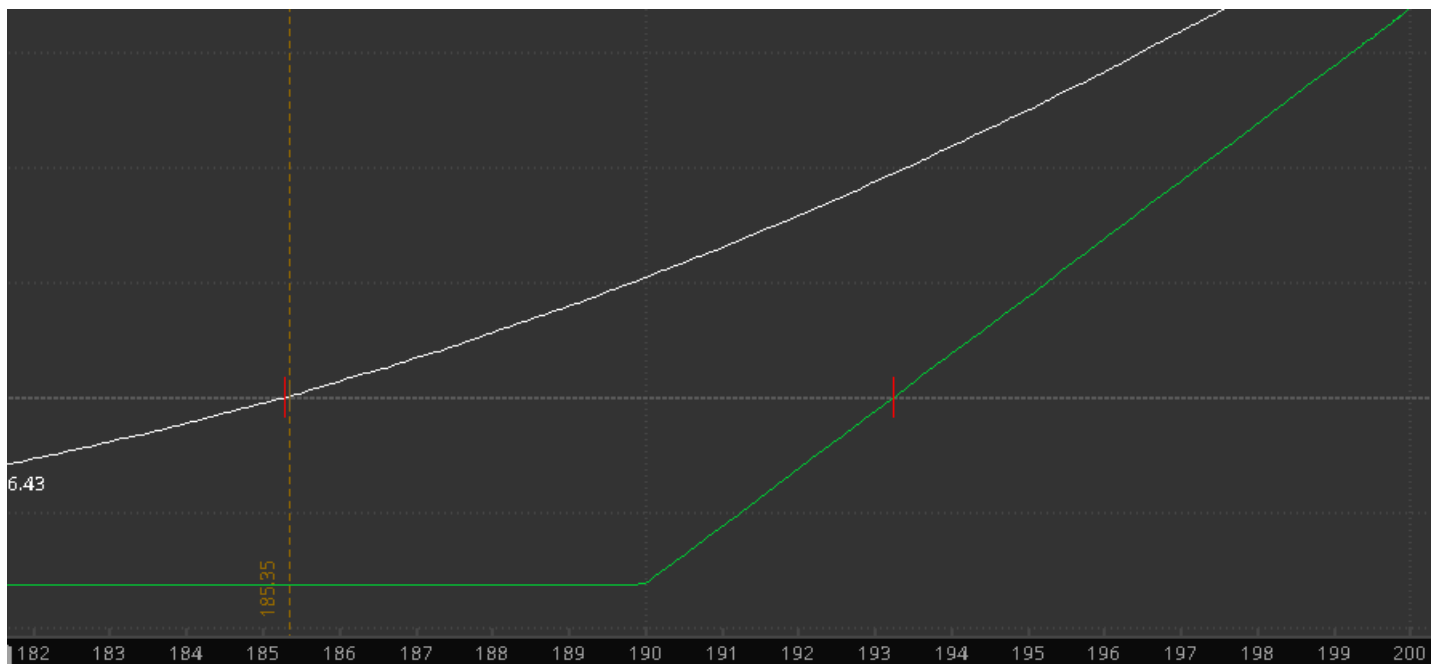
Trading Strategy: Long the **MCD** May \$190 Calls \$3.25 or Better

Net Debit/Credit: Debit of \$3.25

Profitability Zone: MCD Shares Above \$193.25 on May OpEx

Greeks: Delta 39; Gamma 3; Vega 29; Theta -4

Options Volatility / Trade Simulator View:





Technical Analysis: MCD shares forming a weekly bull pennant with weekly RSI successfully testing and holding the 50 RSI level and now MACD looking for a bull crossover.



Fundamental Analysis: The \$142.65B quick-service restaurant trades 21X Earnings, 6.8X Sales and 16X EBITDA with a 2.5% dividend yield. MCD's outlook is a bit deceptive as it is in a transition moving to a more asset-light model. It is coming off another strong quarter with +4.4% global comps. MCD continues to roll out new initiatives to drive better traffic, tickets and profitability. A tighter labor market with rising wages is one headwind MCD is facing. Analysts have an average target of \$198 on shares with short interest low at 0.8% of the float. MSCO upgraded shares in November with a \$210 target noting the "McDonald's of the Future" and highlighting benefits of modernization efforts. Stephens upgraded to Overweight on 2-19 with a \$200 target seeing the core US business accelerating and recently lowered expectations provides room for upside surprises throughout 2019. Hedge Fund ownership rose 2.2% in Q4 filings.

Options Activity:

| Date | Description | Volume | Open.Int | Price | %Change | Delta | Impl Vol | Prob.ITM | Premium Paic | Symbol |
|-----------|-------------------------------------|--------|----------|--------|---------|-------|----------|----------|--------------|----------------|
| 3/7/2019 | MCD 100 17 MAY 19 180 PUT | 1,247 | 414 | \$4.65 | 3.33% | -0.43 | 16.95% | 46.69% | \$585,620 | .MCD190517P180 |
| 3/7/2019 | MCD 100 17 MAY 19 175 PUT | 1,280 | 911 | \$3.01 | 3.79% | -0.31 | 18.12% | 33.62% | \$387,960 | .MCD190517P175 |
| 3/4/2019 | MCD 100 (Weeklys) 5 APR 19 190 CALL | 14,739 | 80 | \$0.87 | -17.14% | 0.18 | 16.31% | 16.48% | \$1,267,554 | .MCD190405C190 |
| 3/4/2019 | MCD 100 17 MAY 19 180 CALL | 1,536 | 396 | \$7.50 | -17.58% | 0.55 | 19.95% | 51.67% | \$1,152,000 | .MCD190517C180 |
| 3/4/2019 | MCD 100 18 APR 19 185 CALL | 1,962 | 2,387 | \$2.95 | -28.05% | 0.39 | 16.66% | 37.01% | \$572,904 | .MCD190418C185 |
| 3/4/2019 | MCD 100 17 MAY 19 185 CALL | 1,093 | 1,160 | \$5.00 | -17.63% | 0.45 | 18.71% | 41.55% | \$546,500 | .MCD190517C185 |
| 3/4/2019 | MCD 100 (Weeklys) 5 APR 19 195 CALL | 17,097 | 1 | \$0.26 | -7.14% | 0.07 | 17.06% | 6.04% | \$512,910 | .MCD190405C195 |
| 2/27/2019 | MCD 100 18 APR 19 195 CALL | 6,158 | 1,227 | \$0.58 | -4.92% | 0.12 | 13.84% | 11.06% | \$375,638 | .MCD190418C195 |
| 2/22/2019 | MCD 100 (Weeklys) 5 APR 19 180 PUT | 641 | 2 | \$2.75 | -6.14% | -1 | -- | 100.00% | \$176,275 | .MCD190405P180 |
| 2/19/2019 | MCD 100 17 MAY 19 185 CALL | 775 | 7 | \$4.15 | 18.57% | 0.4 | 17.16% | 36.71% | \$321,625 | .MCD190517C185 |
| 2/15/2019 | MCD 100 15 MAR 19 180 CALL | 1,402 | 3,149 | \$2.07 | 75.42% | 0.42 | 13.67% | 41.05% | \$290,214 | .MCD190315C180 |
| 2/14/2019 | MCD 100 15 MAR 19 175 CALL | 1,072 | 1,091 | \$3.48 | 54.67% | 0.55 | 13.98% | 53.82% | \$359,120 | .MCD190315C175 |
| 1/9/2019 | MCD 100 21 JUN 19 200 CALL | 1,423 | 1,481 | \$2.53 | -8.99% | 0.21 | 18.39% | 17.99% | \$372,826 | .MCD190621C200 |

Potential Catalysts: Earnings 4-29-19

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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