



FEATURED OPTIONS RADAR REPORT



Call Buyer Positions for Sharp Upside Move in Database Software Leader

Ticker/Price: MDB (\$360.50)

Analysis:

MongoDB (MDB) traded nearly 8000 calls on 7/27 which is 4X daily average and there was a focus on the August \$400 OTM calls that saw hot buying early and traded 5000X on the day. MDB has some weekly \$360 calls in open interest from a 6/30 buyer still though otherwise has seen minimal activity, a lot of longer-dated put sales opened in March, April and May. MDB shares have formed a large cup and handle pattern and above \$383.50 can make a big run to challenge highs from earlier this year. MDB will not report until early September so this positioning is not earnings-driven. MDB is a leading cross-platform document-oriented database and popular tool for modern apps. They also have their Atlas program which is a global cloud database used with AWS, Azure and GCP. IDC sees the database market as one of the largest in software at \$68B in 2020 and growing to \$106B in 2024. The \$22.66B company trades 29X FY22 EV/Sales with revenues seen growing 33% in 2022 after 40% growth in 2021 and though trading at a premium valuation its market cap compared to the opportunity remains very small and makes it a potential large M&A target. Analysts have an average target of \$390 with short interest at 9.4% of the float. Goldman rates shares a Buy and raised its target to \$385 on 7/13 positive on new product announcements and expects the NoSQL database market poised to go mainstream and sees a \$6B revenue opportunity longer-term for MDB. MongoDB is already tracking to add incrementally as much database revenue as Oracle driven by innovations on the core platform with the release of MongoDB 5.0 with critical features, including native time series, live resharding, and serverless database (preview) which would make it the first pure play database company to go mainstream and hit \$1bn in revenues in the past decade. MongoDB is well positioned to continue to capture market share in one of the largest and most strategic TAMs in enterprise software as digital transformation and public cloud adoption remain top priorities. Canaccord raised its target to \$395 on 7/14 as a top software growth play as data grows exponentially. Macquarie has a \$400 target and notes the company is building a war chest for strategic investments. Hedge Fund ownership fell 2.5% in the latest quarterly filings, Whale Rock a notable top holder.

Hawk Vision:



Hawk's Perspective: MDB has always been a favorite growth name and despite the valuation believe it is one to own for the long-term, for swing trades watch here for continuation higher.

Confidence Ranking: \$\$