



FEATURED OPTIONS RADAR REPORT



MGM Call Buyer Sees New 52-Week Highs

Ticker/Price: MGM \$31.20

Analysis:

MGM Resorts (MGM) with 5,000 March \$34 calls opening today for \$1.42, shares consolidating near recent highs, and follows buyers in the March \$33 calls and put sales across the Jan. 2023 and Jan. 2022 expirations recently. MGM still has some large put sales in open interest in June as well, the \$27 strike over 6000X. Shares are consolidating near recent highs under \$31.75 and a breakout has room back to the February 2020 highs around \$34 and then out of a big four-year range. The \$15.35B company trades 10.9X earnings, 2.2X sales, and 3.3X cash with expectations for a big rebound in 2021 as vaccinations become more pervasive and casino floors and entertainment benefit from pent-up demand. MGM is entering 2021 with a lot of potential levers to boost shareholder value and a news-heavy name lately with sports betting moving forward in New York, Snow Lake urging the company to explore selling a stake in their China business, and their recent offer for Entain which they eventually walked away. They've improved corporate governance practices, added a new CEO and Chairman in the last twelve months, and expecting to move forward in 2021 with moves focused on improving the balance sheet and long-term growth as the pandemic headwinds ease. Analysts have an average target for shares of \$21 and Street High \$32 from Truist. Macquarie positive recently noting that while near-term trends for Vegas remain weak, checks on longer-term bookings look solid into the Spring with 15% growth in the next 60-90 day time period versus its range of down low double digits over the last several months. They also note the recent CFO pick is a positive as given his extensive background, experience in leading companies undergoing strategic transformations and familiarity with merger conversations. Short interest is 4.25% and down from 10% in September. Hedge fund ownership fell 13% in Q3, Corvex remains a top holder with 22.5M shares while Southeastern Asset Management also a notable position.

Hawk Vision:



Hawk's Perspective: MGM is certainly interesting with all of the different avenues for them to pursue and the chart sets up well with an alert set for \$31.65 out of December value

Confidence Ranking: \$\$