

SPOTLIGHT OPTION TRADE



Micron Attractive on Earnings Gap Fill as Memory Demand Surges

TRADE SNAPSHOT

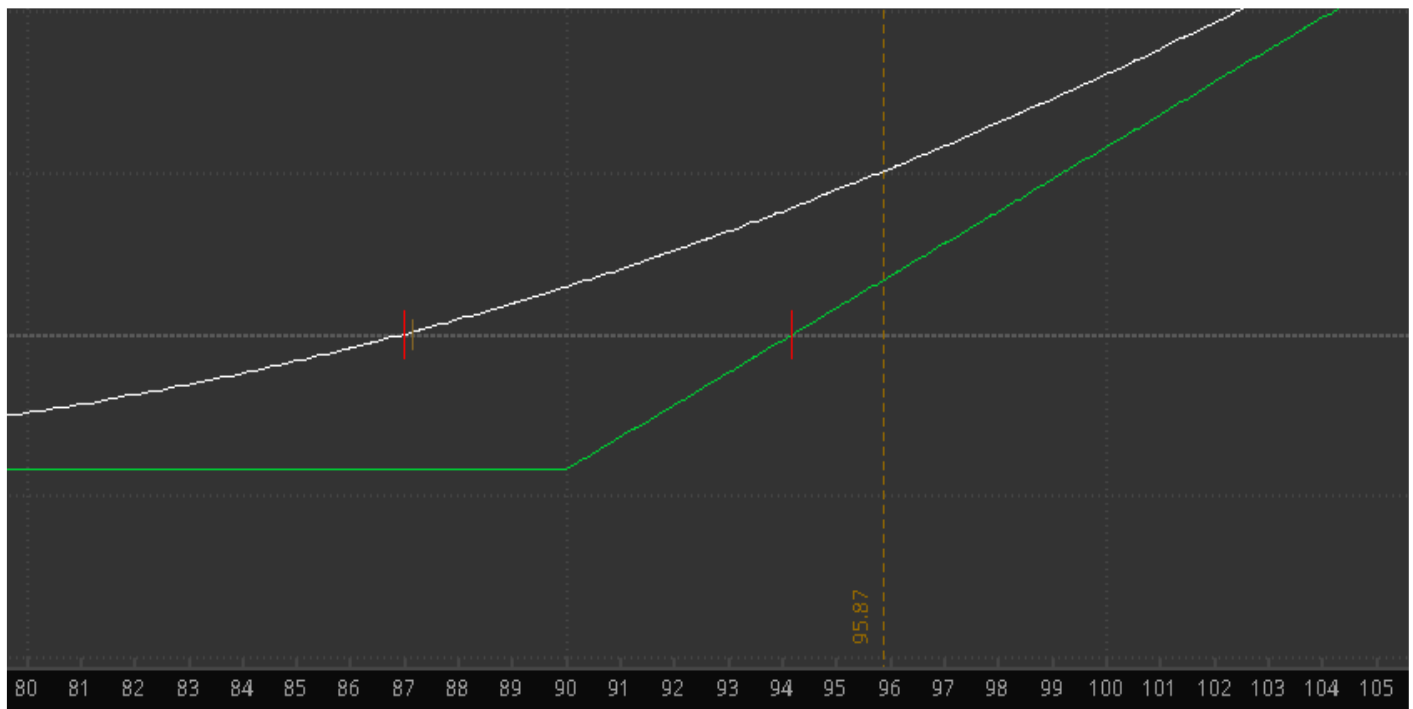
TICKER	MU
SECURITY	Micron Tech
SECTOR	Tech – Semiconductors - Memory
CURRENT PRICE	\$87.50
LONG/SHORT	Long
TARGET	\$100
STOP	\$83
TIMEFRAME	2 Months

Trading Strategy: Long the **MU** June \$90 Calls at \$4.20 or Better

Net Debit/Credit: Debit \$4.20

Profitability Zone: MU Above \$94.20 on June OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: MU has pulled back to fill the earnings gap and sits just above VWAP from late December lows and above a key volume node and trend support. MU also tested YTD VPOC on 4/20 and bounced.



Fundamental Analysis: Micron designs and manufactures the industry's broadest portfolio of memory and storage products for the latest applications, including artificial intelligence, 5G, machine learning and autonomous vehicles, in key market segments like mobile, data center, client, consumer, industrial, graphics, automotive, and networking. Its broad portfolio of high-performance memory and storage technologies, including DRAM, NAND, 3D XPoint memory, and NOR, is transforming how the world uses information. MU currently has a market cap of \$97.7B and trades 8.15X Earnings, 4.15X Sales and 5X FY22 EBITDA. MU revenues are seen rising 25.5% in 2021 and 31.5% in 2022 and is a very cyclical name though this cycle looks likely to last longer than expected and it continues to see strong demand and pricing resulting in higher ASPs. Bloomberg reported on 4/1 that Micron and Western Digital were looking at a potential \$30B deal for Kioxia but recent reports indicate an IPO is more likely. Management expects CY2021 industry DRAM bit demand growth of ~20% (up from high-teens prior), and for demand to exceed supply as low inventory and disciplined 2020 industry capex result in further tightening through 2021. Analysts have an average target of \$110 and short interest minimal at 2% of the float. JPM raised its target to \$140 on 4/1 on solid execution and a favorable supply/demand outlook. SIG raised its target to \$150 seeing further upside to operating margins. Hedge Fund ownership rose more than 6% in the latest filings with notable concentrated holders including Appaloosa, Matrix, and Baupost.

Options Activity:

Date	Description	Volume	Open Int	Price	Delt	Impl Vo	Prob. ITM	Premium Paid	Symbol
4/20/2021	MU 100 20 AUG 21 90 CALL	1,093	138	\$6.75	0.49	38.93%	40.34%	\$748,705	.MU210820C90
4/20/2021	MU 100 16 JUL 21 90 CALL	14,042	5,423	\$5.80	0.48	40.52%	40.12%	\$8,214,570	.MU210716C90
4/20/2021	MU 100 16 JUL 21 85 CALL	2,372	907	\$8.05	0.59	40.39%	51.56%	\$1,933,180	.MU210716C85
4/16/2021	MU 100 18 JUN 21 97.5 CALL	2,616	1,731	\$3.05	0.35	36.18%	29.99%	\$797,880	.MU210618C97.5
4/16/2021	MU 100 (Weeklys) 14 MAY 21 70 CALL	1,010	314	\$20.60	0.98	43.84%	97.89%	\$2,121,000	.MU210514C70
4/14/2021	MU 100 20 AUG 21 80 PUT	900	44	\$3.50	-0.25	39.79%	32.61%	\$328,500	.MU210820P80
4/14/2021	MU 100 18 JUN 21 97.5 CALL	1,118	567	\$3.40	0.37	36.73%	31.49%	\$385,710	.MU210618C97.5
4/13/2021	MU 100 17 JUN 22 97.5 CALL	1,052	65	\$14.75	0.54	42.08%	36.13%	\$1,551,700	.MU220617C97.5
4/12/2021	MU 100 21 JAN 22 95 PUT	1,365	489	\$13.30	-0.42	40.34%	56.67%	\$1,822,275	.MU220121P95
4/12/2021	MU 100 17 JUN 22 100 CALL	4,007	837	\$15.70	0.55	41.90%	37.38%	\$6,351,095	.MU220617C100
4/12/2021	MU 100 15 OCT 21 140 CALL	1,620	63	\$1.52	0.12	41.35%	7.41%	\$257,580	.MU211015C140
4/9/2021	MU 100 18 JUN 21 92.5 PUT	5,034	634	\$4.70	-0.396	35.16%	45.72%	\$2,365,980	.MU210618P92.5
4/9/2021	MU 100 18 JUN 21 92.5 CALL	5,154	2,405	\$7.50	0.602	36.75%	53.82%	\$3,865,500	.MU210618C92.5
4/9/2021	MU 100 17 JUN 22 100 CALL	601	312	\$15.20	0.546	41.29%	36.90%	\$913,520	.MU220617C100
4/5/2021	MU 100 18 JUN 21 100 CALL	10,320	5,341	\$4.05	0.39	38.51%	32.30%	\$4,231,200	.MU210618C100
4/5/2021	MU 100 15 OCT 21 92.5 CALL	6,214	1,011	\$12.04	0.58	41.90%	45.94%	\$7,518,940	.MU211015C92.5
4/5/2021	MU 100 (Weeklys) 23 APR 21 60 CALL	1,400	1	\$33.15	0.99	91.02%	98.01%	\$4,788,000	.MU210423C60
4/1/2021	MU 100 21 MAY 21 95 CALL	7,335	3,595	\$4.43	0.46	38.62%	40.59%	\$3,264,075	.MU210521C95
4/1/2021	MU 100 21 MAY 21 110 CALL	14,347	1,212	\$0.91	0.14	39.32%	10.85%	\$1,334,271	.MU210521C110
3/26/2021	MU 100 21 MAY 21 87.5 PUT	10,058	2,827	\$5.94	-0.45	44.00%	52.00%	\$5,974,452	.MU210521P87.5
3/26/2021	MU 100 21 MAY 21 87.5 CALL	10,189	12,176	\$6.45	0.55	45.00%	48.00%	\$6,571,905	.MU210521C87.5
3/24/2021	MU 100 17 SEP 21 67.5 PUT	1,451	870	\$2.99	-0.18	43.74%	27.34%	\$442,555	.MU210917P67.5
3/23/2021	MU 100 21 MAY 21 87.5 CALL	9,799	907	\$5.15	0.48	43.78%	40.98%	\$5,046,485	.MU210521C87.5
3/23/2021	MU 100 21 MAY 21 80 PUT	2,147	1,793	\$3.00	-0.28	44.29%	34.29%	\$654,835	.MU210521P80
3/22/2021	MU 100 20 JAN 23 120 CALL	772	95	\$13.60	0.45	45.57%	23.06%	\$1,111,680	.MU230120C120
3/17/2021	MU 100 21 MAY 21 97.5 CALL	1,079	517	\$4.80	0.41	46.38%	33.45%	\$523,315	.MU210521C97.5
3/17/2021	MU 100 21 MAY 21 95 CALL	1,724	1,112	\$6.37	0.49	47.71%	40.53%	\$1,111,980	.MU210521C95
3/17/2021	MU 100 21 MAY 21 100 CALL	5,171	1,495	\$5.30	0.42	47.30%	34.82%	\$2,766,485	.MU210521C100
3/16/2021	MU 100 21 MAY 21 105 CALL	2,042	485	\$3.13	0.29	47.32%	22.56%	\$639,146	.MU210521C105
3/16/2021	MU 100 21 JAN 22 135 CALL	1,126	850	\$4.60	0.24	45.12%	13.27%	\$523,590	.MU220121C135
3/15/2021	MU 100 18 JUN 21 77.5 PUT	6,000	1,901	\$4.05	-27.00%	48.26%	35.70%	\$2,490,000	.MU210618P77.5

Potential Catalysts: No Scheduled Events – Next Earnings Late June

Disclaimer:

Not Investment Advice or Recommendation

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