



## FEATURED OPTIONS RADAR REPORT



### Bullish Open Interest Accumulates in Memory Leader

Ticker/Price: MU (\$71.25)

#### Analysis:

**Micron (MU)** today with a buyer of 5,000 September \$72.50/\$82.50 call spreads for \$1.95, some Aug. 27<sup>th</sup> (W) calls adjusting, and name that has seen a lot of bullish flow recently including sellers of more than 9,000 Sept. 2022 \$60 puts and buyers in the March \$75 calls for more than \$1.5M. MU has size in the October \$75 calls as well from recent buyers, over 8000X for \$5M+ and the October \$80 calls over 16,500X as well as bullish calls and put sales across November and December too. Shares are back at the 38.2% Fibonacci of the big rally from the March 2020 lows. VWAP from the March lows is down near \$65. The \$79B company trades 6.25X earnings, 3.1X sales, and 9.45X cash with a small yield. MU has been weak recently on some concerns over DRAM pricing but comments from Apacer last week should allay some fears as they note that pricing has been holding up well recently. MU was at the Keybank conference on 8/10 and said the company continues to see robust cloud demand while auto is rebounding as well, helping support positive trends in both DRAM and NAND. MU also thinks that mobile will strengthen into the early 2022 cycle while lower inventories on the distribution side puts them in a strong position into the 2H. MU has longer-term drivers from 5G, EVs and many other notable secular trends and their CEO in July noted they're the most diversified ever in terms of end-market exposure. Analysts have an average target for shares of \$112 with a Street High \$150. Morgan Stanley cutting shares to Neutral recently seeing a downturn in DRAM pricing and signs of caution into the second half of the year. Citi positive on their capital return plan and thinks it should increase over time as their profitability has improved significantly. Short interest is 2.4%. Hedge fund ownership fell 5% last quarter. Sanders Capital adding another 3M shares.

#### Hawk Vision:



**Hawk's Perspective:** MU looks vulnerable to another leg lower here under \$69.50 but like the value back around that \$65-\$60 area which should be supportive with the put sales in OI and on watch for a reversal day to work against

**Confidence Ranking:** \$\$