

SPOTLIGHT OPTION TRADE



Buy the Gold Miner Dip with Newmont

TRADE SNAPSHOT

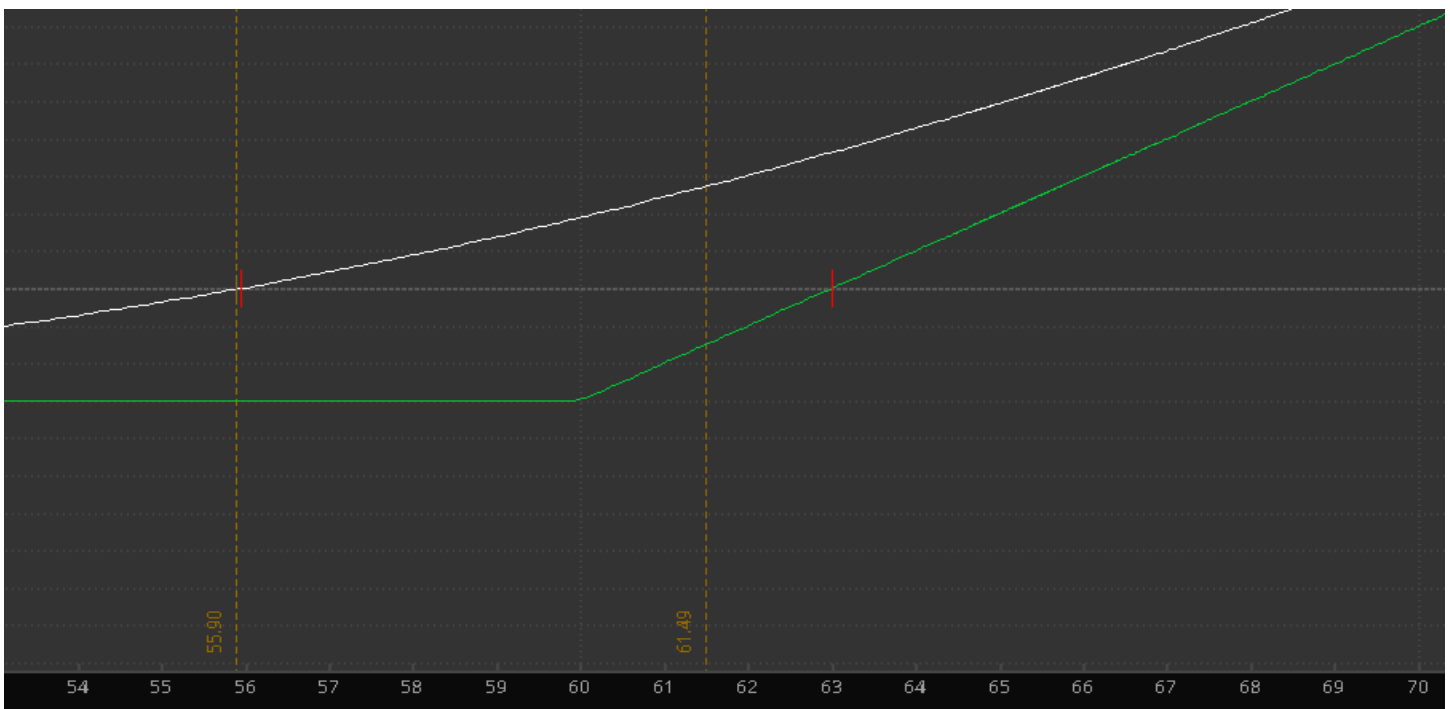
TICKER	NEM
SECURITY	Newmont Mining
SECTOR	Materials – Precious Metals
CURRENT PRICE	\$55.90
LONG/SHORT	Long
TARGET	\$70
STOP	\$51
TIMEFRAME	2.5 Months

Trading Strategy: Long the NEM August \$60 Calls at \$3 or Better

Net Debit/Credit: Debit \$3

Profitability Zone: NEM Above \$63 on August OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: NEM shares have pulled back with Gold prices recently and at a potential 38.2% retracement support, still plenty of upward momentum. Expecting shares to find support at this low end of a range and rally.



Fundamental Analysis: NEM has a \$45B market cap and is the best-in-class operator among the miners, shares trading 18.8X Earnings, 9.4X EBITDA and yields 1.8%. NEM noted in mid-April the surge in stimulus could push gold prices above \$2000. NEM has been focusing on costs and margins over the last year as they look to operate at a high-capacity in a higher-price gold environment. In March, they divested their stake in Continental Gold and this follows sales of their interest in KCGM and Red Lake. In sum, the company has raised more than \$1.4B and far ahead of schedule. NEM's new initiative comes with the close of their deal for Goldcorp that gives them a much larger, more efficient output with reserves across three continents. Analysts have an average target of \$73 with short interest low at 1.7% of the float. Deutsche Bank in May raised its target to \$70 as an attractive cash flow story with a strong second half lining up. Citi also increased its target to \$70 with a view of Gold prices climbing to \$2000 and management's strong track-record of optimizing assets. JP Morgan also with a \$70 target noting the ultimate impact of COVID-19 on the economy is likely to persist at least in the near-term and interest rates will likely remain low, providing a supportive backdrop for gold prices and Newmont's stock price. Hedge Fund ownership jumped 9% in Q1 filings.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI	Price Change	OI Differential
6/2/2020	NEM 100 21 AUG 20 65 CALL	1,210	883	\$3.01	0.38	44.25%	30.64%	\$363,000	.NEM200821C65	\$1.72	3267	-42.86%	56.09%
6/2/2020	NEM 100 21 AUG 20 70 CALL	1,875	1,466	\$1.45	0.23	43.81%	17.25%	\$283,125	.NEM200821C70	\$0.93	3306	-35.86%	-1.05%
6/1/2020	NEM 100 17 JUL 20 65 CALL	934	2,482	\$1.70	0.3	42.88%	25.23%	\$157,846	.NEM200717C65	\$0.80	3834	-52.94%	12.24%
5/27/2020	NEM 100 17 JUL 20 60 CALL	2,273	1,275	\$2.09	0.37	42.61%	30.75%	\$475,057	.NEM200717C60	\$1.80	4,335	-13.88%	22.18%
5/27/2020	NEM 100 21 AUG 20 55 CALL	400	11	\$5.55	0.58	43.38%	49.72%	\$216,000	.NEM200821C55	\$5.08	688	-8.47%	67.40%
5/26/2020	NEM 100 17 JUL 20 65 CALL	1,695	634	\$1.57	0.3	41.24%	24.57%	\$266,115	.NEM200717C65	\$0.80	3,854	-49.04%	64.62%
5/26/2020	NEM 100 17 JUL 20 55 PUT	1,193	213	\$1.51	-0.24	41.78%	29.76%	\$184,915	.NEM200717P55	\$2.77	3,112	83.44%	121.34%
5/22/2020	NEM 100 18 DEC 20 75 CALL	1,802	711	\$4.00	0.347	43.51%	23.65%	\$720,800	.NEM201218C75	\$2.52	2,114	-37.00%	-15.88%
5/15/2020	NEM 100 21 AUG 20 75 CALL	1,780	54	\$3.93	0.39	46.28%	29.82%	\$703,100	.NEM200821C75	\$0.47	2,798	-88.04%	52.56%
5/15/2020	NEM 100 17 JUL 20 60 PUT	3,322	0	\$2.00	-0.24	46.25%	30.73%	\$664,400	.NEM200717P60	\$5.69	5,340	184.50%	60.75%
5/14/2020	NEM 100 19 JUN 20 60 PUT	5,181	1,487	\$1.51	-0.24	47.17%	28.82%	\$782,331	.NEM200619P60	\$5.10	8,861	237.75%	32.89%
5/4/2020	NEM 100 18 SEP 20 65 CALL	4,452	3,170	\$6.15	0.5	47.61%	38.68%	\$2,737,980	.NEM200918C65	\$2.19	7,069	-64.39%	-7.26%
5/4/2020	NEM 100 18 SEP 20 75 CALL	4,217	1,042	\$3.07	0.3	46.23%	21.44%	\$1,294,619	.NEM200918C75	\$0.80	6,072	-73.94%	15.46%
4/28/2020	NEM 100 18 SEP 20 48 PUT	1,000	263	\$1.90	-0.16	48.82%	24.66%	\$189,000	.NEM200918P48	\$2.20	3,418	15.79%	170.63%
4/23/2020	NEM 100 19 JUN 20 55 PUT	4,463	2,018	\$2.02	-0.22	53.25%	29.31%	\$892,600	.NEM200619P55	\$1.60	7,685	-20.79%	18.58%
4/21/2020	NEM 100 19 JUN 20 55 PUT	1,053	886	\$3.30	-0.34	54.81%	42.63%	\$363,285	.NEM200619P55	\$1.60	7,685	-51.52%	296.34%
4/13/2020	NEM 100 15 JAN 21 70 CALL	1,071	563	\$4.75	0.37	44.26%	23.71%	\$508,725	.NEM210115C70	\$3.09	1,754	-34.95%	7.34%
4/9/2020	NEM 100 15 JAN 21 60 CALL	5,425	2,144	\$6.50	0.47	44.37%	32.15%	\$3,390,625	.NEM210115C60	\$5.74	5,015	-11.69%	-33.74%
4/7/2020	NEM 100 15 JAN 21 65 PUT	750	156	\$17.92	-0.67	43.69%	80.14%	\$1,365,000	.NEM210115P65	\$11.62	1,231	-35.16%	35.87%
4/3/2020	NEM 100 21 JAN 22 45 PUT	538	186	\$9.65	-0.362	43.07%	59.68%	\$519,170	.NEM220121P45	\$6.65	586	-31.09%	-19.06%
3/30/2020	NEM 100 18 SEP 20 46 PUT	1,500	584	\$6.35	-0.43	49.20%	56.53%	\$952,500	.NEM200918P46	\$1.38	4,058	-78.27%	94.72%
3/23/2020	NEM 100 18 SEP 20 50 CALL	1,268	1,169	\$3.75	0.41	55.60%	27.14%	\$564,260	.NEM200918C50	\$8.70	2,324	132.00%	-4.64%
3/2/2020	NEM 100 18 SEP 20 44 PUT	1,500	629	\$3.05	-0.35	31.09%	43.59%	\$444,000	.NEM200918P44	\$0.94	2,833	-69.18%	33.07%
2/24/2020	NEM 100 15 JAN 21 65 CALL	1,007	686	\$1.44	0.21	27.86%	14.63%	\$149,036	.NEM210115C65	\$4.28	3,177	197.22%	87.66%
2/14/2020	NEM 100 18 SEP 20 45 CALL	2,038	248	\$2.89	0.49	23.93%	42.15%	\$588,982	.NEM200918C45	\$14.45	2,404	400.00%	5.16%
1/30/2020	NEM 100 19 JUN 20 48 CALL	1,580	901	\$1.53	0.36	23.58%	31.16%	\$241,740	.NEM200619C48	\$7.94	322	418.95%	-87.02%
1/28/2020	NEM 100 21 JAN 22 60 CALL	1,155	338	\$2.57	0.27	26.81%	16.32%	\$302,610	.NEM220121C60	\$9.90	2,234	285.21%	49.63%

Potential Catalysts: Gold Prices; Earnings 7-23

Disclaimer:

Not Investment Advice or Recommendation

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