

## SPOTLIGHT OPTION TRADE



**Gold Basing, Volatility Picking Up, Looking for Miner Strength into Elections**

### TRADE SNAPSHOT

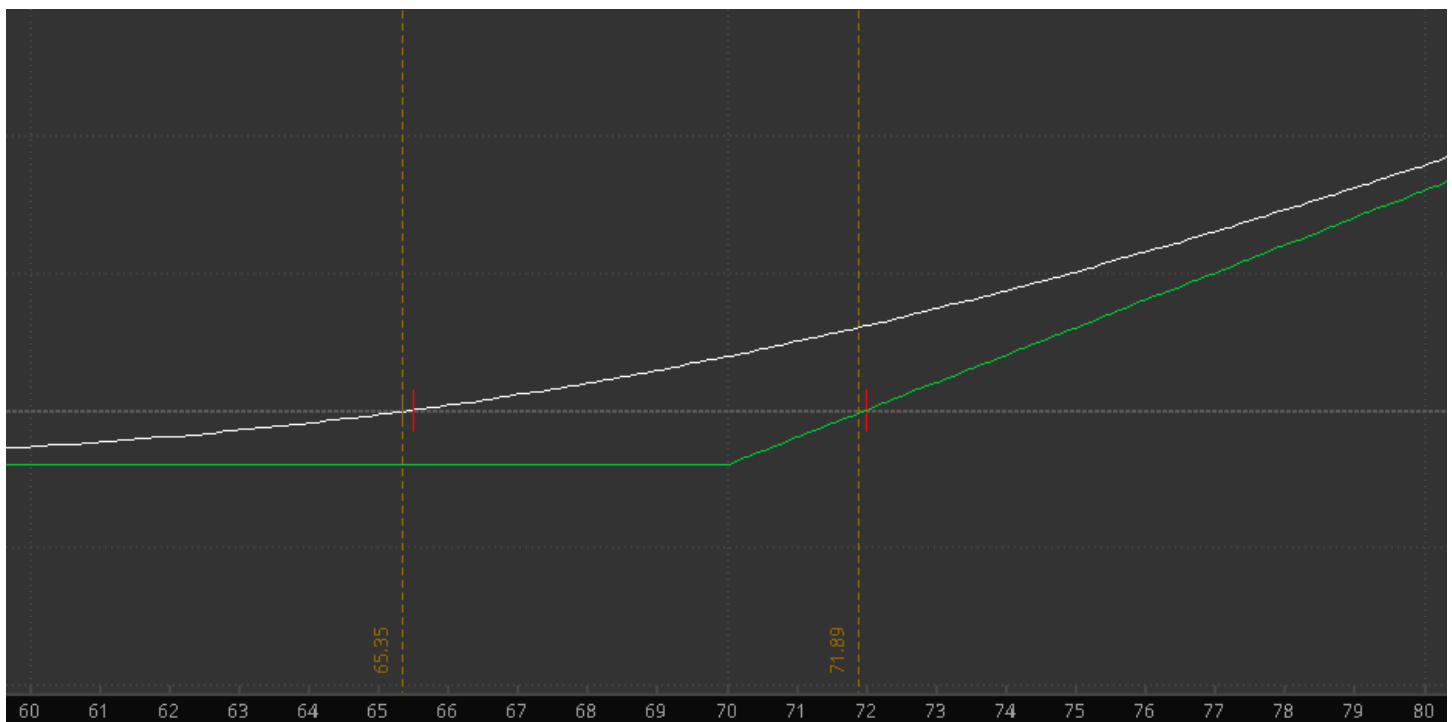
TICKER	NEM
SECURITY	Newmont Corp.
SECTOR	Basic Materials
CURRENT PRICE	\$65.35
LONG/SHORT	Long
TARGET	\$80
STOP	\$60
TIMEFRAME	2 Months

**Trading Strategy:** Long the NEM October \$70 Calls at \$2 or Better

**Net Debit/Credit:** Debit \$2

**Profitability Zone:** NEM Above \$72 on October OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** NEM formed a large cup and now forming a symmetrical triangle handle with a hammer and recovering above its rising 55 MA to close last week while Accumulation/Distribution made a multi-week high.



**Fundamental Analysis:** The \$53B precious metal mining leader trades 16.7X Earnings, 33.3X FCF and 10X EBITDA with a 1.53% dividend yield. 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. The August investor presentation highlighted its world-class assets and top-tier jurisdictions. At current gold prices NEM would generate more than \$17B in FCF over the next five years. It is the industry leader in cost discipline, balance sheet strength, capital allocation and the strongest reserve portfolio. Analysts have an average target of \$77 with short interest low at 1.2% of the float.

### Options Activity:

Date	Description	Volume	Open.In	Price	Delta	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI
9/3/2020	NEM 100 18 DEC 20 60 PUT	2,933	1,759	\$3.59	-0.307	45.28%	39.88%	\$1,052,947	.NEM201218P60	\$3.68	4570
8/28/2020	NEM 100 20 NOV 20 55 PUT	1,205	315	\$1.36	-0.156	44.00%	21.21%	\$163,880	.NEM201120P55	\$1.52	1351
8/26/2020	NEM 100 19 MAR 21 60 PUT	1,145	142	\$5.50	-0.335	41.48%	45.75%	\$629,750	.NEM210319P60	\$5.52	1071
8/26/2020	NEM 100 16 OCT 20 60 PUT	2,544	1,432	\$1.74	-0.258	41.06%	31.15%	\$442,656	.NEM201016P60	\$1.56	6147
8/25/2020	NEM 100 20 NOV 20 65 PUT	300	51	\$5.53	-0.47	41.36%	55.30%	\$165,900	.NEM201120P65	\$6.05	482
8/25/2020	NEM 100 16 OCT 20 75 CALL	2,114	1,375	\$0.87	0.18	40.72%	13.93%	\$183,918	.NEM201016C75	\$0.98	4787
8/24/2020	NEM 100 16 OCT 20 70 PUT	5,001	949	\$7.03	-0.65	40.71%	70.70%	\$3,515,703	.NEM201016P70	\$6.75	5645
8/24/2020	NEM 100 16 OCT 20 70 CALL	5,042	1,330	\$2.11	0.35	40.12%	29.11%	\$1,063,862	.NEM201016C70	\$2.03	6720
8/19/2020	NEM 100 16 OCT 20 70 PUT	608	398	\$6.50	-0.6	42.12%	66.40%	\$395,200	.NEM201016P70	\$6.75	5645
8/12/2020	NEM 100 16 OCT 20 65 CALL	1,354	675	\$3.95	0.48	43.84%	40.43%	\$533,645	.NEM201016C65	\$3.83	3626
8/6/2020	NEM 100 21 JAN 22 55 PUT	1,000	590	\$6.15	-0.24	40.91%	42.56%	\$680,000	.NEM220121P55	\$7.05	2306
8/5/2020	NEM 100 18 SEP 20 85 CALL	1,399	686	\$0.96	0.16	46.92%	12.61%	\$132,000	.NEM200918C85	\$0.04	2862
8/4/2020	NEM 100 19 MAR 21 70 CALL	756	316	\$9.09	0.55	43.65%	41.38%	\$687,204	.NEM210319C70	\$6.11	1552
7/29/2020	NEM 100 19 MAR 21 65 PUT	750	45	\$8.10	-0.39	42.96%	53.47%	\$607,500	.NEM210319P65	\$7.18	1804
7/28/2020	NEM 100 19 MAR 21 50 CALL	711	5	\$20.80	0.84	47.05%	74.02%	\$1,507,320	.NEM210319C50	\$15.50	861
7/27/2020	NEM 100 18 SEP 20 60 PUT	4,477	4,284	\$1.25	-0.17	45.86%	22.16%	\$568,579	.NEM200918P60	\$0.58	10522
7/27/2020	NEM 100 16 OCT 20 80 CALL	4,470	97	\$2.29	0.28	44.46%	21.42%	\$1,032,108	.NEM201016C80	\$0.55	5582
7/23/2020	NEM 100 21 JAN 22 65 PUT	1,000	581	\$12.40	-0.39	39.77%	59.07%	\$1,265,000	.NEM220121P65	\$12.78	1684
7/20/2020	NEM 100 18 SEP 20 55 PUT	3,947	2,910	\$1.14	-0.17	42.33%	22.28%	\$453,905	.NEM200918P55	\$0.14	6675
7/1/2020	NEM 100 15 JAN 21 60 PUT	1,886	1,042	\$7.20	-0.419	42.54%	54.73%	\$1,357,920	.NEM210115P60	\$4.94	5212

**Potential Catalysts:** Gold Prices; Denver Gold Forum 9-20-2020

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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