



ON Semi Bulls Positions Accumulate in April Expiration

Ticker/Price: ON (\$23.90)

Analysis:

ON Semi (ON) with bullish spreads this afternoon buying the April \$24/\$27 call spread and selling the \$22 puts 2800X. ON has seen a lot of bullish flow lately including buyers in the February \$24 calls, April \$28 calls, and July \$27 calls. Shares are gapping down today just above the rising 50-day MA after a strong run from the Fall 2019 lows and right to the 23.6% Fibonacci retracement at \$23.75. On a longer-term timeline, ON is just below a big monthly flag breakout at \$26 that targets a run to \$36 and recent monthly bullish MACD cross and 8/20 EMA cross. The \$10.2B company trades 15.3X earnings and 1.8X sales with high-single digit EPS growth and accelerating revenue estimates in FY20 and FY21. ON saw pressure for much of 2019 as demand lagged but optimistic in October on 2020 as they continued to win content share within automotive and normalization of inventories. The company continues to have small but growing exposure to fast-growing markets like cloud power and 5G infrastructure as well. Analysts have an average target for shares of \$26 with 12 buy ratings and 3 hold. Citi positive on 1-17 seeing earnings as a positive driver given improving demand and conservative guidance. Channel inventory is low and inventory replenishment should occur in 2020. Mizuho positive on 1-16 expecting auto and industrial segment to turnaround in 2020. Short interest is 6.6%. Hedge fund ownership rose 2.86% in Q3 with Blue Harbour a holder of 4.3M shares, a 5% weight for them, as well as Point72 with 4.2M shares. ON reports on 2-3 and higher three of the last four.

Hawk Vision:



Hawk's Perspective: ON was a price action and notable open interest combo, gapped down with its peers to start the week and looking for interesting here, though still not convinced of this Equity market bounce until Bonds pull in.

Confidence Ranking: \$\$