



Oracle LEAPS Accumulate for Upside Momentum

Ticker/Price: ORCL (\$52.80)

Analysis:

Oracle (ORCL) with 3,120 June \$50 calls bought \$4.30 as March \$48 calls adjust and continues a recent trend of bullish positioning including buys in Jan. 2020 \$57.50 calls, the Jan. 2021 \$55 calls, Jan. 2020 \$55 calls, and 5,000 of the April \$45 puts sold to open. ORCL was also a trade set-up this week moving out of a large monthly range that targets a move up to new highs at \$60. The \$187B software giant trades 14.3X Earnings, 17.4X FCF and 5X EV/Sales with a 1.45% yield and plenty of cash to continue to put to work via buybacks and M&A. ORCL has been stepping up its efforts in the cloud to improve its growth profile and almost through the 2019 transition year with revenues and EPS set to grow in 2020. Analysts have an average target of \$52.50 and short interest is low at 1.9% of the float but is hitting a new five year high. ORCL announced a new \$12B buyback last week and Skift was out late last year predicting ORCL will sell its hospitality unit in 2019. ORCL has also sued the US Government over the \$10B Pentagon contract. MSCO cut shares to Equal Weight on 1-15 not seeing catalysts for positive inflection to revenue growth in 2019 and the strong database cycle pushed further out. CSFB was out with a \$60 target last week after the buyback news. Hedge Fund ownership fell 12% in Q4 filings, Berkshire Hathaway notably selling its entire position.

Hawk Vision:



Trading Strategy: ORCL is on a big run and extended, the positioning looking longer term and would look more for a dip and base back near \$50 to be more interested in longer dated calls.

Confidence Ranking: \$\$