



## Bearish Positions in Uniti on Capital Intensiveness Concerns

**Ticker/Price:** UNIT (\$19.95)

**Analysis:**

**Uniti (UNIT)** with another 2,000 August \$17.5 puts bought \$2 after 2,900 opened late yesterday. **UNIT** also with 1,200 May \$17.50 puts bought for \$1.35 to \$1.45. UNIT does have over 10,000 February \$17.50 calls sitting in open interest from buys and has seen some May \$17.5 and \$20 calls accumulate. Longer term a large buy of 10,000 Jan. 2020 \$15 puts from 11/15 remains in OI. On the chart shares are back to high volume profile resistance at \$20.25, an area it could turn lower also being long-term trend resistance. The \$3.5B communication infrastructure REIT trades 7.9X FFO with a 12% dividend yield, and will next report on 2-28. UNIT is a top ten owner of Fiber, Small Cells and Macro Towers seeing a rapid expansion in wireless data driving the need for significant investments in its products. Analysts have an average target of \$19.50 on shares with short interest at 8.9% of the float, rising 25% Q/Q. MSCO downgraded shares back in December to Underweight with concerns on the capital structure and elevated costs of capital that could lead to a dividend cut or equity raise and pressure shares. Hedge Fund ownership dropped nearly 25% in Q3 filings and no real notable concentrated holders.

**Hawk Vision:**



**Trading Strategy:** UNIT looks like a viable short candidate with a near-by stop level on a close above \$20.50, these puts can make a nice move with a dividend cut related sell-off.

**Confidence Ranking:** \$\$