

## SPOTLIGHT OPTION TRADE



### Best-in-Class Semiconductor Hits Ideal Entry Point

#### TRADE SNAPSHOT

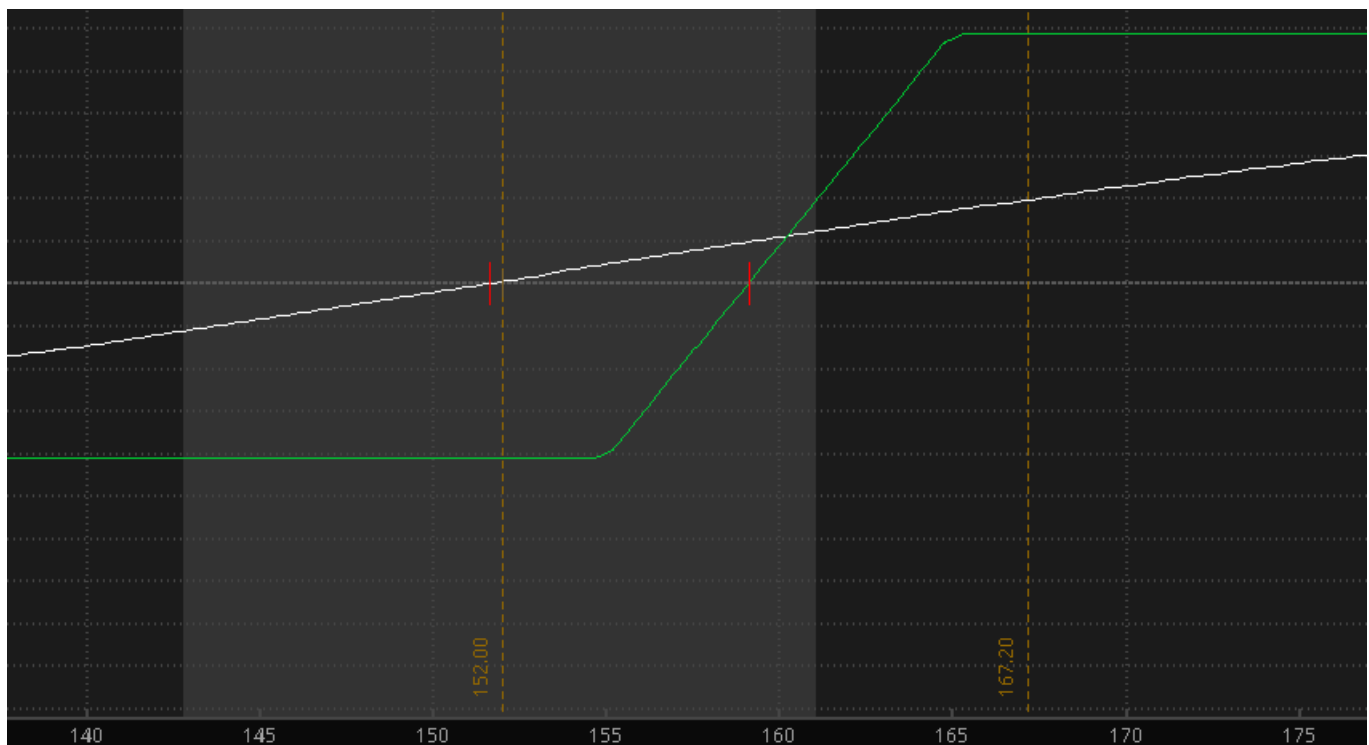
TICKER	QCOM
SECURITY	Qualcomm
SECTOR	Tech – Semiconductor
CURRENT PRICE	\$152.80
LONG/SHORT	Long
TARGET	\$165
STOP	\$140
TIMEFRAME	2 Months

**Trading Strategy:** Long QCOM May \$155/\$165 Call Spreads for \$4 Debit

**Net Debit/Credit:** Debit of \$4

**Profitability Zone:** QCOM Above \$159 on May OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** QCOM shares on the daily filled a major gap from November 2021 and also tested VPOC and two year trend support on the lows before rebounding with a nice reversal candle back above the major volume resistance from the July/August 2021 high.



**Fundamental Analysis:** QCOM is a global chip leader in the wireless industry that has expanded from mobile to IoT, Automotive and Industrial while being a prime beneficiary of the upcoming 5G ramp cycle. QCOM continues to see momentum from their key customers with Oppo, Vivo, Xiaomi, and others all gaining market share, especially around the premium tier, which is creating positive momentum for QCOM. QCOM has a market cap of \$172B and is attractively valued at 12.1X Earnings, 39.3X FCF and 10X EBITDA with revenues seen rising 26% in 2022 with 30% EBITDA growth. QCOM provided strong guidance for next quarter with it winning higher content with new Snapdragon chipsets and increasing share of the China brands where the company had been constrained. QCOM is also showing strong operating leverage with upside to pricing. Increased supply capability is expected to be a positive tailwind for QCOM through 2022. The company sees ample opportunity for both Qualcomm and competitors to grow as chip vendors aim to capture the Huawei replacement opportunity in China. Management sounded optimistic on the company's longer term opportunity in Automotive. QCOM held an Investor Day in November outlining its growth prospects and de-risked the Apple situation with those numbers mostly removed from forecasts. Analysts have an average target of \$215 with short interest low at 1.4% of the float. Baird raised its target to \$250 from \$200 in February seeing limited China inventory risk.

### Options Activity:

Date	Description	Volume	Open.Int	Price	Delt	Impl Vo	Prob.ITN	Premium Paid	Symbol	Current Price
3/16/2022	QCOM 100 (Weekly) 1 APR 22 155 CALL	1,011		\$3.00	0.33	47.43%	29.44%	\$313,410	.QCOM220401C155	\$4.15
3/15/2022	QCOM 100 14 APR 22 145 CALL	1,825	1,077	\$7.20	0.48	51.16%	42.15%	\$1,315,875	.QCOM220414C145	\$11.60
3/15/2022	QCOM 100 (Weekly) 22 APR 22 155 CALL	1,350	33	\$4.30	0.32	48.12%	26.54%	\$607,500	.QCOM220422C155	\$6.73
3/14/2022	QCOM 100 20 MAY 22 165 CALL	1,454	711	\$6.05	0.34	47.26%	26.56%	\$879,670	.QCOM220520C165	\$6.13
3/14/2022	QCOM 100 20 MAY 22 155 CALL	1,061	456	\$6.96	0.37	51.06%	29.16%	\$738,456	.QCOM220520C155	\$10.15
3/14/2022	QCOM 100 21 OCT 22 140 CALL	202	6	\$21.01	0.58	47.73%	43.25%	\$434,300	.QCOM221021C140	\$24.35
3/11/2022	QCOM 100 15 JUL 22 145 CALL	482	123	\$20.30	0.613	47.90%	50.43%	\$978,460	.QCOM220715C145	\$17.27
3/8/2022	QCOM 100 14 APR 22 150 CALL	2,593	477	\$9.60	0.54	52.76%	46.91%	\$2,657,825	.QCOM220414C150	\$8.56
3/8/2022	QCOM 100 19 JAN 24 145 PUT	600	90	\$27.50	-0.38	36.94%	59.55%	\$1,650,000	.QCOM240119P145	\$31.73
3/7/2022	QCOM 100 20 MAY 22 150 PUT	2,428	760	\$13.52	-0.45	50.93%	54.15%	\$3,282,656	.QCOM220520P150	\$10.03
3/7/2022	QCOM 100 15 JUL 22 140 CALL	1,042	75	\$24.70	0.66	51.28%	54.71%	\$2,589,370	.QCOM220715C140	\$20.95
3/7/2022	QCOM 100 14 APR 22 160 CALL	2,453	977	\$5.90	0.37	50.80%	31.44%	\$1,447,270	.QCOM220414C160	\$3.90
2/18/2022	QCOM 100 15 JUL 22 145 PUT	1,106	848	\$9.45	-0.28	44.85%	38.63%	\$1,072,820	.QCOM220715P145	\$11.30
2/17/2022	QCOM 100 17 JUN 22 175 PUT	1,000	1,259	\$20.10	-0.51	41.80%	60.91%	\$2,010,000	.QCOM220617P175	\$29.55
2/17/2022	QCOM 100 15 JUL 22 140 PUT	708	410	\$7.15	-0.22	45.24%	31.01%	\$506,220	.QCOM220715P140	\$9.40
2/14/2022	QCOM 100 20 MAY 22 190 CALL	1,105	736	\$5.91	0.3	43.38%	22.71%	\$701,675	.QCOM220520C190	\$1.33
2/10/2022	QCOM 100 14 APR 22 160 PUT	1,866	670	\$5.40	-0.27	41.08%	33.37%	\$1,044,960	.QCOM220414P160	\$11.40
2/10/2022	QCOM 100 14 APR 22 165 PUT	1,167	1,789	\$5.30	-0.27	38.71%	32.90%	\$630,180	.QCOM220414P165	\$18.00
2/9/2022	QCOM 100 17 JUN 22 180 PUT	2,043	564	\$15.77	-0.44	38.88%	53.16%	\$3,221,811	.QCOM220617P180	\$32.57
2/9/2022	QCOM 100 18 MAR 22 175 PUT	1,794	1,239	\$5.56	-0.35	37.39%	39.96%	\$1,004,640	.QCOM220318P175	\$22.55
2/9/2022	QCOM 100 20 MAY 22 160 PUT	1,005	283	\$6.85	-0.26	41.18%	33.11%	\$688,425	.QCOM220520P160	\$15.70
2/9/2022	QCOM 100 20 MAY 22 140 PUT	1,930	460	\$2.93	-0.12	45.40%	17.88%	\$575,140	.QCOM220520P140	\$6.23
2/8/2022	QCOM 100 17 JUN 22 165 CALL	15,025	11,773	\$24.20	0.66	42.01%	56.32%	\$35,984,875	.QCOM220617C165	\$7.30
2/8/2022	QCOM 100 15 JUL 22 165 PUT	651	183	\$12.55	-0.35	39.90%	45.26%	\$833,280	.QCOM220715P165	\$22.20
2/7/2022	QCOM 100 17 JUN 22 165 CALL	10,001	1,768	\$25.24	0.67	42.41%	57.54%	\$25,352,535	.QCOM220617C165	\$7.30

**Potential Catalysts:** Earnings Late April

## **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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