Amid Supply Shortages, Bulls Target Semi Ahead of November Analyst Day

Ticker/Price: QCOM ($129)

Analysis:

Qualcomm (QCOM) buyers on 9/29 of 1200 February $125 calls for $12 to open, more than $1.45M. QCOM has seen buyers recently in the December $130 calls and sellers across the November, December, April, and January puts from $135 to $130 strikes. QCOM is back at the low-end of 2021 value at $128 and potential to set up a higher low versus the May range at $124. The $145B company trades 14X earnings, 4.5X sales, and 11.3X cash. QCOM has been pressured in 2021 due to the chip supply shortage which has expanded into both leading and lagging nodes and impact many of their key end-markets. Demand within IoT and automotive remain strong and they continue to invest in new sources for those nodes which will allow them to take advantage of different pockets of capacity. The company expects to significantly expand capacity in the December quarter, sepecially around leading nodes, which will help them better manage the shortages in early 2022. 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. Analysts have an average target for shares of $170 with a Street High $225. Tigress Financial positive on 9/9 seeing shares rising to $195 in the next year. The firm continues to benefit from the growth in smartphone demand as well as trends in autonomous vehicle technology, infotainment systems, and Edge Computing. The analyst believes Qualcomm will continue to advance its leadership position in the communications chipset market as well. Short interest is 1.3%. Hedge fund ownership rose 2% last quarter. QCOM will host an investor day on 11/16.

Hawk Vision:

Hawk's Perspective: QCOM has traded poorly recently but setting up as a nice risk/reward spot versus the May range, on watch for a bullish reversal day to trade against

Confidence Ranking: $$