



## FEATURED OPTIONS RADAR REPORT



### Royal Caribbean Bullish Positions as Sailings Resume

Ticker/Price: RCL (\$86.40)

#### Analysis:

**Royal Caribbean (RCL)** shares pulling back the last few weeks to retest its recent weekly wedge breakout and on 6/14 the July \$90/\$100 call spreads bought 4500X positioning for a strong move higher. RCL has also recently seen opening sellers of July \$95 and \$90 puts, the January \$115 calls bought 1000X, and opening sales of 2500 each September \$80 and \$75 puts. RCL has a nice weekly consolidation set-up looking to clear \$97 and recover the rest of the COVID sell-off. Near-term shares need to get back above the 21-day moving average near \$90.55. RCL is a leading cruise company under brands of Royal Caribbean International, Celebrity Cruises, and Silversea Cruises. RCL also has a 50% joint venture with the German brands TUI Cruises and Hapag-Lloyd Cruises. RCL recently started the construction of its next-generation cruise ship "Icon of the Seas" which will debut in 2023 and be powered by LNG. RCL has faced some recent negative news flow with postponed cruises due to COVID cases. RCL currently has a market cap of \$22.1B and trades 48X Earnings and 13X FY22 EBITDA. RCL forecasts see revenues rising 353% in 2022 nearly back to 2019 levels while EBITDA seen at \$2.86B in 2022 versus \$3.4B in 2019. RCL closed Q1 with \$5.8B in liquidity and cash burn was \$300M in the quarter. RCL noted last quarter momentum in bookings and 2H pricings above that of 2019. Analysts have an average target of \$95 and short interest is low at 4.3% of the float. JPM raised its target to \$123 this week constructive on the industry with bookings momentum and strong pricing with RCL its top pick. Wolfe raised shares to Outperform earlier this week as well on positive channel checks and seeing strong pent-up demand. CSFB called the sell-off this week on COVID cases a buying opportunity and has a \$135 target, not seeing a material impact with the strong vaccine effectiveness rate.

#### Hawk Vision:



**Hawk's Perspective:** RCL looks destined to fill some COVID gaps overhead and need to see a reversal candle back above these key moving averages, but like the idea of the upside spreads.

**Confidence Ranking:** \$\$