

## SPOTLIGHT OPTION TRADE



### Starbucks Basing into Holiday Traffic Season

#### TRADE SNAPSHOT

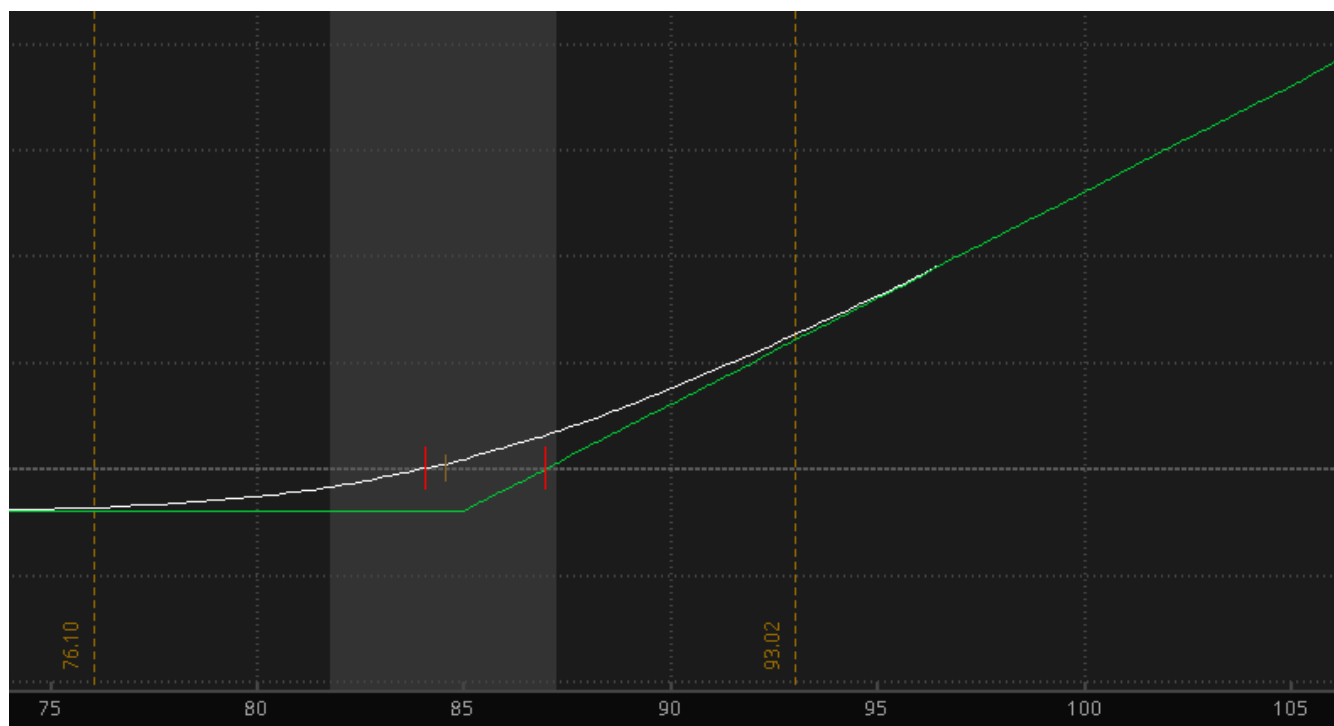
TICKER	SBUX
SECURITY	Starbucks Corp
SECTOR	Consumer Services – Specialty
CURRENT PRICE	\$84.55
LONG/SHORT	Long
TARGET	\$90
STOP	\$82
TIMEFRAME	2 Months

**Trading Strategy:** Long the SBUX January \$85 Calls at \$2 or Better

**Net Debit/Credit:** Debit of \$2

**Profitability Zone:** SBUX Shares Above \$87 on January 2020 OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** SBUX shares have pulled back well off Summer highs and based right near its 200 day MA and above a key volume by price level. Weekly RSI is turning highs and MACD looks to be strengthening as shares can move out of this base and resume the strong 2019 uptrend.



**Fundamental Analysis:** The \$100.5B Company trades 24.45X Earnings and 17.2X EBITDA with a 1.96% dividend yield. SBUX forecasts see 7-8% revenue growth the next two years and EPS growth of 7-13%. The US and China are its leading growth markets as it continues to grow at scale. It is also extending its reach via the Global Coffee Alliance with Nestle. SBUX is seeing strength from a healthy consumer while also benefitting from company-specific factors like its cold beverage platform. SBUX has a large loyalty program and has also been exploring delivery via partnerships with Alibaba in China and Uber Eats in the US. Analysts have an average target of \$95 and short interest low at 1.5% of the float. Jefferies with a \$110 target on 10/31 noting 2020 guidance sets up as conservative. CSFB has a \$105 target and sees 2020 guidance as achievable with upside from US and China same-store-sales outperformance. Hedge Fund ownership decreased 4.27% in Q3 filings, Polen Capital reducing its position, while Pershing Square maintained its large holding.

### Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
11/25/2019	SBUX 100 19 JUN 20 92.5 PUT	1,500	501	\$10.95	-0.73	19.30%	78.75%	\$1,657,500	.SBUX200619P92.5
11/25/2019	SBUX 100 21 FEB 20 90 CALL	1,113	306	\$1.00	0.23	19.45%	19.81%	\$111,300	.SBUX200221C90
11/19/2019	SBUX 100 19 JUN 20 85 CALL	1,401	1,366	\$5.10	0.49	22.76%	42.79%	\$728,520	.SBUX200619C85
11/18/2019	SBUX 100 15 JAN 21 80 PUT	1,000	2,082	\$6.70	-0.39	23.72%	49.54%	\$695,000	.SBUX210115P80
11/18/2019	SBUX 100 21 JAN 22 80 PUT	650	87	\$9.65	-0.38	23.71%	53.23%	\$676,000	.SBUX220121P80
11/14/2019	SBUX 100 (Weeklys) 13 DEC 19 85 CALL	1,197	97	\$1.45	0.451	18.21%	43.12%	\$173,565	.SBUX191213C85
11/5/2019	SBUX 100 20 DEC 19 80 CALL	1,375	887	\$3.08	0.64	18.33%	61.40%	\$426,250	.SBUX191220C80
11/5/2019	SBUX 100 17 JAN 20 82.5 CALL	1,112	1,987	\$2.45	0.48	19.18%	44.40%	\$280,224	.SBUX200117C82.5
11/4/2019	SBUX 100 17 APR 20 90 PUT	1,500	422	\$9.40	-0.71	20.01%	76.36%	\$1,402,500	.SBUX200417P90
11/4/2019	SBUX 100 17 APR 20 75 CALL	352	88	\$9.40	0.73	24.23%	67.55%	\$327,360	.SBUX200417C75
10/30/2019	SBUX 100 17 APR 20 85 CALL	1,484	545	\$4.75	0.49	23.63%	42.57%	\$712,320	.SBUX200417C85
10/30/2019	SBUX 100 20 DEC 19 92.5 CALL	8,700	1,207	\$0.42	0.12	22.76%	10.55%	\$365,400	.SBUX191220C92.5
10/25/2019	SBUX 100 17 JAN 20 80 PUT	3,699	2,393	\$2.05	-0.328	22.42%	36.94%	\$758,295	.SBUX200117P80
10/24/2019	SBUX 100 19 JUN 20 65 PUT	2,217	584	\$1.22	-0.12	28.49%	17.19%	\$277,125	.SBUX200619P65
10/24/2019	SBUX 100 15 NOV 19 79 PUT	2,012	39	\$1.03	-0.24	31.56%	26.44%	\$197,176	.SBUX191115P79
10/23/2019	SBUX 100 15 JAN 21 75 PUT	1,250	1,735	\$5.27	-0.3	25.54%	41.52%	\$681,250	.SBUX210115P75
10/22/2019	SBUX 100 19 JUN 20 75 PUT	1,002	1,692	\$3.00	-0.25	25.81%	32.78%	\$305,610	.SBUX200619P75
10/17/2019	SBUX 100 15 JAN 21 70 PUT	1,014	543	\$3.25	-0.19	27.19%	29.23%	\$339,690	.SBUX210115P70
10/9/2019	SBUX 100 15 JAN 21 55 PUT	1,000	308	\$1.36	-0.08	32.89%	15.80%	\$147,000	.SBUX210115P55
10/8/2019	SBUX 100 15 JAN 21 85 PUT	1,511	808	\$9.35	-0.43	25.61%	54.95%	\$1,435,450	.SBUX210115P85

**Potential Catalysts:** MSCO Consumer Conference 12-3-19; ICR in January 2020

## **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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