

## SPOTLIGHT OPTION TRADE



### Ideal Support Base Entry in Leading Consumer Discretionary Large Cap

#### TRADE SNAPSHOT

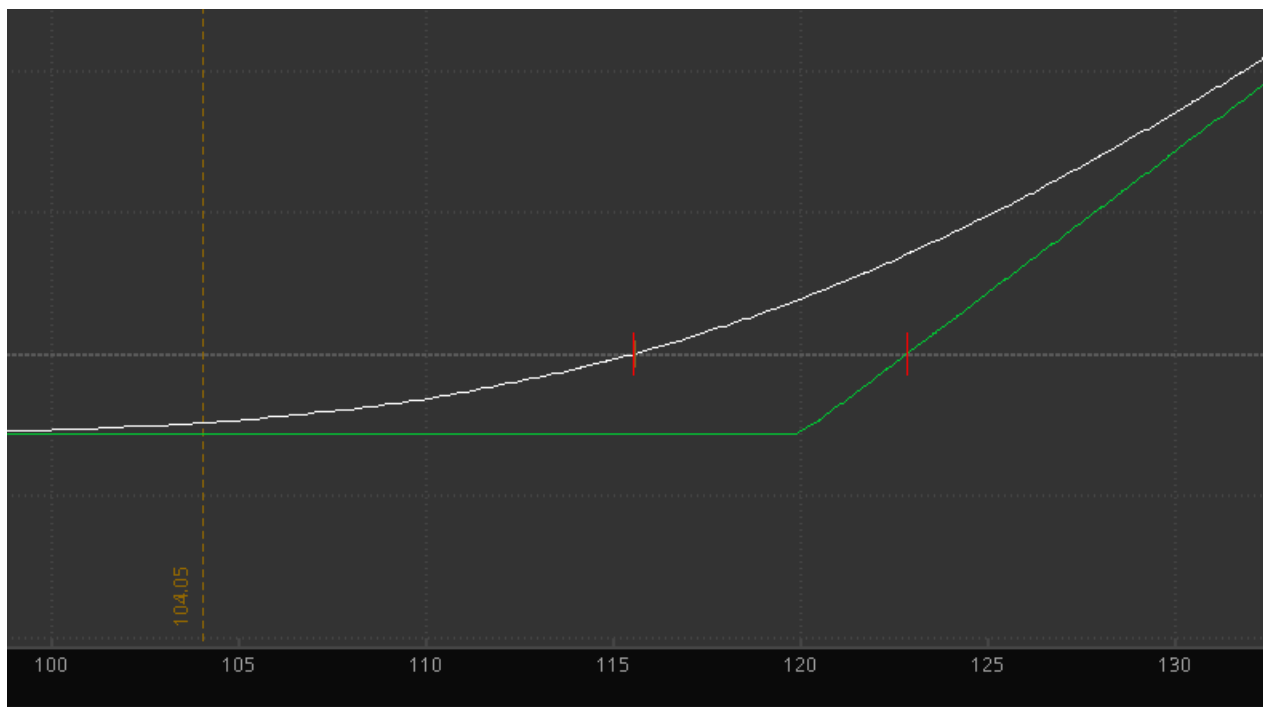
TICKER	SBUX
SECURITY	Starbucks
SECTOR	Consumer – Restaurants
CURRENT PRICE	\$115.60
LONG/SHORT	Long
TARGET	\$125
STOP	\$110
TIMEFRAME	3 Months

**Trading Strategy:** Long the SBUX November \$120 Calls at \$2.85 Debit or Better

**Net Debit/Credit:** Debit of \$2.85

**Profitability Zone:** SBUX Above \$122.85 on November OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** SBUX is in a bearish pullback trend but is starting to show signs of basing above key VWAP levels and the retest of the big wedge breakout in July that is now a major VPOC support. SBUX's 8-day moving average is starting to curl higher and could see a bullish cross trigger and momentum out of this base while accumulation/distribution stayed strong.



**Fundamental Analysis:** The \$137B company trades 31.25X Earnings, 5X Sales and 53.5X FCF with a 1.55% dividend yield and should see some positive 2H21 tailwinds from people returning to the workplace. SBUX forecasts see revenues rising 24% in 2022 against easy comps, though impressively sales only fell 11% in 2020, and then sees consistent 9-12% annual revenue growth with 12-15% EPS growth. SBUX is looking to continue executing well on a three-pronged initiative to boost customer traffic introduced earlier this year with digital engagement and a revamped menu in focus. They continue to have one of the best customer loyalty programs in QSR and digital engagement should remain high with 22.9M members and the expansion of their AI-engine Deep Brew. Rising costs of commodities/labor are headwinds. International, specifically China, remains a key area of future unit growth. Analysts have an average target of \$131 with short interest minimal at 1% of the float. MKM raised its target to \$132 in July positive on its long-term agenda. Barclays raised its target to \$145 after the beat and raise with strong comps and sees China adding a boost later this year. Baird upgraded to Outperform with a \$142 target noting SBUX is a rare case of compounding growth for many years to come. Hedge Fund ownership fell 4% last quarter though top notable holders like Polen Capital and FundSmith added to positions and Winslow Capital started a new position.

### Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob.ITV	Premium Paid	Symbol	Current Price	Current OI
8/27/2021	SBUX 100 20 JAN 23 100 PUT	1,800	3,247	\$8.45	-0.29	26.82%	41.60%	\$1,521,000	.SBUX230120P100	\$8.00	5047
8/25/2021	SBUX 100 (Weeklys) 1 OCT 21 125 CALL	4,223	75	\$0.38	0.1	19.79%	9.26%	\$160,474	.SBUX211001C125	\$0.23	6006
8/24/2021	SBUX 100 17 SEP 21 118 CALL	2,226	97	\$1.08	0.33	17.30%	31.16%	\$242,634	.SBUX210917C118	\$0.74	903
8/23/2021	SBUX 100 20 JAN 23 77.5 PUT	1,090	233	\$3.08	-0.12	32.21%	21.47%	\$335,720	.SBUX230120P77.5	\$3.10	868
8/18/2021	SBUX 100 17 DEC 21 120 CALL	623	216	\$4.19	0.41	23.12%	35.79%	\$261,037	.SBUX211217C120	\$3.35	1379
8/13/2021	SBUX 100 19 NOV 21 120 CALL	8,288	2,266	\$3.95	0.418	22.88%	37.26%	\$3,273,760	.SBUX211119C120	\$2.71	8446
8/10/2021	SBUX 100 20 JAN 23 115 CALL	2,018	617	\$14.65	0.55	27.20%	42.61%	\$2,976,550	.SBUX230120C115	\$13.50	2864
8/10/2021	SBUX 100 17 DEC 21 110 CALL	1,005	0	\$9.70	0.67	23.89%	61.35%	\$974,850	.SBUX211217C110	\$8.55	1353
8/9/2021	SBUX 100 17 DEC 21 110 PUT	1,392	0	\$3.50	-0.29	24.27%	34.63%	\$487,200	.SBUX211217P110	\$3.65	2091
8/3/2021	SBUX 100 17 SEP 21 115 CALL	1,856	3,957	\$5.63	0.7	20.11%	66.94%	\$1,057,920	.SBUX210917C115	\$1.92	8483
8/2/2021	SBUX 100 19 NOV 21 110 CALL	1,698	1,605	\$12.80	0.76	25.85%	71.17%	\$2,173,440	.SBUX211119C110	\$8.10	2683
7/27/2021	SBUX 100 19 NOV 21 125 PUT	920	96	\$7.02	-0.47	24.80%	52.60%	\$645,840	.SBUX211119P125	\$11.25	878
7/26/2021	SBUX 100 17 SEP 21 130 CALL	2,398	3,918	\$2.28	0.33	22.74%	29.99%	\$546,744	.SBUX210917C130	\$0.08	4661
7/16/2021	SBUX 100 19 NOV 21 120 PUT	425	184	\$6.88	-0.49	22.44%	54.79%	\$289,000	.SBUX211119P120	\$7.65	2356
7/14/2021	SBUX 100 20 JAN 23 120 PUT	416	129	\$15.45	-0.46	24.76%	59.03%	\$671,840	.SBUX230120P120	\$17.40	348
7/8/2021	SBUX 100 19 NOV 21 125 CALL	1,081	189	\$3.05	0.31	22.80%	26.17%	\$322,138	.SBUX211119C125	\$1.37	2540
7/8/2021	SBUX 100 15 OCT 21 100 PUT	1,864	1,217	\$1.30	-0.14	27.34%	17.34%	\$236,728	.SBUX211015P100	\$0.44	2977
6/29/2021	SBUX 100 20 JAN 23 80 PUT	1,355	117	\$3.55	-0.14	28.31%	23.89%	\$481,025	.SBUX230120P80	\$3.35	1736

**Potential Catalysts:** Earnings Late October

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

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