

## SPOTLIGHT OPTION TRADE



### Dip Buy Opportunity in a Top Financial for 2022 in a Rising Rate Environment

#### TRADE SNAPSHOT

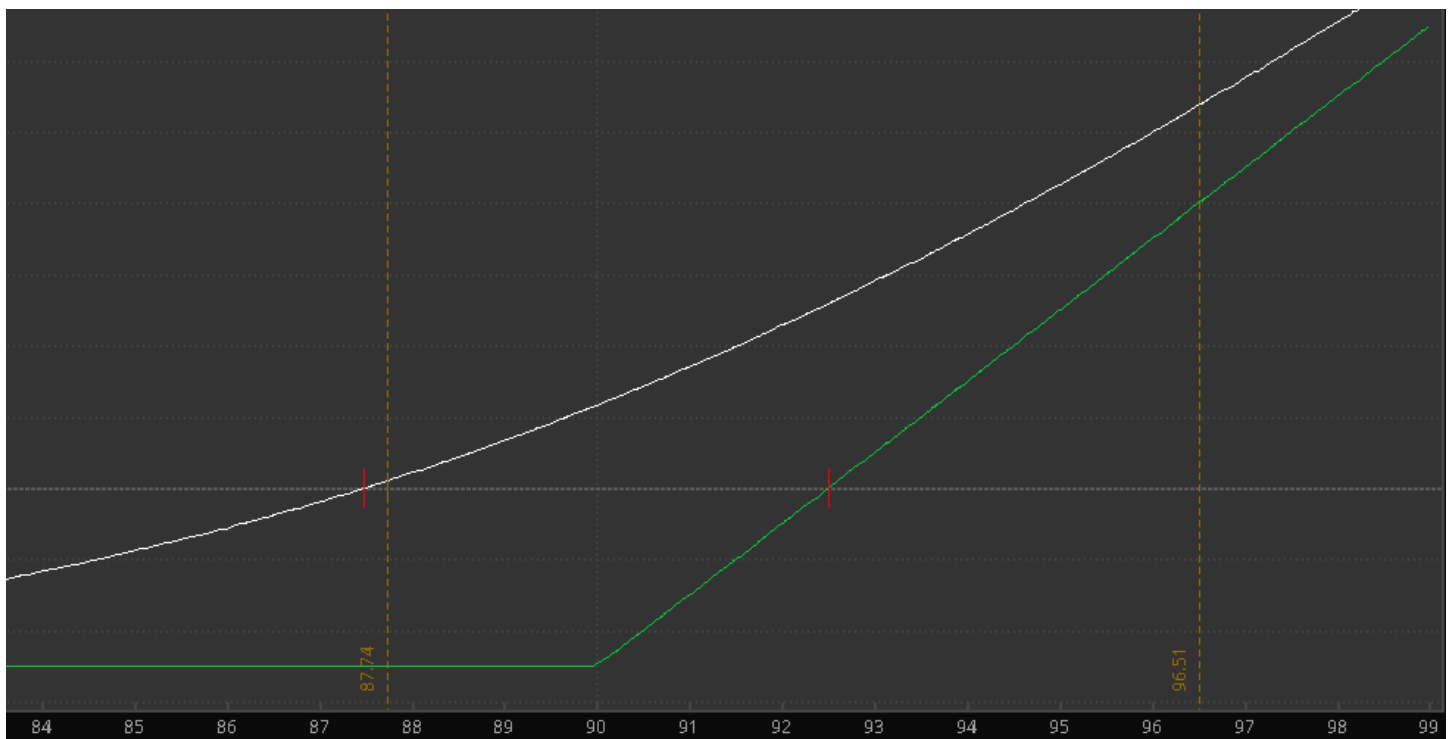
TICKER	SCHW
SECURITY	Charles Schwab
SECTOR	Financial – Capital Markets
CURRENT PRICE	\$87.70
LONG/SHORT	Long
TARGET	\$97.5
STOP	\$83.5
TIMEFRAME	5 Weeks

**Trading Strategy:** Long SCHW March \$90 Calls at \$2.50 or Better

**Net Debit/Credit:** Debit \$2.50

**Profitability Zone:** SCHW Above \$92.50 on March OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** SCHW has pulled back to its rising 55-day moving average and trend support off lows providing an ideal entry from a reward/risk perspective. The \$84 level may provide a bit better support as the 21-week and VWAP off the strong Sep. 2021 bull engulfing candle as well as a retest of the former flag breakout.



**Fundamental Analysis:** SCHW is a savings and loan holding company engaged in wealth management, securities brokerage, banking, asset management, custody, and financial advisory services. Schwab provides financial services to individuals and institutional clients through two segments – Investor Services and Advisor Services and acquired TD Ameritrade in 2020. SCHW recently reported results missing forecasts but delivered record breaking metrics and is a top beneficiary of rising rates posting strong momentum and beats on net new assets, accounts, client cash, and average interest earning assets. This sets up for NIM to expand from here which is a positive for the stock. SCHW has also increased its competitive positioning via acquisitions and is benefitting from structural changes with the shift to low-cost/DIY investing. SCHW currently has a market cap of \$175B and trades 18.8X Earnings, 14.4X EBITDA and 29.75X FCF with a 0.8% yield. Consensus estimates are for 10-15% annual revenue growth the next three years and 20% EPS growth. Analysts have an average target of \$100 with short interest low at 0.8% of the float. Argus raised its target to \$100 last week positive on its growth from innovative products and market share gains. Citi raised its target to \$110 on a higher net interest income outlook the next few years. BAML started at Buy in December with a \$97 target as one of the best positioned companies for higher rates and inflation.

### Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob ITM	Premium Paid	Symbol	Current Price	Current OI
2/14/2022	SCHW 100 18 MAR 22 87.5 CALL	1,157	1,075	\$3.25	0.48	35.99%	43.86%	\$381,810	.SCHW220318C87.5	\$3.80	1,075
2/11/2022	SCHW 100 20 JAN 23 82.5 PUT	1,086	591	\$7.44	-0.351	33.36%	47.96%	\$807,984	.SCHW230120P82.5	\$7.44	1,212
2/10/2022	SCHW 100 17 JUN 22 105 CALL	2,005	1,587	\$2.97	0.3	30.06%	24.62%	\$611,525	.SCHW220617C105	\$1.40	3,185
2/9/2022	SCHW 100 17 JUN 22 110 CALL	3,375	1,161	\$1.70	0.206	28.97%	16.14%	\$573,750	.SCHW220617C110	\$1.18	4,113
2/8/2022	SCHW 100 17 JUN 22 72.5 PUT	1,963	1,501	\$1.37	-0.11	41.13%	16.56%	\$284,635	.SCHW220617P72.5	\$2.23	3,930
2/4/2022	SCHW 100 18 MAR 22 92.5 CALL	2,560	460	\$3.65	0.493	31.47%	45.08%	\$934,400	.SCHW220318C92.5	\$1.60	2,776
2/4/2022	SCHW 100 17 JUN 22 92.5 CALL	513	97	\$7.10	0.519	32.59%	44.15%	\$364,230	.SCHW220617C92.5	\$4.45	654
2/1/2022	SCHW 100 17 JUN 22 87.5 CALL	1,333	246	\$7.32	0.55	32.57%	47.53%	\$975,756	.SCHW220617C87.5	\$7.10	1,736
2/1/2022	SCHW 100 17 JUN 22 82.5 CALL	503	370	\$10.50	0.68	34.67%	60.35%	\$565,875	.SCHW220617C82.5	\$11.25	819
2/1/2022	SCHW 100 20 JAN 23 97.5 PUT	309	72	\$15.95	-0.56	29.84%	68.03%	\$492,855	.SCHW230120P97.5	\$13.45	422
1/31/2022	SCHW 100 17 JUN 22 80 CALL	500	303	\$10.21	0.67	37.52%	58.25%	\$570,000	.SCHW220617C80	\$10.95	657
1/27/2022	SCHW 100 17 JUN 22 80 PUT	2,268	2,172	\$3.90	-0.27	37.41%	35.81%	\$884,520	.SCHW220617P80	\$4.35	4,320
1/26/2022	SCHW 100 17 JUN 22 80 PUT	1,257	953	\$3.88	-0.27	37.45%	35.38%	\$487,716	.SCHW220617P80	\$4.35	4,320
1/25/2022	SCHW 100 18 MAR 22 90 CALL	3,554	1,064	\$3.85	0.47	34.04%	42.02%	\$1,368,290	.SCHW220318C90	\$2.25	5,189
1/19/2022	SCHW 100 19 JAN 24 80 PUT	400	2	\$9.95	-0.31	30.40%	47.42%	\$398,000	.SCHW240119P80	\$9.00	403
1/18/2022	SCHW 100 18 FEB 22 90 PUT	1,013	581	\$2.24	-0.37	33.40%	40.68%	\$266,419	.SCHW220218P90	\$3.50	2,136
1/14/2022	SCHW 100 18 MAR 22 95 CALL	3,774	4,606	\$4.85	0.538	29.46%	48.96%	\$1,830,390	.SCHW220318C95	\$0.97	11,128
1/14/2022	SCHW 100 18 MAR 22 90 PUT	3,088	379	\$2.87	-0.304	31.43%	35.12%	\$886,256	.SCHW220318P90	\$4.60	3,580
1/14/2022	SCHW 100 17 JUN 22 72.5 PUT	1,207	648	\$1.58	-0.114	39.07%	17.14%	\$190,706	.SCHW220617P72.5	\$2.23	3,930
1/12/2022	SCHW 100 18 MAR 22 85 PUT	3,057	366	\$1.69	-0.21	33.00%	25.74%	\$547,203	.SCHW220318P85	\$2.57	3,578
1/12/2022	SCHW 100 20 JAN 23 120 CALL	653	32	\$3.60	0.26	30.03%	17.13%	\$235,080	.SCHW230120C120	\$3.75	849
1/6/2022	SCHW 100 18 MAR 22 95 CALL	2,843	1,714	\$2.72	0.37	28.03%	32.80%	\$773,296	.SCHW220318C95	\$0.97	11,128
1/5/2022	SCHW 100 20 JAN 23 90 CALL	1,003	343	\$11.00	0.55	31.96%	42.53%	\$1,248,735	.SCHW230120C90	\$10.25	2,405
1/4/2022	SCHW 100 18 MAR 22 100 CALL	1,727	611	\$1.32	0.22	27.26%	18.49%	\$227,964	.SCHW220318C100	\$0.34	4,737
12/30/2021	SCHW 100 17 JUN 22 95 PUT	1,050	22	\$13.14	-0.7	27.35%	76.78%	\$1,407,000	.SCHW220617P95	\$10.15	1,046
12/20/2021	SCHW 100 20 JAN 23 80 PUT	2,951	338	\$10.90	-0.44	31.90%	57.51%	\$3,260,855	.SCHW230120P80	\$6.50	3,765
12/2/2021	SCHW 100 17 JUN 22 90 CALL	507	26	\$3.85	0.35	31.55%	26.73%	\$195,195	.SCHW220617C90	\$5.75	2,130
11/26/2021	SCHW 100 17 JUN 22 95 CALL	2,275	773	\$2.36	0.24	30.88%	17.83%	\$541,450	.SCHW220617C95	\$3.85	4,081

**Potential Catalysts:** No Scheduled Events – March Rate Hike

## **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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