

SPOTLIGHT OPTION TRADE



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

TRADE SNAPSHOT

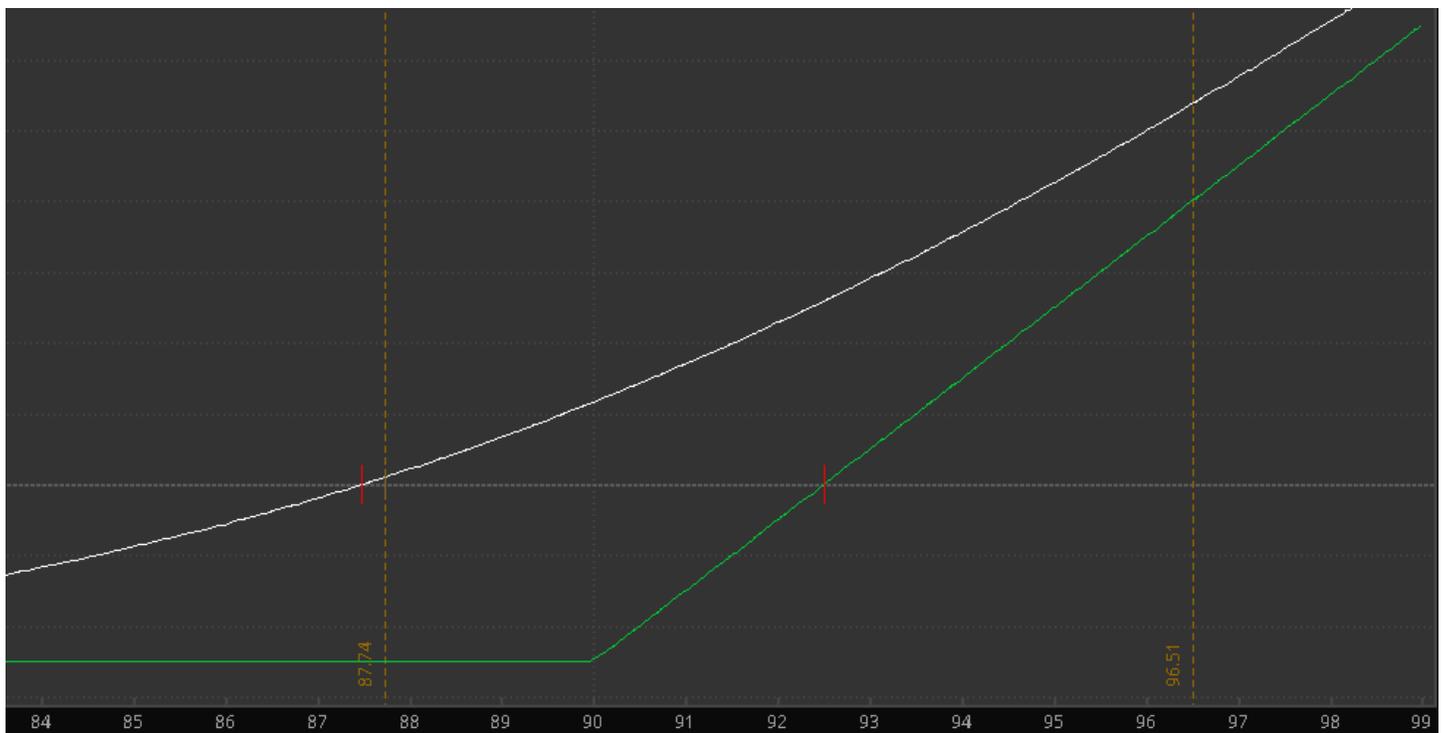
TICKER	SCHW
SECURITY	Charles Schwab
SECTOR	Financial – Capital Markets
CURRENT PRICE	\$87.70
LONG/SHORT	Long
TARGET	\$97.5
STOP	\$83.5
TIMEFRAME	5 Weeks

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.

Charles Schwab Corporation (The), Daily, Nasdaq + Nyse BQT O 89.22 H 89.35 L 86.24 C 87.74 Period -1.66% Market closed



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	Volum	Open.In	Price	Delt	Impl Vo	Prob.ITW	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.

Content is for informational and educational purposes only, and is not to be construed as specific investment advice or recommendations. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek qualified professional financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, OptionsHawk has not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information does not consider the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors

For example, and, as always, be aware that market timing and conditions may materially affect trades of this nature: The above is an example of a trade idea, but you must be aware of the risks of trading. As we have disclosed, we are not licensed, and we are not giving specific securities advice for your portfolio. We are merely providing examples and education of strategies. We always advise people to get professional advice, and we are not recommending any particular trade or security, or soliciting any trade or security.