



FEATURED OPTIONS RADAR REPORT



ST Micro Calls Target Strong 2H

Ticker/Price: STM (\$37.35)

Analysis:

ST Micro (STM) the January \$35 calls being bought 3,000X up to \$5.60 into the morning lows and now over 8,500.

STM has over 3500 July \$35 calls and over 4,400 July \$40 calls in OI as well as 4,000 January \$30 short puts from November. Shares have been basing around the 200-MA recently and pulled back just above VWAP from the 2020 lows as well as the prior highs at \$32. The \$33.6B company trades 18.8X earnings, 3X sales, and 9X cash. STM continues to see strength in communications and computer peripherals with demand for 5G and PCs remaining steady, the latter boosted by both notebooks and Chromebooks. They also continue to see long-term opportunity in automotive across powertrain, chassis, and telematics and expects to have over \$1,000 in content per EV. STM raised their CapEx guidance in April as they look to expand on strategic priorities like expanding capacity as look to build out leadership in industrial embedded processing solutions, expand power and energy management share, and grow analog and sensors.

Analysts have an average target for shares of \$49 with a Street High \$51. Craig Hallum positive on the name citing strong Apple/Samsung orders this year while they remains positioned well long-term for the push for the world to transition to EVs. JP Morgan out with an interesting note on 4/20 looking at potential M&A scenarios for Samsung who has shown interest in the automotive space. They think STM as one of a few names that would make sense even with certain political headwinds. Hedge fund ownership rose 9.3% in Q1, Point72 a buyer of 1M shares while Light Street Capital also adding 1.1M shares. Short interest is 1%.

Hawk Vision:



Hawk's Perspective: STM has a nice weekly setup and should regain some momentum into the 2H as automotive rebounds while the M&A angle continues to be intriguing if we start to see more consolidation

Confidence Ranking: \$\$