



FEATURED OPTIONS RADAR REPORT



Medical Instrument Leader Sees Massive Call Buyer into Pullback

Ticker/Price: SYK (\$238.86)

Analysis:

Stryker (SYK) on 12/14 saw a massive buyer of 1100 June \$250 calls at \$28.00 for over \$3M and this was followed by another buyer the next day for another 570 of these same calls at \$22.30 accumulating a position well north over \$4M in total and now open interest at over 2200. SYK has also seen Jan 2024 \$300 calls sold in a buy write at \$7.20 potential to be a good target at 300 with those short calls in OI. SYK also still has 500 January \$210 calls in OI from buyers in late August for \$14.40 and still holding after more than doubling. Shares have been strong off the lows made in July and never made a new low in October like the broad market did but instead made a higher low and got back above its 200 day EMA and YTD VWAP which is now strong support below at 230. The recent run higher got to 258 and now pulling back to rising 21 EMA support near 237.50 as these large call buyers step in. SYK has an untested VPOC overhead at 264 so a likely first target higher and then 270 level is yearly value high from 2021. SYK monthly chart is curling higher with MACD nearing a bull cross for a long term buy signal as well. The \$90.4B company trades at 24.4x earnings, 5.3x sales, FCF yield at 3.4% while revenue is expected to grow +6% in FY22 and +5% growth estimated in FY23. The Company offers products and services in Medical and Surgical, Neurotechnology, Orthopaedics, and Spine that help improve patient and hospital outcomes. Average analyst target is \$245. Cowen boosted its target last week to \$283 from \$233 and keeps an Outperform rating saying they look positioned to offer positive 2023 revenue guidance off the back of a strong 4Q. Citi raising its target to \$282 from \$249 and keeps a Buy rating citing many headwinds remain for the North America medical supplies and technology group, but these should ease in the second half of next year, alleviating operating margin pressures. Barclays raised its target to \$257 and has an Overweight saying upside sum-of-the-parts analysis and compelling share trend analysis provide evidence of robust multi-year gains and raises his conviction in Stryker's thesis. They see a potentially banner year ahead for Stryker, driven by continued robot-driven share gains and two major MedSurg product launches in 2023. Short interest is at 1.7%. Hedge fund ownership rose 1.4% last quarter.

Hawk Vision:



Hawk's Perspective: SYK is a solid chart and can trade long against a close below the 230 level but also may need time to consolidate the recent rally. Strong trend likely resumes higher.

Confidence Ranking: \$\$\$