



Trade of the Week

Micron (MU) strong setup shares consolidating in a bull flag above the 50-MA and 200-MA and potential for an explosive move higher. Shares are coiled around YTD VPOC as well as the 200-MA at \$47/\$48 and the 50-day MA starting to curl higher and just below today's lows. A breakout targets a run back near 2020 highs at \$60. MU had size sellers of 7,000 January 2022 \$43 puts back in late June for \$9.40 to \$9.35, sizable institutional trade showing long-term willingness to own stock around current levels. MU has seen a lot of bullish flows lately including size buyers in the June \$46 and \$47 calls, the July \$50 calls, and January \$50 calls, the latter for more than \$16M back on 3/25.

Date	Description	Volume	Open.Intl	Price	Delta	Impl Vol	Prob.ITM	Premium Paid
7/9/2020	MU 100 21 AUG 20 50 CALL	5,409	5,802	\$2.80	0.5	45.68%	43.53%	\$1,546,974
7/9/2020	MU 100 16 OCT 20 62.5 CALL	5,494	4,057	\$1.34	0.22	47.14%	15.14%	\$769,160
7/2/2020	MU 100 (Weeklys) 24 JUL 20 45.5 PUT	2,145	41	\$0.48	-0.176	41.26%	20.44%	\$102,960
6/26/2020	MU 100 21 AUG 20 50 CALL	2,446	1,510	\$3.50	0.488	54.45%	40.28%	\$856,100
6/26/2020	MU 100 21 AUG 20 47.5 PUT	2,036	1,592	\$3.69	-0.417	55.29%	50.40%	\$751,284
6/25/2020	MU 100 18 JUN 21 40 PUT	2,000	1,240	\$5.40	-0.27	51.29%	45.56%	\$1,080,000
6/25/2020	MU 100 18 JUN 21 50 PUT	1,043	1,010	\$10.05	-0.43	47.76%	62.26%	\$1,063,860
6/25/2020	MU 100 17 JUL 20 53 CALL	1,153	450	\$1.18	0.28	62.11%	22.71%	\$139,513
6/23/2020	MU 100 18 JUN 21 60 CALL	2,238	45	\$5.75	0.43	46.34%	26.31%	\$1,286,850
6/23/2020	MU 100 17 JUL 20 49.5 PUT	4,201	0	\$2.67	-0.43	57.06%	49.23%	\$1,121,667
6/23/2020	MU 100 18 JUN 21 50 PUT	1,001	9	\$9.40	-0.41	46.67%	59.25%	\$950,950
6/23/2020	MU 100 17 JUL 20 54 CALL	4,598	26	\$1.50	0.34	56.42%	28.41%	\$662,688
6/22/2020	MU 100 17 JUL 20 48 CALL	2,000	3,719	\$5.10	0.66	61.47%	59.57%	\$1,020,000
6/22/2020	MU 100 17 JUL 20 51 CALL	1,168	0	\$3.09	0.51	60.18%	45.05%	\$360,912
6/19/2020	MU 100 (Weeklys) 2 JUL 20 48 CALL	1,031	381	\$5.39	0.77	65.35%	73.04%	\$551,585
6/17/2020	MU 100 18 JUN 21 50 CALL	2,040	757	\$10.50	0.61	49.83%	41.64%	\$2,366,400
6/15/2020	MU 100 17 JUL 20 52.5 CALL	8,439	8,430	\$2.20	0.39	59.27%	32.35%	\$1,856,580

The \$51.5B company trades 9.67X earnings and 2.6X sales with mid-to-high teens growth and limited debt. MU expects a solid ramp in earnings power in the next 2-3 years up from \$2.50 to over \$7 in FY22. MU gave a positive update last week on the quarter citing better pricing and execution while work-from-home has been a solid demand driver for both DRAM and NAND. The CEO also noted at the Bernstein conference that they expect pent up demand for smartphones to come back with the lockdowns easing and that 5G will be a long, multi-year growth cycle which will support demand for both memory and storage as well as higher content per unit. Analysts have an average target for shares of \$62.50. Rosenblatt with a \$100 PT on 5-28 seeing further growth in the August quarter. Wells Fargo continues to see evidence the company can return to its mid-cycle \$7/share in earnings power given the better pricing environment. Short interest is 3.2% and around 20-year lows. Hedge fund ownership rose 3.5% in Q1. Viking Global, Sanders Capital, Point72, Whale Rock, and Himalaya Capital all notable buyers and top positions. MU will report earnings on 6-29.

Trade to Consider

Long the **MU** August \$52.50 Calls for \$2.25