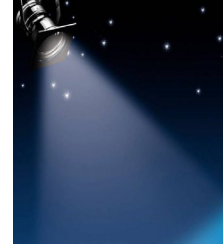


## SPOTLIGHT OPTION TRADE



### Large Cap Semi Holds Key Support, Credit Put Spreads Attractive

#### TRADE SNAPSHOT

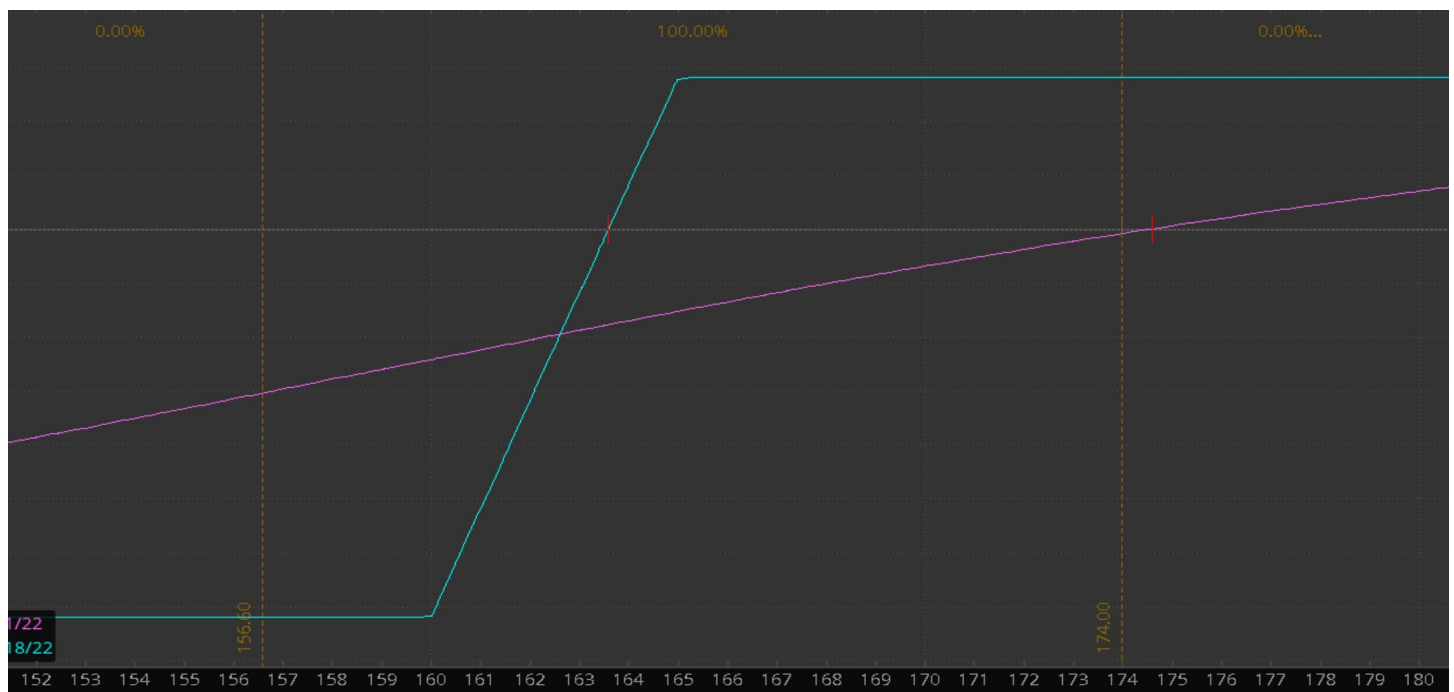
TICKER	TXN
SECURITY	Texas Instruments
SECTOR	Tech - Semiconductors
CURRENT PRICE	\$174
LONG/SHORT	Long Bias
TARGET	➤ \$165 on June OpEx
STOP	\$160
TIMEFRAME	1.5 Months

**Trading Strategy:** Sell the TXN June \$165/\$160 Put Spreads for a \$1.40 Credit

**Net Debit/Credit:** Credit of \$1.40

**Profitability Zone:** TXN Above \$163.60 on June OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** TXN has shown significant buyer support at VWAP off the March 2020 lows which aligns with a 38.2% retracement and has also seen significant opening put sales in the \$170, \$165, and \$160 strikes, so an area we expect to be defended.



**Fundamental Analysis:** TXN has a market cap of \$165B as a leading Analog chip maker with Industrial accounting for 41% of revenues, Automotive at 21%, Personal Electronics at 24% and Communications/Enterprise at 12%. TXN currently trades 19.2X Earnings, 8.75X Sales and yields a 2.65% dividend with a 3.7% FCF yield. Forecasts see revenues rising 5% this year and EPS higher by 7.5%. TXN in the latest quarter cut its outlook due to lockdowns in China impacting customer production. The company did highlight that there was no meaningful change related to backlog or cancellations, with ongoing escalations for expedited deliveries. TXN posted a strong quarter in Automotive and Industrial and the lowered guidance was likely a prudent move ahead of a Macro slowdown and TXN also posted record gross margins and resumed buybacks. Analysts have an average target of \$160 and short interest is low at 12.7% of the float. Jefferies lowered its target to \$203 but said to buy the sell-off as shares are cheaply valued and tend to bottom after reducing estimates. SIG lowered its target to \$215 and thinks the guidance is overly conservative for a worst case scenario in China.

### Options Activity:

Date	Ticker	Contract	Volume	OI	Price	Delta	IV	Premium	Last	Current OI <span>▼</span>	▲ Price	▲ OI
01-18-2022	TXN	TXN 100 17 JUN 22 160 PUT	1,253	1,199	\$5.88	-0.24	31.93%	\$736,764	\$4	14,100	▼ 31.97%	▲ 475.04%
03-31-2022	TXN	TXN 100 17 JUN 22 160 PUT	10,106	5,096	\$2.72	-0.16	34.74%	\$2,748,832	\$4	14,100	▼ 47.06%	▼ 7.25%
04-25-2022	TXN	TXN 100 17 JUN 22 170 PUT	6,030	2,618	\$8.65	-0.44	37.2%	\$5,366,700	\$7.3	8,631	▲ 15.61%	▼ 0.2%
03-28-2022	TXN	TXN 100 17 JUN 22 185 CALL	1,865	1,093	\$8.34	0.47	29.08%	\$1,566,600	\$3.01	6,243	▼ 63.91%	▲ 111.05%
06-04-2021	TXN	TXN 100 17 JUN 22 175 PUT	1,000	589	\$15.15	-0.36	26.51%	\$1,550,000	\$11	5,968	▲ 27.39%	▲ 275.58%
03-23-2022	TXN	TXN 100 17 JUN 22 175 PUT	6,680	3,208	\$8.75	-0.41	30.54%	\$5,845,000	\$11	5,968	▲ 25.71%	▼ 39.64%
01-14-2022	TXN	TXN 100 15 JUL 22 165 PUT	711	61	\$7.7	-0.26	29.85%	\$547,470	\$8.35	5,080	▲ 8.44%	▲ 558.03%
04-28-2022	TXN	TXN 100 15 JUL 22 165 PUT	3,916	1,152	\$7.8	-0.37	34.99%	\$3,074,060	\$8.35	5,080	▲ 7.05%	▲ 0.24%
06-01-2021	TXN	TXN 100 17 JUN 22 200 PUT	4,000	98	\$27.7	-0.56	24.85%	\$11,640,000	\$26.8	4,400	▲ 3.25%	▲ 7.37%
10-14-2021	TXN	TXN 100 17 JUN 22 155 PUT	812	419	\$5.45	-0.18	31.19%	\$442,540	\$3.01	3,224	▼ 44.77%	▲ 161.9%
06-21-2021	TXN	TXN 100 17 JUN 22 180 PUT	1,100	100	\$17.5	-0.43	25.75%	\$2,002,000	\$13.75	2,951	▲ 21.43%	▲ 145.92%
04-25-2022	TXN	TXN 100 17 JUN 22 170 CALL	2,688	480	\$10.45	0.56	36.31%	\$2,849,280	\$9.55	2,936	▼ 8.61%	▼ 7.32%
06-03-2021	TXN	TXN 100 17 JUN 22 150 PUT	1,561	19	\$7.85	-0.21	29.49%	\$1,225,385	\$3.2	2,767	▲ 59.24%	▲ 75.13%

**Potential Catalysts:** No Scheduled Events

## **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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