

## SPOTLIGHT OPTION TRADE



### Calls in High Quality Company at Decade Low Valuation and Key Technical Support

#### TRADE SNAPSHOT

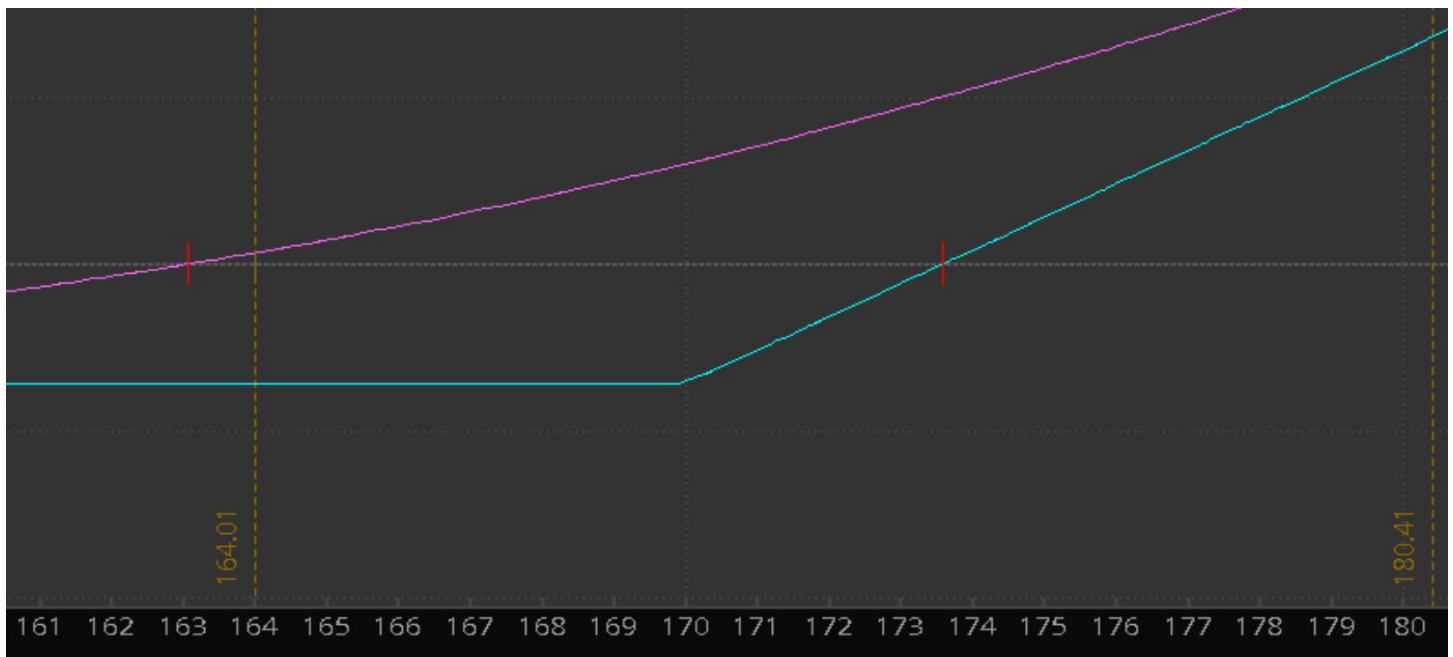
TICKER	UPS
SECURITY	United Parcel Service
SECTOR	Industrials - Transports
CURRENT PRICE	\$164
LONG/SHORT	Long
TARGET	\$180
STOP	\$157.5
TIMEFRAME	6 Weeks

**Trading Strategy:** Long UPS December \$170 Calls for \$3.60 Debit

**Net Debit/Credit:** Debit of \$3.60

**Profitability Zone:** UPS Above \$173.60 on December OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** UPS is sitting on its 200-week EMA and a major three-year VPOC in a large falling wedge pattern with room to rebound to the 21-week. MACD is working higher and could cross bullish fueling a nice rally.



**Fundamental Analysis:** UPS currently has a \$142B market cap and trades 13.25X Earnings, 19.75X FCF and at 8.8X EBITDA is near a decade-low multiple. UPS continues to face some inflationary and supply chain challenges but also has strong pricing power and has demonstrated an ability to execute on initiatives to drive higher margins. Management did flag a slowing Macro and International came in much weaker than Domestic last quarter. The main risk at UPS is Amazon insourcing volumes as it continues to build out its internal logistics network capacity. The other risk is that UPS's 5-year contract with the Teamsters is up for renewal in mid-2023. The Teamsters represent over 70% of UPS's employee base. Despite these risk with a dividend yield of 3.7% and much of this uncertainty out in 2023, UPS looks positioned to rally off this level near-term as we get a better read on Holiday volumes. Analysts have an average target of \$190 with short interest low at 1.3% of the float. UBS raised its target to \$196 after the latest quarter on stronger Q4 guidance and better International and Supply Chain margins. Argus with a \$190 target notes the dividend raise and buyback signals management confidence in the outlook.

### Options Activity:

Date	Ticker	Contract	Volume	Price	OI	Delta	IV	Premium	Last	Current OI ▼	▲ Price %
09-22-2022	UPS	UPS 100 16 DEC 22 195 CALL	10,005	\$2.19	847	0.18	30.92%	\$2,321,160	\$0.28	20,836	▲ 87.21%
03-08-2022	UPS	UPS 100 20 JAN 23 150 PUT	2,151	\$6.8	1,768	-0.15	35.88%	\$1,430,415	\$3.8	5,442	▼ 44.12%
10-25-2022	UPS	UPS 100 18 NOV 22 172.5 CALL	4,774	\$5.15	211	0.47	32.13%	\$2,339,260	\$0.9	4,909	▼ 82.52%
10-25-2022	UPS	UPS 100 18 NOV 22 182.5 CALL	4,677	\$1.55	4	0.21	30.67%	\$776,382	\$0.19	4,788	▲ 87.74%
01-19-2021	UPS	UPS 100 20 JAN 23 145 PUT	323	\$22.41	60	-0.37	29.77%	\$723,843	\$2.7	4,362	▲ 87.95%
11-16-2021	UPS	UPS 100 20 JAN 23 145 PUT	2,500	\$4.25	864	-0.11	30.96%	\$1,100,000	\$2.7	4,362	▼ 36.47%
04-09-2021	UPS	UPS 100 20 JAN 23 130 PUT	1,200	\$7.7	419	-0.17	26.9%	\$924,000	\$0.99	4,191	▲ 87.14%
06-01-2022	UPS	UPS 100 20 JAN 23 130 PUT	1,503	\$3.65	2,631	-0.12	37.91%	\$548,595	\$0.99	4,191	▲ 72.88%
10-10-2022	UPS	UPS 100 20 JAN 23 95 PUT	3,004	\$0.51	197	-0.03	54.55%	\$171,228	\$0.39	3,203	▼ 23.53%
06-08-2021	UPS	UPS 100 20 JAN 23 180 PUT	751	\$14.9	542	-0.29	25.7%	\$1,118,990	\$16.14	3,011	▼ 8.32%
10-17-2022	UPS	UPS 100 20 JAN 23 175 CALL	710	\$7.76	588	0.39	34.76%	\$536,050	\$4.41	2,863	▼ 43.17%
10-21-2022	UPS	UPS 100 20 JAN 23 175 CALL	1,395	\$7.99	1,211	0.41	36.08%	\$1,129,950	\$4.41	2,863	▲ 44.81%
10-24-2022	UPS	UPS 100 16 DEC 22 175 CALL	2,246	\$6.65	437	0.41	38.21%	\$1,516,050	\$2.11	2,658	▼ 68.27%
10-25-2022	UPS	UPS 100 18 NOV 22 190 CALL	3,034	\$0.78	1,555	0.12	30.64%	\$263,958	\$0.08	2,656	▲ 89.74%
10-03-2022	UPS	UPS 100 18 NOV 22 165 PUT	1,013	\$11.1	484	-0.53	41.14%	\$1,170,015	\$4.94	2,605	▲ 55.5%
10-13-2022	UPS	UPS 100 16 DEC 22 165 CALL	1,071	\$9	181	0.48	37.64%	\$963,900	\$6.15	2,474	▲ 31.67%
04-28-2021	UPS	UPS 100 20 JAN 23 160 PUT	950	\$11.6	92	-0.24	25.87%	\$1,149,500	\$6.8	2,434	▼ 41.38%
01-25-2022	UPS	UPS 100 20 JAN 23 175 PUT	932	\$12.7	529	-0.28	31.17%	\$1,183,640	\$14.7	2,126	▲ 15.75%

**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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