

SPOTLIGHT OPTION TRADE



Workday Favorable Reward/Risk for Breakout into Earnings at Month-End

TRADE SNAPSHOT

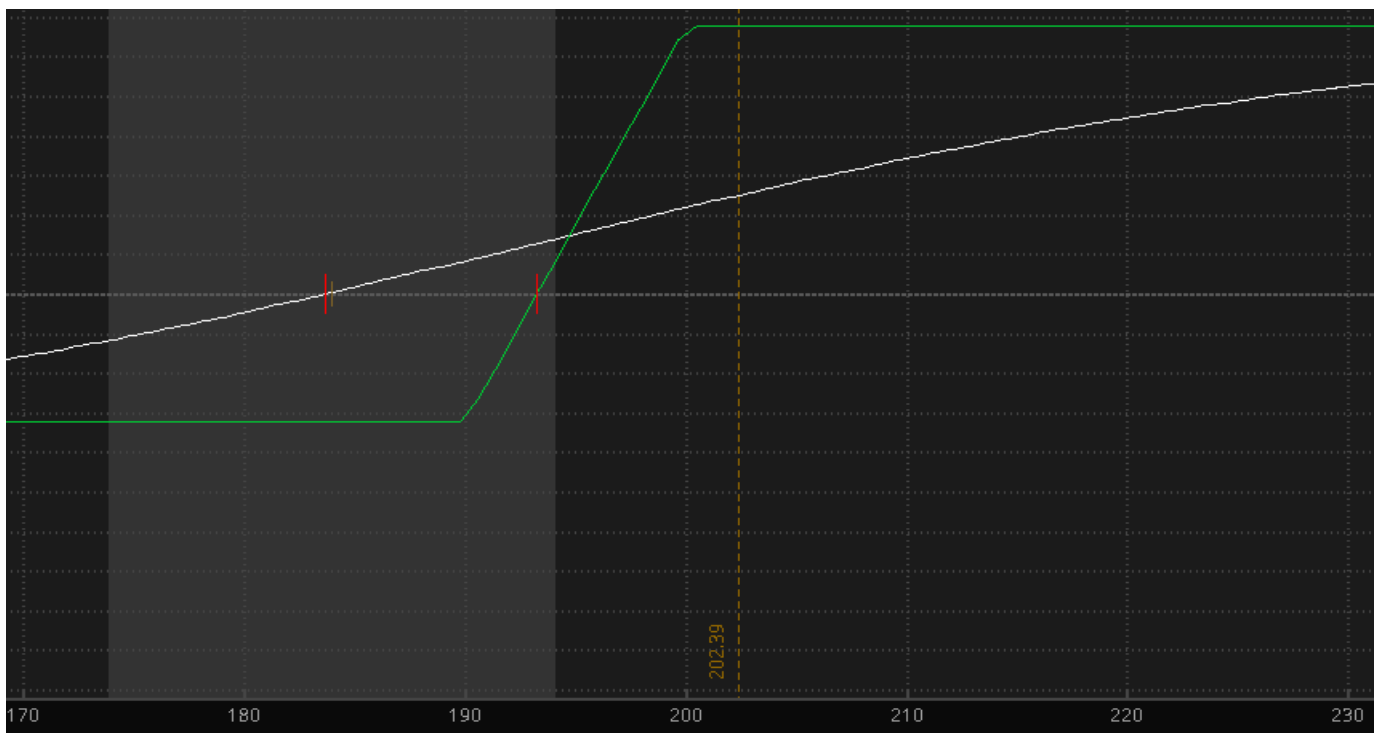
TICKER	WDAY
SECURITY	Workday, Inc.
SECTOR	Technology - Software
CURRENT PRICE	\$184
LONG/SHORT	Long
TARGET	\$200
STOP	\$174
TIMEFRAME	2 Months

Trading Strategy: Long the **WDAY** September \$190/\$200 Call Spreads \$3.25

Net Debit/Credit: Debit \$3.25

Profitability Zone: WDAY Shares Above \$193.25

Options Volatility / Trade Simulator View:





Technical Analysis: WDAY showed up on two of my favorite technical scans tonight and seeing shares form a base on its rising 55 MA and a cluster of moving averages it is attempting to work through. Shares have a falling wedge pattern back to retest the June breakout which is now support and above \$186.5 can pick up momentum.



Fundamental Analysis: The \$43B leader in human capital management (HCM) software trades 8.5X FY21 EV/Sales which is cheap to many software growth names and WDAY is entering a lower growth period with 15-20% annual growth seen over the next three years after posting a 30%+ CAGR the prior three years, and the discount to peers seems far too wide. WDAY should see a boost from the accelerated cloud adoption and has many resilient Fortune 500 companies as clients. It operates in a \$100B TAM that includes Analytics, Financials, HCM, Payroll, Planning and Projects. It also sees opportunities in International markets moving forward and estimates just 13% penetration for HCM in EMEA. Analysts have an average target of \$187.50 and short interest is 4.4% of the float. Goldman and RBC raised targets to \$210 in June and RBC noting encouraging signs of increased customer engagement across WDAY's product portfolio, though sees the next 1-2 quarters as potentially challenging. JPM raised its target to \$190 confident the company can branch out from HCM to become a multi-product business. WDAY also has key partner deals with Microsoft and Salesforce and is seeing a boost in operating margins. Hedge Fund ownership jumped 10% in Q1 filings, Bares Capital with a 14%+ weighting and Viking Global with a new stake while Duquesne Family Office has a highly concentrated position as well.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol	Current Price	Current OI	Price Change
7/30/2020	WDAY 100 18 SEP 20 180 CALL	404	190	\$10.25	0.51	42.53%	44.28%	\$414,100	.WDAY200918C180	\$11.55	730	12.68%
7/24/2020	WDAY 100 21 AUG 20 190 CALL	4,705	316	\$4.66	0.374	37.43%	33.52%	\$2,192,530	.WDAY200821C190	\$2.58	5261	-44.64%
7/13/2020	WDAY 100 21 JAN 22 210 CALL	1,500	402	\$27.25	0.52	36.69%	34.14%	\$4,410,000	.WDAY220121C210	\$23.64	1722	-13.25%
7/6/2020	WDAY 100 21 AUG 20 175 PUT	1,015	71	\$3.91	-0.23	39.50%	27.98%	\$416,150	.WDAY200821P175	\$3.30	1341	-15.60%
7/6/2020	WDAY 100 21 AUG 20 155 PUT	1,022	181	\$1.09	-0.08	44.48%	10.17%	\$122,640	.WDAY200821P155	\$0.31	1073	-71.56%
5/29/2020	WDAY 100 18 SEP 20 170 PUT	254	125	\$12.30	-0.36	44.67%	45.53%	\$312,420	.WDAY200918P170	\$5.97	1188	-51.46%
4/8/2020	WDAY 100 18 SEP 20 150 CALL	640	172	\$12.20	0.45	48.31%	32.27%	\$819,200	.WDAY200918C150	\$33.85	808	177.46%
3/20/2020	WDAY 100 21 JAN 22 200 CALL	1,001	644	\$11.90	0.34	41.60%	16.35%	\$1,191,190	.WDAY220121C200	\$24.50	2,360	105.88%
3/17/2020	WDAY 100 15 JAN 21 65 PUT	1,000	200	\$3.90	-0.09	62.79%	21.96%	\$390,000	.WDAY210115P65	\$0.50	1,201	-87.18%
1/30/2020	WDAY 100 15 JAN 21 180 PUT	702	39	\$20.30	-0.37	34.19%	50.29%	\$1,404,000	.WDAY210115P180	\$19.40	1012	-4.43%
1/27/2020	WDAY 100 15 JAN 21 120 PUT	650	182	\$3.70	-0.09	39.75%	17.72%	\$253,500	.WDAY210115P120	\$2.71	832	-26.76%
12/4/2019	WDAY 100 21 JAN 22 200 CALL	300	87	\$23.71	0.48	35.67%	28.32%	\$759,000	.WDAY220121C200	\$24.50	2,360	3.33%
12/4/2019	WDAY 100 21 JAN 22 150 CALL	300	18	\$45.71	0.69	38.24%	47.75%	\$1,380,000	.WDAY220121C150	\$50.33	708	10.11%

Potential Catalysts: Earnings Late August

Disclaimer:

Not Investment Advice or Recommendation

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