



Midday Options Update Highlights the Following Stocks: Johnson & Johnson, Dell, ADTRAN, IBM, Bank of America

837 words

14 October 2003

14:06

Business Wire

BWR

English

(c) 2003 Business Wire. All Rights Reserved.

CINCINNATI Schaeffer's Tom Godich, 513-589-3800 releases@sir-inc.com Today's Midday Options Update focuses on: Johnson & Johnson (NYSE:JNJ), Dell (NASDAQ:DELL), ADTRAN (NASDAQ:ADTN), IBM (NYSE:IBM), and Bank of America (NYSE:BAC).

The Midday Options Update contains a brief commentary on the day's most notable activity and a table listing the most active calls and puts for the day. The Midday Options Update is published every day at SchaeffersResearch.com. For additional information about this report or to have it delivered to you via email every day click on the following link: <http://www.schaeffersresearch.com/addinfo>.

Midday Options Update

The latest in earnings announcements is on everyone's lips this afternoon. Despite some positive news, the major market indexes are trading lower, raising concerns that maybe the positive reports have already been factored into stock prices. Johnson & Johnson (NYSE: JNJ) is struggling to stem the tide of losses washing over blue chips. The company reported third-quarter earnings of \$2.1 billion, or 69 cents per share. Sales for the quarter soared 15.2 percent to \$10.5 billion. Merrill Lynch (NYSE: MER) blew past the Street estimate of 87 cents per share, reporting a profit of \$1.04 per share. Bank of America (NYSE: BAC) also posted a profit of \$1.92 per share (or \$2.92 billion), ramping up past earnings of \$1.45 per share for the same period a year ago and the consensus estimate of \$1.69 per share.

Turning to the tech sector, ADTRAN (NASDAQ: ADTN) raked in \$72 million, or 42 cents per share, for the quarter. The company met the Street estimate as revenue soared 20 percent. The firm also announced that the stock will split two-for-one in December. After the close, Intel (NASDAQ: INTC) is scheduled to step into the earnings confessional with the Street anticipating a profit of 23 cents per share. And in the morning, IBM (NYSE: IBM) will greet traders with its earnings report before the opening bell. The consensus forecast for the computer giant stands at \$1.02 per share.

In other news on the Street, traders are punishing EMC Corp. (NYSE: EMC) this afternoon following its announcement that it will acquire Documentum (NASDAQ: DCTM) in an all-stock deal valued at \$1.7 billion. In addition, EMC expects to post a profit of seven cents per share for the quarter compared to the estimates for earnings of four cents per share.

At 1:11 p.m. eastern time, the Dow Jones Industrial Average (DJIA - 9754.9) is down 0.10 percent and the S&P 500 Index (SPX - 1043.34) is lower by 0.19 percent. The Nasdaq Composite (COMP - 1930.4) is down 0.16 percent. At 1:12 p.m. in the options pits, 1,300,841 calls and 819,317 puts traded for a composite put/call ratio across all five exchanges of 0.62. The CBOE put/call ratio for equity options weighed in at 0.62.

Perennial favorite Dell (NASDAQ: DELL) is seeing some heavy call trading this afternoon. The stock has had more than 5,200 contracts change hands at its November 40 strike and another 3,000 cross the tape at its November 37.50 call. In fact, its Schaeffer's put/call open interest ratio of 0.58 is lower than 71 percent of those taken over the past year. Another sign of bullish sentiment is the 10-percent decline in short interest over the most recent reporting period to 39.7 million shares. This is only 2.32 times its average daily trading volume,

reducing the chances of DELL enjoying a covering rally. In addition, Wall Street remains enchanted by the company, with 15 of the 25 analysts following the firm rating it a "buy" or better.

But the question becomes: Does DELL have the strength to live up to this swell of optimism? The shares have been steadily climbing on support from their 10-week and 20-week moving averages since February and are now at their highest level since September 2000. The stock is currently trading above peak October and November call open interest at the 35 strike. However, more than 30,300 calls have accumulated at the back-month 37.50 and 40 strikes. A continued build-up of calls in this area could hinder DELL's rally attempts. The company is not slated to report earnings until November 13 so it will have to rely on other tech companies in its sector for any kind of earnings-related boost over the near term. (Speaking of which, don't forget about IBM's earnings report tomorrow morning.) This one definitely deserves some close watching.

Click the following link to see the Weekly Chart of DELL since November 2002 with 10-Week and 20-Week Moving Average:

<http://www.schaeffersresearch.com/wire?ID=8648>.

Document BWR0000020031014dzae007c3

Search Summary

Text	
Date	All Dates
Source	GlobeNewswire (U.S.) Or PR Newswire (U.S.) Or Business Wire (U.S.)
Author	All Authors
Company	Adtran Inc
Subject	All Subjects
Industry	All Industries
Region	United States
Language	English
Results Found	812
Timestamp	18 July 2018 11:57