**Weekend Trader Series**

**September 5, 2021**

**Open Positions Update**

* *Close the 3M (MMM) October 15, 2021, 195-strike call on Tuesday, September 7. Close the position at a limit price within the range of the current market price when you place the order.*
* *Please extend the scheduled time-stop date on the Yeti (YETI) November 19, 2021, 87.50-strike call to Monday, September 20.*

The following is this week's recommendation:

**United States Steel (X)**  
  
Place a limit order to buy the United States Steel (X) December 17, 2021 25-strike call at a limit price within range of the current market asked price when you place your order. At the close on Friday, September 3, this option was offered at $3.85. X closed at $26.22 on Friday, September 3.  
  
Do not attempt to enter this position after Tuesday's close.  
Please use the following guidelines to manage the position:

* Exit the position if the option is at a 100% gain from your entry price.
* If the option has not reached its target profit by 3:00 p.m. Eastern time on Monday, October 18, close the position.
* If there is a change to the above closeout parameters, we will notify you in your regular Sunday evening communication.

The shares of United States Steel (X) are in in the midst of a falling wedge, and have found support near the 40-day moving average, which was also the recent low's anchored volume weighted average price (AVWAP) level. That same level happens to be at the stock's +50% year-to-date area. United States Steel stock is also entering a period that's yielded fantastic results in the past, with the equity averaging a 6.8% and 10.8% pop in October and November, respectively, over the last 10 years. With these technical layers of support in place, now is the ideal time to speculate on X with calls.

Chart

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The brokerage bunch remains pessimistic on the stock, despite the fact that its outperformed the broader market since its pandemic lows, so a shift in sentiment amongst analysts would put more wind at the security's back. Of the six in coverage, four still sport a tepid "hold" or worse rating. Meanwhile, despite a ton of covering, short interest still accounts for 13.7% of the stock's available float.  
  
A change in tune in the options pits would also lift United States Steel stock, as the penchant for puts has been overwhelming of late. In fact, X's 10-day put/call volume ratio at the International Securities Exchange (ISE), Cboe Options Exchange (CBOE), and NASDAQ OMX PHLX (PHLX) stands higher than 91% of readings in its annual range.  
  
The good news for options buyers is United States Steel stock premiums are attractively priced right now. This is according to the equity's Schaeffer's Volatility Index (SVI), which stands in the 11th percentile of readings from the past 12 months. What's more, its Schaeffer's Volatility Scorecard (SVS) stands at an 80 out of 100, indicating X has exceeded options traders' volatility expectations over the past year.  
  
Lastly, our recommended December 25 call has a leverage ratio of 4.2, and will double in a 24.9% rise in the underlying stock.  
  
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**Most Recent Recommendations**

* [Oracle (ORCL) - August 29, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=76C035C6-F7A1-4BC9-AB1F-88E566F91158)
* [Alcoa (AA) - August 22, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=7CC38226-26AD-4B4A-B072-B628B4787E51)
* [3M (MMM) - August 15, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=79800442-DCCA-48FB-9081-67905A2C7D27)
* [Cognizant Technology (CTSH) - August 8, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=A79B28FA-FFF2-4302-95F4-F775C14EF5D0)
* [Lennar (LEN) - August 1, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=1B94E269-C7B1-4C9E-BB94-B2C52BE81A8A)

**Weekend Trader Alert**

**September 5, 2021**

**Open Positions Update**

* *The Chewy (CHWY) October 15, 2021, 80-strike call reaches its time-stop this Tuesday, September 7. Close the position at a limit price within range of the current market price when you place the order.*

**The following is this week's recommendation:**

**Anheuser-Busch (BUD)**  
  
Place a limit order to buy the Anheuser-Busch (BUD) December 17, 2021 65-strike put at a limit price within range of the current market asked price when you place your order. At the close on Friday, September 3, this option was offered at $7.55. BUD closed at $59.87 on Friday, September 3.  
  
Do not attempt to enter this position after Tuesday's close.  
Please use the following guidelines to manage the position:

* Exit the position if the option is at a 100% gain from your entry price.
* If the option has not reached its target profit by 3:00 p.m. Eastern time on Monday, October 18, close the position.
* If there is a change to the above closeout parameters, we will notify you in your regular Sunday evening communication.

The shares of Anheuser-Busch (BUD) are in the midst of a bear flag breakdown on the charts, with failure at the 21-day exponential moving average as well as the longer-term 320-day moving average. That failure also occurred near the security's -10% year-to-date level, which is double BUD's 2020 lows. In addition, the shares are breaking below their 2020 highs, which makes now the perfect time to buy BUD puts.

Chart, line chart

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There's ample room for downgrades amongst the brokerage bunch, as three of the nine analysts in coverage still sport a "strong buy" rating. Further, short interest is very low at the moment, with the 5.35 million shares sold short account for just 0.3% of the stock's available float.

Anheuser-Busch stock premiums can be had for a bargain at the moment. This is per the security's Schaeffer's Volatility Index (SVI) of 20%, which sits higher than just 6% of readings from the past 12 months. What's more, its Schaeffer's Volatility Scorecard (SVS) stands at a high 92 out of 100, indicating the equity has exceeded options traders' volatility expectations of the past year -- a boon for buyers.

Our recommended December 65 put has a leverage ratio of -5.8, and will double in a 14.4% fall in the underlying security.

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**Most Recent Recommendations**

* [Louisiana Pacific (LPX) - August 29, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=3C45C3F0-801D-4DDC-B15F-E6872825FC53)
* [Kohl's (KSS) - August 22, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=A0D27298-DF6A-4549-8CCF-E7651FA44E7C)
* [DraftKings (DKNG) - August 15, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=B9698A8F-C42B-451D-B78B-6A95DCE0E6B3)
* [Caterpillar (CAT) - August 8, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=69ADBABE-05F2-48EA-9C6A-C882AE51BBF2)
* [Winnebago (WGO) - August 1, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=846E5C07-230E-4190-A0FE-EAB5D99974DB)

*The information contained herein is intended solely for the individual subscribers, is not intended for institutional investment organizations,*

**Weekend Player**

**September 5, 2021**

**Open Positions Update**

*There are no portfolio updates this week.*

**Doordash (DASH)**  
  
Place a limit order to buy the **Doordash (DASH) October 22, 2021 210-strike call** at a limit price within range of the current market asked price when you place your order. At the close on Friday, September 3, this option was offered at **$6.70. DASH closed at $193.46 on Friday, September 3.**  
  
Please use the following guidelines to manage the position:

* Do not attempt to enter this position if DASH is trading above $195.50.
* If this position cannot be entered by Tuesday's close based on DASH share price, the position may be entered on Wednesday if DASH trades at $195.50 or lower. Do not attempt to enter this position after Wednesday's close.
* Exit the position if the option is at a 200% gain from your entry price.
* If the option has not reached its target profit by 3:00 p.m. Eastern time on Thursday, October 7, close the position.

[Chart

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**Schaeffer's Chart of the Week  
This Retail Stock Could See a September Spark  
By Patrick Martin, Managing Editor**

Almost one year ago to the day, retail stock Under Armour (UAA) was just digging itself out of single-digit territory. Now, the shares are trading at roughly double that 12-month low of $10.14. At the same time, UAA's market cap sits at $10 billion, which is about half its all-time high. Beyond these psychologically significant milestones, UAA has flashed not one, but two signals that, if past is precedent, could mean the stock is ready to continue its steady climb.  
  
For options traders looking for a weekly play, Under Armour stock could be prudent. Per Schaeffer's Senior Quantitative Analyst Rocky White, Under Armour is one of the best 25 S&P 500 Index (SPX) stocks to own the week of Labor Day. Looking at data from the last 10 years, UAA averages a tidy 3.3% return, with eight of the 10 positive. That's far and away the best of the 25 stocks, and the personal goods' sector sole champion.

A screenshot of a computer

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As of this writing, UAA was trading at $22.67, so a move of similar magnitude would put the stock on the cusp of $24 by the end of next week, essentially filling that nasty 4.1% bear gap from Aug. 31. For longer-term investors, there's another bullish signal to consider. Under Armour also appeared on White's list of the 25 best-performing stocks on the SPX for September in the last decade. Under Armour's average return the last 10 years in September comes out to 2.6%, with 70% of the returns positive, once again besting the personal goods sector.  
  
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While those numbers may not pop off the page, Under Armour is the only stock to appear on both lists. And when you consider UAA's 14-Day Relative Strength Index (RSI) is approaching its lowest levels in nearly a month, there's reason to believe the retail stock can survive a period that's typically turbulent for apparel manufacturers; the sweet spot between back-to-school and holiday shopping.  
  
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There are more contrarian factors to consider. Of the 22 brokerages covering Under Armour, 11 rate the stock a "hold" or worse. And short sellers keep building their positions, with short interest up 5% in the two most recent reporting periods. The 15.09 million shares sold short account for 8% of UAA's total available float, making the stock an intriguing short-covering play, should some of these bearish bettors find themselves underwater.  
  
Implied volatilities (IV) remain muted, which is a boon for potential options traders. The equity's 30-day at-the-money (ATM) IV of 35.6% is in the 2nd percentile of its annual range, pointing to relatively deflated volatility expectations being priced into near-term options.  
  
**Most Recent Recommendations**

* [Cisco Systems (CSCO) - August 22, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=709BAD6B-51B8-4E8C-94CD-885B7FAC16D3)
* [Apple (AAPL) - August 15, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=45CD5496-0305-4718-91C8-643D98A26541)
* [Snap (SNAP) - August 8, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=3AA15B33-5704-496D-A5EF-A068778C61A2)
* [Pfizer (PFE) - August 1, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=BE104D74-FEAB-4131-8D3C-E6923F0A54A3)
* [Qualtrics International (XM) - July 25, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=17DA141D-5FC2-4D7D-8C20-B975A3858427)
* [Nokia (NOK) - July 18, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=B26E990B-D5EC-4023-93F8-96CA75EF0744)
* [BlackBerry (BB) - July 11, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=88A424E4-0223-473D-A14E-B90E2858DF8C)