**Weekend Trader Series**

**September 12, 2021**

**Open Positions Update**

* Alcoa (AA) November 19, 2021 34-strike call was closed after hitting its target profit of 100%. If you have not already done so, please close out of your AA position at the earliest opportunity.
* Close the Lennar (LEN) November 19, 2021, 100-strike call on Monday, September 13. Close the position at a limit price within the range of the current market price when you place the order.

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

**BP (BP)**  
  
**Place a limit order to buy the BP (BP) November 19, 2021 26-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 10, this option was offered at $2.45. BP closed at $24.50 on Friday, September 10.**  
  
**Do not attempt to enter this position after Monday'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 25, close the position.**
* **If there is a change to the above closeout parameters, we will notify you in your regular Sunday evening communication.**

Oil and gas giant BP (BP) is sitting below half its May 2018 peak and trading right near peak October call open interest levels. With this technical and options-centric ceiling in place, there’s reason to believe BP could encounter some trouble on the charts.  
Diagram

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Analysts remain split toward the stock, which means more underperformance could prompt downgrades and/or price-target cuts. Case in point: the average 12-month price target sits up at $33.35, a 36% premium from its Friday closing perch. And among short sellers, less than 1% of BP’s total available float is sold short, meaning there’s plenty of room aboard the bearish bandwagon.  
   
Options traders are in luck at the moment. BP’s Schaeffer's Volatility Scorecard (SVS) stands at 98 out of 100, indicating the equity has exceeded options traders' volatility expectations of the past year -- a boon for potential buyers. Our recommended November 26 put has a leverage ratio of negative 6.3, and will double in value on a 13.4% drop in the underlying stock.  
Table

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**Most Recent Recommendations**

* [United States Steel (X) - September 5, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=B966551C-3EAC-4D29-8D63-9FE074A565CB)
* [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 Solutions (CTSH) - August 8, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=A79B28FA-FFF2-4302-95F4-F775C14EF5D0)

**Weekend Trader Alert**

**September 12, 2021**

**Open Positions Update**

* Close the Kohl’s (KSS) November 19, 2021, 52.50-strike call on Monday, September 13. 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 Winnebago (WGO) October 15, 2021, 65-strike call to Monday, September 20.

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

**Carrier Global (CARR)**  
**Place a limit order to buy the Carrier Global (CARR) January 21, 2022 55-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 10, this option was offered at $4.70. CARR closed at $56.43 on Friday, September 10.**  
**Do not attempt to enter this position after Monday'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 25, close the position.**
* **If there is a change to the above closeout parameters, we will notify you in your regular Sunday evening communication.**

Shares of HVAC name Carrier Global (CARR) have pulled back slightly from their all-time highs just shy of $60, as well as the $50 billion market-cap and 50% year-to-date mark. This dip, combined with the stock’s 49% gain for 2021, makes now a prime entry point for bulls to bet big on CARR.  
   
In late July, Carrier Global posted a revenue and earnings beat while raising its full-year guidance. A share repurchase program that was also authorized can serve as a potential tailwind for the equity.

Chart, line chart

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Analysts are split on CARR, leaving ample room for upgrades moving forward. Heading into Friday’s trading, 50% of the 14 covering brokerages carried a tepid "hold" recommendation.  
   
Lastly, Carrier Global stock premiums can be had for a bargain at the moment. This is per the security's Schaeffer's Volatility Index (SVI) of 26%, which sits higher than just 16% of readings from the past 12 months. Our recommended January 2022, 55-strike call has a leverage ratio of 7.2, and will double in value on a 13.8% rise in the underlying security.  
  
Table

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**Most Recent Recommendations**

* [Anheuser-Busch (BUD) - September 5, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=DC93BB6A-B614-4E23-93ED-1802079593A5)
* [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)

**Weekend Player**

**September 12, 2021**

**Open Positions Update**

There are no portfolio updates this week.  
  
There are no new trade recommendations this week.  
  
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**Schaeffer's Chart of the Week  
History Says Buy the Walmart Stock Dip  
By Emma Duncan, Managing Editor**

Shares of blue-chip retailer Walmart (WMT) have had a volatile 2021, trading as low as $126.28 in March and eclipsing $150 by late August. All of this adds up to WMT remaining just above its year-to-date breakeven mark. However, in recent weeks the equity has pulled back from its Aug. 17, nine-month peak near $153, as well as to a trendline with historically bullish implications. A signal that also looks to be flashing is Walmart stock’s historic performance for the month of September –noteworthy considering September’s oft-bearish seasonality -- which could indicate that now is the perfect time to bet on the blue chip’s next leg higher.  
  
Just ahead of the company’s earnings release, we suggested that with a 14-day Relative Strength Index (RSI) 73, WMT may be in store for a short-term pullback within the coming weeks. Sure enough, WMT is now down 2.5% in the last 30 days. But despite the lackluster price action, September could right the ship.  
  
Specifically, White compiled a list of the 25 best performing stocks this month, going back 10 years. In this time frame, WMT has seen eight positive one-month returns, with a median gain of 0.9%. That's good for being one of the only two Dow stocks on the list, bested by chip maker Intel (INTC), which boasts an impressive median return of 4.7% in September. A similar move from Walmart stock's Thursday close of $146.42 would put the equity just shy of $148 -- facing off with this month’s $149.65 peak.  
Table

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Even further, per White, WMT just came within one standard deviation of its 40-day moving average after a lengthy period above the trendline. A commendable 12 similar pullbacks have occurred in the past three years. One month after these signals, Walmart stock was higher 50% of the time, and averaged a return of 1% in that time period. From Thursday’s close, a similar move would put the also just shy of its September peak.  
  
Chart

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Keep an eye on Walmart’s options activity, which could lead to an unwinding of bearish bets. The stock's Schaeffer's put/call volume ratio (SOIR) sits higher than 96% of readings in its annual range. This means traders have rarely been more put-biased toward Walmart in the last 12 months. The good news for potential options buyers is Walmart stock premiums are attractively priced right now. This is according to the equity's Schaeffer's Volatility Index (SVI) of 14%, which stands in the low 6th percentile of readings from the past 12 months.  
  
  
**Most Recent Recommendations**

* [DoorDash, Inc. (DASH) - September 5, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=92F870D7-E396-449E-9C6F-4D66D79479FE)
* [Cisco Systems (CSCO) - August 22, 2021](https://myaccount.schaeffersresearch.com/members/services/WeekendTrader/default.aspx?commentaryid=709BAD6B-51B8-4E8C-94CD-885B7FAC16D3)
* [Apple Inc. (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 Inc. (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)