

MARKET UPDATE

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**This morning a quick look at the
S+P and then on to a household
name, CVS Health (CVS)**

**I asked last week, will the S+P
hold at 3900?**

**The S+P climbed back above
3900 to 3915 on February 8**

It closed Friday at 3913

The VIX was 21.24 on February 8

It closed Friday at 20.85

**It sure does not feel that way,
does it?**

What's Happening This Week

- Tuesday = ADBE, PAYX earnings
- Wednesday = KBH earnings
- Thursday = GDP data, DRI earnings
- Friday = Inflation, consumer spending data
- The Trend: The Pandemic and Low Cost Medical Care
- The Sector: ??????
- The Stock: CVS

The Trend

- The post pandemic health care world
- Big push into low intensity, low cost care
- Accelerating growth due to the pandemic
- Secular changes in the marketplace due to the pandemic
- CVS or WBA? CVS owns Aetna

The Company = CVS Health (CVS)

- A true health care conglomerate
- 1100 mini-clinics
- The E-Clinic
- 9.900 retail locations
- 105 PBM members
- 1MM patients per day
- LTC - did you know about this?

**The pandemic has
institutionalized low cost, local
health care**

**CVS could touch double digit
revenue growth outside of
Aetna**

The Stock = CVS

- Still misunderstood on Wall Street
- The opposite of a bubble stock
- Stock price based on revenue growth, margins and profits
- 7 times free cashflow
- Forward P/E of 10 or less



Short Term Trading Range

- A decline, then support around \$70-\$71
- Ongoing support at this level
- Next catalyst = earnings the first week of May



Chains, Premiums, Cash

- Monthlies and weeklies
- Moderately liquid chains
- Stock at \$73.18, put expiring 3/26 selling for \$.83
- Rate of return = 1.1% in seven days