

Warner Bros Discovery Options Flow Spike

Extreme call-only activity surfaces amid shareholder vote on Paramount merger deal.

SUMMARY

Warner Bros. Discovery triggered an options flow spike alert following 5 unusual activity events totaling \$910 in call premium with zero put activity. The extreme skew reflects directional positioning ahead of the pending Paramount merger vote^[1], creating a rare put-call ratio of 0.0.

The stock closed at \$26.91, down 1.46% on the session, trading within its 52-week range of \$7.92 to \$30.00. Market capitalization stands at \$68.5 billion with a trailing PE of 94.2 and beta of 1.61.

Signal distribution reveals conflicting cross-currents: bullish credit spread tightening and declining short interest offset by bearish ETF outflows and maximum negative earnings surprise. The platform composite registers neutral with -0.05 direction and 0.33 conviction.

Price action

CLOSE	DAY CHANGE	5-DAY	VOLUME
\$26.91	-1.46%	-1.8%	1.8M
52W RANGE	52W CHANGE	AVG VOL (10D)	MARKET CAP
\$7.92 – 30.00	+27.8%	1.0M	\$68.5B

WBD shares declined 1.46% to \$26.91, maintaining proximity to the upper end of its trading range. The stock has recovered substantially from its \$7.92 low, representing a 240% advance from trough levels.

High beta characteristics at 1.61 amplify broader market movements, while the elevated PE ratio of 94.2 reflects compressed earnings following the Discovery merger integration. Current price action occurs against the backdrop of pending corporate developments and sector-wide streaming competition pressures.

Warner Bros. Discovery (WBD) – 6-month daily close + breakout window



Fig. 1 — Daily close (top) and volume (bottom), six-month window. Emerald segment highlights the event window. Green volume bars mark sessions above 1.2x the six-month average. Source: Alpaca SIP feed.

Signal readings

The platform tracks 10 active signals across credit, flow, and fundamental categories. Signal weights range from 5.0% to 23.0%, with ETF flows carrying the highest allocation in the current configuration.

SIGNAL	DIRECTION	CONVICTION	WEIGHT	INTERPRETATION
credit_spread BULL	+0.50	0.76	6.3%	Credit spreads tightening with strong conviction, indicating reduced default risk perception.
short_interest BULL	+0.40	0.40	5.8%	Short interest declining moderately, suggesting reduced bearish positioning.
institutional_convergence BULL	+0.36	0.38	5.0%	Institutional positions showing mild convergence toward bullish consensus.
options_flow STRONG BULL	+0.78	0.55	5.0%	Extreme call-only activity with high directional conviction and moderate overall conviction.
treasury_rate OVERLAY	+0.10	0.38	14.8%	Treasury rate environment providing slight tailwind with moderate conviction.
estimate_revision FLAT	-0.01	0.22	5.0%	Earnings estimates essentially flat with low conviction signal.
etf_flow BEAR	-0.38	0.33	23.0%	

SIGNAL	DIRECTION	CONVICTION	WEIGHT	INTERPRETATION
				ETF outflows indicating institutional selling pressure with moderate conviction.
earnings_surprise STRONG BEAR	-1.00	1.00	5.0%	Maximum negative earnings surprise with full conviction bearish signal.
congressional_trade STRONG BEAR	-1.00	0.40	5.0%	Congressional trading activity showing maximum bearish direction.
earnings_tone STRONG BEAR	-0.70	0.31	5.0%	Management tone analysis indicating negative sentiment with low conviction.

Signal distribution splits between bullish technical indicators and bearish fundamental metrics. Credit and flow signals suggest improving sentiment, while earnings-related signals maintain negative bias. The 23.0% weight on bearish ETF flows partially offsets bullish positioning signals, creating the platform's neutral composite assessment.

Valuation context

METRIC	WBD	COMMUNICATION SERVICES MEDIAN	S&P 500 MEDIAN	RELATIVE
P/E Ratio	94.2x	14.9x	25.1x	+531.2% vs sector
EPS (TTM)	\$0.29	\$3.00	\$5.36	-90.4% vs sector
Beta	1.61	0.96	0.97	+67.6% vs sector

UPCOMING EARNINGS

NEXT REPORT (EST.)	CONSENSUS EPS	HISTORY	AVG SURPRISE
Feb 04, 2026 (est.)	\$-0.13	4Q on file	-

QUARTER	EPS ACTUAL	EPS EST.	SURPRISE
Q3 2024	\$-4.42	-	-
Q2 2024	\$-4.48	-	-
Q1 2024	\$-0.40	-	-
Q4 2023	\$8.02	-	-

External catalyst stack

PARAMOUNT MERGER VOTE

Warner Bros. Discovery shareholders face an imminent vote on the proposed Paramount merger, representing a potential industry consolidation milestone^[1]. The transaction structure weighs cash consideration against streaming market positioning in an increasingly competitive landscape^[13].

EARNINGS EXPECTATIONS

Upcoming earnings release generates market focus following previous negative surprise metrics captured in platform signals^[3]. Management commentary on streaming subscriber trends and cost synergy realization will influence near-term sentiment.

STREAMING COMPETITION

Netflix strategic initiatives including TikTok-style content formats highlight intensifying competition for viewer engagement^[2]. Industry analysts maintain constructive box office outlook following strong first-quarter performance^[10], though streaming platform differentiation remains critical.

CORPORATE STRATEGY

Management initiatives targeting customer acquisition reflect strategic positioning efforts^[6]. Content investment decisions and platform integration progress influence long-term competitive positioning within the evolving media landscape.

Investment assessment

Assessment framework considers options positioning, fundamental crosscurrents, and pending corporate catalysts across multiple time horizons. Signal conflicts require careful weighting of technical momentum against earnings-driven headwinds.

1-5 DAY

Bullish lean

Extreme call-only options flow with credit spread tightening suggests near-term directional bias. Merger vote catalyst provides defined timeline for resolution.

5-30 DAY

Constructive

Declining short interest and institutional convergence support medium-term positioning. Earnings clarity and merger outcome remove key overhangs.

LONGER HORIZON

Stretched

Elevated PE ratio and streaming competition pressures challenge sustainable growth. ETF outflows indicate institutional skepticism on fundamental trajectory.

POSITION SIZING FRAMEWORK

Half-Kelly framework suggests modest position sizing given signal conflicts and elevated volatility profile. The 1.61 beta amplifies market exposure, while pending catalysts introduce event-driven risk requiring careful position management relative to overall portfolio volatility.

Risk factors

- **Merger execution risk:** Paramount transaction approval and integration complexity could create operational disruption and shareholder dilution.
- **Streaming competition:** Intensifying platform competition and content cost inflation pressure margins and subscriber growth trajectories.
- **Earnings volatility:** Maximum negative surprise signal and elevated PE ratio indicate fundamental earnings instability.
- **High beta exposure:** 1.61 beta amplifies broader market corrections and sector-specific selloffs.
- **ETF outflow pressure:** Institutional selling through ETF vehicles creates technical headwinds independent of company-specific fundamentals.

Sources

1. Yahoo — [Warner Bros. Discovery shareholders are about to vote on the Paramount mega-deal](#)
2. Yahoo — [Netflix's next attempt at growth takes on TikTok and Instagram Reels](#)
3. Yahoo — [Warner Bros. Discovery Earnings Preview: What to Expect](#)
4. Yahoo — [Warner Bros. makes a bold play for customers](#)
5. Yahoo — [Wedbush Lifts 2026 Box Office Outlook Following Strong First-Quarter Performance](#)
6. Yahoo — [Warner Bros Discovery Vote Weighs Cash Offer Against Streaming Future](#)

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