



SHOP, BIDU, ROKU, DE

Shopify (SHOP) will report results 2/17 before the open with the Street looking for \$1.27 EPS and \$915M in Revenues (+81%) and Q1/FY21 seen at \$0.60/\$782M and \$3.63/\$3.79B. SHOP shares have closed higher 7 of the last 9 reports with an average six quarter max move of 10.7%. The \$178B ecommerce leader trades 45X FY21 EV/Sales with revenues seen rising 81% in 2020 and 32.7% in 2021. SHOP is 2nd only to Amazon for ecommerce market share and has been a top beneficiary of businesses rapidly requiring an online presence. SHOP has posted impressive metrics consistently and still has a long way to grow particularly expanding its footprint outside of the US & Canada. SHOP is also diversifying into other subscription solutions while improving its operating leverage with cost efficiencies. SHOP's core platform, payments, and shipping will continue to push near-term growth while it has plenty of longer-term ambitions to expand its opportunity. The Shopify flywheel is expansive and its key sales channels with Facebook, Walmart and TikTok position it to capture an even larger share of US retail. Analysts have an average target of \$1140 and short interest low at 1.3% of the float. Wedbush last week raised its target to \$1650 positive on the trends in online shopping. On 1/14 OpCo upgraded to Outperform with a \$1300 target seeing a \$255B TAM by 2025. Hedge Fund ownership fell 2% in the latest quarter filings, Lone Pine a top holder as its largest position. On the chart SHOP shares hit new highs last week and have moved sharply out of recent weekly bull flag setups. SHOP measured moves have played out and potential resistance coming into play, a name that could certainly use a pullback. SHOP options are pricing in a 4.7% move on earnings which appears very cheap to historical averages and 30-day IV Skew at 0 compares with the +2 52-week average. SHOP has seen some large buys in June \$1200 calls, June \$1460 calls, and January 2023 \$1860 calls recently and the 2500 April \$900 calls that accumulated in OI in December remain.

Trade to Consider: Long the **SHOP** February \$1400/41500/\$1600 Call Butterfly for \$25 Debit



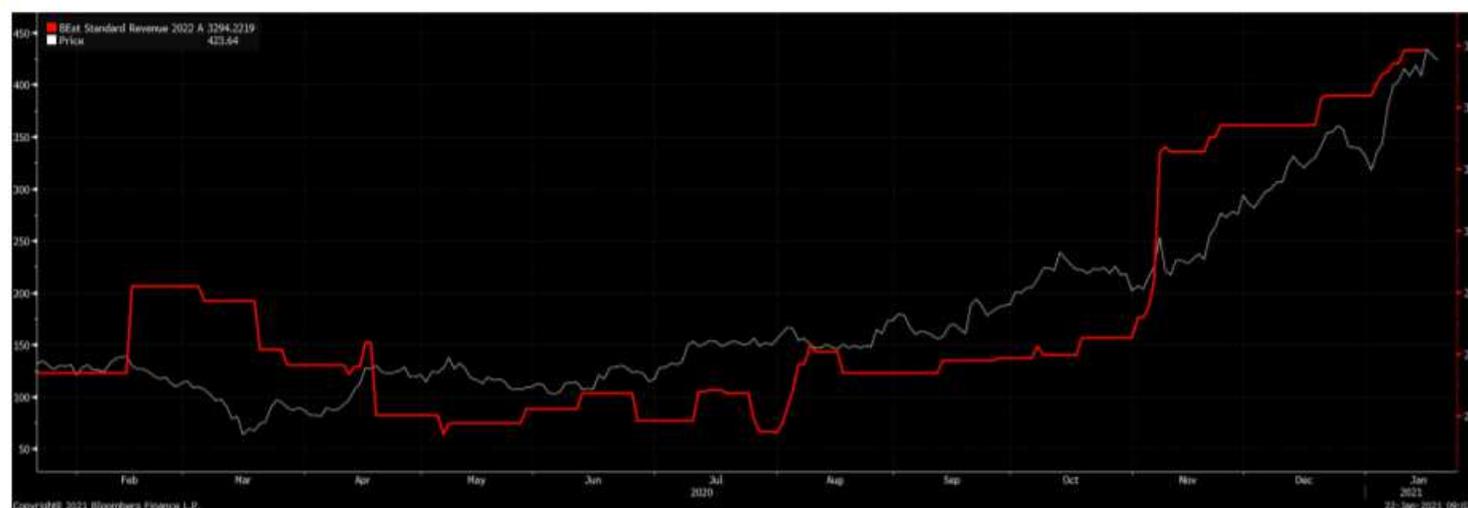
Baidu (BIDU) will report earnings 2/17 after the close with the Street expecting \$25.50 EPS and \$4.54B in Revenues (+10.7%) and Q1/FY21 seen at \$17.08/\$4B and \$105.38/\$19.07B. BIDU shares have closed lower the last two reports after being higher the previous four, a six quarter average max move of 8.5%. The \$105.6B Chinese internet company has been a top mover the last few months as the company has evolved from its core search business into higher growth areas. BIDU trades just 29.7X Earnings and 6.5X Sales. BIDU's core revenues saw accelerated growth last quarter with advertising verticals such as healthcare, education, auto, lifestyle and software turning around. BIDU also recently announced plans to acquire YY Live, a leading video-based live streaming platform in China. Baidu Health continued to solidify its market position as a top health care platform in China. Baidu's development of high-quality content and communities is growing telehealth, with online doctor consultation increasing 60% from a year ago. Baidu Cloud is providing a one-stop shop for cloud computing and differentiating with AI solutions to enable intelligent industries. Baidu recently opened Apollo Go robotaxi services to the public in Beijing, the third city following the operations in Changsha and Cangzhou. Analysts have an average target of \$238 and short interest at 4% of the float rose 74% Q/Q. Barclays raised its target to \$350 last week as a company expanding beyond traditional internet services and entering frontier tech areas like AI, smart devices, autonomous driving, cloud and chip design. Hedge Fund ownership rose 19.5% in the latest quarterly filings. On the chart BIDU has been in a strong parabolic move since November riding the 21-day moving average higher. Shares are extended near-term but a measured move target of \$330 from the latest flag breakout still in play. Shares have support at \$273 and \$255 levels. BIDU options are pricing in a 5.7% earnings move and 30-day IV Skew is bullish inverted at -1.3% versus the +0.7% 52-week average. BIDU in the past week saw call buyers in April \$320 calls, June \$440 calls, September \$380 and calls and June \$400 calls. BIDU has size buys sitting in April \$250 and \$260 calls from 1/22 and March \$220 calls from 12/23.

Trade to Consider: Long the **BIDU** February \$330/\$340 Call Spreads at \$2.25 Debit



Roku (ROKU) will announce earnings 2/18 before the open with the Street view at (\$0.06) EPS and \$615M in Revenues (+49.6%), and Q1/FY21 forecasted at (\$0.34)/\$461.6M and (\$0.41)/\$2.44B. ROKU shares have closed lower four of the last five report, higher last quarter, and a six quarter average max move of 13.5%. The \$59B leader in streaming media with the Connected TV trend trades 24X FY21 EV/Revenues with revenues seen rising 55% in 2020 and another 40% in 2021. ROKU is benefitting from a strong advertising shift of dollars to the CTV market. The US opportunity along is estimated at \$70B and there is also a large International opportunity. Analysts have an average target of \$335 and short interest has been trending lower and now stands at 5.4% of the float. BAML raised its target to \$500 last week citing the advertising shift to OTT and international expansion as well as increased content on the platform. JPM started shares Overweight on 1/19 with a \$475 target seeing significant advertising opportunity with only 8-9% of current TV ad budgets allocated to streaming. Macquarie raised its target to \$460 noting positive user data, the acquisition of Quibi content, and recent agreements to carry streaming services Peacock and HBO Max should all bode well for Roku in Q4 and into 2021. Hedge Fund ownership rose 30% in the latest quarterly filings, Ark Investment a top holder and buyer of shares. On the chart ROKU is trading up near new highs and on a parabolic weekly run though a lot of support nearby in the \$425/\$440 zone. The current measured move upside target is \$580. ROKU options are pricing in a 10.6% earnings move and 30-day IV Skew at -0.7% compares to the +0.7% 52-week average. In recent flows ROKU has seen July \$430 calls, \$450 calls, and \$480 calls each bought 1000X. The February and March \$370 calls each bought 1000X as well and 2000 July \$360/\$300 bull risk reversals in OI from 12/22. There is a large April \$470 short call position in OI 4000X from 12/16.

This figure shows how Roku stock price has varied over the past year as Consensus F22 revenue estimates have changed



Source: Bloomberg

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Trade to Consider: Long the **ROKU** February/April \$520 Calendar Call Spreads at \$21 Debit



Deere (DE) will announce earnings 2/19 before the open with the Street consensus at \$2.12 EPS and \$7.21B in Revenues (+10.5%) and Q2/FY21 seen at \$3.82/\$9.89B and \$13.11/\$35.71B. DE shares have alternated red/green closes the last eight quarters, red last quarter, and a six quarter average max move of 5.5%. The \$99B agricultural equipment leader trades 20X Earnings, 2.78X Sales and 17.3X FCF with a 0.97% dividend yield. DE forecasts see revenues rising 14.2% in 2021 while EBITDA seen down 6.7% Y/Y. DE is seeing an improving backdrop from strengthening commodities providing a boost to farmer incomes while Deere also establishing itself as a leader in next-generation technologies such as Precision Ag. Analysts have an average target of \$322 with short interest low at 0.8% of the float. BMO raised its target to \$400 from \$300 seeing higher profitability on pricing power and elimination of lower margin businesses. Vertical started shares Buy with a \$345 target on 1/20 and Jefferies raised its target to 4350 seeing positive tailwinds to Industrials. Hedge Fund ownership fell slightly in the latest quarterly filings. On the chart DE shares are flagging above the 8-day MA and below new highs, room to \$335 upside this week on a breakout while support back at \$303. DE options are pricing in a 3% earnings move and 30-day IV Skew at +1.2 compares to the +2.5 52-week average. DE has not seen a lot of large positioning, the March \$290 puts accumulated 2300X recently with buyers, the February \$300 calls bought 1000X and 1750 February \$280 short puts in OI.

Trade to Consider: Long the **DE** February/March \$300 Put Calendar Spreads at \$4.75 Debit



Disclaimer:

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