



Canadian Solar Bullish Positions Accumulate

Ticker/Price: CSIQ (\$20.40)

Analysis:

Canadian Solar (CSIQ) buyers of 1,235 ITM July \$17 calls up to \$4.05 today and continuing to build with 2,200 total on the morning and earnings later this month. CSIQ had 1,500 May \$20 puts sold to open last week and the January \$20 and \$25 calls with sizable open interest (12K and 30K) respectively with adds last week. Shares are consolidating in a base under \$21 and the earnings gap from March. A move higher targets \$23.50 and a continuation of the strength from earlier this year. CSIQ held the prior breakout and 61.8% Fib of the rally. The \$1.16B company trades 7.27X earnings and 0.3X sales with almost \$9/share in cash. Shares fell last quarter after pushing back a number of late-stage project realized sales into 2020 from 2019. They have a 2.9GW pipeline which should be a big driver for those later years but near-term comps will struggle. CSIQ now expects 31% EPS growth FY20 and sales up 9.6% to nearly \$4B. CSIQ recently reached a deal to sell 80% of their Brazilian solar project to Nebras. Analysts have an average target for shares of \$21.50 with 3 buy ratings and 4 hold ratings. JP Morgan starting coverage at Neutral with a \$21 PT given the lack of near-term visibility. Goldman positive on 3/14, one of their Top Ideas in the space. They expect a positive inflection in trends with fundamentals still in the early stages of a cyclical recovery amid signs of price stabilization and rising demand. Short interest is 5.6% and down from 7% in late 2018. The recent highs were near 13% in 2017. Institutional ownership fell 14% last quarter. Park West a notable seller.

Hawk Vision:



Trading Strategy: CSIQ based right at a retest level and looking solid with the call accumulation notable. I recently featured the Solar sector and continue to like FSLR, RUN and CSIQ to ride improving trends.

Confidence Ranking: \$\$