



Canadian Solar Size Call Buys with Bullish Open Interest

Ticker/Price: CSIQ (\$20.85)

Analysis:

Canadian Solar (CSIQ) with 2,000 October \$18 calls being bought up to \$3.60 with FSLR reporting this week. CSIQ is a name with large open interest in January 2020 with 12,000 of the \$20 calls and 30,500 of the \$25 calls. CSIQ shares have recently pulled back to support and are basing nicely the past week, while recent industry reports continue to suggest strong demand for Solar. The \$1.2B Canadian-based solar player trades 7.3X Earnings and 7.6X EV/EBITDA. CSIQ sees revenues jumping Y/Y the next four quarters and EPS growth seen returning in FY20. CSIQ will next report on 8-15, coming off a strong beat and raise quarter in late May. CSIQ sees global PV installations continuing to grow with grid parity, environmental preservation and energy security key growth drivers. It sees solar energy growing from current 2% of global electricity generation to more than 10% in 2030 and CSIQ key markets like China, India, Japan and the US are under penetrated. It has 12GWp total project development pipeline with 3.4GWp late-stage. Analysts have an average target of \$23 on shares and short interest down 27.5% Q/Q to 5.8% of the float. Analysts have been quiet on the name the last few months. Hedge Fund ownership fell 10% in Q1 filings.

Hawk Vision:



Hawk's Perspective: CSIQ has a real nice set-up versus the Friday low, and even though prefer FSLR/RUN/SEDG I like Solar as a strong overall theme.

Confidence Ranking: \$\$