



## Size Call Buyer in Etsy as Shares Consolidate

**Ticker/Price:** ETSY (\$61.7)

### Analysis:

**Etsy (ETSY)** with buyers of 3,000 August \$60 calls this morning up to \$5.60, sizable buy in the name which is flagging not far from new highs. ETSY has seen recent buyers in the September \$55 calls and January 2021 \$50 and \$55 calls while the November \$60 puts sold to open for \$550k last week. ETSY does have 2,000 September \$65 puts in OI as well from 5-15. Shares are consolidating in a weekly bull flag under \$70/\$72 with breakout potential up to \$90. MACD has pulled back just below zero on the daily and turning higher with a bull cross likely with some momentum. Shares have been in a strong bull trend since early 2018. The \$7.58B company trades 57X earnings, 11.6X sales, and 12X cash with 35% EPS growth expected in 2020. ETSY sees 22.7% and 21.3% revenue growth over the next two years with margins continue to expand. ETSY fell on earnings last quarter but topping \$1B in GMS and a lot of room to grow new buyers vs existing. ETSY is also starting to see early tailwinds from broader marketing channels in Q2. Analysts have an average target for shares of \$70. Needham starting coverage this week at Buy with a \$75 target with considerable low-hanging fruit from new operational initiatives. The firm thinks ETSY has the right mix right now to capture new buyers, generate higher sales among existing buyers, and improve take rate from sellers. Roth positive on 6-21 seeing the company still in the early innings of a long-term cycle. They think Cloud migration, personalization, and search and discover will be the next big catalysts. Short interest is 7.6%, down slightly 8.8% in March but overall up from early 2018 when it was around 2.5%. Hedge Fund ownership rose 0.65%. Gilder Gagnon and Howe a top holder.

### Hawk Vision:



**Trading Strategy:** ETSY on the weekly is nearing some bearish MA crossovers so need to see it hold these lows to turn into a very nice bull consolidation set-up. I want to see shares reclaim the \$64 level.

**Confidence Ranking:** \$\$