



SunPower Calls Accumulate on Wedge Breakout

Ticker/Price: SPWR (\$13.99)

Analysis:

Sun Power (SPWR) buyers of 1,000 March \$13 calls early and now over 3,300 trading on the day up to \$2.85. SPWR is also seeing 1000 October \$12 calls bought up to \$2.45. SPWR has seen buyers in the January calls recently as well. Shares have been trending well in 2019 and today's strong candle is working out of a downtrend from the earnings gap with room back to \$16 and then a measured move out to \$20. Longer-term, shares are moving out of a 16-month bottoming pattern above \$11.50 with MACD turning bullish and RSI improving with plenty of room to run. The \$1.8B company trades 68X earnings, 1.08X sales, and 10.8X cash with expectations for 115% EPS growth and mid-teens revenue growth the next two years. SPWR sees significant opportunity as they continue to ramp their Maxeon 5 A-Series panels which are more efficient to install and produce and position them well across multiple markets. SPWR sees 10-20% annual growth in NA residential while commercial is seen growing 30% over time with a \$3B pipeline growing. There's also upside from cross-sell opportunities into services. Analysts have an average target for shares of \$7.80 with 2 buy ratings, 3 hold, and 4 sell. Credit Suisse upgrading to Outperform on 8-1 with a 'Blue Sky' target of \$20 supported by strong DG demand internationally and the US. The firm sees multiple expansion upside from strategic NGT expansion, upsell opportunities, and higher storage penetration. Short interest is 13.5% but down from around 16.5% in February. Hedge fund ownership rose 130% in Q2. Total (TOT) is a sizable investor with 104M shares.

Hawk Vision:



Hawk's Perspective: SPWR and other Solars should see momentum continue with Oil prices back near \$60, though prefer leaders like SEDG/FSLR, this is a very bullish chart pattern.

Confidence Ranking: \$\$