



## Avis Put Buyers Active as Downtrend Continues

Ticker/Price: CAR (\$25.80)

### Analysis:

**Avis Budget (CAR)** buyers of 4,000 November \$28 puts today for \$3.20 to \$3.30 and later 1,000 January \$26 puts bought for \$3.10. CAR has seen a lot of bearish accumulation recently including 2000 November \$25 puts last week while some far OTM January 2021 puts sit in open interest. Shares are stretched a bit lower today, down 5.5%, but longer-term setting up for an extended leg lower after failing at the declining 20- and 50-MA on the recent bounce. A move under \$25 has room under \$15 but the bigger range breakdown under \$20 which stretches back to 2016 targets single-digits. The \$2.09B company trades 6.27X earnings, 0.23X sales, and 0.94X FCF with estimates calling for a 13% decline in FY21 EPS and flat to no growth in revenue. CAR continues to suffer from weak pricing, especially Internationally, as they face headwinds from growing competition from ride-hailing services which is reducing airport volume growth (especially among Brexit and EU travel lower in Q2). They're also seeing low-single digit growth domestically in a positive pricing environment which has risk as more cars come off lease. Analysts have an average target for shares of \$38 with limited coverage. Goldman upgraded to Buy earlier this year with a \$35 PT citing strength in their cost optimization strategies. Short interest is 10.1% and ticking higher in the last two months for the first time all year. Hedge fund ownership fell 1.6% in Q2. Lyrical Asset Management, PAR Investment, and SRS notable holders.

### Hawk Vision:



**Hawk's Perspective:** CAR is a name I have been negative on for a long time seeing little upside for the car-rental industry in the sharing economy, though tough to chase the big move lower today, remains a favorite short.

**Confidence Ranking:** \$\$