

SPOTLIGHT OPTION TRADE



Looking for Shopify to Bottom

TRADE SNAPSHOT

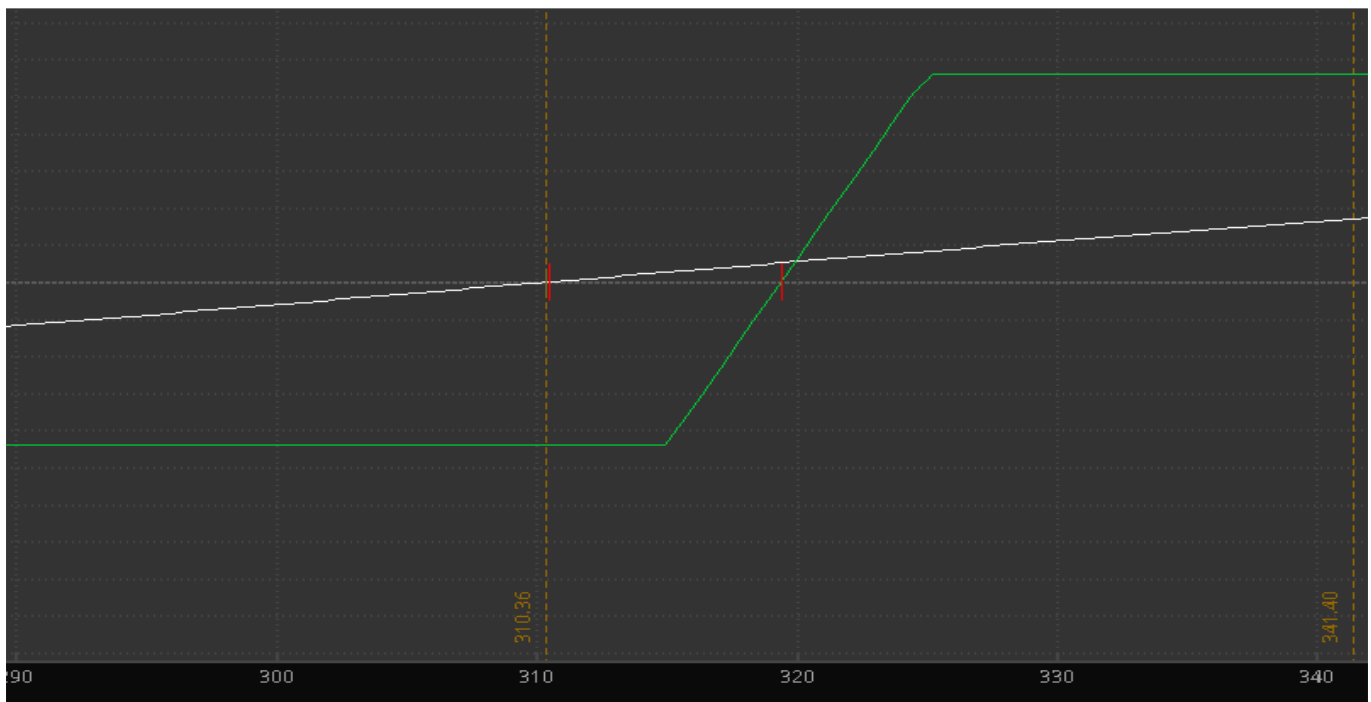
| | |
|---------------|-----------------|
| TICKER | SHOP |
| SECURITY | Shopify Inc. |
| SECTOR | Tech – Internet |
| CURRENT PRICE | \$310 |
| LONG/SHORT | Long |
| TARGET | \$330 |
| STOP | \$293 |
| TIMEFRAME | 6 Weeks |

Trading Strategy: Long the **SHOP** November \$315/\$325 Call Spreads \$4.40

Net Debit/Credit: Debit of \$4.40

Profitability Zone: SHOP Shares Above \$319.40 on November OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: SHOP shares put in a reversal candle on the weekly at a 38.2% retracement and near the 21 week moving average, also a key volume support zone. MACD is nearing a bull cross over from deeply oversold levels on the daily.



Fundamental Analysis: The \$36B provider of a commerce platform for small and medium sized businesses trades 21X EV/Sales and has grown revenues 72.9% and 59.4% the last two years with 43.4% growth seen this year and 34% in FY20. SHOP is also hitting a strong EPS growth cycle with growth near 60%. At its annual conference in June, "Shopify Unite", the company added more features to its Shopify Plus premium service and introduced the Shopify Fulfillment Network. Distributed fulfillment centers that will help companies with timely delivery and lower shipment costs have the potential to be a game changer for Shopify, Rosenblatt said fulfillment service fee revenue could double the company's take rate (revenue/ gross merchandise volume) by 2025. Analysts have an average target of \$362 and short interest at 3.6% of the float has been trending lower since April. SHOP recently acquired 6 River Systems which provide warehouse automation technology which accelerates its fulfillment strategy and makes it more competitive while expanding its TAM. Hedge Fund ownership rose 3.28% in Q2 filings, Lone Pine Capital with a \$450M stake.

Options Activity:

| Date | Description | Volume | Open.Int | Price | Delta | Impl Vol | Prob.ITM | Premium Paid | Symbol |
|-----------|---------------------------------------|--------|----------|---------|--------|----------|----------|--------------|-----------------|
| 10/2/2019 | SHOP 100 18 OCT 19 317.5 PUT | 306 | 47 | \$21.30 | -0.62 | 50.09% | 66.26% | \$645,660 | .SHOP191018P317 |
| 9/30/2019 | SHOP 100 (Weeklys) 11 OCT 19 315 CALL | 508 | 86 | \$9.80 | 0.47 | 45.13% | 42.54% | \$497,840 | .SHOP191011C315 |
| 9/24/2019 | SHOP 100 15 NOV 19 290 CALL | 514 | 290 | \$27.49 | 0.58 | 56.76% | 49.93% | \$1,412,986 | .SHOP191115C290 |
| 9/24/2019 | SHOP 100 15 NOV 19 295 PUT | 475 | 243 | \$24.15 | -0.48 | 55.58% | 56.82% | \$1,287,250 | .SHOP191115P295 |
| 9/24/2019 | SHOP 100 17 JAN 20 155 PUT | 1,122 | 131 | \$1.25 | -0.03 | 66.31% | 6.20% | \$162,690 | .SHOP200117P155 |
| 9/24/2019 | SHOP 100 17 JAN 20 145 PUT | 1,210 | 224 | \$1.05 | -0.02 | 67.88% | 4.75% | \$127,050 | .SHOP200117P145 |
| 9/20/2019 | SHOP 100 18 OCT 19 300 PUT | 1,071 | 1,804 | \$6.20 | -0.24 | 43.51% | 28.01% | \$706,200 | .SHOP191018P300 |
| 9/16/2019 | SHOP 100 15 NOV 19 325 PUT | 350 | 101 | \$22.94 | -0.38 | 54.71% | 46.50% | \$805,000 | .SHOP191115P325 |
| 9/16/2019 | SHOP 100 (Weeklys) 4 OCT 19 335 CALL | 290 | 30 | \$15.30 | 0.52 | 53.55% | 47.11% | \$478,500 | .SHOP191004C335 |
| 9/13/2019 | SHOP 100 21 FEB 20 255 PUT | 253 | 99 | \$12.40 | -0.15 | 56.37% | 25.92% | \$318,780 | .SHOP200221P255 |
| 9/10/2019 | SHOP 100 21 FEB 20 330 PUT | 384 | 72 | \$41.90 | -0.39 | 52.82% | 53.06% | \$1,605,120 | .SHOP200221P330 |
| 9/10/2019 | SHOP 100 19 JUN 20 290 PUT | 347 | 26 | \$34.10 | -0.26 | 54.05% | 43.35% | \$1,207,560 | .SHOP200619P290 |
| 9/10/2019 | SHOP 100 17 APR 20 200 PUT | 803 | 18 | \$6.70 | -0.08 | 58.52% | 16.91% | \$554,070 | .SHOP200417P200 |
| 9/6/2019 | SHOP 100 18 OCT 19 370 PUT | 1,460 | 81 | \$18.02 | -0.391 | 45.43% | 45.18% | \$2,630,920 | .SHOP191018P370 |
| 9/6/2019 | SHOP 100 18 OCT 19 365 PUT | 1,498 | 73 | \$16.12 | -0.359 | 45.78% | 41.86% | \$2,414,776 | .SHOP191018P365 |
| 8/21/2019 | SHOP 100 15 NOV 19 390 CALL | 544 | 291 | \$37.88 | 0.56 | 48.48% | 46.31% | \$2,060,672 | .SHOP191115C390 |
| 8/21/2019 | SHOP 100 15 NOV 19 410 CALL | 493 | 187 | \$29.03 | 0.47 | 47.53% | 38.00% | \$1,431,179 | .SHOP191115C410 |
| 8/20/2019 | SHOP 100 15 NOV 19 350 PUT | 306 | 91 | \$24.00 | -0.35 | 49.27% | 44.03% | \$749,700 | .SHOP191115P350 |
| 7/22/2019 | SHOP 100 21 FEB 20 270 CALL | 2,000 | 0 | \$90.10 | 0.79 | 49.36% | 66.59% | \$18,020,000 | .SHOP200221C270 |
| 7/22/2019 | SHOP 100 19 JUN 20 260 PUT | 331 | 20 | \$24.00 | -0.21 | 49.98% | 36.71% | \$794,400 | .SHOP200619P260 |
| 7/19/2019 | SHOP 100 15 JAN 21 390 CALL | 350 | 227 | \$59.80 | 0.54 | 46.07% | 31.78% | \$2,177,000 | .SHOP210115C390 |
| 7/19/2019 | SHOP 100 18 OCT 19 320 PUT | 312 | 115 | \$21.90 | -0.35 | 45.96% | 43.92% | \$667,680 | .SHOP191018P320 |
| 7/8/2019 | SHOP 100 17 JAN 20 200 PUT | 1,015 | 809 | \$5.20 | -0.08 | 54.26% | 15.47% | \$558,250 | .SHOP200117P200 |

Potential Catalysts: Earnings 10/24

Disclaimer:**Not Investment Advice or Recommendation**

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