



Option Traders See Yandex Recovery Continuing

Ticker/Price: YNDX (\$34.25)

Analysis:

Yandex (YNDX) spreads active again today buying 785 May \$35 calls up to \$3.25 and selling the January 2021 \$30 puts for \$2.95 and later 1600 January 2021 \$35 calls bought for \$5.50 and selling the January 2022 \$30 puts for \$4 to open. YNDX has seen buyers recently in the January 2021 \$50 calls as well as the February \$35 and \$36 puts sold in July which remain in OI. YNDX has traded weak since July but putting in a monthly hammer reversal in October and forming a higher low vs the 2018 lows as the long-term bull trend continues. YNDX is forming a bull wedge that stretches back to early 2018 and a move higher above \$40 has significant upside to \$55+. The \$11B Russian tech company trades 17.75X earnings, 4.38X sales, and 8X cash with 54.5% and then 38% EPS growth expected the next two years with revenues up 28.5% and 25%. YNDX has a lot of moving parts with their core search/ad business, classifieds, cloud, taxi, and more. They continue to win share Search with Android a standout last quarter and paid clicks up 22%. YNDX could explore a number of options to unlock value including recent reports of a potential Taxi IPO. Shares fell in October on conflicting reports over foreign ownership rules, Kommersant reporting the government was considering a 50%-minus-one cap that was up from 20% earlier proposed. BAML on 10-14 noting the worries create an opportunity to buy into a strong franchise. They think FOL limits can be amended and YNDX can remain in compliance without much issue of dilution. UBS has a Street High \$54.30 PT and thinks the move is overdone. Analysts have an average target for shares of \$48. Short interest is 0.7%. Kerrisdale, DE Shaw, and Dragoneer top buyers last quarter.

Hawk Vision:



Hawk's Perspective: YNDX has already recovered the recent over-blown gap down sell-off and not loving where it is on the chart here to start a position, will await a better set-up.

Confidence Ranking: \$\$