



## First Solar Bulls Position for Strong Month

Ticker/Price: FSLR (\$42)

### Analysis:

**First Solar (FSLR)** with 600 ITM May \$37 calls bought \$6.05 to \$6.55 to open, flagging nicely beneath 55 MA, and now volumes running over 1,300 on the day. FSLR has seen bullish flows lately including 1,000 June \$50 calls bought on 4/17, over 1,150 May \$42.50 calls bought on 4/14, and the January 2022 \$40 calls even seeing some size buys. Shares are flagging in a small range under \$42.75 with a breakout into a low-volume zone that stretches back to \$51 and YTD VPOC. Longer-term, FSLR pulled back to multi-year support at \$30 and held with the larger channel supportive of a move back to \$60+. The \$4.34B company has one of the strongest balance sheets among the group trading at 10.85X earnings and 1.4X sales with over \$20/share in cash on hand and little-to-no debt. They have a Current Ratio of 2.7X. FSLR will not be immune to changes in spending or investment in future projects in 2020 but their large, contracted backlog of more than 12.4 GW gives them better stability in the near-term than peers while continued adoption of their Series 6 module is a nice competitive edge. The company has a potential near-term catalyst after announcing in February a review for their US project development business, shifting them into more of a pure-play on technology and module manufacturing. Analysts have an average target for shares of \$61.75. JP Morgan positive on 4-16, preferring long-cycle utility-focused businesses during the COVID-19 disruption. Goldman on 4-2 noting the company is better positioned to weather the near-term issues than peers due to its "industry-leading" visibility into volumes, stable average selling prices, gross margin expansion potential, balance sheet strength, and options to unlock value in its systems business. BAML upgrading to Neutral on 3-31 with shares trading at historic low multiples. Short interest is 10.5%. Hedge fund ownership fell 13.5% in Q4. Luminus Management a top holder.

### Hawk Vision:



**Hawk's Perspective:** FSLR above \$42.25 can probably return a quick \$2 volume pocket run, though plenty of resistance above there.

**Confidence Ranking:** \$\$