



FEATURED OPTIONS RADAR REPORT



Bullish Positioning in Mercado-Libre

Ticker/Price: MELI (\$965)

Analysis:

Mercado-Libre (MELI) coiled name with 500 August \$980 synthetic long positions opening at \$6 credit. **MELI** also a buy-write with 100 January 2022 \$1200 calls at \$131. MELI has also recently seen 300 January 2022 \$1320 ITM puts sold to open, 200 of the 2022 \$1040 calls bought to open, and plenty of open interest in September \$750 calls with 1,280 bought. MELI shares put in an ugly reversal candle after hitting new highs last week similar to many Tech growth names and sits above the rising 21MA here. Shares remain extended on technical view but the fundamental story remains very strong. MELI still surprisingly has a small market cap of \$47.5B and trades 11X FY21 EV/Sales with revenues rising 59.5% in 2019 and seen 34-37% growth for 2020 and 2021 while EPS also ramps after years of investments. MELI will next report on 7-30. MELI is positioned well for the COVID-19 trends with exposure to digital payments and e-commerce, two areas with significant tailwinds and a massive opportunity remains for it in Latin and South America. Analysts with an average target of \$830 and short interest is 4.3% of the float, rising 39% Q/Q. BAML raised its target to \$1100 in June with projected 5-year CAGRs for gross merchandise value (GMV) and total payments value (TPV) from 25%/54% to 36%/64%. It also cites MELI improvements in pricing, assortments, and service could contribute to strength vs prior run rates and look for an eventual reacceleration of offplatform TPV as MELI optimizes loyalty incentives and consumers gravitate toward contactless payments. Barclays with a \$950 target in mid-June seeing plenty of growth runway ahead. JPM raised its target to \$1100 in May seeing MELI to benefit from the long-term behavioral changes induced by COVID-19, such as higher e-commerce and wallet adoption. Hedge Fund ownership jumped 9.7% in Q1 filings.

Hawk Vision:



Hawk's Perspective: MELI has been a favorite name for a long time and see no reason its momentum will not continue, one of those names to always be buying dips.

Confidence Ranking: \$\$