



FEATURED OPTIONS RADAR REPORT



eBay Bulls Position in February for Upside Move

Ticker/Price: EBAY (\$53.15)

Analysis:

eBay (EBAY) with 3,000 February \$55 calls bought for \$4.42 and spread with a sale of 4,200 February \$65 calls for \$1.50 and name with 13,000 February \$60 calls in OI from buyer accumulation. EBAY has also seen buyers recently in the near-term October \$60 calls over 19,750X while the \$55 calls still have 10,000 in OI. Shares are working back to the 50-MA this week and looking to clear a downtrend off the July/August highs above \$55. A breakout run targets \$70 and continuation of a strong long-term trend. The \$37.32B company trades 13.66X earnings, 3.5X sales, and 15X FCF with a 1.2% yield and low-double digit growth. EBAY is coming off a strong quarter with the best customer and GMV growth in more than decade as demand for e-commerce is surging this Summer despite gradual re-opening of brick-and-mortar. The company continues to invest in their platform with better tech and marketing initiatives looking to increase engagement and retention into the Fall where they could benefit from another big jump in volume into the Holidays as in-person buying in the US could take a hit from a second wave of COVID. They're also expected to benefit into year-end as the gradual rollout of managed payments continues, something their CEO said at the Goldman conference in September would be a 'game changer' for the company as it makes their ecosystem more valuable. Analysts have an average target for shares of \$59 with Stifel a Street High \$70. Piper resumed coverage recently with a \$65 PT noting that the firm's recent survey work points to a healthy consumer and consensus estimates generally look conservative given the strong demand environment for e-commerce. Baird positive on 9/23 noting that checks show volumes are still trending modestly above implied guidance and have increased sequentially for the first time since late August with year-over-year growth also rebounding a bit. Short interest is 3.6%. Hedge fund ownership fell 7.35% in Q2, Baupost and Elliott both still top 5 holders.

Hawk Vision:



Hawk's Perspective: EBAY is an attractive value with solid growth prospects and optionality, a name I favor into this pullback and like the February positioning.

Confidence Ranking: \$\$