



## FEATURED OPTIONS RADAR REPORT



### JD Bulls Position Ahead of Single's Day

Ticker/Price: JD \$78.15

#### Analysis:

**JD.com (JD)** buyer yesterday for 10,000 December \$80 calls around \$5.70, some November position adjusting, and name which has seen buyers active in the December \$75 calls recently over 11,000X. JD shares are coiled in a small flag above the 8- and 21-MA and just below recent highs with a measured move targeting \$100. JD has been in a strong trend and 50-day MA rising and supportive below. The \$121.85B company trades 35.25X earnings, 1.27X sales, and 6.88X cash with expectations for mid-20% top and bottom line growth. JD continues to grow market share in one of the largest, yet most fragmented markets in the world with China's shift to e-commerce growing at nearly 10% annually. They're seeing high and sustained user growth with online penetration expanding overall in China but still just about 25% of the population. The company has a major catalyst upcoming with Singles Day on 11/11 in China. In 2019, the company – along with Alibaba – saw \$60B in sales. Analysts have an average target for shares of \$62.25 and BAML a Street High \$85. Barclays positive in mid-August as user engagement in China, merchants' marketing demand, and supply chain and logistics capacities all reached record highs in June. Goldman Sachs upgraded to Conviction Buy in August citing the ongoing retail scale expansion from discretionary to staple goods. They also like their more visible margin expansion profile along with the growing valuation of its subsidiaries and associates, as JD Health, JD Logistics and JD Digits become "more viable." Short interest is 2.5% and down from near 5% in early 2019. Hedge fund ownership fell 2% in Q2.

#### Hawk Vision:



**Hawk's Perspective:** JD hits on a lot of fronts – strong setup, options flow, and fundamental story with a near-term catalyst and can be easily managed vs the September low

**Confidence Ranking:** \$\$\$