



## FEATURED OPTIONS RADAR REPORT



### Bulls Active in Avis Budget on Vaccine Hopes

Ticker/Price: CAR (\$30)

#### Analysis:

**Avis Budget (CAR)** today with 1750 November \$25 ITM calls opening \$5.52 and November \$31 calls being bought \$2.25 to \$2.50, a name that saw active buying in November \$31 and \$32 calls earlier this week and over 7000 November \$35 calls remain in open interest from 8/11 buys. CAR shares recently put in a higher low and held up well since a sharp recovery in May. The \$2B rental car company trades 22.6X Earnings, 28.8X FY21 EBITDA and has a lot of cash. CAR is coming off the most difficult quarter in its history and has been cutting costs. The local market business continues to provide stability, driven by off-airport operations, light commercial vehicles, ride-hail, package delivery and Zipcar. In general, rental patterns have switched to higher leisure compared to corporate travel, skewed towards local versus out-of-town customers and are primarily at off-airport location. Analysts have an average target of \$40 and short interest is high at 18% of the float but down 25% Q/Q. CAR is likely to see new highs in utilization and pricing power as the industry recovers. MSCO upgraded shares to Overweight in July with a \$37 target on strength in used car prices. Hedge Fund ownership dropped 8% in Q2 filings, top holders SRS Investment and PAR Investment added to concentrated stakes.

#### Hawk Vision:



**Hawk's Perspective:** CAR would be another beneficiary of a resumption of travel play, so vaccine an important factor, and seeing bullish positioning across similar names. I am not a big fan of the industry but the pricing aspect and some of its other business do make it interesting at these levels with Hertz in bankruptcy.

**Confidence Ranking:** \$\$