



## FEATURED OPTIONS RADAR REPORT



### Carvana Bulls Active into Weakness

Ticker/Price: CRSP (\$91.80)

#### Analysis:

**Carvana (CVNA)** with 785 May \$190 calls bought today up to \$41.70 and follows buyers in the November \$200 calls last week. CVNA has 725 May \$150 short puts in OI as well as bullish short puts in the January \$145 strike from early September while the Jan. \$170, Jan. \$230, and February \$210 calls all with notable buyers in August. Shares have pulled back about 25% from all-time highs in September and back-filling a gap from 9/22. The broader weekly bull flag has support around \$160 and a measured move out to \$300+ on an extension. The \$32.6B company trades 7.4X sales and 66X cash with high-30% to low-40% growth. CVNA pre-announced a strong quarter back in September so last week's earnings event more muted than expected despite delivering solid numbers. CVNA remains the fastest growing auto retailer in the US with 39% growth in units sold and their first EBITDA positive quarter. CVNA has highlighted inventory shortages this year as demand significantly jumped during the pandemic and starting to see positive flows from their auto buying business which is helping them get back to pre-pandemic levels. They expect to see a significant inflow of new vehicles as they expand out their buying teams and position for a strong 2021. Analysts have an average target for shares of \$201.50 and Street High \$270 from Goldman. Stifel upgrading last week to Buy calling the company the 'Amazon of automotive retail' as the path to pre-pandemic inventory levels is clearer, has a favorable view of the company's long-term growth as the online leader in the category. Short interest is 28% but down from as high as 60% in 2019. Hedge fund ownership fell 9% in Q2. Tiger Global the top holder with 6M shares and Spruce House, Whale Rock, and Natahala Capital all notable holders as well in the top ten.

#### Hawk Vision:



**Hawk's Perspective:** CVNA remains a top growth name, a group out of favor recently, but the weekly flag set up above the rising 21-week moving average still bullish, and a name to turn to if the market moves back to a buy signal.

**Confidence Ranking:** \$\$