



FEATURED OPTIONS RADAR REPORT



Large Call Buyer in Trip.com on Travel Recovery View

Ticker/Price: TCOM (\$35.50)

Analysis:

Trip.com (TCOM) traded 6X daily calls on 11/11 with shares bouncing sharply from a lower open, the near-term November \$35 calls active 5000X, the June \$40 OTM calls with 1000X bought and most notably 4500 June \$36 calls bought for over \$2M. TCOM saw November \$29 and \$30 call buys in early October that remain in open interest and January \$37 calls have accumulated to 4000X as well as 2500 December \$32 calls from back in May. TCOM shares were hit hard in March as a travel-related name but have sprung back strong and ties to China markets where the recovery has been faster & stronger. TRIP shares now running into four-year trend resistance this month and looking to inflect as monthly RSI has already busted out of a downtrend leading the move. The \$40 and \$45 levels are the next two upside Fibonacci retracement targets. The \$21B provider of travel services in China trades 5.2X Sales and has over \$6B in cash. Forecasts expect TCOM revenues to jump 67% in 2021 and EPS 335% after the sharp drop in 2020. TCOM reported results on 9/24 beating estimates though Q3 guidance came in below estimates. TCOM noted strong recoveries in its markets though travel demands remained significantly lower than the prior year especially for China outbound and overseas markets. Analysts have an average target of \$32 and short interest subdued at 2% of the float. CSFB upgraded shares to Outperform with a \$42 target this week. Citi raised to Buy in July with a \$35 target believing the worst is behind the company and structural growth of outbound travel should remain intact. Hedge Fund ownership surged 25% in Q2 filings.

Hawk Vision:



Hawk's Perspective: TCOM has made a big move this past week and a name to be patient and wait on to set back up, though do like the story and valuation attractive.

Confidence Ranking: \$\$