



FEATURED OPTIONS RADAR REPORT



Options Market Confident in KE Holding Pullback

Ticker/Price: BEKE (\$63)

Analysis:

KE Holdings (BEKE) with over 1650 January \$60 puts sold to open this morning from \$5.40 to \$5.10 into the dip, willing buyers near last week's lows and follows sellers in the July \$55 puts and April \$55 puts in size on 11/20. BEKE still has 1,500 January \$80 calls in OI as well from 11/19. Shares have run strong since their debut in August and basing at the 38.2% Fibonacci of the move lately around \$61.20. A move back above the 21-day at \$67 sets up for a re-test of the prior highs and measured move to \$90. The \$71.25B company trades around 7X FY20 sales and 9.15X cash with rapid profitability modeled over the next three years. BEKE is China's largest housing transaction platform with both online and offline sales and grown into the third-largest commerce platform globally behind only Alibaba (BABA) and Amazon (AMZN). They have a dominant share of the Chinese housing market with around 19% of all transaction dollars and expanding their store network and online capabilities to grow behind tailwinds in the housing market from a growing middle class. BEKE has long-term potential to grow as they further digitize transaction data and processes and shift into more cloud/data analytics to make buying and selling efficiencies greater. The company is coming off a strong quarter with GTV per store up 25% Y/Y. Analysts have an average target for shares of \$59 with limited coverage. CICC has a Street High \$75 PT. JP Morgan positive on 9/11 noting that they expect Beike to gain further market share in China's housing transactions space over the next 12-24 months. Short interest is 0.56% of the float. Hillhouse Capital and Tiger Global both top holders while Tencent holds a major equity stake a well.

Hawk Vision:



Hawk's Perspective: BEKE is an exciting China growth name and these put sales give a good level of support for shares, though prefer to see it get back above and moving averages sloping upwards.

Confidence Ranking: \$\$