

## SPOTLIGHT OPTION TRADE



**A Favored Disruptor with Large Short Put Open Interest Attractive for Bull Put Spreads**

### TRADE SNAPSHOT

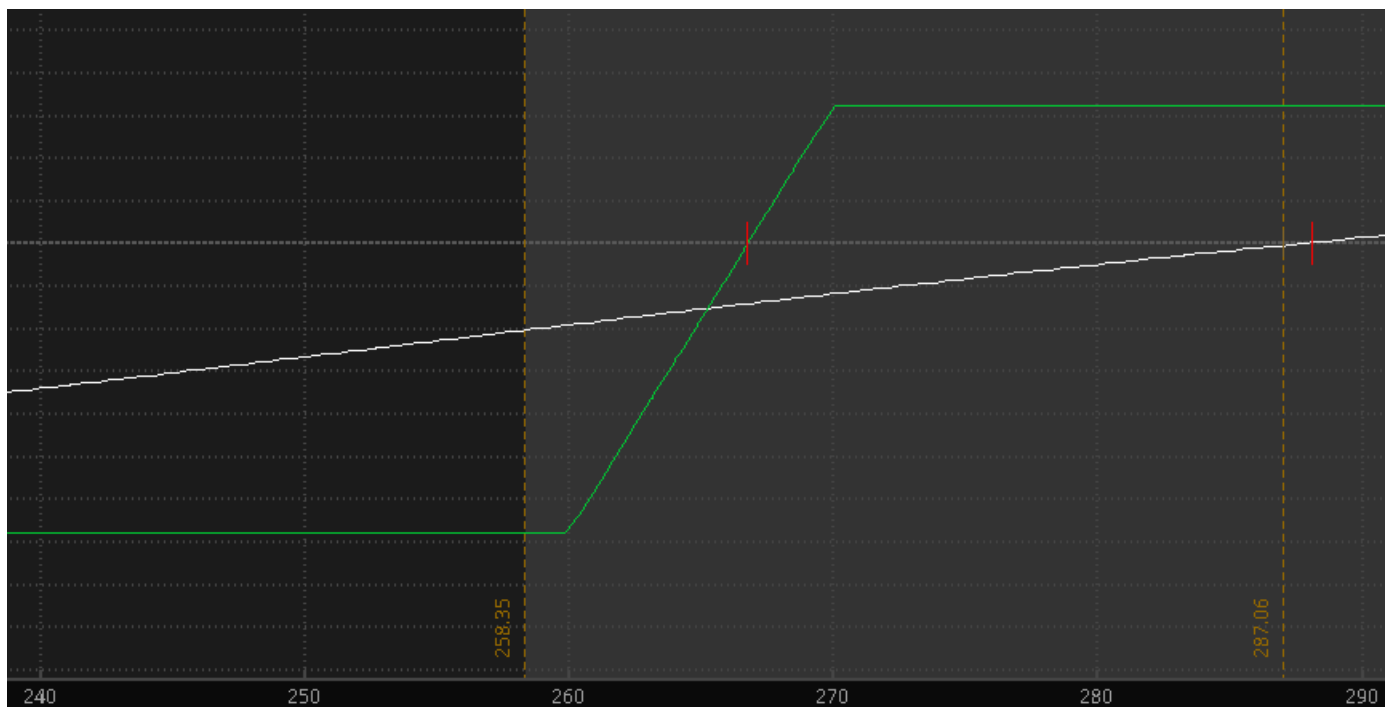
TICKER	CVNA
SECURITY	Carvana
SECTOR	Consumer Cyclical – Specialty Retail
CURRENT PRICE	\$287
LONG/SHORT	Long
TARGET	Above \$270
STOP	None – Defined Risk
TIMEFRAME	2 Months

**Trading Strategy:** Sell the CVNA December \$270/\$260 Put Spreads for \$3.20 Credit (Bull Put Spread)

**Net Debit/Credit:** Credit of \$3.20

**Profitability Zone:** CVNA Above \$273.20 on December OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** CVNA has pulled back the last few weeks and looking to base just under its rising 200-day moving average and a retest of a former key breakout as well as holding right above a 61.8% Fibonacci retracement while VWAP off September 2020 lows is near \$265 and shares also right on trend support. CVNA is a quality name that remains in an uptrend and makes for a nice credit spread play.



**Fundamental Analysis:** Carvana is the leading e-commerce platform for buying & selling used cars and the \$49B company currently trades 4.3X EV/Sales with revenue growth expected above 115% in FY21 and at 30%+ the next few years while also turning EBITDA positive in 2021 and ramping for many years forward. CVNA is seeing strong growth across all key metrics including profits per unit and EBITDA margins. It is disrupting a massive inefficient market, \$840B in the US for used car sales, and the largest US dealer has just a 1.9% market share. Consumers are becoming more comfortable with digital commerce and it is no different in car shopping where Carvana has made the process convenient. CVNA should continue to benefit from surging used car prices and expectations for higher miles driven on the year as demand for cars remains hot as new auto sales struggle with supply chain challenges. CVNA is expanding capacity, adding to their inventory buying teams and widening their geographic reach to gain more market share in the highly-fragmented space. Analysts have an average target of \$400 with short interest elevated at 19% of the float. Wedbush upgraded shares last week to Outperform with a \$360 target seeing upside to profitability estimates. Citi raised its target to \$405 in August on improving production capacity and access to inventory.

### Options Activity:

Date	Description	Volume	Open.In	Price	Delta	Impl Vo	Prob.ITV	Premium Paid	Symbol	Current Price	Current OI	Current
10/11/2021	CVNA 100 (Weeklys) 22 OCT 21 282.5 PUT	547	3	\$7.60	-0.48	44.82%	51.11%	\$415,720	.CVNA2111022P282.5	\$2.97		764
10/8/2021	CVNA 100 19 NOV 21 300 CALL	1,774	1,244	\$11.55	0.387	48.39%	32.61%	\$2,048,970	.CVNA211119C300	\$10.95		2567
10/7/2021	CVNA 100 17 DEC 21 300 CALL	213	134	\$19.40	0.445	47.07%	36.47%	\$413,220	.CVNA211217C300	\$17.33		373
9/28/2021	CVNA 100 19 NOV 21 310 CALL	937	193	\$22.15	0.52	50.40%	44.69%	\$2,126,990	.CVNA211119C310	\$7.35		1424
9/22/2021	CVNA 100 20 MAY 22 270 PUT	506	0	\$29.15	-0.266	53.40%	42.47%	\$1,474,990	.CVNA220520P270	\$39.50		614
9/22/2021	CVNA 100 19 NOV 21 270 PUT	1,144	715	\$8.07	-0.18	55.45%	24.96%	\$955,240	.CVNA211119P270	\$9.72		2899
9/21/2021	CVNA 100 19 NOV 21 300 PUT	1,007	151	\$17.30	-0.34	53.79%	42.18%	\$1,827,705	.CVNA211119P300	\$23.40		2045
9/16/2021	CVNA 100 19 NOV 21 360 CALL	253	65	\$19.00	0.45	47.70%	37.28%	\$480,700	.CVNA211119C360	\$0.87		377
9/2/2021	CVNA 100 17 DEC 21 230 PUT	529	416	\$5.90	-0.116	59.32%	19.08%	\$312,110	.CVNA211217P230	\$4.90		967
9/1/2021	CVNA 100 17 DEC 21 290 PUT	201	115	\$18.25	-0.27	52.17%	37.39%	\$375,870	.CVNA211217P290	\$24.80		327
8/31/2021	CVNA 100 20 JAN 23 320 PUT	148	9	\$76.45	-0.36	53.38%	61.10%	\$1,135,160	.CVNA230120P320	\$82.58		149
8/31/2021	CVNA 100 18 MAR 22 195 PUT	596	40	\$7.40	-0.09	62.19%	18.86%	\$441,040	.CVNA220318P195	\$7.90		584
8/26/2021	CVNA 100 17 DEC 21 210 PUT	926	329	\$4.35	-0.06	68.83%	12.19%	\$402,810	.CVNA211217P210	\$2.73		1650
8/24/2021	CVNA 100 17 DEC 21 310 PUT	800	163	\$19.40	-0.27	50.83%	36.93%	\$1,552,000	.CVNA211217P310	\$34.68		782
8/23/2021	CVNA 100 17 DEC 21 300 PUT	896	294	\$15.90	-0.231	51.36%	32.76%	\$1,424,640	.CVNA211217P300	\$26.78		985
8/10/2021	CVNA 100 19 NOV 21 430 CALL	350	43	\$16.50	0.31	48.45%	22.56%	\$600,250	.CVNA211119C430	\$0.30		499
8/9/2021	CVNA 100 16 SEP 22 250 PUT	250	4	\$25.25	-0.18	53.16%	36.47%	\$680,000	.CVNA220916P250	\$27.40		204
8/5/2021	CVNA 100 21 JAN 22 260 PUT	300	204	\$13.20	-0.18	50.06%	27.84%	\$396,000	.CVNA220121P260	\$14.55		359
8/4/2021	CVNA 100 17 DEC 21 250 PUT	4,106	2,706	\$10.00	-0.15	53.46%	23.76%	\$4,106,000	.CVNA211217P250	\$8.37		6873
7/27/2021	CVNA 100 16 SEP 22 450 CALL	100	20	\$39.10	0.41	52.64%	21.32%	\$430,000	.CVNA220916C450	\$20.00		121
7/20/2021	CVNA 100 17 DEC 21 480 CALL	214	1	\$5.85	0.13	49.98%	7.65%	\$144,450	.CVNA211217C480	\$0.50		104
7/14/2021	CVNA 100 19 NOV 21 270 PUT	380	24	\$16.45	-0.25	50.82%	35.64%	\$647,900	.CVNA211119P270	\$9.72		2899
7/8/2021	CVNA 100 17 DEC 21 250 PUT	2,500	105	\$15.25	-0.2	50.64%	30.83%	\$4,062,500	.CVNA211217P250	\$8.37		6873
6/23/2021	CVNA 100 21 JAN 22 180 PUT	541	251	\$5.50	-0.069	57.62%	14.88%	\$297,550	.CVNA220121P180	\$2.40		793
6/23/2021	CVNA 100 18 FEB 22 320 CALL	893	0	\$52.50	0.569	53.93%	39.54%	\$4,688,250	.CVNA220218C320	\$18.25		490
6/22/2021	CVNA 100 17 DEC 21 420 CALL	219	8	\$15.00	0.26	51.09%	15.87%	\$354,780	.CVNA211217C420	\$2.25		53
6/21/2021	CVNA 100 17 DEC 21 270 PUT	7,033	192	\$28.12	-0.33	50.45%	46.13%	\$19,868,225	.CVNA211217P270	\$14.68		7977
6/21/2021	CVNA 100 17 DEC 21 165 PUT	7,000	13	\$2.72	-0.04	54.25%	8.69%	\$1,904,000	.CVNA211217P165	\$1.25		7099
6/18/2021	CVNA 100 19 NOV 21 320 CALL	581	12	\$29.25	0.464	50.27%	33.76%	\$1,699,425	.CVNA211119C320	\$4.70		1948
6/18/2021	CVNA 100 19 NOV 21 290 CALL	509	38	\$42.00	0.59	52.88%	45.37%	\$2,242,145	.CVNA211119C290	\$15.12		937
6/17/2021	CVNA 100 19 NOV 21 240 PUT	757	18	\$17.20	-0.24	53.56%	36.20%	\$1,351,245	.CVNA211119P240	\$3.15		983

### Potential Catalysts: Earnings 11-4-2021

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

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