



## Carvana Bulls Position for Longer Term Upside

**Ticker/Price:** CVNA (\$79.20)

### Analysis:

**Carvana (CVNA)** with 1,350 January \$115/\$60 bull risk reversals opening today for a small net credit and name that continues to draw positioning for significant long-term upside after 4,700 January 2022 \$130 calls were bought for near \$10M on 2-27. The March \$70 puts were also sold to open recently over 8,000X and a lot of bullish May open interest across the \$75, \$80, and \$100 calls from late 2019. Shares are right back at the rising 200-MA after earnings as well as the channel low from a big move higher going back to early 2019. MACD and RSI have both reset quickly, so potential for a base and resumption higher and move above \$86 sets up for a re-test of \$100. The \$13.38B company trades 3.4X sales with 25% to 35% growth forecast the next two years and a path to profitability by FY22. CVNA's outlook disappointed last week but continues to be the premier name in a highly disruptive growth field. The company has been expanding their reach geographically and now in 161 markets with 24 of their new 'vending machine' concepts live. CVNA is laying a solid foundation in the online auto delivery marketplace and set to benefit long-term as consumers get more comfortable with online shopping. CVNA could also benefit near-term as fears over the coronavirus may keep some people away from busy car lots and test drives. Analysts have an average target for shares of \$91.65 with 10 buy ratings, 8 hold and 2 sell. JMP with a \$115 PT and expecting the company to build out its infrastructure and improve selection/delivery times which will be a long-term positive. Baird with a \$100 PT as margins improve and online car sales accelerate. CVNA has 35% short interest but it has always been elevated stretching back to when price was in the teens. Hedge fund ownership fell 4.5% in Q4 but Lone Pine a notable buyer of a new 1M share position.

### Hawk Vision:



**Hawk's Perspective:** CVNA remains a favorite disruptor and see if can base here, while a move back over \$86 would trigger a nice reward/risk versus the 200 day.

**Confidence Ranking:** \$\$