



## FEATURED OPTIONS RADAR REPORT



### Bulls Target Relative Strength Leader in China E-Commerce

**Ticker/Price:** JD (\$88.40)

**JD.com (JD)** with 3000 March \$92.50 calls bought for \$7.50 to \$7.55 to open this morning and follows buyers recently in the June \$90 calls and February \$87.50 calls. JD also had 2000 February \$92.50 ITM puts sold to open on 11/19 for over \$1.6M. Shares have been showing relative strength to other China internet plays recently and gapped back above monthly value on earnings recently where shares are consolidating now. The base breakout above \$85 has room to run to \$100-\$105 but longer-term JD can make a big move back above \$110 to new highs. The \$126.85B company trades 7.2X earnings, 0.90X sales, and 19.7X FCF with mid-30% revenue growth. JD is coming off of a strong quarter as they outpaced peers despite headwinds around their supply chain and the crackdown from regulators in Beijing. They also recently reported a record Singles Day performance with GMV over the period of October 31st to Nov 11th up 29% from last year. JD remains positioned well for the surge in ecommerce in China which remains in the early innings, especially as more Western brands look for entry into the market, and they've built a strong moat around their supply chain and logistics which gives them an advantage during more volatile times. Analysts have an average target for shares of \$103 with a Street High \$123. Benchmark raising estimates last week seeing the company continuing to take market share and believes their unique value proposition warrants their outperformance. UBS raising estimates recently noting the company's highly integrated supply chain, logistics and direct sales model, as well as its skew towards higher income shoppers providing a clear edge during a period of supply chain, consumer confidence, as well as weather and Covid-19 related issues. Short interest is 2.7%. Hedge fund ownership fell 10% last quarter, Coatue a buyer of 7.2M shares, a big add to their stake, while Miller Value Partners bought a 5M share equivalent in call options. D1 Capital added 2.2M shares to their large stake.

### Hawk Vision:



**Hawk's Perspective:** JD has held up better than peers during the recent regulatory crackdowns and looks poised to lead back higher as headwinds subside into 2022, especially as we see more headlines recently above China looking to boost growth; a reversal back around the \$85 level would be a nice setup for a run to \$100

**Confidence Ranking:** \$\$