

SPOTLIGHT OPTION TRADE



JD.com Pullback Attractive with Earnings in Two Weeks

TRADE SNAPSHOT

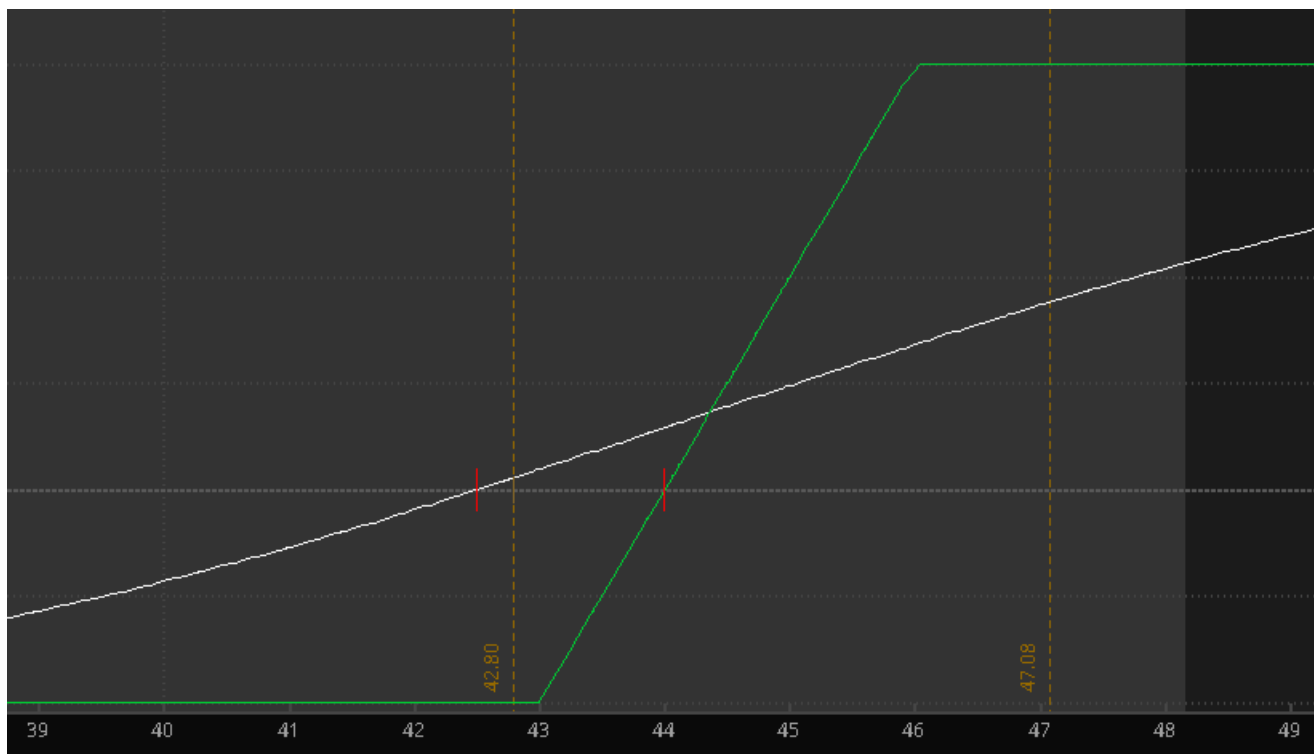
TICKER	JD
SECURITY	JD.com
SECTOR	Tech – Internet
CURRENT PRICE	\$43
LONG/SHORT	Long
TARGET	\$46
STOP	\$40.5
TIMEFRAME	2 Weeks

Trading Strategy: Long the **JD** May \$43/\$46 Call Spreads at \$1

Net Debit/Credit: Debit of \$1

Profitability Zone: JD Shares Above \$44 on May OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: JD shares pulling back to retest key volume support and a 38.2% retracement, the rising 50 day MA down at \$41.50.



Fundamental Analysis: The \$63.4B Chinese ecommerce leader trades 23.25X Earnings and 18.1X FCF. JD continues to expect 15-20% topline growth and sees EPS rising 14% this year and 55% next year. JD will report on 5/15 and shares have moved higher the last five reports on a max move basis, closing higher four time. JD likely say a surge in ecommerce activity as a result of China's lockdown in Q1 and has seen significant bullish options positioning. JD has a number of potential catalysts this year eyeing a Hong Kong listing in mid-2020 and is also looking at possible spin-offs. The company is nearing an inflection point after years of investments and initiatives like automation, JD Logistics, and other bets like online ads, cloud, and foreign investments. JD has also seen a number of investments from big partners like Wal-Mart (WMT), Tencent, and Google (GOOGL) as it (and they) look to compete against Alibaba (BABA). Analysts have an average target of \$49.50 and short interest down 29% Q/Q to 2.5% of the float. JD announces a \$2B buyback on 3-17 which to me indicates it is in a position of strength. Morgan Stanley upgraded shares to Overweight on 4/14 with a \$51 target. On 3/3 Benchmark raised its target to \$60 noting it best positioned amid a logistics disruption and its brand recognition likely sees a boost. China Renaissance sees the expanding margin trend continuing.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
4/29/2020	JD 100 (Weeklys) 22 MAY 20 45 CALL	13,971	164	\$2.04	0.48	51.86%	42.72%	\$2,850,084	JD200522C45
4/24/2020	JD 100 15 MAY 20 45 CALL	11,669	9,913	\$2.45	0.53	54.59%	47.66%	\$2,858,905	JD200515C45
4/21/2020	JD 100 18 SEP 20 42 PUT	4,001	346	\$5.03	-0.42	48.76%	54.64%	\$2,040,510	JD200918P42
4/21/2020	JD 100 18 SEP 20 49 CALL	2,011	162	\$2.80	0.38	47.01%	26.88%	\$591,234	JD200918C49
4/20/2020	JD 100 15 MAY 20 40 PUT	4,882	2,112	\$0.85	-0.2	59.40%	24.45%	\$414,970	JD200515P40
4/20/2020	JD 100 20 NOV 20 42 CALL	335	118	\$8.15	0.67	46.74%	52.75%	\$288,100	JD201120C42
4/16/2020	JD 100 15 MAY 20 55 CALL	3,124	900	\$0.54	0.16	49.74%	13.11%	\$168,696	JD200515C55
4/15/2020	JD 100 20 NOV 20 45 CALL	2,068	108	\$6.19	0.57	44.21%	43.17%	\$1,282,160	JD201120C45
4/15/2020	JD 100 15 MAY 20 44 PUT	3,142	267	\$2.28	-0.43	52.10%	49.47%	\$716,376	JD200515P44
4/15/2020	JD 100 19 JUN 20 45 PUT	1,242	228	\$3.17	-0.42	47.03%	49.92%	\$409,860	JD200619P45
4/14/2020	JD 100 15 MAY 20 42 CALL	1,736	1,214	\$3.61	0.735	37.51%	69.70%	\$626,696	JD200515C42
4/9/2020	JD 100 15 JAN 21 40 PUT	3,775	3,995	\$5.10	-0.37	41.54%	51.52%	\$1,925,250	JD210115P40
4/8/2020	JD 100 19 JUN 20 41 CALL	4,548	11,134	\$3.58	0.55	45.95%	46.95%	\$1,637,280	JD200619C41
4/8/2020	JD 100 15 JAN 21 42 CALL	2,131	2,931	\$5.85	0.55	42.22%	40.54%	\$1,246,635	JD210115C42
4/6/2020	JD 100 15 MAY 20 40 CALL	1,850	2,409	\$3.35	0.6	50.40%	53.59%	\$619,415	JD200515C40
4/3/2020	JD 100 15 MAY 20 41 CALL	2,571	454	\$2.31	0.477	53.58%	40.47%	\$593,901	JD200515C41
4/2/2020	JD 100 15 MAY 20 35 PUT	1,213	801	\$1.16	-0.23	57.27%	29.76%	\$151,625	JD200515P35
3/31/2020	JD 100 19 JUN 20 41 CALL	9,654	1,588	\$3.35	0.53	44.99%	44.64%	\$3,234,090	JD200619C41
3/31/2020	JD 100 18 SEP 20 40 PUT	4,001	2,776	\$4.30	-0.42	43.03%	54.20%	\$1,720,430	JD200918P40
3/26/2020	JD 100 19 JUN 20 48 CALL	3,250	722	\$1.38	0.27	45.14%	20.61%	\$464,750	JD200619C48
3/25/2020	JD 100 15 MAY 20 46 CALL	5,021	598	\$2.00	0.38	53.53%	30.54%	\$1,094,578	JD200515C46
3/24/2020	JD 100 15 MAY 20 44 CALL	7,260	98	\$2.15	0.44	49.20%	36.91%	\$1,815,000	JD200515C44
3/13/2020	JD 100 15 MAY 20 36 PUT	4,034	2,002	\$2.58	-0.32	76.80%	44.12%	\$1,040,772	JD200515P36
3/12/2020	JD 100 20 NOV 20 38 PUT	5,000	20	\$5.90	-0.42	49.44%	58.18%	\$3,200,000	JD201120P38
3/12/2020	JD 100 15 MAY 20 37 PUT	1,005	170	\$3.60	-0.42	64.01%	52.24%	\$376,875	JD200515P37
3/11/2020	JD 100 15 MAY 20 36 PUT	2,000	11	\$1.54	-0.24	63.96%	33.14%	\$400,000	JD200515P36
3/10/2020	JD 100 18 SEP 20 36 PUT	1,501	3,593	\$2.85	-0.27	48.67%	40.29%	\$465,310	JD200918P36
3/6/2020	JD 100 18 SEP 20 41 PUT	2,045	497	\$5.15	-0.402	46.20%	53.50%	\$1,053,175	JD200918P41
3/5/2020	JD 100 15 JAN 21 55 CALL	1,451	526	\$2.92	0.34	37.45%	22.10%	\$423,692	JD210115C55
3/3/2020	JD 100 15 MAY 20 43 CALL	13,266	1	\$2.95	0.51	41.03%	43.86%	\$3,913,470	JD200515C43
3/2/2020	JD 100 19 JUN 20 40 CALL	4,608	7,011	\$5.65	0.66	42.08%	56.94%	\$2,511,360	JD200619C40
3/2/2020	JD 100 19 JUN 20 45 CALL	6,699	6,858	\$2.88	0.44	40.34%	35.74%	\$1,889,118	JD200619C45

Potential Catalysts: Earnings 5/15

Disclaimer:**Not Investment Advice or Recommendation**

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