



FEATURED OPTIONS RADAR REPORT



Mercado Libre Call Spreads See Continued Long-Term Momentum

Ticker/Price: MELI \$1598.50

Analysis:

Mercado Libre (MELI) with 750 January 2023 \$1840/\$2100 call spreads being bought for \$80, shares trading \$1595 now, and long-term view on a best-in-class growth name. MELI has seen buyers recently in the February \$1,480 and \$1,500 calls as well as the Jan. 2022 \$1,700 calls while June put sales popular at the \$1,400 and \$1,140 strikes. Shares have been in a strong trend higher and pulling back the last three weeks from all-time highs to test the 8-week EMA at \$1,579. On the daily, MELI is back at the lower Bollinger Band and set for a bounce back with a move above VWAP at \$1665 setting up for new highs. The \$80.16B company trades 24X EV sales with strong 30%+ growth and expanding margins. MELI has been firing on all cylinders for a few years now and still in the earliest stages of penetration of a major market in Latin America with an expanding portfolio that covers e-commerce and payments. The company is coming off a strong quarter adding 2M unique buyers in Brazil and seeing strong retention of early cohorts as the pandemic draw-forward looks to be sustainable. MELI expects to expand logistics and other solutions into more regions in 2021 while building out strong categories in leading markets like Brazil across CPG and consumer electronics. Analysts have an average target for shares of \$1270 with a Street High \$1980 from Santander. Jefferies with a \$1950 PT on 1/5, the best play on shifts in commerce and payments in Latin America and noting that they think faster growth in high margin Fintech verticals like credit will drive gross profit upside and lead to improved FCF generation. Hedge fund ownership rose 15.5% in Q3, Baillie Gifford a top holder with 4.8M shares.

Hawk Vision:



Hawk's Perspective: MELI is a best-in-breed name and dips are opportunities for a long-term hold, a move back to the 55-MA and prior breakout at \$1500 would be ideal but on watch for a reversal day either way

Confidence Ranking: \$\$