

## SPOTLIGHT OPTION TRADE



### Shopify Topping Candle a Tough Challenge Near-Term, Like Selling Premium

#### TRADE SNAPSHOT

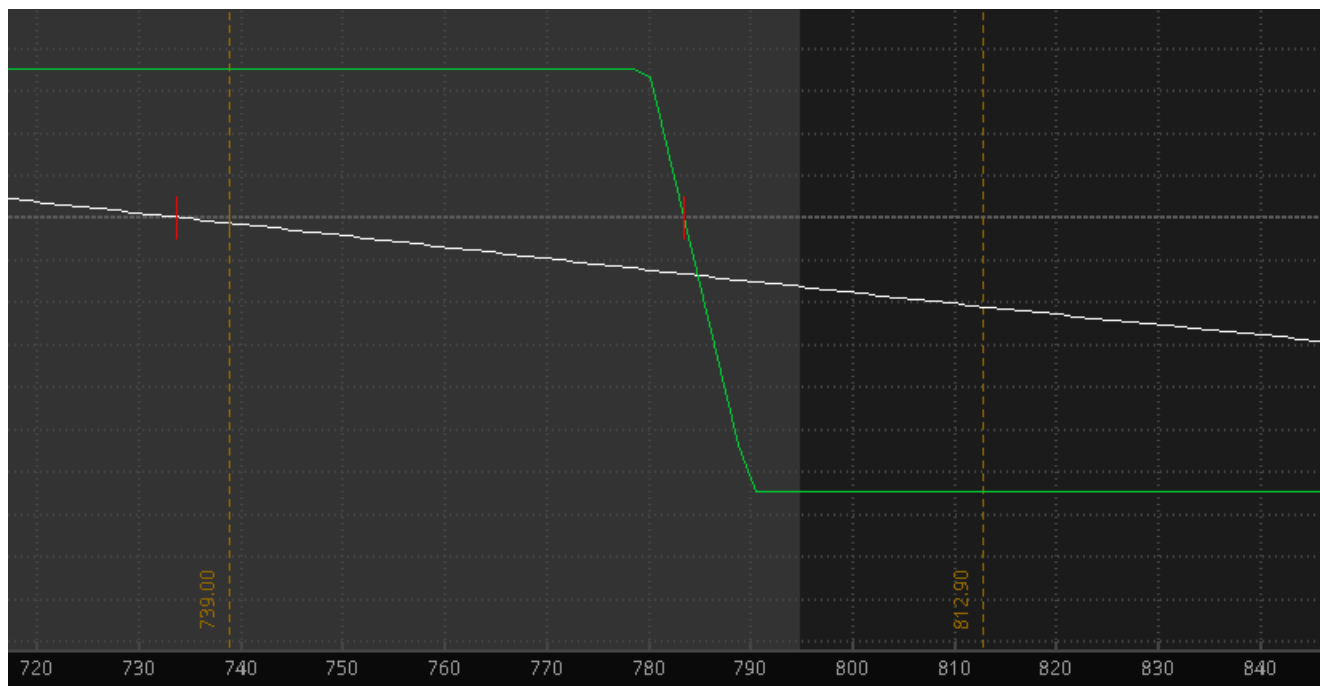
TICKER	SHOP
SECURITY	Shopify
SECTOR	Tech - Ecommerce
CURRENT PRICE	\$743.60
LONG/SHORT	Short
TARGET	< \$780
STOP	None – Defined Risk
TIMEFRAME	1 Month

**Trading Strategy:** Sell the SHOP July \$780/\$790 Call Spread for \$3.50 Credit (Bear Call Spread)

**Net Debit/Credit:** Credit \$3.50

**Profitability Zone:** SHOP Shares Below \$783.50 on July OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** SHOP shares put in a bear engulfing candle of size at record highs and may need time to digest before taking out that level, the rising 34 EMA supportive on recent declines and under \$703 shares could head back for a \$650 breakout retest. SHOP also with a bear weekly RSI divergence on that recent new high.



**Fundamental Analysis:** The \$80.7B company has been a top performer with shares +87% YTD and benefitting from an acceleration to ecommerce. SHOP has consistently shown fantastic numbers though expectations now look priced in with shares trading at outrageous multiples of 30X FY21 EV/Sales and 1325X EBITDA. Analysts have an average target of \$730 and short interest at 2.3% of the float has capitulated near new lows. Canaccord on 5/21 raising its target to \$700, while Roth upped to \$750 and cited stretched valuation. Baird with an \$820 target notes Shopify continues to be in the relatively early stages of establishing a cutting-edge commerce platform with enormous TAM/growth opportunity. Hedge Fund ownership came down 7.7% in Q1 filings.

### Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
6/10/2020	SHOP 100 17 JUL 20 760 PUT	360	80	\$60.83	-0.5	55.17%	57.31%	\$2,189,880	.SHOP200717P760
6/5/2020	SHOP 100 17 JUL 20 750 CALL	2,057	169	\$43.50	0.469	0.5532	39.40%	\$8,947,950	.SHOP200717C750
6/5/2020	SHOP 100 17 JUL 20 800 CALL	2,135	605	\$26.80	0.334	0.5437	26.75%	\$5,721,800	.SHOP200717C800
6/5/2020	SHOP 100 17 JUL 20 650 PUT	2,054	192	\$23.76	-0.253	0.5673	31.67%	\$4,880,304	.SHOP200717P650
6/5/2020	SHOP 100 17 JUL 20 600 PUT	2,097	381	\$13.04	-0.15	0.5939	19.93%	\$2,734,488	.SHOP200717P600
5/27/2020	SHOP 100 (Weeklys) 5 JUN 20 750 CALL	981	144	\$20.50	0.38	68.64%	34.09%	\$2,128,770	.SHOP200605C750
5/20/2020	SHOP 100 19 JUN 20 690 CALL	301	88	\$106.70	0.78	59.98%	72.37%	\$3,274,880	.SHOP200619C690
5/19/2020	SHOP 100 21 JAN 22 940 PUT	133	0	\$348.70	-0.47	56.50%	75.52%	\$4,637,710	.SHOP220121P940
5/18/2020	SHOP 100 19 JUN 20 790 CALL	201	74	\$32.61	0.4	60.30%	33.24%	\$655,461	.SHOP200619C790
5/15/2020	SHOP 100 16 OCT 20 750 CALL	123	72	\$133.80	0.61	63.37%	44.23%	\$1,661,730	.SHOP201016C750
5/7/2020	SHOP 100 21 JAN 22 900 PUT	153	0	\$323.80	-0.46	55.35%	74.33%	\$4,954,140	.SHOP220121P900
5/7/2020	SHOP 100 15 JAN 21 840 CALL	101	20	\$105.59	0.49	60.30%	29.67%	\$1,066,459	.SHOP210115C840
5/6/2020	SHOP 100 21 AUG 20 620 PUT	400	42	\$64.67	-0.31	69.08%	45.25%	\$2,704,000	.SHOP200821P620
5/6/2020	SHOP 100 19 JUN 20 620 PUT	401	53	\$32.17	-0.28	69.65%	36.33%	\$1,395,480	.SHOP200619P620
5/6/2020	SHOP 100 20 NOV 20 450 PUT	459	30	\$29.10	-0.12	70.50%	25.65%	\$1,340,280	.SHOP201120P450
5/5/2020	SHOP 100 21 AUG 20 480 PUT	307	45	\$25.40	-0.14	76.82%	25.18%	\$792,060	.SHOP200821P480
4/29/2020	SHOP 100 21 JAN 22 900 CALL	121	28	\$117.39	0.47	57.31%	20.40%	\$1,461,680	.SHOP220121C900
4/17/2020	SHOP 100 21 JAN 22 450 PUT	207	52	\$100.90	-0.25	56.71%	53.73%	\$2,088,630	.SHOP220121P450
4/8/2020	SHOP 100 21 JAN 22 300 PUT	558	39	\$59.59	-0.21	55.92%	47.88%	\$3,364,740	.SHOP220121P300
4/3/2020	SHOP 100 15 JAN 21 480 CALL	506	284	\$33.75	0.37	56.83%	20.18%	\$1,707,750	.SHOP210115C480

**Potential Catalysts:** No Scheduled Events

**Disclaimer:****Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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