



Bulls See Square Rally Sustaining

Ticker/Price: SQ (\$79.60)

Analysis:

Square (SQ) with 1000 April \$80 puts sold to open ITM \$6.20 in stock replacement and a name seeing consistent bullish positioning in 2020 including 12,000 February \$65 synthetic long positions opened 1/9, the March \$75 calls with over 30,000 in OI from large buys, and opening sales of puts a common theme. SQ shares made a parabolic move in 2017/2018 and then collapsed to a 50% retracement spending 2019 in a range of \$58/\$82 which it is now threatening to break out of and target a move above \$100. The \$35.4B payments company trades 84.7X Earnings and 15X EV/Sales with forecasts calling for 25-30% annual revenue growth and expecting 28% EBITDA growth in 2020. SQ will next report on 2-26 and recently announced a collaboration with UPS. Bernstein suggested SQ could look to buy Green Dot (GDOT). SQ recently also disclosed an amended change of control with some executives. Analysts have an average target of \$75 and short interest at 8.7% of the float has come down 17% Q/Q. BAML upgraded shares to Buy with a \$75 target back on 1/7 noting the March 18th Analyst Day as a catalyst, bullish on the anticipated benefits from investments being made in the Seller ecosystem this year, which could enable reacceleration in top-line metrics by late 2020/early 2021. On 1/23 CSFB started Outperform with an \$84 target, and on 1/10 Stephens upgraded to Overweight with a \$78 target expecting a Q4 revenue beat and margin expectations already reset. Hedge Fund ownership jumped 27.9% in Q3 filings, Viking Global a big buyer and Lone Pine also added to its position along with Coatue Mgmt. and Bares Capital.

Hawk Vision:



Hawk's Perspective: SQ could emerge out of this long range and has a lot of Institutional support, an exciting name in payments with a bright future.

Confidence Ranking: \$\$