

MercadoLibre Pullback Offers Opportunity in High-Growth Name

Date: 10/4/19



Mercado Libre (MELI) shares working out of a narrow multi-week base yesterday and back above the 20-MA at \$550 with bullish open interest across the October, November, and December expirations. MELI's largest position is near 5,000 December \$550 calls which were bought \$135, more than \$60M in premium. The November \$660/\$680 call spread was also bought recently 1450X. Shares are back at the 38.2% Fibonacci of the rally from the October lows and just above the 200-MA and YTD VPOC which sit just below at \$515. A run higher would target \$650.

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid
9/23/2019	MELI 100 18 OCT 19 500 PUT	801	232	\$5.60	-0.18	38.59%	20.94%	\$504,630
9/16/2019	MELI 100 18 OCT 19 580 PUT	1,107	41	\$37.20	-0.59	38.60%	63.69%	\$4,239,810
9/16/2019	MELI 100 18 OCT 19 570 PUT	1,116	13	\$31.55	-0.53	39.33%	57.88%	\$3,649,320
9/16/2019	MELI 100 15 NOV 19 660 CALL	1,464	164	\$12.23	0.22	47.42%	17.11%	\$2,017,560
9/16/2019	MELI 100 15 NOV 19 680 CALL	1,460	213	\$8.44	0.16	43.85%	11.92%	\$1,314,000
8/14/2019	MELI 100 15 JAN 21 700 PUT	274	5	\$180.68	-0.46	48.15%	67.23%	\$4,997,760
8/14/2019	MELI 100 15 JAN 21 800 CALL	274	72	\$84.32	0.45	45.93%	24.70%	\$2,397,500
8/8/2019	MELI 100 17 JAN 20 860 CALL	305	24	\$26.93	0.26	44.40%	17.48%	\$896,700
7/12/2019	MELI 100 20 DEC 19 550 CALL	2,450	2,523	\$135.00	0.753	48.23%	64.21%	\$33,075,000
7/10/2019	MELI 100 20 DEC 19 550 CALL	2,500	4	\$141.50	0.74	49.80%	62.54%	\$34,375,000
6/6/2019	MELI 100 20 DEC 19 470 CALL	219	1	\$155.43	0.78	52.85%	64.91%	\$3,370,410
6/4/2019	MELI 100 20 DEC 19 450 CALL	2,000	5,504	\$143.90	0.76	55.22%	61.75%	\$28,560,000
5/29/2019	MELI 100 20 DEC 19 450 CALL	2,001	3,504	\$165.80	0.79	56.14%	65.23%	\$33,156,570
5/22/2019	MELI 100 20 DEC 19 450 CALL	3,500	1	\$172.90	0.81	53.44%	68.28%	\$60,515,000
5/16/2019	MELI 100 17 JAN 20 700 CALL	500	143	\$48.60	0.4	43.25%	27.56%	\$2,430,000
5/16/2019	MELI 100 17 JAN 20 500 PUT	500	61	\$42.90	-0.25	48.55%	39.34%	\$2,145,000
5/13/2019	MELI 100 15 JAN 21 840 CALL	117	0	\$50.00	0.33	42.87%	16.04%	\$585,000
4/11/2019	MELI 100 17 JAN 20 700 CALL	100	54	\$22.60	0.24	39.98%	14.84%	\$228,000
4/3/2019	MELI 100 15 NOV 19 600 CALL	100	1	\$46.20	0.42	44.09%	29.42%	\$462,000

The \$27.47B company trades 286X earnings, 15.25X sales, and 9.44X cash. MELI expects EPS to grow up over \$5.40/share by FY21 from around \$0.66 this year while revenues settling into a 30% range the next two years. MELI has continues to gain share as they penetrate a massive marketplace opportunity, expand product offerings in fintech and build out logistics. Analysts have an average target for shares of \$669.50. BTIG upgrading to Buy on 9-9 with a \$720 PT. The firm expects MercadoLibre to enter large new financial markets such as auto loans, mortgages and insurance over the next 12-18 months. CSFB with a \$710 PT citing potential to consolidate market share amidst rising adoption of ecommerce in Latin America. Short interest is 4.1% and near its lowest level since 2016. Hedge Fund ownership rose 1.17%. Viking Global, Lone Pine, Tiger Global, and Jericho Capital notable holders.

