

SPOTLIGHT OPTION TRADE



Position for Tesla New Highs with Battery Event 2020

TRADE SNAPSHOT

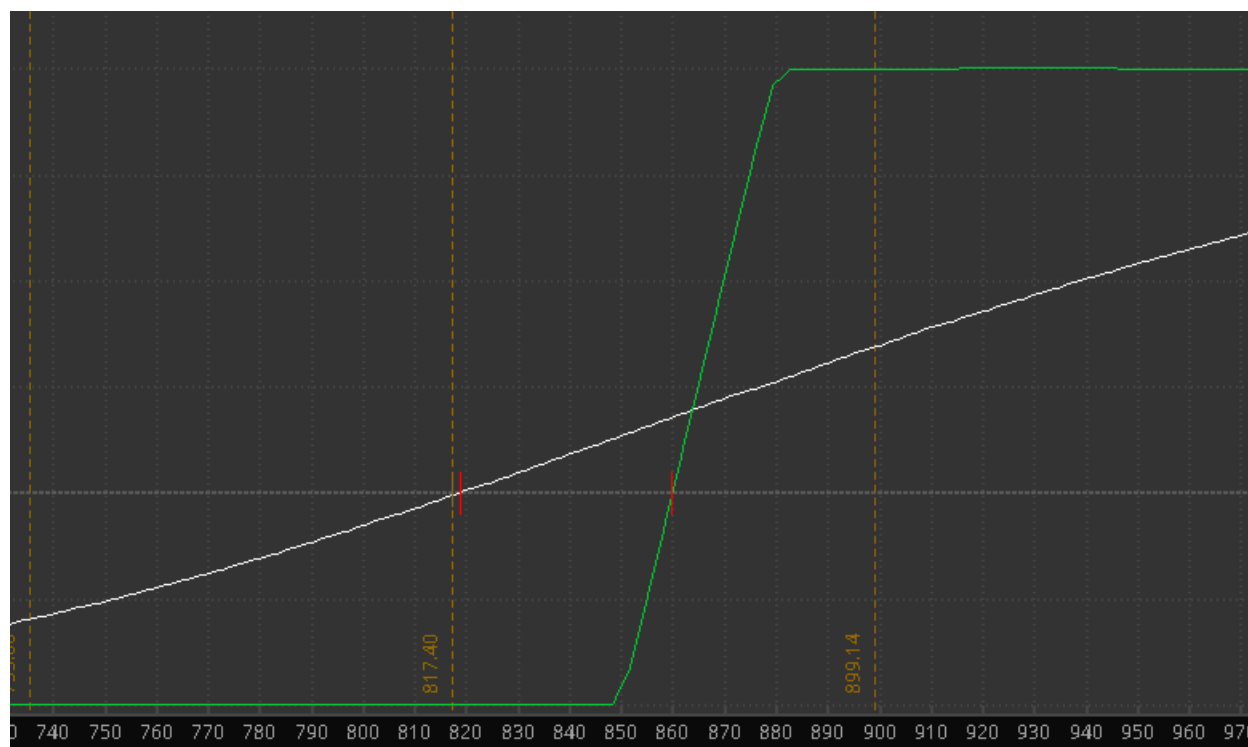
TICKER	TSLA
SECURITY	Tesla, Inc.
SECTOR	Consumer Goods – Automaker
CURRENT PRICE	\$816.88
LONG/SHORT	Long
TARGET	\$900
STOP	\$750
TIMEFRAME	

Trading Strategy: Long the TSLA June \$850/\$880 Call Spreads for \$10 Debit

Net Debit/Credit: Debit \$10

Profitability Zone: TSLA Above \$860 on June OpEx

Options Volatility / Trade Simulator View:



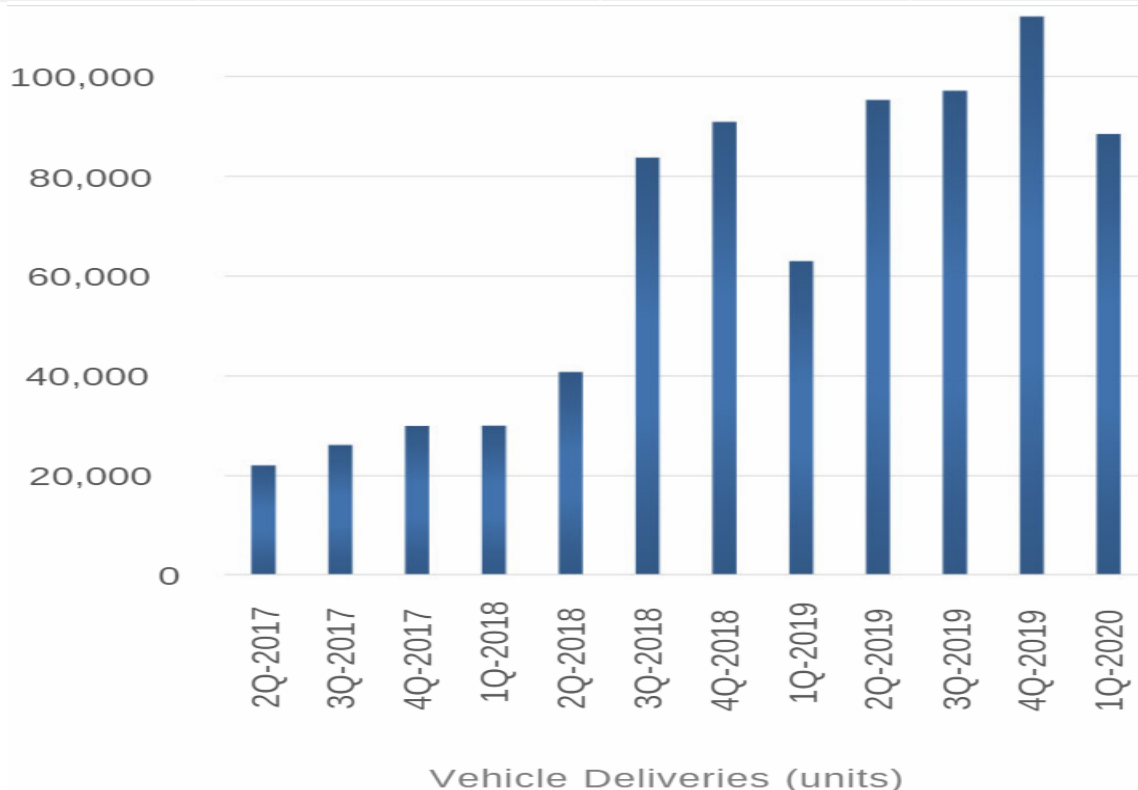


Technical Analysis: TSLA shares are consolidating in a tight range after a strong run and look poised for a run back to highs earlier this year after shares put in a strong reversal at the 200 MA during the March sell-off.



Fundamental Analysis: The \$153.4B electric vehicle maker trades 70.3X Earnings, 5.9X Sales and 61.4X FCF with a long runway for further growth and profitability starting to ramp in late 2020 into 2021. TSLA cash flow remained negative in Q1 but it increased cash and cash equivalents to \$8.1B. It achieved its best Q1 in history for production and deliveries and managed well through the suspension of production. Average selling price (ASP) declined further as mix continues to shift from Model S and Model X to the more affordable Model 3 and Model Y. Automotive gross margin of 25.5% as well as total gross margin of 20.6% both reached their highest levels in 18 months. TSLA is making major advancements in both battery efficiency and autonomous driving software, two areas with significant future value embedded in shares. Megapack, a battery pack of up to 3 MWh that is preassembled at Gigafactory Nevada as a single unit, is gaining traction and its order book is quickly expanding. Analysts have an average target of \$610 and short interest at 11.7% of the float continues to decline. JMP lowered its target to \$1001 last week moderately reducing numbers. The WSJ reported on 5/18 that TSLA could be a candidate for S&P 500 inclusion. Tesla is expected to debut a new low-cost, long-life battery in its Model 3 sedan in China later in 2020 or perhaps early 2021 according to Reuters. Deutsche Bank raised its target to \$850 from \$510 on 5/1 noting the company is truly firing on all cylinders with both of its critical launches this year running ahead of schedule on volume and profitability. Hedge Fund ownership rose 2% in Q1 filings.

Installed Annual Capacity		Current	Status
Fremont	Model S / Model X	90,000	Production
	Model 3 / Model Y	* 400,000	Production
Shanghai	Model 3	200,000	Production
	Model Y	-	Construction
Berlin	Model 3	-	In development
	Model Y	-	Construction
United States	Tesla Semi	-	In development
	Roadster	-	In development
	Cybertruck	-	In development



Options Activity:

Date	Description	Volume	Open_Int	Price	Delta	Impl Vol	Prob. ITM	Premium Paid	Symbol
5/21/2020	TSLA 100 (Weeklys) 12 JUN 20 1000 CALL	5,292	206	\$9.20	0.14	66.81%	10.67%	\$4,947,085	.TSLA200612C1000
5/20/2020	TSLA 100 19 JUN 20 1020 CALL	1,073	239	\$10.00	0.14	65.48%	9.94%	\$1,078,365	.TSLA200619C1020
5/19/2020	TSLA 100 19 JUN 20 810 PUT	1,273	417	\$61.39	-0.47	63.89%	54.13%	\$7,975,345	.TSLA200619P810
5/18/2020	TSLA 100 15 JAN 21 760 PUT	1,000	1,243	\$151.23	-0.34	70.09%	56.75%	\$15,250,000	.TSLA210115P760
5/18/2020	TSLA 100 15 JAN 21 710 PUT	1,000	1,185	\$125.99	-0.3	70.80%	52.25%	\$12,700,000	.TSLA210115P710
5/18/2020	TSLA 100 17 JUL 20 750 CALL	1,012	794	\$125.10	0.66	70.18%	55.37%	\$12,558,920	.TSLA200717C750
5/18/2020	TSLA 100 17 JUL 20 800 CALL	1,046	1,943	\$97.50	0.58	69.31%	46.45%	\$10,177,580	.TSLA200717C800
5/15/2020	TSLA 100 18 JUN 21 780 PUT	1,000	27	\$206.56	-0.35	66.21%	62.31%	\$20,760,000	.TSLA210618P780
5/15/2020	TSLA 100 18 JUN 21 740 PUT	1,000	14	\$184.46	-0.32	66.84%	59.56%	\$18,465,000	.TSLA210618P740
5/15/2020	TSLA 100 19 JUN 20 830 CALL	1,008	430	\$57.03	0.47	67.75%	38.62%	\$5,498,640	.TSLA200619C830
5/14/2020	TSLA 100 15 JAN 21 760 PUT	1,000	357	\$170.09	-0.36	72.30%	60.07%	\$17,060,000	.TSLA210115P760
5/14/2020	TSLA 100 15 JAN 21 710 PUT	1,000	205	\$143.71	-0.32	73.03%	55.77%	\$14,350,000	.TSLA210115P710
5/14/2020	TSLA 100 19 JUN 20 780 CALL	1,155	412	\$71.17	0.54	72.31%	45.26%	\$8,240,925	.TSLA200619C780
5/13/2020	TSLA 100 21 JAN 22 1100 CALL	1,557	933	\$166.35	0.5	63.38%	20.57%	\$26,733,690	.TSLA220121C1100
5/12/2020	TSLA 100 18 DEC 20 380 PUT	16,002	3,021	\$23.80	-0.07	86.64%	21.70%	\$39,044,880	.TSLA201218P380
5/11/2020	TSLA 100 19 JUN 20 1240 CALL	1,197	72	\$7.37	0.08	82.42%	4.45%	\$861,840	.TSLA200619C1240
5/5/2020	TSLA 100 19 JUN 20 885 PUT	1,202	1	\$146.43	-0.66	71.92%	74.81%	\$17,600,886	.TSLA200619P885
5/5/2020	TSLA 100 17 JUL 20 705 PUT	1,058	129	\$69.20	-0.33	75.51%	46.15%	\$7,411,290	.TSLA200717P705
5/4/2020	TSLA 100 17 JUL 20 735 PUT	3,166	65	\$97.22	-0.39	76.33%	52.88%	\$28,905,580	.TSLA200717P735
5/4/2020	TSLA 100 15 MAY 20 740 CALL	1,934	723	\$43.30	0.52	83.10%	46.29%	\$8,422,570	.TSLA200515C740
5/4/2020	TSLA 100 19 JUN 20 1000 CALL	2,564	2,974	\$15.95	0.17	75.89%	10.92%	\$4,192,140	.TSLA200619C1000
5/1/2020	TSLA 100 21 AUG 20 555 CALL	3,081	87	\$204.47	0.772	83.08%	61.16%	\$62,997,207	.TSLA200821C555
4/29/2020	TSLA 100 19 JUN 20 755 PUT	1,049	347	\$68.85	-0.38	75.60%	48.78%	\$7,374,470	.TSLA200619P755

Potential Catalysts: Battery Event 2020 in June

Disclaimer:

Not Investment Advice or Recommendation

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