



FEATURED OPTIONS RADAR REPORT



Wayfair Calls Active Ahead of 'Way Days', Earnings

Ticker/Price: W (\$310)

Analysis:

Wayfair (W) more bullish flows today with 420 November \$460 calls opening \$14.10 to \$14.50 and follows 2,416 May \$315 calls bought for \$24.90 to open yesterday. Wayfair has also seen buyers in the January 2023 \$160 calls for \$120 recently with the January 2022 \$250 puts sold and buyers in the January 2023 \$350 calls for over \$3.5M. Wayfair was a chart highlight recently and forming a nice wedge around its 50-day MA on the daily with the wider range setting up in a 28-week base set to break out. Wayfair has a long-term measured move out to \$450. The \$32.65B company trades 62.5X earnings, 2.3X sales, and 12.6X cash with accelerating revenue growth of 11% in FY21 and 20.5% in FY22. Wayfair is coming off of a hot year with the pandemic shifting more spending towards home improvement and ecommerce. They've also been finally seeing margin expansion after years of investment in their supply chain and internal efficiency initiatives. The company announced their big annual sales event will occur on April 28 to April 30 this year, a major opportunity to showcase their platform and pull forward more customers after their Sept. 2020 event. Analysts have an average target for shares of \$297.50 with a Street High \$450 from DA Davidson. The firm was out on 3/31 positive on the company's long-term revenue opportunity as the home e-commerce market is set to expand at a 15% CAGR through 2030. They think Wayfair could increase its revenue 8X. Piper with a \$420 PT in April citing more runway for margin expansion in 2021 despite 550 bps of growth in 2020. Short interest is 11.9% and near its lowest level in two years. Hedge fund ownership fell 8.5% in Q4, Vulcan Value a buyer of 2.15M shares. Insiders active recently too with a director buying \$13.5M in stock on 3-4 at \$283.50.

Hawk Vision:



Hawk's Perspective: W is a best-of-breed name and I think the chart and flows are setting up a nice opportunity above \$325 into two notable, near-term events.

Confidence Ranking: \$\$