

SPOTLIGHT OPTION TRADE



Wayfair Challenging Comps, Rising Costs Headwinds to Weigh

TRADE SNAPSHOT

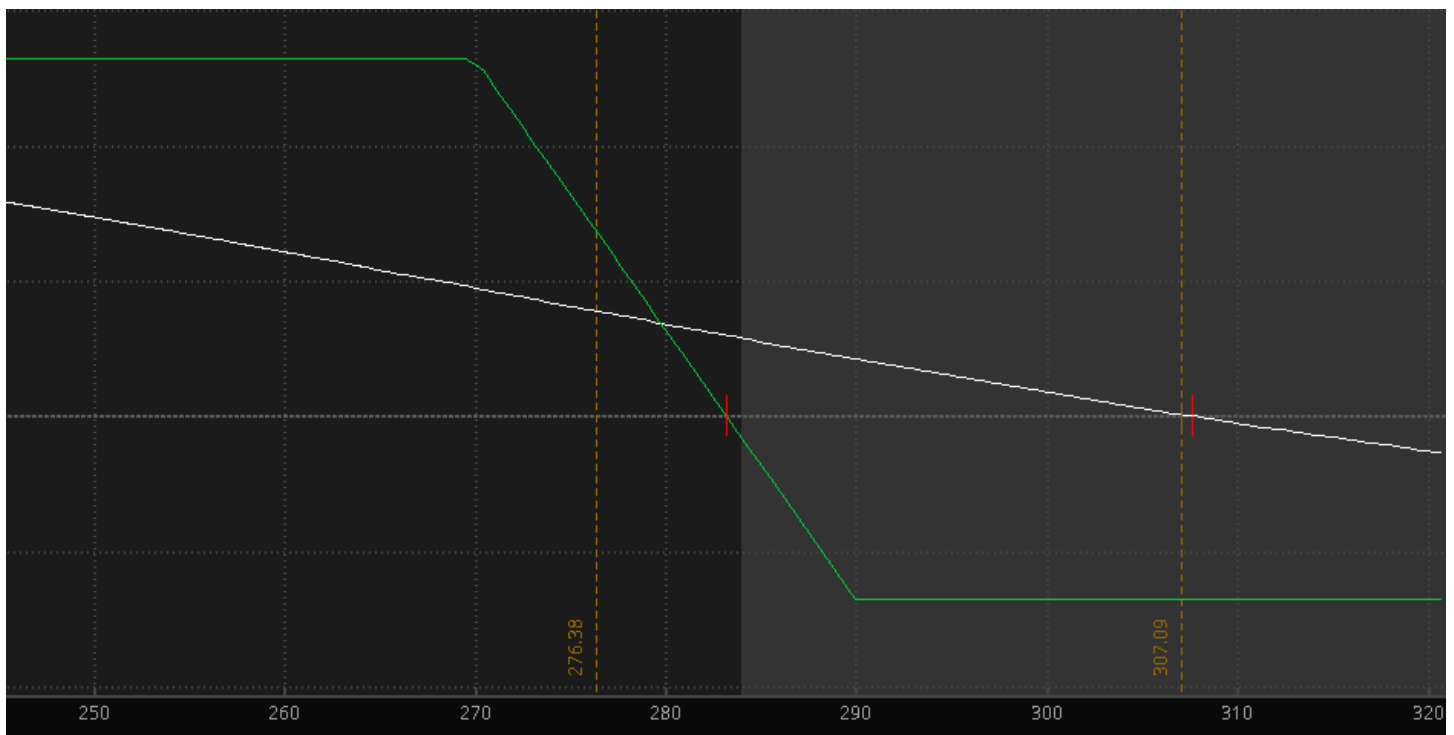
TICKER	W
SECURITY	Wayfair
SECTOR	Consumer - ECommerce
CURRENT PRICE	\$307
LONG/SHORT	Short
TARGET	\$270
STOP	\$330
TIMEFRAME	6 Weeks

Trading Strategy: Long the W August \$290/\$270 Put Spreads at \$7 or Better

Net Debit/Credit: Debit \$7

Profitability Zone: W Shares Below \$283 on August OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: W is one of the more tightly squeezed stocks in the market but for months it has lagged ecommerce peers and growth peers unable to break out, so I think there is a good chance it breaks lower. The 200-day moving average is at \$291.50 and a break of that should push shares back to May lows and maybe lower.



Fundamental Analysis: W is a leading ecommerce play for home-goods and is in a strong housing and consumer spending market with money shifting to ecommerce which has made it a long-time favorite but with decelerating growth coming it should lead to multiple contraction. W trades 46.5X Earnings and 2.15X Sales and after revenue growth of 55% in 2020 sees just 12% growth in 2021 facing tough comps and EBITDA seen down 6.7% Y/Y. W has a long-term guidance of 8-10% EBITDA margins which makes it tough to justify valuation as it turns more into an earnings story than revenue growth. W has been spending a lot on investments and is likely to face headwinds from rising freight costs and supply chain bottlenecks. Analysts have an average target of \$350 with short interest at 19% of the float rising since February. CSFB raised its target to \$392 in May after management indicated minimal impact from shipping cost inflation last quarter.

Options Activity:

Date	Description	Volume	Open_In	Price	Delta	Impl Vo	Prob.ITV	Premium Paid	Symbol	Current Price	Current OI
7/2/2021	W 100 (Weeklys) 30 JUL 21 302.5 CALL	527	8	\$14.05	0.509	43.90%	45.95%	\$740,435	.W210730C302.5	\$14.70	523
7/2/2021	W 100 (Weeklys) 30 JUL 21 297.5 CALL	517	2	\$16.72	0.562	44.55%	51.23%	\$864,424	.W210730C297.5	\$17.40	516
7/2/2021	W 100 (Weeklys) 23 JUL 21 302.5 CALL	200	10	\$11.83	0.5	40.39%	46.04%	\$236,600	.W210723C302.5	\$12.90	184
7/2/2021	W 100 (Weeklys) 23 JUL 21 297.5 CALL	184	0	\$14.30	0.566	41.36%	52.59%	\$263,120	.W210723C297.5	\$15.85	172
6/29/2021	W 100 16 JUL 21 290 PUT	1,728	908	\$6.00	-0.266	45.94%	30.03%	\$1,036,800	.W210716P290	\$3.50	2600
6/29/2021	W 100 16 JUL 21 250 PUT	1,767	144	\$0.76	-0.031	51.72%	4.04%	\$134,292	.W210716P250	\$0.35	1851
6/29/2021	W 100 (Weeklys) 30 JUL 21 280 PUT	446	46	\$7.12	-0.232	47.94%	27.78%	\$317,552	.W210730P280	\$5.14	259
6/25/2021	W 100 20 JAN 23 410 PUT	156	103	\$136.50	-0.531	47.44%	75.98%	\$2,129,400	.W230120P410	\$141.00	194
6/24/2021	W 100 20 AUG 21 340 PUT	469	86	\$39.30	-0.576	52.75%	65.74%	\$1,843,170	.W210820P340	\$46.60	524
6/22/2021	W 100 21 JAN 22 440 CALL	345	26	\$10.40	0.2	46.02%	11.42%	\$382,950	.W220121C440	\$12.30	367
6/21/2021	W 100 17 DEC 21 300 CALL	168	23	\$46.40	0.59	51.87%	44.23%	\$789,600	.W211217C300	\$52.50	188
6/21/2021	W 100 17 DEC 21 250 PUT	407	40	\$19.50	-0.24	55.25%	37.95%	\$895,400	.W211217P250	\$19.50	449
6/16/2021	W 100 19 NOV 21 260 PUT	284	30	\$23.25	-0.27	56.29%	40.96%	\$673,080	.W211119P260	\$20.70	309
5/26/2021	W 100 20 AUG 21 350 CALL	368	191	\$24.00	0.44	54.20%	33.48%	\$894,240	.W210820C350	\$9.22	1419
5/25/2021	W 100 16 JUL 21 310 CALL	447	241	\$23.80	0.55	49.47%	47.65%	\$1,113,030	.W210716C310	\$6.80	946
5/25/2021	W 100 16 JUL 21 290 PUT	707	285	\$14.90	-0.32	51.37%	39.09%	\$1,018,080	.W210716P290	\$3.50	2600
5/24/2021	W 100 20 JAN 23 240 PUT	3,002	257	\$41.50	-0.23	52.53%	47.48%	\$12,608,400	.W230120P240	\$38.30	3153
5/24/2021	W 100 20 JAN 23 180 PUT	3,002	232	\$19.70	-0.13	54.65%	32.90%	\$6,034,020	.W230120P180	\$17.70	3239
5/24/2021	W 100 20 AUG 21 320 CALL	626	108	\$33.50	0.53	57.27%	41.99%	\$2,084,580	.W210820C320	\$18.00	562
5/24/2021	W 100 20 AUG 21 290 PUT	631	194	\$24.10	-0.33	58.74%	44.28%	\$1,520,710	.W210820P290	\$18.00	730
5/17/2021	W 100 20 AUG 21 330 PUT	1,302	78	\$52.23	-0.55	58.44%	66.57%	\$6,991,740	.W210820P330	\$42.20	1502
5/17/2021	W 100 20 AUG 21 330 CALL	1,300	47	\$24.40	0.45	57.76%	33.38%	\$3,484,000	.W210820C330	\$14.52	1607
5/14/2021	W 100 20 JAN 23 320 CALL	427	328	\$70.80	0.593	51.04%	33.41%	\$3,023,160	.W230120C320	\$75.00	585
5/6/2021	W 100 20 AUG 21 300 CALL	1,187	153	\$28.05	0.505	53.81%	39.01%	\$3,329,535	.W210820C300	\$26.80	1321

Potential Catalysts: Earnings 8-5-21

Disclaimer:

Not Investment Advice or Recommendation

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