



## FEATURED OPTIONS RADAR REPORT



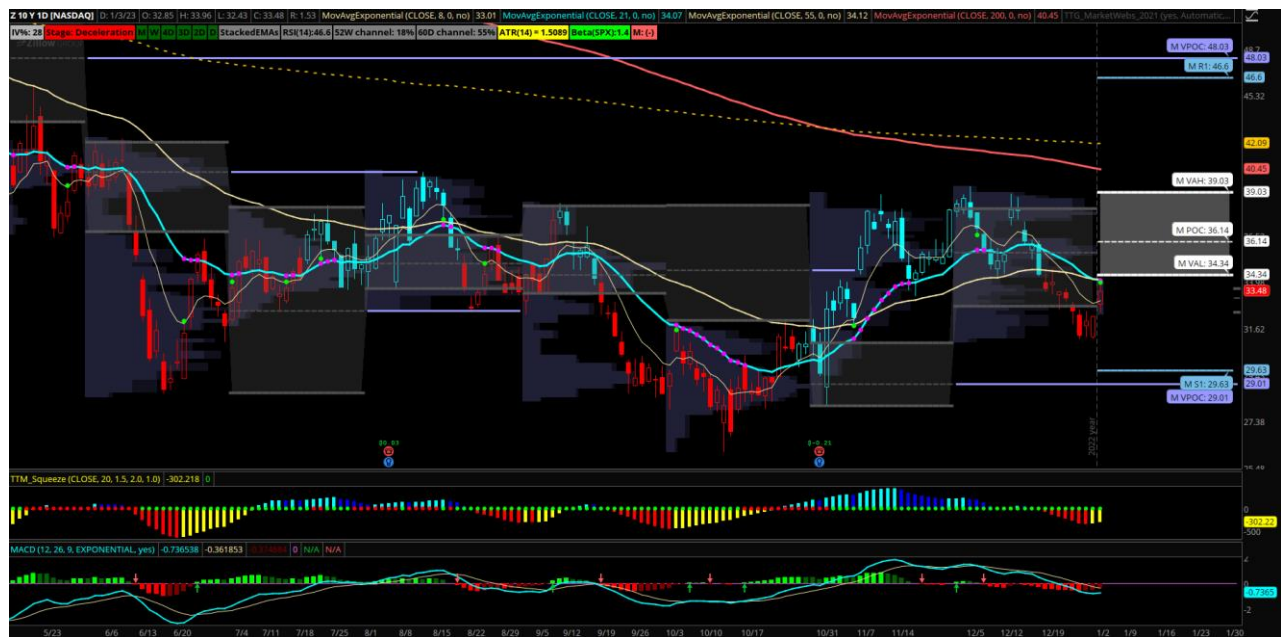
### Online Real Estate Leader Sees Bulls Position for Rebound

**Ticker/Price: Z (\$33.50)**

#### Analysis:

**Zillow (Z)** on 12/30 saw a large buyer of 9000 January 2024 \$55 calls at \$2.05 in stock replacements and this follows mostly bullish flow the past month with opening put sales active in Jan 2024 \$35 and \$30 puts over 1000x each and the December 2023 \$30 puts sold to open over 3000x at \$4.00. The 30 level looks to be popular with put sellers showing confidence in a longer-term level to be long against. Z also has over 5000 May \$35 calls in open interest from buyers on 10/5 at \$4.48 for over \$2.2M. Shares have held up decent compared to other growth names, staying above the October lows and December made a higher low possibly with the 30 level a strong support. Z has resistance at 34.50 monthly value area but a close back above can see a quick reversal up to 36 POC and then 39 the top of value. The stock seems to be forming a longer-term inverted head and shoulders that could confirm on a breakout above 40 and measured move would be up to 55. The \$7.6B company trades at 27.2x earnings, 3.1x sales, FCF yield at 7.8% while revenue is expected to fall -24% in FY22 and -70% growth decline estimated in FY23. The real estate company faces well-known pressures from a weaker housing market but now a lot has been priced in and with Homebuilders rallying strong from recent lows it points to a potential recovery in 2023 as supply of homes still stays low. Average analyst target is \$37. Citi initiated last month with a Buy rating and \$50 target and sees multiple growth vectors ahead across most every internet vertical but recognizes the macro uncertainty. They favor those companies that are leaders in their respective categories, are innovative, and deliver improving margins and profitability. Z plans to launch its cash-offer feature (through partnership with Opendoor) in 1Q23 and roll it out to new markets throughout '23. Morgan Stanley lowered its target to \$38 while Jefferies keeps a Buy rating and \$40 target. Short interest is at 6.1%. Hedge fund ownership fell -1.9% last quarter.

#### Hawk Vision:



**Hawk's Perspective:** Z is a rebound play into 2023 after tax loss selling finished. A long trade against last months lows at 31 makes for nice risk/reward up to 39-40 possibly.

**Confidence Ranking: \$\$**