

Amazon.com Inc (\$AMZN) | Buy signal with price target \$3475

Brief Presentation



Amazon.com engages in the retail sale of consumer products and subscriptions in North America and internationally. The company operates through 3 segments: North America, International and Amazon Web Services (AWS). It sells merchandise and content purchased for resale from third-party sellers through physical and online stores, namely e-commerce. The company, also manufactures and sells electronic devices, including Kindle, Fire Tablets, Fire Tv, Rings, Echo, and other devices, as well as allowing authors and publishers to make their books available in the Kindle Store. The company additionally operates in the content creation industry, as well as several membership programs, providing services globally. Among them, Amazon Prime, a subscription based, free of fees shipping service, access to streaming movies and TV episodes, and other popular services.

Technical Outlook

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Amazon.com Inc, United States, NASDAQ:AMZN, D



The above daily candlestick chart shows Amazon prices since July 2020. \$AMZN has gained more than 115% since mid-March, reaching \$3552.25 on September 2nd. Since that moment the price was moving sideways. However, as shown in the chart, a continuation pattern has been created as the price was moving with Higher Lows and Lower Highs. The Symmetrical Triangle Pattern was triggered by the first breakout on December 16th, while the second breakout confirmed the upward movement as price created a Higher High. \$AMZN is currently trading at a support area at \$3256.

Fundamental Approach and News

- Covid-19 and the social distancing has been a focus point for an impressive run in \$AMZN stock's price since March Lows, mainly leading the tech industry (with the rest of the FAANG), thus the whole market to ATH, accounting for 73.7% rise in 2020, outperforming both the US market (20.1%) and the US Online Retail Industry (60.8%).
- E-commerce, even though, in the hard-hit pandemic 2020, has been a major, shape-forming trend, in our view has still a long way to go, since according to U.S Census Bureau, in the first three quarters of 2020, online sales accounted for 14% of total U.S retail Sales, with the yoy average to be slightly lower.
- Moreover, the company's other main business, AWS, should also get a long-term lift, as the crisis has sped up the migration of entities of all types to the cloud. AWS, as of Q2 2020 has been the market leader in infrastructure public cloud services, almost doubling the margin between the second-to-come, Microsoft, with 33% and 18% respectively. Even after the major trend in cloud services, which has resulted in many competitors in the public market, \$AMZN holds its position of 33% market share from 2017, indicating a major stability in its service.
- Amazon's \$1.6 T market cap, with its current net profit margins of 5%, being higher than last year's 4.3%, in tandem with an annualized earnings growth of 49.5% per year over the past 5 years, creates the adequate environment for potential growth in the year to come.

Prediction

Considering the uptrend price action holding from March, there is a strong bullish interest on the stock. Moreover, according to the strong fundamentals, news, and short-term technical chart of \$AMZN, we suggest a potential buy at the support area between \$3240-\$3260. As the price is above the upward trendline and is also greater than the last bottom at \$3169, the trend remains bullish. So, a long position at the support area with the Stop Loss at \$3149 and the Take Profit at \$3475 is a possible trade with 1:2 Risk/Reward Ratio.

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