



Fifth Third Bank Attracts Size Call Buyer

Ticker/Price: FITB (\$27.20)

Analysis:

Fifth Third (FITB) with over 9,450 June \$28 calls bought on the day, trading more than 4X average, and name which has 30,000 May \$27 calls in OI expiring this week. FITB also has seen buyers recently in the November \$30 calls and has over 4,450 August \$29 calls in OI from buys. FITB shares are consolidating in a big weekly range under \$29 and a breakout measures to \$32/\$33 and the 2018 highs. Shares are showing positive RSI and MACD trends as it bases and 50% retracement of the strong long-term trend in December. The \$18B regional bank trades 9X earnings, 1.23X book and 11.5X FCF with a 3% yield, strong balance sheet with mid-to-high digit EPS growth. The company is targeting NII up 12-13% in Q2 and coming off a strong quarter with 6% loan growth and strength in commercial, industrial, and consumer loans. Consumer confidence has been a positive tailwind while home equity loans expected to be a 2H story. FITB could post expanded capital return plans in late June when the CCAR results are released. They were forced to resubmit plans in 2018 after their MB Financial acquisition. Analysts have an average target for shares of \$31 with 10 buy ratings and 15 hold ratings. BMO raising their PT to \$33 while Jefferies positive on 4/17 citing upside to its potential 2020 targets. Short interest is 4.7%. In February, Odeon speculated that FITB would be a strong target for further M&A in the regional banks and the BBT/STI deal would put added pressure on peers. They think larger names like PNC or USB could look to add more scale. Institutional ownership rose 71% last quarter among hedge funds.

Hawk Vision:



Trading Strategy: FITB is back to potential major support but until we see the tape improve I am not eager to be adding new positions. FITB does look attractive as a M&A target after the recent BBT/STI deal.

Confidence Ranking: \$\$