



Nasdaq Bulls Adjust, Bullish Positions Accumulate

Ticker/Price: NDAQ (\$96)

Analysis:

Nasdaq (NDAQ) with 1,000 September \$95 calls opening today for \$4.33 as some June calls adjust and follows buyers of 1,000 July \$95 calls last week. NDAQ has over 550 September \$97.50 calls in open interest from buyers in early June as well. NDAQ shares are flagging in a small range just below \$97 and a big weekly flag breakout. The longer-term move targets \$110 and continuation of a long run higher for the Exchange stock leader. The \$15.73B company trades 17.6X earnings, 3.7X sales, and 22.7X cash with a 2% yield. NDAQ sees mid-single digit EPS growth and sales growth of 4.5% and 3.8% over the next two years. NDAQ is coming off a strong quarter with strength from non-trading segments like tech services which are helping drive margin growth. The company continues to see strong long-term visibility as software subscriptions become a bigger part of their mix. NDAQ recently dropped out of bidding for Oslo Bors, one of Europe's last big independent operators, but the move a strong sign the company is open to spending on bigger deals to expand their product portfolio and scale. Analysts have an average target for shares of \$97.50 with 7 buy ratings and 5 hold ratings. Argus starting at Buy and a \$97 PT in February. The firm thinks NDAQ will continue to benefit from the secular trends in its core data and listings business, including increased demand for real-time data and analytics, the growing popularity of passive index investing, and the need for greater price transparency. Short interest is 1.9% and down from around 3% in late 2018. Hedge Fund ownership fell last quarter but CPPIB a buyer of shares.

Hawk Vision:



Trading Strategy: NDAQ was a top Exchange name into 2019 that does not see as much attention as ICE/CME and still like the fundamentals. The entire group is extended currently and think there will be better entry points.

Confidence Ranking: \$\$