



Blackstone Bulls Positive on Environment, C-Corp Changes

Ticker/Price: BX (\$49.69)

Analysis:

Blackstone (BX) with a buyer of 2,000 March \$50 calls yesterday for \$4 with shares holding up well and not far from 52-week highs. BX has seen buyers recently in the December \$50 calls with over 2,500 bought since 7-24 while the January 2021 \$47 calls bought for \$4 in mid-July and the January \$48 calls with buyers of more than 2,500. A breakout of the current range targets \$56 with MACD crossing over bullish recently. The \$60.16B company trades 16X earnings, 5.3X book and 33.25X cash with a 3.86% yield. BX sees 33.7% EPS growth and 31% revenue growth next year. BX is seeing strong inflows across all of their business segments with private equity drawing \$62.1B LTM and real estate drawing \$42.1B. Better equity and private market prices are helping realizations which hit \$10.6B in Q2 while they're putting money to work as well deploying \$18.3B. In April, the company announced a transition to a c-corp in a move to get more investors into its stock. The move took place on 7-1. Analysts have an average target for shares of \$49. Barclays starting at Overweight on 8-5 with a \$56 PT. The firm cites continued demand for alternatives as an asset class. MSCO raising their PT to \$56 in July noting that the firm's asset gathering is coming in faster and larger than expected. The fundraising gives the analyst confidence that Blackstone will hit its \$2.00 per share run rate in management fee earnings by the end of 2020 and sees room for the stock's multiple to expand further. Short interest is 1.7% and down from around 4.4% in mid-July. Hedge Fund ownership fell 19.5% in Q2 largely due to Select Equity selling down their position. Fairview remains a top holder with 3.9M shares. **Hawk**

Vision:



Hawk's Perspective: I've got an alert set for \$50 for a breakout but ideally would like to see a pullback to the rising 20-day MA around \$48 to position longer-term.

Confidence Ranking: \$\$