



Goldman Put Sales See Upside at Trend Support

Ticker/Price: GS (\$204)

Analysis:

Goldman Sachs (GS) seeing more than 1,800 June 2020 \$180 puts sold to open yesterday in stock replacements for \$9.55 and follows buyers of the January \$215 calls 1250X last week for \$7.20. GS has seen buyers recently in the June \$215 calls as well as the January 2021 \$250 calls for more than \$1M. Shares have pulled back to the 61.8% Fibonacci of the rally in June up to \$220 and looking to clear the 200-day resistance at \$205. GS has a significant VPOC above around \$230. The \$75.5B company trades 8X earnings, 1.4X sales, and 0.96X book with a sizable cash position. GS sees 9.85% and 8% EPS growth with revenues growing in the low-single digits the next two years. GS is coming off a strong quarter with strength in investing and lending. GS is benefiting from a robust M&A market, record NII and strength in equities trading. Analysts have an average target for shares of \$244. Keefe Bruyette upgraded shares to Outperform on 7-26 with a \$260 PT. The firm thinks the economic cycle will be extended following rate cuts from the Federal Reserve and current valuations for the group are attractive as we are not as late cycle as feared. BMO raising their PT to \$273 on 7-17 citing strength in equities. Odeon Capital raising to Buy on 6-20. The firm thinks GS is 'exciting again.' The analyst thinks projections are starting to rise due to the bank's "strong" showing in investment banking and the impact that rising asset values may be having on the asset management business. Also, as the company experiments with a series of new business thrusts, it gives them a lot of optionality in the future. Short interest is 2.2%. Hedge fund ownership rose 6.4% in Q2. Eagle Capital, Balyasny, and AQR all notable holders of stock.

Hawk Vision:



Hawk's Perspective: I like GS and think this recent base gives a nice spot to trade against with significant trend support below around \$196 as well.

Confidence Ranking: \$\$