



## Citi Calls Bought into Earnings in Size

Ticker/Price: C (\$69.45)

### Analysis:

**Citigroup (C)** with over 15,000 October \$70.50 calls being bought today to open up to \$1.31, some being spread with the \$72.50 calls, and follows opening sales of the December \$62.50 puts in size last week. Shares are rebounding strong today off of the rising 20-MA and above \$70 has room up to the July VPOC at \$72.50 and then out of a multi-month range. Longer-term, Citi remains coiled for a move up above \$80 and new 10-year highs. The \$154B financial leader trades 8X earnings, 0.87X book and 0.2X cash with a 3% yield. Citi is seeing double-digit EPS growth with ROA up nearly 1% and ROTCE up 1%. They expect expenses to drop in the 2H and making some capacity changes recently as they adapt to a changing environment. Citi also announced a \$21.5B capital return plan for the next four quarters. Analysts have an average target for shares of \$79 with 16 buy ratings and 4 hold. Wolfe positive into earnings on 9-3 seeing lower funding costs from additional rate cuts not factored into estimates and potential for as much as a 10% boost to trading revenue. BAML positive on 9-6 citing improved underwriting results and positive risk/reward with financials pricing in too much risk of a recession. Keefe Bruyette upgrading to Buy on 7-24 with a \$86 PT. The firm thinks the cycle will be extended by recent Fed cuts and Citi trading at a relatively cheap valuation vs peers. They see material upside to earnings. Short interest is 0.9%. Hedge Fund ownership fell 3.4%.

### Hawk Vision:



**Hawk's Perspective:** C has earnings coming here in a few weeks and putting in a strong candle at support today, tradable against its 50 day MA.

**Confidence Ranking:** \$\$