



Nasdaq Calls Build Up for a Breakout

Ticker/Price: NDAQ \$105.35

Analysis:

Nasdaq (NDAQ) with 700 January \$105 calls for \$2.75 today and another 900 December \$105 calls trading where over 3900 have accumulated recently. Shares are flagging just above the rising 20-MA and near the July highs with the weekly breakout targeting \$115. The weekly with a bullish MACD crossover last week as well after consolidating for a few months above the 2018 highs. The \$17B company trades 19.4X earnings, 3.94X sales, and 30.6X FCF with a 1.8% yield. The company sees EPS growth of 7-8% the next two years with revenues up 4% after a down year in 2019. NDAQ has benefitted this year from a better IPO market and 2020 expected to have another slate of big tech names despite an overall softer outlook. They're seeing growth in services and information with recent deals for Cinnober and Quandl driving upside. Analysts have an average target for shares of \$103.50. Oppenheimer starting at Buy with a \$111 PT on 9-16, seeing upside from their Information Services and Market Technology business which remains an underappreciated asset. The firm also thinks NDAQ's "strategic pivot" to increasing its non-transaction revenue will be a long-term benefit. UBS downgrading to Neutral in October citing valuation but they do think 6% growth in 2020 is achievable. Short interest is 2.1% and up slightly in the last month. Hedge fund ownership surged in Q3, up 32%, with Balyasny and Millennium both notable buyers.

Hawk Vision:



Hawk's Perspective: NDAQ is a strong setup on the chart and can be played against the rising 20-MA for a move higher, however longer-term prefer CME.

Confidence Ranking: \$\$