



Synovus with Unusual Call Buys

Ticker/Price: SNV (\$39.50)

Analysis:

Synovus Financial (SNV) trading 5X average calls this morning with 2,000 February \$40 calls bought up to \$1.30 to open. SNV has seen some ITM January \$35 calls bought 825X on 12-4 around \$3.50 and some Feb. 2020 \$37 calls remain in OI from buyers 750X on 9-19. SNV shares a near a weekly breakout from a range that stretches back to October 2018 and a measured target up to \$50. Shares have shown a series of higher lows over the last year after pulling back to the 50% retracement of the massive run from 2011 up to \$57.25. The \$5.89B regional bank trades 10.6X earnings and 1.36X book with a 3.09% yield and strong ROI. SNV sees 2019 as a transition year after their \$2.9B deal for FCB Financial which positioned them as the largest regional in the Southeast by deposits and gave them a leadership position in all top 10 Florida markets. SNV expects 2020 to focus on further de-leveraging and continued re-positioning of certain liabilities for a more favorable tax position. Analysts have an average target for shares of \$42.50 with 12 buy ratings and 1 hold. Stephens upgrading to Overweight in August noting that concerns over FCB's loan portfolio are unwarranted and shares should trade in line with peers, 'at a minimum.' RBC starting at Buy earlier this year with a \$42 PT. They think the FCB deal should put shares at a premium to peers given their exposure to some of the faster-growing markets in the SE and the balance sheet has been de-risked with a more balanced loan portfolio since the financial crisis. The firm expects its positive operating leverage trends to continue. Short interest is 2.6%. Hedge fund ownership fell 20% in Q3. SNV has seen insiders active over the past year with the CEO/COB buying \$260k in stock last December at \$34.75 while ten others have bought stock since mid-2018.

Hawk Vision:



Hawk's Perspective: SNV looks to be a Regional bank in healthy markets and potential outperformer in the group next year, overall not an overly exciting group for options trading though.

Confidence Ranking: \$\$