



S&P Global Put Sale Sees Limited Downside

Ticker/Price: SPGI (\$244)

Analysis:

S&P Global (SPGI) with 1200 April \$240 puts sold to open for \$12.40 today, same spot where 500 were sold to open on Friday in a sign of confidence. SPGI recently had \$1.3M in Dec. \$250 calls bought in an adjustment trade and still has some now OTM May \$290 and \$310 calls as well as some Aug. calls up as far as the \$340 strike. Shares have rebounded to the 50% retracement of the decline since February and just below the 200-MA at \$260. SPGI has been one of the strongest names over the last couple years and bounced right at major trend support on the weekly from the 2015 and 2018 lows. The \$59.72B company trades 21.3X earnings, 8.9X sales, and 20.6X cash with a 1.12% yield. SPGI previously was looking for high-single digit EPS growth and revenues up over \$7.5B, a 6-7% increase in 2021. While they may see a short-term disruption with bond issuance slowing over the last month, but the WSJ noting on Friday that investment-grade issuance is already starting back up and the Fed's new emergency lending facilities will put a floor into the corporate bond market. High-yield remains a question but potential for assistance to leveraged issuers in the future and Yum Brands (YUM) this morning raising \$500M in the first junk issue in weeks. SPGI has also done a strong job of diversifying their revenue base in recent years with acquisitions like Kensho, Panjiva, Crunchbase, and others in the high-growth financial data space. Analysts have an average target for shares of \$280.50. Wells Fargo lowering their PT to \$250 on 3-12 citing increased uncertainty near-term in capital markets. Short interest is 1.6%. Hedge fund ownership fell 8% in Q4.

Hawk Vision:



Hawk's Perspective: SPGI has rallied sharply off lows and the 200 MA coming into play overhead, a quality name, but also trades rich on valuation with plenty of business uncertainty.

Confidence Ranking: \$\$