



## Massive JP Morgan Call Buy Sees Rebound by End of Year

Ticker/Price: JPM (\$83.50)

### Analysis:

**JP Morgan (JPM)** with the largest trade on 3/18 as into afternoon lows more than 20,000 January \$100 calls were bought \$10.35 to \$12.40 to open with shares near \$82, aggressive moving the fill price higher. JPM sees a lot of trading daily and seen activity on both sides the last few weeks with a bullish lean, but this trade is massive compared to others in the name. JPM shares have been hit hard with the other Banks due to concerns around the slowing economy, credit, and low rates but it remains the best-in-class Bank. JPM shares test a key trend line going back to 2012 and 2016 lows on Wednesday, also back near its 2017 low and looking for support. Shares do have a large volume pocket back to the \$66-\$70 zone if this week's low fails. The \$280 Banking leader now trades 7.35X Earnings and 1.12X Book with a 4.3% dividend yield and ROE near 15%. JPM held an Investor Day in late February that was comprehensive. Analysts have an average target of \$135 and short interest low at 0.8% of the float. Piper upgraded shares to Overweight on 3/2 with a \$149 target seeing it as an outperformer no matter the market environment. It notes "We specifically like JPM's diverse and relatively fee heavy revenue mix, combination of market leadership and scale across businesses, capacity to reduce expenses if needed, strong balance sheet (12.4% CET1 ratio) and capacity to continue repurchasing shares (remaining 2019 CCAR buyback capacity ~ 4.3% of market cap." Bloomberg reported on 3/10 that JPM is seeing a surge in revenues from equity derivatives trading. Citi lowered its target to \$125 on 3/10 with a Neutral rating after the Fed's rate outlook expected to pressure EPS. JPM's CEO had emergency heart surgery earlier this month with a full recovery expected. Hedge Fund ownership fell 1.8% in Q4 filings, Berkshire Hathaway a top holder as its 7<sup>th</sup> largest position.

### Hawk Vision:



**Hawk's Perspective:** JPM is the preferred Bank play, though a tough environment for the group, if looking long term it is the name to own.

**Confidence Ranking:** \$\$