



## CBOE Holding Trade Sees Shares Holding Up in Volatility Environment

**Ticker/Price:** CBOE (\$109.25)

### Analysis:

**CBOE Global (CBOE)** with 4,500 June \$110 puts sold to open today from \$8.50 to \$8.40, sizable trade that sees value at current levels. CBOE has seen some positions close recently, including some size March short puts today, and today's action will be the most notable position in open interest. CBOE is underperforming despite an uptick in volatility and shares back around a big breakout spot from early 2019 as well as the high-end of value from the recent three-year consolidation. The 50% retracement of the run from the 2018 lows is also right here at \$108. The \$12.29B company trades 20.8X earnings and 4.93X sales with a 1.3% yield. CBOE sees mid-to-high single digit EPS growth and revenues up 5.5% in FY21 as they set to benefit from greater volumes and volatility around their VIX and ETP products. CBOE has seen ADV jump, up 64% in February, while they continue to see strong growth in their data offerings which have expanded into L2, UTP, and OPRA plans as well as expanded electronic data from BATS. CBOE has been under pressure recently ahead of the pending launch of competitive exchange MEMX as well as a February report that the SEC is looking to make more stock data available to the public but timeline and implementation uncertain on the latter. Analysts have an average target for shares of \$109.75. JP Morgan positive yesterday noting that the fundamentals look solid despite concerns and investors should focus on CBOE's activity levels and leading indicators near term, both of which look quite good. Volume growth is solid reflecting elevated volatility, and leading indicators remain solid with open interest trends improving across VIX and SPX products. Short interest is 2.5% and down from around 6% in early 2018. Hedge fund ownership fell 3.5% in Q4. President and COO Chris Concannon bought \$1M in stock in 2018 right around \$99.50.

### Hawk Vision:



**Hawk's Perspective:** CBOE like many other names you have to stay patient in this environment, not to sound like a broken record, but right now the market does not care and needs to find a reason for optimism.

**Confidence Ranking:** \$\$