



Bullish American Express Options Positioning as Long Base Forms

Ticker/Price: AXP (\$89.75)

Analysis:

American Express (AXP) with 3,500 July \$75 puts sold to open today for \$1.95 to \$1.92 and follows late day buyers of 2,000 October \$90 calls yesterday for \$10.40 to \$10.50. AXP has seen bullish flows recently including 1000 January 2022 \$60 puts sold to open for \$7.90 on 5/14, 2,500 January \$65 puts sold to open on 5/13 around \$6.45, and 1,000 October \$80 puts sold to open around \$8 on 4/28. Shares have been basing around YTD VPOC since mid-March. AXP has been forming a series of higher-lows and lower-highs and a move above \$92 and out of the weekly wedge setting up for a run to \$110. The \$74.5B credit services company trades 12.78X earnings, 1.65X sales, and 3.5X book with over \$43.75 in cash per share on hand. AXP has lagged some peers given some of their exposure to travel rewards programs but they continue to have one of the lowest delinquency rates in the industry despite the turmoil in March. AXP has been cutting costs across enterprise while building reserves and focusing on investments in areas like acquiring merchant services, building out their China network, a premium product refresh strategy in consumer, and adding new digital capabilities. Analysts have an average target for shares of \$108. Baird positive on 5-11 citing their diversified business mix and management's focus on maintaining long-term investments despite the tough environment should position the company to exit the downturn as strong as ever. Short interest is 1.5% and up from 0.9% in early March. Hedge fund ownership was flat in Q1. Viking Global a new 3.87M share position. AXP saw a director by \$132,870 in stock on 2/13 at \$132.87, the first open market buy in three years.

Hawk Vision:



Hawk's Perspective: AXP base looks great vs that converging moving average support near \$85, good reward/risk set-up for sure.

Confidence Ranking: \$\$\$