## Robert Half Puts See Hiring Environment Remaining Slow

**Ticker/Price:** RHI $48

**Analysis:**

**Robert Half (RHI)** buyers of 4,000 September $50 puts this morning for $6.50, sizable trade in the name that sees little activity and today's flows around 50X average. RHI does have some smaller June $40 and $45 short puts in OI. Shares have rebounded back to the 50% retracement of the fall from the December highs, name that peaked before many and has bounced with less strength. RHI is near the high-end of the recent rising channel with a move under $45 key for a breakdown and potential return to the lower volume node at $35. RHI has been in a longer-term downtrend since early 2018 with a series of lower highs and lower lows and $50/$55 area is significant area of supply. The $5.49B company trades 15.9X earnings, 0.90X sales, and 17.8X FCF with a 2.8% yield. RHI is one of the largest professional staffing services companies in the US and likely faces pressure from the economic slowdown and expected slow pace of hiring as business ramp back up but keep capacity and headcount lower. RHI has a lot of exposure to more traditional office services as well like admin support which could be permanently impaired as Work-from-Home becomes more prevalent in a post-COVID world. Analysts have an average target for shares of $54. CSFB upgraded to Neutral on 5-21 citing a weak risk/reward as jobless claims peak. BMO with $53 PT in April but noting that it's most profitable segment, permanent staffing, will likely fair the worst due to COVID-19. They also noted recently that checks show a recovery in hiring will take a significant amount of time and RHI may not regain 2019 operating levels until 2023. CL King lowering their PT in April to $60 as an already sluggish economic situation was amplified by COVID-19. They expect global hiring to lag the recovery as well. Goldman recommending to sell shares of RHI on 4-6 as their largest segment temporary staffing is most at-risk during COVID-19. Short interest is 7.5%, high vs. 3-year average. Hedge fund ownership fell 3% in Q1.

**Hawk Vision:**


**Hawk's Perspective: RHI** has lagged the broader market on the bounce-back and think it continues to underperform as hiring will stay slower for longer with more businesses unable to profitably re-open at 100% capacity. As with any short in this environment, waiting for it to crack will be key with the $45 level in focus.

**Confidence Ranking:** $$