



## TradeWeb Call Buyers See Strength Continuing

Ticker/Price: TW (\$63.4)

### Analysis:

**TradeWeb Markets (TW)** trading nearly 15X average calls today with 2,300 July \$65 calls bought up to \$2.90 to open and name with little other notable open interest. TW has a strong setup with shares flagging after nearly three-months of relative out-performance and strong risk/reward vs the recent lows for a move above \$67.50. A breakout targets \$80 longer-term. The \$14B company trades 45.5X earnings and 17X sales with a small yield. TW sees high-single digit EPS growth and revenues steady up 6-7% in both FY21 and FY22. TW is one of the largest electronic OTC marketplaces for fixed income trading for institutional, wholesale, and retail traders. TW has been riding a big wave of growth in electronic trading for fixed income with reports in January that 35% of all corporate bond trading now done via algorithmic execution. TW has been gaining share by adding new assets to their platform and expanding their digital network capabilities and connecting more institutional trading volumes. They see long-term growth from monetization of data, much like we've seen stock exchanges capitalize on in recent years. TW is coming off a strong quarter in May with double-digit ADV every month. Analysts have an average target for shares of \$55. Piper with a \$63 PT earlier this week positive on overall volume trends. Barclays with a \$60 PT noting that the forthcoming treasury issuance could spur trading activity which would be a tailwind for TW. CSFB out on 5/7 noting that they expect a rebound in wholesale/dealer volumes to be a positive catalyst while strategic M&A also an area of focus. Short interest is 0.5%. Hedge fund ownership fell 3% in Q1. Samlyn Capital a notable buyer.

### Hawk Vision:



**Hawk's Perspective:** TW along with MKTX are favorite thematic plays on electronic trading and continue to love both despite valuation, TW a nice wedge set up for short-term players to new highs.

**Confidence Ranking:** \$\$