



## Credit Suisse Calls Accumulate into ECB Meeting

Ticker/Price: CS (\$10.10)

### Analysis:

**Credit Suisse (CS)** buyer today of 10,000 January \$11 calls for \$1.03 and follows nearly 4,000 September \$7 ITM calls bought yesterday. CS has a lot of long-term, OTM call positions in open interest including 25,000 January 2022 \$15 calls bought on 3/23 and still has over 8,000 January \$15 short puts in OI from 2019. Shares are up 6% today so its tough to chase and preferred support at the recent base breakout around \$9.50 which also aligns with the rising 8-EMA. CS has a big low volume gap back to \$12.50 and the recent multi-week range measures back to the 2020 highs, so plenty of long-term upside with the 200-day at \$11.50 the first spot of interest. The \$25.5B Swiss banking leader trades less than 7X forward earnings and 0.47X book with plenty of cash and the highest ROE among the EU banks and guiding to 8% growth in 2020. CS has been undergoing a big restructuring as they shift focus towards growth in innovation and digital products while improving spending controls. The company expects to see a positive inflection in 2020 as they finally exit low-earnings businesses like US and UK capital market trading and shift assets towards wealth management and Asia which are seen as higher ROE ventures long-term. CS continues to capitalize on opportunities during the current downturn and on 6/1 they bought a majority control in their Chinese JV. The February departure of their CEO likely cleared some near-term overhangs over a potential spying scandal while new management can now focus on implementation and execution of their 5-year vision. Analysts have an average target for shares of \$8.50 with 5 buy ratings and 11 hold. Societe Generale positive on 4-14 as the bank is a big beneficiary of the current and growing policy response from lawmakers. The firm also thinks we could see positive policy changes to drive growth in capital markets as well as asset/wealth management which would be a positive for CS. Citi raising estimates in late March noting that Swiss banks should be a safe-haven during the economic downturn vs some of their EU peers. Short interest is minimal and hedge fund ownership fell double-digits in Q1.

### Hawk Vision:



**Hawk's Perspective:** CS offers some value/yield attractiveness, though prefer to be trading more active growth names in options.

**Confidence Ranking:** \$\$