



FEATURED OPTIONS RADAR REPORT



Bulls Actively Position for Upside in Rocket Mortgage

Ticker/Price: RKT (\$23.50)

Analysis:

Rocket (RKT) on 10/13 with a late day opening buy 1500 March \$21 calls \$5.55 to \$5.65 offers on a day when the October 23rd (W) calls were extremely active at the \$24, \$25, and \$26 strikes for 46,000 combined and IV30 jumped 23.5%. RKT has seen a ton of options activity since its debut and has mostly been bullish, current IV30 skew remains bullish inverted. RKT shares made a big run in August to a high near \$34 from \$18. Shares have formed a nice \$20/\$24 basing pattern that measures to \$28 on a breakout. Rocket Mortgage, is the industry leader, having provided more than \$1 trillion in home loans since inception while growing our market share from 1.3% in 2009 to 9.2% in the first quarter of 2020, a CAGR of 19%. RKT also expanded into complementary industries, such as real estate services, personal lending, and auto sales. In each of these gigantic and fragmented markets, they seek to gain share and drive profitable growth by reinventing the client experience. The U.S. residential mortgage market remains highly fragmented and RKT should see further market share gains as online adoption grows with a stated goal of a 25% share, while also being the most profitable mortgage company in the country. RKT currently sports a \$45.8B market cap and trades 9.5X 2020 EPS and 4.5X Sales. Short interest is currently at 5% of the float. RKT announced a new partnership with Realtor.com in October and the recent housing market as seen a surge in buying activity and mortgage demand. JPM upgraded to Overweight with a \$28.50 target last week as investors rotate to more credit-sensitive stocks. The largest challenge for RKT is dealing with the overall cyclical nature of the mortgage market. Citi out on 8/31 at Buy with a \$35 target noting RKT's disruptive process to increase the ease and speed of mortgage applications.

Hawk Vision:



Hawk's Perspective: RKT is a truly impressive recent IPO with a major opportunity and strong financial metrics while not having steep valuation, a name that should continue to ride the housing tailwinds.

Confidence Ranking: \$\$