



FEATURED OPTIONS RADAR REPORT



American Express Bulls Position for Consumer Spending, Potential Amazon Win

Ticker/Price: AXP (\$168.50)

Analysis:

American Express (AXP) on 7/1 with the September \$170 calls bought 5500X to open for more than \$3.5M and has also seen opening sales of July \$160 puts, September \$150 puts, January 2023 \$155 puts and October \$150 puts. AXP also has seen buyer activity in July \$160 calls with open interest at 3850 though earnings will fall on 7-23 after July OpEx. AXP shares are hitting record highs in a strong trend since its bull flag breakout on the weekly chart in late April with the next upside target a 1.618 extension at \$182.50. A move above \$170 near-term can spark a breakout move higher. AXP is a globally integrated payments company and a leader in providing credit and charge cards to consumers, small businesses, mid-sized companies and large corporations around the world. In 2020 AXP had 68.9M cards worldwide with \$870.7B in spend. The \$134B Financial trades 18.4X Earnings, 3.77X Sales and 18.57X FCF with a 1.02% dividend yield and should see strong tailwinds from consumer spending catalysts. AXP forecasts see revenues rising 6.5% in 2021 and 13.3% in 2022 with EPS rising 98% and 22% respectively. AXP is a strong reopening play and a beneficiary from the pent-up demand in travel. Analysts have an average target of \$155 with short interest minimal at 0.8% of the float. An interesting catalyst could come from an Amazon tie-up, Bloomberg reporting in June that Amazon may replace JP Morgan (JPM) and AXP is in consideration. Wells Fargo raised its target to \$185 in June seeing meaningful spend and EPS upside to estimates. On 6/4, Wolfe called AXP a top buy with a \$197 Street-high target seeing shares inflecting higher based on recent data points and sees a major resurgence for spending on AXP cards. Hedge Fund ownership fell 1.7% in Q1 filings, Berkshire Hathaway still the top holder and its 3rd largest position at \$21B while Longview and Sustainable Growth also top holders.

Hawk Vision:



Hawk's Perspective: AXP along with MA, V, COF are all seeing bullish positioning and remain some of the most attractive value for growth names in the market.

Confidence Ranking: \$\$