



FEATURED OPTIONS RADAR REPORT



Barclays Call Buyers Position for Structural Turning Point

Ticker/Price: BCS (\$9.97)

Analysis:

Barclays (BCS) earlier this week with 10,000 June \$9 calls bought to open at \$0.75 which follows the 15,000 June \$8 calls bought on 1/28 that remain in open interest, unusual size for a name seeing minimal activity. BCS has a sloppy long-term chart but a move above \$11.50 would be key to gain momentum higher. On 4/13 the WSJ reported that Barclays won the credit-card issuer deal from The Gap, 11M accounts with a \$3.8B balance. Barclays is a leading international investment bank with a \$46.5B market cap trading 7.4X Earnings and 0.47X Book. Goldman upgraded BCS to Buy in March on an improved UK outlook seeing a snap-back in card balances in 2H21 and sees Barclays focused on regaining market share. The US payments and cards business is also set to rebound strongly from increased travel and economic activity. It notes key catalyst include a steepening of the UK yield curve, a rebound in UK consumer spending, and strength in investment banking as it grows its wallet share. AT 0.47X Book shares are cheap given a 2023 ROTE forecast above 8%. Barclays also has the #2 market share in the UK for payments with potential for 5-10% annual growth in that area. Barclays commented on its latest call it sees payments as a key growth area contributing meaningful EBITDA the next three years. Barclays could also be set-up to deliver a 5.2% dividend yield in 2022 and buy back significant shares the next few years. BCS remains committed to a ROTE above 10%, income ratio below 60% over time; and CET1 ratio in the range of 13-14%. CSFB upgraded shares to Outperform on 3/16 noting a cyclical and even structural turning point post lockdowns for UK banks.

Hawk Vision:



Hawk's Perspective: BCS is a cheap stock with all the fundamentals heading in a positive direction, a name that could easily deliver 30-50% upside this year.

Confidence Ranking: \$\$