



FEATURED OPTIONS RADAR REPORT



Put Sellers See Value in Investment Bank with Divesture Catalysts

Ticker/Price: C (\$52.60)

Analysis:

Citi (C) a focal point for put sales last week with large opening sales in March \$55, \$52.5 and \$50 strike as well as size put sales in November and December \$55 strike puts as yields rebounded. Citi shares are down 13% YTD and last week pulled back to the 21-MA and retest of a recent flag breakout and key volume node of support. A potential upside target is \$60 as VWAP from the June 2021 highs and aligns with trend resistance. Citigroup is a global diversified financial services holding company providing consumer banking and credit, corporate and investment banking, securities brokerage, trade and securities services and wealth management. Citi has a market cap of \$101B and trades 7.6X Earnings and 0.57X Book with a 3.88% dividend yield and ROE of 7.3% seen in 2022. The market volatility that we saw in the first quarter continued into the second, driving corporate clients in particular to be more active in risk management, contributing to revenue growth of 25% in markets. That same environment continues to put a great deal of pressure on the Investment Banking wallet with our revenues down 46%. In U.S. personal banking, the positive drivers in the 2 credit card businesses over the last few quarters converted into solid revenue growth, most notably, 10% growth in Branded Cards. Citi expects to generate significant capital given earnings power and the completion of pending divestitures. Citi has a potential upside catalyst nearing with its Mexican unit, Banamex, seen selling for \$7B to \$8B according to reports from Bloomberg last week. Analysts have an average target of \$61 and short interest is low at 2% of the float. OpCo raised its target to \$86 in mid-July seeing attractive valuation and eventual capital returns. Barclays lowered its target to \$64 but positive on net interest income and fee income coming in above expected levels. Berkshire Hathaway now has a \$2.5B+ stake in Citi.

Hawk Vision:



Hawk's Perspective: C is cheap with a strong yield and should restart buybacks in 2023, shares are likely to hold above \$50 making put sales an attractive strategy.

Confidence Ranking: \$\$