



FEATURED OPTIONS RADAR REPORT



Put Sales See Value in Leading Fin-Services Co.

Ticker/Price: COF (\$156.5)

Capital One (COF) this week seeing bullish activity mainly via opening put sales with 1100 March \$149.4 puts sold to open for \$1.3M, 350 January 2023 \$129.4 puts sold to open for \$475K, 500 March \$144.4 puts sold to open for \$570K, and 750 December \$134.4 puts sold to open for \$320K. COF share shares have recently pulled back to the lower YTD value level and basing the last two weeks above a key volume node while the 200-day moving average down near \$139. COF has a bearish 21/55 moving average crossover up near \$163 and needs to clear \$167 to get back into a low volume zone. COF is a diversified financial service holding company with banking and non-banking subsidiaries. COF sold a loan portfolio for \$2.1B in Q4 and in 2019 it launched an exclusive card issuance program with Walmart. COF recently announced a similar partnership with Williams-Sonoma. COF spoke at the Barclays Conference last week where it was noted that domestic card loans have grown Y/Y and M/M the last five months at accelerating rates. COF noted that government stimulus amplified payment rates but customer balance sheets are healthy even as those wind down and payment rates remain high. COF is also seeing attractive origination opportunities enhanced by its technology investments. Capital One's share of the auto lending business has grown quarter-over-quarter primarily in prime and near prime. COF currently has a \$70B market cap and trades 9X Earnings, 1.2X Book and yields a 1.53% dividend. Forecasts see revenues rising 3.4% in 2021 and 5.5% in 2022. Analysts have an average target of \$185 and short interest is low at 1.2% of the float. BMO raised its target to \$184 in July after strong results noting further growth investments and continued capital returns through dividends and buybacks while potential to embark on a M&A push. Wells Fargo raised its target to \$180 noting networks are benefiting from reopening spend in the U.S. and slowly improving cross border, while issuers should have hefty reserve releases and slowly improving loan balances.

Hawk Vision:



Hawk's Perspective: COF always screens as a nice value and a solid long-term investment as a steady grower so long stock or short puts a good way to be involved.

Confidence Ranking: \$\$