



FEATURED OPTIONS RADAR REPORT



Mortgage Originator Sees Bearish Flow Return as Rates Rebound

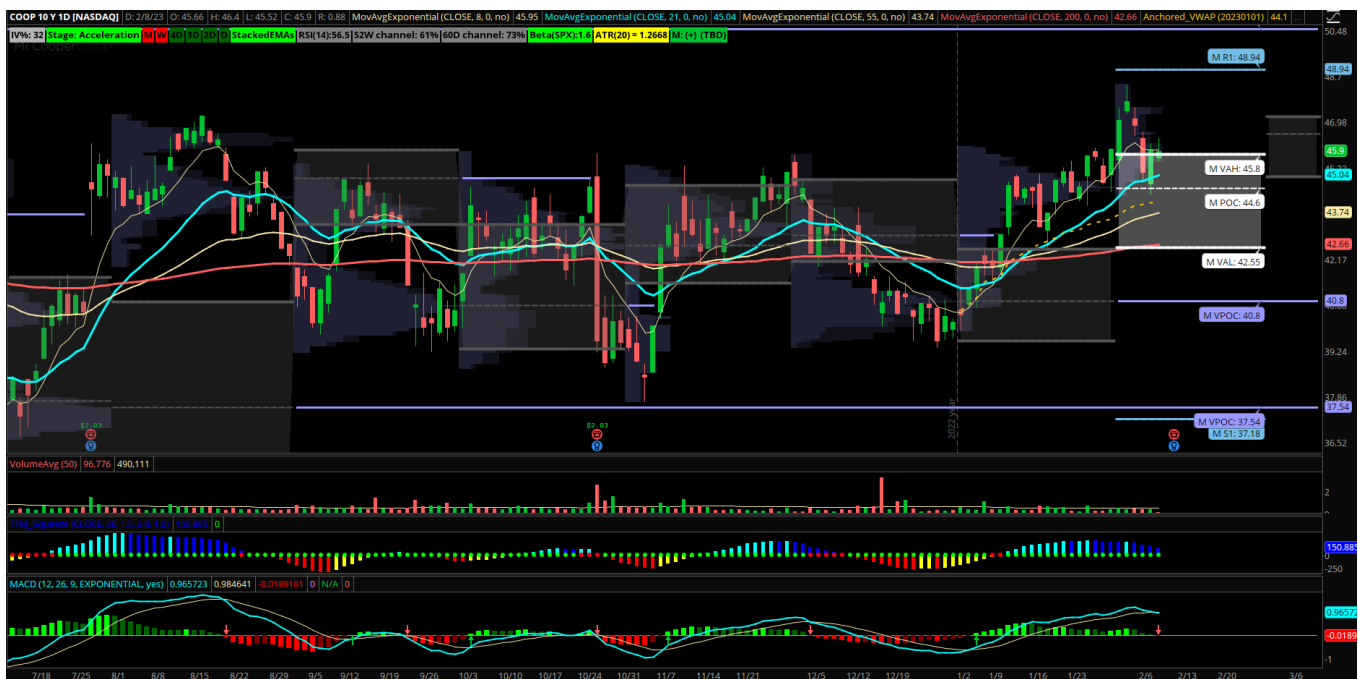
Ticker/Price: COOP (\$45.90)

Analysis:

Mr. Cooper (COOP) on 2/6 saw a buyer of 1000 April \$45 puts at \$3.20 and this follows recent bearish flow in the name since mid-January including a marge buyer of 7500 April \$42.50 puts for \$2.15 on 1/23 and another 5000 bought at \$2.55 on 1/18. All in total over 12,500 sit in open interest and near \$3M in combined premium bought in the April \$42.50's. COOP also saw a buyer of 1000 January 2025 \$30 puts at \$3.40 and 5000 April \$40 puts at \$1.45 so really targeting that April expiration for a potential selloff. Shares have been rallying into the start of the year as rates fall but now starting to see mortgage rates rebound off the January lows. COOP hit a high of 48 last week and since pulled back to the top of value area at 45.80, a close back under 21 EMA at 45 can see a slide back to the 200 day EMA at 42.60 with larger support at a VPOC near 40.80. The \$3.2B company trades at 9.4x earnings, 1.8x sales, and 0.7x book value while revenue is expected to fall -31% in FY23. Mr. Cooper Group Inc. provides servicing, origination and transaction-based services related to single-family residences throughout the United States. The Company operates through two segments:

 Servicing and Originations. COOP reports earnings on 2/10 Friday morning and also is scheduled to be part of the Credit Suisse Financial Services conference next week on 2/13. Average analyst target is \$53. Piper raised its target back in November to \$64 and remains a bull with an Overweight rating citing Mr. Cooper is one of the very few mortgage companies on pace to produce increasing earnings over the next few quarters. Barclays has a \$41 target and Equal Weight saying Card issuers and instalment lenders could struggle against the economic backdrop and may trade at trough multiples. The analyst sees more value in air lessors, with AerCap raised to top pick and Air Lease also rated Overweight. DeVries also thinks a transition to a weaker credit environment may put pressure on mortgage insurers. Short interest is at 4.5%. Hedge fund ownership fell 66% last quarter.

Hawk Vision:



Hawk's Perspective: COOP is a sloppy chart so could play for a short fade lower if can close back under 21 EMA as a trigger level near 45.

Confidence Ranking: \$\$