

SPOTLIGHT OPTION TRADE



E-Trade at Inflection Point as Brokers Consolidate

TRADE SNAPSHOT

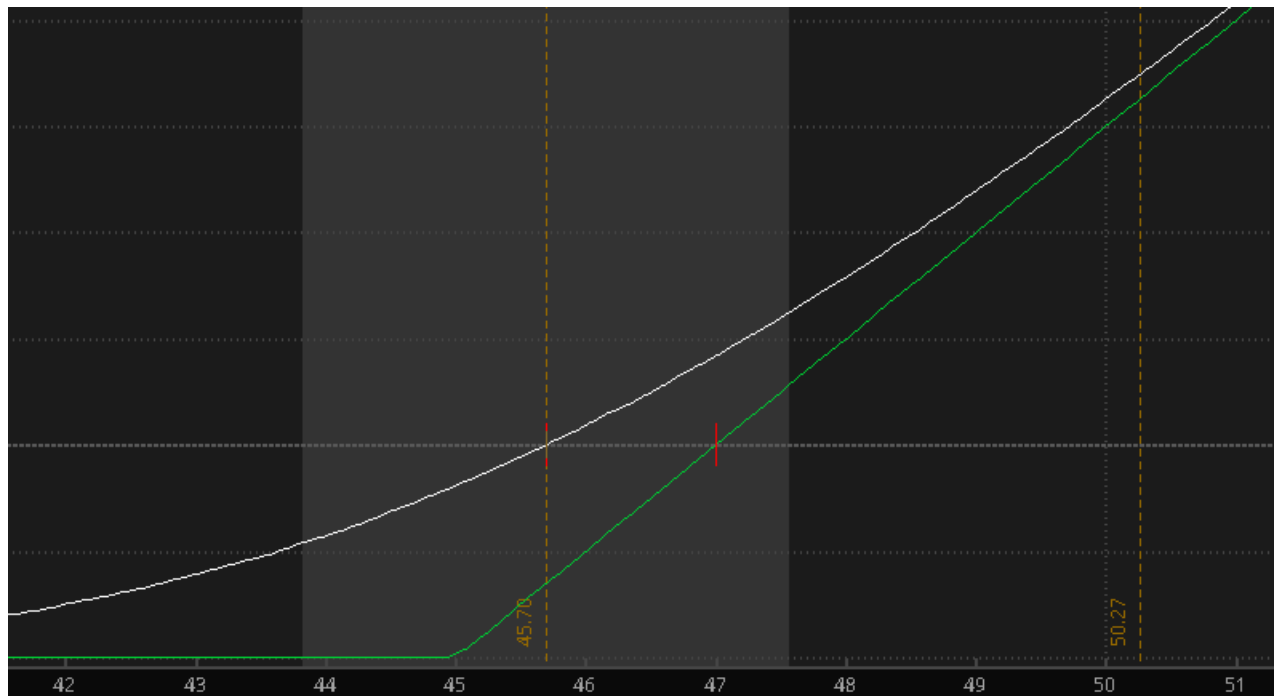
TICKER	ETFC
SECURITY	E-Trade Financial
SECTOR	Financial – Investment Brokerage
CURRENT PRICE	\$45.70
LONG/SHORT	Long
TARGET	\$50
STOP	\$43.40
TIMEFRAME	5 Weeks

Trading Strategy: Long the ETFC January \$45 Calls at \$2 or Better

Net Debit/Credit: Debit of \$2

Profitability Zone: ETFC Shares Above \$47 on January OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: ETFC with a weekly bottoming pattern that would target a move to \$56 and nearing a break above a key downtrend resistance line. Shares are coiling tightly currently near its YTD VPOC and looking to clear its range and have room to run to \$50.



Fundamental Analysis: The \$10.5B brokerage is one of the last standing after the Ameritrade/Schwab deal and trades 12.9X Earnings, 3.3X Sales and 8.95X FCF with a 1.23% dividend yield. ETFC is facing revenue headwinds into 2020 with the move to zero commissions although commissions are just 17% of its revenue base. ETFC continues to expand its offerings to grow retail and advisor assets while also offers banking solutions. ETFC posted 32% DARTs growth for November. Analysts have an average target of \$45.75 and short interest low at 1.9% of the float. UBS noted ETFC could pick up market share as customers of SCHW/AMTD are concerned with service integration and Deutsche Bank with a similar note. Fox Business reported in November that Goldman Sachs could consider a deal for ETFC. Raymond James noted in October that ETFC's reluctance to pursue a sale is frustrating but management leaves the door open for a potential suitor, and in the meantime ETFC is taking steps like reducing expenses and increasing buybacks to defend EPS. Barclays with a note in October seeing a \$50/share acquisition price. ETFC's IV Skew was inverted in late November but has moved back to a more normalized structure. Hedge Fund ownership fell 22% in Q3 filings.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
11/22/2019	ETFC 100 17 JAN 20 35 PUT	3,751	2,242	\$0.40	-0.1	40.47%	13.17%	\$150,040	.ETFC200117P35
11/21/2019	ETFC 100 17 JAN 20 42 CALL	1,658	3,163	\$2.36	0.51	36.95%	45.72%	\$394,604	.ETFC200117C42
11/21/2019	ETFC 100 17 JAN 20 45 CALL	2,523	5,160	\$1.04	0.31	34.12%	26.21%	\$262,392	.ETFC200117C45
11/20/2019	ETFC 100 17 JAN 20 50 CALL	6,137	8,127	\$0.94	0.28	33.88%	23.66%	\$638,248	.ETFC200117C50
11/20/2019	ETFC 100 17 JAN 20 45 CALL	2,028	3,550	\$2.86	0.58	33.76%	52.93%	\$600,288	.ETFC200117C45
11/20/2019	ETFC 100 20 DEC 19 45 CALL	1,685	3,240	\$2.16	0.6	33.71%	55.72%	\$382,495	.ETFC191220C45
11/15/2019	ETFC 100 20 DEC 19 50 CALL	4,271	2,094	\$0.34	0.163	32.75%	13.91%	\$145,214	.ETFC191220C50
10/31/2019	ETFC 100 15 JAN 21 45 CALL	2,074	1,875	\$4.35	0.47	31.81%	34.25%	\$922,930	.ETFC210115C45
10/29/2019	ETFC 100 20 DEC 19 40 PUT	3,032	167	\$1.18	-0.33	32.09%	37.17%	\$360,808	.ETFC191220P40
10/8/2019	ETFC 100 15 JAN 21 30 CALL	700	596	\$9.65	0.75	37.20%	61.02%	\$668,500	.ETFC210115C30
10/2/2019	ETFC 100 15 JAN 21 50 CALL	2,053	515	\$1.13	0.22	31.85%	12.83%	\$336,692	.ETFC210115C50
10/2/2019	ETFC 100 17 JAN 20 40 CALL	2,076	2,377	\$1.15	0.31	34.06%	24.67%	\$255,348	.ETFC200117C40
10/2/2019	ETFC 100 17 JAN 20 33 PUT	1,077	108	\$1.42	-0.31	36.99%	38.10%	\$176,628	.ETFC200117P33
9/11/2019	ETFC 100 17 JAN 20 50 CALL	5,005	1,372	\$1.00	0.26	27.85%	21.00%	\$545,545	.ETFC200117C50

Potential Catalysts: M&A; Earnings 1-23-10; Monthly Metrics

Disclaimer:**Not Investment Advice or Recommendation**

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