



Goldman Calls Bought as Shares Consolidate Uptrend

Ticker/Price: GS (\$238.65)

Analysis:

Goldman Sachs (GS) strong setup with shares pulling back to the rising 50-MA after a strong run and size buy of 1,500 June \$245 calls for \$9.15 last week. Shares have been on a nice run since October with a move above \$245 targeting a run to \$265. The \$85.86B company trades 8.7X earnings, 1.09X book, and 0.91X cash with a 2% yield. GS is targeting high-single digit growth over the next two years. GS held their first analyst day and set out some ambitious three-year goals including an ROE above 13% and ROTE above 14% with a 60% efficiency ratio. Longer-term, the financial is targeting mid-teens return as their Consumer Banking ventures mature and they build out their Wealth Management offerings. GS had a number of smaller drivers including expansion into Japan and China, a small business loan partnership with Amazon, and growth in their long-awaited Marcus app. Analyst have an average target for shares of \$269. Citi raising their PT to \$290 on 2-5 and the firm believes Goldman is "on the right strategic path" and ultimately the company will be successful in executing on many of its initiatives and drive returns higher. DA Davidson raising their PT to \$310 on 1-31 and notes that the company's cost-cutting plan may have lifted the stock in the short term, but he also sees its longer-term plan generating more shareholder value with greater revenue diversification to match that of its universal bank peers. Short interest is 1.9%. Hedge fund ownership fell 0.5% in Q3. Senator Investment a top holder with a new 550,000 share position.

Hawk Vision:



Hawk's Perspective: GS has a nice wedge set-up and setting \$244.20 as a key volume node breakout alert.

Confidence Ranking: \$\$