



FEATURED OPTIONS RADAR REPORT



Bearish Options Flow into Emerging Crypto Platform

Ticker/Price: HOOD (\$42.65)

Analysis:

Robinhood (HOOD) flows continue bearish with 1600 October \$45 puts bought \$7.90 offer today and 1600 September \$39 ITM calls sold to open on bids on 8/20. HOOD on 8/5 saw 2500 December \$90 puts bought to open for \$13M that remain in open interest though also with 3,450 of the December \$40 puts sold to open. HOOD shares have been selling off after an initial parabolic post-IPO surge and now firmly below VWAP from the IPO date with the \$33/\$39.50 zone seen as a high volume area of support. HOOD is an emerging brokerage platform that is seeing a lot of engagement from the cryptocurrency community while also tailored to new and smaller investors trading in tiny amounts on its commission-free platform. HOOD earnings its transaction-based revenue from market makers in exchange for routing our users' equity, option and cryptocurrency trade orders to market makers for execution, known as PFOF (payment for order flow), which accounts for 81% of HOOD's revenues. PFOF practices have drawn heightened scrutiny from the U.S. Congress, the SEC and other regulatory and legislative authorities. HOOD is looking to keep expanding product offerings to diversify its revenue base. In the latest quarter options revenues rose 48% Y/Y, equities fell 26% and crypto surges to account for the majority of revenues. HOOD currently has a market cap of \$37.35B and trades 68X FY22 EBITDA and 13.5X EV/Sales with revenues seen rising 128% this year and then normalizing to 18-25% annual growth. Redburn recently started at Buy at a \$65 target as a play on the user base expected to triple its wealth by 2030 and sees it expanding the platform and capturing market share across adjacent opportunities. Atlantic is at Overweight with a \$65 target seeing superior user growth to peers.

Hawk Vision:



Hawk's Perspective: HOOD should head back to \$35 or lower and I see a ton of risk with the name on higher operating expenses, slower using growth and trading activity and potential regulatory action on PFOF. COIN is a much better long in the space in my view.

Confidence Ranking: \$\$