



FEATURED OPTIONS RADAR REPORT



Consumer Credit Leader Sees Bullish Flow Accumulate Ahead of Travel Recovery

Ticker/Price: MA (\$343)

Analysis:

MasterCard (MA) buyers on 10/5 for more than 5,350 March \$360 calls for \$19.25 to \$19.50, sizable opening trades in the name that has lagged peers. MA has seen buyers recently in the November \$360 calls, November \$380 calls, and November \$345 calls while the December \$370 calls with buyers on 9/22. The November \$355 calls remain in OI as well from a large \$15M buy on 9/1 and pricing just below the opening price. MA has been consolidating below the 200-day MA and back at a big volume node from late 2020 at \$340. VWAP from the March 2020 lows is just below at \$330. MA has been in a large rising channel from the November lows and back at the low-end now with a move higher targeting \$400+. The \$327B company trades 32.3X earnings, 19.65X sales, and 48X cash with a small yield. MA continues to see improving trends around spending as the reopening gains momentum and travel picks up which is benefitting their credit business. The company expects borders to reopen further in the 2H and into 2022 which will benefit cross-border spending. MA is focusing on building out their digital capabilities both online and in stores, contactless payments, and within BNPL. They announced partnerships recently with Stripe and Verizon to help leverage their large user base with new services. Analysts have an average target for shares of \$420 with a Street High \$482. Deutsche Bank positive on 9/3 while Wells Fargo raising estimates after earnings citing the notable ramp-up in card present travel spend growth. Bernstein positive on the name citing the company's accelerating cash digitization, as well as the emerging next chapter of growth beyond C2B payments, and eventual recovery in cross-border. Hedge fund ownership fell 2%.

Hawk Vision:



Hawk's Perspective: MA has struggled lately and below the 200-MA, so want to see it shift back above the \$360.50 level for more confidence, but remains a favorite long-term and think we can see sentiment shift back in favor into 2022 and a more normalized environment

Confidence Ranking: \$\$