



FEATURED OPTIONS RADAR REPORT



Mastercard Spreads Position for New Highs as Consumer Spending Ramps

Ticker/Price: MA \$350

Analysis:

Mastercard (MA) large spread on 1/7 sold the February \$320 puts 2,250X for \$3.75 to buy the \$360/\$390 call spread 4500X for \$8.18 and later bull spreads in April as well selling the \$315 puts to buy \$365/\$395 call spreads 1650X. MA had buyers in the April \$350 calls over 5,000X on 12/29 and also 15,000 January 2022 \$350 calls on 11/30 and 12/23, over \$50M. MA shares are forming a small bull flag above the 8-EMA and recent breakout area with a big weekly level above at \$355. A move higher has a longer-term measured target of \$400. The \$347.4B company trades 42.37X earnings, 22X sales, and 32.7X cash with a small yield. MA is a strong re-opening play as consumer spending expected to accelerate in 2021 and shift away from the historic levels of savings seen last year during the pandemic. MA has been accelerating their digital initiatives including a deal for Finicity which expands their scale in data aggregation. Analysts have an average target for shares of \$350 with a Street High \$415 from Truist. BAML upgrading to Buy on 1/6 citing their exposure to macro and consumer spending recovery as vaccine distribution accelerates. Wells Fargo with a \$400 PT noting that they like card issuers in 2021 as the firm expects significant pent up travel and entertainment demand to drive spend in the U.S. in mid-to-late 2021 and global travel late 2021/early 2022. Short interest is less than 1%. Hedge fund ownership fell 4.5% in Q3, Egerton a buyer of 1M shares. MA will report around 1-28.

Hawk Vision:



Hawk's Perspective: MA sets up well and a best-of-breed type play with their digital investments, the recent base breakout gives a nice level to lean against for a run to \$365

Confidence Ranking: \$\$