



Call Action Spikes in Intercontinental During Stock Consolidation Period

Ticker/Price: ICE (\$75.20)

Analysis:

Intercontinental (ICE) with a buyer of 4,250 June \$77.50 calls today for \$1.95 in a stock replacement and will become the most notable trade in OI. ICE has seen smaller buys recently at the same strike, 1,200X, and the January \$80 calls have over 880 in open interest from buys. Shares have pulled back to the 233-MA and trend support from the December lows with a breakout above \$76/\$77 targeting recent highs around \$80. Longer-term, shares have pulled back to weekly cloud and trend support where they've formed a eleven-week base while RSI and MACD have pulled back to 50 and zero respectively. The \$42.65B company trades 17.6X earnings, 8.5X sales, and 23X FCF with a 1.5% yield. ICE see 6.7% and 12.1% EPS growth with 5-6% revenue growth through FY20 with strength in trading revenue amid higher volatility. ICE could see tailwinds for their Listings business later this year with nearly \$200B in IPOs in waiting and expected to be competitive against the Nasdaq. ICE is realizing better pricing in their data/analytics business as well with new customer adds, new products, and expanded cross-sell among their existing customers driving growth. Analysts have an average target for shares of \$85 with 12 buy ratings and 2 hold ratings. Short interest is 0.8% and falling since last Fall. Deutsche Bank positive on 1/29 despite a slow-volume start to the year noting that exchange stocks are best positioned to outperform in the late stages of a market cycle. Citi upgrading to Buy in January citing a better volume outlook and data momentum which will drive higher estimates in 2019 and 2020. Institutional ownership rose 6.9%.

Hawk Vision:



Trading Strategy: ICE is a quality Co. but need to see more consistent flows and right now concerned with Q1 results for Exchange names considering the lack of volatility in markets and lower trading volumes.

Confidence Ranking: \$\$

