



FEATURED OPTIONS RADAR



Bull Positions for Big Bank to See Sharp Rally in 1H24

Ticker/Price: PNC (\$132.38)

Analysis:

PNC Financial (PNC) large trade on 11/29 bought 2500 July 2024 \$155/\$175 call spreads for \$2.17 debit. PNC has also seen a buyer of 750 March \$130/\$120 strangles that now leans bullish but overall lacks a lot of open interest. PNC this week is moving out of a bull flag formed above its falling 200-MA and the weekly chart clearing a massive long-term bottoming pattern that measures back to \$150 while these spreads expect even more upside. PNC is one of the largest diversified financial institutions in the U.S engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. PNC acquired BBVA USA Bancshares for \$11.5B in cash in 2021. PNC last year provided additional disclosures for its fee categories which now include asset management & brokerage, capital markets related, card and cash management, lending and deposit related, residential and commercial mortgage, and other. PNC has a market cap of \$52.7B and trades 10.5X Earnings with a 4.6% dividend and ROE of 12.9%, a Bank that screened as best-in-class in my research this week. Banks are trading at historically wide valuation spreads to the market and the worst of deposit headwinds are likely in the rearview mirror with rates peaking and the Fed set to cut rates in 2024. Banks should also benefit from a stable Macro and a better M&A/IPO environment. PNC recently acquired Signature's loan portfolio. PNC is positioned well for the new capital rules and is likely to restart buybacks in 2024. Analysts have an average target of \$136 with short interest low at 1.4% of the float. Stephens has a \$138 target and sees PNC's capital levels allowing it to play offense.

Hawk Vision:



Hawk's Perspective: PNC screened as my favorite Bank for 2024 and offers a strong yield and upside earnings drivers while \$169 is a 50% retrace level I can see it reaching.

Confidence Ranking: \$\$