



## FEATURED OPTIONS RADAR REPORT



### Bullish Activity in PNC as Company Transforms and Deploys Capital

Ticker/Price: PNC (\$177.7)

#### Analysis:

**PNC Financial (PNC)** with 2000 November \$170 puts sold to open late day on 4/19, a name that has been popular with buy-write positions for size since January this year in longer-dated calls at strikes of \$180, \$185, \$195, \$200 and \$230. PNC shares broke through a major 2018 and 2019 high earlier this year and forming a tight weekly bull flag with upside Fibonacci extension targets at \$193 and \$212. The \$74B Bank trades 13.9X Earnings, 1.4X Book and has a 2.57% dividend yield with revenues seen rising 9.2% in 2021 and 11.1% in 2022. PNC announced an \$11.6B deal in November to buy BBVA's US regional business, seen 21% accretive to earnings in 2022. PNC announced results last week beating estimates on EPS and Revenues. PNC has been deploying cash and is likely to lift NII and NIM over the next few years. PNC noted it is making good progress on BBVA integration planning and are on track for a midyear close pending regulatory approval. BBVA's largest market is Texas which PNC sees as a big opportunity. Analysts have an average target of \$185 and short interest low at 1.5% of the float. RBC raised its target to \$190 after the transformational 2020 that included the sales of its Blackrock (BLK) stake and the BBVA deal, expecting stronger profitability in 2022 and beyond. Argus raised its target to \$203 expecting stable lending. Hedge Fund ownership declined 8.5% in the latest quarter filings, Aristotle Capital a top concentrated holder added to its position.

#### Hawk Vision:



**Hawk's Perspective:** PNC is a quality name and a nice chart, one that should perform well in 2021 and the strategy of owning the stock and writing calls is one I agree with the flows on.

**Confidence Ranking:** \$\$