



FEATURED OPTIONS RADAR REPORT



Large Call Buy Sees Long Term Upside in Transforming Financial Service Provider

Ticker/Price: PRU (\$105.4)

Analysis:

Prudential (PRU) with a rare large trade on 8/18 as 1600 January 2024 \$110 calls were bought \$10.49 to open and follows some large put sales in January \$100 and \$95 strikes in May/June that remain in open interest while 1000 June 2023 \$115 calls bought on 7/5 are also in OI. PRU shares are -3.5% YTD and not far off highs earlier this year while still below 2018 highs. Shares bottomed in July right at critical volume support which aligned with a 38.2% retracement of the 2020/2022 range and above VWAP off March 2020 lows, so a name that held up better than most. PRU needs to clear \$106.50 volume shelf to release shares for a run back to \$120 or higher. PRU is a global financial services leader and premier active global investment manager with approximately \$1.742 trillion of assets under management as of December 31, 2021. PRU offers a wide array of financial products and services, including life insurance, annuities, retirement-related products and services, mutual funds and investment management. PRU launched Retirement Strategies, a new U.S. business that will serve the retirement needs of both individual and institutional customers, in October 2021. The \$38B financial trades 8.8X earnings, 1.4X Book and yields a 4.6% dividend with a ROE of 8.8%. PRU is benefiting from higher interest rates and an improving mortality landscape. Forecasts see EPS growth of 17% in 2023 and 9% in 2024. PRU completed the sales of its Full Service business and a portion of the traditional variable annuities in April. PRU is investing in programmatic acquisitions and partnerships that will help it grow in emerging markets and expand access to investing, insurance and retirement security around the world. In June, PRU established a partnership with Mercado Libre, the largest e-commerce platform in Latin America with approximately 200 million users. Analysts have an average target of \$102 with short interest low at 2.4% of the float. Citi started shares at Buy in May with a \$100 target.

Hawk Vision:



Hawk's Perspective: PRU is very cheap and offers a fat yield, more of an equity own in Financials rather than an options play.

Confidence Ranking: \$\$