



FEATURED OPTIONS RADAR REPORT



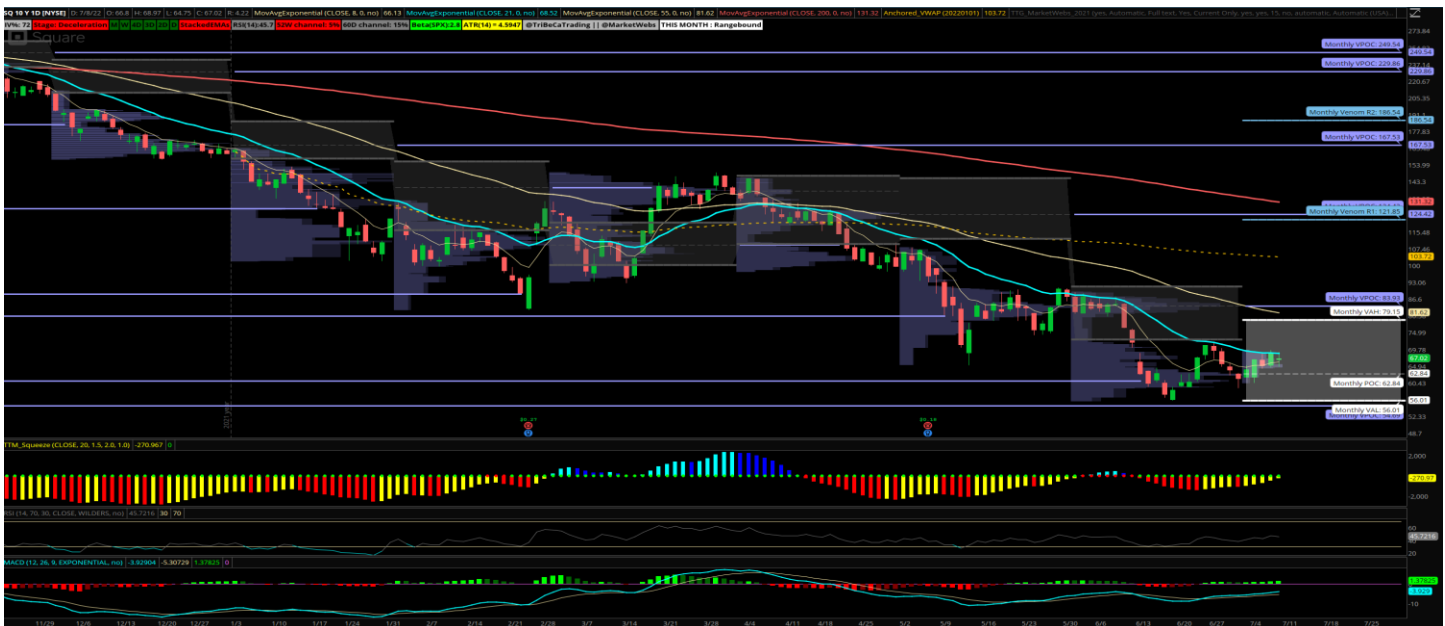
Fintech Name Sees Bearish Put Buys into Bounce

Ticker/Price: SQ (\$67.02)

Analysis:

Block Inc (SQ) with a large put buyer on 7/8 for 2,800 August \$65 puts bought at \$6.89 for over \$1.9M. Also, action in the August 5th \$69 puts bought at \$7.20 for over \$1.2M. SQ has also seen December \$57.50 puts open the past week for over \$2.4M in premium. Bearish flow into the weak bounce recently as Fintech names remain in a strong downtrend. Shares have been in a steep decline this year with growth tech under pressure and each rebound being sold into. SQ has resistance at the 21 EMA being hit at 68.50 and above that has space to the 55 EMA and upper edge of monthly value area near 80. MACD recently crossed up, but the bounce has been lackluster compared to the broad market and the weekly chart showing more of a bear flag forming since the June lows. A move back under 62 could see a quick drop towards 55 and 50 which is getting close to the panic levels of March 2020. The \$38.9B company trades 51.4x earnings and 2.0x EV/sales with a FCF yield of 2.6% and is estimated to grow revenues +21% in FY23 while seeing +13.5% sales growth in FY24. Block, Inc. creates tools that enable businesses, sellers and individuals to participate in the economy. Its segments include Square and Cash App. The Square segment includes managed payment services, software solutions, hardware and financial services products offered to sellers. SQ is coming off a quarter where it missed EPS and Revenues estimates amid a slowdown in consumer spending that is creating a stiff headwind for its payment services. Not only did the payment processing company miss top- and bottom-line estimates, but its revenue also declined on a yr./yr. basis for the first time in its history as a publicly traded company. Average analyst target is \$183 with a Street high of \$371. Still seems to be too many bullish analysts amid a declining growth story. Only 2 Sell ratings on the stock while 38 Buy ratings so room for further downgrades before a true bottom. Key Corp lowering the price target on the stock on 7/7 to \$80 from \$180 and Piper also lowered their target to \$84 but kept a Neutral rating. Truist also recently cutting their price target to \$105 from \$145 citing near term margin risk and market challenges with legacy payment processors. Redburn cutting estimates last week on SQ and sees a perverse correlation at play, with the rising probability of a recession leading to falling interest rate expectations, which in turn leads to a rerating of finance technology stocks. Deteriorating e-commerce trends, rising funding costs, changes to share-based compensation and a fragile unsecured market will result in more downgrades to disruptor names. Short interest is at 7.5%. Hedge fund ownership fell 15.5%.

Hawk Vision:



Hawk's Perspective: SQ is seeing a weak bounce and still below the 21 EMA at 68.50 so a level to trade short against if bearish. A more ideal level to sell into a larger bounce would be top of value at 79.

Confidence Ranking: \$\$