



FEATURED OPTIONS RADAR REPORT



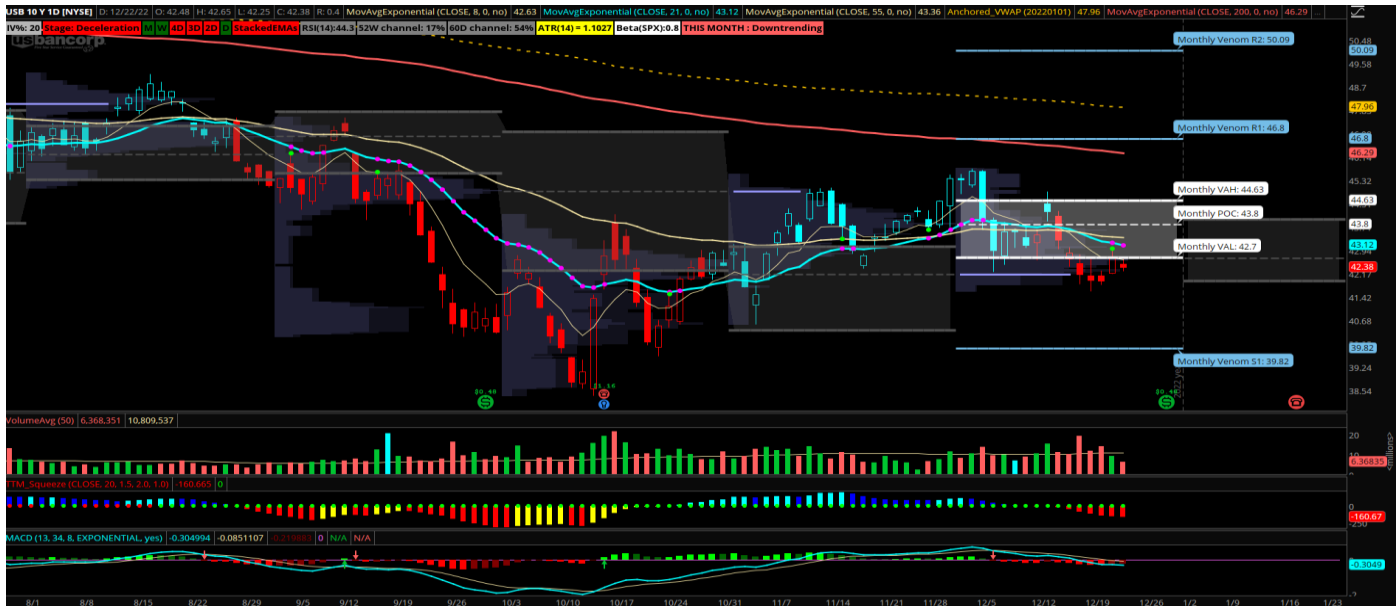
Diversified Regional Bank Sees Massive Long Term Bull Step In

Ticker/Price: USB (\$42.40)

Analysis:

US Bancorp (USB) on 12/21 saw a very large buyer of 7400 January 2024 \$42.50 calls for \$4.95 and over \$3.7M total. This follows mostly bull flow in the bank recently with 2000 Feb \$45 puts sold to open on 12/14 for \$2.75 as well as 1000 Jan 2025 \$42.50 puts sold to open on 10/24 for \$7.40 and still holding in OI. Also, a recent buyer in 2250 June \$50 calls for \$1.15 and June \$32.50 deep ITM calls bought at \$10 on 10/20 still holding in OI and up about 30% thus far. Shares have been sideways lately but holding up much better than other banks and retesting the 42 level which was a VPOC from last month. USB has monthly value area resistance just above here at 43 so need to see a close back over that level for confidence. 200-day EMA is above at 46.25 and likely a good target if a rally ensues while YTD VWAP is higher at 48. The stock could be forming a larger inverted head and shoulders basing bottom in this 40-45 range with 45 being the neckline on the weekly chart pattern into next year. The \$64.9B company trades at 8.5x earnings, 2.2x sales, ROE at 15.6% and a dividend yield at 4.5% while revenue is expected to grow impressively at +8% in FY22 and +19% growth estimated in FY23. U.S. Bancorp is a multi-state financial services holding company headquartered in Minneapolis that has major lines of business as Corporate and Commercial Banking, Consumer and Business Banking, Wealth Management and Investment Services, Payment Services, and Treasury and Corporate Support. Average analyst target is \$52. DA Davidson started USB with a Neutral and \$47 target while Keefe Bruyette upgraded to Outperform and a target of \$58, up from \$52 saying shares are trading at a deep discount to historical valuations with the market underestimating the earnings power of Union Bank given higher rates since the deal was announced. U.S. Bancorp has historically widened its valuation to the group in recessionary periods. U.S. Bancorp is trading at 3% discount on 2024 estimates, compared to its historical 10% premium, and this gap should collapse with improved visibility of earnings power and capital generation. Short interest is at 0.8%. Hedge fund ownership rose 7.5% last quarter.

Hawk Vision:



Hawk's Perspective: USB is holding up better than other banks but need to see a close back above 43 for conviction here so setting an alert likely best as its under monthly value area still.

Confidence Ranking: \$\$