



FEATURED OPTIONS RADAR REPORT



Bulls Continue to See Upside for Regional Bank Leader US Bank

Ticker/Price: USB (\$58)

Analysis:

US Bank (USB) with 2,000 January \$50 puts sold to open for \$2.30 this morning and later 3,000 January \$47.50 puts sold to open for \$1.66. USB recent had a buyer of more than \$1.5M in January \$57.50 calls while the January \$55 calls and May \$52.50 calls have both been active as well while the January \$62.50 and \$65 calls still has large size from last Fall. Shares are flagging under \$58.50 and looking for another leg higher as it continues the longer-term bull trend with a target of \$63.50. Support is back around \$52.50 and VWAP from the January lows. The \$84.4B regional bank trades 13X earnings and 1.7X book with a 3% yield. USB is a slow-but-steady grower with near 4% revenue growth expected in FY22 and expanding earnings by 7-8%. USB is coming off of a strong quarter and expecting NII to trough in Q1 and improve throughout the year. The company sees a lot of opportunity in 2021 to grow both organically as they scale their tech investments and through M&A, an area where they've been active lately. Analysts have an average target for shares of \$56 but a Street High \$68. JP Morgan upgrading recently to Overweight as USB is a major beneficiary of consumer spending and should benefit from the reopening trade as card-related fees accounted for 16% of its total revenues in 2019, well above 4.7% median among large banks. Jefferies positive in April noting that they expect deposit growth to continue to shine in 2021, helped by stimulus. Short interest is less than 1%. Hedge fund ownership rose marginally in Q4. Berkshire Hathaway is a top holder with 131M shares. D1 Capital also with over 16.8M shares.

Hawk Vision:



Hawk's Perspective: USB has made a big run since we last covered the name over six months ago and remains a best-of-breed name among the regional banks, it can continue to trend above \$58.25 but a pullback to the \$51/\$50 area would be an ideal spot to get involved

Confidence Ranking: \$\$