



FEATURED OPTIONS RADAR REPORT



Bulls Position for a Visa Recovery

Ticker/Price: V (\$207)

Analysis:

Visa (V) this week seeing major size buy the June \$210 calls with 5000 bought on 2/8 and another 8500 trading on 2/9 that should add to open interest. Visa has historically been a high-quality compounder but shares down 5.4% lagging payment peers and the broader markets. V has some older large positions in open interest as well with 5000 September \$200 calls, 20,000 March \$210 calls, 4500 September \$215 calls, and on 12/29 the January \$220/\$210 bull risk reversal opened 2000X. V shares are forming a rising wedge on the weekly pattern with a recent low put in near its 200-day moving average, and has a lot of resistance to clear in the \$210/\$215 zone to make a run. The \$443B payments leader trades 30X Earnings, 18X FY21 EV/Sales and 26X EBITDA with a small 0.6% dividend yield. V forecasts see revenues bouncing 6.3% in 2021 with 2H growth seen above 20% while 2022 seen as a year with 18% topline and 22% bottom-line growth. On 1/13 Visa announced a termination of its deal for Plaid so could be on the hunt for another M&A deal. Analysts have an average target of \$240 with short interest low at 1.9% of the float. Bernstein on 1/27 started shares Outperform positive on accelerating ash digitization and the eventual recovery of cross-border and emerging new powerful revenue streams. V announced a new \$8B buyback on 1/28 which likely supports shares near recent lows. Deutsche Bank raised its target to \$270 on 1/14 seeing opportunities in real-time payments. Jefferies upgraded to Buy on 1/13 with a \$250 target with increased confidence in the recovery story as vaccines roll-out. Hedge Fund ownership jumped 29% in the latest quarterly filings, Edgewood and Polen notable large positions.

Hawk Vision:



Hawk's Perspective: V is a quality name not far from the 200-day moving average seeing size call buys, so it makes for a nice play though my preference for **PYPL/SQ** thus far has been the better move. V is unlikely to sit idle and expect it to make more of a push into faster growing markets.

Confidence Ranking: \$\$