



## Boeing Bulls Active into Earnings

**Ticker/Price:** BA (\$375)

### Analysis:

**Boeing (BA)** buyers this morning of 2,350 May \$385/\$395 call spreads for \$3.70, targeting earnings 4-24 as it works on the 737 MAX issues, and volume rising to 3,250X in the opening hour. BA had a buyer of 1,725 April 26th (W) \$385 calls on 4/12 and on 4/11 the June \$280/\$320 bull risk reversals traded 1,500X. BA has also seeing 1,050 November \$420/\$440 call spreads open into recent weakness and 1,295 May \$365 calls bought for \$2.26M. BA shares have been basing above \$360 for the last few weeks showing resilience despite the negative headlines, and above \$383.50 can make a run back to \$420. The \$216.5B Aerospace leader remains in a bullish cycle for commercial aerospace and trades just 16.2X Earnings, 22.4X FCF and 13.8X EBITDA with its margin profile improving due to the emergence of its Services division. BA projections currently call for 3.9% revenue growth this year and 8.6% EPS growth with both slated to accelerate into 2020. BA was awarded a \$14B Air Force contract last week and the CEO last week noted 2/3 of 737 MAX customers tested the new software fix. Analysts have an average target of \$426.50 on shares and short interest remains subdued at 0.9% of the float. CSFB out last week reiterating a \$440 target and was out in January noting the company is firing on all cylinders in a super cycle, also one of the most resilient industrials into a global slowdown. JP Morgan lowered its target to \$430 though sees some bumpy guidance likely with MAX delivery halts. Hedge Fund ownership rose 5.8% in Q4 filings.

### Hawk Vision:



**Trading Strategy:** BA continues to have headline risk but remains a top quality name for a strong Aerospace cycle and a clear \$360 line in the sane to trade against gives a positive reward/risk.

**Confidence Ranking:** \$\$