



Boeing Bulls Position for Recovery

Ticker/Price: BA (\$333)

Analysis:

Boeing (BA) with 1000 March 2020 \$395 calls bought to open up to \$9 and action up to 1700X with an long-term bullish view. Last week The February \$330 calls bought 700X to open for nearly \$2M and October \$350 calls with 4000 accumulating from size buys recently while 7500 October \$275 puts were sold to open in OI. BA shares have pulled back off record highs since having issues with the 737 MAX which may be grounded until 2020. Shares are back at the lower range support from the last 22 months setting up a solid reward/risk versus the lower weekly Bollinger Band it moved outside of but closed above last week. The \$186B Aerospace leader trades 14.8X Earnings and yields 2.5%. Boeing continues to benefit from strong growth in Commercial Aerospace and been seeing strong growth from its Services segment that also enhances the overall margin profile. Analysts have an average target of \$410 and short interest minimal at 0.9% of the float. Viking Global recently showed a new large stake in shares. Jefferies was out on 8-13 with a Buy rating and \$420 target citing cheap valuation with a 9% FCF yield. CSFB is at Outperform with a \$425 target, forecasting \$36 FCF per share in 2022. Winslow and Steadfast Capital also took new stakes in Q2 filings.

Hawk Vision:



Hawk's Perspective: BA has been susceptible to headline risk but the long-term story is firmly intact. China trade remains another risk, but above \$336.50 can trade this against the 8 day MA.

Confidence Ranking: \$\$