



Abbott Labs Longer Term Bull Position as Shares Hit 50 Day MA

Ticker/Price: ABT (\$84.50)

Analysis:

Abbott Labs (ABT) with 1,450 June 2020 \$87.50 calls bought on the day from \$5.40 to \$5.55, name which has over 1,000 of the \$85 calls in OI from buyers in late June. ABT has seen some November put sales in late July, the \$77.50 and \$67.50 strikes, while the September \$87.50/\$92.50 call spread bought on 7-23. ABT has been on a strong run since late May and pulling back today to the rising 50-day MA. The long-term rising channel targets a move up to \$95. The \$152B company trades 23.7X earnings, 4.9X sales, and 45X cash with a 1.5% yield. ABT expects 11.5% and 12.1% EPS growth with revenues up to 7-8%, accelerating from the 4.5% this year. ABT is coming off a strong quarter with strength in Devices and Diagnostics. Their key products like the Freestyle Libre and Mitraclip continue to show strong growth with the latter recently gaining approval for expanded indications which greatly widens the TAM. Analysts have an average target for shares of \$86. Jefferies raising their PT to \$98 on 7-18 noting that the recent quarter is more proof that the pharma exit and medtech "double-down" was right move. The firm is also positive on the long-term outlook given the product cycle is still in early innings. Short interest is 1%. Hedge Fund ownership rose 2.8% in Q1. Diamond Hill Capital, Mairs & Power, and DSM Capital all notable holders. In April, a SVP bought \$146,798 in stock at \$73.40 and earlier this year a director bought \$249,000 in stock around \$72.

Hawk Vision:



Hawk's Perspective: ABT has been a med-tech start and a great performer, one of those quality names to own on market-driven sell-offs, though could see some more downside near-term and in no rush to jump in now.

Confidence Ranking: \$\$