



Bank of America Attracts Bullish Activity

Ticker/Price: BAC (\$29.45)

Analysis:

Bank of America (BAC) shares are back at the 50-day MA and cloud support with 10,000 November \$30 calls bought for \$1.13 to \$1.15. BAC had buyers of more than 5,900 August 23rd (W) \$30 calls on 8-1, the January 2021 \$32 calls bought 11,000X on 7-31, and the August \$31.50 calls bought 10,000X on 7-26. The September \$30 synthetic straddle bought 10,000X on 7-24. Shares are forming a big weekly flag under \$31 with a measured move up to \$38 and continuation of the strong run from late 2016. The \$274B company trades 9.5X earnings, 1.13X book and 40.4X FCF with a 2.5% yield. BAC sees 8.4% EPS growth and 1% sales growth next year. BAC saw strength in consumer banking last quarter with spending up 5%. They continue to have one of the stronger wealth management businesses among peers while global banking also a position of strength. Analysts have an average target for shares of \$33. Keefe Bruyette upgraded to Outperform on 7-26 with a \$36 PT. They think the economic cycle will be extended following Federal Reserve rate cuts. Further, the current valuations for the group are attractive as we are not as late cycle as feared. The firm also expects rotation back to financial stocks after investors have reduced allocations to the group. BMO upgrading to Buy on 6-17 with a \$37 PT. The firm thinks positive earnings revisions from better fees, tax rates, provisions and buybacks should "more than offset" any related net interest margin dilution. Short interest is 0.8%. Hedge Fund ownership fell 11.9%. Harris Associates a buyer of 8M shares and now with 89M shares total. Laurion Capital, Moore Capital, and Tiger Management all notable holders.

Hawk Vision:



Hawk's Perspective: BAC could face some near term pressure as September Fed Funds are showing a more aggressive rate cut ahead, so want to wait on the Banks here.

Confidence Ranking: \$\$