

SPOTLIGHT OPTION TRADE



Honeywell Multi-Month Consolidation can Emerge to New Highs as Growth Initiatives Kick In

TRADE SNAPSHOT

TICKER	HON
SECURITY	Honeywell International
SECTOR	Industrial - Diversified
CURRENT PRICE	\$168
LONG/SHORT	Long
TARGET	\$180
STOP	\$162
TIMEFRAME	1 Month

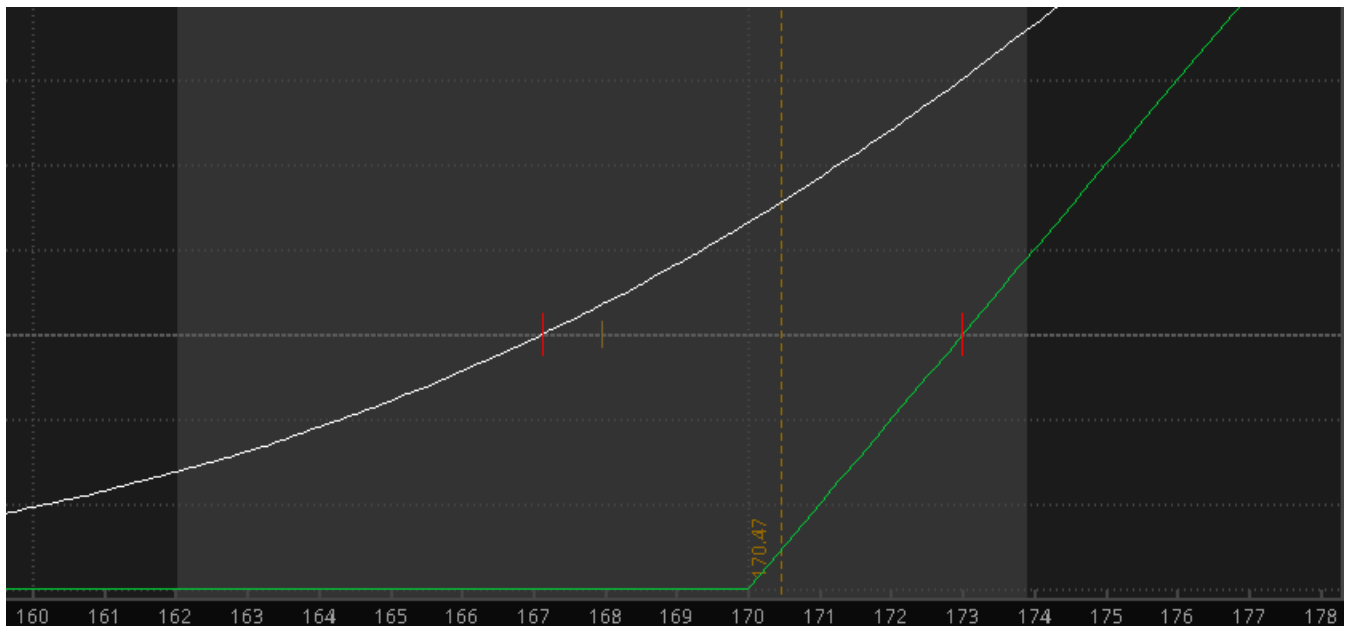
Trading Strategy: Long the **HON** October \$170 Calls at \$3 Or Better

Net Debit/Credit: Debit of \$3

Profitability Zone: HON Shares Above \$173 on October OpEx

Greeks: Delta ; Vega ; Gamma ; Theta

Options Volatility / Trade Simulator View:





Technical Analysis: On the weekly HON shares in a consolidation pattern and looking to clear \$172 for a breakout and uptrend resumption while the daily showing a handle forming the past two weeks with a cup pattern measuring to \$185 upside.



Fundamental Analysis: The \$121B Industrial leader trades 18.9X Earnings, 39.35X FCF and 14X EV/EBITDA with a 1.95% dividend yield. HON forecasts look for revenue growth to reaccelerate in FY20 and EPS growth back near double digits while EBITDA set to grow 6.8% in FY20 after 5.4% growth in FY19. HON had a strong start to 2019 with growth in long-cycle and Building Tech businesses and sees expanding segment margins and improving FCF conversion as priorities as well as a move to become a software-industrial where it is seeing 20% CAGR on sales. HON has been active with acquisitions of TruTrak, Attabotics, and Teatro and sees more aggressive capital deployment ahead. In Aero it is seeing robust demand for defense while business jets face tougher comps, and commercial air seeing continued strong demand. It reaffirms guidance last week for Q3 at the Morgan Stanley Conference where it did note some softness in Europe, particularly Germany. Analysts have an average target of \$184 and short interest low at 0.9% of the float. On 7/22 Argus kept a Buy rating and \$195 target on Honeywell shares seeing low double digit EPS growth the next five years, and diverse businesses. Hedge Fund ownership fell 14.5% in Q2 filings.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
9/9/2019	HON 100 18 OCT 19 165 PUT	1,111	550	\$2.85	-0.34	21.91%	37.07%	\$333,300	.HON191018P165
9/9/2019	HON 100 18 OCT 19 175 CALL	1,081	384	\$2.43	0.32	19.96%	30.10%	\$251,873	.HON191018C175
8/30/2019	HON 100 20 SEP 19 170 CALL	3,892	1,524	\$1.00	0.241	18.07%	22.75%	\$389,200	.HON190920C170
8/27/2019	HON 100 18 OCT 19 160 CALL	605	111	\$4.69	0.448	24.24%	41.32%	\$283,745	.HON191018C160
8/16/2019	HON 100 20 DEC 19 170 CALL	741	307	\$5.50	0.42	19.59%	37.67%	\$411,255	.HON191220C170
8/15/2019	HON 100 17 JAN 20 140 PUT	1,200	951	\$2.85	-0.18	26.76%	22.65%	\$342,000	.HON200117P140
8/13/2019	HON 100 19 JUN 20 145 CALL	455	0	\$27.93	0.78	23.43%	72.07%	\$1,270,815	.HON200619C145
8/12/2019	HON 100 19 JUN 20 160 CALL	400	307	\$14.45	0.59	20.49%	52.48%	\$598,000	.HON200619C160
8/5/2019	HON 100 20 MAR 20 140 CALL	147	0	\$27.40	0.79	24.60%	73.96%	\$402,780	.HON200320C140
7/8/2019	HON 100 20 DEC 19 180 CALL	763	348	\$6.10	0.44	16.75%	39.87%	\$465,430	.HON191220C180
7/2/2019	HON 100 20 DEC 19 195 CALL	655	91	\$1.70	0.19	14.87%	16.61%	\$125,105	.HON191220C195
6/25/2019	HON 100 19 JUN 20 155 PUT	455	141	\$7.40	-0.26	23.27%	34.62%	\$336,700	.HON200619P155
6/25/2019	HON 100 20 DEC 19 170 PUT	402	152	\$7.40	-0.4	19.71%	45.62%	\$297,480	.HON191220P170
6/18/2019	HON 100 20 SEP 19 185 CALL	2,072	445	\$2.25	0.28	15.36%	25.20%	\$509,712	.HON190920C185
6/18/2019	HON 100 20 SEP 19 190 CALL	1,527	302	\$1.06	0.16	14.54%	14.19%	\$175,605	.HON190920C190
6/11/2019	HON 100 19 JUN 20 175 CALL	400	204	\$11.50	0.5	19.31%	42.90%	\$460,000	.HON200619C175
5/21/2019	HON 100 20 DEC 19 175 CALL	2,684	113	\$6.35	0.42	16.73%	37.98%	\$1,731,180	.HON191220C175
4/18/2019	HON 100 20 SEP 19 175 CALL	1,389	729	\$3.73	0.38	14.99%	34.27%	\$604,215	.HON190920C175
4/17/2019	HON 100 20 SEP 19 165 PUT	500	1	\$7.80	-0.52	16.03%	56.54%	\$390,000	.HON190920P165
4/12/2019	HON 100 17 JAN 20 140 CALL	455	169	\$25.15	0.795	22.41%	74.51%	\$1,144,325	.HON200117C140
3/19/2019	HON 100 19 JUN 20 160 CALL	300	0	\$11.75	0.5	18.41%	43.05%	\$352,500	.HON200619C160

Potential Catalysts: Earnings 10-18-19; M&A

Disclaimer:**Not Investment Advice or Recommendation**

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