



Hilton Bullish Open Interest as Strong Base Forms

Ticker/Price: HLT (\$93.55)

Analysis:

Hilton (HLT) shares basing for the last six weeks at YTD VPOC and above the 12-month value-area with room back to recent highs near \$100 and a breakout to new highs. HLT had a bullish MACD crossover last week and RSI back above 50 yesterday with potential to run. The bullish wedge triggers about \$94.25 and strong all day yesterday closing on the highs. HLT has some bullish open interest including 1650 October \$92.50 calls bought around \$3.50 and over 3,000 January \$105 calls bought for \$3.77 in July as some other Oct. calls adjusted higher. The \$26.47B company trades 21.2X earnings and 2.87X sales with a small yield and industry-leading growth expected in FY20. HLT continues to see system-wide RevPAR growth of 1.5% with strength in both ADR and occupancy while management fees were up 8% last quarter. The company sees a path to continued share gains with more than 370,000 rooms in the pipeline across 109 countries (37 new geographies). Analysts have an average target for shares of \$92. Bernstein starting at Outperform last night, \$108 PT. Macquarie lowering estimates to Neutral on 9-3 seeing limited catalyst and the analyst expects weakening domestic RevPAR growth in Hilton's core midscale to upscale segments as supply remains elevated as the company approaches a tenth year of RevPAR expansion. Argus positive on the name with a \$96 PT citing their industry-leading loyalty program with approximately 85 million members as well as its potential to increase market share with about 20% of its rooms "currently under development worldwide". Short interest is 2.1% and down from 4.6% in January. Hedge Fund ownership fell 14.35% in Q2, mostly due to Vulcan Value selling 4.9M shares. Pershing Square remains a top holder with 10.9M shares, their third largest position, while Eagle Capital, Soroban, Hitchwood, and OZ Management other notable holders.

Hawk Vision:



Hawk's Perspective: HLT has been the preferred name in this group and continues to post strong numbers, the candle yesterday providing a clear level to trade against.

Confidence Ranking: \$\$