



## Berkshire Spreads See Upside Breakout in 2020

Ticker/Price: BRKB (\$208.76)

### Analysis:

**Berkshire Hathaway (BRK/B)** on Friday with 1400 June 2020 \$220/\$200 bull risk reversals opening for a small debit and name holding up well with sizable call open interest. BRK has 2,000 of next week's \$205 short puts in OI from 9-6, sold around \$4.50, and looking to hold current levels. It also has 2,000 June \$210 calls and most notably 10,000 of the January \$210 calls, over 20,000 of the \$220 calls, and 9,000+ of both the \$230 and \$240 calls in OI from buyers earlier this year and in 2018. Shares are in a big, bull wedge which stretches back to late 2017 and getting narrower with a move over \$213.50 triggering a move higher. On a daily chart, BRKB is coiled in a small flag above its 8- and 20-MA as well as cloud support. The \$515B conglomerate trades 19.3X earnings and 2X sales with 6-7% EPS growth and revenues up 4-5% annually the next two years. BRK has exposure to a lot of sectors within the US economy including rail (BNSF), housing (Benjamin Moore), industrial (PCP), and insurance (GEICO). They also have a steady retail footprint from See's Candy to Duracell. Earlier this year, Warren Buffett said he'd consider buying back \$100B in stock, about 20% of the market cap. Hedge fund ownership rose 11.65% in Q2. Eagle Capital Management, AQR, Adage Capital, and Brave Warrior notable holders. Peshing Square took a new and notable 3.5M share position as well. Vice COB Ajit Jain, once considered to be a top successor candidate for Warren Buffett, bought \$1.2M in stock in 2018 at \$199.82.

### Hawk Vision:



**Hawk's Perspective:** BRK.B remains one of the top setups and with its longer-term call open interest, one to keep an eye on for a position.

**Confidence Ranking:** \$\$