



AIG Longer Dated Calls Accumulate

Ticker/Price: AIG (\$53.80)

Analysis:

American Int'l Group (AIG) with buyers today of 1240 January 2021 \$55 calls \$5.45 to \$5.55 and follows over 5,000 January 2020 \$57.50 calls bought last week, a spot where 8200 sit in open interest. AIG has also seen buyers in the May \$50 calls and October \$55 calls while the November \$60 calls sit in OI over 10,000X from 9-10. Shares are back near the September lows and just above the 200-EMA as it continues to consolidate in a six-point range under \$58. The 20-week EMA remains support and a continuation of the run from the 2018 lows targets \$65 and a big VPOC from 2017. The \$47.7B insurer trades 10.5X earnings, 0.97X sales, and 0.74X book with a 2.35% yield. AIG is targeting double-digit EPS growth in FY21 as well as double-digit ROE as it looks to close the valuation gap with peers. AIG has been a turnaround story over the last 18 months after a new CEO was appointed who targeted more underwriting in GI as well as investing more in tech which will help them manage risk better. He also continues to position AIG in a more aggressive manner noting on 9-11 at the Barclays conference the company will likely bypass a buyback to focus more on reinvesting or acquisitions. Analysts have an average target for shares of \$58. RBC raising their PT to \$68 in August behind strong earnings growth and standout margin improvement. They also think AIG's pricing trends in P&C are gaining strength. Short interest is 1.7%. Hedge Fund ownership fell 2.85% in Q2. Harris Associates, Diamond Hill, and Viking Global notable buyers. AIG saw a number of smaller insider buys back in 2018 around current levels with a director adding \$250K at \$52.06.

Hawk Vision:



Hawk's Perspective: AIG has pulled back to attractive levels and have an alert in at the \$55 level, liking the continuous call accumulation and value.

Confidence Ranking: \$\$