



Abbott Labs Bullish Positioning as Healthcare Leader

Ticker/Price: ABT (\$89.4)

Analysis:

Abbott Labs (ABT) shares pulling back off of 52-week highs and today 765 January \$92.50 calls being bought around \$8.60 to open as some June calls bought back in August 2019 adjust up and out. ABT has seen buyers in the May 29th (W) \$98 calls recently as well as the May 8th (W) \$90 calls while the longer-term January 2022 \$80 calls bought and the Nov. \$90 puts sold as well. ABT continues to have some size May call OI in the \$90 line, over 4000, from buyers in Feb/March. ABT was one of few names to snap-back to new highs in April and modest retracement recently to YTD VPOC. A move above the 8-EMA at \$91.50 opens up for a re-test and return to new highs. The \$163B med-tech company trades 24.5X earnings and 5X sales. ABT has had an active two-and-a-half months since COVID-19 accelerated but a solid beat in mid-April and seemingly headwinds around elective procedures are abating and should ramp in Q3/Q4. ABT's near-term focus is on their COVID-19 tests that have been approved, expecting five in total which should be a tailwind to diagnostics. ABT sees volumes accelerating as they build out production with as many as 550M lab-based serology tests and 50M molecular tests on their ID NOW platform over the next 2-3 years given current demand. Analysts have an average target for shares of \$99.50. Stifel with a \$108 PT noting that ABT's COVID-19 tests could be a big driver in the 2H for their Diagnostics business while meaningfully incremental to overall sales as well. Wells Fargo positive with a \$107 PT citing their diversified business model with a 50/50 split between consumer demand and hospital demand. The firm also sees signs of stability in China. Short interest is 1.2%. Hedge fund ownership fell modestly in Q4. Winslow Capital remains a top holder while Polen Capital added over 8.8M shares.

Hawk Vision:



Hawk's Perspective: ABT with a nice orderly pullback currently, and a long-time favorite, waiting for a close above the 8 day MA.

Confidence Ranking: \$\$