



FEATURED OPTIONS RADAR REPORT



United Health Seen Having Strong 2021, Continuing Leadership Role

Ticker/Price: UNH (\$338)

Analysis:

United Health (UNH) on 12/18 with 1500 January 2022 \$450 calls trading in the \$8.50 to \$10.50 range throughout the session with buy-side flow and has seen some size buyers in January \$370 and \$390 OTM calls in early November while 33500 of the \$310 calls remain in open interest. UNH shares made a strong move in early November and since have consolidated in orderly fashion above the 13-week moving average and the 55-day moving average has also been supportive. Shares can work out of this pullback and target new highs at \$380, the 161.8% Fibonacci extension of the COVID correction. The \$326B best-in-class managed care company trades 18.8X Earnings and 20.75X FCF with a 1.46% yield, attractive valuation for a name delivering consistent top and bottom line growth. Analysts have an average target of \$385 and short interest low at 0.6% of the float. UNH held an Investor Day in early December and should benefit from a split government limiting too many changes to Healthcare policy. BMO raised its target to \$395 on 12/2 citing exceptional strong trends in Medicare Advantage growth. Truist raised its target to \$400 after the investor day citing strong core trends, complementary growth platforms and further penetration of integrated and value-based care while site-of-service re-direction offers a huge opportunity. JPM took its target up to \$430 expecting earnings growth acceleration through 2022 while MSCO upped its target to \$454 looking out to 2022 earnings power of around \$22/share. Hedge Fund ownership rose 1.3% in Q3 filings.

Hawk Vision:



Hawk's Perspective: UNH has coiled back to the rising 55-day MA so nicely and a best-in-class name, so looks great if can get over this past week high.

Confidence Ranking: \$\$