



FEATURED OPTIONS RADAR REPORT



Bulls in Hawaiian Air as Airline Stocks Breakout

Ticker/Price: HA (\$21.70)

Analysis:

Hawaiian Air (HA) buyer of 1,000 January \$18 calls today for \$4.40 to \$4.50, spot where 500 sit in OI from buyers recently. HA has some size April call spreads in open interest, although well in the money, while the January 2022 \$22 calls have seen steady accumulation since 11/9 with over 2,500 bought to open, most recently around \$5.40. HA is looking to clear a multi-week range and above the Pfizer news highs at \$22.25 with a measured run to \$27 which aligns with the gap fill from February. The \$935M regional airline trades 0.67X sales and less than 1X cash. HA expects to return to profitability in FY22. HA has been hampered by the pandemic as the islands closed off travel and Neighbor Island quarantining has made travel within the state burdensome. But, the company is starting to see improvement after a 10/15 lift on travel restrictions and service ramped higher with 44 city pairs now re-activated and over 117,000 seat capacity available. HA is also offering COVID testing and pre-travel programs to bolster confidence in flights. The company expects 2021 to be a big rebound year as leisure travel is primarily their focus and the area of commercial aviation that will rebound fastest and earliest. They've focused on cost-savings and minimizing cash burn lately and reached a deal with Boeing to push back fleet changes into 2022. Analysts have an average target for shares of \$16.75 with a Street High \$29 from Buckingham. Deutsche Bank cutting to Neutral on 11/10 noting that shares are discounting much of the good news from vaccine trials. Short interest is 9.71% of the float but steady over the last four years. Hedge fund ownership fell 2.8% in Q3.

Hawk Vision:



Hawk's Perspective: HA price action is strong and across the whole group seen big rallies but still fear that when reality sets in that travel will likely take years to return to pre-COVID levels, it will limit upside in the names.

Confidence Ranking: \$\$