

SPOTLIGHT OPTION TRADE



Call Spreads in Healthcare Leader as Headwinds Clear

TRADE SNAPSHOT

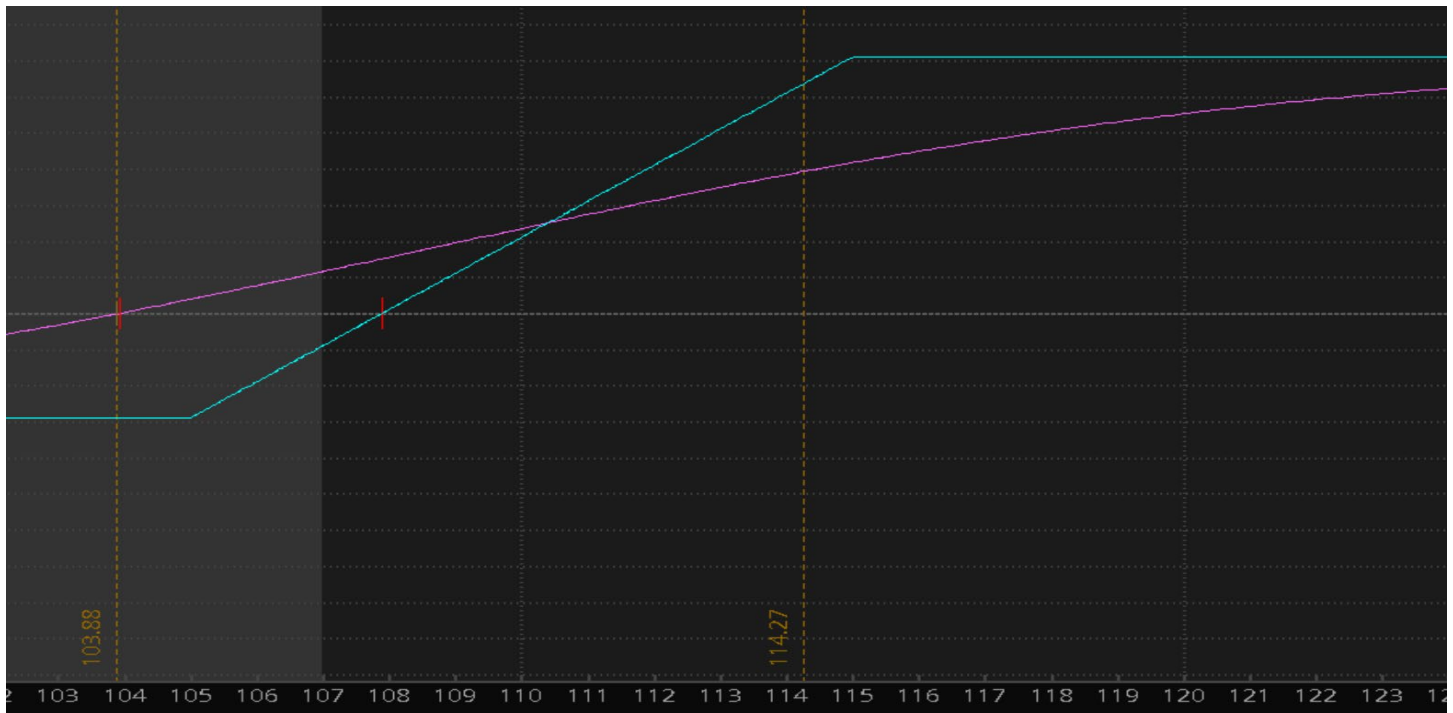
TICKER	ABT
SECURITY	Abbott Labs
SECTOR	Healthcare – Medical Devices
CURRENT PRICE	\$103.88
LONG/SHORT	Long
TARGET	\$115
STOP	\$97.50
TIMEFRAME	2 Months

Trading Strategy: Long the ABT January \$105/\$115 Call Spreads for \$2.90 Debit

Net Debit/Credit: Debit of \$2.90

Profitability Zone: ABT Above \$107.90 on January OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: ABT forming a bull flag just under trend resistance of a multi-month downtrend while RSI showing clear strength and positive moving average crosses below. Clearing 104 out of this base measures to 112 while the 200-day is at 110 as key resistance, but above that a big pocket to 116.



Fundamental Analysis: ABT's principal business is the discovery, development, manufacture, and sale of a broad and diversified line of health care products. Abbott has four reportable segments: Established Pharmaceutical Products, Diagnostic Products, Nutritional Products, and Medical Devices. ABT has a market cap of \$178B and trades 23.7X Earnings, 15X EBITDA and 4X Sales with a 1.8% yield. China, staffing, and the procedure environment brought a more muted procedure volume growth in the quarter versus expectations. Gross margin is expected to decline further to the 55%+ range in 2H, with formula production disruption driving meaningful drop through before a full resolution, and inflation headwinds continuing, partially offset by continued COVID-19 Dx strength. Management views the Libre franchise well-positioned to continue to deliver 30-40% growth in the US over the next several quarters. Abbott could emerge with a best-in-class balance sheet, supporting a faster organic profile in the base (ex COVID DX) business in 2023-2025 while looking to potential M&A. Analysts have an average target of \$116 and short interest is 1% of the float. Barclays defended shares on 10/21 citing a solid quarter despite some headwinds.

Options Activity:

Date	Ticker	Contract	Volume	Price	OI	Delta	IV	Premium	Last	Current OI ▾	△ Price %
10-31-2022	ABT	ABT 100 20 JAN 23 105 CALL	3,263	\$2.66	5,224	0.34	25.57%	\$854,906	\$3.53	8,604	▲ 32.71%
05-06-2022	ABT	ABT 100 16 JUN 23 100 PUT	1,214	\$7.25	41	-0.30	28.16%	\$880,150	\$5.8	8,082	▼ 20%
09-09-2022	ABT	ABT 100 20 JAN 23 95 PUT	4,569	\$2.23	1,393	-0.19	29.14%	\$1,069,146	\$1.12	6,590	▲ 49.78%
08-11-2022	ABT	ABT 100 20 JAN 23 100 PUT	2,000	\$3.05	1,521	-0.23	26.44%	\$594,000	\$2.23	5,954	▼ 26.89%
11-15-2022	ABT	ABT 100 16 DEC 22 105 CALL	2,809	\$2.18	3,072	0.43	24.1%	\$629,216	\$2	5,843	▼ 8.26%
06-02-2022	ABT	ABT 100 20 JAN 23 105 PUT	3,263	\$5.3	1,843	-0.30	28.47%	\$2,006,745	\$3.95	5,602	▲ 25.47%
10-17-2022	ABT	ABT 100 16 JUN 23 105 CALL	1,000	\$9.85	1,012	0.53	31.28%	\$1,005,000	\$8.5	5,073	▼ 13.71%
10-31-2022	ABT	ABT 100 20 JAN 23 90 PUT	3,260	\$1.81	1,623	-0.21	29.93%	\$606,360	\$0.58	5,013	▲ 67.96%
08-03-2022	ABT	ABT 100 19 JAN 24 120 CALL	500	\$10.1	130	0.45	26.61%	\$517,500	\$6.45	4,163	▲ 36.14%
08-23-2022	ABT	ABT 100 19 JAN 24 120 CALL	1,098	\$8.2	1,154	0.40	26.56%	\$916,830	\$6.45	4,163	▼ 21.34%
10-19-2022	ABT	ABT 100 19 JAN 24 120 CALL	1,511	\$5.75	3,035	0.32	29%	\$861,270	\$6.45	4,163	▲ 12.17%
11-01-2022	ABT	ABT 100 19 JAN 24 120 CALL	2,501	\$5.65	4,750	0.32	27.19%	\$1,425,570	\$6.45	4,163	▲ 14.16%

Potential Catalysts: Earnings in January; Buyback/M&A

Disclaimer:

Not Investment Advice or Recommendation

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