

Abbott Setting Up for Return to New Highs After Orderly Pullback

Date: 5/22/20



Abbott Labs (ABT) shares pulling back off of 52-week highs recently and basing at YTD VPOC as well as May value low.

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. ABT has seen a lot of bullish flows including 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.

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic
5/22/2020	ABT 100 (Weeklys) 29 MAY 20 91.5 CALL	2,058	154	\$1.56	0.48	32.54%	45.59%	\$321,048
5/22/2020	ABT 100 (Weeklys) 29 MAY 20 94 CALL	4,355	111	\$0.44	0.2	30.23%	18.86%	\$200,330
5/21/2020	ABT 100 20 NOV 20 125 CALL	1,028	49	\$0.55	0.08	30.67%	5.01%	\$68,876
5/14/2020	ABT 100 15 JAN 21 110 CALL	1,029	1,099	\$3.20	0.26	33.60%	17.99%	\$380,730
5/12/2020	ABT 100 19 JUN 20 100 PUT	724	296	\$7.27	-0.75	28.05%	77.76%	\$571,960
5/11/2020	ABT 100 20 NOV 20 92.5 PUT	702	256	\$7.91	-0.41	31.84%	50.42%	\$555,282
5/7/2020	ABT 100 19 JUN 20 100 CALL	2,013	4,322	\$1.63	0.28	29.72%	25.04%	\$332,145
5/4/2020	ABT 100 15 JAN 21 92.5 CALL	765	452	\$8.65	0.49	34.78%	38.16%	\$669,375

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.

