

## SPOTLIGHT OPTION TRADE



### AIG Calls Attractive into Pullback as Earnings Momentum Set to Continue

#### TRADE SNAPSHOT

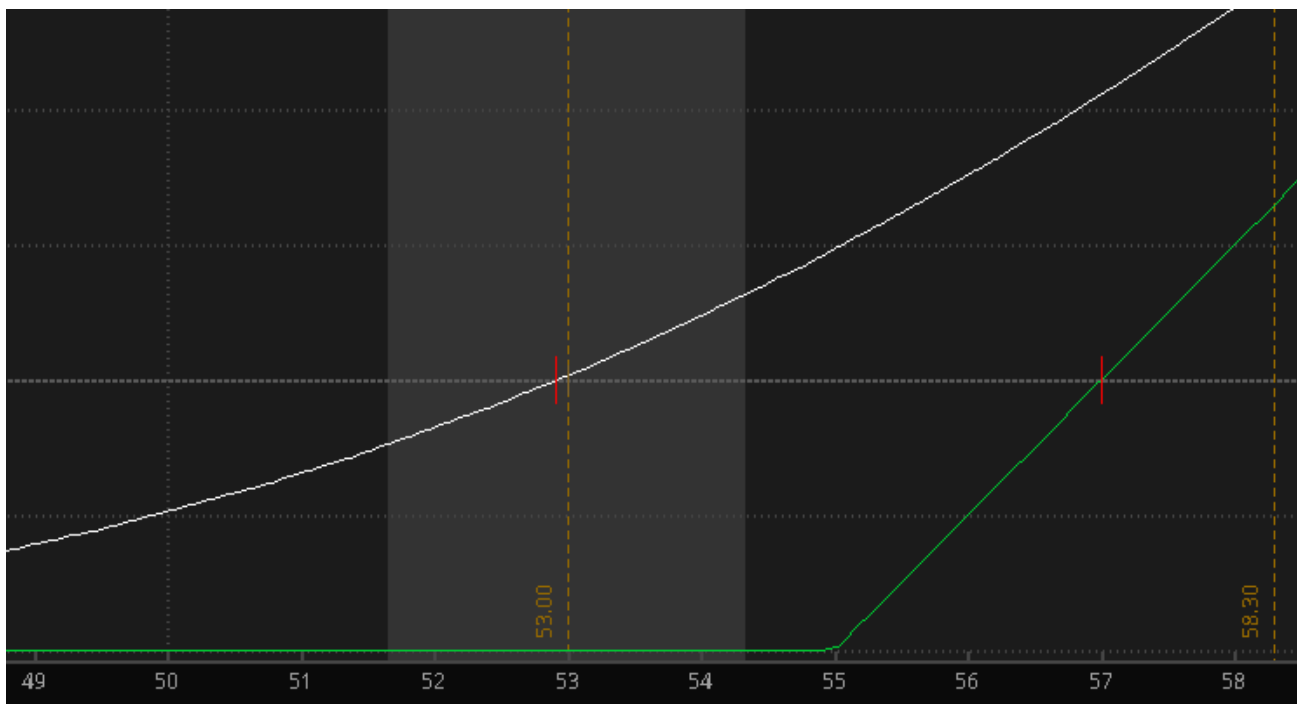
TICKER	AIG
SECURITY	American International Group
SECTOR	Financial – P&C Insurance
CURRENT PRICE	\$53
LONG/SHORT	Long
TARGET	\$60
STOP	\$51.50
TIMEFRAME	3 Months

**Trading Strategy:** Long the **AIG** January 2020 \$55 Calls at \$2 or Better

**Net Debit/Credit:** Debit of \$2

**Profitability Zone:** AIG Above \$57 on Jan. OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** AIG has shown some solid relative strength the last few months after some strong earnings reports and recently pulled back to potential trend support in a weekly channel up pattern and RSI back to neutral.



**Fundamental Analysis:** The \$46.5B Insurance Co. trades 10.3X Earnings, 0.73X Book and has a dividend yield of 2.4%. AIG forecasts seen a large jump in EPS next year and is a turnaround story with the new CEO, recently noting intent to look at acquisitions as opposed to further buybacks. Analysts have an average target near \$60 and short interest low at 1.7% of the float. RBC raising their PT to \$68 in August behind strong earnings growth and standout margin improvement. They also think AIG's pricing trends in P&C are gaining strength. Barclays out last week positive with a \$67 target and Wells Fargo out last month at a \$64 target noting expense programs outperforming.

### Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
10/7/2019	AIG 100 15 JAN 21 55 CALL	1,244	1,033	\$5.50	0.51	24.69%	40.71%	\$690,420	.AIG210115C55
10/3/2019	AIG 100 17 JAN 20 57.5 CALL	3,335	5,940	\$1.31	0.31	25.37%	25.87%	\$460,230	.AIG200117C57.5
10/2/2019	AIG 100 17 JAN 20 57.5 CALL	2,536	3,801	\$1.49	0.32	25.21%	27.79%	\$382,936	.AIG200117C57.5
10/1/2019	AIG 100 15 MAY 20 50 CALL	436	0	\$6.87	0.69	27.65%	61.13%	\$299,532	.AIG200515C50
10/1/2019	AIG 100 (Weeklys) 11 OCT 19 55 PUT	1,500	181	\$0.49	-0.33	21.98%	34.55%	\$73,500	.AIG191011P55
9/18/2019	AIG 100 19 JUN 20 57.5 PUT	1,075	39	\$5.00	-0.46	24.28%	54.82%	\$580,500	.AIG200619P57.5
9/18/2019	AIG 100 19 JUN 20 57.5 CALL	1,051	131	\$4.60	0.53	23.92%	45.21%	\$493,970	.AIG200619C57.5
9/13/2019	AIG 100 18 OCT 19 60 CALL	7,564	396	\$0.37	0.214	18.05%	19.83%	\$279,868	.AIG191018C60
9/12/2019	AIG 100 (Weeklys) 11 OCT 19 57 CALL	1,048	7	\$0.93	0.42	18.82%	39.92%	\$97,464	.AIG191011C57
9/10/2019	AIG 100 15 NOV 19 60 CALL	10,519	5,667	\$0.86	0.26	24.28%	22.88%	\$957,229	.AIG191115C60
8/30/2019	AIG 100 18 OCT 19 55 CALL	5,490	1,731	\$0.64	0.255	21.70%	23.06%	\$351,360	.AIG191018C55
8/30/2019	AIG 100 (Weeklys) 11 OCT 19 53 CALL	904	0	\$1.20	0.418	22.46%	38.87%	\$108,480	.AIG191011C53
8/14/2019	AIG 100 19 JUN 20 52.5 CALL	650	237	\$5.20	0.56	25.52%	47.58%	\$351,000	.AIG200619C52.5
8/14/2019	AIG 100 19 JUN 20 52.5 PUT	653	181	\$4.80	-0.42	25.62%	52.45%	\$313,440	.AIG200619P52.5
7/17/2019	AIG 100 15 JAN 21 42 PUT	1,139	755	\$1.65	-0.152	26.68%	24.88%	\$187,935	.AIG210115P42
7/16/2019	AIG 100 15 NOV 19 60 CALL	2,517	1,695	\$1.38	0.33	21.92%	28.28%	\$369,999	.AIG191115C60
5/15/2019	AIG 100 19 JUN 20 43 PUT	1,500	0	\$1.90	-0.2	26.74%	29.77%	\$285,000	.AIG200619P43
5/14/2019	AIG 100 17 JAN 20 49 CALL	2,003	93	\$5.23	0.63	23.88%	55.75%	\$1,061,590	.AIG200117C49
5/7/2019	AIG 100 15 JAN 21 45 CALL	1,204	2,108	\$8.75	0.7	21.50%	60.69%	\$1,101,660	.AIG210115C45

**Potential Catalysts:** Earnings 10/30; M&A

**Disclaimer:****Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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