



FEATURED OPTIONS RADAR REPORT



Put Sellers Confident in Recent Rebound for Regional Airline

Ticker/Price: ALK (\$54.45)

Analysis:

Alaska Air (ALK) with 5,500 May \$60 ITM puts sold to open from \$6.90 down to \$6.60 with shares flagging in a small range above the 8-EMA and follows recent sales in the April \$47.50 puts. ALK has bullish call open interest in the January \$45 strike and \$52.50 strike as well. Shares are flagging in a small range below March value and a breakout above \$55.25 has room to move back up to \$60. The \$6.76B company trades 8.9X earnings, 1.1X sales, and 6.5X FCF. ALK is a leading, regional low-cost air carrier with both passenger and cargo operations throughout the US. The company has positioned themselves well for a return to leisure travel and they noted at the JP Morgan Industrials conference last week that demand has been resilient despite COVID scares in 2022. The company is also positive on a return to business travel and making moves to bolster their position in the space through partnerships with agents like American Express. They see the more diverse mix of revenue helping them return to pre-COVID levels far sooner than previously expected while a boost in business travel volumes will likely pull more travelers into their ecosystem and help their leisure-side longer-term. Analysts have an average target for shares of \$76.50 with a Street High \$97. Barclays raising estimates in January as they're confident that leisure-focused low-cost carriers can differentiate as 2022 progresses and start to outperform the broader group. Hedge fund ownership fell 3% last quarter but Point72 a notable buyer. In June 2021, a director bought \$80K in stock at \$66.25, the largest open market buy in over 15 years. Short interest is 2.25%.

Hawk Vision:



Hawk's Perspective: ALK sets up well for a short-term trade above the 200-MA while I like their longer-term plans to compete better with American and others in their geographic hubs

Confidence Ranking: \$\$