



FEATURED OPTIONS RADAR REPORT



Allstate Bull Spread Positions for Continued Strength

Ticker/Price: ALL (\$137.40)

Analysis:

Allstate (ALL) with 5000 January \$150/\$170 call spreads bought today for \$3.30 with the \$110 puts sold 4,000X for \$2.96 and follows buyers of 2,000 June \$140 calls recently. ALL has also seen buyers in the October \$125 calls and January \$155 calls recently. ALL has been very strong lately, higher six of the last seven weeks, and trading at all-time highs after breaking above \$126.50 in April. ALL had been rangebound from 2018 to 2021 and longer-term measured move targets \$172.50. The \$40.75B company trades 10.4X earnings, 0.86X sales, and 1.7X book with a 2.37% yield. ALL has been posting strong results lately with 19.8% return on equity in Q1 driven by less-frequent auto accidents, strong profitability of homeowners insurance despite an active hurricane season and growth in their Protection Plans business.

The company closed on their deal for National General in January which will expand their market share in personal property-liability insurance and another strong for product growth in 2021. Analysts have an average target for shares of \$132 with a Street High \$155 from Argus who was out on 5/10 noting that ALL continues to post strong ROE and underwriting results, while its management has the ability to increase prices, reduce costs, and grow policies in force. JP Morgan raising estimates in May as they see multiple drivers for outperformance including their strong personal lines franchise, a positive outlook for business trends, and an attractive valuation. Short interest is 1.35%. Hedge fund ownership fell 6% in Q1.

Hawk Vision:



Hawk's Perspective: ALL has been a relative strength name since February and hasn't really given a nice dip to get involved with since but a move back to the 21-day around \$132.75 would be a nice risk/reward

Confidence Ranking: \$\$