

SPOTLIGHT OPTION TRADE



Credit Put Spreads in Aerospace Leader with Sellers Drying Up

TRADE SNAPSHOT

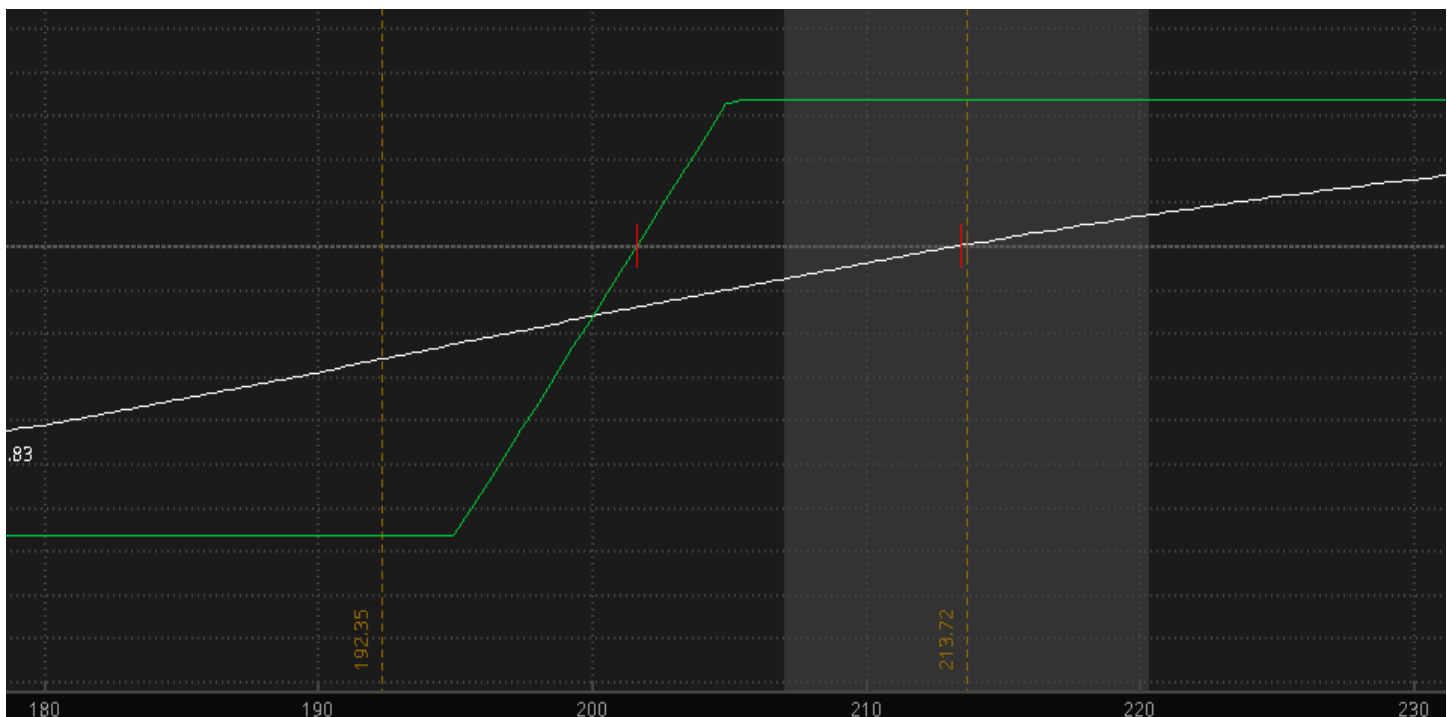
| | |
|---------------|-----------------------------------|
| TICKER | BA |
| SECURITY | Boeing |
| SECTOR | Industrials – Aerospace & Defense |
| CURRENT PRICE | \$213.38 |
| LONG/SHORT | Long Bias |
| TARGET | Above \$205 |
| STOP | None – Risk Defined |
| TIMEFRAME | 2.5 Months |

Trading Strategy: Sell the BA January \$205/\$195 Put Spreads for a \$3.35 Credit (Bull Put Spread)

Net Debit/Credit: Credit of \$3.35

Profitability Zone: BA shares above \$201.65 on January OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: BA shares sit on a 38.2% retracement level near \$206 as support as well as trend support, while below a pocket back to VWAP off the March 2020 lows and 50% retracement near \$183-\$185 zone would be in order but weekly MACD is curling up and looking to cross bullish and selling appears to be waning.



Fundamental Analysis: Boeing was hit hard by the pandemic as travel was hit hard and also has seen its own fair-share of company-specific issues. Both sides of this appear to be behind the company and the outlook remains bright for longer term commercial aerospace trends. The path of recovery in air traffic, MAX recertification, and path to better cash flow all come with varying degrees of uncertainty. BA's market cap is at \$126B and trades 17.4X FY22 EBITDA with revenues seen rising 15.8% in 2021 and 32.4% in 2022 with EBITDA rising 142% and 116% so Boeing sets up as a laggard to leader type play into 2022 as growth accelerates. Boeing should see several positive catalysts play out in coming months with FAA and China approvals. BA expects to generate positive FCF in 2022, is ramping the 737MAX to 31/month in early 2021, will return the 787 to 5/month once deliveries resume, and expects 777X first delivery in 2023. It expects China recertification of the MAX this year, with first deliveries in 1Q22. Analysts have an average target of \$260 with short interest low at 1.5% of the float. SIG lowered its target to \$267 but remains positive seeing BA well positioned to see robust growth in earnings and cash flow as the recovery in air travel continues to unfold.

Options Activity:

| Date | Description | Volume | Open.Int | Price | Delta | Impl Vo | Prob.ITN | Premium Paid | Symbol | Current Price | Current OI |
|------------|------------------------------------|--------|----------|---------|--------|---------|----------|--------------|-----------------|---------------|------------|
| 11/2/2021 | BA 100 21 JAN 22 185 PUT | 10,152 | 2,153 | \$3.67 | -0.18 | 35.34% | 22.49% | \$3,807,000 | .BA220121P185 | \$3.60 | 8068 |
| 11/2/2021 | BA 100 16 SEP 22 170 PUT | 1,017 | 849 | \$9.85 | -0.21 | 36.03% | 31.73% | \$1,017,000 | .BA220916P170 | \$9.85 | 1218 |
| 11/1/2021 | BA 100 19 JAN 24 155 PUT | 958 | 312 | \$13.85 | -0.19 | 33.56% | 34.87% | \$1,389,100 | .BA240119P155 | \$13.80 | 1123 |
| 10/29/2021 | BA 100 17 DEC 21 205 CALL | 13,023 | 1,080 | \$10.85 | 0.556 | 32.56% | 50.88% | \$14,129,955 | .BA211217C205 | \$13.60 | 13057 |
| 10/28/2021 | BA 100 17 MAR 23 225 CALL | 271 | 72 | \$25.75 | 0.49 | 32.83% | 33.92% | \$701,890 | .BA230317C225 | \$25.75 | 475 |
| 10/26/2021 | BA 100 18 FEB 22 225 PUT | 2,248 | 966 | \$25.38 | -0.62 | 32.51% | 68.97% | \$5,653,720 | .BA220218P225 | \$23.33 | 1522 |
| 10/26/2021 | BA 100 (Weeklys) 3 DEC 21 200 PUT | 1,042 | 96 | \$5.25 | -0.33 | 34.19% | 37.00% | \$562,680 | .BA211203P200 | \$3.05 | 564 |
| 10/26/2021 | BA 100 (Weeklys) 14 APR 22 195 PUT | 305 | 0 | \$12.70 | -0.33 | 34.64% | 42.15% | \$387,350 | .BA220414P195 | \$11.07 | 322 |
| 10/22/2021 | BA 100 17 DEC 21 215 PUT | 2,612 | 2,962 | \$11.72 | -0.505 | 31.97% | 55.53% | \$3,061,264 | .BA211217P215 | \$10.80 | 5224 |
| 10/22/2021 | BA 100 17 DEC 21 215 CALL | 2,678 | 1,264 | \$9.87 | 0.495 | 32.56% | 44.48% | \$2,643,186 | .BA211217C215 | \$8.50 | 7497 |
| 10/21/2021 | BA 100 19 JAN 24 330 CALL | 1,505 | 11 | \$14.63 | 0.27 | 33.49% | 13.30% | \$2,167,200 | .BA240119C330 | \$12.50 | 1546 |
| 10/20/2021 | BA 100 19 NOV 21 222.5 CALL | 1,549 | 278 | \$6.10 | 0.43 | 32.00% | 39.60% | \$944,890 | .BA211119C222.5 | \$2.19 | 2961 |
| 10/19/2021 | BA 100 19 JAN 24 210 PUT | 250 | 47 | \$36.75 | -0.38 | 31.84% | 57.20% | \$918,750 | .BA240119P210 | \$36.00 | 421 |
| 10/14/2021 | BA 100 (Weeklys) 5 NOV 21 230 CALL | 1,227 | 851 | \$2.90 | 0.28 | 32.63% | 24.95% | \$355,830 | .BA211105C230 | \$0.08 | 3755 |
| 10/12/2021 | BA 100 18 FEB 22 225 PUT | 1,433 | 668 | \$18.95 | -0.47 | 34.35% | 55.30% | \$2,737,030 | .BA220218P225 | \$23.33 | 1522 |
| 10/11/2021 | BA 100 17 DEC 21 240 CALL | 4,751 | 1,695 | \$7.70 | 0.37 | 33.72% | 31.69% | \$3,658,270 | .BA211217C240 | \$1.94 | 7574 |
| 10/8/2021 | BA 100 19 NOV 21 235 CALL | 3,280 | 3,115 | \$6.70 | 0.391 | 33.30% | 34.85% | \$2,197,600 | .BA211119C235 | \$0.58 | 6187 |
| 10/8/2021 | BA 100 18 MAR 22 230 CALL | 903 | 682 | \$19.25 | 0.519 | 34.85% | 42.68% | \$1,738,275 | .BA220318C230 | \$10.50 | 1913 |
| 10/7/2021 | BA 100 19 JAN 24 200 PUT | 600 | 326 | \$30.60 | -0.307 | 33.64% | 50.28% | \$1,836,000 | .BA240119P200 | \$32.45 | 1928 |
| 10/6/2021 | BA 100 20 MAY 22 320 CALL | 2,041 | 3 | \$3.00 | 0.118 | 33.83% | 7.32% | \$612,300 | .BA220520C320 | \$1.60 | 1423 |
| 10/6/2021 | BA 100 20 MAY 22 270 CALL | 1,013 | 8 | \$8.80 | 0.291 | 33.73% | 20.75% | \$891,440 | .BA220520C270 | \$4.85 | 640 |
| 10/6/2021 | BA 100 17 DEC 21 260 CALL | 1,242 | 537 | \$3.00 | 0.19 | 33.90% | 15.18% | \$372,600 | .BA211217C260 | \$0.70 | 2420 |
| 9/29/2021 | BA 100 21 JAN 22 260 CALL | 8,167 | 4,128 | \$5.55 | 0.25 | 32.14% | 19.60% | \$4,573,520 | .BA220121C260 | \$1.78 | 8982 |
| 9/29/2021 | BA 100 (Weeklys) 5 NOV 21 220 PUT | 513 | 33 | \$7.57 | -0.38 | 35.75% | 42.40% | \$388,341 | .BA211105P220 | \$7.55 | 1859 |
| 9/28/2021 | BA 100 20 JAN 23 175 PUT | 1,520 | 3,518 | \$15.45 | -0.23 | 37.32% | 37.52% | \$2,409,200 | .BA230120P175 | \$15.26 | 6110 |

Potential Catalysts: Dubai Air Show November 14th-18th; FAA Approval to Resume 787 Deliveries; China 737 MAX Regulatory Approval

Disclaimer:

Not Investment Advice or Recommendation

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