



## Call Buyers Add in Mega-Cap Financial as Consumer Strength Resonates

**Ticker/Price:** BAC (\$40.37)

### Analysis:

**Bank of America (BAC)** buyers of more than 8,000 November \$41 calls on Friday, adding to open interest that has swelled to 12,644, and following buyers recently in the October \$42 calls and January \$39 calls. BAC still has size in the Sept. \$38 calls and June 2022 \$35 calls. Shares are back-testing the top of July value and the 21-EMA, nice spots for a rebound and continuation higher of the near-term trend. BAC has been consolidating in a weekly bull flag under \$43.50 and a breakout has room to \$50. The \$338B company trades 13.4X earnings, 0.40X cash, and 1.37X book. BAC saw NII trough in late 2020 and now working on three straight quarters of improvement with expectations to keep growing. BAC said in July they expect to hit \$1B in NII by Q4 as loan growth continues and rates stabilize. The company has continued to benefit from a strong consumer with card growth, wealth management, and Merrill investment account growth all jumping. BAC is continuing to work on limiting expenses but expects organic growth to pick back up in 2022 as the economy continues to bounce back. Analysts have an average target for shares of \$40 and a Street High \$47. There hasn't been a lot of recent coverage but KBW starting shares at Neutral on 7/6. The firm thinks BAC is 'over-owned' but overall remains constructive on large-cap banks due to expectations for the Federal Reserve to raise short-term rates. Hedge fund ownership fell 8% in Q2.

### Hawk Vision:



**Hawk's Perspective:** BAC has a nice longer-term pattern and back at an ideal risk/reward spot here against July value and the 21-EMA

**Confidence Ranking:** \$\$