



FEATURED OPTIONS RADAR REPORT



Bank of America Call Buyers See Further Strength

Ticker/Price: BAC (\$36.67)

Analysis:

Bank of America (BAC) on 3/3 with large buys of 20,000 May \$38 calls for over \$3.5M and follows some strong bullish flow since the start of the year with April \$35 and April \$39 size call buys as well as action out in August calls. Banks are hot with the current rise in yields and BAC shares clearing 2020 highs this week with the first Fibonacci extension target up to \$42.35, shares at the highest level since 2008. The \$317B Bank trades 12.5X Earnings, 1.25X Book and yields a 2% dividend. BAC revenues are seen flat to down 1% in 2021 while EPS is seen rising 30%. BAC is fairly sensitive to interest rates and also correlated to a strengthening economy. BAC spoke at the Financial Services Forum on 2-26 and detailed a strong outlook for NII in 2H21. Analysts have an average target of \$37 and short interest minimal at 0.8% of the float. Wells Fargo out positive on 2/22 noting a path to \$55/share seeing BAC undervalued for its tech-driven, low-cost earnings model and sees EPS doubling over the next few years. Hedge Fund ownership rose 1.93% in the latest quarter filings, Berkshire Hathaway with a massive \$30B position as its second largest holding.

Hawk Vision:



Hawk's Perspective: BAC likely has further room to run along with the rest of the Banks, clearly a much stronger/longer rotation taking places with the expected inflection of yields.

Confidence Ranking: \$\$