



FEATURED OPTIONS RADAR REPORT



Bull Positions for Upside in Leading US Airliner Set for Business Acceleration as Restrictions Lift

Ticker/Price: DAL (\$43.25)

Analysis:

Delta (DAL) buyer 10,000 June \$47 calls \$1.30, looks to be adjusting from \$50 strike and follows sellers in the May \$40 and December \$40 puts late last week. DAL has seen buyers in the September \$44 calls recently while the December \$38 calls with \$1M bought on 4/20. DAL has run back up to resistance of a multi-month range near \$45 with a breakout move targeting a broader run up to \$55. Shares are hammering off the rising 8-EMA with support below at \$41.50 near the February VPOC. The \$27.9B company trades 7.2X earnings, 0.80X sales, and 11.7X FCF. DAL has seen a strong recovery with their revenue outlook back near 80% of 2019 levels. The company is targeting mid-teens ROI as they improve their cost structure, reduce debt, and reinvest for growth and productivity. DAL is benefitting from a surge in consumer demand which has continued to recover faster with each variant and set for a bigger acceleration into the 2H and 2023 as business travelers return to the skies and more travel restrictions lift internationally. Analysts have an average target for shares of \$53 with a Street High \$70. MSCO raising their PT to \$67 last week as the company poured cold water on the capacity and corporate bear cases while United remains very well positioned to benefit from the industry sweet spot. JP Morgan with a \$70 PT for shares noting that aside from fuel and geopolitical pressures, almost every fundamental input is stronger than last year. The analyst does not believe investors have missed the recovery saying history suggests we're nowhere near the point of demand destruction. Short interest is 2.8%. Insiders active in mid- and late-2021 buying stock between \$35.50 and \$46. Hedge fund ownership fell marginally last quarter.

Hawk Vision:



Hawk's Perspective: DAL has been on a strong run and looking for a consolidation around this \$46 level before breaking out of the bigger consolidation with plenty of tailwinds into the 2H

Confidence Ranking: \$\$