



FEATURED OPTIONS RADAR REPORT



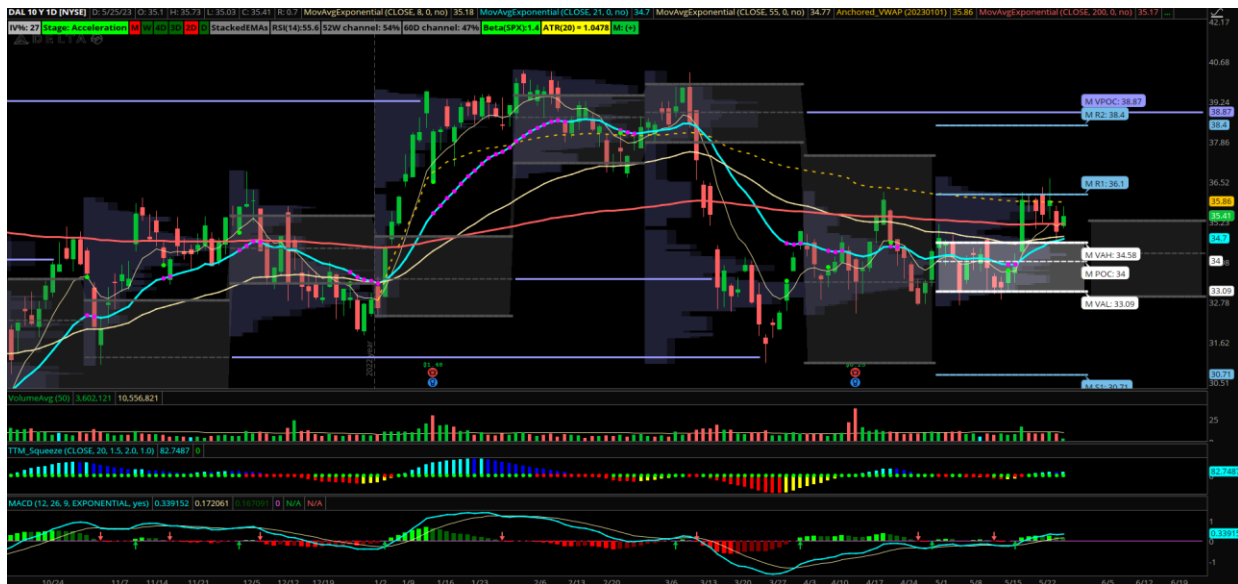
Airline with Recent Insider Buys Sees Large Bullish Flow Accumulate

Ticker/Price: DAL (\$35.20)

Analysis:

Delta Airlines (DAL) on 5/24 saw a buyer of 6000 September \$38/\$45 call spreads for \$1.36 as June \$38 calls adjusted out further in time and the day prior a massive opening sale of 2250 January 2025 \$35 puts sold to open midday for \$5.11 which followed an opening sale for 1000 July \$37 puts for 2.18 showing repeat confidence in this mid 30's zone holding as a floor of support. DAL also still has a large buyer of 3000 January \$33 calls in open interest after buys on 3/10 for \$8.30 while also 2000 of the Jan 2025 \$40 ITM puts sold to open on 3/14 for \$7.75. DAL saw a director make insider buys last month for over \$400k in stock bought between \$32.83 and \$34.26 a share. The \$22.7B company trades at 5.9x earnings, 0.7x sales, FCF yield of 6.9% while revenue expected to grow +6% in FY23 and growth estimated +4% in FY24. Delta is coming off a mixed quarter where they missed estimates but gave stronger forward guidance as the CEO said Q1 is a seasonally weak quarter and Demand is very strong for Q2 and the company is planning for capacity growth as he is not seeing a trend of consumer spending slowdown. Shares have been trending sideways since the pullback from March highs at 40 and now retesting and holding above the key 2022 yearly POC support at 32.50 which should hold as a floor given these large put sales in the options. A move above 36 can see a retest higher of 39 which is yearly value area high but a weekly close above that can see a breakout commence higher to 45. Average analyst target is \$50. JPM lowered their target to \$69 from \$81 but keeps an Overweight rating this month saying the long term relationship between the airlines discounters and the Big 3 has inverted, as it is now the larger airlines that control the high ground. The firm believes this newfound relationship between operating models can persist. Morgan is bullish and raised its target to \$70 from \$65 last month saying it thinks Delta's 2024 \$7 EPS target may be achievable this year, if jet fuel cooperates. The market is only priced in half this number. Short interest is at 3.1%. Hedge fund ownership fell 10%.

Hawk Vision:



Hawk's Perspective: DAL has tested strong POC support and held so selling puts works here or can follow those September 38/45 call spreads for a more simple way to play the summer rebound potential.

Confidence Ranking: \$\$