



## FEATURED OPTIONS RADAR REPORT



### Bullish Open Interest Accumulates in Industrial Turnaround Story

**Ticker/Price:** GE (\$106.50)

#### Analysis:

**General Electric (GE)** bullish flow accumulating recently including a buyer of 5000 January \$120/\$135 call spreads for \$2.55 on 8/11, 1000 January 2023 \$95/\$80 bull risk reversals opened for \$16.15 on 8/9, and an opening sale of 1000 November \$100 puts for \$5.90 to \$5.85 on 8/5. GE is forming a nice weekly bull flag under \$110.50 and set to clear a cup-and-handle that stretches back to early 2020 with a long-term target of \$175. The \$114.75B company trades 24.37X earnings, 1.5X sales, and 4X cash. GE is a transformation story as they shed assets to improve the balance sheet and focus more on their industrial business. The company announced a deal in March to sell their jet leasing business to AerCap while they will also wind-down the debt-heavy GE Capital. The former is expected to close by year-end and accelerate their debt-reduction efforts. CEO Larry Culp outlined a plan earlier this year to target growth verticals like the energy transition and precision healthcare while the aviation unit which makes jet engines has tailwinds from a recovery in global travel and a more normalized aerospace environment. GE sees catalysts going forward from new commercial wins and growth in services, new products, and investing in innovation such as renewable energy. Analysts have an average target for shares of \$115 with a Street High \$136. Citi positive on the long-term turnaround on 7/1 and simplification efforts as their end markets continue to improve. The firm also thinks that as GE's FCF generation continues to improve, its capital deployment could increasingly come into focus with growth-focused internal investments a high priority and likely accompanied by dividend increases over time. Hedge fund ownership fell 9.5%. Viking Global a size buyer of 3.9M shares and Ceredex Value adding 584K shares. Insiders active in the name including a buyer in March 2021 at \$100 while others, including the CEO, bought stock in 2020 at \$70-\$75. Short interest is less than 1%.

#### Hawk Vision:



**Hawk's Perspective:** GE sets up great on the chart with the fundamental outlook the best it has been in a long time while the flows recently are supportive of a move back through the recent highs

**Confidence Ranking:** \$\$