



FEATURED OPTIONS RADAR



Bulls See Stronger 2024 for Lagging Multi-Industrial

Ticker/Price: HON (\$189.50)

Analysis:

Honeywell (HON) is seeing some interesting trades positioning for upside in 2024 with 750 March \$190 calls bought on 11/6 for \$650K and 1500 March \$200 calls bought at \$4.30 on 11/15. HON still has 10,000 December \$200/\$170 short strangles in open interest with that range seen holding through year-end. HON also saw 500 March \$200 puts sell to open on 7/27 and 500 January 2025 \$175 puts sell to open on 8/16. HON shares are -11.5% YTD lagging broader markets but a recent bottom at three-year trend support while weekly MACD just flipped to a bull signal. HON has a key VPOC at \$194.50 and a key AVWAP near \$198.25 before it can make a run back to \$220 highs from late 2022. HON invents and commercializes technologies that address some of the world's most critical challenges around energy, safety, security, air travel, productivity, and global urbanization. HON is a leading software-industrial company committed to introducing state of the art technology solutions to improve efficiency, productivity, sustainability, and safety in high growth businesses in broad-based, attractive industrial end markets. Honeywell Forge connected solutions for aircraft, buildings, cybersecurity, plants, and workers are driving a recurring revenue model across the Company. Aerospace, Building Tech and Performance Materials are core segments along with Safety Products. HON has a \$125B market cap and trades 19X Earnings, 14.7X EBITDA and with a 3.2% FCF yield and 2.2% dividend yield. Revenues are seen rising 5-7% annually the next three years along with 8-12% annual EPS growth, a steady grower. HON is seeing improving supply chain, project strength in process industries, and a strong rebound in aerospace markets. HON is realigning the business as a premier technology company around 3 powerful megatrends: automation, the future of aviation and energy transition, all underpinned by digitization. HON recently announced its Advanced Air Mobility unit secured \$10B in contracts. HON needs to see a rebound in short-cycle businesses to re-rate higher. Orders were a bright spot for Honeywell, particularly given slowing trends at peers in Q3. Analysts have an average target of \$211 with short interest low at less than 1% of the float. BAML rates HON a Buy with a \$265 target, seeing short-cycle recovering off a trough while Aerospace very strong and providing a margin benefit.

Hawk Vision:



Hawk's Perspective: HON is a bit of a forgotten quality name and offers consistent growth at attractive valuation. March calls appear to be the clear favorite and January/March \$200 call calendars at \$2.80 a nice structure.

Confidence Ranking: \$\$