



FEATURED OPTIONS RADAR REPORT



Call Buyers Target Recovery in Leading LCC at Long-Term Support

Ticker/Price: JBLU (\$15.25)

Analysis:

Jet Blue (JBLU) buyers coming in here for 7,500 January \$17 calls \$0.99 to \$1.03 and follows recent sales in the March \$14 puts. JBLU had buyers of the October \$16 calls over 3,500X last week, spread with \$15 puts sold, while the January 2023 \$25 calls bought in early August 2000X. The September \$15, \$16, and \$18 calls all have notable open interest while the January 2023 has been popular with put sales all year. Shares have pulled back from 52-week highs and now at a confluence of long-term support including the 50% retracement of the move from the 2020 lows, 2-year VPOC, and just above VWAP from the same lows in March at \$13.50. A move higher out of this recent base at \$15.85 has room to run with a low-volume gap back to a major resistance area at \$18.75 to \$20.25. The \$4.67B company trades 12.8X earnings, 1.4X sales, and 6.5X FCF. JBLU benefited in Q2 from a stronger consumer with travel confidence returning and significant pent-up demand, especially around domestic leisure travel. The company has seen strong cash flows from operations as they focus on efficiency measures to shore up the balance sheet and a multi-pronged plan to grow margins. JBLU has seen strong early returns from their Northeast Alliance with American that was authorized earlier this year and expanding more routes to NY and Boston and expanding into seven new cities through mid-year. Additionally, their new 'Fare 2.0' initiative is also helping them grow revenues and should be a significant tailwind as they scale up flights and capacity into 2022. In July the company also noted that their new co-brand agreement with Barclays and Mastercard should be a long-term driver of margin growth as it enhances the value of their overall program. Analysts have an average target for shares of \$20.50 with a Street High \$30. Susquehanna positive on 7/28 on the long-term outlook citing several planned revenue initiatives which should help offset some of the margin pressure. Short interest is 3%. Hedge fund ownership rose 4.5% last quarter.

Hawk Vision:



Hawk's Perspective: JBLU is going to have some headline risk given delta's uncertainty but back at a big area of longer-term support and easy to manage spot here versus the recent lows and should continue to see the balance sheet improve and benefit from their self-help initiatives as volumes stabilize

Confidence Ranking: \$\$