



## FEATURED OPTIONS RADAR REPORT



### Lockheed Bulls Position for Q1 Strength After Aerojet Deal

**Ticker/Price:** LMT \$348.5

#### Analysis:

**Lockheed Martin (LMT)** with 1,600 March \$350 calls being bought early for \$13.10 to \$14.20 and now volume running above 3200X. LMT has seen bullish flow into the March expiration lately including sellers in the \$340 puts on 11/25 and buyers in the \$380 calls on 11/17. Longer-term, the Jan. 2022 \$280 puts with size sales on 11/4. Shares are back at support that stretches back to mid-2018 and the low-end of 2020 value, a potential area of interest for a bounce despite near-term election risk. In the near-term, a move back above \$255 key to regaining some momentum with \$370 above a nice target as VWAP from the Summer highs. The \$96.2B company is a best-in-class operator and trades 13.2X earnings, 1.5X sales, and 26.8X cash with a 3% yield. The company is coming off a strong quarter with momentum in aeronautics and missiles/fire control and positive on the outlook despite the political risks. LMT recently announced a deal for Aerojet (AJRD) that positions them well in hypersonic, a big growth area. The deal also likely drives efficiencies for the company in both space and missile development which they expect to help them get products to market faster as well as in a more cost-friendly manner. Analysts have an average target for shares of \$452 with a Street High \$509 from MSCO, positive on defense spending over the next four years under Biden and citing their best-of-breed portfolio. Short interest is 1.07%. Hedge fund ownership fell 3% in Q3, ArrowStreet a top buyer. The last notable insider buying was around these levels in August 2019, a director adding \$500,000 in stock at \$376.32.

#### Hawk Vision:



**Hawk's Perspective:** LMT is my favorite large-cap defense name and I think the AJRD deal is a long-term winner in a high-growth space but near-term LMT needs to show better price action before getting involved

**Confidence Ranking:** \$\$