



FEATURED OPTIONS RADAR REPORT



Bullish Positioning Builds in Hotel Leader as Business Travel Returns

Ticker/Price: MAR (\$138)

Analysis:

Marriott (MAR) buyers of 4000 October \$140 calls for \$6.85 to \$7 and follows a large opening sale of 3,000 October \$135 puts in late July for \$4.75. MAR has over 6,000 October \$135 calls in open interest as well from buyers on 7/19. Shares are trading in a narrow weekly channel from the February highs with a breakout above \$145 in focus for a run at multi-year highs. MAR's consolidation is forming at the right side of a big four-year consolidation under \$155 that has room to run to \$185-\$190 on a breakout with both weekly MACD and RSI with plenty of room for expansion. The \$44.7B company trades 27.25X earnings, 4.5X sales, and 67X cash. MAR is coming off of a mixed quarter with trends improving across the board but muted expectations for unit growth into 2023. The company noted they're starting to see leisure travel bookings in China all surpassing 2019 levels for the first time since the pandemic started, impressive given the strict border restrictions and evidence of pent-up demand. MAR expects to see business travel pick up after Labor Day as more companies return to the office and children go back to in-person schooling. They also expect a big surge in international demand to return into late 2021 and early 2022 as borders in Europe reopen. Last week, the company noted that they saw some modest slowdowns in regions impacted by the Delta Variant but those all have reversed and picking up steam again, so optimism on the broader trend higher despite the current worries. Analysts have an average target for shares of \$133 with a Street High \$158. BMO raising estimates on 8/3 citing strong Q2 earnings and the business recovery rapidly progressing and with momentum continuing into July. Truist positive citing borders reopening and longer-term focus on global, high-end travel returning. Short interest is 1.87%.

Hawk Vision:



Hawk's Perspective: MAR is in a similar technical position to peers like Hyatt and Hilton and think it sets up well on a risk/reward basis ahead of the Fall with two clear drivers for optimism on trends

Confidence Ranking: \$\$