



## Metlife Bull Adjusts into Q1 Earnings

**Ticker/Price:** MET \$41

### Analysis:

**Metlife (MET)** with 10,000 February \$42.50 calls bought for \$1.23, adjusting back the \$45 calls and follows buyers in the June \$40 and \$45 calls over the last two weeks. The June \$35 puts also sold to open 1,100X on 12/12. MET has over 4,000 March \$42.50 short puts in OI as well from August. Shares have been weak since early 2018 but back at key breakout support at \$39 as well as trend support from the 2009 lows. MET is forming a bullish wedge on the longer-term chart with a move above \$42.50 opening up a return to \$50. The \$41.5B insurer trades 7.5X earning, 0.8X book and 3.85 FCF with a 4% yield. MET expected 10% EPS growth in FY2020 with revenues returning to positive growth as well. MET is coming off a strong quarter driven by better underwriting and volumes. In December, the company gave an upbeat 2019 outlook targeting 12-14% ROE. Analysts have an average target for shares of \$54 with 7 buy ratings and 6 hold ratings. Short interest is 1.3% and near multi-year lows. Sandler O'Neill upgraded shares to Buy with a \$46 PT on Wednesday seeing a significant disconnect between fundamentals and valuation. The firm thinks Q4 will be noisy but underlying business momentum is intact. RBC has a \$50 PT. Institutional ownership rose 4.2% last quarter. Janney, Artemis, and Masters Capital top buyers. On 12/19, a Director bought \$250K in stock at \$39 and earlier in the year another director bought \$461K in stock at \$46.

### Hawk Vision:



**Trading Strategy:** MET is not an exciting name and would prefer to open a new position closer to that support level but with the 4% yield one to keep on the watchlist.

**Confidence Ranking:** \$\$