

US Equity Strategy & US Derivatives Research

Navigating Earnings with Options

Options screens for 4Q23 earnings

Ahead of this week's US earnings reports, we provide screens to help navigate the announcements with options. The screens rank Russell 1000 stocks reporting this week by how cheap or expensive it is to position for a potential earnings surprise with options.

We go beyond the frequently cited implied moves (the size of the earnings reaction implied by option markets) and rely on historical option costs and post-earnings reactions, proprietary positioning metrics, and this quarter's BofA EPS estimates from our fundamental equity research analysts.

We also highlight those stocks that appear on our US Equity & Quant Strategy *Earnings Surprise* screens (see [4Q Earnings Tracker](#)).

See inside for all tables and details.

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Equity and Quant Strategy
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Earnings Options Screens

Starting from the universe of Russell 1000 stocks expected to report earnings during the week of 22-Jan, we rank the stocks based on:

- *Option-based measures:* how expensive vs history are calls and puts expiring on the Friday after earnings
- *Fundamental measures:* how this quarter's BofA EPS estimates compare to the Bloomberg consensus (which is predictive of subsequent stock returns; see [Quant Profiles](#) report)
- *Positioning measures:* how heavily owned or shorted the underlying stocks are

The first screen (Exhibit 1) focuses simply on option-based measures, ranking the stocks purely by how cheap or expensive option prices are compared to (i) the stock's reaction during its last 8 earnings releases and (ii) option prices during the last 3m (since the last earnings release).

We then produce screens for Long Calls, Long Puts, Short Calls, and Short Puts (Exhibits 2-5). The inputs for the screens include option-based measures, but also incorporate fundamental and positioning indicators that may be relevant for the possible direction of the stock and magnitude of its reaction post-earnings.

For more details on the construction of each variable and score, see the Methodology section.

Exhibit 1: Implied vol screen: Companies rank higher if they have low implied moves and straddle premiums vs history

The companies are ranked by how cheap it is to own options to position for a potential earnings surprise

Ticker	Company Name	Report Date	Implied move	Implied move vs history ^a	Earnings straddle premium ^b	Implied vol Score
ADM	Archer-Daniels-Midland	26-Jan (Bef-mkt)	0.0%	-1.35	1.14	-0.10
AGNC	AGNC Investment	22-Jan (Aft-mkt)	2.4%	-0.46	1.45	0.50
ABT	Abbott Laboratories	24-Jan (Bef-mkt)	2.5%	-0.56	2.19	0.81
ZION	Zions Bancorp	22-Jan (Aft-mkt)	2.6%	-0.97	3.48	1.25
ISRG	Intuitive Surgical	23-Jan (Aft-mkt)	5.1%	-0.61	3.21	1.30
WAL	Western Alliance Bancorp	25-Jan (Aft-mkt)	4.4%	-0.65	3.54	1.45
JNJ	Johnson & Johnson	23-Jan (Bef-mkt)	1.9%	-0.17	3.40	1.62
CSX	CSX	24-Jan (Aft-mkt)	3.1%	0.24	3.29	1.76
HUM	Humana	25-Jan (Bef-mkt)	3.6%	0.36	3.69	2.03
HAL	Halliburton	23-Jan (Bef-mkt)	3.0%	0.54	3.81	2.18
NOC	Northrop Grumman	25-Jan (Bef-mkt)	3.0%	0.20	14.34	7.27
NOW	ServiceNow	24-Jan (Aft-mkt)	5.1%	-0.08	15.44	7.68
V	Visa	25-Jan (Aft-mkt)	3.0%	-0.15	15.79	7.82
CMCSA	Comcast	25-Jan (Bef-mkt)	4.2%	-0.33	16.15	7.91
GE	General Electric	23-Jan (Bef-mkt)	5.0%	0.10	15.76	7.93
TXN	Texas Instruments	23-Jan (Aft-mkt)	3.8%	0.32	15.69	8.01
RTX	RTX	23-Jan (Bef-mkt)	3.4%	-0.15	16.48	8.17
WDC	Western Digital	25-Jan (Aft-mkt)	5.9%	0.91	17.26	9.09
PG	Procter & Gamble	23-Jan (Bef-mkt)	2.6%	-0.37	19.61	9.62
NFLX	Netflix	23-Jan (Aft-mkt)	7.4%	-0.71	29.65	14.47

Source: BofA Securities, Bloomberg, FactSet. Data as of 19-Jan-2024. ^a current implied move vs the average return on earnings day over the last 8 quarters (Z-score). ^b compares the current cost of next week's straddle with the average cost of the weekly straddles over the last 3m (Z-score). The table shows only the names ranked in the top and bottom 10 of the screen. This is a screen and not a recommended list either individually or as a group of stocks and options. Investors should consider the fundamentals of the companies and their own individual circumstances / objectives before making any investment decisions.

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Exhibit 2: Long Call: companies rank higher if they have low implied vol, high BofA EPS estimates, and are heavily shorted and/or lightly owned

The companies are ranked by how cheap it is to position with calls for a potential earnings surprise. For Implied vol Score, BofA EPS Score, and Positioning Score, a higher number means the stock ranks higher in that category.

Ticker	Company Name	Report Date	Implied move	Implied move vs history ^a	Earnings straddle premium ^b	Implied vol Score	BofA EPS Score ^c	Fund holdings [*]	Short Interest [*]	Positioning Score	Aggregate Score
JNJ	Johnson & Johnson	23-Jan (Bef-mkt)	1.9%	-0.17	3.40	-1.62	11.79	-0.32	-0.70	-0.19	3.33
AGNC	AGNC Investment	22-Jan (Aft-mkt)	2.4%	-0.46	1.45	-0.50	0.22	-0.82	1.09	0.95	0.23
ADM	Archer-Daniels-Midland	26-Jan (Bef-mkt)	0.0%	-1.35	1.14	0.10	0.06	0.01	-0.60	-0.31	-0.05
WAL	Western Alliance Bancorp	25-Jan (Aft-mkt)	4.4%	-0.65	3.54	-1.45	0.24	-0.82	0.27	0.55	-0.22
URI	United Rentals	24-Jan (Aft-mkt)	5.5%	0.59	8.73	-4.66	3.68	1.63	0.47	-0.58	-0.52
ISRG	Intuitive Surgical	23-Jan (Aft-mkt)	5.1%	-0.61	3.21	-1.30	0.53	0.99	-0.66	-0.82	-0.53
IBM	Intl Business Machines	24-Jan (Aft-mkt)	3.9%	-0.18	5.61	-2.71	0.60	-0.81	-0.29	0.26	-0.62
NEE	NextEra Energy	25-Jan (Bef-mkt)	3.4%	-0.45	6.74	-3.15	1.34	-0.35	-0.66	-0.15	-0.65
MMM	3M	23-Jan (Bef-mkt)	3.5%	0.11	5.75	-2.93	0.58	-0.74	-0.55	0.10	-0.75
VLO	Valero Energy	25-Jan (Bef-mkt)	2.4%	0.24	4.50	-2.37	-0.15	-0.49	-0.43	0.03	-0.83
HAL	Halliburton	23-Jan (Bef-mkt)	3.0%	0.54	3.81	-2.18	0.44	1.32	-0.34	-0.83	-0.85
DOW	Dow	25-Jan (Bef-mkt)	2.2%	-0.17	5.36	-2.60	-0.07	-0.67	-0.50	0.08	-0.86
ABT	Abbott Laboratories	24-Jan (Bef-mkt)	2.5%	-0.56	2.19	-0.81	-1.25	0.48	-0.67	-0.57	-0.88
BX	Blackstone	25-Jan (Bef-mkt)	3.0%	-0.53	6.02	-2.74	0.03	0.69	0.20	-0.25	-0.99
TSLA	Tesla	24-Jan (Aft-mkt)	5.3%	-1.42	6.51	-2.54	-0.43	-0.22	-0.42	-0.10	-1.02
CSX	CSX	24-Jan (Aft-mkt)	3.1%	0.24	3.29	-1.76	-0.92	0.51	-0.63	-0.57	-1.08
T	AT&T	24-Jan (Bef-mkt)	4.2%	-0.82	5.44	-2.31	-1.21	-0.84	-0.67	0.09	-1.14
TMUS	T-Mobile	25-Jan (Aft-mkt)	3.0%	-0.32	10.45	-5.07	1.58	0.60	0.10	-0.25	-1.25
FCX	Freeport-McMoRan	24-Jan (Bef-mkt)	3.2%	-0.20	4.87	-2.34	-0.72	0.85	-0.62	-0.74	-1.26
VZ	Verizon	23-Jan (Bef-mkt)	3.0%	-0.21	7.26	-3.52	-0.82	-0.72	-0.67	0.02	-1.44
GD	General Dynamics	24-Jan (Bef-mkt)	2.5%	0.32	7.18	-3.75	-0.02	0.71	-0.63	-0.67	-1.48
CL	Colgate-Palmolive	26-Jan (Bef-mkt)	1.9%	-0.28	7.77	-3.74	-1.10	-0.37	-0.67	-0.15	-1.67
LRCX	Lam Research	24-Jan (Aft-mkt)	5.1%	-0.25	9.57	-4.66	-0.57	0.29	-0.48	-0.38	-1.87
LUV	Southwest Airlines	25-Jan (Bef-mkt)	5.9%	0.88	8.73	-4.81	-0.64	1.30	0.26	-0.52	-1.99
KLAC	KLA	25-Jan (Aft-mkt)	4.9%	0.40	8.94	-4.67	-0.31	1.55	-0.65	-1.10	-2.02
UNP	Union Pacific	25-Jan (Bef-mkt)	3.0%	-0.10	10.78	-5.34	-0.30	0.44	-0.57	-0.50	-2.05
ELV	Elevance Health	24-Jan (Bef-mkt)	4.4%	0.40	9.26	-4.83	-0.95	0.13	-0.65	-0.39	-2.05
UAL	United Airlines	22-Jan (Aft-mkt)	5.5%	-0.41	9.92	-4.76	-0.79	1.59	0.33	-0.63	-2.06
DHI	Dr Horton	23-Jan (Bef-mkt)	3.8%	0.77	7.78	-4.28	-1.21	0.91	-0.65	-0.78	-2.09
AXP	American Express	26-Jan (Bef-mkt)	3.5%	-0.30	11.11	-5.40	-0.48	0.34	-0.53	-0.44	-2.11
NSC	Norfolk Southern	26-Jan (Bef-mkt)	4.3%	0.88	9.69	-5.29	-0.66	0.34	-0.66	-0.50	-2.15
LMT	Lockheed Martin	23-Jan (Bef-mkt)	2.5%	-0.12	13.22	-6.55	0.20	-0.33	-0.63	-0.15	-2.16
INTC	Intel	25-Jan (Aft-mkt)	6.3%	-0.60	11.88	-5.64	-0.45	0.23	-0.61	-0.42	-2.17
V	Visa	25-Jan (Aft-mkt)	3.0%	-0.15	15.79	-7.82	0.21	1.23	2.46	0.62	-2.33
LVS	Las Vegas Sands	24-Jan (Aft-mkt)	5.2%	0.40	13.78	-7.09	0.33	0.46	-0.49	-0.48	-2.41
WDC	Western Digital	25-Jan (Aft-mkt)	5.9%	0.91	17.26	-9.09	0.58	-0.82	0.10	0.46	-2.68
NOW	ServiceNow	24-Jan (Aft-mkt)	5.1%	-0.08	15.44	-7.68	0.45	1.37	-0.64	-1.00	-2.75
COF	Capital One	25-Jan (Aft-mkt)	4.6%	-0.16	11.60	-5.72	-1.35	1.98	-0.40	-1.19	-2.75
CMCSA†	Comcast	25-Jan (Bef-mkt)	4.2%	-0.33	16.15	-7.91	-0.43	1.20	-0.69	-0.95	-3.09
TXN	Texas Instruments	23-Jan (Aft-mkt)	3.8%	0.32	15.69	-8.01	-0.68	0.67	-0.58	-0.62	-3.10
NOC	Northrop Grumman	25-Jan (Bef-mkt)	3.0%	0.20	14.34	-7.27	-0.68	2.23	-0.59	-1.41	-3.12
GE	General Electric	23-Jan (Bef-mkt)	5.0%	0.10	15.76	-7.93	-0.39	2.44	-0.63	-1.53	-3.28
PG	Procter & Gamble	23-Jan (Bef-mkt)	2.6%	-0.37	19.61	-9.62	-0.67	-0.40	-0.84	-0.22	-3.50
NFLX	Netflix	23-Jan (Aft-mkt)	7.4%	-0.71	29.65	-14.47	0.16	1.90	-0.47	-1.19	-5.16
HUM	Humana	25-Jan (Bef-mkt)	3.6%	0.36	3.69	-2.03	-14.79	0.81	-0.50	-0.66	-5.82

Source: BofA Securities, Bloomberg, FactSet. Data as of 19-Jan-2024. ^a Z-score. ^b Name appears in our equity strategists' positive surprise screen. ^c current implied move vs the average return on earnings day over the last 8 quarters (Z-score). ^d compares the current cost of next week's straddle with the average cost of the weekly straddles over the last 3m (Z-score). ^e BofA EPS estimate vs consensus (Z-score). Fund holdings as of 31-Dec-2023. Note: Implied vol Score, BofA EPS Score, and Positioning Score, a higher number means the stock ranks higher in that category. This is a screen and not a recommended list either individually or as a group of stocks and options. Investors should consider the fundamentals of the companies and their own individual circumstances / objectives before making any investment decisions.

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Exhibit 3: Long Puts: companies rank higher if they have low implied vol, low BofA EPS estimates, and are lightly shorted and/or heavily owned

The companies are ranked by how cheap it is to position with puts for a potential earnings surprise. For Implied vol Score, BofA EPS Score, and Positioning Score, a higher number means the stock ranks higher in that category.

Ticker	Company Name	Report Date	Implied move	Implied move vs history ^a	Earnings straddle premium ^b	Implied vol Score	BofA EPS Score ^c	Fund holdings*	Short Interest*	Positioning Score	Aggregate Score
ZION	Zions Bancorp	22-Jan (Aft-mkt)	2.6%	-0.97	3.48	-1.25	-0.42	-0.83	0.61	-0.72	-0.80
AAL	American Airlines	25-Jan (Bef-mkt)	5.5%	0.89	7.49	-4.19	0.58	-0.17	0.82	-0.50	-1.37
KMB	Kimberly-Clark	24-Jan (Bef-mkt)	2.8%	-0.01	11.15	-5.57	0.94	-0.33	-0.71	0.19	-1.48
RTX	RTX	23-Jan (Bef-mkt)	3.4%	-0.15	16.48	-8.17	-0.89	1.24	0.15	0.54	-2.84

Source: BofA Securities, Bloomberg, FactSet. Data as of 19-Jan-2024. * Z-score. ^a current implied move vs the average return on earnings day over the last 8 quarters (Z-score). ^b compares the current cost of next week's straddle with the average cost of the weekly straddles over the last 3m (Z-score). ^c BofA EPS estimate vs consensus (Z-score). Fund holdings as of 31-Dec-2023. Note: Implied vol Score, BofA EPS Score, and Positioning Score, a higher number means the stock ranks higher in that category. This is a screen and not a recommended list either individually or as a group of stocks and options. Investors should consider the fundamentals of the companies and their own individual circumstances / objectives before making any investment decisions.

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Exhibit 4: Short Calls: companies rank higher if they have high implied vol, low BofA EPS estimates, and are lightly shorted and/or heavily owned

The companies are ranked by how expensive it is to position with calls for a potential earnings surprise. For Implied vol Score, BofA EPS Score, and Positioning Score, a higher number means the stock ranks higher in that category.

Ticker	Company Name	Report Date	Implied move	Implied move vs history ^a	Earnings straddle premium ^b	Implied vol Score	BofA EPS Score ^c	Fund holdings*	Short Interest*	Positioning Score	Aggregate Score
RTX	RTX	23-Jan (Bef-mkt)	3.4%	-0.15	16.48	8.17	-0.89	1.24	0.15	0.54	2.61
KMB	Kimberly-Clark	24-Jan (Bef-mkt)	2.8%	-0.01	11.15	5.57	0.94	-0.33	-0.71	0.19	2.23
AAL	American Airlines	25-Jan (Bef-mkt)	5.5%	0.89	7.49	4.19	0.58	-0.17	0.82	-0.50	1.43
ZION	Zions Bancorp	22-Jan (Aft-mkt)	2.6%	-0.97	3.48	1.25	-0.42	-0.83	0.61	-0.72	0.04

Source: BofA Securities, Bloomberg, FactSet. Data as of 19-Jan-2024. * Z-score. ^a current implied move vs the average return on earnings day over the last 8 quarters (Z-score). ^b compares the current cost of next week's straddle with the average cost of the weekly straddles over the last 3m (Z-score). ^c BofA EPS estimate vs consensus (Z-score). Fund holdings as of 31-Dec-2023. Note: Implied vol Score, BofA EPS Score, and Positioning Score, a higher number means the stock ranks higher in that category. This is a screen and not a recommended list either individually or as a group of stocks and options. Investors should consider the fundamentals of the companies and their own individual circumstances / objectives before making any investment decisions.

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Exhibit 5: Short Puts: companies rank higher if they have high implied vol, high BofA EPS estimates, and are heavily shorted and/or lightly owned

The companies are ranked by how expensive it is to position with puts for a potential earnings surprise. For Implied vol Score, BofA EPS Score, and Positioning Score, a higher number means the stock ranks higher in that category.

Ticker	Company Name	Report Date	Implied move	Implied move vs history ^a	Earnings straddle premium ^b	Implied vol Score	BofA EPS Score ^c	Fund holdings [*]	Short Interest [*]	Positioning Score	Aggregate Score
NFLX	Netflix	23-Jan (Aft-mkt)	7.4%	-0.71	29.65	14.47	0.16	1.90	-0.47	-1.19	4.48
JNJ	Johnson & Johnson	23-Jan (Bef-mkt)	1.9%	-0.17	3.40	1.62	11.79	-0.32	-0.70	-0.19	4.41
WDC	Western Digital	25-Jan (Aft-mkt)	5.9%	0.91	17.26	9.09	0.58	-0.82	0.10	0.46	3.38
PG	Procter & Gamble	23-Jan (Bef-mkt)	2.6%	-0.37	19.61	9.62	-0.67	-0.40	-0.84	-0.22	2.91
V	Visa	25-Jan (Aft-mkt)	3.0%	-0.15	15.79	7.82	0.21	1.23	2.46	0.62	2.88
URI	United Rentals	24-Jan (Aft-mkt)	5.5%	0.59	8.73	4.66	3.68	1.63	0.47	-0.58	2.59
NOW	ServiceNow	24-Jan (Aft-mkt)	5.1%	-0.08	15.44	7.68	0.45	1.37	-0.64	-1.00	2.38
LVS	Las Vegas Sands	24-Jan (Aft-mkt)	5.2%	0.40	13.78	7.09	0.33	0.46	-0.49	-0.48	2.31
TXN	Texas Instruments	23-Jan (Aft-mkt)	3.8%	0.32	15.69	8.01	-0.68	0.67	-0.58	-0.62	2.24
LMT	Lockheed Martin	23-Jan (Bef-mkt)	2.5%	-0.12	13.22	6.55	0.20	-0.33	-0.63	-0.15	2.20
CMCSA	Comcast	25-Jan (Bef-mkt)	4.2%	-0.33	16.15	7.91	-0.43	1.20	-0.69	-0.95	2.18
TMUS	T-Mobile	25-Jan (Aft-mkt)	3.0%	-0.32	10.45	5.07	1.58	0.60	0.10	-0.25	2.13
GE	General Electric	23-Jan (Bef-mkt)	5.0%	0.10	15.76	7.93	-0.39	2.44	-0.63	-1.53	2.00
NOC	Northrop Grumman	25-Jan (Bef-mkt)	3.0%	0.20	14.34	7.27	-0.68	2.23	-0.59	-1.41	1.72
INTC	Intel	25-Jan (Aft-mkt)	6.3%	-0.60	11.88	5.64	-0.45	0.23	-0.61	-0.42	1.59
UNP	Union Pacific	25-Jan (Bef-mkt)	3.0%	-0.10	10.78	5.34	-0.30	0.44	-0.57	-0.50	1.51
AXP	American Express	26-Jan (Bef-mkt)	3.5%	-0.30	11.11	5.40	-0.48	0.34	-0.53	-0.44	1.50
NEE	NextEra Energy	25-Jan (Bef-mkt)	3.4%	-0.45	6.74	3.15	1.34	-0.35	-0.66	-0.15	1.44
NSC	Norfolk Southern	26-Jan (Bef-mkt)	4.3%	0.88	9.69	5.29	-0.66	0.34	-0.66	-0.50	1.38
LRCX	Lam Research	24-Jan (Aft-mkt)	5.1%	-0.25	9.57	4.66	-0.57	0.29	-0.48	-0.38	1.24
LUV	Southwest Airlines	25-Jan (Bef-mkt)	5.9%	0.88	8.73	4.81	-0.64	1.30	0.26	-0.52	1.22
MMM	3M	23-Jan (Bef-mkt)	3.5%	0.11	5.75	2.93	0.58	-0.74	-0.55	0.10	1.20
IBM	Intl Business Machines	24-Jan (Aft-mkt)	3.9%	-0.18	5.61	2.71	0.60	-0.81	-0.29	0.26	1.19
ELV	Elevance Health	24-Jan (Bef-mkt)	4.4%	0.40	9.26	4.83	-0.95	0.13	-0.65	-0.39	1.17
UAL	United Airlines	22-Jan (Aft-mkt)	5.5%	-0.41	9.92	4.76	-0.79	1.59	0.33	-0.63	1.11
KLAC	KLA	25-Jan (Aft-mkt)	4.9%	0.40	8.94	4.67	-0.31	1.55	-0.65	-1.10	1.09
COF	Capital One	25-Jan (Aft-mkt)	4.6%	-0.16	11.60	5.72	-1.35	1.98	-0.40	-1.19	1.06
GD	General Dynamics	25-Jan (Bef-mkt)	2.5%	0.32	7.18	3.75	-0.02	0.71	-0.63	-0.67	1.02
VZ	Verizon	23-Jan (Bef-mkt)	3.0%	-0.21	7.26	3.52	-0.82	-0.72	-0.67	0.02	0.91
DOW	Dow	25-Jan (Bef-mkt)	2.2%	-0.17	5.36	2.60	-0.07	-0.67	-0.50	0.08	0.87
BX	Blackstone	25-Jan (Bef-mkt)	3.0%	-0.53	6.02	2.74	0.03	0.69	0.20	-0.25	0.84
CL	Colgate-Palmolive	26-Jan (Bef-mkt)	1.9%	-0.28	7.77	3.74	-1.10	-0.37	-0.67	-0.15	0.83
DHI	Dr Horton	23-Jan (Bef-mkt)	3.8%	0.77	7.78	4.28	-1.21	0.91	-0.65	-0.78	0.76
VLO	Valero Energy	25-Jan (Bef-mkt)	2.4%	0.24	4.50	2.37	-0.15	-0.49	-0.43	0.03	0.75
WAL	Western Alliance Bancorp	25-Jan (Aft-mkt)	4.4%	-0.65	3.54	1.45	0.24	-0.82	0.27	0.55	0.74
TSLA	Tesla	24-Jan (Aft-mkt)	5.3%	-1.42	6.51	2.54	-0.43	-0.22	-0.42	-0.10	0.67
HAL	Halliburton	23-Jan (Bef-mkt)	3.0%	0.54	3.81	2.18	0.44	1.32	-0.34	-0.83	0.60
AGNC	AGNC Investment	22-Jan (Aft-mkt)	2.4%	-0.46	1.45	0.50	0.22	-0.82	1.09	0.95	0.56
T	AT&T	24-Jan (Bef-mkt)	4.2%	-0.82	5.44	2.31	-1.21	-0.84	-0.67	0.09	0.40
ISRG	Intuitive Surgical	23-Jan (Aft-mkt)	5.1%	-0.61	3.21	1.30	0.53	0.99	-0.66	-0.82	0.33
FCX	Freeport-McMoRan	24-Jan (Bef-mkt)	3.2%	-0.20	4.87	2.34	-0.72	0.85	-0.62	-0.74	0.29
CSX	CSX	24-Jan (Aft-mkt)	3.1%	0.24	3.29	1.76	-0.92	0.51	-0.63	-0.57	0.09
ADM	Archer-Daniels-Midland	26-Jan (Bef-mkt)	0.0%	-1.35	1.14	-0.10	0.06	0.01	-0.60	-0.31	-0.12
ABT	Abbott Laboratories	24-Jan (Bef-mkt)	2.5%	-0.56	2.19	0.81	-1.25	0.48	-0.67	-0.57	-0.34
HUM	Humana	25-Jan (Bef-mkt)	3.6%	0.36	3.69	2.03	-14.79	0.81	-0.50	-0.66	-4.47

Source: BofA Securities, Bloomberg, FactSet. Data as of 19-Jan-2024. ^a Z-score. [#]Name appears in our equity strategists' positive surprise screen. ^{*} current implied move vs the average return on earnings day over the last 8 quarters (Z-score). ^b compares the current cost of next week's straddle with the average cost of the weekly straddles over the last 3m (Z-score). ^c BofA EPS estimate vs consensus (Z-score). Fund holdings as of 31-Dec-2023. Note: Implied vol Score, BofA EPS Score, and Positioning Score, a higher number means the stock ranks higher in that category. This is a screen and not a recommended list either individually or as a group of stocks and options. Investors should consider the fundamentals of the companies and their own individual circumstances / objectives before making any investment decisions.

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Exhibit 6: Underlying Data

Data behind the Z-scores shown in Exhibits 1-5

Ticker	Company Name	Sector	Report Date	Implied move	Average absolute move vs past 8Q	Earnings straddle premium vs 3m avg.	BofA EPS Estimate	Fund weight relative to index	Fund weight relative to sector	Short Interest	Days to cover
ABT	Abbott Laboratories	Health Care	24-Jan (Bef-mkt)	2.5%	3.8%	1.63	1.18	116.4%	101.0%	0.7%	2.65
	Archer-Daniels-										
ADM	Midland	Consumer Staples	26-Jan (Bef-mkt)	0.0%	2.7%	1.14	1.67	76.0%	103.0%	1.6%	2.37
AGNC	AGNC Investment	Financials	22-Jan (Aft-mkt)	2.4%	3.4%	1.24	0.60	1.7%	1.8%	10.1%	5.06
AXP	American Express	Financials	26-Jan (Bef-mkt)	3.5%	4.5%	2.08	2.60	97.0%	100.7%	1.3%	2.17
BX	Blackstone	Financials	25-Jan (Bef-mkt)	3.0%	4.4%	1.49	1.00	126.1%	130.9%	5.3%	9.42
CL	Colgate-Palmolive	Consumer Staples	26-Jan (Bef-mkt)	1.9%	2.4%	1.84	0.84	44.7%	60.6%	1.3%	2.37
CMCSA	Comcast	Communication Services	25-Jan (Bef-mkt)	4.2%	5.4%	2.21	0.77	167.4%	130.5%	1.0%	2.28
COF	Capital One	Financials	25-Jan (Bef-mkt)	4.6%	5.0%	1.92	2.32	231.5%	240.4%	2.0%	2.59
CSX	CSX	Industrials	24-Jan (Aft-mkt)	3.1%	2.8%	1.60	0.43	113.5%	111.2%	0.9%	1.73
DHI	Dr Horton	Consumer Discretionary	23-Jan (Bef-mkt)	3.8%	2.9%	1.72	2.73	161.5%	154.5%	1.9%	2.17
DOW	Dow	Materials	25-Jan (Bef-mkt)	2.2%	2.5%	1.55	0.40	9.0%	9.9%	1.6%	2.75
ELV	Elevance Health	Health Care	24-Jan (Bef-mkt)	4.4%	3.6%	1.98	5.51	87.5%	75.9%	0.9%	1.89
FCX	Freeport-McMoRan	Materials	24-Jan (Bef-mkt)	3.2%	3.7%	1.51	0.20	149.7%	164.4%	1.0%	1.18
GD	General Dynamics	Industrials	24-Jan (Bef-mkt)	2.5%	2.0%	1.80	3.76	130.1%	127.4%	0.9%	2.17
GE	General Electric	Industrials	23-Jan (Bef-mkt)	5.0%	4.6%	2.47	0.88	271.5%	266.0%	0.9%	2.39
HAL	Halliburton	Energy	23-Jan (Bef-mkt)	3.0%	2.4%	1.30	0.80	193.5%	225.7%	2.8%	3.37
HUM	Humana	Health Care	25-Jan (Bef-mkt)	3.6%	2.8%	1.77	-0.01	144.0%	125.0%	1.7%	1.14
IBM	Intl Business Machines	Information Technology	24-Jan (Aft-mkt)	3.9%	4.3%	2.64	3.81	11.8%	11.7%	3.0%	6.65
INTC	Intel	Information Technology	25-Jan (Aft-mkt)	6.3%	7.4%	2.36	0.44	93.1%	92.4%	1.6%	1.72
ISRG	Intuitive Surgical	Health Care	23-Jan (Aft-mkt)	5.1%	7.4%	2.01	1.50	158.3%	137.4%	0.8%	1.66
JNJ	Johnson & Johnson	Health Care	23-Jan (Bef-mkt)	1.9%	2.2%	1.43	2.50	50.2%	43.5%	0.6%	2.02
KLAC	KLA	Information Technology	25-Jan (Aft-mkt)	4.9%	3.9%	1.85	5.86	196.4%	195.1%	1.4%	2.28
LMT	Lockheed Martin	Industrials	23-Jan (Bef-mkt)	2.5%	2.8%	2.02	7.31	45.0%	44.1%	0.9%	2.29
LRCX	Lam Research	Information Technology	24-Jan (Aft-mkt)	5.1%	5.7%	2.11	7.01	97.4%	96.7%	2.2%	2.98
LUV	Southwest Airlines	Industrials	25-Jan (Bef-mkt)	5.9%	3.7%	1.82	0.08	178.3%	174.7%	6.0%	3.92
LVS	Las Vegas Sands	Consumer Discretionary	24-Jan (Aft-mkt)	5.2%	4.7%	1.99	0.64	121.0%	115.8%	2.9%	2.36
MMM	3M	Industrials	23-Jan (Bef-mkt)	3.5%	3.3%	1.84	2.33	11.2%	10.9%	1.4%	2.35
NEE	NextEra Energy	Utilities	25-Jan (Bef-mkt)	3.4%	4.8%	1.67	0.55	39.0%	57.3%	1.2%	2.20
NFLX	Netflix	Communication Services	23-Jan (Aft-mkt)	7.4%	14.2%	3.08	2.26	223.1%	173.9%	2.5%	2.59
NOC	Northrop Grumman	Industrials	25-Jan (Bef-mkt)	3.0%	2.6%	1.97	5.69	254.5%	249.4%	1.1%	2.46
NOW	ServiceNow	Information Technology	24-Jan (Aft-mkt)	5.1%	5.4%	2.23	2.84	181.7%	180.4%	1.5%	3.03
NSC	Norfolk Southern	Industrials	26-Jan (Bef-mkt)	4.3%	2.8%	1.82	2.82	100.1%	98.0%	0.8%	1.59
PG	Procter & Gamble	Consumer Staples	23-Jan (Bef-mkt)	2.6%	3.1%	2.05	1.68	42.1%	57.0%	0.6%	2.04
T	AT&T	Communication Services	24-Jan (Bef-mkt)	4.2%	6.5%	2.12	0.52	4.4%	3.4%	1.2%	2.15
TMUS	T-Mobile	Communication Services	25-Jan (Aft-mkt)	3.0%	4.1%	2.03	2.04	119.7%	93.3%	6.3%	6.79
TSLA	Tesla	Consumer Discretionary	24-Jan (Aft-mkt)	5.3%	8.9%	1.49	0.70	59.2%	56.7%	3.4%	0.85
TXN	Texas Instruments	Information Technology	23-Jan (Aft-mkt)	3.8%	3.2%	2.14	1.46	127.1%	126.2%	1.7%	2.85
UAL	United Airlines	Industrials	22-Jan (Aft-mkt)	5.5%	6.6%	1.88	1.58	202.2%	198.1%	6.5%	2.40
UNP	Union Pacific	Industrials	25-Jan (Bef-mkt)	3.0%	3.3%	1.96	2.53	108.0%	105.8%	1.3%	3.17
URI	United Rentals	Industrials	24-Jan (Aft-mkt)	5.5%	3.8%	1.92	15.02	205.1%	201.0%	7.2%	7.65
V	Visa	Financials	25-Jan (Aft-mkt)	3.0%	3.5%	2.17	2.35	169.9%	176.4%	17.6%	51.30
VLO	Valero Energy	Energy	25-Jan (Bef-mkt)	2.4%	2.1%	1.23	2.92	39.2%	45.7%	2.3%	2.51
VZ	Verizon	Communication Services	23-Jan (Bef-mkt)	3.0%	3.7%	2.00	1.05	14.3%	11.2%	1.1%	1.99
	Western Alliance										
WAL	Bancorp	Financials	25-Jan (Aft-mkt)	4.4%	8.5%	1.43	1.91	1.6%	1.7%	5.7%	4.34
WDC	Western Digital	Information Technology	25-Jan (Aft-mkt)	5.9%	3.5%	2.14	-1.05	10.6%	10.6%	4.7%	3.08
AAL	American Airlines	Industrials	25-Jan (Bef-mkt)	5.5%	3.6%	1.68	0.06	58.3%	57.1%	9.3%	1.62
KMB	Kimberly-Clark	Consumer Staples	24-Jan (Bef-mkt)	2.8%	2.8%	2.07	1.50	47.6%	64.5%	1.1%	2.13
RTX	RTX	Industrials	23-Jan (Bef-mkt)	3.4%	3.9%	2.22	1.27	173.0%	169.5%	5.4%	10.48
ZION	Zions Bancorp	Financials	22-Jan (Aft-mkt)	2.6%	5.7%	1.45	1.05	0.6%	0.6%	7.5%	4.89

Source: BofA Securities, Bloomberg, FactSet. Data as of 19-Jan-2024. The column "earnings straddle premium vs 3m avg." compares the current cost of next week's straddle with the average cost of the weekly straddles over the last 3m. Fund holdings as of 31-Dec-2023.

BofA GLOBAL RESEARCH



Methodology

Starting from the universe of Russell 1000 stocks expected to report earnings during the week of 22-Jan (and which have listed weekly options), we rank the stocks based on:

- *Option-based measures*: how expensive vs history are calls and puts expiring on the Friday after earnings
- *Fundamental measures*: how this quarter's BofA EPS estimates compare to the Bloomberg consensus
- *Positioning measures*: how heavily owned or shorted the underlying stocks are

To be included, stocks must have weekly options that trade on average more than \$1 million notional per day.

Stocks rated Buy/Neutral by BofA fundamental analysts are included in the Long Calls and Short Puts screens. Stocks with BofA Underperform ratings are included in the Short Calls and Long Puts screens.

The inputs to the screens are the following:

- **Option-based measures**: how cheap or expensive options are going into earnings.
 - *Implied move vs history*: A stock's implied move around this quarter's earnings release, compared to the realized moves on earnings days in the last 8 quarters (or however many quarters a stock has been listed for, if less than 8). Realized moves are the 1-day moves from the close prior to the earnings announcement to the following close.
 - *Earnings straddle premium*: The cost of a straddle expiring Friday of earnings week, compared to the average cost of that stock's weekly straddle over the last 3 months
- **Fundamental BofA estimates**: how the stocks' BofA EPS estimates compare to other firms' estimates (Bloomberg consensus).
 - The BofA EPS Score column is formatted such that a higher number yields a higher ranking. In other words, a high BofA EPS vs consensus yields a higher ranking in the Long Calls and Short Puts screens, and a lower ranking in the Long Puts and Short Calls screens.
- **Positioning measures**: how heavily owned or shorted the underlying stocks are.
 - *Fund holdings*: A stock's average weight in fund holdings (from 13F reports, compiled by FactSet), relative to stocks in both the same sector and the Russell 1000 index (average of the two)
 - *Short interest*: A stock's estimated short interest as a percentage of float (reported with a 2-day lag), relative to stocks in both the same sector and the Russell 1000 index (average of the two)

The scores for each category and the aggregate score are computed as follows:

Options Score:

- **Long calls**: average[-(Implied move vs history), -(Earnings straddle premium)]
- **Long puts**: average[-(Implied move vs history), -(Earnings straddle premium)]
- **Short calls**: average[+(Implied move vs history), +(Earnings straddle premium)]
- **Short puts**: average[+(Implied move vs history), +(Earnings straddle premium)]s



BofA EPS Score:

- **Long calls:** + BofA EPS estimates vs consensus
- **Long puts:** - BofA EPS estimates vs consensus
- **Short calls:** - BofA EPS estimates vs consensus
- **Short puts:** + BofA EPS estimates vs consensus

Positioning Score:

- **Long calls:** average[-(Fund holdings), +(Short interest)]
- **Long puts:** average[+(Fund holdings), -(Short interest)]
- **Short calls:** average[+(Fund holdings), -(Short interest)]
- **Short puts:** average[-(Fund holdings), +(Short interest)]

Aggregate Score is the average of *Implied vol Score*, *BofA EPS Score*, and *Positioning Score*.

Note: These screens are intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. These screens were not created to act as benchmarks.

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