

Big 5: National picks

By COLLEEN ALMEIDA SMITH Business Editor | Posted: Tuesday, September 8, 2015

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JPMorgan

JPMorgan Chase Co. leads our national stock picks. MARK LENNIHAN/AP file

No. 1: JPMorgan Chase & Co.

Overview: JPMorgan Chase (JPM) provides financial services worldwide through four segments: consumer and community banking, corporate and investment banking, commercial banking and asset management.

CEO: James “Jamie” Dimon

Employees: 237,000

KEY STATS (as of Sept. 11)

Market cap: 230.55B

52-week high: 70.61 (July 23)

52-week low: 50.07 (Aug. 24)

Next earnings date: Oct. 13

ANALYST'S INSIGHT

“JPMorgan is one of the leading global financial firms in the U.S. with over \$2.6 trillion in assets. JPM is presently focused on an expense savings target of \$4.8 billion by 2017, a goal which the company is well ahead of pace on achieving according to the most recent earnings call. JPM has continued to see strong core loan growth of 12 percent year over year during the most recent quarter, ahead of the company’s targeted growth rate of 10 percent. JPM should be well positioned to benefit from higher interest rates over the next year as net interest margins expand from the anticipated fed funds tightening.”

— *JIM HUNTZINGER, BOK Financial Corp.*

No. 2: Honeywell International

Overview: Honeywell (HON) operates as a diversified technology and manufacturing company worldwide with segments in aerospace, automation and control solutions, and performance materials and technologies.

CEO: David M. Cote

Employees: 127,000

KEY STATS (as of Sept. 11)

Market cap: 77.67B

52-week high: 107.41 (Aug. 10)

52-week low: 82.89 (Oct. 15)

Next earnings date: Oct. 15-19 (est.)

ANALYST'S INSIGHT

“Honeywell has crafted a strong competitive advantage in its aerospace business and benefits from high switching costs in the industry. Honeywell offers investors a strong balance sheet with \$7 billion in cash, a dividend that has risen 10 times since 2005, and a commitment to buy back shares. The management continues to actively

look for acquisition candidates, which can utilize Honeywell's global distribution and sales networks it has built over decades of selling thermostats and alarm systems. The company promised to do \$10 billion in deals through the end of 2018."

— *QIAN ZHANG, Fredric E Russell Investment Management Co.*

No. 3: American Airlines Group

Overview: American Airlines Group (AAL) flies mainline jets and regional aircraft to more than 330 destinations in 54 countries. It also has one of the largest maintenance bases in the world at the Tulsa International Airport.

CEO: William Douglas Parker

Employees: 120,400

KEY STATS (as of Sept. 11)

Market cap: 28.06B

52-week high: 56.20 (Jan. 26)

52-week low: 28.10 (Oct. 13)

Next earnings date: Oct. 21-26 (est.)

ANALYST'S INSIGHT

"All airlines have benefited from the plummeting price of fuel, but none more than American Airlines. AAL's policy to not hedge fuel costs have allowed the company to realize massive savings. Management has been using the extra cash flow to pay down high-interest debt and to repurchase shares of stock at very attractive prices. The stock carries an extremely cheap valuation with a P/E ratio of less than 5, which provides a nice entry point for investors looking to buy shares. In an environment where oil prices remain depressed, the economy continues to strengthen and people travel more frequently, American Airlines is well positioned to reap the benefits."

— *ANDREW BOYD, Gibraltar Capital Management*

No. 4: Bank of America

Overview: Bank of America (BAC) offers consumer and business banking; real estate services; wealth and investment management; and global banking and markets.

CEO: Brian T. Moynihan

Employees: 216,700

KEY STATS (as of Sept. 11)

Market cap: 166.23B

52-week high: 18.48 (July 22)

52-week low: 14.60 (Aug. 24)

Next earnings date: Oct. 14

ANALYST'S INSIGHT

“In the first half of 2015, Bank of America saw investment banking revenues rise, and no additional legal or regulatory expenses were announced. With a high probability of rising interest rates in the near-term, it is projected that their net interest margin will rise along with overall profitability. And if the stock market continues its run, then its Merrill Lynch unit will continue to shine.”

—*JAKE DOLLARHIDE, Longbow Asset Management Co.*

No. 5: Chevron Corp.

Overview: Chevron (CVX) has petroleum, chemicals, and power and energy operations worldwide in both upstream and downstream segments of the industry.

CEO: John S. Watson

Employees: 64,700

KEY STATS (as of Sept. 11)

Market cap: 141.81B

52-week high: 125.70 (Sept. 19, 2014)

52-week low: 69.58 (Aug. 24)

Next earnings date: Oct. 29-Nov. 2 (est.)

ANALYST'S INSIGHT

“Chevron currently has \$13 billion in cash on hand, they generate \$30 billion in cash flow from operations and they have minimal debt, which should allow them to leverage up their balance sheet for attractive investments in the future. The company is attractively priced and is trading at 11 times historical earnings. Chevron has significant exposure to oil relative to other large integrated energy companies — currently two-thirds of Chevron’s production is liquids and one-third is natural gas. If

oil prices continue to improve, Chevron should be well positioned to outperform the energy sector over the next several years.”

—*JAMES F. ARENS II, Trust Company of Oklahoma*