

Huntington Ingalls Industries (HII) is the largest military shipbuilding company in the United States and a key defense contractor specializing in the design, construction, and maintenance of naval vessels. HII was formed in 2011 as a spin-off from Northrop Grumman and has since become a critical supplier for the U.S. Navy and Coast Guard. It operates in three main segments, the Newport News Segment which constructs nuclear powered aircraft carriers and submarines (being the sole contractor for the Gerald Ford class carrier); Ingalls Shipbuilding, which builds amphibious assault ships, destroyers, and cutters; and Mission Technologies, focusing on defense solutions, cybersecurity, and artificial intelligence.

I bought some shares of the company last week (7 shares for about 172 dollars each) because I believe the company has a strong MOAT, a great competitive advantage in the shipbuilding industry with its military connections and contracts as well as a know-how that is paralleled by few. On top of that the company was trading at historical low valuations, which made its purchase very attractive in my perspective. Though they didn't offer high growth the stock was still interesting valuation and value wise.

As I was writing the report on the stock, something happened.

Last night, President Trump, in his congressional address, announced plans to revitalize America's shipbuilding industry, with fiscal benefits to companies in the industry and establishing an office to push forward shipbuilding agenda within the administration. This was more than enough to make the stock soar +10% today.

I sold the stock early this morning as I expect it to go lower in the next few days after this euphoria phases out. This is a situation where I believed that timing the market could be a great idea and I plan to buy back the stock as it goes back to the 180s.

I will analyze if there are companies that offer better returns and if the cost of opportunity of holding HII is good, and if so, I would be happy to hold it for longer and enjoy a bigger price increase in the following months