



Size P&G Calls Bought Expect Further Upside

Ticker/Price: PG (\$105.3)

Analysis:

P&G (PG) with 2,200 July \$105 calls bought for \$3.20 and IV jumps mid-day, name which has some sizable call positions bought recently including 50,000 November \$100 calls. The November \$105 calls, November \$95 short puts, and September \$110 calls also active. PG has been a strong name all year with the 20-EMA supportive for most of the run. Shares are forming a small flag under \$107 with the 50-day and cloud support an optimal entry point below around \$102.50. PG cleared a big four-year range in late 2018 above \$95 which targets \$120. The \$266B company trades 22.3X earnings, 4X sales, and 27X cash with a 2.7% yield and mid-single digit growth accelerating into FY21. They see 3.5% revenue growth in both years and margins inflecting higher last quarter for the first time since early 2016. Shares fell on earnings in April despite strong results behind an uptick in volumes and better pricing. They continue to win shelf space in key categories and gaining market share with Olay and Crest. Analysts have an average target for shares of \$102 with 10 buy ratings, 10 hold, and 1 sell. Barclays upgrading to Overweight with a \$124 PT. They believe that unlike in past years when PG lost share in a growing market environment, the company is finally at a point where it is driving category growth and gaining share on a global basis. They think PG can both step up reinvestment and deliver high-single digit growth. Short interest is 0.8%. Institutional ownership fell 2%. Triam remains a top holder with 37.9M shares, their largest position at a 37.5% weight.

Hawk Vision:



Trading Strategy: PG sets up nicely and even though it is hard to believe its PE multiple it continues to beat expectations and be a leadership name with improving trends, though think entry to the November calls can be had lower between now and then.

Confidence Ranking: \$\$