



## Colgate Pulls Back to Support with Notably Bullish Open Interest

**Ticker/Price:** CL (\$72.1)

### Analysis:

**Colgate (CL)** shares have traded well in 2019 and pulling back over the last three sessions to the rising 50-day MA which has been supportive. CL has seen notable bullish consolidation including buyers last week in the July \$67.50 calls, buyers in the August \$72.50 calls (3,8k) and \$75 calls (5,6k), and sizable accumulation in the January \$70 calls (4k). CL also has over 20,000 August \$67.50 calls in OI from a buyer in February. Shares are in a wider consolidating under \$74 which targets \$78/\$80 on a breakout. The \$62.29B company trades 23.78X earnings, 4X sales, and 59X FCF with a 2.4% yield. They see 7% and 5.5% EPS growth with revenues up 2.8% and 3.0%. CL saw a better price/volume mix last quarter and gained market share in their core areas like oral care through investments in e-commerce, an area where they grew 200% in China. They also are seeing better return on their advertising dollars with increases on a percentage-basis in every division. CL expects to see growth in the 2H as they expand product reach into new markets and invest in emerging verticals like skin care. Analysts have an average target for shares of \$70.50 with 4 buy ratings, 11 hold, and 1 sell. Argus raising their PT to \$82 on 6-11. The firm cites the strong yield as well as accelerating organic sales growth driven by the management's more aggressive advertising initiatives and greater e-commerce product availability. Short interest is 1.1%. Hedge Fund ownership fell 4.8%. AQR, Holocene, and Stevens Capital notable buyers.

### Hawk Vision:



**Trading Strategy:** CL is at an attractive entry point versus the 50 day MA though want to see some more evidence it will hold this level, a move above the prior day high a potential trigger.

**Confidence Ranking:** \$\$