



Mondelez LEAPS Position for Upside Breakout

Ticker/Price: MDLZ (\$54.50)

Analysis:

Mondelez (MDLZ) with over 1,200 January 2021 \$55 calls opening this afternoon for \$4.95 to \$5 as shares continue to consolidate near new 1-year highs. MDLZ has seen a number of put sales recently including the January \$55 strike on 7-17 over 1250X and the August \$52.50 strike over 3000X on 7-16 while call buyers active in the January 2021 \$50 calls over 1000X on 6-6. Shares are pulling back to start the week and just above the ideal spot around the 50-day MA at \$53.75. The multi-week flag targets a move up to \$60 above the recent highs. MACD and RSI both resetting after the strong run. The \$79.56B company trades 20.4X earnings, 3X sales, and 51.5X cash with a 1.9% yield. MDLZ is targeting 7.8% and 8% EPS growth with revenue growing 3% annually through FY21. MDLZ is executing well on a more localized strategy to drive organic growth, up 1% last quarter in the developed markets and 8% in emerging markets. The company is seeing better volume and pricing gains while managing resources better. They expect strength in bigger markets like China and Brazil as well as investments and product innovation laps recent comps. MDLZ continues to evaluate their portfolio recently kicking the tires on Arnott while exploring a sale of their Philadelphia Cream Cheese unit. CEO Dirk Van De Put also recently noted the company has looked at CBD and hopes for more clarity from the FDA. He thinks CBD will enter the mainstream food market eventually, a big potential vertical. Analysts have an average target for shares of \$51 with 8 buy ratings and 3 hold. CSFB positive with a \$59 PT noting that MDLZ deserves a multiple more in-line with peers like Pepsi, Nestle, and Coke. They think long-term guidance is conservative and the company's volume/growth strategy is executing well in smaller emerging markets like Bosnia and Indonesia. Short interest is 0.8%. Hedge Fund ownership rose marginally in Q1. Trian remains a top holder with 18.8M shares which is interesting with Nelson Peltz joining Aurora Cannabis (ACB) recently as an advisor, potentially bridging a partnership as well. MDLZ reports on 7-30 and shares have closed higher five of the last six with an average closing move of 3.76%.

Hawk Vision:



Hawk's Perspective: MDLZ looks great into this dip with the trend intact and holding rising moving averages, also a favorite in CPG space. The August \$55 calls for \$1 are cheap for a breakout bet.

Confidence Ranking: \$\$