



## P&G Bull Sees More Upside in Relative Strength Leader

**Ticker/Price:** PG (\$120.75)

### Analysis:

**P&G (PG)** buyers of 10,000 November \$125 calls for \$2.50 to \$2.65 and comes as some Sept. calls adjust with shares near new highs. PG has seen put sales recently in the Sept. \$120 strike over 3000X while the June 2020 \$120 calls bought 1500X for more than \$1.1M on 8-5. PG shares are nearing a multi-week range breakout to new highs above \$121.75 and targeting \$130 on the move higher. MACD and RSI are both inflecting higher in strong trends with plenty of room to move while the longer-term run has been very steady since early 2018. The \$307B personal products company trades 23.3X earnings, 4.5X sales, and 29.8X cash with a healthy 2.5% yield and high-single digit growth. PG sees 3% to 4% revenue growth with upside to margins as they continue cost cuts and supply chain efficiency. PG is coming off of a strong quarter with market share gains in their key markets despite headwinds from FX, commodity pricing, and transportation tariffs. They took an \$8B charge related to their Gillette brand but continue to see shave care as a key area of investment going forward generating strong cash flow. Analysts have an average target for shares of \$110 with 11 buy ratings, 10 hold, and 1 sell. MSCO positive on 8-12 seeing growth outpacing peers in the next 1-2 years. The firm thinks PG's market share gains and strong category pricing can continue to drive upside. Wells Fargo with a \$135 PT noting that the company is hitting its stride on a multi-year transformation. CSFB with a \$117 PT as the company continues to reinvest in the business supporting their view for sustained +MSD% organic growth. Short interest is 0.8%. Hedge Fund ownership rose 3.5% in Q2. AQR added 3M shares while Laurion Capital a buyer of calls.

### Hawk Vision:



**Hawk's Perspective:** P&G has been one of the steadiest names in the market all year and one to target on a pullback to that rising 20-day MA.

**Confidence Ranking:** \$\$