



## Weyerhaeuser Bulls Position for Long-Term Breakout

**Ticker/Price:** WY (\$26.65)

### Analysis:

**Weyerhaeuser (WY)** stock replacement opens 1400 January \$21 calls for \$5.80 today and name which had 1000 January 2021 \$23 calls bought on 6-21 while the Oct. \$26/\$22 bull risk reversal remains in OI 3000X from June as well. Shares have run recently back up to multi-month range resistance around \$27 with a breakout targeting \$32-\$33. WY has a big VPOC from 2017/2018 up higher around \$36. MACD and RSI are a bit extended near-term but the rising 8- and 13-EMA notable support recently. The \$19.82B company trades 31.7X earnings and 2.88X sales with a 5.11% yield. They see double-digit EPS growth and sales growth returning in FY20, up 6.1% after a weak 2019. WY is coming off a strong quarter with tailwinds from a improved housing market as well as building activity accelerating as weather issues in the 1H subside. Logging conditions have also improved significantly which is helping drive better availability in key NW markets. Analysts have an average target for shares of \$33 with 8 buy ratings and 2 hold. Stephens upgrading to Overweight earlier this year seeing less rate risk while expecting housing activity to pick up gradually. The firm is also positive on the balance sheet. Short interest is 1.8% and down from 2.5% in July. Hedge Fund ownership rose 17.75% in Q2 with notable buys from Samlyn Capital and Adage Capital. Taylor Asset Management is a concentrated holder at 9.16% weight. WY's CEO was active buying stock in June at \$23.03, a \$119K buy, while a SVP bought over \$750K in stock last Fall at \$26.93.

### Hawk Vision:



**Hawk's Perspective:** WY has run too much to be interested in a new position here and with the longer-term timing, a lot of time to find a better reward/risk spot but like the strong yield and comps into next year.

**Confidence Ranking:** \$\$