



OptionsHawk



Tyson Bulls Positive into Earnings, 2020 Inflection

Ticker/Price: TSN \$84.55

Analysis:

Tyson Foods (TSN) buyers of 2,450 December \$90 calls for \$1.00 to \$1.02 to open and follows 3,000 November 22nd (W) \$85 calls bought this week around \$1.50. TSN also had 645 January 2021 \$67.50 puts sold to open yesterday around \$4.50 and some November \$80 puts closed. TSN does have near 4,000 November \$77 puts in OI from buyers on 10-24 but pricing \$0.45 after opening \$2.15. Shares are about 11% off of 52-week highs after pulling back just above the 200-day and bouncing. The current move out of this downtrend has room back to \$90+ and a multi-month consolidation going back to April has an extended target of \$110. The \$30.2B company trades 12X earnings, 0.73X sales, and 38X FCF with a 1.8% yield. TSN expects 23.5% EPS growth in 2020 behind better pricing and supply/demand dynamics while revenues up 5.65%. TSN jumped this week with reports that poultry exports could be included in Phase 1 agreements with China while pork exports are set to inflect higher with African Swine Flu ravaging the region. TSN has earnings on 11-12, higher seven of the last nine. Analysts have an average target for shares of \$87. BAML starting at Buy, \$97 PT on 10-25. The firm thinks TSN's protein offering is the most complete of the US-based protein players, providing ample levers to drive earnings growth. They see multiple secular tailwinds including consumption growth among health/wellness while ASF has likely cut global supplies by 10%. Short interest is 1% and decade lows. Davidson Kemper, Columbus Hill Capital, and Highline Capital notable holders while the last notable insider buying was in December 2018.

Hawk Vision:



Hawk's Perspective: TSN sets up well here ahead of earnings and a solid history with multiple tailwinds into 2020.

Confidence Ranking: \$\$