



DuPont Bulls Position for Upswing

Ticker/Price: DD (\$41.90)

Analysis:

DuPont (DD) has been seeing a surge in bullish positioning lately with another 5000 June \$45 calls bought late on 4/24 and adding to open interest which follows recent buys of 2500 October \$50/\$60 call spreads and 1000 July \$45 calls. DD has also seen opening sellers in July \$50 and \$47.50 puts that remain in open interest. DD shares are currently working above its 55 day moving average and out of a multi-week base with limited resistance until \$52.50 which aligns with the measured move target of the base breakout. DD came out on 4/20 raising its Q1 view well above the Street with a surge in demand for pandemic related materials, though suspended FY20 guidance. The \$31B chemical company trades 11.75X Earnings, 10X EV/EBITDA and 0.76X Book with a 2.85% dividend yield. DD has around \$5B in debt obligations through 2022. Analysts have an average target near \$50 and short interest low at 2% of the float but jumping 69% Q/Q. BMO lowered its target to \$55 last week seeing recession headwinds impacting a number of DD's end-markets but expects cash flows to remain resilient. JPM upgraded shares to Overweight with a \$55 target seeing shares too cheap for a quality asset and confident the IFF deal will close. Stephens with a \$55 target notes management is downplaying serious litigation risks but sees DuPont with greater cyclical upturn potential than most of the cyclically exposed material company peers. KeyBanc on 3-26 starting shares Overweight with a \$44 target on attractive valuation. Hedge Fund ownership rose 5% in Q4 filings, notable concentrated positions from Maverick and Edgepoint.

Hawk Vision:



Hawk's Perspective: DD does look attractive versus peers and has a nice pattern developing with \$37.5 an easy manageable stop level.

Confidence Ranking: \$\$