



# OptionsHawk



## Bulls Position for P&G Upside Through Summer

**Ticker/Price:** PG (\$113.65)

### Analysis:

**P&G (PG)** bullish spreads yesterday selling the July \$105 puts to buy the \$115/\$125 call spread 3,000X and follows a buyer of \$1.7M in Jan. 2022 \$115 calls on 4/30. The October \$100 puts, Jan. 2022 \$115 puts, and June \$100 puts all with opening sales recently as well. The January \$120 calls still have 30,000X in open interest from buyers on 12/26, a \$37M position. PG put in a hammer reversal yesterday off of the low-end of May value while also back around VWAP from the March lows. A move out of this narrow downward channel above \$115 has room up to \$120-\$125 and then continuation of the big bullish trend higher from the 2018 lows. The \$282B personal products leader trades 21.9X earnings, 4X sales, and 18.3X cash. PG was one of few companies in Q1 to raise their dividend, affirming the strength of their liquidity and balance sheet. PG is positioned-well in a COVID-19 world given their emphasis on hygiene and cleaning products, especially with their new antimicrobial technology Microban 24 which launched in late February. They've managed to keep capacity at a high level despite some stress on their supply chain and expect improvements to open up bottlenecks into the 2H which will help them re-gain some share in areas like Family Care where they were weak due to out-of-stock items. Growing demand in the US and China helped PG gain between 3% and 4% in market share for some key brands like Vicks Respiratory, Oral B Toothbrushes, and Metamucil while Tide, Dawn, Cascade, and other hand soaps saw growth as well as they remain category leaders. Analysts have an average target for shares of \$130. Stifel raising their PT to \$129 as their outlook likely embeds some conservatism and sees upside given continued consumption growth, share gains, and increasingly improved input costs. BAML with a \$135 PT noting that their positioning into the recession is likely one of its greater strengths and they've made strides to expand their pricing ladder and exit more discretionary categories. Short interest is 0.7%. Hedge fund ownership fell 1.5%. Trian Fund remains a top-3 holder with 32.1M shares.

### Hawk Vision:



**Hawk's Perspective:** PG reward/risk looking positive versus the \$110 level, a high quality operator and one of my most preferred defensive names.

**Confidence Ranking:** \$\$