



Bunge Repeat Bullish Options Positioning

Ticker/Price: BG (\$40.8)

Analysis:

Bunge (BG) buyer today of 1,175 July \$40/\$37.50 bull risk reversals for \$1.60 and follows buyers recently in the July \$37.50 calls on 6/12 for more than \$435K. The July \$42.50 calls have also seen buyers of more than 4,000 since mid-June and BG still has some sizable longer-dated calls in Jan. \$45 strike from last year. BG activity comes ahead of their investor day on June 24. Shares are consolidating in a multi-month base under \$45 and forming the right shoulder of an inverse head-and-shoulders which measures to \$50/\$55. BG has a big low-volume gap above from February as well and 8- and 20-MA curling higher today, so some short-term momentum potentially coming back. The \$5.67B company trades 10X earnings and 0.14X sales with a nearly 5% yield and no notable near-term debt. BG is coming off a mixed quarter with some softness in Edible Oils during the March/April period but noted at the Goldman Industrials conference in May that they expect an improvement in Q2 as QSR and foodservice return to more normal output. BG has also seen weakness on the biodiesel side but potential upside into the 2H as they note that they're closely linked to miles-driven and OTR trucking, both of which will improve with the macro outlook. Analysts have an average target for shares of \$60. Baird upgrading to Buy on 5-13 noting that over the past 18 months has undergone a "significant" turnaround and portfolio optimization process which has unlocked significant value. Goldman previewed their investor day recently seeing the company likely disclosing steps taken to reverse longstanding earnings and ROIC underperformance including portfolio changes, restructuring, and new management in place. They also think updated capital allocation plans could be offered. Short interest is 2.9% and up a little since January when it was 1.5%. Hedge fund ownership rose 5% in Q1. Carlson Capital a buyer. BG has seen a lot of insider buying in 2020 including a \$4.7M buy from the CEO in March at \$39.84. In total since January 1, eight different individuals have bought more than \$10.5M in stock.

Hawk Vision:



Hawk's Perspective: BG is interesting as an event-driven play for next week though tough to be trading much outside of Tech where the momentum/flows are, so not my flavor of play but could see a pop next week.

Confidence Ranking: \$\$