



FEATURED OPTIONS RADAR REPORT



Large Bull Trade in Sherwin Williams with Shares Hitting New Highs

Ticker/Price: SHW (\$625)

Analysis:

Sherwin Williams (SHW) with 425 September \$620 calls bought to open \$30 to \$32 late in trading on 7/22, a sizable trade for over \$1.2M. SHW has some August open interest with the \$570, \$600, and \$610 calls with around \$1M in net buys, currently worth more and on 7/15 some August \$650 calls opened. SHW also has 375 September \$710 short calls in open interest. SHW shares are hitting new highs with its recent key breakout over \$590 resistance, the Fibonacci extension target is up at \$705 and the measured move out of its pattern is to \$760. SHW is engaged in the development, manufacture, distribution and sale of paint, coatings and related products to professional, industrial, commercial and retail customers primarily in North and South America. America's Group consists of nearly 5000 company-operated specialty paint stores, Consumer Brands supplied paints and other coatings to retailers and distributors, and Performance Coatings develops and sells industrial coatings for wood finishing and general industrial (metal and plastic) applications, automotive refinish, protective and marine coatings, coil coatings, packaging coatings and performance-based resins and colorants worldwide. SHW has a market cap of \$55.8B and trades 21X EV/EBITDA, 26.6X Earnings and 35X FCF with a 0.86% yield. SHW has long been considered a best-in-class name with double digit ROIC and strong FCF. SHW margins will be in focus with exposure to Oil and Metals pricing. On 6/22 SHW raised Q2 guidance citing sequential improvement in all three business segments. Analysts have an average target of \$615 and short interest low at 1% of the float. CSFB on 6/16 citing SHW as a beneficiary of strength in DUY home projects. Q2 and Q3 traditionally account for the majority of its annual sales. Baird raised its target to \$650 citing strength in the DIY market and diverse end-market exposure. Hedge Fund ownership rose 3.7% in Q1 filings, Fiera Capital and Farallon Capital notable concentrated holders.

Hawk Vision:



Hawk's Perspective: SHW was a recent chart trigger at \$600 and has run strong, a retest and base at that area would be ideal entry into these calls in my view.

Confidence Ranking: \$\$