



FEATURED OPTIONS RADAR REPORT



Martin Marietta Bullish Open Interest Builds

Ticker/Price: MLM \$208.35

Analysis:

Martin Marietta (MLM) name with a number of smaller but high-dollar bullish trades this week including 400 April \$200 puts sold to open yesterday for \$740K, a buyer of 500 January \$210 calls with the January \$180 puts sold 1,000X on 8/26, and 1,000 January \$170 puts sold to open for \$575K on 8/25. Shares have pulled back just above the June and July lows, a series of higher lows, and low-end of a channel that measures back up to \$230. A breakout targets \$260 and a gap fill from the February/March sell-off. MLM is basing currently above the Spring base at \$200. The \$13B company trades 20.7X earnings, 2.75X sales, and 25X FCF with a 1.1% yield and mid-single digit growth. MLM is coming off a strong quarter with new profitability record driving by better pricing and lower costs. They continue to see demand for materials improving with housing demand which has long-term tailwinds from low rates and historically underbuilt conditions. MLM sees a 2H and 2021 recovery in aggregates with more spending being focused on infrastructure and likely sees bipartisan support for higher DOT budgets. The recent transportation funding bill passed on 8/7 which appropriates \$62.9B for the FHA and also additional money for infrastructure. A larger infrastructure bill has also been discussed but likely a 2021 event. Analysts have an average target for shares of \$239. JP Morgan downgrading on 8-6 to Neutral citing lack of near-term catalysts. Loop Capital boosting their estimates in late June as the companies' end market demand has held in better than he initially forecasted and their pricing is stable. Atlantic starting at Buy on 6-19 with a \$250 PT. They think sector growth will accelerate in FY21 due to increased federal infrastructure funding and new housing trends. Short interest is 3.5%. Hedge fund ownership rose 3% in Q2 with Iridian Asset Management and Aristotle adding to their stakes. MLM has seen insiders active as well with some smaller buys in May and July around \$165 to \$183.50.

Hawk Vision:



Hawk's Perspective: MLM is giving a nice level to shoot against here and like the outlook for these materials plays with housing and DOT funding providing solid footing

Confidence Ranking: \$\$