



FEATURED OPTIONS RADAR REPORT



Pulte Near Term Calls Heat Up

Ticker/Price: PHM (\$44)

Analysis:

Pulte Homes (PHM) buyers of more than 7,250 August \$45 calls today up to \$1.25 to open, spot where 2,500 bought already in OI, and sizable short-term position in a name not far from new highs. PHM has some notable October and January call open interest that is holding steady although ITM from June buyers, Shares are forming a tight flat under \$44.25 with the prior range breakout key support below around \$38. PHM can get some momentum on a break above \$47 up to new highs. The \$11.88B company trades 9.4X earnings, 8.5X FCF and 1.12X sales with a 1% yield and accelerating topline growth. Housing has staged a huge comeback from the March lows with little-to-no slowdown in demand driven by record low mortgage rates. PHM June orders were up 50% Y/Y and they should see a better ASP into the 2H as they mix improves from the Spring. Analysts have an average target for shares of \$42.50 and Wells Fargo a Street High \$49. They upgraded to Buy recently noting that shares look very cheap as every PulteGroup consumer end-market is working and they continue to execute well. PHM could also buy back \$1B or 9% of their outstanding shares, the firm speculates, and still have \$1.5B of cash on hand. RayJay raising shares to Outperform on 7-24 noting that PHM is likely to continue to see tailwinds from housing demand's resurgence as there is evidence that the recovery is now moving up the value chain to all buyer segments in addition to first time buyers. Short interest is 2.3%, down from around 10% in early 2019, and near 10-year lows. Hedge fund ownership rose 0.02% in Q1. Greenhaven a buyer of 1.9M shares.

Hawk Vision:



Hawk's Perspective: PHM is flagging nicely and we know Housing sales are hot, and it has screened as best in class the last couple years, so likely a near-term breakout opportunity

Confidence Ranking: \$\$