



## FEATURED OPTIONS RADAR REPORT



### LyondellBasell Draws Bull Spreads into Year-End

Ticker/Price: LYB \$72

#### Analysis:

**LyondellBasell (LYB)** seeing the December \$60 puts sold to buy the \$75/\$85 call spread 2400X and follows buyers in the March \$80 calls recently and sellers in the January 2022 \$70 puts for more than \$1M on 8/18. Shares are consolidating in a nice multi-week bull flag under \$75 and a continuation of the move off the March lows targets \$90. YTD value area high is above at \$76.50 as well and can spark a trend rally higher. The \$23.78B company trades 9.8X earnings, 0.8X sales, and 7.4X cash with a healthy 6% yield. LYB is a leading producer of polyolefins and olefins and other propylene oxides and derivatives for use in plastics and other compounds. They also refine crude oil into gasoline. LYB sees a path to significant EPS and revenue appreciation through FY22 as they have fully integrated their Schulman deal which nearly doubled their compounding business and gives them exposure into high-margin areas like automotive, construction materials, electronics, and packaging. Analysts have an average target for shares of \$71. Citi putting the company on a positive 60-day catalyst watch yesterday as they expect near-term polypropylene price momentum to be supported by storm-related supply disruptions and an already tight market prior to Hurricane Laura. Higher polypropylene prices should drop through to margins given the hikes are supply/demand driven. LYB insiders have been active buying stock lately including a \$234K buy in May at \$53.28, a more than \$225K buy in April by the CEO who also bought \$473K in stock in March. Hedge fund ownership fell 5.9% in Q2

#### Hawk Vision:



**Hawk's Perspective:** LYB sets up well on the chart think Hurricane Laura/Marco won't be the last to impact the region this year, so could see the pricing/supply story re-emerge

**Confidence Ranking:** \$\$