



FEATURED OPTIONS RADAR REPORT



CH Robinson Bulls See Trucking Outlook Remaining Positive

Ticker/Price: CHRW \$99.50

Analysis:

CH Robinson (CHRW) notable trades on 10/22 with 1,000 May \$90 ITM calls bought for \$13.50 as some November calls adjusted and later 500 May \$97.50 calls bought and 650 May \$90 puts sold to open. CHRW recently had 4,500 November \$105 calls bought as well while the January \$125 calls bought 1000X on 9/28. Shares are in a strong trend since March and pulling back to August and September value. A move back above \$102.50 key to setting up another leg higher with a measured move to \$116. The \$14.08B company trades 23.3X earnings, 0.93X sales, and 38.8X cash. CHRW continues to win market share in NAST while productivity improvements driven by tech and cost controls are helping drive profitability. They have opportunity into the 2H as volumes recover, especially from re-opening (food and beverage) and manufacturing boosts (automotive, chemicals). Pricing should also be more consistent in the 2H as demand for freight increases and capacity remains constrained. Analysts have an average target for shares of \$89 and Barclays a Street High \$115 last week. The firm is more positive on the sector overall as fiscal stimulus and consumer spending shifting to goods from services has "provided a significant boost" to supply chain activity since the trough this spring. Wells Fargo starting coverage at Underweight on 9/23 as CHRW valuation is pricing in perfection and an inability to pass along price increases could have an adverse effect. Short interest is 10% and down from around 16% this time last year. Hedge fund ownership rose 7.5%. CHRW reports earnings on 10/27.

Hawk Vision:



Hawk's Perspective: CHRW has been a strong outperformer in a tough group this year and with earnings coming up and a weak history, it might be one to target if it resets lower

Confidence Ranking: \$\$