



## FEATURED OPTIONS RADAR REPORT



### Kellogg's Calls Active for Longer Term View

Ticker/Price: K (\$63.86)

#### Analysis:

**Kellogg (K)** buyers active today for more than 825 Jan. 2022 \$57.50 calls up to \$8.80 and later 885 Jan. 2022 \$60 calls up to \$7.60. K has seen a lot of smaller volume but high-dollar bull flow lately including buyers in the Jan. 2022 \$62.5 and \$67.50 calls while the puts active with sellers in both Jan. 2022 and Jan. 2023 expirations. K shares are also back at a range where the CEO bought over 16,000 shares in February at \$65.33, a more than \$1M purchase. Shares are trying to put in a hammer reversal today off of the lower Bollinger Bands and above the September low. Shares are just above the low-end of 5-year value and above \$67 has room back to \$72+ and downtrend break from the 2016 highs, major momentum shift. The \$21.6B company trades 15.7X earnings, 1.6X sales, and 36.85X FCF with a 3.6% yield. Kellogg has performed well in 2020 as the pandemic has shifted a lot of consumption into the home where they're shelf leaders in five of their six major categories including cereal. Kellogg expects to step up investments in growth initiatives into 2021 including their supply chain, further penetration of their e-commerce business, the launch of their new plant-based brands Incogmeato and expansion of popular brands like Cheeze-It into new markets like Canada. Analysts have an average target for shares of \$71.50. Citi starting at Buy recently with a Street \$79 target citing a more favorable valuation than peers like General Mills (GIS) given market share improvements and the impact of reinvestment initiatives. Short interest is 4% and down from around 10% in 2018. Hedge fund ownership fell 2.5% in Q2.

#### Hawk Vision:



**Hawk's Perspective:** K valuation is attractive though a real choppy weekly trendless chart. It has been thrown around in the past as a M&A target. The low today gives an easy to manage level to trade against.

**Confidence Ranking:** \$\$