



FEATURED OPTIONS RADAR REPORT



Arconic Bulls Stay Active into Rally

Ticker/Price: ARNC (\$29.5)

Analysis:

Arconic (ARNC) with 1,000 April \$29 puts sold to open this morning around \$3.50 and later 1,000 January 2023 \$30 puts sold to open for \$8.90, confident trade into strength. Put sales a popular strategy in the name the last two weeks as well with the December \$30, December \$29, and December \$26 puts sold to open. Shares are fairly extended from the recent base breakout at \$24 that measures out to \$32. The \$3.06B company trades 14.85X earnings, 0.52X sales, and 35X FCF with around \$7.50/share in cash and limited near-term debt. ARNC gets about 40% of revenue from auto production as well as packaging and has been seeing a strong rebound in demand as customers returned to full operations and secular shifts towards aluminum cans in the food and beverage market continue to ramp. ARNC sees 2021 as a big year for share gains as a non-compete with **Alcoa (AA)** expired on 10/31 and they're now able to actively pursue additional opportunities in North America, Europe and Asia. In preparation, they've refurbished and prepared facilities in the US to ramp capacity and given strong pricing power and a better cost-structure, a name which could see multiple expansion in 2021. Analysts have an average target for shares of \$30 with Argus a Street High \$38. CSFB positive recently citing better asset utilization and cost performance. Deutsche Bank positive as well liking its ability to ramp capacity in 2021 which will allow them to more aggressively gain share in key markets. Short interest is 2.5% and down from 6.3% in July. Hedge fund ownership soared in Q2, Wexford Capital, Driehaus, and Moore Capital notable buys.

Hawk Vision:



Hawk's Perspective: ARNC shares have went vertical the last two weeks so not stepping in here and with put sales have levels of interest to be buyers, and ARNC is a favored name of mine among its peers.

Confidence Ranking: \$\$