



FEATURED OPTIONS RADAR REPORT



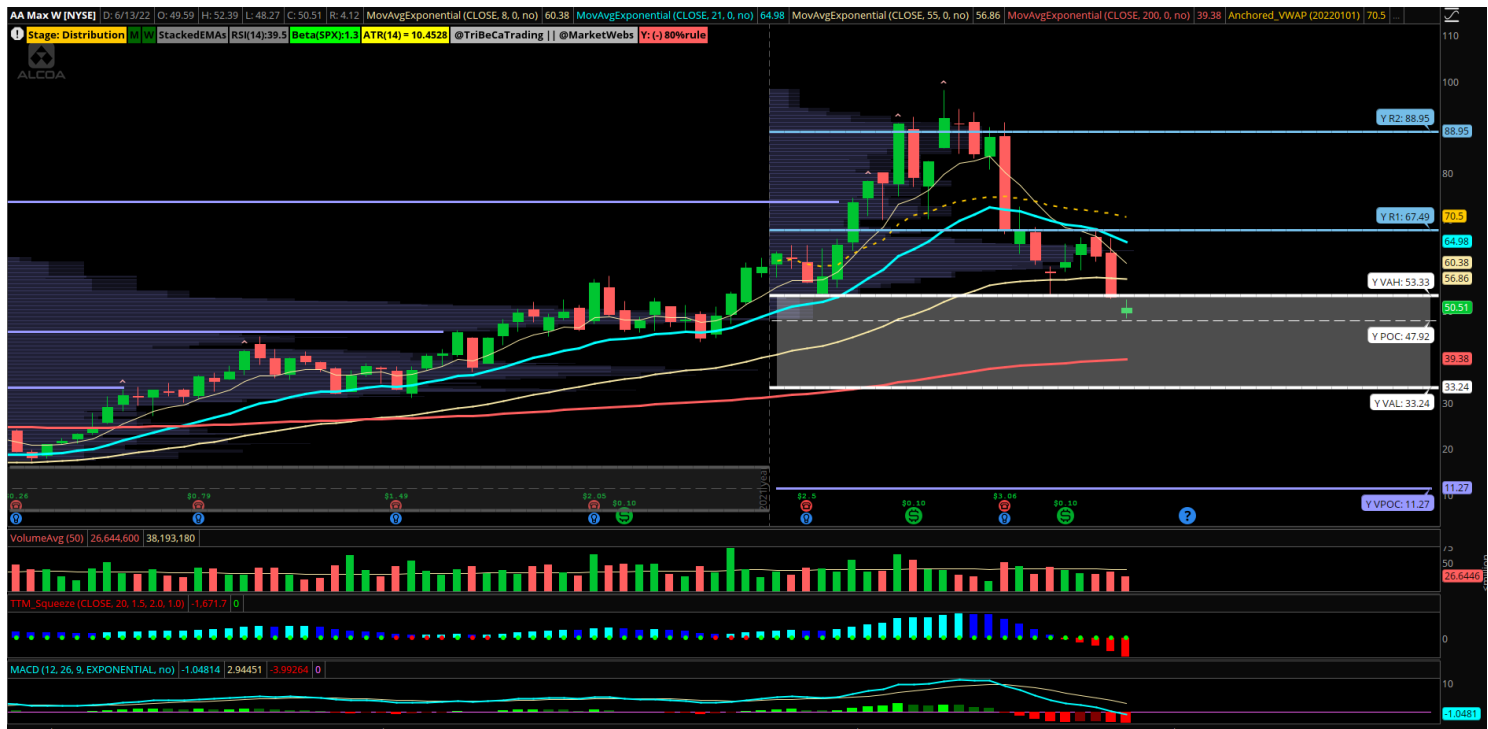
Metals Name Sees Bull Flow Near Long Term Support

Ticker/Price: AA (\$50.50)

Analysis:

Alcoa (AA) saw a large bullish trade on 6/13 as a buyer came in for 5,000 January \$60 calls at \$6.65 spread with \$75 calls sold for a long call spread. AA also saw a smaller buy in October \$60 calls at \$4.60 for \$500k and last week a large deep ITM opening put seller in August \$85 puts sold at \$21.76 for over \$4.4M in premium. AA still has sizeable short puts in open interest at the January \$65 strike opened back in early April. The stock has been correcting lower into yearly value area support since its earnings report in April broke a strong weekly uptrend. AA was up as much as 60% YTD and now back to a clear level of support longer term as the 2021 VPOC at 48 is more interesting as a zone to watch for a rebound. Shorter term the stock would see resistance at 60 on a bounce and YTD VWAP up at 70 so the January call spreads willing to sell the 75 strike calls expecting rallies to stay below that zone. The \$9.3B company trades 5.6X earnings, 0.9X sales, and has a 5.9% FCF yield as well as a 0.8% dividend yield. AA beat earnings last quarter but missed on Revenues. For the second quarter 2022, based on current prices, Alcoa expects both alumina and aluminum realized third-party prices to be higher than the first quarter, with that benefit partly offset by approximately \$115 million of higher energy and raw materials costs. Higher shipments sequentially are expected to more than offset remaining cost pressures and other factors. On the demand side, they expect annual global demand for primary aluminum to increase this year approximately 2% relative to 2021. Average analyst target is \$93 with a Street high of \$110. On 4/22, Goldman reiterated their Buy rating on the stock and \$110 target and stated that the company warrants a higher multiple than its past given an improved leverage position, structural growth in the longer-term outlook for aluminum demand, and focus on decarbonization. Short interest is 4.3%. Hedge fund ownership rose 9.6% with Third Point adding over 2.3M shares in Q1.

Hawk Vision:



Hawk's Perspective: AA is in clear downtrend but on weekly chart testing the yearly VPOC support at 48 roughly so an ideal level to trade against or watch for base to form and move back through 53.

Confidence Ranking: \$\$