



FEATURED OPTIONS RADAR REPORT



Albemarle Calls Accumulate into Breakout Move as Lithium Demand Set to Soar

Ticker/Price: ALB (\$166)

Analysis:

Albemarle (ALB) buyers today in the July \$160 calls 1,200X to open from \$11.50 to \$12 and still has 1,850 January \$160 calls in open interest from buyers earlier this year, a sizable \$2.5M position. ALB has seen some smaller buys recently in the June \$190 calls and September \$220 calls while the Sept. \$130 puts sold to open in April around 500X. Shares are setting up well for a run higher as they move out of May value today and back above cloud resistance. ALB is also clearing a big volume node with room up to an un-tested VPOC from January around \$180. The \$18.5B company trades 32X earnings, 5.8X sales, and 33X cash with a 1% yield. ALB is guiding to mid-teens revenue growth and over \$5/share in earnings power this year. ALB is coming off of a mixed quarter with their bromine poised to snap back above pre-pandemic levels as the recovery moves forward and lithium demand continuing to surge which should drive volumes higher in both 2021 and 2022. Their catalysts business remains a laggard as they cite lower refining activity. ALB sees 2021 as a big year for accelerating investments across lithium as demand grows and they recently completed an equity offering which gives them flexibility to move forward with high-growth expansion projects. They also are executing on a productivity plan that is expected to streamline their lithium operations, lower capital intensity, and help grow margins. ALB was at the Goldman Industrials conference in mid-May noting that the EV market remains in the early stages of growth with more automakers shifting resources towards development and they expect to continue gaining share in the multi-decade trend. Analysts have an average target for shares of \$142 with a Street High \$200. RBC upgrading to Neutral earlier this month citing the recent lithium price improvement and signs of stronger EV demand as more automakers roll out EV lineups. Hedge fund ownership rose 3.3% in Q1.

Hawk Vision:



Hawk's Perspective: ALB has long been a favorite name within the theme and posted the technical setup this morning as it looks great to break this weekly wedge and run to \$185+

Confidence Ranking: \$\$