



## FEATURED OPTIONS RADAR REPORT



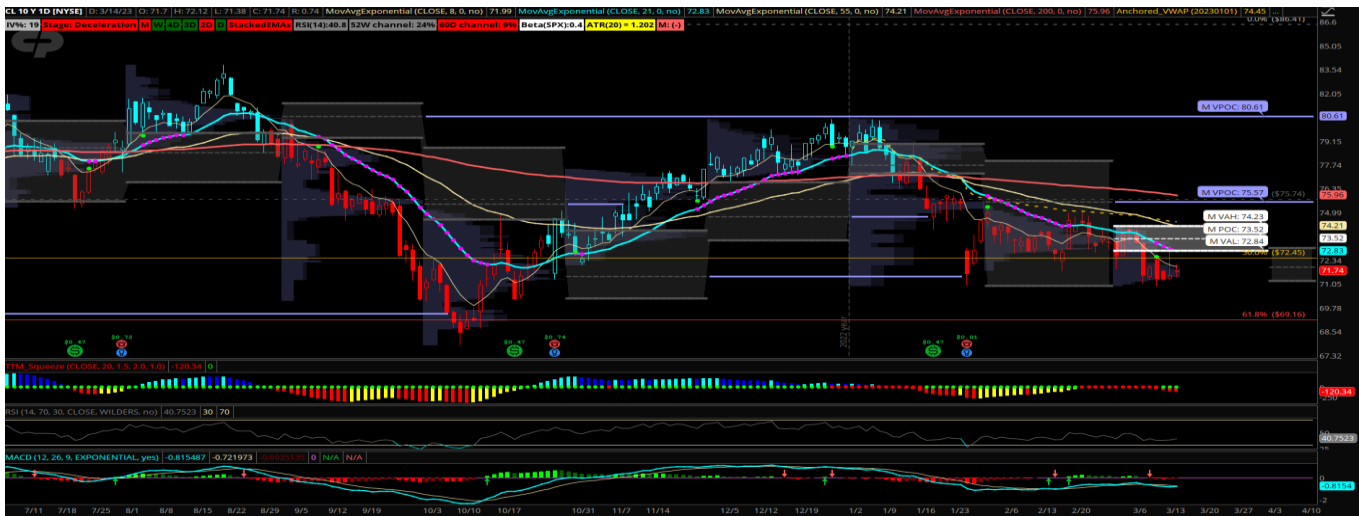
### Consumer Products Name Back at Long Term Support Sees Bull Step in

**Ticker/Price: CL (\$71.80)**

#### Analysis:

**Colgate-Palmolive (CL)** on 3/13 saw a large unusual buyer for 7500 August \$75 calls bought for \$2.90 and over \$2.1M in total for the stock replacement trade looking for a rebound into midyear for the consumer household products name. CL has seen some call overwrites in April so some resistance at current levels but potential to see the ceiling lifted once April expiration passes. CL still has buyers in January \$85 calls bought last year at \$5.60 and short puts in the January \$77.50 ITM puts sold to open at \$9.90 over 400x. Shares have been sluggish this year selling off back to the 71 level and retesting the January lows here this past week which is where they bounced from and also the 70 level was a huge support late last year. CL has big weekly chart support at the 61.8% fib retracement of 2020 lows to highs and that comes in at 69. First resistance above is 75.50 then 75.50 but a weekly close above that can see a new uptrend into Spring as the call buyer looks to be positioned for Q2/Q3 strength. The \$59.6B company trades at 22.6x earnings, 3.6x sales, FCF yield of 4.6% with a dividend yield at 2.8% while revenue is expected to grow +5% in FY23 and +4% growth estimated in FY24. Average analyst target is \$80. Citi started with a Buy rating last month and \$84 price target citing the negative stock reaction and current relative valuation post Q4 earnings & initial 2023 guidance offer a compelling entry point into a high-quality name with strong topline growth. Citi adds that CL is a margin recovery story as commodity costs moderate and temporary headwinds at Hill's improve. While we acknowledge some near-term challenges with negative margins impacts from new and acquired plants at Hill's and higher exposure to agricultural/protein commodities vs. HPC peers, we believe there is an under-appreciated margin improvement story in 2H'23 and 2024. Morgan Stanley upgraded the stock to Overweight with a \$82 target citing Colgate's conservative 2023 earnings guidance should allow the company to beat lowered consensus forecasts as it sees robust pricing power, strong pet trends and positive corporate strategy changes. Short interest is at 0.9%. Hedge fund ownership fell 6% last quarter. Dan Loeb of Thirdpoint maintained a large position of 11.55M shares and could push to see changes at the Board level which may spur value creation through activism.

#### Hawk Vision:



**Hawk's Perspective:** CL is a sloppy chart but long term likely near a floor level here and the 61.8% retrace on weekly chart so waiting for a 8/21 EMA bull cross or setting alerts above 73 is a good idea.

**Confidence Ranking: \$\$**