



## FEATURED OPTIONS RADAR REPORT



### Bull Sees Value in Beat-Up Consumer Goods Company

Ticker/Price: CPB (\$45.4)

#### Analysis:

**Campbell Soup (CPB)** unusual activity on 7/20 as more than 2500 deep ITM November \$42 calls traded to open in the \$4.20 to \$5 range with shares closing on day lows. CPB does not see a lot of activity but the January \$47 calls have 2750X in OI from buys and January 2023 \$43 calls with 1380X. CPB shares are back near multi-month lows and its 200-week moving average, also sitting at a 38.2% retracement level and the weekly forming a large falling wedge pattern with shares oversold and clutching to hold above \$44.75 support. CPB is a manufacturer and marketer of high-quality, branded food and beverage products with brands like Campbell Soup, V8 juices, Pepperidge Farms, Goldfish, Pop Secret, and more. CPB currently has a market cap of \$13.77B and is trading 15.75X Earnings, 11X EBITDA, 1.6X Sales and 30.6X FCF with a 3.22% dividend yield. CPB forecasts expect revenues and EBITDA down Y/Y in 2021 as it faces tough comps post-pandemic. CPB reported in June and gave weak numbers with margins moving to a new low due to inflation. CPB is planning on raising prices to counter the higher costs. Analysts have an average target of \$49 and short interest is high at 10% of the float. Piper cut its target to \$51 seeing market share improving in soups and snacks but rising costs of steel, ingredients, and freight remain risks.

#### Hawk Vision:



**Hawk's Perspective:** CPB is coming off a weak quarter and an ugly chart, one that would be traded versus the lows and see how many of these ITM calls stick in OI. One potential outcome is M&A as shares are cheap and companies will look to mitigate costs.

Confidence Ranking: \$\$