

## SPOTLIGHT OPTION TRADE



### Upside Calls Cheap in Strong-Acting Rail Seeing Aggressive Bullish Positioning

#### TRADE SNAPSHOT

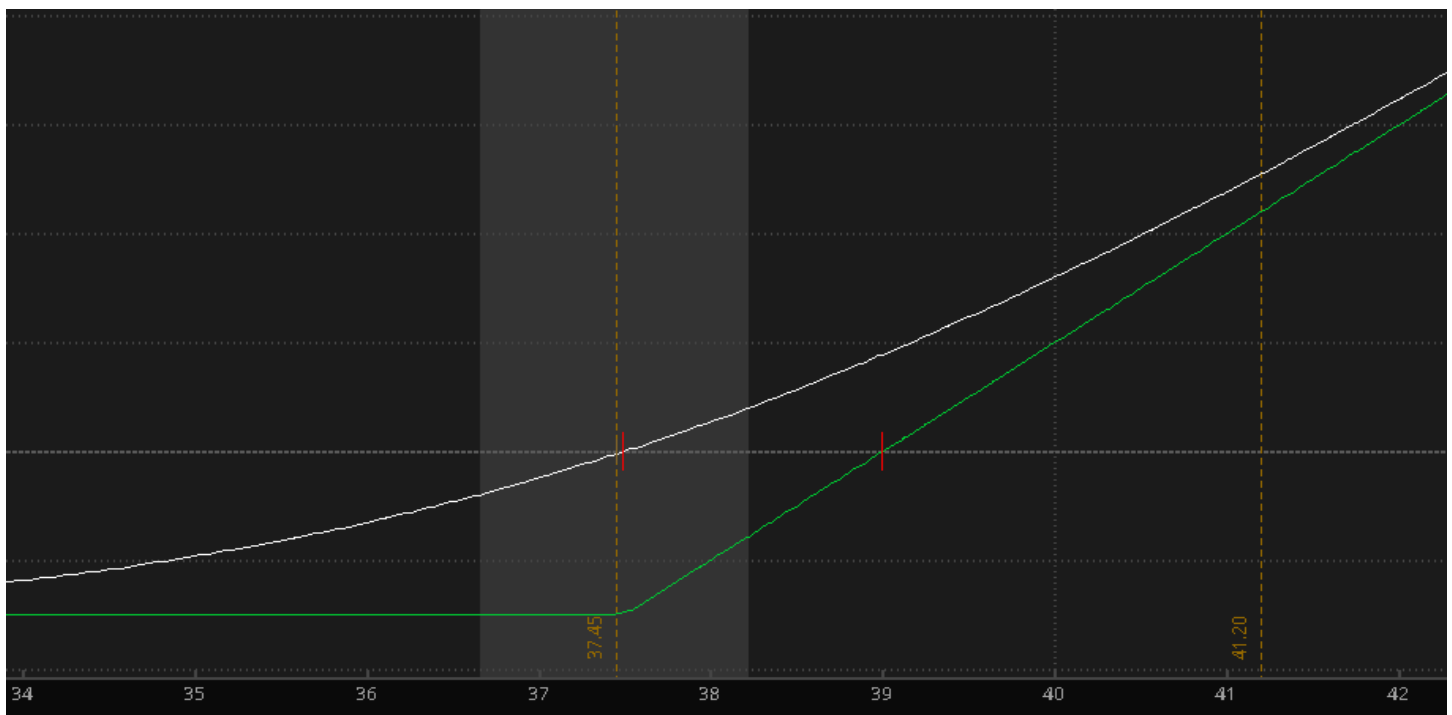
TICKER	CSX
SECURITY	CSX Corp.
SECTOR	Industrial - Rails
CURRENT PRICE	\$37.45
LONG/SHORT	Long
TARGET	\$41
STOP	\$35
TIMEFRAME	1.5 Months

**Trading Strategy:** Long CSX May \$37.5 Calls \$1.50 or Better

**Net Debit/Credit:** Debit \$1.50

**Profitability Zone:** CSX Shares Above \$39 on May OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** CSX has a nice rising weekly channel in play with MACD freshly crossing bullish and looking to move past \$37 resistance. Shares have shown relative strength much of the year and look ready to break higher.



**Fundamental Analysis:** CSX provides rail-based freight transportation services including traditional rail service, the transport of intermodal containers and trailers, as well as other transportation services such as rail-to-truck transfers and bulk commodity operations. CSX provides an important link to the transportation supply chain through its approximately 19,500 route-mile rail network, which serves major population centers in 23 states east of the Mississippi River, the District of Columbia and the Canadian provinces of Ontario and Quebec. It has access to over 70 ocean, river and lake port terminals along the Atlantic and Gulf Coasts, the Mississippi River, the Great Lakes and the St. Lawrence Seaway. CSX volumes/revenues are concentrated in Chemicals & Ag/Food followed by Forestry, Automotive, Minerals, Metals and Fertilizers. CSX has a market cap of \$81B and trades 19.2X Earnings, 13X EBITDA and 32.8X FCF. Forecasts see revenues jumping 11.1% in 2022 with 8.8% EBITDA growth. CSX sees inflation as a positive for the rail industry as long as the economy does not significantly slow as it can pass through prices. CSX, like most rail peers, is counting on sequential growth throughout 2022 with a stronger 2H as supply bottlenecks ease. Analysts have an average target of \$40 with short interest low at 3% of the float. RBC upgraded to Outperform on 3/17 with a \$39 target seeing attractive valuation to peers and CSX set to narrow the volume performance gap. Argus out positive in January seeing the rail industry with secular growth compared to other transports and notes CSX's history of dividends and buybacks.

### Options Activity:

Date	Ticker	Contract	Volume	OI	Price	Delta	IV	Premium	Last	Current OI	▲ Price	▲ OI	Current Value
03-04-2022	CSX	CSX 100 17 JUN 22 40 CALL	19,774	2,868	\$1.7	0.40	31.55%	\$3,361,580	\$0.85	36,096	▼ 50%	▲ 59.42%	\$3,068,160
03-17-2022	CSX	CSX 100 17 JUN 22 40 CALL	13,304	23,105	\$0.85	0.27	29.25%	\$1,130,840	\$0.85	36,096	▲ 0%	▼ 0.86%	\$3,068,160
03-04-2022	CSX	CSX 100 20 MAY 22 40 CALL	17,776	1,892	\$1.45	0.39	33.69%	\$2,577,520	\$0.5	16,744	▼ 65.52%	▼ 14.87%	\$837,200
10-04-2021	CSX	CSX 100 17 JUN 22 35 CALL	2,104	916	\$1	0.27	24.69%	\$210,400	\$3.6	7,082	▼ 260%	▲ 134.5%	\$2,549,520
03-22-2022	CSX	CSX 100 14 APR 22 35 CALL	5,112	1,925	\$2.14	0.75	29.15%	\$1,124,640	\$2.7	6,890	▲ 26.17%	▼ 2.09%	\$1,860,300
03-22-2022	CSX	CSX 100 14 APR 22 35 PUT	5,112	1,377	\$0.35	-0.23	26.95%	\$204,480	\$0.1	6,522	▲ 71.43%	▲ 0.51%	\$65,220
05-05-2021	CSX	CSX 100 17 JUN 22 120 CALL	651	0	\$4.5	0.29	24.61%	\$292,950	\$1.16	4,240	▲ 0%	▲ 736.29%	\$491,840
02-24-2022	CSX	CSX 100 17 JUN 22 33.33 PUT	2,251	929	\$2.5	-0.51	29.77%	\$562,750	\$3.19	3,735	▲ 0%	▲ 69%	\$1,191,465
01-25-2022	CSX	CSX 100 17 JUN 22 32.5 PUT	1,725	868	\$2.15	-0.41	29.9%	\$370,875	\$0.45	3,608	▼ 79.07%	▲ 39.14%	\$162,360
03-22-2022	CSX	CSX 100 18 NOV 22 37.5 CALL	1,849	0	\$3.2	0.51	29.96%	\$591,680	\$3.5	2,190	▲ 9.37%	▲ 18.44%	\$766,500

**Potential Catalysts:** Earnings 4/20

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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