

SPOTLIGHT OPTION TRADE



Dow Chemical Set Up for Breakout Run as Commodity Chemicals Stay Hot

TRADE SNAPSHOT

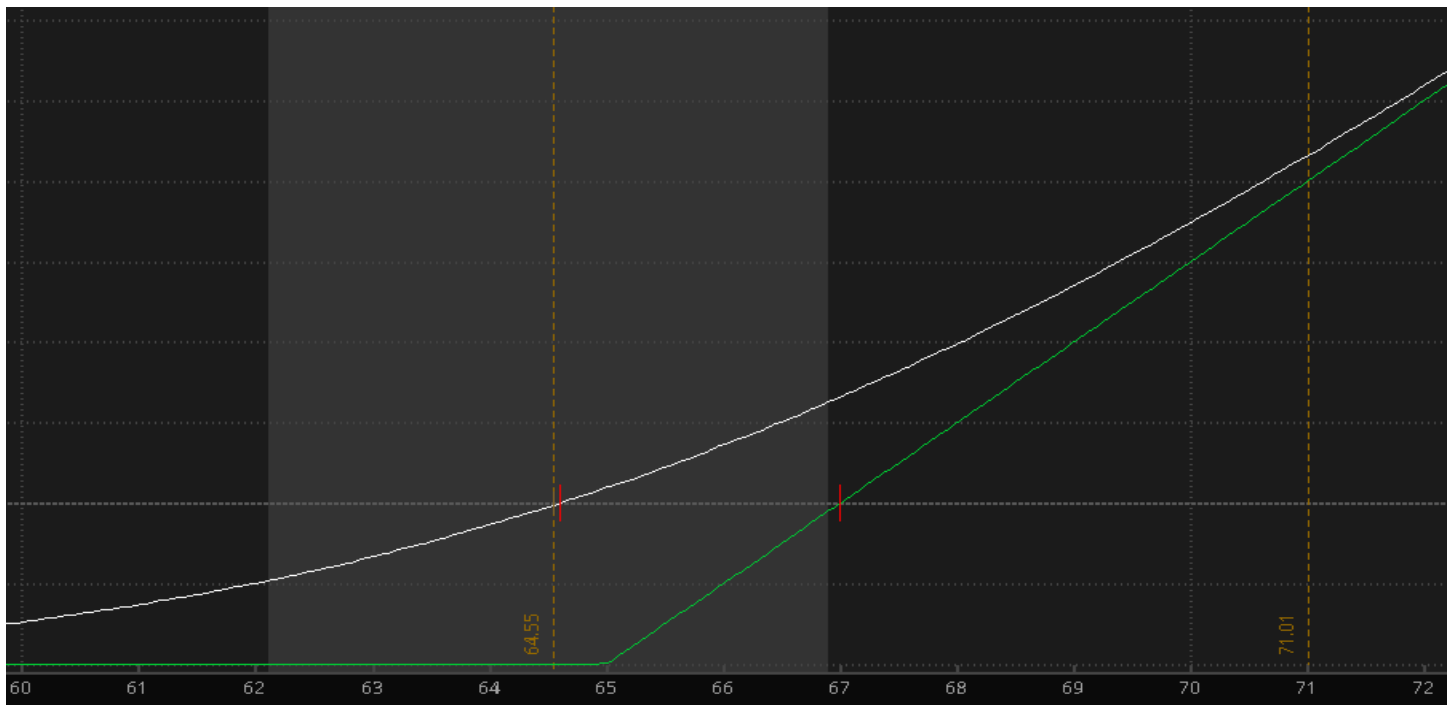
| | |
|---------------|-----------------------------|
| TICKER | DOW |
| SECURITY | Dow Chemical |
| SECTOR | Basic Materials – Chemicals |
| CURRENT PRICE | \$64.55 |
| LONG/SHORT | Long |
| TARGET | \$70 |
| STOP | \$61.50 |
| TIMEFRAME | 6 Weeks |

Trading Strategy: Long DOW June \$65 Calls at \$2 or Better

Net Debit/Credit: Debit \$2

Profitability Zone: DOW Above \$67 on June OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: DOW shares forming a weekly bull flag with a measured move and 138.2% Fibonacci target up near \$70, a coiled pattern with healthy momentum.



Fundamental Analysis: DOW is a leading chemicals company with a \$49.4B market cap that operates through six global businesses which are organized into the following operating segments: Packaging & Specialty Plastics, Industrial Intermediates & Infrastructure and Performance Materials & Coatings. Dow's portfolio of plastics, industrial intermediates, coatings and silicones businesses delivers a broad range of differentiated science-based products and solutions for its customers in high-growth market segments, such as packaging, infrastructure, mobility and consumer care. DOW is strongly positioned to see upside to earnings estimates with the recovery in many of its end-markets. DOW currently trades 12.85X Earnings, 19.8X FCF and 6.4X EBITDA with a 4.34% dividend yield. DOW forecasts see revenues rising 25% in 2021 and EBITDA up 72.8%. DOW is coming off a strong quarter and navigated through some headwinds very efficiently. It noted on the call "While sectors like home care have begun to normalize, we do expect additional upside on continuing economic recovery in the industrial sector. And as travel, workplace and social activities resume, they will also provide a boost in demand for higher-margin personal care applications, as well as across the service sectors of the global economy. These constructive market trends will continue to support top and bottom line growth across all Dow operating segments in the second quarter." Dow also noted that robust demand along with tight supply and low inventories will support pricing. Analysts have an average target of \$68 and short interest is low at 1.4% of the float. Argus upgraded to Buy recently expecting it to benefit from strong pricing for commodity chemicals and strong N.A. and China demand.

Options Activity:

| Date | Description | Volume | Open Int | Price | Delta | Impl Vo | Prob ITM | Premium Paid | Symbol | Current Price | Current OI | Price Change | OI Differential |
|------------|-----------------------------|--------|----------|---------|---------|---------|----------|--------------|-----------------|---------------|------------|--------------|-----------------|
| 4/28/2021 | DOW 100 21 MAY 21 68.5 CALL | 4,079 | 24 | \$0.25 | 0.13 | 24.45% | 11.80% | \$114,212 | .DOW210521C68.5 | \$0.13 | 11875 | -48.00% | 189.42% |
| 4/23/2021 | DOW 100 21 JAN 22 60 PUT | 1,211 | 630 | \$6.25 | -0.432 | 30.22% | 55.08% | \$756,875 | .DOW220121P60 | \$6.15 | 1513 | -1.60% | -17.82% |
| 4/23/2021 | DOW 100 20 JAN 23 60 PUT | 850 | 789 | \$10.20 | -0.424 | 31.75% | 62.35% | \$867,000 | .DOW230120P60 | \$10.00 | 1646 | -1.96% | .43% |
| 4/23/2021 | DOW 100 17 SEP 21 60 PUT | 1,017 | 338 | \$4.23 | -0.42 | 30.99% | 50.63% | \$430,191 | .DOW210917P60 | \$4.02 | 1330 | -4.96% | -1.85% |
| 4/21/2021 | DOW 100 21 JAN 22 75 PUT | 449 | 7 | \$14.85 | -0.71 | 27.17% | 80.94% | \$664,520 | .DOW220121P75 | \$14.50 | 459 | -2.36% | .66% |
| 3/31/2021 | DOW 100 18 JUN 21 62.5 PUT | 2,036 | 379 | \$3.45 | -0.41 | 33.18% | 47.65% | \$702,420 | .DOW210618P62.5 | \$2.94 | 3802 | -14.78% | 57.43% |
| 3/29/2021 | DOW 100 20 JAN 23 60 PUT | 300 | 23 | \$10.90 | -0.39 | 33.60% | 60.18% | \$327,000 | .DOW230120P60 | \$10.00 | 1646 | -8.26% | 409.60% |
| 3/24/2021 | DOW 100 21 MAY 21 57.5 PUT | 2,013 | 64 | \$1.37 | -0.25 | 33.91% | 29.17% | \$291,885 | .DOW210521P57.5 | \$0.35 | 3316 | -74.45% | 59.65% |
| 3/24/2021 | DOW 100 18 JUN 21 67.5 CALL | 2,301 | 1,927 | \$2.07 | 0.34 | 33.55% | 28.34% | \$476,307 | .DOW210618C67.5 | \$0.65 | 6722 | -68.60% | 58.99% |
| 3/16/2021 | DOW 100 21 JAN 22 85 CALL | 1,300 | 141 | \$2.03 | 0.19 | 34.93% | 11.68% | \$266,500 | .DOW220121C85 | \$0.61 | 968 | -69.95% | -32.82% |
| 3/12/2021 | DOW 100 21 JAN 22 80 CALL | 1,206 | 1,016 | \$2.91 | 26.30% | 35.17% | 17.25% | \$350,946 | .DOW220121C80 | \$1.20 | 2380 | -58.76% | 7.11% |
| 3/12/2021 | DOW 100 21 JAN 22 50 PUT | 1,201 | 3,365 | \$4.05 | -21.50% | 40.18% | 34.93% | \$486,405 | .DOW220121P50 | \$2.46 | 4780 | -39.26% | 4.69% |
| 3/11/2021 | DOW 100 18 JUN 21 72.5 CALL | 1,083 | 43 | \$1.81 | 0.27 | 34.93% | 21.73% | \$207,936 | .DOW210618C72.5 | \$0.15 | 1625 | -91.71% | 44.32% |
| 3/8/2021 | DOW 100 18 JUN 21 67.5 CALL | 2,026 | 3,118 | \$3.33 | 0.4 | 38.02% | 32.44% | \$678,710 | .DOW210618C67.5 | \$0.65 | 6722 | -80.48% | 30.68% |
| 3/8/2021 | DOW 100 17 SEP 21 75 CALL | 1,006 | 689 | \$2.80 | 0.29 | 37.67% | 20.88% | \$281,680 | .DOW210917C75 | \$0.73 | 2600 | -73.93% | 53.39% |
| 3/2/2021 | DOW 100 18 JUN 21 67.5 CALL | 2,058 | 1,053 | \$2.97 | 0.37 | 36.80% | 29.82% | \$611,226 | .DOW210618C67.5 | \$0.65 | 6722 | -78.11% | 116.07% |
| 2/24/2021 | DOW 100 17 SEP 21 52.5 CALL | 567 | 157 | \$12.70 | 0.78 | 39.89% | 66.07% | \$720,090 | .DOW210917C52.5 | \$11.49 | 736 | -9.53% | 1.66% |
| 2/19/2021 | DOW 100 20 JAN 23 55 PUT | 750 | 17 | \$11.90 | -0.37 | 35.09% | 59.39% | \$892,500 | .DOW230120P55 | \$7.89 | 789 | -33.70% | 2.87% |
| 2/8/2021 | DOW 100 20 JAN 23 60 CALL | 503 | 197 | \$8.60 | 0.48 | 34.93% | 29.97% | \$432,580 | .DOW230120C60 | \$10.32 | 884 | 20.00% | 26.29% |
| 1/25/2021 | DOW 100 21 JAN 22 70 CALL | 1,207 | 482 | \$2.55 | 0.26 | 33.31% | 16.82% | \$307,785 | .DOW220121C70 | \$2.94 | 3714 | 15.29% | 119.89% |
| 1/13/2021 | DOW 100 21 JAN 22 55 PUT | 2,020 | 1,702 | \$7.35 | -0.37 | 36.03% | 53.42% | \$1,474,600 | .DOW220121P55 | \$4.00 | 3528 | -45.58% | -5.21% |
| 1/7/2021 | DOW 100 21 JAN 22 55 PUT | 1,000 | 821 | \$7.45 | -0.39 | 35.45% | 54.99% | \$745,000 | .DOW220121P55 | \$4.00 | 3528 | -46.31% | 93.74% |
| 12/28/2020 | DOW 100 21 JAN 22 60 CALL | 1,023 | 897 | \$4.63 | 0.392 | 33.89% | 26.84% | \$473,649 | .DOW220121C60 | \$6.95 | 2070 | 50.11% | 7.81% |
| 12/11/2020 | DOW 100 20 JAN 23 40 PUT | 750 | 50 | \$5.75 | -0.24 | 38.61% | 47.62% | \$431,250 | .DOW230120P40 | \$2.30 | 939 | -60.00% | 17.38% |
| 12/9/2020 | DOW 100 21 JAN 22 55 PUT | 702 | 57 | \$9.60 | -0.47 | 34.54% | 63.88% | \$673,920 | .DOW220121P55 | \$4.00 | 3528 | -58.33% | 364.82% |
| 12/2/2020 | DOW 100 18 JUN 21 47.5 PUT | 1,000 | 188 | \$3.81 | -0.32 | 39.30% | 44.47% | \$381,000 | .DOW210618P47.5 | \$0.22 | 2123 | -94.23% | 78.70% |
| 10/29/2020 | DOW 100 18 JUN 21 47.5 CALL | 600 | 37 | \$4.10 | 0.47 | 40.10% | 35.12% | \$246,000 | .DOW210618C47.5 | \$15.03 | 1006 | 266.59% | 57.93% |
| 10/26/2020 | DOW 100 21 JAN 22 52.5 CALL | 1,004 | 2,186 | \$4.70 | 0.41 | 37.70% | 26.52% | \$517,060 | .DOW220121C52.5 | \$11.70 | 4743 | 148.94% | 48.68% |

Potential Catalysts: No Scheduled Events

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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