



## FEATURED OPTIONS RADAR REPORT



### Bullish Positioning Continues in Chemicals Leader Ahead of Fall Investor Day

Ticker/Price: DOW (\$63.50)

#### Analysis:

**Dow Chemical (DOW)** stock replacement opens 3000 January \$62.50 calls \$5.05 and later 600 October \$65 puts sold to open for \$4. DOW is a popular name with put sales and activity recently in the March, June, and January 2023 expirations while over 2,200 January \$67.50 calls sit in OI from buyers in mid-July. Shares are trading in a strong trend from the March lows and recent pullback has found support at the rising 200-day MA where shares have been basing. DOW has moved back above its 8- and 21-EMA this week and room to \$69 and a high-volume node from May before turning to new highs. The \$47B company trades 10.5X earnings, 1X sales, and 23.7X FCF with a 4.36% yield and minimal short interest. DOW is coming off of a strong quarter with consumer spending and industrial production tailwinds to demand for their core materials businesses while tighter supply/demand dynamics are giving them more pricing power. They continue to see strong volume trends in polyurethane and silicones as the recovery gains more momentum into the 2H and housing and electronics stays elevated. DOW could see more positive drivers into 2022 as the infrastructure bill and likely see more clarity on that at their Investor Day on October 6. Analysts have an average target for shares of \$62.50 with a Street High \$83. Argus positive in June noting that DOW should continue to realize stronger pricing for commodity chemicals and increased demand in North America and China. They also should continue seeing strong demand for packaging and consumer durable products related to the distribution of COVID vaccines. Hedge fund ownership rose 3% last quarter.

#### Hawk Vision:



**Hawk's Perspective:** DOW is a best-of-breed name that has reset to a nice level for a longer-term swing with the prior highs in focus and their October investor day likely a positive catalyst, alert set for a move above \$64.50

Confidence Ranking: \$\$