



FMC Corp. Bullish Action as Best of Breed Chemical Name

Ticker/Price: FMC (\$99.6)

Analysis:

FMC Corp (FMC) strong setup and bullish action today with 650 ITM February \$90 calls bought \$6.30 and earlier 850 February \$90 puts sold to open for a small debit. FMC doesn't draw a lot of options activity but does still have 1,000 January \$100 calls in OI. FMC shares ran hard in November after earnings and consolidating in a narrow multi-week range with the rising 50-MA just below this week's lows. A move above \$102 targets \$108 but plenty of long-term room to run as it leaves a near \$30 range that has been building since mid-2017. FMC formally separated its more volatile lithium business in late 2018 and now a pure-play on agricultural solutions and crop protection services. They also have a small but growing precision farming product which is helping farmers be more efficient with planting and expected to see significant uptake in the next 2-3 years as budgets get leaner and land usage comes into focus. FMC announced a new CEO in December who is expected to continue building on their tech investments as well as their 2017 deal for DuPont's crop protection business and may pursue tuck-in deals to expand perhaps into more niche crops. The \$13.1B company trades 15X earnings and 2.8X sales with a 1.75% yield and just 2.2% of the float short. FMC expects mid-teens EPS growth and accelerating topline growth as it has outpaced peers in recent years. Hedge fund ownership fell in Q3 but Glenview, Maple Rock Capital, and Skylands Capital all notable holders. Analysts have an average target for shares of \$100 with 14 buy ratings and 3 hold ratings and Jefferies a Street High \$112 PT. Citi added to their Focus List on 1-7 citing the strength of their diamides franchise while Buckingham with a \$105 PT as LatAm, India, China and Pakistan continue to drive double-digit organic sales growth.

Hawk Vision:



Hawk's Perspective: FMC relative strength to peers is hard to ignore and among the chemical names is own to be involved with a nice reward/risk versus the 50 day MA.

Confidence Ranking: \$\$