



FEATURED OPTIONS RADAR REPORT



As EV Demand Surges, Small-Cap Lithium Miner to Benefit as it Expands Capacity

Ticker/Price: (\$26.85)

Analysis:

Lithium Americas (LAC) with 1000 August \$25 ITM calls bought up to \$7.15 to open, pulled back just above its 200-day and basing. LAC has seen buyers recently in the February \$27.50 calls, over 5000X, while the February \$25 calls with 3000 bought. The November \$27.50/\$40 call spread was bought 1000X on 1/10 to open. LAC is basing in a small-range and weekly bull wedge building under \$30.50 with upside to the prior highs near \$40. Shares are finding support at a big breakout spot from 2021 and longer-term trend continuation has upside to \$55. The \$4.44B company trades 165X earnings and 7X sales with mid-40% growth. LAC explores for lithium deposits with their biggest interests in Argentina. The company has the majority of projects fully-funded in 2022 as they look at expanding capacity in both of their Argentine developments and launching new pipeline projects. LAC has benefited from higher prices and tighter supply/demand dynamics for lithium as EV production ramps and should have a mid-year catalyst with more permits expected to be issued at their Nevada mines, Thacker Pass. Analysts have an average target for shares of \$40 with a Street High \$45. HSBC starting at Buy on 1/27 noting that the company is becoming a force to reckon with given that its projects are large enough to exceed the capacity of incumbents like Livent. Long-term capacity of 130kt of LCE, or 164kt before JV adjustments, would make Lithium Americas the fourth or fifth largest player outside mainland China and it has a relatively low-cost base. Short interest is 9.5%. Hedge fund ownership fell 10% last quarter.

Hawk Vision:



Hawk's Perspective: LAC has an explosive setup with room back to \$40+ while the underlying fundamentals in the lithium market should remain solid in 2022

Confidence Ranking: \$\$