

SPOTLIGHT OPTION TRADE



Upside Calls in Chemicals Leader with Strong Pricing Outlook and Cheap Valuation

TRADE SNAPSHOT

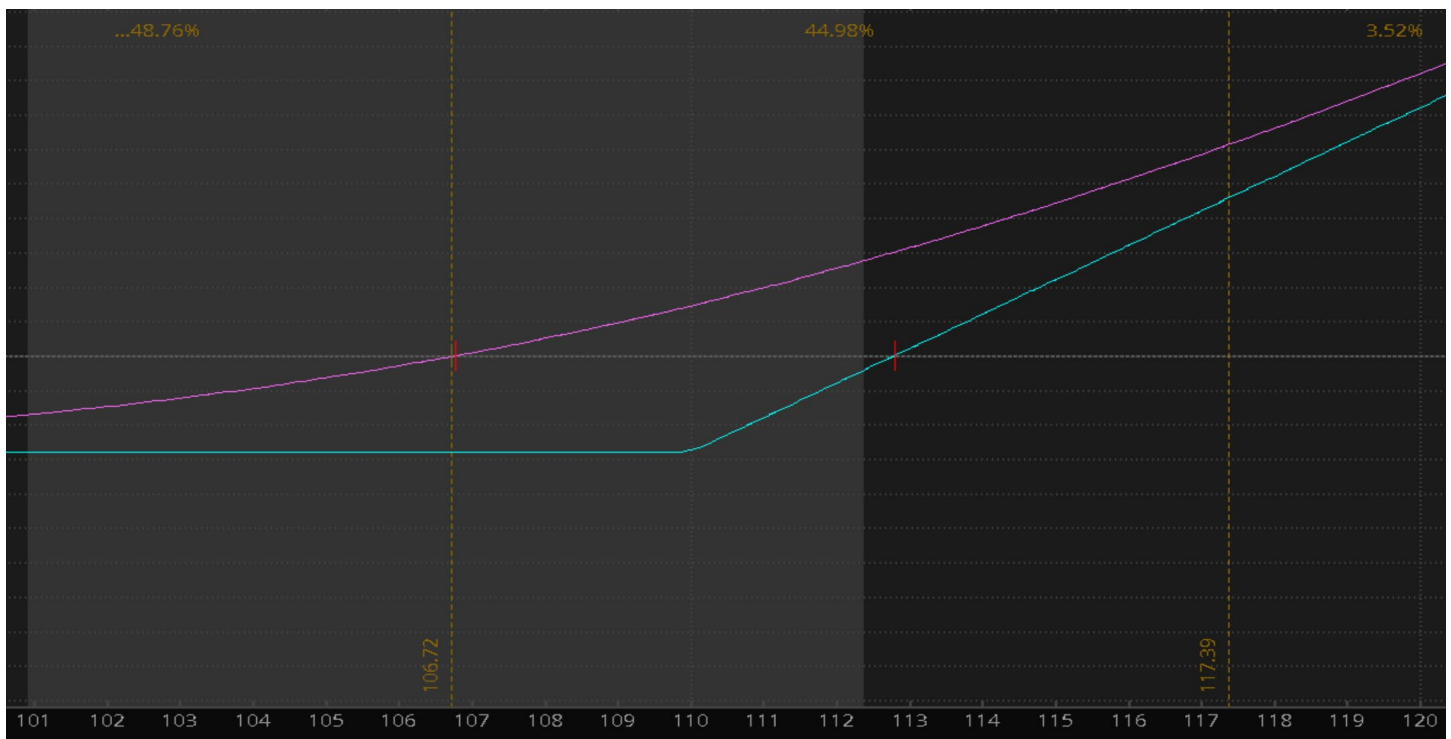
TICKER	LYB
SECURITY	LyondellBasell
SECTOR	Basic Materials – Specialty Chemicals
CURRENT PRICE	\$106.70
LONG/SHORT	Long
TARGET	\$120
STOP	\$101
TIMEFRAME	1 Month

Trading Strategy: Long the **LYB** June \$110 Calls at \$2.80 or Better

Net Debit/Credit: Debit \$2.80

Profitability Zone: LYB Shares Above \$112.80 on June OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: LYB shares are in a nice rising channel pattern and shares have pulled in to volume and VWAP support while RSI has reset to Neutral, potential to base and work to the upper end of the channel that aligns with the \$120 option open interest.



Fundamental Analysis: LyondellBasell is a global, independent chemical company across the petrochemical value chain and its businesses consist primarily of large processing plants that convert large volumes of liquid and gaseous hydrocarbon feedstocks into plastic resins and other chemicals. Its customers use the plastics and chemicals to manufacture a wide range of products that people use in their everyday lives including food packaging, home furnishings, automotive components, paints and coatings. LYB's financial performance is influenced by the supply and demand for products, the cost and availability of feedstocks and commodity products, global and regional production capacity, operational efficiency and ability to control costs. LYB is one of the leading worldwide producers of olefins and polyethylene and the world's second largest producer of polypropylene. LYB is positioned well for 2022 with demand across their products strong and those lagging areas like transportation fuels and automotive product rebounding. The company has been expanding capacity with new facilities opening in 2022 that will help drive earnings growth above the mid-cycle average. LYB has been delevering the balance sheet over the last two years with investors expecting elevated buybacks. LYB has a market cap of \$35B and trades 5.3X EBITDA and 6.85X FCF with a 4.25% dividend yield and 13.7% FCF yield. LYB forecasts see Q2 being peak cycle after a strong run before it starts to face tougher comps. LYB plans to exit the refining business in 2023 and could unlock value seeking alternatives for its Houston refinery. Analysts have an average target of \$120 and short interest is low at 1.6% of the float. BMO raised its target to \$128 recently seeing the company on solid footing to generate strong earnings with margins seen expanding. Wells Fargo raised its target to \$125 based on strong pricing trends across product lines while end-market recoveries drive improved results well into 2023.

Options Activity:

Date	Ticker	Contract	Volume	OI	Price	Delta	IV	Premium	Last	Current OI	Price	OI	Current Value
03-24-2022	LYB	LYB 100 17 JUN 22 115 CALL	3,116	600	\$2.8	0.30	30.75%	\$919,220	\$1.35	8,977	51.79%	141.58%	\$1,211,895
01-03-2022	LYB	LYB 100 17 JUN 22 120 CALL	2,002	26	\$0.55	0.08	27.42%	\$130,130	\$0.55	7,923	0%	290.68%	\$435,765
03-14-2022	LYB	LYB 100 17 JUN 22 110 CALL	2,003	547	\$5.32	0.40	37.89%	\$1,081,620	\$2.75	3,338	48.31%	30.9%	\$917,950
03-03-2022	LYB	LYB 100 16 SEP 22 120 CALL	1,188	782	\$2.2	0.19	29.27%	\$261,360	\$4.1	1,889	86.36%	4.11%	\$774,490
04-21-2022	LYB	LYB 100 17 JUN 22 125 CALL	1,004	696	\$1.45	0.20	29.87%	\$145,580	\$0.3	1,707	79.31%	0.41%	\$51,210
04-28-2022	LYB	LYB 100 20 MAY 22 105 CALL	1,000	359	\$4.2	0.51	41.15%	\$420,000	\$3.75	1,279	10.71%	5.89%	\$479,625
01-21-2021	LYB	LYB 100 20 JAN 23 90 CALL	300	9	\$17	0.57	38.45%	\$510,000	\$25.16	845	48%	173.46%	\$2,126,020
06-11-2021	LYB	LYB 100 20 JAN 23 90 PUT	700	32	\$10.4	-0.28	35.72%	\$910,000	\$4.7	810	54.81%	10.66%	\$380,700

Potential Catalysts: No Scheduled Events; Houston Refinery Alternatives

Disclaimer:

Not Investment Advice or Recommendation

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