



FEATURED OPTIONS RADAR REPORT



Call Buyers in LyondellBasell See Demand Trends Remaining Strong through Year-End

Ticker/Price: LYB (\$113)

Analysis:

LyondellBasell (LYB) with 3,000 January \$125 calls bought for \$6 today, stock replacement, and follows a stock replacement that opened 3000 January \$120 calls at \$8 yesterday. The July \$115/\$120 call spread and June \$115 put sales also active last week. Shares have been consolidating in a range since early March and recently began trending higher with a longer-term measured move to \$125. LYB is back-testing the 21-EMA and May VPOC today. The \$38.6B company trades 8.7X earnings, 1.3X sales, and 21X cash with a 3.7% yield. LYB is benefitting this year from higher mobility trends, especially miles driven, which is boosting their oxyfuels business. The company expects demand to continue surging in 2021 given the backlogs in automotive, growth in packaging demand and other areas while consumer spending will be robust which will support supplier restocking. The company was at the Goldman conference in May noting that both polyethylene and polypropylene demand will likely grow in the mid-to-high singles digits over the next two years. Analysts have an average target for shares of \$95 with a Street High \$142 from JP Morgan. The firm raising estimates on 6/3 as business fundamentals continue to improve sharply as polyethylene prices began the year near 50c per pound and are now close to 80c. Short interest is 1.1%. Hedge fund ownership rose 5.5% in Q1. Samlyn Capital a new buyer of stock last quarter.

Hawk Vision:



Hawk's Perspective: LYB is a high-quality name with exposure to a number of end-markets that should continue to see tailwinds in 2021, a move back above the short-term moving averages at \$115 would be a nice risk/reward for another leg higher

Confidence Ranking: \$\$