



FEATURED OPTIONS RADAR REPORT



Call Buyers See Strong Environment Persisting in 2022 for Fertilizer Leader

Ticker/Price: MOS (\$36.35)

Mosaic (MOS) on 11/23 with 5000 January 2023 \$50 calls bought to open for \$1.4M and follows a trade on 11/12 that bought 50,000 March \$50/\$60 call spreads to open. MOS is a name with a lot of open interest and overall skews bullish with these two recent trades most notable. MOS shares have pulled back nearly 20% off October highs and putting in a base right above VWAP off the July lows while the 200-day moving average is below at \$33.87. MOS needs to get back over \$38 and clear room or a move to \$41 or higher. MOS is the world's leading producer and marketer of concentrated phosphate and potash crop nutrients. MOS is also the leading fertilizer production and distribution company in Brazil following its 2018 deal for Vale Fertilizantes S.A. Phosphates is 36% of sales but the low margin business at 12% while Potash at 23% of sales has 44% margins and Fertilizantes at 40% of sales has 39% margins. MOS on its last earnings call expects strength continuing through 2022 with grain stocks remain limited and global corn and soybean demand is elevated, driven in part by surging Chinese demand and rising global biofuel demand. For Potash, MOS expects supply could potentially catch up with demand, as a small surplus is expected in the back-end of 2022. MOS currently has a market cap of \$14.15B and trades 6X Earnings, 4.5X EBITDA and 24X FCF with revenues seen rising 42% in 2021 and 12% in 2022 with EBITDA increasing 132.5% and 17.9% respectively. Analysts have an average target of \$43.50 with short interest at 2% of the float. Citi cut shares to Neutral with a \$46 target on 11/1 concerned that cyclical stocks peak 6-12 months ahead of peak earnings and sees this as the case with MOS. Mizuho started at Buy with a \$55 target in October seeing elevated pricing a positive for multiple years to come.

Hawk Vision:



Hawk's Perspective: MOS needs to confirm this base with a close back above \$38 but see value at these levels and think a lot of the peak concerns are jumping the gun in many names.

Confidence Ranking: \$\$