



## FEATURED OPTIONS RADAR REPORT



### Bulls Target Calls in European Steelmaker on Strong Outlook for Pricing

**Ticker/Price:** MT (\$32.40)

**ArcelorMittal (MT)** with large call activity recently as 3000 June \$35 calls were bought for \$975K on 10/18 along with 4000 March \$32 calls for \$1.5M. MT on 10/19 saw another 3000 June \$35 calls trade and has also recently seen January 2023 \$45 calls with 7000 bought and added to open interest on 10/15. MT also has 5950 December \$35 calls in open interest from buyers in May. MT shares have pulled back off August highs and recently bounced near the 200-day moving average and VWAP off the late January lows with shares bouncing back to the 55-day moving average this week. MT shares can break out above \$34.25 and make a run towards \$40. MT will report results on 11-11. ArcelorMittal is one of the world's leading integrated steel and mining companies. ArcelorMittal is the largest steel producer in the Americas and Europe. ArcelorMittal produces flat products, including sheet and plate, and long products, including bars, rods and structural shapes. It also produces pipes and tubes for various applications. Key end-markets include automotive, appliance, engineering, construction and machinery. ArcelorMittal has a leading market share with approximately 17% of the worldwide market share in the automotive steel business. Steel markets remain tight with auto production growth leading to strong demand and > 90% capacity utilization with very little idled capacity causing a tight supply market. Prices remain near all-time highs with imports under pressure given China's production curbs. MT has a \$31.45B market cap and trades 2X EBITDA, 0.85X Book and 7.7X FCF with a 0.93% yield. Consensus forecasts see revenues growing 42% in 2021 and EBITDA up 272% versus easy 2020 comps and expectations for tough comps to set in Q2 2022. Analysts have an average target of \$50 with short interest negligible at 0.3% of the float. Goldman with a note on 10-4 saying to buy MT and has a \$49 target. CSFB upgraded to Outperform last week with a \$42 target and sees MT generating \$17.5B FCF over the next three years. Deutsche Bank raised its target to \$55 in mid-September seeing valuation highly attractive as the cycle will last longer than investors are expecting.

#### Hawk Vision:



**Hawk's Perspective:** MT is significantly undervalued and the set-up for Steel continues to look favorable. NUE, X, MT calls are all looking attractive though want to see some commentary through earnings season and see how the names trade.

**Confidence Ranking:** \$\$