



FEATURED OPTIONS RADAR REPORT



Bullish Open Interest in Ag Cycle Beneficiary with Strong Industry Backdrop

Ticker/Price: NTR (\$64.90)

Nutrien (NTR) a strong weekly chart working out of a multi-month consolidation and nearing new highs after a strong move in fertilizer stocks last week. NTR has a measured move target up to \$73-\$75 out of this pattern and the rising 21-week EMA has been very supportive while MACD is near triggering a bullish signal on the weekly. NTR does not see a ton of options activity but November \$65 calls have 2850 in OI from buyers in February and the January \$60 calls have more than 5850X in OI from buyers back in February. A more recent trade opened 1500 January 2023 \$60 calls for \$735K on 4/22. Nutrien is the world's largest provider of crop inputs and services. Nutrien plays a critical role in helping growers around the globe increase food production in a sustainable manner. NTR has various retail facilities across the US, Canada, Australia and South America with private label and proprietary crop protection products and nutritionals and offers an innovative integrated digital platform for growers and crop consultants. NTR has six Potash operations, eight Nitrogen production facilities and two Phosphate mines & plants. Nutrien's business model has exhibited stability and growth, while its leverage to fertilizer prices is providing a catalyst for earnings growth as prices are supported by strong agriculture fundamentals. Historically low global stocks-to-use ratios driven by strong Chinese demand and tight supply availability have driven crop prices higher. Fertilizer prices have continued to increase in recent months on tightened supply and robust demand in key spot markets. NTR has a market cap of \$47B and trades 13.35X Earnings, 1.63X Sales, 7.5X EBITDA and 26.4X FCF with revenues seen rising 18.7% in 2021 and EBITDA +70% before facing tougher comps in 2022. NTR recently spoke at the RBC Industrials Conference and was very optimistic on being ahead of its 2023 targets and the strong Ag environment. NTR also raised guidance back on 8/10 with upside in all segments on strong fertilizer pricing, solid crop input demand, and execution at Retail. NTR is flexing its underutilized capacity in 2H21 to expand quarterly production by ~20% by 4Q (to a ~17mmt annualized rate) to capitalize on market tightness. Analysts have an average target of \$75 and short interest is low at 0.4% of the float. Goldman rates shares Buy with a \$75 target noting shares trade at a 12% 2022E FCF yield with significant optionality to pursue bolt-on Retail M&A, de-bottlenecking growth investments, and cash return to shareholders. HSBC raised its target to \$73 on 8/20 expecting strong fertilizer pricing through Q1 2022 with a lot of supply disruptions.

Hawk Vision:



Hawk's Perspective: NTR screens as a best-in-class name annually and remains under-appreciated, near-term could pull back in to \$63 but the \$75 upside by Q1 2022 looks very much in reach.

Confidence Ranking: \$\$