



FEATURED OPTIONS RADAR REPORT



Nucor Bull Sees Further Upside as Prices, End-Market Demand Remains Supportive

Ticker/Price: NUE (\$103.25)

Analysis:

Nucor (NUE) with 1,050 January \$92.50 puts sold to open for \$8.40 with the \$110 calls bought for \$9.90 this morning in bull risk reversals and follows the July \$110/\$115 call spreads active recently. NUE has seen sellers in the longer-term January 2023 puts in May while the January \$110 calls with 2,000 bought around \$7.20 in early May too. Shares have run a lot in 2021, up over 92%, and consolidating now in a small flag under \$107 with further room up to \$120. Longer-term, NUE out of a big monthly bull flag above \$84 and a lot of room to run. The \$30.26B company trades 17.75X earnings, 1.4X sales, and 10.5X cash with a 1.6% yield. NUE is coming off of a strong quarter as long-term capacity investments paying off as prices rise across their portfolio of products. They hit 95% utilization in Q1, up from 87% in late 2020, and adding more opportunity to run overtime at their mills to meet market demand in Q2. The company continues to see upside given strength in their key end-markets, especially renewable energy, while inventories remain lean. Analysts have an average target for shares of \$69 with a Street High \$110 at BMO. The firm was out on 5/14 raising estimates and citing the company announcing a new \$3B stock buyback program, replacing the \$2B authorization made in 2018, while also maintaining his view that Nucor is a best-in-class steel producer. BAML upgraded shares in April citing the better macro environment. Hedge fund ownership rose 1.5% in Q1.

Hawk Vision:



Hawk's Perspective: NUE is starting to form a nice high-and-tight flag around \$105 and long been a preferred name in the steel space along with **STLD**, potential for it to continue building up a nice range as the 21-MA catches up, a spot that has been supportive on the latest run

Confidence Ranking: \$\$