



FEATURED OPTIONS RADAR REPORT



Bullish Open Interest in Tyson Sees Further Upside as Consumer Demand Surges

Ticker/Price: TSN (\$79.50)

Analysis:

Tyson Foods (TSN) notable bullish activity this week with 1,500 January \$75 puts sold to open on 5/26, the October \$72.50 calls bought on 5/24, and the January \$80 puts sold to open 1000X on 5/24. TSN has 4800 June \$77.50 calls in OI from buyers in late April while the July \$85 calls also with 3,700 in OI from buyers in March. Shares are consolidating near recent highs with cloud support and the April VPOC down around \$77.50. A move above \$81 has room up to \$86.50. The \$29B company trades 12.4X earnings, 0.67X sales, and 33X cash with strong FCF and a 2.25% yield. TSN has seen a number of headwinds in 2021 including cost inflation and supply shortages but continues to execute well amid a strong consumer demand backdrop. The company was at the BMO Farm Forum on 5/19 noting that a return to foodservice will be a big tailwind for them as well as the step up in chicken sandwich promotions by QSR that have been taking over menus. Another catalyst for the year is the launch of their new meatless products, Range & Rooted, which hit shelves on 5/5. Analysts have an average target for shares of \$82.75 with a Street High \$92. Argus upgraded to Buy last week citing continued growth in demand for protein while investing in new products, e-commerce upgrades, and capacity expansion. Barclays positive on 5/13 as current strong beef industry dynamics support earnings results and management has identified the issues in the Chicken segment and can now focus on addressing them. Hedge fund ownership fell marginally in Q1.

Hawk Vision:



Hawk's Perspective: TSN has been a steady name since March but yesterday's candle showed some cautious price action and could return to test the 50-MA which would be a nice risk/reward spot

Confidence Ranking: \$\$