



FEATURED OPTIONS RADAR REPORT



Rail Draws Large Call Buys into Sharp Sell-Off

Ticker/Price: UNP (\$244.85)

Union Pacific (UNP) saw a surge in large call buys on 4/7 in the afternoon as 3750 of the August \$245 calls were bought in the \$16 to \$17.10 range, large premium. UNP has 6500 April 22nd (W) \$235 short puts in open interest, 3500 August \$235 short puts, 2500 May \$245 short puts, and 2300 August \$265 calls and May \$245 calls previously bought in OI as well as large rolls to January 2024 \$260 and \$270 calls this week for \$14M. UNP shares were on an impressive run in 2022 but recently pulled back hard with Transport weakness and back to major VPOC while the 200-day moving average is down near \$235. UNP is also reversing at VWAP from the September 2021 lows and just above a 50% retracement. Union Pacific Railroad Company connects 23 states in the western two-thirds of the country by rail, providing a critical link in the global supply chain. The Railroad's diversified business mix includes Bulk, Industrial, and Premium. UNP gets a fairly even split from Premium, Bulk and Industrial freight. UNP currently gas a \$161.7B market cap and trades 19X Earnings, 49X FCF and 14X EBITDA with a 1.93% dividend yield. Forecasts seen UNP posting 9% revenue and 11.5% EBITDA growth in 2022. Analysts have an average target of \$275 with short interest low at 1.6% of the float. SIG raised its target to \$310 this week seeing strong Q2 volumes.

Hawk Vision:



Hawk's Perspective: UNP looks compelling into this weakness though bull put spreads at \$235 level may be the best strategy, the fear-driven move from a drop in rates that was likely driven by China COVID issues is likely temporary.

Confidence Ranking: \$\$