



## FEATURED OPTIONS RADAR REPORT



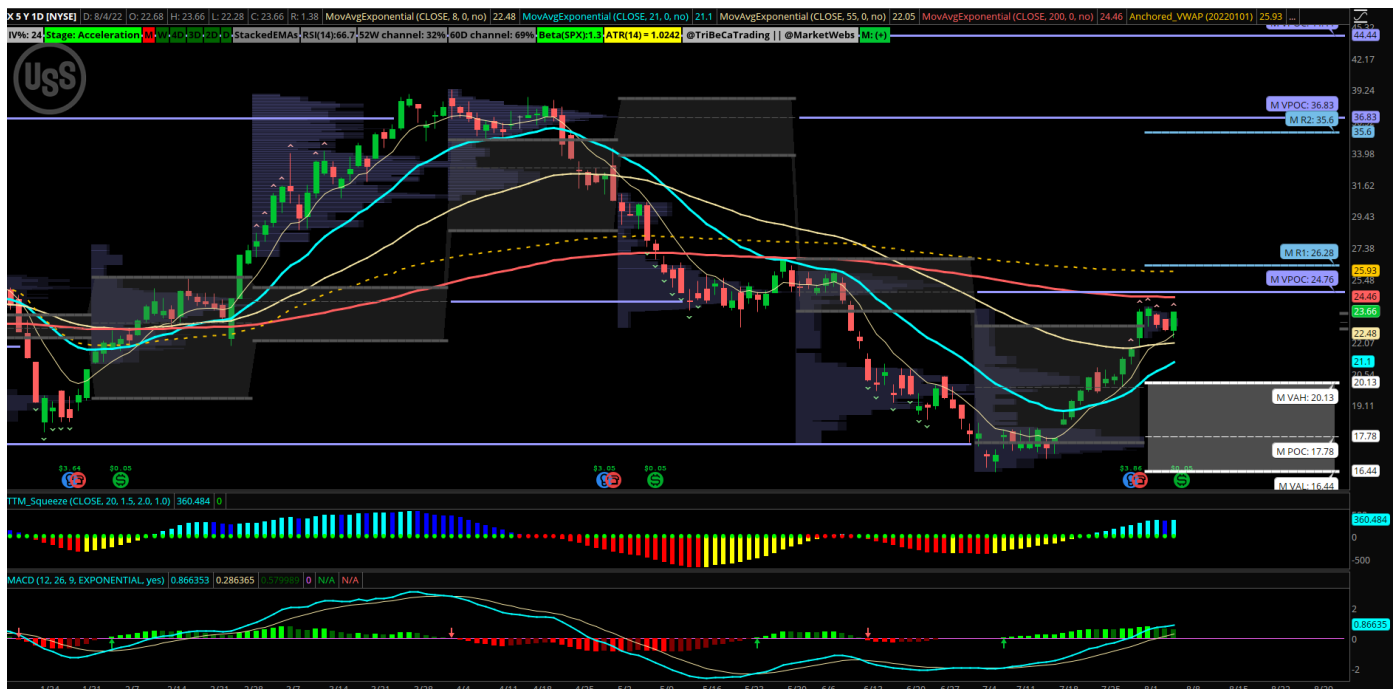
### Bears Position for Reversal in Steel Name Nearing Resistance

**Ticker/Price:** X (\$23.67)

#### Analysis:

**US Steel (X)** on 8/3 saw a bearish trader open over 10,000 October \$20 puts at \$1.20, for nearly \$1.2M in put premium bought. This follows recent bear flow in October \$21 puts and August \$21.50 puts as well as March \$20 puts bought at \$3.60. X also has September \$23 short calls in open interest from sellers on 6/27 at \$1.15. Shares are trending up and forming a short-term bull flag as it nears the 200 EMA at 24.50 and a cluster of resistance just above with YTD VWAP and a high volume VPOC of note at near 25. The weekly chart is still looking bearish with the rally only coming back to 21-week EMA and the 24-25 zone being stiff volume resistance. The 21 level below is the yearly value low and would be a first target on the downside if the stock rolled back over. The \$5.6B company trades 8.1x earnings, 0.4x EV/sales, with a FCF yield of +0.1% and a dividend yield of 0.9%. Revenue is seen growing just +4% this year and expected to decline -23% in FY 23. US Steel recently reported inline EPS and beat on Revenues while authorizing a \$500M stock buyback. During their earnings call the company stated that Spot prices falling from high levels over the past several months are expected to negatively impact results in the third quarter. They also continue to work through more costly inventory and therefore expect meaningfully sequentially lower EBITDA. Average analyst target is \$26 with a Street high of \$50 and low of \$21. Morgan Stanley last month lowering its price target to \$20 and citing steel prices have fallen faster from their March highs than expected and they are marking-to-market their steel and scrap price forecasts for 2022 and 2023. Goldman also lowered its target on shares recently to \$22 from \$36 and BMO Capital lowering their target to \$23. Short interest is high at 22%. Hedge fund ownership rose 42%.

#### Hawk Vision:



**Hawk's Perspective:** X is nearing the 200 EMA resistance and potential to watch for a reversal candle off that VPOC at 24.75 to play a move back down to 20 if Materials names roll over.

**Confidence Ranking:** \$\$