

## SPOTLIGHT OPTION TRADE



### Pioneer Natural Calls Accumulate, Returns to Key Breakout Level

#### TRADE SNAPSHOT

TICKER	PXD
SECURITY	Pioneer Natural Resources
SECTOR	Materials – Oil & Gas
CURRENT PRICE	\$151.50
LONG/SHORT	Long
TARGET	\$175
STOP	\$142
TIMEFRAME	1 Month

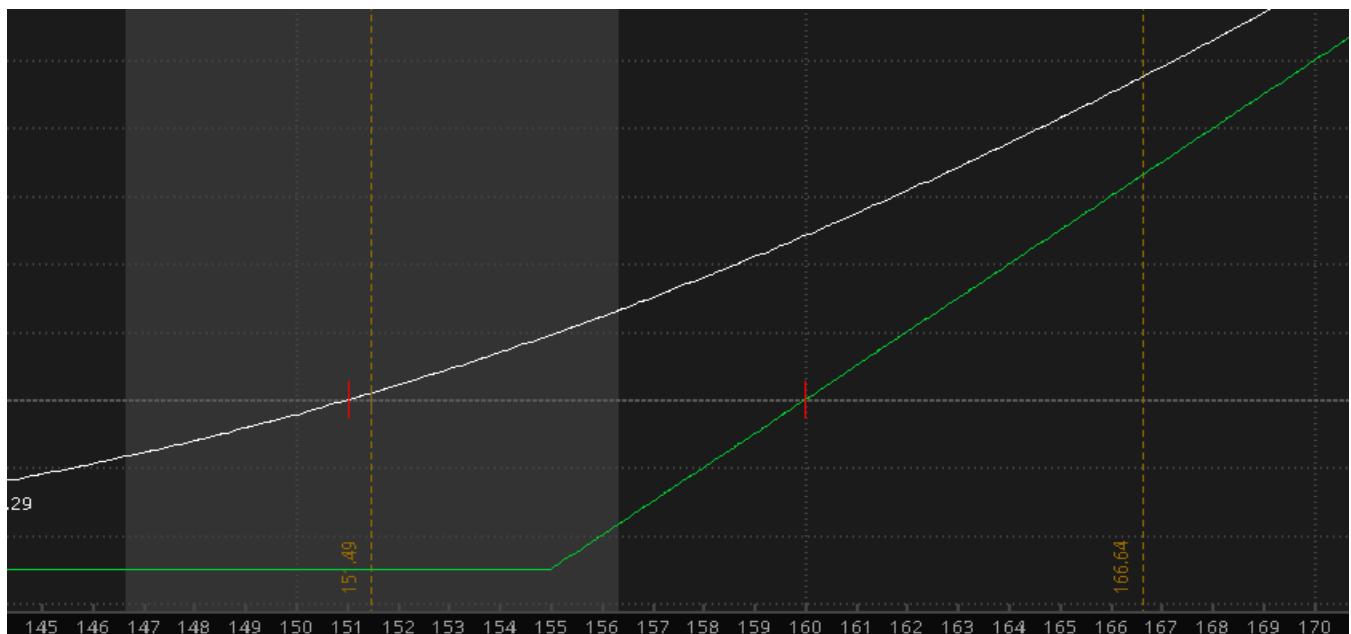
**Trading Strategy:** Long the PXD June \$155 Calls at \$5 or Better

**Net Debit/Credit:** Debit of \$5

**Profitability Zone:** PXD Shares Above \$160 on September OpEx

**Greeks:** Delta 45; Gamma 2; Vega 19; Theta -9

**Options Volatility / Trade Simulator View:**

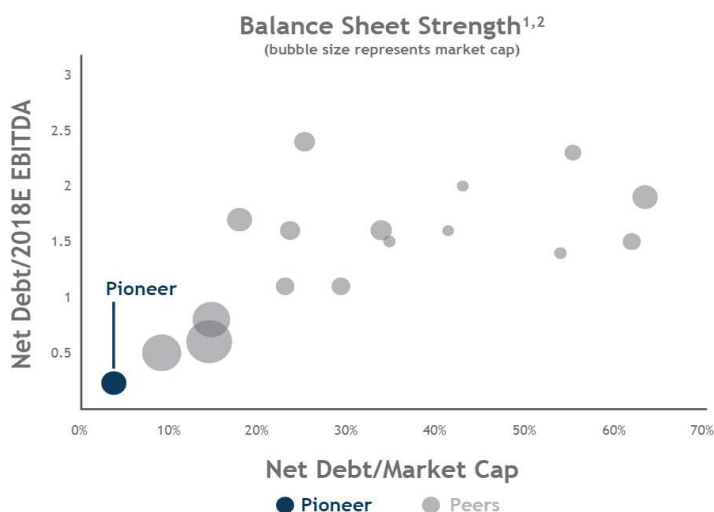
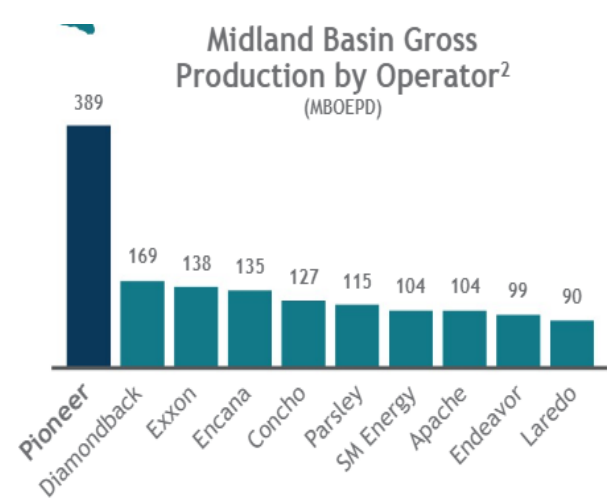




**Technical Analysis:** PXD shares put in a recent low right at YTD VPOC which is also near a retest of a key base breakout from March and have pulled back for a few weeks while weekly RSI remains fairly strong and in an uptrend. The 8 day MA is starting to flatten and can turn higher and start a strong move back to recent highs.



**Fundamental Analysis:** The \$25.8B Oil & Gas leader trades 14.25X Earnings, 9X FCF and 6.8X EV/EBITDA. PXD posted revenue growth of 51% and 77% the last two years though a slowdown seen this year before growth reaccelerates next year. EBITDA grew 25% and 38% the last two years and seen growing 18% in 2019 and 17% in 2020, more importantly. PXD is coming off a strong quarter with Permian production near the high end of guidance. It is a pure play Permian name, the hottest US land area. PXD has a \$2B buyback in place that only used \$328M in 2018. It is a top low-cost operator with superior margins and in 2018 a ROCE of 9% compared to peers at 6%. PXD also has the healthiest balance sheet across its peer group. Analysts have an average target of \$205 on shares and short interest is down 22% Q/Q to just 2% of the float. CSFB rates shares Outperform with a \$200 target and notes the new priority of FCF growth. On the latest earnings call the CEO did note no plans of selling the company after the recent OXY/APC deal puts PXD as a potential next target. Macquarie raised shares to Outperform on 4-15. Baupost Group lowered its position in Q1 filings while Point-72 exited.



**Options Activity:**

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
5/14/2019	PXD 100 20 SEP 19 160 CALL	1,131	669	\$9.60	14.29%	0.44	36.11%	35.88%	\$1,085,760	.PXD190920C160
5/8/2019	PXD 100 20 SEP 19 170 CALL	1,000	186	\$7.68	32.41%	0.36	36.94%	28.02%	\$760,000	.PXD190920C170
5/8/2019	PXD 100 20 SEP 19 190 CALL	1,002	183	\$3.13	39.11%	0.19	36.55%	13.93%	\$350,700	.PXD190920C190
5/6/2019	PXD 100 20 SEP 19 175 CALL	1,000	1,526	\$7.30	-9.88%	0.35	36.38%	27.35%	\$750,000	.PXD190920C175
5/6/2019	PXD 100 20 SEP 19 205 CALL	1,500	1,505	\$2.00	-35.48%	0.14	35.41%	9.46%	\$300,000	.PXD190920C205
5/3/2019	PXD 100 20 SEP 19 160 CALL	580	94	\$14.07	9.75%	0.53	38.10%	43.33%	\$816,060	.PXD190920C160
5/3/2019	PXD 100 20 SEP 19 140 PUT	578	262	\$6.99	-11.29%	-0.272	38.01%	35.44%	\$404,022	.PXD190920P140
5/3/2019	PXD 100 20 SEP 19 180 CALL	573	391	\$6.88	12.79%	0.33	36.99%	24.87%	\$394,224	.PXD190920C180
5/1/2019	PXD 100 21 JUN 19 160 PUT	1,003	2,638	\$7.50	19.62%	-0.42	36.76%	47.87%	\$752,250	.PXD190621P160
5/1/2019	PXD 100 21 JUN 19 175 CALL	1,280	881	\$3.12	-43.78%	0.26	36.47%	21.38%	\$399,360	.PXD190621C175
4/30/2019	PXD 100 21 JUN 19 155 PUT	500	209	\$4.23	-6.62%	-0.28	37.38%	32.83%	\$211,500	.PXD190621P155
4/29/2019	PXD 100 20 SEP 19 175 CALL	1,000	545	\$11.10	11.00%	0.47	34.09%	38.47%	\$1,110,000	.PXD190920C175
4/29/2019	PXD 100 20 SEP 19 205 CALL	1,500	5	\$3.10	-38.00%	0.19	32.92%	14.15%	\$465,000	.PXD190920C205
4/26/2019	PXD 100 (Weeklys) 10 MAY 19 160 PUT	1,613	4	\$3.10	31.91%	-0.344	39.96%	37.37%	\$500,030	.PXD190510P160
4/26/2019	PXD 100 17 MAY 19 160 PUT	685	329	\$4.35	38.10%	-0.35	37.85%	38.48%	\$297,975	.PXD190517P160
4/25/2019	PXD 100 17 JAN 20 165 PUT	500	128	\$16.30	22.56%	-0.403	34.38%	51.57%	\$815,000	.PXD200117P165
4/18/2019	PXD 100 21 JUN 19 185 CALL	4,500	3,574	\$5.20	0.00%	0.34	31.36%	28.97%	\$2,205,000	.PXD190621C185
4/18/2019	PXD 100 21 JUN 19 195 CALL	950	96	\$2.53	2.43%	0.21	30.80%	17.21%	\$251,750	.PXD190621C195
4/16/2019	PXD 100 20 SEP 19 160 PUT	1,069	44	\$8.90	-7.87%	-0.32	32.34%	40.10%	\$951,410	.PXD190920P160
4/15/2019	PXD 100 17 JAN 20 175 CALL	655	229	\$16.70	12.84%	0.51	33.06%	39.89%	\$1,120,050	.PXD200117C175
4/15/2019	PXD 100 15 JAN 21 145 PUT	752	265	\$14.70	0.68%	-0.26	32.15%	41.08%	\$1,105,440	.PXD210115P145
4/15/2019	PXD 100 17 JAN 20 210 PUT	100	12	\$42.16	-41.41%	-0.74	30.20%	80.33%	\$446,000	.PXD200117P210
4/15/2019	PXD 100 17 MAY 19 155 PUT	1,536	33	\$2.62	-8.07%	-0.22	37.68%	25.60%	\$402,432	.PXD190517P155
4/12/2019	PXD 100 21 JUN 19 175 CALL	3,554	609	\$5.49	232.73%	0.37	32.23%	31.92%	\$1,951,146	.PXD190621C175
4/12/2019	PXD 100 15 JAN 21 210 CALL	1,182	7	\$14.35	54.80%	0.38	28.62%	24.66%	\$1,713,900	.PXD210115C210
4/12/2019	PXD 100 21 JUN 19 160 PUT	1,073	138	\$6.60	-49.46%	-0.38	33.27%	43.99%	\$708,180	.PXD190621P160
4/12/2019	PXD 100 20 SEP 19 155 CALL	300	26	\$19.63	64.54%	0.67	34.66%	58.09%	\$666,000	.PXD190920C155
4/12/2019	PXD 100 21 JUN 19 170 CALL	514	265	\$7.65	240.00%	0.5	33.68%	44.21%	\$393,210	.PXD190621C170
4/12/2019	PXD 100 21 JUN 19 150 PUT	1,031	87	\$3.60	-53.55%	-0.24	34.46%	28.58%	\$371,160	.PXD190621P150
4/12/2019	PXD 100 (Weeklys) 3 MAY 19 165 CALL	360	3	\$5.70	285.14%	0.54	30.04%	50.74%	\$205,200	.PXD190503C165
4/10/2019	PXD 100 21 JUN 19 155 CALL	1,016	2,815	\$7.00	12.90%	0.46	32.06%	39.95%	\$711,200	.PXD190621C155
4/10/2019	PXD 100 21 JUN 19 140 PUT	1,002	1,020	\$4.00	-12.09%	-0.28	33.12%	33.02%	\$430,860	.PXD190621P140

**Potential Catalysts:** UBS Oil & Gas Conference 5-21-19

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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