



Bullish Positioning in Precious Metals Leader Wheaton

Ticker/Price: WPM (\$27)

Analysis:

Wheaton Precious Metals (WPM) flagging with 13,000 September \$30 calls active with buyers early. **WPM** also with 3000 March \$30 OTM calls being bought to open \$1.95 to \$2. **WPM** previously with 4000 January \$22.50 calls bought on 1/17 though did see 2500 January \$30 puts open 7/17. Glencore announced plans to halt production at the World's largest cobalt mine this week which could benefit **WPM**. Shares are breaking out of a downtrend from the 2011 highs near \$45 and above \$27.50 would move out of a long base. The \$12.35B Silver/Gold miner trades 39.65X Earnings and 23.3X EV/EBITDA though estimates may be too low with the recent surge in precious metal prices. **WPM** will release earnings after the market today and speak at the Denver Gold Conference on 9/15. Wheaton aims to be the world's premier precious metals investment vehicle and has a diversified high quality asset base around the World with multiple large partners. It has a strong track record of organic growth and accretive growth via acquisitions. Analysts have an average target of \$31 and short interest at 1.2% of the float has moved 58% lower Q/Q. Barclays upgraded to Overweight with a \$28 target back on 7/16 as the preferred streamer based on valuation seeing upside to FCF and reinvestments with rising prices. Hedge Fund ownership dropped 50% in Q1 filings, Van Eck and First Eagle top holders known for the metals space while Carmignac Gestion a notable top holder though it reduced the position in Q1.

Hawk Vision:



Hawk's Perspective: **WPM** does look great on the chart but earnings tonight could cause some volatility near-term, one to watch with the March longer-term positioning.

Confidence Ranking: \$\$