



## Calls Surge in Halliburton

Ticker/Price: HAL (\$18.85)

### Analysis:

**Halliburton (HAL)** with 17,000 November \$20 calls being bought \$0.72 to \$0.87 to open early this morning and up over 33,000X in the opening hour. HAL was selected by PTTEP for a digital transformation contract this morning. Shares have pulled back with Oil prices the last two weeks after rallying back to YTD VPOC at \$22.50 in mid-September. HAL is a name with a ton of open interest and as seen some size put sales to open in longer dated contracts. The weekly chart is showing a major bullish RSI divergence into recent lows. The \$17B oil services leader trades 11.75X Earnings and 6.8X EV/EBITDA with EBITDA growth seen at 8.6% in FY20 after a down year in FY19. A Director bought 8000 shares at \$19.35 in September. HAL showed better execution in Q2 with momentum Internationally (double-digit guide for FY20) where they've invested in their footprint and tech. HAL continues to see weakness in North America but announcing a new 'playbook' to deal with slowing activity by shelving unused gear and 'stacking' rather than fighting for market share. The move is expected to help costs while the market turns. Analysts have an average target of \$29 on shares and short interest elevated near a three-year high at 3% of the float. HAL presents at multiple conferences in October and next reports on 10-21. Hedge Fund ownership declined 6% in Q2 filings, Sanders Capital a top holder that added to its \$600M position in Q2. Barclays downgraded shares on 9-16 seeing modest upside to shares and sees a focus on capital discipline and FCF by E&P companies intensifying into 2020 keeping pressure on the oilfield services market.

### Hawk Vision:



**Hawk's Perspective:** HAL action is fairly speculative but enticing versus a close stop of \$18, potential to put in a higher low here, though overall a tough business to operate in with current market conditions.

**Confidence Ranking:** \$\$