



## Bulls Position for BP to Rally in Early 2020

Ticker/Price: BP (\$37.10)

### Analysis:

**BP PLC (BP)** with another 7,500 April \$39/\$43 call spreads bought today for \$0.66, same spot as last week where over 7500 bought, and follows buyers of 12,000 Dec. \$37.50 calls and over 4,500 of the January \$37 calls recently. BP has also seen buyers out in the June \$38 calls over 3,000X and April \$28 short puts this Fall. Shares have been in a weak trend since April but back to a big volume support area from 2016/2017 and trying to base recently with a series of higher lows since August. A move above \$39 and the 200-MA targets the VPOC from May/June around \$42. The \$125.9B oil giant trades 10.89X earnings, 0.45X sales, and 6.4X cash with a 6.63% yield. BP is focusing on boosting operating cash flows, advancing their higher-growth Asian downstream portfolio and returning capital to shareholders while shoring up their balance sheet amid a lower-for-longer environment for crude prices. BP made news in August after selling their Alaskan assets for \$5.6B and on track for their \$10B divestment goal for 2019/early-2020 as they focus on integrating their \$10.25B deal for BHP's onshore assets. They see low-double digit EPS growth and low-single digit revenue growth in 2020. Hedge fund ownership fell 7% in Q3. Analysts have an average target for shares of \$46 and Piper starting coverage at Buy with a \$47 PT on 11-26. Argus cutting to Neutral on 10-31 given their current leverage. In September, CEO Bob Dudley confirmed plans to step down in 2020 but no timeline or succession plan announced, so a potential early 2020 catalyst. BP will be at the Cowen Energy conference today and tomorrow.

### Hawk Vision:



**Hawk's Perspective:** BP shares are testing its September 2017 base breakout level and need to see some better price action, though becoming an attractive value/yield name, the Oil price environment remains constrained.

**Confidence Ranking:** \$\$