



EQT Bulls Active as Technical Set Up Improves

Ticker/Price: EQT (\$13.60)

Analysis:

EQT Corp (EQT) with 4000 January 2022 ITM \$5 calls bought for \$9.40 to \$9.50 today, sizable trade that follows sellers of the Sept. \$20 ITM puts on 5/7 as well as the June \$12 puts on 5/1. Shares have rallied since mid-February with tailwinds from natural gas, outperforming the broader energy space, and now flagging under \$14/\$15 with room up to \$20 on a continuation move. EQT is starting to crack a longer-term downtrend with the next big volume node up around \$27.50. The \$3.27B company is coming up on 1-year since activists Derek and Toby Rice won control of the board after a long proxy fight. The brothers, who sold their company Rice Energy to EQT, have been implementing a turnaround plan focused on profitability over production while shifting major resources to their highest-margin area in the Marcellus Shale. The Rice's are investing more in technology to make drilling more efficient and in late April gave a positive Q1 volumes outlook. Shares trade 0.75X sales and recently eased some near-term financial concerns with a successful offering of longer-dated notes. They're also actively pursuing non-core asset sales and on 4/23 noted that they are exploring the potential to monetize the remaining equity interest in Equitrans (ETRN). Analysts have an average target for shares of \$15.50. MSCO upgrading to Neutral on 4-30 seeing a path to \$3+ for natural gas by Q4. Short interest is 7.6% and down from around 12% in April. Hedge fund ownership rose 12.9% in Q1. EQT with a lot of insider activity in 2019 between \$19 and \$20 as eleven different insiders bought stock.

Hawk Vision:



Hawk's Perspective: EQT is setting up here well and have alerts set for the pennant breakout.

Confidence Ranking: \$\$