



FEATURED OPTIONS RADAR REPORT



Agnico Bulls Buy into Weakness, Target New Highs

Ticker/Price: AEM \$80.50

Analysis:

Agnico Eagle Mines (AEM) with buyers yesterday of 2,500 November \$85 calls for more than \$1.9M, size trade in the gold miner which is flagging on the weekly near new highs. AEM recently had buyers in the January \$100 calls, October \$90 calls and the November \$100/\$60 bull risk reversal bought 1000X. Shares have been on a nice run up to new highs and now consolidating under \$85 with a breakout move targeting \$100 with MACD set for a bullish cross. The \$19B company trades 24.8X earnings, 7X sales, and 3.75X book with a 1% yield and little debt. AEM raised their outlook for production in July and positive on higher realizations in Q2 while lowering their exploration costs (they also noted in July they expect to produce more with fewer contract workers being called back, an opportunity for further savings). AEM shut down a number of operations in the 1H of the year due to COVID but now back into re-opening phase and ramping of operations largely complete as they look to get back on track. AEM sees significant FCF generation in the 2H which will help fund expansions projects in areas like Kettle which is generating 2M tonnes per day and potential for further discoveries in the area. Short interest is 1.6%. Hedge fund ownership fell 1.3% in Q2 but ArrowStreet a big buyer of 1.6M shares. Analysts have an average target for shares of \$79. Scotiabank upgrading to Buy on 7/30 citing better than expected Q2 results show it has dealt with the operational issues it faced earlier this year.

Hawk Vision:



Hawk's Perspective: AEM sets up well and one of my preferred names to trade on the gold miner side with NEM, like how the early reversal candle is setting up for a breakout

Confidence Ranking: \$\$