



## FEATURED OPTIONS RADAR REPORT



### Bulls Position in Next-Era Energy on Modest Dip

Ticker/Price: NEE (\$275)

#### Analysis:

**Next-Era Energy (NEE)** second straight day of bullish flows as 200 January 2022 \$270 puts are sold to open for \$685,000 and buyers yesterday of the March \$270 and \$280 calls for \$1M and \$2M respectively. NEE has seen buyers in the December \$280 calls as well recently. Shares are trading in a narrow range with the 55-MA in focus here at \$277.50 with a run above \$285 setting up for a leg higher to \$320. The longer-term look has NEE forming a multi-week flag around the early 2020 highs and set for a run to new highs with a measured target around \$365. The \$136.5B utility trades 27.9X earnings, 7X sales, and 3.65X book with a 2% yield. NEE jumped last week after announcing a 4-for-1 stock split and raising their guidance – driven mostly by better rate decisions and raised expectations for their renewables business. The company was at the UBS Renewables conference last week and noted that they fully expected to see headwinds from COVID but “haven’t seen it” as Energy Resources remains robust and FPL continues to improve with greater opportunities to deploy solar in Florida. NEE also commenting on the election in November noting that it’s a big driver for their long-term outlook as a Biden administration would be more receptive to extending long-term production tax credits for wind and solar and other forms of renewables. The company also expects more carbon-neutral focused legislation in 2021 which would drive a substantial amount of development not built into 2022+ numbers. Analysts have an average target for shares of \$270 and Seaport starting today at Buy with a \$299 PT as its operational excellence at its regulated utilities and a 10-plus year head start in onshore wind power development are undeniable. They also note that there’s a growing scarcity value of multi-decade growth stories with high ESG scores, so name could see positive flows for a long time. BMO raising their PT to \$293 last week citing its strong leadership and competitive advantage. Short interest is 0.9% and down near its lowest levels since 2010. Hedge fund ownership fell 4% in Q2.

#### Hawk Vision:



**Hawk's Perspective:** NEE is simply the best-in-class Utility name to own long-term and been that way for many years, driven by its strong Renewables exposure.

**Confidence Ranking:** \$\$