



## FEATURED OPTIONS RADAR REPORT



### Large Halliburton Call Buy for Long-Term View

Ticker/Price: HAL (\$14.30)

#### Analysis:

**Halliburton (HAL)** with a notable trade on 9/14 as 5000 January 2022 \$17.50 calls were bought to open \$2.10 to \$2.50. On 8/4 the January 202 \$15 puts were sold to open 5000X for over \$1.8M in premium and the \$12.50 puts have also seen size opening sales with over 6500 in open interest. HAL shares have been making higher lows since March but recently pulled back to the rising 89 MA and volume support, and clearing \$16.65 key for a breakout move. The \$12.6B North American oil services leader trades 9X EBITDA and 9.65X FCF with a 1.26% dividend yield. HAL has seen revenues fall sharply the last two years with lower energy prices not giving producers incentive, but it could be nearing a cyclical bottom. HAL operated better than peers through the recent weakness and announced an interesting collaboration with Honeywell on 8-10 utilizing analytics software to maximize asset potential. Analysts have an average target of \$15.75 and short interest is at 5.5% of the float. Goldman upgraded to Conviction Buy on 8-13 seeing HAL having greater earnings upside versus its peer group given the company's significant structural cost-cutting in 2020. It also notes the strong international exposure and robust FCF. BAML raised shares to Buy on 7/21 with an \$18 target expecting US activity to improve meaningfully and HAL with a visible path to deleveraging and with attractive valuation. Stifel raised its target to \$17 highlighting progress on cost-cutting and strong free cash flow while higher than expected margins reset expectations moving forward. Hedge Fund ownership declined 17% in Q2 filings, Sanders Capital and Brandes Investment adding to positions.

#### Hawk Vision:



**Hawk's Perspective:** HAL is a well-ran company but just a brutal environment, so until we see a better Energy backdrop, a name to just observe.

**Confidence Ranking:** \$\$