



FEATURED OPTIONS RADAR REPORT



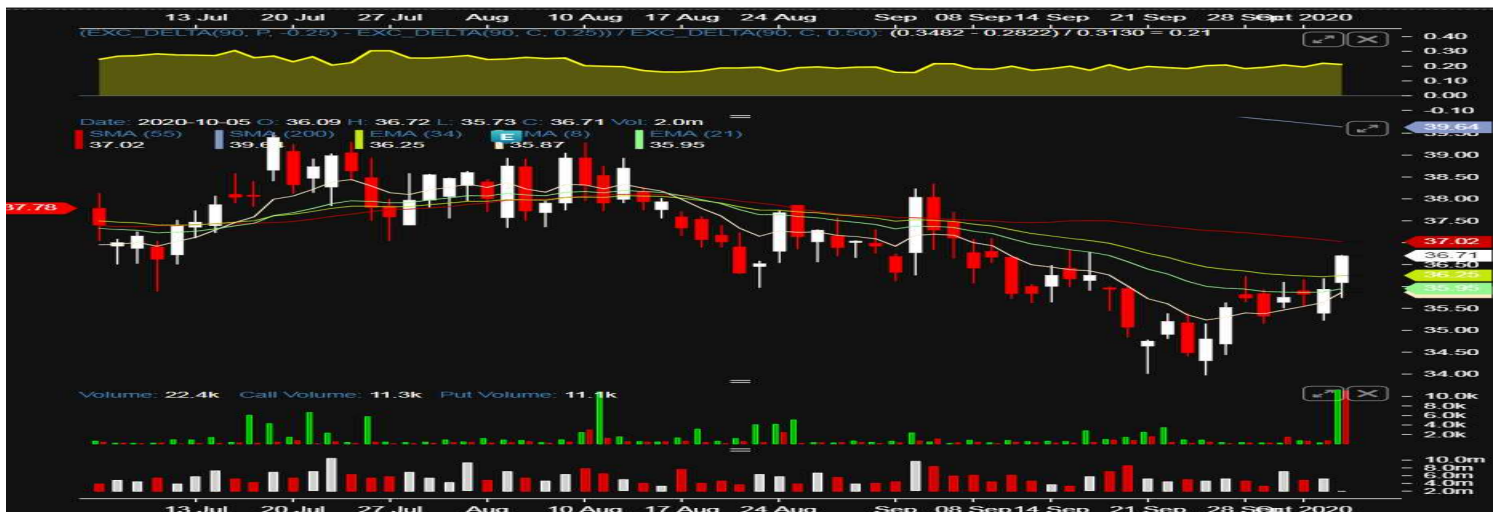
Exelon Large Trade Positions for Upside

Ticker/Price: EXC (\$36.70)

Analysis:

Exelon (EXC) with 10,000 January \$38/\$33 bull risk reversals bought today for \$0.39, name with 2,500 October \$37 calls in open interest from buyers and bullish longer-term open interest in the January \$35, \$40 and \$43 calls, the latter over 10,000X. Shares have lagged the broader Utility sector this year but starting to turn above its 20- and 50-MA today and out of a multi-week bull wedge in focus above \$37.75. A run above \$39 and this big volume node key to setting up for further upside but potential to \$45 with a big low-volume gap from March in play. The \$35B utility trades 12.2X earnings, 1.05X sales, and 1.07X book with a 4.25% yield. EXC carries some debt but concerns about an equity raise quashed recently as the company said it remains committed to their plan of cost-cutting, asset sales, and alternative finance arrangements. EXC is coming off a strong quarter with continued improvement in rates, investments across line rebuilds and new projects back on track, and overall remains one of the leading zero-carbon electricity programs in the US, near 2X higher than peer Next-Era (NEE). The company has had headwinds due to political issues in Illinois around a potential deal to keep two nuclear plants operational. The company said they plan to retire the two plants without a compromise but recent reports about surging costs to the city of Chicago could sway legislators in favor of EXC's and keeping them open. Analysts have an average target for shares of \$46 with 10 buy ratings, 2 hold and 3 sell. MSCO a Street High \$60 PT this morning. The firm is positive on some developments in Illinois noting that Governor Pritzker's energy principles as a price on carbon emissions would "represent significant upside" given Exelon's mostly nuclear generation business. BAML cutting to Underperform in August as there's concern around legislation getting passed in 2020. Short interest is 0.9% and near a 10-year low. Hedge fund ownership fell marginally in Q2. Corvex Management an interesting new 2.17M share position and their 7th largest position. The activist has been quiet on the name but could agitate for change to help close the value disconnect with peers.

Hawk Vision:



Hawk's Perspective: EXC may turn into an event-driven name but overall continue to just stick to NEE in the Utility sector.

Confidence Ranking: \$\$