



## FEATURED OPTIONS RADAR REPORT



### Bulls Position for Further Upside into Seasonally Strong Period for Natural Gas Stocks

**Ticker/Price:** AR (\$20.35)

**Antero Resources (AR)** seeing a lot of bullish flow recently including buyers on 10/28 for 2500 January \$22/\$27 call spreads, 1000 January \$21 calls, and 500 of the January 2023 \$30 ITM puts sold to open for \$650K. The November \$20 calls were bought for more than \$1.25M on 10/25 and the January \$28 calls were bought 10/21. Shares are flagging above the 21-EMA after a nice run in August and September and a breakout move has room to \$25. The \$6.17B company trades 6.7X earnings, 1.8X sales, and 5X FCF. AR has been focusing on reducing debt and lowering their leverage as they optimize drilling and closing techniques to maximize recoveries and reduce well costs. The company has been realizing better pricing while seeing strong demand out of China which has propelled them into a leadership position in the Appalachia region. AR remains just 50% hedged on their exposure which gives them further upside to pricing with natural gas poised for a run higher into the Winter season. Analysts have an average target for shares of \$21 with a Street High \$32. Benchmark with a Buy rating on 10/26 noting that Antero is unique among Appalachian and U.S. gas producers for their exposure to LPG markets, while the company's geology and processing/marketing value chain difficult to replicate. Mizuho upgrading to Buy on 10/18 based on a reset higher in natural gas liquids price forecasts and the company's forecasted capture of the NGL spot price. Hedge fund ownership rose 2%. Graham Capital, Slate Path, and Balyasny all buyers of stock.

#### Hawk Vision:



**Hawk's Perspective:** AR has a nice setup versus the recent lows and the trend has been favorable while seasonal tailwinds could drive natural gas higher again

**Confidence Ranking:** \$\$