



## FEATURED OPTIONS RADAR REPORT



### Bulls Target Large-Cap Miner with Exposure to Fast-Growing Secular Themes

**Ticker/Price:** BHP (\$72.50)

#### Analysis:

**BHP (BHP)** strong name near 52-week highs and seeing 7,000 May \$65 puts sold to open \$1.40 and later 850 May \$72.50 puts sold to open for \$3.80 today. BHP had 1,500 of the June \$50 ITM calls bought on 2/25 for \$17 in a size buy which remains in OI. Shares are near a small flag breakout above \$73.50 with room up to \$82 and the 2021 highs. The \$175B company trades 11.3X earnings, 2.75X sales, and 13.75X cash with an 8.5% yield and minimal short interest. BHP has established themselves as a globally diversified mining leader with exposure to petroleum, copper, iron ore and coal. The company is benefitting from a surge in spot prices recently while their recent cost controls and more disciplined spending plans are putting them in a strong position for the year. BHP expects to shift their portfolio around in 2022 to focus more on 'future facing commodities' like copper and nickel with significant options to grow their mining operations around both as demand grows. They're also investing in potash which has seen steady pricing strength and become an attractive, high-margin asset. Analysts have an average target for shares of \$65 with Jefferies raising estimates in February. HSBC starting at Hold recently noting that BHP has done well to improve operations and positioned themselves for higher growth and cash returns going forward but valuation is stretched. Hedge fund ownership fell marginally last quarter. Harding Loevner a big holder of 15M shares.

#### Hawk Vision:



**Hawk's Perspective:** BHP sets up well for a run at those \$80 highs with a solid yield and balance sheet flexibility that will allow them to invest in some big, emerging themes over the next decade

**Confidence Ranking:** \$\$