

SPOTLIGHT OPTION TRADE



BP Options Attractive as Energy Strengthens, Transformation Complete

TRADE SNAPSHOT

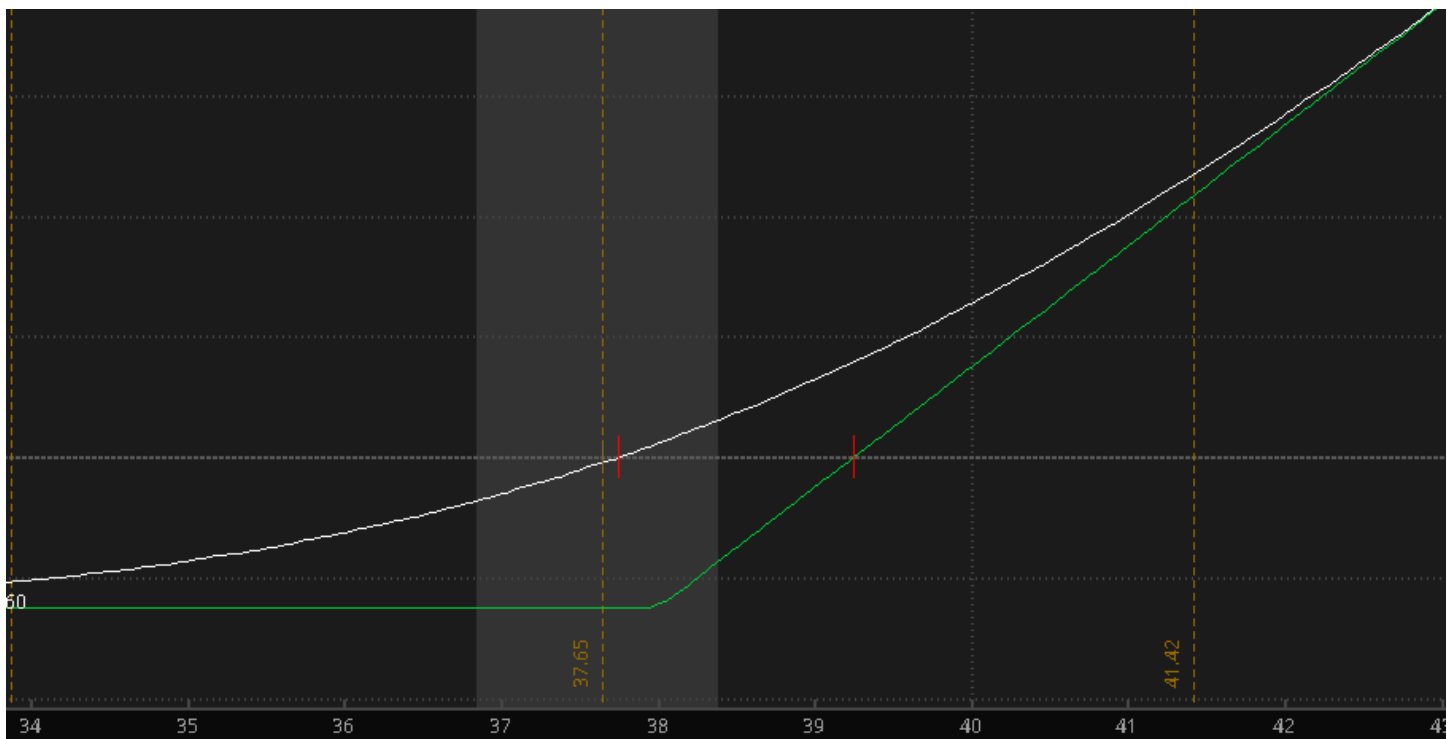
TICKER	BP
SECURITY	BP PLC
SECTOR	Basic Materials – Oil & Gas
CURRENT PRICE	\$37.65
LONG/SHORT	Long
TARGET	\$42
STOP	\$35.75
TIMEFRAME	4 Months

Trading Strategy: Long the BP April \$38 Calls \$1.25 or Better

Net Debit/Credit: Debit \$1.25

Profitability Zone: BP Shares Above \$39.25 on April OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: BP shares rejected at 10 year trend resistance in late 2018 and have pulled back in late 2019 to retest the prior base breakout as key support, leaving potential to rally and push through the trend resistance and move back towards \$50. BP shares have averages a 6.2% return in April the past five years, by far its strongest month of the year.



Fundamental Analysis: The \$128B Oil & Gas Company is trading 11.15X Earnings, 1.3X Book and 4.9X EV/EBITDA with a 6.53% dividend yield, very cheap valuation. BP acquired \$10.25B in US onshore assets from BHP in 2018 and has been working towards \$10B in divestments in 2019. BP will also have a new CEO stepping in Q1 2020. Analysts have an average target of \$49 and short interest low at 0.2% of the float and down 30% Q/Q. BP, like most Energy companies, is entering a period of capital discipline and boosting returns with dividends and buybacks. In August BMO started coverage at Outperform with a \$53 target citing a multi-year transformation on the cusp of paying dividends as the business is leaner with lower risk and generating competitive ROCE while having a diverse pipeline of new projects. Hedge Fund ownership fell 7% in Q3 filings.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
12/18/2019	BP 100 17 JUL 20 38 CALL	3,343	39	\$1.57	0.44	18.63%	36.60%	\$521,508	.BP200717C38
12/18/2019	BP 100 17 JUL 20 37 CALL	1,606	403	\$2.11	0.52	19.60%	43.86%	\$342,078	.BP200717C37
12/12/2019	BP 100 17 APR 20 35 CALL	1,272	220	\$2.68	0.65	23.11%	57.60%	\$348,528	.BP200417C35
12/9/2019	BP 100 17 APR 20 39 CALL	7,594	18,482	\$0.81	0.31	19.81%	26.67%	\$622,708	.BP200417C39
12/3/2019	BP 100 17 APR 20 39 CALL	8,301	3,507	\$0.77	0.28	20.94%	24.16%	\$647,478	.BP200417C39
11/29/2019	BP 100 20 DEC 19 37.5 CALL	12,445	3	\$0.58	0.47	19.41%	44.72%	\$796,480	.BP191220C37.5
10/28/2019	BP 100 17 JAN 20 37 CALL	2,590	2,071	\$2.96	0.78	20.48%	71.47%	\$769,230	.BP200117C37
10/23/2019	BP 100 20 DEC 19 40 CALL	4,209	7,517	\$0.60	0.34	17.09%	31.76%	\$252,540	.BP191220C40
10/17/2019	BP 100 20 DEC 19 39 CALL	10,400	4,800	\$0.50	0.3	17.55%	27.47%	\$540,800	.BP191220C39
10/11/2019	BP 100 17 APR 20 38 CALL	1,476	442	\$1.66	0.44	21.44%	36.93%	\$252,396	.BP200417C38
10/4/2019	BP 100 17 APR 20 28 PUT	2,240	2,154	\$0.37	-0.09	28.66%	13.83%	\$82,880	.BP200417P28
10/2/2019	BP 100 17 APR 20 28 PUT	2,119	54	\$0.42	-0.1	28.67%	15.14%	\$93,236	.BP200417P28
9/16/2019	BP 100 19 JUN 20 38 CALL	1,000	2,600	\$3.15	0.58	22.48%	48.49%	\$370,000	.BP200619C38
9/16/2019	BP 100 17 APR 20 43 CALL	1,079	64	\$0.80	0.27	19.53%	22.38%	\$115,453	.BP200417C43
8/22/2019	BP 100 17 APR 20 39 CALL	2,088	1	\$1.17	0.316	21.00%	25.66%	\$244,296	.BP200417C39

Potential Catalysts: Earnings 2-4-20; Asset Sales

Disclaimer:

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

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