



FEATURED OPTIONS RADAR REPORT



Bulls Position in Mega-Cap Energy Stock Transitioning to a Low-Carbon Future

Ticker/Price: BP (\$30)

Analysis:

BP PLC (BP) seeing a number of bullish trades this week including buyers of 4,350 October \$32 calls and sellers of the December 2024 \$25 puts. BP has also seen buyers of 5750 October \$41 OTM call recently while the May \$30 calls have 17,850 in open interest. The June \$35/\$27 bull risk reversal opened 20,000X in February and remains in OI. BP is consolidating in a multi-week range below \$31 and a breakout has room up to \$33 and then out to a measured target of \$37.25. Shares pulled back and testing the 200-MA in March which remains support below. The \$95B company trades 6.6X earnings, 0.6X sales, and 11.3X FCF with a 4.35% yield. BP is coming off of a strong quarter as they improve their balance sheet and make significant investments in transforming into a broader integrated energy company. BP sees hydrocarbons, hydrogen, and their offshore wind projects as significant drivers of growth in the long-term. Analysts have an average target for shares of \$30. MSCO upgrading to Equal Weight on 3/22 noting that Russia risk is priced into shares and strategic clarity is improving while BP offers the best distribution yield in the space. RBC upgrading to Outperform in February as BP shareholders are likely to receive more than 50% of its market capitalization in dividends and buybacks over the next five years while higher oil prices will allow BP to develop its strategy while maintaining competitive returns. Hedge fund ownership rose 5%.

Hawk Vision:



Hawk's Perspective: BP looks good on the chart with the basing action above the 200-MA giving a nice risk/reward for a move above \$33.

Confidence Ranking: \$\$