



FEATURED OPTIONS RADAR REPORT



Bullish Positions Accumulate in BP Amid Renewables Push

Ticker/Price: BP (\$26)

Analysis:

BP PLC (BP) with 1000 October \$16 ITM calls bought on 5/13 for \$10.35 and follows buyers in the October \$26 calls last week. The September calls have been active recently as well in the \$26, \$32, and \$33 strikes while the June \$25 puts sold to open over 6,500X. Shares have held up well recently and hammered off the 21-MA yesterday. A breakout above \$27 has room out to \$30+ in the near-term while the broader chart shows a big low-volume gap back to \$35. The \$87B company trades 9.36X earnings, 0.65X sales, and 2.8X cash with a 5% yield and high-single digit growth. BP announced an aggressive plan late last year to shrink their oil and gas business while expanding into more renewables like wind energy, solar, and battery storage. The move is part of a broader plan to reach carbon zero by 2050 and reinvent the energy giant for the long-term view. They plan to spend \$5B annually by 2030 on low-carbon projects and already struck deals with Equinor on wind. Analysts have an average target for shares of \$31.5 with a Street High \$41. HSBC upgraded shares to Buy in April citing a return to share buybacks which has improved the risk/reward profile. Piper raising estimates in April as well and more optimistic on the long-term outlook citing compelling momentum on shareholder distributions and significant upside potential should crude markets continue to tighten further. Hedge fund ownership rose 5% in Q4, ArrowStreet adding 11.5M shares.

Hawk Vision:



Hawk's Perspective: BP has shown relative strength lately and giving a nice risk/reward level to lean against for a breakout of this broader range

Confidence Ranking: \$\$