



FEATURED OPTIONS RADAR REPORT



Canadian Energy Leader Sees Large Opening Put Sale

Ticker/Price: CVE (\$19.33)

Analysis:

Cenovus Energy (CVE) on 3/1 saw a massive opening seller of 12,000 April \$18 puts for \$0.80 with the stock trading about 18.50 so a confident bull looking for a floor in shares at these current levels. CVE also has seen buyers in March \$19 calls and the June \$17 ITM calls bought in large size of 6500x for \$3.50 back on 1/17 and remain in open interest. Also, the 11/1 buyer of 1000 January 2025 \$17 calls at \$8.60 still holding in OI. Shares have been consolidating nicely in a range near the 200-day EMA since December at 18.25 after a near 60% move higher in 2022 as energy outperformed.

Now seeing a lift the past week off support and MACD crossing higher with a breakout potential above 19.50 seeing a move to 21.50 and the weekly chart very coiled with no real resistance above 21 until 25-26. The \$37B company trades at 8.0x earnings, 1.2x sales, FCF yield of 20.5% with a dividend yield at 1.7% while revenue is expected to decline -23% in

FY23 and -14% growth estimated in FY24 based on the drop in energy prices. Cenovus Energy is a Canada-based integrated energy company. The Company has oil and natural gas production operations in Canada and the Asia Pacific region, and upgrading, refining and marketing operations in Canada and the United States. The Company's segments include Upstream, Downstream, and Corporate and Eliminations. ON their recent earnings call CVE said as we restart our wholly-owned Superior Refinery, and complete the Toledo Refinery acquisition, we will substantially increase our pipeline-connected heavy oil refining capacity and generate expanded margins in our U.S. Manufacturing business. CVE announced a new CEO recently as Jon McKenzie moved up from Vice Pres and COO, he was instrumental in Cenovus's strategic merger with Husky Energy, where he served as CFO from 2015 to 2018. Average analyst target is \$24. BMO lowered its target to \$23.50 USD and keeps an Outperform rating and National Bank raised its target to \$29 and has a Outperform rating. Goldman has a \$23 price target but Neutral rating seeing the value gap to peers already closed.

Short interest is at 3.2%. Hedge fund ownership fell 3% last quarter.

Hawk Vision:



Hawk's Perspective: CVE is a beauty of a coiled chart so put sales make sense or trading long against a close under that 200-day EMA near 18.

Confidence Ranking: \$\$\$