



## FEATURED OPTIONS RADAR REPORT



### Chevron Bulls Position for Further Strength Amid Improved Oil Environment

**Ticker/Price:** CVX (\$102.75)

#### Analysis:

**Chevron (CVX)** stock replacement buys 1000 December \$95 calls for \$11.40 and follows bull flow yesterday selling the December \$85 puts while the June 2022 \$92.50 and \$97.50 puts sold in size on 4/16. On 4/9, CVX had a buyer of 1000 September \$92.50 calls for \$12.75 offer. Shares are putting in a strong reversal day today off of the 23.6% Fibonacci of the rally since October and just above February value. The weekly forming a narrow bull wedge and above \$105 can make a strong move. The \$196B company trades 15.8X earnings, 2X sales, and 35X cash with a 5% yield. CVX held an analyst event in March and touted the strength of their new look portfolio after years of reshuffling with a focus on their growing position in the Eastern Med, royalty streams in the Permian, and leading fuels position on the West Coast. CVX is expanding their scale, executing on cost-efficiencies and delivering more disciplined cash return with spending expected to remain around \$14B to \$16B. CVX expects ROCE to more than double by 2025 with Brent at around \$50. CVX reached a deal to buy Noble Energy in 2020 and recently raised their synergies estimate to \$600M. Analysts have an average target for shares of \$111 with a Street High \$130 from Evercore. The firm was out positive on 3/17 noting that Chevron is the analyst's favorite among Big Oil names given that the company is retaining its emphasis on the returns profile rather than the production profile. Chevron is providing credible targets and timeframes for higher ROCE and the analyst sees higher returns and lower carbon driving the stock's value proposition. Short interest is 0.82%. Hedge fund ownership fell 3.5% in Q4, Berkshire Hathaway a big buyer of 48.5M shares, a new position for them. In February, a director bought \$300,000 in stock at \$95 and largest open market buy since March 2020 when a director bought \$600,000 at \$91.50.

#### Hawk Vision:



**Hawk's Perspective:** CVX is a nice story with all of the strategic moves they've made recently and above \$105 can make a nice run, alert set

**Confidence Ranking:** \$\$