



FEATURED OPTIONS RADAR REPORT



Bulls Position for 2022 Upside in Large Cap Utility

Ticker/Price: DUK (\$100.75)

Duke Energy (DUK) seeing unusual large bullish options action the past week with 2000 July \$100 calls bought \$5.80 to open on 11/23 and back on 11/18 the January 2023 \$90 ITM calls opened 1200X. DUK shares remain well below August highs but this week with a strong push on the flight to safety trade and retaking its rising 200-day moving average. DUK has held its uptrend and needs to clear a key volume node above \$102.75 for a breakout with the 1.382 Fibonacci extension of the pandemic correction up at \$120 as a potential target in 2022. DUK is based in North Carolina and operates in three business segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. Electric Utilities and Infrastructure provides retail electric service through the generation, transmission, distribution and sale of electricity to approximately 7.9 million customers within the Southeast and Midwest regions of the U.S. The service territory is approximately 91,000 square miles across six states with a total estimated population of 25 million people. Gas Utilities and Infrastructure is responsible for the distribution of natural gas to retail customers in its North Carolina, South Carolina, Tennessee, Ohio and Kentucky service territories. Commercial Renewables' renewable energy includes utility-scale wind and solar generation assets, distributed solar generation assets, distributed fuel cell assets and battery storage projects, which total 2,763 MW across 21 states from 21 wind facilities, 150 solar projects, 70 fuel cell locations and two battery storage facilities. DUK has a market cap of \$77B and trades 18.3X Earnings, 12.8X EBITDA and 1.63X Book with a 6.4% ROE. Forecasts expect DUK to generate 6-8% steady EBITDA growth the next three years. Utilities in general are set to benefit from legislation with renewables and grid growth leading to earnings growth. Analysts have an average target of \$107 with short interest at 0.8% of the float.

Hawk Vision:



Hawk's Perspective: DUK along with several Utility names are starting to look attractive in 2022 as re-rate candidates on better earnings growth profiles and also would benefit if corporate taxes rise.

Confidence Ranking: \$\$