



FEATURED OPTIONS RADAR REPORT



Energy Transfer Bulls See Further Upside After Enable Deal

Ticker/Price: ET (\$7.65)

Analysis:

Energy Transfer (ET) buyers of 10,500 May \$6 ITM calls up to \$1.71 with shares trying to hammer just above the 55-day today. ET saw 20,000 January \$10 puts sold to open on 3/4 and still has over 50,000 July \$8 calls in open interest from mid-February buys. Shares are also right at the 50% retracement of the run from December. A move back above the 8-day around \$7.85 sets up well for a move back to recent highs and measured target of \$9.50-\$10. The \$20B company trades 6X earnings, 0.52X sales, and 54X cash with an 8% yield. ET announced a \$7B all-stock deal to acquire Enable Midstream in February, a move that boosts their infrastructure assets and opportunity in both the mid-continent and gulf regions while adding scale to their natural gas and NGL transportation businesses. ET now also has best-in-class processing assets in the Anadarko Basin and Bakken. Analysts have an average target for shares of \$10 with a Street High \$16 from UBS. The firm raised to 'Top Pick' in February citing ongoing momentum on leverage, earnings upside potential, and an apparent sentiment shift. Piper upgraded to Overweight on 2/22, a top-tier network with strong FCF which will support both deleveraging and capital return. Short interest is 1.37% and near the lowest levels in almost nine years. Hedge fund ownership fell less than 1% last quarter. Appaloosa with over 24M shares and adding last quarter. Abrams Capital also with 22M shares. Insiders active in the last year as well with some large buys from directors in 2020 around \$6.20 to \$7.20 and another bought over \$9M in stock at \$7.77.

Hawk Vision:



Hawk's Perspective: ET has reset nicely from its strong run in February and today's candle gives a good level to trade against in a name with a nice yield

Confidence Ranking: \$\$