

## SPOTLIGHT OPTION TRADE



### Calls Attractive in Metals Leader into Potential Capital Return Plans, Clean Energy Shift

#### TRADE SNAPSHOT

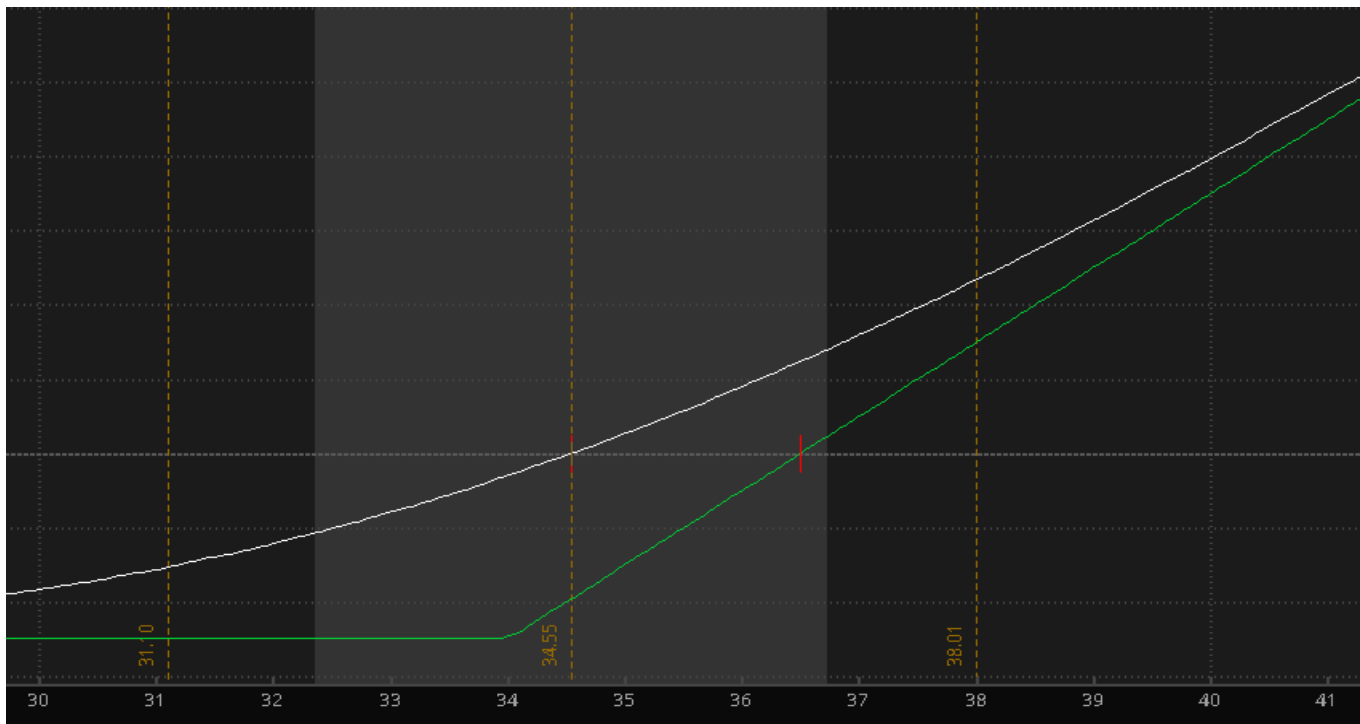
TICKER	FCX
SECURITY	Freeport McMoRan
SECTOR	Basic Materials - Copper
CURRENT PRICE	\$34.60
LONG/SHORT	Long
TARGET	\$41
STOP	\$32
TIMEFRAME	1 Month

**Trading Strategy:** Long FCX November \$34 Calls \$2.50 or Better

**Net Debit/Credit:** Debit of \$2.50

**Profitability Zone:** FCX Above \$36.50 on November OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** FCX has a weekly wedge pattern shaping up and just under a major VWAP off the highs, so the set-up is there and above \$37.50 shares would likely make a swift move into the \$40's.



**Fundamental Analysis:** The \$51B copper leader trades 9.75X Earnings, 5.9X EV/EBITDA and 8.65X FCF with revenues seen rising 62% in 2021 and EBITDA +164%. FCX expects to continue benefitting in the 2H from a more upbeat outlook for copper through both the global recovery and larger secular shifts toward clean energy initiatives where the metal is in high-demand. The company is investing in capacity and expanding production which should be up 20% in 2021 while also executing on a better operational plan that will keep incremental cost hikes under control and drive better margins. FCX is seeing strong production growth from Grasberg and Lone Star and has balance sheet flexibility to pursue capital returns in 2022. Copper is seen as essential to a global cleaner energy future. Analysts have an average target of \$44 with short interest low at 1.6% of the float. MSCO was a bit cautious on 9/28 seeing a copper surplus for 2022/2023 that will weigh on prices. Copper has seen some headwinds from rising oil prices and a slowdown in the Chinese construction sector.

### Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI
10/12/2021	FCX 100 20 MAY 22 50 CALL	1,103	27	\$1.03	0.18	44.07%	10.66%	\$123,536	.FCX220520C50		
10/12/2021	FCX 100 17 DEC 21 45 CALL	37,642	1,274	\$0.36	0.11	47.64%	8.00%	\$1,392,754	.FCX211217C45		
10/12/2021	FCX 100 17 DEC 21 38 CALL	37,195	1,898	\$1.46	0.35	46.18%	28.42%	\$5,542,055	.FCX211217C38		
10/11/2021	FCX 100 20 MAY 22 32 PUT	1,000	541	\$3.05	-0.331	45.89%	46.94%	\$305,000	.FCX220520P32	\$3.05	1516
10/11/2021	FCX 100 18 MAR 22 38 CALL	2,088	132	\$3.10	0.455	46.04%	33.97%	\$647,280	.FCX220318C38	\$3.10	2104
10/8/2021	FCX 100 (Weeklys) 26 NOV 21 31 PUT	2,385	7	\$1.08	-0.263	48.19%	32.33%	\$257,580	.FCX211126P31	\$1.08	2392
10/7/2021	FCX 100 19 NOV 21 34 CALL	3,824	3,867	\$2.37	0.559	45.72%	49.75%	\$906,288	.FCX211119C34	\$2.91	8933
10/7/2021	FCX 100 17 JUN 22 40 CALL	7,576	5,165	\$2.85	0.394	42.50%	26.81%	\$2,159,160	.FCX220617C40	\$3.35	12504
10/7/2021	FCX 100 17 DEC 21 39 CALL	1,528	914	\$1.15	0.293	44.73%	22.92%	\$175,720	.FCX211217C39	\$1.45	2173
10/6/2021	FCX 100 20 MAY 22 40 CALL	3,547	3,056	\$1.77	0.306	44.51%	19.69%	\$627,819	.FCX220520C40	\$3.31	5006
10/6/2021	FCX 100 17 JUN 22 29 PUT	1,516	195	\$3.60	-0.338	45.31%	48.68%	\$545,760	.FCX220617P29	\$2.39	1546
10/4/2021	FCX 100 18 MAR 22 48 CALL	2,532	20	\$0.65	0.137	46.27%	8.03%	\$164,580	.FCX220318C48	\$0.92	2525
10/1/2021	FCX 100 21 JAN 22 28 PUT	1,523	300	\$1.38	-0.234	47.83%	32.31%	\$210,174	.FCX220121P28	\$0.79	1882
9/28/2021	FCX 100 20 MAY 22 33 PUT	1,900	160	\$4.55	-0.402	45.60%	54.88%	\$864,500	.FCX220520P33	\$3.60	2367
9/27/2021	FCX 100 21 JAN 22 35 CALL	10,362	18,274	\$2.80	0.48	45.51%	38.25%	\$2,932,446	.FCX220121C35	\$3.47	22203
9/24/2021	FCX 100 18 MAR 22 23 PUT	2,200	0	\$0.80	-0.124	49.31%	20.91%	\$176,000	.FCX220318P23	\$0.80	2200
9/24/2021	FCX 100 17 DEC 21 35 CALL	16,334	5,633	\$1.82	0.398	46.86%	31.50%	\$2,972,788	.FCX211217C35	\$2.99	9463
9/24/2021	FCX 100 17 DEC 21 31 PUT	1,668	274	\$2.19	-0.388	47.24%	47.77%	\$365,292	.FCX211217P31	\$1.09	2622
9/24/2021	FCX 100 15 OCT 21 39 CALL	12,334	4,902	\$0.13	0.07	49.86%	5.92%	\$160,342	.FCX211015C39	\$0.04	15310
9/24/2021	FCX 100 (Weeklys) 8 OCT 21 32 PUT	2,016	838	\$1.05	-0.431	47.30%	46.85%	\$211,680	.FCX211008P32	\$0.00	0
9/23/2021	FCX 100 18 MAR 22 32 PUT	5,742	1,995	\$3.94	-0.44	44.87%	56.32%	\$2,262,348	.FCX220318P32	\$2.65	4362
9/23/2021	FCX 100 16 SEP 22 35 PUT	2,500	214	\$7.25	-0.49	45.12%	66.88%	\$1,812,500	.FCX220916P35	\$5.50	2722
9/22/2021	FCX 100 20 JAN 23 27 PUT	3,350	3,384	\$4.05	-0.29	45.94%	49.72%	\$1,490,750	.FCX230120P27	\$3.10	7252
9/22/2021	FCX 100 19 NOV 21 35 CALL	13,617	7,475	\$1.30	0.35	49.50%	27.72%	\$1,838,295	.FCX211119C35	\$2.36	22996
9/22/2021	FCX 100 (Weeklys) 29 OCT 21 28 PUT	3,390	37	\$0.73	-0.22	55.30%	27.08%	\$267,810	.FCX211029P28	\$0.16	3412
9/21/2021	FCX 100 21 JAN 22 26 PUT	1,000	0	\$1.63	-0.25	50.51%	35.13%	\$163,000	.FCX220121P26	\$0.55	1059
9/21/2021	FCX 100 19 NOV 21 35 CALL	3,601	5,087	\$0.91	0.27	51.16%	20.57%	\$327,691	.FCX211119C35	\$2.36	22996
9/21/2021	FCX 100 19 JAN 24 30 PUT	1,504	47	\$7.85	-0.36	45.67%	64.01%	\$1,180,640	.FCX240119P30	\$6.25	1554
9/21/2021	FCX 100 18 MAR 22 30 PUT	1,500	2,004	\$3.70	-0.43	47.67%	56.69%	\$555,000	.FCX220318P30	\$1.93	6896
9/21/2021	FCX 100 17 DEC 21 40 CALL	37,530	2,429	\$0.53	0.157	48.99%	10.68%	\$1,989,090	.FCX211217C40	\$1.16	40747
9/21/2021	FCX 100 17 DEC 21 33 CALL	39,319	211	\$1.96	0.419	48.84%	32.97%	\$7,706,524	.FCX211217C33	\$4.03	42718
9/21/2021	FCX 100 15 OCT 21 28 PUT	6,351	2,417	\$0.70	-0.248	55.93%	29.62%	\$444,570	.FCX211015P28	\$0.02	16583

**Potential Catalysts:** Earnings 10/21; Commodity Moves; Capital Return Plans

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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