



## FEATURED OPTIONS RADAR REPORT



### Bullish Open Interest Builds in Top Play on Decarbonization, Electrification Trends

**Ticker/Price:** FCX (\$42.25)

#### Analysis:

**Freeport McMoRan (FCX)** buyer 5000 March \$45 calls \$2.15 as 1250 March \$37 adjust and later seeing 1,500 January 2024 \$40 puts sold to open for \$8.90. FCX has seen some large bullish flow recently including 10,000 April \$36 puts sold to open on 2/10, buyers of the June \$47 calls for \$2M on 2/9, and buyers of the May \$41 calls for \$1.5M on 2/2. FCX shares gapped higher recently and now pulling into the rising 8-EMA and February VPOC where it bounced today. A move back above value at \$45 has room to run out a multi-month consolidation up to \$60. The \$64.5B company trades 13.9X earnings, 3.4X sales, and 10.9X FCF with a small yield. FCX is a leading copper producer with exposure to North and South American mining assets. FCX is coming off a strong quarter with nearly 20% volume growth and better price realizations. The company has done a lot of work cleaning up the balance sheet over the last two years and positioned into 2022 with limited debt and strong FCF which will allow them to invest in future growth opportunities and expand capital return. FCX sees themselves on the cusp of a major multi-year trend as copper comes into high demand for the EV and clean energy industry. Analysts have an average target for shares of \$41 with a Street High \$55. Stifel starting coverage at Buy on 12/13 citing a bullish outlook for copper due to the global electrification and de-carbonization drive and the firm thinks Freeport is well positioned to ride the commodity upside and generate strong free cash flow. The company has built a portfolio of world-class, long-life and expandable operations across four countries, allowing it to take advantage of multiple commodity cycles while mitigating geo-political risks pertaining to higher risk jurisdictions. Short interest is 2%. Hedge Fund ownership rose 4.5%. FCX came up in some chatter in January again as an M&A target after rival BHP Group said they were on the hunt for a transformational deal. Bloomberg reported the company was looking at both FCX and Glencore.

#### Hawk Vision:



**Hawk's Perspective:** FCX is a name we've talked about a lot and continue to like its positioning in the copper market where there are decade-long tailwinds setting up with decarbonization and clean energy; I would like to see this short-term pullback hold and give a nice push back into the monthly value high and above

**Confidence Ranking:** \$\$