

SPOTLIGHT OPTION TRADE



Bullish Metals Flow, Targeting Freeport as Copper Nears Breakout

TRADE SNAPSHOT

TICKER	FCX
SECURITY	Freeport McMoran
SECTOR	Basic Materials – Copper
CURRENT PRICE	\$12.82
LONG/SHORT	Long
TARGET	\$14.75
STOP	\$11.50
TIMEFRAME	2 Months

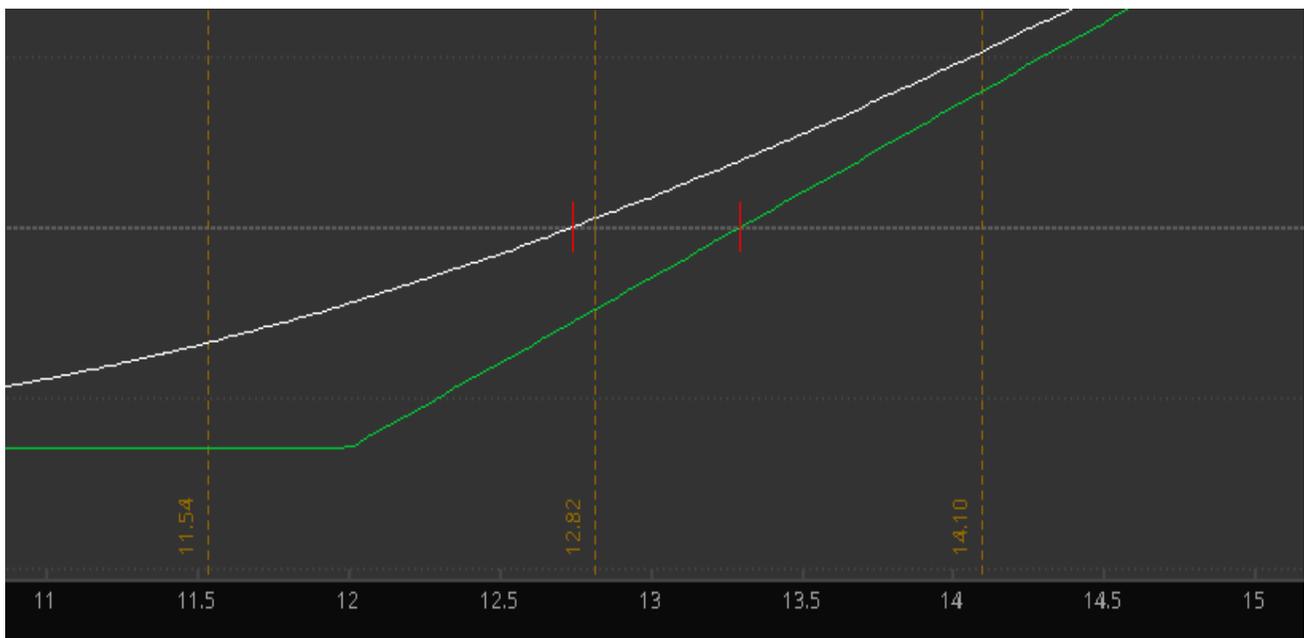
Trading Strategy: Long the FCX May \$12 Calls at \$1.30 or Better

Net Debit/Credit: Debit \$1.30

Profitability Zone: FCX Shares Above \$13.30

Greeks: Delta 68; Gamma 16; Vega 2; Theta -1

Options Volatility / Trade Simulator View:





Technical Analysis: FCX shares have pulled back to retest a breakout level and have rising 33 and 50 day moving averages supportive nearby while weekly RSI broke a long downtrend and shares look to complete the base breakout move higher towards \$15.



Fundamental Analysis: The \$18.3B copper leader trades 13.6X Earnings, 9.5X EBITDA, and 5X FCF with a 1.58% dividend yield. FCX tends to trade correlated to copper prices which look ready to break higher out of a range and a name that should benefit on the Macro picture in China strengthening in 2H19. The company continues to improve the strength of its balance sheet, expand production, and look to shareholder returns and the CEO has mentioned the potential to be a seller in M&A. Analysts have an average target of \$14.30 and short interest is low at 2.5% of the float. MSCO upgraded to Overweight recently with a \$14 target on low inventories and improving demand. Jefferies notes 2019 a transition year due to low volumes and high costs but sees a strong recovery in EBITDA and FCF, a \$25 target on shares. Citi upgraded shares on 2/19 to Buy with a \$16 target. Hedge Fund ownership rose modestly in Q4 filings.

Copper Futures



Options Activity:

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
3/20/2019	FCX 100 17 MAY 19 14 CALL	10,520	22,147	\$0.41	28.13%	0.32	40.13%	26.77%	\$431,320	.FCX190517C14
2/25/2019	FCX 100 16 AUG 19 13 PUT	2,003	1,863	\$1.34	-0.74%	-0.41	41.31%	52.61%	\$268,402	.FCX190816P13
2/19/2019	FCX 100 18 APR 19 14 CALL	19,777	17,973	\$0.55	103.70%	0.39	41.70%	32.70%	\$1,107,512	.FCX190418C14
2/19/2019	FCX 100 17 MAY 19 15 CALL	5,658	8,004	\$0.46	84.00%	0.3	41.86%	23.18%	\$260,268	.FCX190517C15
2/11/2019	FCX 100 18 APR 19 11 PUT	3,109	945	\$0.57	3.64%	-0.36	41.49%	43.38%	\$177,213	.FCX190418P11
2/8/2019	FCX 100 16 AUG 19 14 CALL	10,090	1,210	\$0.62	-10.14%	0.31	41.15%	21.90%	\$615,490	.FCX190816C14
2/5/2019	FCX 100 18 APR 19 11 CALL	1,087	944	\$1.36	-3.55%	0.69	41.98%	62.04%	\$147,832	.FCX190418C11
1/30/2019	FCX 100 16 AUG 19 11 CALL	5,006	340	\$1.55	32.48%	0.59	44.90%	46.03%	\$775,930	.FCX190816C11
1/29/2019	FCX 100 17 JAN 20 12 CALL	10,017	36,785	\$1.15	-1.71%	0.44	43.34%	28.70%	\$1,151,955	.FCX200117C12
1/29/2019	FCX 100 16 AUG 19 12 CALL	7,603	412	\$0.77	5.48%	0.39	43.07%	27.59%	\$593,034	.FCX190816C12
1/29/2019	FCX 100 17 MAY 19 10 CALL	1,600	1,927	\$1.31	11.97%	0.62	46.48%	52.46%	\$209,600	.FCX190517C10
1/28/2019	FCX 100 17 JAN 20 12 CALL	6,722	30,519	\$1.15	-25.32%	0.44	43.40%	28.36%	\$773,030	.FCX200117C12
1/24/2019	FCX 100 16 AUG 19 13 CALL	2,800	626	\$0.92	-25.20%	0.37	41.52%	26.59%	\$257,600	.FCX190816C13
1/16/2019	FCX 100 16 AUG 19 15 CALL	7,455	246	\$0.56	19.15%	0.28	40.72%	18.69%	\$417,480	.FCX190816C15
1/15/2019	FCX 100 16 AUG 19 11 PUT	3,032	254	\$1.16	-1.69%	-0.37	42.17%	50.30%	\$351,712	.FCX190816P11
1/8/2019	FCX 100 17 MAY 19 12 CALL	3,001	10,636	\$0.84	2.44%	0.44	45.57%	33.96%	\$252,084	.FCX190517C12
1/4/2019	FCX 100 16 AUG 19 10 PUT	7,594	18	\$1.14	-17.99%	-0.34	47.51%	48.44%	\$865,716	.FCX190816P10
12/20/2018	FCX 100 17 MAY 19 12 CALL	5,126	8,794	\$0.85	21.43%	0.41	52.87%	28.38%	\$435,710	.FCX190517C12
12/13/2018	FCX 100 17 MAY 19 12 CALL	7,525	2,120	\$1.03	-9.65%	0.455	48.79%	33.61%	\$775,075	.FCX190517C12
12/3/2018	FCX 100 17 MAY 19 14 CALL	10,060	1,360	\$0.91	7.06%	0.39	46.54%	28.31%	\$925,520	.FCX190517C14
11/2/2018	FCX 100 17 MAY 19 13 CALL	4,065	1,070	\$1.18	-7.81%	0.469	44.13%	34.77%	\$479,670	.FCX190517C13
10/31/2018	FCX 100 17 MAY 19 11 CALL	4,060	3,802	\$1.85	19.35%	0.63	46.08%	50.29%	\$775,460	.FCX190517C11
10/25/2018	FCX 100 17 JAN 20 12 CALL	14,276	7,730	\$1.65	5.10%	0.51	43.21%	33.34%	\$2,355,540	.FCX200117C12

Potential Catalysts: Copper Prices; Earnings Late April; Macro Data and Trade Developments

Disclaimer:

Not Investment Advice or Recommendation

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