



FEATURED OPTIONS RADAR REPORT



Bulls Pile into Leading Copper Producer Back at Long-Term Support

Ticker/Price: FCX (\$42.30)

Analysis:

Freeport McMoRan (FCX) shares back at the 200-MA this week and seeing bullish flow including 4000 August \$49/\$60 call spreads bought today for \$1.75 and sellers of the October \$40 puts, 2850X, yesterday late. FCX has also seeing the June \$32 puts sold to open this week, 2000X. The August \$50 calls sit in open interest 12,500X from a buyer on 4/22 for \$2.25M. Shares attempted to break out of a big weekly range early in 2022 but have pulled back now to monthly and yearly VPOC near \$41. A rebound higher targets the prior breakdown at \$48 and then continuation of the bigger trend up to \$65. The \$60B company trades 11.45X earnings and 2.5X sales with mid-20% 3-year revenue CAGR. Short interest is 1.86%. FCX is coming off of a strong quarter given the higher prices around copper and gold with sales up significantly Y/Y. Guidance was mixed, especially around unit cost expectations, but the long term outlook remains robust. FCX is well positioned to benefit from the surge in demand for copper around the energy transition, decarbonization and ramp in EV production which can help offset any softness in infrastructure demand. They also see expanded use cases in tech through AI and chip development. Analysts have an average target for shares of \$47 with a Street High \$65. BMO cutting estimates on 4/22 but sees the company remaining well-placed to benefit from continued strength in underlying copper prices. Jefferies with a \$65 PT. The firm thinks Freeport is in a strong competitive position, in an earnings upgrade cycle that will take years to play out and has a clear path to grow its cash flow and capital returns. Hedge fund ownership fell 8.5%.

Hawk Vision:



Hawk's Perspective: FCX move has been quick and would like to see some consolidation around these levels but overall remains attractively positioned for a number of major themes and nice potential nice risk/reward

Confidence Ranking: \$\$