



FEATURED OPTIONS RADAR REPORT



Halliburton Bulls Active Near New Highs as Oil Backdrop Strengthens

Ticker/Price: HAL (\$24)

Analysis:

Halliburton (HAL) buyer of 3,600 September \$26 calls for \$1.41 and follows buyers in the short-term July 9th (W) and July 23rd (W) calls last week. HAL has bullish open interest in the September \$23 calls, July \$28 calls, and October \$27 calls while put sales also popular across September and October as well. Shares are forming a nice flag above the 8- and 21-EMA and May value with a run above \$24.75 targeting a move to \$27. Longer-term, HAL is forming the right side of a large cup-and-handle with a measured move to \$32+ and continuation of the longer-term trend. The \$21.5B company trades 17X earnings, 1.67X sales, and 8.75X cash with a small yield. HAL has been performing well in 2021 with a better oil backdrop, positive inflection in international markets and operational improvements. HAL is undergoing a transition year as they ramp up investments in tech innovations and digital capabilities including R&D around clean tech and the energy transition. They also announced a partnership with Honeywell in August 2020 to explore open-architecture oil and gas software. Analysts have an average target for shares of \$21 with a Street High \$32. Barclays upgrading to Overweight in early May as they think the sector is poised to outperform over the next several years as the global oil markets not only recover by 2023, but upstream spending continues to expand out to 2025 on the back of increasing global demand. Piper upgrading earlier this year to Overweight as the upcoming cycle favors the scale, technology and international diversification that Halliburton offers over peers. Short interest is 2% and down from around 5.5% in mid-2020. Hedge fund ownership fell 2% in Q1.

Hawk Vision:



Hawk's Perspective: HAL has a great looking setup on both the short- and longer-term timeframes and should continue to outperform as the energy environment remains accommodative; HAL will be at the JP Morgan Energy conference next week and earnings on 7-20, two catalysts to watch

Confidence Ranking: \$\$