

SPOTLIGHT OPTION TRADE



Marathon Petro 6 Week Pullback Offers Opportunity

TRADE SNAPSHOT

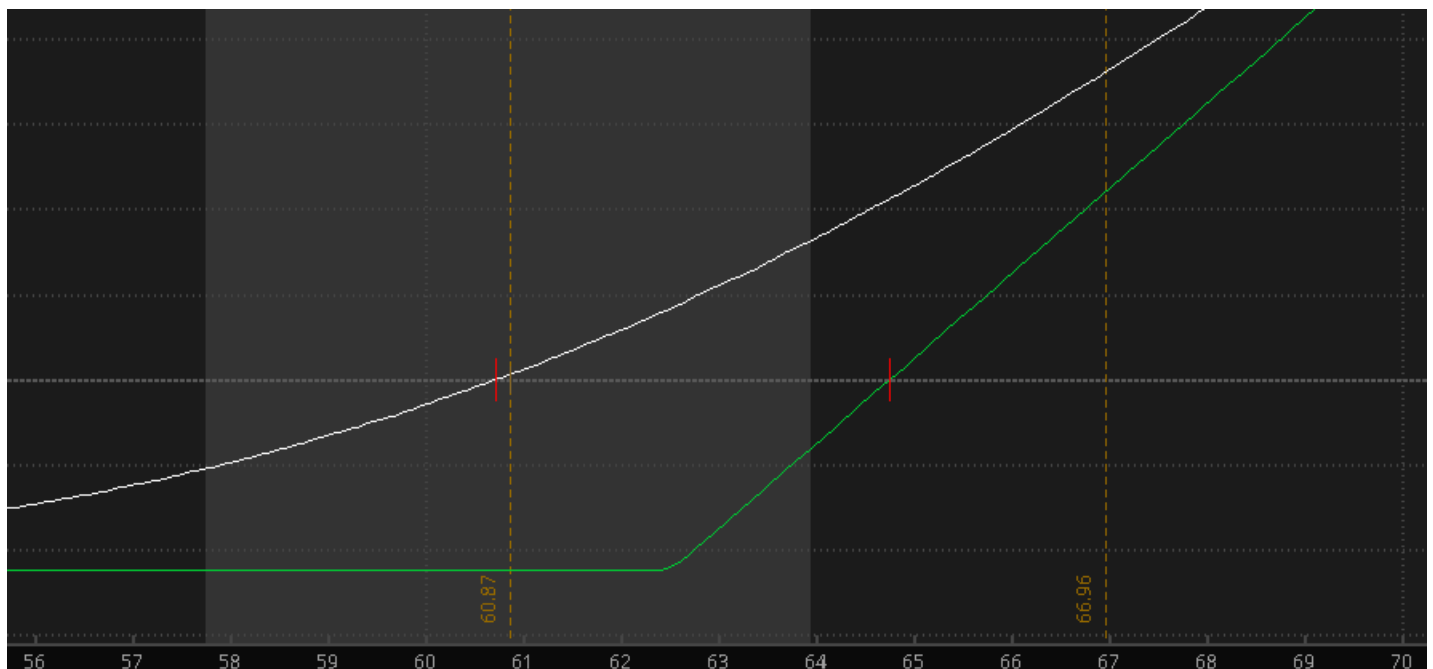
TICKER	MPC
SECURITY	Marathon Petroleum
SECTOR	Basic Materials – Oil & Gas – Refining
CURRENT PRICE	\$60.87
LONG/SHORT	Long
TARGET	\$70
STOP	\$58
TIMEFRAME	7 Weeks

Trading Strategy: Long the MPC January \$62.50 Calls \$2.25 or Better

Net Debit/Credit: Debit \$2.25

Profitability Zone: MPC Shares Above \$64.75 on Jan. OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: MPC has seen an orderly pullback after a strong rally and now sits above a 38.2% retracement and the 21 week EMA support. Weekly RSI has pulled back to Neutral at 50 and MACD has pulled back and near a bearish crossover. The \$58.50 to \$66.25 range has a large volume profile, and above shares can run to new highs for the year.



Fundamental Analysis: The \$40B Refiner trades 8.25X Earnings, 12.1X FCF and 7.4X EV/EBITDA with a 3.5% dividend yield. MPC forecasts call for 25% EBITDA growth in FY20 and it is a name seen to benefit from IMO 2020. In October MPC disclosed it is discussing strategic actions including a spin-off of its gas-station chain and replacing the CEO to appease activist shareholders like Elliott Mgmt. Analysts have an average target of \$81 and short interest is low at 2.6% of the float. BAML has a target of \$95 and highlights a strong quarter with the Andeavor synergies ahead of pace. It sees MPC as a sum of the parts story with the process in the early innings while also having IMO tailwinds ahead. Hedge Fund ownership fell 14.65% in Q3 filings, top holders include Boston Partners, Ellitt, Steadfast, and Kensico.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
11/26/2019	MPC 100 15 JAN 21 62.5 PUT	1,500	58	\$9.35	-0.44	33.29%	59.72%	\$1,410,000	.MPC210115P62.5
11/25/2019	MPC 100 17 APR 20 55 PUT	1,354	581	\$2.28	-0.25	34.75%	32.43%	\$311,420	.MPC200417P55
11/22/2019	MPC 100 19 JUN 20 70 CALL	1,589	967	\$3.23	0.347	32.80%	26.36%	\$513,247	.MPC200619C70
11/22/2019	MPC 100 17 APR 20 57.5 PUT	800	124	\$3.22	-0.31	35.72%	39.40%	\$260,000	.MPC200417P57.5
11/20/2019	MPC 100 17 JAN 20 65 CALL	10,623	34,912	\$2.00	0.35	36.36%	30.33%	\$2,135,223	.MPC200117C65
11/20/2019	MPC 100 15 JAN 21 60 PUT	2,031	4,657	\$8.75	-0.4	34.97%	56.20%	\$1,756,815	.MPC210115P60
11/18/2019	MPC 100 (Weeklys) 27 DEC 19 66 CALL	1,036	7	\$1.54	0.38	26.52%	34.87%	\$150,220	.MPC191227C66
11/11/2019	MPC 100 15 JAN 21 67.5 PUT	572	347	\$11.04	-0.461	33.49%	62.26%	\$631,488	.MPC210115P67.5
11/4/2019	MPC 100 17 JAN 20 70 CALL	30,759	40,505	\$3.00	0.44	31.67%	38.88%	\$9,227,400	.MPC200117C70
11/4/2019	MPC 100 17 JAN 20 77.5 CALL	30,004	796	\$0.79	0.18	29.45%	14.55%	\$2,520,336	.MPC200117C77.5
11/1/2019	MPC 100 19 JUN 20 60 PUT	774	130	\$4.70	-31.30%	34.61%	42.29%	\$363,780	.MPC200619P60
10/31/2019	MPC 100 15 JAN 20 70 CALL	30,194	14,864	\$1.76	0.3	34.79%	24.87%	\$5,705,910	.MPC200117C70
10/31/2019	MPC 100 15 JAN 21 60 PUT	4,216	444	\$7.78	-0.36	34.70%	52.30%	\$3,288,480	.MPC210115P60
10/31/2019	MPC 100 15 JAN 21 70 CALL	4,193	1,507	\$6.47	0.45	33.16%	32.09%	\$2,788,345	.MPC210115C70
10/31/2019	MPC 100 20 DEC 19 65 CALL	2,391	1,329	\$2.75	0.49	32.02%	44.34%	\$667,089	.MPC191220C65
10/29/2019	MPC 100 17 JAN 20 65 PUT	2,038	1,304	\$3.05	-0.34	37.16%	41.14%	\$631,780	.MPC200117P65
10/29/2019	MPC 100 20 DEC 19 70 CALL	1,528	2,258	\$3.45	0.49	36.86%	43.52%	\$534,800	.MPC191220C70
10/29/2019	MPC 100 20 DEC 19 55 PUT	4,582	892	\$0.40	-0.08	43.26%	10.30%	\$197,026	.MPC191220P55
10/28/2019	MPC 100 17 JAN 20 75 CALL	3,184	14,775	\$1.93	0.29	34.73%	23.79%	\$608,144	.MPC200117C75
10/25/2019	MPC 100 20 DEC 19 67.5 CALL	1,134	676	\$3.66	0.51	35.48%	45.45%	\$408,240	.MPC191220C67.5
10/25/2019	MPC 100 20 DEC 19 62.5 PUT	1,007	102	\$2.05	-0.3	38.14%	35.24%	\$210,463	.MPC191220P62.5
10/25/2019	MPC 100 20 DEC 19 75 CALL	1,044	66	\$1.14	0.23	34.31%	19.37%	\$124,236	.MPC191220C75
10/23/2019	MPC 100 20 DEC 19 60 CALL	897	3	\$7.05	0.74	38.60%	68.34%	\$645,840	.MPC191220C60
10/22/2019	MPC 100 20 DEC 19 65 CALL	1,111	17	\$3.75	0.53	36.44%	46.89%	\$427,735	.MPC191220C65
10/18/2019	MPC 100 17 JAN 20 72.5 CALL	20,007	5,041	\$1.85	0.28	35.62%	22.16%	\$3,701,295	.MPC200117C72.5
10/17/2019	MPC 100 17 JAN 20 70 CALL	30,519	5,369	\$2.29	0.33	35.82%	26.89%	\$7,263,522	.MPC200117C70
10/17/2019	MPC 100 17 APR 20 67.5 CALL	3,250	560	\$5.15	0.45	35.87%	35.92%	\$1,625,000	.MPC200417C67.5
10/16/2019	MPC 100 17 JAN 20 57.5 CALL	5,002	17,912	\$8.05	0.72	38.80%	65.14%	\$4,151,660	.MPC200117C57.5
10/16/2019	MPC 100 15 JAN 21 70 CALL	1,005	456	\$6.45	0.44	34.94%	30.02%	\$668,325	.MPC210115C70
10/14/2019	MPC 100 17 JAN 20 67.5 CALL	10,014	33,034	\$2.85	0.38	36.26%	31.56%	\$2,944,116	.MPC200117C67.5
10/11/2019	MPC 100 17 JAN 20 60 CALL	5,067	29,374	\$6.35	0.62	38.99%	54.64%	\$3,318,885	.MPC200117C60
10/10/2019	MPC 100 17 APR 20 70 CALL	1,253	646	\$3.23	0.35	36.63%	25.95%	\$426,020	.MPC200417C70
10/10/2019	MPC 100 17 APR 20 75 CALL	1,009	420	\$2.02	0.25	36.01%	17.97%	\$238,124	.MPC200417C75
10/9/2019	MPC 100 17 JAN 20 65 CALL	5,716	46,175	\$3.15	0.4	38.37%	32.79%	\$1,857,700	.MPC200117C65
10/9/2019	MPC 100 17 JAN 20 75 CALL	5,100	7,838	\$0.87	0.16	36.69%	11.66%	\$479,400	.MPC200117C75
10/3/2019	MPC 100 17 APR 20 60 CALL	1,191	158	\$5.97	0.51	39.25%	40.09%	\$726,510	.MPC200417C60

Potential Catalysts: No Scheduled Events

Disclaimer:**Not Investment Advice or Recommendation**

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