



FEATURED OPTIONS RADAR REPORT



Small Cap Oil & Gas Energy Name Sees Call Spread Buyer

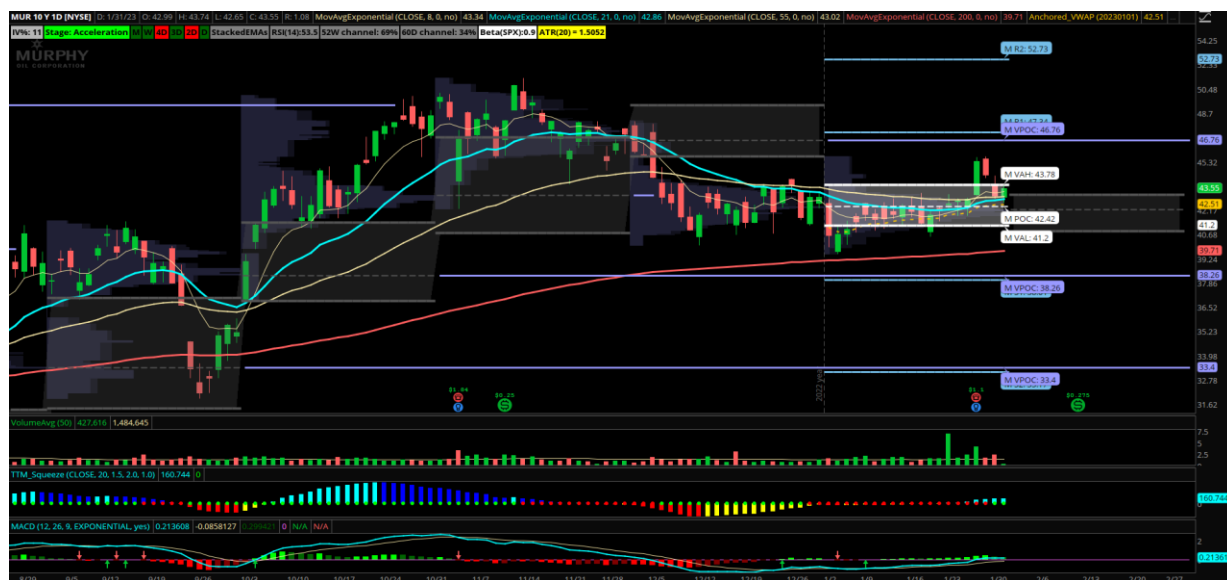
Ticker/Price: MUR (\$43.56)

Analysis:

Murphy Oil (MUR) on 1/30 saw a buyer of 1450 March \$45 calls at \$2.02, spreading against sales of the \$50 calls for a net debit of \$1.30 and looking for a retest of the 50 highs from November as prices dip back to the 21 EMA and monthly POC near 42.50 support. MUR also saw recent opening put sales for 2500 July \$25 puts sold for \$0.90 expecting lack of downside going forward. Stay above 40 is key for MUR as that is the recent low to start the year.

Shares have been consolidating nicely between the 55- and 200-day EMA's since making highs near 50 back in November and a stock that had a strong 2022 in the oil patch. MUR has a VPOC overhead at 46.75 as a short term target but above that has open space to 50 and then 53.20 being a longer term yearly VPOC target. The \$6.7B company trades at 6.5x earnings, 2.1x sales, with FCF yield at 15.6% and a dividend yield at 2.2% while revenue is expected to slow down to flat growth after a solid +71% sales increase in FY22. The Company is primarily engaged in both onshore and offshore operations and properties. In the United States, the Company produces crude oil, natural gas liquids and natural gas primarily from fields in the Gulf of Mexico and in the Eagle Ford Shale area of South Texas. In Canada, the Company holds working interests in a dry natural gas area at Tupper Montney. Average analyst target is \$52. JPM upgraded the stock last month to Overweight and a price target of \$56 while Mizuho assumed coverage with a Buy rating and \$51 target and saying with development spending at King's Quay in the Gulf of Mexico rolling off, Murphy is one of few companies in our coverage that believes can hold flat CFO and grow free cash flow in 2023. Piper is a large bull and raised its target in November to \$68 from \$62 and keeps an Overweight rating citing the group has stuck with disciplined allocation and continues to prioritize capital return, increased service costs are driving incremental capex in Q4 and 2023. Wells Fargo boosted its target this week to \$47 while Goldman raised to \$50 from \$44 recently as well. Short interest is at 4.1%. Hedge fund ownership rose 4.7% last quarter. MUR is scheduled for the Credit Suisse Vail Summit Conference on 2/26.

Hawk Vision:



Hawk's Perspective: MUR is a nice chart and can be traded long against a close below the 41 level at monthly value lows. Nice risk/reward for move up to 50+ from here.

Confidence Ranking: \$\$