



FEATURED OPTIONS RADAR REPORT



Bulls Pile into Leading Utility Ahead of Expected Federal Catalyst

Ticker/Price: NEE (\$70.80)

Analysis:

Next-Era Energy (NEE) buyers of 2250 December \$72.50 calls for \$5.50 to \$5.70 early today and volume continuing all session and up to 6650X now. NEE had 20,000 May \$75 puts sold to open on 4/21 and has seen buyers in the June 2023 calls up to the \$82.50 strike. Shares are consolidating near the January and February lows and holding above a key level from the pre-pandemic highs near \$65-\$70. The longer timeframe channel forming off the December highs has room up to \$75 and then \$82. The \$136B utility trades 23X earnings, 3.8X book and 27X FCF with a 2.45% yield. NEE is a leading electric utility in the US with exposure to wind, solar, nuclear, and other renewable projects. NEE reaffirmed guidance on 4/21 seeing their long-term growth prospects intact and focused now on execution of more their portfolio shifts into renewable energy. The company has a near-term catalyst with the Dept. of Commerce launching an investigation into solar panel production in Southeastern Asia which may result in higher tariffs and thus higher costs for companies like NEE. Mizuho out in late April noting they don't expect the DOC to move forward with more punitive action as it would de-incentive decarbonization efforts and drive up higher prices for customers. The WSJ reported last week the investigation has virtually brought US solar projects to a halt. Analysts have an average target for shares of \$89.50 with a Street High \$107. CSFB resuming coverage at Outperform on 4/25 with an \$87 PT noting that NextEra is a bellwether U.S. utility and renewable developer and despite near-term, supply-related concerns, the company remains well positioned versus peers in the wider inflation trade owing to its size and scale. Short interest is 0.80%. Insiders active in 2022 including a \$5M buy in February from the CEO at \$77.25 and on 5/3 a director bought \$700K in stock at \$70. Hedge fund ownership fell slightly last quarter.

Hawk Vision:



Hawk's Perspective: NEE is a best-in-class name in the space and continue to like their longer-term shifts towards renewables; I'd like to see better price action near-term but above \$73 with the expected DOC catalyst is attractive

Confidence Ranking: \$\$