

## SPOTLIGHT OPTION TRADE



### Consistent Upside Flow in Oil & Gas Co. Enticing to Tail

#### TRADE SNAPSHOT

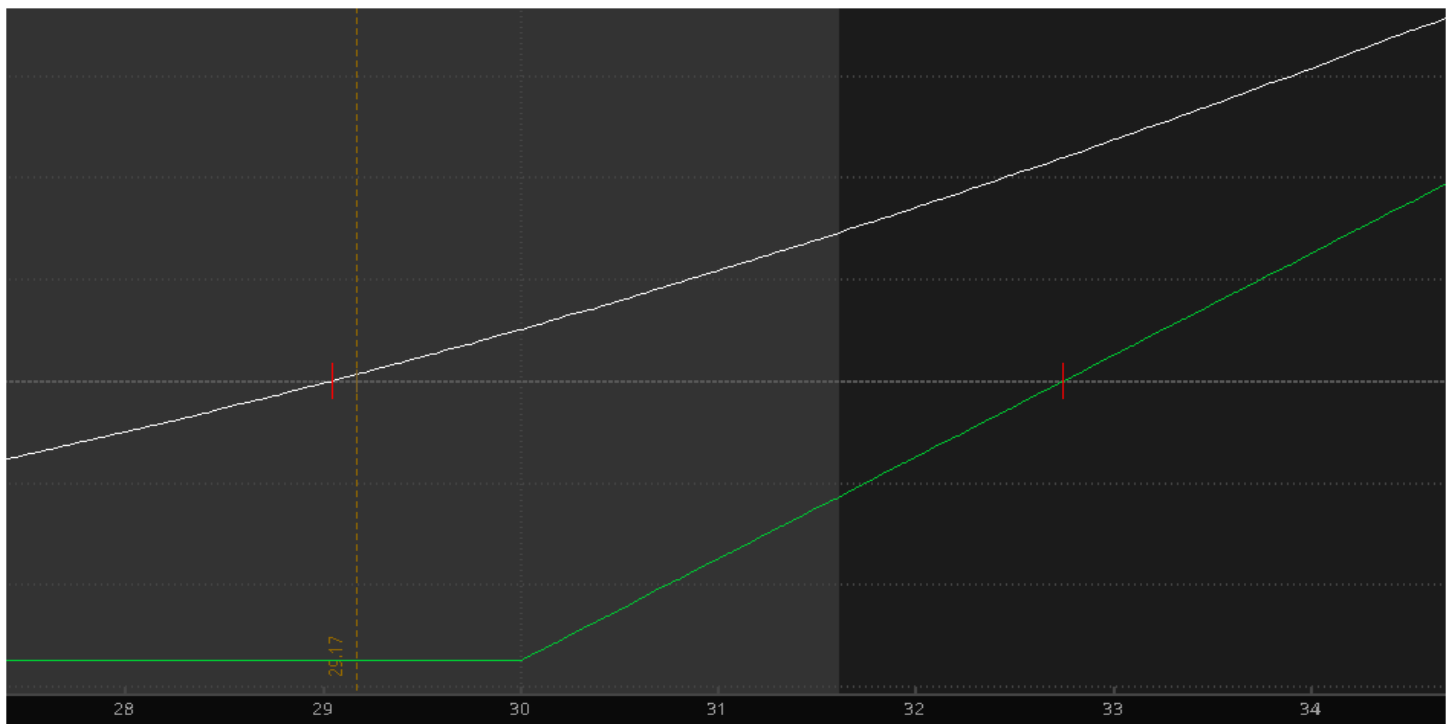
TICKER	OXY
SECURITY	Occidental Petro
SECTOR	Basic Materials – Oil & Gas
CURRENT PRICE	\$28.95
LONG/SHORT	Long
TARGET	\$35
STOP	\$25.75
TIMEFRAME	2 Months

**Trading Strategy:** Long OXY February \$30 Calls \$2.75 or Better

**Net Debit/Credit:** Debit \$2.75

**Profitability Zone:** OXY Above \$32.75 on February OpEx

**Options Volatility / Trade Simulator View:**





**Technical Analysis:** OXY has pulled in off highs and attempting to base at the rising 200-day moving average while entering a healthier volume support zone as well as a 50% retracement of the rally off Summer lows. Shares remain in a bullish pattern and back above \$32.40 can run strong.



**Fundamental Analysis:** The \$28.45B Oil & Gas Co. trades 9.3X Earnings, 5X EBITDA and sees EBITDA growth of 8% in 2022 after a 90.8% jump in 2021. OXY remains committed to debt reduction, and its near-term objective is to reduce net debt to mid-\$20B (~\$29B at the end of 3Q21). Post achieving its target, the company sees potential to allocate a portion of its cash flows towards dividend increases and incremental growth capex. OXY announced a Ghana asset sale in October and may continue to optimize the portfolio. OXY sees significant room for growth with their chemicals business, OxyChem, which is a leader in caustic potash, a key component of direct air capture process to separate CO2 in carbon-neutral oil recovery. The increased use of direct air capture will be driving higher in the next decade due to a greater global emphasis on curbing greenhouse gases and OXY can become a leader in the emerging space. OXY is differentiated by its high quality upstream assets, above-average FCF/equity yield and its unique position in a lower-carbon energy future through OXY Low Carbon Ventures (OLCV). Analysts have an average target of \$40 on shares with short interest at 3.8% of the float. MSCO is positive on the company and has a \$48 target. Truist upgraded shares to Buy in October with a \$50 target seeing record free cash flows and asset monetization's driving its leverage ratio lower which should open up capital allocation plans with dividends & buybacks.

### Options Activity:

Date	Description	Volume	Open Int	Price	Delt	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI
11/30/2021	OXY 100 (Weeklys) 23 DEC 21 31 CALL	2,277	1,047	\$1.15	0.4	57.90%	34.70%	\$261,855	.OXY211223C31	\$1.33	3817
11/29/2021	OXY 100 17 JUN 22 42 CALL	2,000	498	\$1.55	0.26	53.11%	15.20%	\$326,000	.OXY220617C42	\$1.71	2485
11/29/2021	OXY 100 17 JUN 22 35 CALL	2,388	3,243	\$3.07	0.43	53.41%	28.72%	\$764,160	.OXY220617C35	\$3.05	5083
11/29/2021	OXY 100 (Weeklys) 31 DEC 21 31 CALL	1,832	28	\$1.65	0.46	56.83%	39.53%	\$302,280	.OXY211231C31	\$1.49	532
11/26/2021	OXY 100 18 FEB 22 30 CALL	2,181	1,369	\$2.55	0.48	59.64%	37.00%	\$582,327	.OXY220218C30	\$3.00	3152
11/26/2021	OXY 100 17 JUN 22 26 PUT	1,500	425	\$3.55	-0.32	59.60%	49.27%	\$532,500	.OXY220617P26	\$3.55	1925
11/26/2021	OXY 100 (Weeklys) 23 DEC 21 31 CALL	1,001	117	\$0.90	0.33	63.67%	26.77%	\$103,103	.OXY211223C31	\$1.33	3817
11/24/2021	OXY 100 18 MAR 22 50 CALL	7,175	8,603	\$0.42	0.1	55.73%	5.60%	\$315,700	.OXY220318C50	\$0.27	11678
11/24/2021	OXY 100 18 MAR 22 35 CALL	5,844	2,569	\$2.69	0.44	53.45%	32.65%	\$1,583,724	.OXY220318C35	\$1.95	8494
11/24/2021	OXY 100 18 MAR 22 29 PUT	1,500	1,029	\$2.31	-0.31	54.81%	42.80%	\$360,000	.OXY220318P29	\$3.05	2595
11/23/2021	OXY 100 18 FEB 22 50 CALL	5,143	925	\$0.26	0.07	56.90%	4.08%	\$138,861	.OXY220218C50	\$0.16	5201
11/23/2021	OXY 100 18 FEB 22 40 CALL	5,519	1,312	\$1.06	0.24	53.45%	16.31%	\$585,014	.OXY220218C40	\$0.61	6802
11/23/2021	OXY 100 17 JUN 22 24 PUT	1,652	347	\$1.67	-0.186	55.74%	31.80%	\$275,884	.OXY220617P24	\$2.37	1792
11/22/2021	OXY 100 14 APR 22 30 CALL	686	75	\$3.70	0.56	51.26%	43.10%	\$253,820	.OXY220414C30	\$3.65	1279
11/22/2021	OXY 100 (Weeklys) 23 DEC 21 33 CALL	2,199	61	\$0.80	0.31	50.22%	26.24%	\$191,313	.OXY211223C33	\$0.70	2227
11/19/2021	OXY 100 17 JUN 22 35 PUT	539	378	\$8.43	-0.607	51.87%	74.74%	\$454,377	.OXY220617P35	\$8.61	954
11/18/2021	OXY 100 17 JUN 22 28 PUT	1,368	504	\$3.20	-0.33	51.16%	47.56%	\$451,440	.OXY220617P28	\$4.20	1804
11/16/2021	OXY 100 20 JAN 23 30 PUT	1,057	649	\$5.55	-0.35	48.44%	55.41%	\$607,775	.OXY230120P30	\$7.00	1574
11/15/2021	OXY 100 (Weeklys) 3 DEC 21 33 PUT	1,087	174	\$2.23	-0.65	47.47%	68.86%	\$242,401	.OXY211203P33	\$3.63	263
11/15/2021	OXY 100 (Weeklys) 10 DEC 21 35 CALL	2,083	101	\$0.71	0.28	49.25%	24.22%	\$147,893	.OXY211210C35	\$0.14	1611
11/9/2021	OXY 100 18 MAR 22 34 PUT	913	254	\$4.25	-0.46	50.38%	57.91%	\$388,025	.OXY220318P34	\$6.75	866
11/9/2021	OXY 100 18 MAR 22 34 CALL	900	421	\$3.80	0.54	50.44%	42.09%	\$342,000	.OXY220318C34	\$1.97	842
11/9/2021	OXY 100 18 FEB 22 34 PUT	901	351	\$3.65	-0.46	50.30%	56.41%	\$328,865	.OXY220218P34	\$4.25	850
11/8/2021	OXY 100 17 JUN 22 27 CALL	1,000	231	\$9.70	0.781	53.16%	65.30%	\$970,000	.OXY220617C27	\$6.40	1417
11/8/2021	OXY 100 17 DEC 21 39 CALL	2,328	908	\$0.93	0.27	52.27%	21.95%	\$216,504	.OXY211217C39	\$0.10	3094
11/5/2021	OXY 100 18 MAR 22 50 CALL	6,222	2,445	\$0.60	0.133	52.59%	7.63%	\$373,320	.OXY220318C50	\$0.27	11678

**Potential Catalysts:** Oil Prices; Asset Sales; M&A

## **Disclaimer:**

### **Not Investment Advice or Recommendation**

*Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.*

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