



## FEATURED OPTIONS RADAR REPORT



### Call Buyers Buy into Occidental Post-Earnings Weakness

**Ticker/Price:** OXY (\$23.60)

#### Analysis:

**Occidental Petroleum (OXY)** buyers today of 5,500 September \$25 calls up to \$2.95 and follows buyers this week in the June \$25 calls and November \$35 calls into post-earnings weakness. OXY has a lot of bullish open interest across June, August, September and November including a \$2M buy in the August \$27 calls from February that's a bit underwater. OXY has been a relative strength name since November and pulling back this week after earnings. Shares are right at the 38.2% Fibonacci of the rally today at \$23.50 and VWAP from the November lows is down around \$21.50. The \$22.8B company trades 1.27X sales and 8X FCF with a small yield. OXY struggled for much of 2020 after their \$55B deal for Anadarko left them saddled with debt but they're starting to show significant signs of progress and production is performing well at a time when oil prices have recovered. OXY now has a strong position in the Permian and DJ Basin while their chemicals business continues to recover driven by demand for polyvinyl chloride from new housing builds. OXY is continuing to sell off assets in 2021 and reports recently that they're in talks to sell their African Oil Fields to Carlyle. Analysts have an average target for shares of \$24 and a Street High \$32. MKM upgrading to Buy in April citing value while the firm's analysis anticipates the midstream/marketing business at a breakeven in 2022, assuming the MID-MEH spread normalizes and the sale of the company's Ghana assets yields about \$900M in proceeds. Short interest is 2.4% and down from around 8% in early 2020. Hedge fund ownership rose 9.5% in Q4, Appaloosa a buyer of a new 8.1M share position.

#### Hawk Vision:



**Hawk's Perspective:** OXY is likely to make more moves in 2021 to shore up the balance sheet and the overall story should continue to improve as they narrow their focus; short-term, its right at support and under \$22.50 likely revisits the 200-MA at \$19 which would be a nice risk/reward spot

**Confidence Ranking:** \$\$