



Large Call Buy in Anadarko Petro as Oil Strengthens

Ticker/Price: APC (\$48.70)

Analysis:

Anadarko Petro (APC) size activity with 5,000 May \$50 calls opening \$3.60 to \$3.73, a name with a lot of expiring positions in Jan. 2019 and this the largest new position in a long time. In November PAC raised its buyback by \$1B and hiked the dividend 20%. APC shares put in a low in late December that aligned with lows from 2017 and on a four week rally, the 8 week EMA and major volume node stands in the way near \$49. Above that level there is room to move back to \$56.50. The \$24.6B Oil Co. trades 22.5X Earnings, 2.76X Book and 5.4X EBITDA with a 2.2% yield. APC will next report on 2-5-19 and then present at the CSFB Energy Conf. on 2-10. APC sold its midstream assets in November for \$4.015B. APC is now mainly a US Onshore play and is focused on capital allocation in 2019. Analysts have an average target of \$71.65 and short interest low at 2.2% of the float. MKM started shares at Buy with a \$76 target in early December and at Cowen with a \$75 target in late November. Hedge Fund ownership fell 6.4% in Q3, Dodge & Cox a top holder reducing its position as did Clearbridge. Adage Capital added to its position, not its 15th largest.

Hawk Vision:



Trading Strategy: APC has long been a favorite name among the larger cap Oil names, and looks promising though still have trouble committing to Energy names with tough Y/Y comps and limited growth, just an observer right now.

Confidence Ranking: \$\$

