



## FEATURED OPTIONS RADAR REPORT



### Bullish Flow Accumulates in Refiner into Seasonally Strong Period

**Ticker/Price:** PBF (\$27.30)

#### Analysis:

**PBF Energy (PBF)** with 3,000 July \$30/\$25 bull risk reversals bought today for \$0.85 debit, reports next week 4-28. PBF has seen a lot of bullish flow recently including buyers in the July \$31, \$32 and \$35 calls, the September \$35 calls, and the June \$30 calls while the June \$25 and \$22 puts being sold to open. Shares are in a strong trend since December and has near-term support at the top of April value and prior breakout near \$26. PBF broke a long downtrend in 2022 and \$35 level above is a big HVN from the prior 4-5 years. The \$3.23B company trades 15.88X earnings, 0.12X sales, and 7X FCF. PBF operates both refining and logistics for petroleum products throughout the Northeast, Midwest and Gulf Coast. PBF is coming off of a strong quarter as the delayed recovery from the pandemic accelerates and they become cash flow positive in the 2H of 2021. They also continue to benefit from extreme pricing in the markets, low inventories, more capacity rationalizations and slower adds. Analysts have an average target for shares of \$23 with a \$36 Street High. Scotiabank upgrading to Neutral on 4/18 citing their view that the global refined product market will remain extremely tight for the remainder of the year and the analyst does not expect PBF stock to have as much downside. MSCO with a \$32 PT for shares as all industry signs are pointing toward a very robust set-up into summer driving season. BAML upgrading to Buy in March. The firm sees U.S. refiners overlooked as net beneficiaries of structurally higher natural gas costs outside the U.S. given that nat gas is a critical input to the margin necessary for international refiners to clear higher costs. With tailwinds from IMO in 2022, net capacity cuts and an expected post-COVID demand recovery, the analyst sees the potential for a structural reset in mid-cycle margins underpinning a regional 'Golden Age' for U.S. refiners. Short interest is 12.5%.

#### Hawk Vision:



**Hawk's Perspective:** PBF is a bit extended near-term but the setup for refiners is great going into the 2H of the year and would be a nice dip buy back near \$25-\$26

**Confidence Ranking:** \$\$