



FEATURED OPTIONS RADAR REPORT



Call Spread Sees Continued Upside for Best-in-Class E&P

Ticker/Price: PXD (\$228.75)

Analysis:

Pioneer Natural (PXD) strong name lately and today seeing 4000 January 2023 \$240/\$280 call spreads bought to open for \$13.90, some May calls adjusting higher. PXD has seen some buyers recently in the May \$260 and \$270 calls. Shares opened quiet after earnings this morning but now back near the highs and looking to clear a bull flag above \$233 with room out to \$250 in the short-term. The long-term trend remains strong with \$295 the measured target above from the move off the 2020 lows. The \$52.5B company trades 10.5X earnings, 3.65X sales, and 15X FCF with a 1% yield. PXD has been reshuffling their portfolio through deals with Continental and others and enters 2022 as a more-focused play on the higher-margin Midland Basin. PXD is coming off a strong quarter with solid execution driving best-in-class margins and higher capital return while their budget outlook came in slightly lower than expected. PXD has some of the best acreage in the region and should continue to drive high returns with low leverage in the current oil environment. Analysts have an average target for shares of \$219 with a Street High \$266. Credit Suisse raising estimates today noting that their 2022 capex budget of \$3.3B-\$3.6B is slightly better than consensus and in his view a solid guide considering some investor apprehension into the print that the budget could be over \$3.6B. TD Securities with a \$250 PT for shares noting that PXD continues to impress and room for further capital returns. Short interest is 2.45%. In November, a director bought \$2M in stock at \$188. Hedge fund ownership fell 2% last quarter.

Hawk Vision:



Hawk's Perspective: PXD is a best-in-class name setting up well for a breakout and continuation here but with spreads out into January, a name to focus on dips in this strong trend throughout the year

Confidence Ranking: \$\$