



FEATURED OPTIONS RADAR REPORT



Pioneer Natural Bulls Positive Long-Term After Flurry of Deal Activity

Ticker/Price: PXD (\$157)

Analysis:

Pioneer Natural (PXD) with 1,000 December \$140 calls bought to open for \$27.70 today and name popular with size put sales recently including the June \$150, May \$150, and May \$160 strikes. PXD has also seen buyers in the Sept. \$160 calls and still has 8,000 January \$150 calls in OI from spreads with the \$190 calls. Shares are working strong today out of a multi-week pullback with the 8- and 21-day MA now starting to turn higher just below, ready to run. PXD has resistance at \$160 but a breakout higher targets \$200. The \$32.7B company trades 11.4X earnings, 4.66X sales, and 21X cash with a 1.5% yield. PXD has been aggressive over the last year in building out their leading acreage position in the Permian and deploying capital towards deals with their Parsley acquisition in 2020 and their DoublePoint deal in early April. The latter was a bit of a surprise but the \$6.4B deal is accretive to both FCF and earnings with plenty of cost-driven synergies post-close. It also expands their foothold in the Midland Basin with over 97,000 of adjacent acreage, most of which is undrilled and supplements their current production base. Analysts have an average target for shares of \$172 with a Street High \$245 from Raymond James. The firm thinks the DoublePoint deal was a surprise but the "glove-like" nature of the acreage fit certainly drives long-term value accretion. Truist raising estimates on 4/19 expecting a slight hit from February weather but should still top Q1 consensus estimates. The firm also likes the DoublePoint acquisition which provides Pioneer with an upcoming arsenal to help reach its desired free cash flows and shareholder returns. Short interest is 3.2%. Hedge fund ownership rose 20% in Q4, PointState a new buyer of stock.

Hawk Vision:



Hawk's Perspective: PXD broke out today of its recent base and while energy is getting some momentum back again, might be best to wait for it to set up again especially with earnings soon

Confidence Ranking: \$\$