

SPOTLIGHT OPTION TRADE



Pioneer Natural Best Way to Play Further Oil Strength as Economy Surges

TRADE SNAPSHOT

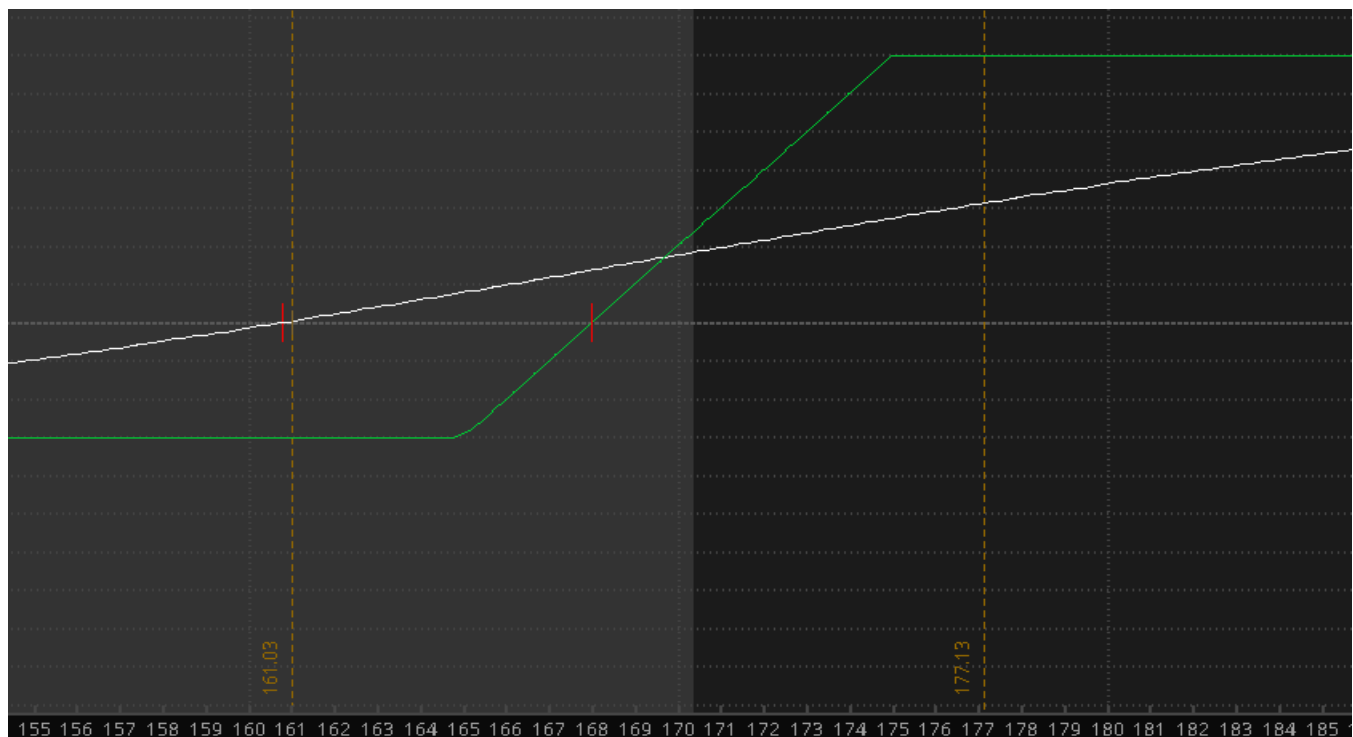
TICKER	PXD
SECURITY	Pioneer Natural
SECTOR	Energy – Oil & Gas
CURRENT PRICE	\$161
LONG/SHORT	Long
TARGET	\$180
STOP	\$150
TIMEFRAME	1 Month

Trading Strategy: Long PXD June \$165/\$175 Call Spreads at \$3 Debit

Net Debit/Credit: Debit \$3

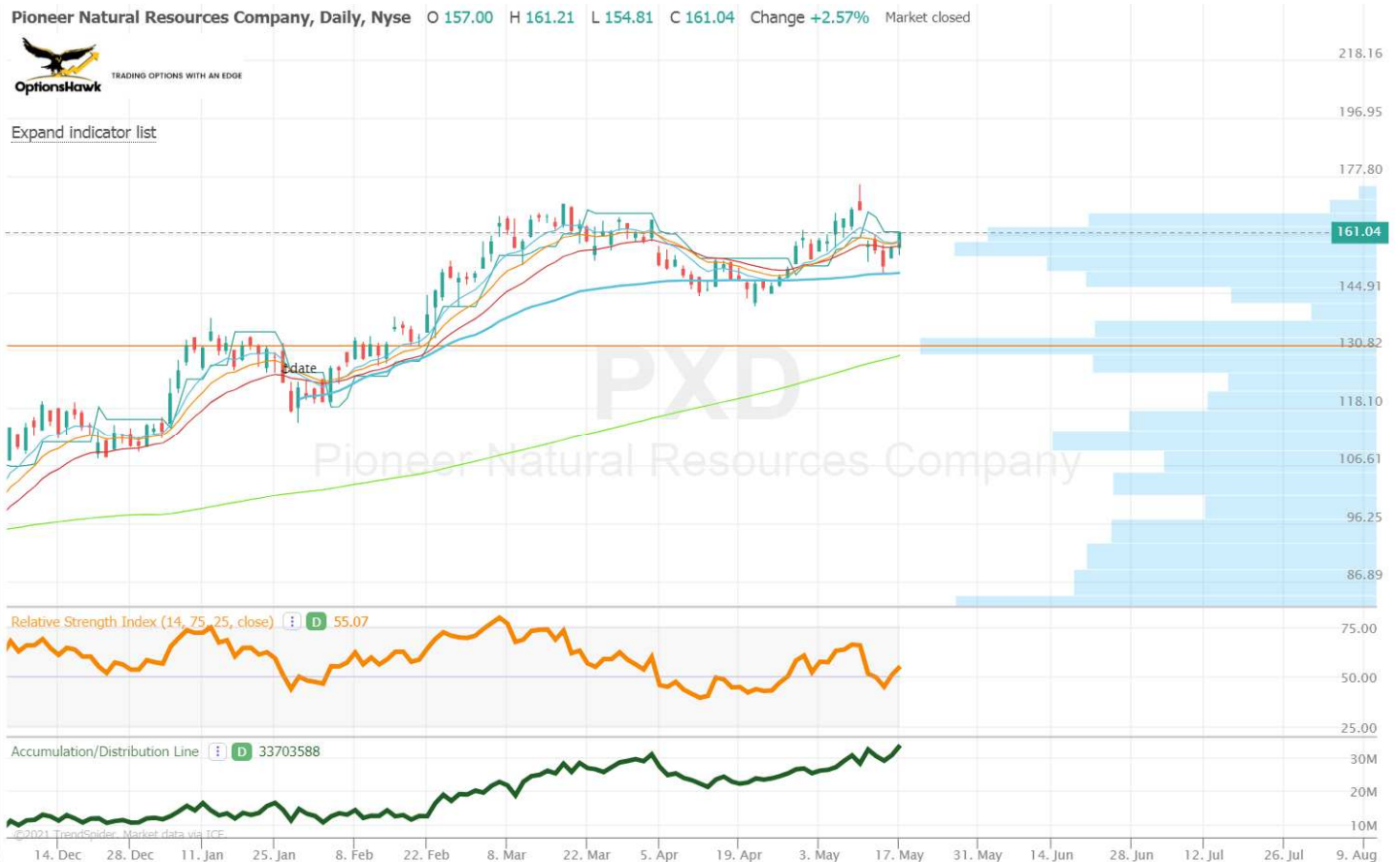
Profitability Zone: PXD Above \$168 on June OpEx

Options Volatility / Trade Simulator View:

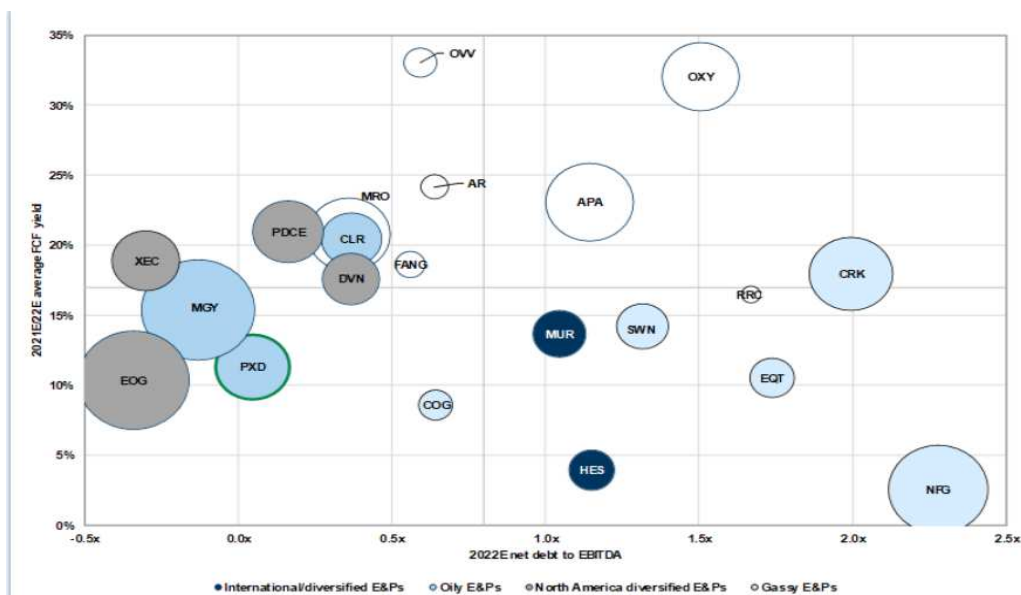




Technical Analysis: PXD recently pulled back and held firm at VWAP off the late January low that started a strong push higher and forming a long flag on the daily. Shares put in a nice candle to start the week closing back above all key moving averages.



Fundamental Analysis: The \$38B Oil & Gas leader trades 11.1X Earnings, 7.6X EBITDA and yields a 1.39% dividend. PXD forecasts see revenues rising 134% in 2021 and 23% in 2022 with EBITDA up 156% and 30% respectively, a strong cycle that should lead to a re-rate higher. 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. At \$60/bbl Brent PXD is on track to generate a 10% 2023 FCF yield, grow oil production by 5% annually and the return bulk of the FCF to shareholders via a combination of base/variable dividends. PXD provided color around its outlook for FCF generation in 2021-2026, noting that the company expects to generate \$23B in cumulative FCF over the next six years based on current strip prices. PXD screens attractive to peers with its FCF generation and low debt (below). Analysts have an average target of \$190 and short interest is 5.2% of the float. Mizuho raised its target to \$224 this week on a higher oil price forecast. KeyBanc raised to Overweight on expected guidance upside on production.



Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob. ITM	Premium Paid	Symbol	Current Price	Current OI	Price Change
5/17/2021	PXD 100 20 JAN 23 135 PUT	230	8	\$22.10	-0.29	40.21%	49.28%	\$506,000	.PXD230120P135			
5/13/2021	PXD 100 18 JUN 21 150 PUT	1,525	2,112	\$7.80	-0.45	42.79%	50.86%	\$1,189,500	.PXD210618P150	\$4.52	2109	-42.05%
5/12/2021	PXD 100 18 JUN 21 160 PUT	2,007	2,138	\$10.80	-0.54	44.13%	59.97%	\$2,267,910	.PXD210618P160	\$10.60	4131	-1.85%
5/11/2021	PXD 100 18 JUN 21 145 PUT	1,005	405	\$3.36	-0.25	41.47%	29.10%	\$342,040	.PXD210618P145	\$3.00	1852	-10.71%
5/10/2021	PXD 100 18 JUN 21 170 PUT	501	310	\$7.50	-0.5	35.31%	55.11%	\$375,750	.PXD210618P170	\$16.15	1350	115.93%
5/5/2021	PXD 100 17 DEC 21 195 CALL	205	0	\$8.80	0.33	38.64%	23.15%	\$180,400	.PXD211217C195	\$7.17	226	-18.52%
5/4/2021	PXD 100 20 JAN 23 150 PUT	528	299	\$28.20	-0.362	40.86%	58.19%	\$1,488,960	.PXD230120P150	\$32.00	810	13.48%
4/30/2021	PXD 100 21 JAN 22 140 PUT	1,318	497	\$13.41	-0.327	39.07%	45.81%	\$1,767,438	.PXD220121P140	\$13.40	1149	-0.07%
4/29/2021	PXD 100 18 JUN 21 160 PUT	500	44	\$9.55	-0.49	36.58%	54.36%	\$465,000	.PXD210618P160	\$10.60	4131	10.99%
4/28/2021	PXD 100 17 DEC 21 140 CALL	1,001	0	\$27.50	0.69	39.87%	56.74%	\$2,752,750	.PXD211217C140	\$24.40	1007	-11.27%
4/20/2021	PXD 100 21 MAY 21 160 CALL	1,002	265	\$1.74	0.21	40.33%	17.47%	\$205,410	.PXD210521C160	\$1.80	1418	3.45%
4/20/2021	PXD 100 18 JUN 21 150 PUT	865	258	\$12.15	-0.58	36.60%	64.21%	\$1,072,600	.PXD210618P150	\$4.52	2109	-62.80%
4/19/2021	PXD 100 17 DEC 21 150 CALL	300	0	\$17.10	0.54	38.91%	41.86%	\$513,000	.PXD211217C150	\$21.98	315	28.54%
4/14/2021	PXD 100 21 MAY 21 150 PUT	1,017	299	\$5.70	-0.41	37.54%	45.58%	\$610,200	.PXD210521P150	\$0.90	2286	-84.21%
4/14/2021	PXD 100 17 SEP 21 125 PUT	762	420	\$4.90	-0.19	40.47%	27.36%	\$373,380	.PXD210917P125	\$5.20	616	6.12%
4/5/2021	PXD 100 17 SEP 21 160 CALL	205	49	\$12.70	0.47	39.41%	36.80%	\$260,350	.PXD210917C160	\$13.20	373	3.94%
4/1/2021	PXD 100 21 MAY 21 160 PUT	1,023	29	\$8.04	-0.43	39.47%	49.01%	\$900,240	.PXD210521P160	\$4.98	2206	-38.06%
4/1/2021	PXD 100 21 JAN 22 200 CALL	1,008	511	\$10.20	0.33	38.56%	21.74%	\$1,088,640	.PXD220121C200	\$7.70	1160	-24.51%
4/1/2021	PXD 100 21 JAN 22 130 PUT	980	193	\$9.20	-0.22	40.92%	34.19%	\$921,200	.PXD220121P130	\$9.30	851	1.09%
3/29/2021	PXD 100 17 SEP 21 130 CALL	200	47	\$37.34	0.8	44.15%	70.60%	\$746,000	.PXD210917C130	\$37.50	243	0.43%
3/17/2021	PXD 100 20 JAN 23 165 CALL	1,250	33	\$33.00	0.58	39.81%	37.92%	\$4,437,500	.PXD230120C165	\$24.80	1286	-24.85%
3/12/2021	PXD 100 17 SEP 21 170 CALL	580	6	\$18.70	52.00%	43.95%	39.64%	\$1,084,600	.PXD210917C170	\$8.80	670	-52.94%
3/12/2021	PXD 100 17 SEP 21 135 PUT	360	22	\$8.40	-21.90%	45.18%	32.88%	\$302,400	.PXD210917P135	\$7.90	418	-5.95%
3/9/2021	PXD 100 21 JAN 22 160 PUT	402	53	\$27.40	-0.44	43.03%	60.31%	\$1,101,480	.PXD220121P160	\$23.70	339	-13.50%
3/9/2021	PXD 100 20 JAN 23 115 PUT	1,500	0	\$14.50	-0.2	40.43%	39.20%	\$2,175,000	.PXD230120P115	\$16.00	1553	10.34%
3/5/2021	PXD 100 21 JAN 22 210 CALL	1,011	42	\$12.29	0.318	41.96%	19.47%	\$1,242,519	.PXD220121C210	\$5.06	969	-58.83%
3/3/2021	PXD 100 21 JAN 22 120 PUT	759	417	\$10.55	-0.21	46.93%	36.54%	\$800,745	.PXD220121P120	\$7.10	941	-32.70%
2/22/2021	PXD 100 21 JAN 22 190 CALL	6,002	37	\$8.60	0.3	44.14%	17.28%	\$6,002,000	.PXD220121C190	\$9.09	5991	5.70%
2/22/2021	PXD 100 21 JAN 22 150 CALL	6,004	2,666	\$19.44	0.51	45.04%	35.05%	\$12,428,280	.PXD220121C150	\$20.50	8428	5.45%

Potential Catalysts: Oil Prices / UBS Global Energy Conference 5-25-21

Disclaimer:

Not Investment Advice or Recommendation

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