



FEATURED OPTIONS RADAR REPORT



Call Buyers See Scorpio Tanker Relative Strength Continuing

Ticker/Price: STNG (\$18.20)

Analysis:

Scorpio Tankers (STNG) with 1,500 October \$16 calls bought for \$4.50 to \$4.70 into weakness today and follows buyers in the October \$14 calls and October \$17 calls over the last month. STNG still has 3,000 January \$15 calls in open interest from February while the July \$12 calls holding firm with over 3400 in open interest. Shares have been in a strong trend in 2021 and bouncing today off of the rising 21-day MA after a reactive sell-off around the Suez Canal issues. STNG is flagging under \$20 with a breakout move targeting \$23 as it continues to work out of a long base. The \$1.12B company trades 8.3X earnings, 1.2X sales, and 6X cash with strong FCF and a 2% yield. The company noted in February they've seen demand already return to pre-pandemic levels in Asia while they expect North America and Europe to begin moving that direction by mid-year as well while supply dynamics remain favorable for the industry with delays to new fleet builds. STNG is seeing pricing power, as a result, and they expect rates to continue stabilizing into the Spring as excess capacity gets put to work. In early March the company noted that Yard pricing was rising and further interest in areas like LNG will be a tailwind for the 2H. Analysts have an average target for shares of \$22 with a Street High \$35. HC Wainwright started coverage this morning at Buy, \$28 PT, citing a bigger secular shift towards refined products and petrochemicals, as well as shifts in global refinery capacity, resulting in continued product tanker demand growth. BTIG positive on 3/19 as they think STNG benefits from oil's continued recovery as the global economy reopens. Hedge fund ownership fell 15% in Q4. Short interest is 6.35% and down from 14% in late 2020.

Hawk Vision:



Hawk's Perspective: STNG is coming off of a big fleet revamp and now boasts one of the best supply in the tanker market at a time where rates looks to be improving and demand has tailwinds into the 2H, a nice story that can continue higher and the 21-day a short-term support area to lean against

Confidence Ranking: \$\$