



FEATURED OPTIONS RADAR REPORT



Call Buyer Targets Rebound in Canadian Oil Sands Leader

Ticker/Price: SU (\$18.25)

Analysis:

Suncor (SU) buyer 10,000 January \$20 calls \$1.20 offer today and name that has drawn a lot of bullish flow over the last six weeks including buyers in the March \$21 calls and December \$23 calls while sellers active in the puts for September, December, and March at the \$22, \$21, and \$20 strikes. SU also has 18,000 January 2023 \$25 calls in OI from April buyers. Shares are in a steady trend lower since May and back at a big breakout spot from earlier this year at \$18.50. The pullback also aligns with the 50% retracement of the run from the March 2020 lows. The \$27.88B company trades 7.3X earnings, 1.13X sales, and 17X cash with a 3.8% yield. SU is a leading Canadian integrated oil company with a focus on the Athabasca oil sands. The company held an investor day in May and outlined a five-pronged plan to capture value over the next five years including lowering their cost structure, focusing on efficiency in the field to boost margins, and deleveraging the balance sheet. They expect to grow their capital return by 25% through 2025. SU is benefitting from higher oil prices currently and reopening plans in North America while Canada reopening to US tourism in August should be a boost to 2H growth. Analysts have an average target for shares of \$35 with a Street High \$48. Raymond James starting at Outperform on 7/20 as the analyst came away from the company's recent Investor Day encouraged by Suncor's momentum on its margin improvement and ESG initiative. The firm expects Suncor's class-leading downstream division to build momentum into the second half of the year as Canadian refined product demand benefits from a delayed but imminent reopening. Hedge fund ownership fell 10% in Q2, Third Point an interesting holder with 7M shares and adding another 1M. Short interest is less than 1%.

Hawk Vision:



Hawk's Perspective: SU is back an ideal support area where I'd like to see it form a better base before looking at getting involved on the long side but an interesting longer-term name with a lot of value potential if it can execute on their growth plan

Confidence Ranking: \$