



FEATURED OPTIONS RADAR REPORT



Bulls See More Upside to Metals Leader

Ticker/Price: TECK (\$39)

Teck Resources (TECK) a strong performer in 2022 with shares +31% and continues to draw bullish options activity since our last write-up in August. TECK this week has seen buyers of 3500 April \$38 calls and a large opening sale of 2000 January \$35 puts. TECK does have 15,000 August \$45 short calls in open interest from February trades as a target level while 7000 April \$40 calls bought in early March sit in OI and 3000 May \$40 calls bought on 2/9. TECK is in a strong rising trend riding the rising 21-day moving average higher for the most part with potential for that last leg up to \$45. TECK is a natural resources company focused on copper, zinc, steelmaking coal, and energy. TECK is a key producer of copper, one of the largest producers of mined zinc, the 2nd largest seaborne exporter of steelmaking coal and also has other interests. Steelmaking Coal is 38% of revenues & 35% of profits, Zinc is 30% and 29%, and Copper is 27% and 44% respectively. TECK currently has a market cap of \$20B and trades 7.75X Earnings, 43.8X FCF and 3.6X EBITDA with 2022 seen as a peak cycle year with 31.8% revenue growth and 45% EBITDA growth. TECK has a key catalyst with QB2 expected to start operations in 2H22. Global steel demand continues to be robust and met coal demand and prices remain elevated. Teck has seven copper growth projects outstanding at various stages of development: Zafranal and San Nicolas nearer term, QB3 and Galore Creek mid-term, and NuevaUnion, Mesaba, and Shaft Creek longer term. Analysts have an average target of \$41 with short interest minimal at 1.2% of the float. Stifel raised its target on TECK to C\$68 this week and on 3/9 Goldman upgraded to Buy with a \$51 target seeing accelerating FCF inflection and updating estimates on the higher pricing environment.

Hawk Vision:



Hawk's Perspective: TECK with a recent pullback to retest a breakout and 34-MA and looks poised to make a run to \$45 as a potential last leg as these commodity names likely hit peak cycle fears in a few months.

Confidence Ranking: \$\$