



FEATURED OPTIONS RADAR REPORT



Teck Call Buyers Look for Further Momentum in Relative Strength Name

Ticker/Price: TECK (\$21.50)

Analysis:

Teck Resources (TECK) buyers of 3,250 April \$24 OTM calls for \$0.65/\$0.70 and volume over 6750X now while later 2,000 August \$21 calls bought \$3.25. TECK has seen buyers in the April \$24 calls and May \$23 calls lately while put sales a popular strategy in the April \$23, May \$19, and August \$15/\$16 strikes. Shares have shown relative strength lately and now back at VWAP from the 2/4 lows with a small run of narrow closes. The prior run up saw institutional volume on the move up to \$23.50 and a move higher targets \$26. The \$11.9B company trades 9X earnings, 1.7X sales, and 33X cash with a small yield. TECK is benefitting from better pricing and demand for coal, copper, and zinc as the global economy recovers and positions for a return to expansionary growth. They also have exposure to electric vehicles with development partnerships on new zinc alloy processes as well as lead for batteries. TECK is entering a transformational 18-month period as they look to open QB2, a major Chilean mine that is considered a franchise asset in the copper space with potential for significant expansion over the next decade. Analysts have an average target for shares of \$23.50 with a Street High \$34 from TD Securities. Benchmark positive on 2/19 noting that TECK is well positioned to benefit from a rebound in commodity demand and pricing post-pandemic despite guidance that points to an increase in copper and zinc cash costs in 2021. Hedge fund ownership rose 2% in Q4, Stan Druckenmiller a buyer of 2.6M shares. Anomaly Capital with a buyer of 2.4M shares. Short interest is minimal.

Hawk Vision:



Hawk's Perspective: TECK has been a good momentum trade since September and like the volume on the recent run up and pullback to the 21-day gives a nice risk/reward spot for a return to \$24+

Confidence Ranking: \$\$