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Technical Analysis

Ecopetrol S.A. (EC) Up 4.57% Today: Multiple Trading Ideas For Varying Viewpoints

By **Melissa Arnold** - April 22, 2019



Ecopetrol S.A. (NYSE:EC) is one of the hottest stocks trading today on the U.S. Markets as the company shares are 4.57% or 0.91 points higher from last closing price of \$19.9, reaching \$20.81 at last check. Any clue why there is so much of action in the EC stock? The share price has risen in 2 of the last 5 days and is up 7.05% over the past week. It will be exciting to see whether the stock manages to continue increasing or take a minor break for the next few days. The move came on weak volume too with far less shares changing hands than in a normal session. Trading activity as of this writing weakened by -536,192 shares, and in total 359108 shares valued at \$7.473 million were seen changing hands compared with 895300 shares valued at \$17.816 million recorded at the previous session. You should take into consideration that a falling volume on higher prices causes divergence and may be an early warning about possible changes in EC stock for the next couple of days.

Ecopetrol S.A. (EC) shares have notched a 3-month gain of about 7.05%, but has still advanced 25.31% year to date. By comparison, the stock sank -8.38% over the past 12 months, while it slipped -12.76% over the 1 month. The company's market cap is around \$39.48B, with its short interest ratio standing at 11.91%.

In the current trading session for EC, the stock witnessed two major price actions, it rose to a high of \$20.92 and was down as much as \$19.89 at one point. The high recorded is very low when compared to their 52-week high which is \$15.25. The 52-week high is now at -25.72 distance from current price. Their recent low of \$27.96 represents a 36.2% recovery. This data is quite important for investors who look to benefit from the recent rise of the company's stock. The price target currently for EC is \$18.63, this is below the recent high that the stock attained. Taking a look at the overall sentimental views of financial analysts, the trading pattern of this stock recently is very clear.

The stock of Ecopetrol S.A. earned \$1.78 per share in the trailing 12 months and has a P/E ratio of 11.69. You can compare it with that of similar companies in its industry to get a sense of whether the stock you're looking to purchase is overvalued or undervalued. Its current price to earnings ratio is lower than the ones recorded by the industry which is 15.75 and lower compared to the sector's average of 16.03. When the P/E ratio is low let's say below 1.0, then the stock price is considered a good value. EC also has P/S multiple of 1.92. This is greater versus the 12 month P/S ratios of other companies in the same industry. The peer average price to sales ratio is 0.78x.

EC's last price was down -1.49% as compared to the average trading price of 50 days recorded at \$21.12 while enlarging the period to 200 trading days, the average closing price was \$20.77. At present, there are 1.98 billion in the total number of common shares owned by the public and among those 223.54 million shares have been available to trade. The percentage of shares being held by the company management was 1% while institutions stake was 3.3%. The company has generated positive returns on equity over the last 12 months (22.3%). It managed to keep its gross profit margin at 39.3% over the past 12 months.

When assessing the full upside of the EC stock, there is another set of technicals that should be looked into and considered. Its -2.8% decline from moving average of \$21.41 has brought about a negative sentiment when calculated over the last 20 days. The market has allocated a beta of 1.6 to the stock. With the beta been greater than one, this implies that the company shares are theoretically more volatile than the market, something that the traders definitely are keeping an eye on.

Most of the analysts surveyed by Thomson/First Call think quite highly of Ecopetrol S.A. — 0 analysts rate the stock as a buy with another 0 rating it strong buy. There are 6 analysts who maintain a hold rating for the stock, with 0 giving it a sell rating. Analysts arrived at a 12-month price target of \$20.5 on shares of Ecopetrol S.A. (NYSE:EC), which corresponds to 1.35% downside potential than its current market price of \$20.81 and implies potential despite the recent advance in the price. However, their current target price has fallen from \$21 a month ago and is up handily from the consensus target of \$16.5 a quarter ago.

In the last five years, the EPS of the company has been roughly -2.5%. Though the percentage looks disappointing, extra tailwinds are emerging as looking out over a next 5-year period, with analysts estimating that their earnings will increase annually by 17.3%. The revenue of the company has retreated at an average annualized rate of about -0.8 over the last five years. The company recently recorded an increase of 19.2%, but this figure is rather attractive.

Let's briefly check the hedge fund interest towards EC stock. Eqis Capital Management Inc. trimmed position in the company after it dumped -31.2% or 38,593 shares of its common stock. The hedge fund now owns 26,552 shares worth \$552,547, SEC documents show. Confluence Investment Management LLC cut assets in the stock as 69328.24 shares have been sold, reducing its stake by -8.3% to 63,574 shares which are currently valued at \$1,322,975. In addition, Deutsche Bank AG recently reported that it now owns 660,552 shares making a total of \$13,746,087 based on the recent price. This reflects a change of -52.9% in their ownership.

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