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Do Options Traders Know Something About **Ecopetrol (EC)** Stock We Don't?

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Written by [Zacks Equity Research](#) for [Zacks](#) →

Investors in **Ecopetrol S.A. EC** need to pay close attention to the stock based on moves in the options market lately. That is because the Oct 20, 2023 \$2.50 Call had some of the highest implied volatility of all equity options today.



What is Implied Volatility?



Implied volatility shows how much movement the market is expecting in the future. Options with high levels of implied volatility suggest that investors in the underlying stocks are expecting a big move in one direction or the other. It could also mean there is an event coming up soon that may cause a big rally or a huge sell-off. However, implied volatility is only one piece of the puzzle when putting together an options trading strategy.



What do the Analysts Think?

Clearly, options traders are pricing in a big move for **Ecopetrol** shares, but what is the fundamental picture for the company? Currently, **Ecopetrol** is a Zacks Rank #4 (Sell) in the Oil and Gas - International Markets industry that ranks in the Bottom 1% of our Zacks Industry Rank. Over the last 60 days, our Zacks Consensus Estimate for the current quarter has moved from 74 cents per share to 55 cents in that period.

Given the way analysts feel about **Ecopetrol** right now, this huge implied volatility could mean there's a trade developing. Oftentimes, options traders look for options with high levels of implied volatility to sell premium. This is a strategy many seasoned traders use because it captures decay. At expiration, the hope for these traders is that the underlying stock does not move as much as originally expected.

Looking to Trade Options?

Check out the simple yet high-powered approach that Zacks Executive VP Kevin Matras has used to close recent double and triple-digit winners. In addition to impressive profit potential, these trades can actually reduce your risk.

[Click to see the trades now >>](#)

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In addition to the investment ideas discussed above, would you like to know about our 10 top picks for 2023?

From inception in 2012 through November, the *Zacks Top 10 Stocks* portfolio has tripled the market, gaining an impressive +884.5% versus the S&P 500's +287.4%. Our Director of Research has now combed through 4,000 companies covered by the Zacks Rank and handpicked the best 10 tickers to buy and hold in 2023. Don't miss your chance to still be among the first to get in on these just-released stocks.

AD

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