

▲ ZACKS

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



Zacks Equity Research

Mon, Aug 19, 2024, 8:48 AM GMT-5 • 2 min read



In This Article:

EC

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 Nov 15, 2024 \$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.

Quote Lookup

🌐 U.S. markets closed

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MARKETS

US	Europe	Asia	Rates
S&P Futures 5,628.25 -1.75 (-0.03%)	Dow Futures 40,998.00 -22.00 (-0.05%)		
Nasdaq Fut... 19,865.75 +8.00 (+0.04%)	Russell 200... 2,176.40 -0.20 (-0.01%)		
Crude Oil 74.00 -0.37 (-0.50%)	Gold 2,543.30 +2.00 (+0.08%)		

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TOP GAINERS

SVNDY Seven & i Holdin... +3.10 (+26.59%)	14.76
ASTS AST SpaceMobil...	38.60 +7.57 (+24.40%)
VKTX Viking Therapeuti...	66.63 +9.92 (+17.49%)
ZIM ZIM Integrated Sh...	22.25 +3.19 (+16.74%)
TGTX TG Therapeutics, ...	25.19 +3.11 (+14.09%)

TOP LOSERS

DASTF Dassault Système...	37.67 -5.83 (-13.89%)
ICHBF Industrias CH, S. A...	9.92 -1.18 (-10.67%)
SG Sweetgreen, Inc.	34.82 -2.55 (-6.82%)
X United States Steel...	39.30 -2.49 (-5.96%)
OSCR Oscar Health, Inc.	17.62 -1.08 (-5.78%)

MOST ACTIVE

NVDA NVIDIA Corporati...	130.00 +5.42 (+4.35%)
TSLA Tesla, Inc.	222.72 +6.60 (+3.05%)
INTC Intel Corporation	21.52 +0.65 (+3.11%)
AMD	155.28

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 - Integrated - Emerging Markets industry that ranks in the Bottom 12% of our Zacks Industry Rank. Over the last 30 days, no analysts have increased their earnings estimates for the current quarter, while one analyst has revised the estimate downward. The net effect has taken our Zacks Consensus Estimate for the current quarter from 70 cents per share to 57 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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Advanced Micro ... +6.72 (+4.52%)

PLTR 32.50
Palantir Technolog... +0.42 (+1.31%)

TRENDING TICKERS

PANW 343.36
Palo Alto Network... +9.25 (+2.77%)

AMD 155.28
Advanced Micro ... +6.72 (+4.52%)

HOLO 0.4168
MicroCloud H... +0.1250 (+42.84%)

VKTX 66.63
Viking Therapeuti... +9.92 (+17.49%)

NVDA 130.00
NVIDIA Corporati... +5.42 (+4.35%)

TOP ECONOMIC EVENTS



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Prediction: When the Federal Reserve Starts Cutting Rates, These 2 Stocks Will Be Massive Winners



Prediction: When the Federal Reserve Starts Cutting Rates, These 2 Stocks Will Be Massive Winners



Matt Frankel

Updated Mon, Aug 19, 2024, 7:33 AM GMT-5 • 4 min read



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In This Article:

RDFN +17.43%

SOFI +6.57%

After recent economic data shows that inflation continues to cool off and jobless claims have been a bit higher than expected, it is a virtual certainty at this point that the Federal Reserve is going to cut interest rates at the conclusion of its September meeting, for the first time since March 2020.

Investors aren't expecting just one cut. According to the CME FedWatch tool, which tracks interest rate expectations of financial markets, the median expectation is for a total of two full percentage points of [interest rate](#) cuts by September 2025. If the rate-cut cycle

starts as expected and continues for at least the next year, there are some stocks that could be *big* winners.

The sluggish real estate market could pick up steam

One of the effects of the rising-rate environment of recent years has been rising mortgage rates. And while the average 30-year mortgage rate has cooled off a bit from the peak of about 8%, rates are still in the 6.5% ballpark, more than double their level at the beginning of 2022.

As a result, the [real estate market](#) has slowed to a crawl. Existing home inventories are near a generational low, mortgage demand for both purchase and refinancing is low, and as a result, real estate sales are down by more than 35% since before the rate-increase cycle began. In fact, mortgage rates and existing home sales volume have clearly moved in an inverse relationship.

This could be great news for real estate businesses, but one that I'm particularly excited about is **Redfin** (NASDAQ: RDFN). Management has done a great job of focusing on efficiency during the slow times, as well as on building relationships with top-performing agents. It is very well positioned to take advantage of pent-up demand for homes when rates fall, and it could become profitable quickly in a more favorable environment.

Lower deposit costs could sharply boost profits

Banking disruptor **SoFi** (NASDAQ: SOFI) has been a bank only since the beginning of 2022, and since that time it has grown its deposit base from zero to \$23 billion. This is enough so that about 90% of its loan book is funded by deposits, which generally come at a lower cost than borrowing money.

While a large deposit base creates a favorable cost structure, it's important to realize that SoFi is an online bank whose savings accounts pay relatively high interest rates —

accounts pay relatively high interest rates up to 4.6% as of this writing. However, if rates fall, it will almost certainly result in a drop in SoFi's deposit rates. Meanwhile, the loan book is largely made up of *fixed-rate* personal loans and student loans, which will continue to pay the same amount.

To be sure, there are plenty of other reasons to love SoFi right now. But this is a way the expected falling-rate environment could provide a tailwind.

Buy as long-term investments

While I think both of these are likely to be big winners as interest rates fall, it's important to note that there's no way to accurately predict what the Fed will do. After all, at the start of 2022, virtually *nobody* was predicting that a sharp rate-increase cycle was about to begin. There are simply too many factors involving inflation, consumer confidence, employment, and more that could turn out differently than expected and cause the Fed to change course.

The point is that while I believe the next couple of years will be great for these stocks, I own both in my own portfolio because I think they'll be *long-term* winners, even if the forward trajectory of interest rates doesn't turn out as expected.

Should you invest \$1,000 in Redfin right now?

Before you buy stock in Redfin, consider this:

The *Motley Fool Stock Advisor* analyst team just identified what they believe are the **10 best stocks** for investors to buy now... and Redfin wasn't one of them. The 10 stocks that made the cut could produce monster returns in the coming years.

Consider when **Nvidia** made this list on April 15, 2005... if you invested \$1,000 at the time of our recommendation, **you'd have \$763,374!***

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[See the 10 stocks »](#)

**Stock Advisor* returns as of August 12, 2024

Matt Frankel has positions in Redfin and SoFi Technologies. The Motley Fool has positions in and recommends Redfin. The Motley Fool recommends the following options: short August 2024 \$11 calls on Redfin. The Motley Fool has a [disclosure policy](#).

[Prediction: When the Federal Reserve Starts Cutting Rates, These 2 Stocks Will Be Massive Winners](#) was originally published by The Motley Fool

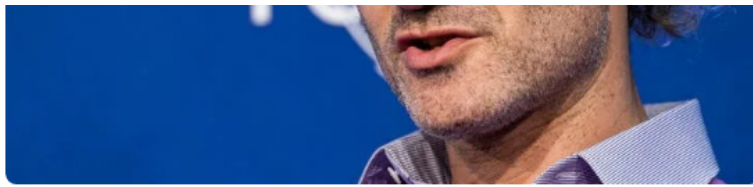
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BENZINGA

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Kaustubh Bagalkote

Mon, Aug 19, 2024, 1:00 PM GMT-5 • 3 min read



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PLTR +1.31%

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