

Devon Energy Corporation (DVN) - Technical Buy

Last Price: 27.26

Resumption of the uptrend?

Figure 1: Devon Energy Corporation Daily Timeframe (DVN)


*Entry Price(s): 27.38

Support 1: 24.60

Support 2: 24.00

Red line = 20 period moving average

Stop Loss: 23.98

Resistance 1: 32.00

Resistance 2: 35.00

Blue line = 60 period moving average

Target: 34.80

*entry price is placed 1 tick above the setup bar's high

Source: iTrade, CGS-CIMB RESEARCH

Green line = 200 period moving average

Description of the company

Devon Energy Corporation, based in Oklahoma City, Oklahoma, is an independent energy company engaged primarily in oil and gas exploration, development and production, and the acquisition of producing properties. The company's primary focus has shifted to onshore unconventional plays in the U.S. Proved reserves at year-end 2020 totaled 752 MmBoe (76% developed).

Since hitting a new 2-year high at 31.74 in June, price has slipped into a correction phase. Despite falling as much as -24% from the 31.74 Higher High (HH) point, the general uptrend remains well supported by the 61.8% Fibonacci retracement level and 24.60 support area (green highlight).

Some early signs of a bullish trend change can be seen by the breakout above the 4-week range on 10 August (blue highlight). Looking closer, the recent retest of the cluster of support at 24.60 area was once again met with some bullish rejection. As a result, a bullish price action, Bullish Engulfing Bar was formed on 20 August showed the bulls are still in control. More importantly, the follow-through on 23 August broke above both the 20 and 60 day moving average signals the resumption of the uptrend.

Thus, expect price to trend higher to test the 32.00 resistance area followed by 34.80. The recent low in July at 24.05 could be the next Higher Low (HL) point for the uptrend.

Our US Research Partner reiterates the Strong Buy rating on DVN with a target price of \$47.00 after a solid 2Q21 results; cash distribution jumps 44%. Devon reported quarterly beat on EBITDA/EPS as the company reported either beats or in-line results on every relevant metric (the lone miss being NGL pricing was slightly below RJ/Consensus). Oil volumes were in-line with RJ/consensus, NGL and Gas volumes, however beat RJ/Consensus by 7%/8% and 3%/2% respectively. Blended pricing was in-line with RJ/consensus and opex was 6% below RJ. Capex beat as well coming in 8%/9% below RJ/consensus. The company saw a 44% payout increase q/q to \$0.49/share (variable/base dividend split: \$0.38/\$0.11). 2021 operational plan slightly improved: DVN's 2021 capital guidance remains unchanged with capex of \$1.72-\$1.98B (RJ/consensus: \$1.85B/\$1.87B). Production guidance changed slightly, oil production remained the same at 280-290 Mbo/d (RJ/consensus: 287/285 Mbo/d) but total volumes were raised to 539-569 Mboe/d from 529-559 Mboe/d previously.

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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2021		
623 companies under coverage for quarter ended on 30 June 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	72.1%	1.1%
Hold	19.3%	0.0%
Reduce	8.7%	0.0%

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2020, Anti-Corruption 2020

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Excellent,

Certified, **BTS** - Excellent, Certified, **CBG** - Very Good, n/a, **CCET** - n/a, n/a, **CENDEL** - Excellent, Certified, **CHAYO** - Very Good, n/a, **CHG** - Very Good, n/a, **CK** - Excellent, n/a, **COM7** - Very Good, Certified, **CPALL** - Excellent, Certified, **CPF** - Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** - n/a, n/a, **CRC** - Very Good, n/a, **DELTA** - Excellent, Certified, **DDD** - Very Good, n/a, **DIF** - n/a, n/a, **DOHOME** - Very Good, n/a, **DREIT** - n/a, n/a, **DTAC** - Excellent, Certified, **ECL** - Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** - Excellent, Certified, **ERW** - Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** - Excellent, Certified, **GLOBAL** - Very Good, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** - Good, n/a, **ICHI** - Excellent, Certified, **III** - Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** - Excellent, Certified, **ITD** - Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** - n/a, n/a, **JKN** - Excellent, Declared, **JMT** - Very Good, Declared, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** - n/a, n/a, **KKP** - Excellent, Certified, **KSL** - Excellent, Certified, **KTB** - Excellent, Certified, **KTC** - Excellent, Certified, **LH** - Excellent, n/a, **LPN** - Excellent, Certified, **M** - Very Good, Certified, **MAKRO** - Excellent, Certified, **MC** - Excellent, Certified, **MEGA** - Very Good, n/a, **MINT** - Excellent, Certified, **MTC** - Excellent, Certified, **NETBAY** - Very Good, n/a, **NRF** - n/a, n/a, **OR** - n/a, n/a, **ORI** - Excellent, Certified, **OSP** - Very Good, n/a, **PLANB** - Excellent, Certified, **PRINC** - Very Good, Certified, **PR9** - Excellent, n/a, **PSH** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** - Excellent, Certified, **RBF** - Good, n/a, **RS** - Excellent, n/a, **RSP** - Good, n/a, **S** - Excellent, n/a, **SAK** - n/a, n/a, **SAPPE** - Very Good, Certified, **SAWAD** - Very Good, n/a, **SCB** - Excellent, Certified, **SCC** - Excellent, Certified, **SCGP** - n/a, n/a, **SHR** - Very Good, n/a, **SIRI** - Excellent, Certified, **SPA** - Very Good, n/a, **SPALI** - Excellent, Declared, **SPRC** - Excellent, Certified, **SSP** - Good, Declared, **STEC** - n/a, n/a, **SVI** - Excellent, Certified, **SYNEX** - Very Good, n/a, **TCAP** - Excellent, Certified, **THANI** - Excellent, Certified, **TIDLOR** - n/a, n/a, **TISCO** - Excellent, Certified, **TKN** - Very Good, n/a, **TMB** - Excellent, Certified, **TOP** - Excellent, Certified, **TRUE** - Excellent, Certified, **TU** - Excellent, Certified, **TVO** - Excellent, Certified, **VGI** - Excellent, Certified, **WHA** - Excellent, Certified, **WHART** - n/a, n/a, **WICE** - Excellent, Certified, **WORK** - Good, n/a.

- [CG Score 2020 from Thai Institute of Directors Association \(IOD\)](#)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of January 30, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.