

Devon Energy: Inflation expected to soften fuel demand

DIGITAL ENGAGEMENT TEAM

31 AUGUST 2022

TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	71.08
Latest Dividend	1.55
Dividend Ex-Date	9/9/2022
Indicated Dividend Yield	8.72%
14 Day RSI	62.58
Analysts 12M Target Price	77.85

REFINITIV STOCKREPORTS+ AVERAGE SCORE
9/10 As of 31 Aug 2022

Refer to page 3 for indicator components

Devon Energy Corporation (DVN US) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 30 Aug 2022 closing

KEY MARKET EVENTS

- 05 Sep US Labour Day Holiday
- 06 Sep US PMI Releases (Aug)
- 07 Sep China Trade Balance (Aug)
- 09 Sep China CPI Release (Aug)
- 13 Sep US CPI Release (Aug)

S&P 500 Index Price Chart



As of 30 Aug 2022 closing

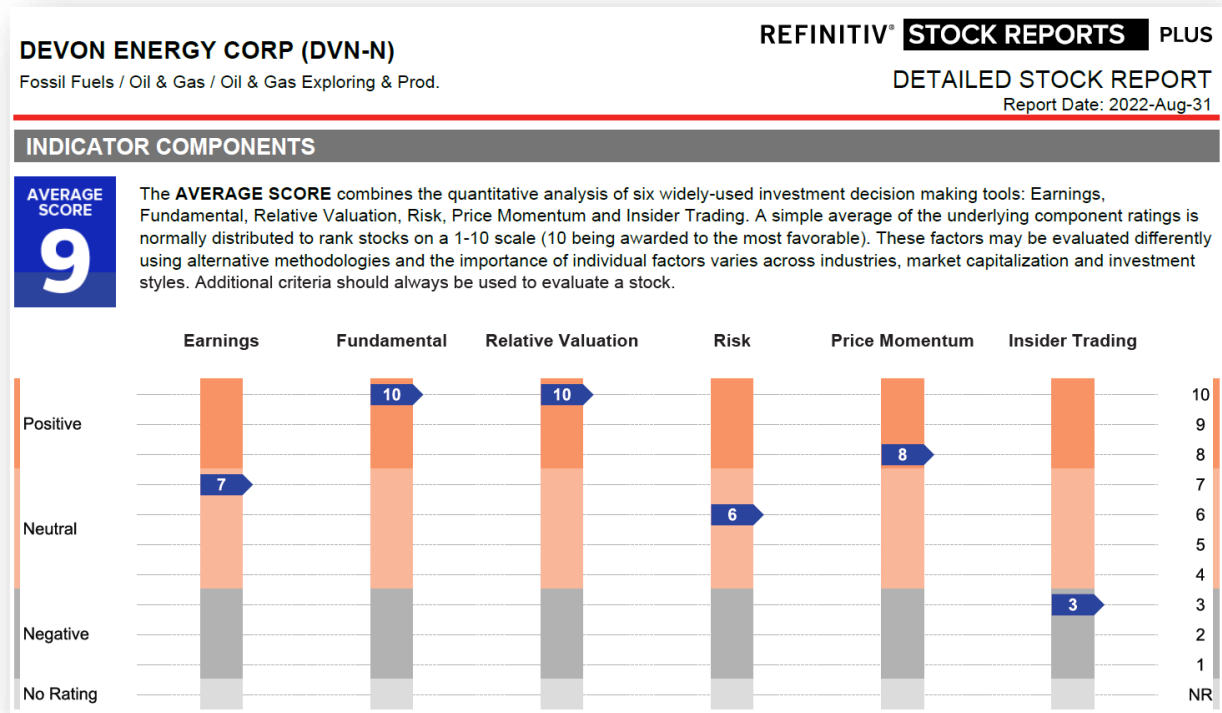
Headline News & Information

- Devon Energy Corporation operates as an independent energy company that is involved primarily in oil and gas exploration, development and production, the transportation of oil, gas, and natural gas liquids and the processing of natural gas. The company also has marketing and midstream operations primarily in North America that include gas, crude oil, and natural gas liquids (Bloomberg)
- Oil edges down as inflation expected to impact fuel demand (30 Aug 2022, Reuters)
 - The market feared that more aggressive interest rates hikes from central banks may lead to a global economic slowdown and soften fuel demand
 - Saudi Arabia, top producer in the Organization of the Petroleum Exporting Countries (OPEC) raised the possibility of production cuts, which sources said could coincide with a boost in supply from Iran should it clinch a nuclear deal with the West
- A great entry point to buy commodities, a foreign house said (29 Aug 2022, CNBC)
 - Commodities prices have pulled back from recent highs amid mounting concern over an economic slowdown, but a foreign house said the weakness creates a prime buying opportunity
 - Energy stocks have been a bright spot during the recent market downturn in Aug 2022

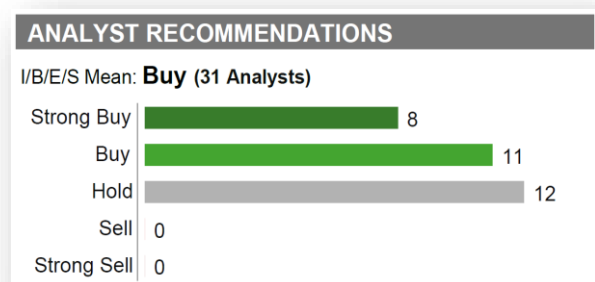
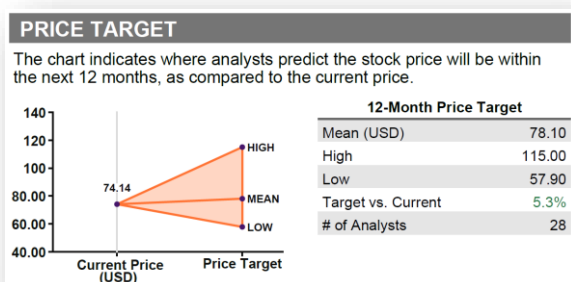
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none">• Shares rose 0.3% in the past 5 days and are up 13% in the past 30 days	<ul style="list-style-type: none">• 77.85 (Analysts' Consensus 12M Target Price)• 79.00 (Jun 2022)	<ul style="list-style-type: none">• 63.33 (100 Day MA)• 59.52 (50 Day MA)• 53.00 (Aug 2022)

Fundamental Viewpoint

An Extract from STOCKREPORTS+



Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 31 Aug 2022

US Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in USD	
Average Score	Ticker	PRICE MOMENTUM				Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts	
		Price (2022-08-29)	1-Mo Return	3-Mo Return	1-Yr Return		Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean		
10	COP	113.42	16.4%	-1.0%	99.9%	142.7B	9.4	7.7	2.7%	24.3%	19.8%	Buy	28	
10	EOG	126.57	13.8%	-7.5%	81.8%	73.0B	13.0	7.5	2.4%	21.4%	10.5%	Buy	32	
10	OXY	75.26	14.5%	6.2%	193.3%	68.6B	7.4	8.1	0.69%	32.5%	38.2%	Hold	28	
10	CNQ	57.99	5.1%	-13.4%	72.5%	63.8B	7.8	6.7	4.0%	29.0%	10.0%	Buy	8	
9	PXD	262.50	10.8%	-6.3%	73.1%	61.4B	10.9	8.4	9.7%	26.1%	21.8%	Buy	33	
9	DVN	74.14	18.0%	-2.2%	144.2%	48.0B	9.4	7.5	6.3%	28.4%	36.6%	Buy	31	
7	HES	126.61	12.6%	2.7%	81.3%	38.6B	26.9	11.7	1.2%	15.8%	67.8%	Buy	24	
10	CLR	72.31	5.0%	4.8%	88.2%	25.7B	9.0	5.8	1.6%	34.6%	27.3%	Hold	24	
8	CTRA	31.51	3.0%	-11.3%	101.6%	24.6B	8.8	6.6	1.9%	37.8%	7.9%	Buy	25	
10	FANG	139.26	8.8%	-8.8%	81.7%	23.8B	6.5	5.4	8.8%	42.0%	19.4%	Buy	31	
9	EQT	50.01	13.6%	3.3%	168.6%	18.4B	--	6.9	1.2%	-7.7%	62.1%	Buy	22	
9.3	Average	102.69	11.0%	-3.0%	107.8%	53.5B	10.9	7.5	3.7%	25.8%	29.2%	Buy	26	

PEER COMPANIES			
CLR	Continental Resources Inc	EQT	EQT Corp
CNQ	Canadian Natural Resources	FANG	Diamondback Energy Inc
COP	Conocophillips	HES	Hess Corp
CTRA	Coterra Energy Inc	OXY	Occidental Petroleum Corp
EOG	EOG Resources Inc	PXD	Pioneer Natural Resources Co

Source: REFINITIV STOCKREPORTS+, extracted 31 Aug 2022

Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
Average		24,431	77.75	11.55	14.92	4.64	2.40	4.54
DVN US	DEVON ENERGY CORP	46,543	71.08	10.27	14.02	4.62	3.20	8.72
HES US	HESS CORP	37,810	122.12	27.08	N/A	5.30	4.55	1.23
PXD US	PIONEER NATURAL RESOURCES CO	60,791	254.71	9.79	16.67	2.57	2.05	13.45
CLR US	CONTINENTAL RESOURCES INC/OK	25,421	70.03	7.74	14.61	2.82	2.44	1.60
CTRA US	COTERRA ENERGY INC	24,186	30.40	8.47	12.62	1.98	2.32	8.55
EQT US	EQT CORP	17,340	46.87	26.44	N/A	1.91	1.09	1.28
MRO US	MARATHON OIL CORP	17,333	25.58	7.30	N/A	1.53	1.22	1.25
APA US	APA CORP	12,839	39.32	5.80	8.67	22.45	N/A	1.27
CHK US	CHESAPEAKE ENERGY CORP	11,830	97.89	8.91	4.86	2.05	1.72	9.48
RRC US	RANGE RESOURCES CORP	8,331	31.69	7.80	39.87	3.98	3.51	1.01
PDCE US	PDC ENERGY INC	6,318	65.60	7.45	7.99	1.83	1.90	2.13

Source: Bloomberg, extracted 30 Aug 2022 closing

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