

Explore the Market

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Analyze

DUK

Duke Energy Corporation



Business Overview

Duke Energy (DUK) is one of the largest energy holding companies in the United States, headquartered in Charlotte, North Carolina.

The company operates primarily through two segments: **Electric Utilities and Infrastructure** and **Gas Utilities and Infrastructure**.

It serves approximately **8.2 million** electric customers and **1.6 million** natural gas customers across the Carolinas, Florida, Ohio, Indiana, and Kentucky.

The company is currently undergoing a massive multi-year **clean energy transition**, aiming for net-zero carbon emissions by 2050 through the retirement of coal plants and expansion of nuclear, wind, and solar assets.

Sector and Industry

Sector: Utilities

Industry: Regulated Electric, Gas, and Infrastructure

Key Financial Highlights

Stable Revenue Streams: As a regulated utility, DUK operates as a legal monopoly in most of its service territories, providing highly predictable cash flows.

Capital Intensive: The business model requires significant annual investments in grid modernization and renewable energy generation.

Regulatory Dependency: Financial performance is heavily tied to "Rate Case" outcomes from state commissions, which determine how much the company can charge customers.

Equity & Buyback Strategy

Shareholder's Equity & Balance Sheet Analysis

Capital Structure: As of the latest SEC filings (10-K and 10-Q), Duke Energy maintains a high degree of **leverage**, which is typical for the utility sector. The total shareholder equity is supported by a massive asset base of property, plant, and equipment (PP&E).

Stock Buyback Strategy: Unlike the technology or consumer staples sectors, Duke Energy does **not** prioritize aggressive share buybacks. The company frequently issues new equity to fund large-scale infrastructure projects, meaning shareholders face occasional **dilution** rather than share count reduction.

Treasury Stock: Changes in treasury stock are minimal. The company's primary method of returning value is through **cash dividends** rather than repurchasing shares at market prices.

Capital Allocation: The company's strategy focuses on a **60-70% dividend payout ratio**. Remaining cash flow is reinvested into the business to satisfy regulatory requirements and drive rate-base growth, which is the primary engine for earnings per share (EPS) increases.

Debt Profile: Most debt is long-term and fixed-rate, though rising interest rates increase the cost of refinancing, which can squeeze the spread between allowed returns and borrowing costs.

 Income & Options Strategy Analysis

Income Suitability Evaluation

Dividend Reliability: DUK is a highly reliable dividend payer with a history of increases spanning over **15 consecutive years**. However, the yield (typically 3.5%-4.5%) may not keep pace with high-inflation environments.

Skepticism & Risks: The primary risk for income investors is **Interest Rate Sensitivity**. When Treasury yields rise, "bond-proxy" stocks like DUK often see price depreciation as investors rotate into risk-free assets. Additionally, **regulatory lag**—the time it takes for commissions to approve rate hikes to cover rising costs—can temporarily hurt margins.

Options Strategy Analysis (Put Spreads & Covered Calls)

Volatility Profile: DUK has a very **low Beta (~0.47)**. This means it is significantly less volatile than the S&P 500. While this provides price stability, it results in **low options premiums**.

Put Spreads: Selling put spreads for premium is a viable conservative strategy, but the "return on risk" is often lower than in more volatile sectors. A sudden spike in interest rates could cause a sharp gap down, breaching strike prices easily despite the low beta.

Covered Calls: For those assigned the stock, selling covered calls is a standard way to augment the dividend yield. However, **liquidity** in DUK options is moderate; bid-ask spreads can be wider than in high-volume tech stocks, potentially leading to slippage.

Red Flags:

Limited Upside: The stock rarely "moons," so selling covered calls too close to the money risks losing the stock just as it recovers from a dip.

Capped Growth: Utilities are legally prevented from earning "excessive" profits, which limits the potential for significant capital appreciation alongside the options income.

INCOME SUITABILITY SCORE

Based on dividend reliability, options liquidity, and historical market perception.



 Investment Thesis

 Strengths & Opportunities

Regulated monopoly status provides a defensive 'moat' during economic downturns.

 Risks & Weaknesses

High sensitivity to rising interest rates increases cost of capital.

Consistent dividend growth history and high payout commitment.

Large-scale transition to renewable energy provides a long-term growth runway and ESG appeal.

Low correlation with the broader technology-heavy market indexes.

Regulatory risk: State commissions may deny requested rate increases.

Significant debt load required to fund infrastructure projects.

Lower growth potential compared to other sectors; unlikely to outperform in a bull market.

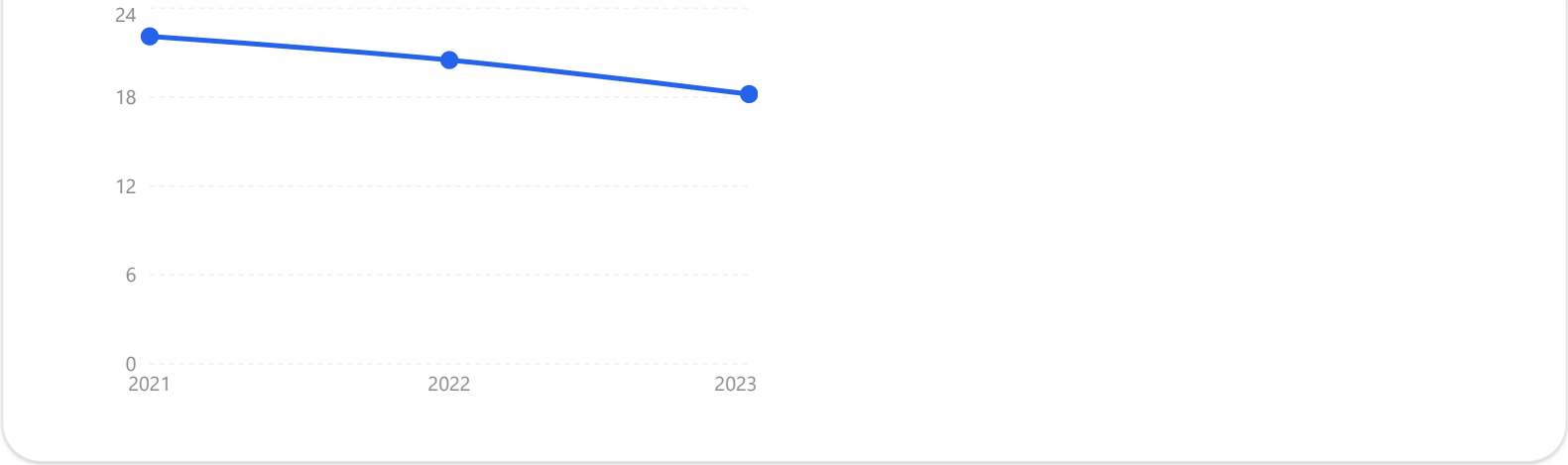
 Competitor Comparison

COMPANY	TICKER	MARKET CAP	P/E RATIO	REVENUE
Duke Energy Corporation	DUK	\$83.50B	18.4	N/A
NextEra Energy, Inc.	NEE	\$145.20B	19.8	\$28.11B
The Southern Company	SO	\$86.45B	21.2	\$25.22B
Dominion Energy, Inc.	D	\$42.10B	25.5	\$14.37B

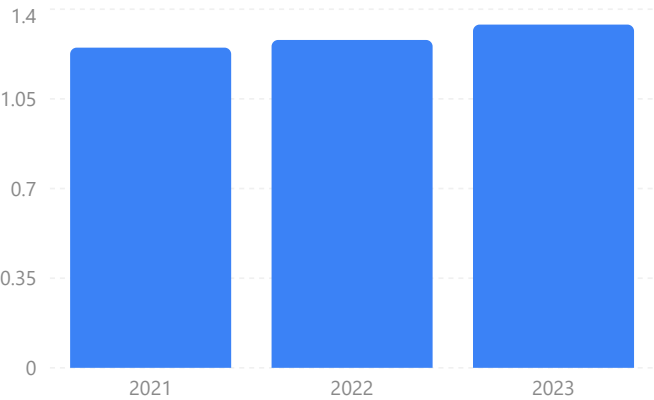
 Key Financial Metrics

\$ MARKET CAP \$83.50B	 EMPLOYEES 27,000	 P/E RATIO 18.4
 DIV. YIELD 3.92%	 CURRENT RATIO 0.76	 QUICK RATIO 0.52
 DEBT/EQUITY 1.35	 BETA 0.47	 52-WEEK RANGE \$85.62 - \$105.44

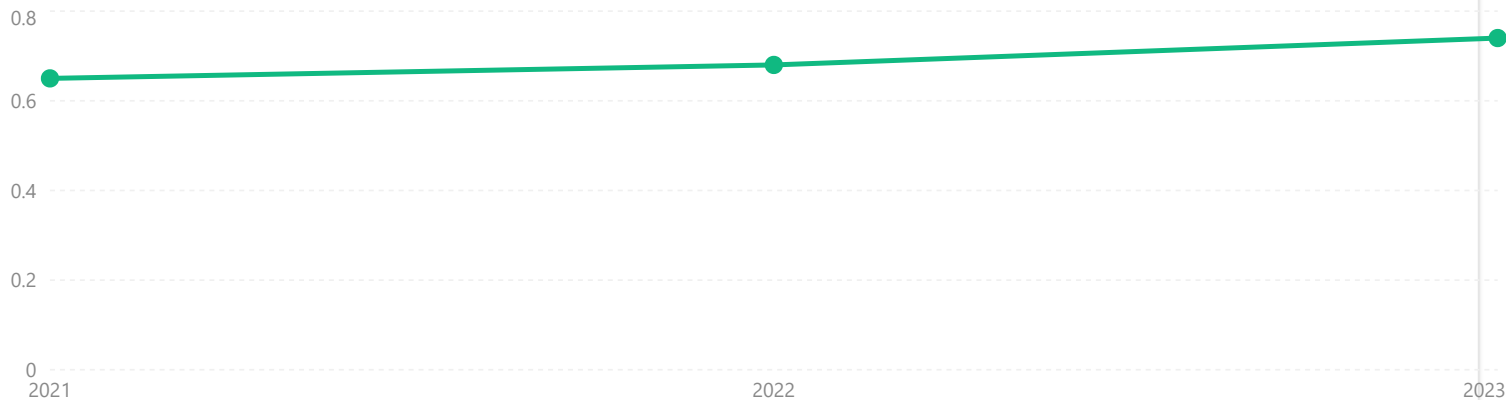
 P/E RATIO TREND



 DEBT TO EQUITY TREND



 CURRENT RATIO TREND



 Latest News & AI Summaries

Duke Energy Reports Q1 2024 Earnings

Duke Energy reported earnings that met analyst expectations, highlighting strong growth in its regulated utility segments despite higher interest costs.

[Read Article](#)  [DUKE-ENERGY.COM](#)

North Carolina Utilities Commission Approves Rate Adjustment

The commission approved a multi-year rate increase for Duke Energy Progress, allowing the company to recover costs for grid improvements and clean energy investments.

[Read Article](#) [NCUC.GOV](#)

Duke Energy Completes Sale of Commercial Renewables Business

The company finalized the sale of its non-regulated commercial solar and wind business to Brookfield Renewable to focus exclusively on regulated operations.

[Read Article](#) [NEWS.DUKE-ENERGY.COM](#)

Ask a Follow-up Question

Ask anything about Duke Energy Corporation...



Recommended S&P 500 Tickers (Income & Options)

TICKER	COMPANY	SECTOR	REASONING
NEE	NextEra Energy, Inc.	Utilities	Combines a stable regulated utility with the world's largest renewable energy developer, offering better growth than DUK.
PEP	PepsiCo, Inc.	Consumer Staples	Strong dividend history and low volatility; higher options liquidity makes it better for selling covered calls.
CVX	Chevron Corporation	Energy	High dividend yield and strong cash flows; higher volatility than utilities provides much better options premiums.
JNJ	Johnson & Johnson	Healthcare	A 'Dividend King' with extreme price stability, making it ideal for conservative put spread strategies.
VZA	Verizon Communications Inc.	Communication Services	Offers a significantly higher dividend yield than DUK, though with higher debt risks.
O	Realty Income Corporation	Real Estate	Known as 'The Monthly Dividend Company,' it offers predictable income and clear price levels for options strategies.

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