



Target Calls Accumulating in Size with Relative Strength Versus Retail peers

Ticker/Price: TGT (\$85.85)

Analysis:

Target (TGT) buyers active this morning for 1,500 July \$84 ITM calls for \$2.92 to \$3.10 and follows buyers last week in the July \$90 calls over 15,000X. The July \$92.50 calls also bought over 8,000X on 6-7. TGT also has bullish calls across January and October as well. Shares have rallied since earnings in May and pulling back this week to the rising 21-MA and near the breakout level of \$83.65. TGT is sitting just below a big weekly peak around \$90 where shares can move with a long-term measured target out to \$110. The \$44B retailer trades 13.5X earnings, 0.58X sales, and 39.7X FCF with a 3% yield. TGT is expecting 6.7% and 6.9% EPS growth through 2021 with revenue growth of 3%. Margins started to turn last quarter after several quarters of contraction as they exit a long period of investments in logistics, e-commerce, and their stores. The company is coming off a strong quarter with comps up 4.8% and traffic improving Y/Y. Their expansion into same-day fulfillment as well as expanding portfolio of owned and exclusive brands are increasing customer engagement and setting them apart from peers. TGT will host a 'Deal Days' promotion on 7/15 and 7/16, running alongside Amazon's Prime Day. Analysts have an average target for shares of \$89.50. JP Morgan upgrading to Overweight on 5-23 with a \$100 PT. They think should get re-valued "towards the best-in-class, Amazon-safe bucket" of retail, given its strong comps, expanding operating income after three years of declines, and its high-single-digit earnings growth. Short interest is 4.2% and down recently to its lowest levels since 2015. Hedge Fund ownership rose 4.5% last quarter. Holocene a concentrated holder with 1.6M shares.

Hawk Vision:



Trading Strategy: TGT is clearly impressive and outperforming its peers in comps, a clear name to hone in on for Retail exposure.

Confidence Ranking: \$\$