



## FEATURED OPTIONS RADAR REPORT



### Bullish Spreads in Ross Stores as Off-Price Retail Gains Share

Ticker/Price: ROST (\$107)

#### Analysis:

**Ross Stores (ROST)** bullish spreads sell 2125 February \$95 puts to but \$110/\$130 call spreads, net \$2.45 debits. ROST has not seen any other notable position while closest peer TJX has seen a lot of bullish activity. ROST shares jumped with the rest of the Retail complex on the vaccine news and consolidating since that time, pulling back to start this week with brick and mortar retailers seeing less traffic as COVID cases continue to surge and restrictions being put in place. Shares are flagging and above \$115 should target a run to \$125. The \$39.5B off-price retailer trades 24X Earnings, 3.1X Sales and revenues seen rising 33% in 2022 after a 21.8% decline in 2021. Home Accents & Bed/Bath is the largest contributor of sales at 26% along with Ladies at 26% and Men's, Children, Shoes and Accessories smaller segments. It sees the potential for over 3000 stores longer term with opportunities in the Midwest one key strategic area. ROST fits the mold of a large player set to benefit from market share gains as smaller businesses face pressure and close. The off-price group is also positioned to gain share with consumers seeking value while margins are also rising with a favorably buying environment. Analysts have an average target of \$123 and short interest diving 27% Q/Q to just 0.9% of the float. MKM raised its target to \$124 on 11/20 with higher conviction on its recovery story. Loop raised its target to \$130 and suggested long-term investors buy the name. RBC also raised to \$130 seeing improving demand for consumers treasure hunt experience. Hedge Fund ownership fell 15% in Q3 filings, Vontobel and Coho Partners notable top holders.

#### Hawk Vision:



**Hawk's Perspective:** ROST and TJX both favorable names in brick and mortar that often offer opportunistic buying opportunities, we hit it big with TJX calls recently, but want to wait for some more clarity from COVID to be jumping back into Retail.

Confidence Ranking: \$\$