



FEATURED OPTIONS RADAR REPORT



Tractor Supply Put Sales Show Confidence in Strong Brand, Long-Term Value

Ticker/Price: TSCO \$144.23

Analysis:

Tractor Supply (TSCO) with 500 January 2022 \$150 puts sold to open on 12/16 for \$1.1M, sizable trade and name that still has the April \$135/\$160 call spread in open interest 1600X2100 from earlier this Fall. TSCO also has 850 April \$100 short puts in open interest. TSCO was a chart highlight last week and starting to work out of a multi-week base after pulling back just above the 200-MA. A small gap to be filled here up to \$150 and breakout higher targets \$185. The \$16.5B company trades 22.3X earnings, 1.66X sales, and 14.8X cash with a 1.1% yield and mid-teens growth. TSCO is the US's leading rural lifestyle retailer and thriving in 2020 given their strong omnichannel presence and structural shift away from urban areas. They see a massive opportunity longer-term from trends like rural revitalization and homestead sanctuary and estimate they've penetrated just 10% of a \$110B TAM. They plan to aggressively expand over the next decade with 2,500 stores possible, up from 1904 now. TSCO is coming off a strong quarter posting 26.8% comps and growth in their club membership topping 17.5M. They're also seeing broad-based margin expansion as they pullback on promotions and clearance activity. Analysts have an average target for shares of \$137.50 and a Street High \$180 from BAML. RBC positive recently noting the company has tailwinds from new customer acquisitions, the "Retail Lift" and rural migration. Baird says the company is making moves to benefit it beyond the pandemic and wisely reinvesting aggressively to strengthen their already considerable competitive advantages. Short interest is 3.89% and down from around 7% this Summer. Hedge fund ownership rose 22% in Q3.

Hawk Vision:



Hawk's Perspective: TSCO is a high-quality company with a really big opportunity long-term, a bright spot among the retail space. If you didn't get involved earlier this week with the chart setup, one to watch for a re-test of the rising 8- or 20-MA

Confidence Ranking: \$\$