



## Large Target Trade Looks for Recovery Move from Last Earnings Report

**Ticker/Price:** TGT (\$72.3)

### Analysis:

**Target (TGT)** buyers today of 16,500 March \$75 calls for \$1.45 in a stock replacement and follows buyers of 5,000 February \$73.50 calls earlier this week. The February \$75 calls were bought over 12,500X on 1/31 and the July \$82.50 calls with 12,000 bought on 1/25 in a \$1.95M trade, adjusting some March calls. The February / March \$72.50 call calendar spread opened 8,000X on 1/25 as well. Shares are consolidating in a narrow range under the Feb OpEx highs and big gap from November earning which stretches back to \$80. The 200-EMA is just above at \$74.65 and key resistance for a longer-term move back near the September highs around \$90. The \$38.27B company trades 12.97X earnings, 0.5X sales, and 28X FCF with a 3.5% yield. The Minneapolis-based discount retailer expects EPS and sales growth to accelerate over the next two years as they execute on a number of initiatives laid out in early 2018 including free two-day shipping on their website, delivery, and a tripling of their store remodel plan. The company posted strong Holiday comps with both traffic and average ticket improving. Digital sales are on track to grow 25%. Analysts have an average target for shares of \$87 with 11 buy ratings, 11 hold ratings, and 1 sell rating. Tigress positive on 1/17 noting that the company has benefited greatly from the Toys R Us and Babies R Us closure, especially as they revamp their baby line Cloud Island. Baird positive on the long-term value on 1/10 seeing much more room for topline expansion as their initiative lap a full year in effect. Short interest is 4.6%, down from 5.2% in December and down sharply from 10.5% in late 2017. Hedge Fund ownership rose 27.65% last quarter. AQR, Holocene, and Hamlin Capital top buyers.

### Hawk Vision:



**Trading Strategy:** TGT has crept off its lows but still hesitant the overall Retail complex, seeing much better opportuning in ecommerce names and apparel. The Feb/Mar. calendar spread is an interesting way to position for earnings.

**Confidence Ranking:** \$