



## FEATURED OPTIONS RADAR REPORT



### Ralph Lauren Calls Position for Post-Earnings Recovery

**Ticker/Price:** RL (\$119.85)

#### Analysis:

**Ralph Lauren (RL)** offer sweep buyers 1270 July \$120 calls \$3.70 to \$3.80 into day lows and follows buyers recently in the October \$120 calls. RL has 4,400 July \$115 short puts in open interest as well from bull spreads on 5/14. Shares are back near the post-earnings lows around \$118.50 and below cloud support for the first time since November with the 200-EMA below at \$109.50. RL has a big moving average cluster just above at \$125 and moving back above has a gap to \$130 and then potential test of recent highs. Longer-term, RL has major volume support at \$115. The \$8.6B company trades 16.27X earnings, 2X sales, and 38X FCF with a 2.3% yield. RL is coming off of a strong quarter and guiding to double-digit sales growth in every region in FY22 as the overall environment improves. RL has shifted much of their exposure back into stores and ecommerce where they're seeing healthier trends while significantly reducing off-price exposure which should continue to help margins into the 2H. They're also positioning themselves well for a rapid recovery in apparel sales this Summer with inventory levels up 3% last quarter while 'Back to School' is likely to be one of the biggest retail apparel events in recent history. Analysts have an average target for shares of \$126.25 with a Street High \$170 from UBS. The firm was out positive in May noting that their outlook is improving and International remains underappreciate. Cowen upgrading to Outperform in May citing the analyst's field work combined with improving digital trends which suggest improving brand heat. They note that this momentum combined with \$200M in spending reductions, creates operating leverage that consensus underestimates. Short interest is 3.5% and near six year lows. Hedge fund ownership fell 2.5%. RL last saw insider buying in November around \$66.50.

#### Hawk Vision:



**Hawk's Perspective:** RL is giving a nice support level to trade against and would like to see it clear \$124.50 and some of this overhead resistance, a name that could run into 'Back to School' as the event comes into broader focus

**Confidence Ranking:** \$\$