



## TJX Put Sales See Limited Downside in Top Retailer Near Key Support

**Ticker/Price:** TJX (\$67.27)

### Analysis:

**TJX Co (TJX)** large opening sale 3,000 September \$65 puts \$1.88 on 7/22 and follows buyers recently in the January 2023 \$70 calls and size buyers of the January \$60 calls, over 4000X. TJX has bullish open interest in August and January also while October has seen significant accumulation with the \$65 calls over 3000X and the \$67.50 calls 1000X. Shares are basing along the 200-day MA since mid-June and a move above \$69 has room to run back to new highs. TJX has been largely rangebound since November 2020 and clearing \$72 would be a significant trend shift with a measured target to \$83. The \$82B company trades 21.3X earnings, 2.17X sales, and 12.8X FCF with a 1.55% yield. TJX is coming off of a strong quarter, especially across their home businesses, while apparel should continue to outperform as the reopening/normalization continues to gain momentum. TJX reinstated a buyback in May. Analysts have an average target for shares of \$74 with a Street High \$87 from Barclays. The firm positive in May noting that TJX has sufficient inventory to convert excess demand, and there is clear desire for the TJX value proposition that is driving customers to their brick-and-mortar stores over alternative channels. RBC positive as well as the analyst sees considerable room for margin improvement in the second half of the year as productivity should bounce back faster given its off-mall and value exposure while accelerating bankruptcies and closures reduce competition. Jefferies positive on the 2H noting that they should see a much-improved outlook in the second half even with lingering freight and wage pressures. Short interest is 1.12%. Hedge fund ownership fell 1% in Q1. Alkeon Capital with a 6M share position. Insiders buying stock in May when a director added at \$62.50 and in 2020 a different director bought stock at \$53.50.

### Hawk Vision:



**Hawk's Perspective:** TJX has long been one of our favorite retail names and sets up well here against the 200-MA with a strong 2H outlook as the reopening continues to take shape

**Confidence Ranking:** \$\$