

**Target Corporation (TGT) | Buy signal with price target \$200**



**Brief Presentation**

Target Corp. operates as a general merchandise retailer in the United States. The company offers a wide range of household essentials and goods, mainly focusing on consuming goods and seasonal offerings, but also provides in-store amenities, such as Target Café, Target Optical and Starbucks. As of the Q1 2020 Target Corp. had 1900 stores and a strong digital outlook operating under their several channels, including Target.com

**Technical Outlook**

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\$TGT currently is resting after several major impulses from April lows, peaking at \$180.07. Late November \$TGT entered in a downtrend, touching on the mid December the Fib retracement of 0.382 and created a strong movement to the upside, accompanied by a relatively large volume. After found the short-term resistance level at \$173, tested it and contracted, \$TGT is trading at a breakout level with 2 possible outcomes to be apparent. First there is a world where the price moves above the resistance, retests it at least this time as a support and surges to new highs. On the latter case, \$TGT falls below the resistance level, all the way down to either 0.382 of the Fib Retracement or to the 166 support, which is also stands as the 0.5 Fib Retracement level and accumulates liquidity to break the former short-term resistance with outstanding volume this time.

## Fundamental Approach

- \$TGT Revenue Growth is currently 14.07% (yoy) whereas the sector median is at -5.83% yoy, with FWD Revenue Growth to be 75.53% above the sector median
- P/E GAAP is at 22.61 whereas the sector's median at 23.39, with FWD P/E to be 18.89 and 22.33, respectively.
- Net income Margin (ttm) is at 4.31%, more than doubling the sector's median, which stands at 2.14%. The only setback can be that the Levered FCF Margin is at lag, compared with the sector's median, but only by 7%, mainly due to debt raised in 2019, having on the meantime Levered FCF CAGR of 128.47% (ttm).
- Its current total debt is at \$15.02 B, with ROE of 30.74%,

## Prediction

Considering the strong momentum and the major uptrend structure still holding from April lows there is a strong bullish interest on the stock. In either of the cases explained in the technical outlook, we suggest a reactive and not predictive approach, since the graph is presenting trading in breakouts. In specific, if the price falls to \$166 levels, we suggest a validation confirming the bullish reversal. On the alternate case, where short-term resistance is broken right away, we suggest a validation of our case at the retest of the broken resistance, serving this time as a support, taking a long position with good risk/rewards probabilities. Our SL can be at the other side of the impulse at \$162, whereas our Price Target at \$200, derived by Fib Extension.

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