



THE DAY TRADING ACADEMY  
—SUCCESS WEALTH FREEDOM—  
Let's Create Your Lifestyle

November 10, 2014 – Invest This Season With Retail Giant Macy's – By Jeffrey Hagenmeier



In the intense contest among major retail competitors very few of them are profitable throughout the year. Most of them can only survive because of the holiday season, which is once again upon us. Investors in the merchandising market need to focus on the bottom line. Just how profitable are the leaders in the industry? Many of them are now surviving on razor thin net earnings margins. The decision across the board, about when the various department stores should open on Thanksgiving Day, tells the story. The first day of Christmas shopping use to begin the day after Thanksgiving. Now Black Friday has been moved to Thursday, as each major retail competitor tries to be the one that starts the buying season by opening earlier.

Macy's Inc. is a mid-range chain of department stores that originated in New York City being founded in 1858. There are now 850 stores in operation, with corporate headquarters located in Cincinnati Ohio. The other division of the company is upscale marketer Bloomingdale's, a historic competitor to Macy's. The new company has one of the two name brands throughout the continental United States including Guam, Hawaii and Puerto Rico.



As of 2012, Macy's is the largest American department store by retail sales. As of 2013, it is the 16<sup>th</sup> largest retailer in the United States in terms of revenue with \$27.9 billion USD (United States Dollar) in sales. The company focus is on accessories, beauty products, bedding, clothing, footwear, furniture, housewares and jewelry. Macy's is known for its place in popular culture. The company prides itself on the diversity of its products which are carefully selected.



The flagship store at Herald Square in New York is advertised as the world's largest store. The company has conducted the annual Thanksgiving Parade held in the city since 1924. Since 1976 Macy's has sponsored the annual Fourth of July fireworks display in New York City as well.

Beginning this year, the company has announced plans to save \$100 million USD in operating costs. This was to be achieved through layoffs, some store closings, organizational changes and cost reduction strategies.

On October 28<sup>th</sup> 2014, Macy's announced an extension of a lease-operation agreement with Al Tayer Group LLC. This would permit the 2018 opening of the first Macy's store overseas. It is to be located in Abu Dhabi. The outlet



**THE DAY TRADING ACADEMY**  
—SUCCESS WEALTH FREEDOM—  
Let's Create Your Lifestyle

will be the anchor to a new mall with its corporate partner Bloomingdale's, which will be opening its second overseas store in the area. The first one is located in the Dubai Mall.

Macy's Inc saw an increase in its share price of **\$0.84 USD** on **Friday November 07<sup>th</sup>**. That was a **1.42% increase** for the stock. It finished the day at **\$59.88 USD**. The days range for the stock was from a low of \$58.58 to a high of \$60.26. This was on a volume of 6,480,237 shares. The 3 month average was just a bit over 5 million. The stock has seen a low of **\$55.69** on Tuesday last week. The 52 week range was from a low of \$46.12 to a high of \$63.10.

Market capitalization is at \$21.15 billion USD. The P/E is 14.86 and the EPS \$4.03. The Dividend and Yield are at \$1.25 and 2.10% respectively.

Why invest with Macy's? The company has been increasing its dividends on an annual basis for the last few years. In 2010 it was \$0.20, in 2011 \$0.35, in 2012 \$0.80, in 2013 \$0.95. This is a stock one could buy and then hold, as a mainstay of an investment portfolio.



Another major growth area for the company has been online sales.

The second quarter sales saw an increase of 3.3% and a 11% advancement in earnings per share. Double digit growth indicates that the profit margin on the products the Macy's sells, are lucrative to the bottom line of the company's earnings.



The third business report earnings will be announced Wednesday November 12th. Analysts are calling for an EPS of \$0.51 on revenue of \$6.36 billion. This is up from \$0.47 on revenue of \$6.28 billion last year at this time.

I would not purchase the stock until the next slight downturn for the company. When the share price is in the **\$55.00 to \$56.00 USD** range again, would be best. Then an investor can set a target of **\$60.00 plus** at that time. The stock seems to move in these ranges consistently. That is

if you are a **short term investor. Medium term and longer term investors** should look for **\$64.00** and **\$68.00 USD** respectively.