



Call Buyers Active in Nike and Foot Locker

Ticker/Price: NKE (\$83.15)

Analysis:

Nike (NKE) with buyers of more than 7,500 May 24th (W) \$84 calls on the morning into weakness with traders paying \$1.40 to \$1.55. NKE has seen buyers in the May \$87.50 calls, July \$90 calls, and June \$85 calls over the last six weeks as well as put sales in the May 24th(W) \$85 strike last week 2,500X. NKE still has over 18,000 January \$85 calls in OI as well. Today's action also captures **Foot Locker (FL)** earnings on 5-24 and name which has seen buyers in the May \$55, \$56, and \$57 calls as well some August call buys recently. NKE is about 65% of all FL purchases. Shares are down 2.85% today and back to the 20-week EMA, a spot where it found support in March post-earnings. NKE is forming a series of higher lows since December and room back up to \$85 which is February VPOC and then \$87.25 which is the two-month VPOC for March/April. The \$133.5B company trades 28.3X earnings, 3.5X sales, and 36X FCF. NKE is guiding to 18.9% EPS growth and 8% revenue growth in FY20. The company is coming off a strong quarter with strength in their core brand and Nike Direct which is driven by digital and helping boost margins and ASP. Analysts have an average target for shares of \$87 with 25 buy ratings, 10 hold, and 2 sell ratings. Citi with a \$100 PT on 4/10 given their market is growing strong behind structural tailwinds. MSCO with a \$103 PT noting that Nike's direct-to-consumer transformation remains in its early innings and views it as one of the few consumer discretionary companies benefiting from the shift to e-commerce. Short interest is 0.6%. Institutional ownership rose 11.3%. Melvin Capital a buyer of a new 1M share position.

Hawk Vision:



Trading Strategy: NKE is a high quality apparel play with the DTC story playing out and should offer a great opportunity on this dip, potential to allow a multi-day base to set-up first.

Confidence Ranking: \$\$\$