



## Starbucks Calls Accumulate as Momentum Seen Continuing

**Ticker/Price:** SBUX (\$96.65)

### Analysis:

**Starbucks (SBUX)** with buyers yesterday of 2,650 September 27th (W) \$100 calls up to \$1.35 and bullish flow last week in the September \$95 calls where over 5,000 sit in OI. The September \$97.50 calls and \$100 calls have over 4,500 and 6,900 respectively in OI while the October \$97.50 and \$100 calls with notable OI as well. Shares are consolidating in a small base above the rising 20-day MA and just below the 52-week highs with a breakout over \$100 targeting \$108.50. SBUX has been an outperformer in 2019 up nearly 50%. The \$114.35B company trades 31X earnings, 4.39X sales, and 13X FCF with a 1.5% yield. SBUX is targeting 10.2% and 13.7% EPS growth with 7.5% and 8.2% revenue growth. SBUX is showing strong global comps with average ticket and transaction growth improving as well. China was a bright-spot with comps up 5%. SBUX has put a lot of focus on their digital initiatives and active membership in their Rewards program up 14% in Q3. Analysts have an average target for shares of \$89.50. Goldman started coverage at Buy, \$110 PT in late July. They think sales are likely to continue to get a boost from low unemployment and bullish on the potential for delivery at Starbucks. JPM downgrading to Neutral with a \$91 PT, the analyst does not believe Starbucks deserves to trade at greater than 30 times estimates. Oppenheimer has a \$105 PT. They think healthy two-year trends can sustain as digital accretion improves. This, along with a respectable outlook for core margins, positions the model solidly against Street's EBIT assumptions in 2020. Short interest is 1.7%. Hedge Fund ownership fell 9.36%. Maverick Capital a new buyer while Pershing Square remains a top holder with 9.3M shares. In August, a Group President and COO bought \$270,000 in stock at \$54.

### Hawk Vision:



**Hawk's Perspective:** SBUX has a great looking set-up to trade against the recent lows with the Sep \$97.5 calls attractively priced for a target move to \$105.

**Confidence Ranking:** \$\$