



Dick's Sporting Goods Bullish Activity

Ticker/Price: DKS (\$39.35)

Analysis:

Dick's Sporting Goods (DKS) after 1000 March \$41 calls opened yesterday is seeing another 3000 bought today \$3.20 to \$3.40 with shares moving out of a daily bull flag that targets a move to \$47.50. DKS is also in a longer weekly channel up pattern showing room up to \$45. DKS also has seen 1000 January \$33 calls and 2500 of the January \$37 calls bought that remain in OI. The \$3.45B sporting goods retailer trades 11X Earnings, 20.1X FCF and 5.8X EBITDA with a 2.85% dividend yield. DKS sees just 2.7% topline growth this year and 1.8% next year with 3-5% EPS growth. Analysts have an average target of \$37 and short interest at 35% of the float continues to rise, up 15% Q/Q, and at a five year high. Wells Fargo downgraded shares to Perform with a \$39 target on 9-16 seeing a less favorable risk/reward after catching a strong outperformance on comp inflection. Cleveland Research was out positive on 9-18 noting Q3 comps were trending stronger than estimates. SIG raised its target to \$41 in August after last quarter's beat as initiatives bear fruit and subsiding headwinds from the pullback in the hunting category. DKS eCommerce sales jumped 21% last quarter. Hedge Fund ownership rose 5.75% in Q2 filings.

Hawk Vision:



Hawk's Perspective: DKS has a great chart and cheap valuation, but the short interest is too high for any confidence considering it's a brick and mortar retailer, so likely staying on sidelines here.

Confidence Ranking: \$\$