



FEATURED OPTIONS RADAR REPORT



Bull Targets Buckle into Fall Shopping Season

Ticker/Price: BKE (\$41.30)

Analysis:

Buckle (BKE) buyer of 4700 September \$50 calls for \$1.27 to \$1.40 to open, size buy for the name. BKE doesn't trade a lot of options, less than 250 calls per day, but has seen small buys in the Dec. \$45 calls this week. BKE a strong retailer since October that has pulled back from 52-week highs recently to re-test February/March value. Shares put in a reversal candle last week and above \$42 can clear to \$46 and then a measured move out to \$53. The \$1.95B company trades 11.1X earnings, 1.8X sales, and 10X FCF with a 3.25% yield. BKE specializes in apparel and footwear for young adults. They've capitalized on some big trends within the space recently including the shift to more casual fare, fast fashion for items like tops, as well as denim which contributes about 40% of their overall sales and key part of their merchandising strategy. Denim has bounced back in popularity over the last year and global market expected to grow 7% through 2025 to over \$100B. BKE is coming off a strong quarter and reported 45.9% growth in May sales vs 2019 recently. The company has been expanding their mix into more private label items which is now 40% of all sales and used the pandemic year to accelerate initiatives around DTC, omnichannel fulfillment like Ship-from-Store and BOPIS and expanding their engagement with customers through their private credit card and loyalty programs. BKE sees limited analyst coverage. Short interest is 11% and near 7-year lows, down from around 22% at the start of 2020. Hedge fund ownership fell 11% in Q1.

Hawk Vision:



Hawk's Perspective: BKE is a quiet name and while there are other teen apparel names I prefer, shares set up well here for a shift back above its short-term moving averages and out of a pullback trend and looks positioned well for the upcoming surge in Back-to-School shopping

Confidence Ranking: \$\$