



ADSK, DKS, DE

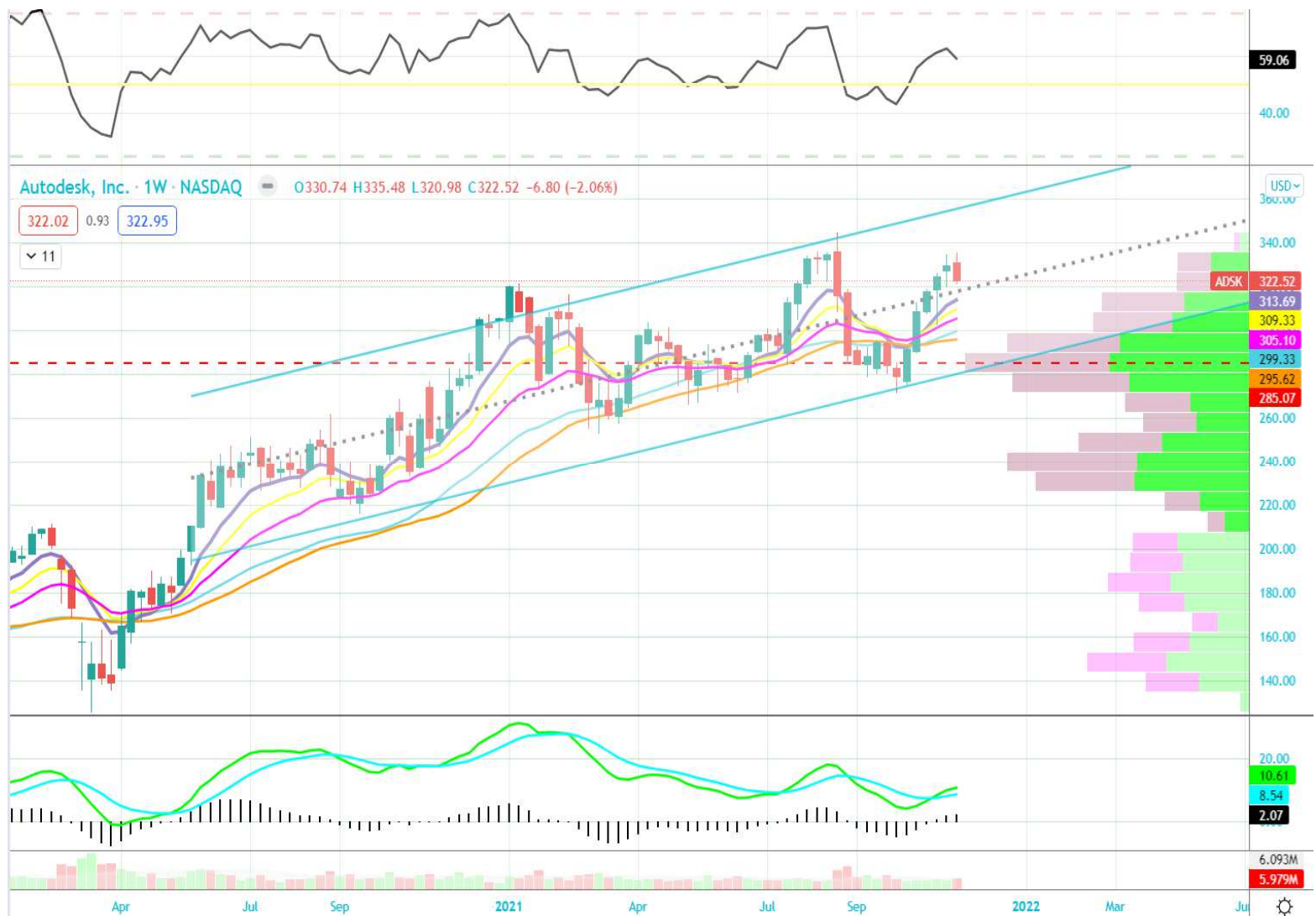
Dick's Sporting (DKS) will announce results 11/23 before the open with the Street consensus at \$1.86 EPS and \$2.45B in Revenues (+1.6%) and Q4 seen at \$2.28/\$3.09B. DKS shares have closed higher on earnings 8 of its last 9 reports with an average six quarter max move of 11.87%. DKS is coming off a blowout quarter with growth in sales and gross margins as they execute well on their omnichannel strategy. They also continue to see strong cash flows and announced a new capital allocation plan that included a special dividend. DKS has further drivers into the Fall and Winter holidays from a return to school and more team sports while they also expect to keep promotions limited in the 2H. DKS also continues to expand their premium footwear decks and the company has added new partnerships to drive higher-margin demand including getting the new Yeezy launch in late August. The \$12.2B retailer trades just 14.6X Earnings, 1.05X Sales and 7.35X FCF with revenues seen rising 22.6% in 2022 and EBITDA up 87.5%. Analysts have an average target of \$155 and short interest remains high at 18% of the float. MSCO previewed the quarter last week expecting a beat and raise though acknowledges the near-term path may be choppy on a combination of tough comps and supply chain issues. Wedbush raised its target to \$150 back in August after strong results and notes the continued strong execution from management while Cowen raised its target to \$170 as DKS has structurally improved its omnichannel and gross margin position while 2H same-store-sales guidance is overly conservative. Hedge Fund ownership declined nearly 10% last quarter. On the chart DKS shares are in a strong trend riding the 21-week EMA higher throughout 2021 and recently broke back above YTD VPOC with upper value resistance near \$146.50 and \$160 a first upside Fibonacci extension target. Shares have support levels at \$133 and \$127, the latter a VWAP off the October lows. DKS options are pricing in a 9.5% earnings move and 30-day IV Skew at -2.2 is sharply inverted bullish versus the +0.7 52-week average. DKS has recently seen some adjustments with 3500 January \$145 calls bought for \$3.3M and already substantial size in the January \$140 calls at 5900X from buyers while December \$130 calls still with 4900X in OI as well.

Trade to Consider: Long the **DKS** January \$140/\$155/\$165 Unbalanced Call Butterfly at \$3.50 Debit



Autodesk (ADSK) will report results on 11/23 after the close with the Street looking for \$1.26 EPS and \$1.12B in Revenues (+17.5%) and Q4 seen at \$1.46/\$1.2B. ADSK shares have closed lower the last three reports and a six quarter average max move of 5.7%. ADSK remains a leader with their design/automation software a dominant market position and poised to improve upon 2020 which brought a lot of uncertainty to their key end-markets. ADSK sees more than half of their revenue from E&C activity which is expected to pick up in 2022 as spending on infrastructure projects picks back up. ADSK highlighted the major opportunity in manufacturing at its Analyst Day and also cited three key secular demand trends for its business. ADSK shares sold off due to limited margin expansion highlighted by management though ADSK remains less than 10% penetrated in large markets. ADSK highlighted a \$76B FY26 TAM growing at a ~6% CAGR. Investors will be eyeing signs of durability of its growth and potential for further multiple expansion this quarter. Autodesk is investing in the construction go-to-market strategy with >20% growth in construction specialized partners in FY22. Consensus ARR estimates imply a ~3 point acceleration in Y/Y growth. ADSK has a \$70B market cap and trades 46X Earnings, 47.5X FCF and 16X EV/Sales. Analysts have an average target of \$365 with short interest low at 1.1% of the float. Stifel raised its target to \$365 last week after upbeat channel checks and sees several secular and company-specific drivers to sustain growth and multiple expansion. Baird raised its target to \$380 citing accelerated growth in the quarter. Hedge Fund ownership rose 5.5% last quarter, Polen adding to his position along with Findlay Park and Sustainable Growth Advisors. On the chart ADSK shares sit above the 21-day moving average with support levels at \$317.5 and stronger support back near \$300. A move out of this sideways range targets a move to \$350. ADSK options are pricing in a 5.2% earnings move with 30-day IV Skew at +2.5 fairly steep compared to the +1.3 52-week average. ADSK has been popular with put sales into weakness though shares now well above most of the strikes including 1000 March \$270 sold on 6/10, 1500 January \$230 on 7/23, 1000 June \$300 on 8/20, 1200 September \$200 on 9/1 and 1200 June \$220 on 9/7.

Trade to Consider: Sell the **ADSK** December \$350/\$290 Strangle for \$8.90 Credit



Deere (DE) will release earnings 11/24 before the open with the Street view at \$3.95 EPS and \$10.49B in Revenues (+21%) and Q1/FY22 seen at \$4.16/\$9.42B and \$21.76/\$14.18B. DE shares have closed higher three of its last five reports with a six quarter average max move of 5.35%. The \$106.5B Ag Machinery leader trades 15.8X Earnings, 9X EBITDA and 17.7X FCF with a 1.2% yield and revenues seen rising 27.8% as 2021 comes to a close and 12.7% growth in 2022 off tough comps along with 15% EBITDA growth. DE is coming off a strong quarter with commentary around demand strong including their entire early order program sold out and demand supportive of double-digit growth next year. They also noted positive trends in early combine orders while their large tractor book remains full into the 2H of 2022. DE has been able to pass on cost hikes better than most and now sees just 1-2 more quarters of cost pressures. They've also seen better take rates for their advanced precision ag products which should continue to boost services revenue and help margins in 2022. Analysts have an average target of \$410 and short interest is low at 0.6% of the float. OTR Global downgraded the group to mixed on 10/26 after checks at farm equipment dealers. Some analysts were cautious recently on the UAW strike but that overhang was lifted last week. Hedge Fund ownership fell modestly last quarter. On the chart DE pushed up and failed at key value resistance last week near \$366.50 and above would set up for a strong move out of this long weekly bull wedge pattern with clearing \$388.50 the next goal. Shares should see some support near the \$336 level while below the volume profile is light and could get slippery, the \$287.50 level a 38.2% retracement target. DE options are pricing in a 3.3% earnings move and 30-day IV Skew at +2/9 is relatively steep to the +1.2 52-week average. DE last week with 1500 Dec. 31st (W) \$345/\$340 bull put spreads opening and recent opening sales of June 2022 \$380 and \$280 puts while 1000 January \$320 short puts opened on 11/8. Overall DE has very little open interest of note but 1000 January \$380 calls bought on 11/8 with the \$320 put sales.

Trade to Consider: Long the **DE** January \$260/\$270 Call Spreads at \$2.90 Debit



Disclaimer:

These trade ideas are to be self-managed as there will be no follow-up, and each user must take full responsibility of the trade, and only take action on trades that fit his/her risk profile and are comfortable trading.

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

Content is for informational and educational purposes only, and is not to be construed as specific investment advice or recommendations. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek qualified professional financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, OptionsHawk has not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information does not consider the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors