



FEATURED OPTIONS RADAR REPORT



Unusual Large Call Buy in Highly Shorted Fashion Retailer

Ticker/Price: URBN (\$21.10)

Analysis:

Urban Outfitters (URBN) with a rare large options trade as 10,000 September \$21 calls bought to open \$1.25 to \$1.30 on 8/3 and becomes the only large notable open interest. URBN shares are down 27% YTD but putting in a large weekly base with MACD crossing to buy-mode and closed above its 55-MA for the first time in months. URBN can work back to the 200-MA near \$26 out of this base and will next report on 8-23 with shares higher four of the last six reports including a 15% jump last quarter. RBN is a leading lifestyle products and services company that operates a portfolio of global consumer brands comprised of the Anthropologie, Bhldn, Free People, FP Movement, Terrain, Urban Outfitters, Nuuly and Menus & Venues brands. Nuuly is a monthly women's apparel subscription rental service that launched in 2019. URBN has a \$1.9B market cap and trades 8.2X Earnings, 0.4X Sales and 7.3X cash with no debt. URBN sales are seen climbing 5.8% in 2023 after a 32% jump last year versus easy comps while EPS seen down 27% this year. URBN held a Shareholder Call in June and noted the tougher environment with rising costs and will focus on reviewing the business to find margin builders. URBN also noted strong consumer demand and pricing. 1Q22 inventory increased 32% y/y or 54% vs. 2019 and management already confirmed 2Q margins will be impacted by higher promotional activity y/y, as they clear through excess inventory at UO. Analysts have an average target of \$24 and short interest very high at 20% of the float. B. Riley cut shares to Neutral in June on promotion risk and MSCO did the same in May.

Hawk Vision:



Hawk's Perspective: URBN calls gained 40% from the live alert on Wednesday and tough to chase here given the high short float and likely weak results coming in late August, though the chart leaves room to run.

Confidence Ranking: \$\$