Nike shares hit record high as sales get post-lockdown boost

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Shares of Nike Inc surged over 15% to a record high on Friday after the sportswear giant forecast full-year sales of more than $50 billion, riding on pent-up demand for sneakers and athletic gear from U.S. shoppers.

The company's fourth-quarter revenue also nearly doubled, topping $12 billion for the first time and overshadowing a weaker-than-anticipated performance in its fast-growing China market.

"The strong momentum in Nike's brand globally is more than offsetting pressure in China and supply chain constraints," Telsey Advisory analyst Cristina Fernandez said.

A rapid vaccination drive and the easing of restrictions in Europe and the United States have encouraged people to go on a shopping spree, unleashing demand for expensive items, including sneakers.

Those factors helped Nike more than make up for weak China sales, which were hit by calls to boycott global brands for their comments around forced labor in Xinjiang.

Still, analysts are optimistic of a swift demand rebound in the region as company executives noted that sales trends in China for June were already reaching 2020 levels.

"We're confident about what we're seeing in China ... We've been in China for over 40 years ... And today, we're the largest sport brand there," Nike Chief Executive John Donahoe said on Thursday. "We're a brand of China and for China."

At least 13 brokerages raised their price targets, with Stifel's $213 target the highest on the Street. The median target is $175.

Nike's shares were trading at $152.10, after hitting an all-time high of $154.18 earlier.

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The jump also helped push the S&P 500 index to a record high, while lifting shares of German peers Adidas and Puma about 6% and 2%, respectively.

"We are encouraged by increased certainty in the pace and strength of recovery, ... The worst is now behind (for Nike)," Barclays analyst Adrienne Yih said.