

RESEARCH NOTE · OCTOBER 6, 2026

Nike, Inc. (NKE) — Investor Deep Dive

Nike sells athletic shoes and clothing all over the world. The swoosh sits on more feet than any other logo on the planet. The stock has fallen by more than half from its high.

✨ **Verified flow. Zero hype.****THE CALL****BUY**

In stages. Not all at once.

CLOSE**\$33.96**

5 Oct 2026 · +0.27% day

3-MONTH**\$30–\$40**

Base case

INVALIDATION**\$30**

Weekly close below

Every number sourced. Every chart checked.

Research and education only. Not investment advice.

THE CASE IN FIVE POINTS

A fallen leader. A real plan. **A washed-out price.**

01 / THE QUARTER WAS MIXED

\$11.21B

Revenue missed consensus by about \$110M; EPS of \$0.48 beat by about a nickel. Sales fell 4.3% from a year ago, but cost discipline and a 60-basis-point lift in gross margin (to 42.8%) carried the bottom line. Reported Oct. 1, 2026.

02 / GUIDANCE IS WHAT SANK IT

-9%

Full-year guidance calls for revenue down high-single-digits and adjusted EPS of \$1.15-\$1.35, far below the \$1.65 consensus. The stock fell about 9% after hours on the print as analysts cut targets across the board.

03 / CHINA IS THE WOUND

-22%

Greater China revenue fell 22% on a reported basis to \$1.18B, accounting for roughly two-thirds of the total revenue decline. Management expects China to get worse before it gets better. North America grew 2%, the one bright region.

04 / THE CHART IS WASHED OUT

29.1

RSI-14 sits below 30, the classic oversold line, with the stock 55% under its 52-week high and below both the 50-day and 200-day averages. Washed out is not the same as turning, but the selling looks exhausted.

05 / PRICED FOR PESSIMISM

Nike now trades at a multiple far below its own history, and the dividend yield is the highest it has been in years. The market is pricing a multi-year earnings reset. If Elliott Hill's turnaround works, that pricing is the opportunity. If China keeps bleeding, it is the trap. Forward P/E of 21.0x sits 44% below its 5-year average near 29x; the 4.8% dividend yield is the richest in years.

Sources: Nike Q1 FY27 earnings release and call, Oct. 1, 2026; Nasdaq quote API, Oct. 5, 2026.

01 / WHAT NIKE IS

Shoes first. Everything else follows.

Nike is the largest seller of athletic footwear and apparel in the world. Almost everything it sells is made by outside contractors, nearly all of them outside the United States, and sold under the Nike, Jordan, and Converse names. In plain terms: Nike designs the shoes, someone else stitches them, and the swoosh does the selling.

FOOTWEAR

\$30.5B

About 66% of fiscal 2026 revenue. The engine.

APPAREL

\$13.5B

About 29% of revenue. Shirts, shorts, leggings.

EQUIPMENT

\$2.2B

About 5% of revenue. Balls, bags, socks.

HOW IT REACHES YOU

Wholesale, \$28.1B (about 60%). Sold through stores like Dick's and Foot Locker, and Nike is back on Amazon. **Nike Direct, \$18.2B (about 39%).** Its own stores and apps. The mix is shifting back toward wholesale under the new CEO, reversing a decade of going direct.

WHERE THE MONEY COMES FROM

North America, \$20.5B (44%), the profit engine. **EMEA, \$12.6B (27%),** steady number two. **APLA, \$6.2B** and **Greater China, \$5.8B (each about 13%),** with China in accelerating decline. Converse, \$1.2B, has nearly halved in two years.

02 / THE TURNAROUND

Elliott Hill, a longtime Nike insider, returned as chief executive in October 2024 with a plan he calls "Win Now." In plain words: get back to real sports (especially running) instead of fashion sneakers, repair relationships with wholesale stores, launch better products faster, and cut costs. The bright spot is real: **running has grown at double-digit rates for five straight quarters.** The honest verdict comes from Hill himself: "Our Nike performance business is not yet large enough to offset the pressure we're seeing in Nike sportswear, Jordan brand, and Greater China." On Oct. 1, 2026 Nike also moved to three regions (Americas; Asia Pacific and Greater China; EMEA), announced new job cuts, and a "Pace" plan targeting about \$2.5B in savings.

Sources: Nike fiscal 2026 10-K (filed July 2026); Q1 FY27 earnings call and Reuters reporting, Oct. 1, 2026.

03 / THE QUARTER THAT RESET THE STORY

Beat on profit. Missed on sales. Guided down.

Q1 FY27 (ENDED AUG. 31, 2026)	REPORTED	STREET EXPECTED	READ
Revenue	\$11.21B	~\$11.32B	Miss, -4.3% YoY
Diluted EPS	\$0.48	~\$0.43	Beat by ~\$0.05
Gross margin	42.8%	n/a	Up 60 bps YoY
Inventory	\$7.85B	n/a	Down 3% YoY
Nike Direct revenue	\$4.1B	n/a	Down 8% YoY
Wholesale revenue	\$6.8B	n/a	Down 1% YoY
Greater China revenue	\$1.18B	n/a	Down 22% reported

The profit beat came from cost discipline, not growth: gross profit dollars actually fell \$145M, and lower warehousing and logistics costs did the lifting. Then came the guidance that sank the stock: **full-year revenue down high-single-digits and adjusted EPS of \$1.15-\$1.35, against a \$1.65 consensus**. The CFO told the call the forecast assumes China gets worse from here. Tariffs add about \$1.5B of cost this fiscal year.

04 / VALUATION AND THE STREET

FORWARD P/E

21.0x44% below its 5-yr average of 29.0x
(trailing 16.3x)

STREET CONSENSUS

Hold\$41.80 target, range \$19-\$75, 39
analysts

CASH RETURNED

4.8%\$1.64 annual dividend, 24 straight
yearly increases

Nike trades at 16.3x trailing earnings and 21.0x forward estimates, against a five-year average trailing multiple near 29x: a roughly 44% discount to its own history (financecharts.com, Oct. 5, 2026). Against peers it sits in the middle: cheaper than Adidas at 18.9x, pricier than Deckers at 11.4x and Lululemon at 7.6x on trailing earnings. The Street rates it a Hold: 39 analysts split 8 buys against 8 sells, with a \$41.80 consensus target implying about 23% upside, but the range runs \$19 to \$75 and the direction of travel is down after the Oct. 1 print. The 4.8% dividend yield is the highest in years, backed by 24 straight annual increases, though a 78% payout ratio leaves little room if earnings fall further. Buybacks are essentially paused: about \$5.9B remains of the \$18B authorization, but Nike spent just \$123M on repurchases in fiscal 2026.

Sources: Nike Q1 FY27 earnings release and call, Oct. 1, 2026; consensus via Visible Alpha and Seeking Alpha; valuation data early Oct. 2026.

05 / TECHNICALS

Washed out. Not yet turning.

NKE: one year, still in a downtrend



NOW \$33.96

\$48.55
200-DAY AVG\$71.93
52-WEEK HIGH\$33.87
52-WEEK LOW
\$38.79
50-DAY AVG

THE TREND IS DOWN

Price sits **12.5% below the 50-day average (\$38.79)** and **30% below the 200-day (\$48.55)**. Every rally for a year has failed at falling averages. The 50-day is the first gate: nothing changes until price reclaims it.

THE WASHOUT IS REAL

RSI-14 at 29.1 flags oversold, and the stock trades just above its 52-week low of \$33.87, down 55% from the \$71.93 high. Sellers look exhausted, which is when staged buying starts to make sense, with a hard floor.

Sources: Nasdaq daily closes through Oct. 5, 2026; 50/200-day averages, RSI-14, and 52-week range computed from that data.

06 / WHAT MOVES IT FROM HERE

What could go right. What could go wrong.

WHAT COULD GO RIGHT

China stabilizes. The single biggest swing factor. Two-thirds of the revenue decline came from Greater China; even a flat quarter there changes the math.

Wholesale reorders inflect. Shelf space is back and wholesale is growing again. If sell-through follows, orders compound.

A product hit. Running is already working (five straight quarters of double-digit growth). One breakout franchise in Sportswear or Jordan re-rates the growth story.

The Pace savings land. About \$2.5B in targeted savings would rebuild margins even before sales recover.

WHAT COULD GO WRONG

China gets worse. Management's own forecast assumes it does. Another 20%-style quarter breaks the staged-buy floor.

Margins give back. The EPS beat came from cost cuts and logistics, not pricing power. If discounting returns, the 42.8% margin fades.

Lifestyle keeps bleeding. Sportswear and Jordan are still declining at double-digit rates, and they are nearly half of revenue.

The dividend gets questioned. BofA already flags that earnings may not fully cover the payout in FY27. A cut would reprice the "safe" holders out.

Sources: Nike Q1 FY27 earnings call, Oct. 1, 2026; analyst notes Oct. 1-4, 2026 (BofA, Morgan Stanley, Citi, Jefferies).

07 / THE DECISION

Buy the fear. In stages.

STAGED PLAN	LEVEL	LOGIC
Starter	\$32-\$34	Near the 52-week low; sellers look exhausted
Add	Above \$38.79	Reclaim of the 50-day average confirms the turn
Thesis breaks	\$30	Weekly close below; China still bleeding
3-month range	\$30-\$40	Base case: bottoming process, choppy
6-month range	\$32-\$46	Recovery toward the 200-day if wholesale infects

08 / THE COMPOUNDING VIEW

A decade that went backwards. Oct. 2016 to Oct. 2026: Nike shares fell 34.8% on price alone, a compound rate of **minus 4.2% a year** (split-adjusted closes; Nike's last split was Dec. 2015; dividends excluded). That is the geometric rate, the one that actually compounds year after year. The cards below project it forward as a band, not a point, because a single number would pretend to know more than anyone can.



5 YEARS AT -4.2%

\$27.41

Band: \$5.78-\$89.65 (1 std dev, 26%)

10 YEARS AT -4.2%

\$22.13

Band: \$0.99-\$236.64 (1 std dev, 26%)

Reality check. Nike is worth about \$50B at \$33.96 (1.483B shares). Ten more years at minus 4.2% implies roughly \$33B. But that math measures the fall, not the future: the window starts near the 2016 top and ends near the 2026 bottom. **Buying Nike here is a bet that the next ten years do not compound like the last ten.**

Sources. [1] Prices and technicals: Nasdaq quote API, Oct. 5, 2026 (50/200-day averages, RSI-14, 52-week range computed). [2] Q1 FY27: Nike earnings release and call, Oct. 1, 2026. [3] Business: Nike fiscal 2026 10-K (July 2026). [4] Market cap: FinanceCharts, Oct. 5, 2026. [5] Analysts: BofA, Morgan Stanley, Citi, Jefferies notes Oct. 1-4, 2026 via press. [6] Compounding math per the desk spec (geometric CAGR; sd of full-year annual returns 2017-2025; price return only). Projections compound the stated rate mechanically; they are not forecasts.