



Wal-Mart Bulls Adjusts Seeing More Upside in Shares

Ticker/Price: WMT (\$128.75)

Analysis:

Wal-Mart (WMT) with 7500 September \$130 calls opening on 4/15 for over \$6M as a large June position adjusted while also seeing 5500 of the May 1st (W) \$135 calls active with buyers. WMT has a large amount of open interest in June calls. Shares have been on a big run as a key beneficiary of consumers stockpiling and also lower gasoline prices favorable for its consumer demographic. Shares are extended near-term hitting record highs but the 138.2% extension level is up at \$133 though shares are hitting potential resistance of an extension off its 2018 and 2019 highs and offer better entry on a retest of the \$121 breakout. The \$365B discount retailer with a large grocery business as well trades 23.65X Earnings, 0.7X Sales and 43X FCF with a 1.67% dividend yield but likely to see estimates rise with it recently hiring 100,000 new workers to meet demand. Consensus estimates are looking for 3.2% sales growth and 4% EPS growth in FY21. Analysts have an average target of \$129 and short interest at 1% of the float is down 18.5% Q/Q. TAG raised its target to \$135 on 4/6 following a WSJ report indicating US store sales up 20% in March and ecommerce sales up 30%. It now sees a Q1 comp growth at 11.5%. Citi on 4/8 out with a Buy rating and \$140 target expecting further customer loyalty to develop from its favorable position in this environment remaining open and value based. Hedge Fund ownership fell modestly in Q4 filings.

Hawk Vision:



Hawk's Perspective: WMT as described earlier I prefer to wait for a pullback though the May 1st (W) call action suggests a potential catalyst, possibly a pre-announcement or M&A, in the near-term.

Confidence Ranking: \$\$