



FEATURED OPTIONS RADAR REPORT



Wal-Mart Seen Attractive into Pullback

Ticker/Price: WMT (\$136.75)

Analysis:

Wal-Mart (WMT) with a bullish opening sale of 1500 November \$140 puts for \$8.85 on 9/10 and follows some recent action with October \$155/\$170 call spreads bought and a 10,000 contract June 2021 buy of the \$200 strike calls remains in open interest. WMT shares after hitting new highs have retraced nearly 50% of the move since July and support back in the \$131/\$133 zone. WMT recently rolled out Walmart+ that offers unlimited free delivery and other benefits. WMT has also been discussed as a potential buyer of TikTok US operations, teaming up with Microsoft. WMT is coming off a very impressive quarter as its eCommerce initiatives are positioning it well while other retail closures are resulting in market share gains. WMT has pulled back recently with the uncertainty around further consumer stimulus payments, but a stimulus deal would likely boost shares. The \$400B company now trades 25X Earnings, 0.75X Sales and 22.85X FCF with a 1.54% dividend yield. WMT revenues are expected to grow around 5% this year, slowing in 2H. Analysts have an average target of \$146 and short interest is low at 1% of the float. Jefferies has a \$157 target and sees it growing its ecosystem and becoming a stronger competitor to Amazon. CSFB has a \$135 target and sees Walmart+ as a positive for the longer-term story. Jefferies sees a deal for TikTok as potentially transformative, noting the combination of Walmart's omni-channel capabilities and purchase data with Microsoft's Azure cloud infrastructure and a social media platform with 100M monthly average users in the U.S. would be a strong step in the direction of establishing a legitimate digital ecosystem. MSCO is Overweight with a \$150 target and sees the valuable data/ad opportunity with TikTok and a boost to WMT's third-party e-commerce marketplace. Hedge Fund ownership fell 10% in Q2 filings.

Hawk Vision:



Hawk's Perspective: WMT certainly is no longer boring with a lot of moving parts currently. Its one of the better Retail stories right now and eyeing better price action.

Confidence Ranking: \$\$