



FEATURED OPTIONS RADAR REPORT



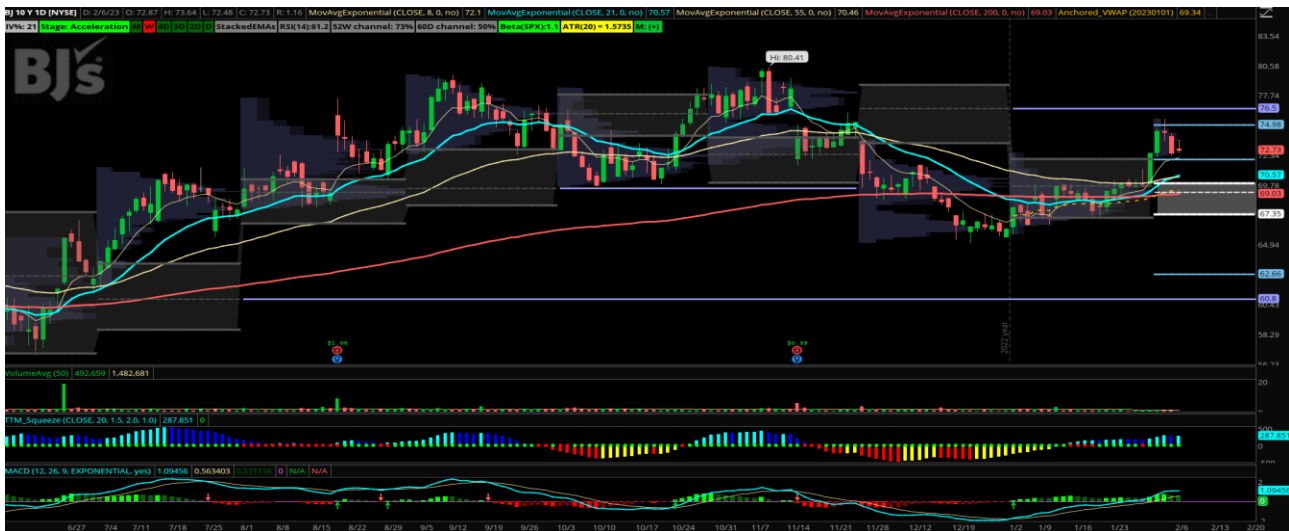
Regional Wholesale Club Sees Large Put Buyers into Rally

Ticker/Price: BJ (\$41.36)

Analysis:

BJ's Wholesale (BJ) on 2/3 saw an unusual buyer for 3000 June \$75 puts at \$5.50 for over \$1.7M in premium bought and this follows buyers in the same puts in late October at \$7.60 that are adding to open interest now over 7000. BJ has also seen buyers of 675 March \$70 puts at \$3.70 and some smaller size May \$70 opening put sales for \$4.40. Shares have been rallying higher since last weeks clearing of the 55 EMA near 70 but now potentially making a lower high from the November highs at 80 with a flattening 200 day EMA. The stock actually was higher in 2022 during the bear market and now might be in the category of those prior year winners being sold as sector rotation takes hold in the new year. BJ has strong resistance at 75 and 76.50 a large VPOC overhead while support is seen below at 70 being key and then below that 67.50 with a volume pocket underneath all the way to 61 where an untested VPOC sits. The \$9.7B company trades at 18.9x earnings, 0.5x sales, with FCF yield at 6.7% while revenue is expected to grow +15% in FY23 and +7% growth estimated in FY24. BJ's Wholesale is a warehouse club operator, which concentrates primarily on the east coast of the United States. It provides a curated assortment, focused on perishable products, continuously refreshed general merchandise, gasoline and other ancillary services. No where near the size and scale of Costco but trades at a lower multiple than its peer. Average analyst target is \$80. Credit Suisse downgraded the stock to Neutral with a \$75 target saying that BJ's membership trends have gained significant momentum since the beginning of the pandemic, but it could face tough gas profit per gallon comparisons in fiscal 2023. The analyst expects discretionary spending to remain soft in 2023 given her view that consumers will continue to face pressure from elevated inflation and rising interest rates, as well as increasing risk of higher unemployment. BJ's exposure to floating rates remains high at 100% of its total outstanding debt. Evercore started with a Inline rating and \$70 target citing that a fee hike is unlikely until 2024 for the club warehouse and in the meantime, thinks the 18-times multiple is more likely to drop to 16-times than hit 20-times. Short interest is at 2.1%. Hedge fund ownership fell 12.8% last quarter. BJ has an Investor Day on 3/9 as well as its earnings report.

Hawk Vision:



Hawk's Perspective: BJ is a name breaking out of the recent range so would wait for a close under the 21 EMA for a short potentially but these put buys positioning longer term so watching the 70 level is key.

Confidence Ranking: \$\$