



## FEATURED OPTIONS RADAR REPORT



### Bulls Position for Range Breakout in Large Department Store Gaining Market Share

Ticker/Price: WMT (\$142.63)

#### Analysis:

**Wal-Mart (WMT)** seeing some recent bullish activity with longer-dated opening put sales, the June 2022 \$130 and \$120 puts and March 2022 \$140 puts with some size opening sales. WMT also saw a size buyer of the January 2023 \$150 calls on 6/25 and has seen 2000 December \$140 calls bought. WMT shares are starting to emerge out of a long sideways holding pattern and are back above key moving averages and VWAP off the 2020 highs. WMT recently broke out of a narrow range that targets a move back to \$150. The \$395B retailer trades 22.75X Earnings, 0.7X Sales and 23.4X FCF with a 1.55% dividend yield. WMT had a large insider buy back in March by a Director for \$1M at \$129.63/share. Forecasts see WMT revenues down 1% Y/Y in FY22 with EBITDA up 3.7%, a low-growth name. The company said in February they expect investments in FY22 to be around \$14B as they raise wages, enhance supply chain capacity and automation to stay ahead of demand, improve the customer experience and increase productivity. WMT has been expanding their online and subscription model with Walmart+ which gives them free delivery and more. They also made some big moves to advance a new fintech initiative and also have been pushing more into online ehealthcare. WMT posted a solid Q1 and continues to take market share, particularly in grocery. WMT noted gains in meat, produce and bakery, which support an improved mix to higher margin categories. WMT's advertising business, Walmart Connect, reported triple-digit revenue growth in the quarter, leveraging off of the strength in the ecommerce business. WMT should be seeing even better traffic trends in Q2 with the reopening, its next earnings report is 8-17. Analysts have an average target of \$165 with short interest minimal at 1% of the float. MSCO is overweight with a \$160 target noting on 7/12 that Walmart+ memberships are trading water in the 9M-10M range. Citi out on 6/24 noting attractive valuation for shares and sees it emerging from the pandemic stronger than ever with growth set to be driven by higher margin profit streams in coming quarters, a \$179 target.

#### Hawk Vision:



**Hawk's Perspective:** WMT back above \$143 can make a push into earnings, the August \$145 calls pretty cheaply priced near \$2.10.

Confidence Ranking: \$