

Costco: Retail sales jump, but consumers are looking for deals

DIGITAL ENGAGEMENT TEAM

23 NOVEMBER 2022

TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	531.95
Latest Dividend	0.90
Dividend Ex-Date	27/10/2022
Indicated Dividend Yield	0.68%
14 Day RSI	62.73
Analysts 12M Target Price	555.31

REFINITIV STOCKREPORTS+ AVERAGE SCORE
6/10 As of 22 Nov 2022

Refer to page 3 for indicator components

Costco Wholesale Corp (COST US) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 22 Nov 2022 closing

KEY MARKET EVENTS

- 30 Nov** China PMI Release (Nov)
- 02 Dec** US Unemployment Rate (Nov)
- 05 Dec** US Trade Balance (Oct)
- 09 Dec** US Producer Price Index (Nov)
- 15 Dec** US Fed Interest Rate Decision

S&P 500 Index Price Chart



As of 22 Nov 2022 closing

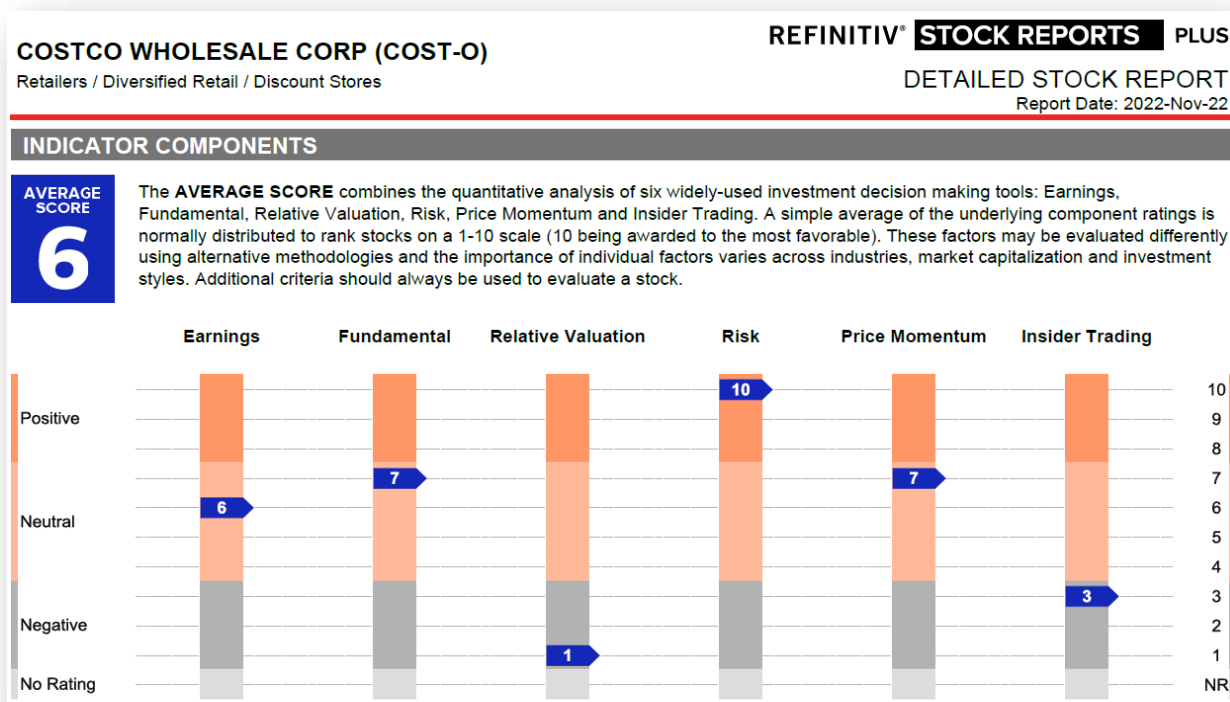
Headline News & Information

- Costco Wholesale Corporation is a membership warehouse club The Company sells all kinds of food, automotive supplies, toys, hardware, sporting goods, jewelry, electronics, apparel, health, and beauty aids, as well as other goods. Costco Wholesale serves customers worldwide (Bloomberg)
- Next earning announcement on 09 Dec 2022 (Bloomberg)
- Holiday shopping looks anything but festive for retail stocks (16 Nov 2022, Forbes)
 - Wall Street is starting to doubt that retailers can snap out of a yearlong stock-market slump as consumers increasingly tighten their belts heading into the crucial holiday shopping season
 - Investors will be closely watching quarterly earnings reports on several mall-based apparel retailers for further perspective on holiday sales trends
- Retail sales jump, but customers are looking for deals (16 Nov 2022, Forbes)
 - Retail sales were up 1.3% for Oct 2022 from Sep 2022, indicating that consumers continue to spend despite rising prices
 - While 37% of American households say their financial situation is worse than 2021, the holiday spirit is strong as consumers anticipate a return to socialization
 - Inflationary pricing weighs on consumers as they look for deals and good value this holiday season. Some consumers stated they would buy fewer gifts this year based on financial concerns

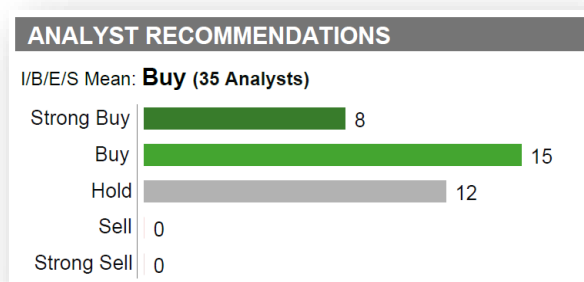
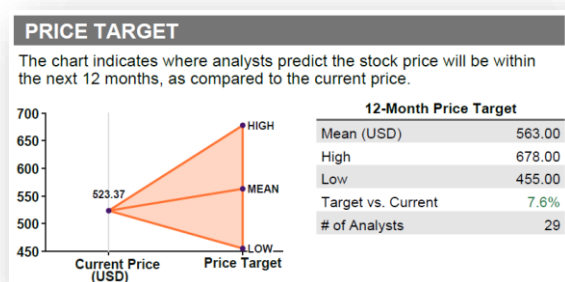
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
• Shares rose 1% in the past 5 days and are up 11% in the past 30 days	• 550.00 (Aug 2022) • 570.00 (Dec 2021) • 610.00 (Apr 2022)	• 513.30 (200 Day MA) • 510.00 (Oct 2022) • 465.00 (Sep 2022)

Fundamental Viewpoint

An Extract from STOCKREPORTS+



Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 22 Nov 2022

US Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in USD
Average Score	Ticker	PRICE MOMENTUM				VALUATION			FUNDAMENTAL		ANALYSTS		# of Analysts
		Price (2022-11-21)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean	
6	COST	523.37	9.5%	-5.6%	-2.0%	231.8B	39.8	35.8	0.69%	2.6%	11.3%	Buy	34
6	TJX	79.00	16.8%	19.0%	11.2%	90.7B	27.5	23.2	1.5%	6.8%	11.9%	Buy	25
3	TGT	158.02	-0.74%	-5.4%	-37.0%	75.0B	21.6	18.0	2.7%	3.9%	-0.44%	Buy	33
6	DG	257.71	7.7%	1.5%	14.8%	58.1B	25.7	20.8	0.85%	6.5%	11.4%	Buy	27
10	DLTR	165.24	15.1%	-1.5%	22.4%	36.6B	23.8	23.2	--	5.8%	20.8%	Buy	27
7	BJ	73.13	2.7%	-0.88%	5.1%	9.8B	20.4	19.7	--	2.7%	--	Buy	21
3	OLLI	57.54	4.8%	-11.5%	-12.9%	3.5B	38.6	22.9	--	5.4%	--	Buy	14
6	PSMT	71.40	14.4%	7.7%	-9.6%	2.2B	21.1	19.2	1.2%	2.5%	--	Strong Buy	2
5	BIG	17.82	11.5%	-25.9%	-61.5%	522M	3.3	--	6.7%	-0.9%	-10.9%	Hold	9
4	GRPN	8.28	20.7%	-24.6%	-65.6%	251M	2.3	--	--	-22.7%	8.5%	Hold	4
1	TUEM	0.14	17.7%	-57.7%	-95.1%	25M	--	--	--	-7.9%	--	--	--
5.2	Average	128.33	10.9%	-9.5%	-20.9%	46.2B	22.4	22.8	2.3%	0.4%	7.5%	Buy	19.6

PEER COMPANIES			
BIG	Big Lots Inc	OLLI	Ollie's Bargain Outlet
BJ	BJ's Wholesale Club Holdings	PSMT	PriceSmart Inc
DG	Dollar General Corp	TGT	Target Corp
DLTR	Dollar Tree Inc	TJX	TJX Companies Inc
GRPN	Groupon Inc	TUEM	Tuesday Morning Corp

Source: REFINITIV STOCKREPORTS+, extracted 22 Nov 2022

Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
Average		93,616	411.44	24.85	24.05	5.82	6.51	1.66
COST US	COSTCO WHOLESALE CORP	235,443	531.95	39.46	40.24	11.39	11.66	0.68
MAKRO TB	SIAM MAKRO PUBLIC CO LTD	11,066	37.75	24.43	24.14	1.39	3.01	1.32
BJ US	BJ'S WHOLESALE CLUB HOLDINGS	9,965	73.78	18.89	18.61	10.56	12.00	N/A
WALMEX* MM	WALMART DE MEXICO SAB DE CV	66,766	74.29	27.31	28.41	5.74	6.84	1.35
WMT US	WALMART INC	411,723	151.69	30.06	23.77	5.70	5.03	1.48
CTC/A CN	CANADIAN TIRE CORP-CLASS A	6,774	147.85	8.53	9.25	1.60	1.97	4.69
7532 JP	PAN PACIFIC INTERNATIONAL HO	10,998	2,448.00	21.47	22.77	3.58	3.37	0.74
TGT US	TARGET CORP	72,663	157.86	21.47	19.25	6.59	8.20	2.74
DOL CN	DOLLARAMA INC	17,149	79.75	32.00	30.01	N/A	N/A	0.28

Source: Bloomberg, extracted 22 Nov 2022 closing

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