Jason Wheel

COST INTELLIGENCE REPORT

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EXECUTIVE SUMMARY

Costco Wholesale Corp / COST

Equity | Generated Sep 23, 2026 11:31 PM EDT

Current price	Daily move	Bid / Ask	Previous close
$905.70	**+6.29 +0.70%**	**$905.75/$907.00**	**$899.41**

Market	**NYSE**
Industry	**Retail**
Market data as of	**Sep 23, 2026 11:31 PM EDT**

JW Intelligence Report

Complete | 3 of 3 sections | Sep 23, 2026 7:51 PM EDT

JW Rank	Rank label	Confidence	IV percentile
54.8 / 100	**Balanced**	**high**	**73 / 100**

Model reference	Upside scenario	Risk reference	Wheel strategy fit
$890.00	**$925.00**	**$870.00**	**58 / 100**

Options stance	**neutral**
Tail-risk safety	**32 / 100**
JW Rank data coverage / as of	**100.0% | Sep 23, 2026 7:51 PM EDT**

Key insight

COST Option Market Implies Uncertainty Ahead of Earnings

Market read

The COST option market reflects uncertainty ahead of its Q4 earnings report on September 24th. While implied volatility is elevated, suggesting potential for significant price movement, the term structure shows a backwardation pattern with near-term options more expensive than longer-dated ones. This suggests traders are anticipating a potentially volatile reaction to the earnings release but are not overwhelmingly bullish or bearish.

Strategy context

COST options are showing elevated implied volatility ahead of earnings. Traders are positioning for potential price swings but the market remains neutral overall.

JW AI conclusions

Short- and medium-term model interpretation

AI context bias	**Bearish**
AI analysis updated	**Sep 23, 2026 2:40 PM EDT**

Short-term scenario

High uncertainty over the next 1-3 weeks because earnings are tomorrow and the daily trend is still bearish. Prefer standing aside into the Sept. 24 print rather than chasing $902. A defined-risk long only makes sense if post-earnings price holds the recent support zone; a clean beat with steady membership and any capital-return news could retest the low-$920s, while a miss or soft guide risks a fast break toward the mid-$870s. Size small. These levels are scenario markers, not a high-conviction signal, and can gap through on the report.

Three-month outlook

Base case is a choppy recovery toward the mid-$900s to around $1,000 if Q4 confirms roughly 10% sales growth, stable renewal rates, and credible capital returns, directionally consistent with Street targets near $1,050-$1,090 over 12 months but unlikely to be fully realized in three months. Offsets are a still-rich multiple near 44x earnings, price below long-term averages, slower new-member growth, and margin or tariff noise. A weak print or guide could keep shares range-bound or push them toward the low-$800s 52-week area. Confidence is only moderate; the three-month path is highly dependent on the earnings reaction and subsequent guidance, both of which are unknown.

Market sentiment

X sentiment into the report is cautious rather than strongly bullish. Traders highlight trading below major moving averages, with some looking for a breakdown toward the mid-$860s to about $885 and others treating $885-$896 as support versus $910-$922 resistance. A few posts frame COST as a quality name well off its highs but not yet a clean buy. Discussion clusters on membership growth, margins, and possible special-dividend or buyback commentary. Engagement is modest and views conflict, so this is a noisy, low-conviction sample rather than a clear crowd consensus.

Supporting evidence

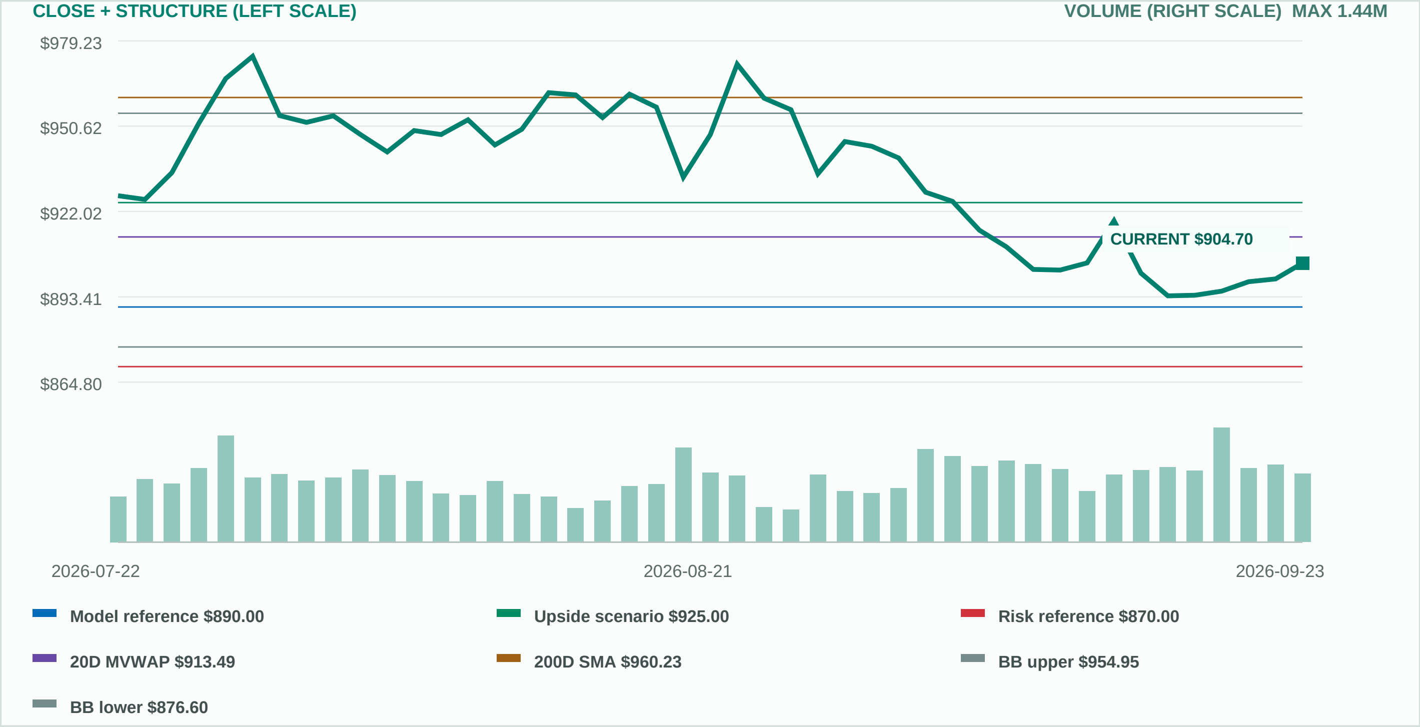
Implied volatility is high at 23.69%, indicating potential for significant price movement following the earnings report. | The term structure of options shows backwardation, with near-term options more expensive than longer-dated ones, suggesting anticipation of a volatile reaction to the earnings release. | The market is pricing in roughly a 3% move by week's end, according to option pricing. | Analyst sentiment is mixed, with some seeing potential for upside and others highlighting risks.

Risk watch

Earnings report could trigger significant price movement, both positive and negative. | Uncertainty surrounding membership growth, margins, and capital return plans could impact investor sentiment.

Enhanced price structure

45 trading days with volume, model levels and current technical reference bands



45 complete trading-session observations

JW Rank factors

Score, source coverage and interpretation for each decision factor

JW RANK FACTOR PROFILE	COVERAGE	Score (0–100)
Liquidity	100.0%	95.5
Strategy Fit	100.0%	57.7
Technical Trend	100.0%	23.8
Market Tail Risk	100.0%	32.0
Fundamental Quality	100.0%	51.5
Volatility Pressure	100.0%	88.3

Decision summary

Primary model reads before the detailed indicator appendix

Momentum	Institutional flow	Structure	Volatility
strong_bear	**Below MVWAP**	**Below 200D trend**	**low**

Decision indicators

Detailed momentum, institutional and structural observations

Momentum kinematics

Direction, velocity and oscillator state

Current read	**STRONG BEAR | neutral | MACD accelerating**
Trend signal	**STRONG BEAR**
RSI signal	**neutral**
RSI (7 / 14 / 21)	**46.66 / 41.91 / 42.49**
RSI velocity	**1.99**
MACD line / signal / histogram	**-12.48 / - / -12.07**
MACD acceleration	**0.49**
Stochastic K / D	**29.32 / 20.52**

Institutional footprints

Volume-weighted cost, price location and flow

Current read	**Below institutional MVWAP | Distribution bias**
Institutional flow	**-2.60**
20-day MVWAP	**$913.49**
Price vs 20-day MVWAP	**-0.85%**
Daily reference VWAP	**$901.22**
Price vs daily reference	**+0.50%**
Volume	**858.03K**

Structural context

Long-term trend and volatility boundaries

Current read	**Below 200-day trend | Negative macro velocity**
Macro velocity	**-2.94**
20-day / 200-day SMA	**$915.77 / $960.23**
Bollinger range	**$876.60 - $954.95**
Bollinger position	**0.359**

Options and volatility intelligence

Structure, premium conditions and principal risks

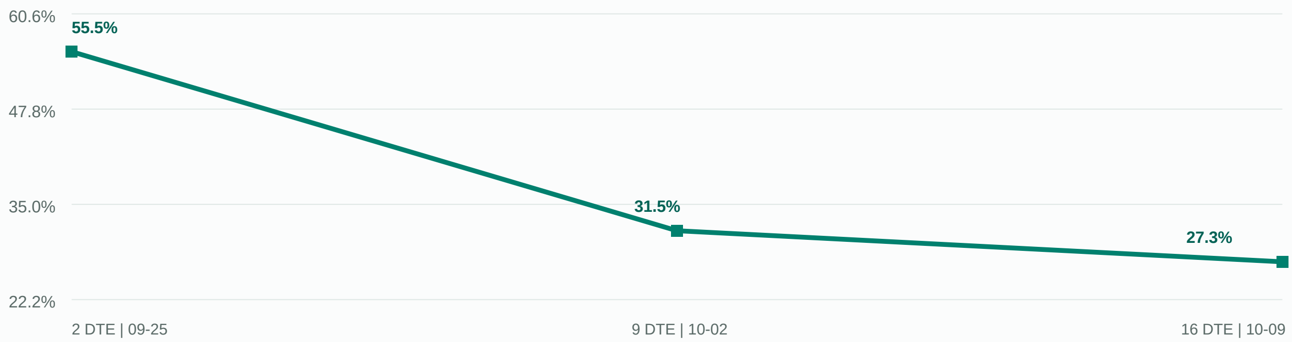
IV rank	IV percentile	VVIX	SKEW
54 / 100	65 / 100	88.11	142.19

Market regime	**DANGER ZONE**
Tail-risk regime	**NORMAL TAIL RISK**
Term structure	**backwardation**
Term slope	**-28.21 pts**
Skew read	**balanced**
Liquidity / quote coverage	**100.0%**
Options Snapshot IV sources	**ATM: option chain | Rank/percentile: fundamentals**
Options Snapshot IV observed at	**Sep 23, 2026 2:47 PM EDT**
Options data quality	**Coverage 100.0%**

Option term structure

ATM implied-volatility curve by days to expiration

ATM IV CURVE



Downward-sloping ATM volatility term structure

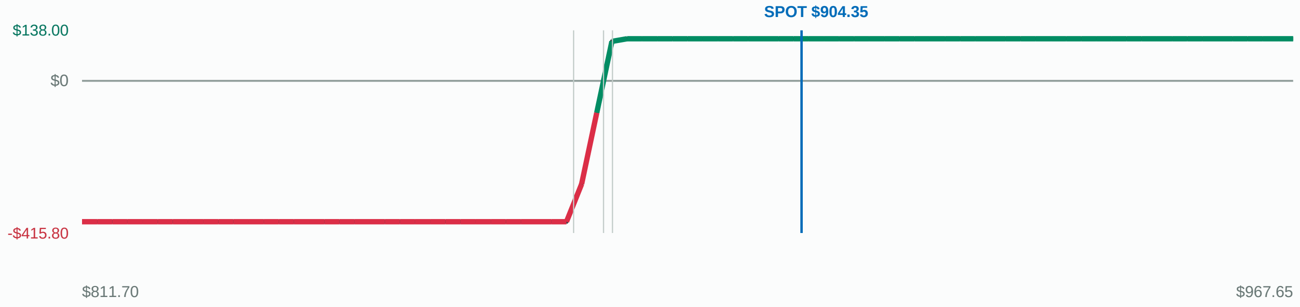
EXPIRATION	DTE	ATM IV	STATE
2026-09-25	2	55.5%	-
2026-10-02	9	31.5%	-
2026-10-09	16	27.3%	-

Reference spread payoff

Illustrative expiry profit/loss per one-lot structure, including quoted net credit

Bull Put Spread reference

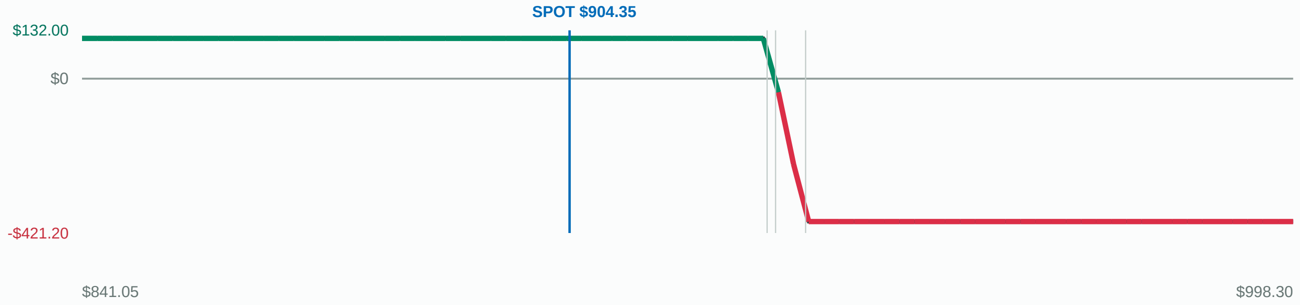
Short $880.00 | Long $875.00 | Width $5.00 | Net credit $1.15



Max profit $115.00 | Max loss -$385.00 | Break-even $878.85 | Per contract at expiry

Bear Call Spread reference

Short $930.00 | Long $935.00 | Width $5.00 | Net credit $1.10



Max profit $110.00 | Max loss -$390.00 | Break-even $931.10 | Per contract at expiry

Event and tail-risk context

Known event windows and broad volatility conditions

Next earnings date	**2026-09-24**
Earnings IV-crush risk	**high**
Event IV premium	**24.04**
VIX	**15.09**
VVIX	**88.11**
SKEW index	**142.19**
Observation confidence	**high**
Option quote quality	**reliable**

Event and tail-risk context (continued)

Known event windows and broad volatility conditions

FIELD	VALUE
Contracts observed	**116**
Contracts with quotes	**116**

Strategy fit

Generalized structure fit; not a personalized recommendation

Market structure

The COST option market reflects uncertainty ahead of its Q4 earnings report on September 24th. While implied volatility is elevated, suggesting potential for significant price movement, the term structure shows a backwardation pattern with near-term options more expensive than longer-dated ones. This suggests traders are anticipating a potentially volatile reaction to the earnings release but are not overwhelmingly bullish or bearish.

Options context

COST Option Market Implies Uncertainty Ahead of Earnings

Wheel context

COST options are showing elevated implied volatility ahead of earnings. Traders are positioning for potential price swings but the market remains neutral overall.

Observed evidence

Implied volatility is high at 23.69%, indicating potential for significant price movement following the earnings report. | The term structure of options shows backwardation, with near-term options more expensive than longer-dated ones, suggesting anticipation of a volatile reaction to the earnings release. | The market is pricing in roughly a 3% move by week's end, according to option pricing. | Analyst sentiment is mixed, with some seeing potential for upside and others highlighting risks.

Principal risks to monitor

Earnings report could trigger significant price movement, both positive and negative. | Uncertainty surrounding membership growth, margins, and capital return plans could impact investor sentiment.

Fundamentals and events

Business quality, valuation and upcoming event context

Market capitalization **$398.87B**	P/E (TTM) **45.13**
ROE **28.3%**	Revenue growth **6.6%**
EPS growth **11.5%**	Operating margin **3.8%**
Net profit margin **3.0%**	Gross margin **-**
Free cash flow CAGR **5.3%**	Debt / equity **0.25**
Dividend yield **0.7%**	Beta **0.86**
52-week range **$844.06 - $1,096.50**	

Company or fund profile

Issuer identity and classification

Name **Costco Wholesale Corp**	Market **NYSE**
Industry **Retail**	Country **US**
Currency **USD**	IPO date **1985-12-05**
Shares outstanding **443.48M**	52-week return **-5.5%**
Book value per share **$75.55**	Revenue per share **$660.59**

Website	costco.com

Latest strategy observation

Most recent shared general market signal available when this report was generated

COST Covered Call signal

Sep 23, 2026 9:35 AM EDT

Covered Call | 2026-09-25

At signal $899.40 | Current $905.70

SHORT **Option $900.00 B $13.40 / A $15.05**

High turnover | CR $14.23

Complete technical details

Full supporting indicator set used by the symbol detail experience

Volatility and options market

Price movement and premium conditions

ATR	**$13.69**
ATR as % of price	**1.5%**
Volatility environment	**low**
Current IV	**24.9%**
IV rank	**64 / 100**
IV percentile	**73 / 100**
Technical Snapshot IV source	**Private fundamentals snapshot**
Technical Snapshot IV observed at	**Sep 23, 2026 3:51 PM EDT**

Technical health and risk radar

Derived indicator health and event context

Overall health	**62 / 100**
Trend health	**25 / 100**
Momentum health	**76 / 100**
Volatility health	**87 / 100**
Structure health	**86 / 100**
Earnings risk / date	**high | 2026-09-24**
Macro risk	**unknown**
Volatility risk	**low**
Structure risk	**low**

Structural indicator levels

Moving averages, volatility bands and observed trading ranges

SMA (20 / 50 / 200)	**$915.77 / $935.30 / $960.23**
EMA (9 / 21)	**$902.99 / $914.46**
Bollinger upper / middle / lower	**$954.95 / $915.77 / $876.60**

Structural indicator levels (continued)

Moving averages, volatility bands and observed trading ranges

FIELD	VALUE
Bollinger %B	**0.359**
True high / low	**$905.59 / $893.36**
5-day true high / low	**$905.59 / $885.50**

Three-day indicator history

Short-horizon change and the underlying three-session observations

INDICATOR	3-DAY CHANGE	SESSION 1 / 2 / 3
SMA20	-2.943	**-**
SMA50	-0.412	**-**
MVWAP20	-2.597	**-**
MACD	0.493	**-**
RSI	1.987	**-**
Volume	-193372.670	**-**
ATR	-0.206	**-**
T1	-	**-13.37 / 915.35 / 903.40 / 895.84**
T2	-	**-13.76 / 918.69 / 899.44 / 885.50**
T3	-	**-13.96 / 921.28 / 898.40 / 890.28**

Detailed options evidence

Supporting option-chain, execution and data-quality observations

Underlying price at observation	**$904.35**
Options Snapshot IV sources	**ATM: option chain | Rank/percentile: fundamentals**
Options Snapshot IV observed at	**Sep 23, 2026 2:47 PM EDT**
Options data coverage	**100.0%**
SKEW regime	**HIGH TAIL RISK SKEW**
VVIX regime	**VVIX FALLING**
Front expiration / DTE	**2026-09-25 | 2 DTE**
Front at-the-money IV	**55.5%**
25-delta skew	**-1.11**
Put / Call 25-delta	**$880.00 Delta -0.243 / $930.00 Delta 0.260**
Median option bid/ask spread	**11.2%**
Bid/ask spread	**-**
Contracts observed / quoted	**116 / 116**

Price context

Last Price: 904.35 | Bid: 904.21 | Ask: 904.48 | Previous Close: 899.41 | Change: 4.94 | Daily change: 0.55% | Update Time: 2026-09-23T14:47:13.342149-04:00 | Latest History Date: 2026-09-23 | Latest History Price: 904.22

Historical context

Trading-day sample: 60 sessions | First Date: 2026-06-30 | Latest Date: 2026-09-23 | Latest Price: 904.22 | Max Drawdown 60d Percent: -8.24%

Fundamental context

Current Iv Percent: 23.69% | Iv Rank: 53.85 | Iv Percentile: 65.34 | Next Earnings Date: 2026-09-24 | Ex Dividend Date: 2026-07-23

Important disclosures

Scope, limitations, risk and permitted interpretation

General market information only

This report is general quantitative research and market commentary. It is not investment, legal, tax or accounting advice; it is not an offer, solicitation, order, recommendation or promise of performance. It does not consider any reader's holdings, objectives, financial circumstances, risk tolerance or suitability.

Model observations - not instructions

JW Rank, strategy fit, model reference, upside scenario and risk reference levels are model observations. They are not entries, price targets, stops, position sizes or instructions to buy, sell, open, close or hold a security or option. A higher score does not imply lower risk or a guaranteed favorable outcome.

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Options risk

Options are complex and are not suitable for all investors. They may involve total or substantial loss, assignment, early exercise, margin calls, liquidity and spread risk, volatility and Greek exposure, event risk, regime shifts and expiration risk. Multi-leg positions may not execute or close at modeled prices.

Investor responsibility and ODD

Use current market information, assess suitability independently and consult qualified professionals when appropriate. Before trading listed options, read Characteristics and Risks of Standardized Options (ODD) available from the Options Clearing Corporation at theocc.com.

Reference documents

Official product terms and standardized options disclosure

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