

## Costco Options Flow Spike Triggers Platform Alert

Extreme call skew with 119:1 call-to-put premium ratio surfaces COST for quantitative review.

### SUMMARY

Costco surfaces on the platform following an options flow spike characterized by extreme call skew. The put-call ratio compressed to 0.0084, with call premium totaling \$25,727 against just \$216 in put premium. This 119:1 ratio represents the type of asymmetric positioning that triggers algorithmic attention.

The options activity coincides with shares trading at \$1,014.31, approximately 5% below the 52-week high of \$1,067.08. The Consumer Staples retailer carries a forward PE of 49.1x, reflecting premium valuations typical of defensive growth names. Market capitalization stands at \$443.8 billion.

Signal distribution shows mixed directional conviction. ETF flows and credit spreads provide the strongest bullish signals, while short interest and earnings tone contribute bearish weight. The composite recommendation registers as hold, with overall conviction remaining modest at 0.28 on the platform's scale.

### Price action

CLOSE	DAY CHANGE	5-DAY	VOLUME
\$1014.31	+1.05%	+2.8%	31K
52W RANGE	52W CHANGE	AVG VOL (10D)	MARKET CAP
\$844.06 – 1067.08	+9.1%	69K	\$443.8B

COST closed at \$1,014.31, up 1.05% on the session. The stock trades within 5% of its 52-week high, having established a trading range between \$844.06 and \$1,067.08 over the past year. This positioning near cycle highs provides context for the options positioning bias.

The composite direction signal registers +0.11, indicating modest bullish lean despite the mixed signal environment. Beta of 0.94 suggests the stock typically moves in line with broader market volatility, though Consumer Staples exposure provides some defensive characteristics during market stress periods.

**Costco (COST) – 6-month daily close + breakout window**



Fig. 1 — Daily close (top) and volume (bottom), six-month window. Emerald segment highlights the event window. Green volume bars mark sessions above 1.2x the six-month average. Source: Alpaca SIP feed.

## Signal readings

Nine active signals contribute to the current assessment, with weights ranging from 5.0% to 23.0%. The distribution spans bullish, neutral, and bearish tones, creating the mixed conviction environment reflected in the composite score.

SIGNAL	DIRECTION	CONVICTION	WEIGHT	INTERPRETATION
etf_flow <b>BULL</b>	+0.54	0.47	23.0%	ETF flows show strong bullish momentum with high conviction, suggesting institutional accumulation through passive vehicles.
credit_spread <b>BULL</b>	+0.50	0.76	6.3%	Credit spreads tighten with strong conviction, indicating improved credit market perception of Costco's financial stability.
estimate_revision <b>MILD BULL</b>	+0.19	0.27	5.0%	Analyst estimates show modest upward revision activity with low conviction, reflecting incremental optimism.
options_flow <b>STRONG BULL</b>	+1.00	0.60	5.0%	Options flow exhibits maximum bullish direction with moderate conviction, driven by the extreme call skew triggering this alert.
treasury_rate <b>OVERLAY</b>	-0.10	0.38	14.8%	

SIGNAL	DIRECTION	CONVICTION	WEIGHT	INTERPRETATION	
				Treasury rate movements create modest headwind pressure with neutral tone, typical for rate-sensitive consumer names.	
earnings_surprise	FLAT	-0.08	0.13	5.0%	Recent earnings surprise data shows minimal negative deviation with very low conviction.
short_interest	MILD BEAR	-0.30	0.40	5.8%	Short interest increases with moderate conviction, suggesting growing skepticism among short sellers.
institutional_convergence	MILD BEAR	-0.18	0.29	5.0%	Institutional positioning shows modest divergence with low conviction, indicating mixed sentiment among large holders.
earnings_tone	MILD BEAR	-0.30	0.29	5.0%	Earnings communication tone registers negative with moderate conviction, suggesting management commentary concerns.

The signal distribution reveals competing forces with no dominant directional theme. Bullish signals from ETF flows and credit markets contrast with bearish undertones from short interest and earnings tone. The 23.0% weight on ETF flows provides the strongest single directional input, while treasury rate sensitivity adds the largest neutral weight at 14.8%.

## Valuation context

METRIC	COST	CONSUMER STAPLES MEDIAN	S&P 500 MEDIAN	RELATIVE
P/E Ratio	51.9×	20.8×	25.4×	+149.9% vs sector
Forward P/E	49.1×	16.5×	19.7×	+198.5% vs sector
EPS (TTM)	\$19.23	\$3.01	\$5.36	+538.6% vs sector
Beta	0.94	0.47	0.98	+101.6% vs sector

### UPCOMING EARNINGS

NEXT REPORT (EST.)	CONSENSUS EPS	HISTORY	AVG SURPRISE
Jun 09, 2026 (est.)	\$4.32	4Q on file	—

QUARTER	EPS ACTUAL	EPS EST.	SURPRISE
Q1 2025	\$8.06	—	—

QUARTER	EPS ACTUAL	EPS EST.	SURPRISE
Q4 2024	\$4.04	–	–
Q2 2024	\$11.27	–	–
Q1 2024	\$7.49	–	–

## External catalyst stack

### EARNINGS CALENDAR

No immediate earnings catalyst appears on the platform's calendar. The absence of near-term reporting requirements removes event-driven volatility from the current assessment framework.

### SECTOR DYNAMICS

Consumer Staples positioning provides defensive characteristics during market uncertainty periods. The sector's rate sensitivity creates headwinds in rising rate environments, reflected in the treasury rate signal's neutral-to-negative contribution.

### OPTIONS EXPIRATION

The extreme call skew may reflect positioning ahead of standard monthly expiration cycles. Heavy call premium concentration suggests either hedging activity or directional speculation requiring monitoring through expiration periods.

## Investment assessment

The assessment framework evaluates three distinct time horizons, acknowledging that signal relevance varies across trading periods. Mixed conviction creates differentiated outlooks depending on holding period assumptions.

#### 1-5 DAY

##### Bullish lean

Options flow spike and ETF accumulation provide near-term momentum. Credit spread tightening supports short-term stability.

#### 5-30 DAY

##### Constructive

ETF flows and institutional positioning favor medium-term outlook. Defensive sector characteristics support during volatility periods.

#### LONGER HORIZON

##### Stretched

Forward PE of 49x creates valuation headwinds. Rising short interest and negative earnings tone suggest fundamental concerns.

### POSITION SIZING FRAMEWORK

Half-Kelly framework suggests modest position sizing given the 0.28 composite conviction score. The mixed signal environment and premium valuation metrics argue against concentrated exposure, while the defensive sector characteristics support inclusion in diversified portfolios.

## Risk factors

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- **Valuation compression risk:** Forward PE of 49.1x leaves limited margin for disappointment in a rising rate environment
- **Options positioning reversal:** Extreme call skew creates potential for rapid unwinding if bullish thesis fails to materialize
- **Rate sensitivity:** Consumer Staples exposure to treasury rate movements creates headwinds during monetary tightening cycles
- **Short interest momentum:** Rising short interest with moderate conviction suggests growing skepticism among sophisticated investors

## Sources

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