

RESEARCH NOTE · SEPTEMBER 30, 2026

Costco Wholesale Corp. (COST) — Investor Deep Dive

Costco turns a \$65 annual fee into the most loyal customer base in retail, then sells \$297 billion of goods at razor-thin margins. The business is nearly flawless. The multiple is the entire debate.

✦ **Verified flow. Zero hype.**

THE CALL

**HOLD /
WATCH**

Quality compounder at a full price. Buy the dip, not the strength.

CLOSE

\$910.34

30 Sep 2026 · -1.54%
day

3-MONTH

**\$975–
1,015**

Scenario target
+7% to +12%

INVALIDATION

\$850

52-week low must hold

Every number sourced. Every chart checked.

Research and education only. Not investment advice.

01 / THE DECISION

Own the compounder - but only at the right price.

Costco is the highest-quality retailer in the market. At roughly 44x trailing earnings, quality alone is not an entry thesis.

3-MONTH BASE CASE

\$975–1,015

A reclaim of \$928.48 plus a clean September sales print can carry the stock toward the post-earnings analyst cluster.

6-MONTH BASE CASE

\$1,050–1,100

Requires renewal rates to hold, fee income to keep compounding, and the 44x multiple to persist.

THESIS WRONG BELOW

\$850

A weekly close under the 52-week low breaks the compounder premium and the long-term trend.

WHY HOLD / WATCH

- **FY2026 EPS grew 14%** to \$20.76 on \$297.2B of net sales.
- **Membership fee income hit \$5.907B**, up 11% - nearly pure profit.
- **Renewal rates steady** at 92.3% US/Canada and 89.8% worldwide.
- **Q4 beat:** \$6.75 EPS vs \$6.54 consensus; revenue \$95.72B vs \$94.97B.
- **Operating cash flow rose** to \$15.8B from \$13.3B.

HOW TO BUILD A POSITION

\$890–910		30%
\$855–870		40%
>\$928.48 retest		30%

Illustrative staging within an intended COST allocation, not a portfolio-allocation recommendation. Existing holders keep the core; new money waits for the dip.

The quality is proven; the margin of safety is not. The stock becomes more attractive if price revisits the dip zone or earnings grow into the multiple faster than expectations rise.

02 / THE COMPANY

The fee is the moat. The warehouse is the machine.

A limited selection, no-frills warehouses, and buying power turn razor-thin margins into retail's most durable profit engine.

01 · MEMBERSHIP

The fee engine

\$5.907B

FY2026 fee income, up 11% YoY. **81.0M paid members** and 150.4M cardholders pay for the privilege of shopping; renewal rates of **92.3%** in the US and Canada make the fee nearly pure profit.

THE MARGIN ENGINE

02 · WAREHOUSES

939 locations

\$297.2B

FY2026 net sales, up 10.1%. High volume and fast turnover let Costco **sell inventory before paying suppliers**; 86% of sales come from the US and Canada.

SCALE IS THE STRATEGY

03 · KIRKLAND + DIGITAL

Growth vectors

20.9%

Digitally-enabled sales growth in FY2026, about **10% of total revenue**. Kirkland private label and the expanded Uber Eats partnership (17 to 47 states) widen the moat.

COMPOUNDING ADD-ONS

THE FLYWHEEL

- **FEE**
Members pay \$65-\$130 a year for access
Gold Star and Business at \$65, Executive at \$130 with a 2% reward. The fee funds the entire low-price model.
- **TRAFFIC**
Low prices and Kirkland quality fill warehouses
Executive members - 38.7M strong - drive about 73.6% of worldwide net sales.
- **VOLUME**
Scale wins supplier terms and turns inventory fast
Buying power compresses cost of goods; rapid turnover funds operations before suppliers are paid.
- **REINVEST**
Savings fund lower prices and member value
Lower prices renew the membership, and 92.3% of US and Canadian members renew. The loop repeats.

THE FRICTION

- **86% of sales** from the US and Canada; California alone is 26% of US sales.
- New warehouses can **cannibalize existing locations**.
- Rising labor and healthcare costs pressure the low-cost model.
- Unverified chatter of membership declines - **no filing supports it**; renewals are steady.

Investor lens. Costco earns about 3 cents on every sales dollar, then collects \$5.9B of nearly pure-profit fee income on top. The multiple pays for the certainty that this machine keeps running - not for acceleration.

03 / THE NUMBERS

Growth is steady. The multiple is the debate.

Costco compounds sales near 10% and EPS in the low teens, year after year. The question is what that consistency is worth.



Net sales and diluted EPS, fiscal years ended nearest Aug 31. Source: Q4 FY2026 earnings release (8-K filed 2026-09-24); FY2025 10-K. As of Sep 30, 2026.

OPERATING SNAPSHOT

METRIC	PERIOD	VALUE
Net sales	FY2026	\$297.247B
Operating income	FY2026	\$11.685B
Net income	FY2026	\$9.226B
Diluted EPS	FY2026	\$20.76 (+14%)
Operating cash flow	FY2026	\$15.8B
Q4 EPS	Q4 FY2026	\$6.75*

*Includes a \$0.15/share non-recurring IEEPA tariff-refund benefit; underlying about \$6.60.

THE VALUATION GAP

TRAILING EARNINGS MULTIPLE

~43.9x

At \$910.34 against FY2026 EPS of \$20.76. Forward P/E sits near 40x on the \$22.57 estimate; a PEG of 3.86 prices near-perfection for 10–12% growth.

FY2026 BASELINE

\$303.2B

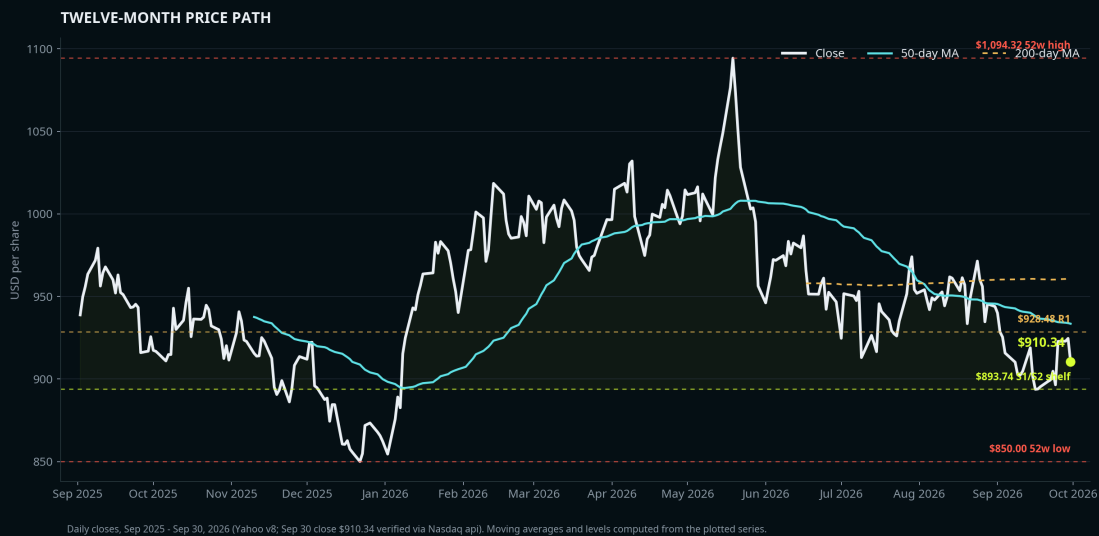
Total revenue including membership fees; net margin about 3.0%, ROE near 28%, and debt-to-equity of just 0.11.

Dividend reality. \$1.47 quarterly (\$5.88 annualized) yields about 0.65% at \$910.34 on a 28% payout ratio. Special-dividend chatter after the Q4 print is analyst speculation only - nothing was announced.

04 / THE CHART

Below the averages, above the shelf - for now.

COST gave back the post-earnings pop and now sits between the 900 put wall and the 928.48 swing high, below both moving averages.



RESISTANCE 2

\$974.03

RECLAIM GATE

\$928.48

SUPPORT SHELF

\$893.74

52-WEEK LOW

\$850.00

MOMENTUM

46.2

RSI(14). Neutral; neither oversold nor overbought.

50-DAY MA

\$933.48

Price sits about 2.5% below the 50-day; the 200-day is \$960.97.

52-WEEK RANGE

**\$850–
\$1,094**

16.8% below the high; the low is the line in the sand.

BULL CONFIRMATION

- \$928.48 reclaims on a daily close.
- September monthly sales beat in the first week of October.
- Renewal rates hold at the Q1 FY2027 report.

BEAR CONFIRMATION

- \$893.74 shelf fails, exposing \$850.
- A weekly close below \$850 breaks the 52-week low.
- Forward EPS estimates get cut once the one-off benefit washes out.

Support and resistance use closing-price extremes from the 272-session series. The 52-week high/low are close-based. Decision zones are not precise barriers.

05 / THE DEBATE

The next datapoint is September sales.

CATALYST TAPE

● **EARLY OCT 2026****September monthly sales**

The first clean read after the Q4 print. August digital sales ran +17.9%; the release had not landed by the Sep 30 close.

● **EARLY DEC 2026 (EST.)****Q1 FY2027 earnings**

The tariff-refund benefit drops out of the comparison; underlying EPS growth has to show on its own. Date estimated, not confirmed.

● **ONGOING****Membership fee cycle**

The September 2024 increase drove about 40% of FY2025 fee-income growth. The next lever is years away; compounding must carry it.

● **UNCONFIRMED****Special dividend chatter**

Analyst speculation after the Q4 print only. Nothing was announced, and the regular \$1.47 quarterly stands.

STREET POSITIONING

TARGET AGGREGATE

~\$1,046

Moderate Buy consensus from 33 analysts; range \$781–\$1,230. The spread reflects the multiple debate, not the business.

PROVIDER
SNAPSHOT

DISTRIBUTION

MarketBeat	22 buy / 10 hold / 1 sell
Finnhub	13 strong buy / 17 buy / 15 hold / 1 sell
FMP consensus	\$1,092.67 (count null - directional)

Snapshots observed Sep 28 - Oct 1, 2026. Provider methodologies differ; disagreement is itself information.

WHAT MUST GO RIGHT

- Renewal rates hold near 90% worldwide.
- Comparable sales stay mid-single digits or better.
- Fee income keeps compounding near 10%.
- The forward multiple persists on consistent delivery.

WHAT CAN BREAK THE THESIS

- US consumer spending rolls over with 86% sales concentration.
- Tariffs and labor costs compress the thin margin.
- New warehouses cannibalize existing ones.
- 44x earnings reprices on any stumble.

Options tape. Defensive 915P buying (\$902K/\$838K, 43x/7x volume vs OI) under the market with 920/925C interest above - a hedged post-earnings tape, not euphoria. Net gamma of -\$54.8M keeps the tape choppy.

06 / SOURCE MAP

The numbers are audited. The next quarter is not.

FY2026 figures come from the Q4 earnings release; the audited baseline is the FY2025 10-K. Forward estimates are pre- or just-post-earnings and still settling.

EARNINGS AND COMPANY RECORD

Q4 FY2026: the beat with an asterisk · Zacks, 25 Sep 2026

[Open source ↗](#)

Q4 FY2026 retail trends and management color · 25 Sep 2026

[Open source ↗](#)

Is COST worth 43x earnings? · indmoney, Sep 2026

[Open source ↗](#)

MARKET AND THIRD-PARTY CHECKS

Deutsche Bank trims to \$1,079, keeps Buy · 28 Sep 2026

[Open source ↗](#)

Argus reiterates Buy at \$1,230 · 29 Sep 2026

[Open source ↗](#)

Pre-earnings setup and monthly sales context · MarketBeat

[Open source ↗](#)

Method. Targets are scenario ranges synthesized from the price structure, catalyst timing, valuation, and Street distribution. They are not company guidance or statistical forecasts.

Known gaps. The Q1 FY2027 date is estimated (early Dec 2026), not confirmed. September monthly sales were not yet released at the Sep 30 close. Forward EPS \$22.57 is a pre-earnings estimate. Special-dividend chatter is unconfirmed. FMP analyst count returned null.

Bottom line: hold the quality, buy the dip. Prefer \$855–870, add on a reclaim above \$928.48, and exit the thesis on a weekly close below \$850.

Prepared 30 Sep 2026 from data observed through the 30 Sep 2026 close. AI-assisted research. For informational purposes only; not personalized financial, tax, or legal advice.

EQUITY INTELLIGENCE / VALUATION BRIDGE 02

The premium bridge behind the scenario targets.

Consistency, not acceleration, has to carry COST from a full valuation into a justified one.

HOLD / WATCH · DO NOT CHASE

Purpose. This is the multiple-based framework behind the Sep 30 deep dive: **\$975-\$1,015** at three months, **\$1,050-\$1,100** at six months, staged entry at **\$890-910** with the dip zone at **\$855-870**, and invalidation on a weekly close below **\$850**. The method anchors reported earnings, maps the analyst target set, divides target prices by forward earnings, then tests what the multiple requires.

Source: Spike Sniper COST Investor Deep Dive, Sep 30, 2026 close; Q4 FY2026 earnings release (8-K filed Sep 24, 2026). Costco Wholesale Corporation, founded 1983, Issaquah, WA.

THE CALL

HOLD / WATCH

Staged entry only. Buying strength at 44x trailing lacks margin of safety.

SEP 30 CLOSE

\$910.34

Source: Nasdaq api
As of Sep 30, 2026

3-MONTH

\$975-\$1,015

Source: Sep 30 deep dive
As of Sep 30, 2026

INVALIDATION

\$850

Weekly-close rule
Source: Sep 30
deep dive

02 / THE ANCHOR

The denominator is \$20.76 of proven earnings.

Reported growth is steady and the cash conversion is elite, but the current multiple already prices years of flawless compounding. The membership fee is the margin engine inside a low-margin machine.

CONSOLIDATED FINANCIAL RECORD

PERIOD	NET SALES	NET INCOME	READ-THROUGH
FY2024	\$249.625B	+\$7.367B	Steady compounding
FY2025	\$269.912B	+\$8.099B	Fee-increase year, +10%
FY2026	\$297.247B	+\$9.226B	Record year, EPS +14%
Q4 FY2026	\$93.873B	+\$2.998B	\$6.75 EPS, incl. \$0.15 one-off

Source: Q4 FY2026 earnings release (8-K filed Sep 24, 2026); FY2025 10-K (filed Oct 8, 2025). Fiscal years end the Sunday nearest Aug 31. As of Sep 30, 2026.

MEMBERSHIP FEE INCOME FY2026

\$5.907B

+11% YoY, nearly pure profit against \$297.2B of low-margin sales. Renewal: 92.3% US/Canada, 89.8% worldwide.

Source: Q4 FY2026 release; FY2025 10-K. As of Sep 30, 2026.

OPERATING CASH FLOW FY2026

\$15.8B

Up from \$13.3B in FY2025. The warehouse model converts volume into cash before suppliers are paid.

Source: Q4 FY2026 earnings-release coverage. As of Sep 30, 2026.

TRAILING P/E

~43.9x

On FY2026 EPS \$20.76

FORWARD P/E

~40x

On the \$22.57 estimate

PEG

3.86

For ~10-12% growth

Source: Q4 FY2026 release for reported figures; MarketBeat valuation snapshot for multiples. Calculations as of Sep 30, 2026.

At roughly 44x trailing earnings, the stock cannot merely compound. It has to compound without a single stumble.

03 / THE STREET

The Street trimmed, not turned.

Post-earnings target cuts repriced the one-off tariff benefit out of forward numbers. The consensus still points about 15% higher - on a multiple nobody wants to defend.

POST-Q4 ANALYST ACTIONS

FIRM	TARGET	MOVE
Argus	\$1,230	Buy, reiterated
Jefferies	\$1,100	Cut from \$1,130
Deutsche Bank	\$1,079	Buy, cut from \$1,091
Mizuho	\$1,065	Outperform, cut from \$1,100
DA Davidson	\$1,040	Neutral, raised from \$1,000
JPMorgan	\$1,015	Overweight, cut from \$1,100
Wells Fargo	\$950	Equal-Weight, cut from \$1,000
Truist	\$955	Hold, cut from \$1,011
Roth Capital	\$781	Sell, reiterated

Source: analyst actions Sep 25-30, 2026 via zolmax, dailyiq, intellectia, ad-hoc-news. As of Sep 30, 2026.

CONSENSUS

~\$1,046

Moderate Buy, 22/10/1 across 33 firms

FMP CONSENSUS

\$1,092.67

High \$1,275 / low \$955 (count null, directional)

THE SPREAD

\$781-\$1,230

A \$449 range on the best retailer in the market

STREET CONTEXT

MarketBeat consensus	~\$1,046
Implied upside at \$910.34	+15%
Finnhub recommendations	13 / 17 / 15 / 1
Bernstein	\$1,143

MarketBeat consensus Sep 28, 2026; Finnhub period Sep 2026; Bernstein Outperform trimmed \$1,144 to \$1,143. As of Sep 30, 2026.

THE PATTERN

Trims, not turns

Broad target cuts **after a beat**: the Street is repricing the \$0.15 one-off out of forward numbers, not doubting the machine.

Source: Spike Sniper read of the Sep 25-30, 2026 action tape. As of Sep 30, 2026.

Nobody is questioning the business. Everybody is questioning the 44x. That is a healthier debate - and a slower path higher.

04 / THE MULTIPLE BRIDGE

Consistency does most of the work.

\$995/SHARE

~44.1x

Implied forward P/E at the 3-mo target

\$1,075/SHARE

~47.6x

Implied forward P/E at the 6-mo target

FORWARD EPS

\$22.57

Pre-earnings MarketBeat estimate

Source: target prices from the Sep 30 deep dive; forward EPS is a pre-earnings MarketBeat estimate that post-Q4 trims may revise. Calculations as of Sep 30, 2026.



Implied forward P/E. Source: Spike Sniper calculations. As of Sep 30, 2026.

The 3-month target needs only multiple persistence on the forward estimate. The 6-month target needs earnings to grow into a 47-48x multiple - or the multiple to hold on proof.

WHAT 44X REQUIRES

- Forward EPS of **\$22.57** materializes and grows 10-12%.
- Membership fee income keeps compounding near **10%**.
- Renewal rates hold near **90%** worldwide.
- Comparable sales stay mid-single digits or better.

Source: Spike Sniper synthesis of the Q4 FY2026 release and Street estimates. As of Sep 30, 2026.

WHAT BREAKS IT

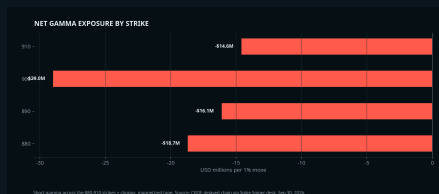
- A consumer-spending rollover with **86%** US/Canada concentration.
- Tariff or labor cost pressure on the thin margin.
- Forward estimates cut once the one-off washes out.
- A 35x compounder multiple on \$22.57 implies **~\$790** - the valuation downside if growth disappoints.

Source: FY2025 10-K risk factors; Spike Sniper calculation. As of Sep 30, 2026.

05 / SNIPER OVERLAYS

The tape is hedged, not euphoric.

NET GAMMA EXPOSURE BY STRIKE



Short gamma across 880-910 = choppy, magnetized tape. Source: CBOE delayed chain, Sep 30, 2026.

THE 915P HEDGE PRINTS

CONTRACT	PREMIUM	VOL VS OI
Nov-06 915P	\$902K	43.2x
Oct-30 915P	\$838K	7.0x
Nov-06 910P	\$241K	5.8x

Defensive put positioning under the market alongside 920/925C call interest (\$359K/\$319K, 5.4x/10.4x). Mixed, slightly hedged post-earnings tape.

Source: Spike Sniper desk data, CBOE delayed chain, Sep 30, 2026.

SPOT

\$910.34

Sep 30 close

WALLS

900 / 920

Put wall / call wall

MAX PAIN

912.5

Nearest expiry

NET GEX

-\$54.8M

Per 1% move, short gamma

Source: Spike Sniper desk data, CBOE delayed chain, Sep 30, 2026.

FRICTION MAP

- 900 is the put wall and the magnet.
- 920 is the call wall and the first supply.
- 928.48 is the 20-day swing high - the reclaim gate.
- RSI14 is 46.2, neutral. The 50-day is \$933.48, the 200-day \$960.97.
- Swing levels: R1 \$928.48, S1/S2 \$893.74, 52w low \$850.

Source: Spike Sniper desk data and Sep 30 deep dive. As of Sep 30, 2026.

INSTITUTIONAL FLOW

- Nov-06 915P: \$902K ask-side, 43.2x vol/OI, opening.
- Oct-30 915P: \$838K, 7.0x.
- Nov-06 920C \$359K (5.4x) and 925C \$319K (10.4x, opening) - upside interest persists.
- Sep 30: no euphoric call chasing; the tape is positioned, not complacent.
- Put/call OI ratio 0.9; IV30 18.7.

Source: Spike Sniper desk alert log. As of Sep 30, 2026.

Sentiment. No retail-sentiment extreme flagged on Sep 30. The options tape shows hedging under the market, not fear and not greed. Source: CBOE delayed chain via Spike Sniper desk data, Sep 30, 2026.

06 / WHAT CHANGES THE CALL

Consistency must keep compounding.

CATALYSTS

- **September monthly sales:** the first clean post-Q4 read, expected the first week of October.
- **Q1 FY2027 (early Dec, est.):** the tariff benefit drops out; underlying growth must show on its own.
- **Renewal rates** at each quarterly report - the membership health check.
- **Special dividend:** chatter only. An announcement would be a sentiment kicker.

Source: Q4 FY2026 release coverage; MarketBeat. As of Sep 30, 2026.

RISKS

- **86%** of sales from the US and Canada; California alone is 26% of US sales.
- Tariffs, inflation, and labor costs on a **~3%** net margin.
- Warehouse cannibalization as expansion continues.
- **44x earnings** reprices on any stumble.
- Cybersecurity: member-data breach is a called-out 10-K risk.

Source: FY2025 10-K Item 1A; Q4 FY2026 release. As of Sep 30, 2026.

TRACKING CHECKLIST

- Monthly sales vs. the **6-7%** adjusted comp pace.
- A daily close above **\$928.48** - the reclaim gate.
- 915P hedge prints rolling or lifting.
- Forward EPS revisions after the one-off washes out.
- Renewal rates at the Q1 FY2027 report.
- Any weekly close below **\$850** invalidates.

Source: Sep 30 deep dive levels and Spike Sniper desk data. Monitoring framework as of Sep 30, 2026.

Working view: the premium is earned, not given. Price weakness toward \$855-870 is the entry. Strength above \$928.48 is confirmation. \$850 is the exit.

SELECTED SOURCE TRAIL

- [1] Zacks: Costco's best numbers came with an asterisk, Sep 25, 2026.
- [2] wsnext: Costco earnings and retail trends, Sep 25, 2026.
- [3] ad-hoc-news: Deutsche Bank trims to \$1,079, keeps Buy, Sep 28, 2026.
- [4] zolmax: Argus reaffirms Buy at \$1,230, Sep 29, 2026.
- [5] indmoney: is COST worth 43x earnings, Sep 2026.
- [6] MarketBeat: pre-earnings setup and monthly sales context, Sep 2026.

Desk data note. Options, gamma, flow, technical, and sentiment overlays come from the Spike Sniper desk's CBOE delayed chain, alert log, technical calculations, and quote data on Sep 30, 2026. Gamma regime labels follow dealer convention and are an interpretation, not a measurement.

Framework built Sep 30, 2026. AI-generated analysis, not financial advice.