Consumer Discretionary Briefing Book

November 2025

OPTIMAL

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Our upcoming virtual client meetings, contact us with questions:

- **China and India Markets 2026-2040 (Forces at Work) with Dan Markey senior fellow in China & South Asia programs at Stimson Center prior CFR, Hopkins SAIS, Institute of Peace – Virtual 12/2** Register Here
- **Lens on Luxury & Sport – Optimal Conversation with Aston Martin F1 – 12/9** Register Here
- **Fine Dining & Hospitality / Luxury that Cares - Virtual Meeting with Jose Andres Group CEO – 12/16** Register Here

Softer discretionary trends continue in November … we note overall softness as monitored in our Monday Macro and real-time decel in 19 of 30 proprietary Optimal subsector tracking (slightly less drag than 26/30 last month): positive inflections in apparel spending and e-commerce transactions… versus negative inflections in luxury and home improvement spending (home has reversed recently) … see pp 11-23

Optimal Multifactor Macro Market Model, incorporating 12 lagged consumer macroeconomic factors we track ... pp 4

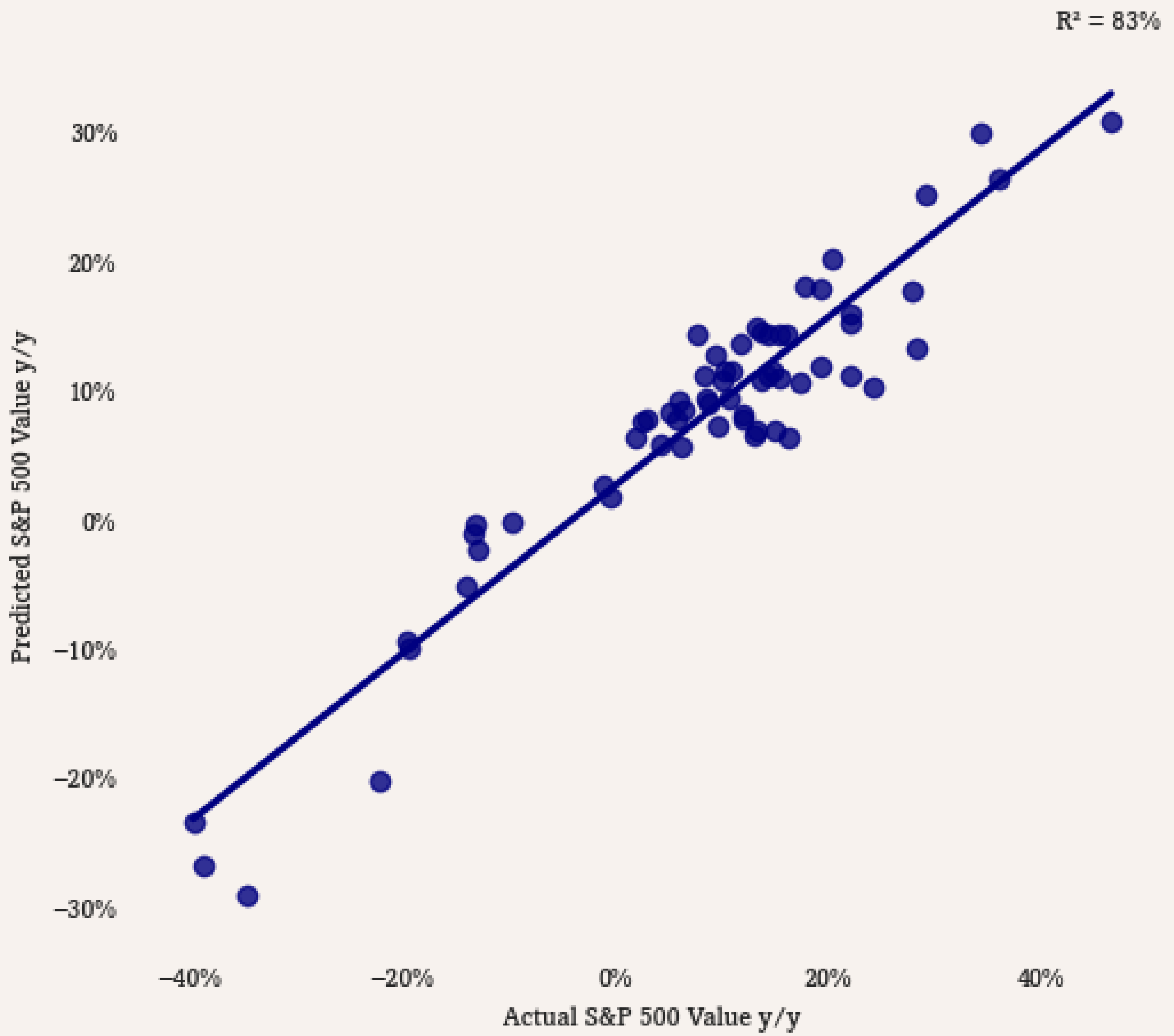
Optimal's Attention Economy monitor callouts: we screen over 1000 companies across consumer and note positive mindshare trends paired with positive spending trends at legacy apparel brands LEVI, PUMA, and Carhartt (among others). Gen-Z mindshare growth continuing to increase for beauty & apparel brands (ULTA, AEO) … see pp 5-7

Our macroeconomic consumer callouts include: (a) Consumer Sentiment and expectations are down significantly y/y (similar to GFC levels) … pp 40-41 (b) discretionary stocks turning higher and outperforming staples since June, short interest continuing to trend lower … pp 32-34 (c) 43-day government shutdown has ended; our analysis of precedent discretionary names have tended to outperform staples names 3 months after the end of the shutdown relative to the month prior to the shutdown … pp 36

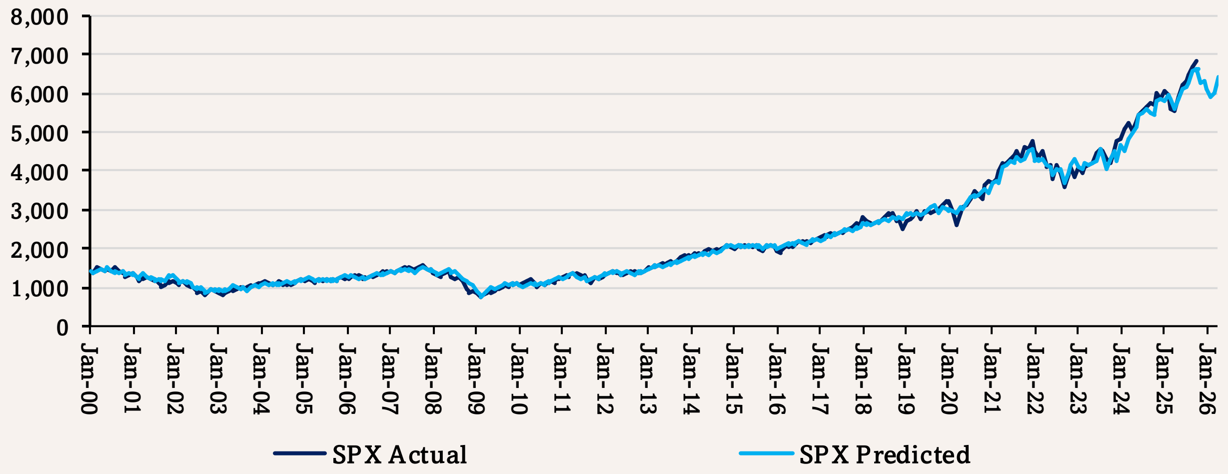
	Getting Worse	Getting Better
Underdiscussed	• Recent data suggestive that softening spending #s across casual dining and fast casual continues to worsen. Ticket stable – transaction count under pressure. • Luxury is slowing – both ticket and transaction.	• In our analysis of EPS transcripts we note mentions of an "economic slowdown" signs of bottoming and moving higher. • Gen-Z consumers are still increasing traction at beauty and luxury products. • Mortgage applications +31% y/y is notable as lead indicator to turns and therefore 6-12 months before hardgoods. 50-year mortgage is potential optionality for housing turns.
Overdiscussed	• November preliminary Consumer Sentiment & expectations component down (comparable with y/y drop during GFC) before equity market weakness • Off-price apparel trends are poised to slow after cooler weather	• 43-day government shutdown has ended, potentially serving as a tailwind to multiple industries, including retail, aviation, and travel.

Optimal Advisory Multifactor Macro Market Model (projections made based on lagged data in 12 macroeconomic factors, using random split of historical data for model training and testing)

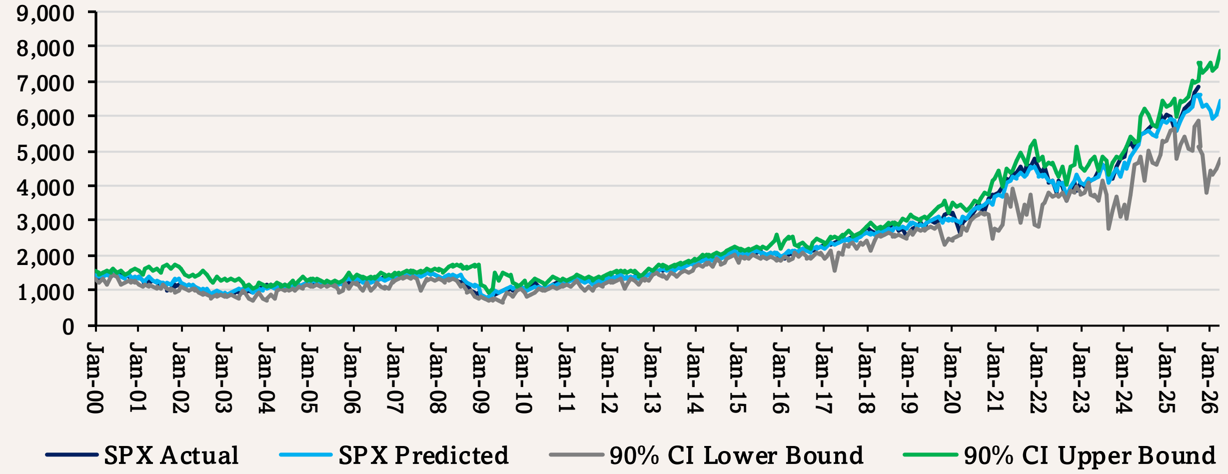
Historical Test Predictions vs. Actual (On Test Data Only)



Actual & Projected S&P 500 (Including Training & Test Data)



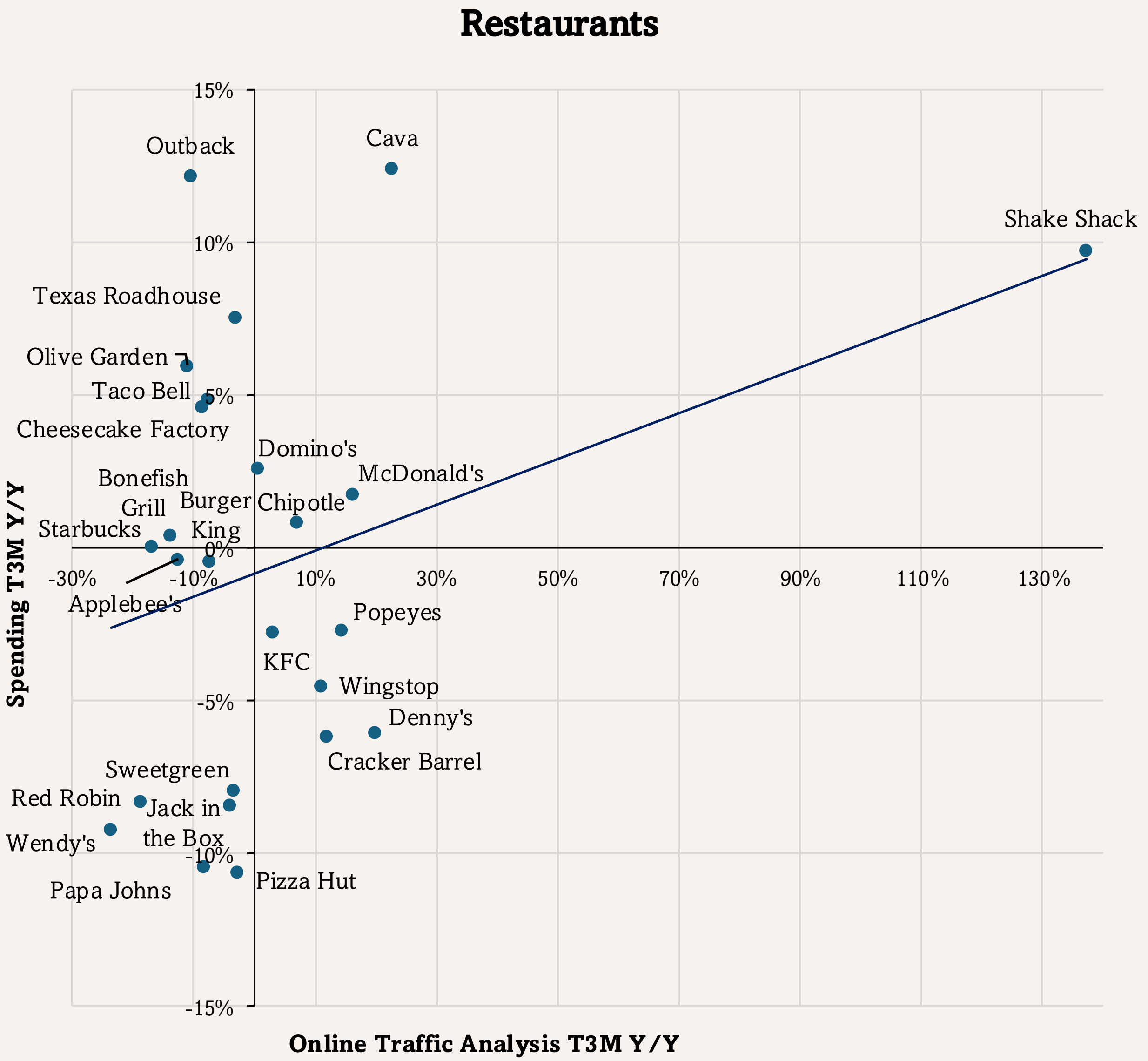
Actual & Projected S&P 500 with Confidence Intervals

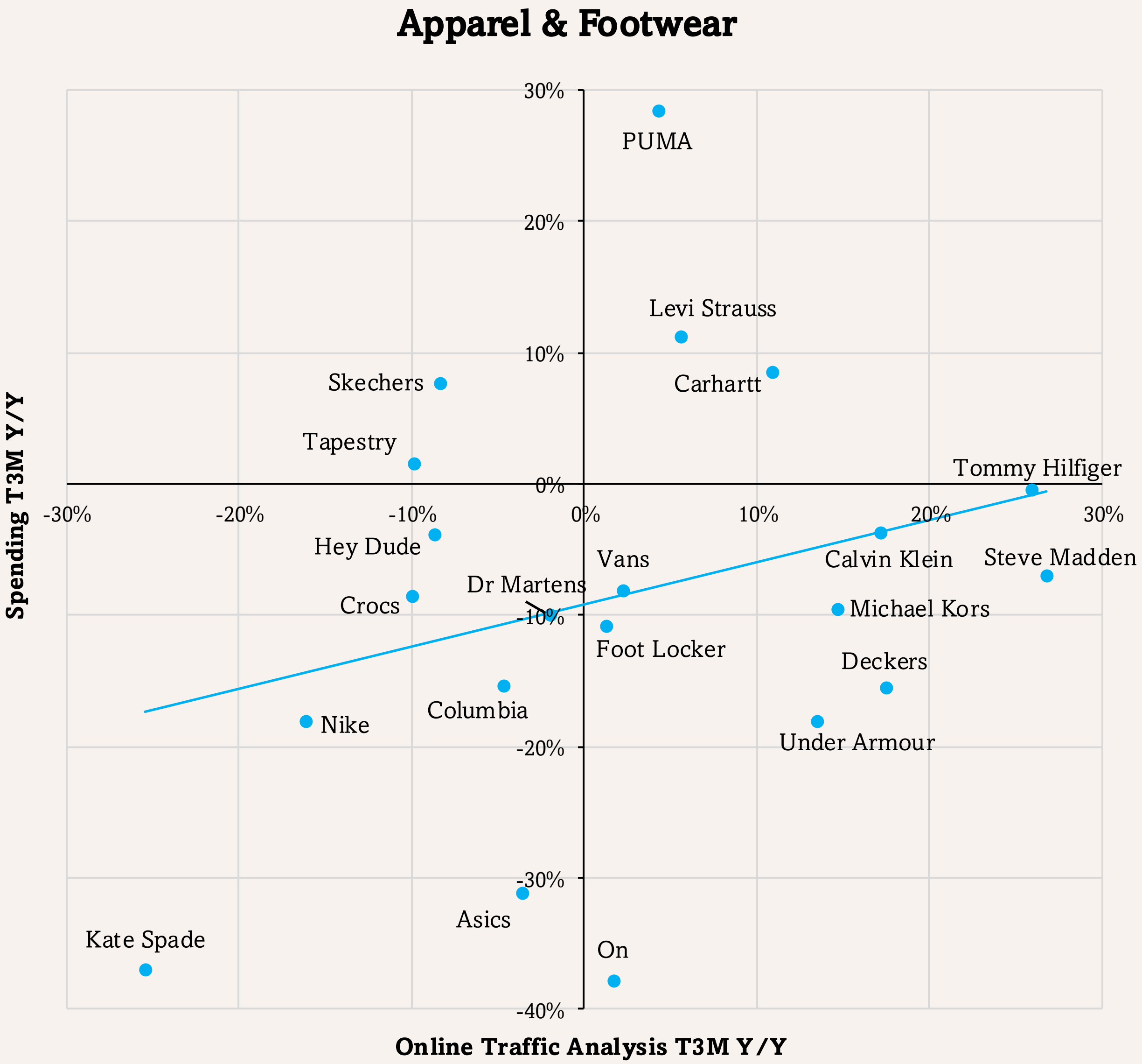


Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, BLS, BEA, OECD, University of Michigan Consumer Sentiment Survey

Attention Economy Inflections

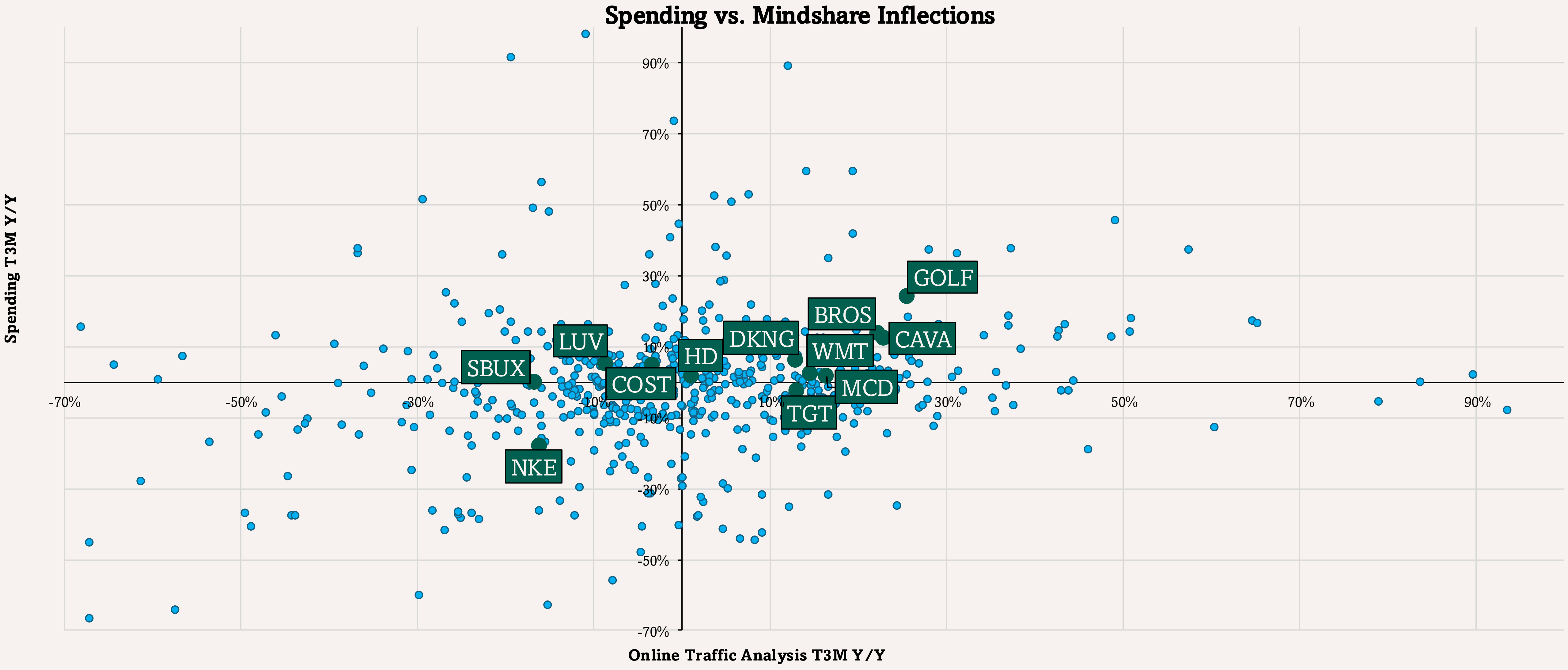
Shake Shack's spending and online traction growth is leading restaurant peers, with traffic running up +137% y/y on a T3M basis, spending running up +10% y/y





Sources: Optimal Advisory Proprietary Analysis, Similarweb, Bloomberg Second Measure

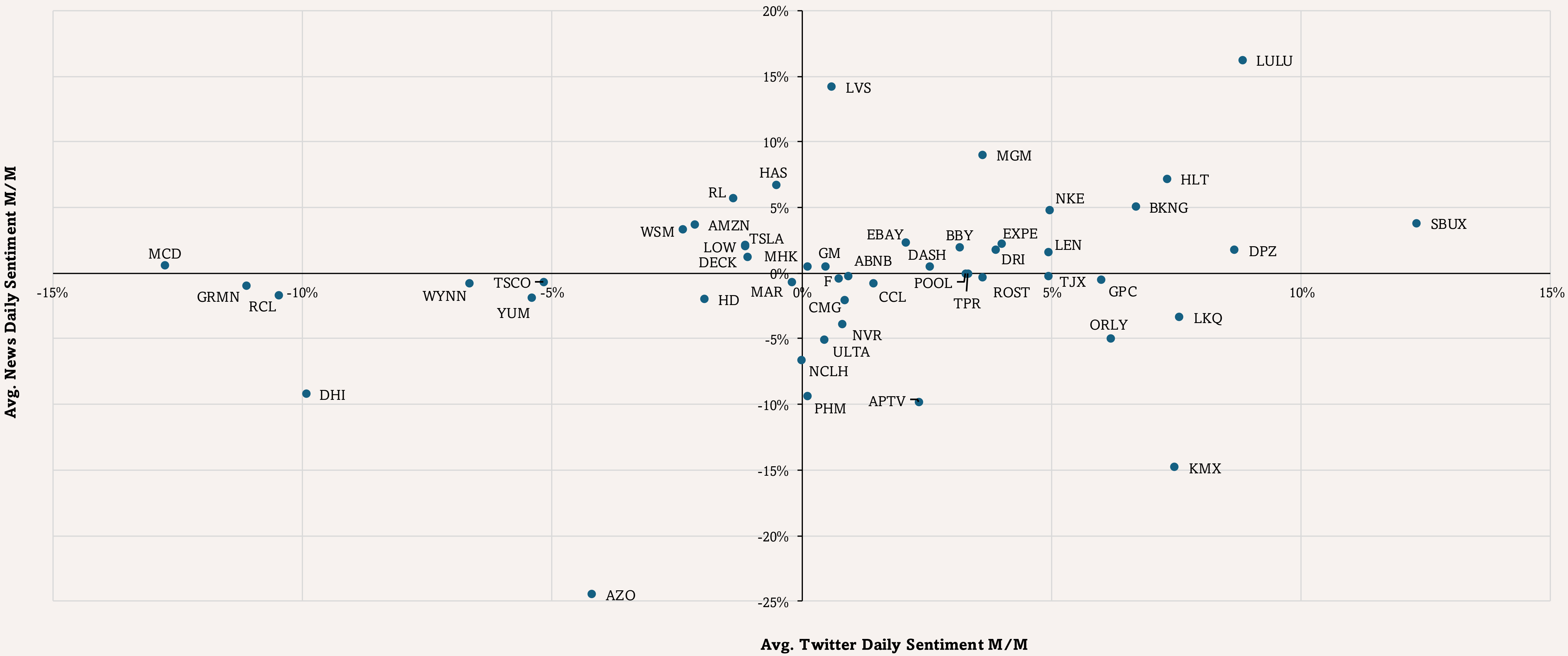
Optimal proprietarily analyzes 800+ public and 10,000+ private companies in real time to unpack brand positioning and changes in consumer behavior



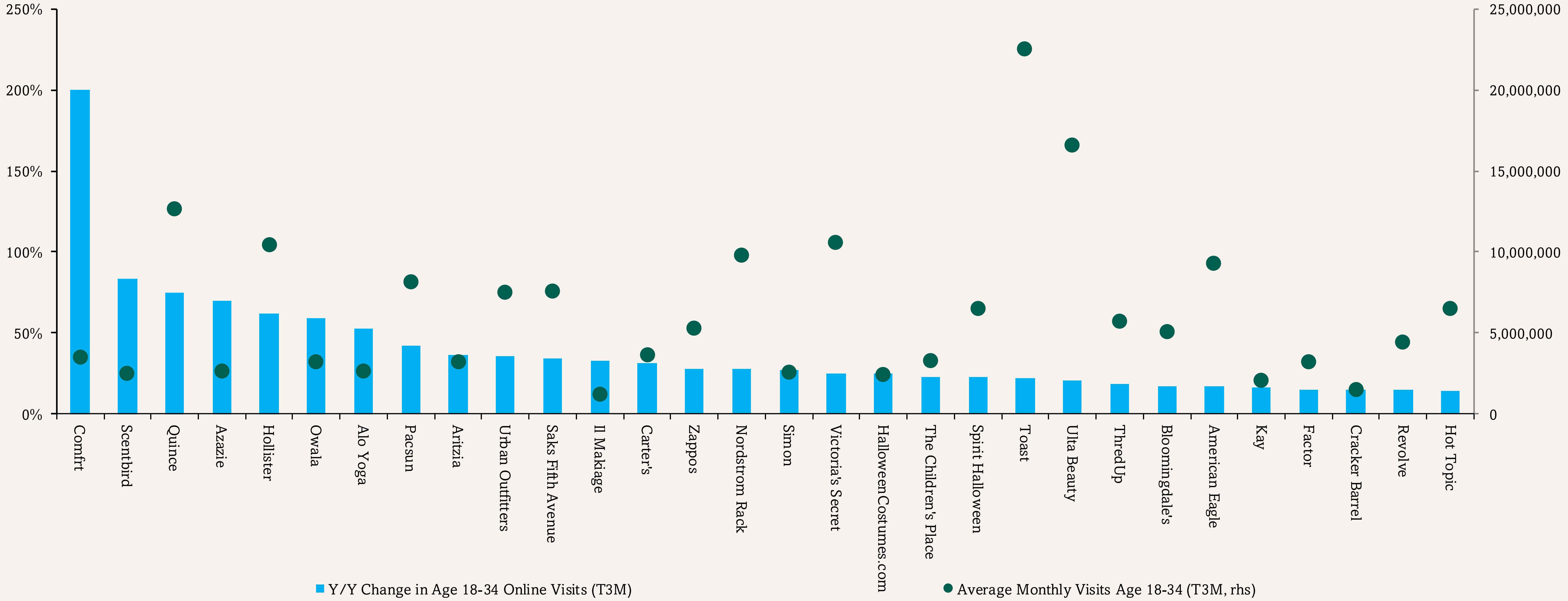
Sources: Optimal Advisory Proprietary Analysis, Similarweb, Bloomberg Second Measure

Twitter & news sentiment has improved m/m for LULU & SBUX while AZO & DHI are seeing m/m declines in both metrics

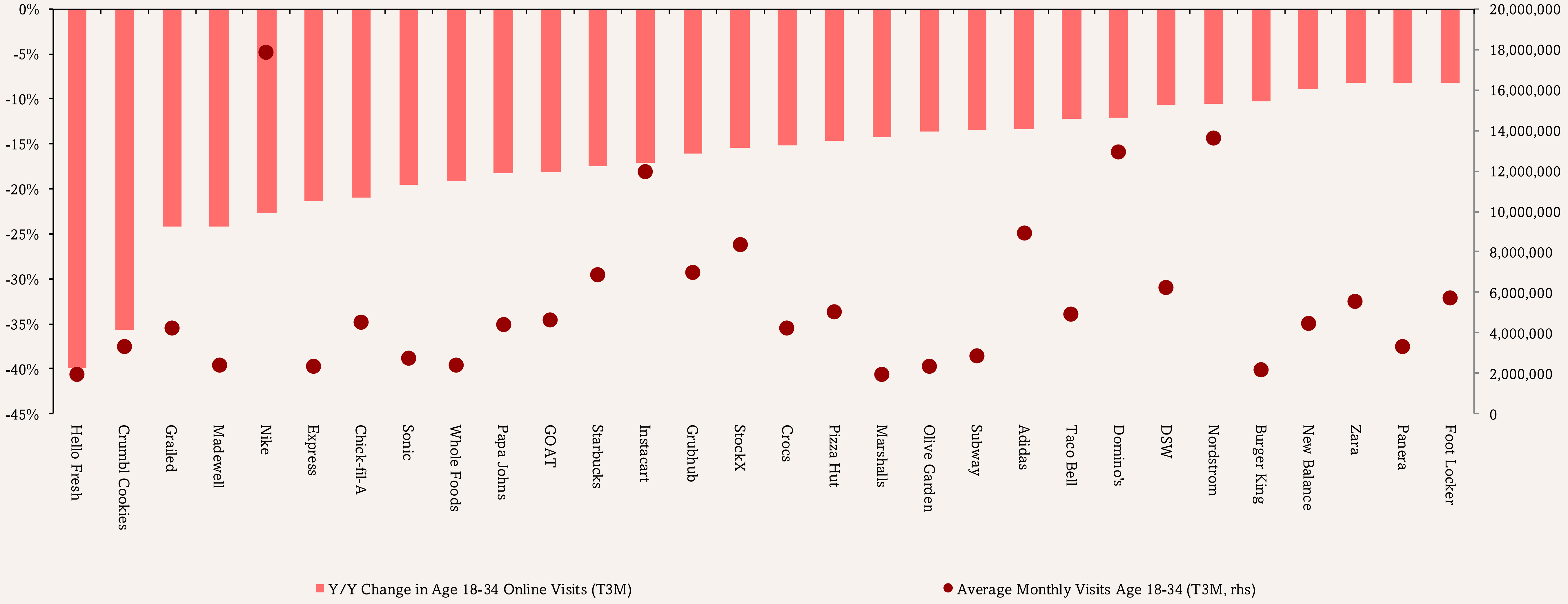
Media Sentiment Analysis



We note digital breakouts for Comfrt, Scentbird, Quince, Azazie, Hollister, Owala, and Alo Yoga among age 18-34 consumers



We note digital breakdowns for Hello Fresh, Crumbl Cookies, Grailed, Madewell, Nike, Express, and Chick-fil-A among age 18-34 consumers



Sources: Optimal Advisory Proprietary Analysis, Similarweb

Proprietary Subsector Spending Analysis

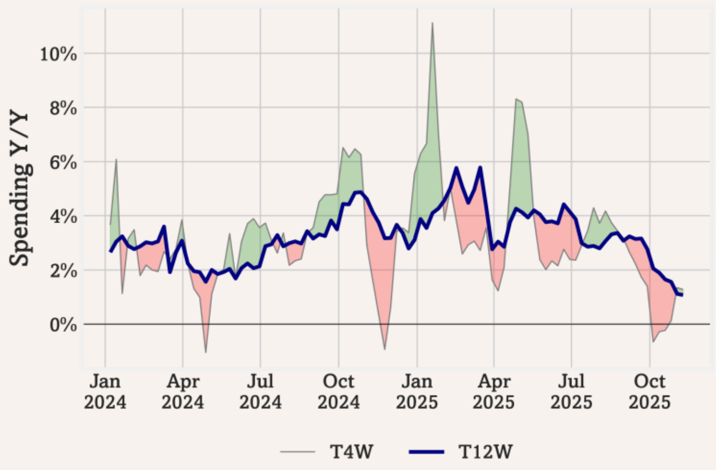
Optimal's proprietary subsector analysis unpacks inflections in consumer spending across the economy

	SALES			TRANSACTION COUNT		AVERAGE TICKET	
Optimal Subsector	T4W Y/Y	T12W Y/Y	Inflection	T4W Y/Y	T12W Y/Y	T4W Y/Y	T12W Y/Y
Broadline Retail	1.3%	1.1%	0.2%	-1.7%	-1.2%	3.0%	2.3%
E-commerce	6.8%	8.2%	-1.4%	6.0%	7.5%	0.7%	0.6%
Consumer Fintech	1.4%	3.3%	-1.9%	0.7%	3.1%	0.8%	0.2%
Grocery	0.9%	0.3%	0.6%	-0.9%	-0.5%	1.8%	0.8%
Home Improvement	-1.9%	0.8%	-2.7%	-2.6%	-1.3%	0.8%	2.1%
Meal Delivery	8.9%	11.2%	-2.3%	6.2%	8.4%	2.6%	2.6%
Ride Share	0.6%	1.5%	-0.9%	-4.4%	-4.0%	5.3%	5.7%
Gas Stations	1.9%	4.6%	-2.7%	2.1%	4.9%	-0.1%	-0.3%
Fast Food	1.1%	1.0%	0.1%	-0.6%	-0.8%	1.8%	1.8%
Discount Retail	4.3%	3.9%	0.4%	2.4%	3.2%	1.9%	0.7%
Pharmacy	-8.0%	-6.8%	-1.2%	-5.7%	-4.6%	-2.4%	-2.3%
Accommodations	-0.6%	-2.2%	1.5%	-0.3%	-1.9%	-0.3%	-0.3%
Cruises	1.8%	-0.7%	2.5%	-4.8%	1.3%	7.0%	-2.0%
Entertainment	5.0%	3.0%	2.0%	-1.1%	-0.5%	6.2%	3.5%
Auto Parts	3.7%	4.7%	-1.0%	-1.2%	0.3%	5.0%	4.4%
Airlines	-6.9%	-4.8%	-2.1%	-5.7%	-5.2%	-1.2%	0.4%
Pet Specialty	-0.9%	0.8%	-1.7%	-0.7%	1.0%	-0.2%	-0.2%
Beauty	-1.0%	4.3%	-5.3%	-3.5%	1.7%	2.6%	2.6%
Luxury	-12.2%	-1.0%	-11.2%	-11.7%	-2.6%	-0.6%	1.6%
Sports Retail	5.1%	3.6%	1.5%	0.6%	0.0%	4.4%	3.6%
Apparel	-4.2%	-6.7%	2.6%	-4.9%	-6.2%	0.8%	-0.6%
Home Furnishings	-4.6%	1.3%	-5.8%	-4.3%	-1.0%	-0.3%	2.4%
Fast Casual	-2.8%	-0.2%	-2.7%	-4.5%	-1.8%	1.7%	1.6%
Casual Dining	-4.4%	-1.6%	-2.8%	-9.7%	-6.9%	5.9%	5.7%
Coffee	-0.2%	1.1%	-1.3%	-0.6%	1.0%	0.4%	0.1%
Department Stores	-2.7%	-1.0%	-1.7%	-4.5%	-2.7%	1.9%	1.8%
Golf	7.2%	9.0%	-1.8%	12.9%	17.0%	-5.1%	-6.8%
Outdoor Recreation	-2.2%	-2.8%	0.6%	-4.0%	-8.0%	1.9%	5.7%
Pizza	-6.4%	-4.8%	-1.6%	-5.9%	-3.8%	-0.5%	-1.0%
Gambling	5.2%	8.6%	-3.4%	17.9%	17.6%	-10.7%	-7.7%

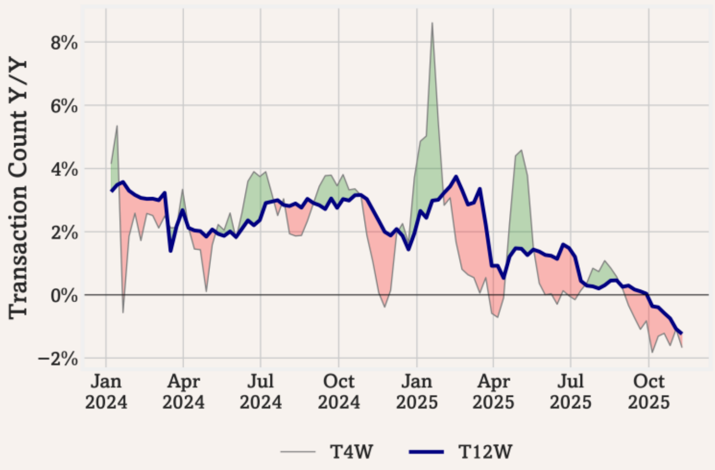
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Broadline retail (including WMT & TGT) transaction counts now negative y/y. Negative inflection across spending, transactions and ticket. E-Commerce transaction counts has been running up y/y since July 2024, driving sales running up 7% y/y over T4W despite negative inflection in ticket

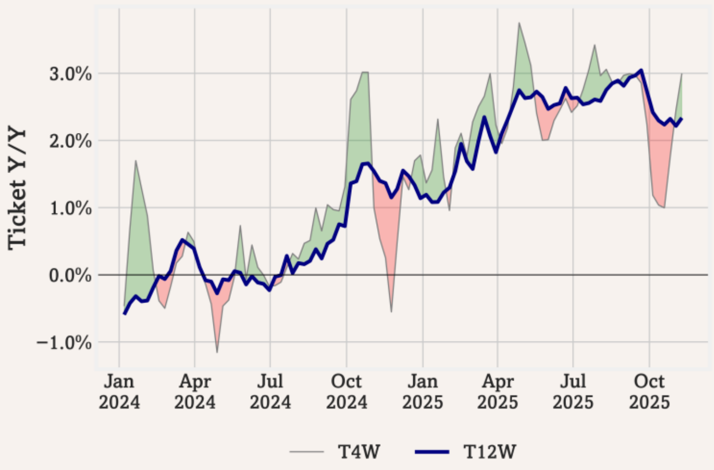
Broadline Retail Spending



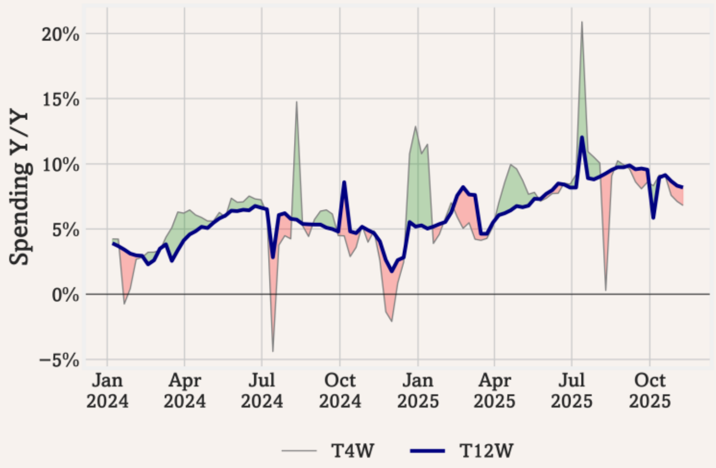
Broadline Retail Transactions



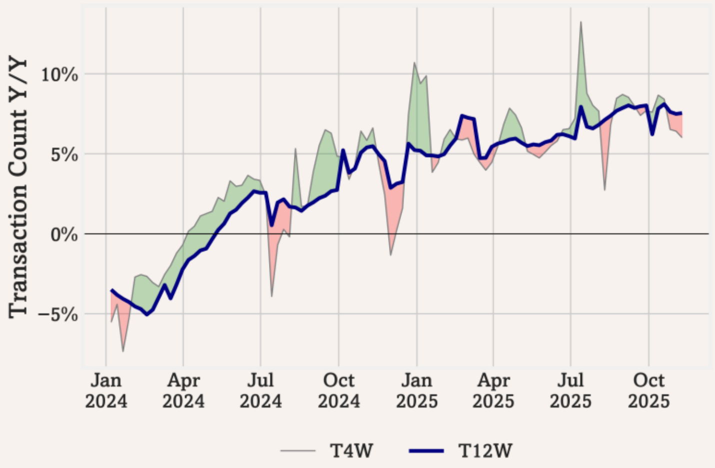
Broadline Retail Ticket



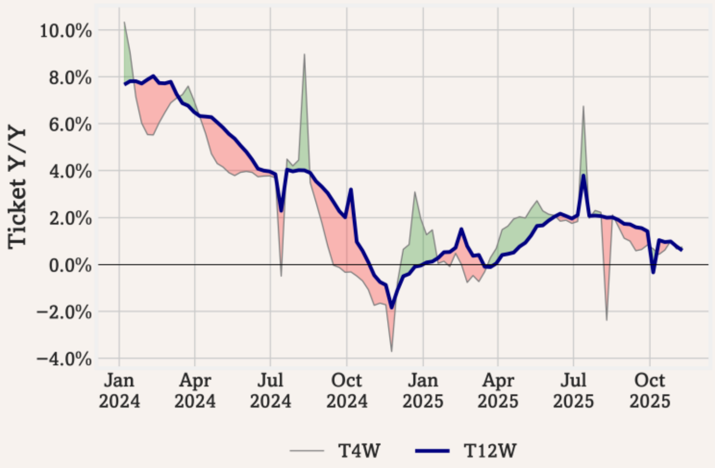
E-Commerce Spending



E-Commerce Transactions



E-Commerce Ticket



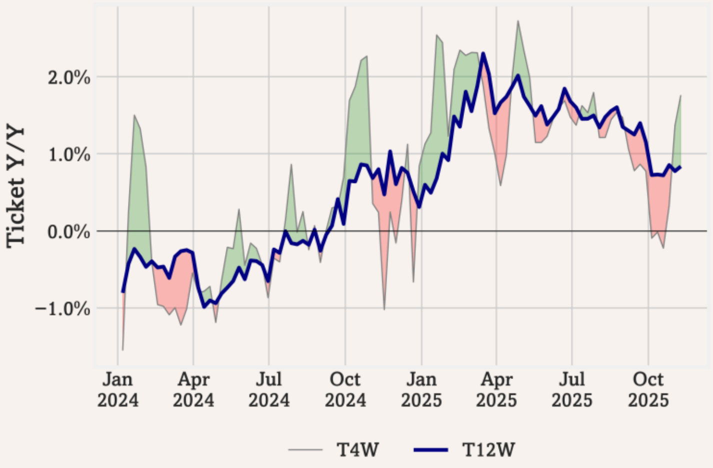
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Spending continues to run up y/y but flattening with transactions now down y/y. Meanwhile, causal dining (including Applebee's, CRBL, & CAKE) spending growth is down y/y due to sharply decelerating transaction counts despite ticket running up 6% y/y

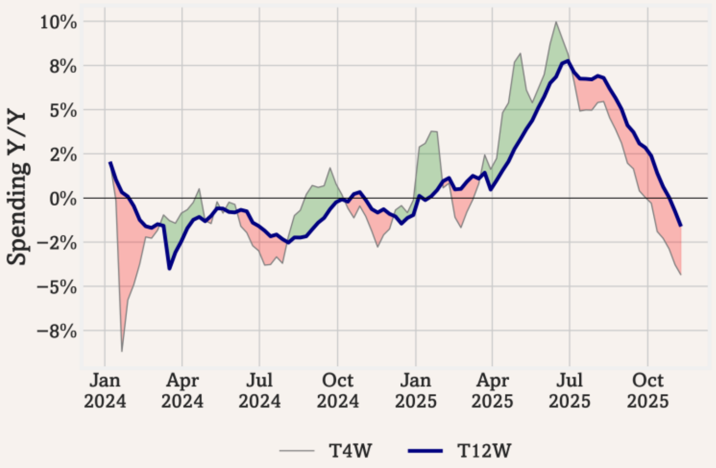
Grocery Spending

Grocery Transactions

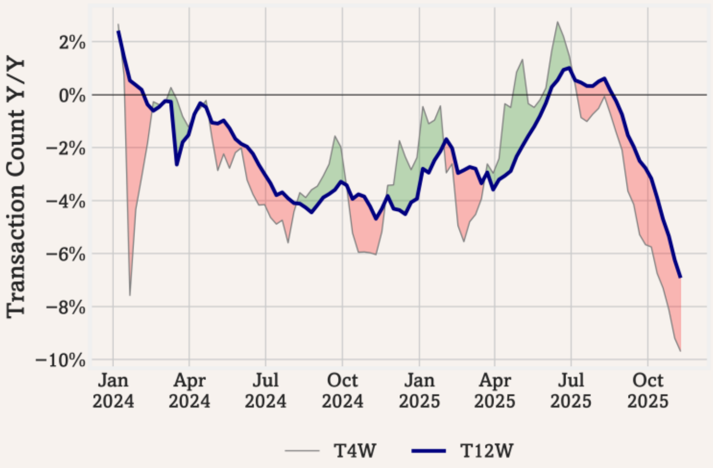
Grocery Ticket



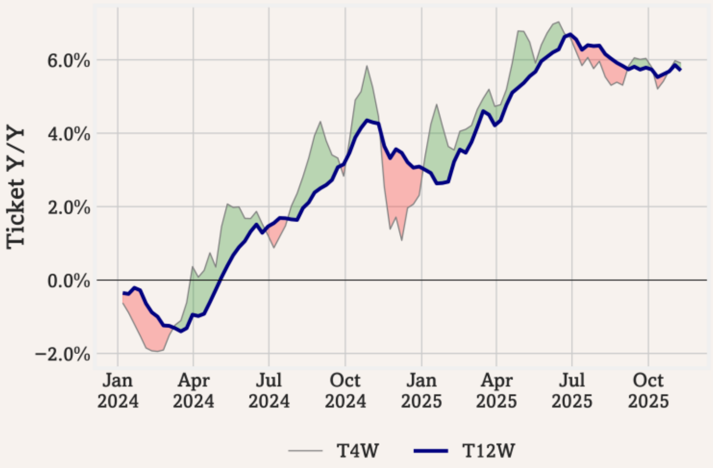
Casual Dining Spending



Casual Dining Transactions



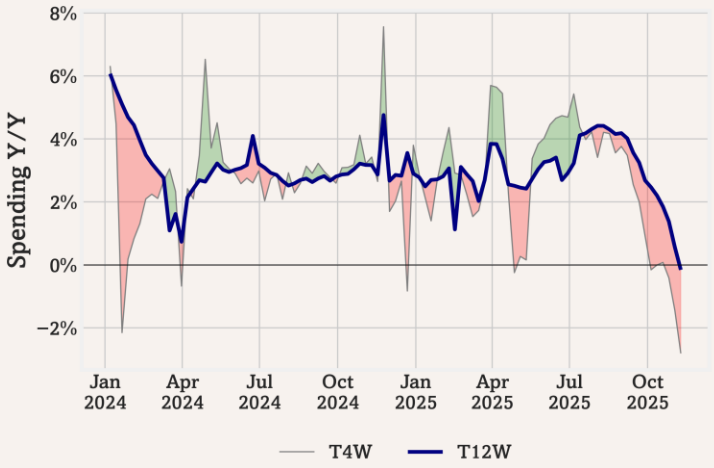
Casual Dining Ticket



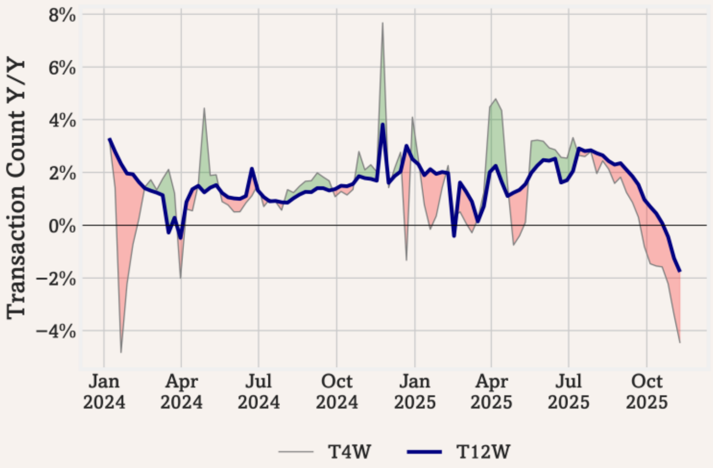
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Fast casual spending sales (including CMG & PNRA) are inflecting negatively driven by transaction counts turning negative y/y on a shorter-term basis. Fast food spending (including MCD, Taco Bell, & Chick-fil-A) continues to run up y/y but transaction counts have turned negative y/y in recent weeks

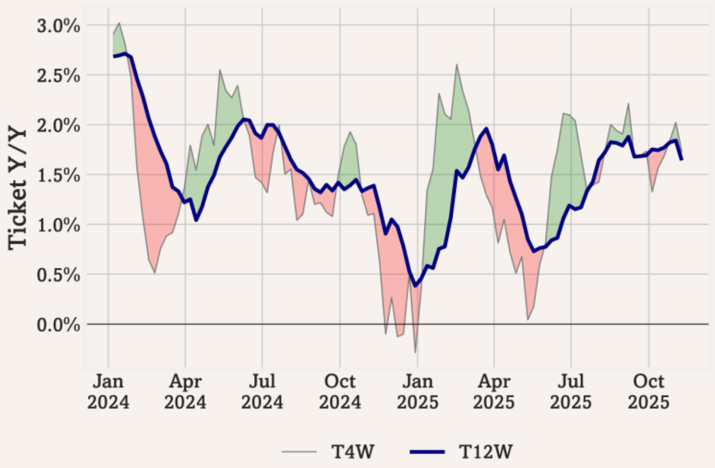
Fast Casual Spending



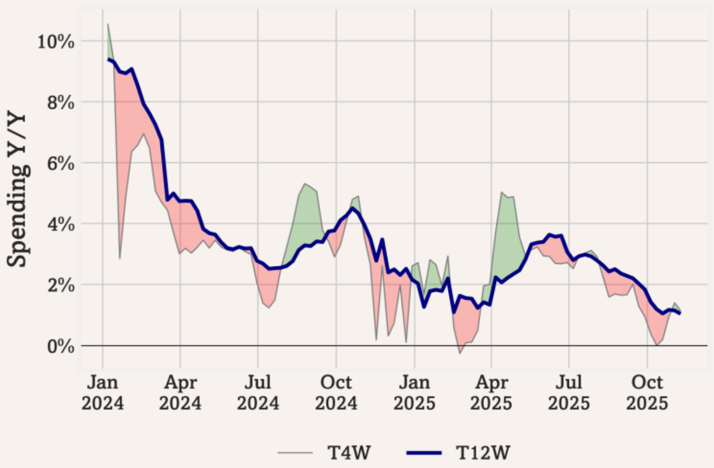
Fast Casual Transactions



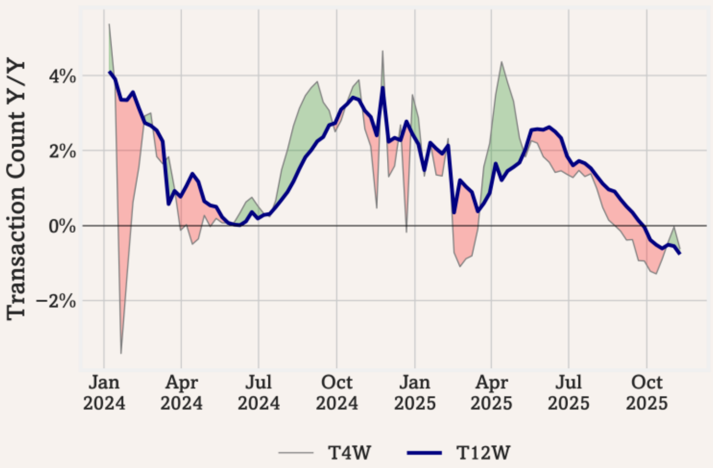
Fast Casual Ticket



Fast Food Spending



Fast Food Transactions

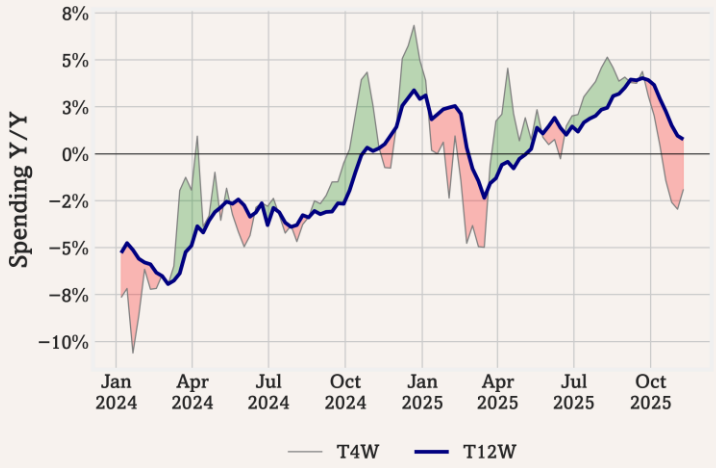


Fast Food Ticket

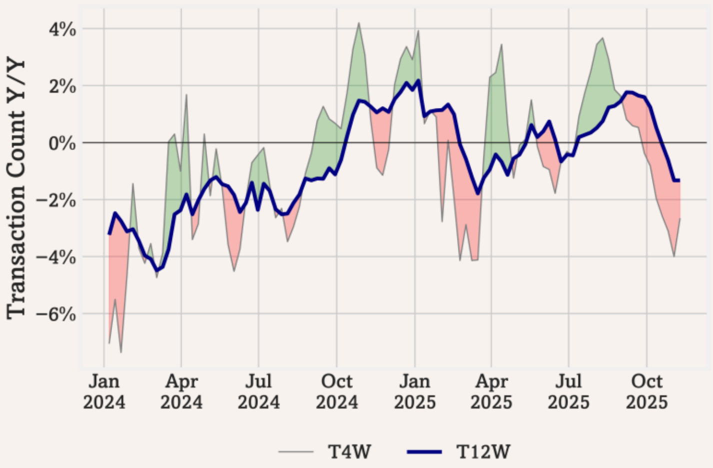
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Home improvement (including HD & LOW) inflecting negatively for both spending and transaction counts with spending now down y/y on a T4W basis. Home furnishing (including HomeGoods & Ikea) transaction counts have moved negative y/y while positive longer-term y/y spend sustained by growing ticket

Home Improvement Spending

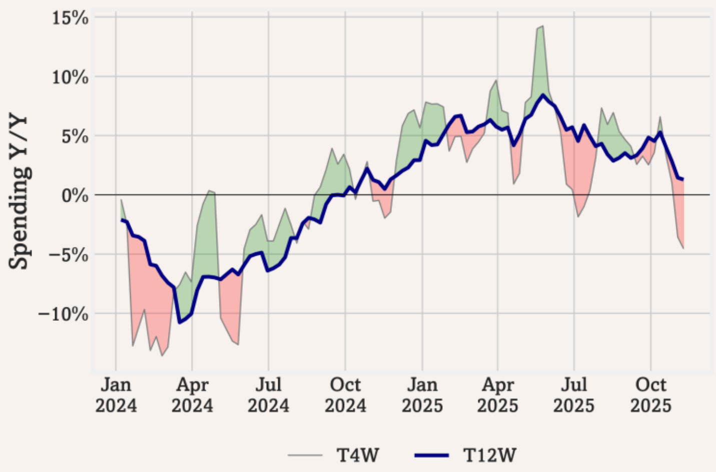


Home Improvement Transactions

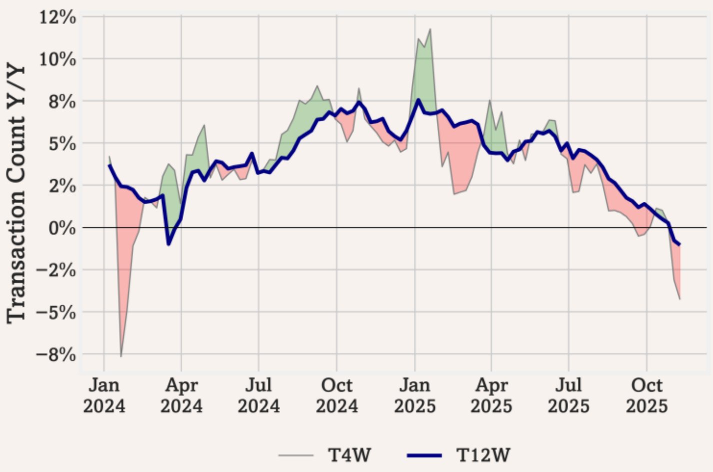


Home Improvement Ticket

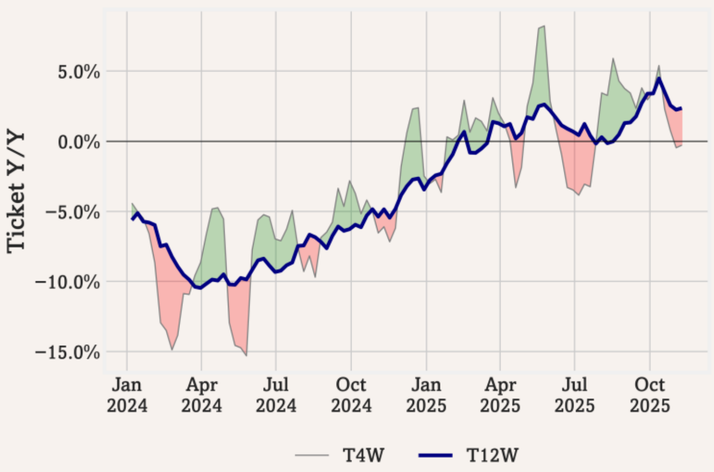
Home Furnishing Spending



Home Furnishings Transactions



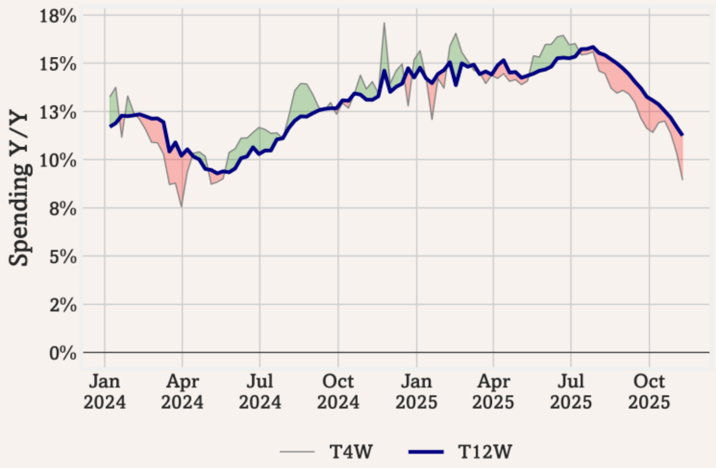
Home Furnishings Ticket



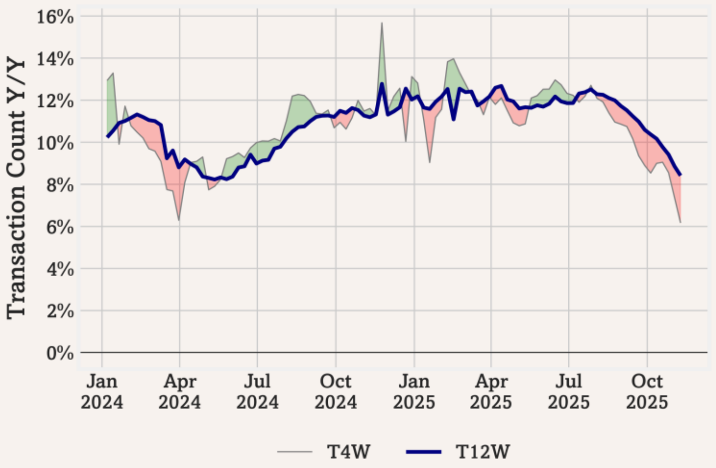
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Meal delivery (DASH, GrubHub, Uber Eats) ticket is sustaining double-digit spending growth despite deceleration in Grubhub spending and transactions. Ride share (UBER & LYFT) spending decline driven by negative inflecting transactions, while ticket continues to run up 5% y/y

Meal Delivery Spending



Meal Delivery Transactions

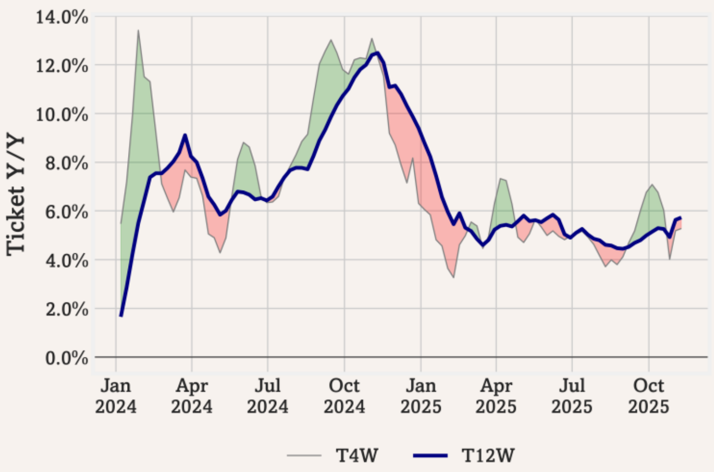


Meal Delivery Ticket

Ride Share Spending

Ride Share Transactions

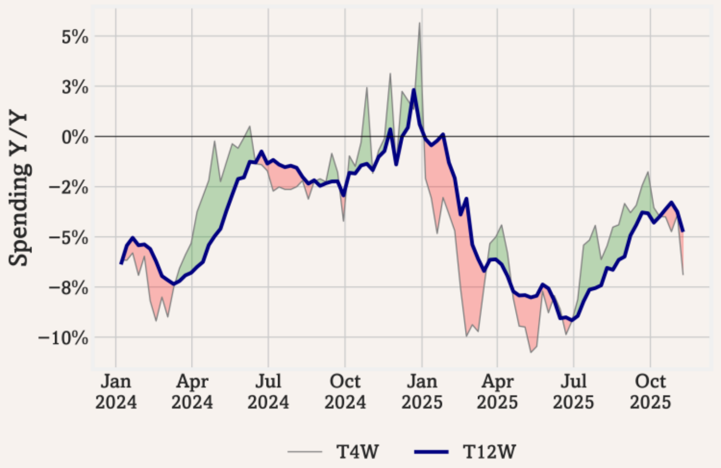
Ride Share Ticket



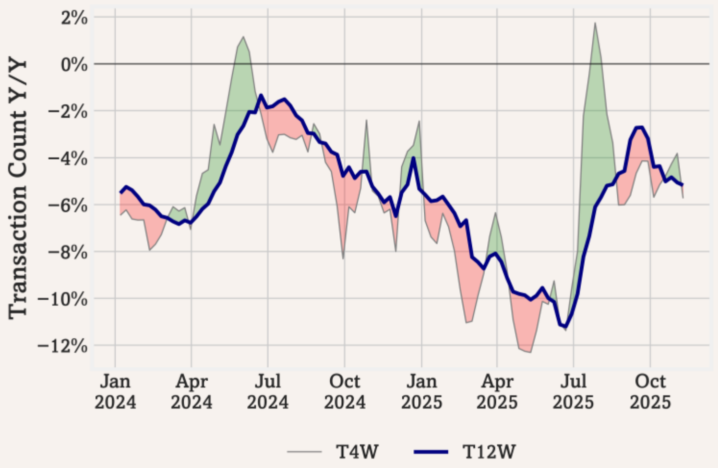
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Airlines (AAL, DAL, LUV, etc.) spending and transaction counts are running down y/y while ticket running flat y/y. Meanwhile, accommodations (ABNB, HLT, EXPE) transaction counts continue to run down y/y, with ticket seemingly a significant driver of overall spend trends

Airlines Spending

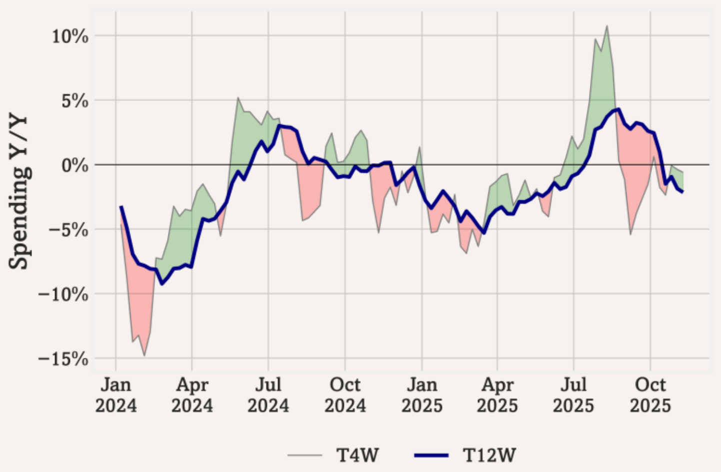


Airlines Transactions

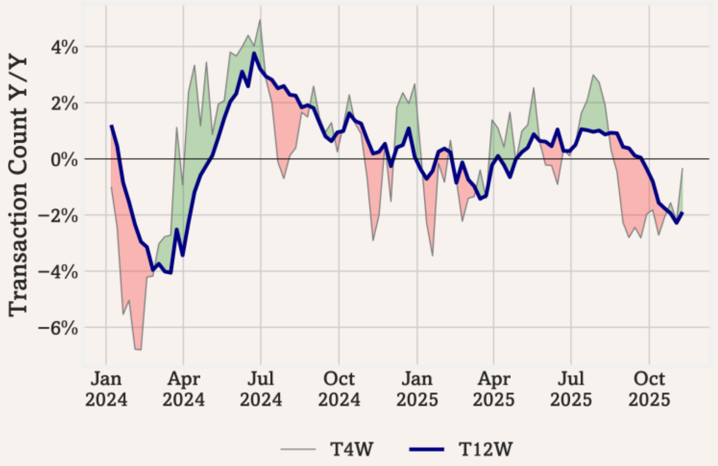


Airlines Ticket

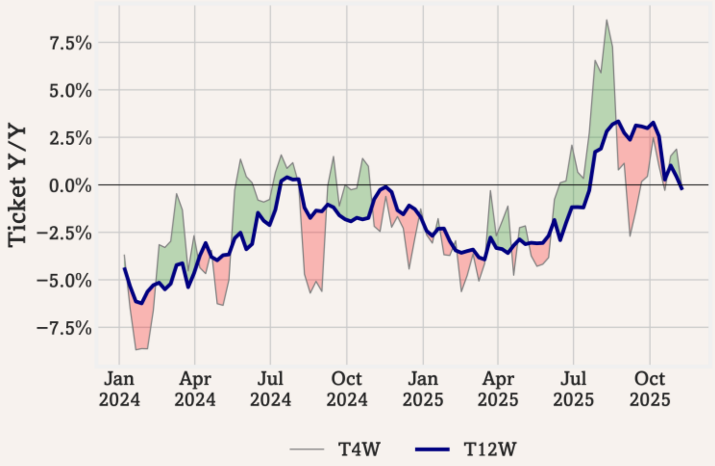
Accommodations Spending



Accommodations Transactions



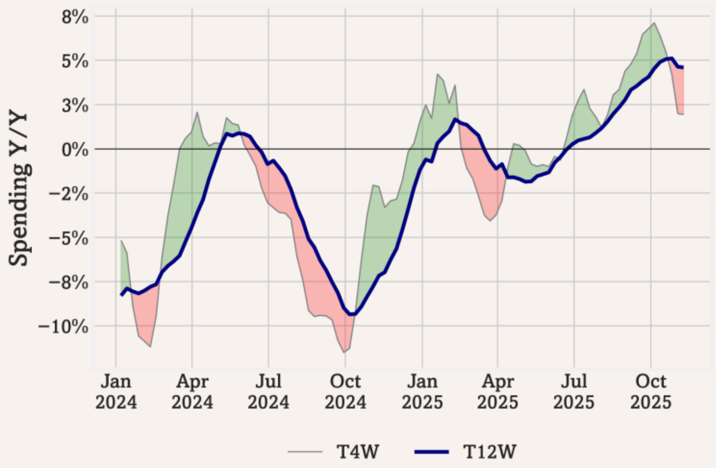
Accommodations Ticket



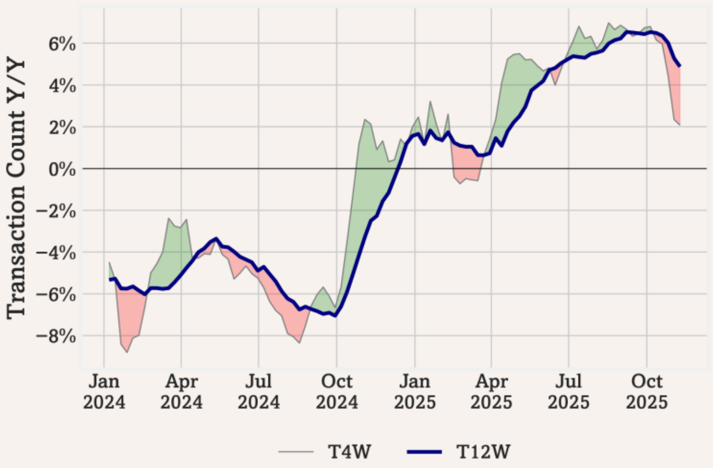
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Gas station spending and transaction count growth is stabilizing and now negatively inflecting, while ticket growth is approaching flat y/y. Auto parts (AZO, ORLY, AAP) ticket growth is at its highest level in 2 years and continues to inflect positively despite deceleration in AAP spending and transaction counts

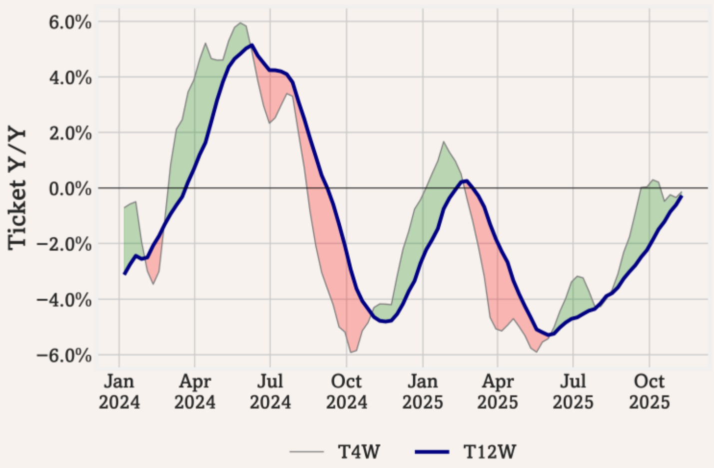
Gas Stations Spending



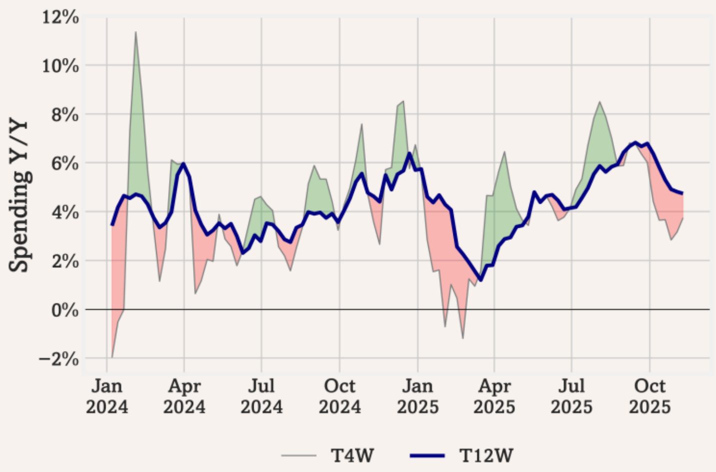
Gas Stations Transactions



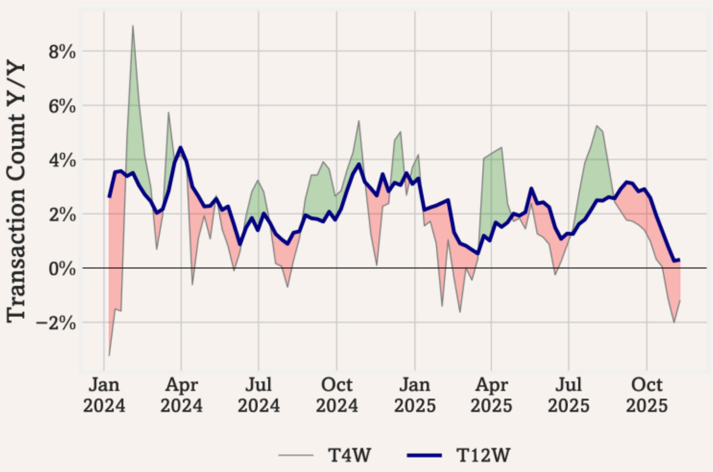
Gas Stations Ticket



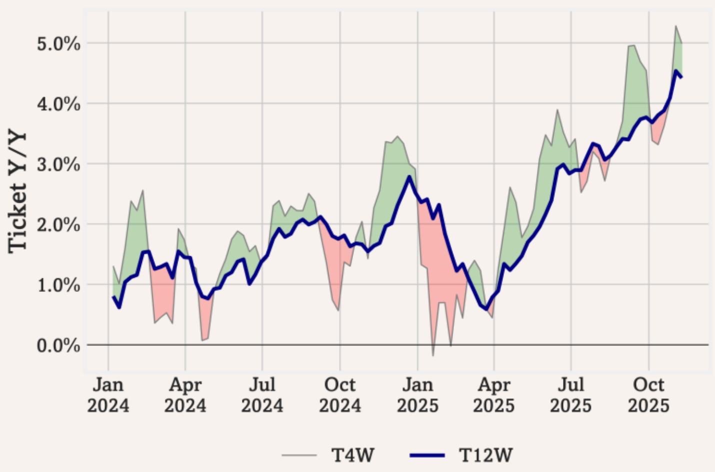
Auto Parts Spending



Auto Parts Transactions



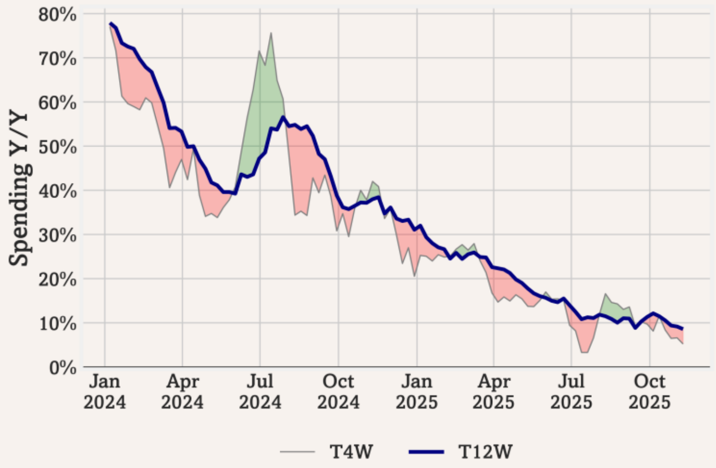
Auto Parts Ticket



Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

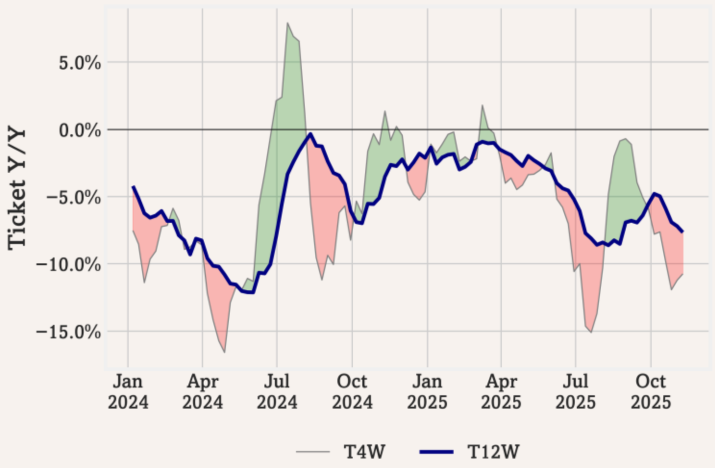
Gambling spending and transaction growth has been stable at around 20% y/y since Spring 2025, following a high transaction growth period in early 2024. Entertainment growth trends are flat y/y despite pickup in Disney+ spending and transaction counts y/y

Gambling Spending

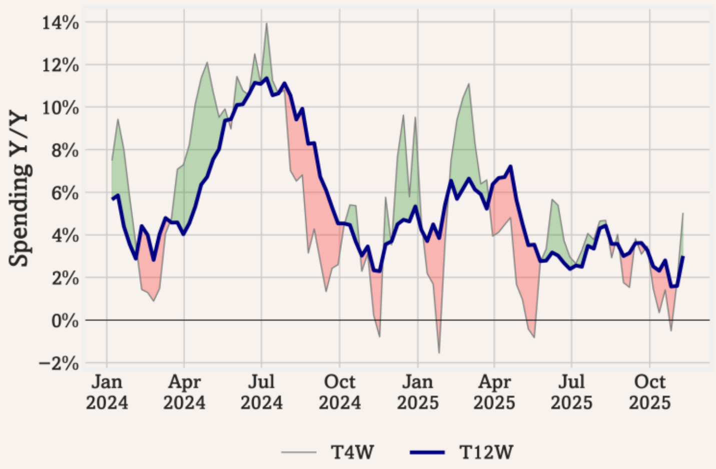


Gambling Transactions

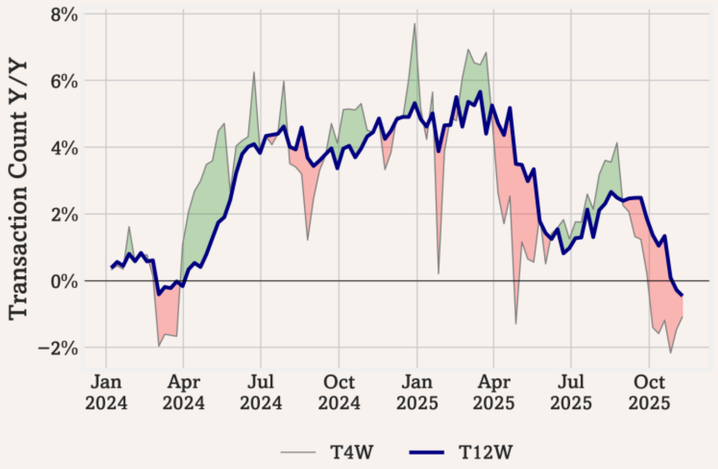
Gambling Ticket



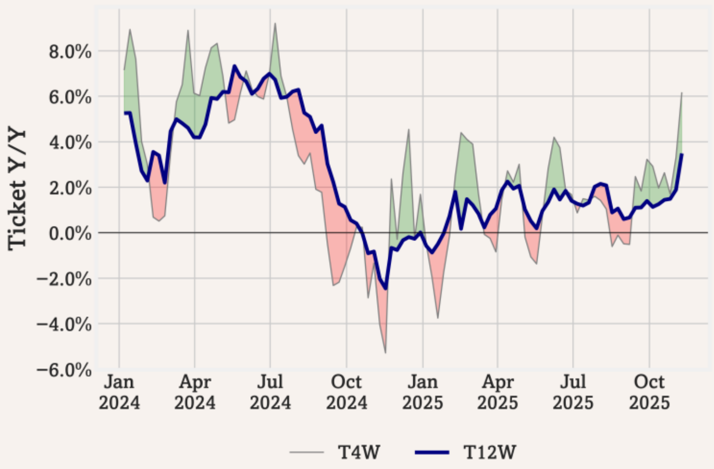
Entertainment Spending



Entertainment Transactions



Entertainment Ticket



Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

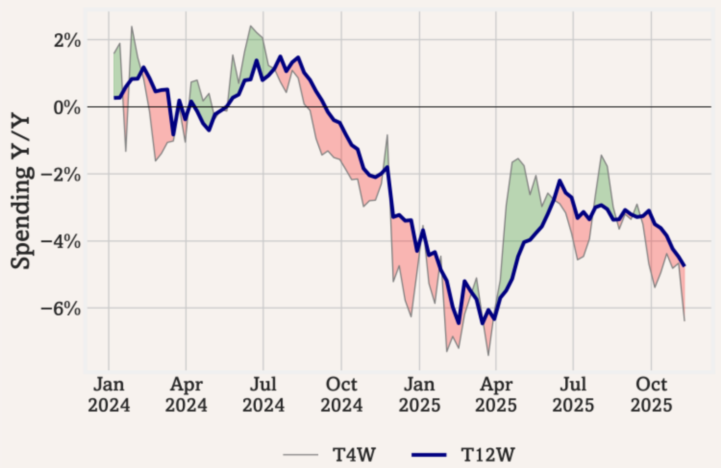
Coffee (SBUX, DNKN, BROS) ticket now flat y/y as both spending and transaction count running up slightly y/y but inflecting negatively. Pizza (including DPZ, Pizza Hut, & PZZA) spending declines driven by transaction declines with both running down y/y

Coffee Spending

Coffee Transactions

Coffee Ticket

Pizza Spending



Pizza Transactions

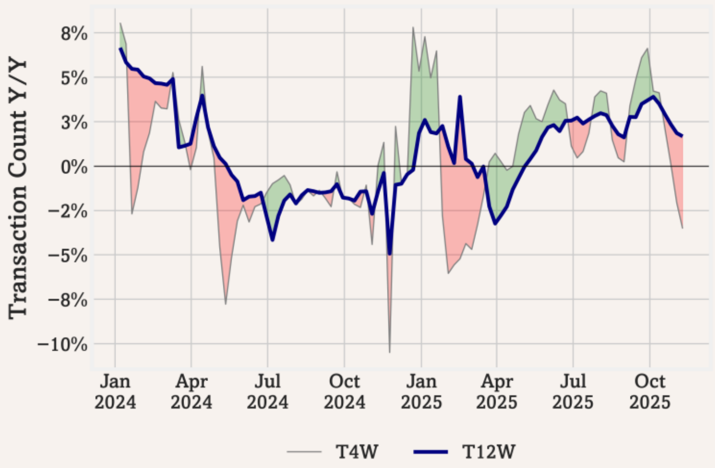
Pizza Ticket

Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

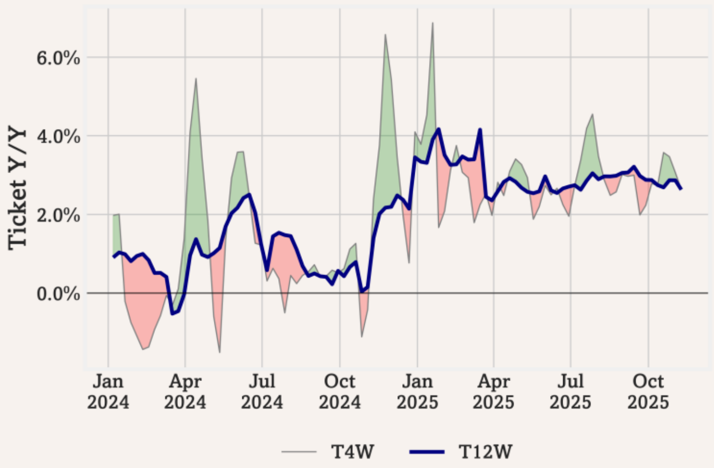
Beauty (including ULTA & Sephora) has seen positive long-term spending and ticket growth since April. Luxury (including Tiffany, Louis Vuitton, & Coach) spending has run up since last December. Following a brief pickup in spending and transaction growth in September, luxury is now running flat y/y

Beauty Spending

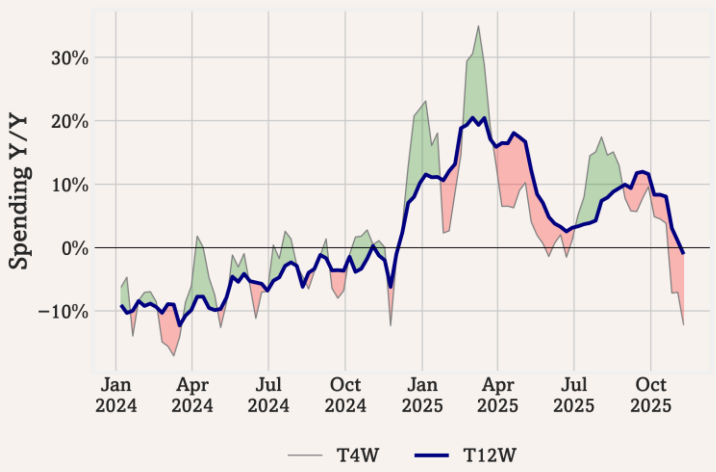
Beauty Transactions



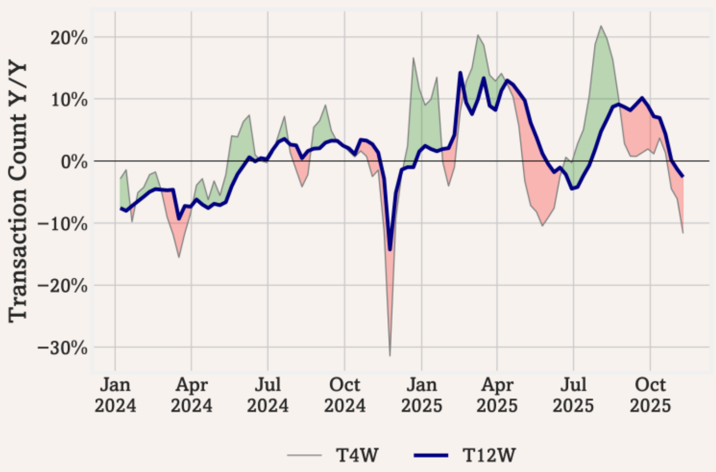
Beauty Ticket



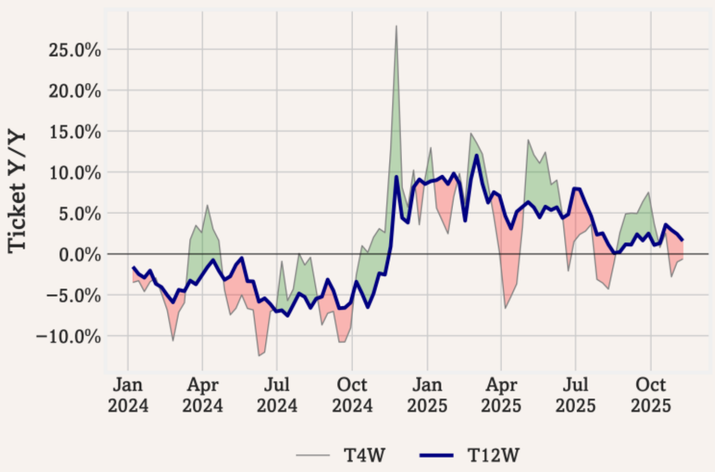
Luxury Spending



Luxury Transactions



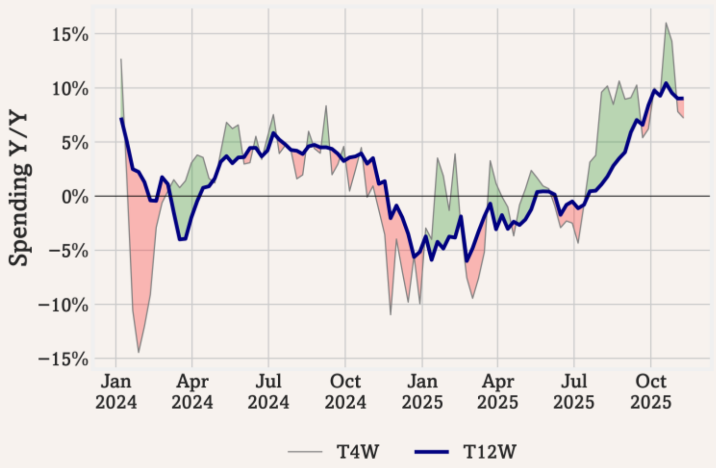
Luxury Ticket



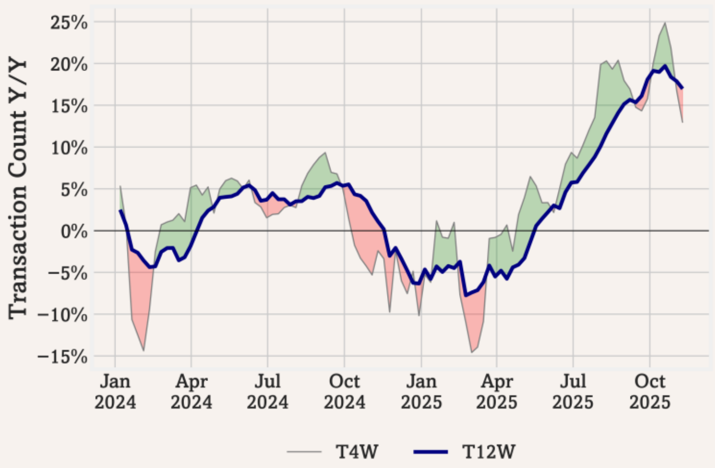
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Golf spending continues to run up y/y, driven by higher traffic and discounted pricing at Topgolf. Spending and transaction counts at Titleist & Vokey Designs (although not nominally large) are running up significantly

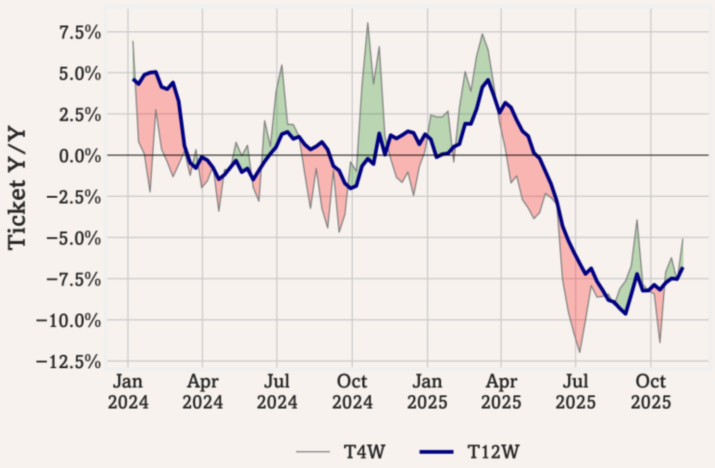
Golf Spending



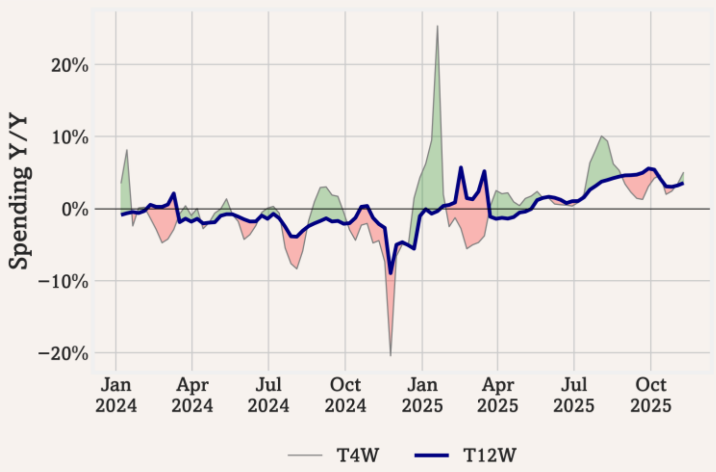
Golf Transactions



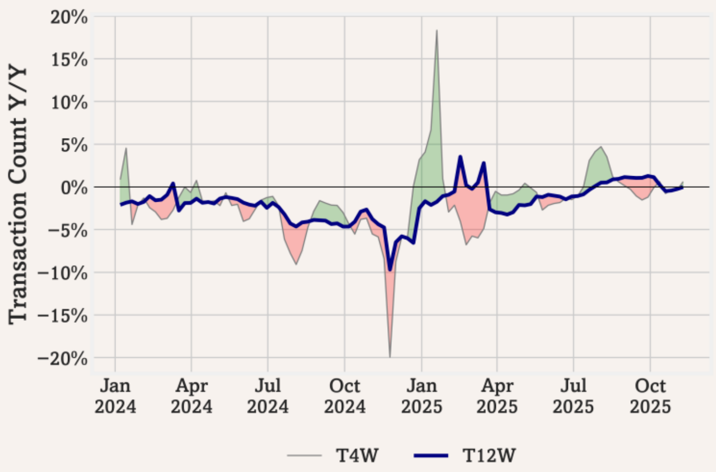
Golf Ticket



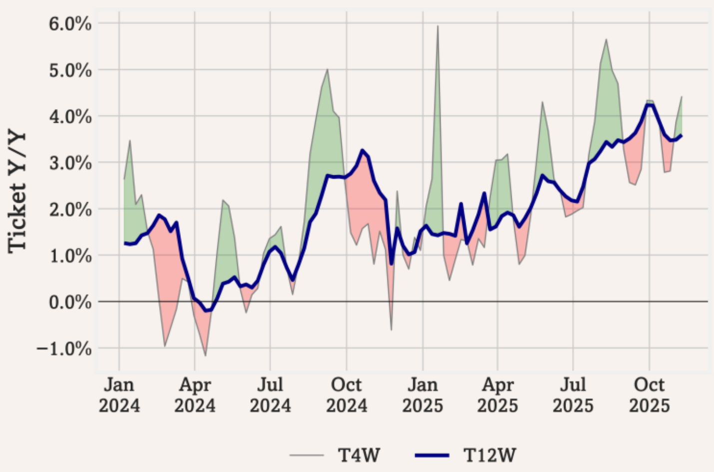
Sports Retail Spending



Sports Retail Transactions



Sports Retail Ticket



Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Valuation Snapshot

Retail Comps

Ticker	Name	3 Yr Stock Price Performance	Stock Price	Market Cap ($B)	EV / EBITDA CY	EV / EBITDA FY1	EV / EBITDA FY2	P / S	P / S FY1	P / S FY2
WMT	Walmart Inc		$101.87	$821.92	19.8	19.8	18.1	1.2	1.2	1.1
COST	Costco Wholesale Corp		$902.45	$404.70	30.4	28.3	26.0	1.5	1.4	1.3
HD	Home Depot Inc		$345.69	$369.52	15.9	16.9	15.9	2.3	2.2	2.2
TJX	TJX Cos Inc		$146.25	$163.95	18.1	21.6	19.8	2.9	2.7	2.6
LOW	Lowe's Cos Inc		$222.06	$131.89	12.6	13.4	12.5	1.6	1.5	1.5
ROST	Ross Stores Inc		$160.99	$52.80	14.1	17.5	16.3	2.5	2.4	2.3
TGT	Target Corp		$88.98	$41.70	6.3	7.3	7.1	0.4	0.4	0.4
TSCO	Tractor Supply Co		$53.62	$29.56	14.5	17.5	16.1	2.0	1.9	1.8
WSM	Williams-Sonoma Inc		$179.71	$23.49	12.2	14.8	14.3	3.0	3.0	2.9
DG	Dollar General Corp		$103.54	$22.97	8.5	12.7	11.9	0.6	0.5	0.5
DKS	Dick's Sporting Goods Inc		$210.22	$20.16	9.4	11.6	10.7	1.5	1.4	1.3
DLTR	Dollar Tree Inc		$102.18	$21.53	9.3	12.4	11.3	1.2	1.1	1.0
BURL	Burlington Stores Inc		$276.45	$18.15	13.5	18.9	16.3	1.7	1.6	1.4
BBY	Best Buy Co Inc		$74.03	$16.38	6.6	7.3	7.2	0.4	0.4	0.4
DECK	Deckers Outdoor Corp		$83.27	$12.37	8.6	9.2	8.8	2.5	2.3	2.1
BJ	BJ's Wholesale Club Holdings I		$92.21	$12.27	10.6	12.9	11.8	0.6	0.6	0.5
GME	GameStop Corp		$20.36	$9.58	19.2	14.1	14.3	2.5	2.3	2.2
FIVE	Five Below Inc		$149.35	$8.45	12.2	17.6	16.0	2.2	1.9	1.7
OLLI	Ollie's Bargain Outlet Holding		$123.52	$7.82	20.0	22.4	19.5	3.4	3.0	2.6
URBN	Urban Outfitters Inc		$61.68	$5.68	6.8	8.1	7.4	1.0	0.9	0.9
BBWI	Bath & Body Works Inc		$21.23	$4.60	5.1	6.3	6.1	0.6	0.6	0.6
M	Macy's Inc		$19.40	$5.55	4.8	5.9	5.9	0.2	0.3	0.3
SIG	Signet Jewelers Ltd		$93.85	$4.35	8.1	7.9	7.5	0.6	0.6	0.6
ASO	Academy Sports & Outdoors Inc		$42.09	$3.03	5.2	6.9	6.5	0.5	0.5	0.5
KSS	Kohl's Corp		$16.06	$2.04	6.0	7.8	7.9	0.1	0.1	0.1

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Autos Comps – Brands, Repairs, Dealers

Ticker	Name	3 Yr Stock Price Performance	Stock Price	Market Cap ($B)	EV / EBITDA CY	EV / EBITDA FY1	EV / EBITDA FY2	P / S	P / S FY1	P / S FY2
TSLA	Tesla Inc		$404.69	$1,434.56	100.9	109.4	93.3	14.7	15.0	13.1
ORLY	O'Reilly Automotive Inc		$99.11	$83.29	22.1	23.0	21.4	5.0	4.7	4.4
CVNA	Carvana Co		$319.98	$69.50	54.2	32.9	25.2	5.1	3.5	2.8
AZO	AutoZone Inc		$3,820.96	$62.87	16.0	16.9	15.1	3.3	3.1	2.9
GM	General Motors Co		$67.90	$67.33	2.5	3.5	3.4	0.4	0.4	0.4
F	Ford Motor Co		$13.00	$53.41	3.2	4.0	3.5	0.3	0.3	0.3
GPC	Genuine Parts Co		$126.91	$17.82	11.4	11.6	10.7	0.8	0.7	0.7
RIVN	Rivian Automotive Inc		$14.95	$20.97	-5.6	-9.5	-11.5	4.2	3.9	3.1
PAG	Penske Automotive Group Inc		$157.13	$10.56	10.7	12.7	12.9	0.3	0.3	0.3
AN	AutoNation Inc		$196.04	$7.09	10.4	10.7	10.4	0.3	0.3	0.2
LAD	Lithia Motors Inc		$293.04	$7.27	9.8	10.9	10.5	0.2	0.2	0.2
LCID	Lucid Group Inc		$12.55	$5.18	-2.7	-2.9	-3.8	6.4	4.0	2.1
KMX	CarMax Inc		$33.37	$5.08	6.1	7.1	6.8	0.2	0.2	0.2
GPI	Group 1 Automotive Inc		$393.24	$4.98	10.0	10.4	9.7	0.2	0.2	0.2
ABG	Asbury Automotive Group Inc		$218.68	$4.36	10.9	10.0	9.8	0.3	0.2	0.2
VVV	Valvoline Inc		$31.18	$4.08	10.6	11.6	10.1	2.5	2.4	2.1
AAP	Advance Auto Parts Inc		$49.17	$3.07	43.0	11.7	8.7	0.3	0.4	0.4
HOG	Harley-Davidson Inc		$23.76	$2.96	11.0	10.2	16.8	0.6	0.8	0.8

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Apparel & Golf Brand Comps

Ticker	Name	3 Yr Stock Price Performance	Stock Price	Market Cap ($B)	EV / EBITDA CY	EV / EBITDA FY1	EV / EBITDA FY2	P / S	P / S FY1	P / S FY2
NKE	NIKE Inc		$62.27	$95.53	19.1	26.3	19.1	2.1	2.0	1.9
TPR	Tapestry Inc		$101.88	$21.34	26.9	14.7	13.5	3.0	2.9	2.8
LULU	Lululemon Athletica Inc		$162.86	$20.32	6.4	7.8	7.9	1.9	1.9	1.8
RL	Ralph Lauren Corp		$325.60	$20.69	15.3	15.4	14.2	2.9	2.7	2.5
AS	Amer Sports Inc		$33.06	$17.33	25.0	16.9	14.3	3.3	2.7	2.3
ONON	On Holding AG		$41.85	$13.66	37.7	20.7	16.3	5.2	3.7	3.0
BIRK	Birkenstock Holding Plc		$23.90	$7.65	15.1	11.7	10.2	3.9	3.2	2.8
GAP	Gap Inc		$14.55	$9.19	4.9	7.9	7.6	0.6	0.6	0.6
VFC	VF Corp		$171.29	$6.06	12.0	13.4	12.5	0.6	0.6	0.6
BOOT	Boot Barn Holdings Inc		$70.08	$5.53	15.6	16.5	14.6	2.9	2.5	2.2
KTB	Kontoor Brands Inc		$77.32	$4.07	13.2	11.2	10.3	1.6	1.3	1.2
CROX	Crocs Inc		$73.86	$3.90	4.6	5.7	6.0	1.0	1.0	1.0
PVH	PVH Corp		$55.61	$3.84	5.5	7.5	7.4	0.4	0.4	0.4
BKE	Buckle Inc		$51.33	$2.91	8.1	10.4	9.8	2.4	2.2	2.2
COLM	Columbia Sportswear Co		$17.43	$2.87	7.4	11.2	10.2	0.9	0.9	0.8
AEO	American Eagle Outfitters Inc		$6.59	$3.04	4.7	10.2	9.0	0.6	0.6	0.6
HBI	Hanesbrands Inc		$37.12	$2.35	17.5	8.7	9.0	0.7	0.7	0.7
SHOO	Steven Madden Ltd		$34.28	$2.86	11.3	16.6	13.0	1.3	1.1	1.0
VSCO	Victoria's Secret & Co		$4.07	$2.87	5.7	10.4	10.3	0.5	0.4	0.4
UA	Under Armour Inc		$15.05	$2.00	31.1	16.8	13.5	0.4	0.4	0.4
WWW	Wolverine World Wide Inc		$29.46	$1.32	13.3	10.5	10.2	0.8	0.7	0.7
CRI	Carter's Inc		$16.91	$1.23	4.5	9.8	11.4	0.4	0.4	0.4
GES	Guess? Inc		$78.99	$0.88	4.9	10.5	9.7	0.3	0.3	0.3
GOLF	Acushnet Holdings Corp		$10.46	$4.75	14.5	13.7	13.5	1.9	1.9	1.8
MODG	Topgolf Callaway Brands Corp		$10.76	$1.98	-6.9	11.3	11.2	0.5	0.5	0.5

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Restaurant Comps

Ticker	Name	3 Yr Stock Price Performance	Stock Price	Market Cap ($B)	EV / EBITDA CY	EV / EBITDA FY1	EV / EBITDA FY2	P / S	P / S FY1	P / S FY2
MCD	McDonald's Corp		$305.47	$218.44	17.7	18.6	17.4	8.4	8.2	7.8
DASH	DoorDash Inc		$209.45	$85.24	133.7	30.1	22.9	7.9	6.2	4.8
SBUX	Starbucks Corp		$83.20	$100.44	26.3	21.2	18.1	2.7	2.6	2.4
CMG	Chipotle Mexican Grill Inc		$30.68	$41.27	16.4	19.3	18.2	3.6	3.5	3.2
YUM	Yum! Brands Inc		$148.61	$41.67	19.9	18.5	17.1	5.5	5.1	4.7
QSR	Restaurant Brands International		$67.55	$31.49	20.3	15.7	14.6	3.7	3.4	3.2
DRI	Darden Restaurants Inc		$171.86	$20.35	12.3	13.0	12.4	1.7	1.6	1.5
DPZ	Domino's Pizza Inc		$405.40	$13.64	18.3	17.9	16.6	2.9	2.8	2.6
TXRH	Texas Roadhouse Inc		$170.77	$11.11	15.4	16.8	15.9	2.1	1.9	1.7
BROS	Dutch Bros Inc		$51.17	$9.50	36.9	36.3	28.8	7.4	5.9	4.7
CAVA	Cava Group Inc		$45.37	$5.68	35.9	38.2	31.6	5.9	4.9	4.0
WING	Wingstop Inc		$228.48	$6.67	40.1	31.9	27.4	10.7	9.5	8.1
EAT	Brinker International Inc		$122.80	$5.03	7.6	8.2	7.6	0.9	0.9	0.8
SHAK	Shake Shack Inc		$86.19	$4.04	25.0	21.6	18.7	3.2	2.8	2.4
CAKE	Cheesecake Factory		$45.14	$2.32	9.8	13.2	12.4	0.6	0.6	0.6
WEN	Wendy's Co		$8.25	$1.67	9.0	10.6	10.5	0.7	0.8	0.8
PZZA	Papa John's International Inc		$40.47	$1.36	8.8	11.6	10.6	0.7	0.7	0.7
CBRL	Cracker Barrel Old Country Sto		$28.81	$0.67	6.3	10.5	8.2	0.2	0.2	0.2
BJRI	BJ's Restaurants Inc		$35.96	$0.78	8.7	9.3	8.8	0.6	0.6	0.5
BLMN	Bloomin' Brands Inc		$6.49	$0.55	6.0	9.0	9.6	0.1	0.1	0.1
JACK	Jack in the Box Inc		$14.46	$0.29	8.7	12.4	12.8	0.2	0.2	0.2

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Leisure, Accommodations & Travel Comps

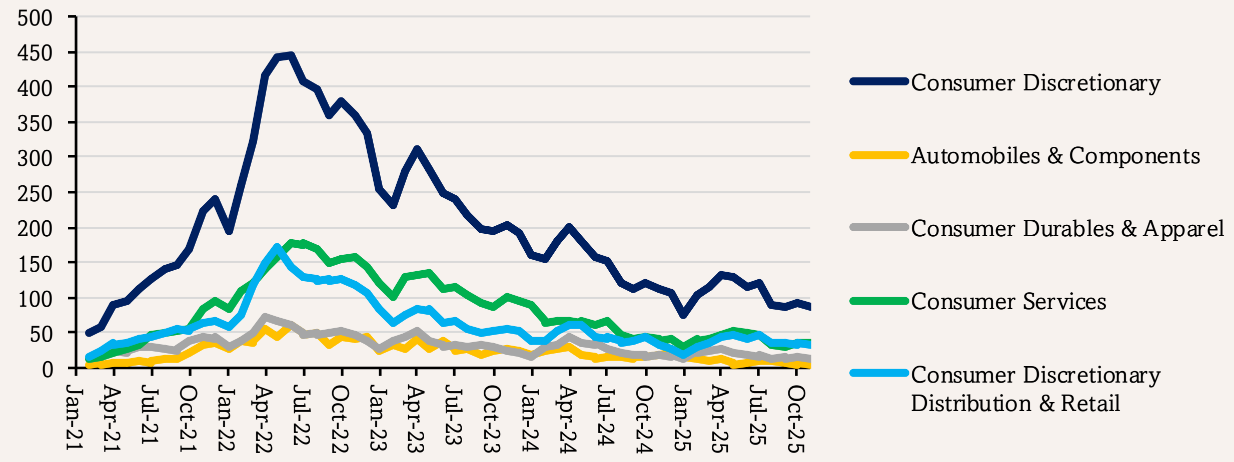
Ticker	Name	3 Yr Stock Price Performance	Stock Price	Market Cap ($B)	EV / EBITDA CY	EV / EBITDA FY1	EV / EBITDA FY2	P / S	P / S FY1	P / S FY2
BKNG	Booking Holdings Inc		$4,797.19	$165.66	20.0	16.9	15.0	7.0	6.2	5.7
RCL	Royal Caribbean Cruises Ltd		$252.30	$72.33	15.6	13.3	12.0	4.4	4.0	3.7
ABNB	Airbnb Inc		$117.78	$75.06	24.6	15.4	14.0	6.8	6.2	5.6
MAR	Marriott International Inc		$285.12	$78.81	21.6	17.7	16.7	3.1	3.0	3.0
HLT	Hilton Worldwide Holdings Inc		$267.83	$64.20	28.8	20.4	18.9	5.7	5.4	5.0
CCL	Carnival Corp		$25.91	$35.48	9.7	8.7	8.2	1.4	1.3	1.3
EXPE	Expedia Group Inc		$246.15	$33.94	15.8	10.6	9.5	2.5	2.3	2.2
VIK	Viking Holdings Ltd		$58.29	$27.08	22.6	17.0	14.7	5.1	4.2	3.7
H	Hyatt Hotels Corp		$148.29	$14.82	25.0	17.6	15.9	2.2	2.1	2.0
WYNN	Wynn Resorts Ltd		$119.47	$13.05	11.5	11.1	10.5	1.8	1.8	1.8
NCLH	Norwegian Cruise Line		$17.99	$8.71	9.5	8.8	7.7	0.9	0.9	0.8
MGM	MGM Resorts International		$31.27	$9.09	8.5	8.4	8.1	0.5	0.5	0.5
BYD	Boyd Gaming Corp		$78.37	$6.32	6.3	6.5	6.6	1.6	1.6	1.6
WH	Wyndham Hotels & Resorts Inc		$70.87	$5.54	14.2	11.3	10.5	3.9	3.9	3.6
MTN	Vail Resorts Inc		$140.90	$5.38	9.7	10.1	9.6	1.8	1.8	1.7
CHH	Choice Hotels International In		$91.04	$4.48	11.2	10.4	10.1	2.8	2.9	2.8
TNL	Travel + Leisure Co		$61.68	$4.16	8.8	7.8	7.4	1.1	1.0	1.0
DAL	Delta Air Lines Inc		$56.89	$39.38	6.0	6.6	5.9	0.6	0.7	0.6
UAL	United Airlines Holdings Inc		$91.10	$32.74	5.7	6.2	5.5	0.6	0.6	0.5
LUV	Southwest Airlines Co		$31.87	$17.20	8.7	8.6	5.8	0.6	0.6	0.6
AAL	American Airlines Group Inc		$12.27	$8.89	5.7	9.4	7.4	0.2	0.2	0.2
ALK	Alaska Air Group Inc		$39.02	$5.01	4.8	6.7	4.9	0.4	0.4	0.3

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

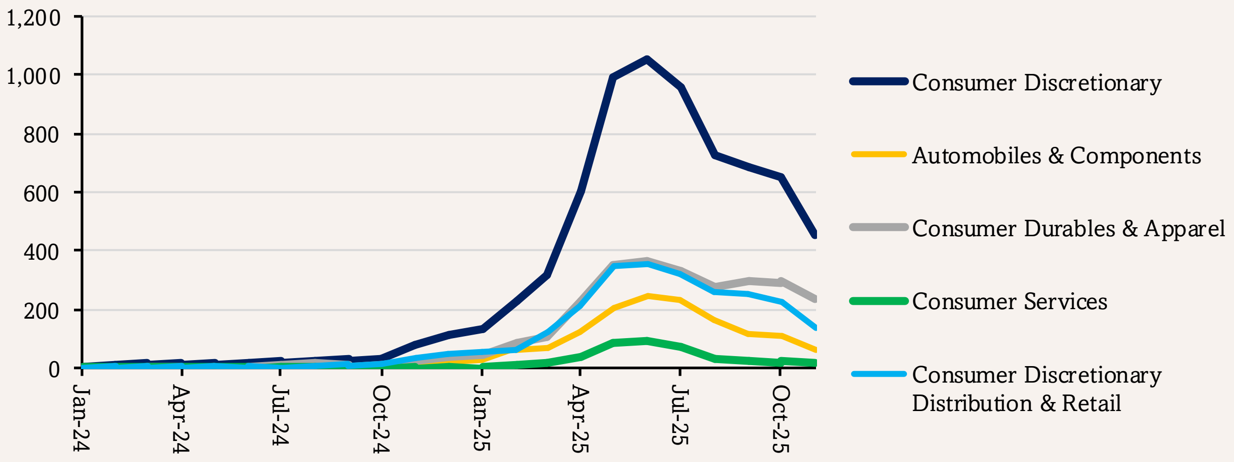
Thematic Analysis

Across constituents of the Russell 3000, Optimal tracks key themes in EPS transcripts; T3M mentions of tariffs among Consumer Discretionary stocks are still up +100% y/y but decelerating. AI mentions continue to accelerate in CD names (+95% y/y on a T3M basis), especially among consumer services companies.

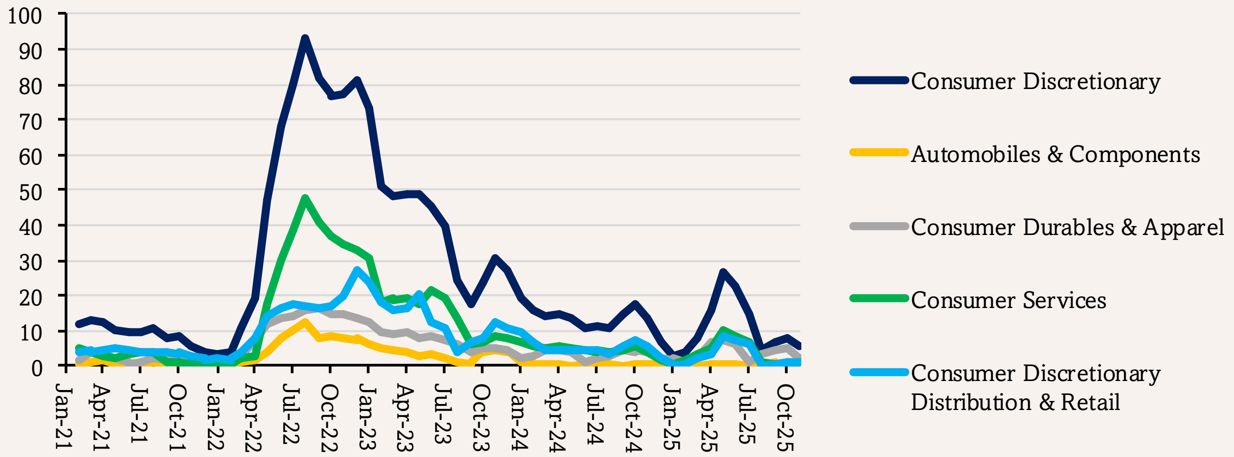
Inflation Mentions



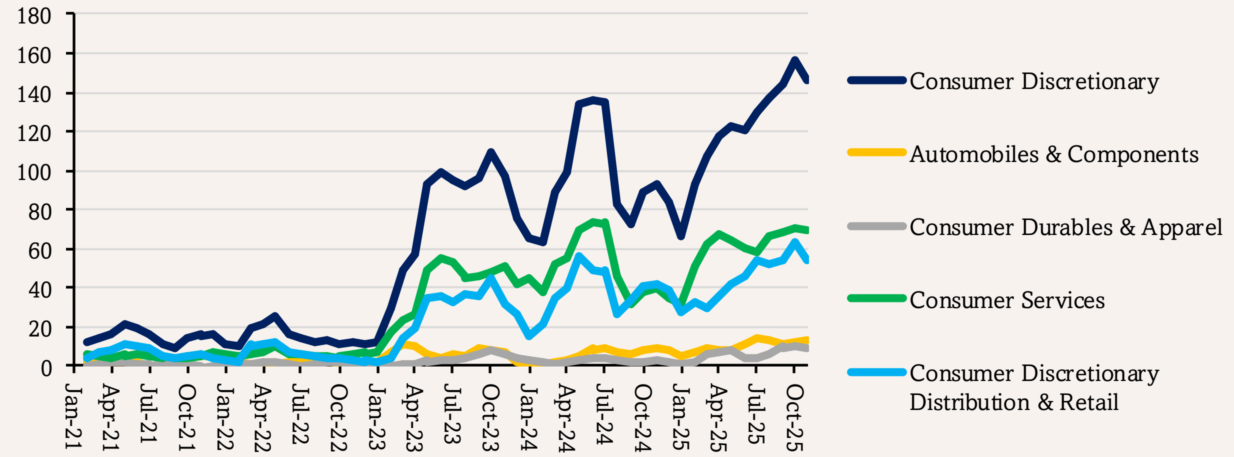
Tariffs Mentions



Economic Slowdown Mentions



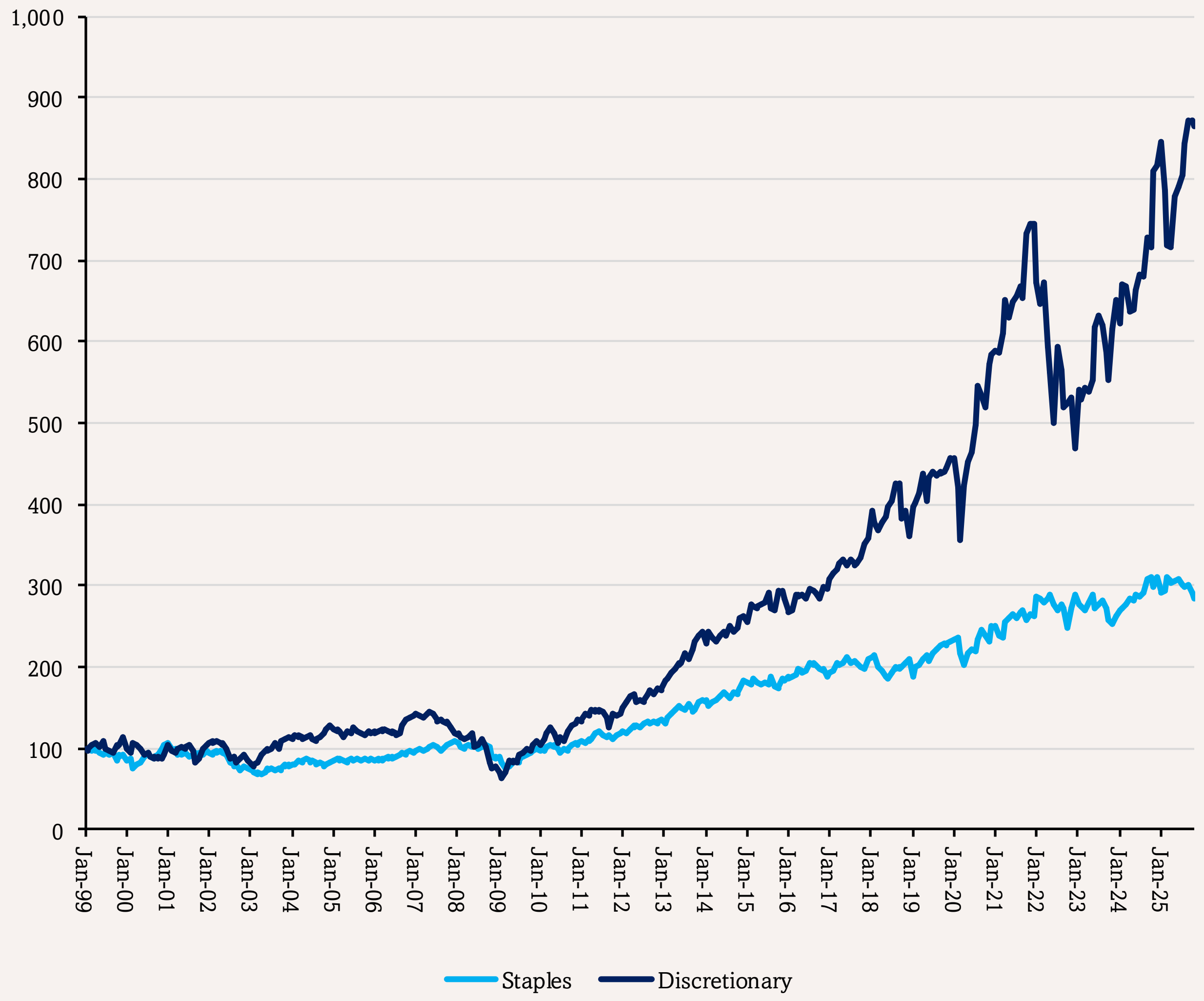
AI Mentions



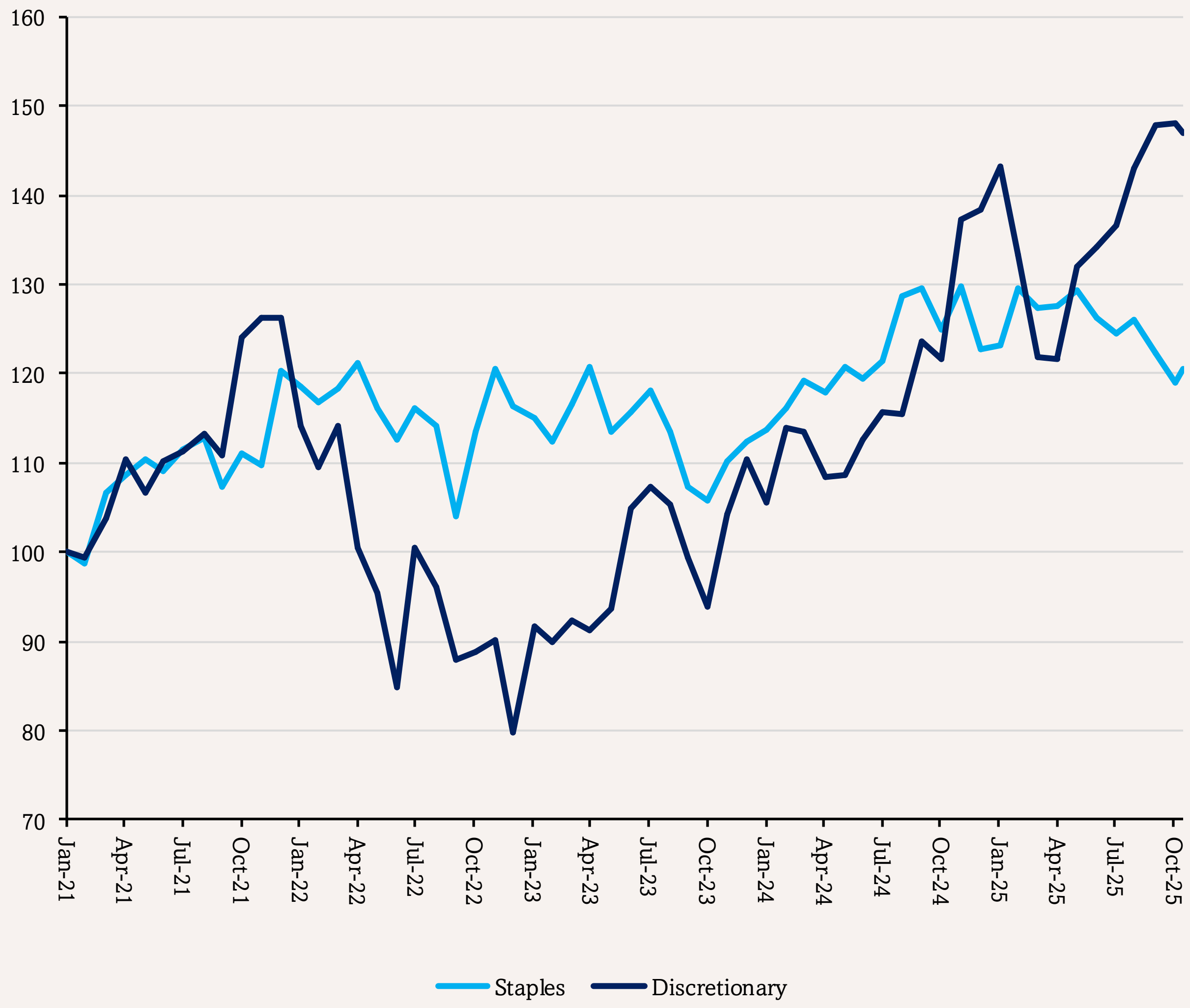
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Discretionary outperformed Staples from 2010-2020; discretionary has been more volatile but its performance has been in line with staples since 2021, although Discretionary has recently begun to outperform Staples again.

Sector Equity Returns (Jan 1999 = 100)

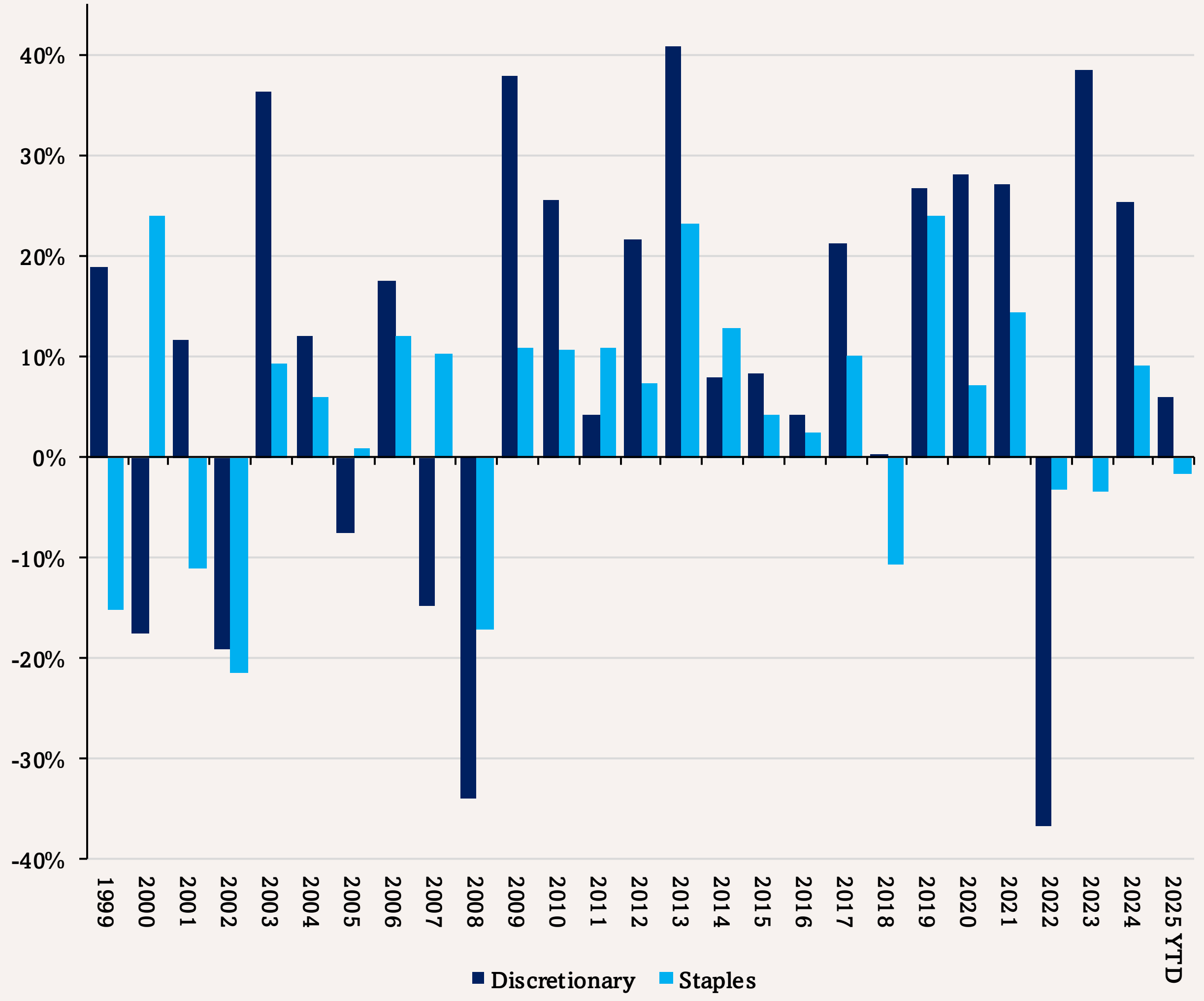


Sector Equity Returns (Jan 2021 = 100)

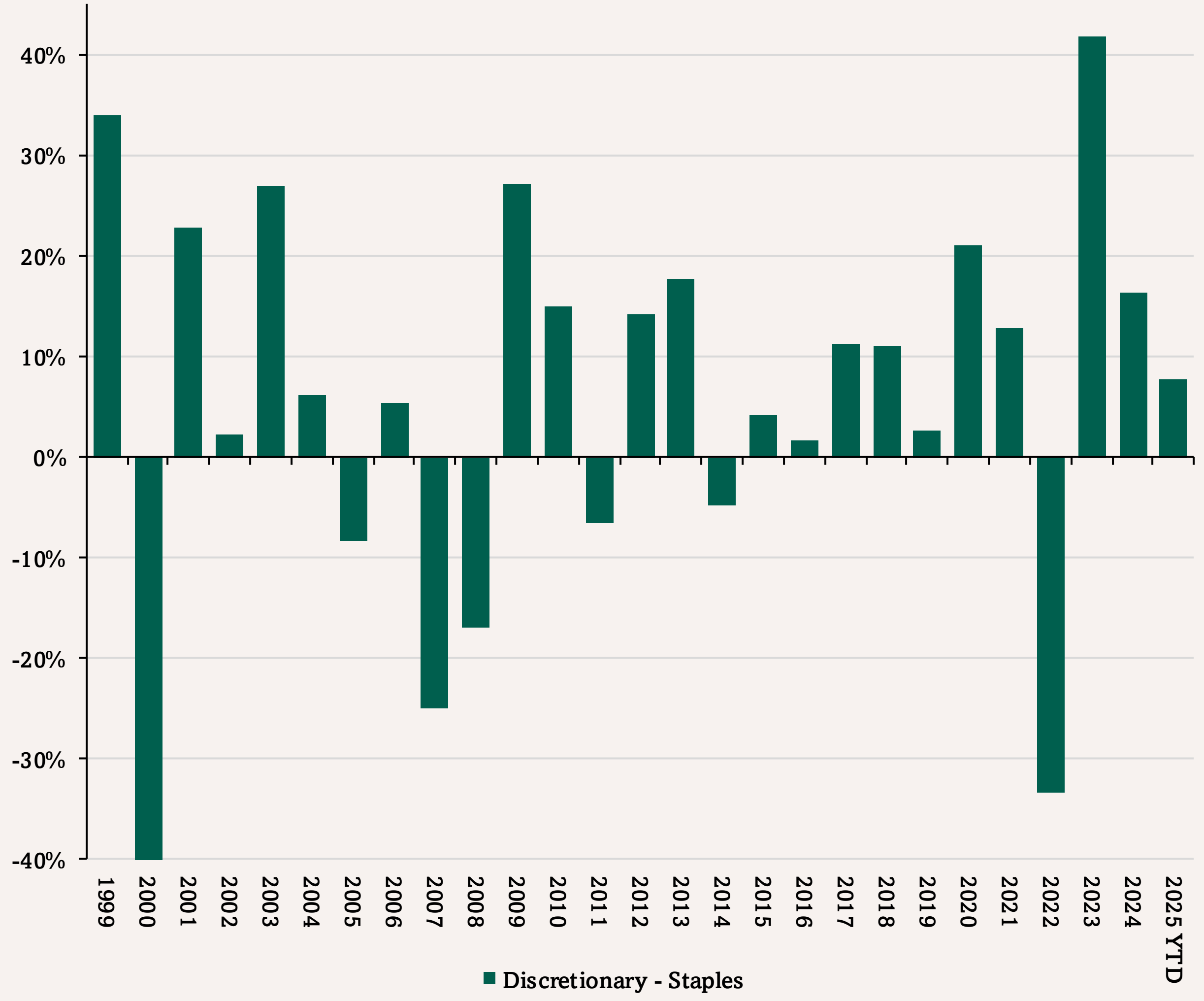


Year to date, the SPDR Staples ETF (XLP) has underperformed (-1.6%); Consumer Discretionary ETF (XLY) has returned +6.1%

Annual Returns of XLP (Staples) and XLY (Cons. Disc.)



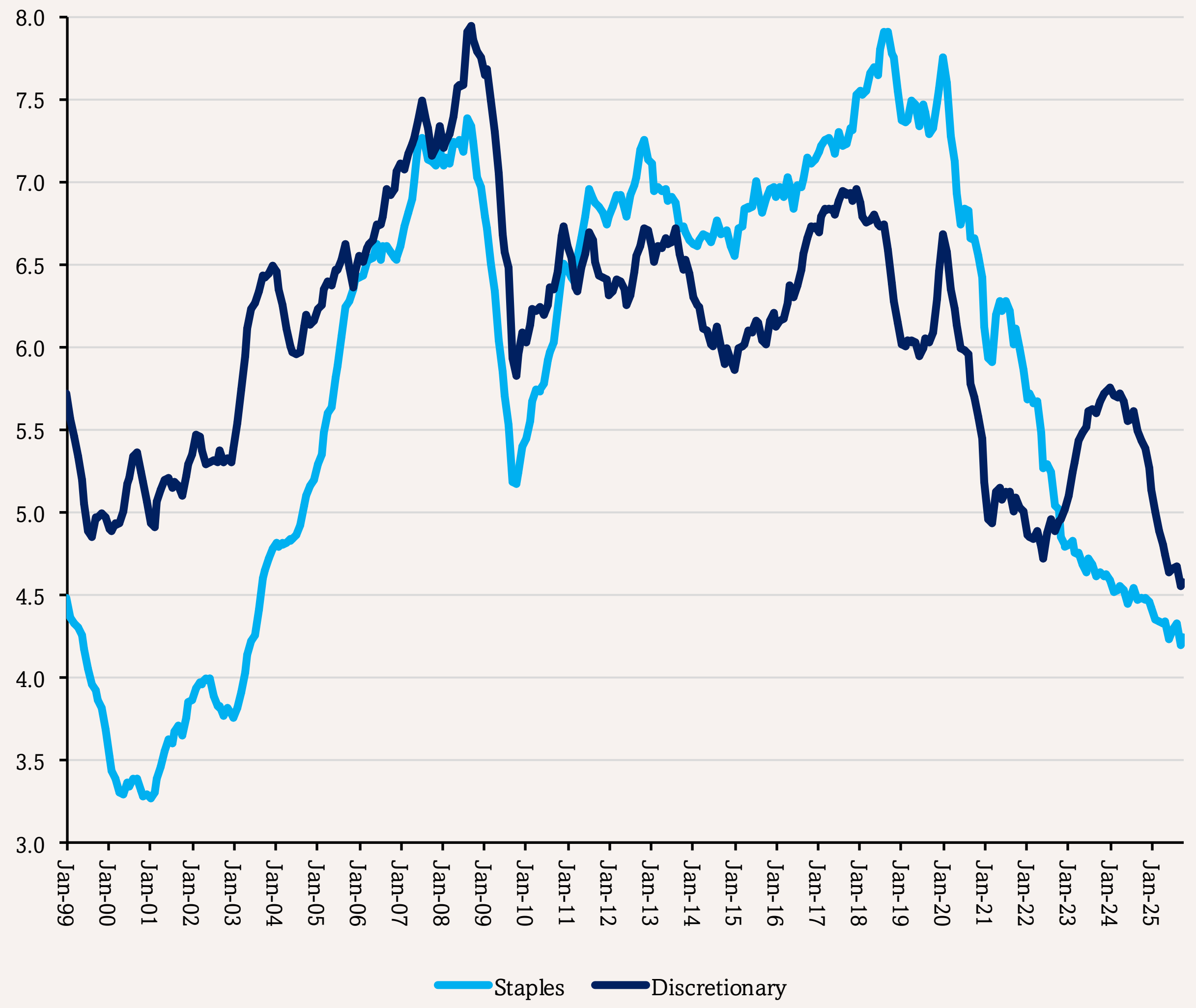
Annual Discretionary Performance Relative to Staples



Sources: Optimal Advisory Proprietary Analysis, Bloomberg

The average short ratio for the more than 250 consumer staples and discretionary names in the S&P 1500 have trended downward since the GFC. The right chart unpacks the largest movers (by average daily traded volume) in short interest for consumer names in the last month.

Average Short Interest Ratio of Consumer Names (TTM Avg)

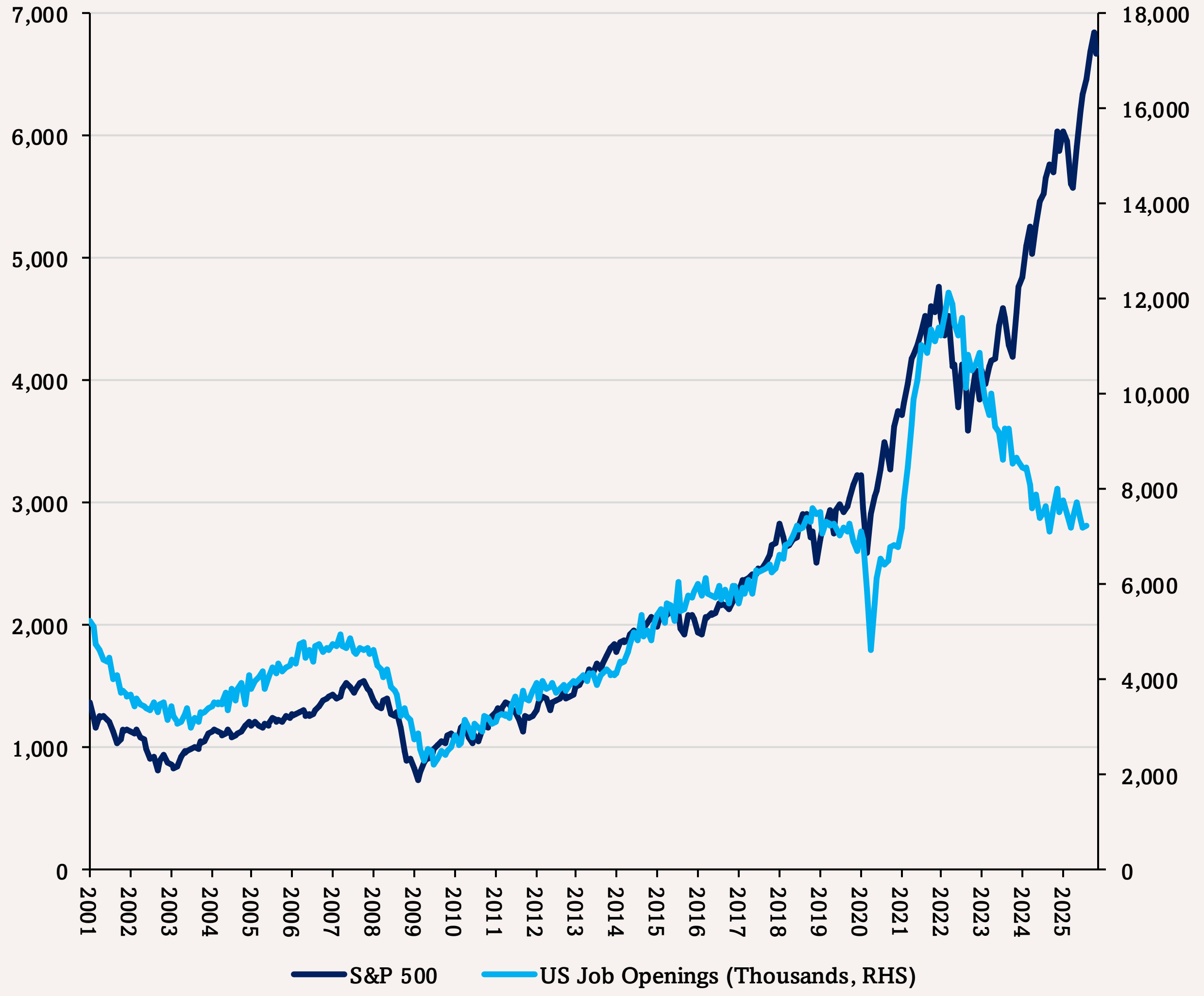


Consumer Short Ratio ▲

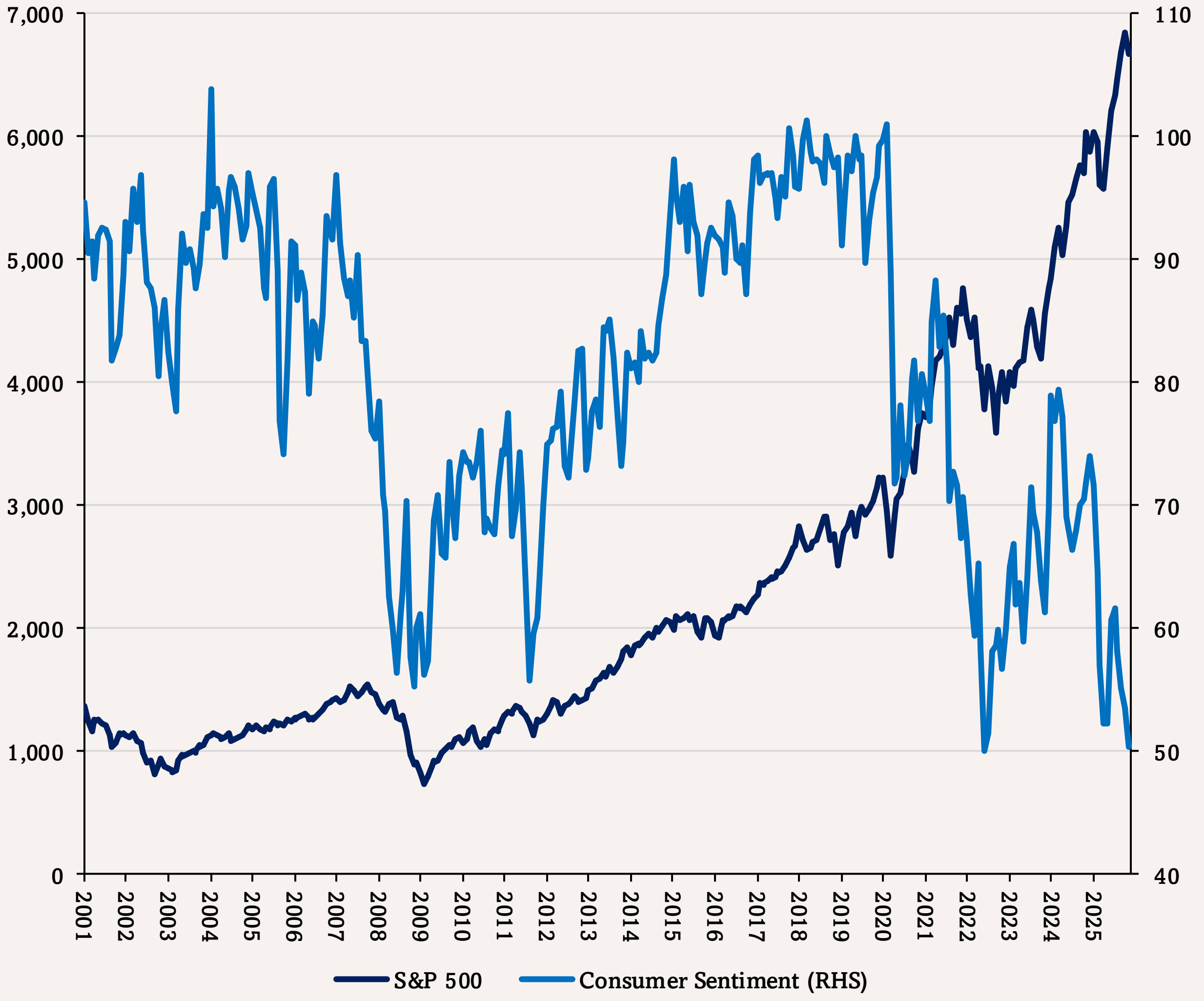
Ticker	Company	M/ T3M	T3M vs Prior Year T3M	T6M vs Prior Year T6M
SBUX	Starbucks Corp	-17.4%	72.5%	92.8%
NKE	NIKE Inc	4.2%	53.9%	56.1%
MDLZ	Mondelez International Inc	-19.3%	42.4%	52.2%
NWL	Newell Brands Inc	-28.4%	60.7%	19.6%
CZR	Caesars Entertainment Inc	2.1%	5.0%	18.7%
PM	Philip Morris International Inc	-6.5%	7.0%	1.7%
F	Ford Motor Co	-66.5%	23.4%	1.5%
NCLH	Norwegian Cruise Line Holdings	3.3%	-1.2%	-1.3%
WMT	Walmart Inc	28.0%	-11.2%	-3.7%
KHC	Kraft Heinz Co	-22.6%	-20.1%	-6.8%
KO	Coca-Cola Co	-9.9%	-6.7%	-11.4%
CCL	Carnival Corp	-20.8%	-16.5%	-12.9%
KVUE	Kenvue Inc	-69.1%	-44.3%	-18.7%
TSLA	Tesla Inc	-0.4%	-8.0%	-23.9%
KDP	Keurig Dr Pepper Inc	-6.8%	-49.0%	-26.1%
GM	General Motors Co	-29.4%	-18.7%	-29.6%
CMG	Chipotle Mexican Grill Inc	-8.6%	-49.0%	-31.6%
CAG	Conagra Brands Inc	28.8%	-38.3%	-34.0%

We note a meaningful shift in traditional economic indicators such as job openings and Consumer Sentiment. Both have been historically positively correlated with US equity returns and are now diverging.

Equity Returns vs. Job Openings



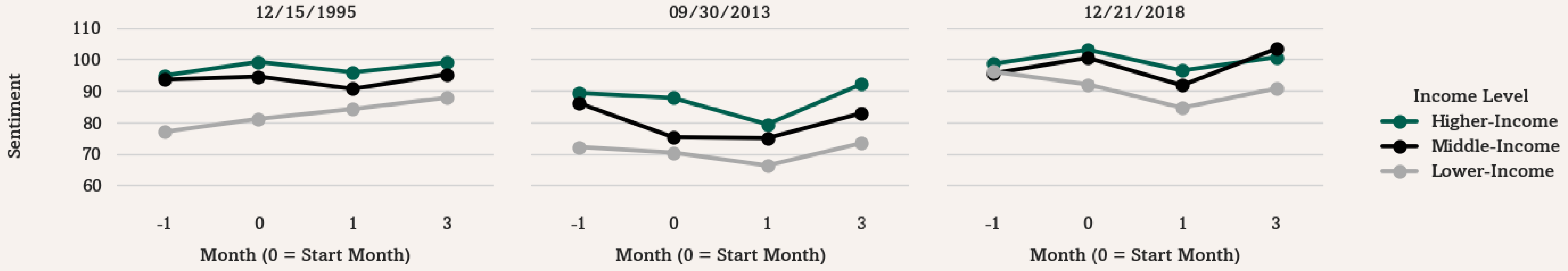
Equity Returns vs. Sentiment



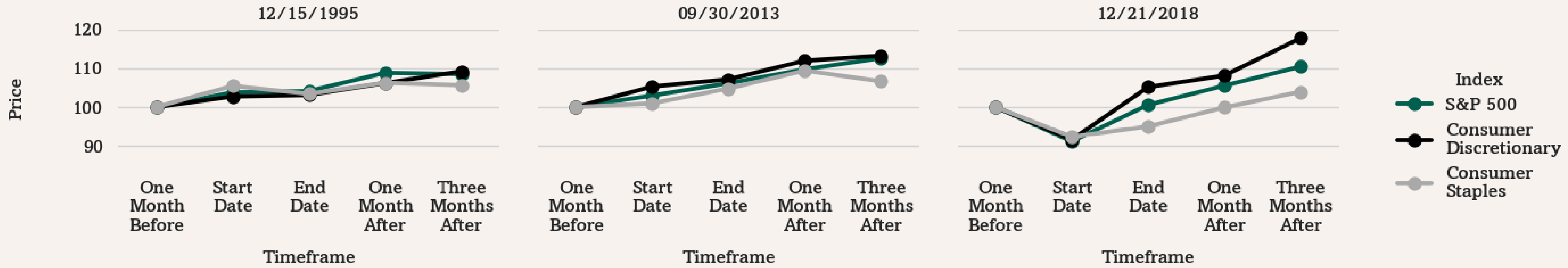
Sources: Optimal Advisory Proprietary Analysis, Bloomberg, US BLS, University of Michigan Consumer Sentiment Survey

Sentiment, especially among higher and middle-income consumers, has tended to decline from the start of a shutdown to the end but then rebounded after; Discretionary names have tended to outperform Staples names by 3 months after the end of the shutdown relative to the month prior to the shutdown.

Government Shutdown Sentiment Relative to Last Day of Funding



Government Shutdown Index Performance, Indexed to One Month Before Last Day of Funding

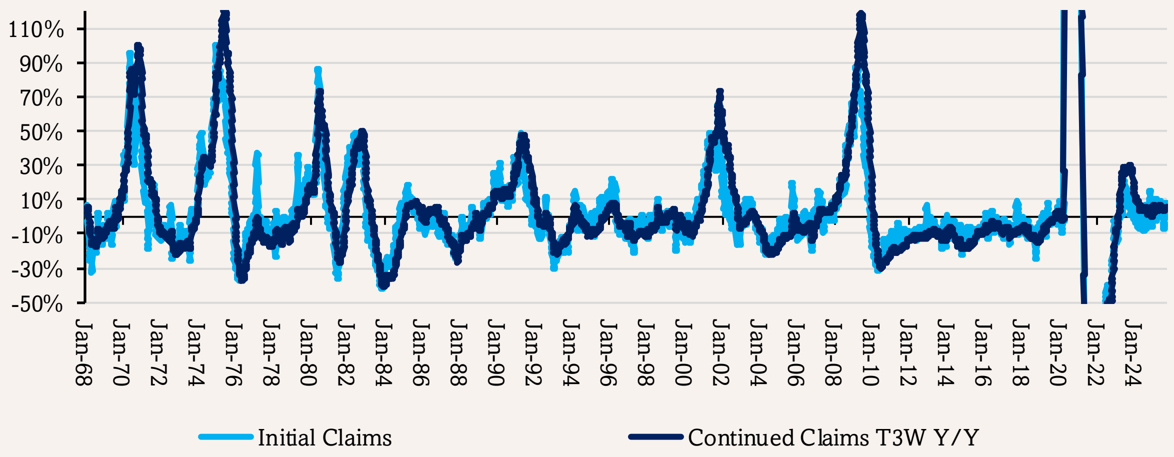


Source: Optimal Advisory Proprietary Analysis, U.S. House of Representatives, University of Michigan Consumer Sentiment Survey

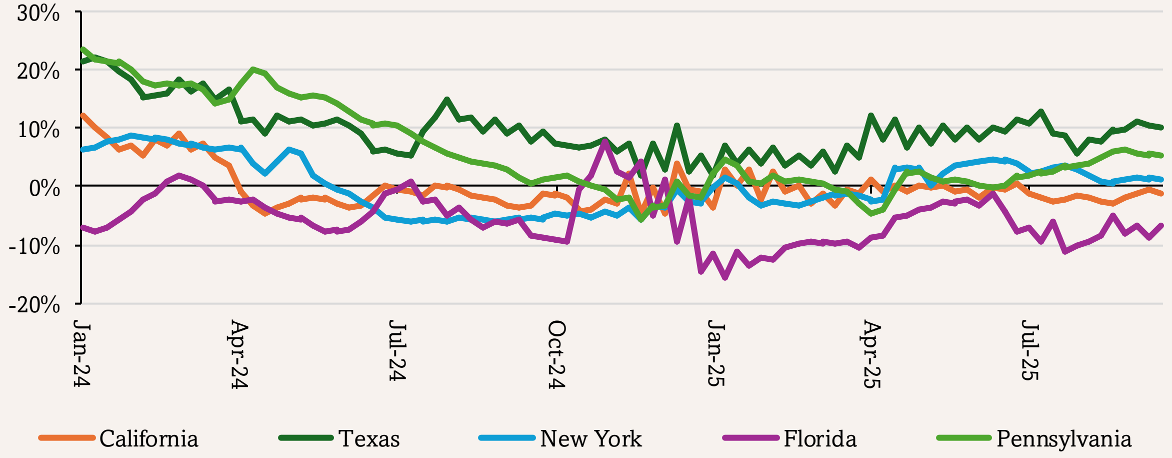
Consumer Macro

Y/Y growth in continued claims has remained positive throughout 2025; most industries measured on Indeed are now experiencing y/y declines in job postings.

Unemployment Claims T3W Y/Y



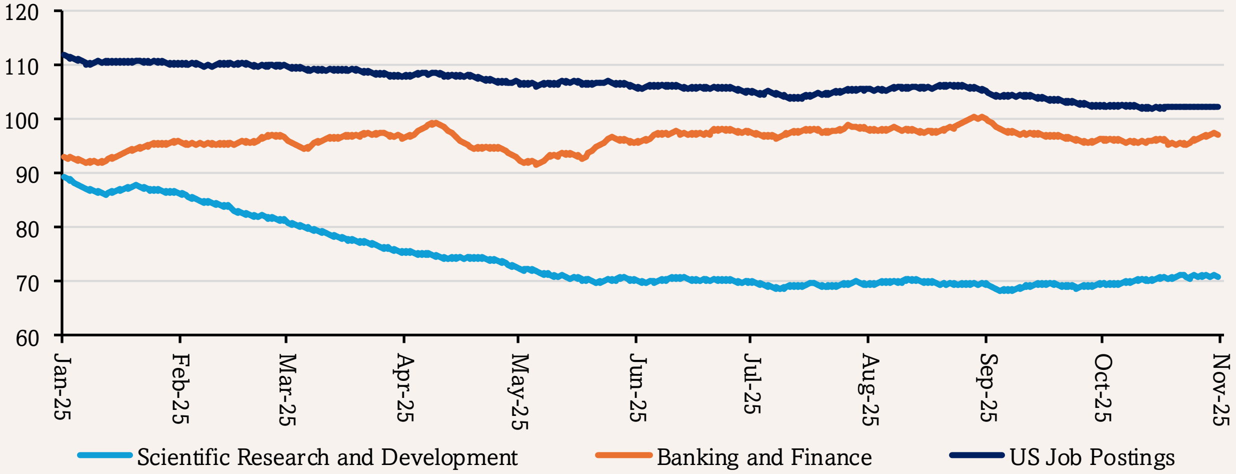
State Continued Claims T3W Y/Y



Industry Indeed Job Postings Leaders & Laggards

Industry	Posting Level Relative, Pre-Pandemic = 100	Y/Y Job Postings
Scientific Research and Development	70.78	-22.2%
Media and Communications	64.12	-15.9%
Childcare	93.08	-13.8%
Retail	88.22	-13.1%
Administrative Assistance	92.96	-12.1%
Architecture	87.03	-11.5%
Education and Instruction	115.08	-11.5%
US Job Postings	**102.14**	**-6.1%**
Marketing	77.3	0.5%
Production and Manufacturing	106.98	1.1%
Therapy	189.46	4.2%
Banking and Finance	97.25	5.4%

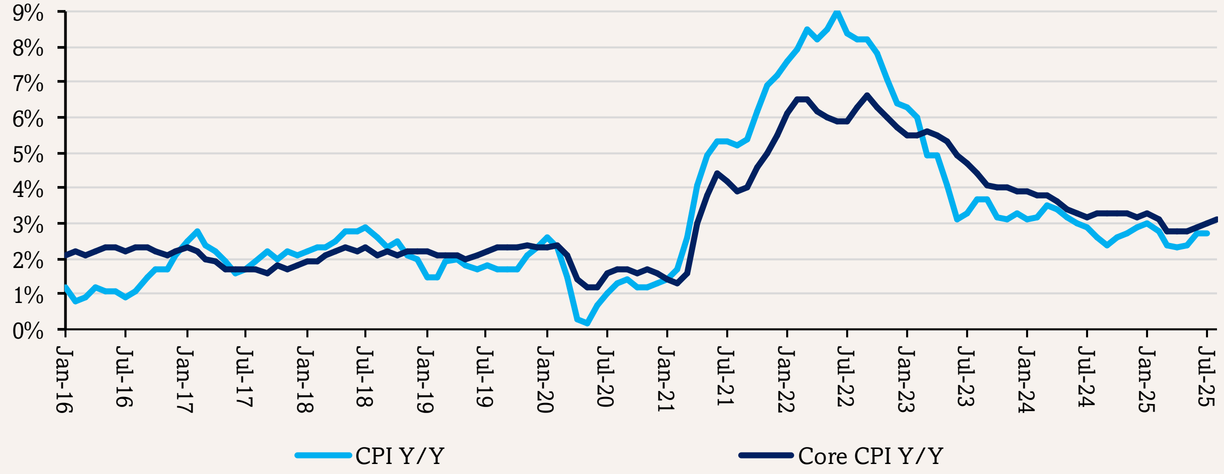
Daily Indeed Job Postings



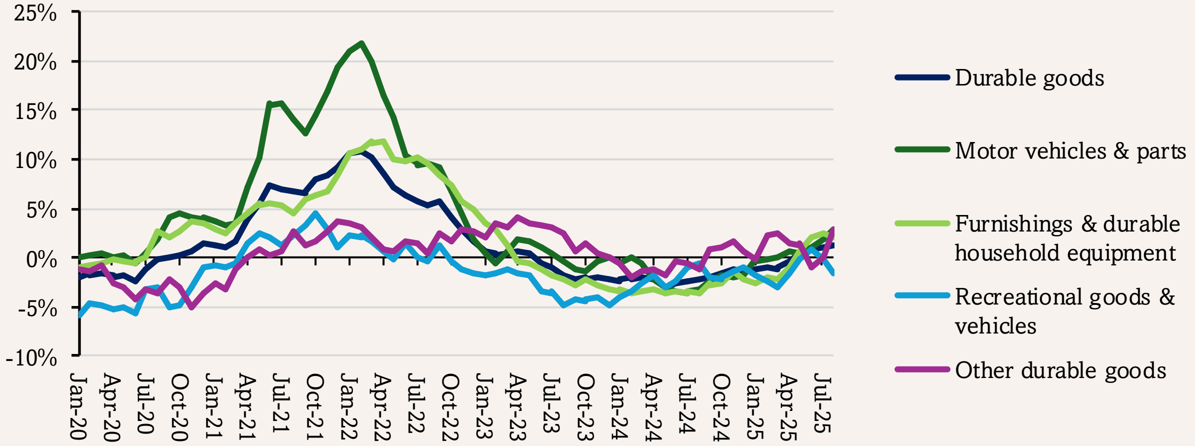
Sources: Optimal Advisory Proprietary Analysis, Indeed, U.S. Employment and Training Administration

Across most durable goods categories, the PCE Price Index has inflected back positively y/y after declining since the start of 2023.

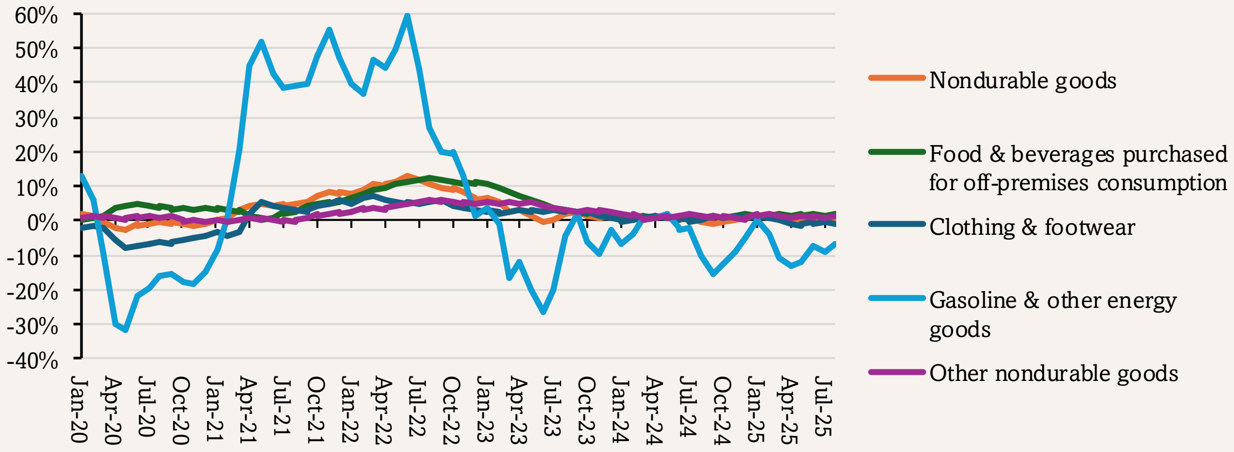
Consumer Price Index



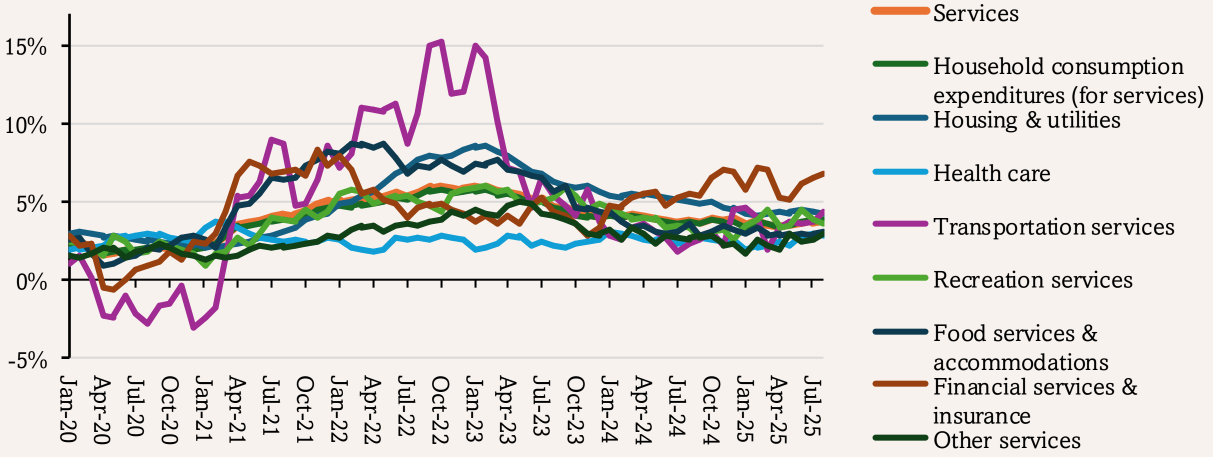
PCE Price Index: Durables



PCE Price Index: Nondurables



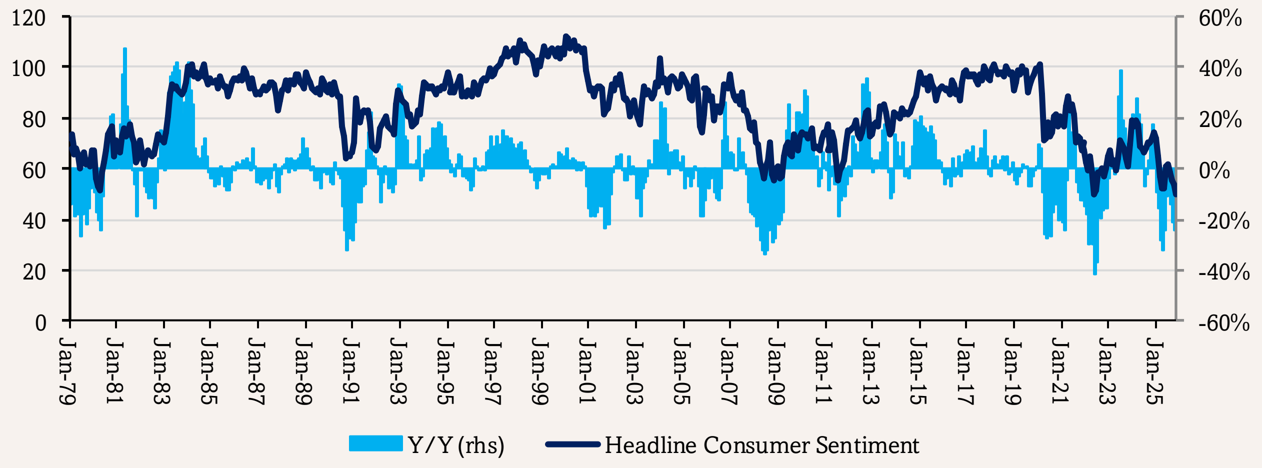
PCE Price Index: Services



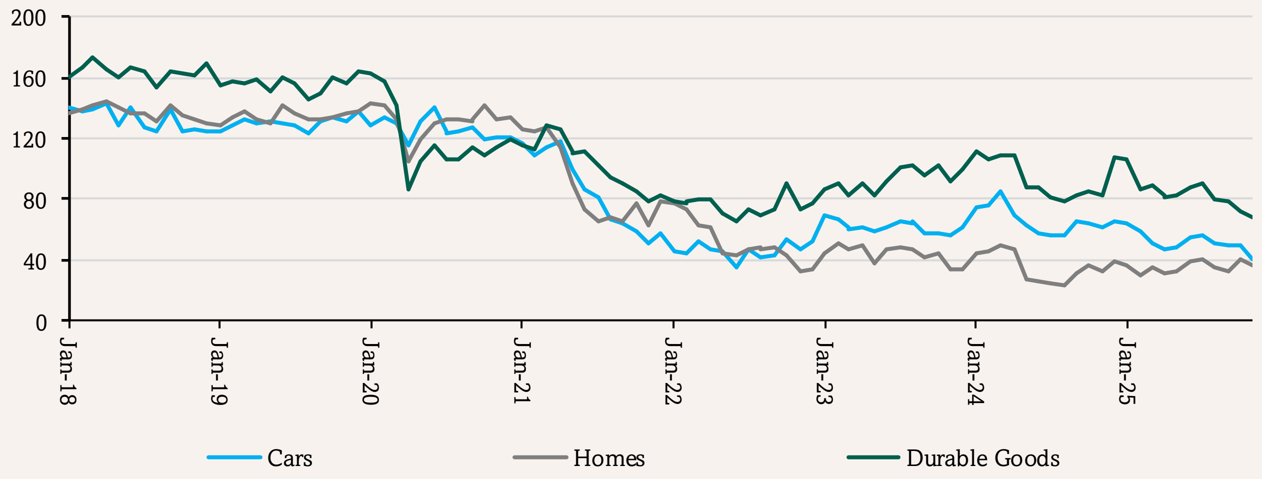
Sources: Optimal Advisory Proprietary Analysis, BEA, BLS

Preliminary headline sentiment for November is down both m/m and y/y. Sentiment is now running -30% y/y, following run downs of -24% y/y in October and -21% y/y in September. Declines are particularly strong among middle-age (-37% y/y) and middle-income (-33% y/y) respondents.

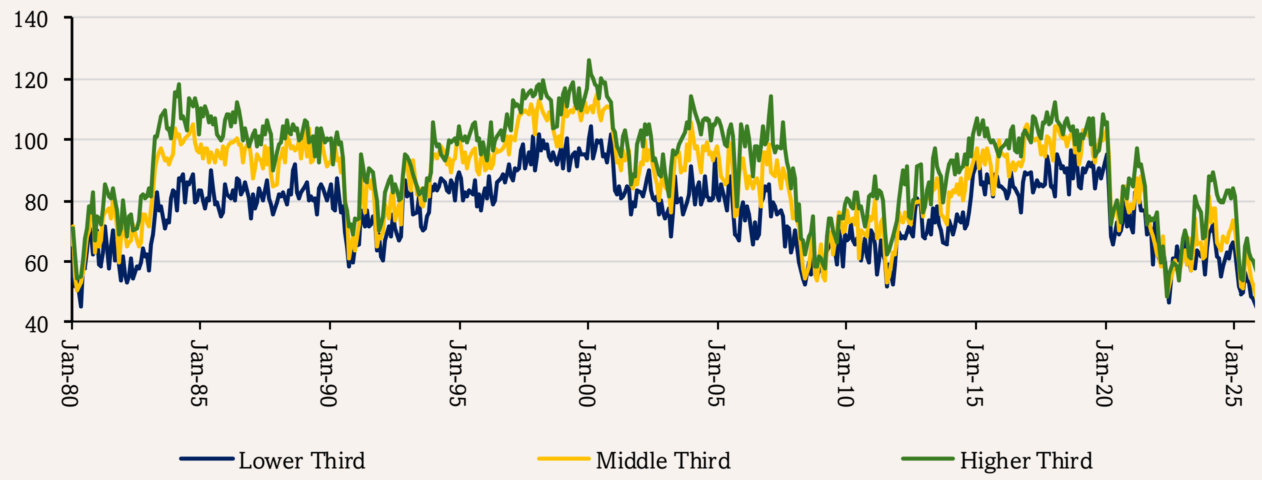
Headline Consumer Sentiment



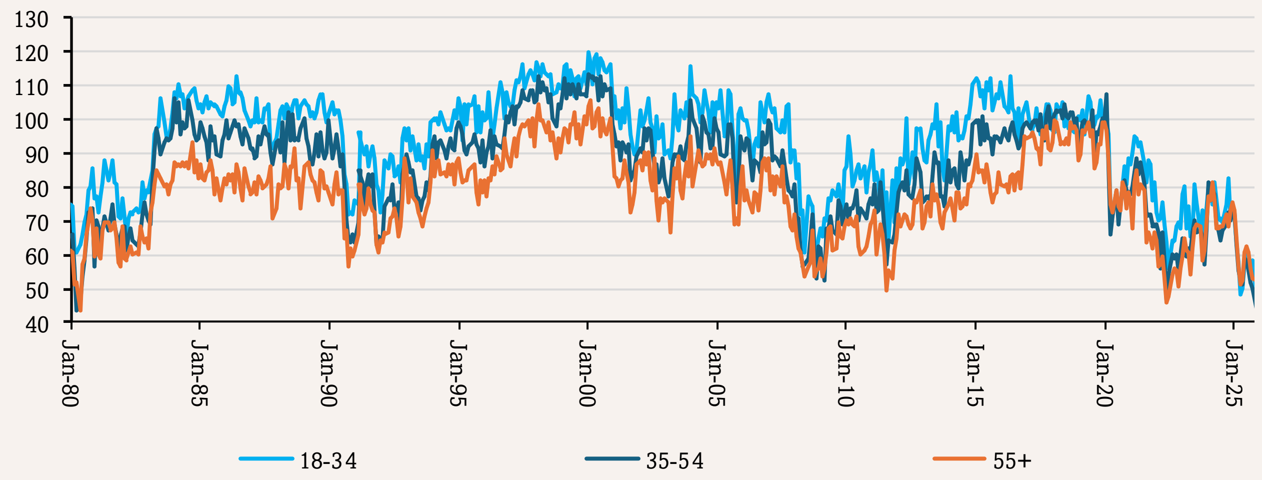
Purchasing Conditions



Consumer Sentiment by Income Terciles



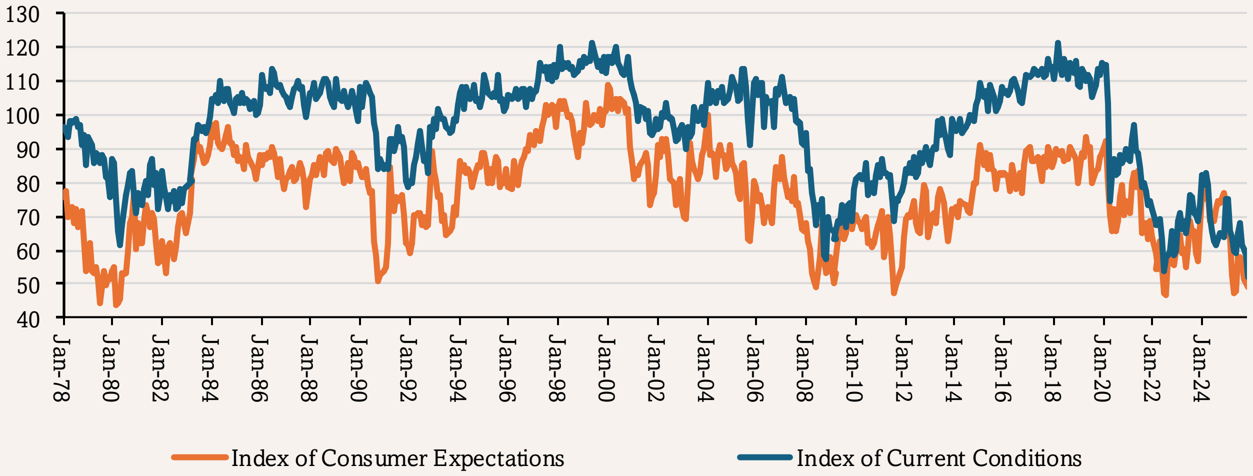
Consumer Sentiment by Age



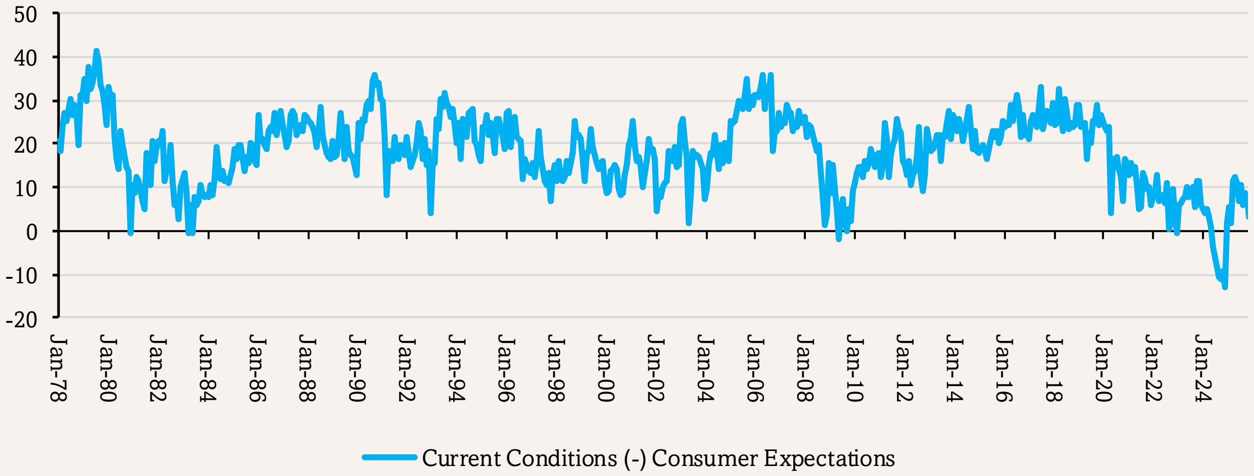
Sources: Optimal Advisory Proprietary Analysis, University of Michigan Consumer Sentiment Survey

Survey respondents are pessimistic about future expectations. Expected Change in Financial Situation in 1 year is running down -28% y/y. Business Conditions expectations out 1 year are running -47% y/y, while Business Conditions expectations for the next 5 years are running down -39% y/y in November.

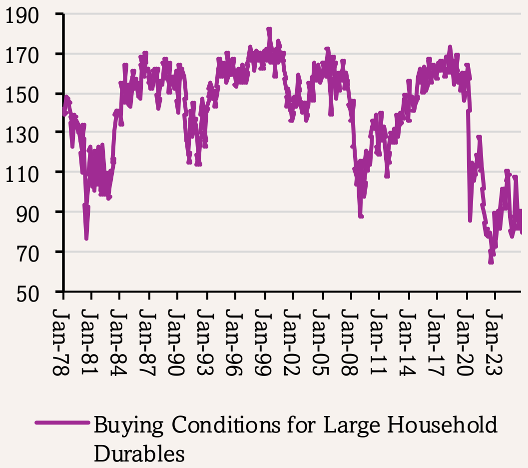
Expectations vs. Current Conditions

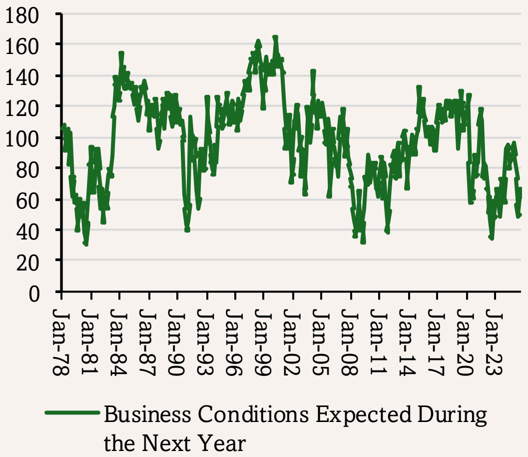


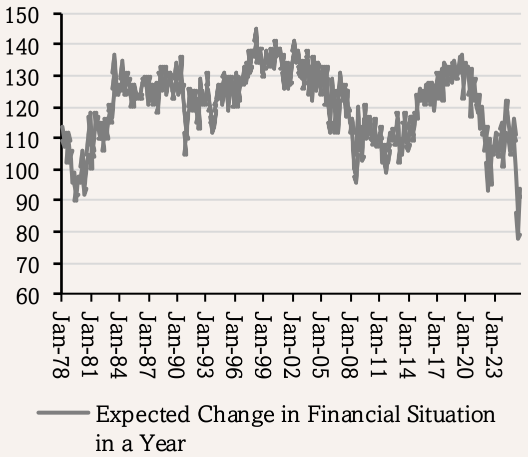
Current Conditions - Expectations

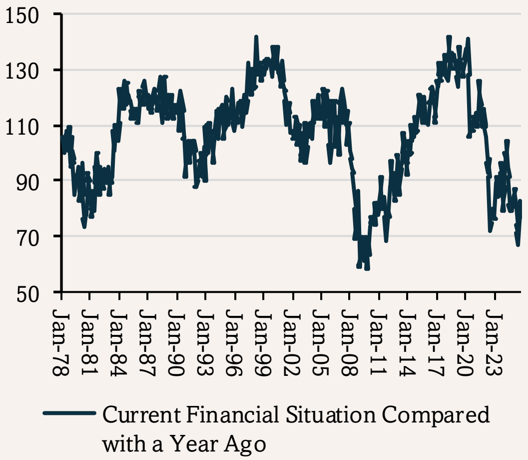


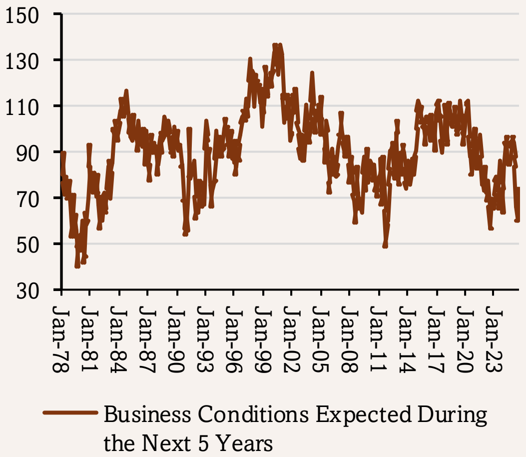
Components of Consumer Sentiment







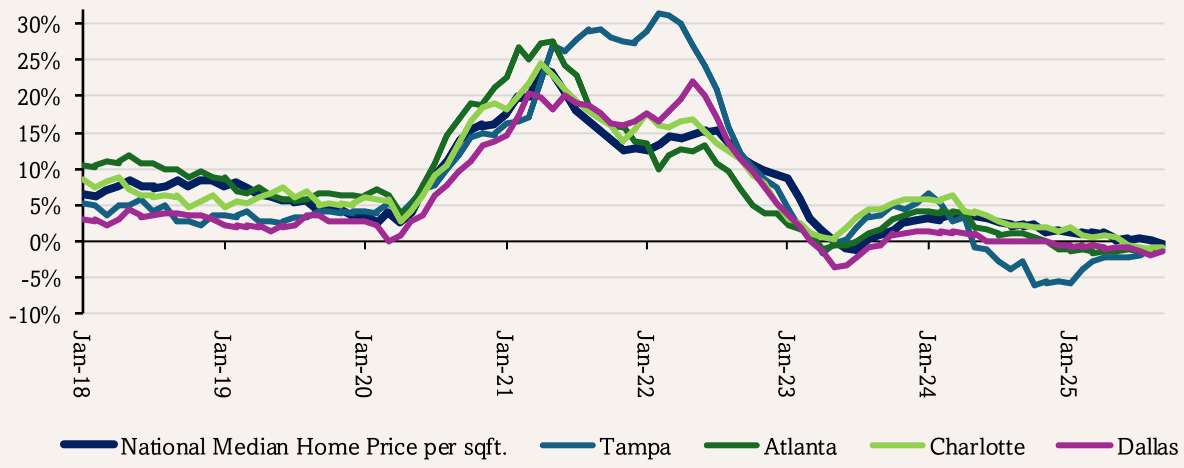




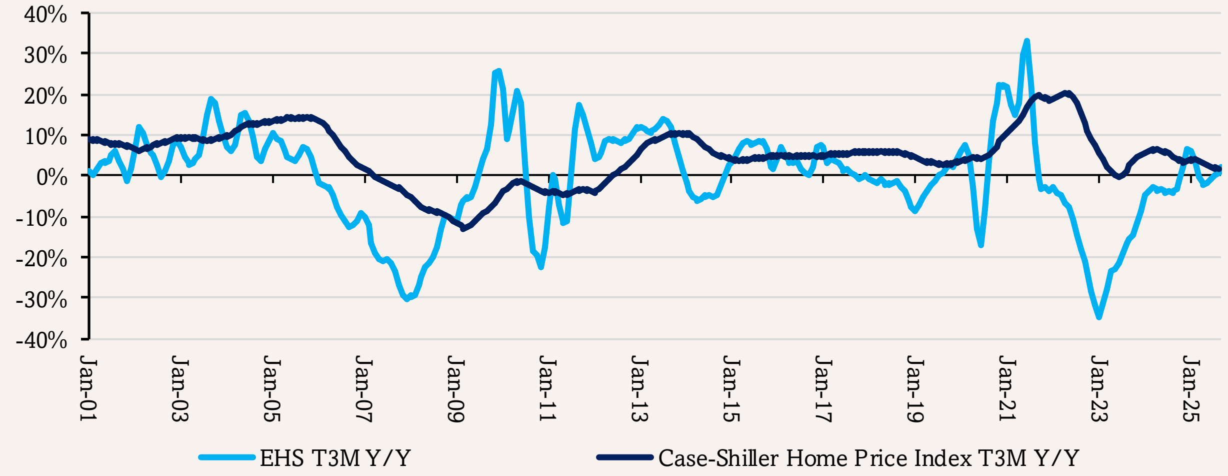
Sources: Optimal Advisory Proprietary Analysis, University of Michigan Consumer Sentiment Survey

Home prices have been running up y/y across metro regions for much of 2025, but trends are softening and are running down y/y in July for San Francisco, San Diego, Denver, and Miami.

Median Home Price Per Sqft. Y/Y



Existing Home Sales



Metro Area Case Shiller Home Price Index Y/Y Heat Map

	Boston	Chicago	Denver	Las Vegas	Los Angeles	Miami	New York	San Diego	San Francisco	Washington, D.C.
Sep-24	4.5%	6.9%	0.2%	6.7%	4.6%	3.9%	7.8%	4.8%	2.0%	5.3%
Oct-24	4.4%	6.2%	0.5%	5.9%	4.0%	3.2%	7.5%	4.5%	1.6%	5.7%
Nov-24	5.2%	6.2%	0.9%	5.6%	3.8%	3.2%	7.6%	4.5%	2.0%	5.8%
Dec-24	6.4%	6.6%	1.5%	5.5%	3.5%	3.3%	7.6%	5.4%	2.8%	5.6%
Jan-25	6.6%	7.5%	1.9%	5.5%	4.0%	3.3%	8.2%	3.3%	3.0%	5.1%
Feb-25	5.9%	7.0%	1.6%	4.9%	4.4%	2.9%	7.9%	2.6%	3.1%	4.5%
Mar-25	4.7%	6.5%	1.4%	4.7%	4.1%	1.8%	8.2%	1.5%	1.6%	4.4%
Apr-25	3.8%	6.0%	0.7%	4.1%	2.5%	1.4%	8.1%	0.9%	0.1%	4.2%
May-25	4.6%	5.9%	-0.1%	3.3%	1.0%	0.5%	7.6%	0.2%	-0.7%	3.2%
Jun-25	4.2%	6.0%	-0.6%	2.4%	0.0%	-0.3%	7.2%	-0.7%	-2.0%	2.1%
Jul-25	4.0%	6.0%	-0.6%	1.0%	0.1%	-1.3%	6.4%	-0.7%	-2.0%	1.3%
Aug-25	4.1%	5.9%	-0.7%	0.2%	0.0%	-1.7%	6.1%	-0.7%	-1.5%	0.9%

Sources: Optimal Advisory Proprietary Analysis, Realtor.com, National Associate of Realtors, S&P Global Indices

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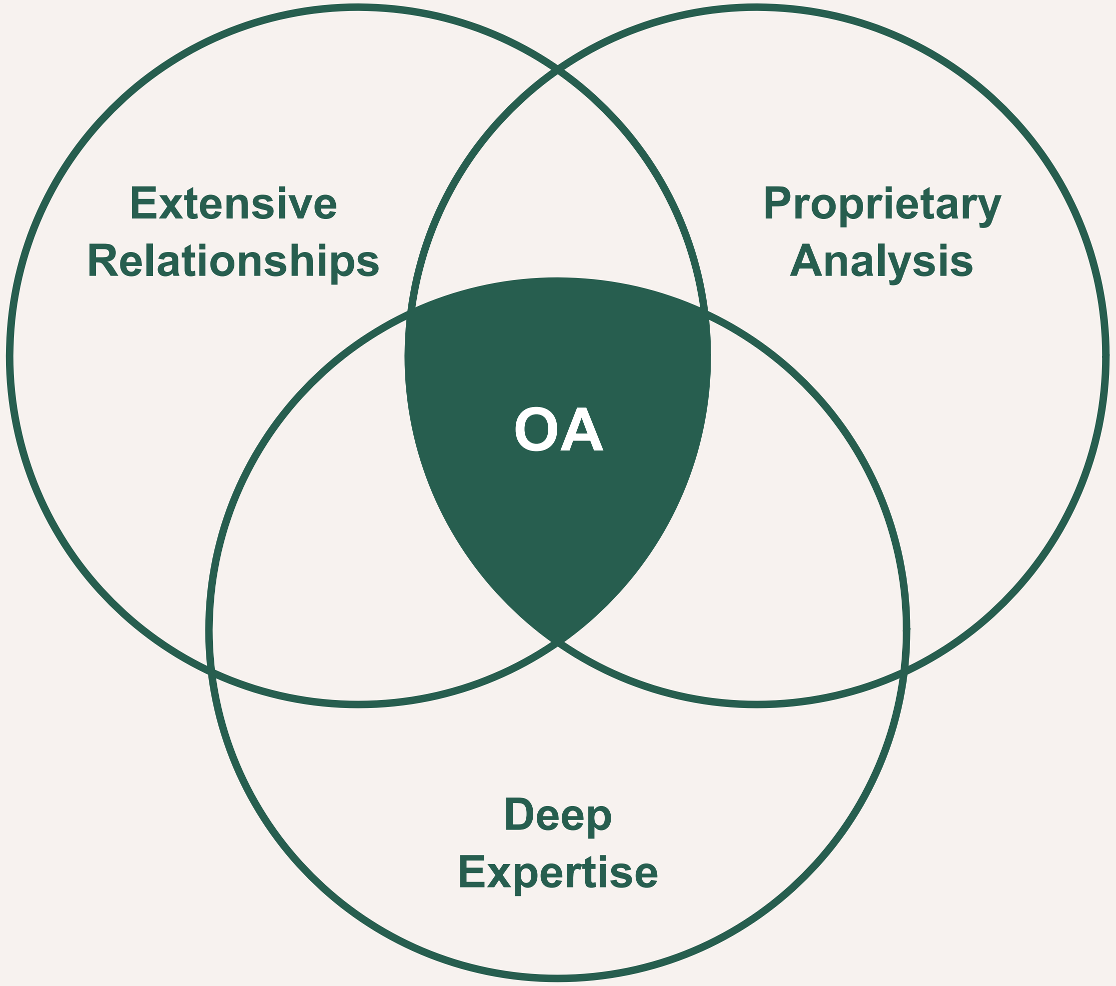

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Work and relationships all across the consumer sector.

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