Consumer Discretionary Briefing Book

December 2025

OPTIMAL

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Our upcoming virtual client meetings, contact us with questions:

- **Agentic AI Commerce & Stablecoin / Crypto – Impacts in 2026 & Beyond - Virtual Meeting – 12/19** Register Here
- **Hospitality / Fine Dining / Luxury that Cares - Virtual Meeting with Jose Andres Group CEO – 1/20** Register Here

Softer discretionary trends continue in December … we note overall softness as monitored in our Monday Macro and real-time decel in 21 of 30 proprietary Optimal subsector tracking (decel in 19/30 last month): positive inflections in discretionary subsectors cruises, golf, apparel… versus broad negative inflections in the largest subsectors of broadline retail and e-commerce… see pp 11-22

Optimal's Attention Economy monitor callouts: we screen over 1000 companies across consumer and note non-normal mindshare inflections, highlighted by positive social/news sentiment growth at LULU and SBUX. Gen-Z mindshare growth continuing to increase for apparel brands (Comfrt, Aéropostale, Alo Yoga) … see pp 5-9

Optimal Multifactor Macro Market Model, incorporating 12 lagged consumer macroeconomic factors we track ... pp 30

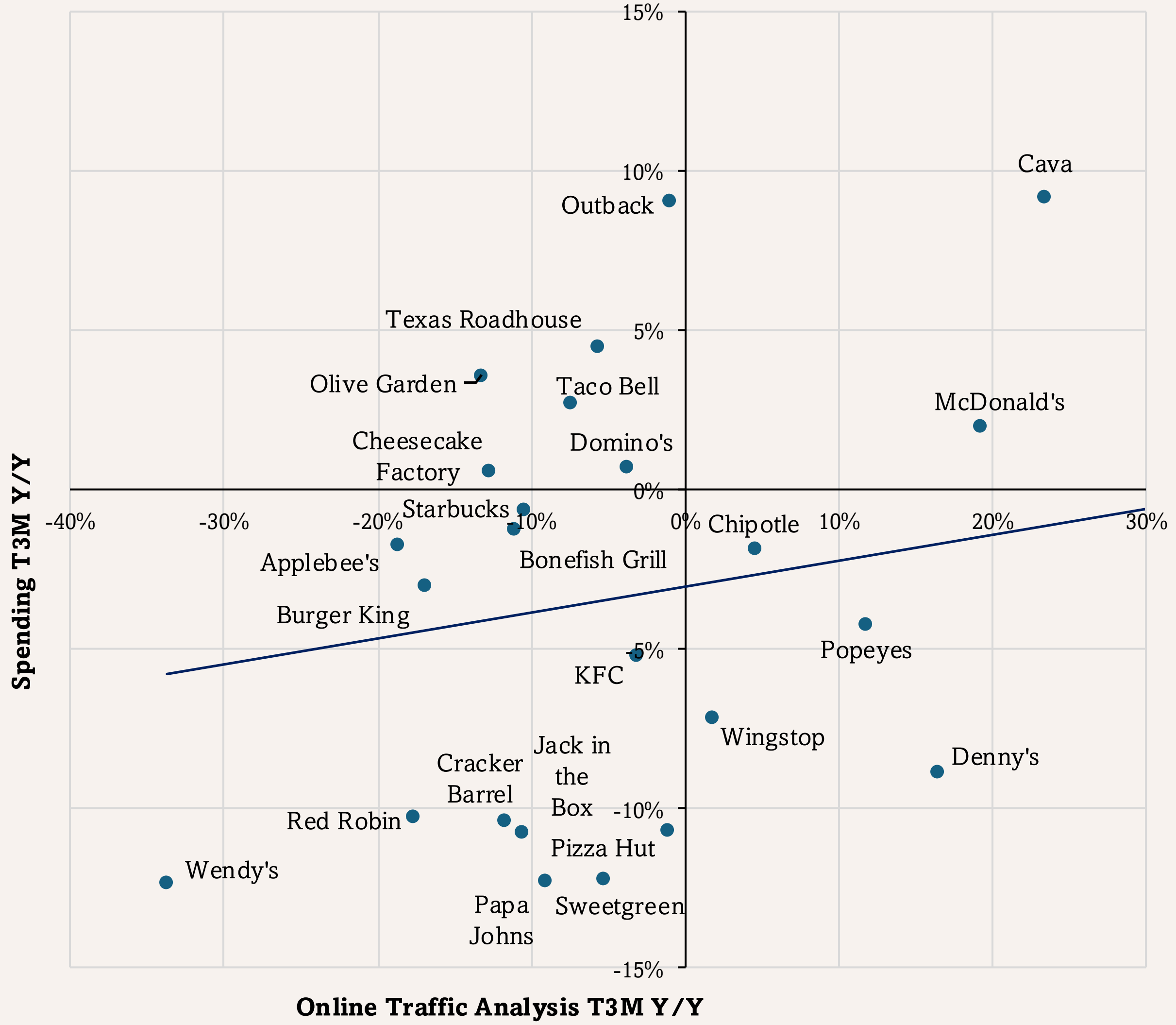
Our macroeconomic consumer callouts include: (a) Continuing unemployment claims running up y/y as job postings running down for the majority of US industries pp 38 (b) Consumer Sentiment and current conditions are down significantly y/y, lower income especially pessimistic pp 40-41 (c) National home prices continue to run up, but cracks showing in some key markets as 5/10 Case Shiller 10 home price index now down y/y… pp 42

	Getting Worse	Getting Better
Underdiscussed	• The largest measured sub-sectors of broadline retail and e-commerce are showing slowing transaction growth and ticket growth, respectively • 78% of consumers say they "would not be able to afford an increase of $1000 per year in healthcare costs" without affecting their spending in other categories, according to a recent KFF poll.	• Gen-Z consumers are still increasing traction at discretionary products such as apparel and premium brands. Premium brands offer retailers higher margin opportunities as the higher-income consumer continues to spend • Apparel / department store retail GLP tailwinds combine with closed worst doors
Overdiscussed	• Lower income Consumer Sentiment & reported current conditions at historic lows • In-store spending continues to be a laggard of the Black Friday holiday as consumers increasingly do their holiday shopping online	• In our analysis of EPS transcripts we note mentions of “AI” continuing to grow as consumer companies are increasingly looking to incorporate the benefits of AI into their business • Tariff impacts less important to P&L than feared (though are important to Consumer Sentiment)

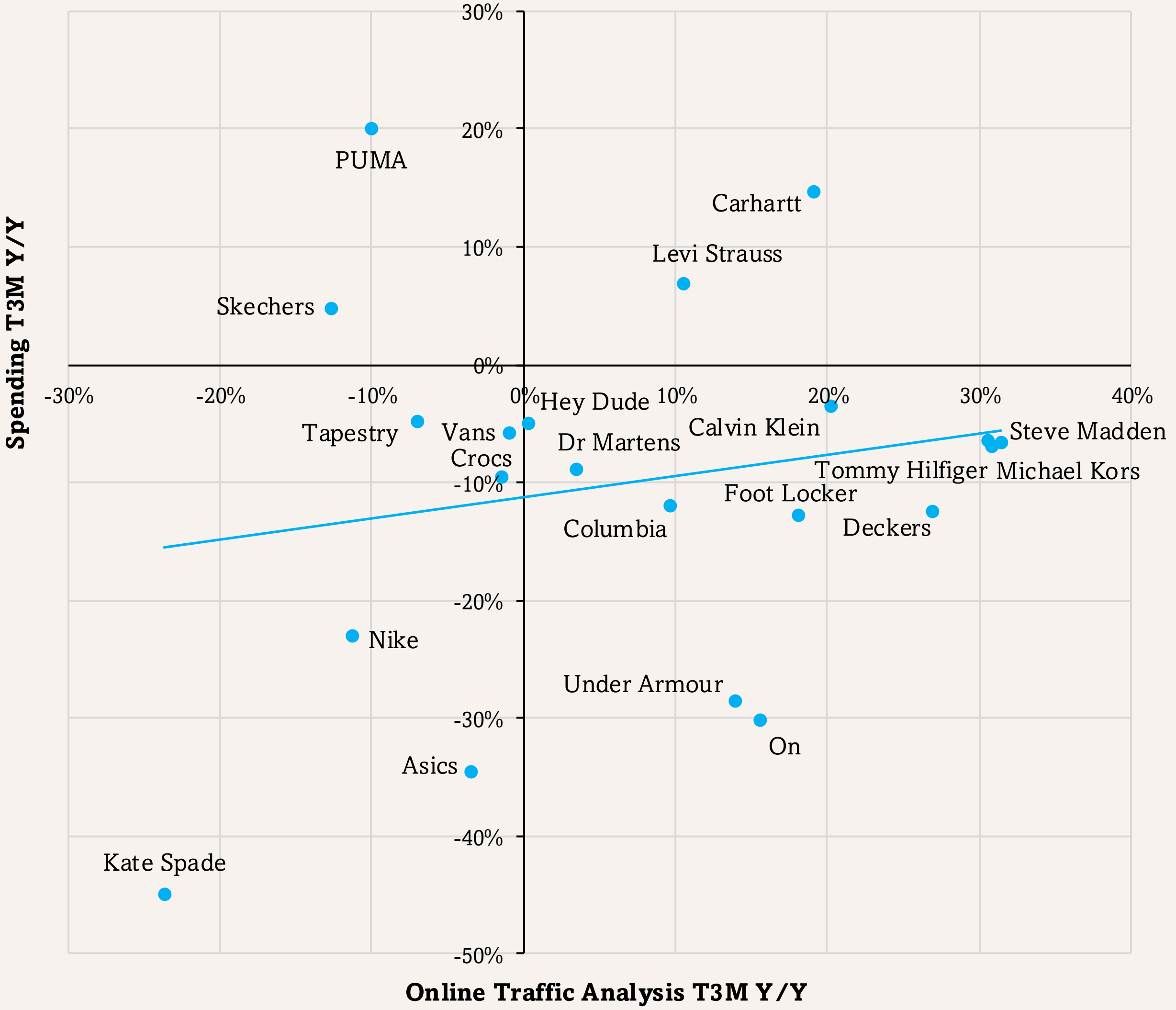
Attention Economy Inflections

Shake Shack's spending and online traction growth is "off the chart" below literally … well ahead of restaurant peers, with traffic running up +145% y/y on a T3M basis, spending running up +9% y/y. We think mid-September lift from National Cheeseburger Day has persisted with Big Shack introduction. Other "top-right" brands growing both digital traffic and spending include Cava, Carhartt, & Levi Strauss

Restaurants

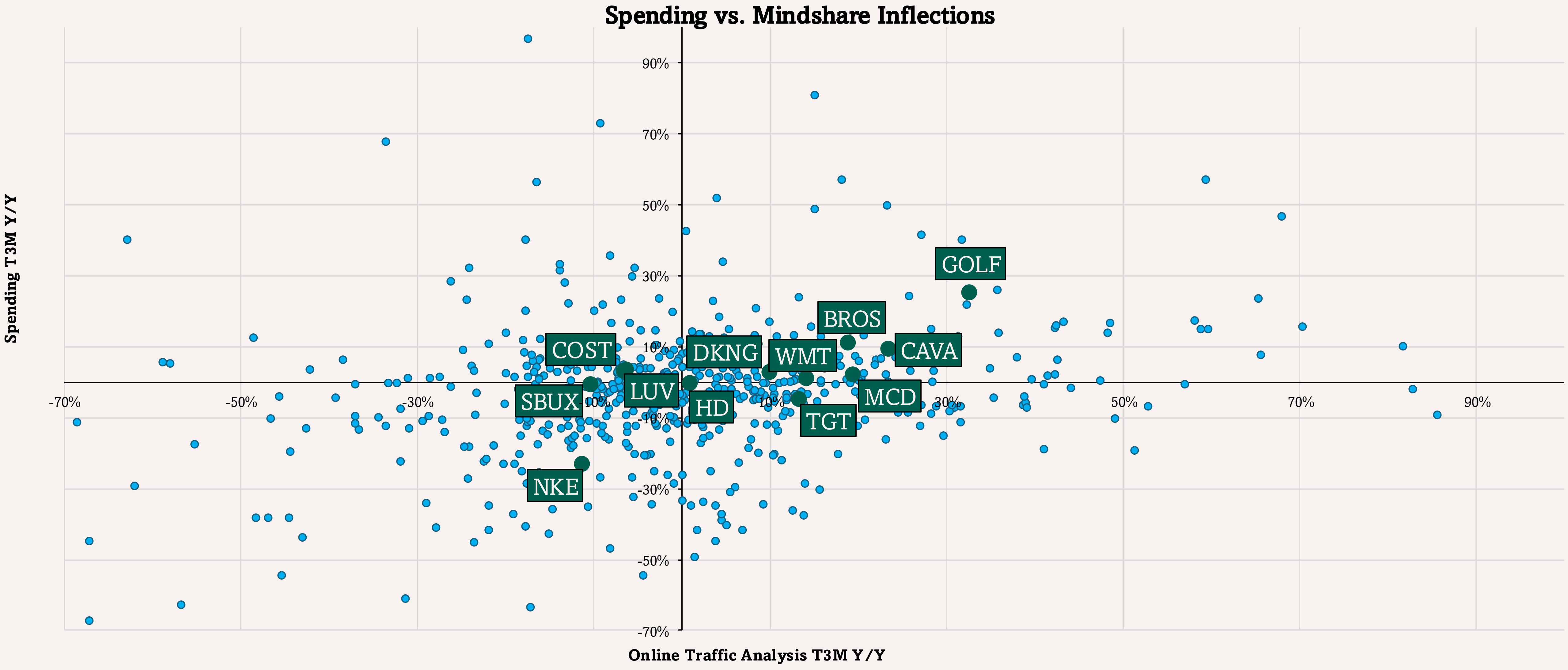


Apparel & Footwear



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

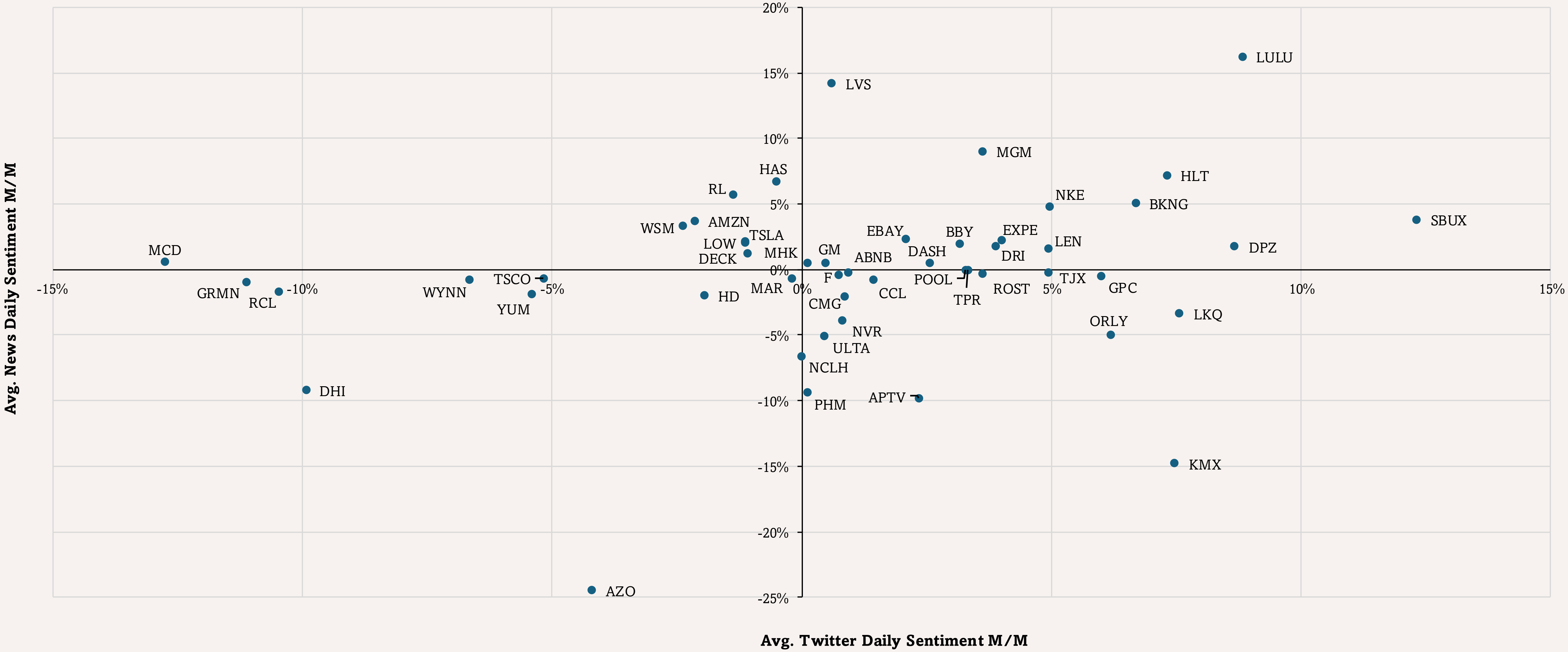
Optimal proprietarily analyzes 800+ public and 10,000+ private companies in real time to unpack brand positioning and changes in consumer behavior



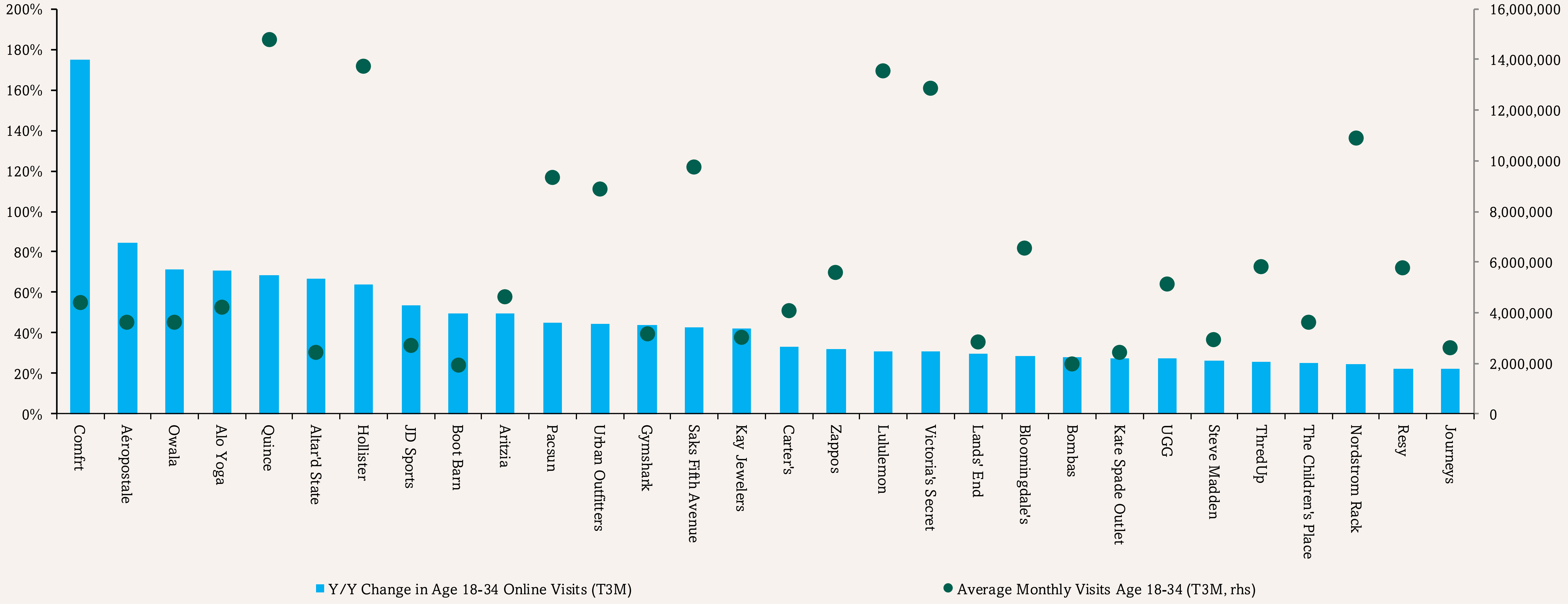
Sources: Optimal Advisory Proprietary Analysis, Similarweb, Bloomberg Second Measure

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

Media Sentiment Analysis

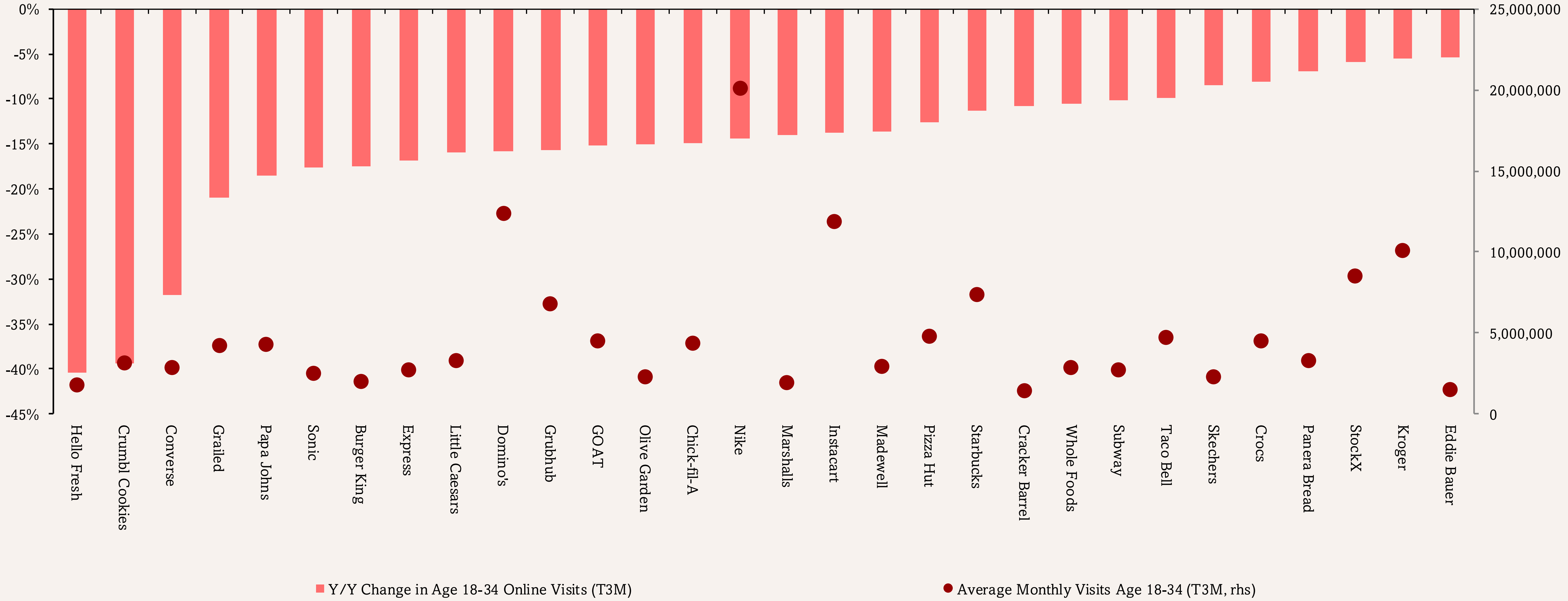


We note digital breakouts for Comfrt, Aéropostale, Owala, Alo Yoga, Quince, Altar'd State, and Hollister among age 18-34 consumers



Sources: Optimal Advisory Proprietary Analysis, Similarweb

We note digital breakdowns for Hello Fresh, Crumbl Cookies, Converse, Grailed, Papa Johns, Sonic, Burger King, and Express among age 18-34 consumers



Sources: Optimal Advisory Proprietary Analysis, Similarweb

Proprietary Subsector Spending Analysis

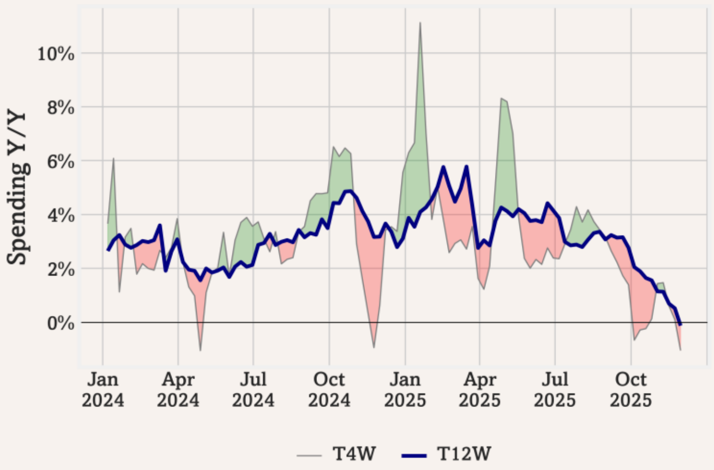
Optimal's proprietary subsector analysis unpacks inflections in consumer spending across the economy

	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	-1.0%	-0.1%	-0.9%	-2.7%	-1.9%	1.7%	1.8%
E-commerce	3.6%	6.2%	-2.6%	6.1%	6.7%	-2.4%	-0.5%
Consumer Payments	-0.1%	1.8%	-1.9%	-1.1%	1.6%	1.1%	0.2%
Grocery	0.1%	-0.1%	0.2%	-1.1%	-0.9%	1.2%	0.8%
Home Improvement	-1.3%	-0.8%	-0.6%	-2.1%	-2.3%	0.8%	1.6%
Meal Delivery	8.2%	10.0%	-1.8%	5.8%	7.3%	2.3%	2.6%
Ride Share	-0.7%	0.6%	-1.3%	-5.1%	-4.8%	4.6%	5.6%
Gas Stations	6.3%	5.1%	1.2%	5.1%	4.8%	1.2%	0.4%
Fast Food	-0.1%	0.6%	-0.7%	-2.7%	-1.3%	2.7%	1.9%
Discount Retail	4.8%	4.0%	0.8%	2.2%	2.8%	2.6%	1.2%
Pharmacy	-7.9%	-7.4%	-0.5%	-5.4%	-5.1%	-2.6%	-2.5%
Accommodations	-6.4%	-1.9%	-4.6%	-1.2%	-1.7%	-5.3%	-0.1%
Cruises	-0.2%	-2.5%	2.3%	4.4%	1.5%	-4.4%	-3.9%
Entertainment	-1.5%	0.6%	-2.1%	-4.2%	-2.3%	2.8%	3.0%
Auto Parts	3.9%	3.9%	0.1%	0.6%	-0.2%	3.3%	4.0%
Airlines	-10.5%	-5.9%	-4.6%	-10.4%	-6.6%	-0.1%	0.7%
Pet Specialty	-1.1%	0.1%	-1.2%	-2.2%	-0.2%	1.1%	0.3%
Beauty	-1.1%	1.9%	-3.0%	-2.5%	-0.3%	1.4%	2.2%
Luxury	-9.5%	-4.9%	-4.6%	-8.3%	-5.4%	-1.3%	0.6%
Sports Retail	3.0%	3.5%	-0.5%	-1.2%	-0.6%	4.2%	4.1%
Apparel	-8.2%	-8.6%	0.4%	-6.8%	-7.2%	-1.5%	-1.5%
Home Furnishings	-4.7%	-1.9%	-2.8%	-5.1%	-2.9%	0.4%	1.0%
Fast Casual	-2.8%	-1.4%	-1.4%	-4.6%	-3.1%	1.9%	1.7%
Casual Dining	-3.4%	-2.5%	-0.9%	-8.8%	-7.9%	5.9%	5.9%
Coffee	1.0%	0.9%	0.1%	-0.4%	0.4%	1.5%	0.5%
Department Stores	-3.8%	-2.9%	-0.9%	-5.7%	-4.4%	2.0%	1.5%
Golf	12.5%	10.1%	2.4%	13.2%	16.7%	-0.6%	-5.6%
Outdoor Recreation	-7.2%	-5.1%	-2.0%	-9.3%	-8.8%	2.4%	4.0%
Pizza	-5.7%	-5.2%	-0.5%	-5.0%	-4.5%	-0.7%	-0.8%
Gambling	4.4%	6.3%	-2.0%	9.7%	15.5%	-4.9%	-7.9%

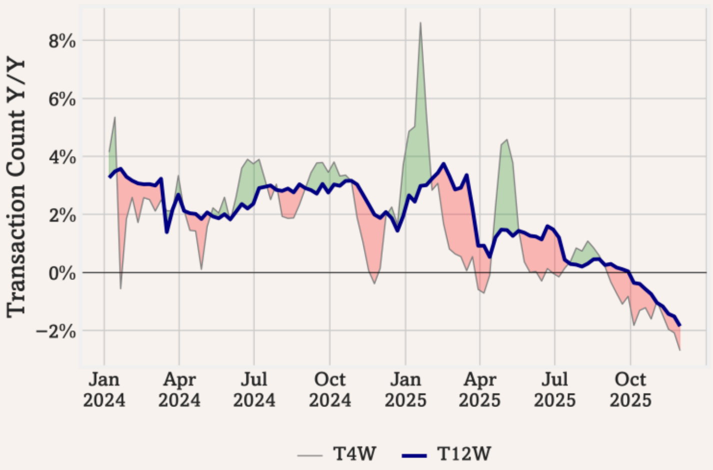
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Broadline retail (including WMT & TGT) spending now negative y/y on a T12W average, primarily driven by slowing transactions counts. E-Commerce (including AMZN, EBAY, & Shein) transaction count growth continues to keep spending up +5% y/y despite negative inflection in ticket

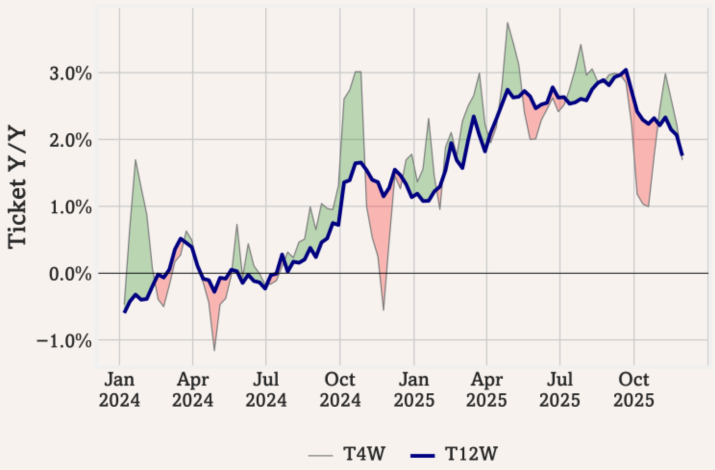
Broadline Retail Spending



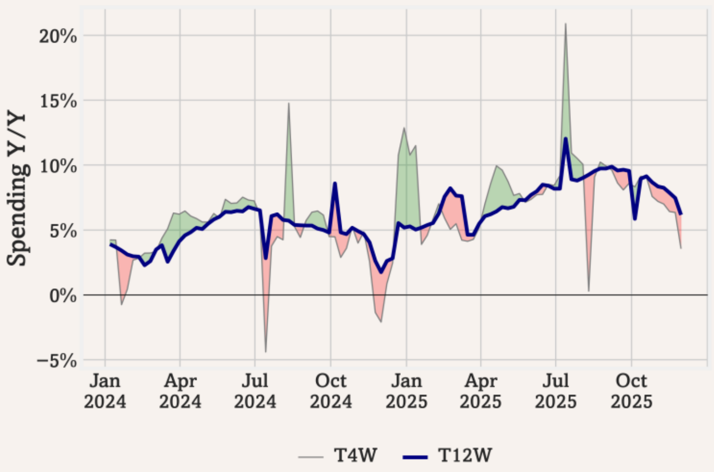
Broadline Retail Transactions



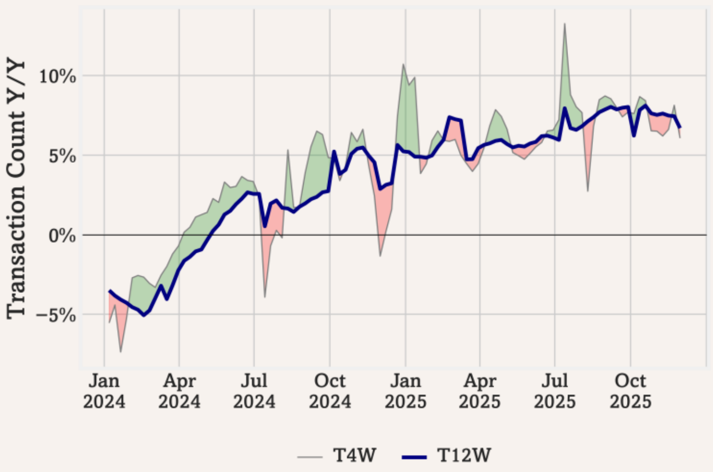
Broadline Retail Ticket



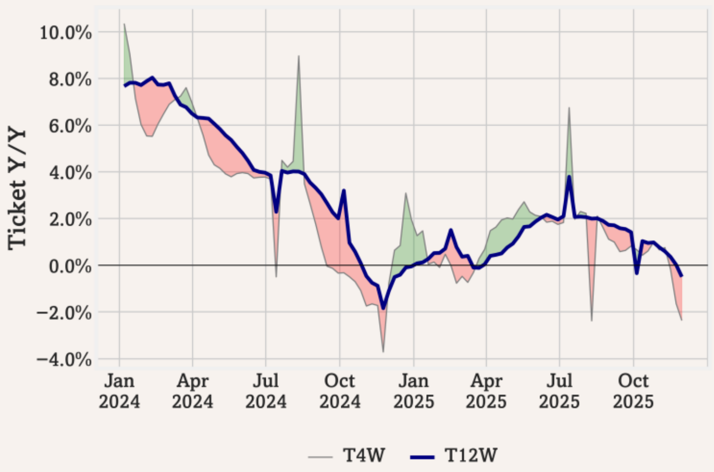
E-Commerce Spending



E-Commerce Transactions



E-Commerce Ticket



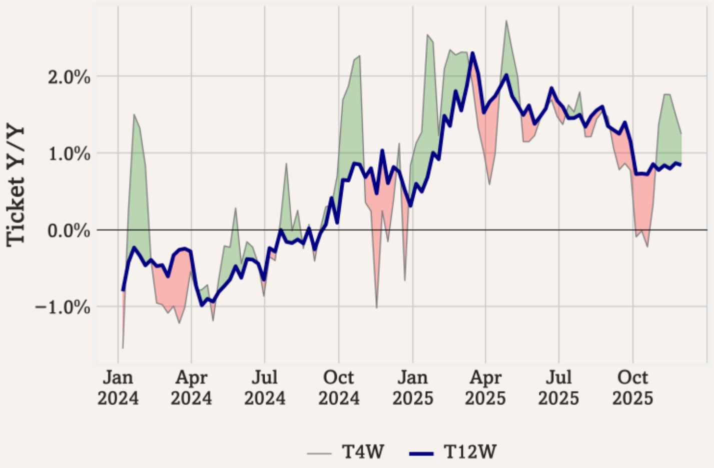
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Grocery spending continues to run up y/y but flattening with transactions now down y/y. T4W trends in spending and transaction count growth for casual dining (including Applebee's, CRBL, & CAKE) less negative than a few weeks ago but still exhibiting negative inflection between shorter- and longer-term trends

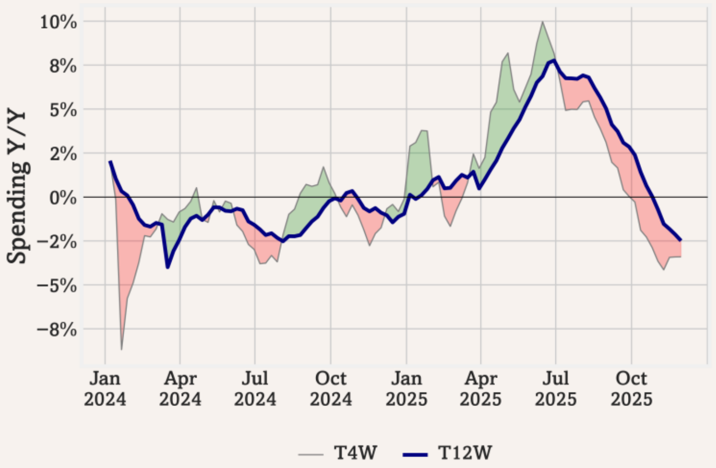
Grocery Spending

Grocery Transactions

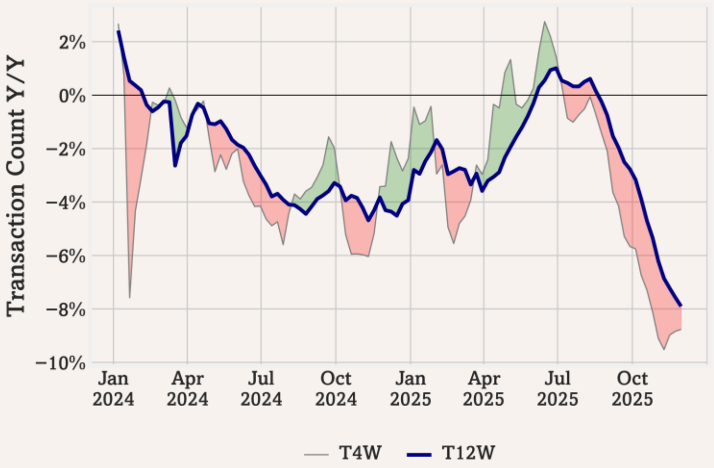
Grocery Ticket



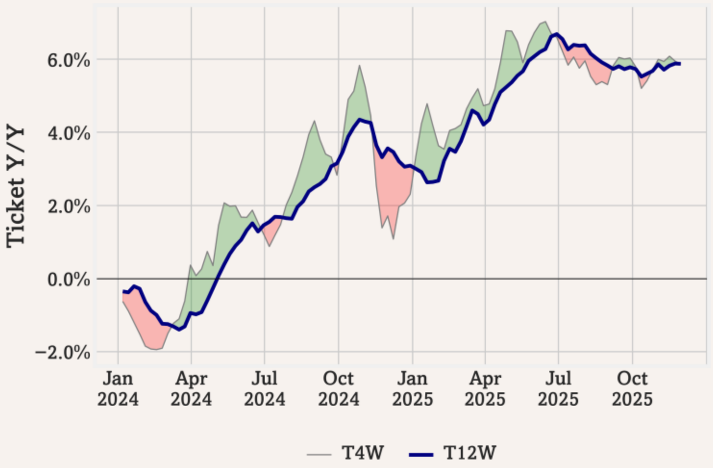
Casual Dining Spending



Casual Dining Transactions



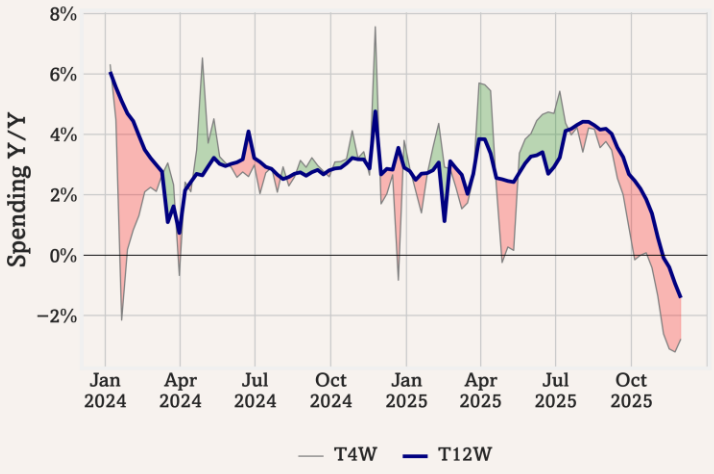
Casual Dining Ticket



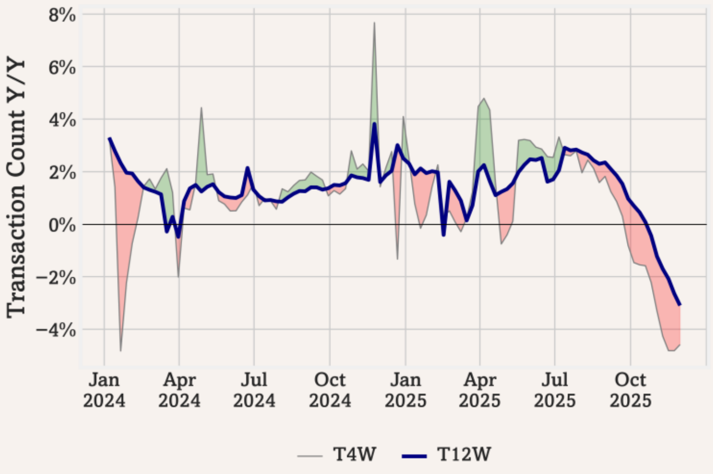
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Fast casual spending (including CMG & PNRA) are inflecting negatively but less so than recent weeks. Fast food spending (including MCD, Taco Bell, & Chick-fil-A) approaching flat y/y as transactions and ticket growth diverging

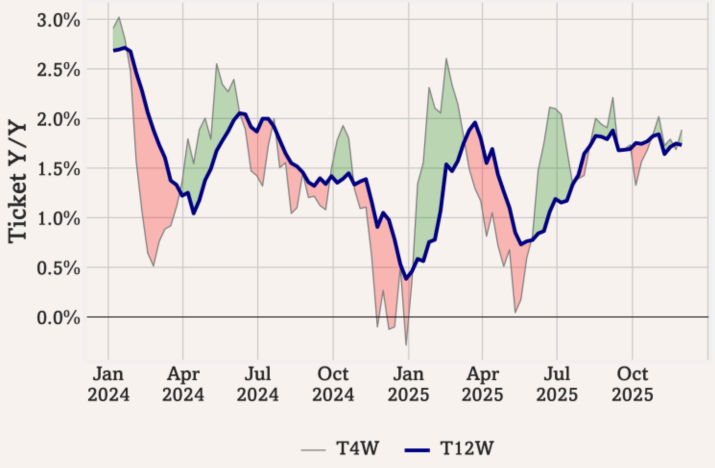
Fast Casual Spending



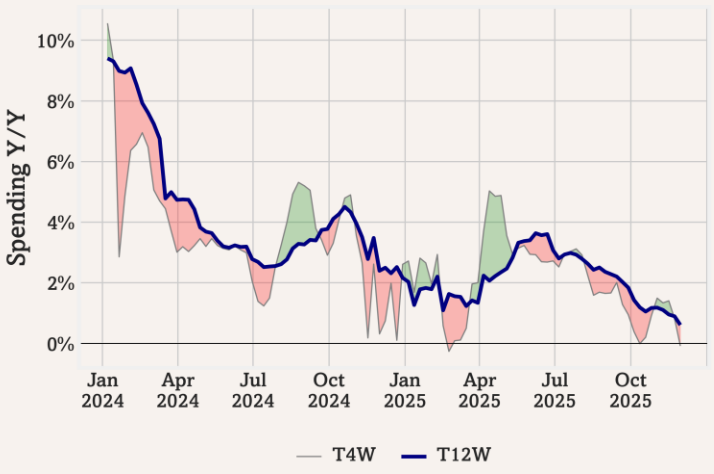
Fast Casual Transactions



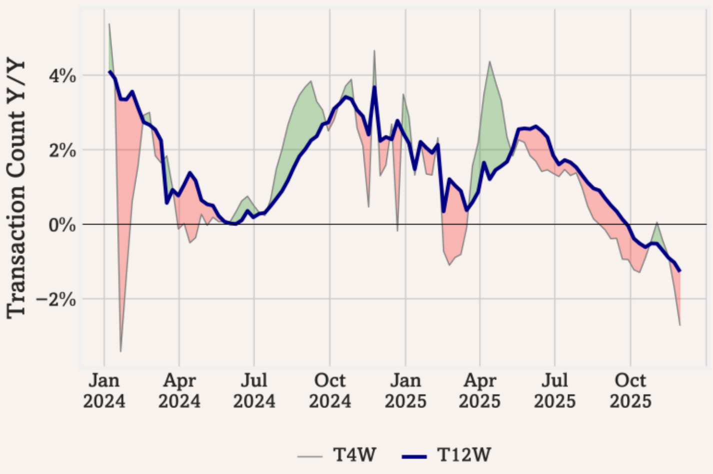
Fast Casual Ticket



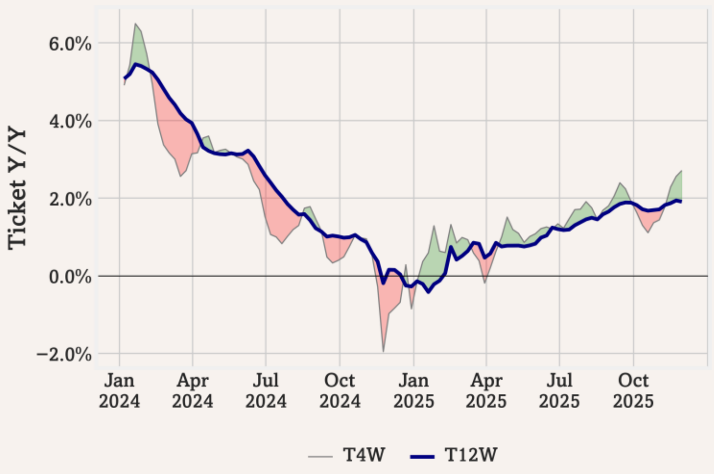
Fast Food Spending



Fast Food Transactions



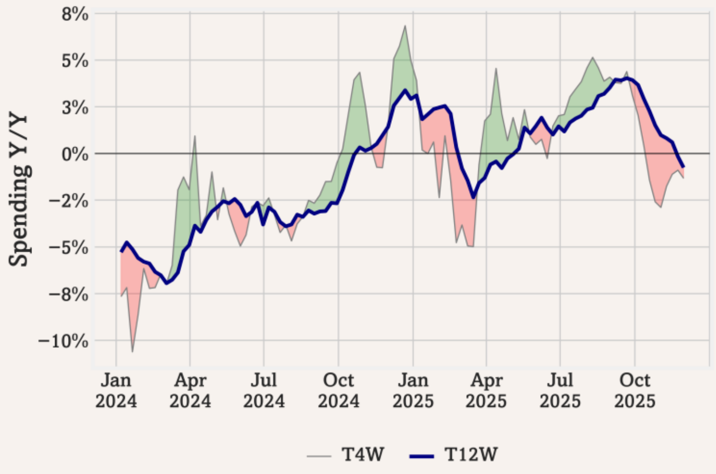
Fast Food Ticket



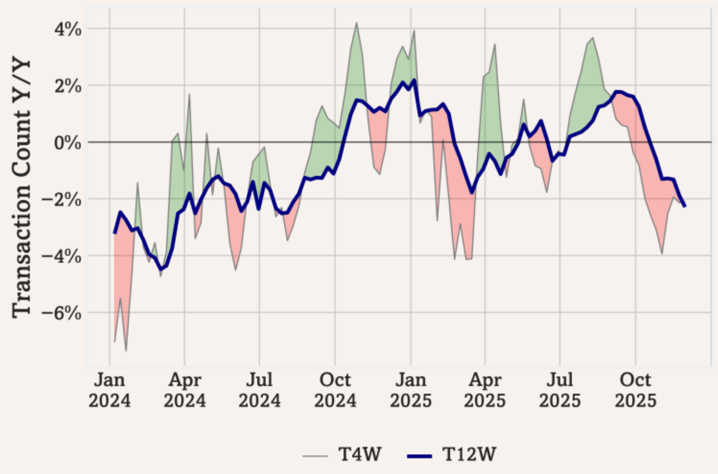
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Home improvement (including HD & LOW) continues to inflect negatively at spending, transaction, and ticket as T12W spending now negative y/y. Home furnishing (including HomeGoods & Ikea) spending running down y/y driven by slowing transaction despite growing ticket

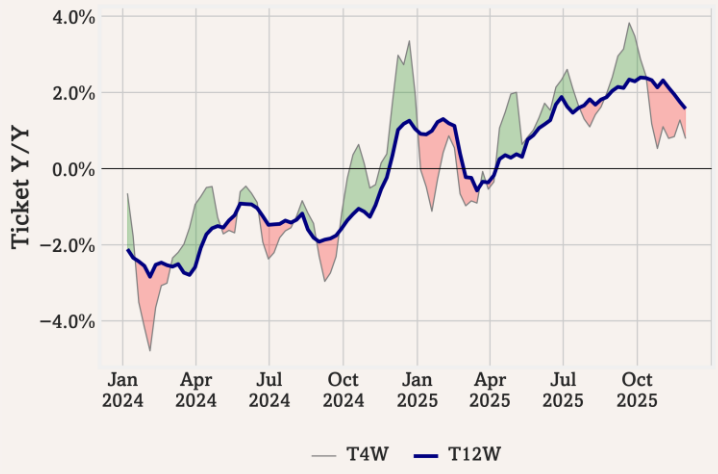
Home Improvement Spending



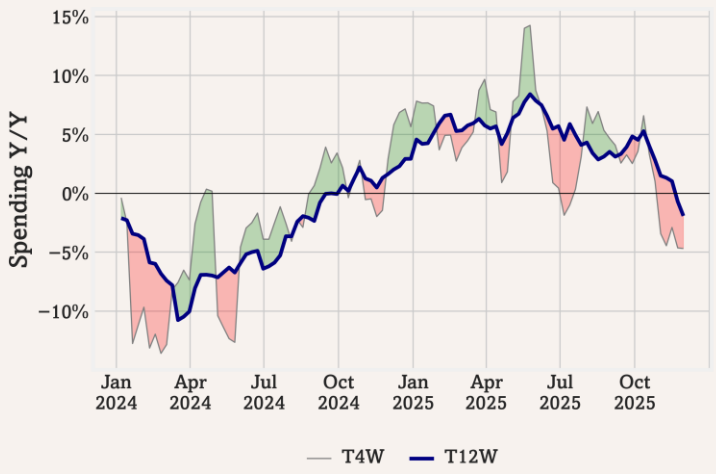
Home Improvement Transactions



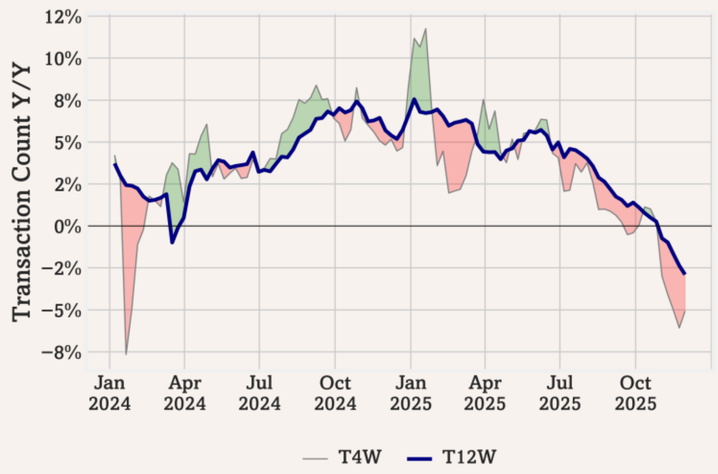
Home Improvement Ticket



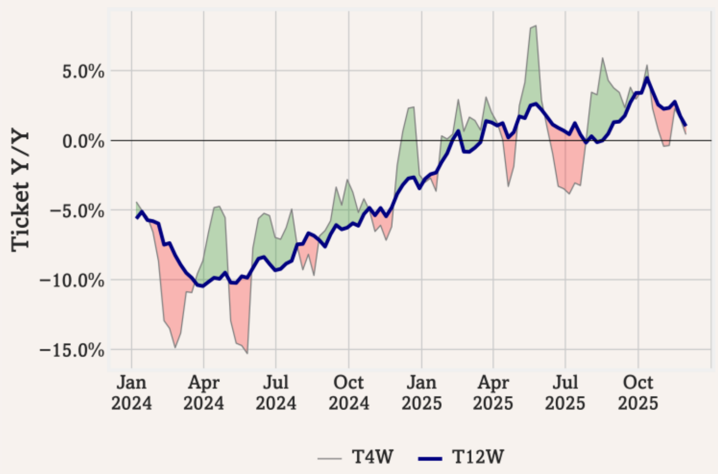
Home Furnishing Spending



Home Furnishings Transactions



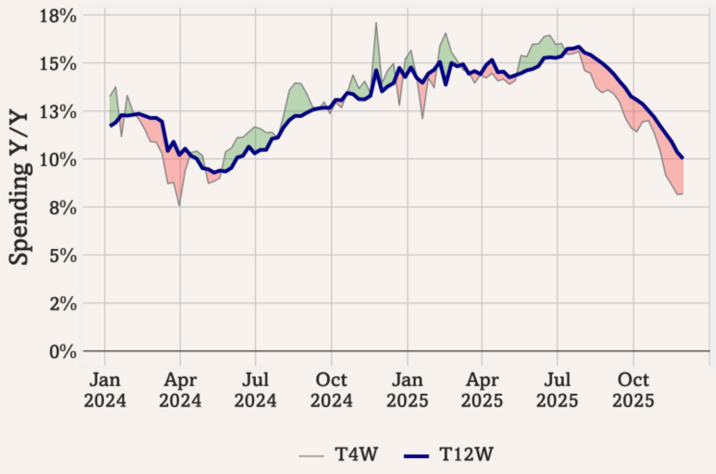
Home Furnishings Ticket



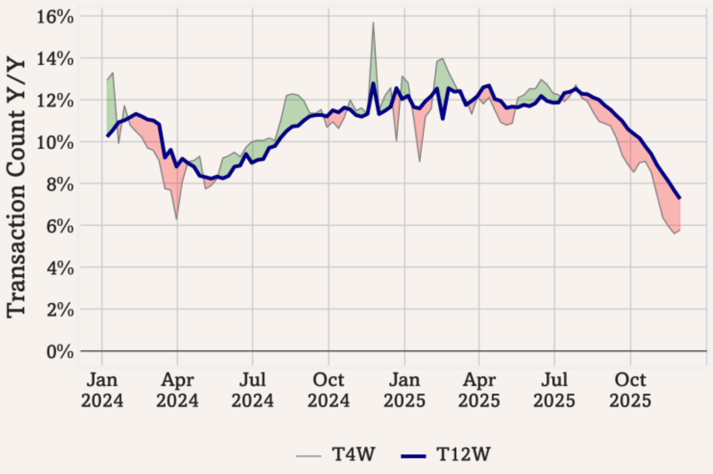
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Meal delivery (DASH, GrubHub, Uber Eats) spending and transactions inflecting negatively sine July. Ride share (UBER & LYFT) spending decline driven by negative transaction growth, while ticket continues to run up 5% y/y

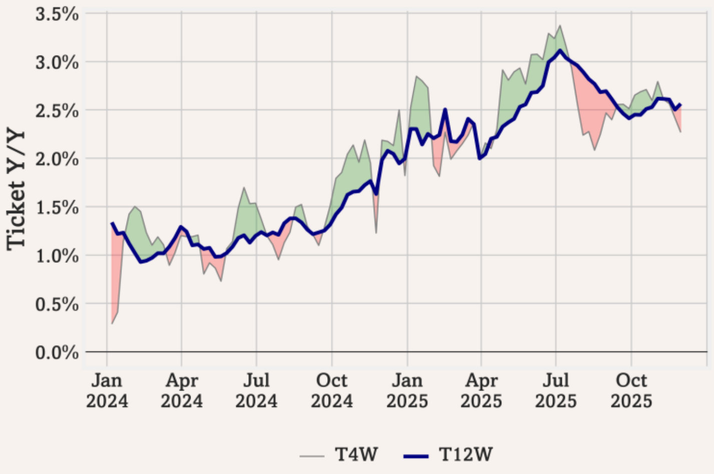
Meal Delivery Spending



Meal Delivery Transactions



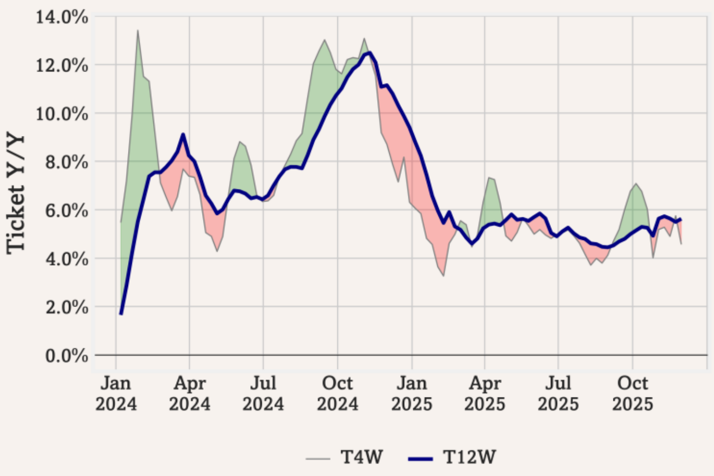
Meal Delivery Ticket



Ride Share Spending

Ride Share Transactions

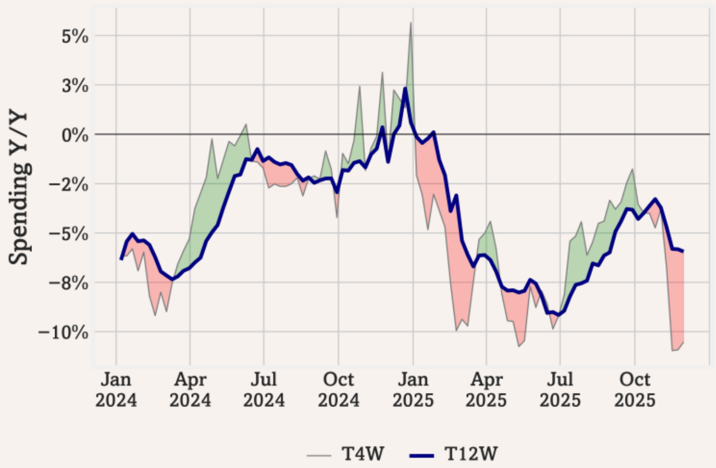
Ride Share Ticket



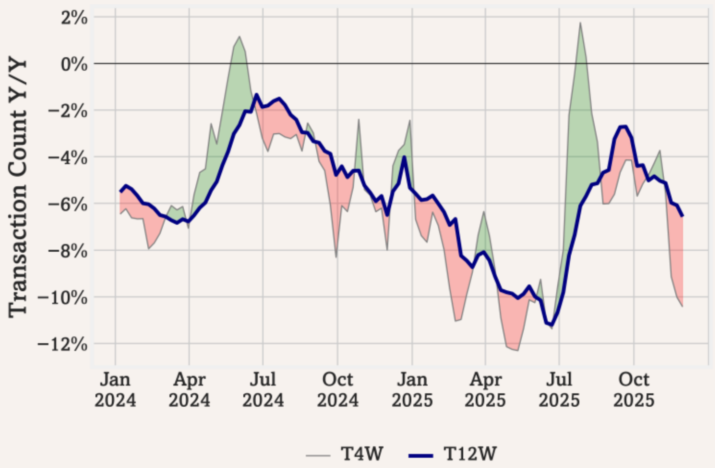
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Airlines (AAL, DAL, LUV, etc.) spending and transaction counts with sharply negative inflection in recent weeks. Accommodations (ABNB, HLT, EXPE) spending growth continue to run down y/y, with ticket now flat

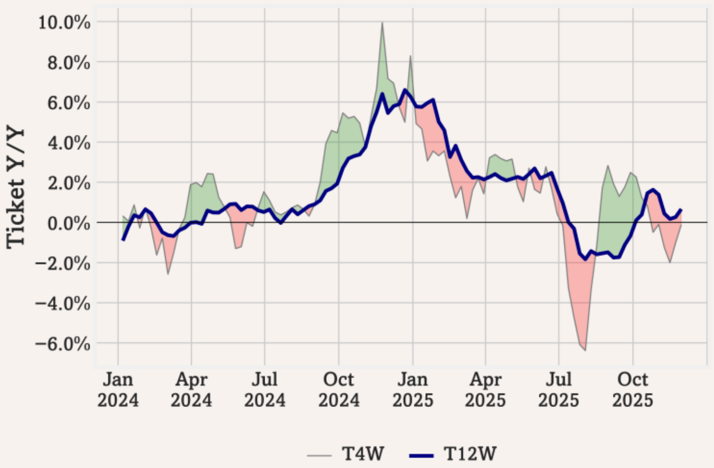
Airlines Spending



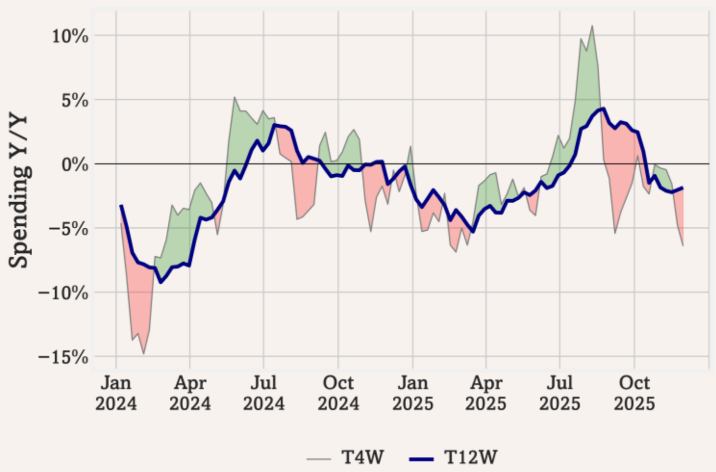
Airlines Transactions



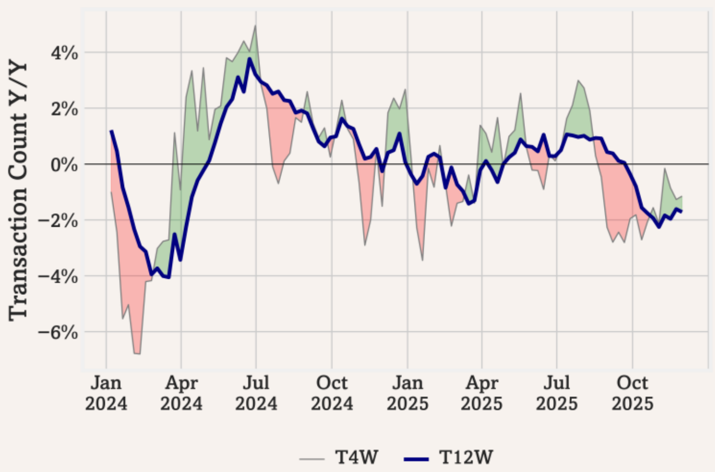
Airlines Ticket



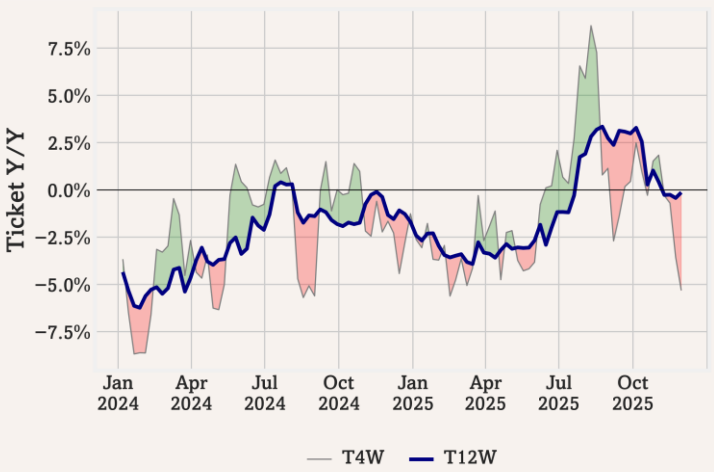
Accommodations Spending



Accommodations Transactions



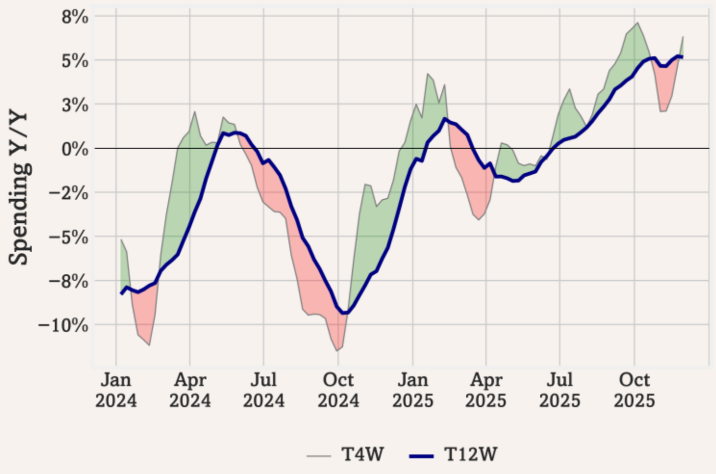
Accommodations Ticket



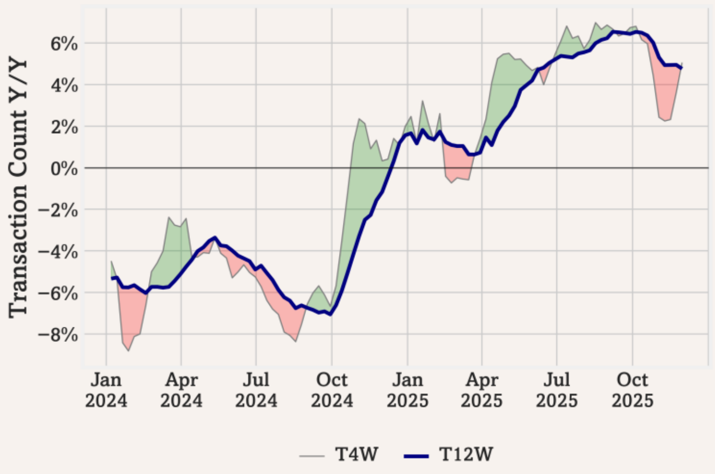
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Gas station spending and transaction growth running up +4% y/y, while ticket growth is now positive y/y. Auto parts (AZO, ORLY, AAP) ticket growth is at its highest level in 2 years and continues to inflect positively despite transaction growth now running down y/y

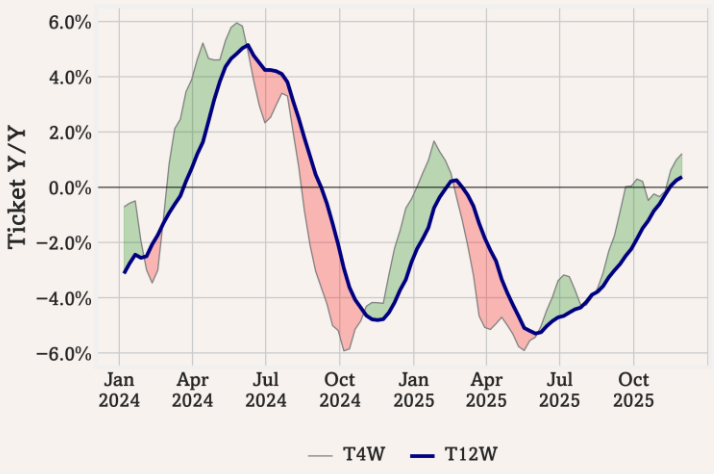
Gas Stations Spending



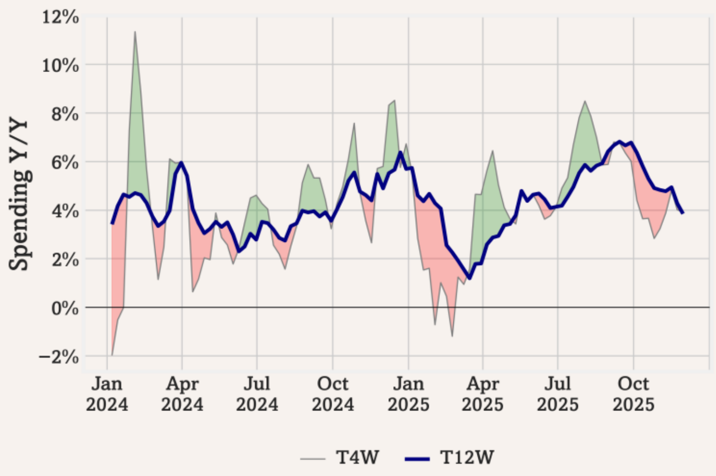
Gas Stations Transactions



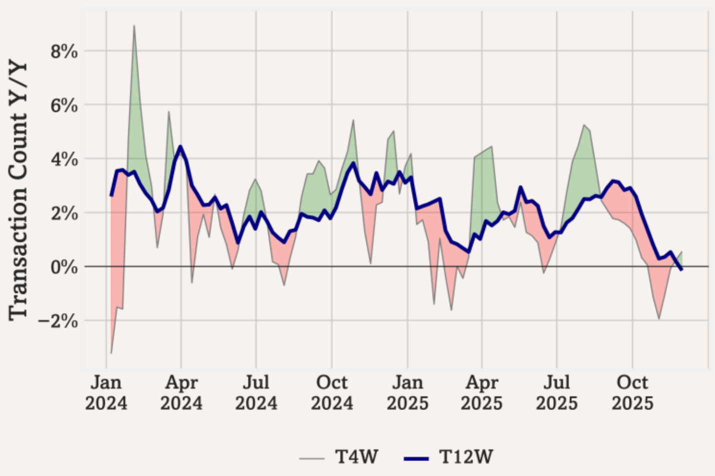
Gas Stations Ticket



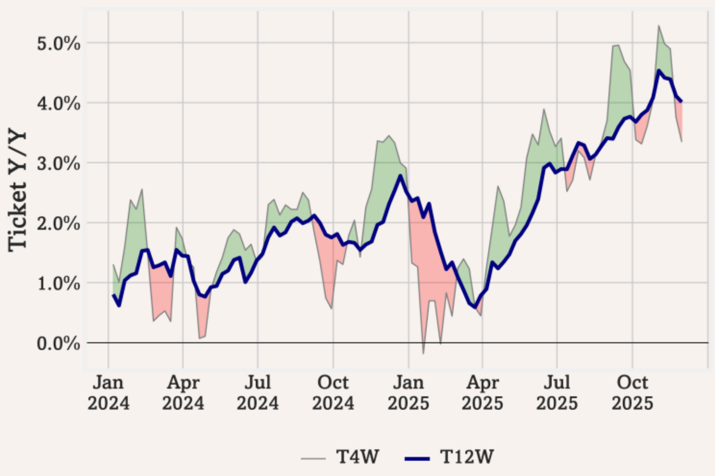
Auto Parts Spending



Auto Parts Transactions



Auto Parts Ticket



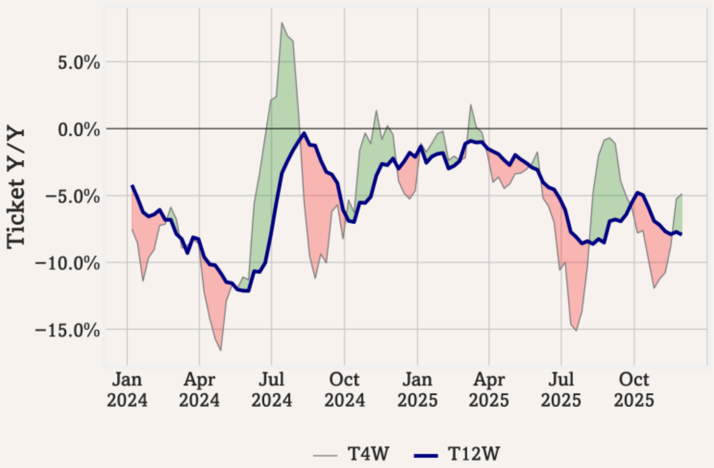
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Gambling (including DKNG, PENN, CZR) spending continues to run up y/y following a high transaction growth period in early 2024. Entertainment (including NFLX, Hulu, LYV) spending growth flat y/y as transaction growth negatively inflecting and ticket positive

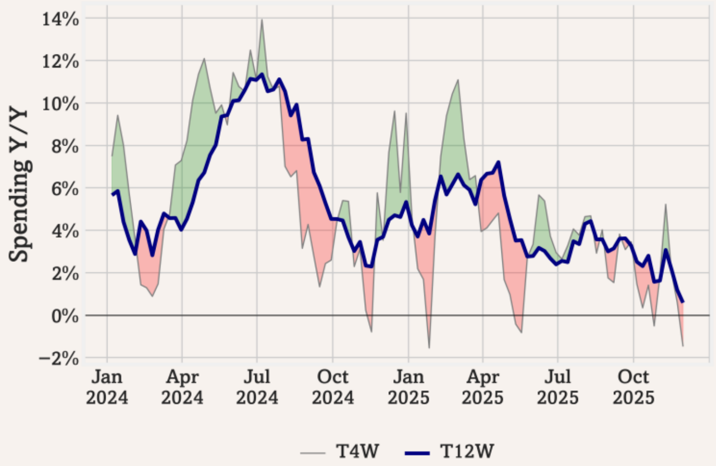
Gambling Spending

Gambling Transactions

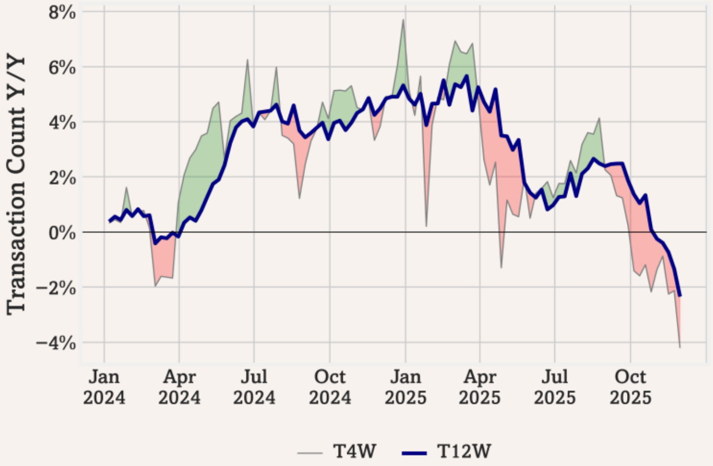
Gambling Ticket



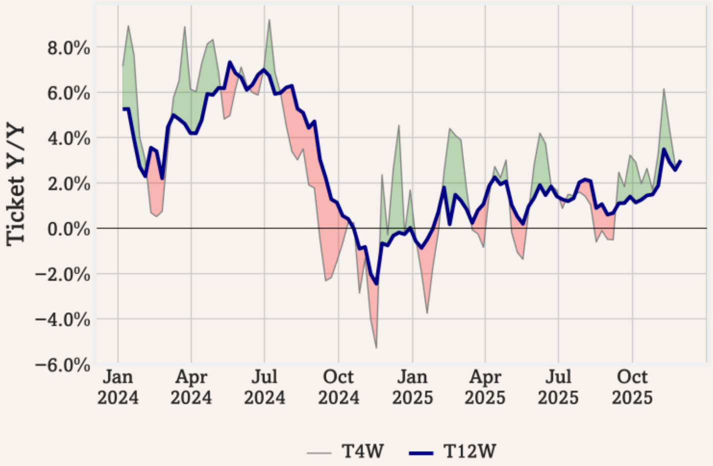
Entertainment Spending



Entertainment Transactions



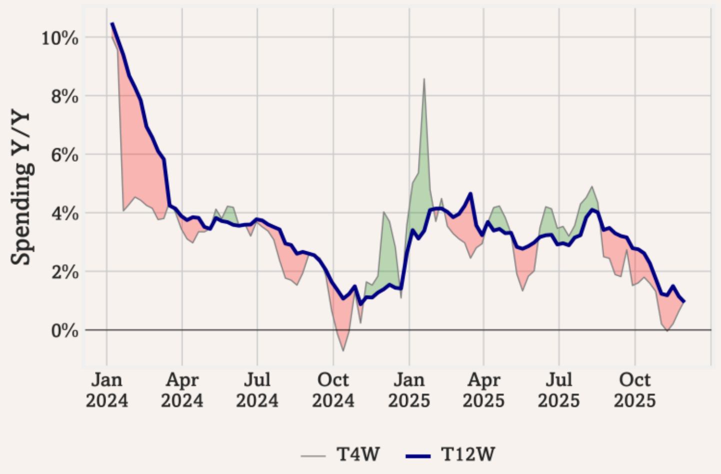
Entertainment Ticket



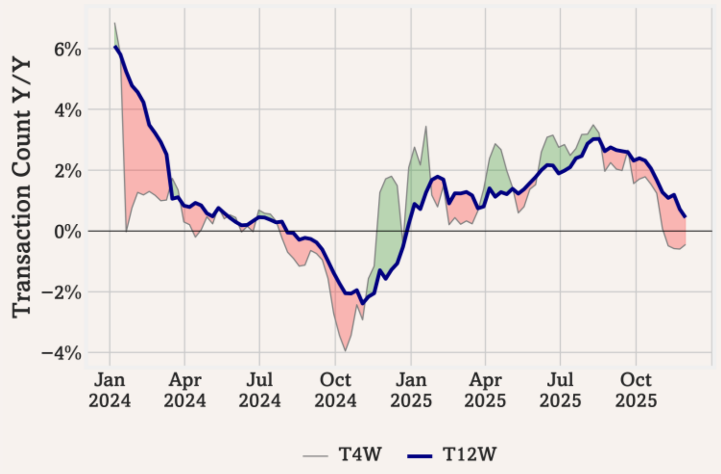
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Coffee (SBUX, DNKN, BROS) ticket now inflecting positively 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

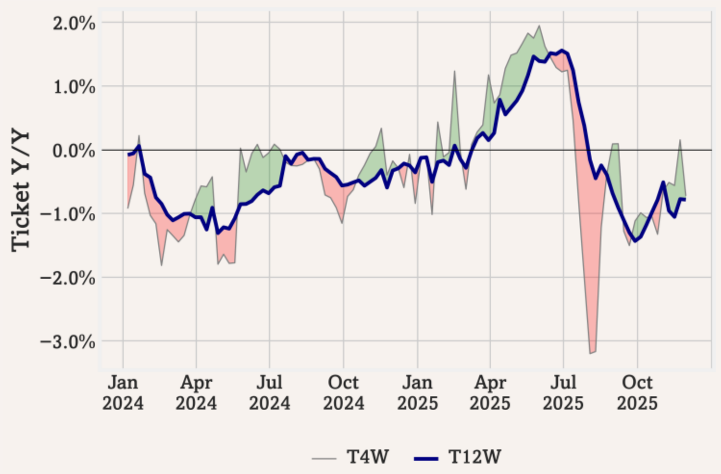


Coffee Ticket

Pizza Spending

Pizza Transactions

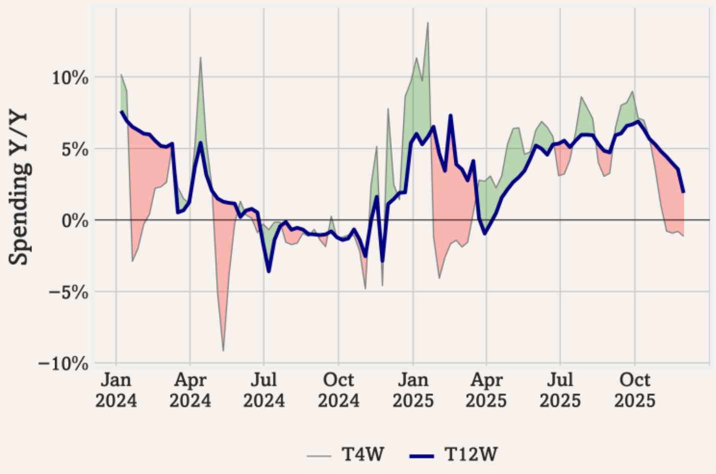
Pizza Ticket



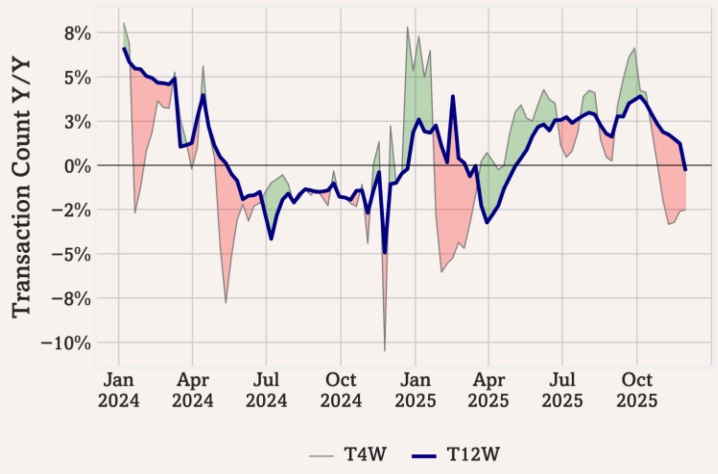
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Beauty (including ULTA & Sephora) has seen positive long-term spending and ticket growth since April. Luxury (including Tiffany, Louis Vuitton, & Coach) spending now inflecting significantly less negative than recent weeks but running down y/y

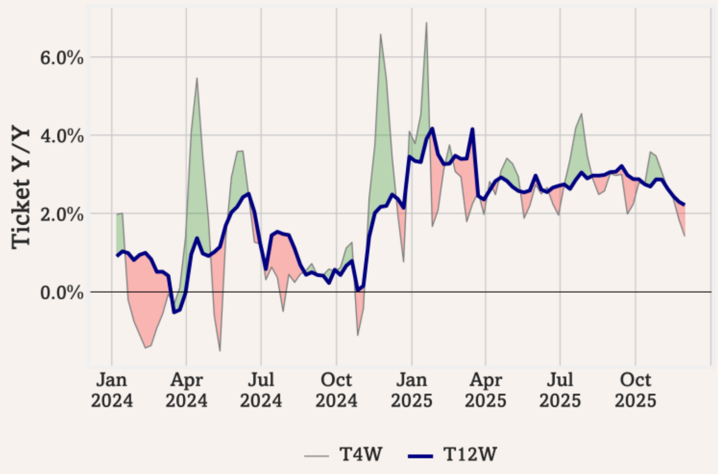
Beauty Spending



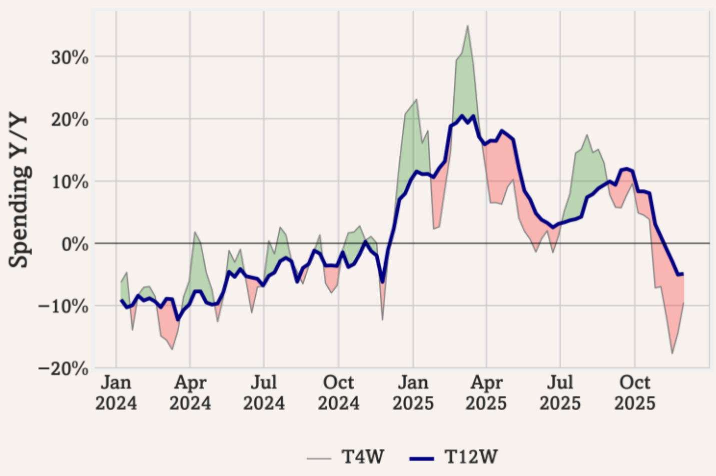
Beauty Transactions



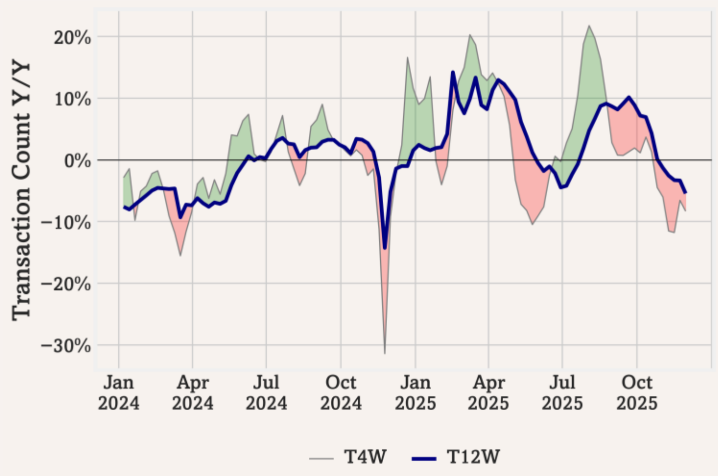
Beauty Ticket



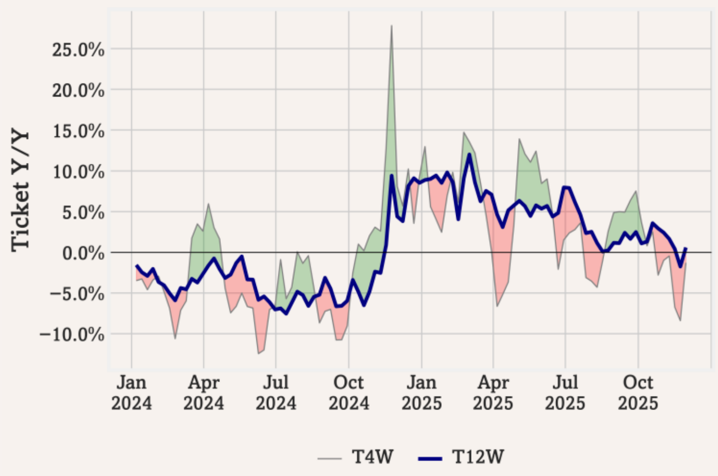
Luxury Spending



Luxury Transactions



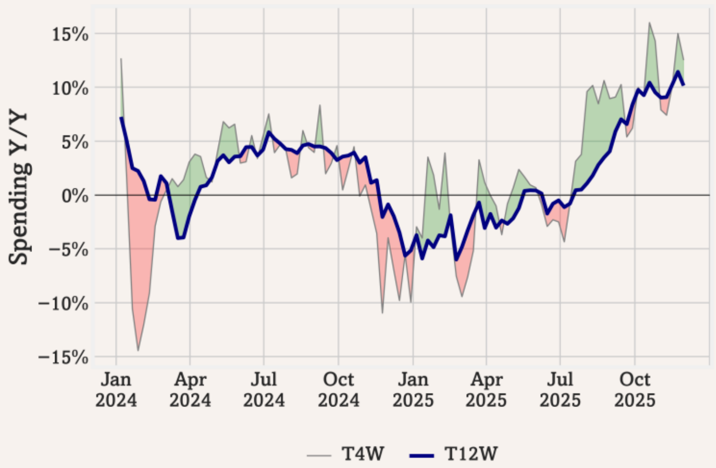
Luxury Ticket



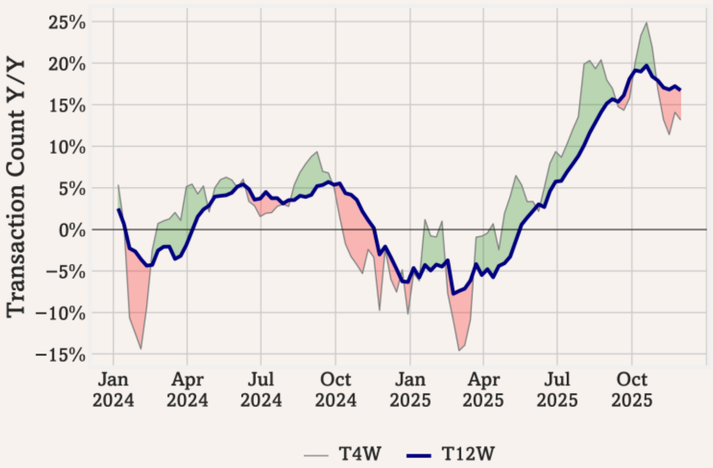
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Golf spending continues to run up y/y, driven by higher traffic and discounted pricing at Topgolf. Sports retailers (including ASO & DKS) ticket continues to run up y/y and inflect positively

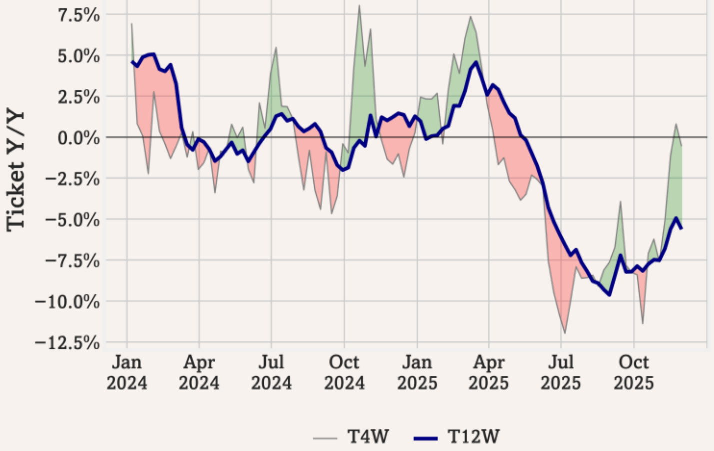
Golf Spending



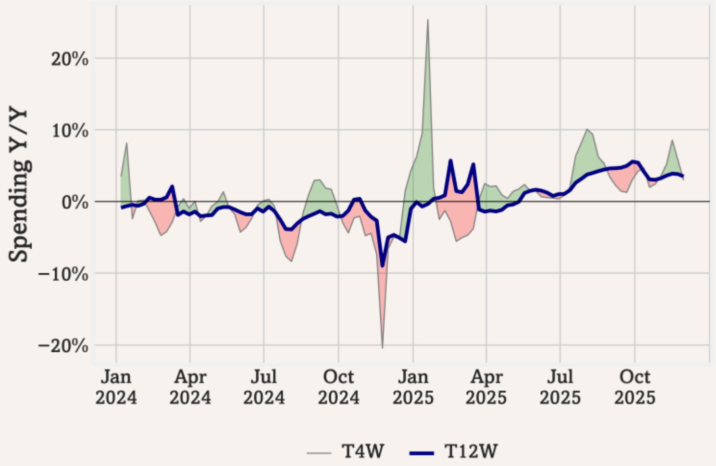
Golf Transactions



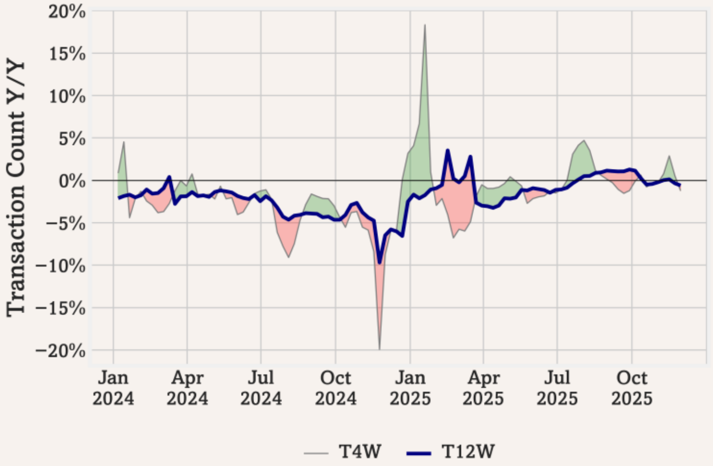
Golf Ticket



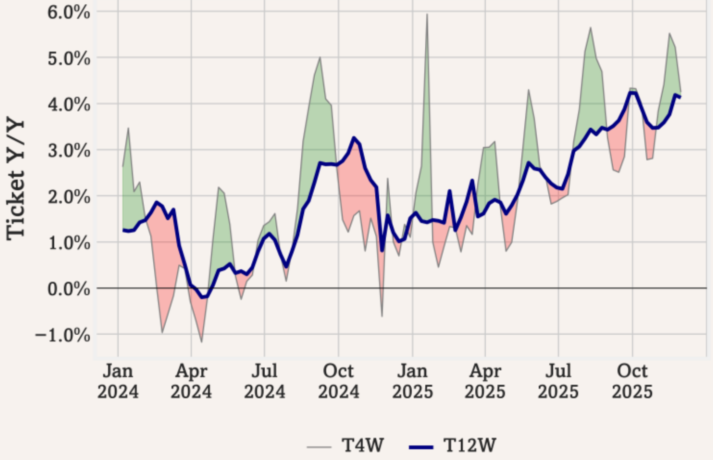
Sports Retail Spending



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		$115.34	$920.32	22.0	22.0	20.0	1.4	1.3	1.2
COST	Costco Wholesale Corp		$882.11	$392.90	29.5	27.2	25.0	1.4	1.3	1.2
HD	Home Depot Inc		$347.39	$346.23	15.2	16.4	15.9	2.2	2.1	2.0
TJX	TJX Cos Inc		$155.48	$172.73	19.1	22.4	20.5	3.1	2.9	2.7
LOW	Lowe's Cos Inc		$243.76	$136.99	13.7	14.6	13.7	1.6	1.6	1.5
ROST	Ross Stores Inc		$180.15	$58.27	15.5	18.8	17.4	2.8	2.6	2.5
TGT	Target Corp		$94.14	$42.82	6.5	7.6	7.5	0.4	0.4	0.4
TSCO	Tractor Supply Co		$52.85	$27.98	13.8	16.7	15.4	1.9	1.8	1.7
WSM	Williams-Sonoma Inc		$181.66	$21.77	11.4	13.6	13.3	2.8	2.8	2.7
DG	Dollar General Corp		$124.33	$27.38	9.3	13.6	12.8	0.7	0.6	0.6
DKS	Dick's Sporting Goods Inc		$213.26	$19.09	10.4	13.7	11.4	1.4	1.2	0.9
DLTR	Dollar Tree Inc		$121.49	$24.11	10.3	13.5	12.3	1.4	1.2	1.2
BURL	Burlington Stores Inc		$266.65	$16.78	12.9	17.5	15.5	1.6	1.5	1.3
BBY	Best Buy Co Inc		$73.04	$15.29	6.4	7.0	6.8	0.4	0.4	0.4
DECK	Deckers Outdoor Corp		$100.70	$14.59	10.3	11.0	10.5	2.9	2.7	2.5
BJ	BJ's Wholesale Club Holdings I		$90.24	$11.83	10.3	12.5	11.6	0.6	0.6	0.5
GME	GameStop Corp		$21.60	$9.70	19.1	14.0	14.2	2.5	2.3	2.3
FIVE	Five Below Inc		$174.65	$9.68	13.9	18.2	16.8	2.5	2.1	1.9
OLLI	Ollie's Bargain Outlet Holding		$113.59	$7.01	18.3	20.6	17.9	3.1	2.6	2.3
URBN	Urban Outfitters Inc		$78.32	$6.99	8.4	9.9	9.0	1.3	1.1	1.1
BBWI	Bath & Body Works Inc		$19.23	$3.94	4.8	6.5	7.2	0.5	0.6	0.6
M	Macy's Inc		$22.88	$6.12	5.1	6.5	6.4	0.3	0.3	0.3
SIG	Signet Jewelers Ltd		$89.50	$3.64	7.1	6.8	6.4	0.5	0.5	0.5
ASO	Academy Sports & Outdoors Inc		$54.17	$3.61	5.9	7.8	7.4	0.6	0.6	0.6
KSS	Kohl's Corp		$23.68	$2.68	6.4	7.8	8.0	0.2	0.2	0.2

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		$444.69	$1,479.59	104.2	114.2	97.5	15.1	15.6	13.7
ORLY	O'Reilly Automotive Inc		$93.57	$79.19	21.1	22.0	20.4	4.7	4.5	4.2
CVNA	Carvana Co		$462.31	$97.22	74.6	45.1	34.6	7.1	4.9	3.8
AZO	AutoZone Inc		$3,413.13	$57.07	14.7	15.7	14.1	3.0	2.8	2.6
GM	General Motors Co		$78.81	$73.25	2.7	3.8	3.6	0.4	0.4	0.4
F	Ford Motor Co		$13.15	$52.32	3.1	4.3	3.5	0.3	0.3	0.3
GPC	Genuine Parts Co		$128.84	$17.95	11.4	11.7	10.8	0.8	0.7	0.7
RIVN	Rivian Automotive Inc		$18.21	$22.43	-6.0	-10.1	-12.3	4.5	4.2	3.3
PAG	Penske Automotive Group Inc		$167.40	$11.03	11.0	12.8	13.0	0.4	0.4	0.4
AN	AutoNation Inc		$217.22	$7.96	10.9	11.3	11.0	0.3	0.3	0.3
LAD	Lithia Motors Inc		$341.43	$8.27	10.3	11.5	11.1	0.2	0.2	0.2
LCID	Lucid Group Inc		$12.65	$4.08	-2.3	-2.4	-3.1	5.0	3.2	1.7
KMX	CarMax Inc		$39.72	$5.83	6.8	8.2	8.0	0.2	0.2	0.2
GPI	Group 1 Automotive Inc		$417.52	$5.27	10.3	10.6	10.0	0.3	0.2	0.2
ABG	Asbury Automotive Group Inc		$242.65	$4.70	11.2	10.3	10.2	0.3	0.3	0.2
VVV	Valvoline Inc		$30.22	$3.85	10.0	10.1	9.0	2.3	1.9	1.7
AAP	Advance Auto Parts Inc		$46.68	$2.80	40.7	11.0	8.0	0.3	0.3	0.3
HOG	Harley-Davidson Inc		$22.08	$2.60	9.5	8.1	14.3	0.5	0.7	0.7

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		$64.93	$95.78	19.1	25.9	19.2	2.1	2.0	1.9
TPR	Tapestry Inc		$115.34	$23.64	29.4	15.9	14.8	3.4	3.2	3.1
LULU	Lululemon Athletica Inc		$182.91	$21.73	6.8	8.4	8.4	2.1	2.0	1.9
RL	Ralph Lauren Corp		$355.54	$21.58	15.9	16.0	14.8	3.0	2.8	2.6
AS	Amer Sports Inc		$39.21	$21.64	31.0	20.6	17.2	4.2	3.4	2.9
ONON	On Holding AG		$48.69	$16.02	43.4	22.8	18.2	6.1	4.3	3.5
BIRK	Birkenstock Holding Plc		$44.23	$8.10	15.9	12.1	10.6	4.1	3.3	2.9
GAP	Gap Inc		$26.35	$9.79	5.1	7.9	7.6	0.6	0.6	0.6
VFC	VF Corp		$18.63	$7.26	13.3	14.9	13.9	0.8	0.8	0.8
BOOT	Boot Barn Holdings Inc		$201.63	$6.24	17.4	18.6	16.5	3.3	2.8	2.5
KTB	Kontoor Brands Inc		$68.47	$3.79	12.6	10.6	9.9	1.5	1.2	1.1
CROX	Crocs Inc		$85.94	$4.45	5.1	6.3	6.5	1.1	1.1	1.1
PVH	PVH Corp		$76.05	$3.48	5.3	7.3	7.2	0.4	0.4	0.4
BKE	Buckle Inc		$56.27	$2.89	8.0	10.3	10.1	2.4	2.2	2.2
COLM	Columbia Sportswear Co		$55.11	$2.97	7.6	12.9	10.6	0.9	0.9	0.9
AEO	American Eagle Outfitters Inc		$24.12	$4.11	5.8	11.4	9.9	0.8	0.8	0.7
SHOO	Steven Madden Ltd		$44.30	$3.21	12.5	18.3	14.2	1.4	1.3	1.1
VSCO	Victoria's Secret & Co		$51.29	$4.14	7.3	11.7	11.1	0.7	0.6	0.6
UA	Under Armour Inc		$4.22	$1.85	29.7	15.4	12.4	0.4	0.4	0.4
WWW	Wolverine World Wide Inc		$18.03	$1.47	14.3	11.3	11.2	0.8	0.8	0.7
CRI	Carter's Inc		$32.80	$1.19	4.5	9.8	11.2	0.4	0.4	0.4
GES	Guess? Inc		$16.83	$0.88	5.1	10.7	10.2	0.3	0.3	0.3
GOLF	Acushnet Holdings Corp		$83.73	$4.91	14.9	14.0	13.7	2.0	1.9	1.9
MODG	Topgolf Callaway Brands Corp		$11.65	$2.14	-7.1	11.5	11.4	0.5	0.5	0.5

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		$308.67	$220.45	17.8	18.7	17.5	8.5	8.3	7.8
DASH	DoorDash Inc		$219.78	$94.87	149.1	33.6	25.7	8.8	6.9	5.3
SBUX	Starbucks Corp		$82.31	$93.83	17.2	20.4	17.3	2.5	2.4	2.3
CMG	Chipotle Mexican Grill Inc		$33.80	$44.86	17.7	20.8	19.6	4.0	3.8	3.4
YUM	Yum! Brands Inc		$144.24	$40.14	19.4	18.0	16.6	5.3	4.9	4.5
QSR	Restaurant Brands International		$70.97	$32.33	20.7	15.9	14.9	3.8	3.5	3.3
DRI	Darden Restaurants Inc		$178.60	$20.76	12.5	13.2	12.6	1.7	1.6	1.5
DPZ	Domino's Pizza Inc		$415.99	$14.10	18.7	18.3	17.0	3.0	2.9	2.7
TXRH	Texas Roadhouse Inc		$165.48	$10.95	15.2	16.6	15.7	2.0	1.9	1.7
BROS	Dutch Bros Inc		$60.08	$9.83	38.1	37.4	29.7	7.7	6.1	4.8
CAVA	Cava Group Inc		$52.68	$6.04	38.2	40.6	33.6	6.3	5.2	4.3
WING	Wingstop Inc		$242.69	$6.72	40.4	32.2	27.6	10.7	9.6	8.1
EAT	Brinker International Inc		$136.54	$6.11	8.8	9.5	8.8	1.1	1.1	1.0
SHAK	Shake Shack Inc		$77.32	$3.33	21.1	18.2	15.9	2.7	2.3	2.0
CAKE	Cheesecake Factory		$47.90	$2.39	10.0	13.4	12.6	0.7	0.6	0.6
WEN	Wendy's Co		$8.12	$1.55	8.8	10.3	10.3	0.7	0.7	0.7
PZZA	Papa John's International Inc		$40.99	$1.35	8.8	11.6	10.7	0.7	0.7	0.7
CBRL	Cracker Barrel Old Country Store		$27.06	$0.60	6.4	14.7	9.8	0.2	0.2	0.2
BJRI	BJ's Restaurants Inc		$38.28	$0.81	8.9	9.4	8.9	0.6	0.6	0.6
BLMN	Bloomin' Brands Inc		$6.98	$0.59	6.1	9.2	9.7	0.2	0.2	0.1
JACK	Jack in the Box Inc		$19.87	$0.37	11.8	14.7	14.2	0.3	0.3	0.3

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Leisure, Accommodations & Travel Comps

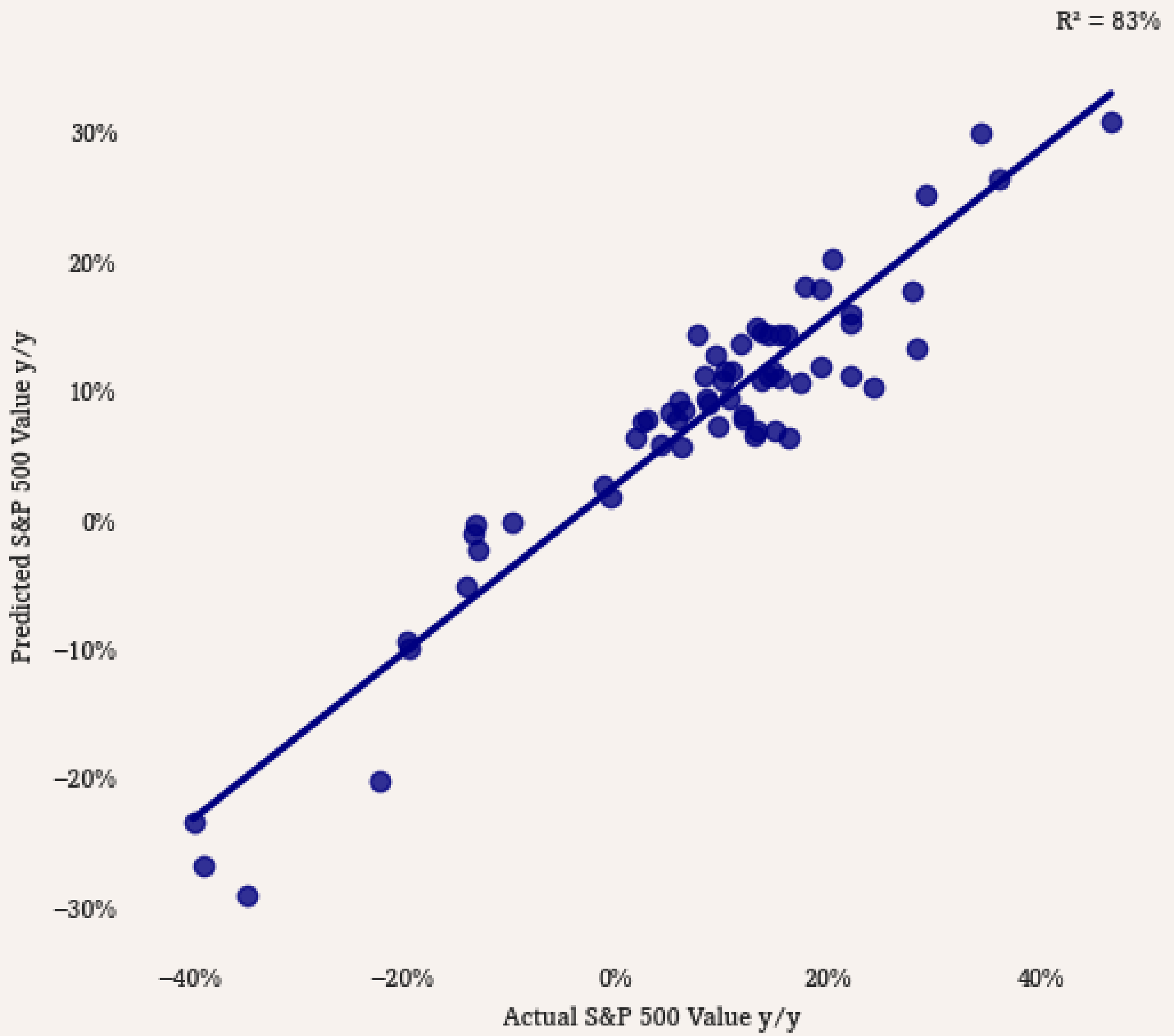
Ticker	Name	3 Yr Stock Price Performance	Stock Price	Market Cap ($B)	EV / EBITDA CY	EV / EBITDA FY1	EV / EBITDA FY2	P / S	P / S FY1	P / S FY2
BKNG	Booking Holdings Inc		$5,219.84	$168.06	20.2	17.1	15.2	7.1	6.3	5.8
RCL	Royal Caribbean Cruises Ltd		$251.21	$68.53	15.0	12.8	11.5	4.2	3.8	3.5
ABNB	Airbnb Inc		$125.00	$77.09	25.3	15.8	14.3	6.9	6.3	5.8
MAR	Marriott International Inc		$282.87	$75.92	20.9	17.2	16.1	3.0	2.9	2.8
HLT	Hilton Worldwide Holdings Inc		$269.31	$62.61	28.2	19.9	18.5	5.6	5.2	4.9
CCL	Carnival Corp		$25.90	$33.64	9.4	8.5	8.0	1.3	1.3	1.2
EXPE	Expedia Group Inc		$267.24	$32.78	15.3	10.1	9.1	2.4	2.3	2.1
VIK	Viking Holdings Ltd		$68.04	$30.16	24.5	18.2	15.5	5.7	4.7	4.1
H	Hyatt Hotels Corp		$152.67	$14.40	24.5	17.2	15.6	2.2	2.0	1.9
WYNN	Wynn Resorts Ltd		$123.57	$12.86	11.4	11.1	10.6	1.8	1.8	1.7
NCLH	Norwegian Cruise Line		$18.93	$8.59	9.5	8.7	7.7	0.9	0.9	0.8
MGM	MGM Resorts International		$36.78	$10.00	8.6	8.6	8.3	0.6	0.6	0.6
BYD	Boyd Gaming Corp		$80.92	$6.32	6.3	6.5	6.6	1.6	1.6	1.6
WH	Wyndham Hotels & Resorts Inc		$72.18	$5.45	14.0	11.2	10.4	3.9	3.8	3.6
MTN	Vail Resorts Inc		$141.29	$5.08	9.3	9.7	9.3	1.7	1.7	1.6
CHH	Choice Hotels International In		$84.97	$3.93	10.3	9.4	9.3	2.5	2.5	2.4
TNL	Travel + Leisure Co		$68.11	$4.37	9.0	8.0	7.6	1.1	1.1	1.0
DAL	Delta Air Lines Inc		$68.20	$44.54	6.5	7.3	6.4	0.7	0.8	0.7
UAL	United Airlines Holdings Inc		$106.21	$34.90	6.0	6.6	5.8	0.6	0.6	0.5
LUV	Southwest Airlines Co		$39.05	$20.16	10.0	10.3	6.7	0.7	0.7	0.7
AAL	American Airlines Group Inc		$15.09	$9.96	5.8	10.1	7.7	0.2	0.2	0.2
ALK	Alaska Air Group Inc		$51.35	$5.97	5.3	7.4	5.4	0.5	0.4	0.4

Sources: Optimal Advisory Proprietary Analysis, Bloomberg

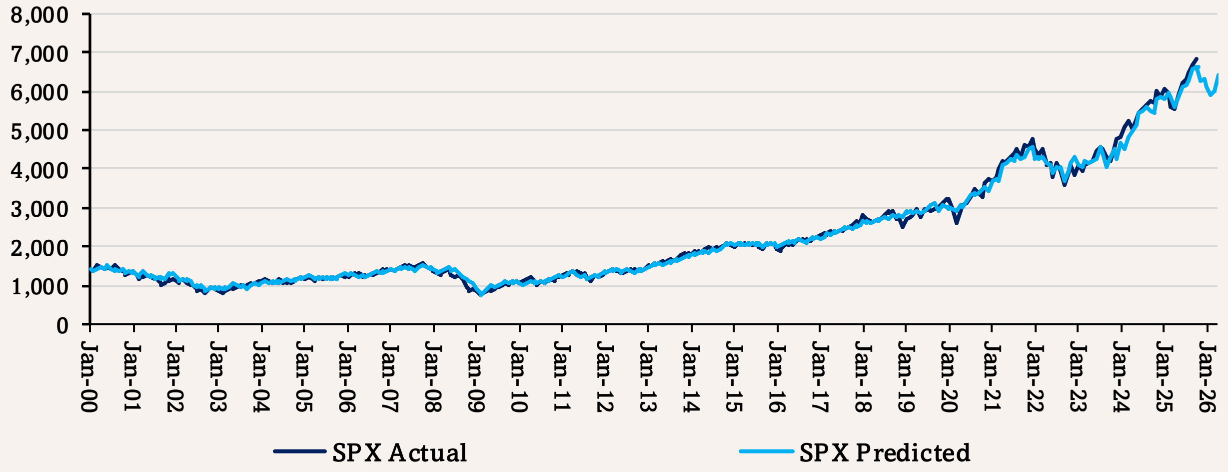
Thematic Analysis

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)

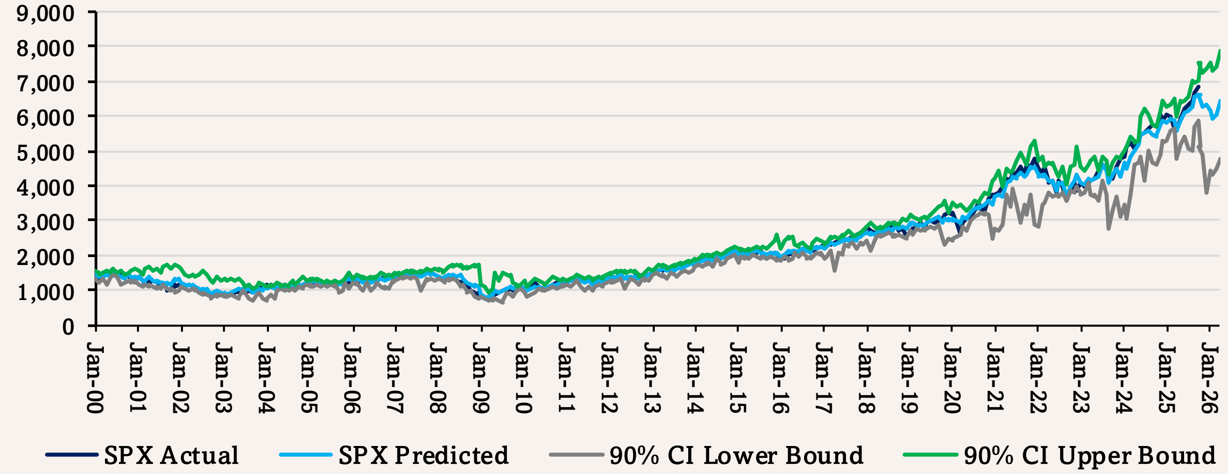
Historical Test Predictions vs. Actual (On Test Data Only)



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



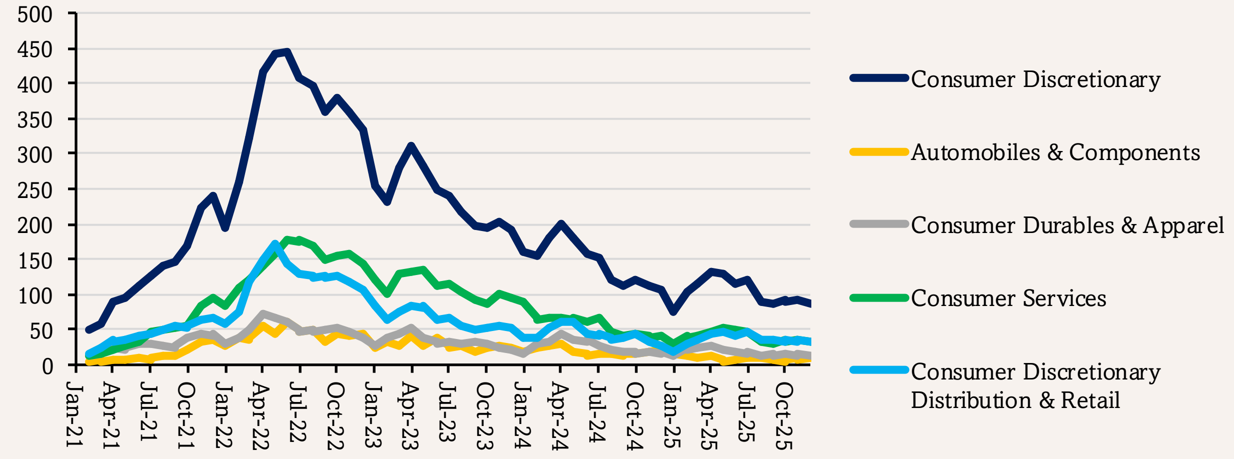
Actual & Projected S&P 500 with Confidence Intervals



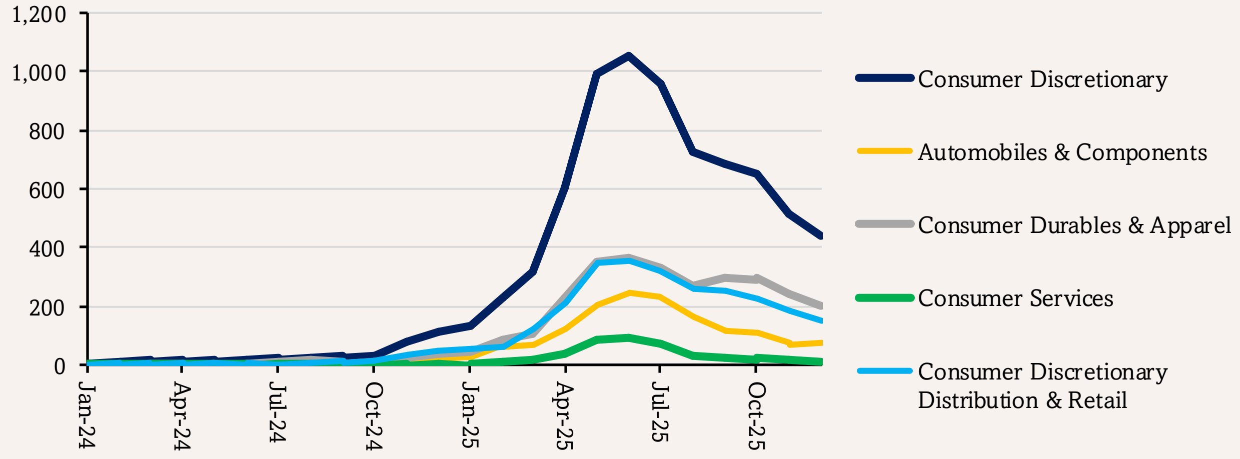
Sources: Optimal Advisory Proprietary Analysis, Bloomberg, FRED, BLS, BEA, OECD, University of Michigan Consumer Sentiment Survey, U.S. Census Bureau, FRB

Across constituents of the Russell 3000, Optimal tracks key themes in EPS transcripts; AI mentions continue to accelerate in CD names (+95% y/y on a T3M basis), especially among consumer services and distribution & retail companies

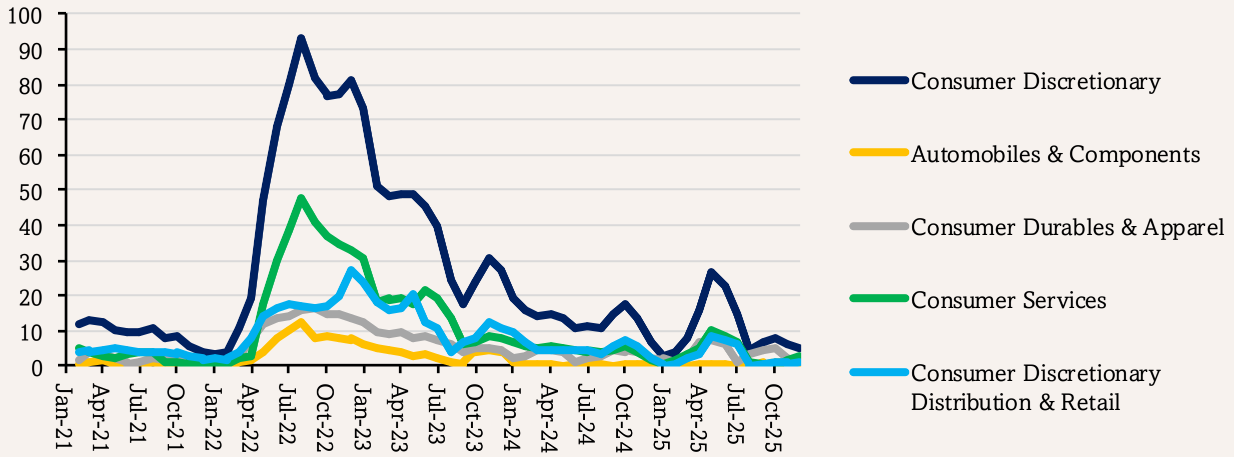
Inflation Mentions



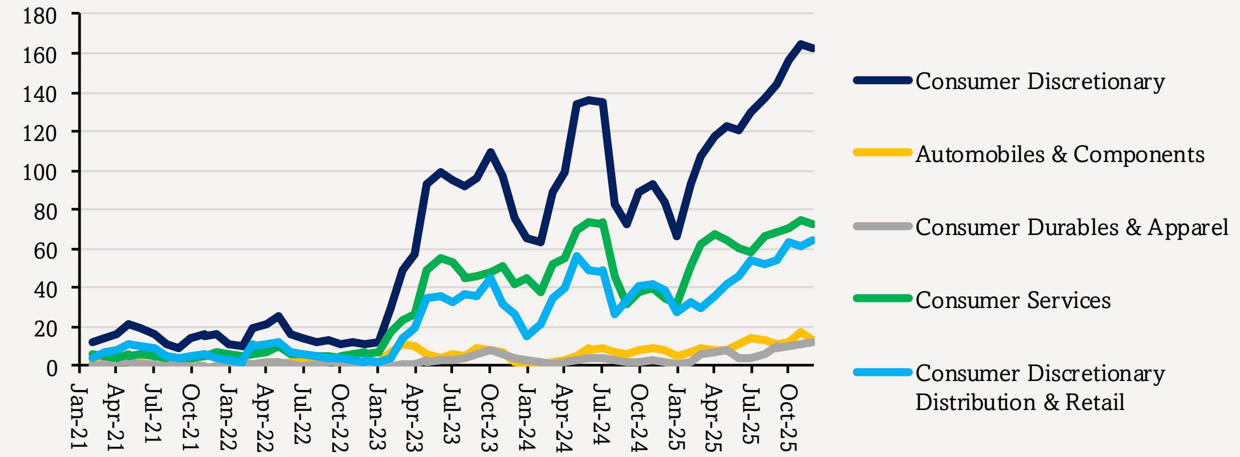
Tariffs Mentions



Economic Slowdown Mentions

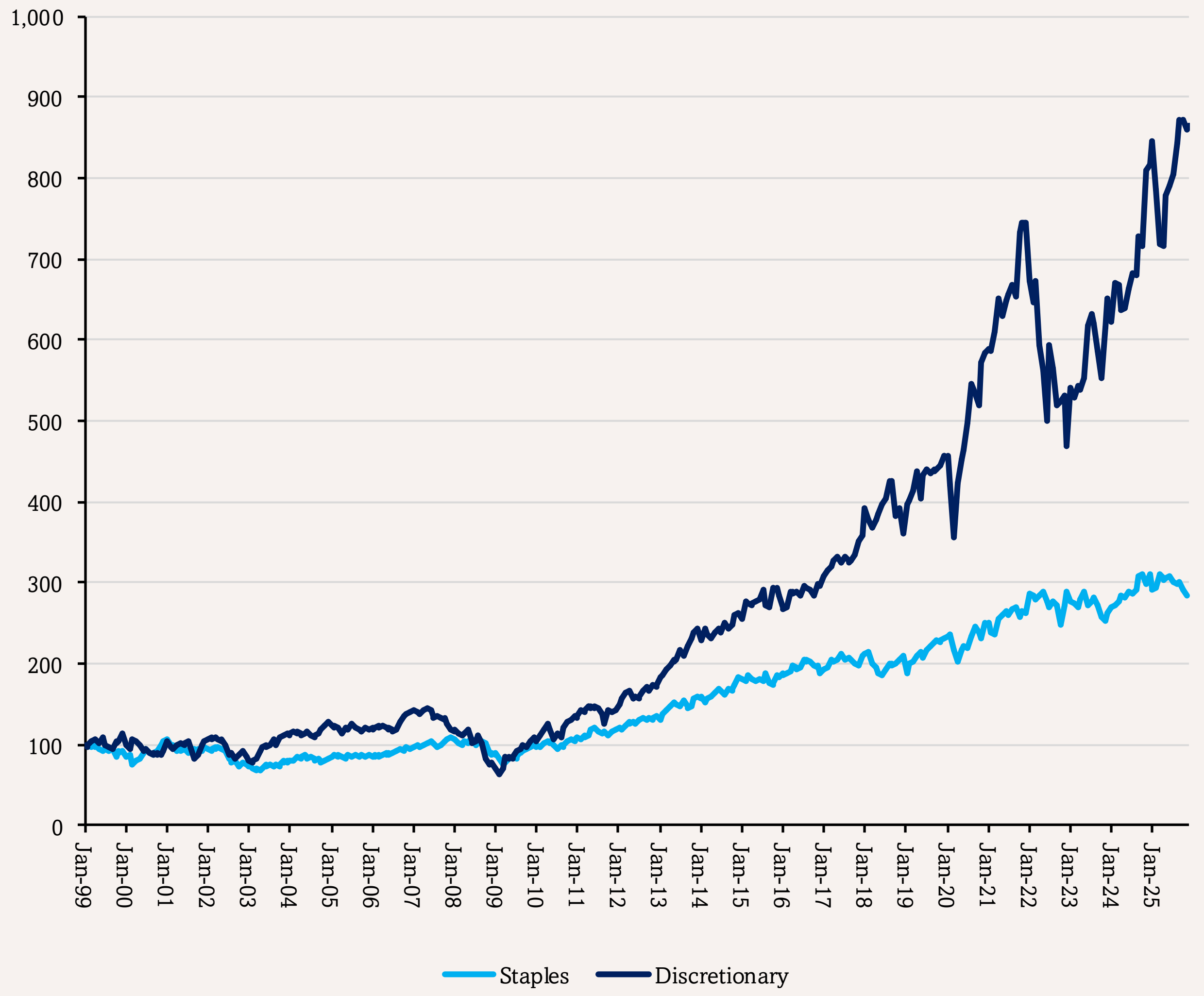


AI Mentions

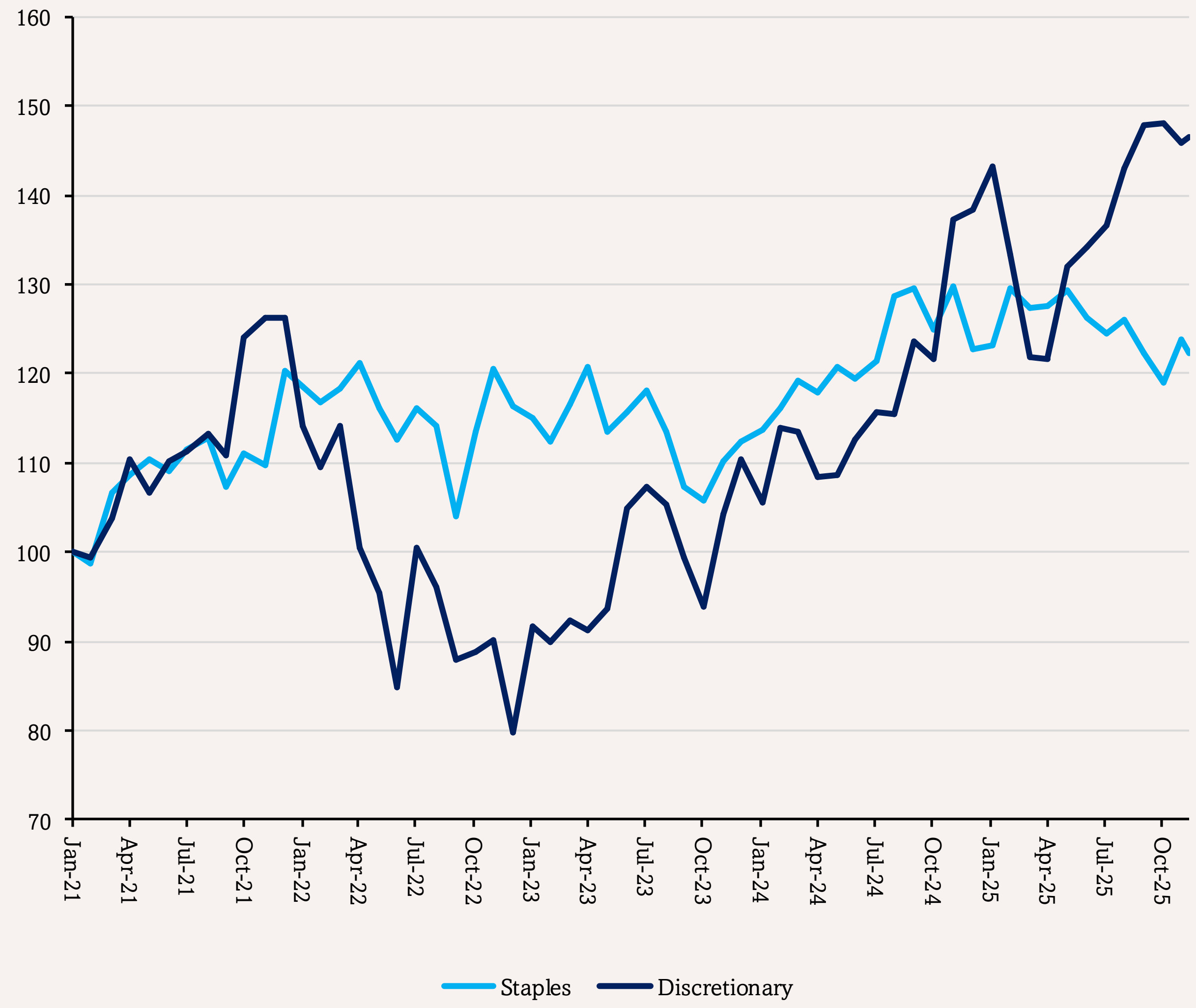


Discretionary outperformed Staples from 2010-2020; discretionary has been more volatile but its performance has been in line with staples since 2021, although Discretionary has recently begun to outperform Staples again

Sector Equity Returns (Jan 1999 = 100)



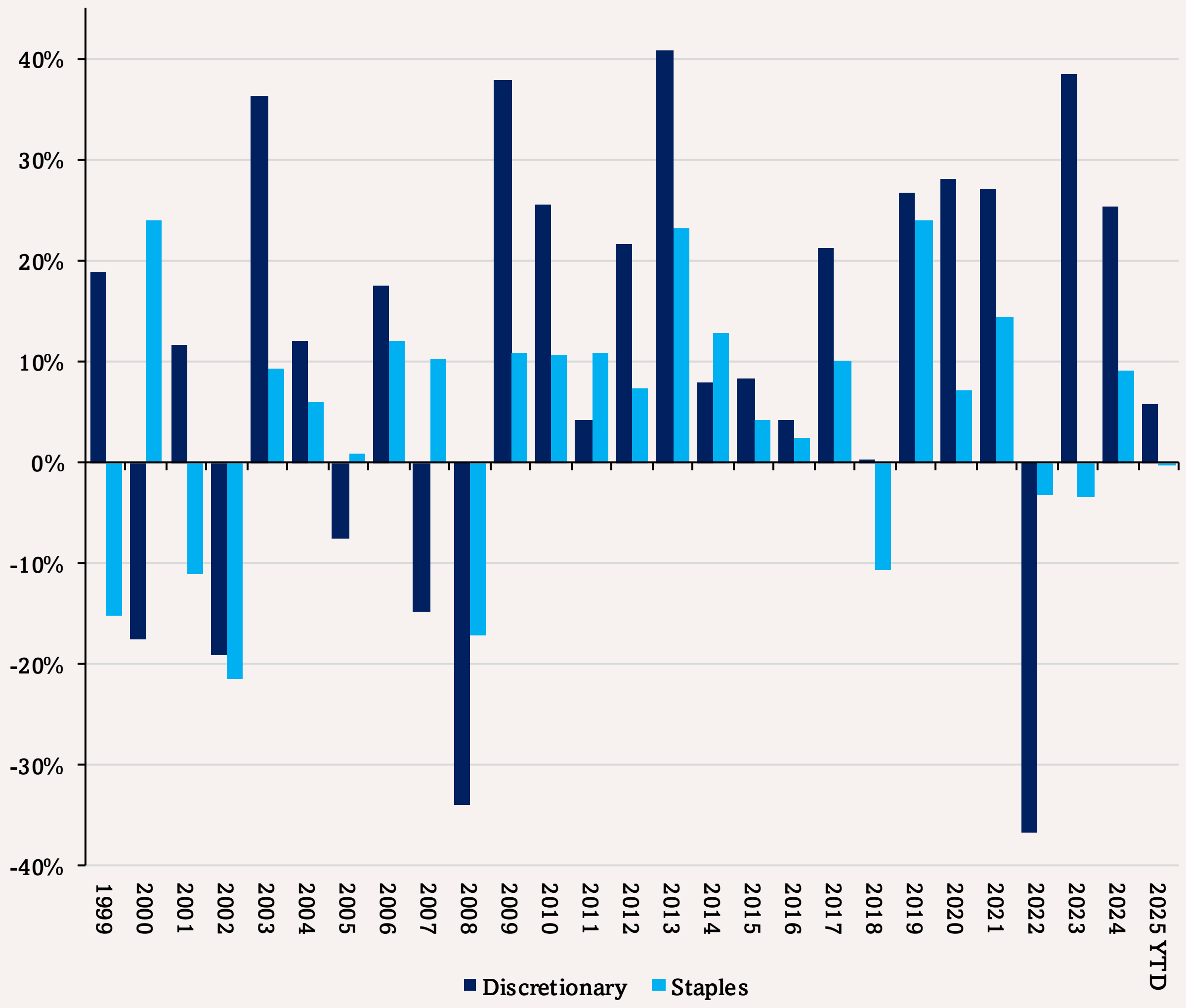
Sector Equity Returns (Jan 2021 = 100)



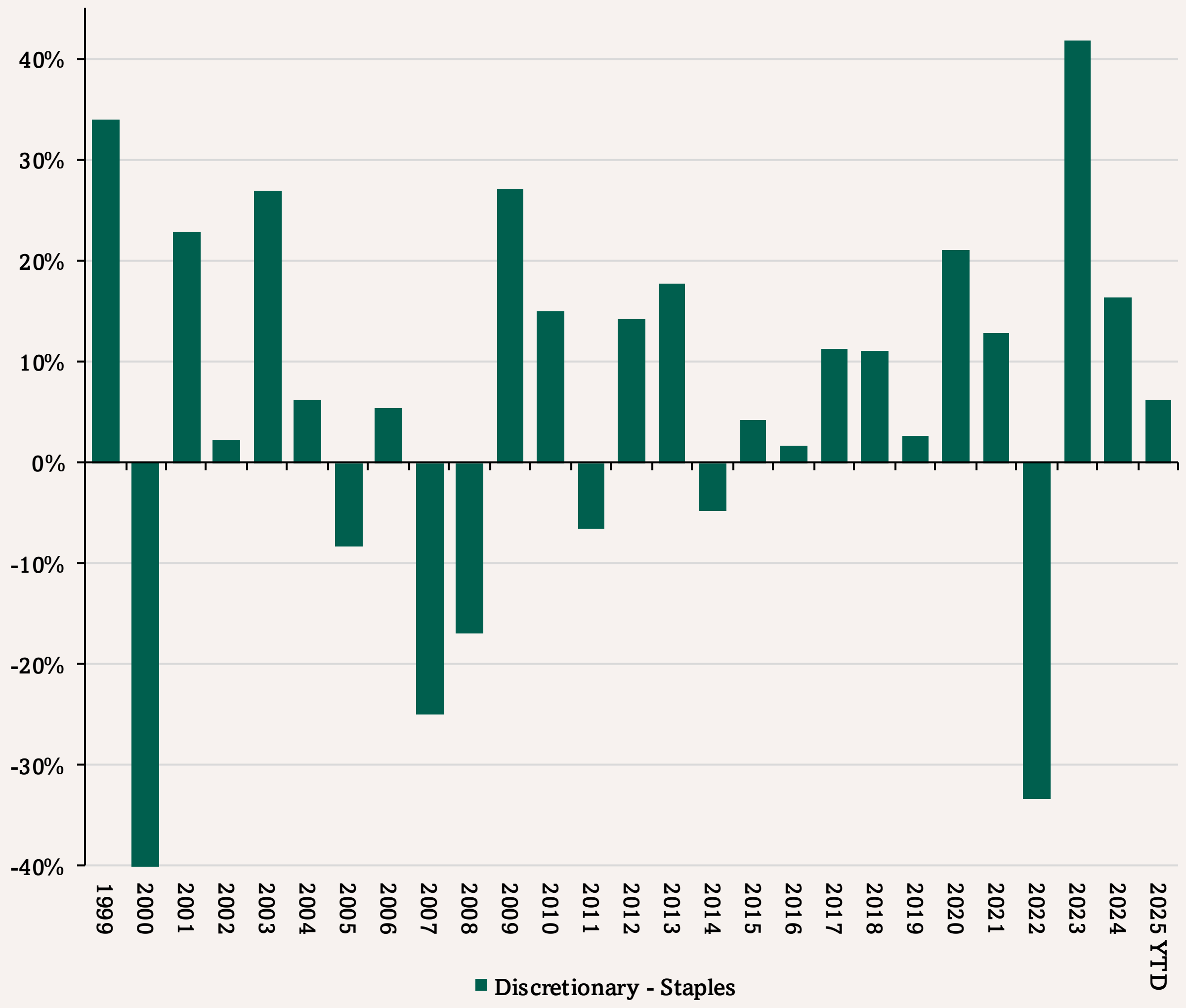
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

Year to date, the SPDR Staples ETF (XLP) has underperformed (-0.3%); Consumer Discretionary ETF (XLY) has returned +5.8%

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



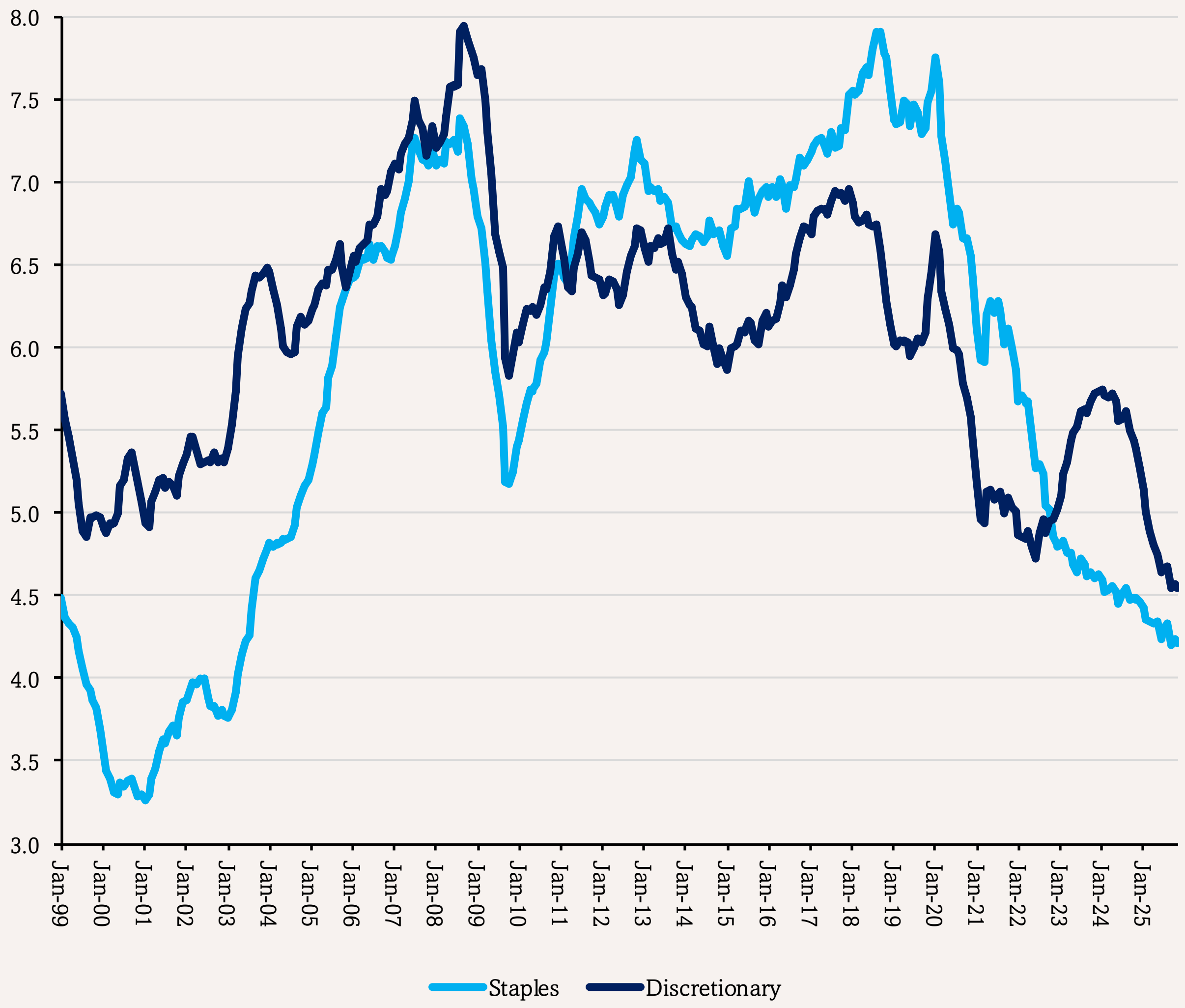
Annual Discretionary Performance Relative to Staples



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)



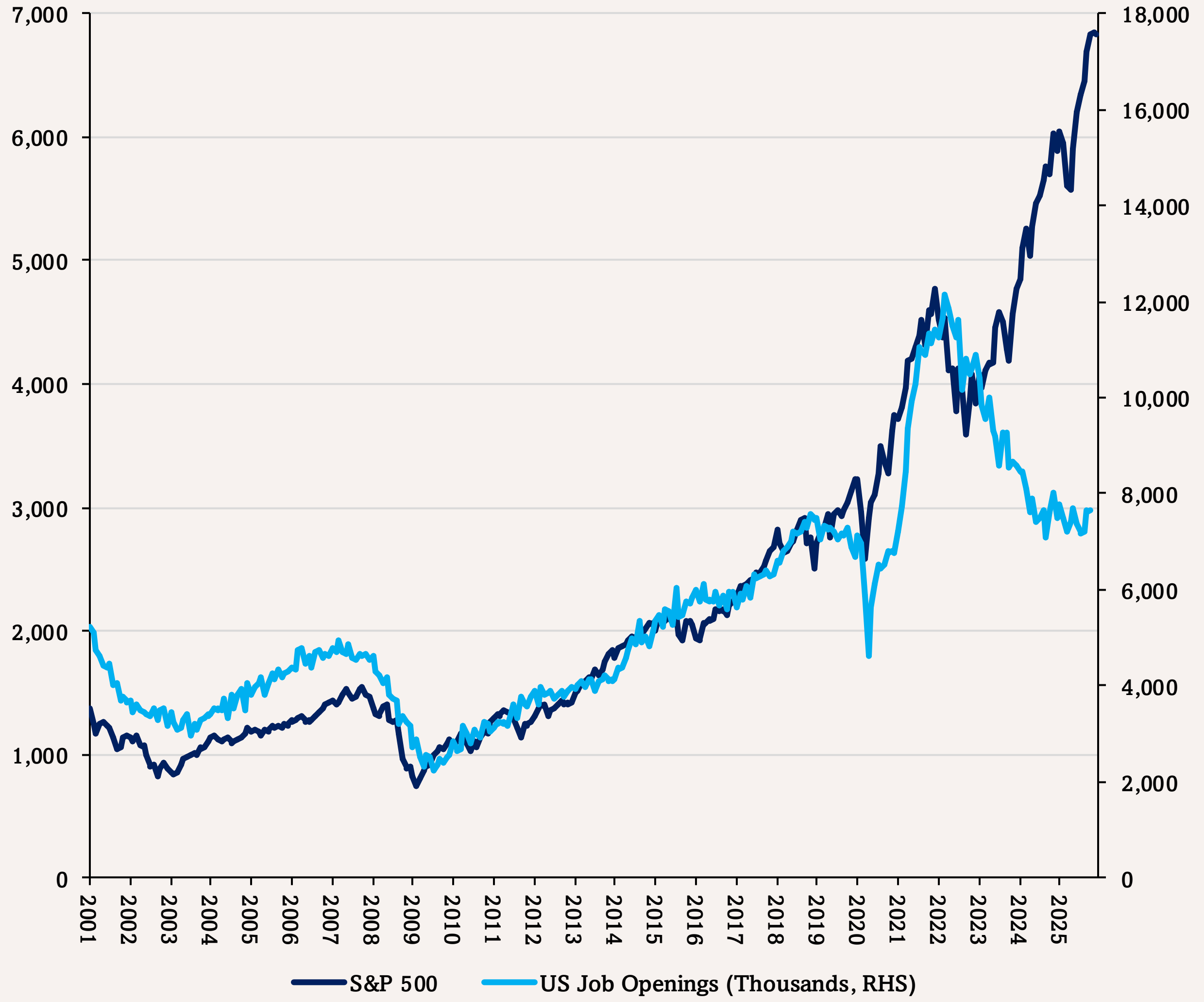
Consumer Short Ratio ▲

Ticker	Company	M/ T3M	T3M vs Prior Year T3M	T6M vs Prior Year T6M
NKE	NIKE Inc	7.4%	36.5%	62.9%
F	Ford Motor Co	32.7%	19.3%	26.9%
LEN	Lennar Corp	-25.9%	4.1%	18.4%
BBWI	Bath & Body Works Inc	-69.4%	43.1%	11.0%
CZR	Caesars Entertainment Inc	-1.2%	-21.3%	-2.5%
KO	Coca-Cola Co	5.5%	11.0%	-4.1%
WMT	Walmart Inc	-21.0%	5.3%	-6.2%
ACI	Albertsons Cos Inc	-2.8%	17.8%	-7.3%
NCLH	Norwegian Cruise Line Holdings Ltd	17.2%	11.5%	-9.1%
KHC	Kraft Heinz Co	9.9%	-16.2%	-9.5%
TSLA	Tesla Inc	5.4%	-8.2%	-15.6%
CCL	Carnival Corp	6.8%	-21.8%	-16.6%
TGT	Target Corp	-6.3%	-27.9%	-19.8%
KDP	Keurig Dr Pepper Inc	56.2%	-11.1%	-21.1%
KVUE	Kenvue Inc	-8.9%	-63.2%	-33.2%
HBI	Hanesbrands Inc	-57.2%	-58.5%	-34.8%
CMG	Chipotle Mexican Grill Inc	7.9%	-56.2%	-41.7%
GAP	Gap Inc	-22.8%	-58.6%	-57.2%

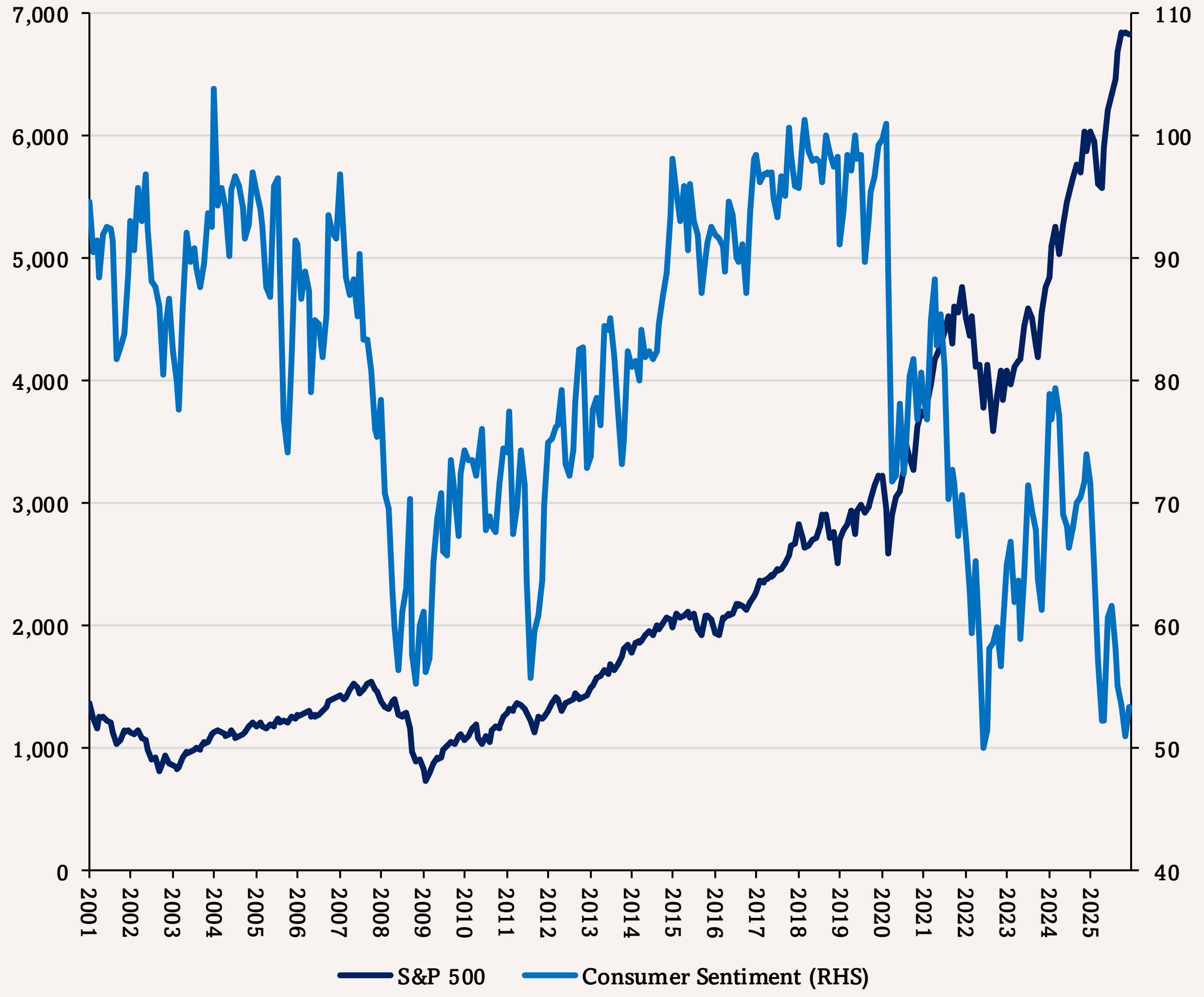
Sources: Optimal Advisory Proprietary Analysis, Bloomberg

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

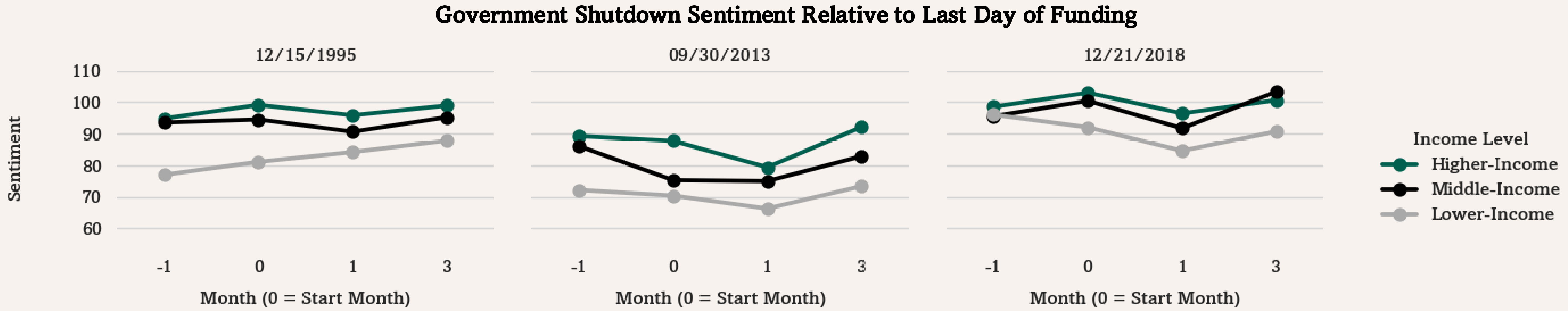


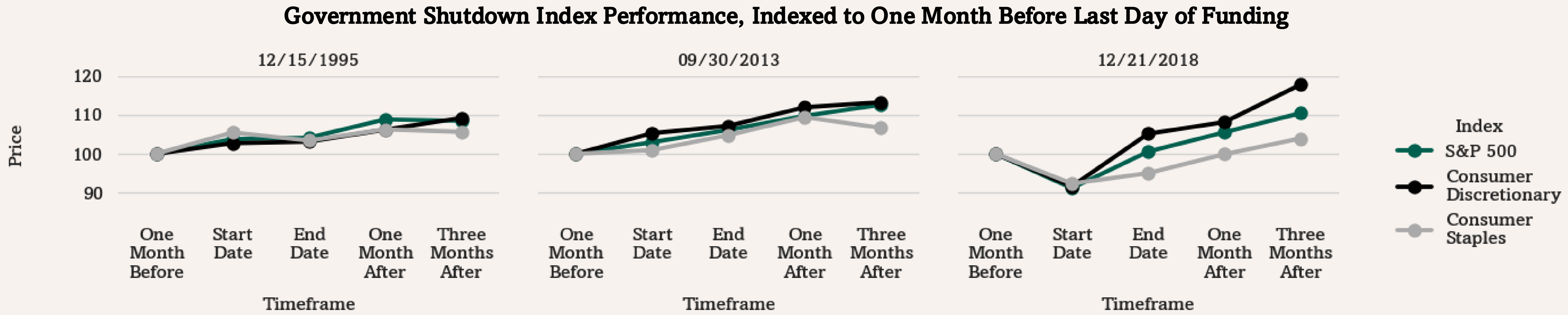
Equity Returns vs. Sentiment



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.



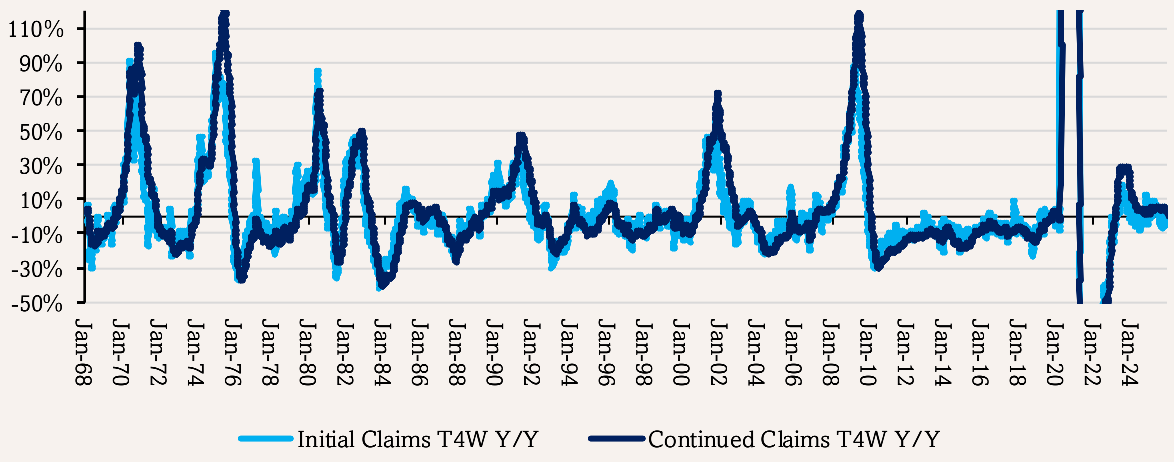


Source: Optimal Advisory Proprietary Analysis, U.S. House of Representatives, University of Michigan Consumer Sentiment Survey

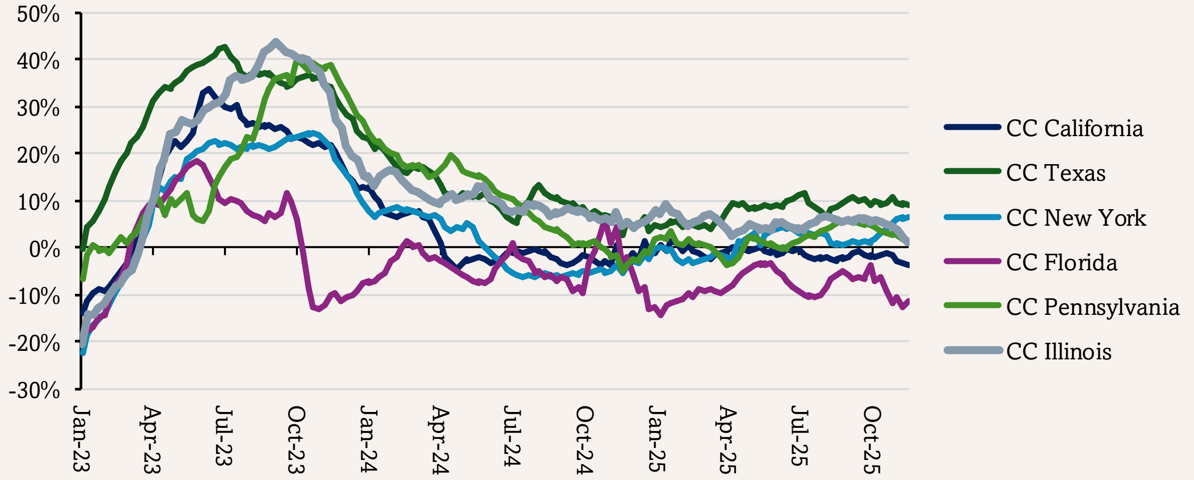
Consumer Macro

After going unreported for multiple weeks, continued claims running up 2.2% y/y while initial claims down -6.6% y/y. Most industries measured on Indeed continue to experience y/y declines in job postings

Unemployment Claims T4W Y/Y



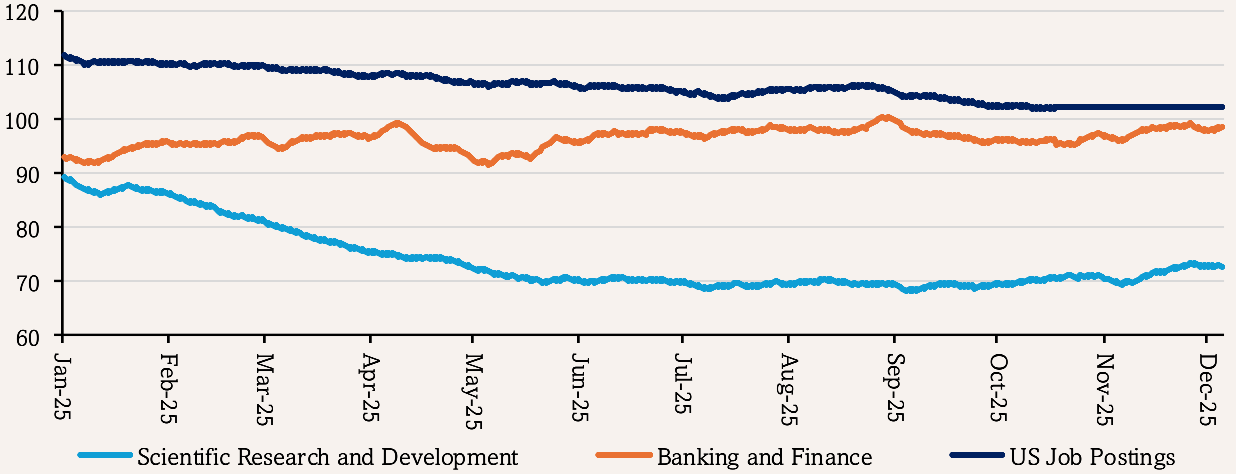
State Continued Claims T4W Y/Y



Industry Indeed Job Postings Leaders & Laggards

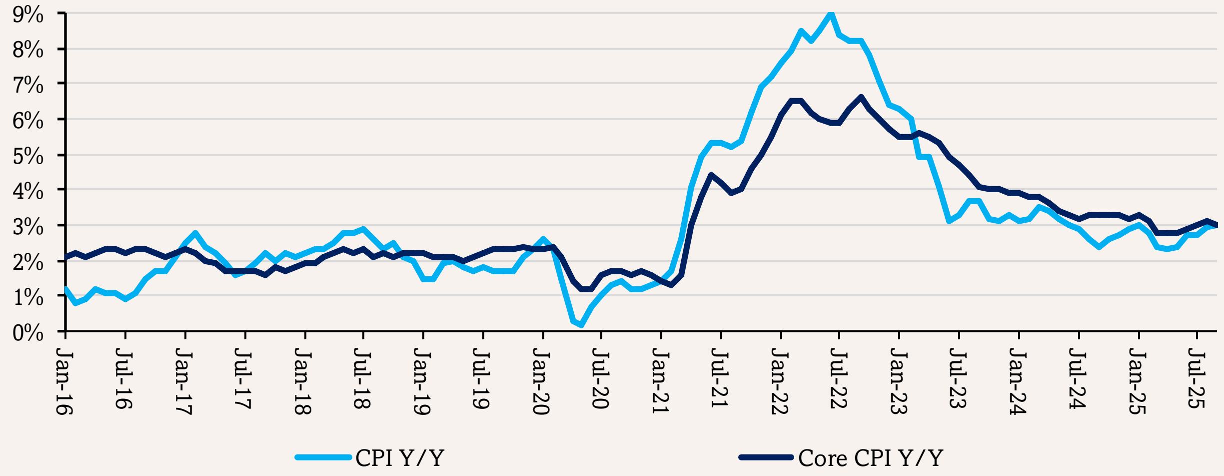
Industry	Posting Level Relative, Pre-Pandemic = 100	Y/Y Job Postings
Scientific Research and Development	73	-18.8%
Childcare	98.55	-16.2%
Accounting	111.66	-13.5%
Civil Engineering	152.81	-12.8%
Retail	89.98	-12.2%
Administrative Assistance	98.19	-11.9%
Education and Instruction	116.79	-11.6%
US Job Postings	**102.14**	**-7.9%**
Pharmacy	122.28	4.0%
Therapy	193.73	4.1%
Banking and Finance	98.71	5.7%
Physicians and Surgeons	199.97	6.9%

Daily Indeed Job Postings

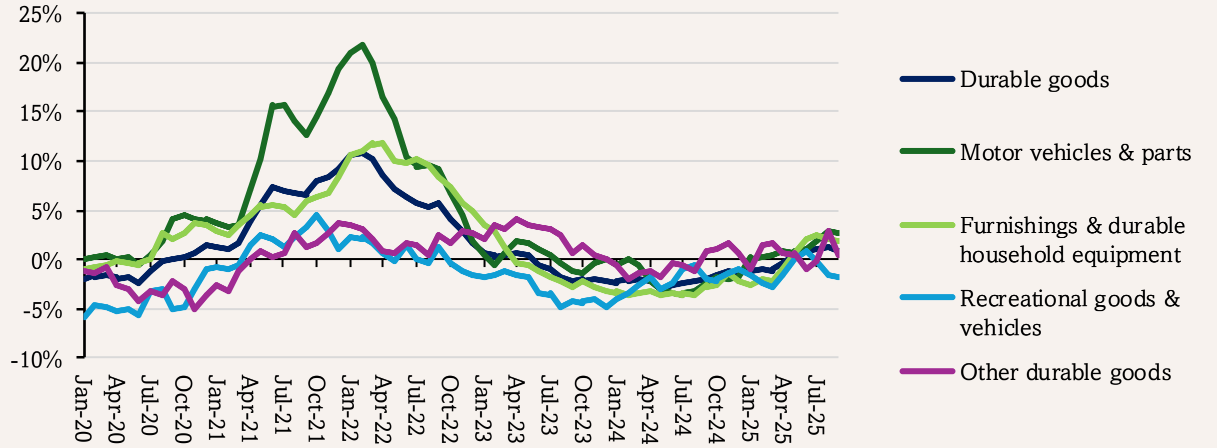


Across most durable goods categories, the PCE Price Index has inflected back positively y/y after declining since the start of 2023. Headline and core CPI running up 3%, gasoline & energy flat y/y after running down for 7 months. Financial services price index running up 7% y/y ahead of other measured services

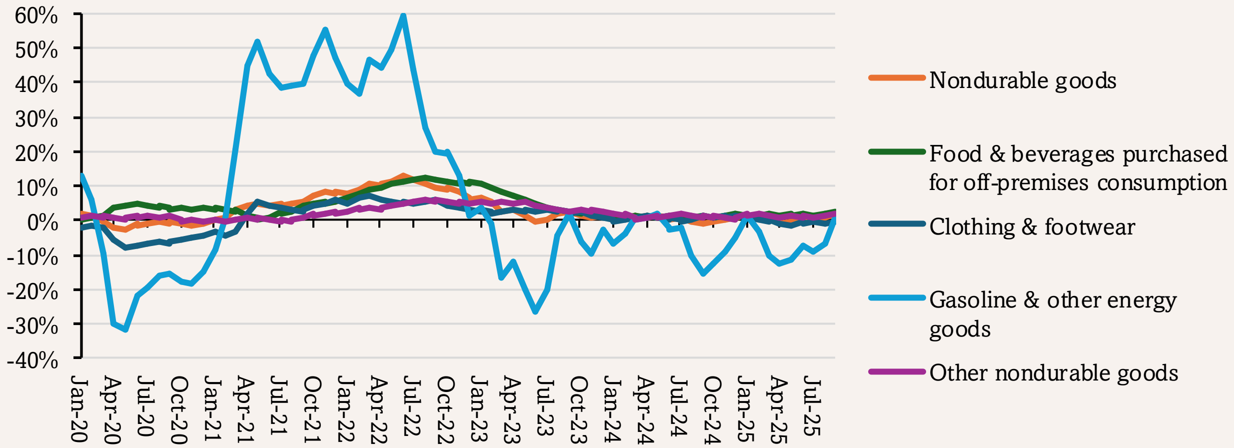
Consumer Price Index



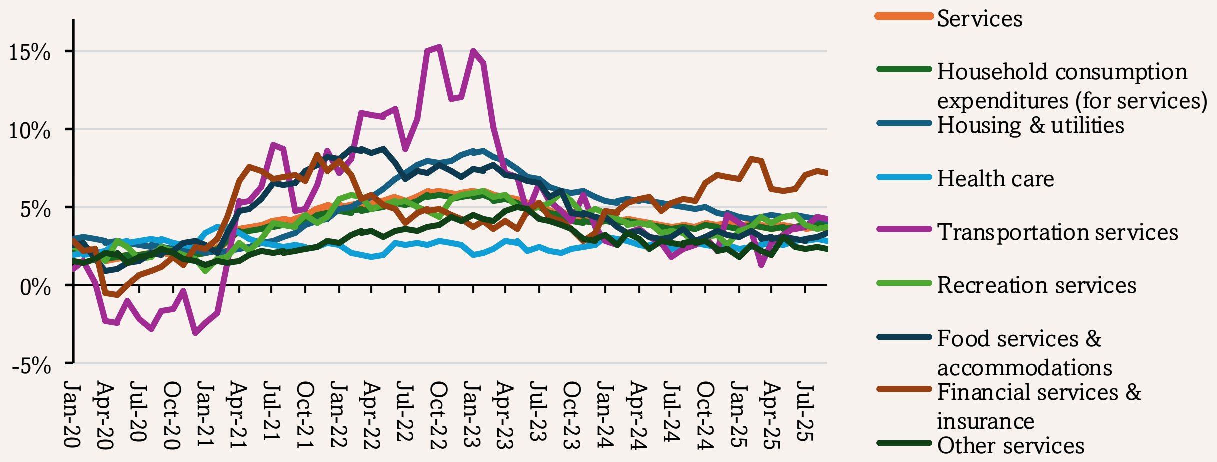
PCE Price Index: Durables



PCE Price Index: Nondurables

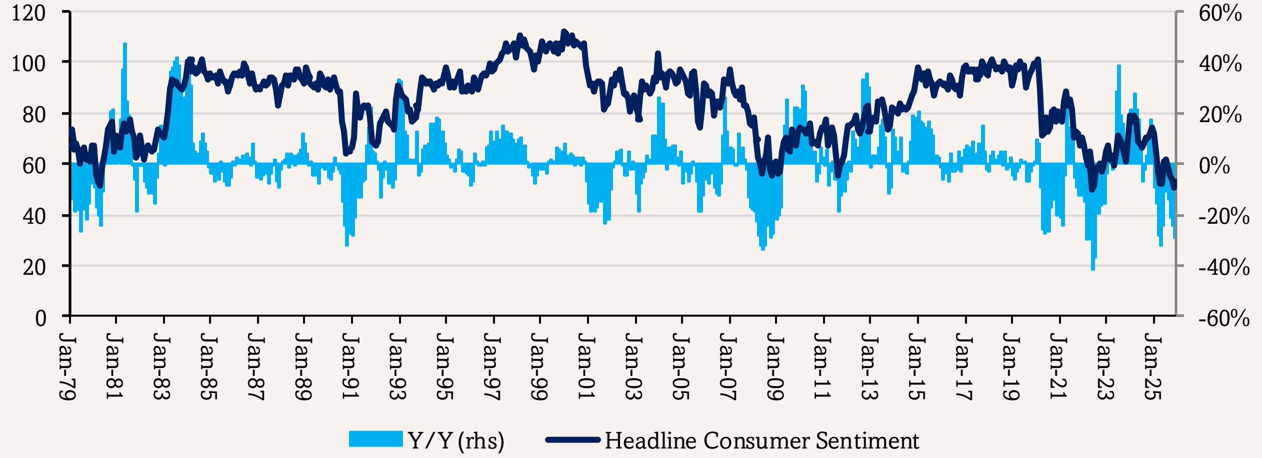


PCE Price Index: Services

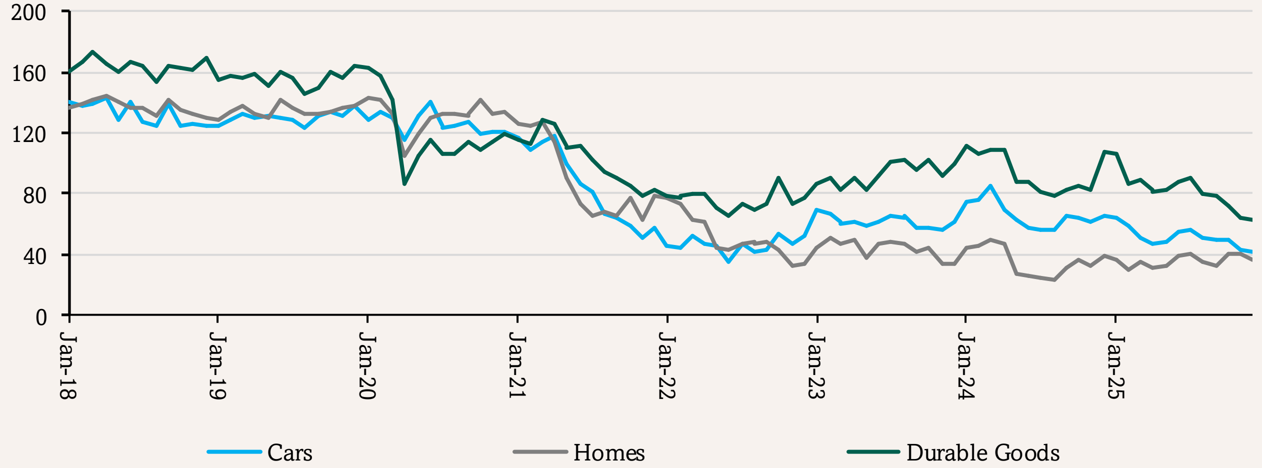


Preliminary headline sentiment for December has run down y/y for 12 consecutive months. Sentiment is now running -28% y/y. Declines are particularly strong among 55+ (-33% y/y) and higher-income (-35% y/y) respondents

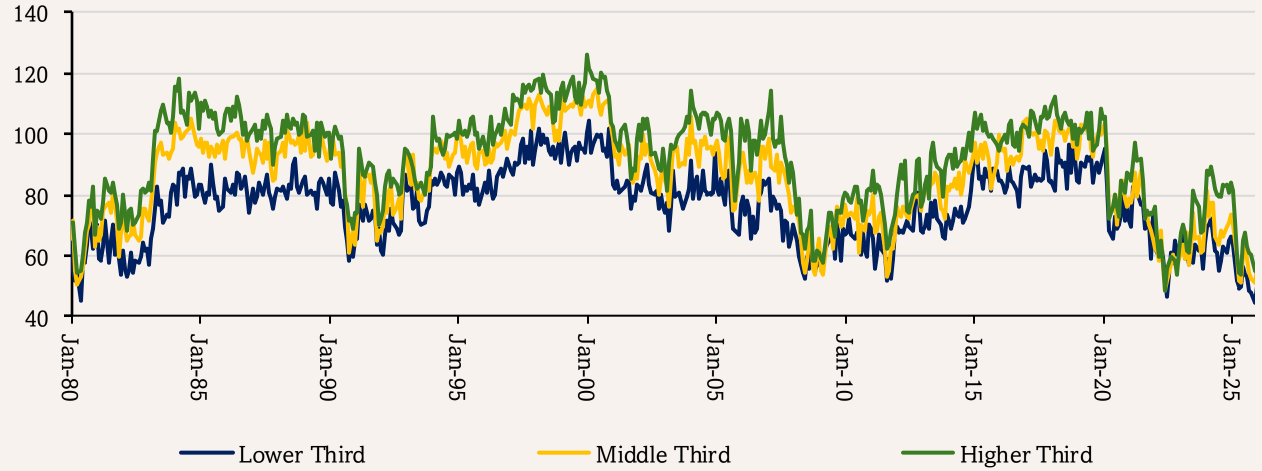
Headline Consumer Sentiment



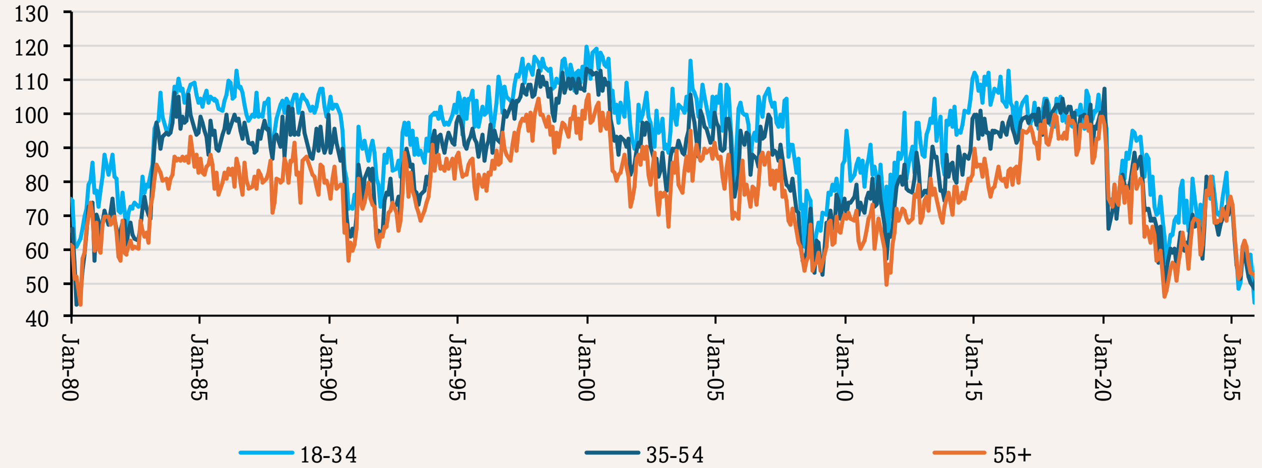
Purchasing Conditions



Consumer Sentiment by Income Terciles



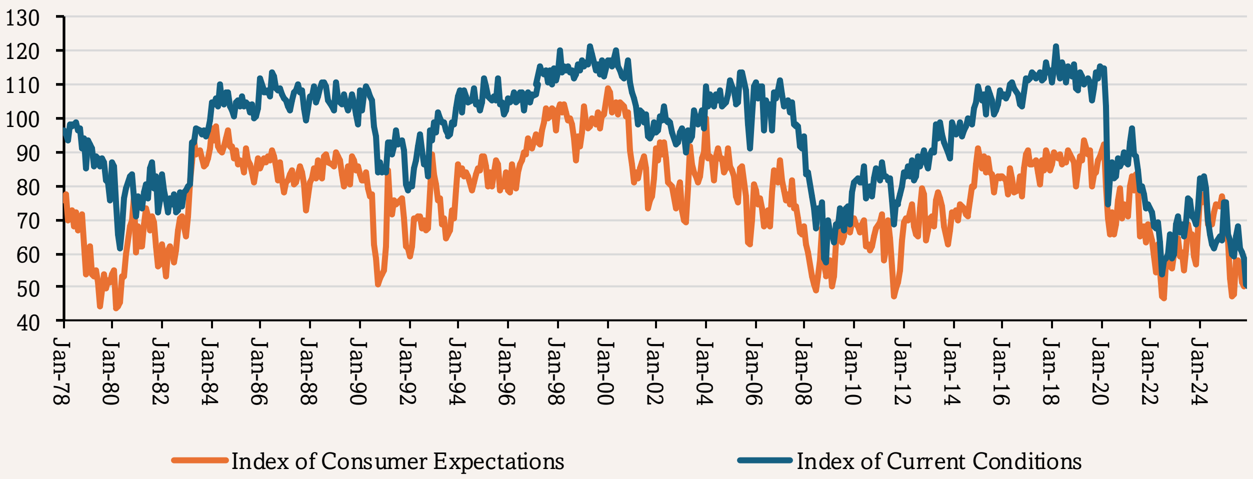
Consumer Sentiment by Age



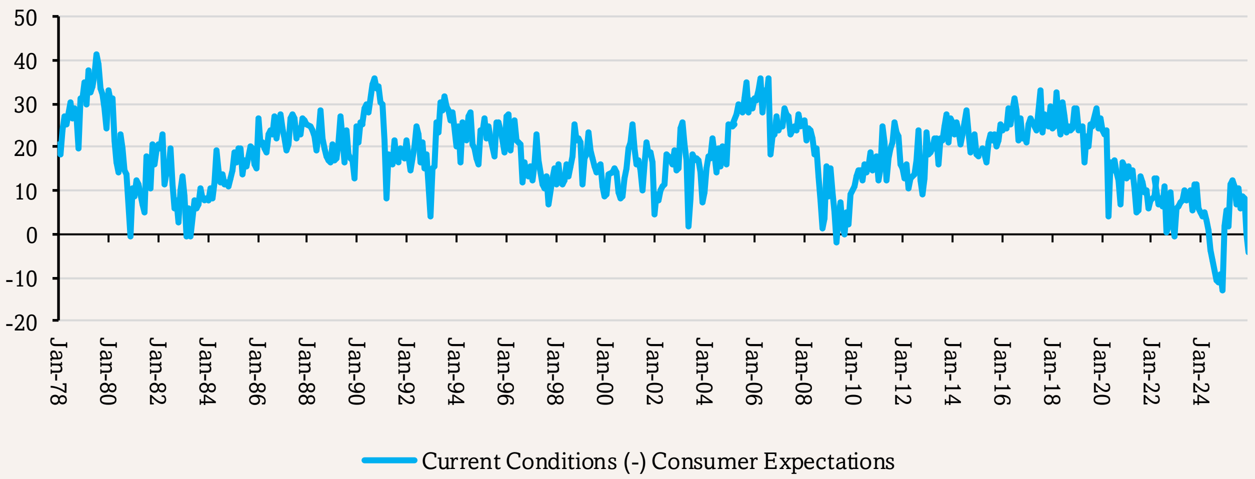
Sources: Optimal Advisory Proprietary Analysis, University of Michigan Consumer Sentiment Survey

Survey respondents are pessimistic about current conditions. The index of current conditions is running below the index of expectations for only the 4th time since the 80s. Durable good buying conditions is running down -41% y/y, and current finance situation is running down -22% y/y after -3% y/y in October

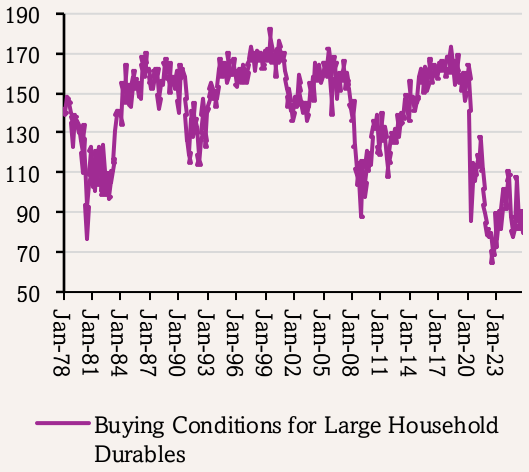
Expectations vs. Current Conditions

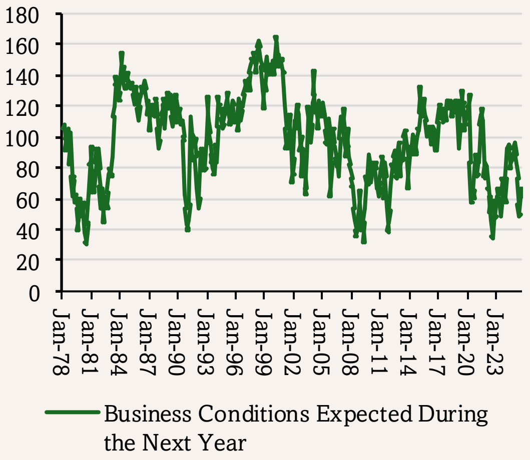


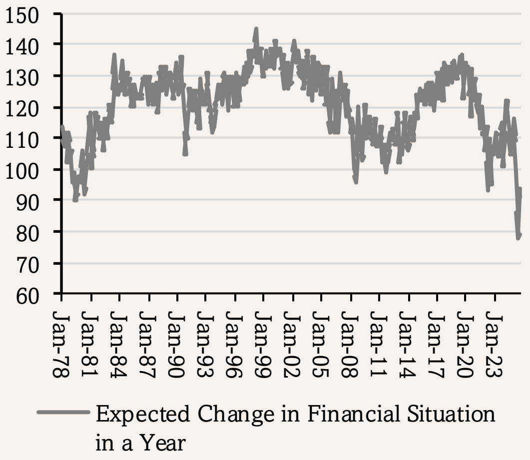
Current Conditions - Expectations

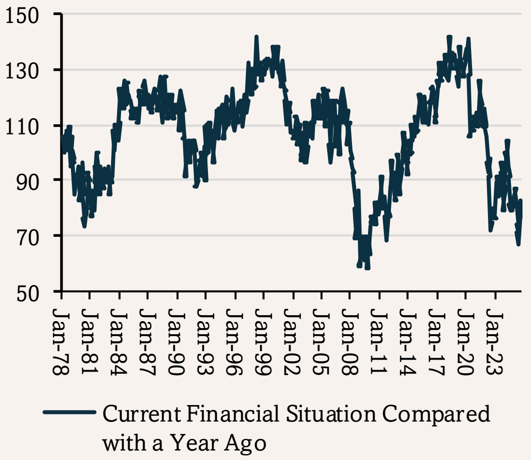


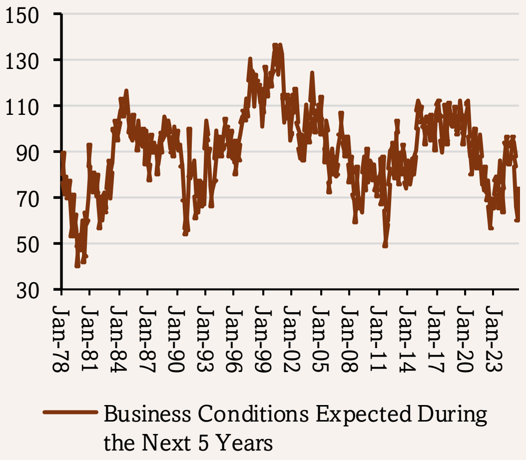
Components of Consumer Sentiment







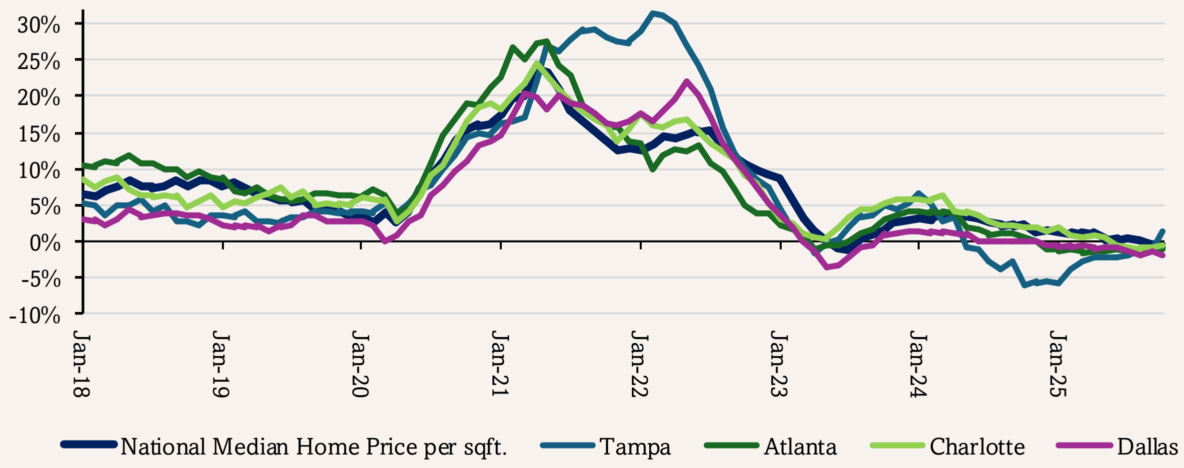




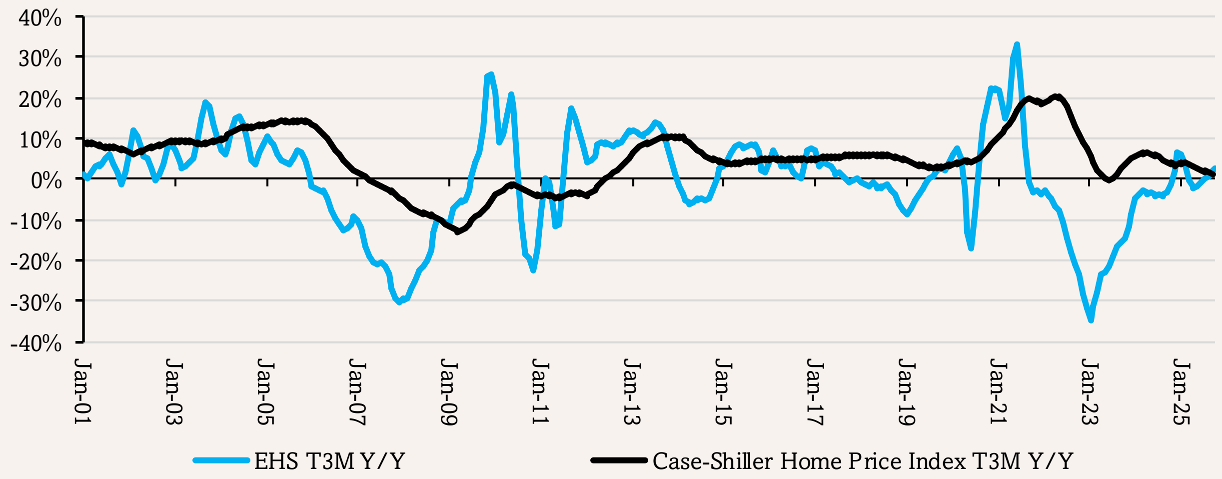
Sources: Optimal Advisory Proprietary Analysis, University of Michigan Consumer Sentiment Survey

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 September for 5/10 of the Case Shiller 10 metro areas

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.
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%	6.1%	-0.6%	1.0%	0.2%	-1.3%	6.5%	-0.7%	-1.8%	1.3%
Aug-25	4.1%	5.8%	-0.7%	0.3%	0.1%	-1.6%	6.0%	-0.8%	-1.5%	0.9%
Sep-25	4.1%	5.5%	-0.7%	-0.8%	0.4%	-1.3%	5.2%	-0.8%	-0.9%	0.6%

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

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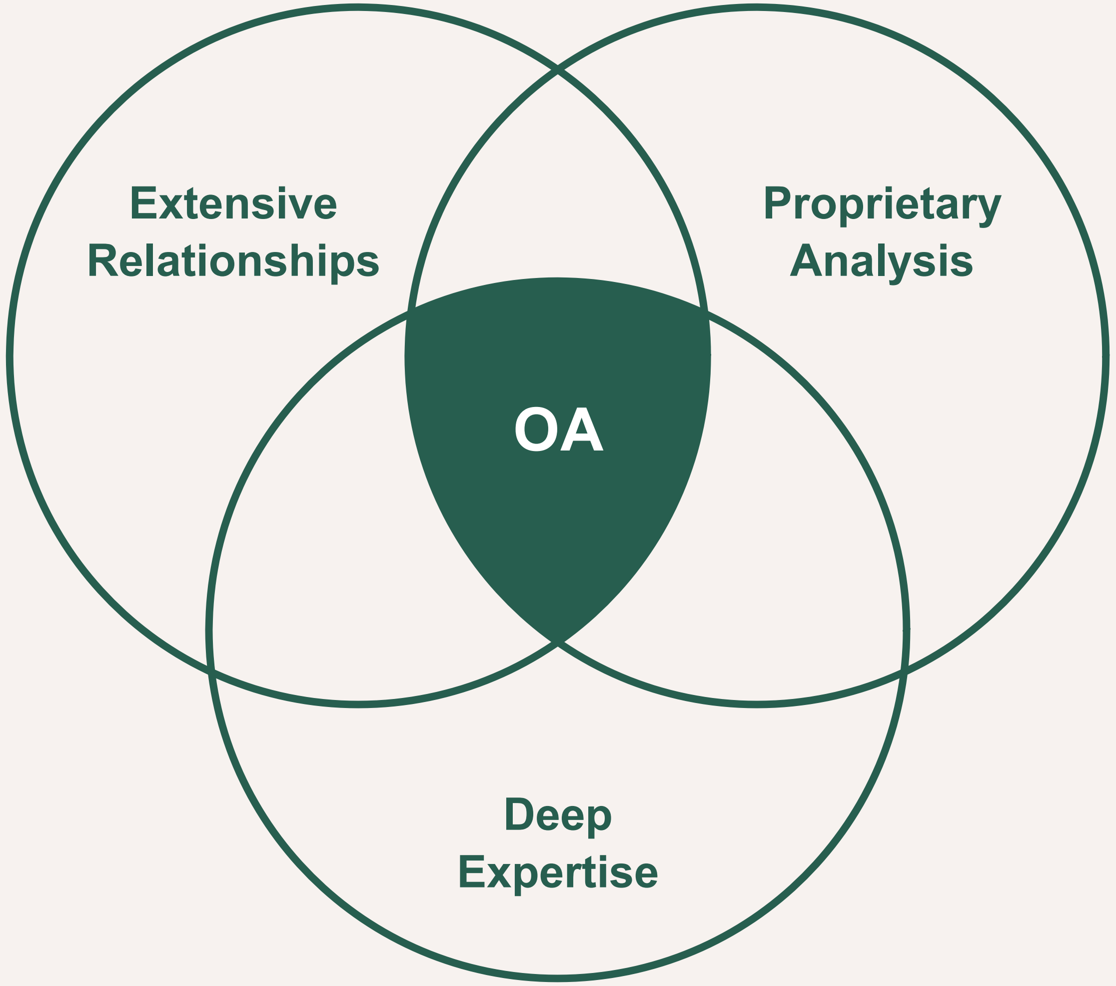
Consumer Collective
Experienced OA Team



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Work and relationships all across the consumer sector.

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