

Consumer Discretionary Briefing Book

January 2026

OPTIMAL

David Schick
Managing Partner & Co-Founder
david.schick@optimaladv.com

David Katzman
Vice President
david.katzman@optimaladv.com

Jonathan Feeney, CFA
Managing Partner & Co-Founder
jonathan.feeney@optimaladv.com

Jack Hermann
Senior Associate
jack.hermann@optimaladv.com

Softer discretionary trends have improved in January ... we note overall spending reaccelerating as monitored in our weekly Monday Macro. In this deck we analyze real-time positive inflection in 26 of 32 proprietary Optimal subsectors (there was negative inflection in 21/30 last month). **Positive inflections in discretionary subsectors luxury, e-commerce, home-furnishings...** versus continued **softness for accommodations and airlines and negative inflections in the subsectors of gas stations, cruises, grocery...** 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 CCL, DRI, NCLH, and ULTA. Key cohort Gen-Z mindshare showed strength for DTC & lifestyle focused brands (Comfirt, Owala, Quince, Alo Yoga, BOOT, LULU, Ugg, LULU and Hollister)... see pp 5-9

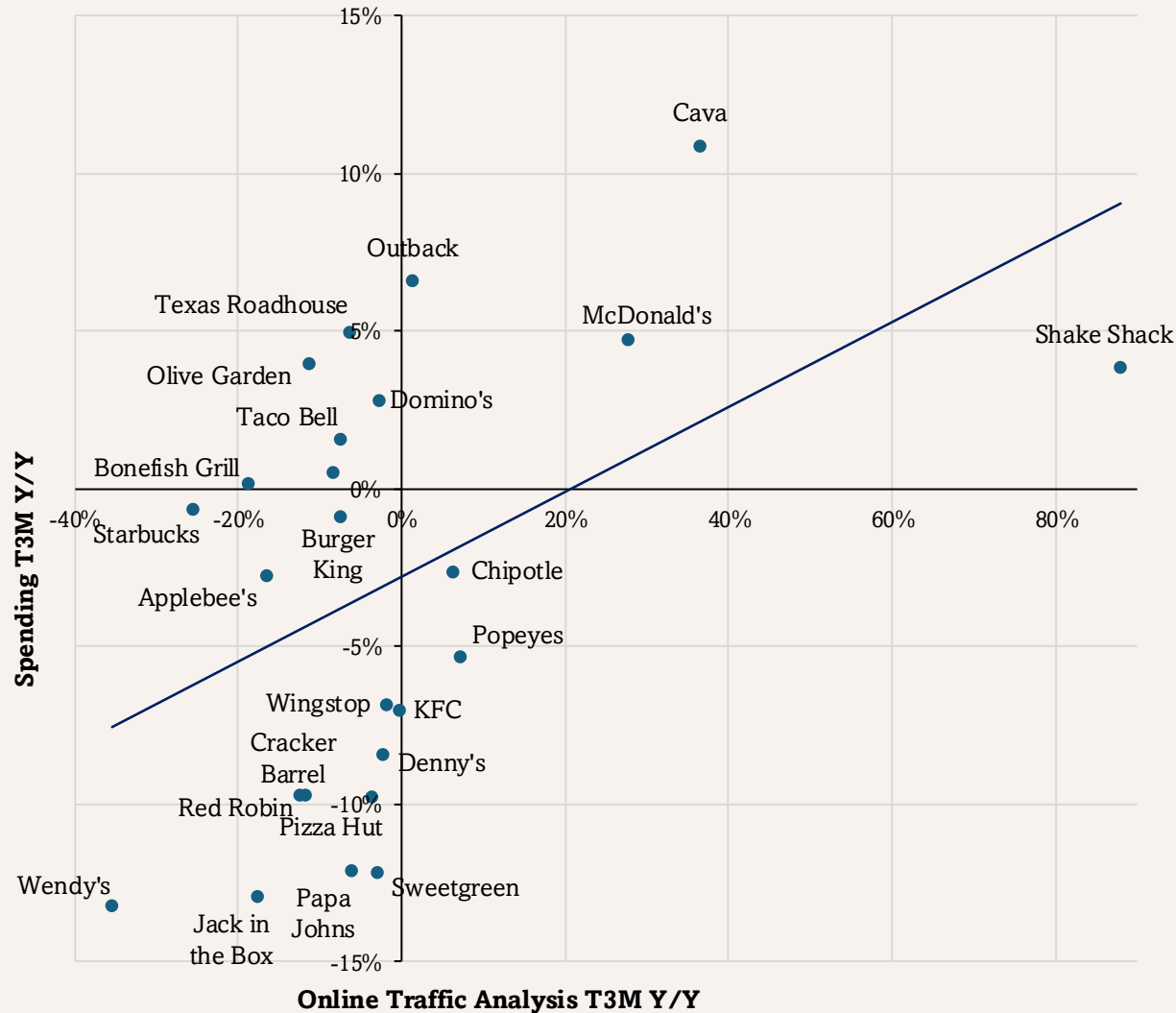
Our macroeconomic consumer callouts include: (a) Continuing unemployment claims are running up y/y but less sharply, job postings running down for the majority of US industries but we note pick-up in construction job postings... pp 36 (b) inflation trended lower as December Core CPI (+2.6% y/y) came in below expectations and at lowest levels seen in years... pp 37 (c) Consumer Sentiment and current conditions are down significantly y/y, higher-income sentiment declines leading y/y pessimism... pp 38-39 (d) Mortgage rates closed 2025 at their lowest level in over 16 months. We note softening in home prices and a sharp increase in mortgage refi applications – though Greenland commentary aftermath did impact bond prices and moved mortgage rates meaningfully higher . Housing-related activity accounts for roughly 18% of U.S. GDP, changes in market velocity have meaningful macro implications.... pp 40

	Getting Worse	Getting Better
Underdiscussed	<ul style="list-style-type: none"> • BNPL (Buy Now, Pay Later) is rapidly growing as a consumer credit option, offering short-term financing convenience but raising concerns about debt accumulation and financial risk • While home prices have cooled, rent inflation remains persistent, eating into wage growth and recent gas price relief for the bottom of the K-shaped economy • Labor avail, labor cost, beef inflation in dining continue suggest pressure in 2026 	<ul style="list-style-type: none"> • Many measured sub-sectors of broadline retail and e-commerce are showing positive inflection in spending growth, reversing negative trends tin late 2025 – easing gas prices and comparisons are part of the mix • Apparel / department store retail likely to see tailwinds as oral / small dose adoption of GLPs launched • Precursor to housing activity continues to look positive, would be felt in 2H26 home furnishings and home improvement
Overdiscussed	<ul style="list-style-type: none"> • Consumer electronics price compression, lack of new categories or cycle • The weakening US\$ notable – when this dynamic emerges, it has generally been bad for US retail industry (fundamentals and relative share price performance) 	<ul style="list-style-type: none"> • Significant weather drivers to sporting goods and apparel • Our channel work on tariff impacts suggest more factory price absorption and less margin impact than fears

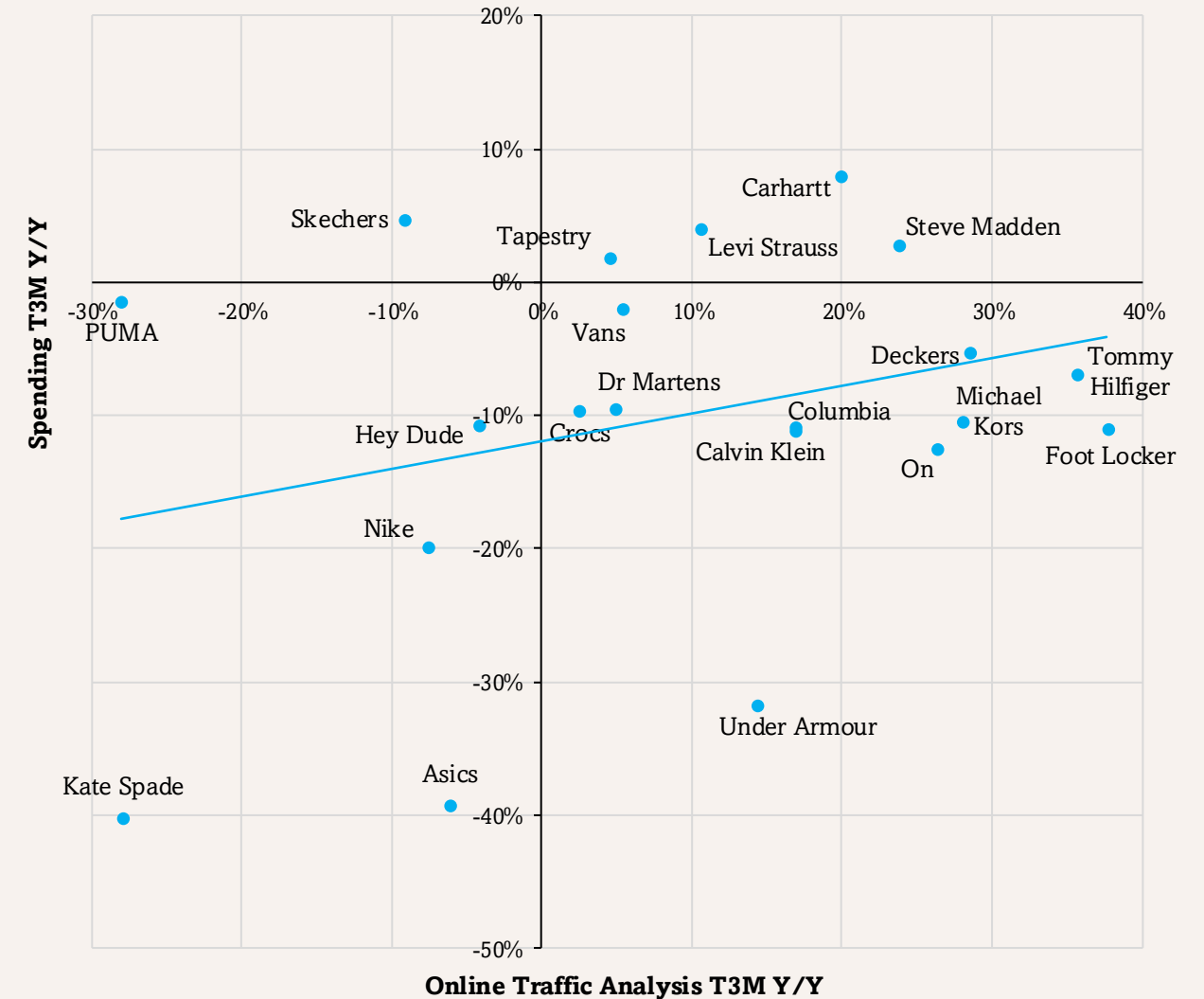
Attention Economy Inflections

Cava leading measured restaurant brands in spending growth running up +11% y/y. Apparel spending growth more muted, running down -10% y/y on average across 21 measured brands. Other “top-right” brands growing both digital traffic and spending include McDonald’s, Carhartt, & Steve Madden

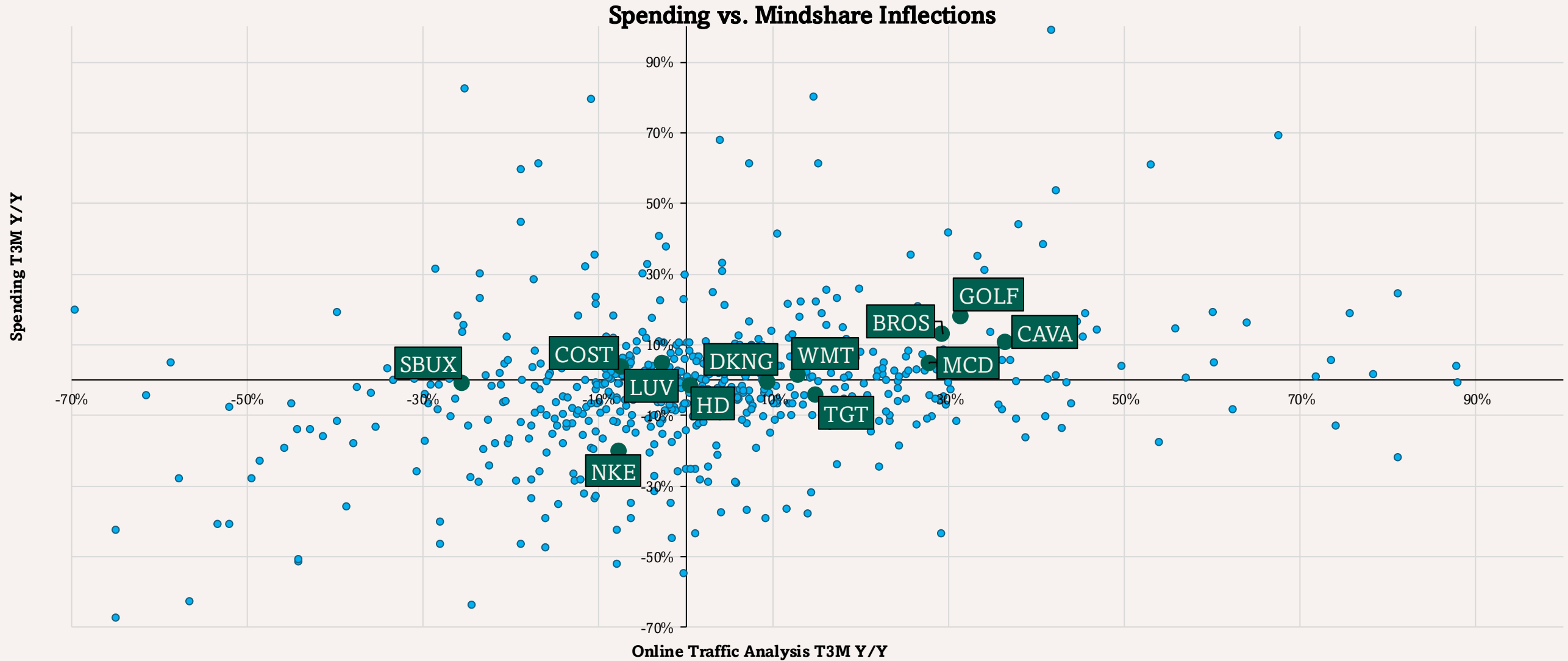
Restaurants



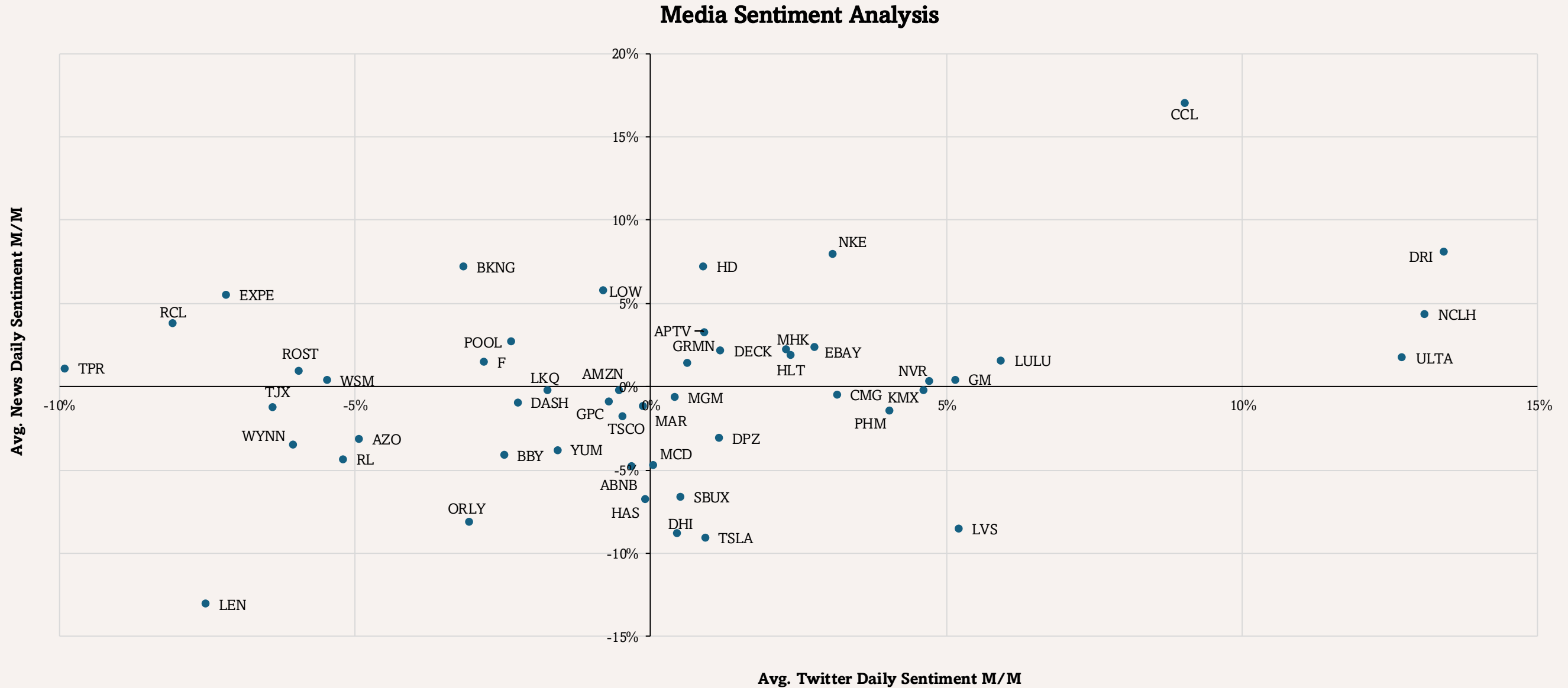
Apparel & Footwear



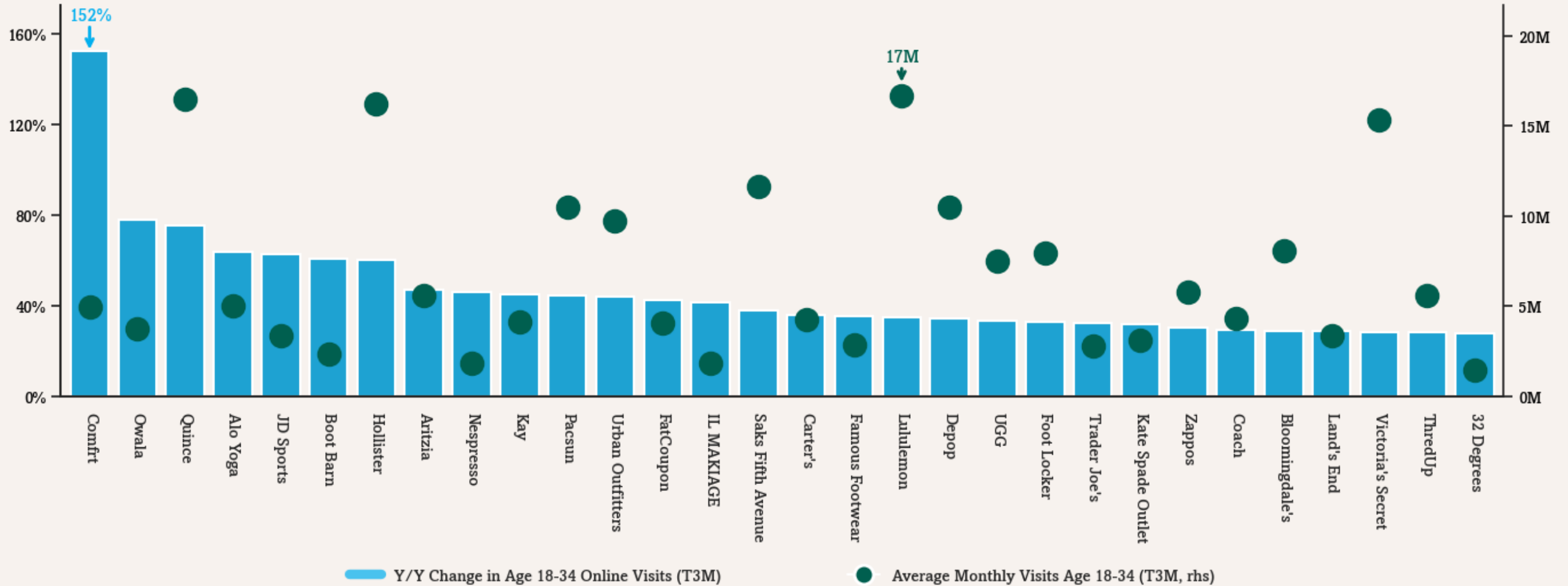
Optimal proprietary analyzes 800+ public and 10,000+ private companies in real time to unpack brand positioning and changes in consumer behavior



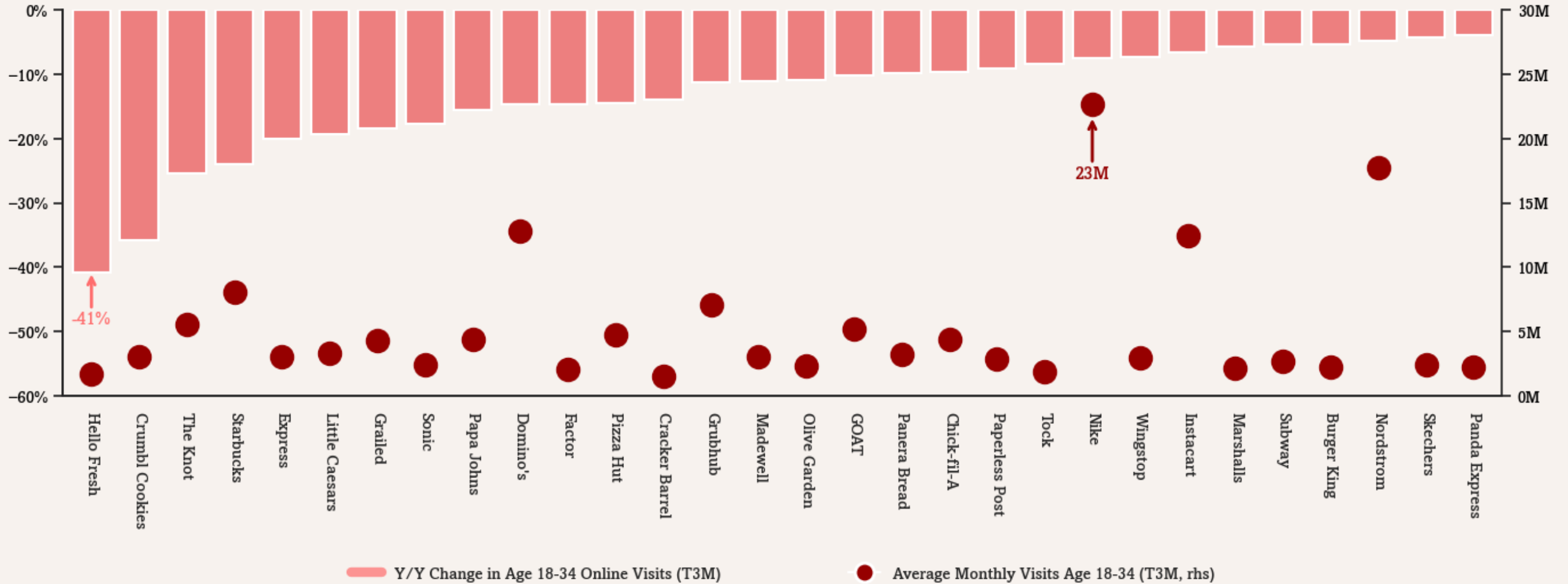
Twitter & news sentiment has improved m/m for CCL & DRI while LEN & ORLY are seeing m/m declines in both metrics



We note digital breakouts for Comfrit, Owala, Quince, Alo Yoga, JD Sports, Boot Barn, and Hollister among age 18-34 consumers



We note digital breakdowns for Hello Fresh, Crumbl Cookies, The Knot, Starbucks, Express, Little Caesars, Grailed, & Sonic among age 18-34 consumers



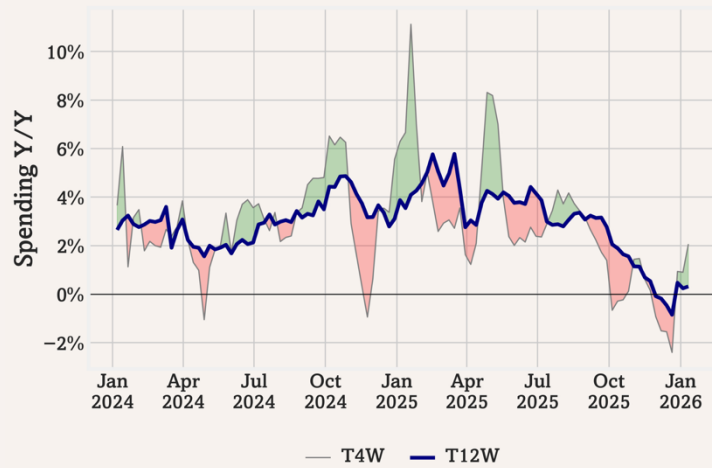
Proprietary Subsector Spending Analysis

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

Optimal Subsector	SALES			TRANSACTION COUNT		AVERAGE TICKET	
	T4W Y/Y	T12W Y/Y	Inflection	T4W Y/Y	T12W Y/Y	T4W Y/Y	T12W Y/Y
Broadline Retail	2.1%	0.3%	1.7%	0.2%	-1.5%	1.9%	1.9%
E-commerce	12.9%	6.2%	6.7%	13.2%	7.4%	-0.3%	-1.1%
Consumer Fintech	3.1%	1.1%	2.0%	2.9%	0.5%	0.2%	0.6%
Grocery	-0.8%	-0.1%	-0.7%	-0.8%	-1.0%	0.0%	0.9%
Home Improvement	0.8%	-1.1%	1.8%	-1.1%	-1.9%	1.9%	0.9%
Meal Delivery	11.8%	9.5%	2.2%	8.6%	6.7%	2.9%	2.6%
Ride Share	5.9%	2.2%	3.7%	-3.0%	-4.2%	9.2%	6.7%
Gas Stations	-8.2%	-2.4%	-5.8%	-2.5%	-1.2%	-5.8%	-1.2%
Fast Food	3.7%	2.2%	1.4%	1.8%	-0.5%	1.9%	2.7%
Discount Retail	7.8%	5.5%	2.2%	5.8%	3.1%	1.9%	2.4%
Pharmacy	-2.7%	-6.1%	3.4%	-1.8%	-4.4%	-1.0%	-1.8%
Accommodations	-2.8%	-3.8%	1.0%	-1.2%	-2.0%	-1.7%	-1.8%
Cruises	-4.7%	-2.6%	-2.1%	2.2%	-0.1%	-6.7%	-2.6%
Entertainment	3.2%	-0.1%	3.3%	-1.6%	-2.7%	4.9%	2.7%
Auto Parts	5.4%	4.1%	1.2%	0.5%	-0.1%	4.8%	4.2%
Airlines	-3.1%	-7.3%	4.1%	-3.0%	-6.5%	-0.1%	-0.8%
Pet Specialty	2.3%	0.7%	1.7%	1.0%	-0.4%	1.3%	1.1%
Beauty	3.9%	-0.5%	4.5%	0.0%	-3.0%	3.9%	2.6%
Luxury	24.8%	0.2%	24.7%	24.1%	2.2%	0.6%	-2.0%
Sports Retail	5.8%	3.4%	2.3%	0.3%	-1.5%	5.5%	5.0%
Apparel	-0.7%	-5.9%	5.2%	-0.3%	-4.7%	-0.5%	-1.3%
Home Furnishings	7.3%	-1.0%	8.4%	4.8%	-2.1%	2.4%	1.1%
Fast Casual	2.0%	-1.4%	3.4%	0.7%	-3.1%	1.3%	1.8%
Casual Dining	1.7%	-2.0%	3.7%	-3.8%	-7.5%	5.7%	6.0%
Coffee	4.2%	1.4%	2.7%	3.1%	0.3%	1.0%	1.1%
Department Stores	0.6%	-2.3%	2.9%	-0.6%	-3.9%	1.2%	1.6%
Golf	15.1%	10.0%	5.2%	19.3%	15.1%	-3.5%	-4.5%
Outdoor Recreation	2.4%	-1.4%	3.9%	-2.9%	-4.7%	5.5%	3.5%
Pizza	-1.8%	-4.1%	2.3%	-2.1%	-3.8%	0.3%	-0.3%
Gambling	2.8%	3.7%	-0.9%	11.1%	12.0%	-7.5%	-7.4%
Experiences	-12.6%	-16.8%	4.2%	-5.8%	-8.9%	-7.3%	-8.7%
Consumer Electronics	-3.0%	-11.9%	8.9%	-6.3%	-10.0%	3.5%	-2.1%

Broadline retail (including WMT & TGT) spending inflecting positively and running up y/y on a T12W average after briefly turning down y/y to end 2025. E-Commerce (including AMZN, EBAY, & Shein) spending and transaction growth inflecting positively despite longer-term ticket growth running down y/y

Broadline Retail Spending



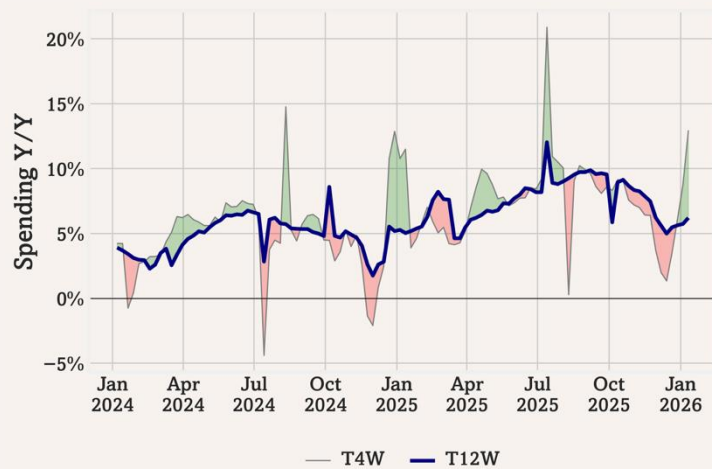
Broadline Retail Transactions



Broadline Retail Ticket



E-Commerce Spending



E-Commerce Transactions



E-Commerce Ticket



Grocery spending growth flat y/y with transaction growth now down y/y. Trends in spending and transaction count growth for casual dining (including Applebee's, CRBL, & CAKE) now exhibiting POSITIVE inflection between shorter and longer-term trends after negative inflections for much of 2025

Grocery Spending



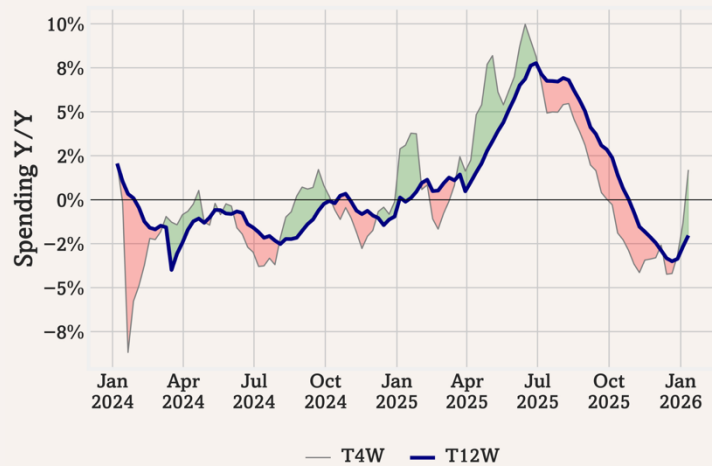
Grocery Transactions



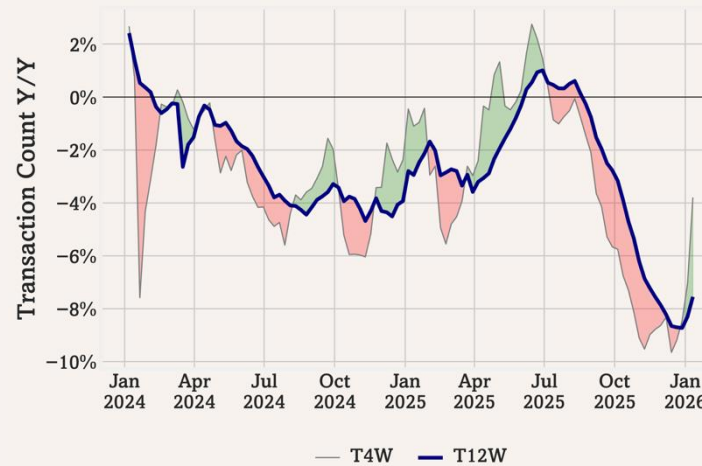
Grocery Ticket



Casual Dining Spending



Casual Dining Transactions

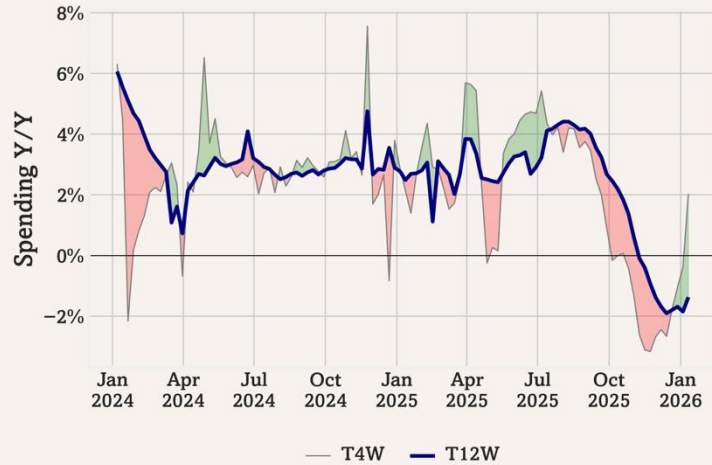


Casual Dining Ticket

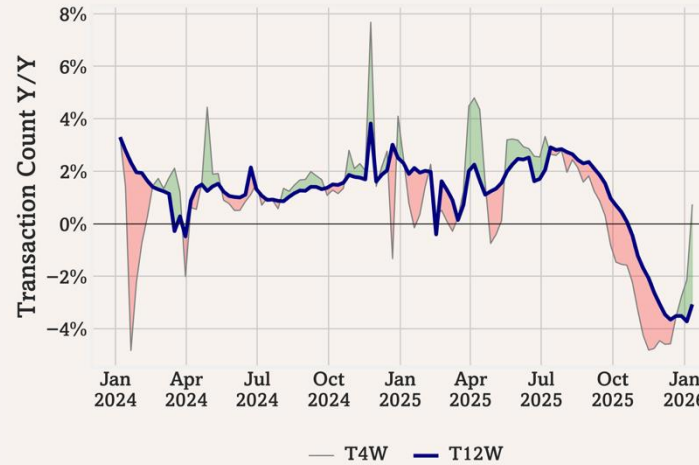


Fast casual (including CMG & PNRA) spending inflecting back positively following negative inflections for much of 2H25. Fast food (including MCD, Taco Bell, & Chick-fil-A) spending growth moving higher with positively inflecting transaction growth and stable growing ticket since early-2025

Fast Casual Spending



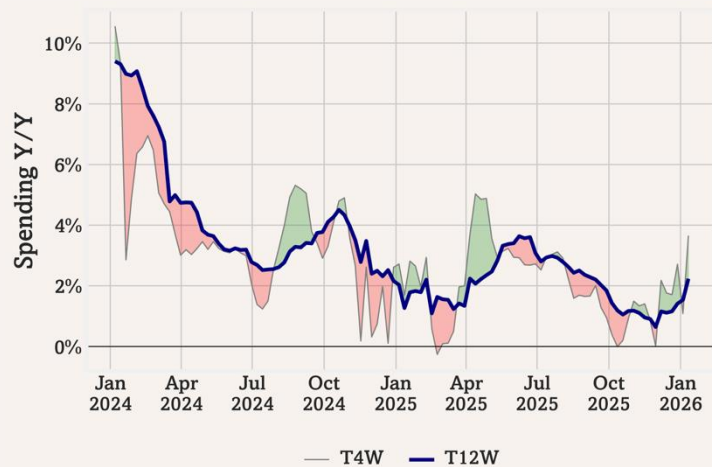
Fast Casual Transactions



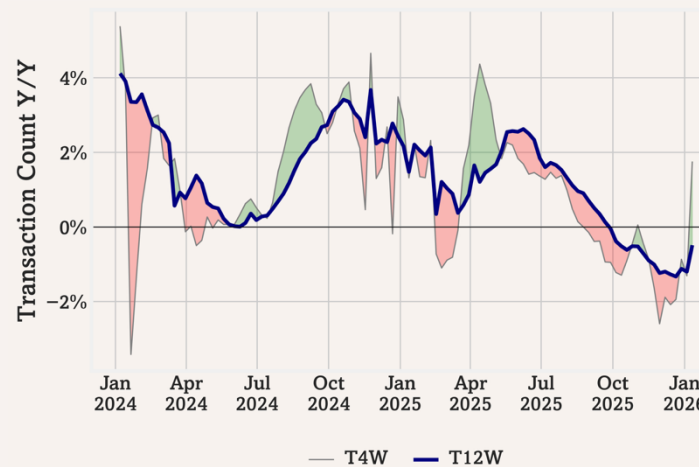
Fast Casual Ticket



Fast Food Spending



Fast Food Transactions



Fast Food Ticket



Home improvement (including HD & LOW) beginning to inflect positively after inflecting negatively since October. Home furnishing (including HomeGoods & Ikea) spending growth with sharp positive inflection driven by transaction growth and growing ticket

Home Improvement Spending



Home Improvement Transactions



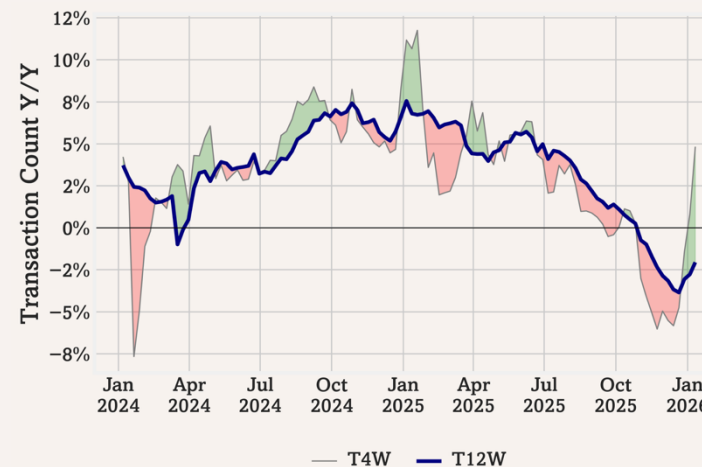
Home Improvement Ticket



Home Furnishing Spending



Home Furnishings Transactions



Home Furnishings Ticket



Meal delivery (DASH, GrubHub, Uber Eats) spending and transactions inflecting positively in recent weeks after inflecting negatively since July 2-25. Ride share (UBER & LYFT) spending growth inflecting positively despite negative transaction growth with ticket growth inflecting even more positively

Meal Delivery Spending



Meal Delivery Transactions



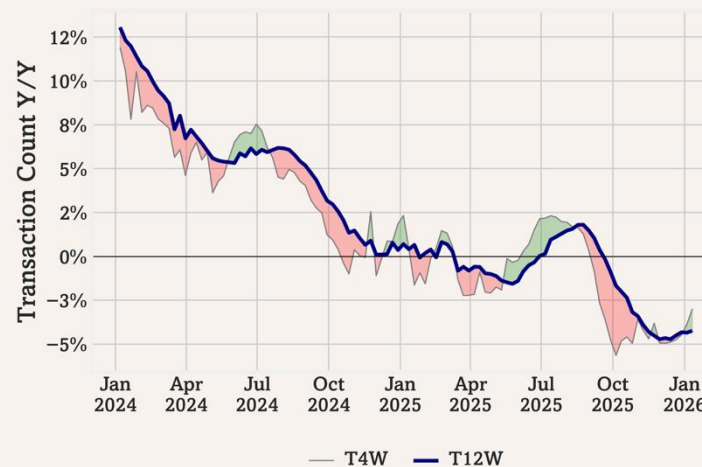
Meal Delivery Ticket



Ride Share Spending



Ride Share Transactions



Ride Share Ticket

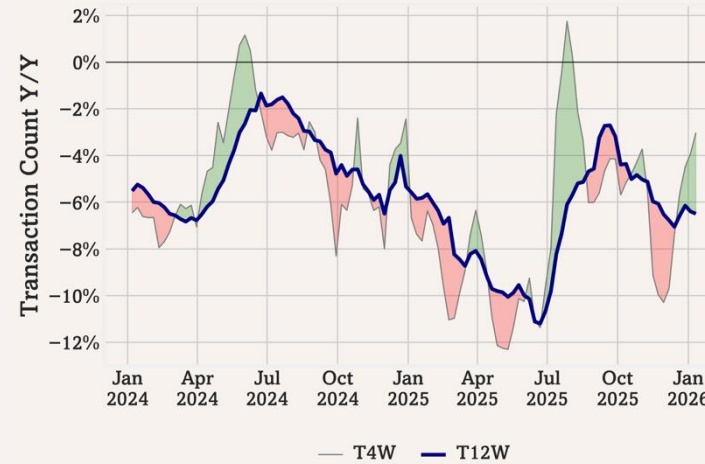


Airlines (AAL, DAL, LUV, etc.) spending and transactions continue to run down y/y but are inflecting positively. Accommodations (ABNB, HLT, EXPE) spending growth continues to run down y/y, primarily driven by trends in ticket

Airlines Spending



Airlines Transactions



Airlines Ticket



Accommodations Spending



Accommodations Transactions

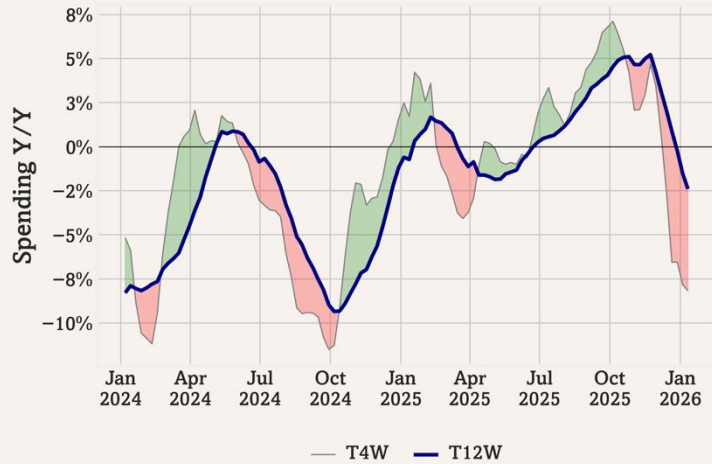


Accommodations Ticket

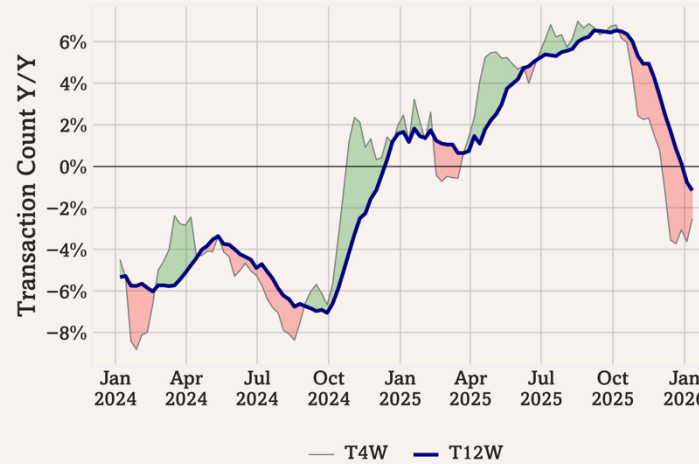


Gas station spending turning down sharply as ticket and transaction both inflecting negatively. Gasoline prices continue sharper declines in recent weeks – we are having more conversations about energy costs impacting the consumer / economy

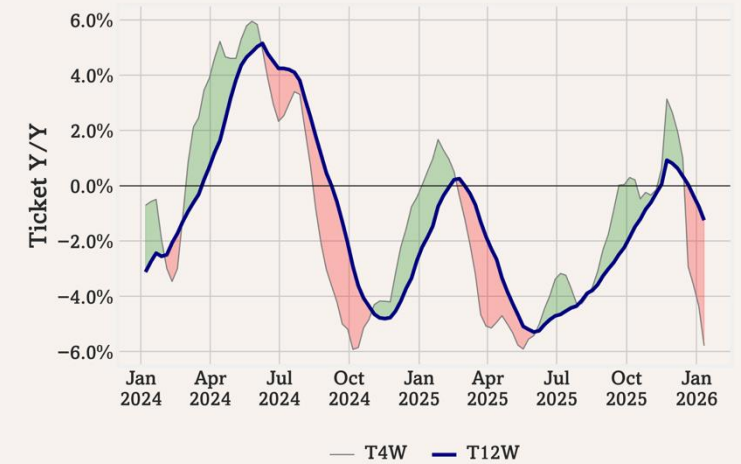
Gas Stations Spending



Gas Stations Transactions



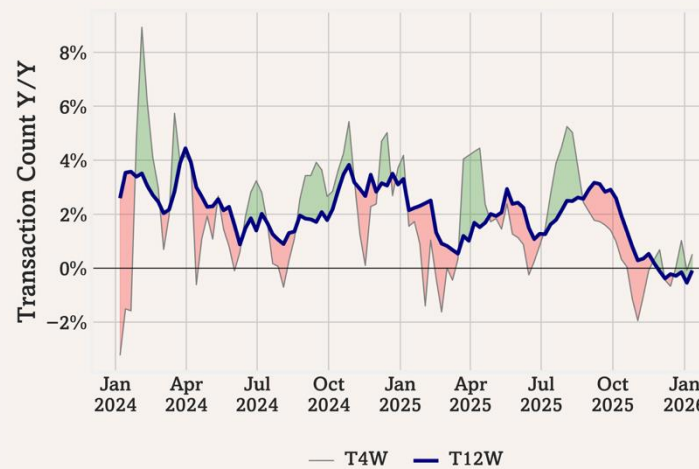
Gas Stations Ticket



Auto Parts Spending



Auto Parts Transactions



Auto Parts Ticket



Gambling (including DKNB, PENN, CZR) spending continues to run up y/y following a high transaction growth period in early 2024. Entertainment (including NFLX, Hulu, LYV) transactions y/y now running down on longer-term basis; positive ticket growth keeping spending flat y/y

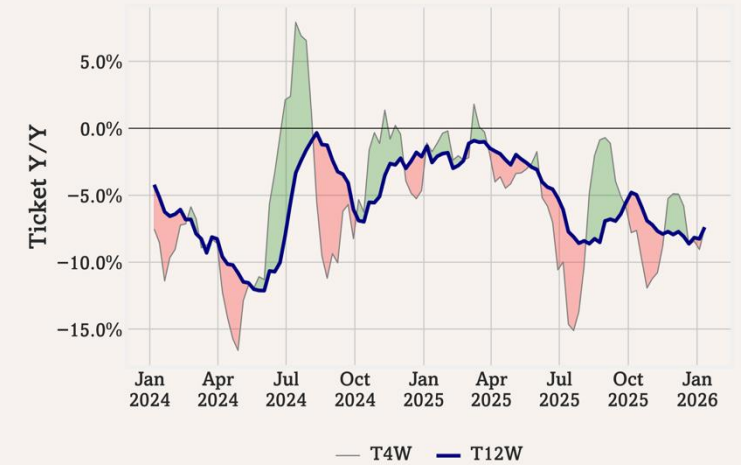
Gambling Spending



Gambling Transactions



Gambling Ticket



Entertainment Spending



Entertainment Transactions



Entertainment Ticket



Coffee (SBUX, DNKN, BROS) spending and transaction counts inflecting positively and spending growth running positive y/y. Pizza (including DPZ, Pizza Hut, & PZZA) spending declines driven by transaction declines with ticket growth turning positive y/y in recent weeks

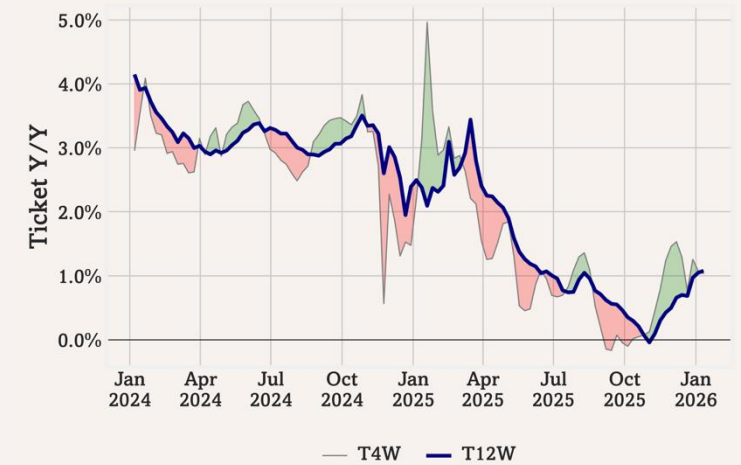
Coffee Spending



Coffee Transactions



Coffee Ticket



Pizza Spending



Pizza Transactions



Pizza Ticket



Luxury (including Tiffany, Louis Vuitton, & Coach) leading measured spending inflections with a sharp pick up in transaction counts. Beauty (including ULTA & Sephora) is inflecting positively in both spend, transactions, and ticket with longer-term spending and transactions currently running down y/y

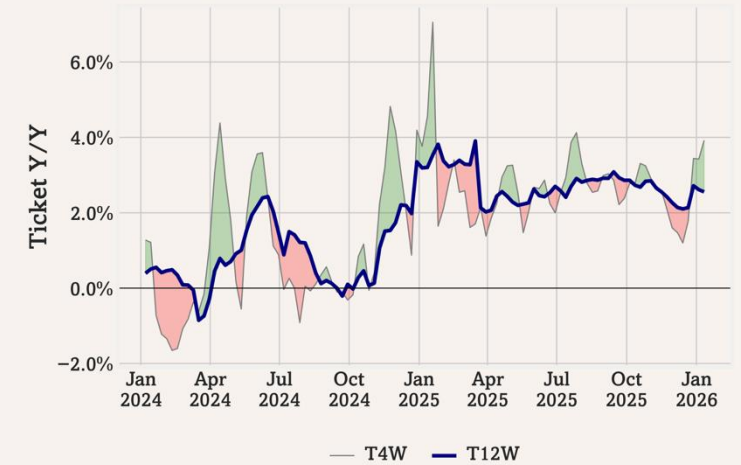
Beauty Spending



Beauty Transactions



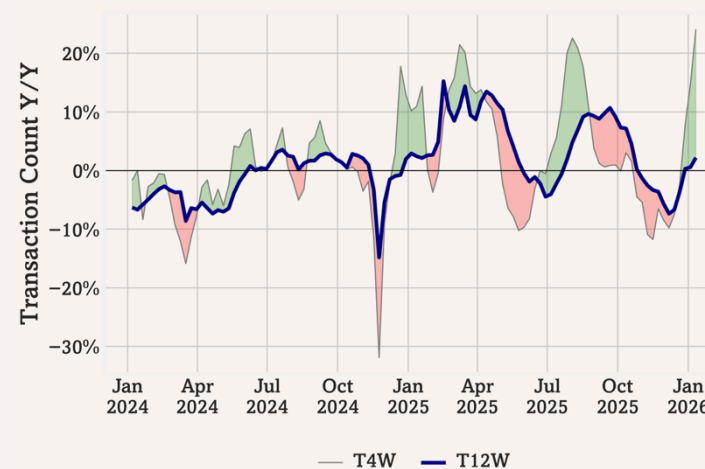
Beauty Ticket



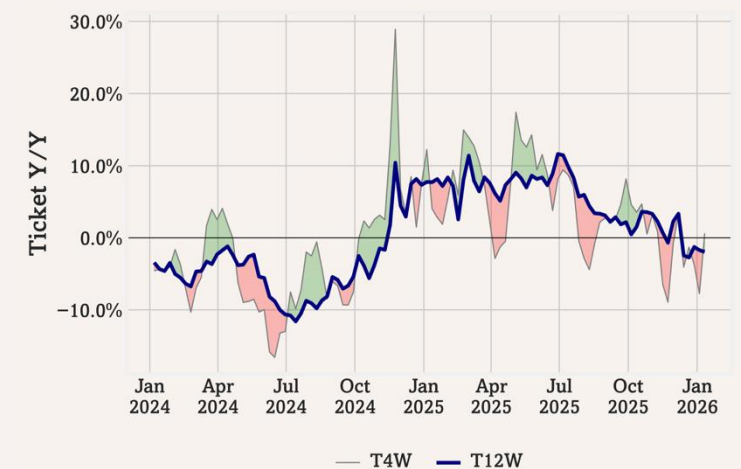
Luxury Spending



Luxury Transactions



Luxury Ticket



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

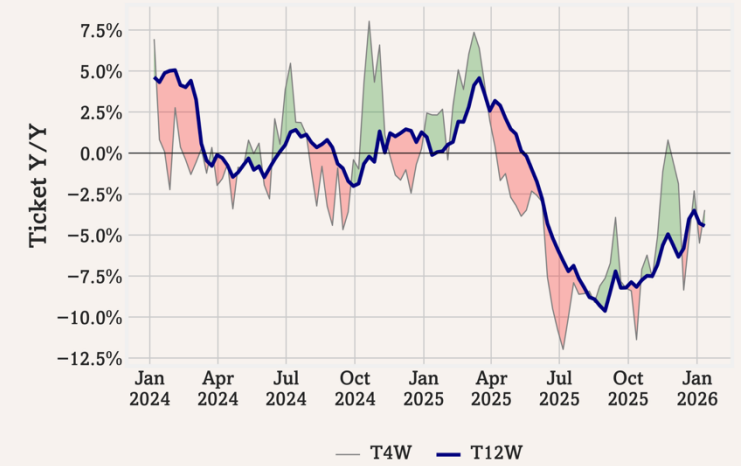
Golf Spending



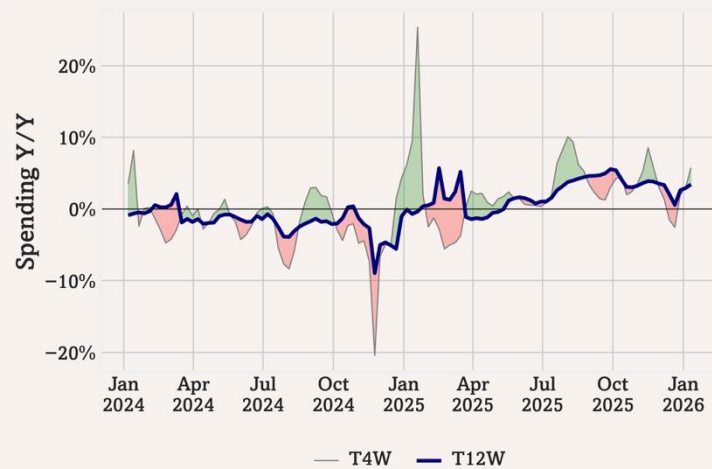
Golf Transactions



Golf Ticket



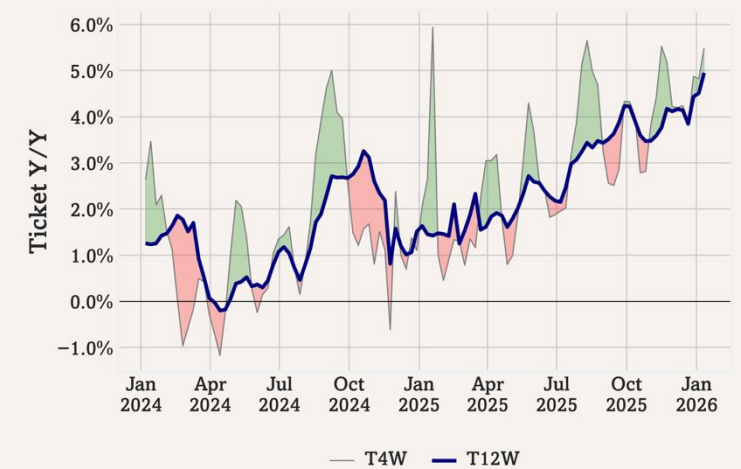
Sports Retail Spending



Sports Retail Transactions



Sports Retail Ticket



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
AMZN	Amazon		\$230.82	\$2,469.44	19.0	15.2	12.5	3.9	3.5	3.1
WMT	Walmart Inc		\$111.41	\$946.14	22.6	22.6	20.5	1.4	1.3	1.3
COST	Costco Wholesale Corp		\$862.34	\$428.01	32.0	29.7	27.0	1.6	1.4	1.3
HD	Home Depot Inc		\$344.10	\$373.43	16.2	17.7	17.1	2.3	2.3	2.2
TJX	TJX Cos Inc		\$153.61	\$173.32	19.1	22.4	20.5	3.1	2.9	2.7
LOW	Lowe's Cos Inc		\$241.16	\$150.56	14.8	15.5	14.7	1.8	1.7	1.6
ROST	Ross Stores Inc		\$180.14	\$61.35	16.3	19.8	18.2	2.9	2.7	2.6
TGT	Target Corp		\$97.75	\$49.51	7.2	8.5	8.3	0.5	0.5	0.5
TSCO	Tractor Supply Co		\$50.01	\$26.93	13.4	16.2	15.0	1.8	1.7	1.6
WSM	Williams-Sonoma Inc		\$178.59	\$24.58	12.8	15.3	14.9	3.2	3.1	3.0
DG	Dollar General Corp		\$132.77	\$32.28	10.4	15.0	14.1	0.8	0.8	0.7
DKS	Dick's Sporting Goods Inc		\$197.97	\$18.56	10.2	13.5	11.3	1.4	1.1	0.9
DLTR	Dollar Tree Inc		\$123.01	\$26.66	11.1	14.5	13.2	1.5	1.4	1.3
BURL	Burlington Stores Inc		\$288.85	\$19.11	14.3	19.4	17.1	1.8	1.7	1.5
BBY	Best Buy Co Inc		\$66.93	\$13.79	5.9	6.5	6.3	0.3	0.3	0.3
DECK	Deckers Outdoor Corp		\$103.67	\$14.28	10.0	10.8	10.2	2.9	2.7	2.5
BJ	BJ's Wholesale Club Holdings I		\$90.03	\$12.06	10.5	12.7	11.8	0.6	0.6	0.5
GME	GameStop Corp		\$20.08	\$9.45	18.1	16.6	12.5	2.5	2.5	2.4
FIVE	Five Below Inc		\$188.36	\$10.55	15.0	18.7	17.1	2.7	2.2	2.0
OLLI	Ollie's Bargain Outlet Holding		\$109.61	\$7.00	18.3	20.4	17.8	3.1	2.6	2.3
URBN	Urban Outfitters Inc		\$75.26	\$6.30	7.6	9.0	8.1	1.1	1.0	1.0
BBWI	Bath & Body Works Inc		\$20.08	\$4.43	5.1	6.9	7.7	0.6	0.6	0.6
M	Macy's Inc		\$22.05	\$5.66	4.9	5.8	5.8	0.2	0.3	0.3
SIG	Signet Jewelers Ltd		\$82.88	\$3.80	7.3	7.0	6.7	0.6	0.6	0.6
ASO	Academy Sports & Outdoors Inc		\$49.96	\$3.75	6.1	7.9	7.5	0.6	0.6	0.6
KSS	Kohl's Corp		\$20.41	\$2.02	6.0	7.2	7.5	0.1	0.1	0.1

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		\$449.72	\$1,394.35	98.1	106.3	92.4	14.3	14.7	13.1
ORLY	O'Reilly Automotive Inc		\$91.21	\$80.39	21.4	22.3	20.7	4.8	4.5	4.2
CVNA	Carvana Co		\$422.02	\$92.91	71.4	43.1	32.9	6.8	4.7	3.6
AZO	AutoZone Inc		\$3,391.50	\$59.21	15.1	16.3	14.6	3.1	2.9	2.7
GM	General Motors Co		\$81.32	\$72.59	2.7	3.8	3.5	0.4	0.4	0.4
F	Ford Motor Co		\$13.12	\$52.91	3.1	4.0	3.3	0.3	0.3	0.3
GPC	Genuine Parts Co		\$122.96	\$18.36	11.6	11.9	10.9	0.8	0.8	0.7
RIVN	Rivian Automotive Inc		\$19.71	\$19.81	-5.2	-8.9	-10.8	4.0	3.7	2.9
PAG	Penske Automotive Group Inc		\$158.29	\$10.74	10.8	12.6	12.7	0.4	0.3	0.3
AN	AutoNation Inc		\$206.48	\$7.85	10.9	10.8	10.8	0.3	0.3	0.3
LAD	Lithia Motors Inc		\$332.33	\$7.92	10.0	11.4	11.0	0.2	0.2	0.2
LCID	Lucid Group Inc		\$10.57	\$3.15	-2.0	-2.0	-2.7	3.9	2.4	1.3
KMX	CarMax Inc		\$38.64	\$6.73	7.3	9.0	10.2	0.3	0.3	0.3
GPI	Group 1 Automotive Inc		\$393.30	\$5.04	10.1	10.5	10.0	0.3	0.2	0.2
ABG	Asbury Automotive Group Inc		\$232.53	\$4.76	11.3	10.4	10.3	0.3	0.3	0.2
VVV	Valvoline Inc		\$29.06	\$3.98	10.2	10.4	9.2	2.3	1.9	1.8
AAP	Advance Auto Parts Inc		\$39.30	\$2.48	38.1	10.3	7.5	0.3	0.3	0.3
HOG	Harley-Davidson Inc		\$20.49	\$2.37	10.1	8.2	15.8	0.5	0.6	0.6

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		\$63.71	\$94.20	18.9	26.8	20.4	2.0	2.0	1.9
TPR	Tapestry Inc		\$127.77	\$26.43	32.4	17.5	16.2	3.8	3.6	3.4
LULU	Lululemon Athletica Inc		\$207.81	\$22.14	7.0	8.5	8.8	2.1	2.0	1.9
RL	Ralph Lauren Corp		\$353.61	\$21.84	16.1	16.2	14.9	3.1	2.8	2.7
AS	Amer Sports Inc		\$37.35	\$20.19	29.2	19.3	15.9	3.9	3.1	2.7
ONON	On Holding AG		\$46.48	\$14.57	40.1	20.7	16.6	5.5	3.9	3.2
BIRK	Birkenstock Holding Plc		\$40.90	\$6.83	10.9	9.7	8.3	2.9	2.5	2.2
GAP	Gap Inc		\$25.60	\$9.74	5.1	7.9	7.5	0.6	0.6	0.6
VFC	VF Corp		\$18.08	\$7.29	13.3	14.9	13.9	0.8	0.8	0.8
BOOT	Boot Barn Holdings Inc		\$176.47	\$5.95	16.7	17.5	15.3	3.1	2.7	2.3
KTB	Kontoor Brands Inc		\$61.09	\$3.22	11.2	9.5	8.8	1.2	1.0	0.9
CROX	Crocs Inc		\$85.52	\$4.27	4.9	6.1	6.3	1.0	1.1	1.1
PVH	PVH Corp		\$67.02	\$2.84	4.8	6.6	6.6	0.3	0.3	0.3
BKE	Buckle Inc		\$53.42	\$2.76	7.6	9.9	9.3	2.3	2.1	2.1
COLM	Columbia Sportswear Co		\$55.09	\$2.81	7.3	10.9	10.1	0.8	0.8	0.8
AEO	American Eagle Outfitters Inc		\$26.37	\$4.32	6.0	11.6	10.0	0.8	0.8	0.8
SHOO	Steven Madden Ltd		\$41.64	\$3.24	12.6	18.4	14.2	1.4	1.3	1.2
VSCO	Victoria's Secret & Co		\$54.17	\$4.99	8.1	12.4	12.0	0.8	0.8	0.7
UA	Under Armour Inc		\$4.80	\$2.44	35.0	18.1	14.6	0.5	0.5	0.5
WWW	Wolverine World Wide Inc		\$18.15	\$1.51	14.5	11.5	11.6	0.9	0.8	0.8
CRI	Carter's Inc		\$32.43	\$1.28	4.6	9.9	10.2	0.5	0.4	0.4
GES	Guess? Inc		\$16.75	\$0.88	5.1	10.7	10.2	0.3	0.3	0.3
GOLF	Acushnet Holdings Corp		\$79.82	\$5.31	15.9	15.0	14.6	2.2	2.1	2.0

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		\$305.63	\$215.67	17.5	18.4	17.2	8.3	8.1	7.6
DASH	DoorDash Inc		\$226.48	\$88.64	139.1	31.4	24.0	8.3	6.5	5.0
SBUX	Starbucks Corp		\$84.21	\$106.50	19.1	22.9	19.4	2.9	2.8	2.6
CMG	Chipotle Mexican Grill Inc		\$37.00	\$51.57	20.2	23.8	23.0	4.6	4.3	3.9
YUM	Yum! Brands Inc		\$151.28	\$42.54	20.3	18.9	17.4	5.6	5.2	4.8
QSR	Restaurant Brands		\$68.23	\$31.09	20.2	15.5	14.5	3.7	3.3	3.2
DRI	Darden Restaurants Inc		\$184.02	\$24.05	14.0	14.9	14.2	2.0	1.8	1.8
DPZ	Domino's Pizza Inc		\$416.82	\$13.10	17.7	17.4	16.1	2.8	2.7	2.5
TXRH	Texas Roadhouse Inc		\$166.00	\$12.88	17.7	19.4	18.3	2.4	2.2	2.0
BROS	Dutch Bros Inc		\$61.22	\$10.11	39.0	38.3	30.5	7.9	6.2	5.0
CAVA	Cava Group Inc		\$58.69	\$8.01	50.5	53.4	44.4	8.3	6.8	5.7
WING	Wingstop Inc		\$238.49	\$7.51	44.5	35.5	30.6	12.0	10.7	9.1
EAT	Brinker International Inc		\$143.52	\$7.10	9.9	10.6	9.8	1.3	1.2	1.2
SHAK	Shake Shack Inc		\$81.17	\$4.15	25.6	22.3	19.5	3.3	2.9	2.5
CAKE	Cheesecake Factory Inc		\$50.48	\$2.87	11.1	15.0	14.0	0.8	0.8	0.7
WEN	Wendy's Co		\$8.33	\$1.56	8.8	10.3	10.3	0.7	0.7	0.7
PZZA	Papa John's		\$38.49	\$1.25	8.4	11.1	10.2	0.6	0.6	0.6
CBRL	Cracker Barrel		\$25.40	\$0.73	6.9	20.5	12.2	0.2	0.2	0.2
BJRI	BJ's Restaurants Inc		\$39.40	\$0.94	9.8	10.4	9.8	0.7	0.7	0.7
BLMN	Bloomin' Brands Inc		\$6.17	\$0.64	6.2	9.4	9.8	0.2	0.2	0.2
JACK	Jack in the Box Inc		\$18.95	\$0.39	11.9	14.8	14.3	0.3	0.3	0.3

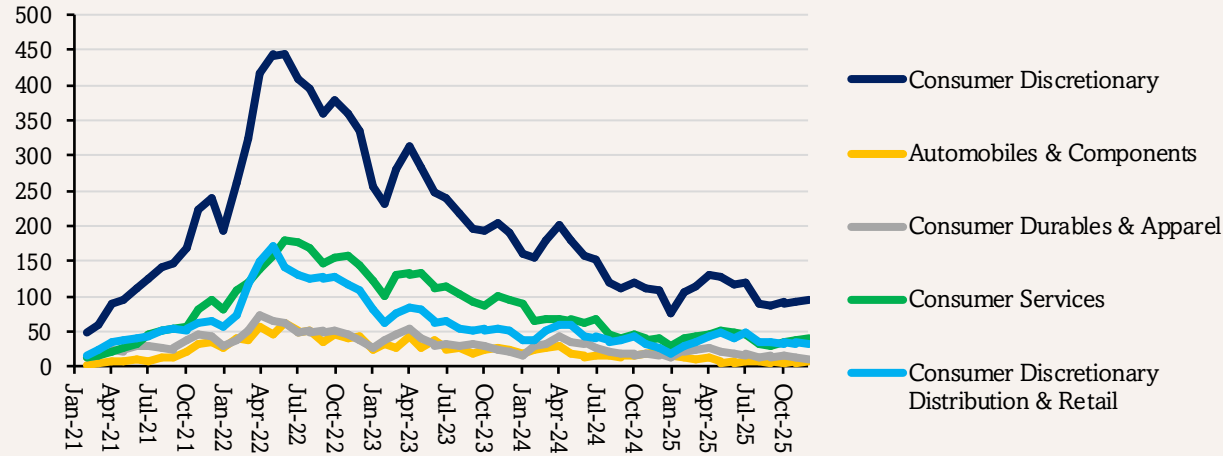
Leisure, Accommodations & Travel Comps

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		\$5,355.33	\$162.04	19.5	16.5	14.7	6.8	6.1	5.6
RCL	Royal Caribbean Cruises		\$278.92	\$73.64	15.9	13.5	12.2	4.5	4.1	3.8
ABNB	Airbnb Inc		\$135.72	\$80.47	26.6	16.6	15.0	7.2	6.6	6.0
MAR	Marriott International Inc		\$310.24	\$84.22	22.8	18.7	17.6	3.4	3.2	3.0
HLT	Hilton Worldwide Holdings Inc		\$287.25	\$67.40	30.0	21.3	19.7	6.0	5.6	5.2
CCL	Carnival Corp		\$30.54	\$36.86	8.7	8.2	7.7	1.4	1.3	1.3
EXPE	Expedia Group Inc		\$283.31	\$33.35	15.6	10.2	9.2	2.4	2.3	2.1
VIK	Viking Holdings Ltd		\$71.41	\$30.31	24.6	18.2	15.5	5.7	4.7	4.1
H	Hyatt Hotels Corp		\$160.32	\$15.26	25.5	18.1	16.4	2.3	2.2	2.1
WYNN	Wynn Resorts Ltd		\$120.33	\$11.57	10.8	10.4	9.9	1.6	1.6	1.6
NCLH	Norwegian Cruise Line		\$22.32	\$9.27	9.7	9.0	8.0	1.0	0.9	0.8
MGM	MGM Resorts International		\$36.49	\$9.19	8.5	8.4	8.3	0.5	0.5	0.5
BYD	Boyd Gaming Corp		\$85.24	\$6.69	6.6	6.8	6.9	1.7	1.7	1.7
WH	Wyndham Hotels & Resorts		\$75.56	\$5.86	14.7	11.7	11.0	4.2	4.1	3.9
MTN	Vail Resorts Inc		\$132.80	\$5.03	9.0	9.5	9.0	1.7	1.7	1.6
CHH	Choice Hotels		\$95.26	\$4.81	11.8	10.9	10.7	3.0	3.0	3.0
TNL	Travel + Leisure Co		\$70.53	\$4.50	9.2	8.1	7.7	1.2	1.1	1.1
DAL	Delta Air Lines Inc		\$69.40	\$44.05	7.3	6.3	5.8	0.7	0.7	0.7
LUV	Southwest Airlines Co		\$41.33	\$21.92	10.8	11.3	6.5	0.8	0.8	0.7
AAL	American Airlines Group Inc		\$15.33	\$9.75	5.8	10.6	7.7	0.2	0.2	0.2
ALK	Alaska Air Group Inc		\$50.30	\$5.52	5.1	7.4	5.0	0.5	0.4	0.4

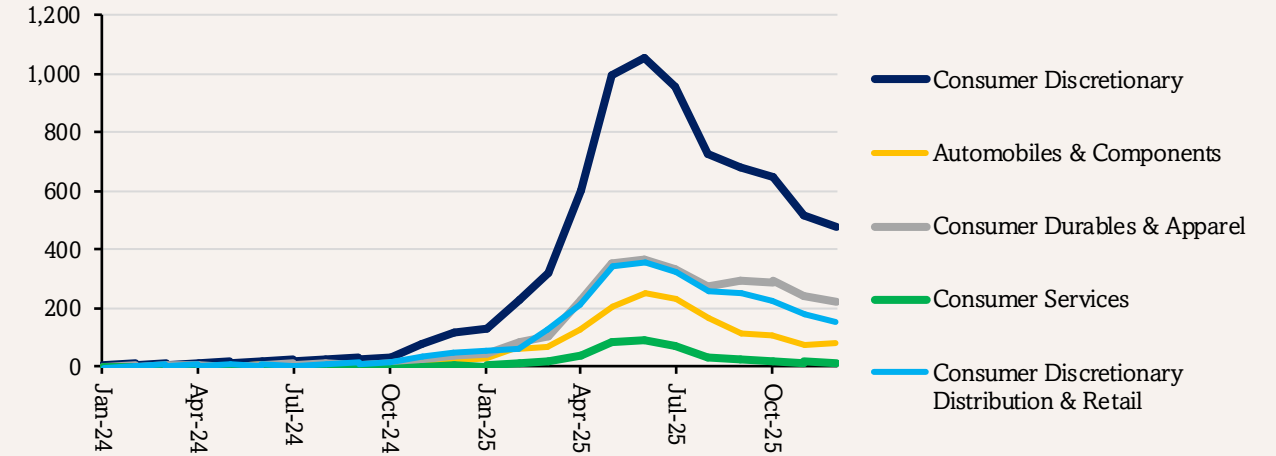
Thematic Analysis

Across constituents of the Russell 3000, Optimal tracks key themes in EPS transcripts; AI mentions continue to accelerate in CD names (+124% y/y on a T3M basis), especially among consumer services and distribution & retail companies

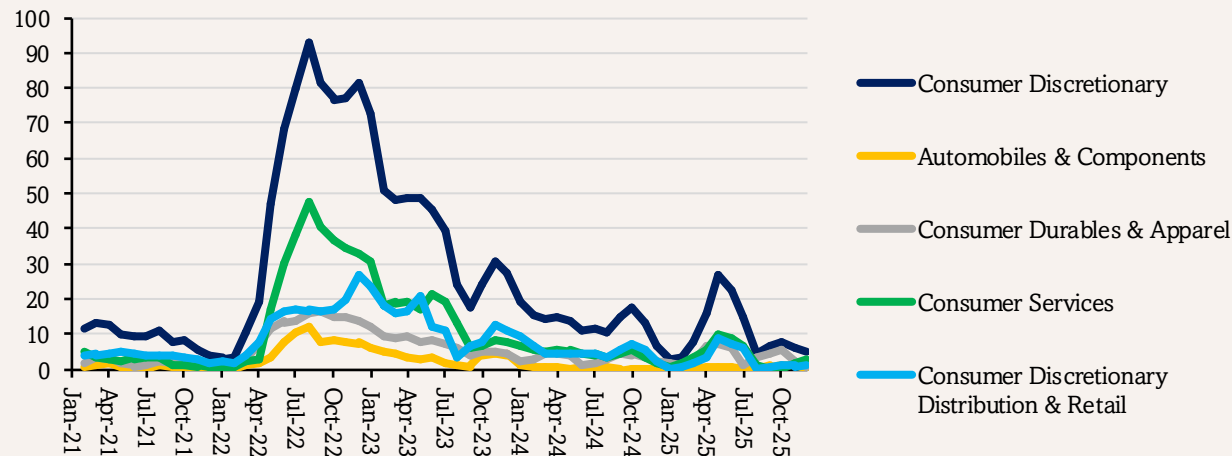
Inflation Mentions



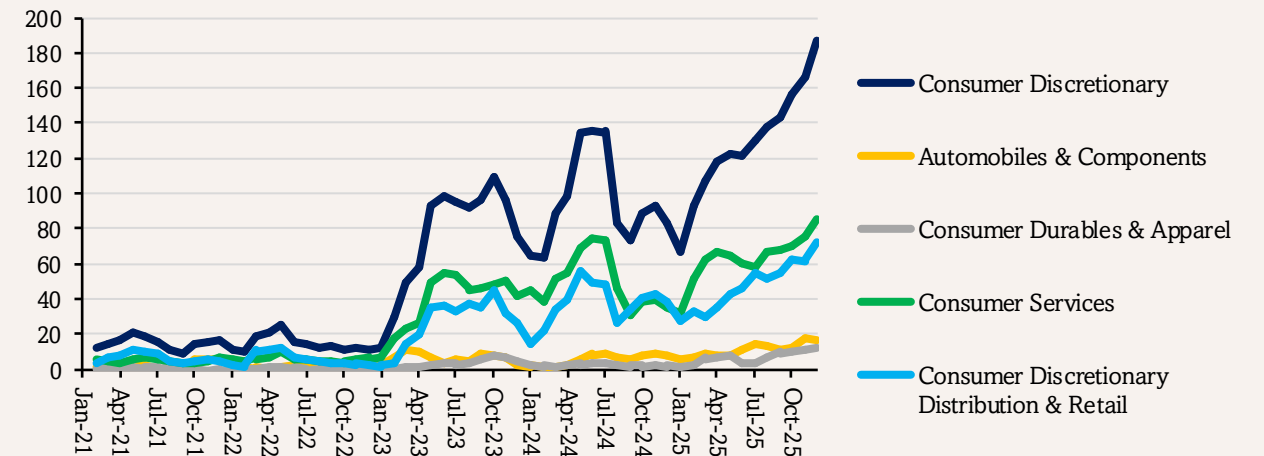
Tariffs Mentions



Economic Slowdown Mentions

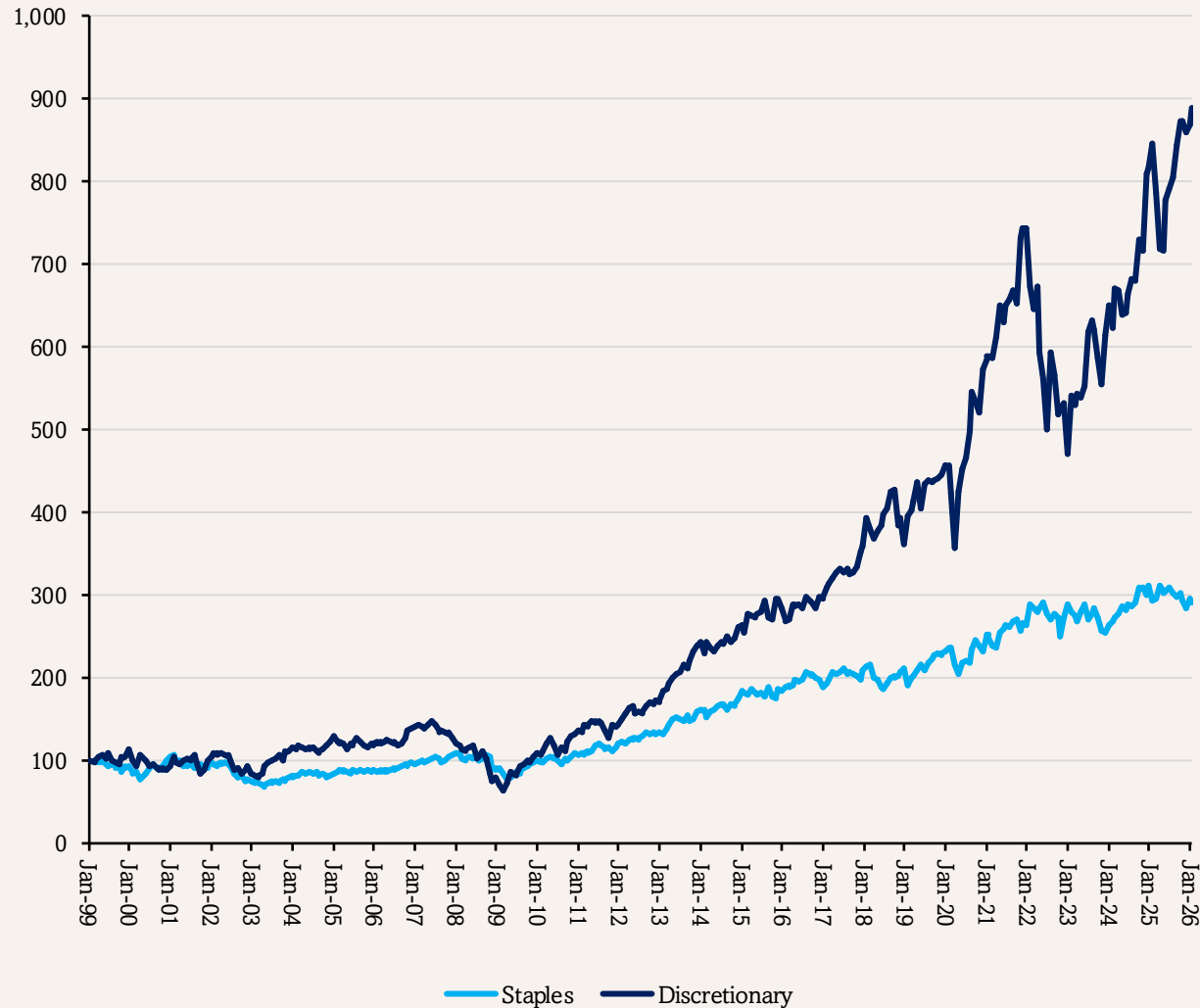


AI Mentions

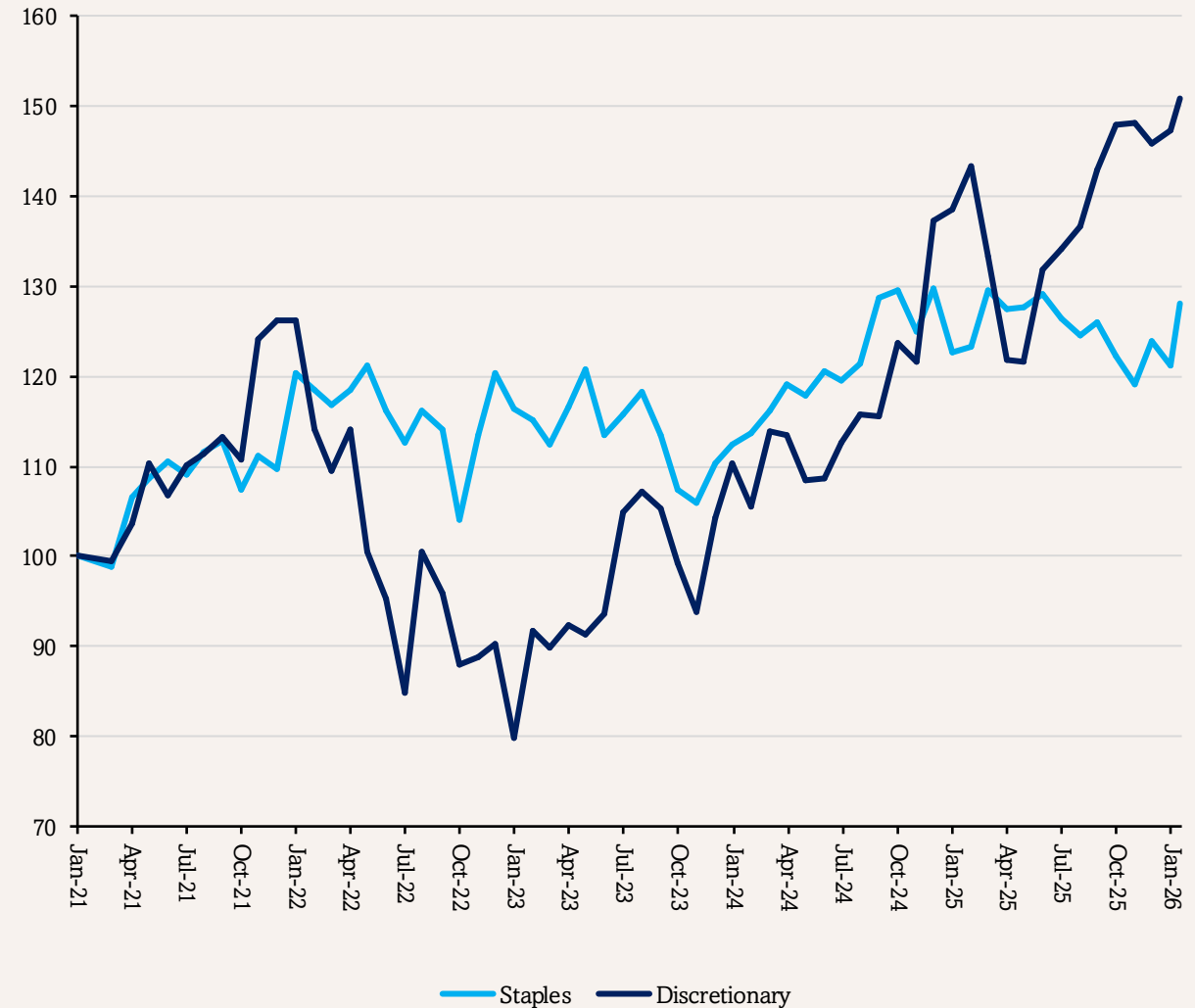


Discretionary outperformed Staples from 2010-2020. Despite a strong finish to 2025, discretionary is currently lagging Staples performance to start 2026 YTD

Sector Equity Returns (Jan 1999 = 100)

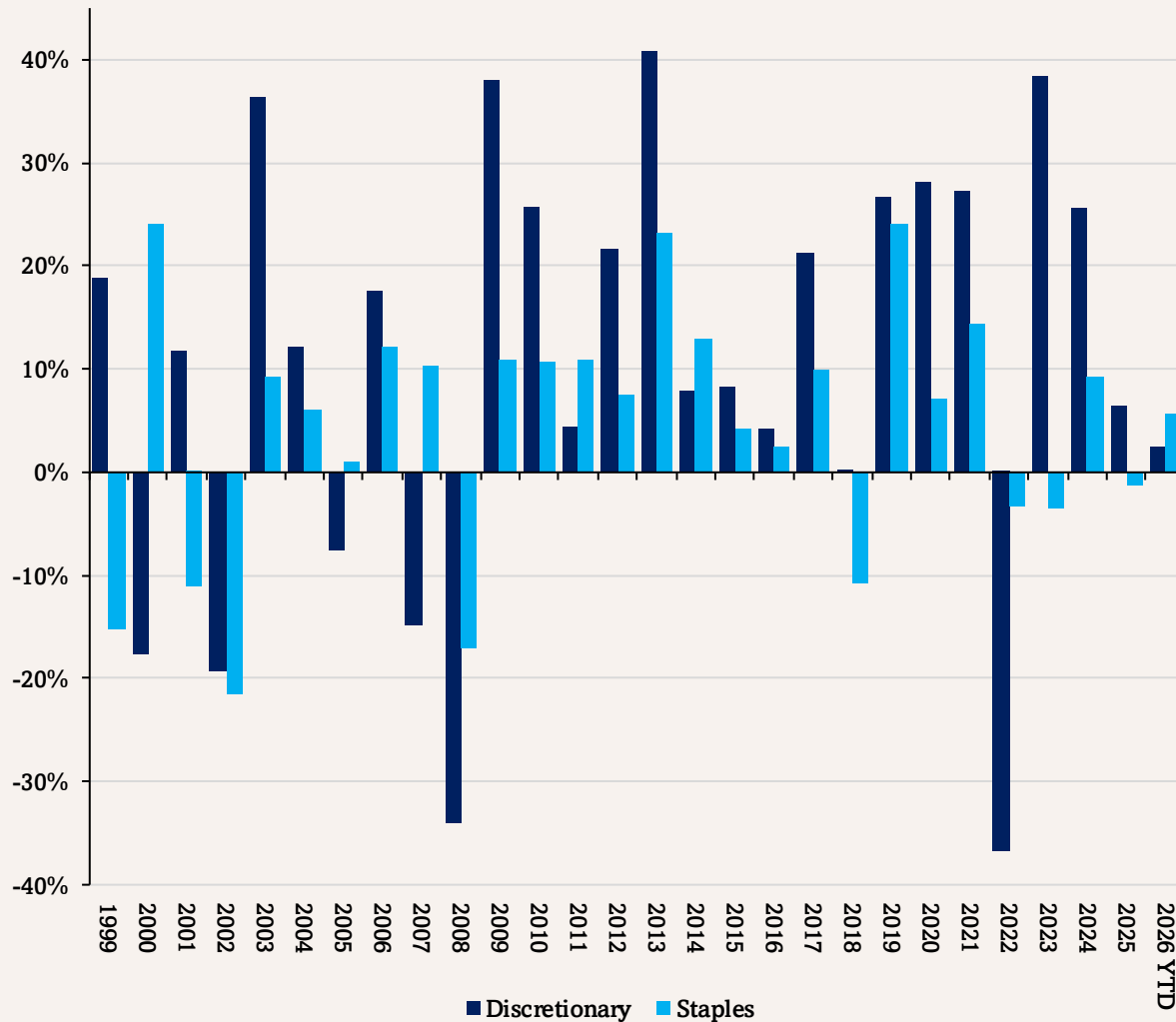


Sector Equity Returns (Jan 2021 = 100)

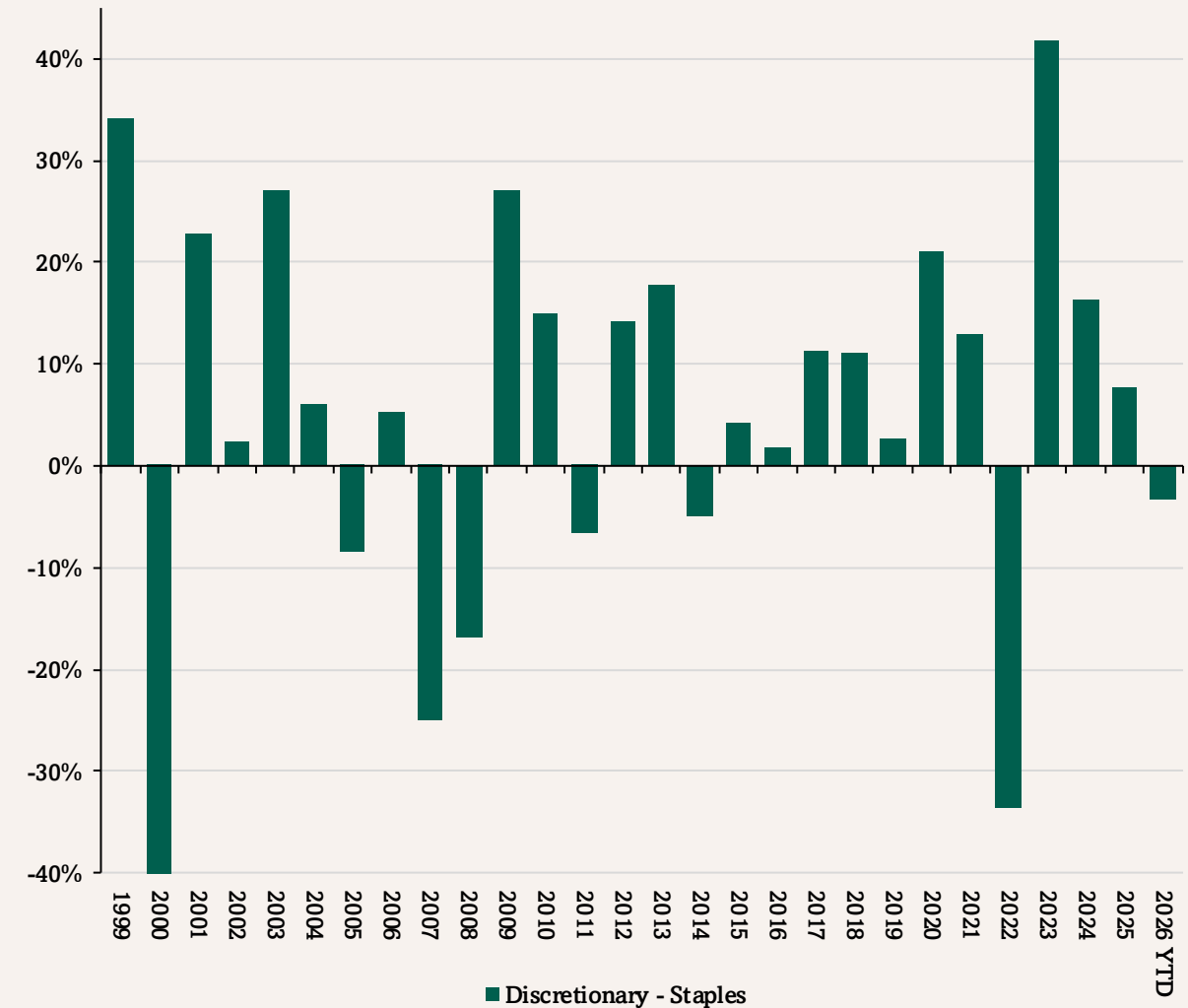


Year to date, the SPDR Staples ETF (XLP) has outperformed (+5.7%);
Consumer Discretionary ETF (XLY) has returned +2.4%

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

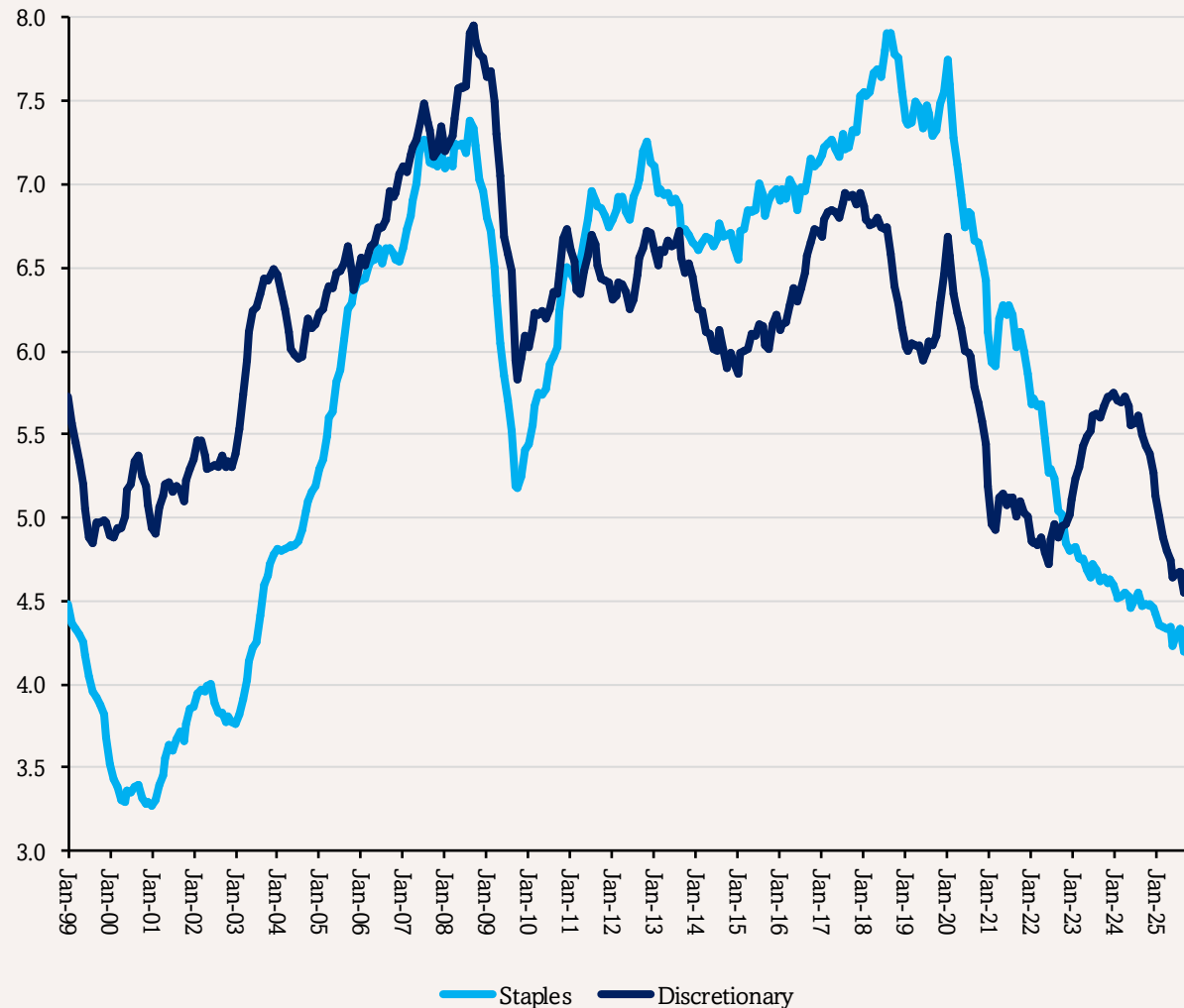


Annual Discretionary Performance Relative to Staples



The average short ratio for the more than 250 consumer staples and discretionary names in the S&P 1500 has 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)

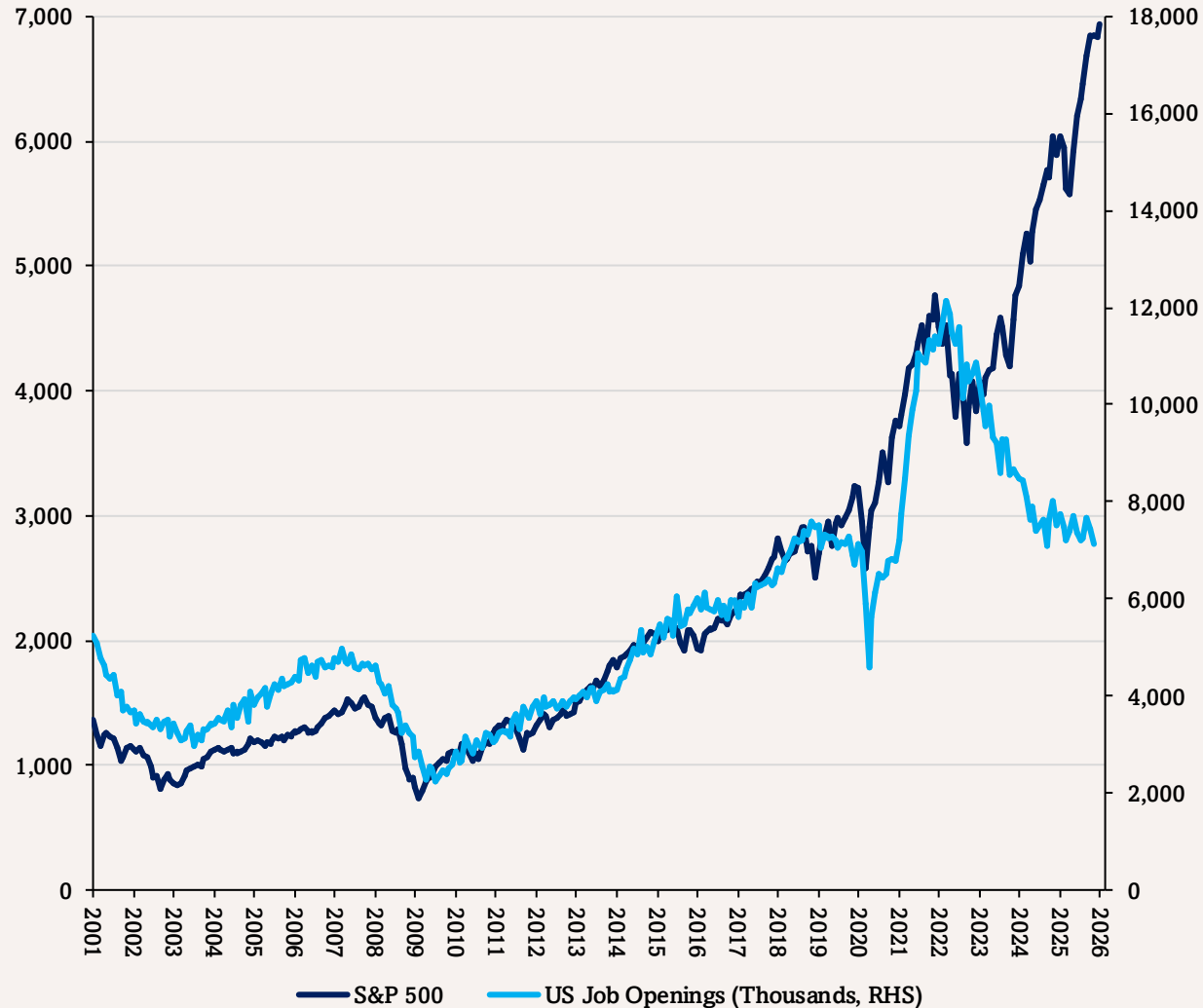


Consumer Short Ratio ▲

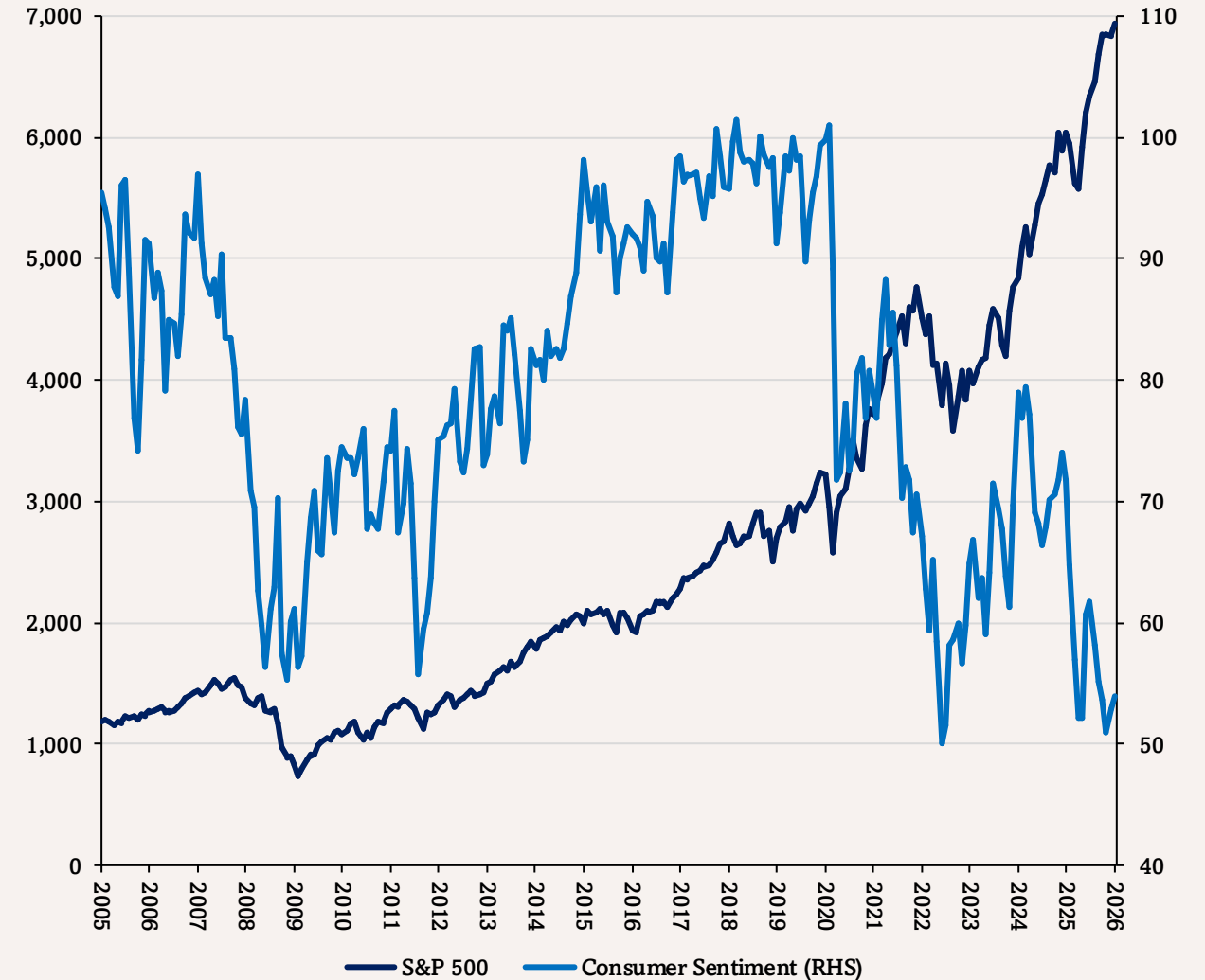
Ticker	Company	M/ T3M	T3M vs Prior Year T3M	T6M vs Prior Year T6M
UAA	Under Armour Inc	-20.6%	65.6%	68.5%
SBUX	Starbucks Corp	17.6%	45.2%	68.2%
F	Ford Motor Co	133.9%	65.5%	66.2%
MDLZ	Mondelez International Inc	-2.2%	90.2%	61.5%
NKE	NIKE Inc	-54.8%	18.0%	47.3%
MO	Altria Group Inc	1.8%	36.5%	37.1%
ACI	Albertsons Cos Inc	-15.5%	47.9%	9.2%
KO	Coca-Cola Co	28.2%	27.3%	5.5%
WMT	Walmart Inc	34.2%	17.3%	4.3%
TSLA	Tesla Inc	2.2%	3.8%	-2.5%
KHC	Kraft Heinz Co	35.9%	-0.9%	-3.9%
GIS	General Mills Inc	-3.8%	-7.9%	-5.2%
NCLH	Norwegian Cruise Line Holdings Ltd	10.9%	-5.6%	-8.2%
KDP	Keurig Dr Pepper Inc	105.8%	45.5%	-12.6%
GM	General Motors Co	47.8%	-18.0%	-18.4%
CCL	Carnival Corp	-17.8%	-30.0%	-19.9%
PG	Procter & Gamble Co	-5.4%	-19.8%	-22.6%
TGT	Target Corp	14.6%	-5.5%	-23.0%
CAG	Conagra Brands Inc	19.3%	1.0%	-25.2%
KVUE	Kenvue Inc	193.0%	-43.1%	-33.3%
CMG	Chipotle Mexican Grill Inc	43.8%	-51.2%	-48.4%

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



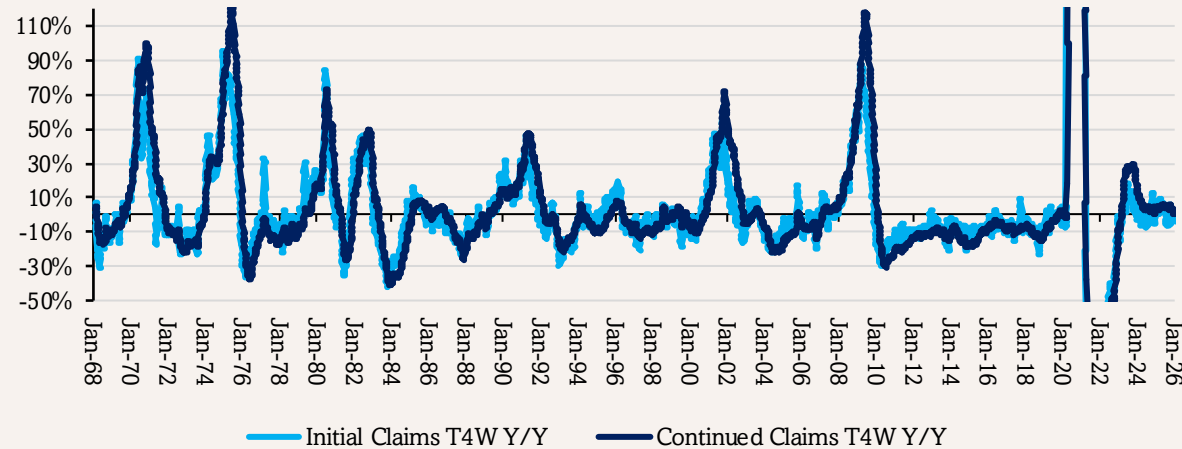
Equity Returns vs. Sentiment



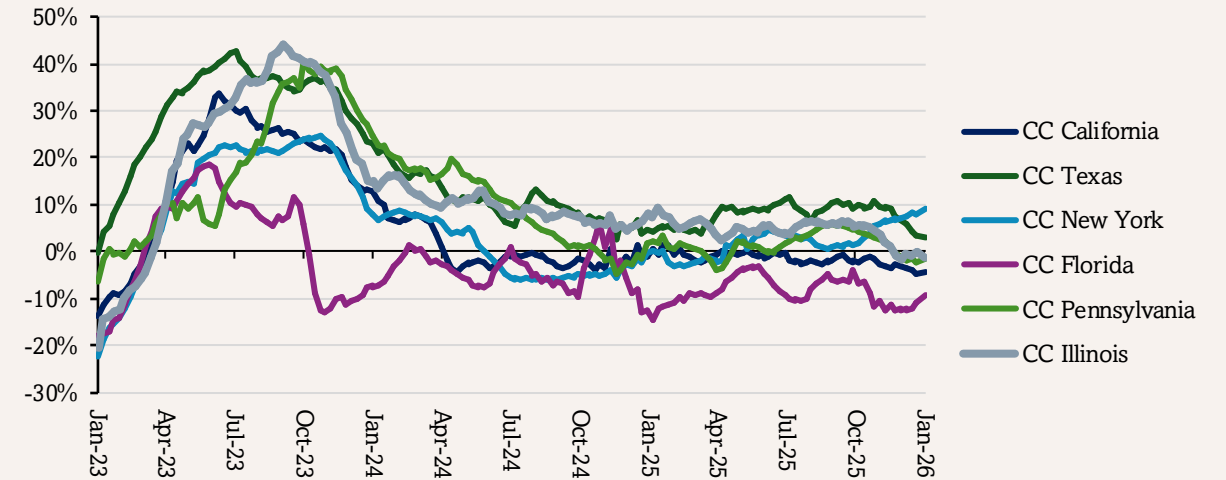
Consumer Macro

Continued and initial claims moving lower in recent weeks. Continued claims running up +1.0% y/y over T4W while initial claims running down -4.3% y/y over the same time frame. Most industries measured on Indeed continue to experience y/y declines in job postings, notable exception in construction

Unemployment Claims T4W Y/Y



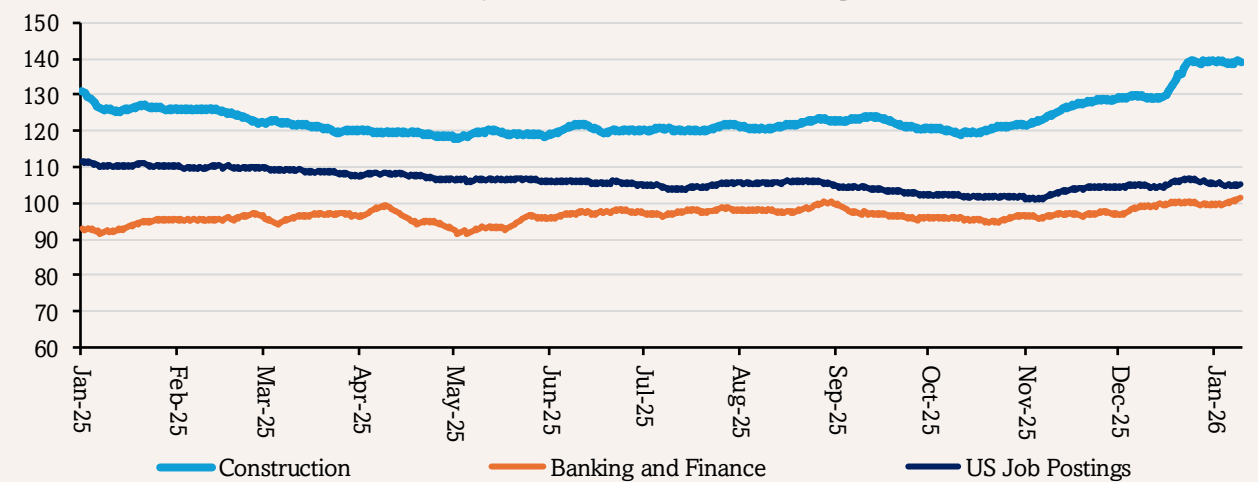
State Continued Claims T4W Y/Y



Industry Indeed Job Postings Leaders & Laggards

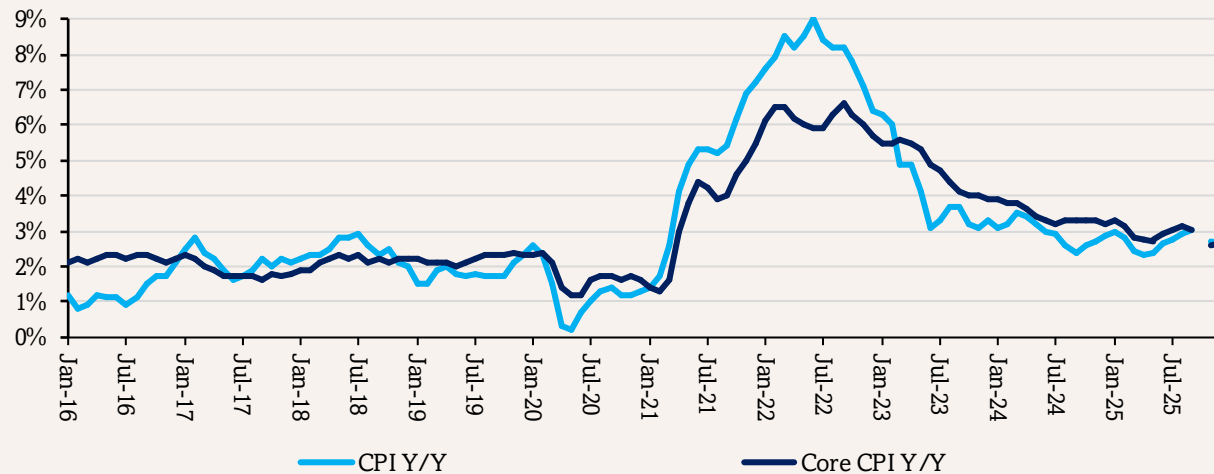
Industry	Posting Level Relative, Pre-Pandemic = 100	Y/Y Job Postings
Scientific Research and Development	72.13	-17.0%
Driving	117.76	-14.0%
Childcare	100	-12.5%
US Job Postings	105.49	-4.5%
Physicians and Surgeons	198.8	6.8%
Production and Manufacturing	115.58	7.1%
Banking and Finance	101.25	9.8%
Construction	138.89	10.2%

Daily Indeed Job Postings

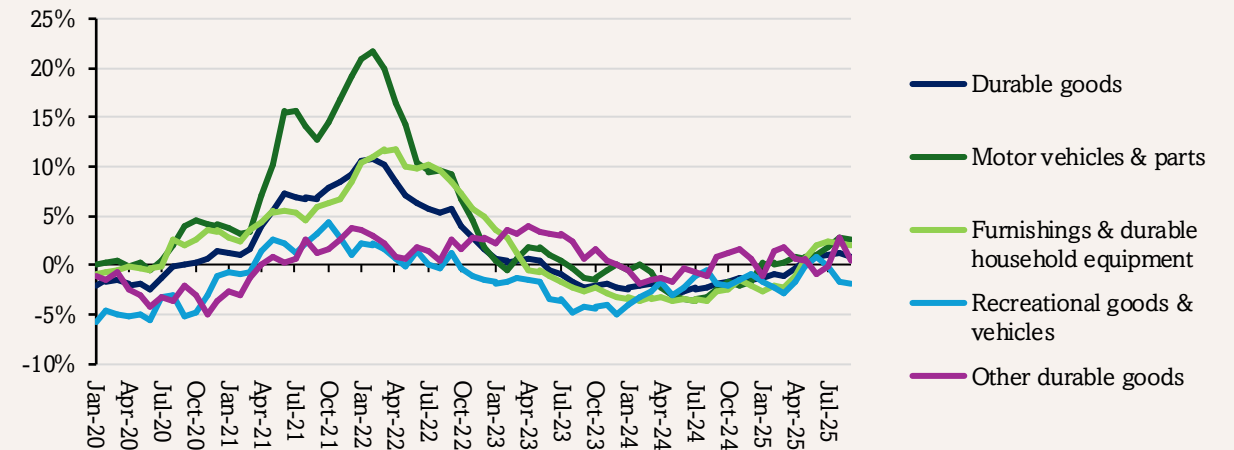


Despite missed data for October 2025, CPI y/y has moved lower at both the headline and core level. Headline CPI running up +2.7% as of December (lower than +3.0% in Sept, but higher than T12M low of +2.3% y/y in April). Core CPI at its lowest y/y level since early 2021, running up +2.6% y/y.

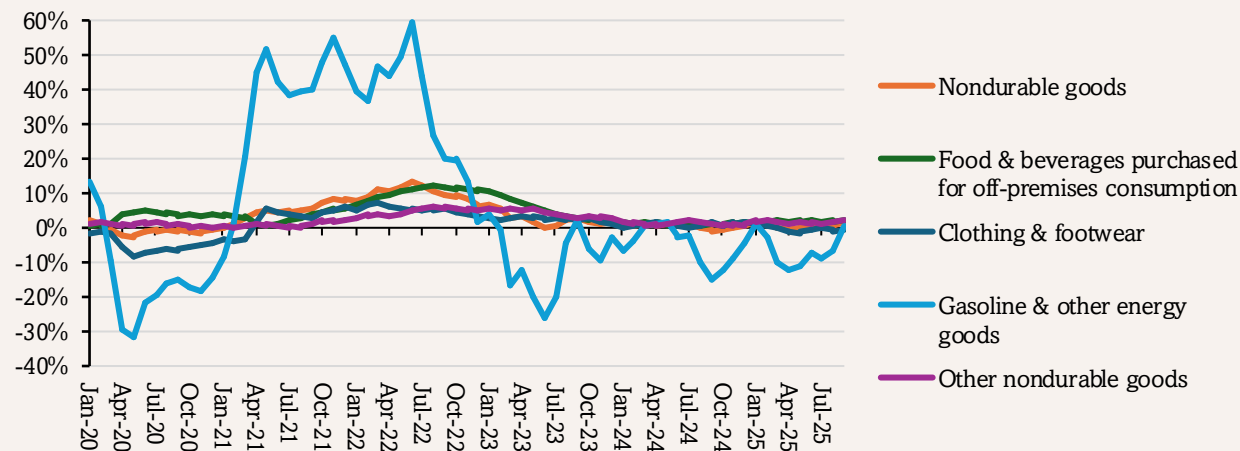
Consumer Price Index



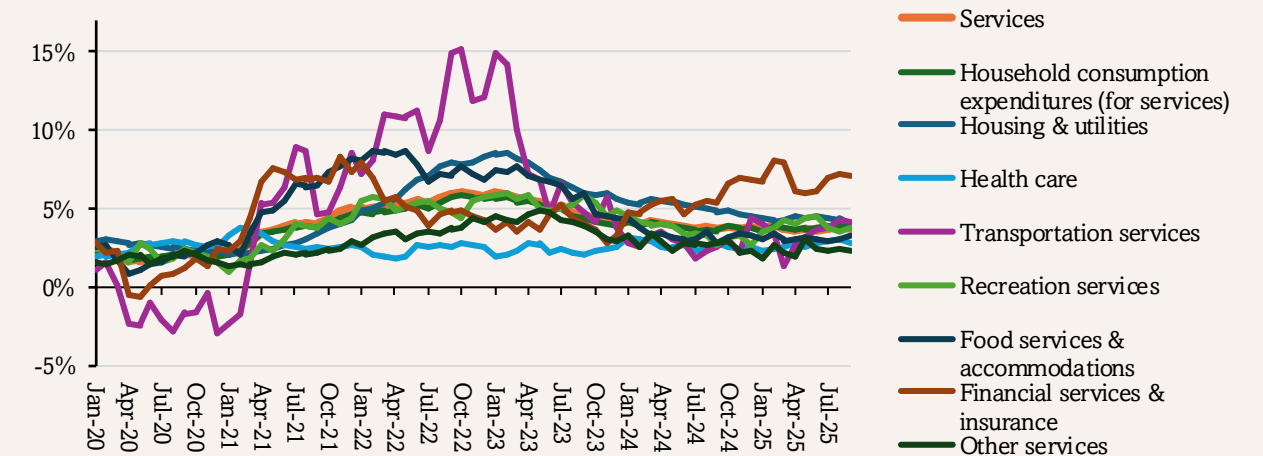
PCE Price Index: Durables



PCE Price Index: Nondurables

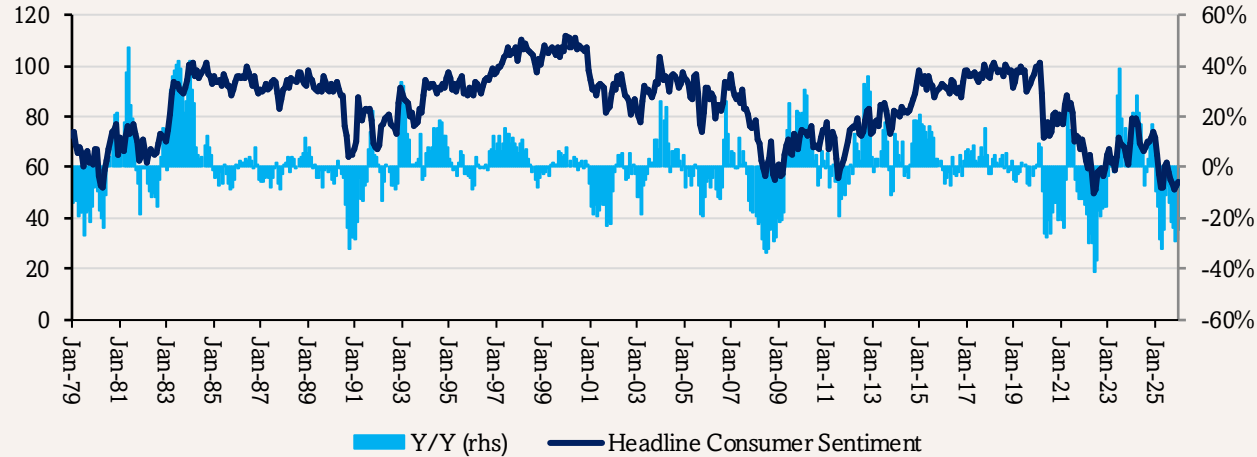


PCE Price Index: Services

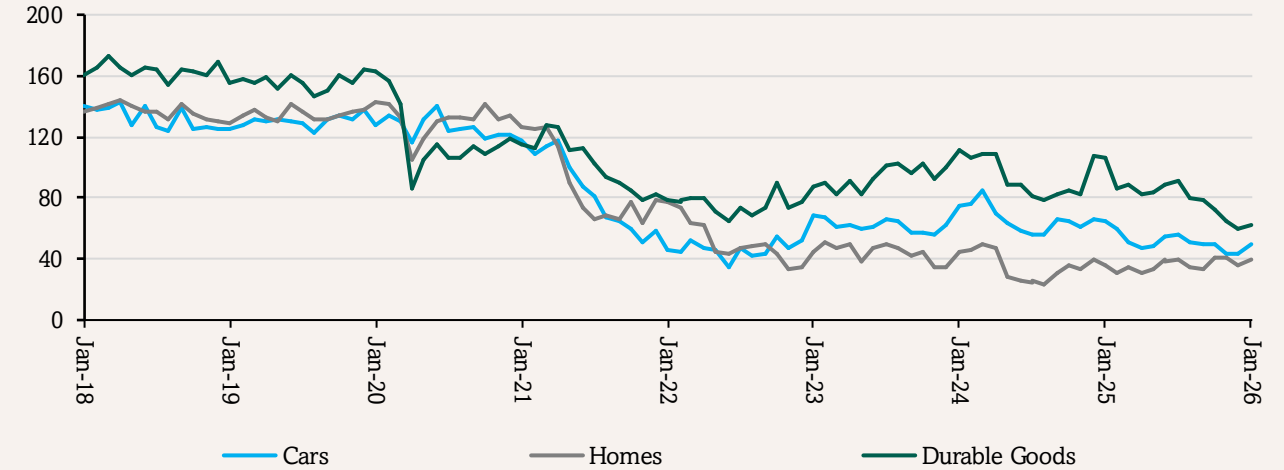


Preliminary headline sentiment for January has run down y/y for 13 consecutive months. Sentiment is now running -24.7% y/y. Declines are particularly strong among age 35-54 (-37.5% y/y) and higher-income (-31.7% y/y) respondents

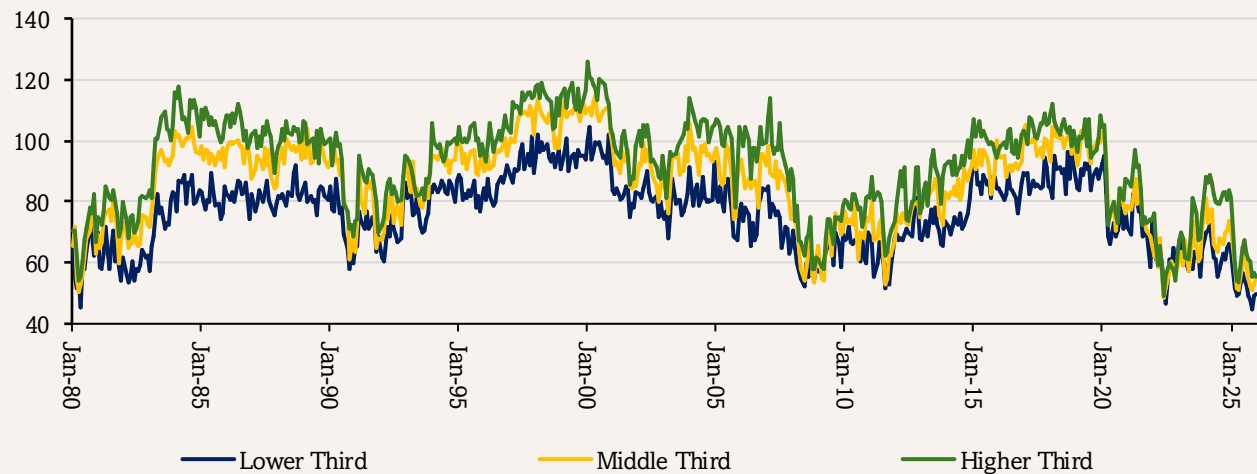
Headline Consumer Sentiment



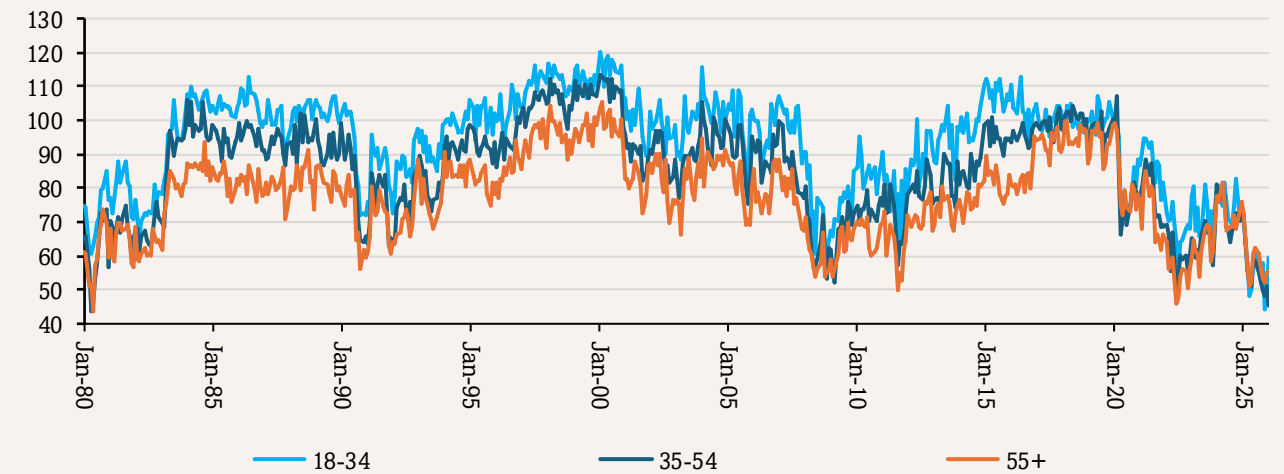
Purchasing Conditions



Consumer Sentiment by Income Terciles

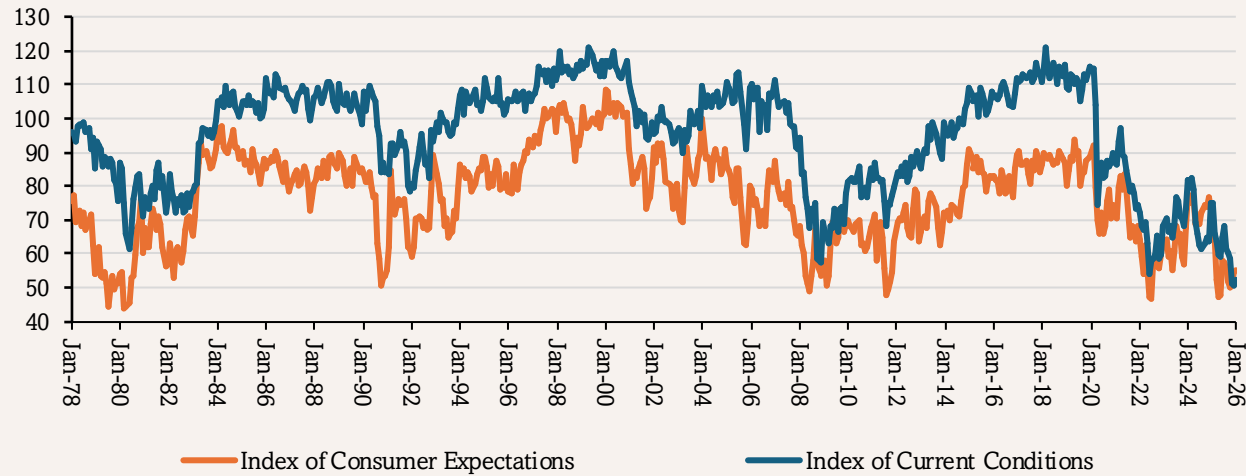


Consumer Sentiment by Age

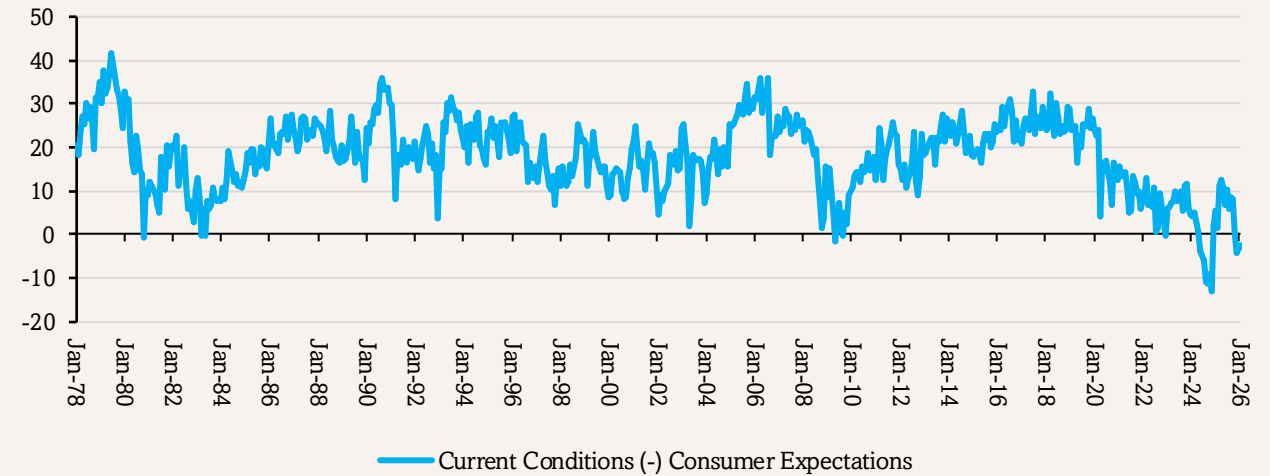


Survey respondents are pessimistic about current conditions. The index of current conditions is running below the index of expectations for only the 4th time since the '80s. Durable goods buying conditions are running down -41.5% y/y, and current financial situation is running down -17% y/y after -3% y/y in October

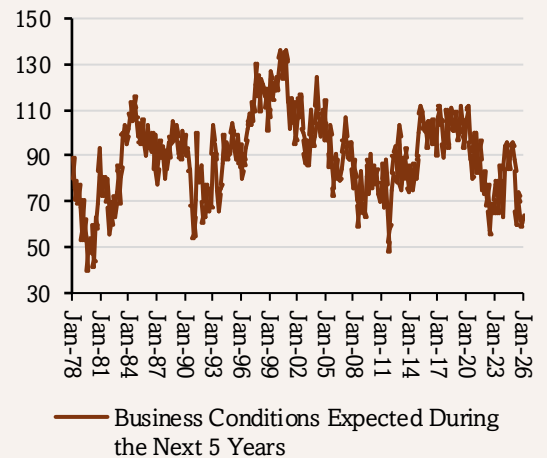
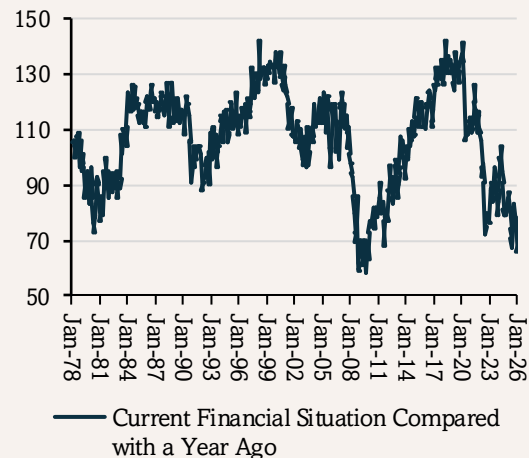
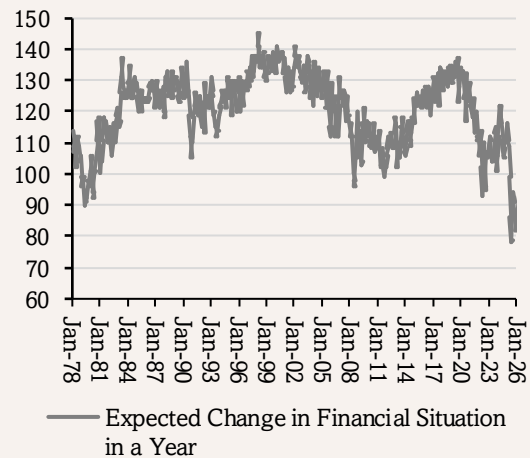
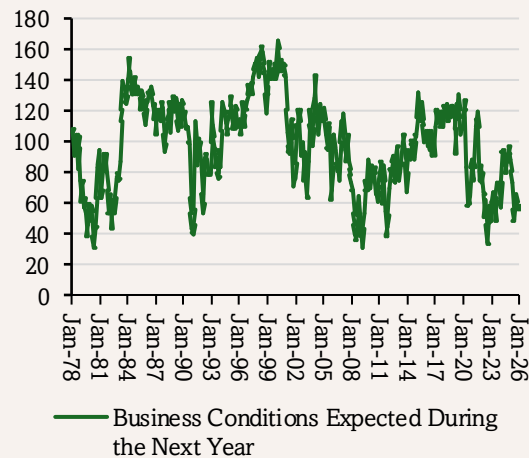
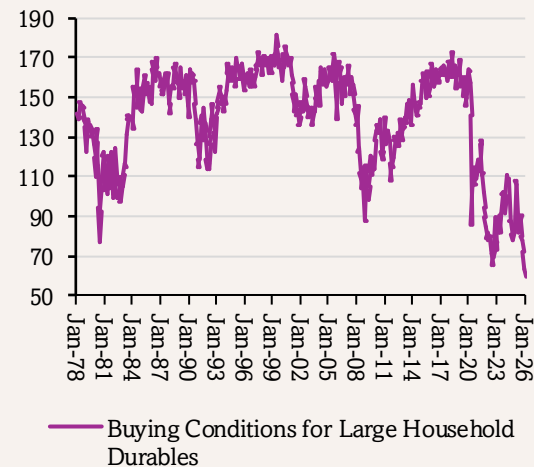
Expectations vs. Current Conditions



Current Conditions - Expectations

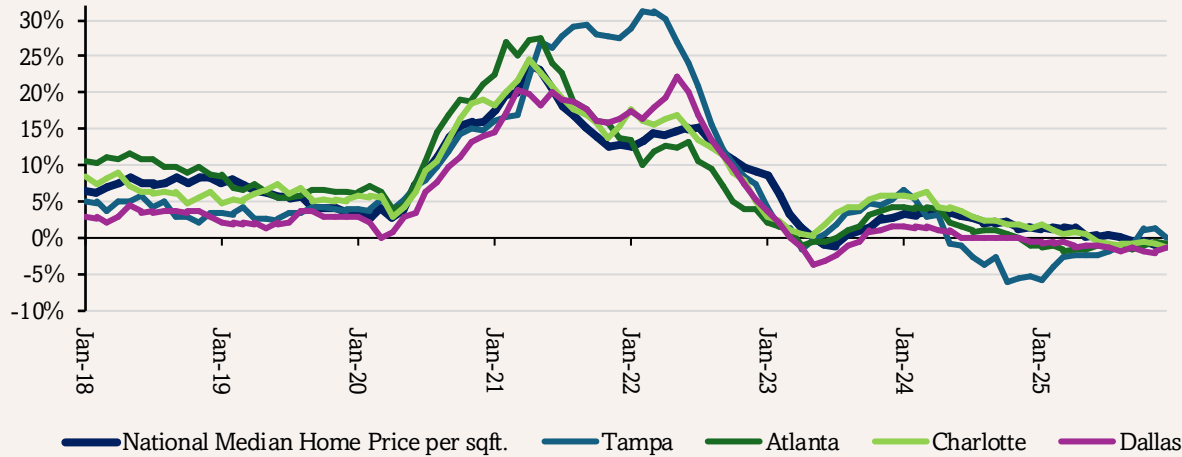


Components of Consumer Sentiment

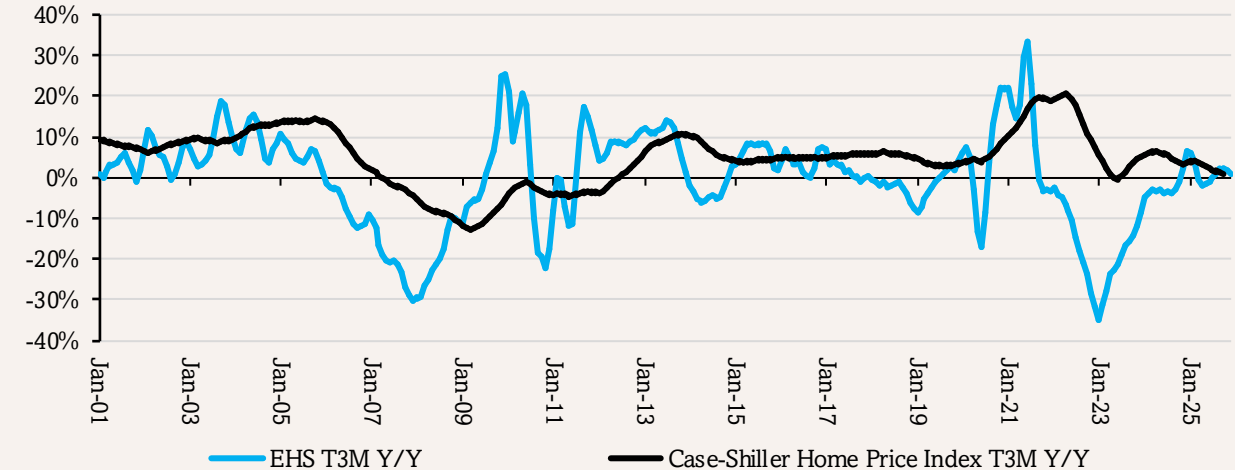


Mortgage rates closed 2025 at their lowest levels in over 16 months. Home price trends are softening across key metro areas while EHS continues to run flat/up y/y. Roughly 18% of US GDP is related to the selling, budling, fixing, lending, and furnishing of homes – velocity matters for the economy

Median Home Price Per Sqft. Y/Y



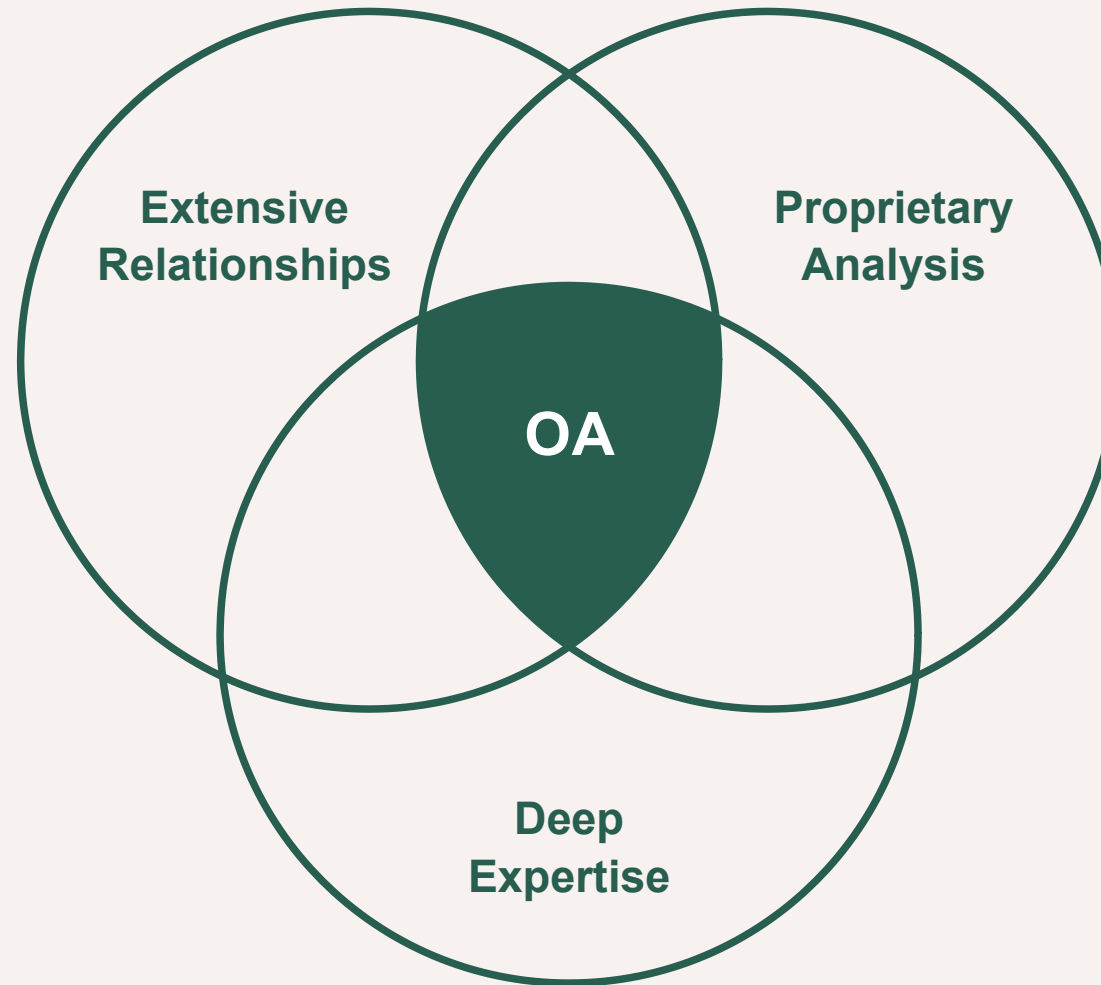
Existing Home Sales



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.
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%	-0.1%	-0.3%	7.2%	-0.8%	-2.2%	2.1%
Jul-25	4.0%	6.1%	-0.6%	1.0%	0.2%	-1.2%	6.5%	-0.8%	-1.9%	1.3%
Aug-25	4.0%	5.9%	-0.7%	0.3%	0.1%	-1.6%	6.1%	-0.8%	-1.4%	1.0%
Sep-25	4.1%	5.5%	-0.7%	-0.8%	0.4%	-1.3%	5.3%	-0.8%	-0.8%	0.6%
Oct-25	3.0%	5.9%	-1.3%	-0.7%	0.3%	-1.0%	5.0%	-0.5%	0.2%	0.4%

Advisory Board
Consumer Collective
Experienced OA Team



OA runs proprietary math on top of value-added data sets including polling, transaction, location, digital traction, and scanner.

Our quantamental work constantly analyzes for magnitude and duration of non-normal change.

Work and relationships all across the consumer sector.

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