Consumer Discretionary Briefing Book

April 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

Spending - 20/32 categories inflected negatively in April, slightly worse than the 19/32 negative in March. Average ticket is up in 25/32 categories. April **positive callouts** include gas stations, meal delivery, auto parts, luxury, discount retail, and golf. April **negative callouts** include events, beauty, consumer electronics, home furnishings, pizza, and fast food.

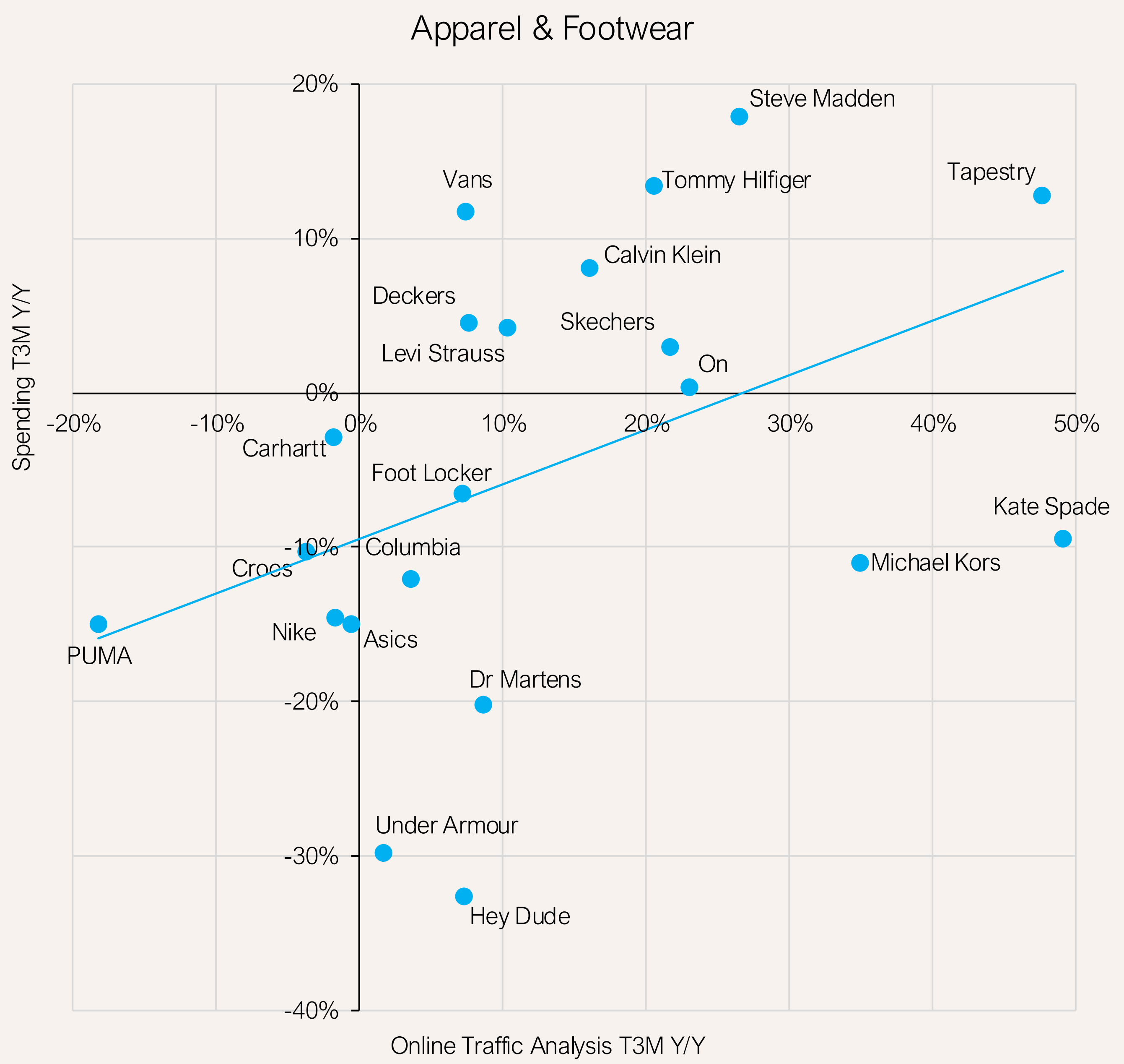
Early "canary in coalmine" traction indicators (including Gen Z) **positive callouts** include TPR, SHAK, CMG, CAVA; **negative callouts** include WEN, PZZA, HD.

Macro theme: gas prices is near-term, frozen housing activity is medium-term, unemployment claim inaccuracy is long-term.

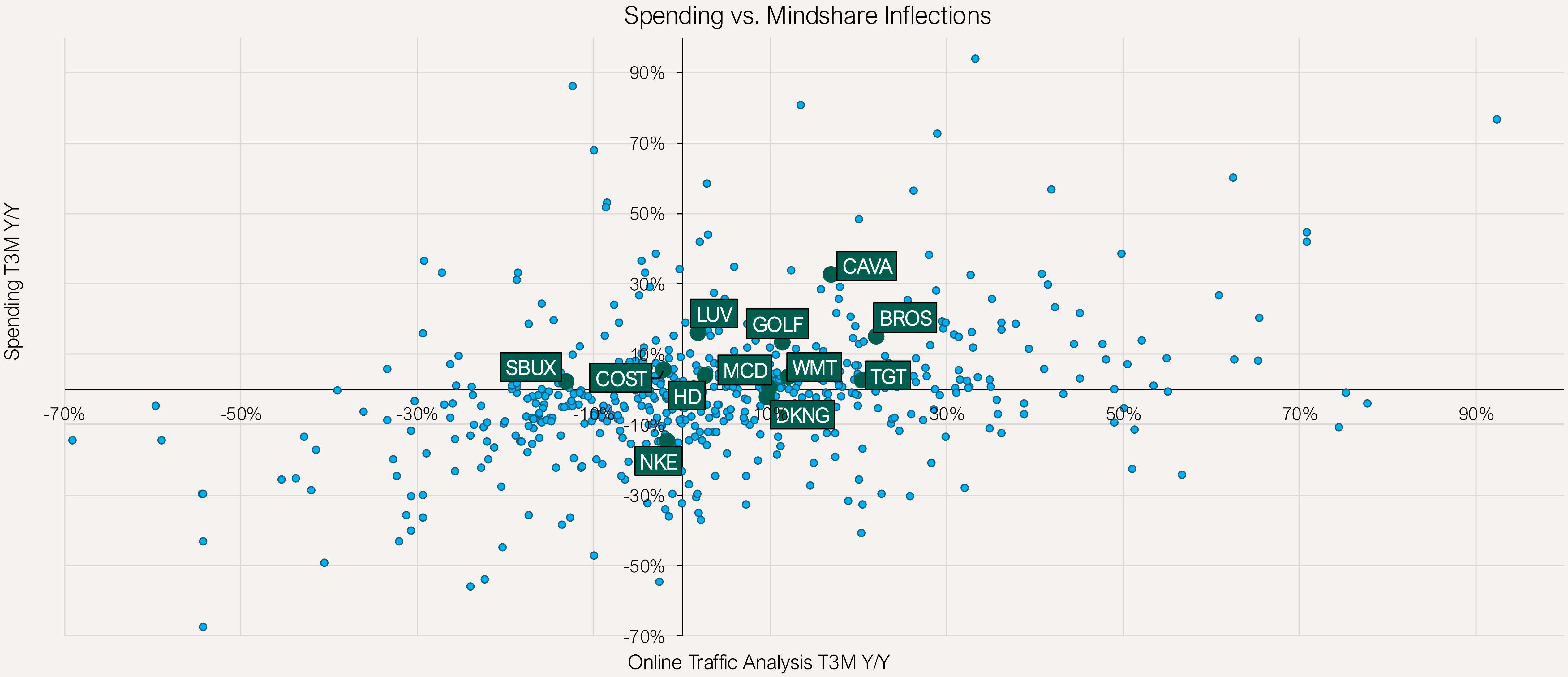
	SPENDING			TRANSACTION COUNT		AVERAGE TICKET	
Optimal Subsector	T4W Y/Y	T12W Y/Y	Inflection	T4W Y/Y	T12W Y/Y	T4W Y/Y	T12W Y/Y
Broadline Retail	4.6%	4.4%	0.2%	3.8%	3.0%	0.8%	1.4%
E-commerce	7.7%	7.8%	-0.1%	10.0%	9.8%	-2.0%	-1.8%
Consumer Fintech	0.2%	2.0%	-1.8%	0.6%	1.6%	-0.3%	0.4%
Grocery	0.5%	1.6%	-1.1%	-0.4%	-0.3%	0.9%	2.0%
Home Improvement	1.1%	3.0%	-1.9%	0.3%	1.8%	0.7%	1.1%
Meal Delivery	9.6%	8.6%	0.9%	5.4%	4.7%	3.9%	3.7%
Ride Share	-1.8%	1.6%	-3.3%	-3.7%	-3.9%	2.0%	5.7%
Gas Stations	20.9%	13.1%	7.8%	5.5%	6.5%	14.6%	6.1%
Fast Food	-2.6%	-1.4%	-1.2%	-4.0%	-2.9%	1.5%	1.6%
Discount Retail	8.9%	6.7%	2.2%	6.1%	3.5%	2.7%	3.1%
Pharmacy	2.2%	0.2%	1.9%	0.2%	-1.5%	1.9%	1.8%
Accommodations	0.6%	3.2%	-2.7%	-7.5%	-2.7%	8.8%	6.1%
Cruises	-3.3%	-2.0%	-1.3%	-6.7%	-3.4%	3.7%	1.5%
Entertainment	-3.5%	1.0%	-4.5%	-2.5%	-2.1%	-1.0%	3.2%
Auto Parts	7.0%	7.7%	-0.7%	1.4%	2.4%	5.5%	5.2%
Airlines	1.4%	5.0%	-3.6%	-6.3%	-2.6%	8.2%	7.8%
Pet Specialty	-0.6%	2.1%	-2.6%	-1.1%	0.5%	0.6%	1.5%
Beauty	-7.6%	-2.4%	-5.1%	-8.2%	-4.8%	0.7%	2.5%
Luxury	5.3%	2.7%	2.6%	1.2%	2.5%	4.0%	0.2%
Sports Retail	5.1%	3.8%	1.3%	-0.3%	-1.5%	5.4%	5.4%
Apparel	-2.6%	-4.4%	1.8%	-1.3%	-4.3%	-1.3%	-0.1%
Home Furnishings	-4.4%	-0.4%	-4.1%	-2.9%	-2.5%	-1.6%	2.2%
Fast Casual	-3.2%	-1.8%	-1.4%	-5.0%	-2.8%	1.9%	1.1%
Casual Dining	-3.6%	-1.9%	-1.8%	-8.3%	-7.5%	5.1%	6.0%
Coffee	3.6%	3.7%	0.0%	1.1%	1.0%	2.6%	2.6%
Department Stores	-2.6%	-4.0%	1.4%	-4.1%	-5.4%	1.5%	1.4%
Golf	10.6%	0.6%	10.0%	9.8%	5.3%	0.8%	-4.5%
Outdoor Recreation	2.7%	2.2%	0.5%	-1.4%	-0.3%	4.2%	2.5%
Pizza	-11.5%	-7.9%	-3.6%	-9.0%	-6.3%	-2.9%	-1.7%
Gambling	3.1%	0.7%	2.4%	4.3%	3.8%	-1.2%	-3.0%
Events	-28.4%	-14.2%	-14.2%	-14.9%	-8.4%	-15.8%	-6.2%
Consumer Electronics	-9.3%	-8.3%	-1.0%	-1.1%	-5.1%	-8.3%	-3.5%

Attention Economy Inflections

Spending vs. Mindshare Inflections

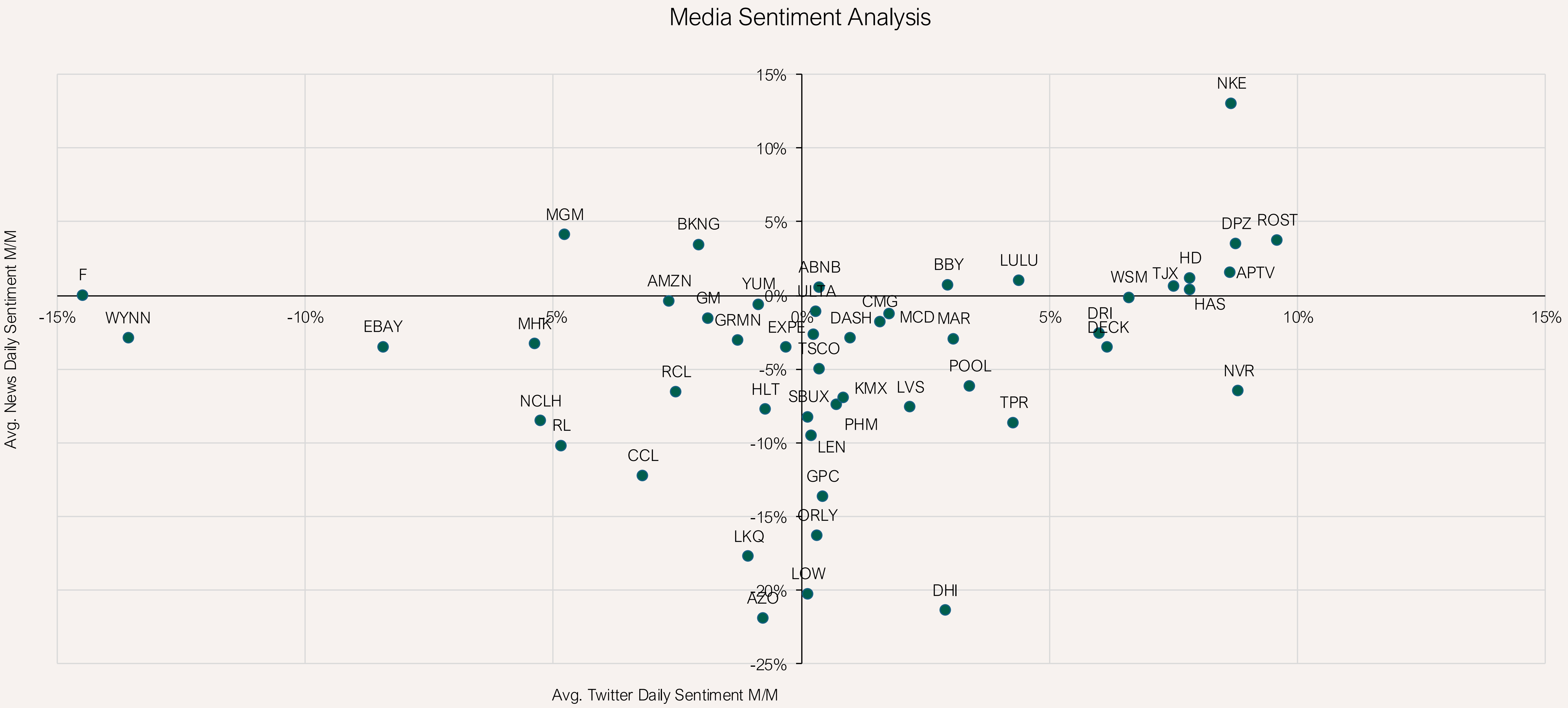


Optimal proprietarily analyzes 800+ public and 10,000+ private companies in real time to unpack brand positioning and changes in consumer behavior.

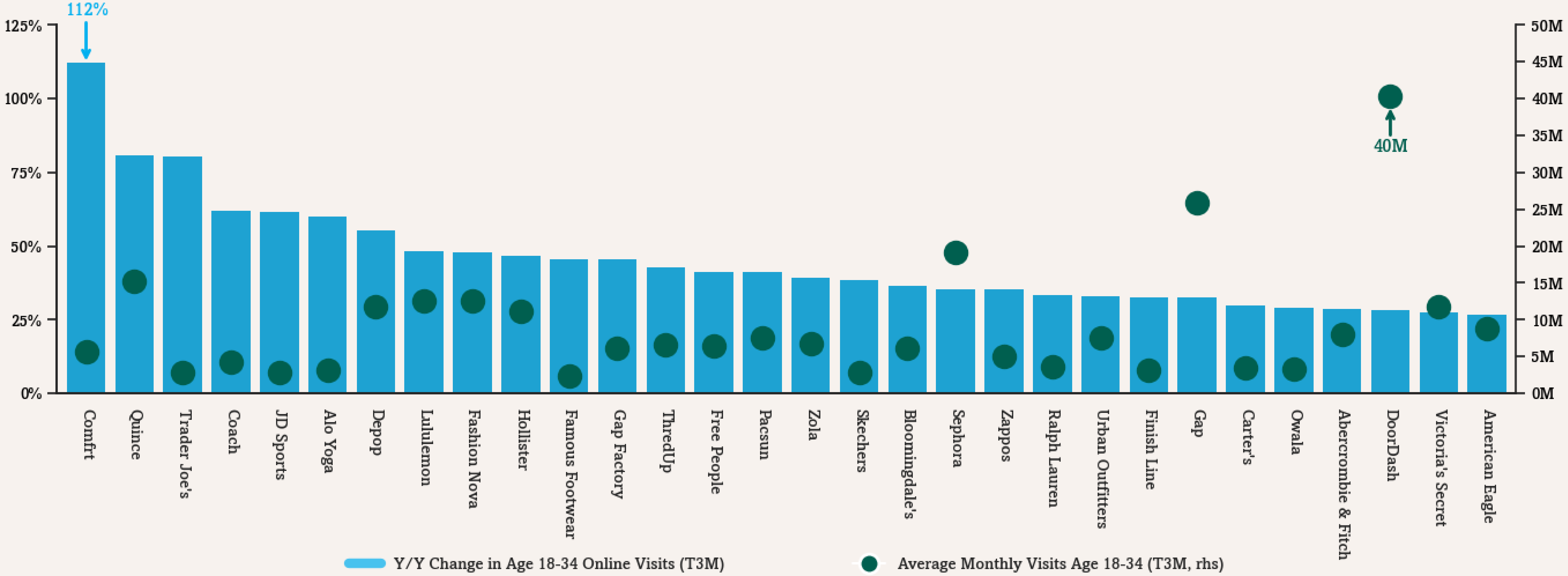


Sources: Optimal Advisory Analysis, Similarweb, Bloomberg Second Measure

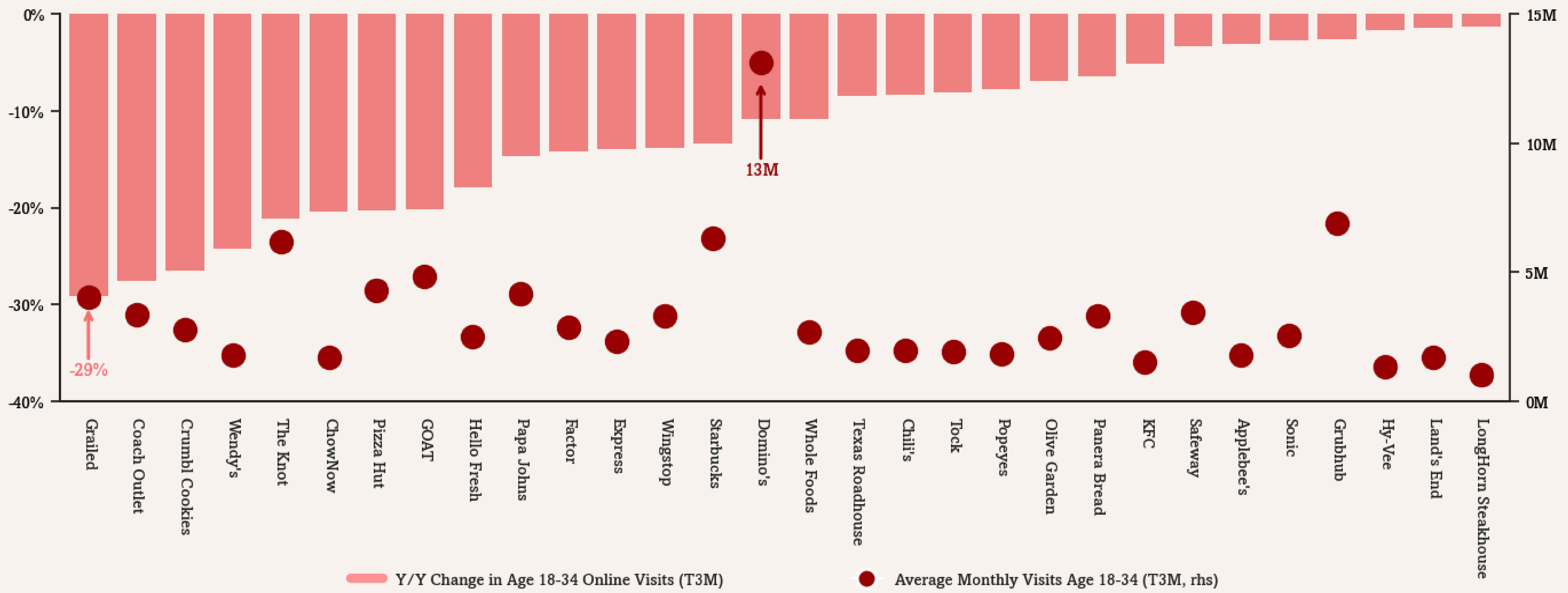
Mixed media sentiment has improved m/m for NKE, ROST, & DPZ while NCLH & RL are seeing m/m declines in both metrics.



We note digital breakouts for Comfrt, Quince, Trader Joe's, Coach, JD Sports, Alo Yoga, Depop, & Lululemon among age 18-34 consumers.



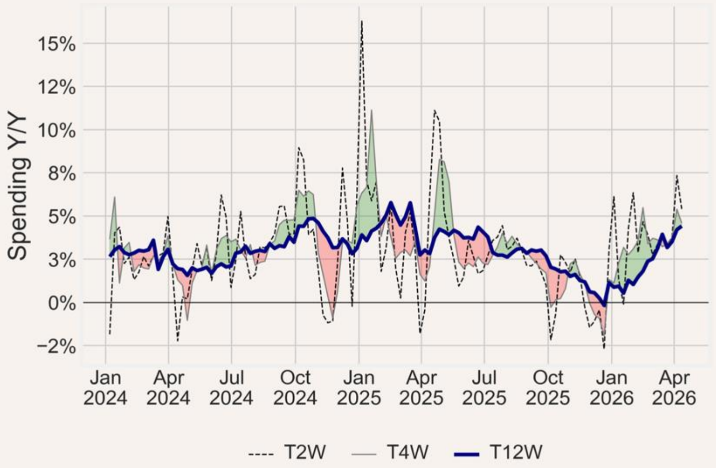
We note digital breakdowns for Grailed, Coach Outlet, Crumbl Cookies, Wendy's, The Knot, ChowNow, Pizza Hut, & GOAT among age 18-34 consumers.



Optimal Subsector Spending Analysis

Broadline retail (including WMT & TGT) spending is inflecting positively on accelerating transaction growth, even as ticket softens. E-Commerce (including AMZN, EBAY, & Shein) mirrors this with spending reaccelerating despite ticket deceleration.

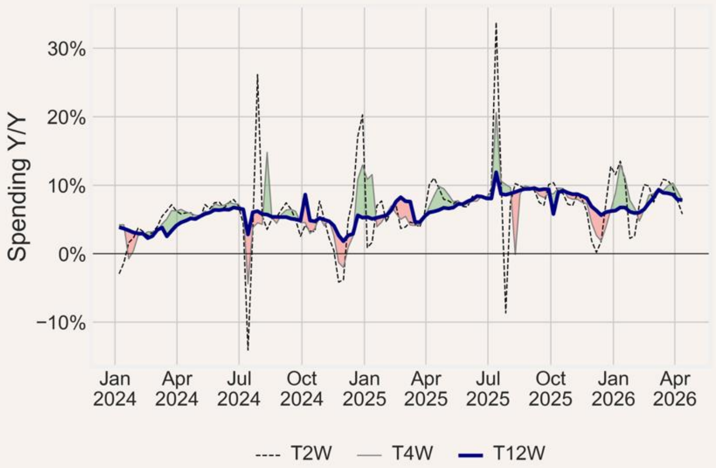
Broadline Retail Spending



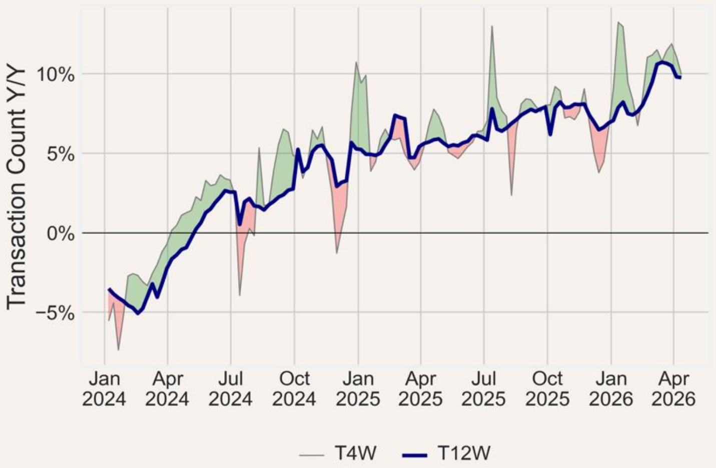
Broadline Retail Transactions

Broadline Retail Ticket

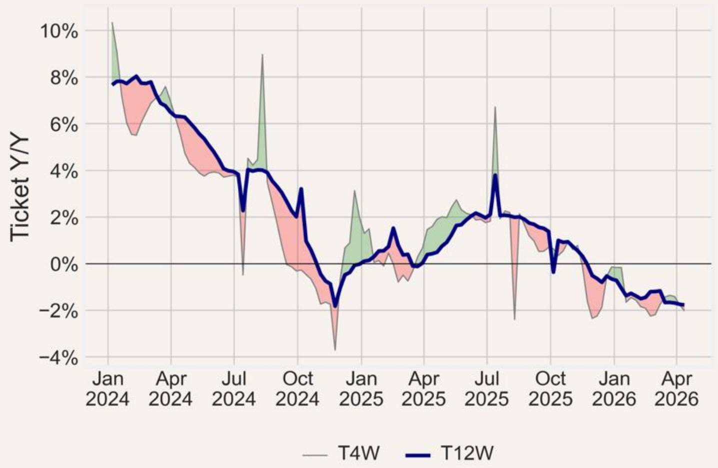
E-Commerce Spending



E-Commerce Transactions

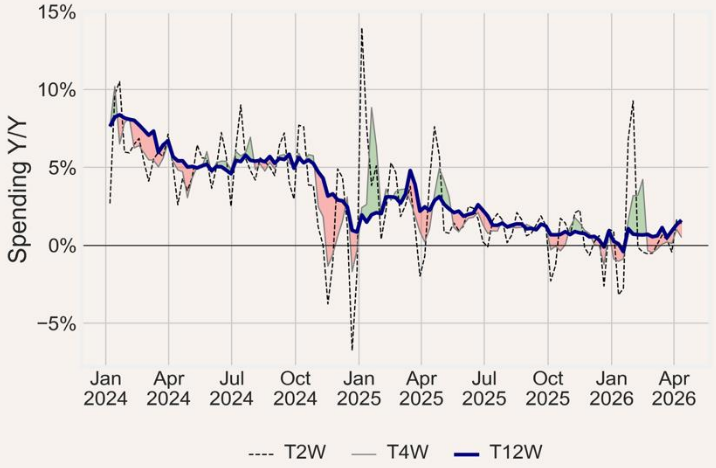


E-Commerce Ticket



Grocery spending remains positive y/y, sustained by ticket growth as transaction counts dip. Casual dining (including Applebee's, CRBL, & CAKE) is moving more negative y/y on a T12W basis, with transactions decelerating again while ticket holds +6% y/y.

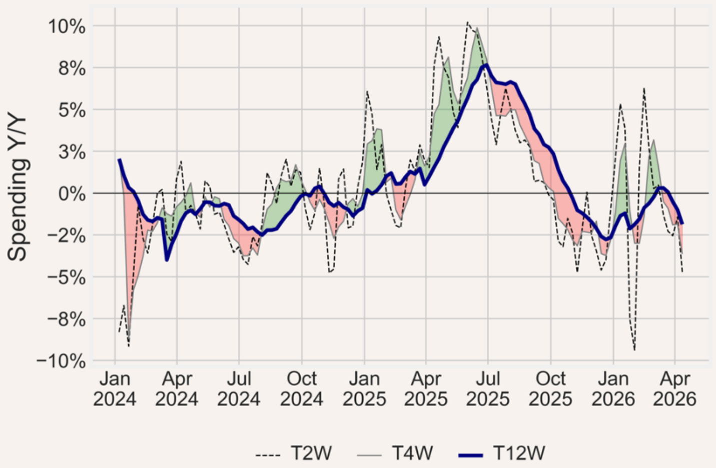
Grocery Spending



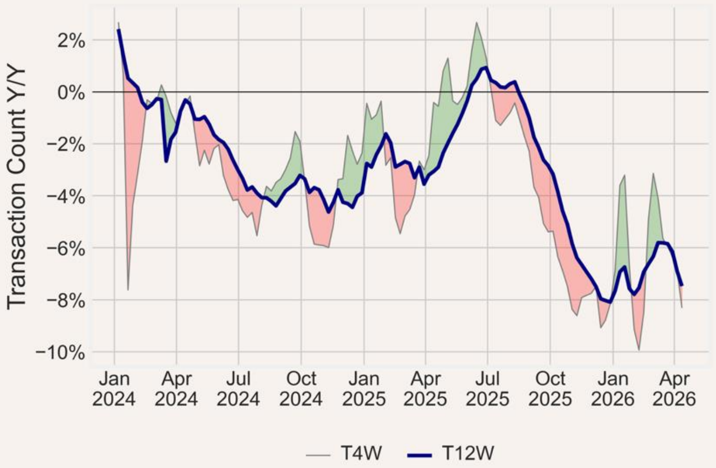
Grocery Transactions

Grocery Ticket

Casual Dining Spending



Casual Dining Transactions

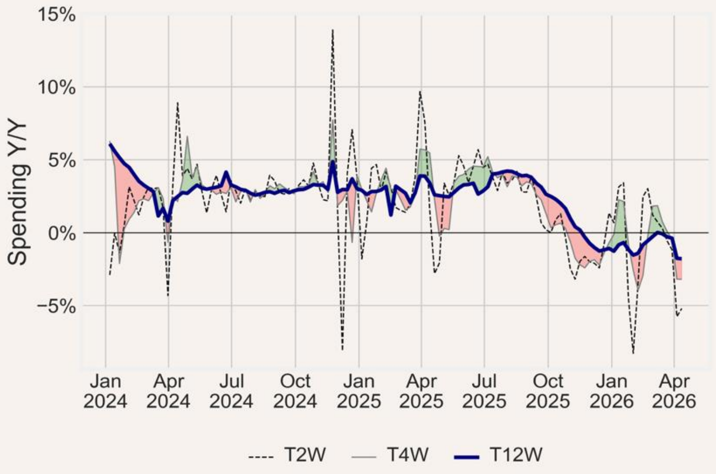


Casual Dining Ticket

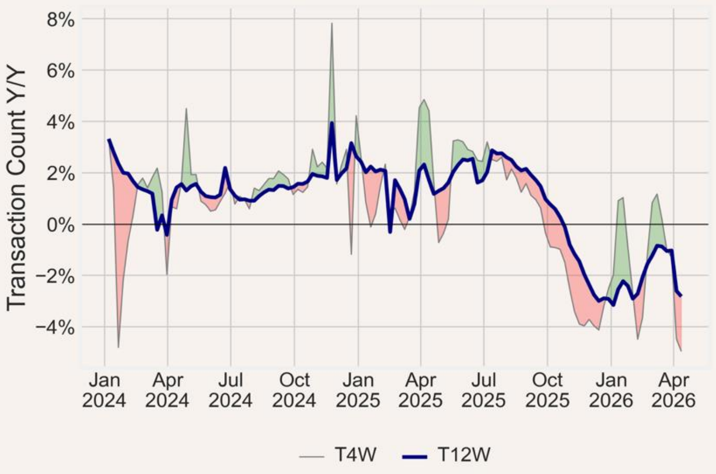
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Fast casual (including CMG & PNRA) spending inflecting negatively driven by transaction decel while ticket is inflecting positively. Fast food (including MCD, Taco Bell, & Chick-fil-A) spending with a similar trend driven by negatively inflecting transaction growth.

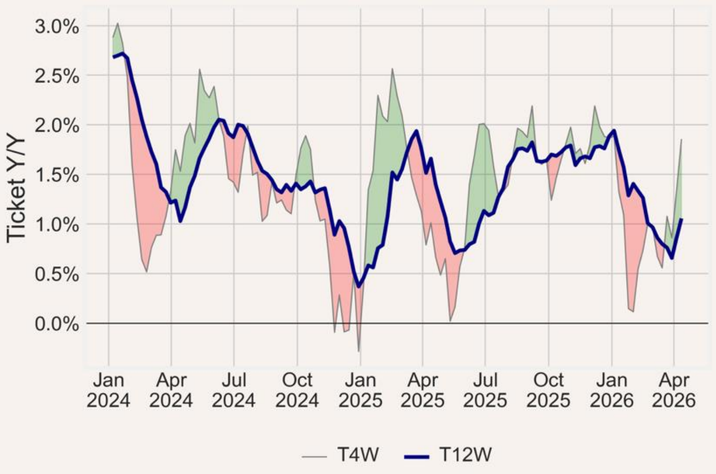
Fast Casual Spending



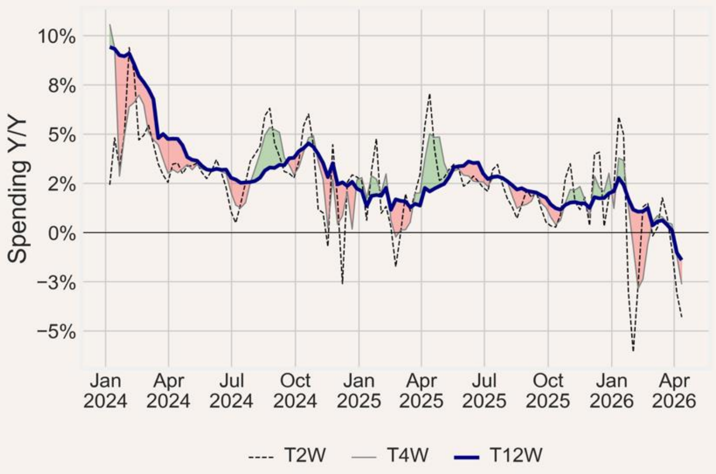
Fast Casual Transactions



Fast Casual Ticket



Fast Food Spending

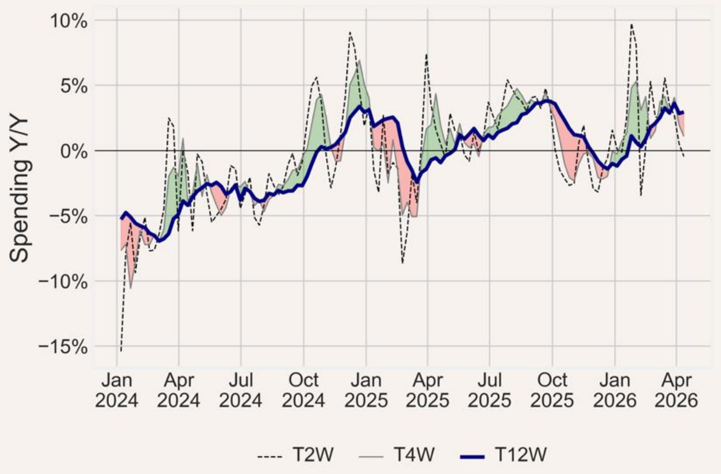


Fast Food Transactions

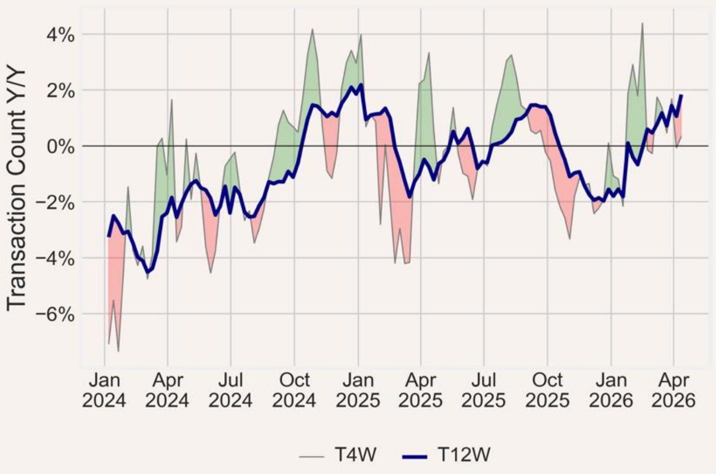
Fast Food Ticket

Home improvement (including HD & LOW) spending & transactions inflecting negatively but running up on T12W trend. Home furnishing (including HomeGoods & Ikea) spending moving lower off negatively inflecting ticket while transactions now running down -2% y/y on T12W trend.

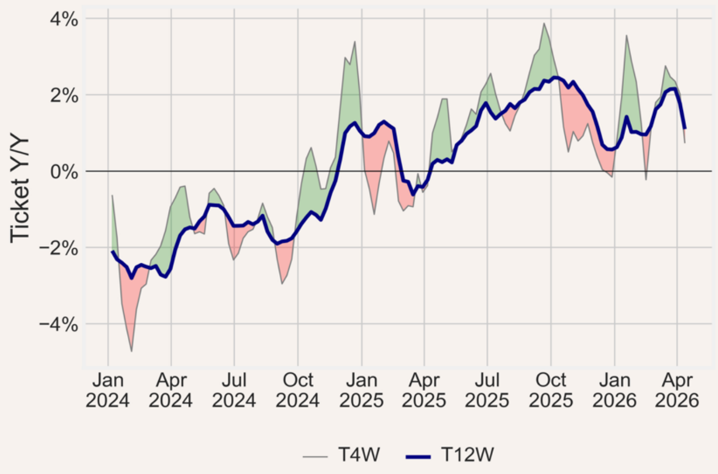
Home Improvement Spending



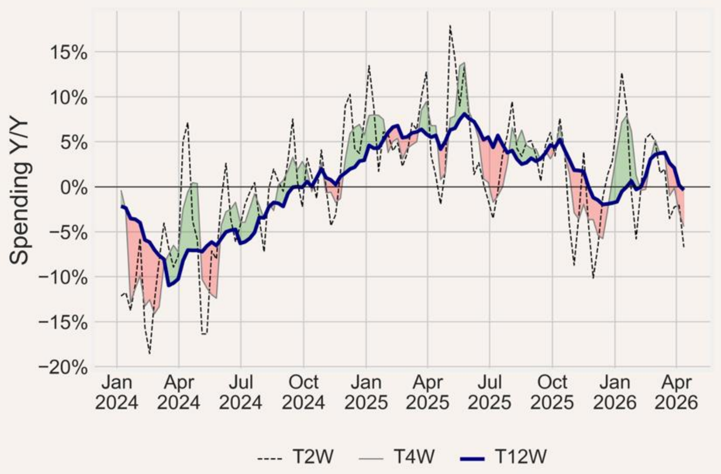
Home Improvement Transactions



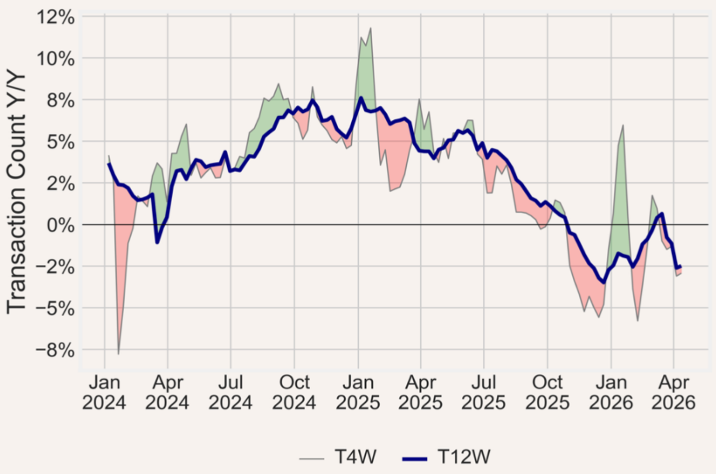
Home Improvement Ticket



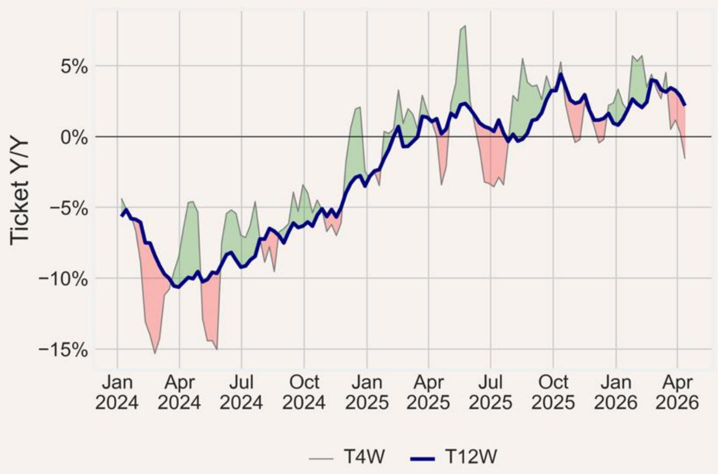
Home Furnishing Spending



Home Furnishings Transactions



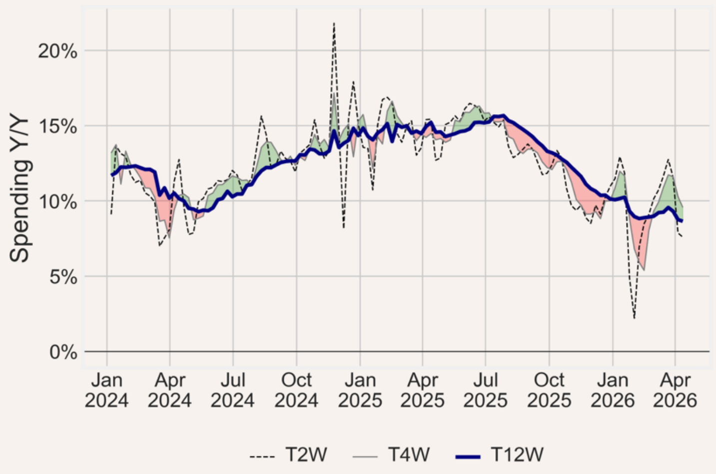
Home Furnishings Ticket



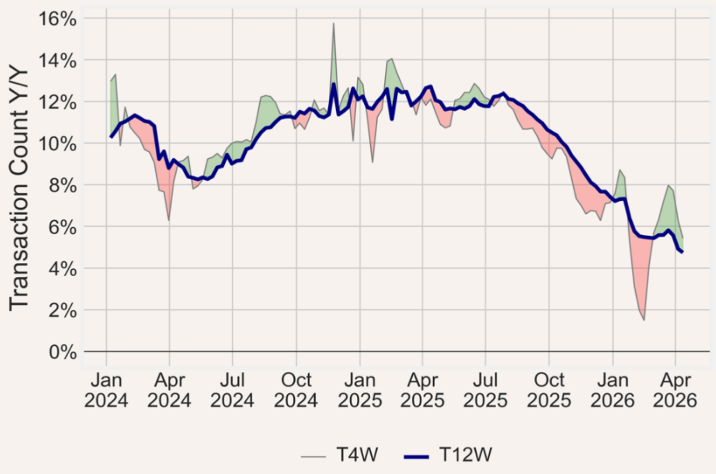
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Meal delivery (DASH, GrubHub, Uber Eats) spending continues to run up +9% y/y as transaction growth moves less positive and ticket continues to accelerate. Ride share (UBER & LYFT) ticket inflecting negatively sharply in recent weeks while transaction growth remains negative.

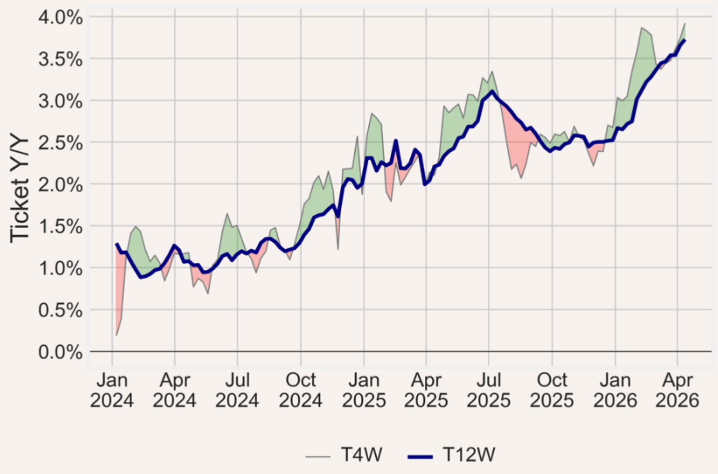
Meal Delivery Spending



Meal Delivery Transactions



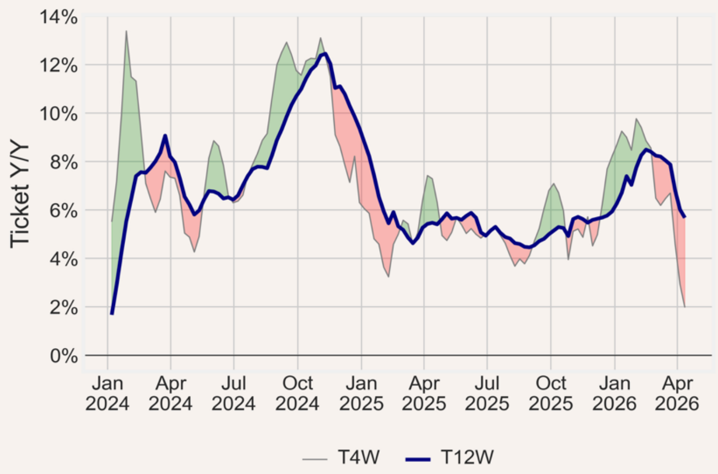
Meal Delivery Ticket



Ride Share Spending

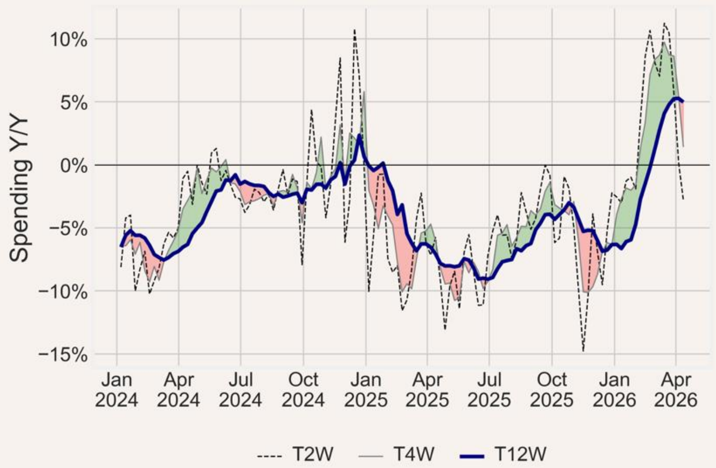
Ride Share Transactions

Ride Share Ticket



Airlines (AAL, DAL, LUV, etc.) spending and ticket growth have moved up sharply, a byproduct of higher transportation and fuel costs in the short term. Accommodations (ABNB, HLT, EXPE) with similar trends while spending & ticket run up while transactions inflecting negatively.

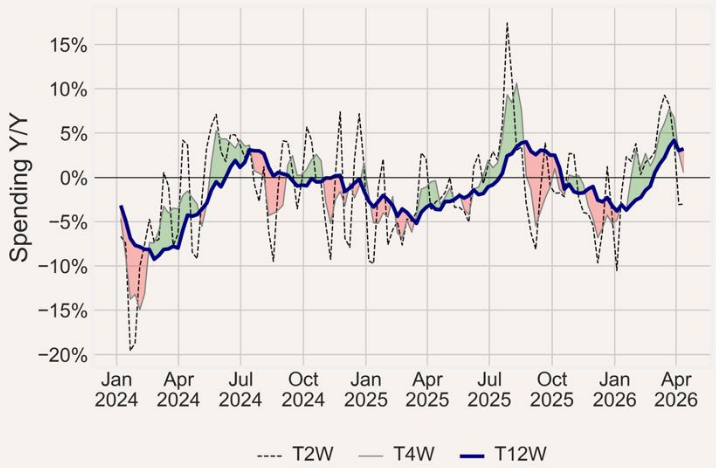
Airlines Spending



Airlines Transactions

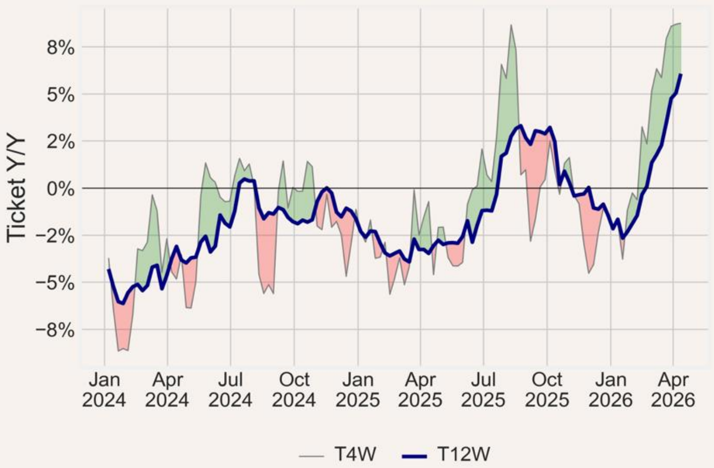
Airlines Ticket

Accommodations Spending



Accommodations Transactions

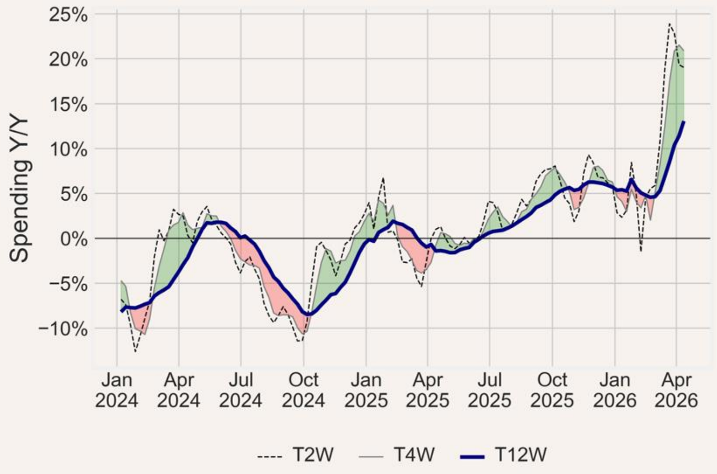
Accommodations Ticket



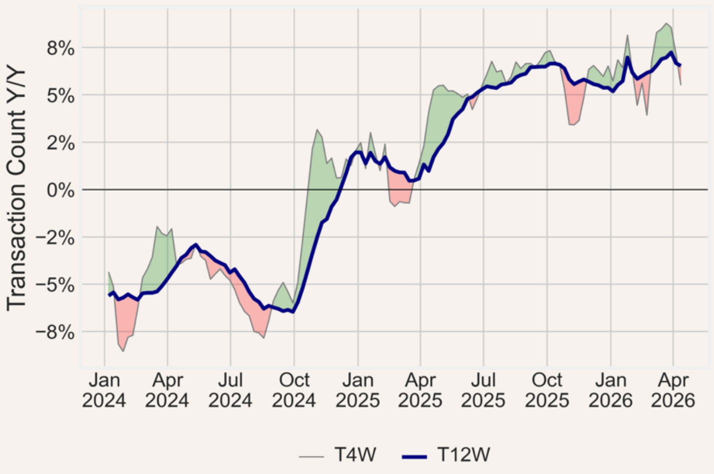
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Gas station spending continues to move higher driven by higher gasoline prices. There is some short-term trends of easing from peak prices. We continue to monitor energy price volatility in our weekly Macro Monday report and impacts on the consumer / economy.

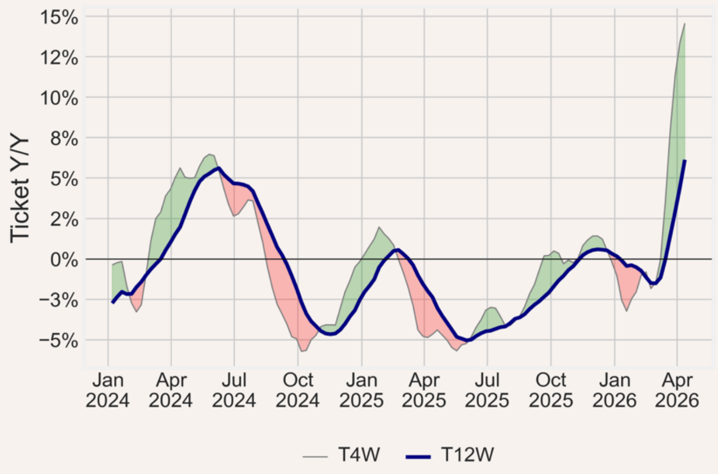
Gas Stations Spending



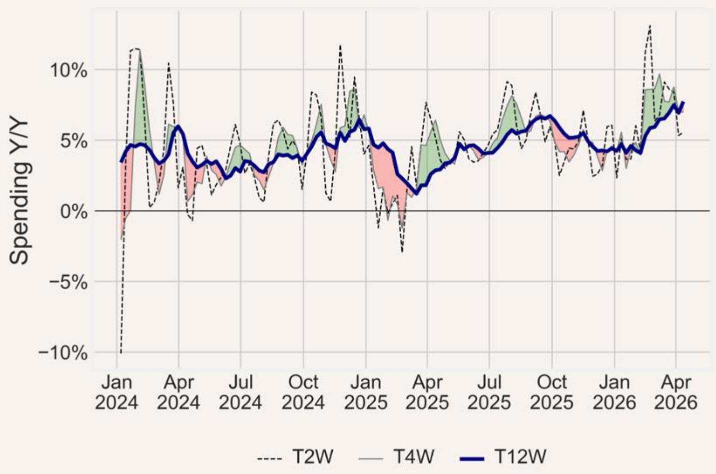
Gas Stations Transactions



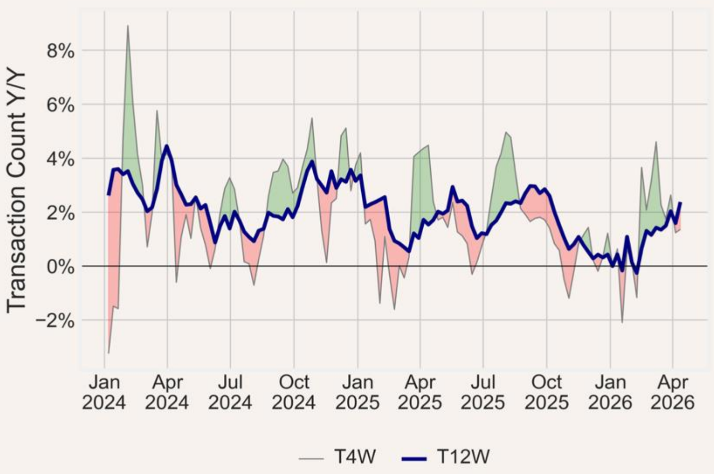
Gas Stations Ticket



Auto Parts Spending



Auto Parts Transactions



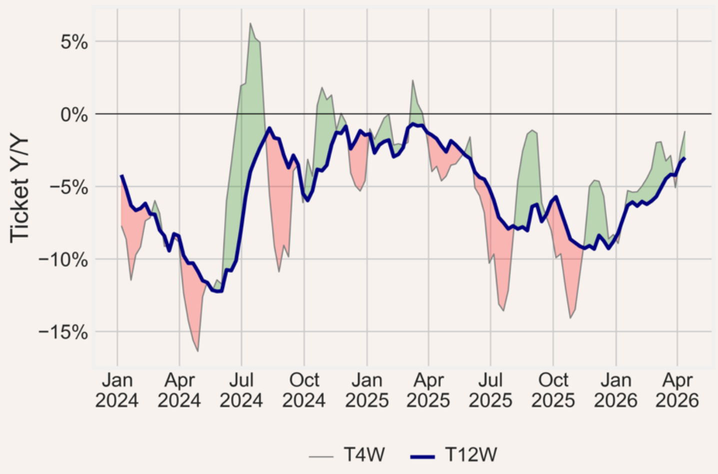
Auto Parts Ticket

Gambling (including DKNG, PENN, CZR) spending approaching flat y/y with a short term pickup in spending as ticket approaches flat y/y. Entertainment (including NFLX, Hulu, LYV) transactions running down while spending and ticket both inflecting negatively in recent weeks.

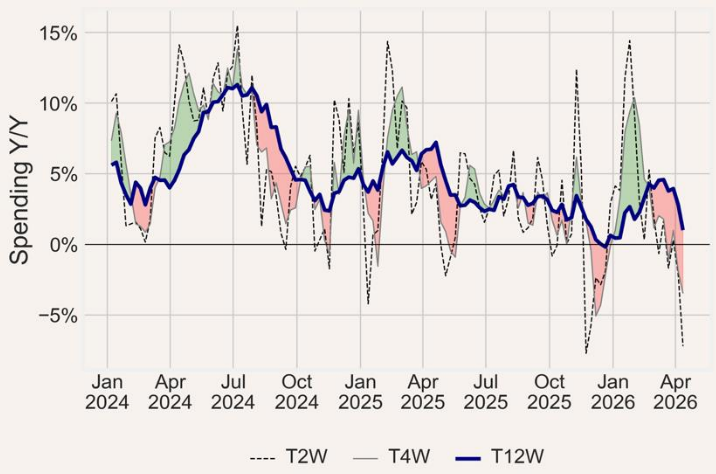
Gambling Spending

Gambling Transactions

Gambling Ticket



Entertainment Spending



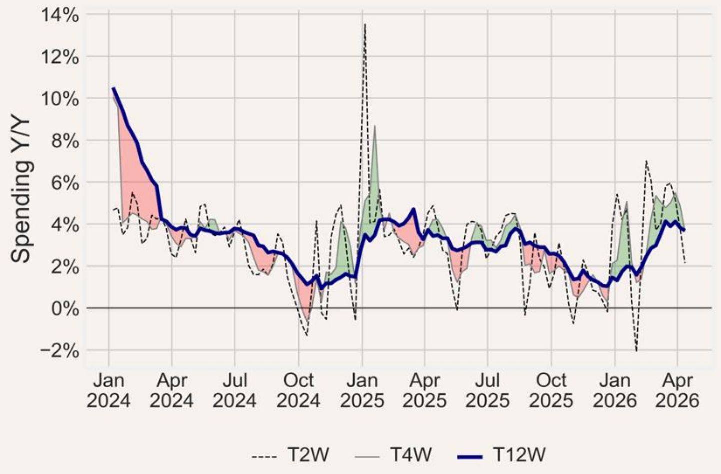
Entertainment Transactions

Entertainment Ticket

Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Coffee (SBUX, DNKN, BROS) spending running up +4% y/y on T12W trend while ticket growth continues to accelerate more positive y/y. Pizza (including DPZ, Pizza Hut, & PZZA) spending declines driven by transaction declines and inflecting negatively this week while ticket growth moving sharply lower y/y.

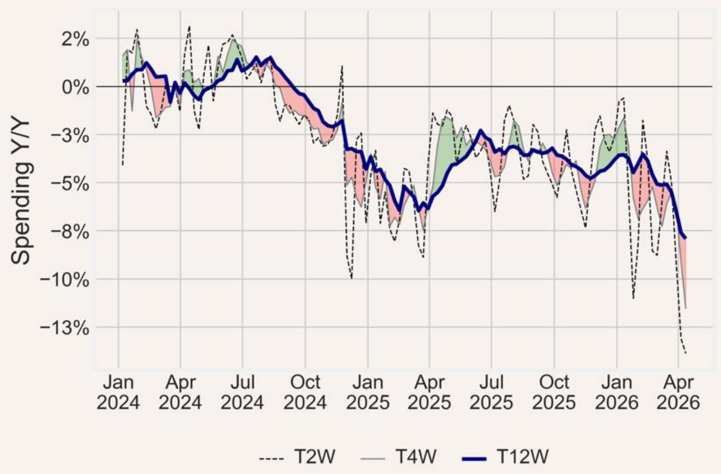
Coffee Spending



Coffee Transactions

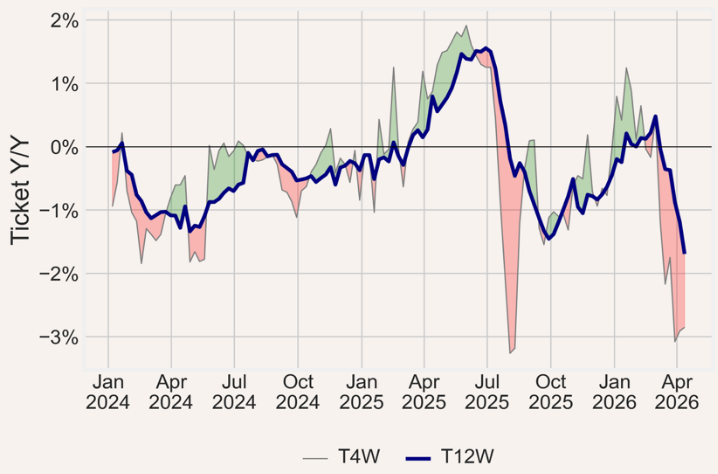
Coffee Ticket

Pizza Spending



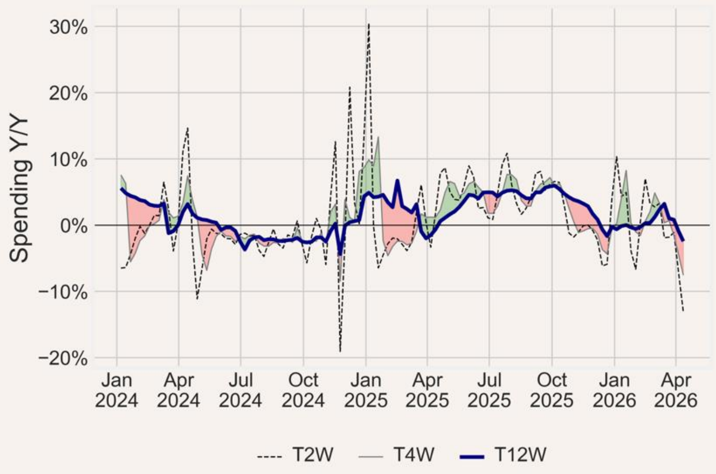
Pizza Transactions

Pizza Ticket



Luxury (including Tiffany, Louis Vuitton, & Coach) spending and transaction inflection normalizing and running close to flat y/y. Beauty (including ULTA & Sephora) spending is inflecting negatively, but ticket growth leading spending higher despite transaction growth running down.

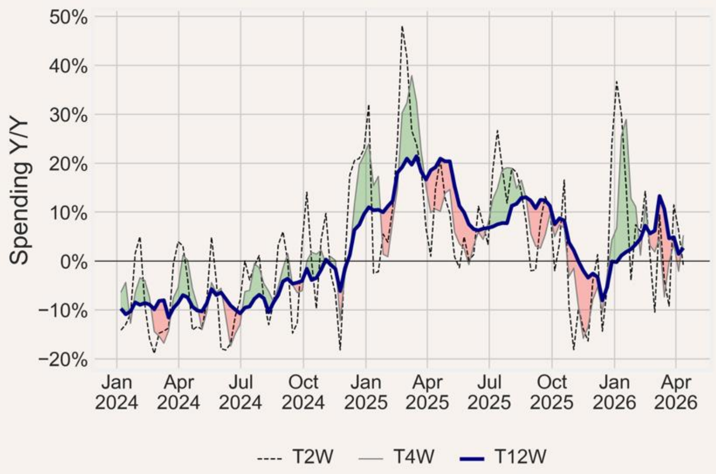
Beauty Spending



Beauty Transactions

Beauty Ticket

Luxury Spending



Luxury Transactions

Luxury Ticket

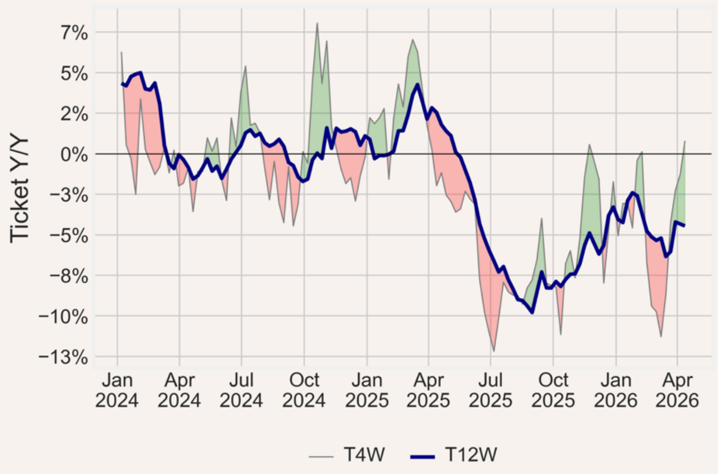
Sources: Optimal Advisory Proprietary Analysis, Bloomberg Second Measure

Golf spending & transaction growth normalizing after winter weather halted many outdoor activities. Sports retailers (including ASO & DKS) ticket continues to run up y/y and inflect positively.

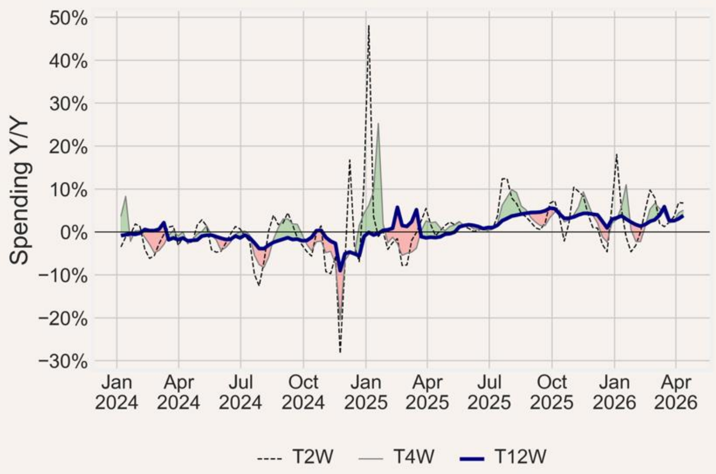
Golf Spending

Golf Transactions

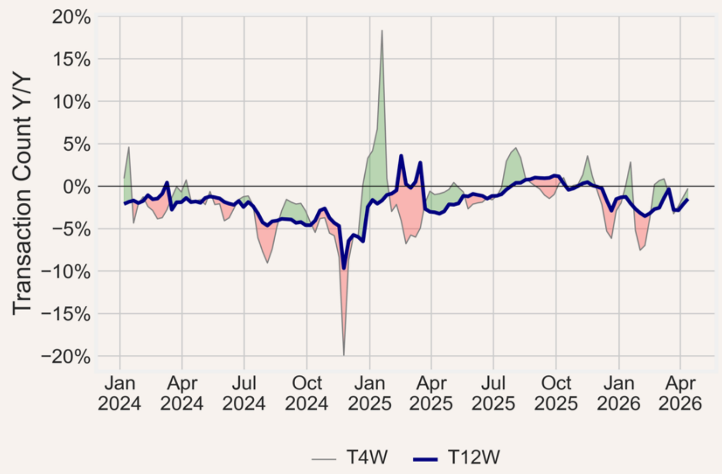
Golf Ticket



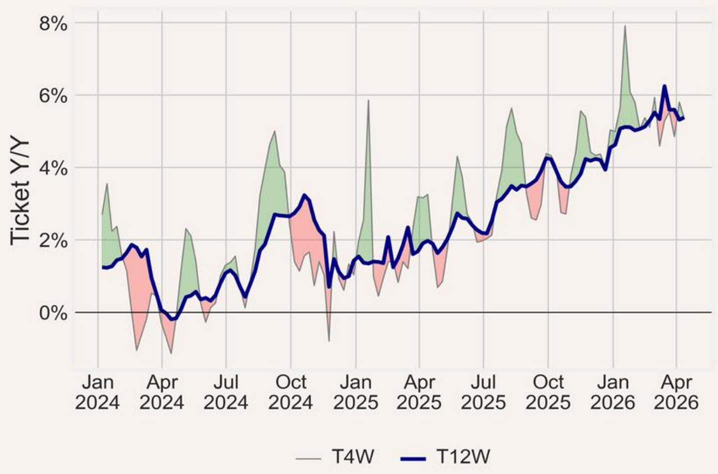
Sports Retail Spending



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
AMZN	Amazon		$208.27	$2,714.69	16.7	13.3	10.7	3.8	3.4	3.0
WMT	Walmart Inc		$124.28	$1,029.04	24.1	22.3	20.4	1.4	1.4	1.3
COST	Costco Wholesale Corp		$996.43	$444.08	32.5	29.5	27.3	1.6	1.4	1.3
HD	Home Depot Inc/The		$328.89	$345.28	16.5	16.1	15.2	2.1	2.0	1.9
TJX	TJX Cos Inc/The		$159.70	$177.17	21.3	20.8	19.1	2.9	2.8	2.6
LOW	Lowe's Cos Inc		$236.28	$141.97	15.3	14.1	13.4	1.6	1.5	1.5
ROST	Ross Stores Inc		$216.63	$73.16	22.9	20.6	19.1	3.2	3.0	2.8
TGT	Target Corp		$121.20	$59.96	9.0	9.0	8.6	0.6	0.6	0.6
TSCO	Tractor Supply Co		$45.30	$21.19	13.8	12.9	12.0	1.4	1.3	1.2
WSM	Williams-Sonoma Inc		$182.33	$24.24	15.0	14.5	13.8	3.1	3.0	2.8
DG	Dollar General Corp		$118.73	$27.84	13.1	12.2	11.5	0.7	0.6	0.6
DKS	Dick's Sporting Goods Inc		$198.29	$20.52	13.4	11.4	10.6	1.2	0.9	0.9
DLTR	Dollar Tree Inc		$109.51	$21.66	12.1	11.0	10.2	1.1	1.0	1.0
BURL	Burlington Stores Inc		$325.38	$21.76	20.5	17.7	15.5	1.9	1.7	1.6
BBY	Best Buy Co Inc		$64.20	$14.08	6.3	6.2	6.0	0.3	0.3	0.3
DECK	Deckers Outdoor Corp		$100.09	$15.77	10.5	10.7	10.0	2.9	2.8	2.6
BJ	BJ's Wholesale Club Holdings I		$98.42	$12.38	12.9	12.3	11.5	0.6	0.5	0.5
URBN	Urban Outfitters Inc		$63.35	$6.51	9.0	8.2	7.5	1.1	1.0	0.9
BBWI	Bath & Body Works Inc		$18.67	$4.19	5.9	6.9	6.5	0.6	0.6	0.6
M	Macy's Inc		$18.09	$5.38	5.3	5.4	5.8	0.2	0.2	0.3
ASO	Academy Sports & Outdoors Inc		$56.45	$3.76	8.0	7.5	7.1	0.6	0.6	0.6
KSS	Kohl's Corp		$12.90	$1.78	5.8	6.6	6.6	0.1	0.1	0.1

Sources: Optimal Advisory 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		$371.75	$1,461.08	98.1	99.8	78.0	15.4	14.3	12.2
ORLY	O'Reilly Automotive Inc		$92.31	$78.34	21.8	20.4	19.1	4.4	4.1	3.9
CVNA	Carvana Co		$314.38	$84.68	39.7	30.2	23.3	4.2	3.1	2.6
AZO	AutoZone Inc		$3,377.78	$59.68	17.1	15.5	14.1	3.0	2.8	2.6
GM	General Motors Co		$74.50	$72.16	2.8	3.2	3.0	0.4	0.4	0.4
F	Ford Motor Co		$11.54	$51.56	3.5	3.5	3.1	0.3	0.3	0.3
GPC	Genuine Parts Co		$105.75	$15.73	10.9	10.2	9.4	0.6	0.6	0.6
RIVN	Rivian Automotive Inc		$15.05	$21.36	N.A.	N.A.	N.A.	4.0	3.0	1.8
PAG	Penske Automotive Group Inc		$149.52	$10.59	10.5	10.4	9.9	0.3	0.3	0.3
AN	AutoNation Inc		$195.26	$7.10	8.0	7.7	7.4	0.3	0.3	0.2
LAD	Lithia Motors Inc		$249.72	$6.61	11.6	11.4	10.5	0.2	0.2	0.2
LCID	Lucid Group Inc		$9.53	$2.41	N.A.	N.A.	N.A.	1.8	1.1	0.6
KMX	CarMax Inc		$41.58	$5.68	13.5	10.1	9.0	0.2	0.2	0.2
GPI	Group 1 Automotive Inc		$330.63	$4.10	7.4	7.7	7.2	0.2	0.2	0.2
ABG	Asbury Automotive Group Inc		$195.41	$4.02	7.8	7.9	7.5	0.2	0.2	0.2
VVV	Valvoline Inc		$33.68	$4.27	12.2	10.5	9.5	2.4	2.0	1.9
AAP	Advance Auto Parts Inc		$52.75	$3.47	12.3	9.7	8.5	0.4	0.4	0.4
HOG	Harley-Davidson Inc		$20.22	$2.65	N.A.	22.8	12.2	0.6	0.7	0.7

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		$52.82	$68.79	20.0	19.0	15.0	1.5	1.5	1.4
TPR	Tapestry Inc		$141.11	$30.50	18.5	17.1	15.6	4.1	3.8	3.6
LULU	Lululemon Athletica Inc		$153.10	$19.45	7.2	7.6	7.3	1.8	1.7	1.6
AS	Amer Sports Inc		$32.92	$20.82	19.1	15.5	13.1	3.2	2.7	2.3
ONON	On Holding AG		$34.02	$12.24	16.9	13.5	11.0	3.4	2.7	2.2
BIRK	Birkenstock Holding Plc		$35.83	$7.79	11.8	10.4	9.1	3.2	2.8	2.4
GAP	Gap Inc/The		$24.20	$9.94	7.8	7.3	6.8	0.6	0.6	0.6
VFC	VF Corp		$16.99	$8.59	15.0	14.6	13.4	0.9	0.9	0.9
BOOT	Boot Barn Holdings Inc		$146.36	$5.07	15.2	13.0	11.2	2.3	2.0	1.8
KTB	Kontoor Brands Inc		$70.29	$4.36	10.9	10.0	9.4	1.4	1.3	1.2
CROX	Crocs Inc		$83.02	$5.51	7.1	7.1	7.0	1.4	1.4	1.3
PVH	PVH Corp		$69.76	$4.55	7.7	7.6	7.4	0.5	0.5	0.5
COLM	Columbia Sportswear Co		$54.81	$3.38	11.6	9.5	8.5	1.0	1.0	0.9
AEO	American Eagle Outfitters Inc		$16.70	$3.33	8.9	7.5	6.9	0.6	0.6	0.6
SHOO	Steven Madden Ltd		$33.92	$2.86	15.6	13.3	11.4	1.1	1.0	1.0
UA	Under Armour Inc		$5.79	$2.85	19.1	14.4	11.8	0.6	0.6	0.6
WWW	Wolverine World Wide Inc		$16.32	$1.54	10.8	10.4	9.4	0.8	0.8	0.7
GOLF	Acushnet Holdings Corp		$93.48	$5.77	16.5	16.0	15.4	2.3	2.2	2.1
CALY	Callaway Golf Co		$13.88	$2.78	15.9	18.7	16.7	1.3	1.4	1.3

Restaurant Comps

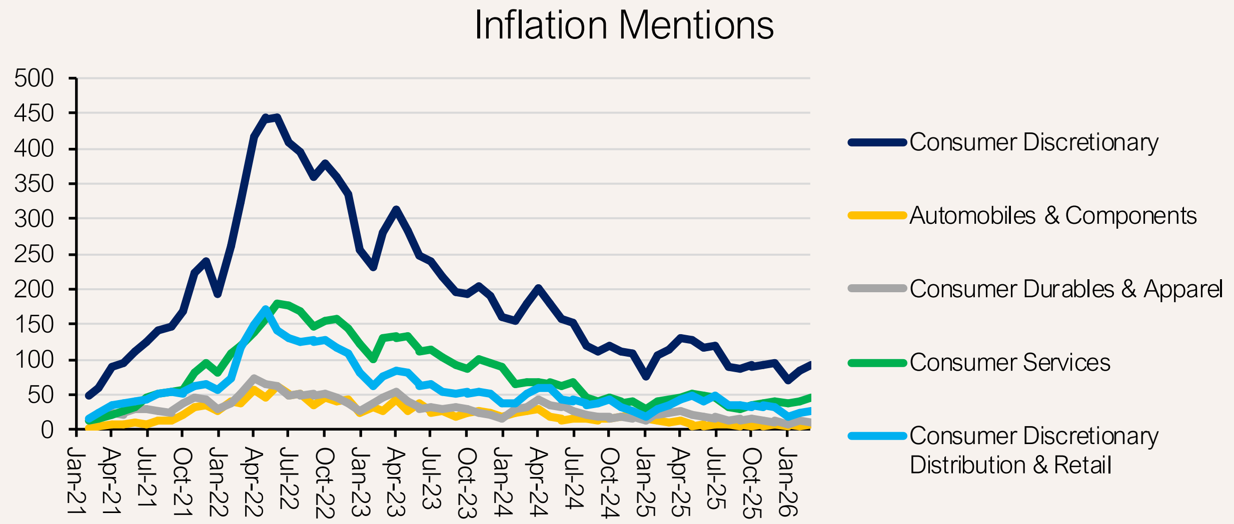
Ticker	Name	3 Yr Stock Price Performance	Stock Price	Market Cap ($B)	EV / EBITDA CY	EV / EBITDA FY1	EV / EBITDA FY2	P/S	P / S FY1	P / S FY2
MCD	McDonald's Corp		$310.79	$215.84	20.6	17.0	16.0	8.0	7.5	7.1
DASH	DoorDash Inc		$150.15	$80.92	28.0	21.6	16.3	5.9	4.5	3.8
SBUX	Starbucks Corp		$89.59	$110.93	25.5	22.9	19.4	2.9	2.9	2.7
CMG	Chipotle Mexican Grill Inc		$32.01	$47.43	22.1	22.3	19.2	4.0	3.7	3.3
YUM	Yum! Brands Inc		$155.48	$44.42	19.6	18.2	16.8	5.4	4.9	4.6
QSR	Restaurant Brands Internationa		$73.90	$35.87	17.0	16.0	15.1	3.8	3.6	3.6
DRI	Darden Restaurants Inc		$196.04	$22.61	14.8	13.2	12.6	1.8	1.6	1.6
DPZ	Domino's Pizza Inc		$358.79	$12.40	16.6	15.3	14.5	2.5	2.4	2.3
TXRH	Texas Roadhouse Inc		$165.14	$10.67	16.9	16.0	13.7	1.8	1.6	1.5
BROS	Dutch Bros Inc		$50.66	$8.97	33.1	27.5	21.7	5.5	4.4	3.6
CAVA	Cava Group Inc		$80.90	$11.12	73.3	61.3	48.4	9.4	7.6	6.3
WING	Wingstop Inc		$154.97	$5.39	26.5	23.7	20.2	7.7	6.8	5.8
EAT	Brinker International Inc		$142.77	$6.45	9.8	9.3	8.6	1.1	1.1	1.0
SHAK	Shake Shack Inc		$88.47	$4.41	23.8	20.7	17.5	3.1	2.7	2.3
CAKE	Cheesecake Factory Inc/The		$54.75	$3.10	16.9	14.7	13.5	0.8	0.8	0.7
WEN	Wendy's Co/The		$6.95	$1.35	9.9	11.2	10.8	0.6	0.6	0.6
PZZA	Papa John's International Inc		$32.41	$1.24	10.7	10.6	10.1	0.6	0.6	0.7
CBRL	Cracker Barrel Old Country Sto		$28.11	$0.68	12.2	13.5	10.2	0.2	0.2	0.2
BJRI	BJ's Restaurants Inc		$35.10	$0.81	9.5	8.8	8.2	0.6	0.6	0.5
BLMN	Bloomin' Brands Inc		$5.40	$0.56	17.1	9.2	8.5	0.1	0.1	0.1
JACK	Jack in the Box Inc		$9.67	$0.24	13.7	14.4	13.9	0.2	0.2	0.2

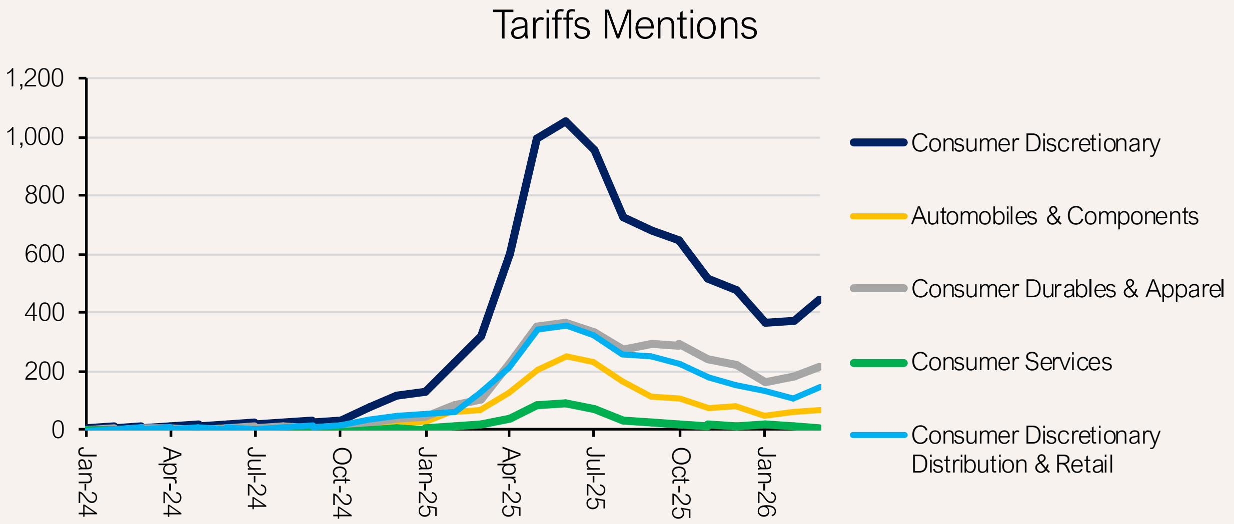
Leisure, Accommodations & Travel Comps

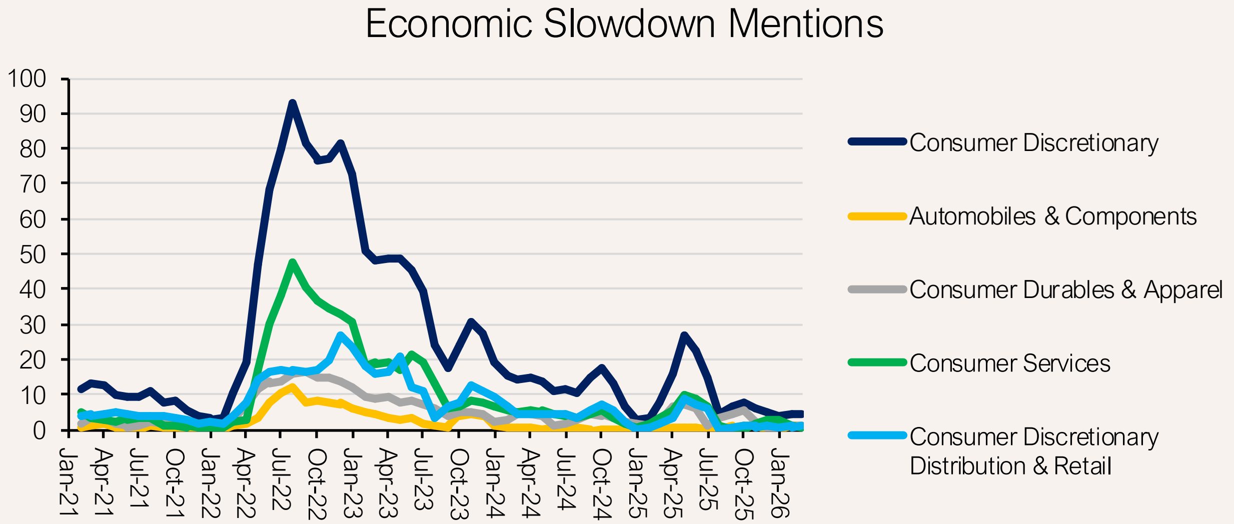
Ticker	Name	3 Yr Stock Price Performance	Stock Price	Market Cap ($B)	EV / EBITDA CY	EV / EBITDA FY1	EV / EBITDA FY2	P/S	P / S FY1	P / S FY2
BKNG	Booking Holdings Inc		$168.41	$151.68	15.4	13.7	12.3	5.6	5.1	4.7
RCL	Royal Caribbean Cruises Ltd		$275.18	$73.47	13.5	12.4	11.2	4.1	3.7	3.5
ABNB	Airbnb Inc		$126.28	$87.72	18.4	16.4	14.6	7.2	6.4	5.8
MAR	Marriott International Inc/MD		$327.07	$99.43	21.6	19.7	18.4	3.8	3.5	3.4
HLT	Hilton Worldwide Holdings Inc		$304.08	$78.02	24.3	22.4	20.6	6.5	6.0	5.5
CCL	Carnival Corp		$25.88	$38.22	8.9	8.9	8.2	1.4	1.4	1.3
EXPE	Expedia Group Inc		$230.89	$33.84	10.2	9.1	8.3	2.3	2.1	2.0
VIK	Viking Holdings Ltd		$73.48	$37.11	20.9	18.2	15.5	5.7	5.0	4.4
H	Hyatt Hotels Corp		$143.79	$16.05	17.4	17.1	15.4	2.3	2.3	2.1
WYNN	Wynn Resorts Ltd		$101.55	$11.21	10.5	10.0	9.5	1.6	1.5	1.5
NCLH	Norwegian Cruise Line Holdings		$18.70	$8.93	8.9	8.7	7.8	0.9	0.8	0.8
MGM	MGM Resorts International		$37.01	$10.07	8.6	8.6	8.3	0.6	0.6	0.6
BYD	Boyd Gaming Corp		$82.18	$6.55	6.6	6.8	6.7	1.6	1.6	1.5
WH	Wyndham Hotels & Resorts Inc		$81.23	$6.61	12.7	12.3	11.5	4.6	4.5	4.2
MTN	Vail Resorts Inc		$128.32	$4.70	9.9	10.0	9.0	1.6	1.6	1.5
CHH	Choice Hotels International In		$103.50	$5.50	11.9	11.7	11.4	3.4	3.4	3.3
TNL	Travel + Leisure Co		$69.19	$4.76	8.2	7.8	7.4	1.2	1.2	1.1
DAL	Delta Air Lines Inc		$66.48	$46.53	7.5	7.8	6.0	0.7	0.7	0.7
UAL	United Airlines Holdings Inc		$92.07	$32.00	6.3	6.9	5.3	0.5	0.5	0.5
LUV	Southwest Airlines Co		$37.57	$20.16	10.9	6.9	4.9	0.7	0.6	0.6
AAL	American Airlines Group Inc		$10.74	$7.86	10.8	15.7	7.2	0.1	0.1	0.1
ALK	Alaska Air Group Inc		$36.78	$4.78	7.9	8.5	4.2	0.3	0.3	0.3

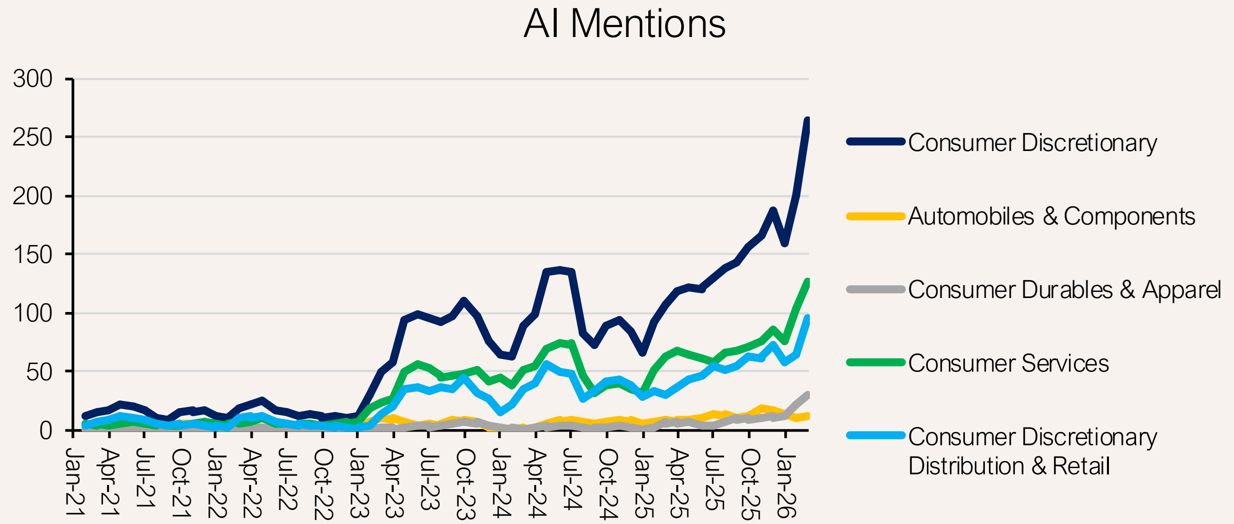
Thematic Analysis

Across constituents of the Russell 3000, Optimal tracks key themes in EPS transcripts; AI mentions have accelerated again among CD names (+146% y/y on a T3M basis). Inflation mentions up m/m off war in Middle East & higher energy prices. Economic Slowdown mentions however remain unchanged.



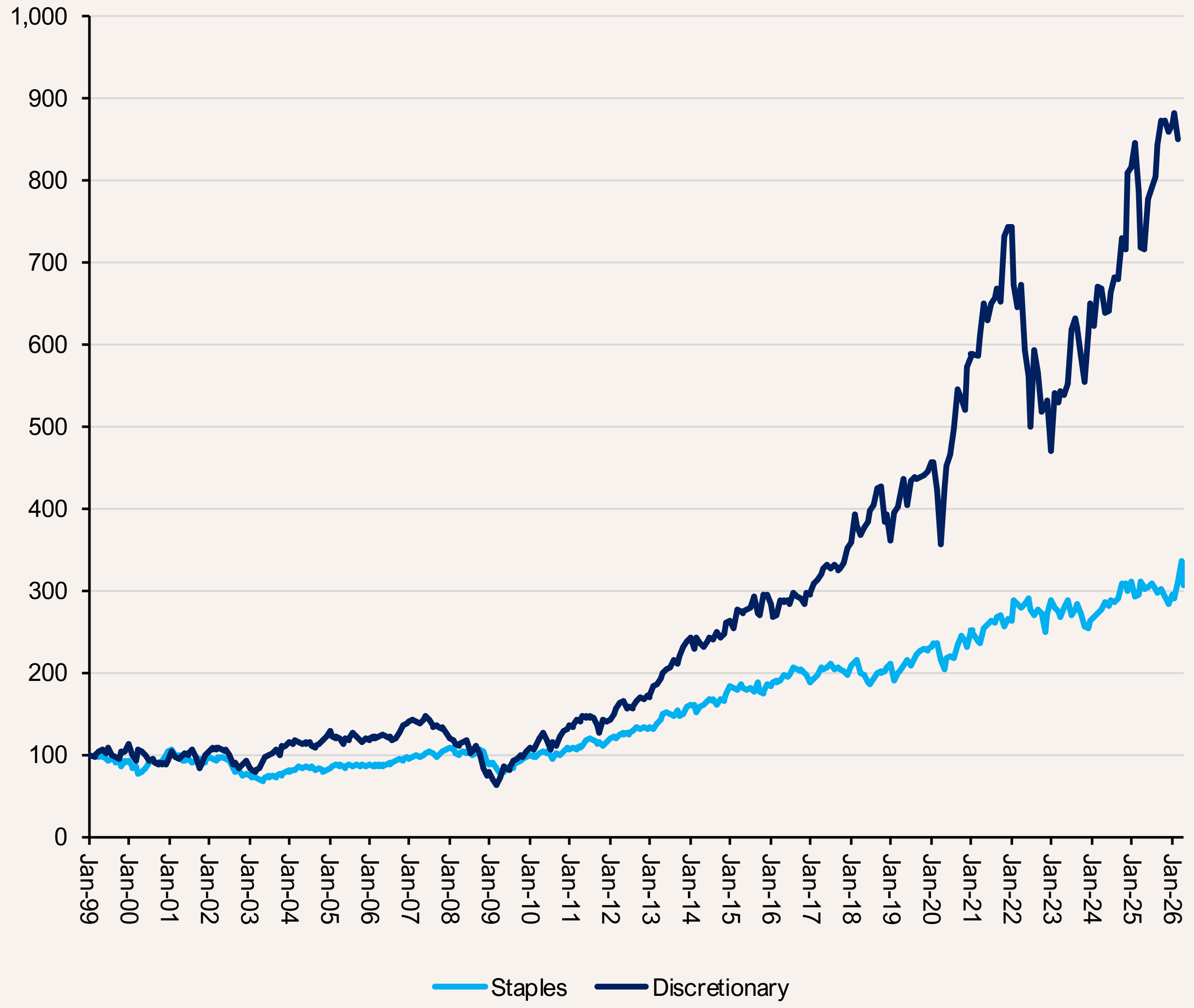




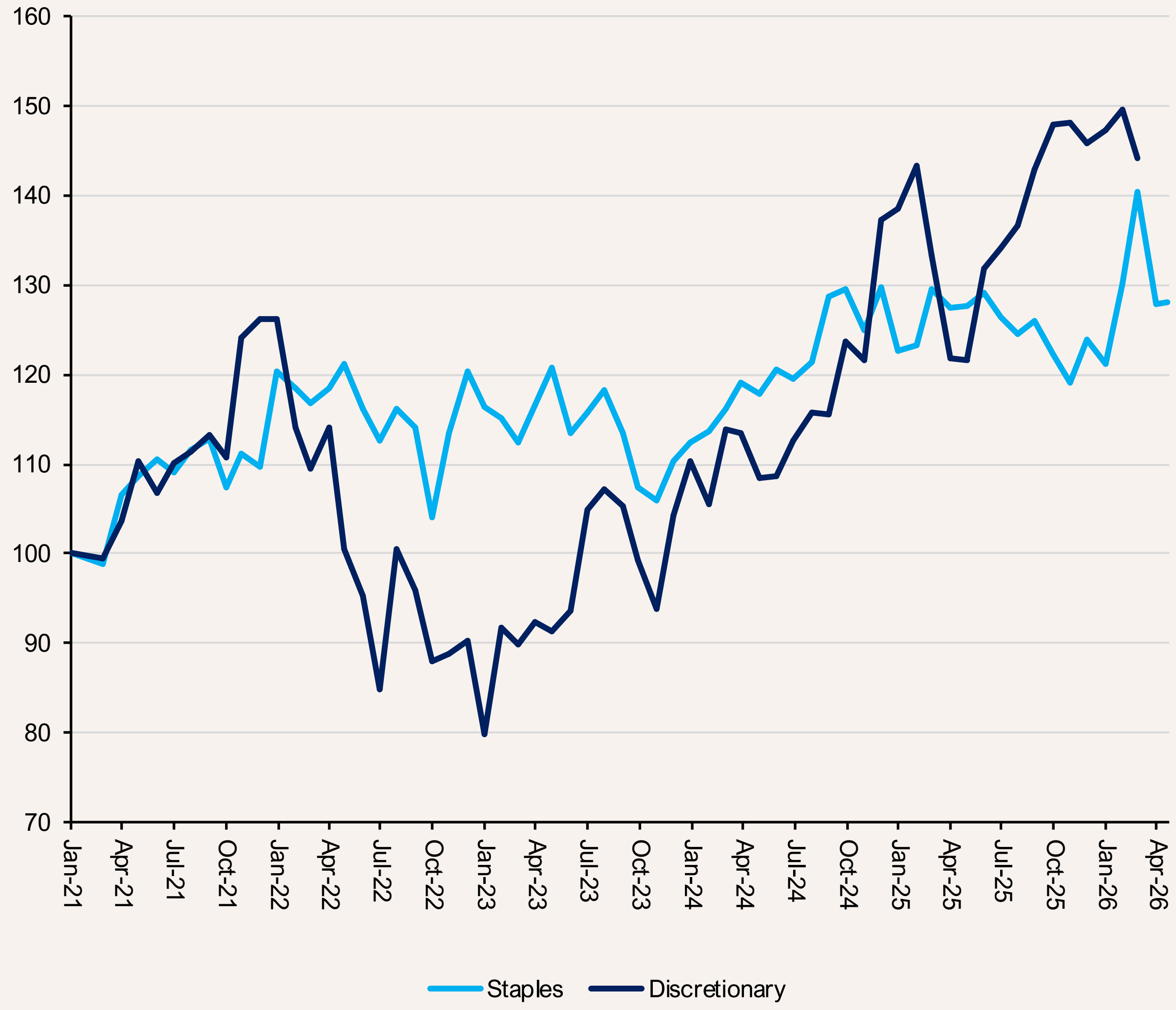


Discretionary outperformed staples from 2010-2020. After a hot start to 2026, Staples & Discretionary performance moving lower off global conflict.

Sector Equity Returns (Jan 1999 = 100)

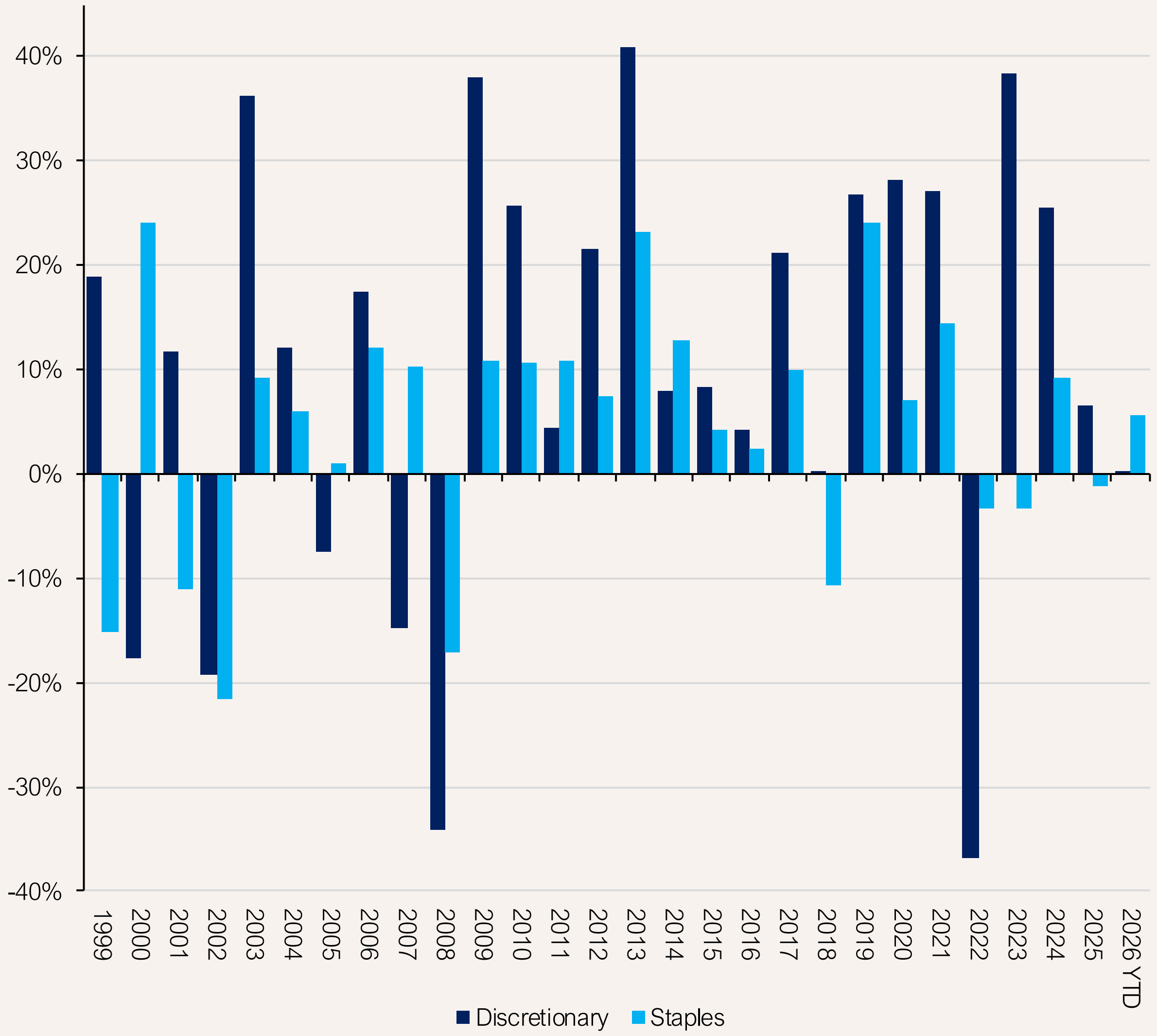


Sector Equity Returns (Jan 2021 = 100)

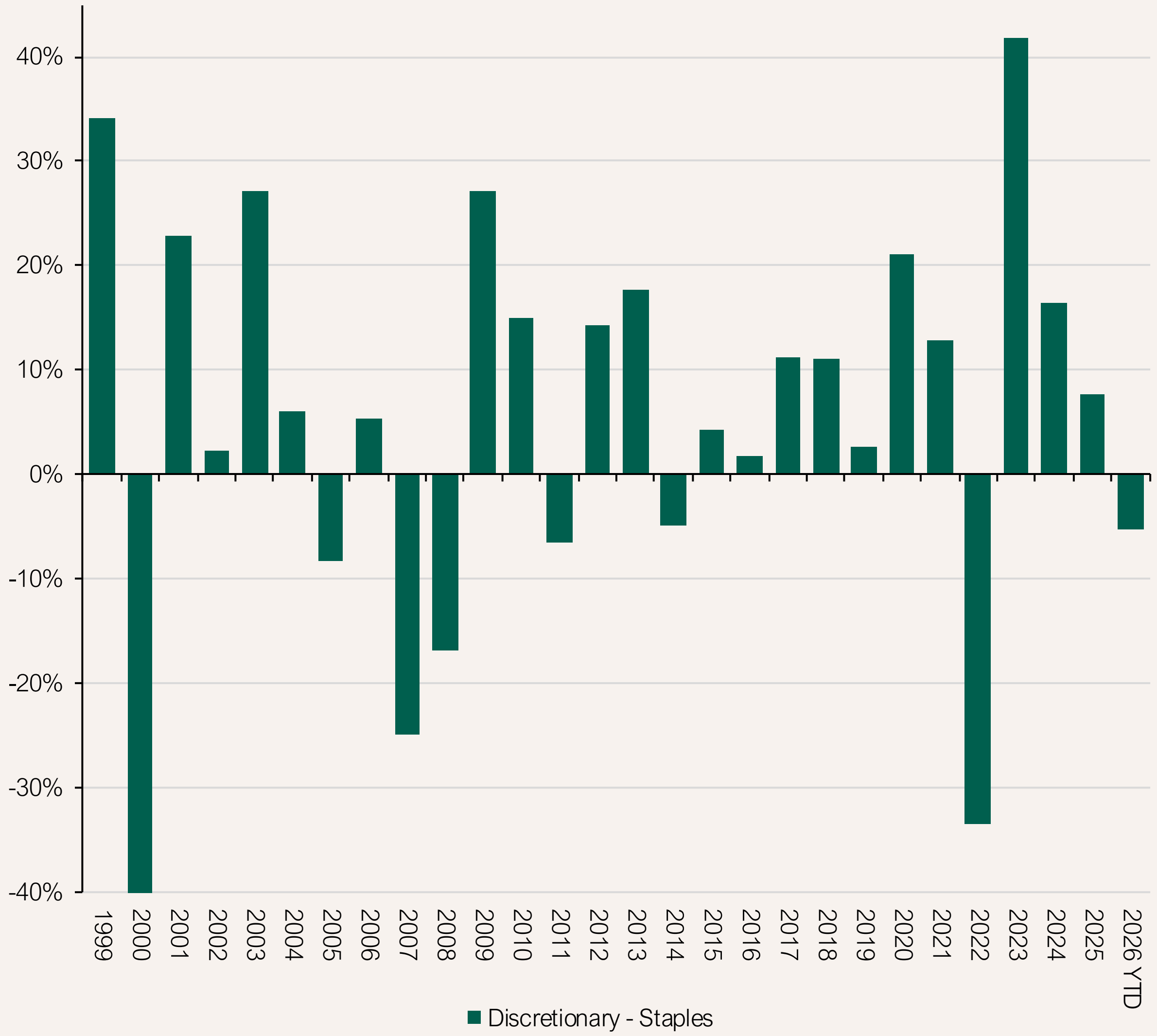


Year to date, the SPDR Staples ETF (XLP) has performed well (+5.7%); Consumer Discretionary ETF (XLY) has returned +0.3%.

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

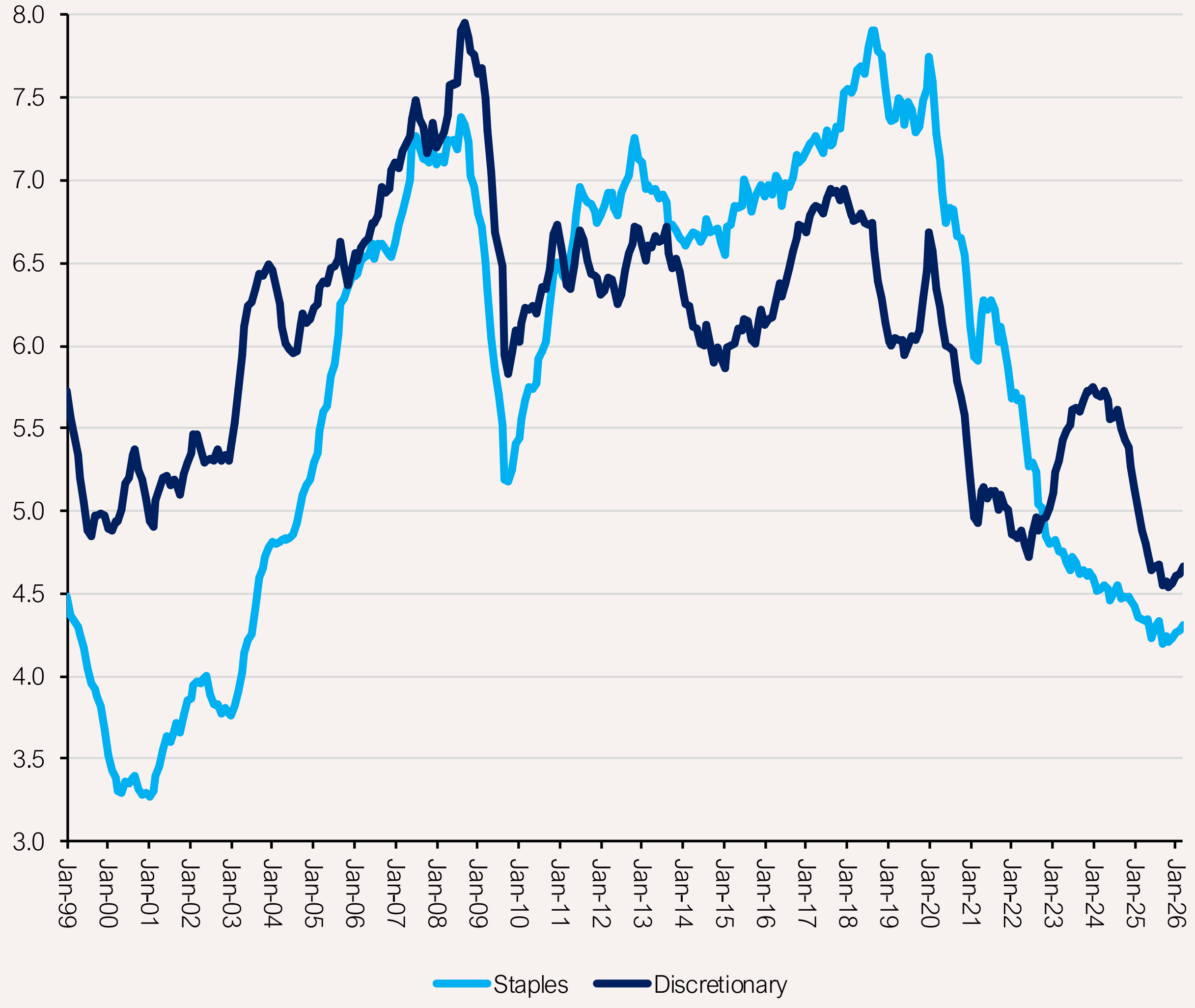


Annual Discretionary Performance Relative to Staples



The average short ratio for the more than 250 consumer staples and discretionary names in the S&P 1500 has turned higher from a recent bottom. 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)



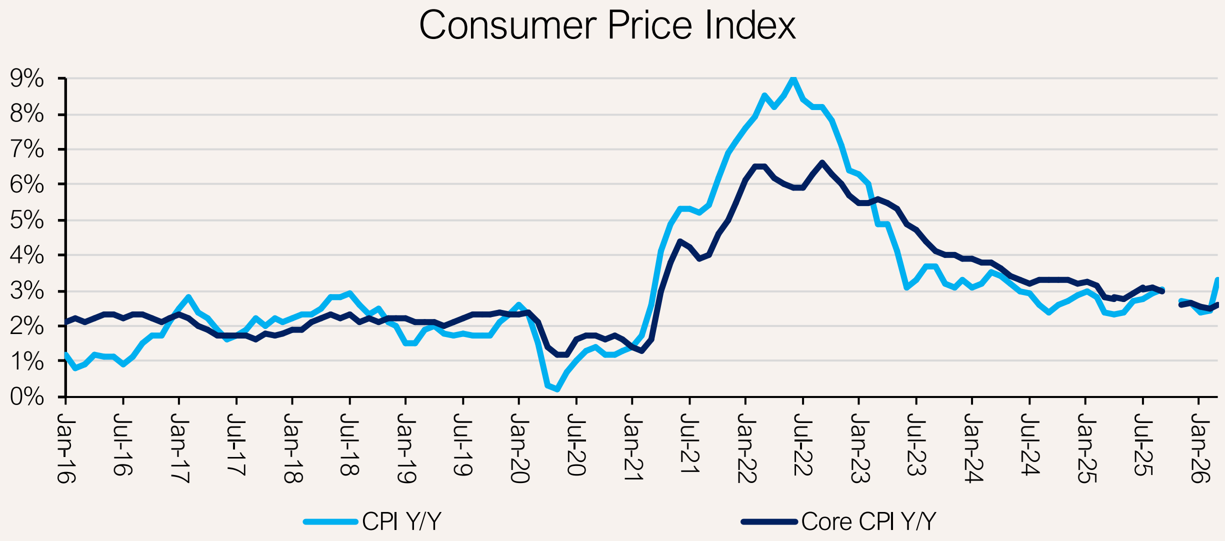
Consumer Short Ratio ▲

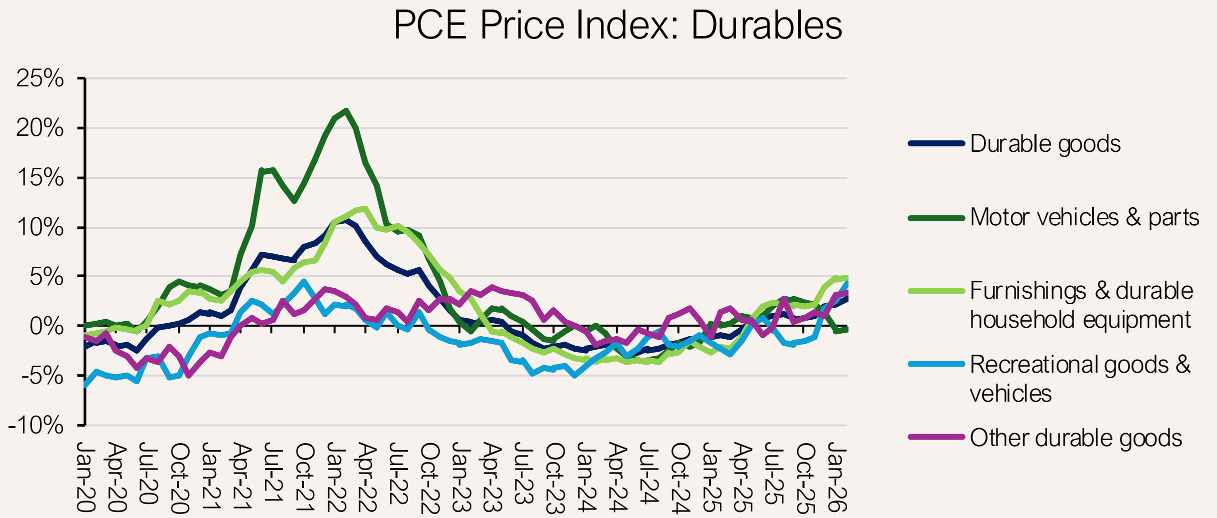
Ticker	Company	M/ T3M	T3M vs Prior Year T3M	T6M vs Prior Year T6M
NWL	Newell Brands Inc	-32.2%	204.9%	195.9%
KMB	Kimberly-Clark Corp	7.1%	248.5%	177.9%
GME	GameStop Corp	6.3%	119.1%	162.9%
ACI	Albertsons Cos Inc	-3.2%	192.5%	104.8%
KDP	Keurig Dr Pepper Inc	21.1%	106.7%	78.7%
COTY	Coty Inc	5.7%	76.3%	77.2%
F	Ford Motor Co	5.4%	59.6%	62.7%
UAA	Under Armour Inc	4.4%	54.0%	59.8%
WEN	Wendy's Co	9.7%	65.7%	56.5%
KR	Kroger Co	-21.9%	-38.2%	-13.3%
BBY	Best Buy Co Inc	-22.4%	-11.9%	-14.6%
CPB	Campbell's Company	-25.5%	-8.8%	-14.8%
PG	Procter & Gamble Co	3.4%	-10.1%	-15.5%
VFC	VF Corp	22.8%	-0.2%	-15.8%
CMG	Chipotle Mexican Grill	7.1%	45.8%	-16.7%
TSCO	Tractor Supply Co	5.0%	-34.0%	-18.0%
LW	Lamb Weston Inc	-53.9%	-19.0%	-25.9%
KVUE	Kenvue Inc	59.2%	-5.3%	-27.7%
CCL	Carnival Corp	-22.2%	-29.6%	-29.8%
GAP	Gap Inc	-1.3%	-12.6%	-40.0%

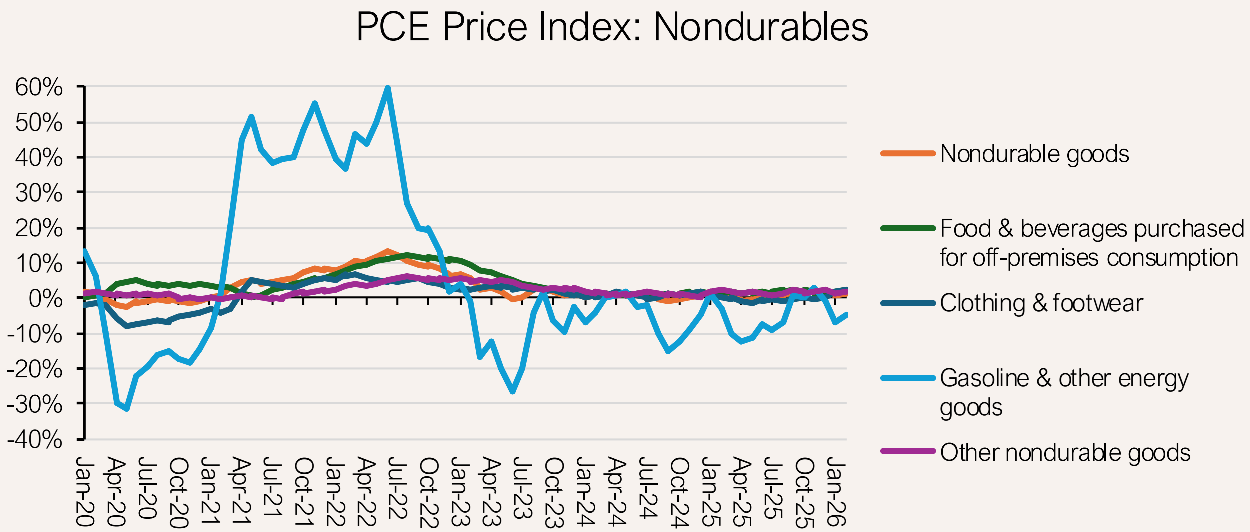
OPTIMAL

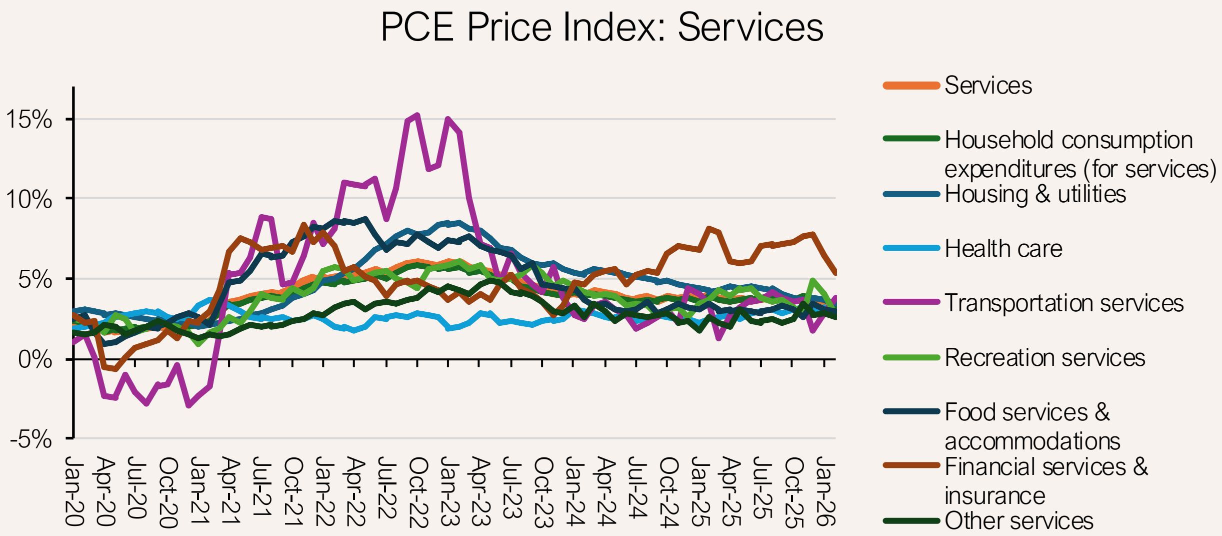
Consumer Macro

Headline CPI up sharply in March to +3.3%, the highest level in 23 months off conflict with Iran. PCE price index not yet capturing higher energy prices but expecting to move higher in line with CPI, especially for energy dependent categories.

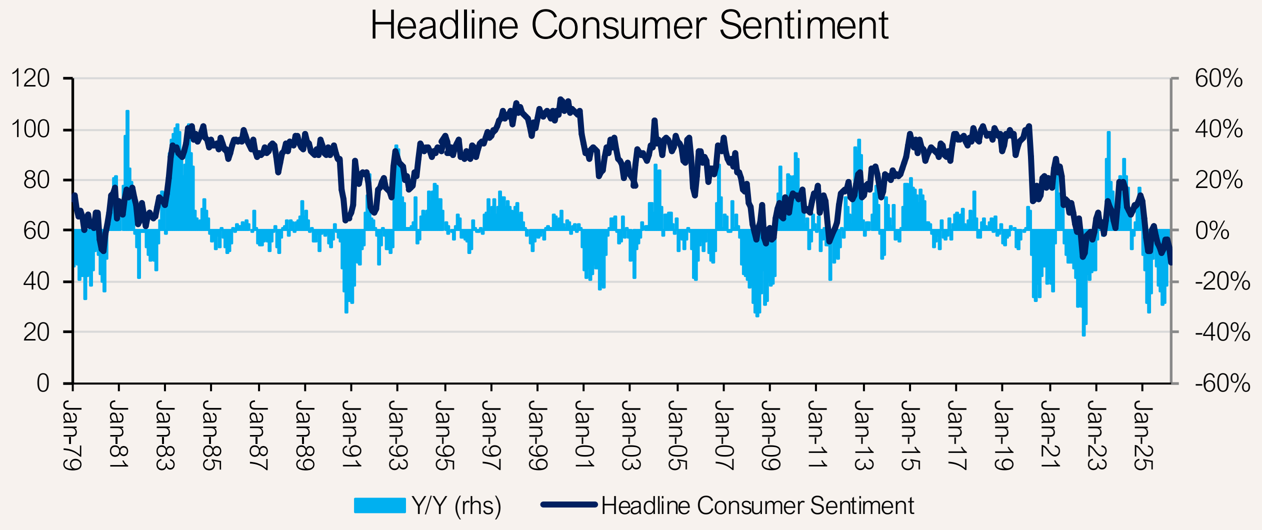


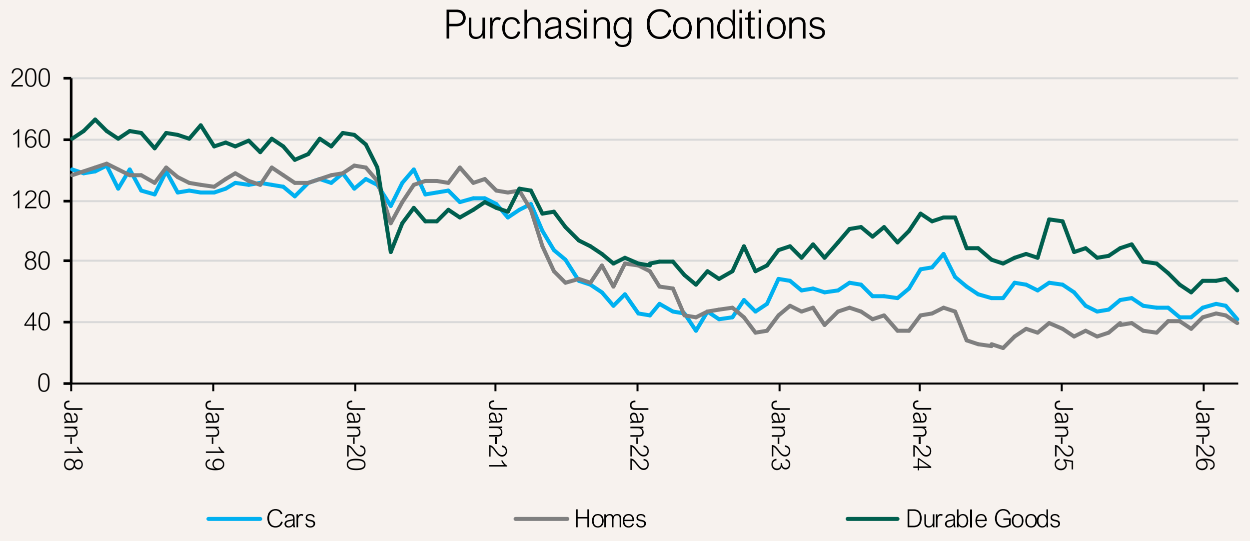


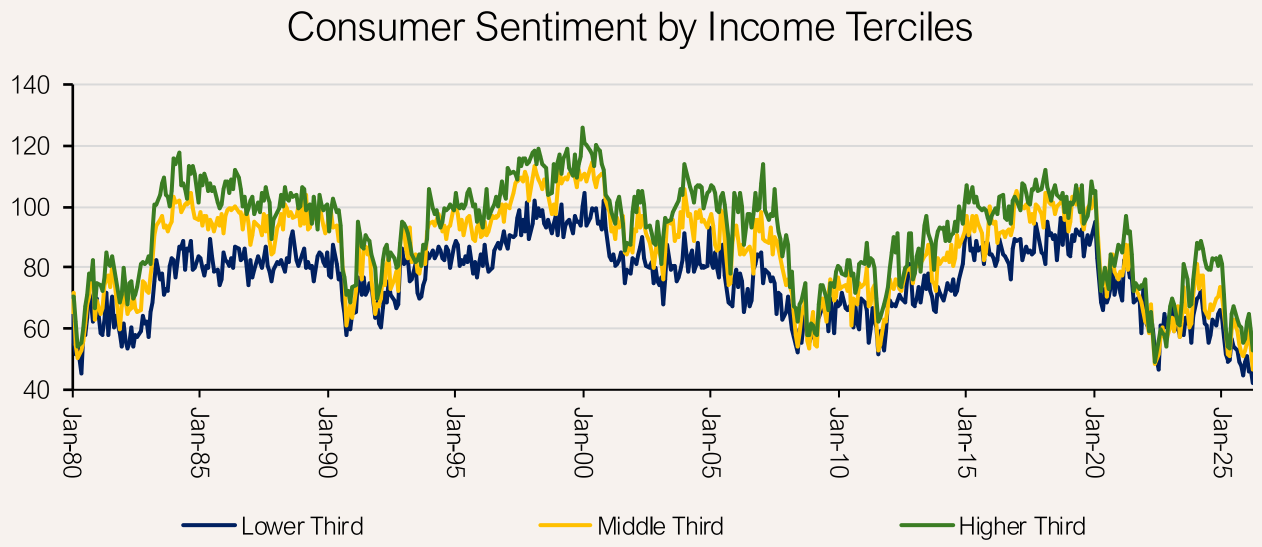


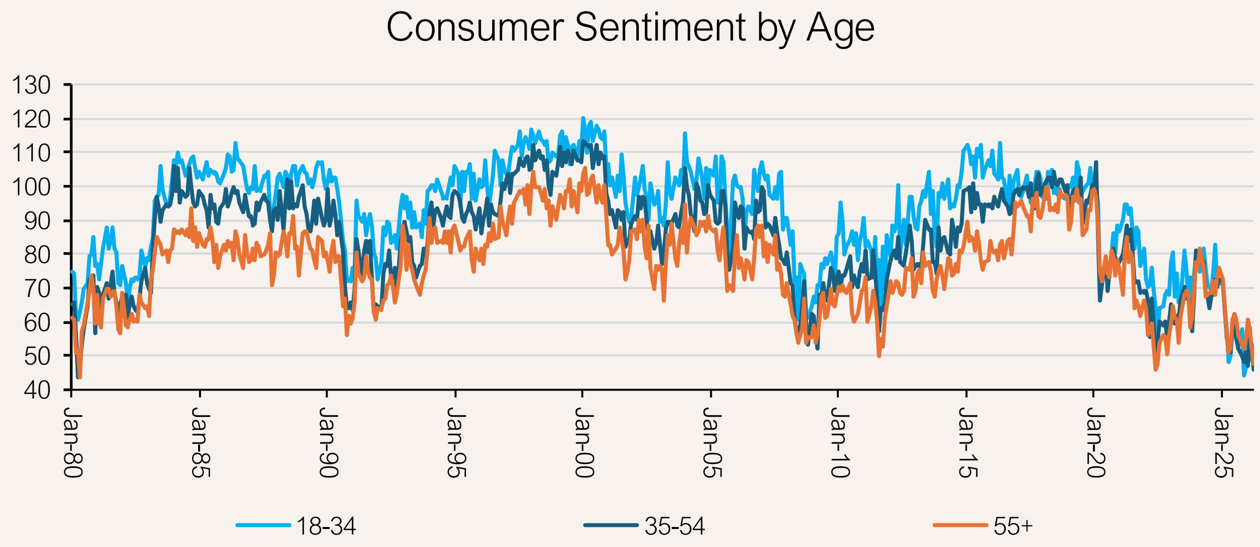


Preliminary Headline Sentiment for April has reached an ALL-TIME LOW of index 47.6. Declines are particularly strong among age 35-54 (-12.1% y/y) and lower-income (-14.5% y/y) respondents.





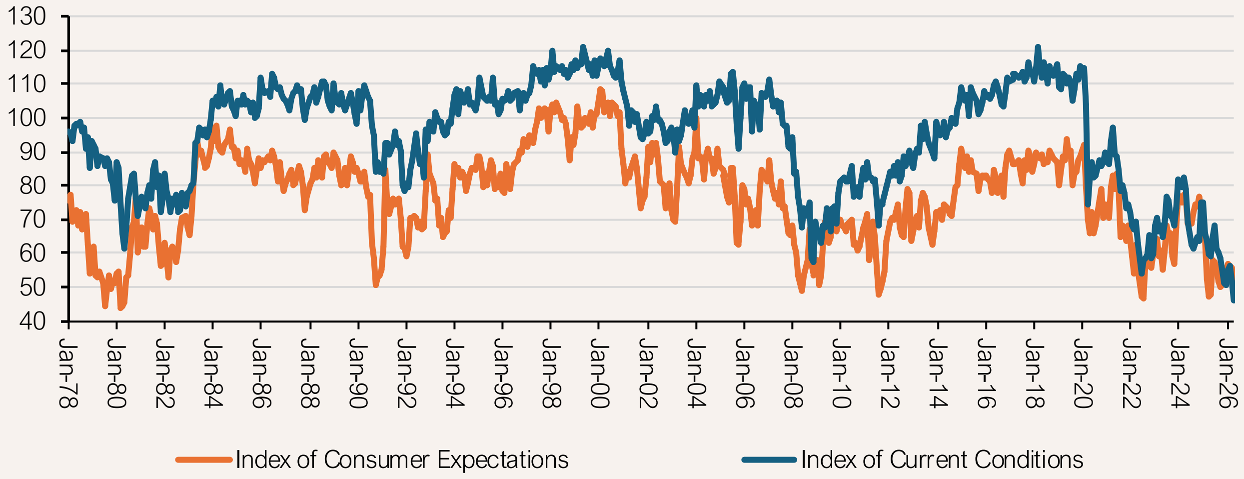




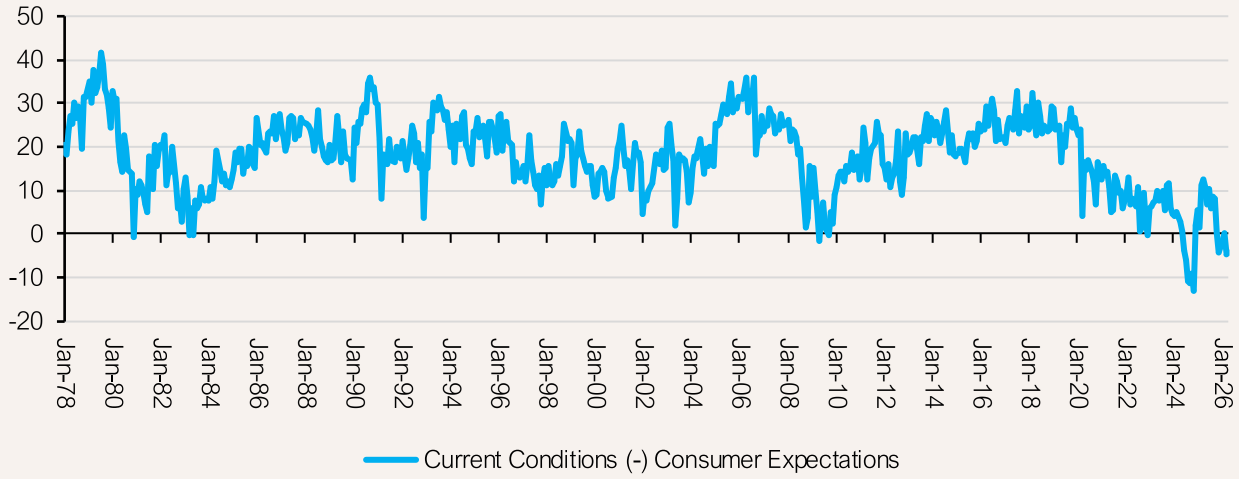
Sources: Optimal Advisory Analysis, University of Michigan Consumer Sentiment Survey

Consumer expectations & reported current conditions are both down sharply in April. Durable goods buying conditions continue to be the largest source of pessimism, running down -26% y/y.

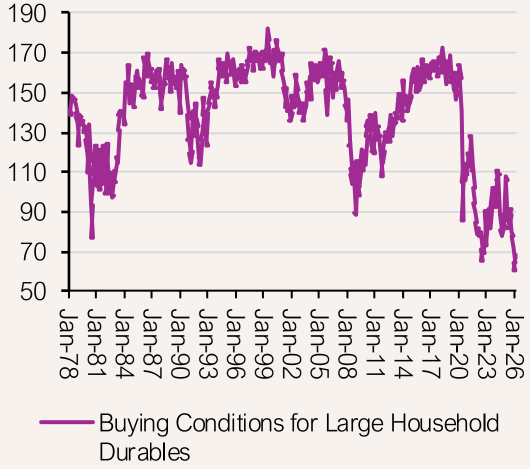
Expectations vs. Current Conditions

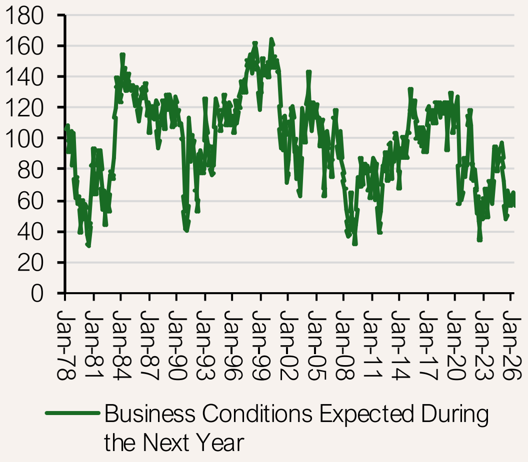


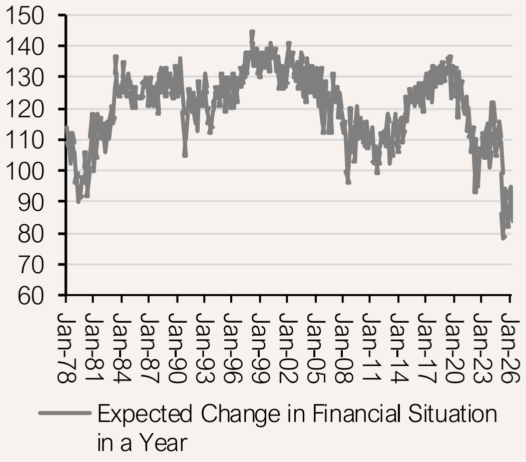
Current Conditions - Expectations

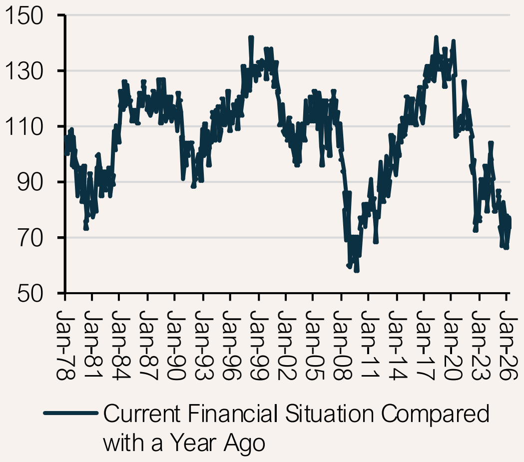


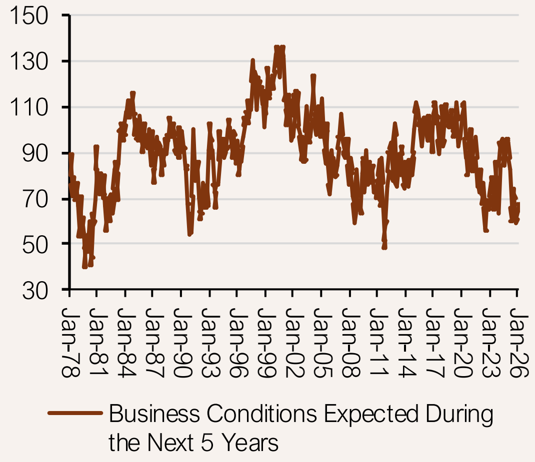
Components of Consumer Sentiment



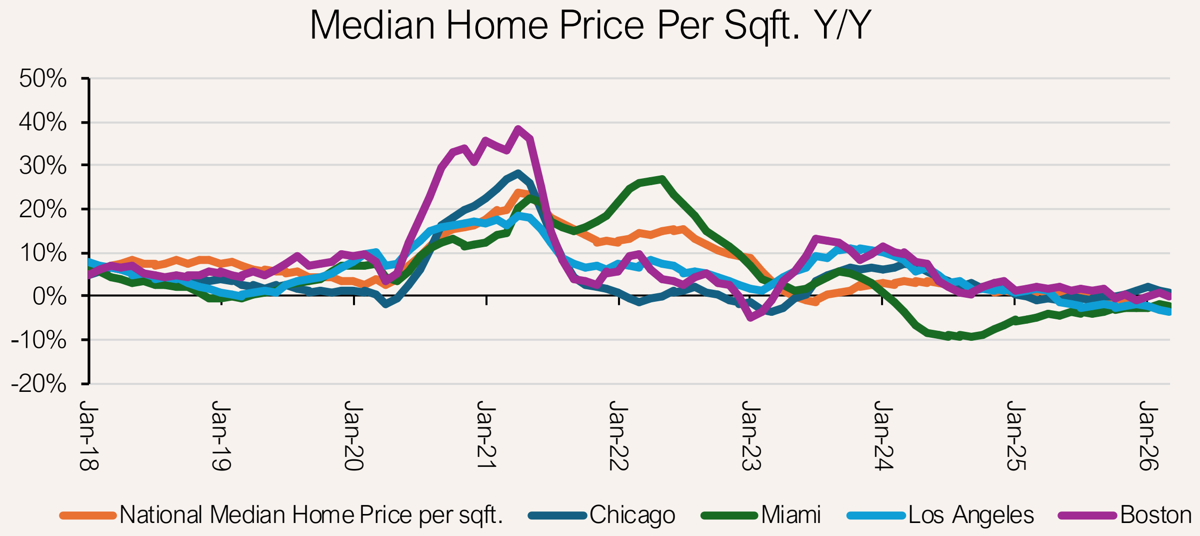


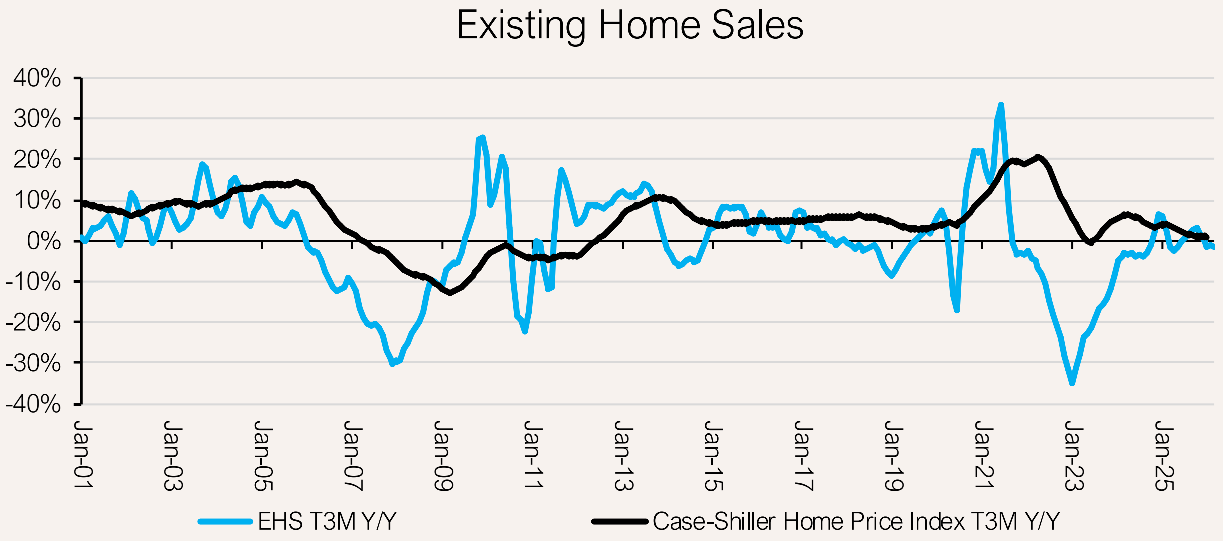






Mortgage rates have turned sharply higher off energy driven interest rate increases. Higher borrowing costs will continue to lock-in the already stagnant housing market. Roughly 18% of US GDP is related to the selling, building, fixing, lending, and furnishing of homes – velocity matters for the broader economy.

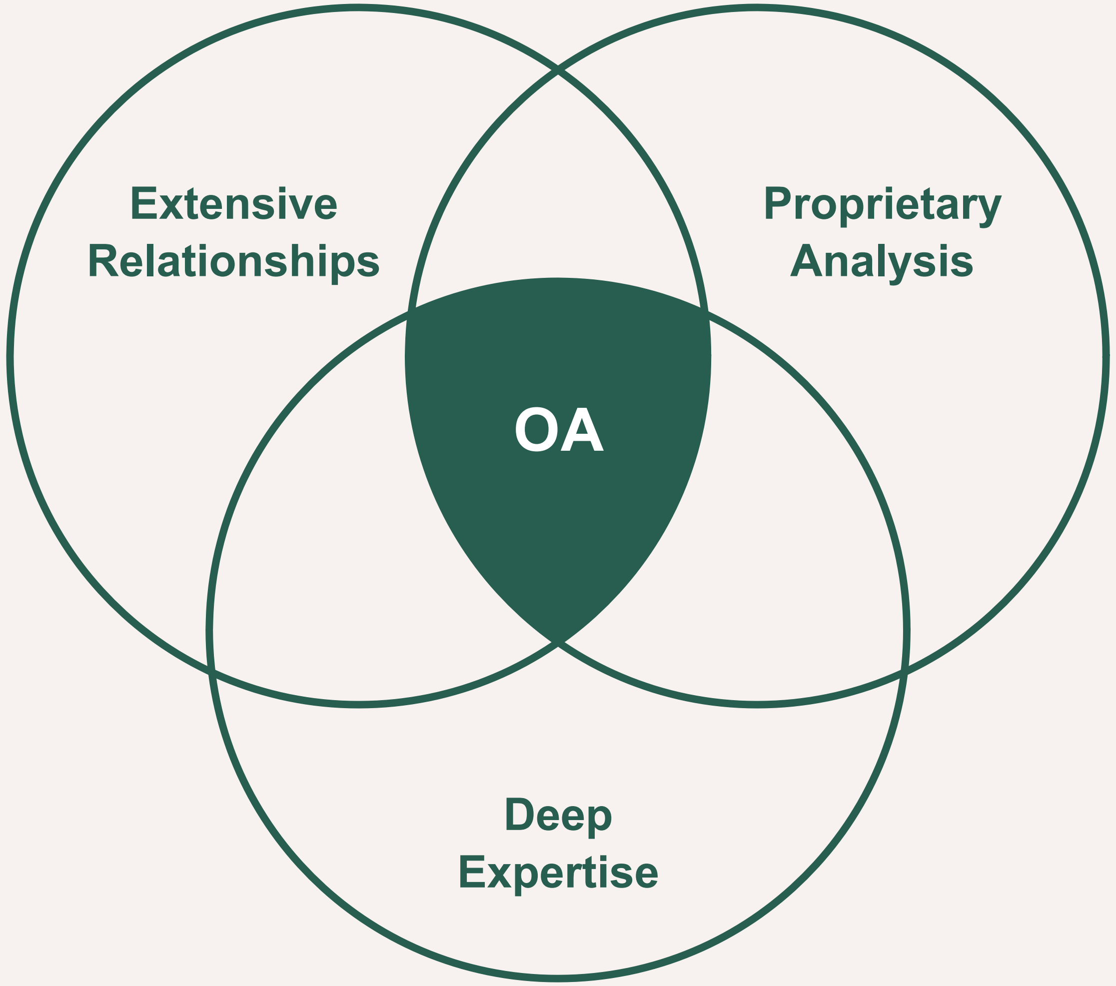




Metro Area Case Shiller Home Price Index Y/Y Heat Map

	Boston	Chicago	Denver	Las Vegas	Los Angeles	Miami	New York	San Diego	San Francisco	Washington, D.C.
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	3.9%	5.9%	0.8%	4.0%	2.5%	1.3%	8.1%	1.0%	0.2%	4.2%
May-25	4.7%	5.9%	0.0%	3.2%	0.9%	0.5%	7.6%	0.3%	-0.7%	3.2%
Jun-25	4.2%	6.0%	-0.6%	2.4%	0.0%	-0.2%	7.2%	-0.7%	-2.1%	2.2%
Jul-25	4.0%	6.0%	-0.6%	1.0%	0.1%	-1.3%	6.5%	-0.8%	-1.9%	1.3%
Aug-25	4.0%	5.8%	-0.8%	0.3%	0.1%	-1.6%	6.1%	-0.9%	-1.5%	0.9%
Sep-25	4.0%	5.4%	-0.8%	-0.7%	0.3%	-1.2%	5.4%	-0.9%	-0.9%	0.6%
Oct-25	3.0%	5.7%	-1.4%	-0.6%	0.1%	-1.0%	5.2%	-0.6%	0.1%	0.4%
Nov-25	1.8%	5.7%	-1.4%	-0.5%	0.5%	-1.1%	5.3%	0.2%	0.4%	0.3%
Dec-25	1.2%	5.3%	-2.1%	-0.9%	0.7%	-1.5%	5.6%	0.6%	-0.2%	0.3%
Jan-26	1.2%	4.6%	-2.1%	-1.0%	0.2%	-1.0%	5.0%	0.4%	-0.6%	0.2%

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.

Experience and relationships across consumer sectors