

GS Consumer: For Sale

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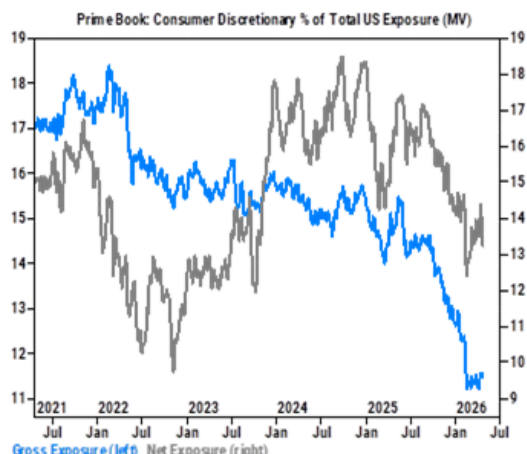
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Consumer – Underperformance: The Consumer Discretionary group underperformed the final 4 days of last week in a row, with the total relative gap -350 bps to the market. This was concentrated in Retail.

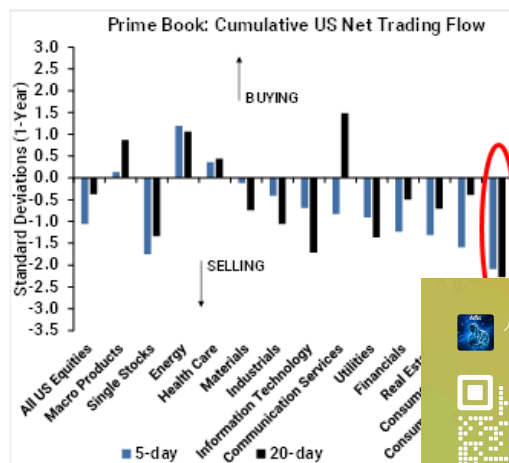
Why? What was interesting is there was no clear and obvious reason as to why, it just feels like building concern on gas prices, input costs and stimulus peak tailwinds possibly behind us and the focus on those into 2H. Also, could just be a function of Semis trading up 18 days in a row and "stealing" all the buy flows from the market. Into EPS this week, it should be mixed, with hotels very strong and restaurants mixed (see below).

PB Data at GS Backs This Caution Up. For Sale:

Hedge funds net sold Consumer Discretionary stocks for a 7th straight week and at the fastest pace in 10 weeks (-2.1 SDs 1-year), driven almost entirely by long sales. Most subsectors were net sold, led by Broadline Retail, Hotels, Restaurants & Leisure, and Textiles, Apparel & Luxury Goods. The sector is among the most net sold sectors on our Prime book both MTD and YTD. Cons Disc stocks now make up 11.5%/13.2% of total US Gross/Net exposures, in the 14th/7th percentiles vs. the past year and in the 3rd/29th percentile vs. the past five years.



Source: GS PB Data



Some Discretionary EPS Into EPS This Week – A Mixed Bag:

- **Hotels:** We think expectations for Hotels (HLT, MAR, Hyatt & WH) are for clear beats.
 - **Restaurants:** We think a mixed bag is expected, with clear beats out of SBUX & YUM, with more mixed sentiment/expectations on CMG, EAT & DPZ (reported a miss this morning).
 - **Housing Retail:** A mixed bag expected, with a miss expected from FND and a beat from Wayfair
 - **Cruise:** A net yield guidance cut expected, with the question likely what is priced in? Feedback is this is pretty expected.
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