GS Consumer | Morning Trading Update (US)

26 October 2026 | 7:20 PM China Standard Time

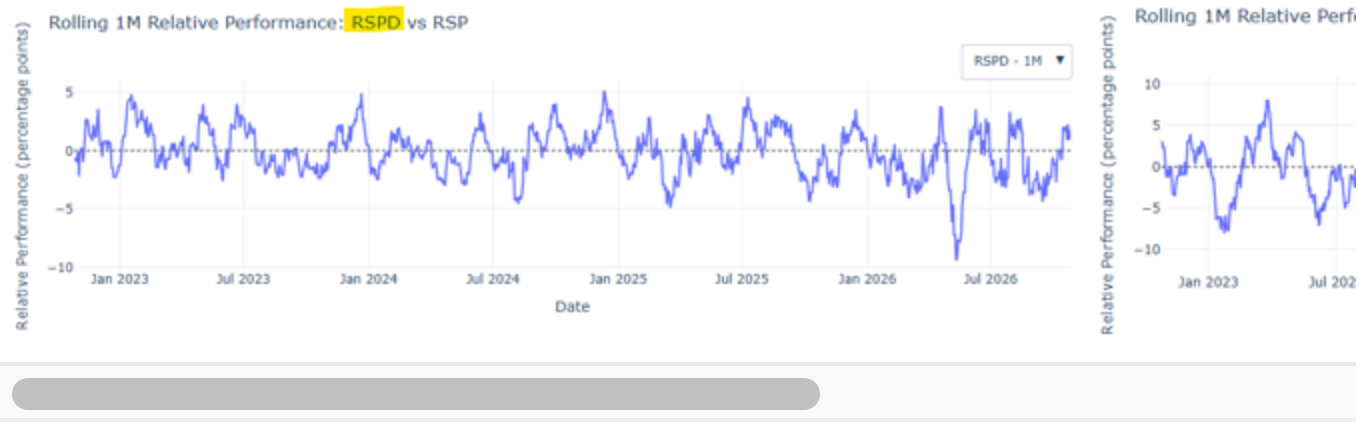

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US futures stabilizing (SPX +15bps // NDX +5bps // RTY +20bps) ahead of a busy macro (**handful of central bank decisions including** the FOMC, BOC, ECB and BOJ) and micro (**44% of S&P market cap reports including** MSFT, GOOG, NOW, KLAC Wed // AMZN, INTC Thurs). Weekend news focused on Brazil**,** where President Lula came from behind to win the presidential runoff with ~51.8% of the vote (**EWZ down 25% pre-mkt**). Middle East tensions remained calm (WTI -2% @ $101.20) with rounds of diplomacy appearing to take place as top security officials from Saudi Arabia, Pakistan, and Turkey are meeting Iranian leadership Monday in an effort to defuse tensions (bbg). Elsewhere, France avoided a downgrade by Moody's and Neoclouds are weaker pre-mkt (down -3-4%) after negative commentary from Musk on X over the weekend. Macro note from team: Link.

In consumer world, it's also a heavy week of earnings starting tomorrow morning with **RCL, KO, HLT** set to report first. There's not much new out over the weekend otherwise outside of some ratings changes away including **TSLA** (+2%), **LKQ** (+2%)**, ROST** (+4%) upgrades and a **FND** (-3%) downgrade. **DG** (+1%) was also added to the JPMorgan analyst focus list.

Though consumer was heavy on Friday, both discretionary and staples groups remain **outperformers on the month** with the staples move a bit more extended as investors have been seeking higher quality / more defensive stocks of late, especially as concerns begin to build in other pockets of the market including AI and credit. On the month, our **cyclicals/defensive pair** (GSPUCYDE) is now -6% with staples back to outperforming the market YTD. Our prime team noted staples were amongst the most bought sectors on the week (Link). It's not just about rotation though as Scott has also pointed out that consumer **spending has improved** in many end-markets since our GS Retail conference in 1H of September; Numerous companies have talked to acceleration throughout 3Q and into 4Q including **TSCO** this past week and also **PG** where organic trends accelerated 400 bps Q/Q (link). The desk thinks we will see another stronger EPS week ahead with seasonality also positive given November is the best month of the year for the consumer groups.



In research here at GS, Lizzie lowers **FUN** PT to $6 and keeps neutral rating; Foot traffic data points to 4Q attendance down 16% y/y, with 4Q adj. EBITDA now 20% below consensus and balance sheet risk building (Link). Stephen keeps buy rating on **HAS** with a $126 PT after a CEO meeting (Link). Kate sees **BBWI** still under pressure ahead of 3Q as management does not expect a return to growth this year, with app downloads and monthly active users trending down y/y (Link). Kate and Mark share IR/management takeaways across **BBY, BBWI, TSCO** and **WMT;** The note also covers retail pricing trends and an **ULTA** channel check (Link). Lastly, Mark discusses results in **autos** and industrial tech last week highlighting key themes and takeaways (Link).

Pre-Market - Movers and Most Active

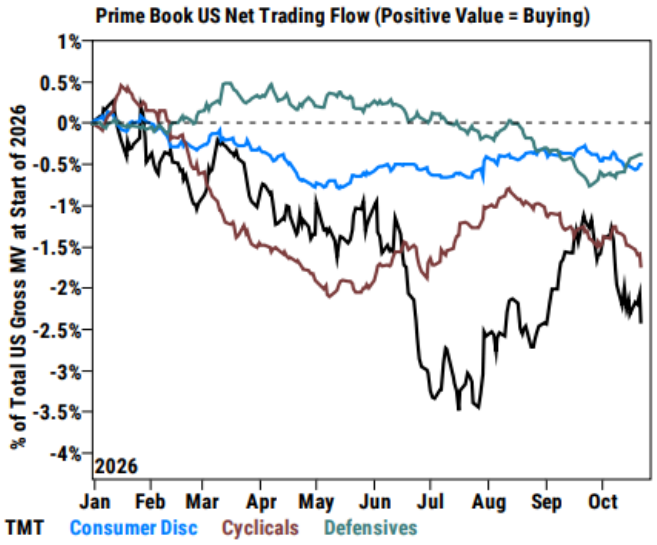
UPSIDE			DOWNSIDE			MOST ACTIVE		
TICKER	CHANGE	VOLUME	TICKER	CHANGE	VOLUME	TICKER	CHANGE	VOLUME
ROST	3.59%	4,986	FND	-3.09%	1,917	TSLA	1.82%	631,762
MGM	2.10%	22,107	AAP	-2.60%	7,726	NKE	0.91%	175,763
HTZ	1.96%	89,899	BRBR	-2.42%	33	AAL	0.41%	121,755
TSLA	1.82%	631,762	VIK	-1.43%	1,204	HTZ	1.96%	89,899
JMKE	1.43%	38,728	CWH	-1.43%	19	COTY	-0.96%	67,121
DG	1.22%	4,569	AZO	-1.21%	327	LKQ	1.03%	65,182
FUN	1.18%	1,201	BLDR	-1.04%	1,266	CMG	0.58%	63,770
MLCO	1.07%	1	BIRK	-0.98%	1,564	LCID	-0.8	

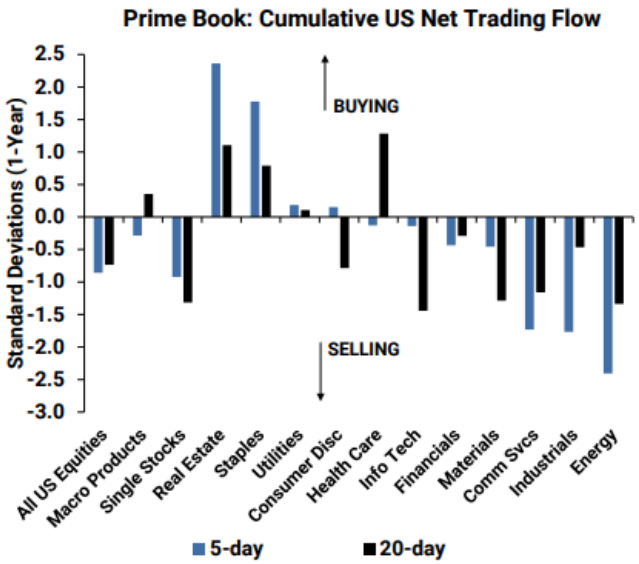
Positioning

Prime: US equities were net sold for a 3rd straight week (4 of last 5), driven ma
and-short sales in Single Stocks which collectively saw the largest de-grossing act

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July. Industrials was among the most net sold sectors, with HFs selling the group at the fastest pace in 6+ months. In contrast, Staples and Real Estate were by far the most net bought sectors this week, which continues to point to a defensive posture. Link





Street Actions

Upgrades: Barclays upgrades **TSLA,** Barclays upgrades **LKQ.** UBS upgrades **ROST.**
Downgrades: Stifel downgrades **FND.** Loop downgrades **BLDR, BCC.** Rothschild downgrades **AAP.**
Initiations: Barclays initiates **LTH** at Overweight. Baml reinstates **AAP** at underperform.
Other: JPMorgan adds **DG** to analyst focus list.

GS Research

Autos & Industrial Tech: 5 days in 5 minutes (Mark Delaney): Mark says the week marked the start of earnings season for his coverage, with results from TSLA, GM, QS, VC and GNTX. Common early themes were rising input costs pressuring profits for many auto OEMs and suppliers, mixed global auto production and demand by OEM and region, and a Tesla vehicle backlog at a four-year high, with Tesla also posting a stronger 3Q auto gross margin that it attributed to regional mix. Key investor questions were GM's profit drivers, the improved pace of TSLA robotaxi deployments, and the pull-back in AI infrastructure-exposed stocks including VRT and FLEX. News items included Lear's CFO succession plan, GM's updated digital and EV architecture, Rivian's acquisition of Third Dimension AI, and robotaxi updates from Waymo, Uber, Stellantis, Bolt and Pony AI. Link

HAS: Key Takes from management meeting (Stephen Laszczyk): Stephen hosted a group investor meeting on October 22 with Hasbro CEO Chris Cocks. The discussion focused on the drivers of long-term growth for the Magic: The Gathering franchise, the company's strategic approach to video game development through the end of the decade, the ability for Consumer

Products to achieve a double-digit operating profit margin, opportunities to grow licensing revenue, and management's approach to capital allocation. He maintains his buy rating and 12-month price target of $126. Link

FUN: Assessing the recent fundamentals and balance sheet implications; PT down to $6 (Lizzie Dove): Lizzie sees mounting risks to the investment case as deteriorating attendance trends, operational uncertainty and an increasingly constrained balance sheet create a challenging backdrop into 2027. Foot traffic data suggests 4Q attendance is tracking down 16% y/y, with weakness predating the October 12 incident at Six Flags Over Georgia and extending beyond parks hit by subsequent ride closures. Because October historically accounts for 60% of 4Q attendance and essentially all quarterly EBITDA, she sees limited opportunity to recover the shortfall. She lowers 3Q/4Q adjusted EBITDA estimates to $473mn/$138mn, with 4Q now 20% below consensus. On the balance sheet, negative FCF, seasonal revolver needs and the upcoming ~$370mn Georgia partnership payment in 1Q27 pressure liquidity, and higher secondary-market debt yields suggest refinancing could be restrictive and expensive, though she does not anticipate an imminent liquidity shortfall. She lowers her price target to $6 and maintains her neutral rating. Link

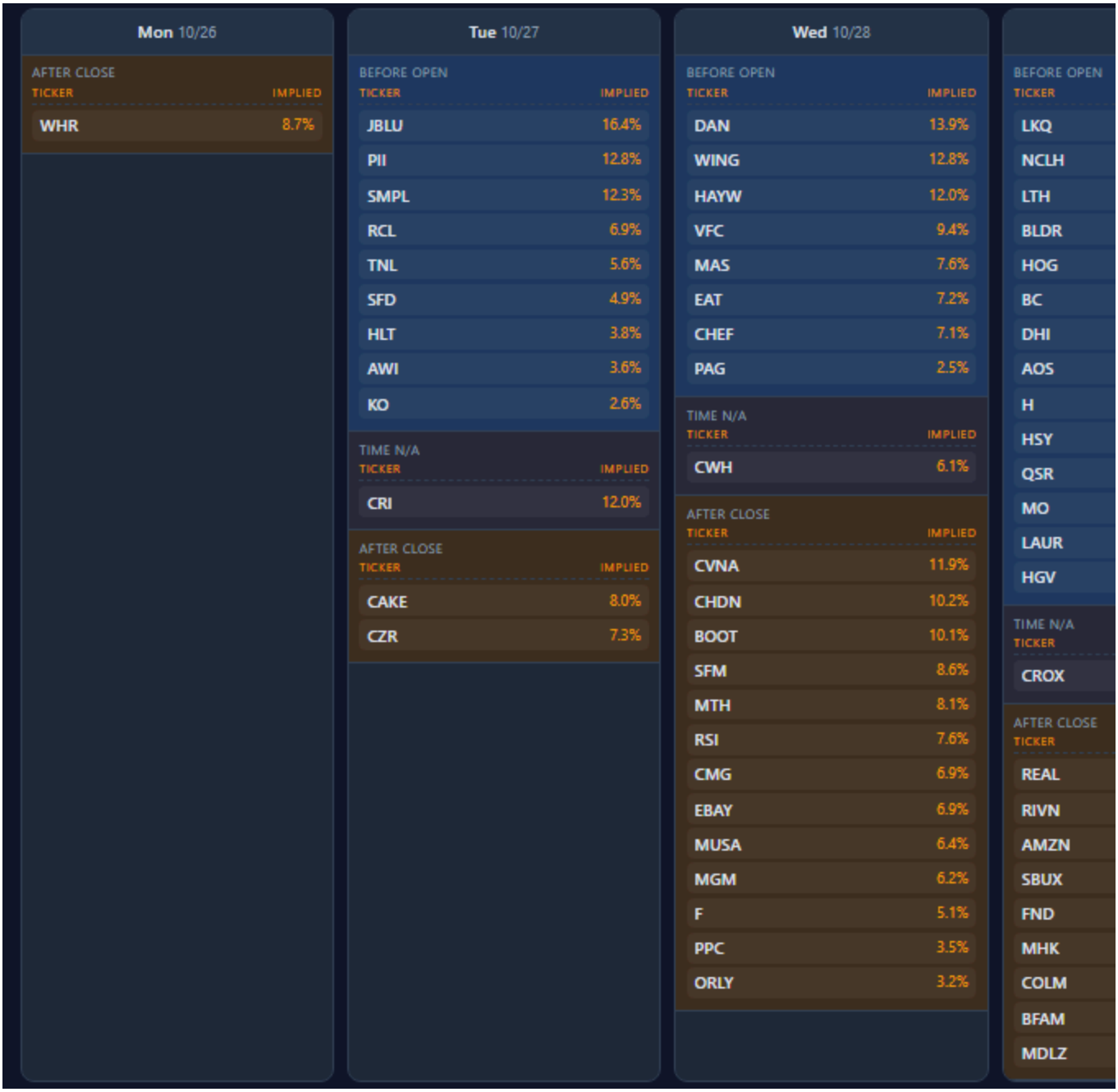
BBWI: 3Q earnings preview; Takeaways from IR call, channel check, QTD trends (Kate McShane): Ahead of 3Q earnings, Kate details takeaways from a recent IR call and channel checks along with QTD trends. She says Bath & Body Works is in the midst of an investment year and the underlying business remains under pressure, with ongoing negative trends in body care and home fragrance as of 2Q and pressured in-store traffic. Management has indicated it is too early to signal an inflection and does not expect a return to growth this year, and Kate believes it will take time to improve brand sentiment, especially among younger consumers. 3Q-to-date trends appear mixed, with recent improvement in Bloomberg adjusted observed sales data and NPS/NPI metrics, but app downloads and monthly active users are trending down y/y and NPS/NPI remain below historical levels. Link

TGT: Consumer perception remains below historical levels, with social media sentiment skewing negative (Kate McShane): Kate updates her Target sentiment analysis, looking at social media sentiment and HundredX data over time following the boycott early last year. Outsized negative social media sentiment continues to weigh on Target. The company's NPI and NPS have improved from YTD lows in the spring, but both metrics moderated recently and continue to track below historical trends. Given the change and investment Target spoke to at its March Investor Day, she also continues to monitor the store for changes to the floor, brands and merchandising. Link

Retail: Takeaways from IR/management; Pricing analysis; ULTA channel check (Kate McShane, Mark Jordan): Kate and Mark discuss key takeaways from meetings with the

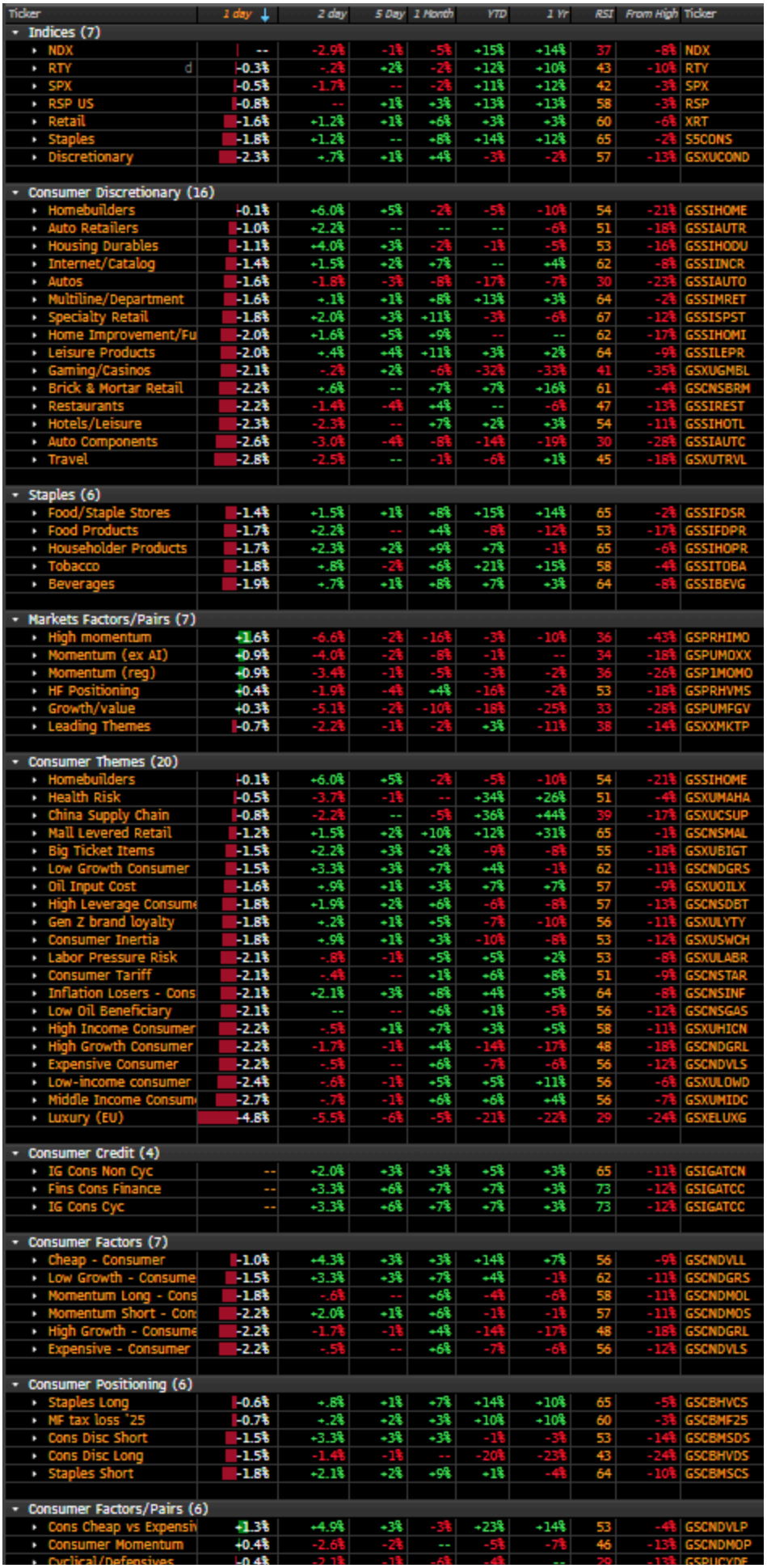
IR/management teams of Best Buy (BBY), Bath & Body Works (BBWI), Tractor Supply Co. (TSCO) and Walmart (WMT). They also analyze how pricing has evolved over the last several months across select auto parts, home furnishings and broadlines retailers, discuss Target's new holiday offerings, and provide commentary on Academy's Texas market ahead of the US midterm election. The note also shares takeaways from their ULTA channel check on 10/21/26. Link

Earnings

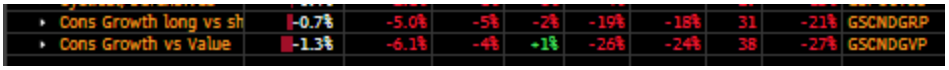


Ticker	Report Date	Implied Move	YTD	Positioning Score
HLT	10/27/2026	3.8%	25%	10
KO	10/27/2026	2.6%	36%	8
RCL	10/27/2026	6.9%	3%	7
SFD	10/27/2026	4.9%	-16%	5
CAKE	10/27/2026	8.0%	123%	7
EAT	10/28/2026	7.2%	32%	4
MAS	10/28/2026	7.6%	23%	6
VFC	10/28/2026	9.4%	-3%	7
WING	10/28/2026	12.8%	-49%	3
BOOT	10/28/2026	10.1%	-32%	5
CMG	10/28/2026	6.9%	-24%	4
CVNA	10/28/2026	11.9%	-30%	6
F	10/28/2026	5.1%	-9%	3
MGM	10/28/2026	6.2%	-19%	3
MTH	10/28/2026	8.1%	-3%	5
ORLY	10/28/2026	3.2%	1%	6
SFM	10/28/2026	8.6%	-14%	4
CROX	10/29/2026	10.5%	41%	2
H	10/29/2026	4.3%	10%	4
HGV	10/29/2026	0.0%	-17%	6
HOG	10/29/2026	6.5%	42%	5
HSY	10/29/2026	4.0%	-3%	3
LTH	10/29/2026	6.6%	58%	10
MO	10/29/2026	3.4%	32%	7
NCLH	10/29/2026	7.0%	-30%	4
QSR	10/29/2026	3.9%	12%	8
FND	10/29/2026	4.9%	-21%	4
MDLZ	10/29/2026	0.0%	21%	7
MHK	10/29/2026	3.7%	18%	3
RIVN	10/29/2026	8.2%	-39%	4
SBUX	10/29/2026	5.4%	21%	6
CL	10/30/2026	2.9%	23%	6
CHD	10/30/2026	3.7%	30%	7
CPRI	10/30/2026	1.9%	-33%	5

Performance



Ticker	1 day	2 day	5 Day	1 Month	YTD	1 Yr	RSI	From High	Ticker
Indices (7)									
NDX	--	-2.9%	-1%	-5%	+15%	+14%	37	-8%	NDX
RTY d	-0.3%	-.2%	+2%	-2%	+12%	+10%	43	-10%	RTY
SPX	-0.5%	-1.7%	--	-2%	+11%	+12%	42	-3%	SPX
RSP US	-0.8%	--	+1%	+3%	+13%	+13%	58	-3%	RSP
Retail	-1.6%	+1.2%	+1%	+6%	+3%	+3%	60	-6%	XRT
Staples	-1.8%	+1.2%	--	+8%	+14%	+12%	65	-2%	S5CONS
Discretionary	-2.3%	+.7%	+1%	+4%	-3%	-2%	57	-13%	GSXUCOND
Consumer Discretionary (16)									
Homebuilders	-0.1%	+6.0%	+5%	-2%	-5%	-10%	54	-21%	GSSIHOME
Auto Retailers	-1.0%	+2.2%	--	--	--	-6%	51	-18%	GSSIAUTR
Housing Durables	-1.1%	+4.0%	+3%	-2%	-1%	-5%	53	-16%	GSSIHODU
Internet/Catalog	-1.4%	+1.5%	+2%	+7%	--	+4%	62	-8%	GSSIINCR
Autos	-1.6%	-1.8%	-3%	-8%	-17%	-7%	30	-23%	GSSIAUTO
Multiline/Department	-1.6%	+.1%	+1%	+8%	+13%	+3%	64	-2%	GSSIMRET
Specialty Retail	-1.8%	+2.0%	+3%	+11%	-3%	-6%	67	-12%	GSSISPST
Home Improvement/Fu	-2.0%	+1.6%	+5%	+9%	--	--	62	-17%	GSSIHOMI
Leisure Products	-2.0%	+.4%	+4%	+11%	+3%	+2%	64	-9%	GSSILEPR
Gaming/Casinos	-2.1%	-.2%	+2%	-6%	-32%	-33%	41	-35%	GSXUGMBL
Brick & Mortar Retail	-2.2%	+.6%	--	+7%	+7%	+16%	61	-4%	GSCNSBRM
Restaurants	-2.2%	-1.4%	-4%	+4%	--	-6%	47	-13%	GSSIREST
Hotels/Leisure	-2.3%	-2.3%	--	+7%	+2%	+3%	54	-11%	GSSIHOTL
Auto Components	-2.6%	-3.0%	-4%	-8%	-14%	-19%	30	-28%	GSSIAUTC
Travel	-2.8%	-2.5%	--	-1%	-6%	+1%	45	-18%	GSXUTRVL
Staples (6)									
Food/Staple Stores	-1.4%	+1.5%	+1%	+8%	+15%	+14%	65	-2%	GSSIFDSR
Food Products	-1.7%	+2.2%	--	+4%	-8%	-12%	53	-17%	GSSIFDPR
Householder Products	-1.7%	+2.3%	+2%	+9%	+7%	-1%	65	-6%	GSSIHOPR
Tobacco	-1.8%	+.8%	-2%	+6%	+21%	+15%	58	-4%	GSSITOBA
Beverages	-1.9%	+.7%	+1%	+8%	+7%	+3%	64	-8%	GSSIBEVG
Markets Factors/Pairs (7)									
High momentum	+1.6%	-6.6%	-2%	-16%	-3%	-10%	36	-43%	GSPRHIMO
Momentum (ex AI)	+0.9%	-4.0%	-2%	-8%	-1%	--	34	-18%	GSPUMOXX
Momentum (reg)	+0.9%	-3.4%	-1%	-5%	-3%	-2%	36	-26%	GSP1MOMO
HF Positioning	+0.4%	-1.9%	-4%	+4%	-16%	-2%	53	-18%	GSPRHVMS
Growth/value	+0.3%	-5.1%	-2%	-10%	-18%	-25%	33	-28%	GSPUMFGV
Leading Themes	-0.7%	-2.2%	-1%	-2%	+3%	-11%	38	-14%	GSXXMKTP
Consumer Themes (20)									
Homebuilders	-0.1%	+6.0%	+5%	-2%	-5%	-10%	54	-21%	GSSIHOME
Health Risk	-0.5%	-3.7%	-1%	--	+34%	+26%	51	-4%	GSXUMAHA
China Supply Chain	-0.8%	-2.2%	--	-5%	+36%	+44%	39	-17%	GSXUCSUP
Mail Levered Retail	-1.2%	+1.5%	+2%	+10%	+12%	+31%	65	-1%	GSCNSMAL
Big Ticket Items	-1.5%	+2.2%	+3%	+2%	-9%	-8%	55	-18%	GSXUBIGT
Low Growth Consumer	-1.5%	+3.3%	+3%	+7%	+4%	-1%	62	-11%	GSCNDGRS
Oil Input Cost	-1.6%	+.9%	+1%	+3%	+7%	+7%	57	-9%	GSXUOILX
High Leverage Consume	-1.8%	+1.9%	+2%	+6%	-6%	-8%	57	-13%	GSCNSDBT
Gen Z brand loyalty	-1.8%	+.2%	+1%	+5%	-7%	-10%	56	-11%	GSXULYTY
Consumer Inertia	-1.8%	+.9%	+1%	+3%	-10%	-8%	53	-12%	GSXUSWCH
Labor Pressure Risk	-2.1%	-.8%	-1%	+5%	+5%	+2%	53	-8%	GSXULABR
Consumer Tariff	-2.1%	-.4%	--	+1%	+6%	+8%	51	-9%	GSCNSTAR
Inflation Losers - Cons	-2.1%	+2.1%	+3%	+8%	+4%	+5%	64	-8%	GSCNSINF
Low Oil Beneficiary	-2.1%	--	--	+6%	+1%	-5%	56	-12%	GSCNSGAS
High Income Consumer	-2.2%	-.5%	+1%	+7%	+3%	+5%	58	-11%	GSXUHICN
High Growth Consumer	-2.2%	-1.7%	-1%	+4%	-14%	-17%	48	-18%	GSCNDGRL
Expensive Consumer	-2.2%	-.5%	--	+6%	-7%	-6%	56	-12%	GSCNDVLS
Low-income consumer	-2.4%	-.6%	-1%	+5%	+5%	+11%	56	-6%	GSXULOWD
Middle Income Consum	-2.7%	-.7%	-1%	+6%	+6%	+4%	56	-7%	GSXUMIDC
Luxury (EU)	-4.8%	-5.5%	-6%	-5%	-21%	-22%	29	-24%	GSXELUXG
Consumer Credit (4)									
IG Cons Non Cyc	--	+2.0%	+3%	+3%	+5%	+3%	65	-11%	GSIGATCN
Fins Cons Finance	--	+3.3%	+6%	+7%	+7%	+3%	73	-12%	GSIGATCC
IG Cons Cyc	--	+3.3%	+6%	+7%	+7%	+3%	73	-12%	GSIGATCC
Consumer Factors (7)									
Cheap - Consumer	-1.0%	+4.3%	+3%	+3%	+14%	+7%	56	-9%	GSCNDVLL
Low Growth - Consume	-1.5%	+3.3%	+3%	+7%	+4%	-1%	62	-11%	GSCNDGRS
Momentum Long - Cons	-1.8%	-.6%	--	+6%	-4%	-6%	58	-11%	GSCNDMOL
Momentum Short - Con	-2.2%	+2.0%	+1%	+6%	-1%	-1%	57	-11%	GSCNDMOS
High Growth - Consume	-2.2%	-1.7%	-1%	+4%	-14%	-17%	48	-18%	GSCNDGRL
Expensive - Consumer	-2.2%	-.5%	--	+6%	-7%	-6%	56	-12%	GSCNDVLS
Consumer Positioning (6)									
Staples Long	-0.6%	+.8%	+1%	+7%	+14%	+10%	65	-5%	GSCBHVCS
MF tax loss '25	-0.7%	+.2%	+2%	+3%	+10%	+10%	60	-3%	GSCBMF25
Cons Disc Short	-1.5%	+3.3%	+3%	+3%	-1%	-3%	53	-14%	GSCBMSDS
Cons Disc Long	-1.5%	-1.4%	-1%	--	-20%	-23%	43	-24%	GSCBHVDS
Staples Short	-1.8%	+2.1%	+2%	+9%	+1%	-4%	64	-10%	GSCBMSCS
Consumer Factors/Pairs (6)									
Cons Cheap vs Expensi	+1.3%	+4.9%	+3%	-3%	+23%	+14%	53	-4%	GSCNDVLP
Consumer Momentum	+0.4%	-2.6%	-2%	--	-5%	-7%	46	-13%	GSCNDMOP
Cyclical/Defensives	-0.4%	-2.1%	-1%	-6%	-4%	--	29	-13%	GSPUCYDF



Cons Growth long vs sh	-0.7%	-5.0%	-5%	-2%	-19%	-18%	31	-21%	GSCNDGRP
Cons Growth vs Value	-1.3%	-6.1%	-4%	+1%	-26%	-24%	38	-27%	GSCNDGVP

Sources for all: GS GMD, Bloomberg, Street Account, WSJ, GS Research