

HEDGEYE TV

MONDAYS | 11:00AM ET



THE

RETAIL

SHOW

HOSTED BY BRIAN MCGOUGH



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Hedgeye Retail Position Monitor – Best Idea List

HEDGEYE RETAIL POSITION MONITOR									
BEST IDEAS - LONG			TREND	TAIL	BEST IDEAS - SHORT			TREND	TAIL
Best Idea Longs		Mkt. Cap (\$MM)			Best Idea Shorts		Mkt. Cap (\$MM)		
RH	RH Inc	\$4,418	✓	✓	HELE	Helen Of Troy Limited	\$2,437	x	x
AMZN	Amazon.com	\$1,432,293	✓	✓	LOW	Lowe's	\$112,503	x	-
FL	Foot Locker	\$2,156	x	✓	JWN	Nordstrom	\$2,393	x	x
NKE	Nike, Inc	\$162,946	✓	✓	GOOS	Canada Goose	\$1,070	x	x
CPRI	Capri Holdings	\$5,929	✓	✓	HD	Home Depot	\$295,631	x	-
REAL	RealReal	\$154	✓	✓	ULTA	Ulta Beauty	\$18,996	x	x
GIL	Gildan	\$5,925	✓	✓	TPR	Tapestry	\$6,402	x	✓
DRVN	Driven Brands	\$1,975	-	✓	PANDY	Pandora	\$9,697	x	x
VVV	Valvoline	\$4,289	-	✓	RVLV	Revolve	\$981	x	x
TCS	The Container Store	\$99	-	✓	BBY	Best Buy	\$14,623	x	x
DXLG	Destination XL Group	\$273	✓	-	W	Wayfair	\$5,754	x	x
TJX	TJX, Inc	\$104,111	✓	✓	HNNMY	H&M Hennes & Mauritz	\$21,070	x	x
WWW	Wolverine Worldwide	\$672	-	✓	RL	Ralph Lauren	\$7,519	x	x
MELI	MercadoLibre	\$70,166	✓	✓	CROX	Crocs	\$5,083	x	x
SKX	Sketchers	\$7,385	✓	✓	ONON	On Holding	\$8,922	-	x
					GOLF	Acushnet Holdings	\$3,609	x	-
					FIGS	FIGS, inc.	\$1,149	x	x
					ONEW	OneWater Marine	\$359	x	x
					FND	Floor & Décor	\$8,606	x	✓
					HZO	MarineMax	\$661	x	x
					CTC.A-CA	Canadian Tire	\$5,891	x	x
					MNRO	Monro, Inc.	\$844	x	x
					LOVE	The Lovesac Company	\$267	x	x
					POOL	Pool Corporation	\$13,022	x	x
					BGFV	Big 5 Sporting Goods	\$127	x	x
					GME	GameStop	\$4,234	x	x
					IPAR	Inter Parfums	\$4,154	-	x
					FRCOY	Fast Retailing	\$70,181	x	x
					SBH	Sally Beauty Holdings	\$999	x	x
					ADS-DE	Adidas	\$32,672	x	x

Hedgeye's "Bias" lists represent Hedgeye's outlook on companies currently under Hedgeye's review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on this list and representation of a company on the bench does not forecast whether Hedgeye will or will not issue any additional material on that company

Hedgeye Retail Position Monitor – Long/Short Bias List

LONG BIAS			SHORT BIAS		
BBWI	Bath & Body Works	\$7,410	WSM	Williams-Sonoma	\$9,898
RMS-PAR	Hermes	\$203,610	UAA	Under Armour	\$3,233
PRPL	Purple Innovation	\$96	ARHS	Arhaus	\$1,204
MCW	Mister Car Wash	\$1,963	SFIX	Stitch Fix	\$426
CHWY	Chewy	\$9,093	BURL	Burlington Stores	\$8,590
DECK	Deckers Outdoors Corp	\$15,364	OXM	Oxford Industries	\$1,384
TDUP	ThredUp	\$390	UPBD	Upbound	\$1,551
CWH	Camping World Hldgs	\$852	URBN	Urban Outfitters	\$3,322
1913-HKG	Prada	\$15,175	VSTO	Vista Outdoor	\$1,555
WRBY	Warby Parker	\$1,592	MODG	TopGolf Callaway Brands	\$2,415
DBI	Designer Brands	\$631	BOOT	Boot Barn	\$2,279
RENT	Rent the Runway	\$34	M	Macy's	\$3,544
PLBY	PLBY Group	\$50	HIBB	Hibbett Sports	\$624
			PUM-DE	Puma	\$8,954
			GPS	Gap, Inc	\$5,193
			BOSS-DE	Hugo Boss	\$4,391
			SIG	Signet	\$3,403
			BRBY-LON	Burberry	\$7,637
			MOV	Movado	\$648
			FIVE	Five Below	\$9,874
			COLM	Columbia Sportswear	\$4,695
			DKS	Dick's Sporting Goods	\$9,801
			KER-PAR	Kering	\$53,174
			CVNA	Carvana	\$3,439
			SVV	Savers Value Village	\$2,400
			BIRK	Birkenstock	\$7,731
			TSCO	Tractor Supply	\$21,683
			EW CZ	European Wax Center	\$800

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TOP 3 - RETAIL

1

Weak Traffic Exit
Rate



2

FND Demand
Warning



3

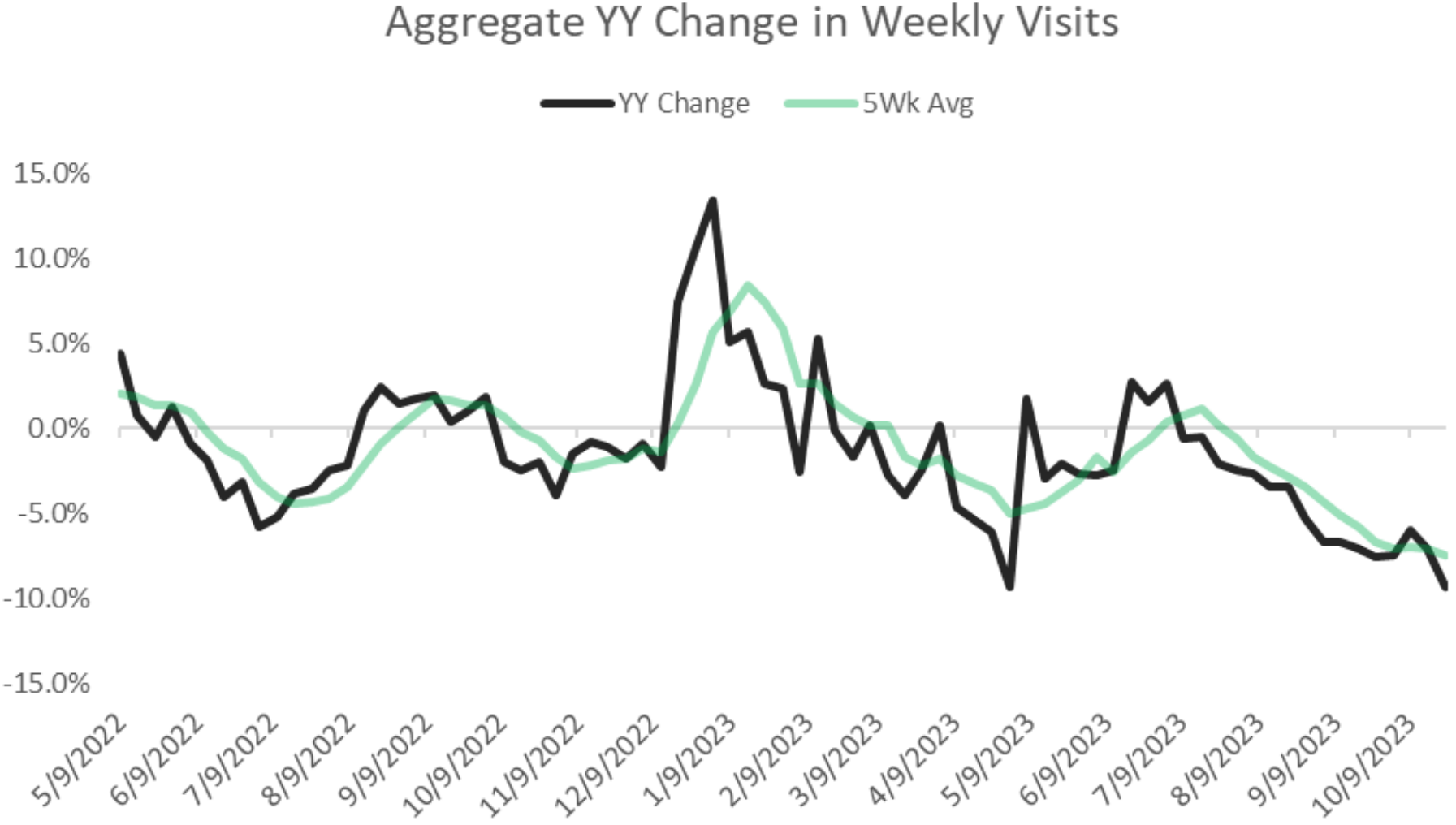
Earnings
Previews



1 Weak Traffic Exit Rates

Traffic data continues to decelerate YY, now down 9.4% last week from down 7% two weeks ago. As retailer management teams look to guide 4Q in the upcoming earnings season the exit rate of sales trends will likely play an important role. We saw this at FND...

Aggregate Visits Down



2 FND Home Turnover Demand Warning

Last week FND flagged the risks around demand resulting from the reduced home turnover environment and pressures on discretionary spending, cutting sales and earnings expectations for this year while warning about the likelihood of negative comp sales in 2024 and cutting its store target alongside. Keep in mind what higher rates does to affordability on home improvement/furnishings purchases for the new home owners with monthly payments massively higher than prior years. We think the demand elements here present a risk for LOW, HD, and TSCO as well, with lower levels of total demand risk given business mix.

“**30-year mortgage interest rates continue to rise** and are touching 8% up from the prior peak of 7.34% in July. At the same time, the July Federal Reserve Senior Loan Officer Survey reported that lending standards across all categories of residential real estate tightened, and we expect further tightening of loan standards in the second half of 2023.”...

“**existing home sales reached a near record low of 3.96 million annualized in September**, which was below our expectations of 4.1 million to 4.3 million annualized units that supported our prior outlook for the second half of 2023. We are prudently expecting these trends to continue to create headwinds for our sales in the short term.”...

“We have experienced an **unexpected accelerated decline in comparable store sales from the lagged effect of these policies** in the early part of the fourth quarter of 2023 and have begun to tighten expenses further in November to align with the recent accelerated decline. We believe the **ongoing impact of these monetary policies will continue to suppress home remodeling into fiscal 2024, which could lead to a decline in our comparable store sales for the year**. Therefore, we believe it is prudent to approach fiscal 2024 with more rigor in our expense management and added discipline in our growth investments and capital spending.”

Comments In The Key Conclusions Of Our Home Improvement Black Book On October 20th

“Existing home sales are in a depression, 30-year mortgage rates are now at **generational (23 yr) highs**, active listings are at **cycle lows**, and nobody seems to be crossing their fingers expecting a ‘pivot’ like the common narrative was back in fall of 2022. Pro backlogs from the home boom of the first 2 years of the pandemic have just about been worked through, meaning **big comp risk as comps track closer to end demand** while also lapping that backlog reduction of the last 12 months.”

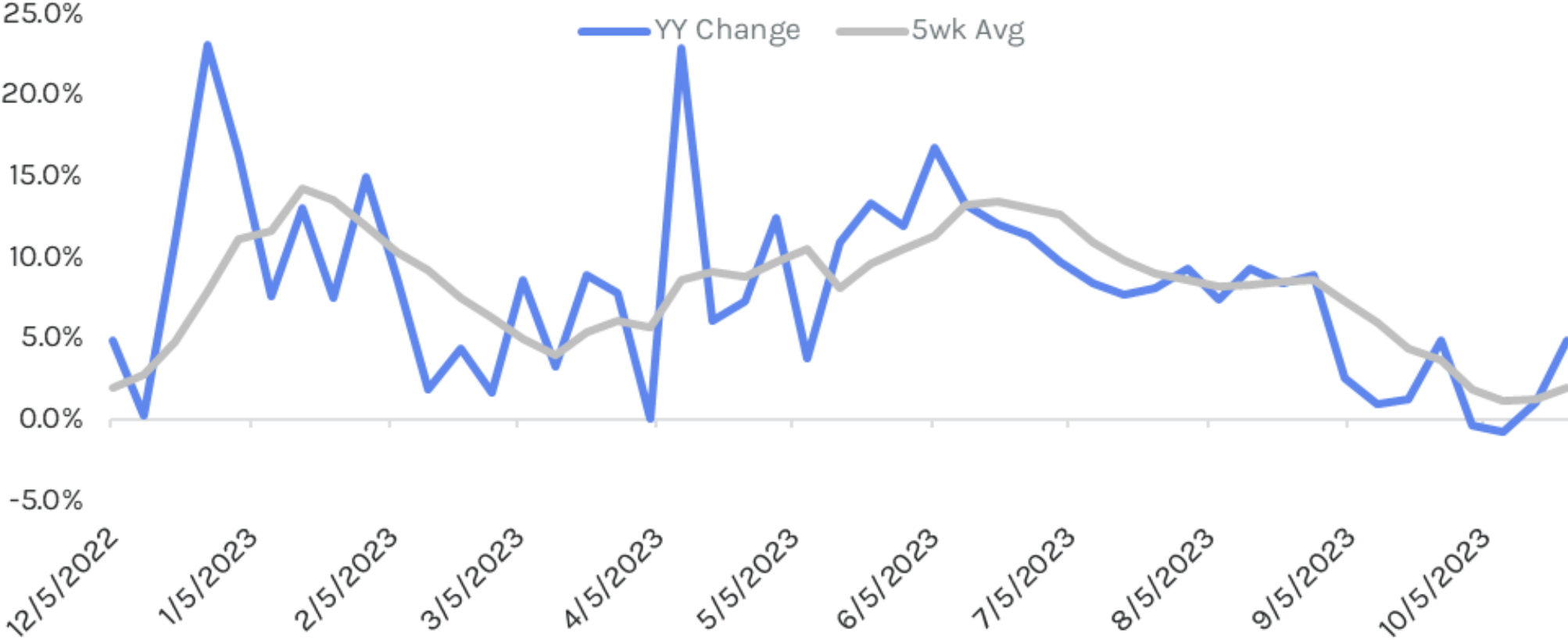
“**Comp guides have fallen materially since the start of the year, yet we think it is far from enough, and the Street’s rapid inflection back to growth in early 2024 is too bullish.** The market sentiment seems to be that since management didn’t have to guide down on 2Q, we’ve seen the end of the guide downs, we think there are several more to come. **We’re short LOW, HD, FND, and TSCO** in that order today”

3 Earnings Previews

Big earnings week this week VVV, REAL, CTC.TO, IPAR, EWCZ, WRBY, RL, UAA, MODG, TPR, CPRI, PLBY, PRPL, and WWW all reporting that are on our Position Monitor. Plenty more in retail land reporting this week in addition to those.

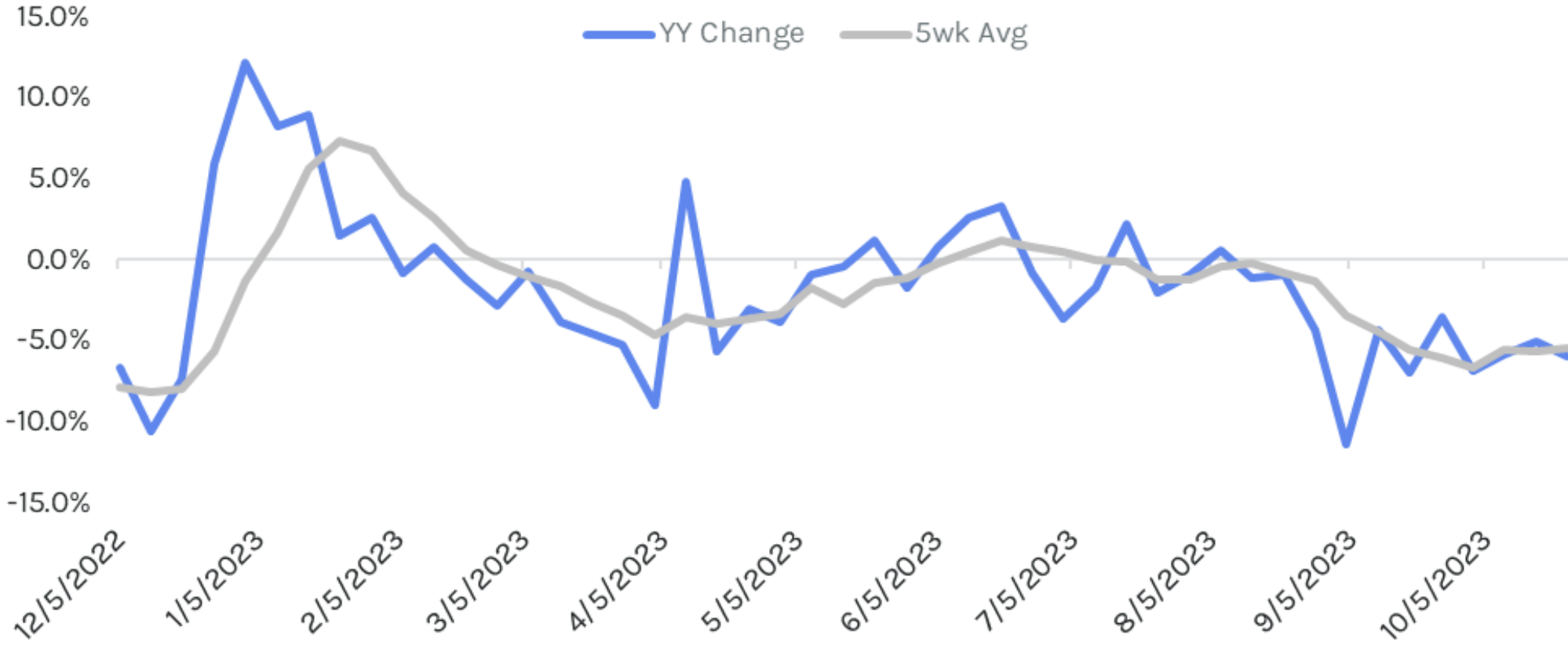
VVV Up Slightly Recently, But Slowing The Last Few Months

Valvoline Instant Oil Change Store Visits

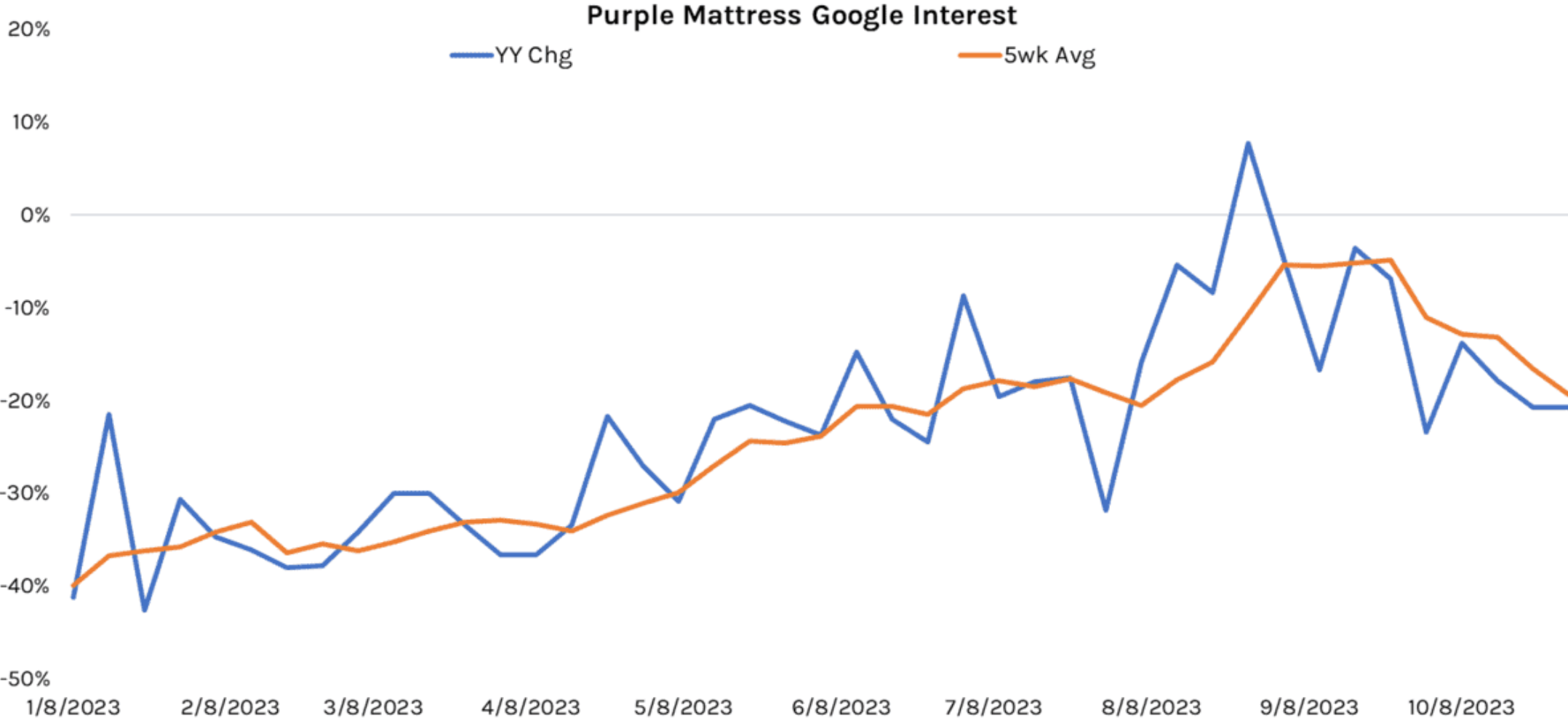


Mattress Firm Visits Slowing

Mattress Firm Store Visits



PRPL Online Interest Slowing



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