

Broadlines, Hardlines & Food Retailers

Card data (thru 1/31): WMT, TGT, COST, BJ, HD, LOW, FND, BBY, DKS, KR, DG, DLTR

Industry Overview

Observed sales accelerating for Food Retailers

Bloomberg Second Measure credit and debit card data showed continued accelerating growth in observed sales in January since October for Food Retailers. Observed sales trends remained weak across our Hardlines coverage and mixed amongst Broadlines. We look at sales trends for the trailing 4-weeks, F4Q (ending 1/27), and the month of Jan.

WMT sales accelerate, TGT sales remain depressed

Walmart (WMT) observed sales accelerated sequentially in Jan. to +4.0% vs. +3.6% in Dec & +3.5% in Nov. F4Q observed sales track +4.2% vs. +3.7% observed in F3Q. Target (TGT) observed sales decelerated sequentially in January to -8.5% vs. -8.0% in December and -10.8% in November. While sales remain depressed overall (F4Q observed sales tracked -9.0% vs. -8.5% observed in F3Q), we believe TGT's lean inventory positioning and other cost recovery opportunities should support continued Gross Margin upside.

Warehouse clubs: COST sales accelerate, BJ sales decel.

Costco (COST) observed sales accelerated sequentially to +6.9% in January vs. +5.8% in Dec. & +2.5% in Nov. COST recently reported January sales which highlighted continued strength in traffic when adjusting for the timing of New Year's Day (see [COST January sales](#) report). F2Q (ending in Feb.) observed sales were up +4.7%, above +3.5% observed in F1Q. BJ observed sales declined -6.1% in January vs. -2.6% in Dec & +0.1% in Nov. Excluding fuel & membership sales, observed sales were down -4.4% in Jan. vs. -1.6% in December. F4Q observed sales are tracking down -2.5%, below +4.0% observed in F3Q.

Dollar Stores: DG sales accel. above F3Q observed levels

Dollar General (DG) observed sales sequentially improved in Jan. to +8.9% (vs. +7.7% in December & +7.3% in November). F4Q observed sales track up +6.8%, above +4.8% observed in F3Q. We believe non-consumables clearance activity and improving in-stock levels may be supporting DG traffic & sales levels. Dollar Tree (DLTR) observed sales moderate to +5.7% in Jan. vs. +7.8% in Dec. as a deceleration at the Dollar Tree banner (DT) was partially offset by a recovery at Family Dollar (FDO) with observed sales +3.5% in Jan. vs. -8.1% in Dec. Total company observed sales have increased +5.7% in F4Q, below +7.7% observed in F3Q.

We provide additional details & data on KR, SFM, GO, HD, LOW, FND, BBY, DKS, ASO, YETI inside the report.

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Broadlines, Hardlines & Food Retailers

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Broadlines Retailers:

WMT = Walmart

TGT = Target

COST = Costco

BJ = BJ's Wholesale

DG = Dollar General

DLTR = Dollar Tree

Hardlines Retailers:

HD = Home Depot

LOW = Lowe's

FND = Floor and Decor

BBY = Best Buy

DKS = Dick's Sporting Goods

ASO = Academy Sports

YETI = Yeti

Food Retailers:

KR = Kroger

GO = Grocery Outlet

SFM = Sprouts Farmers Market

Bloomberg Second Measure Summary

We looked at Bloomberg Second Measure credit and debit card data through 1/31. The data provides aggregated analytics from billions of credit card and debit card purchases from a U.S. consumer panel that includes 20+ million members.

Observed sales summary

Exhibit 1: Bloomberg Second Measure credit & debit card data – Observed sales (y/y% change)

Observed sales improved for the majority of Food Retailers we track

Ticker*	Trailing four weeks y/y	Current QTD (C4Q)	Last Q (C3Q)
WMT	3.6%	4.2%	3.7%
TGT	(8.6%)	(9.0%)	(8.5%)
COST*	3.8%	4.7%	3.5%
BJ	(5.2%)	(2.5%)	4.0%
DG**	8.9%	6.8%	4.8%
DLTR**	3.9%	5.7%	7.7%
DT	4.7%	13.2%	8.7%
FDO	3.1%	(4.7%)	6.5%
HD	(10.9%)	(6.4%)	(6.7%)
LOW	(9.4%)	(6.9%)	(8.0%)
FND	(28.2%)	(11.9%)	(14.4%)
BBY	(18.0%)	(14.7%)	(18.8%)
DKS	(6.0%)	(4.9%)	(3.4%)
ASO	(5.6%)	1.2%	(9.3%)
YETI	2.8%	(10.0%)	2.0%
KR	4.1%	3.7%	2.1%
SFM	11.2%	9.7%	6.1%
GO	12.8%	11.6%	18.7%

Source: Bloomberg Financial LP- ALTD <GO> F4Q through 1/27 (does not include 53rd week); Trailing four weeks ending 1/28

Note: Yeti- Online sales only

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Observed transactions summary

Exhibit 2: Bloomberg Second Measure credit & debit card data – Observed transactions (y/y% change)

Observed transactions improved for the majority of retailers we track

Ticker*	Trailing four weeks y/y	Current QTD (C4Q)	Last Q (C3Q)
WMT	3.4%	4.6%	3.5%
TGT	(7.6%)	(6.0%)	(7.0%)
COST	4.7%	7.9%	8.0%
BJ	(5.3%)	(3.4%)	4.3%
DG	7.0%	8.8%	5.6%
DLTR	0.9%	4.4%	6.7%
DT	1.7%	9.7%	8.4%
FDO	(0.4%)	(5.3%)	4.2%
HD	(3.9%)	(2.5%)	(4.7%)
LOW	(7.0%)	(4.7%)	(6.0%)
FND	(9.1%)	(6.2%)	(8.4%)
BBY	(14.3%)	(12.3%)	(11.3%)
DKS	(7.0%)	(6.9%)	(4.3%)
ASO	(4.4%)	0.8%	(8.3%)
KR	3.5%	4.8%	2.8%
SFM	10.9%	9.6%	4.8%
GO	11.8%	14.8%	20.1%

Source: Bloomberg Financial LP- ALTD <GO>; F4Q through 1/27 (does not include 53rd week)

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Average Transaction Value (ATV) summary

Exhibit 3: Bloomberg Second Measure credit & debit card data – Average transaction value (y/y% change)

Average transaction value remains weak for the majority of retailers we track

Ticker*	Trailing four weeks y/y	Current QTD (C4Q)	Last Q (C3Q)
WMT	0.3%	(0.7%)	0.3%
TGT	(1.0%)	(3.2%)	(1.6%)
COST	(0.8%)	(2.6%)	(4.2%)
BJ	0.1%	1.0%	(0.2%)
DG	1.8%	(0.8%)	(0.9%)
DLTR	3.0%	1.2%	0.9%
DT	2.9%	2.5%	0.4%
FDO	3.5%	0.7%	2.2%
HD	(7.4%)	(4.0%)	(2.1%)
LOW	(2.6%)	(0.9%)	(2.1%)
FND	(20.9%)	(6.1%)	(6.6%)
BBY	(4.5%)	(3.3%)	(8.5%)
DKS	0.9%	1.3%	1.0%
ASO	(1.1%)	(0.3%)	(1.1%)
KR	0.6%	(1.3%)	(0.7%)
SFM	0.3%	0.1%	1.3%
GO	0.9%	(2.7%)	(1.1%)

Source: Bloomberg Financial LP- ALTD <GO>; F4Q through 1/27 (does not include 53rd week)

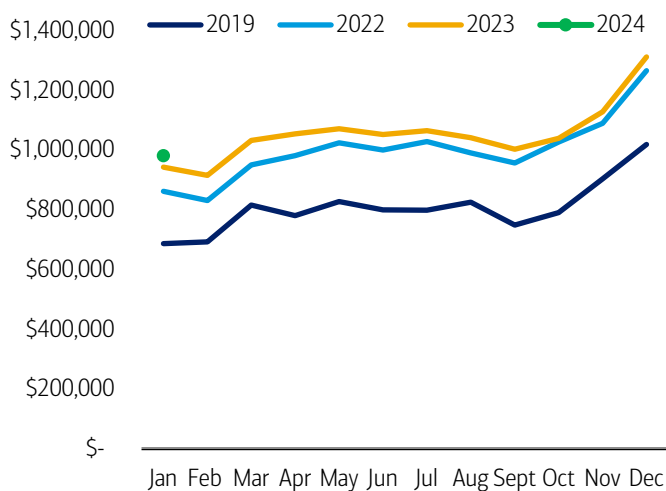
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Broadlines- WMT, TGT, COST, BJ, DG, DLTR

WMT Credit & Debit Card Data

Exhibit 4: WMT observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales outpace last year in January

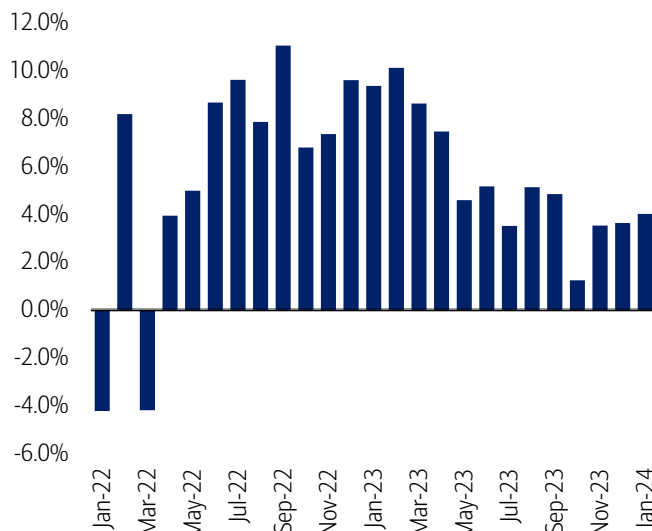


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 5: Y/Y % change in WMT observed sales according to Bloomberg Second Measure credit & debit card data

WMT observed sales were up +4.0% y/y in January vs. +3.6% in December



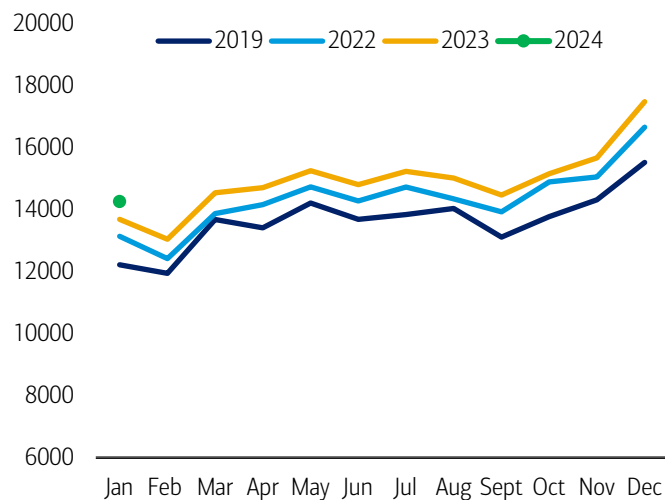
Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 6: WMT observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions remain above historical levels

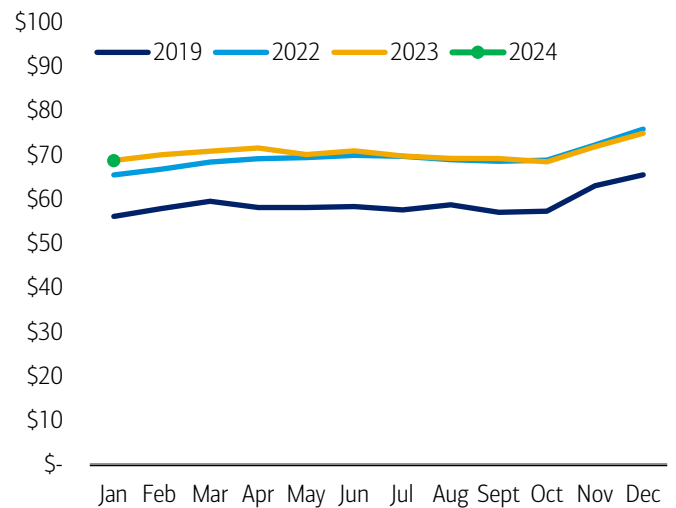


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 7: WMT average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value remains relatively in-line with last year



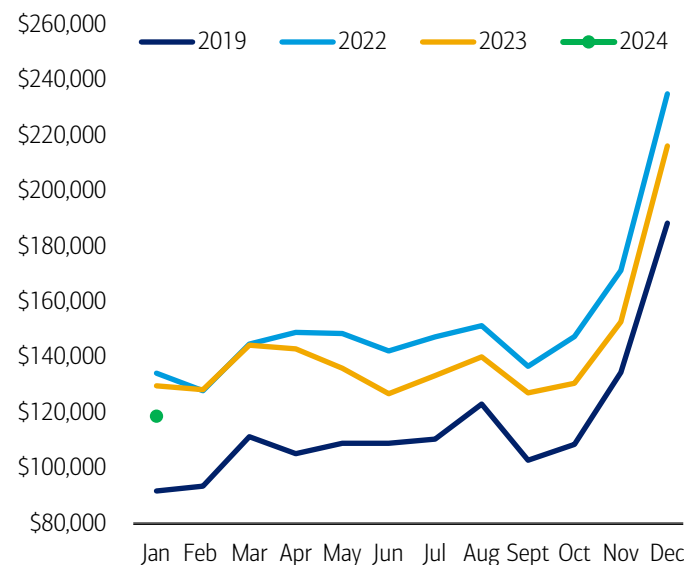
Source: Bloomberg Financial LP- ALTD <GO>

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TGT Credit & Debit Card Data

Exhibit 8: TGT observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales below 2022 and 2023 levels in January

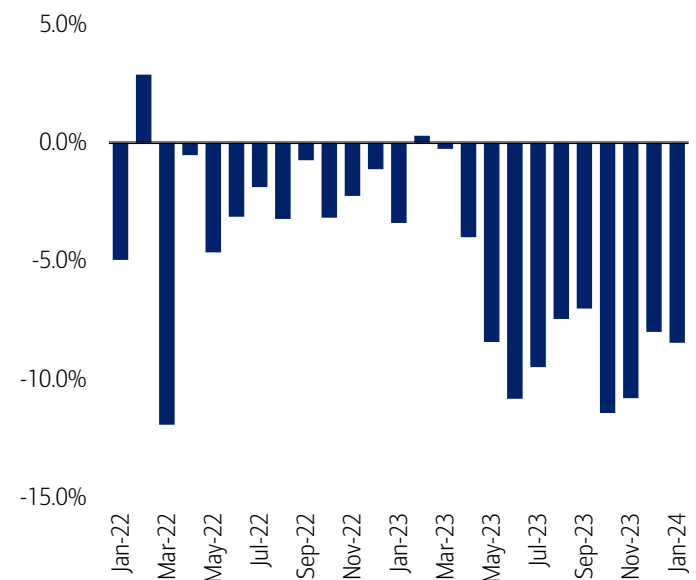


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 9: Y/Y % change in TGT observed sales according to Bloomberg Second Measure credit & debit card data

TGT observed sales were down -8.5% y/y in January vs. -8.0% in December

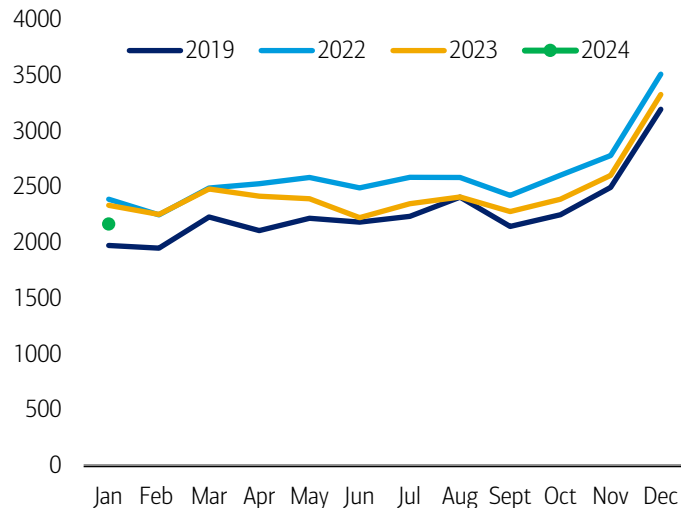


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 10: TGT observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions below last year but remain above 2019 levels in January

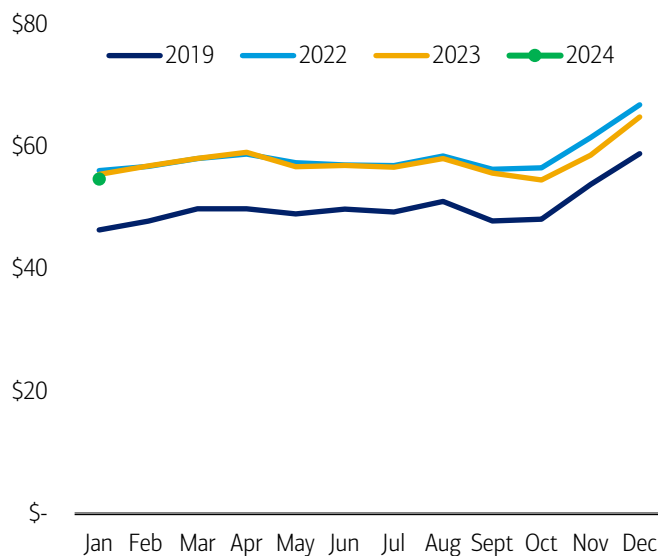


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 11: TGT average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is slightly below last year in January



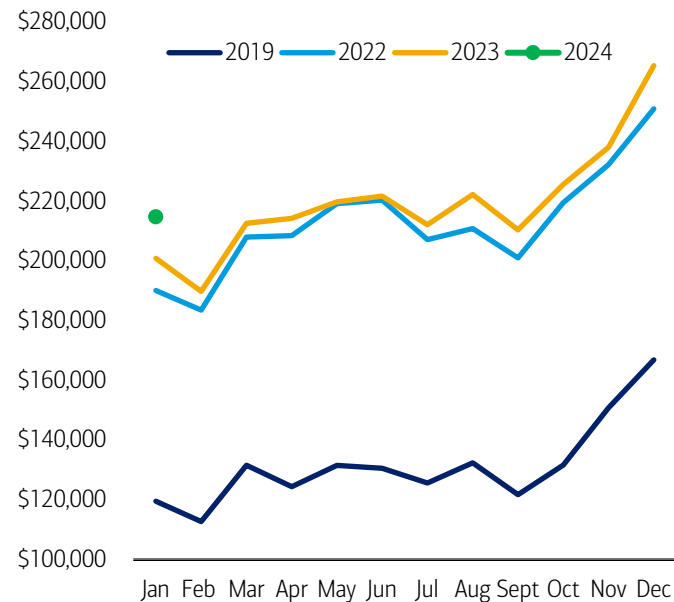
Source: Bloomberg Financial LP- ALTD <GO>

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COST Credit & Debit Card Data

Exhibit 12: COST observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales outpace last year in January

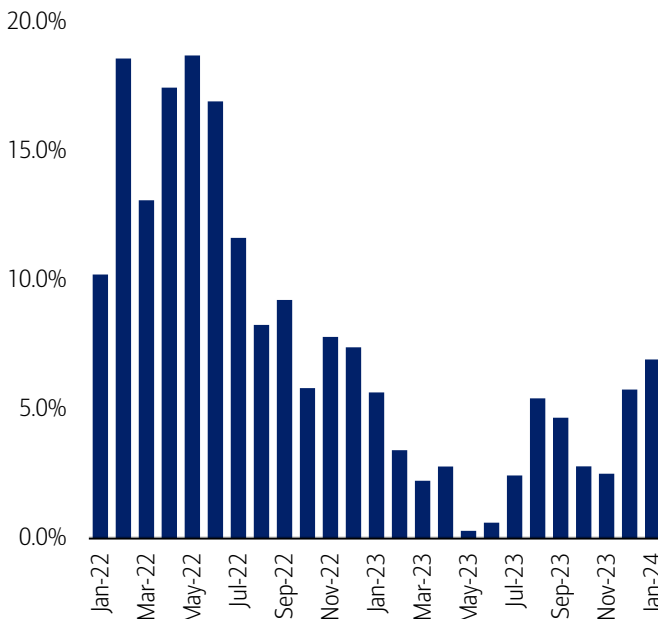


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 13: Y/Y % change in COST observed sales according to Bloomberg Second Measure credit & debit card data

COST observed sales were up +6.9% y/y in January vs. +5.8% in December

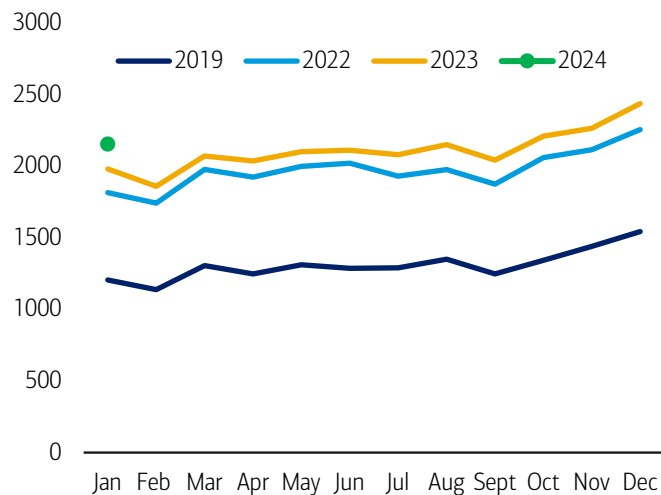


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 14: COST observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions outpace historical levels

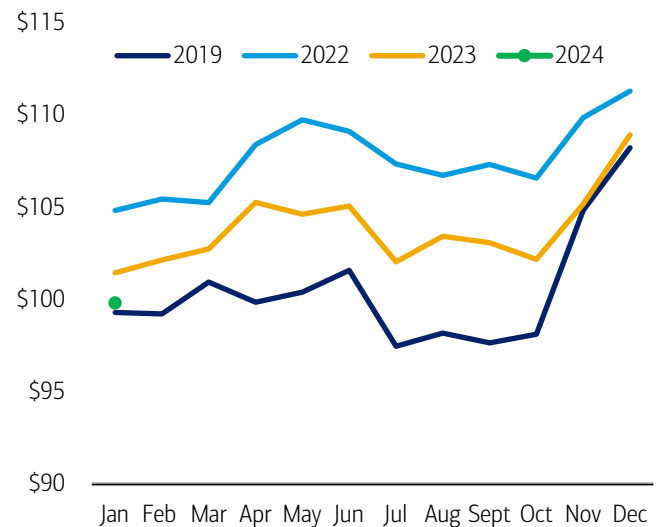


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 15: COST average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is slightly above 2019 in January



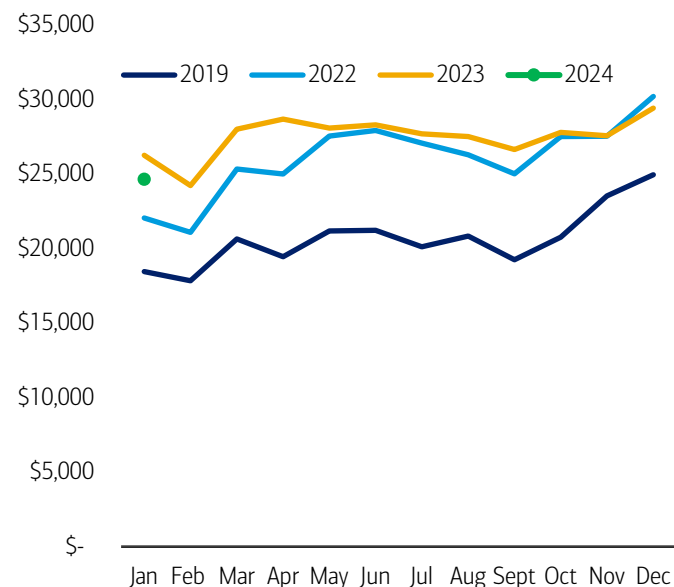
Source: Bloomberg Financial LP- ALTD <GO>

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BJ Credit & Debit Card Data

Exhibit 16: BJ observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales are below last year in January

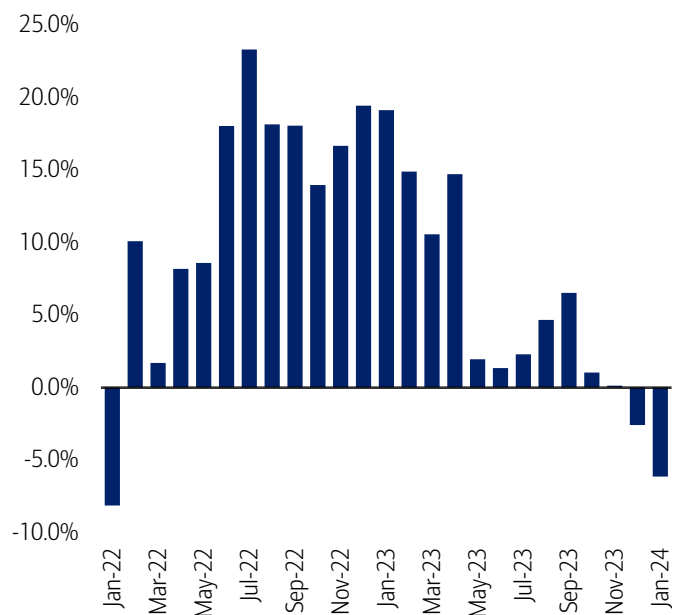


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 17: Y/Y % change in BJ observed sales according to Bloomberg Second Measure credit & debit card data

BJ observed sales were down -6.1% y/y in January vs. -2.6% in December

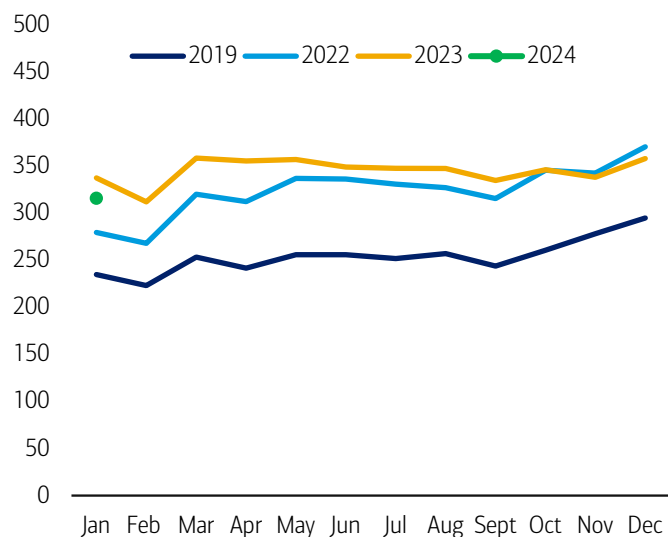


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 18: BJ observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions lag last year in January

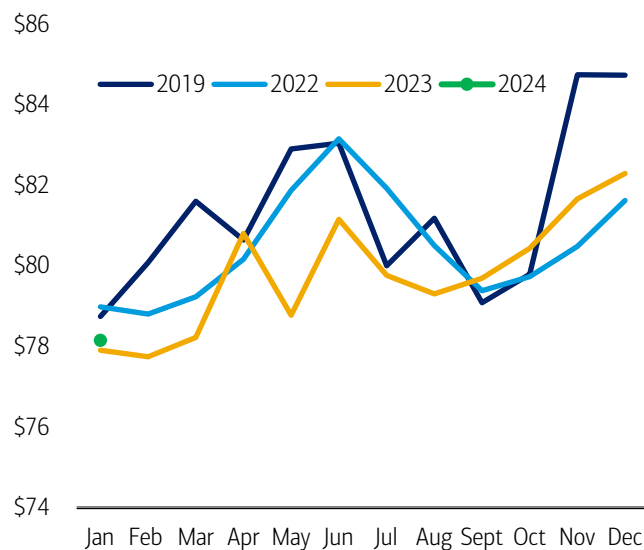


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 19: BJ average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is slightly above last year in January



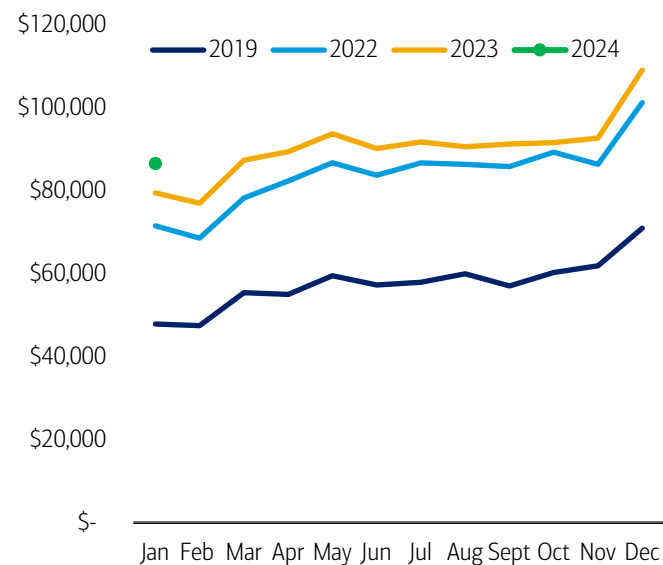
Source: Bloomberg Financial LP- ALTD <GO>

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DG Credit & Debit Card Data

Exhibit 20: DG observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales outpace last year in January

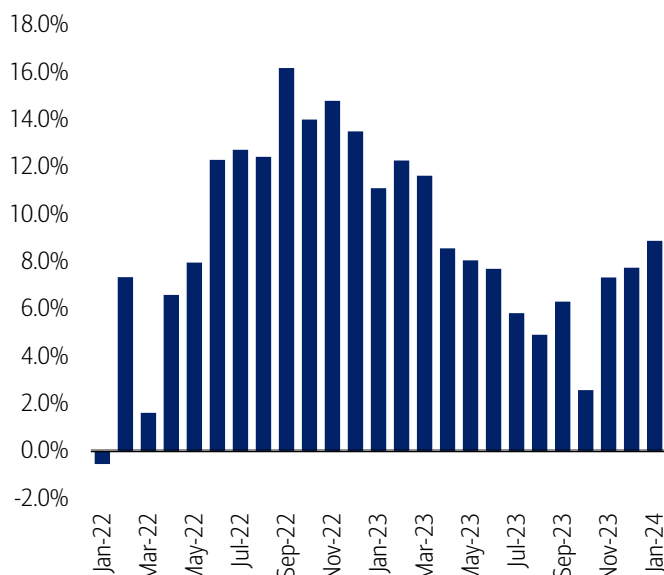


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 21: Y/Y % change in DG observed sales according to Bloomberg Second Measure credit & debit card data

DG observed sales were up +8.9% y/y in January vs. +7.7% in December

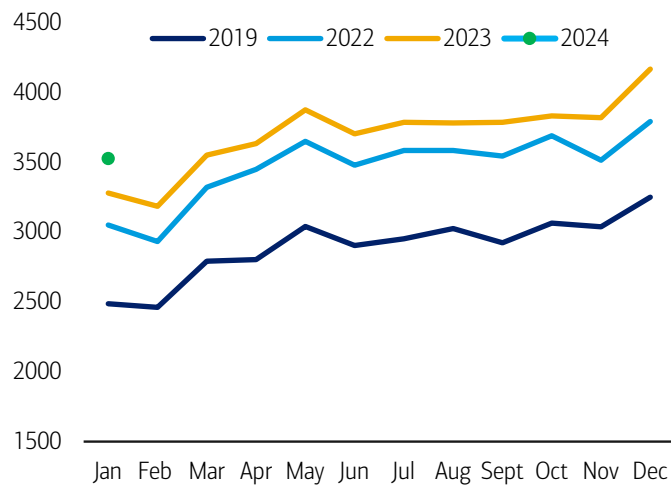


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 22: DG observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions outpace last year in January

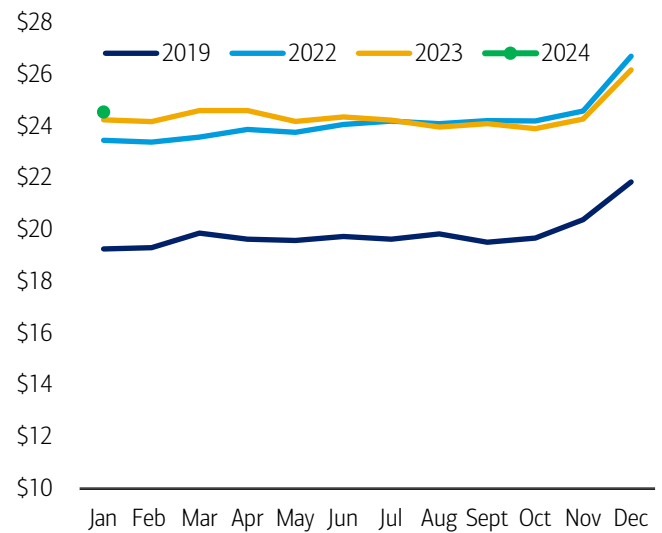


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 23: DG average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is slightly ahead of last year in January



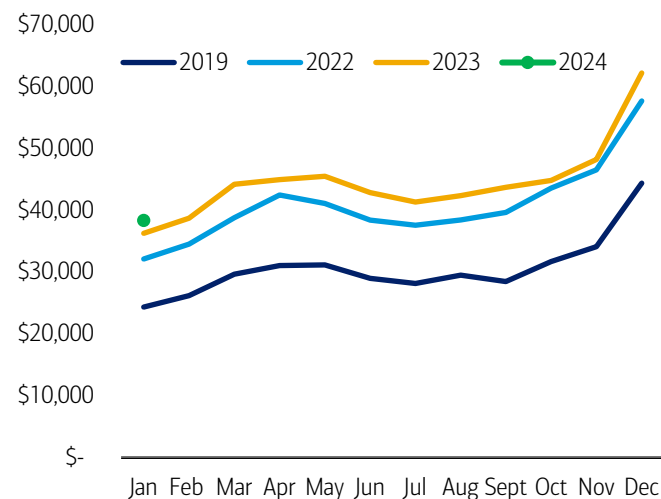
Source: Bloomberg Financial LP- ALTD <GO>

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DLTR Credit & Debit Card Data

Exhibit 24: DLTR observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales outpace last year in January

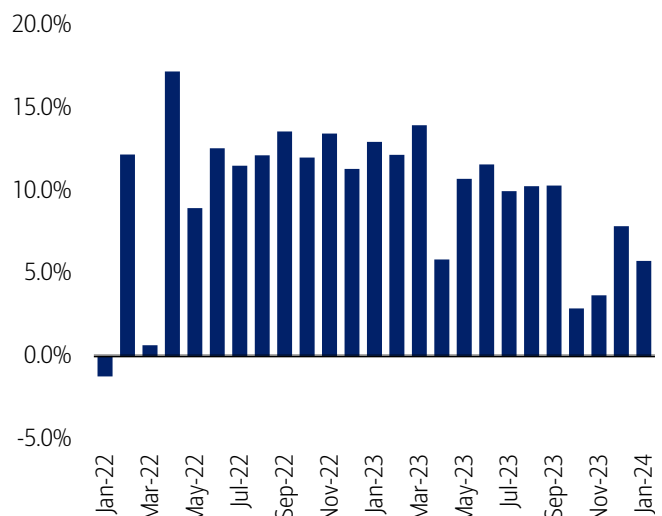


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 25: Y/Y % change in DLTR observed sales according to Bloomberg Second Measure credit & debit card data

DLTR observed sales were up +5.7% y/y in January vs. +7.8% in December

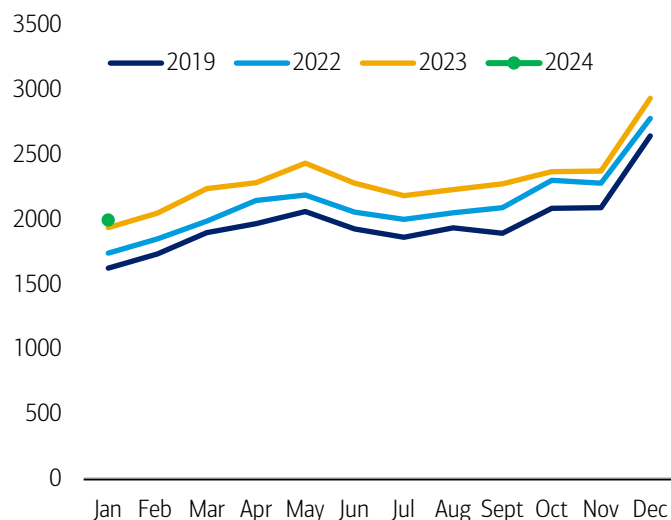


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 26: DLTR observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions are slightly above last year

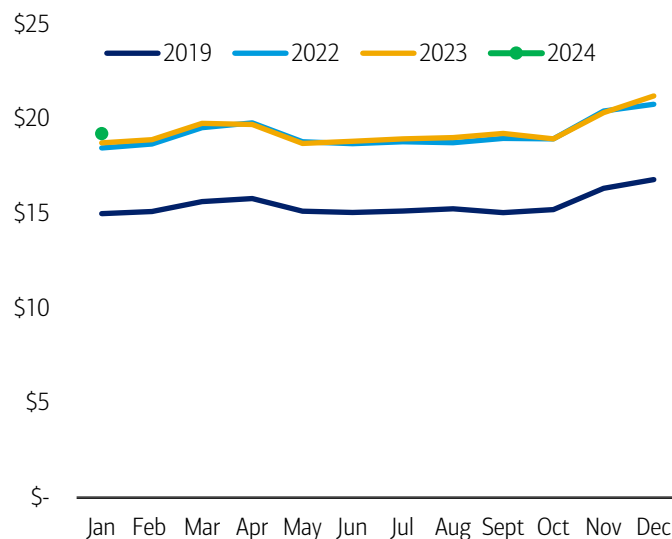


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 27: DLTR average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is slightly above last year



Source: Bloomberg Financial LP- ALTD <GO>

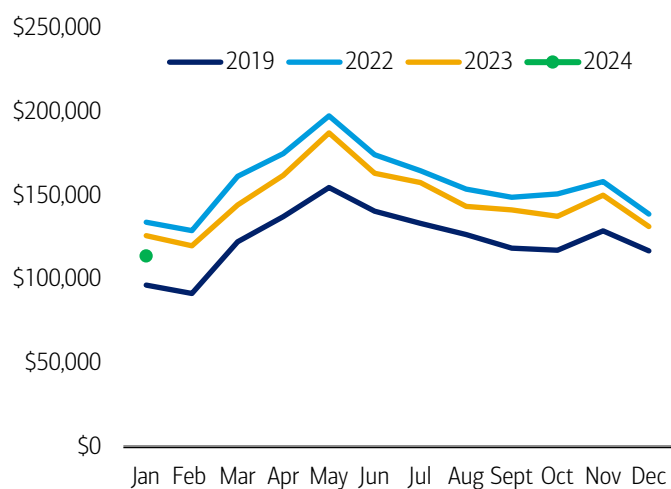
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Hardlines- HD, LOW, FND, BBY, DKS, ASO, YETI

HD Credit & Debit Card Data

Exhibit 28: HD observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales are below 2022 and 2023 levels

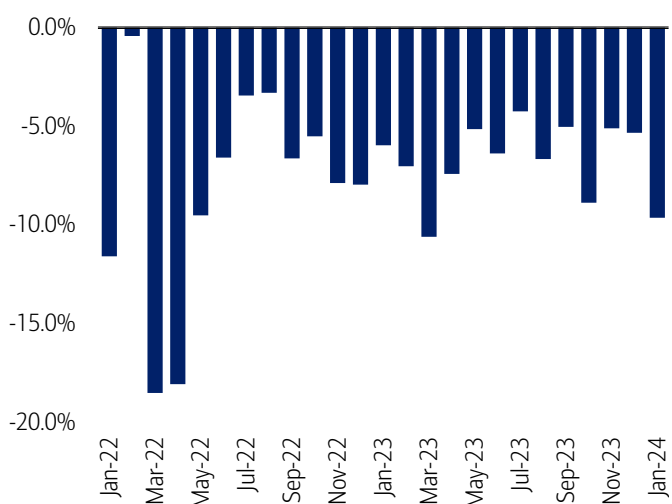


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 29: Y/Y % change in HD observed sales according to Bloomberg Second Measure credit & debit card data

HD observed sales were -9.6% y/y in January vs. -5.3% in December



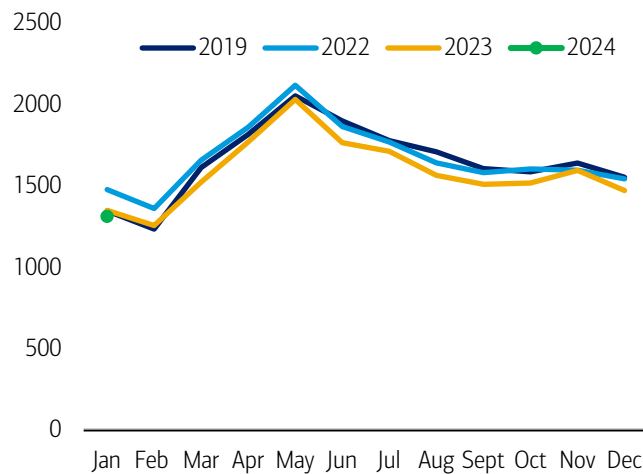
Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 30: HD observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions are slightly below 2019 levels

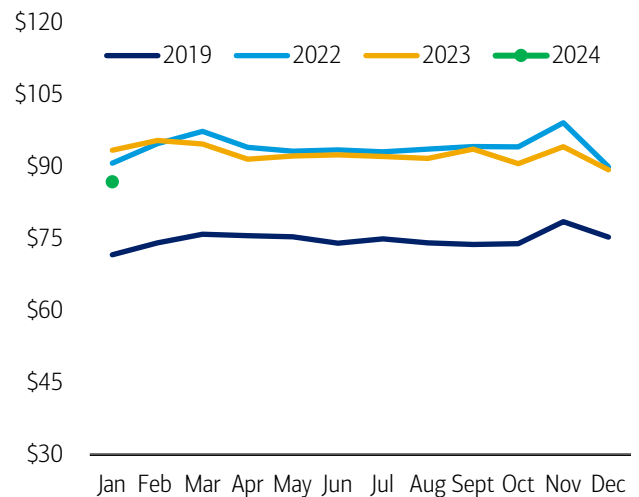


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 31: HD average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is below 2022 and 2023 in January

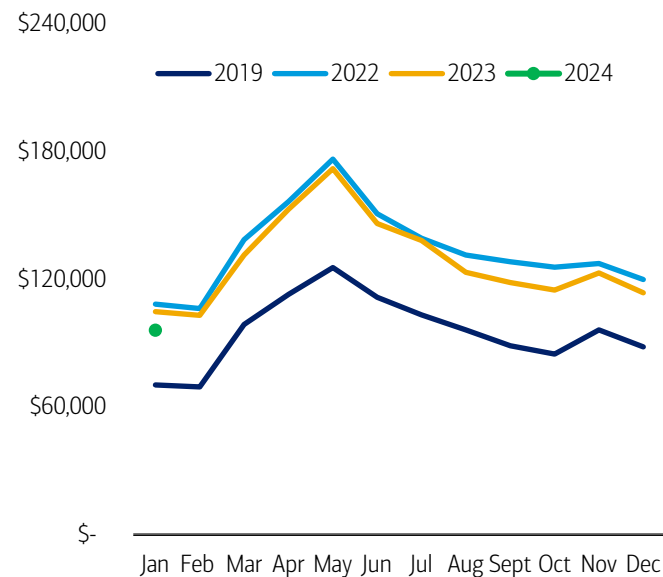


Source: Bloomberg Financial LP- ALTD <GO>

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LOW Credit & Debit Card Data**Exhibit 32: LOW observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)**

Observed sales remain below 2022 & 2023 levels

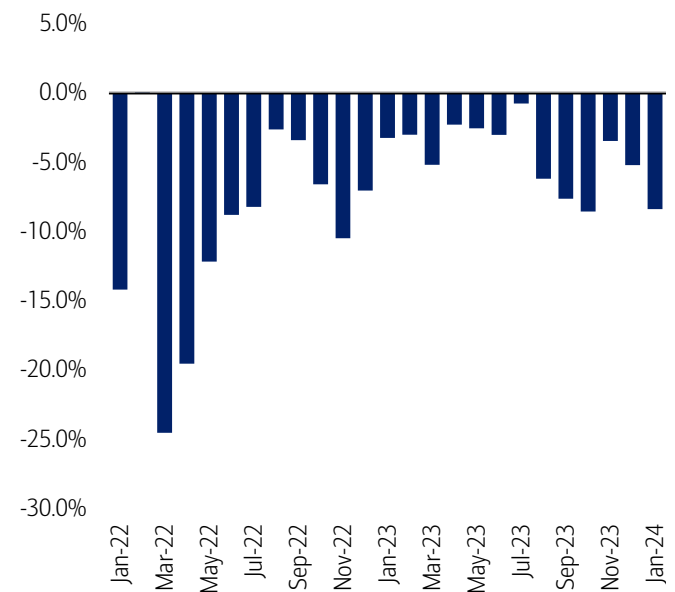


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 33: Y/Y % change in LOW observed sales according to Bloomberg Second Measure credit & debit card data

LOW observed sales were -8.4% y/y in January vs. -5.2% in December

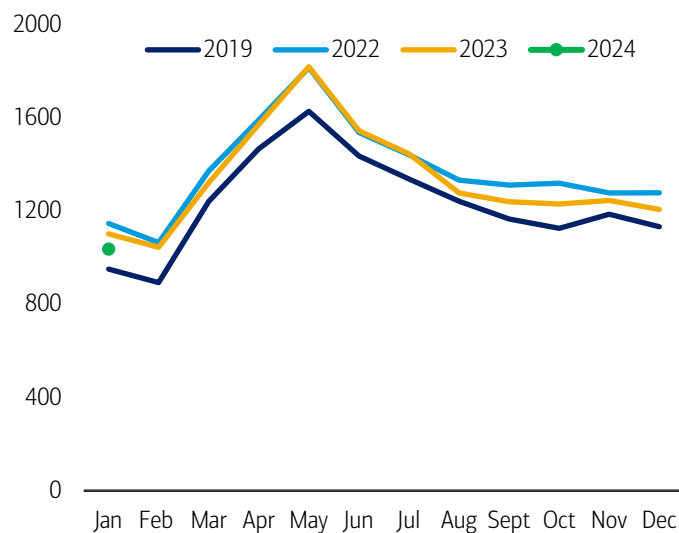


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 34: LOW observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions remain below 2022 & 2023 levels

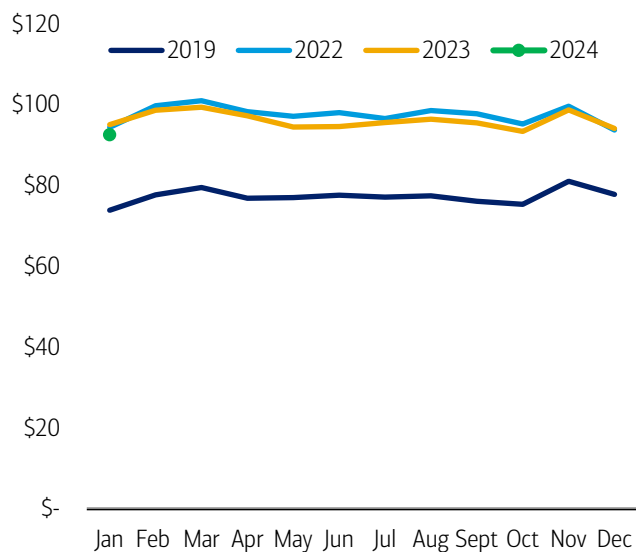


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 35: LOW average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is slightly below last year in January



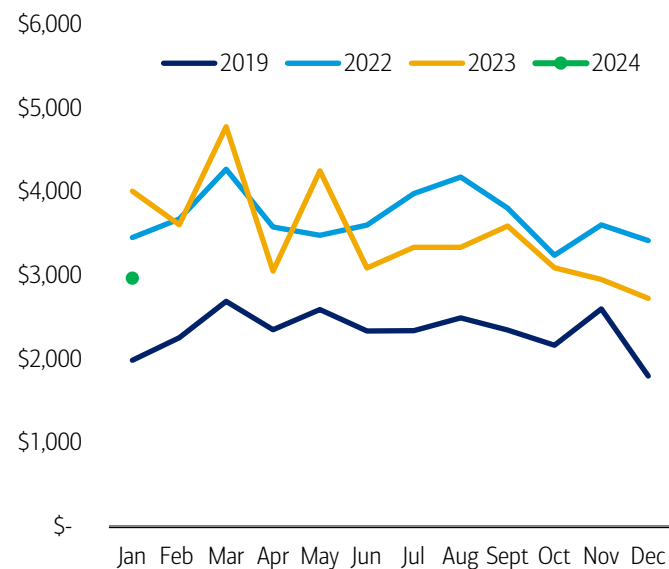
Source: Bloomberg Financial LP- ALTD <GO>

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FND Credit & Debit Card Data

Exhibit 36: FND observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales are above 2019 levels but below 2023

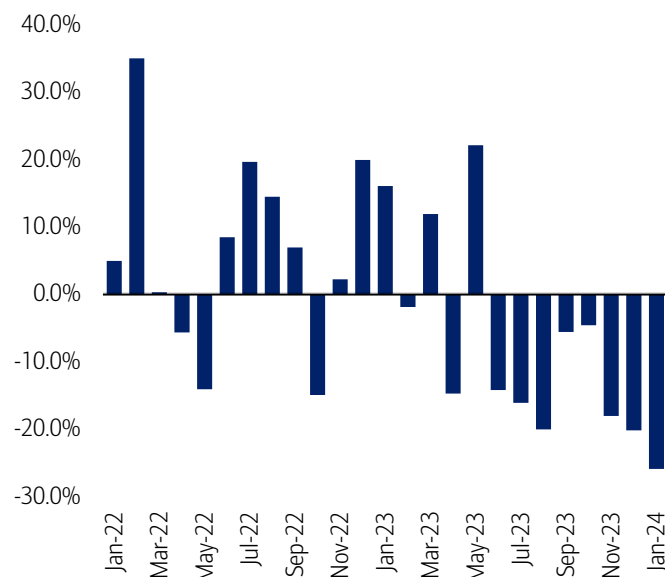


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 37: Y/Y % change in FND observed sales according to Bloomberg Second Measure credit & debit card data

FND observed sales were -25.9% y/y in January vs. -20.2% in December

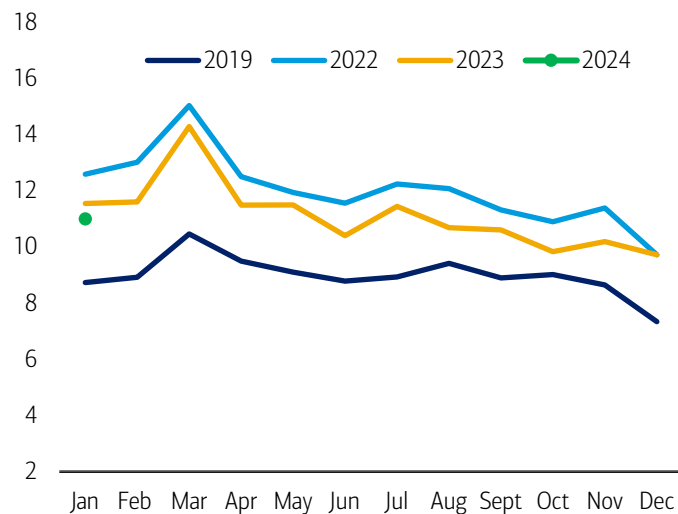


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 38: FND observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions below 2022 & 2023 levels in January

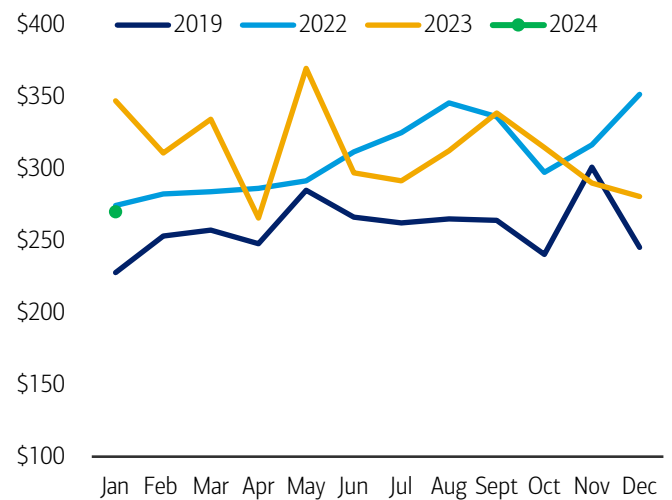


Source: Bloomberg Financial LP- ALTD <GO>

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Exhibit 39: FND average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is slightly below 2022 in January

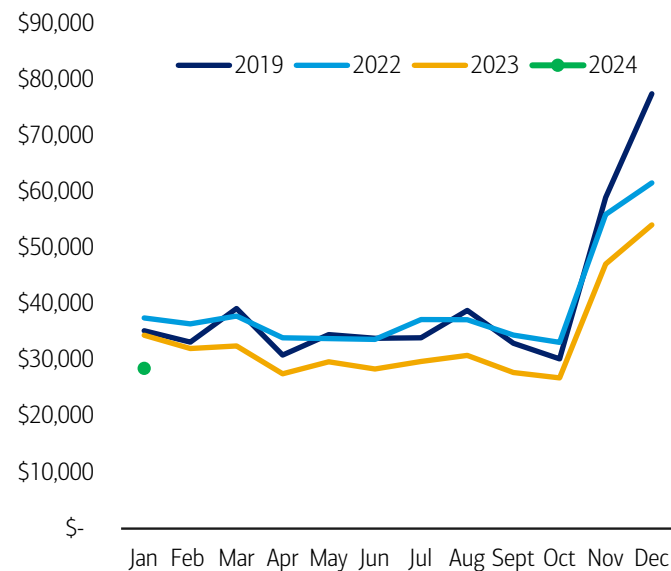


Source: Bloomberg Financial LP- ALTD <GO>

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BBY Credit & Debit Card Data**Exhibit 40: BBY observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)**

Observed sales underperform historical levels

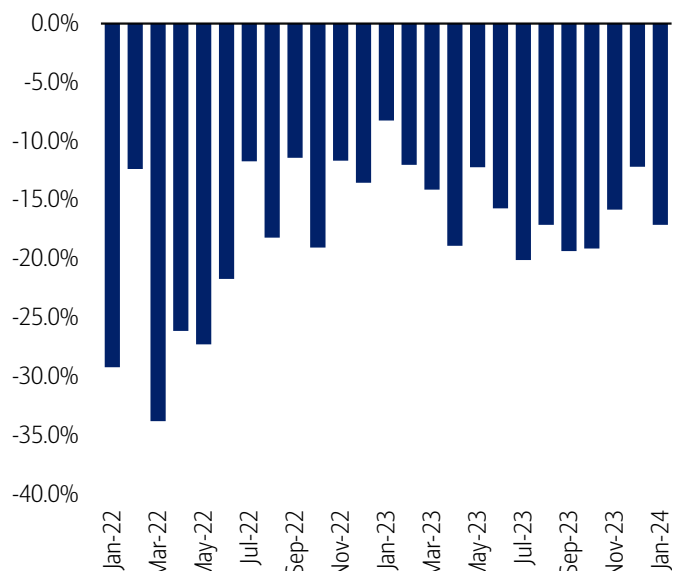


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 41: Y/Y % change in BBY observed sales according to Bloomberg Second Measure credit & debit card data

BBY observed sales were -17.1% y/y in January vs. -12.2% in December

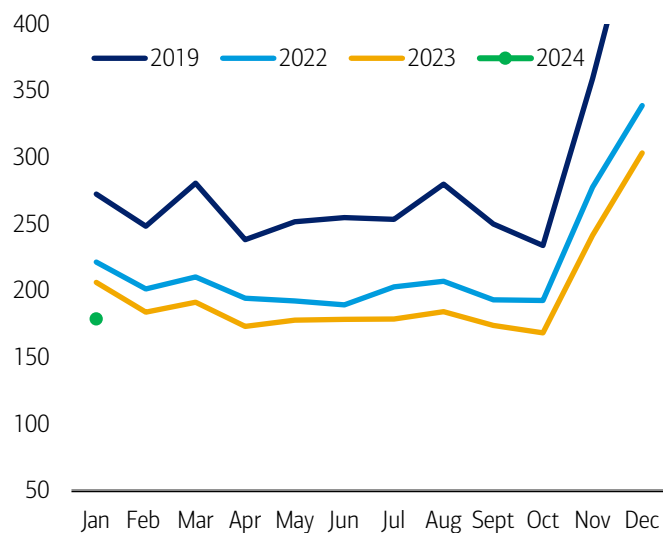


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 42: BBY observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions remain below historical levels

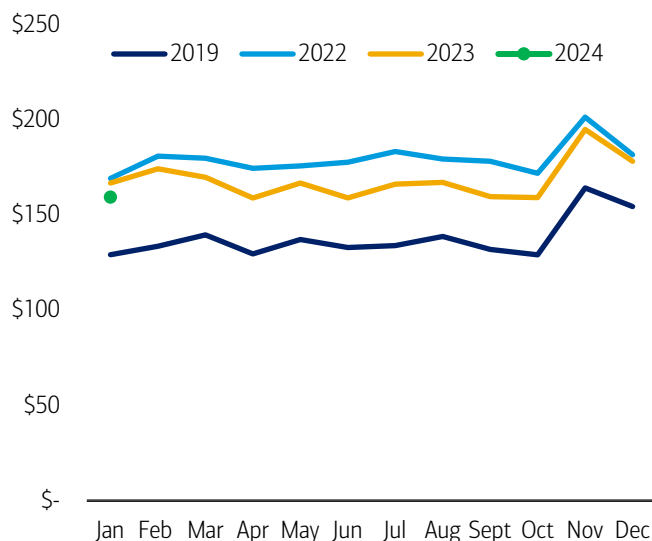


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 43: BBY average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is slightly below 2023



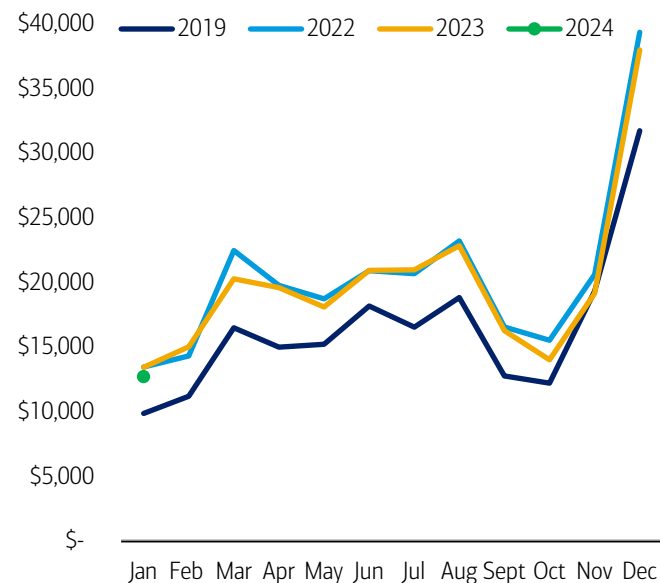
Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

DKS Credit & Debit Card Data

Exhibit 44: DKS observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales are tracking below 2022 & 2023 levels in January

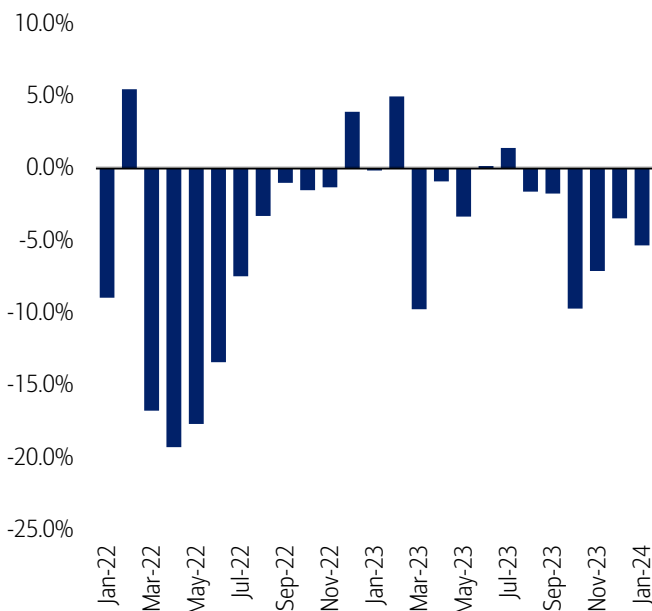


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 45: Y/Y % change in DKS observed sales according to Bloomberg Second Measure credit & debit card data

DKS observed sales were down -5.3% y/y in January vs. -3.5% in December



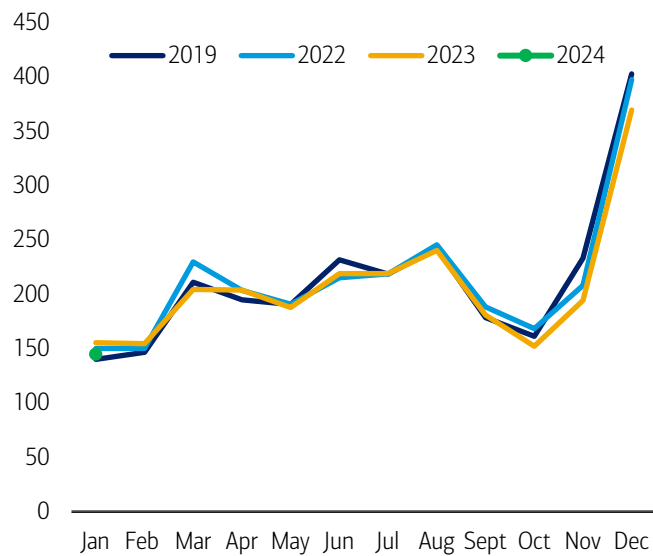
Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH



Exhibit 46: DKS observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions are above 2019 levels in January

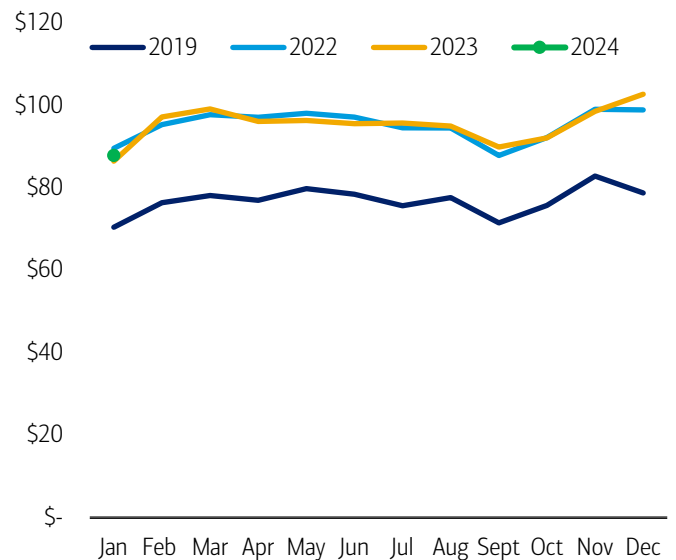


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 47: DKS average transaction value according to Bloomberg Second Measure credit & debit card data

DKS average transaction value is slightly above last year in January



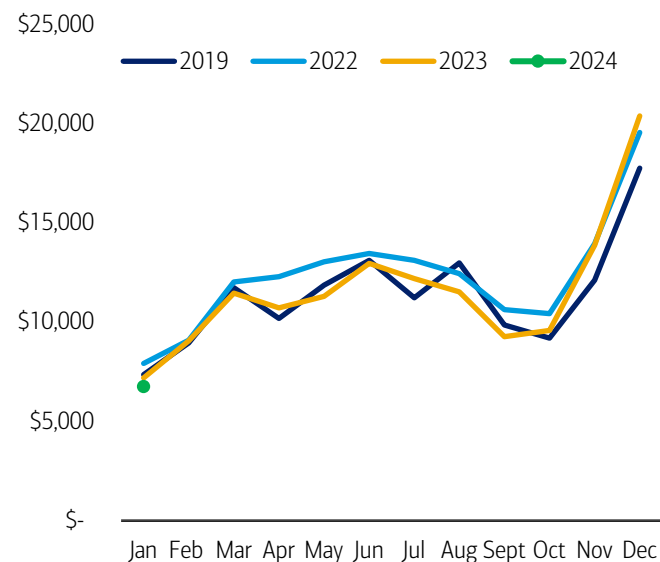
Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

ASO Credit & Debit Card Data

Exhibit 48: ASO observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales are tracking below historical levels in January

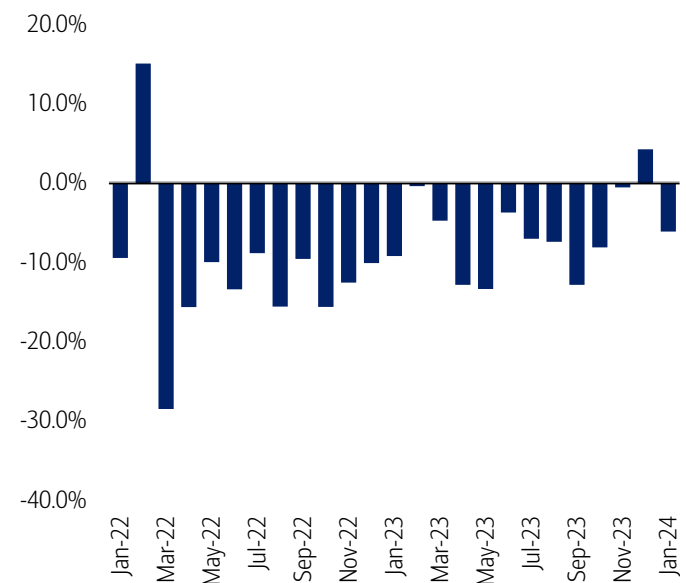


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 49: Y/Y % change in ASO observed sales according to Bloomberg Second Measure credit & debit card data

ASO observed sales were down -6.1% y/y in January vs. +4.3% in December

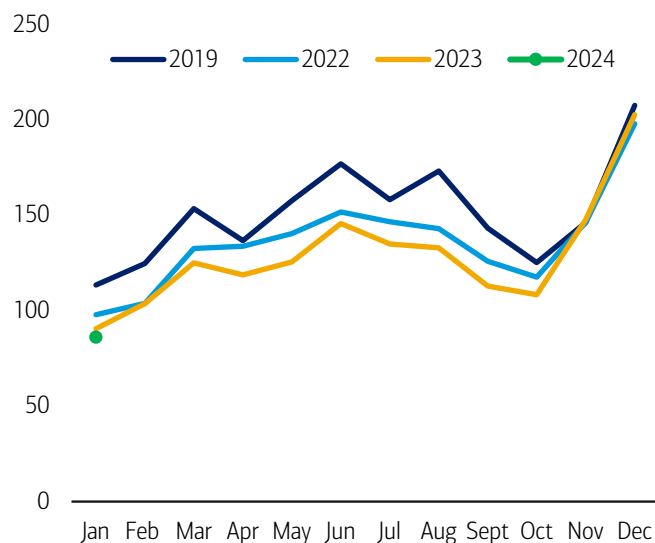


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 50: ASO observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions remain below historical levels

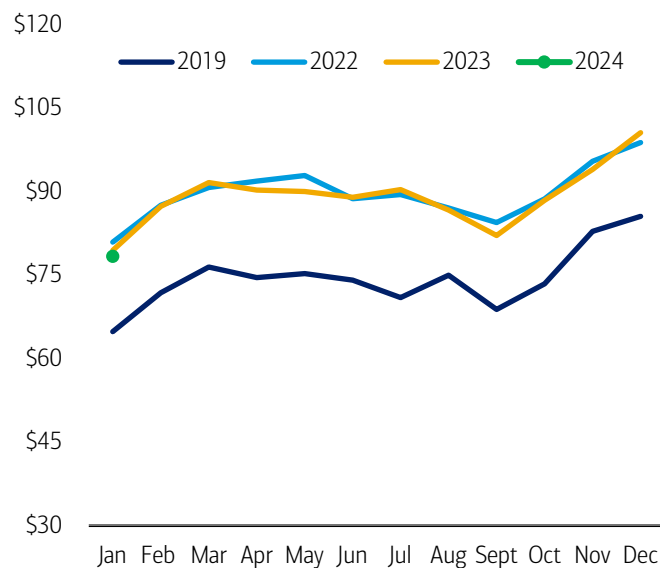


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 51: ASO average transaction value according to Bloomberg Second Measure credit & debit card data

ASO average transaction value tracks slightly below last year in January



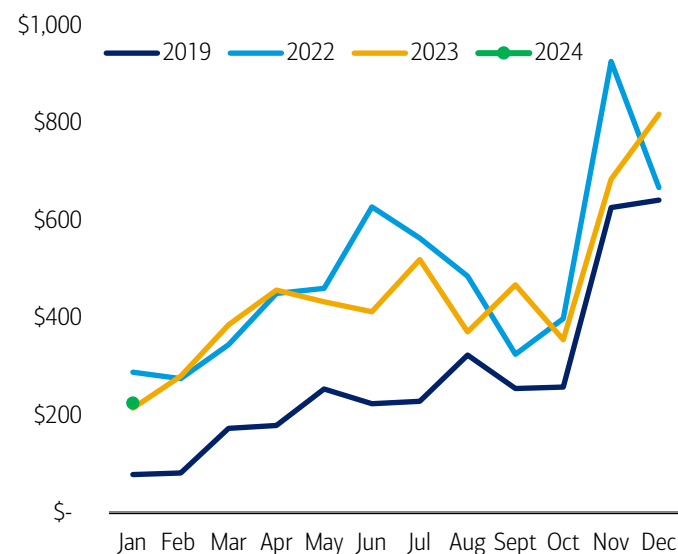
Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

YETI Credit & Debit Card Data

Exhibit 52: YETI observed sales (in YETI stores & online) according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales in-line with last year in January

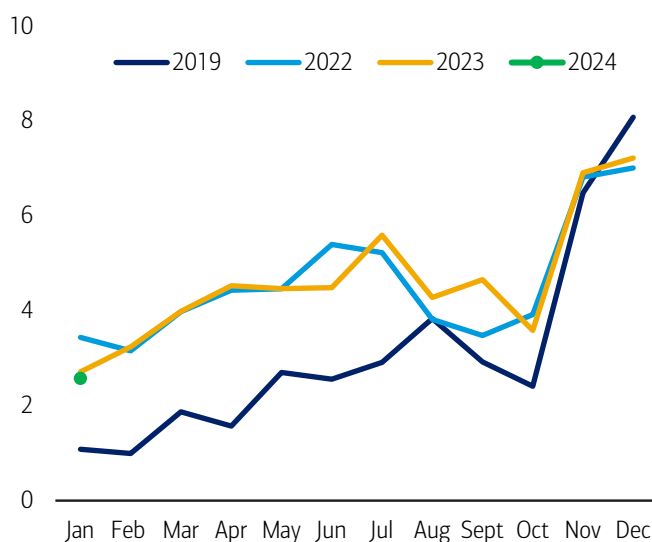


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 53: YETI observed transactions (in YETI stores & online) according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed transactions slightly below last year



Source: Bloomberg Financial LP- ALTD <GO>

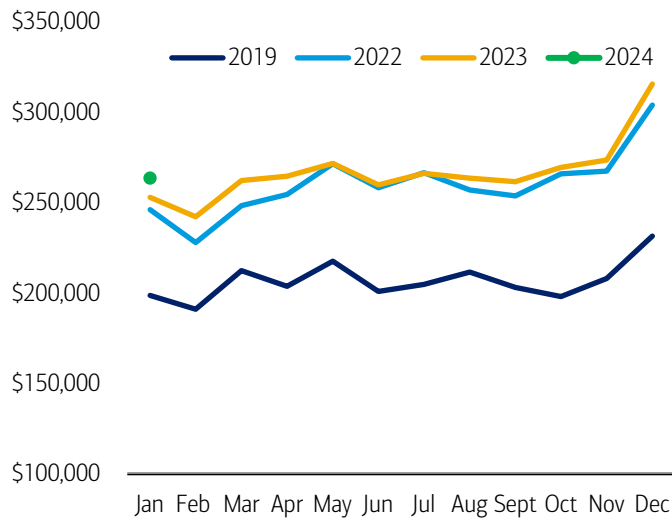
BofA GLOBAL RESEARCH

Food Retailers- KR, SFM, GO

KR Credit & Debit Card Data

Exhibit 54: KR observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales track above last year in January

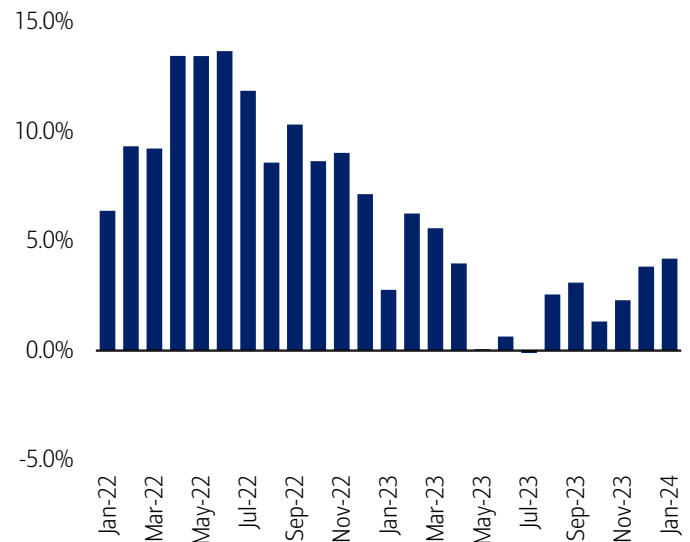


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 55: Y/Y % change in KR observed sales according to Bloomberg Second Measure credit & debit card data

KR observed sales were up +4.2% y/y in January vs. +3.8% in December

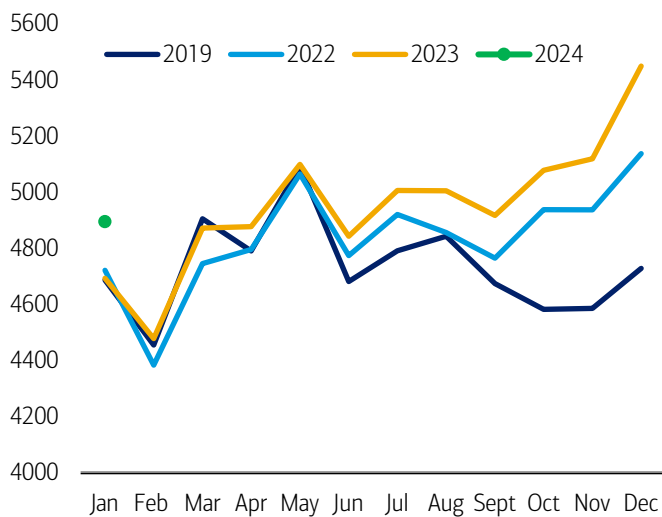


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 56: KR observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions ahead of last year in January

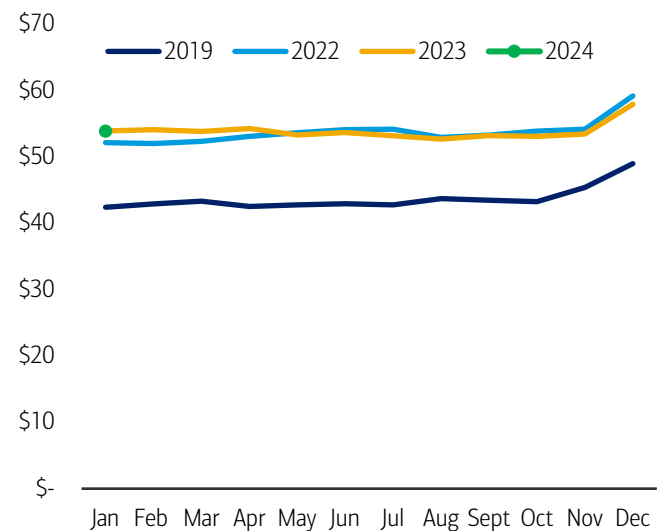


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 57: KR average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value is in-line with January



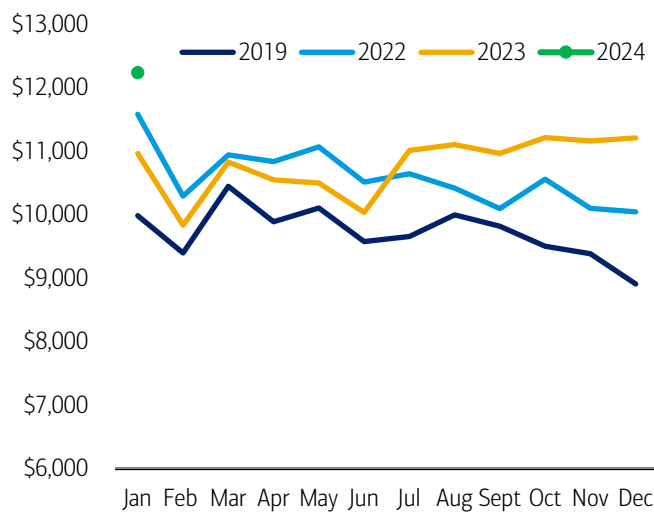
Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

SFM Credit & Debit Card Data

Exhibit 58: SFM observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales are ahead of last year in January

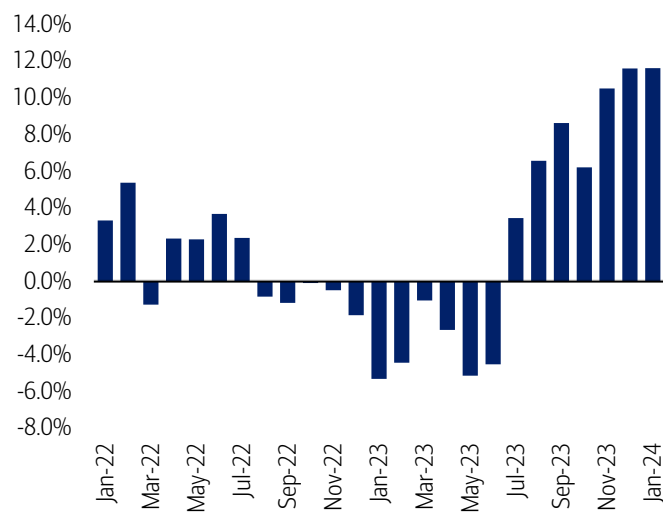


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 59: Y/Y % change in SFM observed sales according to Bloomberg Second Measure credit & debit card data

SFM observed sales flat at 11.6% y/y in January

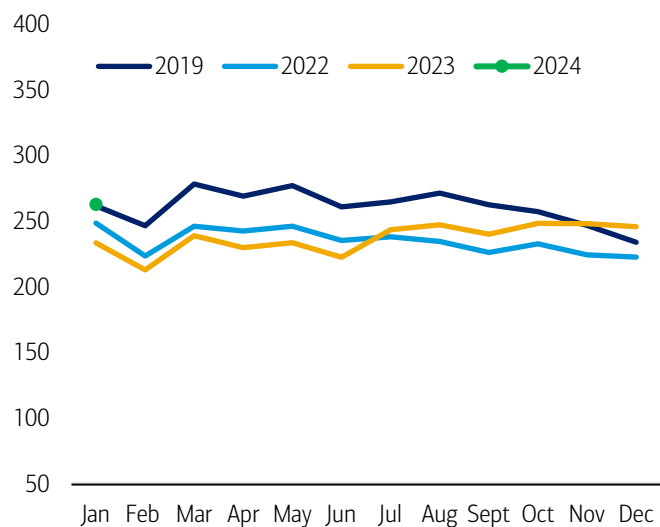


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 60: SFM observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions are in-line with 2019 levels

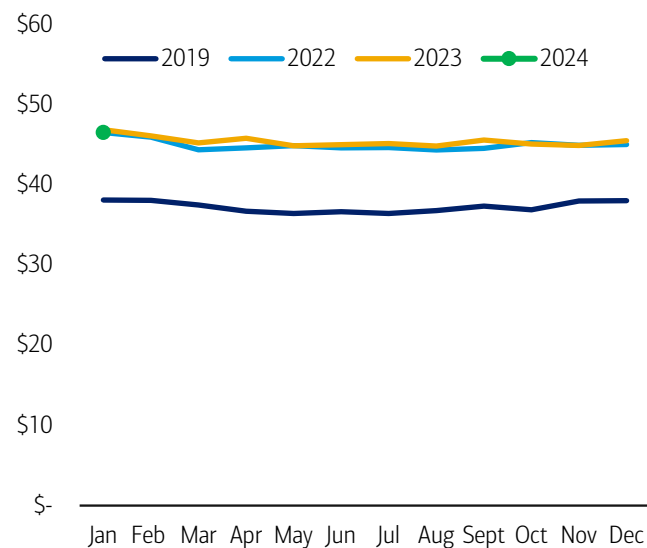


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 61: SFM average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value remains relatively in-line with last year



Source: Bloomberg Financial LP- ALTD <GO>

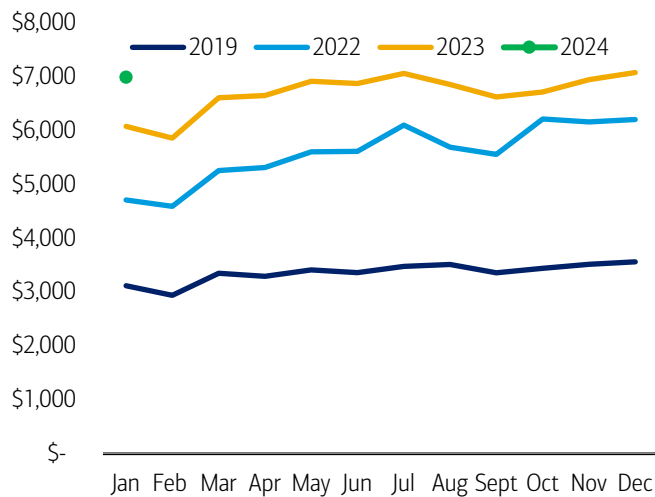
BofA GLOBAL RESEARCH

GO Credit & Debit Card Data



Exhibit 62: GO observed sales according to Bloomberg Second Measure credit & debit card data (in thousands \$)

Observed sales track above last year in January

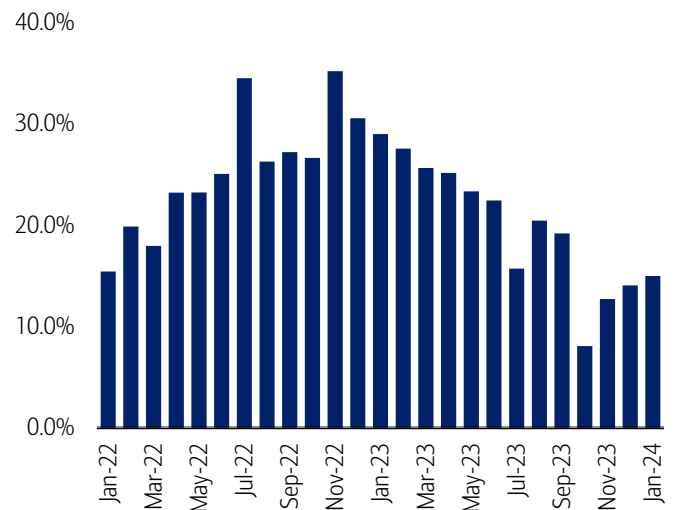


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 63: Y/Y % change in GO observed sales according to Bloomberg Second Measure credit & debit card data

GO observed sales were up +15.0% y/y in January vs. +14.1% in December

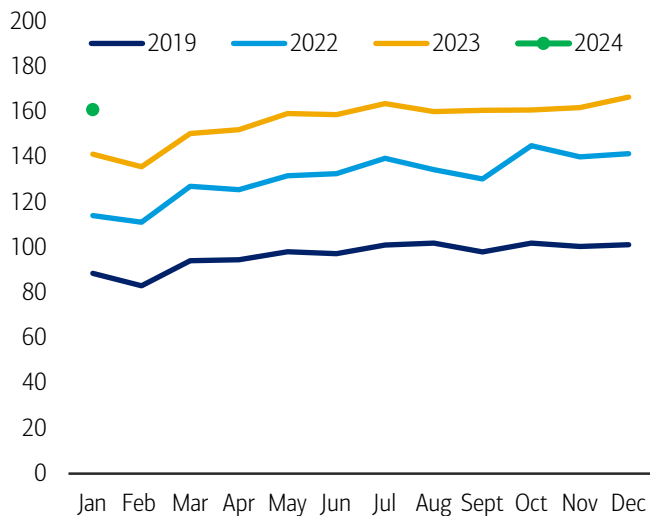


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 64: GO observed transactions according to Bloomberg Second Measure credit & debit card data (in thousands)

Observed transactions track above last year in January

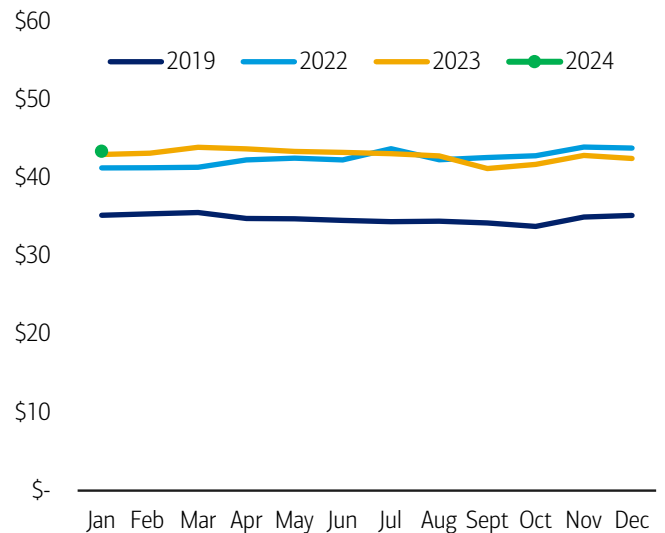


Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Exhibit 65: GO average transaction value according to Bloomberg Second Measure credit & debit card data

Average transaction value tracks in-line with last year in January



Source: Bloomberg Financial LP- ALTD <GO>

BofA GLOBAL RESEARCH

Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ASO	ASO US	Academy	US\$ 66.34	C-1-7
BBY	BBY US	Best Buy	US\$ 75.49	B-3-7
BJ	BJ US	BJ's Wholesale	US\$ 66.66	B-1-9
COST	COST US	Costco	US\$ 724.16	B-1-7
DKS	DKS US	Dick's	US\$ 159.97	C-2-7
DG	DG US	Dollar General	US\$ 135.65	B-3-7
DLTR	DLTR US	Dollar Tree	US\$ 140.9	B-3-9
FND	FND US	Floor and Decor	US\$ 106.46	C-1-9
GO	GO US	Grocery Outlet	US\$ 25.13	B-1-9
LOW	LOW US	Lowe's	US\$ 220.39	B-1-7
SFM	SFM US	Sprouts Farmers Mkt	US\$ 50.76	B-3-9
TGT	TGT US	Target Corp.	US\$ 147.4	B-1-7
HD	HD US	The Home Depot	US\$ 363.72	B-1-7
KR	KR US	The Kroger Co.	US\$ 45.44	B-1-7
WMT	WMT US	Walmart	US\$ 169.37	A-1-7
YETI	YETI US	YETI	US\$ 45.46	C-2-9

Source: BofA Global Research

Price objective basis & risk**Academy Sports + Outdoors (ASO)**

Our PO of \$75 is based on 8-9x our F26 GAAP EPS estimate of \$8.50, in line with the average P/E for the Athletic/Sporting Goods retail group given: (1) potential for margin uplift as ASO shifts to higher margin national brands and private label, (2) ASO success with new store growth and plans to expand the store base by 50% (120-140 stores) over the next 5 years, and (3) Academy's ability to manage SG&A.

Risks to the downside are: (1) Nike may choose to allocate product differently in the future, (2) more competitive pressures including expansion of Dick's into value-oriented apparel, and (3) increased regulation affecting the sale of firearms & ammunition.

Best Buy Co., Inc. (BBY)

Our 12-month PO of \$70 is based on 10x our FY25E EPS estimate, which is a discount to BBY's long-term average of 11x and the hardline retail average of 16x. We believe this discount is warranted given the pressure on consumer discretionary spending in light of inflation. However, growing long-term demand for consumer electronics as people stay, work and learn more at home more so than pre-pandemic mitigate the potential downside to the P/E multiples at the lower end of the hardline retail group (which are in single digits).

Downside risks to our PO are slower-than-expected industry headwinds, deteriorating ASPs, a slowdown in share gains, greater-than-expected cost inflation, and a slowdown in macro and consumer trends.

Upside risks to our PO are better-than-expected margin improvements, a pickup in product cycles, market share gains, and strong investor sentiment on the Consumer Discretionary sector.

BJ's Wholesale Club Holdings (BJ)

Our \$80 price objective is based on 19-20x our \$4.10 F25E adj. EPS, a discount to key warehouse club comparable COST (29-30x) and more in line with the food and discount retail group average (17-18x). We think a discount to COST is warranted given BJ's lower new store growth, lower same-store sales growth (low single digit vs. COST's mid- to high- single digit), and lower ROIC (approx. 20% vs. COST's approx. 30%). We believe BJ will trade more in line with the food and discount retail group avg. given support from: 1) BJ's membership fee structure, which provides increased visibility on earnings, 2) BJ's unique positioning as a grocery-focused warehouse club, and 3) our forecast for an approx. 5% EPS CAGR over the next three years (in-line with the discount and food retail group average of roughly 5% [ex-DLTR]).

Downside risks to our price objective: 1) Difficult stimulus-driven comparisons, 2) comp risk from continued pressure in general merchandise categories, 3) incremental supply chain pressures and other cost increases, 4) the unwinding of excess gas margin from 2021.

Costco Wholesale Corporation (COST)

Our price objective of \$770 is based on 43x our F25E EPS of \$17.90. Costco's long-term (20yr) average two-year forward PE is 24x, with a peak of 41x and a trough of 16x. We view a premium valuation as appropriate given 1) COST's healthy customer traffic growth and strong membership renewal rates, which should continue given our expectation for a further rise in the perceived value of shopping at warehouse clubs and COST's leading warehouse club position from a merchandising, store execution, and private label standpoint, 2) COST's strong same-store sales outlook given strong customer traffic growth, and 3) expected continued strength in COST's International segment, which is generating mid-single-digit %+ comps in local currencies and supports Costco's premium valuation.

Downside risks to our price objective are adverse macro shocks, tariffs, regional dependence on California, food inflation/deflation pressures, foreign exchange risk, challenging membership trends, increased competition, wage increases, gas profit comparisons and the potential for increased unionization of COST's employee base, which could pressure labor expenses.

Dick's Sporting Goods (DKS)

Our PO of \$165 is based on 12x our F2026E EPS estimate of \$13.35 (the middle of its historical multiple of 10-15X) given DKS could see continued normalization of spending on categories that outperformed during COVID-19 (incl. Outdoor apparel & equipment, bicycles, etc.).

Downside risks to our PO are weakening of the macro environment and rising gas prices, potential secular headwinds in the golf category, weaker traffic trends, higher-than-expected cost pressures and the risk of a more competitive pricing environment.

Dollar General Corporation (DG)

Our \$100 price objective is based on 13x our F2025E EPS estimate of \$7.60. Our PO assumes that DG stock trades at the middle of its historical 11x-18x P/E range. We believe this valuation is justified given potential benefits from strategic investments and initiatives offset by lower traffic vs. peers, and continued profitability pressures.

Upside risks to our PO are a consumer-led recession driving accelerated trade down to the dollar store space, food inflation driving higher-than-expected comparable sales, success of international expansion and accelerated store growth as a result.

Downside risks to our PO are increased price competition given the highly competitive food retail industry, pressures from a macroeconomic slowdown or lower consumer confidence, SNAP benefit cuts, and volatility in food product costs or gas prices.

Dollar Tree, Inc. (DLTR)

Our \$105 PO is based on 15x (at the lower end of the company's historical average) our F25E EPS of \$7.00. Our PO assumes that DLTR multiples could compress given unknown headwinds associated with its accelerated multi-price point rollout.

Downside risks to our PO are: increased price competition given the highly competitive food retail industry, pressures from a macroeconomic slowdown or lower consumer confidence, SNAP benefit cuts, volatility in food product costs, and increased wage pressures. Upside risks to our PO are: a same-store sales acceleration, improved margins supported by discretionary category growth, accelerated store growth, and a rollback of tariffs.

Floor and Decor Holdings, Inc. (FND)

Our 12-month price objective of \$112 is based on 44x our 2024 EPS estimate. We believe a multiple that is substantially above hardline retail peers (20x) is warranted given its superior store growth trajectory and above-average same-store sales growth. In 2024-2025 we expect annual earnings growth of almost 20%, illustrating the long-term compounding earnings growth opportunity of FND.

Downside risks to our price objective are a weakening of the housing market beyond our forecasts, execution risk given large store growth and supply chain diversification, increased competition, and higher labor costs. Upside risks are a stronger housing/flooring market than expected, or faster market share gains than modeled.

Grocery Outlet Holding Corp. (GO)

Our \$33 price objective is based on 29x our 2024E adj. EPS of \$1.14, a premium to the Food Retailers & Discount Stores group average (roughly 18-20x). We believe a premium valuation is warranted given our view of: 1) GO's unique and hard-to-replicate IO model aligns incentives while reducing costs and risks, 2) GO's opportunistic sourcing model delivers deep value and consistent margins, and 3) GO's low-risk/steady model supports stable/highly predictable margins and a sustainable LT growth horizon (with potential to establish over 5,000 stores in the US). We believe these factors support valuation upside, as does our outlook for elevated food inflation to continue (given likely sales and margin benefits).

Downside risks to our PO are: 1) GO operates in a highly competitive food and discount retail industry, 2) treasure hunt model makes grocery ecommerce difficult 3) any disruptions or inability to source products could adversely impact sales, 4) store growth opportunity depends on attracting and maintaining Independent Operators, 5) IO concept still unproven outside of five core West Coast states, 6) IO model results in reduced fixed cost leverage for GO relative to traditional retail model, 7) the build out of East Coast talent, systems, real-estate, and infrastructure could pressure expenses more than expected, and 8) a less favorable inflationary environment.

Lowe's Companies, Inc. (LOW)

Our PO of \$289 is based on around 21x our 2024 EPS estimate. We believe a multiple above the hardlines average (20x) is warranted given solid fundamentals and the relatively defensive nature of the home improvement industry, countered by near-term economic and sentiment risk. In addition, LOW has an opportunity to expand margins for several years through continued productivity improvements and product differentiation.

Upside risks to our PO are improving consumer sentiment and other macro metrics tied to renovation spending, better-than-expected margin expansion from sales growth coupled with cost-saving and productivity initiatives, and upside from favorable weather events. Downside risks to our PO are rising interest rates which may continue to dampen investor sentiment towards housing, a slower than expected improvement in comps, and slower than anticipated progress towards margin improvement goals.



Sprouts Farmers Market, Inc. (SFM)

Our \$30 price objective is based on roughly 11x our 2024E EPS of \$2.75 (vs. roughly 18-20x for the Food Retailers & Discount Stores group) as we see risks that SFM's units per transaction will continue to decline (offsetting price increase benefits driving sales/EPS upside for grocery peers) as SFM lacks broad exposure to conventional grocery consumable items (paper products, popular national branded items, etc.), where we believe the unit decline is less dramatic in a challenging inflationary environment.

Upside (downside) risks to our PO are: 1) better (worse) than expected same-store sales 2) a more (less) favorable inflationary environment 3) better (worse) than expected margins 4) accelerated (slower) new store growth 5) improving (weaker) comp maturation curve for new stores.

Target Corp. (TGT)

Our \$160 PO is based on 17-18x our F2025E adjusted EPS of \$9.15, which is near the midpoint of TGT's ten-year historical P/E range of roughly 11x-20x but warranted in our view, given discretionary peers lower overall P/E multiples offset by TGT's exposure less elastic consumables & essential categories.

Downside risks to our price objective are gross margin pressures from labor costs, investments, and the rapid growth of the lower-margin e-commerce channel as well as aggressive competition from competitors.

The Home Depot, Inc. (HD)

Our 12-month price objective of \$372 is based on around 23x our 2024 EPS estimate. We believe a multiple above the hardline retail average (20x) and above HD's 10-year pre-COVID average of 18.5x is warranted given the relative resilience of the home improvement retailers in the current macro backdrop, likely market share gains, and consistent execution at the company.

Downside risks to our price objective are a weakening in the housing market/consumer backdrop beyond our forecasts, a significant increase in promotions by HD and/or competitors, unfavorable weather and poor execution in supply chain upgrades. Upside risks are a noticeable acceleration in the housing market or re-acceleration in same-store sales trends as HD continues to take market share.

The Kroger Co. (KR)

Our PO of \$65 is based on roughly 15x our F2025E EPS of \$4.45, a premium to conventional supermarket peers given our outlook for continued momentum from fresh, Our Brands, personalization & seamless initiatives, but a discount to the Food Retailers & Discount Stores group avg. (18-20x) given KR's lack of general merchandise offering that we think supports a higher multiple for key digital competitors.

We see upside to KR's valuation from strategic initiatives (including fresh, Our Brands & digital), alternative profit streams & continued cost savings execution.

Downside risks to our PO are greater-than-expected headwinds from pharmacy, fuel, the build-out of the Ocado network, and employee wage/healthcare benefits as well as potential for deflation or accelerating industry promotions.

Walmart Inc (WMT)

Our \$190 price objective is based on 27x our F25E adj. EPS of \$7.00, which is above WMT's average 2-year forward P/E multiple of roughly 21x but in line with a high of 27x over the past 5 years. Our multiple reflects an outlook for positive US comps (with positive traffic), omni-channel momentum, and healthy free cash generation. This P/E is more in line with other high-performing retailers such as COST but still a discount to other global ecommerce retailers.

Downside risks to our PO are the impacts of FX, pharmacy headwinds, slowing food inflation or deflation, Walmart's longer-term ability to continue gaining incremental market share given its large size, a weakening global retailing environment, competitive pressures at Sam's Clubs and/or Walmart International.

YETI Holdings, Inc. (YETI)

Our \$50 price objective is based on roughly 17x our 2025E adjusted EPS of \$3.00, a valuation slightly below discretionary peers (18x) given: (1) strong brand momentum, (2) significant under penetration in international, (3) healthy and stable margin outlook, and (4) long-term product and category expansion.

Risks to the downside are: 1) Earnings uncertainty related to softening consumer demand, 2) coolers and drinkware are very competitive categories with low barriers to entry, 3) significant supply chain constraints and heavy reliance on a few suppliers, 4) strong margins could be unsustainable, 5) limited replacement cycle because of durability of products, 6) high concentration of sales with a few retailers

Upside risks are: 1) international could perform better than expected, 2) new product launches could drive upside, & 3) margins could increase as freight pressures ease.

Analyst Certification

We, Robert F. Ohmes, CFA and Elizabeth L Suzuki, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Broadlines, Hardlines, Food Retailers & Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Academy Sports + Outdoors	ASO	ASO US	Robert F. Ohmes, CFA
	BJ's Wholesale Club Holdings	BJ	BJ US	Robert F. Ohmes, CFA
	Costco Wholesale Corporation	COST	COST US	Robert F. Ohmes, CFA
	Fox Factory Holding Corp	FOXF	FOXF US	Alexander Perry
	Grocery Outlet Holding Corp.	GO	GO US	Robert F. Ohmes, CFA
	Harley-Davidson	HOG	HOG US	Alexander Perry
	Life Time	LTH	LTH US	Alexander Perry
	Planet Fitness, Inc.	PLNT	PLNT US	Alexander Perry
	Sysco Corporation	SY	SY US	Kendall Toscano
	Target Corp.	TGT	TGT US	Robert F. Ohmes, CFA
	The Kroger Co.	KR	KR US	Robert F. Ohmes, CFA
	Topgolf Callaway Brands Corp	MODG	MODG US	Alexander Perry
	Walmart Inc	WMT	WMT US	Robert F. Ohmes, CFA
NEUTRAL				
	Dick's Sporting Goods	DKS	DKS US	Robert F. Ohmes, CFA
	Xponential Fitness	XPOF	XPOF US	Alexander Perry
	YETI Holdings, Inc.	YETI	YETI US	Robert F. Ohmes, CFA
UNDERPERFORM				
	Canada Goose Holdings Inc	YGOOS	GOOS CN	Alexander Perry
	Canada Goose Holdings Inc	GOOS	GOOS US	Alexander Perry
	Columbia Sportswear	COLM	COLM US	Alexander Perry
	Dollar General Corporation	DG	DG US	Robert F. Ohmes, CFA
	Dollar Tree, Inc.	DLTR	DLTR US	Robert F. Ohmes, CFA
	Hibbett Sports, Inc.	HIBB	HIBB US	Alexander Perry
	National Vision	EYE	EYE US	Robert F. Ohmes, CFA
	Sprouts Farmers Market, Inc.	SFM	SFM US	Robert F. Ohmes, CFA

US - Retail Hardline Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Arhaus, Inc	ARHS	ARHS US	Jason Haas, CFA
	Boot Barn	BOOT	BOOT US	Jason Haas, CFA
	Driven Brands	DRVN	DRVN US	Jason Haas, CFA
	Five Below Inc.	FIVE	FIVE US	Jason Haas, CFA
	Floor and Decor Holdings, Inc.	FND	FND US	Robert F. Ohmes, CFA
	Genuine Parts	GPC	GPC US	Jason Haas, CFA
	Lowe's Companies, Inc.	LOW	LOW US	Elizabeth L Suzuki
	Mattel	MAT	MAT US	Jason Haas, CFA
	Mister Car Wash	MCW	MCW US	Jason Haas, CFA
	Ollie's	OLLI	OLLI US	Jason Haas, CFA
	O'Reilly Automotive, Inc.	ORLY	ORLY US	Jason Haas, CFA
	Petco	WOOF	WOOF US	Jason Haas, CFA
	PROG Holdings Inc	PRG	PRG US	Jason Haas, CFA
	Rollins Inc.	ROL	ROL US	Jason Haas, CFA
	Tempur Sealy International Inc.	TPX	TPX US	Jason Haas, CFA
	The Home Depot, Inc.	HD	HD US	Elizabeth L Suzuki
	Upbound Group Inc.	UPBD	UPBD US	Jason Haas, CFA
NEUTRAL				
	AutoZone Inc.	AZO	AZO US	Jason Haas, CFA
	Hasbro	HAS	HAS US	Jason Haas, CFA
	Sonos, Inc.	SONO	SONO US	Jason Haas, CFA
	Williams-Sonoma	WSM	WSM US	Jason Haas, CFA
UNDERPERFORM				
	Advance Auto Parts, Inc.	AAP	AAP US	Jason Haas, CFA
	Best Buy Co., Inc.	BBY	BBY US	Robert F. Ohmes, CFA
	Snap-on	SNA	SNA US	Elizabeth L Suzuki
	Tractor Supply Company	TSCO	TSCO US	Jason Haas, CFA
	Whirlpool	WHR	WHR US	Jason Haas, CFA

US - Retail Hardline Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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Disclosures

Important Disclosures

Equity Investment Rating Distribution: Leisure Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	16	55.17%	Buy	9	56.25%
Hold	7	24.14%	Hold	5	71.43%
Sell	6	20.69%	Sell	4	66.67%

Equity Investment Rating Distribution: Retailing Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	96	57.83%	Buy	39	40.63%
Hold	32	19.28%	Hold	12	37.50%
Sell	38	22.89%	Sell	18	47.37%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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