

Industry Report

Tracking returns in Consumer & Retail:
February 2024

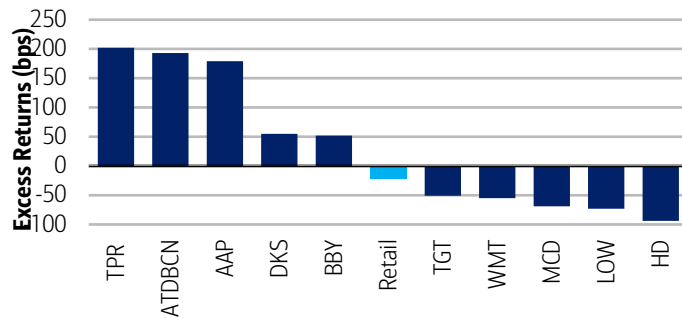
Industry Overview

BBB Consumer beta stays well bid in February

Jobs and inflation data came in stronger than anticipated to start February which further encouraged the risk-on environment we've seen since late '23, while also pushing Treasury yields higher (10Y back to 4.25% area) on lower likelihood of Fed rate cuts. BBB's and short-duration outperformed reflecting the chase tighter in spreads while heavy issuance weighed on curves. IG total returns were -1.4% for the month but excess return was +7bps; commodity-intensive sectors, cyclicals, and financials outperformed vs. TMT and retail underperformed, particularly long duration. Within Consumer, Tobacco (+21bps excess) delivered the only positive return led by Altria while Staples (-10bps) and Retail (-22bps) lagged, led by high-quality large capital structures (HD, ABIBB, LOW, MCD, KHC, WMT). Discretionary retail & higher beta remained a standout, with YTD excess return already +200-300bps. See Exhibits 1-8 for issuer excess returns by sub-sector, ranked for the month and YTD.

Exhibit 1: Top 5 Retail leaders and laggards in February

Discretionary & hardlines outperformed vs. Home Improvement & high-quality lagged

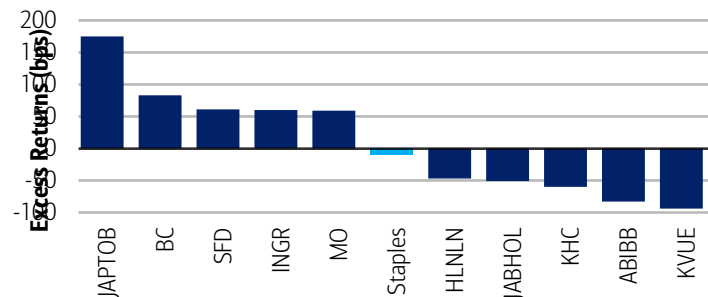


Source: ICE Data Indices LLC, Bloomberg

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Exhibit 2: Top 5 Consumer Staples leaders and laggards in February

Tobacco delivered positive returns vs. consumer health & duration-heavy underperformed



Source: ICE Indices LLC, Bloomberg

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05 March 2024

High Grade Credit
United States
Consumer & Retail

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Note: Returns calculated based off % index weighting and aggregated excess returns across outstanding bonds (pulled from ICE Data Indices)

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Timestamp: 05 March 2024 09:53AM EST

Issuer performance by sub-sector

Below we capture the aggregated excess return (bps) by issuer, ranked from best to worst in each relevant sub-sector for the month of February 2024. Please note that we exclude from our analysis most emerging market issuers and select other classifications such as building products, auto dealer and pure-play e-commerce as they are covered and traded away from Consumer & Retail despite being in the respective indices.

Consumer Staples

Exhibit 3: Beverages excess returns

European names outperformed

Ticker	February Excess Return	YTD Excess Return
CCEP	50	94
HEIANA	35	50
BACARD	20	112
COKE	11	36
RIFP	1	46
DGELN	0	(3)
KDP	(6)	(44)
PEP	(15)	(45)
BFB	(17)	(5)
STZ	(17)	(26)
KO	(32)	(65)
TAP	(43)	37
JABHOL	(51)	25
ABIBB	(83)	(45)

Source: ICE Data Indices LLC, Bloomberg

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Exhibit 4: Packaged food excess returns

Protein rebound continued

Ticker	February Excess Return	YTD Excess Return
SFD	61	173
INGR	60	166
FLO	54	139
ADM	38	(138)
JBSSBZ	23	79
TSN	21	113
BG	20	28
VITRRA	18	111
JDEPNA	18	22
MARS	11	36
MKC	10	40
CAG	10	26
GIS	5	(6)
CARGIL	(1)	(10)
CPB	(4)	19
HRL	(6)	(73)
K	(8)	6
HSY	(8)	6
SYN	(9)	62
MDLZ	(11)	(20)
BNFP	(12)	(14)
NESNVX	(22)	(11)
SJM	(47)	(1)
KHC	(60)	(21)

Source: ICE Data Indices LLC, Bloomberg

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Exhibit 5: Tobacco excess returns

PM weakest post new issuance

Ticker	February Excess Return	YTD Excess Return
JAPTOB	175	184
MO	59	176
IMBLN	43	59
BATSLN	34	93
PM	(29)	6

Source: ICE Data Indices LLC, Bloomberg

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Exhibit 6: Consumer Products excess returns

CLX outperformed on better earnings

Ticker	February Excess Return	YTD Excess Return
BC	83	136
CLX	43	55
WHR	29	39
UNANA	7	(33)
SCJOHN	4	37
CHD	(8)	(38)
PG	(10)	(35)
CL	(12)	(34)
KMB	(14)	4
RKTLN	(17)	17
EL	(23)	(8)
HAS	(33)	66
HLNIN	(47)	(23)
KVUE	(94)	(104)

Source: ICE Data Indices LLC, Bloomberg

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Retailing

Retail includes Discount, Non-discounters, Food Retail and Restaurants

Exhibit 7: Retail excess returns

Beta names outperformed in February

Ticker	February Excess Return	YTD Excess Return
TPR	202	235
ATDBCN	193	293
AAP	179	213
DKS	55	236
BBY	52	78
DRI	44	40
ADNA	43	17
ORLY	30	40
KR	26	106
TSCO	23	4
SVELEV	21	56
GPC	20	96
ROST	18	37
AZO	17	6
RL	13	(12)
COST	13	(52)
DG	12	53
DLTR	5	31
TIF	4	180
PVH	(7)	96
TJX	(8)	27
VFC	(11)	105
AMZN	(29)	(14)
SBUX	(30)	(32)
NKE	(43)	(71)
TGT	(51)	(58)
WMT	(55)	(60)
MCD	(69)	(57)
LOW	(73)	6
HD	(94)	(84)

Source: ICE Data Indices LLC, Bloomberg

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Returns across Consumer & Retail

Exhibit 8: IG Consumer & Retail issuers ranked by monthly excess return

Discretionary credits continued to outperform in February

Ticker	Name	February Excess Returns	YTD Excess Return	Total Return
TPR	Tapestry	202	235	1%
ATDBCN	Alimentation Couche-Tard	193	293	0%
AAP	Advance Auto Parts	179	213	1%
JAPTOB	Japan Tobacco	175	184	0%
BC	Brunswick Corp	83	136	-1%
SFD	Smithfield Foods	61	173	1%
INGR	Ingredion	60	166	0%
MO	Altria	59	176	-1%
DKS	Dick's Sporting Goods	55	236	-1%
FLO	Flower Foods	54	139	0%
BBY	Best Buy	52	78	-1%
CCEP	Coca-Cola European Partners	50	94	0%
DRI	Darden Restaurants	44	40	-1%
IMBLN	Imperial Brands	43	59	0%
CLX	Clorox Company	43	55	-1%
ADM	Archer Daniels-Midland	38	(138)	-4%
HEIANA	Heineken	35	50	-2%
BATSLN	British American Tobacco	34	93	-1%
ORLY	O'Reilly Automotive	30	40	-1%
WHR	Whirlpool	29	39	-2%
KR	Kroger	26	106	-1%
TSCO	Tractor Supply	23	4	-2%
JBSSBZ	JBS USA	23	79	-1%
SVELEV	7-Eleven	21	56	-1%
TSN	Tyson Foods	21	113	-1%
BACARD	Bacardi	20	112	0%
BG	Bunge	20	28	0%
VITRRA	Viterra Finance	18	111	0%
ROST	Ross Stores	18	37	0%
JDEPNA	JDE Peet's	18	22	-1%
AZO	AutoZone	17	6	-1%
RL	Ralph Lauren	13	(12)	-1%
COST	Costco	13	(52)	-2%
DG	Dollar General	12	53	-1%
MARS	Mars	11	36	-2%
MKC	McCormick & Co	10	40	-1%
CAG	Conagra Brands	10	26	-1%
UNANA	Unilever	7	(33)	-2%
DLTR	Dollar Tree	5	31	-1%
GIS	General Mills	5	(6)	-2%
TIF	Tiffany & Co.	4	180	-1%
SCJOHN	SC Johnson	4	37	-3%
RIFP	Pernod Ricard	1	46	-2%
DGELN	Diageo	0	(3)	-2%
CARGIL	Cargill	(1)	(10)	-2%
CPB	Campbell Soup	(4)	19	-1%
HRL	Hormel	(6)	(73)	-3%
KDP	Keurig Dr. Pepper	(6)	(44)	-3%
PVH	PVH Corp	(7)	96	1%
TJX	TJX Cos	(8)	27	-1%
K	Kellogg	(8)	6	-1%
HSY	Hershey	(8)	6	-2%
CHD	Church & Dwight	(8)	(38)	-3%
SY	Sysco Corporation	(9)	62	-2%
PG	Procter & Gamble	(10)	(35)	-2%
VFC	VF Corp	(11)	105	0%
MDLZ	Mondelez International	(11)	(20)	-2%
BNFP	Danone	(12)	(14)	-1%
CL	Colgate-Palmolive	(12)	(34)	-2%

KMB	Kimberly Clark	(14)	4	-2%
PEP	PepsiCo	(15)	(45)	-2%
BFB	Brown Forman	(17)	(5)	-2%
RKTLN	Reckitt Benckiser	(17)	17	0%
STZ	Constellation Brands	(17)	(26)	-2%
NESNVX	Nestle Holdings	(22)	(11)	-2%
EL	Estee Lauder	(23)	(8)	-2%
PM	Philip Morris International	(29)	6	-1%
AMZN	Amazon	(29)	(14)	-2%
SBUX	Starbucks	(30)	(32)	-2%
KO	The Coca Cola Company	(32)	(65)	-3%
HAS	Hasbro	(33)	66	-1%
TAP	Molson Coors	(43)	37	-2%
NKE	Nike	(43)	(71)	-3%
SJM	JM Smucker	(47)	(1)	-2%
HLN	Haleon	(47)	(23)	-1%
TGT	Target	(51)	(58)	-3%
JABHOL	JAB Holdings	(51)	25	-3%
WMT	Walmart	(55)	(60)	-3%
KHC	Kraft Heinz	(60)	(21)	-3%
MCD	McDonald's	(69)	(57)	-3%
LOW	Lowe's	(73)	6	-2%
ABIBB	Anheuser-Busch InBev	(83)	(45)	-3%
HD	Home Depot	(94)	(84)	-3%
KVUE	Kenvue	(94)	(104)	-4%

Source: ICE Data Indices LLC, Bloomberg

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