

NABE Annual Meeting Consumer Spending During Inflation 2.0

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2Q Retail Update

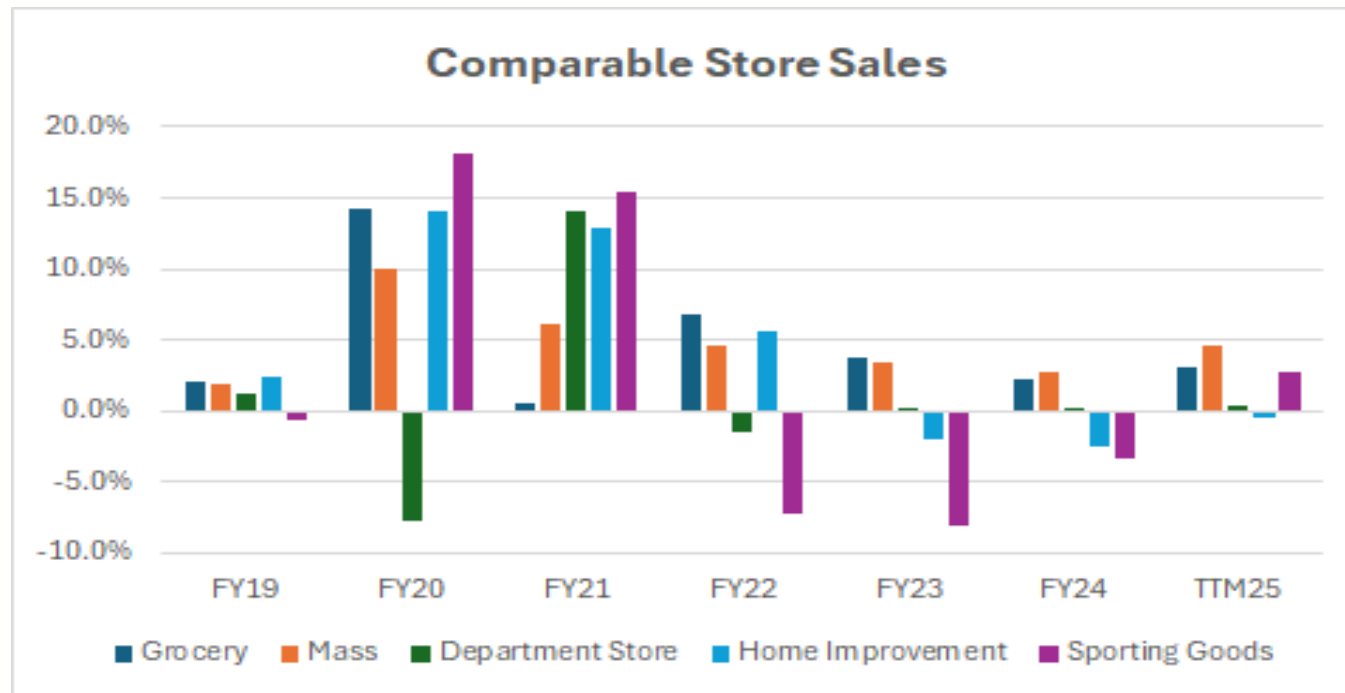
- Value and digital outperform.
- Discretionary categories lag.
- Volatile tariff policies have created business uncertainty and a more cautious consumer.
- Financial and real estate market gains supporting higher-income consumers.
- Lower income consumer savings tapped and wage growth slowing.
- Retail winners scaling through digital investments and “loyalty.”
- Off-price and experiential store growth.
- Many retailers offered a cautious 2H25 outlook.

	Comps	Sales Change	Δ Gross Margin (bps)	Inventory Change	Quarter-End Date
U.S.					
Walmart	4.8%	4.8%	10	3.8%	7/31/25
Target	-1.9%	-0.9%	-130	2.2%	8/2/25
BJ's Wholesale	2.3%	3.4%	20	-1.7%	8/2/25
Costco	6.4%	8.1%	10	-2.9%	8/31/25
Dollar General	2.8%	5.1%	120	-5.6%	8/1/25
Best Buy	1.6%	1.6%	-20	1.9%	8/2/25
Kohl's	-4.2%	-5.0%	30	-5.0%	8/2/25
Macy's	1.9%	-2.5%	-80	-0.8%	8/2/25
Gap	1.0%	0.1%	-140	8.9%	8/2/25
Urban Outfitters	5.6%	11.3%	110	15.1%	7/31/25
Abercrombie	3.0%	6.6%	-230	9.9%	8/2/25
TJX	4.0%	6.9%	40	13.9%	8/2/25
Ross	2.0%	4.6%	-70	4.7%	8/2/25
Academy	0.2%	3.3%	-	16.2%	8/2/25
Dick's Sporting Goods	5.0%	5.0%	40	7.1%	8/2/25
Home Depot	1.0%	4.9%	-	7.7%	8/3/25
Lowe's	1.1%	1.6%	30	-3.0%	8/1/25
McDonald's	2.5%	5.4%	-	19.6%	6/30/25
Chipotle	-4.0%	3.0%	-40	13.6%	6/30/25
Bloomin'	-0.1%	0.3%	-20	-22.9%	6/29/25
Kroger	3.4%	0.1%	60	3.0%	8/16/25
Albertsons	2.8%	2.5%	-60	5.4%	6/14/25
Amazon	N/A	13.3%	170	19.7%	6/30/25
Wayfair	N/A	5.0%	-10	14.1%	6/30/25

Retail Sector Trends

Sales Trends:

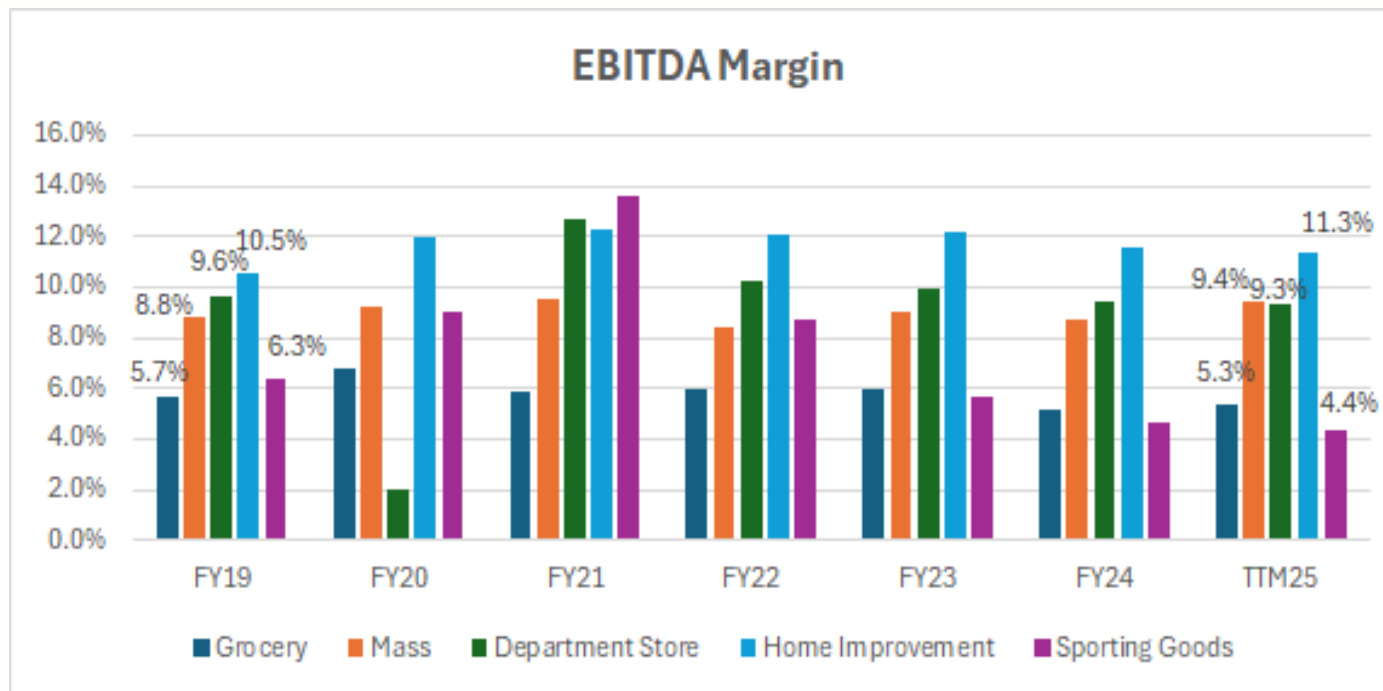
- Most sectors maintained positive comps, led by Mass Merchandisers.
- Sporting Goods experienced pandemic-driven surge, followed by sharp decline, particularly in outdoor and equipment categories.
- Traditional department stores consistently underperformed, while off-price grabbed market share.
- Home Improvement negatively impacted by discretionary DIY categories, while shifting into Pro market.
- Grocery maintaining LSD growth.



Retail Sector Trends

Margin Trends:

- Grocery margin brief spike during pandemic.
- Mass and Home Improvement remain elevated.
- Sporting Goods impacted by underperformers – Dick’s and Academy remain elevated.
- Department Store volatility, now stable from better inventory management.



Represents average margins for the RetailStat sample of monitored public and private companies.

■ Holiday Outlook

- Holiday outlook clouded by tariffs and economic uncertainty - sales growth expected to slow to ~3%.
- Growth estimate down from 4.2% in 2024, ecommerce to grow 7% - 9% to \$305B - \$311B – Deloitte.
- 5% drop in average holiday spend - \$1,552 per person - first decline since 2020 – PwC.
 - 84% expect to cut back spending in 2H25 citing rising prices
 - 23% drop in holiday spend for Gen Z

Key Projections & Trends

Source	Period / Scope	Forecast / Trend
Deloitte	Nov 2025 – Jan 2026	+2.9% to +3.4% growth in overall holiday retail sales vs prior year.
Mastercard / MEI	Nov 1 to Dec 24, 2025	+3.6% growth (excluding autos)
NRF (National Retail Federation)	Full year / holiday season	Retail sales growth of 2.7–3.7% in 2025 (vs 2024)
PwC	2025 holiday outlook	~5% decline in average consumer seasonal spend vs 2024

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