

Grocery

KEY TAKEAWAYS

- U.S. grocery comps slowed to 0.5%, with seven of 12 monitored grocers posting declines.
- SNAP cuts and Medicare drug pricing changes are creating meaningful headwinds for grocers.
- Fuel inflation is boosting reported sales across the group.

PERFORMANCE COMPARISON

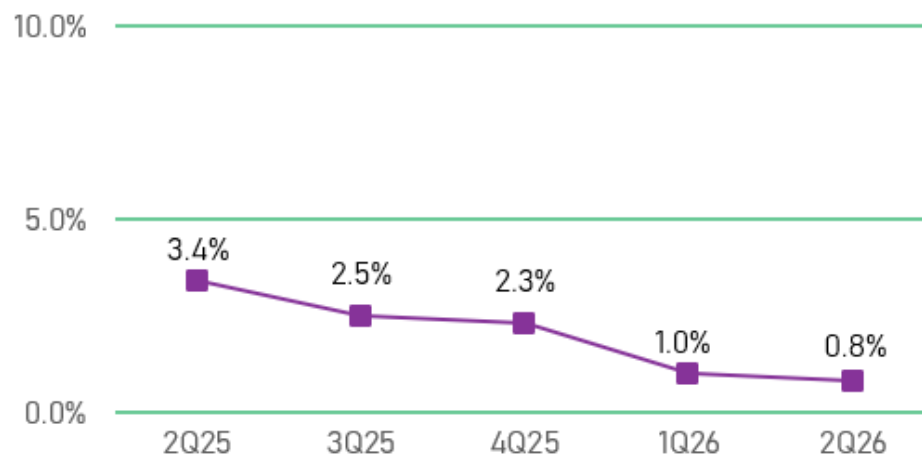
Company Name	Comps	Sales (millions)	YoY Sales % Change	E-Comm % Growth	Quarter-End Date
U.S.					
Ahold Delhaize (U.S. only)	0.8%	\$12,985	1.4%	14.5%	6/28/2026
Albertsons	-0.8%	\$24,942	0.2%	13.0%	6/20/2026
BJ's Wholesale Club	3.1%	\$6,227	15.7%	30.0%	8/1/2026
Costco	6.7%	\$95,723	11.1%	19.8%	8/30/2026
Grocery Outlet	-0.3%	\$1,193	1.1%	N/A	7/4/2026
Ingles Markets	-3.1%	\$1,368	1.6%	N/A	6/27/2026
Kroger	0.2%	\$34,621	2.0%	20.0%	8/15/2026
Natural Grocers	1.2%	\$335	1.8%	N/A	6/30/2026
Publix Super Markets	-0.5%	\$15,742	1.0%	N/A	6/27/2026
Sprouts	-1.0%	\$2,326	4.7%	N/A	6/28/2026
Village Super Markets	-0.2%	\$573	1.6%	N/A	4/25/2026
Weis Markets	-0.4%	\$1,271	4.6%	N/A	6/27/2026
Average U.S.	0.5%		3.9%	19.5%	
Canada					
Loblaw	1.6%	C\$15,270	4.1%	N/A	6/20/2026
Metro	-1.5%	C\$6,970	1.4%	N/A	7/4/2026
North West Company	6.3%	C\$682	5.4%	N/A	7/31/2026
Sobeys	1.2%	C\$8,475	2.6%	N/A	8/1/2026
Average Canada	1.9%		3.4%		
Total Average	0.8%		3.8%		

Grocery demand in 2Q26 softened from 1Q26, as the same disciplined, value-seeking consumer faced added pressure from SNAP cuts and elevated fuel prices. SNAP enrollment fell to 36.6 million in May 2026 from 42.2 million a year earlier, and with states now responsible for 75% of program administrative costs as of October 1, we believe further tightening is likely. Pharmacy also weighed on results, as the Inflation Reduction Act's Medicare drug price negotiations took effect January 1, costing Kroger about 140 bps of identical sales and Albertsons roughly 100 bps. Private label continued to gain, reaching a record 23.8% unit share in the first half. E-commerce remained the clear bright spot, with August online grocery sales up nearly 25% while in-store sales fell 4.1%; digital growth among our monitored companies reporting ranged from 13% at Albertsons to 30% at BJ's.

For the quarter, comps across our U.S. monitored group averaged 0.5%, down from 0.8% last quarter, with seven of 12 companies in negative territory compared with three previously. Costco again led the group with a 6.7% comp gain, followed by BJ's at 3.1%, as the club channel continued to capture value-focused shoppers. At the other end, Ingles Markets posted a 3.1% comp decline, with Sprouts (down 1.0%) and Albertsons (down 0.8%) close behind. Kroger slowed to 0.2% and cut its full-year identical sales outlook to 0.2% to 0.8%. Census data corroborates the slowdown, with grocery store sales growth easing from 1.1% in June to 0.5% in August. Further, we believe fuel inflation is boosting reported sales across the group.

In the North, Canadian grocers averaged a 1.9% comp gain, slightly ahead of last quarter's 1.8% and well ahead of their U.S. peers. The North West Company led the group with a 6.7% gain in food comps (6.3% on a consolidated basis), with sales up 5.4%, as it lapped wildfire-related evacuations in the prior year and benefited from fuel-related inflation in retail prices and higher government benefit payments. The Company expects settlement payments to its northern customers to increase in 2H26, which we believe should provide further support. Loblaw followed at 1.6%, while Metro trailed with a 1.5% decline, driven largely by a strike at its Laval produce distribution center. That strike ended in late September, though we expect some lingering effects into early FY27; Metro's pharmacy same-store sales rose a solid 4.8% despite the disruption.

Grocery Average Quarterly Comps



2026 Seasonally Adjusted Retail Sales (Monthly % Change Year-Over-Year) Source: U.S. Census				Upcoming Comparative Periods		
	Jun'26	Jul'26	Aug'26	Sep'25	Oct'25	Nov'25
Total Retail Sales	6.3%	5.0%	6.0%	4.1%	3.3%	3.2%
Retail Sales Ex Auto	6.5%	5.8%	6.9%	3.8%	3.7%	4.1%
Retail Sales Ex Auto and Gas	5.3%	4.7%	5.6%	4.0%	3.9%	4.2%
By Category:						
Furniture & home furnishings	-1.5%	-2.5%	1.9%	-2.0%	0.3%	-1.4%
Electronics & appliance	7.1%	5.6%	7.8%	5.7%	3.3%	3.0%
Building materials, garden equip. & supplies	5.2%	5.8%	5.1%	-2.8%	-4.1%	-2.4%
Food & beverage stores	1.0%	0.5%	0.5%	2.1%	1.9%	1.8%
Grocery stores	1.1%	0.6%	0.5%	2.5%	2.3%	2.3%
Health & personal care	1.8%	0.4%	1.9%	5.4%	5.8%	5.6%
Gasoline stations	18.9%	17.2%	21.0%	2.8%	1.4%	2.6%
Clothing & clothing accessories	4.8%	4.4%	4.3%	6.0%	6.7%	7.2%
Sporting goods, hobby, musical instrument & book stores	12.3%	10.9%	10.7%	1.8%	4.4%	5.1%
Footwear	1.1%	0.1%	TBD	0.7%	3.8%	3.0%
General merchandise	3.4%	3.7%	4.5%	1.8%	1.9%	1.9%
Department stores	3.7%	2.8%	1.9%	-1.9%	3.1%	2.0%
Nonstore retailers	10.8%	8.7%	9.9%	6.7%	6.9%	7.1%
Food services & drinking places	4.5%	4.9%	5.8%	5.7%	4.9%	5.2%
*Sporting goods figures are not seasonally adjusted						

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