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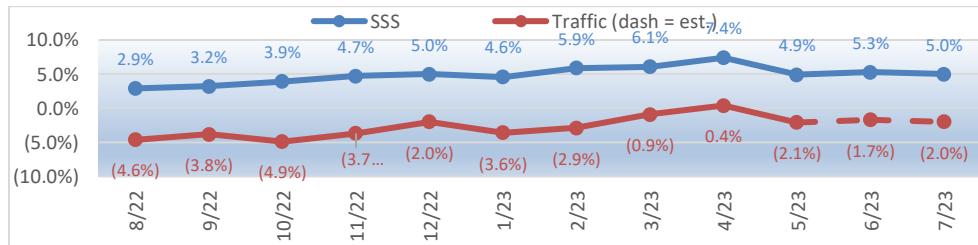
COMPANIES MENTIONED IN THIS REPORT:

CORE COVERAGE
(Subscription Required)

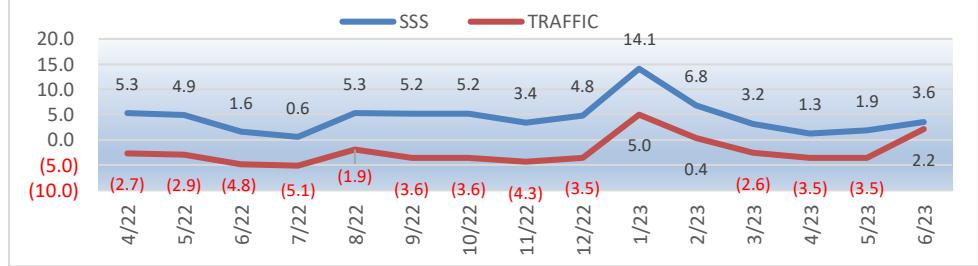
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SALES & TRAFFIC

Compass RCR coverage average:

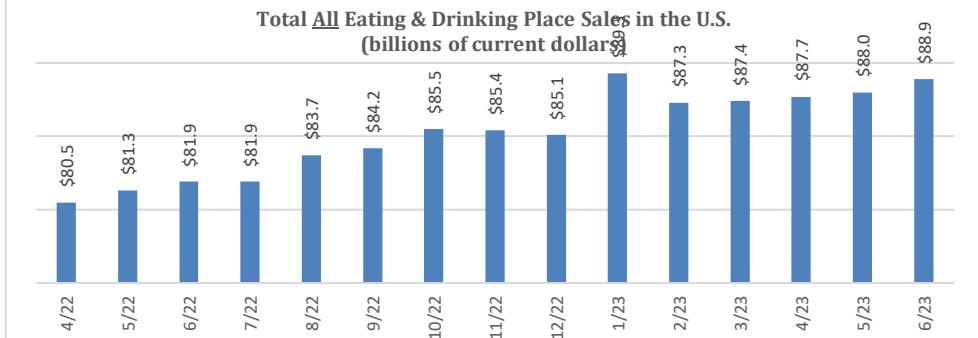


Black Box



(Monthly SSS & Traffic numbers consist of many publicly held and privately held concepts and skews toward Full Service concepts.)

National Restaurant Association Sales



Headlines: Things to Know:

Economic News:

- LEI 106.1; declined 7%
- CPI (Inflation Rate) 3.0% declined
- PPI 0.1% declined

Supply Chain News: UPS and West Coast Unions sign new agreements; avoid strike.

Labor News:

- Unemployment Rate 3.6% U6 Rate 7.2%
- JOLTS Report: Job openings: <0.3%> Separations: 3.8%
- Restaurant Ind. Job openings: Stalled in June Hires: <800>

Gasoline Prices: \$3.77 rose 35¢

Food Away From Home: 7.7% Food At Home 4.7%

Food Prices 0.4% Increase

Personal Income Outlay 0.3% / 0.5%

RPI 100.2 Increase 0.6 NFIB 91.0 Increased 1.6 pts.

Operator Confidence: Sales 39% up from 29% Economy 10% up from 6%

Consumer Sentiment 71.6

➤ **Disclaimer Reminder:**

Due to our Compliance Policy, our Channel Checks are limited to maximum 10% of a brand's U.S. store count. Further, we can only provide a range of 2% on our SSS estimates. Please see Page 27 for important disclosures.

MONTHLY HEADLINES – THINGS TO KNOW:

- **The Conference Board released their June 2023 Leading Economic Indicators (LEI) Report on June 20.** The U.S. declined 0.7% to 106.1. The LEI is down 4.2% over the past six months (January through June 2023). This is a steeper rate of decline than the 3.6% contraction over the previous six months. The decline was fueled by gloomier consumer expectations, weaker new orders, an increased number of initial unemployment claims, and a reduction in housing construction.

According to the Conference Board, the Leading Index has been in decline for fifteen months. With June's data, this suggests economic activity will continue to decline in the months ahead.

- **CPI (Inflation Rate) was 3.0% in June** down from 4.1% in May. This is the smallest increase since August 2021. This reflects a mixture of falling and rising prices with net result being overall prices rose at a slower rate.
- **Fed's raised the interest rate on Wednesday, 7/26/23 to 5.5%** in an effort to slow down the inflation rate. This is the highest level in 22 years. For consumers the impact will be on variable loans such as mortgages and credit cards. It will make it harder to get approved for a loan – both for consumers and small businesses. On the positive side, it will increase rates on CD's and other savings accounts. The Feds decision also influences the Stock Market in a negative way.
- **Restaurant job growth declined by 800 in June.** This is the first decline in 29 months. It had to happen sometime; but this is peak hiring time for the industry. According to the National Restaurant Association, the restaurant industry remains 80,000 hires below the employment peak in February 2020.
- **Wholesale Food Prices rose in June according to data from the Bureau of Labor Statistics 0.4% between May and June.** The modest June increase follows 5 declines in the last 6 months; representing a 6.7% drop in the Price Index. However, all foods remain 24% above its February 2020 reading. Also, keep in mind that while many food commodities declined in recent months, others continued to trend higher. As a result, the degree to which a restaurant might experience higher or lower costs depends on their menu mix.
- **Consumer Sentiment increased in July over June by 7.2 points.** This is the second straight month the Index has risen. Year over year this represents a 39.0% positive change. July's reading is its most favorable since October 2021. The sharp rise in sentiment was largely attributable to the continued slow down in inflation. However, the sentiment for lower income consumers (approximately 30% of all consumers) fell. Despite the increase in sentiment, consumer spending continued to decline. Restaurant spending continues to remain the top area where consumers are willing to splurge (according to the latest McKinsey Monthly Report: State of the Consumer). Essentially, while more consumers are feeling more optimistic, they are spending more cautiously and the "urge to splurge" is weakening.

Top worries of U.S. consumers:

- Non-Economic Problems – 69%
 - Government
 - Immigration
 - Crime/Violence
- Economic Problems – 32%
 - Inflation
 - Lack of money (income)

ECONOMICS

CRCR * BUSINESS ECONOMICS REPORT							2022					2023				
	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE			
OUTPUT & PRICES																
GDP (Qtrly)	(0.6)	--	--	3.2	--	--	2.7	--	--	1.1	1.3	2.0				
CPI	8.6	9.1	8.5	8.2	7.7	7.1	6.5	6.4	6.0	5.0	4.9	2.8	3.0			
PPI	11.2	9.7	8.7	8.5	8.2	7.3	6.5	5.7	4.6	3.6	2.3	4.0	0.1			
Food Away from Home	8.0	8.5	8.6	8.5	8.3	7.7	8.3	8.2	8.4	8.8	8.6	5.8	7.7			
Food at Home	12.2	13.1	13.5	13.0	12.4	12.0	11.8	11.3	10.2	8.4	7.1	8.3	4.7			
PCE - Consumer Spending	--	--	--	0.6	0.7	(0.2)	5.3	5.4	5.1	4.2	4.7	3.8	3.0			
Gasoline	4.87	4.32	3.85	3.67	3.74	3.54	3.06	3.52	3.34	3.65	3.54	3.52	3.66			
LABOR MARKET																
Openings	10,960	11,380	10,198	10,854	10,471	10,746	11,234	10,824	9,931		9,680	10,103	9,800			
Hires	4.2	4.1	4.2	4.1	4.0	4.1	4.0	4.1	4.0		4.0	4.0	4.0			
Turnover	3.9	3.8	4.1	3.8	3.8	3.9	3.8	3.8	3.7		3.8	3.8	3.8			
Unemployment Rate	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6		3.5	3.4	3.7			
U6 Rate	6.7	7.0	7.2	6.4	6.3	6.4	6.4	7.4	7.3		6.8	6.1	6.4			
INTEREST RATE																
Fed Rate	1.75	2.50	--	3.25	--	4.00	4.50	--	4.75	5.00	5.00	5.25	5.50			

* Current month or most recent reporting data available

Food at Home / Food Away (Restaurants) Comparisons													
2023	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	
HOME	11.3	10.2	8.4	7.1	8.3	4.7							
AWAY	8.2	8.4	8.8	8.6	5.8	7.7							
DIFFERENCE	3.1	1.8	(0.4)	(1.5)	2.5	(3.0)							
2022	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	
HOME	7.4	8.6	10.0	10.8	11.9	12.2	13.8	13.5	13.0	12.4	12.0	11.8	
AWAY	6.4	6.8	6.9	7.2	7.4	7.7	7.6	8.0	8.5	8.6	8.5	8.3	
DIFFERENCE	1.0	1.8	3.1	3.6	4.5	4.5	5.5	5.5	4.5	3.8	3.5	3.5	

COMMODITIES COMMENTARY:

NATIONAL GAS AVERAGE – PER AAA

8/22	9/22	10/22	11/22	12/22	1/23	2/23	3/23	4/23	5/23	6/23	7/23
3.85	3.67	3.74	3.54	3.06	3.52	3.34	3.42	3.65	3.53	3.52	3.77

- Gasoline prices rose as a direct result of Russia and middle eastern countries cut back on production. Additional influence was the beginning of refilling the National Fuel Reserve.

OPERATORS SURVEY (Source: NFIB and Compass RCR)

- **Current Month Sales (nationally):**
 - 50.0% Increase over last year
 - 40.0% Decrease over last year
- **Current Traffic:**
 - 29.0% Increase over last year
 - 57.0% Decrease over last year
- **Future Outlook for Business Conditions Over Next 6 Months:**
 - 10.0% Expect conditions to get better up from 6%
- **Future Outlook for Sales:**
 - 39.0% More optimistic over last year Up from 29% last month
 - 56.0% Less optimistic over last year
- **Capital Spending:**
 - 50.0% Made equipment expenditures
 - 29.0% Expansion/remodel
- **Margins Impact:**
 - 50.0% Reported food cost increase; costs rose 2%
- **Menu Prices:**
 - 88.0% Higher than LY
 - Menu prices increased 6.5% over last 12 months
- **Staffing Issues:**
 - 92.0% Fully Staffed (Chains/Independents)
 - 8.0% Understaffed
- **Top Concerns:**
 - 88.0% Recruiting & Retention
 - 86.0% The Economy
 - 79.0% Managing Costs

RESTAURANT PERFORMANCE INDEX: (Source: National Restaurant Association)

	11/22	12/22	1/23	2/23	3/23	4/23	5/23	6/23
RESTAURANT PERFORMANCE INDEX	101.1	101.8	102.8	102.7	101.7	100.9	99.6	102.7
CURRENT SITUATIONS INDEX:				103.0	102.3	100.8	99.7	101.0
SSS Increase/Decrease	54%/29%	63%/36%	75%/23%	73%/12%	74%/17%	59%/32%	48%/45%	50%/40%
Capital Spending	50%	54%	61%	55%	55%	63%	52%	50%
EXPECTATIONS INDEX:				102.4	101.0	100.9	99.5	100.7
Sales Outlook Improvement	45%	44%	58%	60%	46%	44%	29%	39%
Economy Outlook Improvement	3%	16%	26%	20%	5%	16%	<5%>	10%

NFIB Optimism Index increased 1.6 pts in June. The key factors driving this increase were: small business owners are expecting better business conditions over the next 6 months increasing by 10 pts. Net percentage of owners who expect real sales to be higher improved seven pts. However, the overall score for improved business conditions still remains at a historical low negative 40% and real sales expectations remain in negative net 14%.

Restaurant Performance Index posted a moderate gain as operators grew slightly more optimistic about business conditions and sales. However, operators reported a down tick in capital spending activities at the same time.

SMALL BUSINESS OPTIMISM INDEX (Source: NFIB and Compass RCR)



CONSUMER SENTIMENT: (Source: University of Michigan Sentiment Poll)

	8/22	9/22	10/22	11/22	12/22	1/23	2/23	3/23	4/23	5/23	6/23	7/23
Consumer Sentiment	58.2	58.6	59.9	56.8	59.7	64.9	67.0	62.0	63.5	59.2	64.4	71.6
Current Economy	58.6	59.7	65.6	58.8	59.4	68.4	79.7	66.3	68.2	64.9	69.0	76.6
Consumer Expectations	58.0	58.0	56.2	55.6	59.9	62.7	64.7	59.2	60.5	55.4	61.5	68.3

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