



U.S. OUTLOOK CONFERENCE

NEW YORK

U.S. Consumer: Defying Gravity?

Eric Axon CFA, Co-Head of High Yield, Head of Healthcare at CreditSights

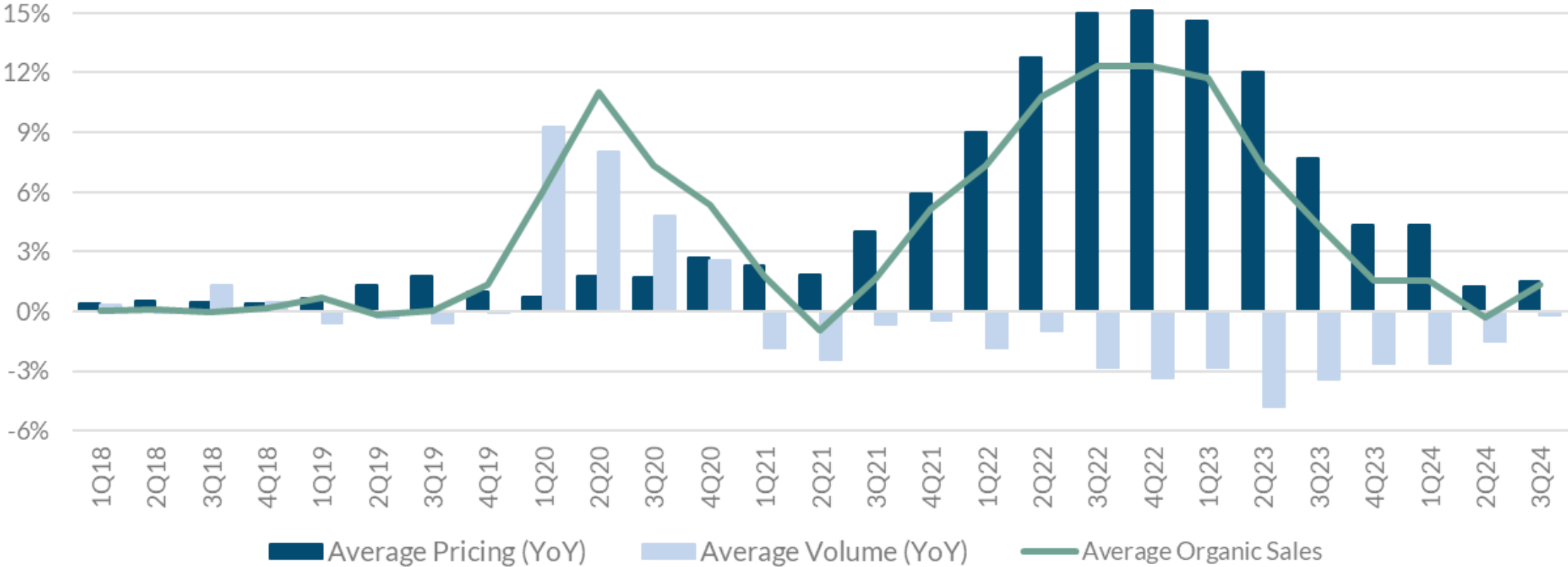
James Goldstein CFA, Head of Retail at CreditSights

James Dunn, Head of Consumer Goods, Leisure, CreditSights

Jesse Rosenthal, Head of Banks at CreditSights

Value-Seeking Behavior: Price Elasticities Increase for Food Companies

BBB-Rated Food Manufacturers: Average Pricing, Volume, and Organic Sales Trends 2018 - MRQ



Note: Reflects average pricing and volume result of CAG, CPB, GIS, K, KHC, KDP, and MDLZ. Results calendarized for CAG, CPB, and GIS. Source: Company reports, CreditSights.

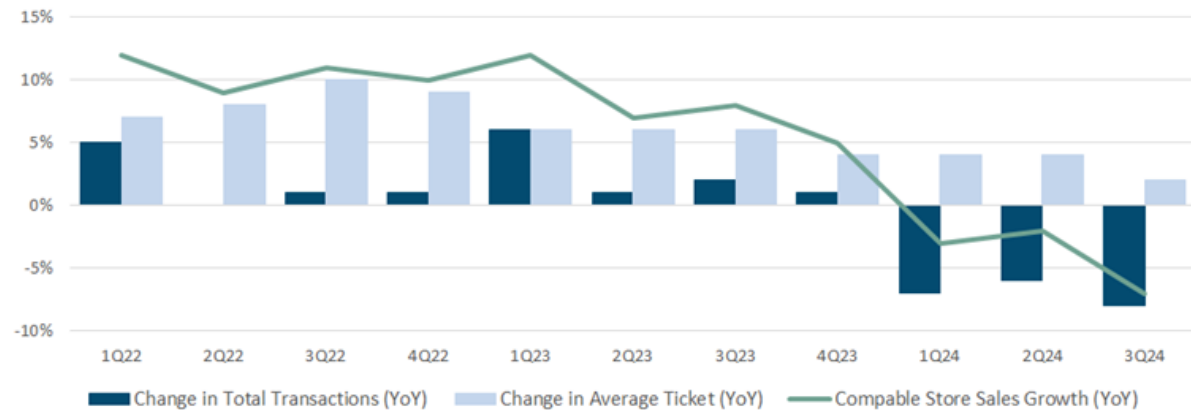
Restaurant Traffic Showing Slowdown Beyond Low-Income Tiers

Darden Same-Restaurant Sales YoY



Source: Company report, CreditSights.

Starbucks: U.S. Comparable Store Sales, Transactions, and Ticket Data 1Q22-1Q24



Note: Data is calendarized from SBUX fiscal calendar. Source: Company reports, CreditSights.

“We were surprised by the significant step down in traffic beginning with the Fourth of July holiday.”

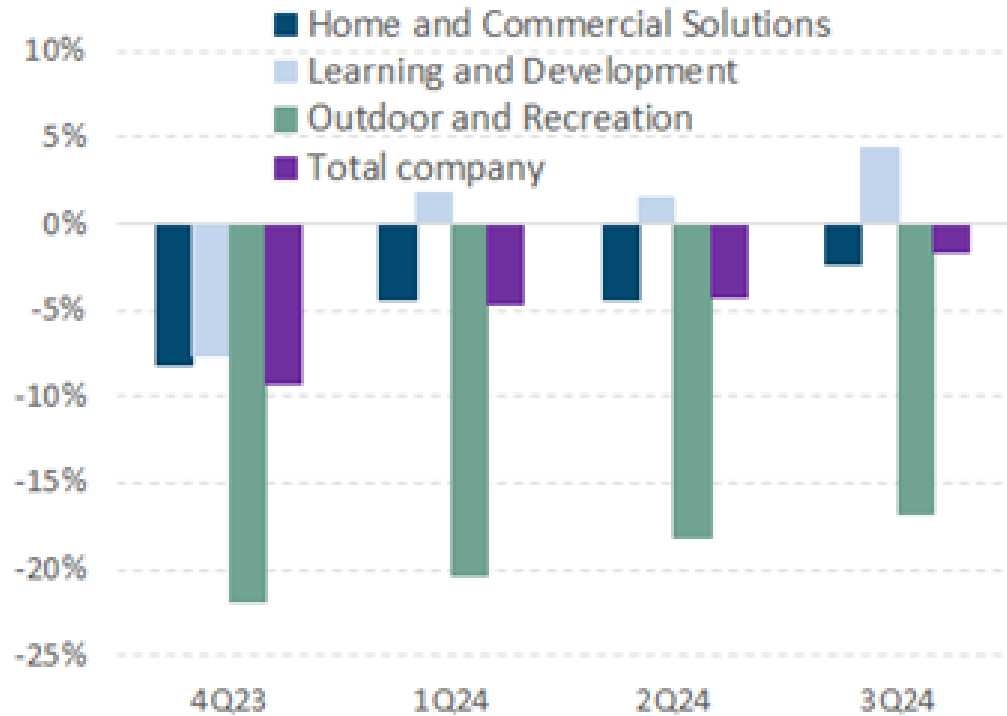
“From a fine dining standpoint, it's been a continuing challenge as we got into the summer months. There were a lot of factors in the summer, seem like including some international travel and things like that, but it's just -- it seems like there were other places where the luxury consumer was spending dollars.”

-Darden, September

SBUX U.S. comparable store sales declined 6%, driven by a 10% decline in comparable transactions, partially offset by a 4% increase in average ticket.

Diverging Spending Patterns in Discretionary Categories

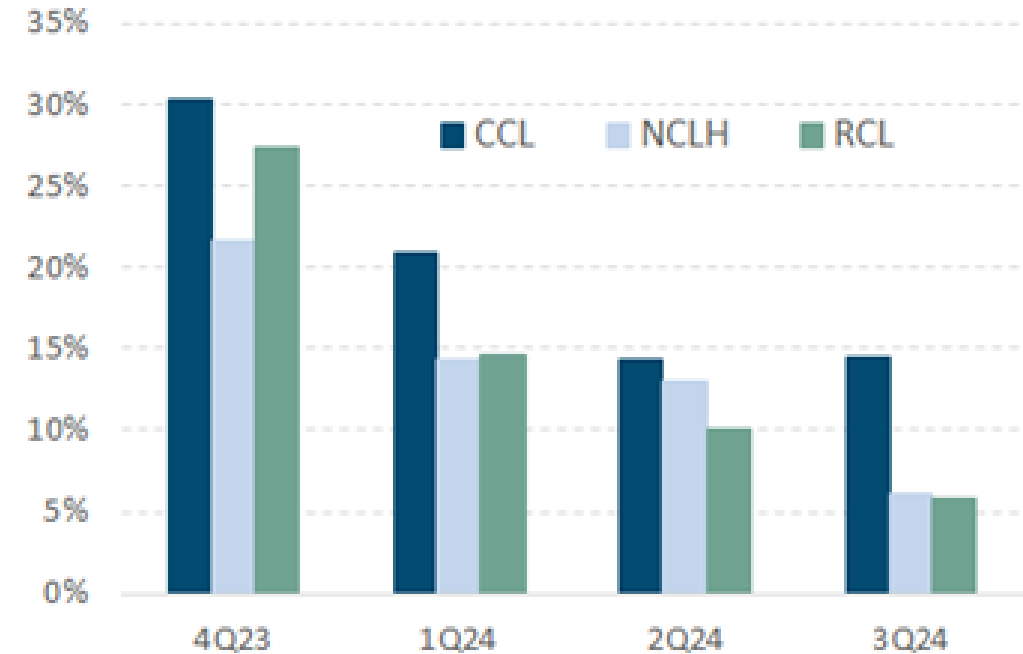
Newell Brands YoY Core Sales



Source: Company reports, CreditSights.

Pandemic era favored categories still awaiting normalization after demand pull-forward

Cruise YoY Change in Customer Deposits

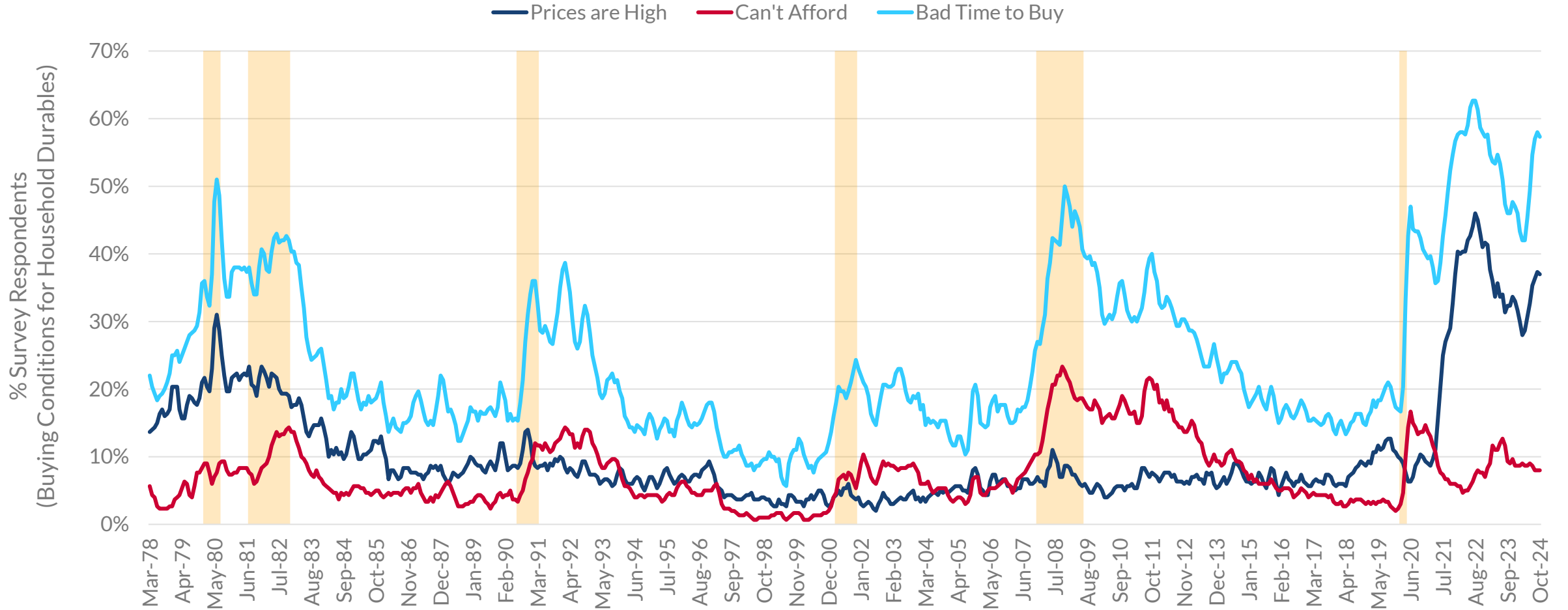


Source: Company reports, CreditSights.

Consumers still spending on travel

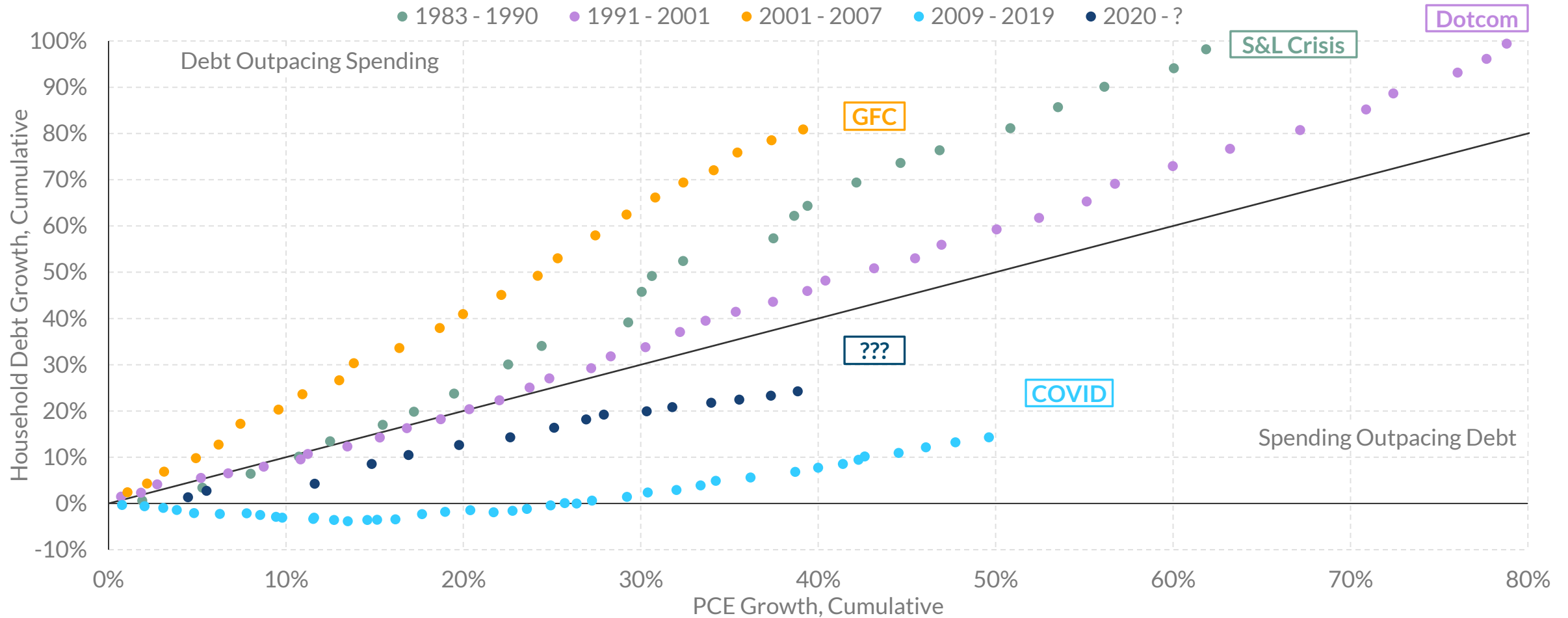
Money Illusion

Household Durables: Consumer Mindset



Putting Consumer Credit in Cyclical Growth Context

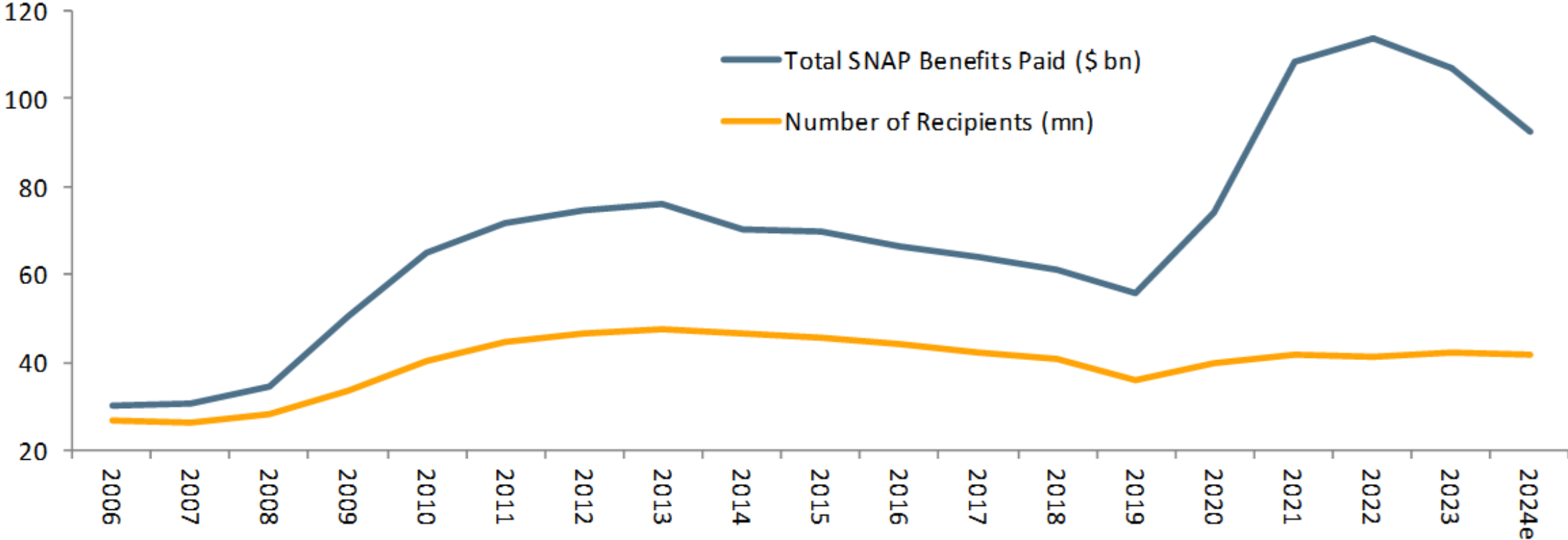
Consumer Credit Reliance: Cyclical Lookback



Trump Policies With Consumer Impact: Transfer Payments

SNAP Shrinks After Pandemic Era Growth Surge

Annual Benefit Payouts Soared by \$60 bn Under Special Pandemic Programs, Retreated Modestly at Expiration



Source: U.S. Dept of Agriculture, CreditSights

Trump Policies With Consumer Impact: Tariffs

US Total Import Value (YTD September 2024)		
Category	China Sourced Imports (% of Category)	All Countries Category Import Value (\$ bn)
Toys, Games, Sports Equipment	72.5%	29
Miscellaneous Manufactured Articles	54.4%	7
Footwear, Headgear	41.1%	25
Furniture, Bedding, Mattress, Lighting	28.3%	50
Apparel & Textiles	25.1%	84
Hides and Skins	22.1%	10
Stone, Plaster, Cement	22.1%	19
Plastics and Rubber	20.4%	81
Machinery and Electrical Equipment	20.3%	734
Pulp of Wood	16.9%	22
Base Metals and Articles	15.3%	123
Optical, Medical Instruments	9.7%	98
Miscellaneous	9.0%	94
Wood and Articles of Wood	8.8%	18
Chemical Products	6.2%	276
Vehicles, Aircraft, Vessels	4.3%	320
Arms and Ammunition	4.0%	3
Prepared Foodstuffs	3.4%	89
Animal Products	3.2%	33
Precious Stones and Metals	2.3%	55
Vegetable Products	2.3%	48
Works Of Art, Collectors' Pieces, Antiques	1.1%	6
Mineral Products	0.4%	193
Total	13.3%	2420

Source: US Census Bureau

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