



GRANDATION CAPITAL

RESEARCH DEPARTMENT

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Companies mentioned in this report
(price as 7/16/19 market close)

Ticker	Price 7/16/19	WoW
GOOS.N	\$ 43.62	7.52%
SKX.N	\$ 34.26	5.84%
COST.O	\$ 280.58	4.15%
UAA.N	\$ 27.51	3.85%
ELY.N	\$ 18.32	3.80%
YUMC.N	\$ 44.18	2.46%
WMT.N	\$ 114.98	2.00%
AEO.N	\$ 17.41	1.69%
TPR.N	\$ 30.75	1.62%
CMG.N	\$ 759.87	1.48%
LULU.O	\$ 189.17	1.27%
NKE.N	\$ 89.48	1.13%
KMX.N	\$ 88.79	1.13%
ULTA.O	\$ 355.68	0.85%
COLM.O	\$ 102.18	0.40%
FL.N	\$ 42.11	0.26%
TIF.N	\$ 93.82	0.05%
JWN.N	\$ 31.15	-2.11%
TGT.N	\$ 86.80	-2.37%
SFIX.O	\$ 28.57	-6.57%

RETAIL INDUSTRY REPORT

7/16/2019

VOLUME 2, ISSUE 7

Announcement: We start to publish our retail industry report on bi-weekly basis starting from Jul'19.

Key takeaways: As market anticipating rate cut, trade talk could end sourer than expected. On 7/16/19, Trump tweeted the U.S. and China trade talk is far from settling, and tariff for \$325bn Chinese goods is ready to take place if no progress. Meanwhile, real estate market has hit by recent trade tensions. Reports show foreign purchase of American homes has plunged 36% YoY from \$121bn in 2018 to \$77.9bn in 2019, led by 56% YoY decline from Chinese buyers due to tighter currency control and stronger U.S. dollar. **Retail Industry:** XRT index is closed at 42.46 on 7/17, up 5.3% MoM and up 3.1% YTD. **Individual stocks:** in our screening portfolio, the best stock performers are SFIX, CMG and LULU, up 83.7%, 67.4% and 48.7% in Jul'17, respectively.

U.S. Macro Economic Indicators:

- **U.S. GDP quarterly data (Figure 1):** on 5/20/19, U.S. department of commerce released Q1'19 GDP growth at 3.1% YoY, topped the expectation of 2.5% YoY.
- **U.S. employment monthly data (Figure 2):** on 7/5/19, U.S. department of labor released June'19 unemployment rate of 3.7%, remained at 50-year record low. However, non-farm payroll increased 224,000. Notable job gains occurred in professional and business services, in health care, and in transportation and warehousing.
- **U.S. pending home sales index monthly data (Figure 3):** on 6/27/19, National Association of Realtors released May'19 pending home sales index, increasing 1.1 to 105.2.



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- **Update this week**—U.S. retail sales monthly data (Figure 4): on 7/16/19, U.S. department of commerce released Jun'19 retail sales of \$519bn, up 0.4% MoM, beat the expectation of 0.1% MoM.
- U.S. E-Commerce sales quarterly data (Figure 5): on 5/17/19, U.S. department of commerce released Q1'19 E-commerce sales of \$137bn as 12.4% of total retail sales, up 3.6% QoQ.

China Macro Economic Indicators:

- **Update this week**—China GDP quarterly data (Figure 6): on 7/16/19, China bureau of statistics released Q2'19 GDP growth at 6.2% YoY, in line with the expectation of 6.3% YoY, including 3.3% YoY, 5.6% YoY and 7.0% YoY in primary, secondary and tertiary industries, respectively.
- **Update this week**—China total social financing monthly data (Figure 7): on 7/12/19, the People Bank of China released Jun'19 total social financing of RMB2,260bn, beat the consensus of RMB1,950bn, higher than \$1,400bn in May'19.
- **Update this week**—China export monthly data (Figure 8): on 7/12/19, China department of customs released Jun'19 export of RMB145.4bn, down 1.3% YoY and 0.5% MoM and import of RMB110.8bn, down 7.3% YoY and 6.2% MoM. The export data was better-than-expected 2% decrease from street perspective.
- **Update this week**—China CPI monthly data (Figure 9): on 7/10/19, China bureau of statistics released June'19 CPI growth at 2.7% YoY, with food price up 8.3% and non-food price up 1.4%.
- **China PMI monthly data (Figure 10)**: on 7/1/19, China Bureau of Statistics released Jun'19 PMI at 49.4, flat MoM, falling below 50 again due to the U.S.-China trade war. However, non-manufacturing PMI remained healthy at 54.2, indicating strong domestic economic environment within China.
- **Update this week**—China industrial output data (Figure 11): on 7/16/19, China bureau of statistics released Jun'19 industrial output growth at 6.3% YoY.

What happened?

- **LULU opened its over 20,000sf flag store in Chicago.** On 7/10/19, LULU's first concept store is open in Chicago. Besides athletic apparels, the over 20,000sf store provides yoga classes, meditation sessions and snacks, including cocktail and beyond-meat burgers. Management expects to mimic Chicago's store model throughout the nation. **(upside: ▲ for LULU)**.
- **AEO joined A&F and DSW to carry CBD products.** On 7/10/19, AEO announced to partner with cannabis company Green Growth Brands to sell CBD-infused products, starting this October **(upside: ▲ for AEO)**.
- **COST has quietly becomes a destination for clothes.** On 7/1/19, reports show COST generates \$7bn in revenue from apparel sales each year, beat Old Navy and Neiman Marcus. The apparel COST carries is highly selective and discounted. For instance, a North Face men's jacket sells at \$69.9 in COST vs. \$149.9 on Internet **(upside: ▲ for COST)**.
- **High-end retailer Barneys New York explores options for bankruptcy.** On 7/15/19, straggling with high rent cost and changing in consumer behaviors and tastes, news revealed that Barneys New York has worked with law firm to file potential bankruptcy in the upcoming weeks.
- **Retail store closure accelerates in 2019.** The report from CNBC list 7,062 store closure so far and expects the total store closure to top 12,000 in 2019. Large retailers announced store closing include BBBY to close 40 locations, Topshop to close 11 stores, Party City to close 45 locations, CVS to close 46 locations, GAP to close 230 stores, A&F to close 40 stores and J.C. Penny to close 18 locations **(downside: ▼ for retail industry)**.



Earnings Summary

- **PepsiCo released Q2'19 earnings.** On 7/9/19 premarket, PEP reported Q2'19 earnings of \$16.45bn in revenue, up 2.2% YoY, in-line with the consensus and \$1.54 in EPS, beat consensus by 3c. The snack and water division Frito-Lay has once again become the top performer. The stock is up slightly pre-market (upside: ▲ for PEP).
- **LEVI released Q2'19 earnings.** On 7/9/19 after market, LEVI reported its first earnings after IPO with \$1.31bn in Revenue, up 4.8% YoY, missed consensus by \$120mn and 7c in GAAP EPS, beat consensus by 4c. Management mentioned high market cost was mainly attributed to IPO underwriting cost. For future, LEVI planned to invest heavily on online sales and celebrity endorsement. LEVI's stock sunk nearly 6% after-market (downside: ▼ for LEVI).

What's coming up:

Date	Ticker	Company Name	Event	Location	Note
7/18	SKX	Skecher	Q2'19 Earnings	NYSE	After-market
7/18	CHWY	Chewy Inc	Q2'19 Earnings	NYSE	After-market, First earnings after IPO
7/23	CMG	Chipotle Mexican Grill	Q2'19 Earnings	NYSE	After-market
7/24	AMZN	Amazon	Q2'19 Earnings	NASDAQ	After-market
7/24	RH	Restoration Hardware	RH Annual Shareholders Meeting	NYSE	After-market
8/1	GRPN.OQ	GroupOn	Q2'19 Earnings	NASDAQ	After-market

Source: Thomson Reuters, Grandation Research

Data Tracker:

- **Google search weekly tracker (Figure 12-14):** On weekly basis, search for NKE and COLM declined 20.5% and 18.4% YoY.
- **Estimated earning schedule table (Figure 15):** We expect SKX to report Q3'19 earnings on 7/18/19.
- **Earnings surprise table (Figure 16):** on 6/27/19, Nike reported Q2'19 earnings with revenue 0.2% beat and EPS 5.9% miss.
- **Stock performance (Figure 17):** last week, YTD, XRT underperformed SPX. YTD, CMG was up 76.4% and SFIX was up 69.8%.
- **Short interest tracker (Figure 18):** The latest short interest data with an 6/28/2019 settlement was released on 7/10/2019. Short interest, when compared with the 6/14/19 settlement data are up 3.40%, 2.02% for UAA and GOOS respectively and is down 1.92% for SFIX.
- **Yield Curve Tracker (Figure 20-22):** the spread between the 10YR vs. 2YR has increased by 11bps WoW to 26bps.
- **Currency Tracker (Figure 23-27):** YTD, the USD has appreciated against the CNY, EUR, and GBP and depreciated against JPY, CAD and INR.



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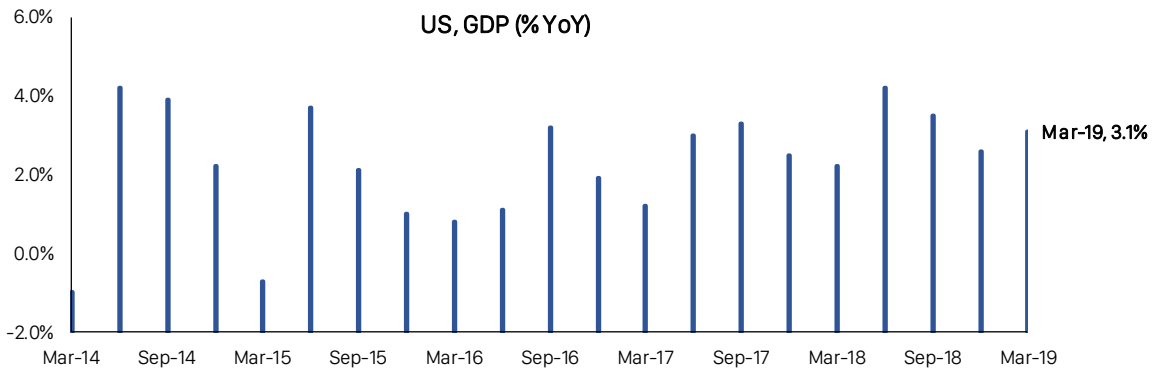
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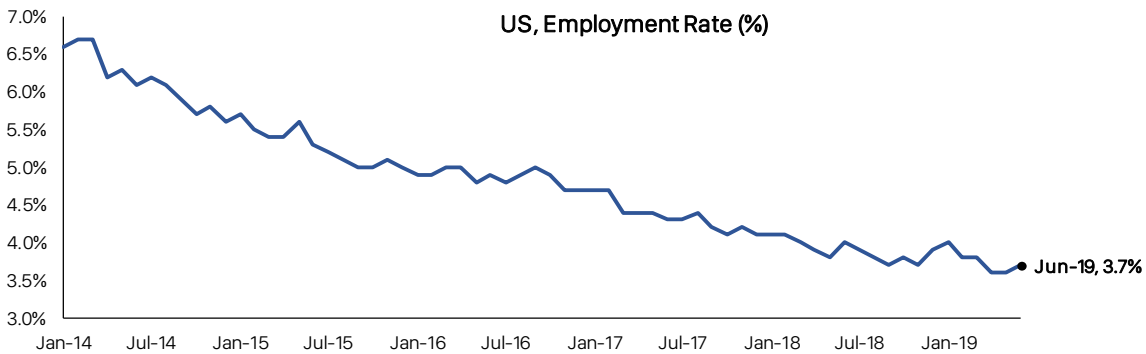
U.S. Macro Economic Indicator

Figure 1: U.S. GDP Tracker -- on 5/20/19, U.S. department of commerce released Q1'19 GDP of 3.1%, topped the expectation of 2.5%.



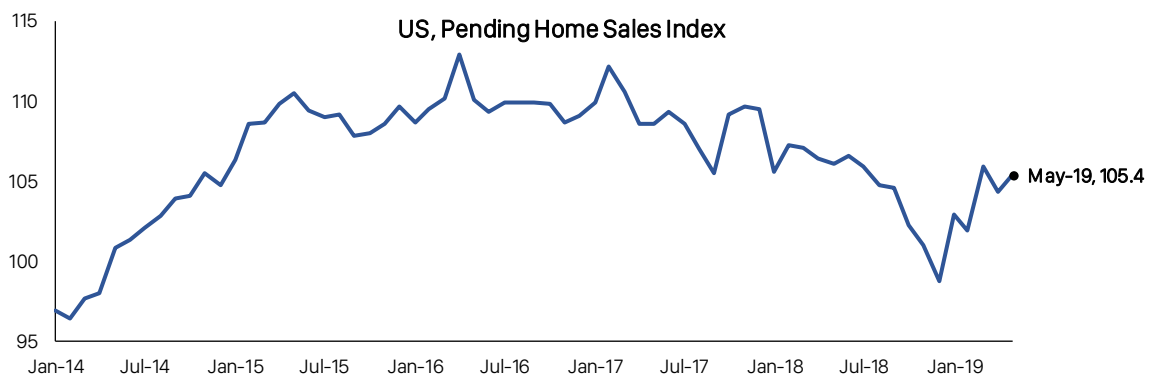
Source: U.S. BEU, Grandation Research

Figure 2: U.S. employment tracker --on 7/5/19, U.S. department of labor released June'19 unemployment rate of 3.7%, remained at 50-year record low. However, non-farm payroll increased 224,000. Notable job gains occurred in professional and business services, in health care, and in transportation and warehousing.



Source: U.S. BLS, Grandation Research

Figure 3: U.S. pending home sales index tracker -- on 6/27/19, National Association of Realtors released May'19 pending home sales index, increasing 1.1 to 105.4.



Source: U.S. NAR, Grandation Research



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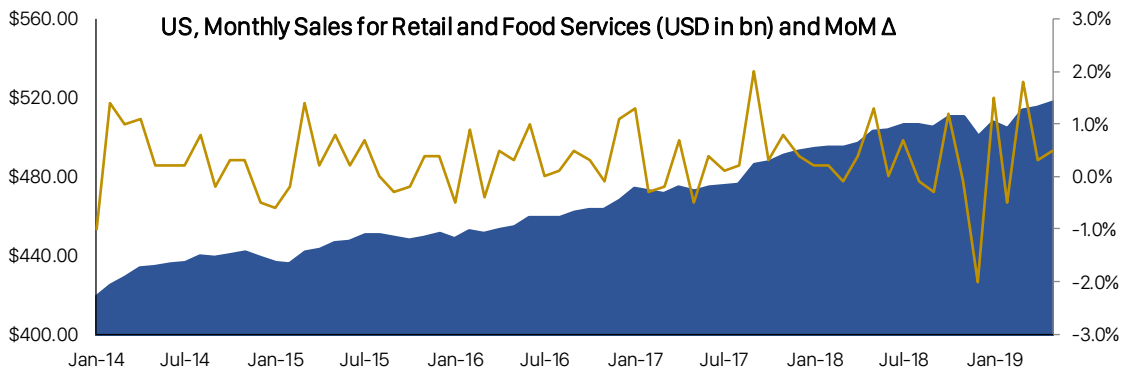


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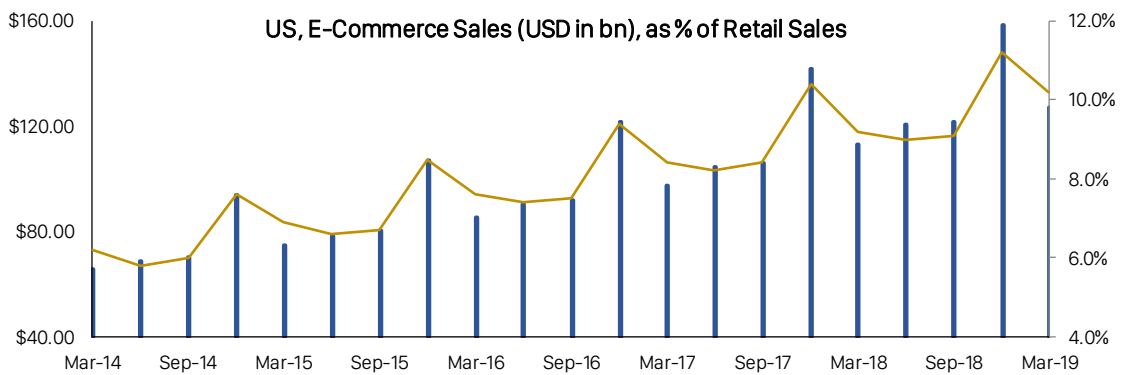
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Source: U.S. Consensus gov, Grandation Research

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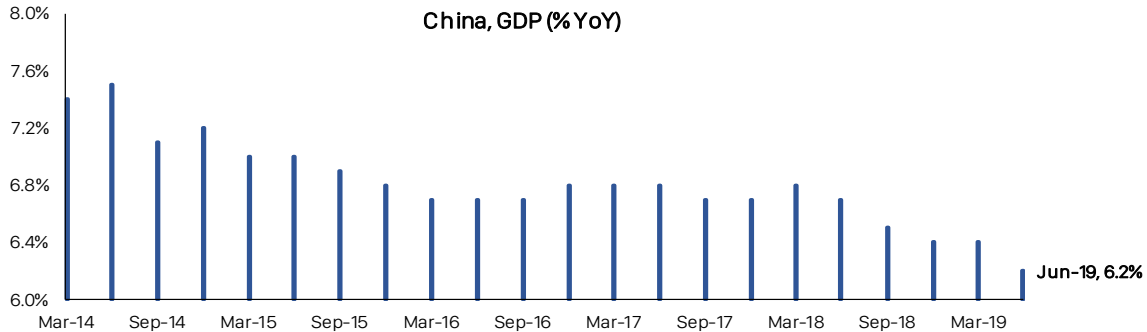


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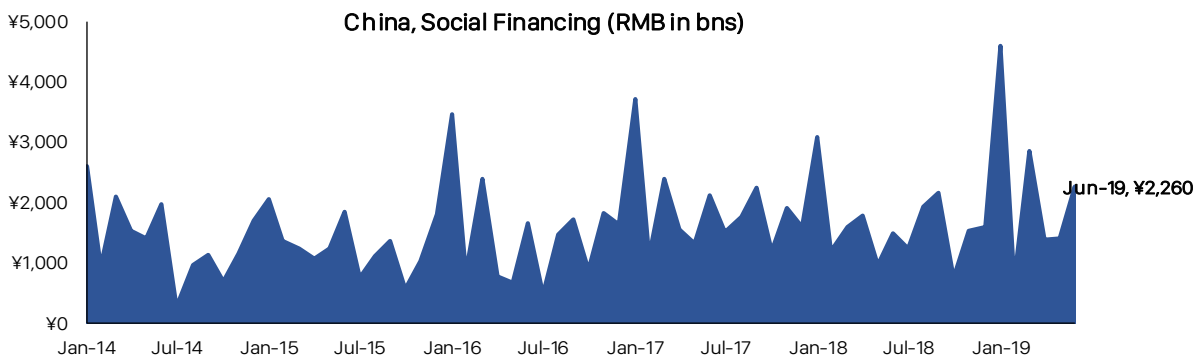
China Macro Economic Indicator

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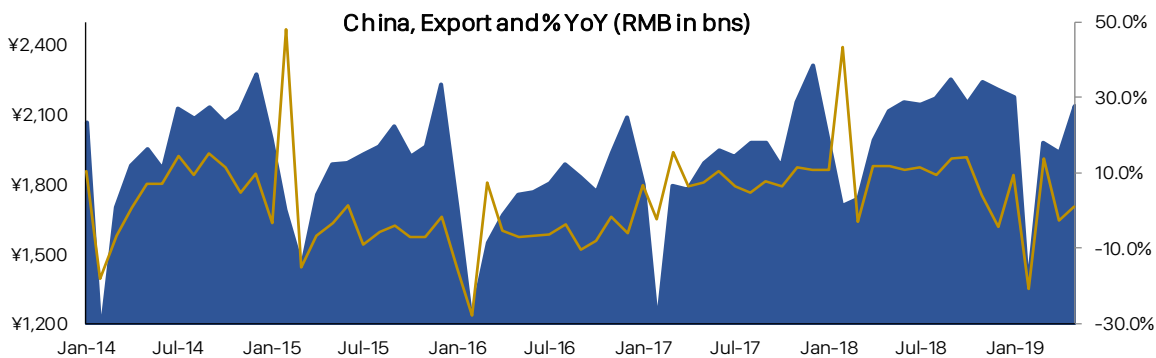
Source: China Stats, Grandation Research

Figure 7: China total social financing tracker --on 7/12/19, the People Bank of China released Jun'19 total social financing of RMB2,260bn, beat the consensus of RMB1,950bn, higher than \$1,400bn in May'19.



Source: Trading Economics, Grandation Research

Figure 8: China export tracker --on 7/12/19, China department of customs released Jun'19 export of RMB145.4bn, down 1.3% YoY and 0.5% MoM and import of RMB110.8bn, down 7.3% YoY and 6.2% MoM. The export data was better-than-expected 2% decrease from street perspective.



Source: China Customs, Grandation Research



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Figure 9: China CPI tracker--on 7/10/19, China bureau of statistics released June'19 CPI growth at 2.7% YoY, with food price up 8.3% and non-food price up 1.4%.



Source: China Stats, Grandation Research

Figure 10: China PMI tracker --on 7/1/19, China Bureau of Statistics released Jun'19 PMI at 49.4, flat MoM, falling below 50 again due to the U.S.-China trade war. However, non-manufacturing PMI remained healthy at 54.2, indicating strong domestic economic environment within China.



Source: China Stats, Grandation Research

Figure 11: China industrial output tracker --on 7/16/19, China bureau of statistics released Jun'19 industrial output growth at 6.3% YoY.



Source: China Stats, Grandation Research



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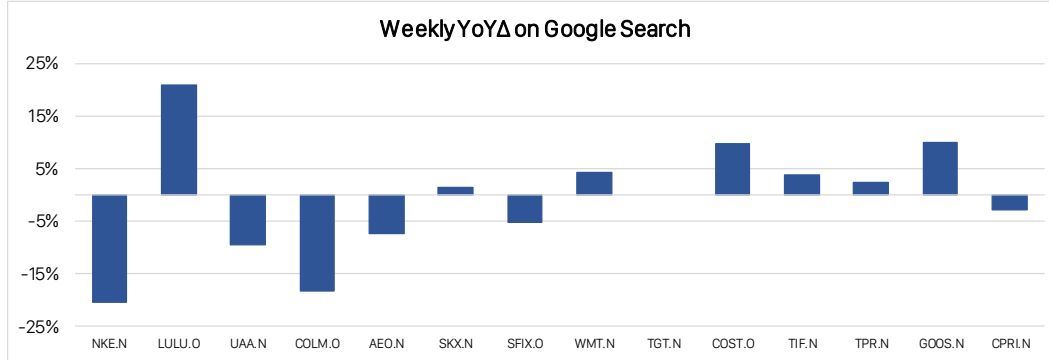
Industry Data Tracker

Figure 12: Retail brands on google search – On weekly basis, search for NKE and COLM declined 20.5% and 18.4% YoY.

Google Search	Company Name	7/16/19	7/17/18	Weekly YoY	Jun-19	Jun-18	Monthly YoY
NKE.N	Nike Inc	31.000	39.000	-20.5%	83.000	78.000	6.4%
LULU.O	Lululemon Athletica Inc	87.000	72.000	20.8%	91.000	78.000	16.7%
UAA.N	Under Armour Inc	75.000	83.000	-9.6%	77.000	79.000	-2.5%
COLM.O	Columbia Sportswear Co	31.000	38.000	-18.4%	14.000	23.000	-39.1%
AEO.N	American Eagle Outfitters Inc	87.000	94.000	-7.4%	85.000	85.000	0.0%
SKX.N	Skechers USA Inc	70.000	69.000	1.4%	75.000	63.000	19.0%
SFIX.O	Stitch Fix Inc	54.000	57.000	-5.3%	73.000	68.000	7.4%
WMT.N	Walmart Inc	74.000	71.000	4.2%	84.000	82.000	2.4%
TGT.N	Target Corp	72.000	72.000	0.0%	72.000	70.000	2.9%
COST.O	Costco Wholesale Corp	68.000	62.000	9.7%	73.000	66.000	10.6%
TIF.N	Tiffany & Co	57.000	55.000	3.6%	78.000	78.000	0.0%
TPR.N	Tapestry Inc	86.000	84.000	2.4%	89.000	89.000	0.0%
GOOS.N	Canada Goose Holdings Inc	55.000	50.000	10.0%	80.000	72.000	11.1%
CPRI.N	Capri Holdings Ltd	69.000	71.000	-2.8%	83.000	87.000	-4.6%

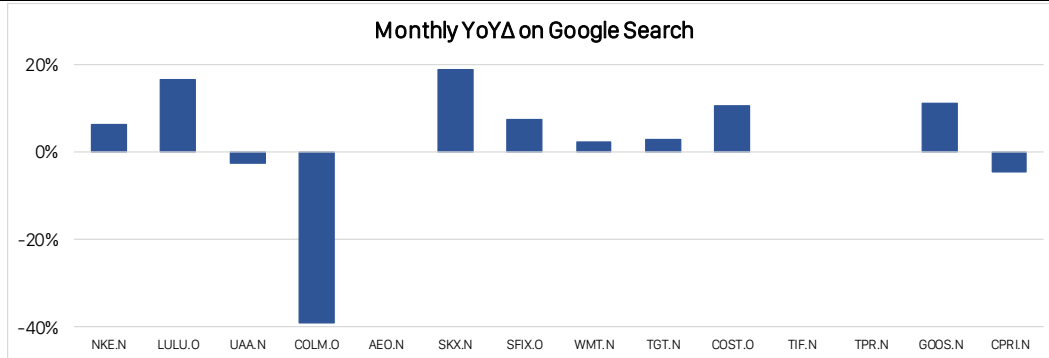
Source: Google Search, Grandation Research

Figure 13: Google search trend Weekly YoY– NKE and COLM were down 20.5% and 18.% YoY, respectively.



Source: Google Search, Grandation Research

Figure 14: Google search trend Monthly YoY—SKX and LULU were down 19% and 16.7% YoY, respectively.



Source: Google Search, Grandation Research



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Figure 15: Estimated earning schedule tracker-- We expect SKX to report Q3'19 earnings on 7/18.

Next Earnings Schedule (Est)	Company	Ticker	Stock Price 7/16/2019	Street PT	Grandation PT	% PT/ Price	Consensus Revenue	Consensus EPS
7/18/2019	Skechers USA Inc	SKX.N	\$34.26	\$34	NA	0.12%	\$1,217.03	\$0.33
7/23/2019	Chipotle Mexican Grill Inc	CMG.N	\$759.87	\$695	NA	-8.54%	\$1,404.95	\$3.76
7/24/2019	Under Armour Inc	UA.N	\$27.51	\$22	\$25	-20.33%	\$1,194.99	-\$0.05
7/25/2019	Columbia Sportswear Co	COLM.O	\$102.18	\$117	NA	14.28%	\$506.33	\$0.01
7/30/2019	Yum China Holdings Inc	YUMC.N	\$44.18	\$50	NA	13.55%	\$2,176.29	\$0.39
8/1/2019	Callaway Golf Co	ELY.N	\$18.32	\$22	NA	22.54%	\$429.78	\$0.26
8/7/2019	Canada Goose Holdings Inc	GOOS.N	\$43.62	\$58	NA	32.20%	\$40.95	-\$0.18
8/14/2019	Nordstrom Inc	JWN.N	\$31.15	\$39	NA	24.40%	\$3,943.70	\$0.78
8/15/2019	Tapestry Inc	TPR.N	\$30.75	\$44	\$28	41.76%	\$1,534.90	\$0.61
8/15/2019	Walmart Inc	WMT.N	\$114.98	\$111	NA	-3.55%	\$130,196.00	\$1.22
8/21/2019	Target Corp	TGT.N	\$86.80	\$88	NA	1.62%	\$18,324.62	\$1.62
8/22/2019	Foot Locker Inc	FL.N	\$42.11	\$60	NA	41.43%	\$1,826.71	\$0.66
8/27/2019	American Eagle Outfitters Inc	AEO.N	\$17.41	\$24	NA	37.85%	\$1,004.66	\$0.32
8/28/2019	Lululemon Athletica Inc	LULU.O	\$189.17	\$192	NA	1.48%	\$843.13	\$0.89
8/28/2019	Tiffany & Co	TIF.N	\$93.82	\$109	NA	16.46%	\$1,065.29	\$1.06
8/29/2019	Ulta Beauty Inc	ULTA.O	\$355.68	\$362	NA	1.65%	\$1,678.46	\$2.80
9/23/2019	Nike Inc	NKE.N	\$89.48	\$92	NA	2.91%	\$10,161.23	\$0.66
9/24/2019	Carmax Inc	KMX.N	\$88.79	\$94	NA	5.87%	\$5,082.12	\$1.33
10/1/2019	Stitch Fix Inc	SFIX.O	\$28.57	\$37	NA	30.82%	\$432.68	NA
10/3/2019	Costco Wholesale Corp	COST.O	\$280.58	\$254	\$250	-9.50%	\$47,586.79	\$2.53

Source: Thomson Reuters, Grandation Research

Figure 16: Earnings surprise tracker—on 6/27/19, Nike reported Q2'19 earnings with revenue 0.2% beat and EPS 5.9% miss.

Ticker	Company Name	Earnings Release	Revenue	GM	EBITDA	EBIT	EPS
NKE.N	Nike Inc	6/27/2019	0.2%	-0.3%	-	-5.7%	-5.9%
KMX.N	Carmax Inc	6/21/2019	3.6%	-2.6%	4.1%	3.0%	6.9%
LULU.O	Lululemon Athletica Inc	6/12/2019	3.6%	0.4%	2.5%	1.7%	5.3%
SFIX.O	Stitch Fix Inc	6/5/2019	3.6%	2.5%	-37.5%	-4.8%	333.3%
AEO.N	American Eagle Outfitters Inc	6/5/2019	3.6%	-0.6%	6.2%	2.8%	14.7%
TIF.N	Tiffany & Co	6/4/2019	-1.2%	-2.2%	-4.6%	-8.8%	1.3%
COST.O	Costco Wholesale Corp	5/30/2019	0.1%	9.0%	-4.7%	-0.9%	3.8%
ULTA.O	Ulta Beauty Inc	5/30/2019	-0.2%	1.5%	-1.5%	0.6%	6.3%
GOOS.N	Canada Goose Holdings Inc	5/29/2019	-1.9%	1.8%	20.9%	18.5%	65.0%
FL.N	Foot Locker Inc	5/24/2019	-1.6%	-0.6%	-6.1%	-6.5%	-4.6%
TGT.N	Target Corp	5/22/2019	0.6%	2.3%	6.2%	5.1%	6.8%
JWN.N	Nordstrom Inc	5/21/2019	-3.7%	2.9%	-17.1%	-37.8%	-46.1%
WMT.N	Walmart Inc	5/16/2019	-0.9%	-0.3%	2.5%	3.8%	10.8%
ELY.N	Callaway Golf Co	5/9/2019	2.3%	-4.1%	-3.4%	0.6%	3.3%
TPR.N	Tapestry Inc	5/9/2019	-0.3%	0.0%	-3.2%	-6.9%	2.1%
UA.N	Under Armour Inc	5/2/2019	2.0%	0.2%	56.5%	366.3%	3723.2%
YUMC.N	Yum China Holdings Inc	4/29/2019	1.8%	-1.4%	5.2%	3.8%	8.4%
COLM.O	Columbia Sportswear Co	4/25/2019	1.2%	2.3%	38.1%	23.0%	29.2%
CMG.N	Chipotle Mexican Grill Inc	4/24/2019	3.5%	7.3%	3.6%	4.3%	12.8%
SKX.N	Skechers USA Inc	4/18/2019	-1.6%	-1.5%	4.6%	5.2%	-2.0%

Source: Thomson Reuters, Grandation Research



Figure 17: Stock performance tracker—Last week, YTD, XRT underperformed SPX. YTD, CMG was up 76.4% and SFIX was up 69.8%.

Ticker	Name	Price 7/16/2019	Market Cap (\$bn)	WTD	MTD	YTD
Index:						
XRT	Spdr S&P Retail Etf	43.05	0.36	0.0%	1.9%	5.3%
.SPX	Standard & Poor's Corp	3014.3	NA	-0.3%	2.1%	19.8%
Companies:						
CMG.N	Chipotle Mexican Grill Inc	759.87	21.06	1.5%	4.0%	76.4%
SFIX.O	Stitch Fix Inc	28.57	2.88	5.0%	-9.3%	69.8%
LULU.O	Lululemon Athletica Inc	189.17	24.64	0.3%	5.5%	56.4%
UAA.N	Under Armour Inc	27.51	11.67	0.2%	7.9%	54.8%
SKX.N	Skechers USA Inc	34.26	5.39	1.3%	9.7%	51.0%
ULTA.O	Ulta Beauty Inc	355.68	20.79	1.2%	3.9%	47.3%
COST.O	Costco Wholesale Corp	280.58	123.40	0.4%	6.2%	37.8%
KMX.N	Carmax Inc	88.79	14.70	-2.9%	-0.5%	37.7%
TGT.N	Target Corp	86.8	44.47	0.9%	2.0%	33.6%
YUMC.N	Yum China Holdings Inc	44.18	16.71	1.6%	-3.9%	32.4%
WMT.N	Walmart Inc	114.98	328.24	0.1%	3.9%	23.2%
COLM.O	Columbia Sportswear Co	102.18	6.98	0.9%	3.0%	22.7%
ELY.N	Callaway Golf Co	18.32	1.72	0.5%	7.9%	21.0%
NKE.N	Nike Inc	89.48	140.64	-0.6%	5.5%	19.5%
TIF.N	Tiffany & Co	93.82	11.39	-0.7%	0.4%	16.8%
GOOS.N	Canada Goose Holdings Inc	43.62	4.78	0.8%	13.9%	0.9%
AEO.N	American Eagle Outfitters Inc	17.41	3.00	9.1%	8.3%	-5.3%
TPR.N	Tapestry Inc	30.75	8.92	2.8%	-1.7%	-7.6%
FLN	Foot Locker Inc	42.11	4.62	-1.6%	-1.7%	-22.6%
JWN.N	Nordstrom Inc	31.15	4.82	-1.1%	-2.7%	-33.5%

Source: Thomson Reuters, Grandation Research

Figure 18: Short Interest tracker—The latest short interest data with an 6/28/2019 settlement was released on 7/10/2019. Short interest, when compared with the 6/14/19 settlement data are up 3.40%, 2.02% for UAA and GOOS respectively and is down 1.92% for SFIX.

Ticker	Company	3mon avg daily volume	Short Interest	Days To Cover	Company Shares	Free Float	% of Free Float	SI /Float	SI/Float vs. Prior (% change)
NKE.N	Nike Inc	1,786,896	8,735,680	1.27	1,571,749,591	1,242,383,327	98.9%	0.70%	0.00%
AEO.N	American Eagle Outfitters I	983,563	18,522,862	3.51	172,224,129	160,689,281	93.4%	11.53%	1.18%
COLM.O	Columbia Sportswear Co	315,661	1,069,450	3.99	68,301,238	32,057,753	79.4%	3.34%	-0.07%
LULU.O	Lululemon Athletica Inc	2,075,680	2,932,754	1.13	130,275,563	112,594,299	91.6%	2.60%	-0.84%
ELY.N	Callaway Golf Co	355,494	10,995,897	5.78	94,044,778	92,338,167	98.0%	11.91%	-0.10%
TIF.N	Tiffany & Co	324,414	11,841,415	6.39	121,407,389	120,355,007	99.1%	9.84%	0.52%
ULTA.O	Ulta Beauty Inc	742,446	2,533,816	3.06	58,457,743	55,935,077	95.7%	4.53%	0.17%
TPR.N	Tapestry Inc	1,260,033	11,433,393	2.52	290,135,955	289,629,799	99.8%	3.95%	0.15%
SKX.N	Skechers USA Inc	407,780	9,262,504	6.03	157,400,605	131,269,109	97.6%	7.06%	-0.60%
UAA.N	Under Armour Inc	1,161,263	38,647,358	7.74	451,011,943	187,381,519	99.6%	20.62%	3.40%
GOOS.N	Canada Goose Holdings Inc	368,386	9,503,266	3.58	109,472,821	57,988,695	84.5%	16.39%	2.02%
WMT.N	Walmart Inc	1,629,756	15,856,389	2.45	2,854,722,137	1,401,112,578	49.1%	1.13%	0.00%
TGT.N	Target Corp	1,139,825	18,987,205	3.32	512,334,476	511,149,097	99.7%	3.71%	-0.52%
JWN.N	Nordstrom Inc	842,904	23,329,121	5.08	154,651,759	103,617,851	66.9%	22.51%	-1.00%
KMX.N	Carmax Inc	398,345	19,432,439	9.65	165,586,114	164,797,719	99.5%	11.79%	-0.43%
COST.O	Costco Wholesale Corp	1,659,272	4,715,758	2.55	439,789,186	437,395,375	99.4%	1.08%	-0.03%
CMG.N	Chipotle Mexican Grill Inc	101,211	1,683,347	3.19	27,713,556	27,264,673	98.4%	6.17%	-0.90%
YUMC.N	Yum China Holdings Inc	672,351	6,544,092	2.00	378,250,599	377,409,895	99.8%	1.73%	-0.05%
SFIX.O	Stitch Fix Inc	2,687,236	10,446,869	3.01	100,882,811	47,341,347	94.9%	22.07%	-1.99%
FLN	Foot Locker Inc	753,411	11,036,400	2.39	109,701,174	108,506,558	98.8%	10.17%	-0.03%

Source: Thomson Reuters, Grandation Research



Figure 19: Comp sheet

Ticker	Company	Market Cap (\$bn)	Price	YTD Δ	MTD Δ	Revenue Growth		EPS		FCF Yield FY1	EV /Sales FY1	EV /EBITDA FY1	PE			PEG FY1	Div. Yield
			7/16/19			This yr /Last	Next /this yr	FY0	FY1				LTM	FY0	FY1		
NKE.N	Nike Inc	140.64	89.48	20.7%	6.6%	7.8%	7.9%	2.90	3.39	2.5%	3.3x	22.2x	35.9x	30.9x	26.4x	1.9x	1.0%
AEO.N	American Eagle	3.	17.41	-9.9%	3.0%	6.2%	5.1%	1.61	1.74	10.3%	0.6x	4.9x	11.8x	10.8x	10.0x	1.6x	3.2%
COLM.O	Columbia Sport	6.98	102.18	21.5%	2.0%	9.1%	6.6%	4.55	5.03	3.0%	2.0x	13.2x	23.6x	22.4x	20.3x	2.7x	0.9%
LULU.O	Lululemon Athle	24.64	189.17	55.6%	5.0%	15.8%	14.4%	4.64	5.51	1.7%	6.0x	24.7x	49.0x	40.8x	34.3x	2.0x	NA
ELY.N	Callaway Golf C	1.72	18.32	19.7%	6.8%	35.5%	5.0%	1.05	1.20	6.1%	1.4x	11.5x	19.7x	17.4x	15.3x	NA	0.2%
TIF.N	Tiffany & Co	11.39	93.82	16.5%	0.2%	1.4%	4.3%	4.93	5.34	3.9%	2.5x	11.1x	20.7x	19.0x	17.6x	2.1x	2.5%
ULTA.O	Ulta Beauty Inc	20.79	355.68	45.3%	2.5%	12.4%	10.6%	12.97	14.98	3.3%	2.6x	15.7x	30.9x	27.4x	23.7x	1.5x	NA
TPR.N	Tapestry Inc	8.92	30.75	-8.9%	-3.1%	2.9%	4.6%	2.58	2.86	7.8%	1.5x	7.4x	12.5x	11.9x	10.8x	1.1x	4.4%
SKX.N	Skechers USA I	5.39	34.26	49.7%	8.8%	7.8%	8.2%	2.04	2.30	4.6%	0.9x	8.2x	18.4x	16.8x	14.9x	NA	NA
UAA.N	Under Armour I	11.67	27.51	55.7%	8.5%	3.4%	5.8%	0.35	0.51	1.3%	2.2x	28.2x	229.1x	78.6x	54.1x	1.7x	NA
GOOS.N	Canada Goose	4.78	43.62	-0.2%	12.6%	24.9%	21.6%	1.69	2.11	1.6%	5.8x	21.4x	44.5x	34.6x	27.8x	1.7x	NA
WMT.N	Walmart Inc	328.24	114.98	23.4%	4.1%	2.4%	3.1%	4.83	5.05	4.6%	0.7x	11.7x	37.3x	23.8x	22.8x	6.3x	1.8%
TGT.N	Target Corp	44.47	86.80	31.3%	0.2%	3.8%	3.1%	5.93	6.31	NA	0.7x	8.2x	15.4x	14.6x	13.8x	1.7x	3.0%
JWN.N	Nordstrom Inc	4.82	31.15	-33.2%	-2.2%	-1.1%	1.6%	3.32	3.52	13.1%	0.4x	4.7x	10.2x	9.4x	8.9x	NA	4.8%
KMX.N	Carmax Inc	14.7	88.79	41.5%	2.3%	8.2%	6.3%	5.28	5.68	4.6%	1.5x	20.3x	17.6x	16.8x	15.6x	NA	NA
COST.O	Costco Wholes	123.4	280.58	37.7%	6.2%	8.0%	7.2%	8.05	8.54	1.9%	0.8x	19.2x	36.1x	34.9x	32.8x	3.2x	0.9%
CMG.N	Chipotle Mexica	21.06	759.87	76.0%	3.7%	11.5%	11.3%	13.08	16.82	1.6%	3.5x	28.9x	107.4x	58.1x	45.2x	1.6x	NA
YUMC.N	Yum China Hold	16.71	44.18	31.8%	-4.4%	6.5%	7.6%	1.73	1.93	NA	1.6x	11.2x	28.6x	25.6x	22.9x	3.9x	1.1%
SFIX.O	Stitch Fix Inc	2.88	28.57	67.2%	-10.7%	28.6%	21.9%	0.32	0.30	2.1%	1.4x	61.9x	62.8x	88.8x	95.5x	NA	NA
FL.N	Foot Locker Inc	4.62	42.11	-20.8%	0.5%	3.3%	2.8%	5.03	5.43	NA	0.4x	3.9x	9.2x	8.4x	7.8x	0.7x	3.6%

Source: Thomson Reuters, Grandation Research

Figure 20: Retail bankruptcy tracker — We heard Barneys New York is exploring options to file Chapter 11.

Date Announced	Company	Ticker	Filing	Proceeds
7/15/2019	Barneys New York	N/A	Chapter 11	Explore options that include a bankruptcy filing
1/16/2019	Gymboree	N/A	Chapter 11	Seek for liquidation
11/19/2018	David Bridal	N/A	Chapter 11	Reduce \$400mn debt from lenders
10/15/2018	Sears	SHLDQ	Chapter 11	Fail to make a \$134mn debt repayment
10/5/2018	Mattress Firm	N/A	Chapter 11	Restructure in 45-60 days
8/6/2018	National Stores	N/A	Chapter 11	close 74 of its 344 stores
8/3/2018	Gumps	N/A	Chapter 11	close
8/2/2018	Bookstone	N/A	Chapter 11	acquired by Quaker Oats
5/14/2018	Rockport	N/A	Chapter 11	acquired by PE firm Charlesbank Capital
4/6/2018	Nine West	N/A	Chapter 11	acquired by Authentic Brands Group
3/26/2018	The Walking Company	N/A	Chapter 11	Reach agreement on \$60mn equity investment
3/19/2018	Claire's	N/A	Chapter 11	eliminate debt
2/5/2018	Bon-Ton Stores	BONTQ	Chapter 11	execute a turnaournd plan
1/17/2018	Kiko USA	N/A	Chapter 11	close 24 of its 29 stores in the U.S.
1/9/2018	A'gaci	N/A	Chapter 11	Restructure

Source: Thomson Reuters, Grandation Research



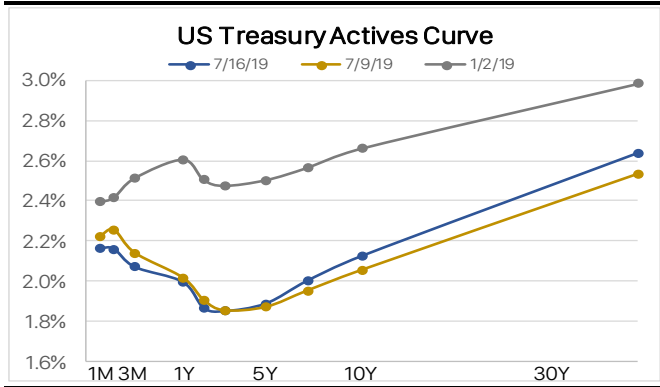
Yield Curve Tracker

Figure 21: Yield Curve tracker -- the spread between the 10YR vs. 2YR has increased by 11bps WoW to 26bps.

Yield Curve (unit: bps)	7/16/19	7/9/19	WoW Δ	1/2/19	YTD Δ	7/16/18	YoY Δ
US Generic Govt 1MT Yield	2.164	2.223	-2.7%	2.394	-9.6%	1.88	14.9%
US Generic Govt 3MT Yield	2.159	2.254	-4.2%	2.417	-10.7%	1.98	9.0%
US Generic Govt 6MT Yield	2.070	2.140	-3.3%	2.513	-17.6%	2.16	-4.1%
US Generic Govt 1YT Yield	1.995	2.016	-1.1%	2.605	-23.4%	2.37	-15.8%
US Generic Govt 2YT Yield	1.866	1.905	-2.0%	2.504	-25.5%	2.60	-28.3%
US Generic Govt 3YT Yield	1.850	1.854	-0.2%	2.475	-25.3%	2.68	-30.9%
US Generic Govt 5YT Yield	1.888	1.871	0.9%	2.503	-24.6%	2.75	-31.4%
US Generic Govt 7YT Yield	2.001	1.952	2.5%	2.564	-22.0%	2.83	-29.2%
US Generic Govt 10YT Yield	2.125	2.056	3.4%	2.661	-20.1%	2.86	-25.6%
US Generic Govt 30YT Yield	2.637	2.533	4.1%	2.982	-11.6%	2.97	-11.1%
US 10YR & 2YR Spread	26	15	11	16	10	25	1

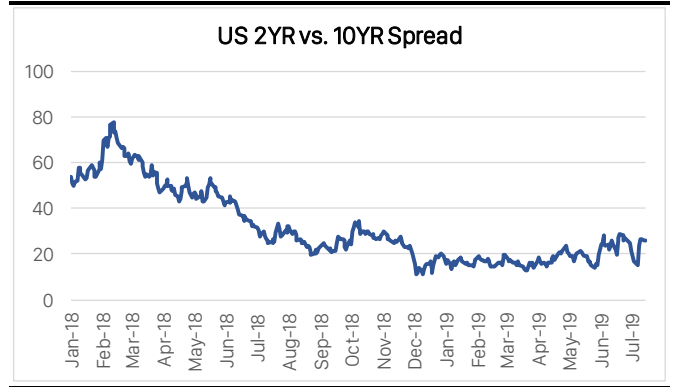
Source: Thomson Reuters, Grandation Research

Figure 22: The US Treasury Actives Curve inverted and steepened WoW.



Source: Thomson Reuters, Grandation Research

Figure 23: The 10YR vs. 2YR spread reduced 11bps WoW to 26bps.



Source: Thomson Reuters, Grandation Research



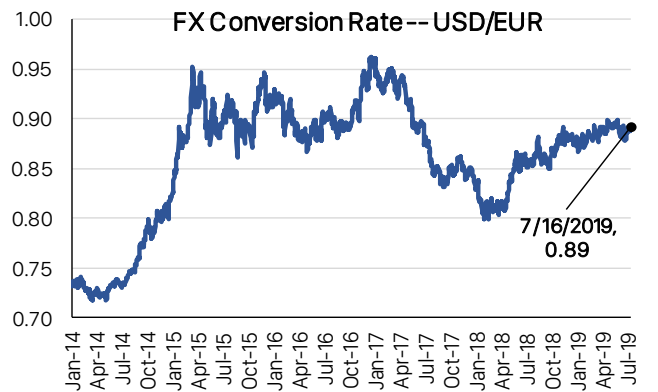
Currency Tracker

Figure 24: Currency tracker—YTD, the USD has appreciated against the CNY, EUR, and GBP and depreciated against JPY, CAD and INR.

Currency	7/16/19	7/9/19	WoW Δ	1/2/19	YTD Δ	7/17/18	YoY Δ
USD/EUR	0.892	0.892	0.0%	0.882	1.2%	0.86	4.0%
USD/JPY	108.320	108.840	-0.5%	108.870	-0.5%	112.85	-4.0%
USD/CNY	6.875	6.883	-0.1%	6.860	0.2%	6.70	2.6%
USD/GBP	0.806	0.802	0.5%	0.793	1.6%	0.76	5.7%
USD/CAD	1.307	1.313	-0.5%	1.358	-3.8%	1.32	-0.9%
USD/INR	68.664	68.550	0.2%	69.98	-1.9%	68.42	0.4%

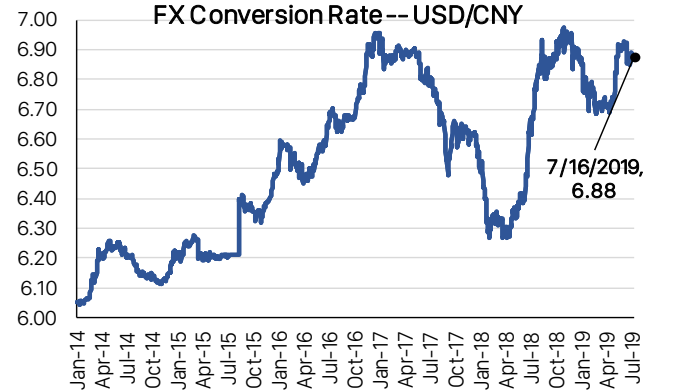
Source: Thomson Reuters, Grandation Research

Figure 25: USD/EUR flat WoW to 0.892



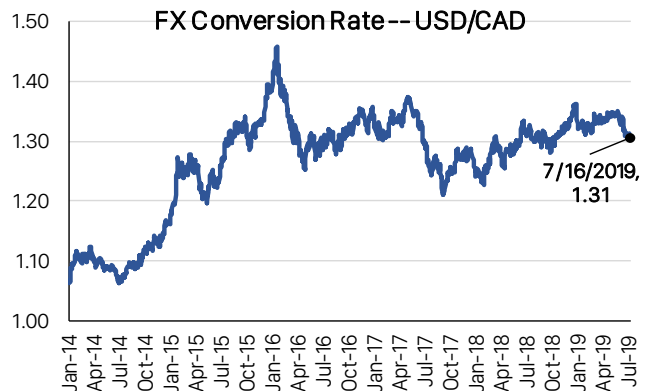
Source: Thomson Reuters, Grandation Research

Figure 26: USD/CNY depreciated 0.1% WoW to 6.88



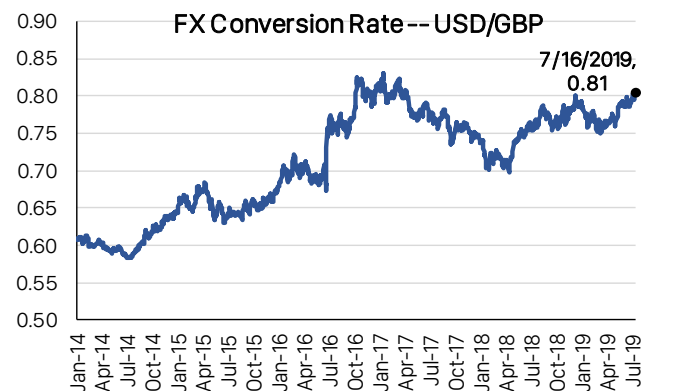
Source: Thomson Reuters, Grandation Research

Figure 27: USD/CAD depreciated 0.5% WoW to 1.31.



Source: Thomson Reuters, Grandation Research

Figure 28: USD/GBP appreciated 0.5% WoW to 0.81



Source: Thomson Reuters, Grandation Research



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- **BUY:** A rating, which at the time it is instituted and or reiterated, that indicates an expected return between 10% to 25% over the next 12-month period.
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