



# GRANDATION CAPITAL

## RESEARCH DEPARTMENT

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Companies mentioned in this report  
(price as 8/16/19 market close)

Ticker	Price 8/16/19	WoW
WMT.N	\$ 112.69	3.84%
KMX.N	\$ 84.25	0.26%
CMG.N	\$ 809.89	-0.51%
COST.O	\$ 271.52	-1.19%
ELY.N	\$ 17.32	-1.25%
TGT.N	\$ 82.56	-1.48%
NKE.N	\$ 79.51	-4.20%
YUMC.N	\$ 42.60	-5.02%
LULU.O	\$ 175.44	-5.85%
COLM.O	\$ 92.10	-8.64%
FL.N	\$ 37.02	-8.66%
ULTA.O	\$ 320.44	-9.23%
SKX.N	\$ 30.75	-10.69%
TIF.N	\$ 80.57	-11.62%
AEO.N	\$ 14.79	-11.70%
UAA.N	\$ 18.51	-12.19%
SFIX.O	\$ 20.25	-13.94%
GOOS.N	\$ 38.21	-14.67%
JWN.N	\$ 25.35	-15.86%
TPR.N	\$ 19.45	-31.68%

## RETAIL INDUSTRY REPORT

8/21/2019

### VOLUME 2, ISSUE 9

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

**Key takeaways:** Stock went roller coaster this week. As bond inverted on Wednesday, stock followed with a massive sell-off for \$75bn. Bond inversion is one of the most indicators to predict economic recession in near term; however, the inversion only appeared during intraday. We think the temporary inversion was caused by the mixed outlook for weak long-term economic forecast and strong near term consumer sentiment. Although we sit on the late cycle, we see recession yet to come in the next 6-12 month. **Retail Industry:** XRT index sell-off continues this week, closing at 38.7 on 8/21/19, down 7.3% from MTD. **Individual stocks:** in our screening portfolio, the top three outperformers are TGT, CMG and WMT and COST, up 19.2%, 4.0% and 1.5%, respectively.

### U.S. Macro Economic Indicators:

- **U.S. GDP quarterly data (Figure 1):** on 7/26/19, U.S. department of commerce released Q2'19 GDP growth at 2.1% YoY, topped the expectation of 2% YoY.
- **U.S. employment monthly data (Figure 2):** on 8/2/19, U.S. department of labor released July'19 unemployment rate of 3.7%, remained at 50-year record low. Average hourly earnings for all employees on private nonfarm payrolls increased by 3.2%, YoY. Non-farm payroll increased 164,000, in line with expectation of 165,000.
- **U.S. pending home sales index monthly data (Figure 3):** on 7/30/19, National Association of Realtors released June'19 pending home sales index, increasing 2.8% to 108.3.



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- **Update this week**—U.S. retail sales monthly data (Figure 4): on 8/15/19, U.S. department of commerce released July'19 retail sales of \$523bn, up 0.7% 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:

- **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 8/12/19, the People Bank of China released July'19 total social financing of RMB1,010bn, missed the consensus of RMB1,500bn, lower than \$2,260bn in June'19.
- **China export monthly data (Figure 8):** on 8/8/19, China department of customs released July'19 export of RMB152.4bn, up 10.3% YoY and 4.9% MoM and import of RMB121.4bn, up 0.4% YoY and 9.5% MoM. The export data well surpassed consensus of 2% decrease.
- **China CPI monthly data (Figure 9):** on 8/9/19, China bureau of statistics released July'19 CPI growth at 2.8% YoY, beat consensus of 2.7%.
- **China PMI monthly data (Figure 10):** on 8/1/19, China Bureau of Statistics released Jul'19 PMI at 49.7, up 0.3 MoM but still falling below 50 due to the U.S.-China trade tensions. However, non-manufacturing PMI remained healthy at 53.7, down 0.7 MoM, signaling domestic economic environment remains strong in China.
- **Update this week**—China industrial output data (Figure 11): on 8/14/19, China bureau of statistics released July'19 industrial output growth at 4.8% YoY, the weakest annual gain since February 2002 and below market consensus of 5.8%.

#### What happened?

- **Foot Locker plans to expand its footprint in the U.S.** FL plans to open 50 'Power' stores across the U.S. in the next three years, teamed up with Nike's proprietary technology. FL currently has three Power stores: one in Detroit and two in Philadelphia.
- **Nike initiated subscription business for kids sneakers called Nike Adventure Club.** On 8/12/19, NKE launched subscription service: Nike Adventure Club for kids, allowing parents to order shoes for their 2 to 10 years old kids for monthly at \$50/month, bimonthly at \$30/month or quarterly at \$20/month. Parents save \$10/pair for monthly subscription as NKE's kid shoes are \$60/pair in average. Nike's kids revenue has grown 11% YoY.
- **Amazon plans to open a tiny liquor store in San Francisco.** On 8/12/19, AMZN announced plan for opening a 200-sqft liquor store near its 40,000-sqft Prime Now warehouse in San Francisco's Dogpatch neighborhood. If, approved, the store would be open from 8 a.m. to 4 p.m. for customers to drop in and buy beer, wine, and spirits for carryout. The proposed liquor store would allow Amazon to sell and deliver beer, wine, and other booze as part of its Prime Now service in the city.



## Earnings Summary

- GOOS reported Q1'20 Earnings.** On 8/14/19 premarket, GOOS reported Q1'20 earnings on revenue of \$71.1mn, beat consensus of \$41.1mn, up 59.1% YoY, and EPS of -\$0.21, beat consensus of -\$0.25, up 40% YoY. GOOS reported robust growth in every geographic region with revenue up 40.4% QoQ in Canada, 15.8% in the U.S. and 79.7% in EU and ROW, particularly for Asia, where revenue nearly tripled to \$18.1mn from \$6.6mn. However, GM decreased to 57.5% from 64% QoQ due to higher mix of wholesales. GOOS's stock declined 9% after reporting. **(downside: ▼ for GOOS).**
- WMT reported Q2'20 Earnings.** On 8/15/19, premarket, WMT reported Q2'20 earnings on revenue of \$130.38bn, beat consensus of \$130.11bn, up 1.8% YoY, and EPS of \$1.26, beat consensus of \$1.22. Same-store sales were up 2.8% YoY, beat consensus of 2.1%. E-commerce sales surged 37% YoY for gradual rollout of next-day delivery across the country. More than 2,700 stores now offer pickup for online grocery orders, and more than 1,100 locations offer same-day delivery for groceries. WMT's stock jumped 5% after reporting. **(upside: ▲ for WMT).**
- TPR reported Q4'19 Earnings.** On 8/15/19, premarket, TPR reported Q4'19 earnings on revenue of \$1.51bn, missed consensus by \$1.53mn, up 2% YoY, and EPS of \$0.61, in line with consensus. Same-store sales of Kate Spade' dropped 6% YoY, missed consensus of 1.39% YoY decline. Global same-store sales rose 2% QoQ, for International market acceleration and e-commerce. GM decreased to 66.0% from 67.5% YoY. TPR's stock plunged 22.2% after reporting. **(downside: ▼ for TPR).**

## What's coming up:

Date	Ticker	Company Name	Event	Location	Note
8/22	ROST.O	Ross Stores Inc	Q2'19 Earnings	NASDAQ	AMC
8/22	GAP.N	Gap Inc	Q2'19 Earnings	NYSE	AMC
8/23	FL.N	Foot Locker Inc	Q2'19 Earnings	NYSE	BMO
8/28	TIF.N	Tiffany & Co.	Q2'19 Earnings	NYSE	BMO

Source: Thomson Reuters, Grandation Research

## Data Tracker:

- Google search weekly tracker (Figure 12-14):** on weekly basis, search for LULU up 35.4% and SFIX down 17.6%.
- Estimated earning schedule table (Figure 16):** we expect FL to report Q2'19 earnings on 8/23/19.
- Earnings surprise table (Figure 17):** on 8/15/19, WMT reported Q2'20 earnings with 0.2% revenue beat and 4.2% EPS beat.
- Stock performance (Figure 18):** MTD, XRT experienced massive sell-off. For individual stocks, TGT, CMG and WMT were up 19.2%, 4.0% and 1.5%, respectively.
- Short interest tracker (Figure 19):** The latest short interest data of 8/2/2019 settlement was released on 8/15/2019. Short interests, compared with 7/17/19, were up 4.17%, 3.40% and 2.25% for JWN, GOOS and SFIX respectively.
- Yield Curve Tracker (Figure 21-23):** yield curve inverted first time since 2007.
- Currency Tracker (Figure 24-28):** YTD, the USD has appreciated against the CNY, EUR, and GBP and depreciated against JPY, CAD and INR.



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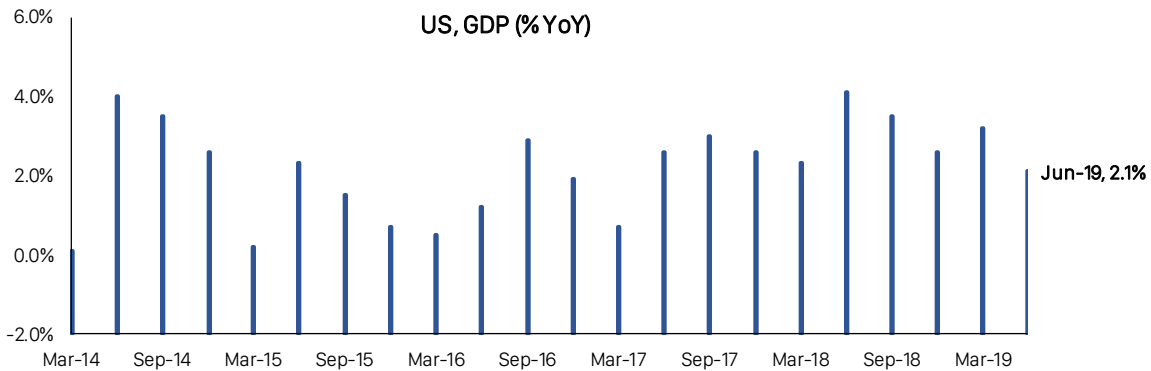
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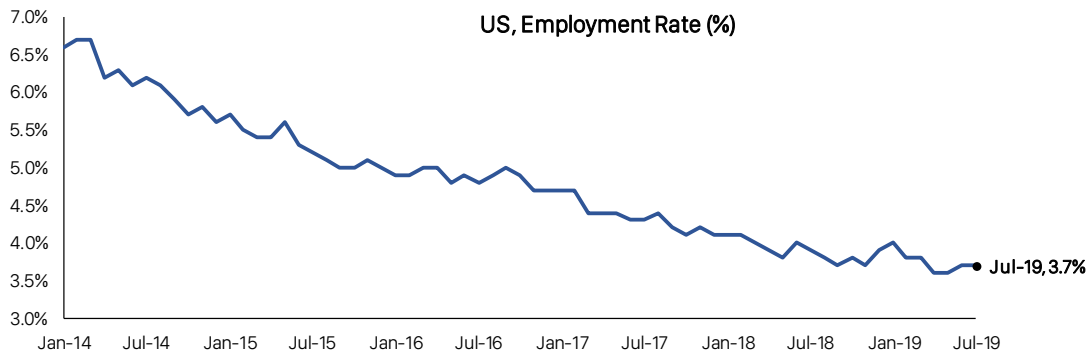
# U.S. Macro Economic Indicator

**Figure 1: U.S. GDP Tracker** --on 7/26/19, U.S. department of commerce released Q2'19 GDP of 2.1%, topped the expectation of 2.0%.



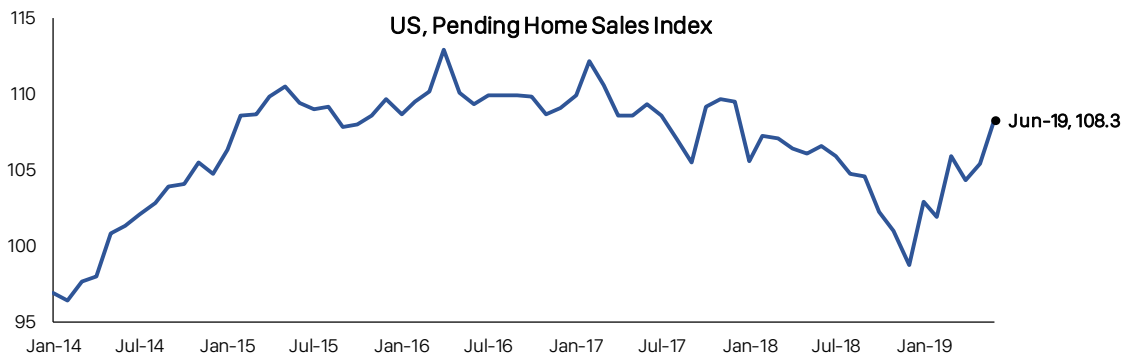
Source: U.S. BEU, Grandation Research

**Figure 2: U.S. employment tracker** -- on 8/2/19, U.S. department of labor released July'19 unemployment rate of 3.7%, remained at 50-year record low. Average hourly earnings for all employees on private nonfarm payrolls increased by 3.2%, YoY. Non-farm payroll increased 164,000, in line with expectation of 165,000.



Source: U.S. BLS, Grandation Research

**Figure 3: U.S. pending home sales index tracker** -- on 7/30/19, National Association of Realtors released June'19 pending home sales index, increasing 2.8% to 108.3.



Source: U.S. NAR, Grandation Research



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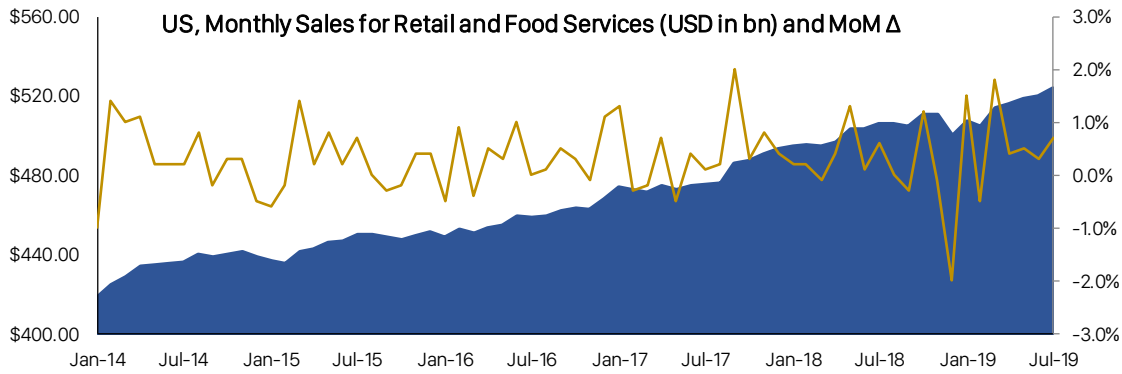


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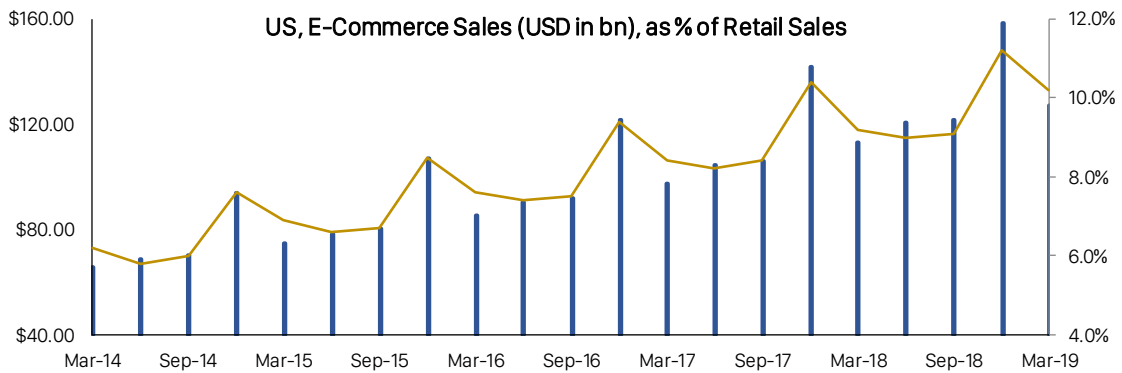
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**Figure 4: *Update this week*—U.S. retail sales monthly data (Figure 4):** on 8/15/19, U.S. department of commerce released July'19 retail sales of \$523bn, up 0.7% MoM.



Source: U.S. Consensus gov, Grandation Research

**Figure 5: U.S. E-Commerce sales tracker --** 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.



Source: U.S. Consensus gov, Grandation Research



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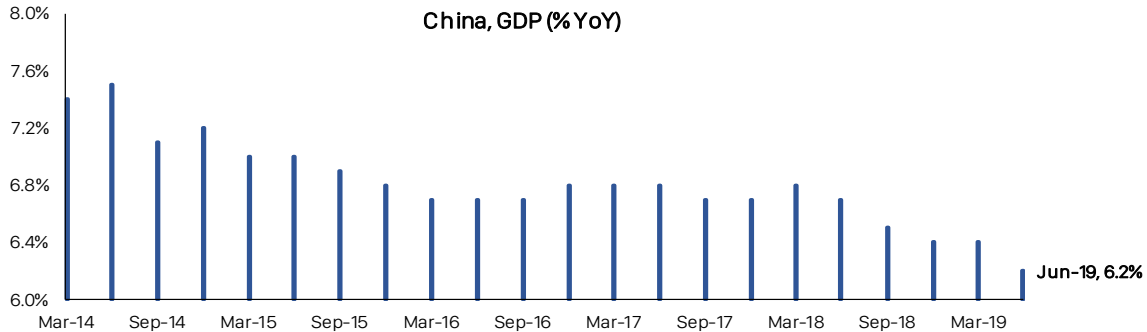
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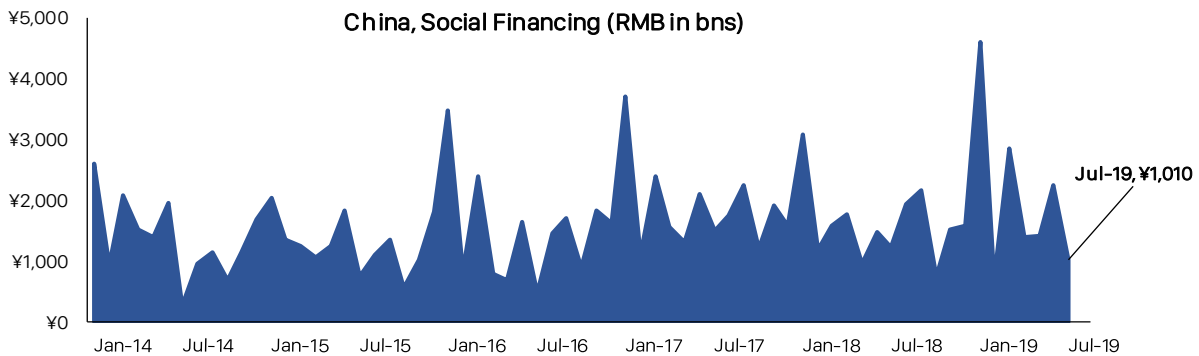
# China Macro Economic Indicator

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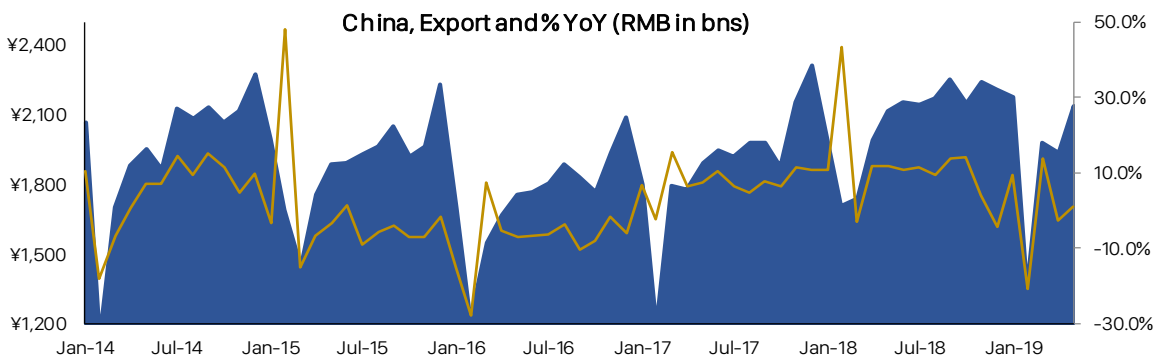
Source: China Stats, Grandation Research

**Figure 7: Update this week**---China total social financing tracker --on 8/12/19, the People Bank of China released July'19 total social financing of RMB1010bn, missed the consensus of RMB1,500bn, lower than \$2,260bn in June'19.



Source: Trading Economics, Grandation Research

**Figure 8: China export tracker** --on 8/8/19, China department of customs released July'19 export of RMB152.4bn, up 10.3% YoY and 4.9% MoM and import of RMB121.4bn, up 0.4% YoY and 9.5% 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 8/9/19, China bureau of statistics released July'19 CPI growth at 2.8% YoY, beat consensus of 2.7%.



Source: China Stats, Grandation Research

**Figure 10: China PMI tracker**-- on 8/1/19, China Bureau of Statistics released Jul'19 PMI at 49.7, up 0.3 MoM but still falling below 50 due to the U.S.-China trade tensions. However, non-manufacturing PMI remained healthy at 53.7, down 0.7 MoM, signaling domestic economic environment remains strong in China.



Source: China Stats, Grandation Research

**Figure 11: *Update this week*---China industrial output tracker**--on 8/14/19, China bureau of statistics released July'19 industrial output growth at 4.8% YoY, the weakest annual gain since February 2002 and below market consensus of 5.8%.



Source: China Stats, Grandation Research



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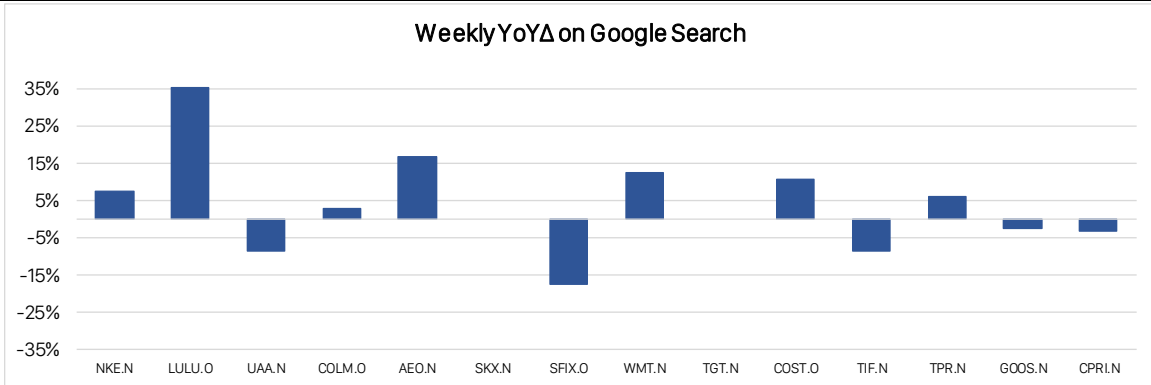
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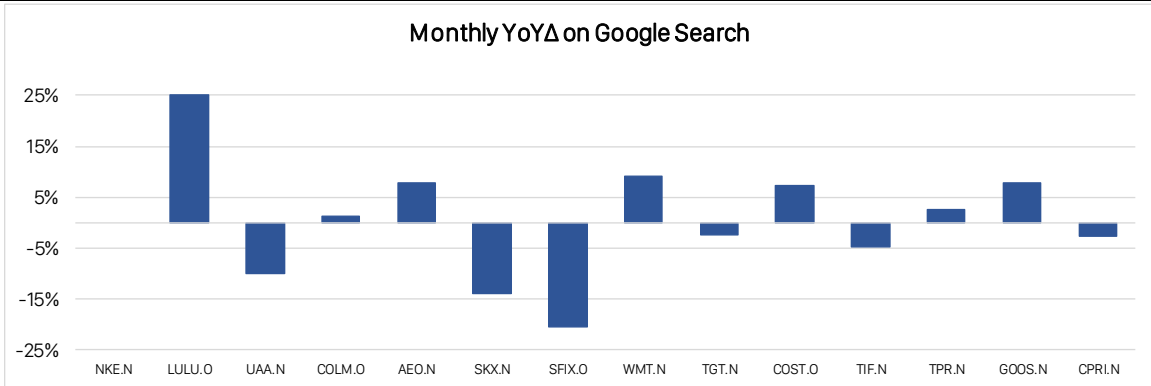
# Industry Data Tracker

Figure 12: Google search trend Weekly YoY—LULU increased 35.4%, and SFIX declined 17.6% YoY.



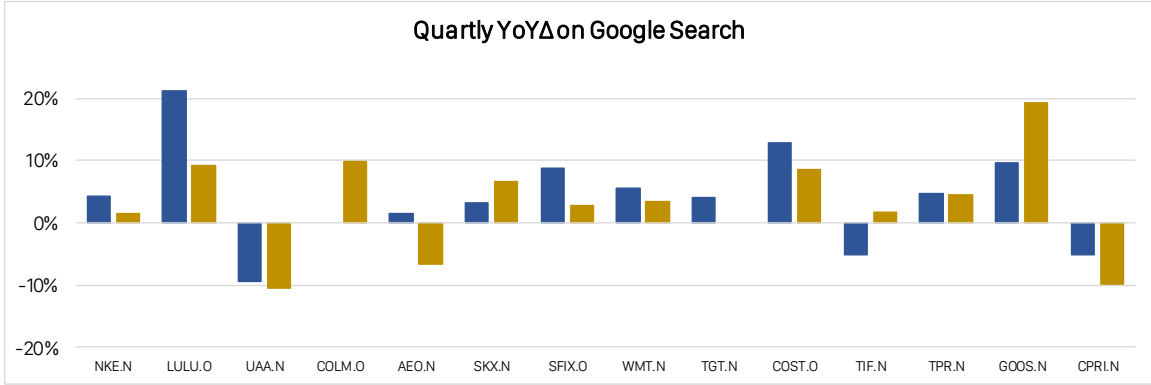
Source: Google Search, Grandation Research

Figure 13: Google search trend Monthly YoY—LULU increased 25%, and for SFIX declined 20.5% YoY.



Source: Google Search, Grandation Research

Figure 14: Google search trend QoQ YoY—LULU increased 25%, and for SFIX declined 20.5% YoY.



Source: Google Search, Grandation Research



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Figure 15: Estimated earning schedule tracker-- We expect JWN to report Q2'19 earnings on 8/21.

Next Earnings Schedule (Est)	Company	Ticker	Stock Price 8/14/2019	Street PT	Grandation PT	% PT/ Price	Consensus Revenue	Consensus EPS
8/21/2019	Nordstrom Inc	JWN.N	\$25.35	\$34	NA	34.12%	\$3,934.58	\$0.75
8/21/2019	Target Corp	TGT.N	\$82.56	\$90	NA	8.59%	\$18,340.48	\$1.62
8/23/2019	Foot Locker Inc	FL.N	\$37.02	\$56	NA	52.06%	\$1,825.85	\$0.67
8/28/2019	Lululemon Athletica Inc	LULU.O	\$175.44	\$195	\$255	11.04%	\$842.48	\$0.88
8/28/2019	Tiffany & Co	TIF.N	\$80.57	\$108	NA	34.33%	\$1,064.18	\$1.05
8/29/2019	Ulta Beauty Inc	ULTA.O	\$320.44	\$370	NA	15.52%	\$1,678.80	\$2.80
9/4/2019	American Eagle Outfitters Inc	AEO.N	\$14.79	\$23	\$28	57.93%	\$1,004.61	\$0.32
9/23/2019	Nike Inc	NKE.N	\$79.51	\$93	NA	16.34%	\$10,418.38	\$0.70
9/24/2019	Carmax Inc	KMX.N	\$84.25	\$98	NA	16.22%	\$5,069.71	\$1.33
10/1/2019	Stitch Fix Inc	SFIX.O	\$20.25	\$36	NA	79.01%	\$432.48	\$0.04
10/3/2019	Costco Wholesale Corp	COST.O	\$271.52	\$273	NA	0.61%	\$47,618.59	\$2.53
10/16/2019	Skechers USA Inc	SKX.N	\$30.75	\$43	NA	38.21%	\$1,340.11	\$0.69
10/23/2019	Chipotle Mexican Grill Inc	CMG.N	\$809.89	\$759	NA	-6.32%	\$1,372.06	\$3.15
10/28/2019	Yum China Holdings Inc	YUMC.N	\$42.60	\$51	NA	20.08%	\$2,388.41	\$0.56
10/30/2019	Columbia Sportswear Co	COLM.O	\$92.10	\$121	NA	31.21%	\$882.80	\$1.55
10/31/2019	Under Armour Inc	UA.N	\$18.51	\$23	NA	24.75%	\$1,410.39	\$0.19
11/4/2019	Tapestry Inc	TPR.N	\$19.45	\$33	NA	67.38%	\$1,397.63	\$0.39
11/8/2019	Callaway Golf Co	ELY.N	\$17.32	\$23	NA	33.19%	\$419.39	\$0.26
11/13/2019	Canada Goose Holdings Inc	GOOS.N	\$38.21	\$57	NA	48.82%	\$201.71	\$0.35
11/15/2019	Walmart Inc	WMT.N	\$112.69	\$118	NA	4.27%	\$128,670.49	\$1.09

Source: Thomson Reuters, Grandation Research

Figure 16: Earnings surprise tracker—on 8/15/19, WMT reported Q2'20 earnings with revenue beat of 0.2% and EPS beat of 4.2%.

Ticker	Company Name	Earnings Release	Revenue	GM	EBITDA	EBIT	EPS
WMT.N	Walmart Inc	8/15/2019	0.2%	-	0.8%	0.9%	4.2%
TPR.N	Tapestry Inc	8/15/2019	-1.3%	-	-	-7.6%	-0.5%
GOOS.N	Canada Goose Holdings Inc	8/14/2019	32.5%	-	41.7%	11.0%	14.1%
ELY.N	Callaway Golf Co	8/8/2019	3.9%	-	12.2%	27.7%	49.0%
YUMC.N	Yum China Holdings Inc	7/30/2019	-1.7%	-	-3.0%	6.8%	19.5%
UA.N	Under Armour Inc	7/30/2019	-0.6%	0.3%	46.0%	45.4%	44.3%
COLM.O	Columbia Sportswear Co	7/25/2019	3.8%	0.4%	183.2%	983.2%	1864.1%
CMG.N	Chipotle Mexican Grill Inc	7/23/2019	1.9%	-	-0.6%	2.2%	6.2%
SKX.N	Skechers USA Inc	7/18/2019	3.2%	-1.9%	-	29.7%	45.8%
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%	48.8%	-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%
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%

Source: Thomson Reuters, Grandation Research



**Figure 17: Stock performance tracker**—MTD, XRT experienced massive sell-off. For individual stocks, TGT, CMG and WMT were up 19.2%, 4.0% and 1.5%, respectively.

Ticker	Name	Price 8/21/2019	Market Cap (\$bn)	WTD	MTD	YTD
<b>Index:</b>						
XRT	Spdr S&P Retail Etf	38.73	0.33	2.2%	-7.3%	-3.7%
.SPX	Standard & Poor's Corp	2900.51	NA	1.2%	-1.9%	16.7%
<b>Companies:</b>						
TGT.N	Target Corp	103	52.77	22.3%	19.2%	55.8%
CMG.N	Chipotle Mexican Grill Inc	827.51	22.94	1.3%	4.0%	91.7%
WMT.N	Walmart Inc	112.02	319.79	-0.9%	1.5%	20.3%
COST.O	Costco Wholesale Corp	272.97	120.05	0.6%	0.0%	35.3%
YUMC.N	Yum China Holdings Inc	45.67	17.21	2.5%	-0.6%	34.9%
ELY.N	Callaway Golf Co	17.97	1.69	3.8%	-2.0%	17.5%
FL.N	Foot Locker Inc	39.21	4.30	2.4%	-3.2%	-25.3%
NKE.N	Nike Inc	82.74	129.64	3.1%	-3.8%	11.6%
LULU.O	Lululemon Athletica Inc	179.67	23.41	3.1%	-4.1%	50.8%
KMX.N	Carmax Inc	83.17	13.77	-2.2%	-5.2%	32.6%
ULTA.O	Ulta Beauty Inc	323.08	18.89	1.9%	-6.1%	34.0%
AEO.N	American Eagle Outfitters Inc	16.19	2.79	5.1%	-8.5%	-16.2%
COLM.O	Columbia Sportswear Co	94.18	6.36	2.7%	-9.9%	13.6%
TIF.N	Tiffany & Co	82.26	9.99	4.6%	-10.0%	5.0%
GOOS.N	Canada Goose Holdings Inc	39.79	4.35	5.5%	-15.0%	-9.0%
SKX.N	Skechers USA Inc	31.1	4.88	0.3%	-18.0%	35.9%
UAA.N	Under Armour Inc	18.75	8.04	0.5%	-18.7%	6.1%
JWN.N	Nordstrom Inc	26.54	4.10	4.8%	-19.9%	-43.1%
SFIX.O	Stitch Fix Inc	20.56	2.07	-2.7%	-22.8%	17.8%
TPR.N	Tapestry Inc	21.04	6.04	9.0%	-29.7%	-35.6%

Source: Thomson Reuters, Grandation Research

**Figure 18: Short Interest tracker**—The latest short interest data with a 8/2/2019 settlement was released on 8/15/2019. Short interest, when compared with the 7/17/19 settlement data were up 4.17%, 3.40%, and 2.25% for JWN, GOOS, and SFIX respectively.

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	1,704,928	7,700,420	1.25	1,566,888,373	1,237,466,374	98.8%	0.62%	-0.07%
AEO.N	American Eagle Outfitters Inc	982,515	18,769,275	4.59	172,224,129	160,861,145	93.4%	11.67%	-0.45%
COLM.O	Columbia Sportswear Co	288,199	834,063	2.77	67,557,251	53,498,816	79.2%	1.56%	-1.50%
LULU.O	Lululemon Athletica Inc	1,959,451	2,851,094	1.70	130,275,563	112,590,836	91.6%	2.53%	0.03%
ELY.N	Callaway Golf Co	362,812	11,600,257	10.58	94,094,269	92,191,618	98.0%	12.58%	0.31%
TIF.N	Tiffany & Co	347,099	12,697,101	9.50	121,407,389	120,354,100	99.1%	10.55%	0.48%
ULTA.O	Ulta Beauty Inc	743,019	2,808,663	4.16	58,457,743	55,935,077	95.7%	5.02%	-0.01%
TPR.N	Tapestry Inc	1,152,722	9,752,196	2.66	290,135,955	288,348,174	99.4%	3.38%	-0.08%
SKX.N	Skechers USA Inc	440,027	6,875,157	2.76	156,766,351	130,583,009	97.6%	5.26%	-0.43%
UAA.N	Under Armour Inc	1,200,145	38,170,810	8.14	451,247,092	187,347,016	99.6%	20.37%	-0.60%
GOOS.N	Canada Goose Holdings Inc	371,080	10,601,387	12.78	109,472,821	49,411,933	84.5%	21.46%	3.40%
WMT.N	Walmart Inc	1,690,492	16,840,012	3.57	2,854,722,137	1,401,239,374	49.1%	1.20%	0.00%
TGT.N	Target Corp	1,110,552	22,834,250	5.74	512,334,476	510,899,075	99.7%	4.47%	0.37%
JWN.N	Nordstrom Inc	903,451	28,321,520	6.59	154,651,759	103,633,851	66.9%	27.33%	4.17%
KMX.N	Carmax Inc	400,047	18,988,714	9.36	165,586,114	164,883,342	99.6%	11.52%	0.29%
COST.O	Costco Wholesale Corp	1,759,508	4,669,050	3.07	439,789,186	437,256,946	99.4%	1.07%	-0.06%
CMG.N	Chipotle Mexican Grill Inc	94,309	1,716,822	3.55	27,722,812	27,294,811	98.5%	6.29%	0.34%
YUMC.N	Yum China Holdings Inc	625,409	6,921,137	2.66	376,828,755	375,967,774	99.8%	1.84%	0.15%
SFIX.O	Stitch Fix Inc	3,124,947	13,564,631	4.47	100,882,811	47,562,612	95.5%	28.52%	2.25%
FL.N	Foot Locker Inc	951,400	12,231,741	4.64	109,701,174	108,415,043	98.8%	11.28%	-0.13%

Source: Thomson Reuters, Grandation Research



Figure 19: Comp sheet

Ticker	Company	Market Cap (\$bn)	Price 8/14/19	YTD Δ	MTD Δ	Revenue Growth		EPS		FCF	EV		PE			PEG	Div. Yield
						This yr /Last yr	Next yr /this yr	FY0	FY1	Yield FY1	/Sales FY1	/EBITDA FY1	LTM	FY0	FY1	FY1	
NKE.N	Nike Inc	124.58	79.51	7.2%	-7.6%	7.8%	8.0%	2.90	3.39	3.2%	2.9x	19.8x	31.9x	27.4x	23.5x	1.7x	1.1%
AEO.N	American Eagle Outfitters Inc	2.55	14.79	-23.5%	-16.4%	7.0%	4.8%	1.61	1.73	12.1%	0.5x	4.1x	10.0x	9.2x	8.6x	NA	3.7%
COLM.O	Columbia Sportswear Co	6.22	92.10	9.5%	-13.1%	10.0%	6.6%	4.77	5.21	3.1%	1.8x	11.5x	20.3x	19.3x	17.7x	1.5x	1.0%
LULU.O	Lululemon Athletica Inc	22.86	175.44	44.3%	-8.2%	15.6%	14.5%	4.64	5.51	1.8%	5.4x	22.9x	45.4x	37.8x	31.9x	1.8x	NA
ELY.N	Callaway Golf Co	1.63	17.32	13.2%	-5.6%	36.5%	4.3%	1.07	1.21	6.4%	1.3x	10.4x	28.7x	16.3x	14.3x	NA	0.2%
TIF.N	Tiffany & Co	9.78	80.57	0.1%	-14.2%	1.3%	4.1%	4.91	5.32	4.6%	2.2x	9.6x	17.8x	16.4x	15.1x	1.8x	2.9%
ULTA.O	Ulta Beauty Inc	18.73	320.44	30.9%	-8.2%	12.3%	10.7%	12.97	14.97	3.7%	2.3x	14.2x	27.8x	24.7x	21.4x	1.4x	NA
TPR.N	Tapestry Inc	5.64	19.45	-42.4%	-37.1%	1.9%	3.3%	2.72	2.87	14.3%	1.0x	4.9x	7.9x	7.2x	6.8x	0.7x	6.9%
SKX.N	Skechers USA Inc	4.82	30.75	34.3%	-19.0%	9.9%	8.7%	2.27	2.56	4.8%	0.8x	6.7x	14.9x	13.5x	12.0x	NA	NA
UAA.N	Under Armour Inc	7.89	18.51	4.8%	-19.8%	3.3%	5.6%	0.34	0.50	2.1%	1.5x	19.0x	97.9x	54.4x	37.3x	1.2x	NA
GOOS.N	Canada Goose Holdings Inc	4.2	38.21	-12.6%	-18.3%	26.3%	22.4%	1.70	2.14	1.8%	5.4x	20.0x	43.1x	29.9x	23.8x	1.4x	NA
WMT.N	Walmart Inc	321.7	112.69	21.0%	2.1%	2.3%	3.2%	4.89	5.11	4.7%	0.7x	11.3x	36.6x	23.0x	22.1x	5.1x	1.9%
TGT.N	Target Corp	42.3	82.56	24.9%	-4.4%	3.8%	3.1%	5.93	6.32	NA	0.7x	7.8x	14.7x	13.9x	13.1x	1.6x	3.2%
JWN.N	Nordstrom Inc	3.92	25.35	-45.6%	-23.4%	-1.2%	1.6%	3.27	3.43	2.7%	0.4x	4.2x	8.3x	7.7x	7.4x	1.3x	5.8%
KMX.N	Carmax Inc	13.95	84.25	34.3%	-4.0%	8.2%	6.3%	5.28	5.68	4.8%	1.4x	19.8x	16.7x	16.0x	14.8x	NA	NA
COST.O	Costco Wholesale Corp	119.41	271.52	33.3%	-1.5%	8.1%	7.3%	8.07	8.56	NA	0.8x	18.6x	35.0x	33.6x	31.7x	3.1x	1.0%
CMG.N	Chipotle Mexican Grill Inc	22.45	809.89	87.6%	1.8%	12.7%	12.0%	13.36	17.26	1.5%	3.7x	31.1x	94.0x	60.6x	46.9x	1.6x	NA
YUMC.N	Yum China Holdings Inc	16.05	42.60	27.1%	-6.4%	5.4%	7.4%	1.78	1.94	NA	1.6x	10.8x	25.9x	24.0x	21.9x	NA	1.1%
SFIX.O	Stitch Fix Inc	2.04	20.25	18.5%	-22.4%	28.6%	21.9%	0.32	0.30	3.0%	0.9x	41.8x	44.5x	63.1x	67.7x	NA	NA
FLN	Foot Locker Inc	4.06	37.02	-30.4%	-9.8%	3.2%	2.7%	5.01	5.38	NA	0.4x	3.3x	8.1x	7.4x	6.9x	0.6x	4.1%

Source: Thomson Reuters, Grandation Research

Figure 20: Retail bankruptcy tracker — Luxury retailer Barneys New York and Restaurant chain Perkins &amp; Marie Callender filed bankruptcy on 7/15/19 and 8/5/19.

Date Announced	Company	Ticker	Filing	Proceeds
8/5/2019	Perkins & Marie Callender	N/A	Chapter 11	bankruptcy filing
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 turnarounrd 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



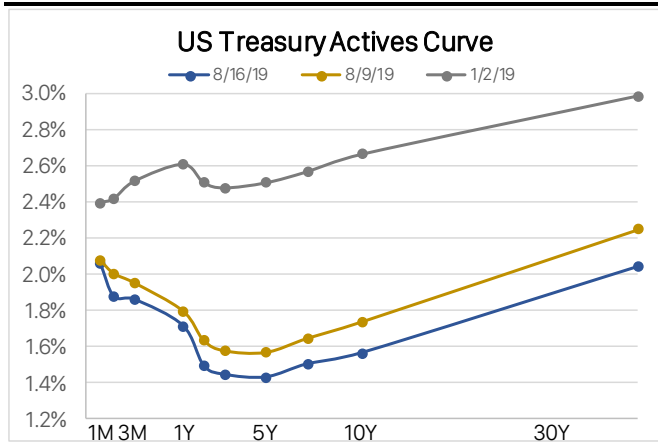
# Yield Curve Tracker

Figure 21: Yield Curve tracker – 10YR and 2YR curve was inverted first time since 2007.

Yield Curve (unit: bps)	8/16/19	8/9/19	WoW Δ	1/2/19	YTD Δ	8/16/18	YoY Δ
US Generic Govt 1MT Yield	2.060	2.077	-0.8%	2.394	-14.0%	1.94	6.1%
US Generic Govt 3MT Yield	1.871	2.002	-6.5%	2.417	-22.6%	2.06	-9.3%
US Generic Govt 6MT Yield	1.857	1.950	-4.8%	2.513	-26.1%	2.23	-16.7%
US Generic Govt 1YT Yield	1.712	1.794	-4.6%	2.605	-34.3%	2.45	-30.1%
US Generic Govt 2YT Yield	1.491	1.630	-8.6%	2.504	-40.5%	2.62	-43.1%
US Generic Govt 3YT Yield	1.441	1.572	-8.3%	2.475	-41.8%	2.69	-46.4%
US Generic Govt 5YT Yield	1.427	1.563	-8.7%	2.503	-43.0%	2.75	-48.1%
US Generic Govt 7YT Yield	1.500	1.641	-8.6%	2.564	-41.5%	2.82	-46.8%
US Generic Govt 10YT Yield	1.562	1.734	-9.9%	2.661	-41.3%	2.87	-45.6%
US Generic Govt 30YT Yield	2.040	2.247	-9.2%	2.982	-31.6%	3.03	-32.7%
US 10YR & 2YR Spread	7	10	-3	16	-9	25	-18

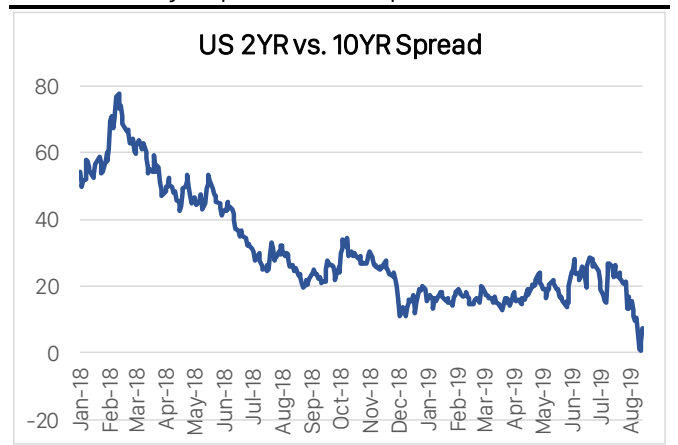
Source: Thomson Reuters, Grandation Research

Figure 22: The US Treasury Actives Curve dropped after rate cut.



Source: Thomson Reuters, Grandation Research

Figure 23: The spread between the 10YR vs. 2YR has decreased by 3bps WoW to 7bps.



Source: Thomson Reuters, Grandation Research



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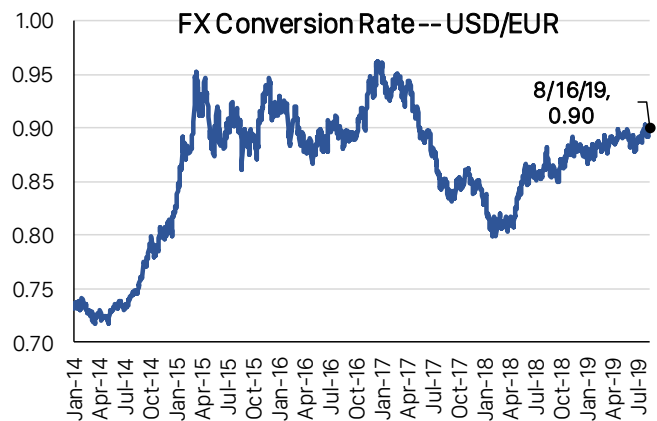
# Currency Tracker

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

Currency	8/16/19	8/9/19	WoW Δ	1/2/19	YTD Δ	8/17/18	YoY Δ
USD/EUR	0.902	0.893	1.0%	0.882	2.3%	0.87	3.1%
USD/JPY	106.330	105.660	0.6%	108.870	-2.3%	110.49	-3.8%
USD/CNY	7.041	7.061	-0.3%	6.860	2.6%	6.87	2.4%
USD/GBP	0.824	0.831	-0.9%	0.793	3.8%	0.78	5.0%
USD/CAD	1.327	1.323	0.3%	1.358	-2.3%	1.31	1.6%
USD/INR	71.150	70.906	0.3%	69.98	1.7%	70.09	1.5%

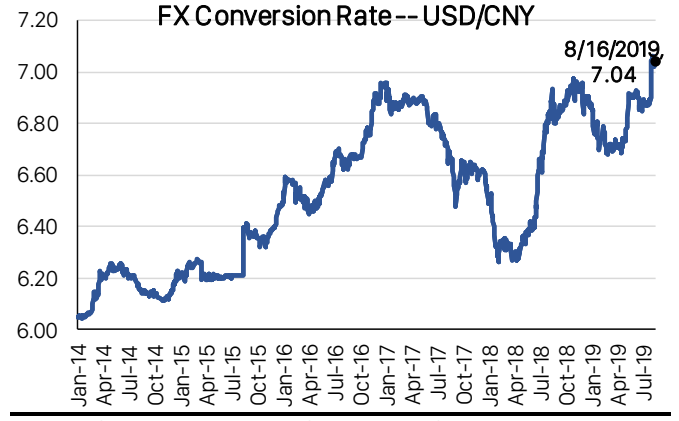
Source: Thomson Reuters, Grandation Research

**Figure 25: USD/EUR appreciated 1.0% WoW to 0.90**



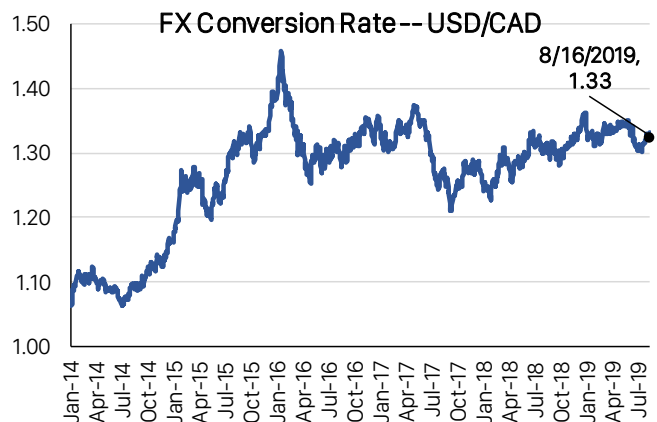
Source: Thomson Reuters, Grandation Research

**Figure 26: USD/CNY depreciated 0.3% WoW to 7.04**



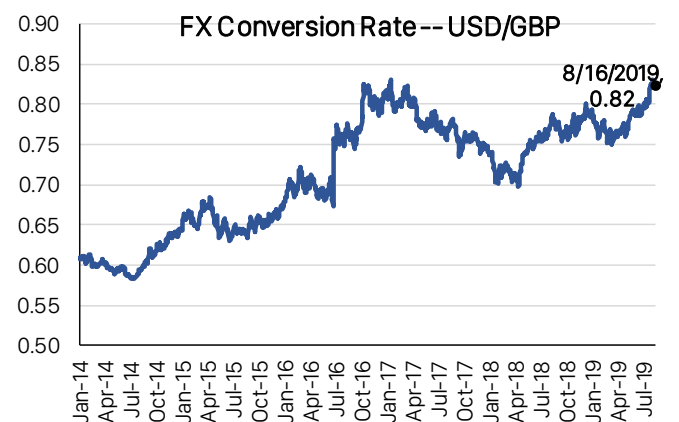
Source: Thomson Reuters, Grandation Research

**Figure 27: USD/CAD appreciated 0.3% WoW to 1.32.**



Source: Thomson Reuters, Grandation Research

**Figure 28: USD/GBP depreciated 0.9% WoW to 0.82**



Source: Thomson Reuters, Grandation Research



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Our rating system attempts to incorporate industry, company and/or overall market risks and volatilities; therefore, our investment recommendations on based on the security's 12-month price target from the date this report is issued.

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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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