



GRANDATION CAPITAL

RESEARCH DEPARTMENT

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Companies mentioned in this report
(price as 8/29/19 market close)

Ticker	Price 8/29/19	WoW
JWN.N	\$ 28.70	8.14%
COST.O	\$ 294.49	6.82%
AEO.N	\$ 16.92	4.51%
TGT.N	\$ 106.40	3.30%
CMG.N	\$ 839.34	1.43%
NKE.N	\$ 83.48	0.89%
TIF.N	\$ 85.17	0.76%
ULTA.O	\$ 330.38	0.69%
WMT.N	\$ 112.72	0.62%
LULU.O	\$ 182.70	-0.34%
COLM.O	\$ 93.62	-1.97%
KMX.N	\$ 81.27	-2.28%
YUMC.N	\$ 44.18	-2.30%
SKX.N	\$ 30.29	-2.60%
UAA.N	\$ 18.20	-2.93%
ELY.N	\$ 17.30	-3.73%
SFIX.O	\$ 19.27	-4.27%
TPR.N	\$ 20.49	-5.79%
GOOS.N	\$ 36.48	-8.32%
FL.N	\$ 35.73	-10.14%

RETAIL INDUSTRY REPORT

8/29/2019

VOLUME 2, ISSUE 10

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

Key takeaways: Market weighs in every piece of puzzle on trade war. On 8/29/19, Gao Feng, spokesman from China's Ministry of Commerce, said to reject any escalation of the trade war, setting the tone with no further retaliation as market fears. Yield bond, another recession signal, rallied this week; however, 2yr and 10yr are still inverted. Looking ahead to September, we see less volatility and volume to the market. **Retail Industry:** XRT index sell-off continues this week, closing at 40.15 on 8/29/19, down 5.8% from MTD. **Individual stocks:** in our screening portfolio, the top three outperformers are TGT, COST and CMG, up 24.9%, 7.6% and 6.1%, 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.
- **Update this week---U.S. pending home sales index monthly data (Figure 3):** on 8/29/19, National Association of Realtors released July'19 pending home sales index, decreased 0.3% YoY to 105.6.



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- **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.
- ***Update this week*—U.S. E-Commerce sales quarterly data (Figure 5):** on 8/19/19, U.S. department of commerce released Q2'19 E-commerce sales of \$146bn as 10.7% of total retail sales, up 4.2% 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.
- **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 RMB1524bn, up 10.3% YoY and 4.9% MoM and import of RMB1214bn, 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.
- **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?

- **Omnichannel supports Target future growth.** On 8/19/19, TGT announced to launch its largest owned brand "Good & Gather" on Sep 15, available in store and on website with the same-day delivery. The brand will start with food and beverage and gradually expand to kids, natural and organic, signature and seasonal categories. In addition, TGT is planning to open 30 mini stores across the U.S. each year and to complete 300 main store remodeling by 2020. Q2 comp sales grew 3.4%, driven by 2.4 % traffic growth.
- **Restaurant spending set to new high in 2019 as consumers spend more on dining-out.** On 8/19/19, sales at eating and drinking were up over 4% YoY according to the U.S. Census Bureau, surpassing growth on grocery sales at 3% YoY. The National Restaurant Association projects 2019 overall industry sales will hit a new high of \$863bn in 2019, up 3.6% YoY.
- **Forever 21 weighs bankruptcy filing.** On 8/28/19, reports said Forever 21 was considering filing for bankruptcy as it failed to restructure debt. It has been exploring restructuring options to shore up its liquidity as it struggled in mall-model business. Forever 21 operates more than 815 stores globally under brands of Forever 21, XXI Forever, Love 21 and Heritage 1981.



Earnings Summary

- **Target reported Q2'20 Earnings.** On 8/21/19 premarket, TGT reported Q2'20 earnings on revenue of \$18.4bn, beat consensus by \$101.8mn, up 3.6% YoY, and EPS of \$1.82, beat consensus of \$1.62. Comparable digital sales grew 34% QoQ, contributing 1.8 % to comp sales growth. Gross margin was up 30 bps to 30.6%, benefiting from optimizing cost, pricing, promotions and assortment and favorable category sales mix. TGT's stock soared 16.8% after reporting. **(upside: ▲ for TGT).**
- **Home Depot reported Q2'19 Earnings.** On 8/20/19 premarket, HD reported Q2'19 earnings on revenue of \$30.8bn, missed consensus by \$144.9mn, up 1.2% YoY, and EPS of \$3.17, beat consensus of \$3.08, up 3.9% YoY. The comp sales for the U.S. stores was up 3.1% YoY. Gross margin declined 20 bps to 33.8% due to higher lumber price and change in mix of products. Q2'19 online sales grew 20% YoY with engagement of automated pickup lockers in 1,100 stores. HD's stock jumped 2.7% after reporting. **(upside: ▲ for HD).**
- **Foot Locker reported Q2'19 Earnings.** On 8/23/19 premarket, FL reported Q2'19 earnings on revenue of \$1.8bn, missed consensus by \$60.8mn, down 0.6% YoY, and EPS of \$0.55, missed consensus by \$0.12, down 26.7% YoY. Comp store sales rose 0.8% YoY, hit by weaker foreign currencies. Gross margin fell 10 bps to 30.1% attribute to higher carrier cost associated with higher mix of DTC business. Merchandise inventories down 2.2% YoY to \$1.23bn. FL's stock plunged 11.7% after reporting. **(downside: ▼ for FL).**

What's coming up:

Date	Ticker	Company Name	Event	Location	Note
9/4	AEO	American Eagle Outfitter Inc	Q2'19 Earnings	NYSE	BMO
9/5	COST	Costco Co	August Sales Release	Nasdaq	AMC
9/5	LULU	Lululemon Athletica Inc	Q2'19 Earnings	Nasdaq	AMC
9/10	AAPL	Apple Inc	New iPhone 11 event	Nasdaq	AMC

Source: Thomson Reuters, Grandation Research

Data Tracker:

- **Google search weekly tracker (Figure 12-14):** on weekly basis, search for LULU up 42.6% and SFIX down 18.5%.
- **Estimated earning schedule table (Figure 15):** we expect LULU to report Q2'19 earnings on 9/5/19.
- **Earnings surprise table (Figure 16):** on 8/23/19, FL reported Q2'19 earnings with 2.7% revenue missed and 0.9% EPS missed.
- **Stock performance (Figure 17):** MTD, XRT index delivered mix results. For individual stocks, TGT, COST and CMG were up 24.9%, 7.6% and 6.1%, respectively.
- **Short interest tracker (Figure 18):** The latest short interest data of 8/15/2019 settlement was released on 8/26/2019. Short interests, compared with 7/31/19, were up 4.49%, 1.44% for GOOS, JWN and down 0.34% for SFIX.
- **Yield Curve Tracker (Figure 21-23):** WoW, the spread between the 10YR vs. 2YR has declined by 1bp to -1bps.
- **Currency Tracker (Figure 24-28):** YTD, the USD has appreciated against the CNY, EUR, CAD, INR, GBP and depreciated against JPY.



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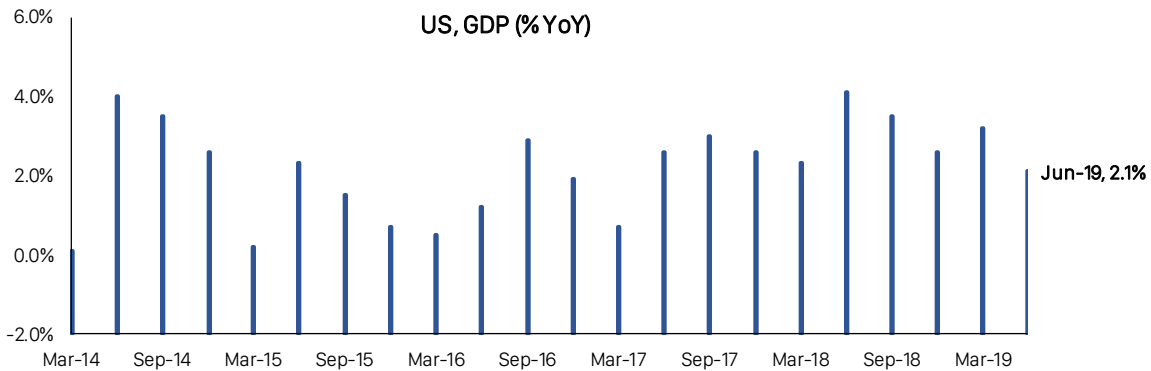
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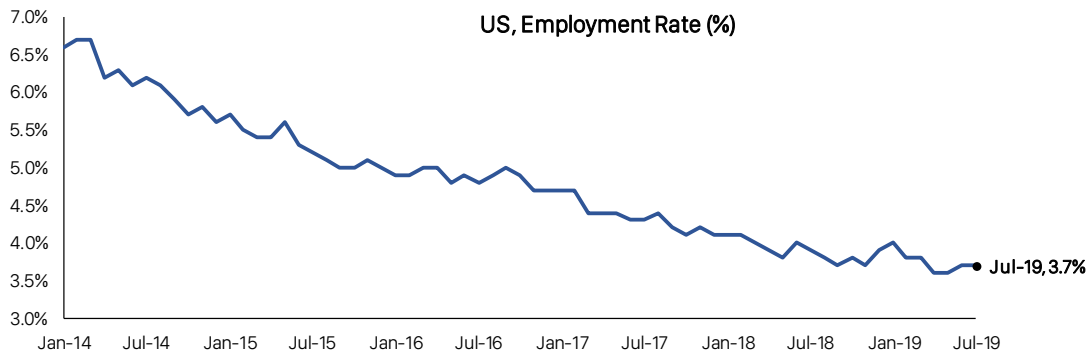
U.S. Macro Economic Indicator

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%.



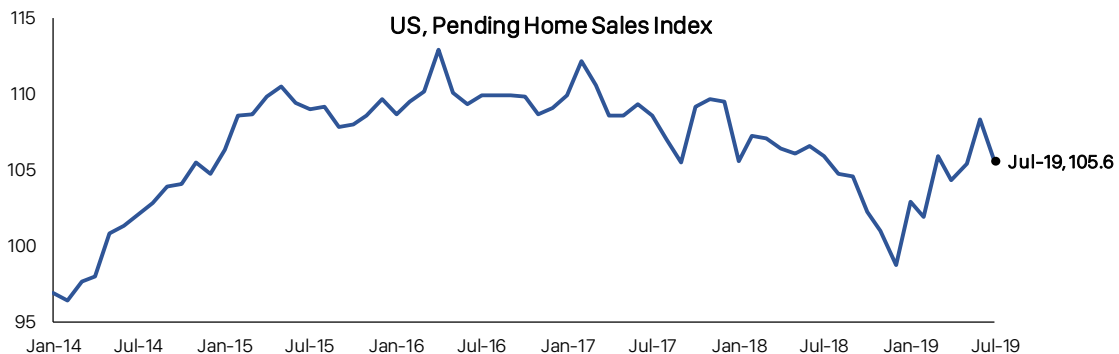
Source: U.S. BEU, Grandation Research

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: Update this week---U.S. pending home sales index tracker-- on 8/29/19, National Association of Realtors released July'19 pending home sales index, decreased 0.3% YoY to 105.6.



Source: U.S. NAR, Grandation Research



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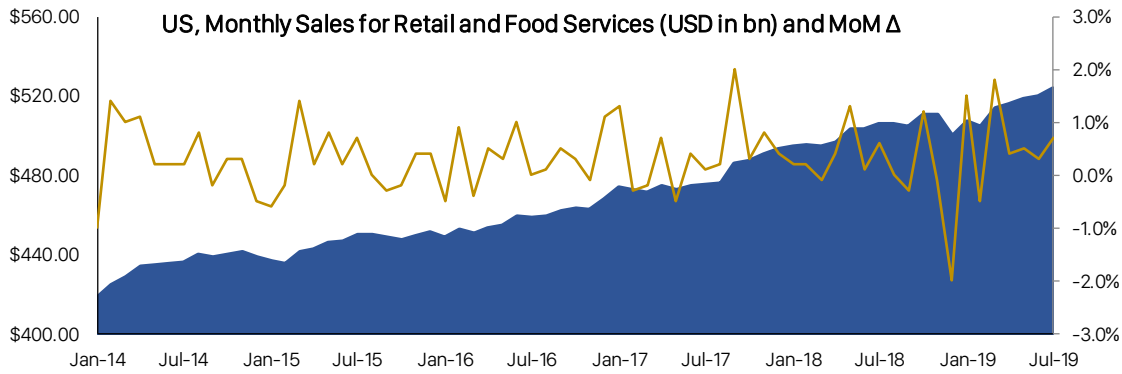


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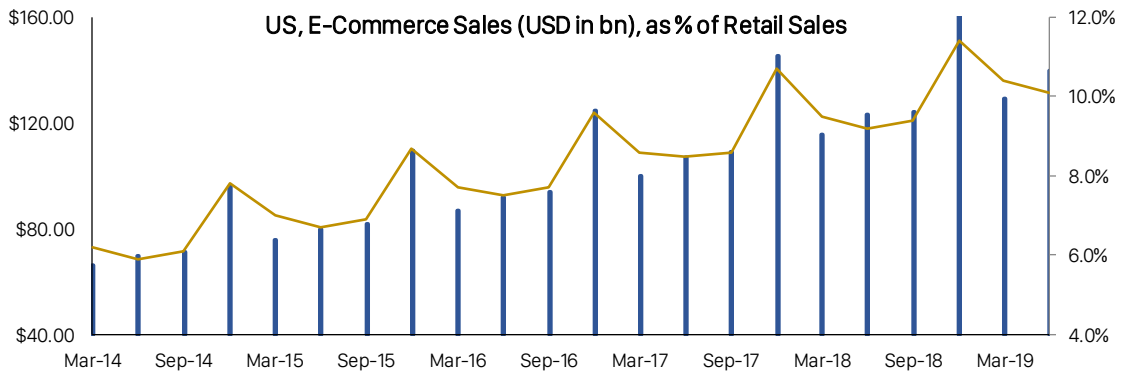
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Source: U.S. Consensus gov, Grandation Research

Figure 5: Update this week—U.S. E-Commerce sales tracker -- on 8/19/19, U.S. department of commerce released Q2'19 E-commerce sales of \$146bn as 10.7% of total retail sales, up 4.2% QoQ.



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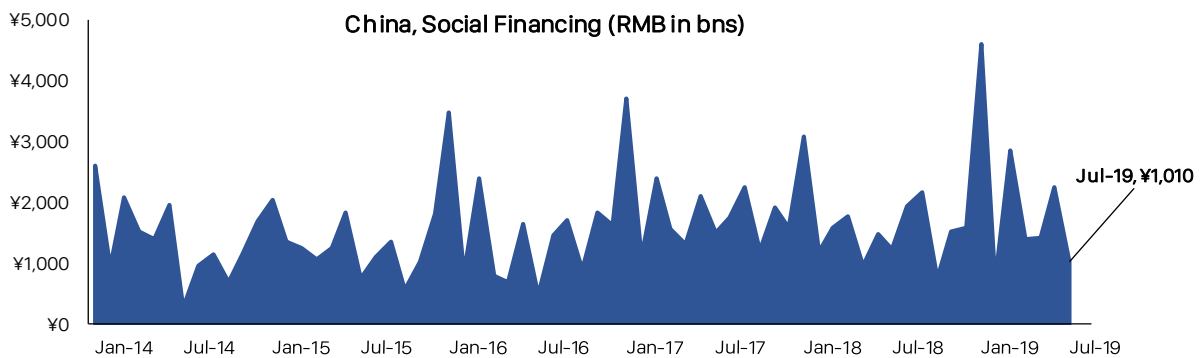
China Macro Economic Indicator

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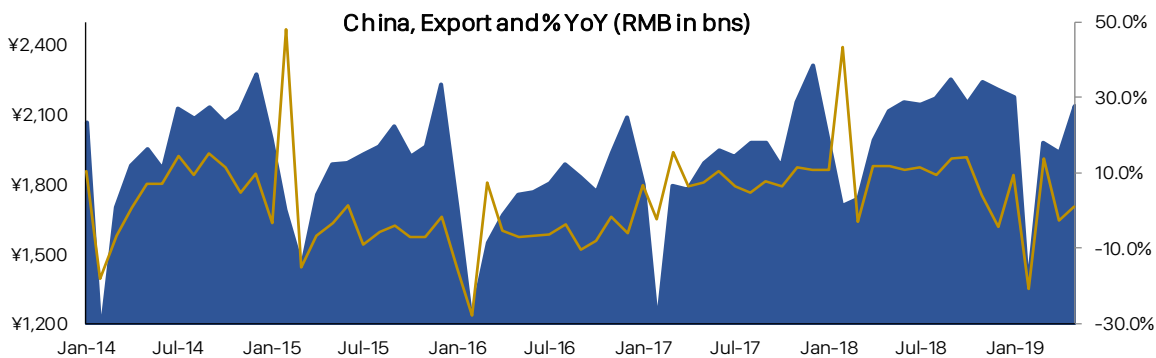
Source: China Stats, Grandation Research

Figure 7: China total social financing tracker --on 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 RMB1524bn, up 10.3% YoY and 4.9% MoM and import of RMB1214bn, 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: 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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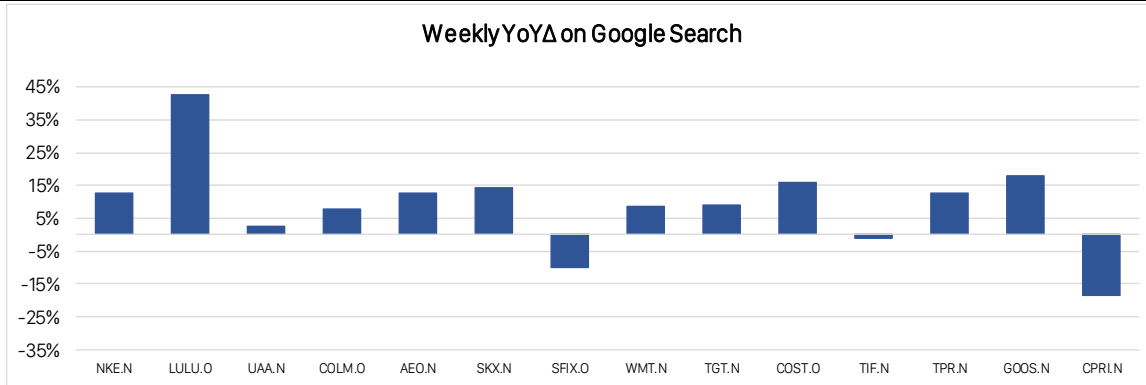
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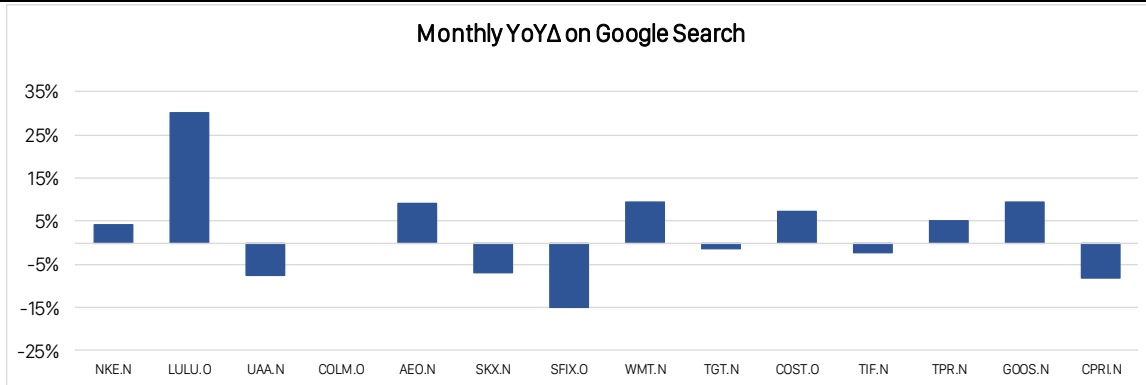
Industry Data Tracker

Figure 12: Google search trend Weekly YoY—LULU increased 42.6%, and CPRI declined 18.5% YoY.



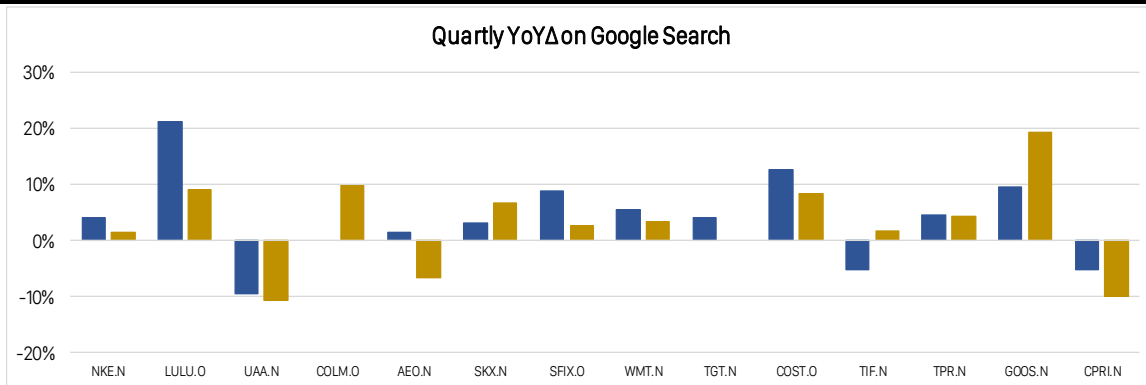
Source: Google Search, Grandation Research

Figure 13: Google search trend Monthly YoY—LULU increased 30.2%, and for SFIX declined 15.1% YoY.



Source: Google Search, Grandation Research

Figure 14: Google search trend QoQ YoY—LULU Q2 increased 21.2%, and for COST Q2 increased 12.8% YoY.



Source: Google Search, Grandation Research



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Figure 15: Estimated earning schedule tracker-- We expect LULU to report Q2'19 earnings on 9/5.

Next Earnings Schedule (Est)	Company	Ticker	Stock Price 8/28/2019	Street PT	Grandation PT	% PT/ Price	Consensus Revenue	Consensus EPS
9/4/2019	American Eagle Outfitters Inc	AEO.N	\$16.95	\$23	\$28	33.59%	\$1,004.94	\$0.32
9/5/2019	Lululemon Athletica Inc	LULU.O	\$186.06	\$194	\$255	4.20%	\$845.46	\$0.89
9/24/2019	Nike Inc	NKE.N	\$85.38	\$93	NA	9.45%	\$10,418.38	\$0.70
9/24/2019	Carmax Inc	KMX.N	\$82.79	\$98	NA	18.27%	\$5,069.71	\$1.33
10/1/2019	Stitch Fix Inc	SFIX.O	\$19.02	\$36	NA	90.59%	\$432.42	\$0.04
10/3/2019	Costco Wholesale Corp	COST.O	\$296.57	\$273	NA	-7.89%	\$47,625.59	\$2.53
10/16/2019	Skechers USA Inc	SKX.N	\$31.30	\$43	NA	35.78%	\$1,340.83	\$0.69
10/23/2019	Chipotle Mexican Grill Inc	CMG.N	\$843.64	\$774	NA	-8.25%	\$1,373.83	\$3.17
10/24/2019	Callaway Golf Co	ELY.N	\$17.98	\$23	NA	28.30%	\$420.43	\$0.24
10/28/2019	Yum China Holdings Inc	YUMC.N	\$45.33	\$51	NA	12.16%	\$2,388.41	\$0.56
10/28/2019	Tapestry Inc	TPR.N	\$20.28	\$29	NA	45.27%	\$1,370.25	\$0.37
10/30/2019	Columbia Sportswear Co	COLM.O	\$94.93	\$121	NA	27.30%	\$882.80	\$1.55
10/31/2019	Under Armour Inc	UA.N	\$18.62	\$23	NA	24.01%	\$1,410.39	\$0.19
11/12/2019	Canada Goose Holdings Inc	GOOS.N	\$36.87	\$57	NA	54.23%	\$201.71	\$0.34
11/13/2019	Nordstrom Inc	JWN.N	\$29.13	\$33	NA	12.86%	\$3,672.38	\$0.65
11/14/2019	Walmart Inc	WMT.N	\$114.08	\$118	NA	3.72%	\$128,474.99	\$1.09
11/18/2019	Foot Locker Inc	FL.N	\$35.84	\$45	NA	24.75%	\$1,929.81	\$1.07
11/20/2019	Target Corp	TGT.N	\$107.93	\$110	NA	2.06%	\$18,464.93	\$1.17
12/3/2019	Ulta Beauty Inc	ULTA.O	\$337.45	\$299	NA	-11.39%	\$1,725.98	\$2.23
12/5/2019	Tiffany & Co	TIF.N	\$85.54	\$104	NA	22.14%	\$1,037.29	\$0.87

Source: Thomson Reuters, Grandation Research

Figure 16: Earnings surprise tracker—on 8/23/19, FL reported Q2'19 earnings with revenue missed of 2.7% and EPS missed of 0.9%.

Ticker	Company Name	Earnings Release	Revenue	GM	EBITDA	EBIT	EPS
ULTA.O	Ulta Beauty Inc	8/29/2019	-0.7%	-	-4.1%	-3.0%	-1.4%
TIF.N	Tiffany & Co	8/28/2019	-1.2%	-	6.3%	5.3%	7.3%
FL.N	Foot Locker Inc	8/23/2019	-2.7%	0.0%	-	-4.7%	-0.9%
JWN.N	Nordstrom Inc	8/21/2019	-1.5%	-	3.5%	14.1%	19.3%
TGT.N	Target Corp	8/21/2019	0.4%	-	10.4%	10.6%	12.5%
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%	-	25.4%	27.7%	49.0%
YUMC.N	Yum China Holdings Inc	7/30/2019	-1.7%	-1.3%	-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%
COST.O	Costco Wholesale Corp	5/30/2019	0.1%	9.0%	-4.7%	-0.9%	3.8%

Source: Thomson Reuters, Grandation Research



Figure 17: Stock performance tracker—MTD, XRT index delivered mix results. For individual stocks, TGT, COST and CMG were up 24.9%, 7.6% and 6.1%, respectively.

Ticker	Name	Price 8/29/2019	Market Cap (\$bn)	WTD	MTD	YTD
Index:						
XRT	Spdr S&P Retail Etf	39.55	0.25	4.1%	-5.7%	-2.0%
.SPX	Standard & Poor's Corp	2887.94	NA	2.7%	-1.9%	16.7%
Companies:						
TGT.N	Target Corp	106.4	54.41	4.3%	24.9%	63.3%
COST.O	Costco Wholesale Corp	294.49	129.51	8.2%	7.6%	45.6%
CMG.N	Chipotle Mexican Grill Inc	839.34	23.27	4.8%	6.1%	95.5%
WMT.N	Walmart Inc	112.72	321.78	2.9%	3.4%	22.5%
YUMC.N	Yum China Holdings Inc	44.18	16.65	6.5%	-0.4%	35.2%
NKE.N	Nike Inc	83.48	130.80	6.1%	-0.8%	15.2%
ELY.N	Callaway Golf Co	17.3	1.63	6.4%	-2.0%	17.5%
LULU.O	Lululemon Athletica Inc	182.7	23.80	3.3%	-2.6%	53.0%
ULTA.O	Ulta Beauty Inc	330.38	19.31	4.8%	-3.4%	37.8%
AEO.N	American Eagle Outfitters Inc	16.92	2.91	5.3%	-4.2%	-12.3%
KMX.N	Carmax Inc	81.27	13.46	2.4%	-5.7%	32.0%
TIF.N	Tiffany & Co	85.17	10.34	5.2%	-8.9%	6.2%
COLM.O	Columbia Sportswear Co	93.62	6.32	2.0%	-10.4%	12.9%
JWN.N	Nordstrom Inc	28.7	4.44	2.1%	-11.9%	-37.4%
FL.N	Foot Locker Inc	35.73	3.92	5.4%	-12.7%	-32.6%
SKX.N	Skechers USA Inc	30.29	4.75	7.3%	-17.5%	36.8%
UAA.N	Under Armour Inc	18.2	7.82	3.9%	-19.3%	5.4%
GOOS.N	Canada Goose Holdings Inc	36.48	4.00	-0.4%	-21.2%	-15.7%
SFIX.O	Stitch Fix Inc	19.27	1.94	0.3%	-27.1%	11.3%
TPR.N	Tapestry Inc	20.49	5.88	-0.1%	-34.4%	-39.9%

Source: Thomson Reuters, Grandation Research

Figure 18: Short Interest tracker—The latest short interest data with a 8/15/2019 settlement was released on 8/26/2019. Short interest, when compared with the 7/31/19 settlement data were up 4.49%, 1.44%, for GOOS, JWN and down 0.34% 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	1,682,925	8,845,386	1.50	1,566,888,373	1,237,463,436	98.8%	0.71%	0.09%
AEO.N	American Eagle Outfitters Inc	986,338	18,436,625	4.37	172,224,129	160,861,145	93.4%	11.46%	-0.22%
COLM.O	Columbia Sportswear Co	273,454	1,036,143	3.54	67,557,251	53,498,816	79.2%	1.94%	-0.66%
LULU.O	Lululemon Athletica Inc	1,919,911	2,851,094	1.70	130,275,563	115,083,889	93.6%	2.48%	-0.05%
ELY.N	Callaway Golf Co	338,842	12,148,151	10.60	94,094,269	92,191,618	98.0%	13.18%	0.61%
TIF.N	Tiffany & Co	386,322	14,151,523	9.88	121,407,389	120,354,100	99.1%	11.76%	1.21%
ULTA.O	Ulta Beauty Inc	758,386	2,808,663	4.92	58,457,743	55,935,077	95.7%	5.02%	0.00%
TPR.N	Tapestry Inc	1,223,829	10,527,860	2.41	286,849,656	284,719,898	99.3%	3.70%	0.33%
SKX.N	Skechers USA Inc	448,602	8,869,087	3.07	156,766,351	130,583,009	97.6%	6.79%	1.55%
UAA.N	Under Armour Inc	1,148,736	37,052,234	6.93	451,247,092	187,347,016	99.6%	19.78%	-0.59%
GOOS.N	Canada Goose Holdings Inc	374,538	11,261,426	9.94	109,521,774	49,460,886	84.5%	22.77%	4.49%
WMT.N	Walmart Inc	1,654,105	16,500,218	3.02	2,854,722,137	1,401,277,608	49.1%	1.18%	-0.02%
TGT.N	Target Corp	1,155,093	24,214,270	5.16	511,335,375	509,939,106	99.7%	4.75%	0.28%
JWN.N	Nordstrom Inc	973,420	29,814,566	6.70	154,651,759	103,633,851	66.9%	28.77%	1.44%
KMX.N	Carmax Inc	408,671	20,576,909	14.34	165,586,114	164,883,342	99.6%	12.48%	0.96%
COST.O	Costco Wholesale Corp	1,878,108	4,186,149	2.42	439,789,186	437,255,655	99.4%	0.96%	-0.11%
CMG.N	Chipotle Mexican Grill Inc	90,337	1,729,531	3.36	27,722,812	27,294,811	98.5%	6.34%	0.04%
YUMC.N	Yum China Holdings Inc	611,742	8,471,366	3.87	376,828,755	375,967,774	99.8%	2.25%	0.40%
SFIX.O	Stitch Fix Inc	3,119,030	13,564,631	4.76	100,882,811	47,877,398	96.1%	28.33%	-0.34%
FL.N	Foot Locker Inc	989,276	12,227,283	3.28	109,701,174	108,415,043	98.8%	11.28%	0.01%

Source: Thomson Reuters, Grandation Research



Figure 19: Comp sheet

Ticker	Company	Market Cap (\$bn)	Price 8/29/19	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	130.8	83.48	12.6%	-3.0%	7.8%	8.0%	2.90	3.39	3.0%	3.0x	20.8x	33.5x	28.8x	24.6x	1.8x	1.1%
AEON	American Eagle Outfitters Inc	2.91	16.92	-12.5%	-4.4%	7.0%	4.8%	1.61	1.73	10.6%	0.6x	4.8x	11.4x	10.5x	9.8x	NA	3.3%
COLM.O	Columbia Sportswear Co	6.32	93.62	11.3%	-11.7%	10.0%	6.6%	4.77	5.21	3.0%	1.8x	11.7x	20.6x	19.6x	18.0x	1.5x	1.0%
LULU.O	Lululemon Athletica Inc	23.8	182.70	50.2%	-4.4%	15.9%	14.6%	4.65	5.53	1.8%	5.6x	23.9x	47.3x	39.3x	33.0x	NA	NA
ELY.N	Callaway Golf Co	1.63	17.30	13.1%	-5.7%	36.5%	4.8%	1.07	1.23	5.0%	1.2x	10.4x	28.7x	16.2x	14.1x	NA	0.2%
TIF.N	Tiffany & Co	10.34	85.17	5.8%	-9.3%	0.8%	3.3%	4.88	5.23	4.4%	2.2x	10.2x	18.8x	17.4x	16.3x	1.9x	2.7%
ULTA.O	Ulta Beauty Inc	19.31	330.38	34.9%	-5.4%	12.4%	10.8%	12.97	14.98	3.5%	2.4x	14.6x	28.7x	25.5x	22.1x	1.4x	NA
TPR.N	Tapestry Inc	5.88	20.49	-39.3%	-33.8%	2.0%	3.4%	2.56	2.75	12.7%	1.0x	5.2x	9.8x	8.0x	7.4x	0.7x	6.6%
SKX.N	Skechers USA Inc	4.75	30.29	32.3%	-20.2%	9.9%	8.7%	2.27	2.56	4.9%	0.8x	6.6x	14.7x	13.3x	11.9x	NA	NA
UAA.N	Under Armour Inc	7.82	18.20	3.0%	-21.1%	3.3%	5.6%	0.34	0.50	2.1%	1.4x	18.8x	96.3x	53.5x	36.7x	1.2x	NA
GOOS.N	Canada Goose Holdings Inc	4.	36.48	-16.6%	-22.0%	26.1%	23.0%	1.71	2.16	1.9%	5.1x	18.9x	40.9x	28.3x	22.5x	1.0x	NA
WMT.N	Walmart Inc	321.78	112.72	21.0%	2.1%	2.2%	3.3%	4.92	5.13	4.6%	0.7x	11.4x	24.6x	22.9x	22.0x	4.9x	1.9%
TGT.N	Target Corp	54.41	106.40	61.0%	23.1%	4.0%	3.2%	6.16	6.58	NA	0.8x	9.1x	17.9x	17.3x	16.2x	1.8x	2.5%
JWN.N	Nordstrom Inc	4.44	28.70	-38.4%	-13.3%	-2.1%	1.8%	3.30	3.41	2.4%	0.4x	4.2x	9.5x	8.7x	8.4x	2.3x	5.2%
KMX.N	Carmax Inc	13.46	81.27	29.6%	-7.4%	8.2%	6.3%	5.28	5.68	4.9%	1.4x	19.4x	16.1x	15.4x	14.3x	NA	NA
COST.O	Costco Wholesale Corp	129.51	294.49	44.6%	6.8%	8.0%	7.3%	8.07	8.56	NA	0.9x	20.2x	37.9x	36.5x	34.4x	3.3x	0.9%
CMG.N	Chipotle Mexican Grill Inc	23.27	839.34	94.4%	5.5%	12.8%	12.1%	13.40	17.36	1.5%	3.8x	32.2x	97.4x	62.6x	48.3x	1.6x	NA
YUMC.N	Yum China Holdings Inc	16.65	44.18	31.8%	-2.9%	5.4%	7.5%	1.78	1.94	NA	1.6x	11.2x	26.8x	24.9x	22.7x	NA	1.1%
SFIX.O	Stitch Fix Inc	1.94	19.27	12.8%	-26.1%	28.7%	21.6%	0.32	0.30	3.2%	0.9x	39.5x	42.4x	60.2x	64.2x	NA	NA
FLN	Foot Locker Inc	3.92	35.73	-32.8%	-13.0%	1.9%	2.0%	4.93	5.18	NA	0.4x	3.4x	8.2x	7.2x	6.9x	0.8x	4.3%

Source: Thomson Reuters, Grandation Research

Figure 20: Retail bankruptcy tracker —Forever21 and Luxury retailer Barneys New York filed bankruptcy on 8/28/19 and 8/5/19.

Date Announced	Company	Ticker	Filing	Proceeds
8/28/2019	Forever 21	N/A	Chapter 11	bankruptcy filing
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 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



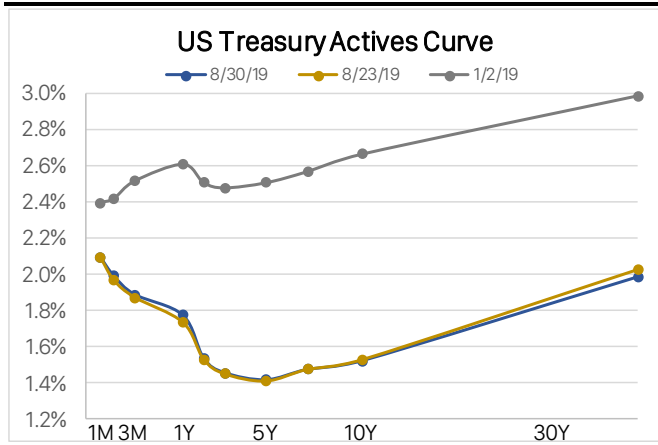
Yield Curve Tracker

Figure 21: Yield Curve tracker – WoW, the spread between the 10YR vs. 2YR has declined by 1bp to -1bps.

Yield Curve (unit: bps)	8/30/19	8/23/19	WoW Δ	1/2/19	YTD Δ	8/30/18	YoY Δ
US Generic Govt 1MT Yield	2.093	2.093	0.0%	2.394	-12.6%	1.96	6.8%
US Generic Govt 3MT Yield	1.987	1.964	1.2%	2.417	-17.8%	2.11	-5.6%
US Generic Govt 6MT Yield	1.885	1.870	0.8%	2.513	-25.0%	2.27	-17.0%
US Generic Govt 1YT Yield	1.771	1.732	2.2%	2.605	-32.0%	2.45	-27.7%
US Generic Govt 2YT Yield	1.534	1.529	0.3%	2.504	-38.7%	2.65	-42.2%
US Generic Govt 3YT Yield	1.454	1.449	0.3%	2.475	-41.3%	2.72	-46.5%
US Generic Govt 5YT Yield	1.414	1.409	0.4%	2.503	-43.5%	2.76	-48.7%
US Generic Govt 7YT Yield	1.472	1.473	-0.1%	2.564	-42.6%	2.82	-47.8%
US Generic Govt 10YT Yield	1.520	1.527	-0.5%	2.661	-42.9%	2.86	-46.9%
US Generic Govt 30YT Yield	1.983	2.024	-2.0%	2.982	-33.5%	3.01	-34.0%
US 10YR & 2YR Spread	-1	0	-1	16	-17	21	-22

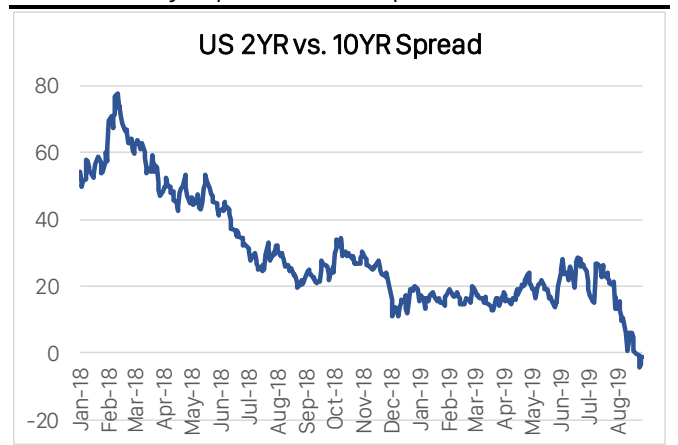
Source: Thomson Reuters, Grandation Research

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



Source: Thomson Reuters, Grandation Research

Figure 23: The spread between the 10YR vs. 2YR has decreased by 1bps WoW to -1bps.



Source: Thomson Reuters, Grandation Research



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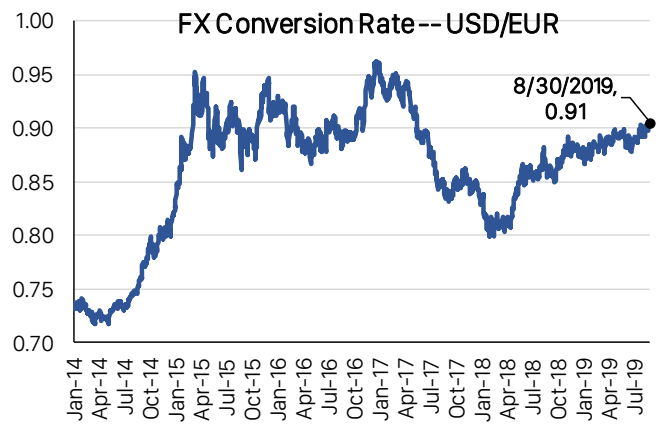
Currency Tracker

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

Currency	8/30/19	8/23/19	WoW Δ	1/2/19	YTD Δ	8/31/18	YoY Δ
USD/EUR	0.906	0.897	0.9%	0.882	2.7%	0.86	5.1%
USD/JPY	106.180	105.390	0.7%	108.870	-2.5%	111.02	-4.4%
USD/CNY	7.146	7.093	0.8%	6.860	4.2%	6.83	4.6%
USD/GBP	0.820	0.815	0.6%	0.793	3.4%	0.77	6.3%
USD/CAD	1.326	1.328	-0.1%	1.358	-2.3%	1.30	1.7%
USD/INR	71.449	71.492	-0.1%	69.98	2.1%	71.00	0.6%

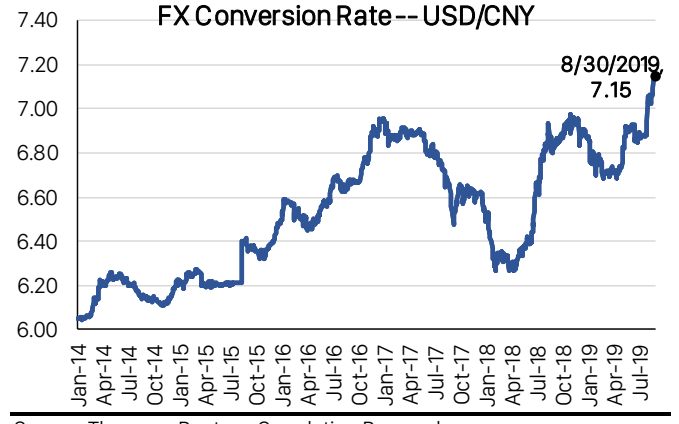
Source: Thomson Reuters, Grandation Research

Figure 25: USD/EUR appreciated 0.9% WoW to 0.91



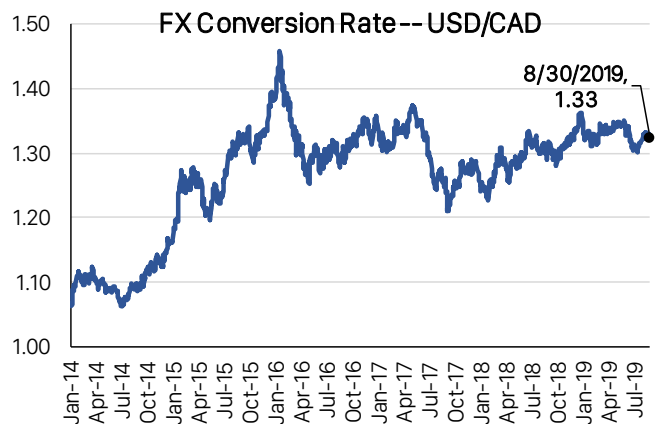
Source: Thomson Reuters, Grandation Research

Figure 26: USD/CNY appreciated 0.8% WoW to 7.15



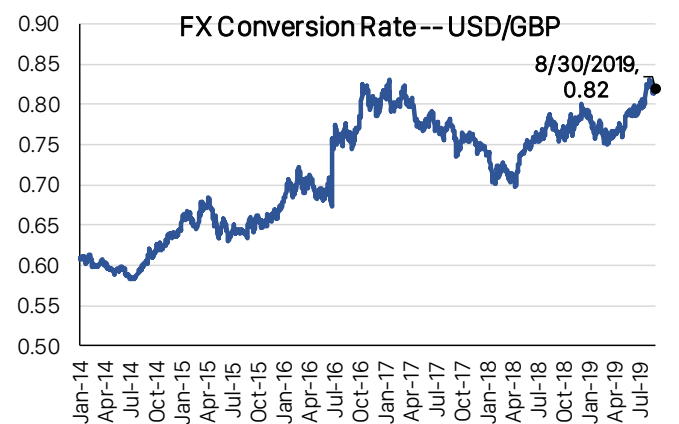
Source: Thomson Reuters, Grandation Research

Figure 27: USD/CAD depreciated 0.1% WoW to 1.33.



Source: Thomson Reuters, Grandation Research

Figure 28: USD/GBP appreciated 0.6% 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.

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

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