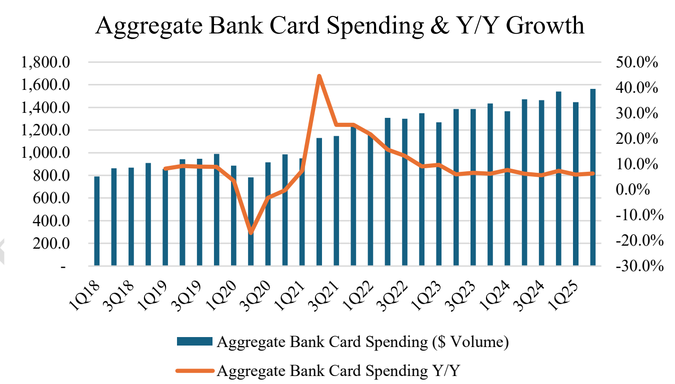
SUMMARY & OVERVIEW

This note looks at Key Performance Indicators (KPI's) and relevant revenue metrics provided by US consumer publicly traded companies to evaluate the health of the American consumer.

The bottom line takeaway is ironic: despite the new tariffs, consumers actually seem to be favoring goods with their spending over services, though much more so with respect to "small-ticket" than large. Big-ticket goods spending remains very depressed.

CONSUMER – PART 1 – BANKS

Any analysis of consumer spending ought to start with the spending data provided to us at the start of earnings season by America's largest banks. Here we look at both credit and debit spend (to the extent the latter is disclosed) from Bank of America (Ticker: BAC), JPMorgan Chase (Ticker: JPM), Wells Fargo (Ticker: WFC), Citigroup (Ticker: C) and American Express (Ticker: AXP). *(Note that we normally would include Capital One (Ticker: COF) and Synchrony (Ticker: SYF), but because they are merging, their metrics are a bit messy right now, so we've excluded those two for the time being)*. Below is a chart showing combined spending reported by these companies (which together account for about $1.5T per quarter), as well as year-over-year growth.

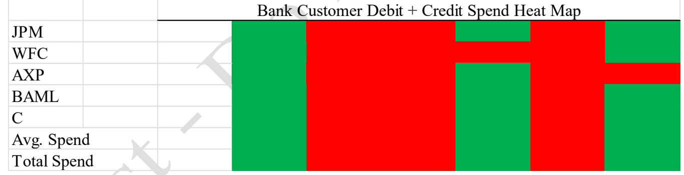


Source: Company Data

For ease of viewing, below is a table and heat map with the same data from only the last seven quarters. The spending data indicates that 2Q saw a slight acceleration in spend, both in total spend terms and on average across the group. Everyone but AXP saw sequential accelerations, however modest.

	Bank Customer Debit + Credit Spend Y/Y Chgs						
	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
JPM	7.5%	8.9%	7.3%	6.6%	8.6%	6.7%	7.4%
WFC	7.0%	9.0%	7.7%	6.6%	5.3%	4.9%	5.2%
AXP	7.3%	7.8%	6.2%	5.7%	9.0%	7.1%	6.9%
BAML	2.7%	4.5%	3.4%	3.0%	5.2%	4.1%	4.5%
C	3.4%	4.3%	3.2%	3.0%	4.6%	3.5%	3.7%
Avg. Spend	5.6%	6.9%	5.6%	5.0%	6.5%	5.3%	5.5%
Total Spend	6.2%	7.6%	6.2%	5.6%	7.4%	5.8%	6.3%

Bank Customer Debit + Credit Spend Heat Map



Source: Company Data

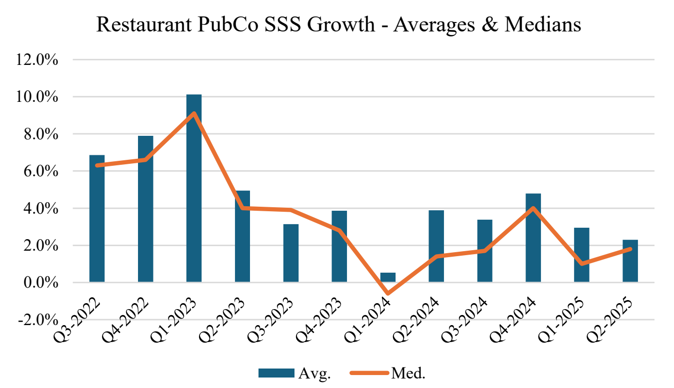
While aggregate spending levels are interesting in and of themselves, evaluating what consumers appear to be spending money on probably tells us even more. Stronger discretionary spending likely indicates that consumers are feeling comfortable and confident, while slower discretionary spending growth probably indicates the opposite.

To assess this, we'll look at key performance metrics from publicly traded companies in several main categories of consumer spending to see how they're performing. This should in turn give us a sense of discretionary spending trends. Those three are: restaurant spending, travel, and retail sales (*Note: Even though many retailers have yet to report 2Q results, a good sample size has in fact reported already, and probably big enough to draw a conclusion based on the results we have*). We'll also then pull some other select metrics that should be insightful from other companies as well.

CONSUMER – PART 2 – RESTAURANTS

In evaluating restaurant spending trends, we'll primarily focus on same-store sales growth from publicly traded restaurant firms and case volumes from public restaurant distributors. The distributors are probably more useful as a barometer given they serve both "Mom & Pop," or "Independent," restaurants as well as the bigger chains. The big distributors have their hands in both cookie jars, whereas the restaurant operators do not.

Let's start with the publicly traded restaurant operators same-store sales growth (SSS). Our group here currently includes a set of 15 companies, though because of differences in calendar reporting cycles, Cracker Barrel (Ticker: CBRL) and Dave & Buster's (Ticker: PLAY) are not yet included for 2Q. Nonetheless, you can see from the chart and table below that things were a bit choppy in the restaurant space in 2Q. The average SSS growth got worse while the median SSS growth got better, and of the 13 firms who we have data for so far, 7 saw their SSS get sequentially worse, while 6 saw that metric improve. So quite a mixed picture.



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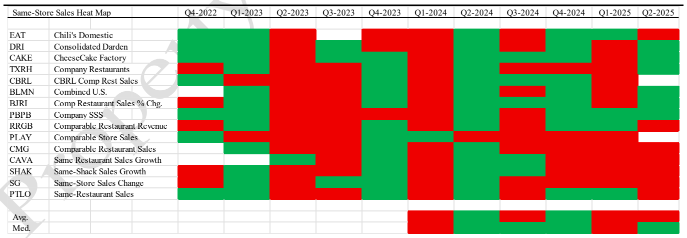
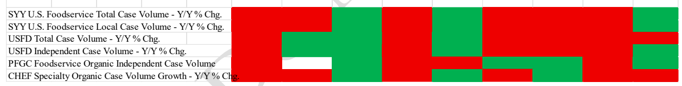


Source: Company Data

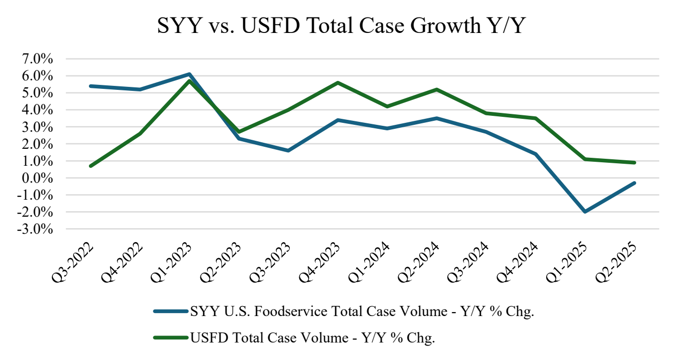
If we turn to restaurant distributors, the picture is generally the same: a bit better but still mixed. In this section we'll look at case volumes for Sysco Corp. (Ticker: SYY), US Foods Holding Corp. (Ticker: USFD), Performance Food Group Co. (Ticker: PFGC), and Chef's Warehouse Inc. (Ticker: CHEF). For reasons we'll explain in a moment, we'll start with the heat map and then get to the charts. The heat map for the distributors shows more green than red this quarter, indicating more sequential improvement than degradation.

	Q2-2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Q1-2025	Q2-2025
SYY U.S. Foodservice Total Case Volume - Y/Y % Chg.	2.3%	1.6%	3.4%	2.9%	3.5%	2.7%	1.4%	-2.0%	-0.3%
SYY U.S. Foodservice Local Case Volume - Y/Y % Chg.	0.8%	-0.1%	2.9%	0.4%	0.7%	0.2%	-0.9%	-3.5%	-1.5%
USFD Total Case Volume - Y/Y % Chg.	2.7%	4.0%	5.6%	4.2%	5.2%	3.8%	3.5%	1.1%	0.9%
USFD Independent Case Volume - Y/Y % Chg.	4.8%	5.8%	7.3%	4.6%	5.7%	4.1%	3.2%	2.5%	2.7%
PFGC Foodservice Organic Independent Case Volume	7.6%	7.6%	8.7%	4.3%	3.7%	4.3%	5.0%	3.4%	5.9%
CHEF Case Volume	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CHEF Specialty Organic Case Volume Growth - Y/Y % Ch	10.0%	9.1%	11.3%	4.6%	7.2%	3.1%	6.1%	5.7%	3.5%



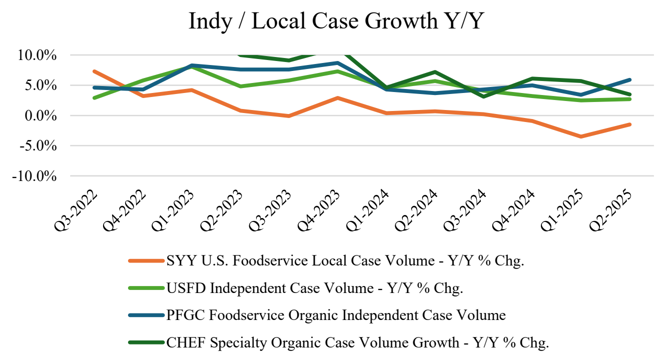
Source: Company Data

Let's now turn to some charts. The first chart we'll show includes total case volume growth for SYY and USFD. As the two largest players in the space, total case volume growth probably serves as the best barometer for overall industry growth since both SYY and USFD serve both Mom & Pop's and chains. The graph shows one distributor's case growth getting better in 2Q (SYY) and the other (USFD) seeing their growth decelerate (PFGC's case growth has been inflated by acquisitions lately, so we're just using SYY and USFD for now).



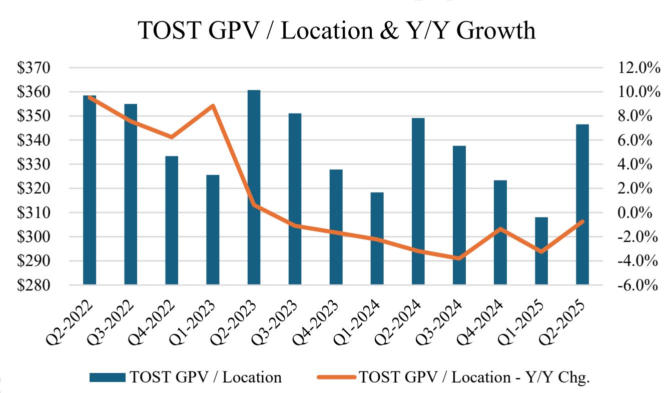
Source: Company Data

Let's now look at each of the four distributors' proxy for independent restaurant case volume growth. Here, 3 of the 4 companies saw their growth get better in 2Q (though USFD's was only barely so), while the smallest and pure-play independent restaurant distributor (CHEF) actually saw theirs get worse. So that data skews a little more positive, but still, things seem a bit mixed.



Source: Company Data

Lastly, let's look at Toast Inc.'s (Ticker: TOST) GPV per average restaurant. Though it can certainly be affected by customer mix, this essentially tracks revenue per restaurant using the TOST system. TOST's data, for what it's worth, will also likely skew towards smaller, independent restaurants. This metric also showed sequential improvement in 2Q, and in this case, TOST's GPV / Location growth reached the highest level (or the lowest level of decline) since 2Q23. So this KPI tells a bit better story than some of the other restaurant data is indicating.



Source: Company Data

All told, restaurant spending growth seems to have stabilized a bit in 2Q, but it does not appear to be getting appreciably better. Companies so far on their 2Q conference calls have spoken to an uptick in traffic and case growth so far in July and August, but we'll have to check back in 3Q to see if, and to what degree, this actually played out.

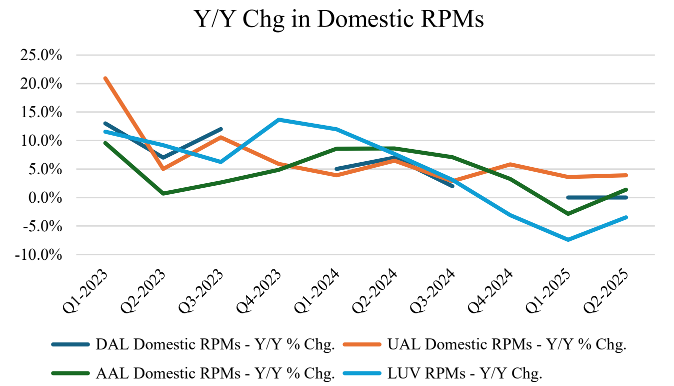
CONSUMER – PART 2 – TRAVEL

Travel is another important category to evaluate to gauge the willingness of the consumer to spend. Like dining out, travel is also largely discretionary, but because of its "bigger ticket" nature (a meal out might cost $30, whereas a trip might cost $3,000), this category gives us different information than what we can glean from the restaurant industry. To evaluate the health of the travel industry in the U.S., we'll look at several metrics:

- Airline RPMs
- Hotel RevPar
- Rental Car RPDs
- Travel site "aggregators" U.S. revenues
- U.S. Theme Park Attendance and "Per Capita" Spending

Starting with airlines, below is a chart showing Delta (Ticker: DAL), United (Ticker: UAL), American (AAL), and Southwest's (Ticker: LUV) year-over-year changes in Revenue Passenger Miles. Revenue Passenger Miles, otherwise known as "RPMs" represent the number of miles paying passengers traveled during a given quarter, and in the industry this metric is often used synonymously with "traffic." Combined, these four carriers represent about 75% of the country's air traffic, so it is a helpful sample. (*Note that here we use Southwest's (Ticker: LUV) total RPMs since 97% of their revenues come from the United States, and because they don't disclose domestic RPMs specifically, probably for this reason*).

DAL's domestic RPM growth remained flat in the second quarter (just as it did in the first), LUV's got better but is still nicely negative (-3.5%), UAL's went from +3.6% to +3.9%, and AAL's went from -2.9% to +1.4%.



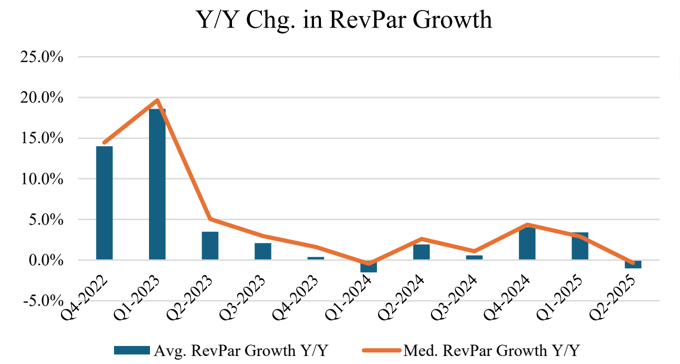
Source: Company Data

Airline traffic then can be summarized as rebounding slightly in the 2nd quarter, but as the companies all seemed to echo on their conference calls, it "stabilized at a lower level" of demand compared to where we entered the year. The chart above shows this, as essentially all of the lines in 2Q25 are below where they were a few quarters ago.

Let's now turn to hotels. For the hotel industry, we'll be looking at "RevPAR", which stands for Revenue per Average Room. RevPar is useful because it combines both changes in Average Daily Rate ("ADR") as well as changes in occupancy. In this case, we the take the average and median RevPar's from the following companies and from the following places:

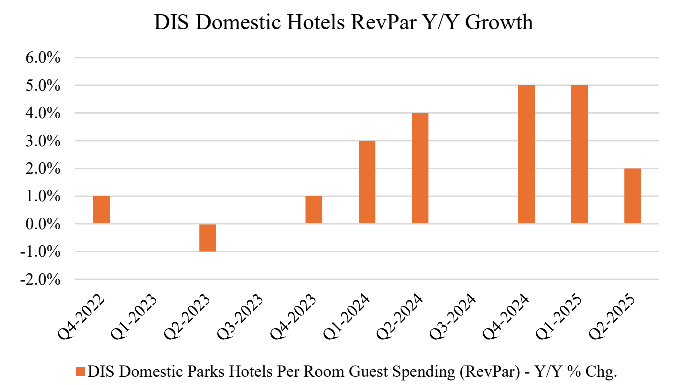
- Hyatt's (Ticker: H) US System
- Wyndham's US system (Ticker: WH)
- Choice Hotels' Domestic system (Ticker: CHH)
- Marriot's (Ticker: MAR) US and Canada hotels
- Hilton's (Ticker: HLT) U.S. system
- Intercontinental Hotel Group's (Ticker: IHG) Americas segment

As the chart below shows, both median and average RevPar across the U.S. hotel industry slowed pretty considerably from positive territory to negative territory in 2Q.



Source: Company Data

For what it's worth, Disney (Ticker: DIS) also saw similar trends in their hotels' RevPar in 2Q as well, even though they are obviously less diversified and probably the definition of a "destination" trip. (*Note: unfortunately, disclosures for DIS do not include the hotel data for its fiscal 4Q's (which is calendar 3Q), just the three quarters where it files 10-Q's (calendar 4Q, 1Q, and 2Q). This is what leads to the gaps in the graph below. Those figures are not zero in those quarters*).

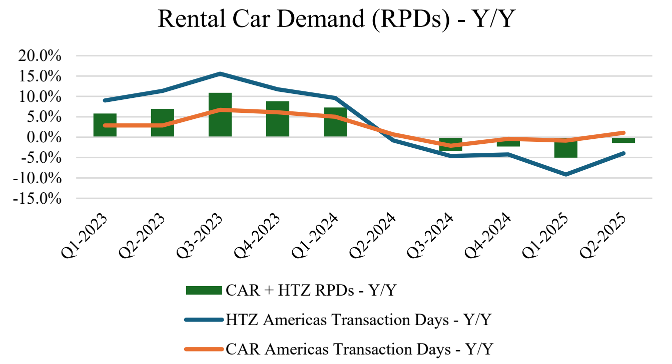


Source: Company Data

To summarize then, the key metric for U.S. hotel health indicates appreciable slowing in discretionary spending in 2Q25.

Now we can turn to the rental car industry. Since Enterprise isn't public, we use data from the other two of the Big 3: Avis (Ticker: CAR) and Hertz

(Ticker: HTZ). In each case, we'll use Revenue Passenger Days, or "RPDs" to evaluate demand. Here's how that chart looks:

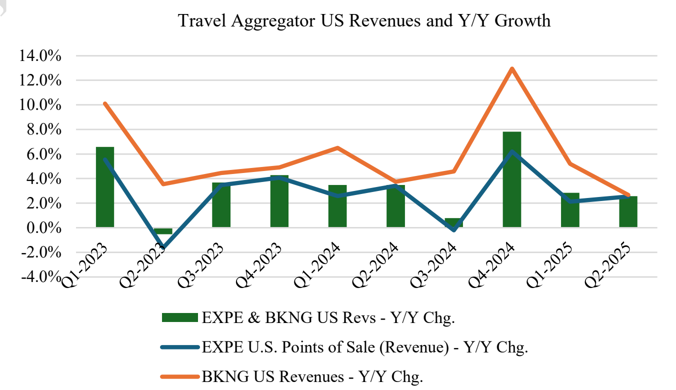


Source: Company Data

Perhaps not surprisingly, the rental car demand chart looks very similar to the airline traffic chart. Both charts show fairly consistent deceleration in growth over the past three years, with demand growth now falling into negative territory thus far in 2025. For the rental car players, things either got slightly better in the second quarter (CAR) or less bad but still declining (HTZ). Looking at the combined RPD figures on a year-over-year basis still indicates that absolute levels of demand are still declining though, which would mark the fourth quarter in a row that this has transpired.

A good way to finish this part of the Travel section is to look at the travel aggregators Expedia (Ticker: EXPE) and Booking (Ticker: BKNG), since consumers can book airfare, hotels and rental cars all on those sites. These companies can therefore serve a similar purpose for us as the restaurant distributors did in that section of this note, since like them, the aggregators partner base includes airlines, hotels and car rental companies beyond just the companies that trade publicly. One thing worth noting about these two firms is that Booking has a relatively small presence in the US, having about ¼ of the revenues in the US that EXPE does (though it has a much bigger presence in Europe and Asia than EXPE). Thus, it will be good to add the two together as we do in the chart below.

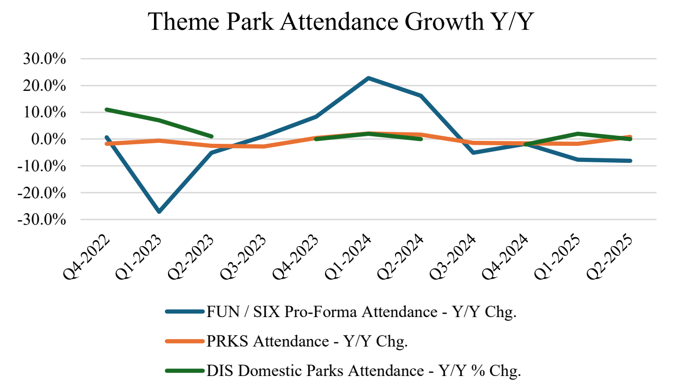
Getting to the trends then, 2Q business for online travel aggregators in the U.S. was mixed this quarter, with EXPE seeing revenue growth accelerate while BKNG saw a notable deceleration. As the chart below shows, this is not the first time this has happened (occasionally this will happen because one takes share from the other). Combining the two companies' US revenues can therefore be helpful to net out these changes in market share, to adjust for the different company revenue base sizes in the U.S. (as we noted above), and just to get a better sense of the macro travel picture in the U.S more broadly. When combining their businesses, growth for the two companies slowed again in 2Q to 2.6% Y/Y from 2.9% in 1Q. "Stabilization" at a lower level of growth may yet again be applicable.



Source: Company Data

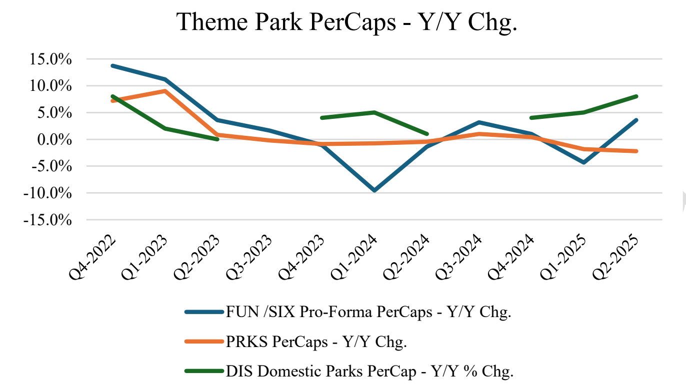
One other section of travel and leisure that is worth looking is theme park visitation and "Per Cap" spending at theme parks ("Per Cap" = admissions and in-park spending per visitor). There are now four companies that give us data on theme parks in the United States following Six Flags (formerly: SIX) and Cedar Fair's (Ticker: FUN) recent merger. Besides that combined entity, there's United Parks & Resorts (Ticker: PRKS, formerly SeaWorld, with Ticker: SEAS), Disney (Ticker: DIS), and Comcast (Ticker: CMCSA). Not all of these companies give us the same metrics, but as it happens, right now the data is fairly mixed here as well. In the theme park world, this is at least partly due to company specific reasons (for example, poor integration between SIX and FUN, and CMCSA's new Epic Universe recently opening in Orlando in 2Q25, which has juiced its parks growth).

Nonetheless, here are the relevant charts so you can see for yourself. The first shows year-over-year attendance trends for the combined SIX-FUN entity, and then similar figures for PRKS and DIS. .



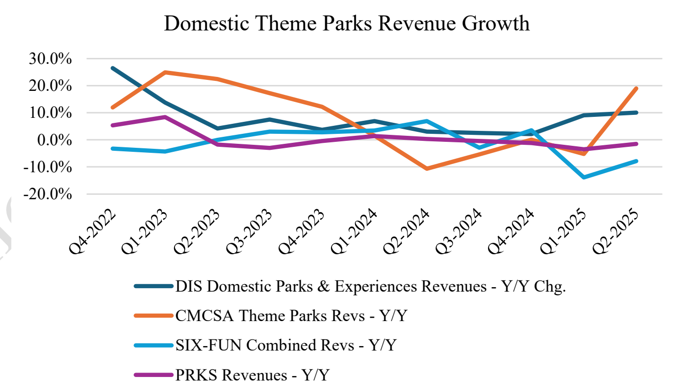
Source: Company Data

The second chart shows "Per Cap" trends for those same companies.



Source: Company Data

The third shows park revenues for the above three companies, as well as Comcast Universal, which owns Universal Studios.



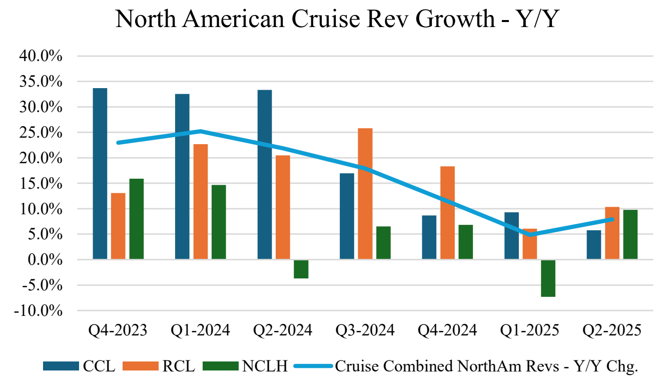
Source: Company Data

Theme park trends get tricky because of how seasonal the business is, so even year-over-year comparisons can be choppy in the shoulder quarters (calendar 1Q and 4Q). That said, the year-over-year growth in visitation slowed at both DIS and FUN in 2Q, while slightly accelerating at PRKS.

Interestingly enough, the exact opposite trends occurred in Per Cap spending, with DIS and FUN seeing accelerating Y/Y spending trends, while PRKS saw a deceleration in 2Q relative to 1Q. Part of that may be because of less season passes purchased this year (which itself may be a function of weather, but could also be another indicator of curtailed discretionary spending). When consumers go to the parks less frequently because they didn't buy a season pass, they tend to spend more in the park each time they're there to make more of each visit, whereas when they have a season pass, they're less motivated to make the most of each opportunity to spend on food and merchandise.

Because Comcast only discloses theme park revenues, and given the bifurcation in visitation and Per Cap spending trends amongst the theme park operators, old fashioned revenues might be the best thing to look at for now to gauge the health of the theme park industry in the US. Here, all four companies saw a sequential acceleration in growth Y/Y in 2Q vs. 1Q, though both PRKS and FUN trends are "less bad" (so less negative growth) rather than "more good" (more positive growth). Regardless, it does likely indicate that theme park trends in aggregate have "stabilized," to use the airline CEO word again. CMCSA trends in particular will be interesting to track considering their new park (Epic Universe) opened in Orlando in 2Q, which is almost assuredly a key contributor to the major acceleration they saw in growth from 1Q (-5.9%) to 2Q (+19%). Everyone but Comcast, after all, only saw very slight improvement in their trends versus 1Q, though they were all better. Stabilization really does seem like the apt word here yet again.

Let's tackle one more area: cruises. While they don't disclose many key operating metrics for North America specifically, they do each disclose North American revenues (or revenues with North American itineraries). Here the trends were a bit more positive than other areas of travel, with 2 out of the 3 operators showing sequential accelerations, and with combined revenue showing an acceleration in 2Q as well. Ironically enough though, the lower budget operator (Carnival, Ticker: CCL) actually saw the lowest level of growth in 2Q, and was the only one to see a sequential deceleration. CCL's North American growth was the lowest it's been since 1Q20. Looking at the glass half empty, despite the acceleration in combined cruise revenues in 2Q vs. 1Q, the absolute level of growth in 2Q was still below that of 4Q, which was already the lowest in the post-COVID period.



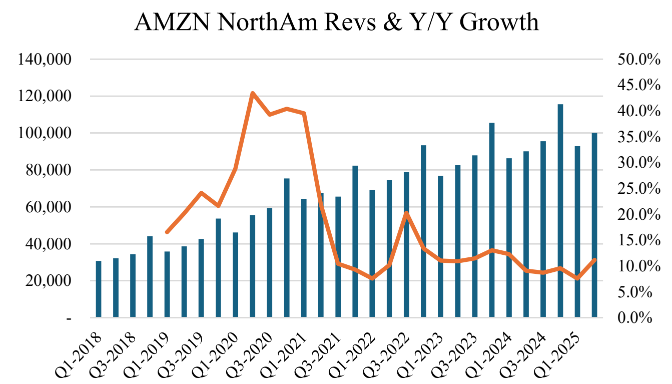
Source: Company Data

Putting this all together then, while it might be a stretch to say the travel industry is in a recession, it is definitely not a stretch to say that the travel industry is at least in a mid-season slump. While we're not exactly in the 9th inning of the year, we are past the 7th inning stretch of the travel season (whose peak is in the summer), so it won't be as easy for the industry to make up the ground it lost in the first half of the year.

Bigger picture, the data from the travel industry suggests that consumer discretionary spending may have gotten ever so slightly better in 2Q, but remains at a depressed level. Airline travel, hotel RevPAR, rental car demand, and theme park visitation were all either negative ,or barely positive in 2Q. Cruise may be the notable exception, but even growth in this sub-sector has noticeably moderated in the last three quarters. Aggregator revenues (combined) slowed too, but indicate less of a cutback in discretionary spend than most of our other key metrics.

CONSUMER – PART 3 – OTHER METRICS

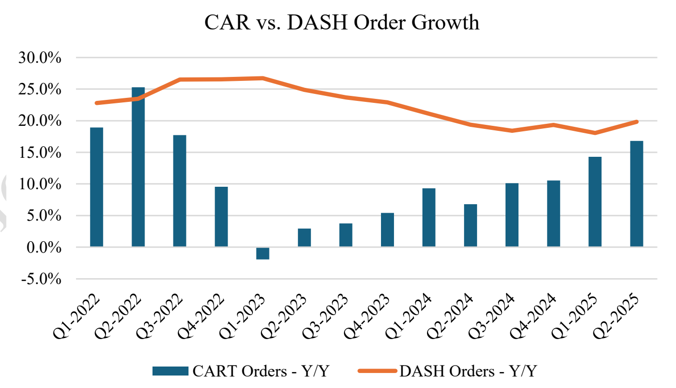
Let's now look at some miscellaneous other disclosures from consumer companies that might give us insights. Let's start with Amazon (Ticker: AMZN), arguably the most important company in the consumer sector period. The relevant metric from Amazon is their North America segment revenue growth (unit volumes or AOV is not provided unfortunately). In 2Q, AMZN's North American revenue growth accelerated relative to 1Q (11.1% growth in 2Q vs. 7.6% in 1Q), and was actually the highest Y/Y growth for AMZN NA since 1Q24 (12.3% growth). If the consumer behometh is seeing this kind of improvement, it seems like it could be for 3 reasons: 1) consumer spending actually is getting better, however modest it may be 2) consumers are pulling forward spending on goods to get ahead of tariffs 3) consumers are trading down from other outlets, including more expensive services like travel.



Source: Company Data

Let's now turn to the food and grocery delivery companies to see which one of the above three possibilities is most likely. Here we'll specifically look at Instacart (Ticker: CART) and DoorDash's (Ticker: DASH) order growth, as well as the year-over-year change in their Average Order Values (AOV). (*Note, Uber, (Ticker: UBER) obviously is another relevant company here but they do not break out delivery metrics for U.S. only, and because their business is so global, using the aggregate metrics would be misleading*). For these two firms, tariffs are not relevant, since there's no reason to pull forward spending of food, grocery and other deliveries. Thus, if order growth and AOV growth were slowing down, this might indicate a broader pullback in discretionary spending. Vice-versa if they're accelerating.

In this case, the metrics are more positive than negative. Order growth at both companies showed sequential accelerations in 2Q, while AOV growth continued its recent trend of going in completely opposite directions between the two companies (with CART's AOV growth accelerating to the downside, while DASH's accelerated to the upside). Thus, there's probably less to glean from the AOV figures than there is the order growth figures. So not uniformly positive data from these metrics, but probably directionally positive than anything else.



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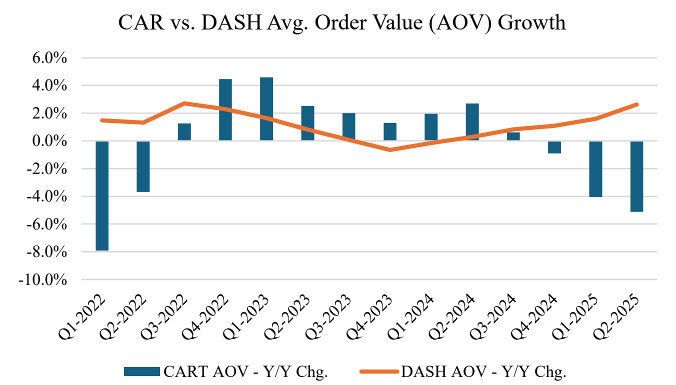
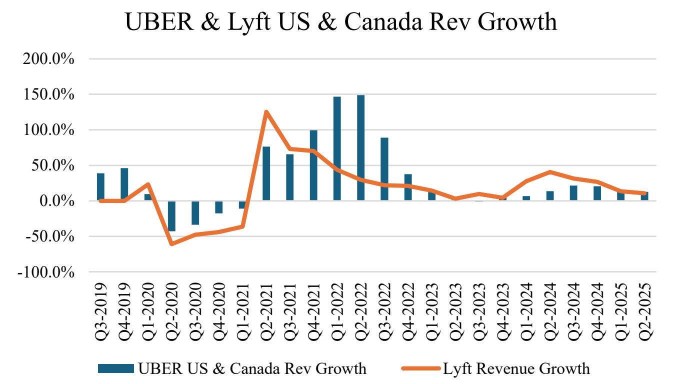


Source: Company Data

While we are on the subject of delivery, let's look at what Uber (Ticker: UBER) and Lyft (Ticker: LYFT) revenues might tell us. As we noted above UBER's disclosures do not let us ascertain what's happening with either their Mobility or Delivery businesses in the US specifically, while Lyft's rideshare business is entirely in the U.S. but does not have a delivery business. UBER also only gives us U.S. AND Canada revenues, whereas Lyft just gives us revenues in the U.S. Consequently, the metrics we're about to discuss are only somewhat comparable. But they should still be useful.

That being said, both the ridehailing and the delivery businesses have a lot of overlapping demand profiles, some of which are core (getting to and from work in cities), and some of which are discretionary (ordering dinner or traveling). These firms are therefore not perfect indicators for either discretionary services spending or "staples" services spending, but they are likely at least somewhat *more* indicative of discretionary trends since most of the time customers have other options that are either free at best (walking, or picking up food closer to your house), or cheaper at worst (public transit).

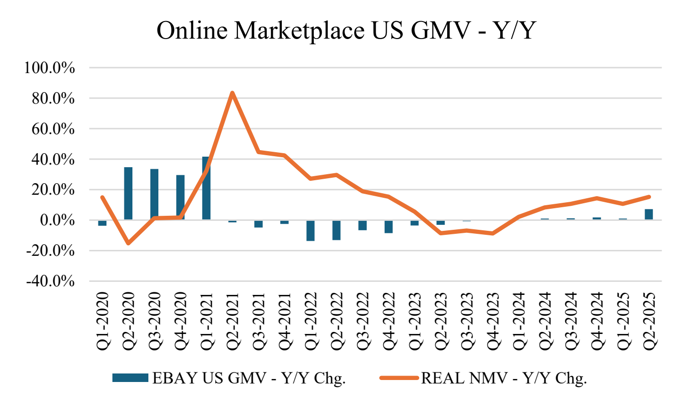
For what it's worth, in 2Q, both UBER and LYFT saw sequential decelerations in their revenue growth from the U.S. and Canada regions. This is the third quarter in a row of sequential deceleration for both companies.



Source: Company Data

Let's now turn to one area of consumer discretionary spending that may shine light on tariff affected spending: online marketplaces. Given much of the merchandise on these platforms is used, it is not subject to tariffs, and especially when it is purchased from U.S. sellers. Tariffs and higher consumer prices are likely aiding these businesses, but it took until 2Q for us to really see this play out.

For this section, we'll primarily focus on RealReal Inc. (Ticker: REAL) and EBay Inc. (Ticker: EBAY), since both Etsy (Ticker: ETSY) and ThredUp (Ticker: TDUP) have some comparability issues with their U.S. relevant metrics at the moment. In 2Q, both REAL and EBAY saw acceleration in NMV and GMV growth, especially EBAY (for what it's worth, TDUP has shown nice acceleration lately, while ETSY has not). Similar to AMZN then, this may be telling us that the consumer is not completely pulling back on discretionary spend, but may instead be targeting more "lower ticket" goods, and specifically goods that might not be as affected by tariffs. It may also be indicative of "revenge travel" spending coming to an end, as even UBER and LYFT seem to be seeing growth consistently slow now (at least in the U.S. anyway).



Source: Company Data

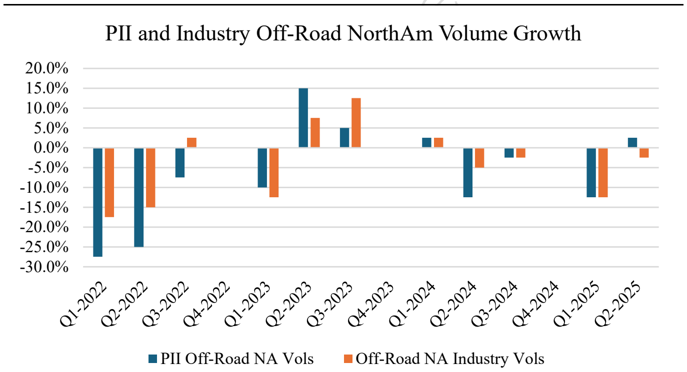
Let's now turn to bigger ticket goods to see if this thesis holds up. Here we'll examine the following:

- "Off-Road" vehicles, which we'll take from Polaris (Ticker: PII) and their Off Road segment, as well as the industry data on similar vehicles they provide. *(Note: Fox Factory (Ticker: FOXF) would have in theory been helpful here, but they A) don't* *give you quantitative breakdowns in volumes for the Powered Vehicles Group Segment and B) don't give you geographical breakdowns for the Powered Vehicles group segment either. PII is therefore our best bet.)*

- "On-Road" motorcycle vehicle unit volume growth in North America from PII and Harley Davidson (Ticker: HOG)
- Boat volumes, which we'll take from Mastercraft (Ticker: MCFT), Brunswick (Ticker: BC), and PII
- RV volumes, which we'll take from Winnebago (Ticker: WGO) and Thor Industries (Ticker: THO).

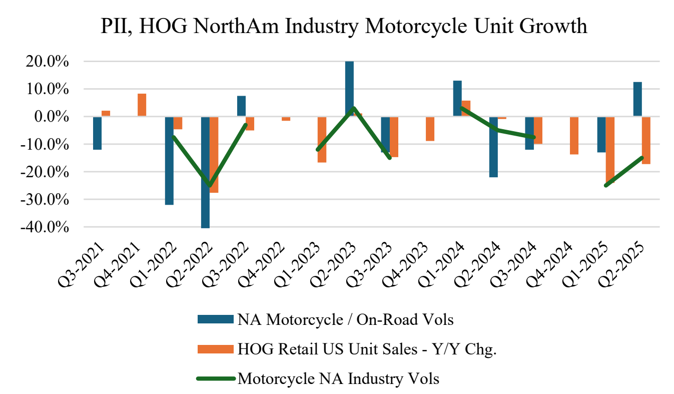
The takeaway from this section of the analysis? Volumes here too appear to be "stabilizing", but they're still generally bouncing around zero after massive declines in recent years, with few signs of an actual recovery.

We'll start with a category that seems to embody this well: "Off-Road" vehicle unit volumes. Using PII as a proxy, it's hard to see much of an improvement here. The data remains choppy without much of a trend, and the industry volume data (also provided by PII) looks generally similar.



Source: Company Data

Let's now turn to "On-Road" vehicle volumes, which in this case will focus on motorcycles. We can again leverage PII for this, but also industry bellwether HOG. Here too there is little obvious direction in the data, but the negative quarters are still outweighing the positive ones, and it's not obvious the negatives are getting that much less negative either. The On-Road industry remains very challenged, which is also evidenced by the line in the graph below as well (which represents "North America industry 900cc cruiser, touring, and standard unit retail sales", provided to us again by PII in their filings).

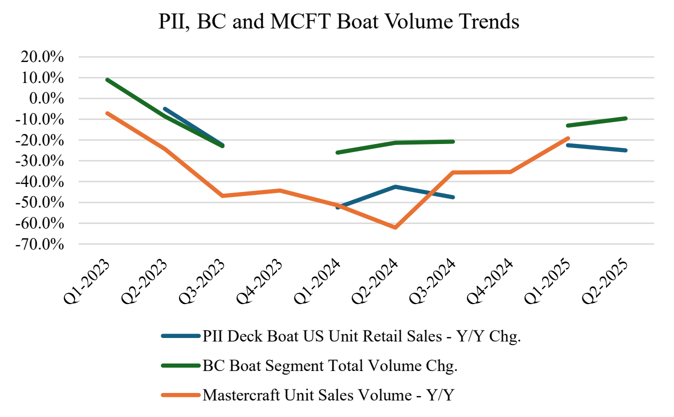


Source: Company Data

Boat volumes are another place for us to look. Mastercraft (Ticker: MCFT), Brunswick (Ticker: BC), PII all disclose boat shipments and ASPs (Average Sales Prices). Boat volumes have been even more punished than off road vehicles, perhaps not surprisingly because they are considerably more expensive (MCFT's Pontoon boats average about $60k, for example, while its Mastercraft branded boats are closer to $150k). That said, the declines here are getting less bad. Indexed to 2022, MCFT's boat volumes are down 75%+, so at this point, it's hard to see how much worse they can get. It's very likely many people said the same thing a year ago though, so we'll see.

(Note: for Mastercraft (Ticker: MCFT), we use total sales, volumes and ASP growth rates because only about 5-6% of revenues come from outside North America, so company totals should be a good representation of activity in the US. Also note that WGO also discloses boat shipments, but we have

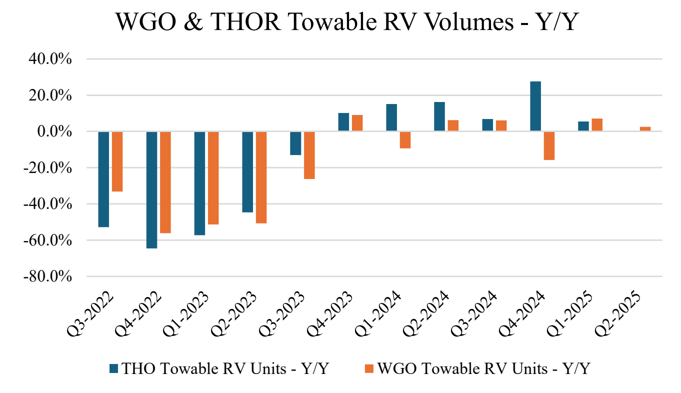
not included these yet, though we hopefully will in the future.)



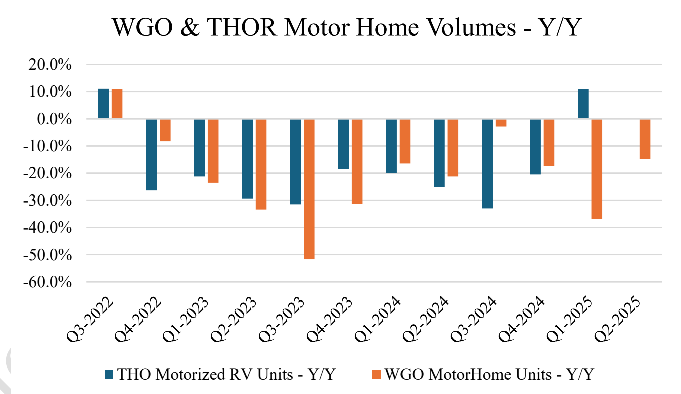
Source: Company Data

Recreational Vehicles, or "RVs" for short, are another item that we can use as a barometer for big-ticket consumer spending. For reference, a towable RV unit will set you back north of $30,000, while a motorized RV ("Motor Home") is now well north of $100,000. RV volumes are down 40-50% from the peak, so not quite as bad as boats, but still down meaningfully from the recent peak.

In recent quarters, RV shipments remain quite tepid, though do seem to be showing signs of at least getting "less bad." There's certainly a bifurcation going on between the cheaper towables (Chart 1 below) and motorized units (Chart 2) though, with the former showing at least some growth again, while motorized units are generally bouncing around zero or otherwise still declining. This appears to indicate some trading down within the RV industry to the cheaper option, which probably tells us something about the state of the consumer. Given over half of RV purchases are made using financing, it shouldn't be surprising that people are having to trade down, simply because their monthly payments have gone up with higher interest rates.



Source: Company Data

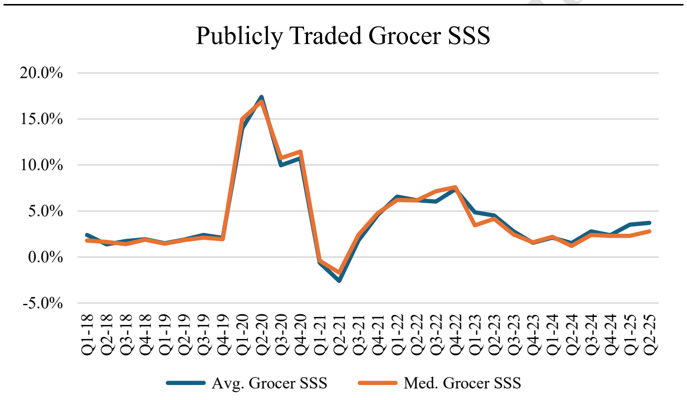


Source: Company Data

Because of the finance-driven nature of RV purchases, it's unclear whether a recovery in the industry can really occur in earnest without a drop in interest rates. After all, a bottom in a cycle isn't always followed by an immediate upcycle, so just because we're a long way from the top doesn't mean we're close to another upcycle. Just ask people in the transportation sector, where they've been in a recession for the better part of two years now, with still few signs of a recovery. The housing sector is another good example of this too.

So the question then becomes, where exactly are consumers spending their money? We've already mentioned that the online marketplaces seem to be greater recipients of consumers' dollars lately. Beyond that, it actually seems like consumers are spending more at retailers in general. Though we're still very much in the thick of retailer earnings season, at least 27 retailers have reported 2Q earnings so far. Of these 27 reporters, 22 of them (81%) saw their same-store sales growth accelerate compared to 1Q, and 15 of those 27 (56%) saw SSS above the levels they reported in 4Q. This indicates more than simply a stabilization in spend, as we saw in many of the services categories earlier, since the average SSS for retailers so far this quarter is 3.1%, which is the best since at least 4Q23.

Despite potentially being the biggest losers from tariffs on paper then, consumers are so far spending more money at retailers than they did in the 1st quarter. While some of this might be pull forward (the bulk of the tariffs didn't go into effect until July and August), there has been at least some tariff effect in place in 2Q (the "baseline universal 10%", and more in some cases), so it can't all be about pull forward. As the chart below shows, grocers saw the same trends that retailers in general have seen in 2Q, and they're hardly affected by tariffs. Of the 11 grocers that have disclosed 2Q results so far, 6 have shown sequential SSS accelerations vs. 1Q, so it doesn't seem to be the case that people were pulling back on food to pull forward spending in other goods categories.



Source: Company Data

In closing, consumer spending seems to have gotten slightly better in 2Q, but not by much. Discretionary consumer spending appears to be hanging in, but that seems to be more obviously the case in lower ticket goods (see AMZN, REAL or EBAY) and at retailers more generally than with respect to services (either big ticket or small). Restaurant spending improved, but remains soft, and most travel categories got worse in 2Q rather than better. UBER and LYFT both saw another quarter of revenue deceleration. Bigger ticket spending in general, including travel, remains depressed. This may be a function of consumers taking a breather on travel after several years of "revenge travel" Post-COVID, but that's unclear. Large ticket goods categories on balance actually seemed to show better trends in 2Q than services (which also might be a sign of pull forward to avoid tariffs). But the improvement there isn't revolutionary by any stretch, as we highlighted in those sections. Large ticket goods remain substantially in recession.

All things considered, the consumer remains in a weaker position than they have in recent quarters, but they are still spending. With the tariffs now fully in place, 3Q and 4Q will either solidify the "pull forward" nature of the acceleration in retail spending 2Q, or refute it. Check back next quarter to find out.