



## ***MONTHLY RESEARCH WEBINAR***

# **CONSUMER STOCKS IN AN INFLATIONARY ENVIRONMENT**

Moderator:

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## ■ **Consumer Stocks in an Inflationary Environment**

- Jim Kelleher, CFA, Director of Research
- John Eade, Argus President
- Chris Graja, CFA, Senior Analyst

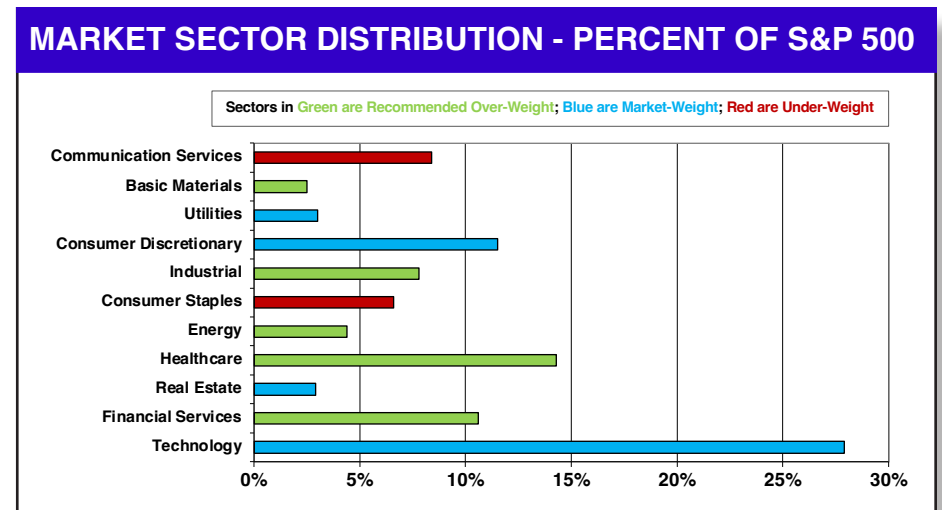
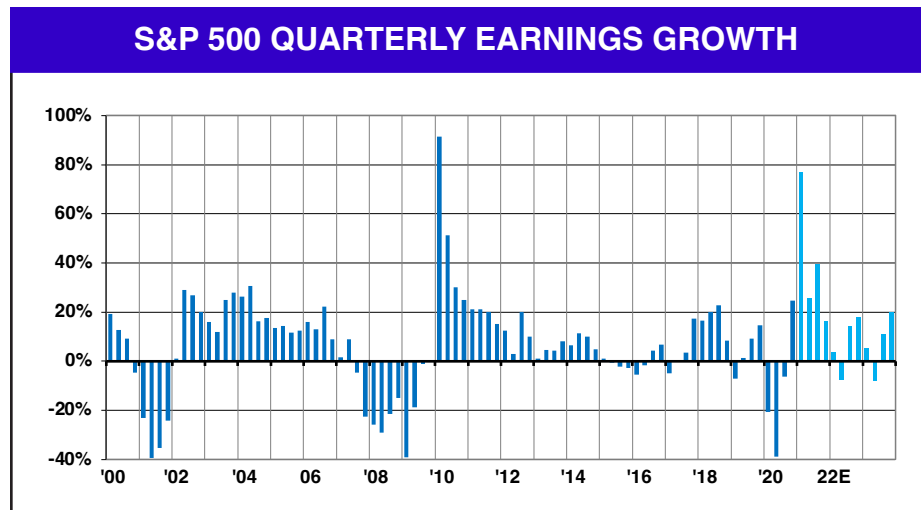
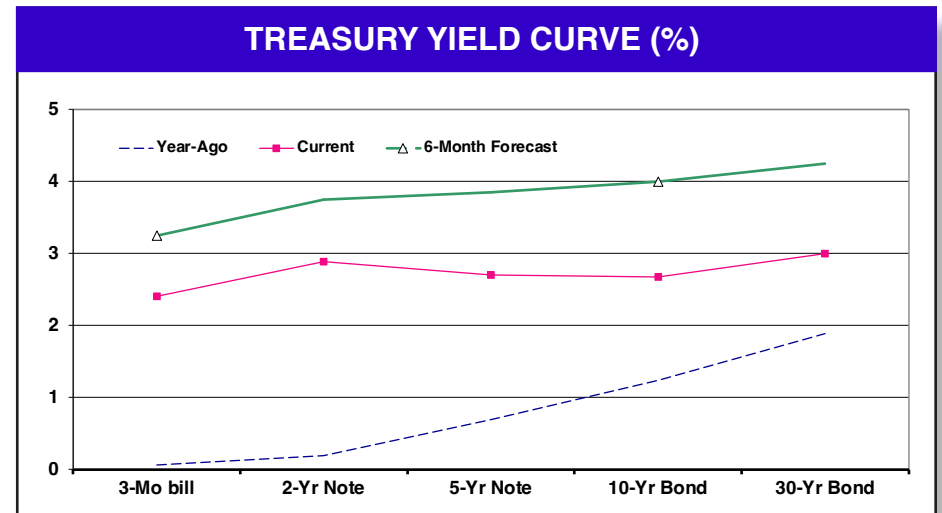
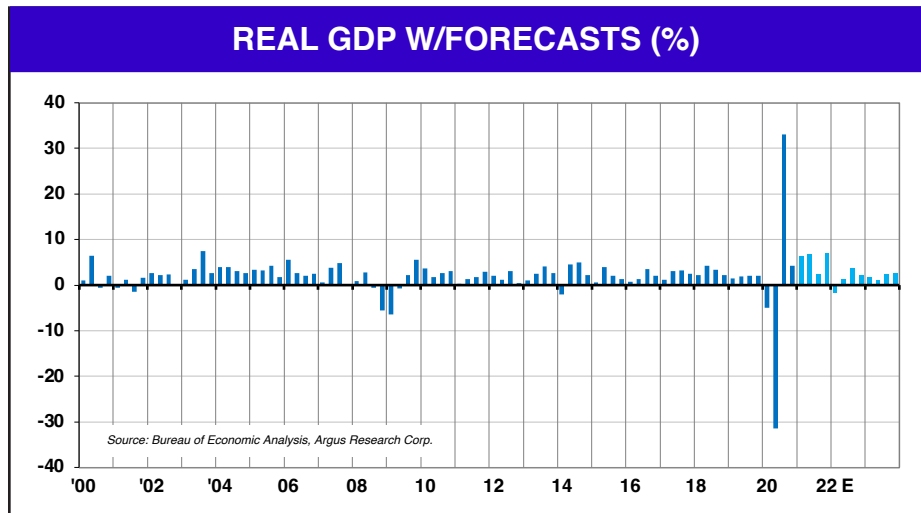
## ■ **Argus Quick Notes**

- Companies Raising Guidance
- Min-Vol Stocks
- Clean Balance Sheets in Industrials
- Clean Balance Sheets in Materials
- Find these on the homepage of our website

## ■ **Portfolio Update: the Argus Min-Vol Portfolio**

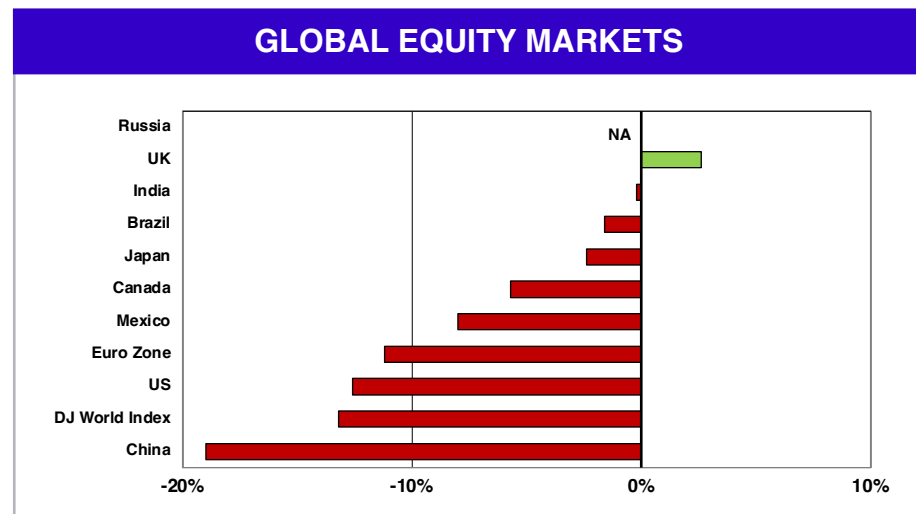
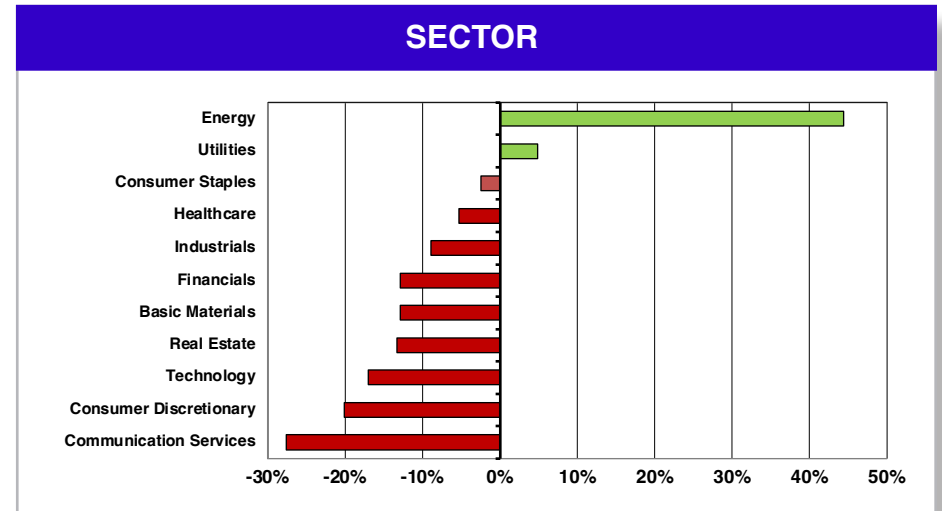
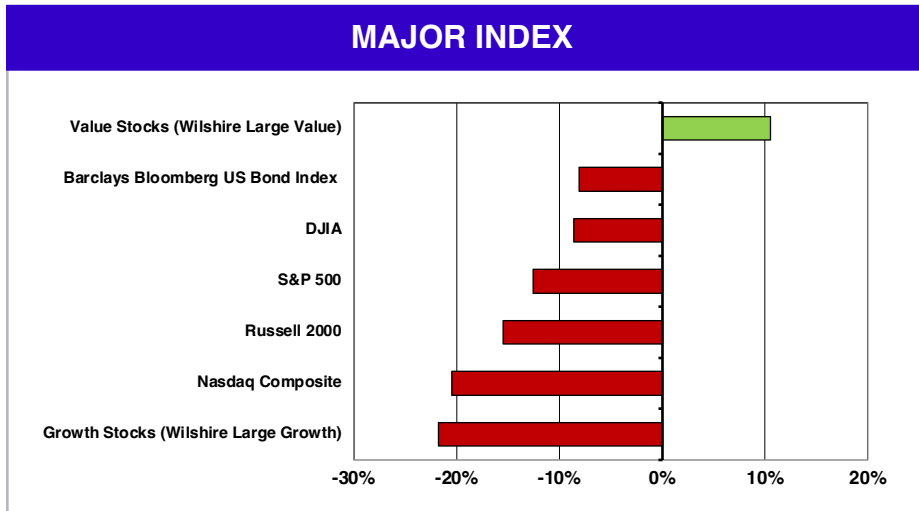
- Rapidly rising inflation has pushed stocks into bear market
- Volatility has not retreated to pre-COVID levels
- Min-Vol is an all-weather strategy timely in a volatile climate
- Find the Argus Min-Vol Portfolio on the homepage of our website

# MACRO FORECASTS



# MARKET PERFORMANCE

DATA AS JULY 29, 2022



- **Retail sales were up 8.4% YOY in June and 8.2% in May. What's the problem?**
- **Gas stations up 49%, Grocery stores +8.3%, Electronics stores -9.1, Dept. stores -2.9%**
- **Experiences over stuff. Restaurants up 13.4%**
- **Lapping 14.1% growth in 2021 holiday sales**
- **Watch out for: Inventories, Sour sentiment, Layoffs, Margin pressure**

- **Sunflower oil?**
- **Pricing power and innovation**
- **Volume**
- **Return on (of) Capital**
- **Watch out for: Trade down, International turmoil, Limits on pricing**

- **Supply and Demand**
- **75 million Millennials and 75 million Boomers**
- **Mortgage rates**
- **Inventory and cycle time**
- **If you can't live in the house you love...**
- **Watch out for: Inventories, Impairments, Margins**

■ **Coca-Cola (KO)**

• \$73 target price

■ **Kellogg (K)**

• \$82 target price

■ **Procter & Gamble (PG)**

• \$185 target price

■ **Costco (COST)**

• \$610 target price

■ **Target (TGT)**

• \$200 target price

■ **Home Depot (HD)**

• \$400 target price

■ **Toll Brothers (TOL)**

• \$70 target price

■ **D.R. Horton (DHI)**

• \$100 target price



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