HdL Companies

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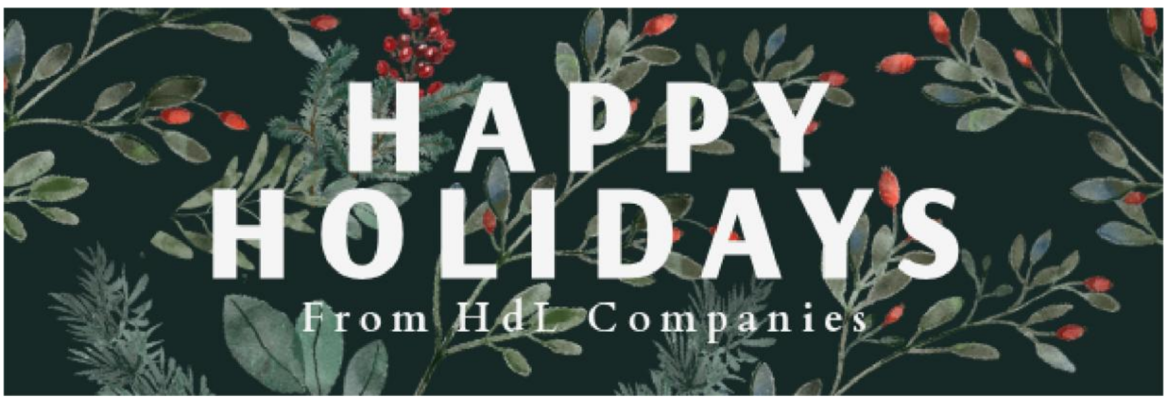

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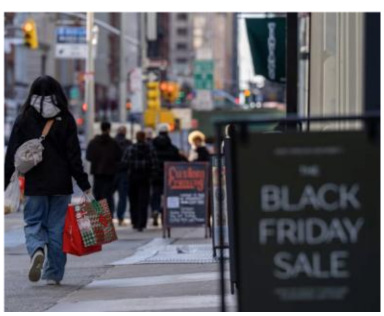
Overview



You're Paying More for Less this Shopping Season.

Black Friday retail sales in the U.S. grew 4.1% year-over-year, while online shopping surged 9.1%, driven by a 7% increase in average selling prices despite a 1% drop in order volume and 2% fewer items per transaction. Prices during Cyber Week rose 7% on average, with home goods spiking 24%, clothing up 6%, and electronics up 7%, partly due to historic tariff hikes and a shift toward higher-priced categories. Lower-income households planned to cut holiday spending significantly, while higherincome consumers increased budgets, and Salesforce projects Cyber Monday online sales to reach $13.4 billion, up 4% from last year, with deep discounts in home, health & beauty, and apparel.

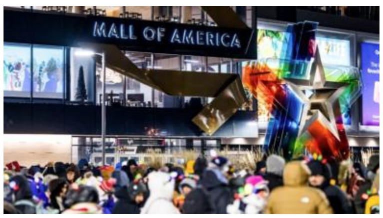
Consumer Spending Growth Could Slow in 2026

Real consumer spending growth is projected to slow to about 1.5% in 2026, though it will remain a key driver of the U.S. economy. A softening labor market, rising healthcare and childcare costs, and

affordability concerns are expected to pressure household budgets, making retail and consumer durables particularly vulnerable. Value-focused retailers and companies with flexible pricing strategies are likely to gain market share as consumers trade down, while households lean on liquid assets, credit, and potential fiscal support to maintain spending.

The Winners and Losers of Black Friday 2025

Black Friday 2025 U.S. e-commerce sales reached $11.8 billion, up 9.1% YoY, while Salesforce reported$18 billion in online sales, a 3% increase, despite online order volume dropping 1% and



units per transaction falling 2%. Average selling prices climbed 7%, reflecting inflation, and discount rates remained flat at about 28%, with electronics peaking at 29% off and toys at 30%, similar to 2024 levels. BNPL usage rose 8.9%, driving $747.5 million in online spend, AI-driven traffic surged 805%, contributing $3 billion in sales, and in-store traffic declined 3.6%, signaling a shift toward strategic shopping over impulse buying.

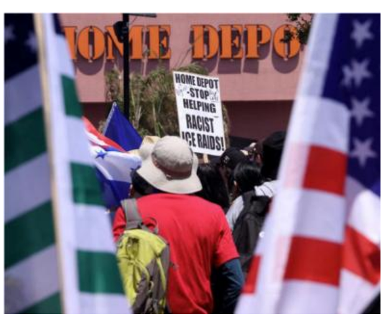
Brick and Mortar

Target's Efforts to Make Amends with Customers Hit a Snag

Target’s comparable store sales fell 3.2% year-over-year in Q2, with foot traffic down 3.6%, as the

retailer faced backlash over ending DEI initiatives and multiple consumer boycotts. A new boycott organized for Thanksgiving weekend threatens holiday performance, even as Target introduces a $20 Thanksgiving meal deal and price cuts on 3,000 items to attract shoppers. U.S. holiday retail sales are projected to grow 3.7%–4.2% to about $1.01–$1.02 trillion, while average household gift spending is expected to decline slightly to $1,007, with lowerincome households reducing budgets by over $100 compared to last year.

Home Depot Faces Fierce Backlash Amid Rising Boycotts and weak Sales Figures

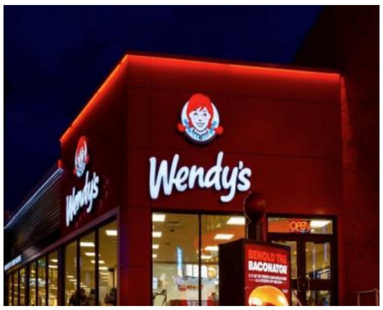


Home Depot reported third-quarter revenue of $37.7 billion, a 3% year-over-year decline, with comparable sales falling 3.1% and U.S. comps down 3.5%, alongside a drop in net earnings to $3.8 billion from $4.3 billion a year earlier. The company’s operating margin narrowed to 14.1%, down from 15.2%, underscoring softer demand and a pullback in big-ticket purchases. These results come as Home Depot faces heightened public backlash and calls for boycotts, even as it reaffirms full-year guidance projecting sales to decline 2%–5%, comparable sales to fall 3%–4%, and operating margins to land between 14.2% and 14.3%.

CVS Closes Deal for 63 Rite Aid Stores

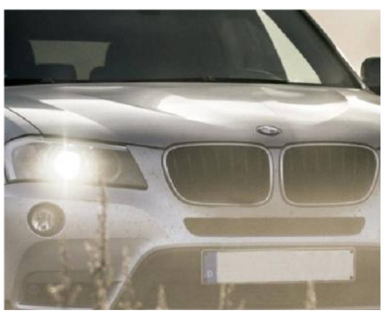
CVS completed the acquisition of 63 Rite Aid and Bartell Drugs stores in Idaho, Oregon, and Washington, along with prescription files from 626 locations across 15 states, gaining access to 9 million customers. The deal includes hiring over 3,500 former Rite Aid employees and making targeted investments in existing CVS stores, such as enhanced support and training programs. Nearly half of the CVS locations receiving new prescription files are within one mile of former Rite Aid stores, strengthening CVS's retail footprint as Rite Aid exits the market following its second bankruptcy in two years.

Wendy's Closing 350 Stores Amid 'Project Fresh' Push



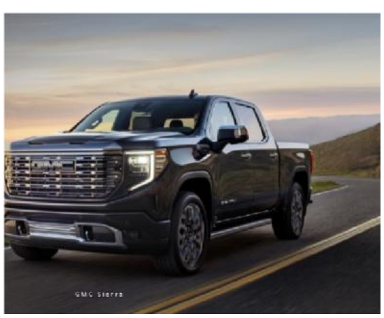
Wendy's plans to close approximately 350 underperforming U.S. locations by 2026, following 140 closures in 2024, as part of its "Project Fresh" turnaround strategy aimed at improving profitability and brand strength. U.S. same-store sales fell 4.7% in Q3 2025, underperforming competitors, prompting investments in technology upgrades, digital menu boards, and marketing, while reallocating $20 million from new builds to fund these initiatives. The company is also driving menu innovation with the launch of premium chicken tenders, which sold out in some locations before national advertising began, signaling early success in its effort to regain leadership in the chicken category.

As Affluent Households Drive the Auto Market, November NewVehicle Prices Hold Near $50,000



The average transaction price for new vehicles in November was $49,814, up 1.3% year-over-year and nearly unchanged from October, while incentives averaged 6.7% of ATP ($3,347). Full-size pickups had an average MSRP of $70,178, accounting for 14.2% of total sales, while vehicles priced under $30,000 represented only 7.5% of sales, down from 10.3% a year ago. Electric vehicle prices averaged $58,638, with incentives at 13.3%, but EV sales fell more than 40% year-over-year to just over 70,000 units, including a 22.7% decline for Tesla, driven by sharp drops in Model 3 sales.

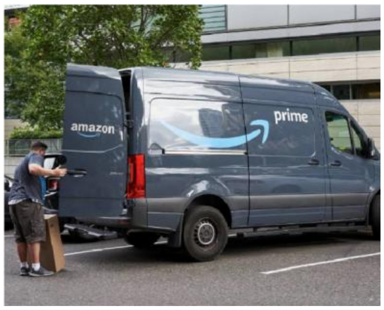
GM Q3 Sales Rise 8% on Growth in Both Gas and Electric Vehicles



General Motors' U.S. vehicle sales rose 8% in Q3 compared to the same period last year, with total year-to-date sales up 10% to 2.2 million units, marking the best pace in a decade. EV deliveries hit a quarterly record of 66,501 units, bringing year-todate EV sales to 144,668, a 105% increase year-over-year, while gas-powered crossovers and SUVs also set new records. GMC is on track for its best year ever, Chevrolet Trax led the small SUV segment, and Cadillac achieved its strongest Q3 and year-to-date performance since 2013.

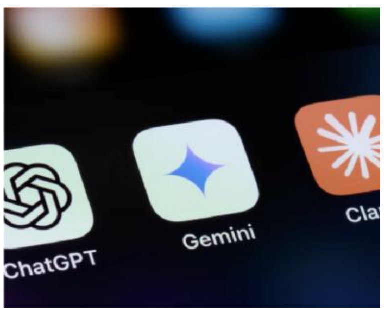
Ecommerce

Amazon Lawsuit Could Be a Warning to Other Employers



Amazon reported Q3 2025 revenue of $180.2 billion and maintains a market capitalization of approximately $2.5 trillion, generating $48,468 in profit per employee. The company employs 1.1 million people in the U.S. and 1.58 million globally, with 75% of its workforce full-time, and plans to hire 250,000 seasonal workers at a minimum starting wage of $19 per hour. Amid these financial and operational metrics, Amazon faces a proposed class action lawsuit alleging its attendance policies violate disability and leave protections, a case that could set new national standards for workplace accommodations.

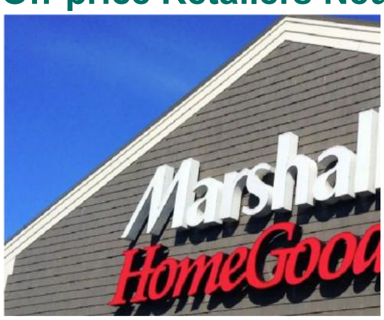
Retailers Band Together to Maintain Customer Relationships as Third-party AI Grows



A coalition of major retailers, including Adidas, Tesla, Amazon, and Apple, formed the Shopper Context Protocol Working Group to preserve brand relationships as third-party AI shopping tools gain traction. Nearly one-third of consumers are willing to let an AI agent make purchases, while 43% engage with AI when it's integrated into retailer experiences, prompting initiatives like Walmart's partnership with OpenAI, Target's beta app on ChatGPT, and Ashley's collaboration with Perplexity. The protocol aims to create an open, privacy-preserving standard that shares loyalty and preference data during AIdriven transactions, ensuring retailers maintain visibility and continuity in customer interactions as agentic commerce expands.

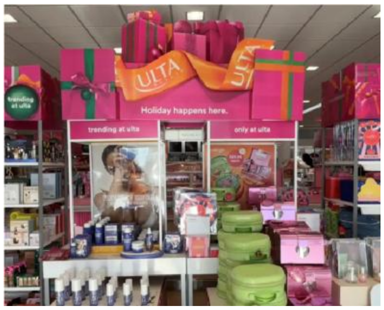
Trade

Off-price Retailers Neutralize Tariff Impact



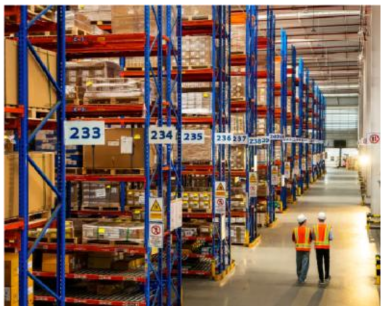
TJX, Ross, and Burlington successfully mitigated the impact of new tariffs in Q3 through strategic inventory and pricing decisions, with TJX fully offsetting tariff pressure and boosting gross margin to 32.6% and net income by 11% to $1.4 billion on $15 billion in sales. Ross grew sales 10% year-over-year to $5.6 billion, with comps up 7%, though operating margin dipped 35 basis points to 11.6% due to tariffs, while Burlington's sales rose 7% to $2.7 billion with comps up 1%, prioritizing margin protection over volume. All three expect continued success in Q4, emphasizing cautious pricing strategies as tariffs and industry price trends evolve.

Ulta Beauty: Tariff-driven Price Increases Accelerated in Q3



Rising costs and declining customer traffic are straining U.S. restaurants, with 37% of Americans dining out less frequently than a year ago as menu prices climb. Operators report cost increases of up to 35% for goods and 39% for payroll, while immigration enforcement has contributed to the loss of over 137,000 restaurant workers since March, with projections of 300,000–500,000 more. The National Restaurant Association noted negative customer traffic for the eighth consecutive month in September, signaling ongoing pressure on consumer spending and employment in the sector.

Warehouse Real Estate is Rebalancing. Here's What to Watch For.



Amid economic uncertainty and tariff pressures, major corporations have announced significant workforce reductions, including **Amazon cutting 14,000 jobs**, **UPS eliminating 48,000 positions**, and **Nestlé planning 16,000 global layoffs** over two years. Other notable cuts include **Verizon (13,000)**, **Target (1,800 corporate roles)**, **Paramount (2,000 post-merger)**, and **General Motors (1,700)**, with additional temporary layoffs expected in early 2026. Tech and energy sectors are also impacted, as **Intel targets a 15% workforce reduction**, **Microsoft trims 15,000 roles**, and **ConocoPhillips plans up to 3,250 cuts**, signaling broad restructuring and costcontrol measures across industries.

What We're Reading

Could Digital Product Passports Transform Customer Experience?

Digital product passports provide consumers with instant access to detailed lifecycle data, such as origin, materials, environmental impact, and disposal instructions via QR codes or RFID tags, aiming to boost sustainability and extend customer experience beyond checkout. The EU will mandate these passports for nearly all physical products by 2030, creating opportunities for brands to enhance resale markets, reduce authentication costs, and launch repair or service programs, while also enabling targeted marketing through ownership tracking. Successful implementation requires integrating these systems into brand strategy, ensuring clean data and intuitive interfaces, and leveraging features like resale guarantees or loyalty rewards to transform compliance into a value-driven customer relationship.

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