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CONSUMER/FOOD, GROCERY & CONSUMER
PRODUCTS

Consumer Staples Still the Place to Be During Initial Periods of Fed Easing?

SUMMARY

With market chatter regarding the potential for a Fed funds rate cut later this month, we spent time revisiting a note published this year titled *How Do Consumer Staples Stocks Perform in a Declining Rate Environment?* Consistent with our views in that piece, we continue to view the recent change in the interest rate backdrop as a clear positive for the group. Since rates peaked in Oct. 2018, the consumer staples group is now up 17.8%, easily outperforming an 11.1% increase in the S&P 500. As we detail inside and below, consumer staples stocks tend to also outperform in the period following the initial federal funds rate decrease. This remains supportive of our top picks into year-end and the group broadly, assuming Fed cuts materialize. CHD and EL remain our top picks with ELF and FRPT on our radar. We continue to maintain cautious fundamental views on food companies.

KEY POINTS

- **Consumer Staples Have Meaningfully Outperformed Since Rates Peaked.** Treasury yields peaked in Oct. 2018 at 3.15% and have declined 104 bps in recent months to 2.11% currently (as of 7/12/19). Since rates peaked in Oct. 2018, the consumer staples group is now up 17.8% easily outperforming an 11.1% increase in the S&P 500.
- **Fed Easing Has Historically Been a Positive for Consumer Staples Stocks.** Consumer staples stocks outperformed the S&P 500 in three of the four prior periods of Fed rate cuts by 41.3% pts. on average (see Exhibit 1 inside). In addition, the consumer staples group historically outperformed in the months following the initial fed funds rate decrease, which suggests a still favorable outlook for the group, assuming fed fund rate decreases materialize (see Appendix A).
- **Individual Company Performance.** In Appendix B inside, we highlight how individual names performed in past cycles of declining Treasury yields. Based on our work, nearly every food, beverage, and HPC name in our study tended to outperform the S&P 500 on average during periods of declining Treasury yields.
- **Consumer Staples Valuations Remain Above Historical Averages.** On an absolute P/E basis, the group trades at an average 20.9x NTM earnings estimates, above a historical average of 17.7x, but still below a mid-2016 peak of 22.8x. On a relative P/E basis, the group trades at an average of 1.22x, above historical averages of 1.15x, but below an early 2016 peak of 1.37x. See exhibits 4-7 inside.
- **Our Consumer Staples Playbook Remains Unchanged.** The leaders in our group YTD include CHD, EL, ELF, and FRPT. CHD and EL remain our top picks with ELF and FRPT on our radar.

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For analyst certification and important disclosures, see the Disclosure Appendix.

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Consumer Staples Still the Place to Be During Initial Periods of Fed Easing?

Over the past few years, we have written a number of times about the performance of consumer staples stocks in a *rising* and *declining* interest rate environment. We include these notes below:

- *How Do Consumer Staples Stocks Perform in a Rising Rate Environment* (published 5/12/15)
- *Consumer Staples Stocks Again Following History?* (published 11/17/17)
- *Glass Half Full or Half Empty on Consumer Staples Outperformance?* (published 2/2/18)
- *Interest Rate Backdrop a Bit Less Onerous; But Fundamental Challenges Remain* (published 7/19/18)
- *How Do Consumer Staples Stocks Perform in a Declining Rate Environment?* (published 3/28/19)

With market chatter regarding the potential for a fed funds rate cut later this month (July 2019), we spent time revisiting a note published this year titled *How Do Consumer Staples Stocks Perform in a Declining Rate Environment?*

Bottom Line Thoughts:

Consistent with our views in our prior publications, we continue to view the recent change in the interest rate backdrop as a clear positive for the group. Since rates peaked in Oct. 2018, the consumer staples group is now up 17.8% easily outperforming an 11.1% increase in the S&P 500.

To the extent the Fed starts to cut rates, this could represent a positive for consumer staples stocks. CHD and EL remain our top picks with ELF and FRPT on our radar. We continue to maintain cautious fundamental views on food companies.

Updated Conclusions from Our Prior Publication

We include updated conclusions from our prior publication:

1) Consumer Staples Stocks Have Historically Outperformed During Periods of Fed Easing

In three of the four prior periods of Fed easing, consumer staples stocks outperformed the S&P 500 by 41.3% pts. on average (Exhibit 1).

Exhibit 1: Consumer Staples Stocks Outperformed the S&P 500 in Three of the Four Prior Periods of Fed Easing

Period*	Fed Funds Target		Change	Consumer Staples Performance*,**	S&P 500 Performance*	Consumer Staples vs. S&P 500 Performance*
	Rate at Peak Level*	Rate at Trough Level*				
May 89 - Sep. 92	9.75%	3.00%	(675 bps)	110.4%	30.4%	80.0%
Jun. 95 - Nov. 98	6.00%	4.75%	(125 bps)	105.4%	113.6%	-8.3%
Dec. 00 - Jun. 03	6.50%	1.00%	(550 bps)	-7.2%	-26.2%	19.0%
Aug. 07 - Dec. 08	5.25%	0.25%	(500 bps)	-13.7%	-38.7%	25.0%
Average			(463 bps)	48.7%	19.8%	28.9%

*Each period includes the last month in which the fed funds rate peaks and the first months in which it troughs.

**Market cap weighted composite containing the following: *Beverages* - BF.B, KO, STZ, TAP, and PEP; *Food Products* - CPB, CAG, GIS, HAIN, HSY, HRL, SJM, K, MKC, MDLZ, and TSN; and *Household and Personal Products* - CHD, CLX, CL, EL, KMB, NWL, and PG.

Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

2) Consumer Staples Stocks Have Historically Outperformed in the Months Preceding and Following the Initial Fed Funds Rate Cut

In Appendix A, we examine how the consumer staples group performs in the months preceding and following the initial Fed funds rate cut. Based on our work, the consumer staples group tends to outperform the S&P 500 in the 3 and 6 months preceding, as well as the 3 and 6 months following an initial fed funds rate cut. This suggests the near-term outlook based on history could continue to be supportive for the group if rate cuts materialize.

Exhibit 2: Consumer Staples Stocks Outperformed the S&P 500 Following Initial Fed Fund Rate Decreases as We Detail Below

Month of Fed Funds Target Rate Decrease	3 Months After Rate Decrease			6 Months After Rate Decrease				
	3 Months After	Consumer Staples Performance*	S&P 500 Performance	Consumer Staples vs. S&P 500 Performance	6 Months After	Consumer Staples Performance*	S&P 500 Performance	Consumer Staples vs. S&P 500 Performance
Jun. 89	Sep. 89	12.6%	9.8%	2.8%	Dec. 89	22.8%	11.1%	11.7%
Jul. 95	Oct. 95	9.3%	3.5%	5.8%	Jan. 96	17.4%	13.2%	4.3%
Jan. 01	Apr. 01	-11.8%	-8.5%	-3.2%	Jul. 01	-8.3%	-11.3%	3.1%
Sep. 07	Dec. 07	<u>2.7%</u>	<u>-3.8%</u>	<u>6.5%</u>	Mar. 08	<u>-0.7%</u>	<u>-13.4%</u>	<u>12.7%</u>
Average		3.2%	0.2%	3.0%		7.8%	-0.1%	7.9%

*Market cap weighted composite containing the following: *Beverages* - BF.B, KO, STZ, TAP, and PEP; *Food Products* - CPB, CAG, GIS, HAIN, HSY, HRL, SJM, K, MKC, MDLZ, and TSN; and *Household and Personal Products* - CHD, CLX, CL, EL, KMB, NWL, and PG.

Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

3) Consumer Staples Stocks Generally Outperformed in Prior Periods of Declining Treasury Yields

As we highlight in Exhibit 3, consumer staples stocks outperformed in five of the past six periods of decreases in Treasury yields over 150 bps increasing on average 15.5% vs. a 2.3% average gain in the S&P 500 during these five periods. In the most recent period of Oct. 2018 through Jul. 2019, consumer staples names have increased 17.8% on average vs. an 11.1% increase in the S&P 500.

See Appendix B for individual consumer staples stock price performance during periods of declining Treasury yields.

Exhibit 3: Consumer Staples Stocks Have Generally Outperformed During Periods of Declining Treasury Yields

	Period*	10 Year Treasury	10 Year Treasury	Change	Consumer Staples	S&P 500	Consumer Staples
		Yield at Peak	Yield at Trough		Price Performance**	Performance	Performance vs. S&P 500
Mid-1990's	Nov. 94 - Dec. 95	7.91%	5.58%	(233 bps)	38.6%	35.8%	2.9%
Mid/Late 1990's	Aug. 96 - Sept. 98	6.95%	4.42%	(253 bps)	30.0%	56.0%	-25.9%
Early 2000's	Jan. 00 - May 03	6.67%	3.35%	(332 bps)	-3.5%	-30.9%	27.4%
Mid/Late 2000's	Jun. 06 - Dec. 08	5.14%	2.06%	(308 bps)	-1.1%	-28.9%	27.8%
2010 - 2012	Mar. 10 - Jul. 12	3.84%	1.47%	(237 bps)	20.3%	17.9%	2.3%
2013 - 2016	Dec. 13 - Jul. 16	3.04%	1.45%	(159 bps)	23.3%	17.6%	5.7%
Average				(254 bps)	17.9%	11.3%	6.7%
Latest***	Oct. 18 - Jul. 19	3.15%	2.11%	(104 bps)	17.8%	11.1%	6.7%

*Analysis based on ending monthly treasury yields and stock prices. We examine historical periods of decreases in 10 year treasury yields in excess of 150 bps.

**Market cap weighted composite containing the following: *Beverages* - BF.B, KO, STZ, TAP, and PEP; *Food Products* - CPB, CAG, GIS, HAIN, HSY, HRL, SJM, K, MKC, MDLZ, and TSN; and *Household and Personal Products* - CHD, CLX, CL, EL, KMB, NWL, and PG.

***Based on 7/12/19 closing prices.

Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

4) Nearly Every Beverage, Food and HPC Name in Our Study Outperformed on Average During Prior Periods of Declining Treasury Yields

As we highlight in Appendix B on page 13, nearly every consumer staples company in our study outperformed the S&P 500 on average during the prior six periods of declining rates.

5) Performance in the Current Cycle of Declining Yields Differed than Prior Cycles

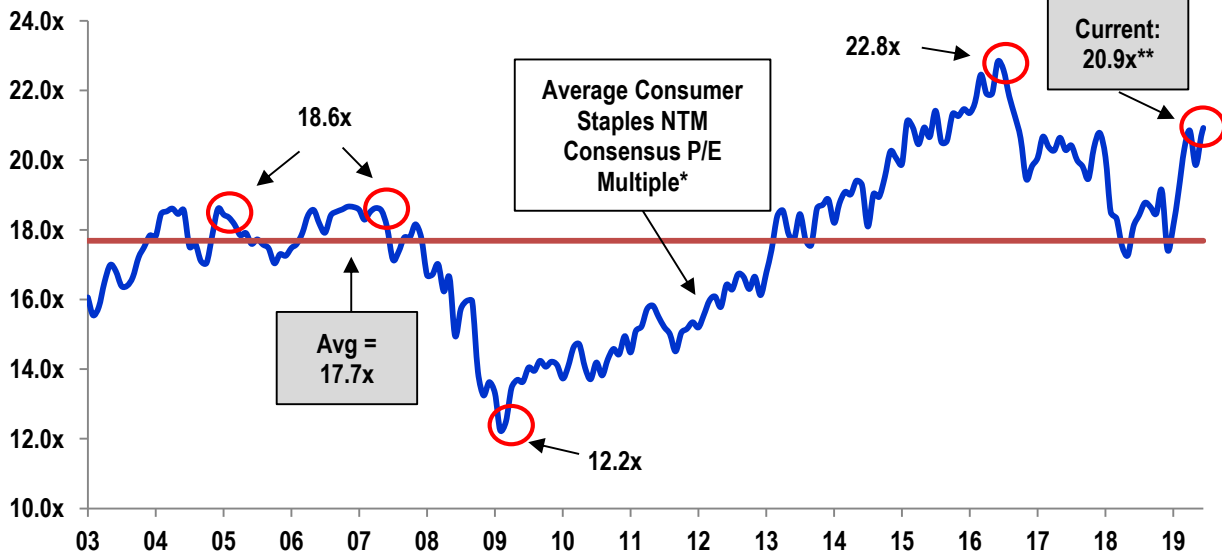
In contrast to prior cycles, there have been significant differences in outperformance by group with HPC outperforming, but food and beverage lagging (see Appendix B). However, year to date food companies have outperformed.

6) Consumer Staples Valuations Off of Recent Lows and Back Above Historical Averages

On an absolute P/E basis, the group trades at an average 20.9x NTM earnings estimates, above a historical average of 17.7x, but still below a mid-2016 peak of 22.8x (Exhibit 4). On a relative P/E basis, the group trades at an average of 1.22x, above historical averages of 1.15x, but below an early 2016 peak of 1.37x (Exhibit 5).

We include valuation charts over a longer period of time in Exhibits 6 and 7.

Exhibit 4: The Consumer Staples Group Trades Above Historical Averages on an Absolute P/E Basis, But Below Recent Valuation Peaks



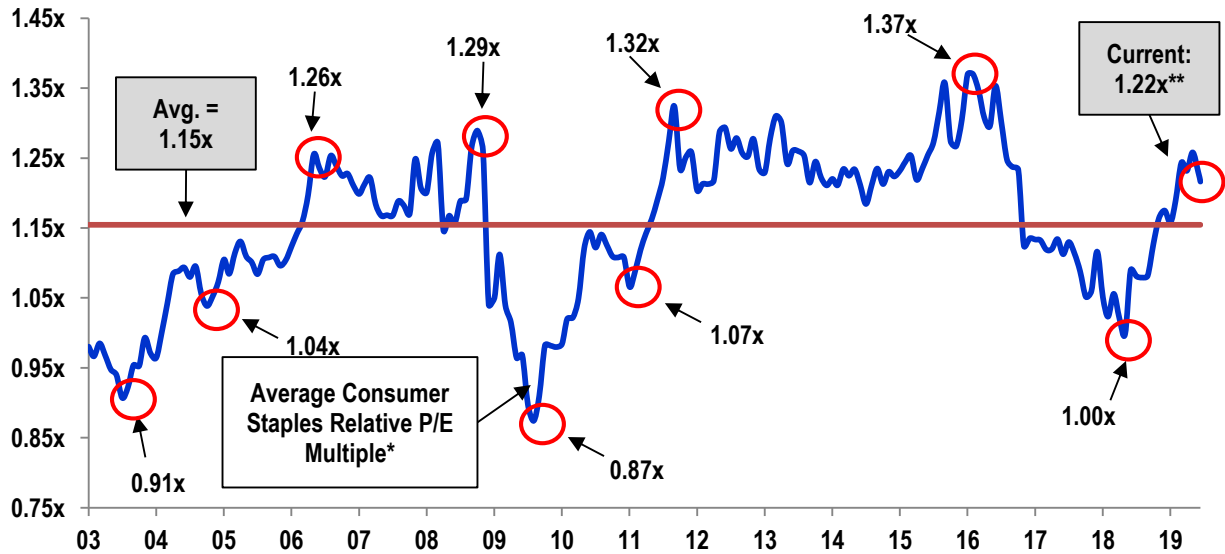
*Average of the following: Beverages - BF.B, KO, STZ, TAP, and PEP; Food Products - CPB, CAG, GIS, HAIN, HSY, HRL, SJM, K, MKC, MDLZ, and TSN; and Household and Personal Products - CHD, CLX, CL, EL, KMB, NWL, and PG.

**Closing prices as of 7/12/19.

Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

Exhibit 5: On a Relative P/E Basis, the Consumer Staples Group Also Trades Above Historical Averages, But Below an Early 2016 Peak



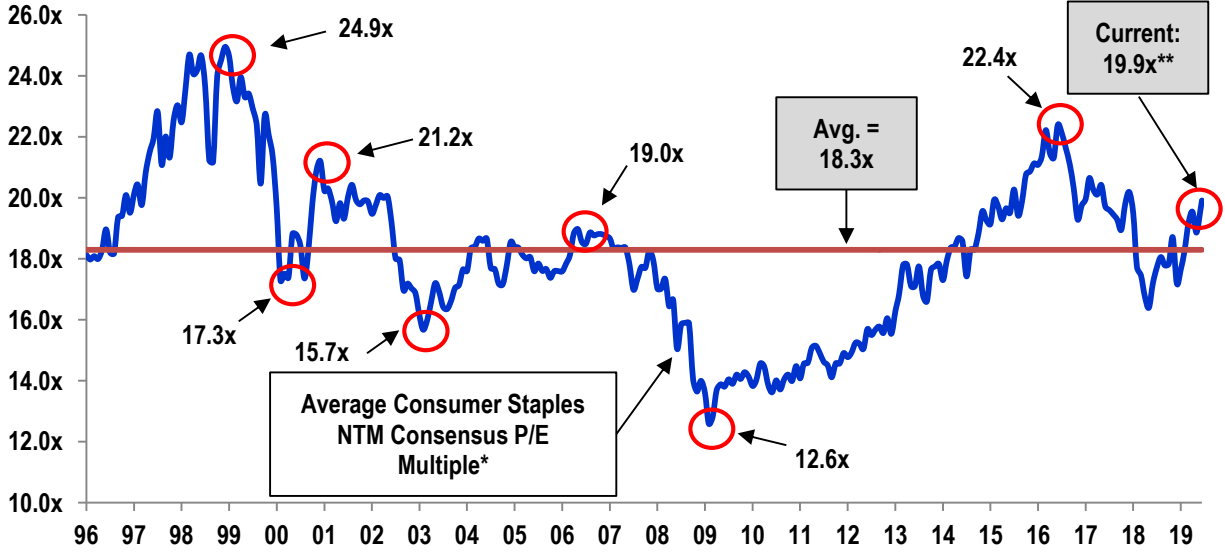
*Average of the following: Beverages - BF.B, KO, STZ, TAP, and PEP; Food Products - CPB, CAG, GIS, HAIN, HSY, HRL, SJM, K, MKC, MDLZ, and TSN; and Household and Personal Products - CHD, CLX, CL, EL, KMB, NWL, and PG.

**Closing prices as of 7/12/19.

Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

Exhibit 6: Consumer Staples Absolute P/E Valuation Over a Longer Period of Time



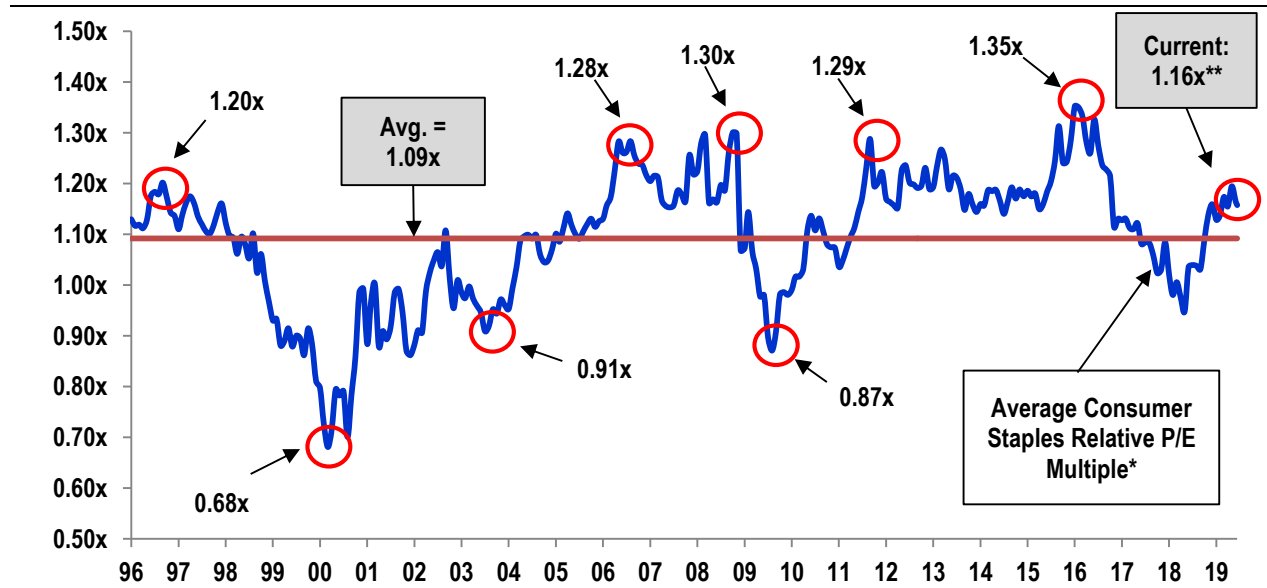
*Average of the following: Beverages - BF.B, KO, TAP, and PEP; Food Products - CPB, CAG, GIS, HSY, HRL, K, MKC, and TSN; and Household and Personal Products - CLX, CL, KMB, NWL, and PG.

**Closing prices as of 7/12/19.

Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

Exhibit 7: Consumer Staples Relative P/E Valuation Over a Longer Period of Time



*Average of the following: Beverages - BF.B, KO, TAP, and PEP; Food Products - CPB, CAG, GIS, HSY, HRL, K, MKC, and TSN; and Household and Personal Products - CLX, CL, KMB, NWL, and PG.

**Closing prices as of 7/12/19.

Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

7) Food Names Have Outperformed Year to Date

As we highlight in Exhibit 8, food names have outperformed the S&P 500 year to date.

Exhibit 8: Food Names Have Outperformed the S&P 500 Year to Date

Food Companies													Average	S&P 500*
	CPB*	CAG*	GIS*	HAIN*	HSY*	HRL*	SJM*	K*	MKC*	MDLZ*	TSN*			
Last 12 Months	-1.1%	-23.4%	19.9%	-28.1%	46.5%	9.2%	4.1%	-22.8%	34.3%	28.5%	23.4%	8.2%	7.7%	
Year to Date	24.0%	29.3%	37.2%	34.9%	28.0%	-3.9%	22.2%	-4.3%	13.8%	36.2%	52.4%	24.5%	20.2%	

Household and Personal Products Companies								Average	S&P 500*
	CHD*	CLX*	CL*	EL*	KMB*	NWL*	PG*		
Last 12 Months	37.1%	18.4%	14.1%	34.6%	32.0%	-45.7%	45.8%	19.5%	7.7%
Year to Date	14.5%	2.5%	25.0%	43.6%	21.8%	-19.6%	25.1%	16.1%	20.2%

Beverage Companies					Average	S&P 500*	
	BF.B*	KO*	STZ*	TAP*	PEP*		
Last 12 Months	10.4%	16.7%	-8.2%	-19.7%	19.5%	3.7%	7.7%
Year to Date	17.8%	10.1%	24.1%	-3.2%	20.6%	13.9%	20.2%

*Closing prices as of 7/12/19.

█ = period of outperformance.

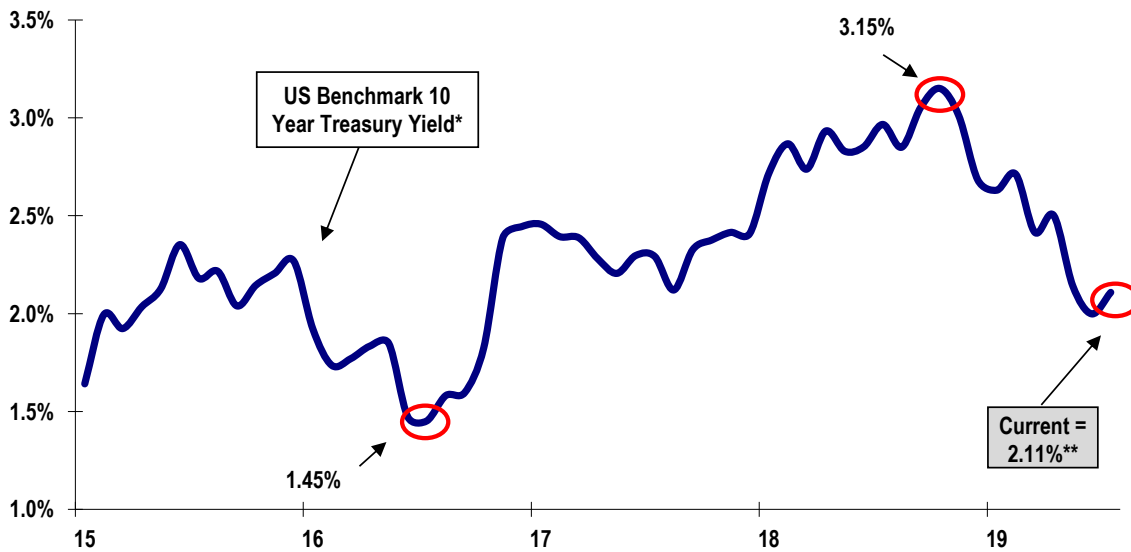
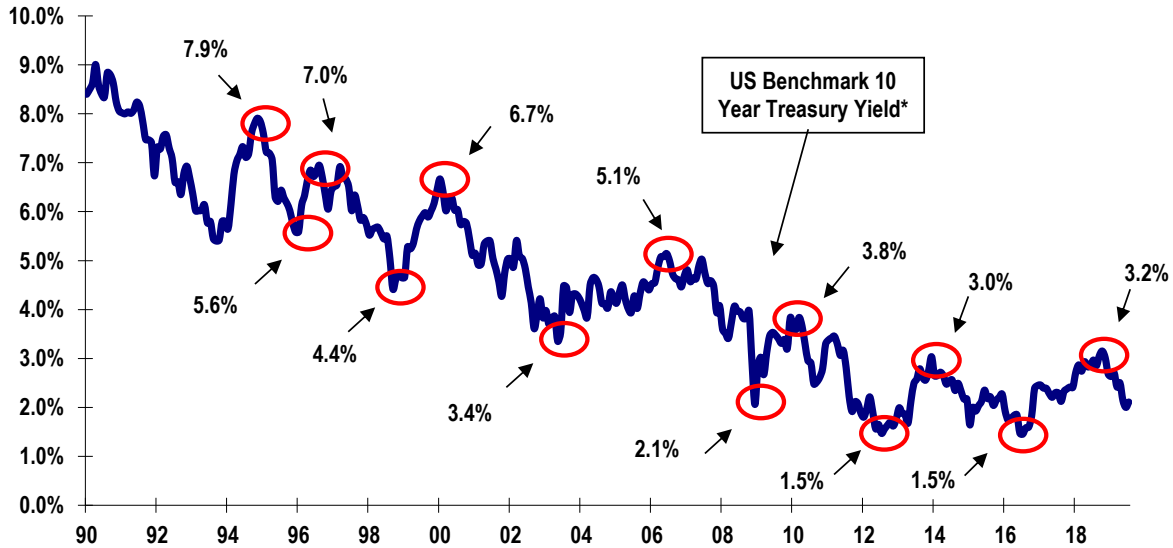
Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

8) Treasury Yields Peaked in Oct. 2018 and Have Declined in Recent Months

As we illustrate in Exhibit 9, Treasury yields peaked in Oct. 2018 and have declined in recent months.

Exhibit 9: Treasury Yields Peaked in Oct. 2018 and Have Declined in Recent Months



*Monthly data.

**As of 7/12/19.

Source: Factset and OPCO Estimates

Appendix A: Consumer Staples Stock Price Performance Preceding and Following the Initial Fed Funds Rate Cut

<u>Month of Fed Funds Target Rate Decrease</u>	<u>3 Months Prior to Rate Decrease</u>				<u>6 Months Prior to Rate Decrease</u>			
	<u>3 Months Prior</u>	<u>Consumer Staples Performance*</u>	<u>S&P 500 Performance</u>	<u>Consumer Staples vs. S&P 500 Performance</u>	<u>6 Months Prior</u>	<u>Consumer Staples Performance*</u>	<u>S&P 500 Performance</u>	<u>Consumer Staples vs. S&P 500 Performance</u>
Jun. 89	Mar. 89	13.9%	7.8%	6.0%	Dec. 88	22.6%	14.5%	8.1%
Jul. 95	Apr. 95	-7.2%	-9.2%	2.0%	Jan. 95	17.6%	19.5%	-1.9%
Jan. 01	Oct. 00	-1.0%	-4.4%	3.4%	Jul. 00	6.0%	-4.5%	10.5%
Sep. 07	Jun. 07	<u>8.0%</u>	<u>1.6%</u>	<u>6.4%</u>	Mar. 07	<u>9.9%</u>	<u>7.5%</u>	<u>2.4%</u>
Average		3.4%	-1.1%	4.5%		14.0%	9.2%	4.8%

<u>Month of Fed Funds Target Rate Decrease</u>	<u>3 Months After Rate Decrease</u>				<u>6 Months After Rate Decrease</u>			
	<u>3 Months After</u>	<u>Consumer Staples Performance*</u>	<u>S&P 500 Performance</u>	<u>Consumer Staples vs. S&P 500 Performance</u>	<u>6 Months After</u>	<u>Consumer Staples Performance*</u>	<u>S&P 500 Performance</u>	<u>Consumer Staples vs. S&P 500 Performance</u>
Jun. 89	Sep. 89	12.6%	9.8%	2.8%	Dec. 89	22.8%	11.1%	11.7%
Jul. 95	Oct. 95	9.3%	3.5%	5.8%	Jan. 96	17.4%	13.2%	4.3%
Jan. 01	Apr. 01	-11.8%	-8.5%	-3.2%	Jul. 01	-8.3%	-11.3%	3.1%
Sep. 07	Dec. 07	<u>2.7%</u>	<u>-3.8%</u>	<u>6.5%</u>	Mar. 08	<u>-0.7%</u>	<u>-13.4%</u>	<u>12.7%</u>
Average		3.2%	0.2%	3.0%		7.8%	-0.1%	7.9%

*Market cap weighted composite containing the following: *Beverages* - BF.B, KO, STZ, TAP, and PEP; *Food Products* - CPB, CAG, GIS, HAIN, HSY, HRL, SJM, K, MKC, MDLZ, and TSN; and *Household and Personal Products* - CHD, CLX, CL, EL, KMB, NWL, and PG.

Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

Appendix B: Individual Consumer Staples Stock Price Performance During Periods of Declining Treasury Yields

						Food Companies										
Period (1)	10 Year Treasury Yield at Peak	10 Year Treasury Yield at Trough	Change	S&P 500	CPB	CAG	GIS	HAIN	HSY	HRL	SJM	K	MKC	MDLZ	TSN	
Mid-1990's	Nov. 94 - Dec. 95	7.91%	5.58%	(233 bps)	35.8%	39.5%	33.6%	7.4%	-36.7%	39.0%	-1.0%	-5.9%	35.5%	27.0%	-	14.8%
Mid/Late 1990's	Aug. 96 - Sept. 98	6.95%	4.42%	(253 bps)	56.0%	54.1%	27.9%	27.3%	328.6%	57.1%	27.4%	30.3%	-2.4%	41.8%	-	22.9%
Early 2000's	Jan. 00 - May 03	6.67%	3.35%	(332 bps)	-30.9%	-20.6%	13.2%	50.0%	-30.2%	67.3%	15.7%	103.3%	45.2%	103.5%	-	-30.6%
Mid/Late 2000's	Jun. 06 - Dec. 08	5.14%	2.06%	(308 bps)	-28.9%	-19.1%	-25.4%	17.6%	-25.9%	-36.9%	-16.3%	-3.0%	-9.5%	-5.0%	-13.1%	-41.0%
2010 - 2012	Mar. 10 - Jul. 12	3.84%	1.47%	(237 bps)	17.9%	-6.3%	-1.5%	9.3%	220.4%	67.6%	32.9%	27.4%	-10.7%	58.7%	31.3%	-21.6%
2013 - 2016	Dec. 13 - Jul. 16	3.04%	1.45%	(159 bps)	17.6%	43.9%	38.8%	44.0%	16.3%	13.9%	65.4%	48.8%	35.4%	48.4%	24.6%	120.0%
Average				(254 bps)	11.3%	15.2%	14.4%	25.9%	78.8%	34.7%	20.7%	33.5%	15.6%	45.7%	14.3% (2)	10.7%
Latest (4)	Oct. 18 - Jul. 19	3.15%	2.11%	(104 bps)	11.1%	9.4%	-22.4%	22.0%	-14.0%	28.0%	-6.0%	5.4%	-16.7%	10.1%	29.9%	35.8%

						Household and Personal Products Companies						
Period (1)	10 Year Treasury Yield at Peak	10 Year Treasury Yield at Trough	Change	S&P 500	CHD	CLX	CL	EL	KMB	NWL	PG	
Mid-1990's	Nov. 94 - Dec. 95	7.91%	5.58%	(233 bps)	35.8%	-9.8%	23.0%	16.8%	-	65.1%	20.3%	32.8%
Mid/Late 1990's	Aug. 96 - Sept. 98	6.95%	4.42%	(253 bps)	56.0%	39.1%	76.2%	69.2%	19.2%	3.5%	48.0%	60.1%
Early 2000's	Jan. 00 - May 03	6.67%	3.35%	(332 bps)	-30.9%	44.1%	-6.5%	0.6%	-34.8%	-16.4%	-4.8%	-9.1%
Mid/Late 2000's	Jun. 06 - Dec. 08	5.14%	2.06%	(308 bps)	-28.9%	54.1%	-8.9%	14.4%	-19.9%	-14.5%	-62.1%	11.2%
2010 - 2012	Mar. 10 - Jul. 12	3.84%	1.47%	(237 bps)	17.9%	72.1%	13.4%	25.9%	61.5%	38.2%	16.1%	2.0%
2013 - 2016	Dec. 13 - Jul. 16	3.04%	1.45%	(159 bps)	17.6%	48.2%	41.3%	14.1%	23.3%	24.0%	61.9%	5.1%
Average				(254 bps)	11.3%	41.3%	23.1%	23.5%	9.9% (3)	16.7%	13.2%	17.0%
Latest (4)	Oct. 18 - Jul. 19	3.15%	2.11%	(104 bps)	11.1%	26.8%	6.5%	24.9%	35.9%	33.0%	-5.9%	29.7%

						Beverage Companies				
Period (1)	10 Year Treasury Yield at Peak	10 Year Treasury Yield at Trough	Change	S&P 500	BF.B	KO	STZ	TAP	PEP	
Mid-1990's	Nov. 94 - Dec. 95	7.91%	5.58%	(233 bps)	35.8%	22.2%	45.2%	-1.9%	40.5%	58.5%
Mid/Late 1990's	Aug. 96 - Sept. 98	6.95%	4.42%	(253 bps)	56.0%	65.5%	15.3%	71.7%	129.7%	2.4%
Early 2000's	Jan. 00 - May 03	6.67%	3.35%	(332 bps)	-30.9%	41.0%	-20.7%	112.6%	13.6%	29.5%
Mid/Late 2000's	Jun. 06 - Dec. 08	5.14%	2.06%	(308 bps)	-28.9%	-9.9%	5.2%	-36.9%	44.1%	-8.8%
2010 - 2012	Mar. 10 - Jul. 12	3.84%	1.47%	(237 bps)	17.9%	57.4%	46.9%	71.6%	0.6%	9.9%
2013 - 2016	Dec. 13 - Jul. 16	3.04%	1.45%	(159 bps)	17.6%	29.9%	5.6%	133.9%	81.9%	31.3%
Average				(254 bps)	11.3%	34.3%	16.3%	58.5%	51.7%	20.5%
Latest (4)	Oct. 18 - Jul. 19	3.15%	2.11%	(104 bps)	11.1%	21.0%	8.9%	0.2%	-15.0%	18.6%

(1) - Analysis based on ending monthly treasury yields and stock prices. We examine historical periods of decreases in 10 year treasury yields in excess of 150 bps.
 (2) - MDLZ on average outperformed the S&P 500 during the three most recent periods of declining Treasury yields (14.3% increase on average vs. an average increase of 2.2% in the S&P 500 during these three periods).
 (3) - EL on average outperformed the S&P 500 during the five most recent periods of declining Treasury yields (9.9% increase on average vs. an average increase of 6.3% in the S&P 500 during these five periods).
 (4) - Based on 7/12/19 closing prices.
 Represents periods of outperformance vs. the S&P 500.
 Note: These results cannot and should not be used as an indicator of future performance.

Source: Factset and OPCO Estimates

Stock prices of other companies mentioned in this report (as of 7/12/19):

Brown-Forman (BF.B-NYSE, \$56.05, Not Covered)
Campbell Soup Company (CPB-NYSE, \$40.92, Not Covered)
Clorox (CLX-NYSE, \$158.06, Not Covered)
Coca-Cola (KO-NYSE, \$52.12, Not Covered)
Colgate-Palmolive (CL-NYSE, \$74.38, Not Covered)
ConAgra Foods (CAG-NYSE, \$27.61, Not Covered)
Constellation Brands (STZ-NYSE, \$199.60, Not Covered)
General Mills (GIS-NYSE, \$53.44, Not Covered)
Hain Celestial (HAIN-NASDAQ, \$21.39, Not Covered)
Hershey Company (HSY-NYSE, \$137.17, Not Covered)
J.M. Smucker Company (SJM-NYSE, \$114.20, Not Covered)
Kellogg Company (K-NYSE, \$54.55, Not Covered)
Kimberly-Clark (KMB-NYSE, \$138.76, Not Covered)
Molson Coors Brewing Company (TAP-NYSE, \$54.38, Not Covered)
PepsiCo (PEP-NYSE, \$133.28, Not Covered)
Procter & Gamble (PG-NYSE, \$114.99, Not Covered)
McCormick & Company (MKC-NYSE, \$158.51, Not Covered)
Mondelez International (MDLZ-NYSE, \$54.54, Not Covered)
Tyson Foods (TSN-NYSE, \$81.38, Not Covered)

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Stock Prices as of July 16, 2019

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 Newell Brands (NWL - NYSE, \$15.15, PERFORM)
 Hormel Foods Corporation (HRL - NYSE, \$41.24, PERFORM)
 e.l.f. Beauty, Inc. (ELF - NYSE, \$16.62, PERFORM)
 Church & Dwight (CHD - NYSE, \$75.28, OUTPERFORM)
 Freshpet Inc. (FRPT - NASDAQ, \$45.70, PERFORM)

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Sell - anticipates that the shares will depreciate 10% or more in price within the next 12 months, due to fundamental weakness perceived in the company or for valuation reasons, or are expected to perform significantly worse than equities within the peer group.

Distribution of Ratings/IB Services Firmwide				
Rating	IB Serv/Past 12 Mos.			
	Count	Percent	Count	Percent
OUTPERFORM [O]	390	65.33	183	46.92
PERFORM [P]	206	34.51	68	33.01
UNDERPERFORM [U]	1	0.17	0	0.00

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