

The background of the slide is a high-angle, wide shot of the Chicago skyline at sunset. The sky is a mix of orange, pink, and light blue. The city's skyscrapers are densely packed, with many windows glowing with interior lights. The Lake Michigan is visible in the distance. A large, white, semi-transparent triangle is overlaid on the left side of the image, pointing towards the center.

Holiday Webinar: Q4 Trading Trends Tendencies in Retail, Tech, etc.

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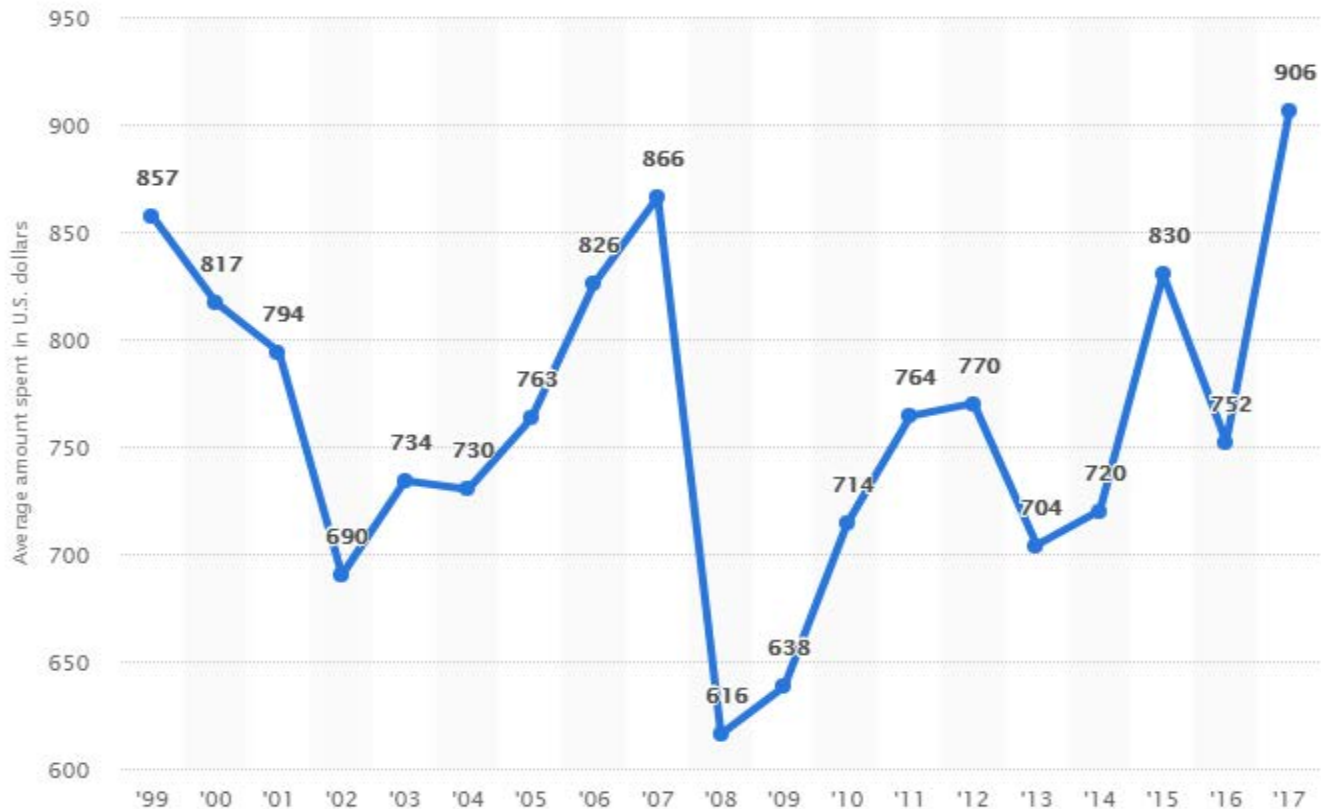
What are the Holidays?

- ❖ Economically, the “Holidays” begin around Thanksgiving and end just after New Years
- ❖ This 6-8 week stretch is typically very important for many retailers
- ❖ It’s often an important stretch for US equity markets as well



Spending Trends?

- ❖ How much money do you personally think you will spend on Christmas gifts this year? – Statista 1999 – 2017
- ❖ Spending can be a good broad market barometer (1999 & 2007)



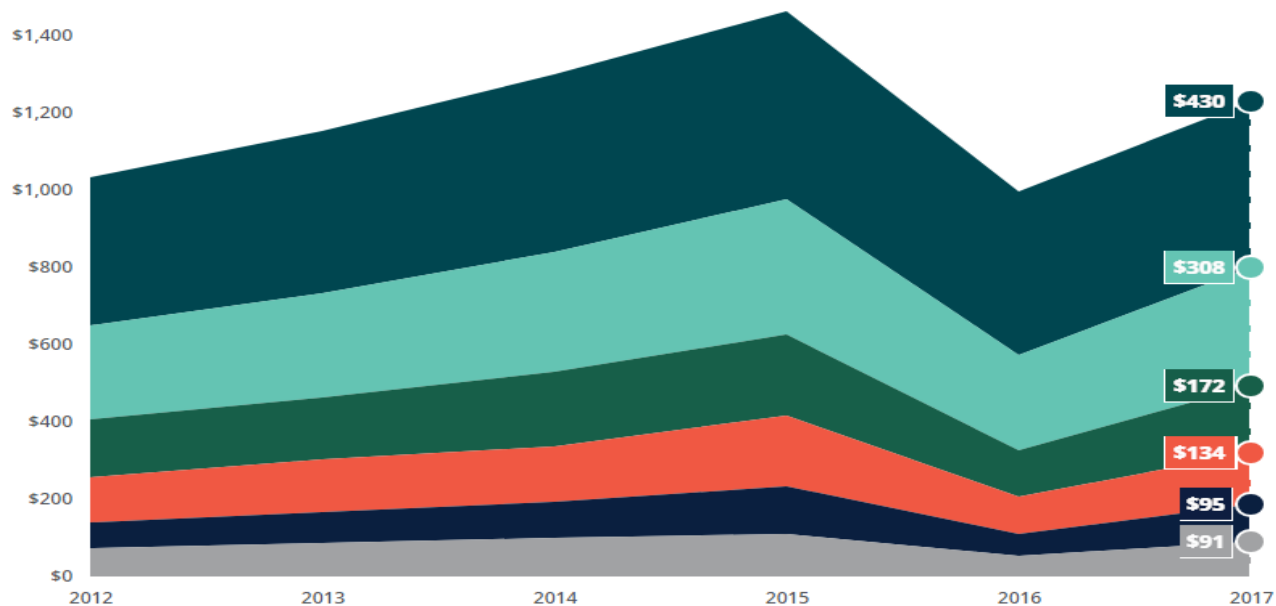
Source: Statista

No Grinch?

- ❖ How much do you expect you will spend during the year end holiday season on each of the following– Deloitte Insights 2017 (\$1,230 in 2017)
- ❖ That mix of spending is higher by 19% in the last 5 years

Legend:

- Gifts
- Non-gift clothing for yourself or family
- Socializing away from home (travel, hotels, restaurants, etc.)
- Home/holiday furnishings
- Entertaining at home (food, liquor, etc.)
- Any other holiday-related spending not covered above



...But What About The Last Min Deals?

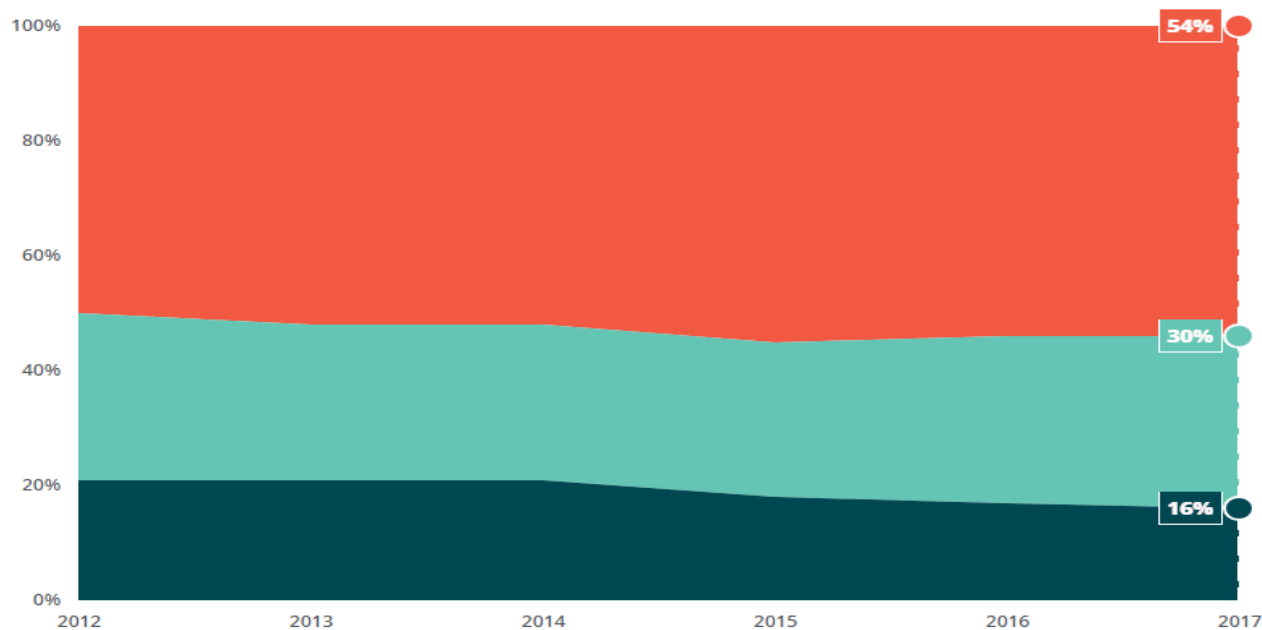
- ❖ When are you likely to begin your holiday shopping this year
 - – Deloitte Insights 2017 (54% in Early Nov or sooner; 16% Dec or later)
- ❖ The best laid plans.....

Legend:

Early November or sooner

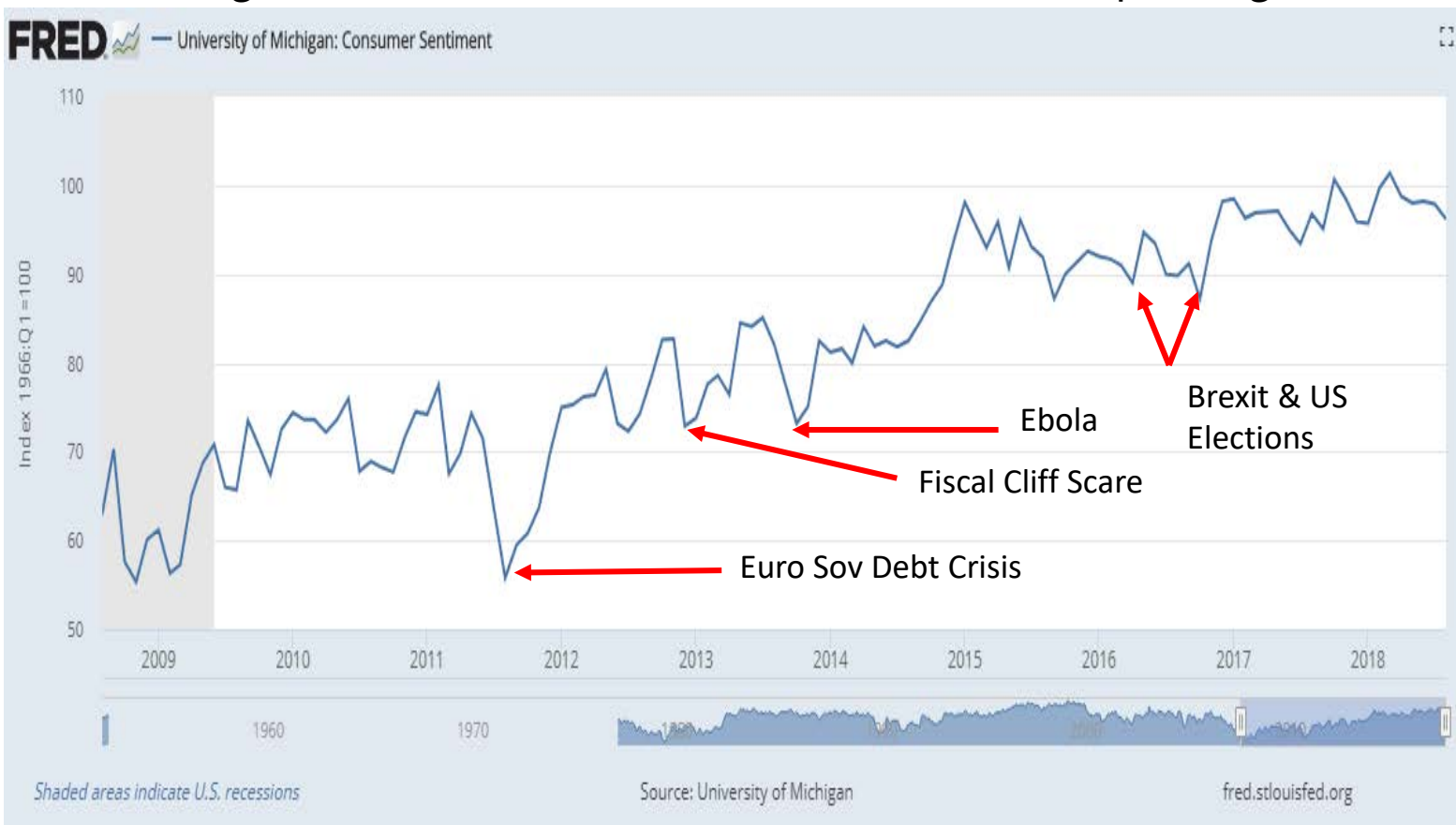
December or later

Late November

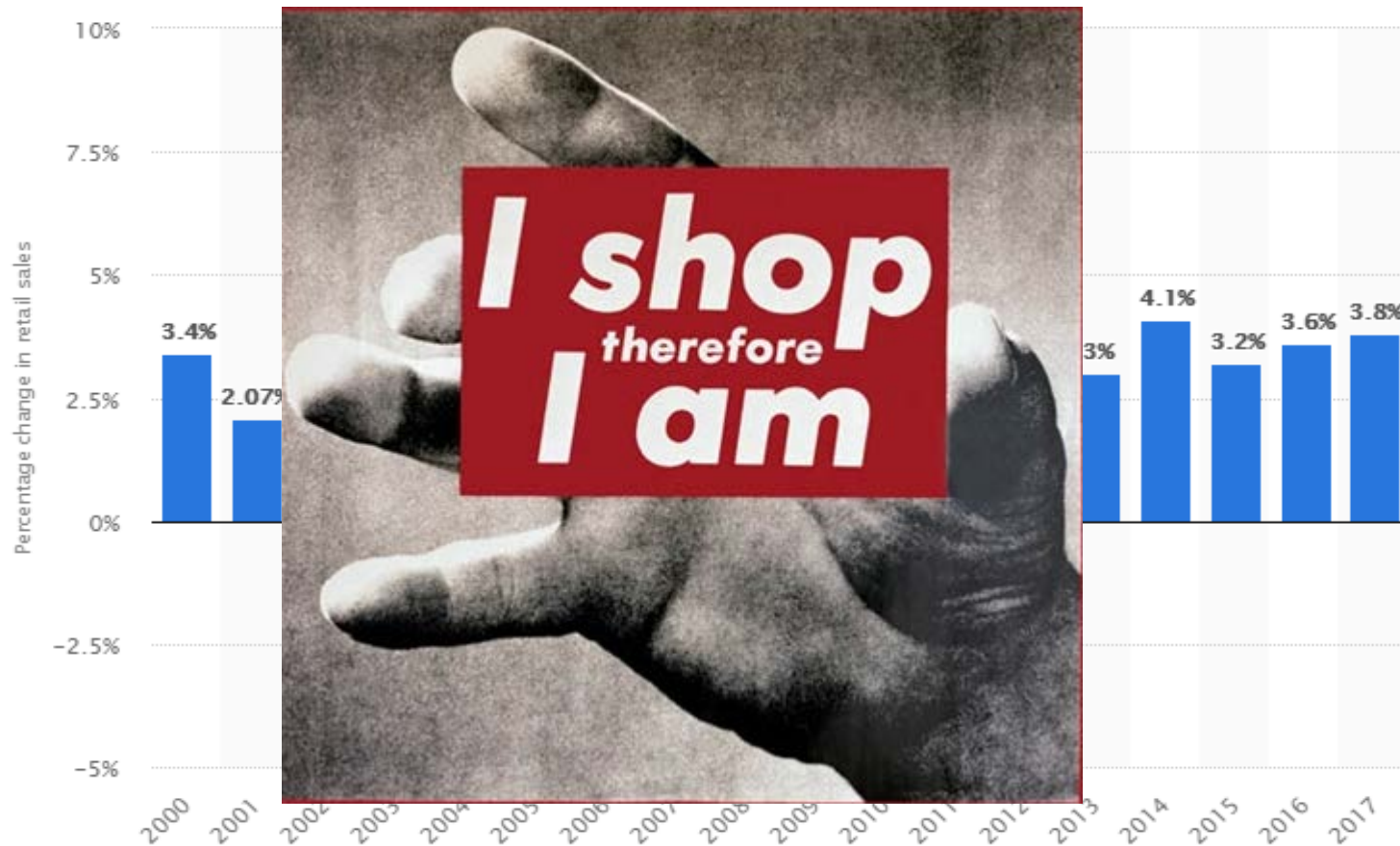


How Confident are YOU?

- ❖ U Mich Consumer Confidence Data 2009 – 2018
- ❖ There's a significant correlation between confidence and spending

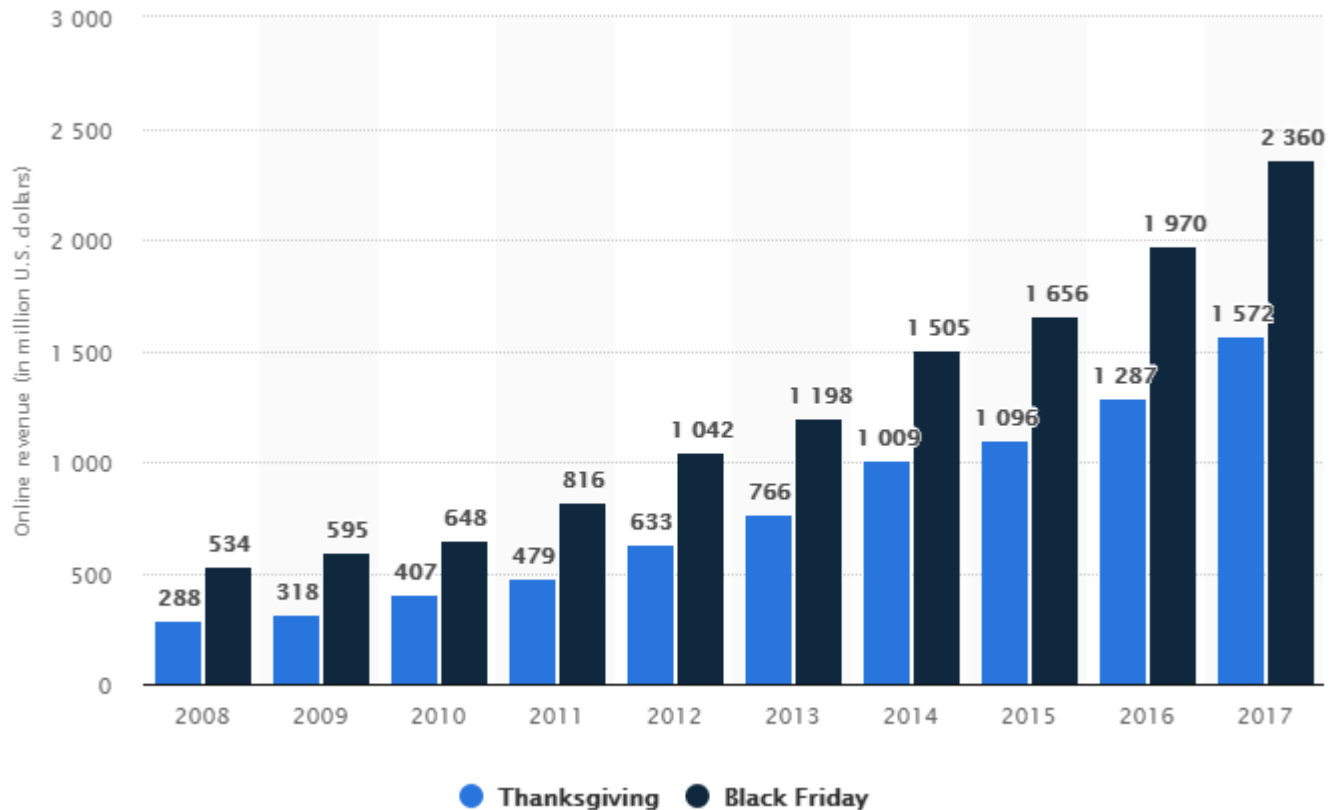


❖ We just KEEP ON SPENDING, and SPENDING, and SPENDING!



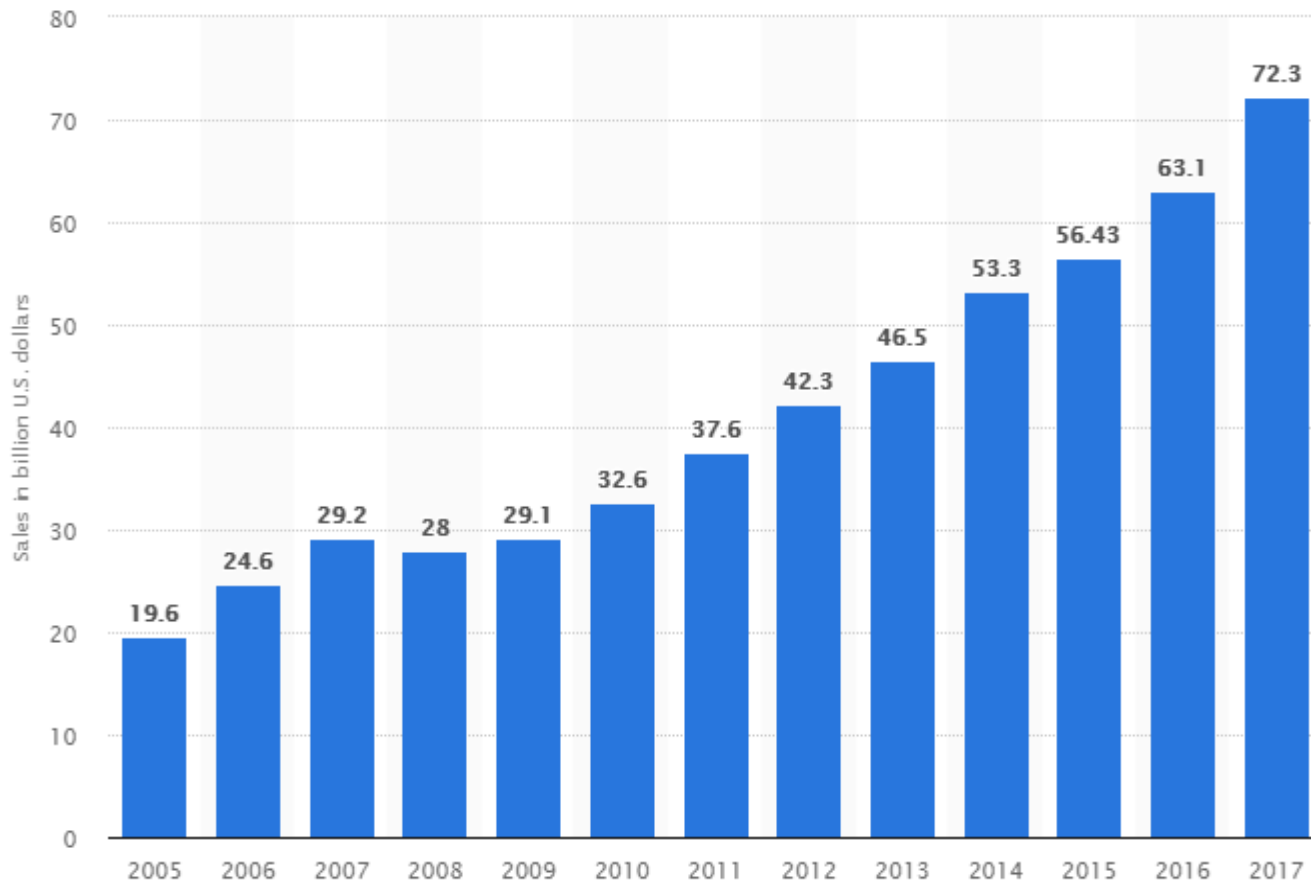
Why Options?

- ❖ Black Friday spending in the US last year was \$2.36 billion
- ❖ 27 – 30% of US consumers are likely to shop on Black Friday (online)



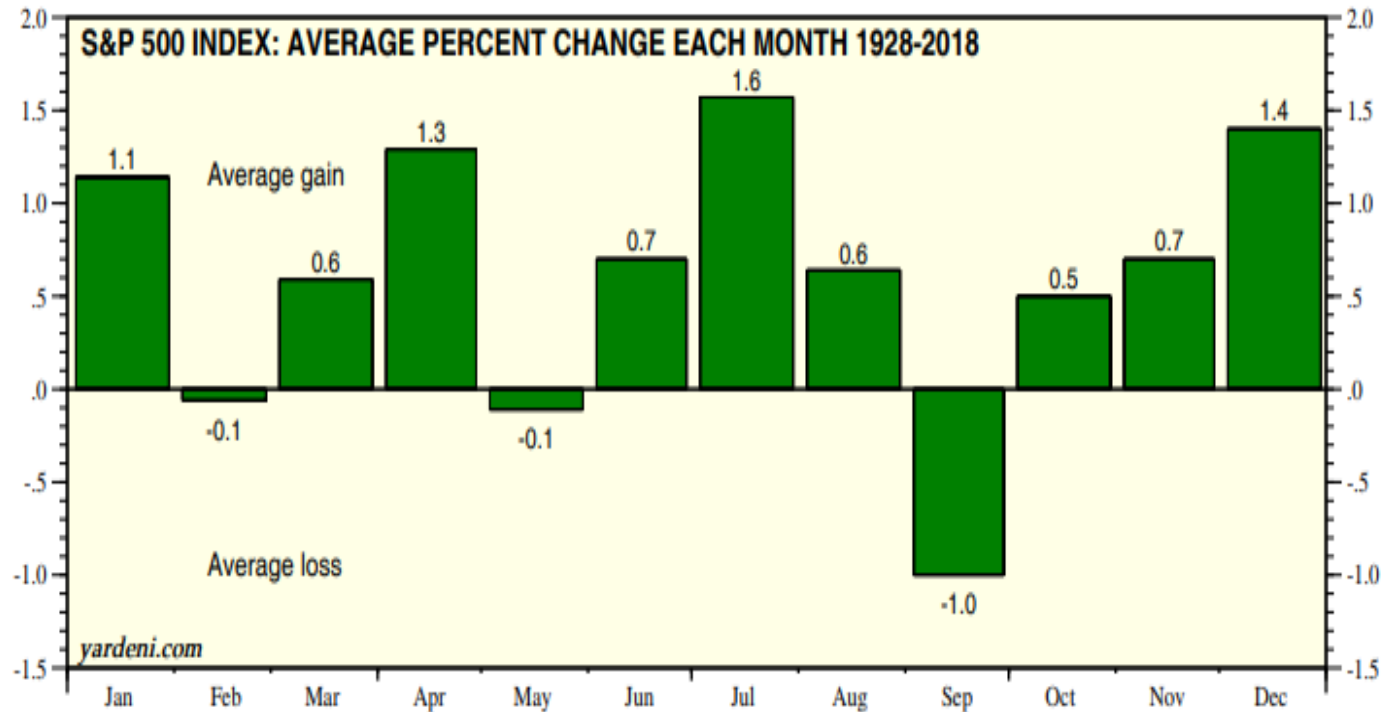
Total Holiday Season e-Commerce Sales

- ❖ E-Commerce spending is higher by 270% since 2005
- ❖ E-Commerce spending doubled between 2011 & 2017



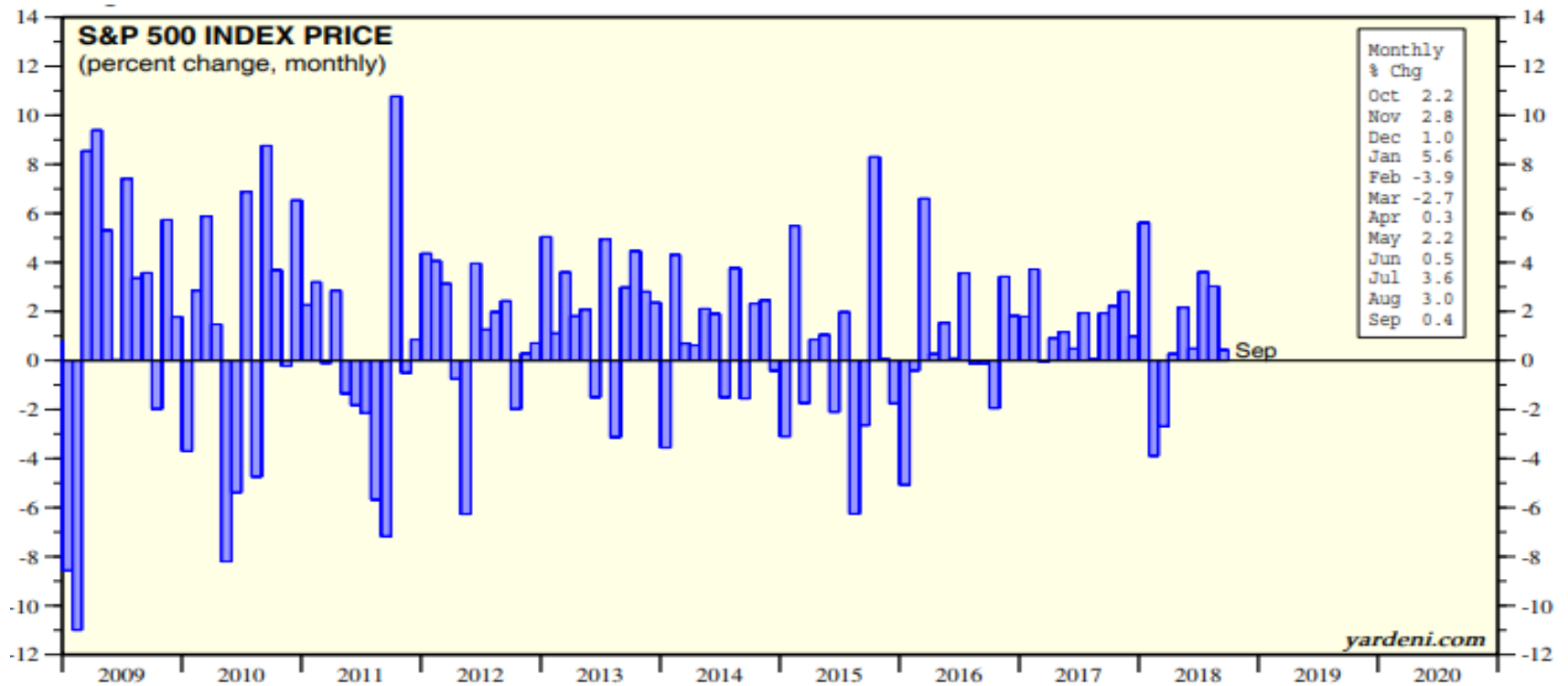
The Market – Big Picture

- ❖ Q4 is historically a very strong period for the S&P 500®
- ❖ Between 1928 – 2018, avg. Q4 gain is 2.62% (Target 2990 based on 9/28 close)
- ❖ SPX performance in October 2018: (7.3%)



The Market – Post 2008

- ❖ Besides Jan/July/Aug...Nov has been strongest month +2.8%
- ❖ Bucking longer term trends, Oct has been strong as well +2.2% (not incl 2018)
- ❖ Avg. post GFC gains Oct – Dec = 6.1%
- ❖ Targets 3090



Commerce Shifts Online

- ❖ AMZN is higher by ~860% since 2011
- ❖ SHLD recently declared bankruptcy



Radio Shack, Payless Shoes, True Religion, Toys R Us, Gymboree, The Limited, Wet Seal, Eastern Outfitters, BCG Max Azria, Vanity, HhGregg, Gordmans, Gander Mountain, Rue21, Papaya, Perfumania, Vitamin World, Aerosoles, Styles for Less, Charming Charlie

That all happened in 2017

Sears Holdings, Mattress Firm, Nine West, Claires, The Walking Company, The Bon-Ton Stores, Toys R Us (again), Remington Outdoor, A'gaci, Kiki USA, Southeastern Grocers, Tops Markets, Brookstone

As of October 15th 2018



Largest Retailers in the United States

❖ Based on Sales from Business Insider (Aug 2018)

Walmart (WMT) \$374.80 billion

Kroger Co. (KR) \$115.90 billion

Amazon (AMZN) \$102.96 billion

Costco (COST) \$93.08 billion

Home Depot (HD) \$91.91 billion

Walgreens (WBA) \$82.75 billion

CVS Corp (CVS) \$77.95 billion

Target (TGT) \$71.88 billion

Lowe's Co (LOW) \$63.13 billion

Albertsons Co (PRIVATE) \$59.72



Largest Retailers in the United States

❖ Based on Sales from Business Insider (Aug 2018)

Royal Ahold Delhaize (AD- EU) \$43.20 billion

Apple Stores/iTunes (AAPL) \$38.60 billion

Best Buy (BBY) \$38.59 billion

McDonalds (MCD) \$37.64 billion

Publix (Ironically – PRIVATE) \$34.56 billion

TJX Comp (TJX) \$27.40 billion

Aldi (PRIVATE) \$25.86 billion

Macys (M) \$24.76 billion

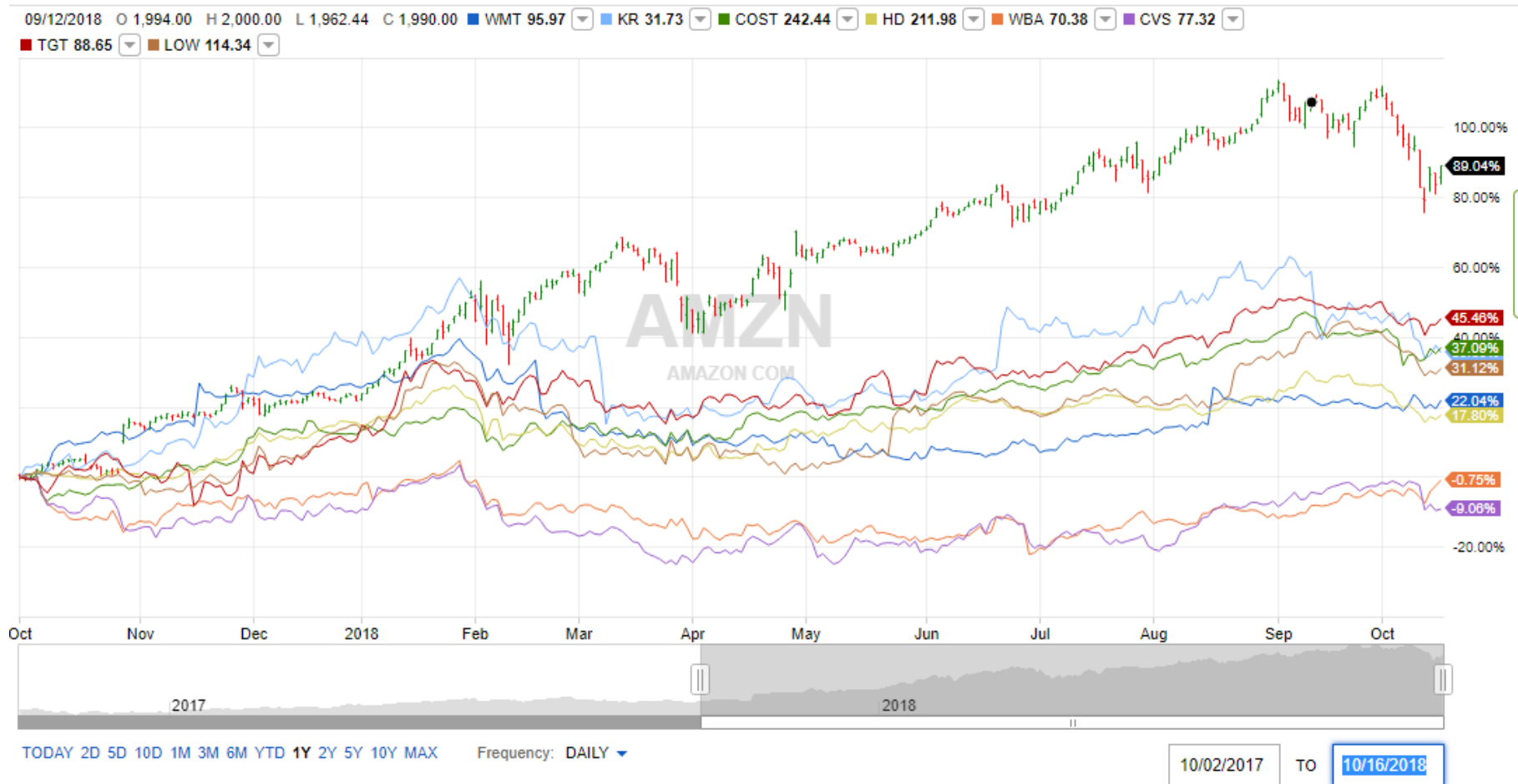
Dollar General (DG) \$23.47 billion

HEB Grocery (PRIVATE) \$21.94 billion



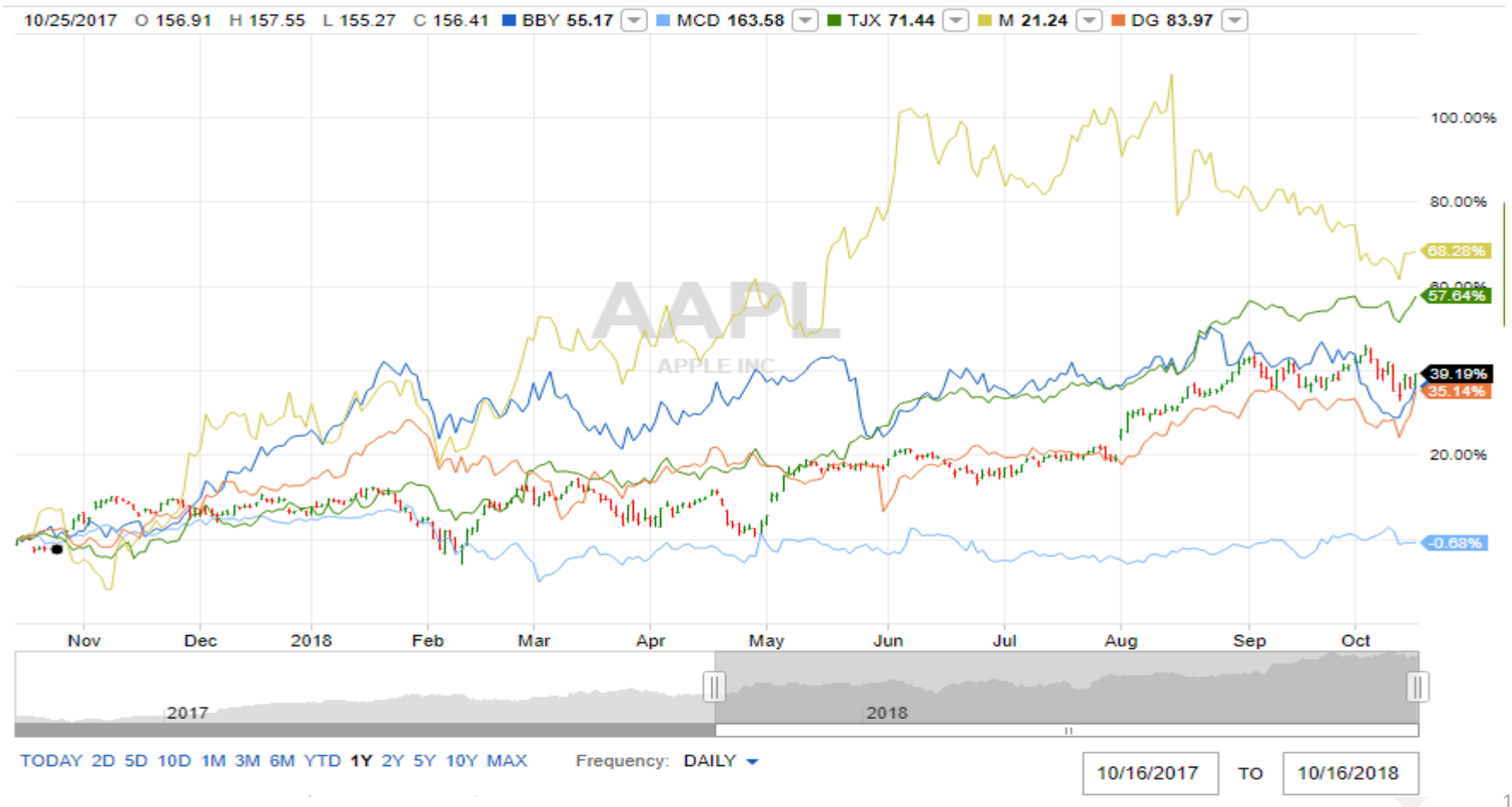
Compare & Contrast

- ❖ AMZN up almost 90% since Oct 2017 (SPX +9.74%)
- ❖ Most other large retailers higher by 20-40% with WBA and CVS lagging



Compare & Contrast

- ❖ The Death of Brick & Mortar possibly exaggerated? (M +68% SPX +9.74%)
- ❖ TJX continues to impress while MCD plods along



Takeaway?

- ❖ Man, woman, and children must eat – Grocery businesses well represented
- ❖ Margins and valuations can be vastly different
 - WMT market cap \$278 billion
 - AMZN market cap \$875 billion
- ❖ Consumers appreciate convenience....
- ❖ ...And price matters
- ❖ Largest Retailers in United States 1990
 - Walmart
 - Kmart
 - Sears
 - American Stores
 - Kroger
 - JC Penney

Rank	1990
1	Wal-Mart Stores 32.6
2	Kmart 32.1
3	Sears 32.0
4	American Stores 22.2
5	Kroger 20.3
6	JCPenney 16.4
7	Safeway 14.9
8	Dayton-Hudson ¹ 14.7
9	A&P 11.4
10	May Department Stores 10.1

When In Doubt?

- ❖ Remember that CASH is a position – sometimes the best one!
- ❖ It's often easier to express a market sentiment using an Index (or ETF) rather than (correctly) picking the “right” individual name
- ❖ If all else fails: Watch Planes, Trains, and Automobiles.....



Thank You So Much!

HAPPY
Thanksgiving





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