ETFSector.com

Monthly Insights: September Outlook

Consumer Staples Sector

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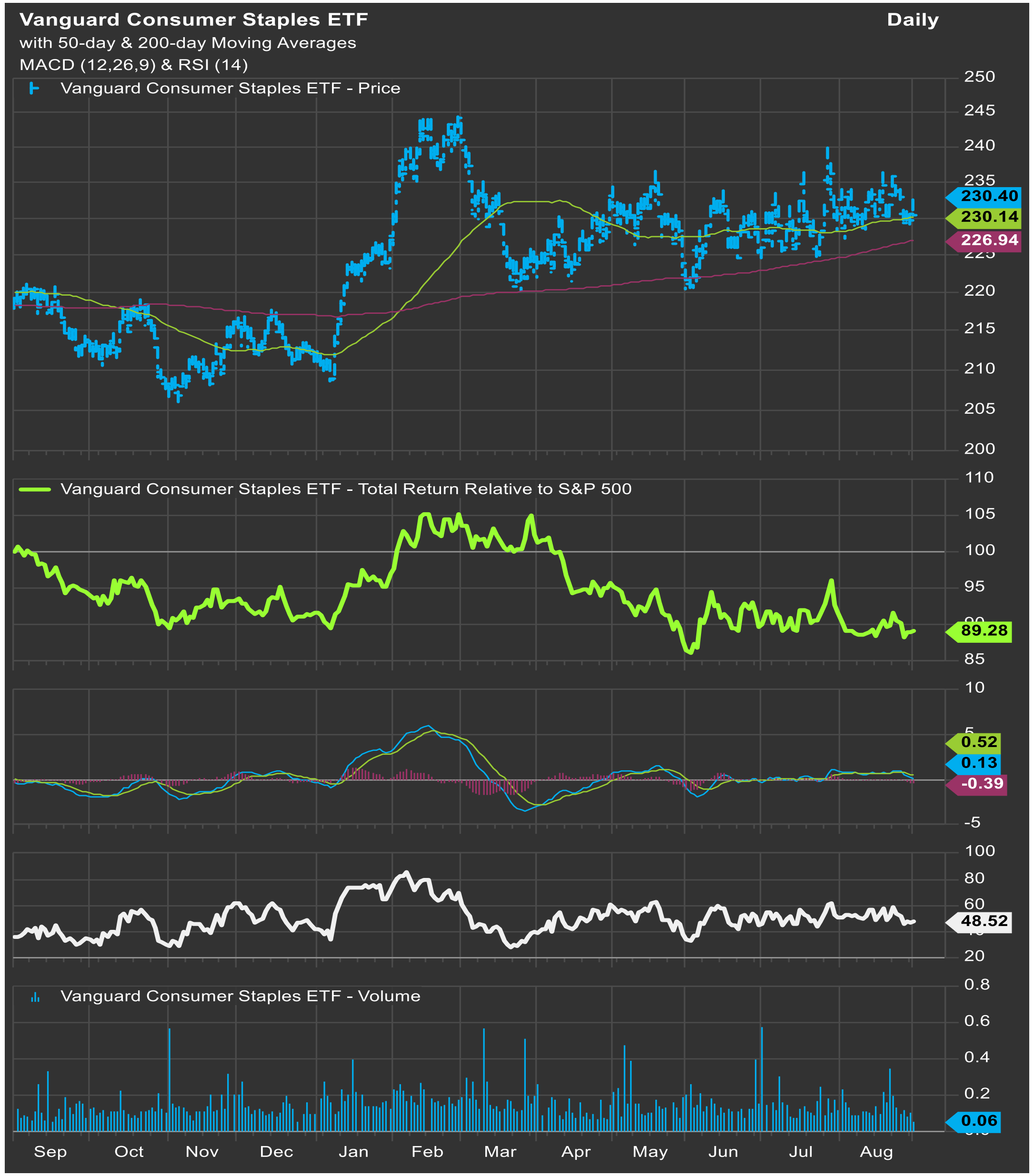
Sector Price Action & September Outlook: Consumer Staples



September setup. Consumer Staples (VDC) enters September as a defensive-neutral allocation rather than a leadership sector. The ETFSector.com Macro Model ranks the sector 4th of 11 with a +0.0 final score and Neutral stance. VDC's 3-month relative strength versus the S&P 500 (VOO) is positive at +2.5%, but the 1-month tape is soft: VDC is -0.4% versus VOO's +2.7%.

What the stock file says. The sector is stable underneath, but not broad. Only 24% of Consumer Staples stocks beat the S&P 500 (VOO) over the past month, while 62% remain above their 200-day moving average. That mix argues for ballast and stock selection, not a fresh sector overweight.

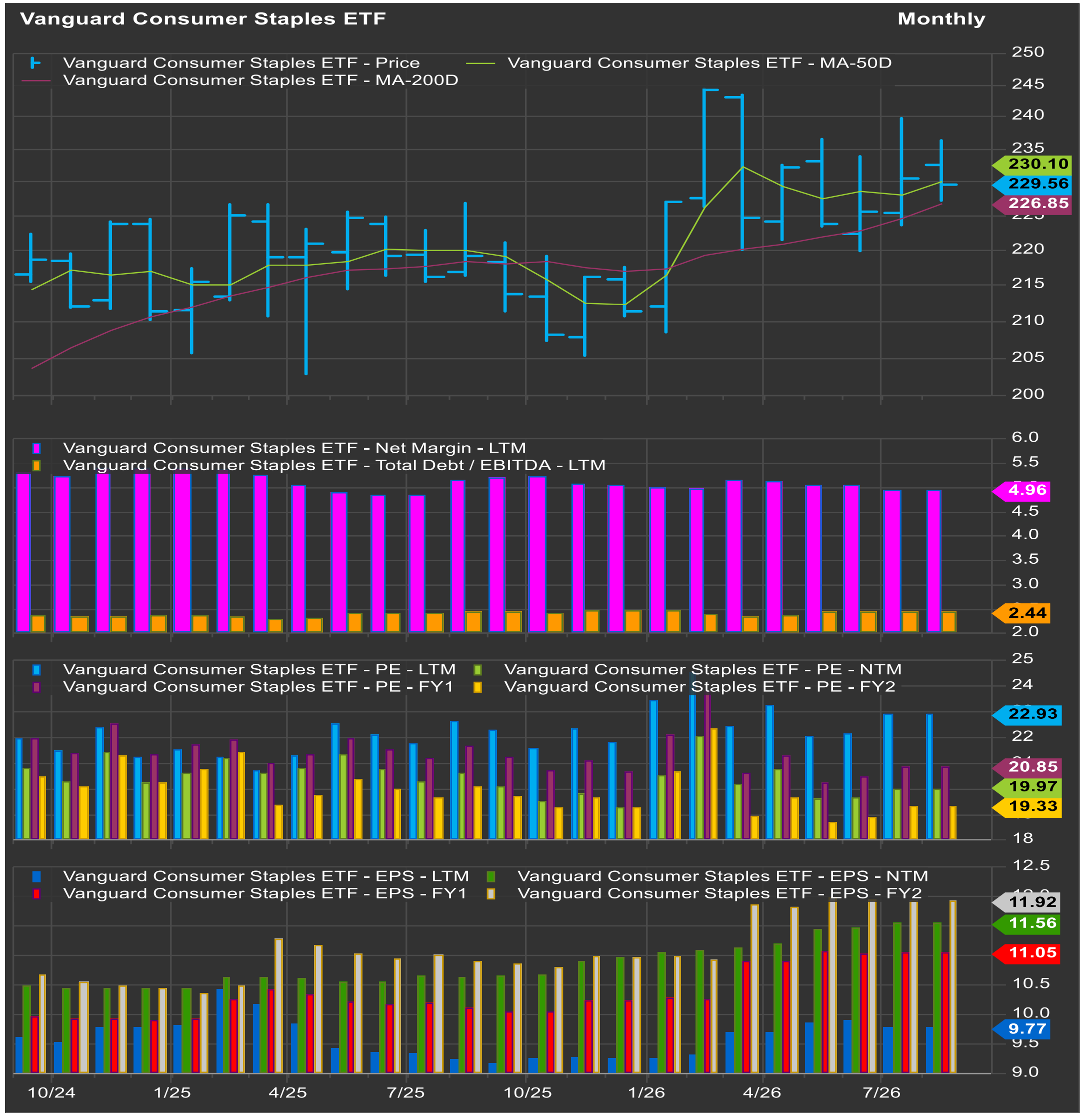
Leadership themes. September's better setups are value/trade-down retail, packaged-food income, selected personal-care recovery and food companies where pricing or productivity is protecting margins. Estée Lauder (EL), General Mills (GIS), Target (TGT), Smucker (SJM), Bunge (BG) and McCormick (MKC) are the current stock-level positives.

Weakness themes. The laggards show where defensive quality is not enough. Casey's (CASY), Hormel (HRL), Brown-Forman (BF.B), Walmart (WMT), Sysco (SYY), Tyson (TSN), Monster (MNST) and Molson Coors (TAP) point to valuation pressure, volume weakness, food/beverage margin risk and fatigue in prior defensive winners.

September pivots. CPI on September 11, the September 15–16 FOMC and August retail sales on September 16 are the key tests. Sticky food inflation and high oil prices can support nominal revenue and trade-down demand, but they also squeeze household budgets and logistics costs. Staples should help if the tape turns risk-off; they are less attractive if AI, cyclicals and Energy (VDE) continue to absorb capital.

Portfolio read. Keep Consumer Staples (VDC) at neutral-to-slightly-under benchmark weight. The sector can stabilize a portfolio in a higher-inflation month, but the better active opportunities remain in companies with visible execution rather than the entire sector.

Fundamentals: Consumer Staples



The fundamentals are steady, but the sector is not cheap enough or strong enough to force an overweight. Consumer Staples (VDC) still offers low beta, above-index dividend support and relatively durable demand, but the market is penalizing companies where pricing is fading, volumes are weak or valuation already reflects defensive quality.

Retail staples remain resilient but more selective. Walmart (WMT) reported Q2 FY27 revenue growth of 5.1%, while Target (TGT) reported Q2 comparable sales growth of 3.8%, with stores up 2.7% and digital comps up 8.7%. The read-through is that household spending has not broken, but the strongest retail stories are those combining value, traffic and digital execution.

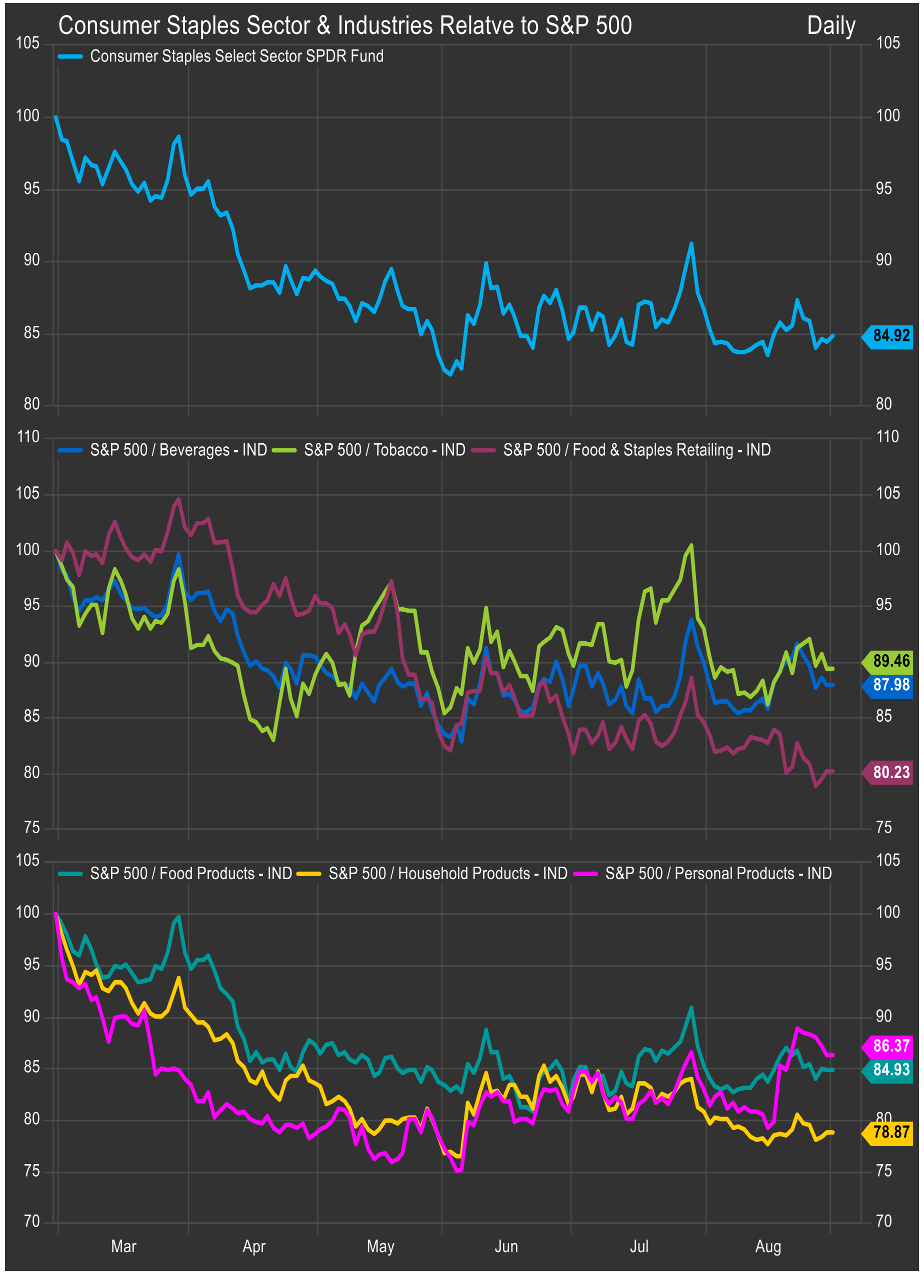
Packaged food is now a value/income trade rather than a broad growth trade. Mondelez (MDLZ) reported Q2 net revenue growth of 4.1% and organic growth of 2.2%, while Coca-Cola (KO) grew net revenue 7% and organic revenue 6%. Kraft Heinz (KHC), by contrast, posted a 1.4% sales decline and a large non-cash impairment, and Hormel (HRL) cut its annual sales forecast as sluggish consumer demand weighed on packaged-food categories.

September's margin risk comes from inputs and oil. Food, packaging, freight, energy and agricultural commodities remain important. WTI near the mid-$80s and the ETFSector.com Macro Model's 72.2% High Inflation Gauge mean Staples companies need pricing discipline, pack architecture, mix and productivity to defend margins.

The investment conclusion is neutral. Staples can work if investors want lower beta before CPI and the FOMC, but the sector is not showing enough one-month breadth to become a primary September overweight. Favor Food Products, value retail and select brand turnarounds; avoid treating high-dividend defensive franchises as automatic leadership.

ETF	Price	1D	1W	1M	3M	6M	RSI
VOO	$767.05	-0.3%	+0.5%	+2.7%	+1.1%	+11.8%	54.0
VDC	$229.56	-0.3%	-2.6%	-0.4%	+3.7%	-4.7%	46.8

Industry/Sub-Industry Performance and Macro Model Scores



Indicator	Latest Reading	September Message	Investment Interpretation
Macro Model rank	4 / 11	Neutral tier	Consumer Staples (VDC) ranks behind the three Overweight sectors but ahead of the broad underweight cluster.
Final score / stance	+0.0 / Neutral	Neutral	The model no longer argues for a zero-weight, but it does not support a fresh overweight.
63D RS vs S&P 500	+2.5%	Positive defense	Intermediate relative strength is positive even though recent breadth is soft.
Regime tilt	+0.0	Neutral	The Mixed / Transition regime does not add a defensive bonus or cyclical penalty.
MRI overlay	+0.0	Neutral	Constructive overall market conditions keep sector allocation driven by relative strength.
Risk Gauge	71.0% / Constructive	Constructive	A risk-on tape reduces the need to hide in defensives unless volatility rises.
Inflation Gauge	72.2% / High	High	Sticky inflation supports nominal sales but increases input-cost and volume risk.
VDC trend	-0.4% / +3.7% / -4.7%	Mixed	3-month trend is positive, but 1-month and 6-month returns lag the broader market.
VDC RSI	46.8	Neutral / soft	The sector is not oversold enough to argue for a tactical bounce by itself.
Stock breadth	24% positive / 47% >50DMA	Narrow	Leadership is concentrated in fewer stocks than the defensive reputation implies.
Dividend/value profile	2.3x div. / 0.40 beta	Income support	Above-index dividends and low beta help ballast portfolios if macro data disappoint.
WTI crude	$85.76 / +1.3% 1M	Cost pressure	Oil keeps pressure on freight, packaging, consumer wallets and margin management.
BCOM commodities	141.4 / +7.1% 1M	Input risk	Broad commodity strength is a headwind for companies without pricing power.

Top 10 Stock Level Performers: Consumer Staples

Symbol	Company	Sector	Industry	Pattern	1M Excess	Valuation Rel.	Momen tum	Div Yield Rel.	Beta
EL	Estée Lauder	Consumer Staples	Personal Care Products	Consolidation	+19.6%	1.53	9.1	1.10	1.79
GIS	General Mills	Consumer Staples	Food Products	Consolidation	+12.5%	0.68	11.2	4.37	0.15
TGT	Target	Consumer Staples	Consumer Staples Distribution & Retail	Bullish Reversal	+9.5%	0.84	22.1	1.86	0.89
SJM	Smucker	Consumer Staples	Food Products	Bullish Reversal	+8.3%	0.62	16.4	2.50	0.40
BG	Bunge	Consumer Staples	Food Products	Consolidation	+7.4%	0.56	-4.2	1.78	0.34
MKC	McCormick	Consumer Staples	Food Products	Consolidation	+3.8%	0.86	1.1	2.60	0.56
CLX	Clorox	Consumer Staples	Household Products	Consolidation	+0.7%	0.85	-2.5	3.87	0.71
ADM	ADM	Consumer Staples	Food Products	Bullish Reversal	+0.5%	0.74	2.0	1.90	0.53
KDP	Keurig Dr Pepper	Consumer Staples	Beverages	Bullish Reversal	-0.3%	0.67	1.4	2.17	0.31
HSY	Hershey	Consumer Staples	Food Products	Downtrend	-1.3%	0.96	-12.8	2.40	0.04

The top table is a value, turnaround and food-products list rather than a broad defensive rally. Estée Lauder (EL), General Mills (GIS), Target (TGT), Smucker (SJM), Bunge (BG), McCormick (MKC), Clorox (CLX), ADM (ADM), Keurig Dr Pepper (KDP) and Hershey (HSY) lead the sector on a relative basis.

The strongest September signal is that investors are rewarding visible self-help, low valuation and dividend support. General Mills (GIS), Smucker (SJM), Bunge (BG), McCormick (MKC), Clorox (CLX) and ADM (ADM) all trade below the S&P 500 valuation multiple and carry above-index dividend support, which is useful in a higher-inflation month.

Target (TGT) is the clearest retail example because Q2 comps improved, digital sales were strong and the stock shows a Bullish Reversal pattern. Estée Lauder (EL) is more tactical: the rebound is powerful, but the stock still needs confirmation that beauty demand, China/travel retail and margin repair are durable.

The caution is that even the top 10 includes some negative excess-return names. That reinforces the main portfolio message: Consumer Staples (VDC) is stabilizing, but stock selection is doing the work.

Bottom 10 Stock Level Performers: Consumer Staples

Symbol	Company	Sector	Industry	Pattern	1M Excess	Valuation Rel.	Momentum	Div Yield Rel.	Beta
CASY	Casey's	Consumer Staples	Consumer Staples Distribution & Retail	Uptrend	-16.4%	1.74	-7.2	0.24	0.17
HRL	Hormel	Consumer Staples	Food Products	Downtrend	-15.4%	0.72	-12.8	3.93	0.11
BF.B	Brown-Forman	Consumer Staples	Beverages	Downtrend	-10.2%	0.80	-5.5	2.64	0.15
WMT	Walmart	Consumer Staples	Consumer Staples Distribution & Retail	Retracement	-8.2%	1.74	-13.9	0.69	0.41
SYY	Sysco	Consumer Staples	Consumer Staples Distribution & Retail	Consolidation	-7.6%	0.81	-3.7	2.00	0.72
TSN	Tyson	Consumer Staples	Food Products	Downtrend	-7.6%	0.63	-12.9	2.82	0.15
MNST	Monster	Consumer Staples	Beverages	Bullish Reversal	-7.4%	1.87	-1.9	0.00	0.65
TAP	Molson Coors	Consumer Staples	Beverages	Downtrend	-5.9%	0.42	-7.4	3.58	0.40
PM	Philip Morris	Consumer Staples	Tobacco	Bullish Reversal	-4.6%	1.08	-1.1	2.33	0.19
CL	Colgate	Consumer Staples	Household Products	Consolidation	-4.3%	1.14	-6.2	1.73	0.32

The bottom table explains why Consumer Staples (VDC) is not a preferred September overweight even though the ETFSector.com Macro Model has moved the sector to Neutral. Casey's (CASY), Hormel (HRL), Brown-Forman (BF.B), Walmart (WMT), Sysco (SYY), Tyson (TSN), Monster (MNST), Molson Coors (TAP), Philip Morris (PM) and Colgate (CL) lagged.

The weakest areas are convenience/value leaders after strong runs, packaged food with volume pressure, beverages with brand or category friction, and mega-cap retail where valuation expectations are high. Walmart (WMT) still delivered solid Q2 revenue growth, but the stock's retracement says investors want more than defensive quality at a premium multiple.

Hormel (HRL) is the clearest fundamental caution because the company cut its annual sales forecast as sluggish consumer demand weighed on categories. Tyson (TSN), Sysco (SYY), Molson Coors (TAP), Brown-Forman (BF.B) and Monster (MNST) show that foodservice, protein, alcohol and beverages remain exposed to volume, input-cost and consumer-budget pressure.

The bottom-table message is opportunity cost, not crisis. Most Staples stocks still have low beta and dividend support, but September leadership needs either clear pricing power, traffic gains, margin repair or a risk-off market.

Economic & Policy Drivers: Consumer Staples Sector

9/1/2026

September pivot calendar. Consumer Staples (VDC) is most sensitive to the September inflation, Fed and retail-sales sequence. CPI on September 11 will test whether food and household inflation are easing enough to protect volumes. The September 15–16 FOMC will determine whether defensives benefit from lower-rate relief or remain an opportunity-cost trade versus Energy (VDE), Financials (VFH) and Health Care (VHT).

Inflation: Helps nominal sales, hurts volumes and margins. Sticky food prices support revenue dollars for General Mills (GIS), Smucker (SJM), Mondelez (MDLZ), Coca-Cola (KO) and Hershey (HSY), but the same inflation keeps consumers value-sensitive. Companies with pack architecture, pricing discipline and productivity can defend margins; brands with weak volume risk are punished.

High oil prices: Trade-down support but cost pressure. Oil in the mid-$80s helps explain why value and convenience retail remain relevant, but it is also a freight, packaging and household-budget headwind. Walmart (WMT), Target (TGT), Dollar General (DG) and Kroger (KR) can benefit from value seeking; Sysco (SYY), restaurants/foodservice suppliers and packaged-food companies face higher logistics and input costs.

AI disruption: Retail scale is becoming a bigger moat. AI is less direct for Staples than for Technology (VGT), but it still matters through inventory, pricing, digital ads, fulfillment and personalization. Walmart (WMT), Target (TGT), Costco (COST) and Kroger (KR) are better positioned to invest than smaller or slower-turning brands. AI also raises the bar for consumer-product companies that rely on old distribution advantages rather than data-driven merchandising.

Resource demand: Packaging, agriculture and commodities matter. Broad commodity strength, fertilizer/crop inputs, beef and dairy inflation, aluminum/PET costs and energy-linked packaging all influence Staples margins. Bunge (BG), ADM (ADM), Tyson (TSN), Coca-Cola (KO), Keurig Dr Pepper (KDP), Monster (MNST) and the beer/spirits group are the key places where commodity and packaging costs show up.

Sector implication. September argues for neutral Consumer Staples (VDC), not avoidance. The sector is useful if volatility rises or growth data weaken, but it needs a risk-off turn to lead. The best exposure is in Food Products, value retail and selected turnarounds; the weakest exposure is in high-valuation mega-cap retail, beverages with negative momentum, tobacco/spirits volume risk and food companies without margin repair.

Appendix: Sources (all charts sourced from FactSet Research Systems Inc.)

ETFSector.com Macro Model workbook, data through August 31, 2026 — Macro Regime Index, Risk Gauge, Inflation Gauge, sector ranking model and Vanguard ETF proxy return streams.

FactSet / ETFSector.com 20260901_SP50_Stock_Data.xlsx — Consumer Staples stock-level excess return, industry classification, chart pattern, valuation multiple relative to index, momentum score, dividend-yield multiple and beta.

Walmart Q2 FY27 earnings release, August 20, 2026 — revenue growth, operating income, cash flow and fiscal-year outlook.

Target Q2 2026 earnings release, August 19, 2026 — comparable sales, store comps, digital comps, sales growth and category performance.

Coca-Cola Q2 2026 results, July 28, 2026 — net revenue growth, organic revenue growth, operating margin and full-year guidance.

Mondelez Q2 2026 results, July 28, 2026 — net revenue growth, organic revenue growth, volume/mix, EPS and cash flow.

Dollar General Q2 2026 results, August 27, 2026 — net sales growth, same-store sales, customer traffic, EPS and raised guidance.

Kraft Heinz Q2 2026 results, August 5, 2026 — net sales, organic sales, gross margin, impairment charges and adjusted operating income.

Hormel Foods Q3 2026 / Reuters coverage, August 27, 2026 — annual sales forecast reduction, packaged-food demand pressure and consumer-budget sensitivity.

Vanguard sector ETF convention: Consumer Staples (VDC), S&P 500 (VOO), Energy (VDE), Financials (VFH), Health Care (VHT), Information Technology (VGT).

Appendix: Metric Interpretation/Descriptions

Valuation Multiple Relative to Index
Higher scores correspond to more expensive earnings than the index, lower scores are cheaper

Valuation Multiple Relative to Index

(Company Price/NTM EPS) / (Index Price/NTM EPS)

Dividend Yield Relative to Index
Higher scores correspond to higher company dividend yield relative to the S&P 500 Index dividend Yield

Dividend Yield Relative to Index

Company FY1 Rolling Dividend Yield / Index FY1 Rolling Dividend Yield

Price Structure
We categorize stock chart patterns into 7 categories
Uptrend—Stock exhibits sustained outperformance
Bullish Reversal—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark
Consolidation—Sideways price action, generally a bearish pattern in a bull market
Retracement—A sharp move lower in a previously strong chart
Distributional—A topping pattern
Downtrend—Sustained underperformance, lagging the benchmark by >15% per year
Support—Price has reached a level where major bottom formations or basing has occurred in the past
Basing—A protracted consolidation at long-term support

Momentum
Long higher scores, short lower scores

Momentum (simple mean)

1-Month Excess Total Return (vs. S&P 500) * 0.2

Plus

3-Month Excess Total Return (vs. S&P 500) * 0.5

Plus

6-Month Excess Total Return (vs. S&P 500) * 0.3

ETF convention: The ETFSector.com Macro Model dashboard is translated into Vanguard sector ETF tickers for this publication deck; Consumer Staples is referenced as Consumer Staples (VDC).