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Monthly Insights: November Outlook

Consumer Discretionary

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ETFInsight Elev8 Model
Model and constituent update: October 30, 2026

Discretionary: Zero Weight Despite a Broad Stock Rebound

November Elev8 allocations • active weight descending

Rank / ETF	Score	BMK %	Elev8 %	Active pp
1 VDE	6	3.80	10.00	+6.19
2 VHT	4	10.33	16.16	+5.83
T3 VGT	3	37.15	40.14	+2.99
T3 VFH	3	12.29	14.41	+2.12
5 VDC	-1	4.88	6.22	+1.34
T6 VPU	-2	2.05	2.99	+0.94
T6 VNQ	-2	1.77	2.26	+0.49
T6 VIS	-2	8.07	7.83	-0.24
T6 VAW	-2	1.91	0.00	-1.91
10 VCR	-3	8.87	0.00	-8.87
11 VOX	-6	8.88	0.00	-8.88

VCR: 0.00% portfolio weight versus 8.87% benchmark; active weight -8.87 pp. Score -3, rank 10. The table places this sector's exposure in the full portfolio context.

The model exits the sector. VCR falls from 5.92% in October to zero for November. Its score is −3, rank 10, leaving an 8.87-percentage-point underweight.

Amazon changes the sector discussion. The October 29 release combines strong cloud growth with a substantial investment burden. The negative market reaction into Friday makes cash generation and holiday demand more pressing than the case for keeping a cyclical position.

The exclusion is broader than the weakest stocks. Thirty-five of 47 constituents outperform over one month. Travel and selected retailers still offer operating strength. A zero sector weight gives up that participation as well as reducing exposure to the larger franchises.

The economic hurdle remains high. September real consumer spending barely grew while real disposable income fell 0.3%. Re-entry would be easier to justify if cash earnings and household purchasing power improve together.

Discretionary Technicals: The Recovery Clears Its First Hurdle



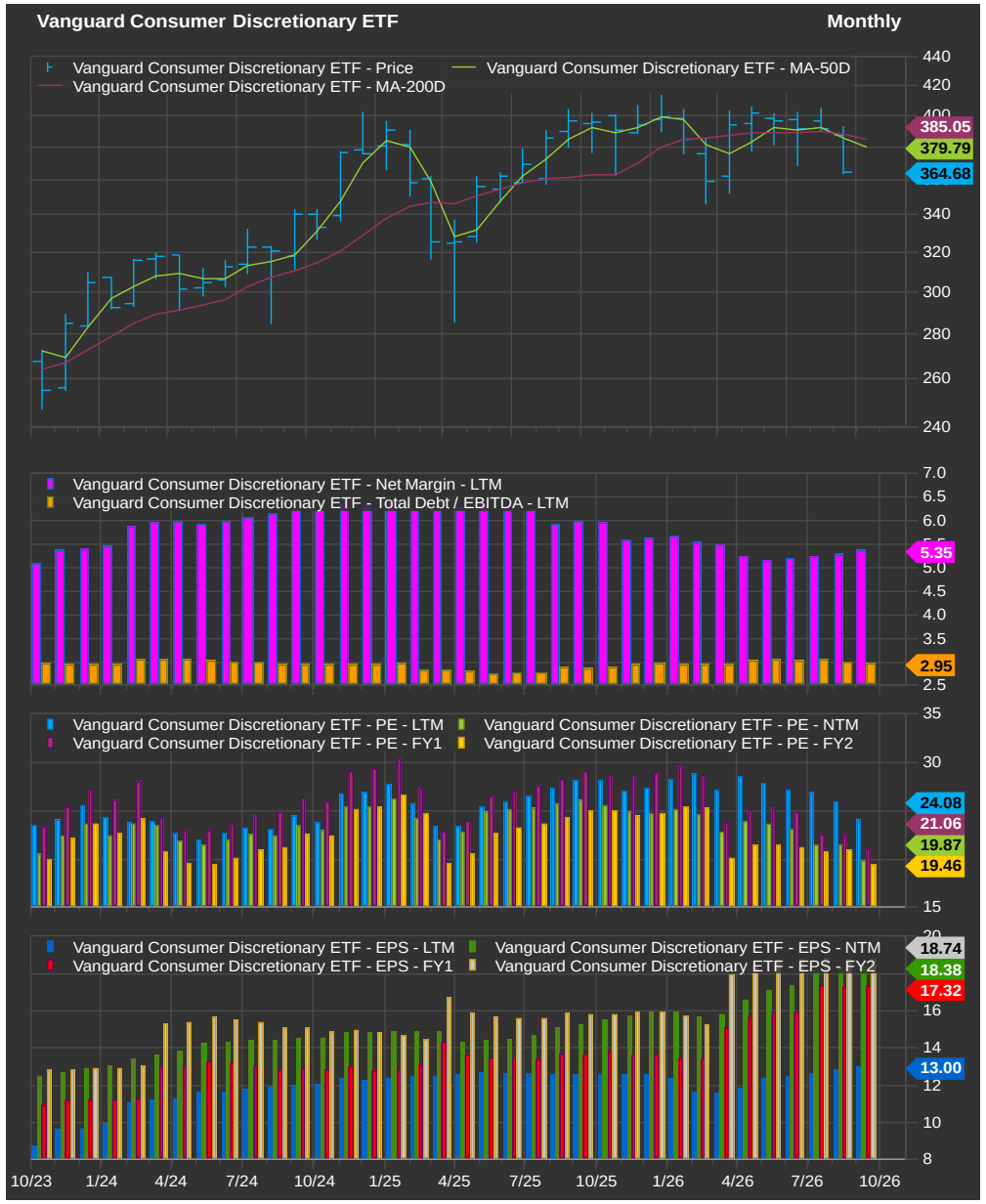
The longer average is now nearby support. In the chart through October 29, VCR at 388.54 holds above its 200-day average near 385.05. Maintaining that level would make the recent recovery more credible; the 50-day average near 379.79 provides a second support reference.

The next obstacle is the old trading range. Repeated summer highs around 400–405 form approximate resistance. A sustained move through that area would distinguish a broader trend improvement from a rebound inside the prior range.

Momentum supports the attempt. RSI near 61 and MACD above its signal line indicate improving buying pressure. They strengthen the support case but do not eliminate the risk of another failed breakout.

The chart now faces a fresh earnings test. Amazon's October 29 after-market report and Friday premarket decline follow this chart observation. The displayed support levels remain useful reference points, but they cannot establish whether the ETF has absorbed that new information.

Discretionary Fundamentals: Earnings Growth Must Fund Investment



The aggregate leaves limited room for error. The monthly chart shows a 5.35% trailing net margin and debt / EBITDA of 2.95x. Modest margin changes can therefore make a meaningful difference to earnings across the sector.

The forward valuation assumes improvement. Trailing P/E of 24.08x falls to 19.87x on NTM estimates. NTM EPS is 18.38 versus trailing EPS of 13.00; FY2 EPS of 18.74 is above FY1's 17.32. These are distinct forecast comparisons, not realized quarterly growth.

Amazon shows the funding tension. Its October 29 after-market Q3 release reported operating income of $28.1bn, up from $17.4bn. Trailing-twelve-month operating cash flow rose 29%, yet free cash flow was negative $42.4bn as investment increased.

The lower multiple needs cash conversion. The sector's forecast earnings improvement has less investment value if capital spending absorbs the cash. With VCR now unallocated, a stronger case for re-entry would require improving cash returns and price confirmation rather than the forward multiple alone.

Consumer Discretionary Valuation: Earnings Quality and Price Confirmation

Selected constituents • relative P/E ascending

Stock	Rel. P/E	1M excess	50DMA dist.
BKNG	**0.67x**	-8.0%	-12.6%
LOW	**0.86x**	+10.7%	+5.7%
MCD	**1.01x**	+9.3%	+3.7%
HD	**1.12x**	+13.5%	+6.7%
AMZN	**1.17x**	-1.9%	-4.3%
TJX	**1.34x**	+5.0%	+4.3%
DASH	**2.15x**	-5.0%	-9.8%
TSLA	**10.82x**	+13.6%	+9.4%

Relative P/E, low to high. Compare each discount or premium with its one-month excess return and position against the 50-day average.

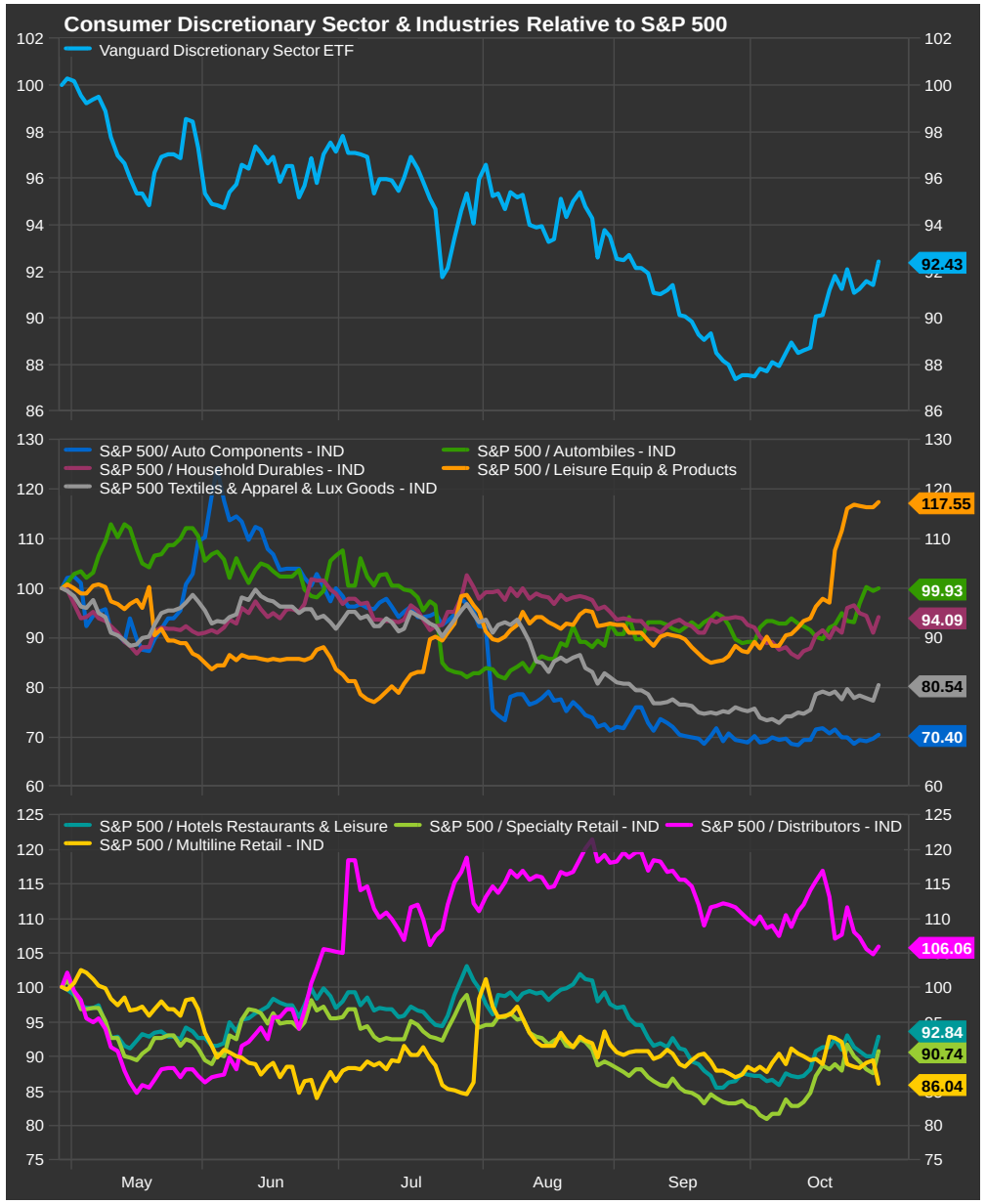
Travel earnings need a clean cost comparison. Royal Caribbean's October 27 Q3 release reported adjusted EPS of $6.57 versus $5.75 a year earlier. Some nonfuel expense shifted into Q4, so the quarter's cost improvement should not be extrapolated without adjustment.

Retail and housing exposures deserve different hurdles. Lowe's and Home Depot depend on project spending as well as household income. Their relative multiples should be judged against demand durability, not simply compared with high-growth online platforms.

A large premium concentrates execution risk. Tesla and DoorDash occupy the high end of this selected comparison. Such valuations require strong future operating delivery; a recent stock rebound does not establish that the earnings assumptions are conservative.

Valuation and price confirmation differ. BKNG trades at 0.67x the index's P/E and 12.6% below its 50-day average. HD trades at 1.12x and 6.7% above its 50-day average. The comparison helps distinguish a lower price from a better-supported earnings opportunity.

Discretionary Relative Trends: Leisure Leads a Fragmented Market



The ETF still trails. VCR has underperformed the S&P 500 by 7.57% over the six months from May through October. The latest rebound is a recovery within a longer period of relative weakness.

Leisure products stand apart. That industry has outperformed by 17.55%, while distributors have gained 6.06% relative to the index. Automobile components have underperformed by 29.60% and textiles by 19.46%, showing that cyclical demand is far from uniform.

Travel growth is partly capacity growth. Hotels, restaurants and leisure has underperformed by 7.16%. Royal Caribbean's Q3 revenue rose 9% with capacity up 8%, while constant-currency net yields rose just 0.6%. Stronger sales are not entirely a pricing story.

Retail faces its own comparison problem. Specialty retail has underperformed by 9.26%, and the chart's multiline-retail group by 13.96%. Amazon's Q3 sales growth was reduced by roughly four percentage points because Prime Day moved to Q2; calendar effects should not be mistaken for a sudden demand collapse.

Consumer Discretionary Breadth: October 30 Constituent Update

Outperforming share descending • one-month returns

Industry	Stocks	Beat BMK	>50DMA	Median ex.
Leisure Products	1	**100.0%**	100.0%	+34.8%
Textiles, Apparel & Luxury	5	**100.0%**	100.0%	+6.5%
Automobile Components	1	**100.0%**	0.0%	+1.7%
Specialty Retail	11	**90.9%**	100.0%	+8.4%
Hotels, Restaurants & Leisure	18	**66.7%**	50.0%	+7.4%
Automobiles	3	**66.7%**	66.7%	+5.8%
Household Durables	5	**60.0%**	60.0%	+2.9%
Broadline Retail	2	**50.0%**	50.0%	+6.3%
Distributors	1	**0.0%**	0.0%	-4.3%

Outperforming share, high to low. Median sector excess return is +5.83% over one month. Breadth challenges a simple bearish reading.

Current participation. 35 of 47 constituents with valid one-month returns beat the benchmark. 32 of 47 trade above their 50-day averages.

Breadth challenges a simple bearish reading. Many travel and retail stocks continue to outperform even as the model exits the sector. ETF exposure and the typical constituent can behave differently.

Portfolio implication. The exclusion reduces large-company and macro risk but gives up participation in these recovering stocks. Cash earnings across the sector will determine whether that trade-off remains attractive.

Discretionary Themes: Cash, Capacity and Customer Demand

Company evidence and the conditions for sustained returns

Cloud growth comes with a substantial spending plan. Amazon maintains approximately $220bn of 2026 cash capital expenditure guidance. The growth opportunity remains large, but the spending commitment makes returns on invested capital central to the outlook.

Automotive cash expectations are improving. GM reported Q3 revenue of $50bn and adjusted EBIT of $4.1bn on October 20. A new $20bn repurchase authorization signals confidence, but authorization is not the same as completed buybacks or future cash generation.

Cruise guidance supports the travel pocket. Royal Caribbean raised its 2026 adjusted-EPS range to $17.85–$17.95 on October 27. Higher fuel costs and foreign exchange remain offsets, and expense timing makes the Q4 comparison important.

The model now avoids the combined exposure. GM and Royal Caribbean retain credible company-specific earnings cases. They do not eliminate the cash-spending risk in the sector's largest platforms or the pressure on household purchasing power. Zero exposure is a cautious portfolio choice with a cost if those stronger pockets keep leading.

Top 10 Stock Performers: Consumer Discretionary

Rolling one-month excess return • highest to lowest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
Hasbro (HAS)	Leisure Products	Bullish Reversal	**+34.8%**	0.90x	24.9	0.60
Norwegian Cruise Line Holdings (NCLH)	Hotels, Restaurants & Leisure	Consolidation	**+22.4%**	0.65x	-3.5	1.64
Royal Caribbean Group (RCL)	Hotels, Restaurants & Leisure	Consolidation	**+18.4%**	0.83x	3.9	1.56
Ulta Beauty (ULTA)	Specialty Retail	Bullish Reversal	**+17.6%**	1.10x	18.9	1.16
eBay (EBAY)	Broadline Retail	Bullish Reversal	**+14.5%**	0.95x	5.9	0.91
Carnival (CCL)	Hotels, Restaurants & Leisure	Consolidation	**+14.1%**	0.60x	4.5	2.18
Tesla (TSLA)	Automobiles	Consolidation	**+13.6%**	10.82x	18.6	1.85
Home Depot (HD)	Specialty Retail	Downtrend	**+13.5%**	1.12x	-0.9	1.11
Darden Restaurants (DRI)	Hotels, Restaurants & Leisure	Consolidation	**+13.2%**	1.00x	4.5	0.50
lululemon athletica (LULU)	Textiles, Apparel & Luxury	Downtrend	**+12.7%**	0.67x	-8.8	0.61

S&P 500 Consumer Discretionary constituents • FactSet / MTIR • October 30, 2026

Selection evidence. HAS, NCLH and RCL lead a varied group of leisure and retail names. Their strength is the clearest opportunity cost of eliminating VCR, and should be assessed against company cash generation.

Model context. 3 of these ten stocks contribute positively and 7 negatively to the model score. Recent returns and model classifications need not agree.

Bottom 10 Stock Performers: Consumer Discretionary

Rolling one-month excess return • lowest to highest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
MGM Resorts International (MGM)	Hotels, Restaurants & Leisure	Support	**-9.2%**	0.99x	-31.3	1.17
Booking Holdings (BKNG)	Hotels, Restaurants & Leisure	Retracement	**-8.0%**	0.67x	-22.2	0.82
Wynn Resorts (WYNN)	Hotels, Restaurants & Leisure	Support	**-5.9%**	0.91x	-24.5	0.83
DoorDash A (DASH)	Hotels, Restaurants & Leisure	Retracement	**-5.0%**	2.15x	-8.8	1.71
Genuine Parts (GPC)	Distributors	Consolidation	**-4.3%**	0.81x	-4.4	0.61
Garmin (GRMN)	Household Durables	Bullish Reversal	**-4.3%**	1.31x	-6.0	0.88
NVR (NVR)	Household Durables	Downtrend	**-4.2%**	0.91x	-9.4	0.90
Las Vegas Sands Corp (LVS)	Hotels, Restaurants & Leisure	Support	**-4.1%**	0.66x	-23.5	0.77
Chipotle Mexican Grill (CMG)	Hotels, Restaurants & Leisure	Downtrend	**-2.6%**	1.29x	-10.8	0.74
Amazon.com (AMZN)	Broadline Retail	Consolidation	**-1.9%**	1.17x	-2.9	1.52

S&P 500 Consumer Discretionary constituents • FactSet / MTIR • October 30, 2026

Selection evidence. MGM and BKNG lead the laggards, while AMZN appears near the bottom of the table. Weakness spans travel, restaurants and platforms, so a favorable industry label alone does not resolve stock selection.

Model context. 1 of these ten stocks contribute positively and 9 negatively to the model score. Recent returns and model classifications need not agree.

Discretionary: Spending Growth Meets a Tighter Budget

Real spending is less buoyant than nominal sales. September real PCE rose less than 0.1% and real disposable income fell 0.3%, according to BEA on October 29. That weakens the case for assuming that strong dollar sales reflect accelerating unit demand.

Energy competes for the same household dollar. Gasoline prices rose 9.1% in September, taking the year-over-year increase to 34.2%, in the October 14 CPI release. The pressure can reduce spending flexibility for goods, dining and travel.

Housing-related demand remains constrained. September single-family building permits fell 4.0% from August to an annualized 845,000 in Census data released October 20. This is a caution for home-improvement and durable-goods demand.

November re-entry evidence. Jobs on November 6, CPI on November 10 and retail sales on November 17 will test household demand. Improved real spending and company cash returns would make a stronger case for restoring exposure than nominal revenue growth alone.

Elev8 Components: Consumer Discretionary

Total score descending • ties ordered by active weight

ETF	Pat.	Mean	Wtd.	OB/OS	Sector	Ind.	Cmdty Up	USD Up	Total
VDE	1	1	1	0	2	1	1	-1	**6**
VHT	1	1	1	0	2	1	-1	-1	**4**
VGT	1	1	1	0	1	0	-1	0	**3**
VFH	0	1	1	0	0	0	0	1	**3**
VDC	0	-1	-1	0	0	0	1	0	**-1**
VPU	0	-1	-1	0	0	0	1	-1	**-2**
VNQ	0	-1	-1	0	0	0	1	-1	**-2**
VIS	0	-1	1	0	-1	-1	1	-1	**-2**
VAW	0	-1	-1	0	0	0	1	-1	**-2**
VCR	0	-1	-1	0	0	-1	-1	1	**-3**
VOX	-1	-1	-1	1	-1	-1	-1	-1	**-6**

VCR total: -3 | Elev8 weight: 0.00% | Active weight: -8.87 pp. The score grid highlights the signals supporting or challenging this sector's November position.

Current signal balance. Positive inputs: USD-up +1. Negative inputs: Mean -1, Weighted -1, Industry -1, Commodity-up -1.

Allocation significance. The sector now has no allocation despite many outperforming constituents. Better household purchasing power and lower cash demands at major platforms would make that exclusion harder to defend.

Comparison with October. November scores use eight components, with commodity and dollar trend inputs replacing October's equity and rates inputs. Total-score changes from October are therefore not strictly comparable. The displayed weights are the November model allocations.

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