ETFSector.com

Monthly Insights: November Outlook

Consumer Staples

Patrick Torbert, CMT
Editor & Chief Strategist

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

Consumer Staples: New Exposure to More Reliable Demand

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

VDC: 6.22% portfolio weight versus 4.88% benchmark; active weight +1.34 pp. Score -1, rank 5. The table places this sector's exposure in the full portfolio context.

Staples enters the November portfolio. VDC rises from zero in October to 6.22% for November. Its −1 score ranks fifth, and the new allocation exceeds the benchmark by 1.34 percentage points.

The shift has company-level support. Colgate's October 30 release reported organic sales growth of 3.6% and a higher full-year earnings outlook. Together with earlier household-product and beverage results, it supports a case based on operating delivery as well as lower cyclicality.

The stock recovery is broad. Twenty-seven of 33 constituents with valid monthly returns outperform, and 25 of all 34 hold above their 50-day averages. Improving participation makes the entry more convincing than a rally in a few large defensive stocks.

The allocation remains selective. The total score is still negative. Volume growth and cash margins must withstand consumer budget pressure and higher input costs. The new position improves portfolio balance without making every staples business equally attractive.

Staples Technicals: A Strong Rebound Tests the Old Highs



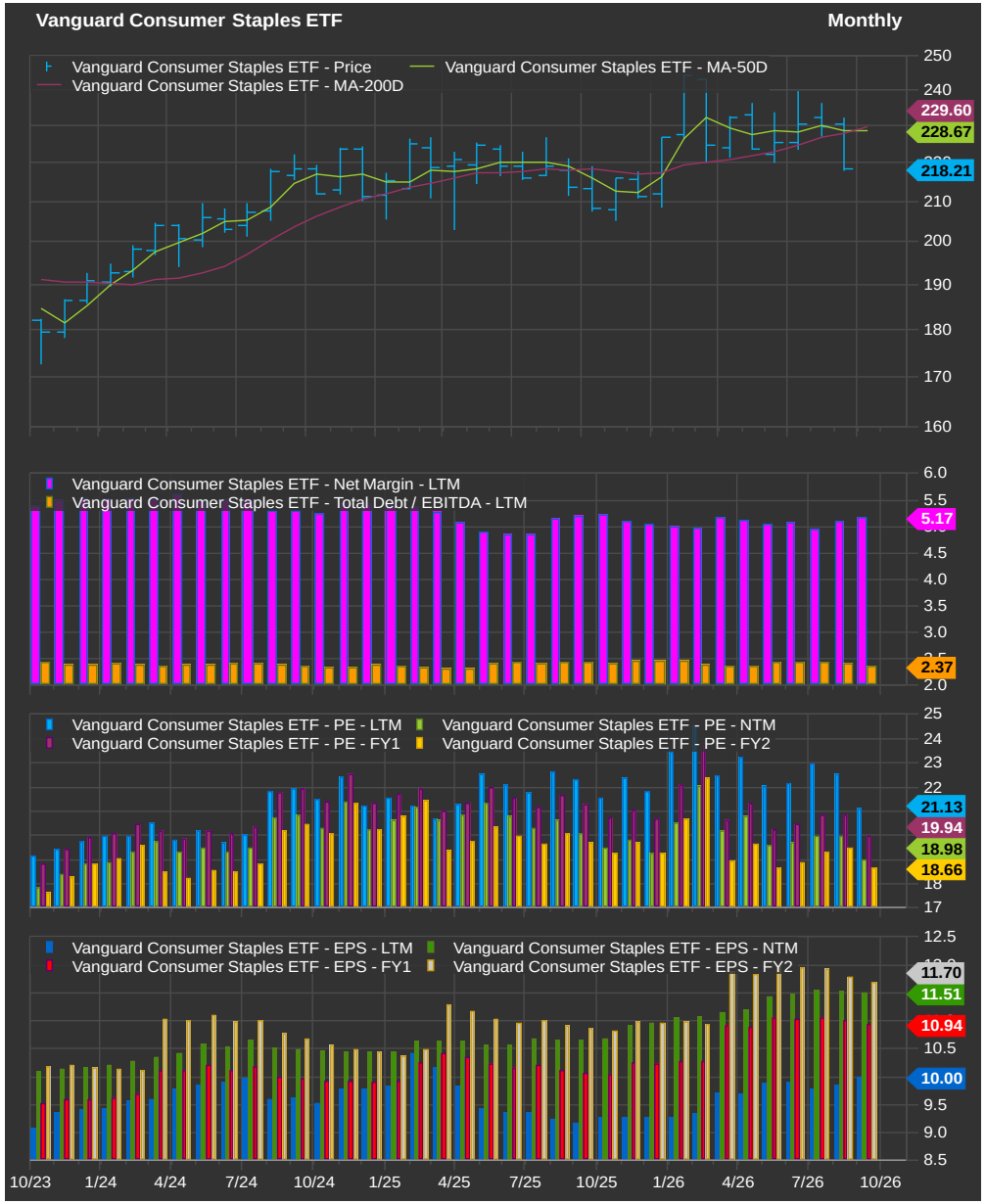
Both averages now support price. In the chart through October 29, VDC at 238.89 holds above the 200-day average near 229.60 and the 50-day average near 228.67. That 229 area forms a useful support band after the October surge.

The prior peak is the next hurdle. The approximate 244–245 area marks earlier highs and the recent rally peak. A sustained breakout would improve the case that the rebound is developing into renewed leadership.

Momentum is positive but cooling. RSI near 62 and MACD above its signal line support the advance, while the smaller positive histogram warrants attention after the sharp move.

Current earnings provide an operating check. P&G's October 22 release showed organic sales growth of 4% in fiscal Q1. The daily curve shows 2.75% outperformance over the previous twelve months; holding support would be more convincing than giving back the latest gains.

Staples Fundamentals: Sales Growth Must Reach Earnings



The aggregate has a modest margin cushion. The monthly exhibit shows a 5.17% trailing net margin and debt / EBITDA of 2.37x. Input costs and product mix can therefore make a meaningful difference to bottom-line growth.

The forward discount is moderate. Trailing P/E of 21.13x compares with 18.98x on NTM estimates. NTM EPS of 11.51 is above trailing EPS of 10.00, while FY2 EPS of 11.70 compares with FY1's 10.94.

P&G shows the gap between sales and profits. Its October 22 fiscal-Q1 release reported sales growth of 4%, while core EPS rose only 1% to $2.00. Growing revenue is useful, but costs and mix still determine the earnings outcome.

Margin progress supports the new position. Colgate's October 30 report showed an 80-basis-point improvement in GAAP gross margin to 60.2%. That provides a current example of sales growth reaching profitability despite a constrained consumer backdrop.

Consumer Staples Valuation: Earnings Quality and Price Confirmation

Selected constituents • relative P/E ascending

Stock	Rel. P/E	1M excess	50DMA dist.
PEP	**0.83x**	+3.3%	+0.2%
MDLZ	**1.01x**	+5.6%	+1.3%
PG	**1.20x**	+8.3%	+7.3%
CL	**1.23x**	+7.6%	+4.2%
PM	**1.24x**	+7.7%	+7.7%
KO	**1.42x**	+6.2%	+3.9%
WMT	**2.06x**	+12.8%	+10.3%
COST	**2.29x**	+7.0%	+5.8%

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

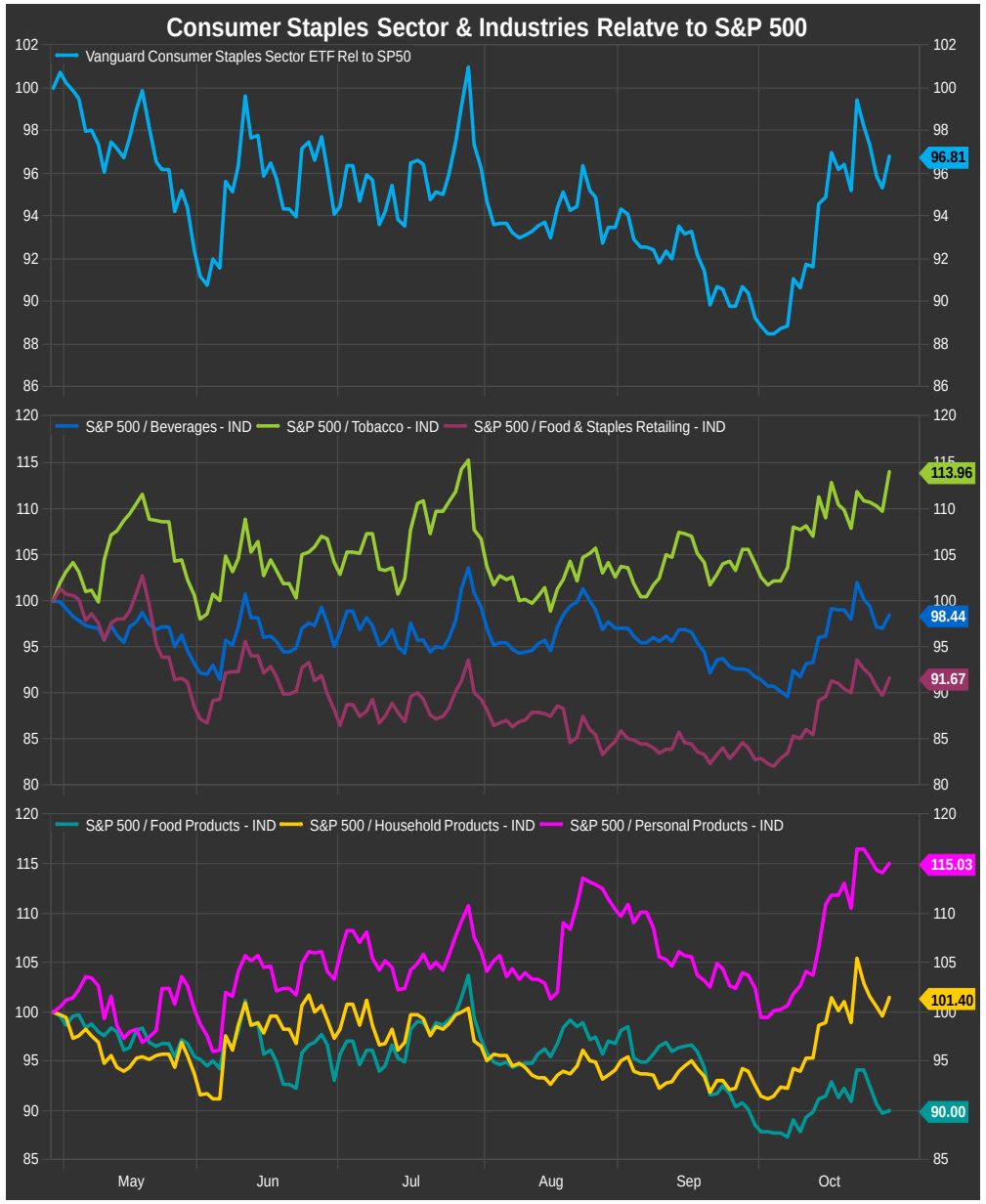
The low end of the range is not one uniform opportunity. PepsiCo and Mondelez have different category, geography and cost exposures. Their discounts need company-level evidence of demand and profitability, rather than a generic staples recovery assumption.

PepsiCo's earnings comparison needs normalization. The October 8 Q3 release showed GAAP EPS growth of 17%, versus core growth of 2% and core constant-currency growth of 1.5%. The recurring growth pace is much more restrained than the headline.

Premium retailers require continued execution. Walmart and Costco sit at the higher end of the selected relative-P/E comparison. Their valuation premium needs durable customer engagement, margins and cash generation rather than a defensive-sector label.

Valuation and price confirmation differ. PEP trades at 0.83x the index's P/E and 0.2% above its 50-day average. PG trades at 1.20x and 7.3% above its 50-day average. The comparison helps distinguish a lower price from a better-supported earnings opportunity.

Staples Relative Trends: Personal Care and Tobacco Lead



The sector has not fully recovered over six months. VDC has underperformed the S&P 500 by 3.19% from May through October, despite the stronger latest-month breadth.

Leadership is concentrated in selected categories. Personal products has outperformed by 15.03% and tobacco by 13.96%; household products has gained 1.40% relative to the index.

Food and retail remain weaker. Food products has underperformed by 10.00%, food and staples retail by 8.33% and beverages by 1.56%. Strong results from selected global brands should not be generalized to every category.

Beverage operating demand is improving. Coca-Cola's October 27 Q3 release reported unit-case volume up 5% and organic revenue up 7%. Concentrate shipments grew faster than unit volume, so timing contributes to the revenue comparison and needs to be distinguished from consumption.

Consumer Staples Breadth: October 30 Constituent Update

Outperforming share descending • one-month returns

Industry	Stocks	Beat BMK	>50DMA	Median ex.
Personal Care Products	2	**100.0%**	100.0%	+11.5%
Household Products	5	**100.0%**	80.0%	+9.5%
Tobacco	2	**100.0%**	100.0%	+9.4%
Beverages	6	**100.0%**	100.0%	+8.3%
Staples Distribution & Retail	8	**87.5%**	87.5%	+7.4%
Food Products	11	**50.0%**	36.4%	+0.5%

Outperforming share, high to low. Median sector excess return is +7.64% over one month. The new position has broad participation.

Current participation. 27 of 33 constituents with valid one-month returns beat the benchmark. 25 of 34 trade above their 50-day averages.

The new position has broad participation. Household products, beverages and personal care offer stronger price evidence than several food businesses. One missing monthly return is excluded from that ratio.

Portfolio implication. The next test is continued volume and margin progress. Broad stock strength becomes more persuasive when operating results support the same conclusion.

Staples Themes: Volumes Improve, Earnings Leverage Varies

Company evidence and the conditions for sustained returns

Household products is growing beyond price. P&G's fiscal-Q1 organic growth included approximately two percentage points of volume and one of mix, with little pricing contribution. This is a healthier demand signal than revenue growth driven entirely by higher prices.

Beverages is converting demand into profitability. Coca-Cola's Q3 comparable operating margin rose to 32.9% from 31.9%, with currency helping the comparison. Comparable EPS rose 11% to $0.91, including a two-point currency benefit.

The latest release adds volume and margin evidence. Colgate's Q3 worldwide volume rose 1.7%, while its 2026 Base Business EPS outlook increased to 5%–7% growth. North American organic sales still fell 1.6%, showing that the improvement is geographically uneven.

The new allocation has a business rationale. Improving volumes and cash earnings support the entry as investors reconsider the cost of growth elsewhere. The sector still needs to preserve margins when household budgets tighten and energy-related costs rise.

Top 10 Stock Performers: Consumer Staples

Rolling one-month excess return • highest to lowest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
Dollar Tree (DLTR)	Staples Distribution & Retail	Bullish Reversal	**+15.8%**	0.89x	8.9	0.52
Constellation Brands A (STZ)	Beverages	Downtrend	**+14.9%**	0.58x	-2.9	0.25
Estee Lauder Companies A (EL)	Personal Care Products	Bullish Reversal	**+14.6%**	1.64x	23.6	1.86
Keurig Dr Pepper (KDP)	Beverages	Bullish Reversal	**+13.0%**	0.76x	10.5	0.27
Walmart (WMT)	Staples Distribution & Retail	Consolidation	**+12.8%**	2.06x	1.4	0.39
Casey's General Stores (CASY)	Staples Distribution & Retail	Retracement	**+12.3%**	1.61x	-14.5	0.32
Altria Group (MO)	Tobacco	Bullish Reversal	**+11.0%**	0.70x	3.9	0.24
Church & Dwight Co (CHD)	Household Products	Bullish Reversal	**+10.9%**	1.41x	4.0	0.41
Kimberly-Clark (KMB)	Household Products	Consolidation	**+10.4%**	0.80x	1.1	0.30
Monster Beverage (MNST)	Beverages	Bullish Reversal	**+10.3%**	1.92x	0.2	0.61

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

Selection evidence. DLTR, STZ and EL lead. The new allocation captures recovery across value retail, beverages and personal care, rather than relying only on the largest household-product companies.

Model context. 6 of these ten stocks contribute positively and 4 negatively to the model score. Recent returns and model classifications need not agree.

Bottom 10 Stock Performers: Consumer Staples

Rolling one-month excess return • lowest to highest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
Bunge Global SA (BG)	Food Products	Downtrend	**-11.9%**	0.47x	-18.0	0.39
Archer-Daniels-Midland (ADM)	Food Products	Bullish Reversal	**-4.7%**	0.70x	-7.6	0.47
Target (TGT)	Staples Distribution & Retail	Bullish Reversal	**-3.7%**	0.83x	0.8	0.77
McCormick & (MKC)	Food Products	Downtrend	**-3.0%**	0.78x	-11.2	0.55
Hershey (HSY)	Food Products	Support	**-1.4%**	0.91x	-14.0	-0.05
General Mills (GIS)	Food Products	Downtrend	**-0.3%**	0.57x	-9.9	0.19
Kraft Heinz (KHC)	Food Products	Downtrend	**+1.2%**	0.62x	-8.3	0.19
PepsiCo (PEP)	Beverages	Downtrend	**+3.3%**	0.83x	-9.0	0.27
J.M. Smucker (SJM)	Food Products	Bullish Reversal	**+3.9%**	0.61x	3.5	0.26
Sysco (SYY)	Staples Distribution & Retail	Consolidation	**+5.2%**	0.85x	-1.8	0.65

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

Selection evidence. BG and ADM lead the laggards, followed by TGT. Six entries underperform and four still outperform. Essential demand does not eliminate commodity, channel or execution risk.

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

Staples: A Softer Food-Price Backdrop Changes the Growth Test

Food-at-home inflation has moderated. September grocery prices fell 0.1% from August and rose 1.8% year over year, in BLS data released October 14. Slower pricing increases the importance of volumes and mix for packaged-food revenue.

Household purchasing power is still constrained. September real disposable income fell 0.3% in BEA's October 29 release. Essential products retain demand, but consumers can still change brands, pack sizes and channels.

Higher energy costs can pressure the cost base. September energy CPI rose 20.4% year over year. Transportation, packaging and manufacturing exposures make the ability to protect cash margins important even when food-price inflation slows.

November confirmation for the new allocation. CPI on November 10 and PPI on November 13 will test consumer and input prices. October income and outlays on November 25 will show whether purchasing power supports continued volume growth without heavier promotions.

Elev8 Components: Consumer Staples

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**

VDC total: -1 | Elev8 weight: 6.22% | Active weight: +1.34 pp. The score grid highlights the signals supporting or challenging this sector's November position.

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

Allocation significance. A negative score can still rank well enough for inclusion. Strong participation and recent volume progress support the entry, while margin pressure would weaken it.

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.

Sources and References

Company releases, official data and dated market observations

Colgate-Palmolive, Q3 2026 results, October 30
www.nasdaq.com

P&G, Q1 FY2027 results • October 22, 2026
www.pginvestor.com

PepsiCo • Q3 2026 earnings • Oct 8, 2026
www.sec.gov

Coca-Cola • Q3 2026 earnings • Oct 27, 2026
investors.coca-colacompany.com

BLS • September 2026 CPI • Oct 14, 2026
www.bls.gov

BEA, September 2026 income and outlays • October 29, 2026
www.bea.gov

BLS, November 2026 release calendar
www.bls.gov

BEA, 2026 release calendar
www.bea.gov

Model: ETFSector.com Elev8 model • November allocations, October 30, 2026.
Constituents: S&P 500 stock-level data • FactSet / Myrtle Tree Investment Research • Oct 30, 2026.
Charts: FactSet Active Graphs / Myrtle Tree Investment Research • Consumer Staples October chart observations.