

Five for Friday: Staples Worth Following

This week we published [Consumer Staples vs. Discretionary](#). The article highlights how consumer staples and discretionary stocks fared through the inflation storm of the last year. Typically, in an environment with higher inflation and slowing economic activity, staples should be better able to maintain margins and sales. Surprisingly, discretionary companies held up better in that respect.

The reason discretionary margins and sales were better than those of staples appears to be credit card usage and the drawing down of savings. Per the article:

*The three graphs tell us the story of many consumers. **Their real wages are declining. They increasingly rely on savings and credit to keep buying the same amount of goods. Both have limits, and many consumers are likely at or near those limits.** As such, it becomes increasingly unlikely that consumers' buying habits will remain as they are. Tough choices will have to be made.*

Given the growing headwinds for consumers, we summarized as follows:

Consumers are more likely to forgo purchases of discretionary items to help afford needed staples. If that proves true, margins and sales will likely hold up better for staples than discretionary.

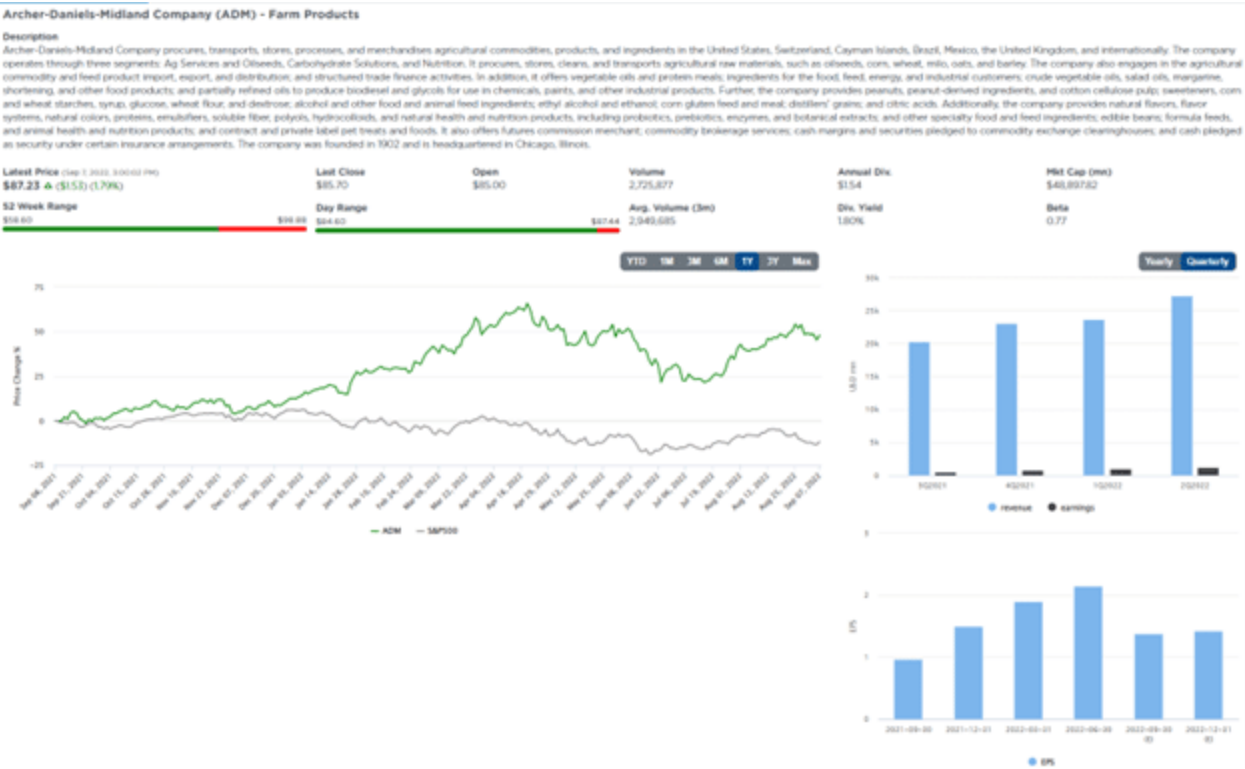
This week's scan searches the consumer staples sector for stocks that have held up well year-to-date. If the economy continues to weaken and inflation is slow to normalize, we suspect these companies will continue to vastly outperform the market.

Ticker	P/E	Forward P/E	YTD Performance
ADM	13.80	14.23	29.62%
LRN	15.03	12.75	14.19%
SPTN	17.36	11.56	14.98%
TAP	15.38	12.29	11.54%

Screening Criteria

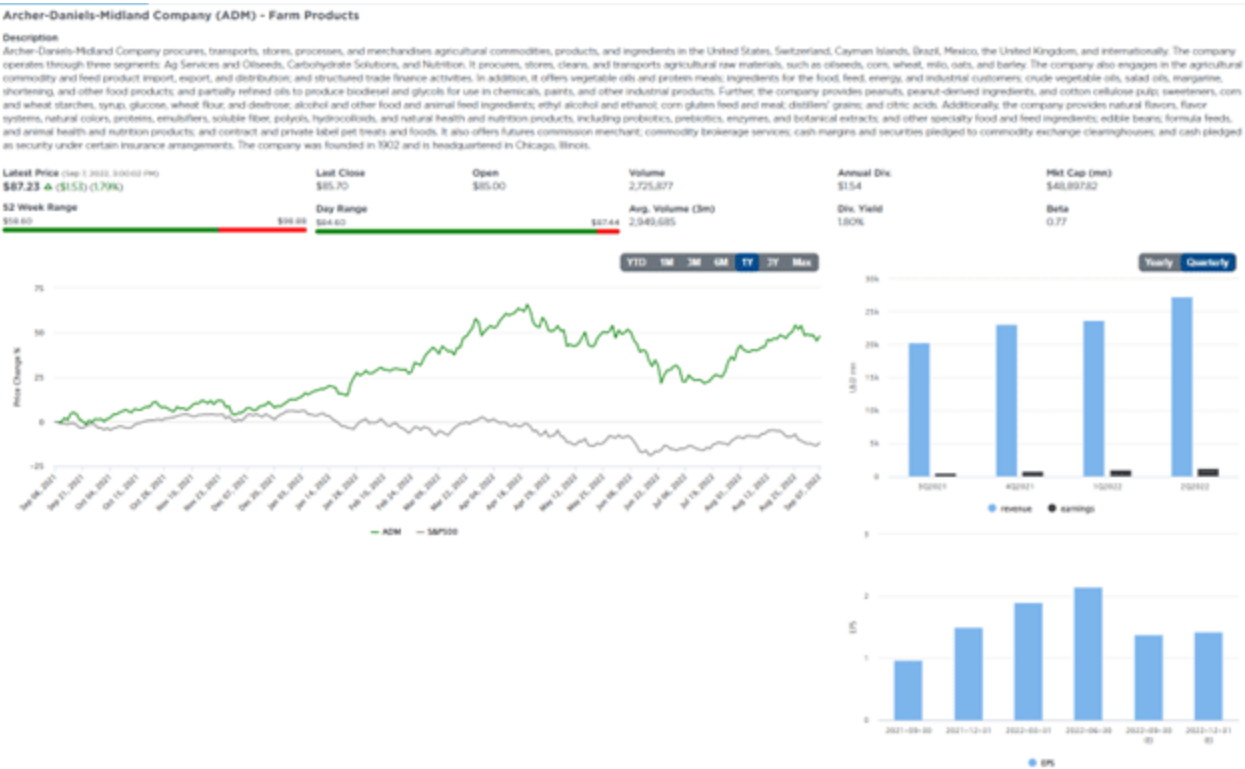
- Sector = Consumer Staples - USA
- Market Cap >\$1.0 bn
- P/E <20
- Forward P/E < 15
- YTD Performance >+10%

Our screen only returned four companies, as shown below.



Company Summaries (All Descriptions Courtesy SimpleVisor)

Archer-Daniels-Midland (ADM)



Stride (LRN)

Stride, Inc. (LRN) - Education & Training Services

Description

Stride, Inc., a technology-based education service company, provides proprietary and third-party online curriculum, software systems, and educational services to facilitate individualized learning for students primarily in kindergarten through 12th grade (K-12) in the United States and internationally. Its technology-based products and services enable clients to attract, enroll, educate, track progress, and support students. The company offers integrated package of systems, services, products, and professional expertise to support a virtual or blended public school, individual online courses and supplemental educational products, and products and services for the general education market focused on subjects, including math, English, science, and history for kindergarten through twelfth grade students. It also provides career learning products and services that are focused on developing skills to enter in industries, including information technology, health care, and business, and focused post-secondary career learning programs, which include skills training for software engineering, healthcare, and medical fields to adult learners under Galvanize, Tech Elevator, and MedCerts brand names, as well as provides staffing and talent development services to employers. Stride, Inc. serves public and private schools, school districts, charter boards, consumers, employers, and government agencies. The company was formerly known as X21 Inc. and changed its name to Stride, Inc. in December 2020. Stride, Inc. was founded in 2000 and is headquartered in Reston, Virginia.

Latest Price (May 6, 2023, 9:30 AM APST)

\$38.70 ▲ (\$0.26) (0.73%)

52 Week Range

\$25.63

Last Close

\$38.42

Open

\$38.68

Volume

2,687

Annual Div.

\$0.00

Mkt Cap (Mn)

\$1,655.23

Div. Yield

0.00%

Beta

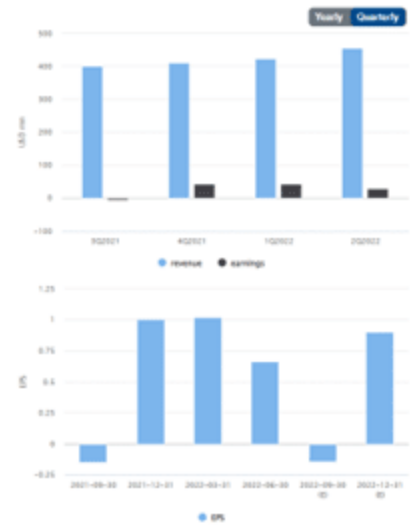
0.36

Day Range

\$38.63

Avg. Volume (3m)

803,535



SpartanNash Company (SPTN) - Food Distribution

Description

SpartanNash Company distributes and retails grocery products. It operates in three segments: Food Distribution, Military, and Retail. The Food Distribution segment offers approximately 65,000 stock-keeping units, such as dry groceries, produce, dairy products, meat, delicatessen items, bakery goods, frozen food, seafood, food products, general merchandise, beverages, tobacco products, health and beauty care, and pharmacy products to independent retailers, national retailers, food service distributors, e-commerce providers, and corporate owned retail stores. This segment also offers various value-added services to retailers. The Military segment sells and distributes grocery products to 360 military commissaries and approximately 400 exchanges located in 39 states across the United States and the District of Columbia, Europe, Cuba, Puerto Rico, Honduras, Iraq, Kuwait, Bahrain, Qatar, and Djibouti. The Retail segment primarily operates 145 corporate owned retail stores and 36 fuel centers, primarily under the banners of Family Fare, Martin's Super Markets, DiBW Fresh Market, VG's Grocery, and Dan's Supermarket. SpartanNash Company also markets and distributes private brand items primarily under the Our Family brand name. The company was formerly known as Spartan Stores, Inc. and changed its name to SpartanNash Company in November 2013. SpartanNash Company was founded in 1967 and is headquartered in Grand Rapids, Michigan.

Latest Price (May 6, 2023, 9:30 AM APST)

\$30.88 ▼ (-\$0.26) (-0.85%)

52 Week Range

\$20.36

Last Close

\$31.14

Open

\$30.86

Volume

18,472

Annual Div.

\$0.82

Mkt Cap (Mn)

\$1,005.69

Div. Yield

2.63%

Beta

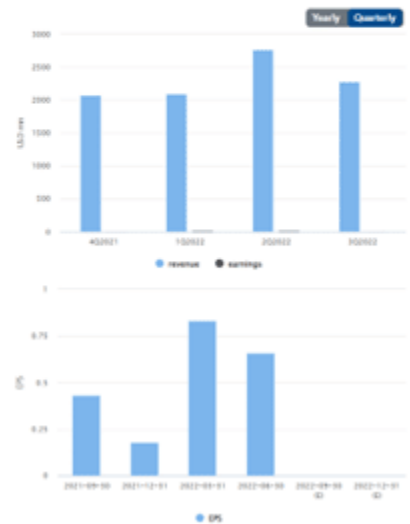
0.69

Day Range

\$30.75

Avg. Volume (3m)

\$32,362



Molson Coors Beverage Company (TAP)

Molson Coors Beverage Company (TAP) - Beverages--Brewers

Description

Molson Coors Beverage Company manufactures, markets, and sells beer and other malt beverage products under various brands in the Americas, Europe, Middle East, Africa, and Asia Pacific. It offers flavored malt beverages, craft, and ready to drink beverages. The company was formerly known as Molson Coors Brewing Company and changed its name to Molson Coors Beverage Company in January 2020. Molson Coors Beverage Company was founded in 1774 and is based in Golden, Colorado.

Latest Price (14:52 B, 10/27, 9:30 PM EDT)

\$51.65 ▼ (-\$0.58) (-1.12%)

Last Close

\$52.23

Open

\$52.02

Volume

190,792

Annual Div.

\$1.44

Mkt Cap (mm)

\$8,223.03

52 Week Range

\$42.46

Day Range

\$51.42

Day Range

\$52.04

Avg. Volume (3m)

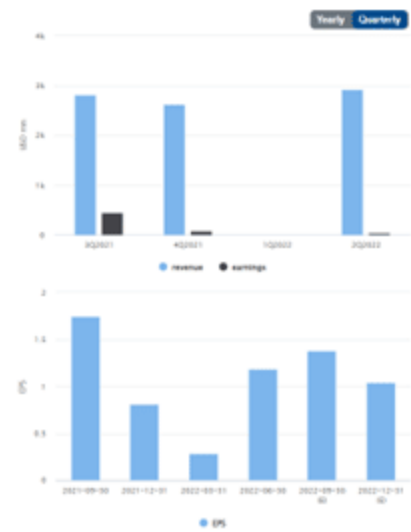
157,862

Div. Yield

2.76%

Beta

0.87



Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully and do your own research before investing.