

First to Market

June 17, 2026

PIZZA HUT, NOW WITH LESS YUM



Kent Fung

"You better cut the pizza in four pieces because I'm not hungry enough to eat six." – Yogi Berra

Chart of the Day

FOMC: Evolution of Fed communications



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Good morning!

In hindsight, it shouldn't have come as a surprise. After my colleague Hardika wrote about the rising price of tomatoes – referencing her beloved chicken tikka as an aside – my next thought should have been about that other iconic tomato-centric comfort food, pizza.

Yum Brands \$YUM announced the sale of its poorly performing Pizza Hut chain yesterday, divesting itself in two transactions expected to total \$2.7 billion. Pizza Hut's Chinese locations will be sold to Yum China \$YUMC for \$1.2 billion, while the private equity firm LongRange Capital, which perhaps ironically also owns the 24 Hour Fitness chain, will acquire the rest, for roughly \$1.5 billion.

Pizza has long been seen as a smart option for restaurateurs – the ingredients have tended to be relatively inexpensive, the cooking time is quick, and the results are frankly difficult to mess up. (When was the last time you had a pizza that was truly unpalatable? Never, I'll bet.)

Yet all of the ingredients have gone up. It's not just tomatoes (up 40% since a year ago, according to recent CPI data). Cheese, while relatively flat compared to a year ago, surged after the pandemic ended and never returned to prepandemic prices, and the same is true for flour. And of course there's the cost of meat toppings ...

It isn't just Pizza Hut that has struggled. During its May 7 earnings call, Papa John's (\$PZZA) cited increased food costs and suggested that it would be forced to raise prices later this year as a result. Domino's also felt "pressure from the food [cost] basket." Energy costs are up, and even cardboard boxes are a little more expensive now than they were a year ago.

Meanwhile the demand side is being pressured as well – not just due to uncertainty on the part of consumers. Thanks to the likes of DoorDash and UberEats, pizza is now far from the only easy/convenient delivery option. A desire for higher protein intake (and lower carb consumption), along with the increasing use of GLP-1 weight-loss treatments have chipped away at demand as well. So perhaps Yum is right to wave goodbye to the Hut and focus on its other major brands – Taco Bell and KFC, both of which have consistently shown stronger sales growth than Pizza Hut.

In the meantime, while it's tempting to (jokingly, of course) ask whether LongRange Capital hopes to use Pizza Hut pizzas as a pseudo loss leader to drive memberships at 24 Hour Fitness, the company appears to believe it can engineer a turnaround and revitalization. LongRange Capital founder Bob Berlin was a key investor in Arby's about 15 years ago when the roast-beef chain did just that. And Yum China is getting control of a brand that – in China, at least – is actually growing in popularity – indeed, Yum China announced yesterday that in China, Pizza Hut same-store transactions have risen for 13 straight quarters. Profits and margins have risen for eight straight quarters.

Share your thoughts

Can Pizza Hut be saved? [Click here to send us your response.](#)

Here's what a reader commented

Q: Can the EU develop a true alternative to the U.S. defense industry?

A: The Defense Primes have been overly punished but if they deliver better earnings, the stocks will respond. In the meantime, I will reinvest the Dividends and enjoy their massive share buybacks. As for Europe, it will be extremely difficult to replicate what even one of these Legacy Contractors has.

Catch up with Fundstrat

We highlight the five issues confronting Kevin Warsh as the new Fed Chair, including a look at the history of Fed communications.

Technical

Minor tech weakness hasn't been sufficient yet to break trends for technology; however, the broader rotation from growth into value has been gaining traction since last fall.

Crypto

The risk-reward has improved materially over longer timeframes, liquidity trends appear to be moving in the right direction, and crypto is once again becoming a non-consensus asset class. Taken together, I find myself incrementally more constructive than I was several weeks ago.

News We're Following

Breaking News

- Iran to gain major financial relief under interim deal with US BBG

Markets and economy

- Goldman tops \$1 trillion of M&A, fastest ever to reach the mark BBG
- Treasury yields inch higher as investors await Fed interest rates decision CNBC

Business

- Apple Plans Camera AirPods Alongside Upgraded Foldable iPhone in 2027 BBG
- Netflix wades into the M&A game SEM
- GM in talks to supply weapons parts to Lockheed Martin WSJ
- Ex-Citi executive says bank sacked her after raising Trump concerns FT

Politics/U.S.

- Feds charge 15 Minnesota protesters in alleged anti-ice conspiracy WSJ
- An explosion of AI deepfakes is redefining American elections AX
- Gaming industry, unions push for prediction market rules in crypto bill SEM

Overseas

- US and Europe discuss access to AI models after Anthropic dispute FT
- Brazil's top court convicts son of former President Bolsonaro for coercion AP
- NEET: Telegram challenges India ban over exam paper leak fears BBC

Of Interest

- A \$40 million gold heist risks exposing CIA's top-secret spy programs WSJ
- The billion-dollar peptides gold rush BBG

Overnight

S&P Futures	+10 ▲ point(s) (+0.13% ▲)
overnight range:	-6 ▼ to +25 ▲ point(s)

APAC

Nikkei	+0.72% ▲
Tse	+0.55%

rupix	+0.55% ▲
China SHCOMP	+0.40% ▲
Hang Seng	-0.74% ▼
Korea	+1.58% ▲
Singapore	+1.16% ▲
Australia	+0.55% ▲
India	+0.40% ▲
Taiwan	+0.15% ▲

Europe

Stoxx 50	+0.36% ▲
Stoxx 600	+0.23% ▲
FTSE 100	-0.15% ▼
DAX	-0.18% ▼
CAC 40	+0.12% ▲
Italy	+0.06% ▲
IBEX	+0.35% ▲
Canada	+0.32% ▲
Mexico	+0.40% ▲
Brazil	-0.45% ▼

FX

Dollar Index (DXY)	+0.04% ▲ to 99.575
EUR/USD	-0.04% ▼ to 1.1603
GBP/USD	-0.08% ▼ to 1.3415
USD/JPY	+0.14% ▲ to 160.20

USD/CNY	-0.01% ▼ to 6.7573
USD/CNH	-0.02% ▼ to 6.7581
USD/CHF	+0.21% ▲ to 0.7915
USD/CAD	-0.05% ▼ to 1.4002
AUD/USD	-0.08% ▼ to 0.7062

UST Term Structure

2Y-3M Spread narrowed	-1.6bps ▼ to 31.9bps
10Y-2Y Spread widened	0.1bps to 38.2bps
30Y-10Y Spread narrowed	-0.2bps ▼ to 50.0bps

USD HY OaS

All Sectors	+3.7bps ▲ to 300bps
All Sectors ex-Energy	+4.5bps ▲ 295bps
Cons Disc	+7.4bps ▲ to 471bps
Indu	+3.4bps ▲ to 242bps
Tech	+6.6bps ▲ to 222bps
Comm Svcs	+4.2bps ▲ to 291bps
Materials	+1.6bps ▲ to 252bps
Energy	+3.1bps ▲ to 284bps
Fin Snr	+4.1bps ▲ to 202bps
Fin Sub	+3.7bps ▲ to 300bps
Cons Staples	+7.3bps ▲ to 445bps
Healthcare	+4.8bps ▲ to 313bps
Utes	+2.8bps ▲ to 205bps *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
6/17	2:00 PM	Jun 17 FOMC Decision	3.75	3.75
6/18	4:00 PM	Apr Net TIC Flows	n/a	150.696
6/23	9:45 AM	Jun P S&P Srvcs PMI	n/a	50.7
6/23	9:45 AM	Jun P S&P Manu PMI	n/a	55.1

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