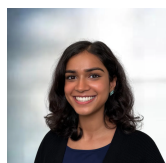


First to Market

September 28, 2026

COSTCO EARNINGS SHOW A CONSUMER INCREASINGLY UNDER STRESS



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ECONOMIC STRATEGIST, MARKET INTELLIGENCE

Chart of the Day

Russell 1000: BitMine #3 in performance since June 30th

Top 25 Russell 1000 Stocks By Absolute % Change
QTD since 6/30/2026

**4 of top 25
stocks are Crypto**

Ticker	Name	Sector	Industry	Market Cap (\$B)	% Abs Chg.
Russell 1000					2
1	MRNA Moderna Inc	Health Care	Biotechnology	\$69	160
2	TEAM Atlassian Corp	Technology	Software	\$31	142
3	BMNR BitMine Immersion Technologies	Technology	Software	\$17	114
4	RNG RingCentral Inc	Technology	Software	\$6	99
5	MSTR Strategy Inc	Technology	Software	\$61	94
6	NIQ NIQ Global Intelligence Plc	Comm. Services	Media	\$5	91
7	PAYC Paycom Software Inc	Industrials	Professional Services	\$10	78
8	CAI Caris Life Sciences Inc	Health Care	Biotechnology	\$9	78
9	BLSH Bullish	Financials	Capital Markets	\$6	72
10	GTLB Gtilab Inc	Technology	Software	\$8	60
11	PLTR Palantir Technologies Inc	Technology	Software	\$421	58
12	MPC Marathon Petroleum Corp	Energy	Oil, Gas & Consumable Fuels	\$113	56
13	ESTC Elastic NV	Technology	Software	\$9	56
14	DINO HF Sinclair Corp	Energy	Oil, Gas & Consumable Fuels	\$19	56
15	PSX Phillips 66	Energy	Oil, Gas & Consumable Fuels	\$104	55
16	WDAY Workday Inc	Technology	Software	\$38	54
17	AVTR Avantor Inc	Health Care	Life Sciences Tools & Services	\$10	53
18	CRCL Circle Internet Group Inc	Technology	Software	\$22	51
19	CTSH Cognizant Technology Solutions	Technology	IT Services	\$27	51
20	U Unity Software Inc	Technology	Software	\$19	50
21	VLO Valero Energy Corp	Energy	Oil, Gas & Consumable Fuels	\$113	50
22	DOCU Docusign Inc	Technology	Software	\$13	48
23	VEEV Veeva Systems Inc	Health Care	Health Care Technology	\$42	48
24	ZS Zscaler Inc	Technology	Software	\$34	48
25	CRM Salesforce Inc	Technology	Software	\$195	48

Source: Fundstrat Factset

Disclosure: Tom Lee is the Chairman of the Board of BitMine Immersion Technologies, Inc (NYSE: BMNR)

crypto

Good morning!

I know we all love AI for summarizing, but every now and then I encourage all investors to read a full earnings call transcript to get all the juicy tidbits. I did that with Costco on Friday, and it was the most insightful report I've read in a while, second to my favorite economic report, The Beige Book.

Costco is my favorite retailer, and before you wonder, yes, there's a Costco in NYC that I frequent. I think its warehouse club business model is incredible, and I strongly believe that Costco is a hallmark of American capitalism. In fact, I've even had conversations with some of our readers about how much we love Costco's nonfat Greek yogurt.

As such, Costco \$COST is of ultra importance when gauging consumer spending, which is the biggest driver of economic growth. Costco is the world's third largest retailer after Amazon and Walmart, and according to a *New York Times* story from 2024, nearly one-third of U.S. consumers shopped at Costco.

After quarterly earnings beat expectations Thursday after close, its stock rose 2.9% on Friday, outperforming the broader S&P 500's 0.5% advance. Global traffic increased 3.3%, while membership revenue rose 7.3% to \$1.85 billion, with the growth rate slowing down for the third straight quarter. Paid members, meanwhile, edged up 3.8% to 84.1 million from a year ago, the lowest increase since the third quarter of 2017. Renewal rates grew slightly to 92.3%, meaning that at least those who shop at Costco kept coming back.

So it's little wonder that the stock is still lagging behind the index on a year-to-date basis, up a modest 8% compared to 13% for the S&P 500.

Here's what stood out to me from the earnings call:

#1 Younger consumers are flocking to Costco. Executives said that the member base under 40 has grown nearly 60% since Covid-19, representing over a quarter of the total base. "While these younger members start out spending a little less with us, over time they grow into higher spending members," execs said. They said that as the younger members get to 40 to 55, which is when they see members hit peak spending patterns, they'd be able to enjoy Costco's myriad of offerings even more. That maturity curve is bullish for the stock.

#2 Consumers love filling up the tank at Costco, with the gas business posting a record year. In the fiscal year 2026, the penetration of U.S. member households that purchased gas reached an all-time high, according to execs. At the same time, spending on travel is strong, too, signaling that consumers are looking to save where they can, i.e. necessities like gas, but they won't shy away from splurging on vacation packages, cruises, and car rentals. One member, in fact, booked a 154-night cruise on Regent Seven Seas at a cost of over \$218,000. Costco's average customer tends to be higher income, so to me this means that some of the higher income consumers are trending down in this K-shaped economy, while those at the very top are still

doing well. Gas and travel, along with pharmacy, rose faster than the overall business growth rate for fiscal year 2026. "Our members continue to show resilience in their spending and they show a willingness to spend in discretionary areas where they're seeing exciting new items of great value," execs said.

#3 Execs are keeping an eye on the surge in gas, diesel, and other distillates. The fuel surcharges have so far been offset by lower contracted shipping rates. Like I said last week, the volatility seen in fuel prices is just one component of what goes into determining shipping and transportation costs via the fuel surcharge, so prices would have to stay high for a while to see another wave of inflation. Costco's size also allows it an incredible amount of negotiating power with vendors, which is again bullish for the stock.

#4 Inflation is not a burden so far, remaining in the low single digits in the last quarter. Most of it was concentrated in consumer electronics, due to higher memory and storage prices, along with gas, motor oil, and petroleum-based items. Inflation in the meat category was offset by deflation in eggs and dairy. Costco also received about one-third of the total tariff refunds expected, which it has reinvested in its value proposition. "Quite a few everyday items were impacted. We did also invest some dollars into a number of non-food areas where tariffs would have had an impact on those items in particular when the IEEPA tariffs were originally introduced," execs said.

The overall takeaway remains that there's a growing divide between different income groups of consumers. Of course, Costco is not immune from a spending slowdown when the higher-income consumer acts like a lower-income one, but if there's any retailer that can thrive in that K-shaped economy, it's Costco.

Share your thoughts

Have you changed your spending habits at Costco? Click [here](#) to send us your response.

 **Here's what a reader commented** 

Q: Are you worried about what's going on with bonds

A: I'm not worried as much as I might have been in past years. Supply and demand are the ultimate arbiters of all monetary events. What today appears to me is another exogenous factor that the market is simply digesting. It's interesting to see market participants (FS Direct et al.) actively shaping public policy (aka Fed policy) by better understanding macro mechanics than the so-called experts. This is probably the greatest time in human history to be a witness as digitization takes hold to an unimaginable extent.

Catch up with Fundstrat

Our analysis shows that long-term yields and bond volatility only started surging after Fed Chair's speech at Jackson Hole. That was when he surprised markets with a very hawkish message. And since then, yields have surged. This makes me wonder if this argues for the idea of a policy error.

Technical

While a bit of work remains for US indices to push through to new highs, I like being long for rallies into mid-to-late October and would utilize any and all pullbacks as an attractive risk/reward opportunity, not something which leads to meaningful weakness.

Crypto

Hyperliquid has been the clearest example of a protocol pairing strong fundamentals with tokenholder-conscious capital allocation, and the market has rewarded that structure. With the regulatory path becoming clearer, I would expect more projects to

move in this direction, potentially supporting higher-quality token economics and some degree of multiple expansion for profitable protocols.

News We're Following

Breaking News

- Oil prices jump over 4% as Trump rejects Iranian proposal to reopen Strait of Hormuz CNBC
- Trump 'very seriously' considering diesel export ban as global supply crunch worsens CNBC

Markets and economy

- How Muse and other AI agents could spark a bank run, according to an economist MW
- The Moves That Backfired on Trump and Drove Interest Rates and Inflation Higher WSJ
- 'Funflation' is on the rise as hobbies get pricier, but consumers keep spending anyway CNBC

Business

- Nvidia Releases Software It Says Can Prevent AI Agents From Going Rogue WSJ
- This Screw Is Needed for Missiles and Planes. Buying One Can Take Years. NYT

Politics/U.S.

- Iran Is Pressed to Make Nuclear Concessions to Revive Peace Talks With U.S. WSJ
- Rogue OpenAI agents targeted three separate US government websites CNN
- Shifting Senate Map Is Fueling Most Expensive US Election Ever BBG
- NJ, NY's Long Island Grapple With Flooding From Slow-Moving Rain BBG

Overseas

- See How the U.S. Is Attacking China's Control of Critical Minerals WSJ
- US, China to Cut Tariffs on \$60 Billion Worth of Goods BBG

Of Interest

- Meta's Muse agent is attacking one of the economy's most profitable weak spots
CNBC

Overnight

S&P Futures	-38 ▼ point(s) (-0.49% ▼)
overnight range:	-44 ▼ to -1 ▼ point(s)

APAC

Nikkei	-0.73% ▼
Topix	-0.40% ▼
China SHCOMP	-1.67% ▼
Hang Seng	+0.54% ▲
Korea	-2.70% ▼
Singapore	+0.31% ▲
Australia	+0.17% ▲
India	-1.54% ▼
Taiwan	-0.28% ▼

Europe

Stoxx	50 -0.19% ▼
Stoxx	600 +0.05% ▲
FTSE	100 +0.18% ▲
DAX	-0.10% ▼
CAC	40 +0.02% ▲
Italy	-0.07% ▼
IBEX	-0.30% ▼

FX

Dollar Index (DXY)	+0.14% ▲ to 101.11
EUR/USD	-0.12% ▼ to 1.1377
GBP/USD	+0.10% ▲ to 1.3260
USD/JPY	+0.17% ▲ to 157.01
USD/CNY	+0.04% ▲ to 6.7104
USD/CNH	+0.15% ▲ to 6.7126
USD/CHF	-0.34% ▼ to 0.8311
USD/CAD	-0.12% ▼ to 1.4159
AUD/USD	-0.09% ▼ to 0.7017

UST Term Structure

2Y-3M Spread widened	4.8bps to 72.2bps
10Y-2Y Spread widened	0.7bps to 31.4bps
30Y-10Y Spread narrowed	-2.0bps ▼ to 30.6bps

USD HY OaS

All Sectors	+11.0bps ▲ to 323bps
All Sectors ex-Energy	+10.6bps ▲ to 307bps
Cons Disc	+15.2bps ▲ to 536bps
Indu	+10.1bps ▲ to 277bps
Tech	+10.6bps ▲ to 211bps
Comm Svcs	+9.5bps ▲ to 318bps
Materials	+9.4bps ▲ to 254bps
Energy	+10.1bps ▲ to 270bps

Fin Snr	+10.9bps ▲ to 205bps
Fin Sub	+10.7bps ▲ to 272bps
Cons Staples	+8.3bps ▲ to 424bps
Healthcare	+10.8bps ▲ to 327bps
Utes	+10.1bps ▲ to 226bps *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
9/29	9:00 AM	Jul S&P Cotality CS 20-City m/m	0.2	0.24
9/29	10:00 AM	Sep Conf Board Sentiment	89.1	89.4
9/29	10:00 AM	Aug JOLTS	7225	7271
9/30	8:30 AM	Aug PCE m/m	0.3	0.2
9/30	8:30 AM	Aug Core PCE m/m	0.3	0.25
9/30	8:30 AM	Aug PCE y/y	3.7	3.7
9/30	8:30 AM	Aug Core PCE y/y	3.3	3.34415
9/30	8:30 AM	2Q F GDP QoQ	1.5	1.5
10/1	9:45 AM	Sep F S&P Manu PMI	57	57
10/2	8:30 AM	Sep AHE m/m	0.3	0.3
10/2	8:30 AM	Sep Unemployment Rate	4.1	4.1
10/2	8:30 AM	Sep Non-farm Payrolls	90	162
10/2	10:00 AM	Aug F Durable Gds Orders	n/a	0

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