

# Monday Mashup

March 9, 2015

Howard Penney | [hpenney@hedgeye.com](mailto:hpenney@hedgeye.com) | (862) 217-9429

Fred Masotta | [fmassotta@hedgeye.com](mailto:fmassotta@hedgeye.com) | (203) 562-6500

## INVESTMENT IDEAS

LONG LIST	TRADE	TREND	TAIL	SHORT LIST	TRADE	TREND	TAIL
<b>LONG</b>				<b>SHORT</b>			
<b>YUM</b> Yum! Brands*	-	✓	✓	<b>DRI</b> Darden Restaurants	X	-	✓
<b>CMG</b> Chipotle Mexican Grill	✓	✓	✓	<b>DFRG</b> Del Frisco's Rest. Group	X	X	-
<b>WEN</b> The Wendy's Company	-	✓	✓	<b>NDLS</b> Noodles & Co.	X	X	-
<b>KKD</b> Krispy Kreme	-	✓	✓	<b>CHUY</b> Chuy's Holdings	X	X	-
				<b>MCD</b> McDonald's Corp	X	X	✓
<b>LONG BENCH</b>				<b>SHORT BENCH</b>			
<b>LONG</b>				<b>SHORT</b>			
<b>JACK</b> Jack In The Box	-	✓	✓	<b>PLAY</b> Dave & Busters Ent.	-	X	-
<b>PLKI</b> Popeyes Louisiana Kitchen	-	✓	✓	<b>HABT</b> Habit Restaurants	-	X	-
<b>ZOES</b> Zoe's Kitchen	X	X	✓	<b>CBRL</b> Cracker Barrel	X	X	✓
				<b>CAKE</b> The Cheesecake Factory	-	X	-

\*Denotes Hedgeye Best Idea

Bench = timing is not right, or research is in progress

We are removing **PNRA** from our short list. Details to follow.

## RECENT NOTES

03/02/15 [Monday Mashup: CHUY, BOBE & More](#)  
 03/02/15 [MCD: Long Road Ahead](#)  
 03/03/15 [CHUY: Staying Short](#)  
 03/04/15 [PNRA: Ron Shaich Must Become an Activist CEO](#)  
 03/04/15 [BOBE: Closing Best Idea Long](#)  
 03/05/15 [MCD: Ripe for a Trade on the Short Side](#)  
 03/06/15 [Black Box Update: Frosty February](#)

## UPCOMING EVENTS

### Monday, March 9

- ROTH Growth Stock Conference: **GTI**, **RAVE**, **KONA**, **COSI**, **BJRI**
- **MCD** February 2015 Sales and Revenue Release

### Tuesday, March 10

- ROTH Growth Stock Conference: **DENN**, **JMBA**
- **HABT** earnings call 5:00pm EST

### Wednesday, March 11

- **KKD** earnings call 4:30pm EST
- **SHAK** earnings call 5:00pm EST
- **ZOES** earnings call 5:00pm EST

### Thursday, March 12

- **NROM** earnings call 4:30pm EST
- **BAGR** earnings call 4:30pm EST

- **JMBA** earnings call 5:00pm EST
- **LOCO** earnings call 5:00pm EST
- **IRG** earnings call 5:00pm EST

**Friday, March 13**

- No events scheduled

## RECENT NEWS FLOW

**Monday, March 2**

- **CBRL** downgraded to hold at Miller Tabak with a \$150 PT.
- **LOCO** announced a franchise development deal to open five new restaurants in the Salt Lake City, Utah area. The development will be led by three existing franchisees and will be completed by 2018.
- **SONC** reported 2Q system comps of +11.5%, well above the consensus estimate of +3.8%.

**Tuesday, March 3**

- **YUM** downgraded to neutral at RW Baird with an \$84 PT.
- **EAT** named Thomas Edwards Jr. as EVP and CFO, effective March 16. Mr. Edwards Jr. previously served as CFO of the Wyndham Hotel Group.

**Wednesday, March 4**

- **BOBE** downgraded to neutral at Janney Capital with a \$48 PT.
- **BOBE** downgraded to hold at Miller Tabak with a \$53 PT.
- **MCD** upgraded to outperform at RBC Capital with a \$115 PT.
- **MCD** announced new menu sourcing initiatives, including only sourcing “chicken raised without antibiotics that are important to human medicine.” McDonald’s plans to implement this new policy to its supply chain within the next two years.

**Thursday, March 5**

- **MCD** downgraded to neutral at Piper Jaffray with a \$97 PT.

**Friday, March 6**

- **BWLD** introduced #WingWisdom, a new brand campaign that will be debuting through a fully-integrated, college hoops-themed marketing campaign across television, social, digital and in-restaurant platforms.

## COMMODITY TRACKER

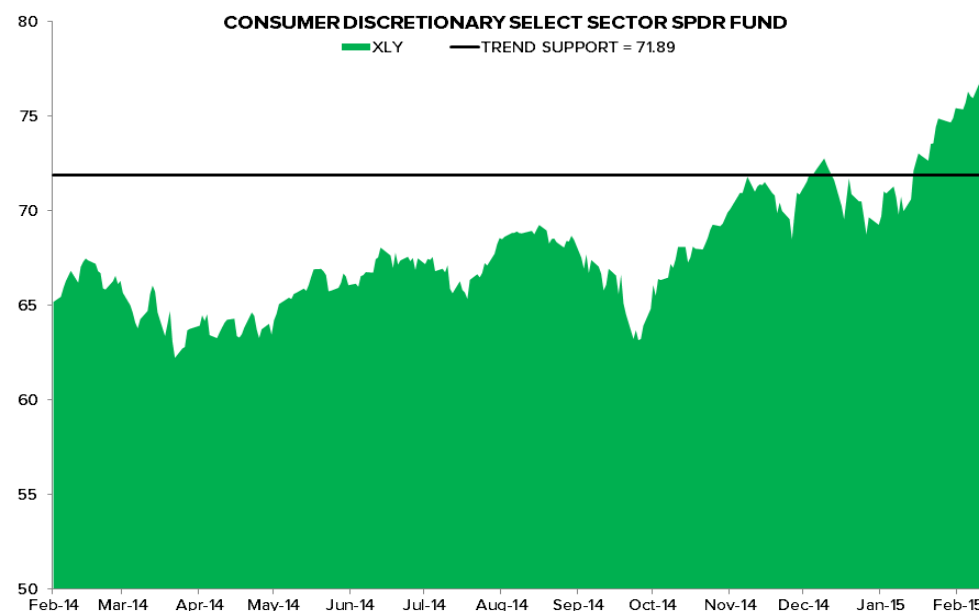
	1 WEEK % CHANGE	1 MONTH % CHANGE	3 MONTH % CHANGE	1 YEAR % CHANGE	MONTH TO DATE % CHANGE	YEAR TO DATE % CHANGE
<b>CRB INDEX</b>						
USD INDEX	1.10%	1.35%	8.77%	18.69%	0.52%	5.57%
CRB INDEX	-0.30%	1.65%	-11.55%	-25.91%	2.39%	-2.56%
BRENT CRUDE	3.92%	26.17%	-13.78%	-42.57%	18.10%	9.16%
WTI CRUDE	-1.15%	7.64%	-32.47%	-51.41%	3.15%	-6.59%
NATURAL GAS	-7.35%	-8.29%	-37.22%	-39.39%	1.60%	-5.37%
CORN	-0.19%	0.85%	1.65%	-14.17%	3.92%	-3.15%
SOYBEANS	3.15%	5.85%	-1.55%	-26.03%	7.26%	1.13%
GOLD	0.72%	-6.09%	1.38%	-8.91%	-5.12%	2.45%
COPPER	4.68%	10.29%	-8.24%	-16.08%	8.88%	-3.88%
ALUMINUM	1.36%	-1.94%	-12.04%	4.37%	-2.30%	-1.34%
LIVE CATTLE	-3.19%	-0.74%	-10.37%	1.10%	-2.03%	-8.45%
SUGAR #11	-4.31%	-9.17%	-14.58%	-21.04%	-6.90%	-5.17%
COTTON #2	0.09%	10.12%	5.41%	-25.52%	9.05%	7.40%
COFFEE	-8.01%	-18.70%	-29.33%	-23.50%	-15.53%	-17.92%
RBOR GAS	20.55%	46.50%	-2.81%	-28.38%	39.76%	37.80%
COCOA	2.48%	13.09%	6.67%	5.76%	15.19%	6.60%
NY Harbor ULSD (HO)	-6.54%	18.70%	-17.64%	-36.05%	17.04%	6.88%
WHEAT	1.42%	-0.29%	-7.92%	-11.12%	2.93%	-12.25%
NICKEL	0.97%	-4.72%	-13.88%	-2.59%	-7.07%	-6.89%
ORANGE JUICE	-7.67%	-14.07%	-18.40%	-17.95%	-13.18%	-13.21%
SILVER	1.47%	-8.61%	-0.21%	-22.53%	-4.04%	6.09%
LEAN HOGS	0.11%	-2.81%	-25.81%	-35.03%	0.00%	-16.90%
<b>ADDITIONAL INDICES</b>						
PLATINUM	1.38%	-6.37%	-3.48%	-18.43%	-4.25%	-1.93%
PALLADIUM	5.04%	4.83%	2.10%	10.27%	5.96%	2.51%
CHICKEN - Whole	0.00%	-0.44%	-0.22%	8.85%	-0.44%	0.00%
CHICKEN - Breasts	0.75%	0.75%	0.75%	12.57%	1.77%	5.77%
CHICKEN - Wings	-0.58%	0.89%	8.28%	33.86%	0.59%	9.32%

Source: Bloomberg

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## QUANTITATIVE SETUP

From a quantitative perspective, the XLY remains bullish on an intermediate-term TREND duration.

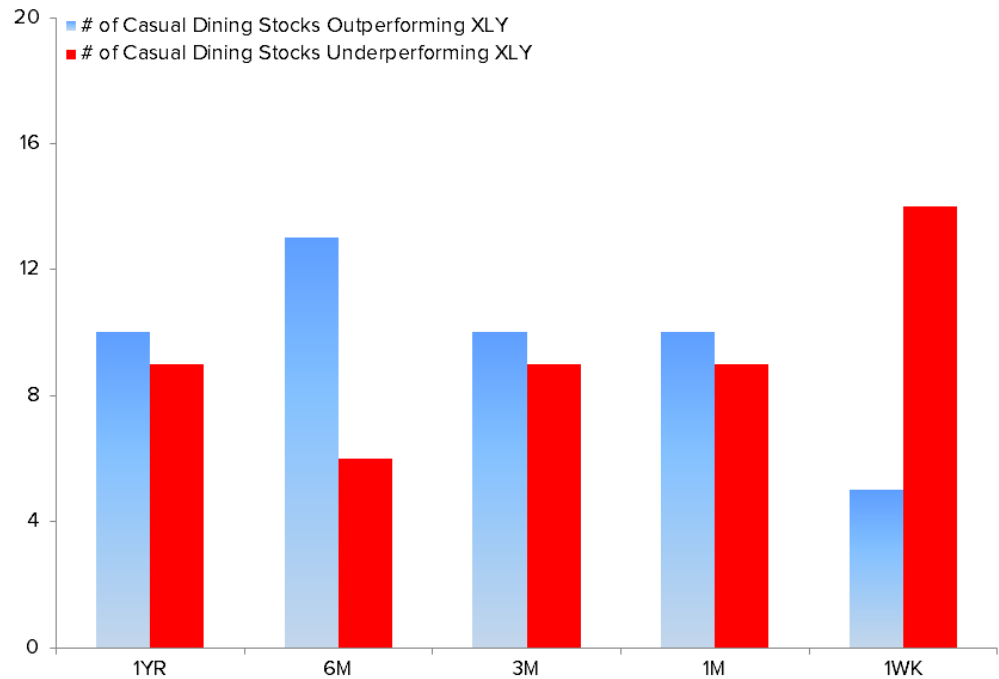


Source: Bloomberg

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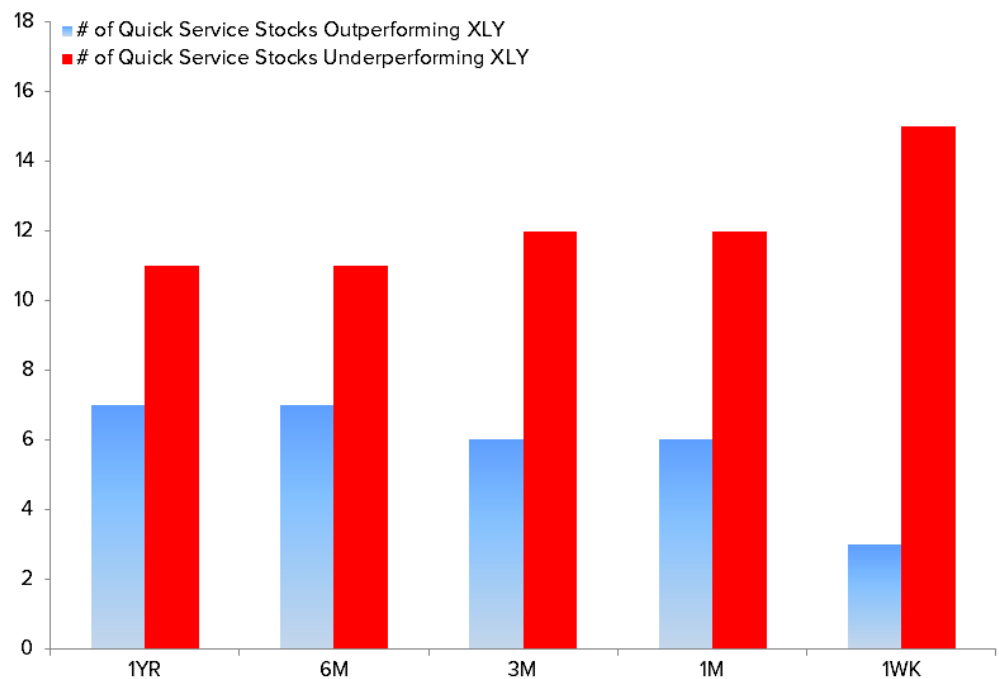
## SECTOR PERFORMANCE

The **XLY** (-0.7%) outperformed the **SPX** (-1.6%) last week. Both casual dining and quick service stocks, in aggregate, outperformed the **XLY**.



Source: Bloomberg

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Source: Bloomberg

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## CASUAL DINING PERFORMANCE

Casual Dining Relative Performance vs XLY									
1 Week		1 Month		3 Months		6 Months		1 Year	
KONA	7.5%	CBRL	14.5%	KONA	9.8%	DENN	48.3%	DENN	56.2%
BBRG	4.2%	BJRI	14.1%	RUTH	7.2%	RRGB	36.6%	BJRI	44.5%
CHUY	0.8%	KONA	8.1%	DENN	6.3%	BLMN	36.5%	CBRL	35.7%
FRGI	0.6%	TXRH	2.4%	TXRH	5.8%	CBRL	34.4%	KONA	28.1%
CAKE	0.0%	DENN	1.0%	CBRL	4.4%	KONA	31.4%	TXRH	26.6%
RUTH	-0.3%	DRI	0.4%	BWLD	2.4%	BJRI	29.9%	FRGI	16.6%
BJRI	-0.4%	CHUY	0.4%	RRGB	2.1%	RUTH	25.3%	DIN	15.2%
DIN	-0.8%	RT	0.1%	DRI	1.8%	FRGI	24.9%	DRI	13.6%
DRI	-1.3%	RUTH	0.1%	DIN	0.9%	TXRH	24.4%	BWLD	10.1%
CBRL	-1.6%	FRGI	0.0%	BJRI	0.7%	DRI	20.8%	RUTH	7.3%
RT	-1.7%	RRGB	-1.3%	BLMN	-0.1%	DIN	19.3%	EAT	-3.5%
DENN	-1.9%	BLMN	-1.6%	CHUY	-0.7%	BWLD	15.9%	RRGB	-5.3%
DFRG	-2.2%	DIN	-2.1%	FRGI	-1.9%	EAT	3.7%	RT	-5.6%
EAT	-2.2%	DFRG	-2.2%	EAT	-4.9%	CAKE	-5.6%	BLMN	-13.8%
BWLD	-2.3%	BBRG	-4.1%	BBRG	-7.4%	RT	-6.4%	CAKE	-14.8%
BLMN	-3.0%	BWLD	-5.0%	CAKE	-9.3%	BOBE	-7.0%	BOBE	-17.9%
TXRH	-3.2%	EAT	-5.9%	BOBE	-15.1%	BBRG	-15.0%	BBRG	-25.2%
RRGB	-5.2%	CAKE	-14.6%	DFRG	-19.3%	DFRG	-24.6%	DFRG	-34.9%
BOBE	-20.3%	BOBE	-22.6%	RT	-28.3%	CHUY	-28.3%	CHUY	-55.2%
SPX	-0.8%	SPX	-2.6%	SPX	-5.9%	SPX	-6.3%	SPX	-1.6%

Source: Bloomberg

&gt;1 STDEV ABOVE MEAN &gt;1 STDEV BELOW MEAN

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% Change in Consensus Estimates: Next Fiscal Year EPS					
Casual Dining		1-week	1-month	3-months	6-months
BJ'S RESTAURANTS INC	BJRI	0%	8.3%	10%	30%
CRACKER BARREL OLD COUNTRY	CBRL	0%	7.9%	8%	11%
DINEEQUITY INC	DIN	0%	3.1%	4%	8%
BLOOMIN' BRANDS INC	BLMN	0%	1.9%	2%	5%
TEXAS ROADHOUSE INC	TXRH	0%	1.6%	2%	-2%
BUFFALO WILD WINGS INC	BWLD	0%	0.2%	1%	0%
RUBY TUESDAY INC	RT	0%	0.0%	-172%	29%
BRINKER INTERNATIONAL INC	EAT	0%	-0.2%	1%	1%
DARDEN RESTAURANTS INC	DRI	0%	-0.5%	1%	3%
DENNY'S CORP	DENN	0%	-0.5%	0%	1%
RUTH'S HOSPITALITY GROUP INC	RUTH	0%	-0.6%	1%	0%
RED ROBIN GOURMET BURGERS	RRGB	0%	-0.7%	0%	0%
CHUY'S HOLDINGS INC	CHUY	0%	-1.2%	-8%	-21%
BRAVO BRIO RESTAURANT GROUP	BBRG	0%	-4.3%	-8%	-21%
DEL FRISCO'S RESTAURANT GROU	DFRG	0%	-9.5%	-14%	-14%
CHEESECAKE FACTORY INC/THE	CAKE	0%	-10.6%	-10%	-17%
BOB EVANS FARMS	BOBE	-19%	-15.7%	-17%	-15%
KONA GRILL INC	KONA	0%	-111.8%	-66%	-83%
<b>Casual Dining</b>		<b>-1.1%</b>	<b>-7.4%</b>	<b>-14.6%</b>	<b>-4.6%</b>

Source: Bloomberg

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## QUICK SERVICE PERFORMANCE

Quick Service Relative Performance vs XLY									
1 Week		1 Month		3 Months		6 Months		1 Year	
SONC	3.3%	YUM	4.5%	WEN	16.8%	PZZA	44.9%	SONC	44.9%
PLKI	0.8%	GMCR	4.4%	SONC	13.9%	PLKI	41.5%	PLKI	31.1%
DPZ	0.1%	SONC	4.2%	SBUX	4.6%	SONC	38.1%	DPZ	15.2%
CMG	-0.2%	MCD	1.0%	PLKI	4.3%	WEN	23.2%	SBUX	14.3%
GMCR	-0.3%	PLKI	0.6%	JMBA	3.7%	DPZ	23.1%	GMCR	7.2%
ARCO	-0.4%	SBUX	0.0%	PZZA	0.7%	SBUX	9.1%	WEN	2.4%
PNRA	-0.5%	DPZ	-1.5%	MCD	-0.2%	KKD	8.9%	KKD	0.8%
SBUX	-0.6%	CMG	-2.1%	DPZ	-0.7%	YUM	-0.6%	PZZA	0.0%
DNKN	-0.9%	KKD	-2.8%	PBPB	-0.7%	TAST	-1.7%	JMBA	-0.2%
MCD	-1.1%	WEN	-3.6%	YUM	-1.2%	MCD	-3.8%	CMG	-0.9%
TAST	-1.4%	DNKN	-5.9%	TAST	-1.6%	PBPB	-5.4%	YUM	-9.3%
WEN	-1.5%	TAST	-7.1%	KKD	-2.4%	PNRA	-7.7%	MCD	-10.2%
YUM	-1.7%	PZZA	-7.5%	CMG	-6.2%	JMBA	-9.2%	TAST	-10.6%
PZZA	-2.5%	PNRA	-12.0%	DNKN	-8.4%	GMCR	-11.3%	DNKN	-23.5%
KKD	-3.0%	PBPB	-12.2%	PNRA	-8.7%	NDLS	-11.9%	PNRA	-25.6%
JMBA	-3.2%	JMBA	-13.4%	GMCR	-11.6%	DNKN	-12.0%	PBPB	-50.5%
NDLS	-3.3%	ARCO	-15.1%	ARCO	-22.8%	CMG	-12.1%	ARCO	-56.6%
PBPB	-3.4%	NDLS	-35.3%	NDLS	-36.5%	ARCO	-32.4%	NDLS	-65.9%
SPX	-0.8%	SPX	-2.6%	SPX	-5.9%	SPX	-6.3%	SPX	2.4%

Source: Bloomberg

&gt;1 STDEV ABOVE MEAN &lt;1 STDEV BELOW MEAN

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% Change in Consensus Estimates: Next Fiscal Year EPS					
Quick Service		1-week	1-month	3-months	6-months
POTBELLY CORP	PBPB	0%	13.0%	13%	0%
JACK IN THE BOX INC	JACK	0%	3.7%	4%	0%
SONIC CORP	SONC	1%	3.3%	6%	8%
ARCOS DORADOS HOLDINGS INC-A	ARCO	0%	1.0%	-1%	19%
DOMINO'S PIZZA INC	DPZ	0%	0.4%	0%	2%
CHIPOTLE MEXICAN GRILL INC	CMG	0%	0.2%	-1%	-1%
FIESTA RESTAURANT GROUP	FRGI	0%	0.1%	1%	3%
KEURIG GREEN MOUNTAIN INC	GMCR	0%	0.0%	-2%	1%
HABIT RESTAURANTS INC/THE-A	HABT	0%	0.0%	-4%	
STARBUCKS CORP	SBUX	0%	0.0%	0%	-1%
EL POLLO LOCO HOLDINGS INC	LOCO	0%	0.0%	2%	3%
KRISPY KREME DOUGHNUTS INC	KKD	0%	0.0%	0%	-1%
ZOE'S KITCHEN INC	ZOES	0%	0.0%	-38%	-82%
MCDONALD'S CORP	MCD	0%	-0.3%	-8%	-14%
YUM! BRANDS INC	YUM	0%	-0.3%	-3%	-11%
WENDY'S CO/THE	WEN	0%	-1.2%	-13%	-12%
PAPA JOHN'S INTL INC	PZZA	0%	-1.5%	0%	1%
POPEYES LOUISIANA KITCHEN IN	PLKI	0%	-2.6%	-1%	0%
PANERA BREAD COMPANY-CLASS A	PNRA	0%	-5.9%	-6%	-13%
RESTAURANT BRANDS INTERN	QSR	0%	-9.2%		
NOODLES & CO	NDLS	0%	-9.3%	-9%	-9%
CARROLS RESTAURANT GROUP INC	TAST	0%	-49.2%	-52%	-71%
Quick Service		0.1%	1.5%	-2.0%	

Source: Bloomberg

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