



# US Strategy Weekly

## Emotional Roller Coaster

A week ago, the world was on edge after the US took out Iranian Major General Soleimani in a drone strike at the Baghdad airport. Luckily Iran's retaliation was minor and the political uproar that followed this bold and unforeseen event seems to have dissipated. Nevertheless, the first few weeks of 2020 have been an emotional roller coaster for investors, and we believe the year will continue to be marked by more unexpected political incidents. The predictable narratives are the Democratic primary election, the presidential election and Brexit; but these are only the obvious ones. Investors should stay on their toes while keeping a solid focus on fundamentals.

Currently the financial press is dominated by more mundane economic stories such as the content of this week's Chinese-US phase one trade deal and the positive earnings results reported by several large US banks. JPMorgan Chase (JPM - \$138.80) reported a 9% increase in revenues in its fourth quarter. Citigroup (C - \$81.91) reported a 7% increase. Chase reported their credit card, merchant services and auto revenue surged \$6.3 billion or 9% at year end, with credit card loans up 8%. Citi beat profit estimates due to a jump in trading revenue and strong credit card sales. These revenue and earnings increases paint a favorable picture for fourth quarter GDP which will be released at the end of this month. Economists will get another clue to fourth quarter activity when December's retail sales are released later this week. The consensus is looking for a 0.4% month-over-month gain in total sales versus the 0.2% recorded in November. Anything stronger would be an excellent sign that the consumer is doing better than expected. Wall Street is forecasting GDP growth of 1.6% in the fourth quarter, but it is worth noting that the consensus has been too pessimistic all year. The combination of a stronger-than-consensus fourth quarter and a signed phase one US-China trade deal could set the stage for a big positive surprise in the first quarter of 2020.

### TARGET TWEAKING

In our OUTLOOK FOR 2020 (December 18, 2019) we noted that our SPX earnings forecast of \$184 and our price target of SPX 3300 could prove too conservative. We are not surprised that equities are closing in on our SPX 3300 target this week. Yet since it is, we should remind readers that the top of our valuation model's predicted range allows for a much higher target of SPX 3500 by December 2020. But SPX 3500 would require a perfect combination of strong earnings, low inflation, an accommodating Fed, and no upsetting political or geopolitical events. And while this is not impossible, we believe it is likely that the SPX 3300 level becomes upside resistance in the near term. Even so a signed trade deal, better than expected fourth quarter SPX earnings and a GDP report of 2% or more for 4Q19, could lead us to raise our target in coming weeks.

### A FEDERAL RESERVE ON HOLD

Recent data releases suggest the Federal Reserve should be on hold for the foreseeable future. Employment in December was healthy, but not particularly strong. The 145,000 increase in payrolls was well below the 6-month average of 188,500 new jobs per month. And while the unemployment rate fell fractionally, it still rounded to 3.5%, or unchanged from November. Average weekly earnings for total private employees rose 2.3% YOY, down from 2.8% YOY in November. Average weekly earnings for production and nonsupervisory employees rose 2.4% YOY, down from 2.8% YOY in November.

For important disclosures and analyst certification please refer to the last page of this report.

Our favorite employment statistics are the annual growth rates in the number of people employed. In December, employment increased 1.4% YOY in the establishment survey and 1.3% YOY in the household survey. Both of these gains were slightly below their respective long-term average growth rates. Still, it is difficult to criticize these growth rates since the current expansion is now 10 ½ years old. Slow and steady is usually a better long-term trend than fast and extreme. Over 2.1 million jobs were created in 2019 and the number of unemployed workers receiving unemployment insurance fell by 533,000. These are all favorable numbers; but in our view, the most impressive statistics in December's job report were not the headline data points. The percentage of those currently not in the labor force but wanting a job fell from 5.3% in December 2018 to 4.8% in December, after hitting a record low of 4.6% in October 2019. Discouraged workers, or those out of work who feel they will not be able to find work, fell to 277,000 in December, the lowest level since September 2007. These latter data points suggest the job market has definitely become healthier in 2019. See pages 3 and 4.

The NFIB Small Business Optimism Index fell from 104.7 in November to 102.7 in December. This decline reversed some of the gains seen in the prior two months, yet the index remains generally strong. There were small declines in plans for capital expenditures, employment expansion, job openings, compensation increases, general expansion, and price increases. But there were small increases in the percentage of respondents that expect the economy and real sales to improve in the next twelve months. See page 5.

December's inflation data also supports the Federal Reserve's neutral standing. December's not-seasonally-adjusted CPI index showed a 2.3% YOY rise, which was just slightly higher than the 2.1% YOY gain seen in November. Meanwhile, core CPI was unchanged from November's 2.3% YOY pace. Energy prices fell 0.8% for the month but rose 3.4% YOY. Food was up 0.1% for the month and up 1.8% YOY. See page 6. Of the largest components of the CPI, transportation, with a 16.4% weighting, tends to be the most volatile due to the erratic price of oil. For example, transportation prices rose 1.9% YOY in December after falling for three consecutive months. But medical care, with an 8.8% weighting, is the most concerning. Medical care had the largest year-over-year increase, up 4.6% YOY in December. The major driver of recent medical care inflation is health insurance, where prices have been increasing 20% YOY or more for three consecutive months. See page 7.

Conversely, housing, which carries a 42.3% weight in the index, has been decelerating from a 3.0% pace to 2.6%. This has helped to dampen inflation trends. Prices for rent of primary residence, owners' equivalent rent and household furnishings and operations are all slowing. This is favorable for consumers and should help keep headline and core inflation indices rising modestly between 2.0% and 2.3% for 2020. See page 8.

#### TECHNICAL INDICATORS HOLD STRONG AND STEADY

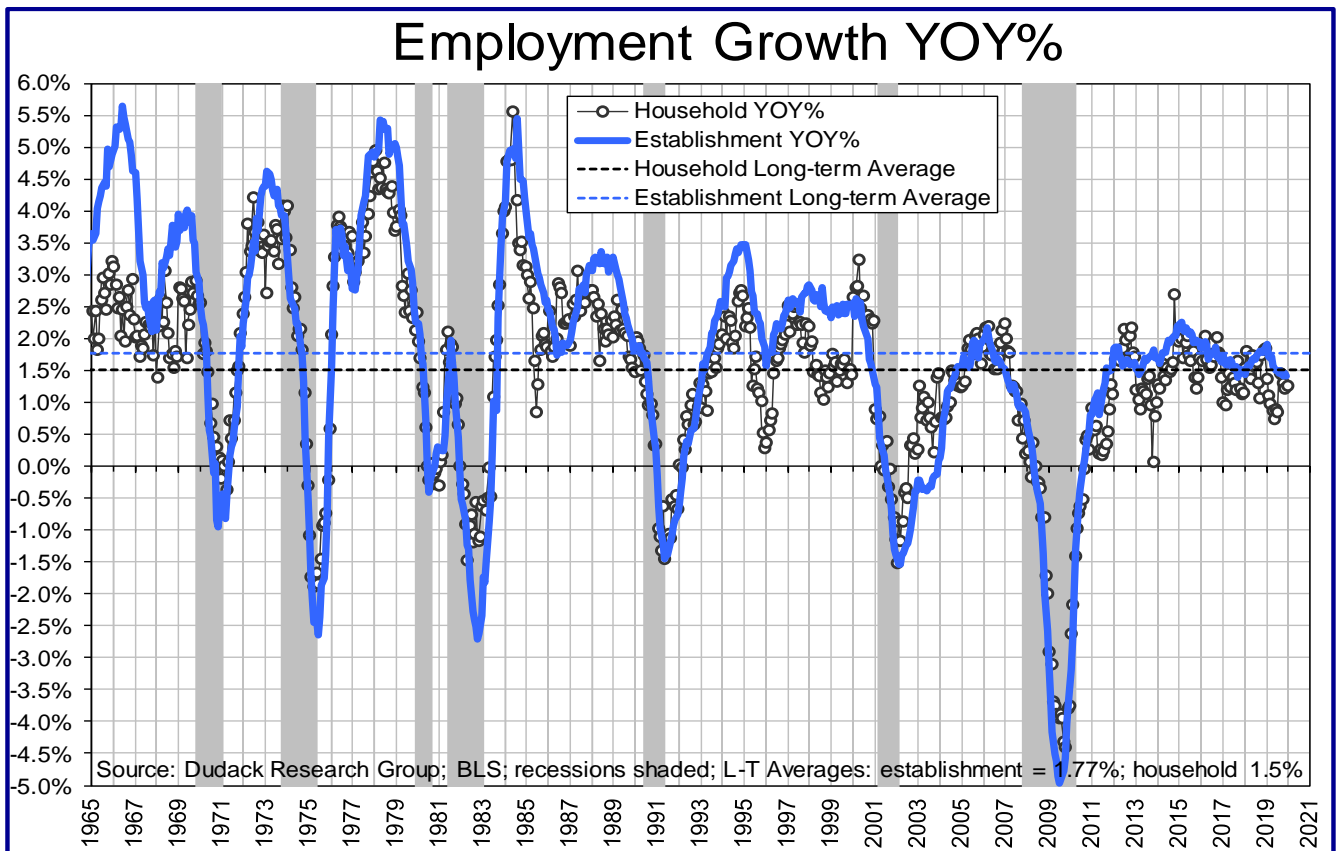
The 25-day up/down volume oscillator is 2.87 (preliminarily) and neutral after being in overbought territory for 11 of the last 15 consecutive trading sessions. This overbought reading, which began in December, represented the sixth consecutive overbought reading of 2019. Strong and repetitive overbought readings reveal solid and persistent buying pressure and are a classic characteristic of a bull market cycle. In short, this is a positive sequence for this indicator. See page 11. Breadth data continues to be strong and favorable. The 10-day average of new highs rose to an average of 343 this week, while the average number of daily new lows fell to 35. The NYSE cumulative advance decline line recorded a new high on January 14, which confirms the new highs recorded by most of the popular averages last week. See page 12. Equally important are the lack of extremes in sentiment. As of January 8, AAll bullish sentiment fell 4.1% to 33.1% and bearish sentiment rose 8.0% to 29.9%. The 8-week bull/bear spread remains neutral. The ISE Sentiment index which measures option sentiment is also neutral. In sum, sentiment indicators are not giving early warning signals of a peak in the market.

December's payrolls increased by 145,000 workers, previous months were revised lower by 13,000 and the unemployment rate fell fractionally, but still rounded to 3.5%. See below. Employment grew 1.4% YOY in the establishment survey and 1.3% YOY in the household. Both of these paces were slightly below the long-term average employment growth rate; however, the job market remains robust considering the expansion is currently 10 ½ years old.

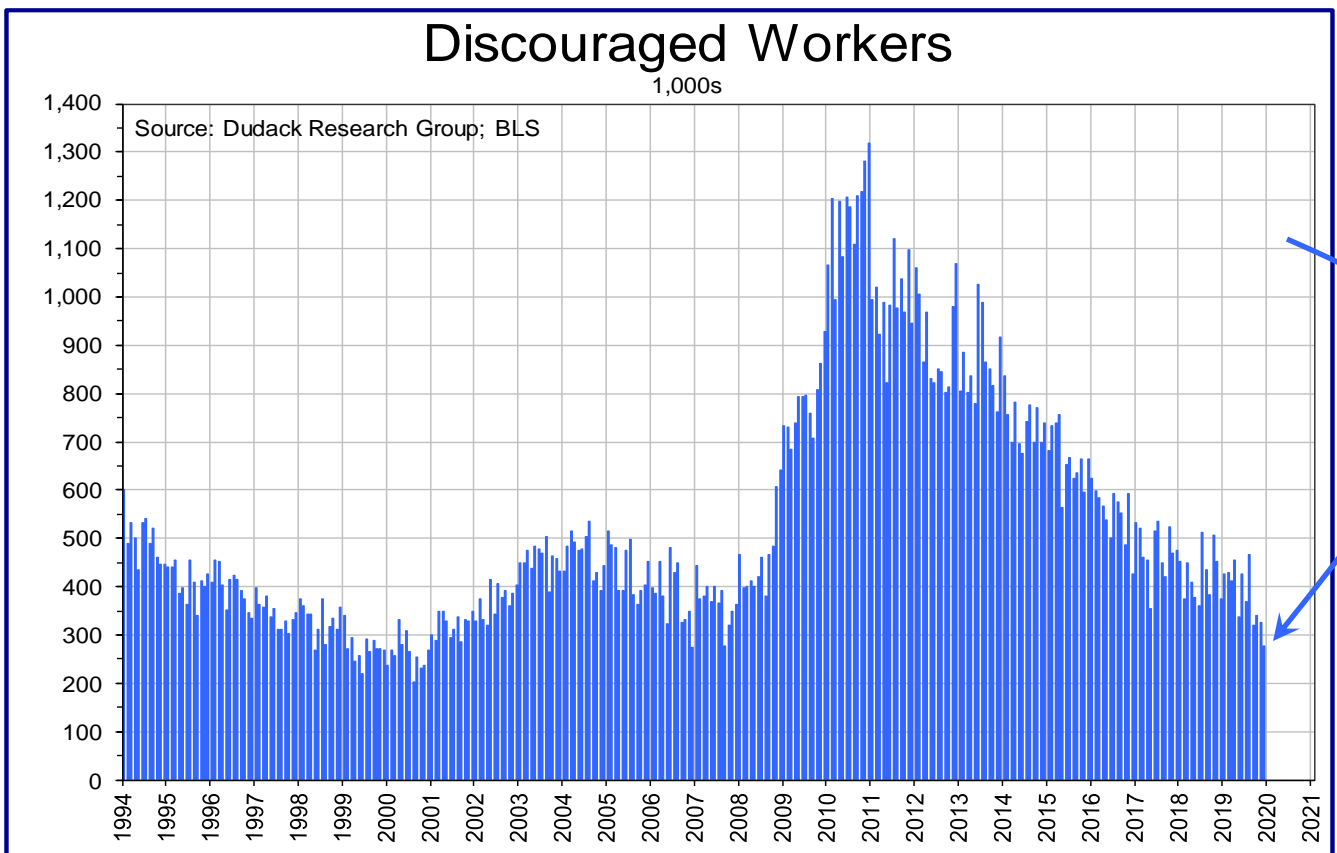
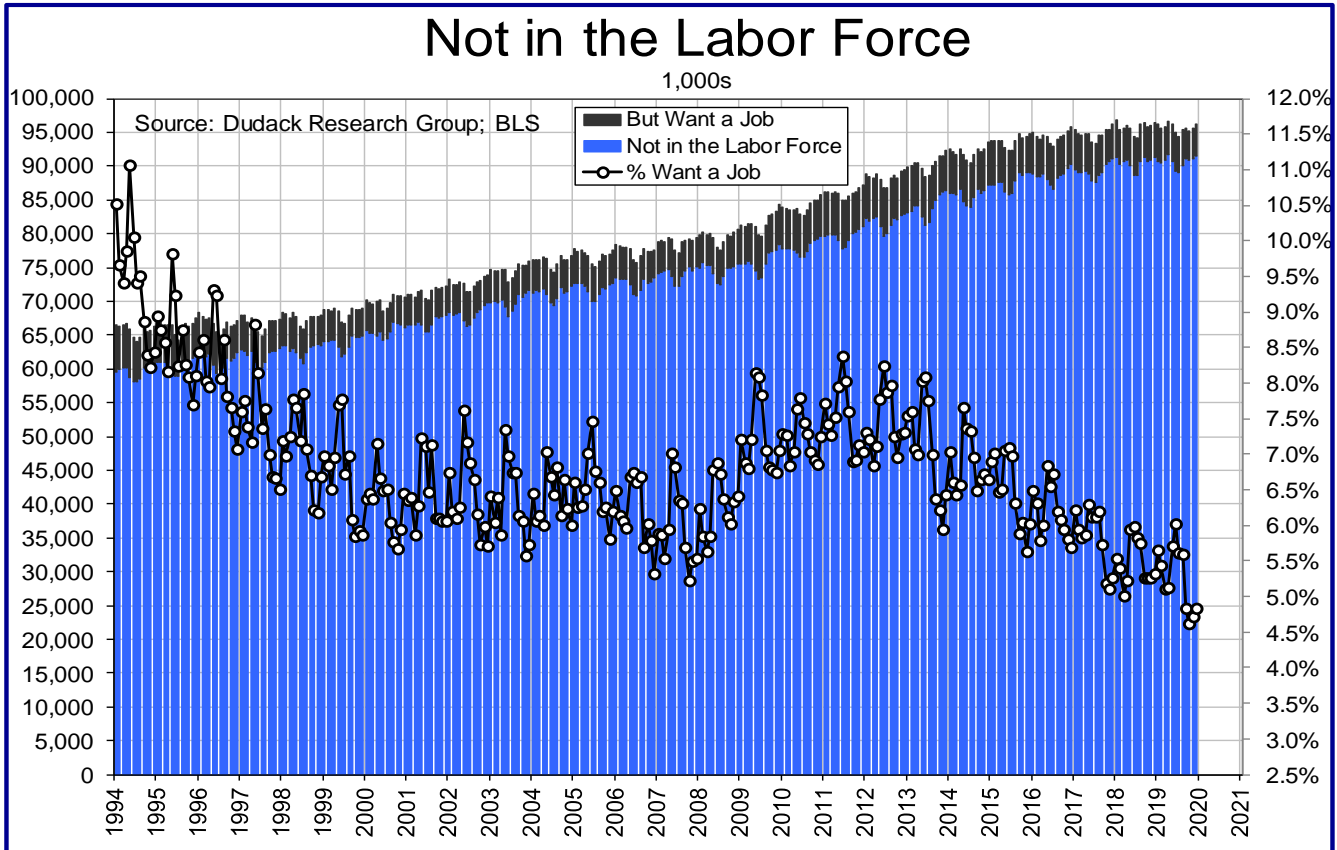
Over 2.1 million jobs were created in 2019 and the number of unemployed workers (receiving unemployment insurance) fell by 533,000.

Employment Surveys (1,000s SA)	Dec-19	Nov-19	Change	Dec-18	Yr/Yr
<b>Establishment Survey: NonFarm Payrolls</b>	152,383	152,238	145	150,275	2,108
<b>Household Survey Data (1,000s)</b>					
Employed (A)	158,803	158,536	267	156,825	1,978
Unemployed (B)	5,753	5,811	(58)	6,286	(533)
Civilian labor force [A+B]	164,556	164,347	209	163,111	1,445
Unemployment rate [B/(A+B)]	3.5%	3.5%	-0.04%	3.9%	-0.4%
U6 Unemployment rate	6.7%	6.9%	-0.2%	7.6%	-0.9%
Civilian noninstitutional population (C)	260,181	260,020	161	258,888	1,293
Participation rate [(A+B)/C]	63.2	63.2	0.0	63.0	0.2
Employment-population ratio [A/C]	61.0	61.0	0.0	60.6	0.4
Not in labor force	95,625	95,673	-48	95,777	-152

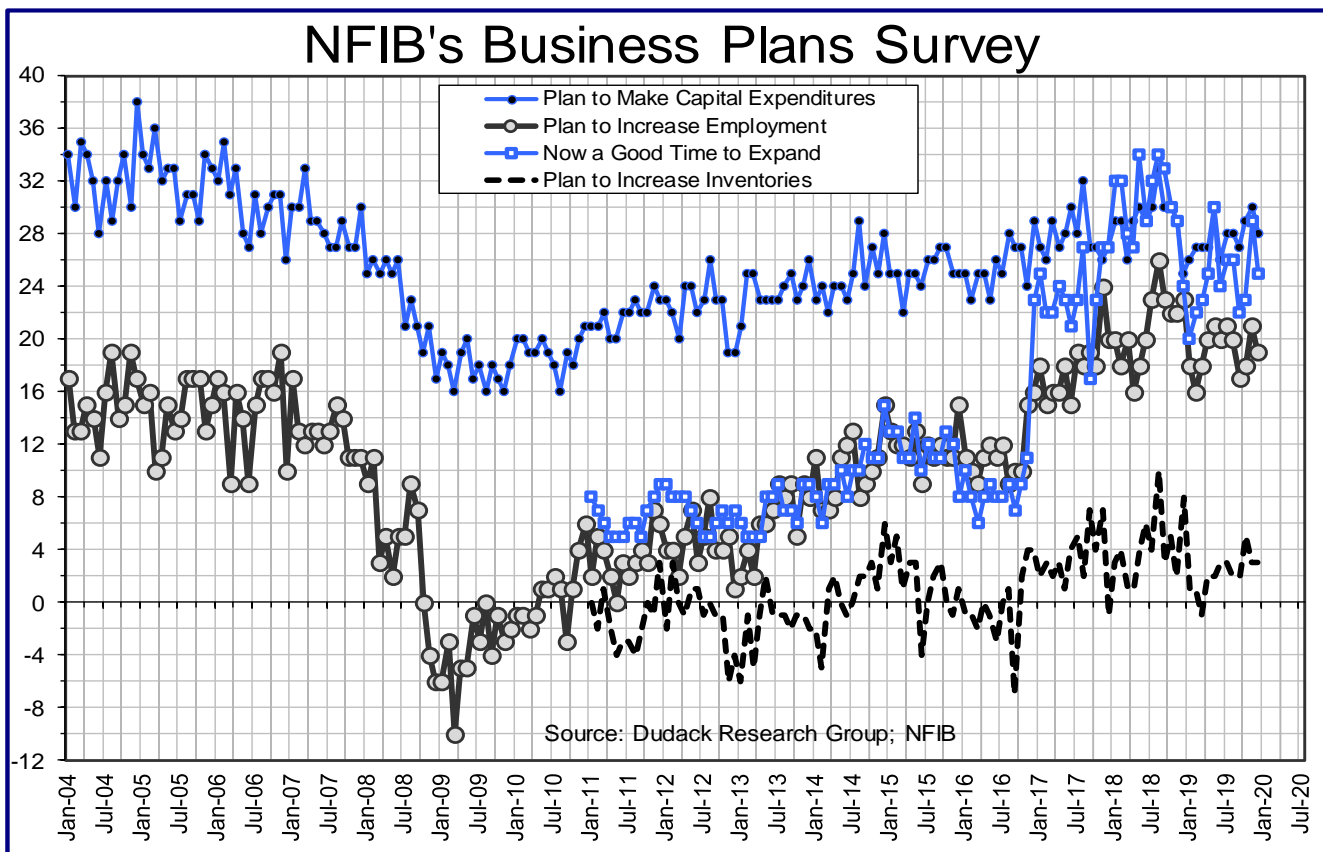
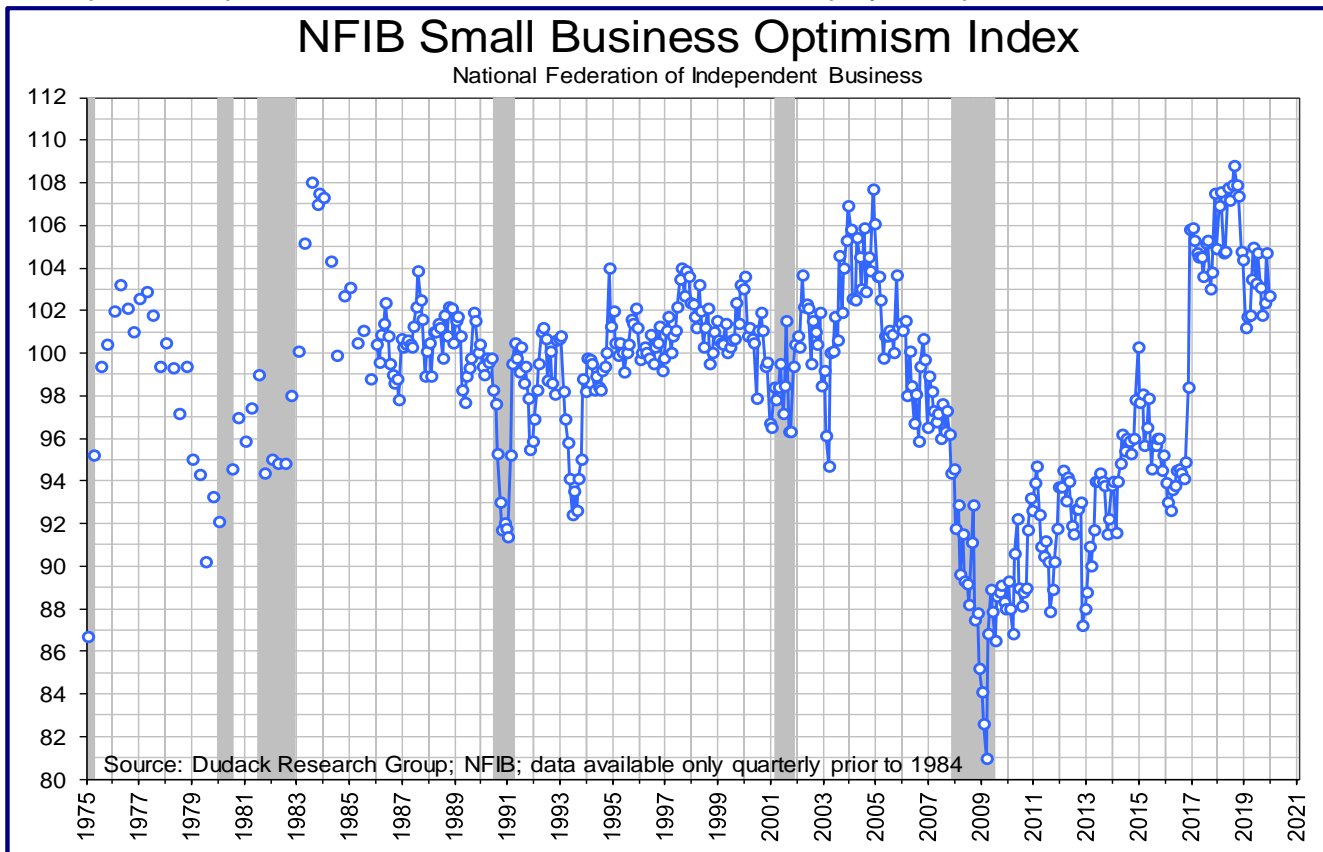
Source: Bureau of Labor Statistics



Several data points indicate a healthy job market. The percentage of those not in the labor force but do want a job fell from December 2018's 5.3% to a record low of 4.6% in October 2019. It was 4.8% in December. Discouraged workers were 277,000 in December, the lowest since September 2007.



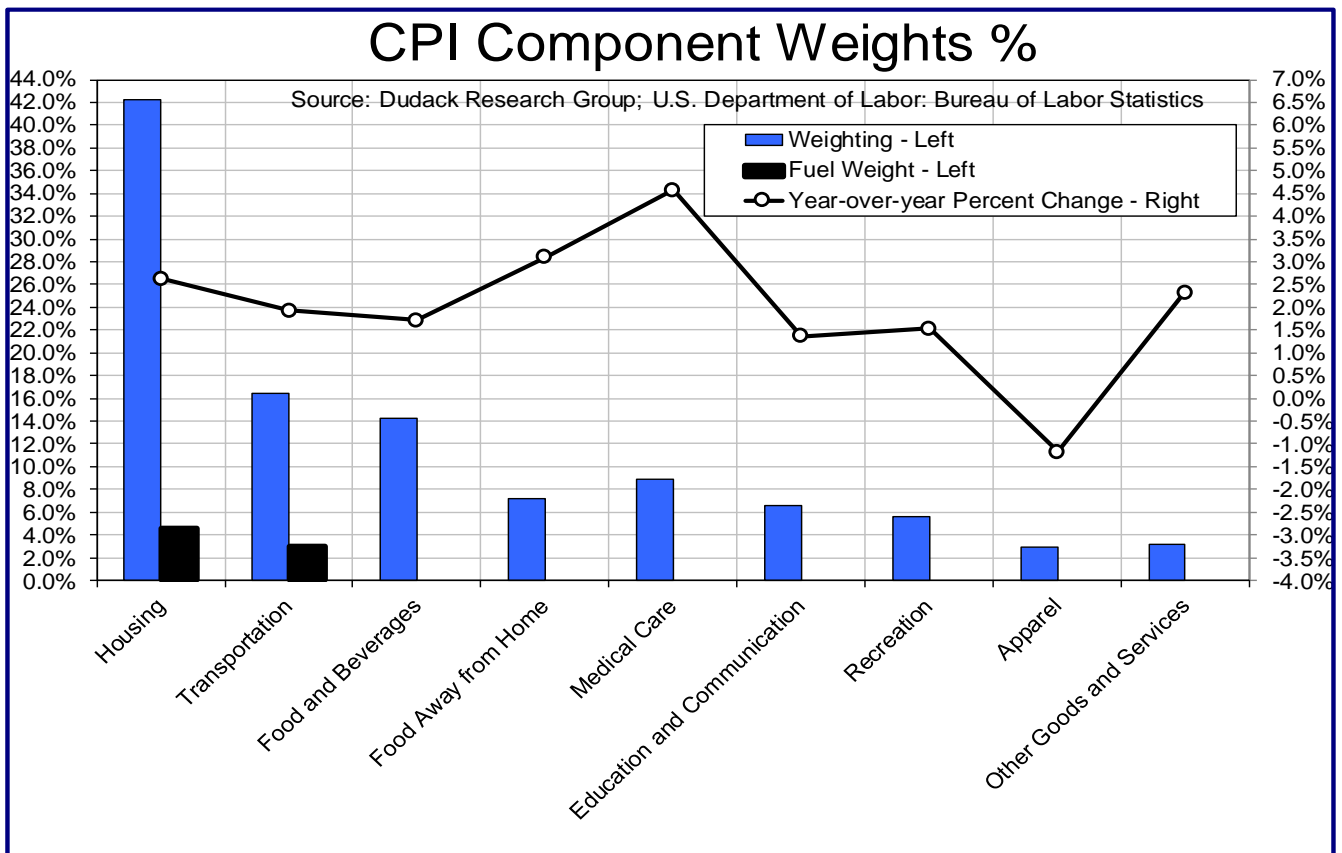
The NFIB Small Business Optimism Index fell from 104.7 in November to 102.7 in December, reversing some of the gains seen in the prior two months. Confidence fell in December but remains generally strong. Capital expenditure plans fell from 30 to 28 in December and employment plans fell from 21 to 19.



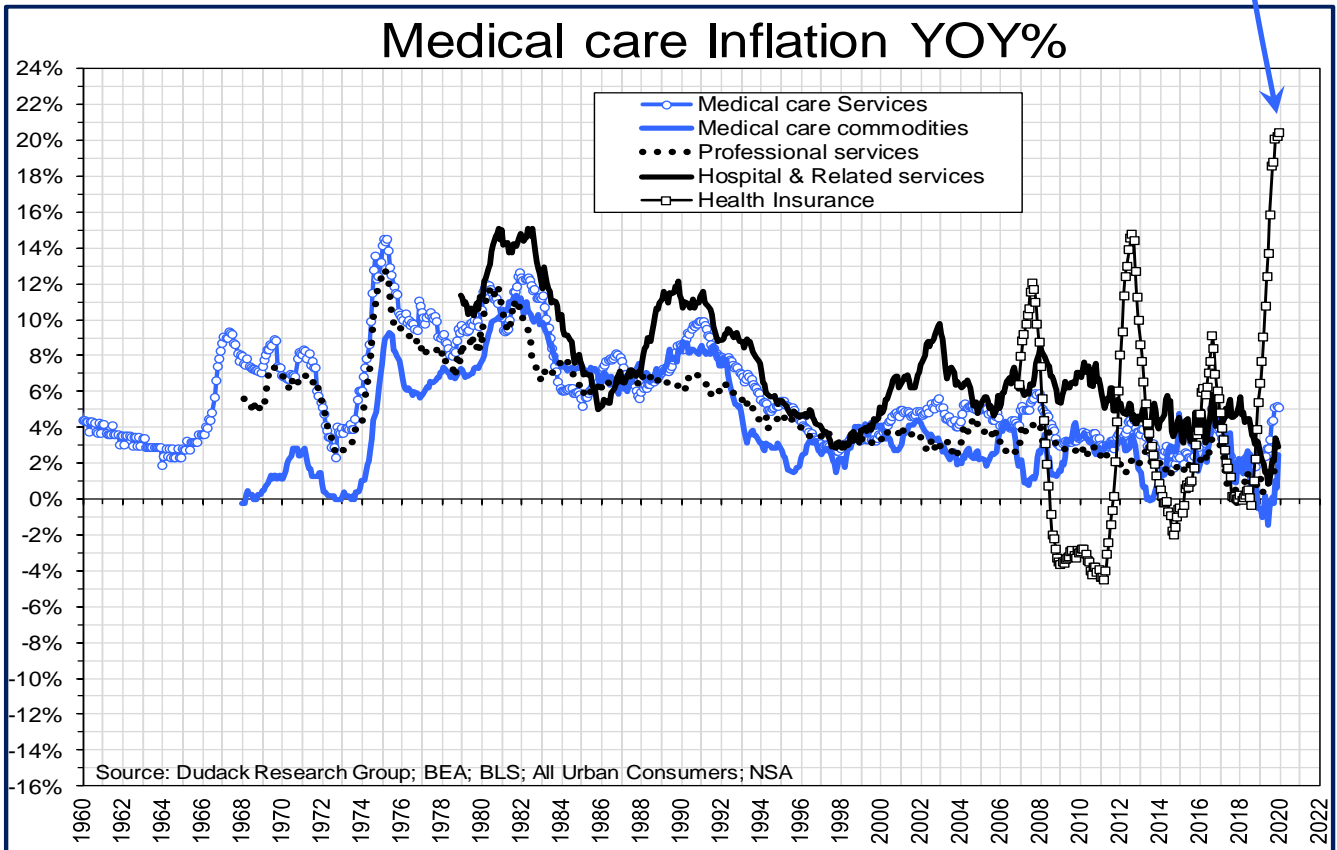
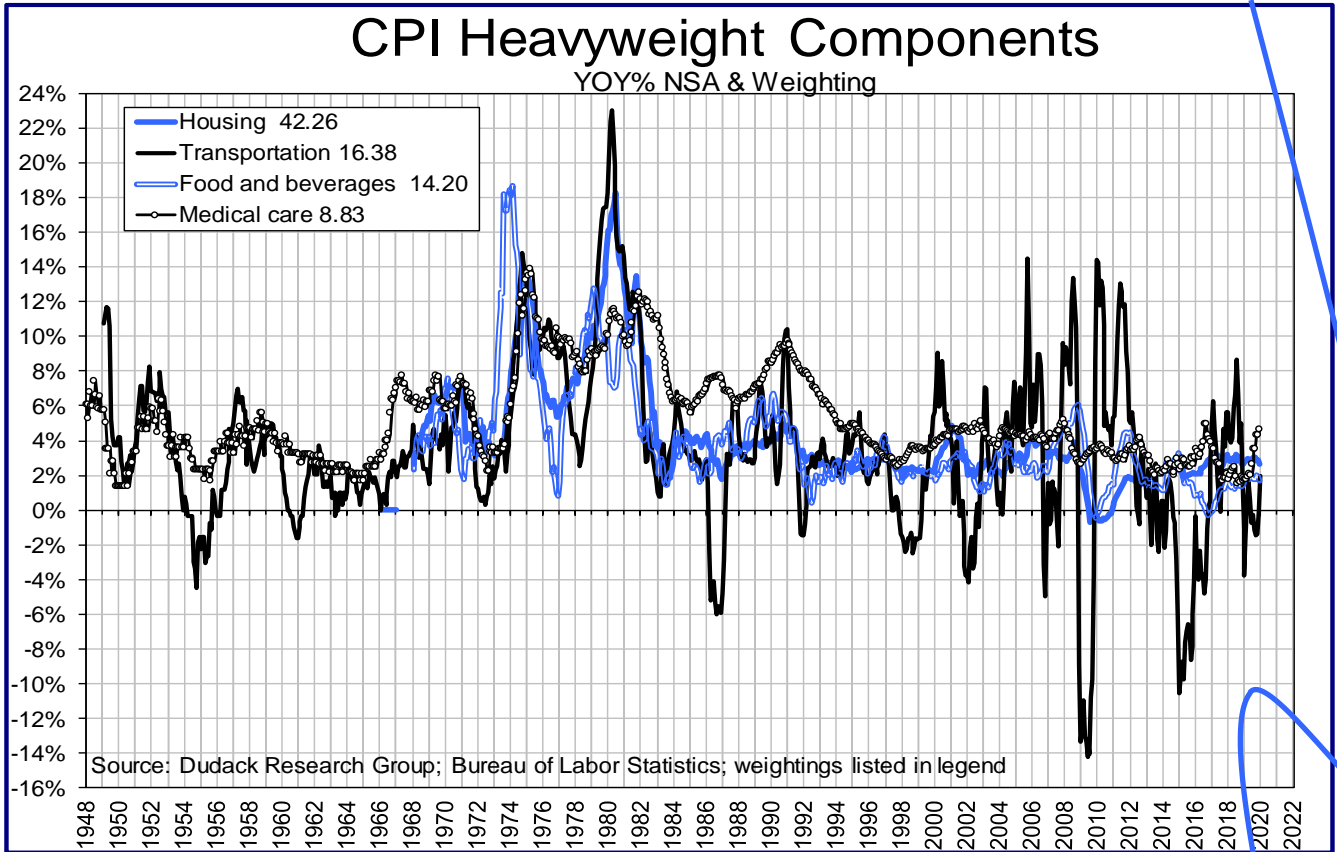
The not-seasonally-adjusted CPI index for December showed a 2.3% YOY increase versus the 2.1% YOY gain in November. Core CPI was unchanged at 2.3% YOY. Energy was down 0.8% for the month but up 3.4% YOY. Food was up 0.1% for the month and up 1.8% YOY. The largest year-over-year increase was medical care, up 4.6% YOY.

CPI Components Heavy Weights - Not Seasonally Adjusted Data	Component Weight*	Fuel Weight	Price Chg YOY%	Price Chg MOM%
<b>Housing</b>	<b>42.3%</b>	<b>4.6%</b>	<b>2.6%</b>	<b>0.1%</b>
<i>Owners' equivalent rent of residences</i>	24.2%		3.3%	0.2%
<b>Fuels and utilities</b>	<b>4.6%</b>		<b>-0.2%</b>	<b>0.1%</b>
<b>Transportation</b>	<b>16.4%</b>	<b>2.9%</b>	<b>1.9%</b>	<b>-0.6%</b>
<b>Food and beverages</b>	<b>14.2%</b>		<b>1.7%</b>	<b>0.1%</b>
<i>Food at home</i>	7.2%		0.7%	0.0%
<i>Food away from home</i>	6.1%		3.1%	0.3%
<i>Alcoholic beverages</i>	1.0%		0.5%	0.0%
<b>Medical care</b>	<b>8.8%</b>		<b>4.6%</b>	<b>0.4%</b>
<b>Education and communication</b>	<b>6.5%</b>		<b>1.4%</b>	<b>-0.1%</b>
<b>Recreation</b>	<b>5.6%</b>		<b>1.5%</b>	<b>0.1%</b>
<b>Apparel</b>	<b>2.9%</b>		<b>-1.2%</b>	<b>-3.2%</b>
<b>Other goods and services</b>	<b>3.2%</b>		<b>2.3%</b>	<b>-0.2%</b>
Special groups:				
Energy	7.5%		3.4%	-0.8%
All items less food and energy	79.3%		2.3%	-0.1%
<b>All items</b>	<b>100.0%</b>		<b>2.3%</b>	<b>-0.1%</b>

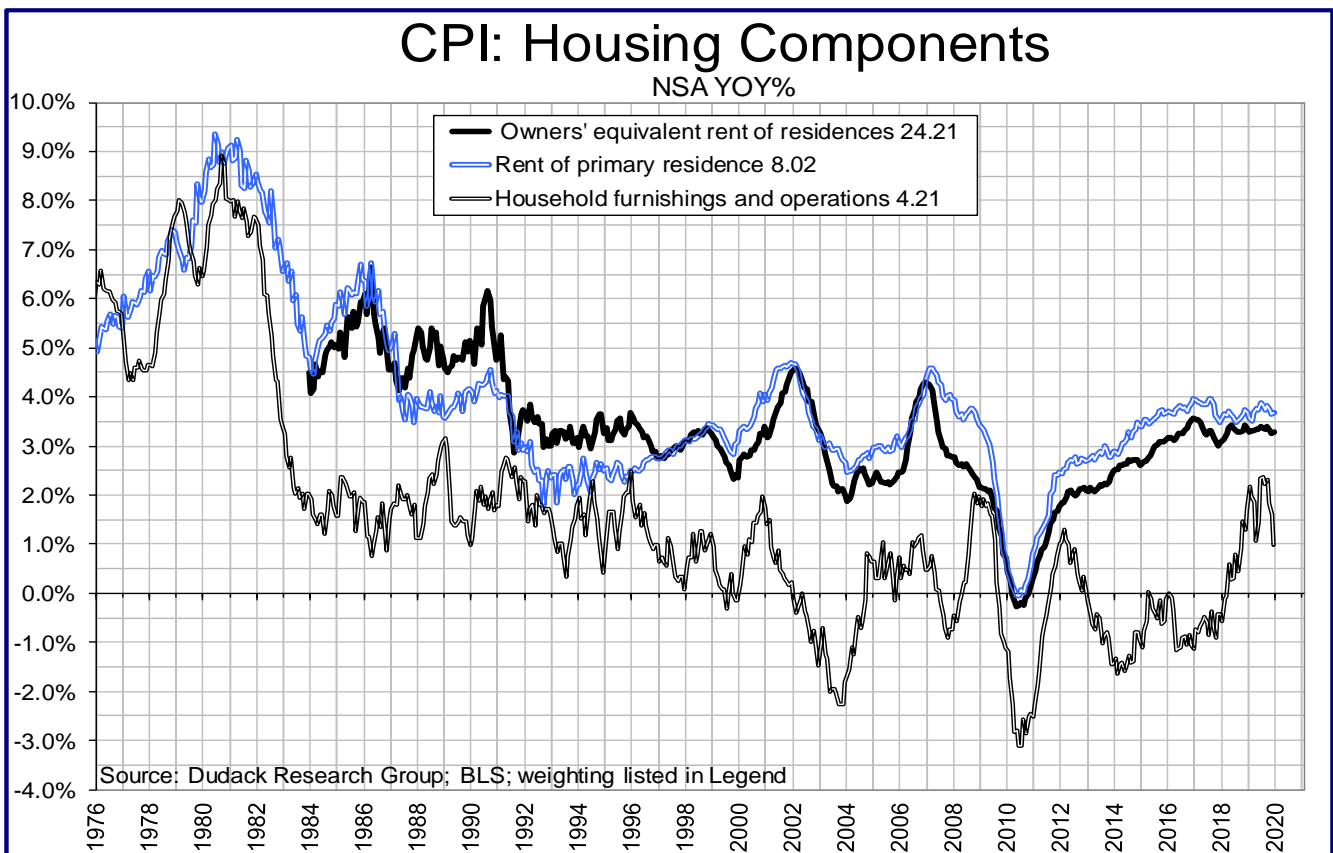
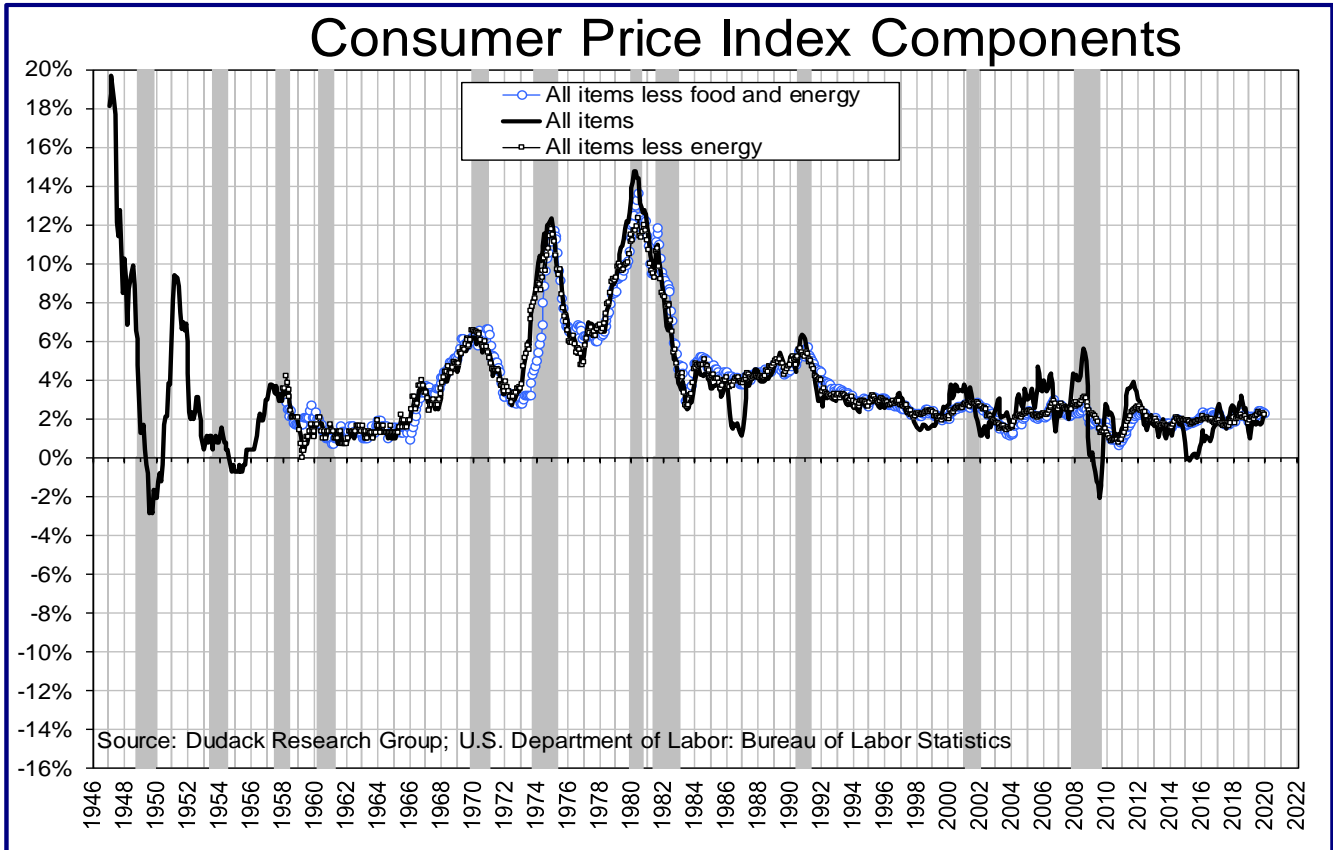
Source: Dudack Research Group; BLS; \*Nov. 2019 w weightings; Italics=sub-component; bold = headline/blue>headline



Of the heavyweight components of the CPI, transportation prices are the most volatile due to the erratic price of oil. But medical care costs are the most concerning. The major culprit of medical care inflation is health insurance, where prices have been increasing 20% YOY or more for the last three months.

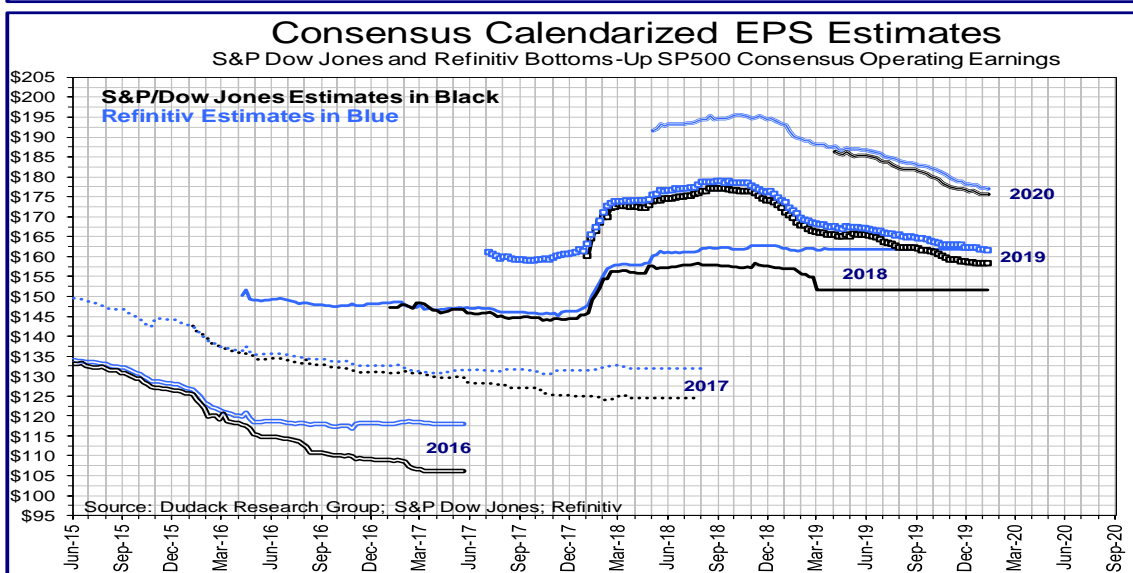
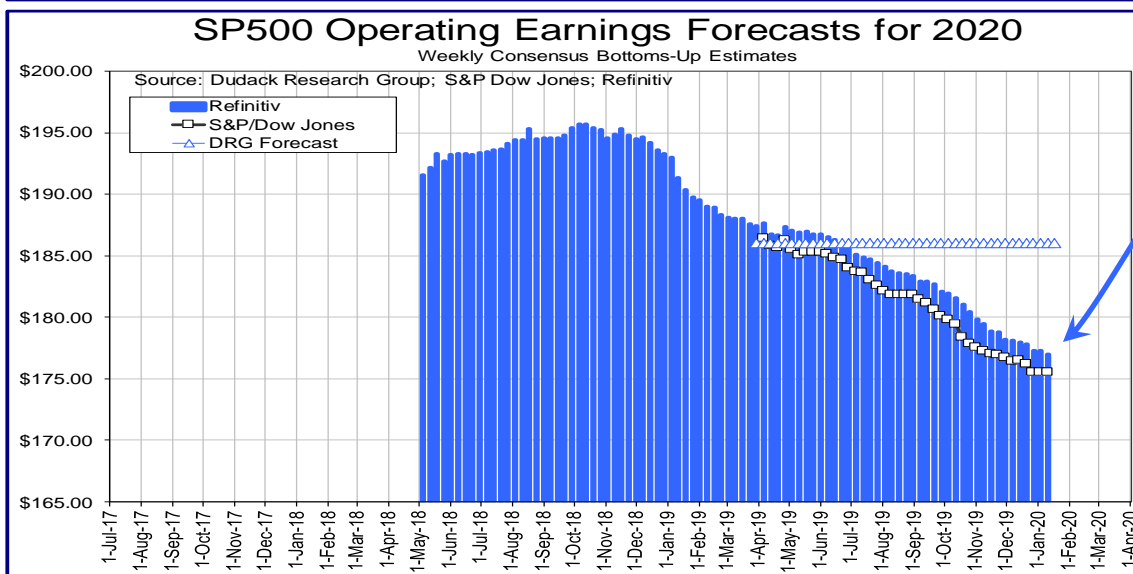
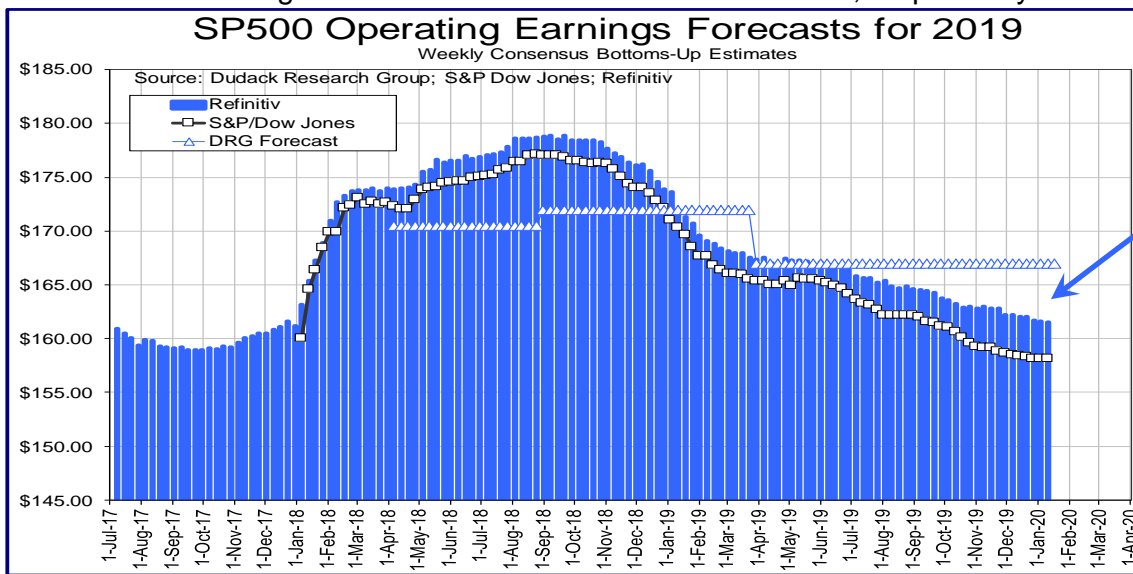


From a long-term perspective, headline and core inflation indices are rising modestly between 2.0% and 2.3%. Housing, which carries a 42.3% weight in the index, has been decelerating from a 3.0% pace to 2.6%. Inflation in both rent of primary residence and owners' equivalent rent is slowing. This is favorable.

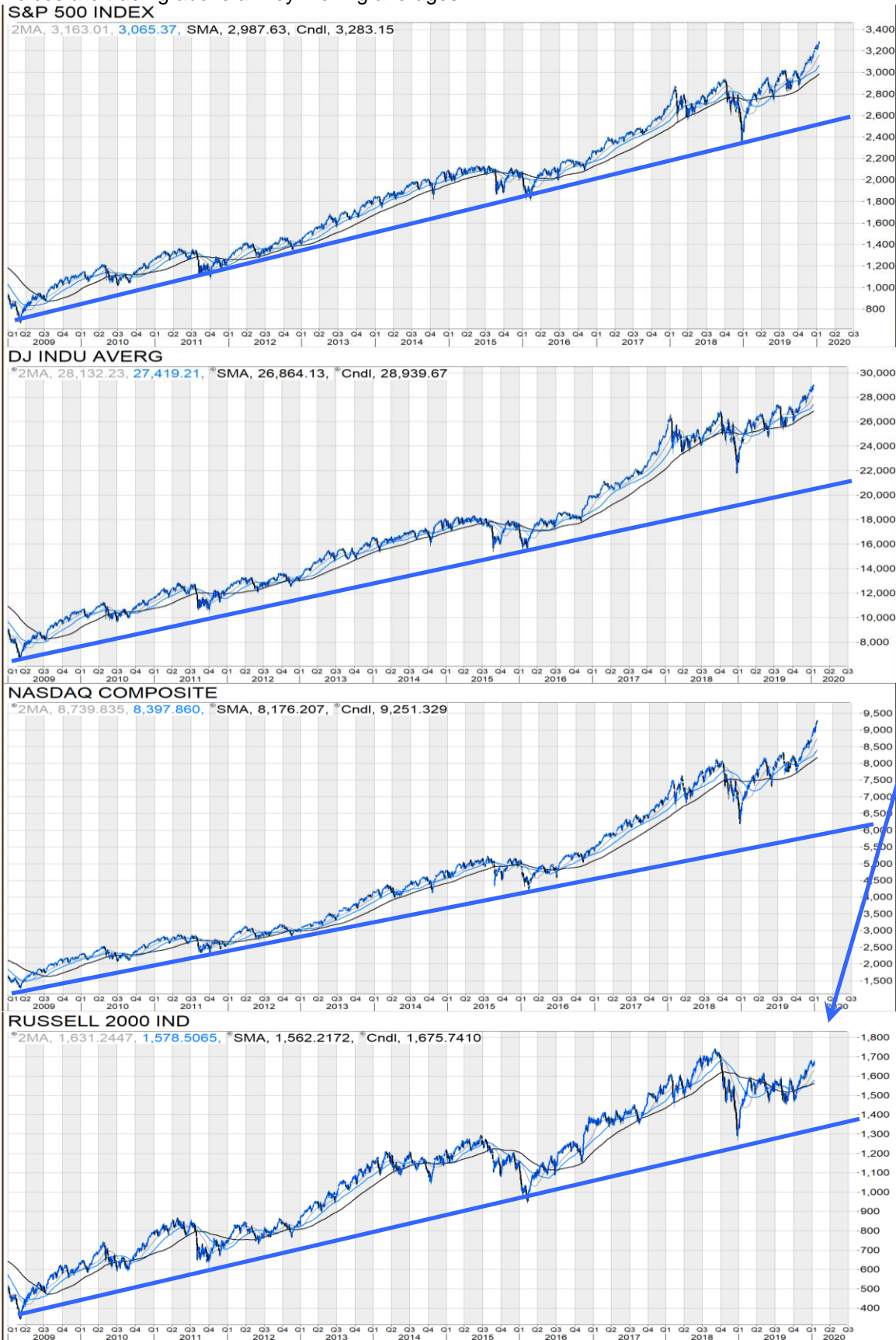




For the week ended January 10, the Refinitiv consensus 2019 EPS growth estimate was unchanged at (0.2)% and the 2020 estimate edged down to 9.6%. The S&P Dow Jones estimates have not been updated since year end and are unchanged at 4.3% and 11.0% for 2019 and 2020, respectively.



The RUT has been the laggard of this rally, but by holding above its 1600 resistance/support level, the technical pattern is positive. All indices are trading above all key moving averages.

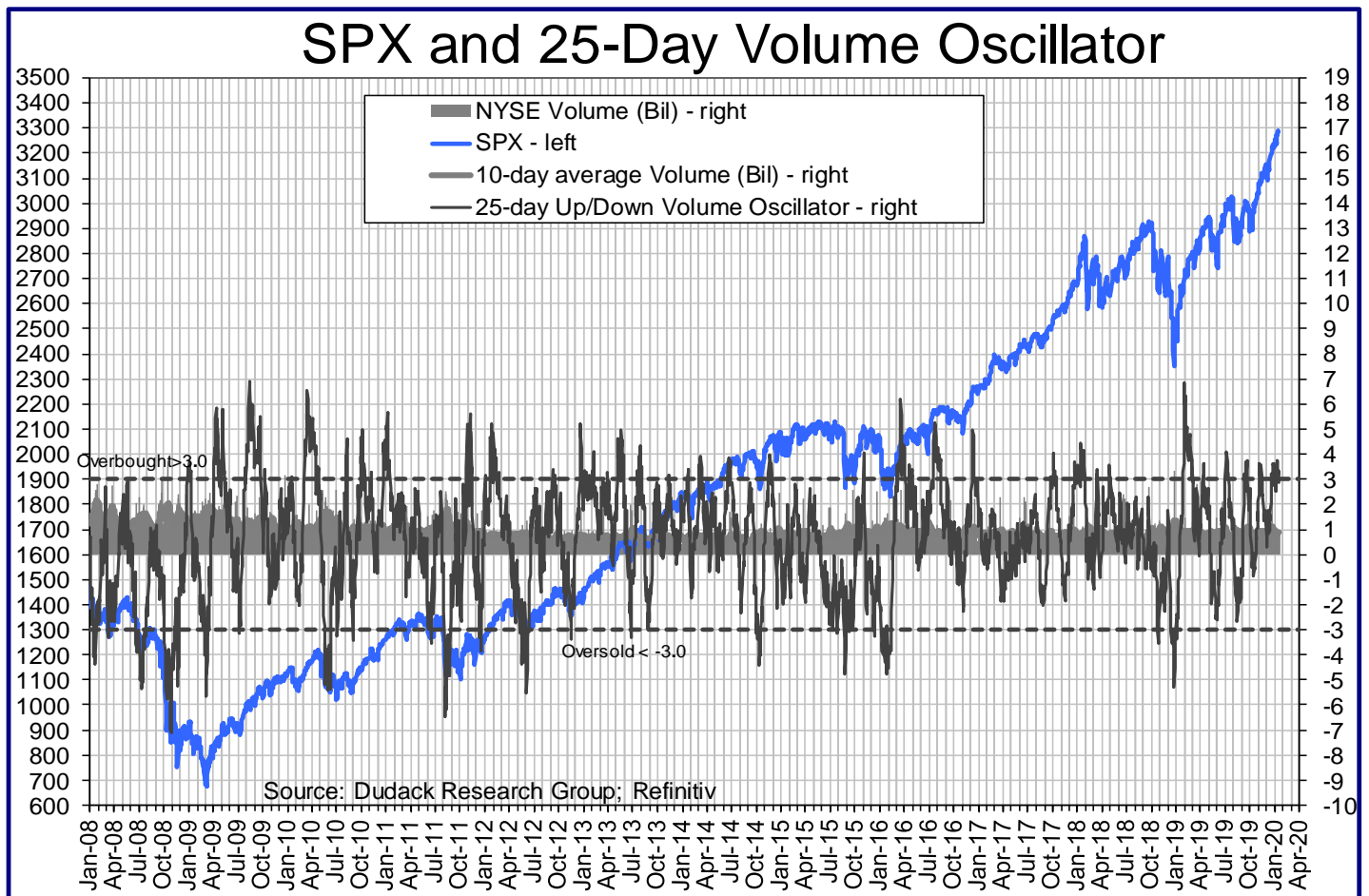


Source: Refinitiv

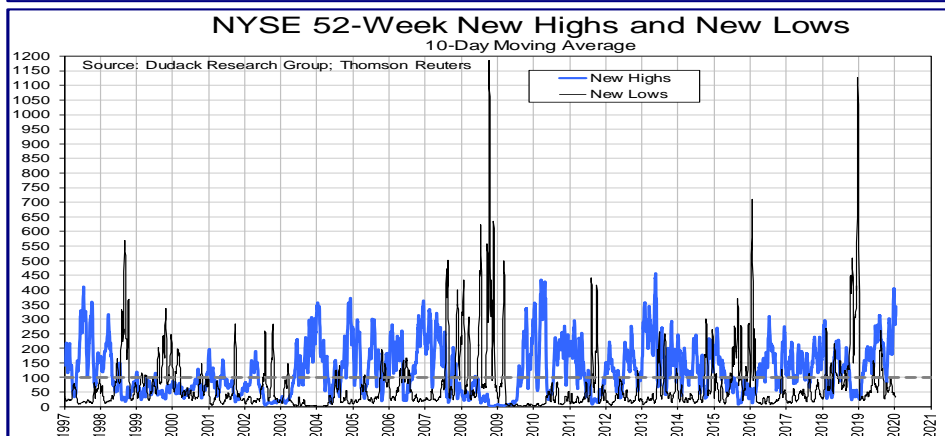
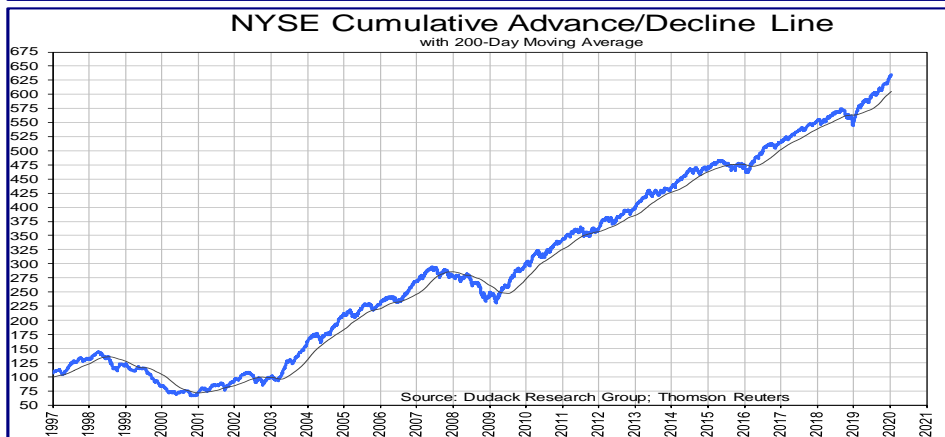
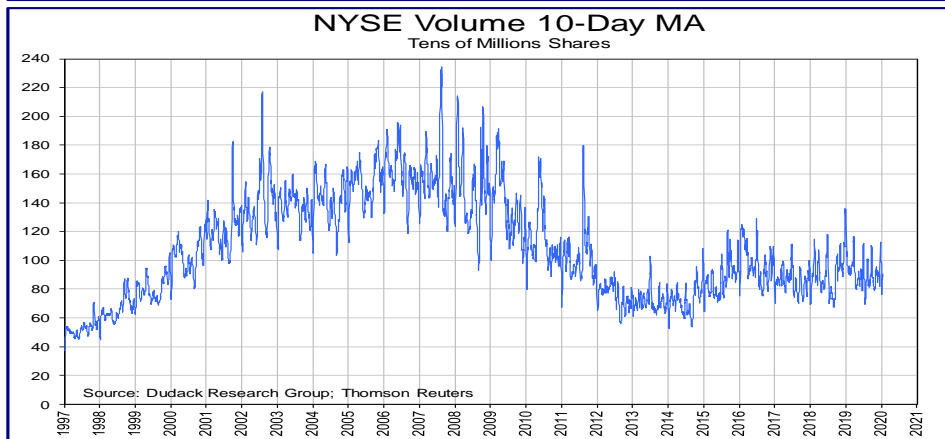
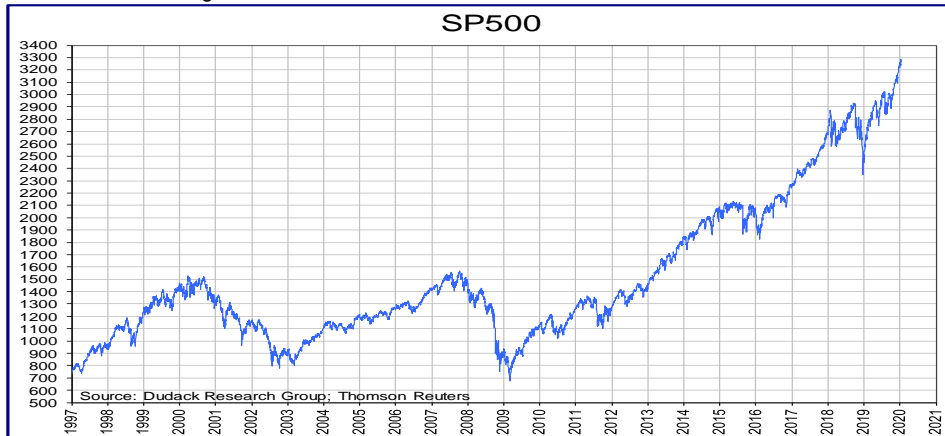
The 25-day up/down volume oscillator is 2.87 (preliminarily) and neutral after being in overbought territory for 11 of the last 15 consecutive trading sessions. The last signal from this indicator was the overbought reading seen for five of six trading sessions in early November. The recent December reading represented the sixth consecutive overbought reading of 2019 and it followed an overbought condition that lasted for eight of ten trading sessions between September 10 and September 23. Consecutive overbought readings denote persistent buying pressure and only appear in a bull market cycle. In sum, this is a positive sequence in this indicator.

The oscillator had a long 25-consecutive-day overbought reading in January through March of 2019. This first quarter reading was the 4<sup>th</sup> longest overbought signal since 2008 and the lengthiest overbought condition since the 27 out of 29 consecutive-day overbought reading recorded in May 2009. Note that 2008-2009 marked the end of a bear market and the start of the current bull market cycle and multiple and sustained overbought readings occur uniquely in secular bull market cycles. In sum, this indicator remains distinctly and characteristically bullish.

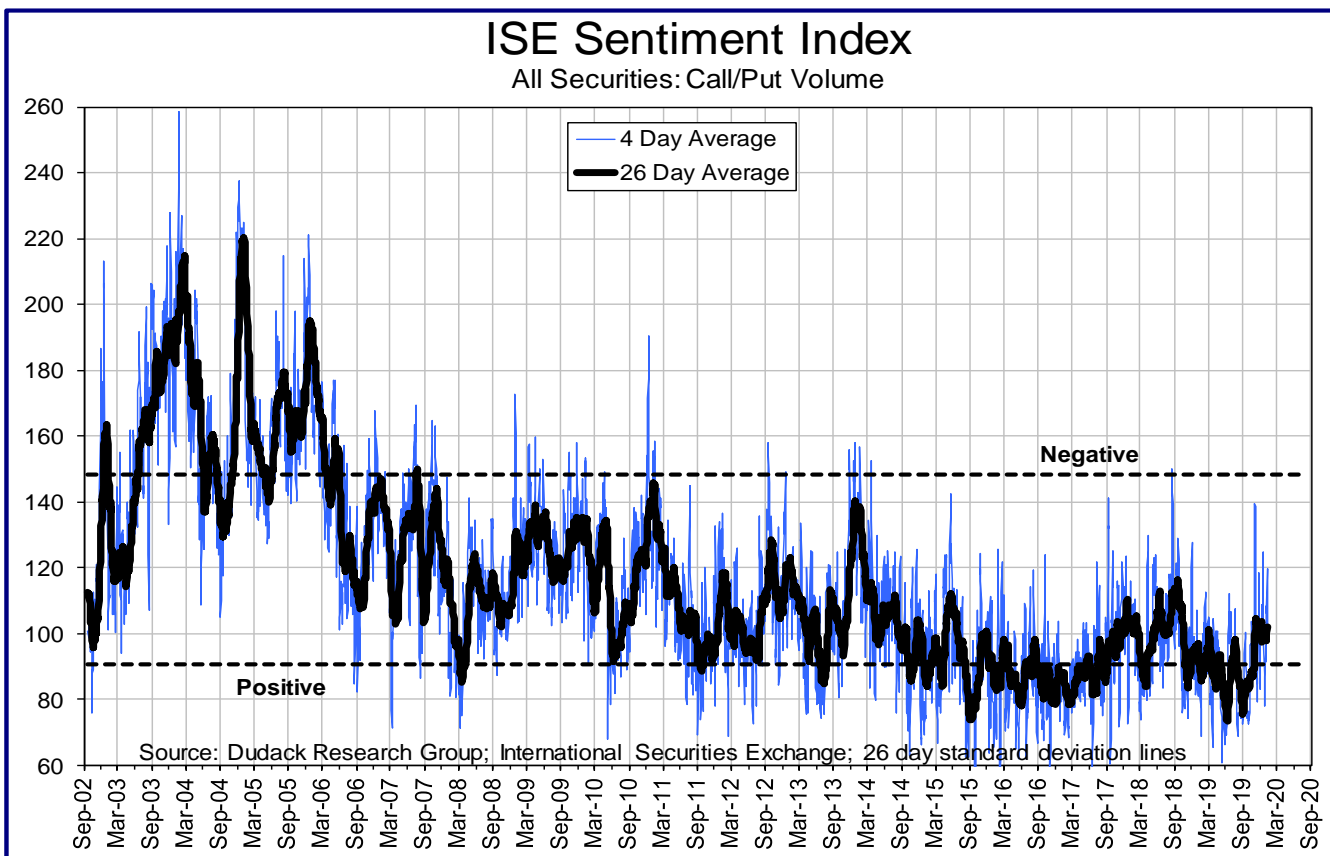
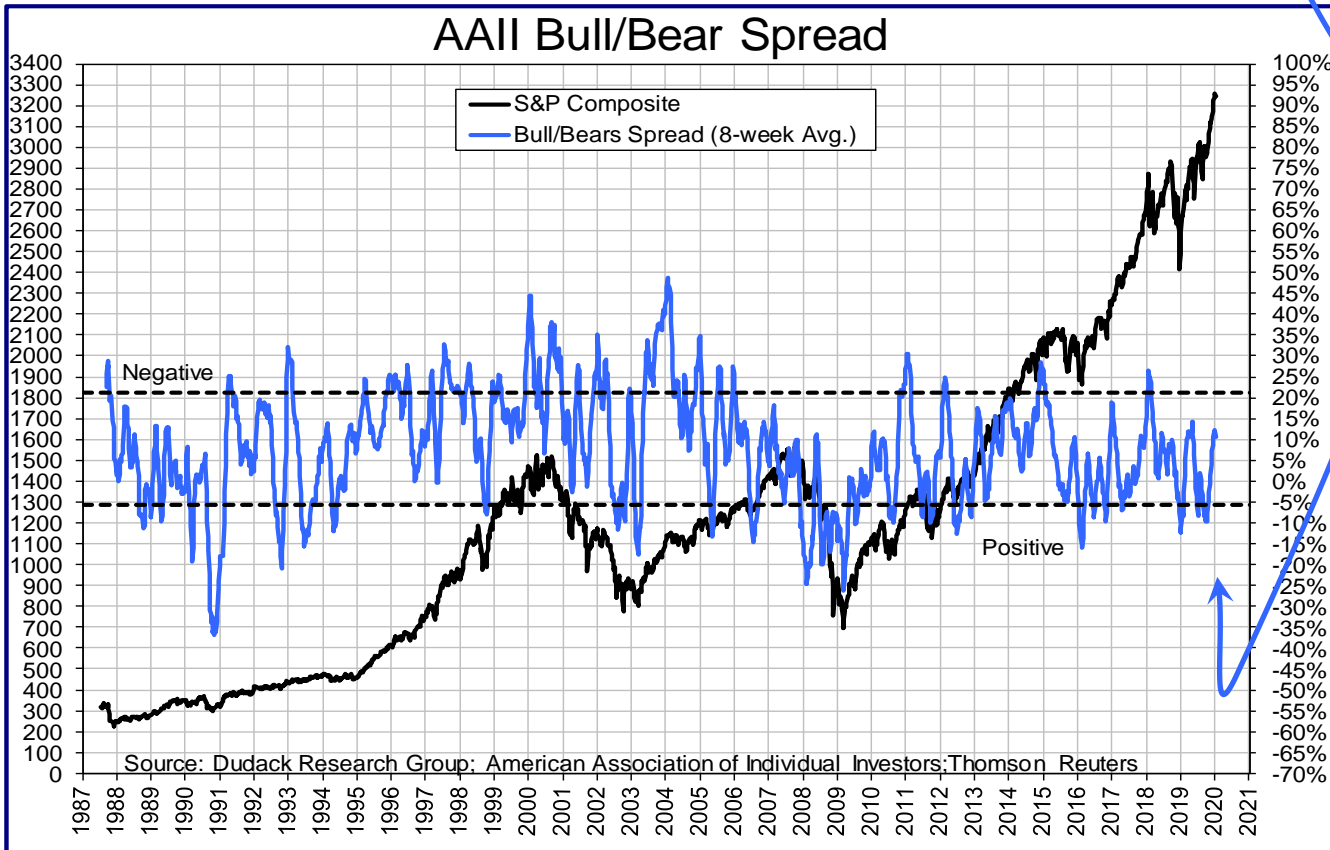
In August, there were three extreme days with downside volume in excess of 90%: August 5 (91%), August 14 (94%), and August 26 (91%). However, on August 16 the trading session recorded an 89% up volume day with just 10% downside volume. This was just shy of the 90% up-day that typically signals that the lows have been found. September 4 recorded upside volume of 87%. Neither of these sessions were classic 90% up days but we do believe they indicate that the downside risk is minimal beyond the August 14 SPX low of 2840.



The 10-day average of daily new highs (343) is well above the 100 per day level defined as bullish. Recent readings have been the strongest since May 2013. Average daily new lows (35) are below the 100 per day defined as bearish and the combination is positive. The A/D line made a new record high on January 14, 2020 and confirmed the new highs in the broad indices made last week.



As of January 8, AAI bullish sentiment fell 4.1% to 33.1% and bearish sentiment rose 8.0% to 29.9%. The 8-week bull/bear spread dipped but remains neutral. The ISE Sentiment index was in favorable territory from August to mid-December before shifting to neutral. In sum, sentiment indicators are neutral and not giving early warning signals of a peak in the market.

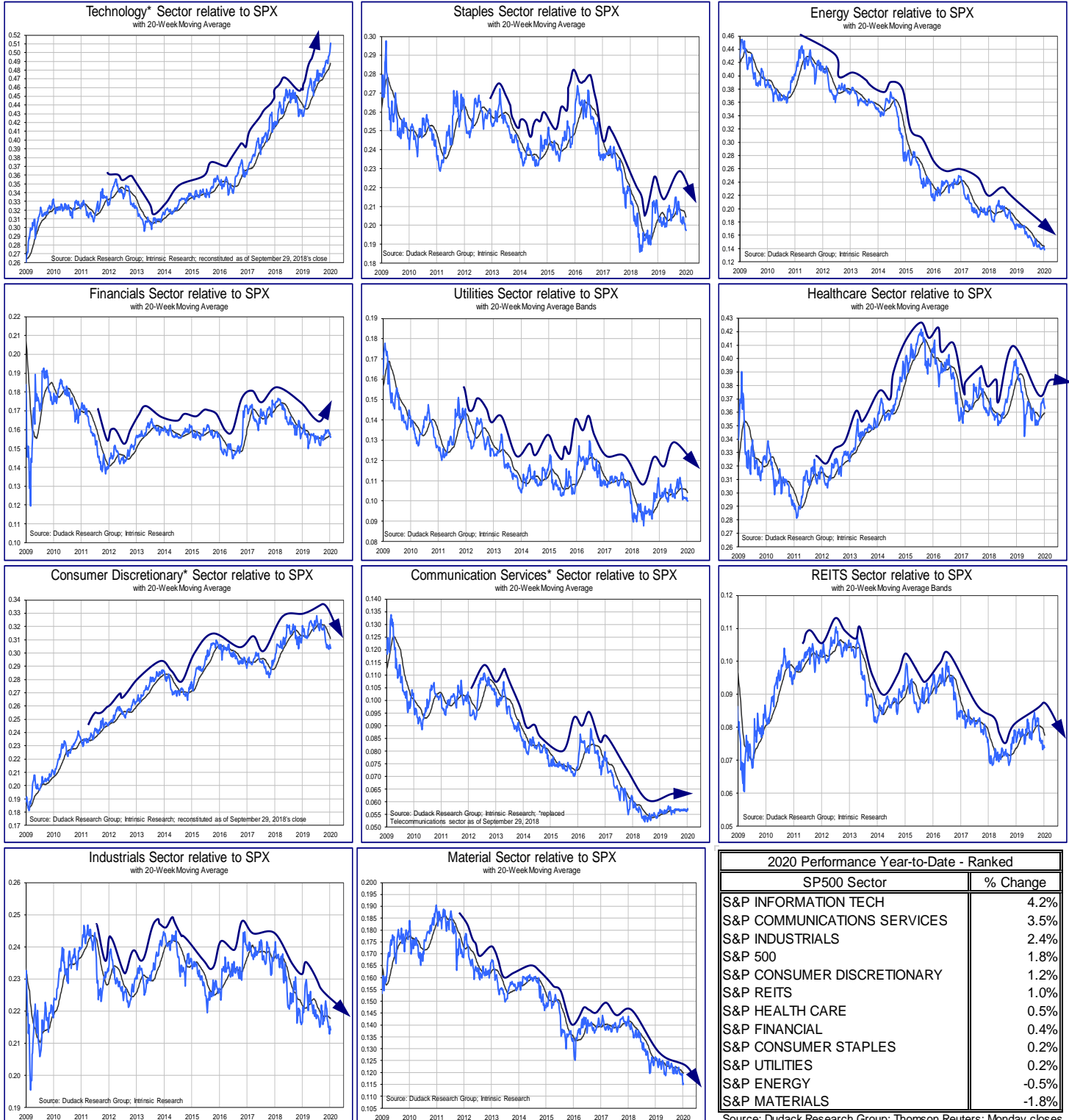


### DRG Recommended Sector Weights

<b>Overweight</b>		<b>Neutral</b>		<b>Underweight</b>
Technology Financials Consumer Discretionary Industrials		Staples Utilities Communication Services Materials		Healthcare Energy REITS

Financials and Industrials upgraded from neutral to overweight; Utilities downgraded from overweight to Neutral; Healthcare downgraded from overweight to underweight; Communications Svc. upgraded from underweight to neutral 12/18/19

### SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO SP500 – WEEKLY PRICES



## GLOBAL MARKETS - RANKED BY LAST 20-DAY TRADING PERFORMANCE

Index/ETF	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Silver Future	Slc1	128.35	4.1%	18.5%	7.5%	7.5%
SPDR Communication Services ETF	XLC	150.74	3.4%	15.3%	6.3%	6.3%
SPDR S&P Semiconductor ETF	XSD	110.09	2.6%	7.8%	4.0%	4.0%
NASDAQ 100	NDX	9033.42	2.1%	6.4%	3.4%	3.4%
Technology Select Sector SPDR	XLK	95.08	2.8%	6.2%	3.7%	3.7%
iShares Russell 1000 Growth ETF	IWF	181.44	2.0%	5.3%	3.1%	3.1%
iShares China Large Cap ETF	FXI	44.82	1.8%	5.2%	2.7%	2.7%
iShares Silver Trust	SLV	17.26	-3.1%	5.0%	-0.3%	-0.3%
Guggenheim BRIC ETF	EEB	40.84	1.8%	4.9%	3.4%	3.4%
iShares MSCI Hong Kong ETF	EWK	25.41	3.1%	4.9%	4.4%	4.4%
SPDR Gold Trust	GLD	145.69	-1.5%	4.8%	2.0%	2.0%
Gold Future	GCc1	1544.80	-1.7%	4.7%	1.3%	1.3%
Nasdaq Composite Index Tracking Stock	ONEQ.O	360.36	2.1%	4.7%	3.1%	3.1%
iShares MSCI South Korea Capped ETF	EWY	63.88	4.1%	4.4%	2.7%	2.7%
iShares MSCI Emerg Mkts ETF	EEM	46.04	2.8%	4.3%	2.6%	2.6%
Shanghai Composite	.SSEC	3106.82	0.1%	4.1%	0.7%	0.7%
<b>SP500</b>	<b>.SPX</b>	<b>3283.15</b>	<b>1.4%</b>	<b>3.6%</b>	<b>1.6%</b>	<b>1.6%</b>
iShares Russell 1000 ETF	IWB	181.74	1.5%	3.4%	1.9%	1.9%
iShares Russell 2000 Growth ETF	IWO	217.92	1.9%	3.3%	1.7%	1.7%
iShares US Real Estate ETF	IYR	93.55	1.9%	3.3%	0.5%	0.5%
PowerShares Water Resources Portfolio	PHO	39.12	2.0%	2.9%	1.3%	1.3%
Consumer Discretionary Select Sector SPDR	XLV	126.70	0.6%	2.9%	1.0%	1.0%
DJIA	.DJI	28939.67	1.2%	2.9%	1.4%	1.4%
Health Care Select Sect SPDR	XLV	103.06	1.4%	2.8%	1.2%	1.2%
Utilities Select Sector SPDR	XLU	64.98	1.7%	2.5%	0.6%	0.6%
SPDR DJIA ETF	DIA	289.22	1.2%	2.5%	1.4%	1.4%
iShares MSCI Brazil Capped ETF	EWZ	46.82	-0.8%	2.5%	-1.3%	-1.3%
iShares MSCI India ETF	INDA.K	36.02	4.3%	2.3%	2.5%	2.5%
Energy Select Sector SPDR	XLE	59.84	-1.4%	2.2%	-0.3%	-0.3%
Industrial Select Sector SPDR	XLI	83.44	0.9%	2.1%	2.4%	2.4%
SPDR S&P Retail ETF	XRT	45.61	0.7%	2.1%	-0.9%	-0.9%
iShares Russell 2000 ETF	IWM	166.57	1.1%	2.0%	0.5%	0.5%
SPDR Homebuilders ETF	XHB	46.69	2.5%	2.0%	2.6%	2.6%
iShares MSCI Canada ETF	EWC	30.19	0.6%	1.7%	1.0%	1.0%
Vanguard FTSE All-World ex-US ETF	VEU	54.43	1.2%	1.7%	1.3%	1.3%
iShares MSCI Mexico Capped ETF	EWX	46.42	1.6%	1.5%	3.1%	3.1%
iShares Russell 1000 Value ETF	IWD	137.18	1.0%	1.4%	0.5%	0.5%
iShares MSCI Germany ETF	EWG	29.82	1.8%	1.4%	1.4%	1.4%
iShares MSCI Australia ETF	EWA	23.17	2.6%	1.3%	2.3%	2.3%
iShares MSCI Malaysia ETF	EWM	28.35	-0.9%	1.3%	-0.6%	-0.6%
iShares DJ US Oil Eqpt & Services ETF	IEZ	19.70	-3.8%	1.1%	-3.1%	-3.1%
iShares MSCI Austria Capped ETF	EWQ	20.91	0.9%	1.1%	0.5%	0.5%
iShares US Telecomm ETF	IYZ	29.78	0.3%	0.9%	-0.3%	-0.3%
iShares Russell 2000 Value ETF	IWN	127.67	0.2%	0.6%	-0.7%	-0.7%
Consumer Staples Select Sector SPDR	XLP	63.09	1.7%	0.5%	0.2%	0.2%
iShares MSCI Taiwan ETF	EWT	41.76	2.9%	0.5%	1.5%	1.5%
Financial Select Sector SPDR	XLF	30.84	1.0%	0.4%	0.2%	0.2%
iShares Nasdaq Biotechnology ETF	IBB.O	121.11	1.6%	0.4%	0.5%	0.5%
iShares MSCI EAFE ETF	EFA	69.88	0.8%	0.3%	0.6%	0.6%
iShares iBoxx \$ Invest Grade Corp Bond	LQD	128.55	0.5%	0.1%	0.5%	0.5%
iShares MSCI Singapore ETF	EWS	24.53	1.4%	0.0%	1.6%	1.6%
iShares 20+ Year Treas Bond ETF	TLT	138.73	0.8%	-0.2%	2.4%	2.4%
Materials Select Sector SPDR	XLB	60.10	1.2%	-0.6%	-2.1%	-2.1%
iShares MSCI United Kingdom ETF	EWU	33.84	0.0%	-0.8%	-0.8%	-0.8%
SPDR S&P Bank ETF	KBE	46.73	1.0%	-1.1%	-1.2%	-1.2%
iShares MSCI Japan ETF	EWJ	59.88	0.6%	-1.4%	1.1%	1.1%
United States Oil Fund, LP	USO	12.28	-6.5%	-1.7%	-4.1%	-4.1%
Oil Future	CLc1	58.26	-7.1%	-3.0%	-4.8%	-4.8%

Outperformed SP500

Underperformed SP500

Source: Dudack Research Group; Thomson Reuters

Priced as of close January 14, 2020

Blue shading represents non-US and yellow shading represents commodities

## US Asset Allocation

	Benchmark	DRG %	Recommendation
Equities	60%	70%	Overweight
Treasury Bonds	30%	20%	Underweight
Cash	10%	10%	Neutral
	100%	100%	

Source: Dudack Research Group; raised equity and lowered cash 5% on November 9, 2016

## DRG Earnings and Economic Forecasts

	S&P 500 Price	S&P Reported EPS	S&P Operating EPS	DRG Operating EPS Forecast	DRG EPS YOY %	Refinitiv Consensus Bottom-Up \$ EPS**	Refinitiv Consensus Bottom-Up EPS YOY%	DRG's Op PE Ratio	S&P Divd Yield	GDP Annual Rate	GDP Profits post-tax w/ IVA & CC	YOY %
2002	879.82	\$27.59	\$46.04	\$46.04	18.5%	\$46.89	NA	19.1X	1.8%	1.7%	\$714.80	29.8%
2003	1111.92	\$48.74	\$54.69	\$54.69	18.8%	\$55.44	18.4%	20.3X	1.6%	2.9%	\$812.60	13.7%
2004	1211.92	\$58.55	\$67.68	\$67.68	23.8%	\$67.10	20.9%	17.9X	1.8%	3.8%	\$977.30	20.3%
2005	1248.29	\$69.93	\$76.45	\$76.45	13.0%	\$76.28	13.7%	16.3X	1.8%	3.5%	\$1,065.30	9.0%
2006	1418.30	\$81.51	\$87.72	\$87.72	14.7%	\$88.18	15.6%	16.2X	1.8%	2.9%	\$1,173.10	10.1%
2007	1468.36	\$66.18	\$82.54	\$82.54	-5.9%	\$85.12	-3.5%	17.8X	1.8%	1.9%	\$1,083.50	-7.6%
2008	903.25	\$14.88	\$49.51	\$49.51	-40.0%	\$65.47	-23.1%	18.2X	2.5%	-0.1%	\$976.00	-9.9%
2009	1115.10	\$50.97	\$56.86	\$56.86	14.8%	\$60.80	-7.1%	19.6X	2.6%	-2.5%	\$1,182.60	14.8%
2010	1257.64	\$77.35	\$83.77	\$83.77	47.3%	\$85.28	40.3%	15.0X	1.9%	2.6%	\$1,456.20	23.1%
2011	1257.60	\$86.95	\$96.44	\$96.44	15.1%	\$97.82	14.7%	13.0X	2.0%	1.6%	\$1,528.70	5.0%
2012	1426.19	\$86.51	\$96.82	\$96.82	0.4%	\$103.80	6.1%	14.7X	2.1%	2.2%	\$1,662.50	8.8%
2013	1848.36	\$100.20	\$107.30	\$107.30	10.8%	\$109.68	5.7%	17.2X	2.0%	1.8%	\$1,647.90	-0.9%
2014	2127.83	\$102.31	\$113.01	\$113.01	5.3%	\$118.78	8.3%	18.8X	1.9%	2.5%	\$1,712.90	3.9%
2015	2043.94	\$86.53	\$100.45	\$100.45	-11.1%	\$118.20	-0.5%	20.3X	2.1%	2.9%	\$1,664.90	-2.8%
2016	2238.83	\$94.55	\$106.26	\$106.26	5.8%	\$118.10	-0.1%	21.1X	2.0%	1.6%	\$1,633.90	-1.9%
2017	2673.61	\$109.88	\$124.51	\$124.51	17.2%	\$132.00	11.8%	21.5X	1.8%	2.4%	\$1,686.50	3.2%
2018	2506.85	\$132.39	\$151.60	\$151.60	21.8%	\$161.93	22.7%	16.5X	2.1%	2.9%	\$1,854.90	10.0%
2019P	~~~~~	\$140.45	\$158.13	\$160.00	5.5%	\$161.54	-0.2%	20.2X	1.9%	2.4%	NA	NA
2020E		\$161.87	\$175.52	\$184.00	15.0%	\$177.01	9.6%	17.8X	NA	NA	NA	NA
2013 1Q	1569.19	\$24.22	\$25.77	\$25.77	6.3%	\$26.74	4.5%	16.0	2.0%	3.6%	\$1,622.70	-4.9%
2013 2Q	1606.28	\$24.87	\$26.36	\$26.36	3.7%	\$27.40	6.0%	16.2	2.1%	0.5%	\$1,642.90	-1.8%
2013 3Q	1681.55	\$24.63	\$26.92	\$26.92	12.2%	\$27.63	6.3%	16.5	2.0%	3.2%	\$1,646.20	0.2%
2013 4Q	1848.36	\$26.48	\$28.25	\$28.25	22.0%	\$28.62	8.7%	17.2	1.9%	3.2%	\$1,679.80	3.1%
2014 1Q	1872.34	\$24.87	\$27.32	\$27.32	6.0%	\$28.18	5.4%	17.2	1.9%	-1.1%	\$1,563.80	-3.6%
2014 2Q	1960.23	\$27.14	\$29.34	\$29.34	11.3%	\$30.07	9.7%	17.5	1.9%	5.5%	\$1,712.40	4.2%
2014 3Q	1972.29	\$27.47	\$29.60	\$29.60	10.0%	\$30.04	8.7%	17.2	2.0%	5.0%	\$1,792.70	8.9%
2014 4Q	2058.90	\$22.83	\$26.75	\$26.75	-5.3%	\$30.54	6.7%	18.2	1.9%	2.3%	\$1,782.70	6.1%
2015 1Q	2108.88	\$21.81	\$25.81	\$25.81	-5.5%	\$28.60	1.5%	18.9	2.0%	3.2%	\$1,713.10	9.5%
2015 2Q	2166.05	\$22.80	\$26.14	\$26.14	-10.9%	\$30.09	0.1%	20.0	2.0%	3.0%	\$1,683.70	-1.7%
2015 3Q	1920.03	\$23.22	\$25.44	\$25.44	-14.1%	\$29.99	-0.2%	18.4	2.2%	1.3%	\$1,673.20	-6.7%
2015 4Q	2043.94	\$18.70	\$23.06	\$23.06	-13.8%	\$29.52	-3.3%	20.3	2.1%	0.1%	\$1,589.70	-10.8%
2016 1Q	2059.74	\$21.72	\$23.97	\$23.97	-7.1%	\$26.96	-5.7%	20.9	2.1%	2.0%	\$1,649.00	-3.7%
2016 2Q	2098.86	\$23.28	\$25.70	\$25.70	-1.7%	\$29.61	-1.6%	21.4	2.1%	1.9%	\$1,624.30	-3.5%
2016 3Q	2168.27	\$25.39	\$28.69	\$28.69	12.8%	\$31.21	4.1%	21.4	2.1%	2.2%	\$1,621.30	-3.1%
2016 4Q	2238.83	\$24.16	\$27.90	\$27.90	21.0%	\$31.30	6.0%	21.1	2.0%	2.0%	\$1,641.00	3.2%
2017 1Q	2362.72	\$27.46	\$28.82	\$28.82	20.2%	\$30.90	14.6%	21.3	2.0%	2.3%	\$1,672.50	1.4%
2017 2Q	2423.41	\$27.01	\$30.51	\$30.51	18.7%	\$32.58	10.0%	20.9	1.9%	2.2%	\$1,693.90	4.3%
2017 3Q	2519.36	\$28.45	\$31.33	\$31.33	9.2%	\$33.45	7.2%	21.2	1.9%	3.2%	\$1,683.70	3.8%
2017 4Q	2673.61	\$26.96	\$33.85	\$33.85	21.3%	\$36.02	15.1%	21.5	1.8%	3.5%	\$1,696.00	3.4%
2018 1Q	2640.87	\$33.02	\$36.54	\$36.54	26.8%	\$38.07	23.2%	20.0	1.9%	2.5%	\$1,844.70	10.3%
2018 2Q	2718.37	\$34.05	\$38.65	\$38.65	26.7%	\$41.00	25.8%	19.4	1.9%	3.5%	\$1,833.80	8.3%
2018 3Q	2913.98	\$36.36	\$41.38	\$41.38	32.1%	\$42.66	27.5%	19.4	1.8%	2.9%	\$1,873.90	11.3%
2018 4Q	2506.85	\$28.96	\$35.03	\$35.03	3.5%	\$41.18	14.3%	16.5	2.1%	1.1%	\$1,867.10	10.1%
2019 1Q	2834.40	\$35.02	\$37.99	\$37.99	4.0%	\$39.15	2.8%	18.5	1.9%	3.1%	\$1,791.40	-2.9%
2019 2Q	2941.76	\$34.93	\$40.14	\$40.14	3.9%	\$41.31	0.8%	19.0	1.9%	2.0%	\$1,857.50	1.3%
2019 3Q	2976.74	\$33.99	\$39.81	\$40.15	-3.0%	\$42.14	-1.2%	19.5	1.9%	2.1%	\$1,881.20	0.4%
2019 4QE	3230.78	\$36.51	\$40.19	\$41.72	19.1%	\$40.48	-1.7%	20.4	1.8%	NA	NA	NA
2020 1QE*	3283.15	\$36.97	\$40.29	\$41.00	7.9%	\$40.50	3.4%	20.5	1.8%	NA	NA	NA
2020 2QE		\$39.88	\$43.43	\$44.00	9.6%	\$43.81	6.1%	20.1	NA	NA	NA	NA
2020 3QE		\$42.64	\$45.72	\$50.00	24.5%	\$46.11	9.4%	19.4	NA	NA	NA	NA
2020 4QE		\$42.37	\$46.08	\$49.00	17.4%	\$46.30	14.4%	18.7	NA	NA	NA	NA

Source: Dudack Research Group; S&amp;P Dow Jones; Refinitiv Consensus estimates; \*\*Refinitiv quarters may not sum to CY

\*1/15/2020



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Closing prices as of the close of January 14, 2020