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June 10, 2020

DJIA: 27272.30
SPX: 3207.18
NASDAQ: 9953.75

US Strategy Weekly

Breakout or Bubble?

Worldwide coronavirus cases reach 7.21 million and the death total moves above 400,000. The National Bureau of Economic Analysis (NBER) defines the US economy as being in a recession as of February 2020. Coronavirus wrecks demand and Germany's exports and imports plunge in April, posting their biggest declines since data began in 1990. Canada and the US are about to extend their border closure and ban on non-essential travel through the end of July. Boeing (BA - $216.74) delivers four planes in May, down from six in April. And the NASDAQ Composite rises to an all-time high.

Even though bull markets are known to climb a wall of worry, these facts simply do not seem to fit together. Yet as we noted last week, history has taught us that equity prices are often better economic forecasters than economists. Recent market performance suggests investors are expecting a V-shaped recovery. This week the Federal Reserve will publish its first economic projections since the pandemic began and we doubt it will be optimistic. Economists are expecting the Fed to forecast a collapse in output this year and no change in interest rates for the foreseeable future. Still, investors are comforted by the fact that the Fed stands ready to support the economy; and in fact, the Fed eased the terms of its "Main Street" lending program this week by cutting loan size in half to $250,000 and lengthening the term by a year. These changes, along with zero required reserves, are in place to encourage businesses and banks to participate in making loans.

Perhaps investors are focused on what the 2020 fiscal and monetary stimulus packages can mean for future economic growth and earnings. First, we know that fiscal stimulus came in three packages (Phase 1 - $8.3 billion; Phase 2 - $171 billion; Phase Three - $2.3 trillion) totaling $2.5 trillion. The Fed's balance sheet has expanded by nearly $3 trillion since the end of February. <u>Together, this $5.3 trillion package of stimulus represents more than 25% of nominal GDP (March 2020 nominal GDP $21.5 trillion).</u> <u>In other words, the federal government has supported, or supplanted, the economy for an entire three months.</u> And while businesses and consumption has slowed dramatically during the mandatory shutdown, this stimulus is still working its way into the broader economy. Or, in the case of taxpayers $1200 checks, it is sitting in checking or savings accounts. <u>This may be why investors responded so joyously to the fact that there were only two months of job losses before a reversal in May.</u> Jobs losses were 22 million in March and April and it will take time for all these people to get back to work. But as Americans move slowly back into the workforce and confidence builds, this liquidity should fairly quickly turn into consumption. There will be disruptions in the workforce; but we have faith in American ingenuity and the ability to rebuild.

Breakout or Bubble?

Despite our optimism about the economy, we still question whether the current surge in equity prices represents a significant bullish breakout or whether it is the beginning of a bubble. First, it is important to note that bubbles represent not only a complete disconnection from valuation but also a high degree of over ownership of equities, usually by the public. It is possible that this process is beginning today, but if so, the bubble will get very much bigger and prices will move much higher before the bubble bursts.

Our valuation model shows that the SPX is trading well above the fair value range today and is trading at a level forecasted for late 2021 based upon our 2021 SPX earnings estimate of $160.65 and the model's predicted PE multiple of 19.6 times. However, we believe our earnings estimate could prove to be too conservative and this would support higher prices. Also note that while the SPX is trading above fair value range, it is still less extreme than what was seen late in 2009 when analysts caught up with the damage done by the financial crisis and cut earnings estimates dramatically. See page 13. Analysts proved too pessimistic in 2009 and the equity market rallied as earnings surprises turned positive later in the year. It is possible that a similar scenario will play out in 2020 as well.

Overall, we believe it is wise to remain vigilant to the risk that a bubble is forming; but investors who exit a bubble too early are often the same investors drawn into the market at the peak. Yes, bubbles are extremely dangerous but also enticing late in the cycle. In our view, we would rate the equity market as a strong hold. We are definitely concerned about the upside gaps we see in many of the popular indices which suggests market volatility will remain high in coming weeks. See page 14. But it is also likely that this rally could continue until economic news turns positive, in short, we would "sell on the news." That day still lies ahead. In the near term we are watching for several of our technical indicators to make a clear confirmation of the breakout. To date, the cumulative advance decline line has done so, but we are waiting for further confirmation from our 25-day volume oscillator and the average of daily new highs. See pages 15 and 16.

A Look at May's Job Report

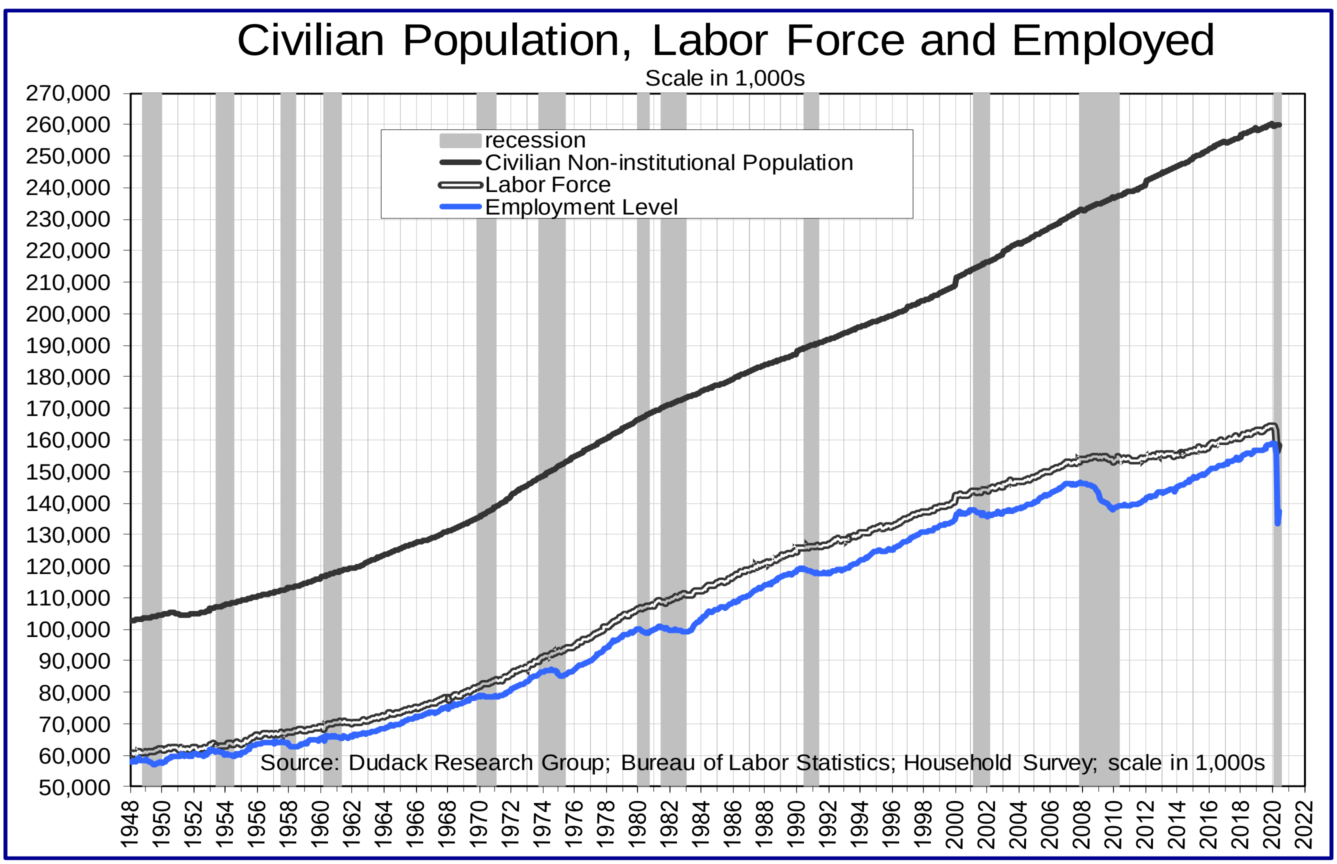
As dramatic and unexpected as May's monthly increase of 2.5 million jobs was, this gain put barely a dent in the 22 million job losses seen in March and April. In May, the household survey's employment level was 137,242, the lowest since October 2002. The establishment survey suggests May's payrolls were 132,912, the lowest since December 2011. In short, while job gains should increase in the months ahead, it will take time to reach the peak levels seen earlier this year. However, the shorter the shutdown the easier the rebound, so we are encouraged to see many parts of the US getting back to normal. See page 3. The good news is that according to the BLS, 78.3% of those unemployed in April classified themselves as being on temporary layoff. Those classified as being on temporary layoff fell to 73% in May which likely accounted for the large job increase in May. However, the 73% level indicates that the vast majority of unemployed expect to return to their jobs in the near future. See page 5. It was also encouraging to see that the ten areas of the economy with the largest job losses in April were also the areas of largest job gains in May. These ten sectors were leisure and hospitality, accommodation and food services, food service and drinking places, trade, transportation and utilities, education and health services, goods producing, professional and business services, retail trade, healthcare and social assistance, and administrative and waste services. See page 6. When we look at 2020's job creation year-to-date, we were surprised to find a gain in net jobs in most sectors. In fact, the only categories with year-to-date net job losses were leisure and hospitality, mining and logging and other services. Note that retail stores are included in BLS data for the trade, transportation, and utilities category. See page 7. The biggest loser during the shutdown was the leisure and hospitality sector which lost 7.5 million jobs in April; however, it recovered 16% of this, or 1.2 million jobs in May. This is a trend we hope will continue in coming months. See page 8.

Consumer confidence will only recover once the uncertainty of job losses ends and people can return to work. If there are no substantial spikes in coronavirus cases in the next two weeks following the massive and extensive protest marches seen in the last week, we believe businesses and consumers will become more confident about returning to a more normal lifestyle. This will help small business confidence as well. In May, the NFIB small business optimism index did recover from 90.9 to 94.4; but it remains well off its high of 105.0 in May 2019. Still, business confidence will be a key indicator in coming months since it will be the major source of jobs for the rest of 2020. See page 9.

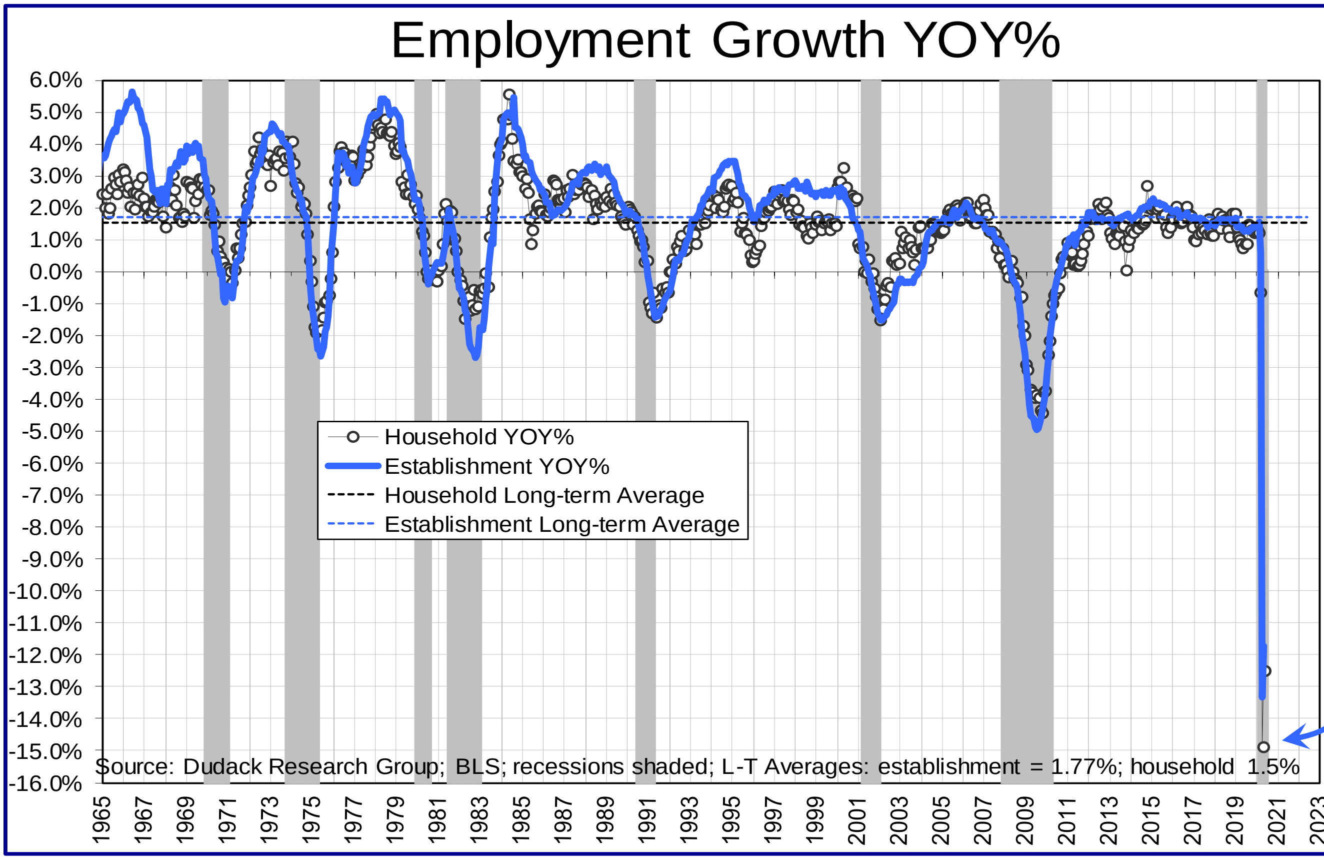
As dramatic and unexpected as May's monthly increase of 2.5 million jobs was, this gain is barely visible in the chart below. In May, the household survey's employment level was 137,242, the lowest since October 2002. The establishment survey suggests May payrolls were 132,912, the lowest since December 2011. In short, job gains should increase in the months ahead, but it is a long road to reach the peak levels seen earlier this year.

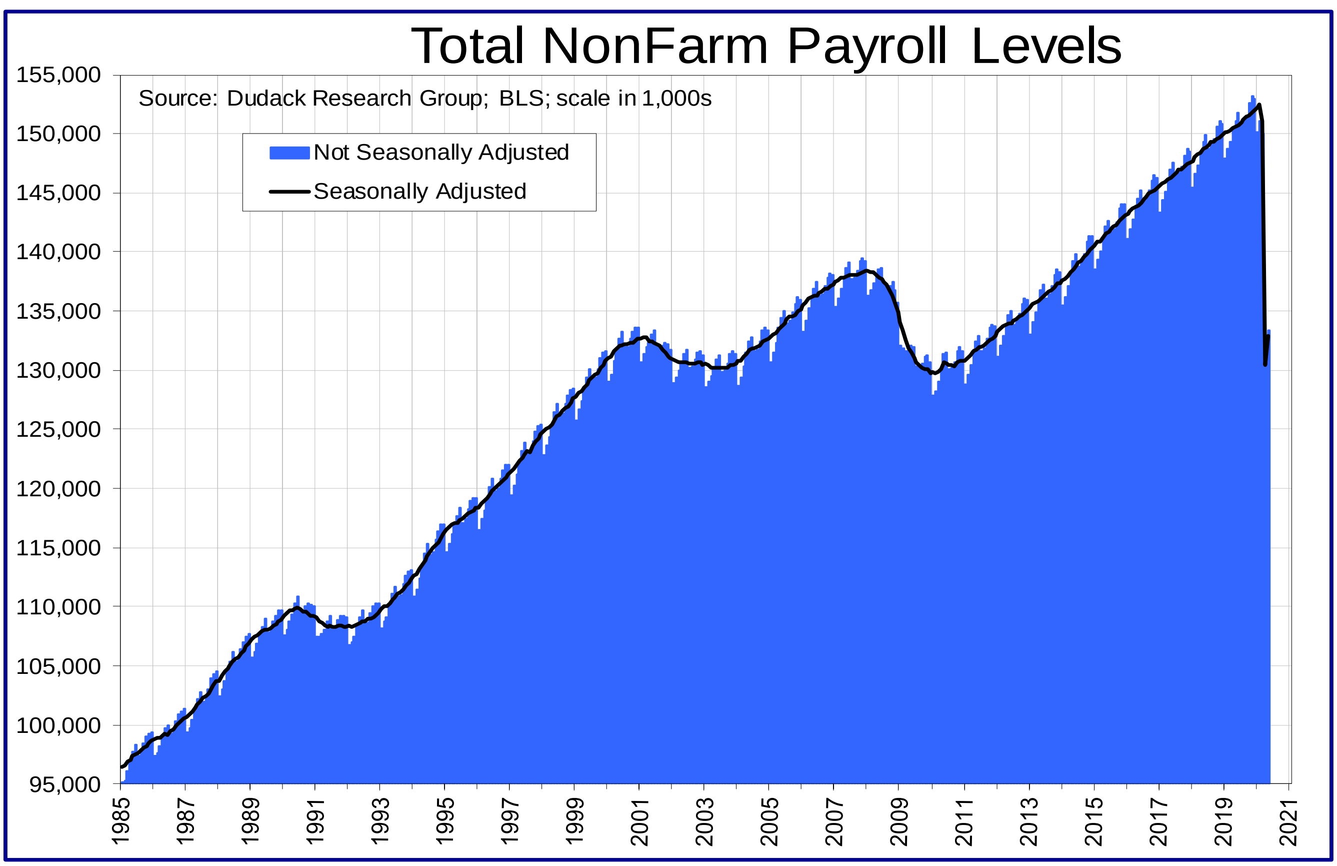
Employment Surveys (1,000s SA)	May-20	Apr-20	Change	Jun-19	Yr/Yr
Establishment Survey: NonFarm Payrolls	132,912	130,403	2509	150,759	(17,847)
Household Survey Data (1,000s)					
Employed (A)	137,242	133,403	3,839	157,148	(19,906)
Unemployed (B)	20,985	23,078	(2,093)	5,985	15,000
Civilian labor force [A+B]	158,227	156,481	1,746	163,133	(4,906)
Unemployment rate [B/(A+B)]	13.3%	14.7%	-1.49%	3.7%	9.6%
U6 Unemployment rate	21.2%	22.8%	-1.6%	7.2%	14.0%
Civilian noninstitutional population (C)	260,047	259,896	151	259,037	1,010
Participation rate [(A+B)/C]	60.8	60.2	0.6	63.0	-2.2
Employment-population ratio [A/C]	52.8	51.3	1.5	60.7	-7.9
Not in labor force	101,820	103,415	-1,595	95,905	5,915

Source: Bureau of Labor Statistics

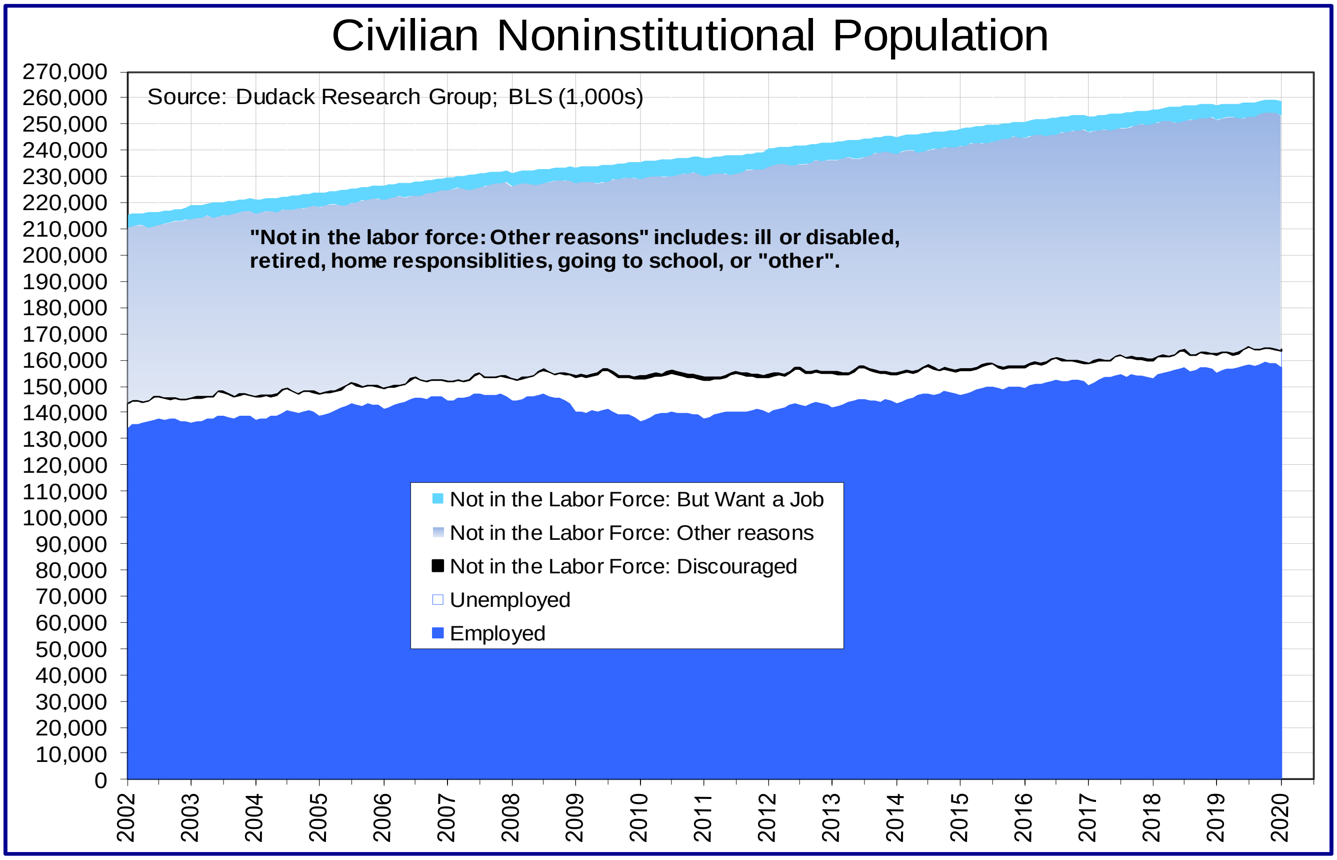


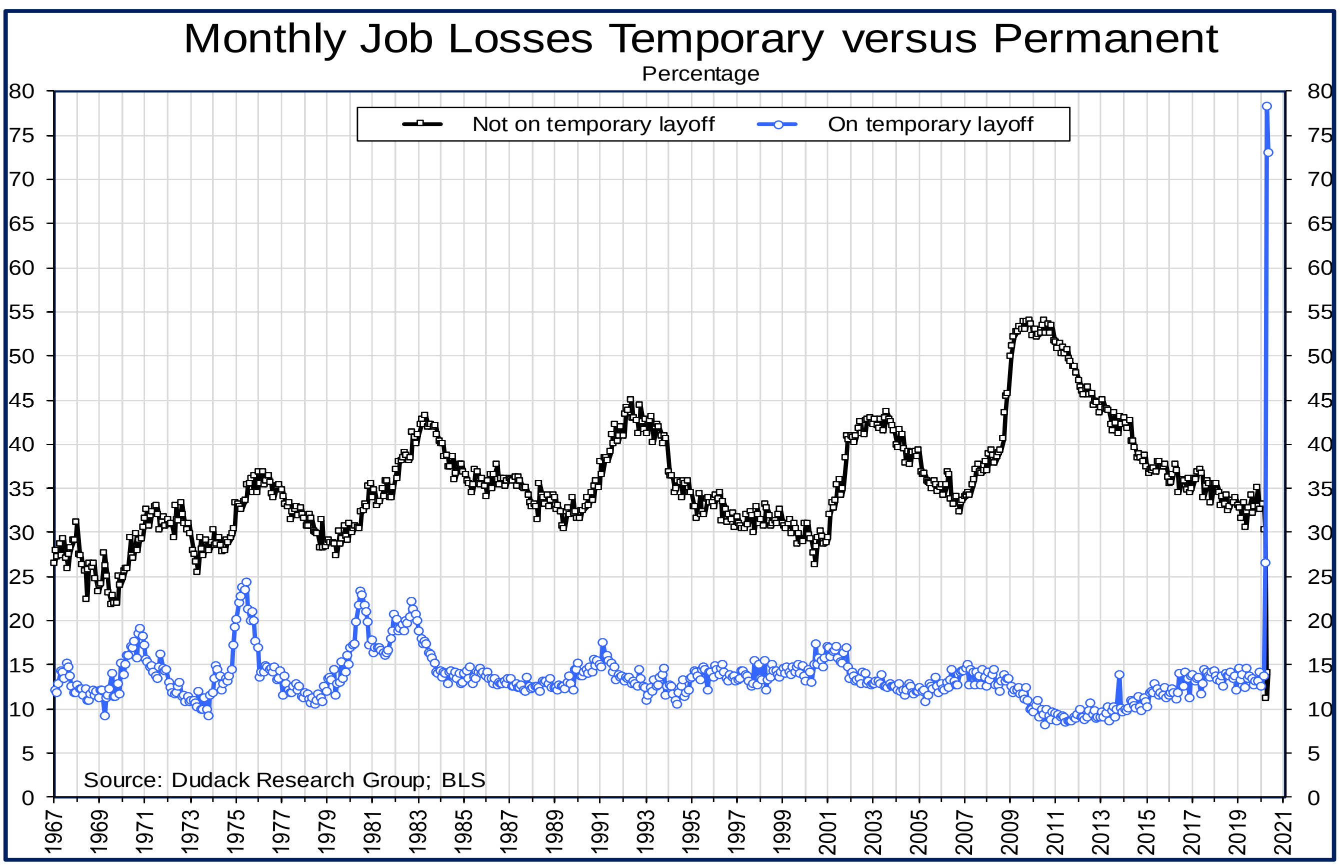
Usually the rate of change in the number of people employed is a good indicator of a pending recession and the end of a recession. But the mandated shutdown of global economies appeared with little warning. April's 15% decline in the number of people employed was a record year-over-year decline.



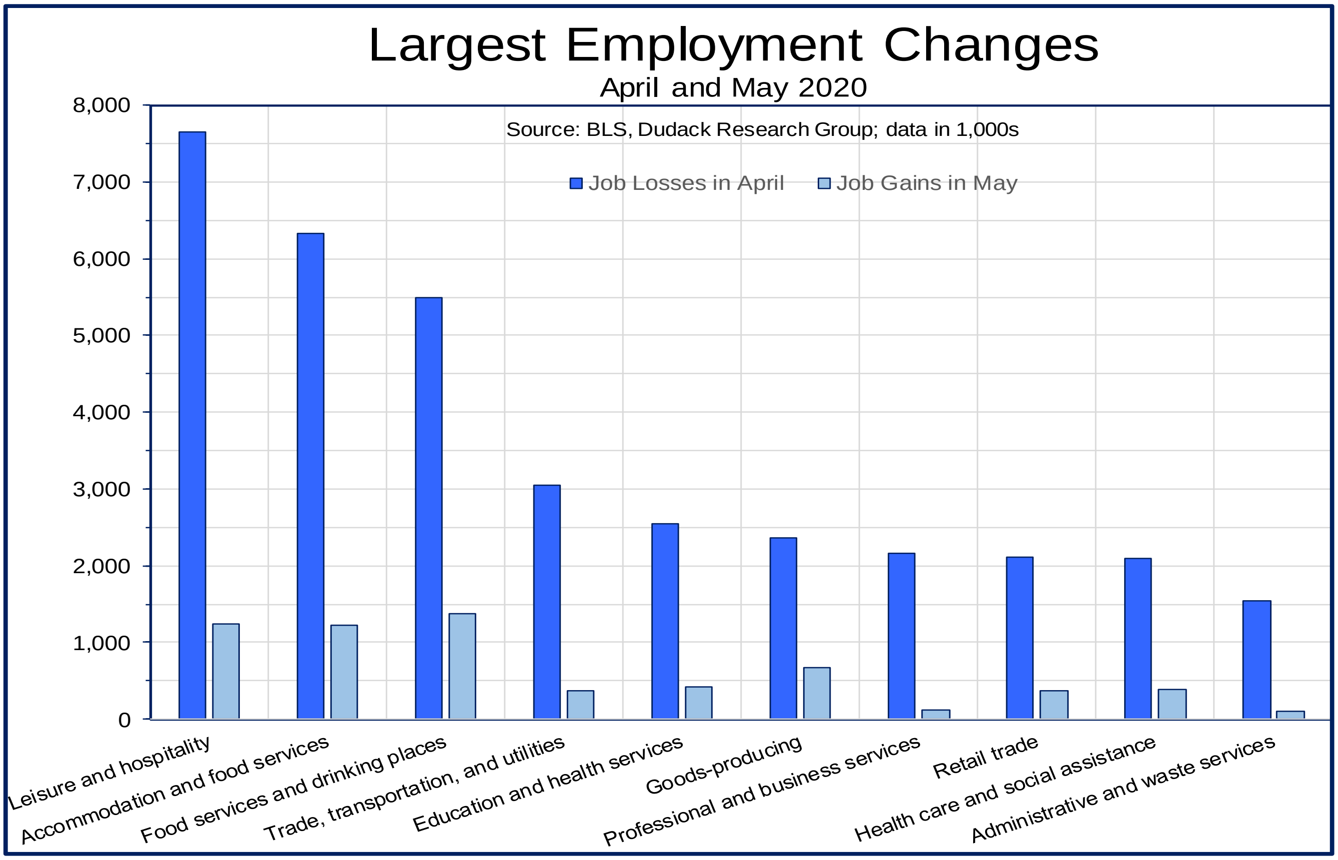


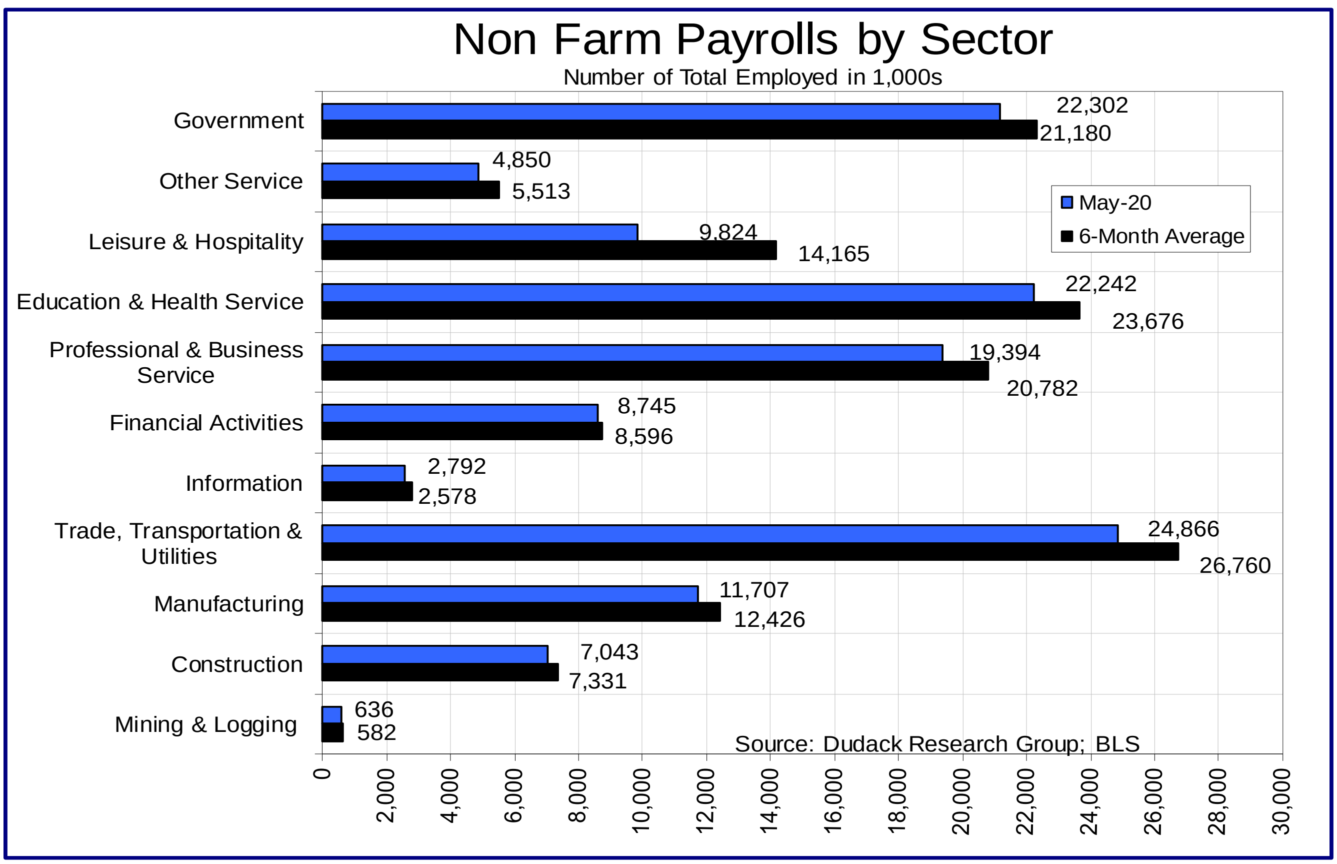
The good news is that according to the BLS, 78.3% of those unemployed in April classified themselves as being on temporary layoff. As people got back to work in May, this fell to 73%. And as states and the economy moves through phased openings, those laid off should continue to return to their jobs.



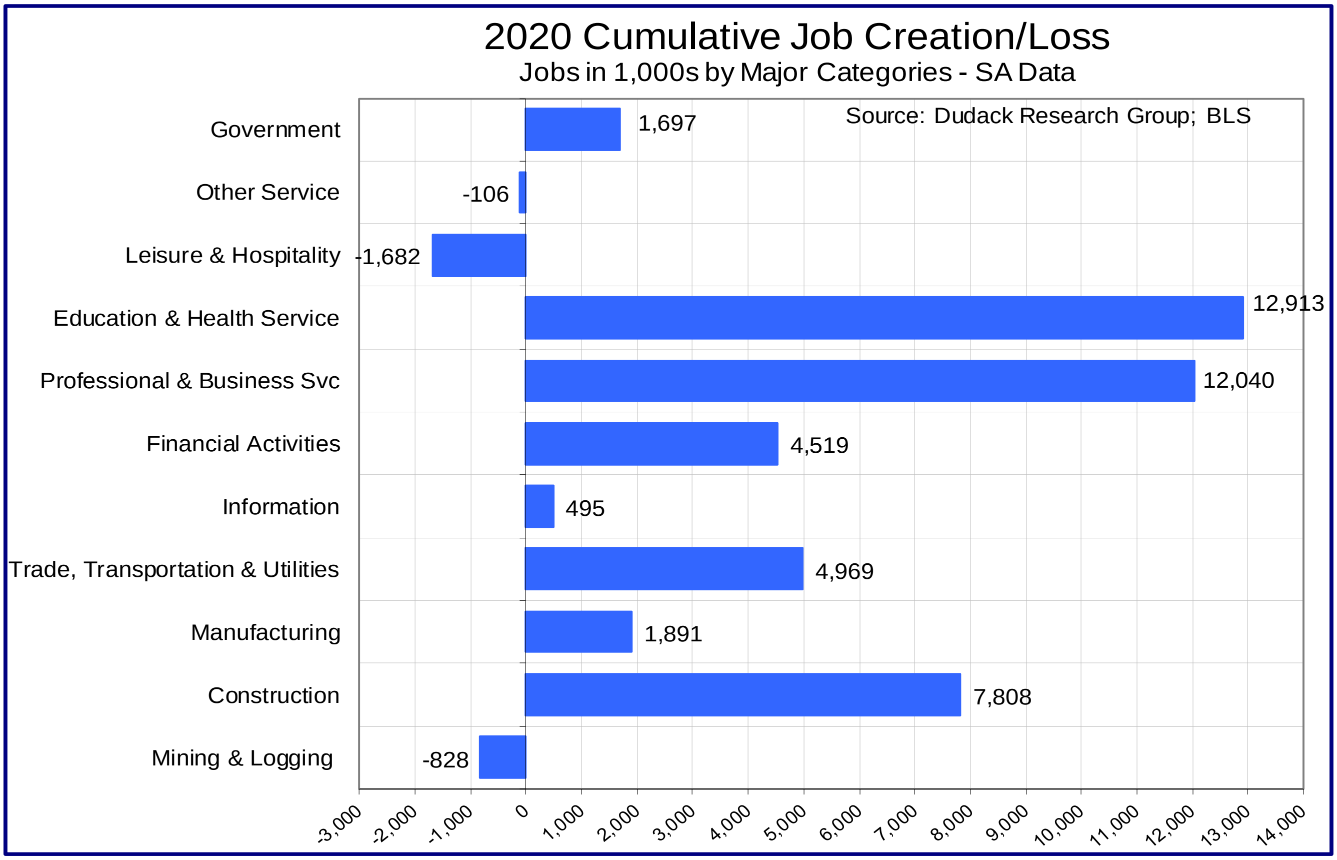


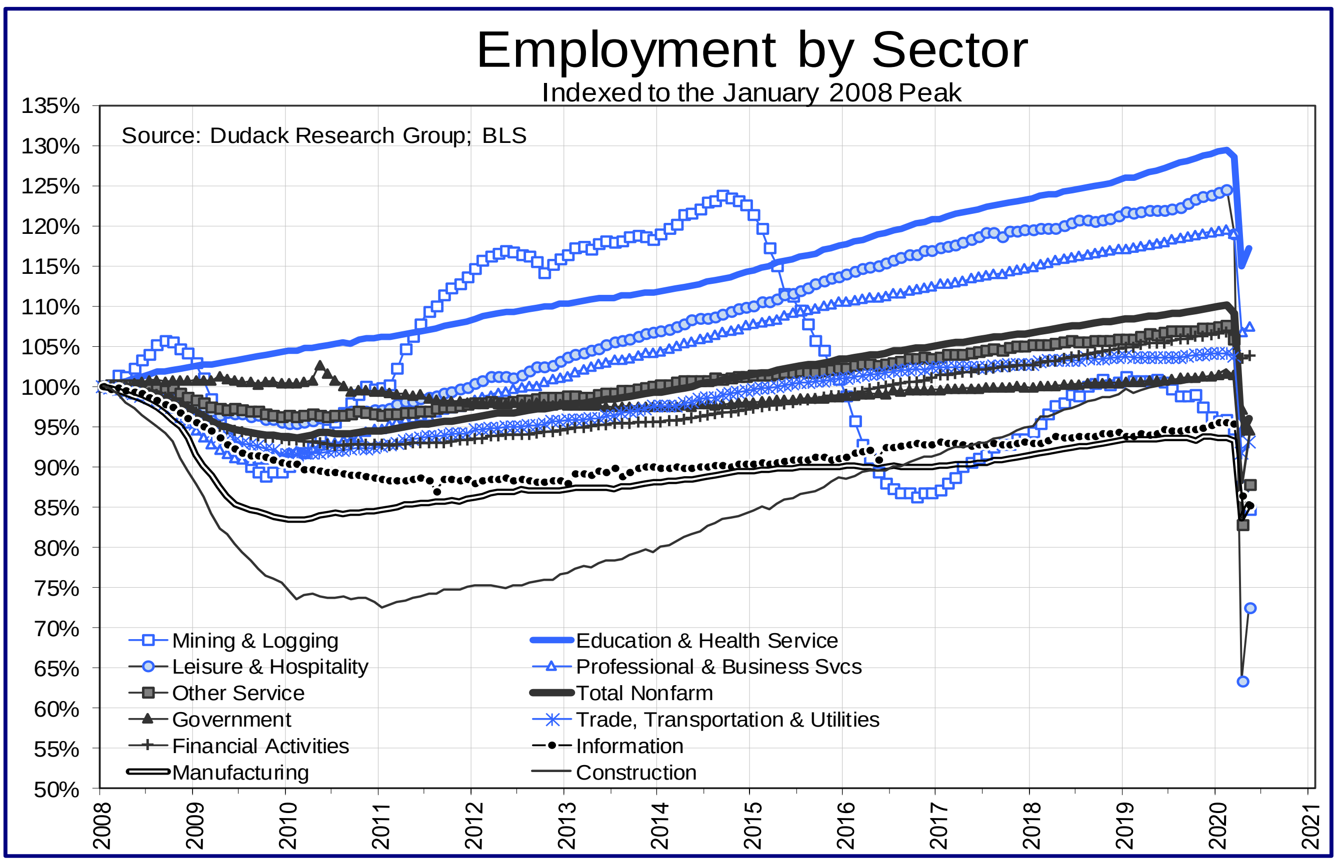
The areas of the economy with the largest job losses in April were also the areas of largest gains in May. These sectors were leisure & hospitality, accommodation & food services, food service & drinking places, trade, transportation & utilities, education & health services, goods producing, professional & business service, retail, healthcare & social assistance, and administrative & waste services.



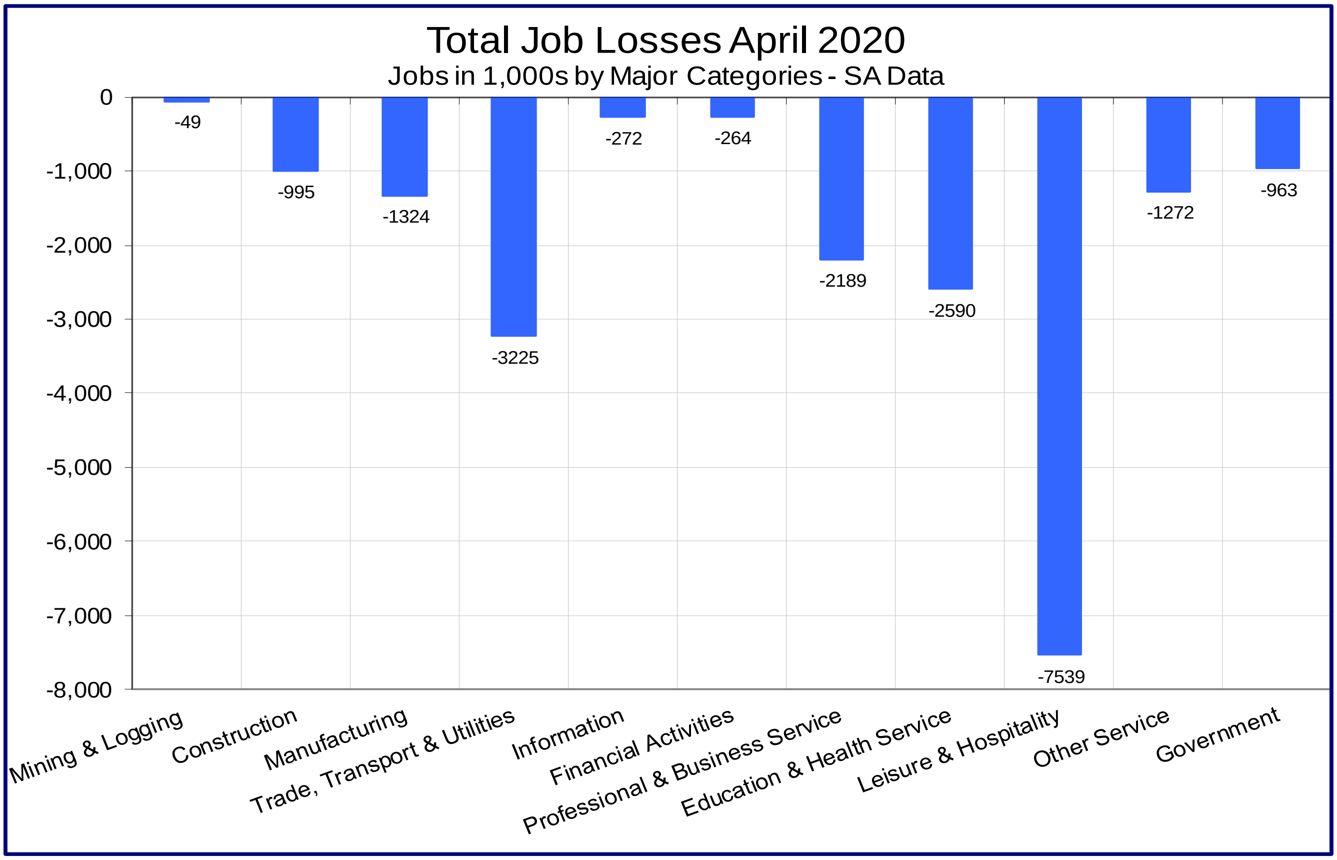


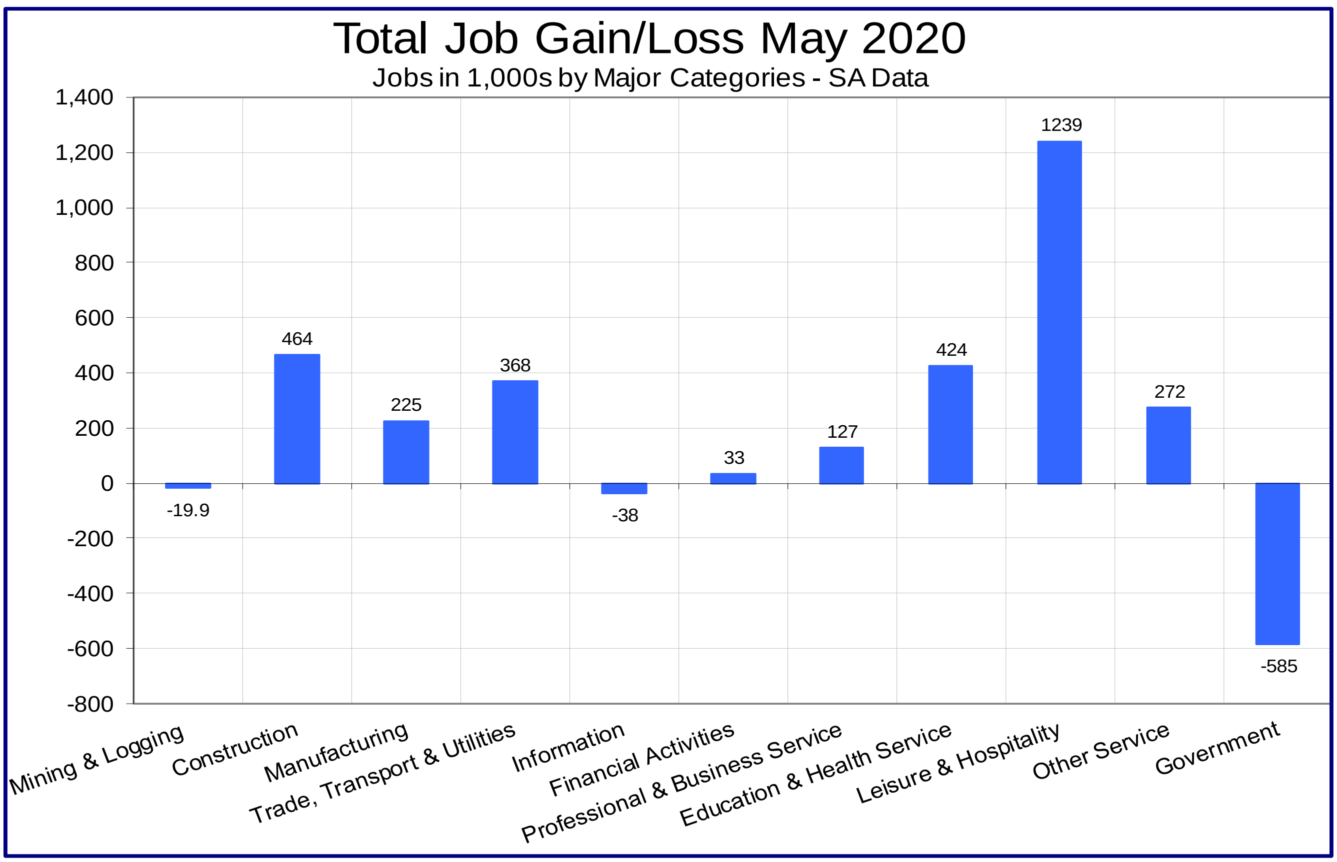
When we look at 2020's job creation year-to-date, we were surprised at the gain in net jobs in many sectors. The areas of YTD net job losses were leisure & hospitality, mining & logging and other services. Note that retail stores is included in data for the trade, transportation & utilities category.



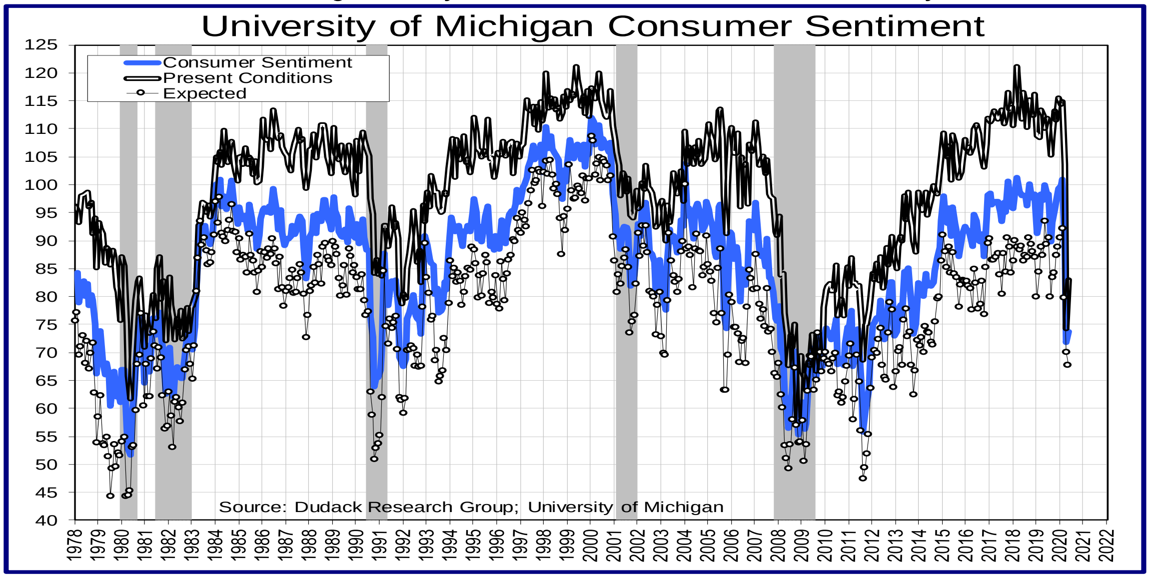


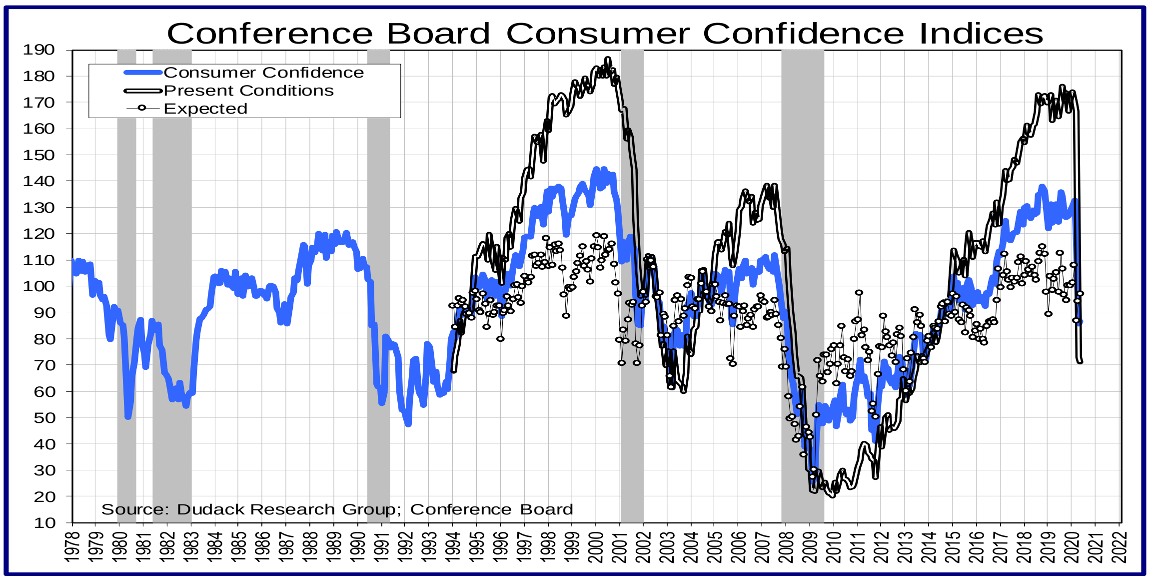
A detailed look at job changes in April and May shows that mining, information, and government were the only sectors to lose jobs in both months. Leisure & hospitality lost 7.5 million jobs in April, but recovered 16% of this, or 1,239 jobs in May. It is a trend we hope will continue in coming months.

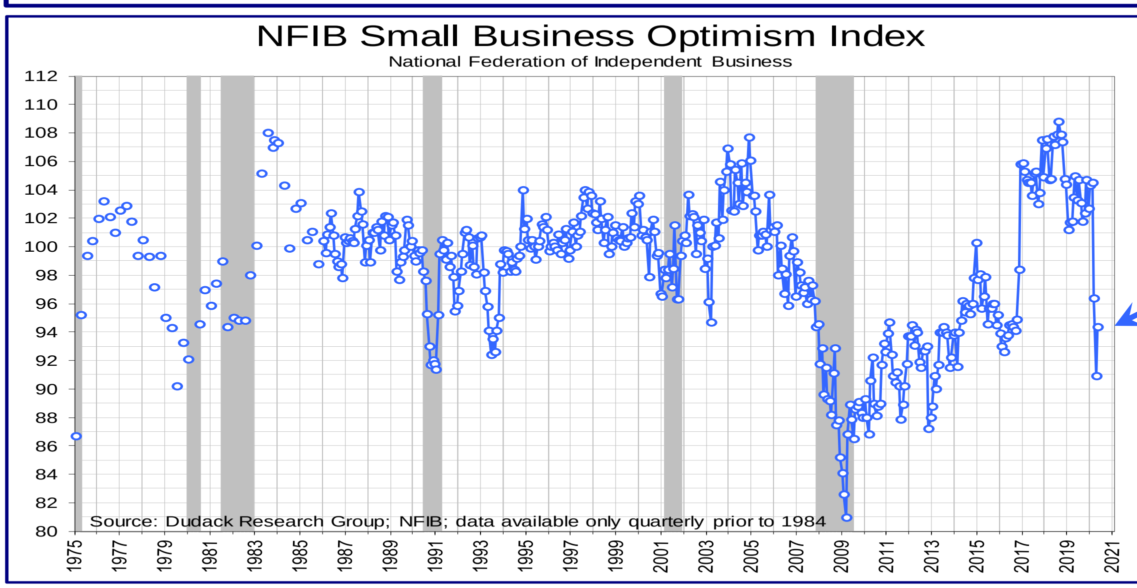




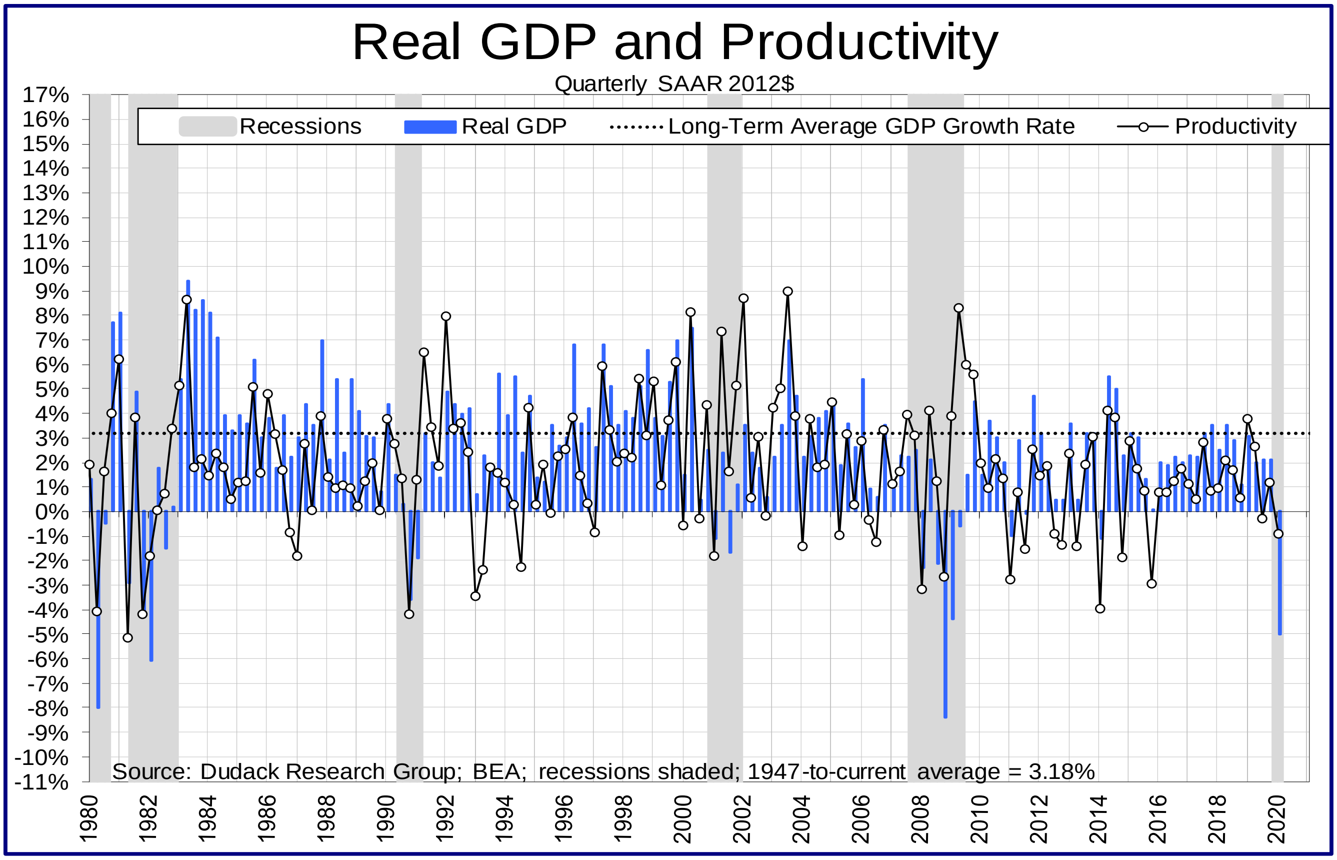
Consumer confidence will only recover if the uncertainty of job loss ends and people can return to work. This requires small business confidence as well. In May, the NFIB small business optimism index did recover from 90.9 to 94.4; but this is well off the high of May 2019 of 105.0. Still, this will be a key indictor in coming months.

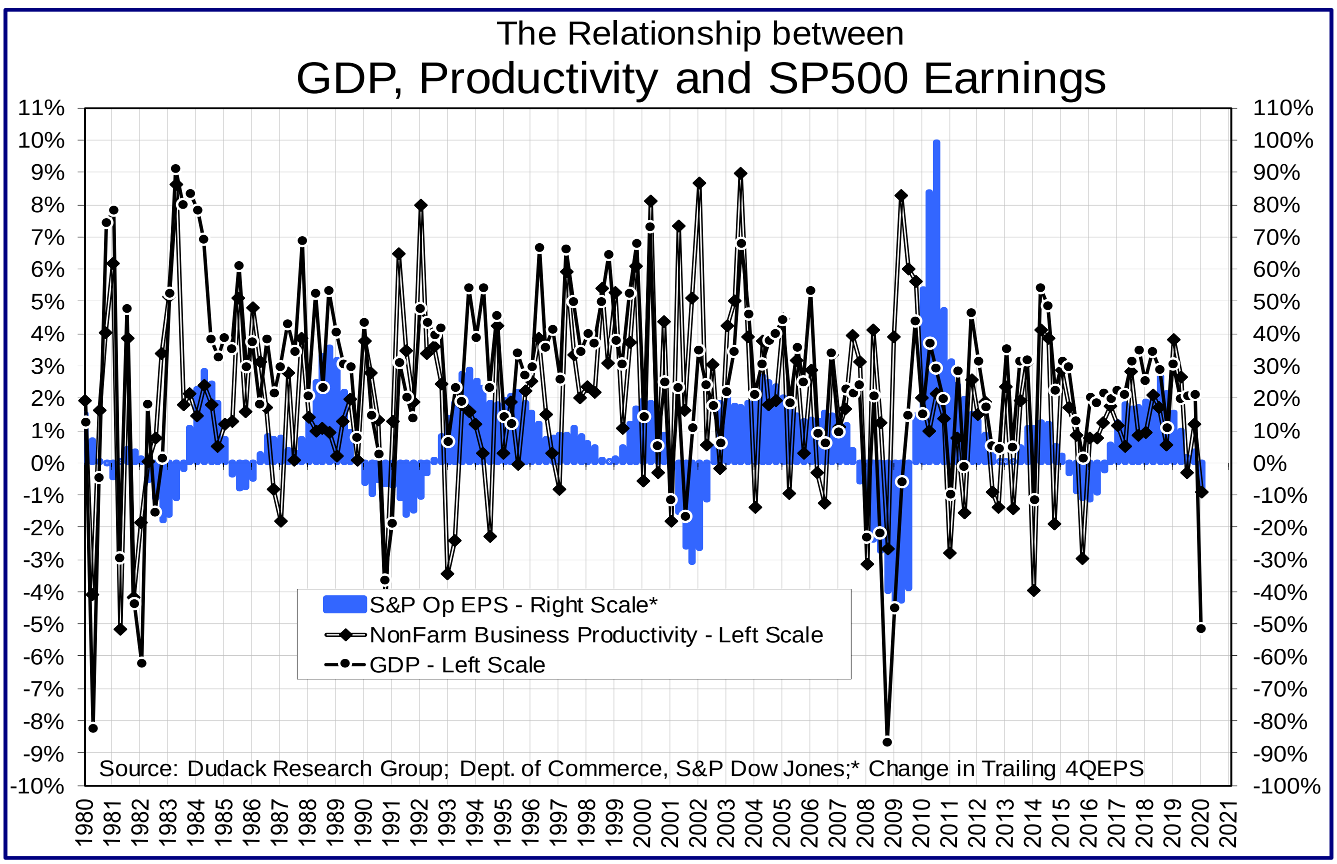




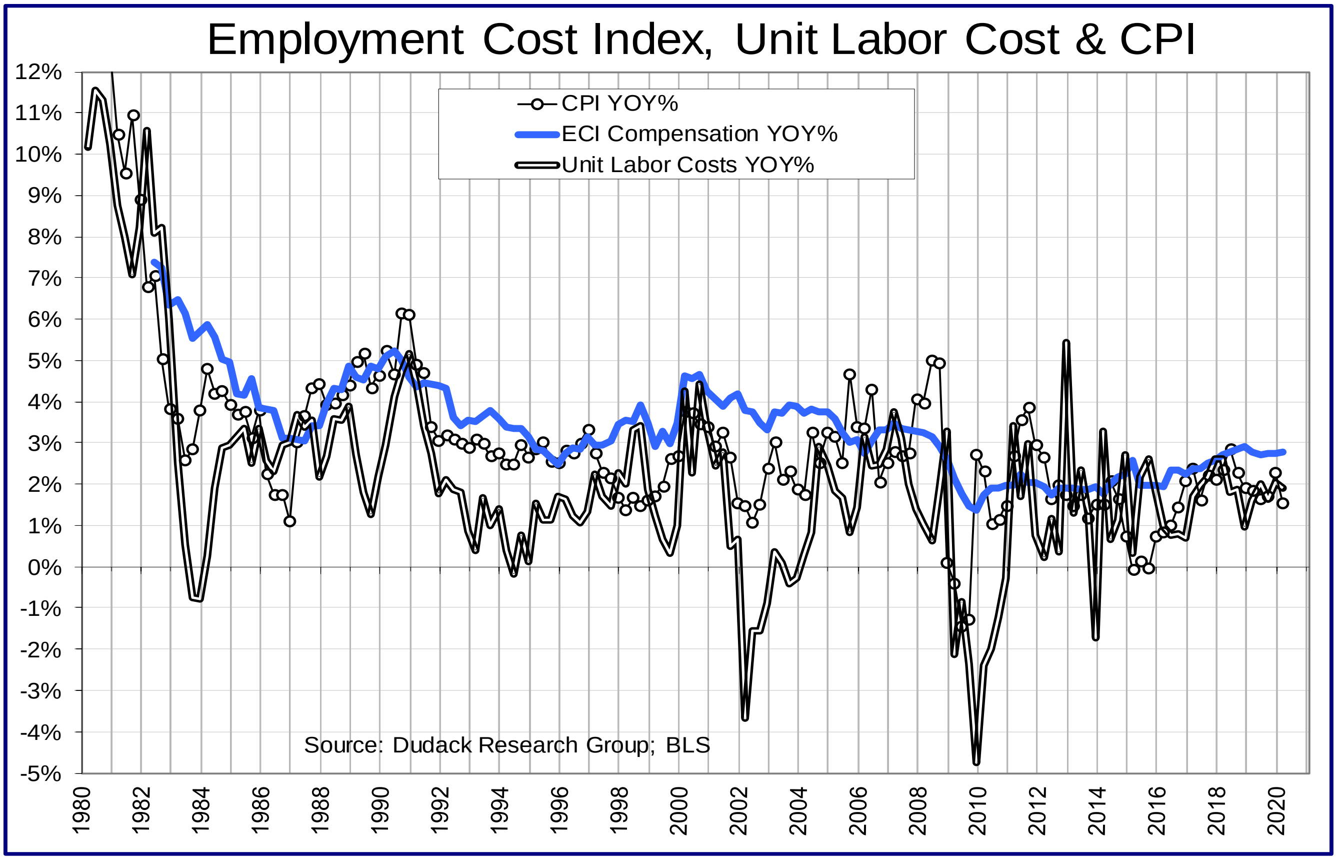


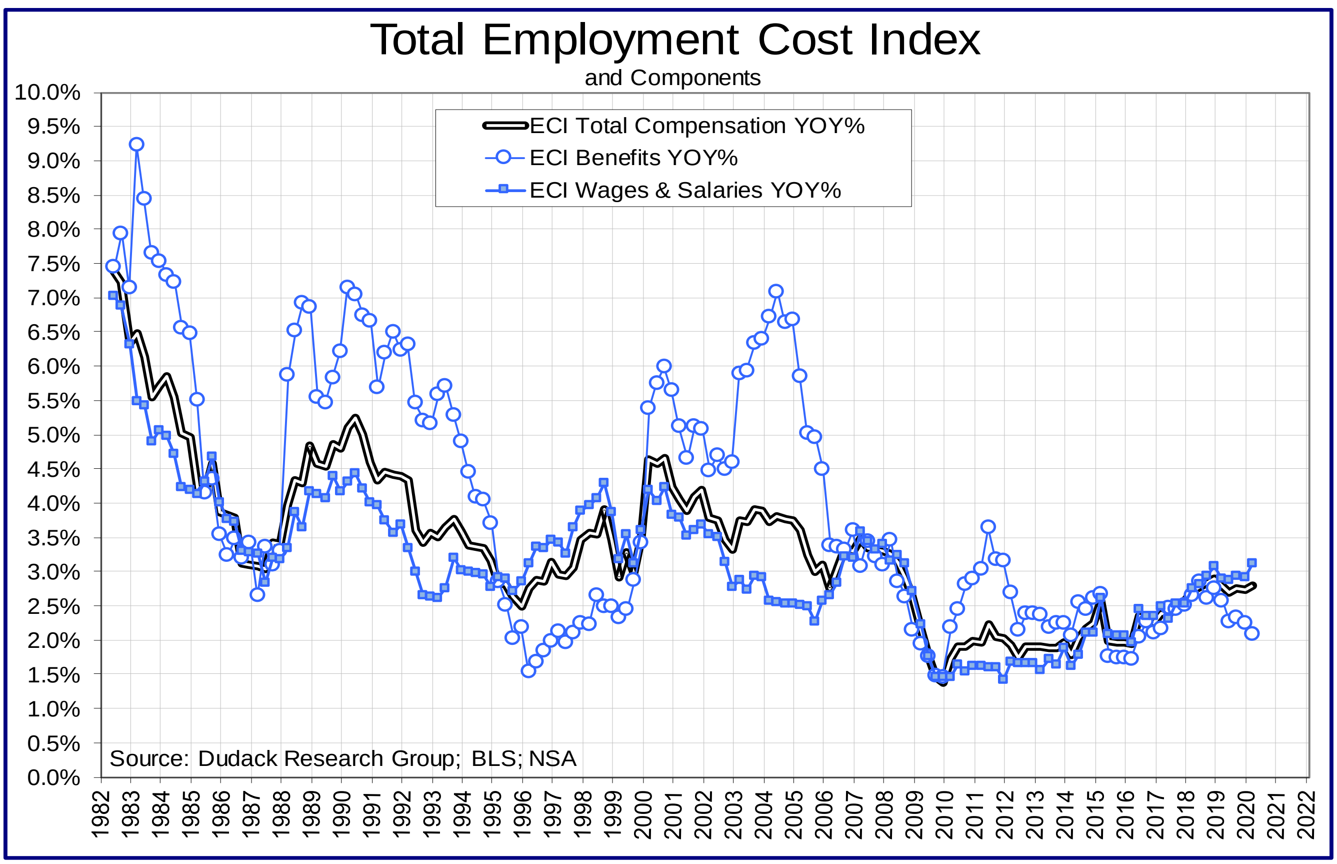
Productivity for the first quarter was negative 0.9% on an annualized basis, which was a predictable decline since real GDP fell 5% in the same quarter. What is the relationship between productivity and S&P 500 earnings? Since productivity is a derivative of GDP, it is similar to the relationship of EPS and GDP, but as seen below, 4-quarter trailing EPS tends to be less volatile than GDP or productivity.



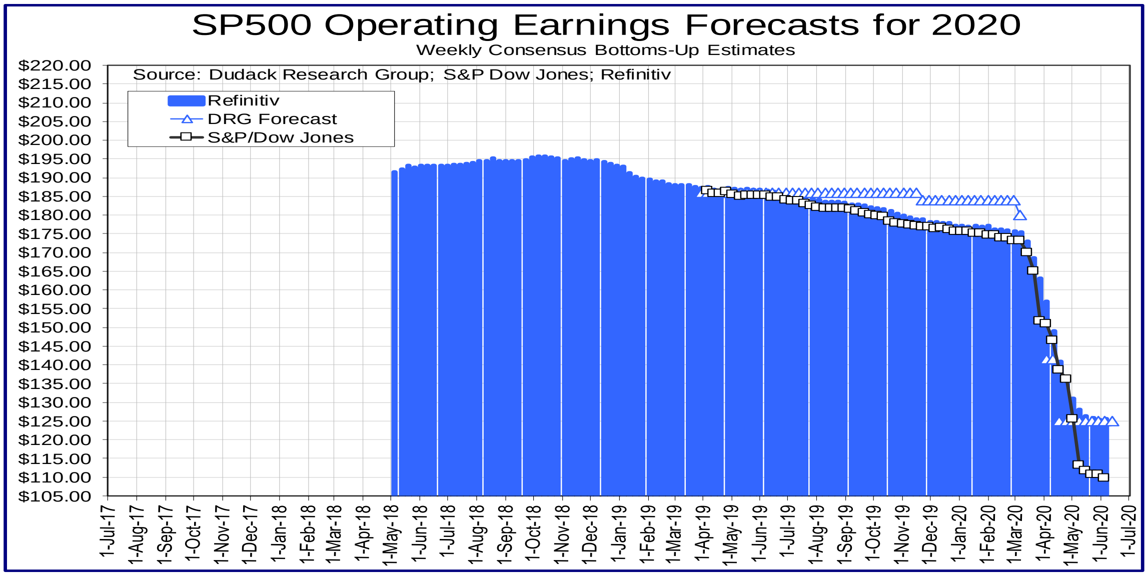


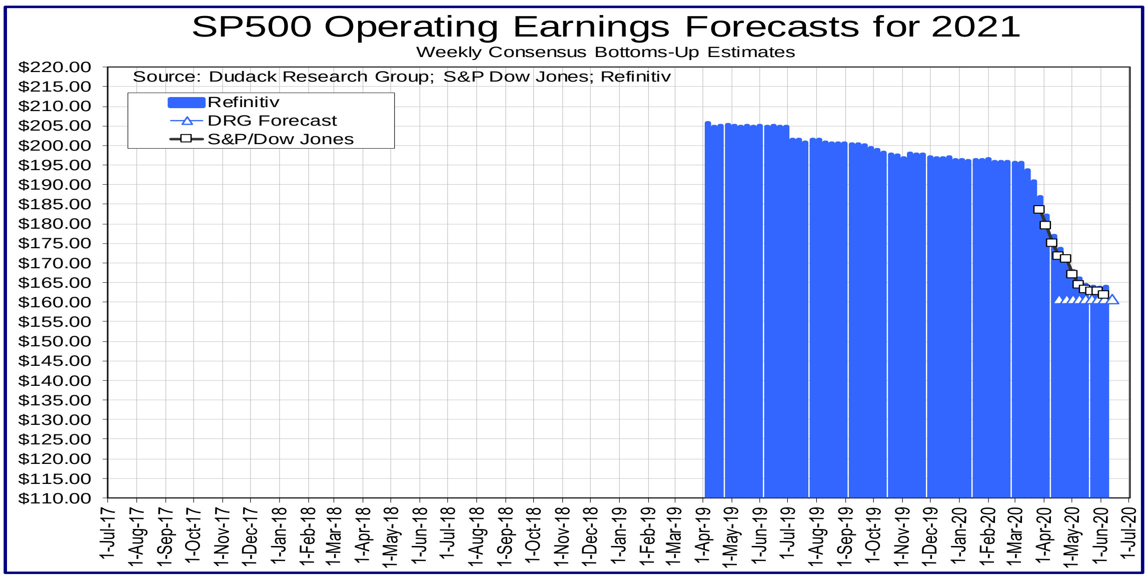
The more modern look at worker productivity is the employment cost index, where the BLS breaks down worker compensation. As seen below, the ECI is above the current rate of inflation, which is often true, but it does imply a squeeze on margins. However, the rise in wages in the first quarter is due to the makeup of those employed and the higher cost of workers during the shutdown.

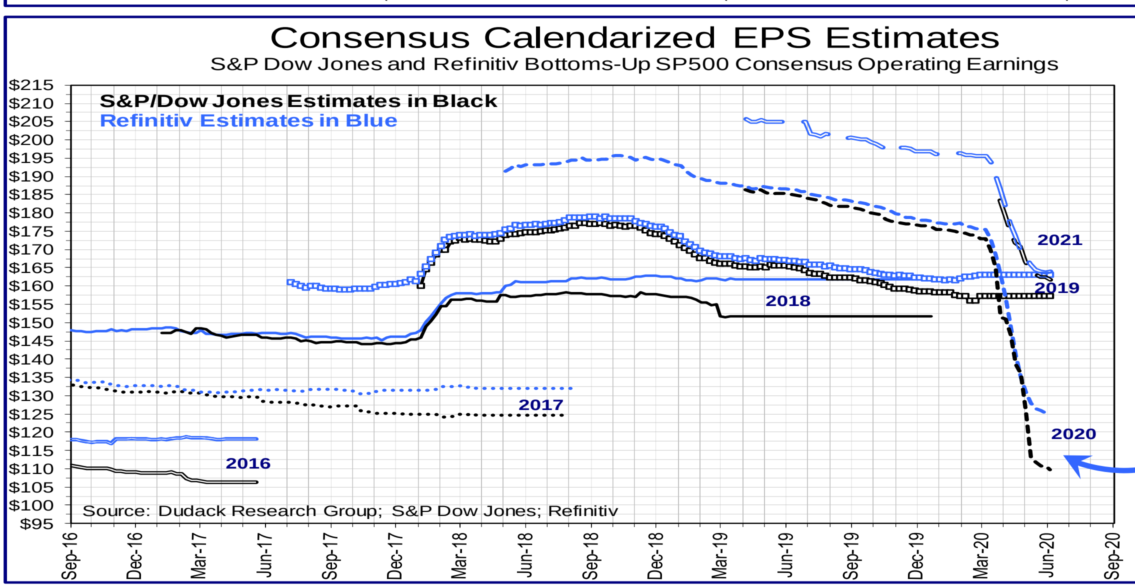




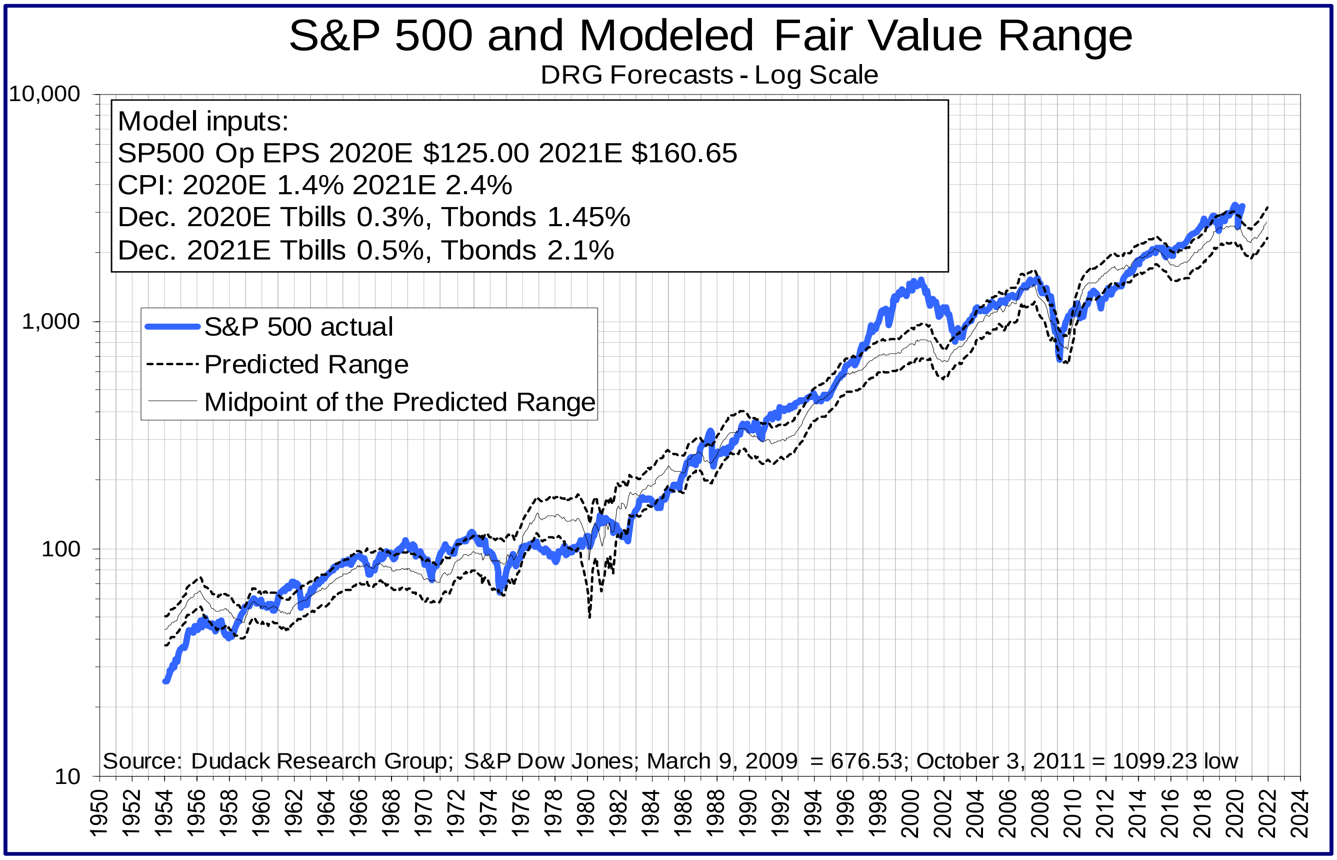
EPS estimates for 2020 and 2021 are stabilizing. This week's Refinitiv/IBES EPS 2020 growth estimate fell from (23.1%) to (23.0%); the S&P Dow Jones estimate fell from (29.6%) to (30.2%). Both are greater than the 20% decline that we were expecting. EPS growth estimates for 2021 are relatively unchanged at 30.7% for IBES and 47.5% for S&P Dow Jones.

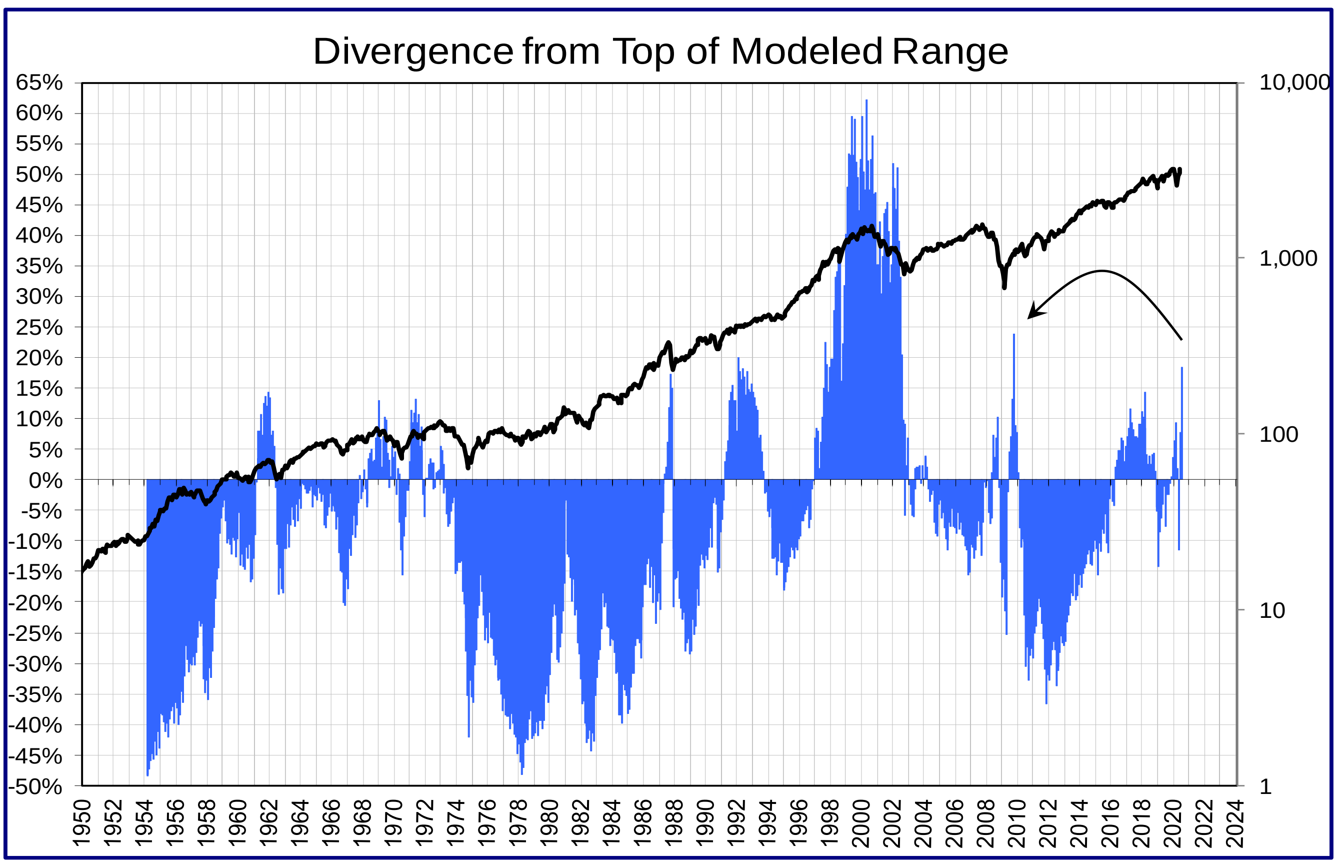






Falling EPS clearly makes stocks more expensive on a trailing basis. Our model shows that the SPX is trading well above the fair value range today, and trading at a level that equates to our 2021 SPX earnings estimate of $160.65 and our model's predicted PE multiple of 19.6X. However, we believe this EPS estimate could prove to be too conservative. Also note that while the SPX is trading above fair value range, it also did this in 2009 when earnings collapsed.



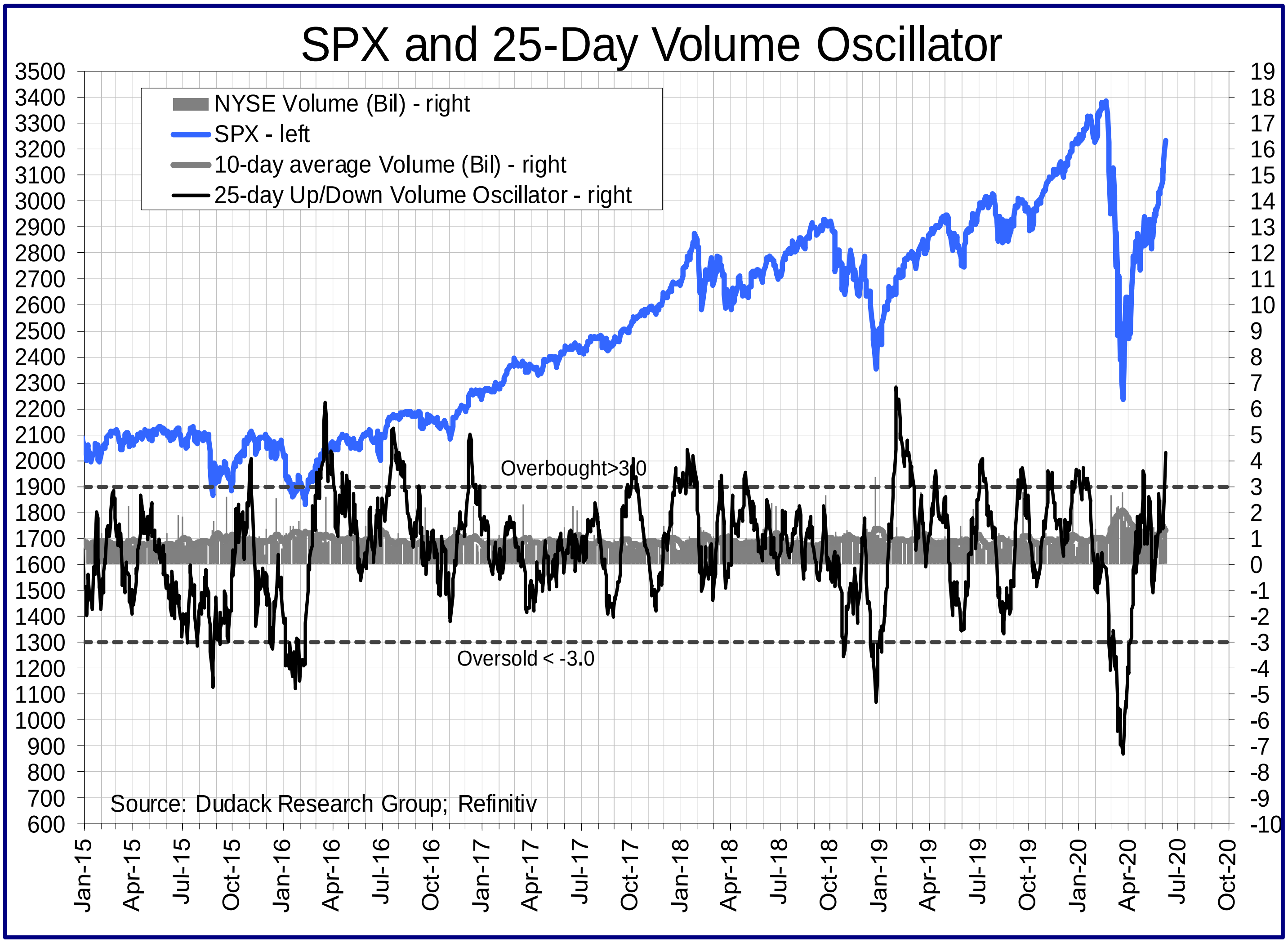


Charts of the four popular indices are different but moving in tandem this week. The IXIC is this week's big story as it moved into record territory. The SPX broke key resistance at 3000 last week and appears to be galloping to a record high as well. The DJIA has an upside gap at 26,300 that weakens its trend. Yet we are most impressed with the RUT which is racing to catch up with its fellow indices.

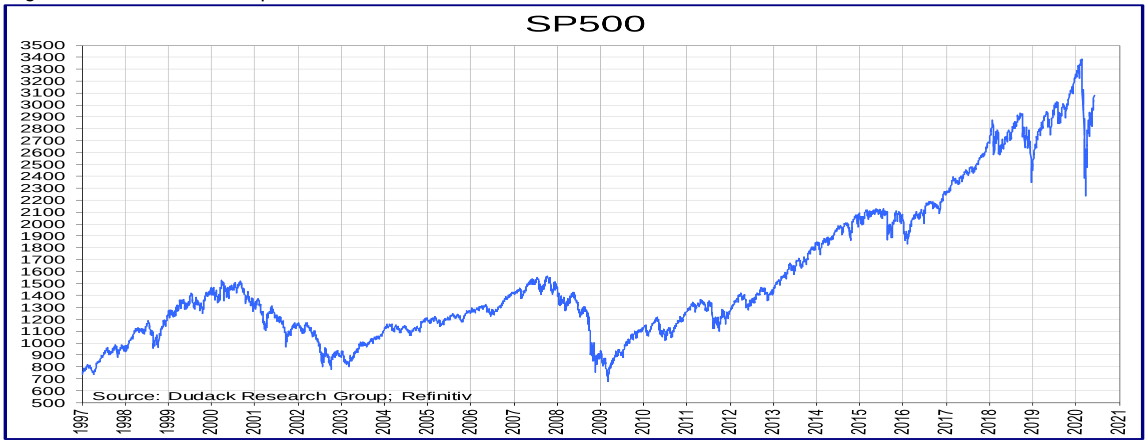
Source: Refinitiv

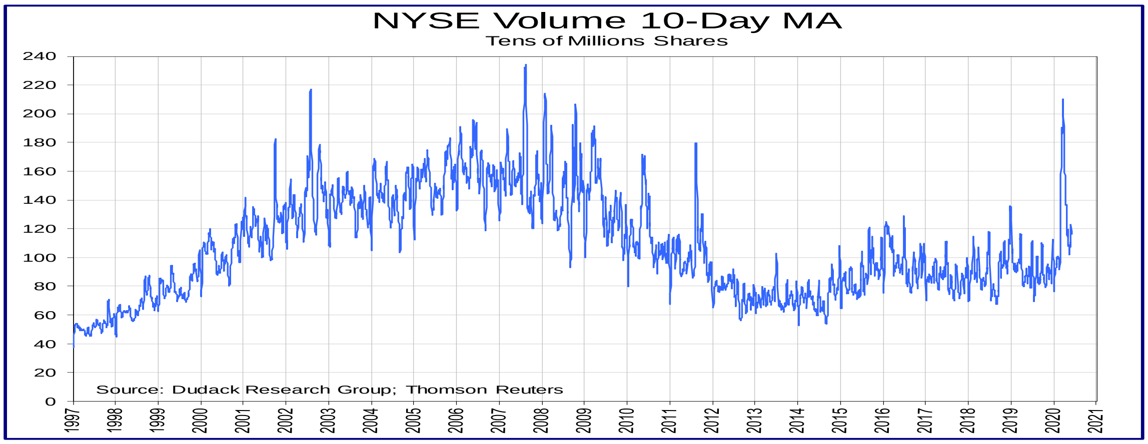
Volatility in the equity market has been high. Nevertheless, the recent move through SPX 3080.82 constitutes a breakout. Therefore, it is important for technical indicators to hit levels that will confirm the breakout. The_25-day up/down volume oscillator is overbought for a second consecutive day at 3.62 this week after reaching a 16-month high of 4.31 on June 8. The longer this indicator remains in overbought territory, the more confidence we will have it the rally since it shows that the underlying buying pressure on this rally is solid and sustainable.

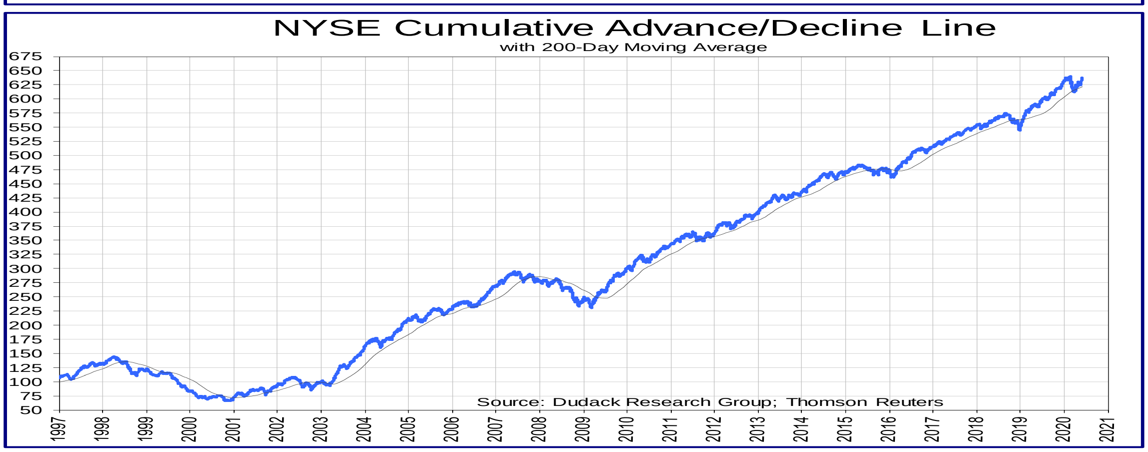
This indicator was in overbought territory for two consecutive days at the end of April, but the 90% down day on May 1st reversed the overbought reading. It failed to reach a second overbought reading early in May. Keep in mind that new secular advances in the SPX tend to be preceded by an extreme oversold reading (check!) and then accompanied by a long and extreme overbought reading. We are hoping this will materialize in coming weeks. If not, it could imply that this is a failing rally.

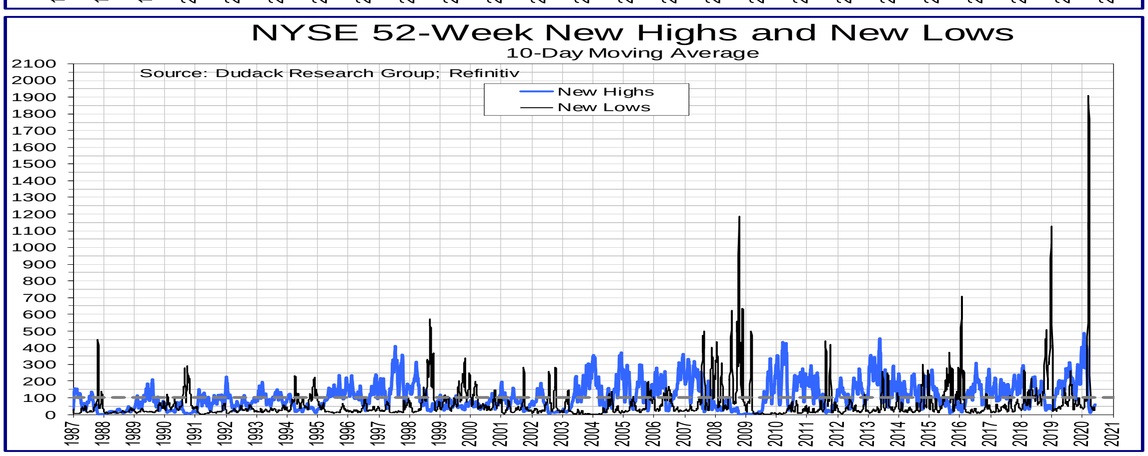


The 10-day average of daily new highs (84) is rising, but still below the 100 that defines a bull market; the 10-day average of daily new lows (30) is also below the 100 that defines a bear market. These readings are neutral after registering extreme readings in March. The A/D line made a new high on June 8, 2020, confirming the current moves in equities.

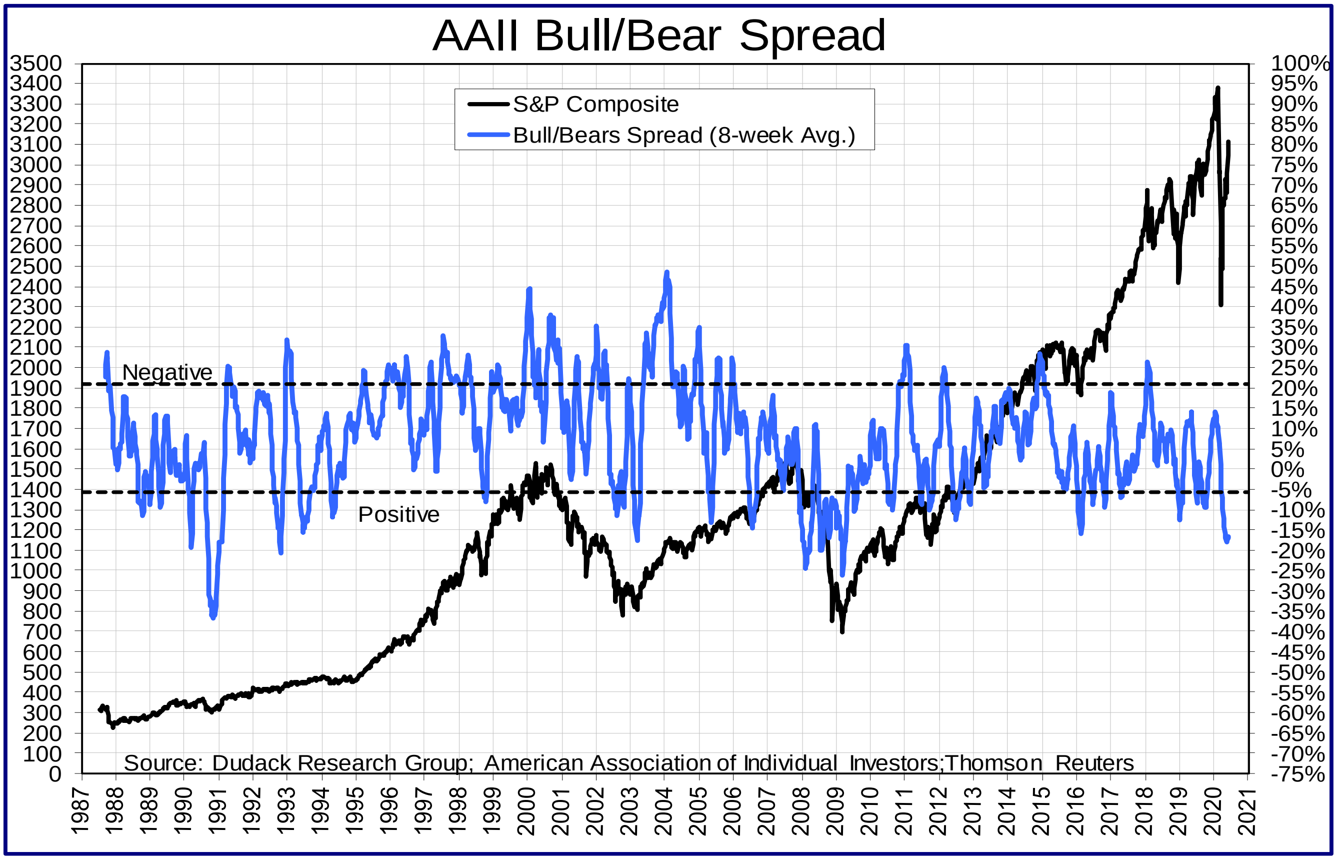


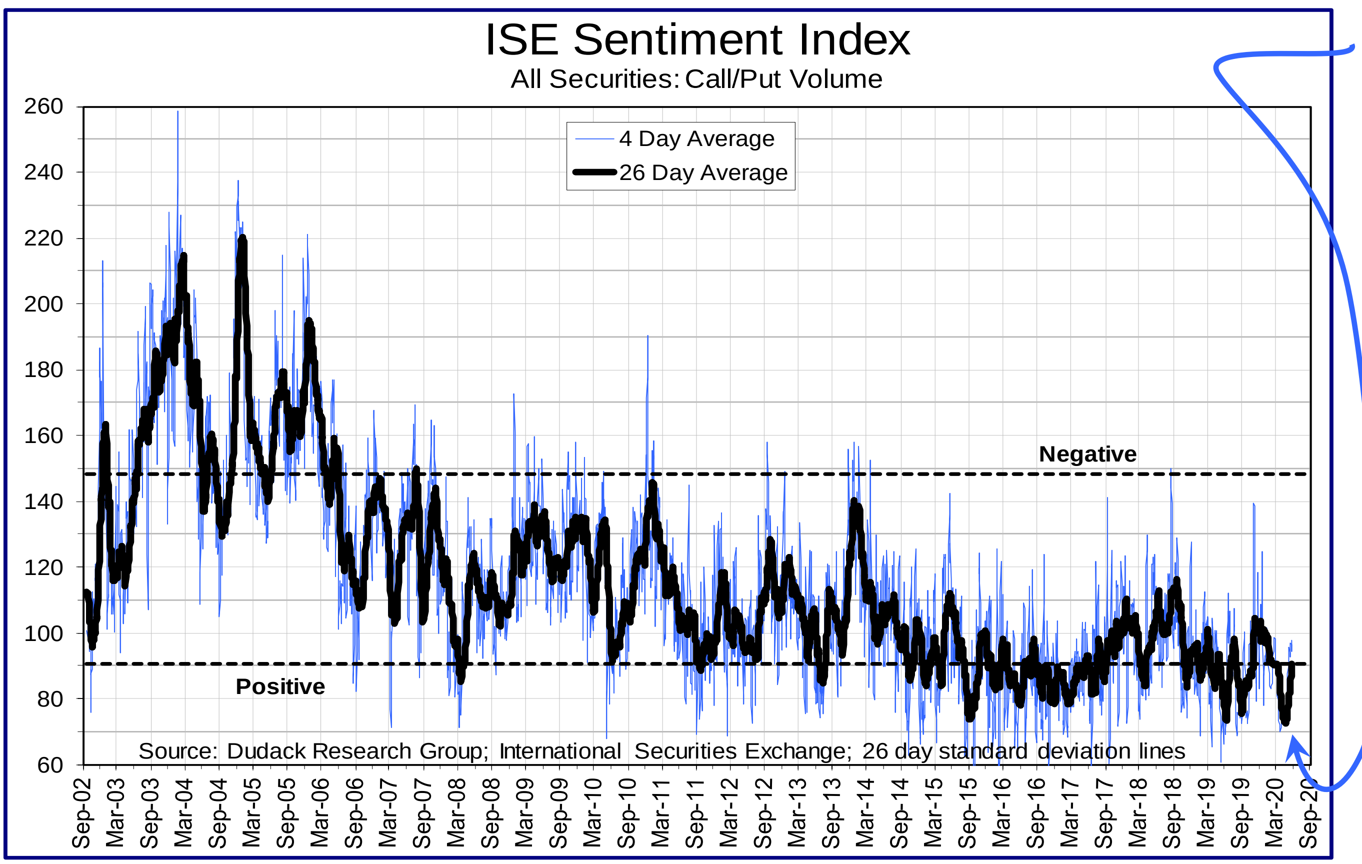






As of June 3, AAII bullish sentiment rose 1.5% to 34.6% and bearish sentiment fell 3.3% to 38.9%; however, the 8-week spread remains favorable due to recent bearish readings above 50%. The ISE Sentiment index turned neutral after 2 months in positive territory. The April 22 reading of 72.84 was the lowest on record, a reflection of great pessimism.

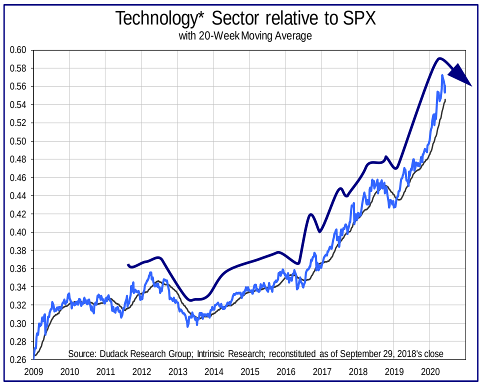


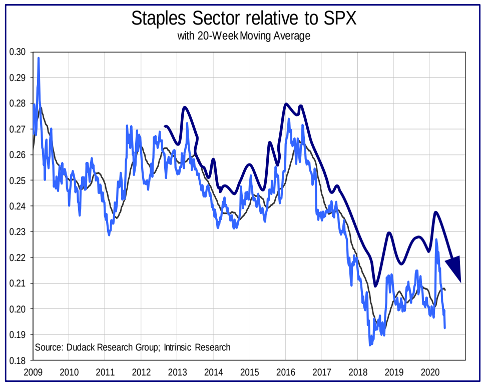


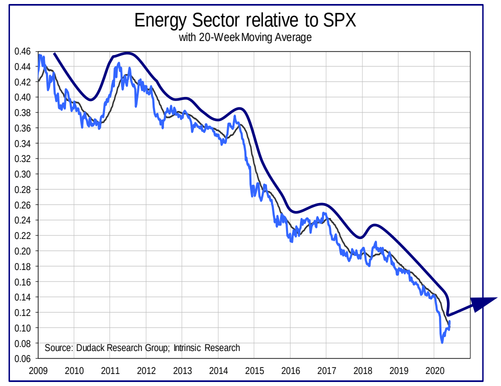
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Technology Financials Healthcare Industrials		Staples Utililties Communication Services Materials		Consumer Discretionary Energy REITS

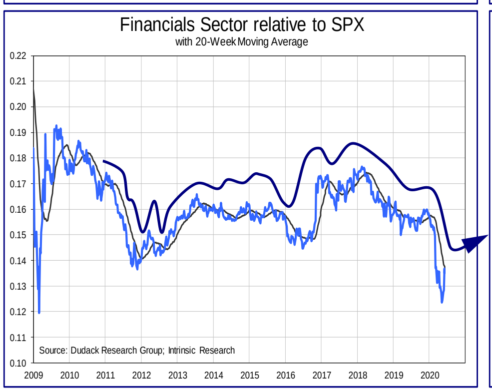
Healthcare upgraded from underweight to overweight; Consumer Discretionary downgraded from overweight to underweight April 14, 2020

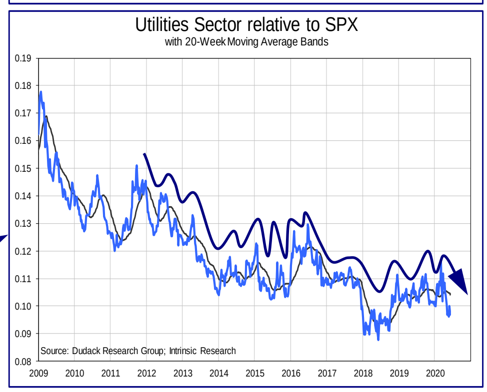
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

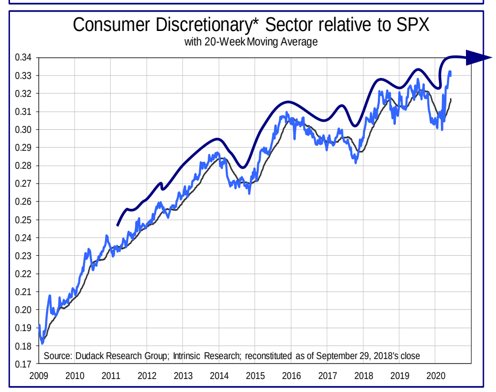


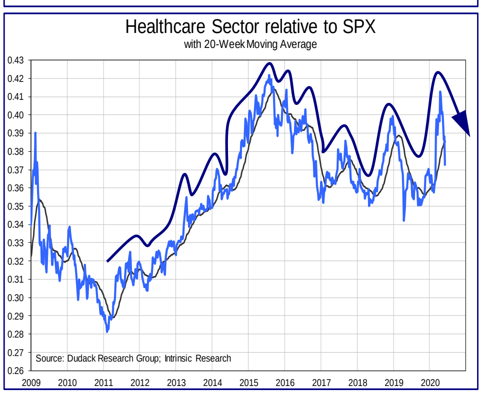


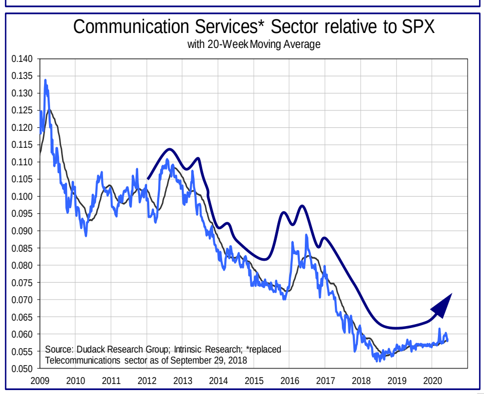


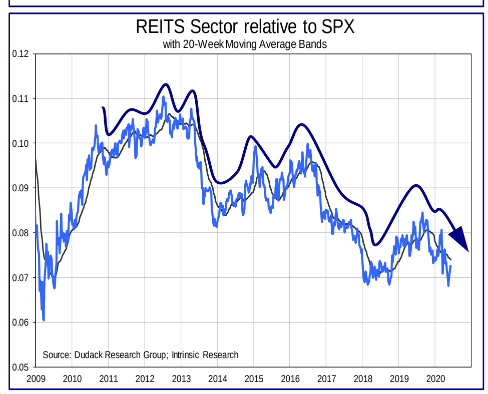


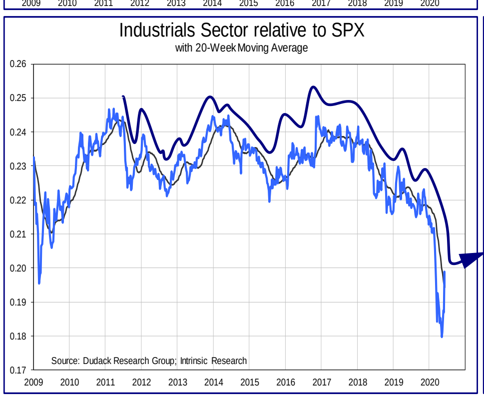


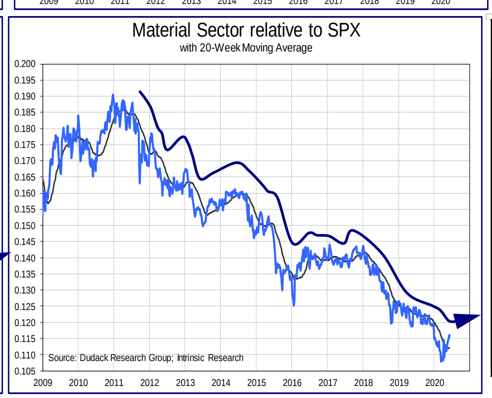












2020 Performance Year-to-Date - Ranked	
SP500 Sector	% Change
S&P INFORMATION TECH	11.6%
S&P CONSUMER DISCRETIONARY	8.0%
S&P COMMUNICATIONS SERVICES	3.3%
S&P HEALTH CARE	0.6%
S&P 500	-0.7%
S&P REITS	-3.6%
S&P MATERIALS	-3.9%
S&P CONSUMER STAPLES	-4.6%
S&P UTILITIES	-5.4%
S&P INDUSTRIALS	-8.9%
S&P FINANCIAL	-15.3%
S&P ENERGY	-25.9%

Source: Dudack Research Group; Thomson Reuters; Monday closes

Global Markets - Ranked by Year-to-Date Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Silver Future	SIc1	229.35	2.2%	10.1%	26.5%	92.2%
SPDR Communication Services ETF	XLC	251.74	2.0%	9.1%	23.6%	77.6%
iShares 20+ Year Treas Bond ETF	TLT	158.49	-2.0%	-2.6%	-3.9%	17.0%
NASDAQ 100	NDX	9967.17	3.2%	7.2%	27.6%	14.1%
SPDR Gold Trust	GLD	161.26	-0.8%	1.2%	8.9%	12.8%
Gold Future	GCc1	1714.70	-0.6%	1.1%	8.3%	12.8%
Technology Select Sector SPDR	XLK	102.40	3.6%	7.3%	27.4%	11.7%
Nasdaq Composite Index Tracking Stock	ONEQ.O	388.40	3.9%	8.5%	30.1%	11.1%
iShares Nasdaq Biotechnology ETF	IBB.O	132.91	-1.1%	-0.7%	23.4%	10.3%
iShares Russell 1000 Growth ETF	IWF	192.24	3.0%	8.0%	27.6%	9.3%
SPDR S&P Semiconductor ETF	XSD	115.09	5.1%	12.0%	37.1%	8.7%
Consumer Discretionary Select Sector SPDR	XLY	132.21	4.6%	13.0%	34.8%	5.4%
iShares iBoxx $ Invest Grade Corp Bond	LQD	132.42	0.3%	5.5%	7.2%	3.5%
Health Care Select Sect SPDR	XLV	102.84	0.3%	1.7%	16.1%	1.0%
iShares Russell 1000 ETF	IWB	178.06	4.2%	10.0%	25.8%	-0.2%
SP500	**.SPX**	**3207.18**	**4.1%**	**9.4%**	**24.1%**	**-0.7%**
SPDR Homebuilders ETF	XHB	45.15	5.3%	20.9%	51.6%	-0.8%
PowerShares Water Resources Portfolio	PHO	38.27	3.2%	12.3%	22.2%	-0.9%
Shanghai Composite	.SSEC	2956.11	1.2%	2.1%	6.9%	-1.6%
iShares US Telecomm ETF	IYZ	29.39	3.7%	8.3%	18.3%	-1.6%
iShares Russell 2000 Growth ETF	IWO	210.70	3.6%	10.8%	33.2%	-1.6%
iShares Silver Trust	SLV	17.01	-2.8%	13.5%	25.6%	-1.8%
iShares MSCI Japan ETF	EWJ	57.60	1.9%	9.0%	16.6%	-2.8%
iShares MSCI Taiwan ETF	EWT	39.99	4.4%	7.3%	21.3%	-2.8%
iShares MSCI Malaysia ETF	EWM	27.48	4.2%	16.7%	18.4%	-3.6%
Materials Select Sector SPDR	XLB	59.18	4.1%	14.5%	31.4%	-3.6%
Consumer Staples Select Sector SPDR	XLP	60.57	1.3%	4.4%	11.2%	-3.8%
SPDR S&P Retail ETF	XRT	44.23	5.2%	16.5%	48.5%	-3.9%
iShares MSCI Germany ETF	EWG	28.24	5.3%	20.6%	31.5%	-3.9%
SPDR DJIA ETF	DIA	273.38	6.0%	12.2%	24.7%	-4.1%
DJIA	.DJI	27272.30	5.9%	12.6%	24.4%	-4.4%
iShares MSCI South Korea Capped ETF	EWY	59.36	5.5%	16.8%	26.5%	-4.6%
Utilities Select Sector SPDR	XLU	61.57	1.3%	10.1%	11.1%	-4.7%
iShares China Large Cap ETF	FXI	41.07	1.5%	5.6%	9.4%	-5.9%
iShares MSCI BRIC ETF	BKF	41.78	2.5%	9.9%	17.3%	-7.8%
iShares MSCI EAFE ETF	EFA	63.81	3.7%	12.4%	19.4%	-8.1%
iShares US Real Estate ETF	IYR	85.42	6.9%	15.4%	22.8%	-8.2%
iShares MSCI Hong Kong ETF	EWH	22.32	5.5%	4.7%	11.9%	-8.3%
Vanguard FTSE All-World ex-US ETF	VEU	49.28	3.6%	12.2%	20.1%	-8.3%
Industrial Select Sector SPDR	XLI	74.39	8.3%	19.4%	26.1%	-8.7%
iShares MSCI Emerg Mkts ETF	EEM	40.89	3.5%	11.7%	19.8%	-8.9%
iShares Russell 2000 ETF	IWM	150.26	6.3%	14.1%	31.3%	-9.3%
iShares MSCI Canada ETF	EWC	27.01	3.4%	9.6%	23.6%	-9.6%
iShares Russell 1000 Value ETF	IWD	122.68	5.8%	13.0%	23.7%	-10.1%
iShares MSCI Australia ETF	EWA	20.30	5.5%	19.6%	30.6%	-10.3%
Financial Select Sector SPDR	XLF	26.17	9.6%	19.7%	25.7%	-15.0%
iShares MSCI Singapore ETF	EWS	20.38	6.6%	10.3%	17.5%	-15.6%
iShares Russell 2000 Value ETF	IWN	106.36	9.8%	18.8%	29.7%	-17.3%
iShares MSCI India ETF	INDA.K	28.80	-0.2%	9.8%	19.5%	-18.1%
iShares MSCI United Kingdom ETF	EWU	27.51	2.8%	9.5%	15.2%	-19.3%
iShares MSCI Austria Capped ETF	EWO	16.26	6.5%	14.8%	24.0%	-21.8%
SPDR S&P Bank ETF	KBE	36.92	15.6%	27.5%	36.9%	-21.9%
iShares MSCI Mexico Capped ETF	EWW	34.85	3.3%	14.3%	22.9%	-22.6%
Energy Select Sector SPDR	XLE	45.10	11.2%	18.4%	55.2%	-24.9%
iShares MSCI Brazil Capped ETF	EWZ	32.83	12.8%	44.8%	39.3%	-30.8%
Oil Future	CLc1	38.94	5.4%	61.3%	90.1%	-36.2%
iShares DJ US Oil Eqpt & Services ETF	IEZ	11.12	23.1%	42.7%	87.2%	-45.3%
United States Oil Fund, LP	USO	28.42	5.0%	34.2%	-15.6%	-72.3%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; Thomson Reuters   Priced as of close June 9, 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%	S&P Op PE Ratio	S&P Divd Yield	GDP Annual Rate	GDP Profits post-tax w/ IVA & CC	YOY %
2003	1111.92	$48.74	**$54.69**	$54.69	18.8%	**$55.44**	18.4%	20.3X	1.6%	1.7%	$812.60	13.7%
2004	1211.92	$58.55	**$67.68**	$67.68	23.8%	**$67.10**	20.9%	17.9X	1.8%	2.9%	$977.30	20.3%
2005	1248.29	$69.93	**$76.45**	$76.45	13.0%	**$76.28**	13.7%	16.3X	1.8%	3.8%	$1,065.30	9.0%
2006	1418.30	$81.51	**$87.72**	$87.72	14.7%	**$88.18**	15.6%	16.2X	1.8%	3.5%	$1,173.10	10.1%
2007	1468.36	$66.18	**$82.54**	$82.54	-5.9%	**$85.12**	-3.5%	17.8X	1.8%	2.9%	$1,083.50	-7.6%
2008	903.25	$14.88	**$49.51**	$49.51	-40.0%	**$65.47**	-23.1%	18.2X	2.5%	1.9%	$976.00	-9.9%
2009	1115.10	$50.97	**$56.86**	$56.86	14.8%	**$60.80**	-7.1%	19.6X	2.6%	-0.1%	$1,029.70	-9.8%
2010	1257.64	$77.35	**$83.77**	$83.77	47.3%	**$85.28**	40.3%	15.0X	1.9%	-2.5%	$1,182.60	14.8%
2011	1257.60	$86.95	**$96.44**	$96.44	15.1%	**$97.82**	14.7%	13.0X	2.0%	2.6%	$1,456.20	23.1%
2012	1426.19	$86.51	**$96.82**	$96.82	0.4%	**$103.80**	6.1%	14.7X	2.1%	1.6%	$1,528.70	5.0%
2013	1848.36	$100.20	**$107.30**	$107.30	10.8%	**$109.68**	5.7%	17.2X	2.0%	2.2%	$1,662.50	8.8%
2014	2127.83	$102.31	**$113.01**	$113.01	5.3%	**$118.78**	8.3%	18.8X	2.2%	1.8%	$1,647.90	-0.9%
2015	2043.94	$86.53	**$100.45**	$100.45	-11.1%	**$118.20**	-0.5%	20.3X	2.1%	2.5%	$1,712.90	3.9%
2016	2238.83	$94.55	**$106.26**	$96.82	-3.6%	**$118.10**	-0.1%	21.1X	1.9%	2.9%	$1,664.90	-2.8%
2017	2673.61	$109.88	**$124.51**	$124.51	28.6%	**$132.00**	11.8%	21.5X	1.8%	1.6%	$1,633.90	-1.9%
2018	2506.85	$132.39	**$151.60**	$151.60	21.8%	**$161.93**	22.7%	16.5X	1.9%	2.4%	$1,686.50	3.2%
2019	3230.78	$139.47	**$157.12**	$157.12	3.6%	**$162.93**	0.6%	20.6X	2.3%	2.4%	$1,854.90	10.0%
2020E	~~~~~~~	$92.06	**$109.71**	$125.00	-20.4%	**$125.48**	-23.0%	29.2X	NA	NA	NA	NA
2021E	~~~~~~~	$145.28	**$161.80**	$160.65	28.5%	**$164.00**	30.7%	19.8X	NA	NA	NA	NA
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	$39.81	-3.8%	$42.14	-1.2%	19.5	1.9%	2.1%	$1,868.70	-0.3%
2019 4Q	3230.78	$35.53	$39.18	$39.18	11.8%	$41.98	1.9%	20.6	1.8%	2.1%	$1,908.20	2.2%
2020 1QE	2584.59	$11.98	$19.70	$26.00	-31.6%	$33.37	-14.8%	18.6	2.3%	-5.0%	$1,636.80	-8.6%
2020 2QE*	3207.18	$19.94	$23.08	$26.00	-35.2%	$23.38	-43.4%	26.3	2.2%	NA	NA	NA
2020 3QE		$27.52	$31.04	$34.00	-14.6%	$31.50	-25.2%	28.4	NA	NA	NA	NA
2020 4QE		$32.62	$35.89	$39.00	-0.5%	$36.36	-13.4%	29.2	NA	NA	NA	NA
2021 1QE		$33.16	$37.02	$33.80	30.0%	$37.07	11.1%	25.2	NA	NA	NA	NA
2021 2QE		$34.09	$38.14	$33.80	30.0%	$38.43	64.4%	22.6	NA	NA	NA	NA
2021 3QE		$37.98	$42.05	$43.52	28.0%	$42.41	34.6%	20.9	NA	NA	NA	NA
2021 4QE		$40.05	$44.59	$49.53	27.0%	$44.90	23.5%	19.8	NA	NA	NA	NA

Source: Dudack Research Group; S&P Dow Jones; Refinitiv Consensus estimates; **Refinitiv quarters may not sum to CY *6/9/2020

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