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June 2, 2021

DJIA: 34575.31
SPX: 4202.04
NASDAQ: 13736.48

US Strategy Weekly

Tighten Now or Later

Friday's employment report will be important since it will set the stage for the Federal Reserve's next FOMC meeting scheduled for June 15 and 16. The June meeting will be accompanied by a *Summary of Economic Projections* and economists will be checking this closely to see if estimates have changed and if so, might this mean that a pivot in monetary policy is on the horizon. In short, it could be a market moving event. April's job report showed a disappointing increase of 266,000 new jobs, which was less that the average gain seen over the previous three or six months. May should see a nice recovery in the labor market since most states are now relaxing or eliminating pandemic restrictions. However, if the release shows an extraordinarily strong job market this could also spook investors who are worried that a strengthening economy, coupled with a high savings rate and pent-up demand, could fan the flames of inflation. We worry about this as well.

<u>Federal Reserve officials continue to emphasize that any inflation will be transitory</u>, but to some market observers this translates into the possibility, or likelihood, that the Fed is apt to fall behind the curve. If so, the Fed would need to raise rates even more aggressively sometime in the future in order to tame inflation. This is an important factor since most economic recessions in the US have been preceded by repeated Fed tightenings. In fact, this is the underlying principle in Edson Gould's famous *"three steps and a stumble rule."* Edson* was a well-respected market technician and stock market historian of the 1930-1980 era, yet some technicians do not believe his rule is valid today. We have found that to make this rule useful it is important to observe the number of Fed fund increases within a rolling twelve-month period. Three or more fed rate hikes, particularly if they are large, within a twelve-month period has always been followed by a weak stock market in the subsequent six and twelve months and it is usually in conjunction with a recession. For this reason, among others, it is important that the Fed not delay in addressing inflation and find itself running to catch up to control the cycle.

In our view, <u>inflation has always been the main risk for equity investors in 2021 since it means both a change from easy monetary policy, a rise in interest rates and a decline in average PE multiples</u>.

Inflation does not have to be a disaster for equities, however. <u>Stock prices can rise along with interest rates as long as earnings increase enough to compensate for the rise in the risk-free rate. Good earnings growth appears to be a strong possibility for this year and next; therefore, the greater risk over the next twelve months is more likely to be the Fed. If the Fed delays a shift in monetary policy too long, it could find itself having to tighten more aggressively to stem off inflation; thereby triggering a recession</u>. The Fed's favorite benchmark for inflation is the personal consumption expenditures (PCE) price index and this revealed a 3.6% YOY rise in April after being up 2.4% YOY in March. We were not surprised by this big jump in the PCE deflator since it puts it in line with all other inflation measures which now uniformly exceed 3% YOY. The implications for monetary policy are potentially huge. To demonstrate the pressure that this places on the Fed we have a chart of the real fed funds rate as compared to the PCE deflator. See page 7. <u>The real fed funds rate is currently negative 3.5% and reflecting the "easiest" policy seen since February 1975, during the 1974-1975 recession. This negative real fed funds rate will prove to be far too stimulative as people go back to work and the economy recovers. It will force the FOMC to change its verbiage and actions</u>.

Only time will tell if inflation is transitory or not. Meanwhile, we believe the healthiest scenario for the equity market would be either a 10% correction or a sideways market over the next few months. If not, the inevitable shift in Fed policy will trigger a correction that could exceed 10% in the SPX. Seasonality also suggests the stock market may be about to take a pause. June tends to be an underperforming month in the annual calendar and ranks 9th or 10th in terms of performance in most indices. See page 9.

A Mix of Economics

Housing has been a main pillar of the economic recovery during the pandemic. However, the pending homes sales index for April fell from 111.1 to 106.2, which was its lowest level since May 2020. April's survey leaves the index below its long-term average of 108.7. This decline in housing sales is likely to continue, particularly if home prices continue to rise. Buyers are apt to be priced out of the market. In April, the median home price for a single-family home rose 20% YOY, the largest twelve-month increase in National Association of Realtors records going back to 1999. Mortgage rates remain historically low but have also been rising, which will become another handicap for first time buyers. See page 3.

Stimulus checks boosted personal income 30% YOY in March; but in April personal income fell 13.1% month-over-month, which translated into a small 0.5% YOY increase. Disposable personal income rose 33.3% YOY in March but fell 1% YOY in April. The savings rate remains high but erratic at 14.7% in February, 27.7% in March and 14.9% in April. See page 4. The most interesting part of personal income is pre-pandemic total compensation which does not include transfer payments. Total compensation peaked in February 2020 at a seasonally adjusted annualized rate of $11.82 billion; however, despite the drop in employment, we were surprised to find that total compensation achieved a new record of $11.88 billion in November 2020. In April, total compensation rose to an all-time high of $12.3 billion. The same pattern is true if we look solely at wages or supplements for employees in the private sector. This underlying momentum in wages seen since November 2020 challenges the need for further fiscal stimulus in 2021. It also indicates that further stimulus could over-stimulate the economy. See page 5.

Earnings and PE Multiples

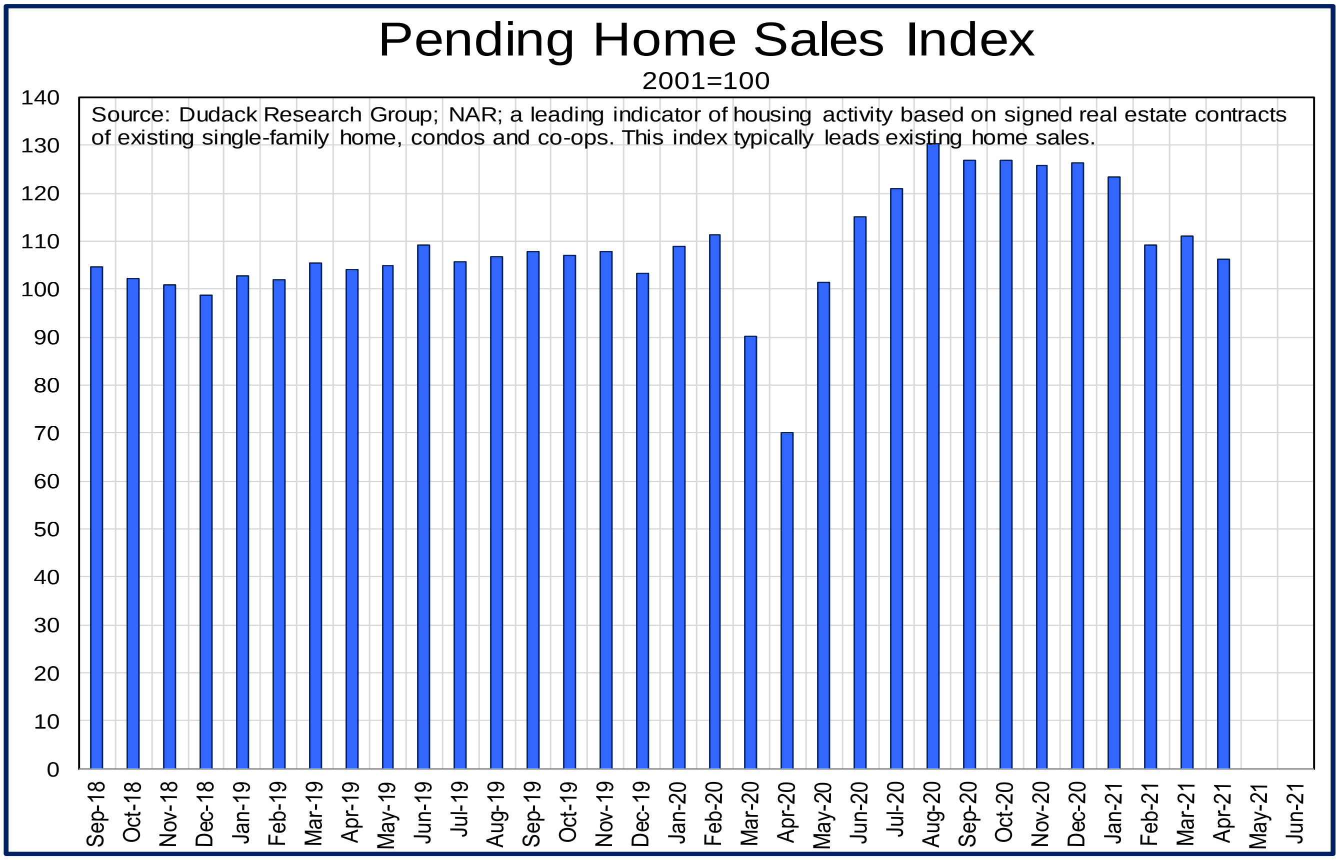
Both Refinitiv IBES and S&P Dow Jones consensus EPS estimates for the SPX for 2021 and 2022 continue to rise which is favorable and provides support for the equity market. The current IBES and S&P estimates are $189.61 and $186.59 for 2021 and $212.12 and $209.50 for 2022, respectively. This means the market is rich, but not overvalued, in a low inflation environment where a 20 PE multiple is justifiable. However, if inflation is 3.5% or higher PE multiples are likely to fall back to average or lower. The long-term average PE multiple for the SPX based upon forward earnings has been 18.2 times and on trailing 12-month earnings the average PE is lower at 15.8 times. This points to why inflation is a dilemma.

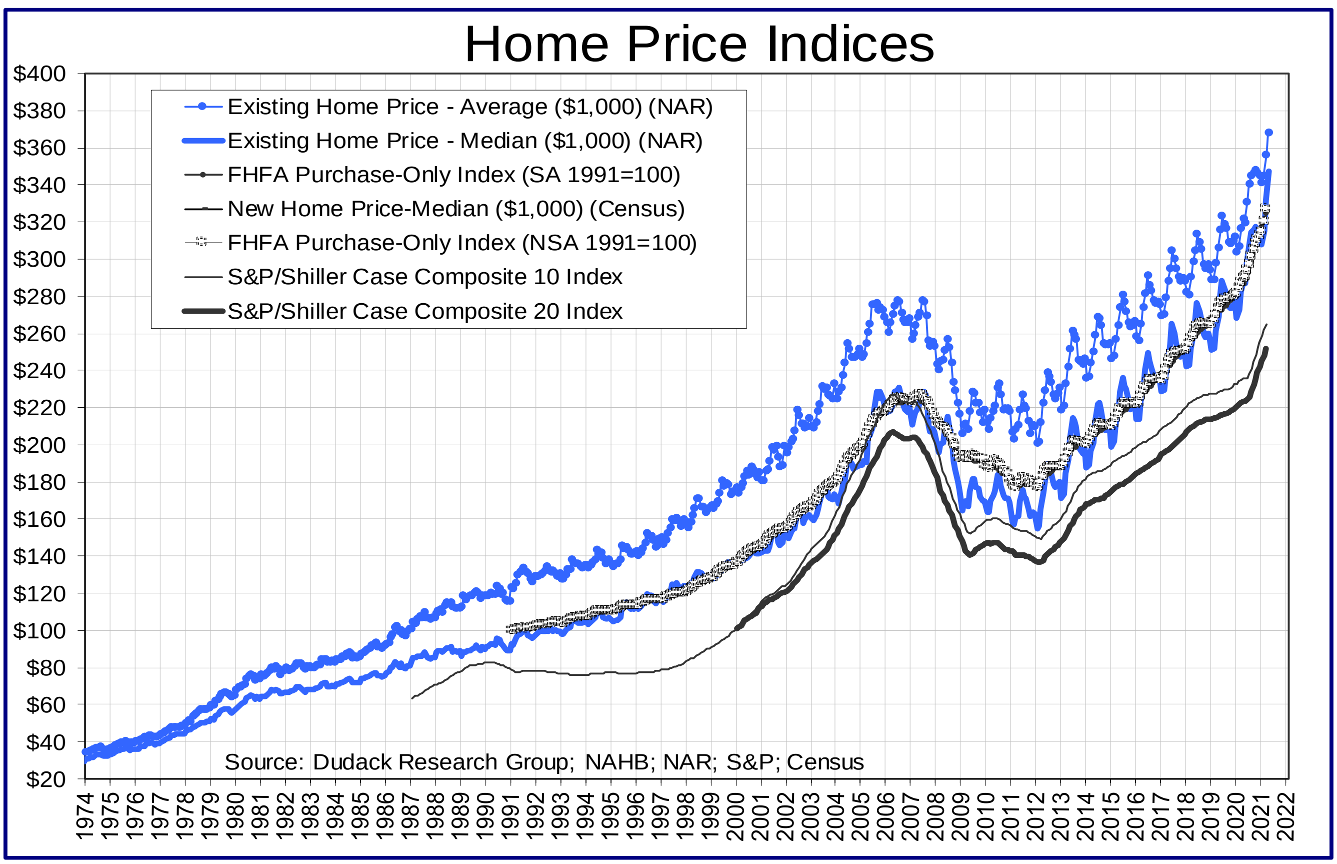
Market Data

To date, 2021 has been most notable for its leadership shift, away from the technology-laden Nasdaq Composite Index and small capitalization Russell 2000 index and toward cyclically driven inflation sectors such as energy, materials, financials, and REITs. See page 16 for sector performances year-to-date. This shift is producing new highs in the SPX and DJIA and sideways patterns in the IXIC and RUT. See page 12. There are also disparities in macro technical indicators. The NYSE cumulative advance decline line made a record high on June 1 confirming a bull market, whereas the 25-day up/down volume oscillator continues to languish in neutral. At present this indicator is suggesting the indices are moving to new highs, but on lower volume and less robust buying pressure. This is a sign of waning investor demand and therefore is a warning. Again, a sideways or correcting market would be the healthiest scenario near term.

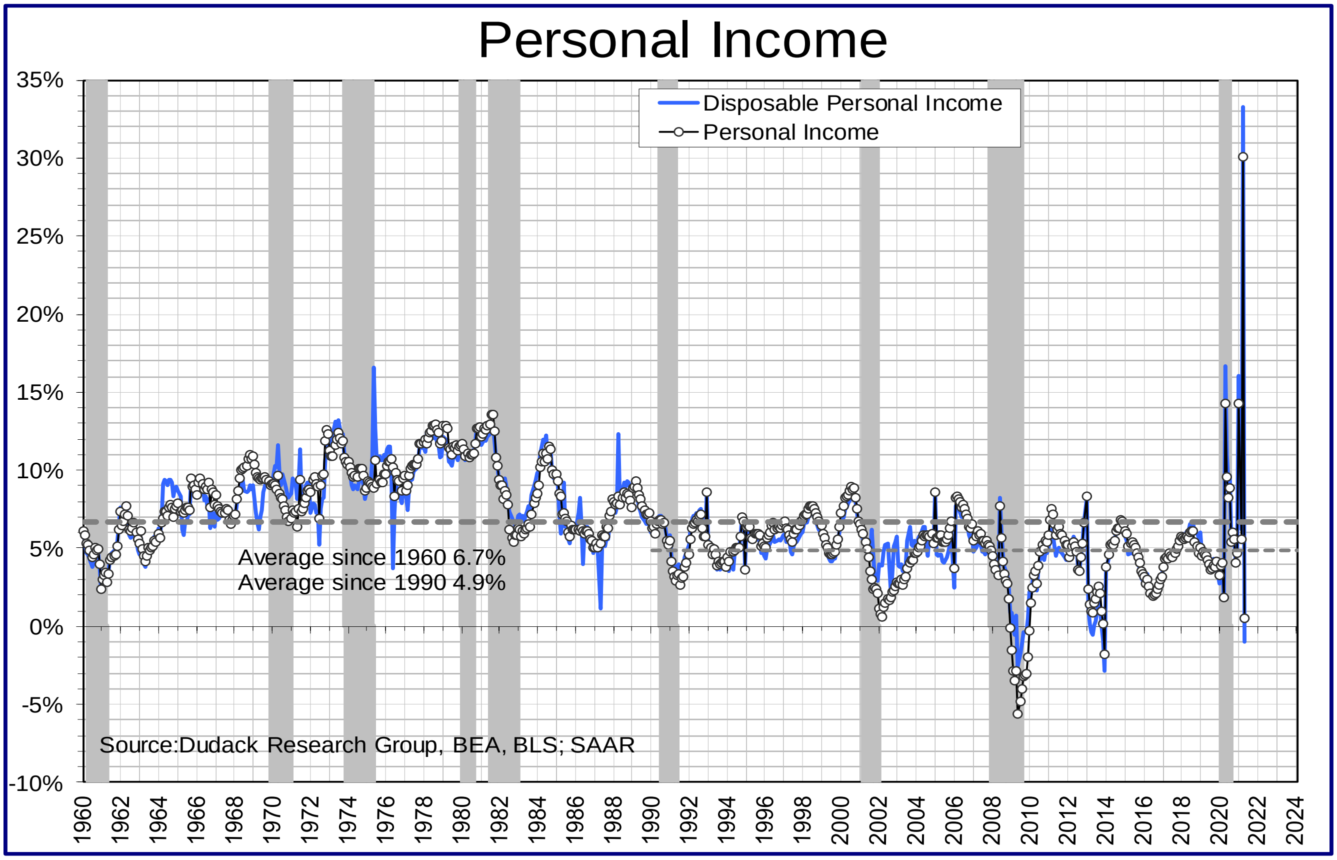
*https://www.ofeed.com/Star%20Traders/1135

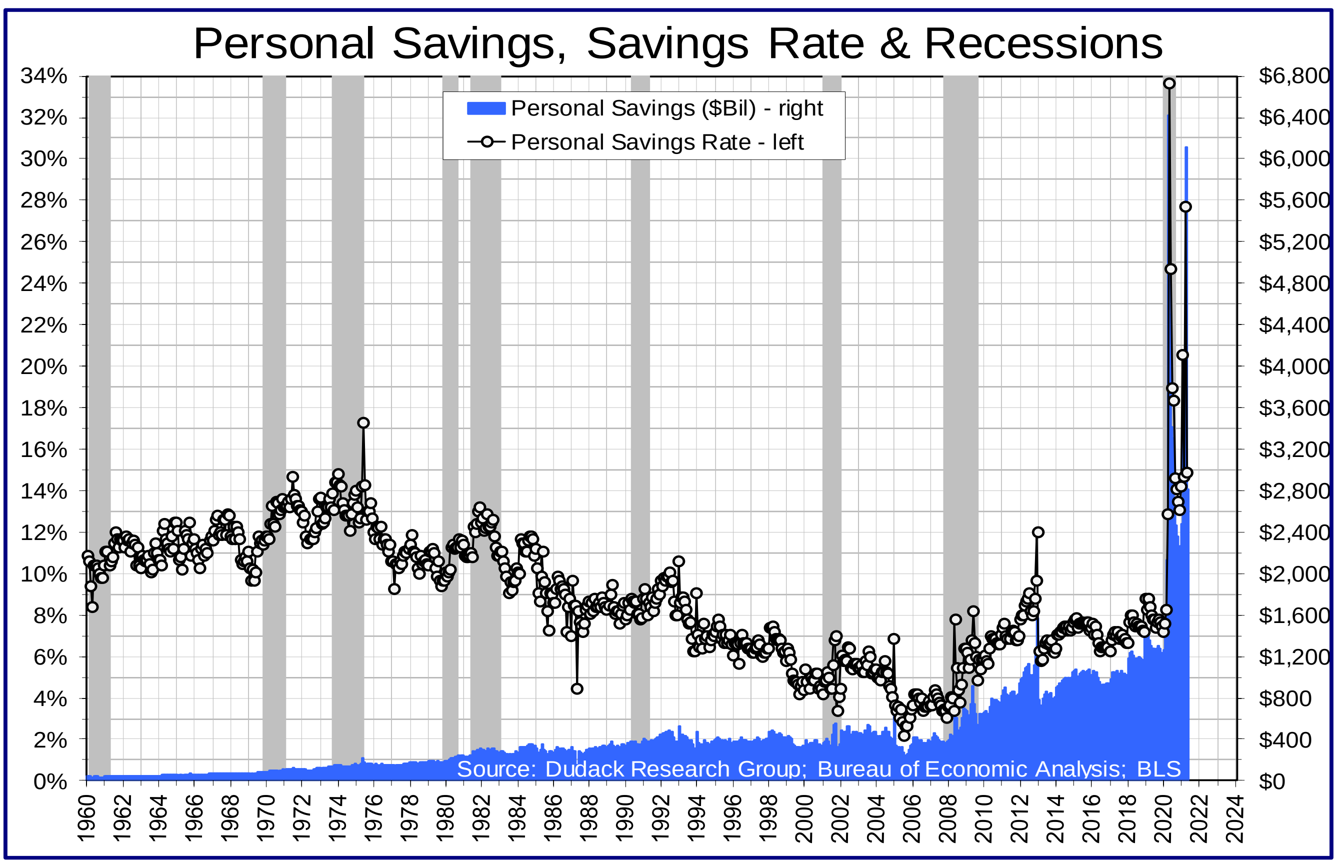
The pending homes sales index for April fell from 111.1 to 106.2, the lowest since May 2020, and now below the long-term average of 108.7. This decline is likely to continue as home prices rise and housing becomes less affordable. In April, the median home price for a single-family home rose 20% YOY. Mortgage rates are still historically low but have been rising.



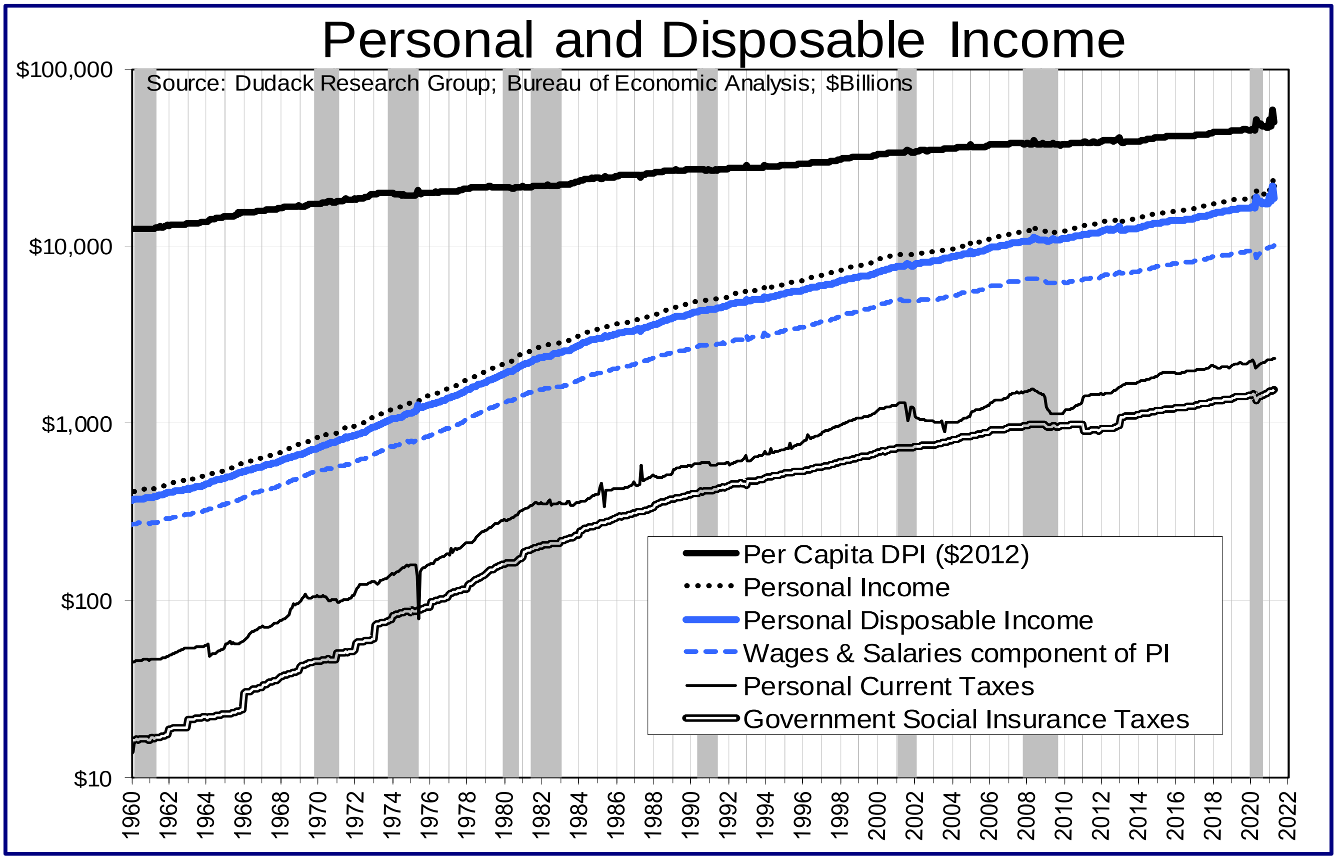


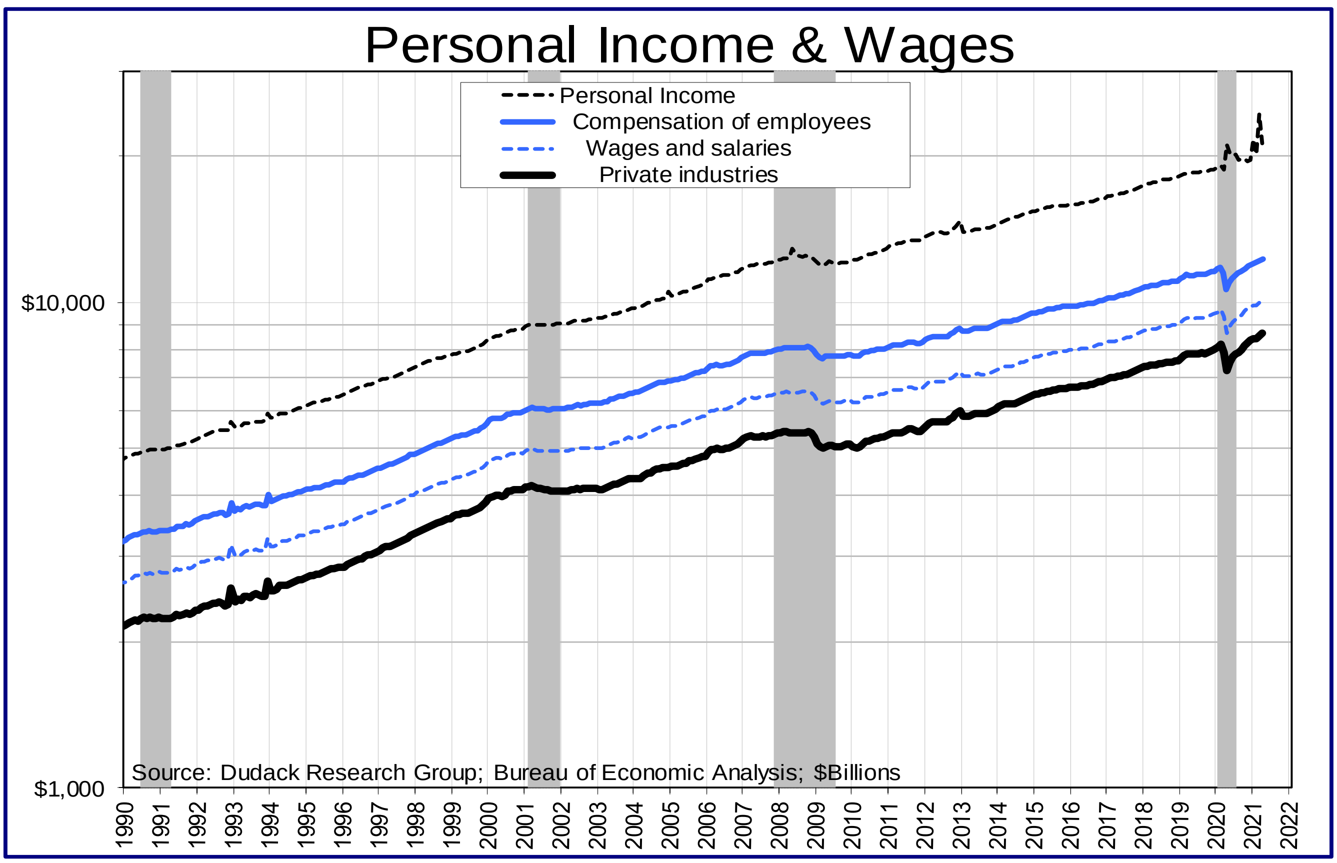
March's massive fiscal stimulus boosted personal income 30% YOY. April's personal income (PI) fell 13.1% month-over-month, which translated into a small 0.5% YOY increase. Disposable personal income rose 33.3% YOY in March but fell 1% YOY in April. The savings rate is high but erratic: 14.7% in February, 27.7% in March and 14.9% in April.



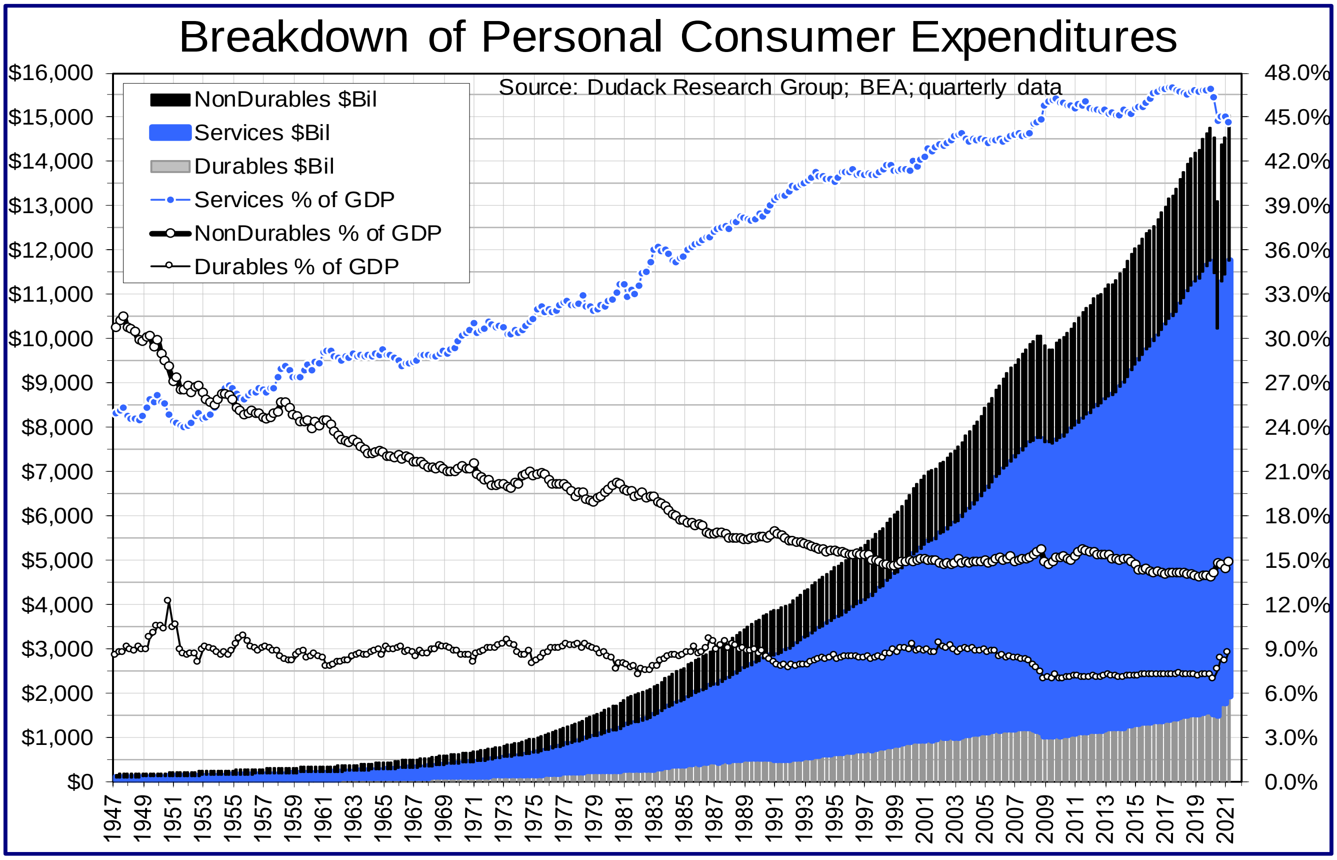


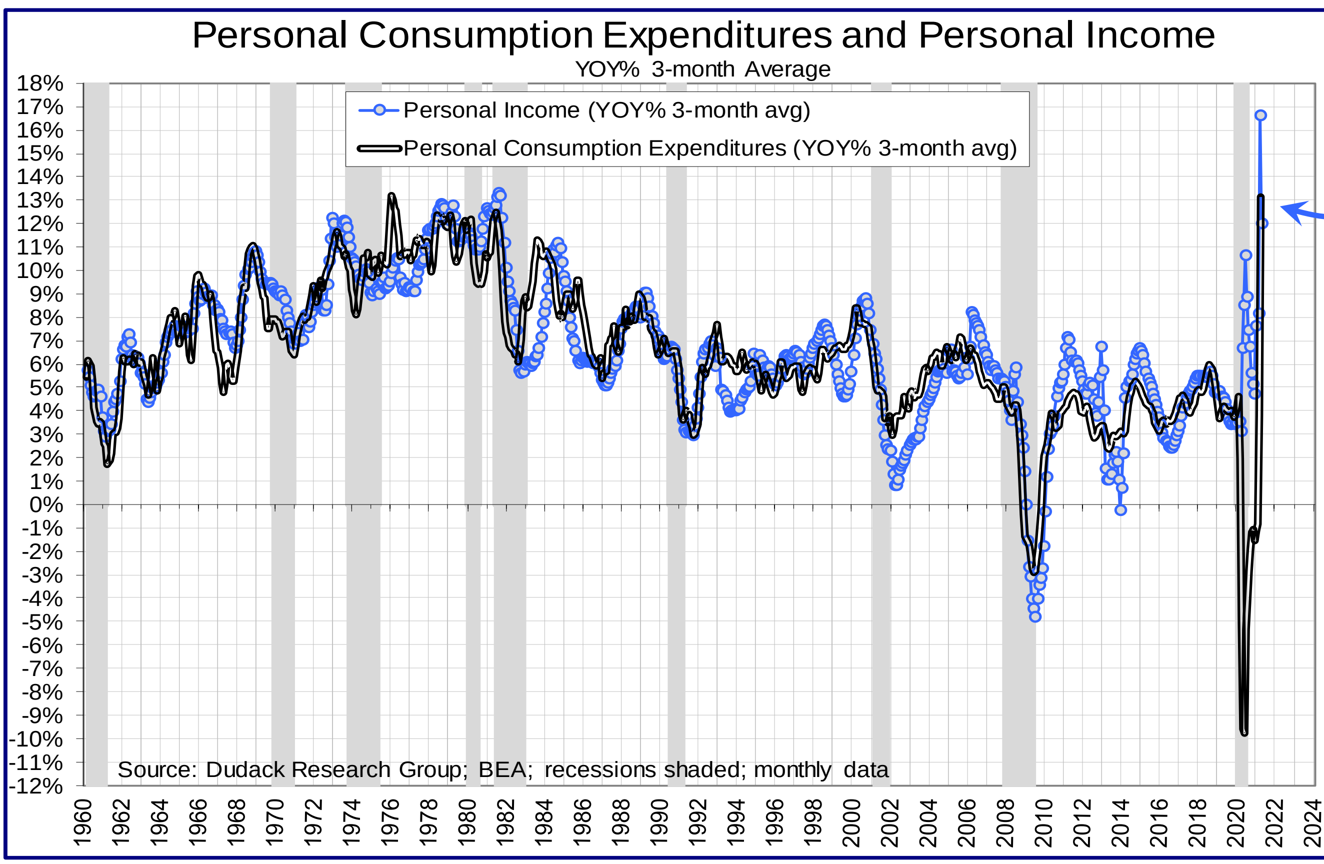
The pre-pandemic compensation portion of PI peaked in February 2020 at $11.82 billion; however, it reached a new record of $11.88 billion in November 2020. Total compensation rose to $12.3 billion in April. The same pattern is true for wages and supplements for employees in the private sector. This challenges the need for further fiscal stimulus.



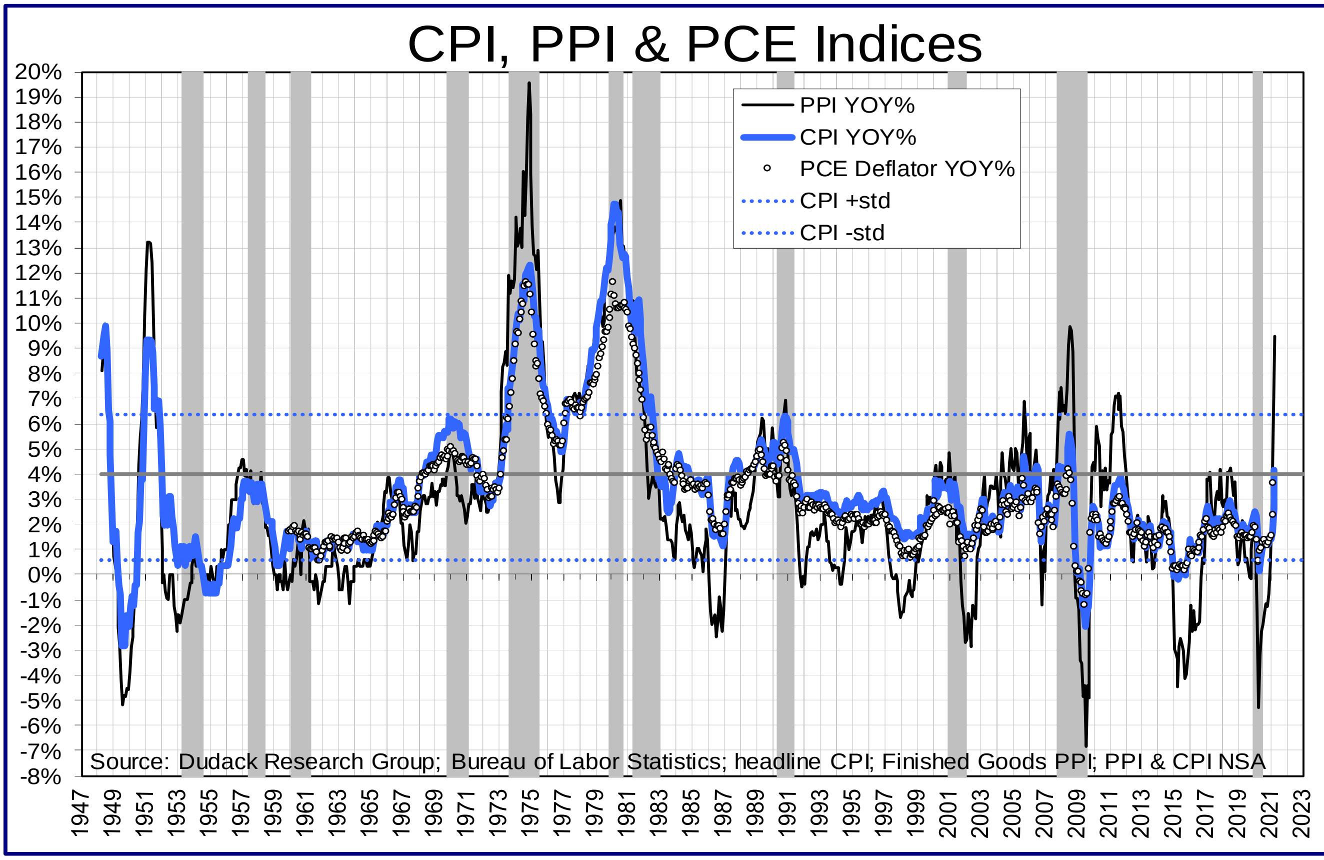


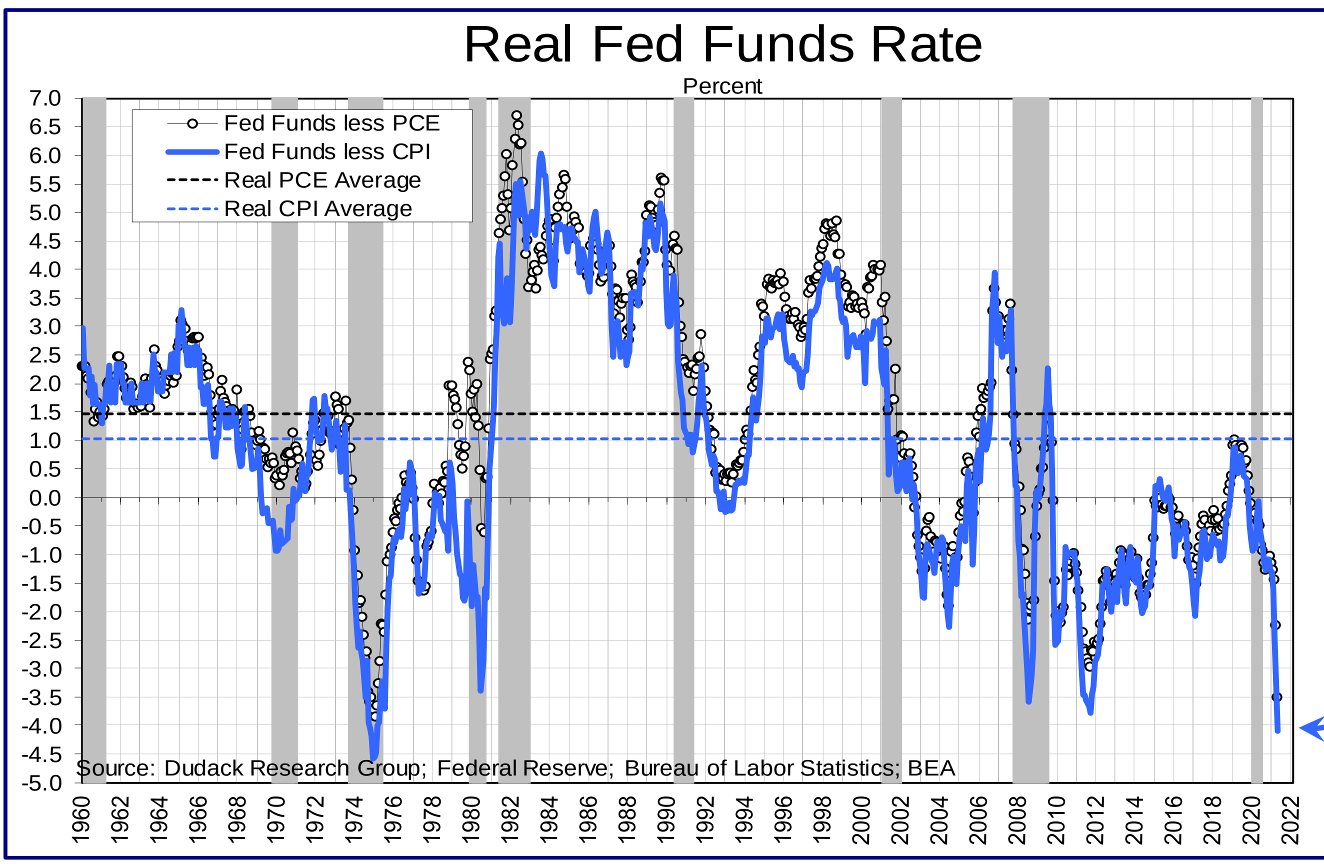
Personal consumption expenditures were $15.0 billion at the end of the first quarter and exceeded the previous peak of $14.8 billion set in December 2019. The driver of the increase has been consumption of durables, which represented 8.7% of GDP in the first quarter, above the long-term average of 8.4%. The 3-month average of PCE jumped to 13% YOY in April.



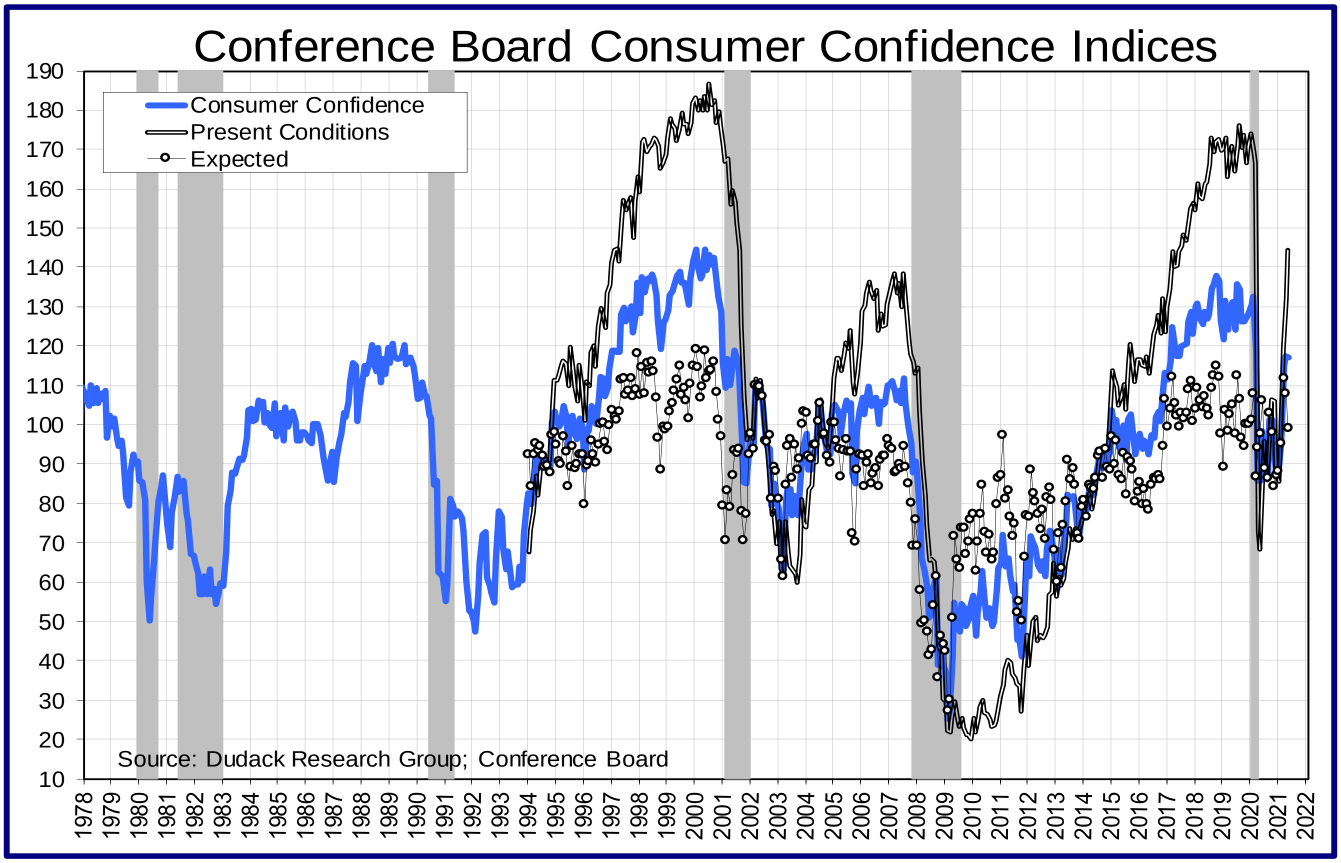


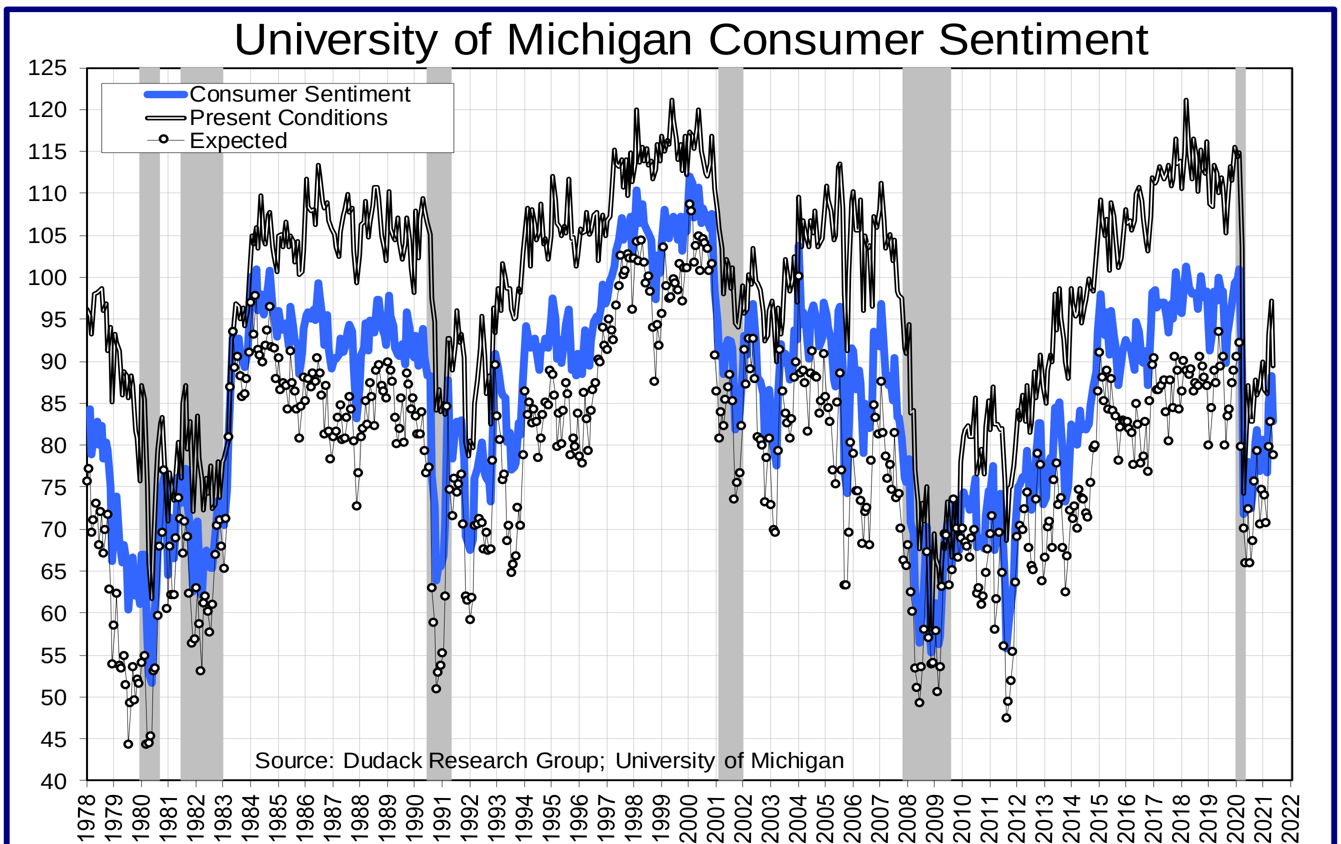
The PCE price index was up 3.6% YOY in April after being up 2.4% YOY in March. This puts the index in line with all other inflation measures which exceeded 3% YOY. The implications for monetary policy are potentially huge. For example, the real Fed funds rate is currently negative 3.5%, the "easiest" policy since February 1975, during the 1974-1975 recession.





The Conference Board consumer confidence index edged lower in May from 117.5 to to 117.2. Present conditions index jumped from 131.9 to 144.3 but expectations sank from 107.9 to 99.1. The Unversity of Michigan survey was similar. The index fell from 88.3 to 82.9, expectations declined from 82.7 to 78.8 but present conditions also fell from 97.2 to 89.4.



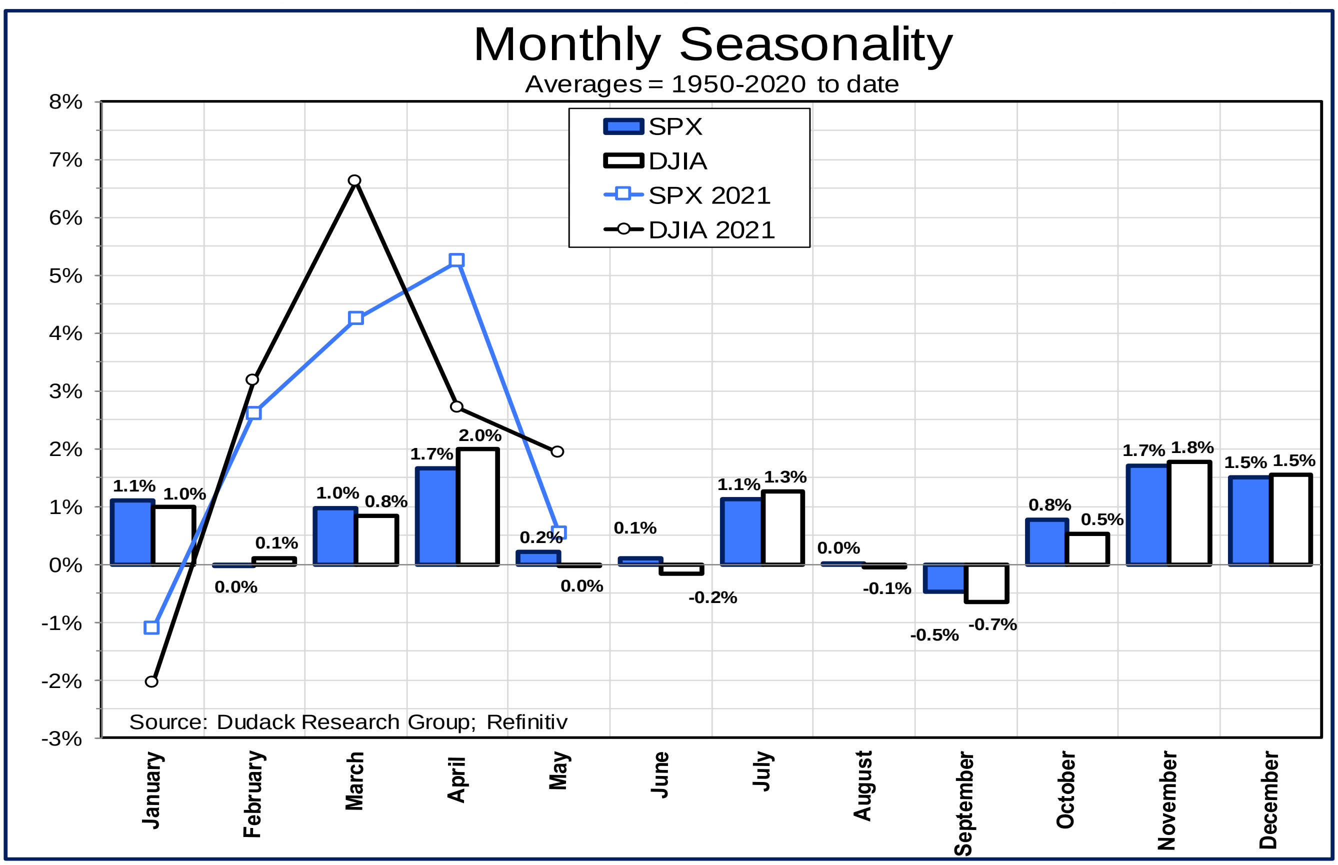


June tends to be an underperforming month in the seasonal cycle ranking 9th or 10th in most indices. As a post-election year, 2021 is second best in the 4-year cycle. The mid-term year (2022) ranks last in terms of performance.

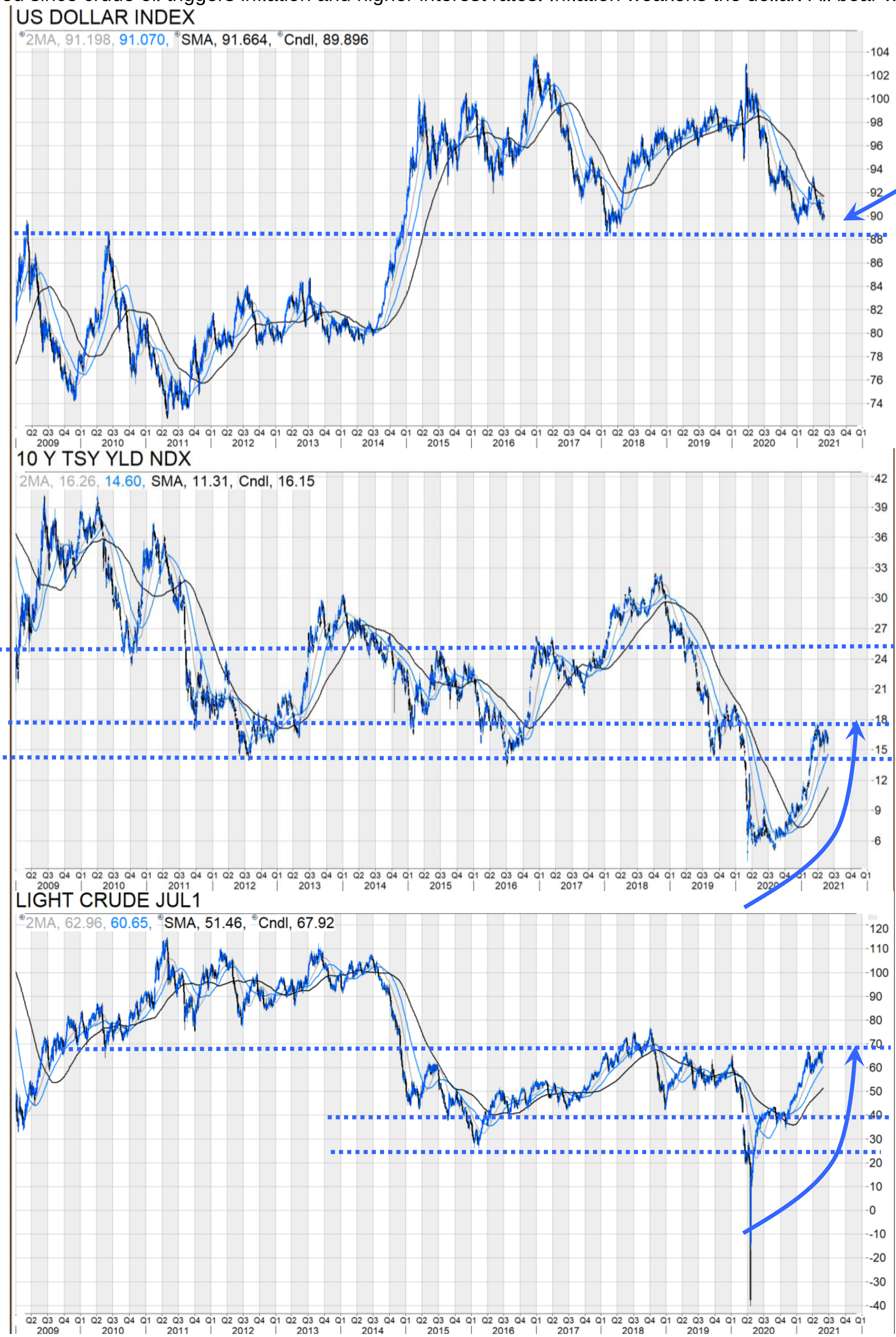
ELECTION CYCLE - QUARTERLY % CHANGES - 1949 to Current

	Q1	Q2	Q3	Q4	Full Year	Q2-Q3	Q4-Q1
Dow Jones Industrials (1949 - Current)							
Average	**2.0%**	**1.8%**	**0.6%**	**3.8%**	**8.4%**	**2.4%**	**5.8%**
Post-Election	-0.1%	1.7%	0.5%	4.2%	6.7%	**2.2%**	**4.1%**
Midterm	1.2%	-1.4%	0.1%	6.1%	6.0%	**-1.3%**	**7.2%**
Pre-Election	7.3%	4.8%	1.0%	2.7%	16.2%	**5.8%**	**10.1%**
Election	-0.5%	1.9%	0.9%	2.2%	4.6%	**2.8%**	**1.7%**
SP 500 (1949 - Current)							
Average	2.1%	1.9%	0.8%	3.9%	**9.0%**	**2.7%**	**6.0%**
Post-Election	-0.2%	2.2%	0.9%	3.6%	7.0%	**3.1%**	**3.4%**
Midterm	0.9%	-2.1%	0.49%	6.6%	6.0%	**-1.6%**	**7.5%**
Pre-Election	7.4%	4.9%	0.6%	3.5%	16.7%	**5.5%**	**10.8%**
Election	0.2%	2.8%	1.2%	2.1%	6.5%	**3.9%**	**2.3%**
NASDAQ Composite (1971 - Current)							
Average	4.2%	3.2%	1.2%	4.8%	**13.8%**	**4.4%**	**8.9%**
Post-Election	-0.7%	4.5%	3.5%	5.4%	12.9%	**8.0%**	**4.8%**
Midterm	1.6%	-3.6%	-2.9%	6.6%	4.9%	**-6.5%**	**8.3%**
Pre-Election	13.9%	7.3%	1.6%	5.8%	31.0%	**9.0%**	**19.7%**
Election	1.8%	4.4%	2.5%	1.2%	10.6%	**6.9%**	**3.0%**

Source: Dudack Research Group; Refinitiv

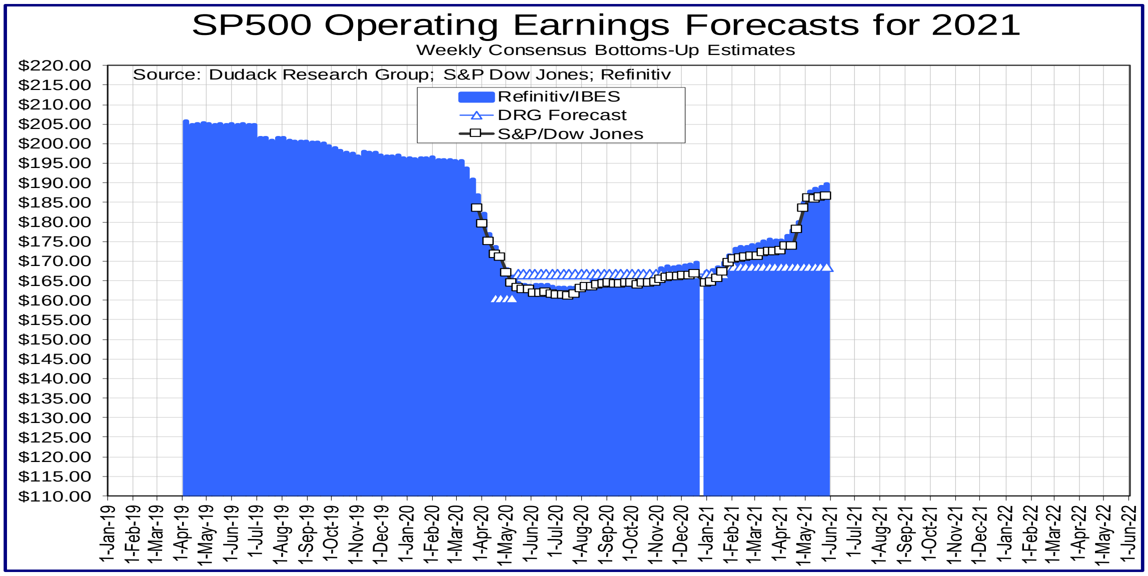


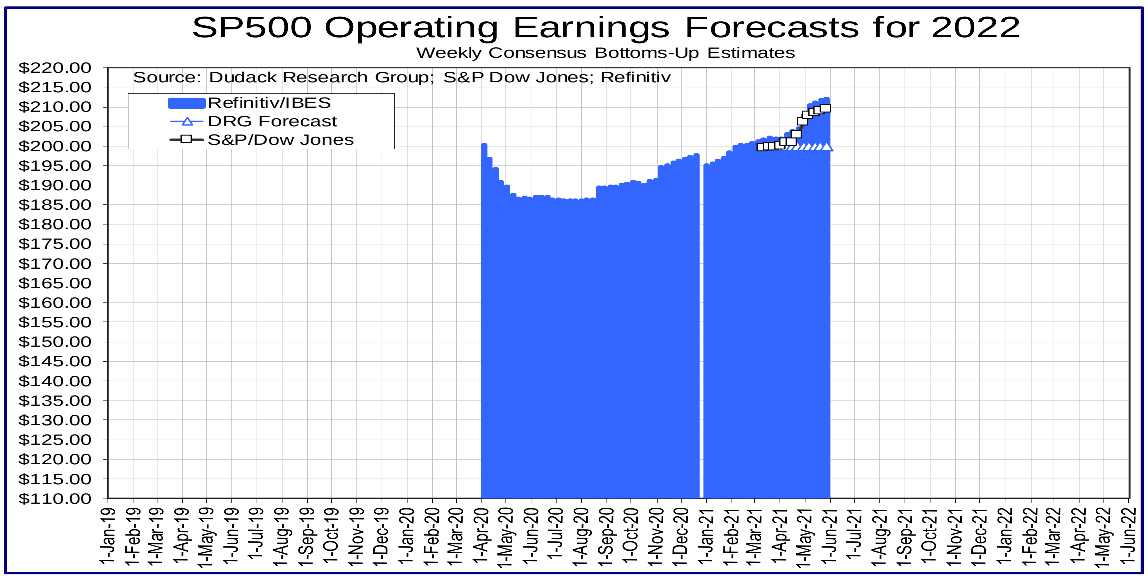
WTI futures have been testing the $68-$70 resistance and the 10-year Treasury note has been testing the 1.8% resistance since mid-March. The dollar is currently testing the critical $89 support for the second time in six months. These charts are all intertwined since crude oil triggers inflation and higher interest rates. Inflation weakens the dollar. All bear watching!

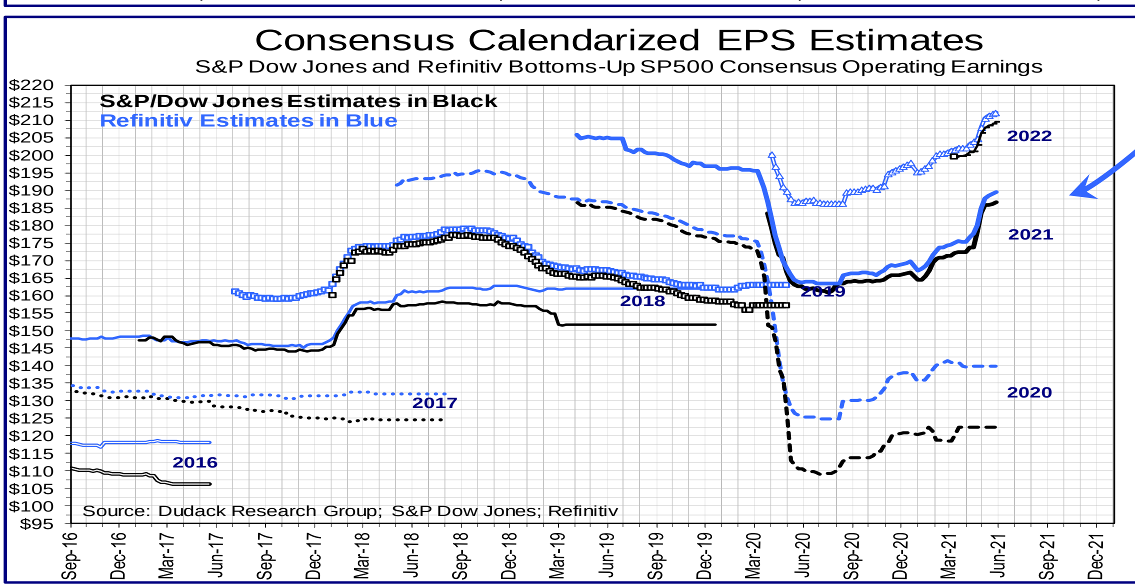


Source: Refinitiv

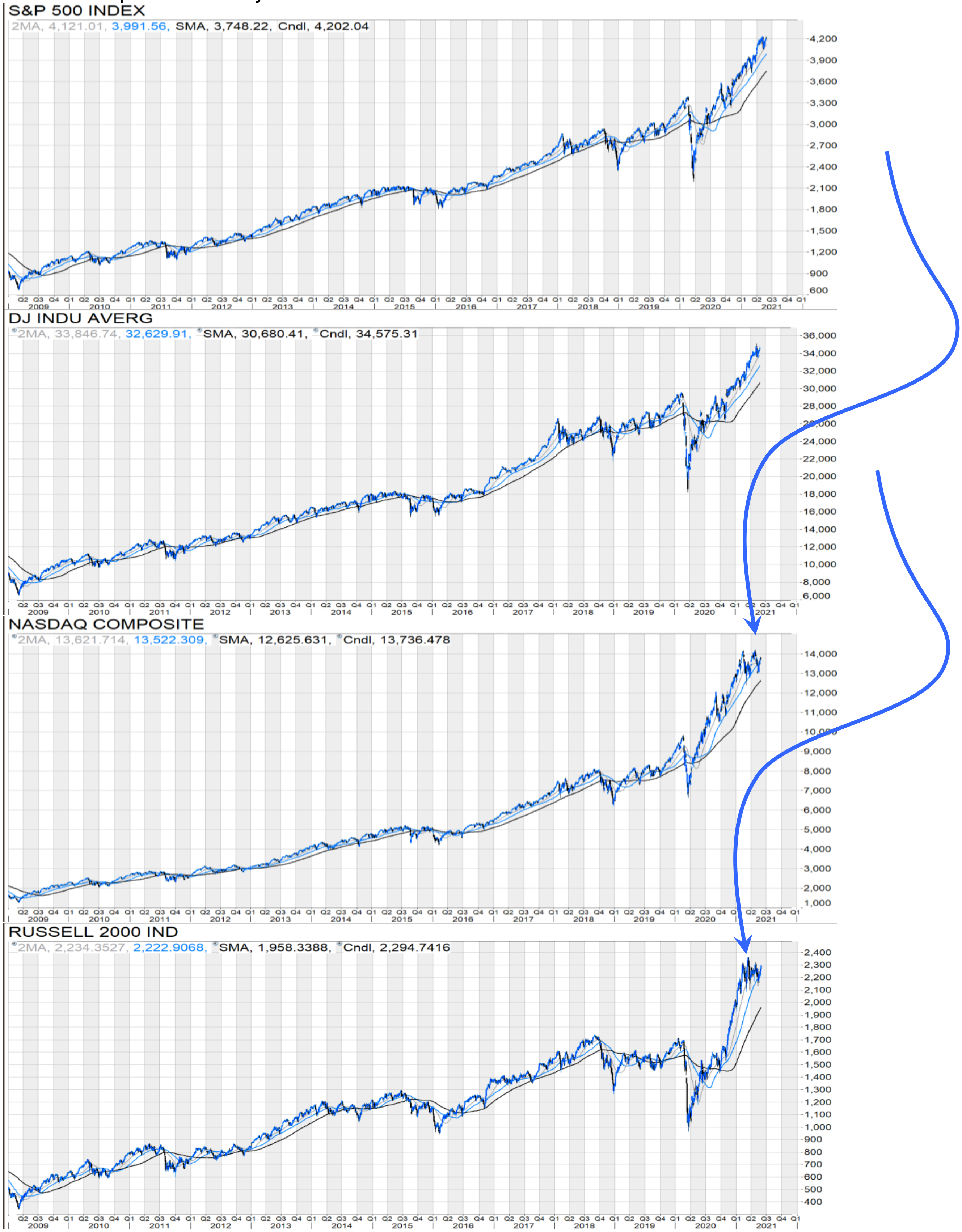
Both IBES and S&P Dow Jones consensus EPS estimates for the SPX for 2021 and 2022 continue to rise. The current IBES and S&P estimates are $189.61 and $186.59 for 2021 and $212.12 and $209.50 for 2022, respectively. This means the market is rich, but not overvalued, in a normal environment. However, if inflation is 3.5% or higher it is a dilemma.







To date, 2021 has produced a major leadership shift, away from the technology-laden IXIC and small capitalization RUT and back to cyclically-driven inflation sectors such as energy, materials, financials and REITs. See page 16 for sector performances year-to-date.

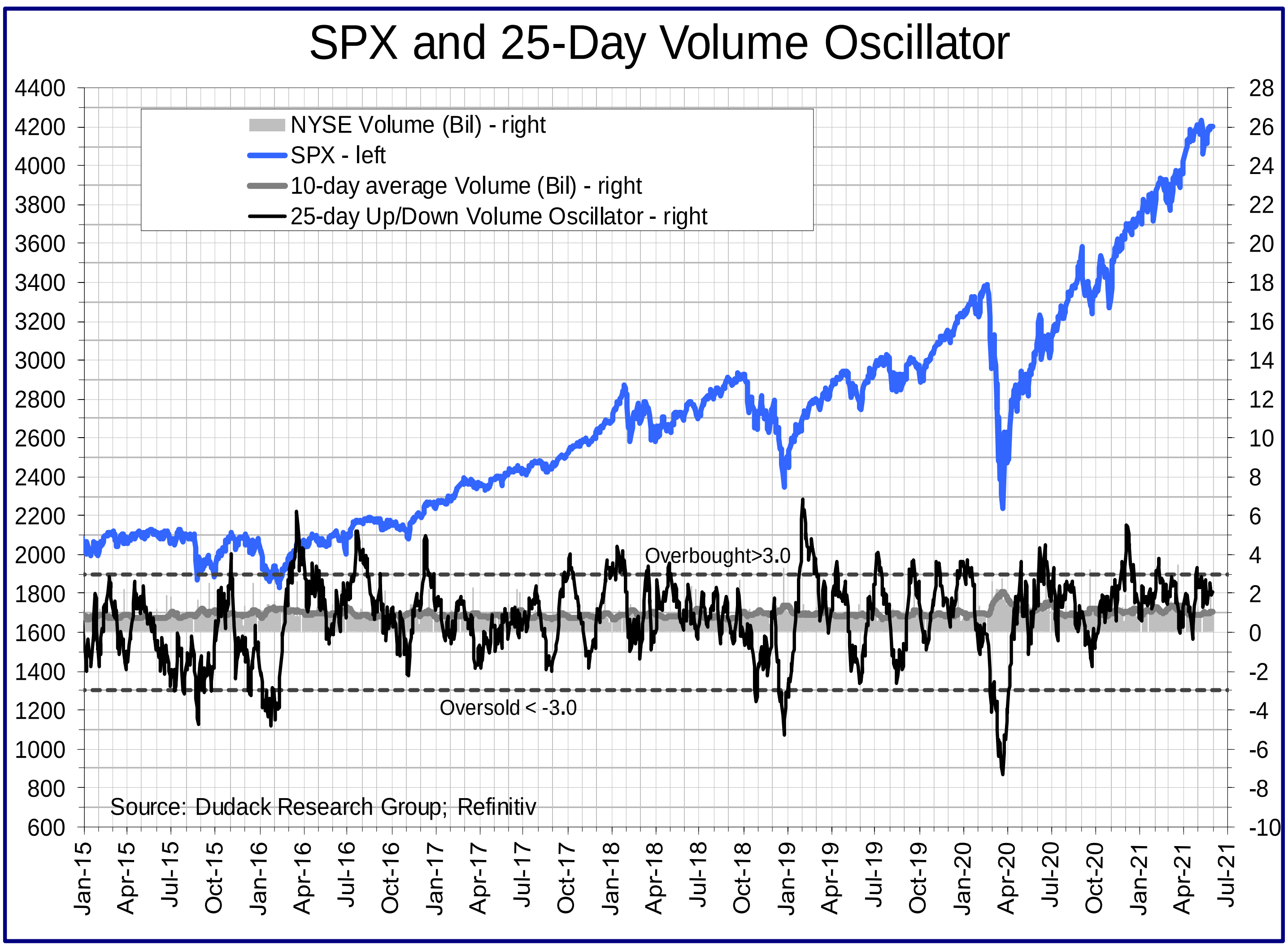


Source: Refinitiv

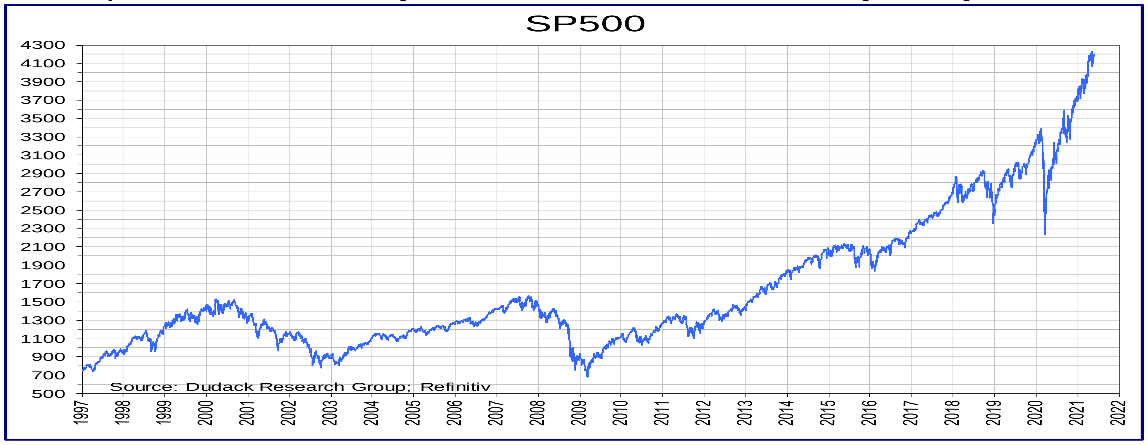
The 25-day up/down volume oscillator is currently 2.08 (preliminary) and neutral this week after recording only a single day in overbought territory on April 29. This indicator was also in overbought territory for five consecutive trading days between February 4 and February 10. The 5-day overbought reading in February was a minimal confirmation of highs at that time. The April 29 reading was too brief to be a signal. At present, our indicator is suggesting the indices are moving to new highs on lower volume – a sign of waning demand and therefore a warning.

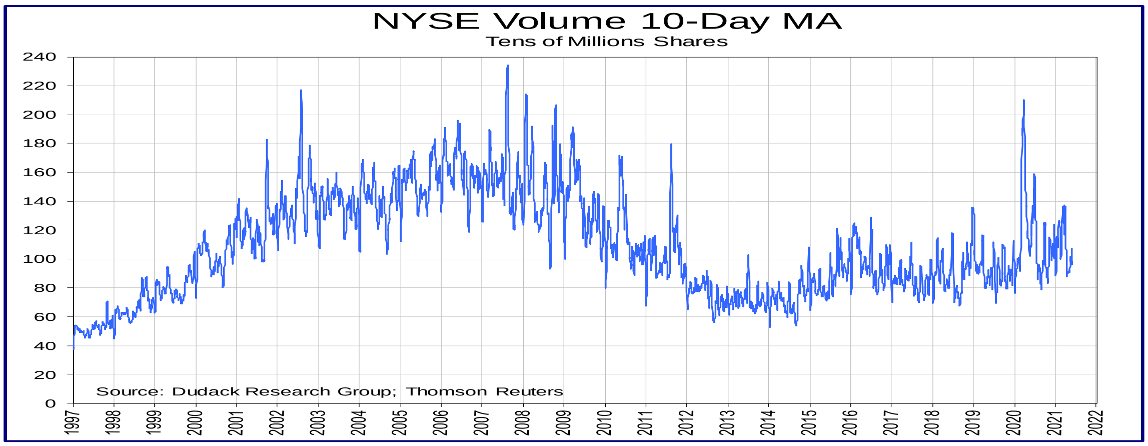
Prior to that the oscillator was also in overbought territory for a much longer duration -- 16 of 19 consecutive trading days -- between November 23 and December 18. Looking back, the overbought reading of 5.52 on December 4, 2020, was the best reading since February 2019 and this relieved our concern regarding the lack of any overbought reading in November. What has been unusual about the entire recent advance is the lack of a 90% up day in volume to indicate strong buying conviction.

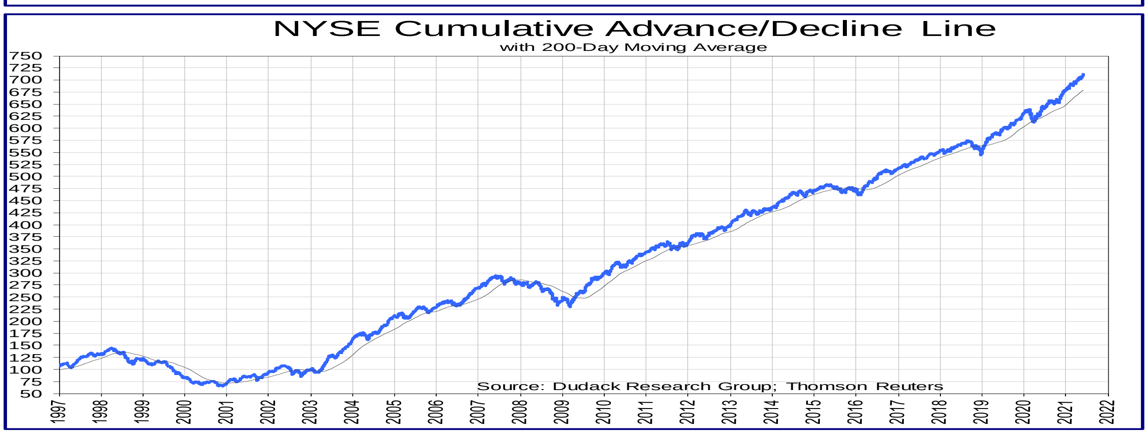
Whenever the indices make a series of record highs, this oscillator should reach and remain in overbought territory for a minimum of five to ten consecutive days to indicate that the move has been accompanied by convincing buying pressure. Thus, a minimum confirmation of the current advance was made in early February; but new highs subsequent to then have not been confirmed.

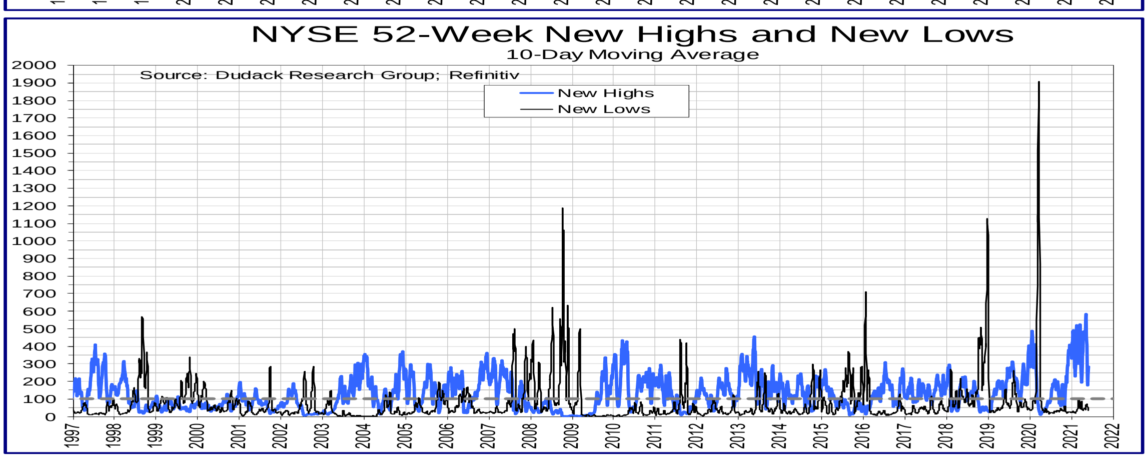


The 10-day average of daily new highs hit 589 on May 10, a record high and beating the 10-day new high average of 526 on March 18 and the 489 record of January 22, 2000. Note: the 2000 advance peaked in March. The 10-day average of daily new highs was 284 this week. Daily new lows (36) are below 100 that defines a bear market, yet above the 10 or less that signals an extreme. The A/D line made a confirming record high on June 1, 2021.

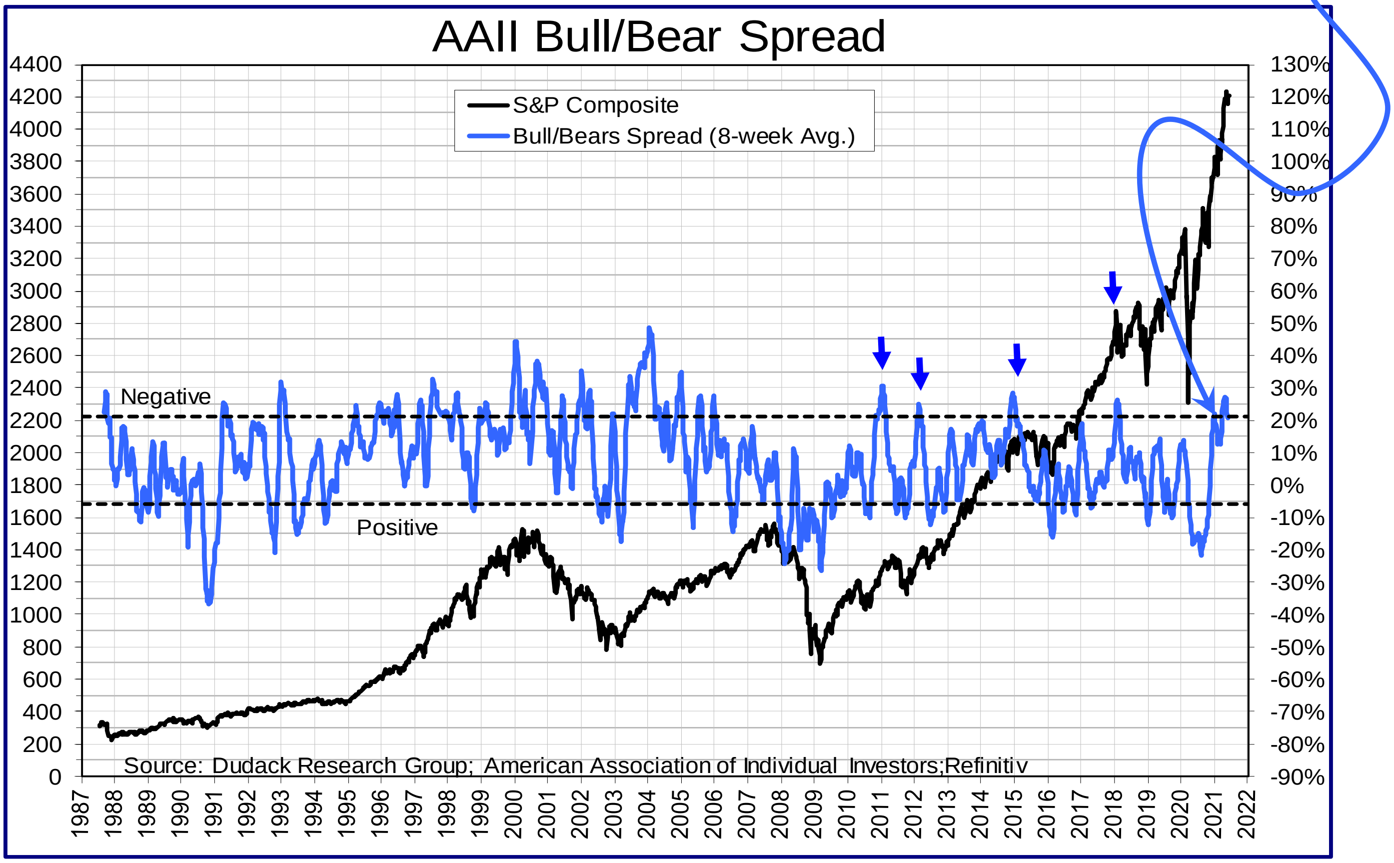


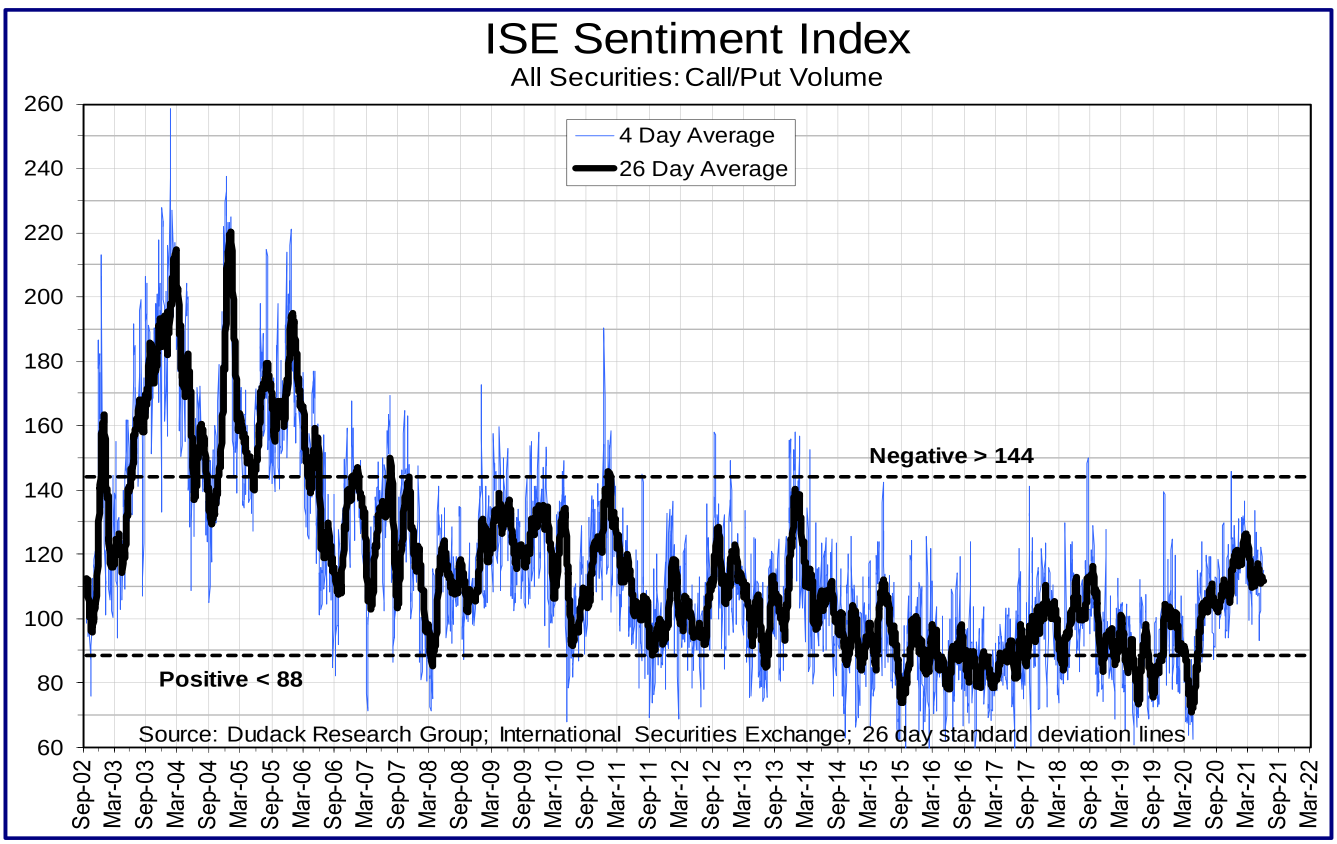




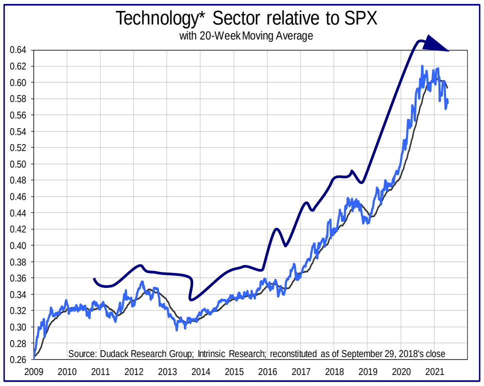


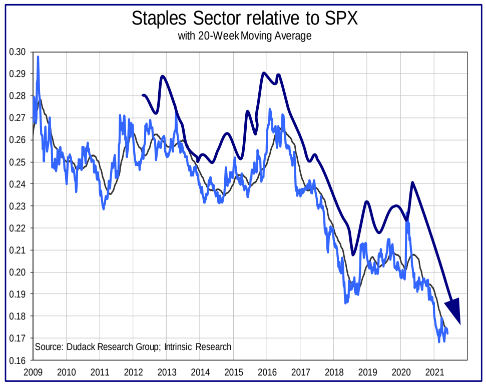
AAII bullish sentiment for May 27 fell 0.6 points to 36.4% and bearishness rose 0.1 to 36.4%. The 8-week Bull/Bear spread dropped back to neutral after 8 consecutive weeks in negative territory. At present all sentiment indicators are in neutral. The ISE Sentiment index shifted from favorable to neutral on June 1, 2020.

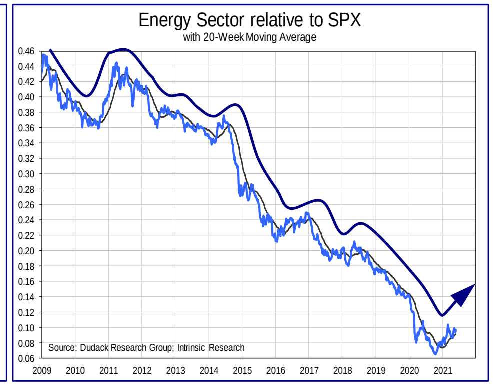


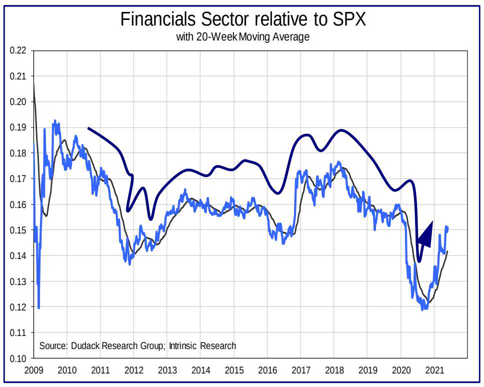


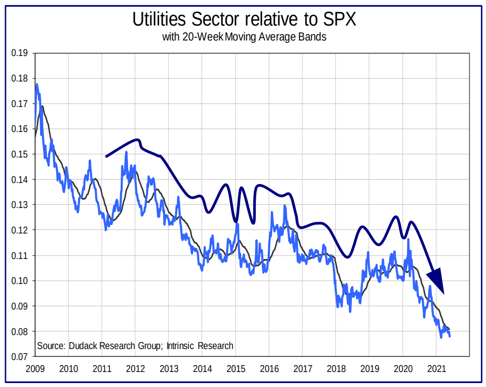
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

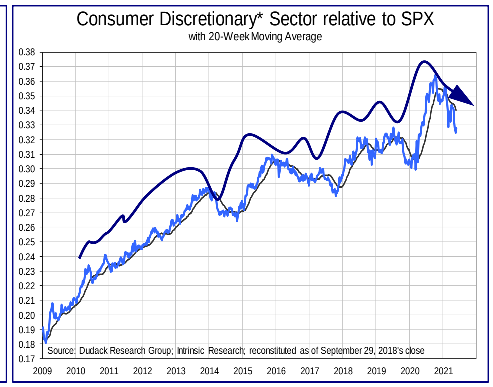


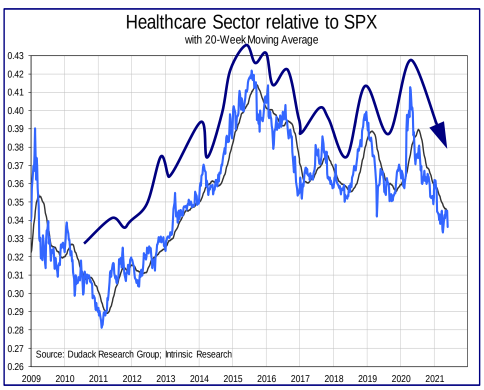


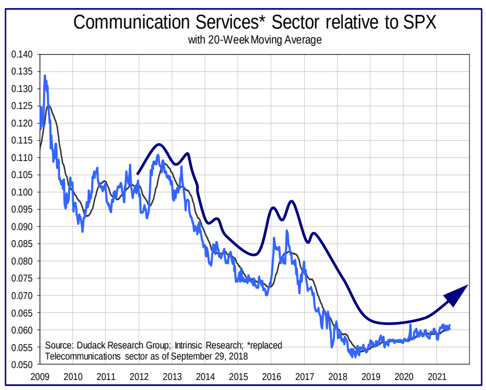


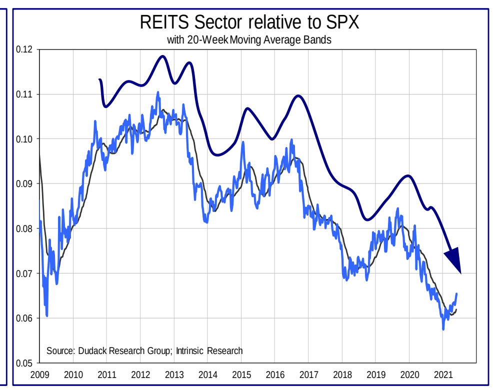


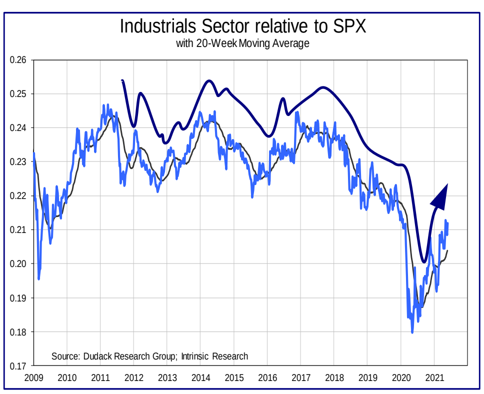


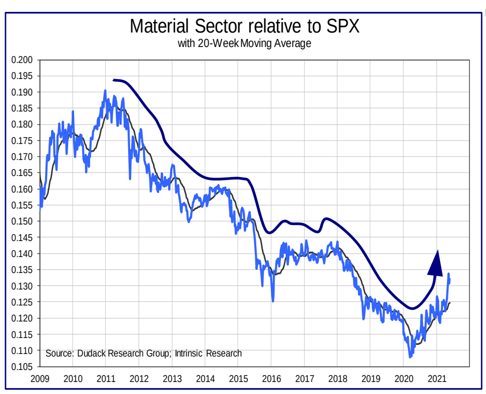












2021 Performance - Ranked	
SP500 Sector	% Change
S&P ENERGY	41.6%
S&P FINANCIAL	29.3%
S&P MATERIALS	21.8%
S&P REITS	20.5%
S&P INDUSTRIALS	18.8%
S&P COMMUNICATIONS SERVICES	16.2%
S&P 500	11.9%
S&P HEALTH CARE	6.8%
S&P CONSUMER DISCRETIONARY	5.8%
S&P INFORMATION TECH	5.5%
S&P CONSUMER STAPLES	3.9%
S&P UTILITIES	2.7%

Source: Dudack Research Group; Refinitiv; Monday closes

GLOBAL MARKETS - RANKED BY 2021 TRADING PERFORMANCE

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
SPDR S&P Retail ETF	XRT	94.88	4.2%	2.2%	6.4%	49.3%
United States Oil Fund, LP	USO	46.33	3.1%	7.1%	14.3%	43.1%
Energy Select Sector SPDR	XLE	54.22	5.1%	9.8%	10.5%	42.8%
Oil Future	CLc1	67.72	2.5%	6.5%	14.5%	42.2%
iShares DJ US Oil Eqpt & Services ETF	IEZ	15.61	7.4%	21.8%	16.4%	37.2%
SPDR S&P Bank ETF	KBE	55.46	3.9%	3.4%	6.9%	33.9%
SPDR Homebuilders ETF	XHB	75.01	1.7%	-0.5%	6.6%	32.1%
Financial Select Sector SPDR	XLF	38.22	2.2%	5.4%	12.2%	31.4%
iShares Russell 2000 Value ETF	IWN	170.49	5.1%	5.0%	6.9%	31.1%
iShares MSCI Austria Capped ETF	EWO	25.59	1.3%	10.5%	16.6%	27.6%
Materials Select Sector SPDR	XLB	88.48	2.1%	6.6%	12.3%	23.4%
iShares MSCI Canada ETF	EWC	38.13	2.1%	7.1%	12.0%	23.2%
iShares US Real Estate ETF	IYR	101.77	2.3%	2.6%	10.7%	23.0%
Industrial Select Sector SPDR	XLI	105.53	2.1%	3.5%	7.2%	22.1%
iShares Russell 1000 Value ETF	IWD	161.68	1.3%	2.6%	6.7%	19.9%
iShares MSCI Taiwan ETF	EWT	63.93	4.3%	-0.9%	6.6%	18.9%
iShares Russell 2000 ETF	IWM	228.06	4.0%	1.4%	3.2%	17.9%
PowerShares Water Resources Portfolio	PHO	53.18	1.1%	1.9%	7.7%	16.2%
iShares MSCI United Kingdom ETF	EWU	34.04	1.0%	4.6%	8.7%	14.7%
DJIA	.DJI	34575.31	0.8%	2.1%	4.8%	14.4%
SP500	**.SPX**	**4202.04**	**0.3%**	**0.5%**	**5.8%**	**13.5%**
iShares Russell 1000 ETF	IWB	236.82	0.5%	0.4%	5.8%	13.4%
SPDR DJIA ETF	DIA	345.87	0.8%	2.0%	4.8%	13.1%
iShares MSCI Mexico Capped ETF	EWW	48.67	3.2%	7.1%	11.0%	12.3%
iShares MSCI Germany ETF	EWG	36.10	0.6%	4.3%	8.0%	12.3%
iShares MSCI Hong Kong ETF	EWH	27.85	0.5%	2.1%	4.8%	11.9%
iShares MSCI Singapore ETF	EWS	24.10	1.8%	0.7%	2.9%	11.8%
iShares MSCI Australia ETF	EWA	26.86	1.2%	3.8%	8.4%	11.8%
iShares MSCI India ETF	INDA.K	44.68	2.5%	8.9%	5.9%	10.8%
iShares MSCI EAFE ETF	EFA	81.12	0.7%	3.9%	6.9%	10.6%
Vanguard FTSE All-World ex-US ETF	VEU	64.78	1.6%	4.1%	6.8%	10.5%
iShares MSCI Brazil Capped ETF	EWZ	40.33	8.5%	13.4%	20.6%	10.3%
iShares US Telecomm ETF	IYZ	33.05	0.6%	0.6%	2.2%	9.4%
Consumer Discretionary Select Sector SPDR	XLY	172.51	1.0%	-3.6%	2.6%	8.2%
iShares MSCI Emerg Mkts ETF	EEM	56.00	3.5%	3.7%	5.0%	7.7%
Technology Select Sector SPDR	XLK	137.72	-0.7%	-1.4%	3.7%	7.7%
Health Care Select Sect SPDR	XLV	121.57	-2.0%	0.2%	4.1%	7.6%
NASDAQ 100	NDX	13654.59	0.0%	-1.5%	4.3%	7.6%
iShares Russell 1000 Growth ETF	IWF	254.85	-0.3%	-1.9%	4.9%	7.2%
Nasdaq Composite Index Tracking Stock	ONEQ.O	53.42	0.8%	-1.7%	4.0%	6.5%
Utilities Select Sector SPDR	XLU	64.76	-0.7%	-2.9%	1.1%	6.0%
iShares MSCI South Korea Capped ETF	EWY	93.46	2.5%	3.2%	4.2%	5.8%
iShares Russell 2000 Growth ETF	IWO	298.93	2.8%	-2.5%	-0.6%	5.8%
Consumer Staples Select Sector SPDR	XLP	70.57	-1.0%	1.4%	3.3%	5.8%
iShares MSCI BRIC ETF	BKF	55.43	3.8%	4.5%	5.2%	5.7%
Gold Future	GCc1	2064.10	0.2%	1.0%	2.1%	5.3%
SPDR S&P Semiconductor ETF	XSD	178.00	2.2%	0.7%	-2.6%	4.8%
Shanghai Composite	.SSEC	3624.71	0.9%	5.3%	5.3%	2.7%
iShares China Large Cap ETF	FXI	47.45	2.8%	2.5%	1.7%	2.5%
iShares MSCI Japan ETF	EWJ	68.15	0.1%	1.1%	-0.5%	2.1%
iShares Silver Trust	SLV	26.90	-0.4%	7.7%	13.9%	2.0%
iShares Nasdaq Biotechnology ETF	IBB.O	150.90	0.8%	-2.4%	0.2%	0.3%
SPDR Communication Services ETF	XLC	56.15	0.0%	0.0%	0.0%	0.0%
Silver Future	SIc1	18.54	0.0%	0.0%	0.0%	0.0%
SPDR Gold Trust	GLD	177.90	0.0%	7.4%	11.2%	-2.4%
iShares MSCI Malaysia ETF	EWM	27.51	1.7%	-1.0%	1.5%	-3.2%
iShares iBoxx $ Invest Grade Corp Bond	LQD	131.47	-0.5%	0.2%	1.1%	-4.3%
iShares 20+ Year Treas Bond ETF	TLT	138.21	-0.9%	-0.3%	2.0%	-12.3%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; Thomson Reuters   Priced as of close June 1, 2021

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 %
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%	3.1%	$1,664.90	-2.8%
2017	2673.61	$109.88	**$124.51**	$124.51	28.6%	**$132.00**	11.8%	21.5X	1.8%	1.7%	$1,633.90	-1.9%
2018	2506.85	$132.39	**$151.60**	$151.60	21.8%	**$161.93**	22.7%	16.5X	1.9%	2.3%	$1,686.50	3.2%
2019	3230.78	$139.47	**$157.12**	$157.12	3.6%	**$162.93**	0.6%	20.6X	2.3%	2.2%	$1,960.10	16.2%
2020	~~~~~~~	$94.14	**$122.38**	$122.38	-22.1%	**$139.72**	-14.2%	30.7X	1.9%	-3.5%	$1,951.80	-0.4%
2021E	~~~~~~~	$174.43	**$186.60**	$185.77	51.8%	**$189.61**	35.7%	22.5X	NA	NA	NA	NA
2022E		$194.90	**$209.51**	$200.00	7.7%	**$212.12**	11.9%	20.1X	NA	NA	NA	NA
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%	2.6%	$1,963.40	4.8%
2019 4Q	3230.78	$35.53	$39.18	$39.18	11.8%	$41.98	1.9%	20.6	1.8%	2.4%	$1,998.90	7.1%
2020 1Q	2584.59	$11.88	$19.50	$19.50	-48.7%	$33.13	-15.4%	18.6	2.3%	-5.0%	$1,779.50	-0.7%
2020 2Q	3100.29	$17.83	$26.79	$26.79	-33.3%	$27.98	-32.3%	24.7	1.9%	-31.4%	$1,589.40	-14.4%
2020 3Q	3363.00	$32.98	$37.90	$37.90	-4.8%	$38.69	-8.2%	27.3	1.7%	33.4%	$2,018.50	2.8%
2020 4Q	3756.07	$31.45	$38.19	$38.19	-2.5%	$42.58	1.4%	30.7	1.6%	4.3%	$1,951.40	-2.4%
2021 1QE	3972.89	$46.07	$47.61	$40.00	105.1%	$49.00	47.9%	26.4	1.6%	6.4%	NA	NA
2021 2QE*	4202.04	$40.13	$43.67	$47.00	75.4%	$44.37	58.6%	25.1	NA	NA	NA	NA
2021 3QE		$43.15	$46.49	$48.25	27.3%	$47.29	22.2%	23.9	NA	NA	NA	NA
2021 4QE		$45.08	$48.83	$50.52	32.3%	$49.47	16.2%	22.5	NA	NA	NA	NA
2022 1QE		$46.14	$49.73	$46.00	15.0%	$49.80	1.6%	22.3	NA	NA	NA	NA
2022 2QE		$46.89	$50.52	$44.00	-6.4%	$50.64	14.1%	21.5	NA	NA	NA	NA
2022 3QE		$49.96	$53.60	$54.00	11.9%	$53.80	13.8%	20.7	NA	NA	NA	NA
2022 4QE		$51.92	$55.66	$56.00	10.8%	$56.38	14.0%	20.1	NA	NA	NA	NA

Source: Dudack Research Group; S&P Dow Jones; Refinitiv Consensus estimates; **Refinitiv quarters may not sum to CY *6/1/2021

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