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January 19, 2022

DJIA: 35368.47
SPX: 4577.11
NASDAQ: 14506.90

US Strategy Weekly

The Chickens Have Come Home to Roost

In this week's title, "the chickens" refers to inflation. After ignoring inflation for much of 2021, in early 2022, the actual toll of rising prices is finally becoming headline news. In our mind, this was inevitable. But the saddest part of the current inflation cycle is that it could have been avoided. Inflation was a predictable outcome of keeping monetary policy extremely easy despite the fact that the economy was already recovering from COVID. Inflation was also stoked by a too liberal fiscal policy that flooded the system with money even after stores and businesses were getting back to work. It is never good policy to add fuel to an economic rebound. In short, too much money chasing too few goods is always inflationary – yet Washington DC ignored rising prices for the first three quarters of 2021. Now inflation is coming home to roost.

And this is seen in many ways. Goldman Sachs Group (GS - $354.40) missed its earnings target this week and it triggered a wide-ranging sell-off in the marketplace. The company noted that its profit miss was due to weaker trading revenues and rising expenses. In our opinion, Goldman may be a bellwether for the broader economy. After pumping historic sums of liquidity into the capital markets for 18 months to offset the impact of the pandemic, the Fed has just begun to slow its purchases and indicates it will end quantitative easing by March. The Fed's quantitative easing fueled trading activity in stocks and bonds and Goldman was a big beneficiary of the market's rise since March 2020. But trading has already begun to slow. Goldman's quarterly profits were also hurt by a 23% rise in operating expenses, mainly reflecting higher compensation and benefits costs. This combination of slower top line growth and profit margin contraction will be true of many companies this year and it is a concern to us.

Reverberations

Headline CPI jumped more than 7% YOY in December and this represented a 40-year high in inflation. Core CPI rose 5.5%, the highest pace in 30 years. The fact that we have not seen prices rise at this magnitude for so many decades means that many of today's investors have had little or no experience with inflation and its various implications. Economists and analysts ignored the dark side of inflation in 2021 but we doubt that this complacency will continue in 2022. The most obvious reason is that a shift in Fed policy changes the environment for investors and inflation will now determine what the Fed must do in the coming months.

Unfortunately, we expect inflation will get worse before it gets better later this year. This is obvious to us in several ways. First, the producer price index for finished goods, which feeds into the consumer price index, rose 12.2% YOY in December and unfortunately there are still no signs of it peaking. Second, homeowners' equivalent rent (HER) has a weighting of 23.5% in the CPI. Since prices for single-family homes were up 15% YOY in December, it is very likely that homeowners' equivalent rent will move much higher than the 3.8% YOY seen in December. Rental fees tend to follow home prices in every neighborhood. See pages 3 and 4. Plus, WTI futures have already risen 15.5% year-to-date and this will keep gasoline and transportation prices rising in the early months of 2022. Moreover, this week's move to $86.50 in the WTI future is a breakout from an 8-year base pattern and from a technical perspective, the chart shows the potential of moving higher. See page 9.

With headline inflation at 7% and the fed funds rate at zero to 0.25%, the real fed funds rate is nearly negative 7%. This is due to "easy" monetary policy. Reducing the disparity between the fed funds rate and the CPI is necessary to tame inflation. Unfortunately, it means the FOMC would have to raise rates significantly in 2022. Rising interest rates will be a difficult hurdle for equities since stocks and bonds compete in terms of valuation. Rising interest rates also raises the bar for speculators who are likely to leave the marketplace.

Corporations and all businesses will be facing an uphill battle with raw material, and intermediate good prices rising much faster than prices to consumers. Rising prices is also putting pressure on wages, as seen by Goldman Sachs report, and this adds to expenses. The net result of this is a major erosion in profit margins. All in all, it puts earnings at risk. See page 5.

In addition, profits are less valuable in an inflationary environment, and this puts pressure on PE multiples. In the low inflationary environment of 2008-2020, our valuation model indicated that PE's could remain as high as 20 times. But as inflation moves above 4% this changes. Given our assumption that inflation decelerates to 5.5% YOY and 10-year Treasury note yields rise to 2.2%, the high-end of the PE range should drop to 18 times. See page 6. In short, 2022 could be a challenging year. There will be pressure on households from inflation and consumption patterns will change. Corporations may suffer from top line growth. Businesses will also be pressured by higher raw material and wage costs, crimping profit margins. And rising interest rates and inflation could also produce a decline in PE multiples.

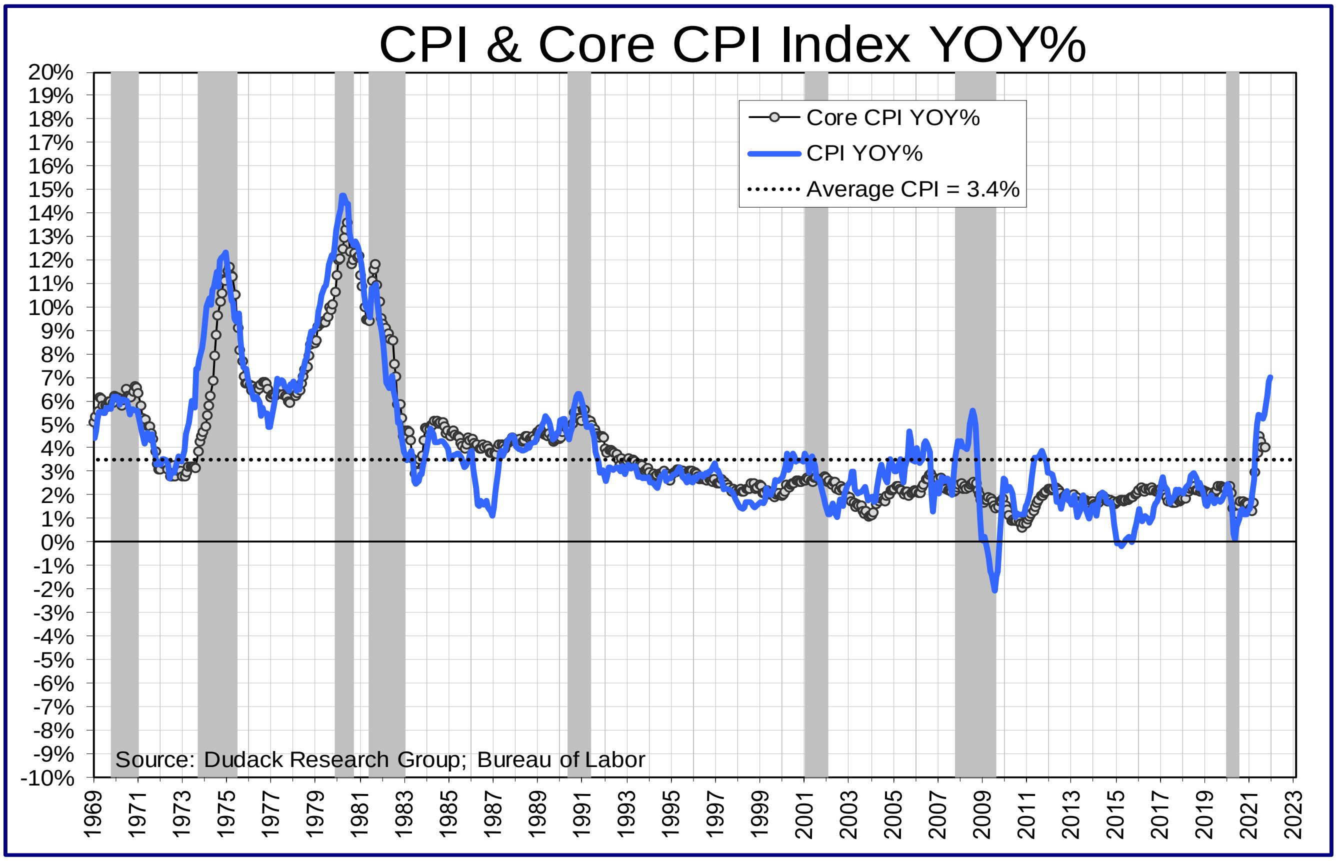
Again, this means investors should try to insulate themselves from these risks by focusing on areas of the market that can weather this changing environment. We believe that suggests sectors such as energy, financials, and staples. It may also be wise to hold some cash in order to look to buy some high growth technology stocks later in the year.

Technical Charts and Indicators

The charts of the main indices are worrisome this week since there are signs of weakening trends. The SPX is the best-looking chart of all the main indices since it has only broken its 50-day moving average and is currently testing its 100-day moving average. Its uptrend appears intact. The DJIA looks less positive. The price trend is decelerating, and the index is below its 50-day and 100-day moving averages, but it is still above its 200-day moving average. The Nasdaq Composite index fell below all its moving averages this week and needs to rebound sharply in coming sessions to maintain a positive long-term trend. The Russell 2000 index is the weakest chart of all, having broken below all moving averages, but more importantly falling below the bottom of the 8-month trading range seen for much of 2021. This breakdown has very negative implications for the index and the overall marketplace. See page 10.

The 10-day average of daily new highs fell to 174 this week and daily new lows rose to 244. This combination of both averages being above 100 per day is neutral, but the indicator tilts negative since new lows are exceeding new highs. The NYSE cumulative advance/decline line's last record high was on November 8, 2021, and it is trading well below this level currently. The current disparity between the AD line and the SPX totals to 8-weeks, which is not uncommon, but typically indicates a correction of 10% to 15% lies ahead. Note that the longer this disparity persists, the deeper the eventual correction might be. Volume has not been rising on rally days, which is a worrisome trend. All in all, we are not surprised by this week's weakness and would point out that the Nasdaq Composite and Russell 2000 are already trading 9.7% and 14.2%, respectively, from the record highs.

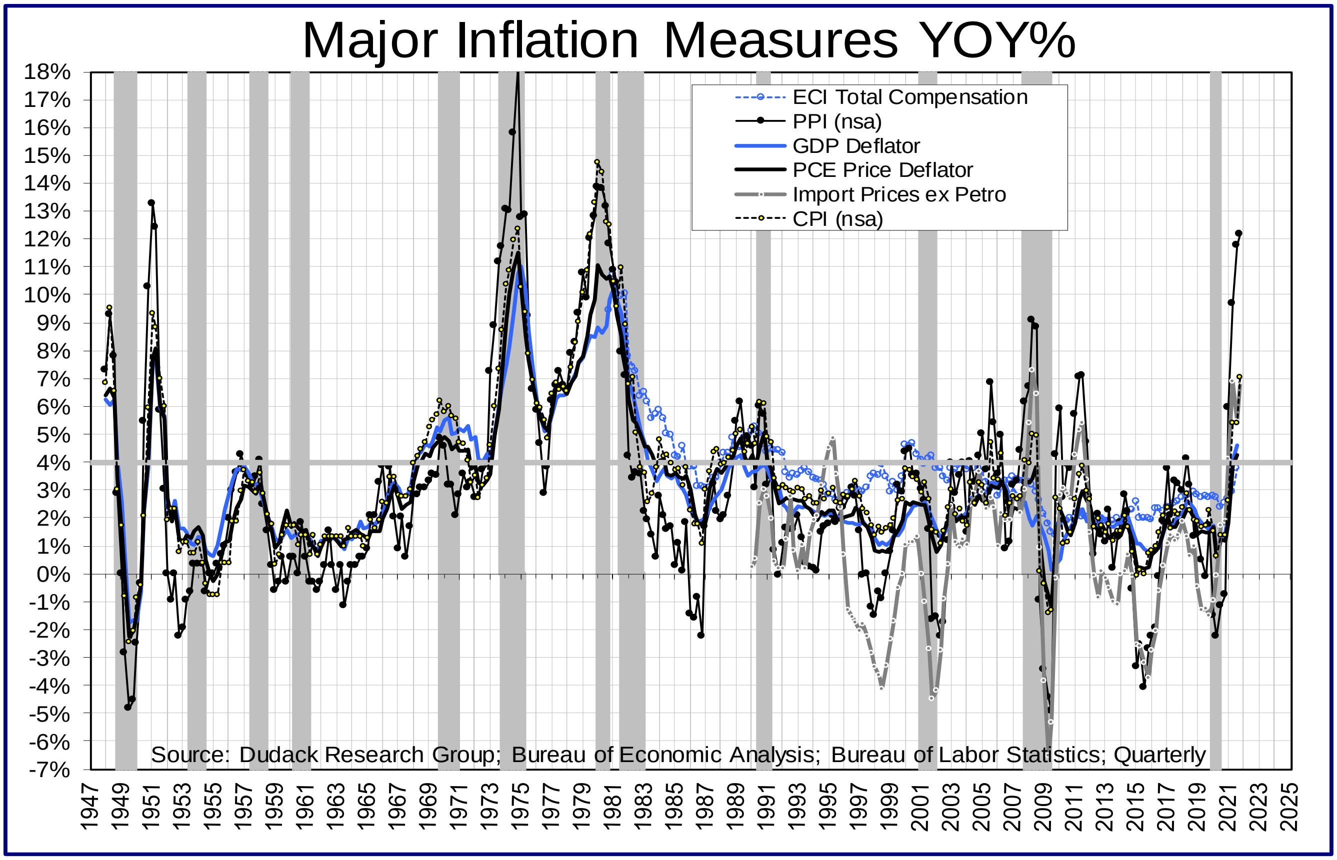
Headline CPI rose more than 7% YOY in December which was a 40-year high. Core inflation rose 5.5%, the highest in 30 years. In other words, many of today's investors have had little or no experience with inflation and its various implications. The dark side of inflation was ignored in 2021 but we doubt that can continue in 2022. The shift in Fed policy has made inflation impossible to ignore.

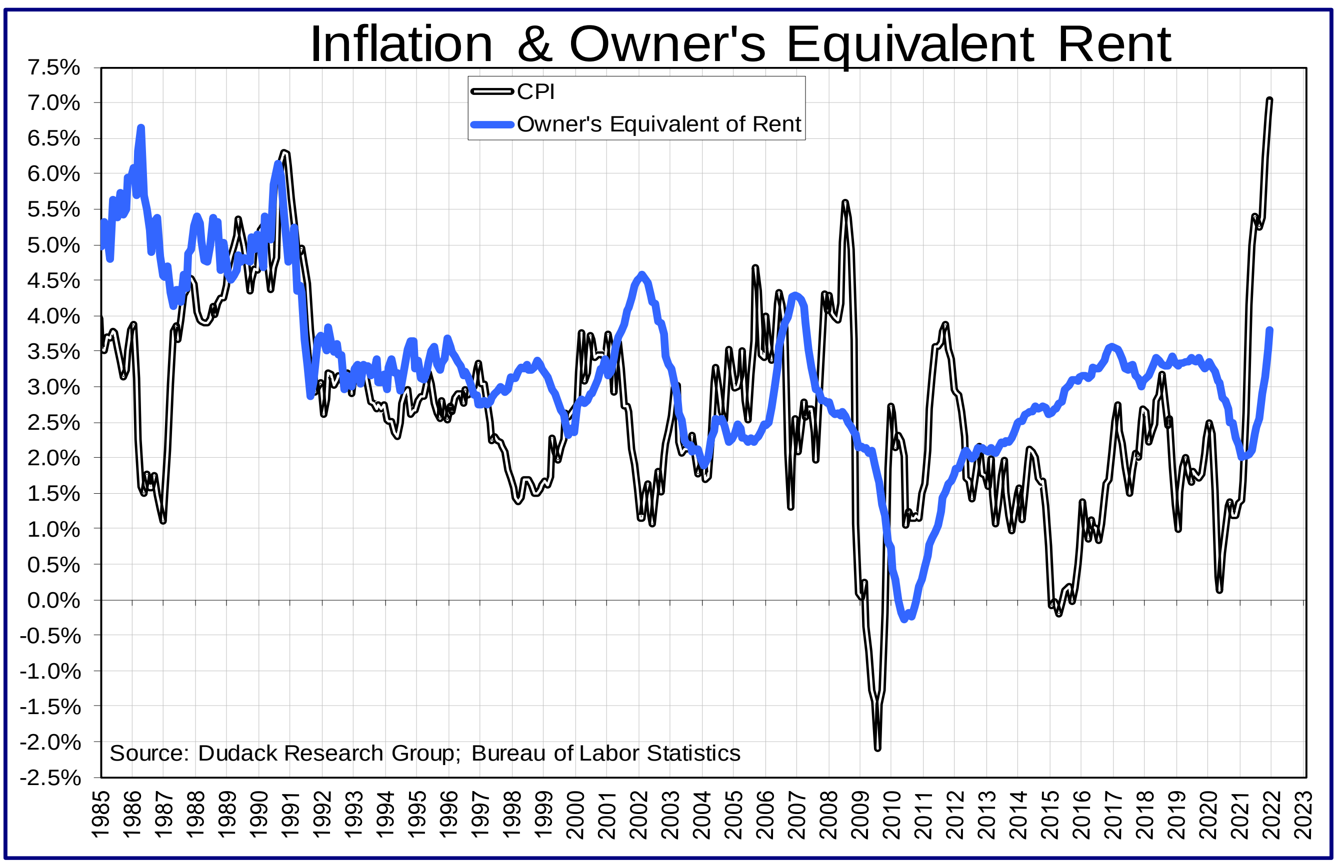


CPI Components Heavy Weights - Not Seasonally Adjusted Data	Component Weight*	Fuel Weight	Price Chg YOY%	Price Chg MOM%
Housing	**41.6%**	**4.5%**	**5.1%**	**0.4%**
Owners' equivalent rent of residences	**23.5%**		*3.8%*	0.4%
Fuels and utilities	**4.5%**		**9.5%**	**0.1%**
Transportation	**17.1%**	**3.0%**	**21.1%**	**0.4%**
Food and beverages	**15.0%**		6.0%	0.4%
Food at home	**7.7%**		*6.5%*	0.4%
Food away from home	**6.3%**		*6.0%*	0.6%
Alcoholic beverages	**1.0%**		*2.3%*	0.2%
Medical care	**8.5%**		**2.2%**	**0.2%**
Education and communication	**6.5%**		**1.6%**	**0.0%**
Recreation	**5.6%**		**3.3%**	**-0.2%**
Apparel	**2.7%**		**5.8%**	**-1.1%**
Other goods and services	**3.1%**		**4.5%**	**0.5%**
Special groups:				
Energy	7.5%		29.3%	-1.1%
All items less food and energy	78.5%		5.5%	0.4%
All items	**100.0%**		**7.04%**	**0.3%**

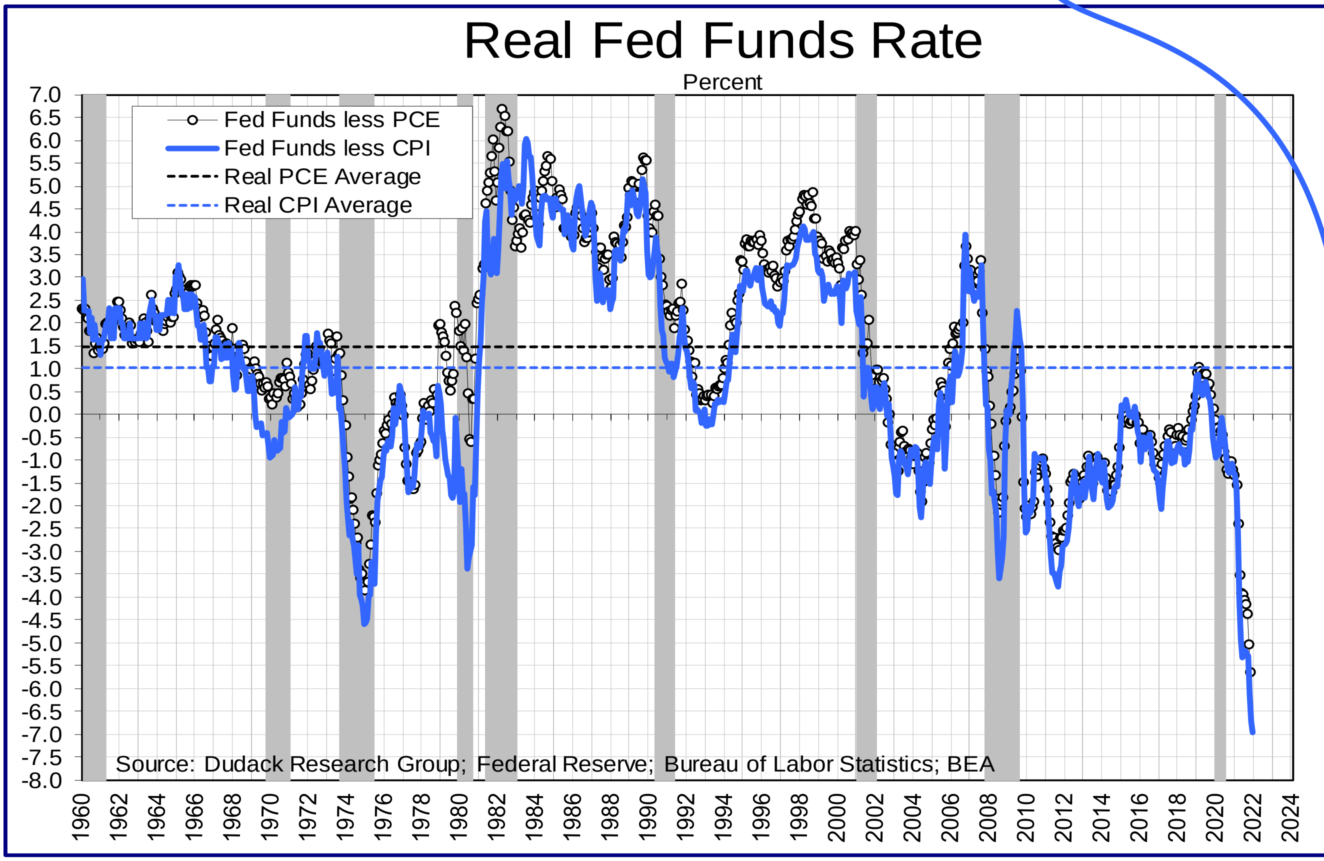
Source: Dudack Research Group; BLS; *Nov. 2021 w eightings; Italics=sub-component; bold = headline;blue>headline

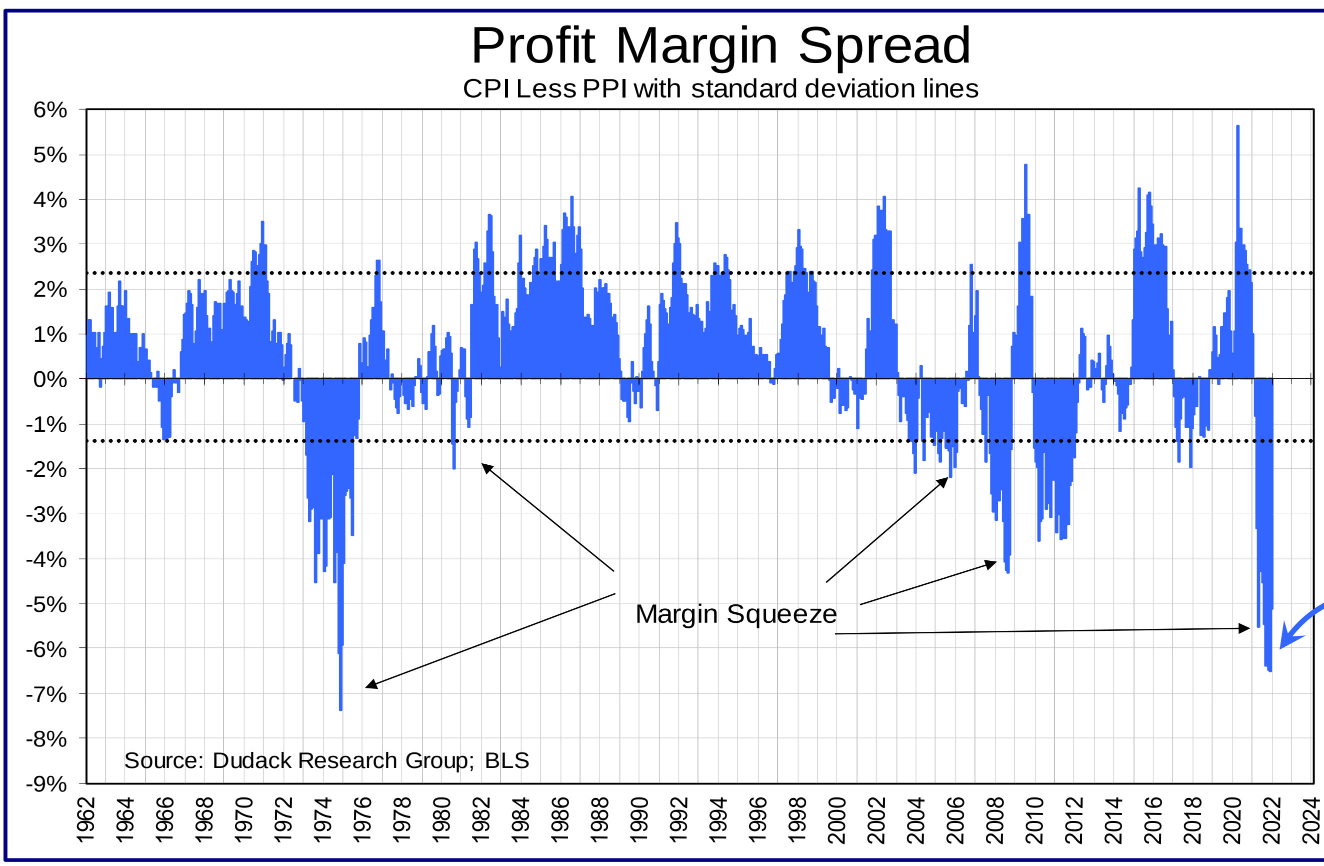
We expect inflation to get worse before it gets better. For example, the PPI for finished goods, which feeds into CPI, rose 12.2% YOY in December. Homeowners' equivalent rent (HER) has a large weighting in the CPI and prices for single-family homes were up 15% YOY in December. This will carry HER much higher than the 3.8% YOY pace seen in December. Plus, WTI futures rose 15.5% year-to-date which will keep gasoline and transportation prices high in the early months of 2022.



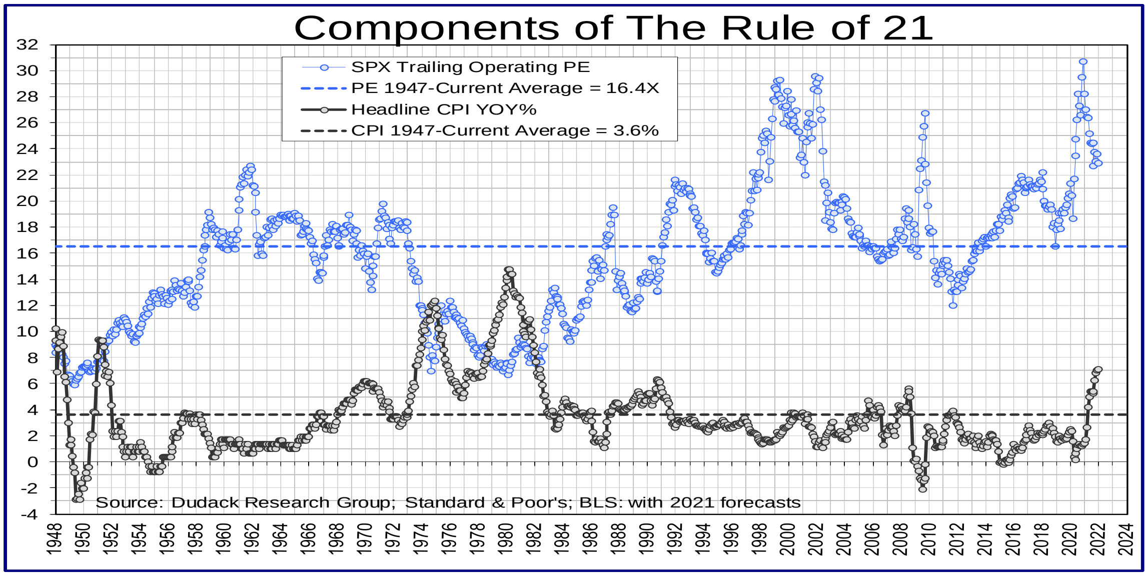


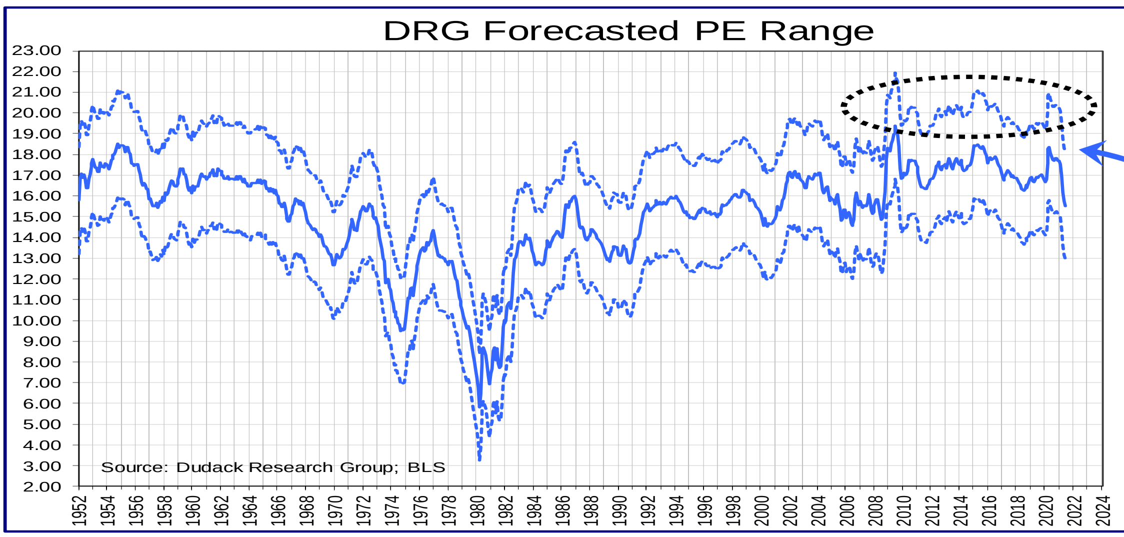
With headline inflation at 7% and the fed funds rate at zero to 0.25%, the real fed funds rate is nearly negative 7%. To reduce this disparity the FOMC would have to raise rates significantly in 2022. This will be a difficult hurdle for equities since higher interest rates make equities less attractive. And corporations continue to face an uphill battle with raw material, and intermediate good prices rising much faster than prices to consumers. The net result is a major erosion in profit margins.

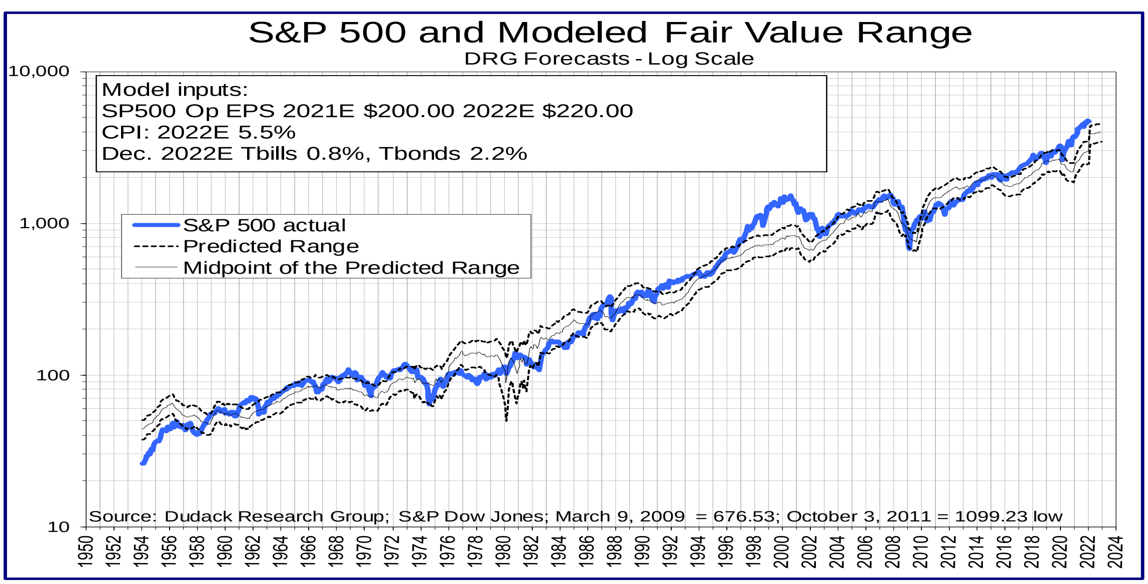




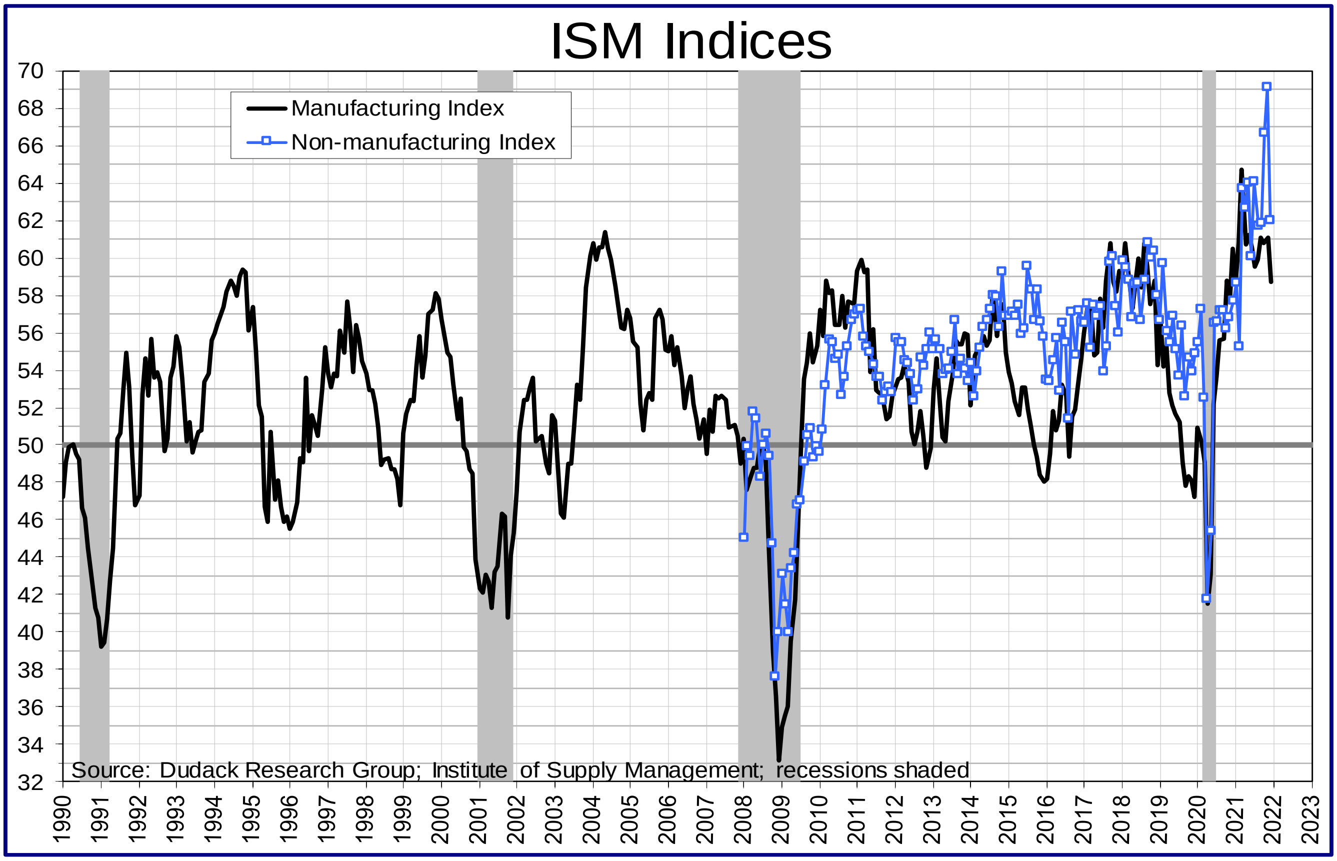
Moreover, profits are less valuable in an inflationary environment, and this pressures PE multiples. Our valuation model showed that PE's could remain as high as 20 times in the low inflationary environment of 2008-2020; but the high-end PE should fall to 18 times in 2022 due to rising inflation and interest rates.

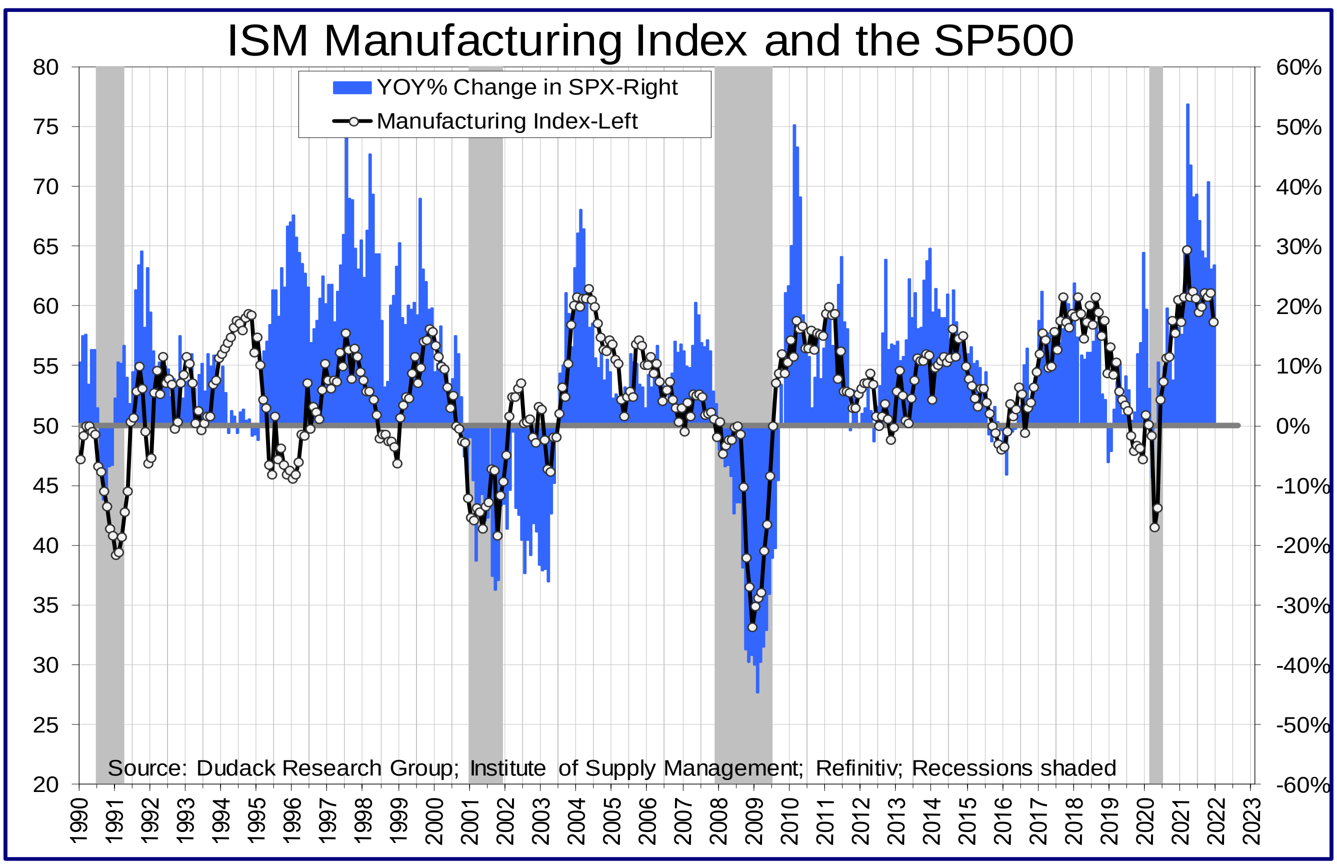




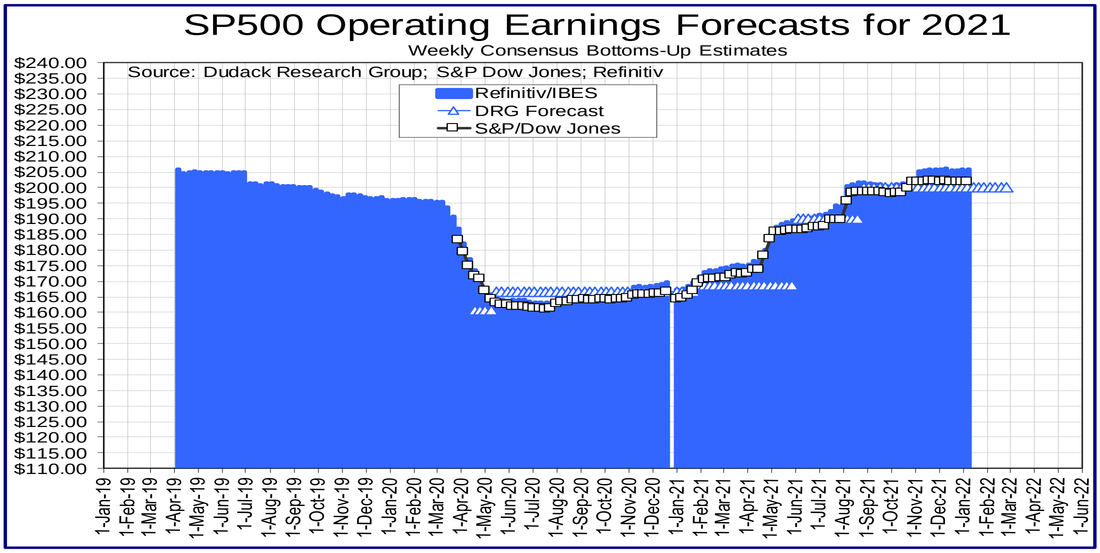


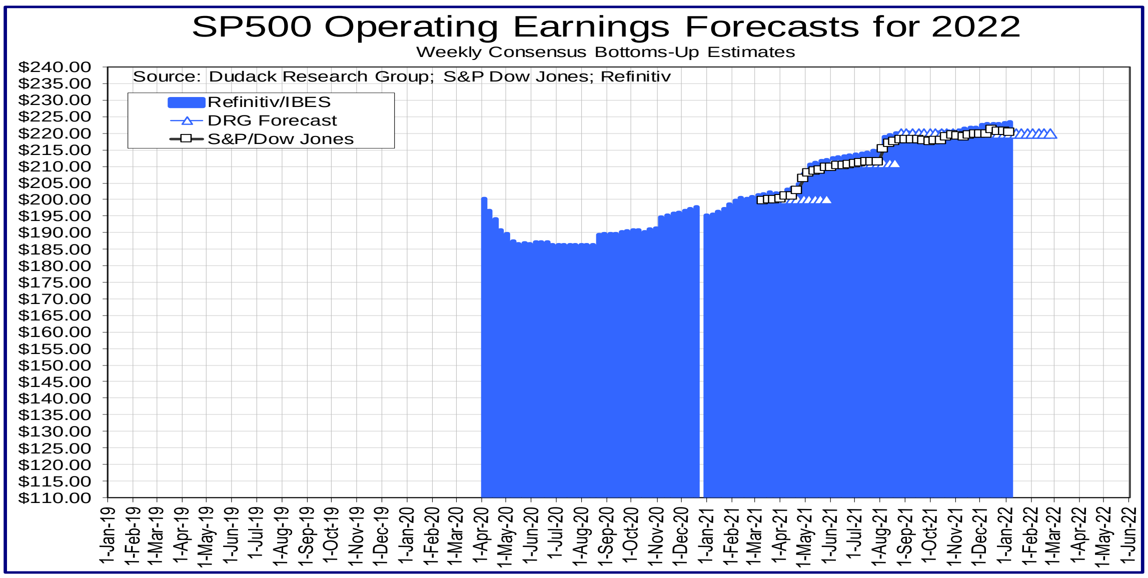
The manufacturing ISM index fell from 61.1 to 58.7 in December and the non-manufacturing index tumbled from 69.1 to 62.0. Anything above 50.0 indicates expansion, but the post-pandemic rebound appears to be fading. How much the manufacturing ISM index falls will be important to monitor in the months ahead since this has had a surprisingly strong correlation to the year-over-year change in the SPX.

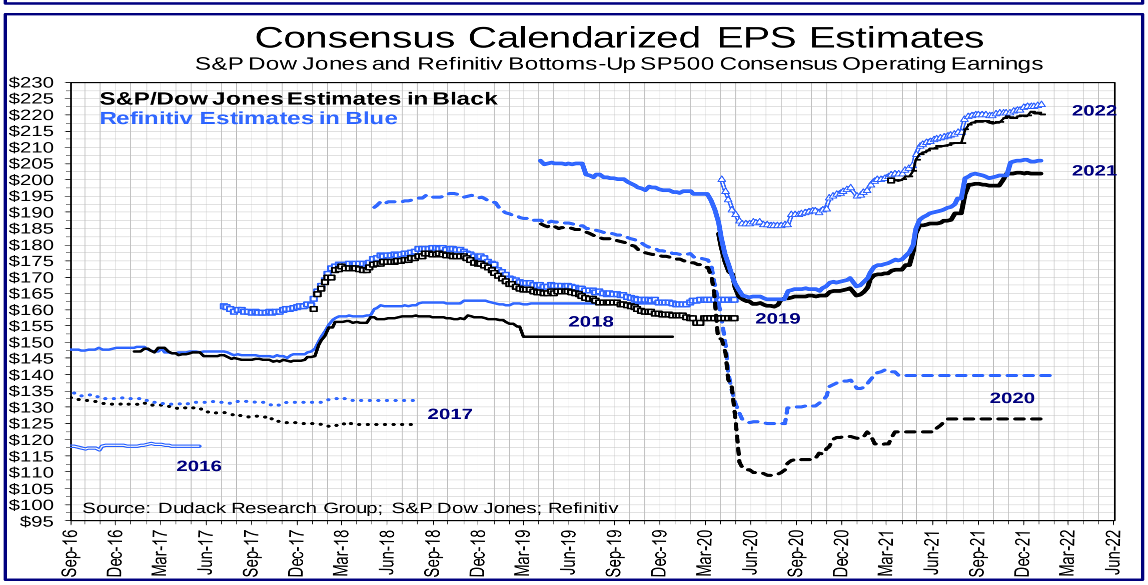




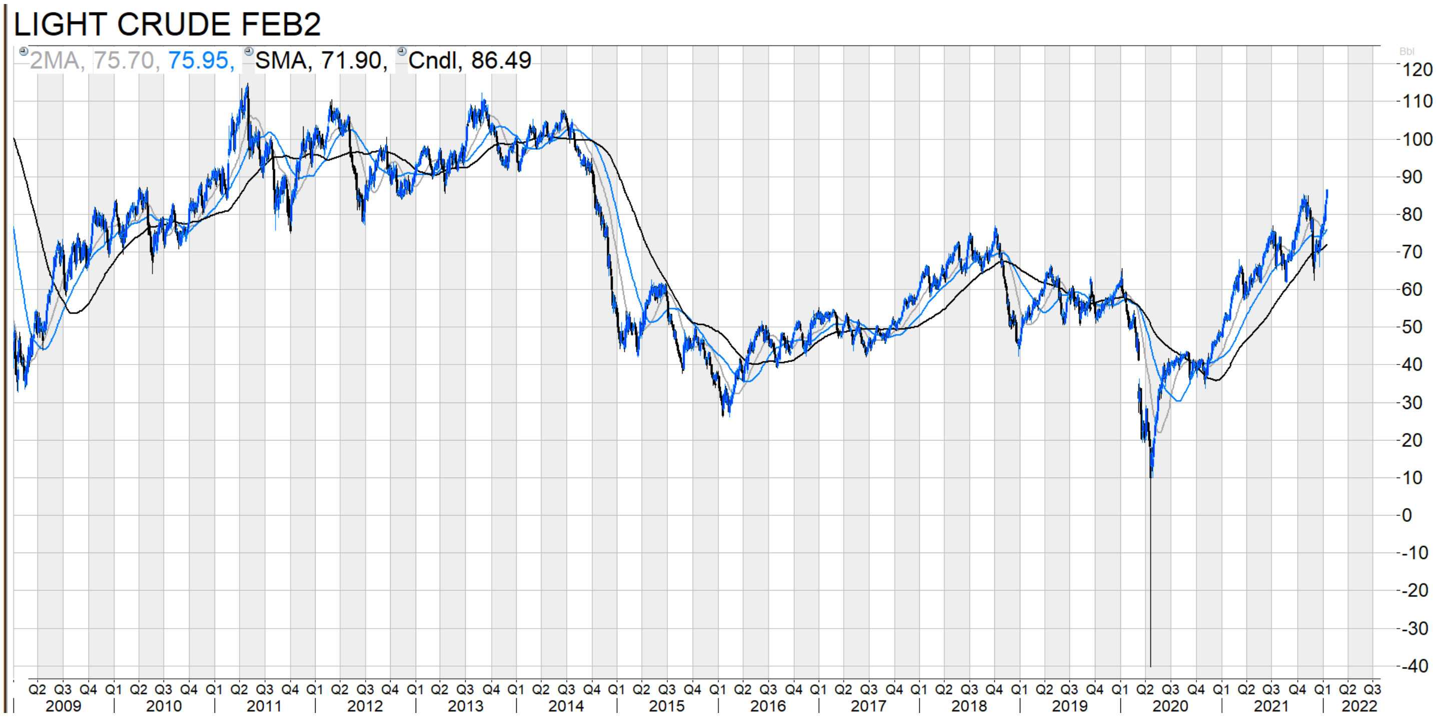
With 2021 in the rearview mirror, and fourth quarter earnings season about to begin, IBES Refinitiv and S&P Dow Jones earnings estimates for 2021 are $205.98 and $201.98, respectively. For 2022, estimates rise to $223.63 and $220.22, respectively; this week's numbers rising for IBES and falling for S&P. The IBES and S&P Dow Jones earnings growth rates for 2022 are 8.6% YOY and 9.0% YOY, respectively. Our DRG estimate for 2022 is $220, a 10% YOY increase but only because our 2021 estimate is lower.





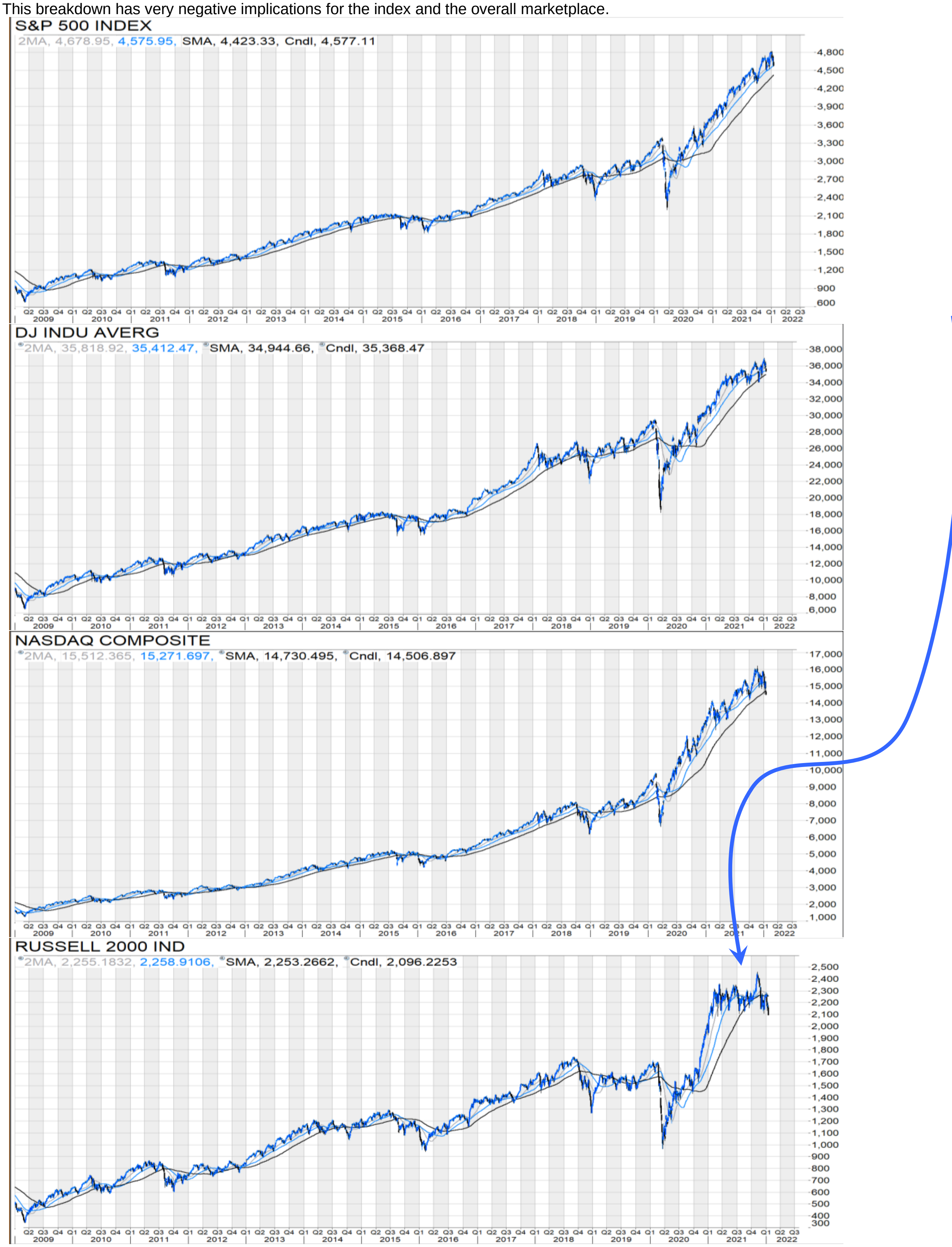


The main hurdles for 2022 will be inflation and a monetary policy reversal. WTI crude futures and gasoline futures are on the rise early in 2022 and this week the WTI future has broken out to an 8-year high. This is a bullish breakout that implies upside targets of $90, $100, and $110. Gasoline prices are apt to follow. This also implies that inflation will be higher in the months ahead.



Source: Refinitiv

The charts of the main indices show signs of breaking down this week. The SPX is the best looking chart as it currently tests its 100-day moving average. The DJIA looks more toppy and is below its 100-day MA but still above its 200-day MA. The IXIC fell below all its moving averages this week and needs to rebound sharply to maintain a positive long-term trend. The RUT is the weakest chart having broken below the bottom of the 8-month trading range seen in 2021. This breakdown has very negative implications for the index and the overall marketplace.



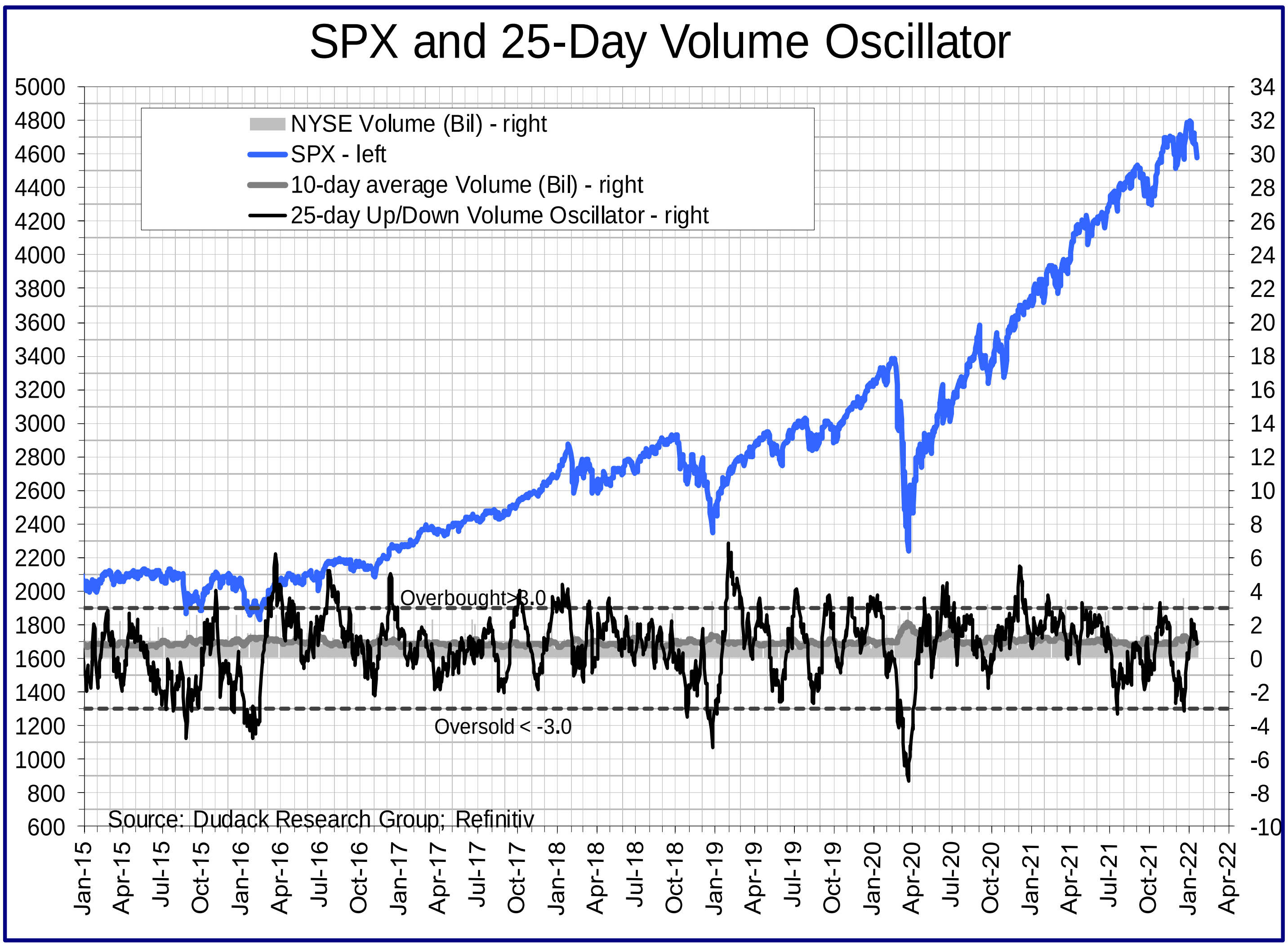
Source: Refinitiv

The 25-day up/down volume oscillator is at 0.83 this week and above the midpoint of the neutral range for the second time since mid-November. This oscillator had a one-day oversold reading on December 20; but had this indicator recorded five consecutive days in oversold, after failing to record overbought readings at recent record highs, it would have been a signal of a major shift in trend. This signal was avoided; but the oscillator is not confirming the recent highs in the indices.

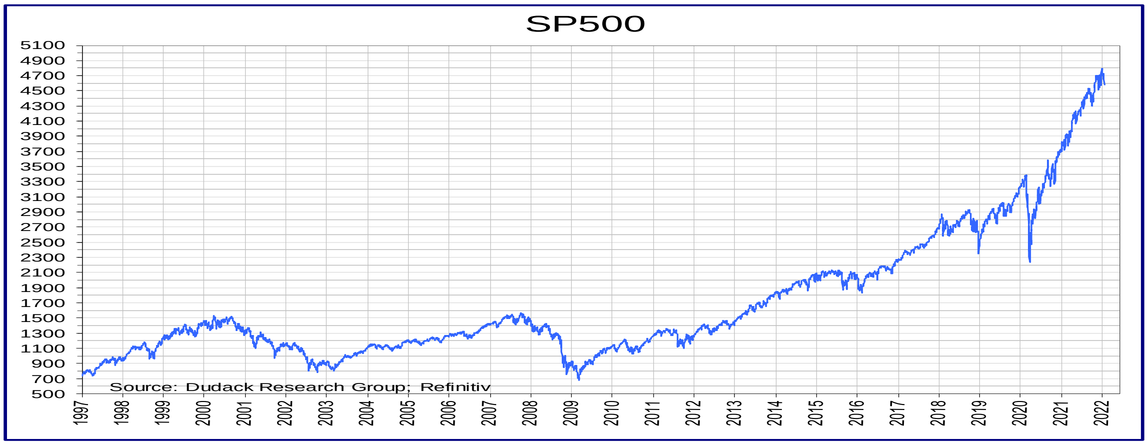
The oscillator spent two days in overbought territory on October 25 and 26; but to confirm new highs in the popular indices, it should have remained in overbought range for a minimum of 5 consecutive trading days. The last time this indicator did this and confirmed new highs in the equity market was between February 4 and February 10 in 2021.

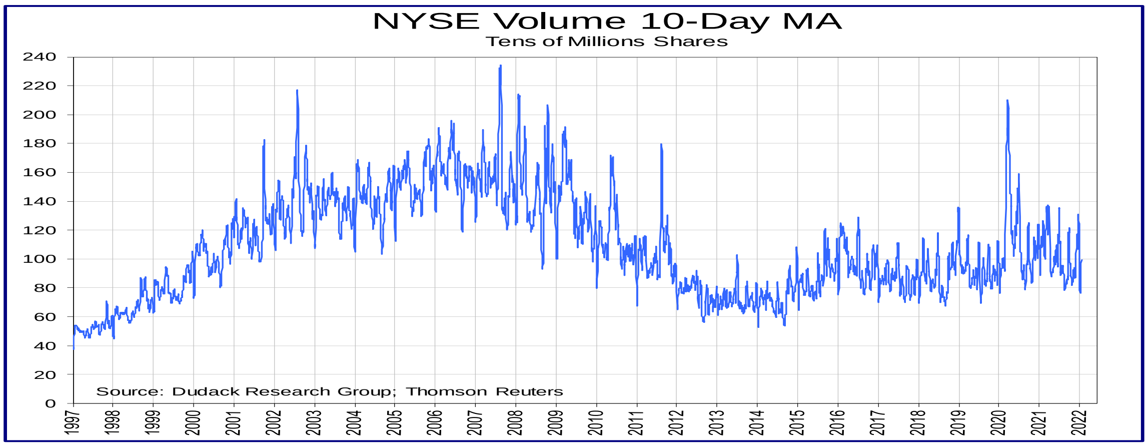
The absence of overbought readings since February, coupled with a one-day oversold reading on July 19 revealed that the advance has not been supported by solid or consistent buying pressure between February and November.

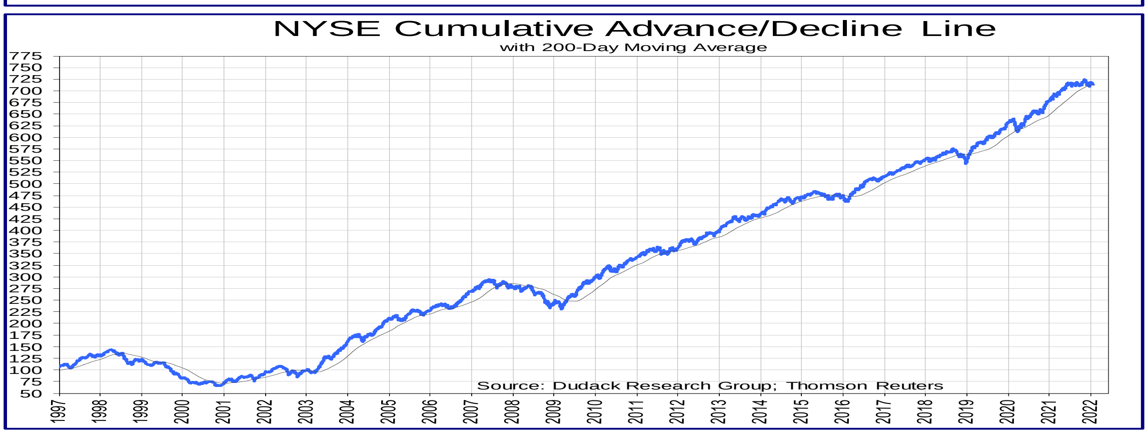
This 25-day up/down volume oscillator measures buying and selling momentum. New highs should be accompanied by strong and consistent buying pressure which results in long and sometimes extreme overbought readings. An absence of overbought readings at a new high reveals a weakness in the trend and is a sign of waning demand and/or investors selling into strength. Conversely, significant lows are often accompanied by panic selling. For example, an extreme oversold reading in this indicator, followed by a shallower oversold reading despite a new low in price indicates that selling pressure is fading and the lows are likely in place.

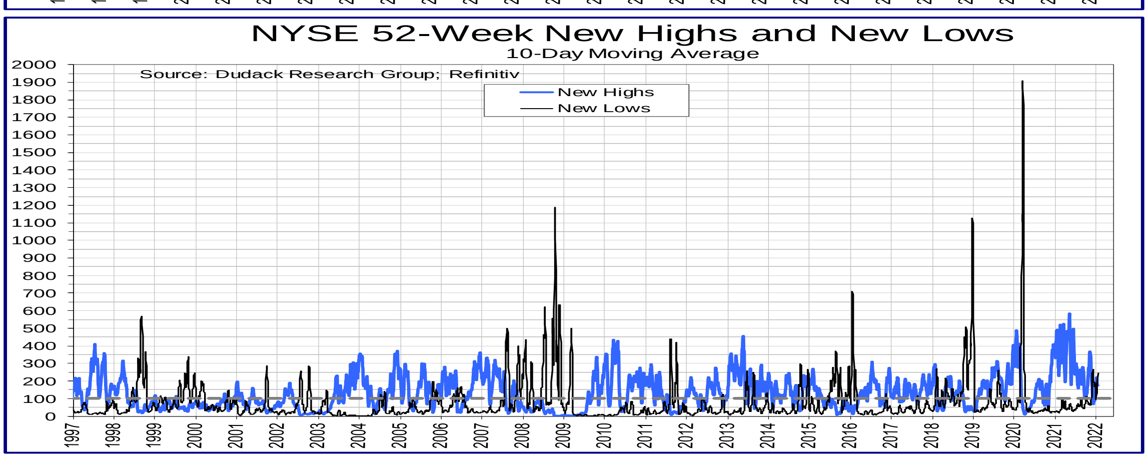


The 10-day average of daily new highs fell to 174 this week and daily new lows rose to 244. This combination of both averages above 100 per day is neutral, but tilts negative. The A/D line's last record high was on November 8, 2021 and it is trading well below this level currently. Volume has not been rising on rally days, which is a worrisome trend.

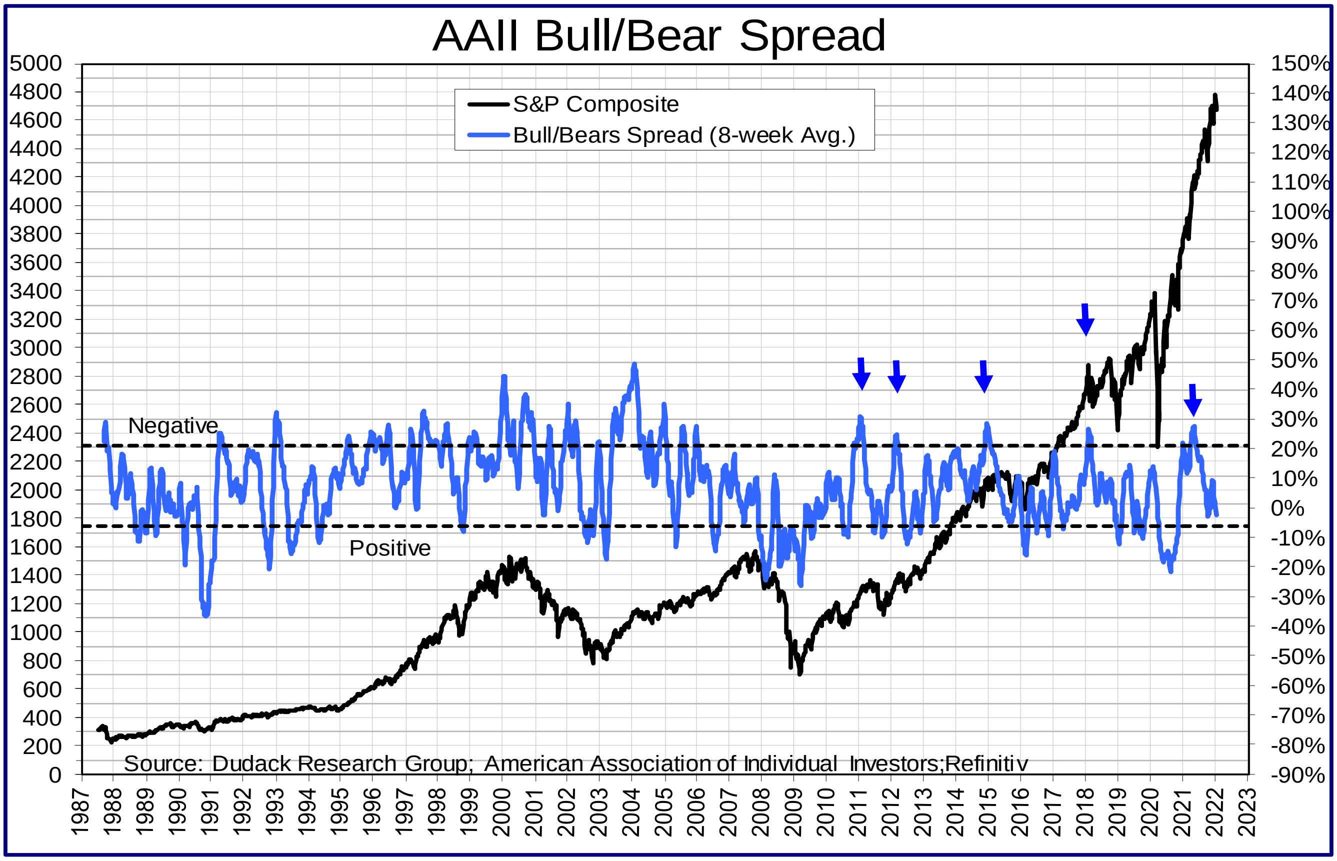


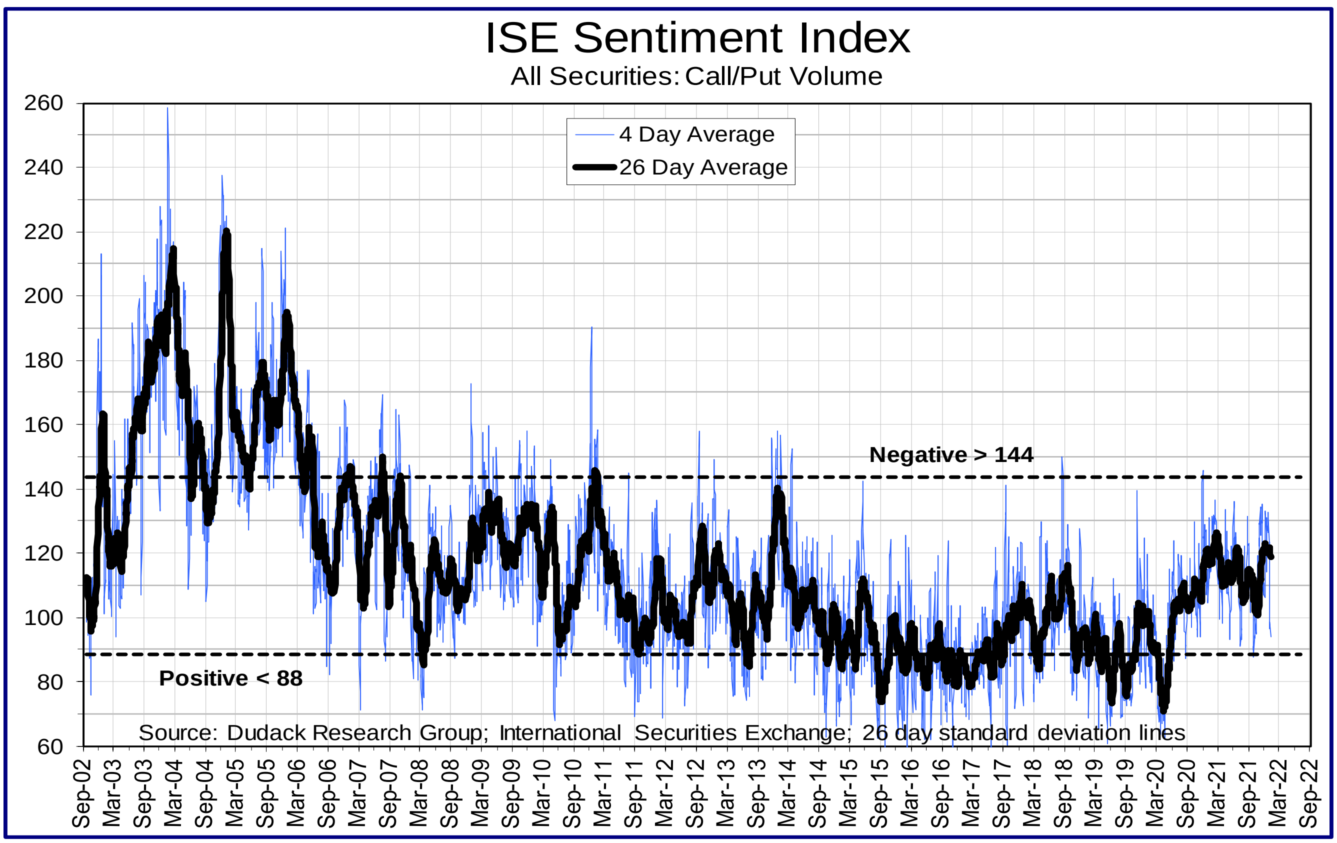






Bullish sentiment decreased 4.9 points this week to 32.8% and is still below the historical average of 38.0%. Bearish sentiment rose 2.1 points to 33.9% and is above the historical average of 30.5%. However, the sentiment spread index remains within the normal range. The 8-week bull/bear spread ticked up but remains neutral. The ISE Sentiment index remains neutral.

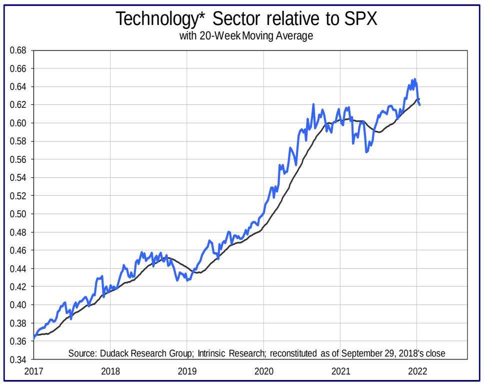


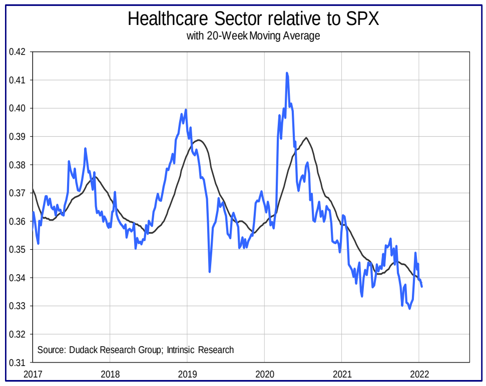


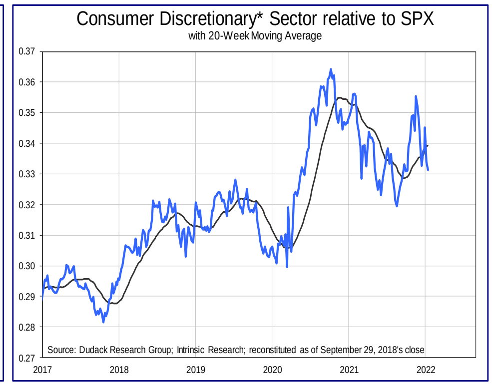
Sector Relative Performance – relative over/under/ performance to S&P 500

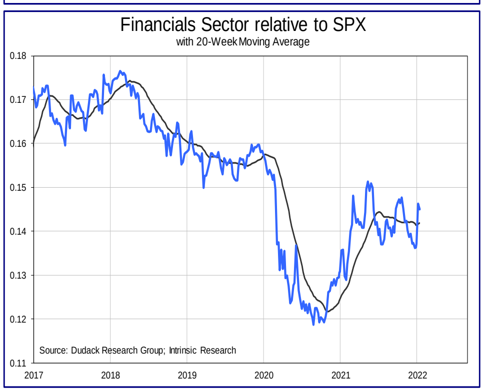
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Technology	Healthcare	Consumer Discretionary
Financials	REITS	Utililties
Energy	Communication Services	Materials
Staples	Industrials	

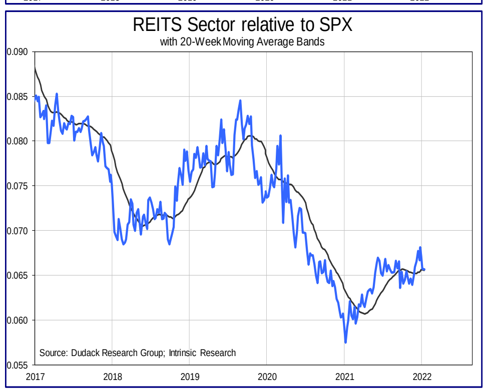
12/15/2021: Energy upgraded from under to overweight; Staples upgraded from neutral to overweight; Healthcare and Industrials downgraded from overweight to neutral; Materials downgraded from neutral to underweight.

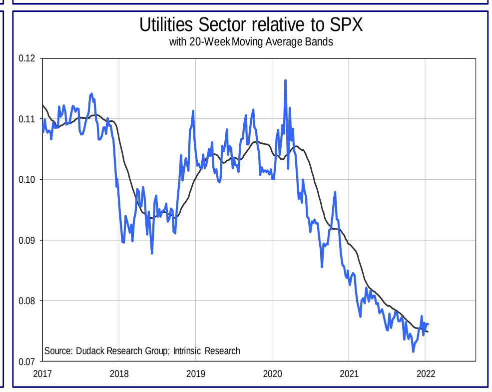


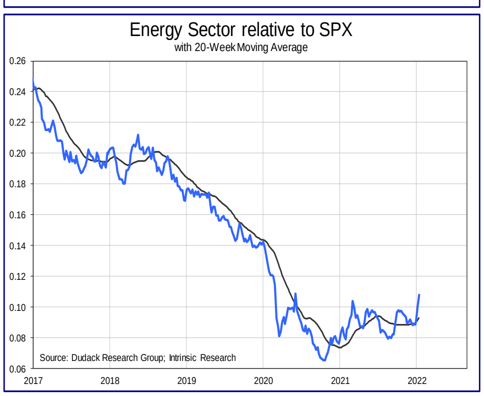


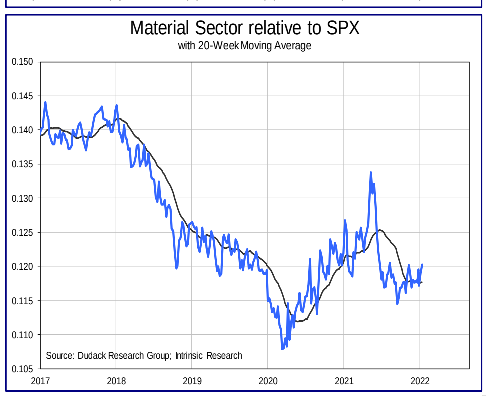


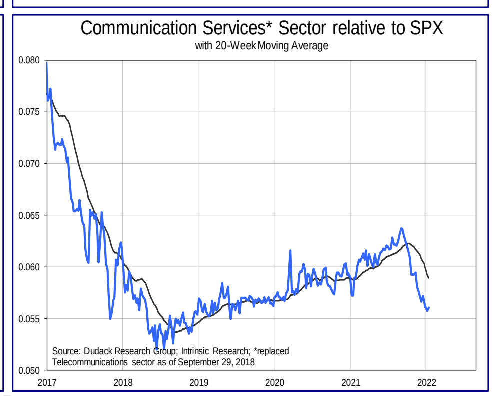


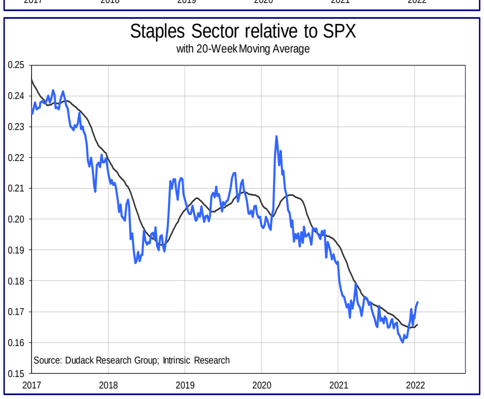












2022 Performance - Ranked

SP500 Sector	% Change
S&P ENERGY	16.8%
S&P FINANCIAL	2.1%
S&P INDUSTRIALS	-1.2%
S&P CONSUMER STAPLES	-1.5%
S&P MATERIALS	-3.4%
S&P 500	-4.0%
S&P COMMUNICATIONS SERVICES	-4.1%
S&P UTILITIES	-4.2%
S&P CONSUMER DISCRETIONARY	-5.9%
S&P HEALTH CARE	-6.2%
S&P INFORMATION TECH	-7.1%
S&P REITS	-7.5%

Source: Dudack Research Group; Refinitiv; Monday closes

GLOBAL MARKETS AND COMMODITIES - RANKED BY 2022 TRADING PERFORMANCE

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
iShares DJ US Oil Eqpt & Services ETF	IEZ	15.49	1.5%	22.4%	20.2%	20.2%
Energy Select Sector SPDR	XLE	64.77	2.4%	19.1%	16.7%	16.7%
Oil Future	CLc1	85.43	5.2%	20.6%	13.6%	13.6%
United States Oil Fund, LP	USO	60.97	4.8%	20.1%	12.2%	12.2%
SPDR S&P Bank ETF	KBE	59.22	-0.7%	11.9%	8.5%	8.5%
iShares MSCI United Kingdom ETF	EWU	34.40	0.6%	8.0%	3.8%	3.8%
iShares MSCI India ETF	INDA.K	47.44	-1.5%	7.9%	3.5%	3.5%
iShares MSCI Austria Capped ETF	EWO	26.28	0.1%	7.0%	3.3%	3.3%
iShares China Large Cap ETF	FXI	37.70	-0.3%	3.7%	3.1%	3.1%
iShares MSCI Brazil Capped ETF	EWZ	28.89	3.2%	2.1%	2.9%	2.9%
Financial Select Sector SPDR	XLF	39.92	-3.6%	3.4%	2.2%	2.2%
iShares MSCI Hong Kong ETF	EWH	23.59	1.0%	2.8%	1.7%	1.7%
iShares MSCI Canada ETF	EWC	39.05	0.5%	6.1%	1.6%	1.6%
iShares Silver Trust	SLV	22.62	3.1%	5.1%	1.0%	1.0%
iShares MSCI Emerg Mkts ETF	EEM	49.22	-1.6%	2.2%	0.8%	0.8%
Gold Future	GCc1	2224.10	0.2%	0.9%	0.5%	0.5%
iShares MSCI BRIC ETF	BKF	44.82	-2.2%	1.6%	0.1%	0.1%
iShares MSCI Taiwan ETF	EWT	66.67	-0.6%	3.3%	0.1%	0.1%
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%
iShares MSCI Singapore ETF	EWS	21.38	-1.2%	2.9%	0.0%	0.0%
iShares MSCI Mexico Capped ETF	EWW	50.53	0.0%	3.5%	-0.1%	-0.1%
iShares MSCI Germany ETF	EWG	32.71	-1.7%	2.7%	-0.2%	-0.2%
Vanguard FTSE All-World ex-US ETF	VEU	61.10	-1.3%	0.8%	-0.3%	-0.3%
iShares Russell 1000 Value ETF	IWD	167.06	-1.9%	2.5%	-0.5%	-0.5%
SPDR Gold Trust	GLD	169.39	-0.5%	0.9%	-0.9%	-0.9%
iShares MSCI Malaysia ETF	EWM	24.77	-2.2%	4.5%	-1.0%	-1.0%
iShares MSCI EAFE ETF	EFA	77.84	-1.3%	1.6%	-1.1%	-1.1%
Industrial Select Sector SPDR	XLI	104.63	-1.2%	2.1%	-1.1%	-1.1%
iShares MSCI Japan ETF	EWJ	66.17	-1.3%	-1.5%	-1.2%	-1.2%
Consumer Staples Select Sector SPDR	XLP	75.92	-1.0%	1.0%	-1.5%	-1.5%
Shanghai Composite	.SSEC	3569.91	-0.8%	-1.7%	-1.9%	-1.9%
iShares Russell 2000 Value ETF	IWN	162.55	-2.4%	1.6%	-2.1%	-2.1%
iShares MSCI Australia ETF	EWA	24.19	-2.2%	0.6%	-2.6%	-2.6%
SPDR DJIA ETF	DIA	353.85	-2.4%	-1.6%	-2.6%	-2.6%
DJIA	.DJI	35368.47	-2.4%	0.0%	-2.7%	-2.7%
Materials Select Sector SPDR	XLB	87.63	-1.9%	0.0%	-3.3%	-3.3%
iShares US Telecomm ETF	IYZ	31.79	-3.2%	-1.6%	-3.4%	-3.4%
iShares iBoxx $ Invest Grade Corp Bond	LQD	127.93	-1.6%	-3.8%	-3.5%	-3.5%
iShares MSCI South Korea Capped ETF	EWY	74.99	-4.1%	-4.6%	-3.7%	-3.7%
SP500	**.SPX**	**4577.11**	**-2.9%**	**-0.9%**	**-4.0%**	**-4.0%**
Utilities Select Sector SPDR	XLU	68.57	-1.1%	-2.1%	-4.2%	-4.2%
iShares Russell 1000 ETF	IWB	252.86	-3.1%	-1.4%	-4.4%	-4.4%
iShares 20+ Year Treas Bond ETF	TLT	140.10	-2.4%	-7.1%	-5.5%	-5.5%
Consumer Discretionary Select Sector SPDR	XLY	192.80	-3.7%	-1.3%	-5.7%	-5.7%
Health Care Select Sect SPDR	XLV	132.19	-3.4%	-4.2%	-6.2%	-6.2%
iShares Russell 2000 ETF	IWM	207.83	-4.5%	-3.4%	-6.6%	-6.6%
iShares US Real Estate ETF	IYR	108.31	-2.1%	-2.6%	-6.7%	-6.7%
NASDAQ 100	NDX	15210.76	-4.0%	-3.7%	-6.8%	-6.8%
Technology Select Sector SPDR	XLK	161.78	-3.7%	-3.6%	-7.0%	-7.0%
Nasdaq Composite Index Tracking Stock	ONEQ.O	56.66	-4.0%	-4.0%	-7.0%	-7.0%
iShares Russell 1000 Growth ETF	IWF	281.63	-4.2%	-4.7%	-7.8%	-7.8%
SPDR S&P Retail ETF	XRT	81.86	-6.1%	-7.0%	-9.3%	-9.3%
PowerShares Water Resources Portfolio	PHO	54.48	-4.5%	-6.5%	-10.5%	-10.5%
SPDR Homebuilders ETF	XHB	76.63	-5.3%	-6.0%	-10.7%	-10.7%
SPDR S&P Semiconductor ETF	XSD	216.35	-5.6%	-6.2%	-11.0%	-11.0%
iShares Russell 2000 Growth ETF	IWO	260.68	-6.6%	-8.3%	-11.0%	-11.0%
iShares Nasdaq Biotechnology ETF	IBB.O	133.46	-7.0%	-13.6%	-12.6%	-12.6%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; Thomson Reuters   Priced as of January 18, 2022

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	$86.53	$100.45	$100.45	-33.7%	**$117.46**	-27.5%	32.2X	1.8%	2.2%	$1,960.10	16.2%
2020	3756.07	$94.55	$106.26	$96.82	-3.6%	**$118.10**	0.5%	35.3X	1.6%	-3.5%	$1,951.80	-0.4%
2021E	~~~~~~~	$109.88	$124.51	$124.51	28.6%	**$132.00**	11.8%	38.3X	1.3%	NA	$1,834.70	-6.0%
2022E		$132.39	$151.60	$151.60	21.8%	**$161.93**	22.7%	30.2X	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%	-5.1%	$1,924.00	7.4%
2020 2Q	3100.29	$17.83	$26.79	$26.79	-33.3%	$27.98	-32.3%	24.7	1.9%	-31.2%	$1,701.50	-8.4%
2020 3Q	3363.00	$32.98	$37.90	$37.90	-4.8%	$38.69	-8.2%	27.3	1.7%	33.8%	$2,135.10	8.7%
2020 4Q	3756.07	$31.45	$38.19	$38.19	-2.5%	$42.58	1.4%	30.7	1.6%	4.5%	$2,111.90	5.7%
2021 1Q	3972.89	$45.95	$47.41	$47.41	143.1%	$49.13	48.3%	26.4	1.5%	6.3%	$2,207.70	14.7%
2021 2Q	4297.50	$48.39	$52.03	$52.03	94.2%	$52.58	87.9%	24.5	1.3%	6.7%	$2,440.60	43.4%
2021 3QP	4307.54	$49.59	$52.02	$52.02	37.3%	$53.72	38.8%	22.7	1.4%	2.3%	NA	NA
2021 4QE	4766.18	$47.90	$50.66	$50.66	32.7%	$51.29	20.5%	23.6	1.3%	NA	NA	NA
2022 1QE*	4577.11	$50.85	$51.47	$55.00	16.0%	$52.23	6.3%	22.2	NA	NA	NA	NA
2022 2QE		$50.32	$54.35	$55.00	5.7%	$55.17	4.9%	22.0	NA	NA	NA	NA
2022 3QE		$52.82	$56.83	$55.00	5.7%	$57.71	7.4%	21.5	NA	NA	NA	NA
2022 4QE		$55.02	$57.66	$55.00	8.6%	$58.45	14.0%	20.8	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 1/18/2022

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