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February 9, 2022

DJIA: 35462.78
SPX: 4521.54
NASDAQ: 14194.46

US Strategy Weekly

Valuation Readjustment

January's job growth was well above the consensus estimate and the 467,000 increase was a welcomed event. But this number was in sharp contrast to other economic series also released in the last week. Both of January's ISM indices are indicating that the recovery is slowing. The ISM manufacturing index fell from 58.8 to 57.6. The manufacturing employment component rose modestly from 53.9 to 54.5, but this and imports, were the only parts of the survey to show any improvement. The ISM service index had consistently been the stronger of the two surveys, but it also fell in January from 62.3 to 59.9. All components in the service group fell with the exception of inventory. In general, both ISM surveys have been deteriorating for the last two months. Not surprisingly, the small business survey, the NFIB Optimism Index, had a large slump in January as small business owners pointed to rising inflation as the number one challenge for their companies and profits. See page 7.

The jobs report also had a counterpoint to the nice job increase in that the unemployment rate ratcheted up from 3.9% to 4.0%. The unemployment rate is part of the BLS household survey which showed that while employment grew strongly in January, so did the number of unemployed. This accounted for the rise in the unemployment rate. The civilian noninstitutional population grew less than the growth in employed and for this reason there was fractional improvement in the participation rate and the employment population ratio. See page 3.

<u>In our opinion, the only employment data point that is important is that there are 2.9 million fewer people employed today than at the peak in February 2020. Typically, total employment will exceed its previous peak level twelve months after a recession ends</u>. Yet, despite all the stimulus and fiscal programs initiated in the last two years, employment remains well below peak levels. There are many reasons for this; but the most significant one may be that the administration has not focused on job growth much at all. Perhaps distracted by COVID-19, the Delta and Omicron variants, vaccines, inflation, North Korean missiles, and the Russia/Ukraine problem, it has not been a focal point.

INFLATION IS THE DOMESTIC THREAT

<u>Inflation is the major threat facing the US economy and its ramifications are clear</u>. One of these is also found in January's employment report. Average hourly earnings were $26.92 in January, up 6.9% YOY and average weekly earnings rose to $912.59, a 5.4% YOY. These gains are impressive at first glance; however, adjusting for inflation, real weekly earnings were down 1.2% YOY in January. <u>This is the unfortunate part of inflation -- it destroys buying power</u>. On page 4 we have a chart of average weekly earnings that are inflation-adjusted to represent 1964 dollars. The chart shows <u>how average real earnings steadily declined throughout the high inflationary period of 1968 to 1990. See page 4</u>. For this and many other reasons, the administration and the Federal Reserve should make fighting inflation their number one domestic priority.

On a positive note, we present the misery index this week. This index is the sum of inflation and unemployment which are the two variables that can impose great hardship on households. The misery index jumped to 15.1% in April 2020 when the unemployment rate jumped to 14.7% and was well above the standard deviation level of 12.7%. However, this was a man-made unemployment level triggered by the pandemic and fiscal stimulus offset much of this “misery” with checks to households and augmented unemployment benefits. Currently, the rise in inflation is wreaking havoc with households but the misery index is at 10.6%. This is well within the long-term “normal” range. See page 6.

Still, we do not see inflation coming under control very soon. The WTI crude oil future moved above $90 a barrel this week. The $90 level was one of the technical targets we wrote about once crude broke out of an 8-year base pattern in the fourth quarter of 2021. The chart pattern also suggests targets of $100 and $110 are possible in the coming months. This will keep inflation high, put more pressure on households and make the Fed’s job of controlling inflation more difficult. Interest rates are also rising this week and the 10-year Treasury note yield is challenging the psychological 2% level. See page 9. Keep in mind that stocks with dividend yields of 2% or more that also have a predictable earnings stream remain very competitive to bonds.

Valuation readjustment

The combination of rising inflation and rising interest rates is a big hurdle for equities, and it explains why value stocks are outperforming growth stocks in 2022. This shift could continue for most of the year and in simple terms, it is a valuation readjustment. We remain cautious in the near term, primarily for stocks with high multiples. Overall, we believe stocks that benefit from, or are immune to, inflation are the best holdings in the near term. These include sectors such as energy, financials, and staples. Nonetheless, we would not ignore the technology sector since 2022 is likely to provide an excellent long-term buying opportunity.

As part of the current valuation readjustment, we believe the market’s PE could return to normal levels. As an example of what this means, a PE multiple of 18 coupled with our 2022 earnings forecast of $220 equates to an SPX target of 3960. Applying the long-term average PE multiple of 17.5 to $220 equates to SPX 3850. In both cases, it implies that good long-term value is found at levels directly below SPX 4000.

It would not surprise us if PEG ratios, or a comparison of a stock’s PE to its 5-year earnings growth estimate, came back into style. Historically, a PEG ratio of 1.5 in a growth stock represented table-pounding “value.” Value stocks were typically viewed as excellent buys with PEG ratios of 1.0 or less. Again, these are good benchmarks for uncertain times.

Technical update

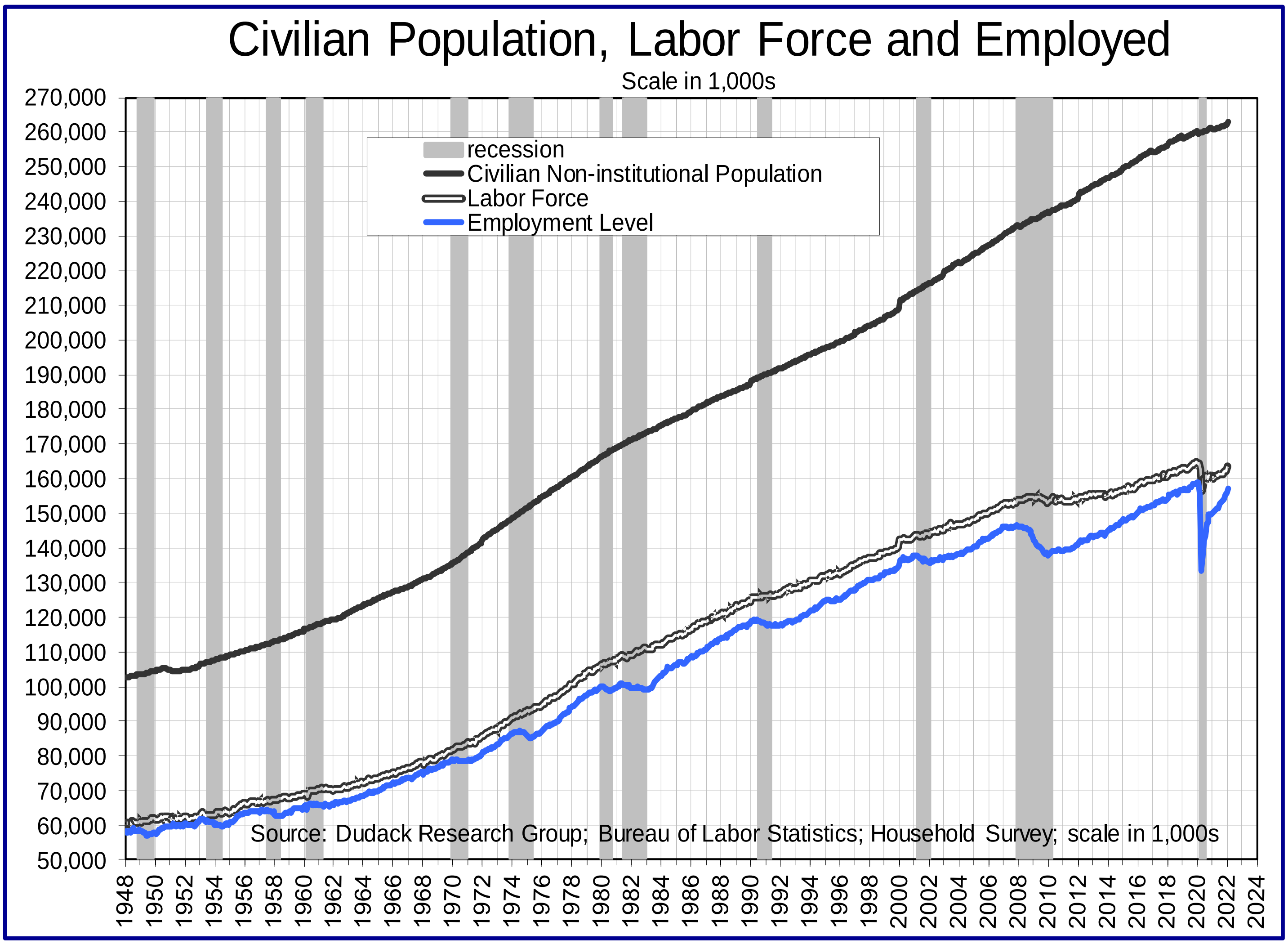
We remain intrigued by the similarity in the charts of the Russell 2000 index and Amazon (AMZN - $3228.27). After AMZN reported solid earnings last week, the stock rebounded sharply, generating a small difference in the charts. However, the patterns remain largely similar and AMZN is yet to move above its first level of resistance which is the 50-day moving average now at $3255.86. This will be an interesting level to watch.

There are no other major changes in technical indicators. The new high/low averages and cumulative advance/decline line are bearish. Our 25-day up/down volume oscillator remains neutral, which means the market is not washed out on an intermediate-term basis. The AAII bull/bear sentiment indices have shown extreme bearish readings for the last three weeks and as a result, the AAII Bull/Bear Spread index is favorable. The good news is that this AAII survey suggests the market is undergoing a normal correction. The survey never showed the extreme optimism that is typical of a bubble peak. Nonetheless, we believe the current rebound is simply a rebound and we do not believe the lows have been found. It would not surprise us if the Fed increased rates 50 basis points in March and this could trigger a sell-off that could characterize the end of the correction.

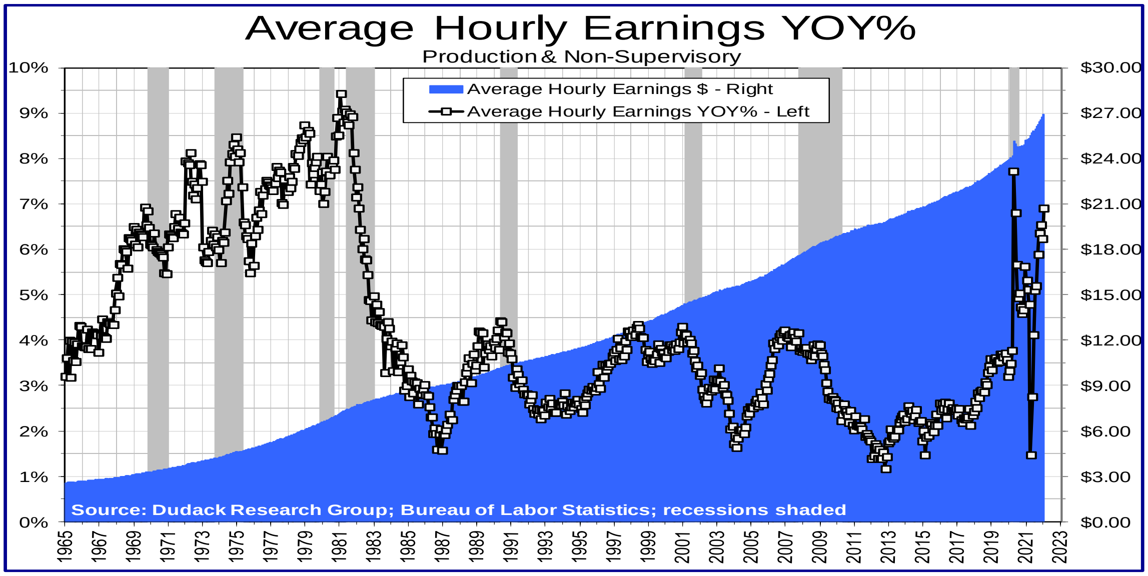
The 467,000 job increase in January was a positive surprise and well above expectations. However, the unemployment rate rose fractionally because the household survey showed increases in both the number of people employed and unemployed. The civilian labor force is the sum of both. The civilian noninstitutional population grew less than the increase in those employed in January and as a result, the participation rate and employment population ratio both increased fractionally in January.

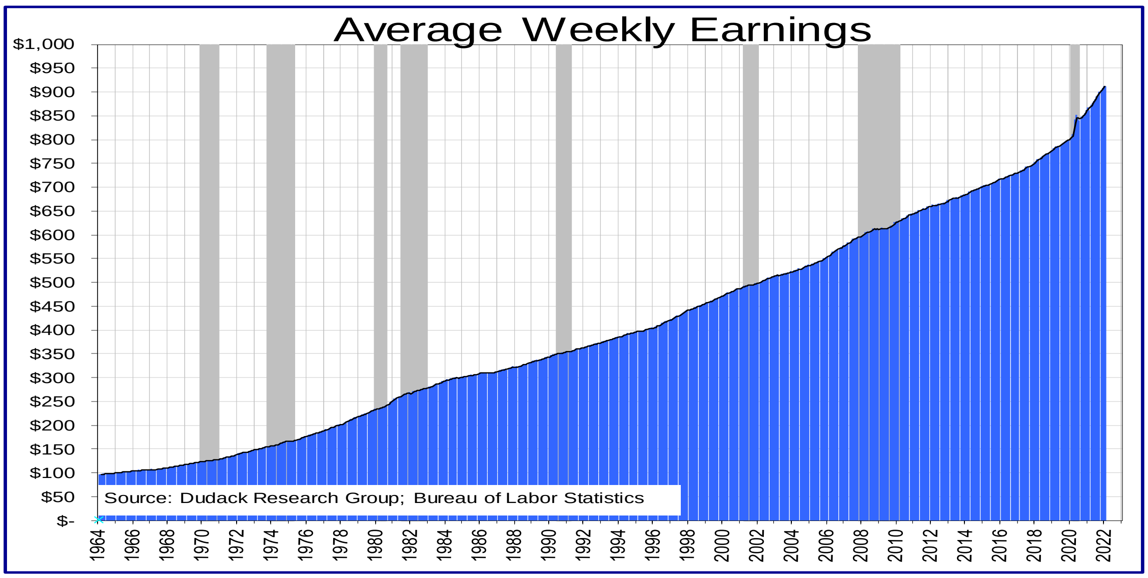
Employment Surveys (1,000s SA)	Jan-22	Dec-21	Change	Jan-21	Yr/Yr
Establishment Survey: NonFarm Payrolls	149,629	149,162	467	143,017	6,612
Household Survey Data (1,000s)					
Employed (A)	157,174	155,975	1,199	150,004	7,170
Unemployed (B)	6,513	6,319	194	10,180	(3,667)
Civilian labor force [A+B]	163,687	162,294	1,393	160,184	3,503
Unemployment rate [B/(A+B)]	4.0%	3.9%	0.09%	6.4%	-2.4%
U6 Unemployment rate	7.1%	7.3%	-0.2%	11.1%	-4.0%
Civilian noninstitutional population (C)	263,202	262,136	1,066	260,851	2,351
Participation rate [(A+B)/C]	62.2	61.9	0.3	61.4	0.8
Employment-population ratio [A/C]	59.7	59.5	0.2	57.5	2.2
Not in labor force	99,516	99,842	-326	100,667	-1,151

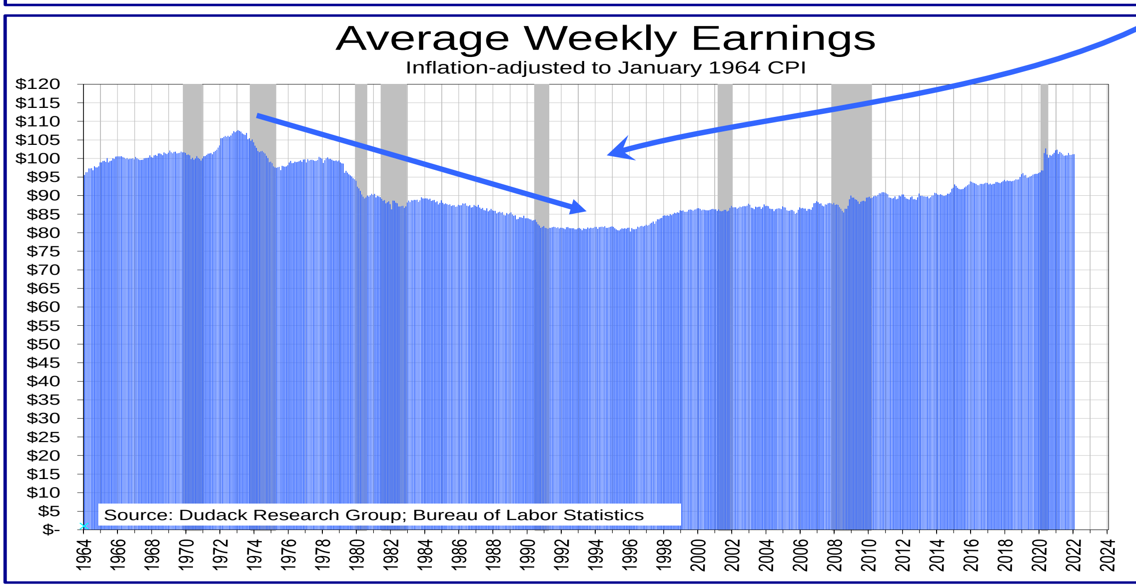
Source: Bureau of Labor Statistics



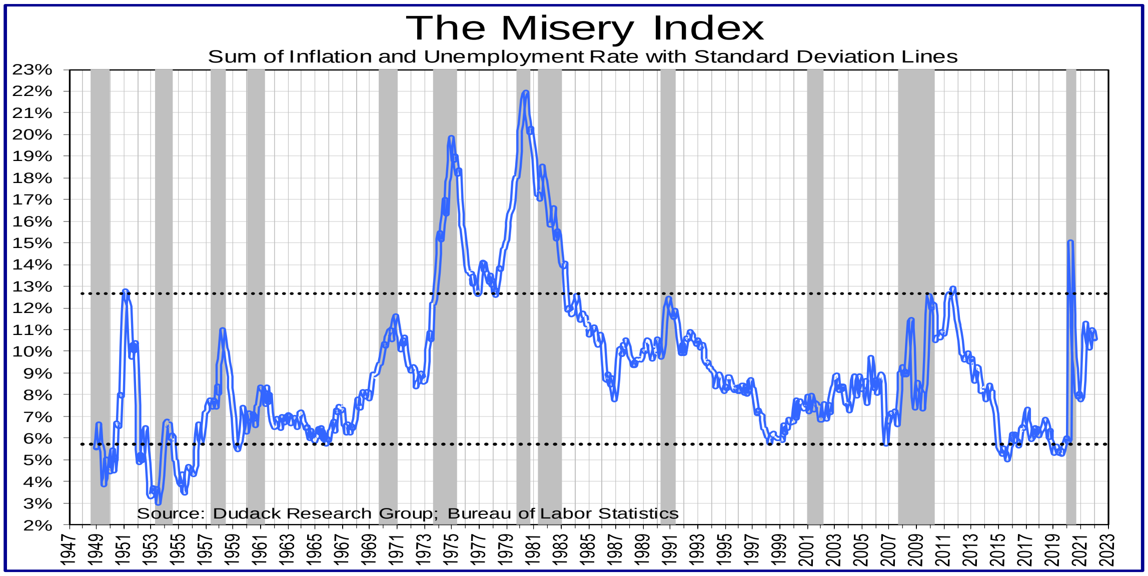
Average hourly earnings were $26.92 in January, up 6.9% YOY. Average weekly earnings rose to $912.59 in January, a 5.4% YOY. However, after inflation, real weekly earnings were down 1.2% YOY in January. Notice how average real earnings declined during the high inflation period of 1968 to 1990.

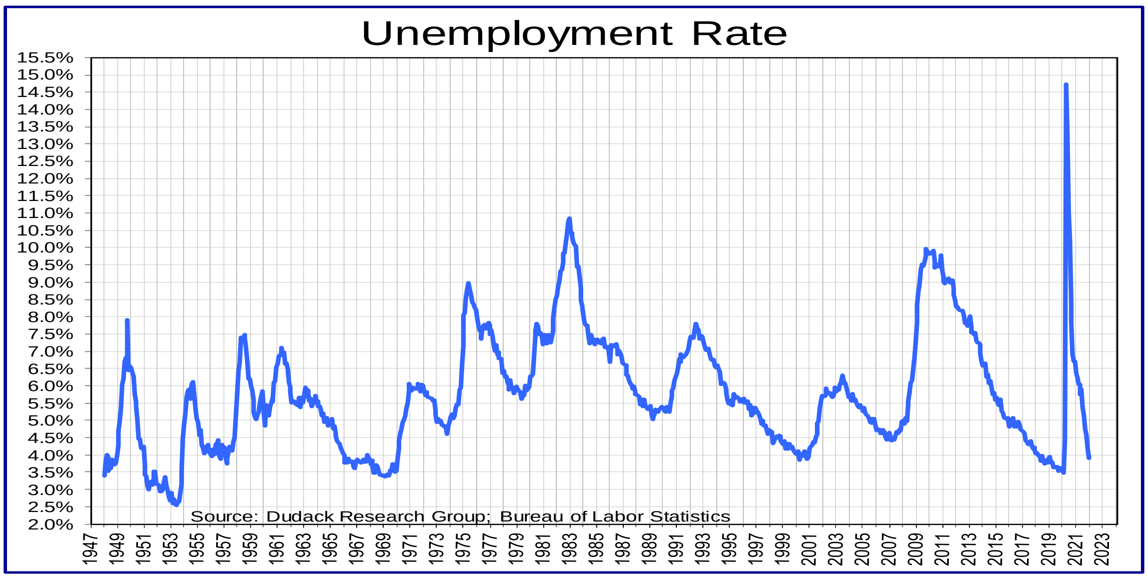


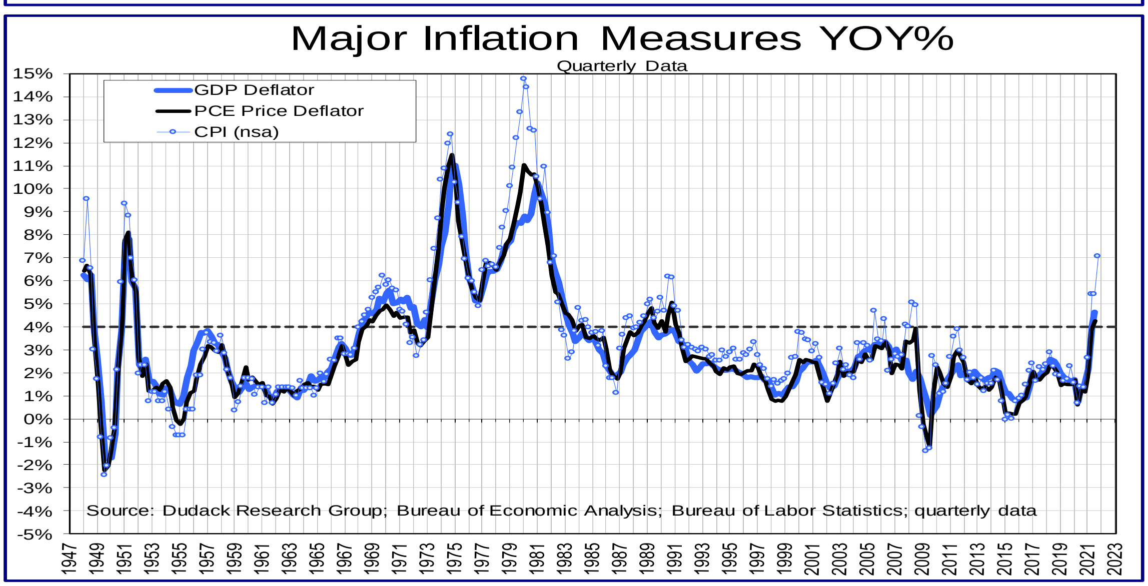




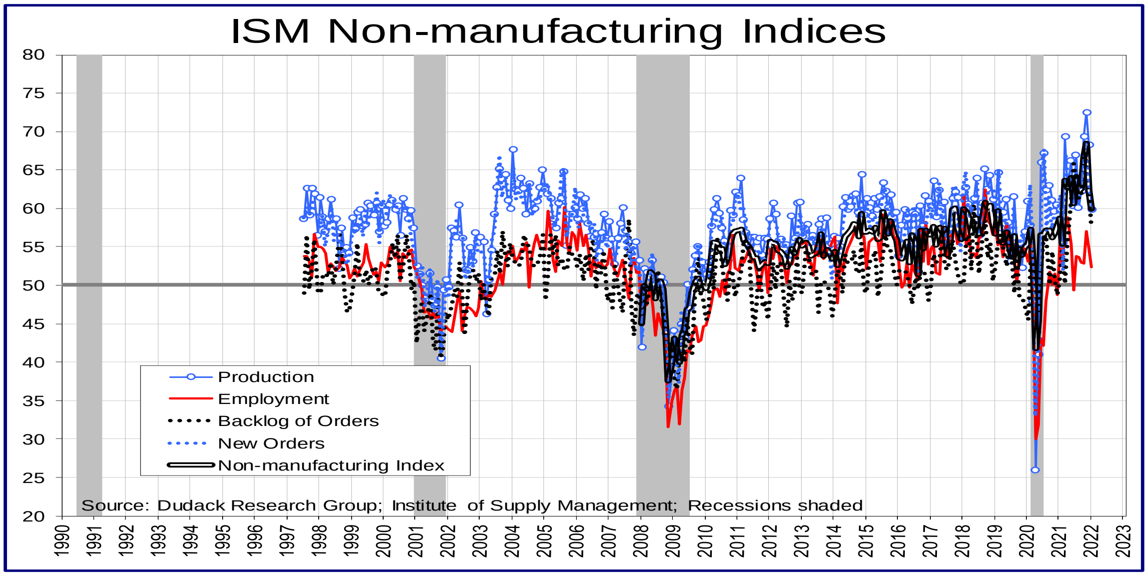
The combination of inflation and unemployment are called the misery index because the combination imposes hardship on households. The misery index jumped well above the standard deviation line in 2020 as mandatory unemployment impacted households. However, fiscal stimulus offset much of this "misery." Currently it is the rise in inflation that is wreaking havoc with households yet at 10.6%, the index remains within the long-term average range.

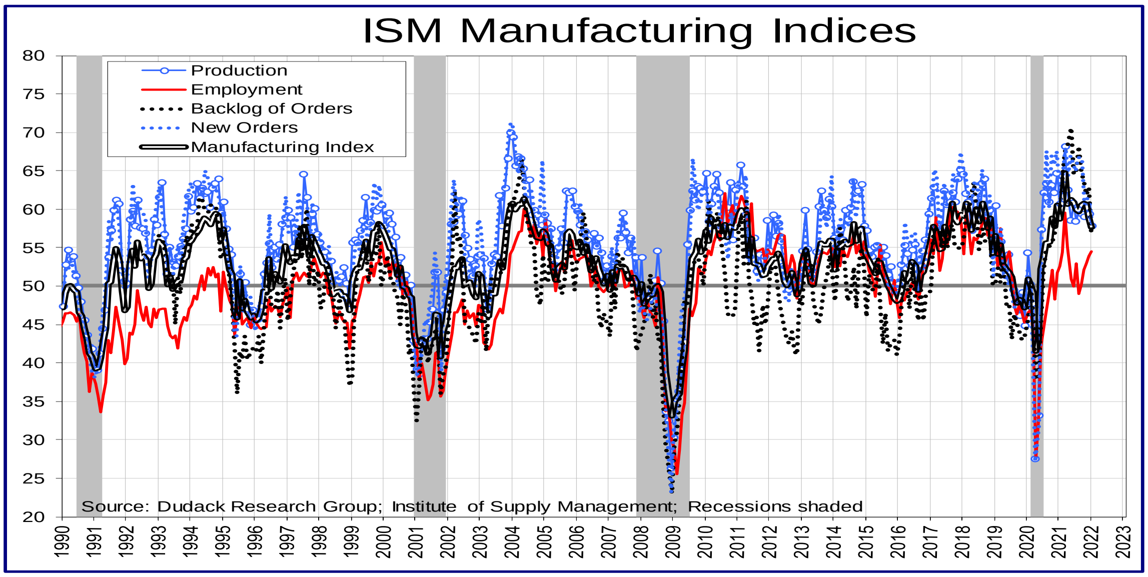


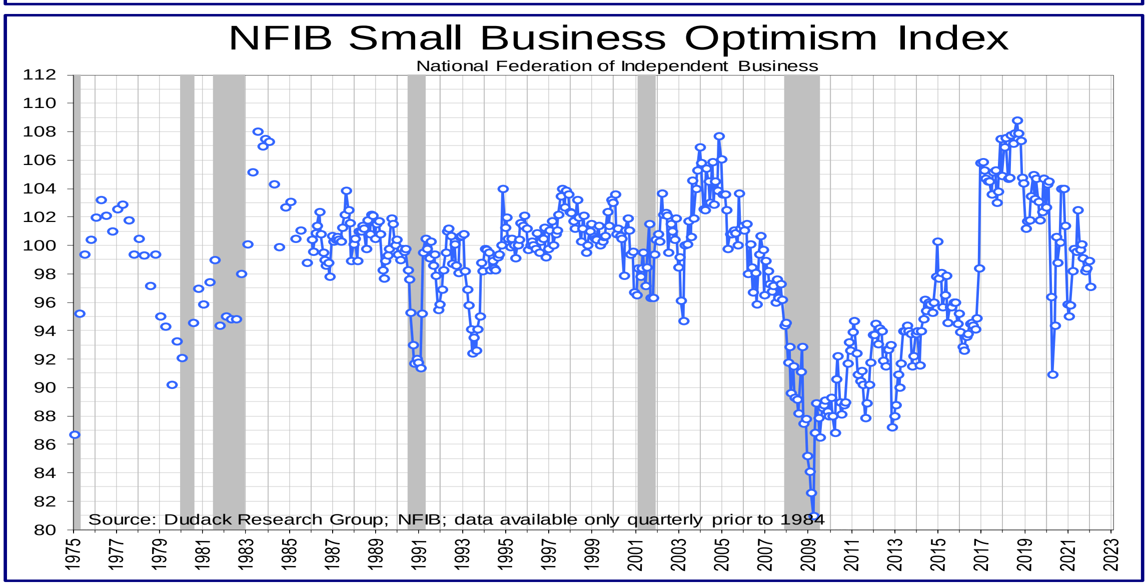




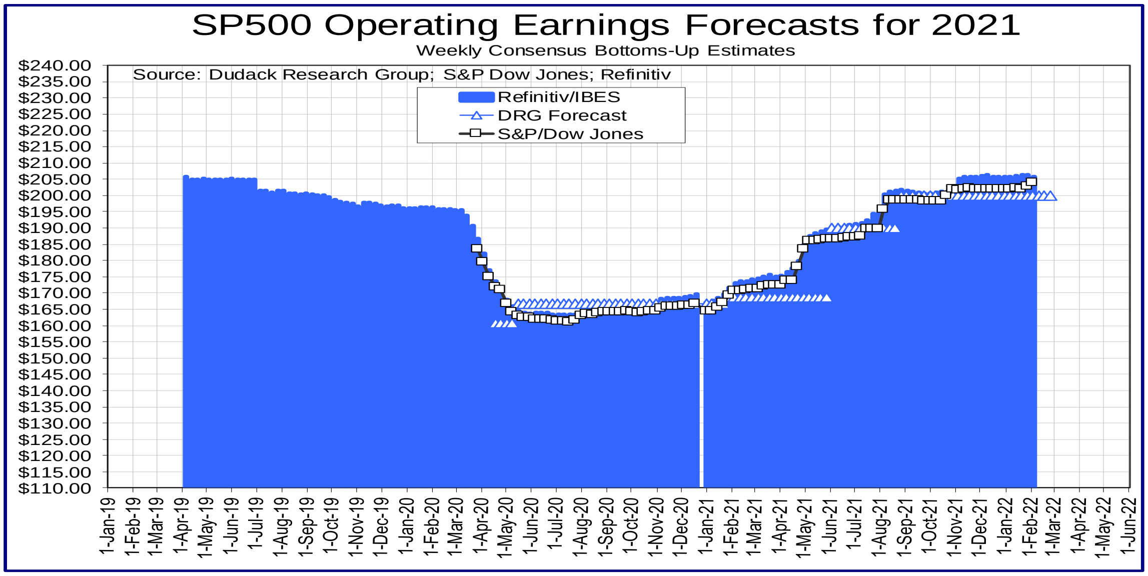
The manufacturing ISM index declined in the last two months and was explained as a combination of supply chain issues and omicron. The service ISM index also declined in January suggesting a general economic slowdown. Not surprisingly, the small business NFIB index revealed a clear slump in optimism in January. Business owners indicated that inflation was the number one challenge for earnings.

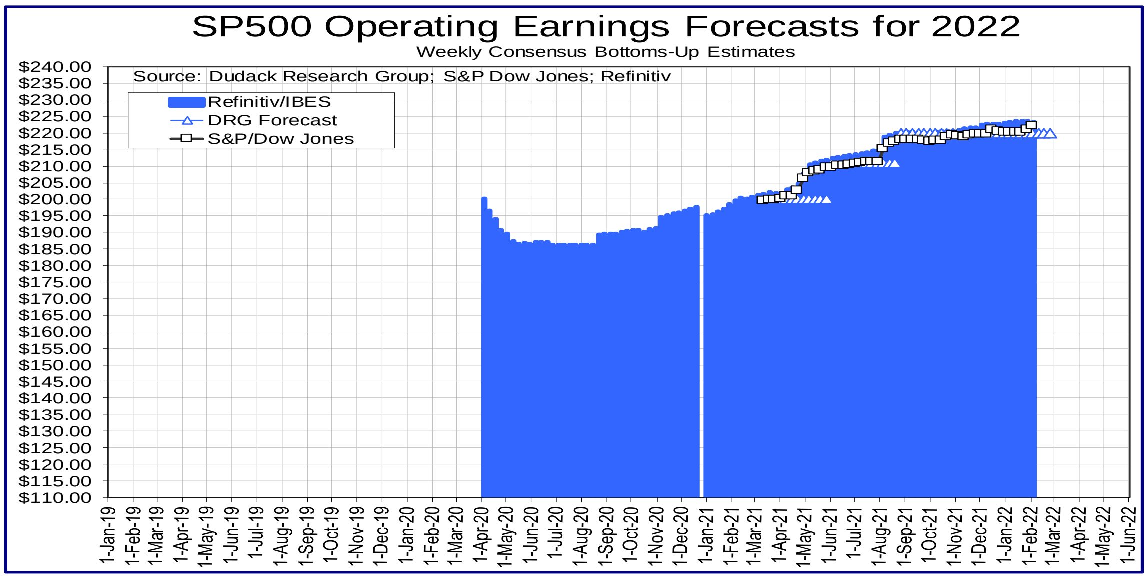


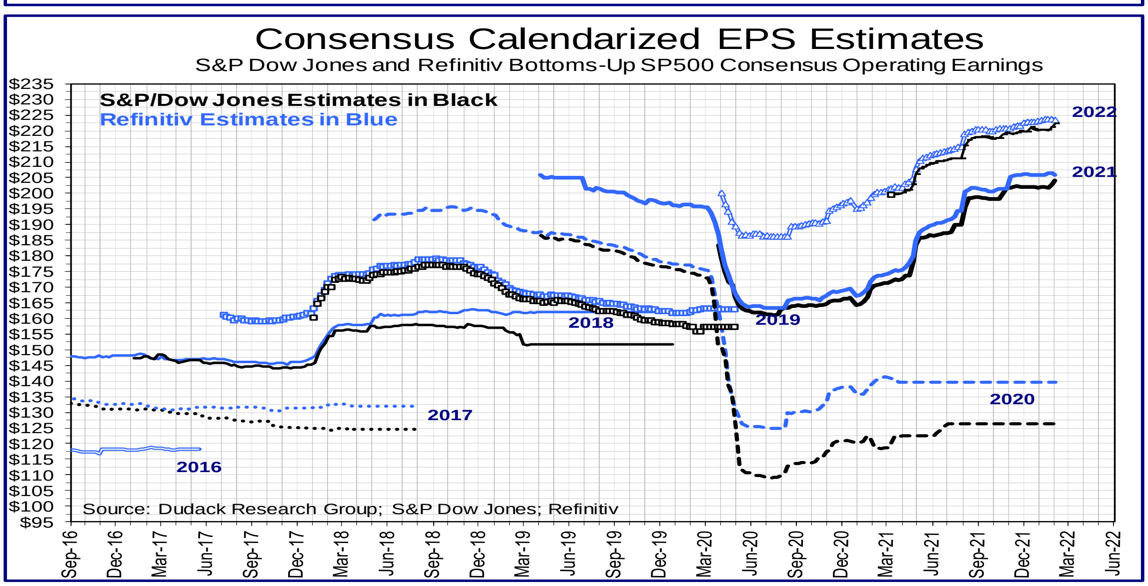




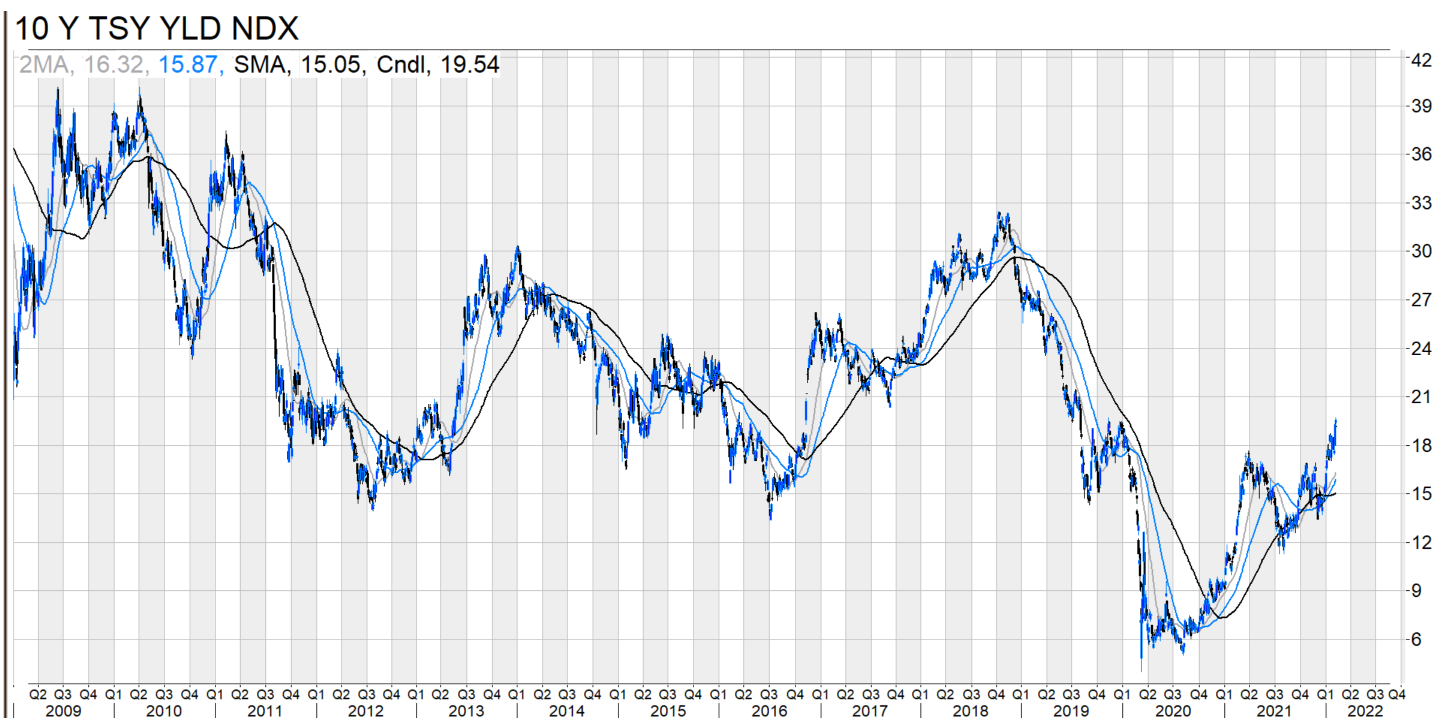
IBES Refinitiv and S&P Dow Jones earnings estimates for 2021 moved in opposite directions last week, but the absolute number for 2021 is converging. The IBES estimate fell $0.61, and the S&P's rose $1.21. The estimates are now $205.79 and $204.05, respectively. Estimates for 2022 are $223.35 and $222.13, respectively, representing growth rates of 8.5% YOY and 8.9% YOY. Our DRG estimate for 2022 is $220, a 10% YOY increase but only because our 2021 estimate is currently lower than consensus.





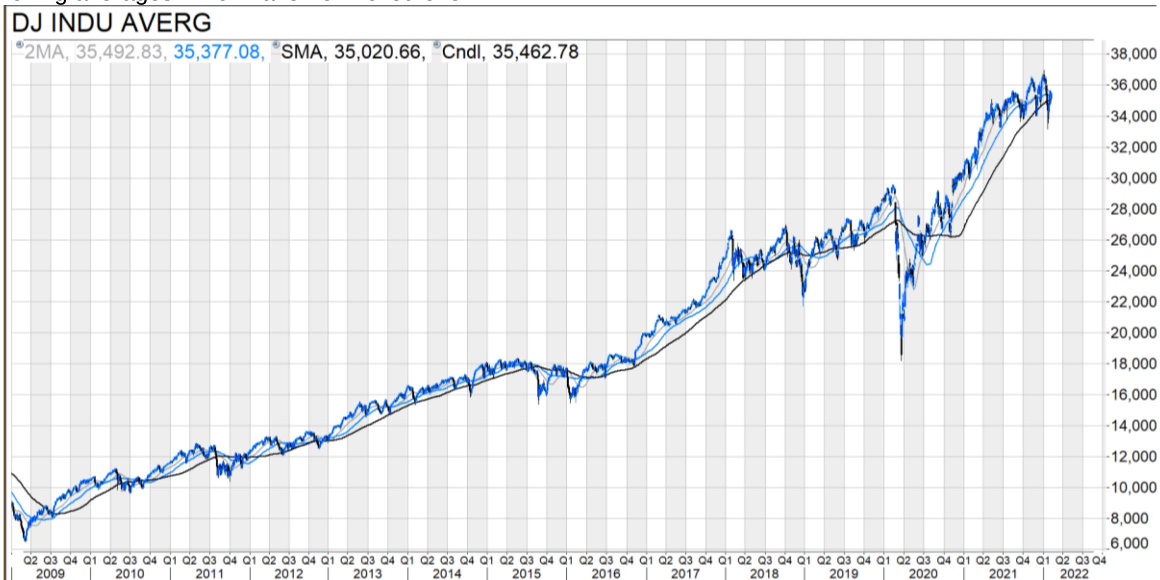


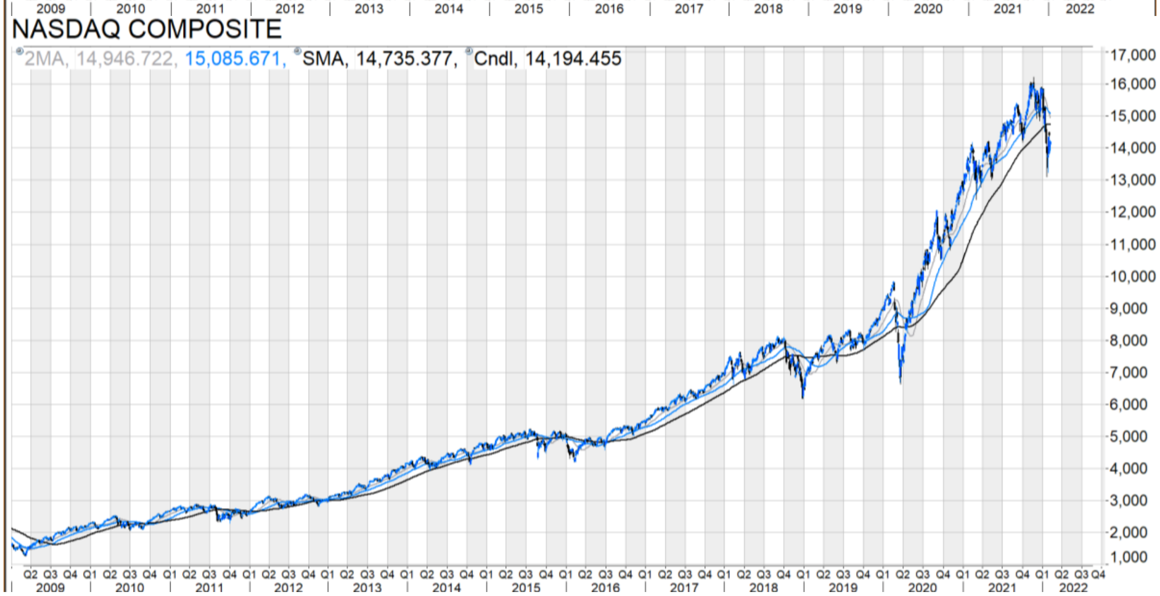
When WTI crude and gasoline futures rose to 8-year highs, it was a technical breakout that suggested higher prices ahead. The WTI has already hit its first upside target of $90, and the chart pattern suggests $100 and $110 are also possible. This will make the Fed's job of controlling inflation more difficult in the months ahead. Treasury note yields are also rising with the 10-year challenging the psychological 2.0% level. Both inflation and higher interest rates are formidable hurdles for equities. However, stocks with dividend yields of 2% or more are competitive to bonds, in our view.



Source: Refinitiv

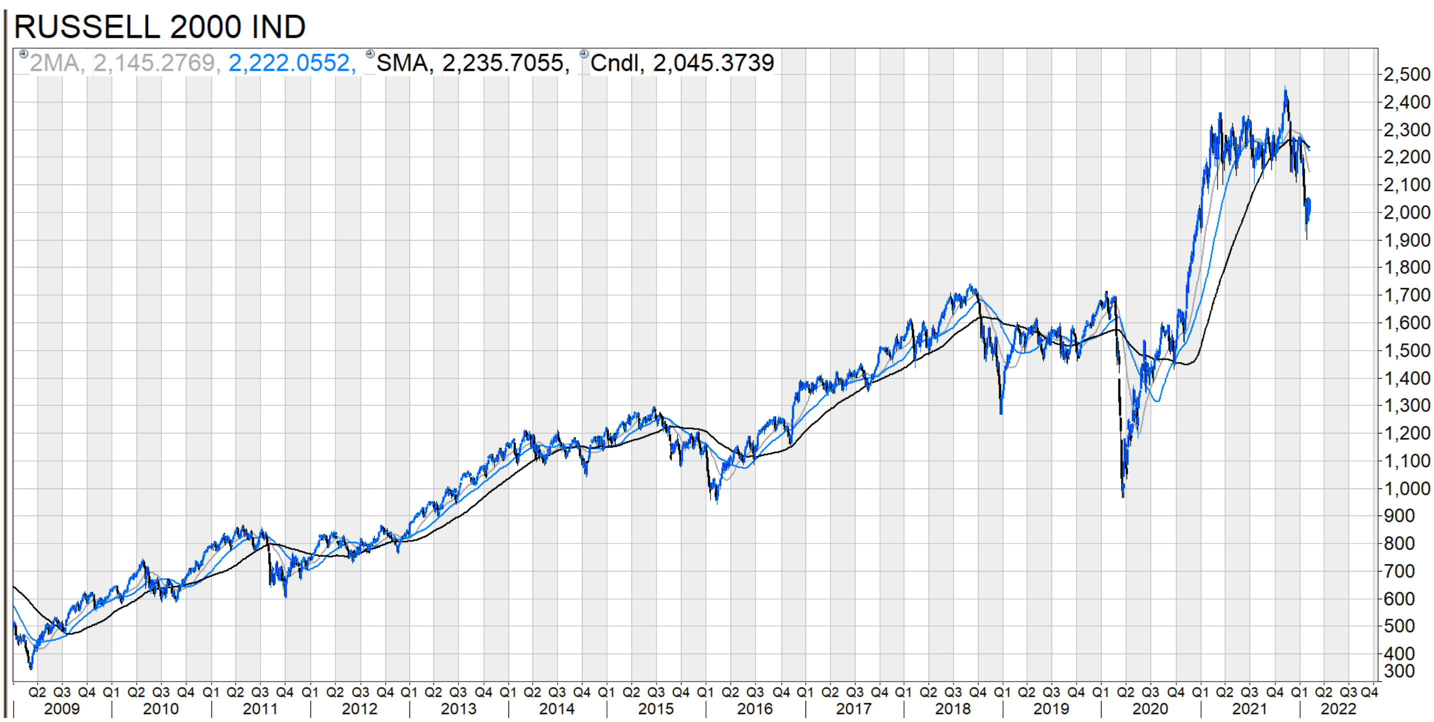
After the big decline seen in January, the indices are rebounding. The DJIA and the SPX have jumped above their 200-day moving averages. The DJIA is close to bettering its 100-day MA. Yet despite the nice rebound in the Nasdaq Composite it continues to trade below all its moving averages which have now rolled over.





Source: Refinitiv

After Amazon (AMZN - $3228.27) reported solid earnings last week, the stock rebounded sharply. This has created a small difference between the charts of the RUT and AMZN yet overall, the patterns remain irronically similar. AMZN is yet to move above its 50-day moving average, now at $3255.86. This is the first level of resistance.



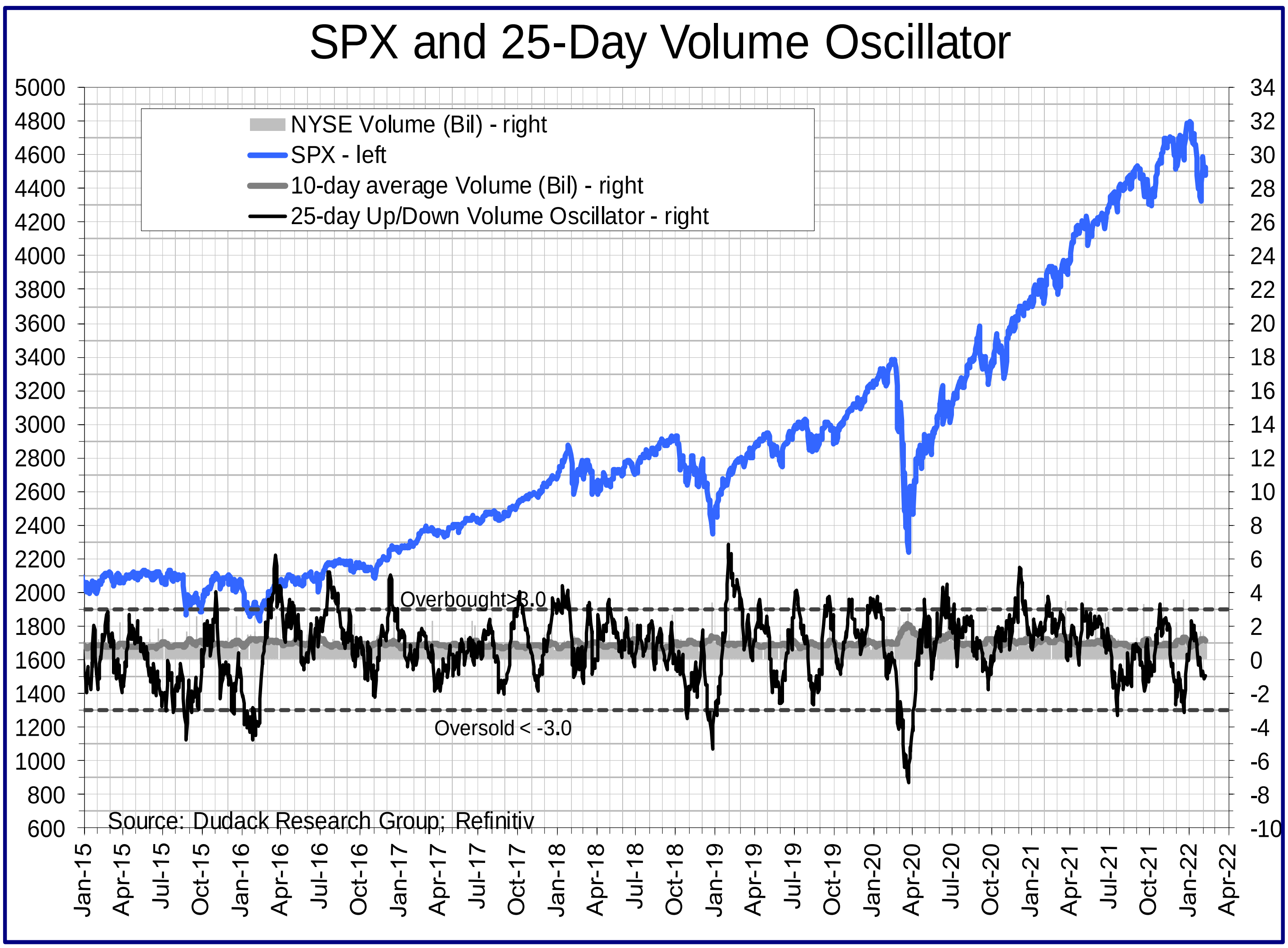
Source: Refinitiv

<u>The 25-day up/down volume oscillator is negative 1.00 this week and below the midpoint of the neutral range.</u>

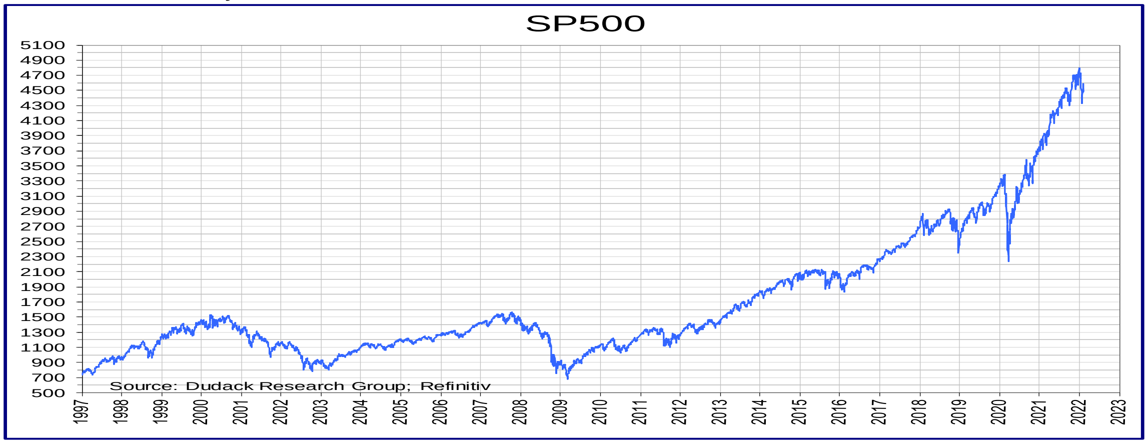
<u>This oscillator had a one-day oversold reading on December 20, 2021, the first since the one-day oversold reading on July 19, 2021. Had this indicator recorded five consecutive days in oversold, it would have signaled a major shift in trend. A negative signal was avoided in July and December; but the oscillator did not confirm the recent highs in the indices.</u>

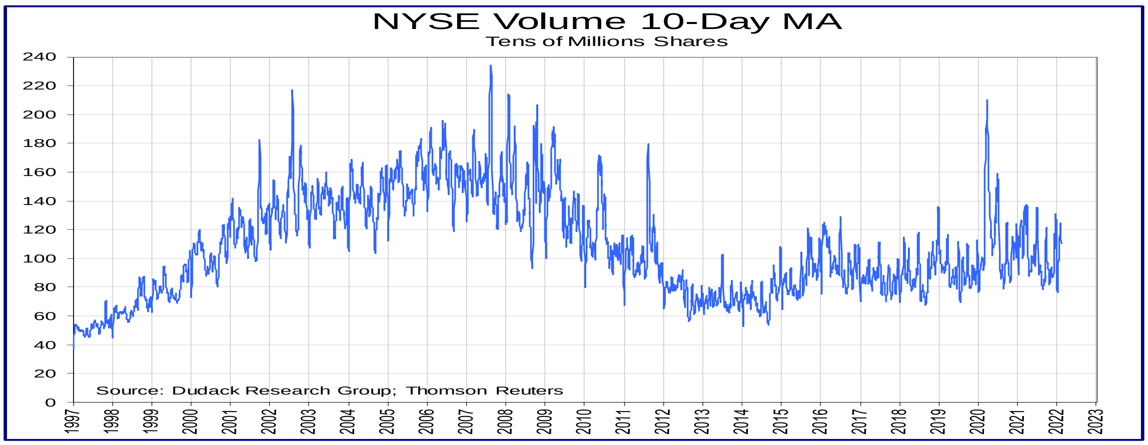
The absence of overbought readings since February 2021, reveals that the advance has not been supported by solid or consistent buying pressure since February.

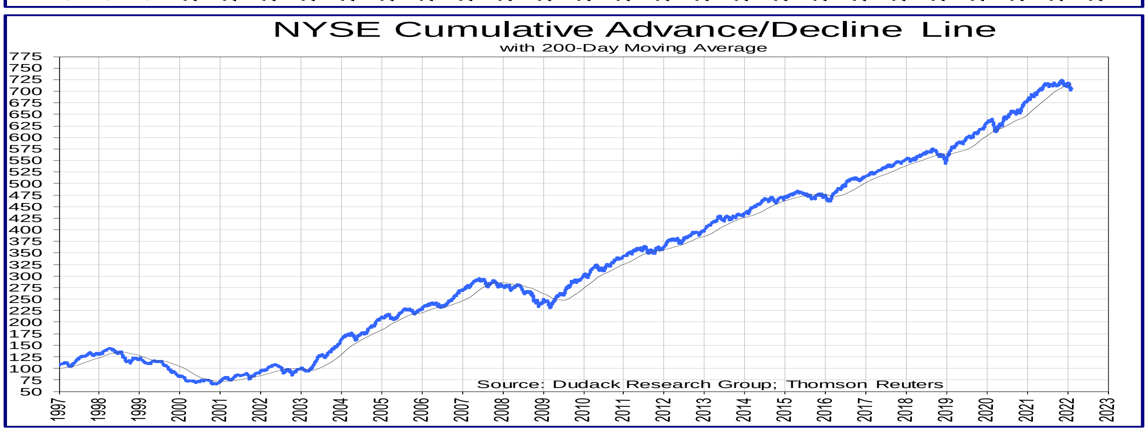
This 25-day up/down volume oscillator measures buying and selling momentum. New highs should be accompanied by strong and consistent buying pressure which results in long and sometimes extreme overbought readings. An absence of overbought readings at a new high reveals a weakness in the trend and is 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.

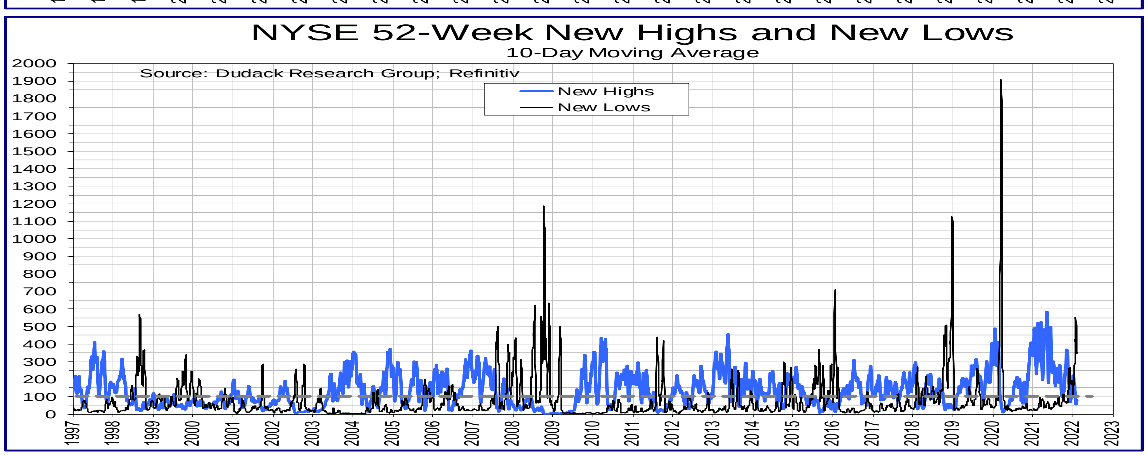


The 10-day average of daily new highs is 79 this week and daily new lows fell to 353. This combination is clearly negative, after tilting negative for several weeks. The advance decline line's last record high was on November 8, 2021, and it is trading well below this level currently.

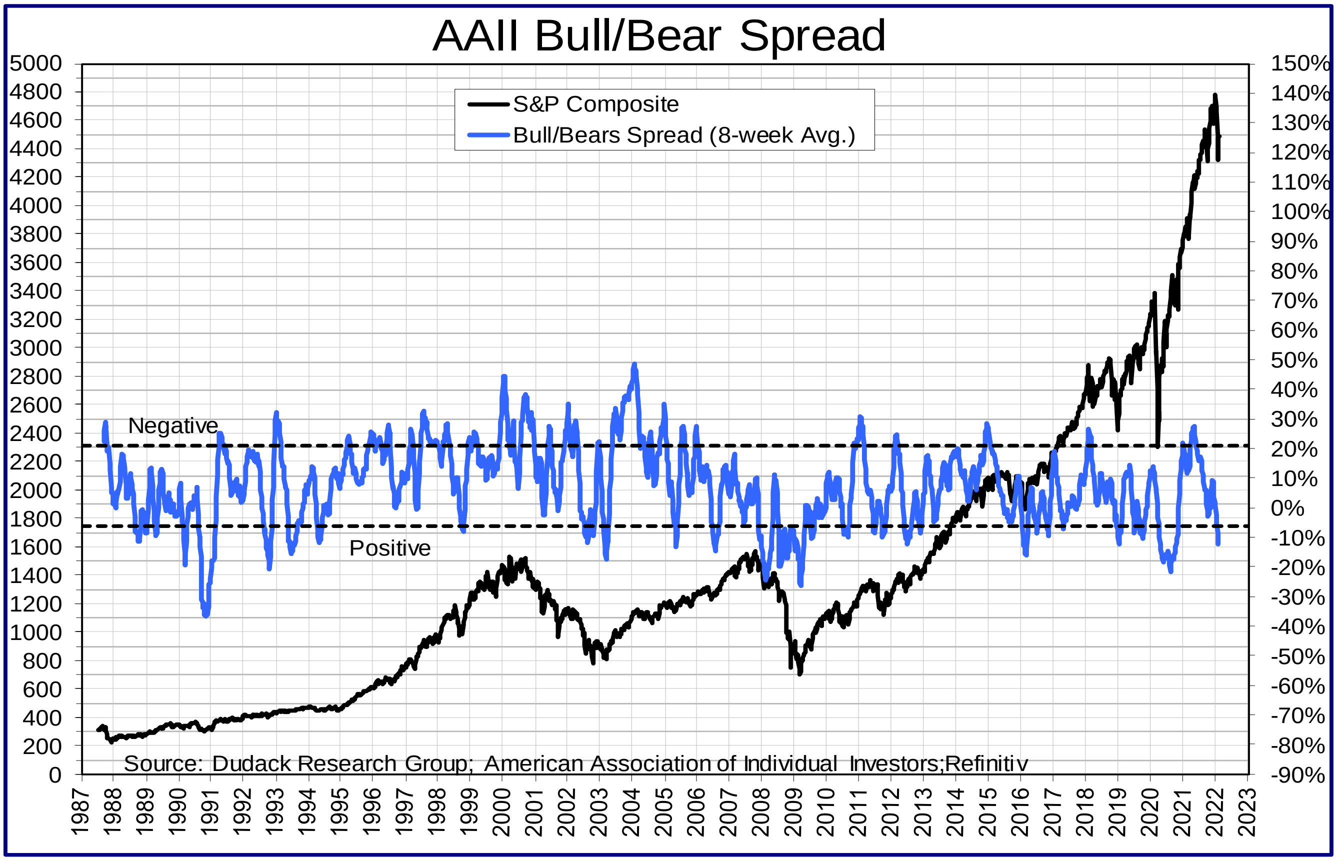


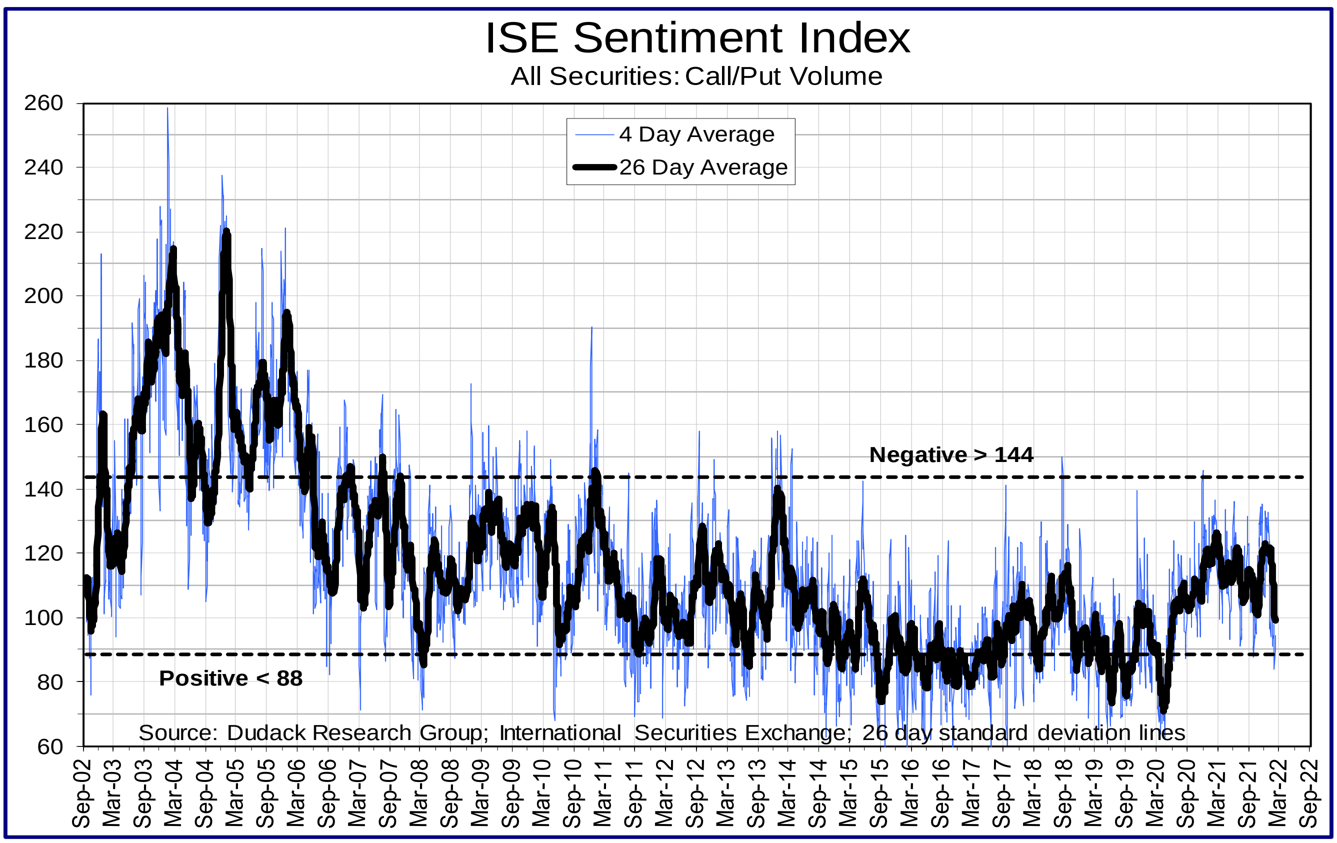






Bullish sentiment rose 3.4 points to 26.5% and is below the historical average of 38.0% for the 11th consecutive week. Bearish sentiment fell 9.2 points to 43.7%, is above the historical average of 30.5% for the 11th consecutive week. Bearishness has been high recently and the AAII bull/bear spread index is positive for the third consecutive week. The ISE Sentiment index is falling, but remains neutral.

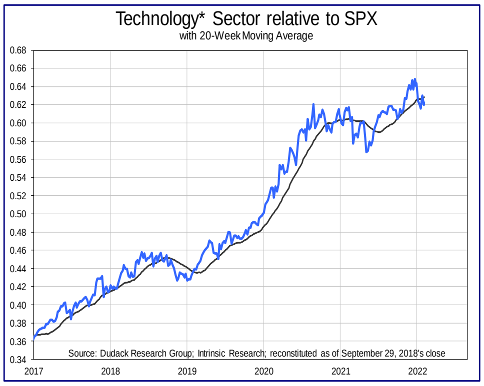


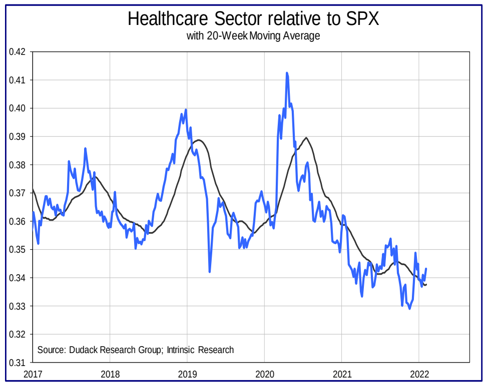


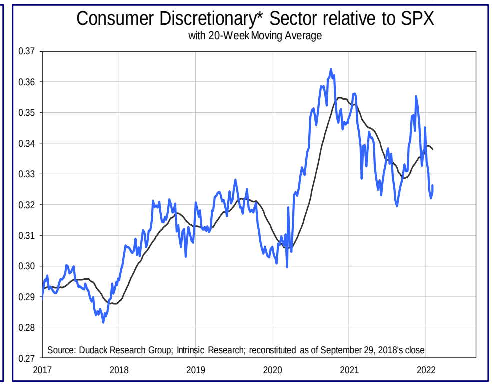
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

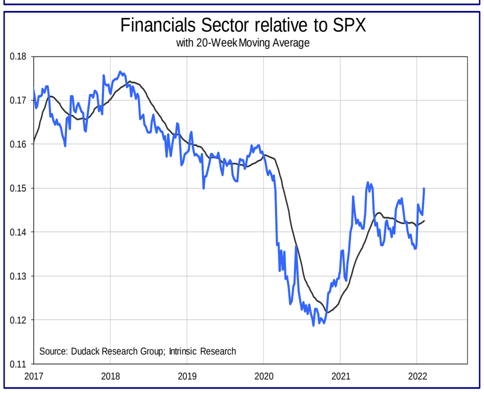
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Technology Financials Energy Staples	Healthcare REITS Communication Services Industrials	Consumer Discretionary Utililties Materials

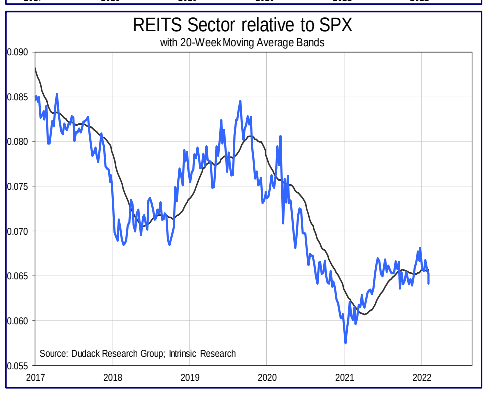
12/15/2021: Energy upgraded from under to overweight; Staples upgraded from neutral to overweight; Healthcare and Industrials downgraded from overweight to neutral; Materials downgraded from neutral to underweight.

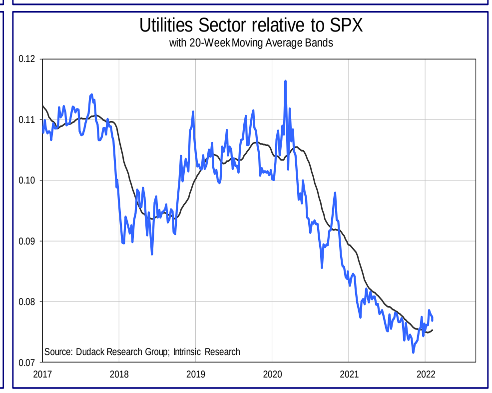


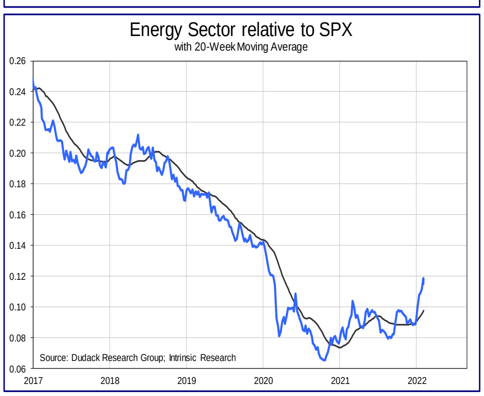


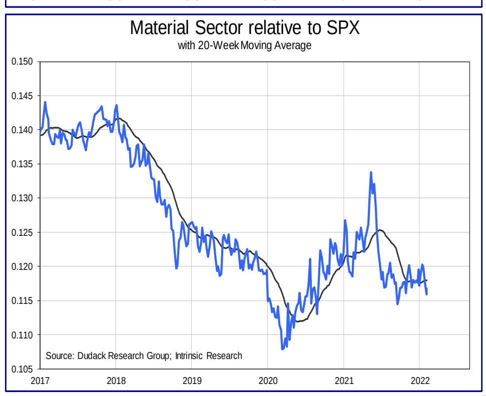


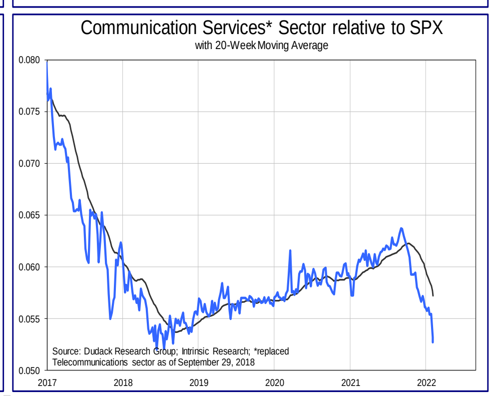


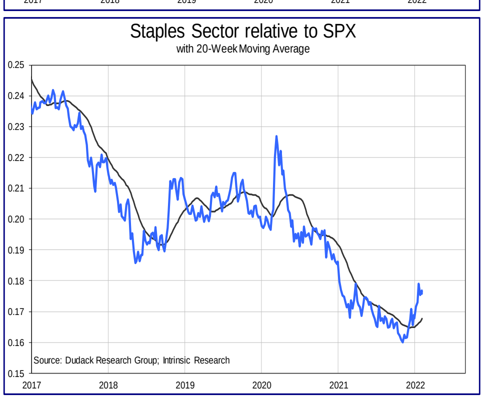


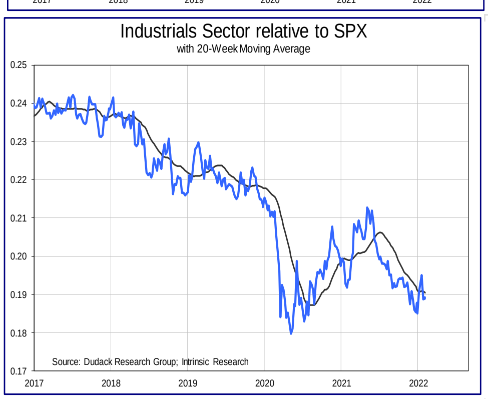












2022 Performance - Ranked	
SP500 Sector	% Change
S&P ENERGY	23.2%
S&P FINANCIAL	4.3%
S&P CONSUMER STAPLES	-1.2%
S&P INDUSTRIALS	-4.4%
S&P UTILITIES	-4.4%
S&P 500	-5.1%
S&P HEALTH CARE	-5.7%
S&P MATERIALS	-7.3%
S&P INFORMATION TECH	-7.8%
S&P CONSUMER DISCRETIONARY	-8.4%
S&P REITS	-10.7%
S&P COMMUNICATIONS SERVICES	-10.9%

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%
Energy Select Sector SPDR	XLE	68.28	3.6%	11.3%	23.0%	23.0%
iShares DJ US Oil Eqpt & Services ETF	IEZ	15.74	1.2%	7.1%	22.1%	22.1%
Oil Future	CLc1	89.36	1.4%	13.3%	18.8%	18.8%
United States Oil Fund, LP	USO	63.62	1.8%	12.3%	17.0%	17.0%
iShares MSCI Brazil Capped ETF	EWZ	32.11	1.5%	17.7%	14.4%	14.4%
SPDR S&P Bank ETF	KBE	58.15	5.7%	-1.9%	6.6%	6.6%
iShares MSCI Hong Kong ETF	EWH	24.34	2.7%	3.9%	5.0%	5.0%
Financial Select Sector SPDR	XLF	40.78	4.4%	-0.9%	4.4%	4.4%
iShares China Large Cap ETF	FXI	38.12	0.5%	4.1%	4.2%	4.2%
iShares MSCI United Kingdom ETF	EWU	34.49	1.8%	1.5%	4.1%	4.1%
iShares MSCI Austria Capped ETF	EWO	26.42	4.0%	0.8%	3.8%	3.8%
iShares MSCI Singapore ETF	EWS	22.13	4.9%	4.2%	3.5%	3.5%
Gold Future	GCc1	2239.10	0.3%	0.9%	1.2%	1.2%
iShares MSCI Canada ETF	EWC	38.76	1.5%	1.2%	0.9%	0.9%
iShares MSCI BRIC ETF	BKF	44.96	0.3%	0.9%	0.4%	0.4%
iShares MSCI Emerg Mkts ETF	EEM	49.03	0.4%	0.3%	0.4%	0.4%
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 Silver Trust	SLV	22.36	3.1%	4.0%	-0.2%	-0.2%
SPDR Gold Trust	GLD	170.63	1.5%	1.7%	-0.2%	-0.2%
Consumer Staples Select Sector SPDR	XLP	76.32	0.5%	-1.4%	-1.0%	-1.0%
iShares Russell 1000 Value ETF	IWD	166.02	1.3%	-1.9%	-1.1%	-1.1%
Vanguard FTSE All-World ex-US ETF	VEU	60.41	1.0%	-1.5%	-1.4%	-1.4%
iShares MSCI Malaysia ETF	EWM	24.65	0.7%	0.0%	-1.5%	-1.5%
iShares MSCI India ETF	INDA.K	45.09	-1.7%	-4.3%	-1.6%	-1.6%
iShares MSCI Taiwan ETF	EWT	65.42	0.8%	-1.1%	-1.8%	-1.8%
iShares MSCI Germany ETF	EWG	32.10	0.3%	-3.1%	-2.1%	-2.1%
iShares MSCI Mexico Capped ETF	EWW	49.40	1.8%	-2.7%	-2.4%	-2.4%
DJIA	.DJI	35462.78	0.9%	-2.1%	-2.4%	-2.4%
SPDR DJIA ETF	DIA	354.54	1.0%	-2.1%	-2.4%	-2.4%
iShares MSCI EAFE ETF	EFA	76.59	1.0%	-2.8%	-2.7%	-2.7%
iShares MSCI Japan ETF	EWJ	64.63	0.9%	-3.1%	-3.5%	-3.5%
Industrial Select Sector SPDR	XLI	101.19	0.4%	-5.0%	-4.4%	-4.4%
iShares MSCI Australia ETF	EWA	23.74	3.9%	-3.6%	-4.4%	-4.4%
Utilities Select Sector SPDR	XLU	68.43	-1.2%	-2.8%	-4.4%	-4.4%
iShares Russell 2000 Value ETF	IWN	157.53	0.8%	-5.2%	-5.1%	-5.1%
SP500	.SPX	4521.54	0.1%	-3.3%	-5.1%	-5.1%
Shanghai Composite	.SSEC	3452.63	-2.0%	-3.9%	-5.1%	-5.1%
iShares Russell 1000 ETF	IWB	250.01	0.2%	-3.4%	-5.5%	-5.5%
Health Care Select Sect SPDR	XLV	133.15	1.5%	-0.9%	-5.5%	-5.5%
iShares iBoxx $ Invest Grade Corp Bond	LQD	125.21	-2.0%	-3.5%	-5.5%	-5.5%
iShares MSCI South Korea Capped ETF	EWY	73.18	1.1%	-5.6%	-6.0%	-6.0%
iShares 20+ Year Treas Bond ETF	TLT	138.17	-3.0%	-2.9%	-6.8%	-6.8%
iShares US Telecomm ETF	IYZ	30.65	-0.9%	-5.8%	-6.9%	-6.9%
Materials Select Sector SPDR	XLB	83.99	-0.5%	-5.9%	-7.3%	-7.3%
Technology Select Sector SPDR	XLK	160.50	-0.9%	-3.3%	-7.7%	-7.7%
Consumer Discretionary Select Sector SPDR	XLY	186.61	0.9%	-6.5%	-8.7%	-8.7%
iShares Russell 2000 ETF	IWM	202.76	0.8%	-6.2%	-8.9%	-8.9%
Nasdaq Composite Index Tracking Stock	ONEQ.O	55.36	-0.3%	-5.0%	-9.1%	-9.1%
iShares Russell 1000 Growth ETF	IWF	277.08	-0.7%	-4.7%	-9.3%	-9.3%
NASDAQ 100	NDX	14747.03	-1.2%	-5.4%	-9.6%	-9.6%
iShares US Real Estate ETF	IYR	104.40	-2.0%	-5.8%	-10.1%	-10.1%
SPDR S&P Retail ETF	XRT	81.14	-0.7%	-6.9%	-10.1%	-10.1%
iShares Russell 2000 Growth ETF	IWO	256.05	0.9%	-7.3%	-12.6%	-12.6%
PowerShares Water Resources Portfolio	PHO	52.63	-0.6%	-8.2%	-13.5%	-13.5%
iShares Nasdaq Biotechnology ETF	IBB.O	131.55	-0.2%	-6.4%	-13.8%	-13.8%
SPDR S&P Semiconductor ETF	XSD	206.58	1.0%	-8.6%	-15.0%	-15.0%
SPDR Homebuilders ETF	XHB	72.74	-2.3%	-8.7%	-15.2%	-15.2%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; Thomson Reuters   Priced as of February 8, 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%	2.0%	$1,083.50	-7.6%
2008	903.25	$14.88	**$49.51**	$49.51	-40.0%	**$65.47**	-23.1%	18.2X	2.5%	0.1%	$976.00	-9.9%
2009	1115.10	$50.97	**$56.86**	$56.86	14.8%	**$60.80**	-7.1%	19.6X	2.6%	-2.6%	$1,029.70	-9.8%
2010	1257.64	$77.35	**$83.77**	$83.77	47.3%	**$85.28**	40.3%	15.0X	1.9%	2.7%	$1,182.60	14.8%
2011	1257.60	$86.95	**$96.44**	$96.44	15.1%	**$97.82**	14.7%	13.0X	2.0%	1.5%	$1,456.20	23.1%
2012	1426.19	$86.51	**$96.82**	$96.82	0.4%	**$103.80**	6.1%	14.7X	2.1%	2.3%	$1,528.70	5.0%
2013	1848.36	$100.20	**$107.30**	$107.30	10.8%	**$109.68**	5.7%	17.2X	2.0%	1.8%	$1,662.50	8.8%
2014	2127.83	$102.31	**$113.01**	$113.01	5.3%	**$118.78**	8.3%	18.8X	2.2%	2.3%	$1,647.90	-0.9%
2015	2043.94	$86.53	**$100.45**	$100.45	-11.1%	**$118.20**	-0.5%	20.3X	2.1%	2.7%	$1,712.90	3.9%
2016	2238.83	$94.55	**$106.26**	$96.82	-3.6%	**$118.10**	-0.1%	21.1X	1.9%	1.7%	$1,664.90	-2.8%
2017	2673.61	$109.88	**$124.51**	$124.51	28.6%	**$132.00**	11.8%	21.5X	1.8%	2.3%	$1,633.90	-1.9%
2018	2506.85	$132.39	**$151.60**	$151.60	21.8%	**$161.93**	22.7%	16.5X	1.9%	2.9%	$1,686.50	3.2%
2019	3230.78	$139.47	$157.12	$157.12	3.6%	**$162.93**	0.6%	20.6X	1.8%	2.3%	$1,960.10	16.2%
2020	3756.07	$94.14	$122.38	$122.38	-22.1%	**$139.72**	-14.2%	30.7X	1.6%	-3.4%	$1,951.80	-0.4%
2021E	~~~~~~~	$194.39	$204.05	$202.12	65.2%	**$205.79**	47.3%	23.4X	1.3%	5.7%	$1,834.70	-6.0%
2022E		$219.87	$222.12	$220.00	8.8%	**$223.35**	8.5%	20.4X	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%	$2,522.70	18.2%
2021 4QE	4766.18	$50.46	$52.59	$50.66	32.7%	$51.16	20.2%	23.4	1.3%	6.9%	NA	NA
2022 1QE*	4521.54	$50.74	$51.48	$55.00	16.0%	$52.26	6.4%	21.7	NA	NA	NA	NA
2022 2QE		$53.92	$54.78	$55.00	5.7%	$55.16	4.9%	21.4	NA	NA	NA	NA
2022 3QE		$55.96	$57.51	$55.00	5.7%	$57.66	7.3%	20.9	NA	NA	NA	NA
2022 4QE		$59.25	$58.35	$55.00	8.6%	$58.43	14.2%	20.4	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 2/8/2022

Regulation AC Analyst Certification

I, Gail Dudack, hereby certify that all the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific views contained in this report.

IMPORTANT DISCLOSURES

RATINGS DEFINITIONS:

Sectors/Industries:
"Overweight": Overweight relative to S&P Index weighting
"Neutral": Neutral relative to S&P Index weighting
"Underweight": Underweight relative to S&P Index weighting

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