



Dudack Research Group

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April 20, 2022

DJIA: 34911.20

SPX: 4462.21

NASDAQ: 13619.66

# US Strategy Weekly

## A Clear and Present Danger

Given the uncertainty of the current geopolitical environment, first-quarter earnings season will be very closely monitored and more important than usual. The atmosphere is rife with risk. Noting “*seismic waves*” from Russia's invasion of Ukraine and warning that inflation was now a “*clear and present danger*,” The International Monetary Fund cut its forecast for global economic growth by nearly a full percentage point this week. The IMF also indicated that Ukraine's GDP could collapse by 35% this year and Russia's economy could shrink by 8.5%. Emerging and developing Europe (which includes both Russia and Ukraine) are forecasted to decline by 2.9%. The IMF also pointed out that these forecasts are at jeopardy for many reasons, including the likelihood of more sanctions on Russia, global food shortages, and tightening monetary policies. With this backdrop, investors will be riveted, not only on first quarter results, but on corporate guidance for the rest of the 2022.

To date, first quarter earnings results are mixed. International Business Machine (IBM - \$129.15) reported it expects to hit the top end of its revenue growth forecast for 2022 even though it expects a hit of a “*few hundred million dollars*” from the suspension of its business in Russia. Johnson & Johnson (JNJ - \$183.08) cut both ends of its full-year profit forecast by 25 cents lowering expectations to \$10.15 to \$10.35 per share. JNJ cited currency fluctuations rather than fundamental business issues for the decline, and simultaneously raised its dividend by 6.6%. Meanwhile, Netflix Inc. (NFLX - \$348.61) cratered 24% after the bell when it reported that subscriber numbers had declined for the first time in a decade. The streaming company lost 200,000 subscribers in the first quarter; but more disturbingly, it expects to lose an additional 2 million subscribers due to competition from Apple Inc. (AAPL - \$167.40) and Walt Disney (DIS - \$131.90). Account sharing and other challenges are also having a negative impact. Tesla (TSLA - \$1028.15) reports earnings on Wednesday and investors will be watching and listening, not only for earnings results but to hear if Elon Musk discusses his bid for Twitter Inc. (TWTR - \$46.16). On April 14, Musk offered to buy all Twitter shares for \$54.20 per share and take the company private. This bid has been the most-followed story of the last week and the company responded by adopting a poison pill to thwart Musk. Twitter, which reports earnings on April 28, is listed by IBES Refinitiv as one of several companies likely to have a negative earnings surprise this quarter.

### STOCK PRICES, RISING INTEREST RATES AND EARNINGS

IBES Refinitiv is currently forecasting first quarter earnings growth for the S&P 500 to be 6.3% YOY but excluding the energy sector – where profits are expected to rise 241.2% YOY -- growth falls to 0.7% YOY. In short, 2022 is likely to be a difficult year for most companies and as we have been indicating in recent weeks, earnings growth needs to be substantial to counter the negative impact of rising inflation and interest rates.

There is much confusion about rising interest rates and stock market performance. Stocks can, and often have rallied in a rising interest rate environment. In fact, rising interests rates and a strong economy typically go hand-in-hand and as a result, good earnings growth offsets the negative impact of rising interest rates and PE compression. This explains why first-quarter results and corporate

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

guidance will be important this season. If PE multiples cannot expand, the only driving force for equities will be rising earnings.

Meanwhile, it appears that the Fed is warning us that interest rates are about to rise quickly and substantially this year. St. Louis Federal Reserve Bank President James Bullard recently stated that he believes the fed funds rate needs to rise to 3.5% by the end of the year in order to slow the current 40-year-high inflation pace. He also said he would not rule out a 75-basis point rate hike in May, although his preferred rate path would be 50 basis-point hikes at each of the six remaining FOMC meetings this year. Separately, Chicago Federal Reserve Bank President Charles Evans said the Fed should raise its target range to 2.25%-2.5% by year end and then take stock of the state of the economy. If inflation remained high, the Fed could hike rates further. We have noted that most Fed policymakers estimate neutral to be somewhere between 2.25% and 2.5%.

All in all, these various comments by current Fed governors are tempering the markets for the Fed's next move and to date, investors are responding well to the fact that rates will soon rise at least 50 basis points. We do not sense any panic, but we fear this could be temporary. In our opinion, the Fed is aware that it needs to slow the economy, and in order to tame inflation, they must tap the breaks on the housing market and auto sales. Unfortunately, steering the economy to a soft landing may be extremely difficult, particularly with the tenuous situation in Europe. We remain cautious and continue to emphasize areas of the market that benefit from inflation or can weather inflation such as energy, utilities, defense stocks, and staples. See page 12. Plus, stocks with solid dividends are good substitutes for bonds in a rising rate landscape.

#### ECONOMIC RELEASES

The NAHB single-family confidence survey for April revealed that homebuilders have had a slow, but steady decline in conviction for the first four months of the year. Housing starts and housing permits were higher in March, up 3.9% and 6.7% YOY, respectively; but unfortunately, the increase in both series was in multi-unit housing. Single-family permits and housing starts, which account for the biggest share of homebuilding, fell in March. See page 3.

Industrial production for March rose to a record high, edging above the August 2018 peak. March's gain was driven by a rebound in auto and truck manufacturing where production had been weak for most of 2021 due to semiconductor supply problems. Electric & gas capacity utilization eased in March. Whereas electric & gas capacity utilization used to be a benchmark for defining activity in the manufacturing sector, the steady decline in utilization since May 1970 is a display of the energy efficiencies seen in the US over the last five decades. See page 4.

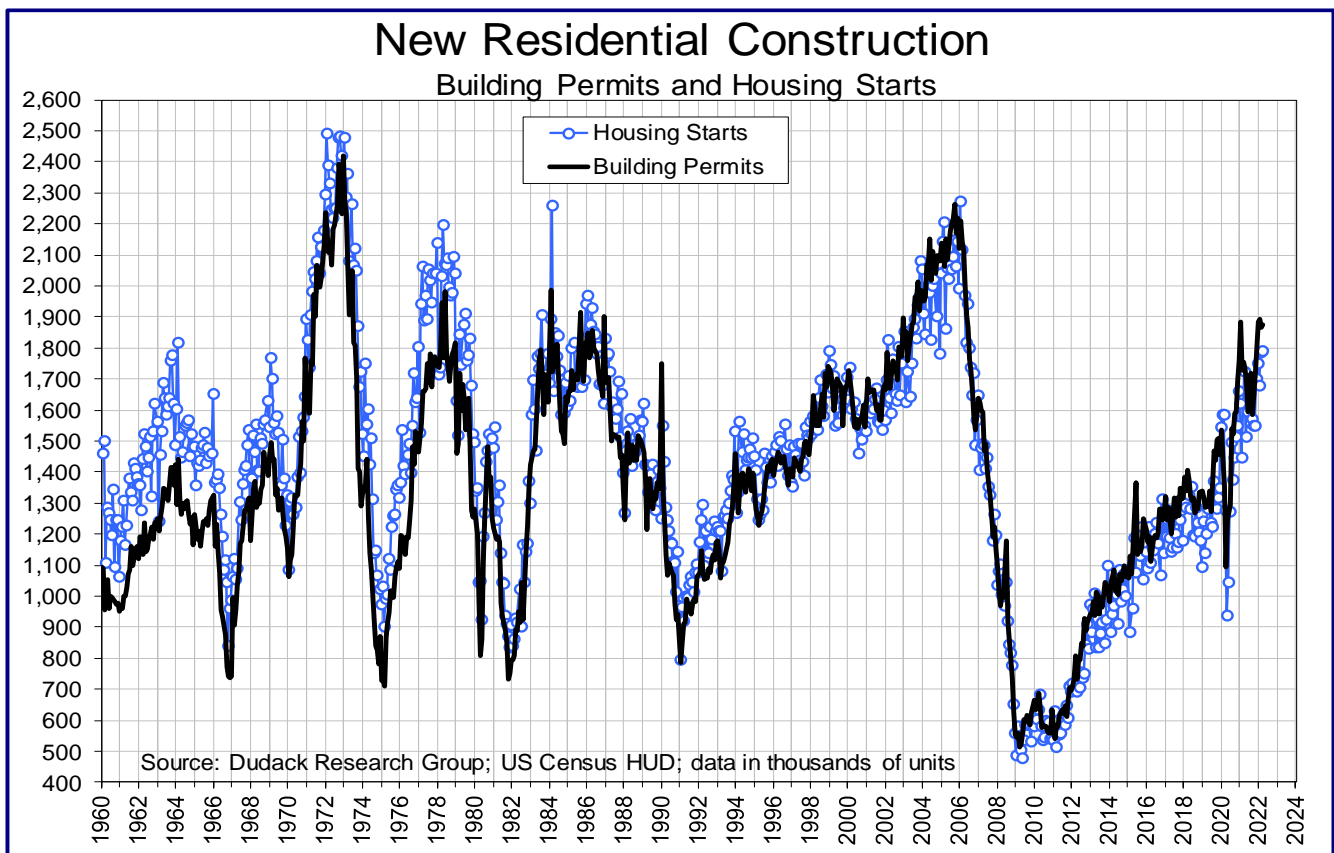
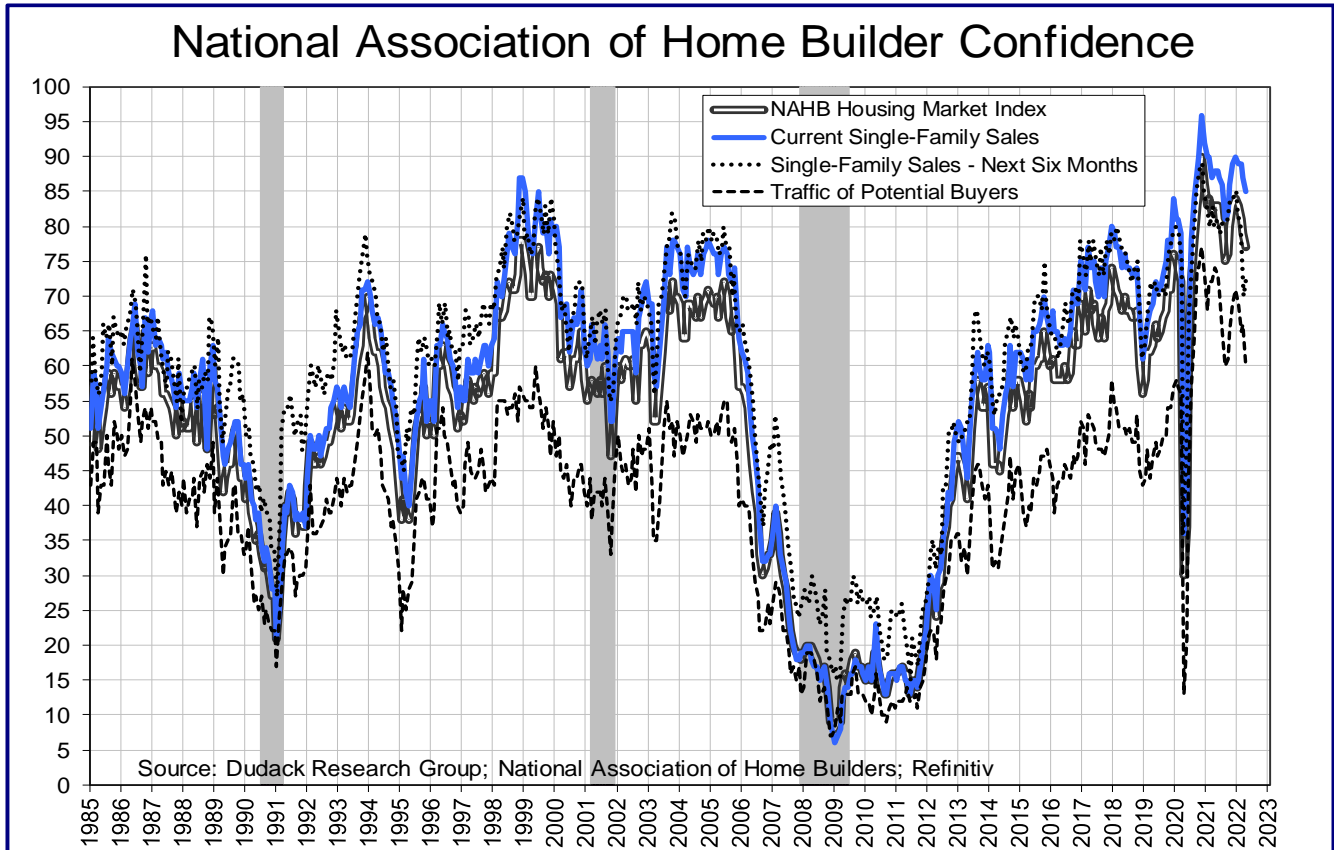
In March, total retail & food sales rose 6.9% YOY. Excluding autos, sales rose 9.1%, and excluding autos and gas, retail sales rose 6.2%. The volatility in retail sales in early 2021 makes year-over-year comparisons difficult and less meaningful. Still, with inflation up 8.6% YOY in the same time period that retail sales rose 6.9% YOY, this means real sales were negative in March. Equally important, gas station sales rose 17.1% YOY in the month as a result of soaring gas prices. See page 5.

#### TECHNICAL UPDATES

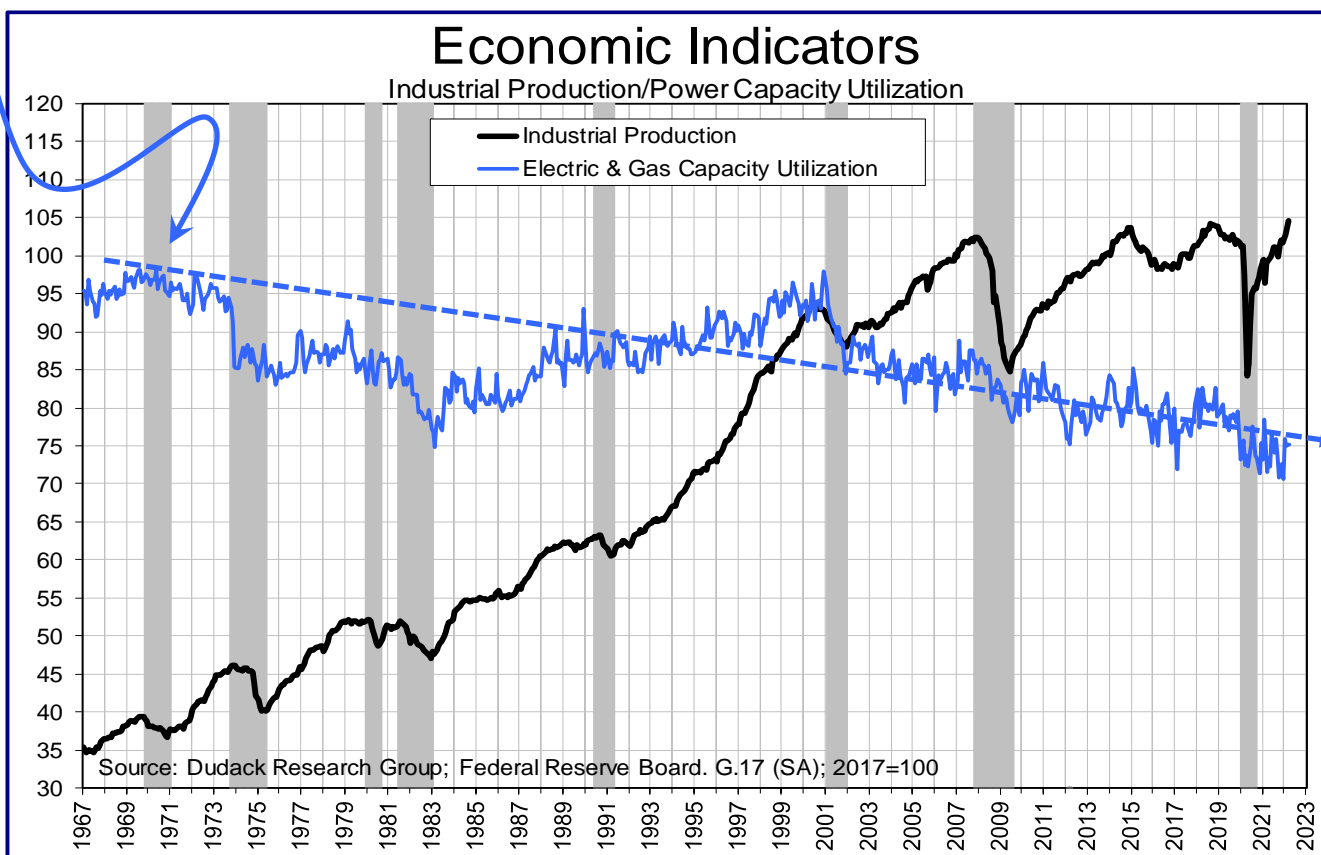
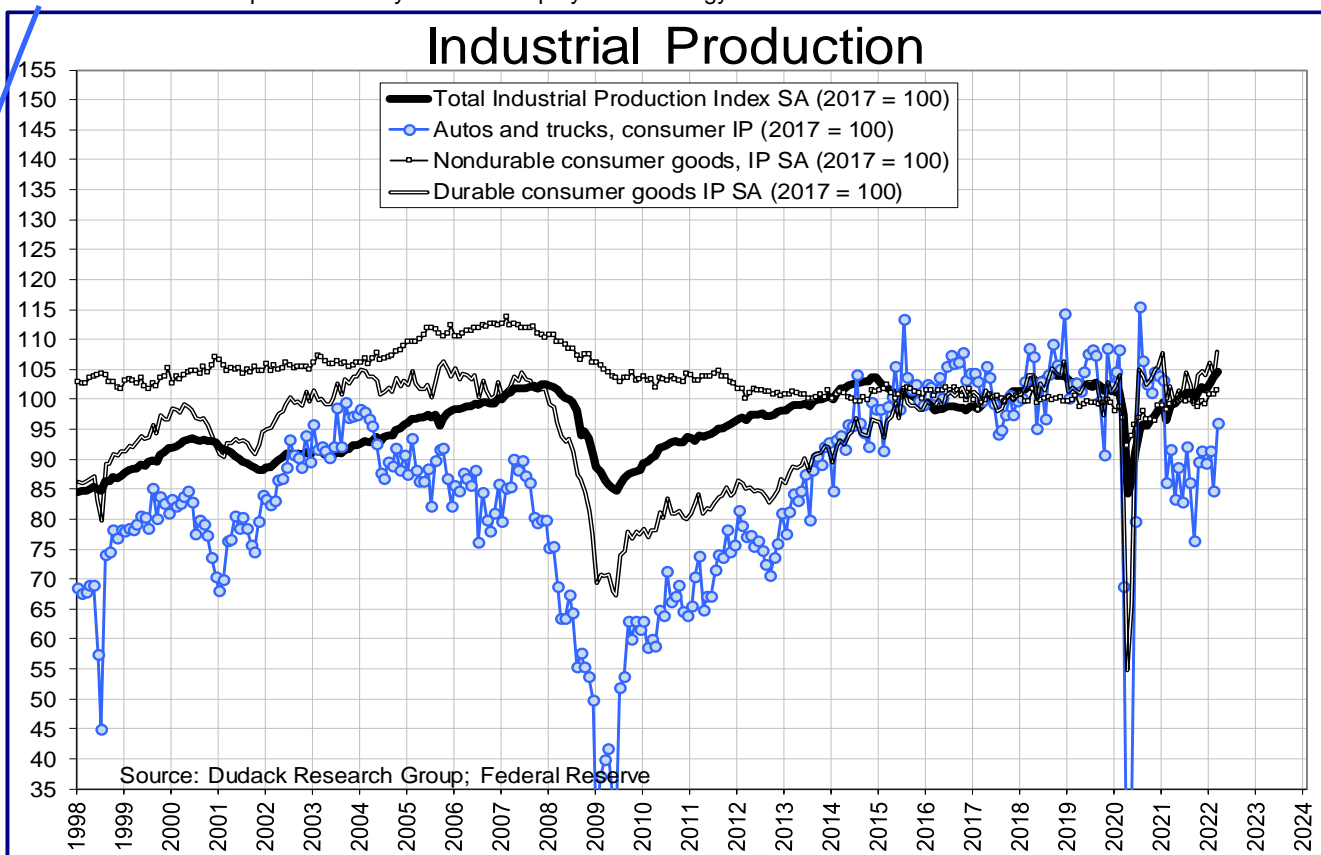
Stock prices appear to be in the midst of a rally, but due to a convergence of moving averages, important resistance levels are directly overhead in all the indices. This convergence/resistance is most apparent in the SPX at 4500 and in the DJIA at 35,000. The Nasdaq Composite index and Russell 2000 have weaker charts and remain well below their 200-day moving averages. See page 8.

Last week AAll bullish sentiment fell 8.9 points to 15.8%, the lowest since September 1992. Sentiment has been unusually volatile this year, but this low bullish sentiment is a positive for the longer term.

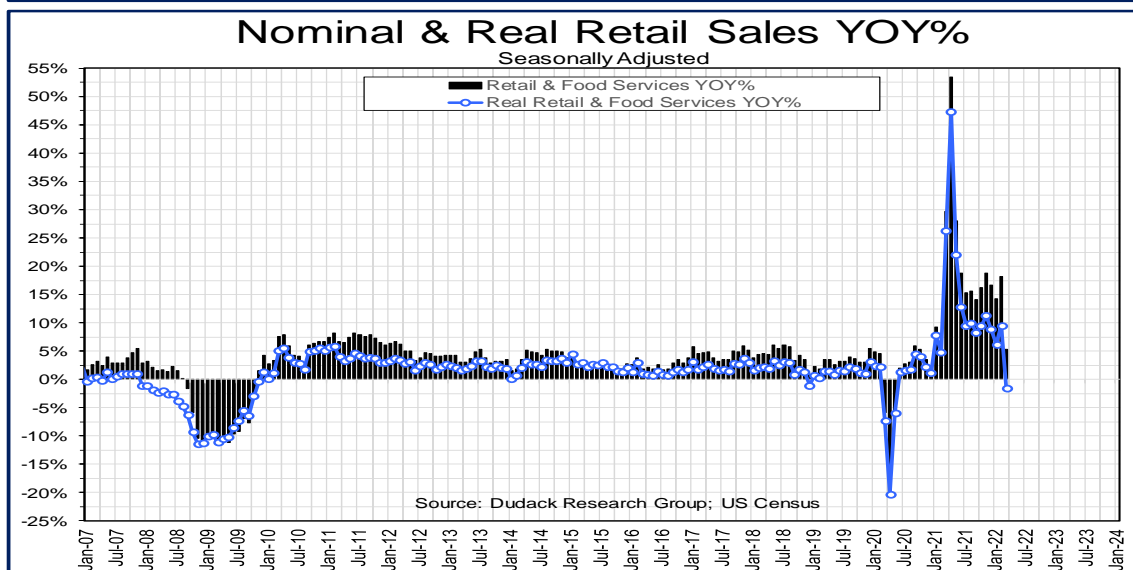
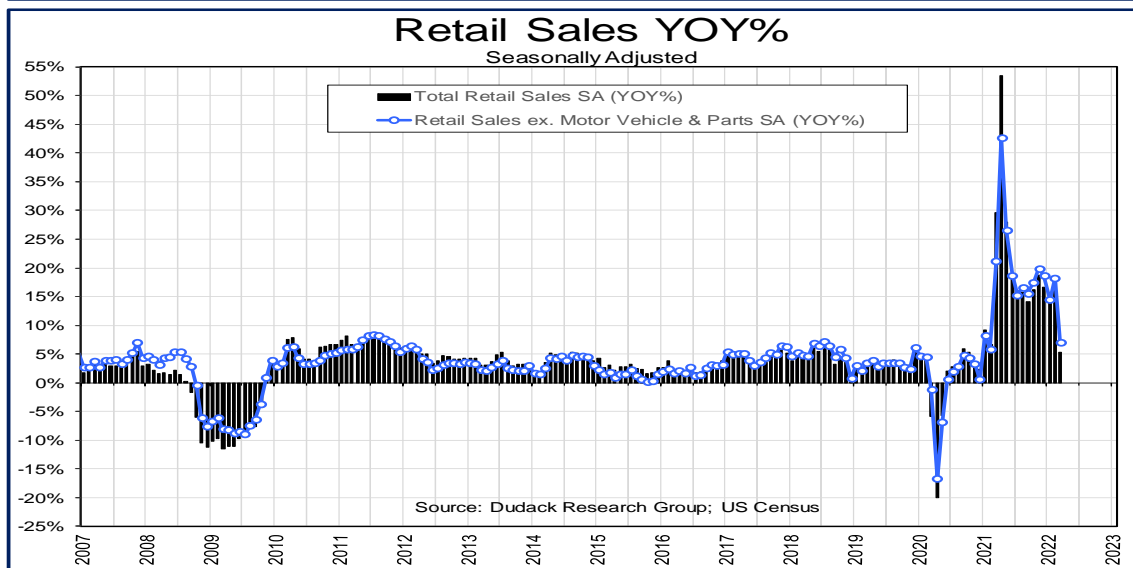
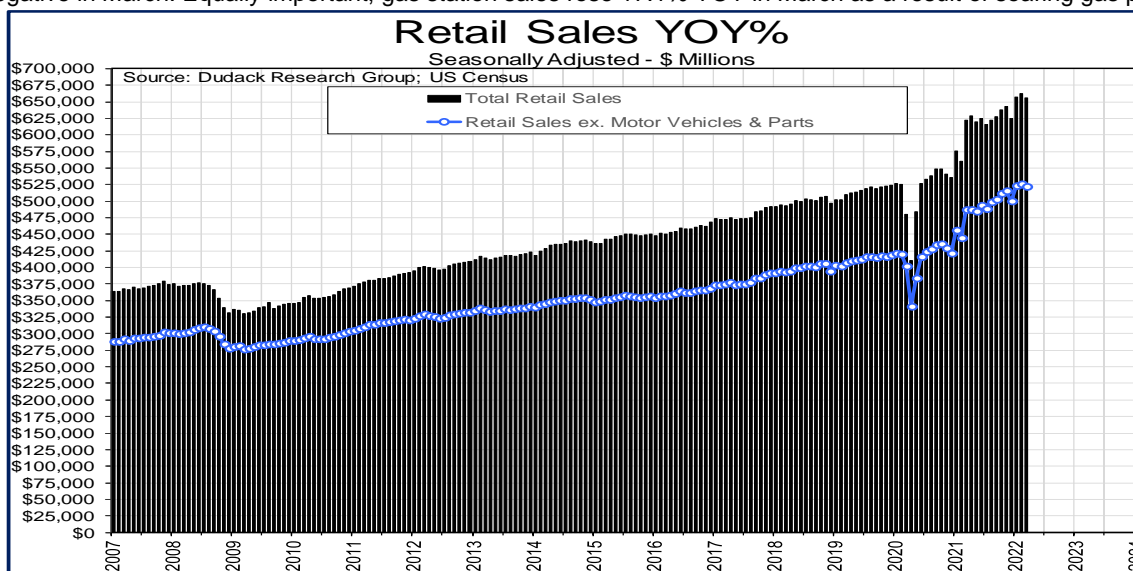
The NAHB single-family confidence survey for April showed that homebuilders have been expressing a steady deterioration in conviction this year. Housing starts, and housing permits were higher in March, up 3.9% and 6.7% YOY, respectively; but the increase in both series was in multi-unit housing, while single-family permits and housing starts, which account for the biggest share of homebuilding, fell.



Industrial production for March rose to a record high, edging above the August 2018 peak. The March gain was driven by a pick-up in auto and truck manufacturing, which was weak in 2021 due to semiconductor supply issues. Electric & gas capacity utilization eased in March. Note that this series peaked in May 1970 - a display of the energy efficiencies seen in the US over the last five decades.

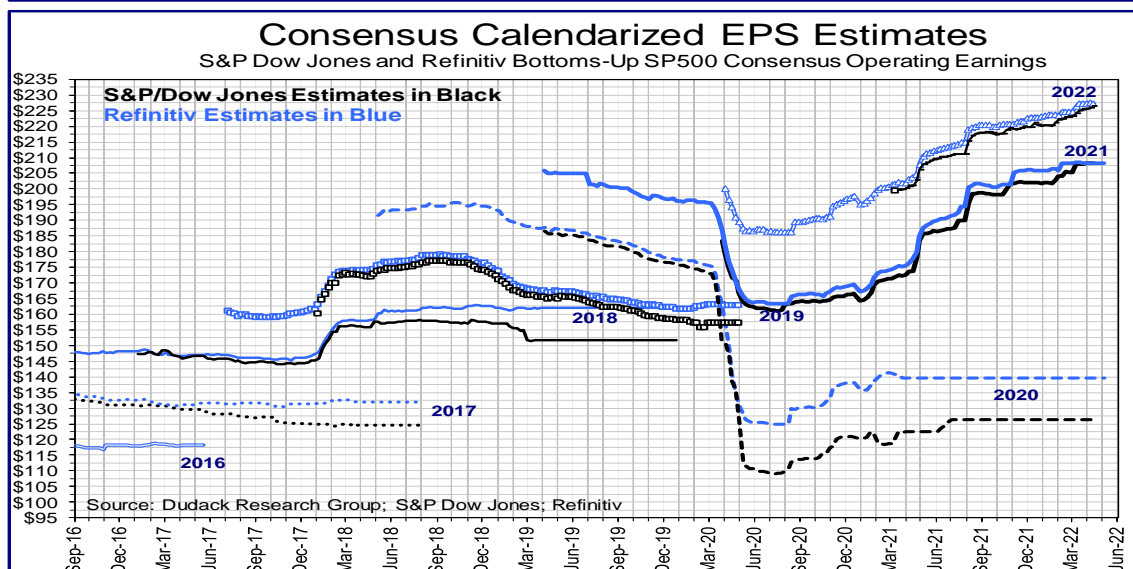
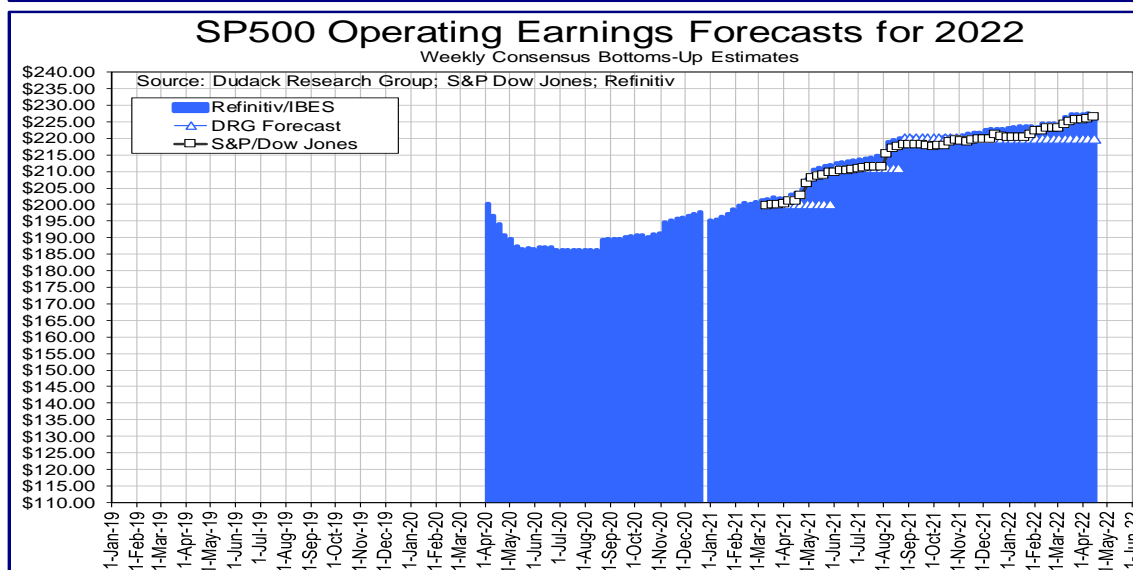
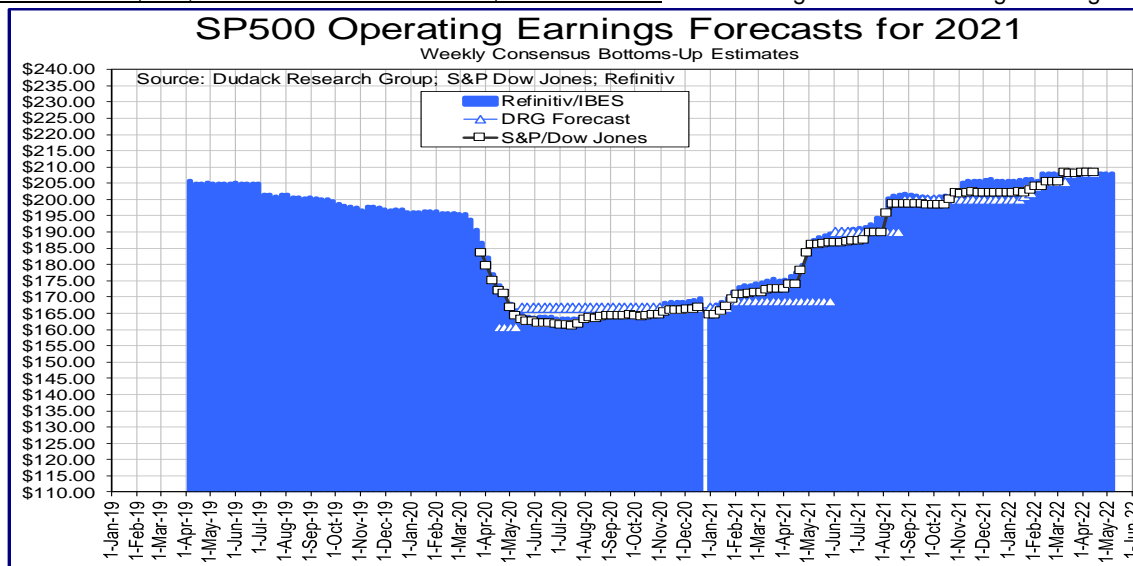


In March, headline retail & food sales rose 6.9% YOY, excluding autos, sales rose 9.1% and excluding autos and gas, sales rose 6.2%. Volatility in retail sales in 2021 make year-over-year comparisons difficult but since inflation rose 8.6% YOY in the same time period, retail sales were negative in March. Equally important, gas station sales rose 17.1% YOY in March as a result of soaring gas prices.



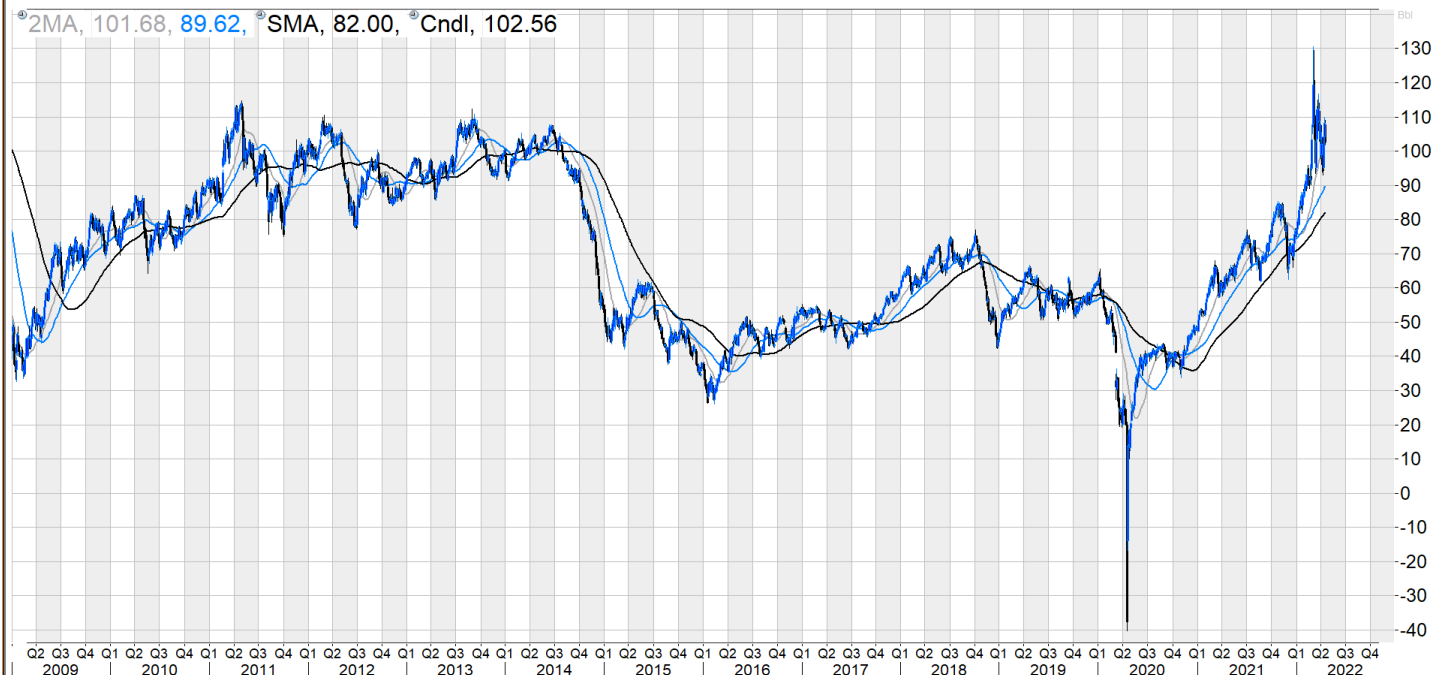


The S&P Dow Jones and Refinitiv IBES consensus earnings estimates for 2022 rose \$0.44 and fell \$0.41, respectively, this week. However, nominal earnings are converging in a range of \$226 to \$227. Earnings growth rates for this year were 8.7% and 9.2%, respectively. (Note: consensus macro-EPS forecasts may differ from four quarter analysts' forecast sums seen on page 16.) Our DRG 2022 estimate remains at \$220, a 5.7% YOY increase from \$208.19 in 2021. Most strategists are forecasting a 10% growth rate in 2023.

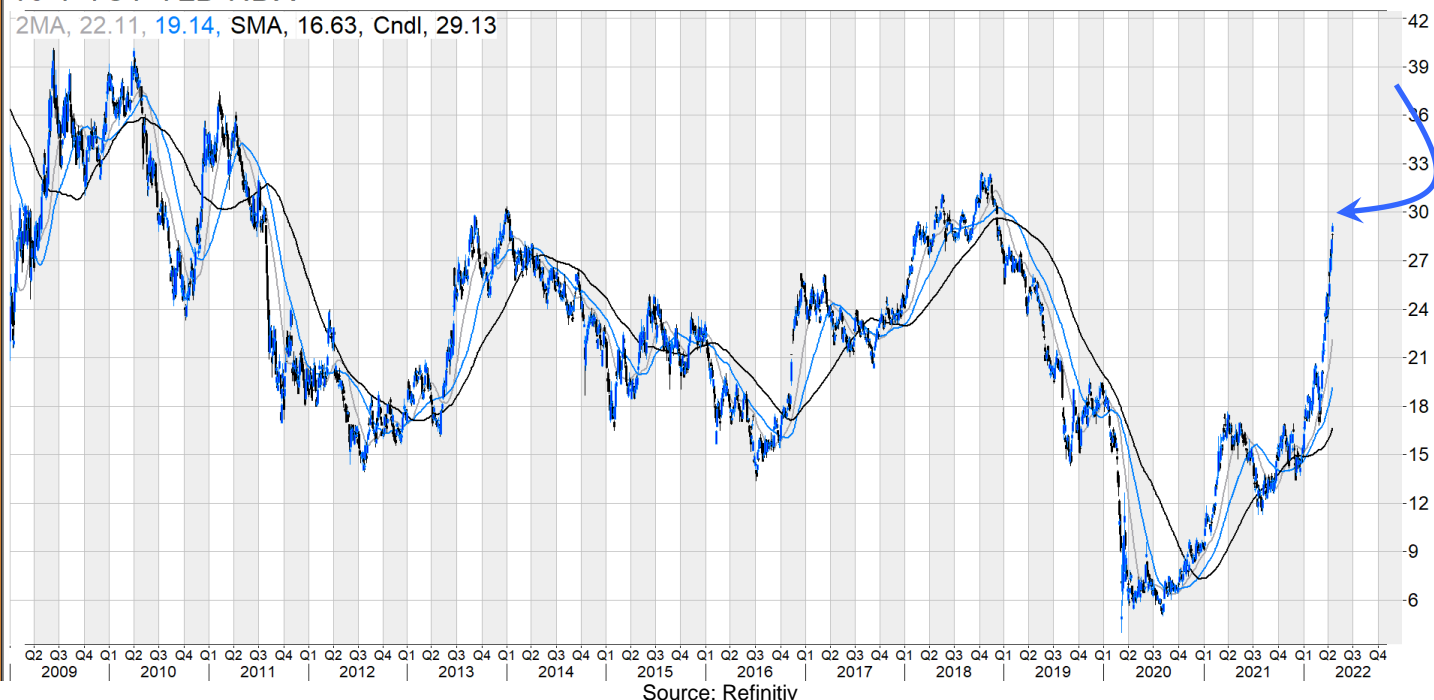


Despite the headlines about falling energy prices and rising 10-year bond yields, the charts below do not look much different from a week ago. Oil prices fell after the IMF lowered its global growth estimate this week, however, this will not impact the longer-term price of WTI given that global energy supplies remain below demand levels. The rise in interest rates will be a positive for the global banks but will undoubtedly dampen demand for housing and autos. This is expected; however, it is still unclear whether the Fed can maneuver a soft landing for the US economy. Rates are also responding to several Fed governors who are indicating the fed funds rate is expected to rise to a range of 2.75% to 3.5% by the end of the year.

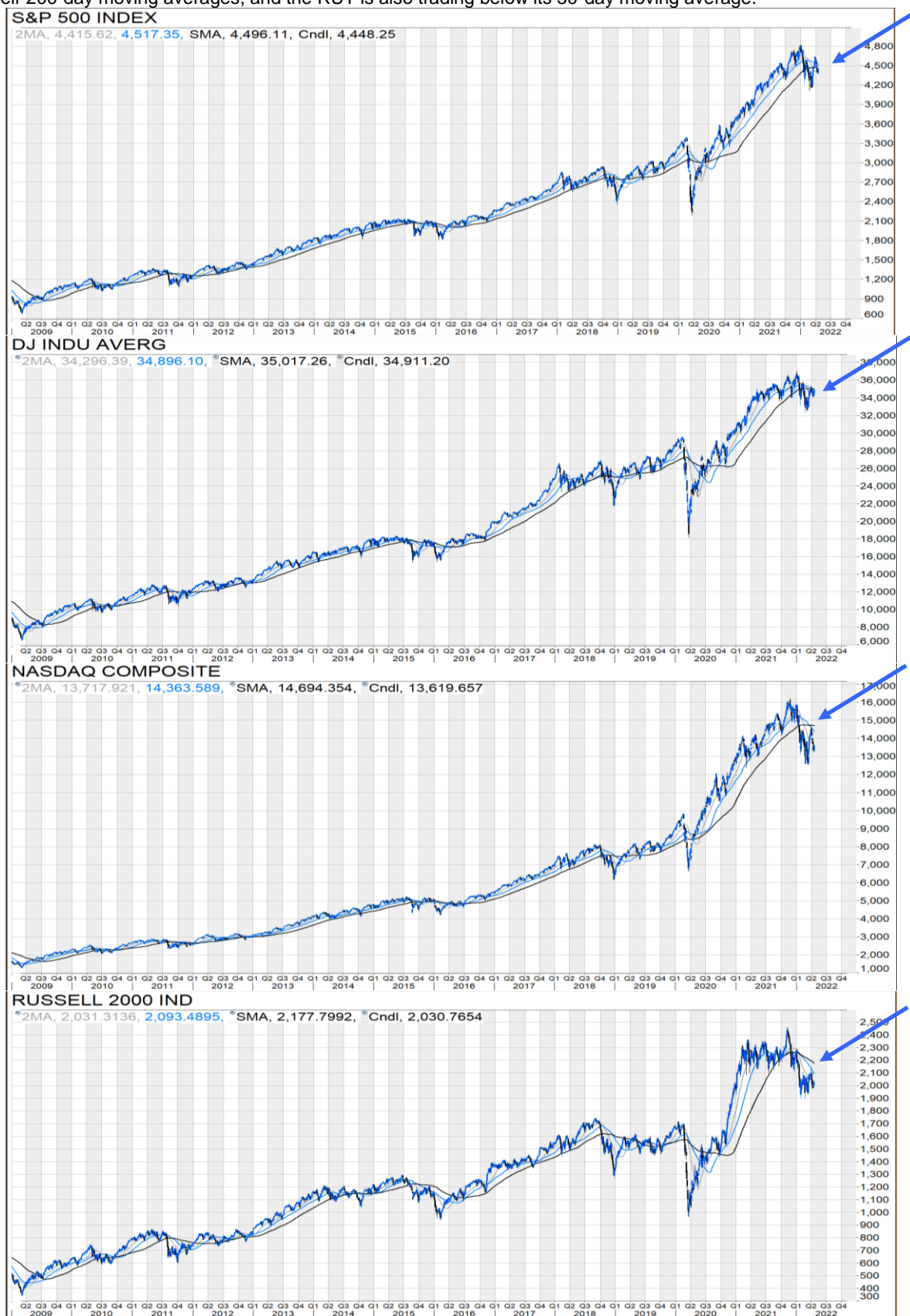
### LIGHT CRUDE MAY2



### 10 Y TSY YLD NDX



Stock prices appear to be rallying as we go to print, but important resistance levels, due to a convergence of moving averages, are directly overhead in all the indices. This convergence is most apparent in the SPX at 4500 and the DJIA at 35,000. The IXIC and RUT remain well below their 200-day moving averages, and the RUT is also trading below its 50-day moving average.



Source: Refinitiv

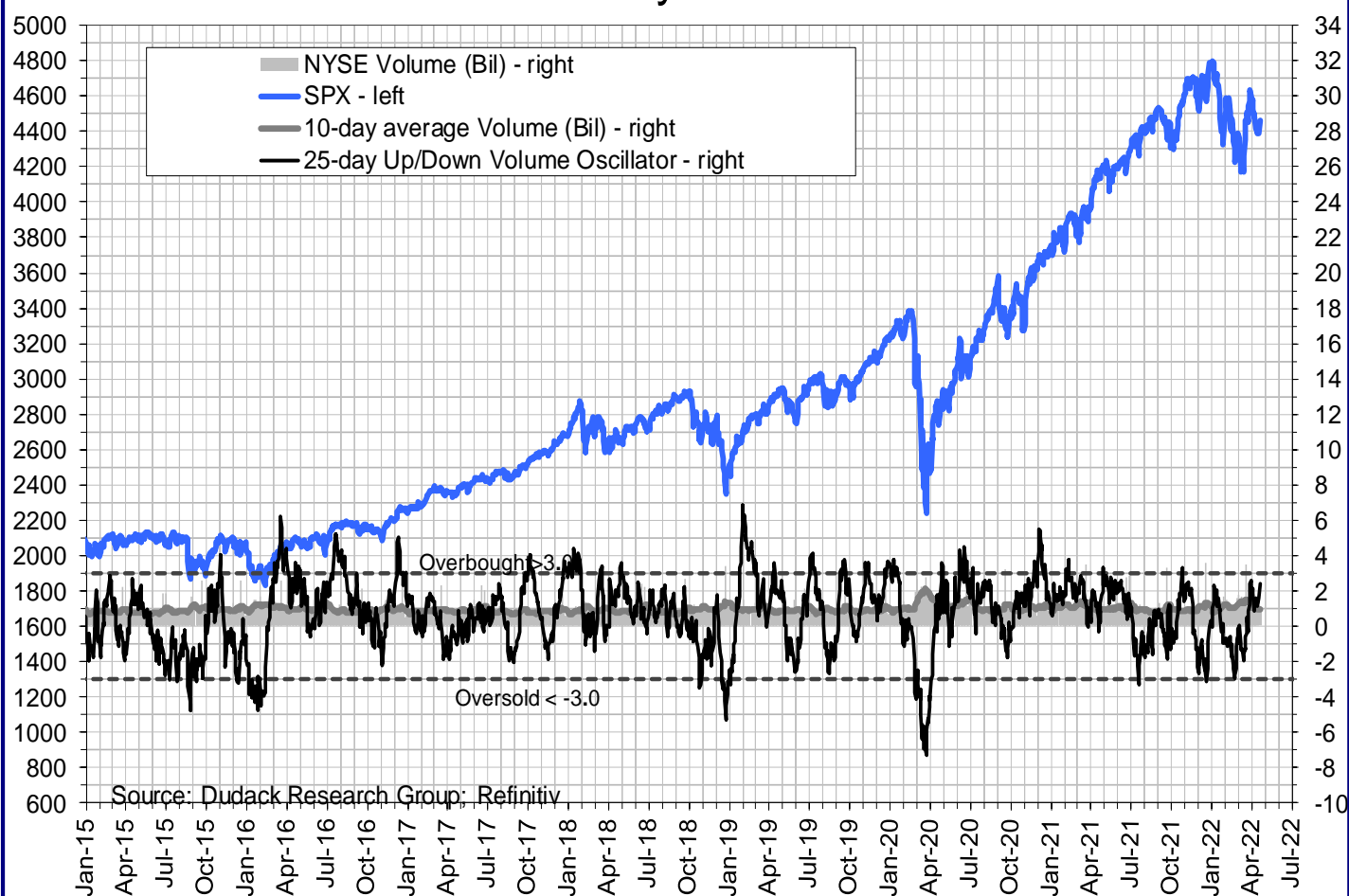


The 25-day up/down volume oscillator is at 2.41 this week, up from a week earlier, and in line with the market's rally. However, this oscillator has, to date, failed to move into overbought territory above 3.0, which would define a long-term neutral trading range for the market. A long or extreme overbought reading would suggest the correction is over and a new bullish trend has begun. For over twelve months, this indicator has been in limbo by failing to generate a definitive overbought or oversold reading.

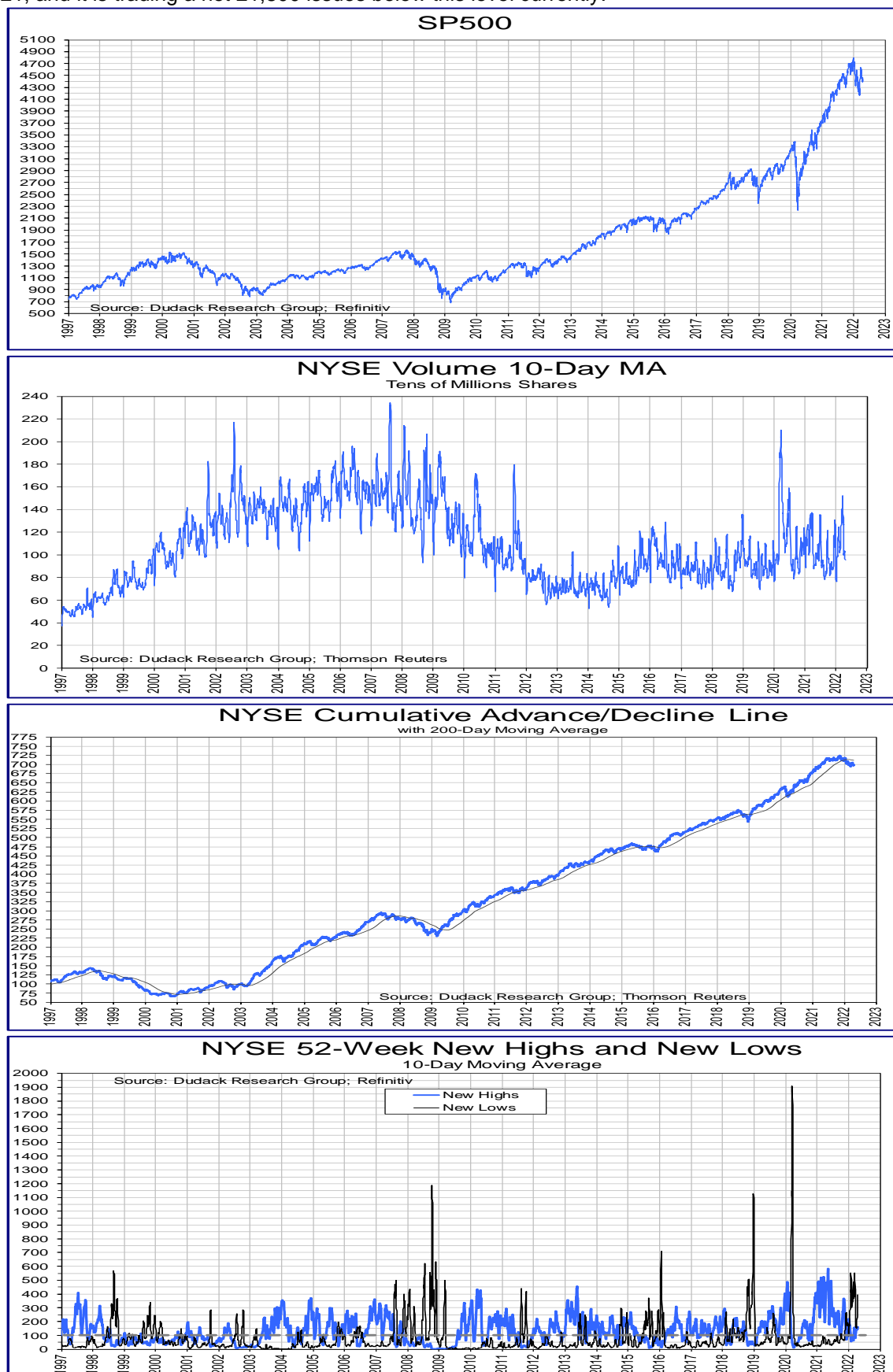
Strangely, the 2022 decline did not have any extreme 90% volume day which would carry this oscillator into oversold territory. At least to date, there has not been any sign of panic selling or washout in the general market despite many key indices already showing a 20% correction from recent highs. In short, this indicator is performing in line with a market that is in a long-term trading range.

*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.*

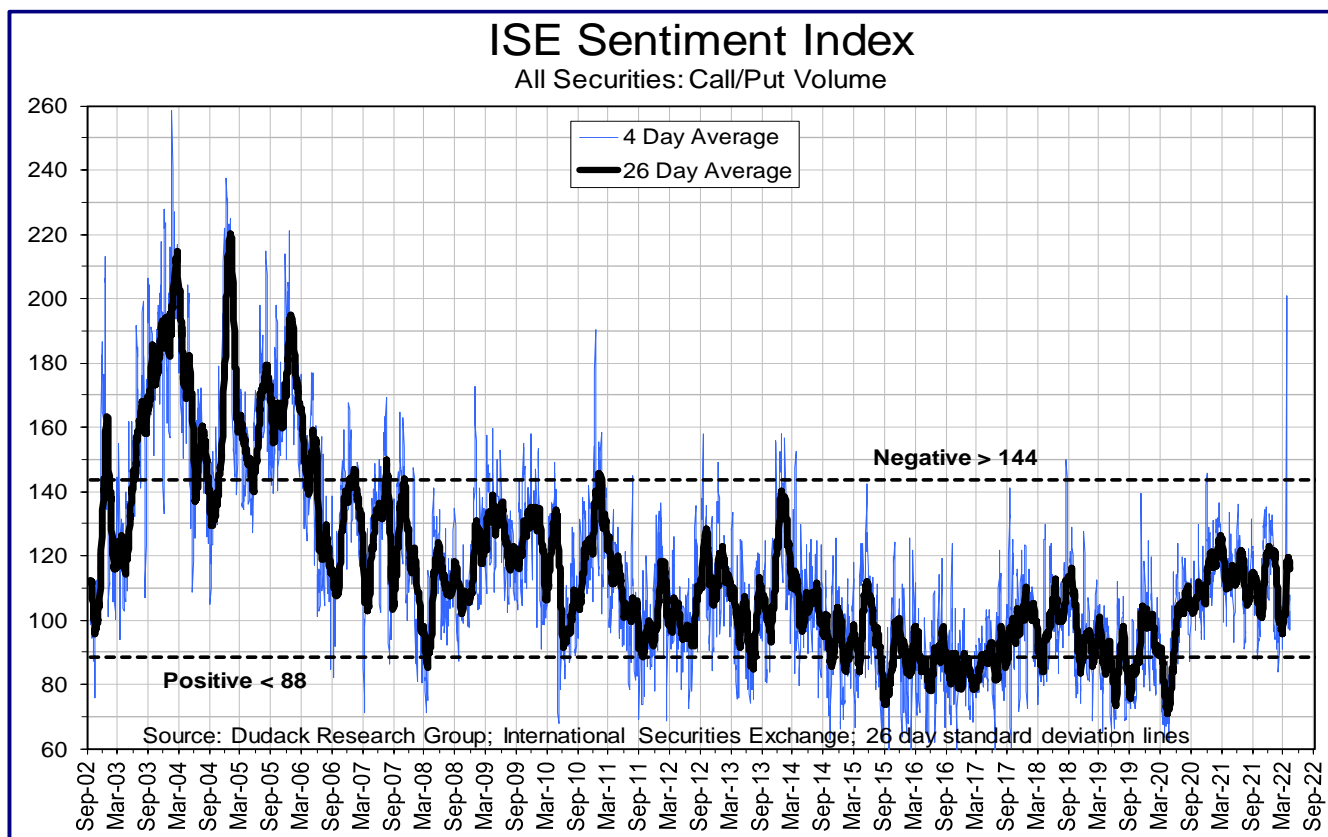
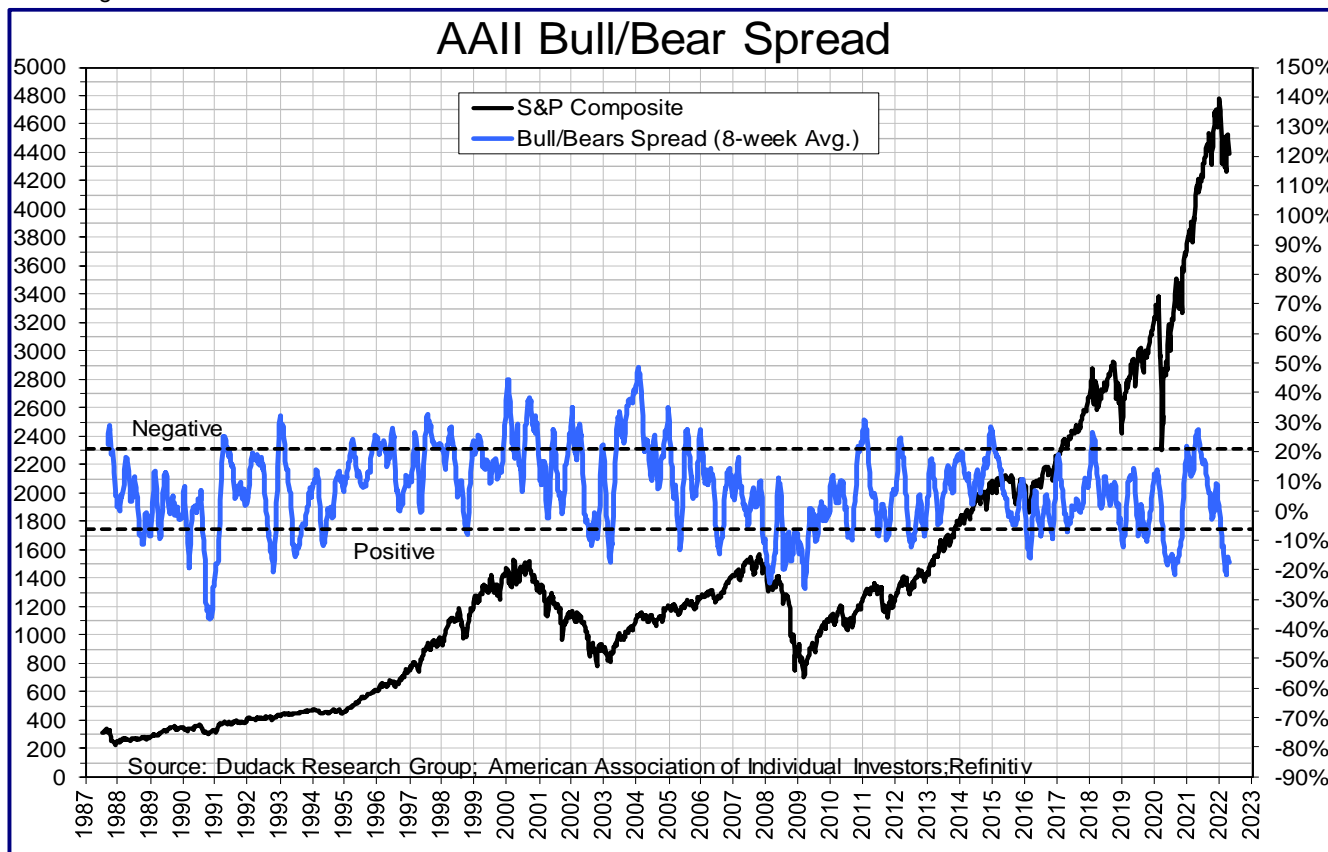
## SPX and 25-Day Volume Oscillator



The 10-day average of daily new highs is 162 this week and daily new lows are 394. This combination is neutral-to-slightly-negative with both new highs and lows above the 100 benchmark. The advance/decline line's last record high was on November 8, 2021, and it is trading a net 21,800 issues below this level currently.



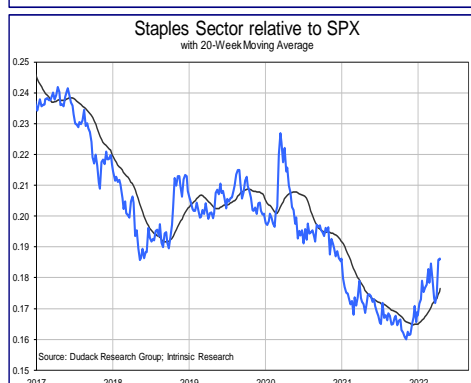
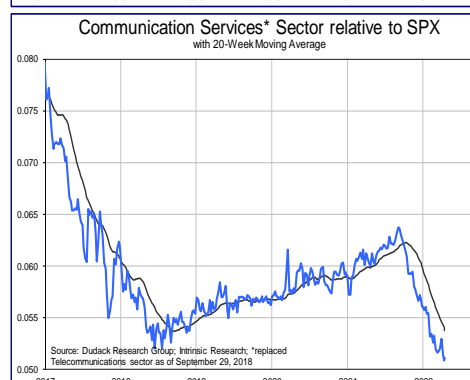
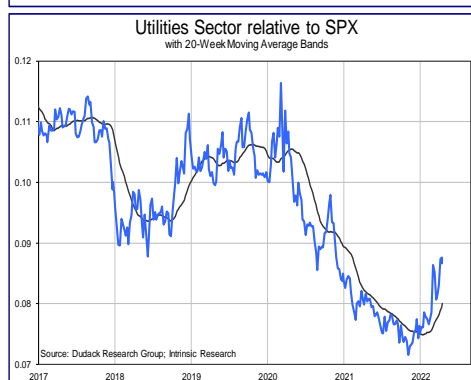
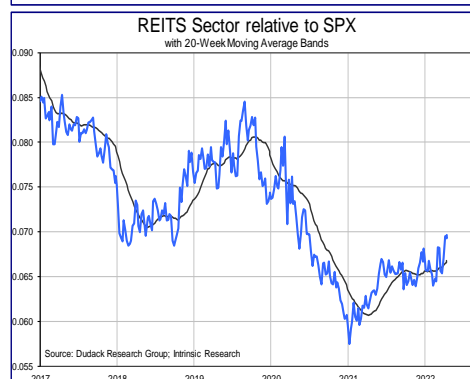
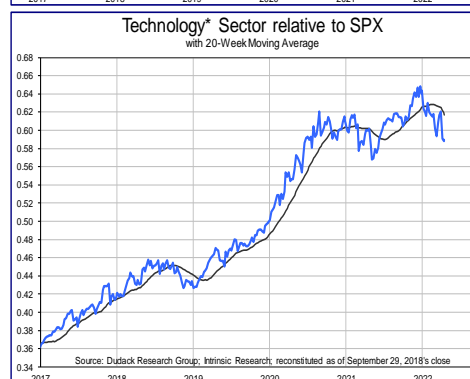
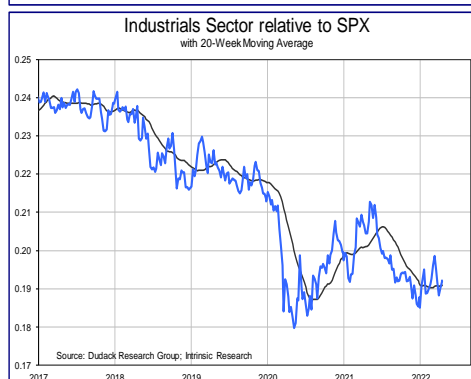
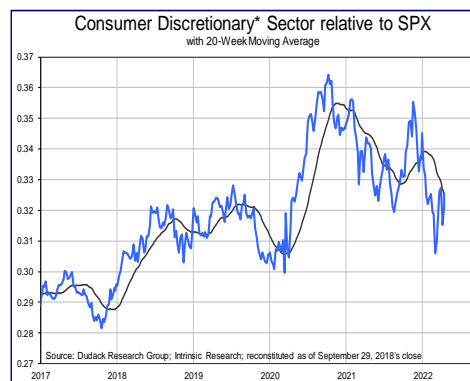
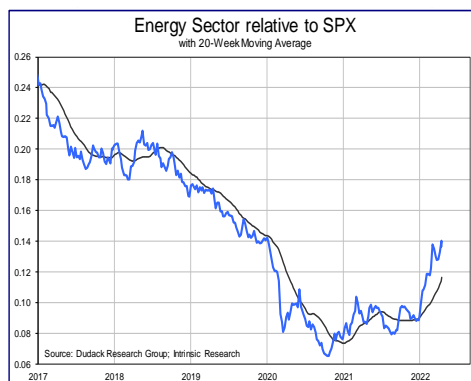
AII sentiment has been unusually volatile and last week, bullish sentiment fell 8.9 points to 15.8%, the lowest since September 1992. Bearish sentiment jumped 7.0 points to 48.4%. Pessimism has been above 40% for 10 of the last 13 weeks. Optimism has been below 27.9% for 11 of the last 14 weeks. Neutral has been above average for the 4th consecutive week. The ISE sentiment index remains within its neutral range.



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

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

3/8/2022: Materials upgraded from underweight to neutral/communication services downgraded from neutral to underweight. 3/1/2022 Financials downgraded to neutral and Industrials upgraded to overweight.



2022 Performance - Ranked	
SP500 Sector	% Change
S&P ENERGY	44.5%
S&P UTILITIES	6.4%
S&P CONSUMER STAPLES	3.1%
S&P MATERIALS	-0.8%
S&P HEALTH CARE	-1.9%
S&P FINANCIAL	-3.8%
S&P INDUSTRIALS	-4.2%
S&P REITS	-4.3%
S&P 500	-6.4%
S&P CONSUMER DISCRETIONARY	-9.9%
S&P INFORMATION TECH	-13.9%
S&P COMMUNICATIONS SERVICES	-14.7%

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	20.76	33.5%	33.5%	33.5%	61.1%
Energy Select Sector SPDR	XLE	80.36	21.9%	21.9%	21.9%	44.8%
United States Oil Fund, LP	USO	76.86	23.0%	23.0%	23.0%	41.4%
Oil Future	CLc1	102.56	16.3%	16.3%	16.3%	36.4%
iShares MSCI Brazil Capped ETF	EWZ	37.18	17.6%	17.6%	17.6%	32.5%
Silver Future	SLc1	21.54	16.2%	16.2%	16.2%	16.2%
iShares Silver Trust	SLV	24.23	11.8%	11.8%	11.8%	8.2%
iShares MSCI Australia ETF	EWA	26.64	16.6%	16.6%	16.6%	7.3%
Utilities Select Sector SPDR	XLU	76.17	10.0%	10.0%	10.0%	6.4%
SPDR Gold Trust	GLD	181.82	8.2%	8.2%	8.2%	6.4%
iShares MSCI Mexico Capped ETF	EWX	53.18	9.5%	9.5%	9.5%	5.1%
iShares MSCI Canada ETF	EWX	40.02	4.8%	4.8%	4.8%	4.1%
Gold Future	GCc1	2287.10	2.4%	2.4%	2.4%	3.3%
Consumer Staples Select Sector SPDR	XLP	79.38	4.5%	4.5%	4.5%	2.9%
iShares MSCI United Kingdom ETF	EWU	34.02	0.4%	0.4%	0.4%	2.7%
iShares MSCI Malaysia ETF	EWM	25.36	3.6%	3.6%	3.6%	1.3%
SPDR Communication Services ETF	XLC	56.15	0.0%	0.0%	0.0%	0.0%
iShares Russell 1000 Value ETF	IWD	167.22	2.0%	2.0%	2.0%	-0.4%
Materials Select Sector SPDR	XLB	89.98	6.5%	6.5%	6.5%	-0.7%
Health Care Select Sect SPDR	XLV	138.42	5.5%	5.5%	5.5%	-1.8%
iShares Russell 2000 Value ETF	IWN	160.35	2.6%	2.6%	2.6%	-3.4%
iShares MSCI India ETF	INDA.K	44.18	-3.7%	-3.7%	-3.7%	-3.6%
Financial Select Sector SPDR	XLF	37.62	-3.7%	-3.7%	-3.7%	-3.7%
SPDR DJIA ETF	DIA	349.12	-0.6%	-0.6%	-0.6%	-3.9%
DJIA	.DJI	34911.20	-0.6%	-0.6%	-0.6%	-3.9%
Industrial Select Sector SPDR	XLI	101.40	0.7%	0.7%	0.7%	-4.2%
iShares US Real Estate ETF	IYR	110.38	3.6%	3.6%	3.6%	-5.0%
iShares MSCI Hong Kong ETF	EWH	22.01	-7.2%	-7.2%	-7.2%	-5.1%
iShares MSCI Singapore ETF	EWS	20.04	-5.0%	-5.0%	-5.0%	-6.3%
SP500	.SPX	4462.21	-1.2%	-1.2%	-1.2%	-6.4%
SPDR S&P Bank ETF	KBE	51.07	-7.2%	-7.2%	-7.2%	-6.4%
iShares Russell 1000 ETF	IWB	246.38	-1.3%	-1.3%	-1.3%	-6.8%
Vanguard FTSE All-World ex-US ETF	VEU	56.30	-5.9%	-5.9%	-5.9%	-8.1%
iShares MSCI EAFE ETF	EFA	71.94	-5.1%	-5.1%	-5.1%	-8.6%
iShares Russell 2000 ETF	IWM	201.56	0.2%	0.2%	0.2%	-9.4%
iShares US Telecomm ETF	IYZ	29.65	-4.1%	-4.1%	-4.1%	-9.9%
Consumer Discretionary Select Sector SPDR	XLY	184.13	-0.4%	-0.4%	-0.4%	-9.9%
iShares MSCI Emerg Mkts ETF	EEM	43.86	-10.2%	-10.2%	-10.2%	-10.2%
iShares MSCI South Korea Capped ETF	EWY	69.17	-4.4%	-4.4%	-4.4%	-11.2%
Shanghai Composite	.SSEC	3194.03	-9.4%	-9.4%	-9.4%	-12.2%
iShares Russell 1000 Growth ETF	IWF	267.09	-4.3%	-4.3%	-4.3%	-12.6%
Nasdaq Composite Index Tracking Stock	ONEQ.O	53.15	-4.3%	-4.3%	-4.3%	-12.7%
iShares MSCI Taiwan ETF	EWT	58.05	-10.5%	-10.5%	-10.5%	-12.9%
SPDR S&P Retail ETF	XRT	78.66	-3.8%	-3.8%	-3.8%	-12.9%
NASDAQ 100	NDX	14210.26	-4.8%	-4.8%	-4.8%	-12.9%
Technology Select Sector SPDR	XLK	149.88	-7.5%	-7.5%	-7.5%	-13.8%
iShares MSCI Japan ETF	EWJ	57.71	-9.9%	-9.9%	-9.9%	-13.8%
iShares iBoxx \$ Invest Grade Corp Bond	LQD	113.59	-11.1%	-11.1%	-11.1%	-14.3%
PowerShares Water Resources Portfolio	PHO	51.77	-2.3%	-2.3%	-2.3%	-14.9%
iShares China Large Cap ETF	FXI	31.04	-18.2%	-18.2%	-18.2%	-15.1%
iShares Russell 2000 Growth ETF	IWO	248.03	-2.2%	-2.2%	-2.2%	-15.4%
iShares Nasdaq Biotechnology ETF	IBB.O	128.32	-2.7%	-2.7%	-2.7%	-15.9%
iShares MSCI BRIC ETF	BKF	37.54	-16.2%	-16.2%	-16.2%	-16.1%
iShares MSCI Germany ETF	EWG	27.39	-14.4%	-14.4%	-14.4%	-16.4%
iShares MSCI Austria Capped ETF	EWO	21.10	-17.0%	-17.0%	-17.0%	-17.1%
iShares 20+ Year Treas Bond ETF	TLT	119.25	-16.3%	-16.3%	-16.3%	-19.5%
SPDR S&P Semiconductor ETF	XSD	186.05	-9.0%	-9.0%	-9.0%	-23.5%
SPDR Homebuilders ETF	XHB	63.21	-15.1%	-15.1%	-15.1%	-26.3%

Outperformed SP500

Underperformed SP500

Source: Dudack Research Group; Thomson Reuters

Priced as of April 19, 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 %
2005	1248.29	\$69.93	\$76.45	\$76.45	13.0%	\$76.28	13.7%	16.3X	1.8%	3.5%	\$1,108.90	#REF!
2006	1418.30	\$81.51	\$87.72	\$87.72	14.7%	\$88.18	15.6%	16.2X	1.8%	2.8%	\$1,216.10	9.7%
2007	1468.36	\$66.18	\$82.54	\$82.54	-5.9%	\$85.12	-3.5%	17.8X	1.8%	2.0%	\$1,141.40	-6.1%
2008	903.25	\$14.88	\$49.51	\$49.51	-40.0%	\$65.47	-23.1%	18.2X	2.5%	0.1%	\$1,029.90	-9.8%
2009	1115.10	\$50.97	\$56.86	\$56.86	14.8%	\$60.80	-7.1%	19.6X	2.6%	-2.6%	\$1,182.90	14.9%
2010	1257.64	\$77.35	\$83.77	\$83.77	47.3%	\$85.28	40.3%	15.0X	1.9%	2.7%	\$1,456.50	23.1%
2011	1257.60	\$86.95	\$96.44	\$96.44	15.1%	\$97.82	14.7%	13.0X	2.0%	1.5%	\$1,529.00	5.0%
2012	1426.19	\$86.51	\$96.82	\$96.82	0.4%	\$103.80	6.1%	14.7X	2.1%	2.3%	\$1,662.80	8.8%
2013	1848.36	\$100.20	\$107.30	\$107.30	10.8%	\$109.68	5.7%	17.2X	2.0%	1.8%	\$1,648.10	-0.9%
2014	2127.83	\$102.31	\$113.01	\$113.01	5.3%	\$118.78	8.3%	18.8X	2.2%	2.3%	\$1,713.10	3.9%
2015	2043.94	\$86.53	\$100.45	\$100.45	-11.1%	\$118.20	-0.5%	20.3X	2.1%	2.7%	\$1,664.20	-2.9%
2016	2238.83	\$94.55	\$106.26	\$96.82	-3.6%	\$118.10	-0.1%	21.1X	1.9%	1.7%	\$1,661.50	-0.2%
2017	2673.61	\$109.88	\$124.51	\$124.51	28.6%	\$132.00	11.8%	21.5X	1.8%	2.3%	\$1,816.60	9.3%
2018	2506.85	\$132.39	\$151.60	\$151.60	21.8%	\$161.93	22.7%	16.5X	1.9%	2.9%	\$2,023.40	11.4%
2019	3230.78	\$139.47	\$157.12	\$157.12	3.6%	\$162.93	0.6%	20.6X	1.8%	2.3%	\$2,065.60	2.1%
2020	3756.07	\$94.14	\$122.38	\$122.38	-22.1%	\$139.72	-14.2%	30.7X	1.6%	-3.4%	\$1,968.10	-4.7%
2021	4766.18	\$197.87	\$208.17	\$208.17	70.1%	\$208.11	48.9%	22.9X	1.3%	5.7%	\$2,424.60	23.2%
2022E	~~~~~	\$208.38	\$226.29	\$220.00	5.7%	\$227.29	9.2%	20.0X	NA	NA	NA	NA
2023E	~~~~~	\$230.80	\$249.33	\$242.00	10.0%	\$250.11	10.0%	18.2X	NA	NA	NA	NA
2015 1Q	2108.88	\$21.81	\$25.81	\$25.81	-5.5%	\$28.60	1.5%	18.9	2.0%	3.3%	\$1,706.90	9.2%
2015 2Q	2166.05	\$22.80	\$26.14	\$26.14	-10.9%	\$30.09	0.1%	20.0	2.0%	2.3%	\$1,689.20	-1.4%
2015 3Q	1920.03	\$23.22	\$25.44	\$25.44	-14.1%	\$29.99	-0.2%	18.4	2.2%	1.3%	\$1,675.60	-6.6%
2015 4Q	2043.94	\$18.70	\$23.06	\$23.06	-13.8%	\$29.52	-3.3%	20.3	2.1%	0.6%	\$1,585.20	-11.1%
2016 1Q	2059.74	\$21.72	\$23.97	\$23.97	-7.1%	\$26.96	-5.7%	20.9	2.1%	2.4%	\$1,664.90	-2.5%
2016 2Q	2098.86	\$23.28	\$25.70	\$25.70	-1.7%	\$29.61	-1.6%	21.4	2.1%	1.2%	\$1,624.20	-3.8%
2016 3Q	2168.27	\$25.39	\$28.69	\$28.69	12.8%	\$31.21	4.1%	21.4	2.1%	2.4%	\$1,649.90	-1.5%
2016 4Q	2238.83	\$24.16	\$27.90	\$27.90	21.0%	\$31.30	6.0%	21.1	2.0%	2.0%	\$1,707.00	7.7%
2017 1Q	2362.72	\$27.46	\$28.82	\$28.82	20.2%	\$30.90	14.6%	21.3	2.0%	1.9%	\$1,772.60	6.5%
2017 2Q	2423.41	\$27.01	\$30.51	\$30.51	18.7%	\$32.58	10.0%	20.9	1.9%	2.3%	\$1,789.20	10.2%
2017 3Q	2519.36	\$28.45	\$31.33	\$31.33	9.2%	\$33.45	7.2%	21.2	1.9%	2.9%	\$1,829.30	10.9%
2017 4Q	2673.61	\$26.96	\$33.85	\$33.85	21.3%	\$36.02	15.1%	21.5	1.8%	3.8%	\$1,875.10	9.8%
2018 1Q	2640.87	\$33.02	\$36.54	\$36.54	26.8%	\$38.07	32.2%	20.0	1.9%	3.1%	\$1,983.30	11.9%
2018 2Q	2718.37	\$34.05	\$38.65	\$38.65	26.7%	\$41.00	25.8%	19.4	1.9%	3.4%	\$1,981.40	10.7%
2018 3Q	2913.98	\$36.36	\$41.38	\$41.38	32.1%	\$42.66	27.5%	19.4	1.8%	1.9%	\$2,033.10	11.1%
2018 4Q	2506.85	\$28.96	\$35.03	\$35.03	3.5%	\$41.18	14.3%	16.5	2.1%	0.9%	\$2,095.90	11.8%
2019 1Q	2834.40	\$35.02	\$37.99	\$37.99	4.0%	\$39.15	2.8%	18.5	1.9%	2.4%	\$1,999.80	0.8%
2019 2Q	2941.76	\$34.93	\$40.14	\$40.14	3.9%	\$41.31	0.8%	19.0	1.9%	3.2%	\$2,083.20	5.1%
2019 3Q	2976.74	\$33.99	\$39.81	\$39.81	-3.8%	\$42.14	-1.2%	19.5	1.9%	2.8%	\$2,090.30	2.8%
2019 4Q	3230.78	\$35.53	\$39.18	\$39.18	11.8%	\$41.98	1.9%	20.6	1.8%	1.9%	\$2,089.20	-0.3%
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	-3.8%
2020 2Q	4397.35	\$17.83	\$26.79	\$26.79	-33.3%	\$27.98	-32.3%	35.1	1.9%	-31.2%	\$1,701.50	-18.3%
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	2.1%
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	1.1%
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 3Q	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 4Q	4766.18	\$53.94	\$56.71	\$56.71	48.5%	\$53.95	26.7%	22.9	1.3%	6.9%	\$2,527.40	19.7%
2022 1QE	4530.41	\$46.35	\$50.75	\$51.00	7.6%	\$51.30	4.4%	21.4	NA	NA	NA	NA
2022 2QE*	4462.21	\$50.93	\$55.79	\$56.00	7.6%	\$55.85	6.2%	21.0	NA	NA	NA	NA
2022 3QE		\$55.01	\$59.06	\$58.00	11.5%	\$59.29	10.4%	20.4	NA	NA	NA	NA
2022 4QE		\$56.09	\$60.69	\$55.00	-3.0%	\$60.89	12.9%	20.0	NA	NA	NA	NA

Source: DRG; S&amp;P Dow Jones; Refinitiv Consensus estimates; \*\*quarterly EPS may not sum to official CY estimates

4/19/2022

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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.

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“Overweight”: Overweight relative to S&P Index weighting

“Neutral”: Neutral relative to S&P Index weighting

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