Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
Gail M. Dudack, CMT ● Chief Investment Strategist ● gail@dudackresearchgroup.com ● 212-320-2045 June 8, 2022

DJIA: 33180.14
SPX: 4160.68
NASDAQ: 12175.23

US Strategy Weekly
Inflation and Recession Resistant

We do not believe the bear market is over. In our view, the repercussions from potential energy and food shortages this summer, relentless inflation, and rising interest rates will weigh heavily on the economy, profit margins, and earnings in 2022. Still, the peak to trough declines made in the broad indices recently, have been significant. The Dow Jones Industrial Average, the S&P Composite, the Nasdaq Composite, and the Russell 2000 have had selloffs of 15.0%, 18.7%, 29.8%, and 27.8%, respectively. Now that earnings season is nearly over, we think the opportunity for a rebound in equities is materializing. The only risk this week is the release of May's CPI report on June 10 which most economists expect will display a deceleration in inflation. This is possible but with crude oil prices up 62% YOY we doubt that inflation can moderate much in the near term. While it is feasible that headline CPI could decelerate a bit from April's 8.2% YOY pace, we expect inflation to remain stickier and more persist than most expect. This will be a major problem for the Federal Reserve and the economy.

Nevertheless, the technical charts of companies like Walmart, Inc. (WMT - $123.37), Costco (COST - $471.78) and Target Corp. (TGT - $155.98) suggest that a lot of bad news regarding profit margin pressures and earnings weakness is being priced into segments of the marketplace. See page 3. This builds a foundation for a rebound rally.

But in general, we still believe an overweight position in inflation-resistant stocks is the best policy for investors. In the longer term, the risk of a recession increases, and we doubt that this has been fully discounted by equities. Nevertheless, our favored sectors also are recession resistant and thereby serve both purposes. In short, our suggested overweight sectors remain energy, staples, industrials (emphasizing defense stocks), and utilities. See page 13. We consider these to be core portfolio holdings.

Still, trading opportunities will appear in other sectors and individual stocks from time to time. For example, the retail sector is currently deeply oversold and could rebound substantially from recent lows. But we would view these situations as short-term trading opportunities.

Risk of Recession

Most economists are now discussing the possibility of a recession in late 2023, but we think the risk could be sooner though many experts disagree. Treasury Secretary Janet Yellen testified before the Senate Finance Committee this week and she apologized for being wrong about her stance on inflation which she described as being "transitory" last year. And we find ourselves disagreeing with her once again. In her testimony, she described the economy as being in "good shape" and households as being "resilient due to their high savings rate." Unfortunately, the Treasury Secretary does not seem to realize that the personal savings rate fell to 4.4% in April, its lowest level since September of 2008! Keep in mind that the economy was in a recession from December 2007 to June 2009. In sum, it is difficult to have confidence in the economy if the administration does not have a grip on inflation or the state of the consumer.

RED FLAGS

Our nature is to be bullish, however, we see a number of red flags on the horizon that are being ignored and this concerns us. For example, the ISM indices for the month of May were disappointing. The ISM manufacturing index inched up to 56.1 in May, nonetheless, May was the second lowest reading in 20 months. The ISM nonmanufacturing index fell to 55.9 and it was the worst reading in 15 months. However, both main indices remain above 50 which is a sign of a good, albeit not robust, economy. More worrisome were the employment indices. The employment index fell to 49.6 in the manufacturing survey and down to 50.2 in nonmanufacturing. A number below 50 is a sign of contraction in activity. See page 4.

Two key areas of the US economy are housing and autos, both of which are on our radar since they will be negatively impacted by rising interest rates as the Federal Reserve continues its tightening policy this year. Housing has already shown signs of sluggishness in recent months, particularly in homebuilder sentiment and homebuyer traffic data. Last week's data for May's auto sales was also a disappointment. Total light vehicle unit sales were 12.7 million, on a seasonally adjusted annualized rate (SAAR), which was 25% below the pace a year earlier and 12.6% below April's level. A lack of inventory contributed to this decline, but that is not an easy problem to solve. According to a 2021 report from the Boston Consulting Group and the Semiconductor Industry Association, 92% of the world's most advanced semiconductors are manufactured in Taiwan, with the other 8% being manufactured in South Korea. In short, the semiconductor shortage is not a post-pandemic problem but is in reality a long-term problem in search of a solution. It is another sign that inflation may be difficult for the Fed to control.

But in terms of auto sales, keep in mind that they are a large component of retail sales. And as we discussed last week, retail sales have been an excellent lead indicator of the US economy and a particularly good predictor of a recession. In fact, over the last 50 years, a decline in year-over-year real retail sales, when measured on a quarterly basis, has accurately predicted every recession. There have already been two consecutive months of negative real retail sales; but if this trend continues, it will increase the prospect of a recession later this year. See page 5.

Inflation, the Fed, and recession are incontrovertibly linked in 2022. In April, headline CPI was 8.2% YOY and even after two fed rate hikes, short-term interest rates remain at an historically negative (and easy) level of negative 7.2%. The Fed has indicated that it wants to get to a neutral fed funds rate, but even if we assume the year-end inflation moderates to 5%, the fed funds rate would have to increase 400 basis points to simply match inflation. If a 5% fed funds rate materializes, we expect the housing market would slow quickly and hurt economic activity meaningfully. It would also increase the odds of an inverted yield curve --- another sign of a pending recession. See page 6. In short, we see danger from both inflation and recession this year and the Fed is caught in the middle.

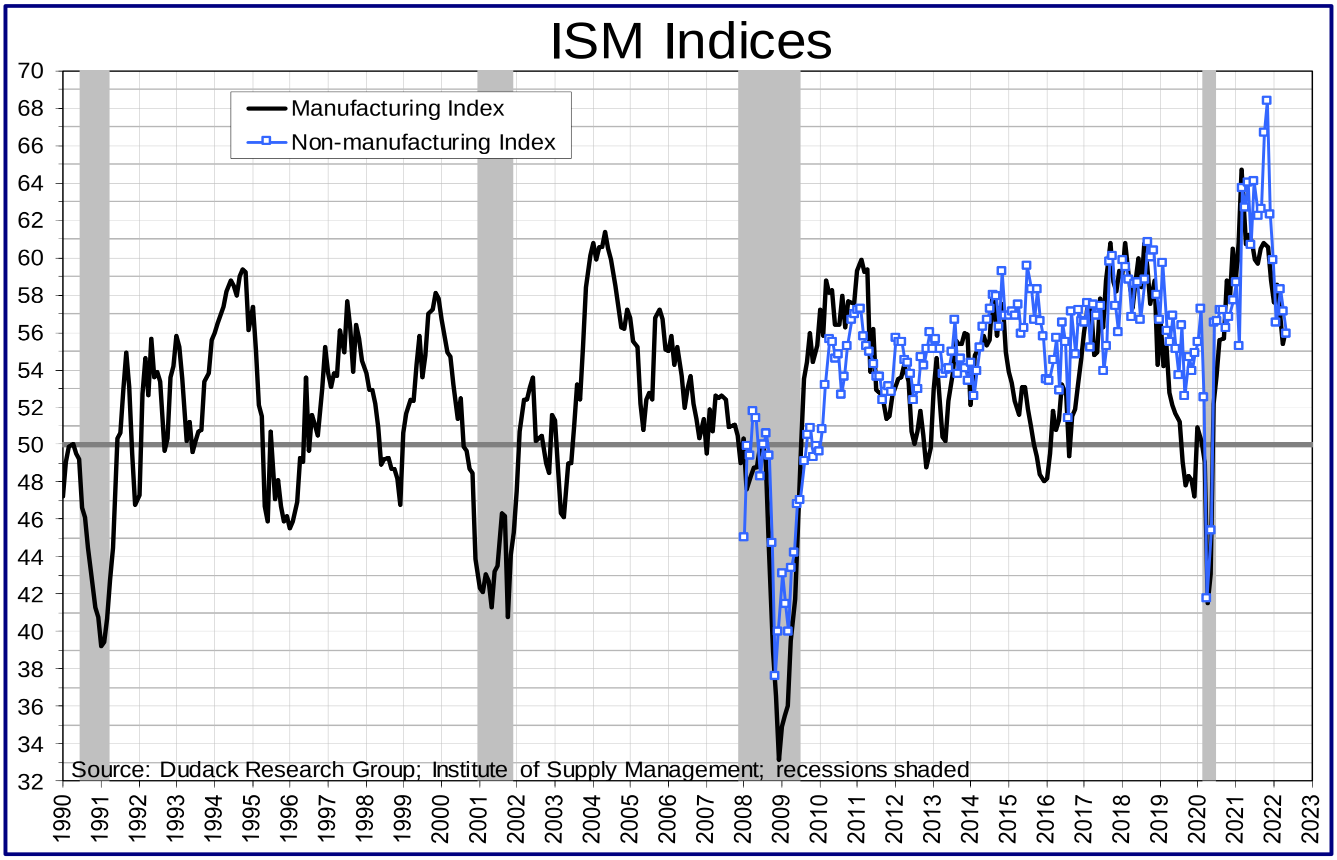
TECHNICAL REBOUND

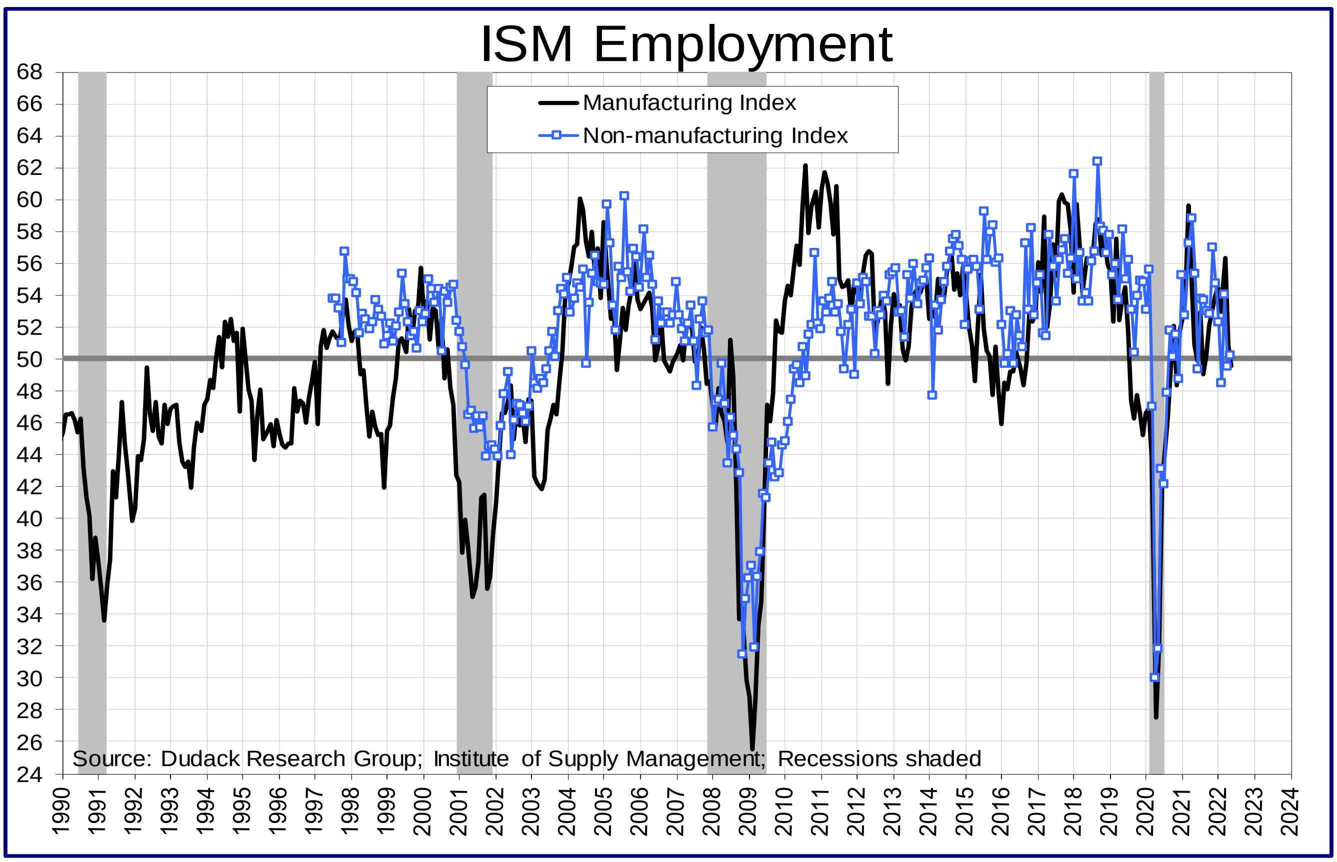
The odds of a rebound in prices are high with most of the indices trading well below important moving averages. It would be normal for the indices to test their 100-day moving averages at this juncture. For reference, these levels are 33,905 in the Dow Jones Industrial Average, 4323 in the S&P Composite, 13,230 in the Nasdaq Composite and 1971 in the Russell 2000 index. See page 9.

A lot of bad news about profit margins, household consumption and earnings prospects is being factored in to prices.

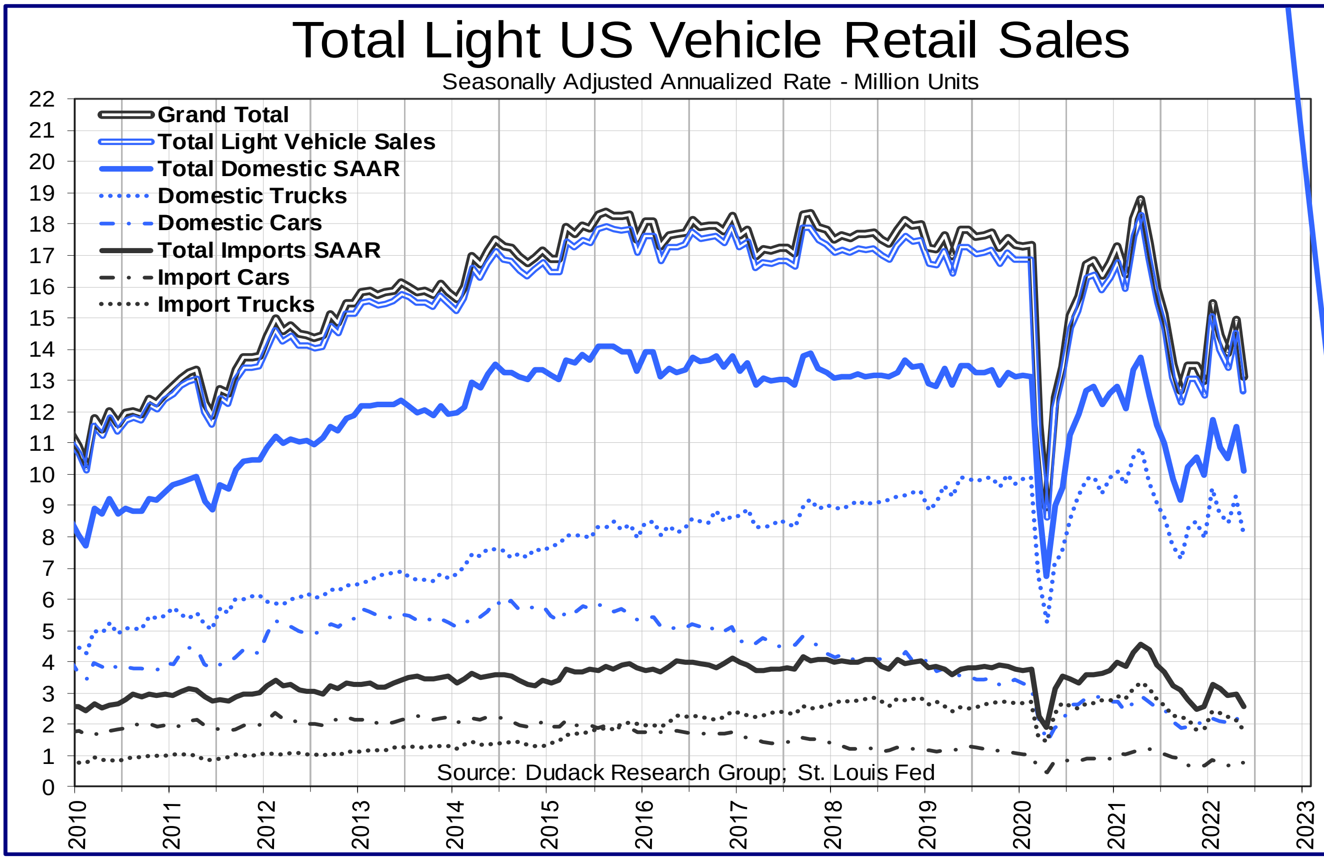
Source: Refinitiv

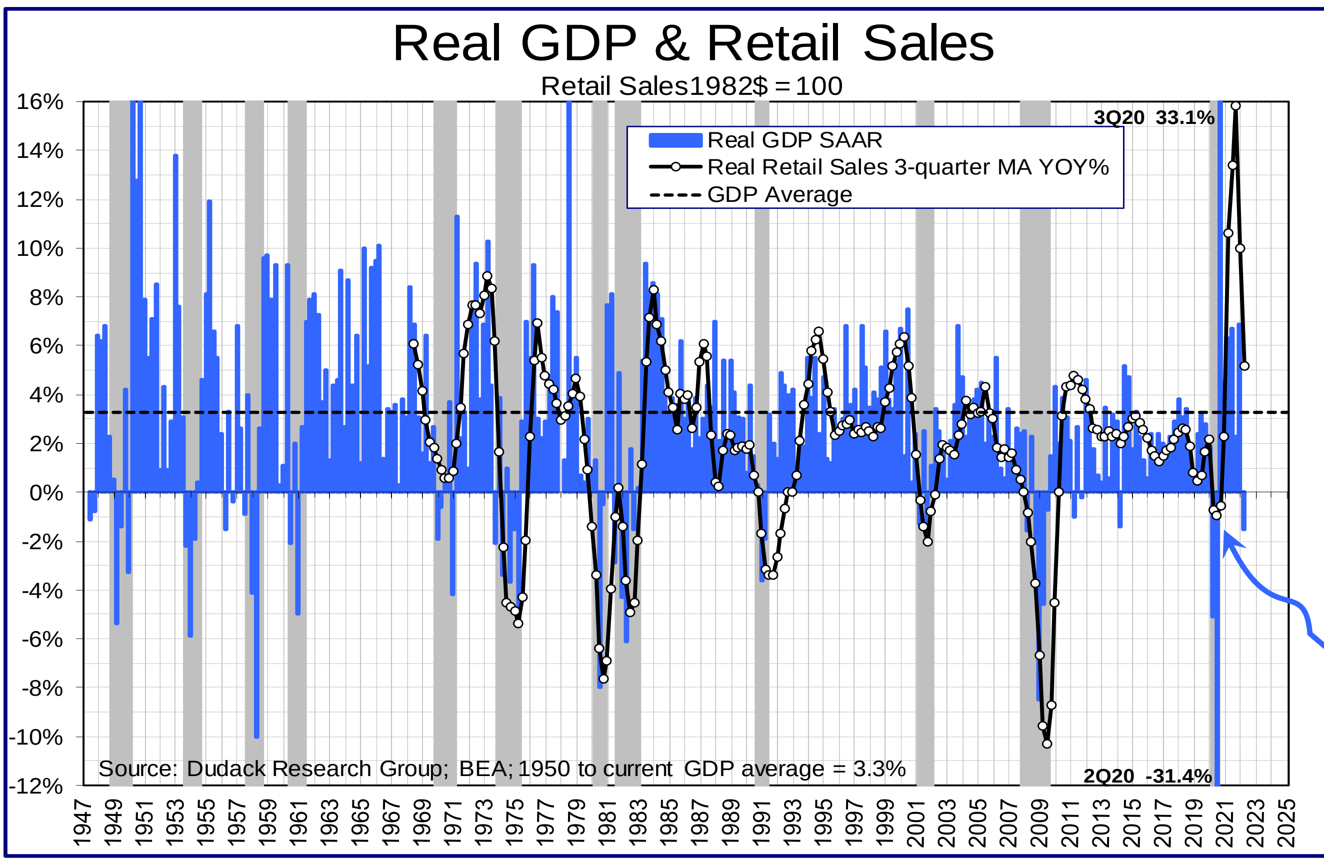
The ISM manufacturing index rose to 56.1 in May, yet this was the second lowest reading in 20 months. The ISM nonmanufacturing index fell to 55.9 and was the worst reading in 15 months. Most worrisome were the employment indices which fell below 50 (declining) in the manufacturing survey and to 50.2 in nonmanufacturing.



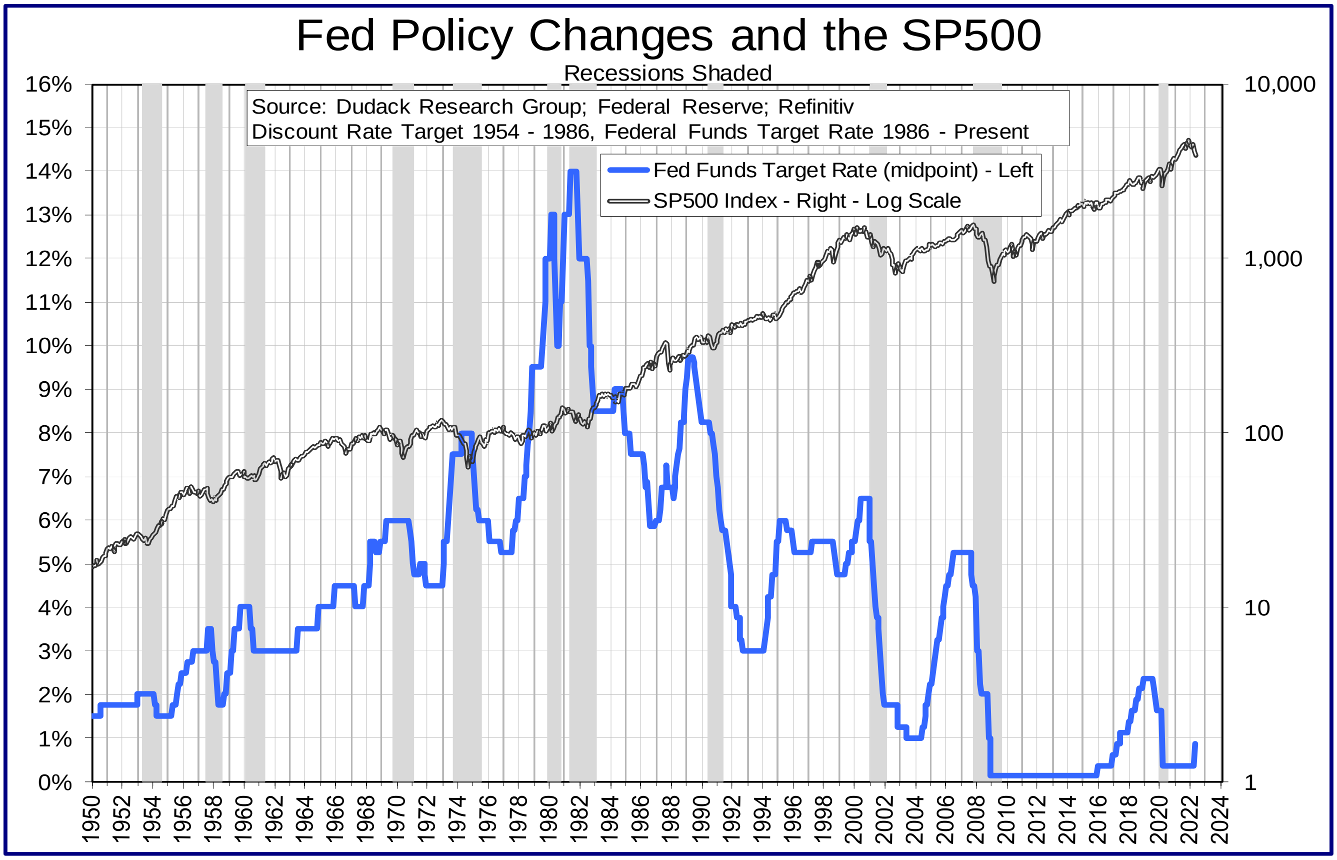


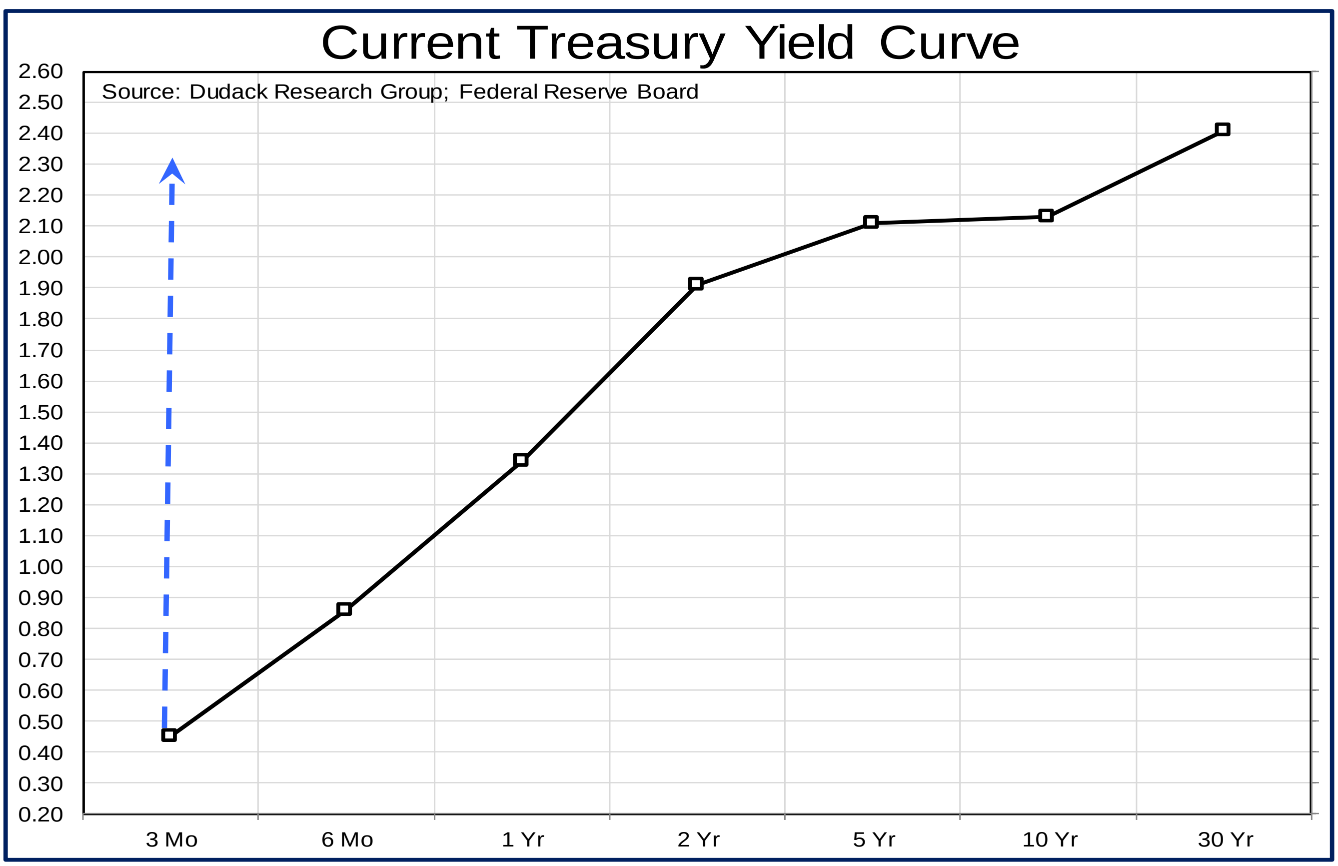
Total light vehicle sales were 12.7 million (SAAR) in May, or 25% below a year earlier and 12.6% below April's pace. Keep in mind that retail sales are a good lead indicator for the economy, particularly of a recession. A negative number for 3-quarter real retail sales has coincided with a recession over the last 50 years.



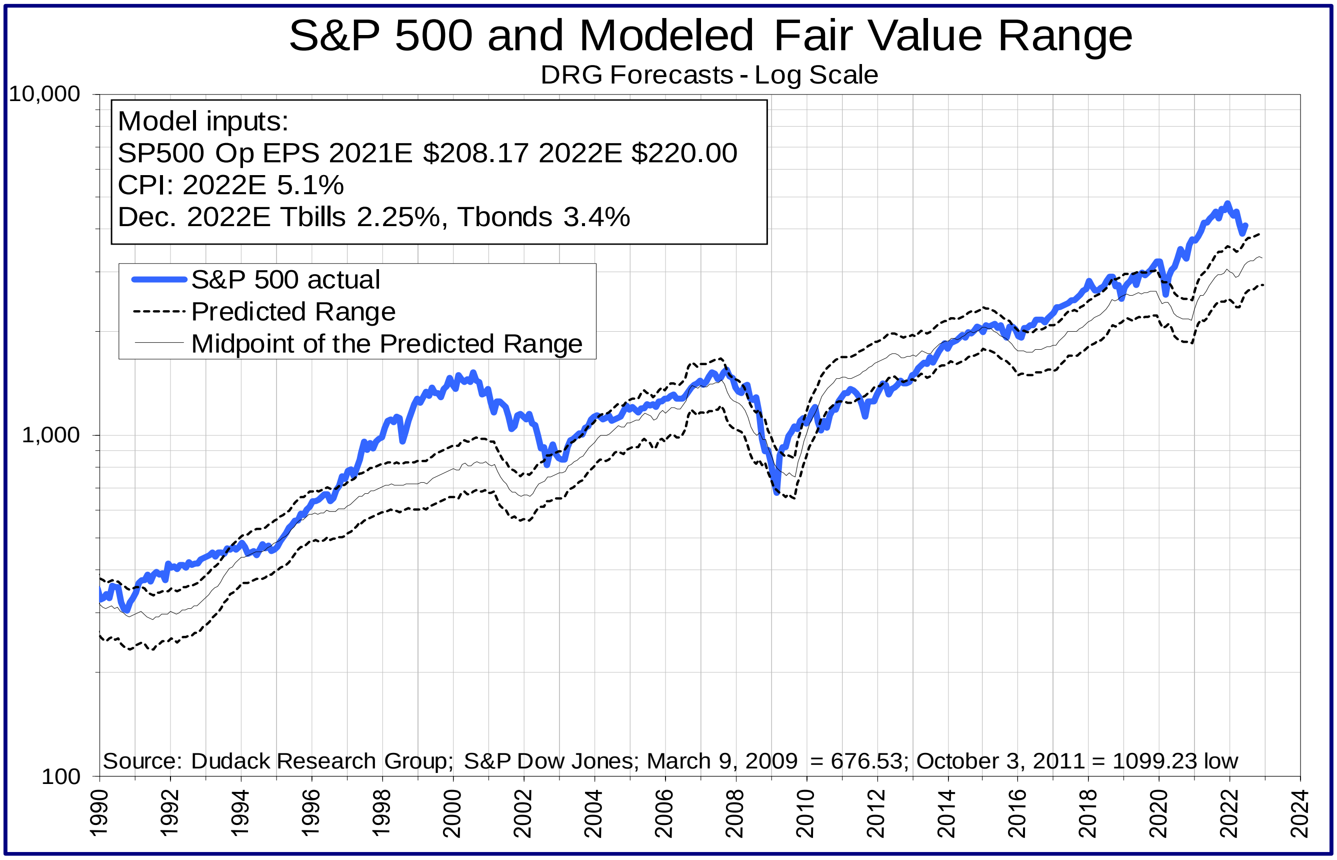


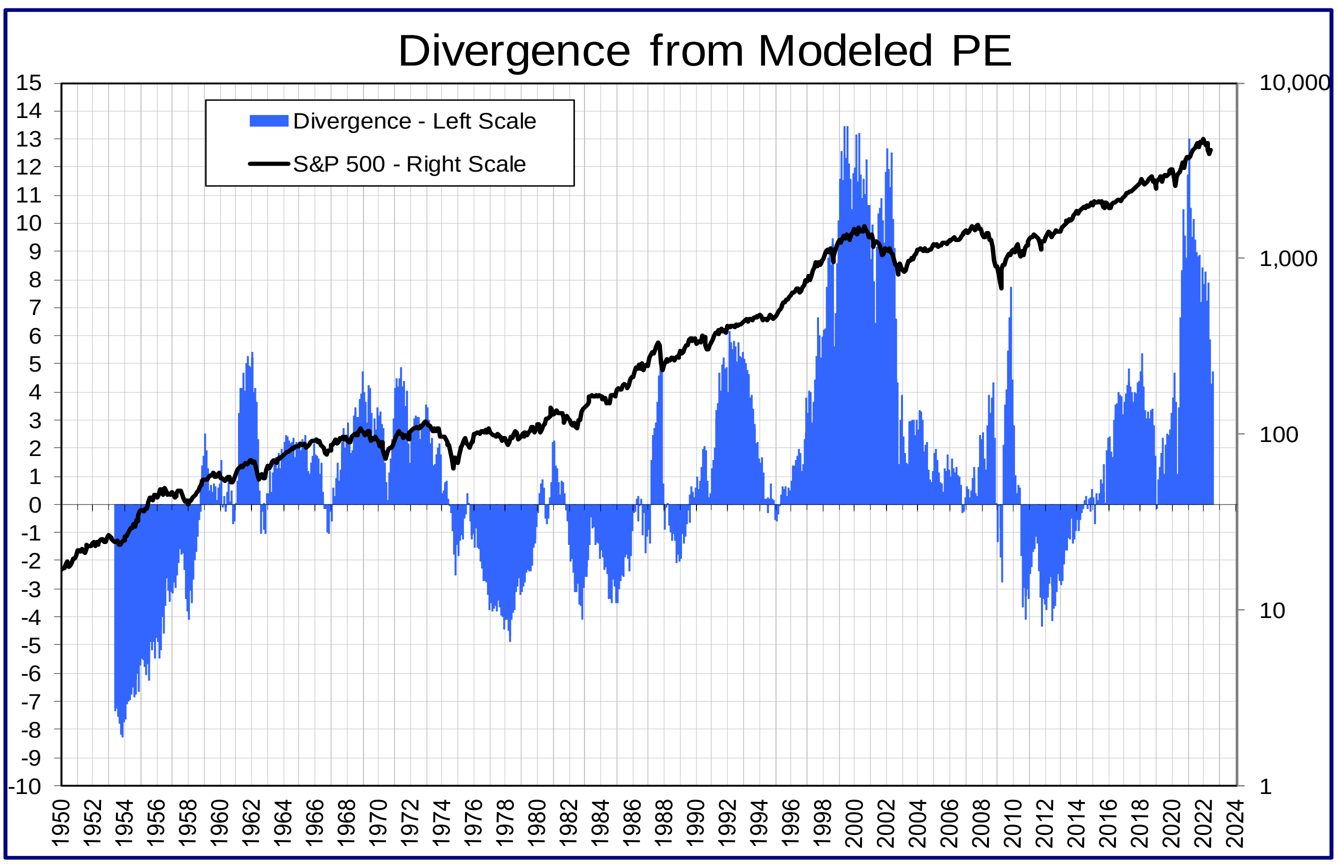
In April, headline CPI was 8.2% YOY and even after two fed rate hikes, short-term interest rates remain at an historically negative (and easy) level of negative 7.2%. The Fed has indicated that it wants to get to a neutral fed funds rate. Assuming year-end inflation moderates to 5%, the fed funds rate would have to increase 400 basis points to simply match inflation and reach a zero cost of capital. If a 5% fed funds rate materializes, we expect the housing market would slow quickly and hurt economic activity meaningfully.



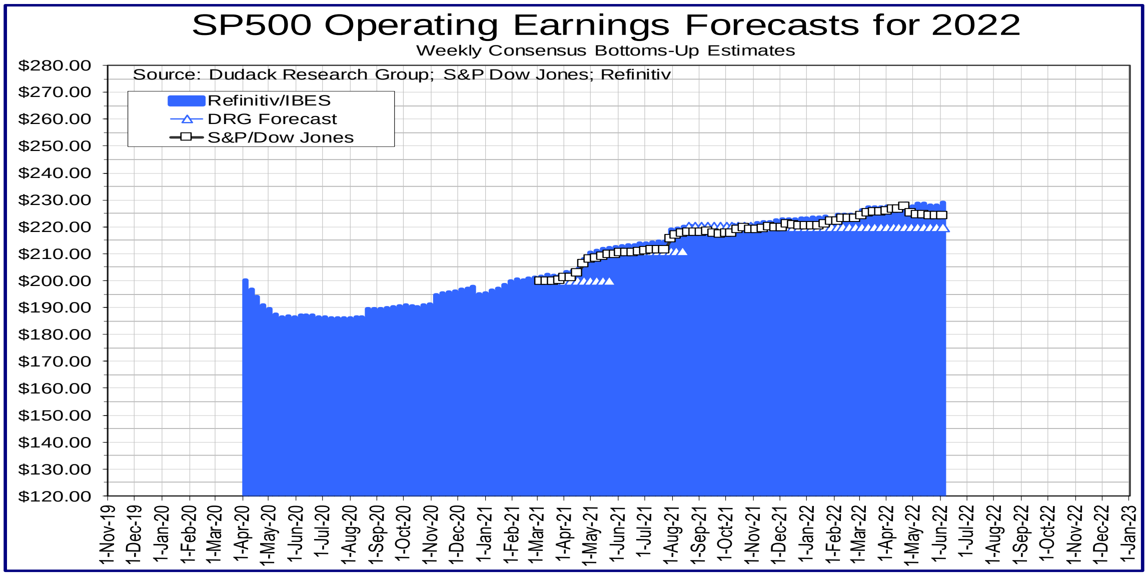


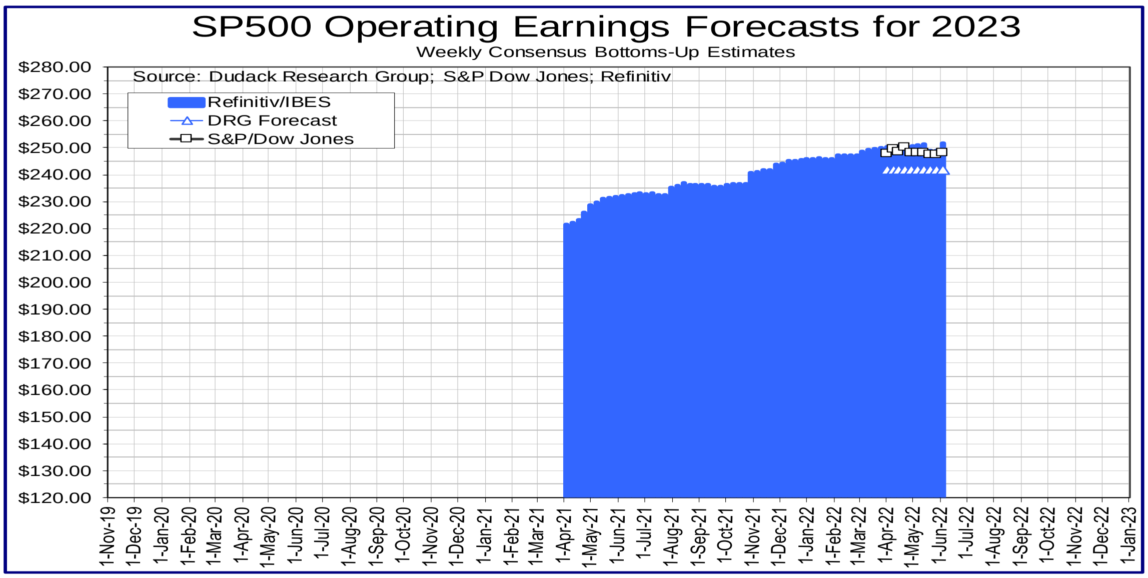
Unfortunately, even at the May 19 close of SPX 3900.79, the market remained above the top of the year-end fair value range of SPX 2730-3866 indicated by our valuation model and 15% above the mid-range of our model (SPX 3300). Even if our $220 EPS estimate for 2021 proves to be low, given current interest rates, value is found below the SPX 4000 level.

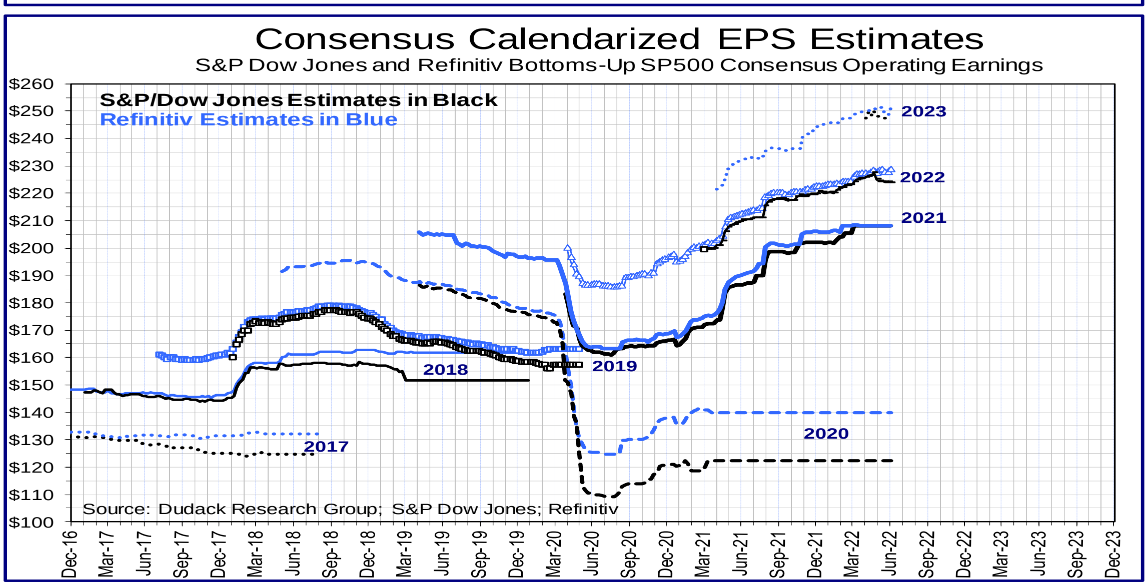




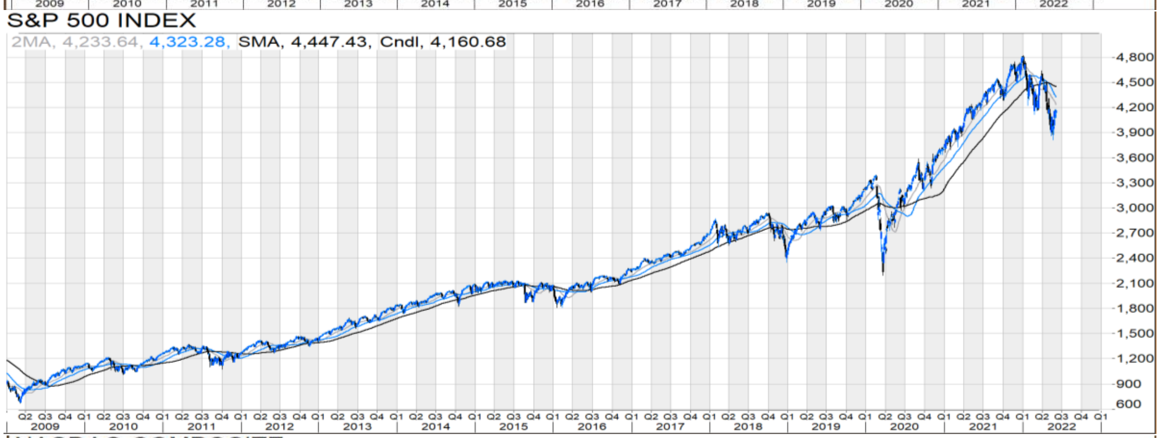
The S&P Dow Jones and Refinitiv IBES consensus earnings estimates for 2022 fell $0.23 and rose $0.95, respectively, this week and the nominal earnings range widened to $224 to $229. Earnings growth rates for this year rose to 7.5% and 10.0%, respectively. *(Note: consensus macro-EPS forecasts may differ 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.







The performance disparity among indices, i.e., the DJIA, SPX, IXIC and RUT, continues. The declines from recent peaks are: 9.2%, 13.3%, 22.8% and 21.4%, respectively. As we have noted over the last twelve months, the RUT has been the best forecaster for the overall market.

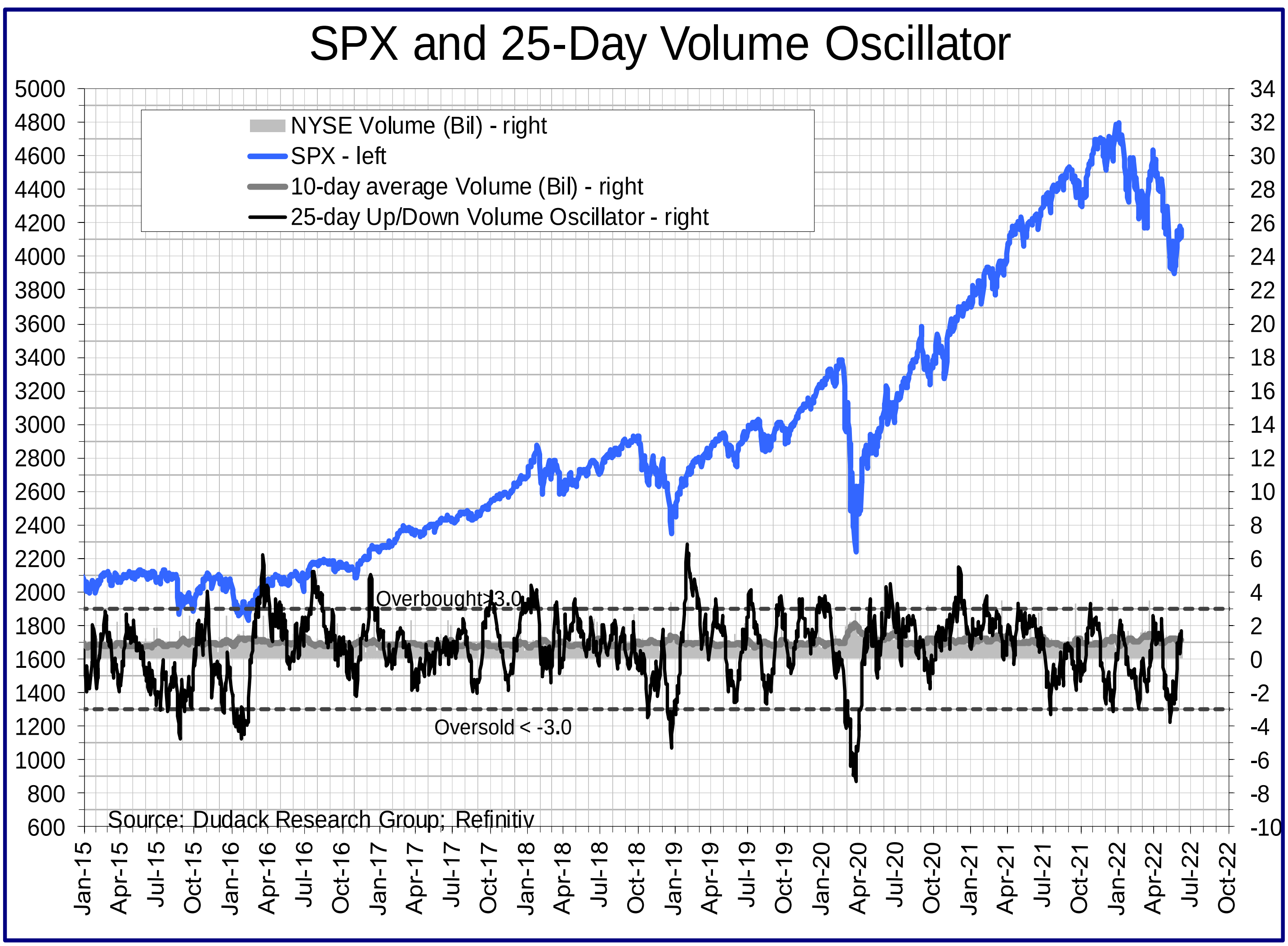


Source: Refinitiv

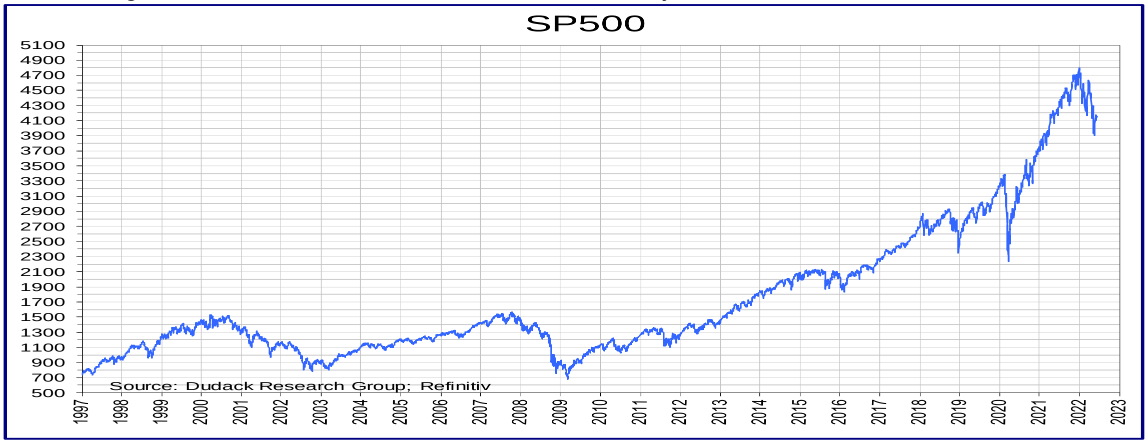
The 25-day up/down volume oscillator rose to 1.71 this week, after recording four days in oversold territory in early May. The May 10 reading of minus 3.8 was the most oversold reading recorded since April 1, 2020. An oversold rebound in prices would not be surprising; however, in March and April of 2020, the market was in oversold territory for 25 of 28 consecutive trading sessions.

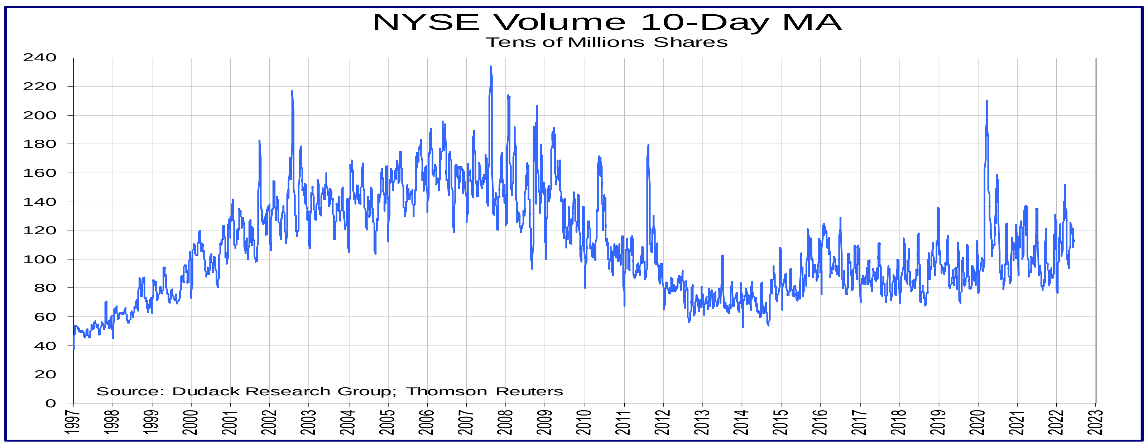
In recent weeks there have been four 90% down days (April 22: 90%; May 5: 93%; May 9: 92%; May 18 93%) and history suggests that these extreme down days usually come in a series. A series of 90% down days reflects panic selling and is characteristic of the end of a bear market cycle. The first sign of selling exhaustion emerges when a 90% up day materializes. A 92% up day did appear on May 13 which we believe signals an exhaustion in selling pressure and the beginning of the final phase, but not necessarily the final low, of a bear market. Not surprisingly, this 90% up day appeared after the SPX slipped below the 4000 level, where investors can begin to find and define “value” in the broader marketplace.

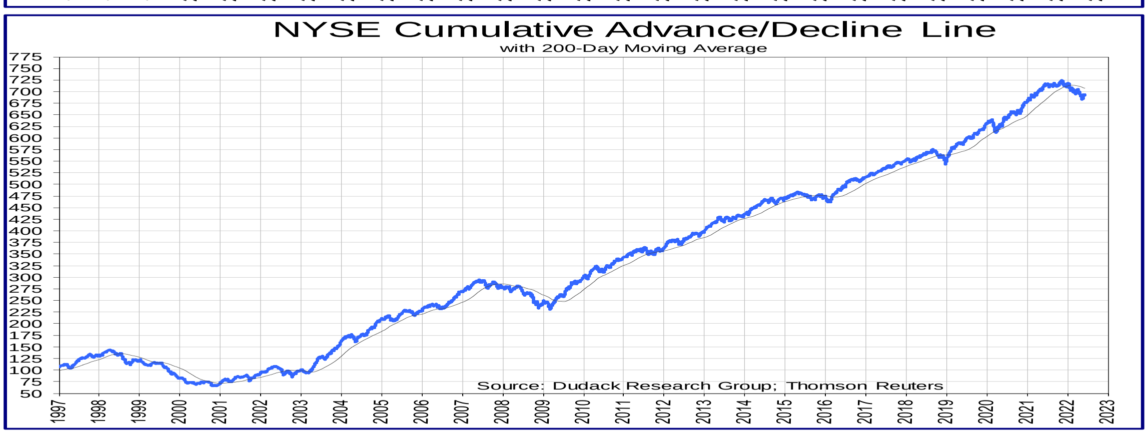
This 25-day up/down volume oscillator measures buying and selling momentum. New highs should be accompanied by strong and consistent buying pressure which results in long and sometimes extreme overbought readings. An absence of overbought readings at a new high reveals a weakness in the trend and is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

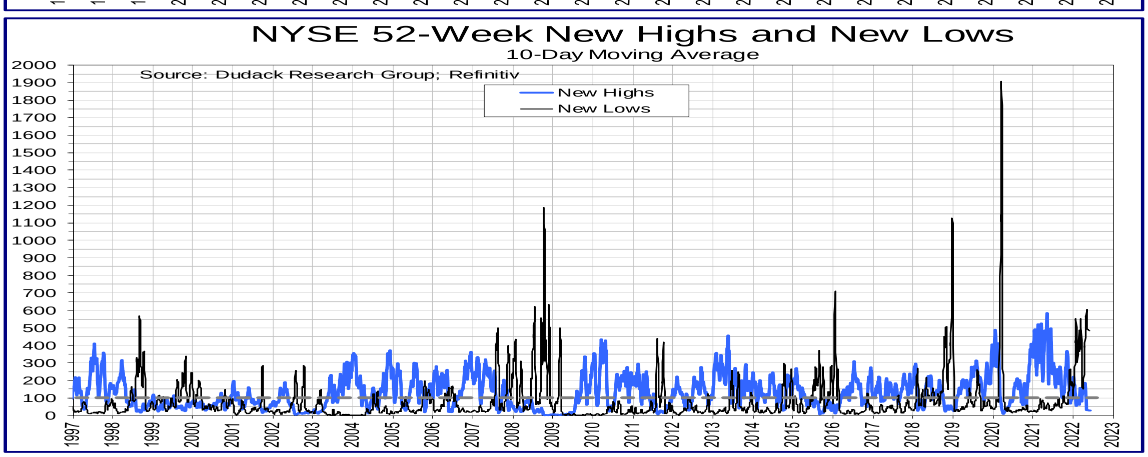


The 10-day average of daily new highs is 28 this week and daily new lows are 484 This combination is negative with new highs below 100, and new lows above the 100 benchmark. The advance/decline line's last record high was on November 8, 2021, and it is trading a net 30,139 issues below this level currently.

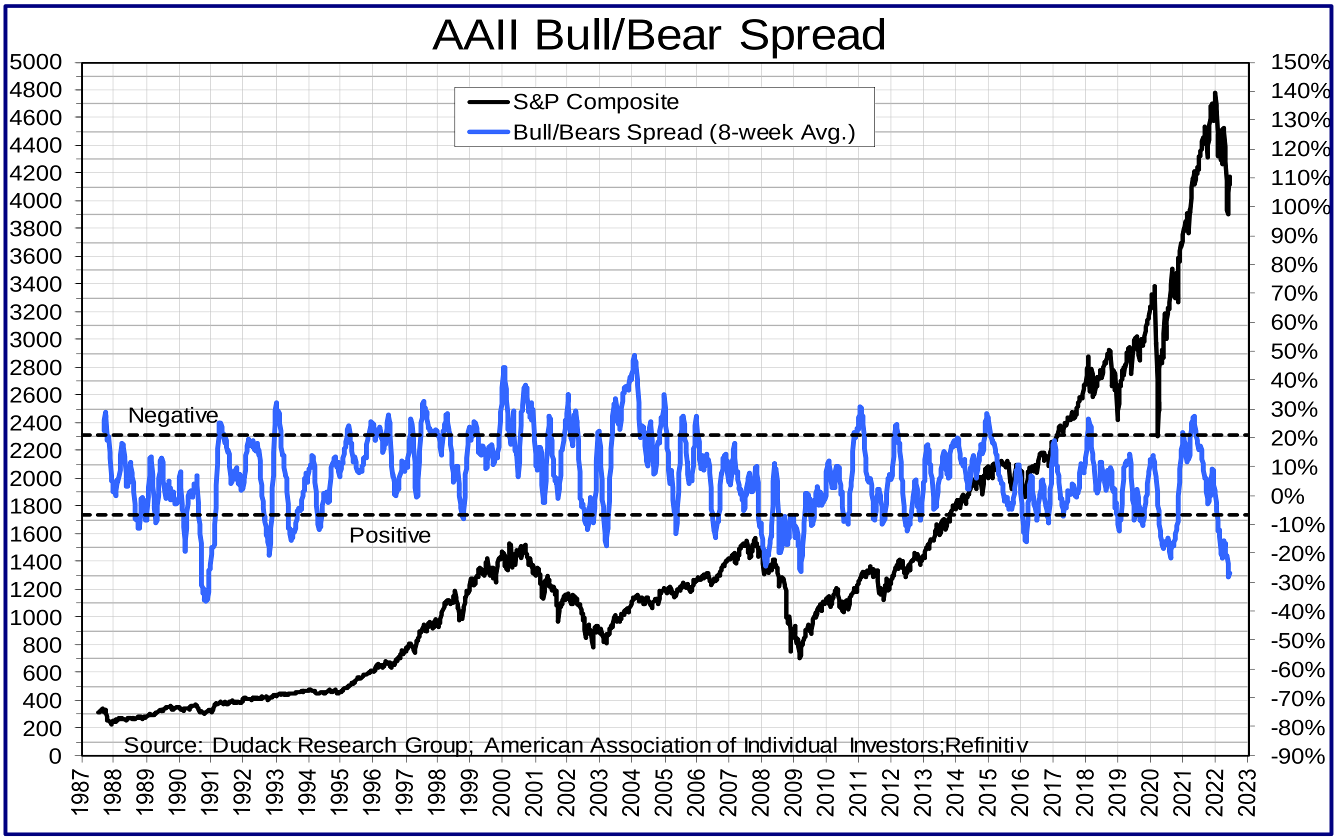


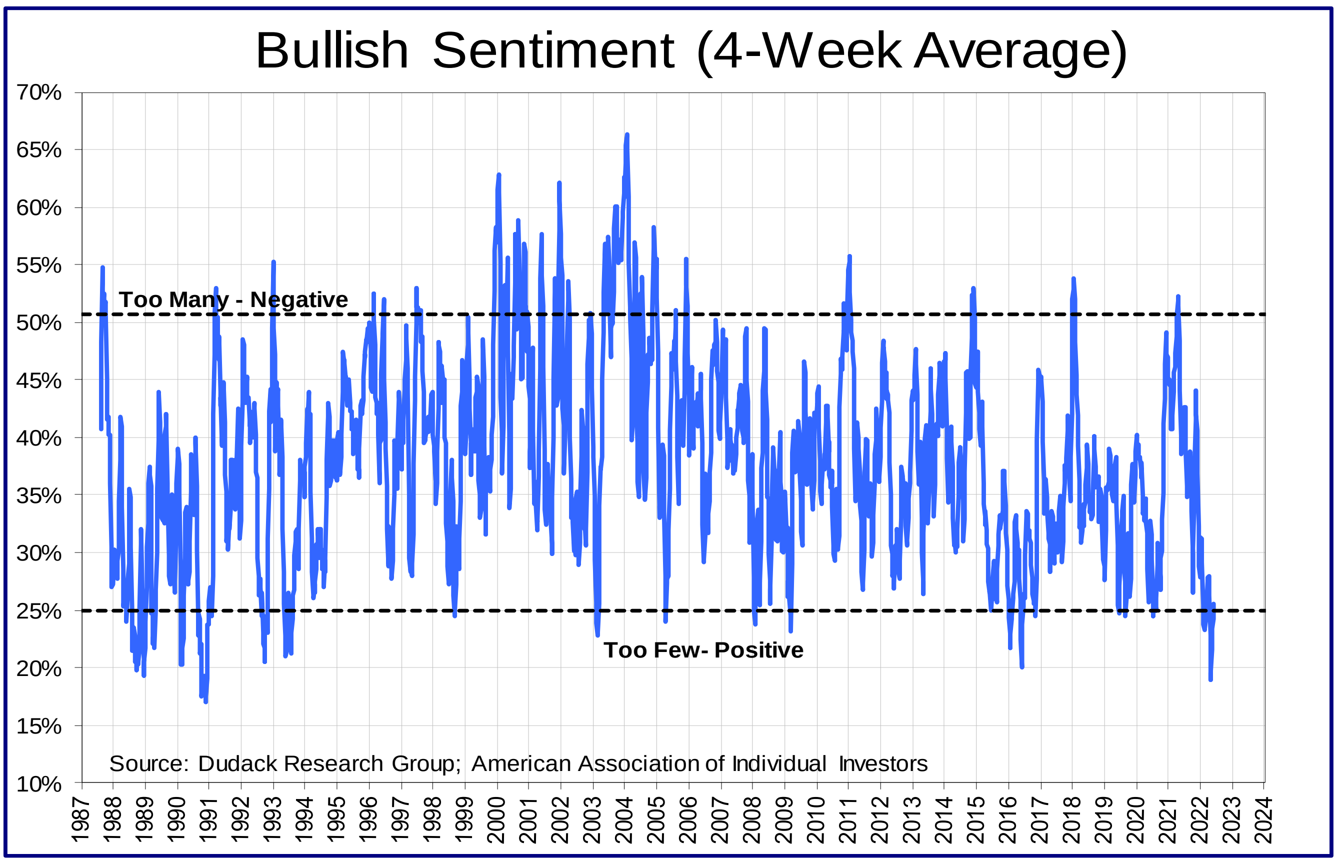






Optimism jumped and pessimism plunged in the latest AAII Sentiment Survey. Bullish sentiment rose 12.2 points to 32.0% and bearish sentiment fell 16.4 points to 37.1%, bringing both back into historical ranges. Last week's readings were the second time the combination of less than 20% bulls and more than 50% bears was recorded since April 27, 2022, or April 11, 2013. The 4-week bullish reading remains the lowest since 1990 and the bearish 59.4% reading of April 27 was the highest since the March 5, 2009 peak of 70.3%. Equity prices tend to be higher in the next six and/or twelve months following such a reading.

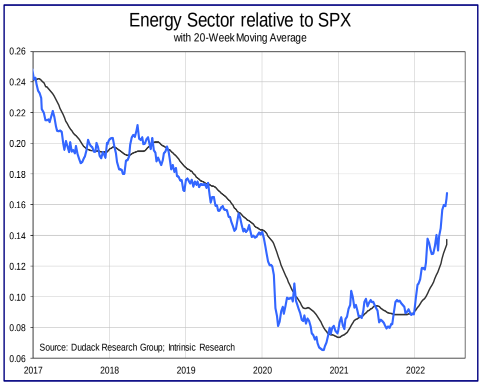


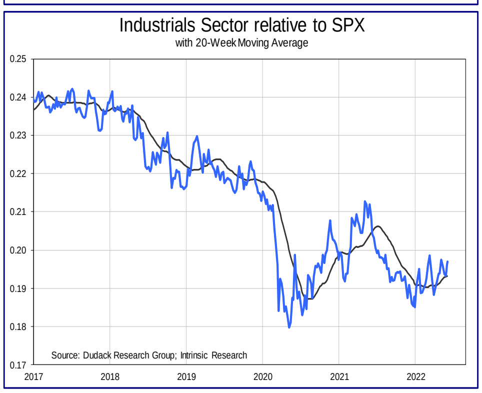


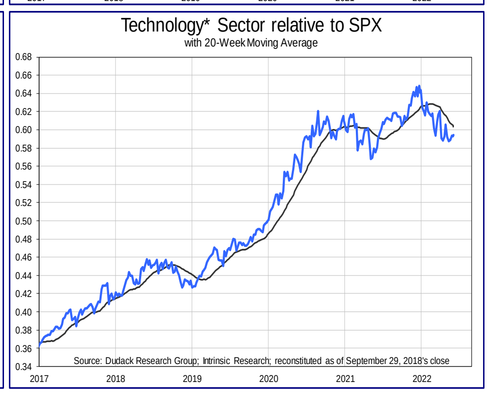
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

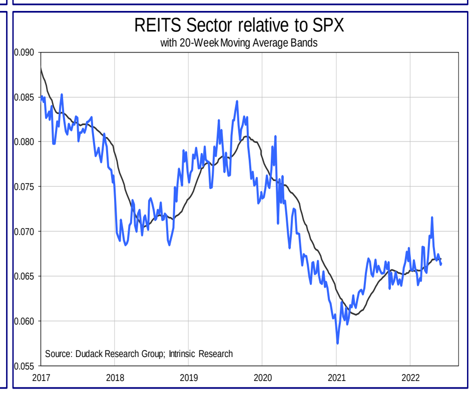
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Energy Industrials Staples Utililties		Healthcare Technology Materials Financials		Consumer Discretionary REITS Communication Services

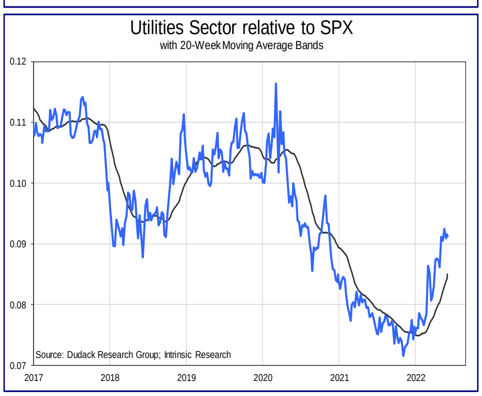
3/8/2022:Materials upgraded from underweight to neutral/communication service downgraded from neutral to underweight. 3/1/2022 Financials downgraded to neutral and Industrials upgraded to overweight.

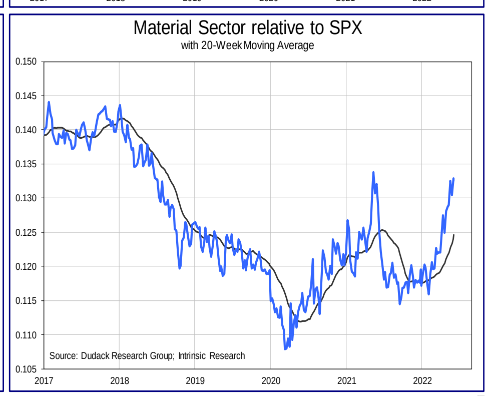


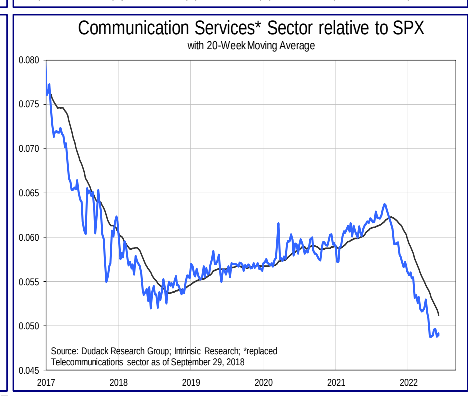


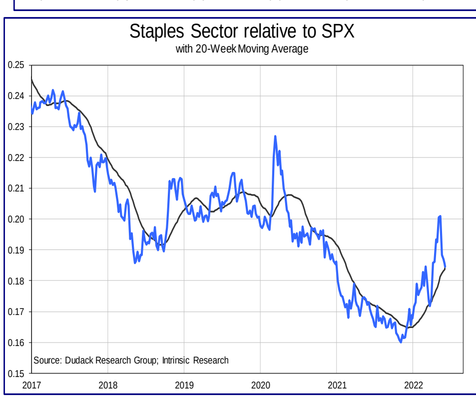


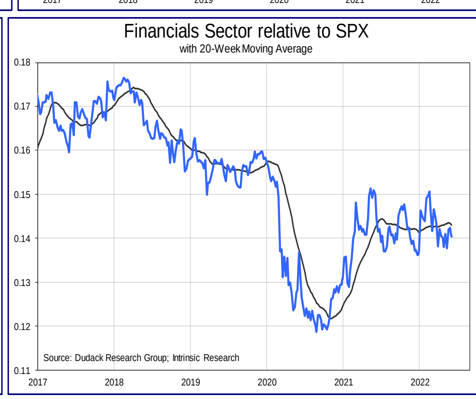












2022 Performance - Ranked	
SP500 Sector	% Change
S&P ENERGY	65.0%
S&P UTILITIES	4.4%
S&P MATERIALS	-3.1%
S&P CONSUMER STAPLES	-4.5%
S&P HEALTH CARE	-6.9%
S&P INDUSTRIALS	-8.4%
S&P FINANCIAL	-10.2%
S&P 500	-12.7%
S&P REITS	-14.9%
S&P INFORMATION TECH	-19.1%
S&P COMMUNICATIONS SERVICES	-23.9%
S&P CONSUMER DISCRETIONARY	-25.0%

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	21.54	6.1%	12.8%	11.7%	67.1%
Energy Select Sector SPDR	XLE	92.08	5.6%	11.0%	19.5%	65.9%
United States Oil Fund, LP	USO	90.04	5.3%	9.6%	21.4%	65.6%
Oil Future	CLc1	119.41	4.1%	8.8%	20.3%	58.8%
iShares MSCI Brazil Capped ETF	EWZ	34.29	-2.7%	9.4%	-12.4%	22.2%
Silver Future	SIc1	28.06	21.7%	25.7%	11.7%	20.3%
Utilities Select Sector SPDR	XLU	75.13	1.1%	4.0%	-0.5%	5.0%
Gold Future	GCc1	2321.10	0.2%	0.9%	2.0%	4.9%
SPDR Gold Trust	GLD	172.94	1.1%	-1.4%	-3.7%	1.2%
iShares MSCI United Kingdom ETF	EWU	33.35	0.5%	5.6%	-0.9%	0.6%
iShares MSCI Australia ETF	EWA	24.88	0.8%	3.3%	-5.9%	0.2%
iShares MSCI Mexico Capped ETF	EWW	50.67	-2.7%	4.6%	-7.8%	0.1%
iShares MSCI Canada ETF	EWC	38.48	1.7%	4.5%	-4.3%	0.1%
SPDR Communication Services ETF	XLC	56.15	0.0%	0.0%	0.0%	0.0%
Materials Select Sector SPDR	XLB	88.12	2.4%	4.2%	-1.1%	-2.7%
iShares MSCI Hong Kong ETF	EWH	22.45	1.3%	7.4%	-0.5%	-3.2%
Consumer Staples Select Sector SPDR	XLP	74.24	-0.3%	-3.2%	-3.1%	-3.7%
iShares Russell 1000 Value ETF	IWD	160.74	0.8%	2.0%	-3.2%	-4.3%
iShares Silver Trust	SLV	21.41	3.4%	-0.6%	-9.6%	-4.4%
iShares MSCI Malaysia ETF	EWM	23.61	-2.3%	-2.3%	-7.8%	-5.7%
iShares Russell 2000 Value ETF	IWN	156.17	3.0%	5.0%	-3.2%	-6.0%
Health Care Select Sect SPDR	XLV	131.53	-0.5%	1.3%	-4.7%	-6.6%
Industrial Select Sector SPDR	XLI	97.24	2.7%	1.8%	-5.6%	-8.1%
SPDR DJIA ETF	DIA	332.17	0.6%	0.9%	-4.2%	-8.6%
DJIA	.DJI	33180.14	0.6%	0.9%	-4.3%	-8.7%
iShares China Large Cap ETF	FXI	33.25	4.4%	14.4%	0.2%	-9.1%
SPDR S&P Bank ETF	KBE	49.47	0.5%	3.6%	-5.5%	-9.3%
iShares MSCI India ETF	INDA.K	41.45	0.0%	-1.5%	-7.0%	-9.6%
Financial Select Sector SPDR	XLF	35.24	-0.6%	1.4%	-7.8%	-9.8%
Vanguard FTSE All-World ex-US ETF	VEU	54.91	0.3%	4.3%	-4.7%	-10.4%
iShares MSCI Singapore ETF	EWS	19.16	0.4%	0.3%	-8.1%	-10.4%
iShares MSCI EAFE ETF	EFA	70.19	0.3%	4.3%	-4.6%	-10.8%
Shanghai Composite	.SSEC	3241.76	1.7%	8.0%	-0.3%	-10.9%
iShares MSCI Emerg Mkts ETF	EEM	42.73	0.2%	4.4%	-5.4%	-12.5%
SP500	.SPX	4160.68	0.7%	0.9%	-8.2%	-12.7%
iShares Russell 1000 ETF	IWB	229.42	0.9%	1.2%	-8.3%	-13.2%
iShares MSCI Japan ETF	EWJ	57.50	-0.2%	1.4%	-7.2%	-14.1%
iShares Russell 2000 ETF	IWM	190.90	3.0%	4.6%	-8.0%	-14.2%
iShares MSCI Austria Capped ETF	EWO	21.79	1.2%	10.4%	0.9%	-14.4%
iShares US Real Estate ETF	IYR	99.32	0.2%	-0.5%	-8.2%	-14.5%
iShares MSCI South Korea Capped ETF	EWY	66.50	-2.3%	0.6%	-6.4%	-14.6%
iShares iBoxx $ Invest Grade Corp Bond	LQD	112.99	-1.3%	2.0%	-6.6%	-14.7%
iShares MSCI Taiwan ETF	EWT	56.33	-1.3%	2.1%	-8.3%	-15.4%
iShares MSCI BRIC ETF	BKF	37.65	2.7%	8.8%	-1.7%	-15.9%
iShares MSCI Germany ETF	EWG	27.53	0.7%	8.3%	-3.8%	-16.0%
PowerShares Water Resources Portfolio	PHO	50.35	2.7%	4.4%	-6.3%	-17.2%
iShares US Telecomm ETF	IYZ	27.18	-0.5%	3.0%	-9.1%	-17.4%
Technology Select Sector SPDR	XLK	141.67	0.9%	0.8%	-10.6%	-18.5%
iShares Russell 1000 Growth ETF	IWF	240.50	1.0%	0.2%	-13.4%	-21.3%
Nasdaq Composite Index Tracking Stock	ONEQ.O	47.68	0.9%	0.4%	-14.2%	-21.7%
NASDAQ 100	NDX	12711.68	0.6%	0.1%	-14.3%	-22.1%
iShares 20+ Year Treas Bond ETF	TLT	115.12	-1.2%	1.3%	-13.0%	-22.3%
iShares Russell 2000 Growth ETF	IWO	227.03	3.0%	3.8%	-11.2%	-22.5%
iShares Nasdaq Biotechnology ETF	IBB.O	117.83	1.0%	4.1%	-11.4%	-22.8%
SPDR S&P Semiconductor ETF	XSD	183.47	0.4%	5.4%	-11.6%	-24.5%
Consumer Discretionary Select Sector SPDR	XLY	154.15	-0.3%	-2.5%	-16.7%	-24.6%
SPDR S&P Retail ETF	XRT	66.68	0.8%	-4.0%	-11.7%	-26.1%
SPDR Homebuilders ETF	XHB	63.16	1.2%	2.9%	-0.1%	-26.4%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; Thomson Reuters Priced as of June 7, 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%	**$208.12**	49.0%	22.9X	1.3%	5.7%	$2,424.60	23.2%
2022E	~~~~~	$206.99	$223.88	$220.00	5.7%	**$228.98**	10.0%	18.6X	NA	NA	NA	NA
2023E	~~~~~	$232.07	$248.13	$242.00	10.0%	**$251.55**	9.9%	16.8X	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	23.2%	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 1QP	4530.41	$45.97	$49.38	$51.00	7.6%	$54.90	11.7%	19.8	1.4%	-1.5%	$2,417.70	9.5%
2022 2QE*	4160.68	$50.34	$54.98	$56.00	7.6%	$55.33	5.2%	19.5	NA	NA	NA	NA
2022 3QE		$54.41	$59.04	$58.00	11.5%	$59.45	10.7%	18.9	NA	NA	NA	NA
2022 4QE		$56.26	$60.48	$55.00	-3.0%	$61.02	13.1%	18.6	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 6/7/2022

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

Other Disclosures

This report has been written without regard for the specific investment objectives, financial situation, or particular needs of any specific recipient, and should not be regarded by recipients as a substitute for the exercise of their own judgment. The report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell securities or related financial instruments. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. The report is based on information obtained from sources believed to be reliable, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the report. Any opinions expressed in this report are subject to change without notice and Dudack Research Group division of Wellington Shields & Co. LLC. (DRG/Wellington) is under no obligation to update or keep current the information contained herein. Options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results, and yield from securities, if any, may fluctuate as a security's price or value changes. Accordingly, an investor may receive back less than originally invested. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

DRG/Wellington relies on information barriers, such as "Chinese Walls," to control the flow of information from one or more areas of DRG/Wellington into other areas, units, divisions, groups, or affiliates. DRG/Wellington accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report.

The content of this report is aimed solely at institutional investors and investment professionals. To the extent communicated in the U.K., this report is intended for distribution only to (and is directed only at) investment professionals and high net worth companies and other businesses of the type set out in Articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. This report is not directed at any other U.K. persons and should not be acted upon by any other U.K. person. Moreover, the content of this report has not been approved by an authorized person in accordance with the rules of the U.K. Financial Services Authority, approval of which is required (unless an exemption applies) by Section 21 of the Financial Services and Markets Act 2000.
Additional information will be made available upon request.

Dudack Research Group a division of Wellington Shields & Co. LLC.
Main Office:
Wellington Shields & Co. LLC
140 Broadway
New York, NY 10005
212-320-3511
Research Sales: 212-320-2046

Florida office:
549 Lake Road
Ponte Vedra Beach, FL 32082
212-320-2045

Prices are the close of June 7, 2022