



Dudack Research Group

A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC

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August 24, 2022

DJIA: 32909.59  
SPX: 4128.73  
NASDAQ: 12381.30

# US Strategy Weekly

## Neither Bear nor Bull

Market peaks and troughs are often confusing intervals because both are periods of transition, volatility, and mixed signals. And at risk of oversimplifying the current environment, we expect confusion will heighten among investors and market forecasters based upon the facts that the technical condition of the equity market has been improving while the economic condition of the economy has been deteriorating. This is not an unusual combination at a major low.

It has been our view that the first half of the year was a recession or a recessionary period. This is the good news and the bad news. History shows that stocks tend to bottom out midway or in the latter half of a recession. If we are right about the economy this precedent is positive for today's investors. However, a recession is also destructive to earnings and while many stocks have discounted a significant decline in earnings growth, this is not true of all stocks. In short, risk remains, and optimism may be a bit premature, especially at recent elevated prices. Although short-term trading opportunities will continue to present themselves, we believe portfolios holdings should be concentrated in sectors and companies that are both inflation and recession resistant, such as energy, utilities, defense-related industrials, staples and healthcare.

Our strategic view has been that the stock market began a bottoming phase in June, the major indices have probably seen their bear market lows, but the lows will be retested in coming months. Our optimism is supported by the fact that some technical indicators are defining a likely shift in long-term momentum from bearish to, at a minimum, neutral.

### ECONOMICS

While technical indicators have their bright spots, we feel investors may have become too optimistic too soon. Re-emergence of meme stock investors is one sign that speculation has returned to the market too quickly. Expectations of a Fed pivot this year are quite likely to be wrong, or at least premature. Economic indicators are mixed but many are showing definitive signs of weakness and the possibility of a recession. A good example of this is this week's S&P Global Flash US Composite PMI Index which fell to 45.0 in August, down from 47.7 in July. This was the second successive monthly decrease in total business activity, below 50 (contractionary), and was at a 27-month low. Excluding the period between March and May 2020, the decline in total output was the steepest seen since the series began nearly 13 years ago.

The S&P Global Flash US Services Business Activity Index was 44.1 in August, down from 47.3 in July, and the fastest decrease in business activity since May 2020. Service providers noted that hikes in interest rates and inflation dampened customer spending because disposable incomes were squeezed. This decline in spending was predictable in our view. As we have often noted, inflation destroys the purchasing power of consumers, higher fuel, transportation, and raw material costs pressure corporate margins, and while inflation has a negative impact on both consumption and earnings, it also lowers PE multiples. In sum, inflation is a triple threat to investors.

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

Some economic news was better than expected. Total retail & food service sales were \$686.8 billion in July, a 10.3% YOY increase. Excluding motor vehicles and parts, sales were \$557.9 billion, a 12.3% YOY gain. Sales of motor vehicles and parts dealers were \$124.95 billion in July, a 2.1% YOY gain, and the first real year-over-year gain in autos since February 2022. See page 3. However, after adjusting for inflation, i.e., priced in 1982 dollars, real retail & food services sales were \$231.25 billion in July, a much more modest 1.7% YOY gain. Nonetheless, this was the first positive year-over-year gain in real retail sales since February. But in terms of investments, it is important to note the changing composition of retail sales. There have been relative gains for gas stations, food services & drinking places, and nonstore retailers. But as a percentage of monthly retail sales, the losers have been autos, general merchandise, food & beverage, and clothing & clothing accessories stores. See page 4. These shifts in consumption are also reflected in sector performances with energy and utilities the only S&P 500 sectors to show year-to-date gains.

Meanwhile, the housing slump continues. Census data shows new home sales fell from 585,000 units in June to 511,000 units in July, the lowest level since October 2015 and 30% below a year earlier. Existing home sales fell from 5.1 million in June to 4.81 million in July, a 20% drop below the July 2021 level. Nonetheless, the median price of a new home rose from \$414,900 to \$439,400 in July, up 8% from a year earlier making homes less affordable in a rising interest rate environment. See page 5. And as home sales have been slowing, inventories have been rising. Existing home inventories have increased from the January 2022 low of 850,000 to 1.31 million units in July and the supply of single-family homes increased from 1.5 to 3.3 months in the same time period. Not surprisingly, building permits and starts have been falling in recent months. See page 6.

#### EARNINGS

The S&P Dow Jones consensus EPS estimates for 2022 and 2023 rose \$0.06 and fell \$0.02, respectively, this week. Refinitiv IBES consensus EPS forecasts rose \$0.16 and fell \$0.03 respectively. However, the nominal earnings range for 2022 changed to \$210.56 to \$225.50 and earnings growth rates for this year were unchanged at 1.1% and 8.4%, respectively. But we want to point out that our DRG 2022 estimate was lowered from \$220 to \$218 in early August, and given the results of the second quarter, and the S&P estimate of \$210.50 for this year, our estimate could still be too optimistic. See page 8.

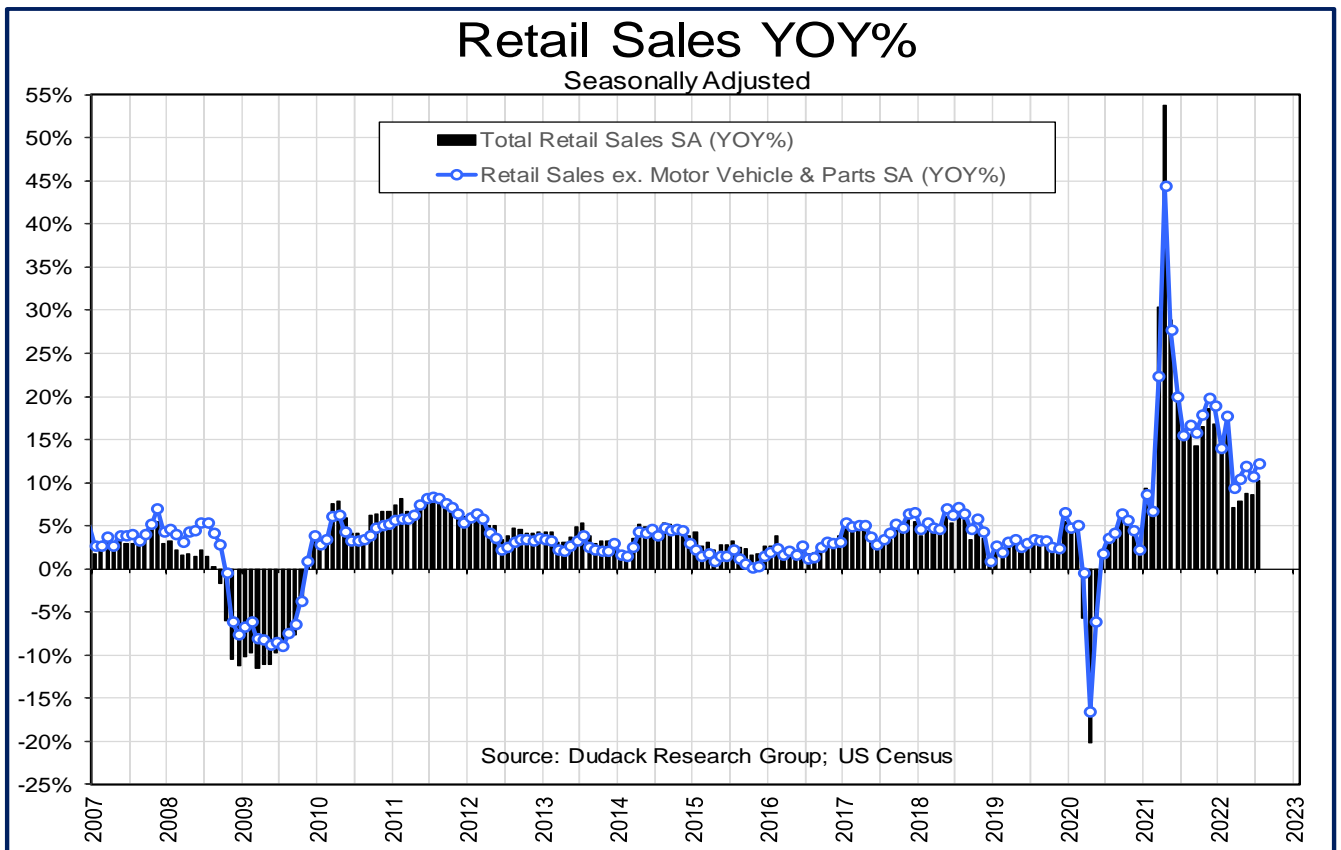
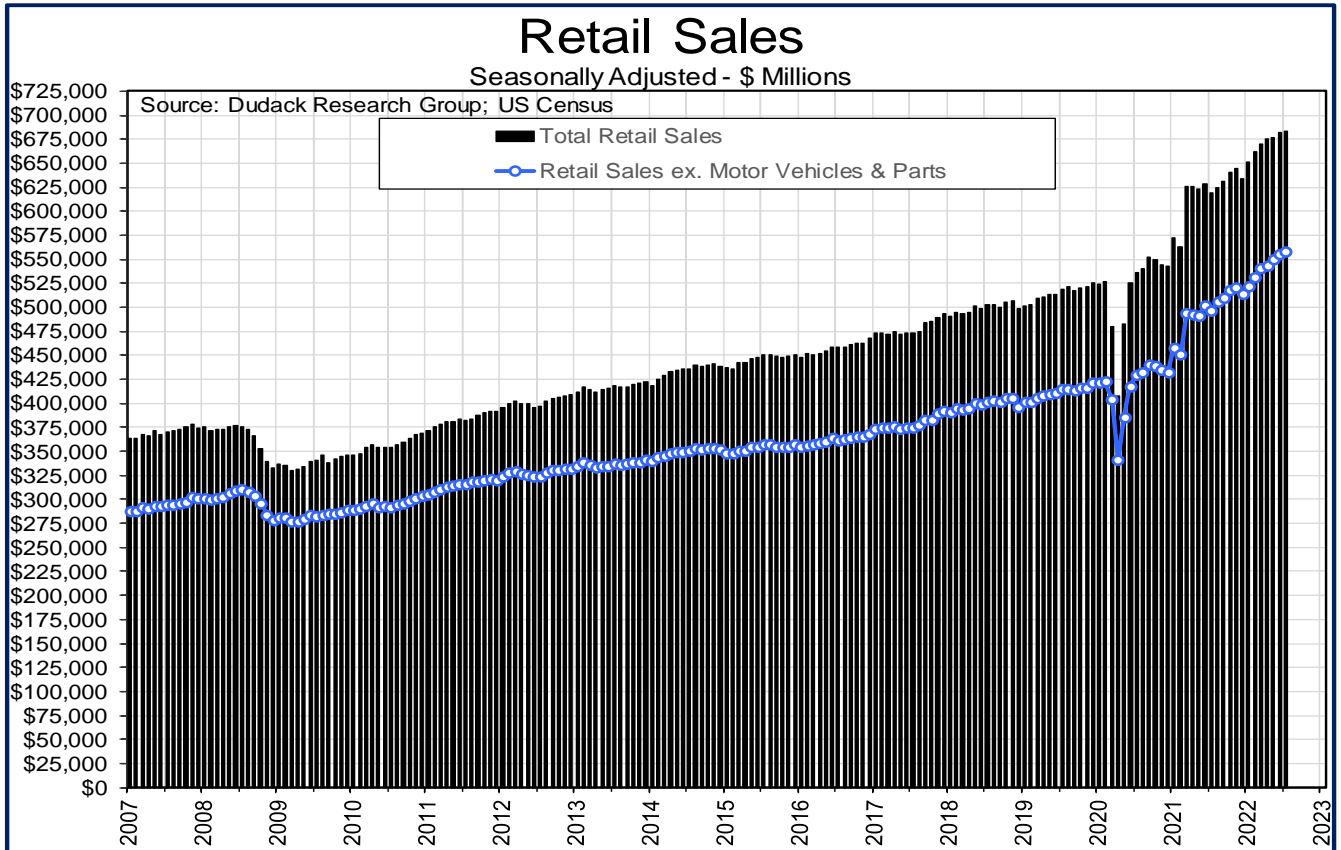
#### TECHNICALS

The charts of the popular indices show that stocks had a convincing rally to their 200-day moving averages but have since retreated. See page 9. A test of the 200-day moving average is typical of a bear market rally and is not predictive; but other indicators suggest that the underlying momentum of the rally points to a weakening bear cycle and the possibility that the lows for many stocks may have been made in June.

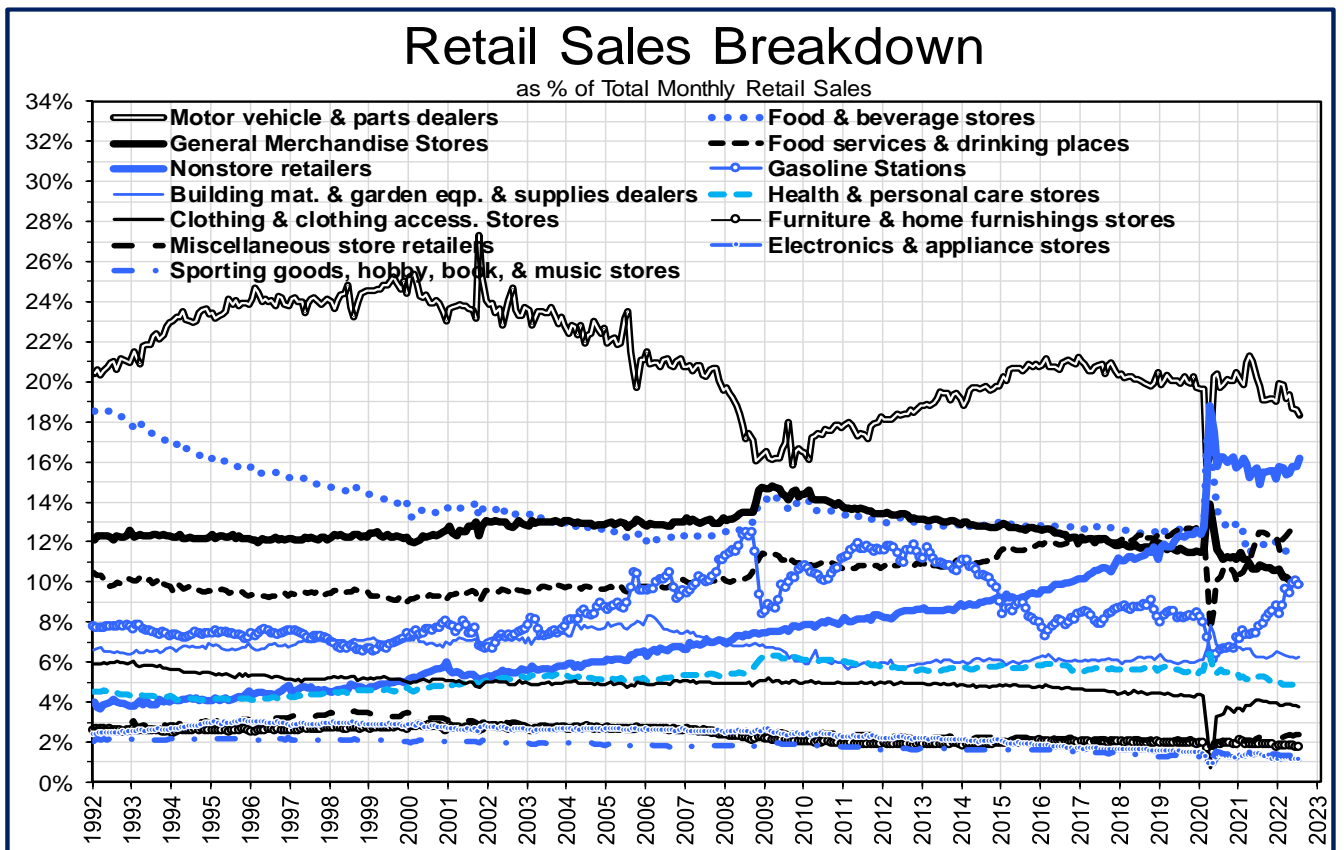
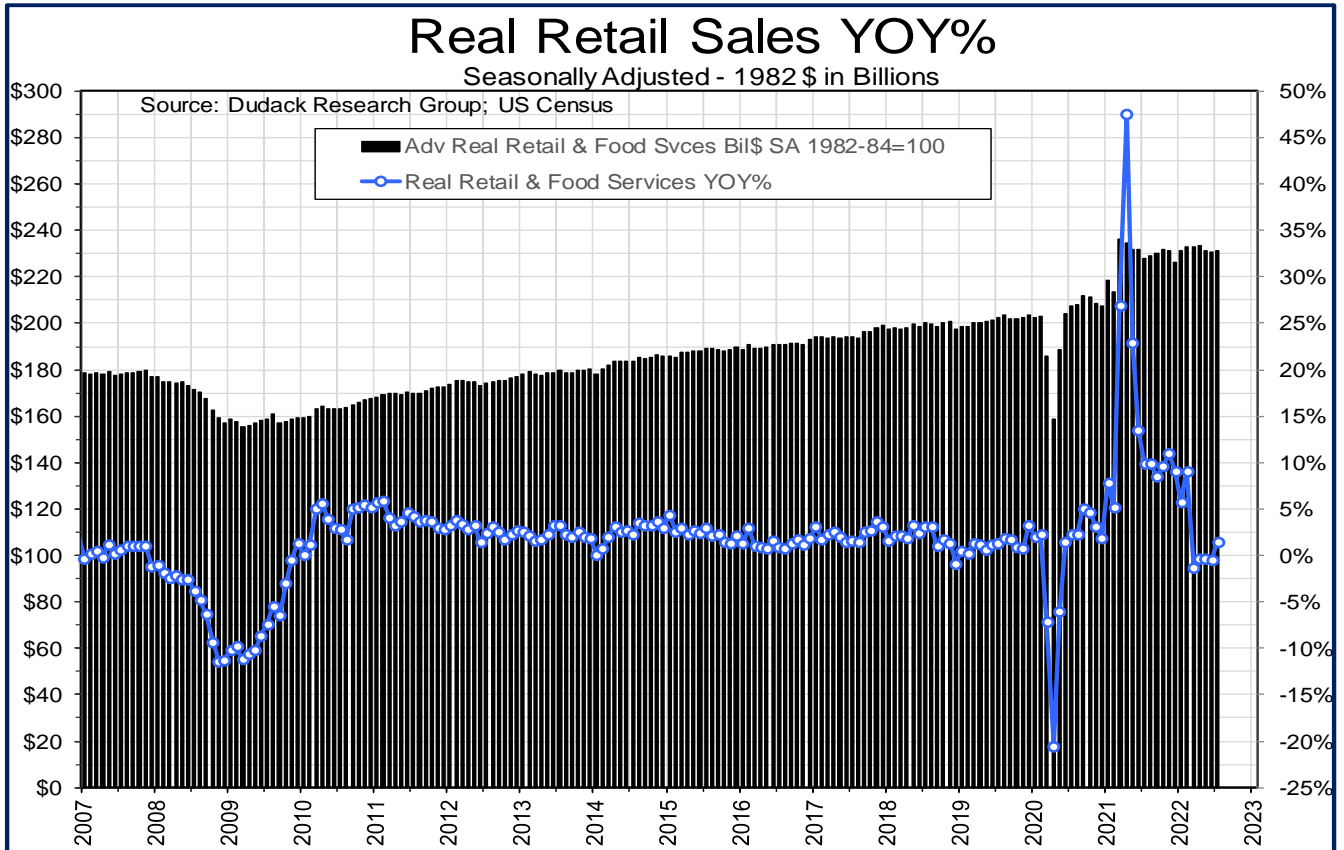
The 25-day up/down volume oscillator fell to 2.19 this week but it was overbought for seven of eight consecutive days between August 10th and August 19th. It also reached a peak overbought reading of 5.26 on August 18th, the highest overbought reading since December 10, 2020. This is important since extreme and/or long overbought readings are rare in a bear market and if they appear, the readings tend to be brief, or less than six consecutive trading days recently seen. It is also important to note that the last two 90% days were up days on July 19, 2022 (92%) and August 10 (91%), an indication that momentum could be shifting from a bear cycle to, at worst, neutral.

Still, the near-term market appears extended. In our view, investors are currently too optimistic that Fed tightening is nearly over, and this could change with Chairman Powell's speech this week at Jackson Hole, WY. We would remain invested but concentrate on companies with predictable earnings streams and/or above average dividend yields.

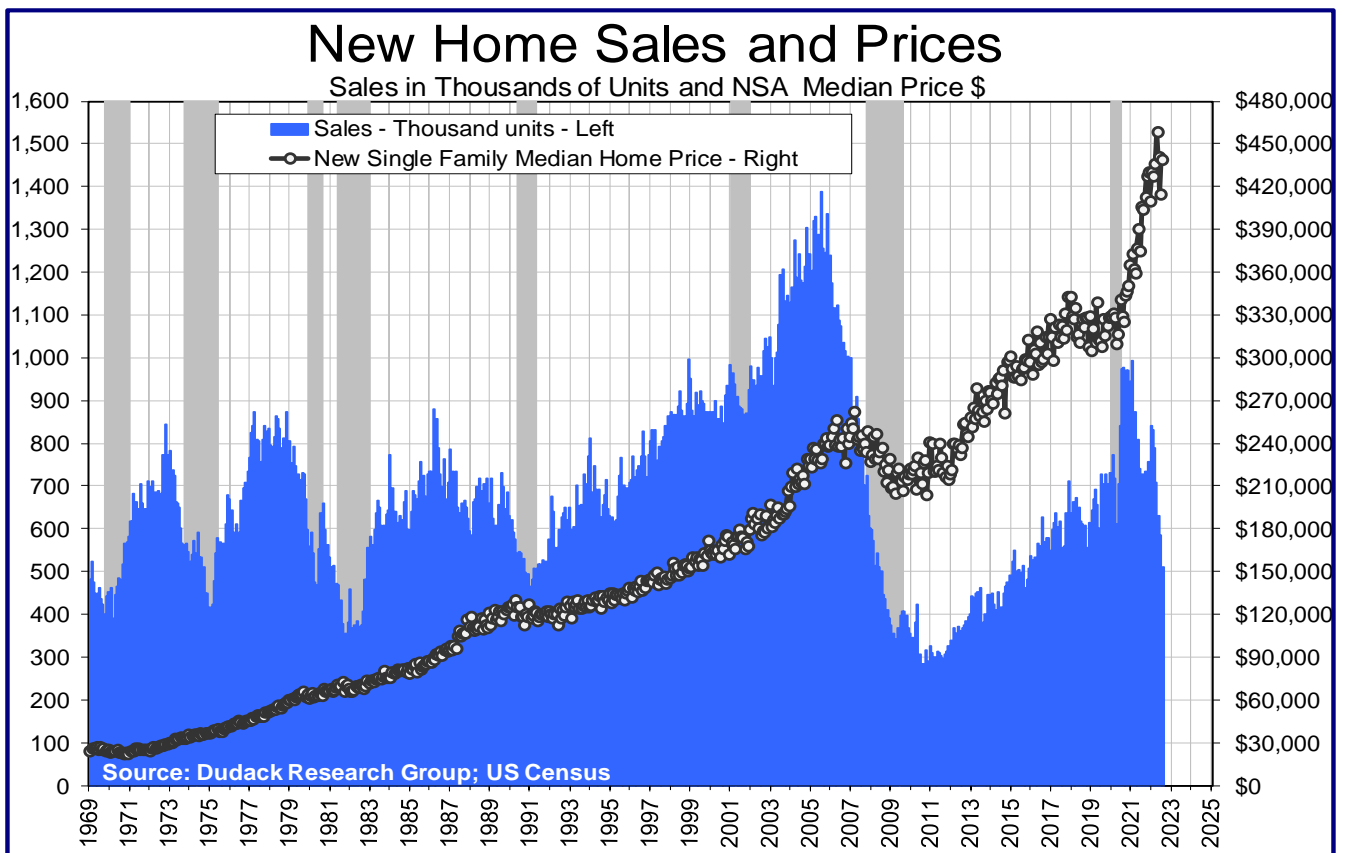
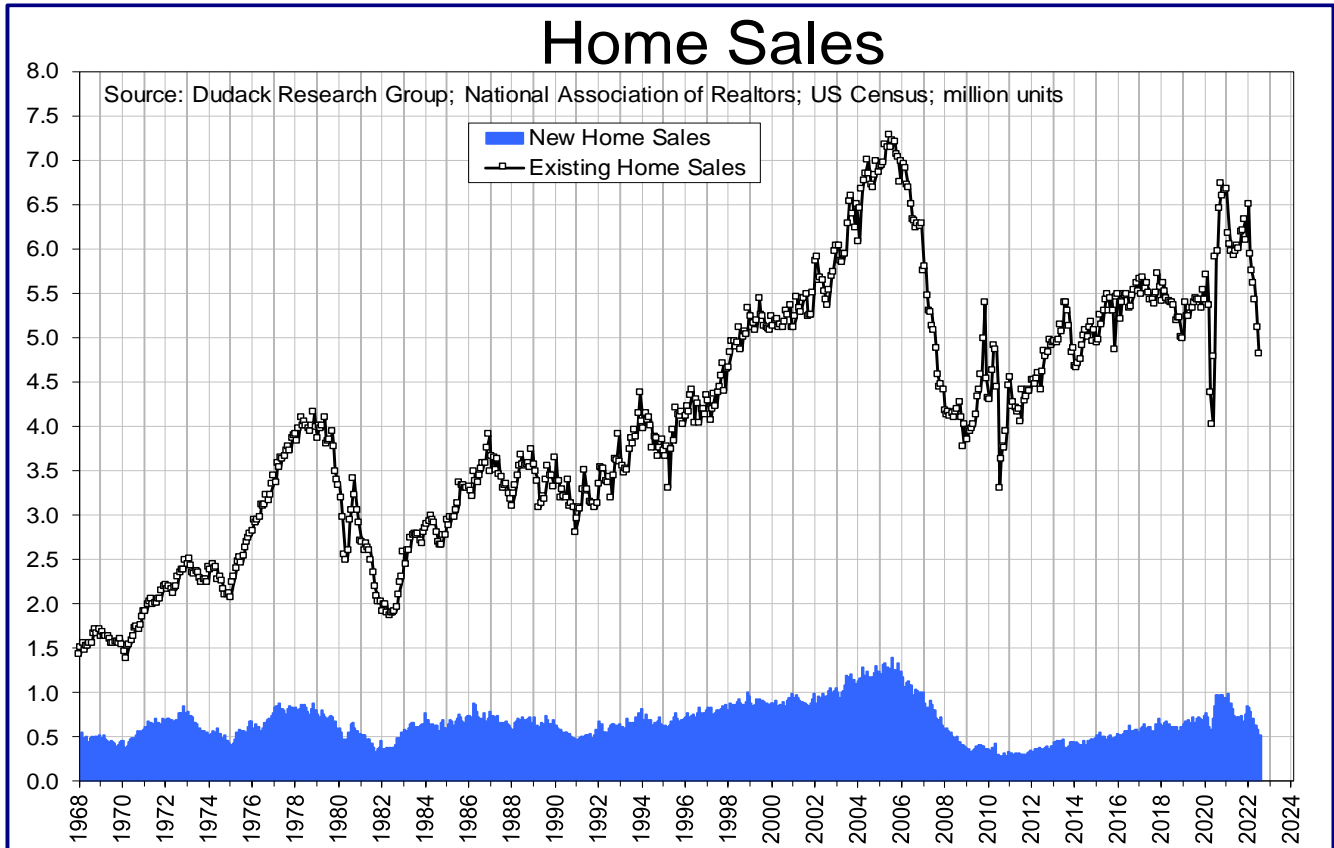
Total retail & food service sales were \$686.8 billion in July, a 10.3% YOY increase. Excluding motor vehicles and parts, sales were \$557.9 billion, a 12.3% YOY gain. Sales of motor vehicles and parts dealers were \$124.95 billion in July, a 2.1% YOY gain, and the first real YOY gain since February 2022.



After adjusting for inflation, i.e., priced in 1982 dollars, real retail & food services sales were \$231.25 billion in July, a modest 1.7% YOY gain, and the first positive YOY gain since February. More importantly, the composition of retail sales has been changing with gains seen in gas stations, food services & drinking places, and nonstore retailers. Losing share have been autos, general merchandise, food & beverage, and clothing & clothing accessories stores.

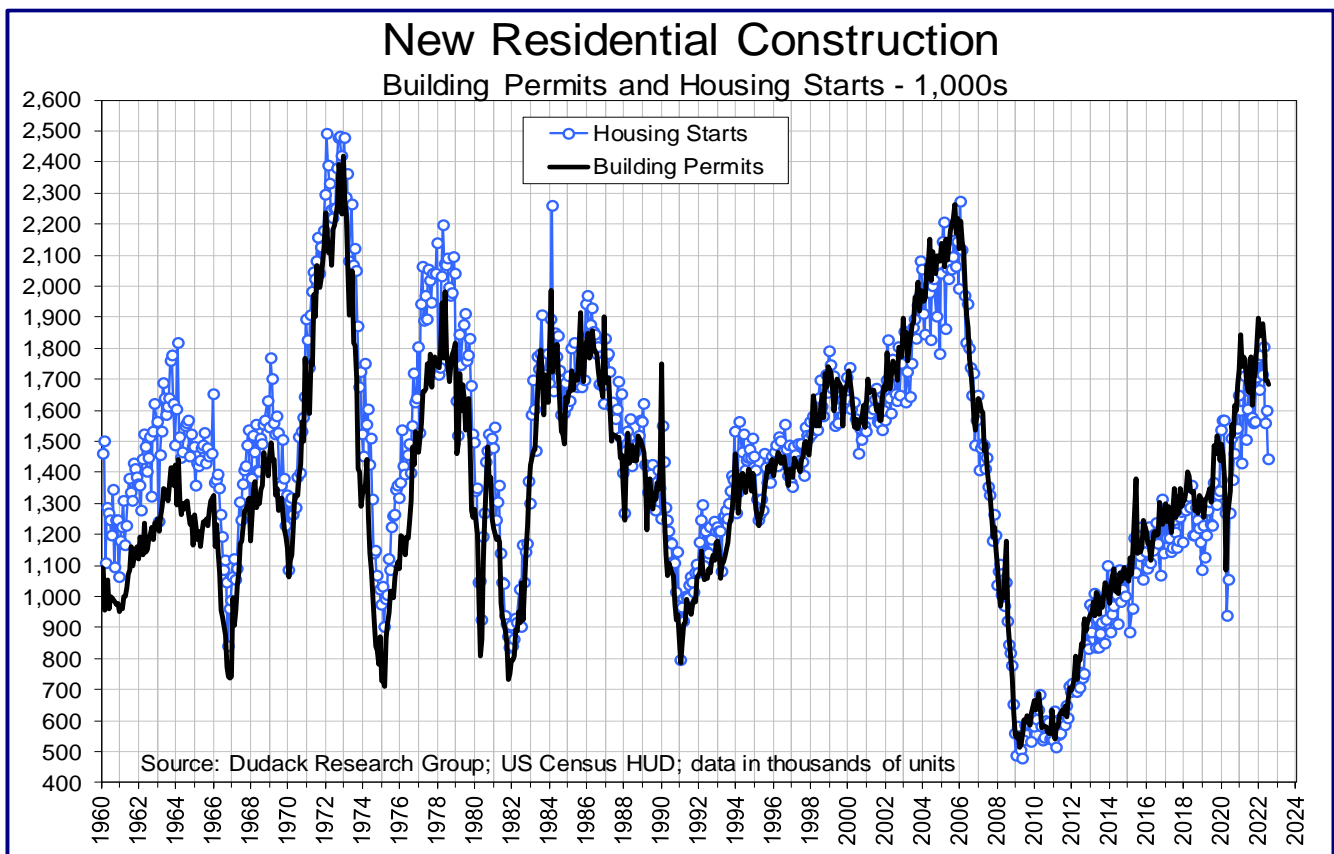
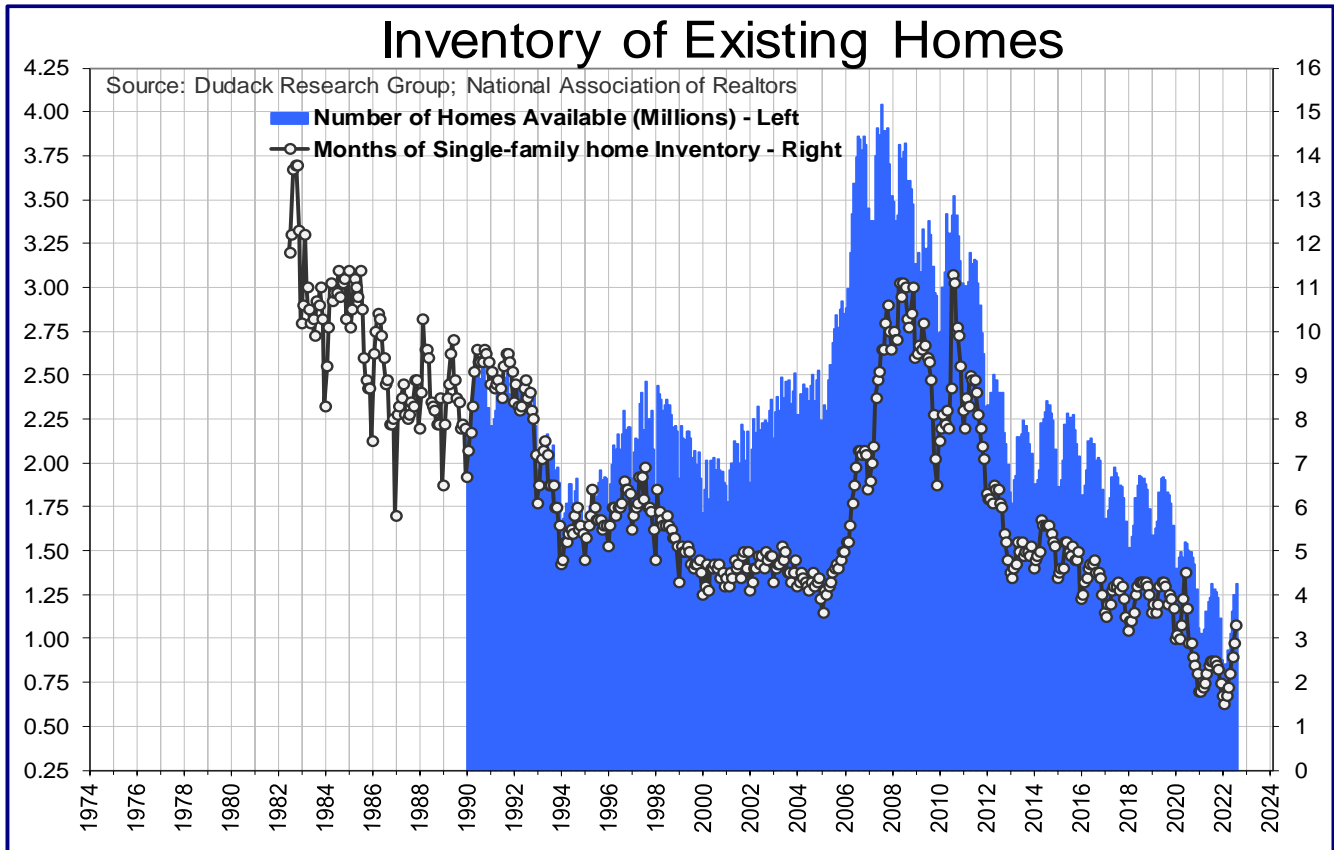


Recent Census data shows new homes sales fell from 585,000 units in June to 511,000 units in July. This was 30% below a year earlier and the lowest level since October 2015. Existing home sales fell from 5.1 million in June to 4.81 million in July and were 20% below the July 2021 level. Nonetheless, the median price of a new home rose from \$414,900 to \$439,400 in July, up 8% from a year earlier.



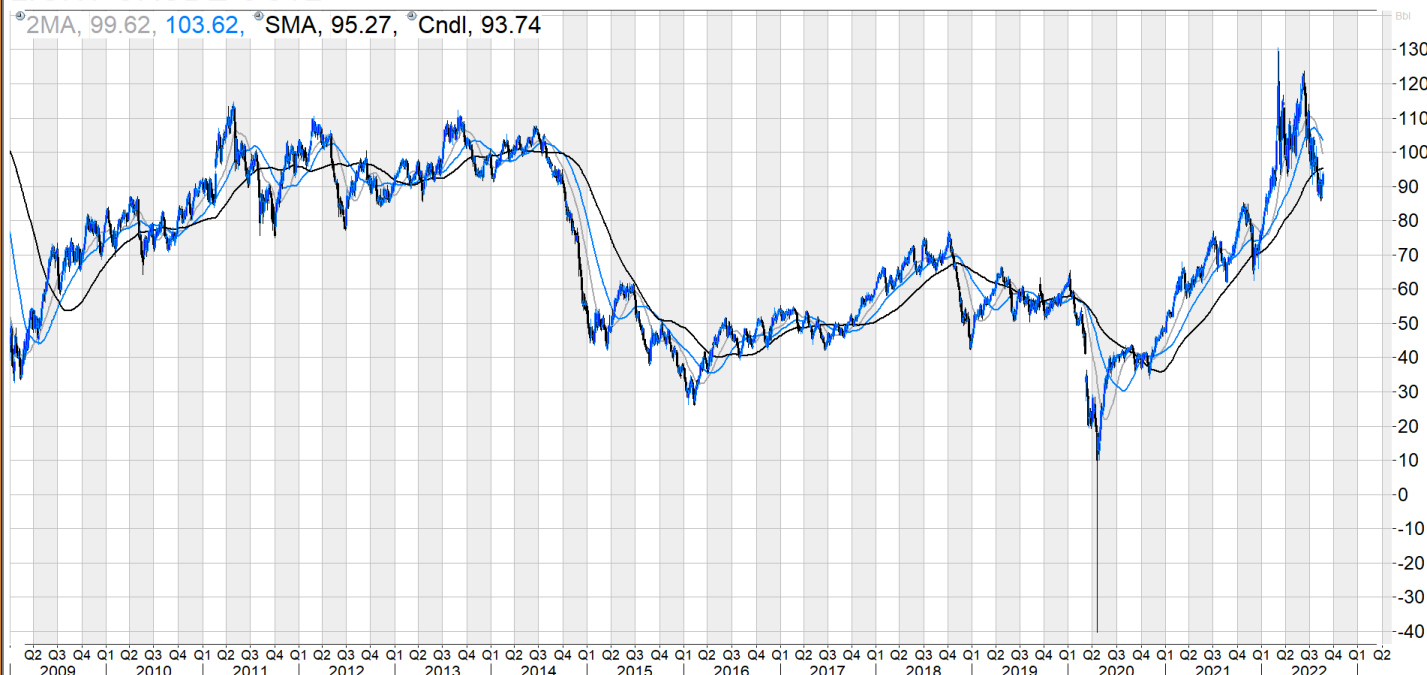


As home sales have been slowing, inventories have been rising. Existing home inventories have increased from the January 2022 low of 850,000 to 1.31 million units in July. Months of supply of single-family homes increased from 1.5 to 3.3 months in the same time period. Not surprisingly, building permits and starts have been falling in recent months.

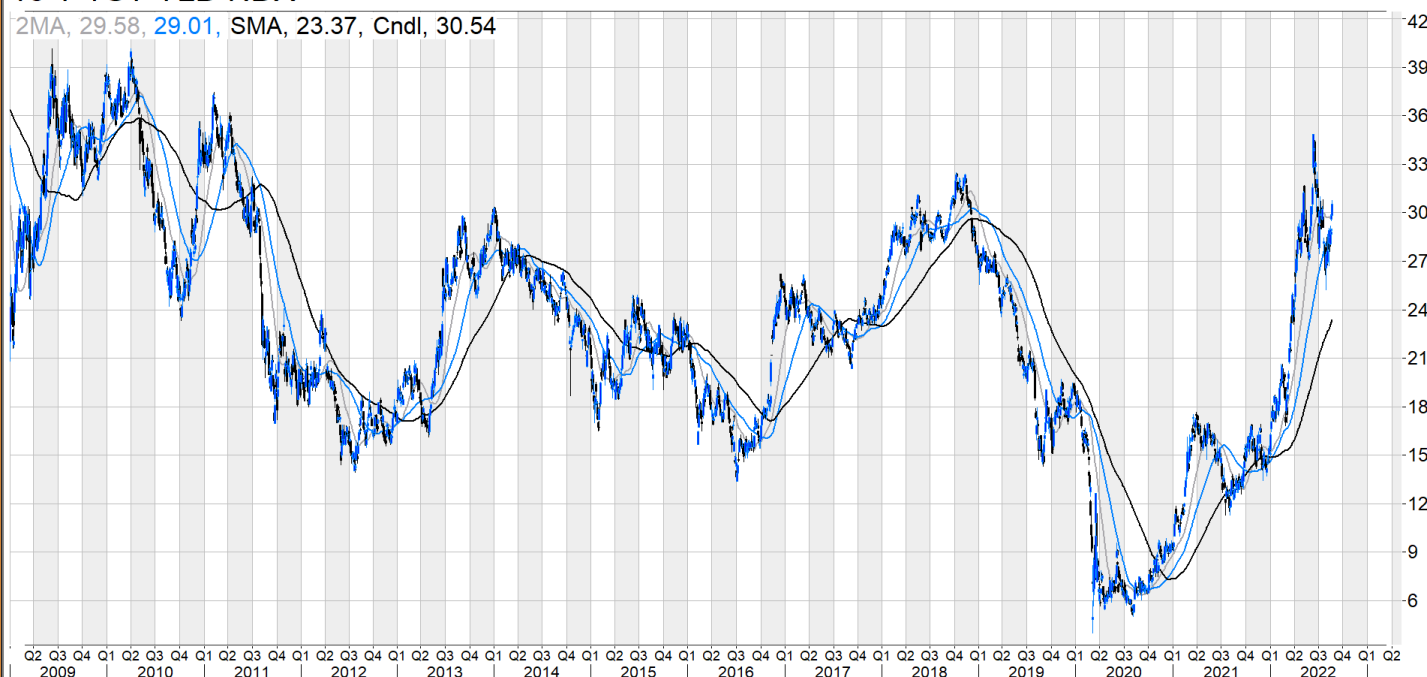


The decline in crude oil prices is good news for both the long-term inflation and macro-economic outlooks. Technically, the WTI future is trading below its 200-day moving average, which is flattening, but not yet declining. A declining 200-day MA would be a signal that the bull trend is rolling over. The 10-year Treasury note yield spiked higher this week and has been very erratic in August and appears to be caught between investor views of recession and/or a soft landing.

### LIGHT CRUDE OCT2

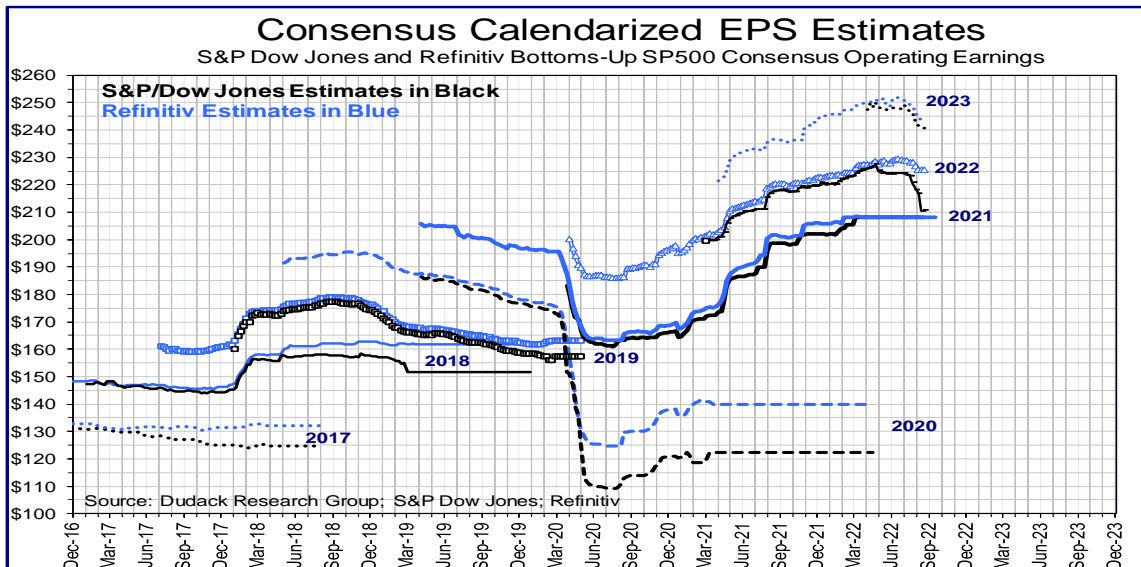
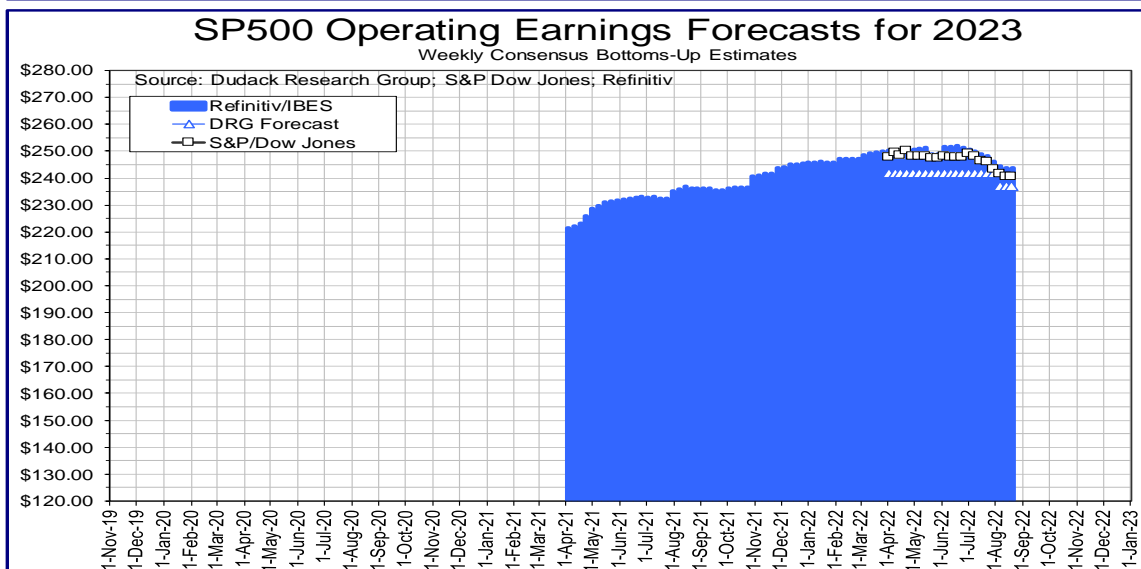
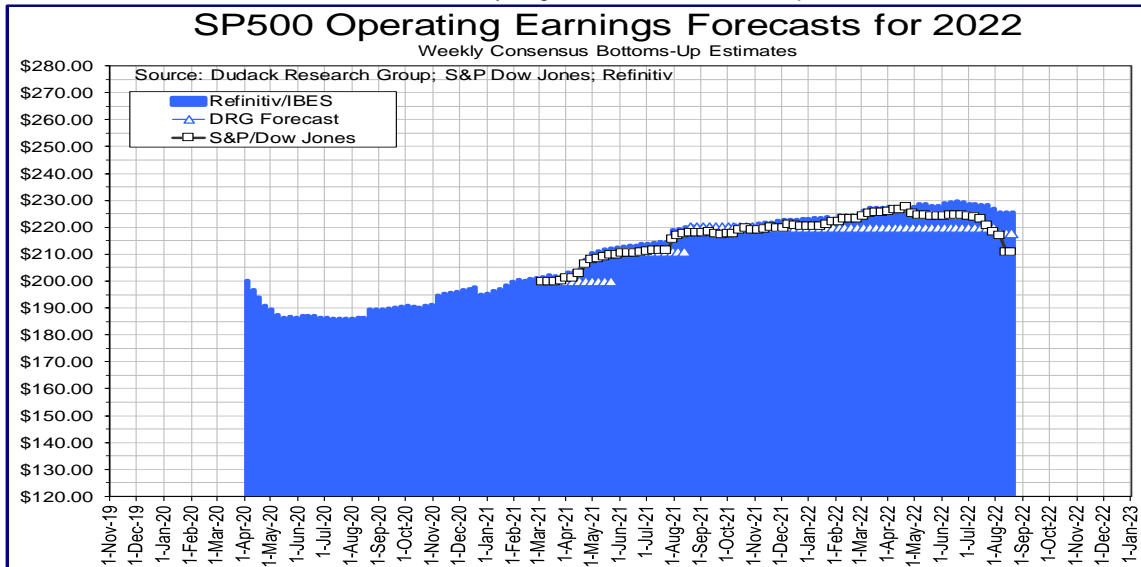


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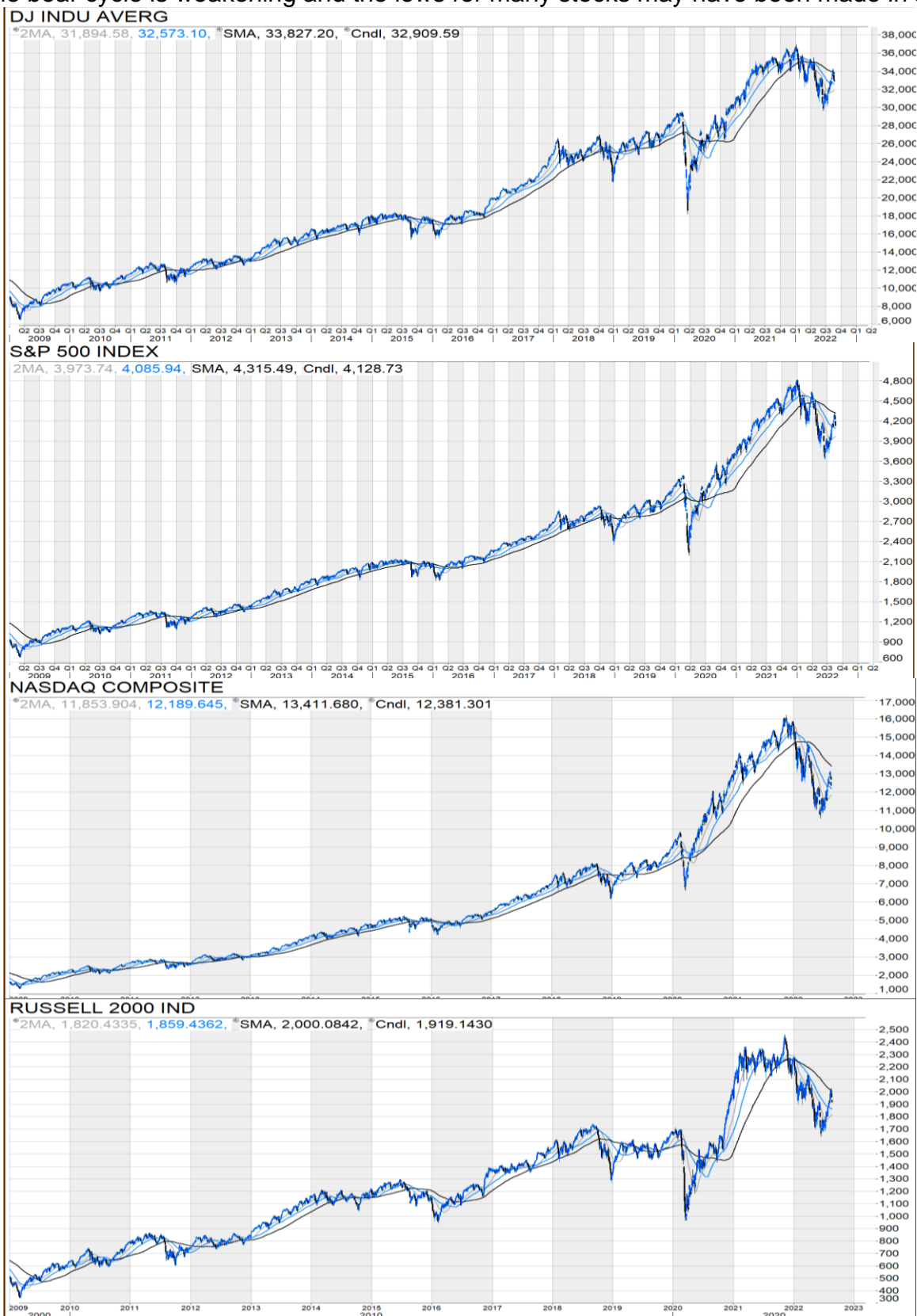
Source: Refinitiv

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All the popular indices rallied strongly to their 200-day moving averages and have since retreated. This is typical of a bear market rally, but other indicators suggest the underlying momentum of the rally suggest the bear cycle is weakening and the lows for many stocks may have been made in June.

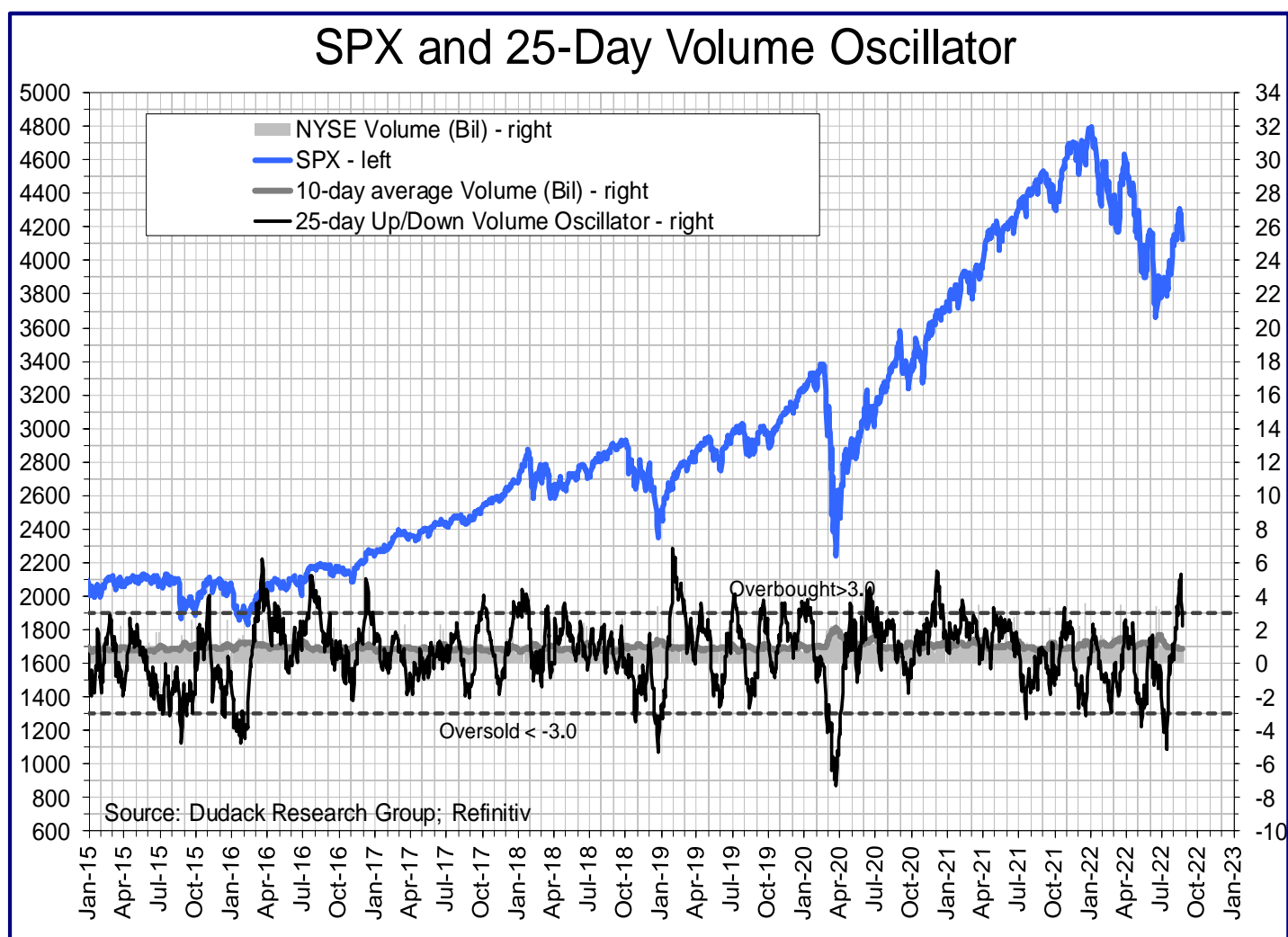


Source: Refinitiv

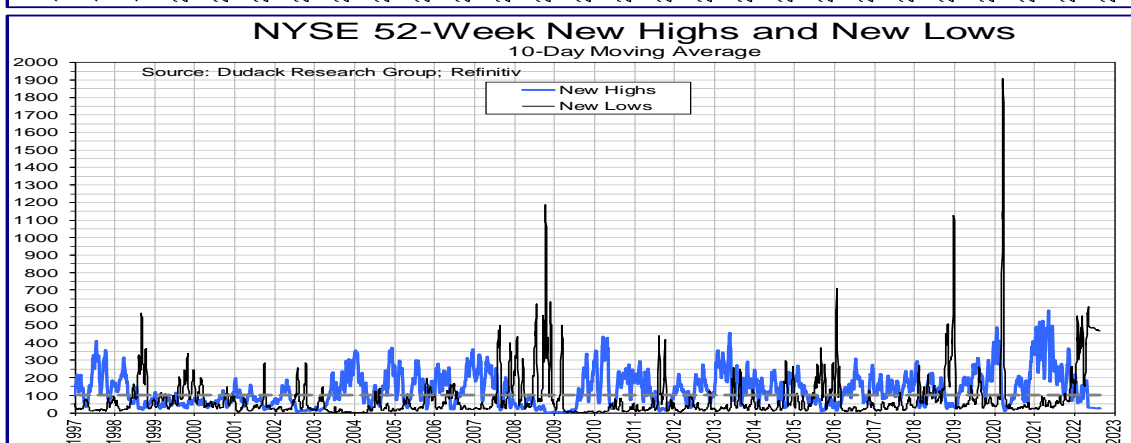
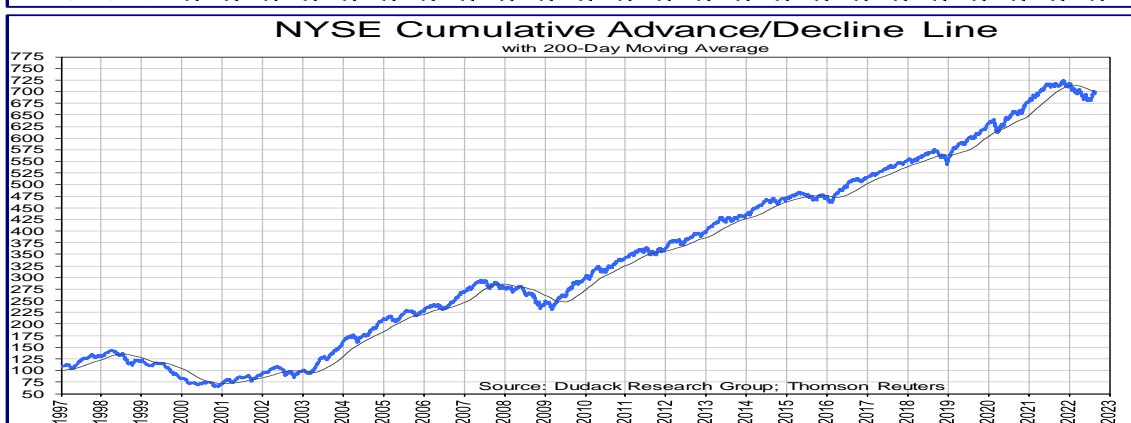
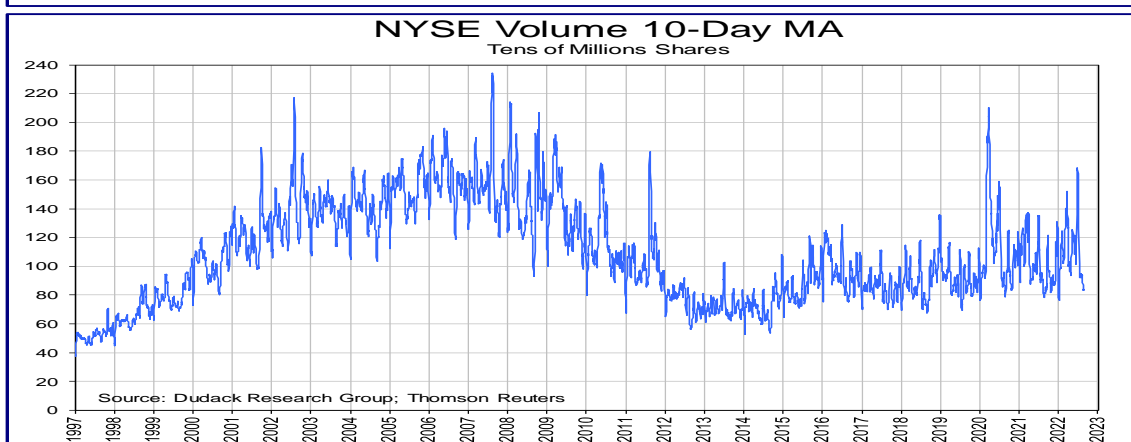
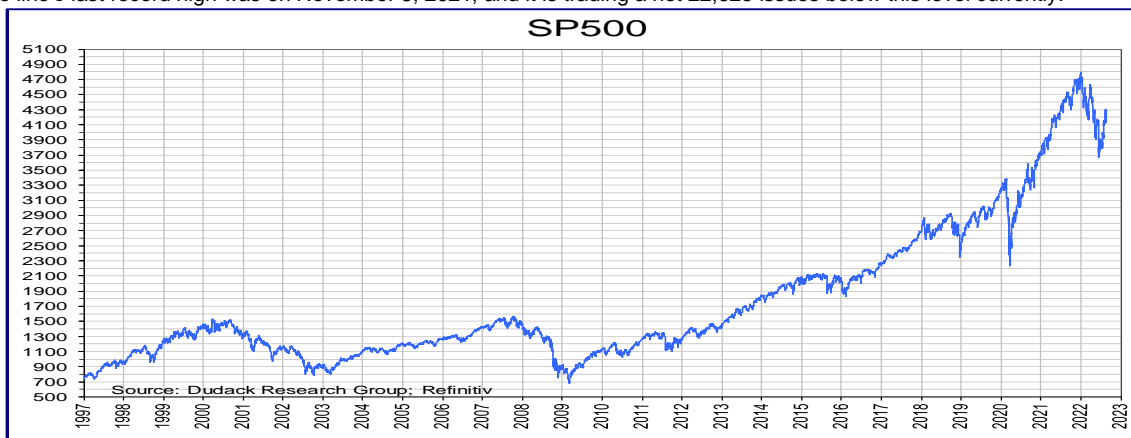
The 25-day up/down volume oscillator fell to 2.19 this week but was overbought for seven of eight consecutive days between August 10<sup>th</sup> and August 19<sup>th</sup>. It also reached a peak overbought reading of 5.26 on August 18<sup>th</sup>, the highest overbought reading since December 10, 2020. This is important since extreme and/or long overbought readings are rare in a bear market and if they appear, the readings tend to be brief, or less than five consecutive trading days. It is also important to note that the last two 90% days were up days on July 19, 2022 (92%) and August 10 (91%), an indication that momentum could be shifting from bear to at worst neutral.

Nevertheless, in the near term the market appears extended. In our view, investors are currently too optimistic that Fed tightening is nearly over. This could change with Chairman Powell's speech at Jackson Hole, WY this week.

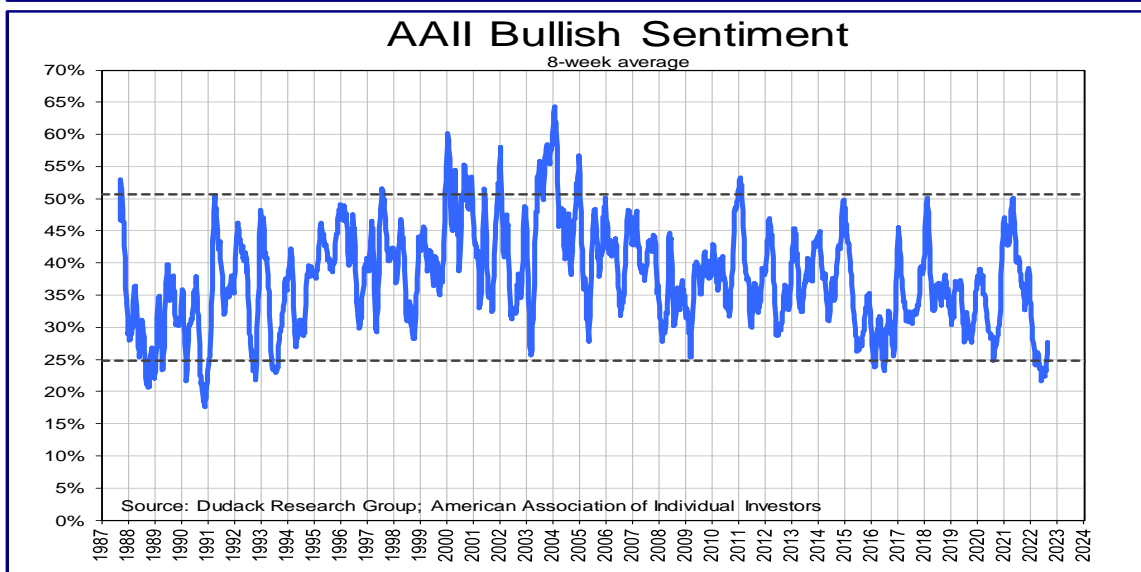
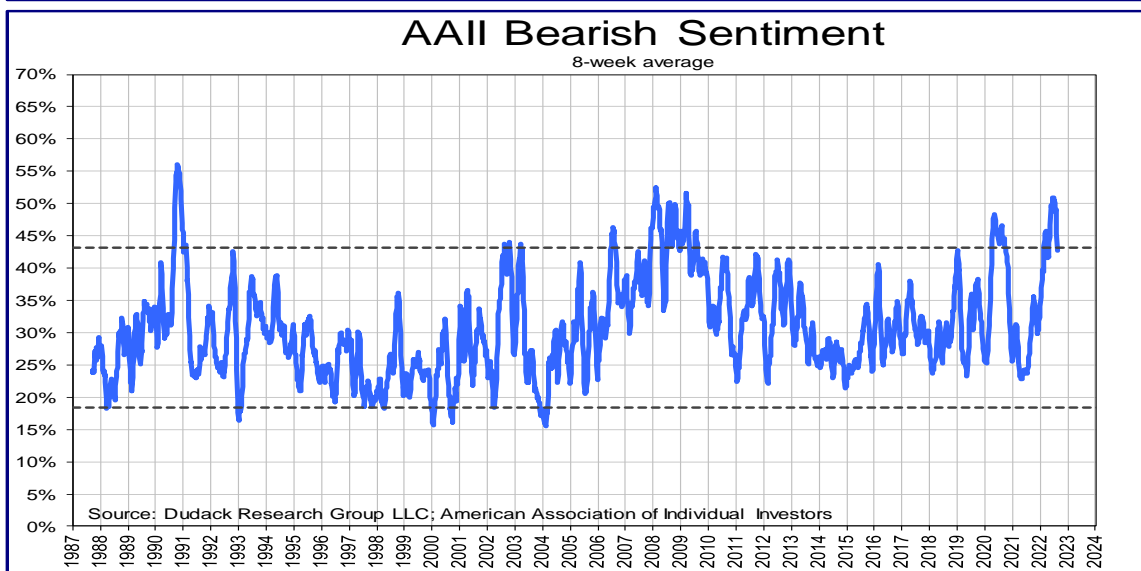
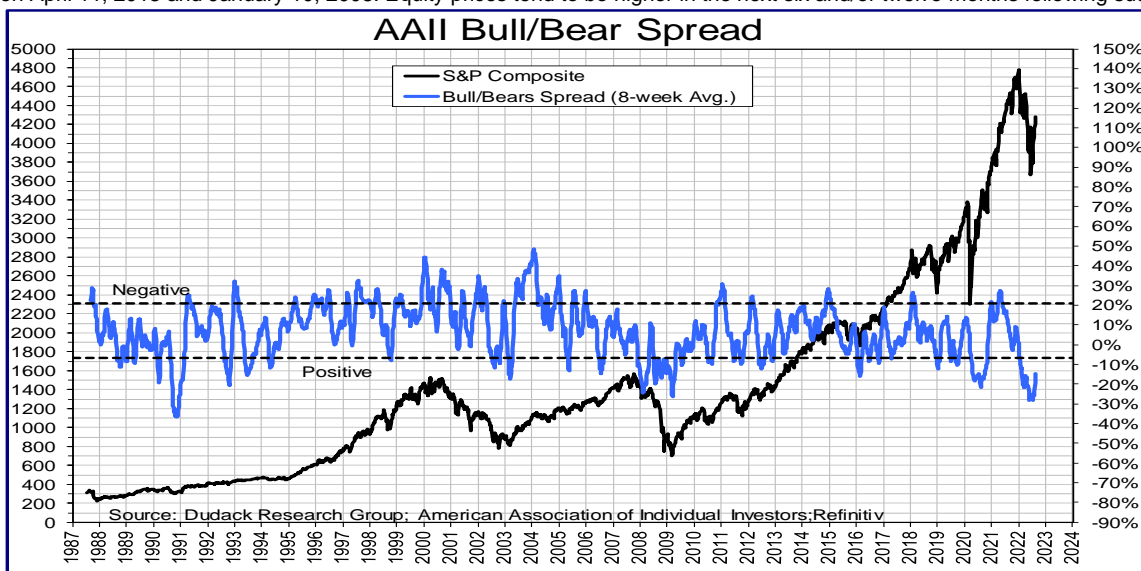
*This 25-day up/down volume oscillator measures buying and selling momentum. New highs should be accompanied by strong and consistent buying pressure which results in long and sometimes extreme overbought readings. An absence of overbought readings at a new high reveals a weakness in the trend and is 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 25 this week and daily new lows are 468 – relatively unchanged. This combination remains negative with new highs below 100, and new lows above the 100 benchmark. However, note that the 10-day moving average of new lows peaked at 604 in early May. The advance/decline line's last record high was on November 8, 2021, and it is trading a net 22,629 issues below this level currently.



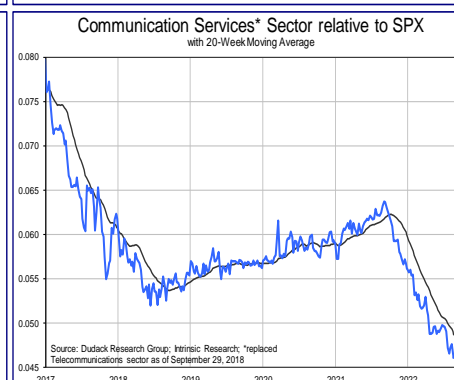
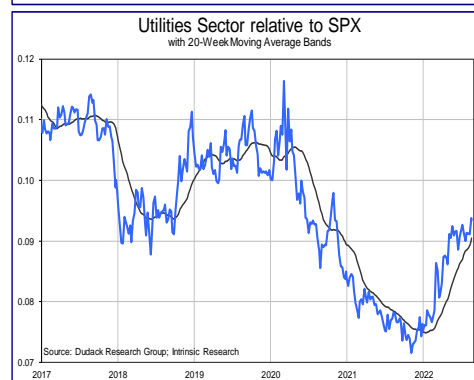
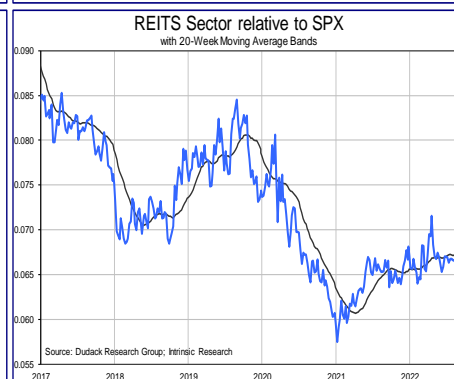
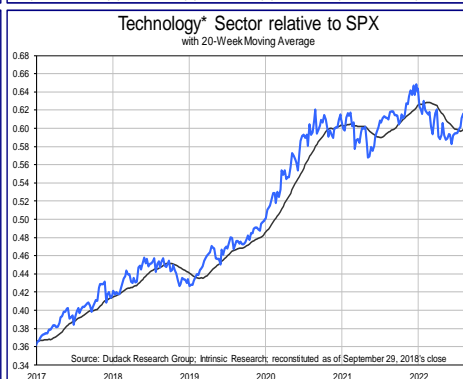
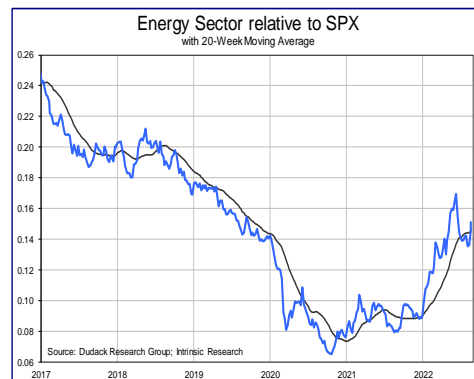
Last week's AAI readings showed an increase of 1.1% in bulls to 33.3% and a 0.5% increase in bears to 37.2%. This is a return to normal parameters following five weeks of less than 20% bulls and more than 50% bears between April 27, 2022 and July 7, 2022. Comparable single week bull/bear readings were last seen on April 11, 2013 and January 10, 2008. 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&amp;P 500

| DRG Recommended Sector Weights                |  |  |   |  |  |   |  |
|---|--|--|---|--|--|---|--|
| Overweight                                    |  |  | Neutral   |  |  | Underweight   |  |
| Energy<br>Industrials<br>Staples<br>Utilities |  |  | Healthcare<br>Technology<br>Materials<br>Financials |  |  | Consumer Discretionary<br>REITS<br>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                  | 47.6%    |
| S&P UTILITIES               | 6.0%     |
| S&P CONSUMER STAPLES        | -2.3%    |
| S&P INDUSTRIALS             | -8.4%    |
| S&P HEALTH CARE             | -8.5%    |
| S&P FINANCIAL               | -13.0%   |
| S&P MATERIALS               | -13.2%   |
| S&P 500                     | -13.4%   |
| S&P REITS                   | -17.0%   |
| S&P INFORMATION TECH        | -17.8%   |
| S&P CONSUMER DISCRETIONARY  | -20.3%   |
| S&P COMMUNICATIONS SERVICES | -28.9%   |

Source: Duda 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    | 82.17    | 7.0%   | 15.5%   | 14.9%  | 48.1%  |
| United States Oil Fund, LP                | USO    | 76.83    | 7.8%   | 3.1%    | -4.4%  | 41.3%  |
| iShares DJ US Oil Eqpt & Services ETF     | IEZ    | 16.99    | 8.1%   | 16.6%   | 6.4%   | 31.8%  |
| Oil Future                                | CLc1   | 93.74    | 8.3%   | -3.1%   | -11.4% | 24.6%  |
| iShares MSCI Brazil Capped ETF            | EWZ    | 32.10    | 0.6%   | 23.2%   | 17.2%  | 14.4%  |
| Gold Future                               | GCc1   | 2374.10  | 0.2%   | 0.9%    | 1.6%   | 7.3%   |
| Utilities Select Sector SPDR              | XLU    | 76.18    | -1.8%  | 9.7%    | 8.6%   | 6.4%   |
| SPDR Communication Services ETF           | XLC    | 56.15    | 0.0%   | 0.0%    | 0.0%   | 0.0%   |
| Consumer Staples Select Sector SPDR       | XLP    | 75.80    | -1.7%  | 3.6%    | 5.0%   | -1.7%  |
| SPDR Gold Trust                           | GLD    | 162.77   | -1.6%  | 1.3%    | -3.4%  | -4.8%  |
| iShares MSCI India ETF                    | INDA.K | 43.15    | -2.1%  | 4.9%    | 9.6%   | -5.9%  |
| iShares MSCI Mexico Capped ETF            | EWX    | 47.37    | -2.2%  | 4.0%    | 1.7%   | -6.4%  |
| iShares Russell 1000 Value ETF            | IWD    | 155.06   | -3.8%  | 3.7%    | 7.0%   | -7.7%  |
| iShares MSCI Canada ETF                   | EWC    | 35.44    | -2.3%  | 5.1%    | 5.2%   | -7.8%  |
| Health Care Select Sect SPDR              | XLV    | 129.35   | -3.4%  | -0.4%   | 0.9%   | -8.2%  |
| Industrial Select Sector SPDR             | XLI    | 97.14    | -3.4%  | 7.4%    | 11.2%  | -8.2%  |
| iShares MSCI United Kingdom ETF           | EWU    | 30.34    | -2.7%  | 2.4%    | 1.3%   | -8.4%  |
| iShares Russell 2000 Value ETF            | IWN    | 150.83   | -5.4%  | 5.4%    | 10.8%  | -9.2%  |
| SPDR S&P Bank ETF                         | KBE    | 49.55    | -5.3%  | 6.6%    | 12.9%  | -9.2%  |
| SPDR DJIA ETF                             | DIA    | 329.11   | -3.7%  | 3.1%    | 6.9%   | -9.4%  |
| DJIA                                      | .DJI   | 32909.59 | -3.6%  | 3.2%    | 6.9%   | -9.4%  |
| iShares MSCI Australia ETF                | EWA    | 22.42    | -2.9%  | 3.1%    | 5.7%   | -9.7%  |
| Shanghai Composite                        | .SSEC  | 3276.22  | -0.1%  | 0.2%    | -3.3%  | -10.0% |
| iShares MSCI Hong Kong ETF                | EWH    | 20.63    | -2.4%  | -2.1%   | -7.1%  | -11.0% |
| iShares MSCI Malaysia ETF                 | EWM    | 22.05    | -3.1%  | 0.1%    | 0.5%   | -11.9% |
| Financial Select Sector SPDR              | XLF    | 34.05    | -4.9%  | 4.0%    | 8.3%   | -12.8% |
| Materials Select Sector SPDR              | XLB    | 78.68    | -3.5%  | 4.8%    | 6.9%   | -13.2% |
| iShares MSCI Singapore ETF                | EWS    | 18.54    | -3.6%  | 1.1%    | 4.9%   | -13.3% |
| SP500                                     | .SPX   | 4128.73  | -4.1%  | 4.2%    | 9.1%   | -13.4% |
| iShares Russell 1000 ETF                  | IWB    | 227.55   | -4.2%  | 4.4%    | 9.5%   | -13.9% |
| iShares Russell 2000 ETF                  | IWM    | 190.95   | -5.0%  | 6.4%    | 12.7%  | -14.2% |
| PowerShares Water Resources Portfolio     | PHO    | 51.98    | -4.7%  | 5.6%    | 12.5%  | -14.6% |
| iShares iBoxx \$ Invest Grade Corp Bond   | LQD    | 110.97   | -2.4%  | -2.3%   | 0.9%   | -16.3% |
| iShares US Real Estate ETF                | IYR    | 97.25    | -5.4%  | 2.0%    | 5.7%   | -16.3% |
| Technology Select Sector SPDR             | XLK    | 143.60   | -5.0%  | 4.6%    | 13.0%  | -17.4% |
| Vanguard FTSE All-World ex-US ETF         | VEU    | 50.59    | -3.5%  | 0.9%    | 1.3%   | -17.4% |
| iShares MSCI Japan ETF                    | EWJ    | 55.19    | -3.2%  | 0.9%    | 4.5%   | -17.6% |
| iShares Nasdaq Biotechnology ETF          | IBB.O  | 125.37   | -5.7%  | 2.2%    | 6.6%   | -17.9% |
| iShares Silver Trust                      | SLV    | 18.38    | -5.1%  | 2.9%    | -5.6%  | -17.9% |
| Silver Future                             | Slc1   | 19.01    | -5.2%  | 3.9%    | -6.3%  | -18.5% |
| iShares MSCI Emerg Mkts ETF               | EEM    | 39.76    | -2.7%  | 0.9%    | -0.8%  | -18.6% |
| iShares MSCI EAFE ETF                     | EFA    | 63.62    | -4.1%  | 0.3%    | 1.8%   | -19.1% |
| iShares Russell 2000 Growth ETF           | IWO    | 236.46   | -4.5%  | 7.4%    | 14.6%  | -19.3% |
| iShares Russell 1000 Growth ETF           | IWF    | 245.44   | -4.7%  | 5.1%    | 12.2%  | -19.7% |
| iShares China Large Cap ETF               | FXI    | 29.35    | -1.3%  | -6.2%   | -13.4% | -19.8% |
| Consumer Discretionary Select Sector SPDR | XLY    | 163.34   | -5.6%  | 5.6%    | 18.8%  | -20.1% |
| Nasdaq Composite Index Tracking Stock     | ONEQ.O | 48.54    | -5.5%  | 4.7%    | 12.5%  | -20.3% |
| iShares MSCI BRIC ETF                     | BKF    | 35.53    | -1.5%  | 0.5%    | -3.9%  | -20.6% |
| NASDAQ 100                                | NDX    | 12881.79 | -5.5%  | 3.9%    | 12.0%  | -21.1% |
| iShares US Telecomm ETF                   | IYZ    | 25.65    | -5.1%  | -0.3%   | 2.1%   | -22.1% |
| iShares MSCI Taiwan ETF                   | EWT    | 51.46    | -2.9%  | 1.2%    | 2.1%   | -22.7% |
| iShares 20+ Year Treas Bond ETF           | TLT    | 112.04   | -3.4%  | -5.5%   | -2.5%  | -24.4% |
| SPDR S&P Retail ETF                       | XRT    | 67.35    | -9.4%  | 5.6%    | 15.8%  | -25.4% |
| iShares MSCI South Korea Capped ETF       | EWY    | 58.08    | -5.7%  | -0.7%   | -0.2%  | -25.4% |
| SPDR S&P Semiconductor ETF                | XSD    | 180.42   | -5.5%  | 6.4%    | 18.9%  | -25.8% |
| SPDR Homebuilders ETF                     | XHB    | 62.77    | -6.9%  | 0.9%    | 14.7%  | -26.8% |
| iShares MSCI Austria Capped ETF           | EWO    | 17.83    | -5.7%  | -0.4%   | -1.3%  | -29.9% |
| iShares MSCI Germany ETF                  | EWG    | 22.14    | -7.9%  | -3.4%   | -3.8%  | -32.5% |

Outperformed SP500  
Underperformed SP500

Source: Dudack Research Group; Thomson Reuters

Priced as of August 23, 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                       | 9.7%   |
| 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     | ~~~~~         | \$189.88           | \$210.56            | \$218.00                   | 4.7%          | \$225.50                               | 8.4%                                   | 19.6X           | NA             | NA              | NA                               | NA     |
| 2023E     | ~~~~~         | \$214.23           | \$240.56            | \$237.00                   | 8.7%          | \$243.78                               | 8.1%                                   | 17.2X           | 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                                | 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       | \$45.99            | \$49.36             | \$49.36                    | 4.1%          | \$54.80                                | 11.5%                                  | 21.6            | 1.4%           | -1.6%           | \$2,417.70                       | 9.5%   |
| 2022 2QE  | 3785.38       | \$42.53            | \$47.03             | \$52.04                    | 0.0%          | \$58.10                                | 10.5%                                  | 18.5            | 1.7%           | -0.9%           | NA                               | NA     |
| 2022 3QE* | 4128.73       | \$49.23            | \$56.13             | \$57.60                    | 10.7%         | \$56.42                                | 5.0%                                   | 19.7            | NA             | NA              | NA                               | NA     |
| 2022 4QE  |               | \$51.25            | \$57.98             | \$59.00                    | 4.0%          | \$58.48                                | 8.4%                                   | 19.6            | NA             | NA              | NA                               | NA     |

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

8/23/2022

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