Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
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December 7, 2022

DJIA: 33596.34
SPX: 3941.26
NASDAQ: 11014.89

US Strategy Weekly
A Recession Ahead

When we look at the history of inflation, the history of Federal Reserve policy, and recent economic data, it is easy to conclude that a recession is either at hand, or at least on the horizon. But before we explain why we believe a recession is likely, it is also important to point out that the next recession should be different than those recently experienced, and hopefully more manageable. The main reason for this optimism is the healthy financial condition of the US banking sector. Just the opposite was true of the 2008 financial crisis and the severely weakened state of the US banking system was a major risk for the overall economy. Today, not only are the banks' balance sheets in good condition, but we find that household balance sheets are also in fine shape. And even though corporate debt has been on the rise, corporate America is not overextended. This is important since it suggests that any recession should be relatively short and contained.

The one area of concern is the federal government where stimulus packages have added trillions of dollars to the national debt in a short period of time. Congress approved the $2 trillion CARES Act in March 2020, which was followed by a $900 billion Covid-19 relief package in December 2020. Some of this was necessary. During the mandatory shut down of the economy very few Americans could go back to work and collect a paycheck. Businesses were forced to remain closed. Plus, the mandatory Covid vaccinations and tests were paid for by the US government to prevent the spread of the virus.

This was less true in 2021, yet in March 2021 President Biden's Build Back Better plan became the American Rescue Plan Act of 2021 which was an additional $1.9 trillion stimulus package. In total, the national debt increased by nearly $5 trillion, or nearly 25% of GDP, in a short 12-month period. As of October, the US debt stands at $31.12 trillion, which means the federal debt load is currently more than 120% of GDP -- estimated to be $25.7 trillion at the end of the third quarter.

Unfortunately, interest rates are now on the rise and the cost of carrying this debt will become ever more costly. And the US is not the only country that increased its national debt during the pandemic. This was true of many countries impacted by Covid-19. In short, if there is a weakness, or a problem in the next recession it could be centered in the sovereign debt markets.

Inflation and Recession

We have written in previous weeklies that whenever inflation has been above average (3.5%), an economic recession has followed. More worrisome is the fact that the last time inflation was as high as it is in the current cycle, or a standard deviation above the norm (6.2%), the economy suffered a series of recessions. This is best represented by the 1968-1982 era. In the current cycle, the Federal Reserve has been very tardy in addressing inflation and as a result, a recession has been delayed. But this may only make inflation more difficult to tame today and keep interest rates higher for longer than expected. Historically, the fed funds rate rose ahead of, or in line with, inflation. See page 3. In our view, this is why it is imperative that the Federal Reserve Board be an independent, nonpolitical body. Raising interest rates during a presidential election year, for example, might be a difficult policy to follow; but failure to do so could be debilitating for many American households in the longer run.

Inflation is deceptive because it silently diminishes the purchasing power of households. Some economists worry that hourly earnings rose 0.6% in November; however, average weekly earnings rose 4.9% YOY in November while inflation rose 7.8% YOY in October. In short, inflation has exceeded the growth in wages for most of the last 18 months. Rising wages are not a source of inflation in our view. In fact, the fact that real hourly earnings are negative on a year-over-year basis is another indication a recession is ahead. See page 4.

Personal income has been in a steady uptrend for the last two years, but due to soaring inflation, just the opposite is true of disposable income or real disposable income. As a result, as of October, personal consumption expenditures have been exceeding income for 19 straight months. It is an unsustainable situation. See page 5. Not surprisingly, the savings rate declined to 2.3% in November, which is the lowest rate recorded by the BLS since the 2.1% reported in July 2005. However, in 2005, the savings rate quickly rebounded to 2.6% in August. We doubt that will happen in this cycle. Also noteworthy is the fact that the unemployment rate was unchanged in November at 3.7%, a historically low number. This gives the appearance of a strong economy, but we believe it is an economy of the haves and have-nots. Middle America is struggling. See page 6.

This combination of data suggests to us that the Federal Reserve will continue to raise interest rates in order to battle the now-ingrained inflation seen in this cycle. As a result, the economy is apt to slip into a recession in 2023. In recent months the Treasury yield curve has become inverted which is a classic financial sign of a recession on the horizon. See page 8.

Inflation and Equity Performance

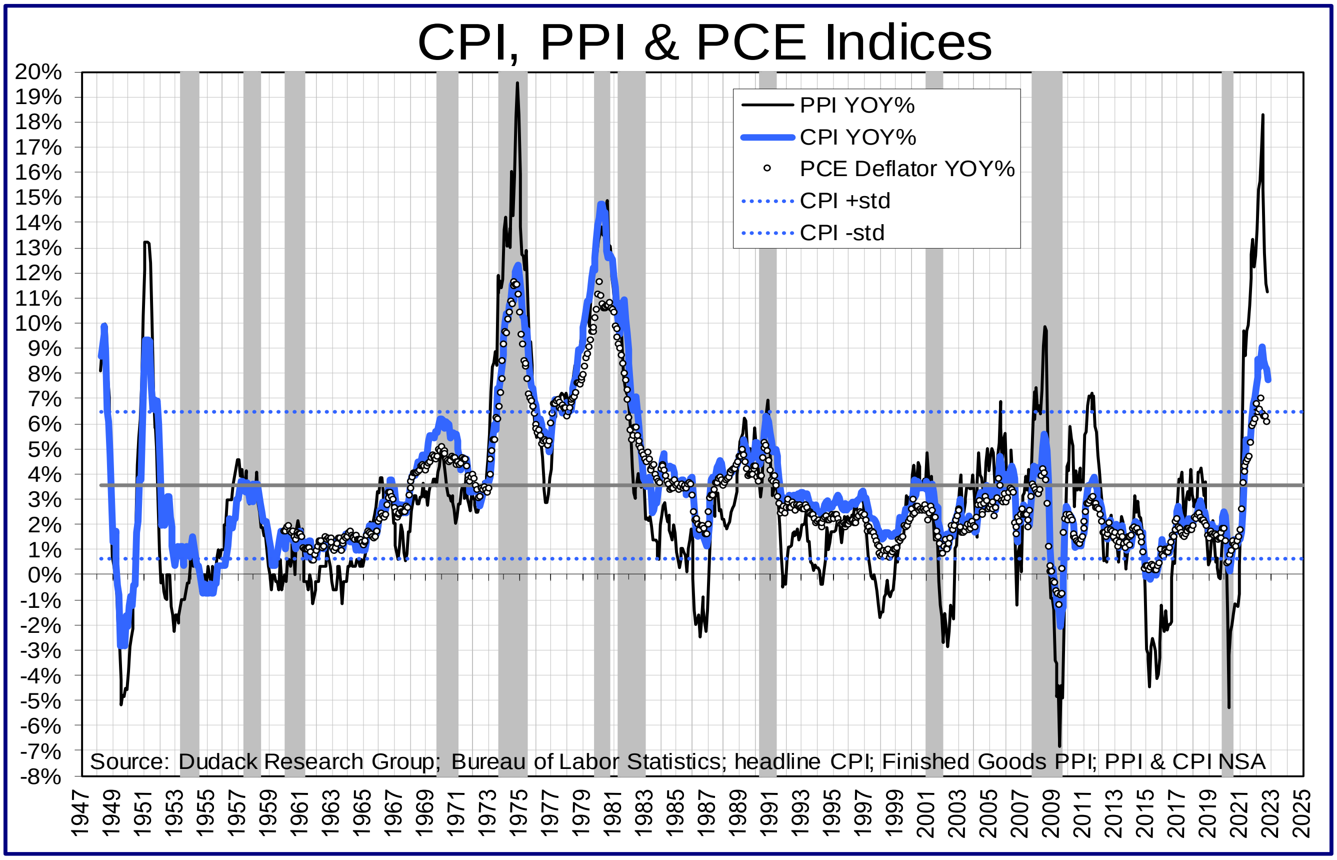
We often look at history to see how stocks have performed whenever inflation has remained above average for a lengthy period of time. The most instructive period of time would be the 1968-to-1982-time frame when headline CPI remained consistently above 4%. The chart on page 9 is a quarterly chart and only records the S&P 500 index at the end of each quarter. But what it shows is that the S&P 500 Composite closed at 103.86 in December 1968 and closed at 102.09 in March 1980. In other words, the index was in a broad trading range and made no upward progress for over eleven years -- or until inflation was brought back under control.

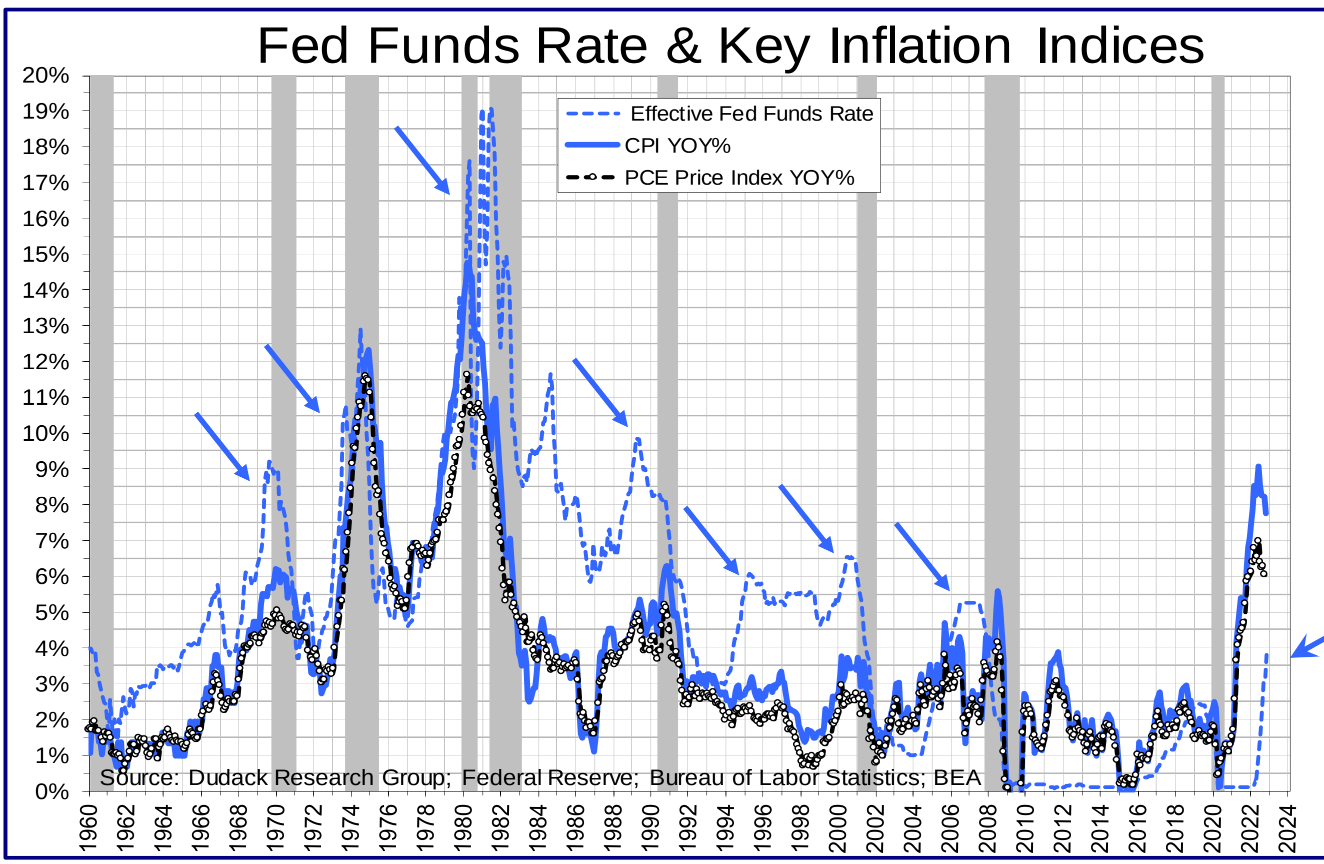
The experience of this previous era of inflation is why we believe the Fed may need to keep interest rates higher for longer than the consensus expects. The failure to get inflation under control in the first tightening cycle could result in multiple Fed tightening cycles --- and recessions – like what was seen in the 1968 to 1982 period.

There are some markets that are already warning of a recession. The weakness in crude oil prices implies that traders expect energy demand to weaken as global economies slide into a recession. The decline in the 10-year Treasury bond yield represents a flight to safety in long-duration US Treasury bonds. See page 10.

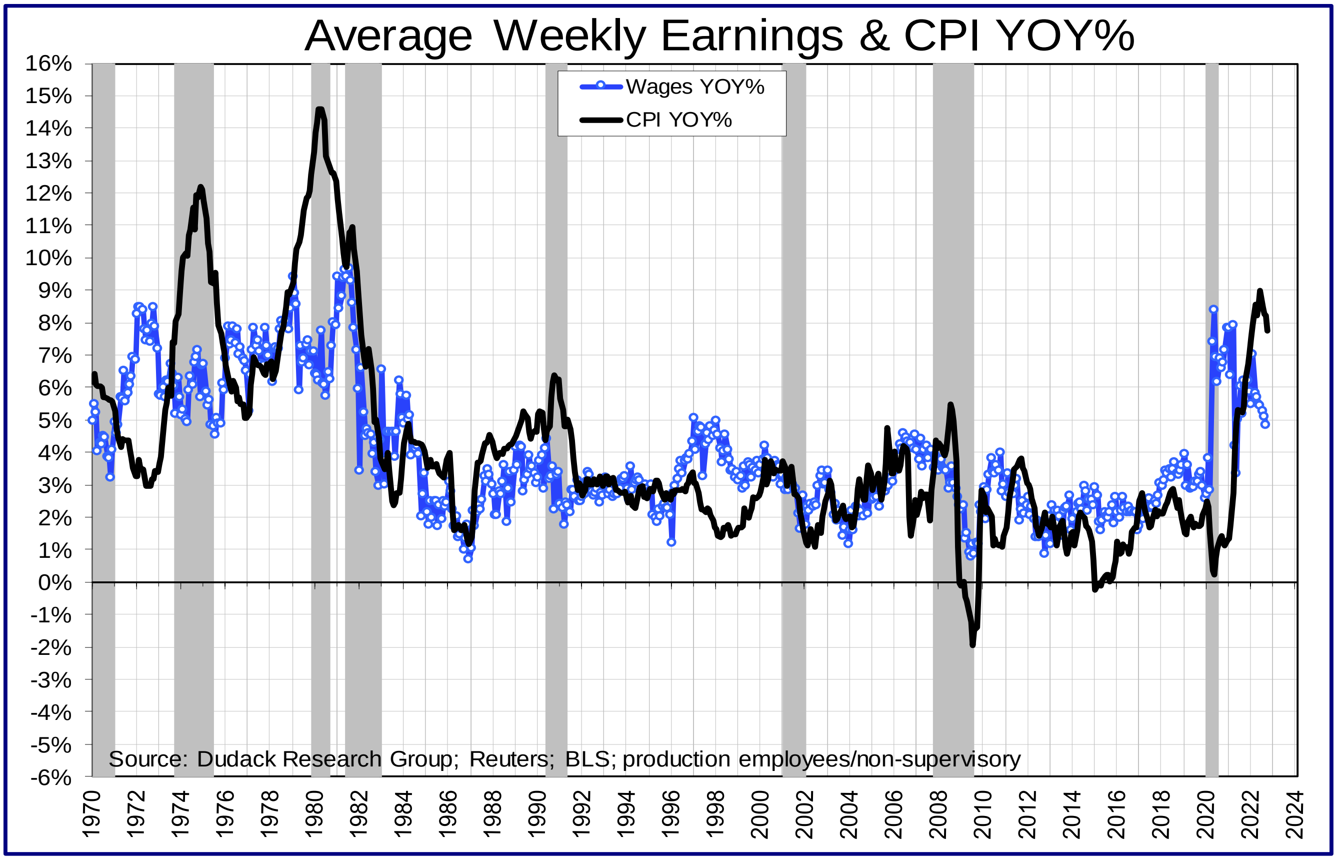
For all of these reasons we believe the best strategy is to focus on recession resistance companies or areas of the economy that represent “necessities” to households, corporations, and governments. Sectors that represent these characteristics include energy, utilities, food, staples, and aerospace. See page 16.

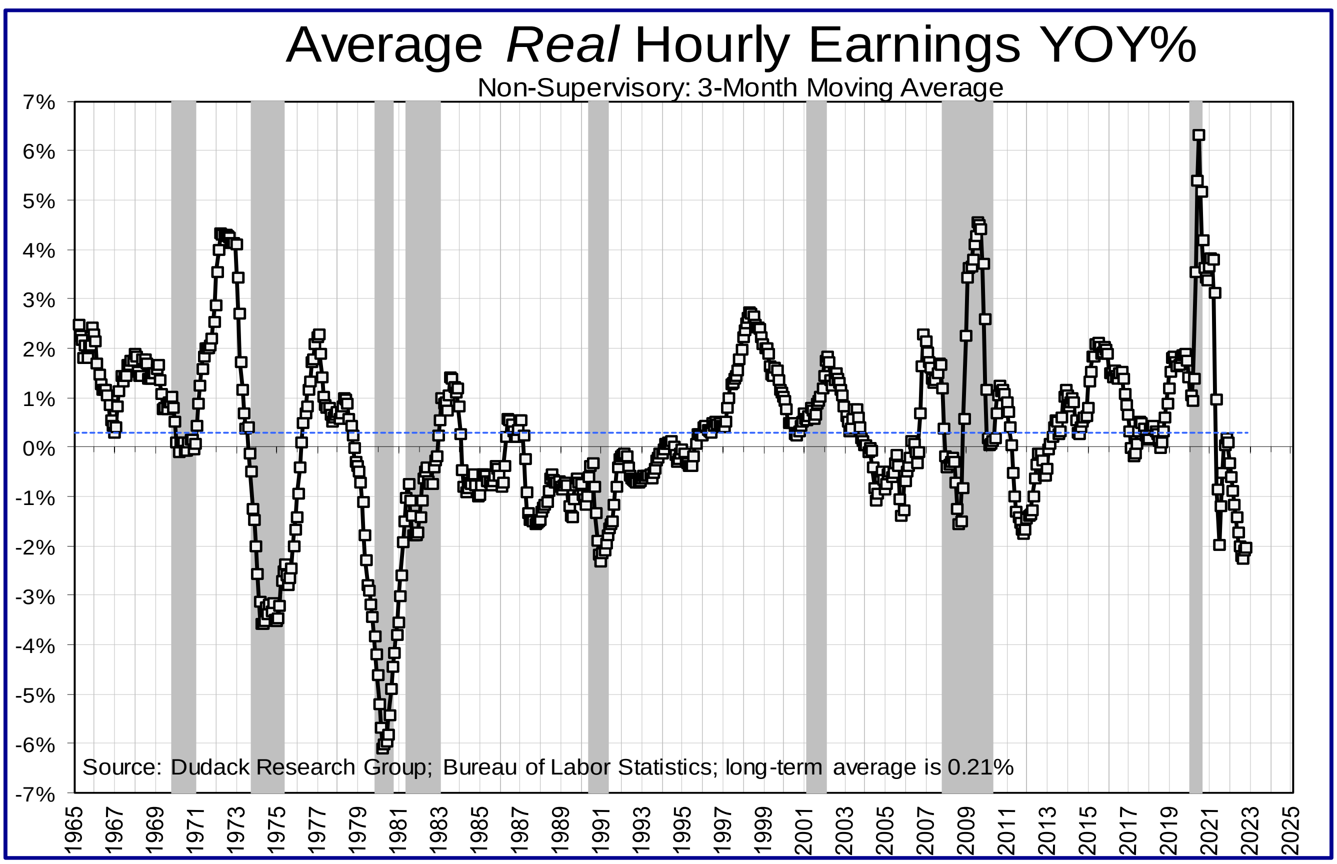
It is worth repeating that whenever inflation has been above average (3.5%), an economic recession has followed. The last time inflation was a standard deviation above the norm (6.2%), or 40 years ago, the economy suffered a series of recessions. A recession has been delayed only due to the Federal Reserve's tardiness in addressing inflation. Historically, the fed funds rate rose ahead of, or in line with, inflation. This discrepancy could make inflation more difficult to tame today and keep interest rates higher for longer than expected.



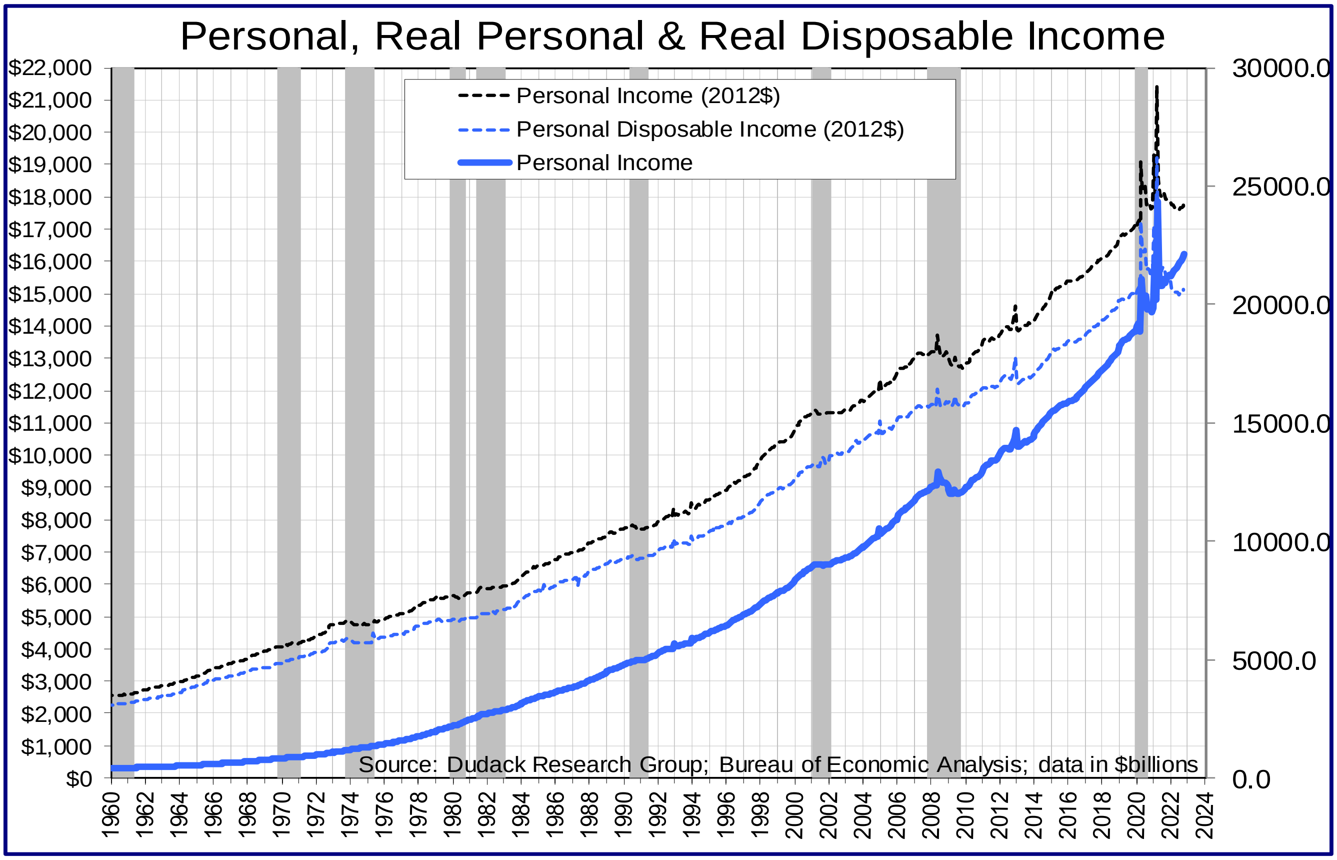


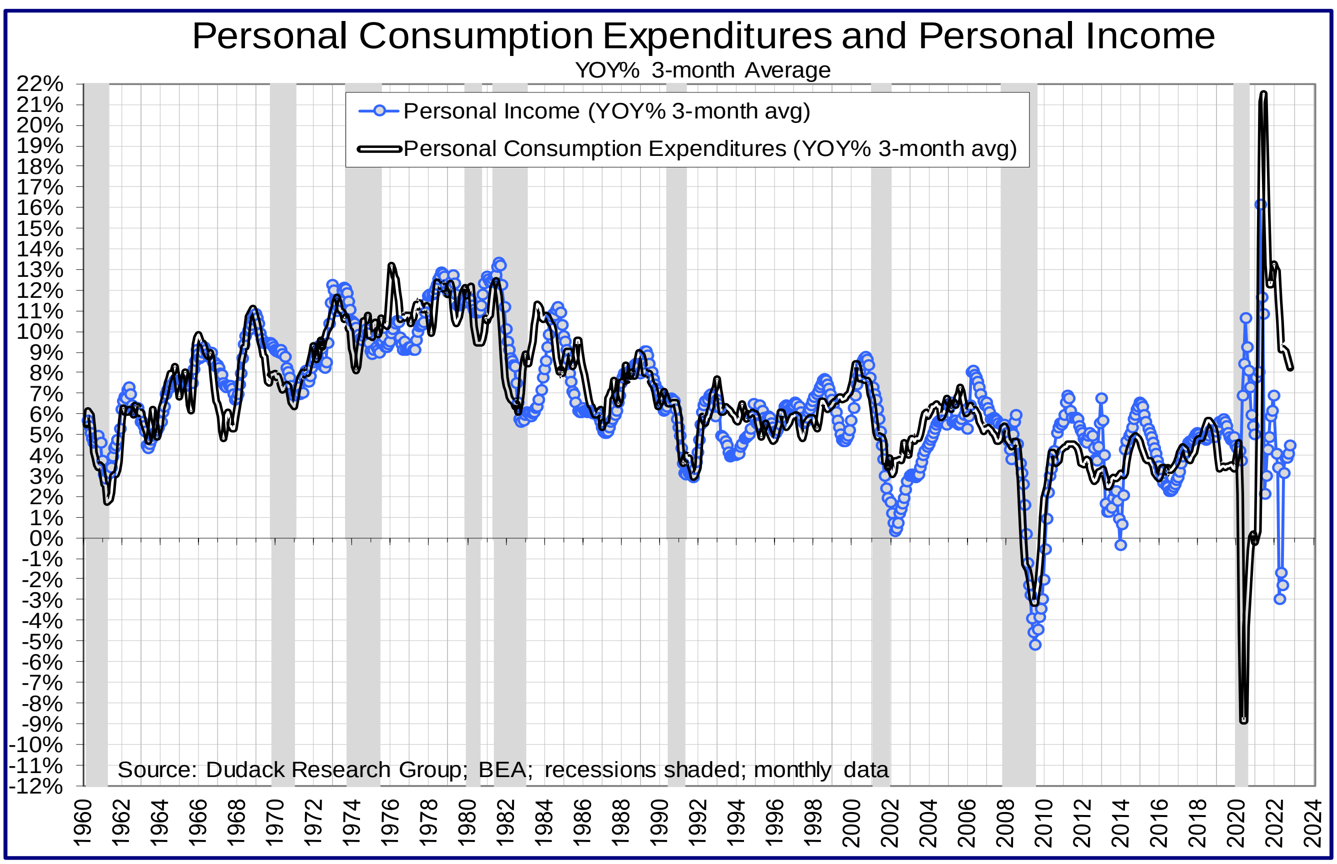
Inflation is deceptive because it quietly reduces the purchasing power of households. Some economists worry that hourly earnings rose 0.6% in November; however, average weekly earnings rose 4.9% YOY while inflation rose 7.8% YOY. In short, inflation has exceeded the growth in wages for most of the last 18 months, which is another combination that often predicts a recession.



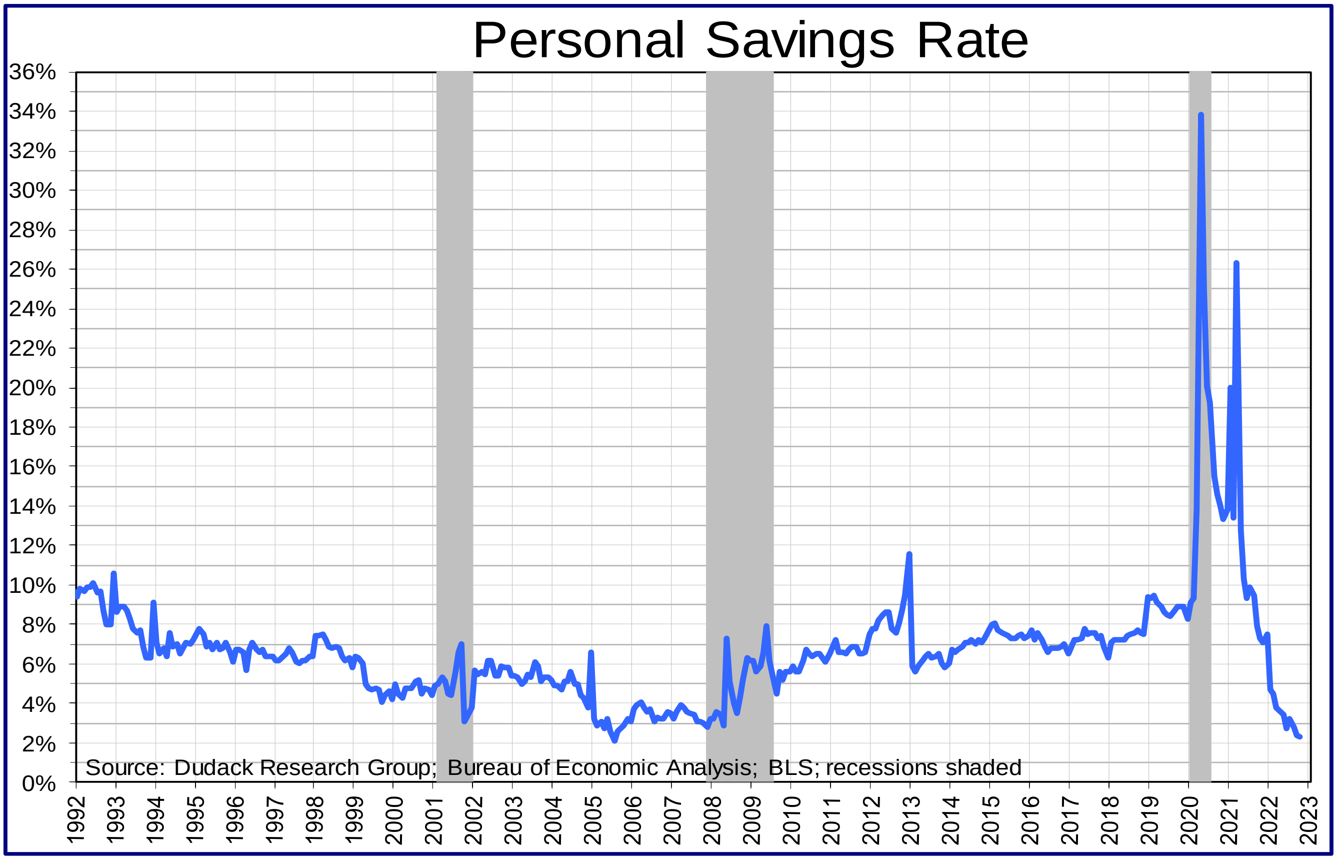


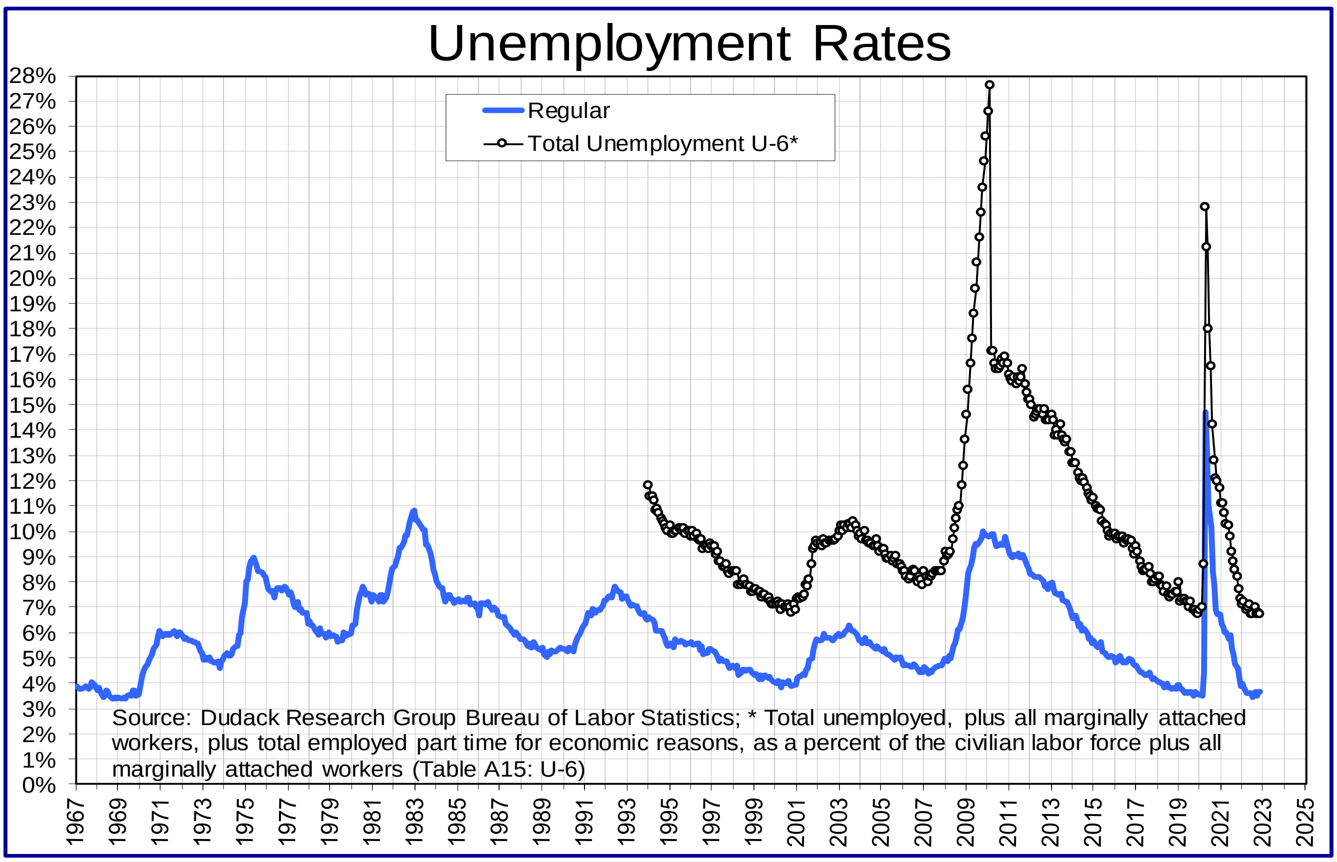
Personal income has seen a steady uptrend for the last two years, but this is not true of disposable income or real disposable income. As a result, personal consumption expenditures have exceeded income, which is an unsustainable situation.





Not surprisingly, the savings rate declined to 2.3% in November, which is the lowest rate seen since the 2.1% recorded in July 2005. However, in 2005, savings quickly rebounded to 2.6% the following month. We doubt that will happen in this cycle. Also noteworthy is the fact that the unemployment rate was unchanged in November at 3.7%, an historically low number. This gives the appearance of a strong economy, but we believe it is an economy of the haves and have nots, and Middle America is struggling.

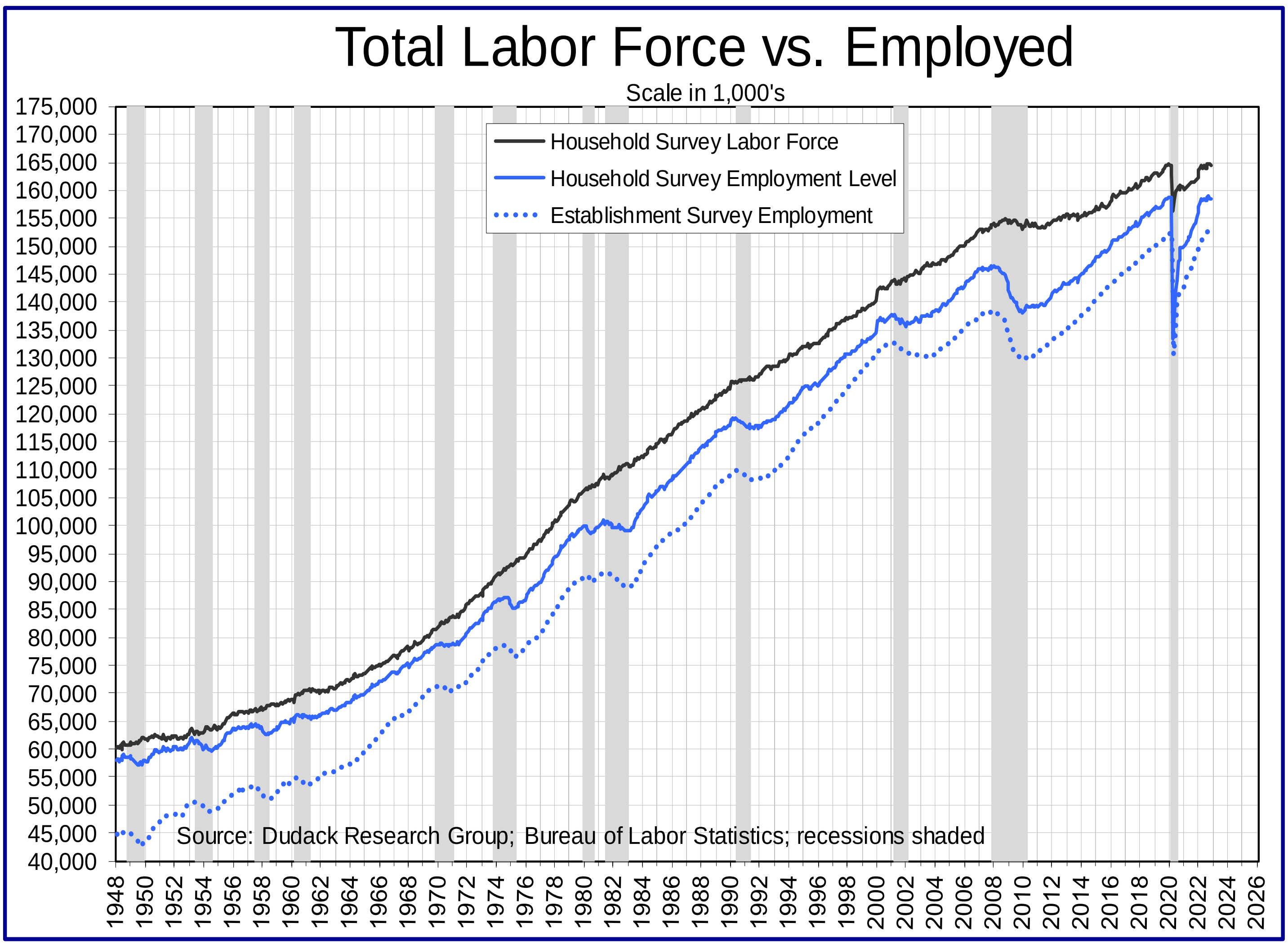




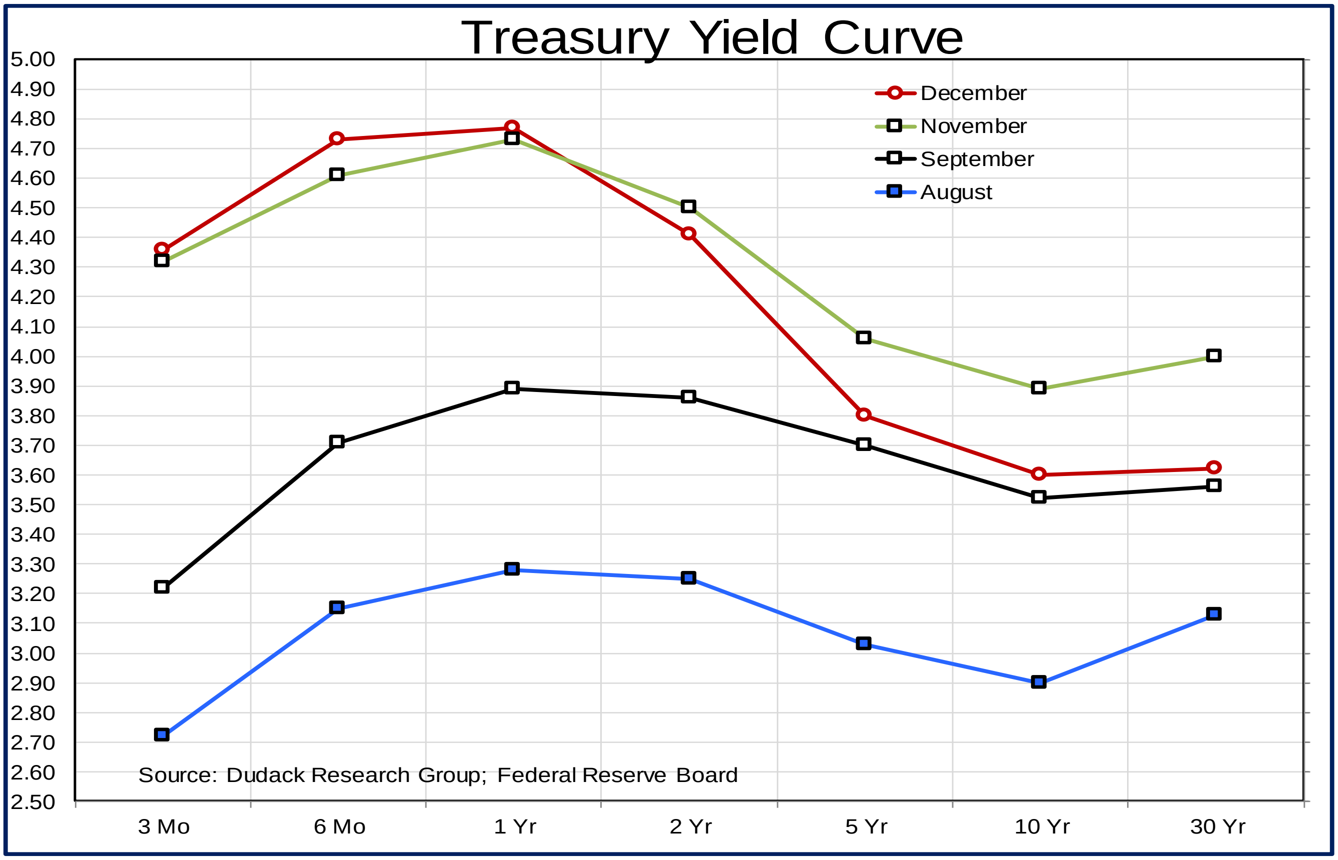
The BLS surveys of jobs give slightly different messages today. The establishment survey, which is based upon state payroll data, shows steady growth and jobs at a new cyclical high. The household survey, which includes many self-employed, household workers, the gig economy, is not showing growth and has been flat for much of the year. It looks similar to the trend in the overall labor force.

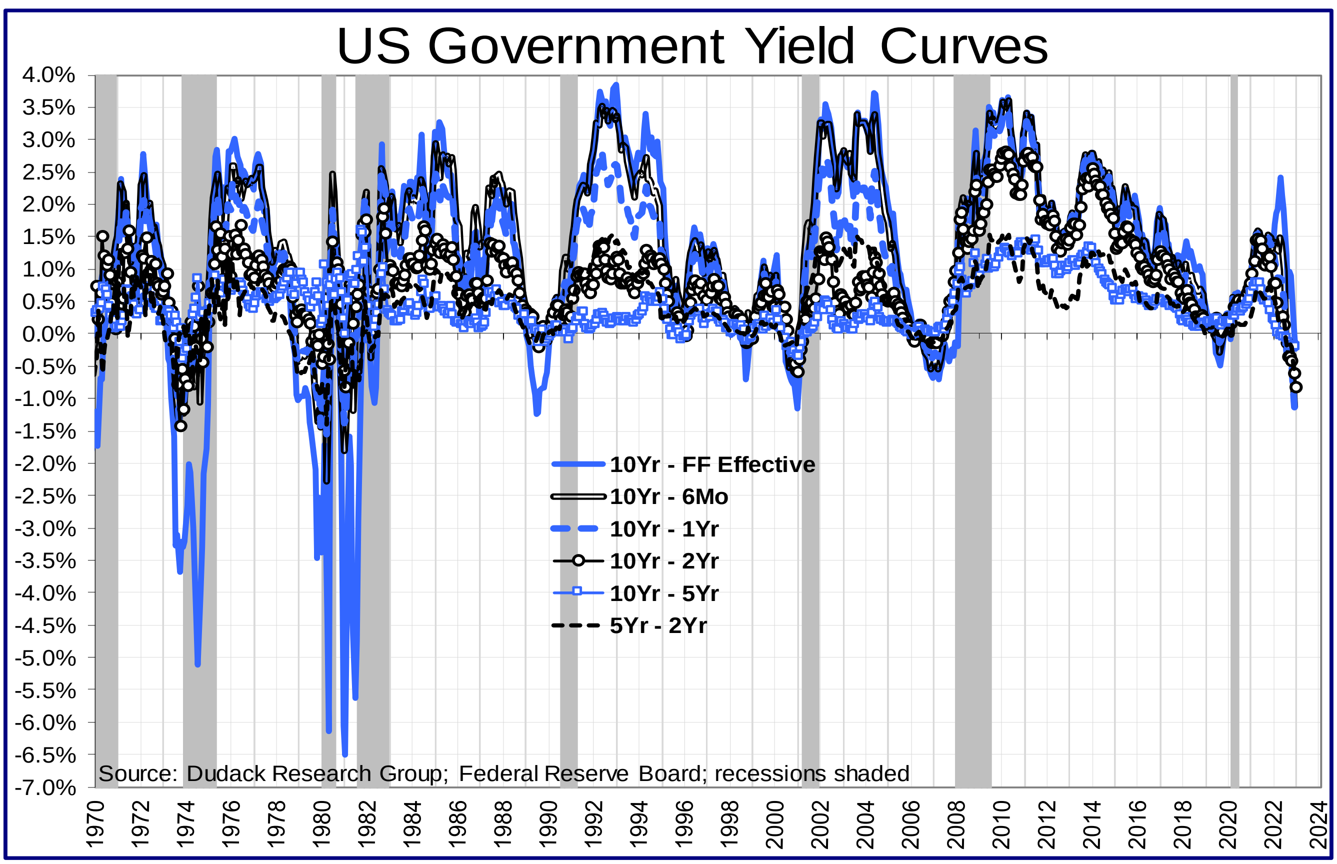
ıloyment Surveys (1,000s SA)	Nov-22	Oct-22	Change	Nov-21	Yr/Yr
blishment Survey: NonFarm Payrolls	153,548	153,285	263	148,652	4,896
sehold Survey Data (1,000s)					
:mployed (A)	158,470	158,608	(138)	155,324	3,146
Inemployed (B)	6,011	6,059	(48)	6,802	(791)
⁄ilian labor force [A+B]	164,481	164,667	(186)	162,126	2,355
Unemployment rate [B/(A+B)]	3.7%	3.7%	-0.03%	4.2%	-0.5%
U6 Unemployment rate	6.7%	6.8%	-0.1%	7.7%	-1.0%
ian noninstitutional population (C)	264,708	264,535	173	262,029	2,679
Participation rate [(A+B)/C]	62.1	62.2	-0.1	61.9	0.2
Employment-population ratio [A/C]	59.9	60.0	-0.1	59.3	0.6
t in labor force	100,227	99,868	359	99,902	325

Source: Bureau of Labor Statistics

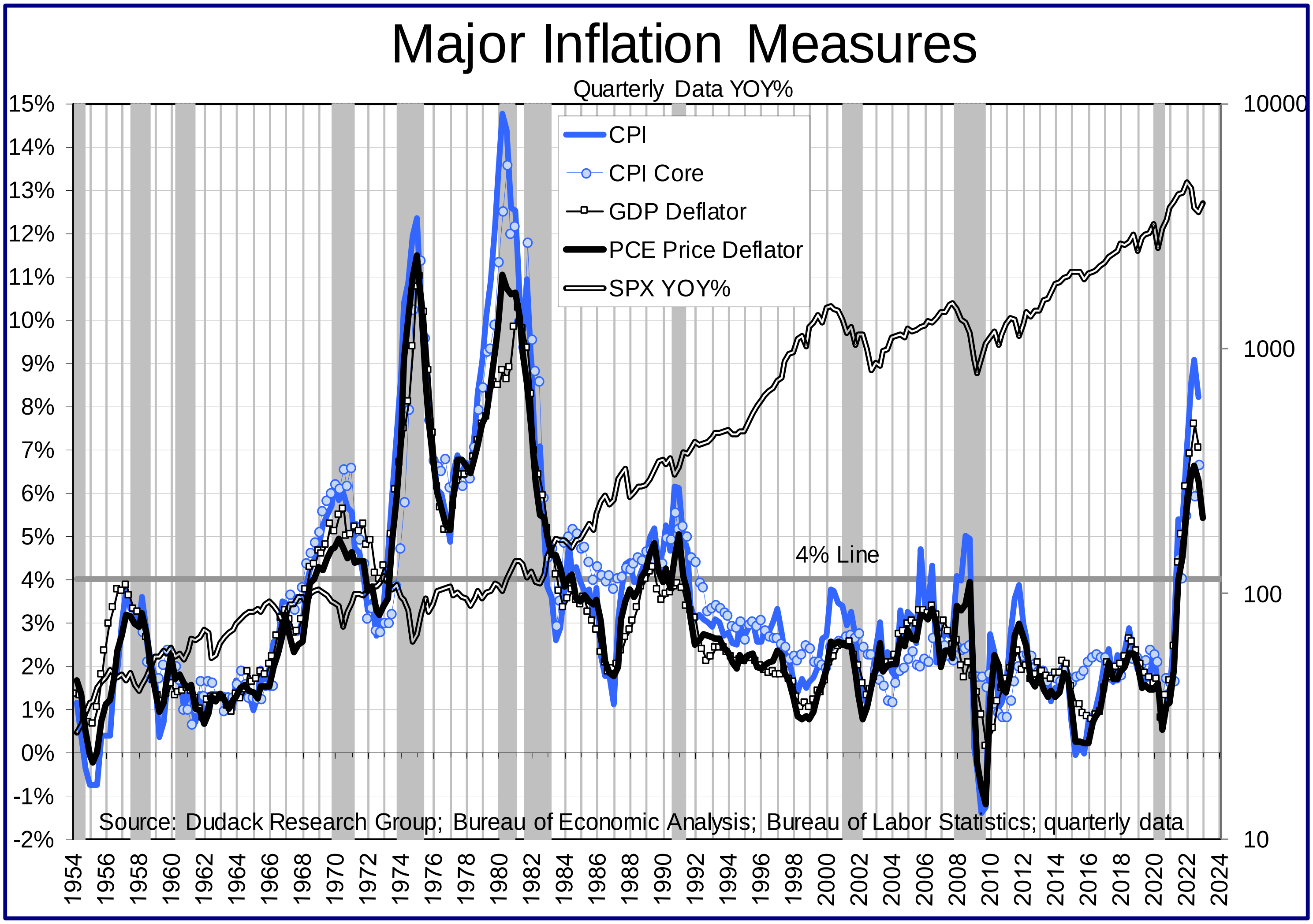


This combination of data suggests that the Federal Reserve will continue to raise interest rates to battle the now-ingrained inflation cycle, and this will lead to a recession. In recent months the yield curve has inverted in a classic sign of a recession on the horizon.

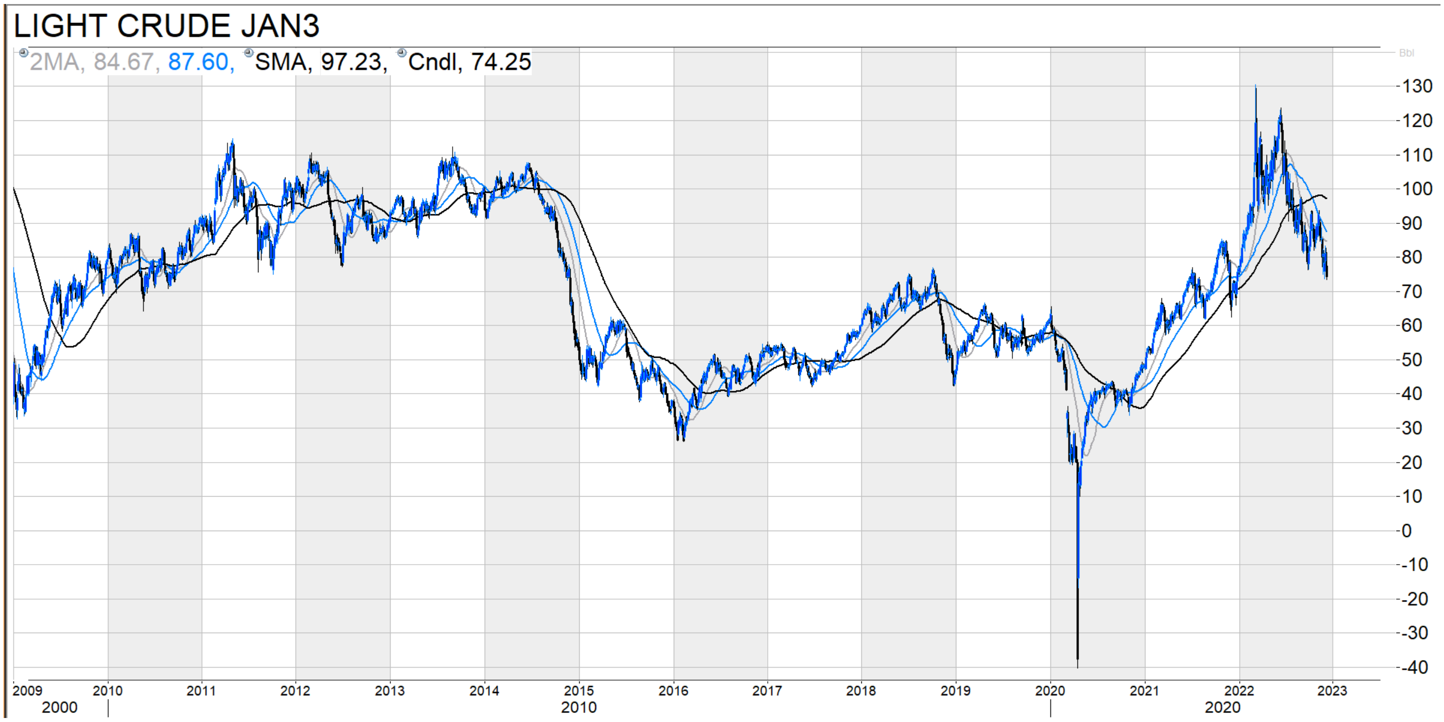




It is important to look at history to see how stocks perform when inflation remains above average for a long period of time. This means looking at the period 1968-to-1982. The chart below is a quarterly chart and only records the SPX at the end of each quarter. But what it shows is that the SPX closed at 103.86 in December 1968 and closed at 102.09 in March 1980. In other words, stock prices made no upward progress for over eleven years, or until inflation was brought back under control. This is why we believe the Fed may keep interest rates higher for longer than the consensus expects. The failure to get inflation under control could result in multiple Fed tightening cycles --- and recessions – like what was seen in the previous cycle.

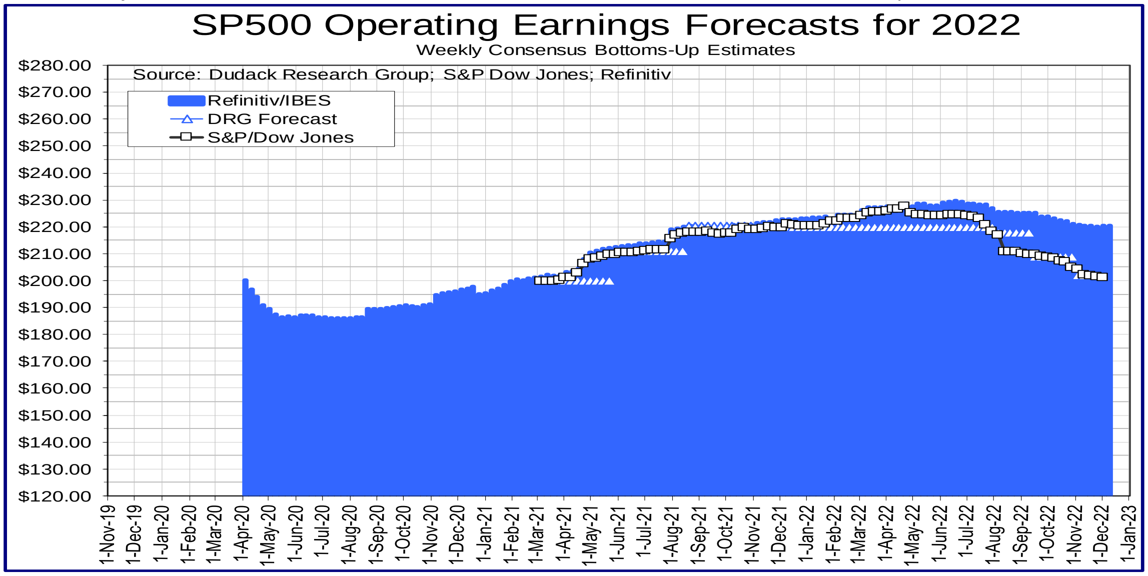


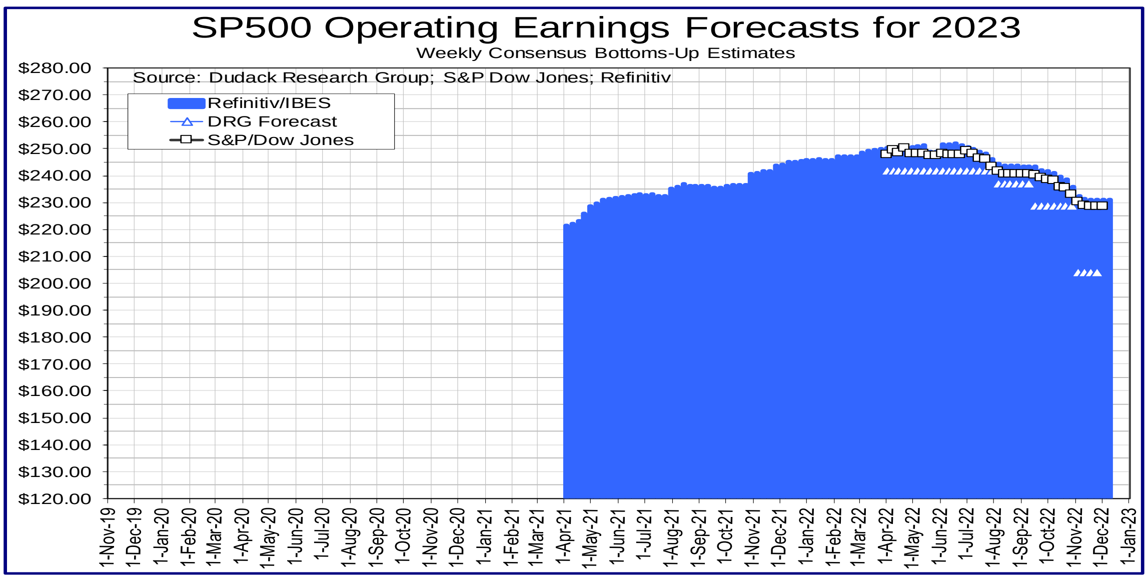
Two additional signs of a pending recession are the weakness in crude oil prices and the decline in the 10-year Treasury bond yield. Traders expect energy demand to weaken and there is a flight to safety in long duration US Treasury bonds.

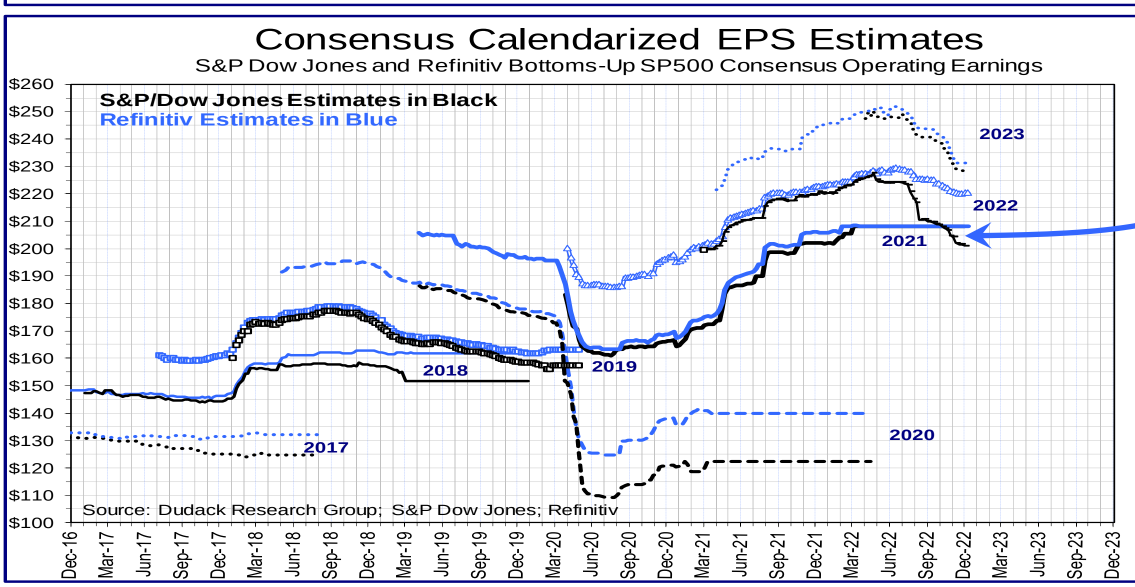


Source: Refinitiv

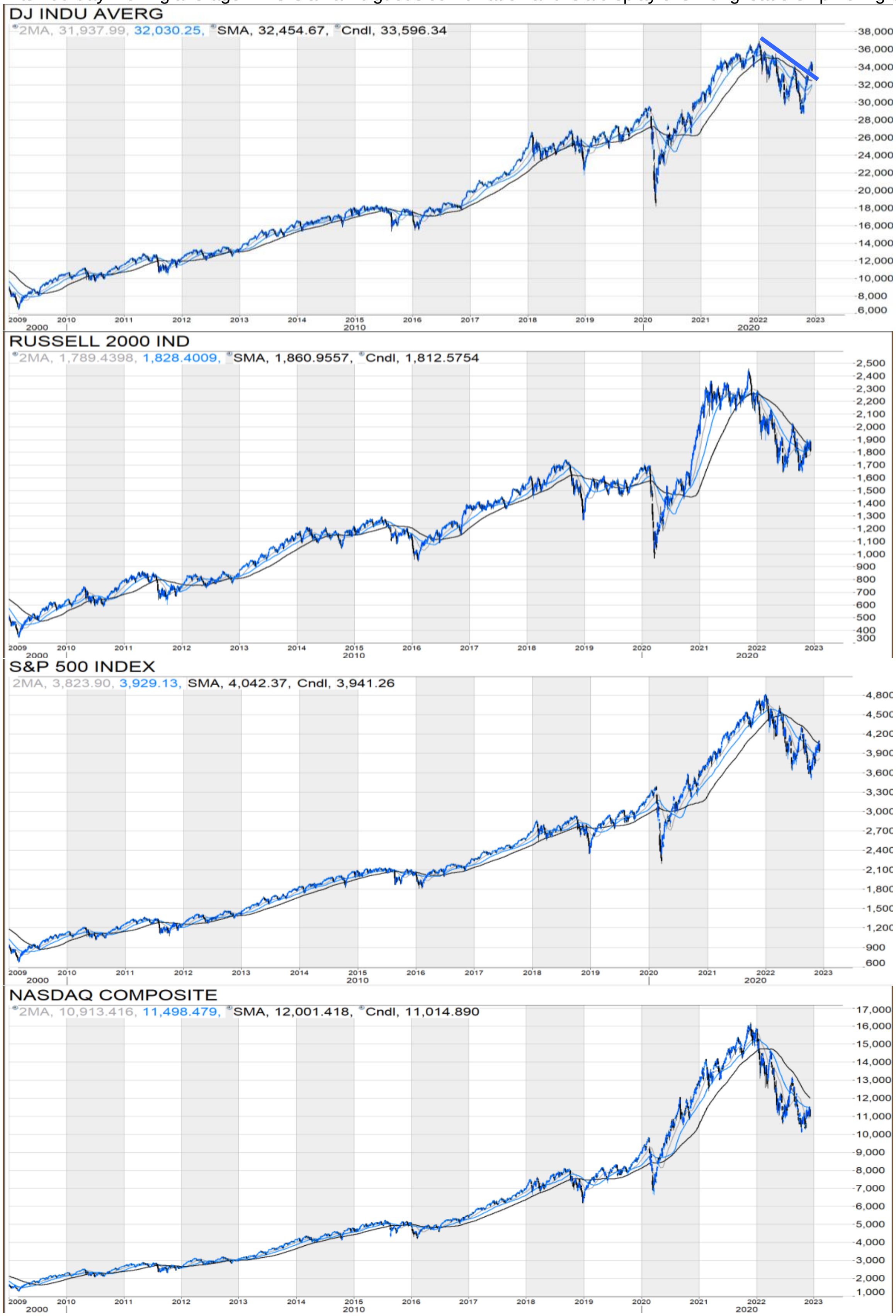
The S&P Dow Jones consensus earnings estimates for 2022 and 2023 fell $0.51 and rose $0.24, respectively. Refinitiv IBES consensus earnings forecasts rose $0.24 and rose $0.02, respectively, leaving estimates at $200.94/$220.36 and $228.37/$231.25, respectively. EPS growth rates for 2022 are (3.5%) and 5.9%, respectively. *(Note: consensus macro-EPS forecasts may differ from four quarter analysts' forecast sums seen on page 16.)* <u>DRG's 2022 and 2023 estimates were recently lowered to $202 and $204, to reflect the weakness seen in 2022 EPS and the impact of Fed rate hikes on 2023 activity.</u>







The indices are ordered below in terms of technical strength. The DJIA is the only index to have bettered its long-term 200-day moving average. The RUT and SPX have been testing their 200-day moving averages while the IXIC has only bettered its 50-day moving average and well below its 200-day moving average. This is an ambiguous combination and is a display of shifting leadership from growth to value.

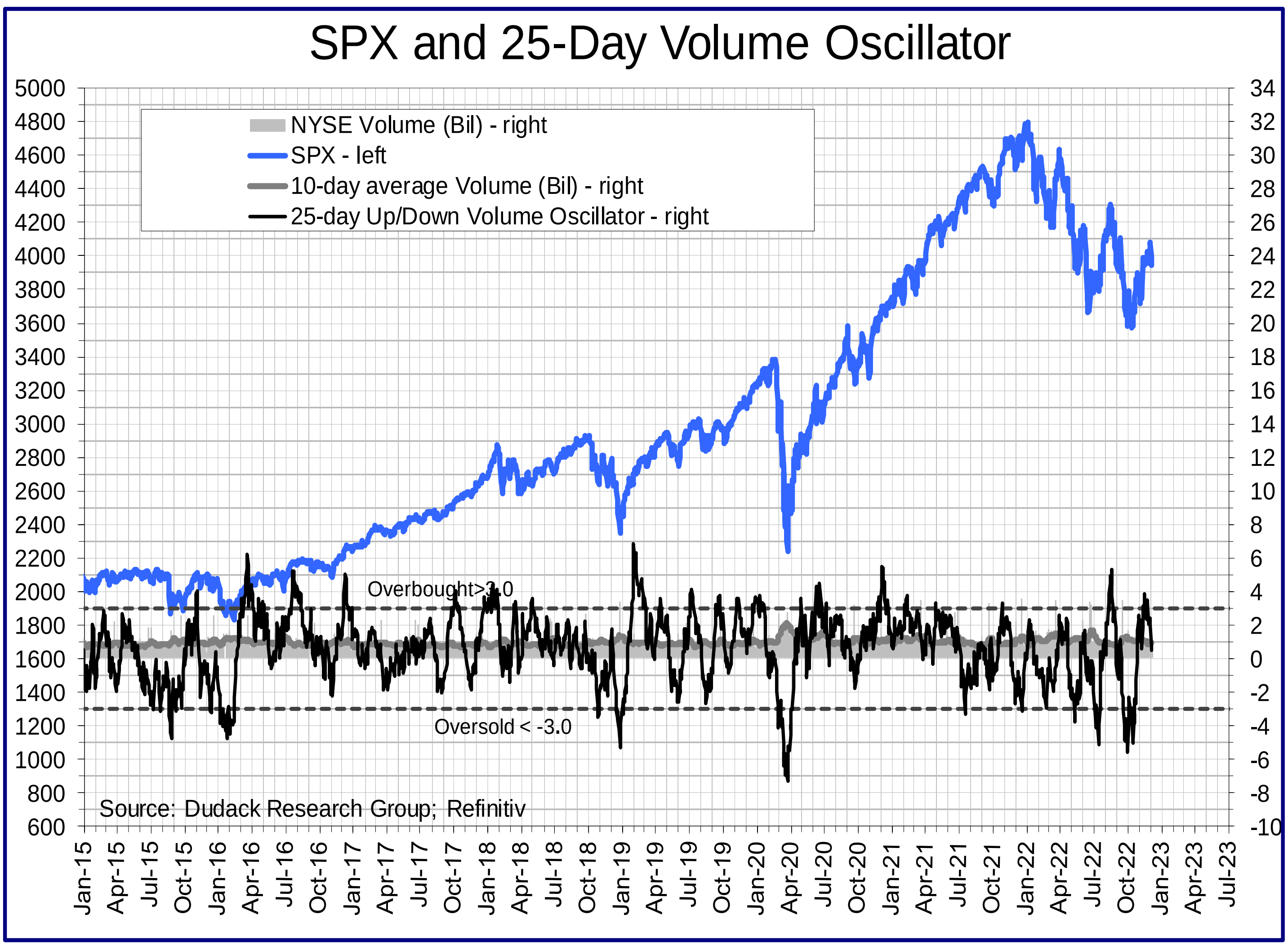


Source: Refinitiv

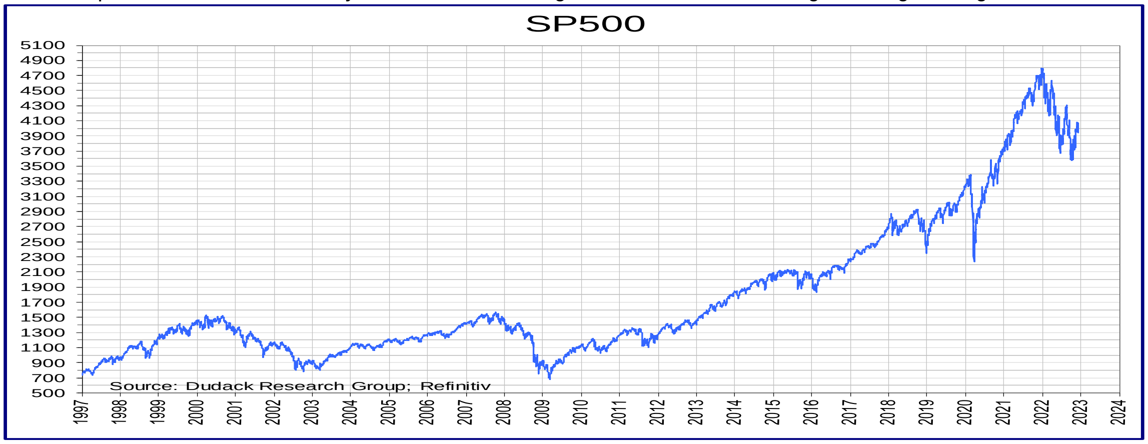
The 25-day up/down volume oscillator is currently neutral with a reading of 0.52, after being in overbought territory for seven of 10 trading days in November. However, it was not overbought for five consecutive trading days which is a minimum requirement for a signal. This action is significant since bear markets rarely reach overbought territory but if they do the reading is brief. A true overbought reading typically persists for at least five to ten consecutive trading days to be significant. Nevertheless, this will be a key indicator to monitor in the coming weeks to assess the strength of any advance in prices.

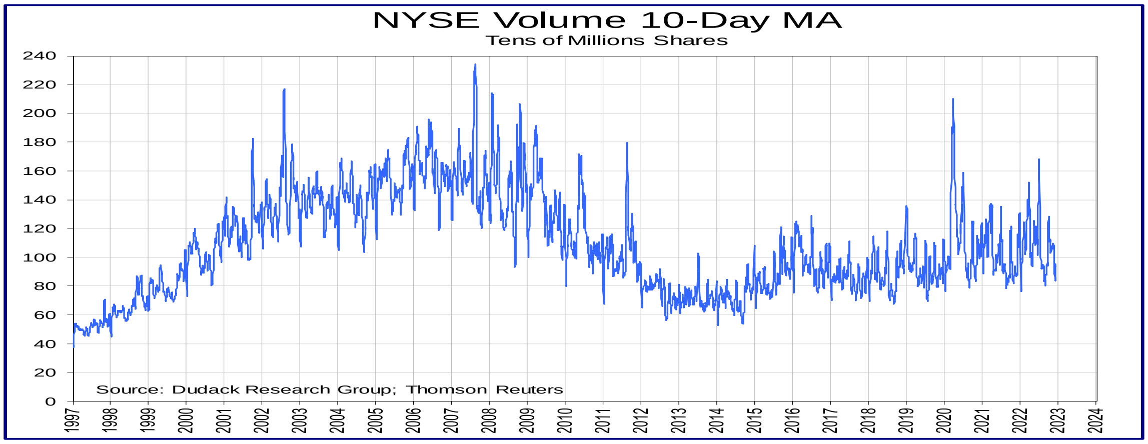
The 25-day up/down volume oscillator hit an oversold reading of negative 5.6 on September 30 which was a deeper oversold reading than the negative 5.17 reading of July 14, 2022. The oscillator was in oversold territory for 8 of 10 consecutive trading sessions in July and oversold for 18 of 24 consecutive trading sessions in September/October. This is much longer than the oversold reading at the previous low which means the test of the June low was unsuccessful by several measures and the bear market continues.

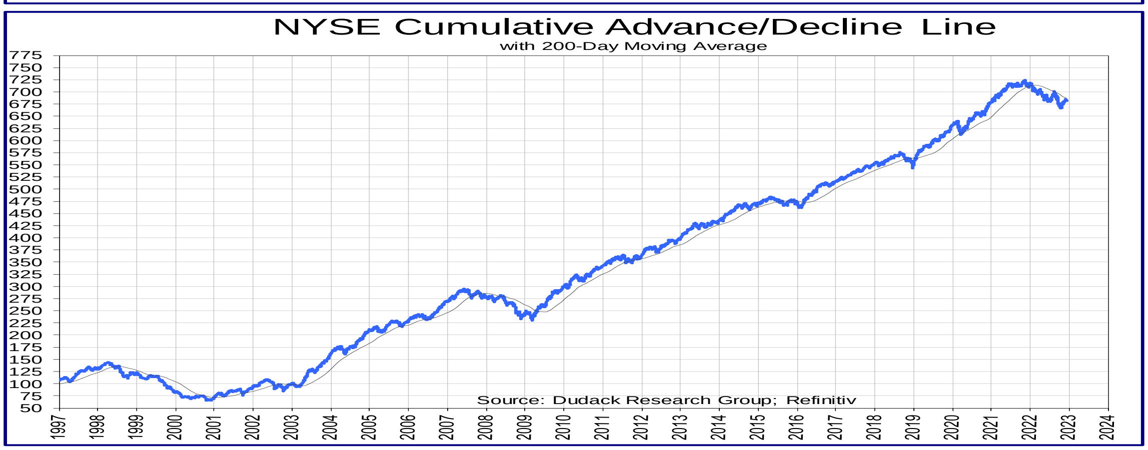
The key to a successful retest of a bear market low is whether or not a new low in price generates a new low in breadth. A successful retest will show there is less selling pressure – a less severe oversold reading -- despite a lower low in price. This “non-confirmation” of a low is a positive and implies that downside risk is subsiding.

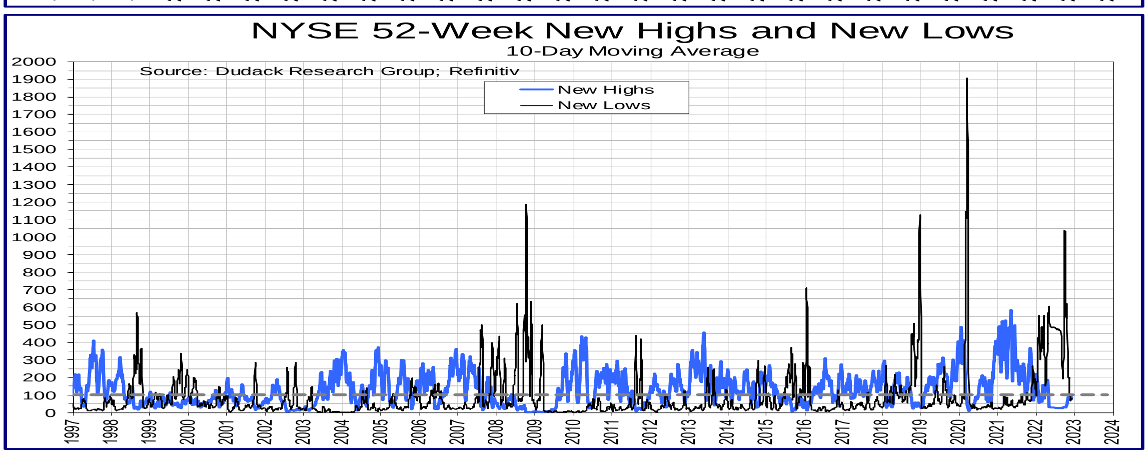


The 10-day average of daily new highs is 83 and daily new lows are 80. This combination is neutral since neither series is above the 100 benchmark. The 10-day moving average of new lows was 1038 on September 26 and exceeded the previous peak of 604 made in early May. The advance/decline line fell below the June low on September 22 and is currently 43,284 net advancing issues from its 11/8/21 high – a negative sign.

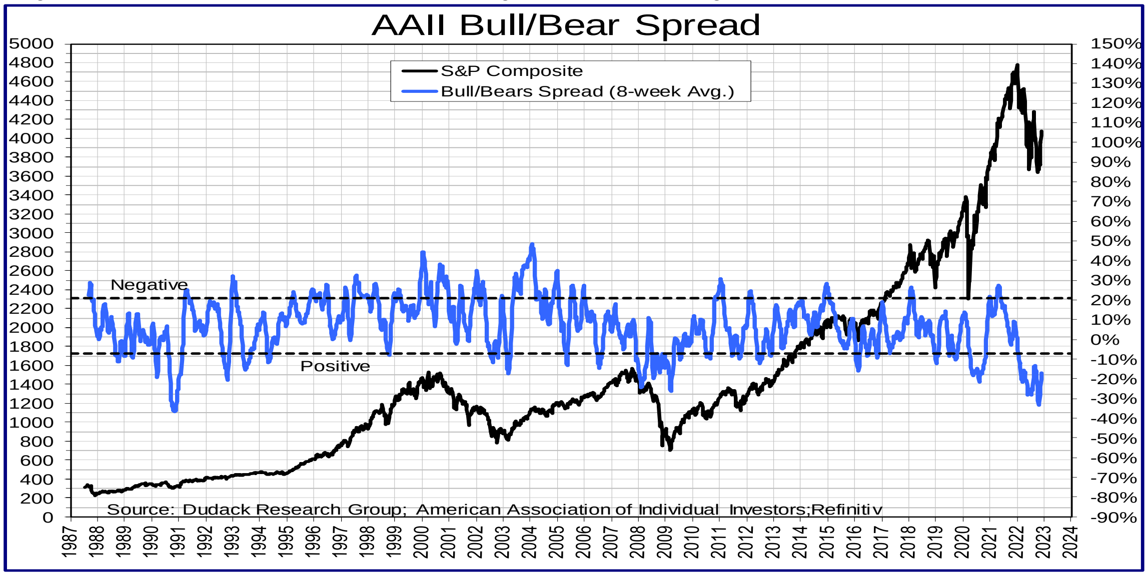


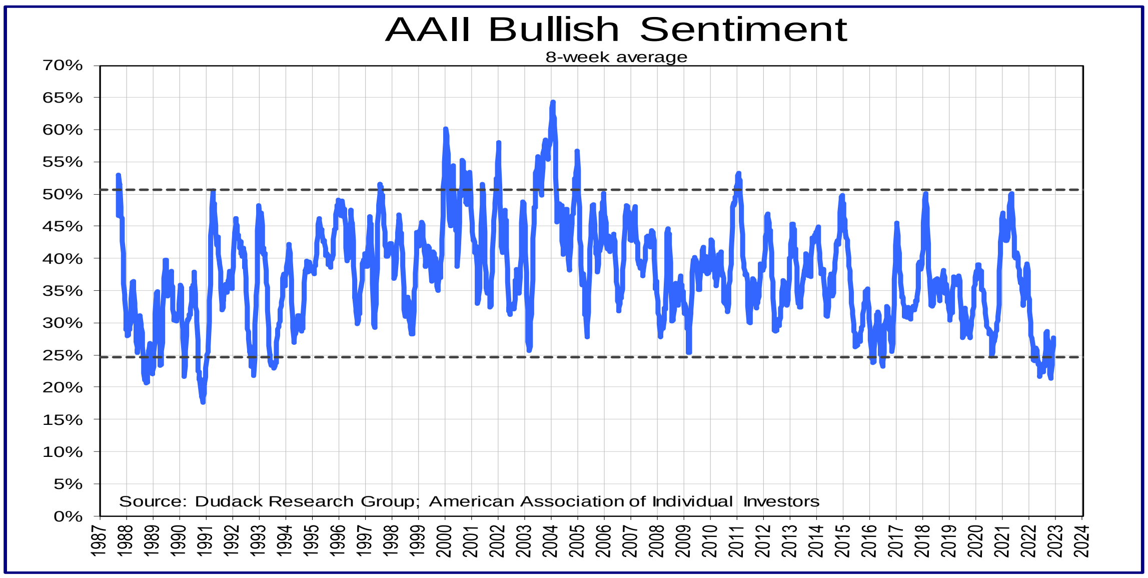


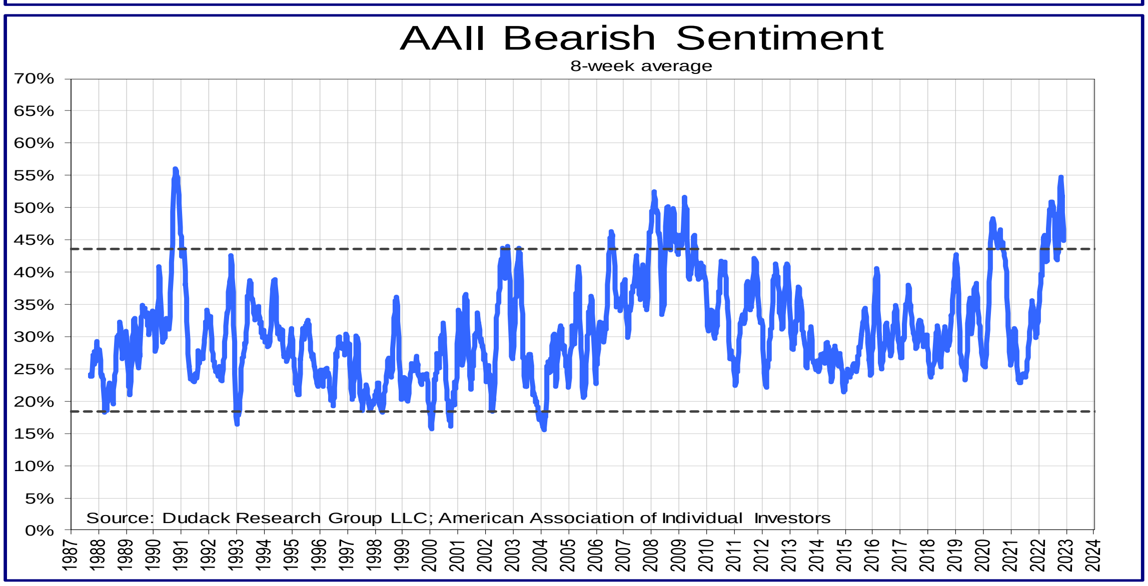




Last week's AAII readings showed a 5.6% increase in bulls to 34.5% and a 0.2% increase in bears of 40.4%. Bullishness remains below the long-term average of 37.5% and bearishness is slightly above its long-term average of 40.2%. Sentiment readings were extreme on September 21, 2022, and equity prices tend to be higher in the next six and/or twelve months following such extreme readings.



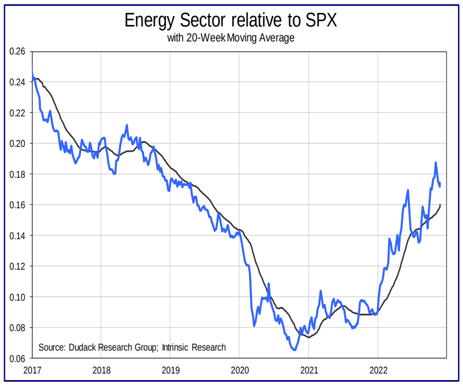


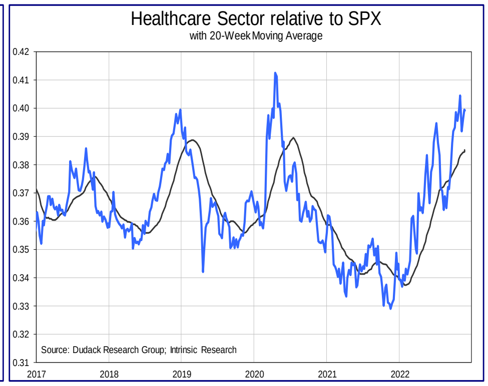


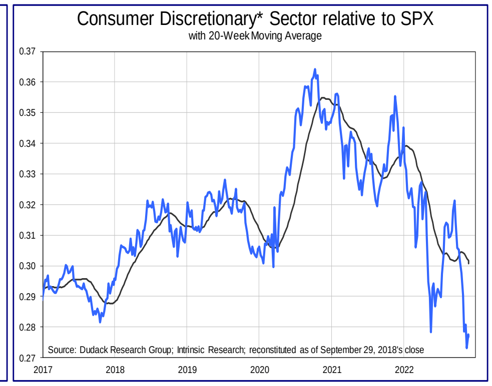
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

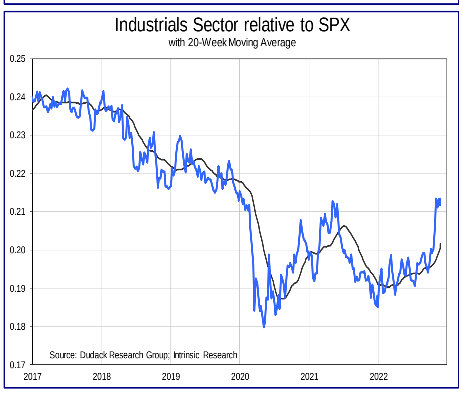
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Energy Industrials Staples Utililties		Healthcare Technology Materials Financials		Consumer Discretionary REITS Communication Services

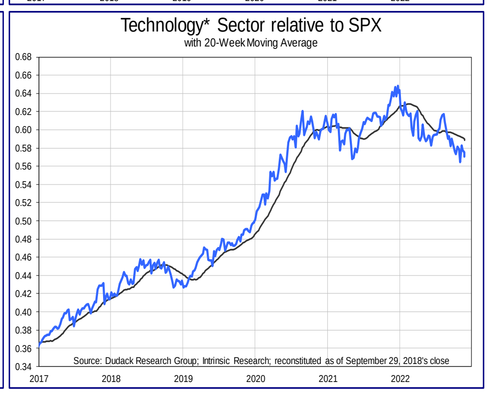
3/8/2022:Materials upgraded from underw eight to neutral/communication service dow ngraded from neutral to underw eight. 3/1/2022 Financials dow ngraded to neutral and Industrials upgraded to overw eight.

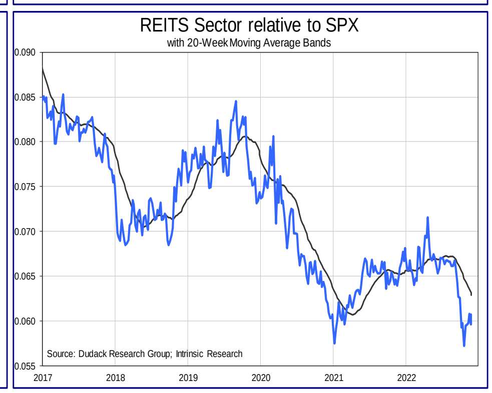


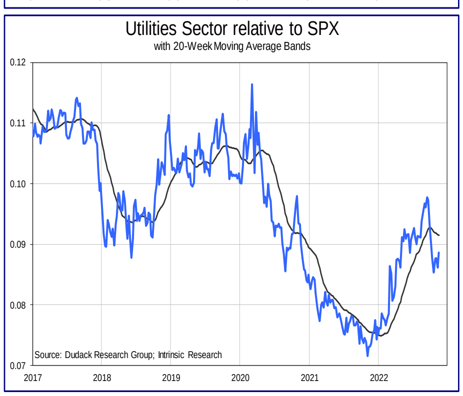


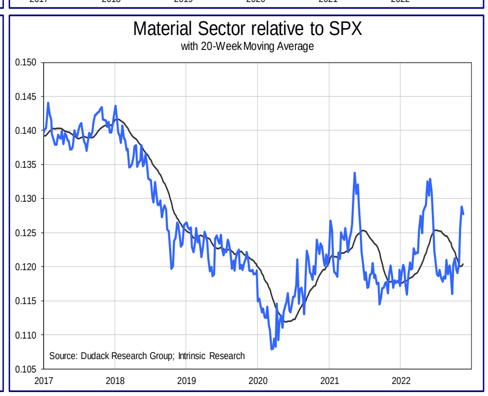


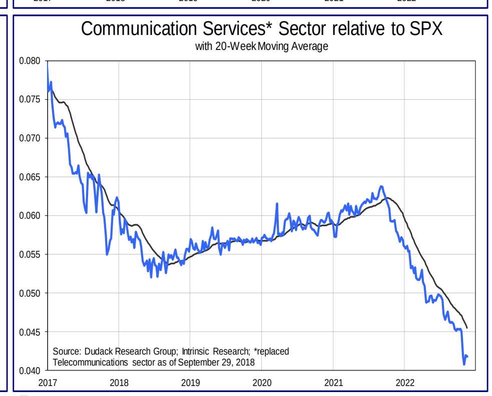


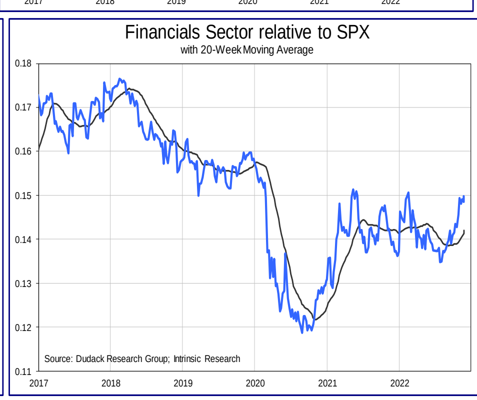












2022 Performance - Ranked	
SP500 Sector	% Change
S&P ENERGY	53.6%
S&P UTILITIES	-1.3%
S&P CONSUMER STAPLES	-2.0%
S&P HEALTH CARE	-2.8%
S&P INDUSTRIALS	-6.3%
S&P MATERIALS	-10.4%
S&P FINANCIAL	-11.4%
S&P 500	-17.3%
S&P INFORMATION TECH	-25.6%
S&P REITS	-26.7%
S&P CONSUMER DISCRETIONARY	-33.0%
S&P COMMUNICATIONS SERVICES	-37.7%

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	20.00	-2.7%	-5.5%	38.9%	55.2%
Energy Select Sector SPDR	XLE	85.32	-5.9%	-6.7%	18.5%	53.7%
United States Oil Fund, LP	USO	65.23	-4.6%	-15.1%	-0.1%	20.0%
Gold Future	GCc1	2447.10	0.2%	0.9%	1.9%	10.6%
iShares MSCI Brazil Capped ETF	EWZ	30.73	0.5%	-9.3%	3.7%	9.5%
iShares MSCI Mexico Capped ETF	EWW	52.06	-1.4%	-1.4%	17.7%	2.9%
SPDR Communication Services ETF	XLC	56.15	0.0%	0.0%	0.0%	0.0%
Utilities Select Sector SPDR	XLU	71.07	2.0%	5.9%	8.5%	-0.7%
Oil Future	CLc1	74.25	-5.1%	-19.8%	-6.6%	-1.3%
Consumer Staples Select Sector SPDR	XLP	75.75	0.1%	5.4%	13.5%	-1.8%
Health Care Select Sect SPDR	XLV	137.39	1.2%	5.0%	13.4%	-2.5%
SPDR Gold Trust	GLD	164.84	1.3%	5.3%	6.6%	-3.6%
iShares MSCI United Kingdom ETF	EWU	31.59	2.0%	9.6%	20.5%	-4.7%
iShares Silver Trust	SLV	21.32	4.5%	6.2%	16.7%	-4.8%
Silver Future	SIc1	22.12	4.3%	6.4%	16.7%	-5.2%
iShares MSCI India ETF	INDA.K	43.14	-0.9%	0.2%	5.8%	-5.9%
Industrial Select Sector SPDR	XLI	99.43	-0.6%	4.6%	20.0%	-6.0%
iShares MSCI Australia ETF	EWA	23.06	0.0%	8.1%	17.5%	-7.1%
SPDR DJIA ETF	DIA	336.46	-0.6%	3.8%	17.1%	-7.4%
DJIA	.DJI	33596.34	-0.8%	3.7%	17.0%	-7.5%
iShares Russell 1000 Value ETF	IWD	153.96	-1.1%	3.5%	13.2%	-8.3%
iShares MSCI Malaysia ETF	EWM	22.78	2.4%	9.8%	12.8%	-9.0%
iShares MSCI Hong Kong ETF	EWH	20.86	6.8%	18.1%	14.4%	-10.0%
Materials Select Sector SPDR	XLB	81.37	0.7%	7.9%	19.6%	-10.2%
Financial Select Sector SPDR	XLF	34.73	-2.7%	2.4%	14.4%	-11.1%
iShares MSCI Singapore ETF	EWS	18.94	0.3%	8.0%	10.7%	-11.5%
Shanghai Composite	.SSEC	3212.53	2.0%	4.6%	4.0%	-11.7%
iShares MSCI Canada ETF	EWC	33.89	-2.0%	1.6%	10.2%	-11.8%
iShares Nasdaq Biotechnology ETF	IBB.O	133.25	0.7%	3.8%	13.9%	-12.7%
iShares Russell 2000 Value ETF	IWN	144.11	-1.3%	0.8%	11.8%	-13.2%
PowerShares Water Resources Portfolio	PHO	52.45	1.4%	7.5%	14.6%	-13.8%
SPDR S&P Bank ETF	KBE	46.19	-5.0%	-4.1%	4.3%	-15.3%
iShares MSCI EAFE ETF	EFA	66.53	0.9%	9.5%	18.8%	-15.4%
Vanguard FTSE All-World ex-US ETF	VEU	51.26	0.8%	8.3%	15.6%	-16.4%
SP500	**.SPX**	**3941.26**	**-0.4%**	**4.5%**	**9.9%**	**-17.3%**
iShares iBoxx $ Invest Grade Corp Bond	LQD	108.82	2.2%	7.6%	6.2%	-17.9%
iShares Russell 1000 ETF	IWB	216.59	-0.4%	4.5%	9.8%	-18.1%
iShares MSCI Japan ETF	EWJ	54.59	-1.1%	7.3%	11.8%	-18.5%
iShares Russell 2000 ETF	IWM	180.07	-1.3%	0.8%	9.2%	-19.1%
iShares MSCI Emerg Mkts ETF	EEM	39.04	1.6%	7.8%	11.9%	-20.1%
iShares MSCI BRIC ETF	BKF	35.33	5.0%	10.2%	10.6%	-21.1%
iShares China Large Cap ETF	FXI	28.80	7.3%	20.8%	11.4%	-21.3%
iShares MSCI Austria Capped ETF	EWO	19.50	-0.2%	7.6%	25.7%	-23.4%
iShares MSCI Germany ETF	EWG	25.08	0.7%	12.4%	27.1%	-23.5%
iShares Russell 2000 Growth ETF	IWO	220.07	-1.2%	0.8%	6.5%	-24.9%
Technology Select Sector SPDR	XLK	130.26	0.6%	7.7%	9.7%	-25.1%
iShares US Real Estate ETF	IYR	86.37	-1.0%	4.5%	6.1%	-25.6%
iShares MSCI Taiwan ETF	EWT	49.33	0.6%	14.7%	14.5%	-25.9%
iShares Russell 1000 Growth ETF	IWF	224.02	0.2%	5.6%	6.5%	-26.7%
iShares MSCI South Korea Capped ETF	EWY	57.08	-2.2%	5.8%	20.5%	-26.7%
SPDR S&P Semiconductor ETF	XSD	175.99	0.1%	9.7%	15.7%	-27.6%
iShares 20+ Year Treas Bond ETF	TLT	106.95	4.9%	13.5%	4.4%	-27.8%
SPDR S&P Retail ETF	XRT	64.93	-1.6%	6.8%	15.0%	-28.1%
Nasdaq Composite Index Tracking Stock	ONEQ.O	43.27	0.1%	5.2%	4.4%	-28.9%
NASDAQ 100	NDX	11549.69	0.4%	6.4%	5.3%	-29.2%
SPDR Homebuilders ETF	XHB	60.35	-1.3%	7.7%	10.3%	-29.6%
iShares US Telecomm ETF	IYZ	22.73	-1.6%	2.8%	8.9%	-30.9%
Consumer Discretionary Select Sector SPDR	XLY	139.54	-1.2%	1.5%	-2.0%	-31.7%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; Thomson Reuters — Priced as of December 6, 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	~~~~~	$181.74	$200.94	$202.00	-3.0%	**$220.36**	5.9%	17.8X	NA	NA	NA	NA
2023E	~~~~~	$205.37	$228.37	$204.00	1.0%	**$231.25**	4.9%	17.3X	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%	1.7%	$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%	2.0%	$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%	3.4%	$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%	4.1%	$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%	2.8%	$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%	2.8%	$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%	2.9%	$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%	0.7%	$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%	2.2%	$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%	2.7%	$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%	3.6%	$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%	1.8%	$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%	-4.6%	$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%	-29.9%	$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%	35.3%	$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%	3.9%	$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%	7.0%	$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%	2.7%	$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%	7.0%	$2,527.40	19.7%
2022 1Q	4530.41	$45.99	$49.36	$49.36	4.1%	$54.80	11.5%	21.6	1.4%	-1.6%	$2,402.90	8.8%
2022 2Q	3785.38	$42.74	$46.87	$46.87	-9.9%	$57.62	9.6%	18.5	1.7%	-0.6%	$2,620.40	7.4%
2022 3QE	3585.62	$44.56	$50.61	$52.00	0.0%	$56.03	4.3%	18.5	1.8%	2.6%	NA	NA
2022 4QE*	3941.26	$48.45	$54.10	$53.77	-5.2%	$54.46	0.9%	19.6	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 12/6/2022

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Prices are the close of December 6, 2022