Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
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February 15, 2023

DJIA: 34089.27
SPX: 4136.13
NASDAQ: 11960.15

# US Strategy Weekly
## Russell 2000 at 2000

### TECHNICAL INDICATORS IN THE SPOTLIGHT

The easy part of the 2023 rally may now be behind us. We are concerned that daily volume on the NYSE has been consistently lower than the 10-day average for seven consecutive trading sessions. It is a sign of fading demand. More importantly, the Russell 2000 index, which was an excellent leading indicator at the 2021 peak and has been a decent leader at the October low, is now facing stiff resistance at the 2,000 level. The Russell index has the most attractive technical pattern of all the major indices and if it can better the 2000 level, the Russell could rally another 10%. However, in our view, it is more likely that the equity market is extended, a consolidation process has begun, and part of this process could include a retest of the lows. See page 10.

Another warning sign is found in the American Association of Individual Investors (AAII) survey which had some surprising shifts last week. The AAII readings showed a 7.6% increase in bullishness to 37.5%, its highest bullish reading in over a year. It is also the first time in 58 weeks that bullish sentiment is at or above its historical average of 37.5%.

Investors who indicated they were neutral, neither bullish nor bearish, rose 2% to 37.5%, and were also at the highest level in over a year. Conversely, a huge 9.6% decrease in bearishness took the bullish ratio to 25.0%, its lowest reading since November 11, 2021, or 15 months ago. Bearishness is now below its long-term average of 31.0%. The Bull/Bear Spread remains positive but it is moving toward neutral for the first time since January 2022. Sentiment readings were most extreme on September 21, 2022, and equity prices tend to be higher in the next six and/or twelve months following such extreme readings. Nevertheless, last week's readings are a display of too much optimism appearing too quickly and it is a negative omen for the near term. See page 13.

Some technical indicators continue to be positive. The 10-day average of daily new highs is 130 and new lows are 26. This combination remains positive since new highs are above the 100 benchmark that defines the trend, and new lows are well below 100. The NYSE advance/decline line is currently 28,517 net advancing issues from its November 8, 2021 high, which is further away than it was a week ago. In general, the AD line is negative, but it has been improving since the end of the year. See page 12.

### INFLATION, THE FED, AND PE MULTIPLES

January's CPI data, on a non-seasonally adjusted basis, showed prices rising 6.4% YOY versus the 6.5% YOY reported for December. Core CPI rose 5.6% versus 5.7% a month earlier. This was slightly worse than the consensus expected, but not bad enough to change the outlook for Fed policy. <u>Inflation is slowing, but at a slower pace than some had expected. The energy component of CPI rose 8.7% YOY in January versus 7.3% YOY in December, which was a surprise because the price of the WTI future fell 10.5% YOY in January versus a 6.7% YOY gain in December.</u> The good news is that the energy component of the CPI remains well below the peak of 41.6% YOY seen in June 2022. See page 3.

Many inflation watchers like to exclude the owner's equivalent rent component from the CPI to moderate inflation, however, the OER has been a part of the CPI for decades and without controversy prior to this cycle. What is interesting to us is that when we compare the OER and the fed funds rate, it is clear that the Fed had been far more aggressive in terms of fighting inflation in the past. The Fed typically increased rates ahead of any significant rise in the OER, or at the first sign of inflation. Today, the Fed remains well behind the curve and behind the rise in the OER. More importantly, housing is not the problem for the Fed since interest rates have had, and will continue to have, a significant impact on mortgage rates, housing demand and housing inflation. The problem has switched to the service sector where inflation is rising broadly. In January, service sector inflation rose from 7.5% to 7.6%. See page 4. All told, inflation may be more entrenched than previously thought and the Fed will need to keep interest rates higher for longer than many expect.

Lowering inflation is critical for many reasons, but in terms of equity valuation, high inflation usually translates into lower PE multiples. The current trailing PE for the S&P 500 of 20.9 times and the forward PE is 22.3 times based upon our 2023 estimate of $180, or 18.8 times based upon the current S&P Dow Jones estimate of $220.31. All of these PE multiples are extremely high with inflation over 6% YOY. The risk in the market is that equity valuations can only be supported if inflation is 2%. Unfortunately, that is unlikely to materialize this year. In other words, breadth has improved on this rally, but valuation has not.

## Sentiment

There was a small increase in the University of Michigan consumer sentiment survey for February and it was due entirely to the present conditions component, which rose 4.2 points to 72.6. Ironically, the present conditions index is now more than 10 points above the expectations index. More confusing is the fact that this is in complete contrast to December's detailed survey on personal finances, where personal finances were falling throughout 2022, but expectations rose in the final months of the year. The University of Michigan consumer sentiment is a timelier survey, so hopefully, this improvement in present conditions will be sustained. See page 5.

The NFIB small business optimism index rose 0.5 points to 90.3 in January but remained below the long-term average of 98 for the 13th consecutive month. Eight subcategories improved this month and five deteriorated. However, even though the outlook for business conditions rose from -51 to -45, it lingers well below the zero line, although 16 points above its June 2022 low of -61. See page 6. Plans to increase capital expenditures or inventories declined in January while plans to increase employment and expand rose modestly. Small businesses were gloomier about the prospect of real sales increasing even though plans to raise prices also rose in January. See page 7. There were small increases in actual sales and earnings in January which may have contributed to the rise in the uncertainty index to 76, up 5 points for the month and up from the June 2022 low of 55. See page 8.

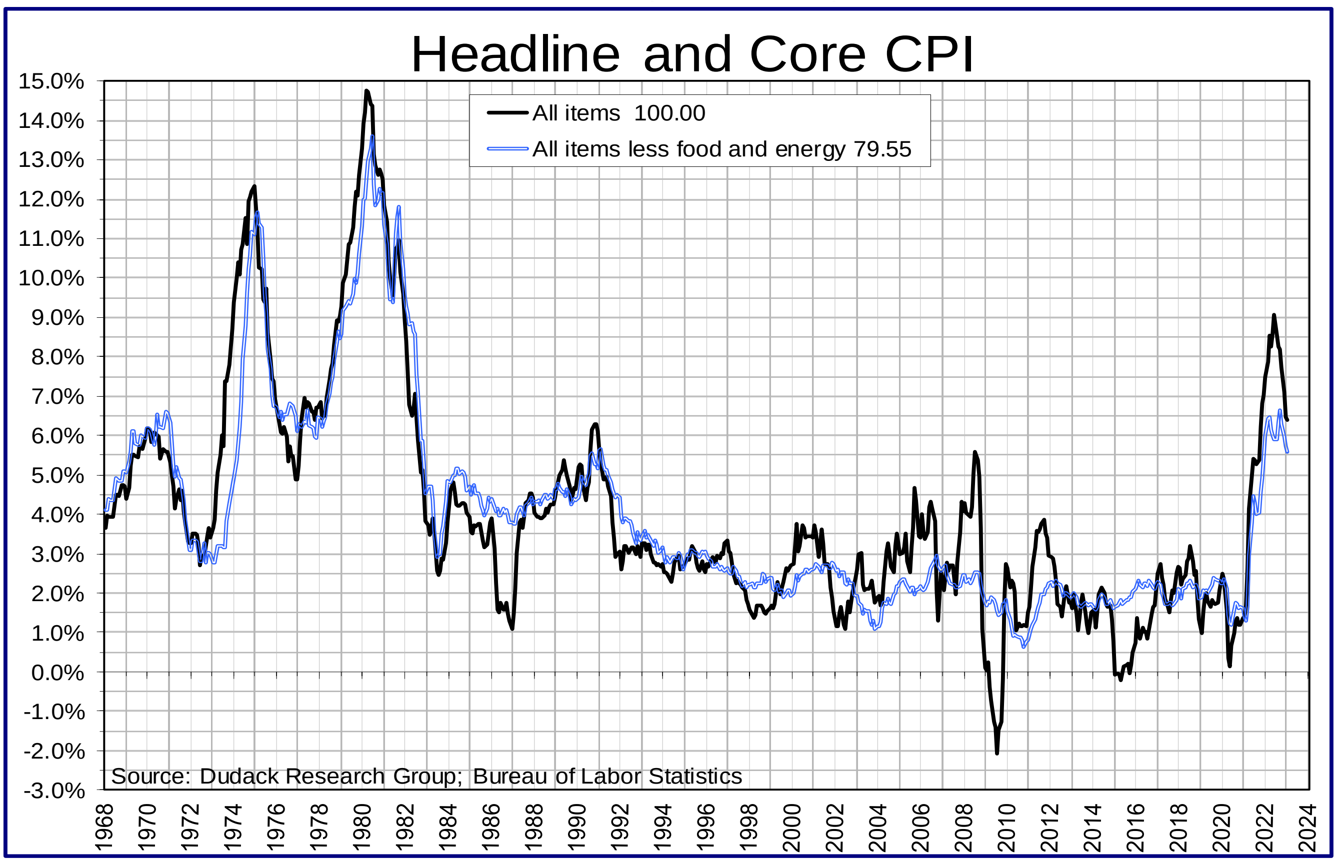
## Summary

We expect the equity market will remain in a broad trading range until inflation is clearly under control, a process that is apt to take another 12 to 18 months. In the interim, we expect the broad indices will be contained between the January 3, 2022 SPX high of 4796.56 and the October 12, 2022 low of SPX 3577.03. The improvement in our 25-day up/down volume oscillator is in line with this forecast. To date, the rally has been led by large-cap technology stocks which we do not believe will be the leadership of the next bull market cycle. Technology stocks had been at the center of heavy short selling, and it is likely that short covering contributed to the current advance. If we are correct about a trading range market, leadership may rotate throughout the year. Keep in mind that historically, the popular stock indices have spent 50% of the time in flat trends. Flat trends can include several bull and bear market moves of 20% or more, but we define them as "flat" since rallies are unable to sustain an advance above the previous market peak. In short, the days of "buy and hold" may have ended for a while.

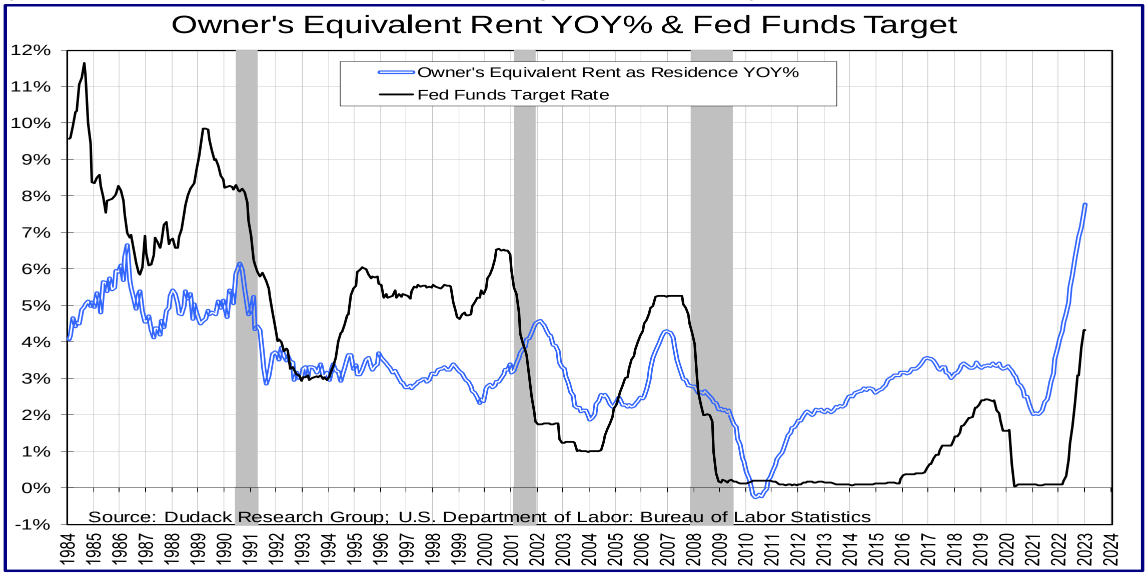
CPI for January showed prices rising 6.4% YOY versus the 6.5% YOY in December, on a non-seasonally adjusted basis. Core CPI rose 5.6% versus 5.7% a month earlier. This showed that inflation was slowing, but only modestly. The energy component of CPI rose 8.7% YOY versus 7.3% YOY in December but remains well below the peak of 41.6% YOY seen in June 2022.

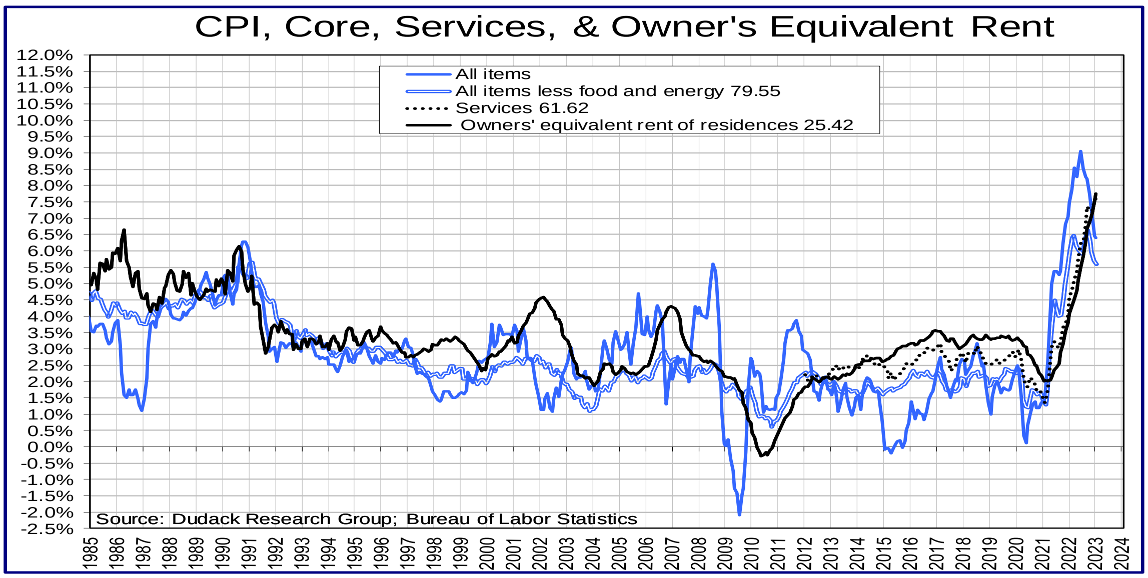
| CPI Components Heavy Weights - Not Seasonally Adjusted Data | Component Weight* | Fuel Weight | Price Chg YOY% | Price Chg MOM% |
|---|---|---|---|---|
| **Housing** | **44.4%** | **4.7%** | **8.2%** | **1.0%** |
| *Owners' equivalent rent of residences* | **25.4%** | | *7.8%* | 0.6% |
| **Fuels and utilities** | **4.7%** | | **13.2%** | **2.7%** |
| **Transportation** | **16.7%** | **2.2%** | **3.8%** | **0.7%** |
| **Food and beverages** | **14.4%** | | **9.9%** | **0.7%** |
| *Food at home* | **8.7%** | | *11.3%* | 0.8% |
| *Food away from home* | **4.8%** | | *8.2%* | 0.6% |
| *Alcoholic beverages* | **0.8%** | | *5.8%* | 0.5% |
| **Medical care** | **8.1%** | | **3.1%** | **0.1%** |
| **Education and communication** | **5.8%** | | **1.0%** | **0.3%** |
| **Recreation** | **5.4%** | | **4.8%** | **0.7%** |
| **Apparel** | **2.5%** | | **3.1%** | **2.6%** |
| **Other goods and services** | **2.7%** | | **6.2%** | **0.6%** |
| Special groups: | | | | |
| Energy | 6.9% | | 8.7% | 3.1% |
| All items less food and energy | 79.5% | | 5.6% | 0.6% |
| **All items** | **100.0%** | | **6.41%** | **0.8%** |

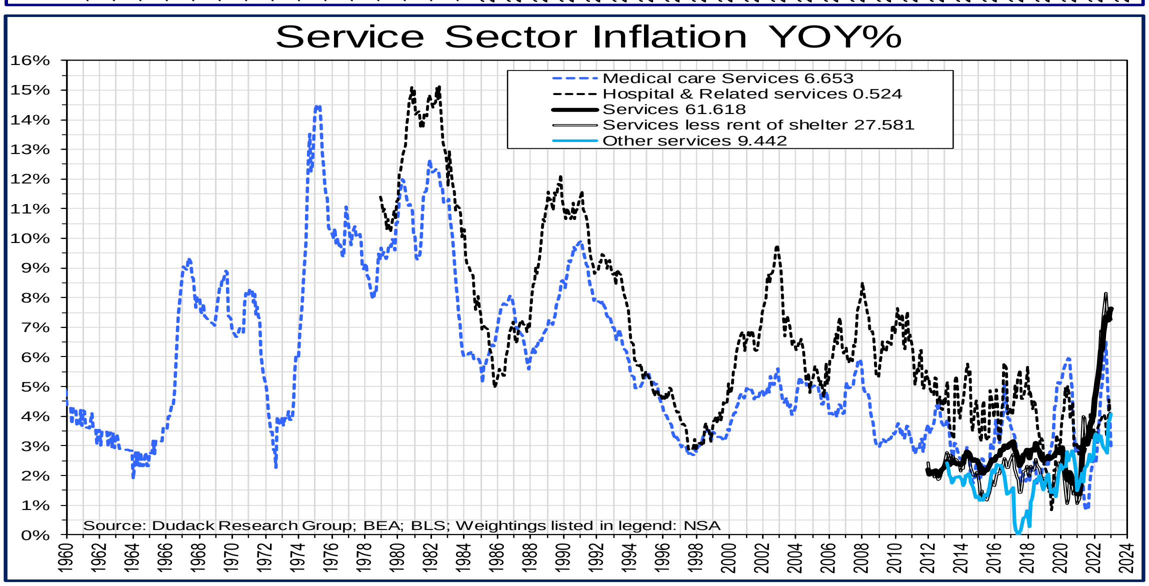
Source: Dudack Research Group; BLS; *Dec. 2022 w eightings; Italics=sub-component; blue>headline



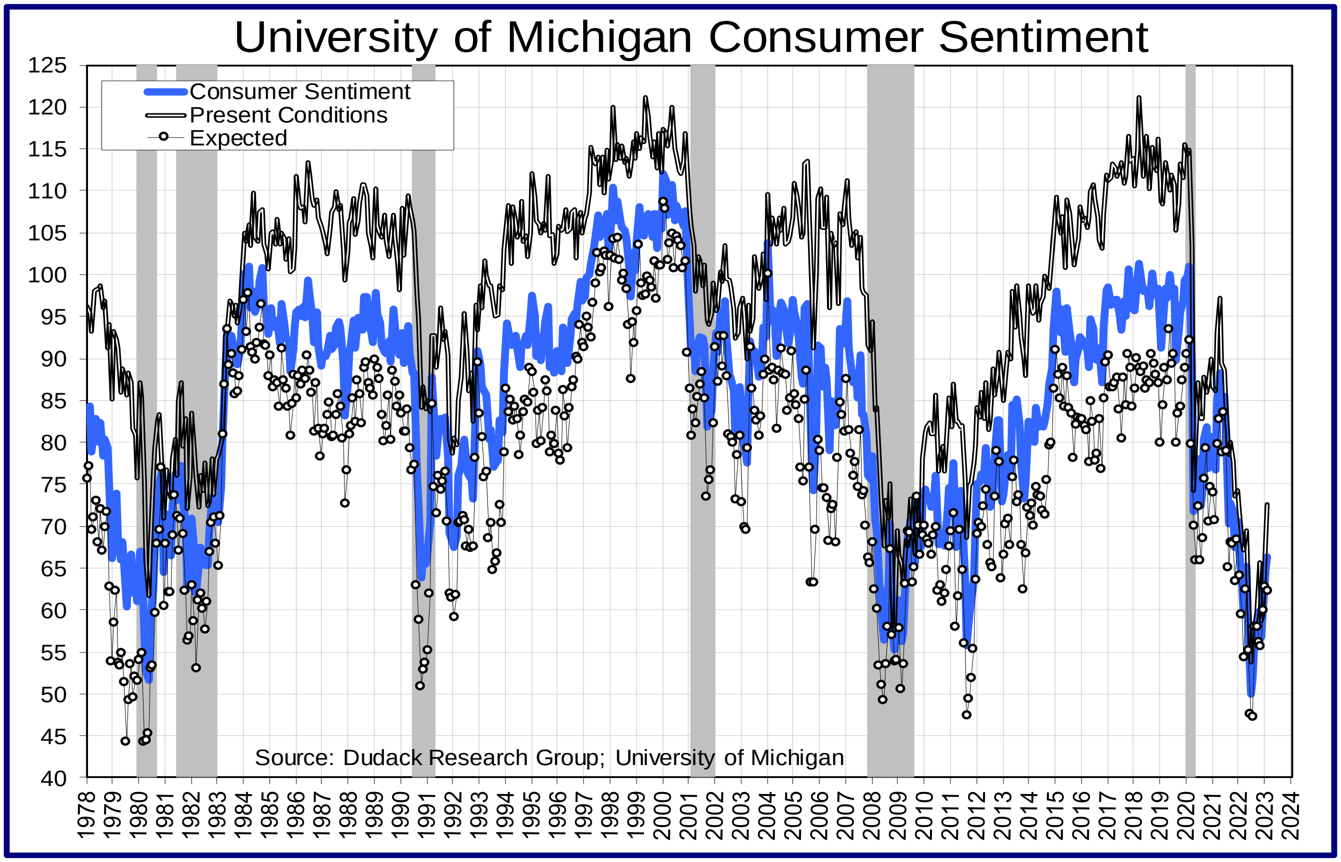
Many observers like to exclude the owner's equivalent rent component from inflation, however OER has been a part of the CPI for decades. We would note that the Fed had been far more aggressive in terms of fighting off inflation in the past by increasing rates at the first sign of inflation. The Fed is well behind the curve at the moment. And housing is not the problem for the Fed. Service sector inflation is rising broadly and this will remain the Fed's focus in the coming months. In January, service sector inflation rose from 7.5% to 7.6%.

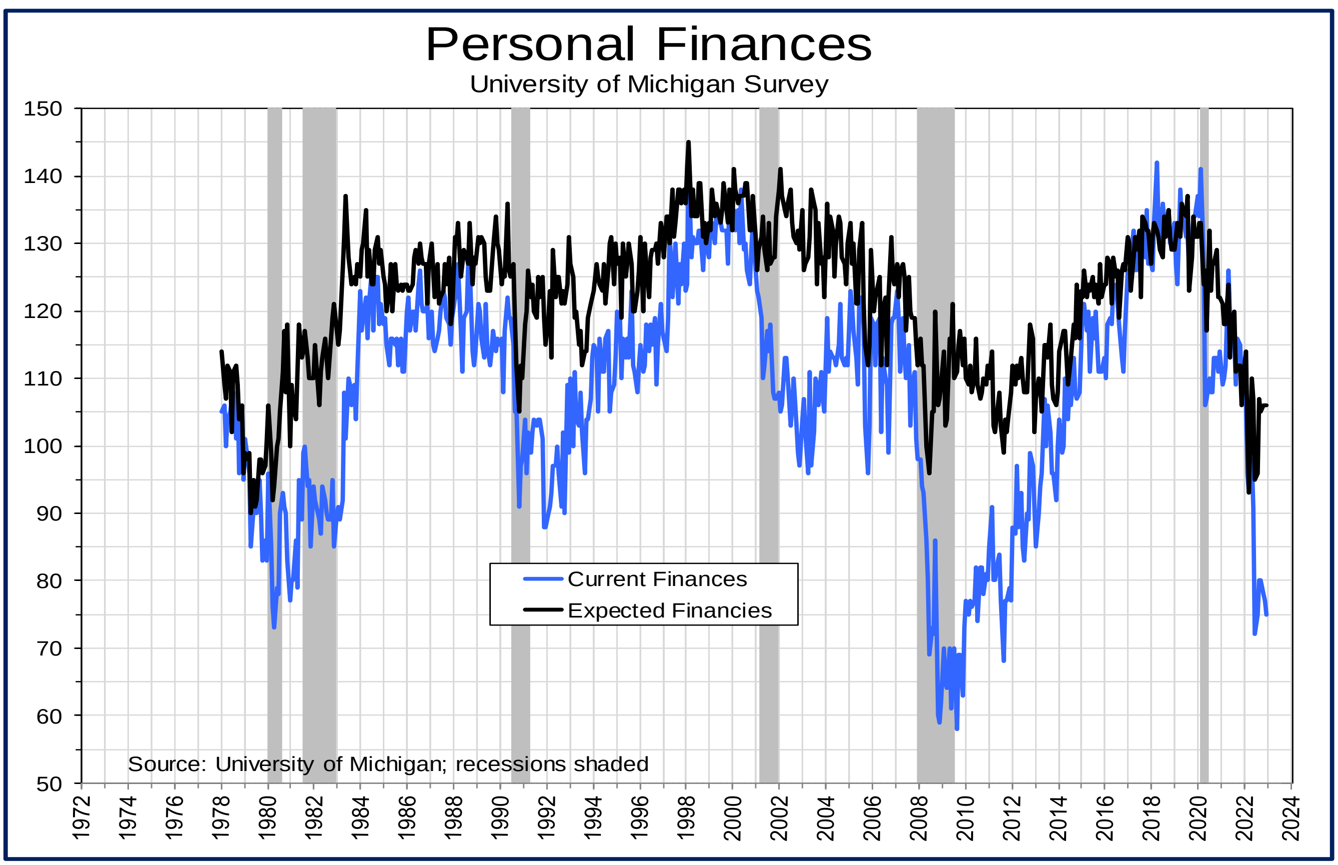


The University of Michigan consumer survey for February had a small rise due entirely to the present conditions component, which rose 4.2 points to 72.6 and is now more than 10 points above expectations. However, this is in total contrast to December's detailed survey on personal finances where current finances were falling all year, but expectations began to rise in the final quarter of the year. Hopefully, the sentiment indicator will be a leading indicator.



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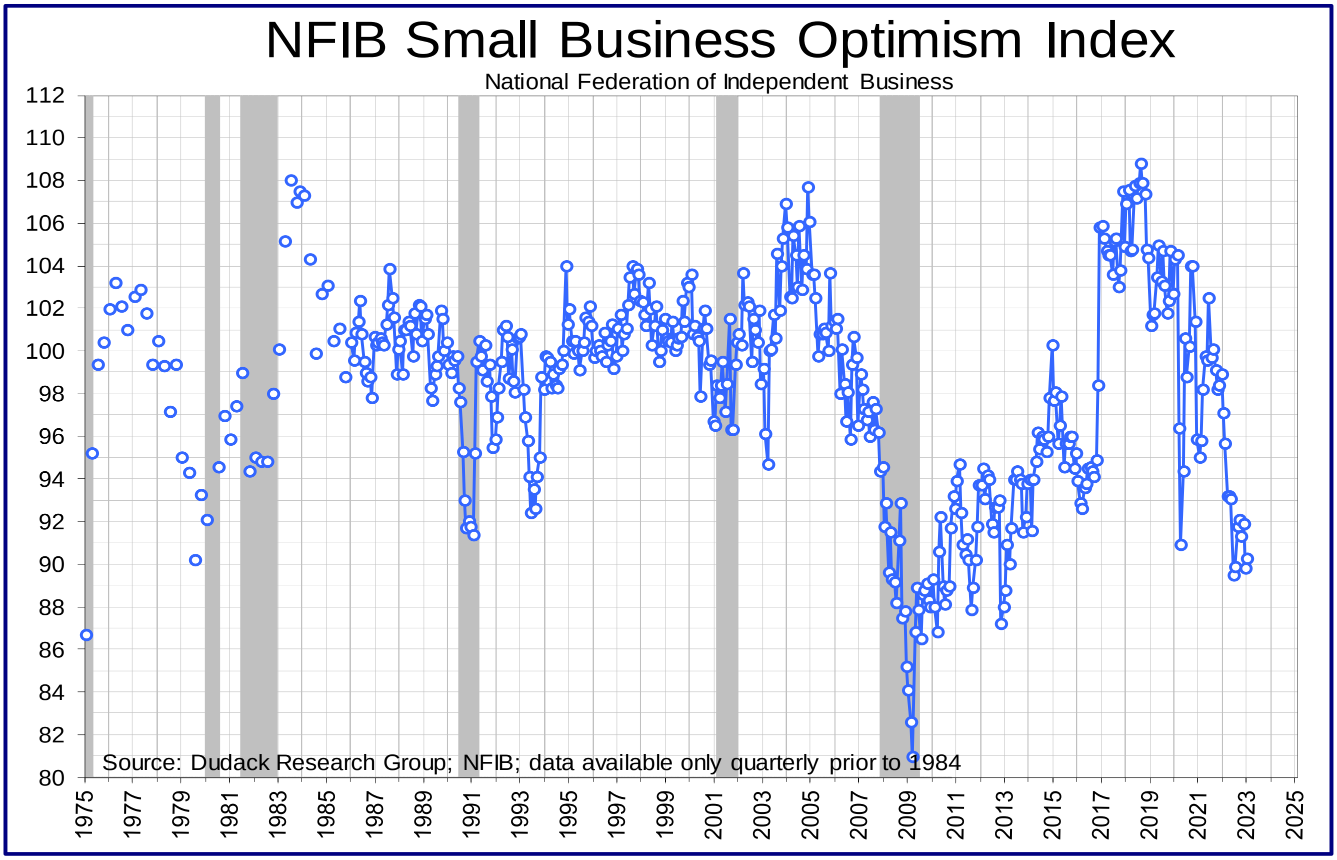
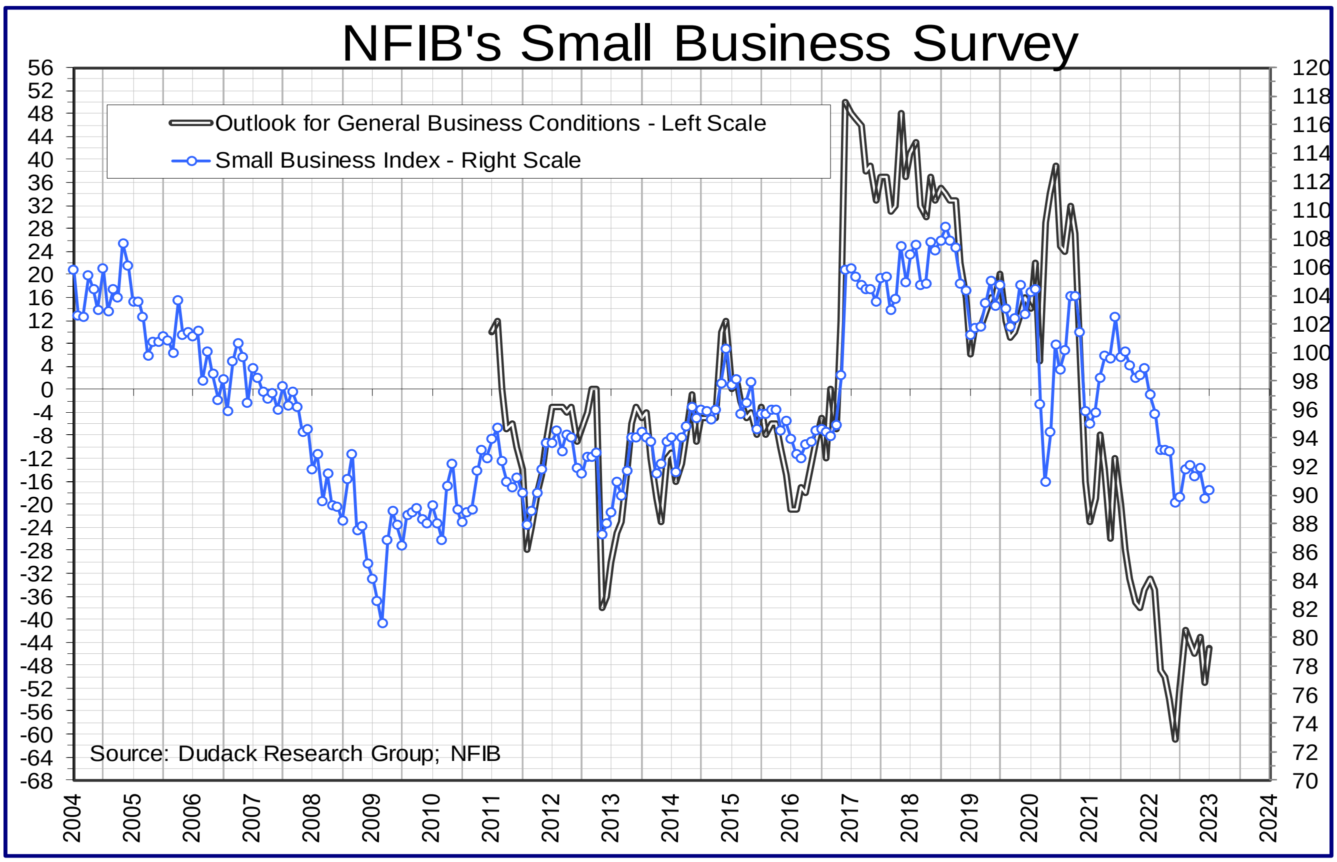
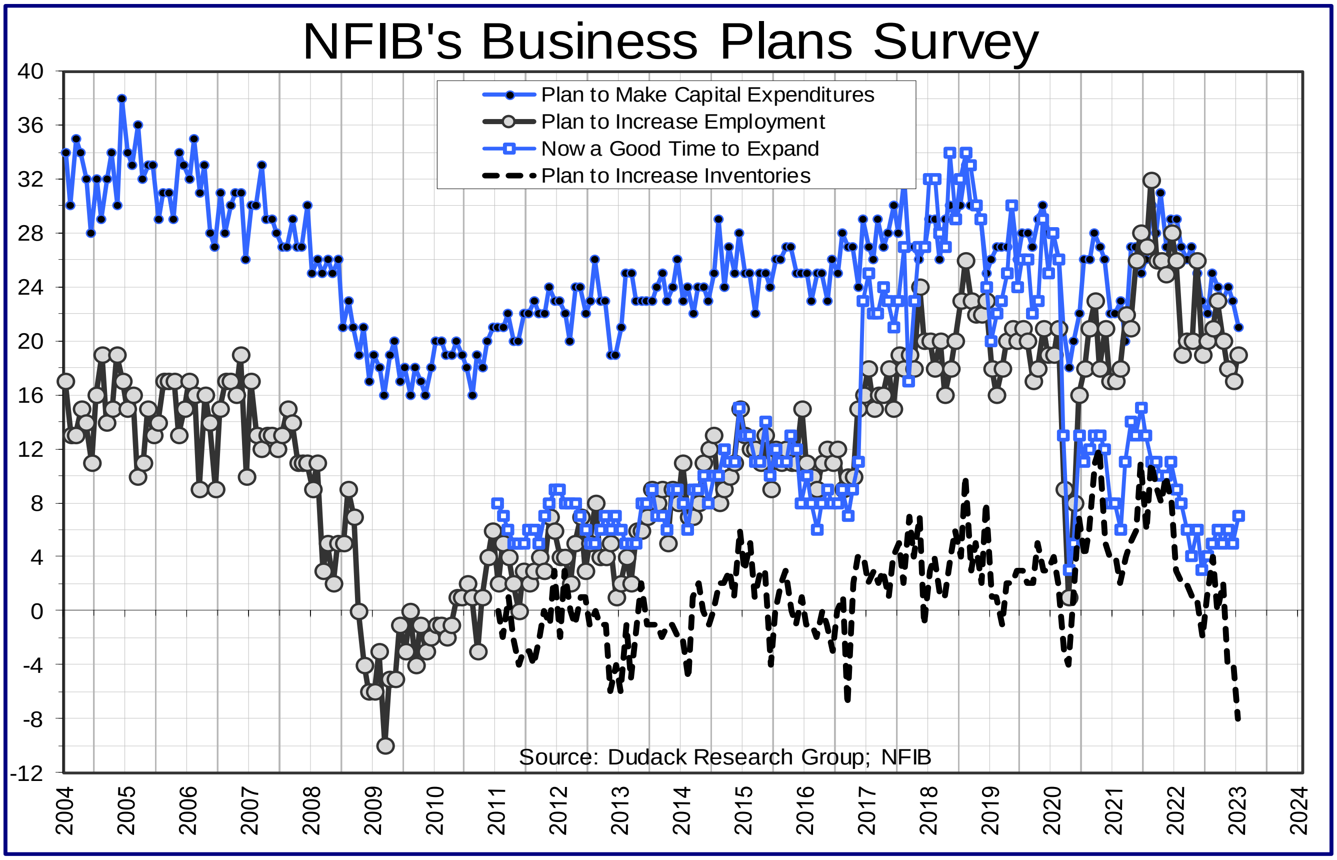
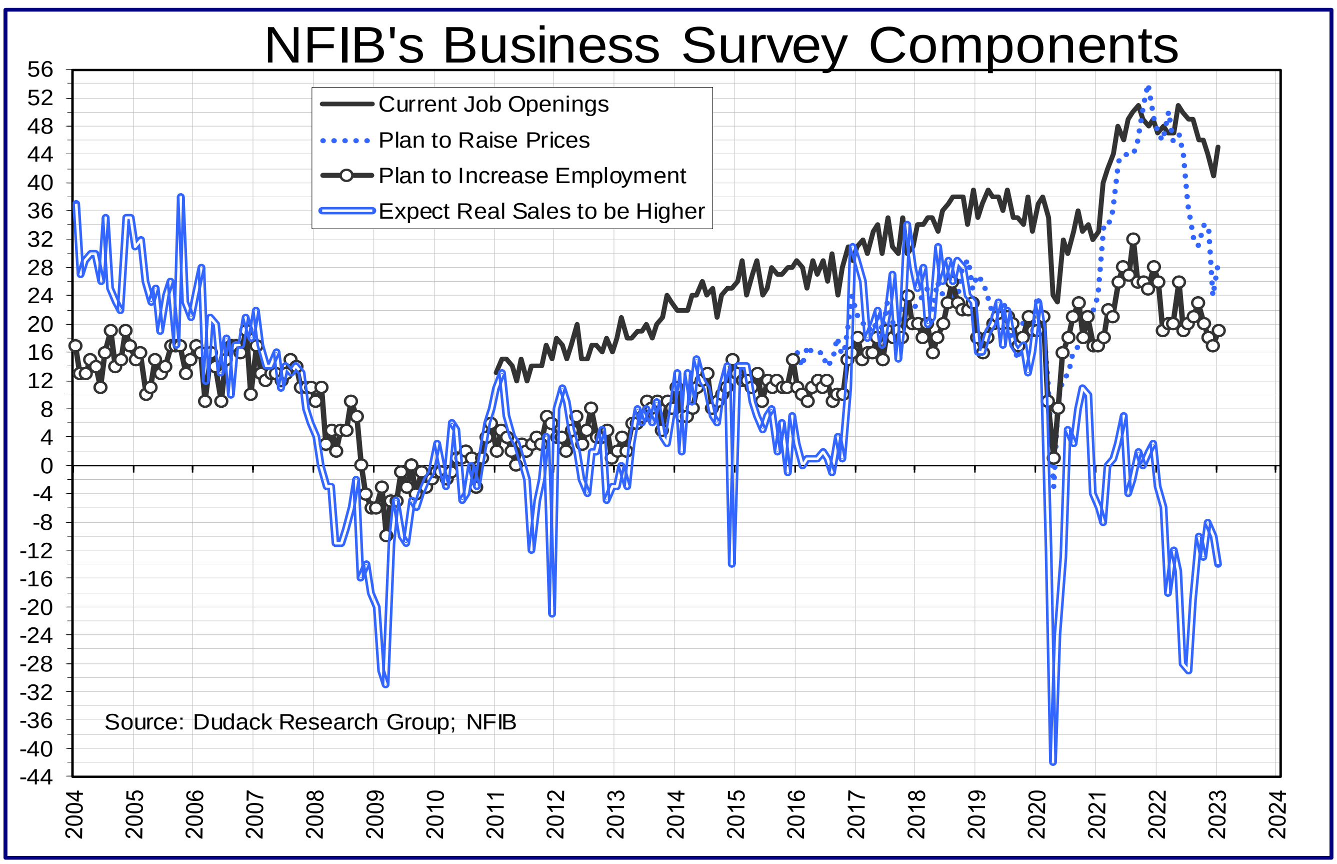


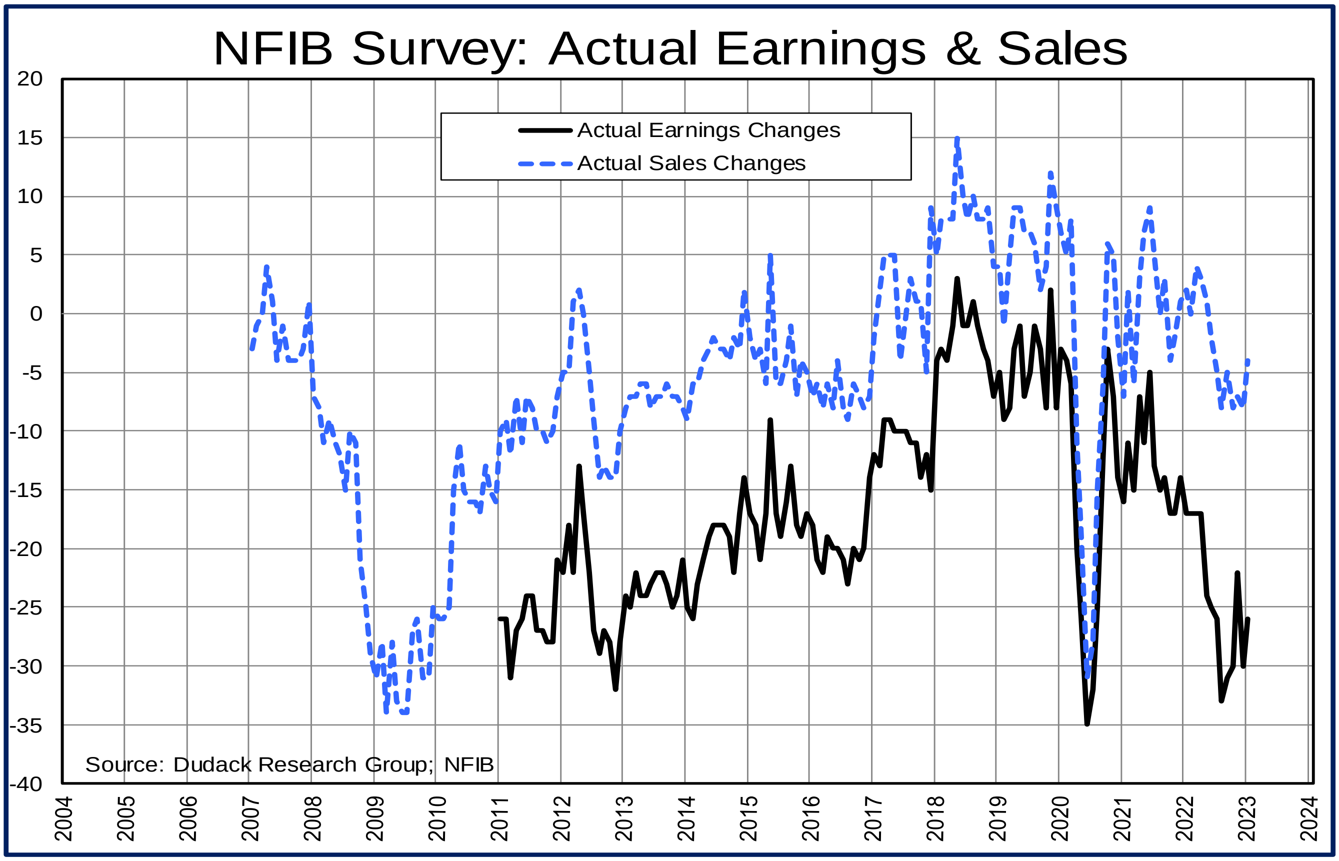



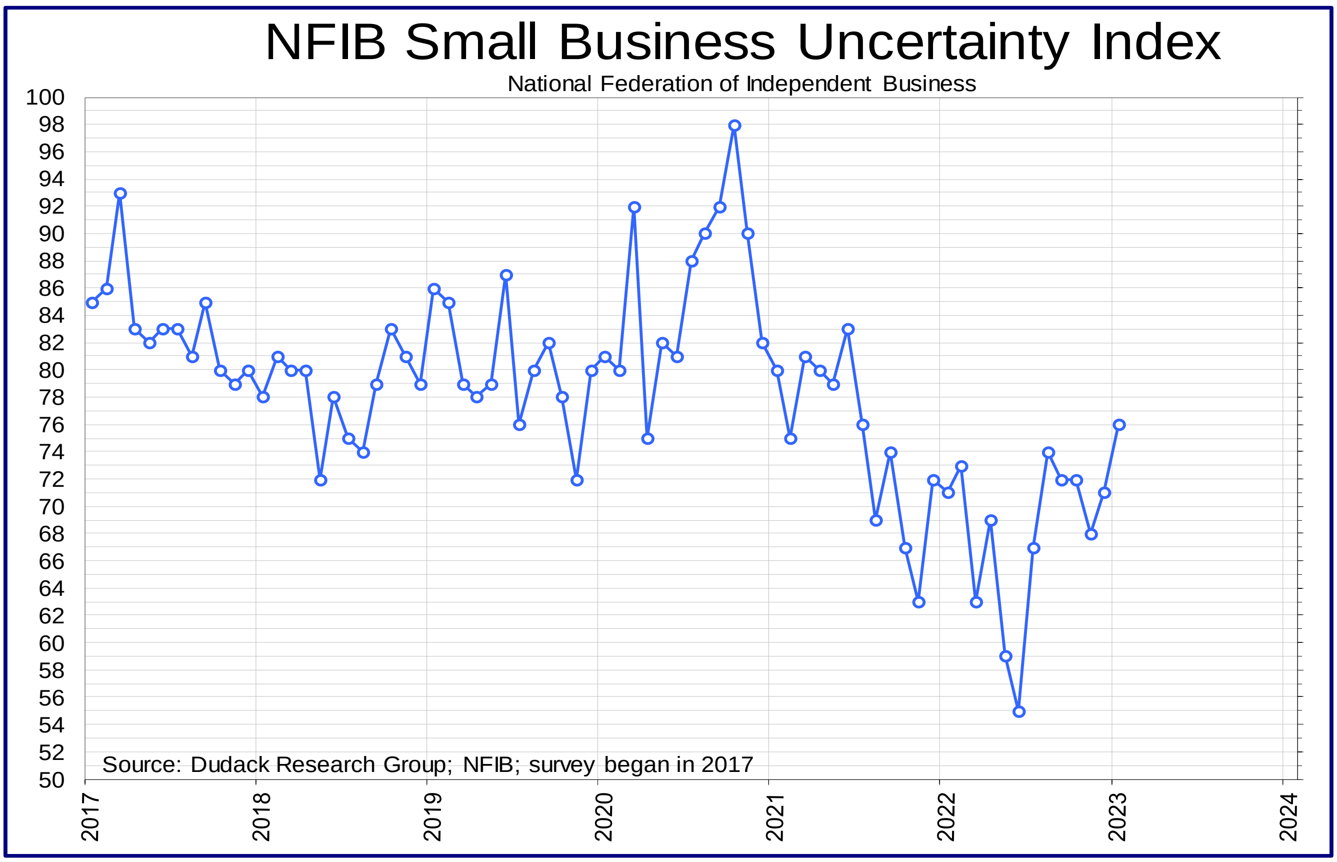
Plans to increase capital expenditures or inventories declined in January while plans to increase employment and expand rose modestly. Small businesses were gloomier about the prospect of real sales increasing even though plans to raise prices also rose in January.



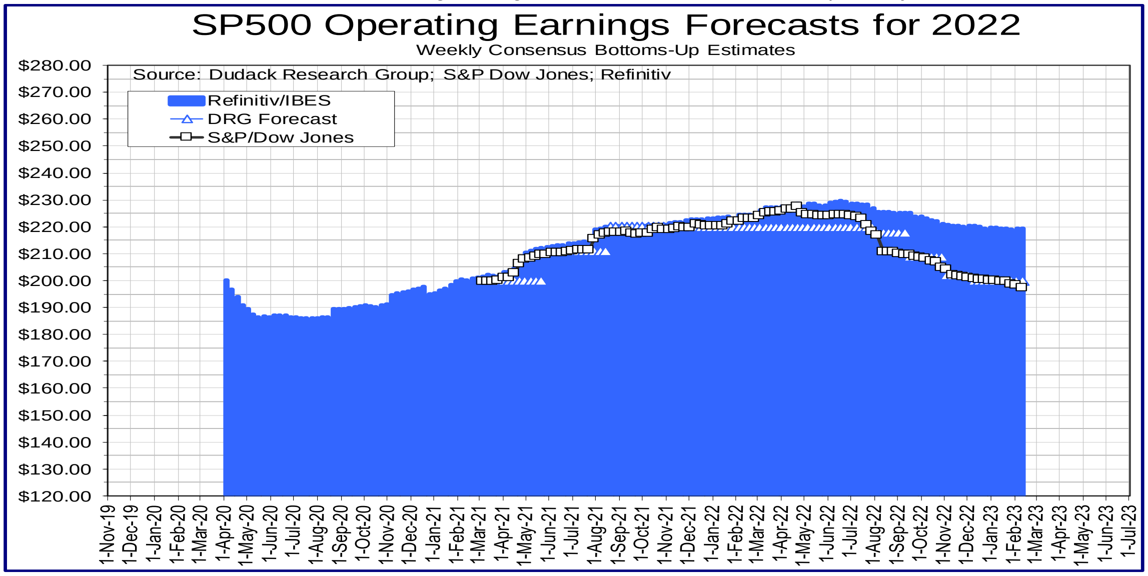



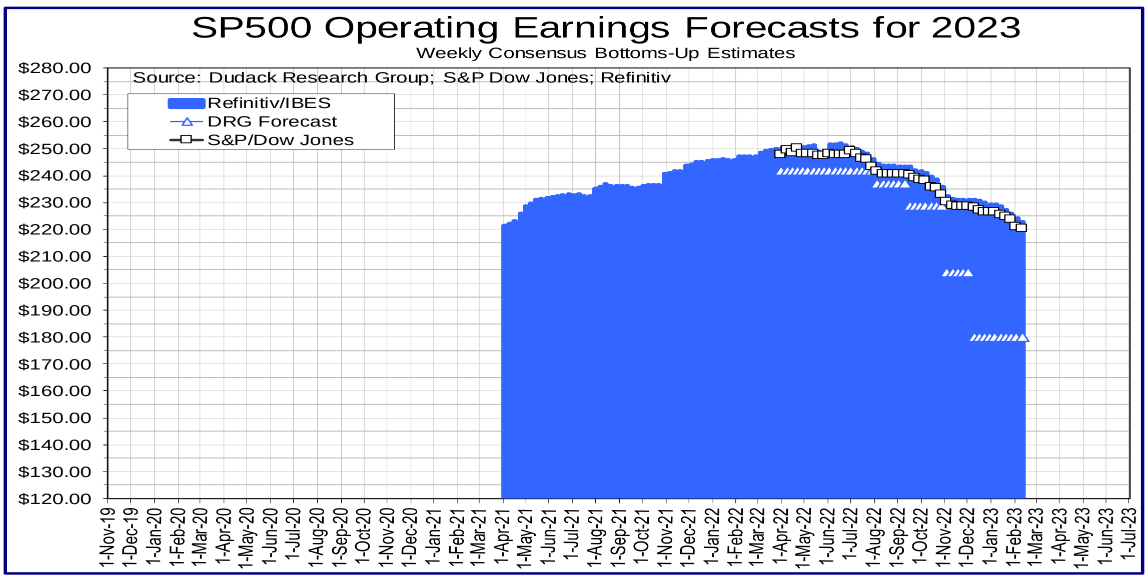
There were small increases in actual sales and earnings in January which may have contributed to the rise in the uncertainty index to 76, up 5 points for the month and up from the June 2022 low of 55.

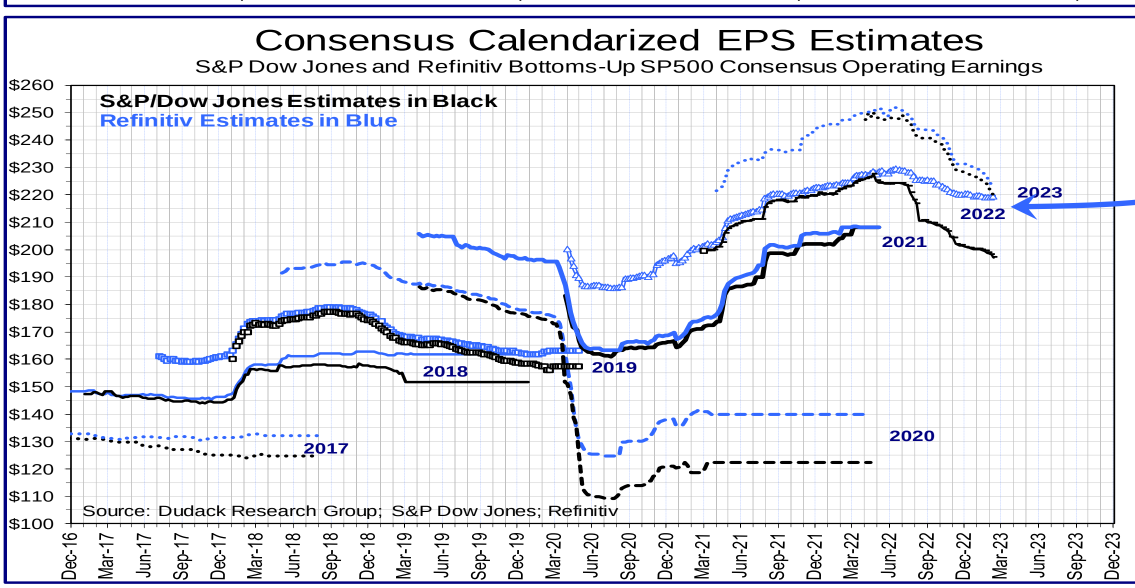


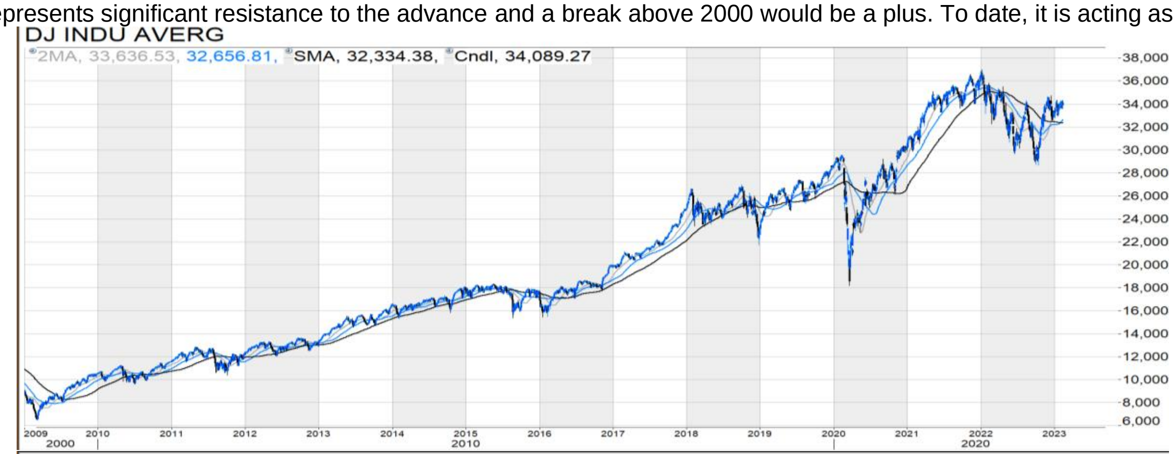
S&P Dow Jones earnings estimates for 2022 and 2023 fell $1.18 and $0.71 this week. Refinitiv IBES consensus earnings forecasts rose $0.26 and fell $1.47, respectively, leaving estimates at $197.09/$219.29 and $220.30/$222.84, respectively. EPS growth rates for 2022 are (5.3%) and 5.5%, and for 2023 are 11.8% and 1.5%, respectively. *(Note: consensus macro-EPS forecasts may differ from four quarter analysts' forecast sums seen on page 16.)* DRG's 2022 and 2023 estimates are $200 and $180, reflecting earnings declines of 3.9% and 10%, respectively.



We think the easy part of the advance is over. Short covering, rebounds in last year's losers, and an oversold condition made for a solid gain with positive breadth stats. However, volume has been declining in recent sessions and our focus is on the 2000 level in the RUT. This level represents significant resistance to the advance and a break above 2000 would be a plus. To date, it is acting as resistance.





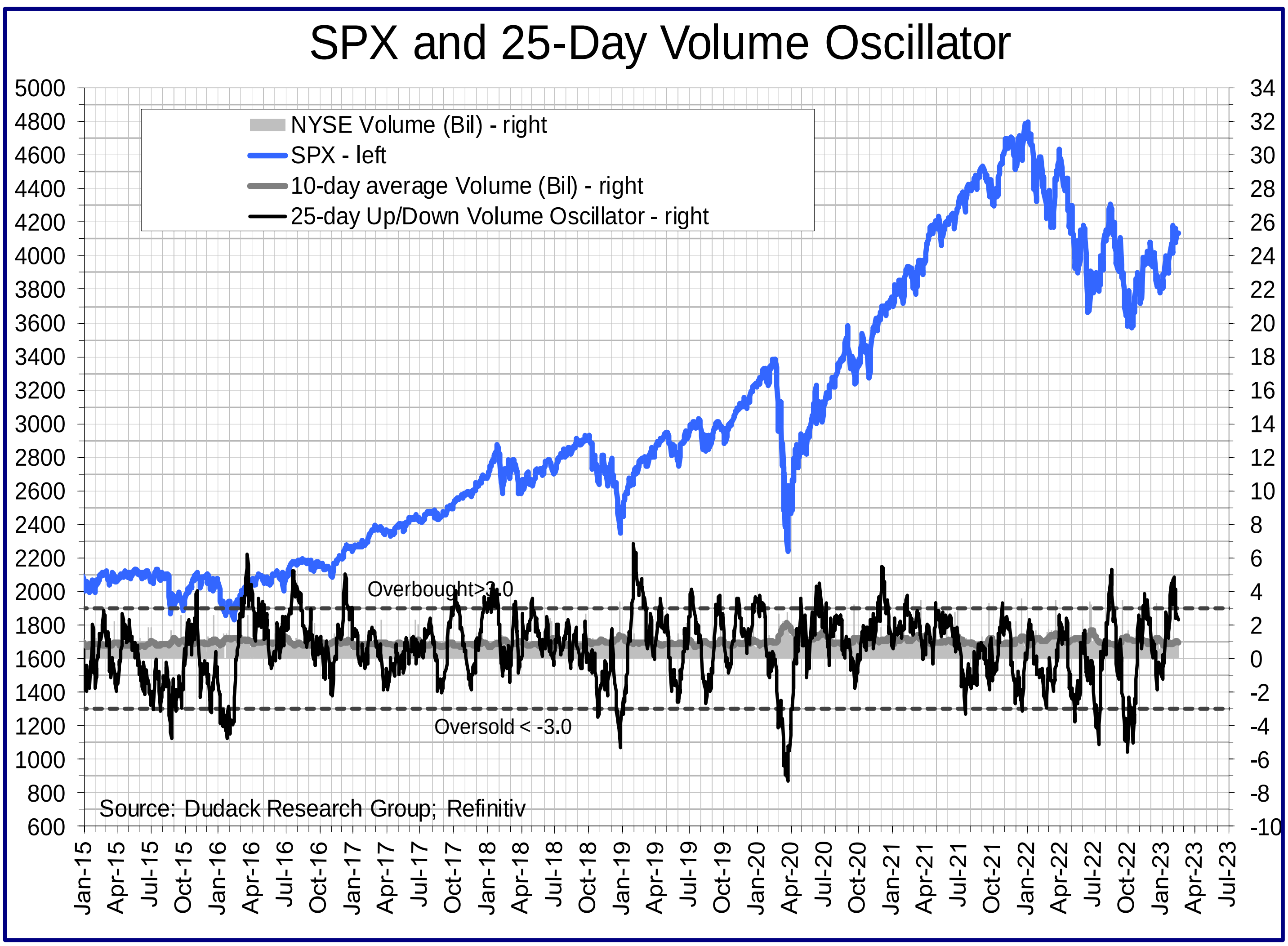


Source: Refinitiv

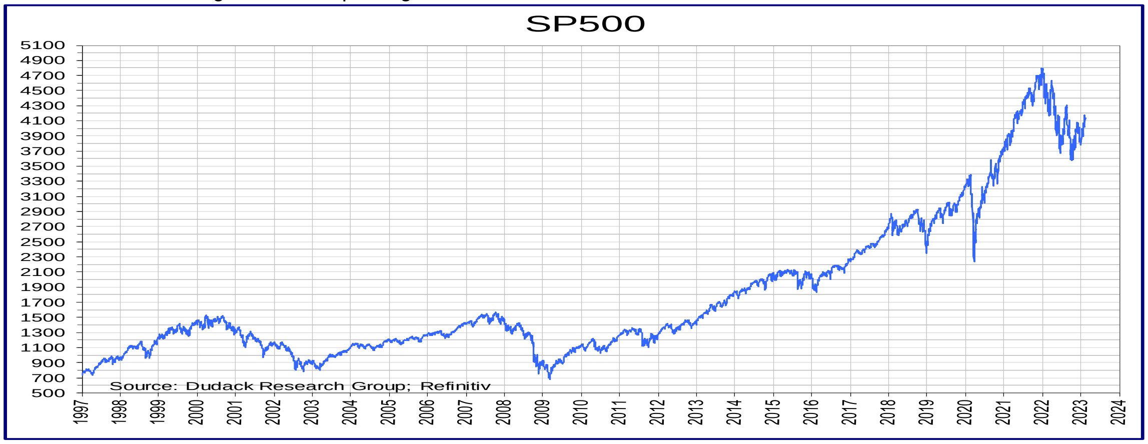
The biggest change in the technical arena has been the improvement in the 25-day up/down volume oscillator which was overbought for eleven straight trading sessions ending February 8. It is also important that the month of January ended with a 90% up-volume day. The current reading of 2.36 is neutral. All in all, this is an upgrade over the overbought reading seen in November during the rebound from the October low. Bear markets rarely reach overbought territory, and if they do, the reading is typically brief. An overbought reading that persists for five to ten consecutive trading days – and reaches a new overbought high reading (this has not been true to date) -- is significant and is an indication of a shift from bearish to positive, or at least from bearish to neutral. This is a major change in the technical backdrop.

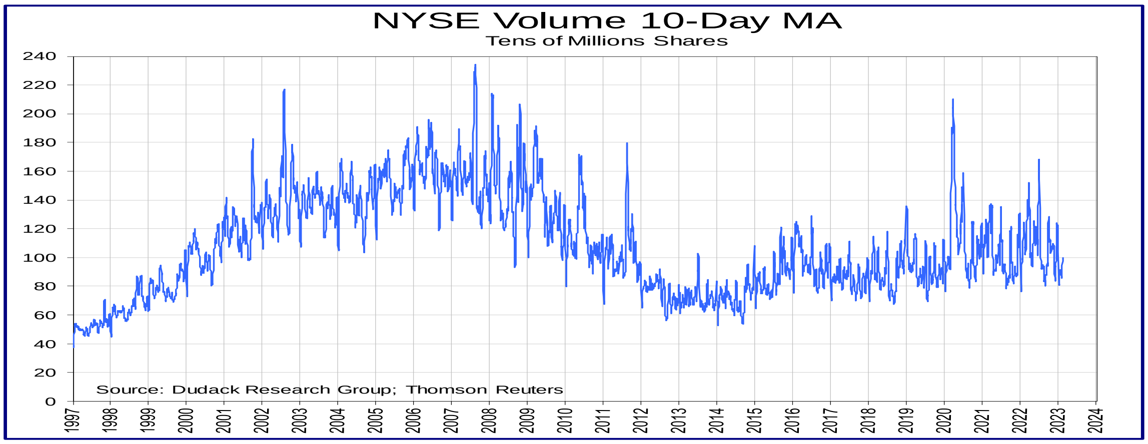
As a reminder, the 25-day up/down volume oscillator has been in bearish mode since April 2022 when it repeatedly failed to reach overbought territory to confirm new market highs. It subsequently recorded a series of oversold readings which indicated a downshift in the cycle. On September 30, the oscillator hit an oversold reading of negative 5.6 which was a deeper oversold reading than the negative 5.17 reading of July 14, 2022. This was a failure in defining June as a major low. 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. However, the indicator has not generated a significant overbought or oversold reading in recent months and the current reading is a positive sign.

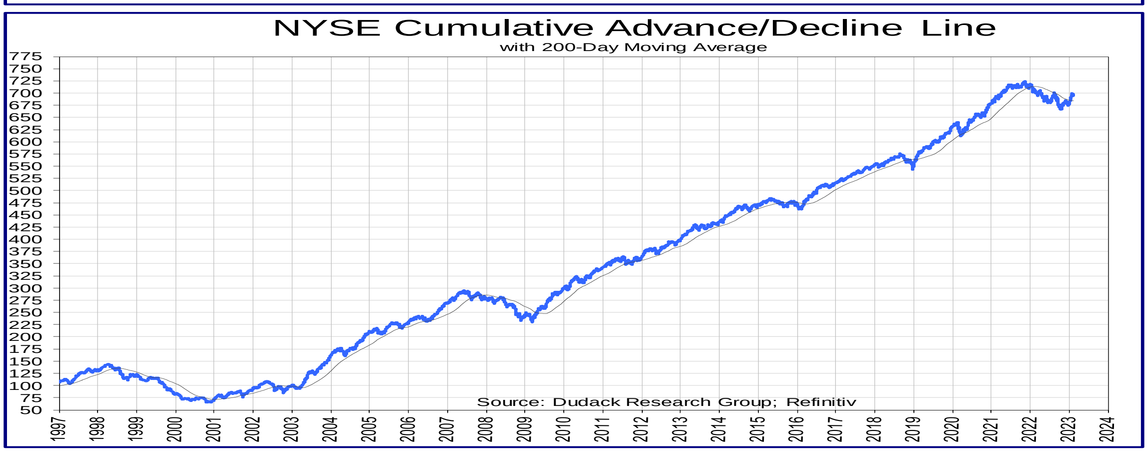
*The key to a successful retest of a bear market low is whether or not a new low in price generates a new low in breadth. A successful retest will show there is less selling pressure – a less severe oversold reading -- despite a lower low in price. This "non-confirmation" of a low is a positive and implies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

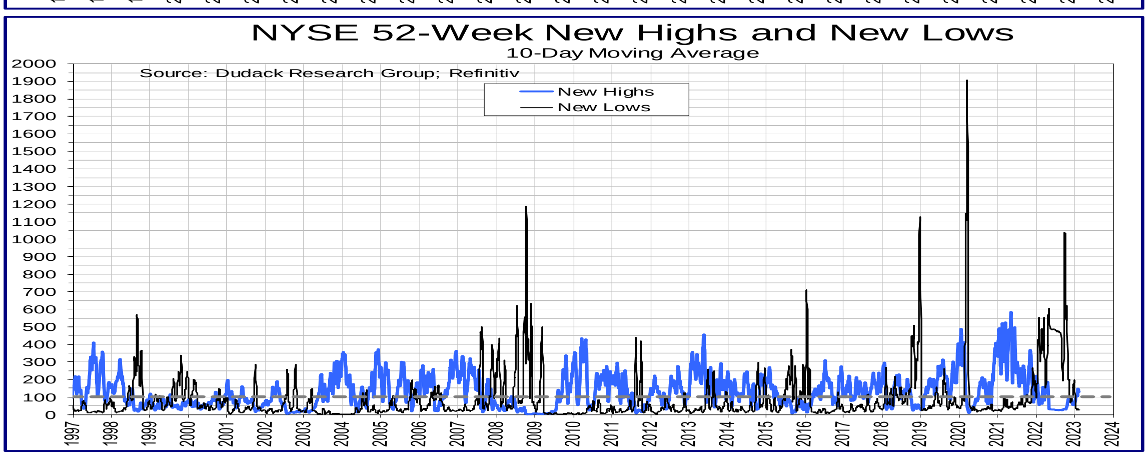


The 10-day average of daily new highs is 130 and new lows are 26. This combination is now positive since new highs are above the 100 benchmark and new lows are below 100. The advance/decline line fell below the June low on September 22 and is currently 28,517 net advancing issues from its 11/8/21 high. Although the AD line remains negative, it is improving.

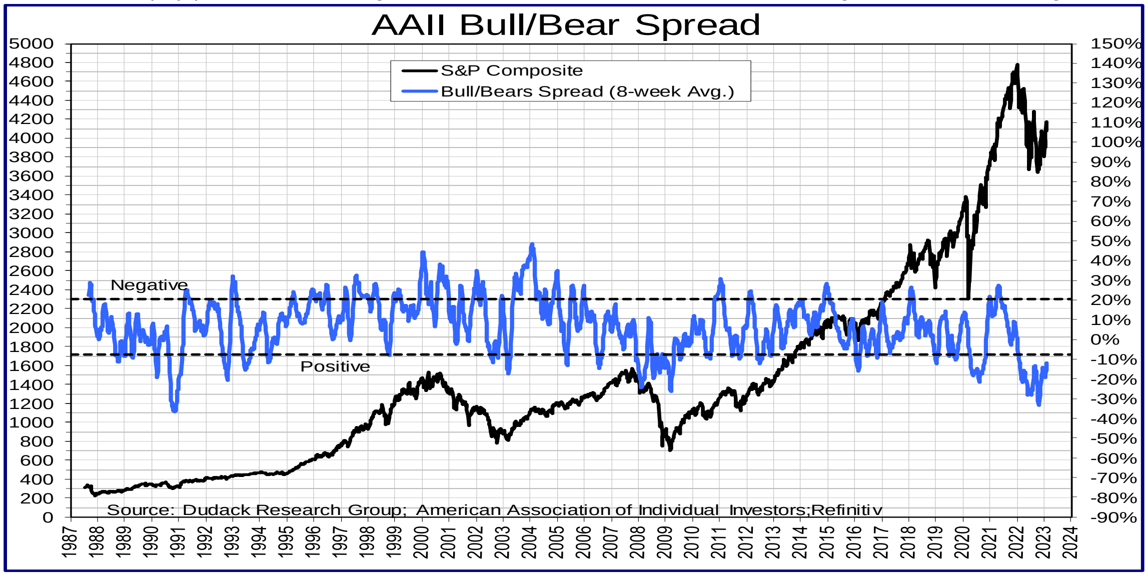


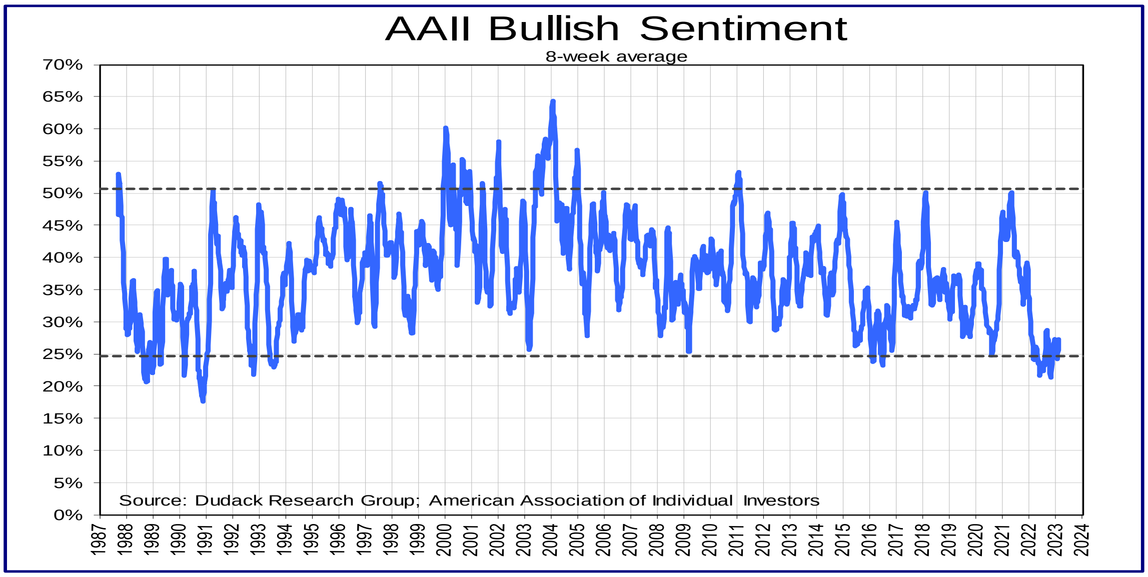



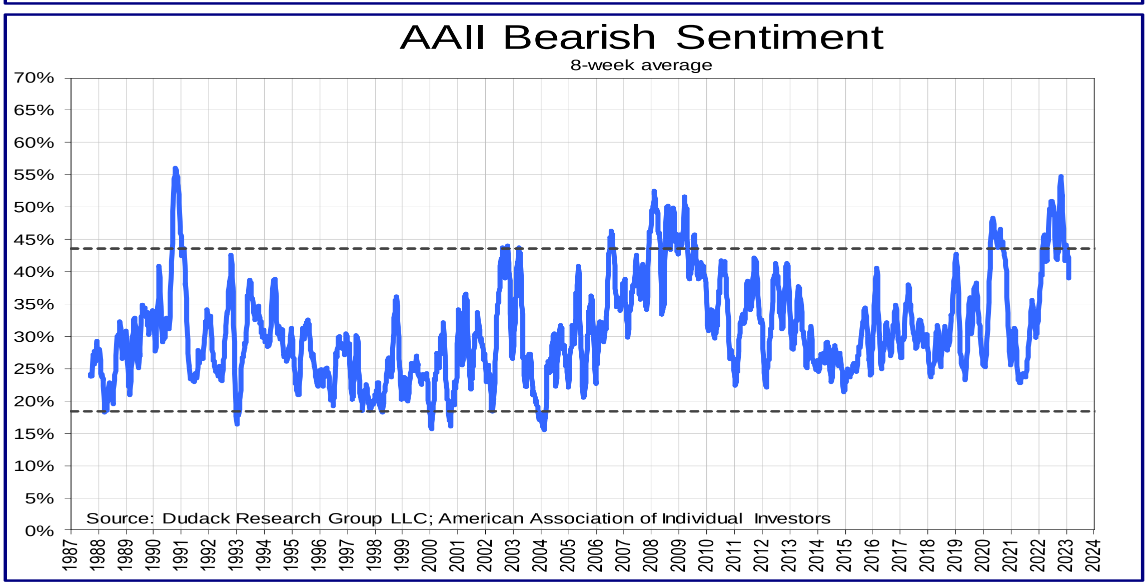



Last week's AAII readings showed a 7.6% increase in bulls to 37.5%, its highest bullish reading in over a year. Neutral, at 37.5% was also its highest in over a year. And the 9.6% decrease in bears to 25.0%, was the lowest reading since November 11, 2021. Bearishness is now below its long-term average of 31.0%. The Bull/Bear Spread remains positive but is moving toward neutral for the first time since January 2022. Sentiment readings were most extreme on September 21, 2022, and equity prices tend to be higher in the next six and/or twelve months following such extreme readings.



# Global Markets and Commodities - Ranked by 2023 Trading Performance

| Index/EFT | Symbol | Price | 5-Day% | 20-Day% | QTD% | YTD% |
|---|---|---|---|---|---|---|
| SPDR S&P Semiconductor ETF | XSD | 208.93 | 0.2% | 12.6% | 24.9% | 24.9% |
| Consumer Discretionary Select Sector SPDR | XLY | 152.12 | 0.4% | 8.9% | 17.8% | 17.8% |
| SPDR S&P Retail ETF | XRT | 70.32 | -2.0% | 6.6% | 16.3% | 16.3% |
| SPDR Homebuilders ETF | XHB | 70.15 | -0.2% | 5.4% | 16.3% | 16.3% |
| iShares MSCI Mexico Capped ETF | EWW | 57.10 | 1.4% | 0.7% | 15.5% | 15.5% |
| Technology Select Sector SPDR | XLK | 143.42 | -0.1% | 9.9% | 15.3% | 15.3% |
| NASDAQ 100 | NDX | 12590.89 | -1.1% | 9.1% | 15.1% | 15.1% |
| Nasdaq Composite Index Tracking Stock | ONEQ.O | 46.95 | -1.1% | 8.3% | 14.6% | 14.6% |
| iShares MSCI Germany ETF | EWG | 28.13 | 0.0% | 1.2% | 13.7% | 13.7% |
| iShares MSCI Taiwan ETF | EWT | 45.29 | 0.8% | 4.7% | 12.8% | 12.8% |
| iShares MSCI Austria Capped ETF | EWO | 21.36 | 1.8% | 3.8% | 12.4% | 12.4% |
| iShares Russell 1000 Growth ETF | IWF | 239.24 | -0.6% | 7.0% | 11.7% | 11.7% |
| iShares Russell 2000 Growth ETF | IWO | 238.08 | -1.4% | 3.2% | 11.0% | 11.0% |
| iShares MSCI South Korea Capped ETF | EWY | 62.60 | -0.2% | 0.3% | 10.8% | 10.8% |
| iShares Russell 2000 ETF | IWM | 192.51 | -1.6% | 2.9% | 10.4% | 10.4% |
| SPDR S&P Bank ETF | KBE | 49.63 | -1.6% | 5.0% | 9.9% | 9.9% |
| iShares MSCI Australia ETF | EWA | 24.43 | -0.4% | 1.7% | 9.9% | 9.9% |
| iShares Russell 2000 Value ETF | IWN | 152.23 | -1.8% | 2.6% | 9.8% | 9.8% |
| iShares MSCI Canada ETF | EWC | 35.67 | 0.4% | 2.5% | 9.0% | 9.0% |
| iShares MSCI EAFE ETF | EFA | 71.51 | 0.3% | 1.4% | 8.9% | 8.9% |
| iShares US Real Estate ETF | IYR | 91.47 | -1.2% | 1.6% | 8.6% | 8.6% |
| iShares DJ US Oil Eqpt & Services ETF | IEZ | 22.97 | 2.5% | 0.3% | 8.3% | 8.3% |
| iShares Russell 1000 ETF | IWB | 227.91 | -0.7% | 3.7% | 8.3% | 8.3% |
| Vanguard FTSE All-World ex-US ETF | VEU | 54.16 | 0.2% | 0.5% | 8.0% | 8.0% |
| iShares MSCI United Kingdom ETF | EWU | 33.05 | 2.5% | 1.3% | 7.8% | 7.8% |
| **SP500** | .SPX | 4136.13 | -0.7% | 3.4% | 7.7% | 7.7% |
| Financial Select Sector SPDR | XLF | 36.71 | -0.8% | 1.6% | 7.3% | 7.3% |
| iShares China Large Cap ETF | FXI | 30.36 | -1.7% | -5.4% | 7.3% | 7.3% |
| iShares MSCI Emerg Mkts ETF | EEM | 40.45 | 0.0% | -2.1% | 6.7% | 6.7% |
| Shanghai Composite | .SSEC | 3293.28 | 1.4% | 3.1% | 6.6% | 6.6% |
| Materials Select Sector SPDR | XLB | 82.65 | -1.1% | -1.4% | 6.4% | 6.4% |
| iShares MSCI Japan ETF | EWJ | 57.80 | -1.0% | 1.8% | 6.2% | 6.2% |
| iShares US Telecomm ETF | IYZ | 23.81 | -1.7% | -1.4% | 6.2% | 6.2% |
| PowerShares Water Resources Portfolio | PHO | 54.50 | -0.5% | 0.4% | 5.7% | 5.7% |
| iShares Russell 1000 Value ETF | IWD | 159.56 | -0.7% | 0.7% | 5.2% | 5.2% |
| iShares MSCI Singapore ETF | EWS | 19.77 | -1.9% | 0.2% | 5.1% | 5.1% |
| Industrial Select Sector SPDR | XLI | 102.79 | -0.1% | 0.3% | 4.7% | 4.7% |
| iShares 20+ Year Treas Bond ETF | TLT | 104.02 | -1.0% | -2.6% | 4.5% | 4.5% |
| iShares MSCI BRIC ETF | BKF | 35.87 | -0.4% | -4.5% | 4.5% | 4.5% |
| SPDR DJIA ETF | DIA | 341.14 | -0.1% | -0.6% | 3.0% | 3.0% |
| Energy Select Sector SPDR | XLE | 90.01 | 1.9% | 0.1% | 2.9% | 2.9% |
| DJIA | .DJI | 34089.27 | -0.2% | -0.6% | 2.8% | 2.8% |
| iShares MSCI Hong Kong ETF | EWH | 21.57 | -0.1% | -2.3% | 2.7% | 2.7% |
| iShares iBoxx $ Invest Grade Corp Bond | LQD | 107.89 | -1.3% | -2.3% | 2.3% | 2.3% |
| iShares Nasdaq Biotechnology ETF | IBB.O | 133.77 | -1.9% | -1.8% | 1.9% | 1.9% |
| SPDR Gold Trust | GLD | 172.61 | -0.8% | -3.4% | 1.8% | 1.8% |
| Gold Future | GCc1 | 2496.10 | 0.2% | 0.9% | 1.3% | 1.3% |
| iShares MSCI Brazil Capped ETF | EWZ | 28.31 | 0.8% | -4.1% | 1.2% | 1.2% |
| iShares MSCI Malaysia ETF | EWM | 23.03 | -0.9% | -1.8% | 0.8% | 0.8% |
| SPDR Communication Services ETF | XLC | 56.15 | 0.0% | 0.0% | 0.0% | 0.0% |
| United States Oil Fund, LP | USO | 69.40 | 2.4% | -0.9% | -1.0% | -1.0% |
| Oil Future | CLc1 | 79.06 | 2.5% | -1.0% | -1.5% | -1.5% |
| Consumer Staples Select Sector SPDR | XLP | 73.13 | -0.1% | -2.2% | -1.9% | -1.9% |
| Health Care Select Sect SPDR | XLV | 132.80 | 0.0% | -2.0% | -2.2% | -2.2% |
| Utilities Select Sector SPDR | XLU | 67.83 | -0.9% | -4.9% | -3.8% | -3.8% |
| iShares MSCI India ETF | INDA.K | 40.06 | 0.3% | -5.7% | -4.0% | -4.0% |
| Silver Future | SIc1 | 21.84 | -1.2% | -9.9% | -8.5% | -8.5% |
| iShares Silver Trust | SLV | 21.01 | -1.3% | -9.9% | -8.6% | -8.6% |

**Outperformed SP500**
Underperformed SP500

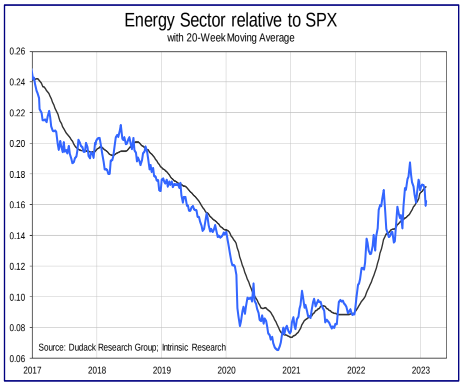
Source: Dudack Research Group; Thomson Reuters

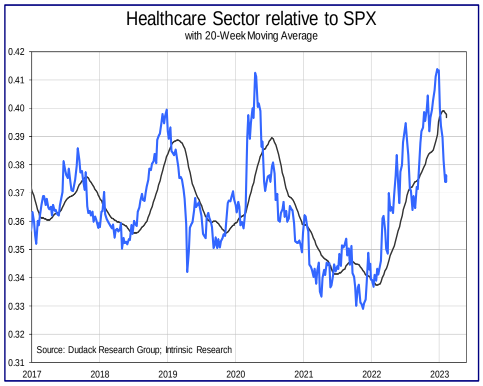
Priced as of February 14, 2023

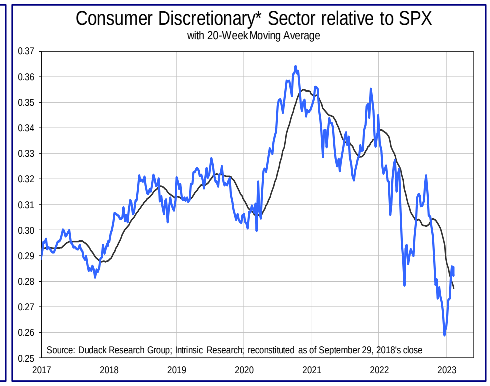
## SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

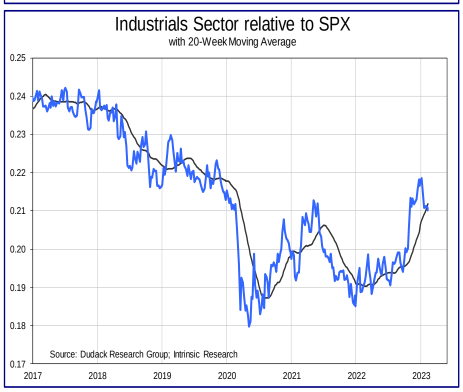
| DRG Recommended Sector Weights | | | | |
|---|---|---|---|---|
| **Overweight** | | **Neutral** | | **Underweight** |
| Energy<br>Industrials<br>Staples<br>Utililties | | Healthcare<br>Technology<br>Materials<br>Financials | | Consumer Discretionary<br>REITS<br>Communication Services |

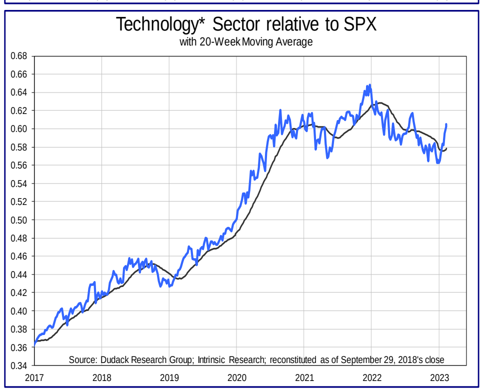
3/8/2022:Materials upgraded from underweight to neutral/communication service downgraded from neutral to underweight. 3/1/2022 Financials downgraded to neutral and Industrials upgraded to overweight.

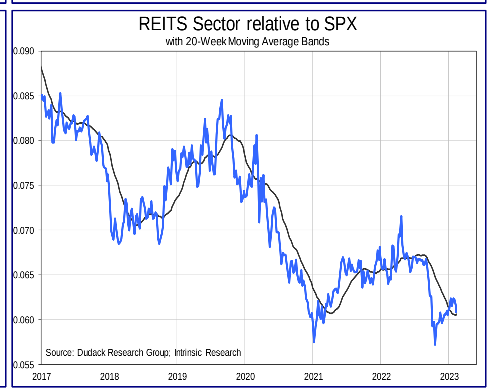


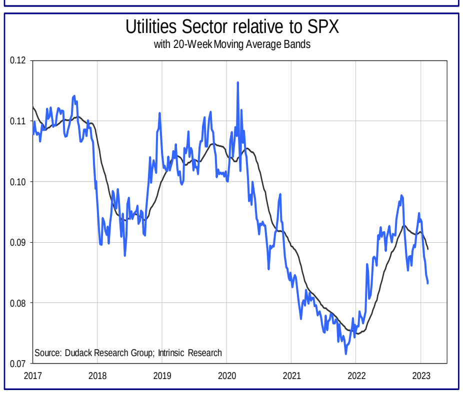



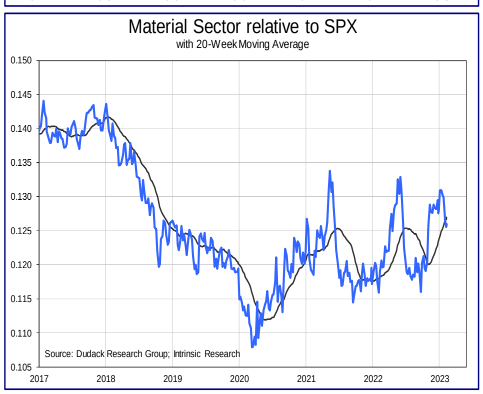



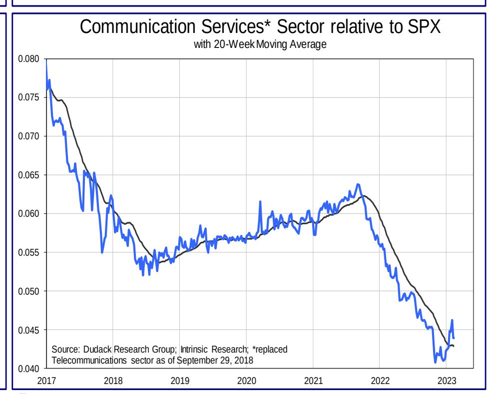



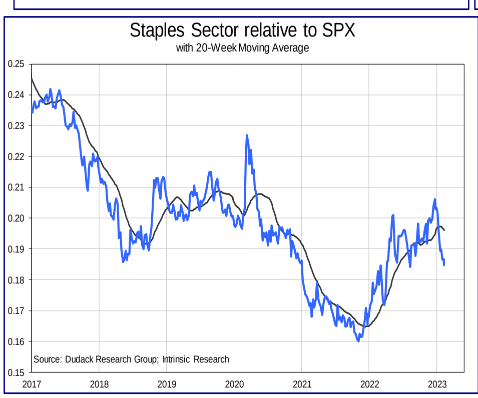





2023 Performance - Ranked

| SP500 Sector | % Change |
|---|---|
| S&P CONSUMER DISCRETIONARY | 17.5% |
| S&P INFORMATION TECH | 15.2% |
| S&P COMMUNICATIONS SERVICES | 14.1% |
| S&P REITS | 8.3% |
| S&P 500 | 7.7% |
| S&P FINANCIAL | 7.0% |
| S&P MATERIALS | 6.4% |
| S&P INDUSTRIALS | 4.6% |
| S&P ENERGY | 2.3% |
| S&P CONSUMER STAPLES | -1.9% |
| S&P HEALTH CARE | -2.4% |
| S&P UTILITIES | -4.0% |

Source: Dudack Research Group; Refinitiv; Monday closes

## US Asset Allocation

| | Benchmark | DRG % | Recommendation |
|---|---|---|---|
| Equities | 60% | 55% | Neutral |
| Treasury Bonds | 30% | 20% | Underweight |
| Cash | 10% | 25% | Overweight |
| | 100% | 100% | |

Source: Dudack Research Group; raised cash and lowered equity 15% on December 21, 2022

# 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% | $2,382.80 | 21.1% |
| **2022P** | 3839.50 | $174.69 | $197.10 | $200.00 | -3.9% | **$219.55** | 5.5% | 21.0X | 1.4% | -1.4% | $2,543.00 | 6.7% |
| **2023E** | ~~~~~ | $199.76 | $220.31 | $180.00 | -10.0% | **$222.84** | 1.5% | 18.5X | 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% | $1,791.40 | 7.6% |
| **2017 2Q** | 2423.41 | $27.01 | $30.51 | $30.51 | 18.7% | $32.58 | 10.0% | 20.9 | 1.9% | 2.0% | $1,803.70 | 11.1% |
| **2017 3Q** | 2519.36 | $28.45 | $31.33 | $31.33 | 9.2% | $33.45 | 7.2% | 21.2 | 1.9% | 3.4% | $1,845.10 | 11.8% |
| **2017 4Q** | 2673.61 | $26.96 | $33.85 | $33.85 | 21.3% | $36.02 | 15.1% | 21.5 | 1.8% | 4.1% | $1,884.60 | 10.4% |
| **2018 1Q** | 2640.87 | $33.02 | $36.54 | $36.54 | 26.8% | $38.07 | 23.2% | 20.0 | 1.9% | 2.8% | $1,968.30 | 9.9% |
| **2018 2Q** | 2718.37 | $34.05 | $38.65 | $38.65 | 26.7% | $41.00 | 25.8% | 19.4 | 1.9% | 2.8% | $1,972.70 | 9.4% |
| **2018 3Q** | 2913.98 | $36.36 | $41.38 | $41.38 | 32.1% | $42.66 | 27.5% | 19.4 | 1.8% | 2.9% | $2,028.40 | 9.9% |
| **2018 4Q** | 2506.85 | $28.96 | $35.03 | $35.03 | 3.5% | $41.18 | 14.3% | 16.5 | 2.1% | 0.7% | $2,087.60 | 10.8% |
| **2019 1Q** | 2834.40 | $35.02 | $37.99 | $37.99 | 4.0% | $39.15 | 2.8% | 18.5 | 1.9% | 2.2% | $2,051.00 | 4.2% |
| **2019 2Q** | 2941.76 | $34.93 | $40.14 | $40.14 | 3.9% | $41.31 | 0.8% | 19.0 | 1.9% | 2.7% | $2,115.30 | 7.2% |
| **2019 3Q** | 2976.74 | $33.99 | $39.81 | $39.81 | -3.8% | $42.14 | -1.2% | 19.5 | 1.9% | 3.6% | $2,130.00 | 5.0% |
| **2019 4Q** | 3230.78 | $35.53 | $39.18 | $39.18 | 11.8% | $41.98 | 1.9% | 20.6 | 1.8% | 1.8% | $2,122.70 | 1.7% |
| **2020 1Q** | 2584.59 | $11.88 | $19.50 | $19.50 | -48.7% | $33.13 | -15.4% | 18.6 | 2.3% | -4.6% | $1,965.90 | -4.1% |
| **2020 2Q** | 4397.35 | $17.83 | $26.79 | $26.79 | -33.3% | $27.98 | -32.3% | 35.1 | 1.9% | -29.9% | $1,746.10 | -17.5% |
| **2020 3Q** | 3363.00 | $32.98 | $37.90 | $37.90 | -4.8% | $38.69 | -8.2% | 27.3 | 1.7% | 35.3% | $2,154.30 | 1.1% |
| **2020 4Q** | 3756.07 | $31.45 | $38.19 | $38.19 | -2.5% | $42.58 | 1.4% | 30.7 | 1.6% | 3.9% | $2,018.50 | -4.9% |
| **2021 1Q** | 3972.89 | $45.95 | $47.41 | $47.41 | 143.1% | $49.13 | 48.3% | 26.4 | 1.5% | 6.3% | $2,237.40 | 13.8% |
| **2021 2Q** | 4297.50 | $48.39 | $52.03 | $52.03 | 94.2% | $52.58 | 87.9% | 24.5 | 1.3% | 7.0% | $2,401.70 | 37.5% |
| **2021 3Q** | 4307.54 | $49.59 | $52.02 | $52.02 | 37.3% | $53.72 | 38.8% | 22.7 | 1.4% | 2.7% | $2,456.40 | 14.0% |
| **2021 4Q** | 4766.18 | $53.94 | $56.71 | $56.71 | 48.5% | $53.95 | 26.7% | 22.9 | 1.3% | 7.0% | $2,435.90 | 20.7% |
| **2022 1Q** | 4530.41 | $45.99 | $49.36 | $49.36 | 4.1% | $54.80 | 11.5% | 21.6 | 1.4% | -1.6% | $2,374.60 | 6.1% |
| **2022 2Q** | 3785.38 | $42.74 | $46.87 | $46.87 | -9.9% | $57.62 | 9.6% | 18.5 | 1.7% | -0.6% | $2,522.60 | 5.0% |
| **2022 3QE** | 3585.62 | $44.41 | $50.35 | $51.00 | -2.0% | $56.02 | 4.3% | 17.6 | 1.8% | 3.2% | $2,543.00 | 3.5% |
| **2022 4QE*** | 4136.13 | $41.55 | $50.52 | $52.77 | -6.9% | $53.43 | -1.0% | 20.7 | 1.7% | 2.9% | NA | NA |

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 2/14/2023

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"Neutral": Neutral relative to S&P Index weighting
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