Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
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March 8, 2023

DJIA: 32856.46
SPX: 3986.37
NASDAQ: 11530.33

US Strategy Weekly

If History is a Guide

Economic data has been a tale of two cities in recent months. And after reviewing the latest survey releases, it is clear one could build a case for or against an economic recession in the coming months. However, those arguing that current data is much too strong for a recession should remember that recessions are rarely visible at their onset and are notoriously acknowledged only in hindsight by the National Bureau of Economic Research (NBER).

In terms of data, February's ISM non-manufacturing index fell 0.1 to 55.1 but remained well above the 49.2 reading in December when it was signaling a decline in economic activity. Five of the nine components deteriorated in February, but business activity declined from 60.4 to 56.3 and accounted for most of the decline. The manufacturing survey was below the 50 benchmark for the fourth consecutive month, yet the components of the index were mixed. The main manufacturing index rose to 47.7, up a notch from January's 47.4 reading, which was the lowest reading since May 2020. Manufacturing production fell from 48.0 to 47.3 and prices paid rose 6.8 points to 51.3. See page 3.

In the non-manufacturing survey, new orders rebounded from January's 60.4 to 62.6. In the manufacturing survey, new orders also rose strongly from 42.5 to 47.9, however, the index remained below the 50 benchmark which is a sign of declining economic activity. Employment indices were also mixed. In the non-manufacturing survey, employment rose from 50.0 to 54.0 representing an expansion, while in the manufacturing survey employment fell from 50.6 to 49.1, representing a contraction. In general, both surveys displayed an erratic slowdown in employment during the October to December period. See page 4.

INFLATION

Given the dramatic response of the equity and fixed income markets to Fed Chairman Jerome Powell's testimony to Congress this week, it seems appropriate to repeat some of our historic charts on inflation and interest rates to see what history can disclose. In our view, <u>a good deal of today's statistics suggests a recession is ahead and possibly as soon as the second half of this year</u>.

<u>Over the last 80 years, whenever inflation has reached a standard deviation above the norm or greater -- for the CPI this equates to a level of 6.5% or more – not one, but a series of recessions has followed. One could say it will be different this time, but we think that would be a high-risk judgment</u>. From our perspective, the two negative quarters which appeared in early 2020 were the first, in what may become a series, of recessions. See page 5.

<u>More importantly, monetary tightening cycles have rarely ended before the fed funds rate was at least 400 basis points above inflation, i.e., reaching a real fed funds yield of 4%. In other words, if inflation falls to 4% this year, a history of fed funds rate cycles suggests the fed funds rate should reach 8%. Clearly, this possibility has not been discounted by the market</u>. But even if the current cycle is different

and the economy is more interest rate sensitive than in prior cycles, we should still expect interest rates to move higher than 6% and stay high longer than expected. Unfortunately, this scenario is apt to end in a recession. See page 5.

On a happier note, debt levels in the financial, corporate, and household sectors are not as extreme as those seen in 2007 or at other economic peaks. From this standpoint, any future recession should be relatively mild.

YIELD CURVES

As already noted, Federal Reserve Chairman Powell's hawkish testimony to Congress was a wake-up call for those believing interest rates were at or near a peak. And by the end of the trading session, as shorter-term yields soared, the closely watched inversion between yields in the two-year and 10-year Treasuries reached negative 103.1 basis points. It was the largest gap between short- and longer-term yields since September 1981. As a reminder, in September 1981 the economy was in the early months of a recession that would last until November 1982, becoming what was at that time the worst economic decline since the Great Depression. What history shows, and what is obvious in the charts on page 6, is that an inverted yield curve has always been followed by a recession. However, the lag time can be long. Equally important, recessions are always accompanied by an equity decline.

VALUATION

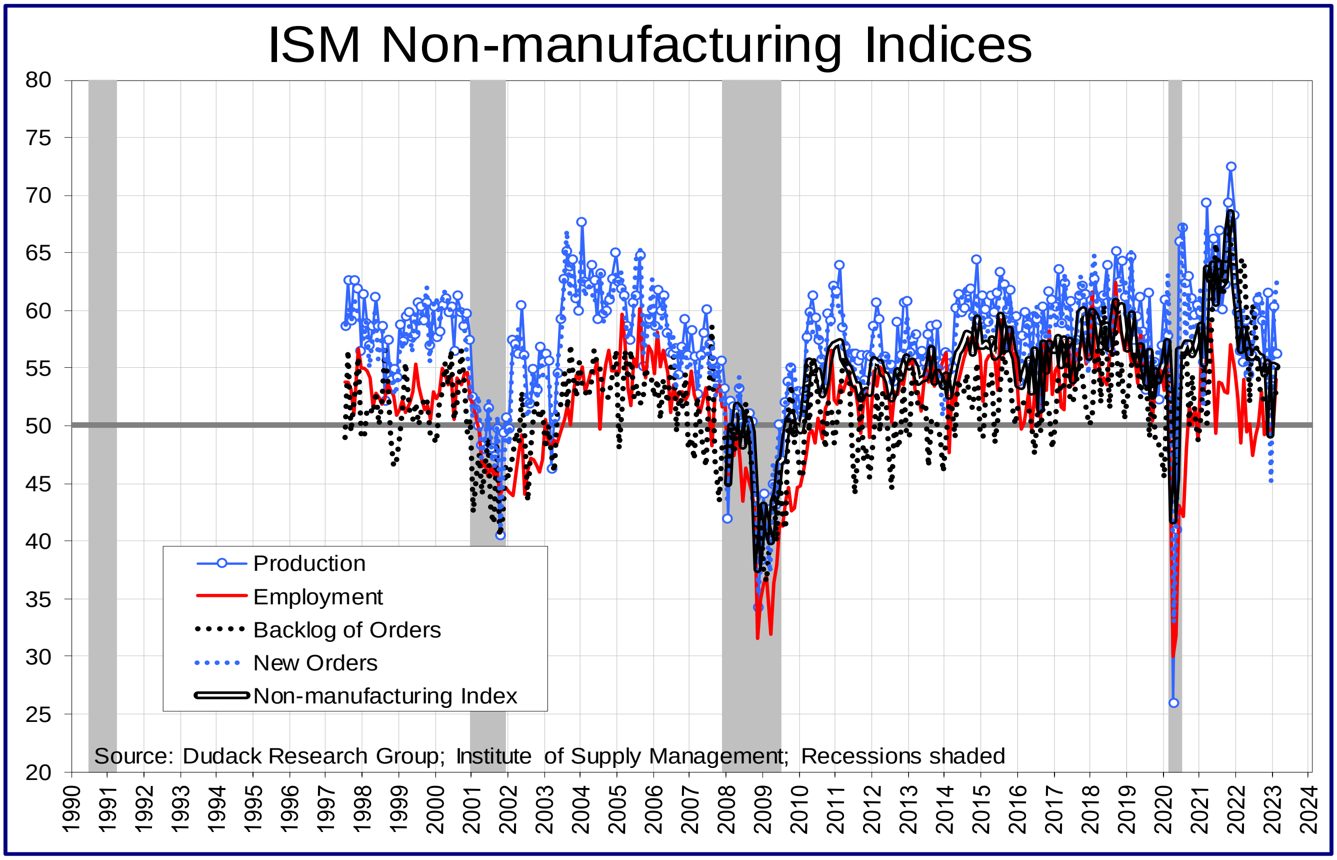
Despite the fact that inflation has declined from the June 2022 peak of 9.1% YOY to January's 6.4% YOY pace, inflation remains historically high. February data will be released on March 14, and it will be closely followed. In our opinion, investors are underestimating the impact inflation has on equity valuation. A simple way of defining the negative relationship between inflation and PE multiples is expressed by what we call the rule of 23, formerly known as the rule of 21. Historically, if the sum of the S&P's PE multiple and inflation exceeds 23, the market is extremely overvalued. This typically results in lower stock prices and lower PE multiples. After this week's sell-off, we estimate the trailing PE of the S&P 500 to be 20.2 and the forward PE to be 21.8. A more optimistic earnings estimate of $220 for this year could bring the 12-month forward PE to 18X, nevertheless, this combination of PE multiples and an optimistic assumption of 4% for the CPI, still places equities at the very top of the fair value range. See page 7.

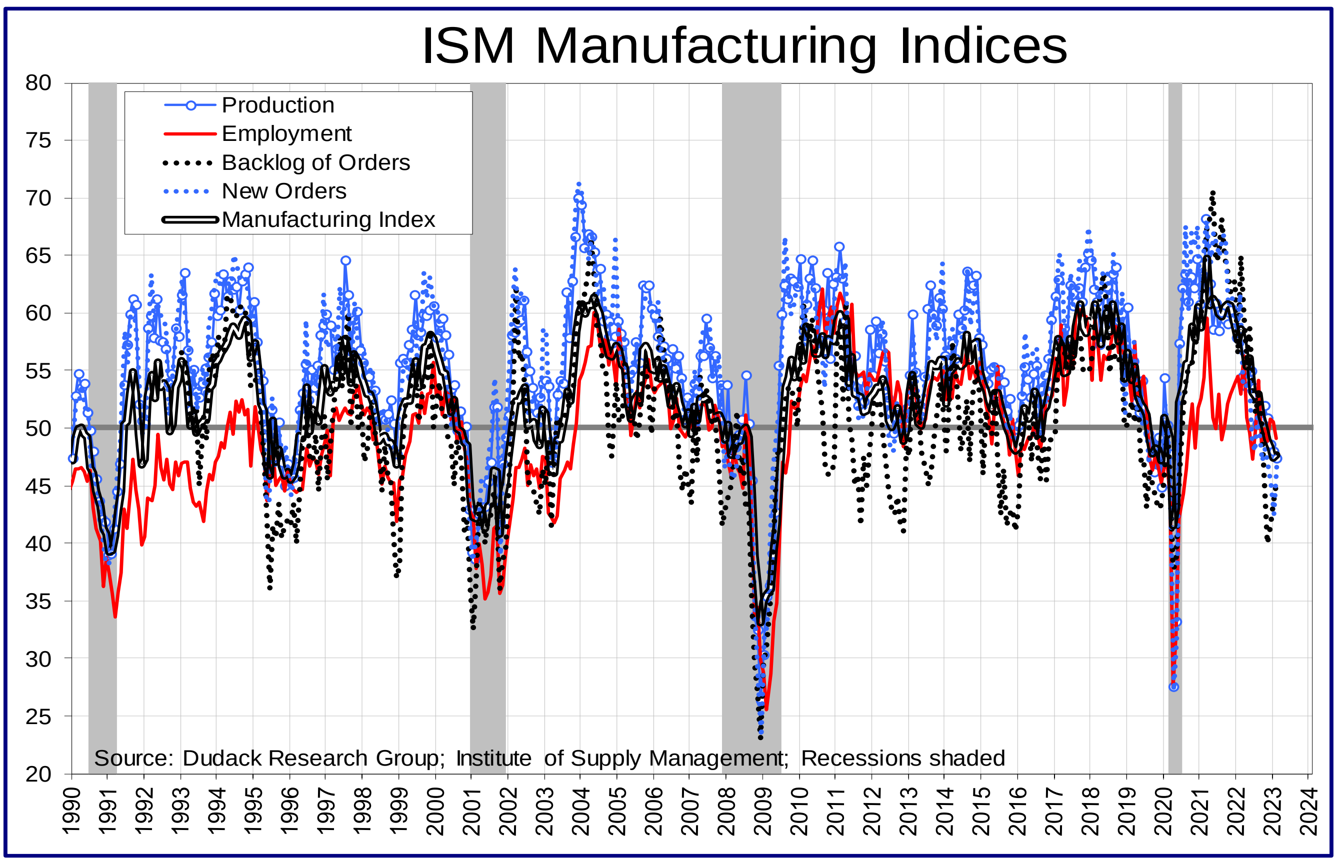
On page 8 we show the inputs to the Rule of 23 to demonstrate that PE multiples are well above average despite the fact that inflation is also above average. Historically, double-digit inflation has resulted in single-digit PE multiples. And though the June inflation high of 9% did not reach double digits, it was high enough to put pressure on high PE stocks and in time this should result in PE multiples closer to the long-term average of 15.8 times. See page 8.

The relationship between the S&P price index and earnings is not perfect, but earnings cycles typically lead price cycles. This has been particularly true since 1990 and since 2008 the 5-year rate of change in earnings and the S&P price have been strongly correlated. At present both trends are decelerating, which explains why the next few quarterly earnings reports could be market-moving events. We do not see anything on the horizon that could trigger an acceleration in earnings growth, on the other hand, the persistent rise in interest rates could certainly be a headwind to earnings growth.

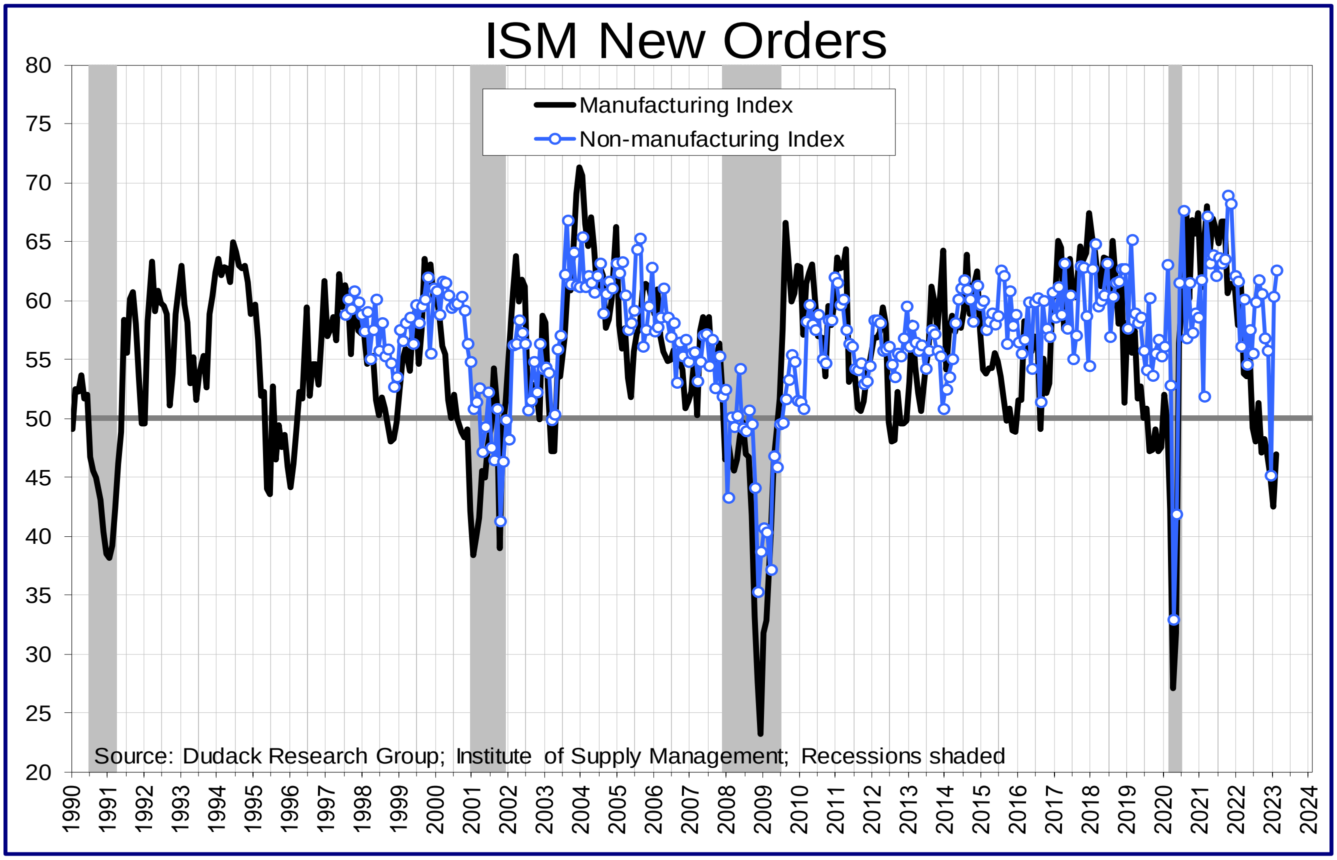
Last, but far from least, higher inflation means higher interest rates, and at present, the yields on both Treasury bills and notes are close to or higher than the earnings yield on the S&P 500. This makes fixed income an attractive alternative to stocks for the first time since 2000. See page 9. In sum, we remain defensive and would emphasize stocks that are both inflation and recession resistant and/or have attractive dividend yields.

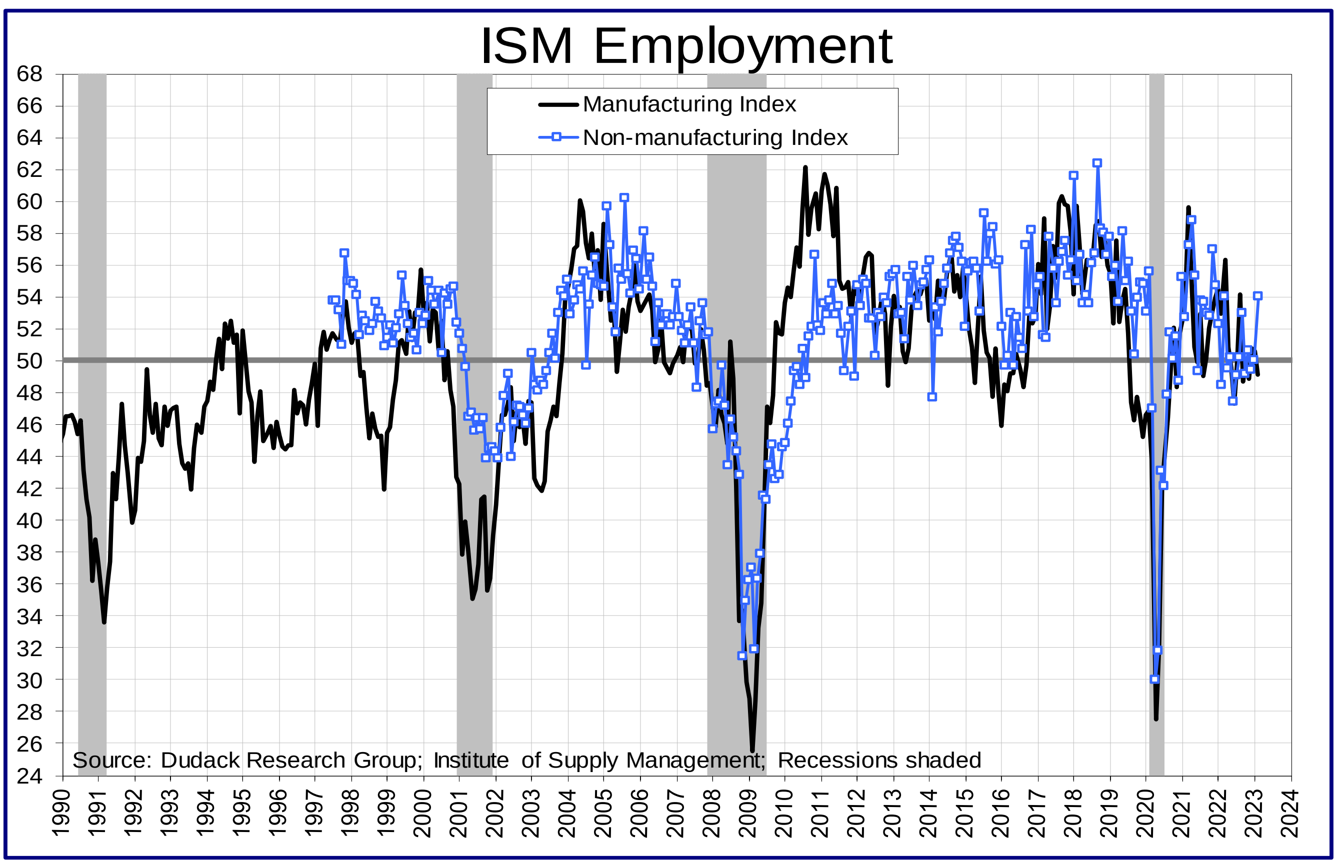
February's ISM indices showed the non-manufacturing index fell 0.1 to 55.1 but remained well above the 49.2 reading of December. Five of the 9 components fell, but business activity, down from 60.4 to 56.3, accounted for most of the decline. The manufacturing survey contracted for the fourth consecutive month and the components were mixed. The index rose to 47.7, up a notch from January's 47.4 reading, the lowest reading since May 2020. Production fell from 48.0 to 47.3 while prices paid rose 6.8 points to 51.3.



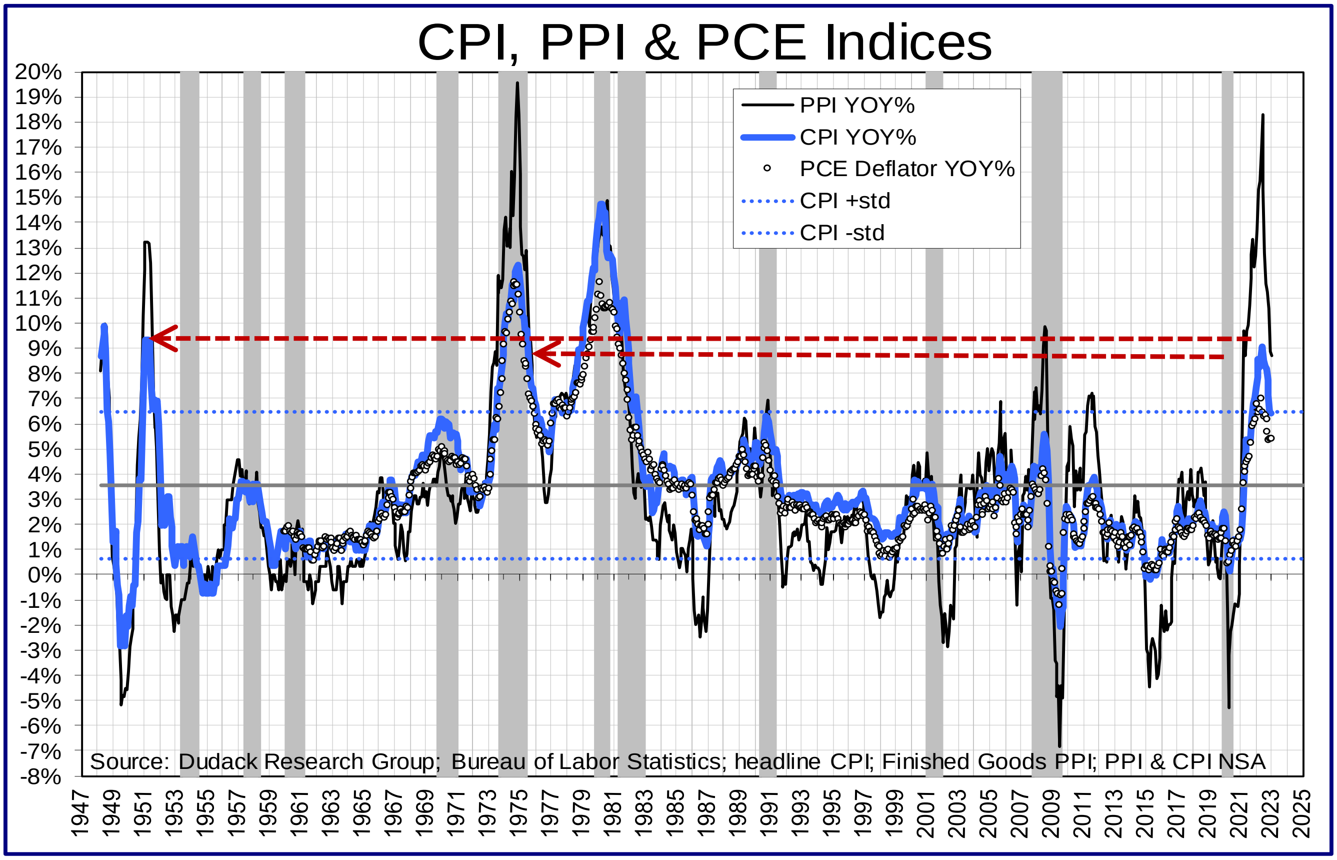


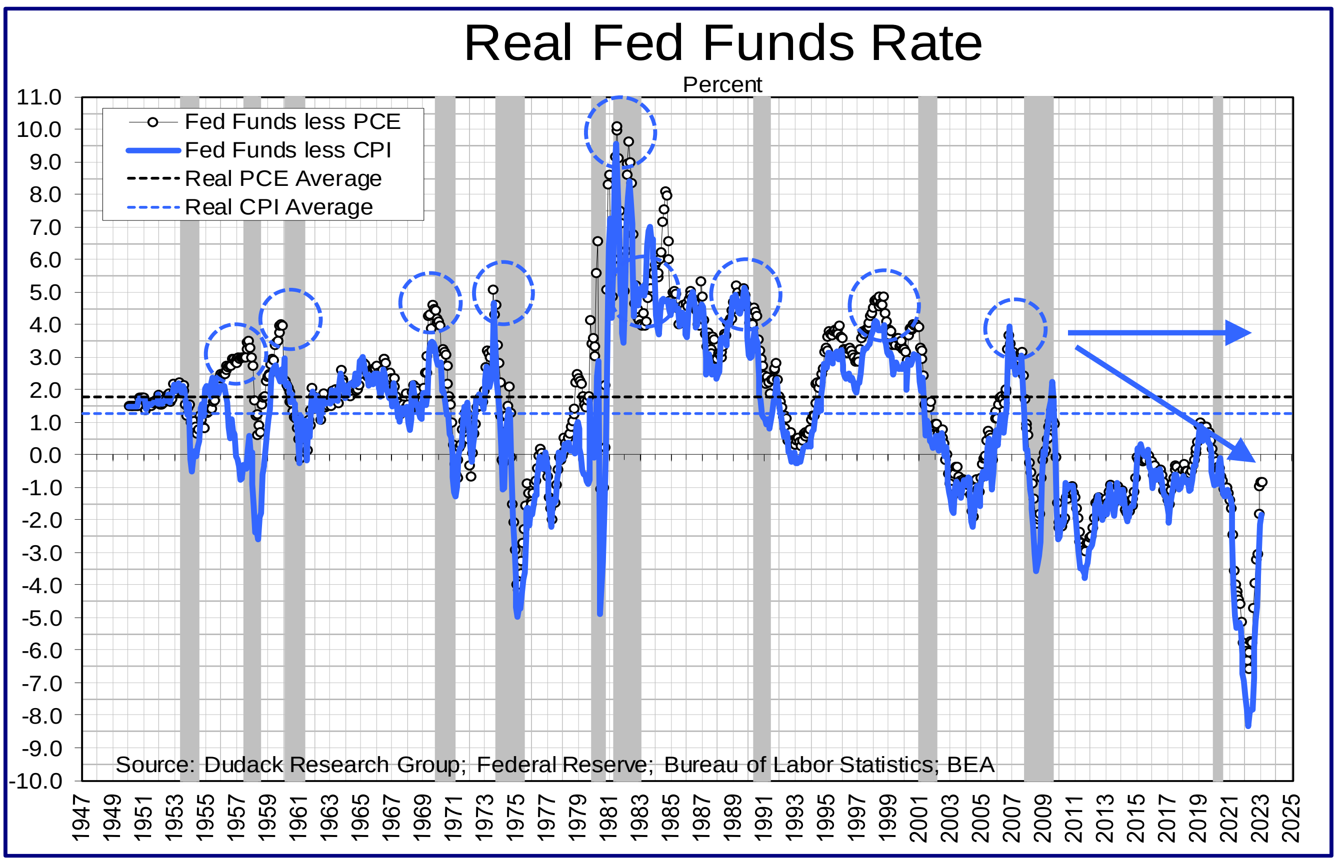
In the non-manufacturing survey, new orders rebounded from January's 60.4 to 62.6. In the manufacturing survey, new orders rose strongly from 42.5 to 47.9, yet remained below the 50 benchmark which denotes contraction. Employment indices were mixed. In the non-manufacturing survey, employment rose from 50.0 to 54.0 indicating an expansion, while in the manufacturing survey employment fell from 50.6 to 49.1. A slowdown in employment was taking place during the October through December period in both surveys.



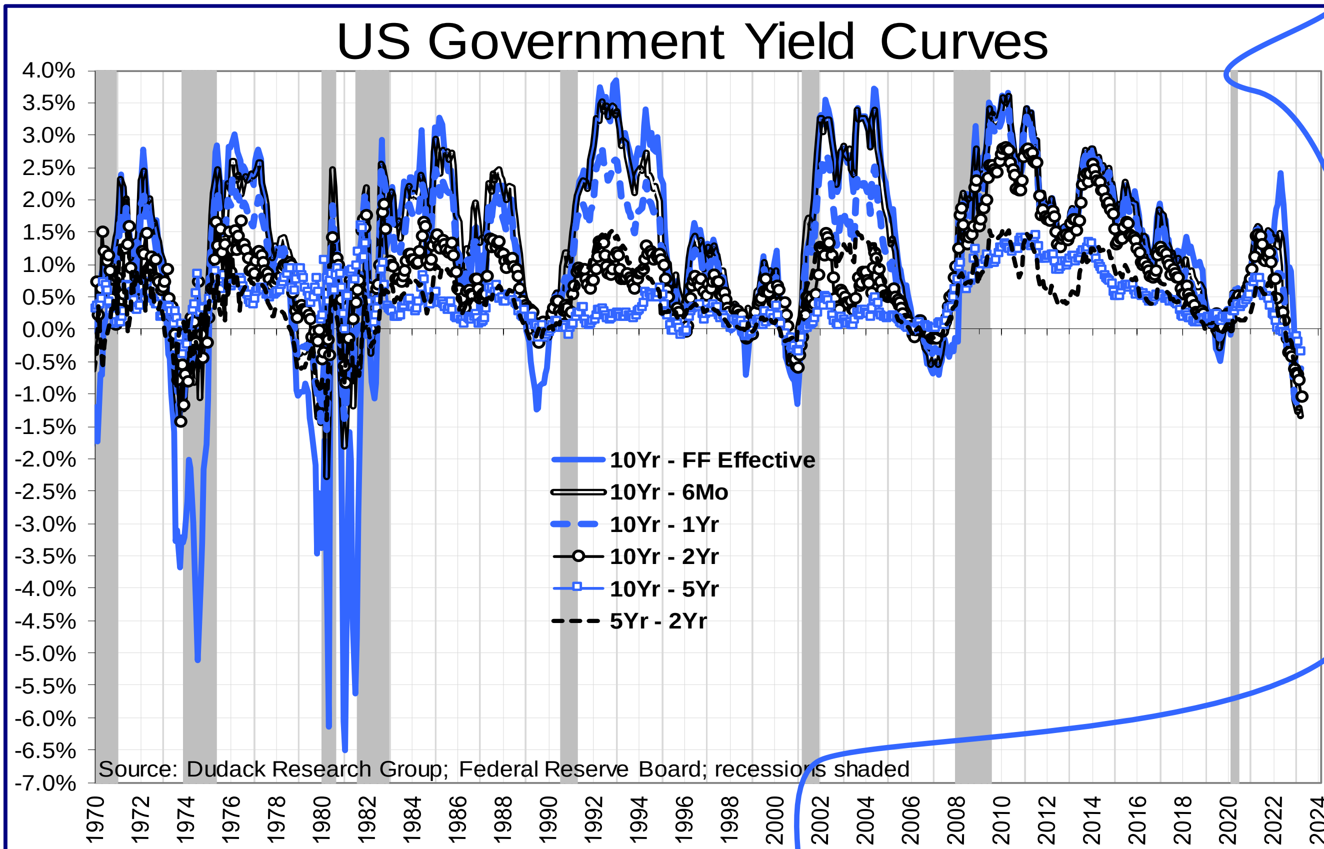


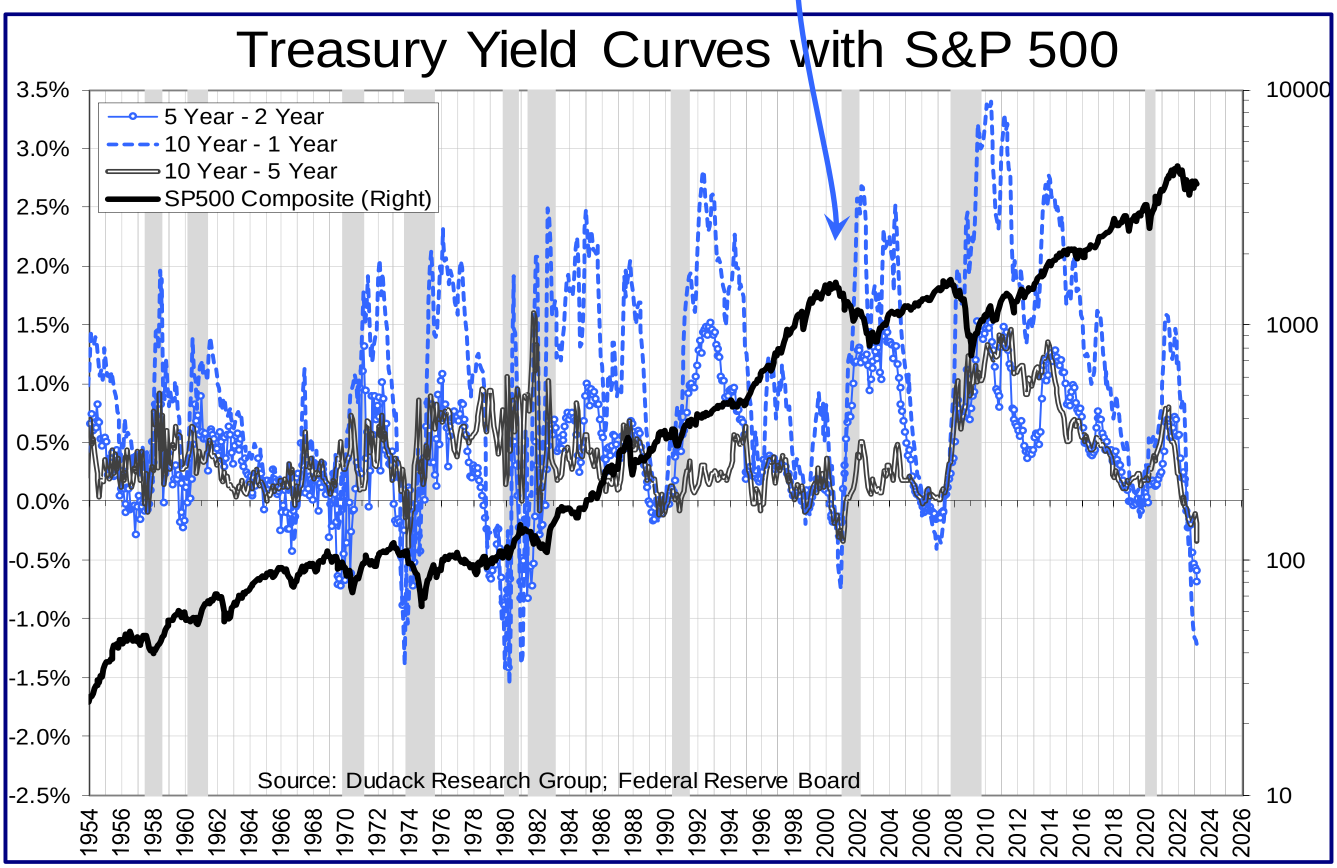
Over the last 80 years, whenever inflation rose to a standard deviation above the norm or more (for the CPI this is 6.5% or more), a series of recessions has followed. We believe early 2020 was the 1st recession. Moreover, tightening cycles rarely ended prior to the fed funds rate being at least 400 bp above inflation. By these two standards, we should expect interest rates to move higher and stay high longer than expected and end in a recession. But note, financial, corporate, and household debt levels are not extreme and from that perspective the recession should be mild.



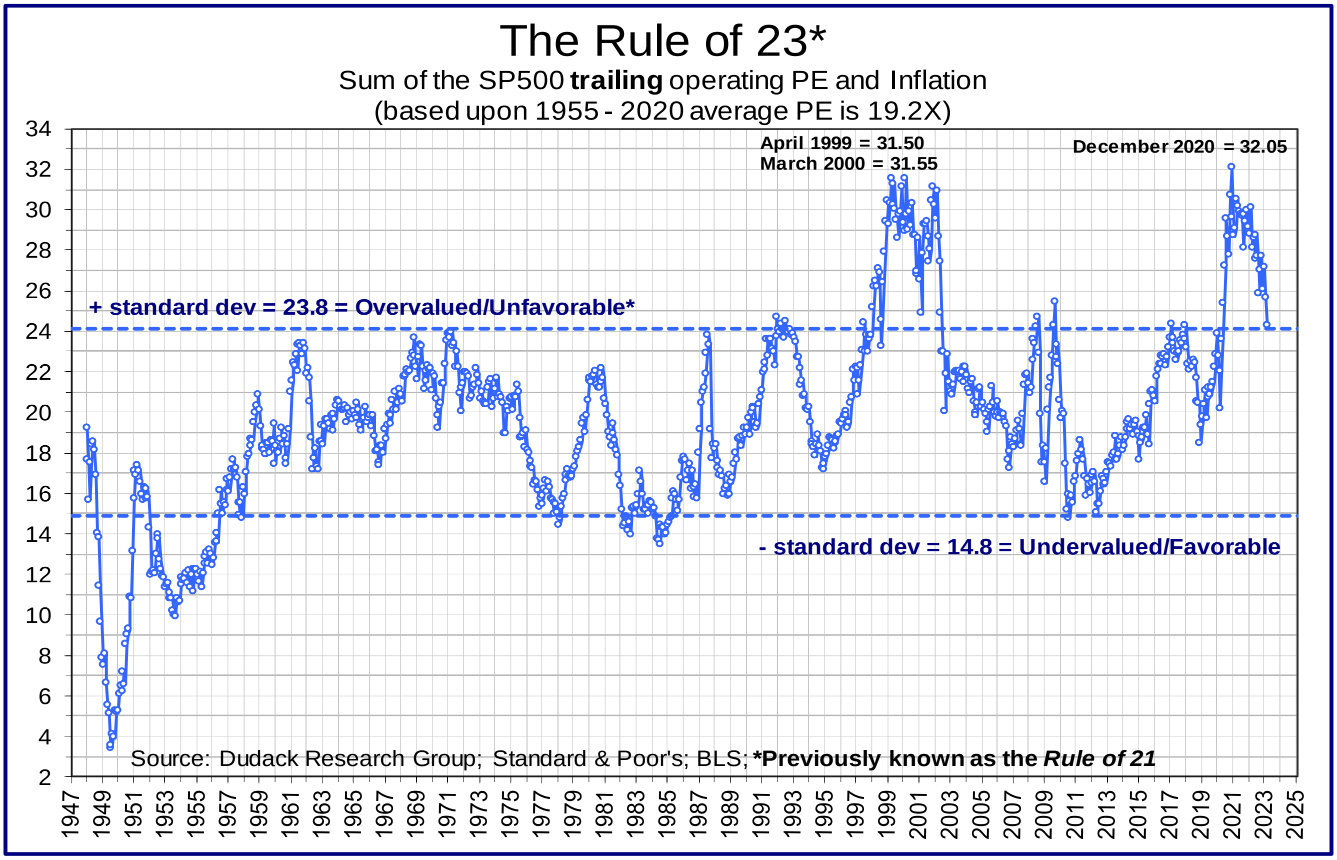


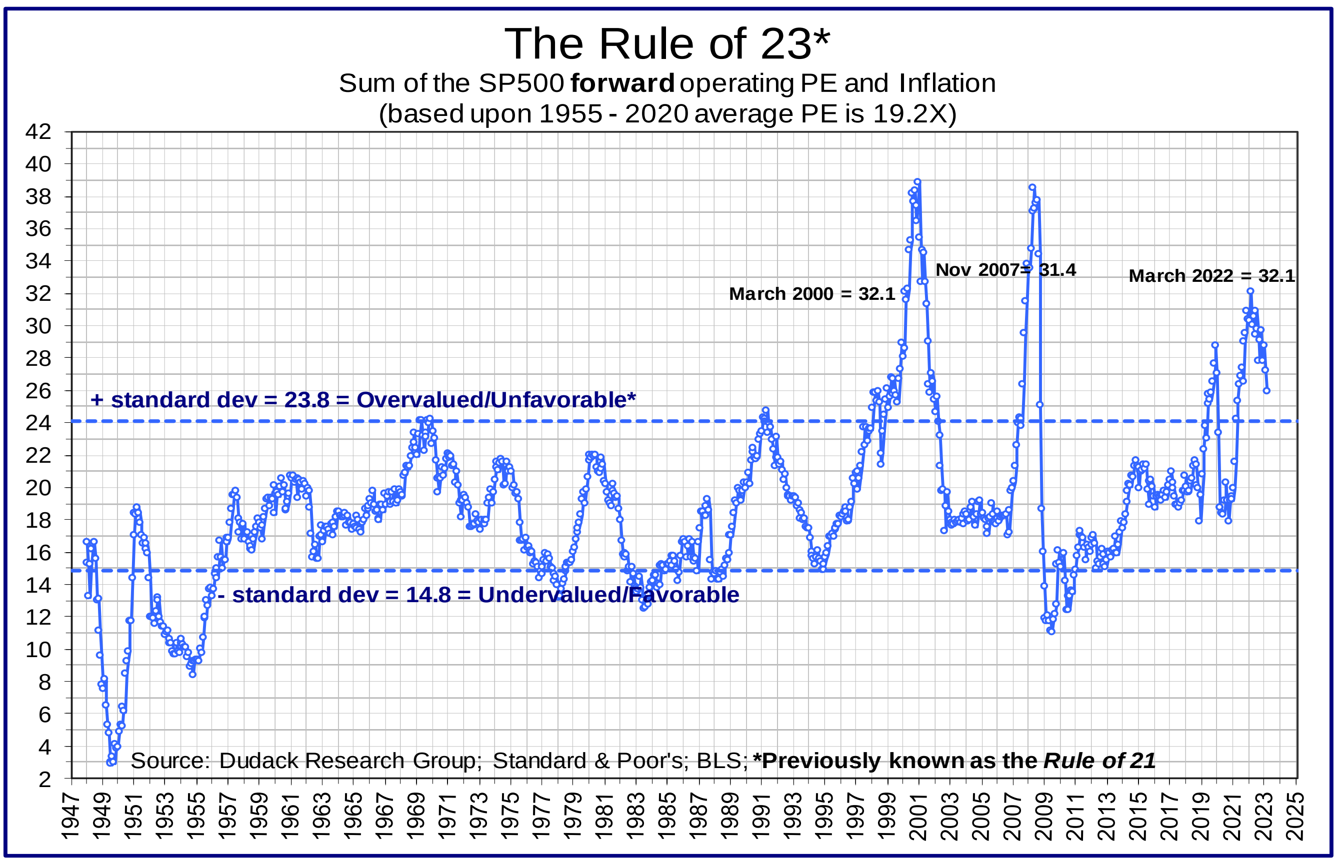
Federal Reserve Chairman Powell's testimony to Congress this week, was a wake-up call for those believing that interest rates were near a peak. As a result, the 10 to 2-year government spread widened to negative 103 basis points, the worst since the month ending September 1981! Note that an inverted yield curve has always been followed by a recession, although the lag time can be long. Recessions are always accompanied by an equity decline.



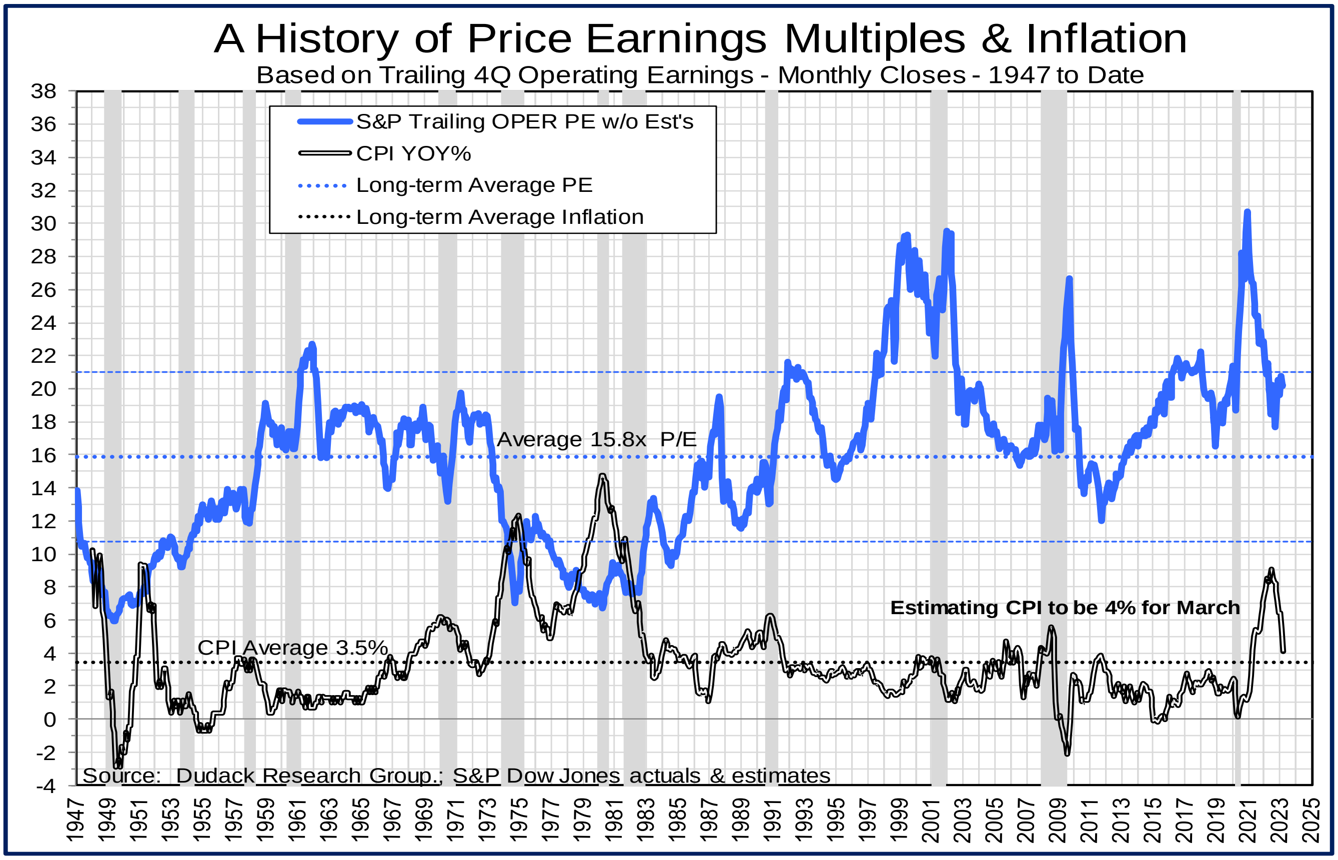


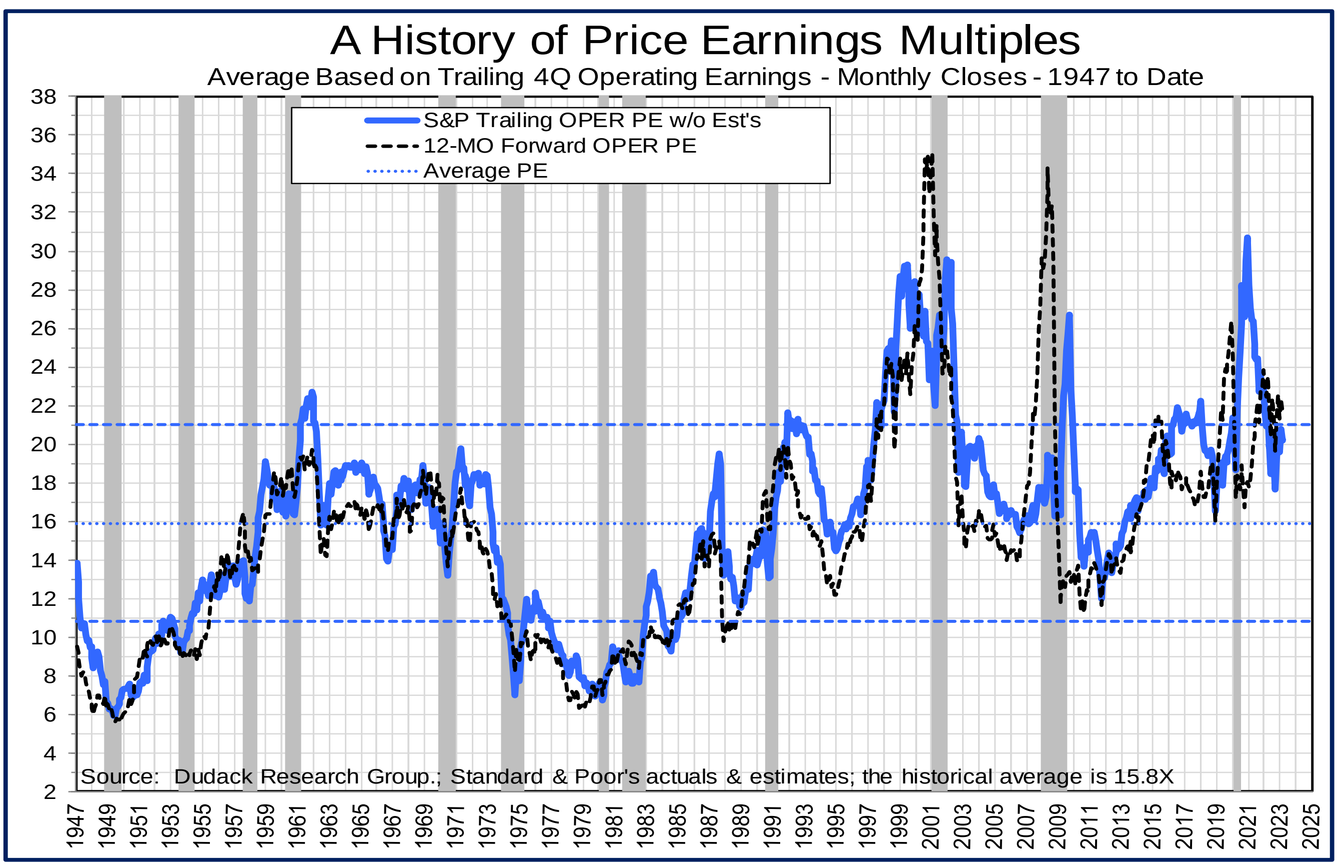
Despite a decline in inflation from the June 2022 9.1% YOY pace, inflation remained historically high at 6.4% in January. February data will be released on March 14. **In the charts below, we optimistically assume inflation declines to 4% in March**. **Nevertheless, history shows that if the sum of the S&P's PE and inflation exceeds 23, the market is overvalued.** After this week's sell-off, we estimate the trailing PE to be 20.2 and the forward PE to be 21.8. A more optimistic earnings estimate of $220 for this year could bring the forward PE to 18X, but this still remains at the upper end of fair value.



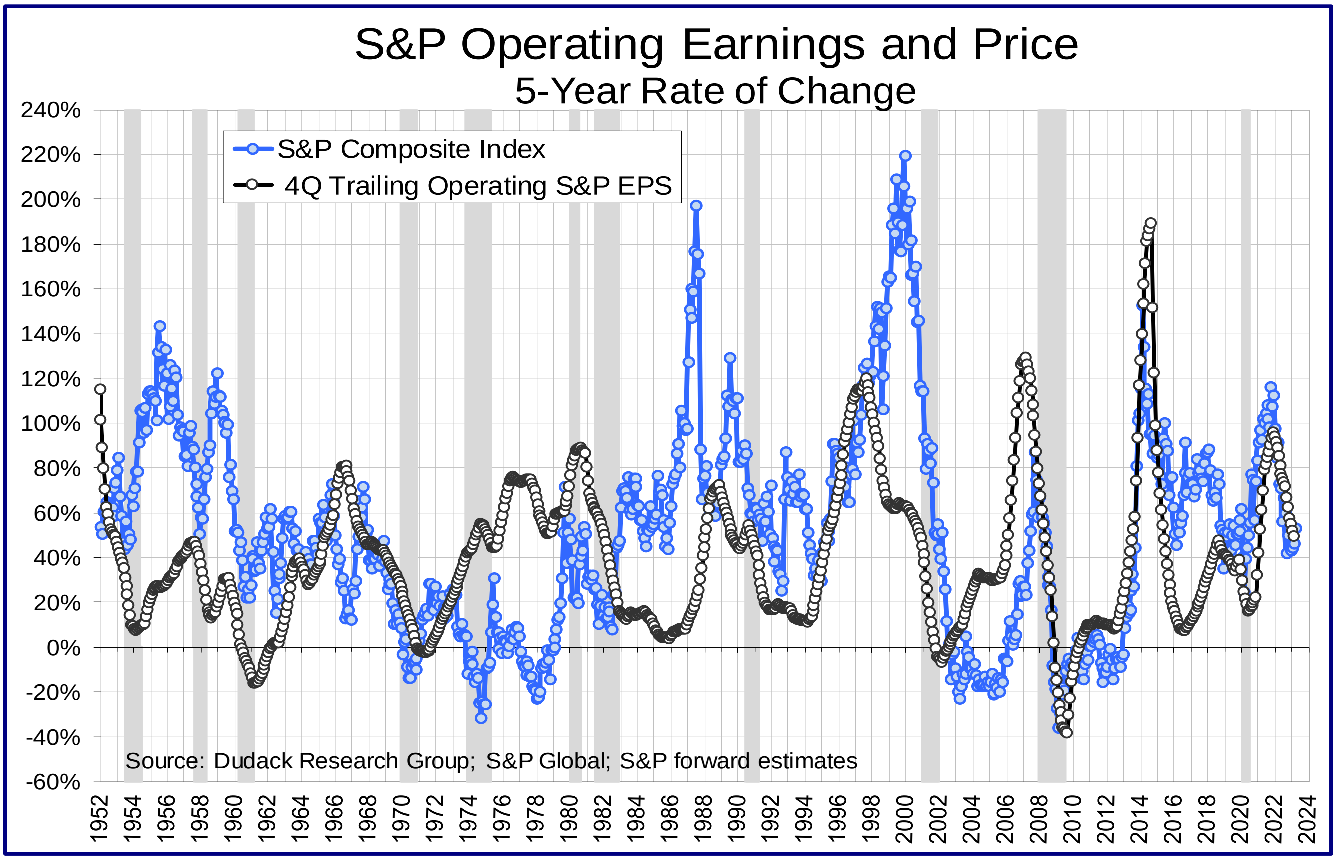


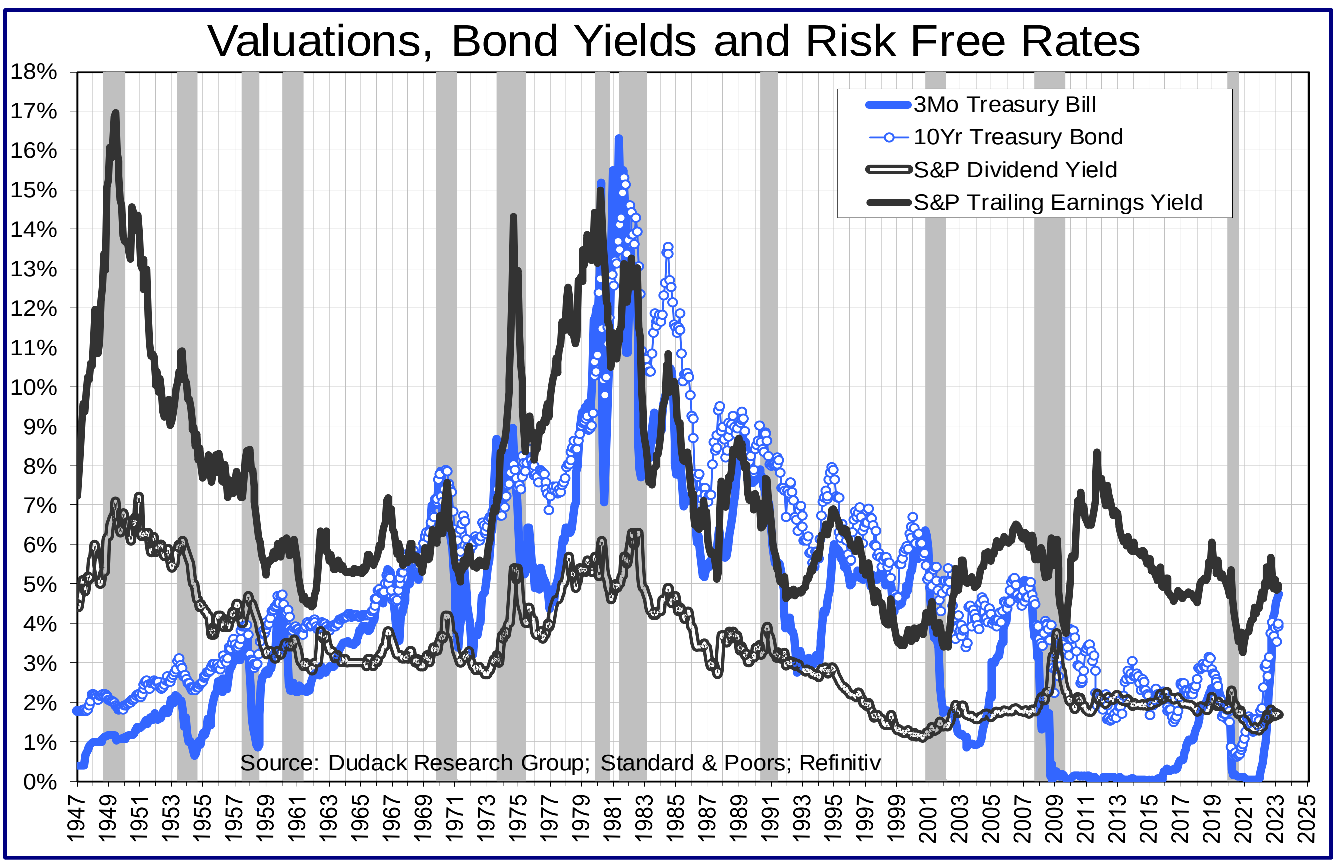
The following charts show the inputs to the Rule of 23, and the fact that PE multiples continue to be well above average despite the fact that inflation is also above average. Historically, double-digit inflation has resulted in single-digit PE multiples. The recent inflation peak of 9% did not reach double digits, but it was high enough to put pressure on high PE stocks.



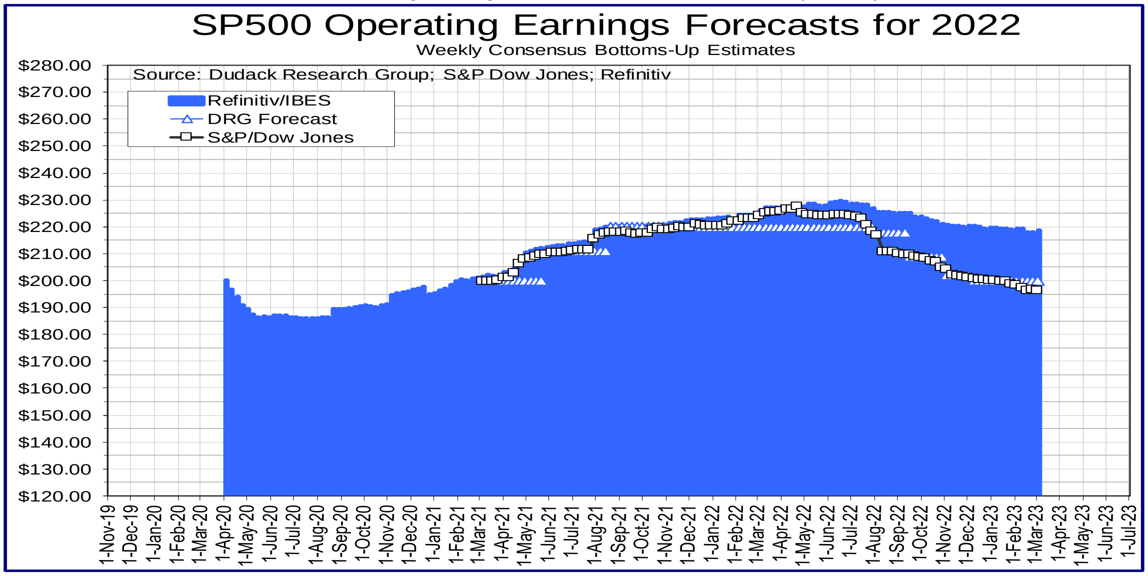


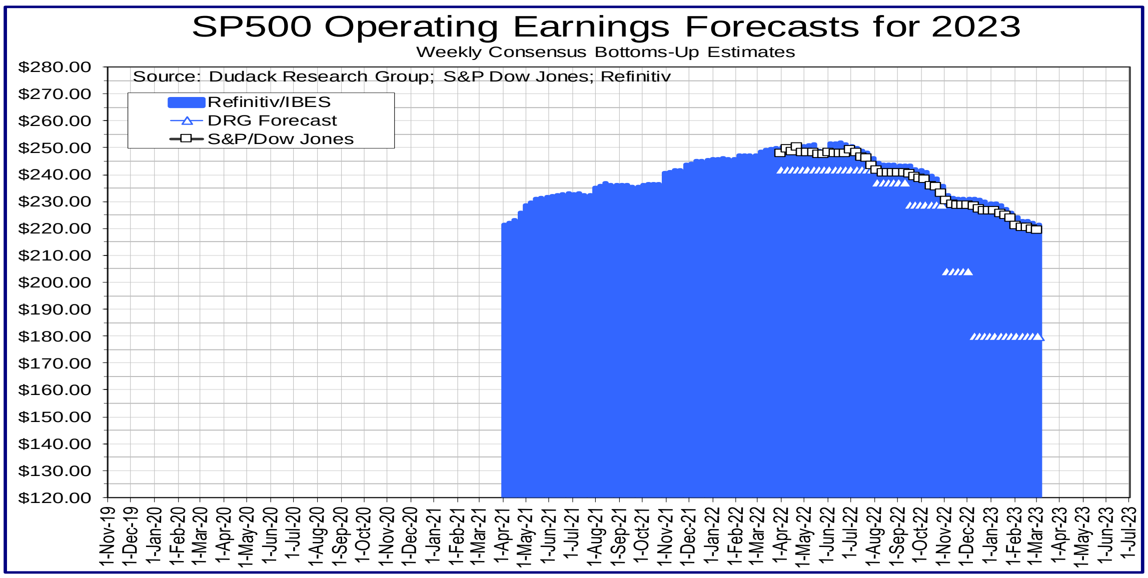
The relationship between the S&P index and earnings is not perfect, but earnings cycles tend to lead price cycles. This has been particularly true since 1990 and since 2008 the 5-year rate of change in earnings and the S&P price have been strongly correlated. This explains why the next few quarterly earnings reports could be market moving events. In addition, the rise in interest rates makes fixed income an attractive alternative to stocks this year.

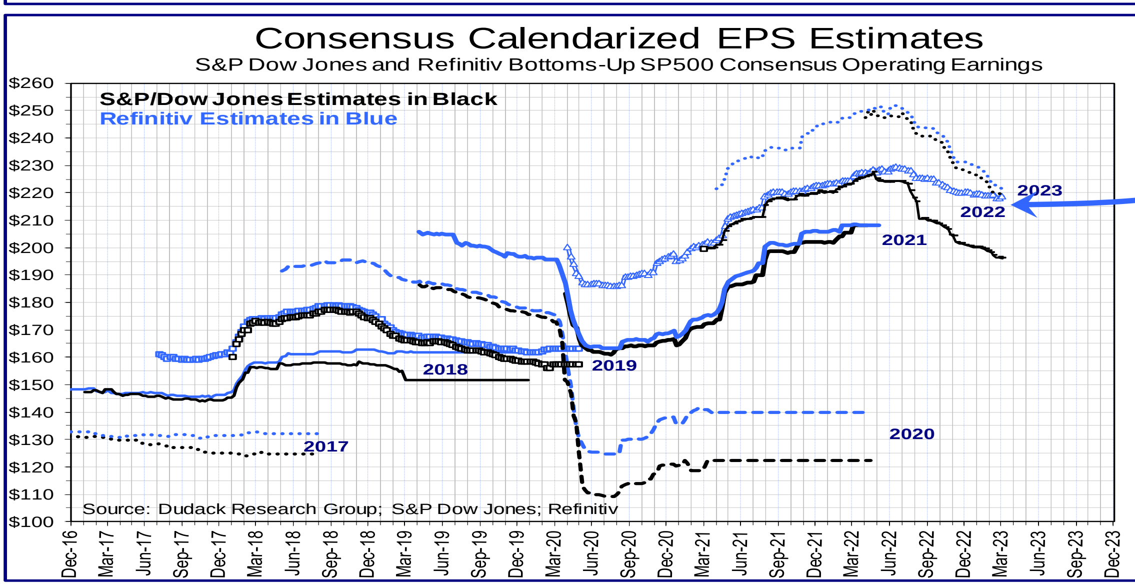




S&P Dow Jones earnings estimates for 2022 and 2023 fell $0.34 and $0.58 this week. Refinitiv IBES consensus earnings forecasts rose $0.69 and fell $0.56, respectively, leaving estimates at $196.08./$218.71 and $219.13/$221.64, respectively. EPS growth rates for 2022 are (5.8%) and 5.1%, and for 2023 are 11.8% and 1.3%, respectively. *(Note: consensus macro-EPS forecasts may differ from four quarter analysts' forecast sums seen on page 17.)* Our 2022 and 2023 estimates are $200 and $180, reflecting earnings declines of 3.9% and 10%, respectively.







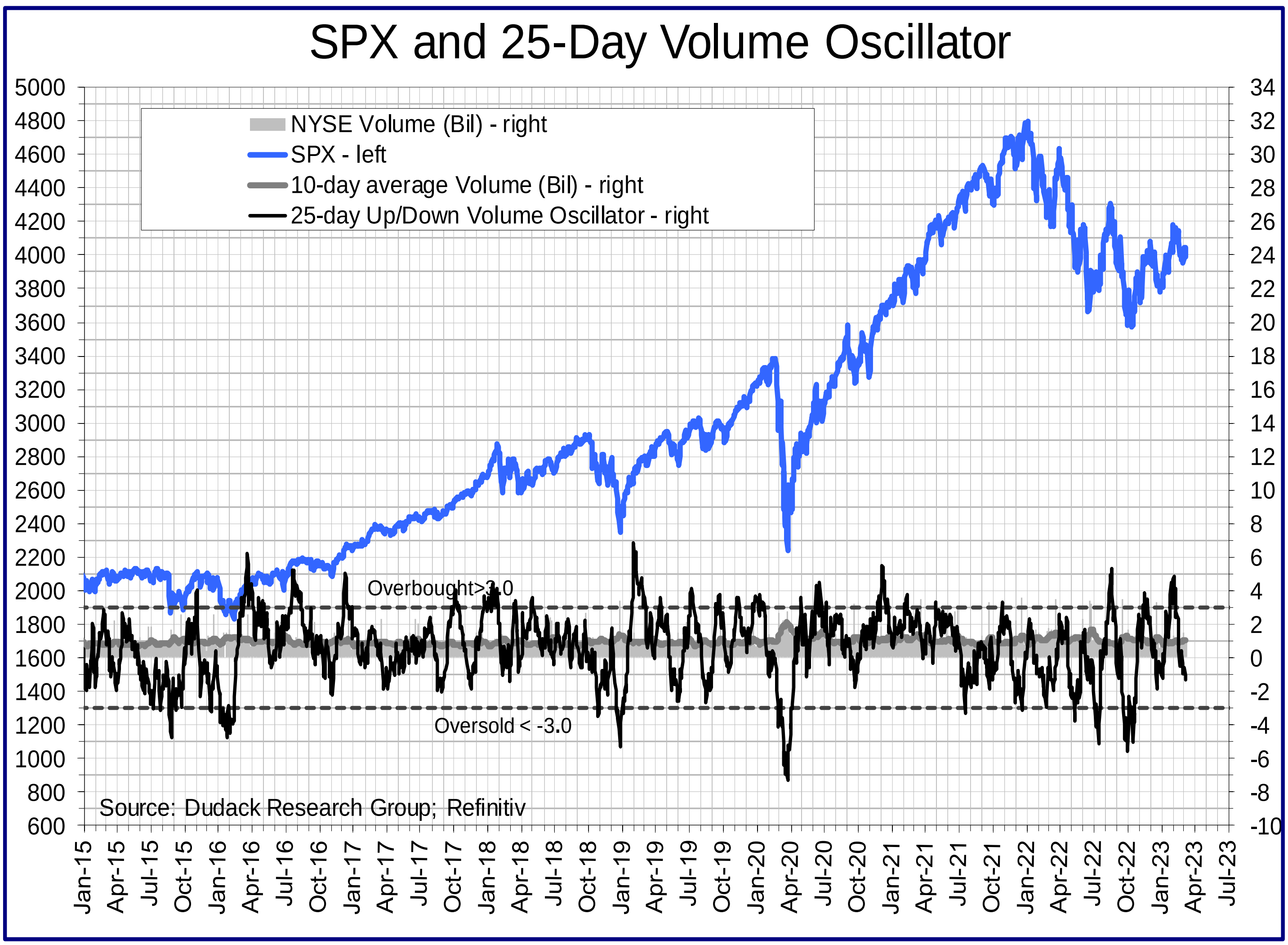
We continue to focus on the 200-day moving averages in all the indices for technical reasons, but also due to the fact that so many quantitative trading models incorporate moving averages for trading signals. In the last three months these moving averages have contained selling pressure, but as the indices trade closer to these levels this week, they remain a part of our near-term focus.

Source: Refinitiv

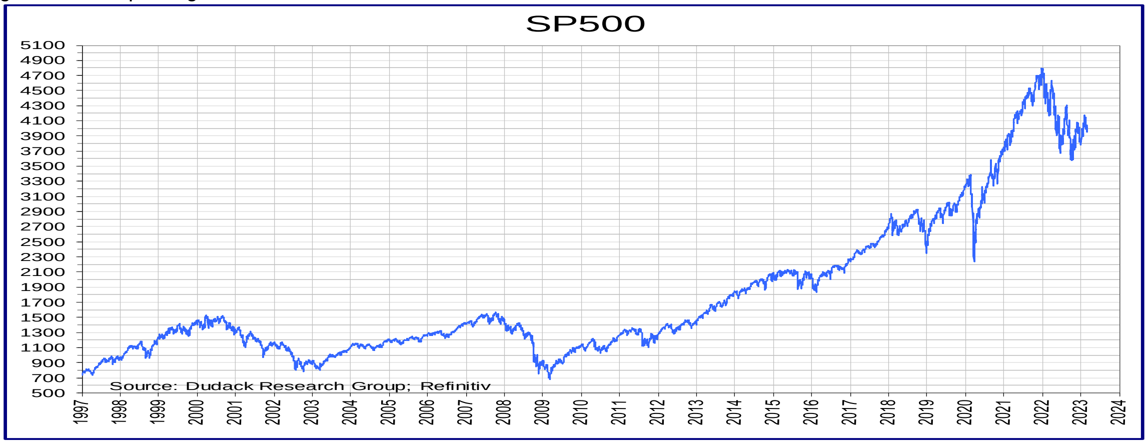
The 25-day up/down volume oscillator is negative 1.28 and neutral this week after being overbought for eleven straight trading sessions ending February 8. The February overbought reading was an upgrade from the overbought reading seen in November off the October low. Bear markets rarely reach overbought territory, and if they do, the reading is usually brief. Therefore, an overbought reading that persists for five to ten consecutive trading days or more – and reaches a new overbought high reading (this has not been true to date) -- is significant. In sum, the February overbought reading was 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.

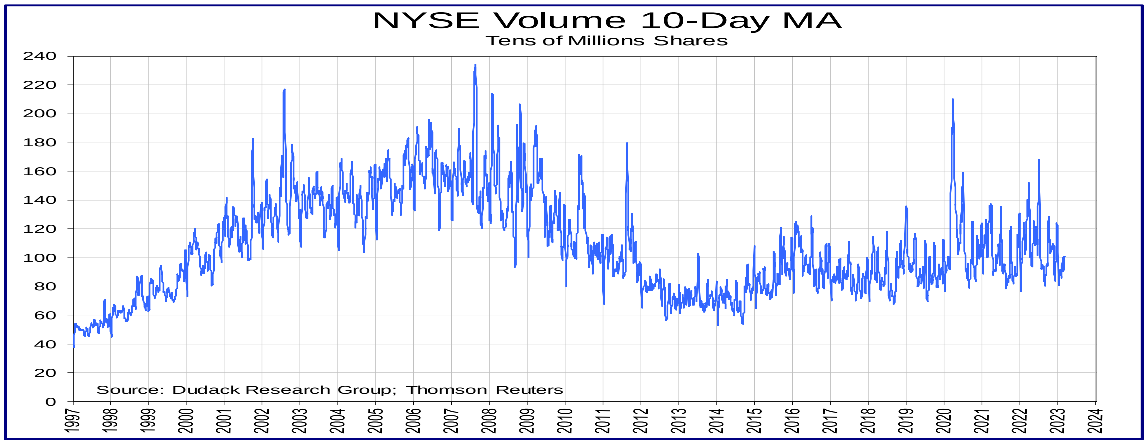
As a reminder, the 25-day up/down volume oscillator has been in bearish mode since April 2022 when it repeatedly failed to reach overbought territory to confirm new market highs. It subsequently recorded a series of oversold readings which indicated a downshift in the cycle. On September 30, the oscillator 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.

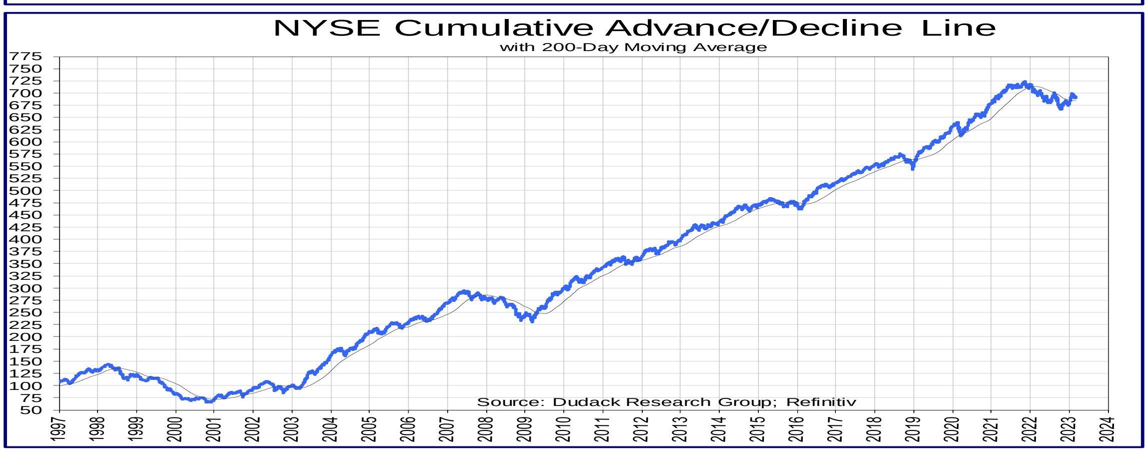
The key to a successful retest of a bear market low is whether or not a new low in price generates a new low in breadth. A successful retest will show there is less selling pressure – a less severe oversold reading -- despite a lower low in price. This "non-confirmation" of a low is a positive and implies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

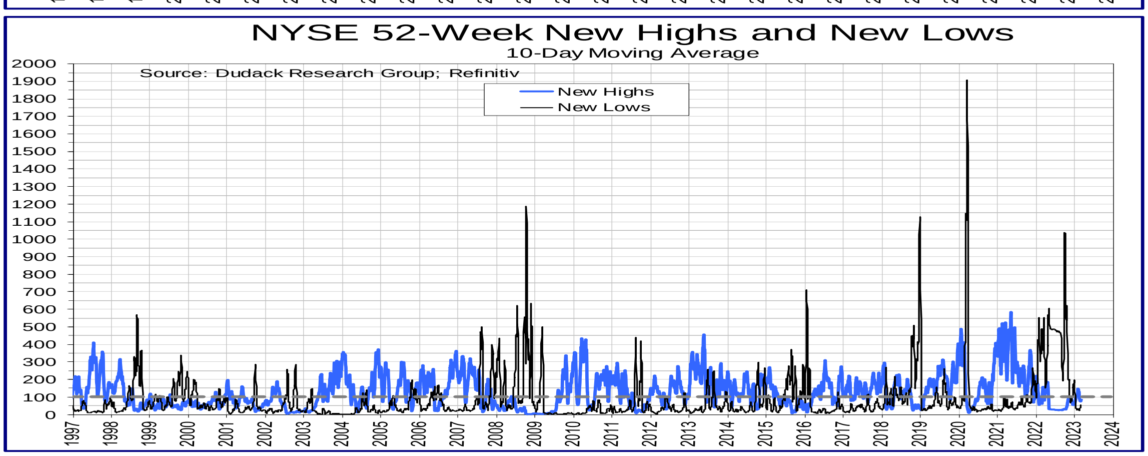


The 10-day average of daily new highs is 85 and new lows are 56. This combination is now neutral since neither new highs nor new lows are above 100. The advance/decline line fell below the June low on September 22 and is currently 34,874 net advancing issues from its 11/8/21 high. Although the AD line remains negative, it is improving.

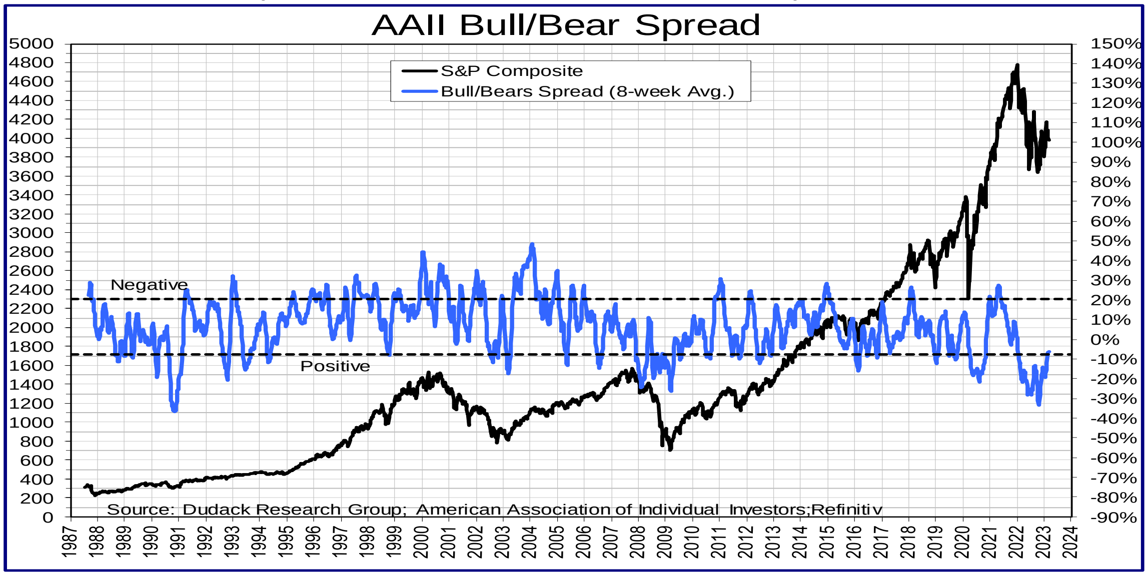


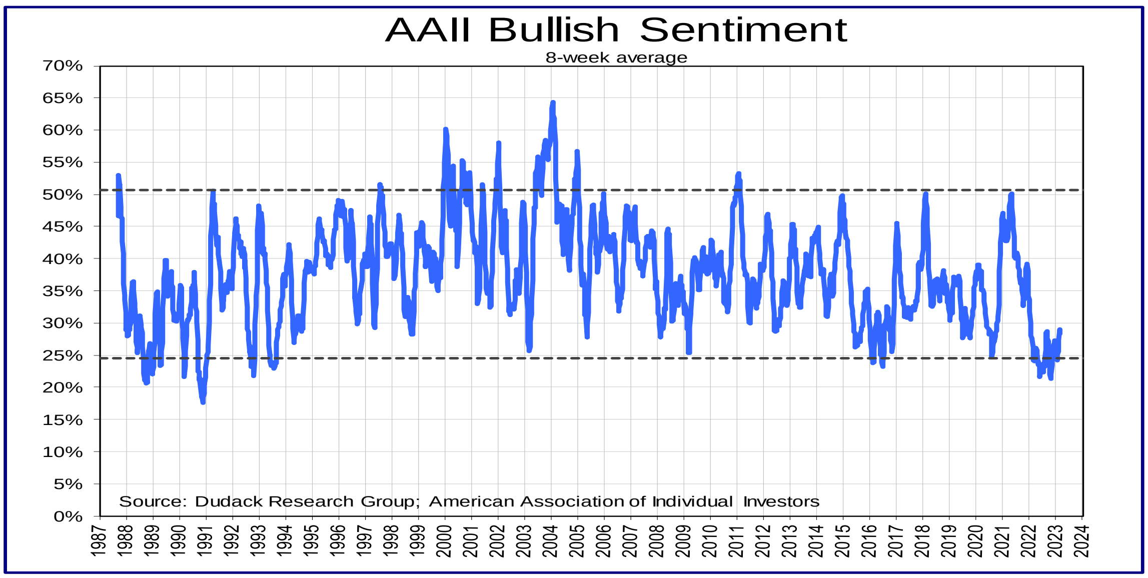


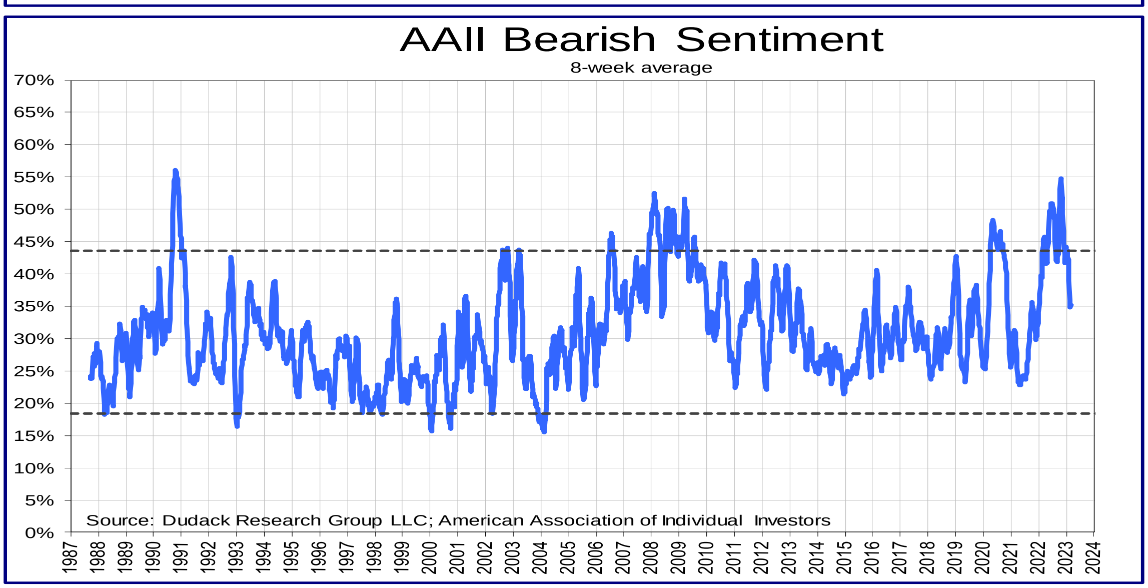




Last week's AAII readings showed a small 1.8% decrease in bulls to 23.4% and another sizeable 6.2% increase in bears to 44.8%. The Bull/Bear 8-week Spread remains neutral and is out of positive territory for the third consecutive week since January 12, 2022. Sentiment has been unusually volatile for the last two months.







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	198.44	0.1%	-4.8%	18.7%	18.7%
iShares MSCI Mexico Capped ETF	EWW	58.50	1.5%	3.9%	18.3%	18.3%
iShares MSCI Austria Capped ETF	EWO	21.40	-0.2%	2.0%	12.6%	12.6%
SPDR Homebuilders ETF	XHB	67.43	-0.1%	-4.1%	11.8%	11.8%
Technology Select Sector SPDR	XLK	139.06	1.9%	-3.1%	11.7%	11.7%
iShares MSCI Germany ETF	EWG	27.56	1.0%	-2.0%	11.4%	11.4%
NASDAQ 100	NDX	12152.17	0.9%	-4.5%	11.1%	11.1%
Consumer Discretionary Select Sector SPDR	XLY	143.26	-1.6%	-5.4%	10.9%	10.9%
Nasdaq Composite Index Tracking Stock	ONEQ.O	45.30	0.9%	-4.6%	10.6%	10.6%
iShares MSCI Taiwan ETF	EWT	44.40	1.6%	-1.2%	10.6%	10.6%
SPDR S&P Retail ETF	XRT	65.65	-1.2%	-8.6%	8.6%	8.6%
iShares Russell 2000 Growth ETF	IWO	232.84	-0.1%	-3.5%	8.5%	8.5%
iShares Russell 1000 Growth ETF	IWF	231.36	0.9%	-3.9%	8.0%	8.0%
iShares Russell 2000 ETF	IWM	186.51	-0.9%	-4.6%	7.0%	7.0%
Shanghai Composite	.SSEC	3285.10	0.2%	1.1%	6.3%	6.3%
iShares MSCI EAFE ETF	EFA	69.52	0.2%	-2.5%	5.9%	5.9%
iShares DJ US Oil Eqpt & Services ETF	IEZ	22.44	3.5%	0.1%	5.8%	5.8%
iShares Russell 2000 Value ETF	IWN	146.16	-1.6%	-5.7%	5.4%	5.4%
Materials Select Sector SPDR	XLB	81.59	-0.3%	-2.4%	5.0%	5.0%
iShares MSCI South Korea Capped ETF	EWY	59.03	0.9%	-5.9%	4.5%	4.5%
iShares Russell 1000 ETF	IWB	220.02	0.4%	-4.1%	4.5%	4.5%
Vanguard FTSE All-World ex-US ETF	VEU	52.40	0.6%	-3.1%	4.5%	4.5%
iShares MSCI Japan ETF	EWJ	56.87	1.7%	-2.6%	4.5%	4.5%
Industrial Select Sector SPDR	XLI	102.15	1.2%	-0.7%	4.0%	4.0%
iShares MSCI United Kingdom ETF	EWU	31.87	-1.3%	-1.1%	3.9%	3.9%
SP500	**.SPX**	**3986.37**	**0.4%**	**-4.3%**	**3.8%**	**3.8%**
iShares MSCI Canada ETF	EWC	33.90	-0.4%	-4.6%	3.6%	3.6%
Financial Select Sector SPDR	XLF	35.09	-1.8%	-5.2%	2.6%	2.6%
SPDR S&P Bank ETF	KBE	46.19	-4.3%	-8.4%	2.3%	2.3%
iShares MSCI Australia ETF	EWA	22.74	-0.6%	-7.3%	2.3%	2.3%
iShares MSCI Emerg Mkts ETF	EEM	38.74	1.3%	-4.2%	2.2%	2.2%
iShares 20+ Year Treas Bond ETF	TLT	101.72	0.0%	-3.2%	2.2%	2.2%
iShares US Real Estate ETF	IYR	85.90	-1.3%	-7.2%	2.0%	2.0%
Gold Future	GCc1	2511.10	0.2%	0.8%	1.9%	1.9%
PowerShares Water Resources Portfolio	PHO	52.41	-1.1%	-4.3%	1.7%	1.7%
iShares China Large Cap ETF	FXI	28.75	2.8%	-6.9%	1.6%	1.6%
iShares Russell 1000 Value ETF	IWD	153.73	-0.1%	-4.3%	1.4%	1.4%
iShares US Telecomm ETF	IYZ	22.72	-0.7%	-6.2%	1.3%	1.3%
iShares MSCI Singapore ETF	EWS	18.99	-0.7%	-5.8%	1.0%	1.0%
iShares MSCI BRIC ETF	BKF	34.43	2.1%	-4.4%	0.3%	0.3%
iShares iBoxx $ Invest Grade Corp Bond	LQD	105.58	-0.3%	-3.4%	0.1%	0.1%
SPDR Communication Services ETF	XLC	56.15	0.0%	0.0%	0.0%	0.0%
SPDR Gold Trust	GLD	168.62	-0.7%	-3.1%	-0.6%	-0.6%
SPDR DJIA ETF	DIA	328.87	0.7%	-3.7%	-0.7%	-0.7%
iShares MSCI Hong Kong ETF	EWH	20.85	2.3%	-3.5%	-0.8%	-0.8%
DJIA	.DJI	32856.46	0.6%	-3.8%	-0.9%	-0.9%
Energy Select Sector SPDR	XLE	85.78	2.5%	-2.9%	-1.9%	-1.9%
iShares MSCI Brazil Capped ETF	EWZ	27.34	0.3%	-2.7%	-2.3%	-2.3%
iShares Nasdaq Biotechnology ETF	IBB.O	127.25	0.1%	-6.7%	-3.1%	-3.1%
United States Oil Fund, LP	USO	67.85	1.0%	0.1%	-3.2%	-3.2%
Oil Future	CLc1	77.58	0.7%	0.6%	-3.3%	-3.3%
Consumer Staples Select Sector SPDR	XLP	72.01	0.0%	-1.6%	-3.4%	-3.4%
iShares MSCI India ETF	INDA.K	39.86	2.7%	-0.2%	-4.5%	-4.5%
iShares MSCI Malaysia ETF	EWM	21.75	0.0%	-6.5%	-4.8%	-4.8%
Health Care Select Sect SPDR	XLV	127.03	-0.1%	-4.3%	-6.5%	-6.5%
Utilities Select Sector SPDR	XLU	65.48	0.7%	-4.4%	-7.1%	-7.1%
Silver Future	SIc1	20.05	-4.3%	-9.3%	-16.0%	-16.0%
iShares Silver Trust	SLV	19.26	-4.1%	-9.5%	-16.2%	-16.2%

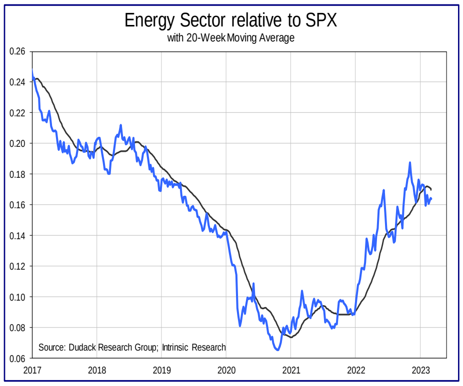
Outperformed SP500
Underperformed SP500

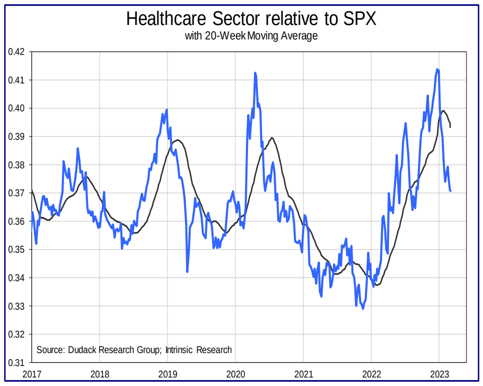
Source: Dudack Research Group; Thomson Reuters   Priced as of March 7, 2023

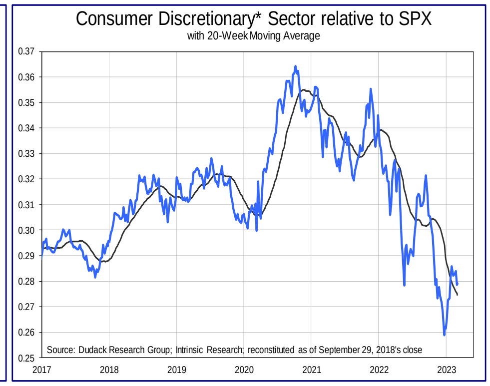
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

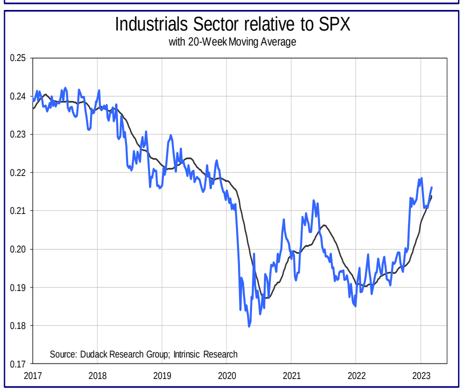
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Energy Industrials Staples Utililties		Healthcare Technology Materials Financials		Consumer Discretionary REITS Communication Services

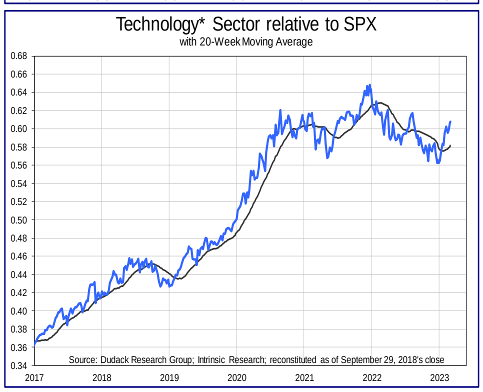
3/8/2022:Materials upgraded from underweight to neutral/communication service downgraded from neutral to underweight. 3/1/2022 Financials downgraded to neutral and Industrials upgraded to overweight.

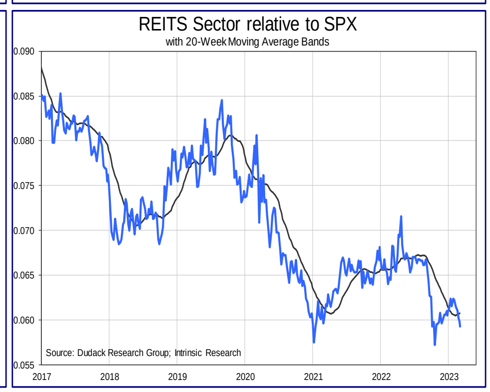


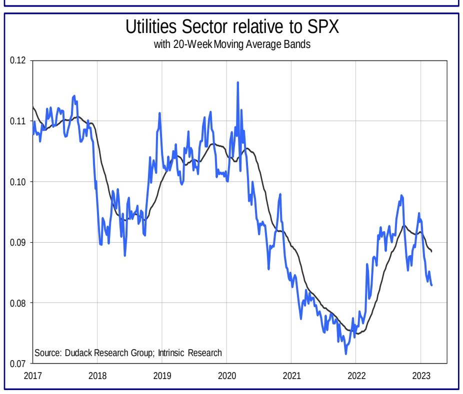


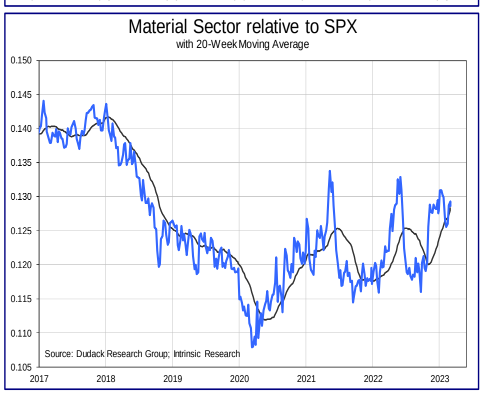


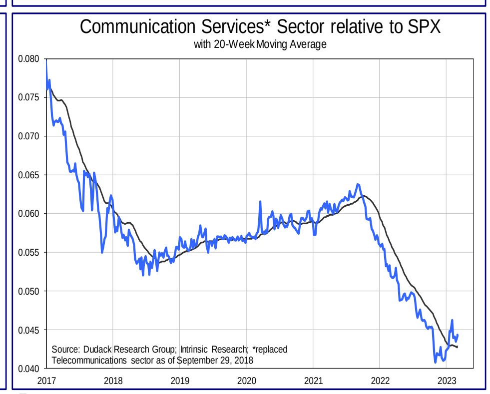


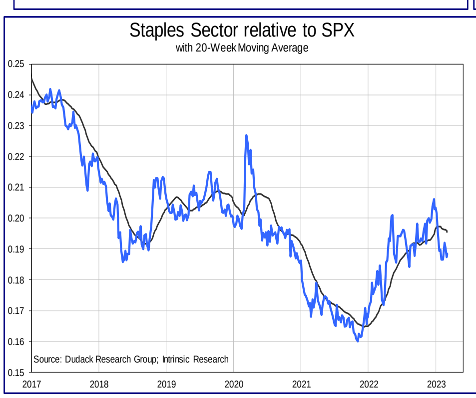












2023 Performance - Ranked	
SP500 Sector	% Change
S&P INFORMATION TECH	11.6%
S&P COMMUNICATIONS SERVICES	10.9%
S&P CONSUMER DISCRETIONARY	10.6%
S&P MATERIALS	4.7%
S&P 500	3.8%
S&P INDUSTRIALS	3.6%
S&P FINANCIAL	2.2%
S&P REITS	1.6%
S&P ENERGY	-2.8%
S&P CONSUMER STAPLES	-3.6%
S&P HEALTH CARE	-6.8%
S&P UTILITIES	-7.7%

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	$171.86	$196.09	$200.00	-3.9%	**$218.71**	5.1%	20.3X	1.4%	-1.4%	$2,543.00	6.7%
2023E	~~~~~	$198.35	$219.13	$180.00	-10.0%	**$221.64**	1.3%	18.6X	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*	3986.37	$38.72	$49.51	$52.77	-6.9%	$53.27	-1.3%	20.8	1.7%	2.7%	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 3/7/2023

Regulation AC Analyst Certification

I, Gail Dudack, hereby certify that all the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific views contained in this report.

IMPORTANT DISCLOSURES

RATINGS DEFINITIONS:

Sectors/Industries:

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

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