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May 10, 2023

DJIA: 33561.81
SPX: 4119.17
NASDAQ: 12179.55

US Strategy Weekly

Inflation, Recession, and Earnings Math

At the May meeting of the Economics Club of New York, the New York Federal Reserve President John Williams said it is too early to say if the central bank is done raising interest rates. He added that "officials have not yet decided what lies ahead in terms of possible increases in short-term borrowing costs and if more action is needed policymakers won't hold back." This is not in line with the consensus which shows a 78% chance that the Fed is likely to pause rate increases at the June meeting. More importantly, fed futures now reflect a 45% chance that interest rates will actually be cut 25 basis points at the September meeting.

Keep in mind that while FOMC just raised the fed funds rate 25 basis points last week and the next FOMC meeting is only five weeks away on June 13-14. Nevertheless, we believe there is a good chance that the consensus could be disappointed, and the Fed could raise interest rates again. This explains why the CPI and PPI data reported this week will be so important. It could have a big impact on sentiment.

Inflation Math

Yet from a purely mathematical perspective, the peak rate of inflation of 9.1% was recorded in June of last year, and this means it could, or should, be easier for the year-over-year inflation rate to move steadily down as we approach mid-year. When we checked our database, we found that if the headline seasonally adjusted CPI data remained unchanged on a monthly basis for April, May, and for June, headline inflation would fall to 2.4%. This would be a very pleasant surprise for most economists. Either way, new inflation data will be crucial in the coming months.

But first, it will be important to see what headline and core inflation were in April and if there is any moderation in service sector pricing. Inflation data for May will be reported prior to the June FOMC meeting, which means the Fed governors will have several new data points on inflation before their next meeting.

The controversy surrounding the May FOMC meeting was whether the Federal Reserve should raise interest rates in the wake of a banking crisis. However, the crisis appears to be fading. Loans on the Fed's balance sheet rose by $339 billion at the onset of the March banking crisis, but loans have been on the decline and by early May fell $36.4 billion from the March 22 peak of $354.2 billion. From a broader perspective, the Fed's total balance sheet has been contracting, which means that quantitative tightening has been reinstated. This is good news since it lowers the risk of inflation in the broad economy, nevertheless, it does remove the positive bias that quantitative easing has for equities. See page 3.

Recession Math

April payrolls increased by 253,000 and the unemployment rate fell 0.1% to 3.39%. This decline in the unemployment rate now matches the low last seen in 1969, or 54 years ago! This robust growth in jobs and a historically low unemployment rate reflect a resilient job market and unfortunately for the Fed, a strong job market will only make its inflation goals more difficult to achieve. The bottom line is that it adds credence to the possibility of another rate hike in June.

Rising interest rates usually increase the risk of a future recession, however, there is another interesting math equation worth pointing out about recessions. The data series we have found to be the best lead indicator of a recession is a year-over-year decline in total employment. In fact, in the eleven recessions recorded since 1950, each was immediately preceded by a decline in total employment. Given that job growth has been robust, the US economy does not appear to be at risk of slipping into a recessionary state in the near future. However, this may also be one reason the Fed will continue to raise rates further than expected. The strong job market should give them a safety blanket, at least in the near term. See page 4.

On the other hand, small business owners are not optimistic about their future. The NFIB optimism index slipped to 89 in April. This was the 16th consecutive month below the long-term average of 98 and it leaves the index at levels typically associated with a recession. Twenty-four percent of business owners indicated that labor quality was the top business problem. Inflation was in second place by one point at 23%. Plans for capex, employment, or to increase inventories have been declining for much of the last twelve months. Expectations for real sales, economic improvement, and better credit conditions also fell in April. See page 5.

Earnings Math

The economy may not be on the brink of a recession, but earnings are already experiencing their own recession. According to IBES, first quarter earnings for this year are currently $438.1 billion, down 0.7% YOY and down 0.4% month-over-month. This marks the second consecutive quarter of negative growth. Earnings declines are expected to continue into the next quarter when estimates suggest a 4.7% YOY decline. See page 7.

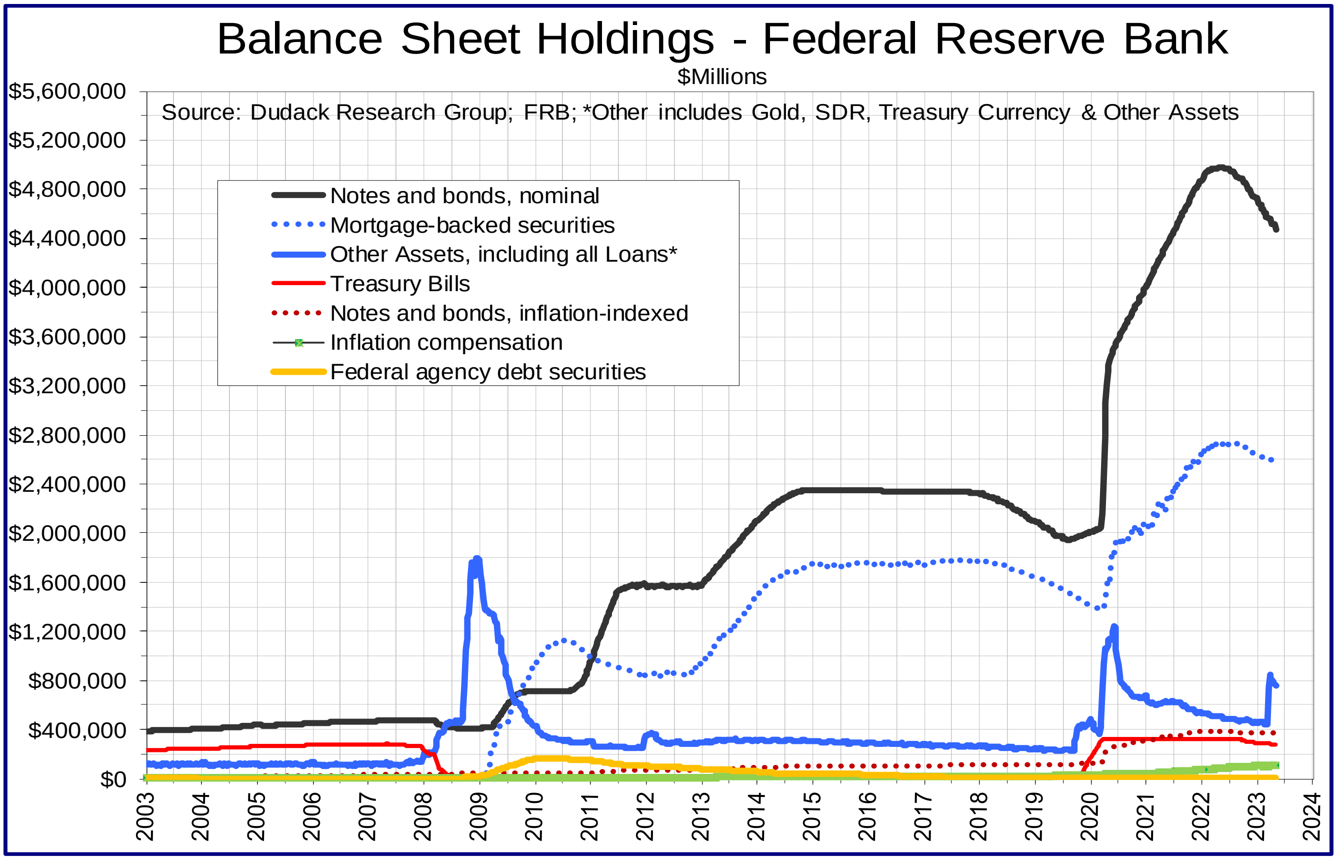
Using S&P Dow Jones earnings estimates on a 12-month trailing basis, earnings turned negative in April. When looking at reported earnings, the 12-month trailing earnings stream has been negative since October 2022, i.e., for the last two quarters. See page 6. In short, while the job market may not suggest a recession is in sight, earnings are already experiencing a recession. This is apt to continue since the consumer and small businesses have been crippled by high inflation and rising interest rates this year. All in all, this explains why the stock market has been stuck in a trading range for most of the last twelve months. See page 10.

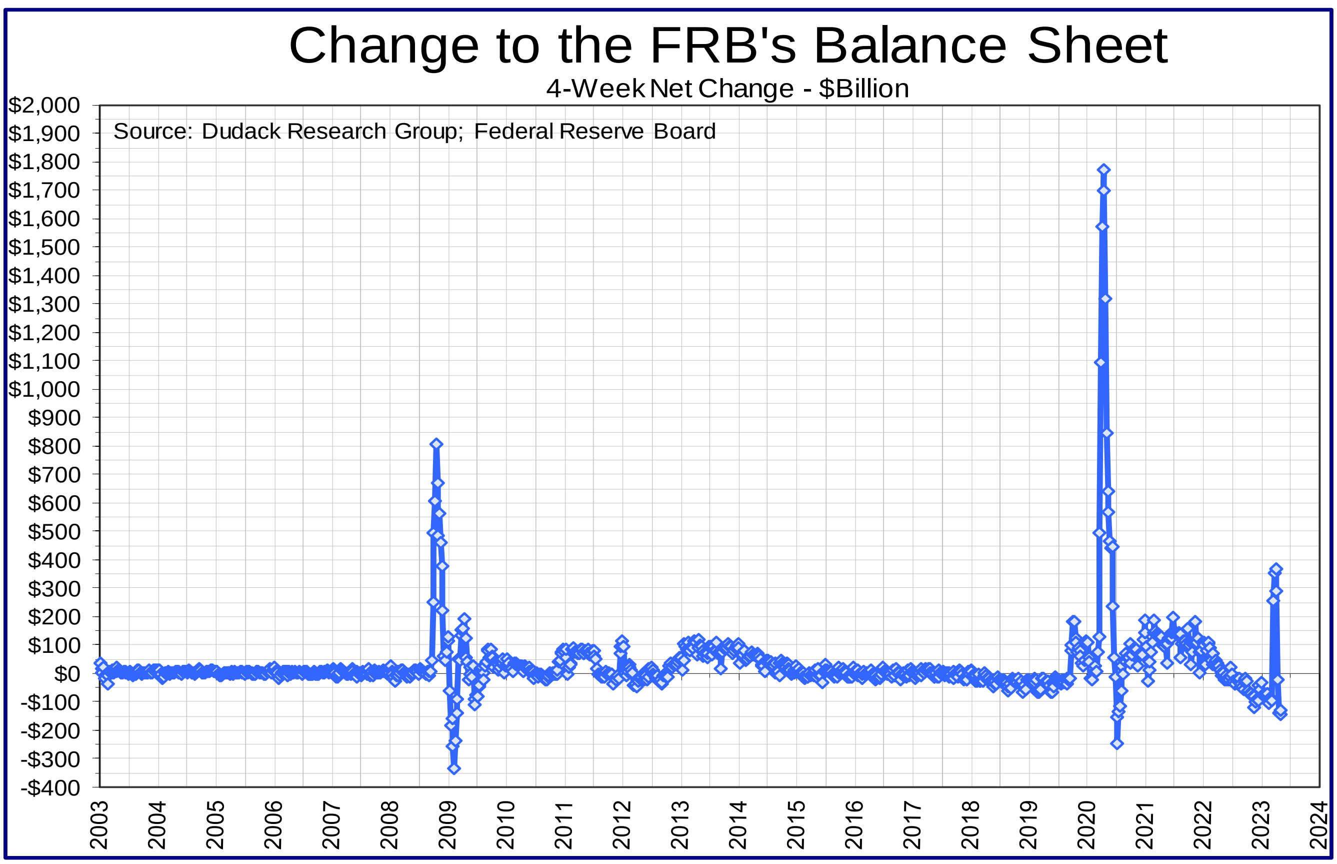
Technical Roundup

The charts of the S&P 500, Dow Jones Industrial Average, and the Nasdaq Composite are all technically positive, but each faces a critical level of resistance near current levels. These levels are SPX 4,200; DJIA 34,500; and Nasdaq 12,500. The Russell 2000 remains our favorite guide for the market since it remains well within a defined range with support at 1,650 and resistance at the 2000 level. It is worth noting that the Russell 2000 has been underperforming the larger capitalization indices and this is a cause for concern. And even though the index is moving toward the bottom of its range, we remain cautious. Our main near-term concern centers on our lack of faith that the debt ceiling negotiations in Washington DC will be done in good faith and if we are right, it will have a negative impact on the dollar and the securities markets.

Most other technical indicators are neutral and inconclusive. The 25-day up/down volume oscillator is at negative 0.62 this week. This is in neutral range, but only after being unsuccessful at sustaining an overbought reading. In sum, we remain cautious and continue to focus on recession-resistant stocks where both earnings and/or dividends are most predictable.

Loans on the Fed's balance sheet rose by $339 billion at the start of the March banking crisis but fell $36.4 billion from the $354.2 billion peak (March 22) by early May. Equally important, quantitative tightening has been reinstated, which does remove that positive bias for equities.

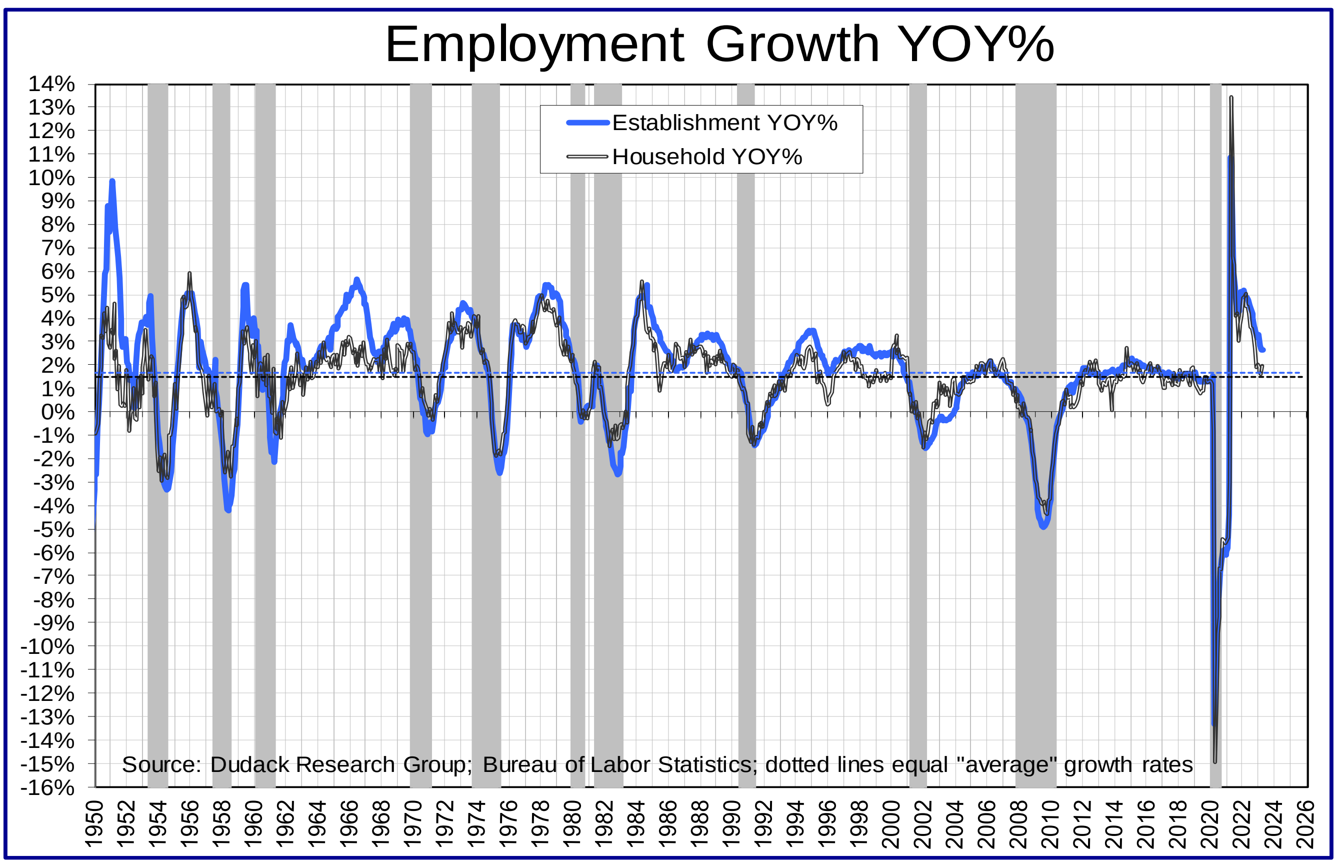




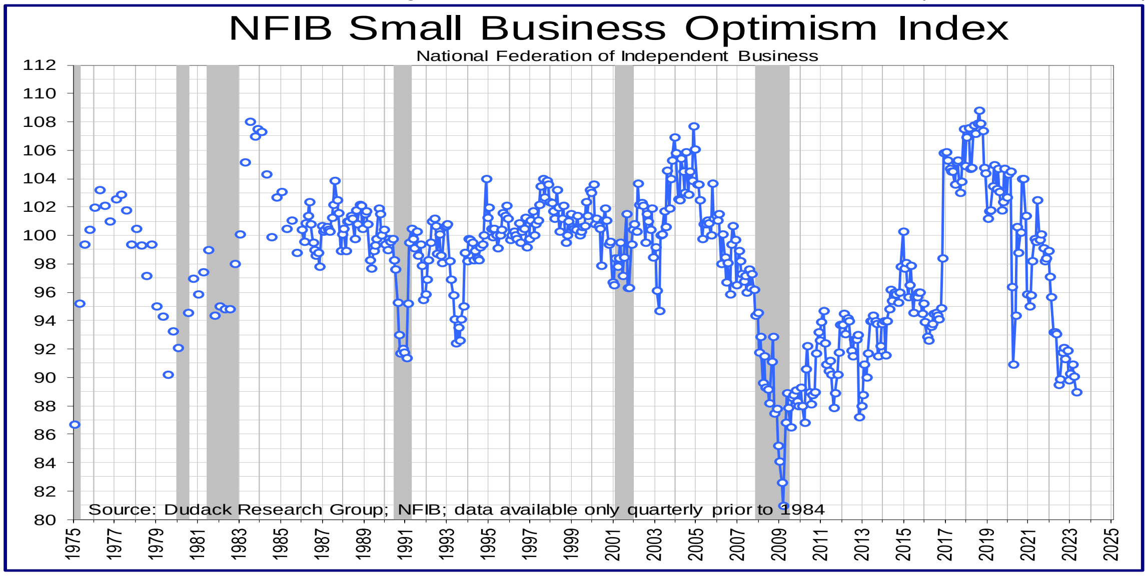
April payrolls increased by 253,000 and the unemployment rate fell 0.1% to 3.39%, matching the low last seen in 1969. Both statistics are signs of a strong job market, and this will make the Fed's inflation-fighting policy more difficult.
Rising interest rates raise the risk of a recession on the horizon, however, it is interesting to note that recessions are most closely related to year-over-year declines in total employment. From this perspective, the US economy does not appear to be at risk of slipping into a recessionary state.

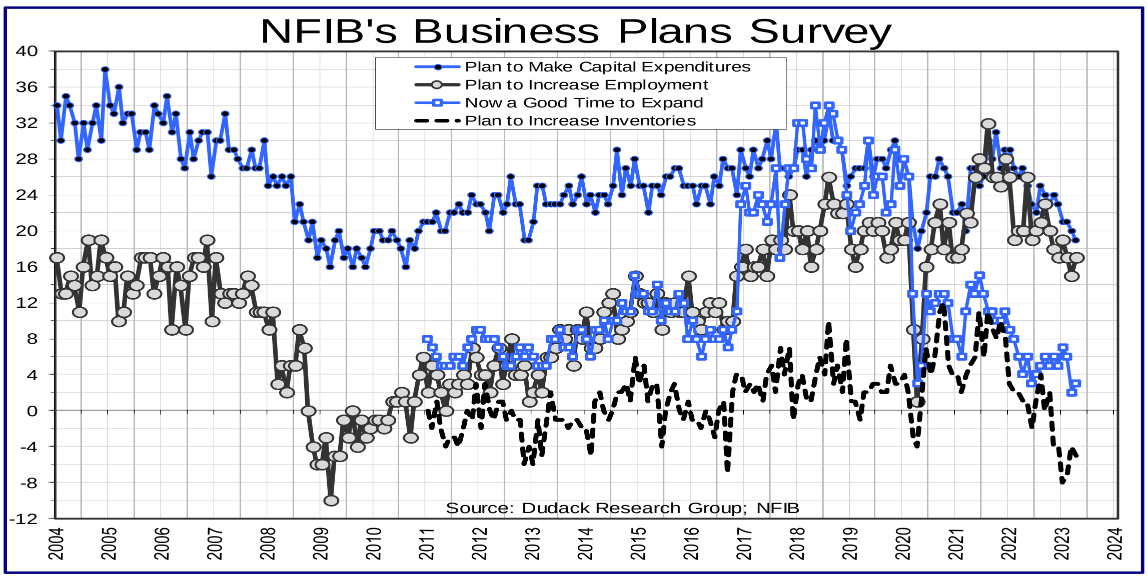
Employment Surveys (1,000s SA)	Apr-23	Mar-23	Change	Apr-22	Yr/Yr
Establishment Survey: NonFarm Payrolls	155,673	155,420	253	151,678	3,995
Household Survey Data (1,000s)					
Employed (A)	161,031	160,892	139	157,982	3,049
Unemployed (B)	5,657	5,839	(182)	5,968	(311)
Civilian labor force [A+B]	166,688	166,731	(43)	163,950	2,738
Unemployment rate [B/(A+B)]	3.4%	3.5%	-0.11%	3.6%	-0.2%
U6 Unemployment rate	6.6%	6.7%	-0.1%	7.0%	-0.4%
Civilian noninstitutional population (C)	266,443	266,272	171	263,559	2,884
Participation rate [(A+B)/C]	62.6	62.6	0.0	62.2	0.4
Employment-population ratio [A/C]	60.4	60.4	0.0	59.9	0.5
Not in labor force	99,755	99,861	-106	99,609	146

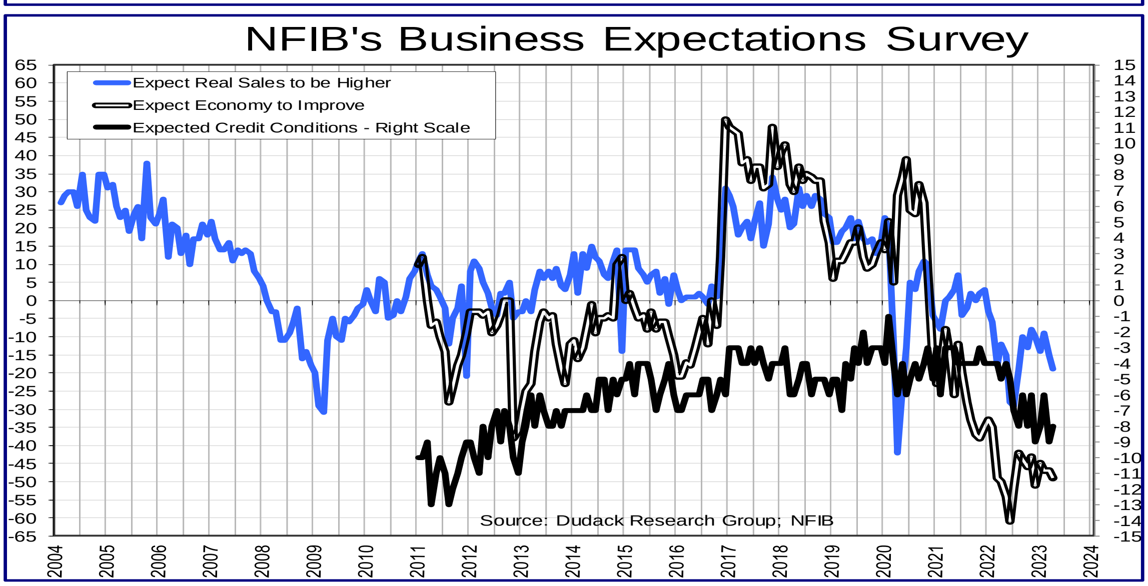
Source: Bureau of Labor Statistics



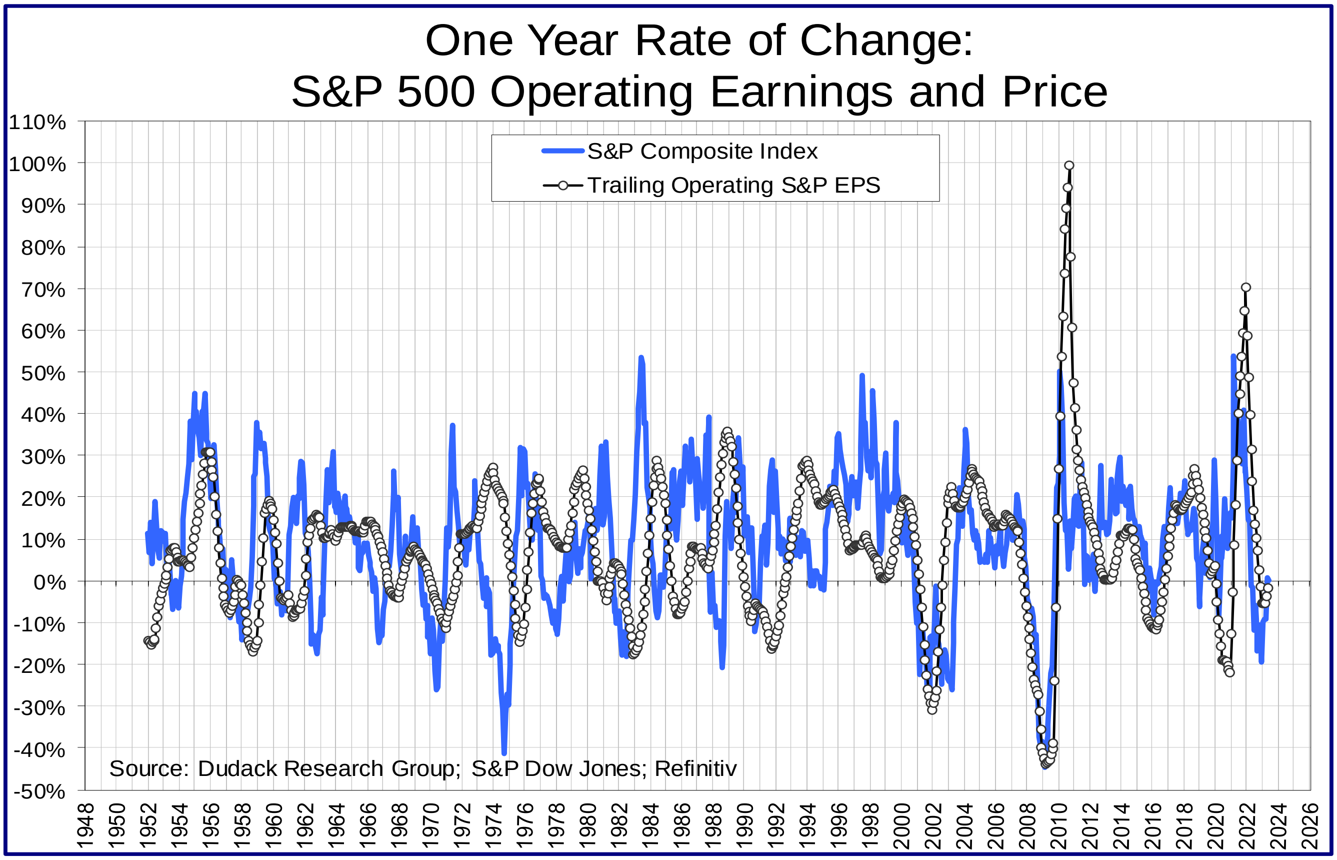
However, small business owners are not optimistic. The NFIB optimism index slipped to 89 in April, the 16th consecutive month below the long-term average of 98. Labor quality was the top business problem at 24%, with inflation in second place by one point at 23%. Business owners plans for capex, employment, or to increase inventories have been declining for much of the last twelve months. And economic expectations also fell in April.

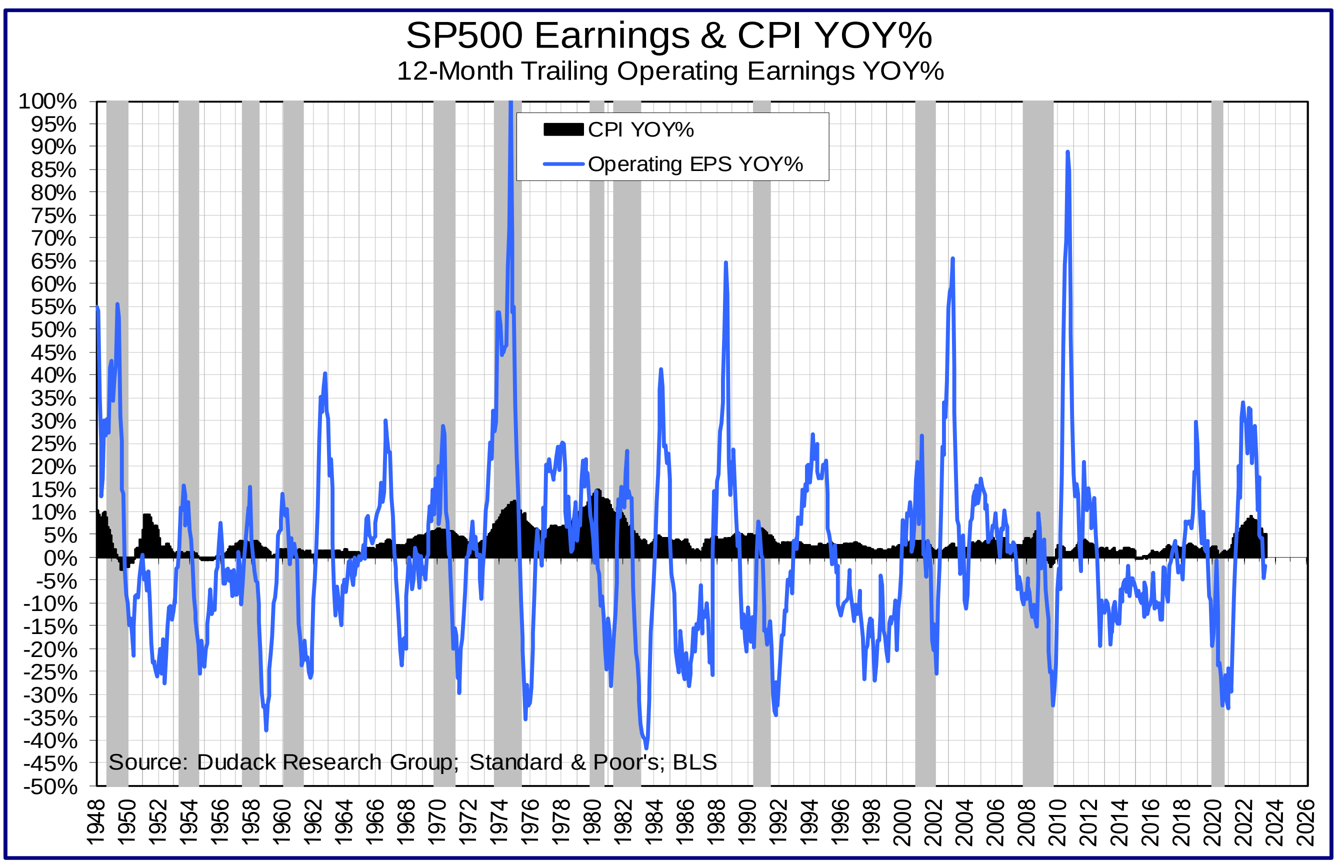






The economy may not be at any immediate risk for a recession, but S&P 500 earnings have been declining. On a 12-month trailing basis, S&P earnings turned negative in April. S&P reported earnings have been negative since October 2022. In short, the job market may be too strong to suggest a recession is in sight, but the consumer and small businesses have been crippled by high inflation and rising interest rates. This has weakened the earnings outlook.



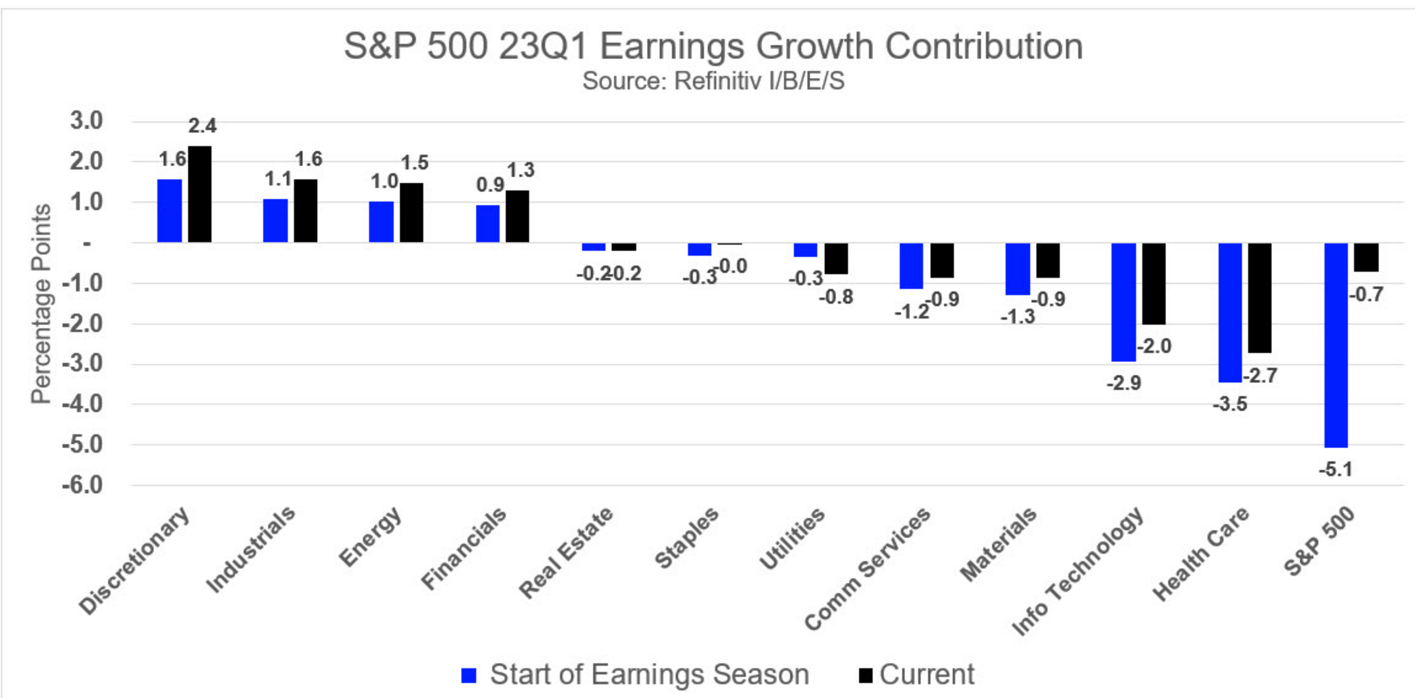


TAKEN FROM: THIS WEEK IN EARNINGS – MAY 5, 2023 -- IBES DATA FROM REFINITIV

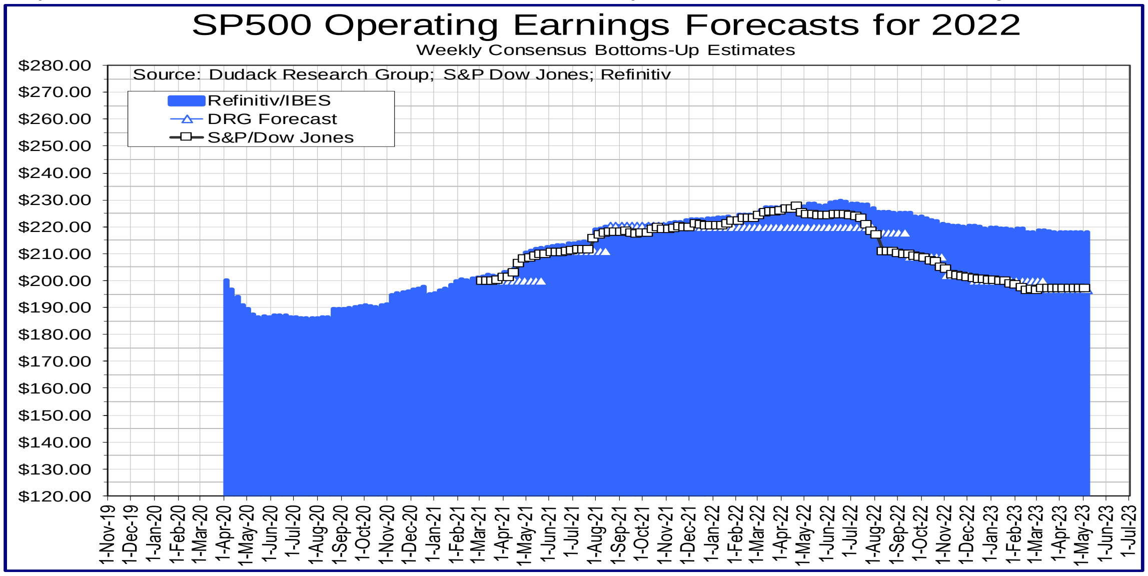
From a year-over-year growth perspective, first quarter earnings for this year are currently $438.1 billion, down 0.7% YOY and down 0.4% month-over-month. This marks the second consecutive quarter of negative growth. Earnings declines are expected to continue into the next quarter when estimates suggest a 4.7% YOY decline.

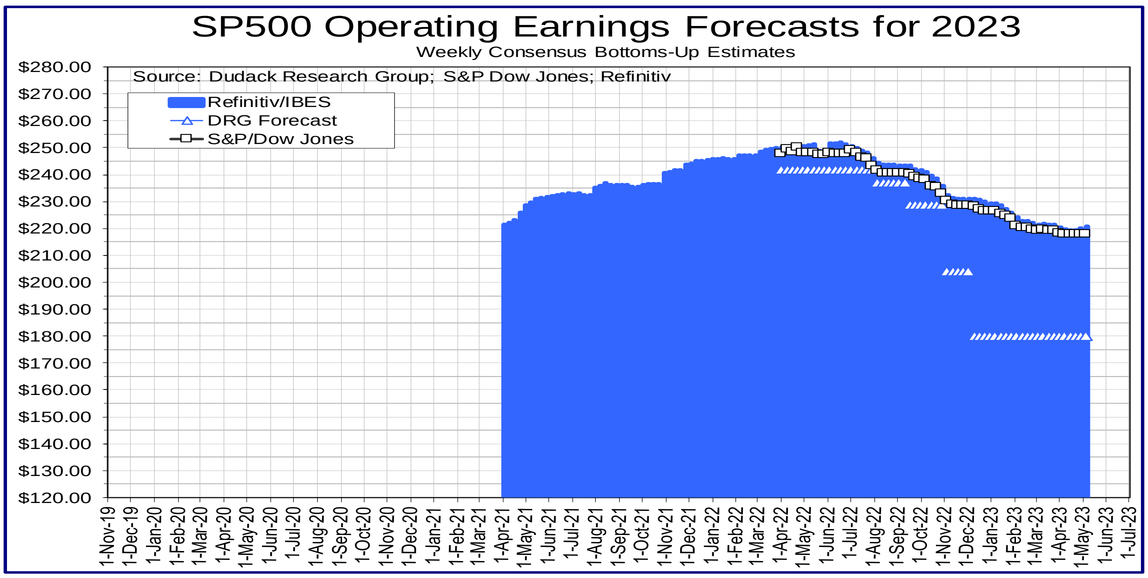
Year-over-year growth has increased by 4.3 percentage points since the start of earnings season, which is the largest intra-quarter improvement since the first quarter of 2022. Excluding energy, earnings growth is -2.4% YOY, which is the fourth consecutive quarter of negative ex. Energy growth. This has happened twice before – during the Global Financial Crisis of 2008-2009 and during the COVID pandemic of 2020.

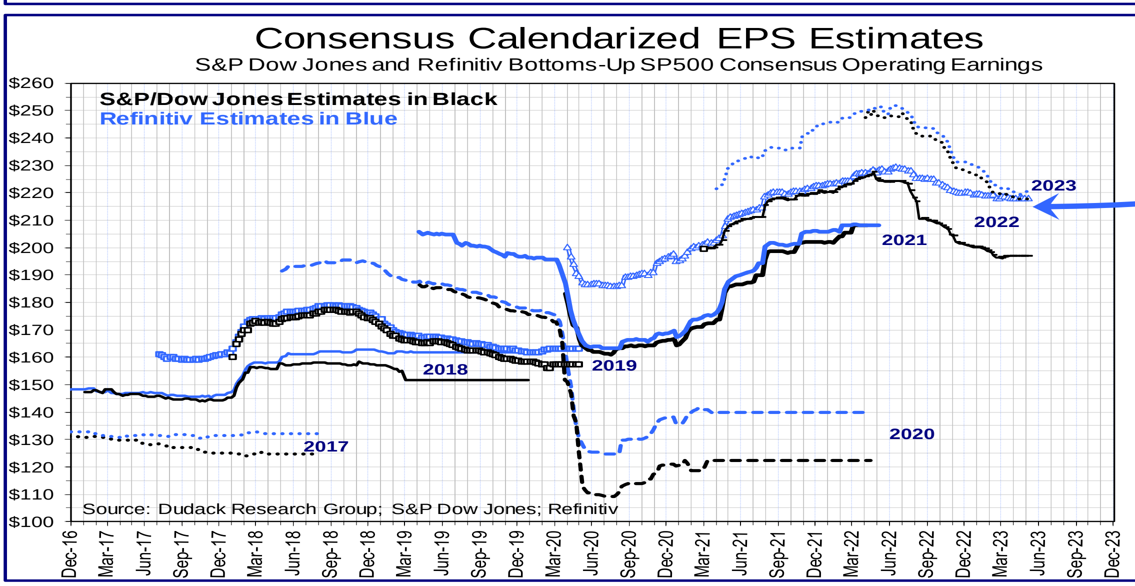
Interestingly, the dramatic improvement in first quarter earnings growth has not translated throughout the rest of the year and second, third, and fourth quarter growth expectations have all declined marginally since April. Analysts may be adopting a 'wait-and-see' approach before revising estimates any further.



After a busy earnings week, and with nearly 86% of the S&P 500 companies reporting, the S&P Dow Jones consensus estimates for 2023 and 2024 are $217.71 and $244.85, falling $0.16 and rising $1.03, respectively. Refinitiv IBES earnings estimates for 2023 and 2024 are $220.87 and $246.43, rising $0.84 and $0.27, respectively. *(Note: consensus macro-EPS forecasts may differ from four quarter analysts' forecast sums seen on back pages.)* Our 2022 estimate is adjusted to match the S&P. Our 2023 estimate of $180 is currently well below consensus and is unchanged.







The combination of falling crude oil and gasoline prices, coupled with the relatively positive performance of gold has the implication that recession fears are driving commodity prices. The weakness in the dollar, which is inflationary, could be related to the risk of a US default if the debt ceiling is not raised by Congress in the next few months.

Source: Refinitiv

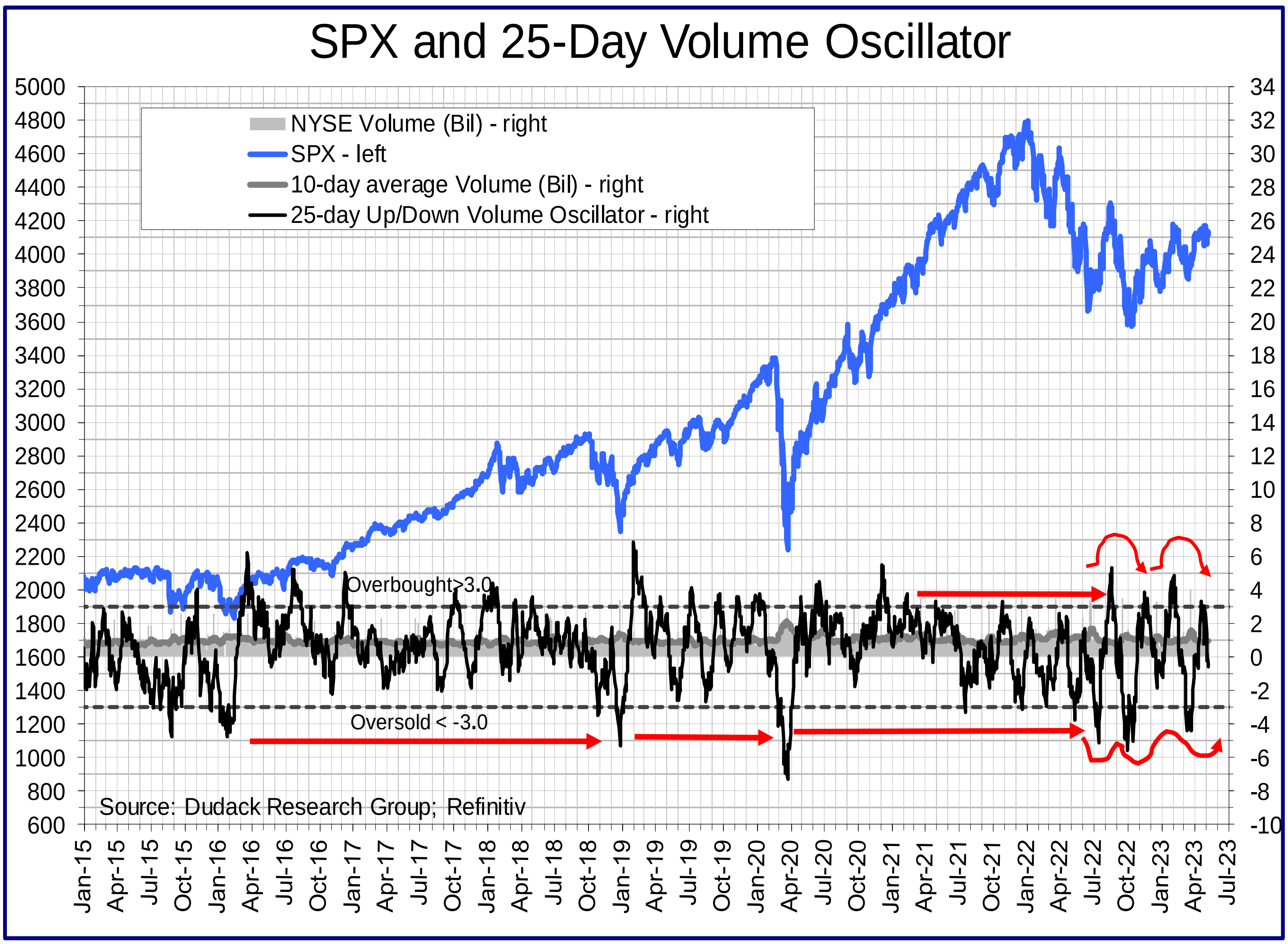
The charts of the SPX, DJIA, and IXIC are technically positive, but each faces a critical level of resistance near current levels. These are: SPX 4,200; DJIA 34,500; and Nasdaq 12,500. The Russell 2000 remains our favorite guide for the market since it remains well within a defined range with support at 1,650 and resistance at 2000.

Source: Refinitiv

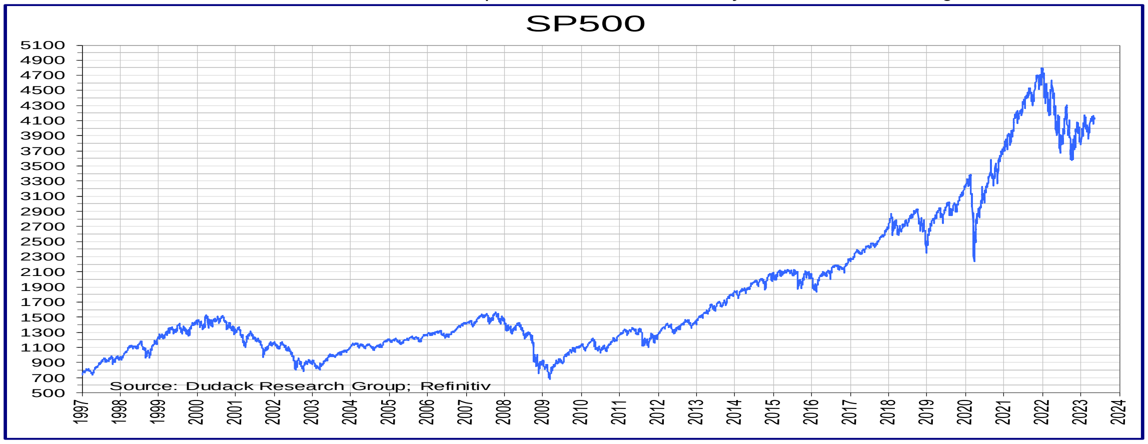
The 25-day up/down volume oscillator is at negative 0.62 this week and in neutral territory after recording one-day **overbought** readings of 3.0 or higher on April 18, April 24, and April 28. However, the inability of this oscillator to reach and maintain an overbought reading on a rally reveals a weakness in underlying buying pressure, i.e., demand.

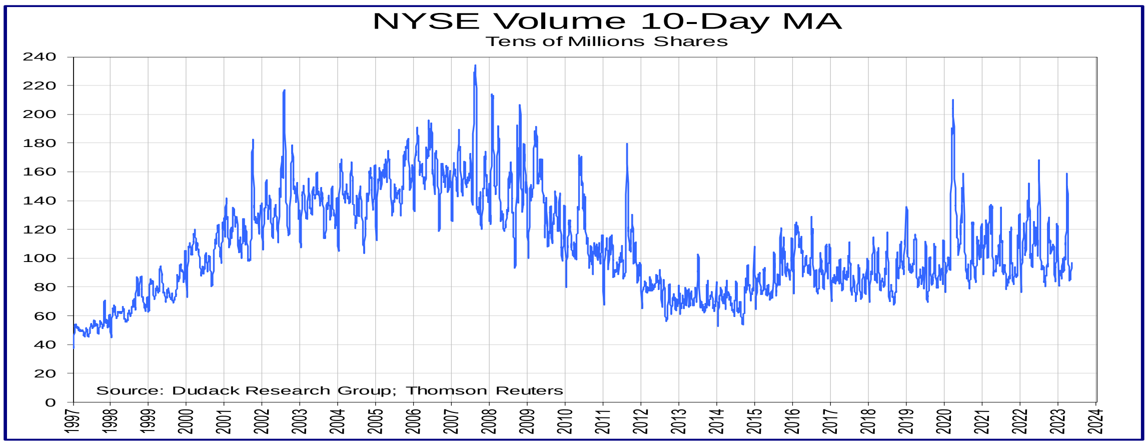
These one-day overbought readings followed a 12-day **oversold** reading that ended March 23. Earlier this year the indicator shifted from bearish to neutral when it recorded an eleven-day **overbought** reading ending February 8. In short, this flip-flop action between overbought and oversold defines the current market condition as being neither bullish, nor bearish, but in a long-term sideways trading range.

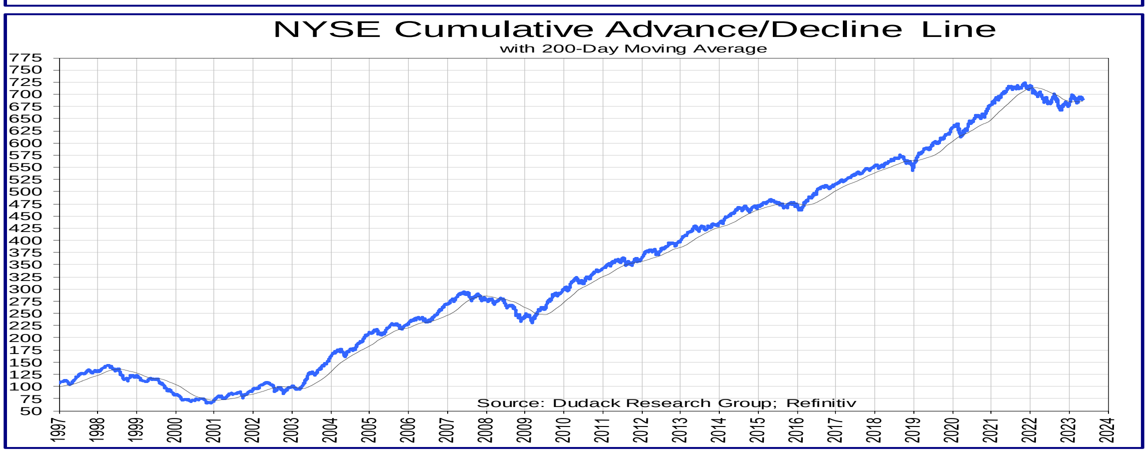
The likelihood of an intermediate-term top in the market is increasing this week since volume has been declining on recent rally days and accelerated on Monday's declining day.

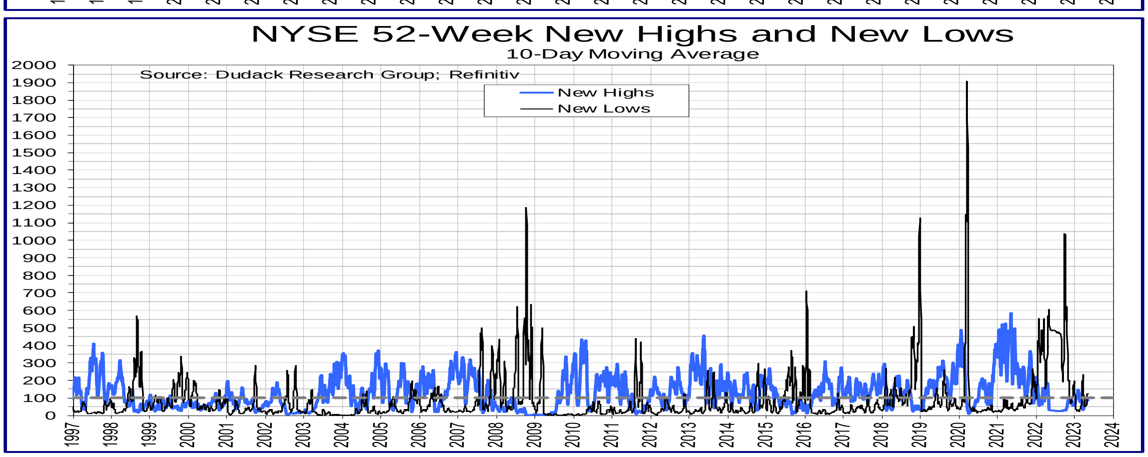


The 10-day average of daily new highs is 87 and new lows are 122. This combination is now negative since new highs are below 100 and new lows are above 100. The advance/decline line fell below the June low on September 22 and is currently 34,369 net advancing issues from its 11/8/21 high.

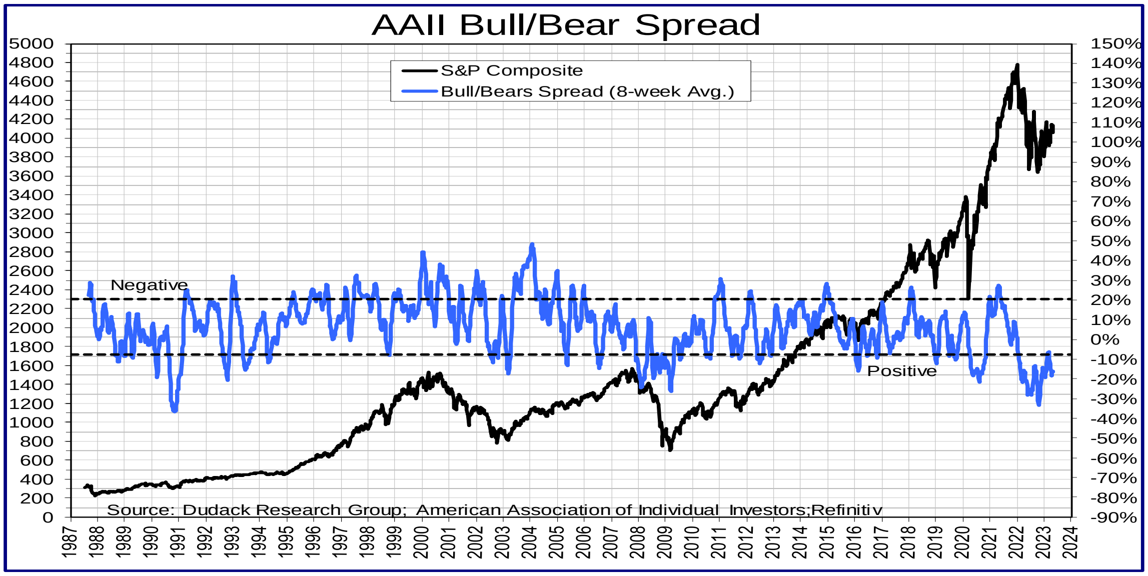


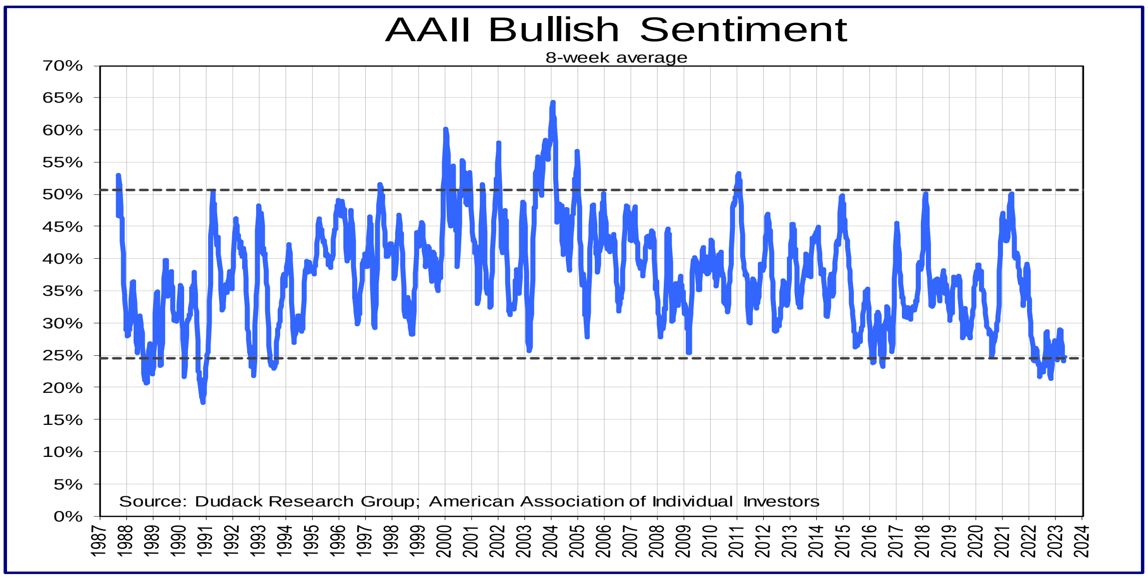


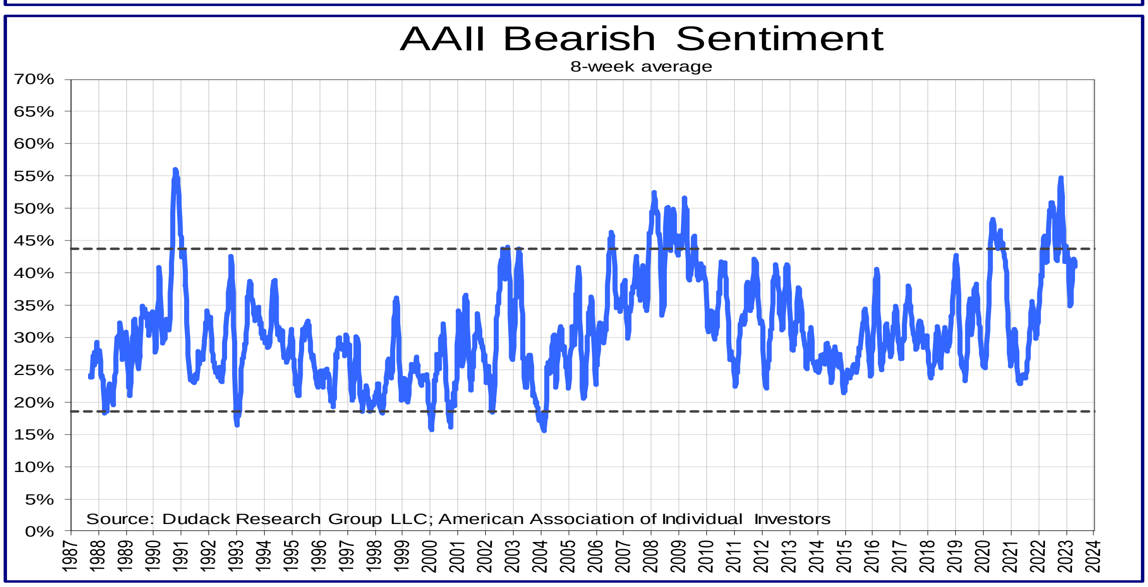




Last week's AAII readings saw no change in bullishness at 24.1% and a 6.4% increase in bears to 44.9%. Bearishness remains above average for the 71st time out of the past 76 weeks. The Bull/Bear 8-week Spread remained in positive territory. Note that there was a 4-week neutral reading in January/February.







Global Markets and Commodities - Ranked by 2023 Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
iShares MSCI Mexico Capped ETF	EWW	61.86	1.9%	5.5%	3.9%	25.1%
Communication Services Select Sector SPDR Fund	XLC	58.55	-0.4%	-0.6%	1.0%	22.0%
NASDAQ 100	NDX	13201.11	0.7%	1.1%	0.1%	20.7%
Technology Select Sector SPDR	XLK	150.00	0.3%	0.6%	-0.7%	20.5%
iShares MSCI Germany ETF	EWG	29.24	0.7%	2.3%	2.7%	18.2%
SPDR Homebuilders ETF	XHB	71.32	1.5%	10.6%	5.3%	18.2%
Nasdaq Composite Index Tracking Stock	ONEQ.O	47.83	0.9%	0.9%	-0.3%	16.7%
iShares Russell 1000 Growth ETF	IWF	246.44	0.7%	1.4%	0.9%	15.0%
Consumer Discretionary Select Sector SPDR	XLY	147.65	0.8%	1.9%	-1.3%	14.3%
iShares MSCI EAFE ETF	EFA	73.60	1.1%	2.3%	2.9%	12.1%
SPDR Gold Trust	GLD	189.02	0.8%	1.4%	3.2%	11.4%
iShares MSCI Austria Capped ETF	EWO	20.97	1.4%	2.6%	3.6%	10.4%
iShares MSCI Japan ETF	EWJ	60.04	3.0%	3.9%	2.3%	10.3%
iShares MSCI Taiwan ETF	EWT	44.15	1.4%	-1.6%	-2.6%	9.9%
iShares MSCI United Kingdom ETF	EWU	33.64	0.7%	1.8%	4.3%	9.7%
Vanguard FTSE All-World ex-US ETF	VEU	54.56	1.4%	1.7%	2.0%	8.8%
Shanghai Composite	.SSEC	3357.67	1.0%	0.9%	2.6%	8.7%
iShares MSCI Canada ETF	EWC	35.51	2.7%	2.9%	3.9%	8.5%
iShares MSCI South Korea Capped ETF	EWY	60.98	1.0%	1.7%	-0.4%	8.0%
Silver Future	SIc1	25.70	1.2%	2.7%	6.7%	7.7%
SP500	.SPX	4119.17	0.0%	0.3%	0.2%	7.3%
iShares Russell 1000 ETF	IWB	225.50	0.1%	0.4%	0.1%	7.1%
iShares Silver Trust	SLV	24.54	0.6%	2.7%	6.2%	6.8%
iShares MSCI Singapore ETF	EWS	19.96	1.5%	-0.3%	0.6%	6.1%
SPDR S&P Semiconductor ETF	XSD	175.70	-2.1%	-10.2%	-15.8%	5.1%
iShares Russell 2000 Growth ETF	IWO	223.85	1.3%	1.3%	-1.3%	4.3%
iShares MSCI Australia ETF	EWA	23.17	1.4%	0.3%	1.0%	4.2%
iShares MSCI Brazil Capped ETF	EWZ	29.04	6.3%	7.2%	6.1%	3.8%
Gold Future	GCc1	2556.10	0.2%	0.9%	1.1%	3.7%
iShares 20+ Year Treas Bond ETF	TLT	103.05	-2.5%	-5.0%	-3.1%	3.5%
PowerShares Water Resources Portfolio	PHO	53.33	0.9%	3.4%	0.0%	3.5%
iShares MSCI Emerg Mkts ETF	EEM	39.17	1.4%	-0.6%	-0.7%	3.4%
Consumer Staples Select Sector SPDR	XLP	76.71	-0.8%	1.8%	2.7%	2.9%
iShares iBoxx $ Invest Grade Corp Bond	LQD	107.72	-1.3%	-2.4%	-1.7%	2.2%
SPDR S&P Retail ETF	XRT	61.36	1.0%	-0.2%	-3.2%	1.5%
SPDR DJIA ETF	DIA	335.77	-0.3%	0.3%	0.9%	1.3%
Materials Select Sector SPDR	XLB	78.68	-1.3%	-1.2%	-2.5%	1.3%
DJIA	.DJI	33561.81	-0.4%	0.2%	0.9%	1.3%
Industrial Select Sector SPDR	XLI	99.37	-0.1%	1.6%	-1.8%	1.2%
iShares China Large Cap ETF	FXI	28.44	2.7%	-2.9%	-3.7%	0.5%
iShares US Real Estate ETF	IYR	84.27	1.0%	0.1%	-0.7%	0.1%
iShares MSCI BRIC ETF	BKF	34.34	1.9%	-1.2%	-1.1%	0.0%
iShares Russell 1000 Value ETF	IWD	151.39	-0.5%	-0.7%	-0.6%	-0.2%
iShares Russell 2000 ETF	IWM	173.53	1.1%	-0.2%	-2.7%	-0.5%
iShares Nasdaq Biotechnology ETF	IBB.O	130.60	0.6%	-0.3%	1.1%	-0.5%
iShares MSCI India ETF	INDA.K	41.47	1.0%	3.8%	5.4%	-0.6%
Utilities Select Sector SPDR	XLU	68.73	0.7%	-1.5%	1.5%	-2.5%
Health Care Select Sect SPDR	XLV	132.41	-0.9%	-0.8%	2.3%	-2.5%
iShares MSCI Malaysia ETF	EWM	22.09	1.0%	-0.8%	-0.4%	-3.3%
iShares MSCI Hong Kong ETF	EWH	20.30	-0.7%	-2.8%	-1.2%	-3.4%
iShares US Telecomm ETF	IYZ	21.41	-2.5%	-6.5%	-7.6%	-4.5%
iShares Russell 2000 Value ETF	IWN	131.17	0.7%	-1.9%	-4.3%	-5.4%
Financial Select Sector SPDR	XLF	32.26	-0.2%	0.8%	0.3%	-5.7%
United States Oil Fund, LP	USO	64.87	2.9%	-7.7%	-2.4%	-7.5%
Oil Future	CLc1	73.71	2.9%	-8.7%	-2.6%	-8.2%
Energy Select Sector SPDR	XLE	80.26	-0.3%	-5.6%	-3.1%	-8.2%
iShares DJ US Oil Eqpt & Services ETF	IEZ	18.36	2.3%	-5.6%	-5.0%	-13.4%
SPDR S&P Bank ETF	KBE	33.09	-2.6%	-8.6%	-10.7%	-26.7%

Outperformed SP500
Underperformed SP500

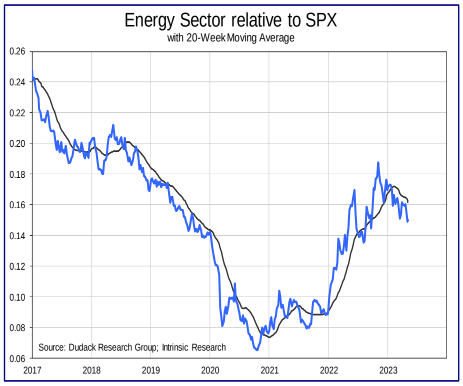
Source: Dudack Research Group; Refinitiv

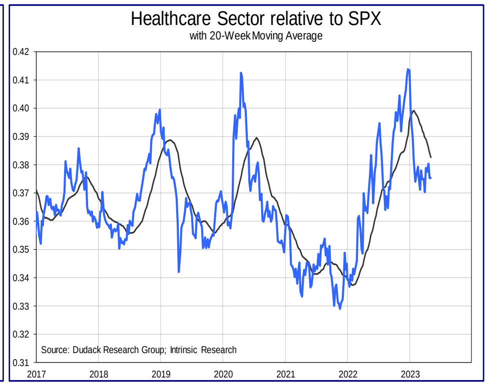
Priced as of May 9, 2023

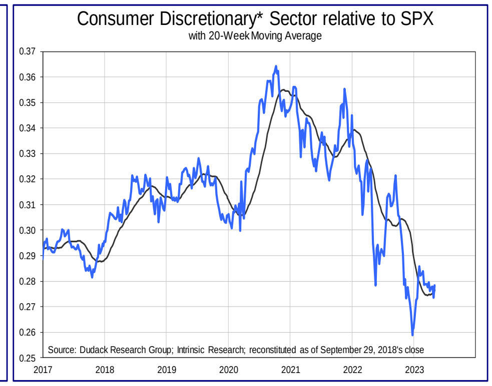
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

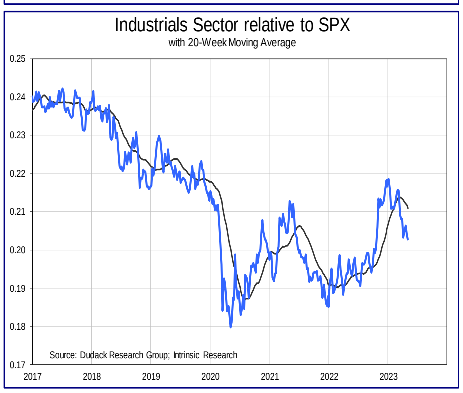
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Energy Industrials Staples Utililties		Healthcare Technology Materials Financials		Consumer Discretionary REITS Communication Services

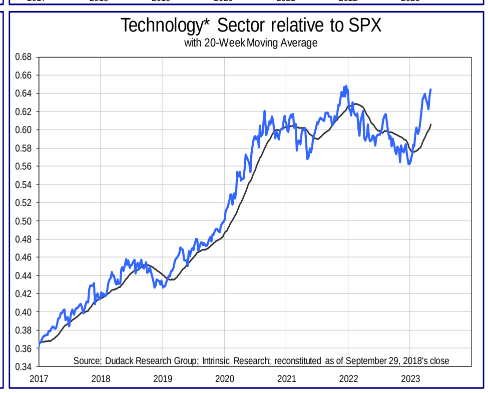
3/8/2022:Materials upgraded from underw eight to neutral/communication service dow ngraded from neutral to underw eight. 3/1/2022 Financials dow ngraded to neutral and Industrials upgraded to overw eight.

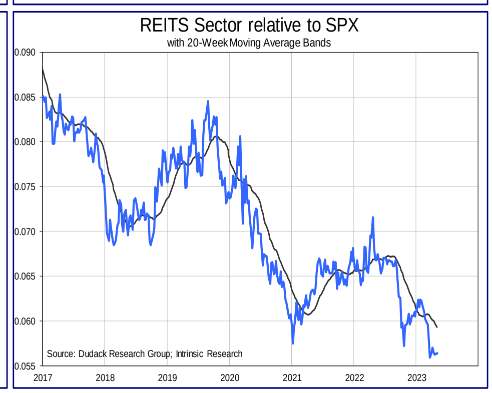


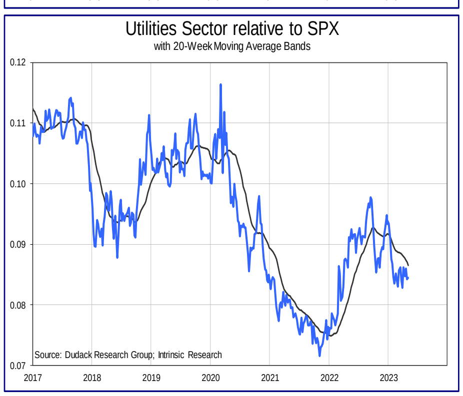


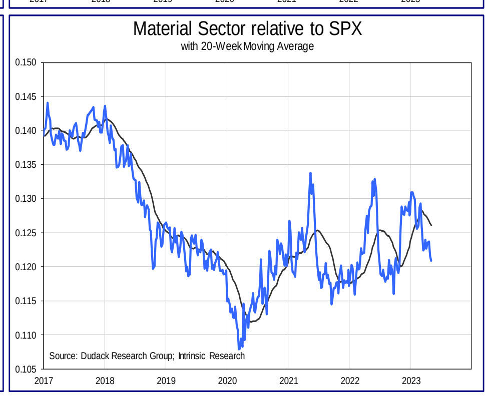


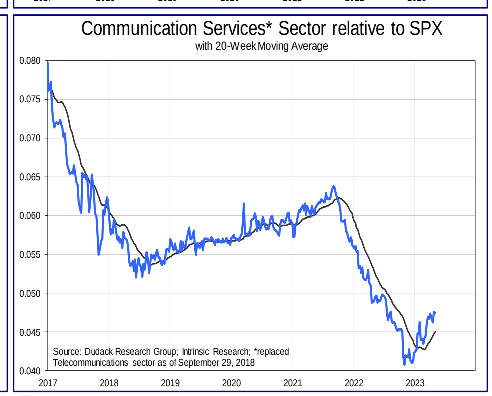


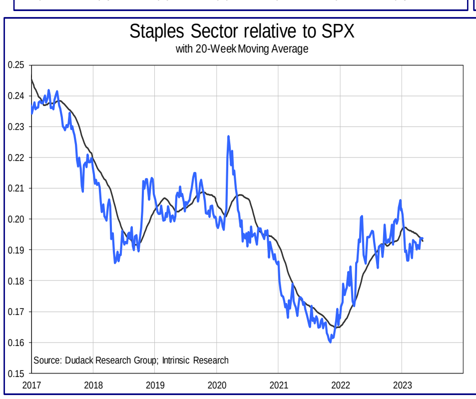


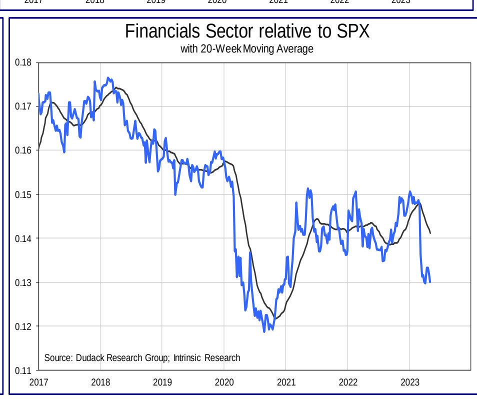












2023 Performance - Ranked	
SP500 Sector	% Change
S&P COMMUNICATIONS SERVICES	22.5%
S&P INFORMATION TECH	21.7%
S&P CONSUMER DISCRETIONARY	14.6%
S&P 500	7.3%
S&P CONSUMER STAPLES	2.6%
S&P MATERIALS	1.2%
S&P INDUSTRIALS	1.1%
S&P REITS	-0.1%
S&P HEALTH CARE	-2.7%
S&P UTILITIES	-2.8%
S&P FINANCIAL	-5.9%
S&P ENERGY	-8.1%

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 Dow Jones Reported EPS**	S&P Dow Jones Operating EPS**	DRG Operating EPS Forecast	DRG EPS YOY %	IBES 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 %
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%	-2.8%	$1,968.10	-4.7%
2021	4766.18	$197.87	**$208.17**	$208.17	70.1%	**$208.12**	49.0%	22.9X	1.3%	5.9%	$2,382.80	21.1%
2022	3839.50	$172.75	**$196.95**	$196.95	-5.4%	**$218.09**	4.8%	19.5X	1.4%	2.1%	$2,543.00	6.7%
2023E	~~~~~	$203.83	**$217.71**	$180.00	-8.6%	**$220.87**	1.3%	18.9X	NA	NA	NA	NA
2024E	~~~~~	$227.57	**$244.85**	$205.00	13.9%	**$246.43**	11.6%	16.8X	NA	NA	NA	NA
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 3Q	3585.62	$44.41	**$50.35**	$50.35	-3.2%	**$56.02**	4.3%	17.6	1.8%	3.2%	$2,543.00	3.5%
2022 4Q	3839.50	$39.61	**$50.37**	$50.37	-11.2%	**$53.15**	-1.5%	19.5	1.7%	2.6%	$2,475.20	1.6%
2023 1QE	4109.31	$48.93	**$51.28**	$42.00	-14.9%	**$53.07**	-3.2%	20.7	1.8%	1.1%	NA	NA
2023 2QE*	4119.17	$49.16	**$53.26**	$40.00	-14.7%	**$53.86**	-6.5%	20.1	NA	NA	NA	NA
2023 3QE	~~~~~	$52.11	**$55.74**	$48.00	-4.7%	**$56.47**	0.8%	19.6	NA	NA	NA	NA
20244QE	~~~~~	$53.64	**$57.43**	$50.00	-0.7%	**$58.19**	9.5%	18.9	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 5/9/2023

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.

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