Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
Gail M. Dudack, CMT • Chief Investment Strategist • gail@dudackresearchgroup.com • 212-320-2045
May 3, 2023

DJIA: 33684.53
SPX: 4119.58
NASDAQ: 12080.51

US Strategy Weekly
Banks, the Fed and Inflation

BANK TURMOIL

Equity investors turned cautious ahead of this week's FOMC meeting and we are not surprised. For one thing, regional banks continue to be under pressure despite the fact that over the weekend, in a relatively smooth transition, the FDIC stepped in, seized control of First Republic Bank, and sold its assets to JPMorgan Chase & Co. (JPM - $138.92). Yet, this buyout is no guarantee that the banking industry has stabilized. In fact, the stocks of many regional banks continue to suffer from intense selling pressure. There are multiple reasons for this.

Even though the 2023 banking crisis has been managed relatively well so far, it is not a "small event." The three US banks that collapsed this year (First Republic, Silicon Valley Bank, and Signature Bank of New York) had more combined assets under management than all 25 federally insured lenders that failed in 2008. According to the NEW YORK TIMES, this year's three failed banks held a massive $532 billion in total assets versus the $526 billion in combined assets of the 25 banks with FDIC insurance that failed in 2008.

Meanwhile, deposits continue to leave the banking industry. In the twelve months ending in late April, commercial bank deposits fell by $960 billion, with $464.0 billion exiting the banking system since the early March banking crisis. And unfortunately, it is questionable if the banking system has stabilized since loans in the Fed's new *Bank Term Funding Program* rose to a new high of $81.3 billion on April 26, 2023. This is a sign of illiquidity in the system. At the same time, the Fed's balance sheet contracted $171 billion in the 5 weeks ended April 26, 2023. See page 3.

In short, the Fed has resumed its monetary tightening at the same time that money is leaving the banking system for higher yielding assets. Confirming this trend is data from Refinitiv Lipper which indicates that investors purchased a net $42.68 billion worth of money market funds in the week ending April 26, which makes the cumulative money market fund inflows for the year $427.4 billion.

And the commercial banking industry faces the risk of rising bad debts later in the year. THE WALL STREET JOURNAL recently reported that a 22-story glass and stone tower at 350 California Street in San Francisco, worth about $300 billion in 2019, is now for sale and expected to see bids come in around $60 billion! More surprisingly, life-sciences buildings, typically less vulnerable to the remote-work movement since lab work requires specialized equipment and mechanical systems that can't be replicated at home, are also coming under pressure. A deluge of new supply in industry hubs such as San Diego, South San Francisco, and the Boston-Cambridge region, is generating a rise in life-sciences vacancies, according to commercial real estate services firm CBRE Group. In short, we expect banking will continue to be under duress from a combination of dwindling deposits, an inverted yield curve, and potential defaults. And note, short-term interest rates have not yet reached their peak.

This week's FOMC is expected to result in an additional 25-basis point increase in the fed funds rate to a range of 5.00% to 5.25%. However, important information will be found in whether the vote was unanimous for this rate hike or not, and whether or not the Fed's comments suggest a pause in rates will follow the May increase. Equity investors expect the Fed to be more accommodating in the second half of the year, which means anything slightly hawkish in Chairman Jerome Powell's comments would be a negative surprise for the market. We expect Chairman Powell will try to be as vague as possible about future monetary policy and will resort to being "data dependent." And economic data is quite a mix at the moment. Keep in mind that the Fed's meeting will be followed by expected rate increases by the European Central Bank on Thursday and the Bank of England next week, which means credit conditions are contracting globally. This means equity markets no longer have the wind at their back.

Economic Data Jumble

The March JOLTS report showed 9.6 million job openings, down 2.5 million over the last year and now at the lowest level since April 2021. In another sign that the labor market is cooling, the quits rate edged lower to 2.5%, the lowest point since February 2021.

GDP grew at 1.1% in the first quarter of the year, disappointing consensus expectations, but it is worth noting that personal consumption rose a fairly healthy 3.4%. It was the drag from inventories which contracted 2.3% that lowered GDP. See page 4.

However, the drag from inventories may not be over as seen in recent ISM data. The ISM manufacturing index rose from 46.3 to 47.1 in April but for the sixth consecutive month it remained below the 50 level that shows a contraction in activity. Nine of the 11 components rose in April, and surprisingly two of these, employment and prices paid rose above 50. This is not a good sign for the Fed since it is looking for weakness in both inflation and employment. The major drag on the April ISM index was inventories, which means second quarter GDP is starting on a weak note. See page 5. The ISM services index will be reported later this week.

Personal income rose 6% YOY in March and wages rose a more robust 7% YOY – a sign that wage inflation continues. But after being negative for 19 of the 21 months between April 2021 and December 2022, real personal disposable income increased 4% YOY in March for the third consecutive month this year. This shift is an indication of a gain in purchasing power and it is good news for the consumer. As a side note, March disposable income benefited from a 7.3% YOY decline in tax payments. The savings rate rose from 4.8% to 5.1% in the month and now exceeds $1 trillion. See page 6.

Personal consumption expenditures continue to increase on a year-over-year basis, but the trend is decelerating. Spending on services is highest with an 8% YOY increase, while nondurable spending is growing at a modest 2.6% pace. What surprised us in the data was that personal outlays rose 6.9% YOY in March whereas personal consumption expenditures rose only 6% YOY. Digging through the data we found that interest payments rose a stunning 52% YOY in March, which helps explain the differential. In other words, wages are rising, inflation is moderating, and real personal disposable income is improving. But at the same time, a steady increase in interest rates and interest expenses are eating up a good portion of these gains. In sum, higher interest rates are clearly hurting household consumption. See page 7.

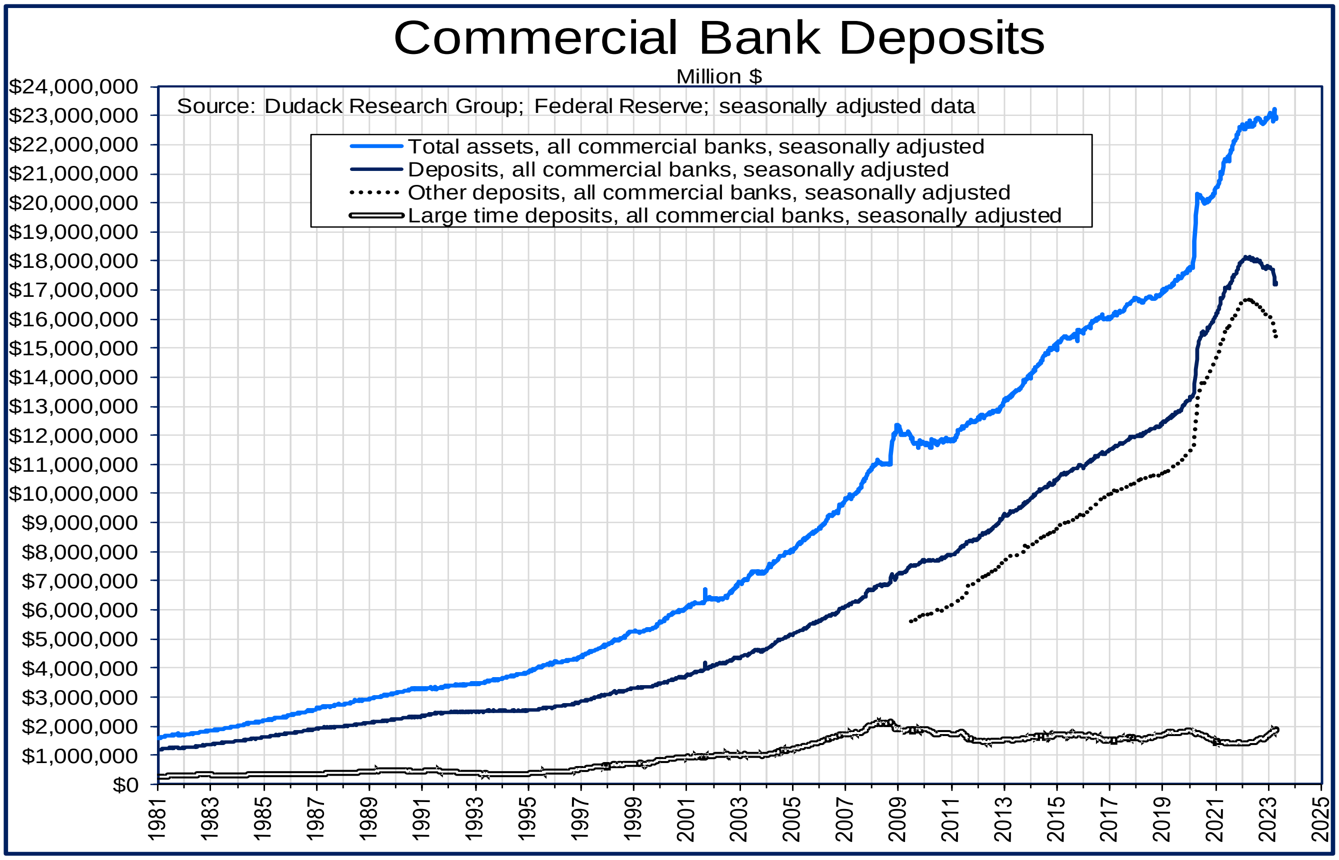
Technical Update

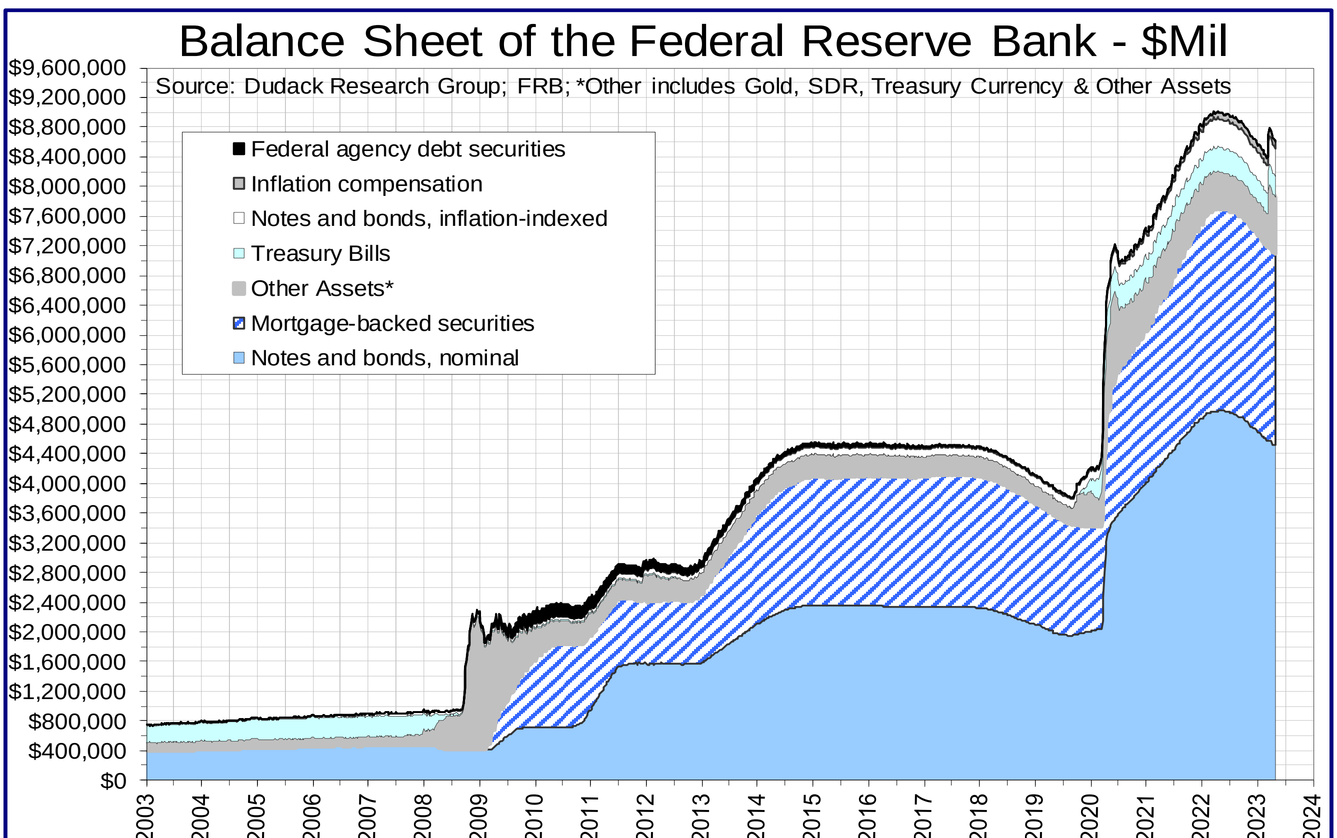
The combination of falling crude oil and gasoline prices, coupled with the relatively positive performance of gold this week, implies that investors have become increasingly worried about a recession. The dollar has been stable in recent sessions despite its weakness since early March, but this is not surprising given that interest rates are expected to rise this week. See page 9.

This year's equity gains have been concentrated in the most depressed stocks of 2022, the high PE growth stocks. And with interest rates headed higher this week it is not surprising that the April rally hit a roadblock. The Russell 2000 remains the best guide for what we believe is a trading range market as it trades between support at 1650 and resistance at 2000. See page 10. We would point out that the 10-day average of daily new highs is 87 and new lows are 87. This combination is neutral since neither new highs nor new lows are above 100; but the combination is also turning negative as the number of daily new highs declines. See page 12.

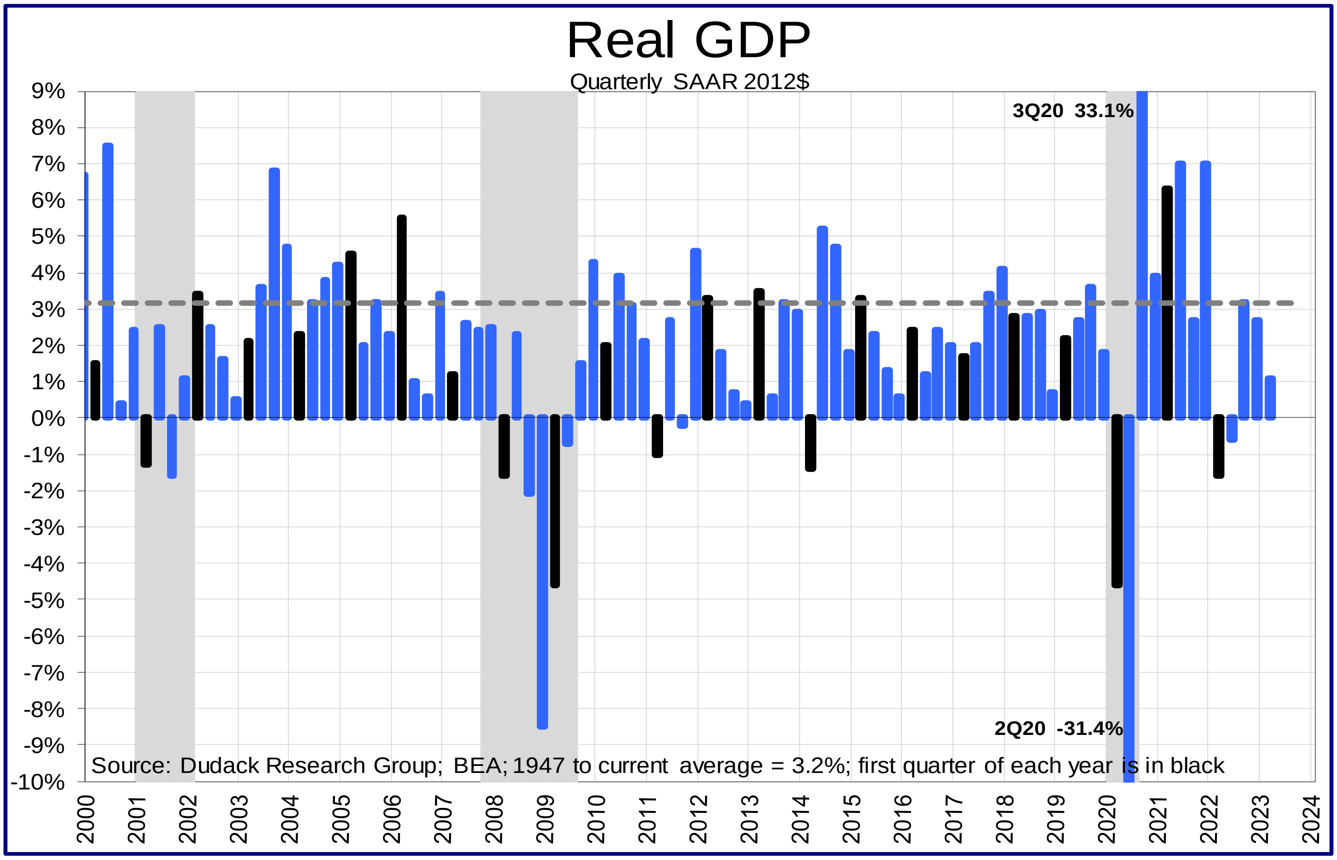
Although we focused on the risk in the banking industry this week, the looming debt ceiling debate may be the biggest problem for investors in coming weeks. Friday's employment report is another potential market moving event. Plus, this is the biggest week for first quarter earnings reports. In the long run, it is valuation that will strengthen or weaken equity prices. We remain cautious.

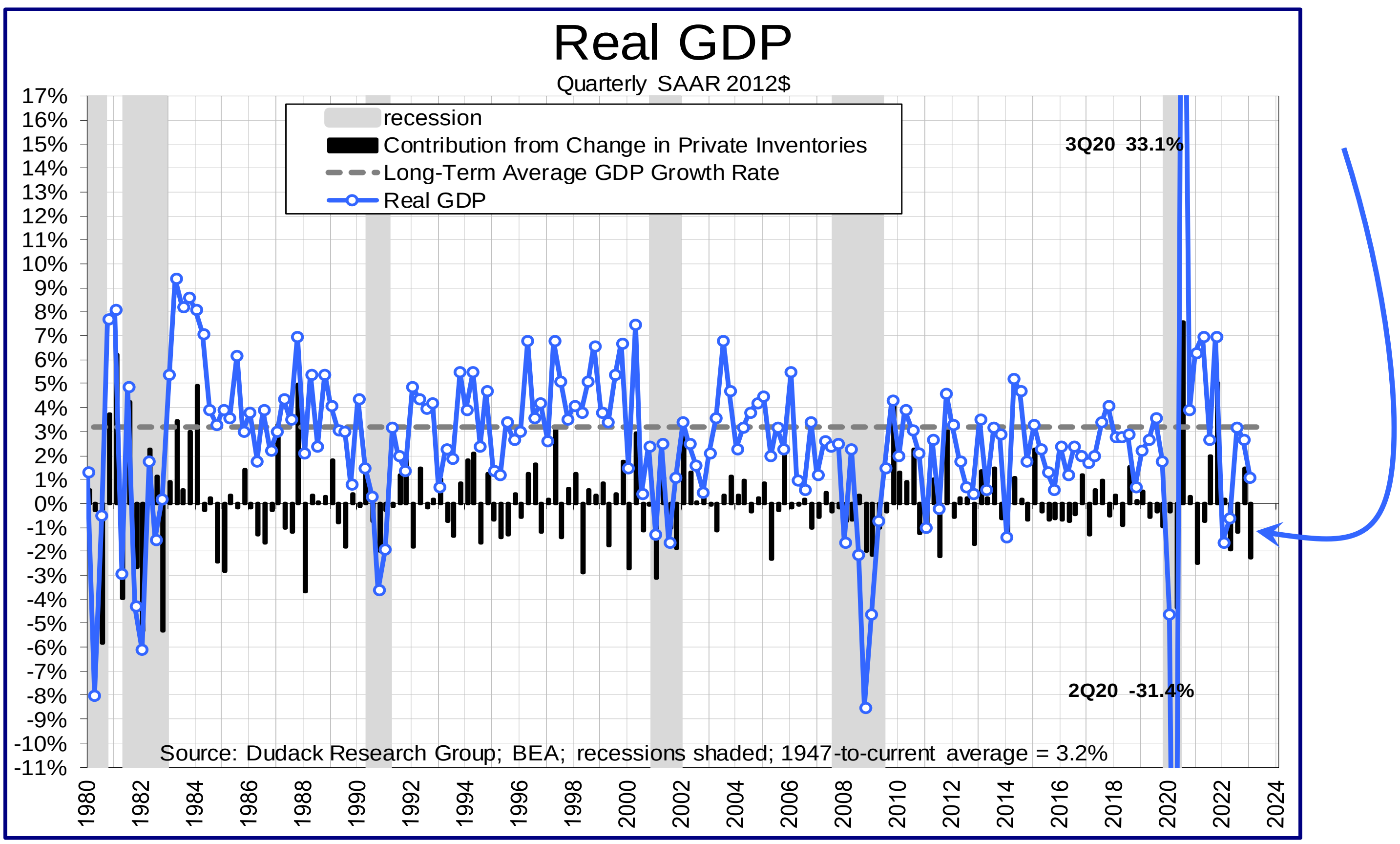
The 12-month decline in commercial bank deposits was $960 billion as of April 19th, with $464.0 billion exiting the banking system since the early March banking crisis. It is questionable whether the banking system is stabilizing since loans in the Fed's new Bank Term Funding Program created to liquify the banking system rose to a new high of $81.3 billion on April 26, 2023. Moreover, the Fed balance sheet contracted by $171 billion in the 5 weeks ended April 26, 2023. In short, the stimulus put into the banking system in March was temporary and is slowly reversing.



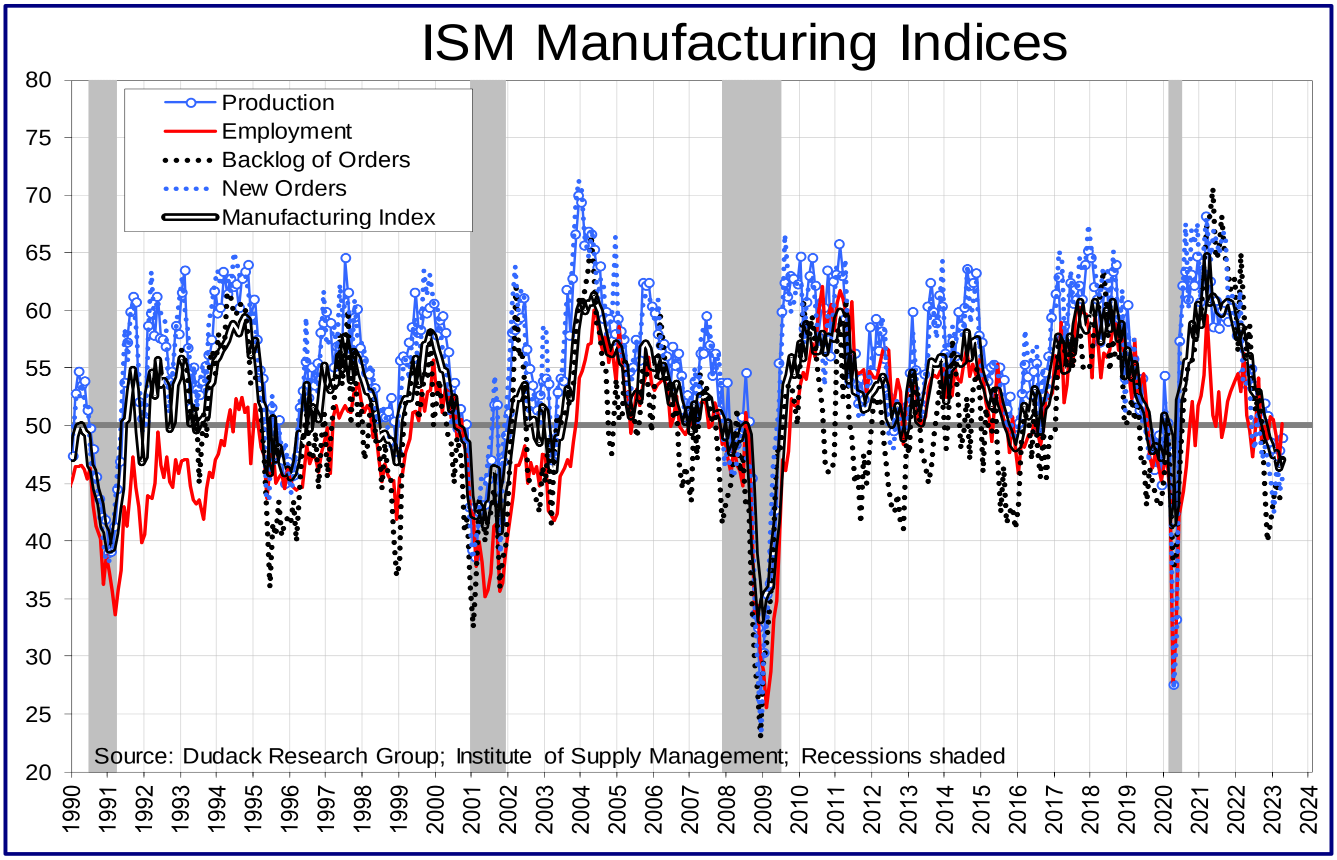


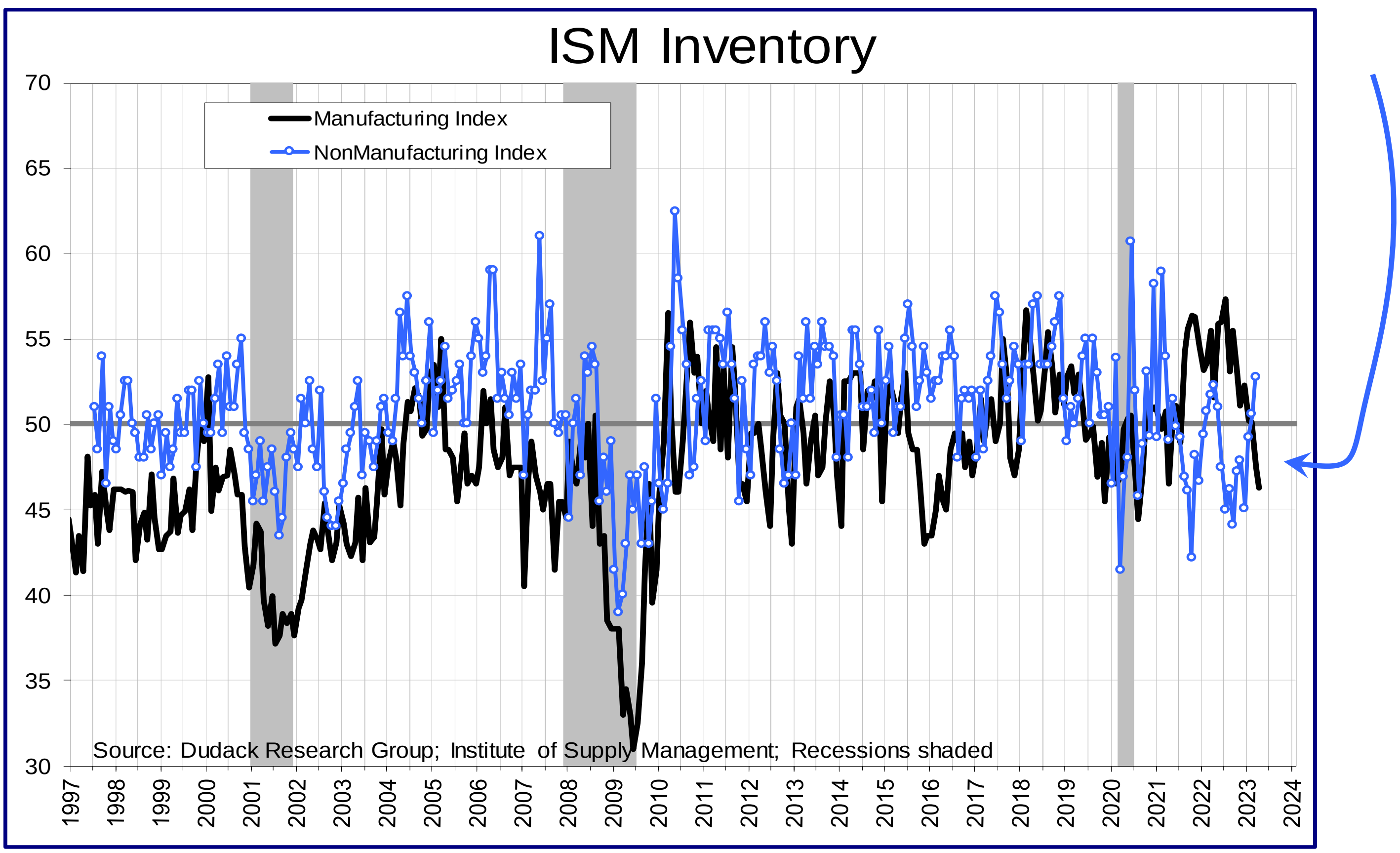
GDP grew at 1.1% in the first quarter of the year, disappointing consensus expectations. Note that personal consumption rose a fairly healthy 3.4%, but the drag on GDP came from inventories which contracted 2.3%.



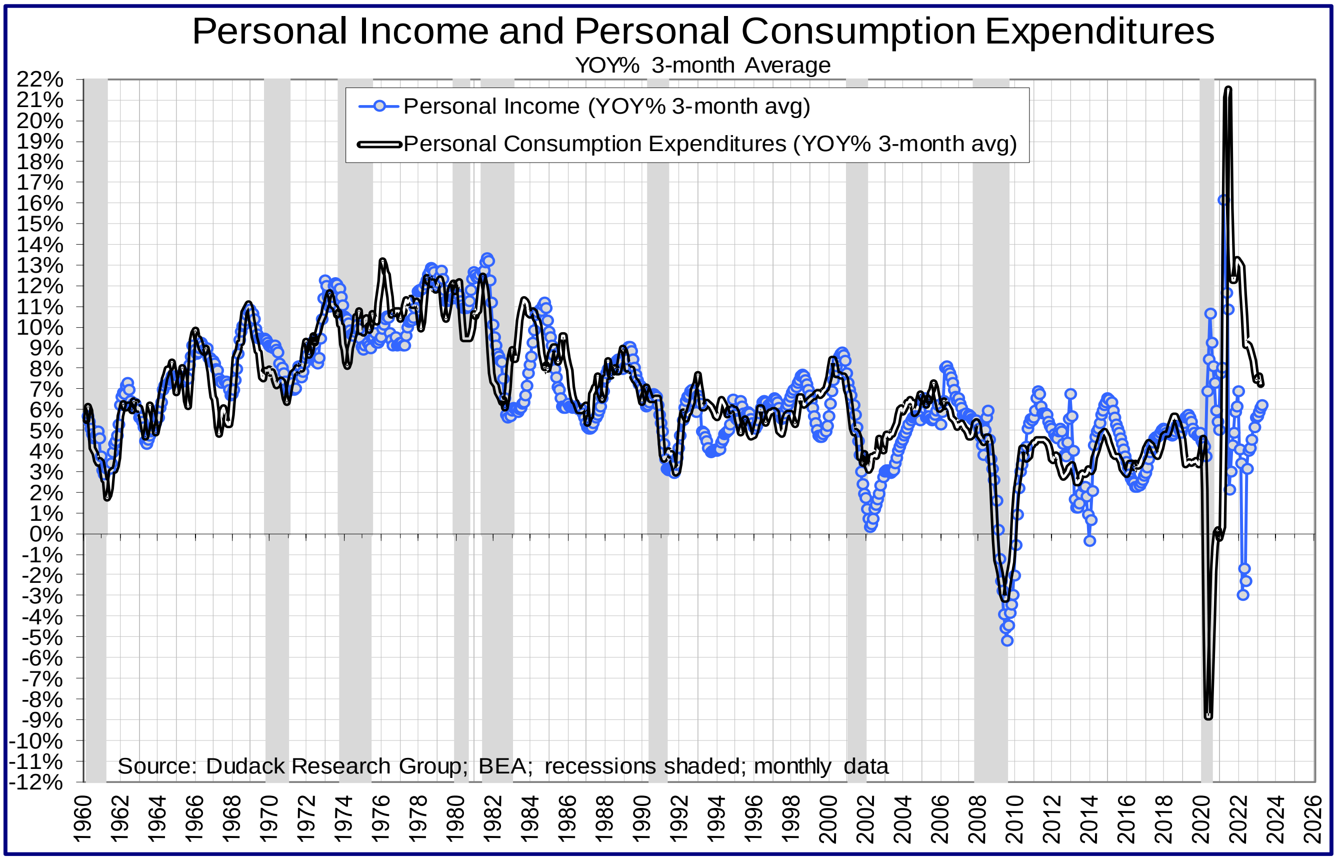


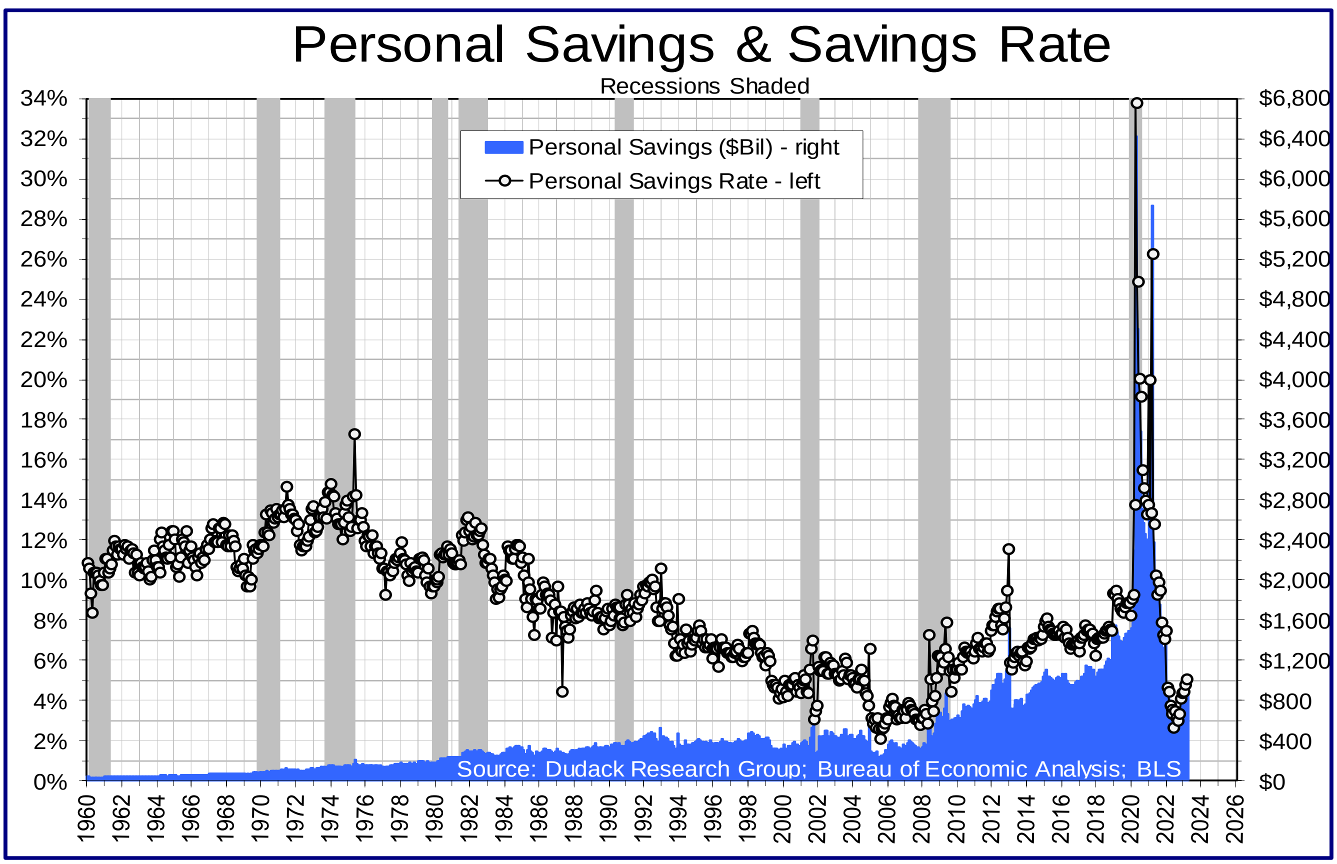
The ISM manufacturing index rose from 46.3 to 47.1 in April but remained below the 50 level, denoting a contraction in activity for the 6th consecutive month. Nine of the 11 components rose in April, with employment and prices paid rising above 50. The major drag was inventories, which could have negative implications for second quarter GDP. The ISM services index will be reported later this week.



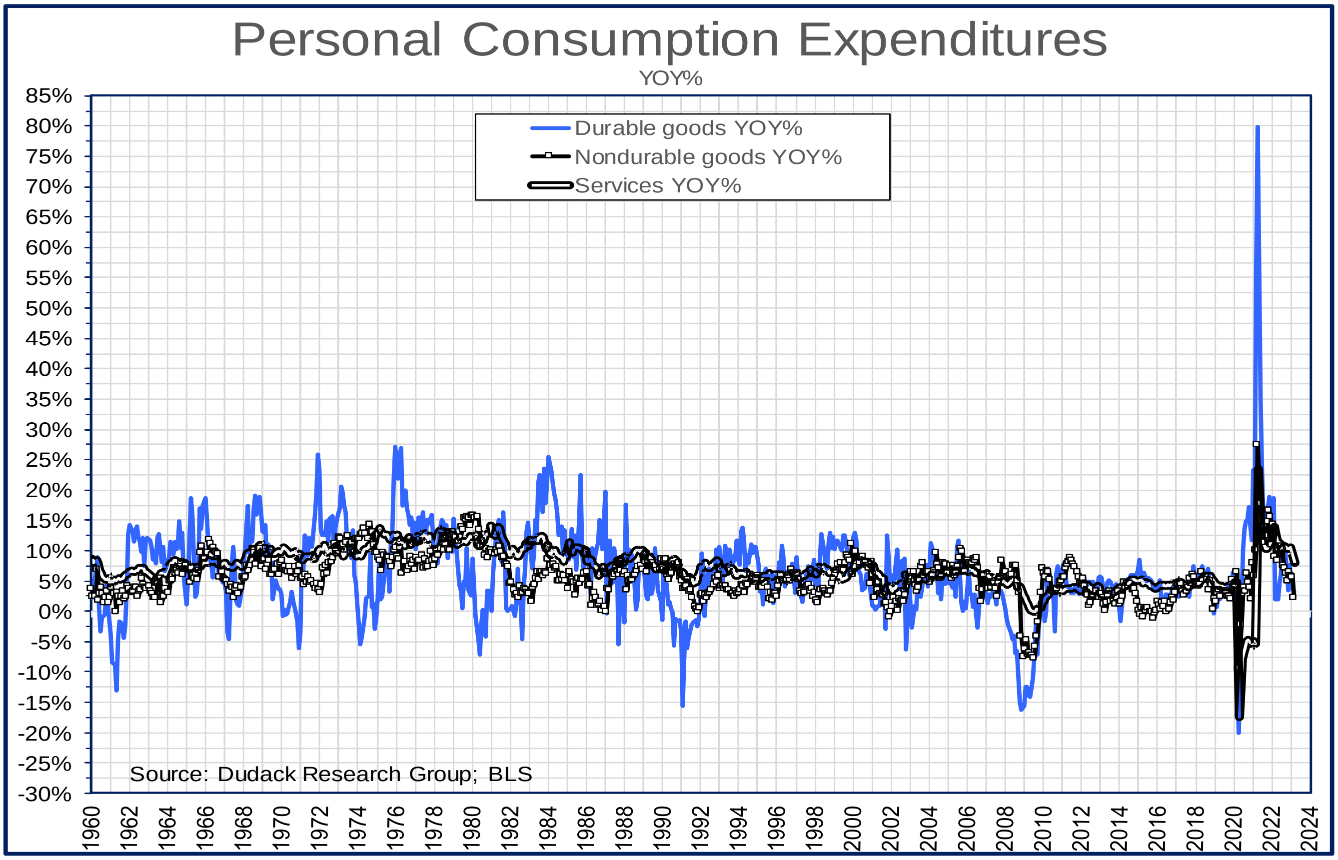


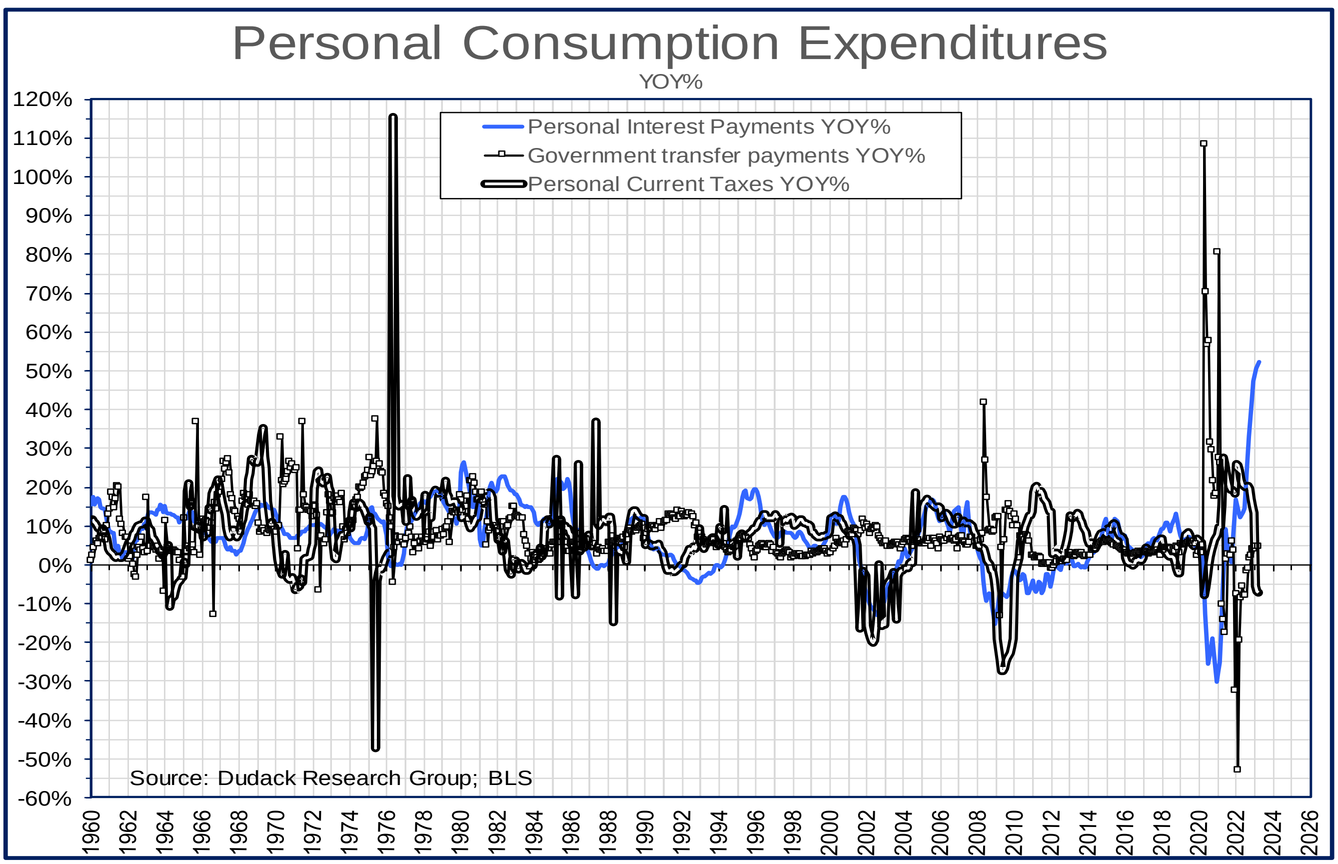
Personal income rose 6% YOY in March and wages rose 7% YOY. Real personal disposable income rose 4% YOY and was positive for the third consecutive month, which is an indication of a gain in purchasing power. The savings rate rose from 4.8% to 5.1% in the month and now exceeds $1 trillion.



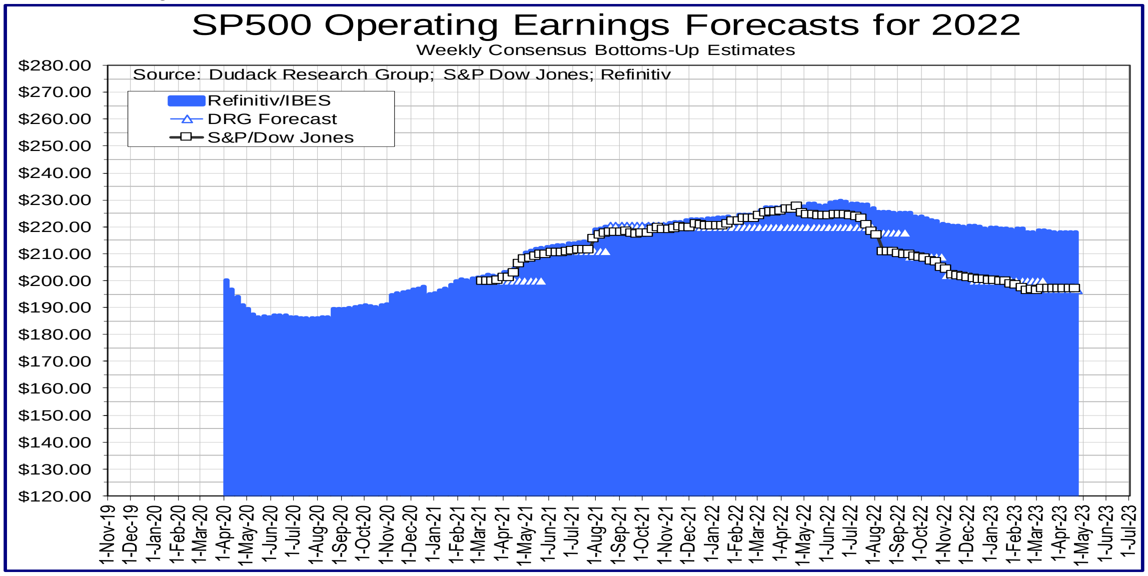


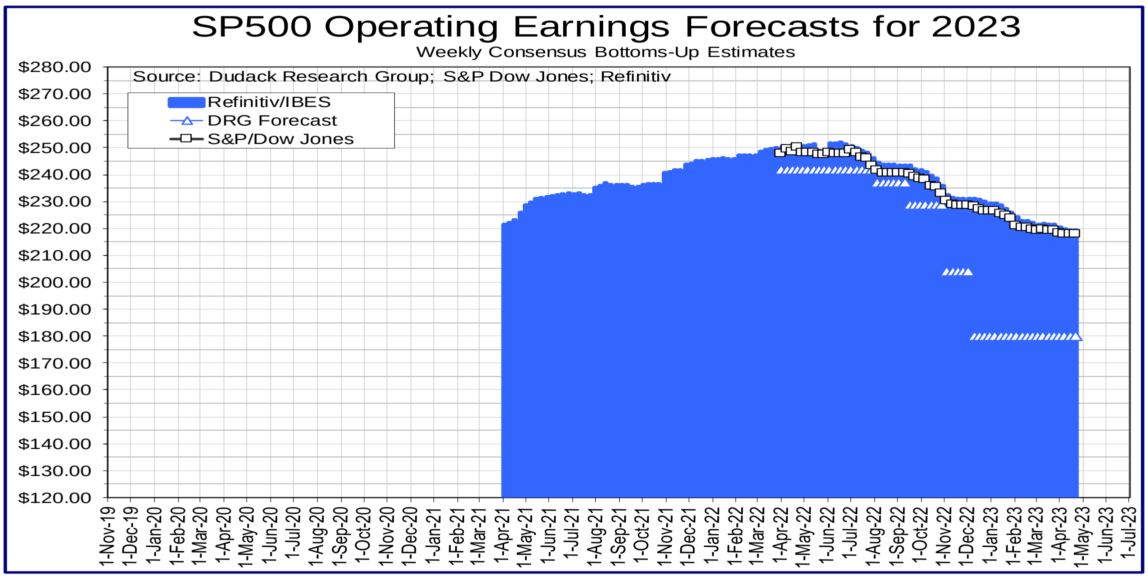
Personal consumption expenditures continue to increase on a year-over-year basis, but they are decelerating. Spending on services is highest with an 8% YOY increase, while nondurable spending is growing at a modest 2.6% pace. What is worrisome to us is that personal outlays rose 6.9% YOY whereas consumption expenditures rose only 6% YOY. This is because interest payments rose a stunning 52% YOY, a sign that rising interest rates are impacting consumption. Note that disposable income benefited in March from a 7.3% YOY decline in tax payments.

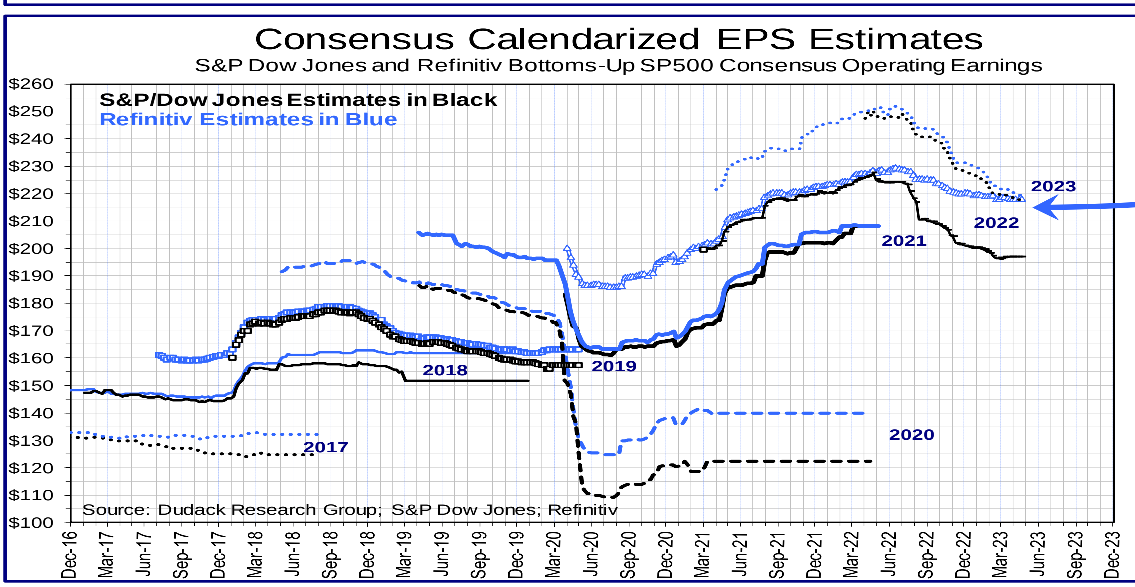




S&P Dow Jones consensus estimates for 2023 and 2024 are $217.87 and $243.82, and rose $0.09 and fell $0.70, respectively. Refinitiv IBES earnings estimates for 2023 and 2024 are $220.03 and $246.16, and rose $0.45 and $0.09, respectively. *(Note: consensus macro-EPS forecasts may differ from four quarter 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 implications of recession fears. The dollar has been stable in recent sessions despite its weakness since early March.

Source: Refinitiv

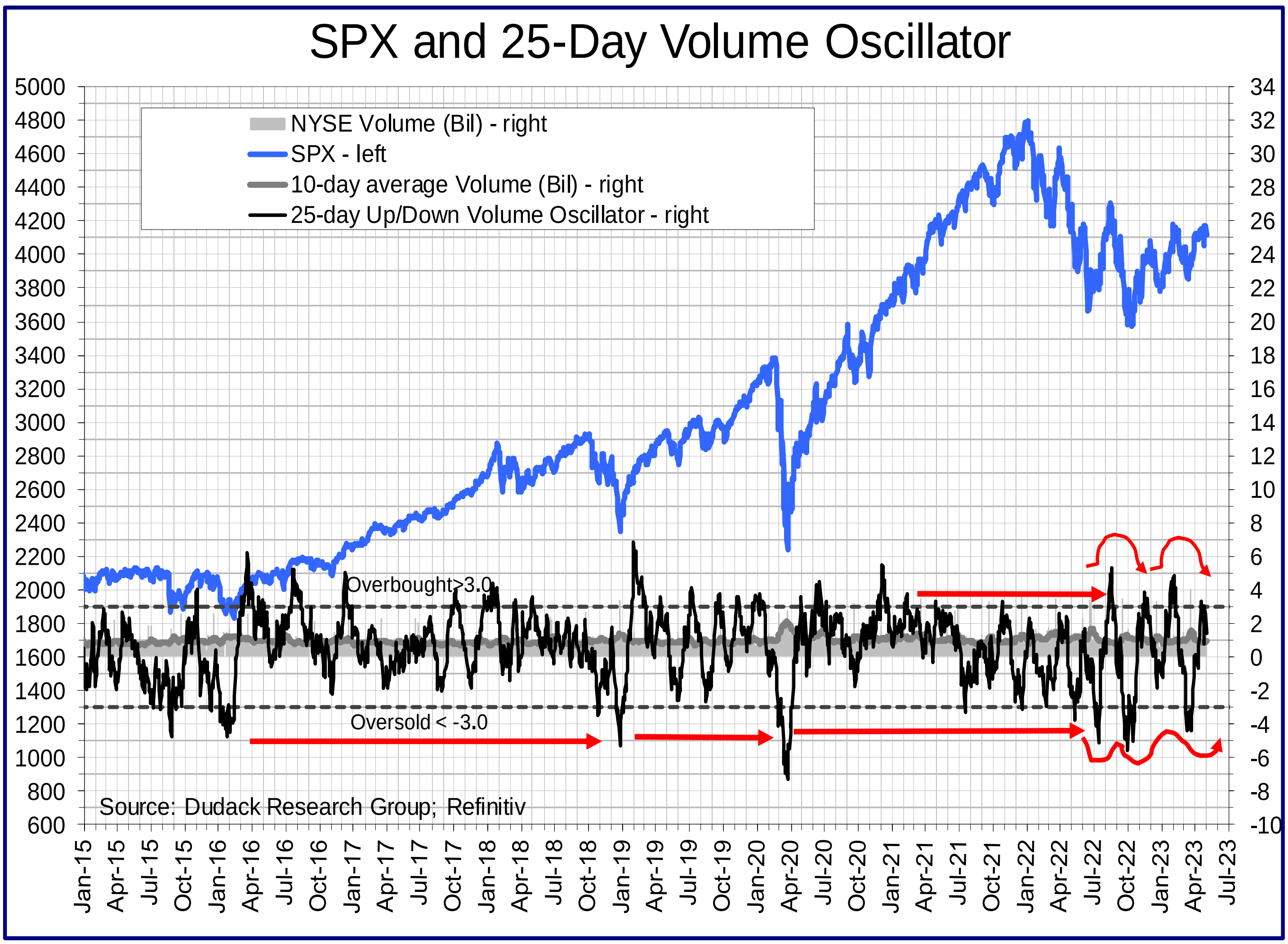
This year's gains have been concentrated in the most depressed stocks of 2022, the high PE growth stocks. And with interest rates headed higher this week it is not surprising that the rally hit a roadblock. The Russell 2000 remains the best guide for what we believe is a trading range market as it trades between support at 1650 and resistance at 2000.

Source: Refinitiv

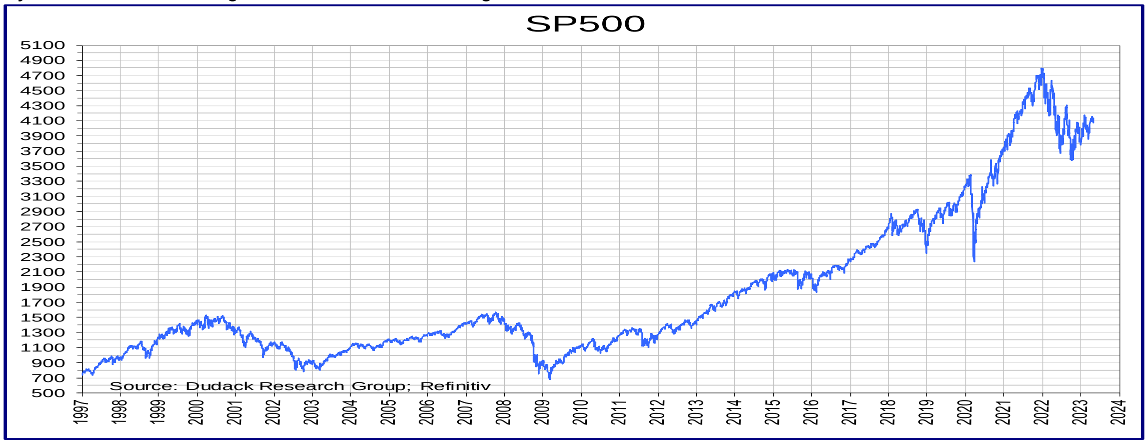
The 25-day up/down volume oscillator is at positive 1.39 this week and in neutral territory after recording one-day **overbought** readings of 3.0 or higher on April 18, April 24, and April 28. However, the inability of this oscillator to reach and maintain an overbought reading on a rally reveals a weakness in underlying buying pressure, i.e., demand.

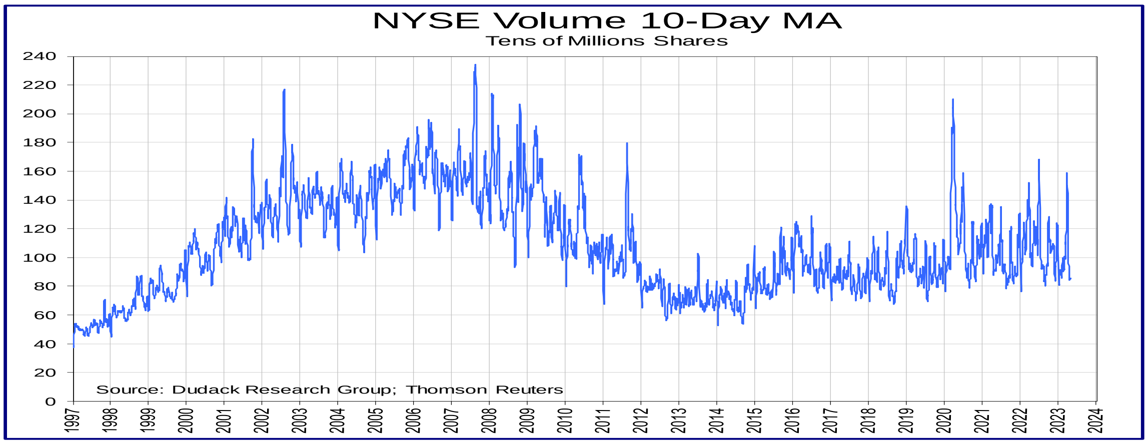
These one-day overbought readings followed a 12-day **oversold** reading that ended March 23. Earlier this year the indicator shifted from bearish to neutral when it recorded an eleven-day **overbought** reading ending February 8. In short, this flip-flop action between overbought and oversold defines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

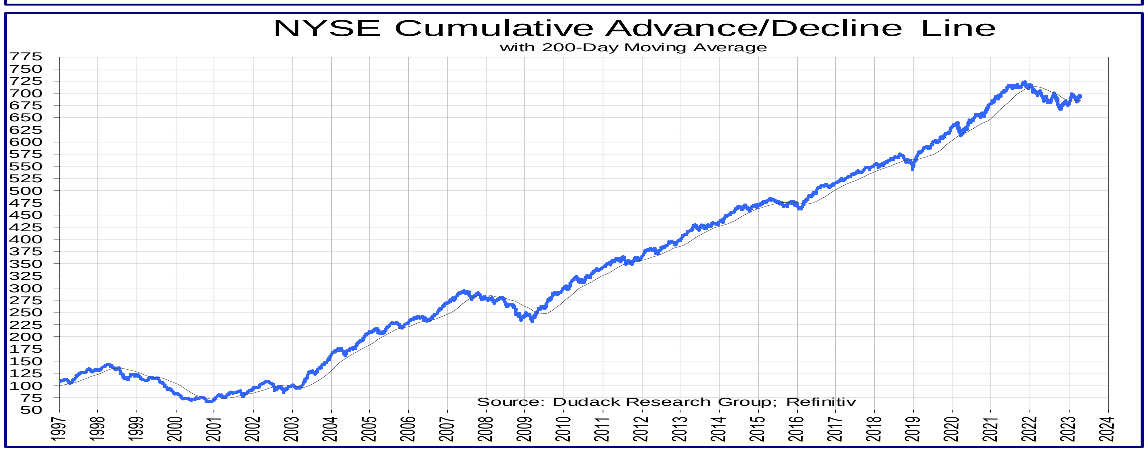
The likelihood of an intermediate-term high in the market is increasing this week since volume has been declining on recent rally days and accelerated on Monday's declining day.

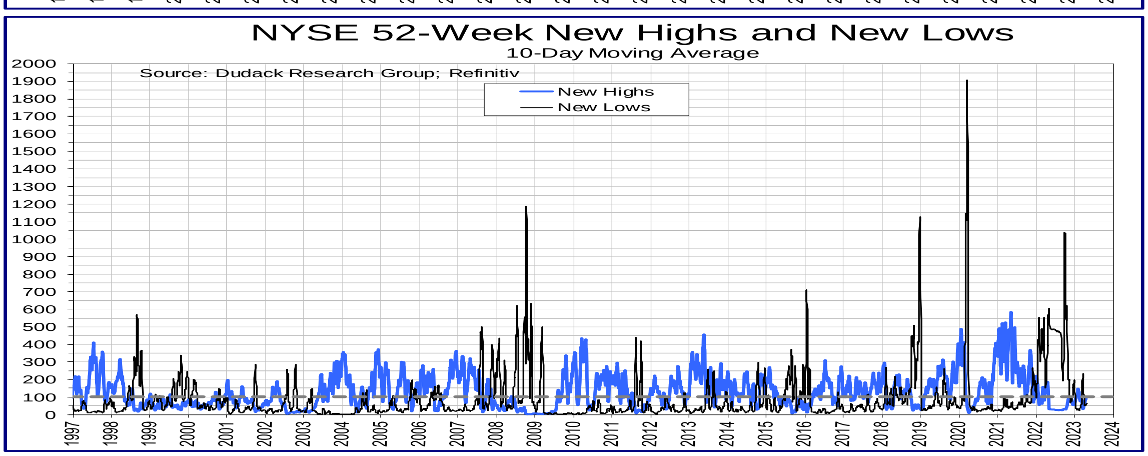


The 10-day average of daily new highs is 87 and new lows are 87. This combination is now neutral since neither new highs nor new lows are above 100; but the combination is also turning negative as the number of daily new highs declines. The advance/decline line fell below the June low on September 22 and is currently 31,316 net advancing issues from its 11/8/21 high.

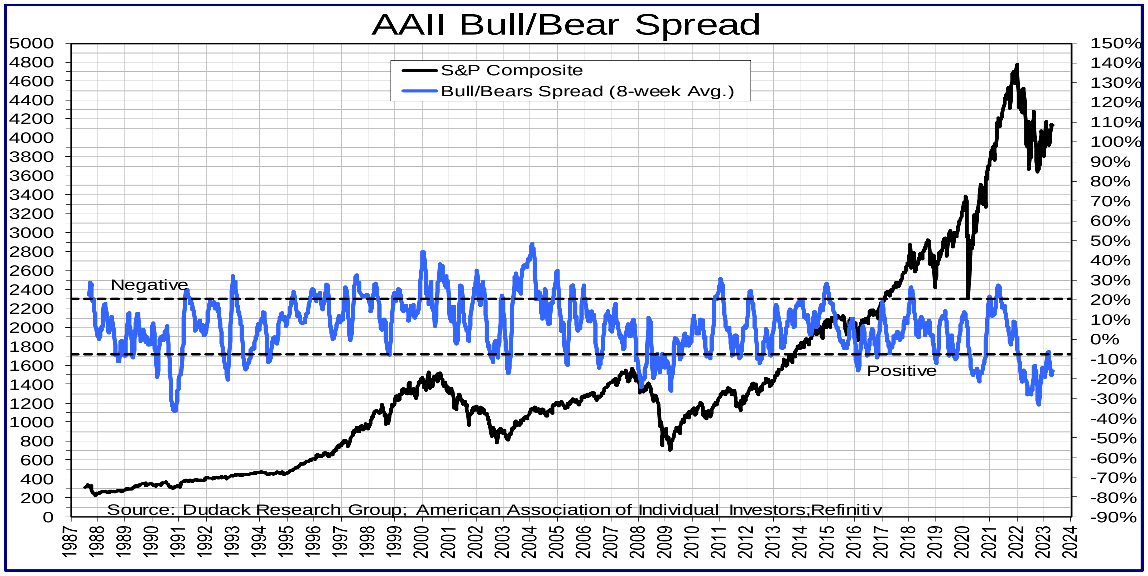


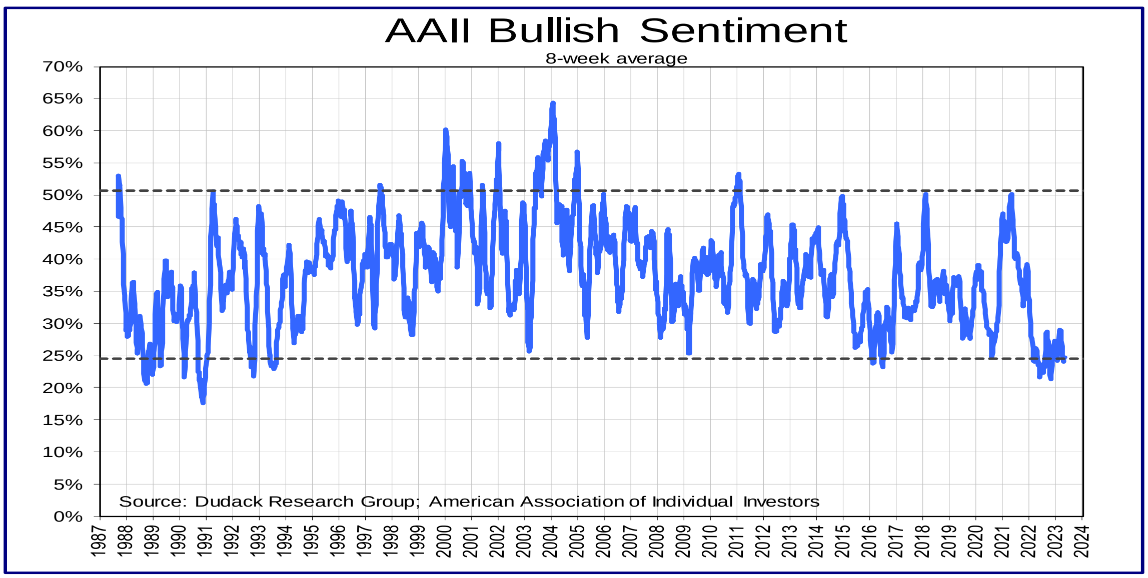


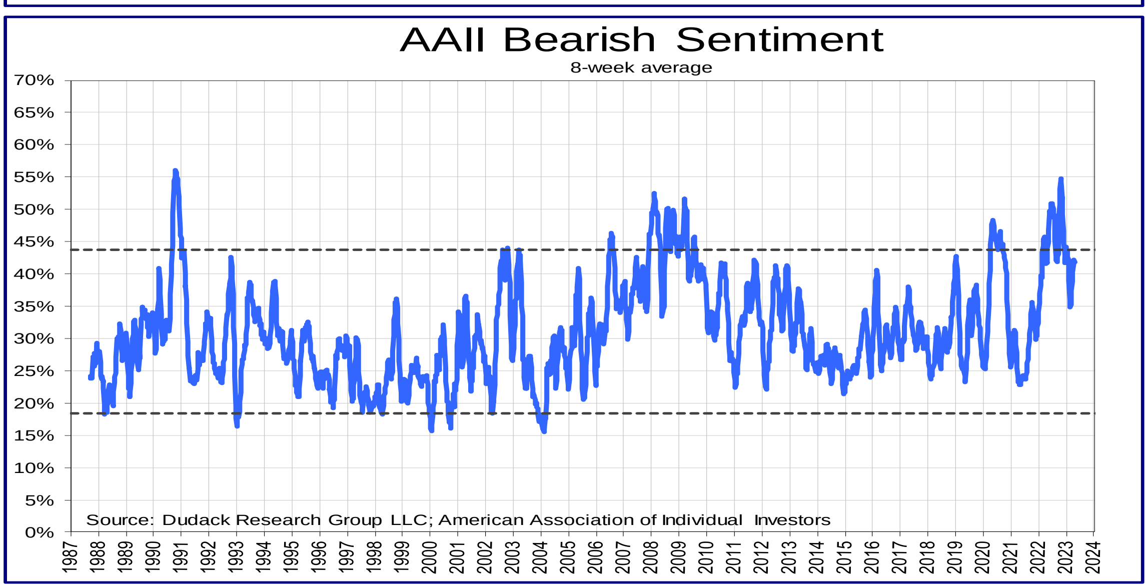




Last week's AAII readings saw a 3.1% decrease in bulls to 24.1% and a 3.4% increase in bears to 38.5%. Nevertheless, bearishness remains above average, and the Bull/Bear 8-week Spread remained in positive territory. Note that there was a 4-week neutral reading in January/February.







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	60.73	1.9%	2.0%	2.0%	22.8%
Communication Services Select Sector SPDR Fund	XLC	58.78	3.6%	1.4%	1.4%	22.5%
Technology Select Sector SPDR	XLK	149.51	3.8%	-1.0%	-1.0%	20.1%
NASDAQ 100	NDX	13113.66	3.1%	-0.5%	-0.5%	19.9%
iShares MSCI Germany ETF	EWG	29.04	0.2%	2.0%	2.0%	17.4%
SPDR Homebuilders ETF	XHB	70.30	2.5%	3.7%	3.7%	16.5%
Nasdaq Composite Index Tracking Stock	ONEQ.O	47.40	2.3%	-1.1%	-1.1%	15.7%
iShares Russell 1000 Growth ETF	IWF	244.62	2.2%	0.1%	0.1%	14.2%
Consumer Discretionary Select Sector SPDR	XLY	146.55	1.5%	-2.0%	-2.0%	13.5%
iShares MSCI EAFE ETF	EFA	72.77	0.0%	1.7%	1.7%	10.9%
SPDR Gold Trust	GLD	187.52	1.0%	2.3%	2.3%	10.5%
iShares MSCI United Kingdom ETF	EWU	33.39	-0.1%	3.5%	3.5%	8.9%
iShares MSCI Austria Capped ETF	EWO	20.69	-0.1%	2.2%	2.2%	8.9%
iShares MSCI Taiwan ETF	EWT	43.55	1.5%	-3.9%	-3.9%	8.4%
Shanghai Composite	.SSEC	3323.27	1.8%	1.5%	1.5%	7.6%
Vanguard FTSE All-World ex-US ETF	VEU	53.82	0.3%	0.7%	0.7%	7.3%
SPDR S&P Semiconductor ETF	XSD	179.47	-1.5%	-14.0%	-14.0%	7.3%
SP500	**.SPX**	**4119.58**	**1.2%**	**0.2%**	**0.2%**	**7.3%**
iShares MSCI Japan ETF	EWJ	58.28	-0.5%	-0.7%	-0.7%	7.1%
iShares Russell 1000 ETF	IWB	225.21	1.1%	0.0%	0.0%	7.0%
iShares MSCI South Korea Capped ETF	EWY	60.40	1.6%	-1.3%	-1.3%	6.9%
Silver Future	SIc1	25.40	2.1%	5.5%	5.5%	6.5%
iShares 20+ Year Treas Bond ETF	TLT	105.70	-1.2%	-0.6%	-0.6%	6.2%
iShares Silver Trust	SLV	24.39	1.5%	5.5%	5.5%	6.1%
iShares MSCI Canada ETF	EWC	34.58	0.1%	1.2%	1.2%	5.7%
iShares MSCI Singapore ETF	EWS	19.66	0.3%	-1.0%	-1.0%	4.5%
Consumer Staples Select Sector SPDR	XLP	77.29	0.7%	3.5%	3.5%	3.7%
Gold Future	GCc1	2551.10	0.2%	0.9%	0.9%	3.5%
iShares iBoxx $ Invest Grade Corp Bond	LQD	109.09	-0.8%	-0.5%	-0.5%	3.5%
iShares Russell 2000 Growth ETF	IWO	220.94	-0.5%	-2.6%	-2.6%	3.0%
iShares MSCI Australia ETF	EWA	22.85	-0.3%	-0.4%	-0.4%	2.8%
Materials Select Sector SPDR	XLB	79.73	0.3%	-1.2%	-1.2%	2.6%
PowerShares Water Resources Portfolio	PHO	52.84	1.7%	-1.0%	-1.0%	2.5%
iShares MSCI Emerg Mkts ETF	EEM	38.62	1.1%	-2.1%	-2.1%	1.9%
SPDR DJIA ETF	DIA	336.87	0.5%	1.3%	1.3%	1.7%
DJIA	.DJI	33684.53	0.5%	1.2%	1.2%	1.6%
Industrial Select Sector SPDR	XLI	99.49	0.5%	-1.7%	-1.7%	1.3%
SPDR S&P Retail ETF	XRT	60.77	0.3%	-4.2%	-4.2%	0.5%
iShares Russell 1000 Value ETF	IWD	152.18	-0.1%	-0.1%	-0.1%	0.3%
iShares US Real Estate ETF	IYR	83.47	0.2%	-1.7%	-1.7%	-0.9%
iShares Nasdaq Biotechnology ETF	IBB.O	129.81	-0.5%	0.5%	0.5%	-1.1%
iShares Russell 2000 ETF	IWM	171.70	-0.8%	-3.8%	-3.8%	-1.5%
Health Care Select Sect SPDR	XLV	133.64	0.0%	3.2%	3.2%	-1.6%
iShares MSCI India ETF	INDA.K	41.06	2.6%	4.3%	4.3%	-1.6%
iShares MSCI BRIC ETF	BKF	33.70	1.2%	-2.9%	-2.9%	-1.9%
iShares US Telecomm ETF	IYZ	21.95	2.0%	-5.2%	-5.2%	-2.1%
iShares China Large Cap ETF	FXI	27.69	1.2%	-6.2%	-6.2%	-2.2%
iShares MSCI Brazil Capped ETF	EWZ	27.33	-1.0%	-0.2%	-0.2%	-2.3%
iShares MSCI Hong Kong ETF	EWH	20.45	1.5%	-0.5%	-0.5%	-2.7%
Utilities Select Sector SPDR	XLU	68.26	-2.3%	0.8%	0.8%	-3.2%
iShares MSCI Malaysia ETF	EWM	21.88	0.1%	-1.3%	-1.3%	-4.2%
Financial Select Sector SPDR	XLF	32.33	-0.7%	0.6%	0.6%	-5.5%
iShares Russell 2000 Value ETF	IWN	130.22	-1.1%	-5.0%	-5.0%	-6.1%
Energy Select Sector SPDR	XLE	80.51	-4.9%	-2.8%	-2.8%	-8.0%
United States Oil Fund, LP	USO	63.05	-6.8%	-5.1%	-5.1%	-10.1%
Oil Future	CLc1	71.66	-7.0%	-5.3%	-5.3%	-10.7%
iShares DJ US Oil Eqpt & Services ETF	IEZ	17.95	-6.5%	-7.1%	-7.1%	-15.3%
SPDR S&P Bank ETF	KBE	33.96	-3.9%	-8.4%	-8.4%	-24.8%

Outperformed SP500
Underperformed SP500

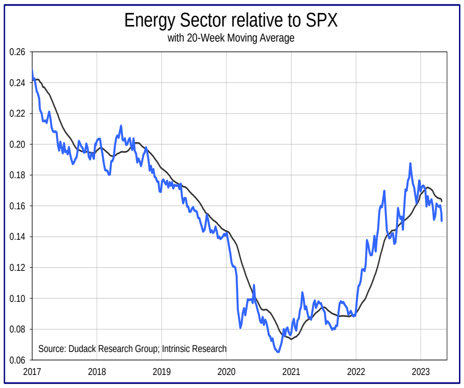
Source: Dudack Research Group; Refinitiv

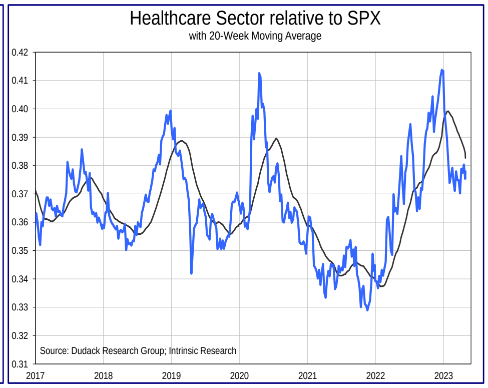
Priced as of May 2, 2023

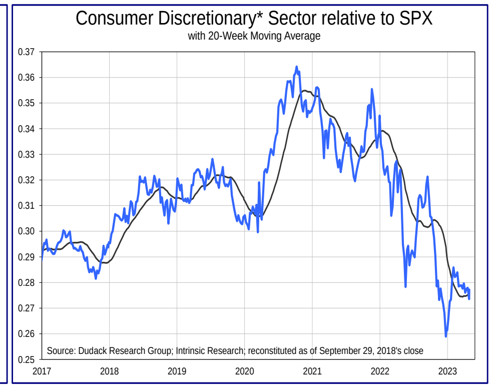
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

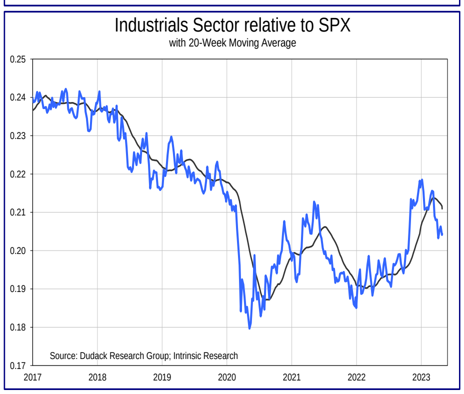
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Energy Industrials Staples Utililties	Healthcare Technology Materials Financials	Consumer Discretionary REITS Communication Services

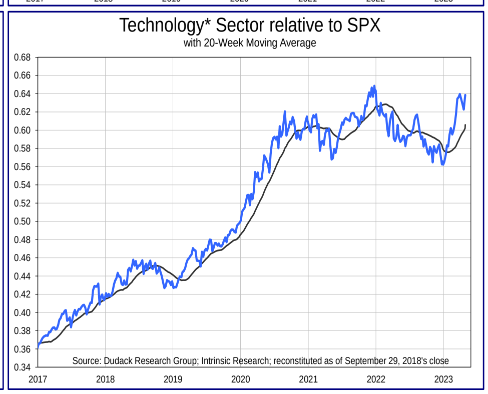
3/8/2022:Materials upgraded from underweight to neutral/communication service downgraded from neutral to underweight. 3/1/2022 Financials downgraded to neutral and Industrials upgraded to overweight.

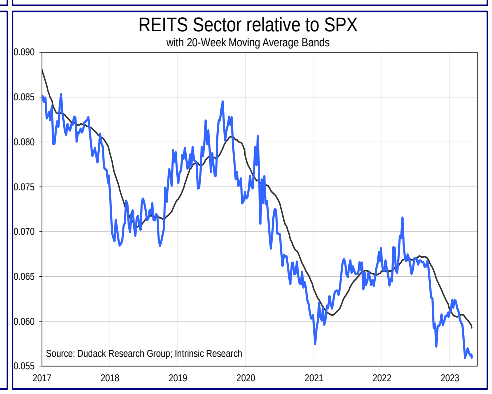


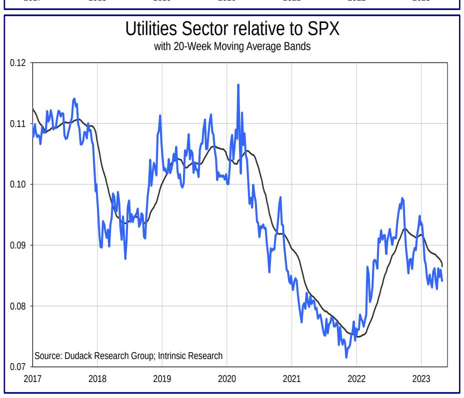


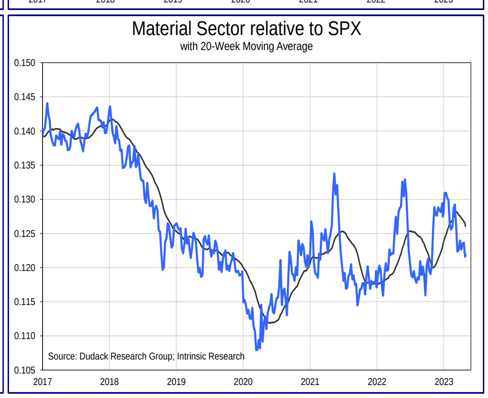


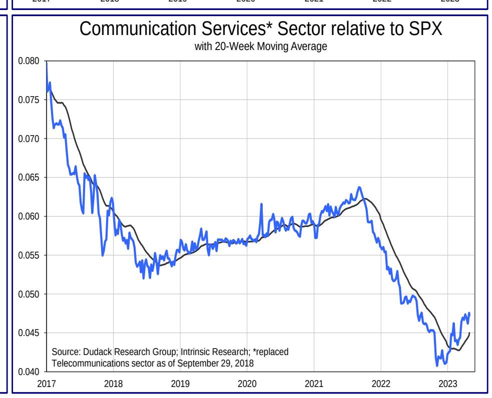


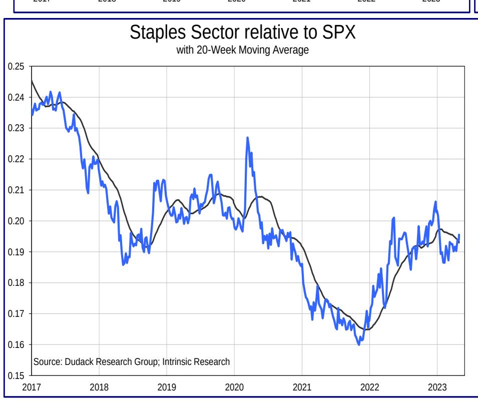












2023 Performance - Ranked

SP500 Sector	% Change
S&P COMMUNICATIONS SERVICES	22.1%
S&P INFORMATION TECH	21.1%
S&P CONSUMER DISCRETIONARY	13.6%
S&P 500	7.3%
S&P CONSUMER STAPLES	3.4%
S&P MATERIALS	2.6%
S&P INDUSTRIALS	1.3%
S&P REITS	-0.8%
S&P HEALTH CARE	-1.8%
S&P UTILITIES	-3.3%
S&P FINANCIAL	-5.7%
S&P ENERGY	-7.9%

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	~~~~~	$201.74	**$217.87**	$180.00	-8.6%	**$220.03**	0.9%	18.9X	NA	NA	NA	NA
2024E	~~~~~	$229.71	**$243.81**	$205.00	13.9%	**$246.16**	11.9%	16.9X	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	$45.75	**$51.19**	$42.00	-14.9%	**$51.92**	-5.3%	20.7	1.8%	1.1%	NA	NA
2023 2QE*	4119.58	$49.63	**$53.30**	$40.00	-14.7%	**$53.91**	-6.4%	20.1	NA	NA	NA	NA
2023 3QE	~~~~~	$52.50	**$55.96**	$48.00	-4.7%	**$56.56**	1.0%	19.5	NA	NA	NA	NA
20244QE	~~~~~	$53.86	**$57.42**	$50.00	-0.7%	**$58.12**	9.4%	18.9	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 5/2/2023

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

Other Disclosures
This report has been written without regard for the specific investment objectives, financial situation, or particular needs of any specific recipient, and should not be regarded by recipients as a substitute for the exercise of their own judgment. The report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell securities or related financial instruments. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. The report is based on information obtained from sources believed to be reliable, but is not guaranteed to be accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the report. Any opinions expressed in this report are subject to change without notice and the Dudack Research Group division of Wellington Shields & Co. LLC. (DRG/Wellington) is under no obligation to update or keep current the information contained herein. Options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results, and yield from securities, if any, may fluctuate as a security's price or value changes. Accordingly, an investor may receive back less than originally invested. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

DRG/Wellington relies on information barriers, such as "Chinese Walls," to control the flow of information from one or more areas of DRG/Wellington into other areas, units, divisions, groups, or affiliates. DRG/Wellington accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report.

The content of this report is aimed solely at institutional investors and investment professionals. To the extent communicated in the U.K., this report is intended for distribution only to (and is directed only at) investment professionals and high net worth companies and other businesses of the type set out in Articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. This report is not directed at any other U.K. persons and should not be acted upon by any other U.K. person. Moreover, the content of this report has not been approved by an authorized person in accordance with the rules of the U.K. Financial Services Authority, approval of which is required (unless an exemption applies) by Section 21 of the Financial Services and Markets Act 2000.
Additional information will be made available upon request.

Dudack Research Group a division of Wellington Shields & Co. LLC.
Main Office:
Wellington Shields & Co. LLC
140 Broadway
New York, NY 10005
212-320-3511
Research Sales: 212-320-2046

Florida office:
549 Lake Road
Ponte Vedra Beach, FL 32082
212-320-2045

Prices are the close of May 2, 2023