Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
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June 28, 2023

DJIA: 33926.74
SPX: 4378.41
NASDAQ: 13555.67

US Strategy Weekly
FOMO

According to Morningstar, US exchange traded funds saw a massive $40 billion weekly inflow for the week ending June 14, 2023. This was the sixth largest weekly amount on record and the flows, particularly into equity ETFs, appear to represent a significant shift in investor sentiment.

Meanwhile, according to the Wall Street Journal, bullish bets on artificial intelligence have been booming this month with more than 1.3 million call contracts on chip makers Nvidia Corp. (NVDA - $418.76), Intel Corp. (INTC - $34.10), and Advanced Micro Devices, Inc. (AMD - $110.39), changing hands on an average day. This burst of activity puts June on track for setting a record that would surpass the trading peak seen in November 2021. Keep in mind that November 2021 is quite memorable since the Nasdaq Composite index reached its all-time high of 16,057.44 on November 19, 2021.

And lastly, another example of extreme volume and extreme prices was seen in CBOE Global Markets data, where there has been record activity linked to S&P 500 index options, with one-day trading in calls surging and pushing up the prices of call options to extreme levels.

Couple this excitement with the $1.44 trillion sitting in retail money market funds (as of June 5), and one can see there is plenty of dry tinder on hand to move prices even higher. Market commentators on CNBC are suggesting it is "FOMO" – the fear of missing out – that is driving the surge in AI related stocks, some of which, like Nvidia have tripled in price in the last six months.

As I listen to analysts on CNBC talk about how artificial intelligence and ChatGPT will change technology as we know it, inspire trillions of dollars of investment and innovation, and disrupt companies that do not adapt, I cannot help but remember the excitement seen in similar times, like the Nifty Fifty era or the rally that led to the dot-com bubble of 2000. There is no doubt that there will be money invested and to be made in artificial intelligence; however, picking the right stocks at the right time will be crucial. Right now, it seems like patience and caution should be advised in view of the three-fold move seen in one of the best-positioned AI-related stocks – Nvidia.

Technicals

From a technical perspective, there are other signs of caution. The AAII sentiment survey has had three consecutive weeks of above average bullishness coupled with three weeks of below average bearishness. The last time this combination appeared, it lasted five weeks in October-November of 2021. This is another worrisome parallel to the November 2021 top in the Nasdaq Composite index. These parallels to the Nasdaq Composite are important since it is only a small number of technology stocks that are currently leading the June advance. News headlines are focusing on the 14% year-to-date gain in the S&P 500 index, but the Nasdaq Composite index has gained 29.5% to date, or more than double the S&P's gain. Meanwhile, the Russell 2000 index has recorded a 5% year-to-date gain and the Dow Jones Industrial Average is up a mere 2.4%. It has not been a broad-based advance. However, if there is downside risk in the equity market today, we believe it is also concentrated in the Nasdaq stocks.

The 10-day new high and 10-day new low indicator is bullish averaging 193 new highs and 52 new lows. But our 25-day up/down volume oscillator remains neutral and reveals a lack of convincing volume in advancing stocks. More importantly, NYSE volume was below the 10-day average for many days during the early June advance and the highest volume days in the last four weeks have taken place on May 31, 2023 when the DJIA lost 134 points, June 16 when the DJIA lost 109 points and on June 23, when the DJIA lost 219 points. These high volume down days suggest distribution, not accumulation, of equities. See page 12 and 13.

Last week's decline in the indices is barely perceptible in the charts of the SPX and IXIC, just like the June rally is not significant in the charts of the DJIA and RUT. The unweighted S&P 500 ETF is similar to the RUT and has been rangebound. See page 11. The Russelll 2000 index remains our main focus and it suggests the market remains in a long-term trading range.

VALUATION

If we deconstruct the drivers of the 2023 equity market, we find that gains are due to a combination of earnings expectations and multiple expansion. A chart of IBES Refinitiv and S&P Dow Jones quarterly earnings expectations for the next seven quarters shows that analysts are anticipating solid straight-line EPS growth through to the end of 2024. See page 8. Unfortunately, PE multiples are currently above the standard deviation range, a sign that stocks are not cheap. And ironically, the 12-month forward PE is higher than the 12-month trailing PE, due to the deceleration in earnings growth seen in the first quarter. That is rare, and it is a pattern that often appears before an earnings decline. Moreover, if we look at the historic relationship between nominal GDP and S&P operating earnings, we find that earnings are, and have been, well above trend since early 2021. These outsized earnings gains could be due to margin improvements or post-pandemic stimulus; however, history suggests that this excess-earnings trend is not sustainable over time. See page 9. In sum, EPS expectations are robust, PE multiples are high, and EPS are rising faster than the underlying economy. It is a treacherous combination.

ECONOMY

May's inflation data produced good news, particularly headline CPI which fell 0.9% to 4% YOY. Yet, prices for food, housing, recreation, and services continue to rise faster than headline CPI. What helped May's inflation data was a decline of nearly 12% year-over-year in energy prices. Still, inflation trends are generally decelerating, even for owners' equivalent rent. See page 3. Although most of the deceleration in inflation is due to the dramatic decline in the price of crude oil -- which was the initial catalyst for surging inflation in 2021 -- the residual problem is now service sector inflation. Service inflation is driven by wage inflation, not energy prices. Unfortunately, the tightness in the labor market may make it difficult to reverse this trend quickly. See page 4.

Retail sales rose 1.6% YOY in May led by restaurants, drug stores, and nonstore retailers. But based on 1982 dollars, total retail and food services sales fell 2.4% YOY, the sixth negative month in the last seven. Typically, when real retail sales have been negative for more than a month or two it has been a sign of an economic recession. It might be different this time, but other data also suggest a recession is on the horizon.

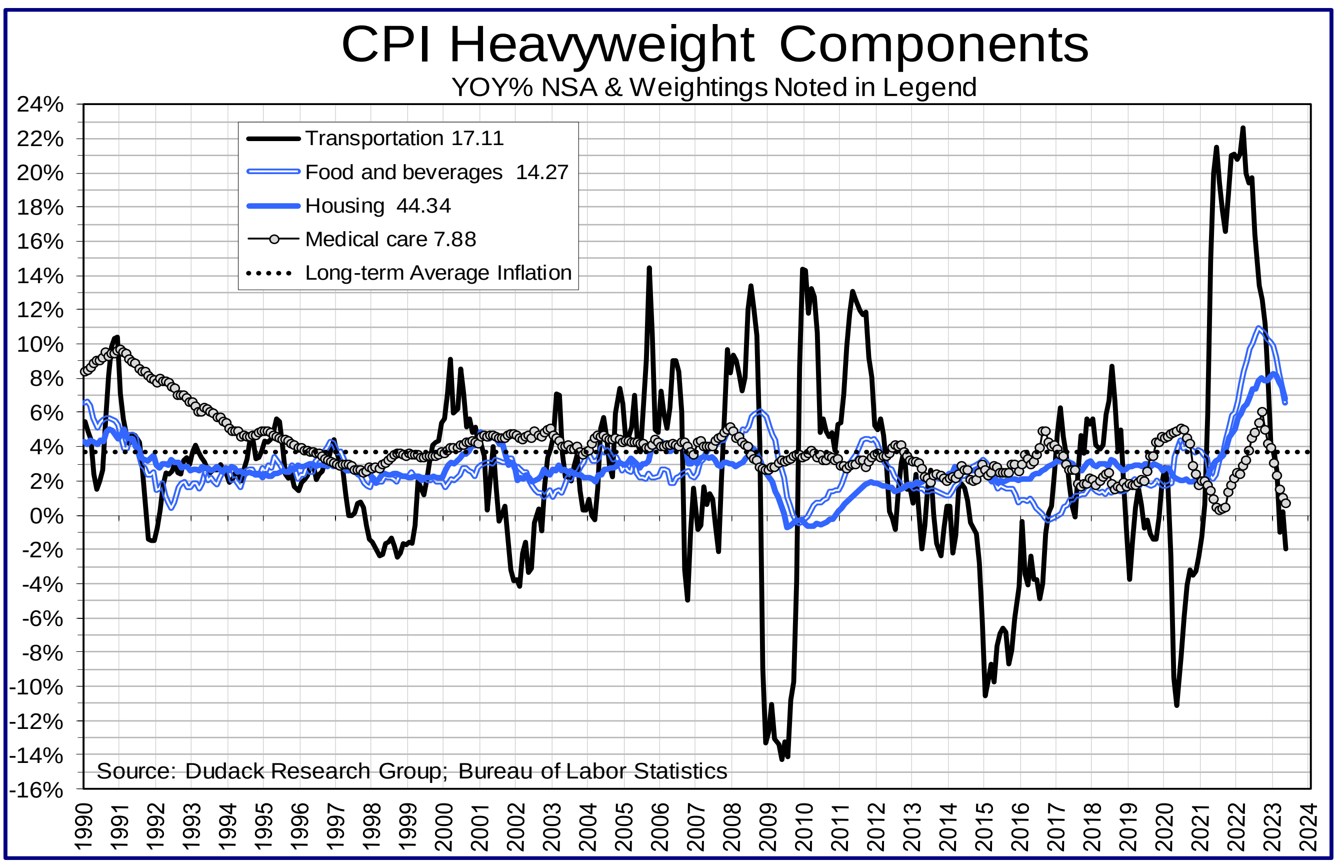
The Conference Board leading economic indicators index declined again in May marking 14 straight months of declines. This is the first time the LEI has been down for 12 consecutive months or more without an economic recession being in place. In addition, the inversion in the yield curve is the greatest of any seen in over 42 years, and it too has historically predicted both economic recessions and bear markets. In our view, the missing ingredient for an all-out recession is negative year-over-year growth in jobs. A healthy post-pandemic labor market is sustaining the US economy. See page 5.

Consumer confidence surprised favorably in June. The Conference Board Consumer Confidence Index gained from an upwardly revised 102.5 in May to 109.7 in June -- its highest level since January 2022. The outlook for business and the labor market improved in June. The University of Michigan survey was up from its May low, but it remains below January's level and is stuck at a recessionary level. Similarly, May housing data included tentative signs that the decline in the residential housing sector could be bottoming. Nonetheless, assuming interest rates will move higher in the months ahead, it could be a tentative bottoming process, at best. We remain cautious.

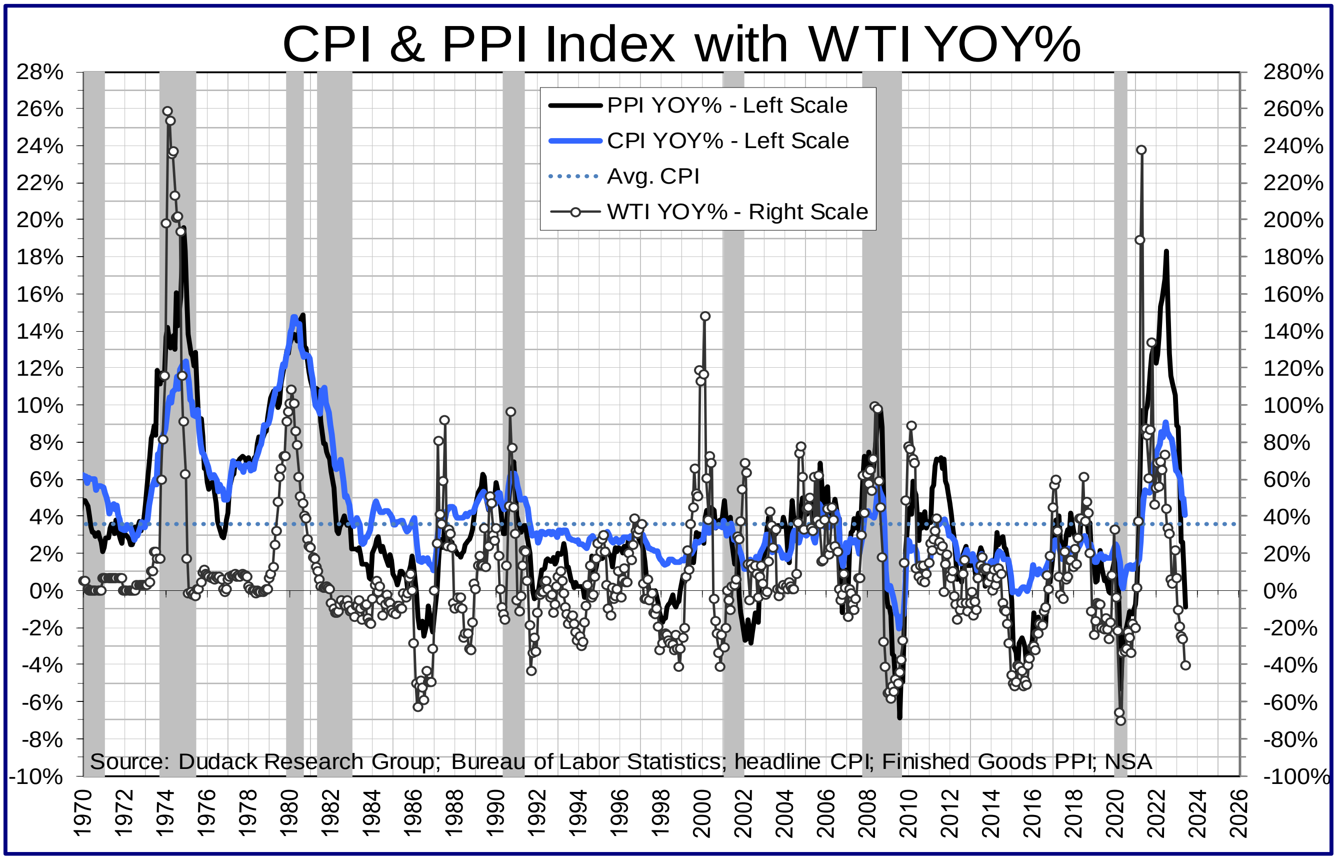
May's inflation data produced good news, particularly the headline CPI which fell 0.9% to 4% YOY. However, prices for food, housing, recreation, and services are rising faster than headline; conversely, energy prices fell nearly 12% YOY. But trends are generally decelerating, even for owners' equivalent rent.

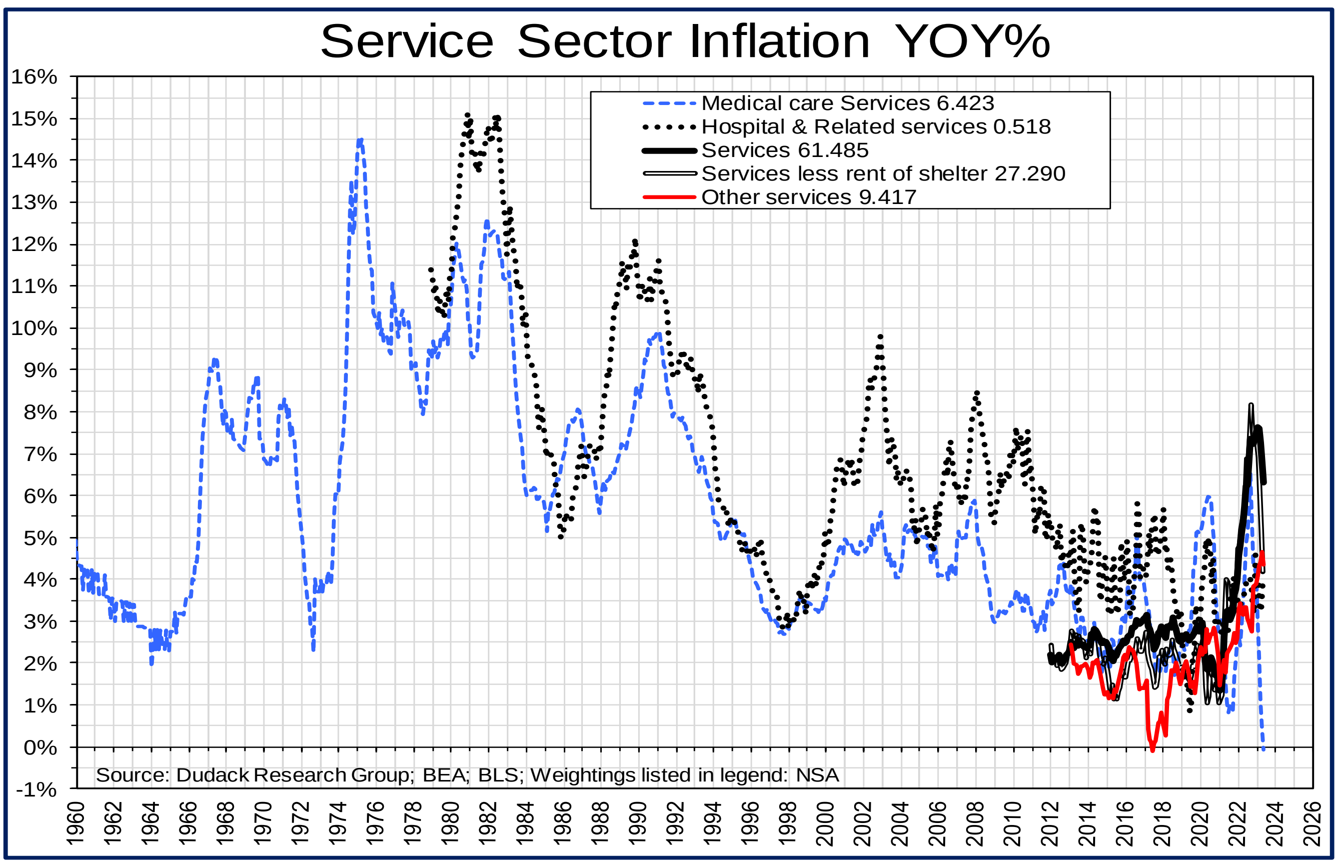
CPI Components Heavy Weights - Not Seasonally Adjusted Data	Component Weight*	Fuel Weight	Price Chg YOY%	Price Chg MOM%
Housing	**44.3%**	**4.5%**	**6.8%**	**0.3%**
Owners' equivalent rent of residences	**25.4%**		*8.0%*	0.5%
Fuels and utilities	**4.5%**		**0.9%**	**-0.7%**
Transportation	**17.1%**	**2.5%**	**-2.0%**	**0.5%**
Food and beverages	**14.3%**		**6.6%**	**0.1%**
Food at home	**8.6%**		*5.8%*	0.1%
Food away from home	**4.8%**		*8.3%*	0.5%
Alcoholic beverages	**0.8%**		*4.8%*	0.5%
Medical care	**7.9%**		**0.7%**	**0.0%**
Education and communication	**5.7%**		**1.5%**	**-0.2%**
Recreation	**5.4%**		**4.5%**	**-0.1%**
Apparel	**2.6%**		**3.5%**	**-0.3%**
Other goods and services	**2.7%**		**6.7%**	**0.5%**
Special groups:				
Energy	7.0%		-11.7%	-1.2%
All items less food and energy	79.6%		5.3%	0.4%
All items	**100.0%**		**4.0%**	**0.3%**

Source: Dudack Research Group; BLS; *Apr. 2023 w eightings; Italics=sub-component; blue>headline

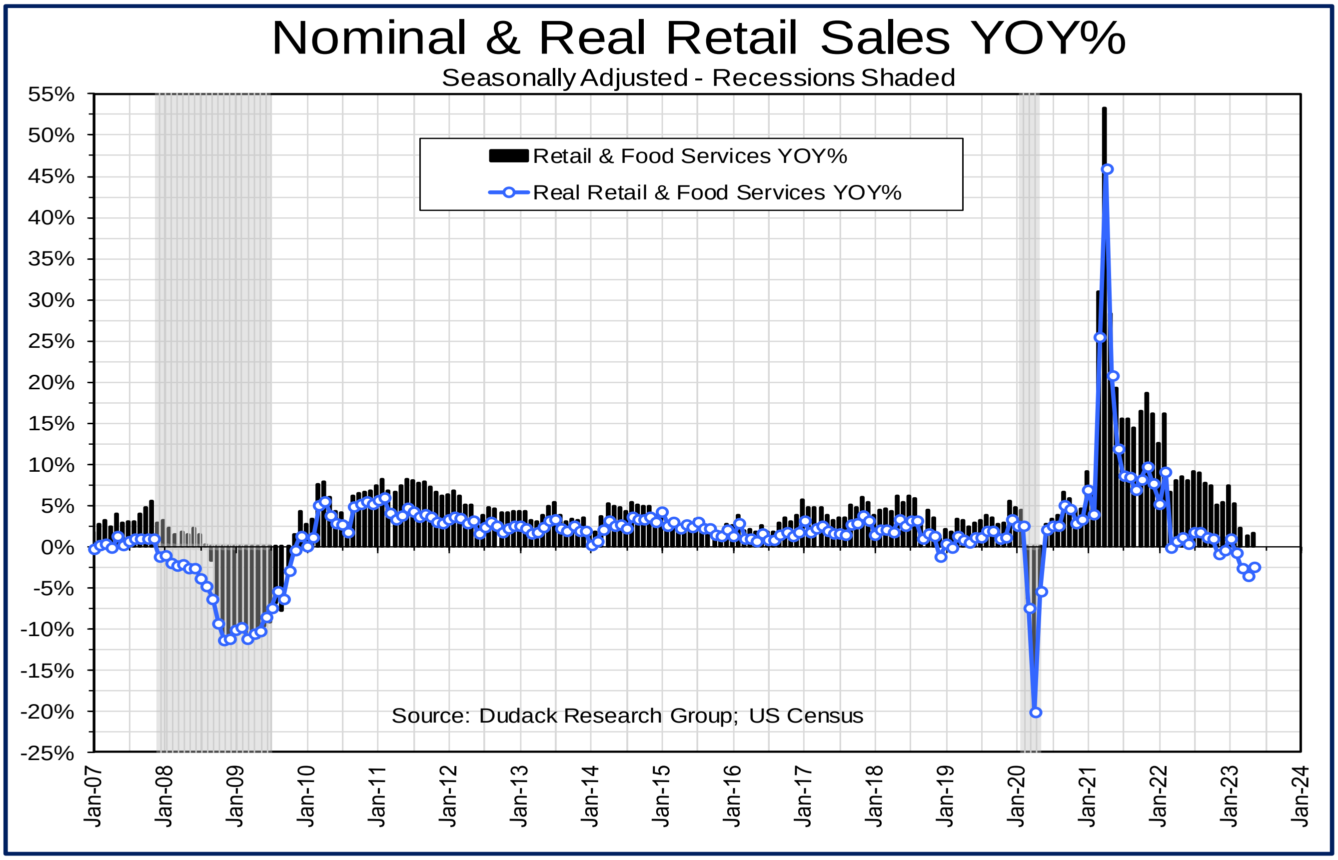


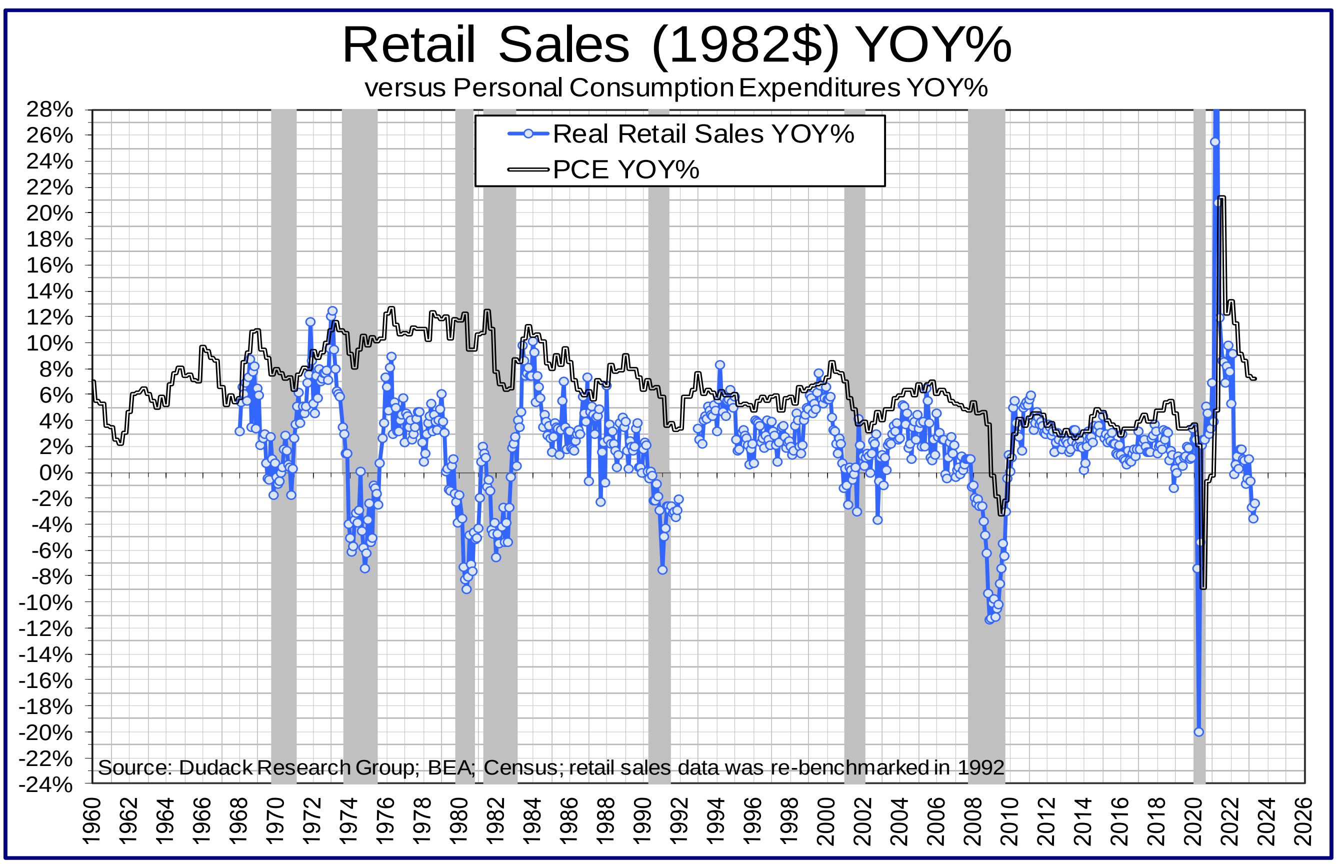
Notably, much of the recent decline in inflation is due to the dramatic decline in the price of crude oil, which was the initial catalyst for surging inflation in 2021. However, the residual problem is now service sector inflation, which is driven by wage inflation, not energy. The tightness in the labor market may make it difficult to reverse this trend quickly.



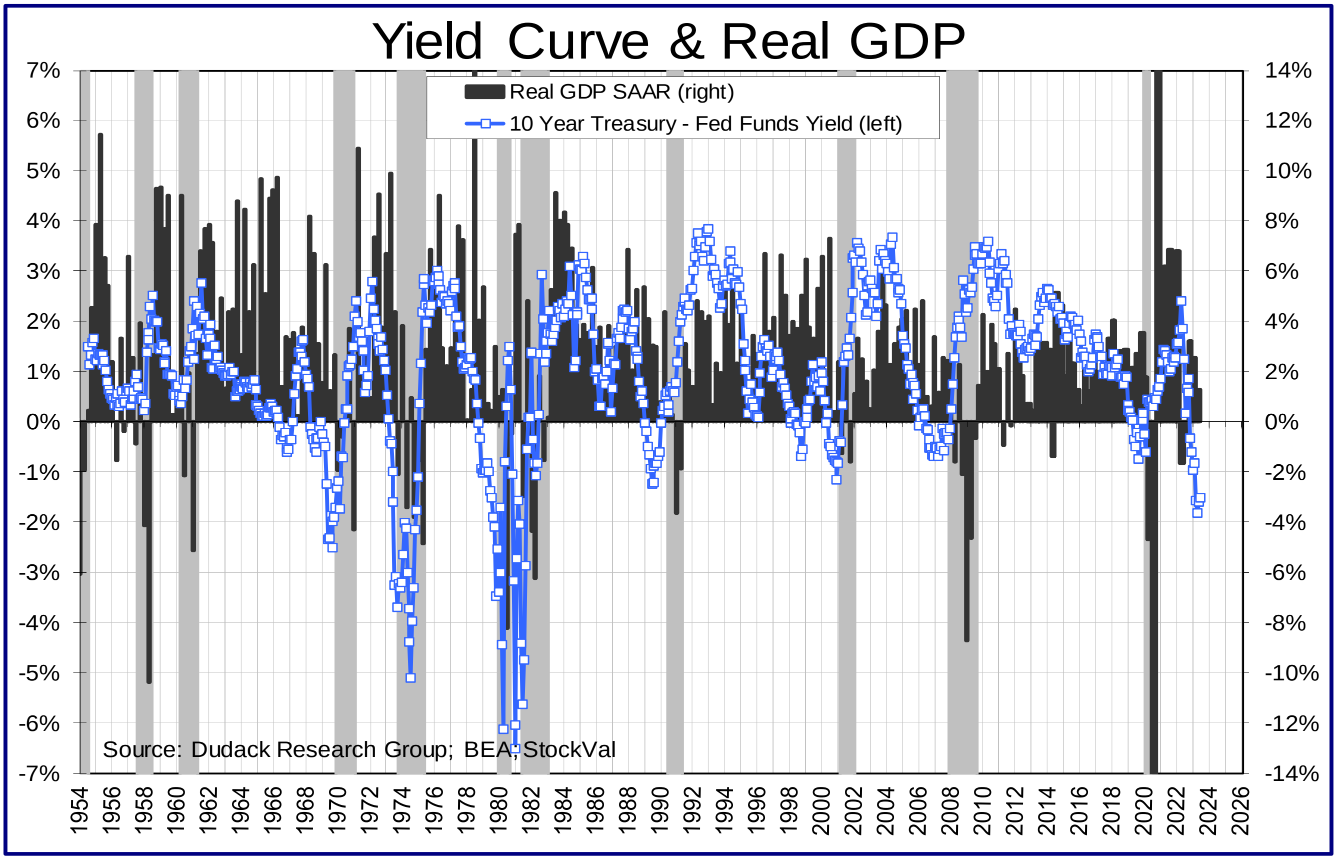


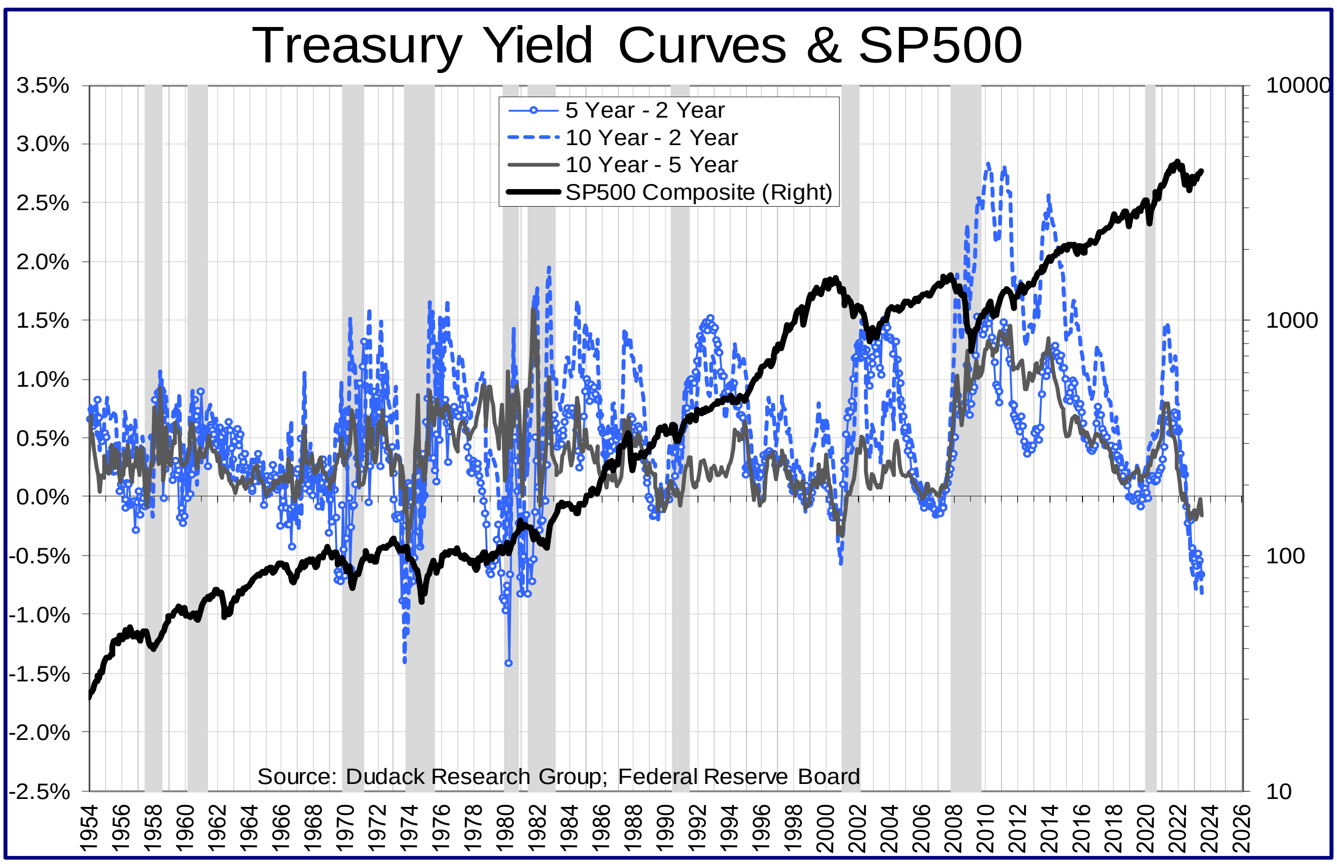
Retail sales rose in May, up 1.6% YOY led by restaurants, drug stores, and nonstore retailers. However, based on 1982 dollars, total retail and food services sales fell 2.4% YOY, the sixth negative month in the last seven. Typically, negative real retail sales for more than a month or two, have been associated with an economic recession. The missing ingredient in our recession indicators is negative YOY growth in jobs. The labor market remains healthy.



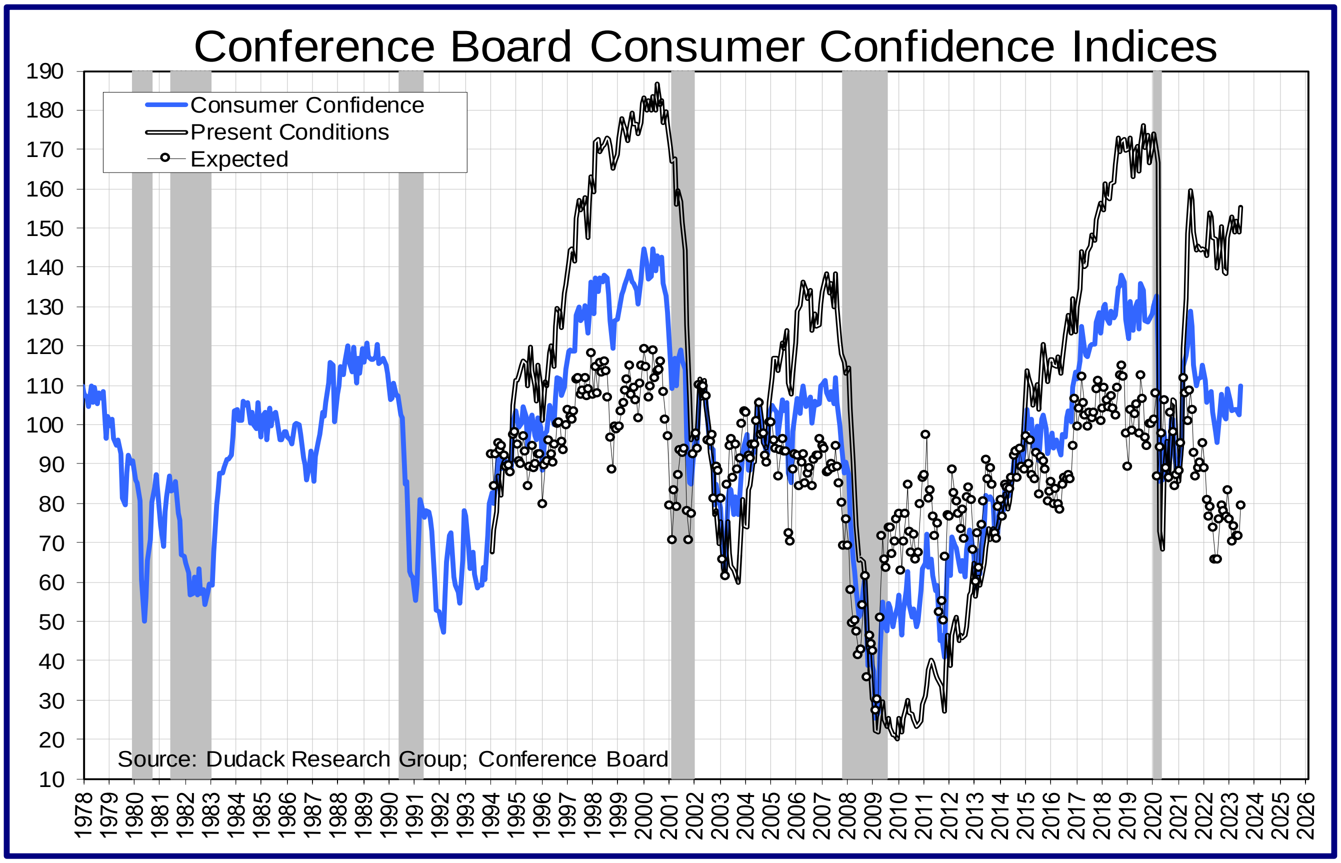


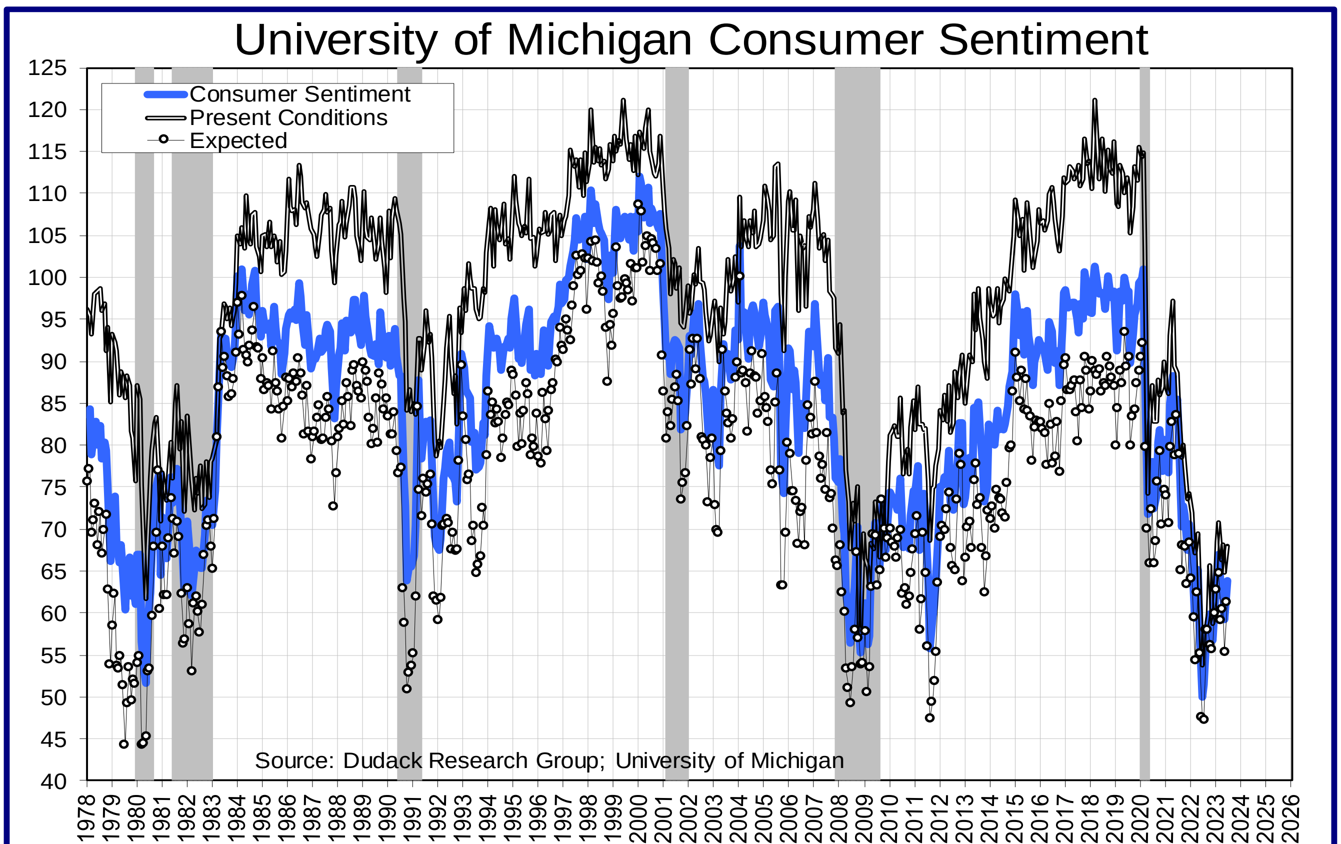
It might be different this time, but most data suggest a recession is on the horizon. The inversion in the yield curve is the greatest seen in over 42 years, and these inversions have historically preceded both economic recessions and bear markets in equities. We are of the view that history is a good guideline for defining risks in the equity market. However, market sentiment is now tilting toward a mild recession or no recession.



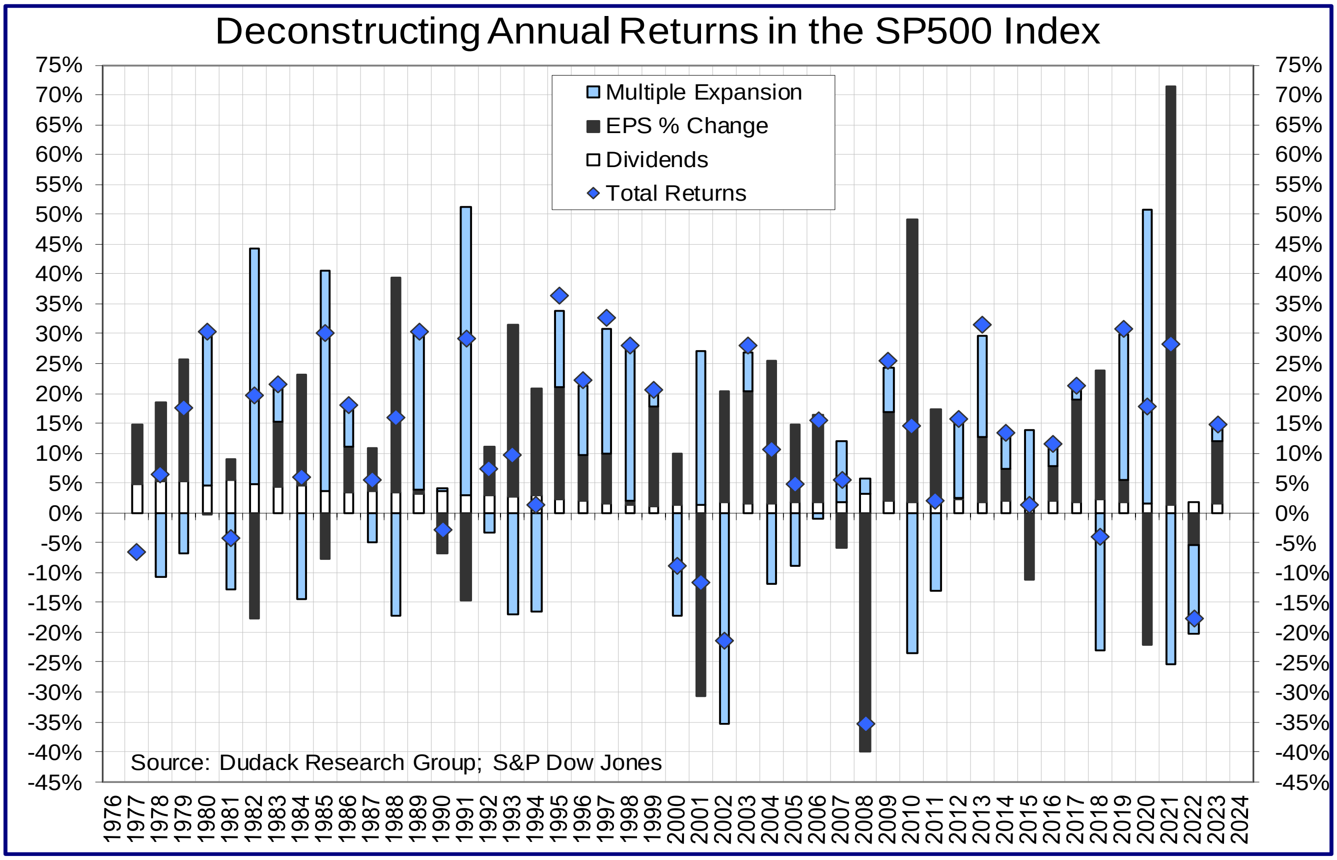


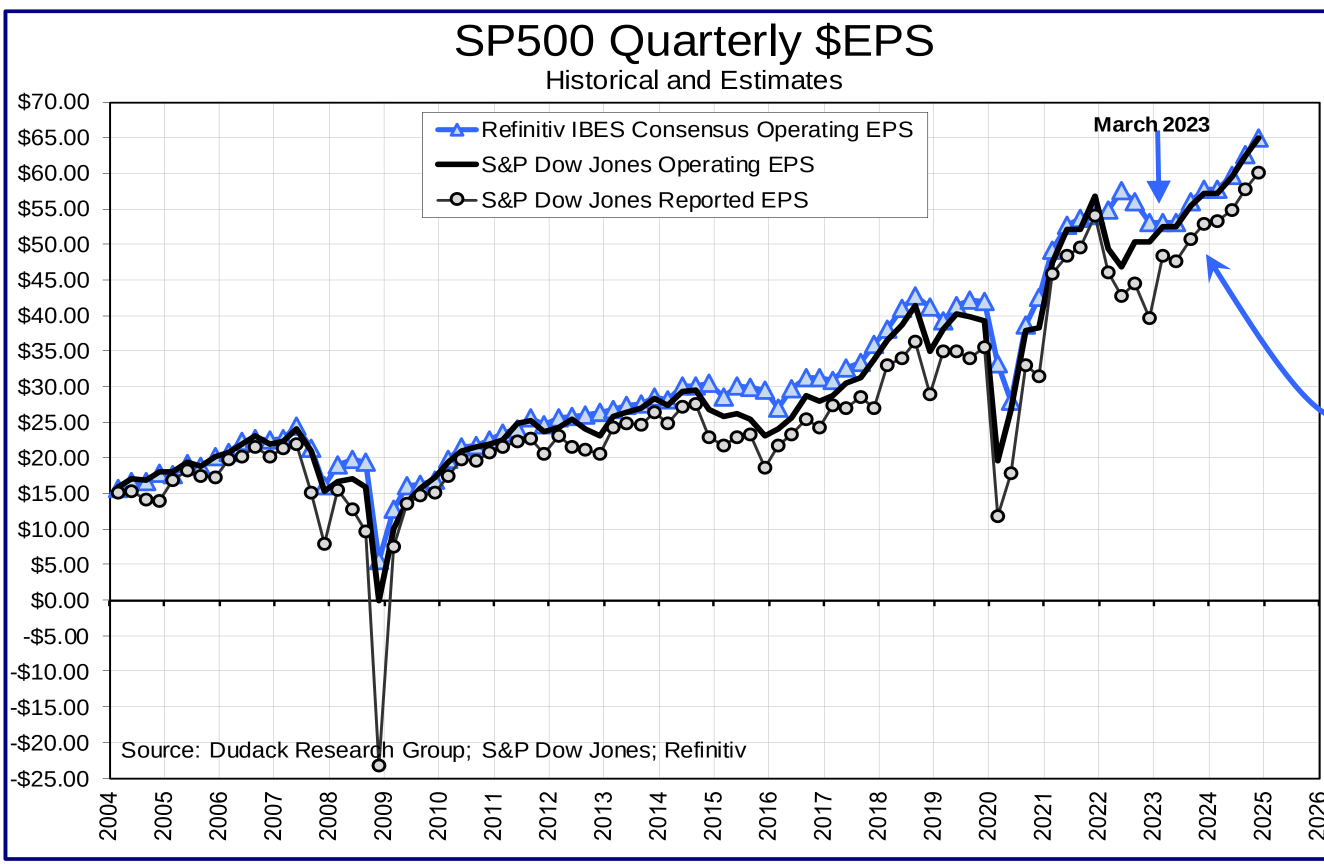
The Conference Board Consumer Confidence Index surprised to the upside, gaining from an upwardly revised 102.5 to 109.7 in June -- its highest level since January 2022. The outlook for business and the labor market improved in June. The University of Michigan survey was up from its May low, but below January's level and stuck at a recessionary level.



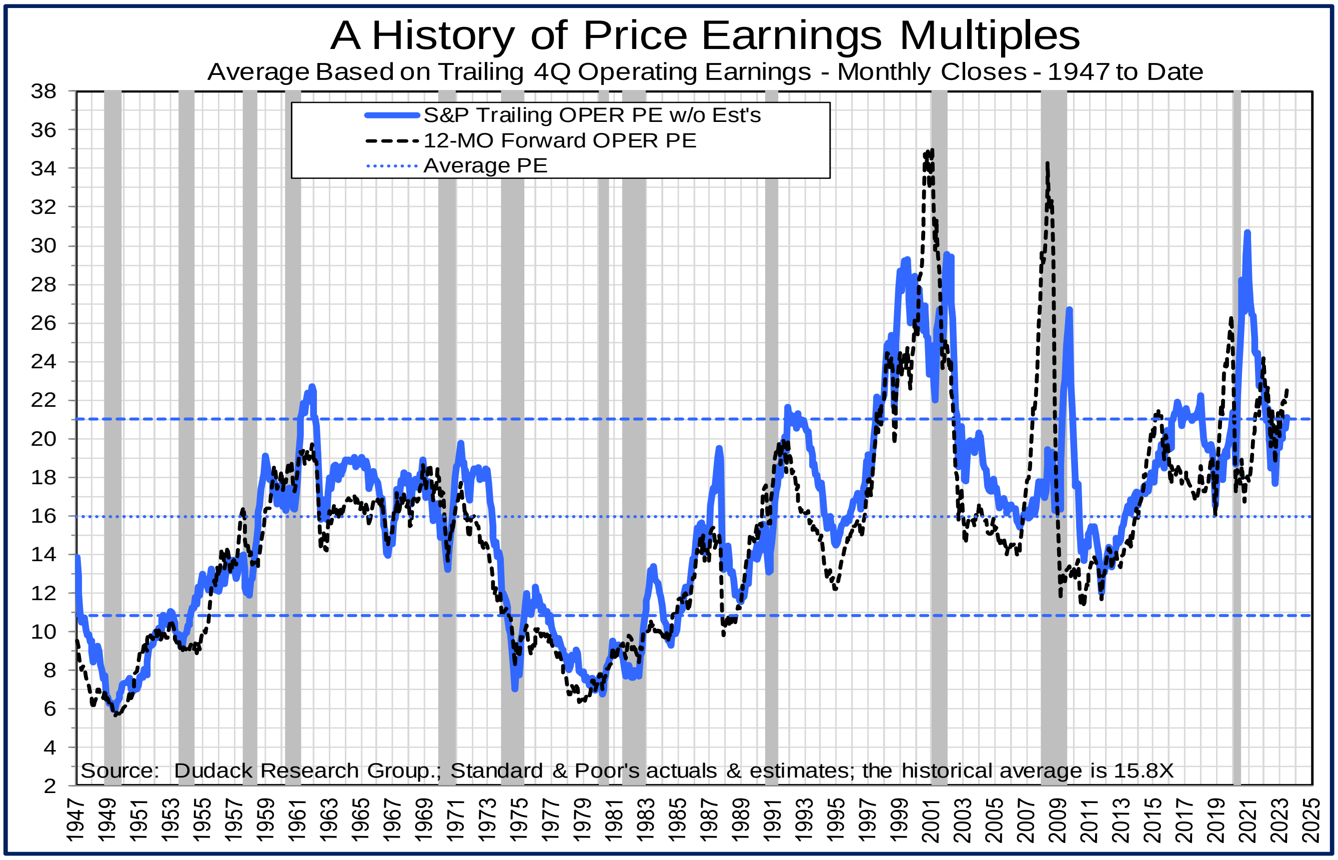


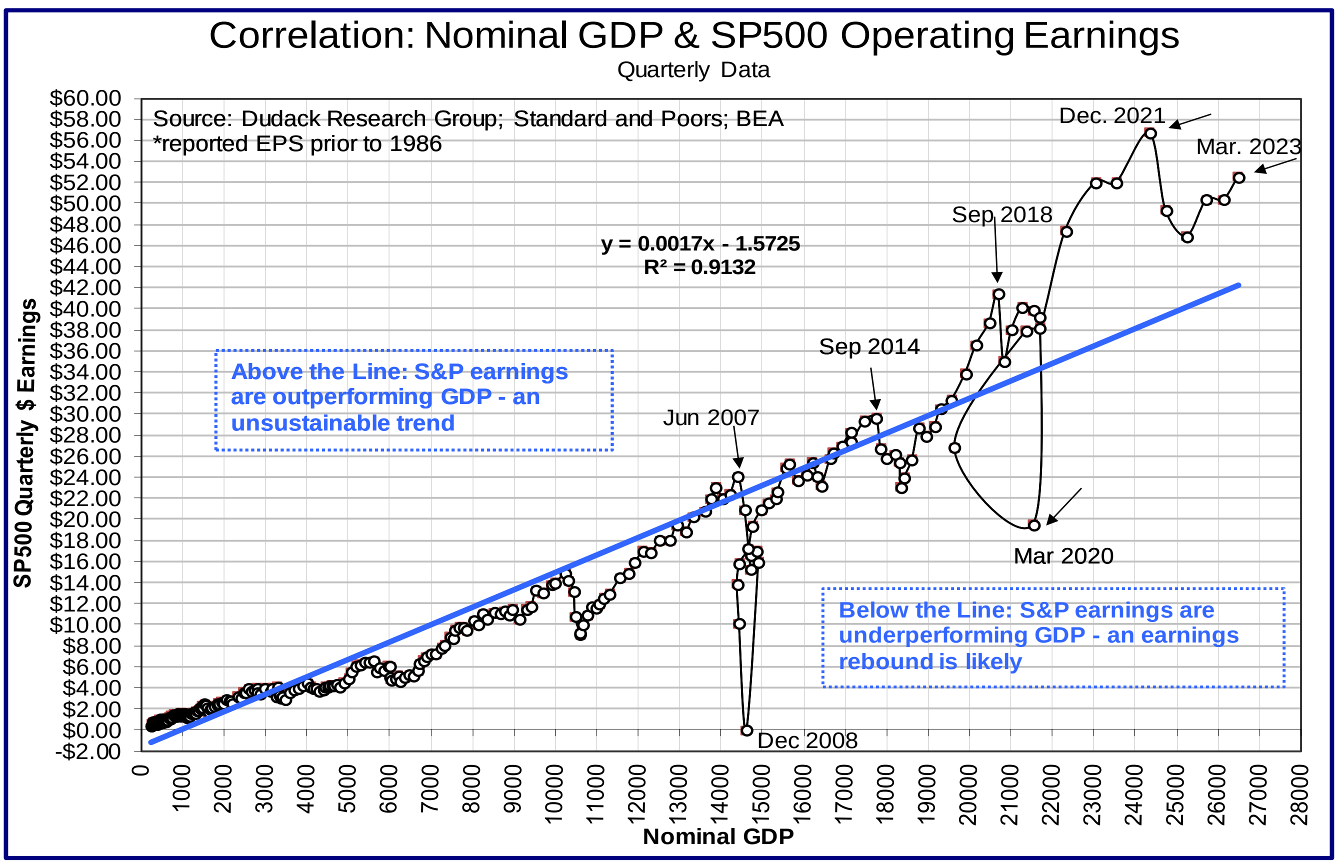
If we deconstruct the drivers of the 2023 equity market, we find that it is due to earnings growth expectations and modestly higher PE multiples. The bottom chart shows both the IBES Refinitiv and S&P Dow Jones quarterly earnings from 2004 to date, and expectation for the next seven quarters. First quarter earnings proved to be better than the substantially reduced expectations, but analysts are now looking for steady straight-line growth through 2024.



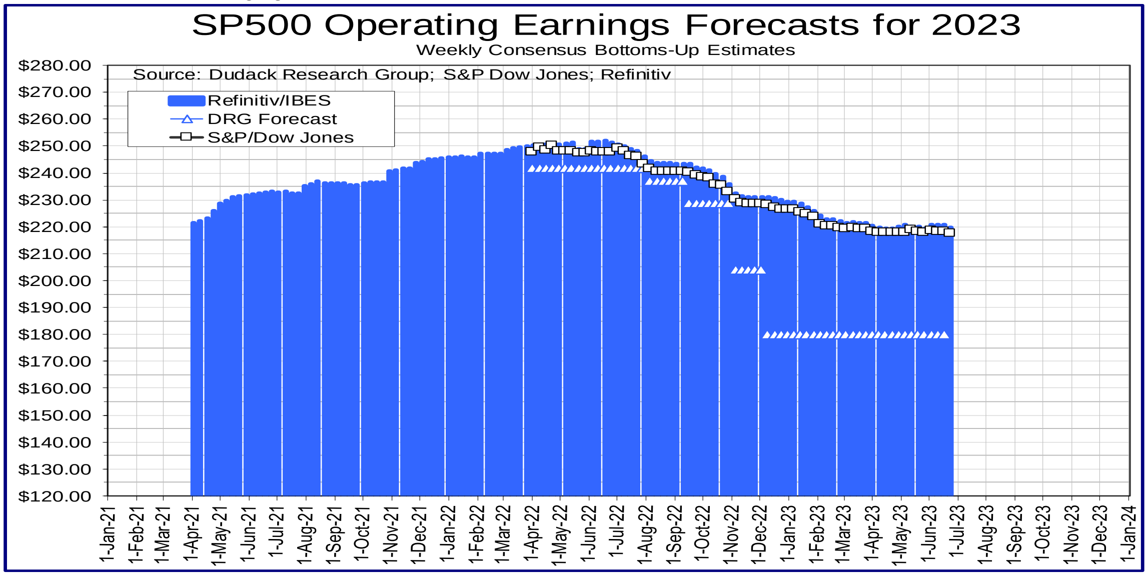


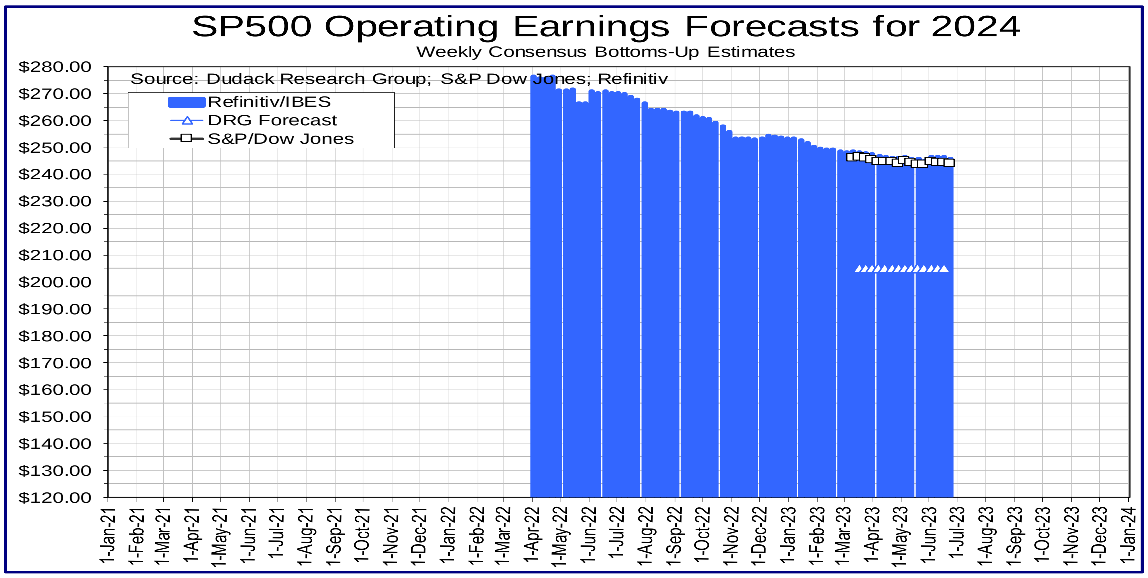
PE multiples are above the standard deviation range, a sign that stocks are not cheap. Also, the 12-month forward PE is higher than the 12-month trailing PE, due to decelerating earnings growth in 1Q23. And if we look at the normal relationship between current-dollar GDP and S&P operating earnings we find that earnings are, and have been, trending well above normal since early 2021. This could be due to margin improvements, but historically it has not been sustainable over time. In sum, EPS expectations are robust, PE multiples are high, and EPS are rising faster than the underlying economy.

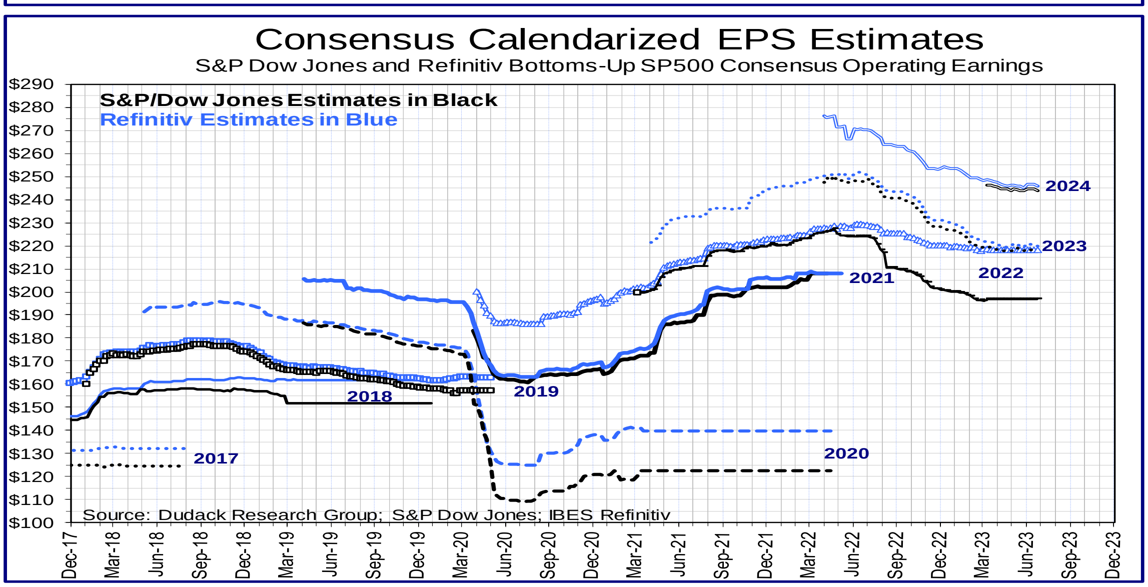




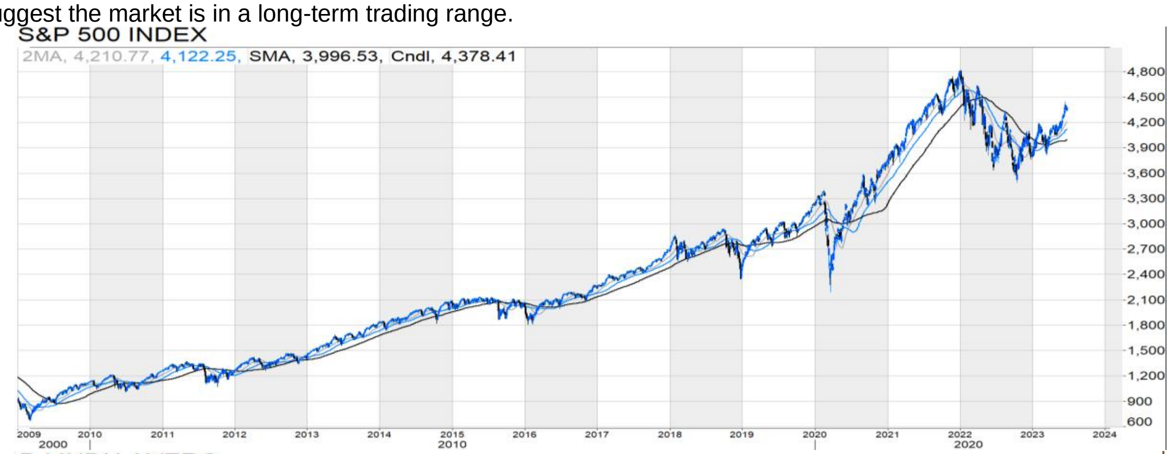
As the first quarter earnings season ends, the S&P Dow Jones consensus estimates for 2023 and 2024 are $217.46 and $243.91, down $0.83, and $0.55 for the week, respectively. Refinitiv IBES earnings estimates for 2023 and 2024 are $219.70 and $245.73, down $0.95, and $0.45, respectively. Notably, S&P data shows that 18.4% of companies reporting first quarter earnings had a decrease of 4% or more in shares outstanding, which effectively boosted earnings per share, but not overall earnings growth.







The decline in the indices is barely perceptible in the SPX and IXIC, just like the June rally is not noticeable in the DJIA and RUT. The unweighted S&P 500 ETF is also similar to the RUT. In short, the rally has been narrow. The Russelll 2000 index remains our main focus and it still suggest the market is in a long-term trading range.



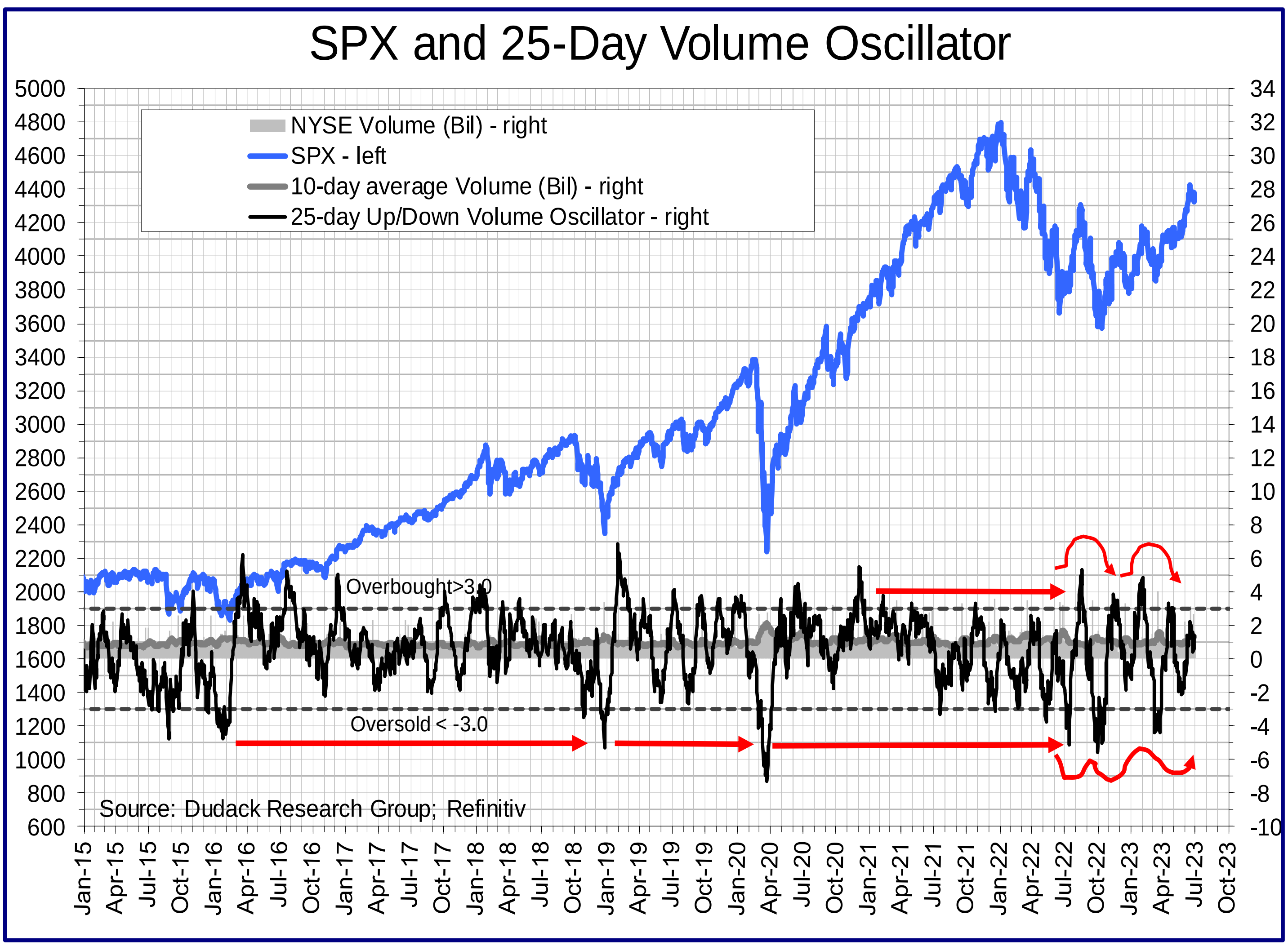
Source: Refinitiv

The 25-day up/down volume oscillator is at 1.38 reading this week, in line with last week's level, and has changed very little during the recent rally. This reveals a lack of convincing volume in advancing stocks and the oscillator remains in neutral territory. More importantly, NYSE volume was below the 10-day average for many days during the advance and the highest volume days in the last four weeks have taken place on May 31, 2023 when the DJIA lost 134 points, June 16 when the DJIA lost 109 points and on June 23, when the DJIA lost 219 points. These high volume down days suggest distribution, not accumulation, of equities.

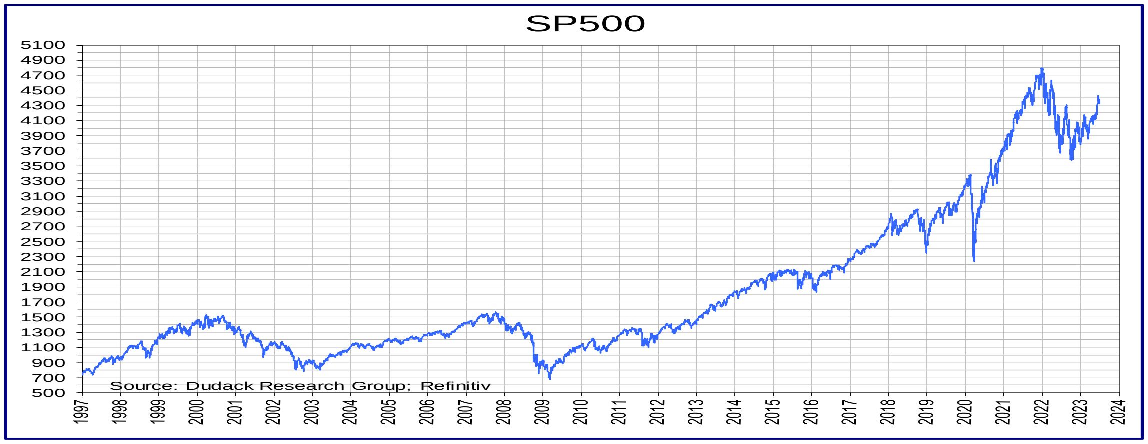
The oscillator recorded one-day **overbought** readings of 3.0 or higher on April 18, April 24, and April 28, but was unable to maintain an overbought reading on a rally. This revealed a weakness in underlying buying pressure, i.e., demand.

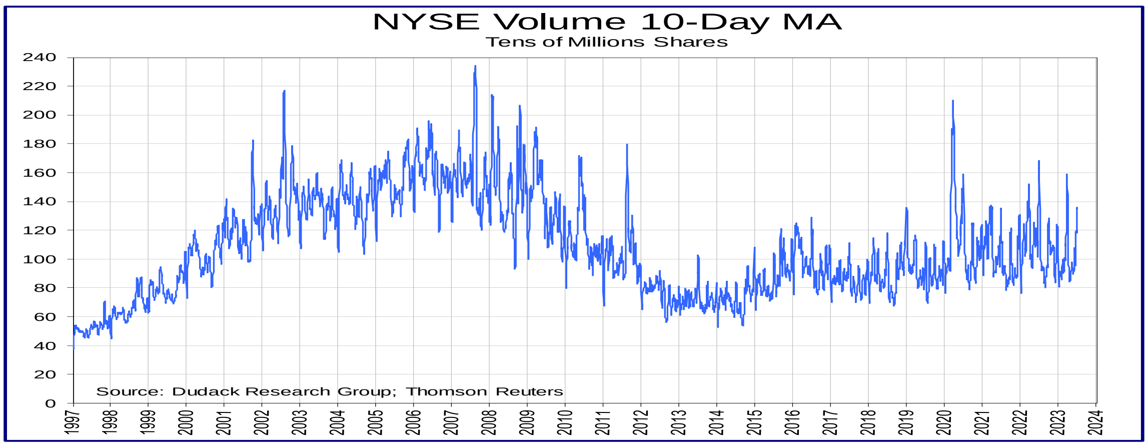
The string of un-sustained overbought and oversold readings that began a year ago, is characteristic of a long-term neutral trading range. Persistent trading ranges can be substitutes for bear markets. In both cases, prices are adjusting to an underlying weakness in earnings growth.

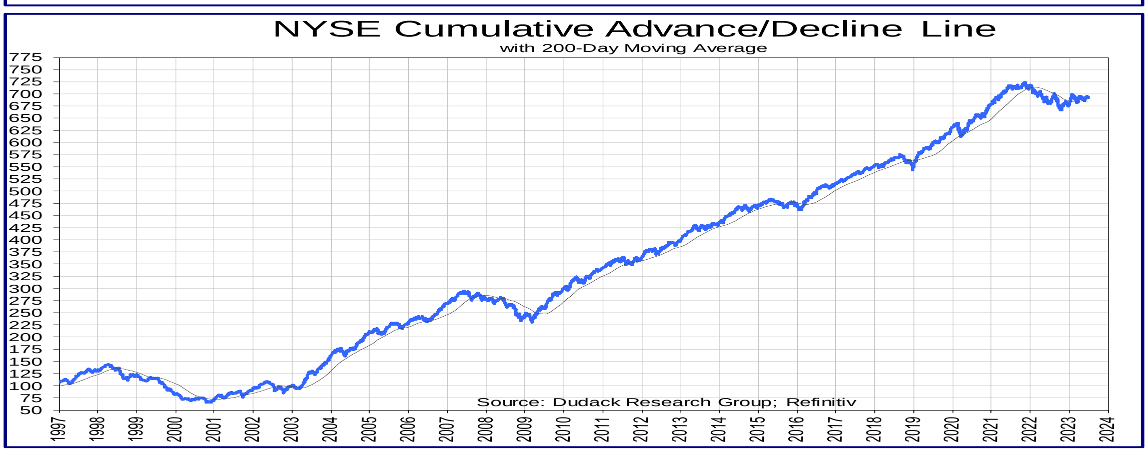
It will be important to see if the recent rise in the indices can generate an overbought reading, which would be a sign of sustained buying pressure. If not, it would be a sign of weakness for the equity market.

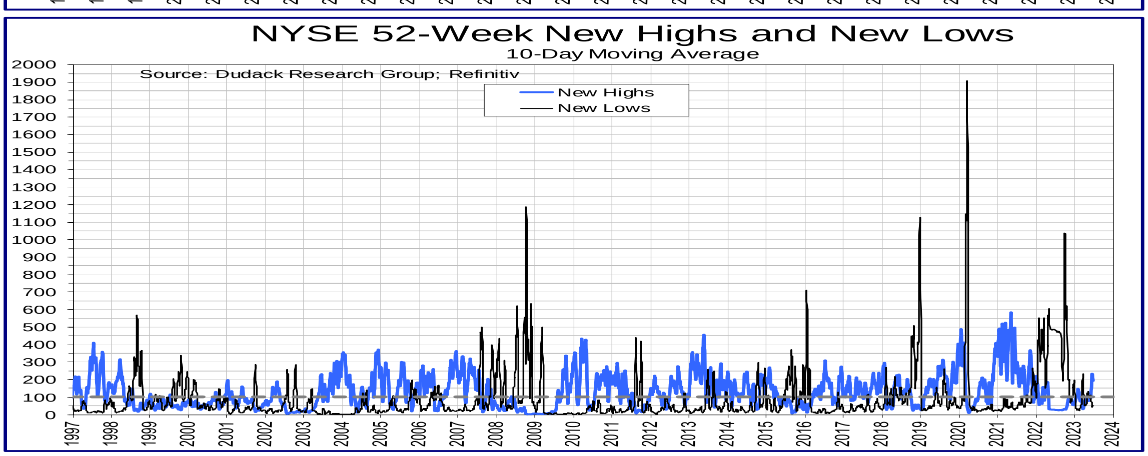


The 10-day average of daily new highs is 193 and new lows are 52. This combination turned positive on June 8 when new highs rose above 100 and new lows fell below 100. The NYSE advance/decline line fell below the June low on September 22 and remains 33,668 net advancing issues from its 11/8/21 high.

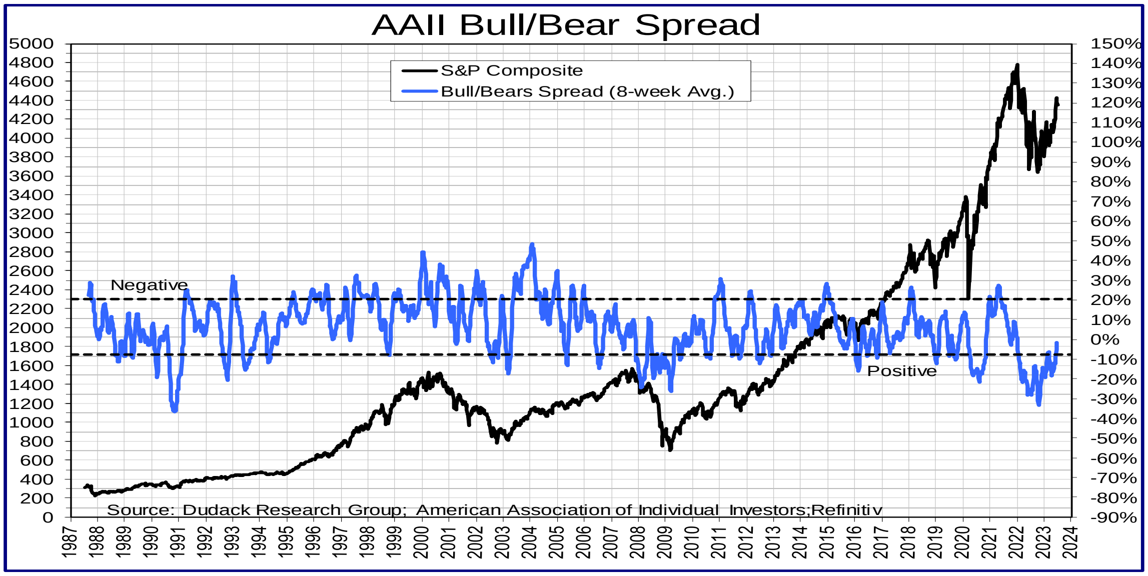


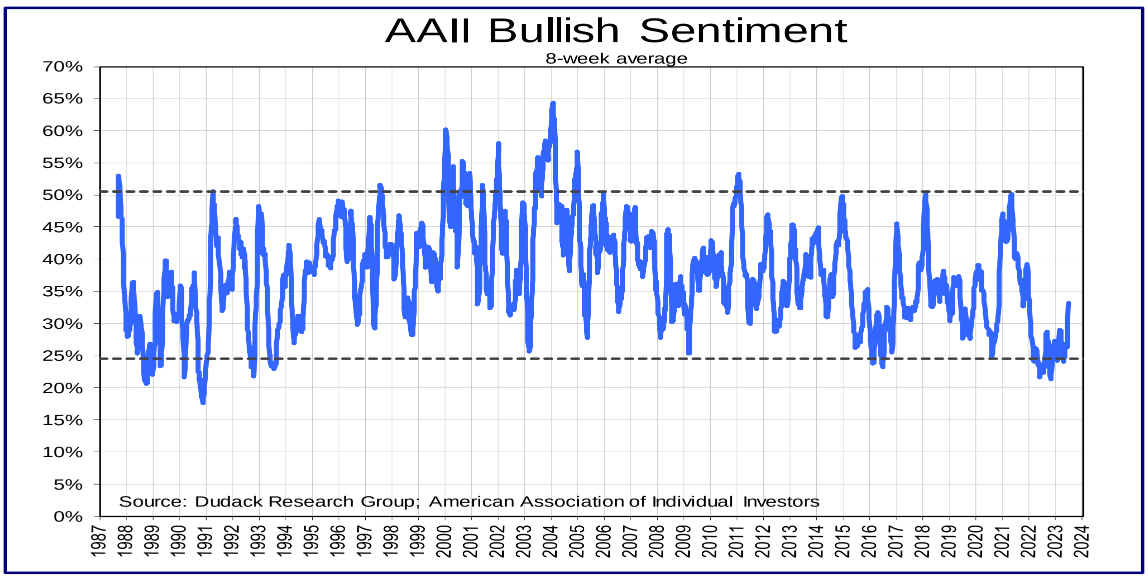


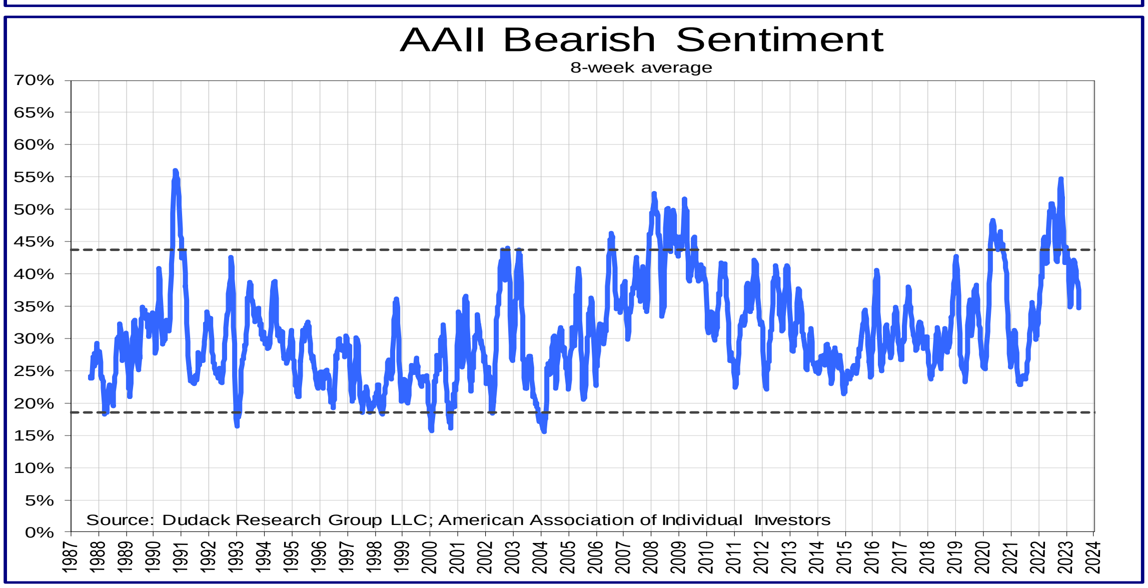




Last week's AAII readings saw a 2.3% decline in bullishness to 42.9% and a 5.1% increase in bearishness to 27.8%. This is the third consecutive week of above average bullishness and below average bearishness. The last time this combination was seen was October-November of 2021 when it persisted for five consecutive weeks. The bull/bear spread is neutral.







Global Markets and Commodities - Ranked by 2023 Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Technology Select Sector SPDR	XLK	170.74	-0.5%	3.6%	13.1%	37.2%
NASDAQ 100	NDX	14945.91	-0.8%	4.5%	13.4%	36.6%
Communication Services Select Sector SPDR Fund	XLC	64.49	0.2%	3.7%	11.2%	34.4%
SPDR Homebuilders ETF	XHB	79.55	3.6%	13.3%	17.4%	31.9%
Nasdaq Composite Index Tracking Stock	ONEQ.O	53.17	-0.9%	4.4%	10.9%	29.8%
SPDR S&P Semiconductor ETF	XSD	216.56	0.5%	3.2%	3.8%	29.5%
Consumer Discretionary Select Sector SPDR	XLY	166.84	-0.3%	9.8%	11.6%	29.2%
iShares MSCI Mexico Capped ETF	EWW	62.81	-0.1%	2.6%	5.5%	27.0%
iShares Russell 1000 Growth ETF	IWF	270.44	-0.5%	4.4%	10.7%	26.2%
iShares MSCI Taiwan ETF	EWT	47.38	-1.0%	1.2%	4.5%	18.0%
iShares MSCI Brazil Capped ETF	EWZ	32.29	-1.3%	7.8%	17.9%	15.4%
iShares MSCI South Korea Capped ETF	EWY	64.57	-0.9%	2.3%	5.5%	14.3%
SP500	**.SPX**	**4378.41**	**-0.2%**	**4.1%**	**6.5%**	**14.0%**
iShares MSCI Germany ETF	EWG	28.20	-0.9%	-1.3%	-0.9%	14.0%
iShares Russell 1000 ETF	IWB	239.76	-0.3%	4.1%	6.5%	13.9%
iShares MSCI Japan ETF	EWJ	61.14	-1.8%	1.5%	4.2%	12.3%
iShares Russell 2000 Growth ETF	IWO	236.68	-1.1%	4.2%	4.3%	10.3%
iShares MSCI EAFE ETF	EFA	71.67	-1.0%	-0.7%	0.2%	9.2%
PowerShares Water Resources Portfolio	PHO	55.67	0.8%	5.7%	4.3%	8.0%
Vanguard FTSE All-World ex-US ETF	VEU	53.99	-0.8%	0.6%	1.0%	7.7%
Industrial Select Sector SPDR	XLI	105.39	1.1%	7.2%	4.2%	7.3%
iShares MSCI Canada ETF	EWC	34.46	0.6%	2.0%	0.8%	5.3%
iShares Russell 2000 ETF	IWM	183.36	-1.0%	4.1%	2.8%	5.2%
Gold Future	GCc1	2591.10	0.2%	0.9%	2.5%	5.1%
Materials Select Sector SPDR	XLB	81.64	1.7%	7.1%	1.2%	5.1%
iShares MSCI United Kingdom ETF	EWU	32.18	-1.1%	-0.8%	-0.2%	5.0%
iShares MSCI Austria Capped ETF	EWO	19.93	-1.4%	0.1%	-1.6%	4.9%
iShares MSCI Emerg Mkts ETF	EEM	39.70	-0.9%	1.8%	0.6%	4.7%
SPDR Gold Trust	GLD	177.69	-1.1%	-1.8%	-3.0%	4.7%
SPDR S&P Retail ETF	XRT	63.02	1.5%	7.6%	-0.6%	4.3%
iShares 20+ Year Treas Bond ETF	TLT	103.17	-0.1%	2.1%	-3.0%	3.6%
Shanghai Composite	.SSEC	3189.44	-1.6%	-0.7%	-2.5%	3.2%
iShares MSCI India ETF	INDA.K	43.02	0.0%	2.4%	9.3%	3.1%
iShares Russell 1000 Value ETF	IWD	155.44	0.1%	3.8%	2.1%	2.5%
SPDR DJIA ETF	DIA	339.23	-0.4%	2.5%	2.0%	2.4%
DJIA	.DJI	33926.74	-0.4%	2.5%	2.0%	2.4%
iShares iBoxx $ Invest Grade Corp Bond	LQD	107.70	-0.4%	1.2%	-1.7%	2.2%
iShares US Real Estate ETF	IYR	85.12	0.2%	4.5%	0.3%	1.1%
iShares MSCI Australia ETF	EWA	22.36	-4.0%	-0.3%	-2.5%	0.6%
iShares MSCI BRIC ETF	BKF	34.29	-0.5%	2.7%	-1.2%	-0.1%
iShares Russell 2000 Value ETF	IWN	138.40	-0.9%	4.0%	1.0%	-0.2%
Consumer Staples Select Sector SPDR	XLP	74.10	0.7%	0.9%	-0.8%	-0.6%
iShares MSCI Singapore ETF	EWS	18.47	-1.5%	-4.1%	-7.0%	-1.8%
iShares China Large Cap ETF	FXI	27.60	-0.3%	2.9%	-6.5%	-2.5%
iShares US Telecomm ETF	IYZ	21.76	0.0%	1.4%	-6.1%	-3.0%
Health Care Select Sect SPDR	XLV	130.95	-0.4%	2.7%	1.2%	-3.6%
Financial Select Sector SPDR	XLF	32.93	-0.8%	2.6%	2.4%	-3.7%
Silver Future	SIc1	22.94	-1.1%	-1.3%	-4.7%	-3.9%
iShares Nasdaq Biotechnology ETF	IBB.O	125.53	-3.7%	-1.2%	-2.8%	-4.4%
iShares Silver Trust	SLV	21.94	-1.2%	-1.8%	-5.1%	-4.5%
Utilities Select Sector SPDR	XLU	65.69	-0.4%	1.7%	-3.0%	-6.8%
iShares MSCI Hong Kong ETF	EWH	19.39	-1.2%	-0.4%	-5.6%	-7.7%
iShares DJ US Oil Eqpt & Services ETF	IEZ	19.45	2.4%	7.3%	0.7%	-8.3%
Energy Select Sector SPDR	XLE	78.93	0.7%	0.2%	-4.7%	-9.8%
iShares MSCI Malaysia ETF	EWM	20.04	-0.3%	-4.3%	-9.6%	-12.3%
United States Oil Fund, LP	USO	61.30	-4.1%	-5.4%	-7.7%	-12.6%
Oil Future	CLc1	67.70	-4.0%	-6.8%	-10.5%	-15.6%
SPDR S&P Bank ETF	KBE	35.70	-2.6%	2.0%	-3.7%	-20.9%

Outperformed SP500
Underperformed SP500

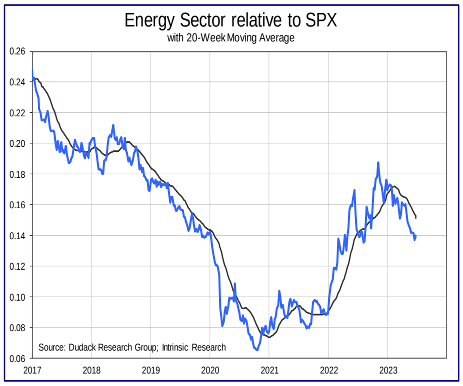
Source: Dudack Research Group; Refinitiv

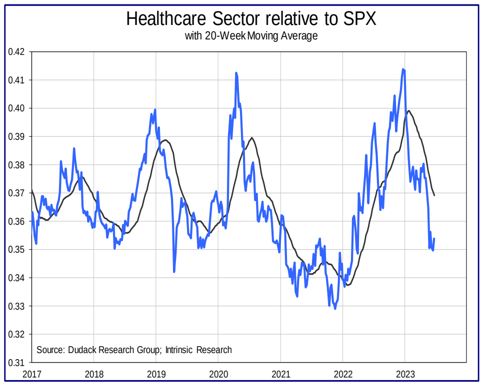
Priced as of June 27, 2023

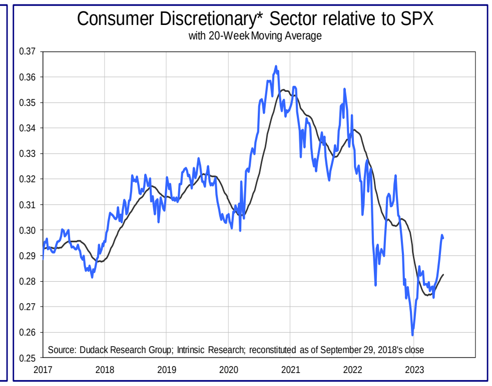
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

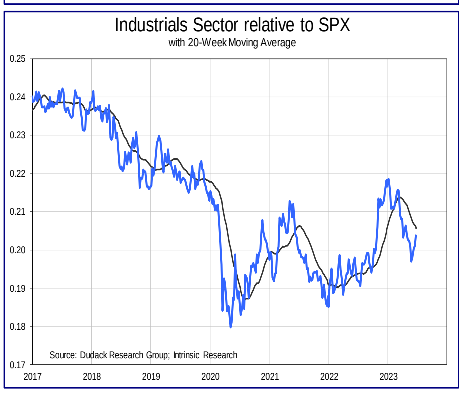
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Energy Industrials Staples Utililties		Healthcare Technology Materials Financials		Consumer Discretionary REITS Communication Services

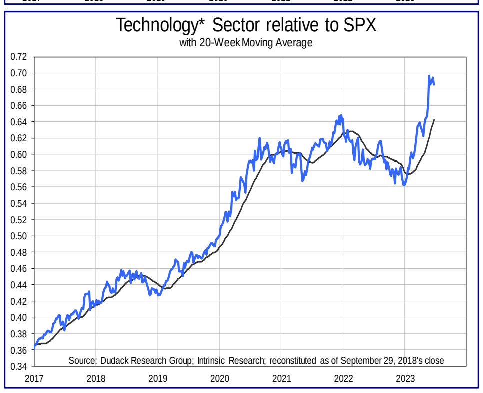
3/8/2022:Materials upgraded from underweight to neutral/communication service downgraded from neutral to underweight. 3/1/2022 Financials downgraded to neutral and Industrials upgraded to overweight.

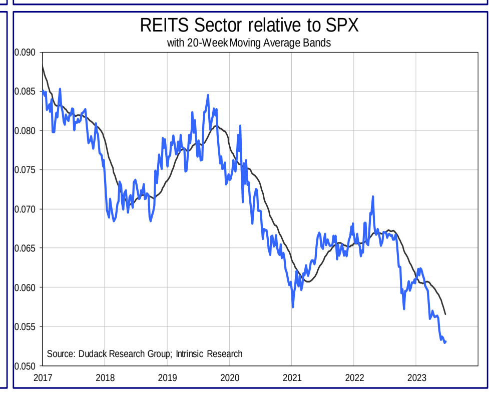


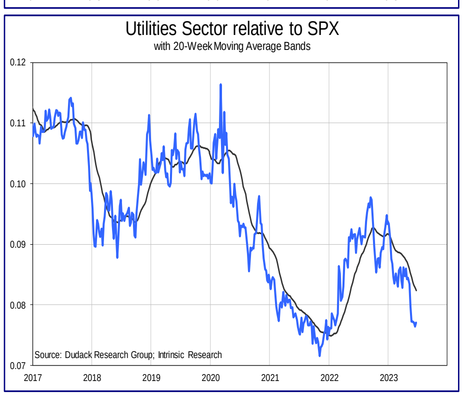


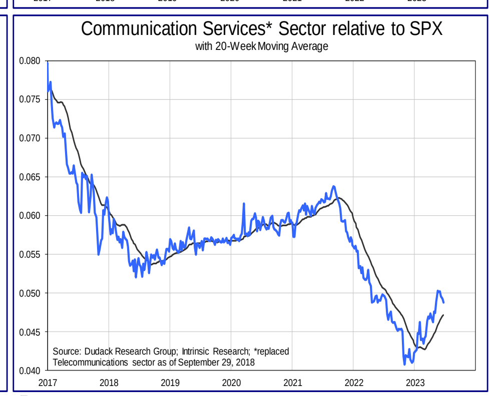


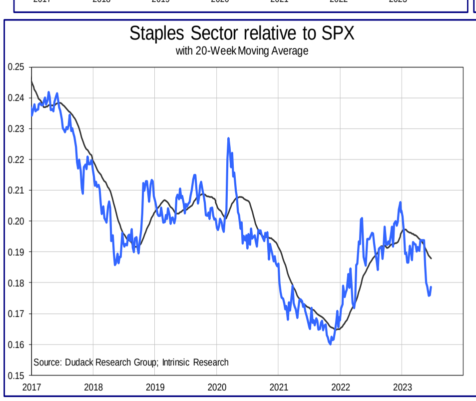


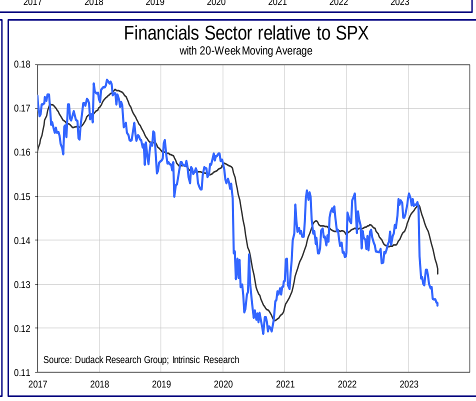












2023 Performance - Ranked	
SP500 Sector	% Change
S&P INFORMATION TECH	39.4%
S&P COMMUNICATIONS SERVICES	34.0%
S&P CONSUMER DISCRETIONARY	30.1%
S&P 500	14.0%
S&P INDUSTRIALS	7.3%
S&P MATERIALS	5.0%
S&P REITS	0.3%
S&P CONSUMER STAPLES	-0.2%
S&P HEALTH CARE	-3.7%
S&P FINANCIAL	-3.8%
S&P UTILITIES	-6.9%
S&P ENERGY	-9.8%

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%	$2,478.80	4.0%
2023E	~~~~~	$199.68	**$217.46**	$191.00	-3.0%	**$219.70**	0.7%	20.1X	NA	NA	NA	NA
2024E	~~~~~	$225.83	**$243.91**	$205.00	7.3%	**$245.73**	11.8%	18.0X	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	$48.41	**$52.53**	$52.53	6.4%	**$53.09**	-3.1%	20.5	1.8%	1.3%	$2,307.00	-2.8%
2023 2QE*	4378.41	$47.63	**$52.48**	$40.47	-13.7%	**$52.98**	-8.1%	21.3	NA	NA	NA	NA
2023 3QE	~~~~~	$50.75	**$55.34**	$48.00	-4.7%	**$56.00**	0.0%	20.8	NA	NA	NA	NA
20244QE	~~~~~	$52.90	**$57.11**	$50.00	-0.7%	**$57.70**	8.6%	20.1	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 6/27/2023

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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Prices are the close of June 27, 2023