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July 12, 2023

DJIA: 34261.42
SPX: 4439.26
NASDAQ: 13760.40

US Strategy Weekly

An Optimistic Consensus

The Consensus View

Stock markets may have their foundations built on fundamentals, but the short and intermediate-term moves are, more often than not, driven less by fundamentals and more by expectations and sentiment. And in our view, the expectations for the second half of this year are now a consensus that includes the following: 1.) the Federal Reserve will raise rates one or two more times and then pause; 2.) headline inflation will continue to decelerate to the 3.5% level or lower by year end; 3.) a recession is possible but the economy may instead suffer a rolling recession over the next twelve months; 4.) the housing sector is showing green shoots; 5.) interest rates are at, or close, to peaking all along the curve; and last, but far from least, 6.) earnings growth will rebound over the next four to six quarters.

The Media Plays a Role

However, we have noticed that the media is also playing a role in boosting investor sentiment. The National Federation of Independent Business (NFIB) released its Optimism Index for June this week. Reuters ran the story with the headline "*Small business confidence reaches 7-month high in June, NFIB says."* That is not what we read on the NFIB website. The NFIB's headline was *"Small Businesses Raising Prices Falls to Lowest Level Since March 2021.*" And the NFIB's opening text was "Small business optimism increased 1.6 points in June to 91.0; however, it is the 18th consecutive month below the 49-year average of 98. Halfway through the year, small business owners remain very pessimistic about future business conditions and their sales prospects." We were stunned at how different the Reuters story was from that of the NFIB. Reuters was clearly editorializing and not reporting. On page 7, we show charts of the NFIB's survey, and you can judge for yourself which headline is more appropriate for the June report.

Too Optimistic Too Quickly

Perhaps the "optimism" we are reading in the financial press stems from the fact that the residential real estate market may, at last, be finding some sunlight. A recent Bloomberg headline states: *"Homebuilding Set to Boost US Economy After Two-Year Contraction."* The NAHB housing index ticked up to 55 in June from 50 in May and it was the first time this index rose above the 50 benchmark in nearly a year. Condo sales rose in May, but single-family sales declined. A dwindling supply of single-family homes partly explains the housing market's buoyancy. But to the extent that a lack of supply of single-family homes is due to the fact that homeowners are locked into their homes as a result of higher interest rates and higher home prices, this may not be a good thing. Right now, remodeling is cheaper than buying a new home for many households. Plus, recent consumer credit data shows that nonrevolving credit fell at an annualized rate of 0.4% in May. Revolving credit increased at an annualized rate of 8.5%, but this was down from 14.2% in April. In other words, a combination of tighter lending standards and higher interest rates are triggering a slowdown in consumer credit. This may make housing less affordable and as a result, the housing market bounce may be short-lived. Last, but far from least, one should not forget that the moratorium on student loans will end in October!

INVESTOR SENTIMENT WARNING

Nevertheless, optimism is spreading. Last week's AAII sentiment readings produced a 4.5% rise in bullishness to 46.4% and a 3.0% decline in bearishness to 24.5%. This was the highest bullish reading in the AAII survey in 2023 and it was the highest since the 48% reading on November 11, 2021. In addition, bullish sentiment was above average for the fifth consecutive week, matching the streak last seen in October and November 2021. Unfortunately, in this case, sentiment is a contrary indicator. It is important to point out that current readings are similar to those seen in November 2021 and in this latter case, they appeared a month or two ahead of the January 2022 peak in equity prices. See page 13.

INFLATION AND EARNINGS

June inflation data will be released this week and many economists are looking for good news. Moody's Analytics has inflation falling to 2.8% in the second half. That would be excellent news, but it may also be optimistic. The good news is that many areas of the CPI are seeing prices declining on a year-over-year basis, particularly since crude oil prices are currently down 33% YOY. Most energy-related and transportation-related areas of the CPI are seeing declining prices, and so are used cars, personal computers, and nondurables. On the other hand, the service sector showed prices rising 6.3% YOY in May.

The service sector is labor intensive and therefore, the Fed is also focusing on both service sector inflation and wage inflation in forming its monetary policy. Average hourly earnings rose 4.7% YOY in June, which is down nicely from the March 2022 level of 7% YOY; yet from the Fed's perspective, this is still more than double its target of 2% inflation. Moreover, it means wages grew 70 basis points above May's inflation rate which could create demand pull inflation. See page 5.

Average weekly earnings rose 3.8% YOY in June, quite a bit less than the average hourly earnings gain of 4.7% YOY, because hours worked dipped from a year ago. But after adjusting for inflation, real weekly earnings in dollar terms, have been declining since January 2021. Only recently have wages been growing faster than inflation. Again, what is good for consumers (real purchasing power) will be bad for employers (higher cost of labor) and this balance will impact consumption and margins in the second half of the year. Economists will be watching June inflation numbers to see how this impacts real earnings. See page 6.

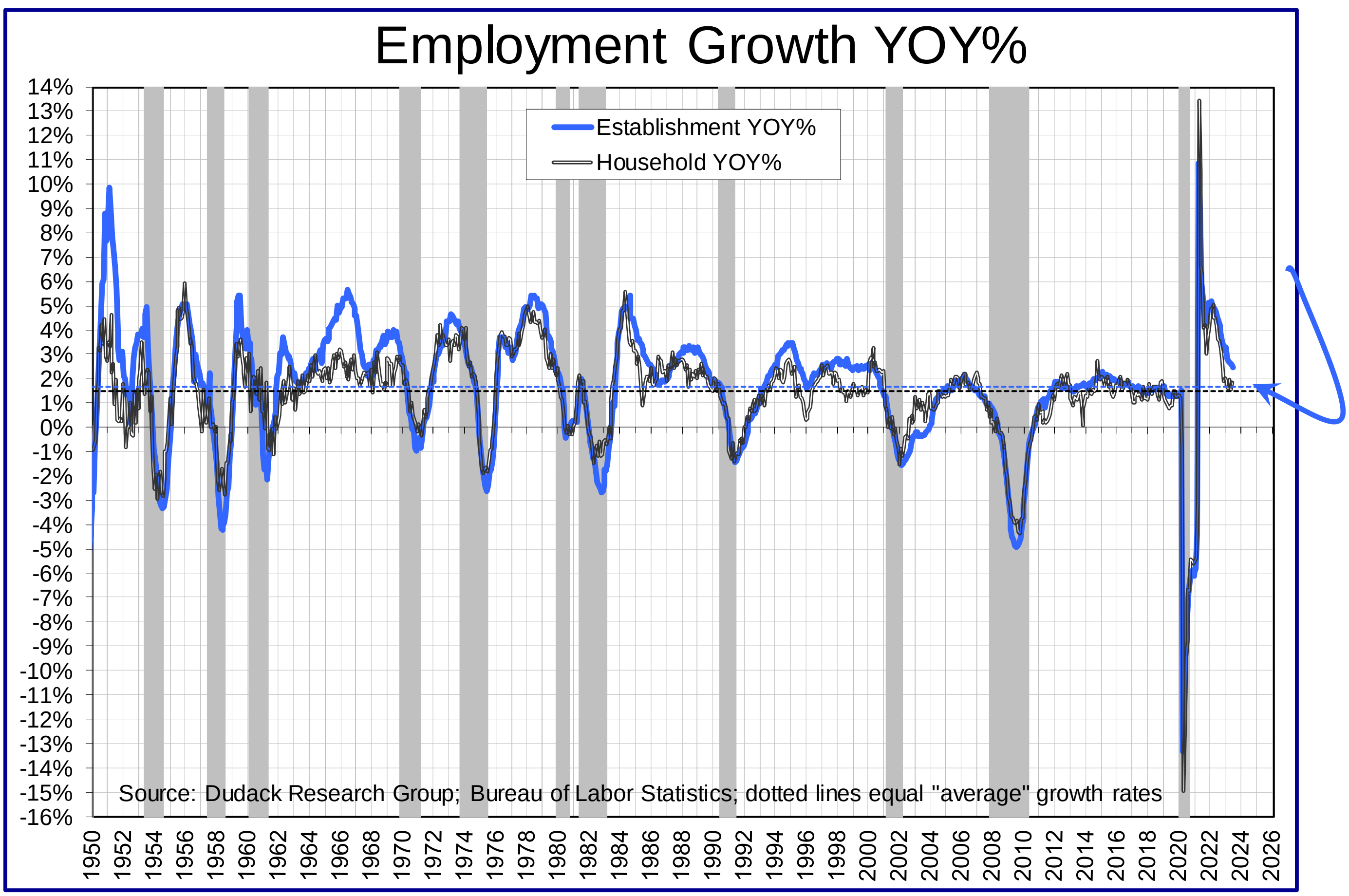
Beating inflation is important. As we have pointed out, inflation erodes the purchasing power of consumers, it pressures corporate margins, and typically lowers PE multiples. Based upon the IBES Refinitiv earnings estimate of $219.14 for the S&P 500, equities remain overvalued at the current PE of 20 times. We define the market as being overvalued if the sum of the PE and inflation exceeds the top of the standard deviation range, or 23.8. The current PE of 20 and inflation of 4% puts the market above the standard deviation line of 23.8. See page 9. It also makes earnings season important.

In terms of the second quarter earnings season, investors appear to have discounted a lot of good news in advance. One example of this is the rally seen in financial stocks this week, just ahead of their earnings releases later this week. Meanwhile, less heralded is the fact that consensus estimates continue to fall. The S&P Dow Jones consensus estimates for 2023 and 2024 are $216.59 and $242.80, down $0.29, and $0.26, respectively this week. Refinitiv IBES estimates for 2023 and 2024 are $219.14 and $244.88, down $0.38, and $0.58, respectively. S&P Global 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. This pattern of lowering shares outstanding is not quality earnings. In general, this is a stock picker's market. There are good companies to buy, but we see a pattern of bullish optimism that needs second quarter earnings to be outstanding. If they are not, the recent rally is in peril in our view.

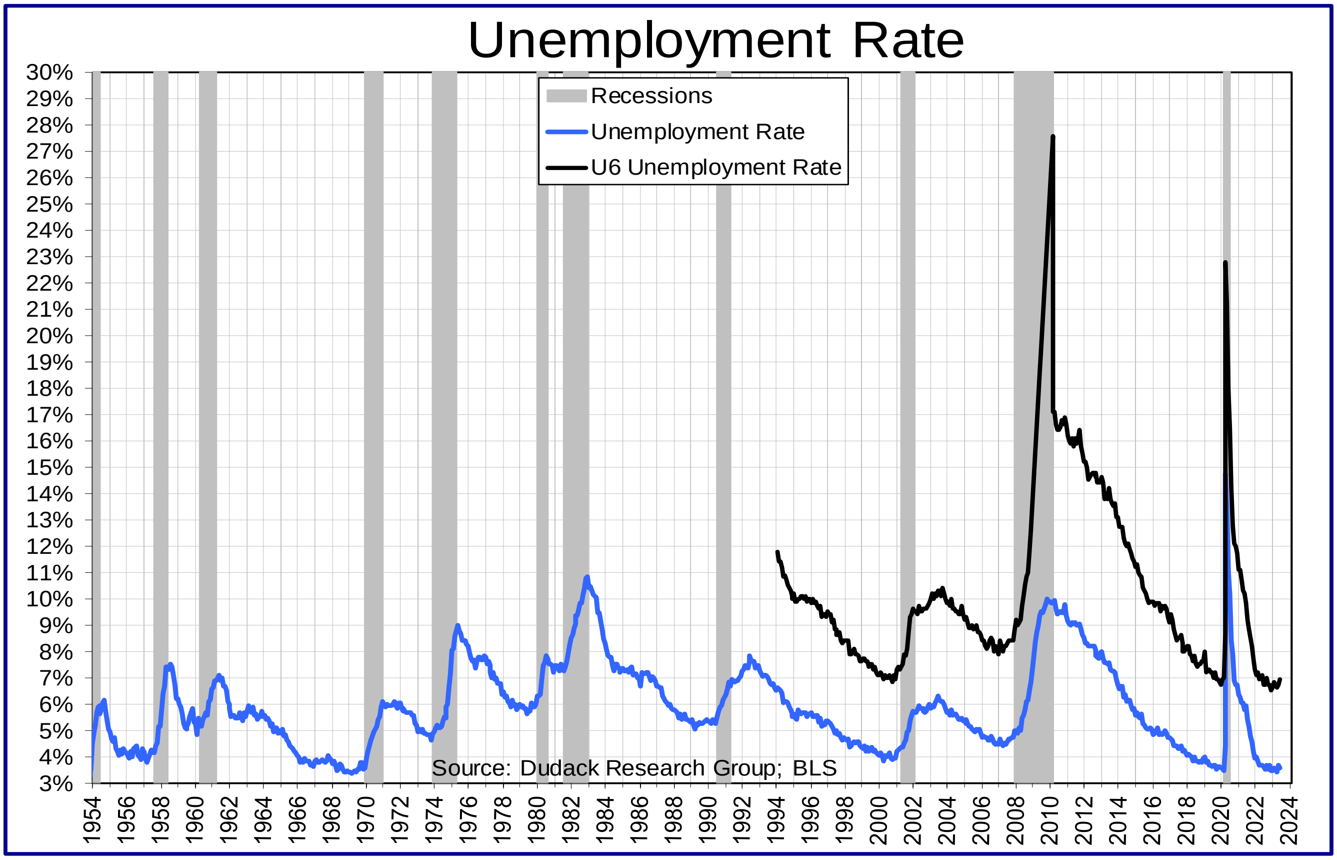
The 209,000 new jobs reported for June was below expectations and the market responded positively. However, the same report showed the unemployment rate fell from 3.7% to 3.6%. and ironically, the U6 unemployment rate rose from 6.7% to 6.9%. In short, there are crosscurrents in the data. Yet, our focus is on the YOY change in employment. Currently, both surveys are showing job growth was at, or above, average in June. Recessions are characterized by year-over-year declines in employment, so from this perspective, a recession looks to be months, or quarters, away.

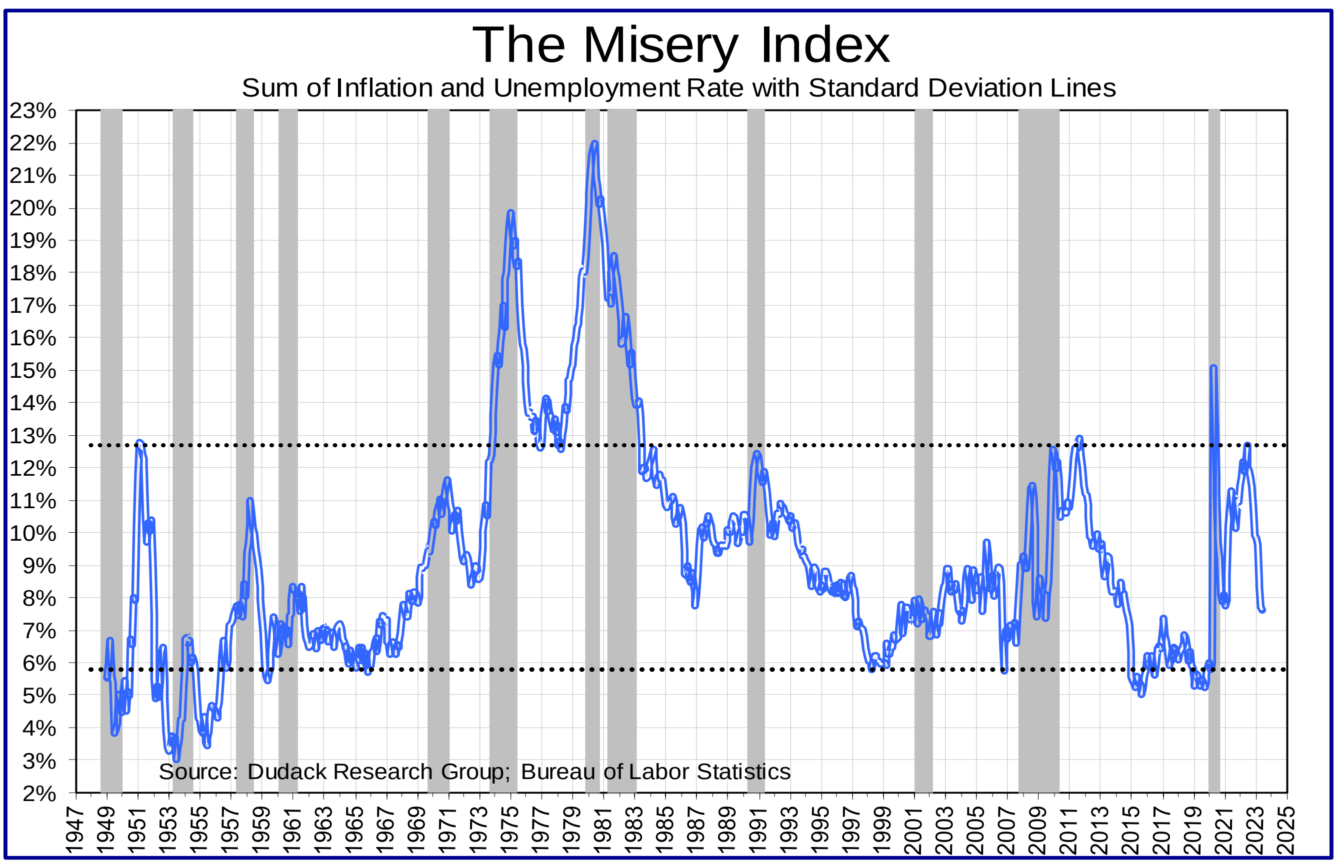
Employment Surveys (1,000s SA)	Jun-23	May-23	Change	Jun-22	Yr/Yr
Establishment Survey: NonFarm Payrolls	156,204	155,995	209	152,412	3,792
Household Survey Data (1,000s)					
Employed (A)	160,994	160,721	273	158,057	2,937
Unemployed (B)	5,957	6,097	(140)	5,945	12
Civilian labor force [A+B]	166,951	166,818	133	164,002	2,949
Unemployment rate [B/(A+B)]	3.6%	3.7%	-0.09%	3.6%	-0.1%
U6 Unemployment rate	6.9%	6.7%	0.2%	6.7%	0.2%
Civilian noninstitutional population (C)	266,801	266,618	183	263,835	2,966
Participation rate [(A+B)/C]	62.6	62.6	0.0	62.2	0.4
Employment-population ratio [A/C]	60.3	60.3	0.0	59.9	0.4
Not in labor force	99,850	99,861	-11	99,833	17

Source: Bureau of Labor Statistics

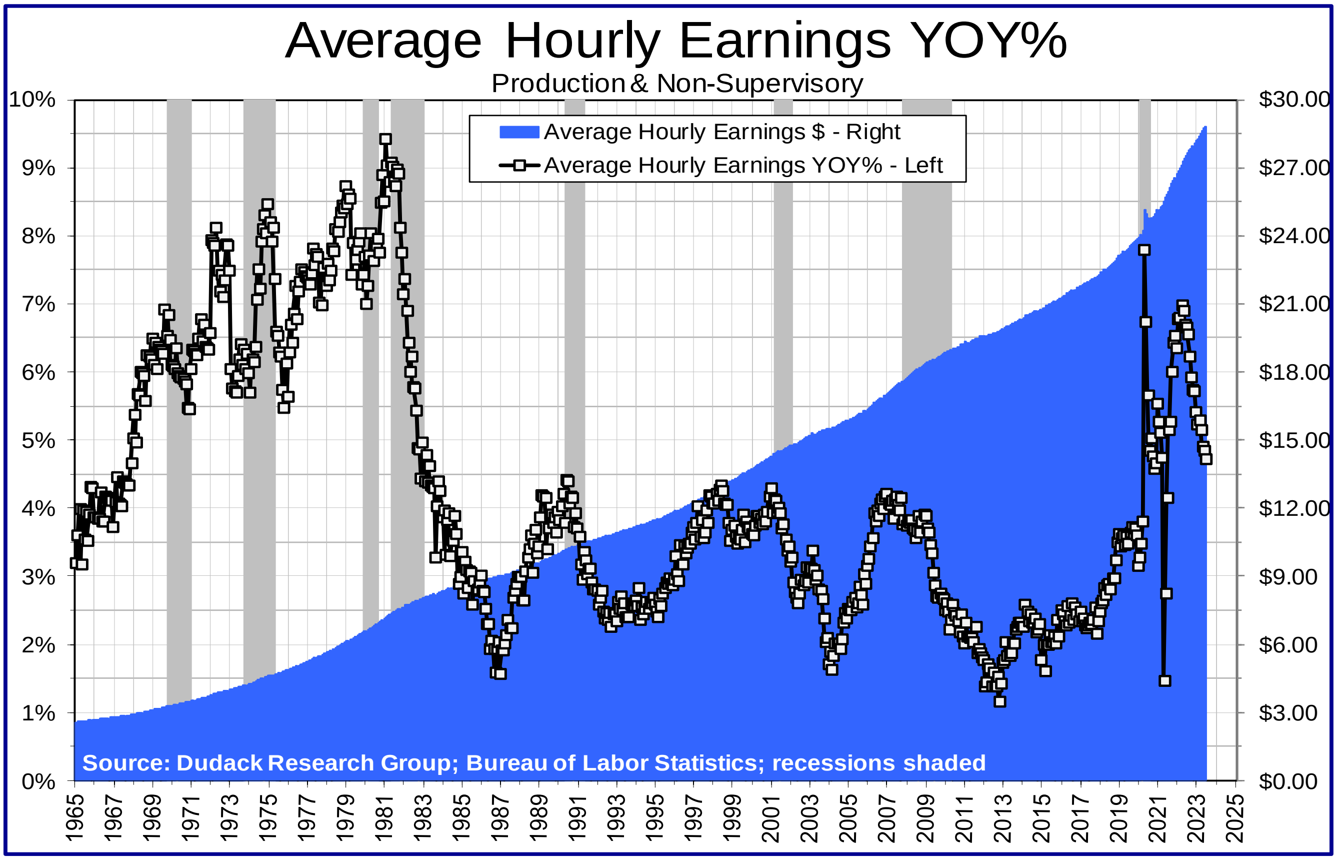


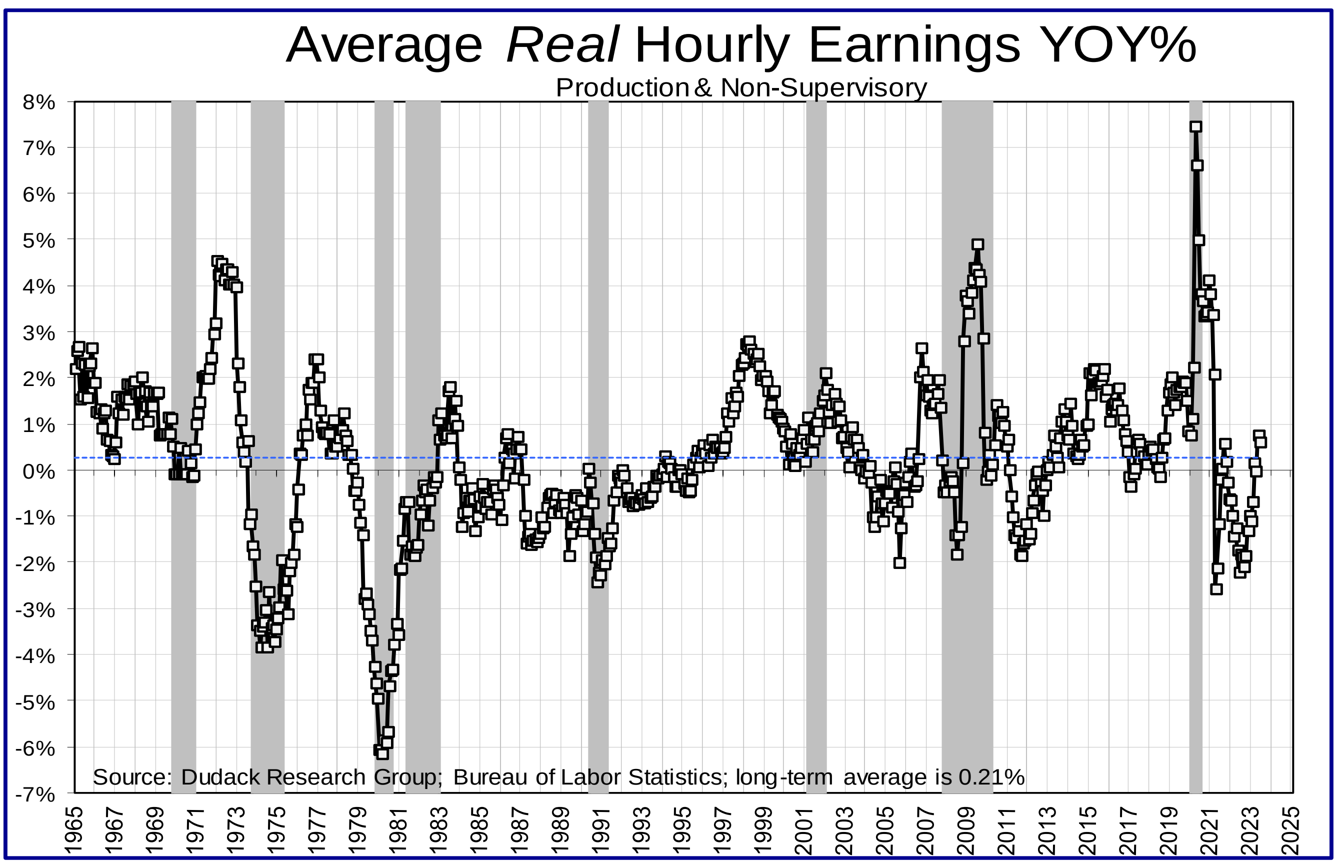
As seen in the chart below, the unemployment rate does not usually begin to rise until a recession has already begun, which is not surprising since recessions are typically recognized in retrospect. However, the U6 unemployment rate is often the first to rise and this is what it did in June. Still, the near-historic-low level of unemployment and the deceleration in the CPI have helped the Misery Index fall to the lower end of the normal range.



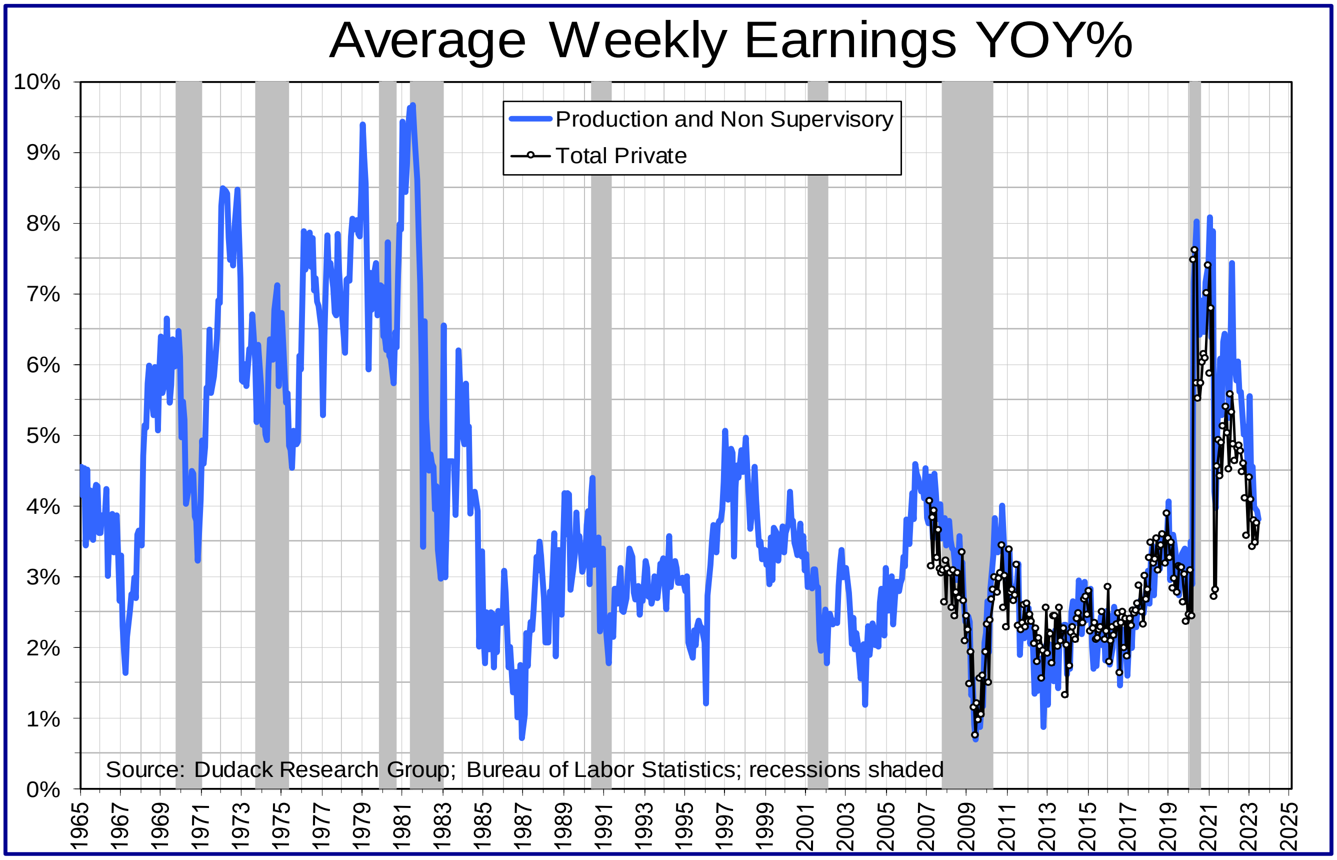


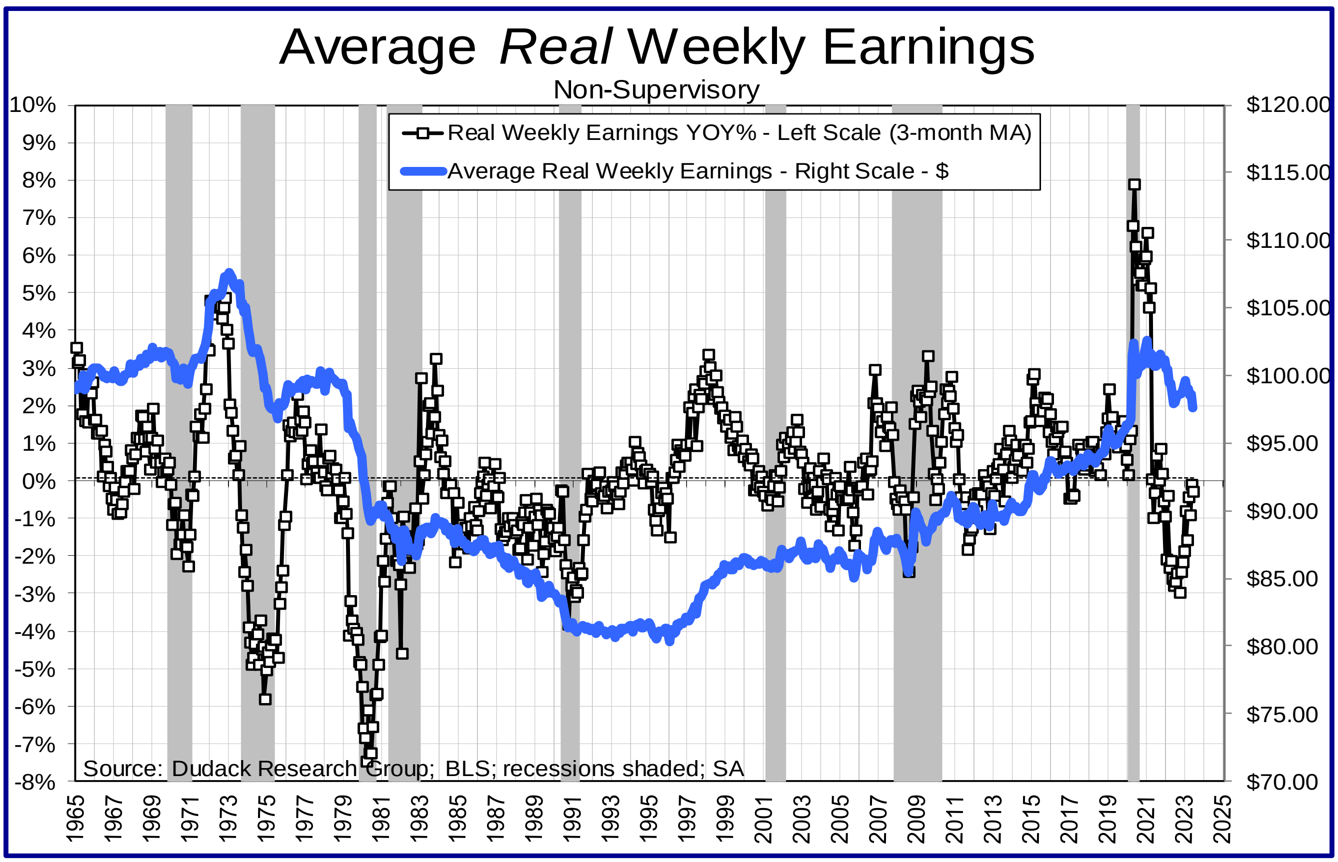
Average hourly earnings rose 4.7% YOY in June, which is well off its March 2022 level of 7% YOY. But from the Fed's perspective, this is still more than double its target 2% inflation rate. And this means wages grew more than 70 basis points more than May's inflation rate. This increases purchasing power for consumers, but it is a big negative for corporate margins. Economists will be watching June inflation numbers to see how this impacts real earnings.



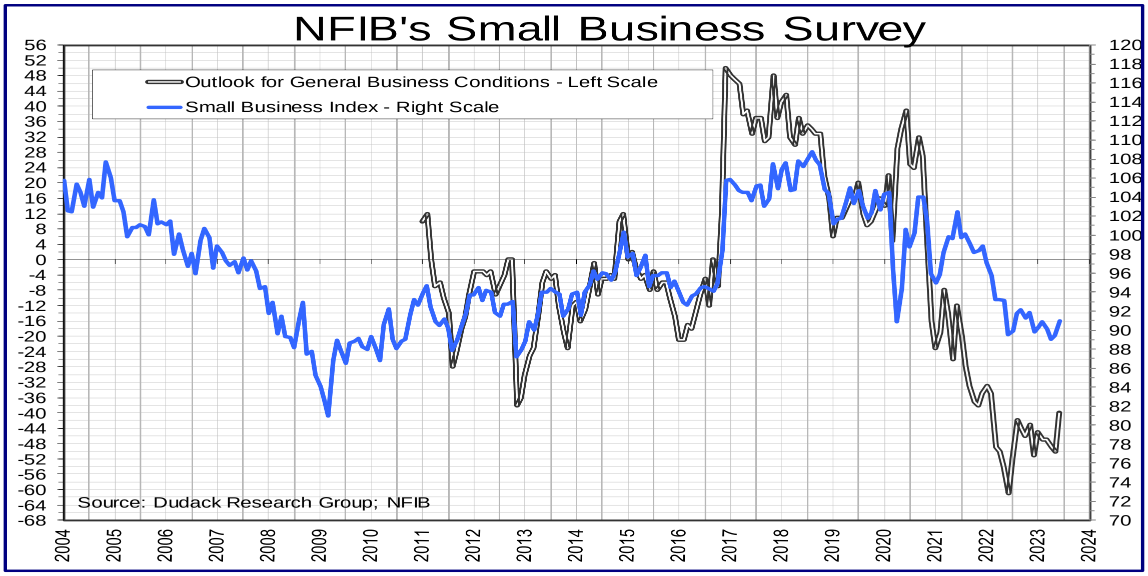


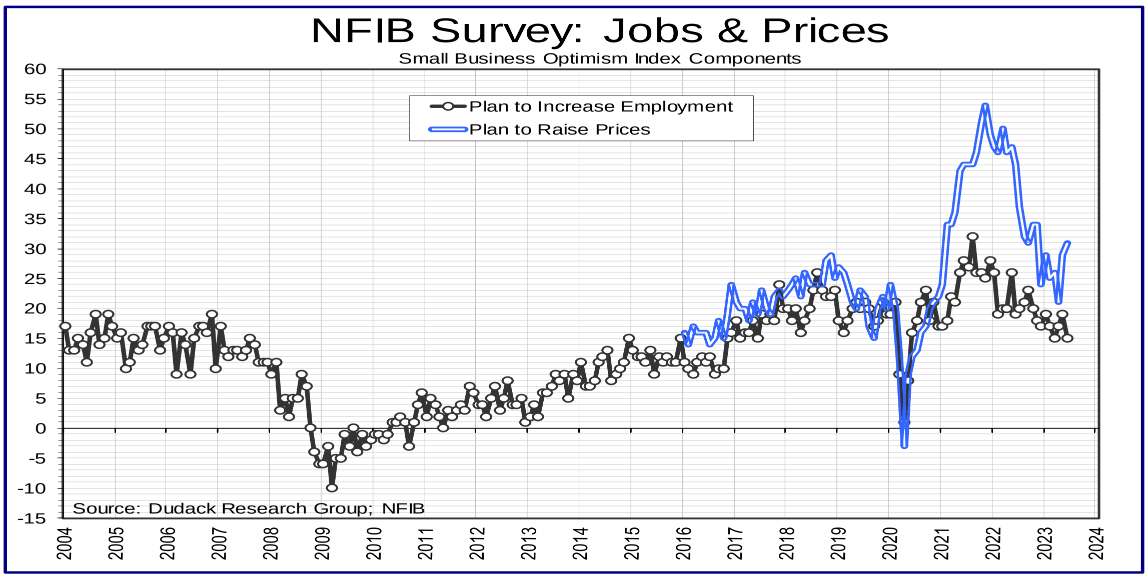
Average weekly earnings rose 3.8% YOY in June, less than average hourly earnings gain of 4.7% YOY because hours worked have dipped from a year ago. But note, after adjusting for inflation, real weekly earnings have been declining since January 2021 and are now close to the pace of inflation. Again, what is good for consumers (real purchasing power) will be bad for employers (higher cost of labor) and this balance will impact consumption and margins in the second half of the year.

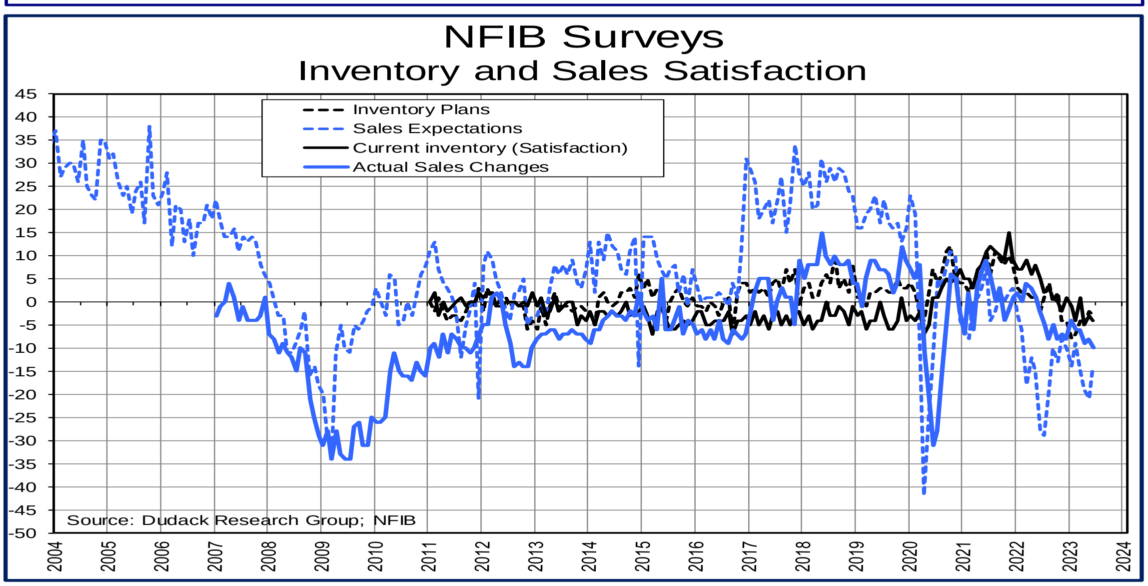




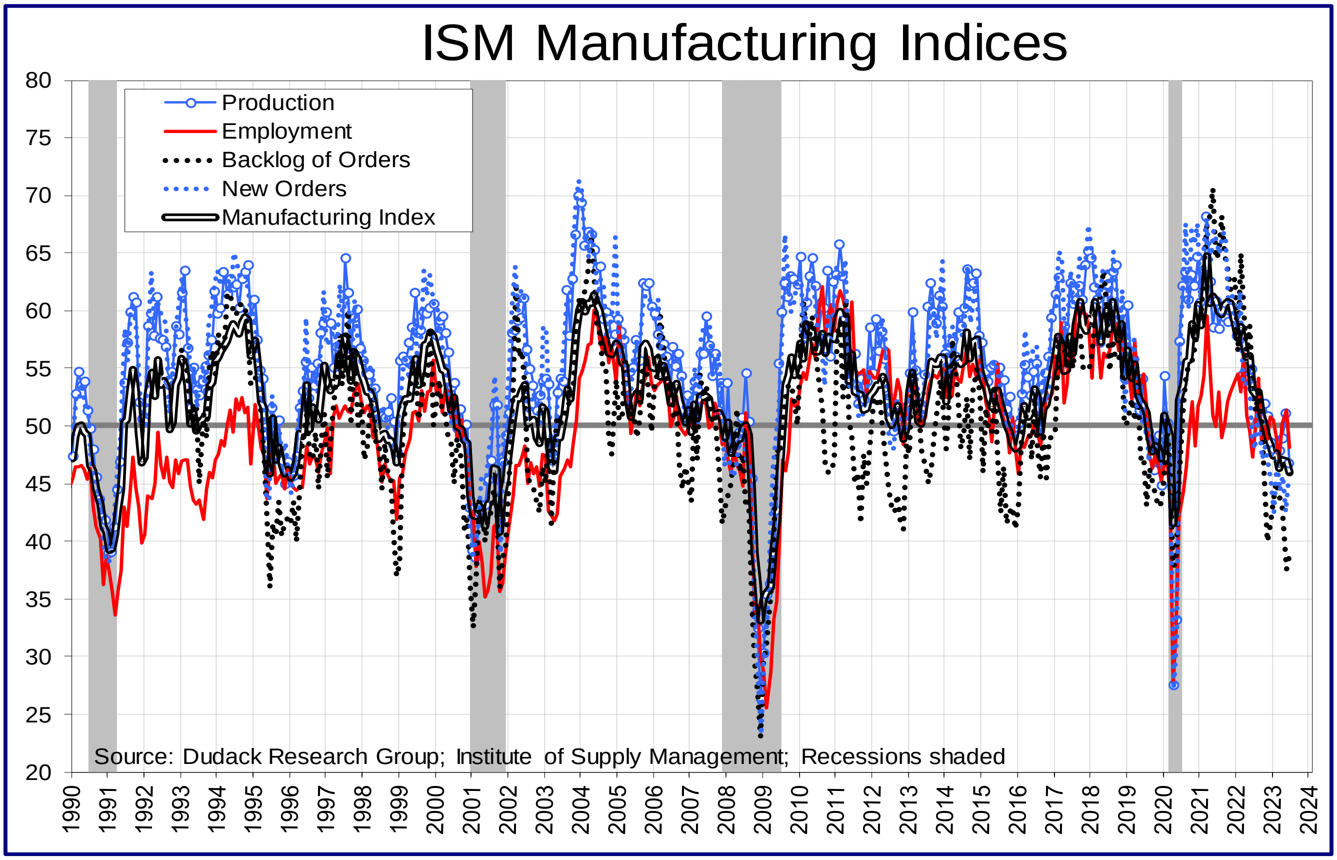
The Small Business Optimism Index rose 1.6 points in June to 91.0; yet it was the 18th consecutive month below the 49-year average of 98. The general outlook rose 10 points to negative 40 but remains well below the 50 level that denotes a contraction. Plans to increase jobs declined while plans to raise prices increased. Current and expectations for both sales and inventory have been below the neutral benchmark for all of 2023.

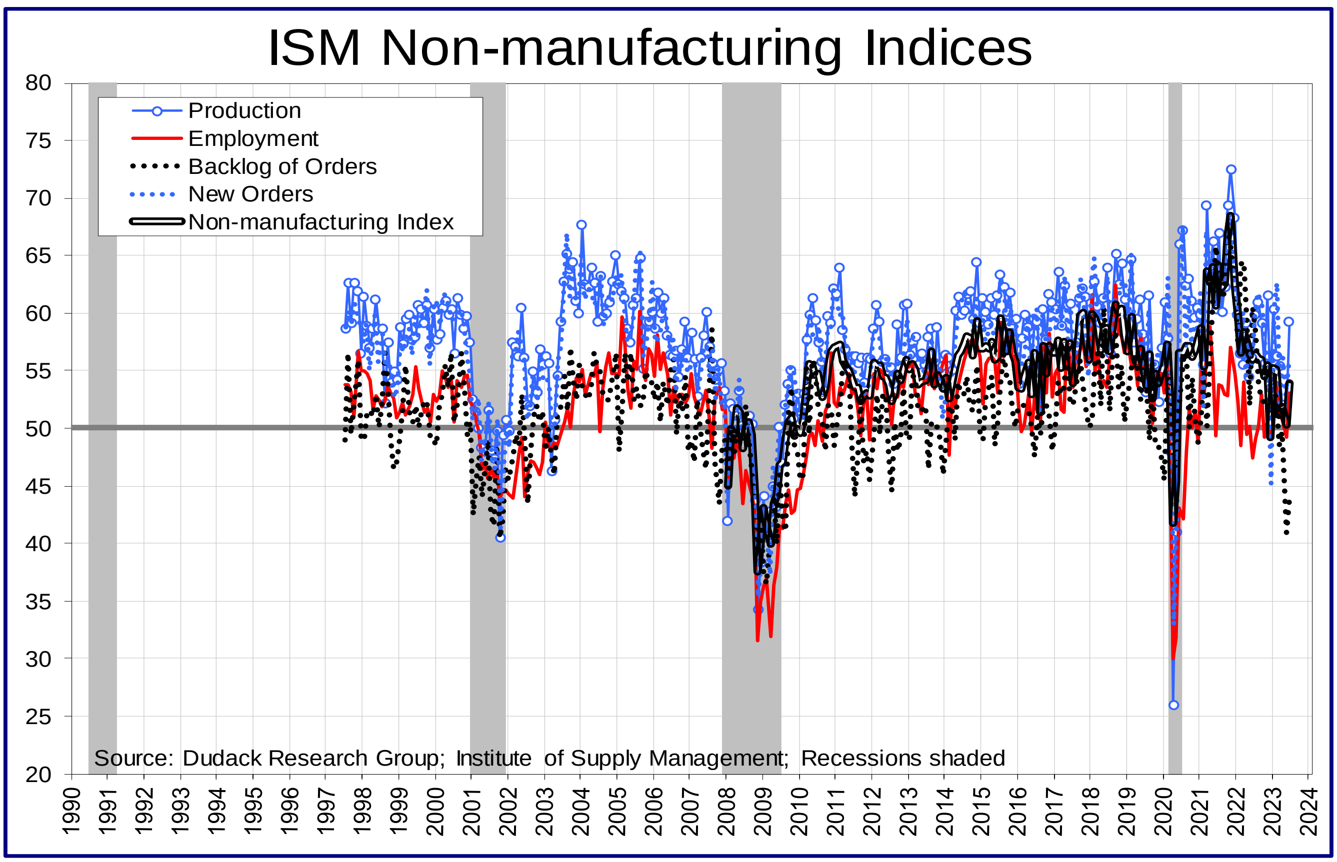




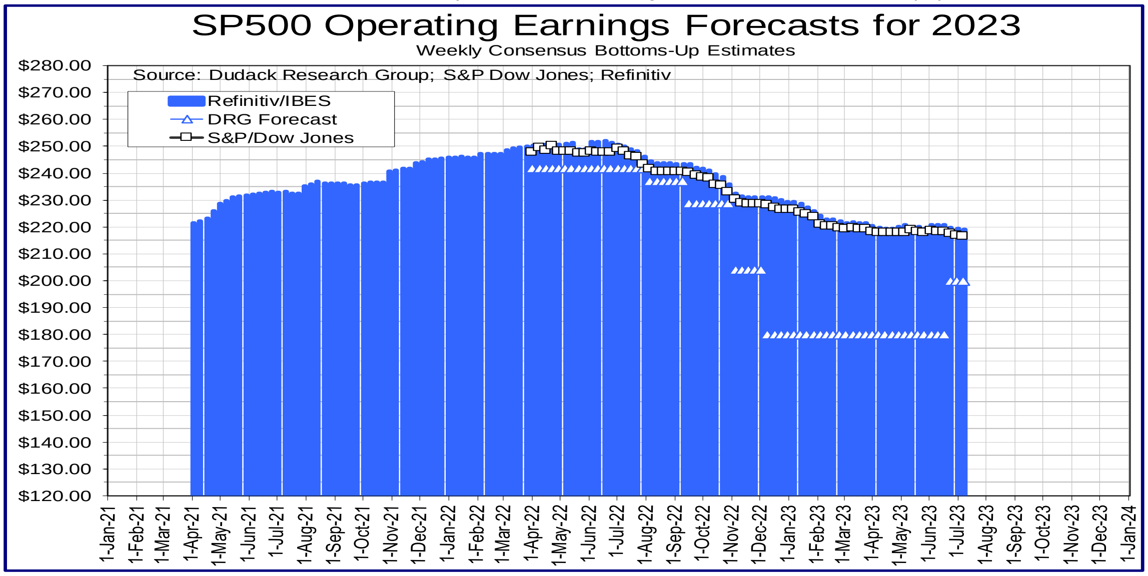


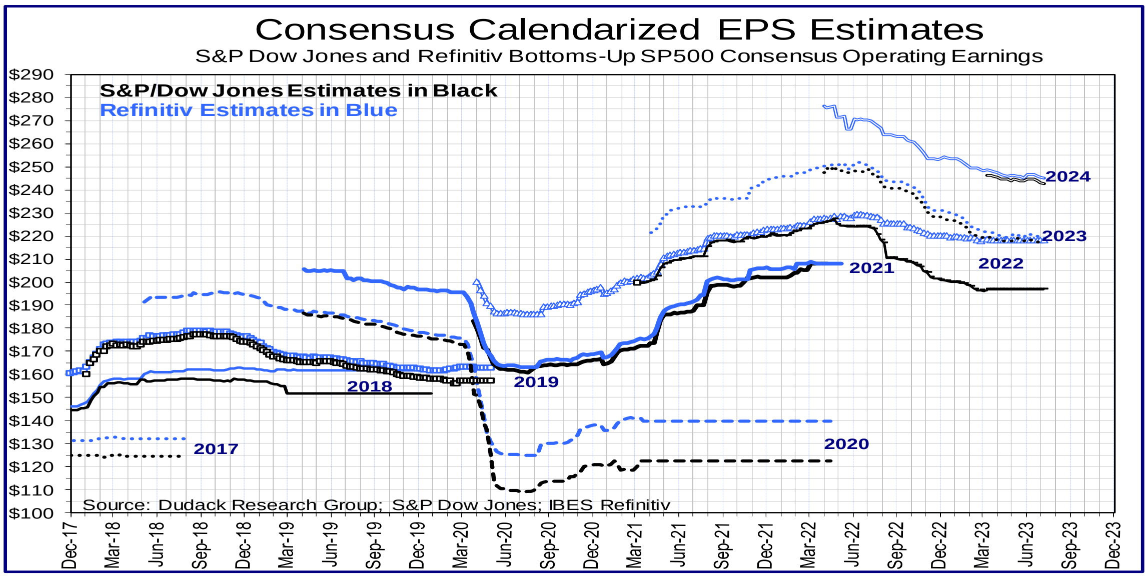
The ISM manufacturing index slipped further into contractionary territory in June, hitting its lowest point since May 2020. All parts of the survey were below 50, signifying contraction. The service sector expanded for the 6th month in a row, with the headline index increasing from 50.3 to 53.9 and production jumping from 51.5 to 59.2.

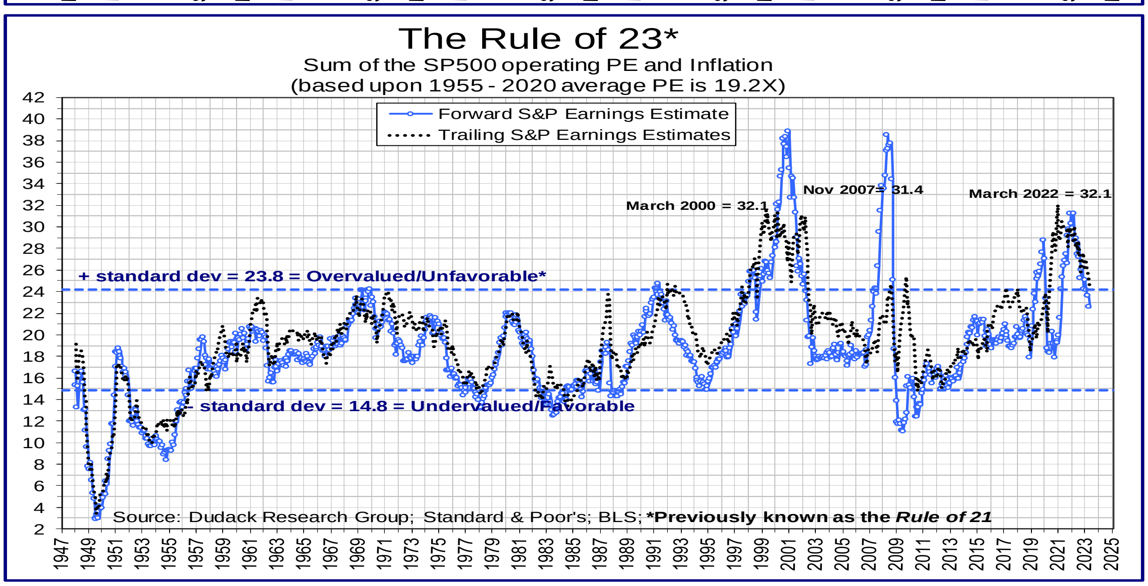




S&P Dow Jones consensus estimates for 2023 and 2024 are $216.59 and $242.80, down $0.29, and $0.26, respectively. Refinitiv IBES estimates for 2023 and 2024 are $219.14 and $244.88, down $0.38, and $0.58, respectively. Notably, S&P data shows that 18.4% of companies reporting first quarter earnings had a decrease of 4% or more in shares outstanding, which effectively boosted earnings per share, but not overall earnings growth. Nevertheless, based upon the IBES EPS estimate of $219.14, equities remain overvalued with a PE of 20 times and inflation of 4%. This sum is just above the 23.8 range that defines an overvalued equity market.





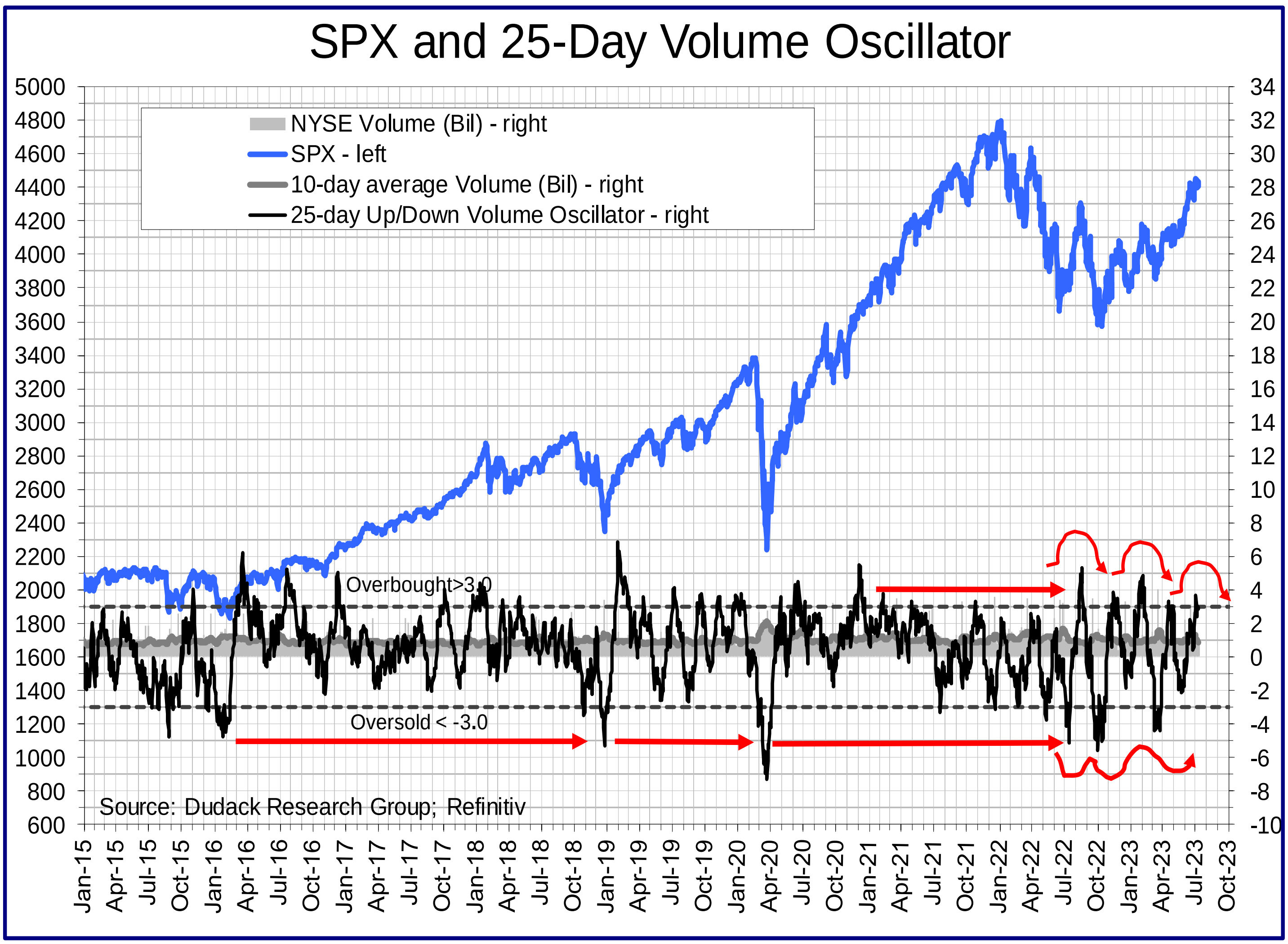


There was little change during the shortened holiday week. The technical patterns in the SPX and the IXIC remain bullish and explain why many strategists have now shifted to a more favorable outlook for 2023. Conversely, the DJIA is yet to break out and the pattern is ambiguous. The RUT is a much broader index of 2000 stocks, and it has been in a broad trading range since April 2022.

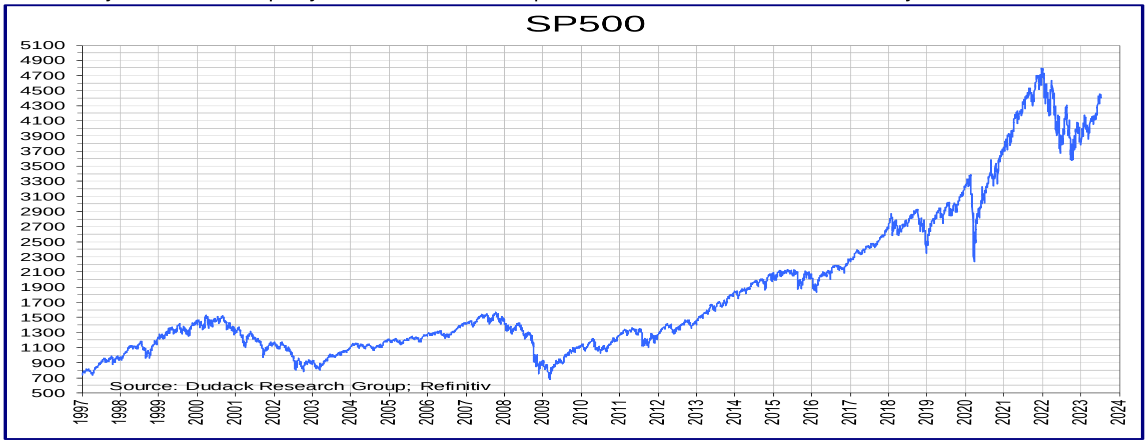
Source: Refinitiv

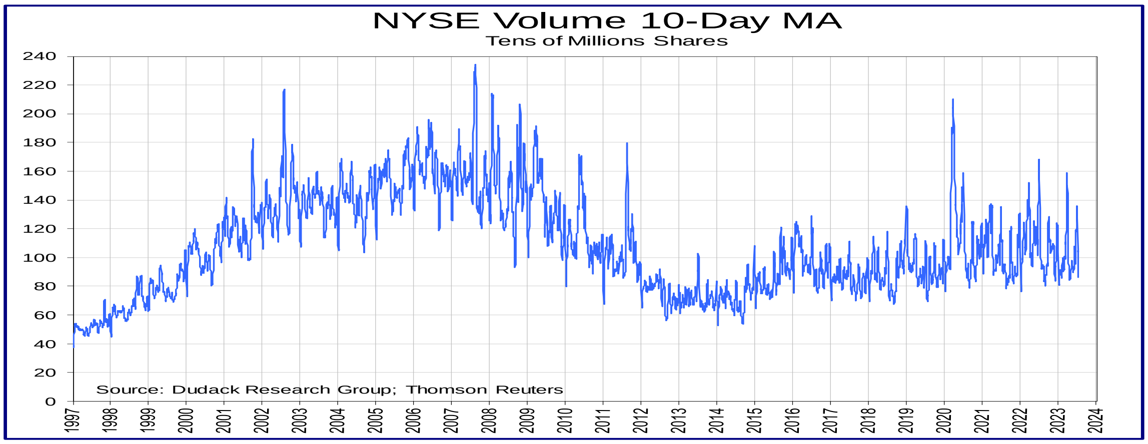
<u>The 25-day up/down volume oscillator is at a 2.89 reading this week but recorded two one-day overbought readings on July 3, 2023 and July 7, 2023. These were the first overbought readings since the one-day overbought readings seen on April 28, April 24 and April 8.</u> However, none of these one-day readings were lasting and none confirmed sustainable rallies in the averages. This pattern reveals a lack of substantial 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.

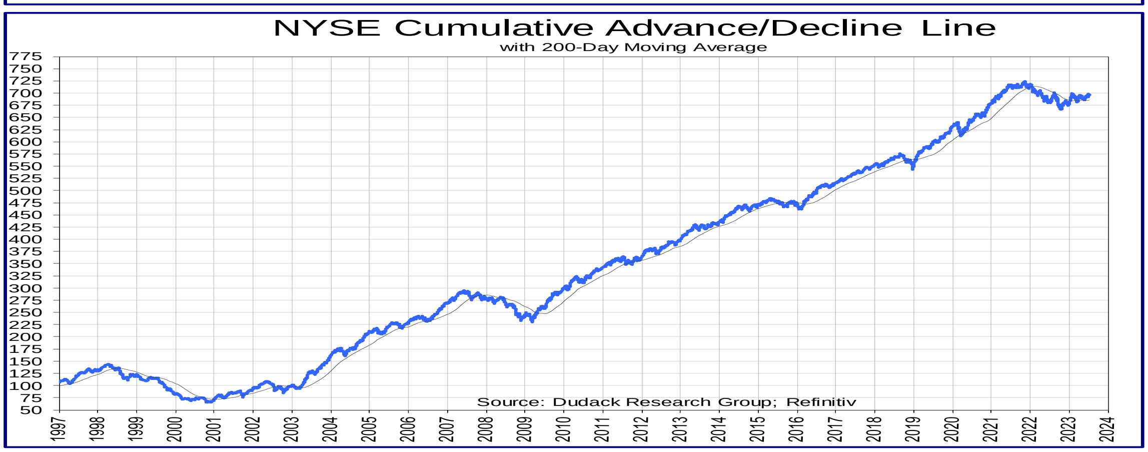
The string of un-sustained overbought and oversold readings that began a year ago, is characteristic of a long-term neutral trading range. Persistent trading ranges can be substitutes for bear markets. In both cases, prices are adjusting to an underlying weakness in earnings growth.

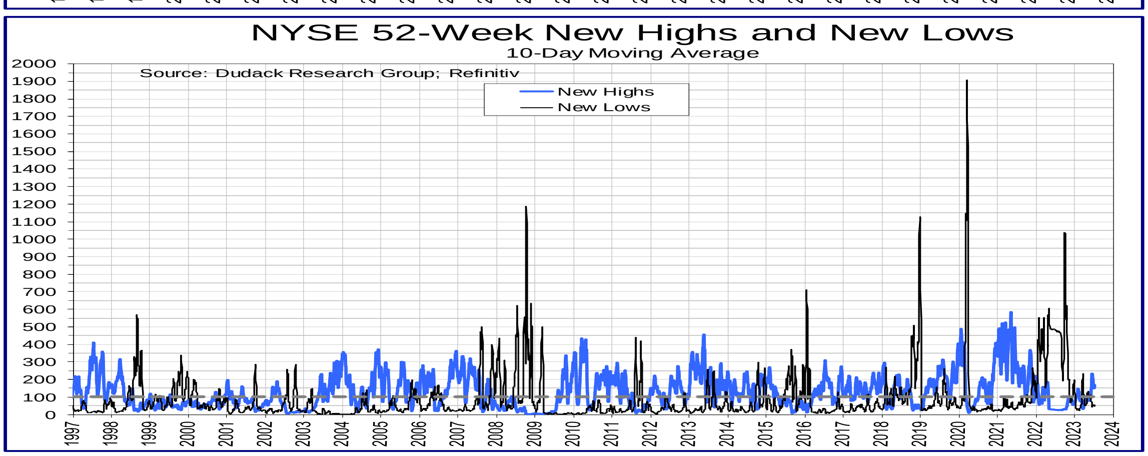


The 10-day average of daily new highs is 168 and new lows are 48. This combination turned positive on June 8 when new highs rose above 100 and new lows fell below 100. The NYSE advance/decline line fell below the June low on September 22 and is 24,663 net advancing issues from its 11/8/21 high. This is the first time in two years that the disparity between the AD lines peak and current levels was consistently less than 30,000 net advancing issues.

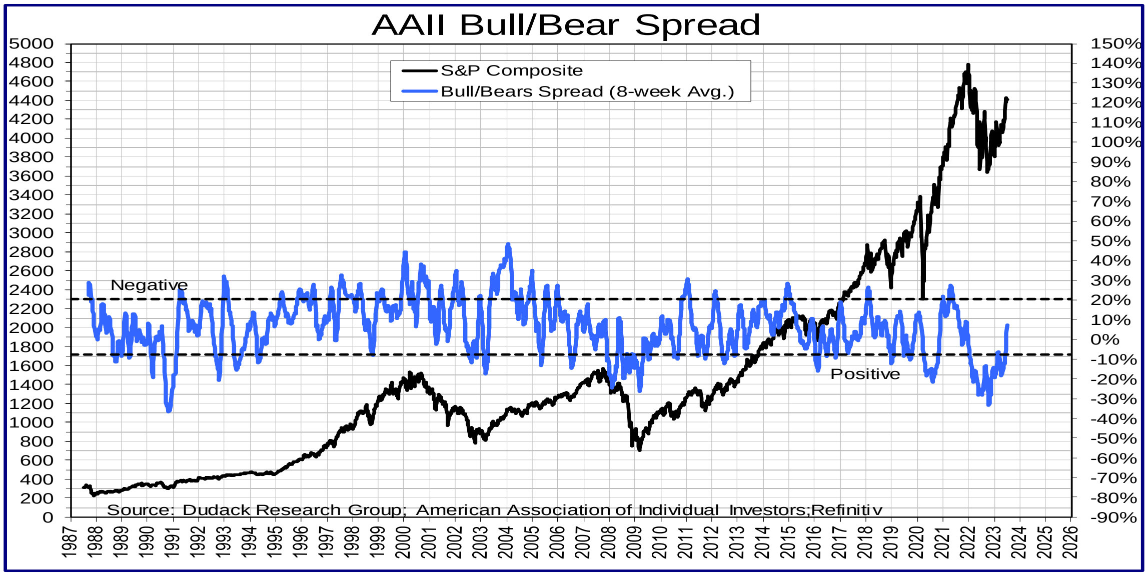


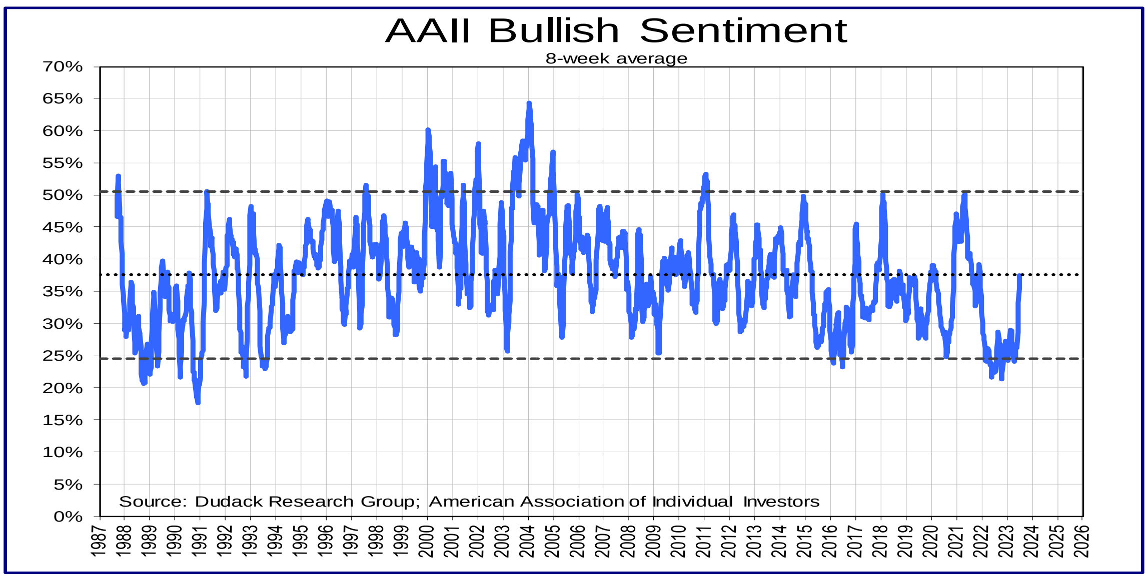


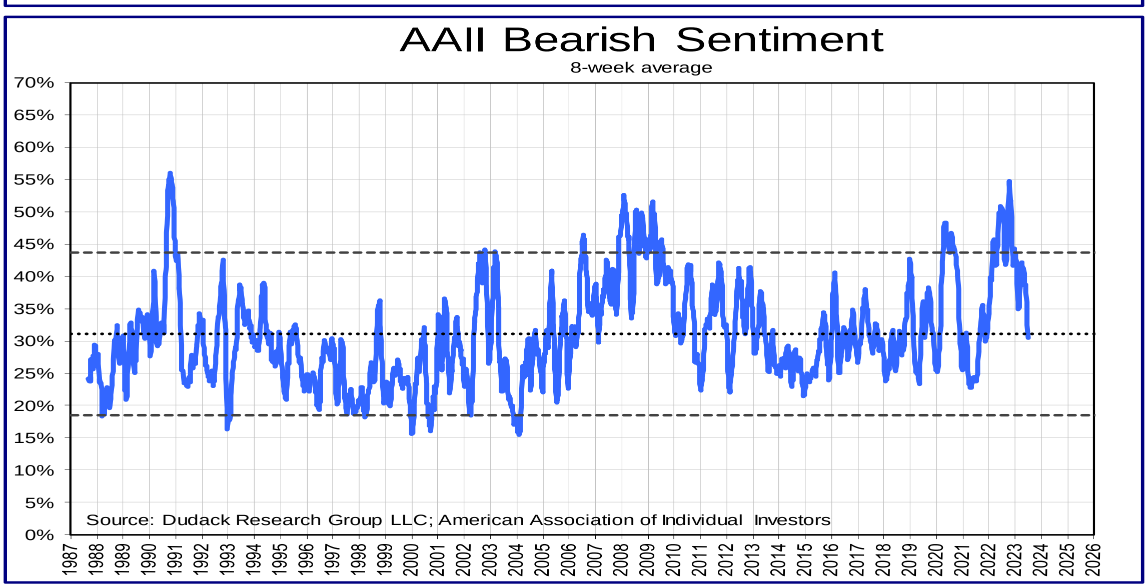




Last week's AAII readings saw a 4.5% rise in bullishness to 46.4% and a 3.0% decline in bearishness to 24.5%. This is the highest bullish reading of 2023 and was last higher on November 11, 2021 (48.0%).Bullishness is above average for the 5th consecutive week, matching the streak in October and November 2021, just ahead of the January 2022 peak.







Global Markets and Commodities - Ranked by 2023 Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Technology Select Sector SPDR	XLK	172.03	-0.8%	3.6%	-1.1%	38.2%
NASDAQ 100	NDX	15119.06	-0.6%	4.1%	-0.4%	38.2%
Communication Services Select Sector SPDR Fund	XLC	66.01	1.1%	4.4%	1.4%	37.5%
SPDR Homebuilders ETF	XHB	81.23	1.5%	8.8%	1.2%	34.7%
SPDR S&P Semiconductor ETF	XSD	222.21	-0.3%	5.6%	0.4%	32.9%
Consumer Discretionary Select Sector SPDR	XLY	171.31	-0.3%	6.3%	0.9%	32.6%
Nasdaq Composite Index Tracking Stock	ONEQ.O	53.99	-0.4%	3.6%	-0.2%	31.8%
iShares Russell 1000 Growth ETF	IWF	273.83	-0.4%	3.7%	-0.5%	27.8%
iShares MSCI Mexico Capped ETF	EWW	63.20	0.2%	0.4%	1.6%	27.8%
iShares MSCI Taiwan ETF	EWT	46.91	-1.4%	-1.4%	-0.2%	16.8%
iShares Russell 1000 ETF	IWB	243.82	-0.1%	3.6%	0.0%	15.8%
SP500	.SPX	4439.26	-0.4%	3.3%	-0.2%	15.6%
iShares Russell 2000 Growth ETF	IWO	244.96	0.9%	2.9%	0.9%	14.2%
iShares MSCI Germany ETF	EWG	28.19	-0.8%	1.5%	-1.3%	14.0%
iShares MSCI South Korea Capped ETF	EWY	64.35	-0.7%	-3.5%	1.5%	13.9%
iShares MSCI Japan ETF	EWJ	61.82	-0.4%	-0.6%	-0.1%	13.6%
iShares MSCI Brazil Capped ETF	EWZ	31.70	-3.4%	0.3%	-2.3%	13.3%
Industrial Select Sector SPDR	XLI	108.98	1.5%	6.4%	1.5%	11.0%
SPDR S&P Retail ETF	XRT	66.39	3.2%	8.2%	4.1%	9.8%
PowerShares Water Resources Portfolio	PHO	56.41	0.2%	3.4%	0.0%	9.4%
iShares MSCI EAFE ETF	EFA	71.74	-0.9%	0.3%	-1.0%	9.3%
iShares Russell 2000 ETF	IWM	189.80	1.1%	2.6%	1.4%	8.9%
Vanguard FTSE All-World ex-US ETF	VEU	54.13	-0.9%	-0.8%	-0.5%	8.0%
iShares MSCI Austria Capped ETF	EWO	20.24	-1.0%	1.6%	-0.3%	6.5%
SPDR Gold Trust	GLD	179.45	0.5%	-1.4%	0.7%	5.8%
iShares DJ US Oil Eqpt & Services ETF	IEZ	22.41	10.5%	16.2%	11.4%	5.7%
Materials Select Sector SPDR	XLB	82.02	-1.4%	3.8%	-1.0%	5.6%
Gold Future	GCc1	2601.10	0.2%	0.9%	0.3%	5.5%
iShares MSCI India ETF	INDA.K	43.97	0.4%	4.4%	0.6%	5.3%
iShares MSCI Canada ETF	EWC	34.45	-2.1%	1.0%	-1.5%	5.3%
iShares MSCI Emerg Mkts ETF	EEM	39.82	-0.4%	-0.1%	0.7%	5.1%
iShares Russell 1000 Value ETF	IWD	158.86	0.3%	3.4%	0.7%	4.8%
iShares US Real Estate ETF	IYR	88.18	1.0%	4.7%	1.9%	4.7%
Shanghai Composite	.SSEC	3221.37	-0.7%	-0.3%	0.6%	4.3%
iShares MSCI United Kingdom ETF	EWU	31.76	-1.4%	-1.2%	-1.8%	3.6%
SPDR DJIA ETF	DIA	342.64	-0.4%	1.0%	-0.4%	3.4%
DJIA	.DJI	34261.42	-0.5%	1.1%	-0.4%	3.4%
iShares Russell 2000 Value ETF	IWN	143.27	0.9%	2.2%	1.8%	3.3%
iShares iBoxx $ Invest Grade Corp Bond	LQD	106.59	-0.8%	-0.2%	-1.4%	1.1%
iShares MSCI Australia ETF	EWA	22.30	-1.6%	-0.3%	-1.1%	0.3%
iShares MSCI BRIC ETF	BKF	34.40	-0.5%	0.9%	0.6%	0.2%
iShares 20+ Year Treas Bond ETF	TLT	99.72	-2.3%	-2.2%	-3.1%	0.2%
Financial Select Sector SPDR	XLF	34.14	0.7%	3.0%	1.3%	-0.2%
iShares US Telecomm ETF	IYZ	22.34	0.7%	4.3%	1.1%	-0.4%
iShares MSCI Singapore ETF	EWS	18.59	0.1%	-0.2%	0.4%	-1.2%
Consumer Staples Select Sector SPDR	XLP	73.55	-1.6%	0.6%	-0.8%	-1.3%
Silver Future	SIc1	23.09	0.8%	-5.1%	1.2%	-3.3%
iShares China Large Cap ETF	FXI	27.34	-1.3%	-1.7%	0.6%	-3.4%
iShares Nasdaq Biotechnology ETF	IBB.O	126.72	-0.1%	-1.6%	-0.2%	-3.5%
iShares Silver Trust	SLV	22.17	1.0%	-4.8%	1.5%	-3.5%
Health Care Select Sect SPDR	XLV	130.05	-1.2%	-0.3%	-2.0%	-4.3%
United States Oil Fund, LP	USO	67.03	5.7%	6.5%	5.5%	-4.4%
Energy Select Sector SPDR	XLE	83.21	2.3%	2.3%	2.5%	-4.9%
Utilities Select Sector SPDR	XLU	65.92	0.0%	-0.7%	0.7%	-6.5%
Oil Future	CLc1	74.83	7.2%	6.6%	5.9%	-6.8%
iShares MSCI Hong Kong ETF	EWH	19.00	-2.4%	-3.1%	-1.7%	-9.6%
iShares MSCI Malaysia ETF	EWM	20.22	0.0%	0.3%	1.0%	-11.5%
SPDR S&P Bank ETF	KBE	37.14	1.2%	-1.1%	3.2%	-17.7%

Outperformed SP500
Underperformed SP500

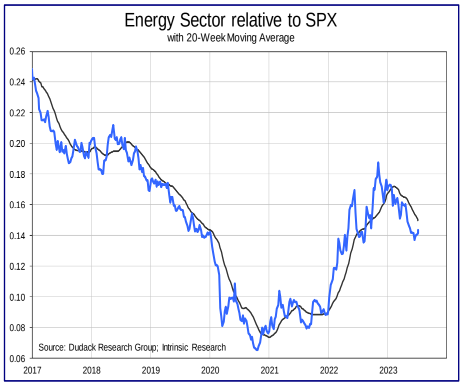
Source: Dudack Research Group; Refinitiv

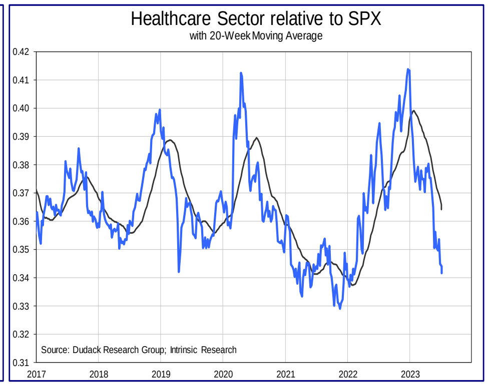
Priced as of July 11, 2023

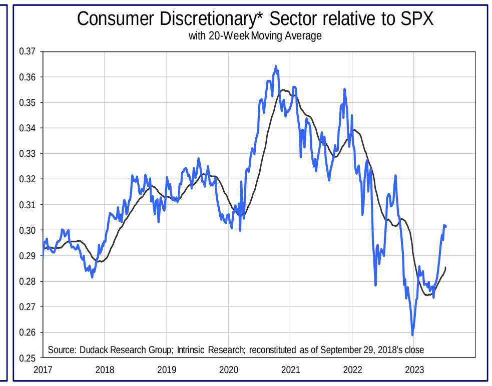
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

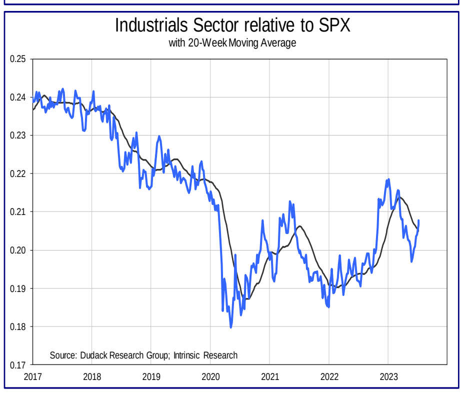
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Energy Industrials Staples Utililties		Healthcare Technology Materials Financials		Consumer Discretionary REITS Communication Services

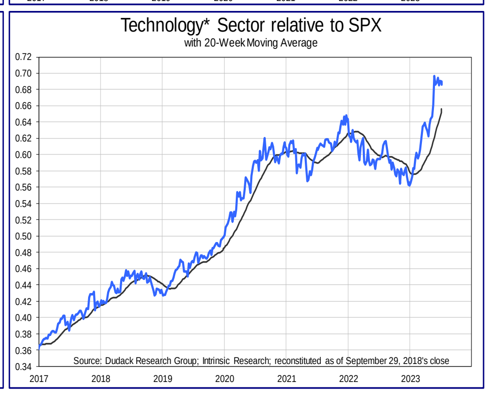
3/8/2022:Materials upgraded from underweight to neutral/communication service downgraded from neutral to underweight. 3/1/2022 Financials downgraded to neutral and Industrials upgraded to overweight.

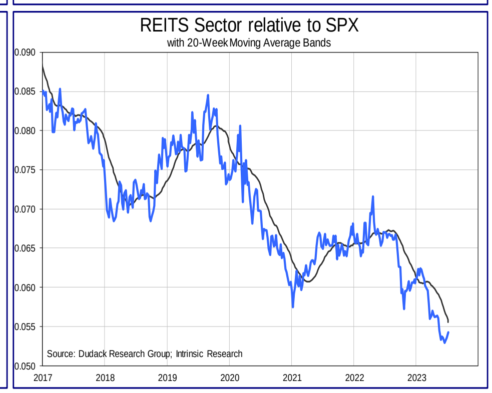


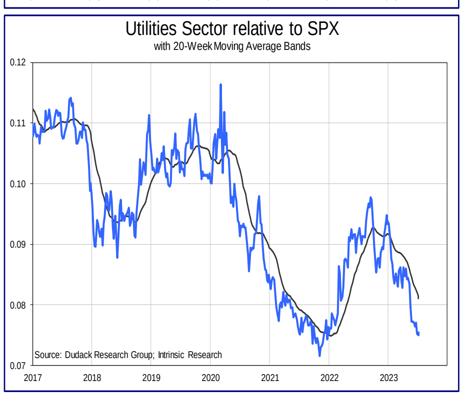


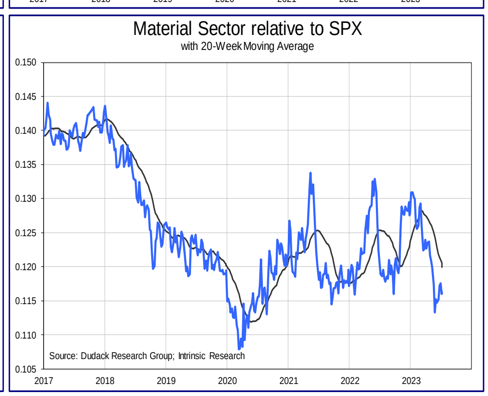


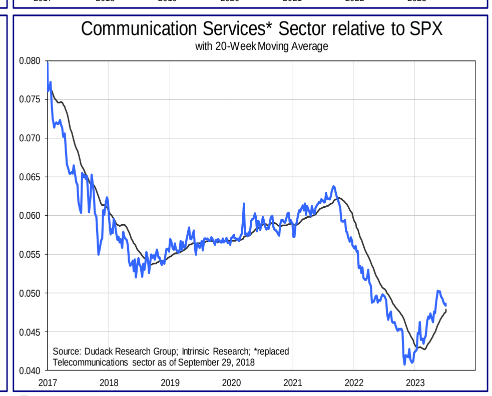


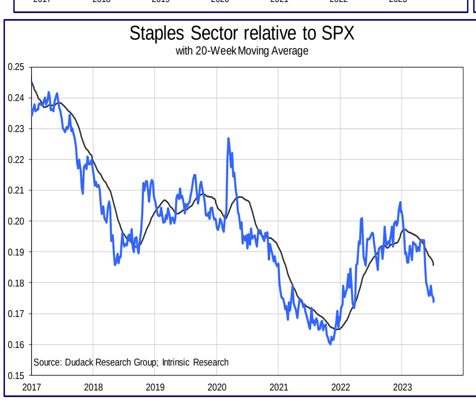


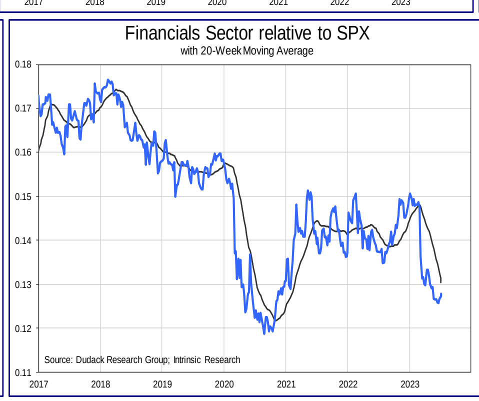












2023 Performance - Ranked	
SP500 Sector	% Change
S&P INFORMATION TECH	40.2%
S&P COMMUNICATIONS SERVICES	35.3%
S&P CONSUMER DISCRETIONARY	33.2%
S&P 500	15.6%
S&P INDUSTRIALS	10.9%
S&P MATERIALS	5.5%
S&P REITS	3.6%
S&P FINANCIAL	-0.4%
S&P CONSUMER STAPLES	-1.0%
S&P HEALTH CARE	-4.4%
S&P ENERGY	-5.1%
S&P UTILITIES	-6.6%

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	~~~~~	$199.24	**$216.59**	$200.00	1.5%	**$219.14**	0.5%	20.5X	NA	NA	NA	NA
2024E	~~~~~	$224.59	**$242.80**	$220.00	10.0%	**$244.88**	11.7%	18.3X	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	**$52.54**	$52.54	6.4%	**$54.83**	0.1%	20.5	1.7%	1.3%	$2,307.00	-2.8%
2023 2QE*	4450.38	$47.43	**$52.14**	$50.46	7.7%	**$52.81**	-8.3%	21.7	NA	NA	NA	NA
2023 3QE	4439.20	$50.59	**$55.05**	$49.00	-2.7%	**$55.76**	-0.5%	21.1	NA	NA	NA	NA
20244QE	~~~~~	$52.81	**$56.86**	$48.00	-4.7%	**$57.58**	8.3%	20.5	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 7/11/2023

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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