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

July 19, 2023

DJIA: 34951.93
SPX: 4554.98
NASDAQ: 14353.64

US Strategy Weekly
Do Earnings Matter?

INFLATION CHANGES EVERYTHING

There was a perfect storm of good news this week. It started on July 12 with the release of June's CPI data. Headline inflation tumbled from 4% to 3% in June and core CPI fell from 5.3% to 4.8%. Both were better than expected. And though many subcategories of CPI showed price gains greater than 3% YOY, most trends appeared to be decelerating. The transportation sector showed prices falling 5.1% YOY and motor fuel fell 27% YOY. One surprise in June was that all items less food rose only 2.5% YOY, down from 3.6% in May. What most impressed us was that for the first time since March 2021, June's inflation of 3% fell below the average long-term inflation rate of 3.5%. This was a significant hurdle in our view and a sign that the Fed's target of 2% inflation is possible. See page 3.

The PPI was also released last week. It showed finished goods prices declining 3.1% YOY, although finished goods excluding fuel and energy rose 4.3% YOY. But in general, PPI data indicated that commodity prices are no longer driving inflation. Service sector inflation remains an issue, but less so in June. Service sector CPI, although still high at 5.7% YOY, was down from 6.3%. What could be encouraging for service sector inflation was the deceleration in wage growth inflation from 5.6% YOY in January to 3.8% in June. Also decelerating was owners' equivalent rent which eased from 8.1% in May to 7.8% in June. In sum, there was good news in most CPI categories, and this cannot be underestimated in terms of Fed policy, household purchasing power, and its impact on PE multiples. See page 4.

THE NEW STUDENT LOAN FORGIVENESS PLAN

Good news continued with the Biden Administration's new proposal on July 14 to replace a loan forgiveness plan that was recently struck down by the Supreme Court. This new complex repayment plan — called the SAVE plan or *Saving on a Valuable Education* plan — is expected to save borrowers thousands of dollars by keeping their monthly payments small – often as small as $0 -- while preventing interest from exploding on balances that they owed. According to the Department of Education, borrowers would now pay back just $6,121 for every $10,000 borrowed. A DOE fact sheet states that borrowers who earn less than $32,805 a year ($67,500 for a family of four) will not have to make any payments and more than 800,000 borrowers could have their remaining loan balances erased. This latter point would be the equivalent of $39 billion in debt forgiveness.

Law experts believe this complex and multifaceted plan is likely to survive since it is a revision of an existing income-driven repayment plan (IDR) called *Revised Pay As You Earn* (REPAYE). The estimated cost to taxpayers for this plan ranges from $138 billion (DOE), to $230 billion (CBO), and to $361 billion (Penn Wharton Budget Model), depending upon the source. Yet regardless of the cost, the new SAVE plan is clearly another fiscal stimulus program. And to a large extent, it reverses the risk that faced many households on October 1 when the student debt moratorium was scheduled to end. As we had noted, the end of the student debt moratorium would have meant 44 million Americans would restart monthly debt payments averaging between $210 to $320 and this would have been a big negative for the economy at the end of the year. The Biden Administration has erased this risk.

Merger Mania

On July 18, a US court ruled that Microsoft Corp.'s (MSFT - $359.49) $69 billion takeover of Activision Blizzard Inc. (ATVI - $92.74) could proceed despite objections from the Federal Trade Commission. MSFT rose 13.76 points for the day, giving the Dow Jones Industrial Average a big boost. But it also was an important milestone for the merger-arbitrage sector of the financial industry which has been going through a rough patch. There are several mergers lined up in the technology industry that could now start moving through the pipeline. This lifted stock prices and Wall Street's confidence. Another catalyst for MSFT was its announcement of Microsoft 365 Copilot, which is a major bet on the value of AI to Microsoft corporate clients. The stock responded favorably and its market capitalization of $2.71 trillion is now second only to Apple Inc. (AAPL - $193.73) which is valued at more than $3 trillion.

Global news was also good for inflation, for example, Canada's inflation rate fell to 2.8% in June. And global growth is slowing. Argentina's GDP fell 5.5% YOY in May, and some forecasters expect China's economic growth slow to 3%. In the US, retail sales for June rose only 1.5% YOY which means that after inflation, retail sales fell 1.5%. This was the seventh month in the last eight months in which sales were negative on a year-over-year basis. See page 5. Historically, negative real retail sales are associated with declining nominal GDP and a recession. Inverted yield curves and monetary tightening are also recessionary. But the offset to these items may be that job growth remains resilient, and this may be the most important indicator of all.

Earnings and Valuation are weak

The July 14, 2023 *"This Week in Earnings"* report from IBES Refinitiv showed a $1.86 decline in 2023 consensus estimates last week. See page 6. It is important to mention this since the stock market has been responding positively to the early second quarter earnings reports, due in large part to the fact that IBES also writes that *"80% of the 30 companies that have reported earnings to date have beaten expectations."* Yet IBES also indicates that the 2023 S&P 500 earnings estimate is now $217.28, and below the 2022 earnings number of $218.09, representing a decline in earnings growth for 2023. See pages 6, 8 and 15. The current IBES EPS estimate for next year is $244.74, reflecting a 12.6% increase, but up from an earnings decline in 2023. All in all, this is not the earnings backdrop one would expect when the SPX is up 18.6% year-to-date and the Nasdaq Composite is up 37.1%. It is more in line with the Dow Jones Industrial Average which is up 5.4% year-to-date, or the Russell 2000 index which has gained 12.2%.

According to our valuation model, the equity market has been trading well above the fair value range since the first quarter of 2021, or for the last two years. The last time this happened was early 1997 leading to the peak in March 2000. In short, the market remained extremely overvalued for three years. This is what characterizes a bubble. Our earnings forecasts are well below consensus, but we show the model with both S&P and DRG estimates, and the "overvalued" results are similar. See page 7. In our view, the market is at a turning point. It either continues to soar ahead led by a limited number of stocks, much like a bubble where fundamentals are disavowed, or it consolidates or retreats waiting for earnings power to support higher stock prices.

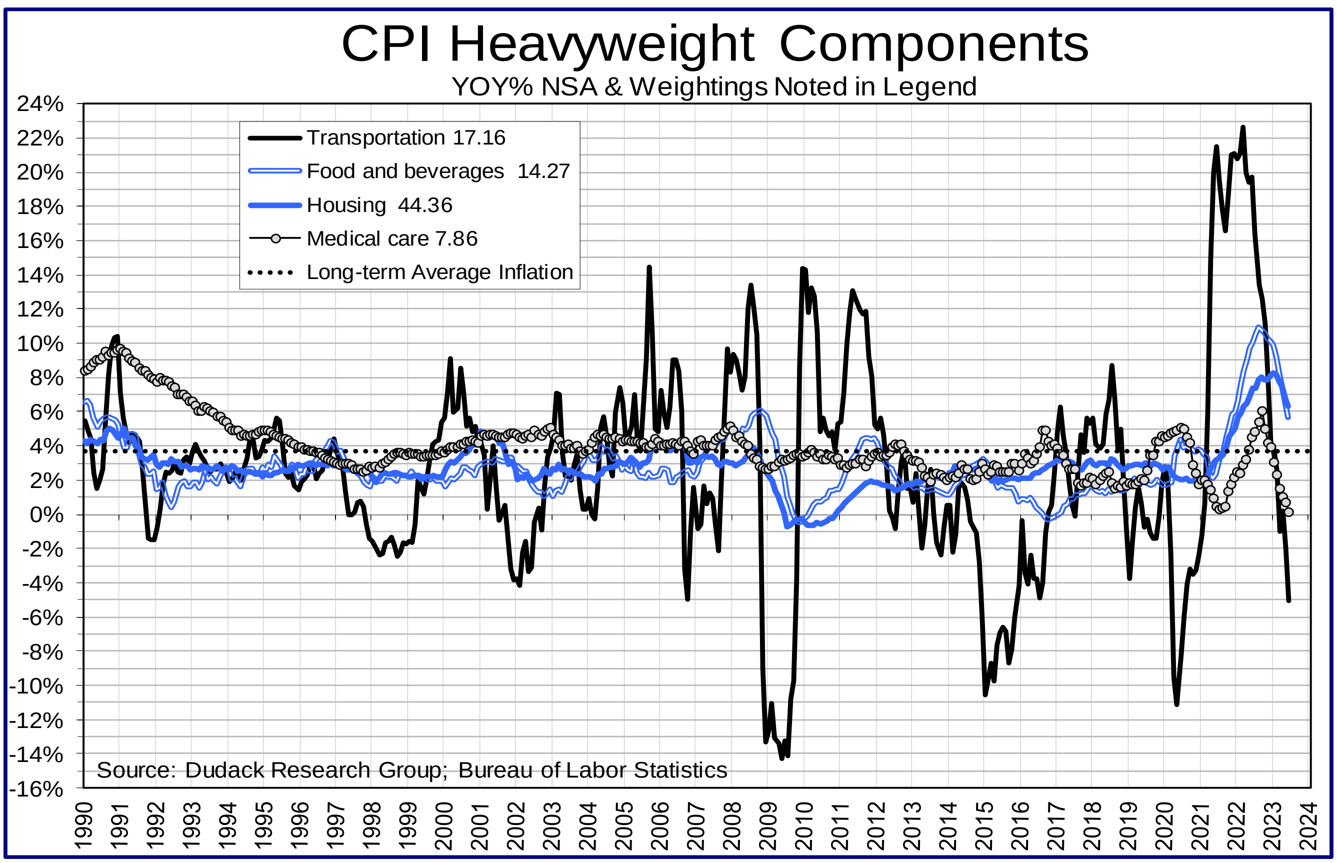
Technical Help

The charts of the indices may help in this time of indecision. The technical patterns of the SPX and IXIC are extended after recent gains and look vulnerable near term. Conversely, the DJIA appears to have just broken out (thanks to MSFT). The RUT continues to trade within its long-term trading range between 1650 and 2000, but is closing in on the 2000 level. The answer to whether the equity market is going to make a dramatic run up to new highs or take a pause, may be found in the near-term action of the Russell 2000 index. A clear breakout in the RUT well above the 2000 resistance level would be a big catalyst for further equity gains. Either way, we would not chase the recent market leaders but would look for stocks with solid earnings growth and reasonable multiples.

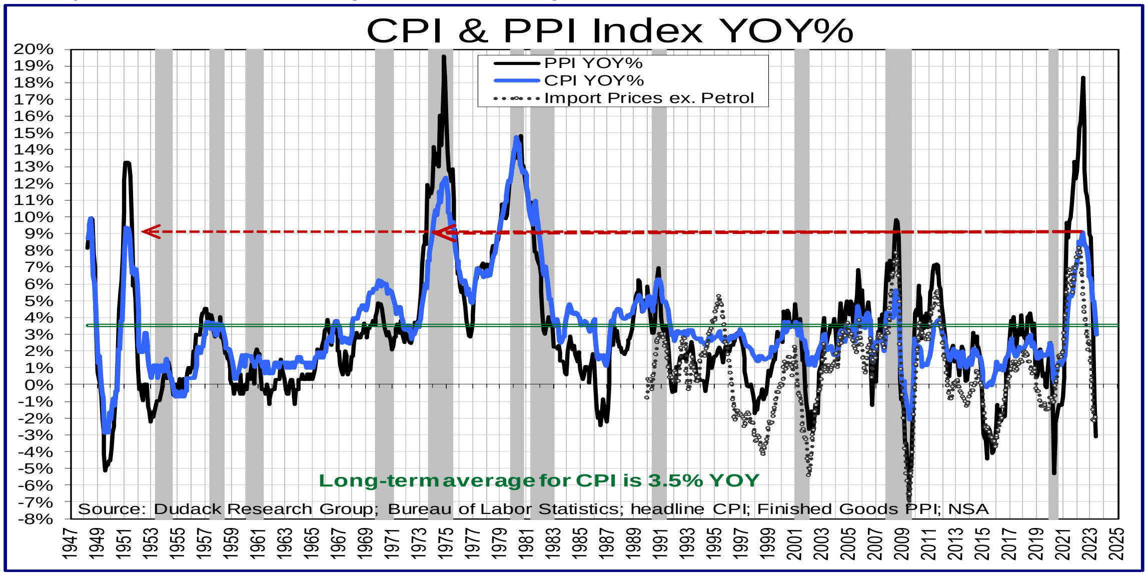
Headline inflation tumbled from 4% to 3% in June and core CPI fell from 5.3% to 4.8%. Both were better than expected. And though many subcategories of CPI showed price gains greater than 3% YOY, most trends appeared to be decelerating. The transportation sector showed prices declining 5.1% YOY and motor fuel fell 27% YOY. One surprise in June was that all items less food rose only 2.5% YOY, down from 3.6% in May. What most impressed us was that for the first time since March 2021, June's inflation of 3% fell below the average long-term inflation rate of 3.5%. This was a significant hurdle in our view and a sign that the Fed's target of 2% inflation is possible.

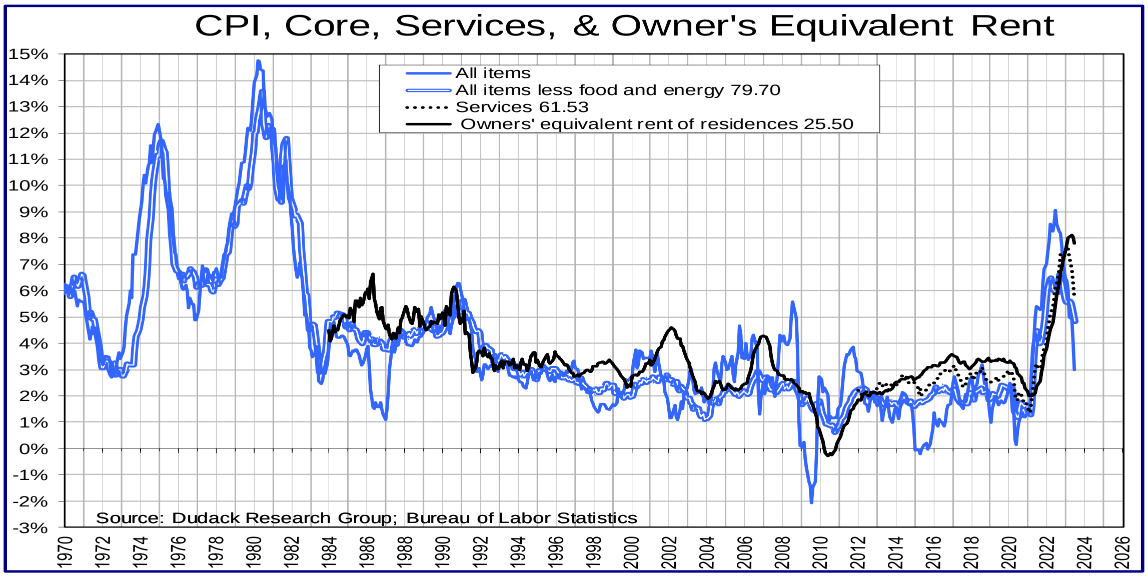
CPI Components Heavy Weights - Not Seasonally Adjusted Data	**Component Weight***	**Fuel Weight**	**Price Chg YOY%**	**Price Chg MOM%**
Housing	**44.4%**	**4.4%**	**6.3%**	**0.6%**
Owners' equivalent rent of residences	**25.5%**		*7.8%*	0.5%
Fuels and utilities	**4.4%**		**-1.0%**	**1.9%**
Transportation	**17.2%**	**2.4%**	**-5.1%**	**0.5%**
Food and beverages	**14.3%**		**5.7%**	**-0.1%**
Food at home	**8.6%**		*4.7%*	-0.1%
Food away from home	**4.8%**		*7.7%*	0.4%
Alcoholic beverages	**0.8%**		*4.4%*	0.1%
Medical care	**7.9%**		**0.1%**	**0.0%**
Education and communication	**5.7%**		**1.1%**	**-0.2%**
Recreation	**5.4%**		**4.3%**	**0.0%**
Apparel	**2.6%**		**3.1%**	**-0.7%**
Other goods and services	**2.7%**		**6.3%**	**0.2%**
Special groups:				
Energy	6.9%		-16.7%	1.4%
All items less food and energy	79.7%		4.8%	0.3%
All items	**100.0%**		**3.0%**	**0.3%**

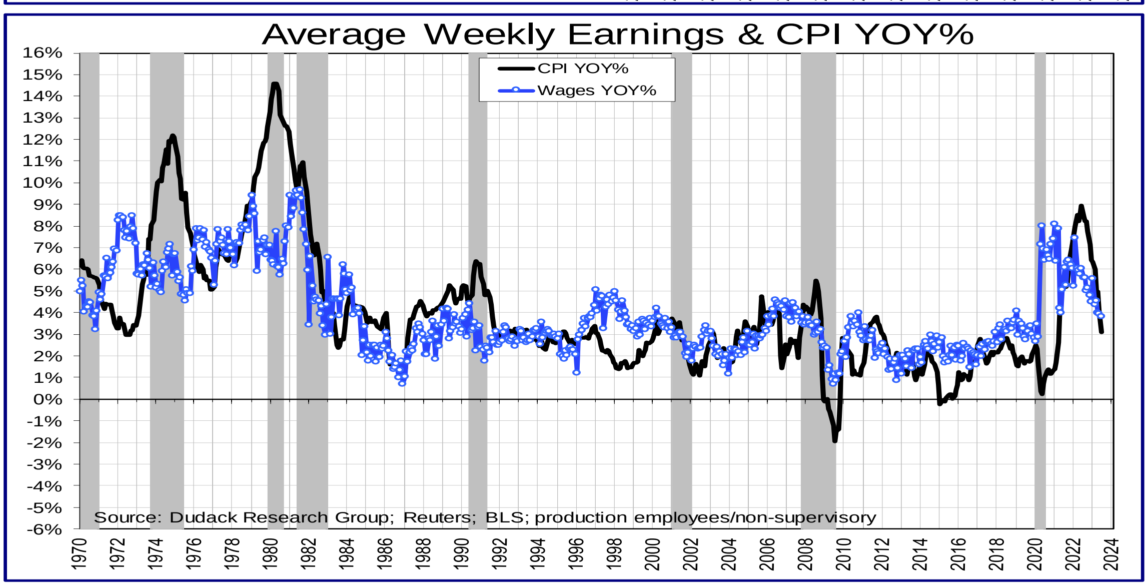
Source: Dudack Research Group; BLS; *May 2023 weightings; Italics=sub-component; blue>headline



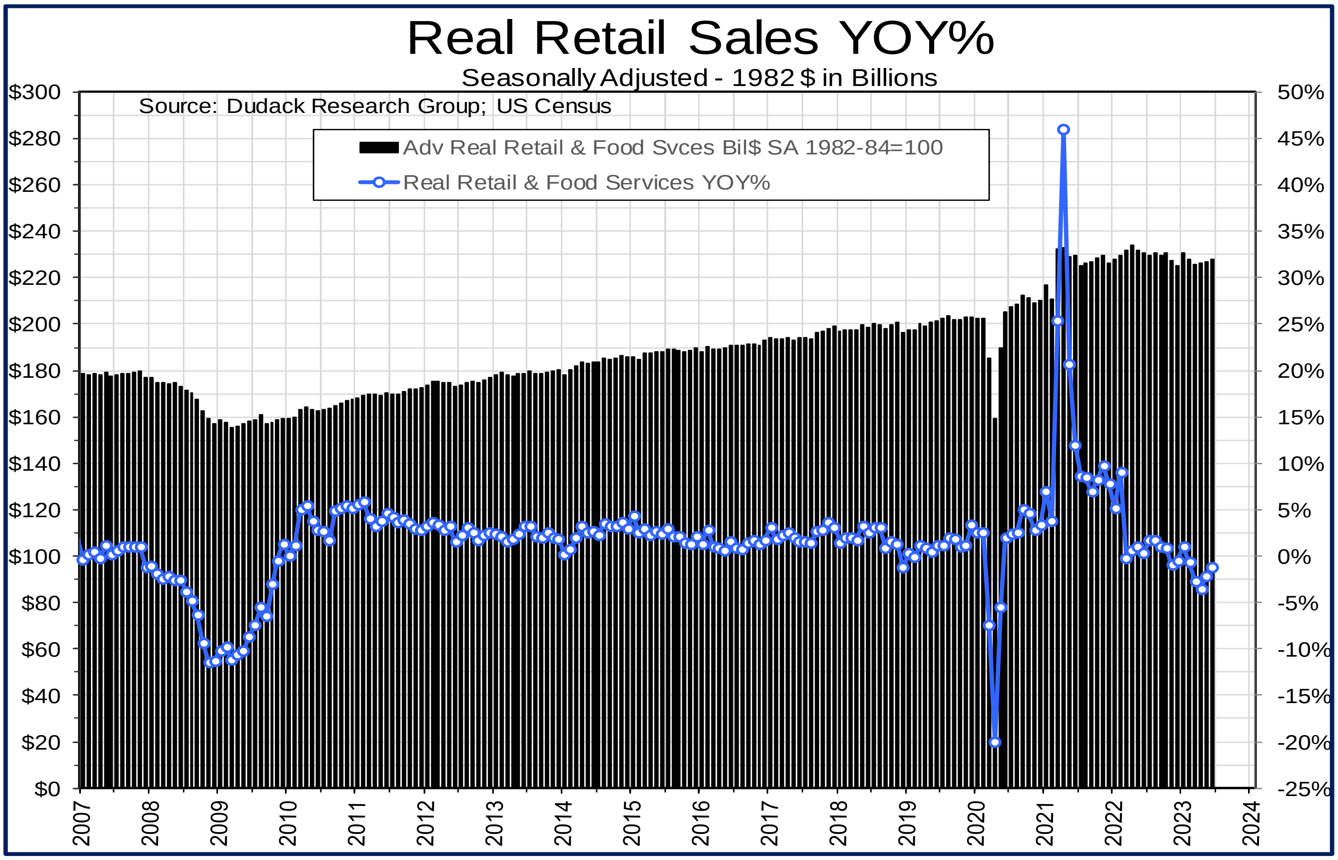
The PPI was also released last week. Finished goods PPI declined 3.1% YOY, although finished goods excluding fuel and energy rose 4.3% YOY. Still, PPI data suggests oil prices are no longer driving inflation. Service sector CPI was still high at 5.7% YOY in June, but down from 6.3%. Encouraging for service sector inflation was the decline in wage growth from 5.6% YOY in January to 3.8% in June. Also decelerating was owners' equivalent rent which eased from 8.1% in May to 7.8%. In sum, there was good news in all categories.

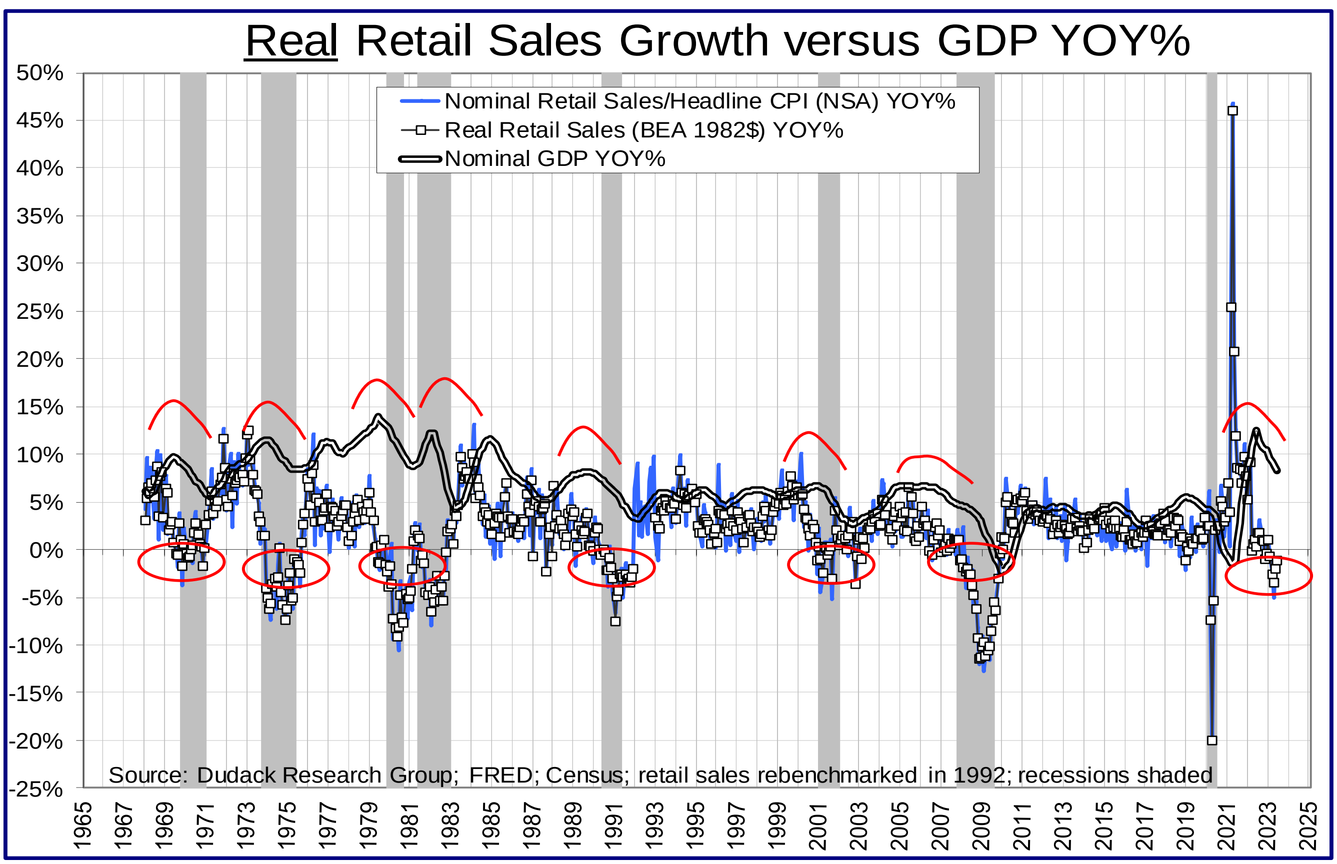






Retail sales for June rose only 1.5% YOY which means that after inflation, retail sales fell 1.5%. This was the seventh month in the last eight months in which sales were negative. Historically, negative real retail sales are associated with declining nominal GDP and a recession.



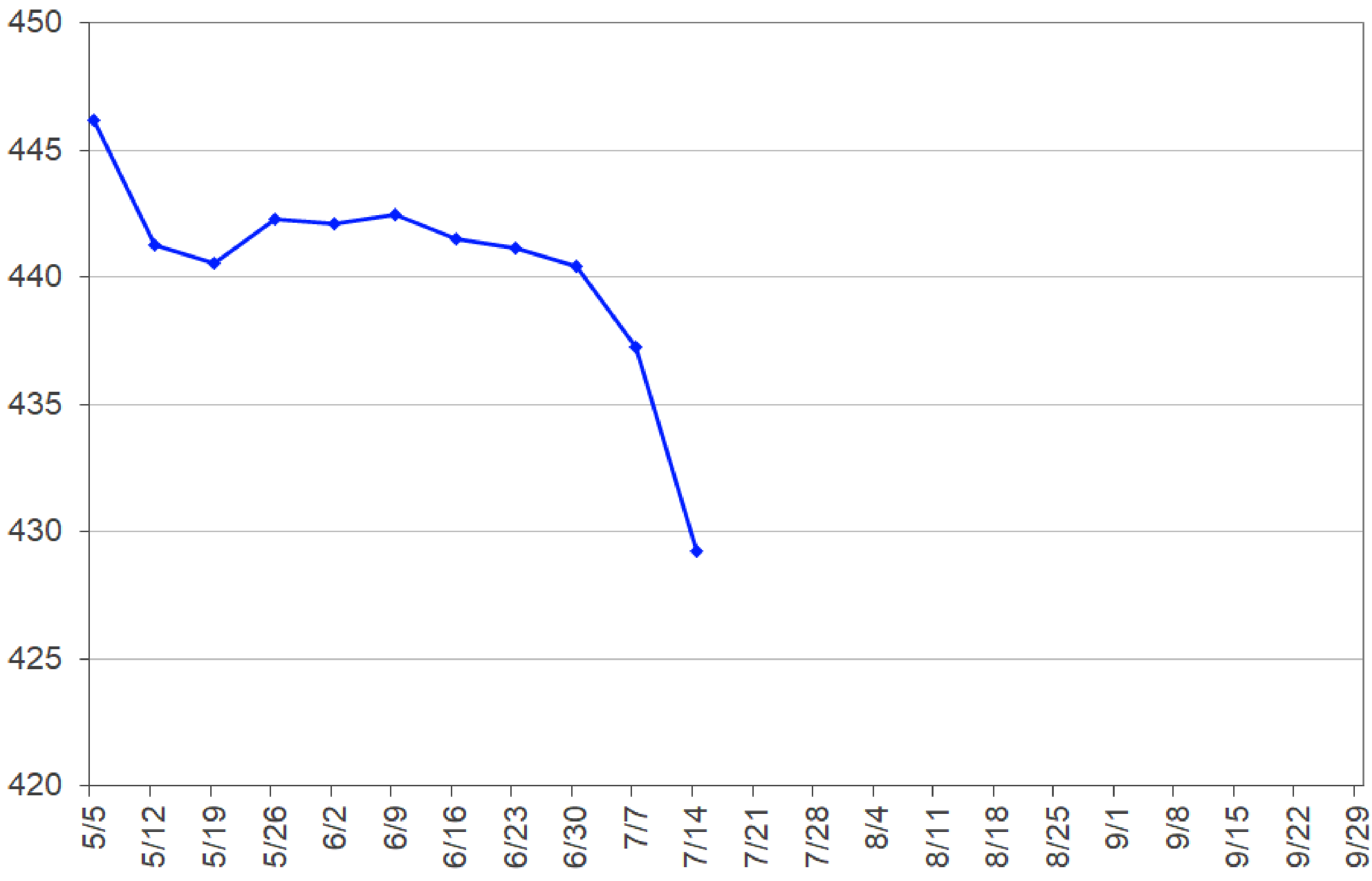


This chart is from the July 14, 2023 *"This Week in Earnings"* report from IBES Refinitiv. What it shows is the $1.86 decline in 2023 consensus estimates last week. This is important to mention since the stock market has been responding positively to the second quarter earnings season, due in large part to the fact that IBES also indicates that *"80% of the 30 companies that have reported earnings to date have beaten expectations."*

According to IBES, the 2023 S&P 500 earnings estimate is currently $217.28, and below the 2022 earnings number of $218.09, indicating a decline in earnings growth for 2023. See pages 8 and 15.

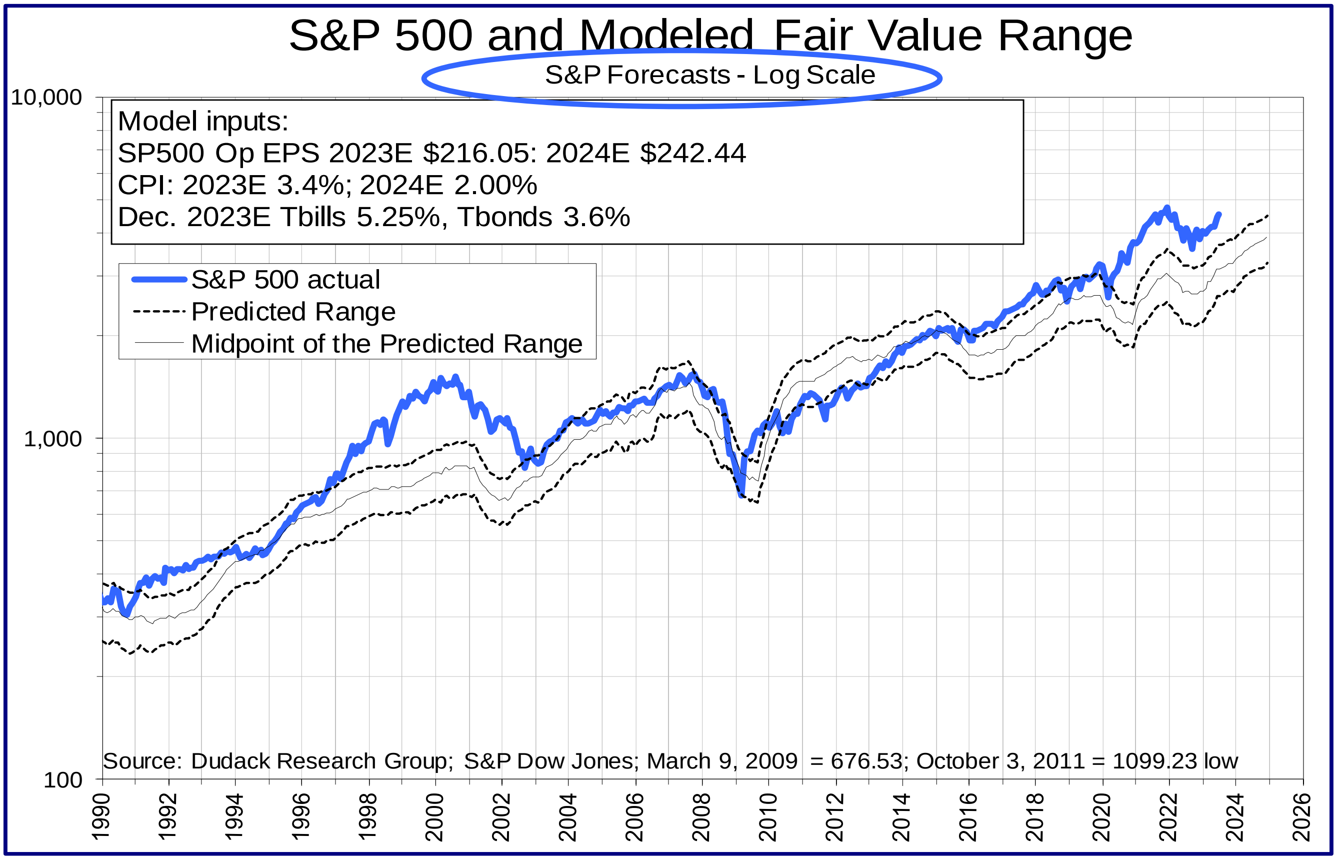
The current estimate for 2024 is $244.74, reflecting a 12.6% increase. All in all, this is not the earnings backdrop one would expect with the SPX up 18.6% year-to-date and the Nasdaq Composite up 37.1%. It is more in line with the Dow Jones Industrial Average which is up 5.4% year-to-date, or the Russell 2000 index which has gained 12.2%.

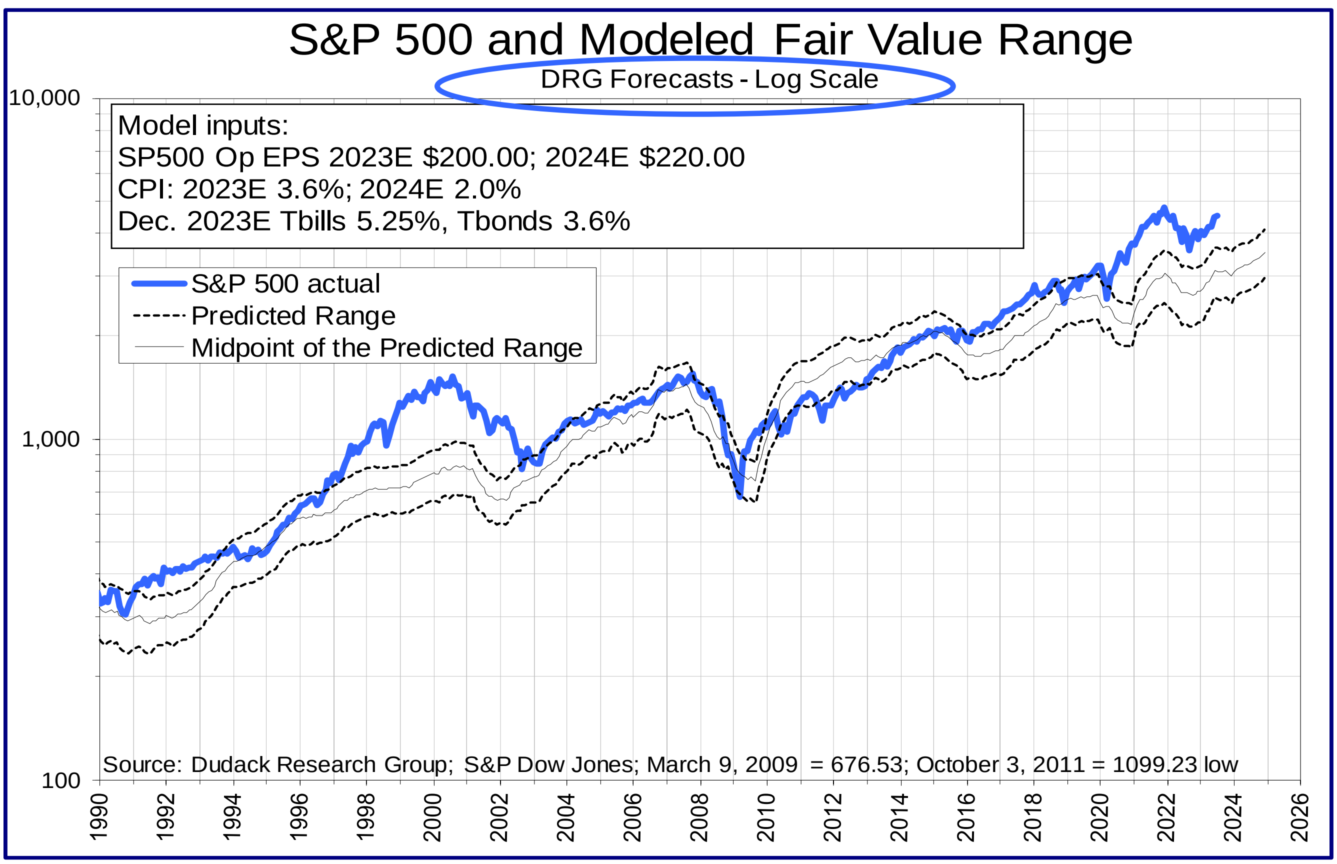
S&P 500: Q2 2023 Share-Weighted Earnings (Bil$)



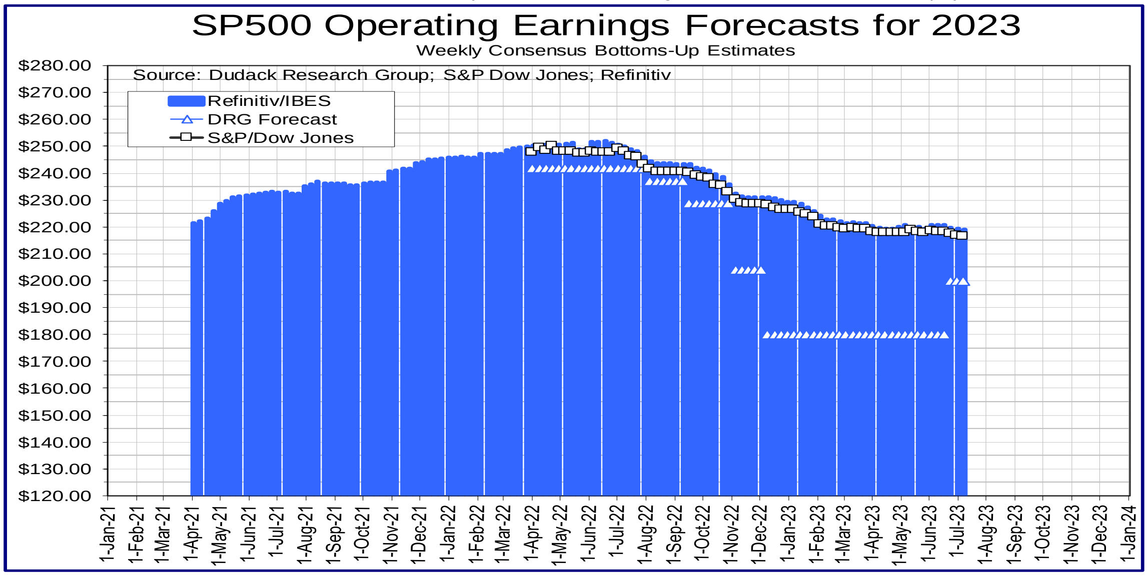
Source: IBES data from Refinitiv; *This Week in Earnings* – July 14, 2023

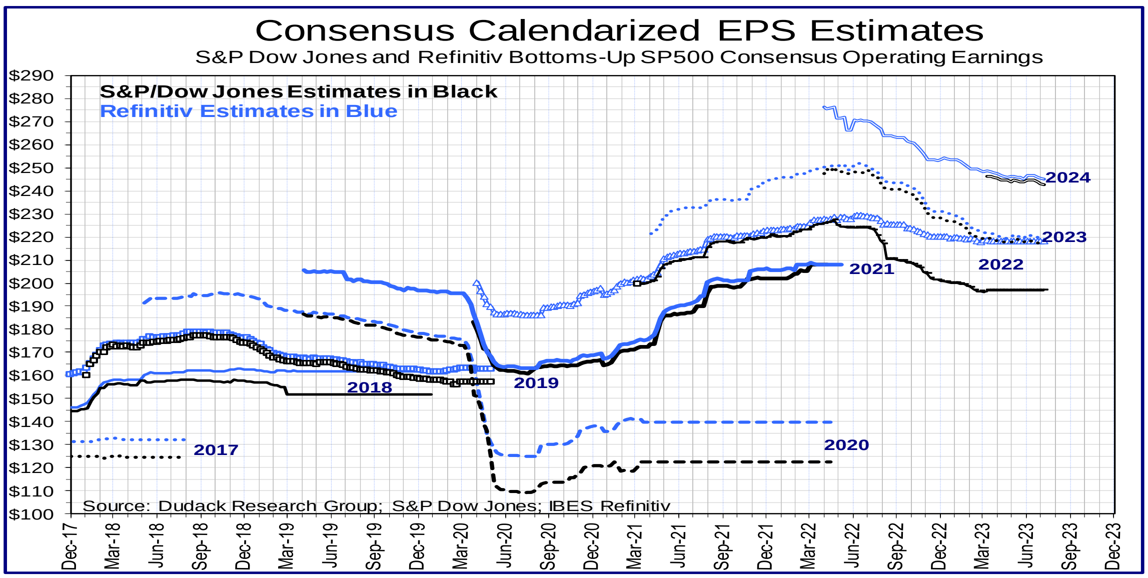
According to our valuation model the equity market has been trading above the fair value range since the first quarter of 2021, or for two years. The last time this happened was early 1997 to the peak in March 2000. Our earnings forecasts are well below consensus, but we show the model with both S&P and DRG estimates, and the results are similar.

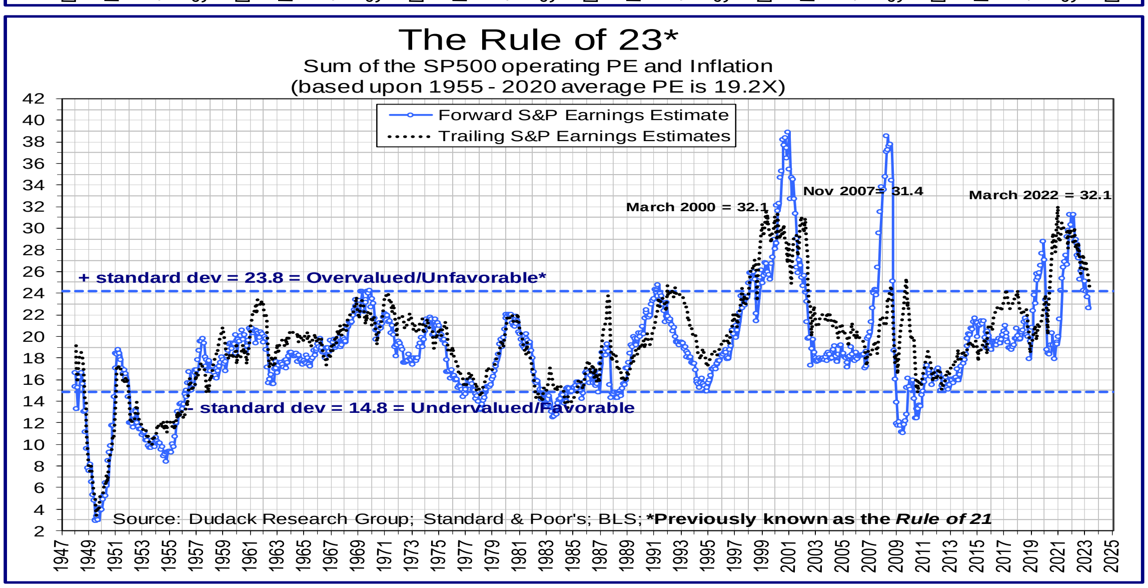




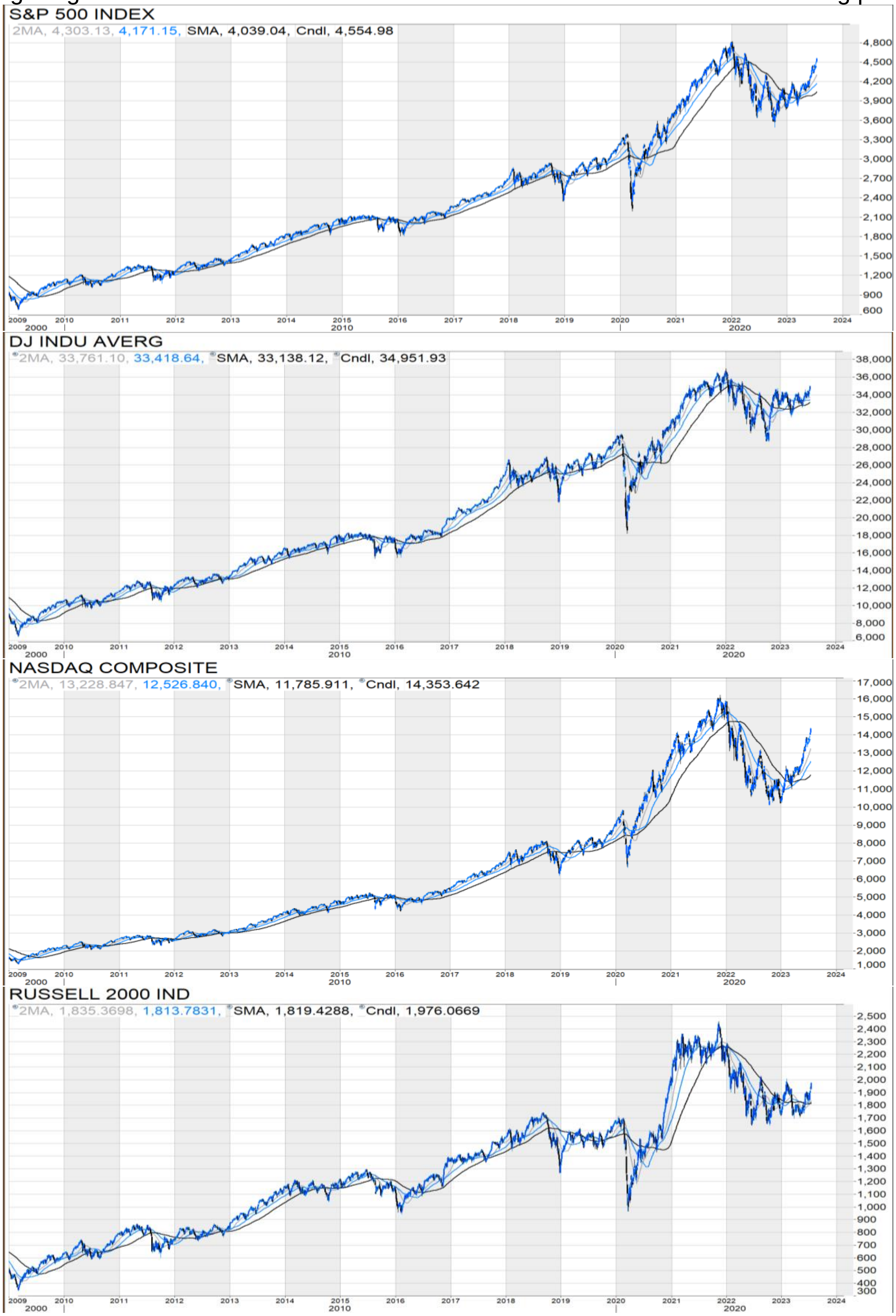
S&P Dow Jones consensus estimates for 2023 and 2024 are $216.04 and $242.44, down $0.55, and $0.36, respectively. Refinitiv IBES estimates for 2023 and 2024 are $217.28 and $244.74, down $1.86, and $0.14, respectively. Notably, S&P data shows that 18.4% of companies reporting first quarter earnings had 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 $217.28, equities remain overvalued with a PE of 21.0 times and inflation of 3%. This sum is just above the 23.8 range that defines an overvalued equity market.







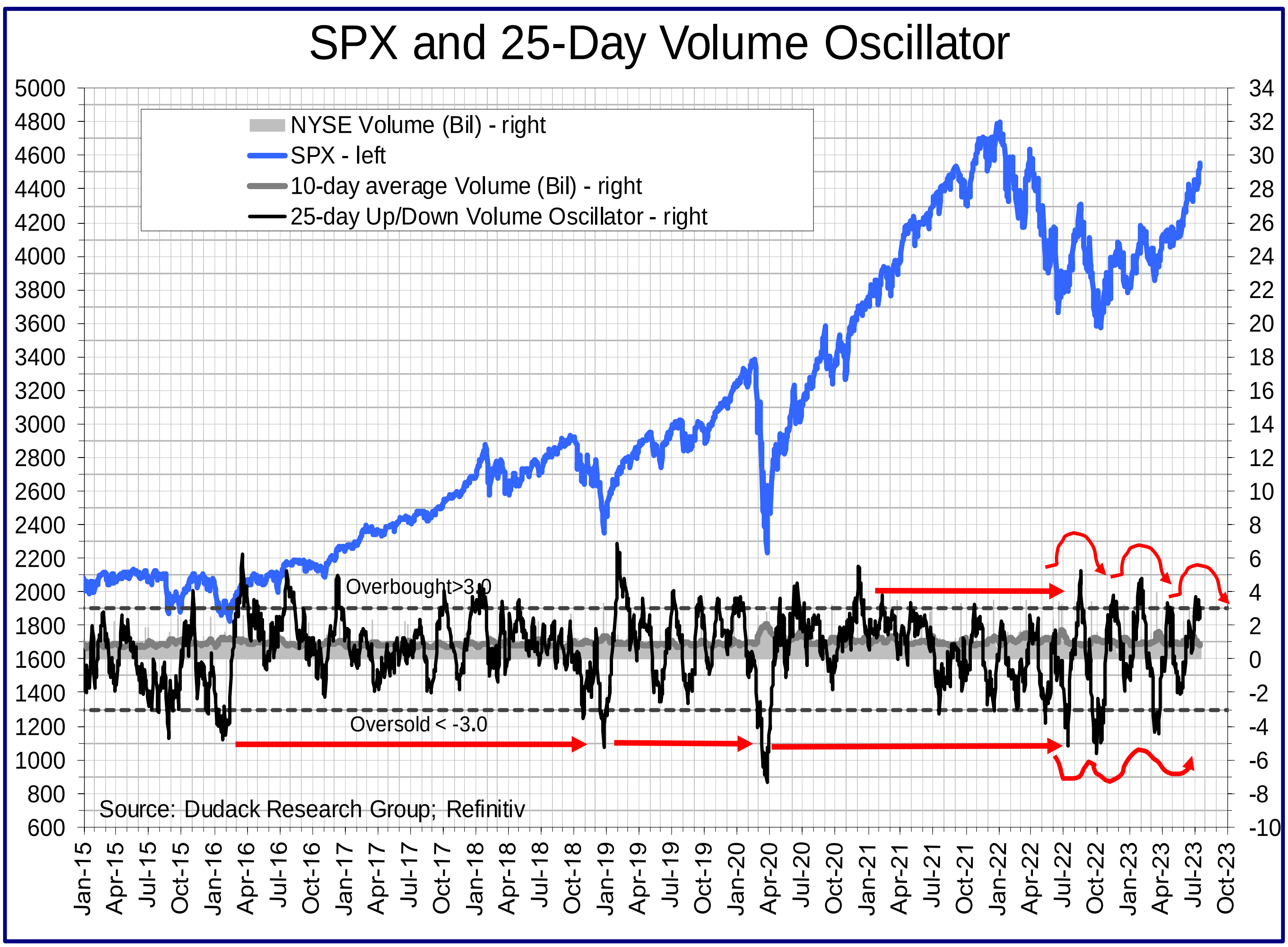
The charts of the SPX and IXIC are quite extended and look vulnerable near term; whereas the DJIA appears to have just broken out (thanks to a merger) and the RUT continues to trade within its long-term trading range between 1650 and 2000. A clear breakout in the RUT would be a big positive.



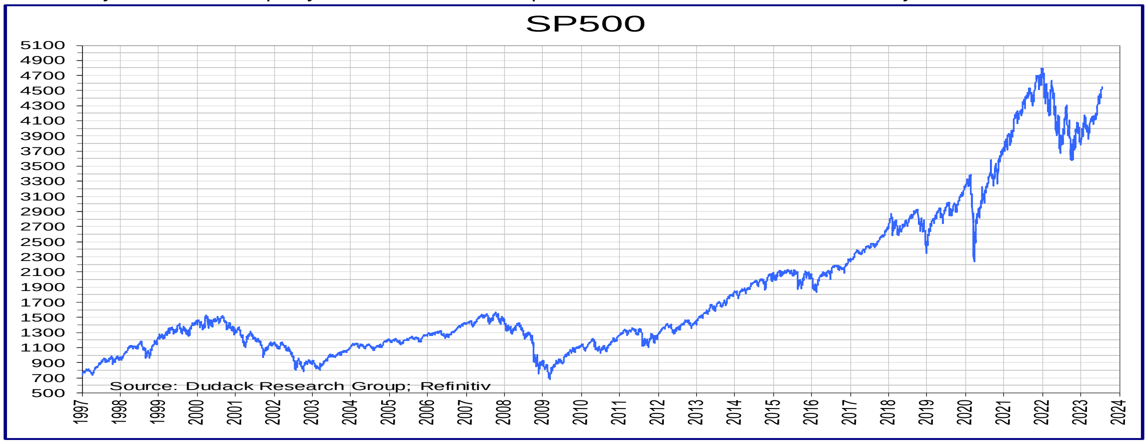
Source: Refinitiv

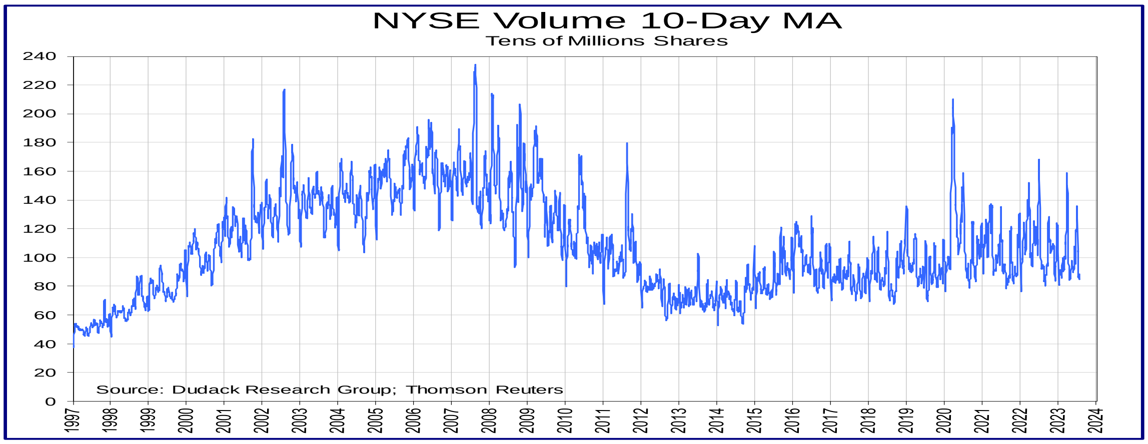
The 25-day up/down volume oscillator is at a 3.03 reading this week which is just barely into overbought territory. The oscillator also recorded one-day overbought readings on July 3, 2023, July 7, 2023, July 12, and July 13. These were the first overbought readings since the one-day overbought readings seen on April 28, April 24, and April 18. However, none of these one-day readings were lasting and none confirmed sustainable rallies in the averages. New highs in the market indices should see a minimum of five consecutive days in overbought territory, and hopefully at least one extreme overbought day. The recent 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, although volume did expand on the rally seen on July 18. The highest volume days in the last six 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 are a sign of distribution.

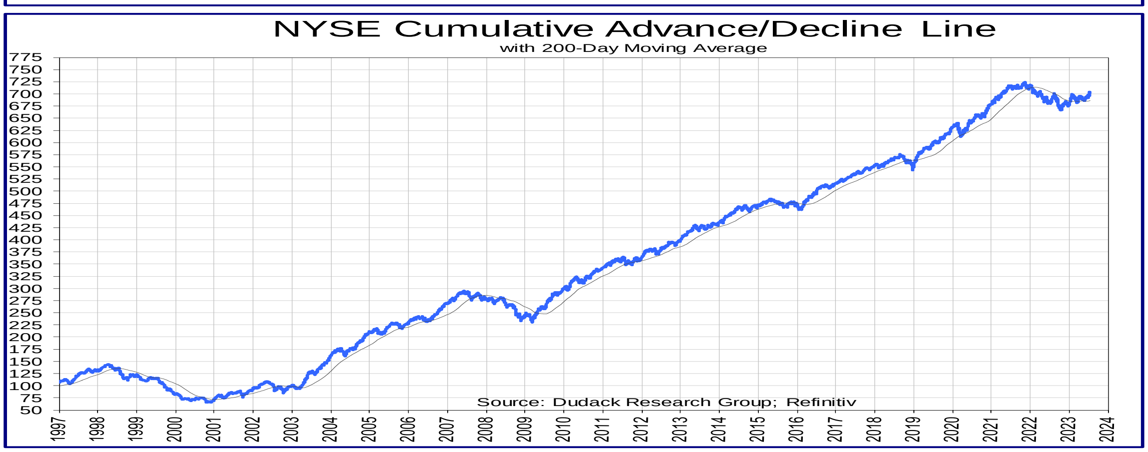
The string of un-sustained overbought and oversold readings that began a year ago, is characteristic of a long-term neutral trading range. Persistent trading ranges can be substitutes for bear markets. In both cases, prices are adjusting to an underlying weakness in earnings growth.

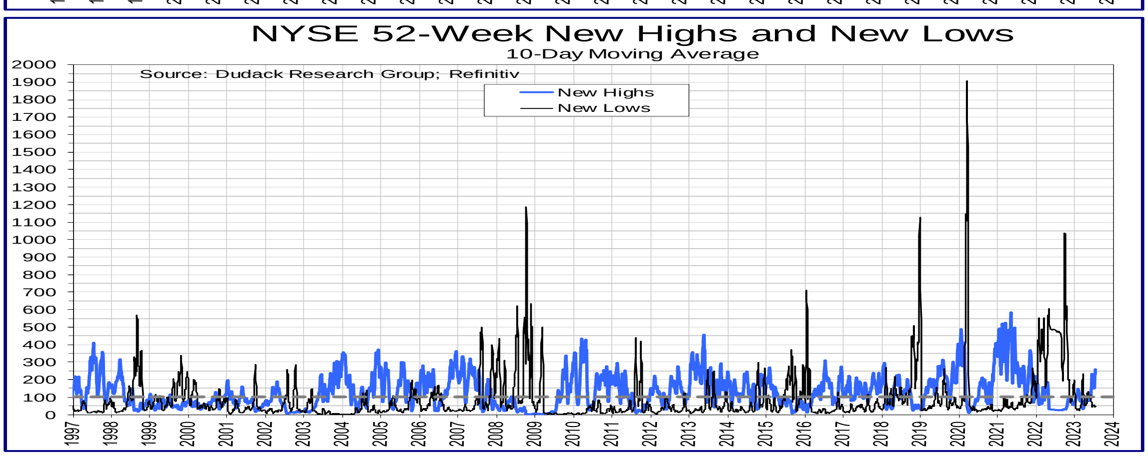


The 10-day average of daily new highs is 259 and new lows are 47. This combination turned positive on June 8 when new highs rose above 100 and new lows fell below 100. The NYSE advance/decline line fell below the June low on September 22 and is 19,910 net advancing issues from its 11/8/21 high. July 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.

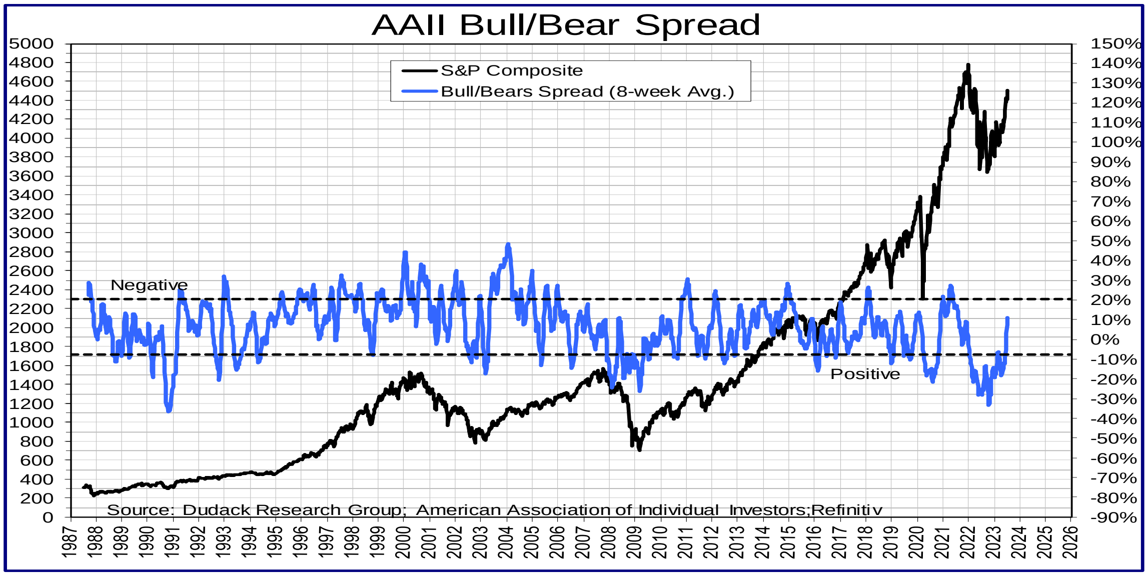


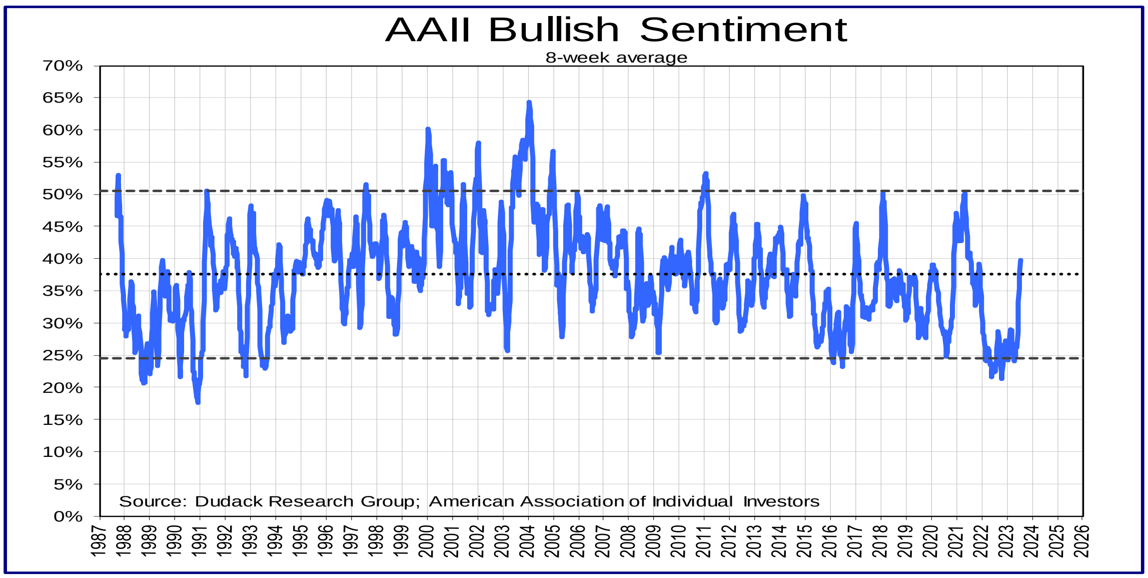


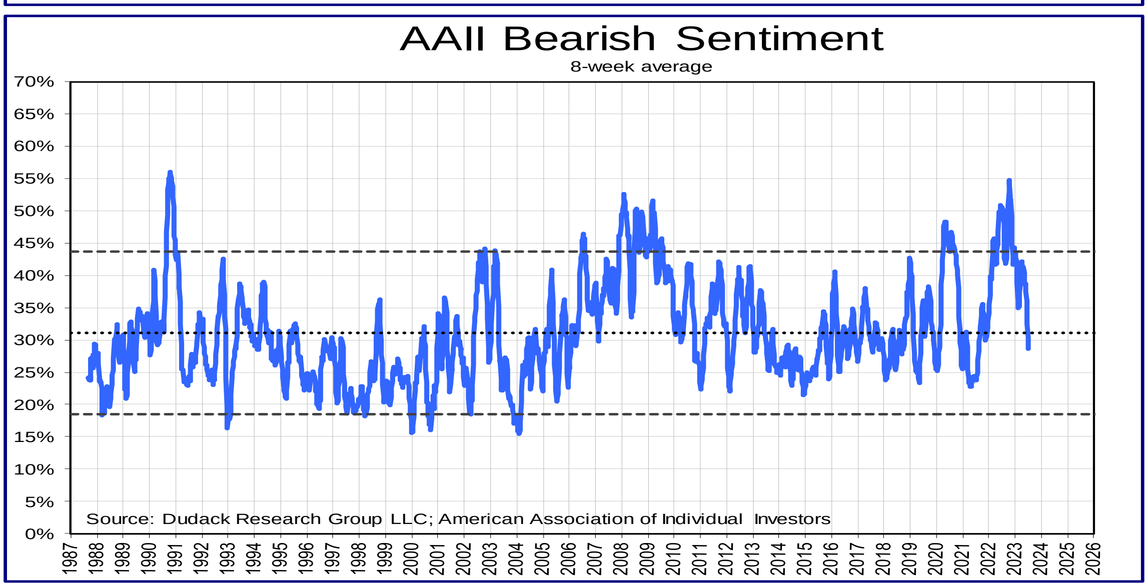




Last week's AAII readings had a 5.4% fall in bullishness to 41.0% and a 1.4% rise in bearishness to 25.9%. Last week was the highest bullish reading of 2023 and last higher on November 11, 2021 (48.0%).Bullishness is above average for the 6th consecutive week, exceeding the June/July and October/November of 2021 streaks. (Note: market peaked January 2022).







Global Markets and Commodities - Ranked by 2023 Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Technology Select Sector SPDR	XLK	180.26	4.8%	4.1%	3.7%	44.9%
NASDAQ 100	NDX	15841.35	4.8%	5.0%	4.4%	44.8%
Communication Services Select Sector SPDR Fund	XLC	67.37	2.1%	4.0%	3.5%	40.4%
SPDR Homebuilders ETF	XHB	84.36	3.9%	10.3%	5.1%	39.9%
SPDR S&P Semiconductor ETF	XSD	231.97	4.4%	6.6%	4.8%	38.7%
Nasdaq Composite Index Tracking Stock	ONEQ.O	56.37	4.4%	4.9%	4.2%	37.6%
Consumer Discretionary Select Sector SPDR	XLY	176.35	2.9%	6.0%	3.9%	36.5%
iShares Russell 1000 Growth ETF	IWF	285.38	4.2%	4.8%	3.7%	33.2%
iShares MSCI Mexico Capped ETF	EWW	64.22	1.6%	0.2%	3.3%	29.9%
iShares MSCI Taiwan ETF	EWT	48.95	4.3%	1.0%	4.1%	21.9%
iShares MSCI South Korea Capped ETF	EWY	67.34	4.6%	1.3%	6.2%	19.2%
iShares Russell 1000 ETF	IWB	250.25	2.6%	3.7%	2.7%	18.9%
iShares MSCI Germany ETF	EWG	29.34	4.1%	1.5%	2.7%	18.6%
SP500	.SPX	4554.98	2.6%	3.3%	2.4%	18.6%
iShares Russell 2000 Growth ETF	IWO	253.03	3.3%	5.4%	4.3%	18.0%
iShares MSCI Japan ETF	EWJ	63.31	2.4%	0.3%	2.3%	16.3%
iShares MSCI Brazil Capped ETF	EWZ	32.21	1.6%	-0.3%	-0.7%	15.2%
iShares MSCI EAFE ETF	EFA	74.25	3.5%	1.2%	2.4%	13.1%
iShares Russell 2000 ETF	IWM	195.97	3.3%	5.4%	4.6%	12.4%
Industrial Select Sector SPDR	XLI	109.63	0.6%	4.0%	2.2%	11.6%
Vanguard FTSE All-World ex-US ETF	VEU	55.84	3.2%	0.0%	2.6%	11.4%
PowerShares Water Resources Portfolio	PHO	57.23	1.5%	2.8%	1.5%	11.0%
iShares MSCI Austria Capped ETF	EWO	21.09	4.2%	3.2%	3.9%	11.0%
SPDR S&P Retail ETF	XRT	66.28	-0.2%	5.8%	4.0%	9.6%
iShares DJ US Oil Eqpt & Services ETF	IEZ	23.07	2.9%	19.9%	14.7%	8.8%
iShares MSCI Canada ETF	EWC	35.58	3.3%	2.4%	1.7%	8.7%
SPDR Gold Trust	GLD	183.64	2.3%	1.1%	3.0%	8.3%
Materials Select Sector SPDR	XLB	83.99	2.4%	2.7%	1.4%	8.1%
iShares MSCI Emerg Mkts ETF	EEM	40.76	2.4%	-0.3%	3.0%	7.5%
iShares MSCI United Kingdom ETF	EWU	32.80	3.3%	-0.5%	1.4%	7.0%
iShares MSCI India ETF	INDA.K	44.53	1.3%	3.2%	1.9%	6.7%
iShares Russell 2000 Value ETF	IWN	147.84	3.2%	5.2%	5.0%	6.6%
Gold Future	GCc1	2606.10	0.2%	0.9%	0.5%	5.7%
iShares Russell 1000 Value ETF	IWD	160.26	0.9%	2.3%	1.5%	5.7%
SPDR DJIA ETF	DIA	349.58	2.0%	1.9%	1.7%	5.5%
DJIA	.DJI	34951.93	2.0%	1.9%	1.6%	5.4%
Silver Future	SIc1	25.08	8.7%	4.2%	10.0%	5.1%
iShares MSCI Australia ETF	EWA	23.29	4.4%	-0.2%	3.3%	4.8%
iShares US Real Estate ETF	IYR	88.03	-0.2%	2.6%	1.7%	4.6%
iShares Silver Trust	SLV	24.02	8.3%	3.7%	9.9%	4.5%
Shanghai Composite	.SSEC	3197.82	-0.7%	-2.3%	-0.1%	3.5%
iShares MSCI Singapore ETF	EWS	19.31	3.9%	0.9%	4.3%	2.7%
iShares iBoxx $ Invest Grade Corp Bond	LQD	107.90	1.2%	0.2%	-0.2%	2.3%
Financial Select Sector SPDR	XLF	34.97	2.4%	4.1%	3.7%	2.3%
iShares 20+ Year Treas Bond ETF	TLT	101.80	2.1%	-0.8%	-1.1%	2.2%
iShares MSCI BRIC ETF	BKF	34.80	1.2%	-1.4%	1.8%	1.4%
Consumer Staples Select Sector SPDR	XLP	73.98	0.6%	-0.9%	-0.3%	-0.8%
iShares Nasdaq Biotechnology ETF	IBB.O	129.72	2.4%	-1.2%	2.2%	-1.2%
iShares China Large Cap ETF	FXI	27.52	0.7%	-4.8%	1.2%	-2.8%
Health Care Select Sect SPDR	XLV	132.07	1.6%	-0.1%	-0.5%	-2.8%
United States Oil Fund, LP	USO	67.96	1.4%	5.6%	6.9%	-3.1%
iShares US Telecomm ETF	IYZ	21.45	-4.0%	-3.2%	-2.9%	-4.4%
Oil Future	CLc1	75.75	1.2%	5.5%	7.2%	-5.6%
Energy Select Sector SPDR	XLE	82.11	-1.3%	1.5%	1.2%	-6.1%
Utilities Select Sector SPDR	XLU	65.57	-0.5%	-2.6%	0.2%	-7.0%
iShares MSCI Malaysia ETF	EWM	20.92	3.5%	2.8%	4.5%	-8.4%
iShares MSCI Hong Kong ETF	EWH	19.20	1.1%	-3.8%	-0.7%	-8.6%
SPDR S&P Bank ETF	KBE	39.71	6.9%	6.3%	10.3%	-12.0%

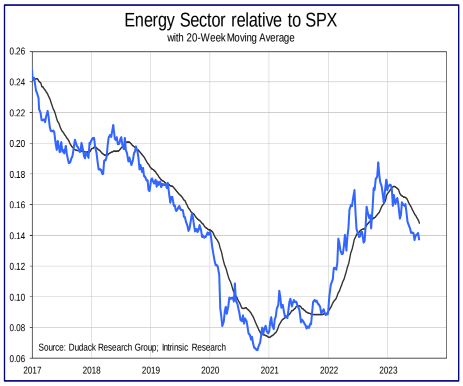
Outperformed SP500
Underperformed SP500

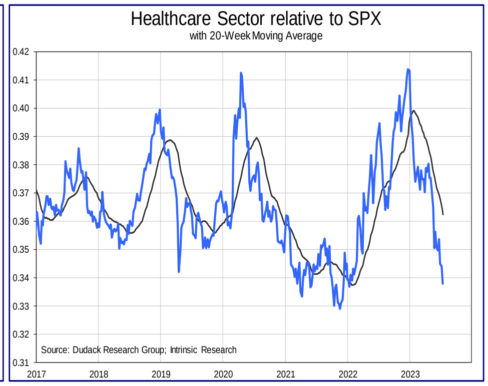
Source: Dudack Research Group; Refinitiv Priced as of July 18, 2023

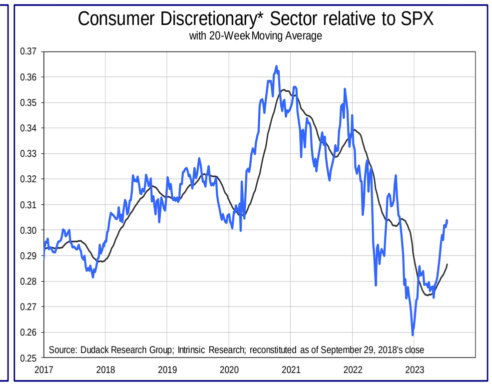
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

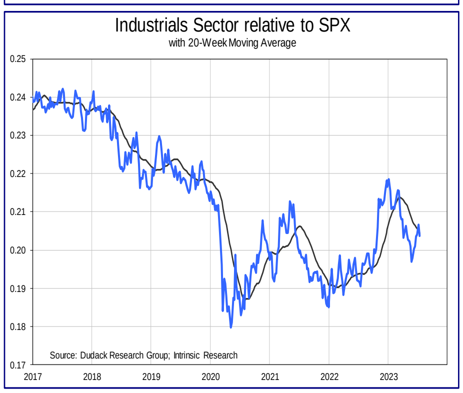
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Energy Industrials Staples Utililties	Healthcare Technology Materials Financials	Consumer Discretionary REITS Communication Services

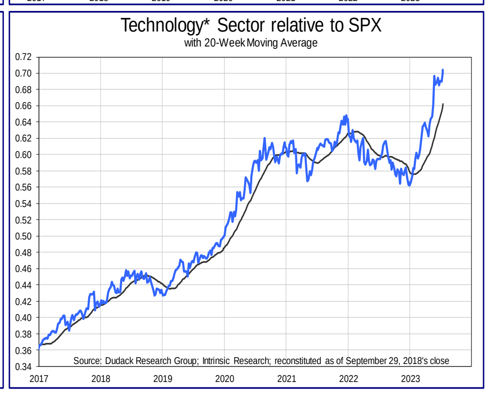
3/8/2022:Materials upgraded from underweight to neutral/communication service downgraded from neutral to underweight. 3/1/2022 Financials downgraded to neutral and Industrials upgraded to overweight.

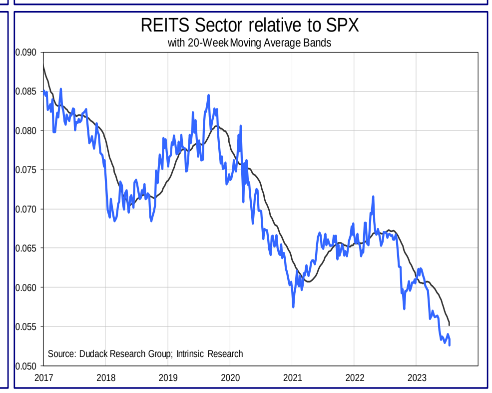


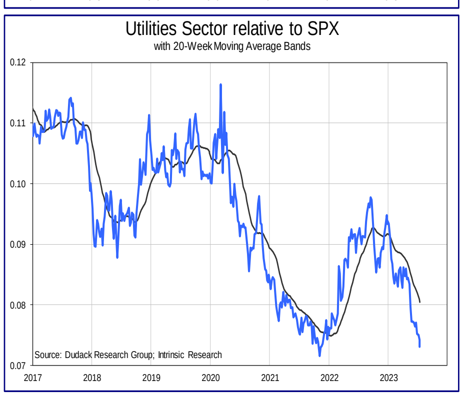


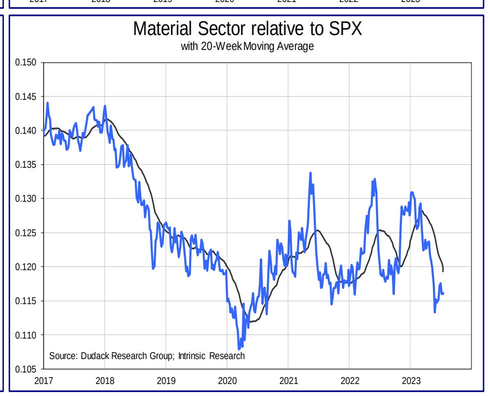


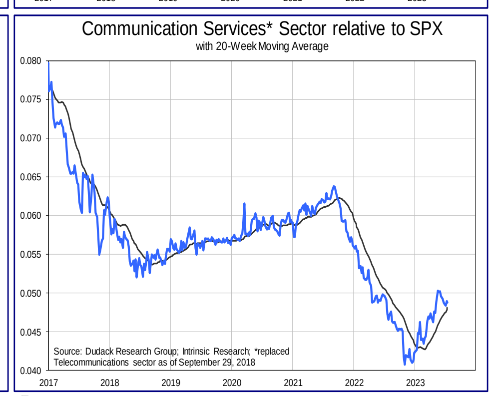


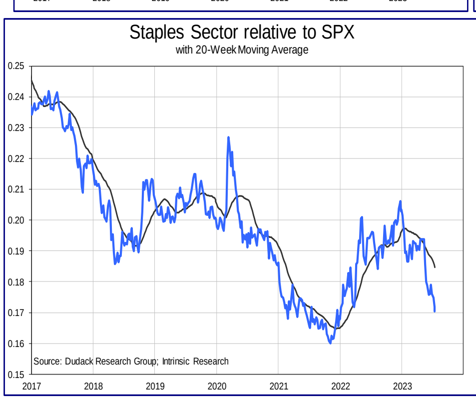


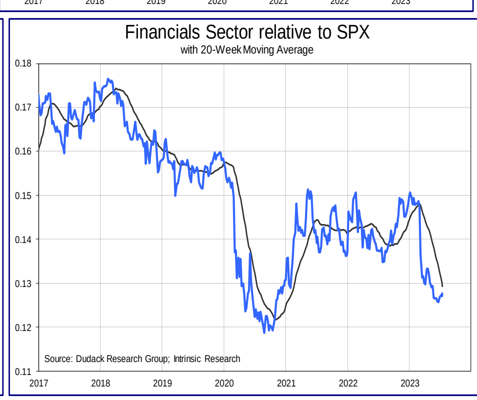












2023 Performance - Ranked	
SP500 Sector	% Change
S&P INFORMATION TECH	47.7%
S&P COMMUNICATIONS SERVICES	39.3%
S&P CONSUMER DISCRETIONARY	37.1%
S&P 500	18.6%
S&P INDUSTRIALS	11.6%
S&P MATERIALS	8.0%
S&P REITS	3.0%
S&P FINANCIAL	2.1%
S&P CONSUMER STAPLES	-0.4%
S&P HEALTH CARE	-3.0%
S&P ENERGY	-6.5%
S&P UTILITIES	-7.1%

Source: Dudack Research Group; Refinitiv; Monday closes

US Asset Allocation

	Benchmark	DRG %	Recommendation
Equities	60%	55%	Neutral
Treasury Bonds	30%	20%	Underweight
Cash	10%	25%	Overweight
	100%	100%	

Source: Dudack Research Group; raised cash and lowered equity 15% on December 21, 2022

DRG Earnings and Economic Forecasts

	S&P 500 Price	S&P Dow Jones Reported EPS**	S&P Dow Jones Operating EPS**	DRG Operating EPS Forecast	DRG EPS YOY %	IBES Consensus Bottom-Up $ EPS**	Refinitiv Consensus Bottom-Up EPS YOY%	S&P Op PE Ratio	S&P Divd Yield	GDP Annual Rate	GDP Profits post-tax w/ IVA & CC	YOY %
2006	1418.30	$81.51	**$87.72**	$87.72	14.7%	**$88.18**	15.6%	16.2X	1.8%	2.8%	$1,216.10	9.7%
2007	1468.36	$66.18	**$82.54**	$82.54	-5.9%	**$85.12**	-3.5%	17.8X	1.8%	2.0%	$1,141.40	-6.1%
2008	903.25	$14.88	**$49.51**	$49.51	-40.0%	**$65.47**	-23.1%	18.2X	2.5%	0.1%	$1,029.90	-9.8%
2009	1115.10	$50.97	**$56.86**	$56.86	14.8%	**$60.80**	-7.1%	19.6X	2.6%	-2.6%	$1,182.90	14.9%
2010	1257.64	$77.35	**$83.77**	$83.77	47.3%	**$85.28**	40.3%	15.0X	1.9%	2.7%	$1,456.50	23.1%
2011	1257.60	$86.95	**$96.44**	$96.44	15.1%	**$97.82**	14.7%	13.0X	2.0%	1.5%	$1,529.00	5.0%
2012	1426.19	$86.51	**$96.82**	$96.82	0.4%	**$103.80**	6.1%	14.7X	2.1%	2.3%	$1,662.80	8.8%
2013	1848.36	$100.20	**$107.30**	$107.30	10.8%	**$109.68**	5.7%	17.2X	2.0%	1.8%	$1,648.10	-0.9%
2014	2127.83	$102.31	**$113.01**	$113.01	5.3%	**$118.78**	8.3%	18.8X	2.2%	2.3%	$1,713.10	3.9%
2015	2043.94	$86.53	**$100.45**	$100.45	-11.1%	**$118.20**	-0.5%	20.3X	2.1%	2.7%	$1,664.20	-2.9%
2016	2238.83	$94.55	**$106.26**	$96.82	-3.6%	**$118.10**	-0.1%	21.1X	1.9%	1.7%	$1,661.50	-0.2%
2017	2673.61	$109.88	**$124.51**	$124.51	28.6%	**$132.00**	11.8%	21.5X	1.8%	2.3%	$1,816.60	9.3%
2018	2506.85	$132.39	**$151.60**	$151.60	21.8%	**$161.93**	22.7%	16.5X	1.9%	2.9%	$2,023.40	11.4%
2019	3230.78	$139.47	**$157.12**	$157.12	3.6%	**$162.93**	0.6%	20.6X	1.8%	2.3%	$2,065.60	2.1%
2020	3756.07	$94.14	**$122.38**	$122.38	-22.1%	**$139.72**	-14.2%	30.7X	1.6%	-2.8%	$1,968.10	-4.7%
2021	4766.18	$197.87	**$208.17**	$208.17	70.1%	**$208.12**	49.0%	22.9X	1.3%	5.9%	$2,382.80	21.1%
2022	3839.50	$172.75	**$196.95**	$196.95	-5.4%	**$218.09**	4.8%	19.5X	1.4%	2.1%	$2,478.80	4.0%
2023E	~~~~~	$196.41	**$216.05**	$200.00	1.5%	**$217.28**	-0.4%	20.6X	NA	NA	NA	NA
2024E	~~~~~	$220.35	**$242.44**	$220.00	10.0%	**$244.74**	12.6%	18.4X	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%	**$53.08**	-3.1%	20.5	1.7%	1.3%	$2,307.00	-2.8%
2023 2QE*	4450.38	$45.75	**$51.69**	$50.46	7.7%	**$50.99**	-11.5%	21.7	NA	NA	NA	NA
2023 3QE	4554.98	$49.94	**$54.98**	$49.00	-2.7%	**$55.63**	-0.7%	21.7	NA	NA	NA	NA
20244QE	~~~~~	$52.32	**$56.84**	$48.00	-4.7%	**$57.50**	8.2%	20.6	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates 7/18/2023

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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