Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
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August 23, 2023

DJIA: 34288.83
SPX: 4387.55
NASDAQ: 13505.87

US Strategy Weekly
Fed Minutes: Inflation is Unacceptably High

Fitch downgraded its credit rating for long-term US government securities from AAA to AA+ on August 1, 2023, citing an erosion of fiscal governance and rising general government deficits. Moody's cut the ratings on 10 mid-sized lenders on August 8th. The Fitch Ratings service warned of a downgrade on more than a dozen banks on August 15th and S&P Global Rating downgraded five regional banks on August 21st, focusing on lenders with commercial real estate exposure. All these rating agencies indicated that some banks face a future risk to their balance sheets due to potential bad debts in the commercial real estate area, but all banks are dealing with liquidity pressure since many portfolios are drawing interest income of 2.5% to 4.5%, while needing to pay depositors 4.5% to 5.5% in savings and money market accounts. This may seem like an isolated problem within the banking sector, but it is not. Although there is no immediate crisis in the banking sector, there are strains in the system that are likely to continue longer than some expect. More importantly, the US economy cannot do well if the banking sector is not doing well. It never has. So, in our view, with this backdrop, it is not surprising that stock prices have been in a correction in August.

Trading Ranges Defined

The last year has produced a series of issues that have chastened both optimists and pessimists. From a longer-term perspective, the last 18 months have been frustrating for both the bulls and the bears. <u>Our long-held view is that the stock market is in a broad sideways trading range, best defined by the Russell 2000 between support at 1650 and resistance at the 2000 level. The other indices have less obvious trading ranges, although it is clear that price action has been contained by resistance at the January 2022 peaks and support at the October 2022 lows.</u>

Long-term trading ranges are not unique in equity history, but they have not materialized in a while. Since the March 2009 low, equities have been in a relatively consistent uptrend. In short, for most of the last 14 years, stock prices have been "trending" and as result, new investors might be unfamiliar with rallies that have limited leadership and declines that lack follow through. However, <u>trading ranges are not unusual, and in our view the current trading range is a substitute for a more dramatic bear market.</u>

Classic bear markets are often triggered by an unexpected event that shakes investors' confidence and this event becomes the catalyst for an unforeseen earnings decline. A dramatic bear market ensues and produces a relatively sudden but quick repricing of risk. A trading range is simply another way of repricing risk and can be a subtle substitute for a bear market.

In the current environment, a trading range is a way for earnings to catch up with prices. Earnings for the S&P 500 declined on a year-over-year basis during the second, third, and fourth quarters of last year. Earnings are now expected to grow modestly from these much-reduced levels; nevertheless, the outlook for earnings growth remains uncertain.

If we look at S&P Dow Jones operating earnings data, it shows that the four-quarter sum in earnings peaked in March 2022 at $210.16. The S&P Dow Jones consensus estimates show that four-quarter earnings could reach a new high by the end of the 2023 third-quarter earnings season, with earnings of $212.89. However, these are estimates and data shows essentially no earnings growth for most of 2022 and 2023. In sum, prices moved higher in 2023, but the fundamentals did not. The recent trading range is a way for earnings to eventually catch up with stock prices. In our view, the catalyst needed for stocks to break out of this trading range is for the Fed to successfully tame inflation and this will take more time. In the interim, we believe focusing on stocks with reliable earnings streams and reasonable PE multiples will be the best way of managing through this environment.

FOMC September 20

One reason to believe the Federal Reserve will keep interest rates higher for longer is that they were so late to address the inflation problem. As seen on page 3, in previous cycles, the fed funds rate typically increased ahead of, or in line with, the level of inflation. In this cycle, the Fed was 12 to 18 months behind the inflationary trend, and this allowed inflation to become ingrained in the service sector. Since service sector inflation is less commodity driven and more salary driven, it is more difficult for the Fed to control. It also explains the Fed's attention to service sector inflation. Meanwhile, it is important to note that the real fed funds rate usually reaches 400 basis points in a tightening cycle, and though the real rate has been rising, it is now only at 230 basis points. In short, we believe another rate hike is likely on September 20 and we do not believe this is discounted in stock prices.

The path of interest rates is important to the economy since it will impact both the auto industry (see page 4) and the residential housing market. The National Association of Home Builder Confidence index fell from 56 to 50 in August, which is not surprising, since the June NAR Housing Affordability index fell from 93.7 to 87.8, the lowest level since January 1984. This decline in affordability was before the Fed's July rate hike! The June decline was attributed to a combination of median family income ratcheting down to $91,319, the median price of a single-family home rising to $416,000 and the NAR mortgage rate increasing 28 basis points to 6.79%. See page 5.

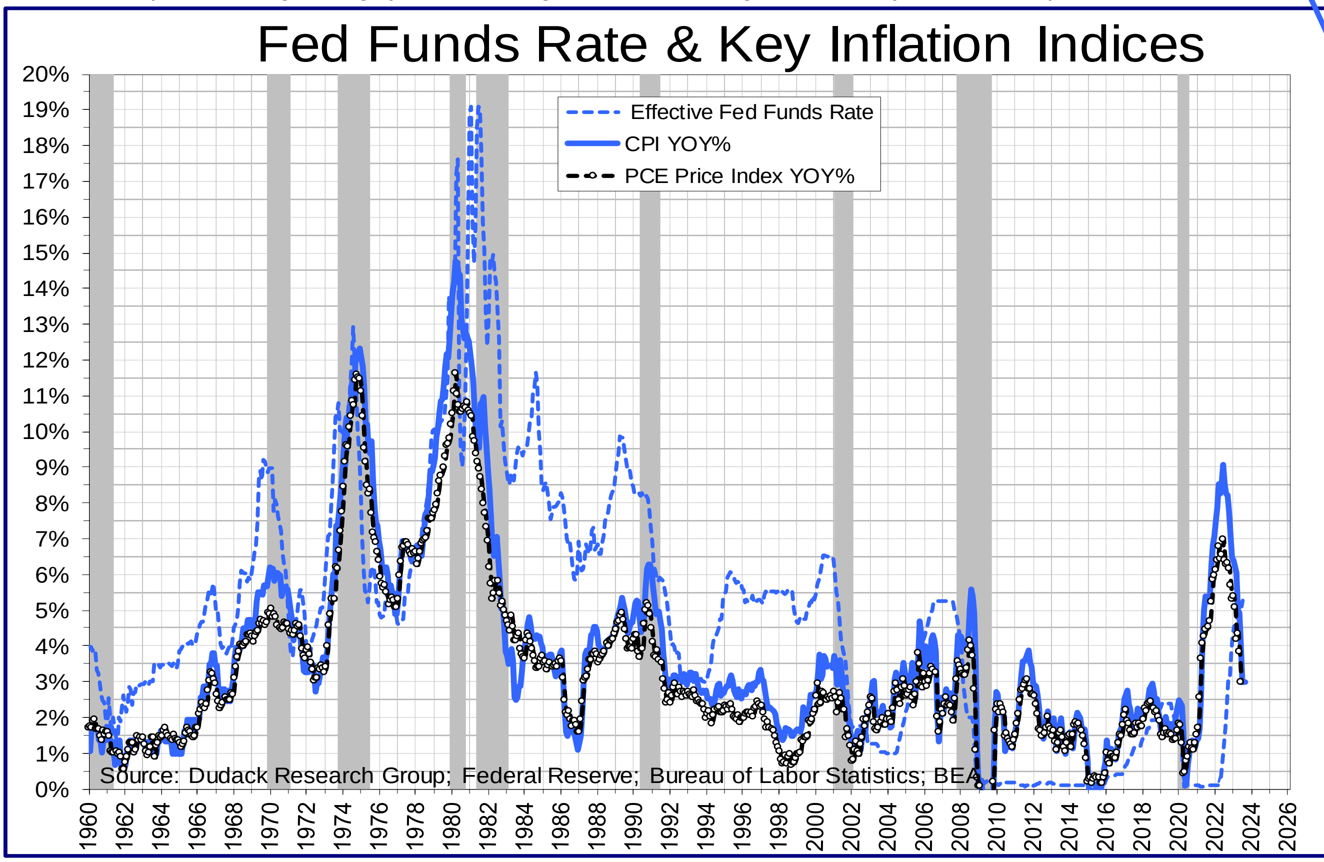
Although the housing market has been in a slump for almost two years, it is possible that housing is about to slow further as interest rates rise and remain high. This risk can be seen in the fact that both existing and new home prices have stopped increasing and in recent months have registered year-over-year declines. Also interesting is the fact that home prices and retail sales have been highly correlated over the last 60 years, and both appear to be on the cusp of a negative cycle. See page 7. Some may think that these are reasons for the Fed to pause, but underlying these risks are a tight labor market and wage growth that recently has exceeded the pace of inflation. We believe the Fed will remain higher for longer in order to be confident that inflation will reach its target of 2%.

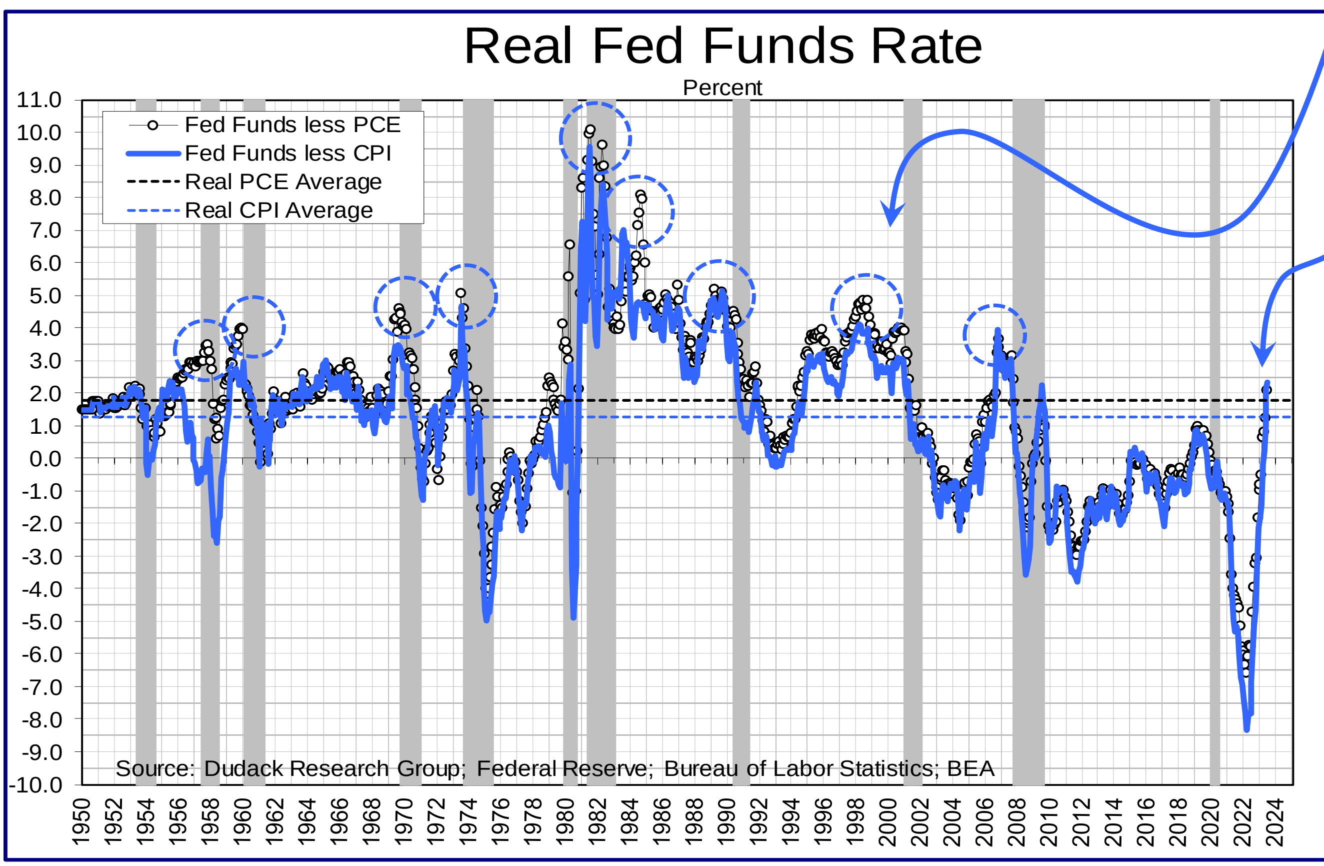
Technical Update

As a result of the recent weakness in the equity market, all the popular indices are currently trading below their 50-day moving averages and are about to test their 100-day moving averages. However, the Russell 2000, is about to test its 200-day moving average which is now at 1843. We would not be surprised if all these moving averages were broken in the near term since this would be typical of a long-term neutral trading range environment. See page 9.

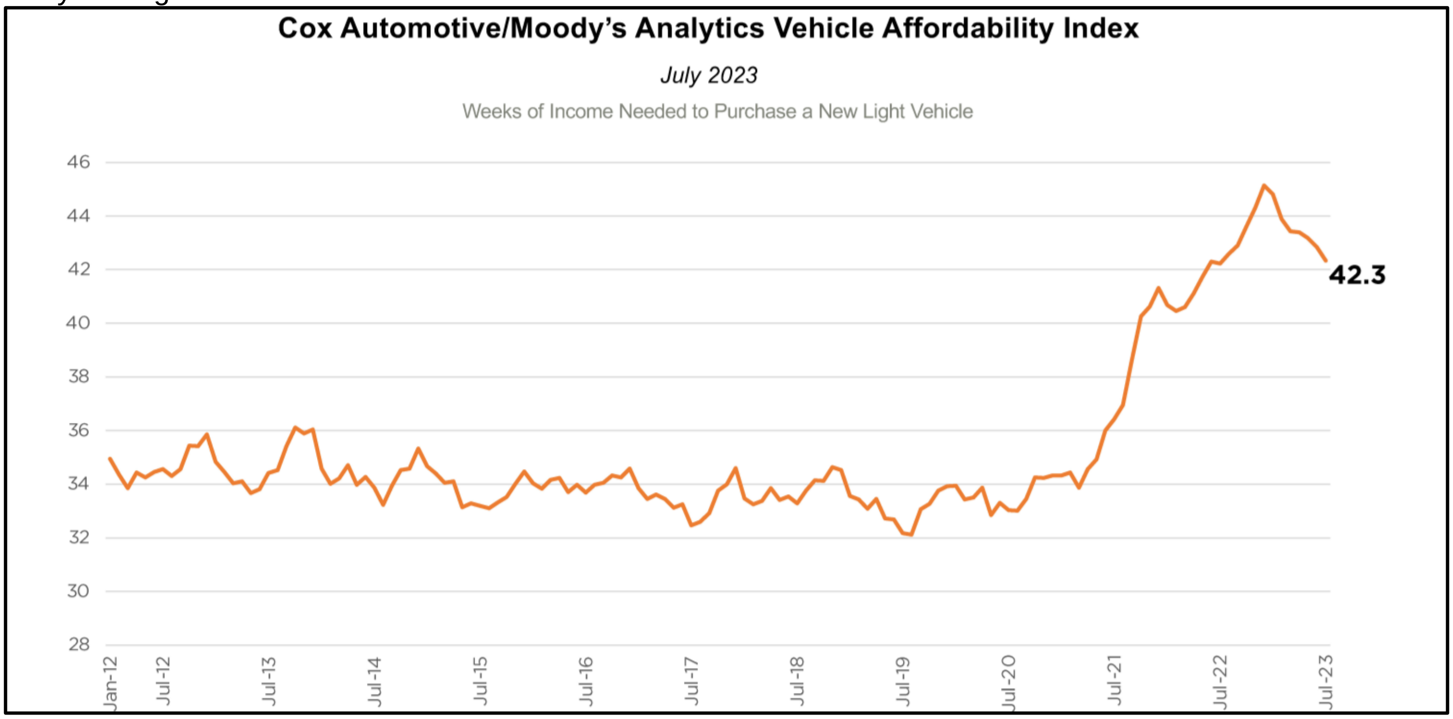
The 25-day up/down volume oscillator is at negative 2.05 this week, which is at the bottom of the neutral range. It is close to registering an oversold reading of negative 3.0 or less, which would neutralize the recent unsustained overbought readings. Meanwhile, the 10-day average of daily new highs is 54 and new lows are 111. This combination turned negative this week since new highs fell below 100 and new lows rose above 100. All of the above is normal for a trading range market.

One reason to believe the Fed will keep interest rates higher for longer is that they were so late to address the inflation problem. As seen below, the fed funds rate typically increases ahead of, or in line with, the level of inflation. In this cycle, the Fed was 12 to 18 months behind the inflationary trend which allowed inflation to become ingrained in the service sector. Moreover, the real fed funds rate usually reaches 400 basis points in a tightening cycle, and though it has been rising, it is now only at 230 basis points.

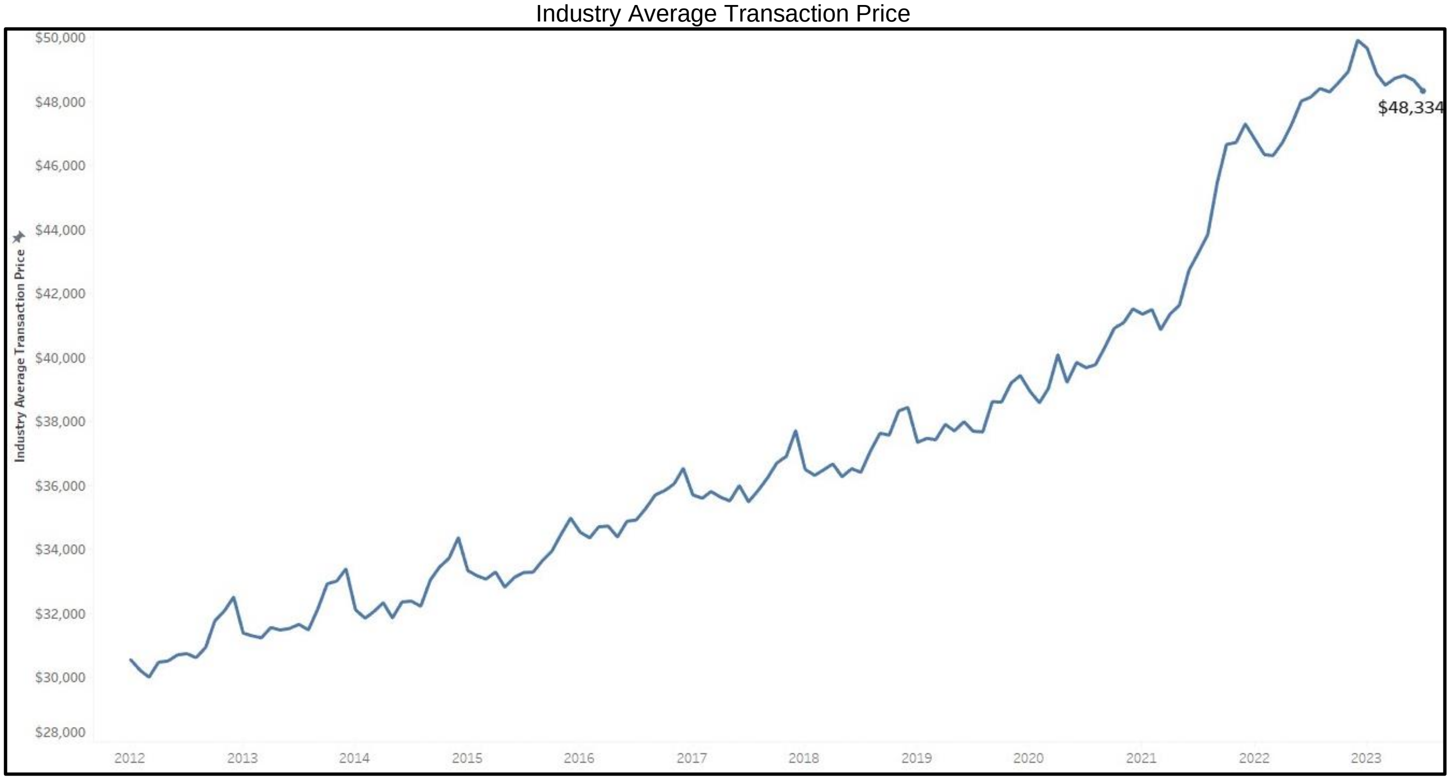




“New-vehicle affordability improved in July, according to the Cox Automotive/Moody’s Analytics Vehicle Affordability Index. Strong income growth was assisted by lower prices and higher incentives that more than offset slightly higher rates. The average price Americans paid for a new vehicle in July 2023 was 0.4% higher than one year ago, the smallest year-over-year price increase in the last decade. According to Kelley Blue Book, a Cox Automotive company, the average transaction price (ATP) of a new vehicle in July was $48,334, a month-over-month decrease of 0.7% ($337) from June’s ATP of $48,671, and up only $199 from one year ago.” However, this survey was likely done prior to the July FOMC rate hike and the ATP is up from roughly $40,000 two years ago.

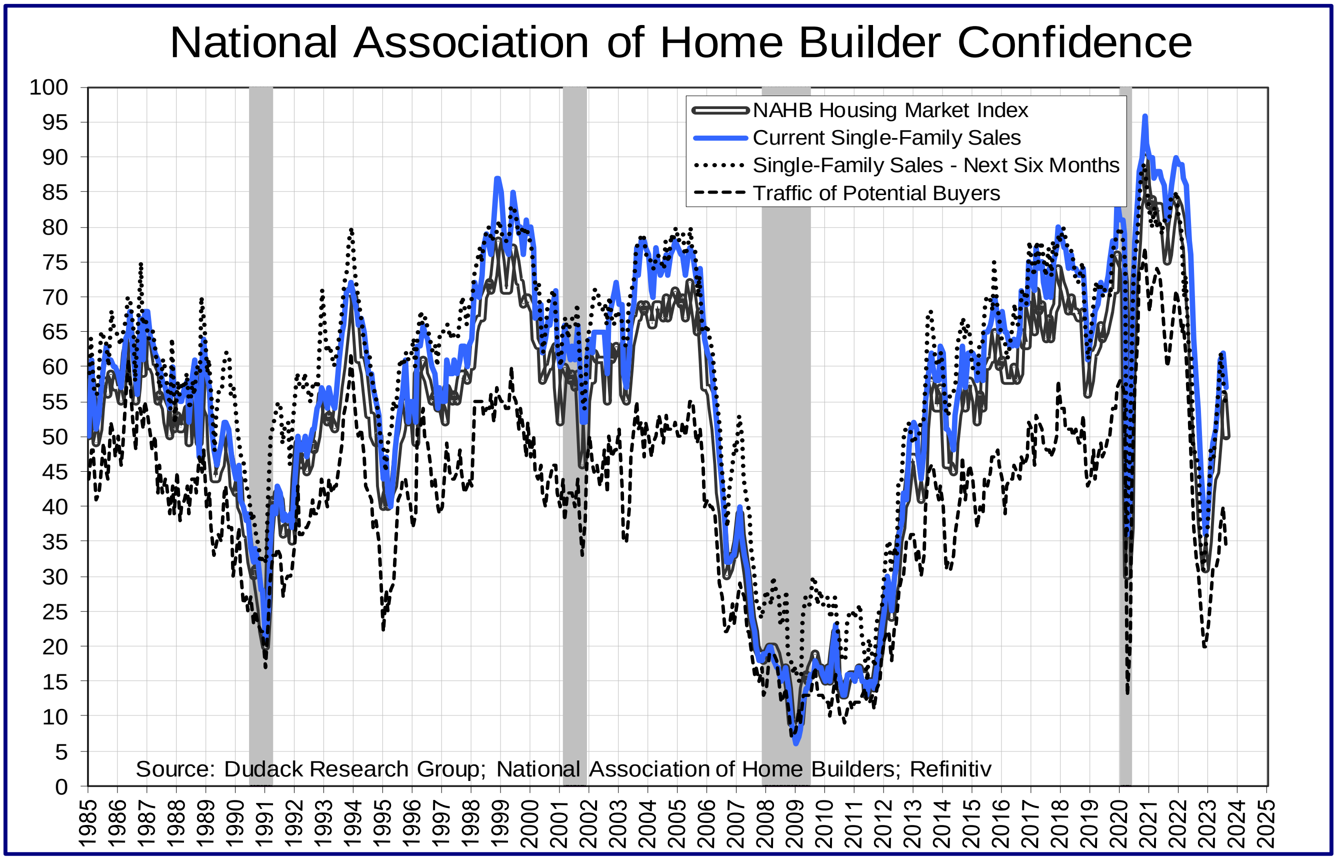


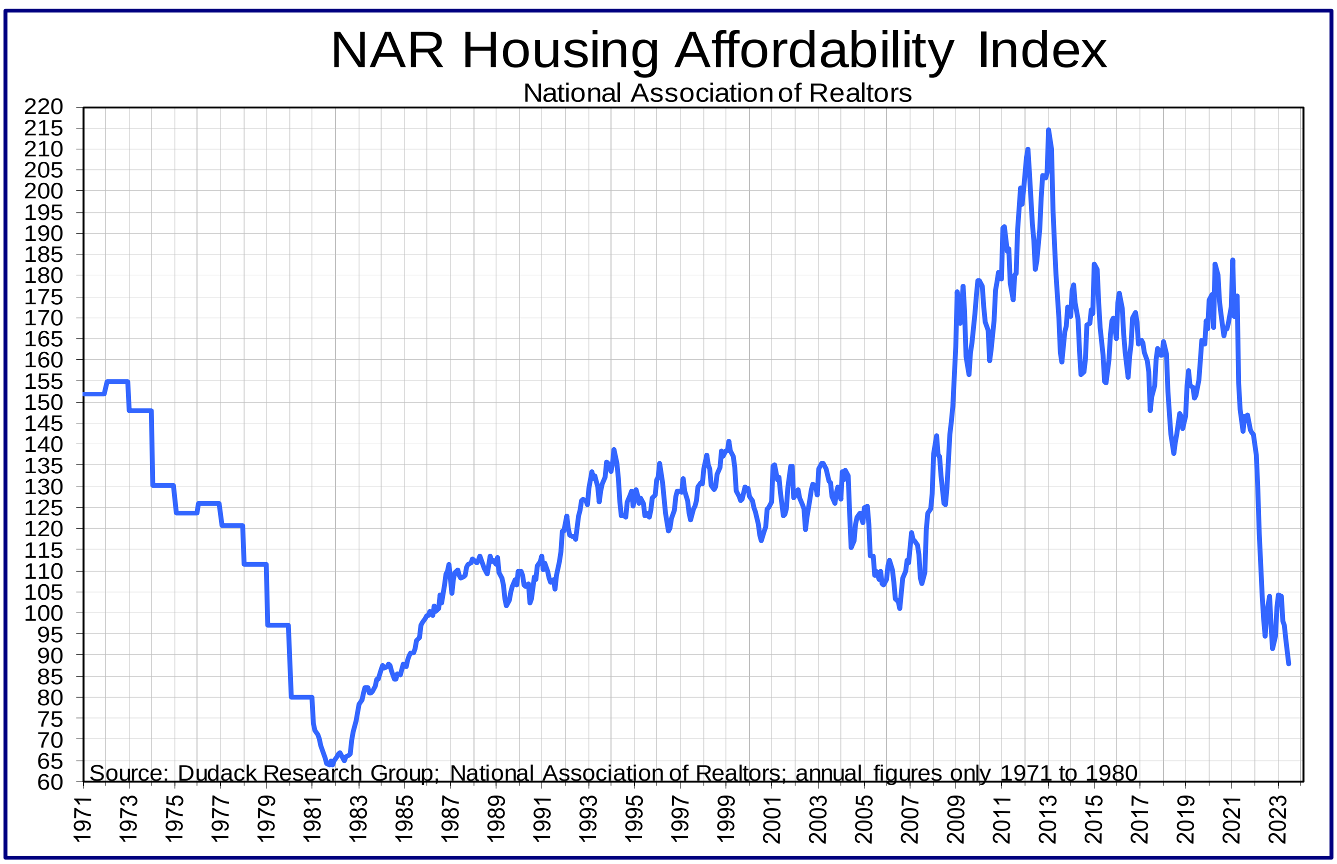
Cox Automotive/Moody’s Analytics New-Vehicle Average Transaction Price
Industry Average Transaction Price



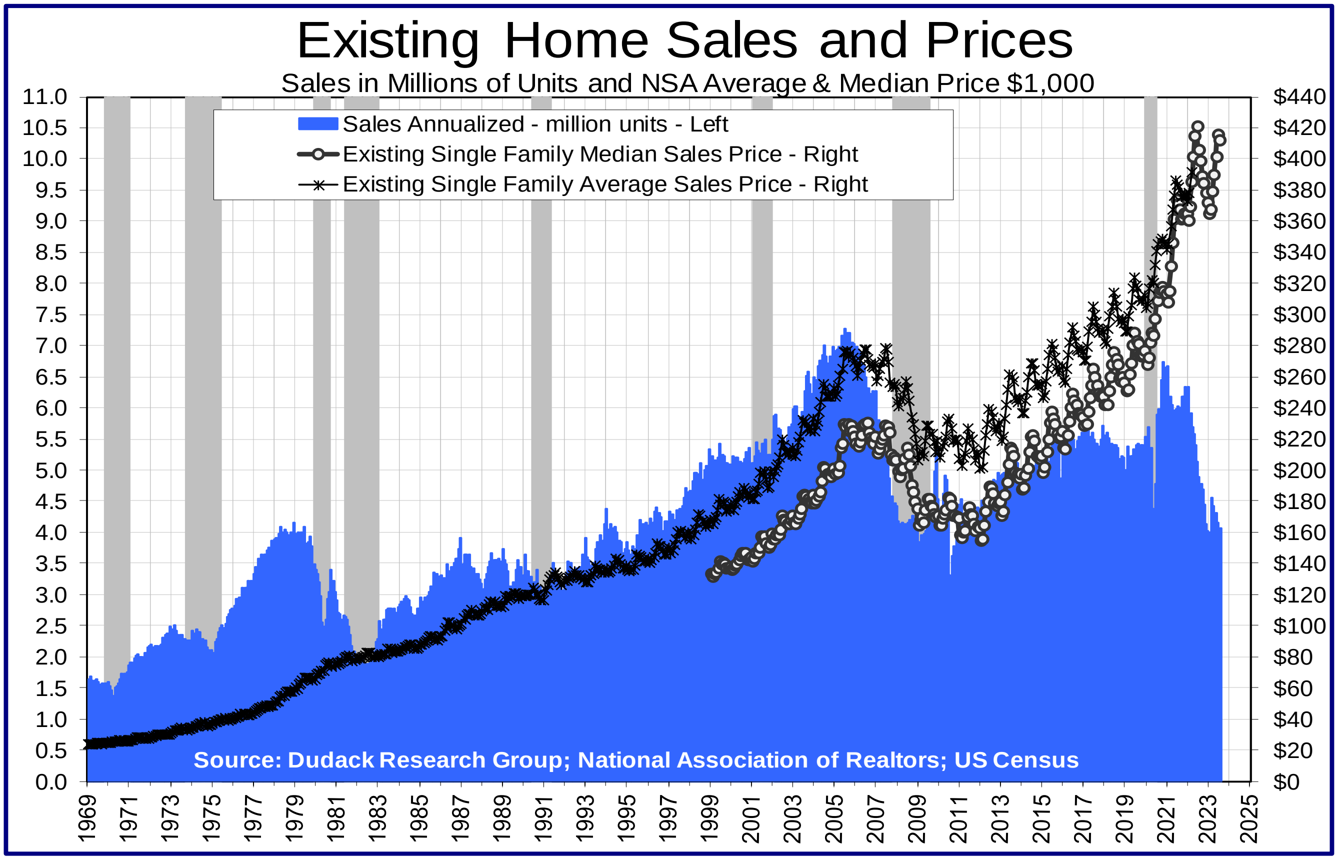
Source: coxautoinc.com

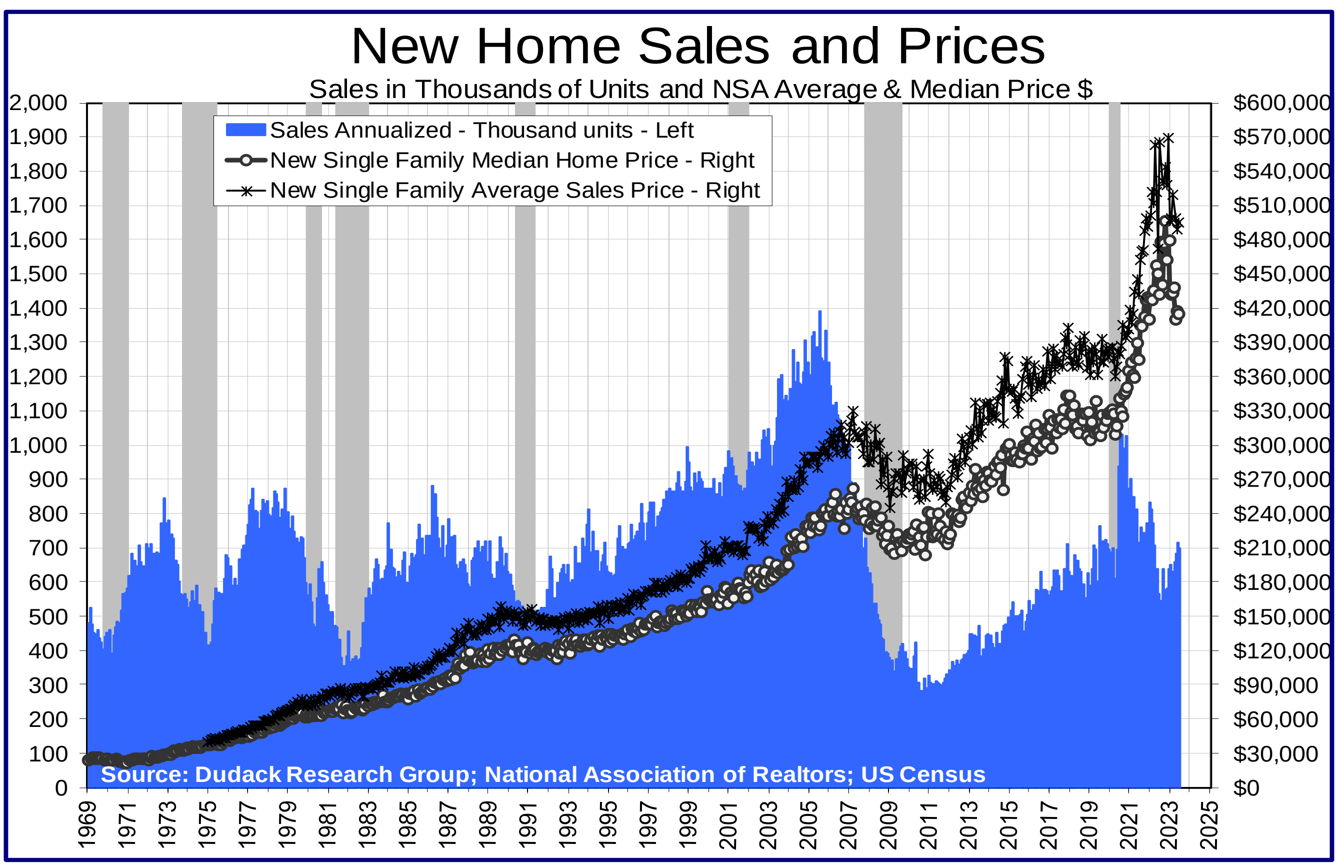
The trend in interest rates is important since it will impact both the auto industry and residential housing market. The National Association of Home Builder Confidence index fell from 56 to 50 in August, not surprising, since June's NAR Housing Affordability index fell from 93.7 to 87.8, the lowest level since January 1984. This decline was before the Fed's July rate hike but was attributed to a combination of median family income ratcheting down to $91,319, the median price of a single-family home rising to $416,000 and the NAR mortgage rate increasing 28 basis points to 6.79%.



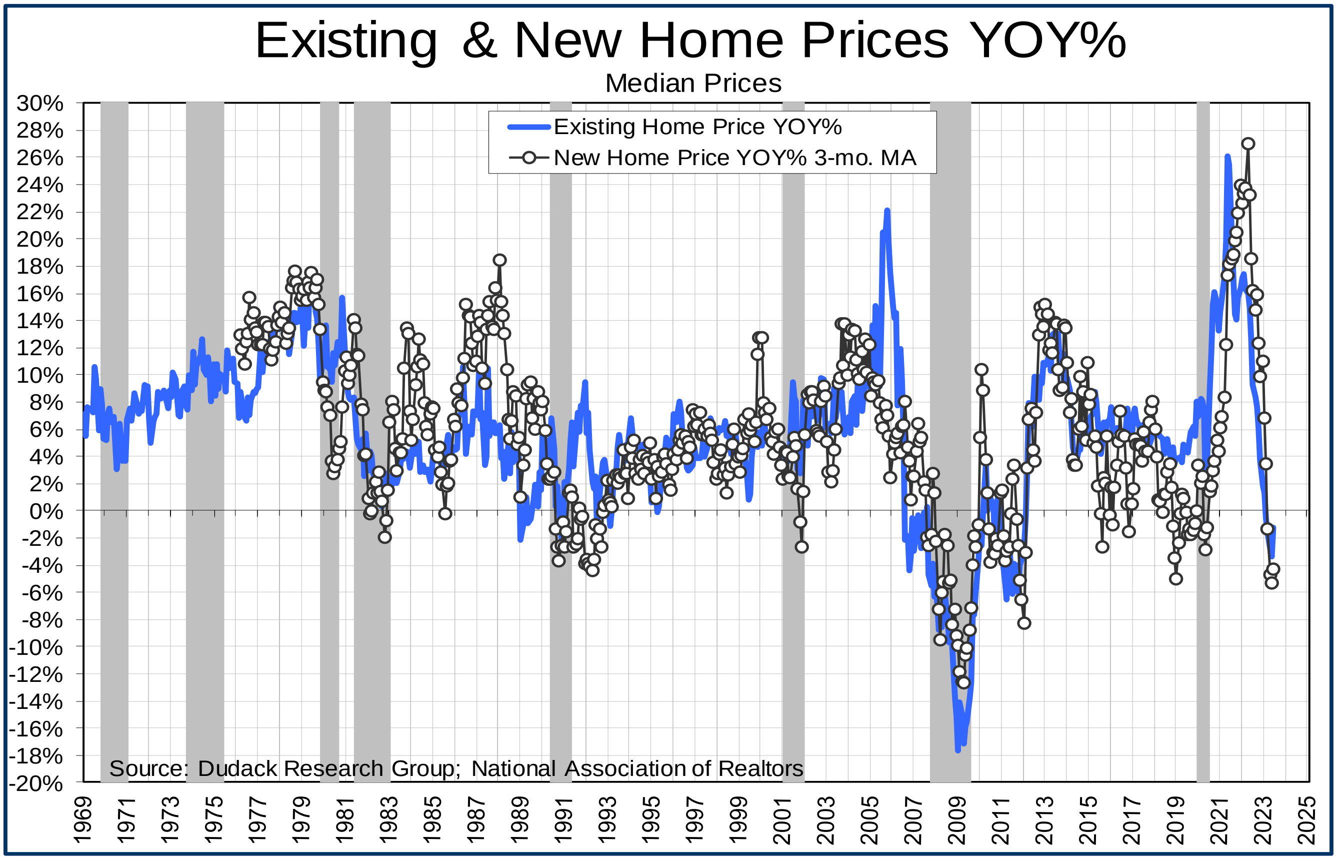


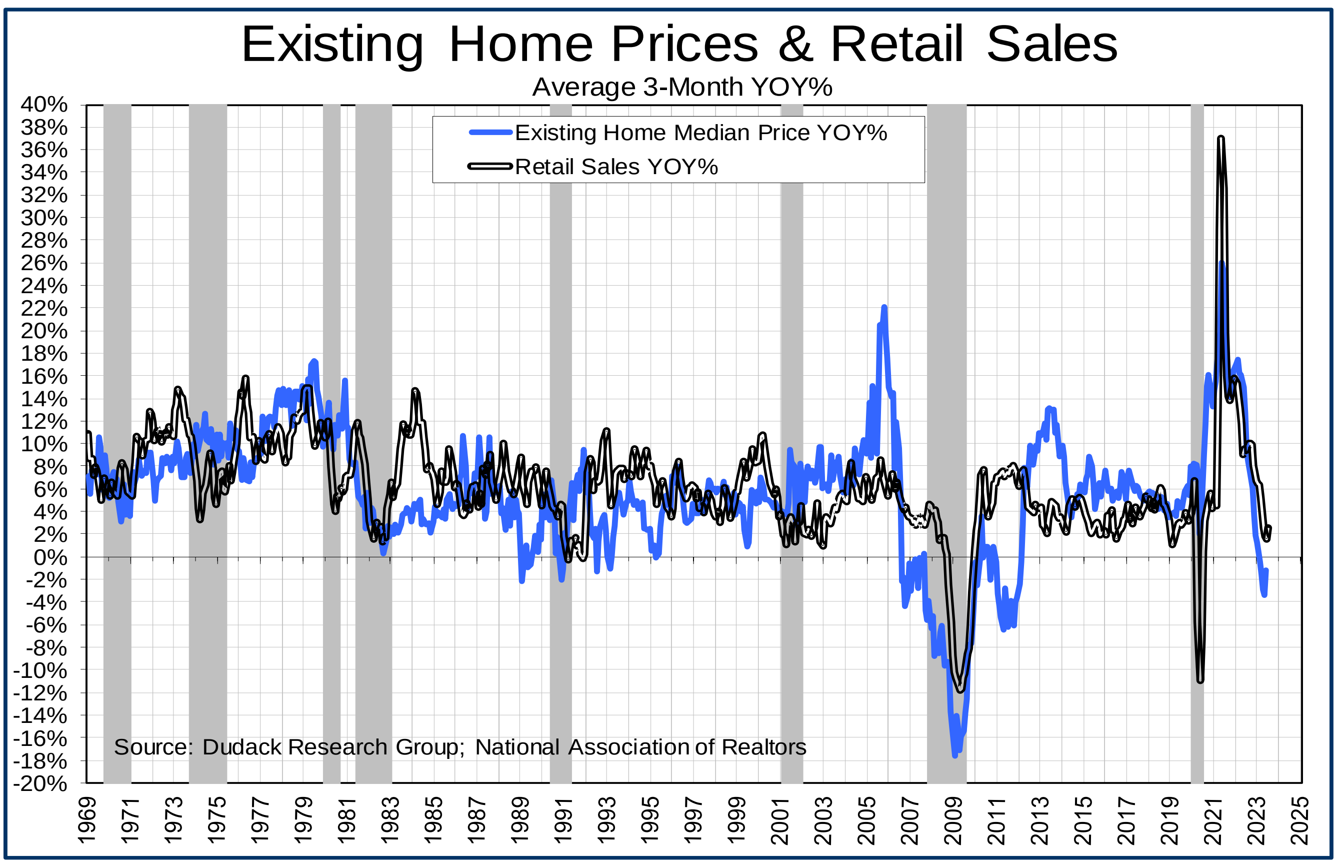
July existing home sales were 4.07 million units, down from June's level, and down 16.6% from a year earlier. The median existing home price, however, rose 1.6% due to low inventory, which inched up to 3.2 months in July. Census data on new home sales and prices for June will be released later this week.



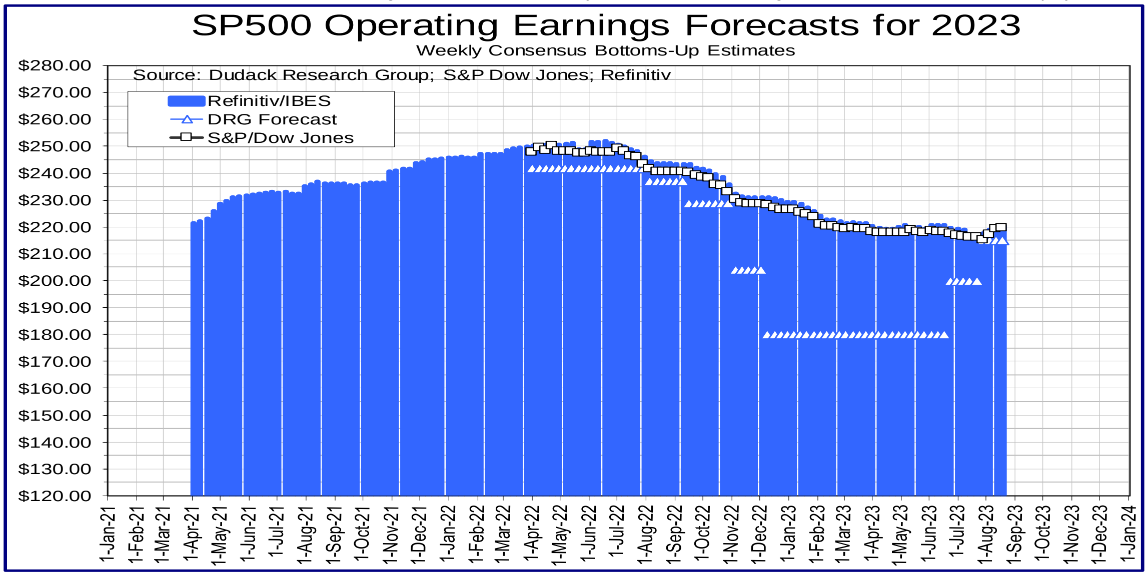


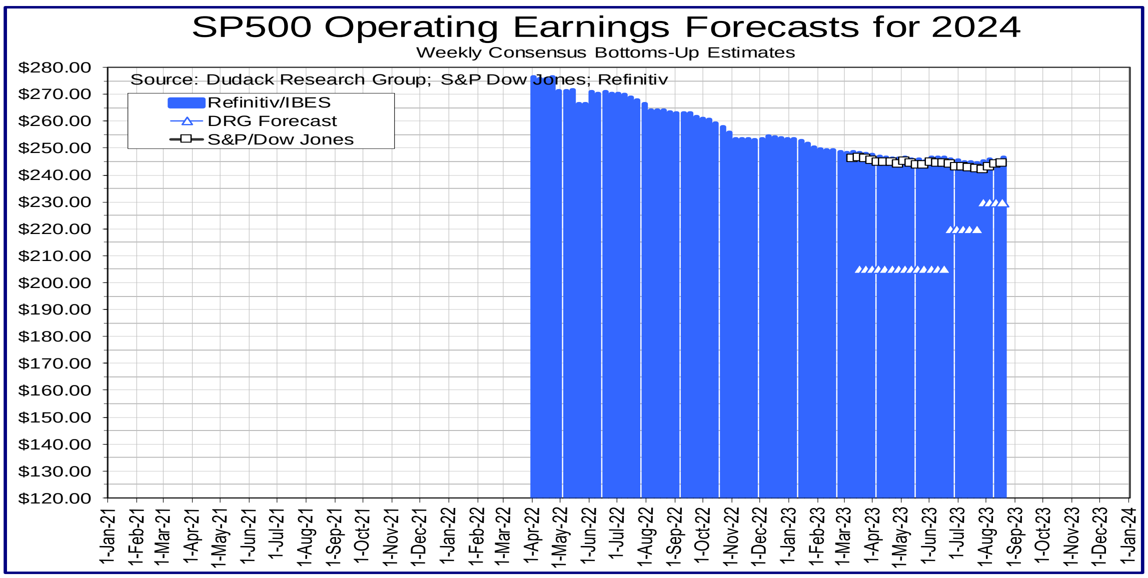
Although the housing market has been in a slump for almost two years, it is possible that housing is about to slow further as interest rates rise and remain high. This risk can be seen by the fact that both existing and new home prices have stopped steadily increasing and have registered year-over-year declines in recent months. It is also interesting to note that home prices and retail sales have been relatively correlated over the last 60 years and both appear to be on the cusp of a negative cycle.

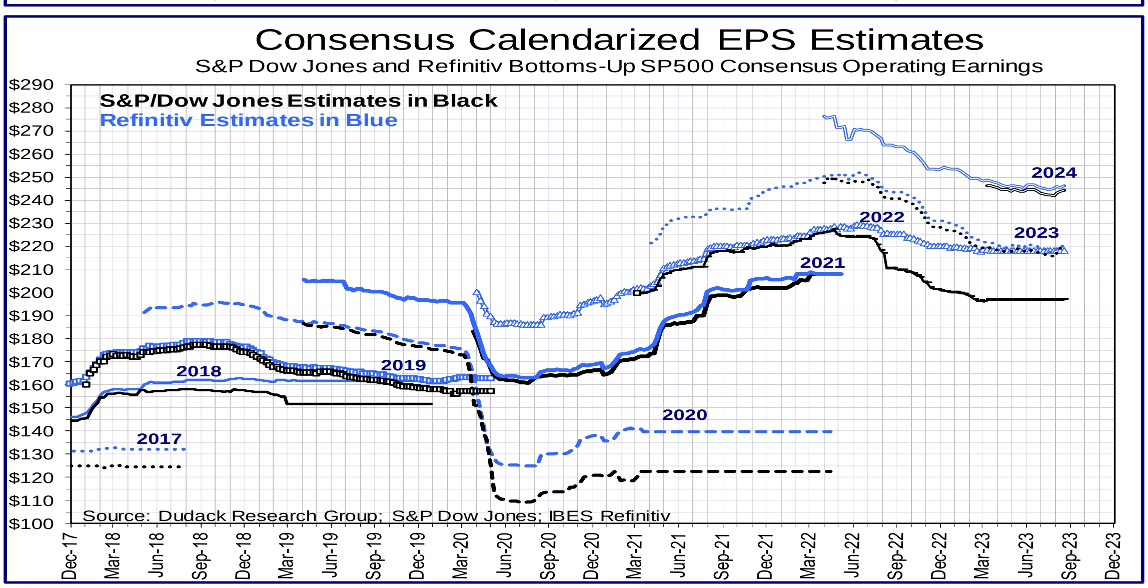




S&P Dow Jones consensus estimates for 2023 and 2024 are $219.43 and $244.25, up $0.02, and $0.19, respectively. Refinitiv IBES estimates for 2023 and 2024 are $220.48 and $246.42 up $1.05, and $0.87, respectively. Notably, S&P data shows that 18.4% of companies reporting first quarter earnings had a 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 $220.48 for this year, equities remain overvalued with a PE of 20.3 times and inflation of 3%. Again, this sum of 23.3 is just under the 23.8 range that defines an overvalued equity market.





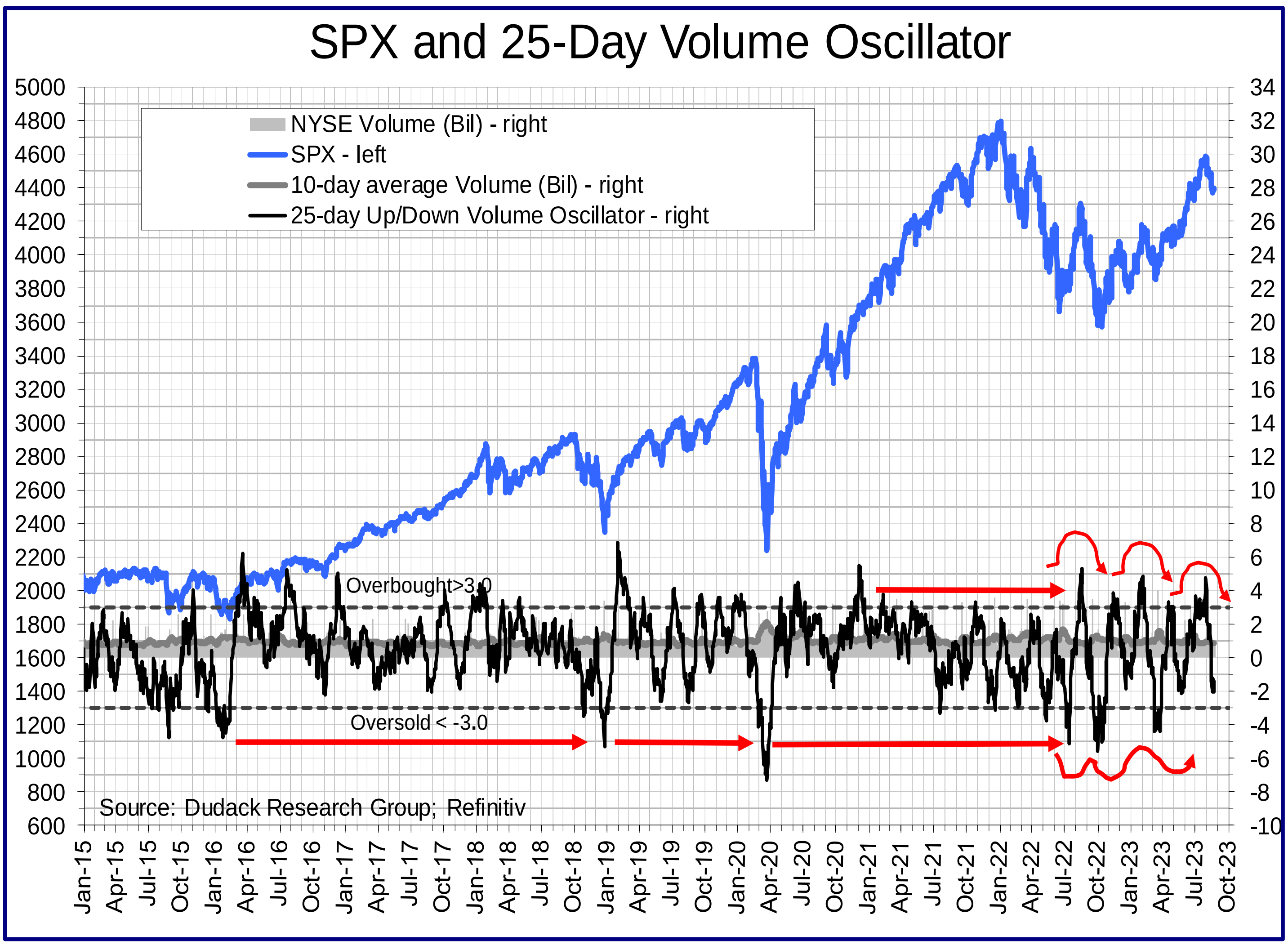


As a result of the recent weakness all the indices are trading below their 50-day moving averages and about to test their 100-day MA's. However, the RUT, is testing its 200-day moving average now at 1843. We would not be surprised if all these moving averages were broken since this would be typical of a long-term neutral trading range.

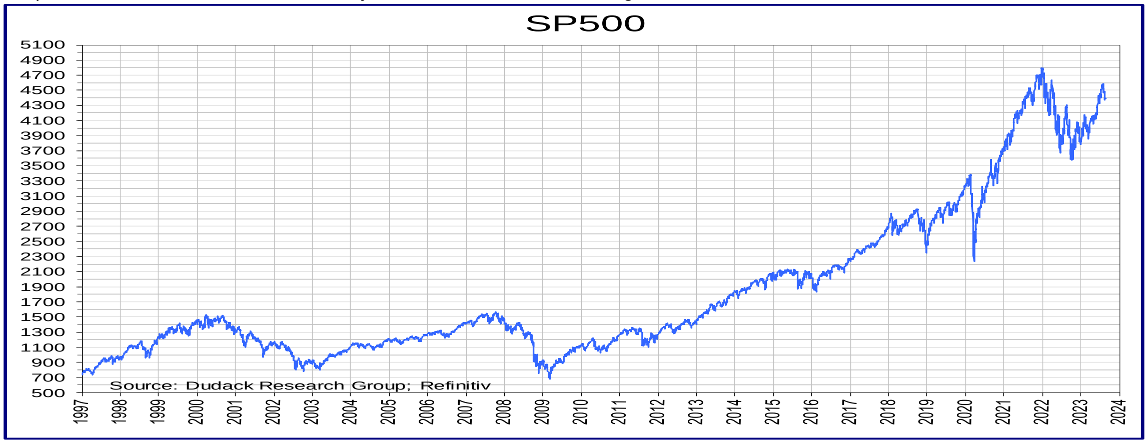
Source: Refinitiv

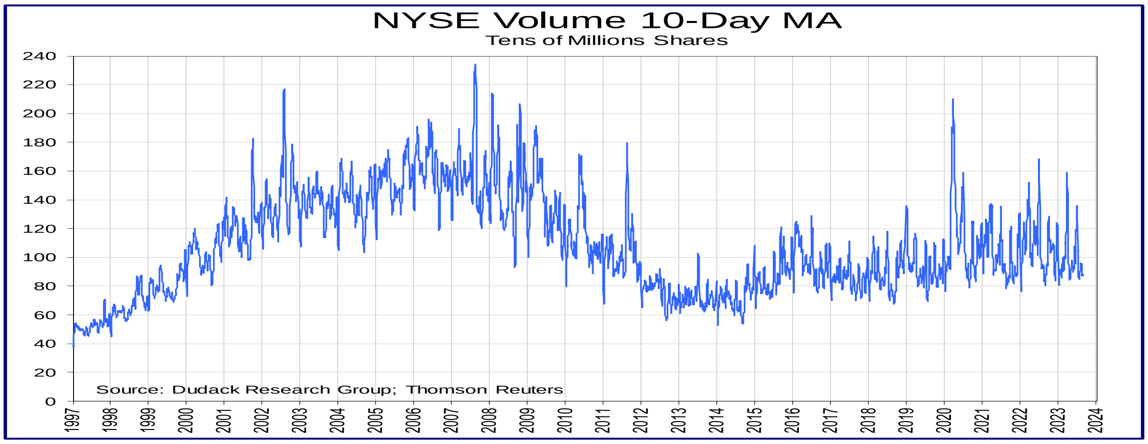
The 25-day up/down volume oscillator is at a negative 2.05 reading this week and at the lower end of neutral. The oscillator generated overbought readings in 10 of 22 trading sessions ending August 1. However, none of these overbought readings lasted the minimum of five consecutive trading days required to confirm the advance in the averages. Strong rallies should also include at least one extremely overbought day which was also missing.

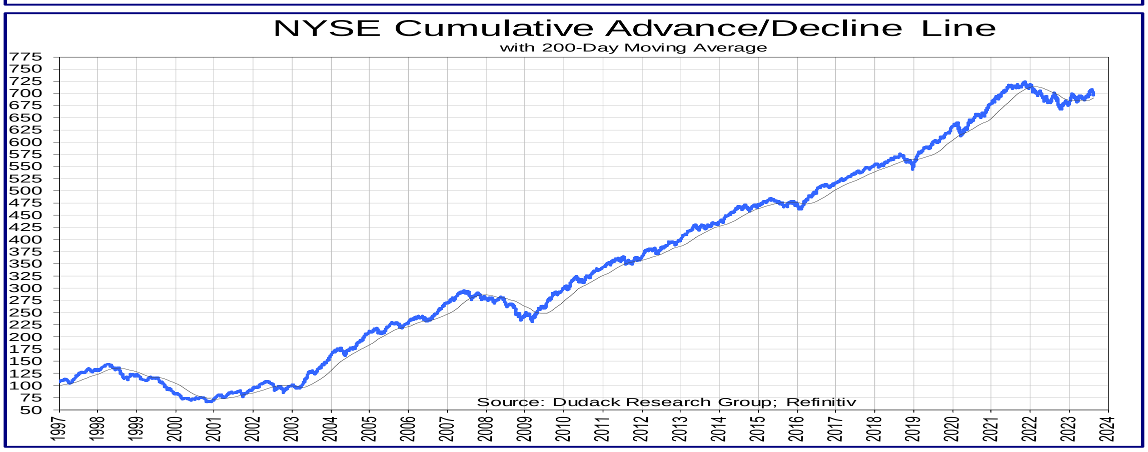
Nonetheless, these requirements are what should be seen at a new market high and none of the indices have yet recorded new record highs. The rally has produced new "cyclical" highs in some indices which could translate as a very broad trading range, but the oscillator is not showing signs that the recent rally was the beginning of a new bull market cycle.

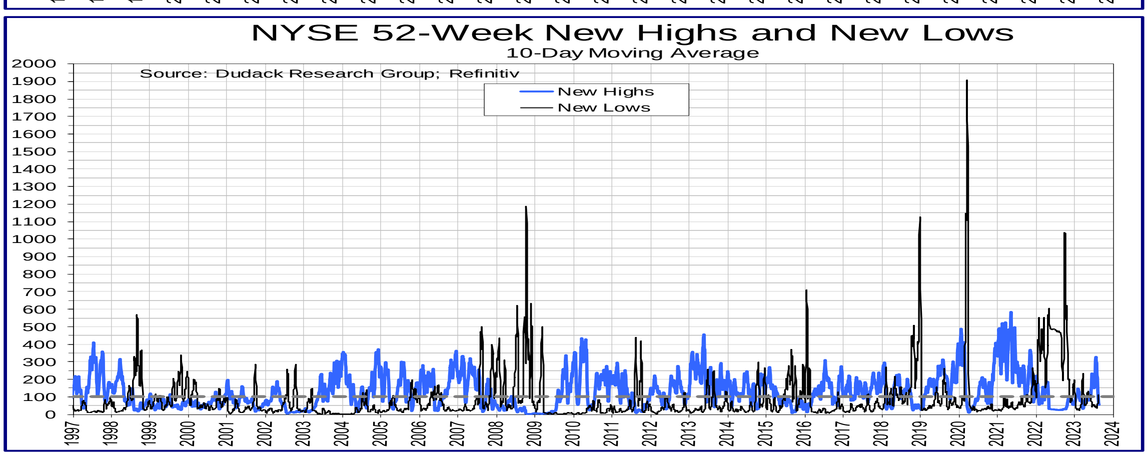


The 10-day average of daily new highs is 54 and new lows are 111. This combination turned negative this week with new highs below 100 and new lows rising above 100. The NYSE advance/decline line fell below the June low on September 22 and is 21,643 net advancing issues from its 11/8/21 high. July is 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.

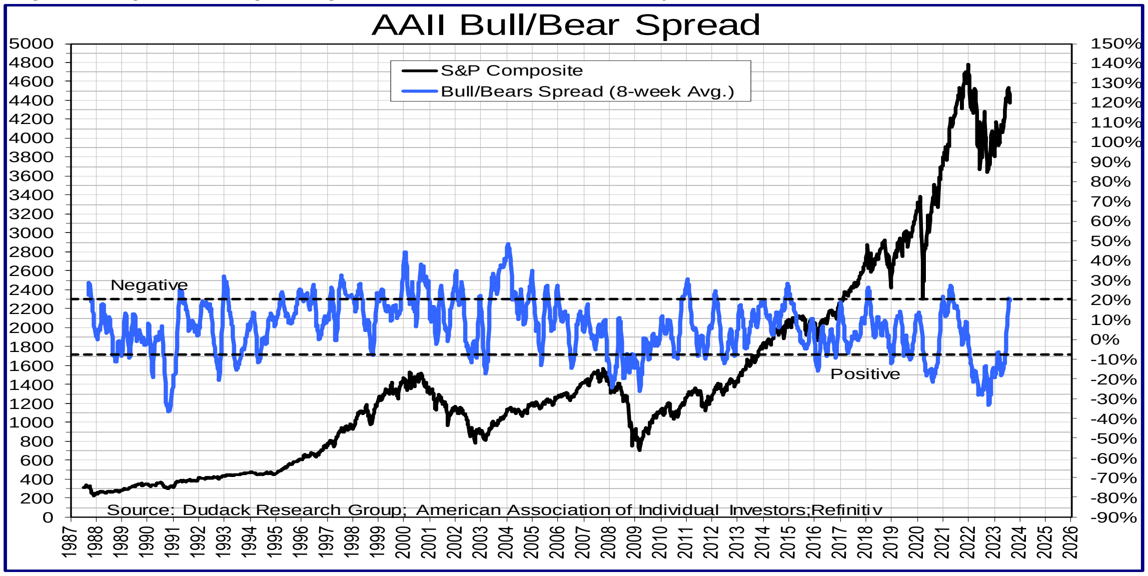


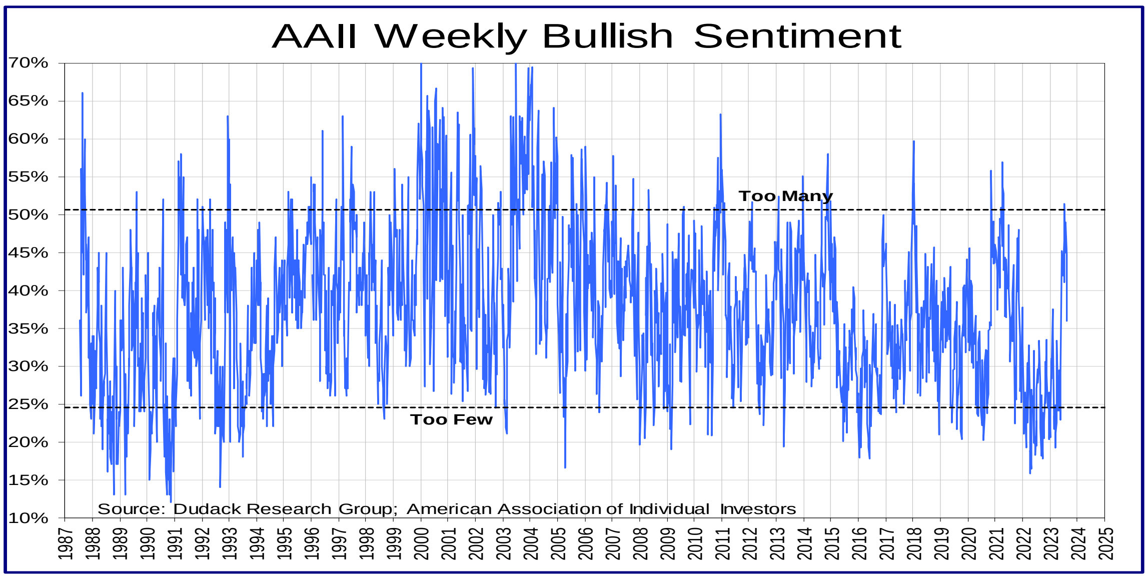


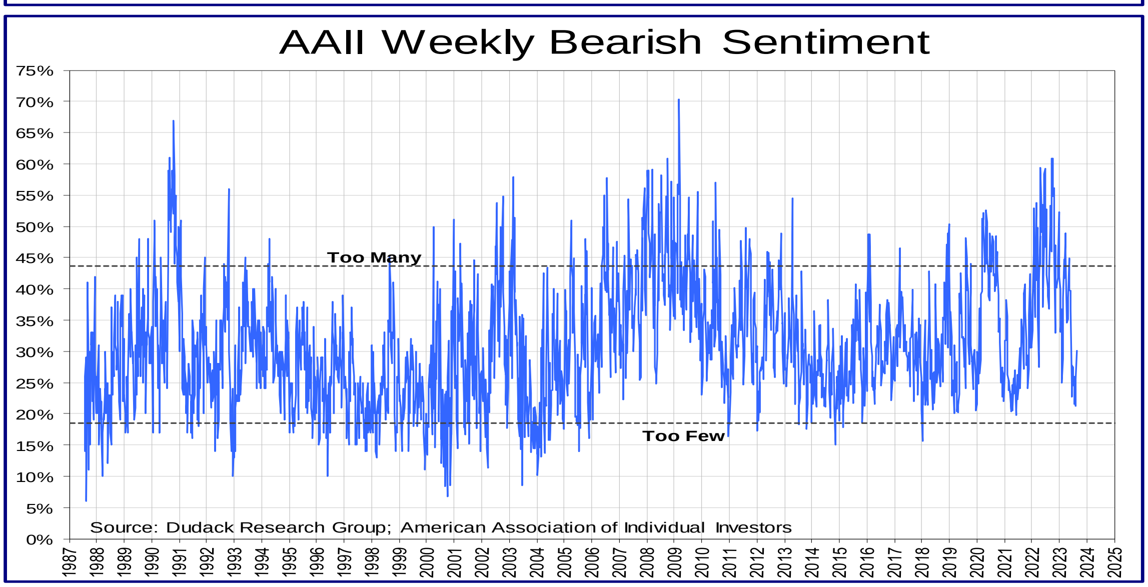




Last week's AAII readings had an 8.8% decline in bullishness to 35.9%, and a 4.6% increase in bearishness to 30.1%. After ten consecutive weeks of above average bullishness, it is now average. Bearishness remained below average for the 11th consecutive week – the longest combined stretch since February to May of 2021. Note that the market peaked in January 2022, months after those extreme readings. The 8-week bull/bear spread returned to neutral after inching into a negative reading on August 2, 2023, the first time since May 2021.







Global Markets and Commodities - Ranked by 2023 Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Communication Services Select Sector SPDR Fund	XLC	65.53	-2.2%	0.0%	0.7%	36.5%
NASDAQ 100	NDX	14908.96	-0.9%	-3.3%	-1.8%	36.3%
Technology Select Sector SPDR	XLK	167.92	0.0%	-4.7%	-3.4%	34.9%
SPDR Homebuilders ETF	XHB	79.23	-5.1%	-4.0%	-1.3%	31.3%
Nasdaq Composite Index Tracking Stock	ONEQ.O	53.11	-0.7%	-3.7%	-1.8%	29.6%
Consumer Discretionary Select Sector SPDR	XLY	164.77	-1.9%	-3.6%	-3.0%	27.6%
iShares Russell 1000 Growth ETF	IWF	271.44	-0.8%	-2.8%	-1.4%	26.7%
iShares MSCI Mexico Capped ETF	EWW	62.04	-0.1%	-1.4%	-0.2%	25.5%
SPDR S&P Semiconductor ETF	XSD	204.64	-1.7%	-8.2%	-7.5%	22.4%
iShares Russell 1000 ETF	IWB	240.70	-1.2%	-3.4%	-1.2%	14.3%
SP500	.SPX	4387.55	-1.1%	-3.3%	-1.4%	14.3%
iShares MSCI Taiwan ETF	EWT	45.03	-0.2%	-5.1%	-4.2%	12.1%
iShares MSCI Germany ETF	EWG	27.54	-0.9%	-5.4%	-3.6%	11.4%
iShares MSCI Brazil Capped ETF	EWZ	30.89	0.9%	-6.5%	-4.7%	10.4%
iShares DJ US Oil Eqpt & Services ETF	IEZ	23.25	-1.5%	1.5%	15.6%	9.7%
iShares MSCI Japan ETF	EWJ	59.66	-0.8%	-4.4%	-3.6%	9.6%
iShares Russell 2000 Growth ETF	IWO	233.96	-2.1%	-6.2%	-3.6%	9.1%
PowerShares Water Resources Portfolio	PHO	55.64	-1.9%	-4.3%	-1.3%	8.0%
Industrial Select Sector SPDR	XLI	105.86	-1.6%	-3.4%	-1.4%	7.8%
iShares MSCI South Korea Capped ETF	EWY	60.78	-2.0%	-8.0%	-4.1%	7.6%
Gold Future	GCc1	2631.10	0.2%	0.8%	1.4%	6.7%
iShares MSCI EAFE ETF	EFA	69.97	-1.3%	-5.4%	-3.5%	6.6%
iShares MSCI Austria Capped ETF	EWO	20.18	-0.4%	-4.5%	-0.6%	6.2%
iShares Russell 2000 ETF	IWM	183.83	-2.3%	-5.5%	-1.8%	5.4%
Vanguard FTSE All-World ex-US ETF	VEU	52.84	-1.3%	-4.9%	-2.9%	5.4%
iShares MSCI India ETF	INDA.K	43.51	0.6%	-1.9%	-0.4%	4.2%
Materials Select Sector SPDR	XLB	80.77	-1.0%	-3.6%	-2.5%	4.0%
SPDR Gold Trust	GLD	176.10	-0.3%	-3.3%	-1.2%	3.8%
SPDR DJIA ETF	DIA	342.96	-1.9%	-2.6%	-0.3%	3.5%
SPDR S&P Retail ETF	XRT	62.56	-4.4%	-5.3%	-1.9%	3.5%
DJIA	.DJI	34288.83	-1.9%	-2.7%	-0.3%	3.4%
United States Oil Fund, LP	USO	72.28	-0.5%	4.8%	13.7%	3.1%
iShares Russell 1000 Value ETF	IWD	156.09	-1.6%	-3.9%	-1.1%	2.9%
iShares MSCI United Kingdom ETF	EWU	31.42	-1.4%	-5.6%	-2.9%	2.5%
iShares MSCI Canada ETF	EWC	33.48	-1.5%	-6.5%	-4.3%	2.3%
iShares MSCI Emerg Mkts ETF	EEM	38.41	-1.3%	-4.7%	-2.9%	1.3%
iShares Russell 2000 Value ETF	IWN	140.50	-2.6%	-4.8%	-0.2%	1.3%
Shanghai Composite	.SSEC	3120.33	-1.8%	-1.5%	-2.6%	1.0%
Energy Select Sector SPDR	XLE	87.57	-0.1%	3.9%	7.9%	0.1%
Oil Future	CLc1	80.35	-0.8%	4.3%	13.7%	0.1%
iShares iBoxx $ Invest Grade Corp Bond	LQD	103.80	-0.6%	-3.9%	-4.0%	-1.5%
Financial Select Sector SPDR	XLF	33.62	-1.7%	-4.7%	-0.3%	-1.7%
iShares US Real Estate ETF	IYR	82.67	-2.1%	-7.3%	-4.5%	-1.8%
Silver Future	SIc1	23.42	3.7%	-5.2%	2.7%	-1.9%
Health Care Select Sect SPDR	XLV	133.20	-1.8%	-2.2%	0.4%	-2.0%
iShares US Telecomm ETF	IYZ	21.95	-1.8%	-1.2%	-0.7%	-2.1%
iShares Silver Trust	SLV	22.44	3.8%	-4.9%	2.7%	-2.3%
iShares MSCI BRIC ETF	BKF	33.46	-2.0%	-4.2%	-2.2%	-2.5%
iShares Nasdaq Biotechnology ETF	IBB.O	127.29	-0.6%	-3.2%	0.3%	-3.0%
Consumer Staples Select Sector SPDR	XLP	72.12	-2.1%	-4.6%	-2.8%	-3.3%
iShares MSCI Australia ETF	EWA	21.40	-2.1%	-7.5%	-5.1%	-3.7%
iShares MSCI Singapore ETF	EWS	17.91	-2.5%	-7.1%	-3.2%	-4.8%
iShares 20+ Year Treas Bond ETF	TLT	93.23	-1.4%	-8.4%	-9.4%	-6.4%
iShares China Large Cap ETF	FXI	26.14	-3.9%	-5.4%	-3.9%	-7.6%
iShares MSCI Malaysia ETF	EWM	20.95	-1.4%	0.1%	4.7%	-8.3%
Utilities Select Sector SPDR	XLU	63.27	0.4%	-7.6%	-3.3%	-10.3%
SPDR S&P Bank ETF	KBE	37.72	-4.3%	-6.3%	4.8%	-16.5%
iShares MSCI Hong Kong ETF	EWH	17.41	-4.2%	-9.6%	-9.9%	-17.1%

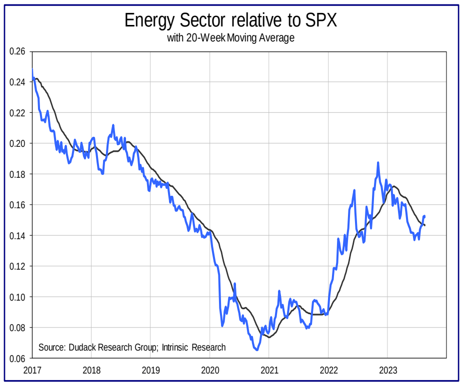
Outperformed SP500
Underperformed SP500

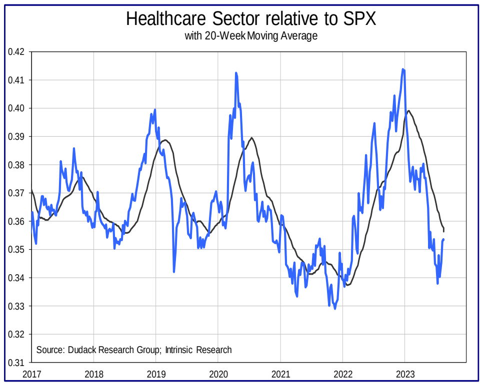
Source: Dudack Research Group; Refinitiv
Priced as of August 22, 2023

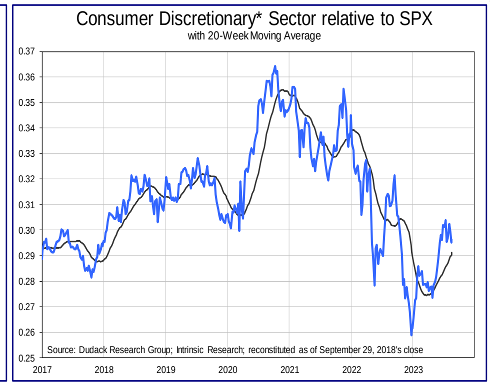
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

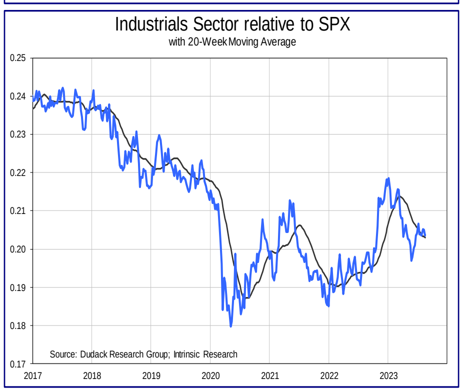
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Energy Industrials Staples Utililties		Healthcare Technology Materials Financials		Consumer Discretionary REITS Communication Services

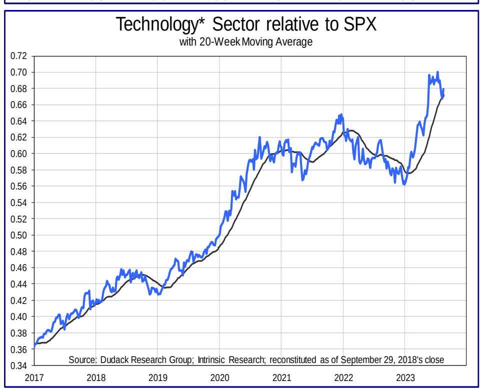
3/8/2022:Materials upgraded from underw eight to neutral/communication service dow ngraded from neutral to underw eight. 3/1/2022 Financials dow ngraded to neutral and Industrials upgraded to overw eight.

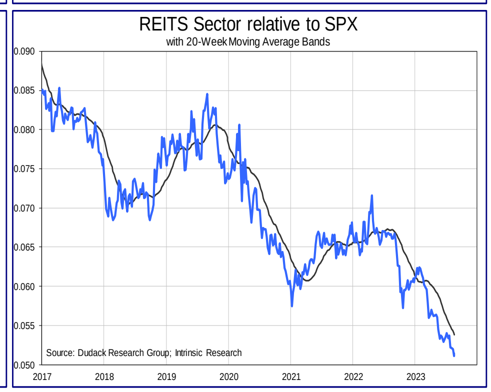


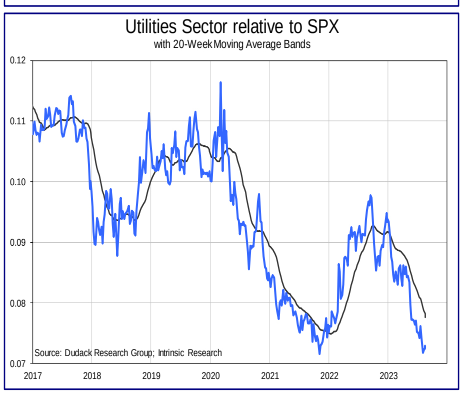


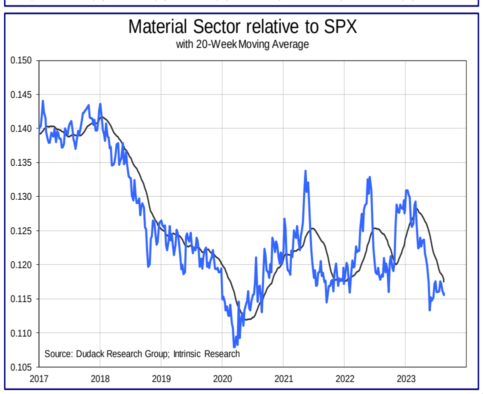


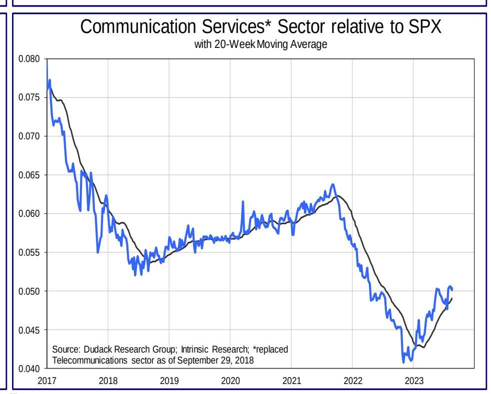


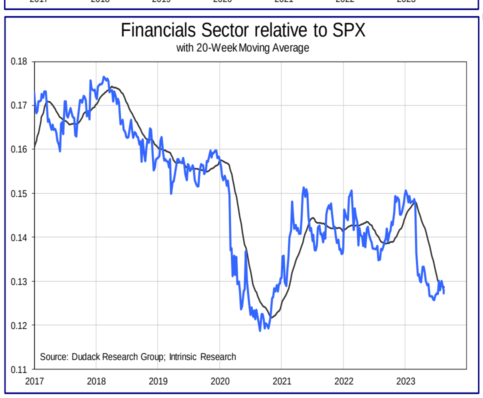












2023 Performance - Ranked	
SP500 Sector	% Change
S&P COMMUNICATIONS SERVICES	38.6%
S&P INFORMATION TECH	37.2%
S&P CONSUMER DISCRETIONARY	29.2%
S&P 500	14.3%
S&P INDUSTRIALS	7.5%
S&P MATERIALS	3.8%
S&P ENERGY	-0.9%
S&P FINANCIAL	-2.0%
S&P HEALTH CARE	-2.2%
S&P CONSUMER STAPLES	-2.8%
S&P REITS	-2.9%
S&P UTILITIES	-10.8%

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	~~~~~	$200.27	**$219.43**	$212.00	7.6%	**$220.48**	1.1%	20.3X	NA	NA	NA	NA
2024E	~~~~~	$222.93	**$244.24**	$230.00	8.5%	**$246.42**	11.8%	18.2X	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%	2.0%	$2,307.00	-2.8%
2023 2QE	4450.38	$49.19	**$54.81**	$52.46	11.9%	**$54.20**	-5.9%	21.4	NA	2.4%	NA	NA
2023 3QE*	4387.55	$50.48	**$55.17**	$54.00	7.2%	**$55.76**	-0.5%	20.6	NA	NA	NA	NA
20244QE	~~~~~	$52.19	**$56.91**	$53.00	5.2%	**$57.79**	8.7%	20.3	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates *8/22/2023

Regulation AC Analyst Certification

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