Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
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September 6, 2023

DJIA: 34641.97
SPX: 4496.83
NASDAQ: 14020.95

US Strategy Weekly
September's Record

September has a poor reputation for equity performance and for good reason. The month ranks last in terms of price performance and has generated declines in the S&P 500 index in 50 of the last 91 Septembers. It is the only month that has closed with price losses more than half the time. The historical record shows that since 1931, September produced an average loss of 1%. The average decline narrows to 0.7% in all years since 1950.

We think there are a number of reasons for this weak performance. First, September does not have the positive liquidity factors that November, December, and January have in terms of IRA funding, tax-loss selling and reinvesting. Nor is it a fiscal year end for most pension funds or mutual funds which usually provide portfolio inflows and readjustments. On the other hand, it is a time when investors look ahead to next year's earnings, economic, and/or political forecasts and this is often murky. Stocks do not like uncertainty. This September includes a number of events that could move stock prices, such as the G20 New Delhi summit September 9-10, the FOMC meeting on September 19-20, a potential government shutdown October 1, and the impact of Saudi Arabia and Russia extending the oil cuts until year end. Given that the equity market is currently trading at an estimated 2023 PE of 20.3 times, there is little room for disappointment. We remain cautious but believe the equity market remains in a wide neutral trading range best represented by the Russell 2000 between support at 1650 and resistance at 2000.

Narrow is Not Noble

The Nasdaq's weekly digest called Smart Investing had a table of stocks it called the "magnificent seven" that has been leading the Nasdaq Composite index and S&P 500 higher in recent months. Not surprisingly, it includes stocks such as Apple Inc. (AAPL - $189.70), Microsoft Corp. (MSFT - $333.55), Alphabet Inc. (GOOG - $136.71), Amazon.com (AMZN - $137.27), NVIDIA Corp. (NVDA - $485.48), Tesla, Inc. (TSLA - $256.49). and Meta Platforms, Inc. (META - $300.15). See page 3. From this table we see that these 7 stocks represent 40.43% of the Nasdaq Composite and 25.63% of the S&P 500. Apple and Microsoft represent nearly 21% of the Nasdaq Composite and nearly 14% of the S&P 500 and these two stocks have had year-to-date gains of 46% and 39%, respectively. However, it is NVIDIA, Meta Platforms, and Tesla that have been the biggest drivers of the indices with outsized year-to-date gains of 232%, 149%, and 108%, respectively.

The problem with a narrowly driven rally is that it forces portfolio managers to own these stocks in order to perform in line with the benchmark averages. In the longer run this means the market becomes more and more momentum driven and less driven by value. This can persist for a long while much like the bubble market in 1997 to 2000, but the eventual decline in the averages becomes greater the longer stock prices are based upon momentum rather than earnings.

August Payrolls

The pace of job creation came in slightly ahead of expectations at 187,000, but July's number was revised down by 30,000 to 157,000 and June's payrolls were lowered by 80,000 to 105,000. These are very large downside revisions, and it gives rise to questions about BLS statistics. The unemployment rate rose from 3.5% to 3.8% which materialized not just from the 514,000 newly unemployed, but also from the 736,000 increase in the civilian labor force. See page 4. We wonder if this increase in the labor force is a result of financial pressure experienced by many households and the need for an additional paycheck. We see other signs of stress in consumer finances. According to the credit agency Equifax, credit card delinquencies have hit 3.8%, while 3.6% have defaulted on their car loans. Both figures are the highest in more than 10 years.

Yet, despite the declining trend in employment growth, the establishment survey shows jobs grew 2% YOY, above the average rate of 1.69%. The household survey showed employment growth of 1.76%, also above the long-term average of 1.51%. In short, neither are at negative-growth recessionary levels.

Personal income grew 4.7% YOY in July and real personal disposable income increased 3.8% YOY. RPDI growth is down from 4.9% in June, nevertheless, it is the seventh consecutive month of real gains in income. At the same time, personal consumption expenditures grew 6.4% YOY in July, primarily from an 8.3% increase in services. Durable goods expenditures rose 4.5% YOY and nondurable spending increased 1.8% YOY. In general, the post-pandemic stimulus-driven economy appears to be fading. See page 6.

Strains in household finances can also be found in the savings rate. After hitting a peak of 26.3% in March 2021, it fell from 4.3% in June to 3.5% in July. Higher interest rates are also taking a toll on savings and spending. Personal interest payments rose 49.4% YOY in July, down from 55.3% in June, yet still increasing at a record rate. Personal interest payments were $506 billion in July after averaging $330 billion in 2018 and 2019. This is a huge jump in interest payments. See page 7.

WATCHING OIL

The United States has stopped selling oil from its Strategic Petroleum Reserve (SPR) and has begun to buy oil in order to replenish this important reserve which is at a multi-decade low. Meanwhile, despite a rally in the oil market and analysts' expectations of tight supply in the fourth quarter, Saudi Arabia and Russia said they would extend voluntary oil cuts to the end of the year. These two events are sparking a breakout rally in oil which could jeopardize the consensus view that inflation is trending lower. And as we already noted, the White House has called on Congress to pass a short-term "continuing resolution" to keep the government funded past Sept. 30 and to avoid the fourth shutdown in a decade. This is impacting the fixed income market. The 10-year Treasury yield bounced back up to 4.27%, closing in on the important 4.33% resistance level. See page 9.

TECHNICAL UPDATE

The S&P 500, the Dow Jones Industrial Average, and the Nasdaq Composite, are rebounding from their 100-day moving averages and the Russell 2000 is bouncing from its 200-day moving average, but the near-term trends are indecisive. Unless, or until, all the indices exceed their all-time highs (which we doubt), the longer-term pattern remains characteristic of a long-term neutral trading range. See page 11.

The 25-day up/down volume oscillator is at a negative 1.79 reading this week, relatively unchanged from a week ago, 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.

As this indicator approaches an oversold reading of minus 3.0 or less, the same will be true – five consecutive trading days in oversold would confirm the decline. See page 12.

Another sign of the market's longer-term neutral trend is found in the new high/new low list. The 10-day average of daily new highs is averaging 93 and new lows are averaging 77. This combination reverts from negative to neutral this week since both new highs and new lows are below 100.

The following text in italics and the table are taken directly from the Nasdaq *Smart Investing* weekly digest with closing prices added by Dudack Research.

The broad-based advances have been primarily led by a handful of constituent names, specifically Apple Inc. (AAPL - $189.70), Microsoft Corp. (MSFT - $333.55), Alphabet Inc. (GOOG - $136.71), Amazon.com (AMZN - $137.27), NVIDIA Corp. (NVDA - $485.48), Tesla, Inc. (TSLA - $256.49). and Meta Platforms, Inc. (META - $300.15). Collectively, they have been referred to as the "Magnificent Seven" and the overarching theme is predicated on the future impact of artificial intelligence, or AI.

Here is a side-by-side comparison of the top 10 holdings in the Nasdaq Composite index and the S&P 500 Composite index, including the relative weights in each index. The "primary ingredients" in the indexes have significant overlap and include this year's top performers. The performance difference is largely explained by the higher weighting of those names in the Nasdaq Compositae, as well as the drag of financial and energy stocks on the S&P 500.

NDX Top 10	Weight	SPX Top 10	Weight
Apple	11.33%	Apple	7.34%
Microsoft	9.39%	Microsoft	6.47%
Amazon	5.32%	NVIDIA	3.22%
NVIDIA	4.67%	Amazon	3.19%
Meta Platforms	3.51%	Alphabet (GOOGL)	2.13%
Tesla	3.12%	Alphabet (GOOG)	1.85%
Alphabet (GOOGL)	3.10%	Tesla	1.83%
Alphabet (GOOG)	3.09%	Meta Platforms	1.73%
Broadcom	3.06%	Berkshire B Shares	1.70%
Adobe	2.06%	United Health	1.21%

Source: Nasdaq & S&P Dow Jones Indices

What is clear from this table is that these 7 stocks represent 40.43% of the Nasdaq Composite and 25.63% of the S&P 500. They are the drivers of the current market action. Alone, Apple and Microsoft represent nearly 21% of the Nasdaq Composite and nearly 14% of the S&P 500 and these stocks have had year-to-date gains of 46% and 39%, respectively.

However, it is NVIDIA, Meta Platforms, and Tesla that have been the biggest drivers of these indices with outsized year-to-date gains of 232%, 149%, and 108%, respectively.

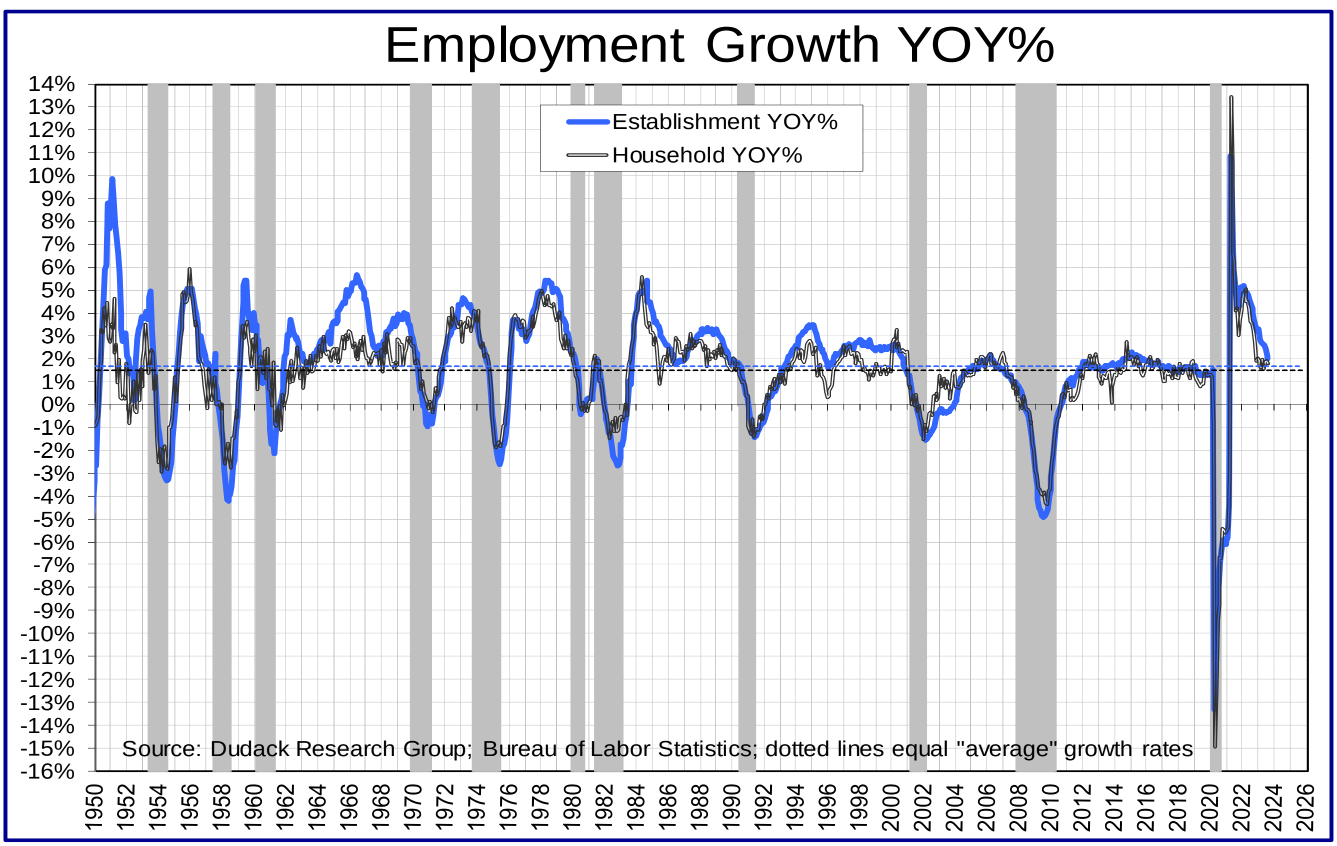
The problem with a narrowly driven rally is that it forces portfolio managers to own these stocks in order to perform in line with the benchmark averages. In the longer run this means the market becomes more and more momentum driven and less driven by value. This can persist for a long while much like the bubble market in 1997 to 2000, but the eventual decline in the averages becomes greater the longer stock prices are based upon momentum rather than earnings.

August payrolls came in ahead of expectations at 187,000, but July's number was revised down by 30,000 to 157,000 and June's payrolls were lowered by 80,000 to 105,000. These very large downside revisions create questions about BLS statistics in general. The unemployment rate rose from 3.5% to 3.8% which came not just from the 514,000 newly unemployed, but also from the 736,000 increase in the civilian labor force. We wonder if this increase in the labor force is a result of financial pressure experienced by many households and the need for an additional paycheck.

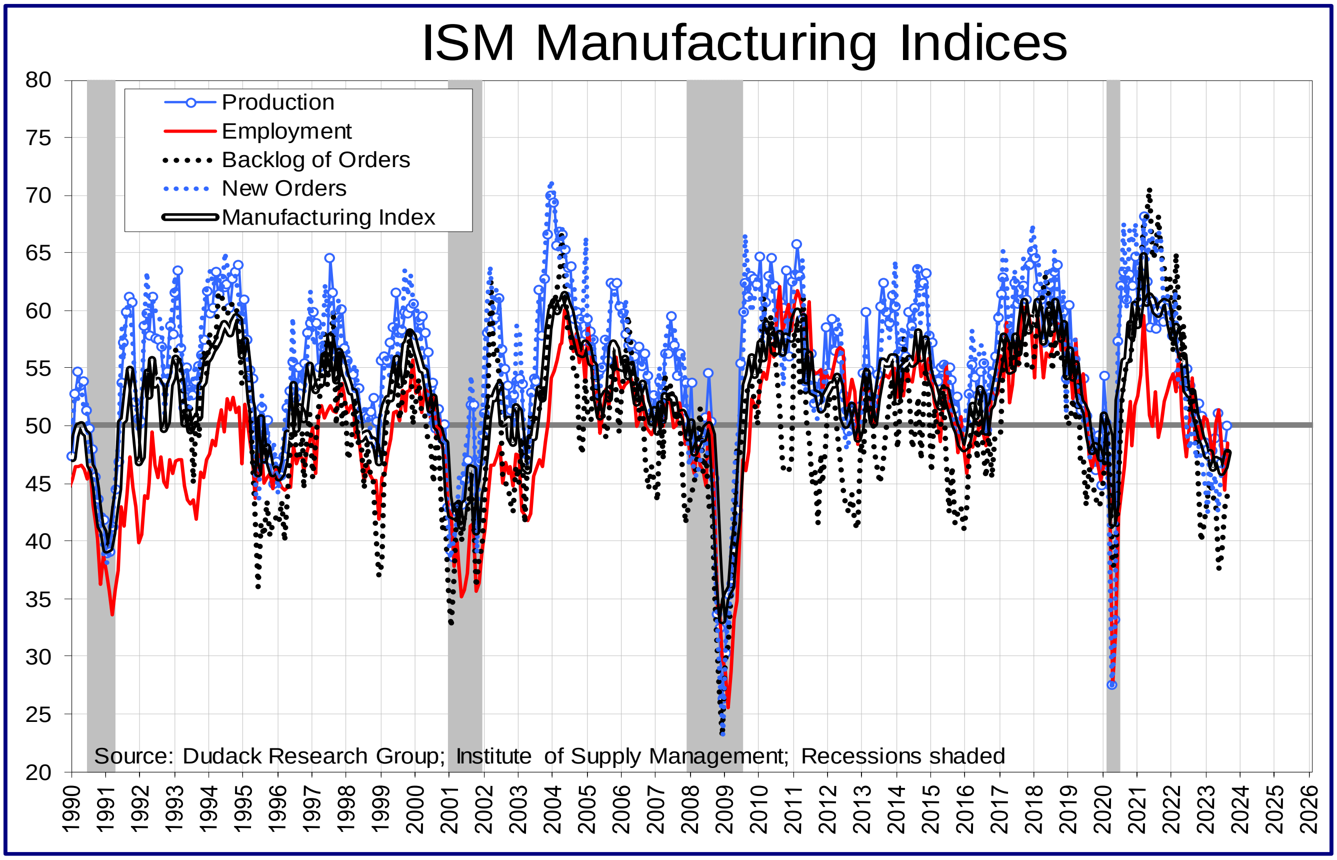
Despite the declining trend in employment growth, the establishment survey shows jobs grew 2% YOY, above the average rate of 1.69%. The household survey showed employment growth of 1.76%, also above the long-term average of 1.51%. In short, neither are at negative-growth recessionary levels.

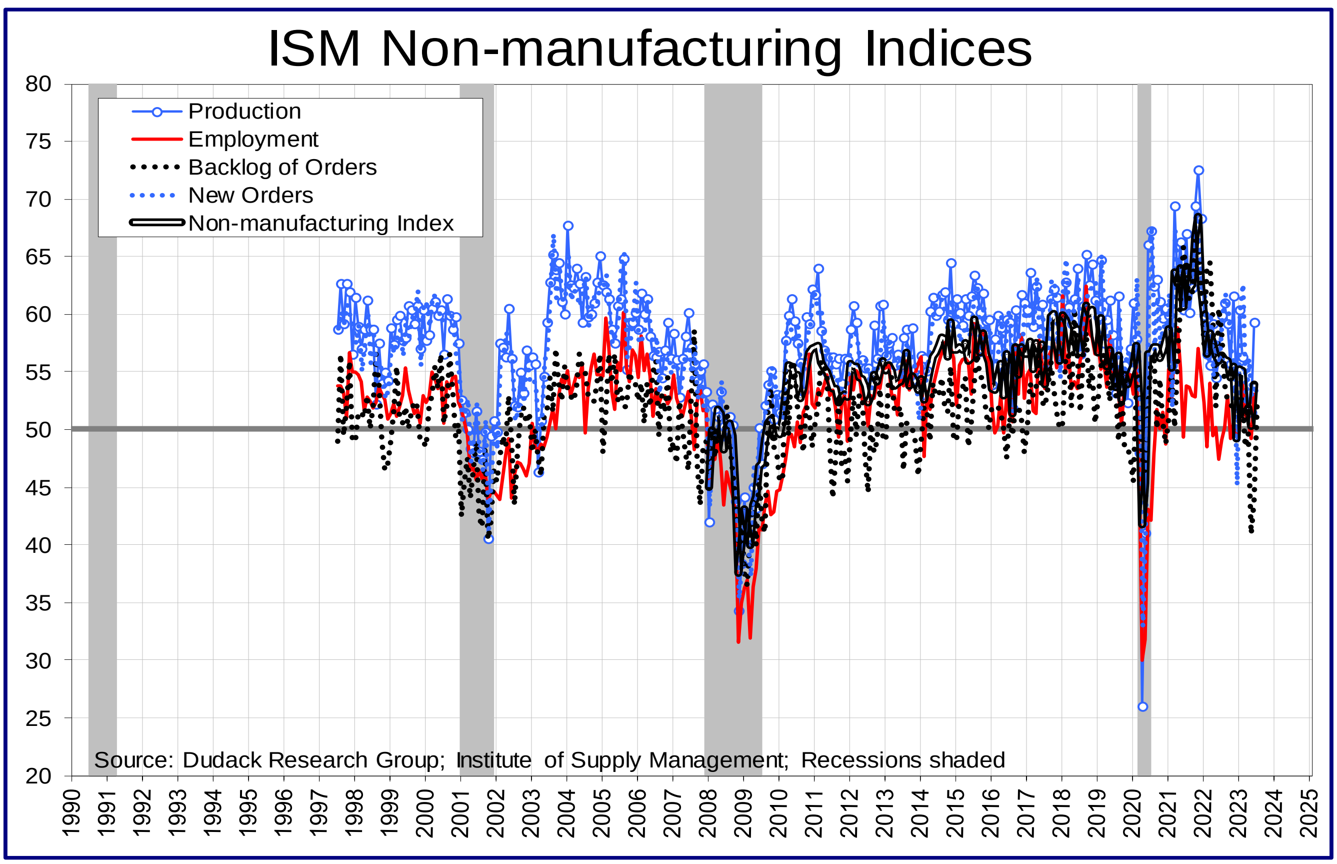
Employment Surveys (1,000s SA)	Aug-23	Jul-23	Change	Aug-22	Yr/Yr
Establishment Survey: NonFarm Payrolls	156,419	156,232	187	153,332	3,087
Household Survey Data (1,000s)					
Employed (A)	161,484	161,262	222	158,694	2,790
Unemployed (B)	6,355	5,841	514	6,021	334
Civilian labor force [A+B]	167,839	167,103	736	164,715	3,124
Unemployment rate [B/(A+B)]	3.8%	3.5%	0.29%	3.7%	0.1%
U6 Unemployment rate	9.7%	8.7%	1.0%	7.0%	2.7%
Civilian noninstitutional population (C)	267,213	267,002	211	264,184	3,029
Participation rate [(A+B)/C]	62.8	62.6	0.2	62.3	0.5
Employment-population ratio [A/C]	60.4	60.4	0.0	60.1	0.3
Not in labor force	99,374	99,861	-487	99,469	-95

Source: Bureau of Labor Statistics

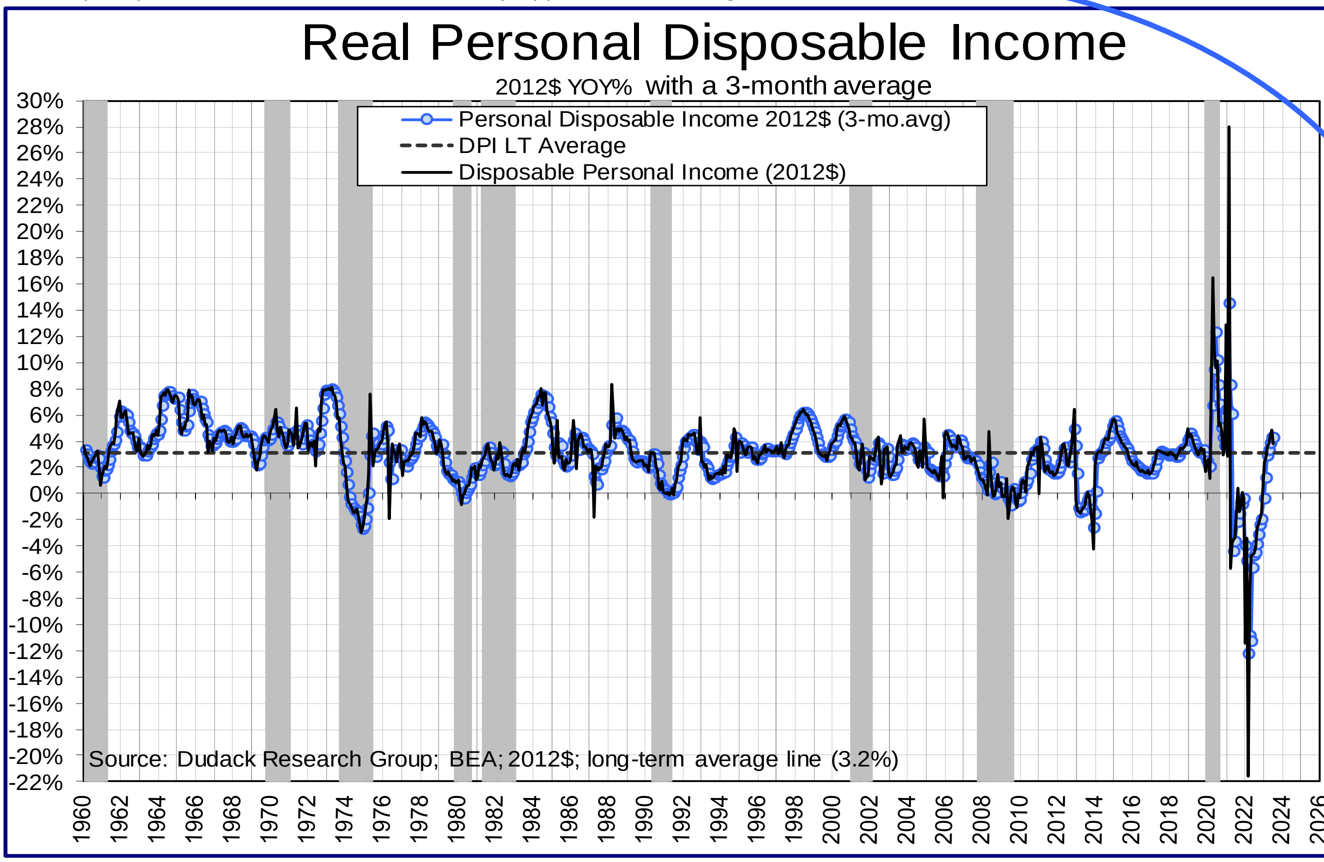


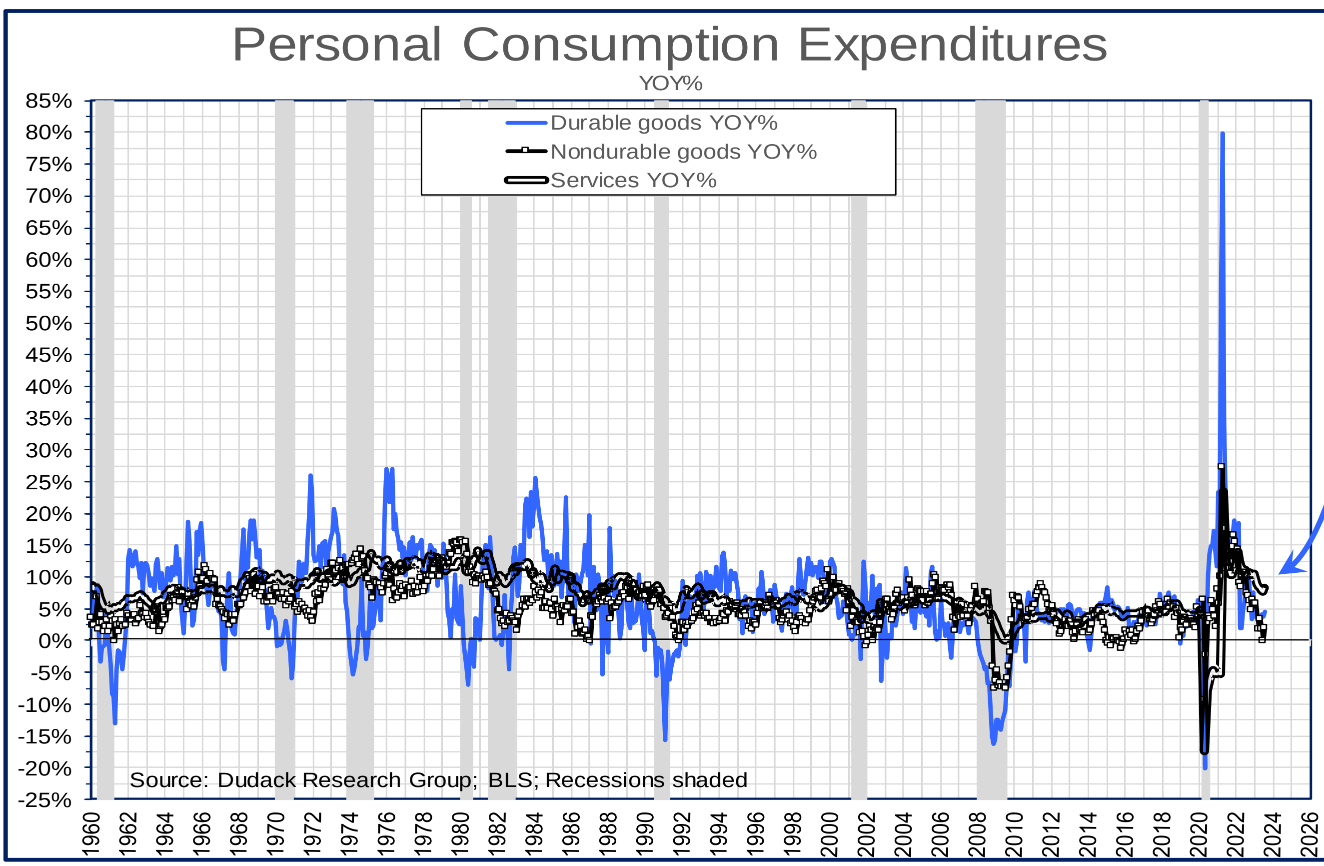
The ISM manufacturing index for August was 47.6, up from 46.4 in July, however, it was still the 10th consecutive month below the 50-benchmark indicating a contraction. Manufacturers are experiencing a diminishing demand for goods as seen by the fact that new orders contracted for the 12th month in a row. The ISM non-manufacturing index will be released later this week and we will watch to see if the rebound that appeared in July continues into August.



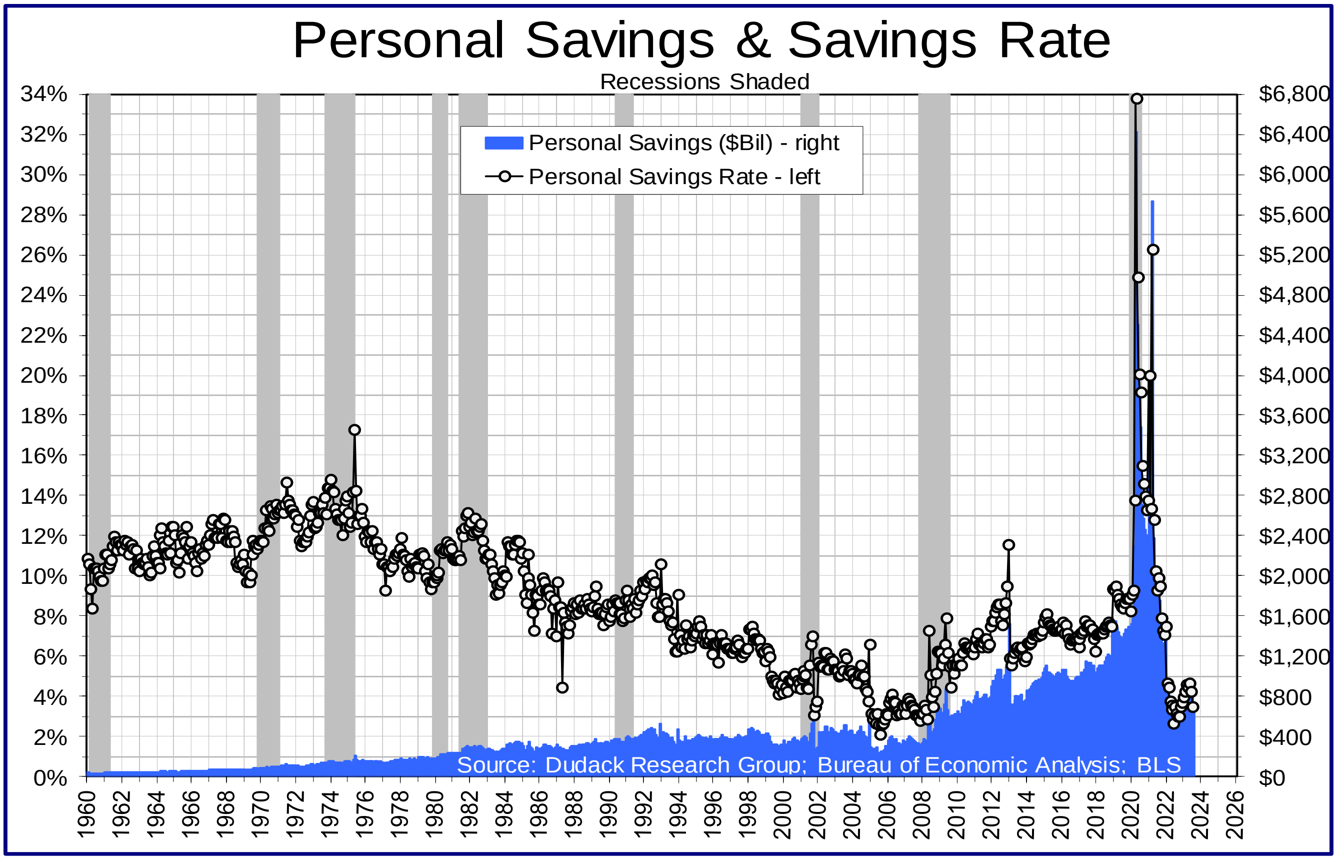


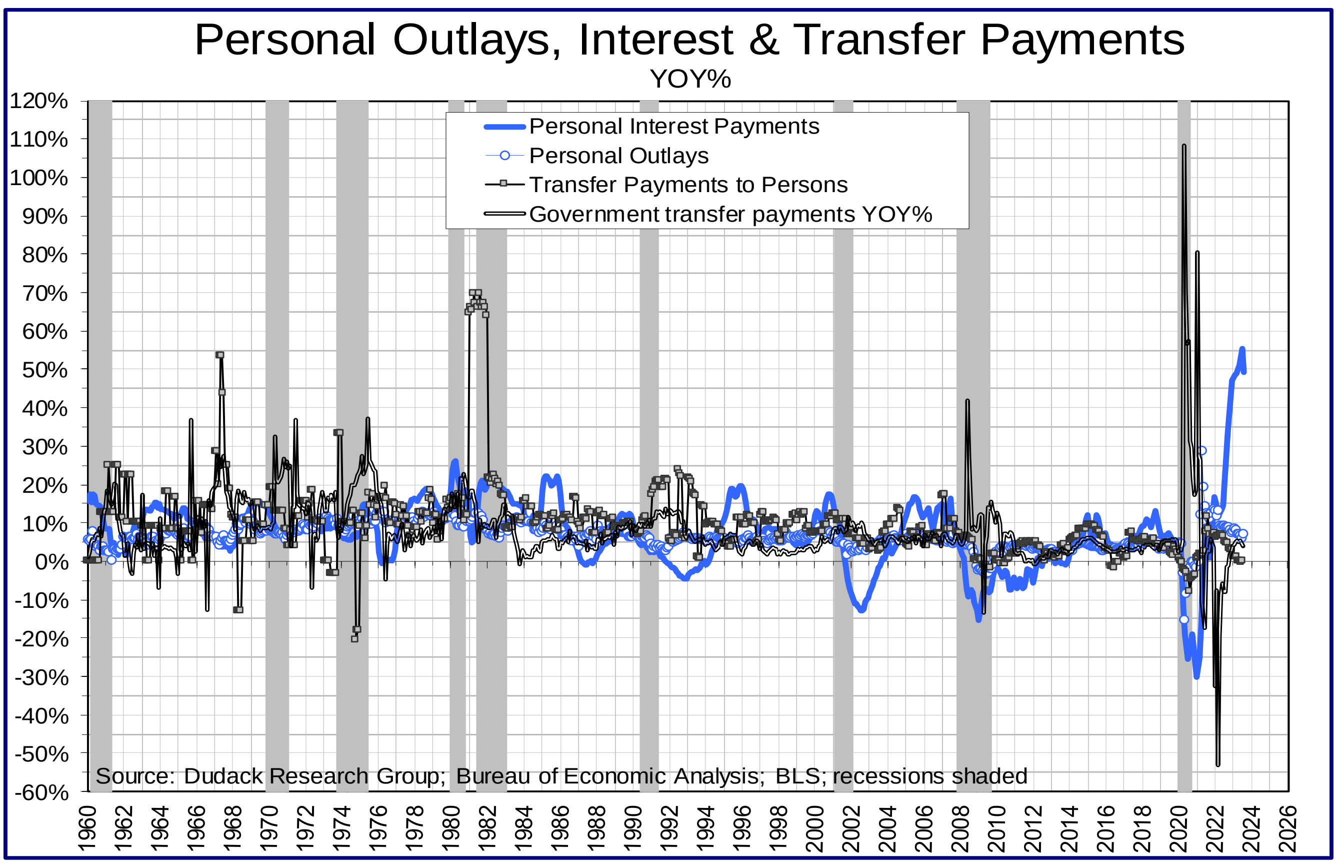
Personal income grew 4.7% YOY in July and real personal disposable income increased 3.8% YOY. This is down from 4.9% in June, but the 7th consecutive month of real gains in income. Nonetheless, personal consumption expenditures grew 6.4% YOY in July, primarily from the 8.3% increase in services. Durable goods expenditures rose 4.5% YOY and nondurable spending increased 1.8% YOY. In general, the post-pandemic stimulus-driven economy appears to be fading.



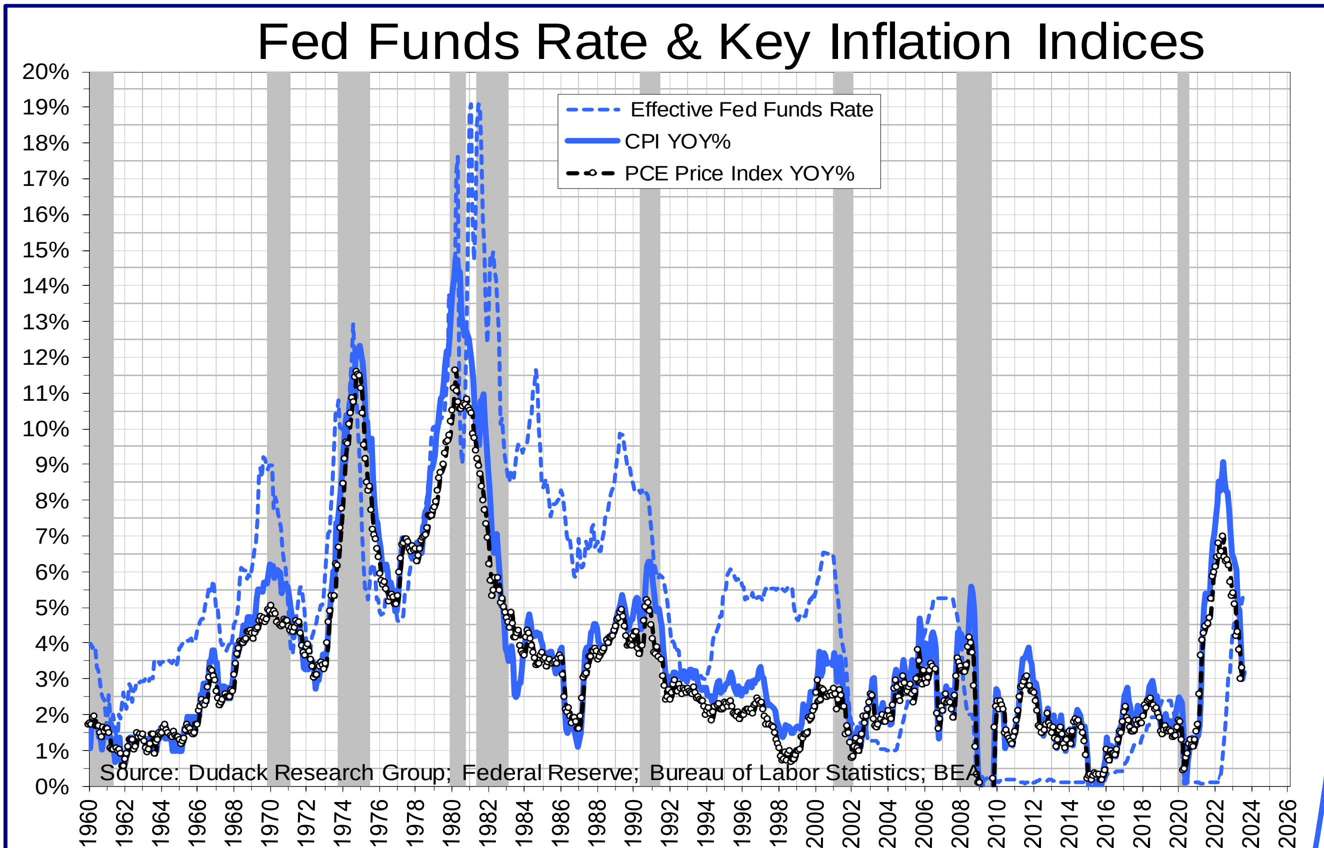


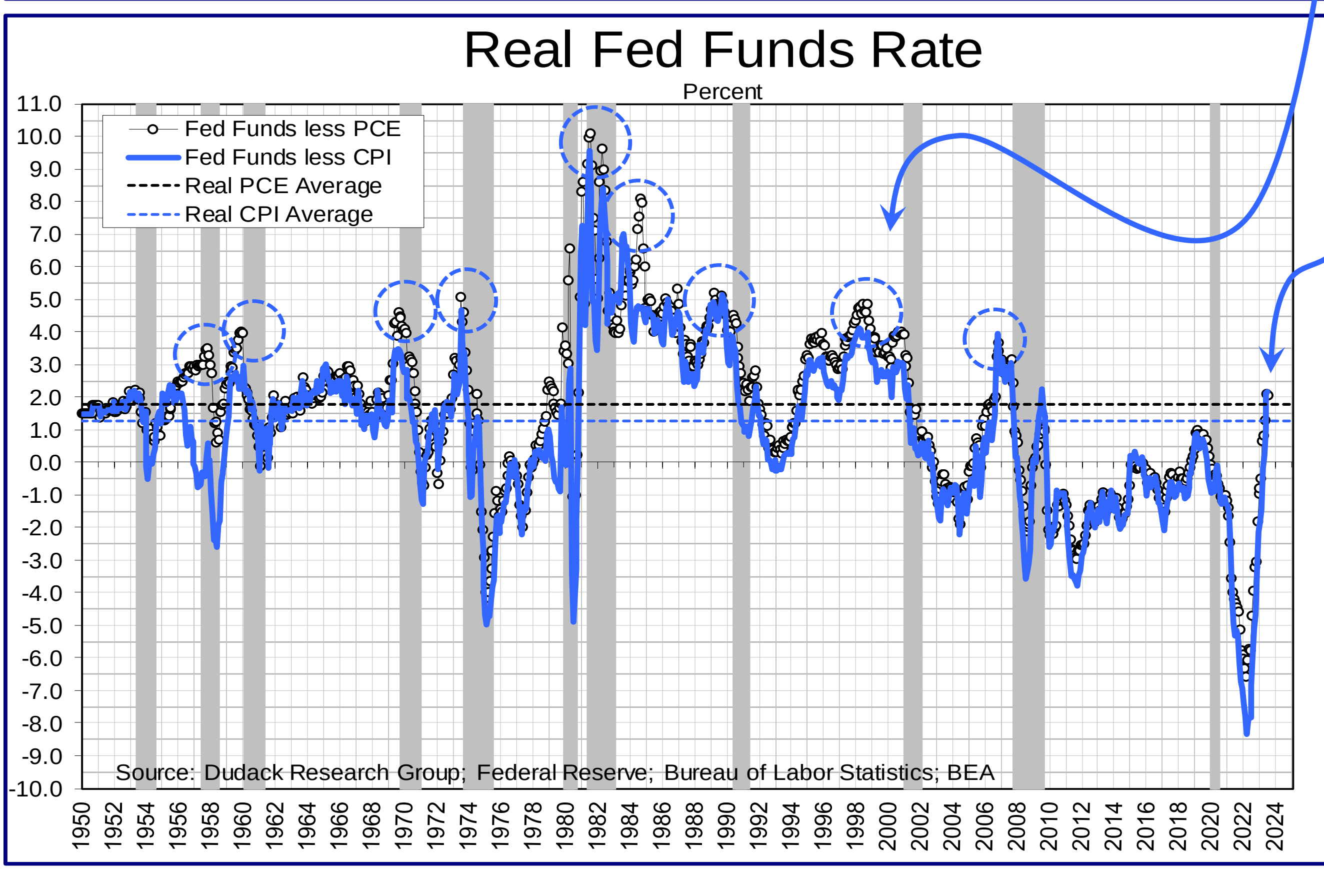
Stress in household finances is also seen in the saving rate. After hitting a peak of 26.3% in March 2021, it fell from 4.3% in June to 3.5% in July. Higher interest rates are also taking a toll. Personal interest payments rose 49.4% YOY in July, down from 55.3% in June, but still increasing at a record rate. Personal interest payments were $506 billion in July after averaging $330 billion in 2018 and 2019.



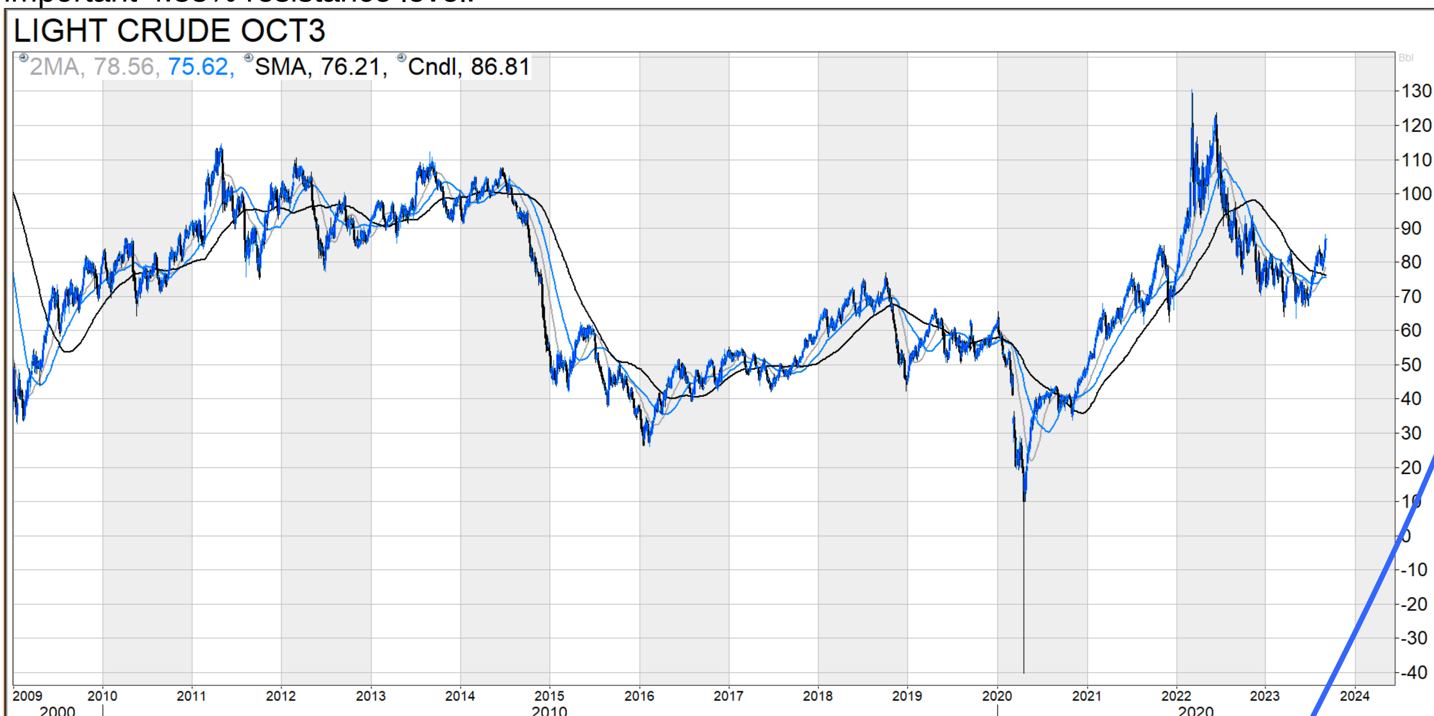


The charts below are important since they show that whenever inflation reaches a peak level like the 9% seen in June 2022, inflation has declined, but only in concert with a recession. These declines in inflation have been the result of tighter monetary policy which typically ends with a real fed funds rate of at least 400 basis points. This suggests that a 3% inflation rate would translate into a 7% fed funds rate. A 7% rate may not materialize, but it does suggest that the fed funds rate is likely to move higher in September and surprise the consensus.



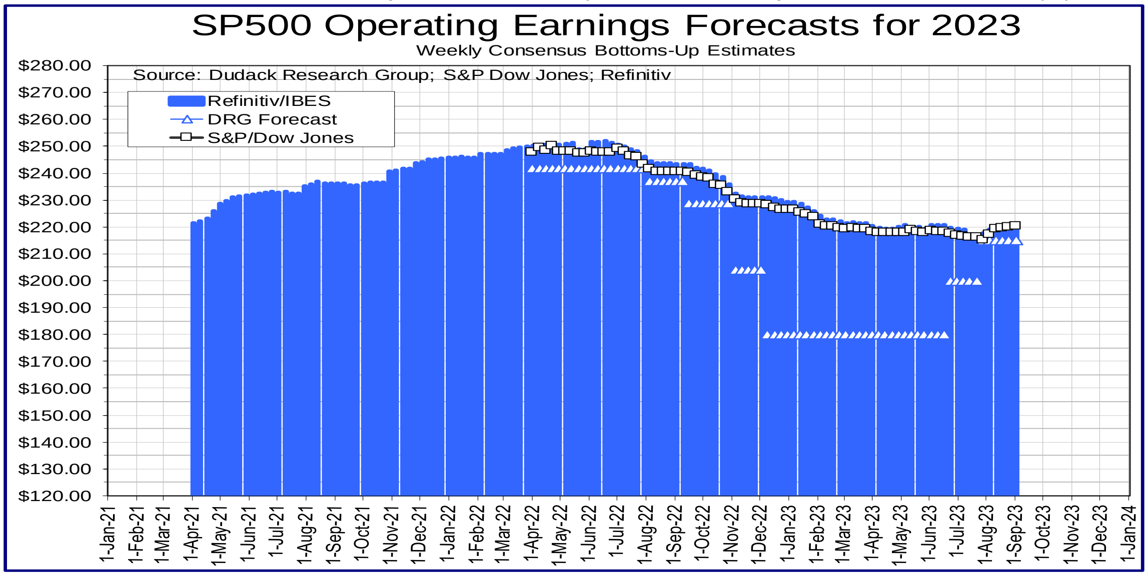


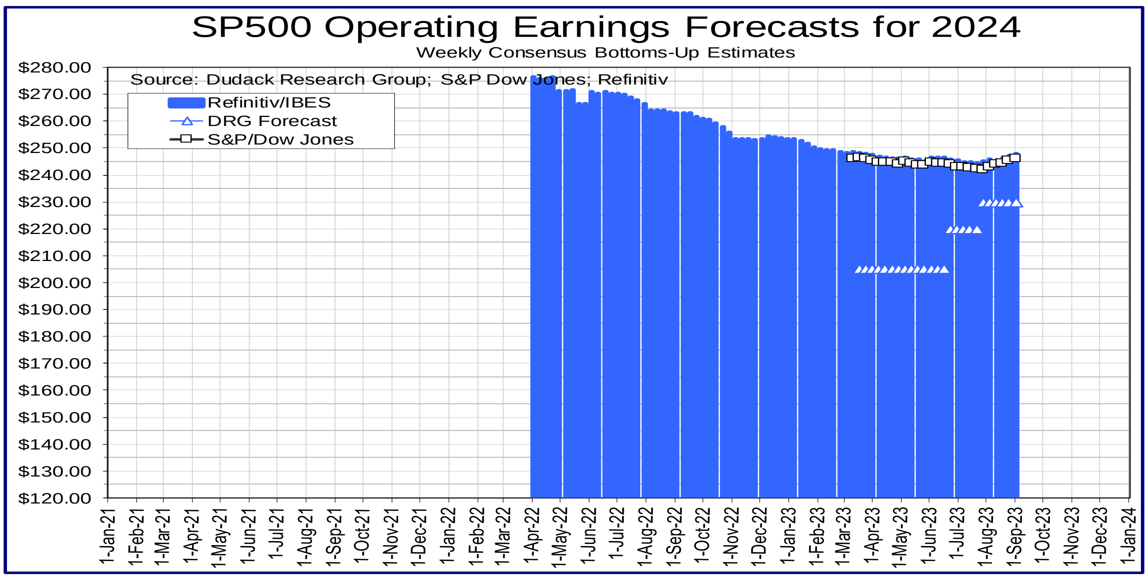
The United States has stopped selling oil from its Strategic Petroleum Reserve (SPR) and has begun to buy in order to replenish this reserve which is at a multi-decade low. Meanwhile, despite a rally in the oil market and analysts' expectations of tight supply in the fourth quarter, Saudi Arabia and Russia said they would extend voluntary oil cuts to the end of the year. These events are sparking a breakout rally in oil which could jeopardize the consensus view that inflation is trending lower. Meanwhile, the White House has called on Congress to pass a short-term "continuing resolution" to keep the government funded past Sept. 30, avoiding the fourth shutdown in a decade. This is making the fixed income market nervous. The 10-year Treasury yield bounced back up to 4.27%, closing in on the important 4.33% resistance level.

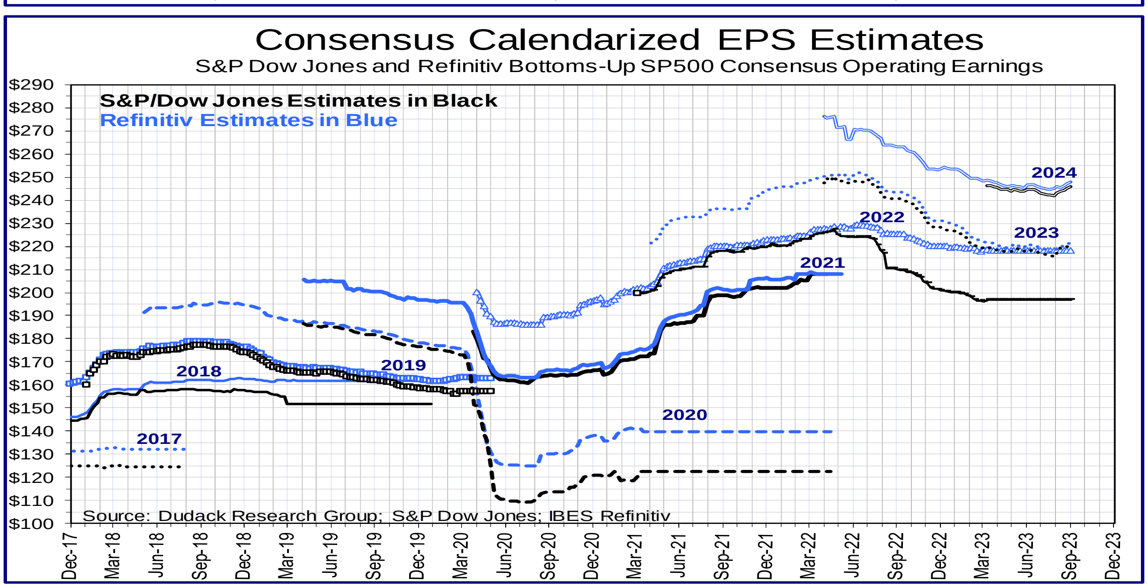


Source: Refinitiv

S&P Dow Jones consensus estimates for 2023 and 2024 are $220.25 and $246.06, up $0.34, and $0.87, respectively. Refinitiv IBES estimates for 2023 and 2024 are $221.34 and $247.96 up $0.33, 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 $221.31 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.







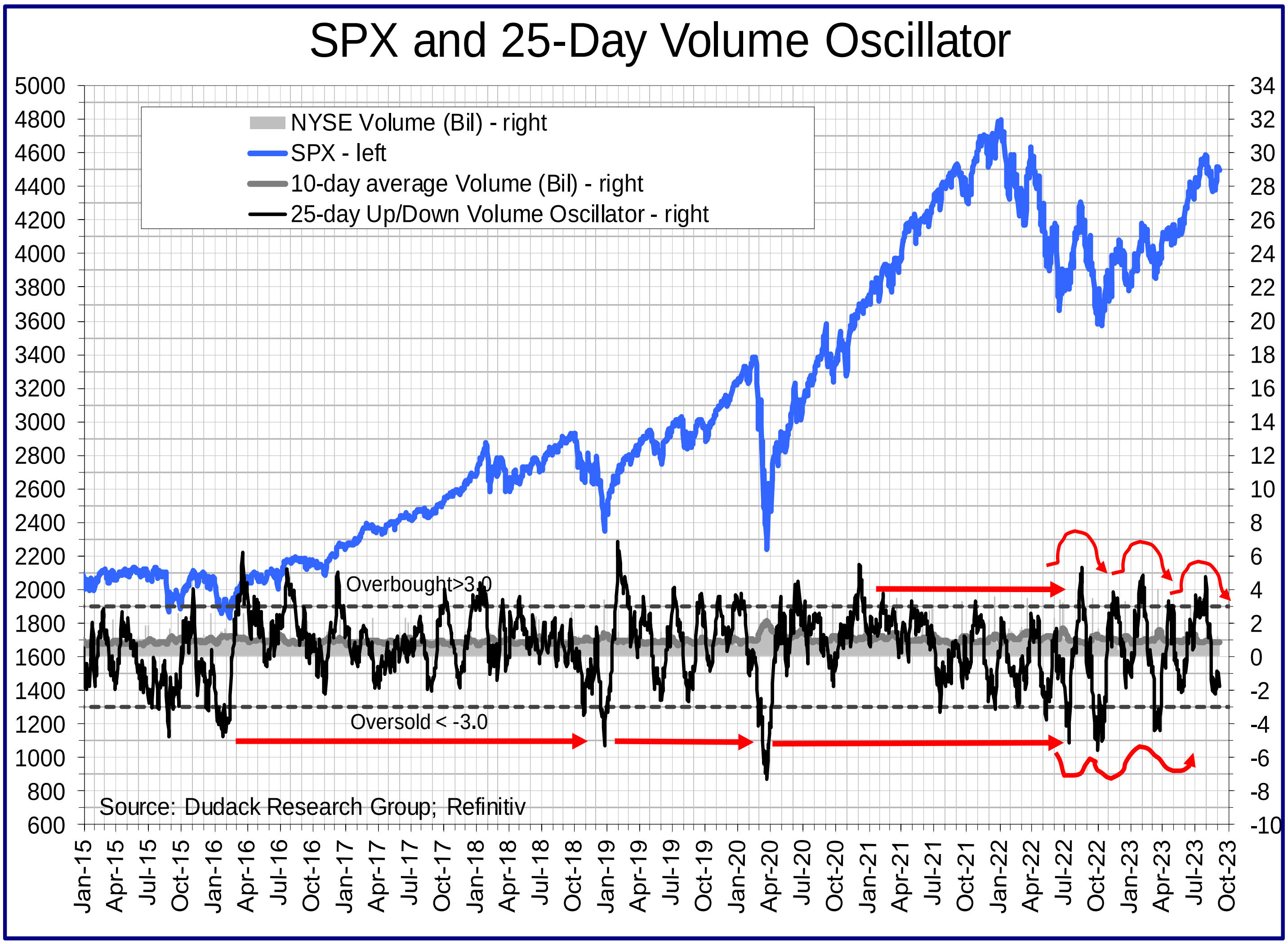
The three major indices are rebounding from their 100-day moving averages and the RUT is bouncing from its 200-day moving average, but the near-term trend is indecisive. Even if the rally moves higher, unless all the indices exceed their all-time highs (which we doubt), the longer-term pattern remains characteristic of a long-term neutral trading range.

Source: Refinitiv

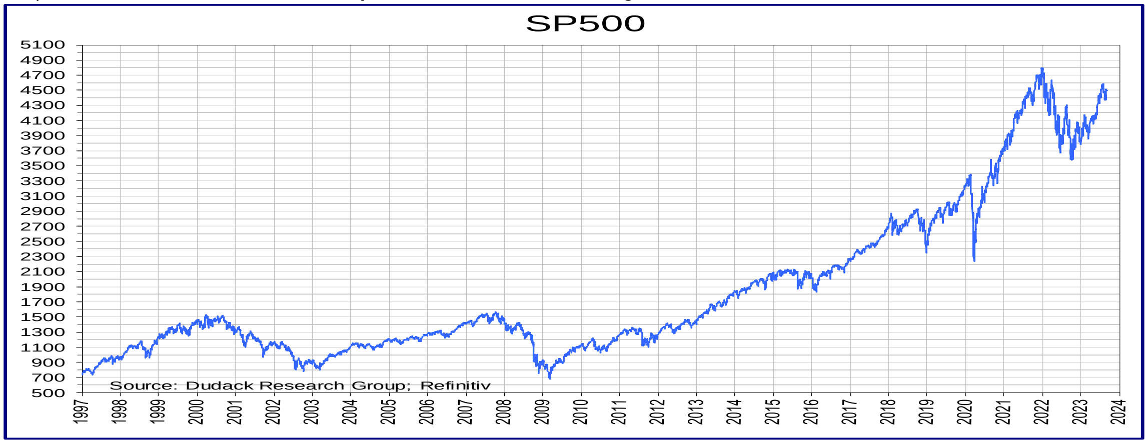
The 25-day up/down volume oscillator is at a negative 1.79 reading this week, relatively unchanged from a week ago, and at the lower end of neutral. The oscillator generated overbought readings in 10 of 22 trading sessions ending August 1. However, none of these overbought readings lasted the minimum 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.

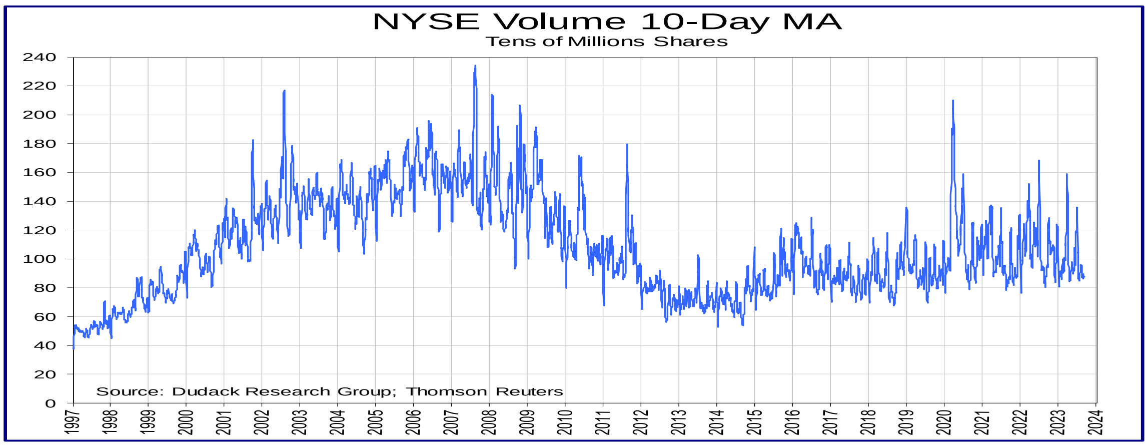
As this indicator approaches an oversold reading of minus 3.0 or less, the same will be true – five consecutive trading days in oversold would confirm the decline.

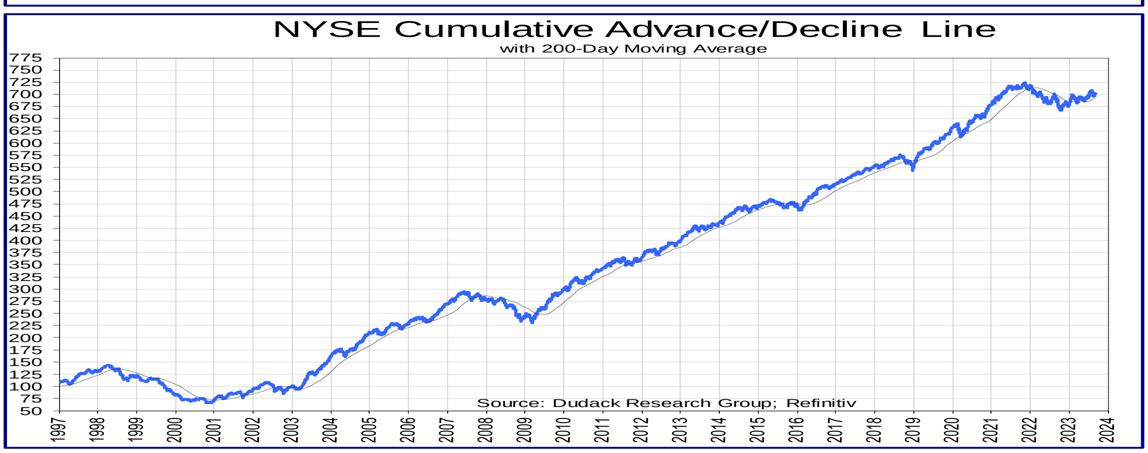
Nonetheless, the longer-term trend remains neutral.

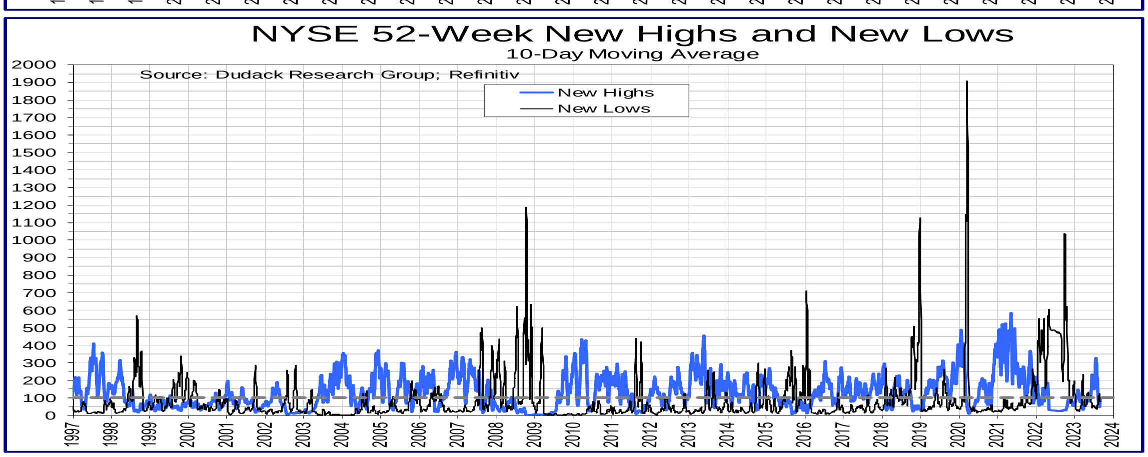


The 10-day average of daily new highs is 93 and new lows are 77. This combination reverts back to neutral this week with new highs and new lows both below 100. The NYSE advance/decline line fell below the June low on September 22 and is 23,519 net advancing issues from its 11/8/21 high. July is the first time in two years that the disparity between the AD lines peak and current levels was consistently less than 30,000 net advancing issues.

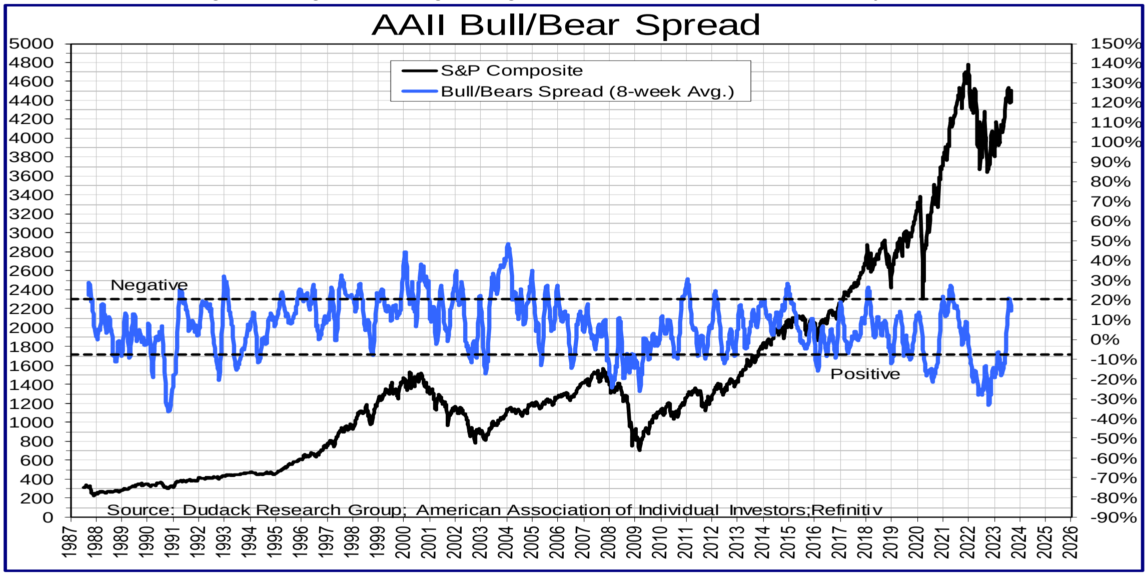


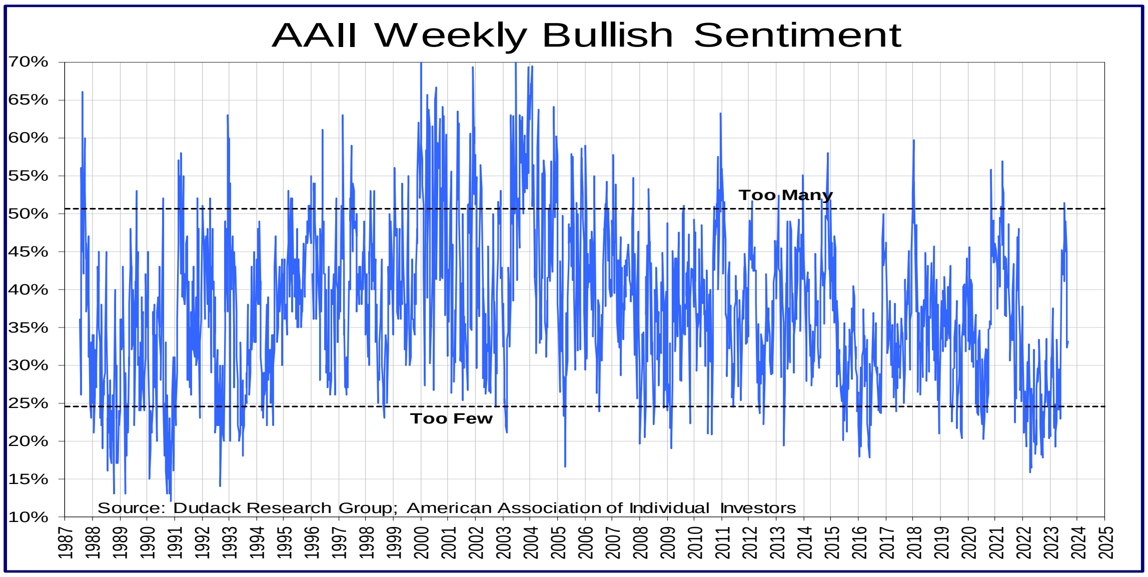


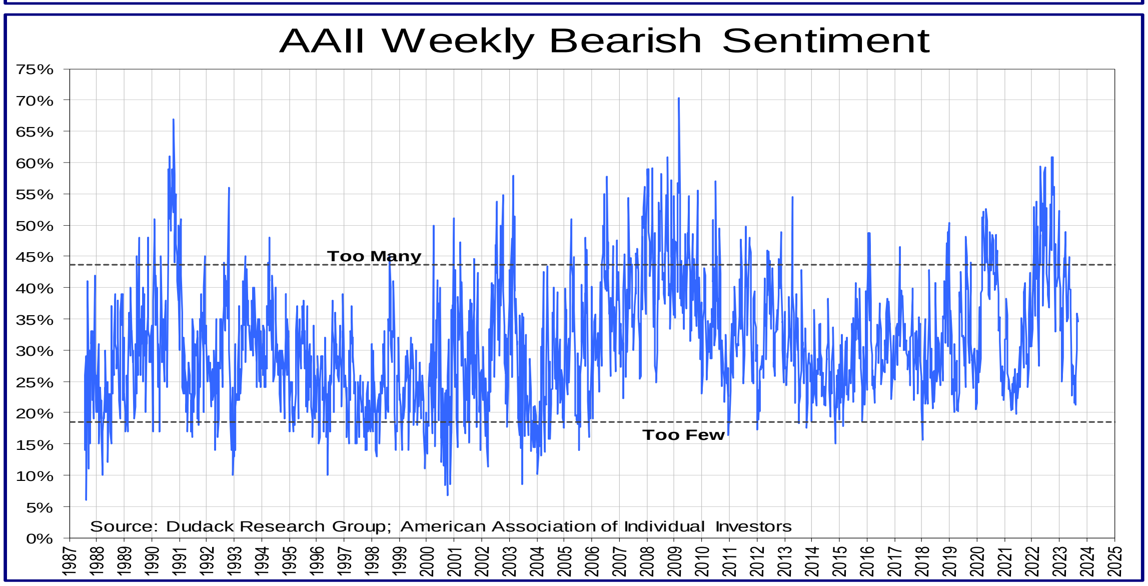




Last week's AAII readings had a 0.8% rise in bullishness to 33.1%, and a 1.4% decrease in bearishness to 34.5%. After ten consecutive weeks of above average bullishness, and 11 consecutive weeks of below average bearishness – the longest combined stretch since February to May of 2021 – the indices fell back to neutral the week of August 16. Note that months after the extreme 2021 readings, the market peaked in January 2022. The 8-week bull/bear spread returned to neutral after inching into a negative reading on August 2, 2023, for 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%
Technology Select Sector SPDR	XLK	176.83	1.9%	3.3%	1.7%	42.1%
NASDAQ 100	NDX	15508.24	0.9%	1.5%	2.2%	41.8%
Communication Services Select Sector SPDR Fund	XLC	67.09	-0.8%	0.0%	3.1%	39.8%
Nasdaq Composite Index Tracking Stock	ONEQ.O	55.21	0.9%	1.3%	2.1%	34.8%
SPDR Homebuilders ETF	XHB	80.99	-1.3%	-3.4%	0.9%	34.3%
iShares Russell 1000 Growth ETF	IWF	282.22	0.9%	2.2%	2.6%	31.7%
Consumer Discretionary Select Sector SPDR	XLY	169.79	0.2%	-1.0%	0.0%	31.5%
SPDR S&P Semiconductor ETF	XSD	212.42	0.6%	-2.9%	-4.0%	27.0%
iShares MSCI Mexico Capped ETF	EWW	60.06	-6.1%	-4.3%	-3.4%	21.5%
iShares Russell 1000 ETF	IWB	247.22	0.1%	0.5%	1.4%	17.4%
SP500	**.SPX**	**4496.83**	**0.0%**	**0.4%**	**1.0%**	**17.1%**
iShares DJ US Oil Eqpt & Services ETF	IEZ	24.73	4.1%	3.9%	22.9%	16.7%
iShares MSCI Taiwan ETF	EWT	45.91	-0.9%	-1.8%	-2.4%	14.3%
iShares MSCI Japan ETF	EWJ	62.07	1.6%	0.5%	0.3%	14.0%
iShares MSCI Brazil Capped ETF	EWZ	31.16	-3.0%	-2.8%	-3.9%	11.4%
iShares MSCI South Korea Capped ETF	EWY	62.76	-0.9%	-3.2%	-1.0%	11.1%
iShares Russell 2000 Growth ETF	IWO	238.25	-0.5%	-3.3%	-1.8%	11.1%
United States Oil Fund, LP	USO	77.76	6.1%	5.4%	22.4%	10.9%
iShares MSCI Germany ETF	EWG	27.29	-2.8%	-3.3%	-4.5%	10.4%
Industrial Select Sector SPDR	XLI	106.97	-1.2%	-1.2%	-0.3%	8.9%
PowerShares Water Resources Portfolio	PHO	56.07	-1.9%	-2.0%	-0.6%	8.8%
Oil Future	CLc1	86.69	6.8%	4.7%	22.7%	8.0%
iShares MSCI EAFE ETF	EFA	70.87	-1.4%	-1.8%	-2.2%	8.0%
Vanguard FTSE All-World ex-US ETF	VEU	53.75	-1.1%	-1.9%	-1.2%	7.2%
iShares Russell 2000 ETF	IWM	186.83	-0.7%	-3.8%	-0.2%	7.2%
Gold Future	GCc1	2641.10	0.2%	0.8%	1.8%	7.1%
iShares MSCI Austria Capped ETF	EWO	20.21	-1.0%	-2.3%	-0.4%	6.4%
iShares MSCI India ETF	INDA.K	44.35	0.4%	0.7%	1.5%	6.3%
Materials Select Sector SPDR	XLB	82.27	-0.6%	-1.6%	-0.7%	5.9%
iShares MSCI Canada ETF	EWC	34.60	0.3%	-0.6%	-1.1%	5.7%
SPDR Gold Trust	GLD	178.64	-0.7%	-0.9%	0.2%	5.3%
SPDR DJIA ETF	DIA	346.98	-0.5%	-1.0%	0.9%	4.7%
SPDR S&P Retail ETF	XRT	63.20	-0.9%	-5.3%	-0.9%	4.5%
DJIA	.DJI	34641.97	-0.6%	-1.2%	0.7%	4.5%
Energy Select Sector SPDR	XLE	91.22	3.2%	4.9%	12.4%	4.3%
iShares Russell 1000 Value ETF	IWD	158.01	-0.7%	-1.5%	0.1%	4.2%
iShares MSCI Emerg Mkts ETF	EEM	39.31	-1.2%	-3.0%	-0.6%	3.7%
iShares MSCI United Kingdom ETF	EWU	31.73	-1.3%	-1.9%	-1.9%	3.5%
iShares Russell 2000 Value ETF	IWN	142.58	-1.0%	-4.3%	1.3%	2.8%
Shanghai Composite	.SSEC	3154.37	0.6%	-4.1%	-1.5%	2.1%
iShares MSCI BRIC ETF	BKF	34.79	-0.6%	-3.2%	1.7%	1.3%
Financial Select Sector SPDR	XLF	34.34	-0.4%	-1.6%	1.9%	0.4%
iShares US Real Estate ETF	IYR	84.33	-1.4%	-1.7%	-2.6%	0.2%
iShares US Telecomm ETF	IYZ	22.43	-0.8%	1.5%	1.5%	0.0%
iShares MSCI Australia ETF	EWA	22.05	-0.3%	-1.9%	-2.2%	-0.8%
iShares iBoxx $ Invest Grade Corp Bond	LQD	104.28	-1.7%	-1.5%	-3.6%	-1.1%
Silver Future	SIc1	23.56	-4.9%	-0.2%	3.3%	-1.3%
iShares Silver Trust	SLV	22.58	-4.8%	-0.3%	3.3%	-1.7%
iShares MSCI Singapore ETF	EWS	18.44	-1.0%	-4.7%	-0.4%	-2.0%
iShares China Large Cap ETF	FXI	27.63	-1.1%	-5.1%	1.6%	-2.4%
iShares Nasdaq Biotechnology ETF	IBB.O	128.14	-1.0%	0.6%	0.9%	-2.4%
Health Care Select Sect SPDR	XLV	132.19	-2.0%	-0.2%	-0.4%	-2.7%
Consumer Staples Select Sector SPDR	XLP	71.52	-2.0%	-4.2%	-3.6%	-4.1%
iShares 20+ Year Treas Bond ETF	TLT	93.52	-2.9%	-3.1%	-9.2%	-6.1%
iShares MSCI Malaysia ETF	EWM	20.98	-1.2%	-1.9%	4.8%	-8.1%
Utilities Select Sector SPDR	XLU	61.68	-3.4%	-3.6%	-5.7%	-12.5%
SPDR S&P Bank ETF	KBE	39.11	-0.1%	-6.6%	8.6%	-13.4%
iShares MSCI Hong Kong ETF	EWH	18.10	-1.3%	-5.3%	-6.4%	-13.9%

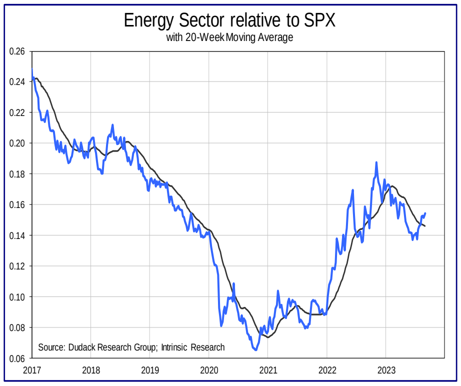
Outperformed SP500
Underperformed SP500

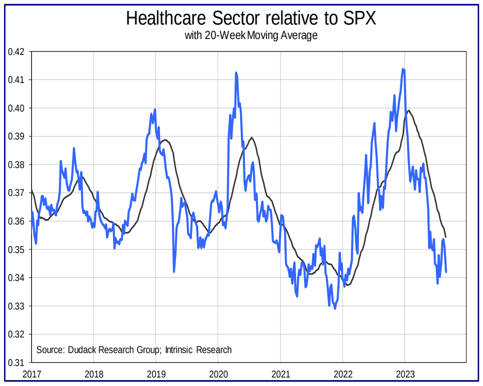
Source: Dudack Research Group; Refinitiv   Priced as of September 5, 2023

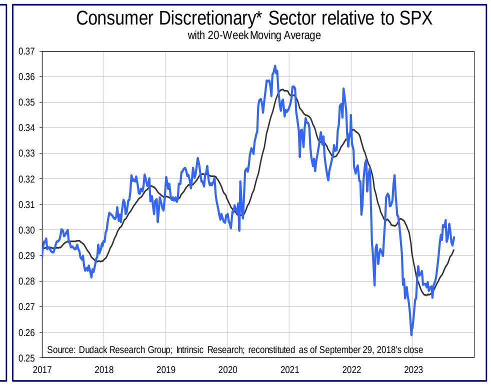
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

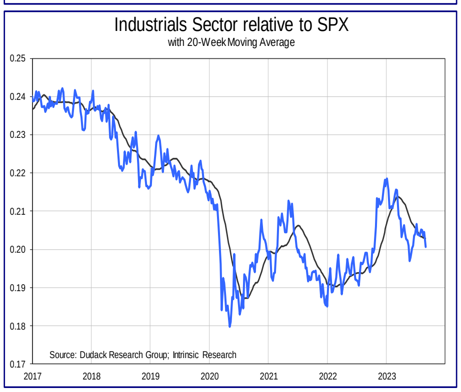
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Energy Industrials Staples Utililties	Healthcare Technology Materials Financials	Consumer Discretionary REITS Communication Services

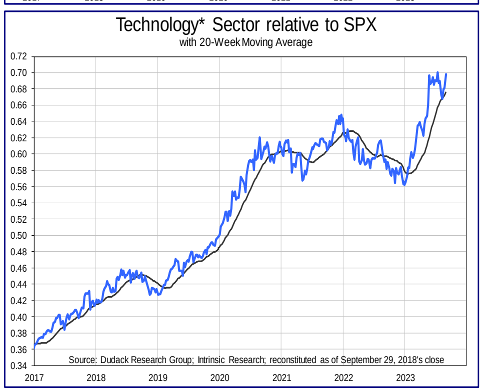
3/8/2022:Materials upgraded from underw eight to neutral/communication service dow ngraded from neutral to underw eight. 3/1/2022 Financials dow ngraded to neutral and Industrials upgraded to overw eight.

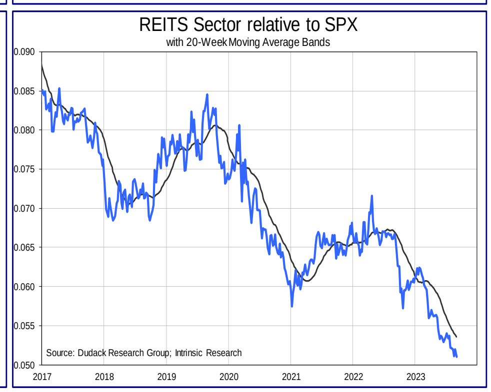


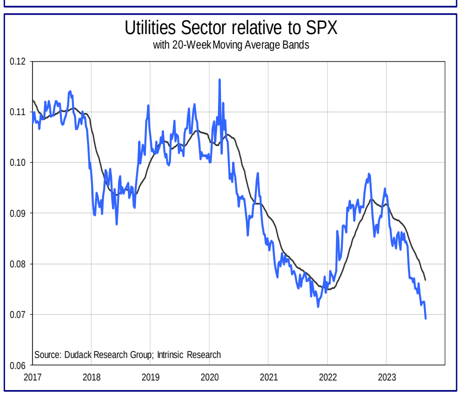


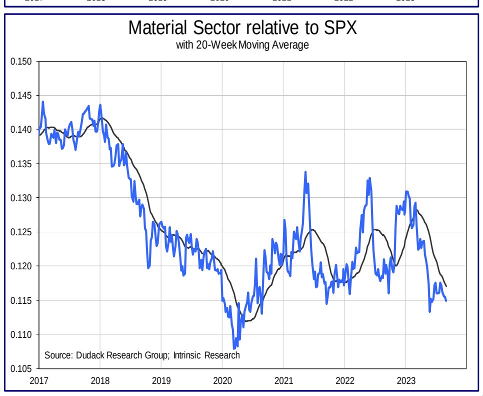


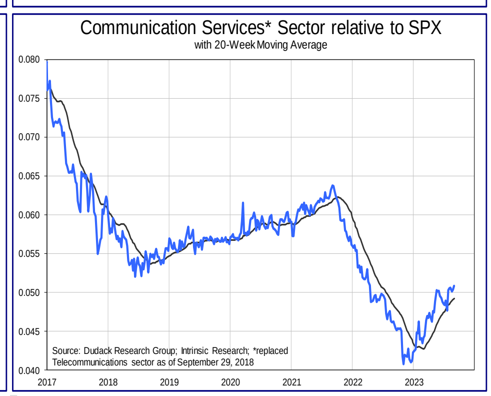


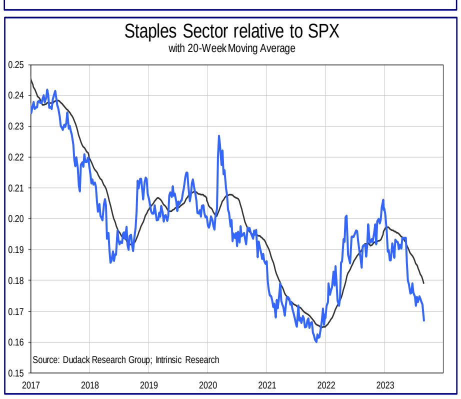


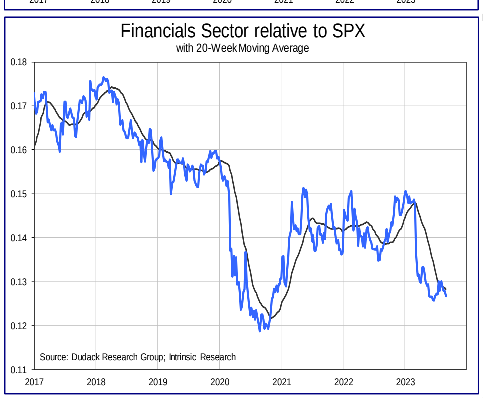












2023 Performance - Ranked

SP500 Sector	% Change
S&P INFORMATION TECH	44.6%
S&P COMMUNICATIONS SERVICES	43.4%
S&P CONSUMER DISCRETIONARY	32.9%
S&P 500	17.1%
S&P INDUSTRIALS	8.5%
S&P MATERIALS	5.5%
S&P ENERGY	3.3%
S&P FINANCIAL	0.0%
S&P REITS	-1.2%
S&P HEALTH CARE	-3.0%
S&P CONSUMER STAPLES	-3.6%
S&P UTILITIES	-13.2%

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	~~~~~	$200.52	**$220.25**	$212.00	7.6%	**$221.34**	1.5%	20.4X	NA	NA	NA	NA
2024E	~~~~~	$224.79	**$246.06**	$230.00	8.5%	**$247.96**	12.0%	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%	**$53.08**	-3.1%	20.5	1.7%	2.0%	$2,329.20	-1.9%
2023 2QE	4450.38	$48.74	**$54.92**	$52.46	11.9%	**$54.56**	-5.3%	21.4	NA	2.4%	$2,367.20	-6.2%
2023 3QE*	4496.83	$50.83	**$55.49**	$54.00	7.2%	**$56.09**	0.1%	21.1	NA	NA	NA	NA
20244QE	~~~~~	$52.54	**$57.30**	$53.00	5.2%	**$58.21**	9.5%	20.4	NA	NA	NA	NA

Source: DRG; S&P Dow Jones; Refinitiv Consensus estimates; **quarterly EPS may not sum to official CY estimates *9/5/2023

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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"Overweight": Overweight relative to S&P Index weighting
"Neutral": Neutral relative to S&P Index weighting
"Underweight": Underweight relative to S&P Index weighting

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