



Dudack Research Group

A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC

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October 18, 2023

DJIA: 33997.65

SPX: 4373.20

NASDAQ: 13533.75

# US Strategy Weekly

## Action/No Action

There has been a lot of volatility in recent days, yet there was very little progress in the popular indices. This is not surprising to us. There are almost too many variables and risks to monitor at the moment and so the indices are whipsawed by the ever-changing news of the day. Aside from the economic backdrop, the Israeli-Gaza war creates a frightening and unpredictable global environment, and the sad state of affairs in the US House of Representatives -- which seems incapable of electing a new Speaker -- has put a dangerous halt to US fiscal and foreign policy. (Shouldn't we stop paying their salaries until they do their jobs?) US border officials have released thousands of migrants onto the streets of the San Diego area and Russia states that it no longer needs to obey the UN Security Council restrictions on giving missile technology to Iran since the restrictions will soon expire. It does make your head spin.

### THE MAGNIFICENT 7

In times like these, it is always important to monitor earnings and valuation. In this regard, Refinitiv IBES, in conjunction with Lipper Alpha Insight, released an interesting study on third quarter earnings season. It included information reminding investors that the S&P Dow Jones earnings estimates are share weighted, not market capitalization weighted. It then looked at what they called the "Magnificent-7". These are Apple Inc. (AAPL - \$177.15), Amazon.com, Inc. (AMZN - \$131.47), Alphabet Inc. (GOOG - \$140.99), Meta Platforms, Inc. (META - \$324.00), Microsoft Corp. (MSFT - \$332.06), Nvidia Corp. (NVDA - \$439.38), and Tesla, Inc. (TSLA - \$254.85).

IBES noted that these seven stocks have a market cap weighting in the S&P 500 index of 29.9% -- an all-time high -- but have earnings and revenue weights of 15.6% and 9.7%, respectively. The Magnificent-7 also has an aggregate forward PE of 27.6 times, which represents a 55% premium to the overall index. A table from this report is presented on page 11 with the 11 sectors of the S&P 500, their market cap weighting, earnings share weighting, revenue share weighting, and forward PE multiples. It basically shows that the technology sector is by far the most expensive segment of the S&P 500, while financials and energy are the least expensive. It is an interesting macro view of valuation.

Given their excessive weighting in the S&P index, the earnings reports from these seven stocks will be important to monitor. Tesla, Inc. will be the first to report on October 18, followed by Microsoft Corp. and Alphabet Inc. on October 24, Meta Platforms, Inc. on October 25, Amazon.com, Inc. on October 26. Apple Inc. and Nvidia Inc. report on November 2 and November 21, respectively.

### ECONOMICS IN FOCUS

There were many economic releases in the last week which we would summarize as showing weakness in business and consumer sentiment, stickiness in inflation, resiliency in retail sales, and better-than-expected industrial production led by autos. All in all, these reports would probably lead to another fed funds rate hike in November, if all things were equal. But all things are not equal in the Middle East or in the US and as a result, we do not expect the Federal Reserve to raise rates. Keep in mind that another debt ceiling crisis will materialize before the end of the year.

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**For important disclosures and analyst certification please refer to the last page of this report.**

The NFIB small business optimism index fell slightly in September, from 91.3 to 90.8; however, the business outlook fell from -37 to -43 and “expected credit conditions” dropped from -6 to -10. See page 3. Preliminary data for October’s University of Michigan sentiment survey showed a decline in consumer sentiment even though gasoline prices had declined. The main index fell from 68.1 to 63.0; present conditions fell from 71.4 to 66.7; expectations fell from 66.0 to 60.7. Conference Board indices fell in September and October data will be released at the end of the month. See page 5.

Industrial production rose a better-than-expected 0.3% in September. Nonetheless, total IP was barely above the level seen a year ago, nondurable production was down 0.3%, but durables, led by auto production, rose 1.7% YOY. However, auto and truck production appears to be rolling over after its May-June peaks. See page 4.

Advance estimates for September’s retail and food services sales were \$704.9 billion, up 0.7% for the month, and up 3.8% YOY. This was much better than the consensus expected; yet, after inflation, real retail sales in September were up only 0.1% YOY. At the end of August, real retail sales had been negative on a year-over-year basis for nine out of ten consecutive months. We believe this is an important point since year-over-year declines are typically seen only during recessions. See page 6.

The key reports last week were related to inflation. The PPI is usually a leading indicator of the CPI, and the good news was that core PPI, while still high at 3.4% YOY, appears to be decelerating. On the other hand, headline PPI, after being negative for months, has begun to uptick again and reached 2.5% in September. Similarly, core CPI, still high at 4.1%, appears to be decelerating, but headline CPI rose slightly in September to 3.7%. See page 7. Most of the major components of the CPI rose more than headline, both on a monthly and a yearly basis, and all items less food and energy rose 4.1% YOY. Stemming an even bigger jump in inflation in September were the declines seen in fuels & utilities and medical care. Still, since transportation costs typically lag the price of oil which has been rising, there is an upward risk to future inflation numbers. See page 8.

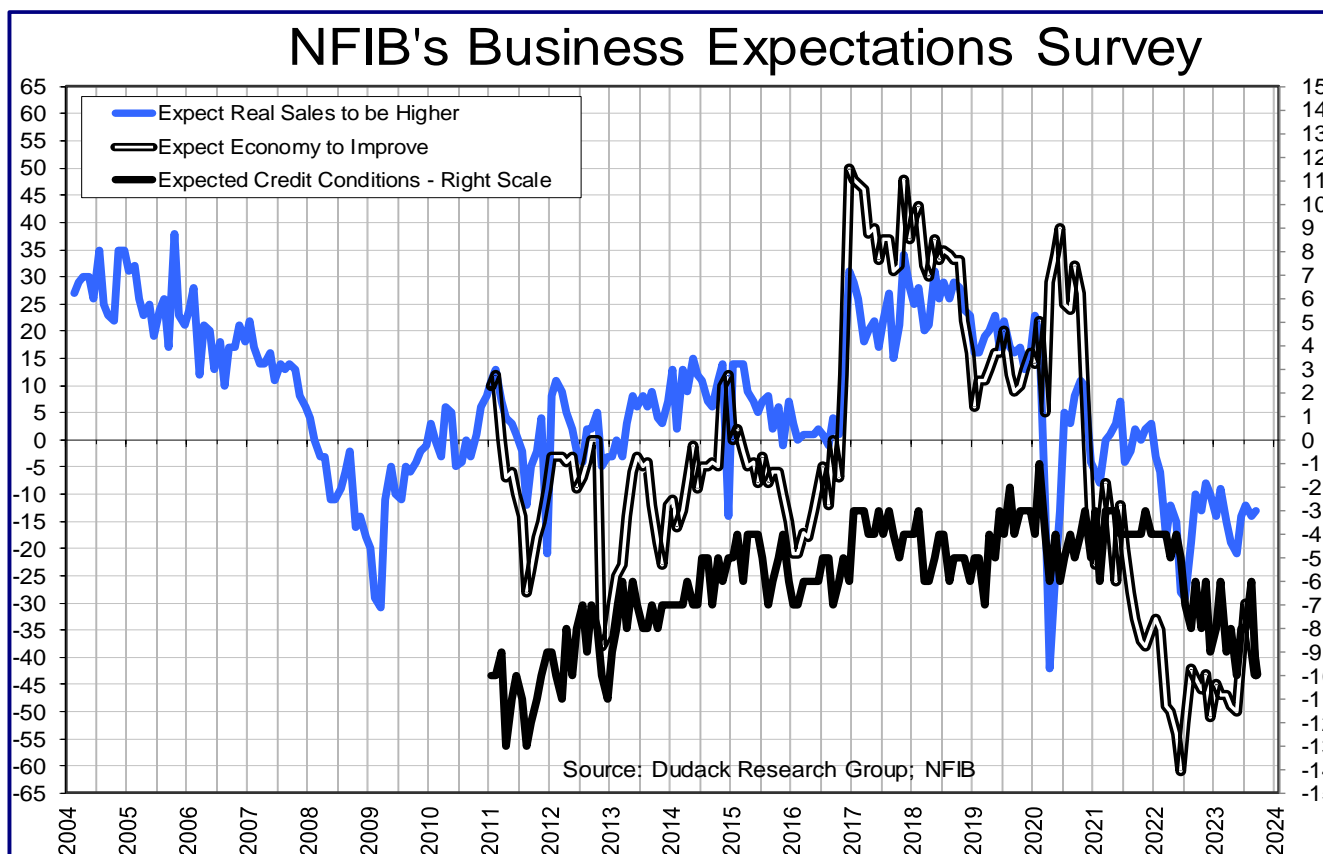
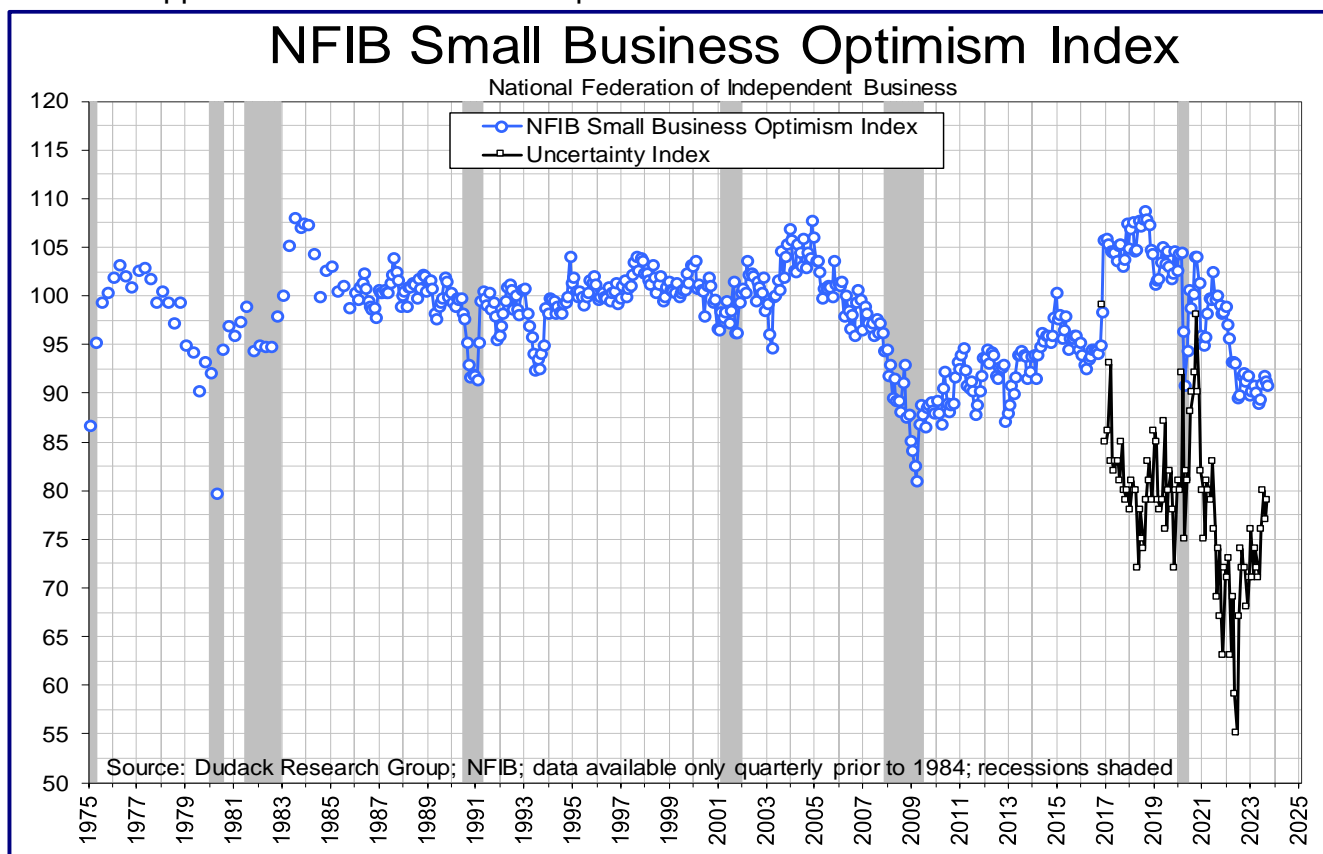
The Federal Reserve is most concerned about service sector inflation which eased only slightly from 5.39% to 5.16% in September. Owners’ equivalent rent inched down from 7.3% to 7.1% and rents of primary residences eased from 7.8% to 7.4%. Medical care pricing was negative for the third consecutive month falling 1.4% YOY. However, other services, with a 9.4% weighting in the CPI, are trending higher and were up 4.4% in September. See page 9.

The biggest risk to future inflation could be higher crude oil prices. This is likely given the chaos in the Middle East. After months of YOY declines, WTI rose 14.2% YOY in September and to date, is up 1% YOY in October. Equally important, the chart of WTI turned bullish once the price broke above the \$80 resistance level. See page 10. Again, if it were not for all the domestic and global political risks, the Federal Reserve would likely be raising rates in November.

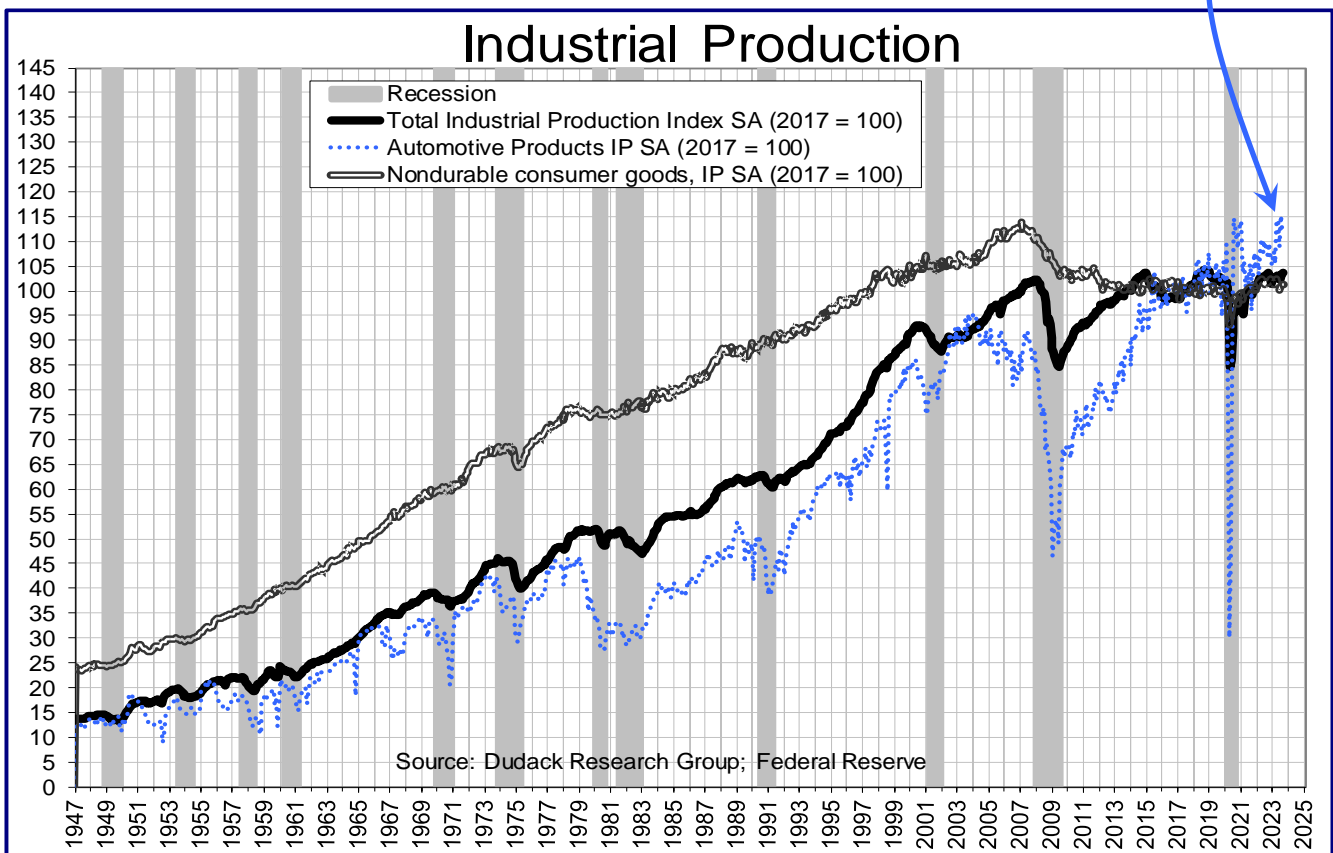
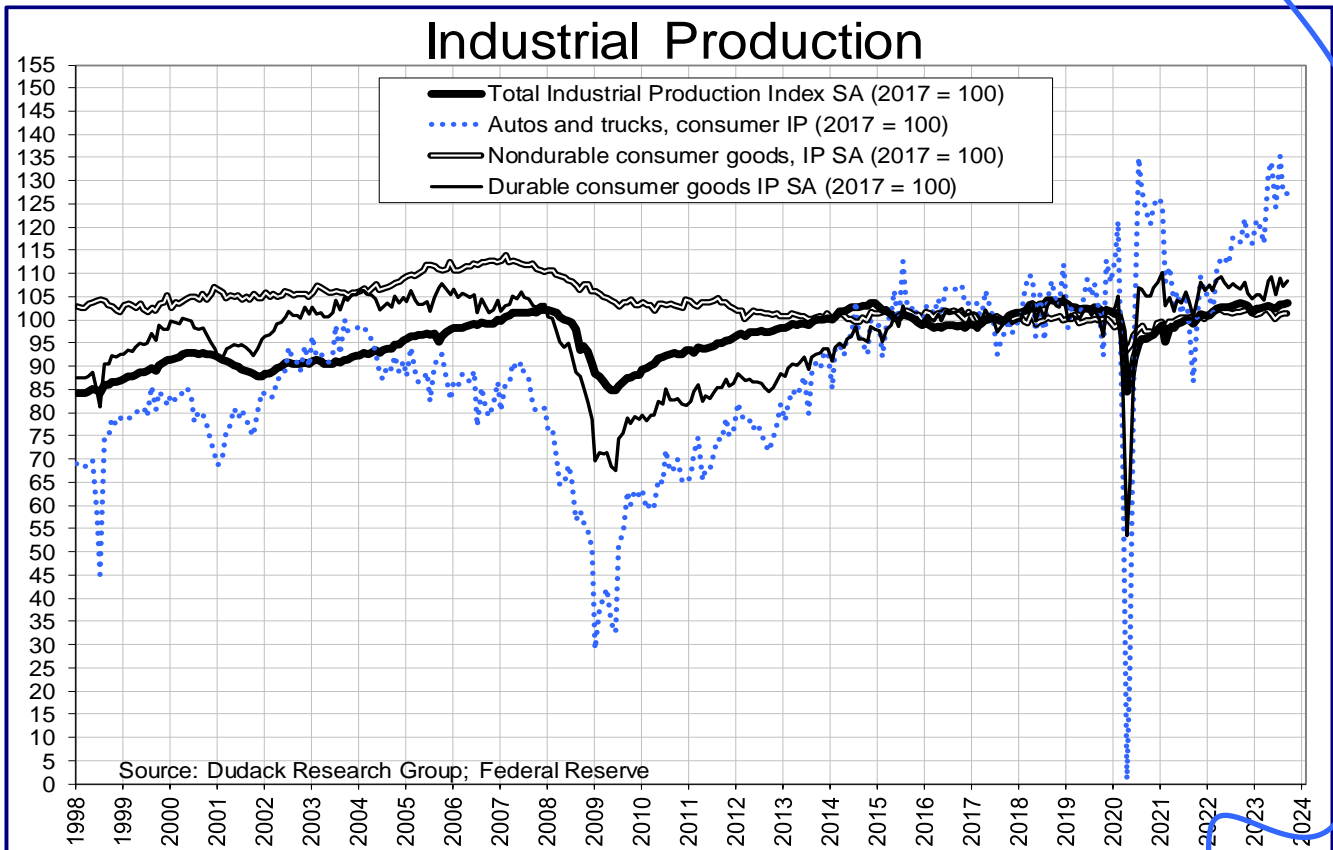
#### TECHNICAL GUIDES

The Russell 2000 continues to trade below its 200-day moving average, the Dow Jones Industrial Average broke below its long-term average before recovering in recent sessions. The S&P 500 rebounded after an intra-day test of its 200-day average, which was technically impressive. The Nasdaq Composite, led by the Magnificent-7, continues to trade well above its long-term average. But overall, the patterns of the major indices remain characteristic of a long-term neutral trading range. This is best represented by the 1650-2000 range in the Russell 2000. If the Russell were to break below the 1650 support, it would be bad news for the broader market, in our view, but this is not our expectation. Our 25-day up/down volume oscillator was oversold for three of five trading sessions in early October but is now neutral. In short, it too suggests the market remains in a long-term trading range.

The NFIB small business optimism index fell slightly in September, from 91.3 to 90.8; however, the uncertainty index ticked up from 77 to 79. The business outlook fell from -37 to -43 and “expected credit conditions” dropped from -6 to -10. Sales expectations were -13 versus -14 a month earlier.

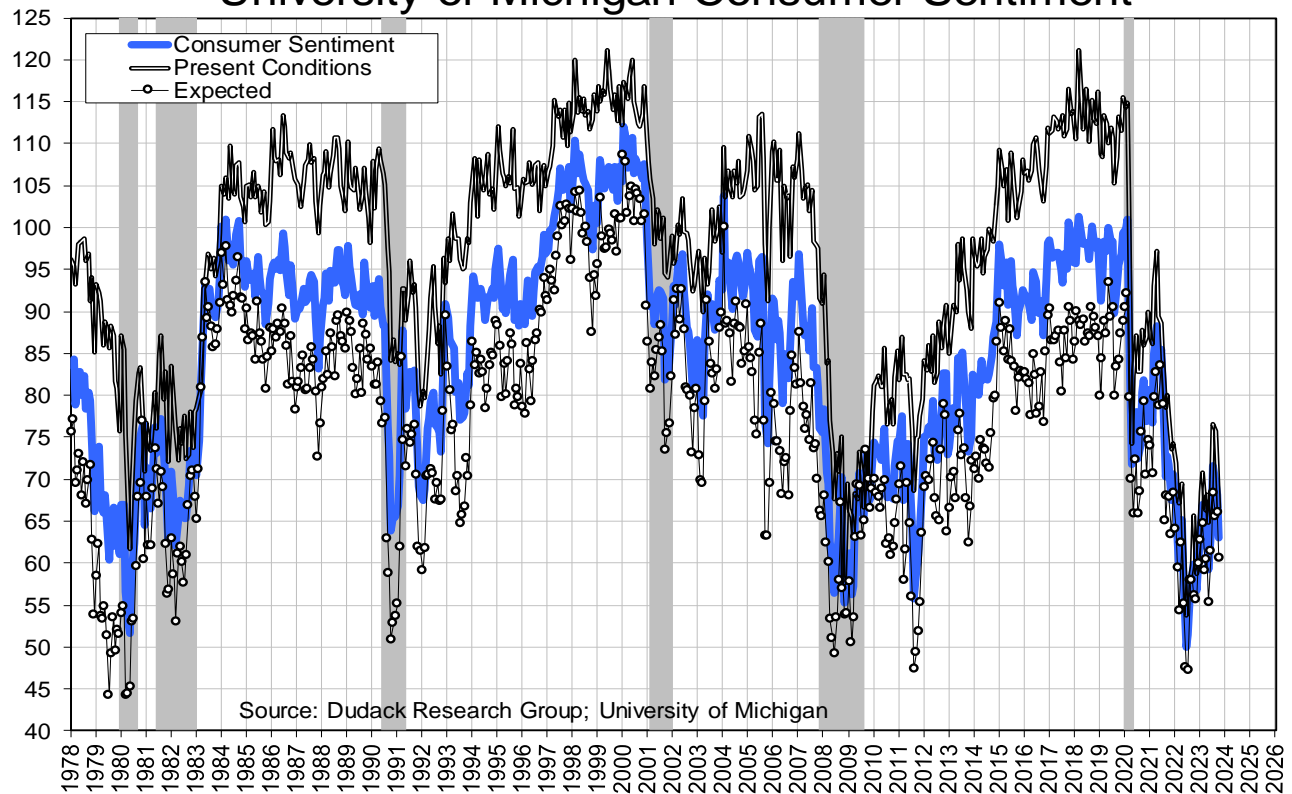


Industrial production rose a better-than-expected 0.3% in September. August's activity was revised down to unchanged and July was revised up to 1.0%. Total IP was barely above the level seen a year ago, nondurable production was down 0.3%, but durables, led by auto production, rose 1.7% YOY. Nonetheless, auto and truck production appears to have peaked from its post-Covid highs.

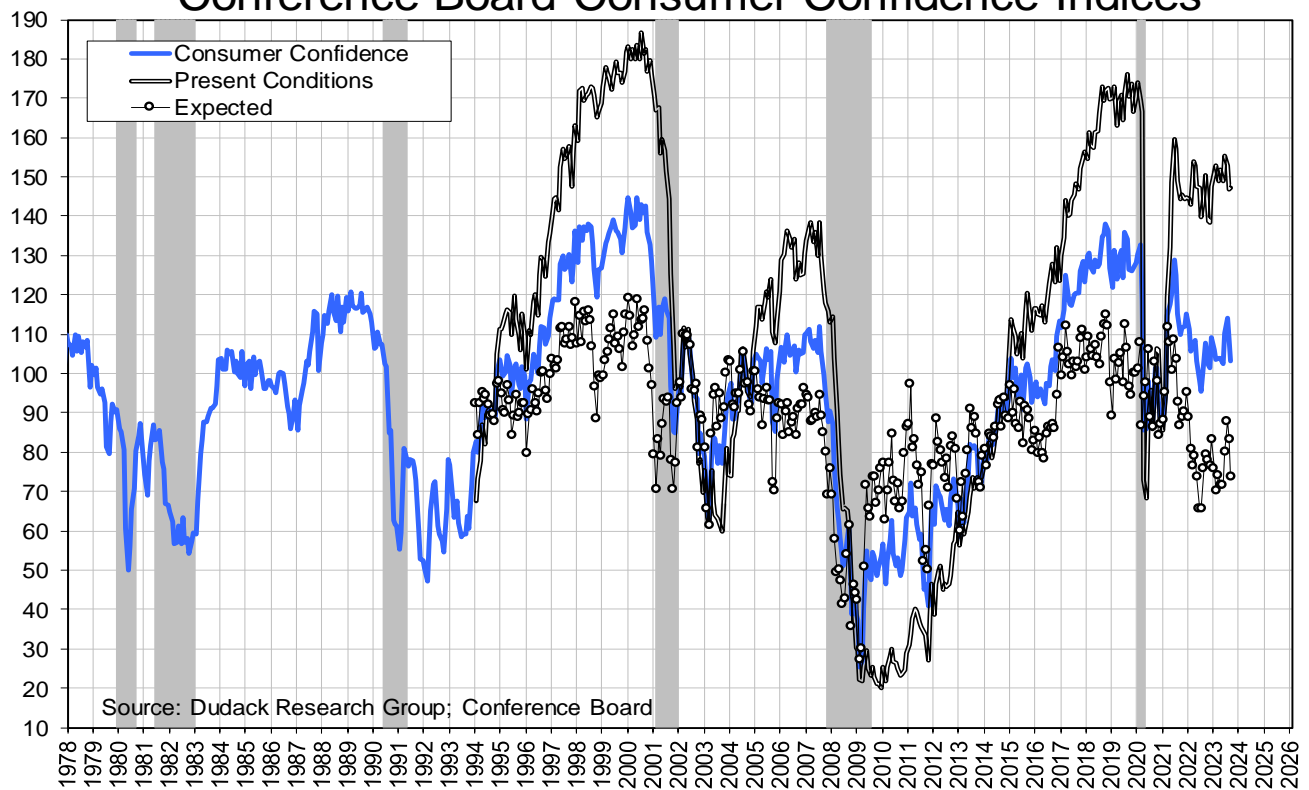


Preliminary data for October's University of Michigan sentiment survey showed a decline in consumer sentiment despite a decline in gasoline prices. The main index fell from 68.1 to 63.0; present conditions fell from 71.4 to 66.7; expectations fell from 66.0 to 60.7. Conference Board indices fell in September and October data will be released at the end of the month.

## University of Michigan Consumer Sentiment

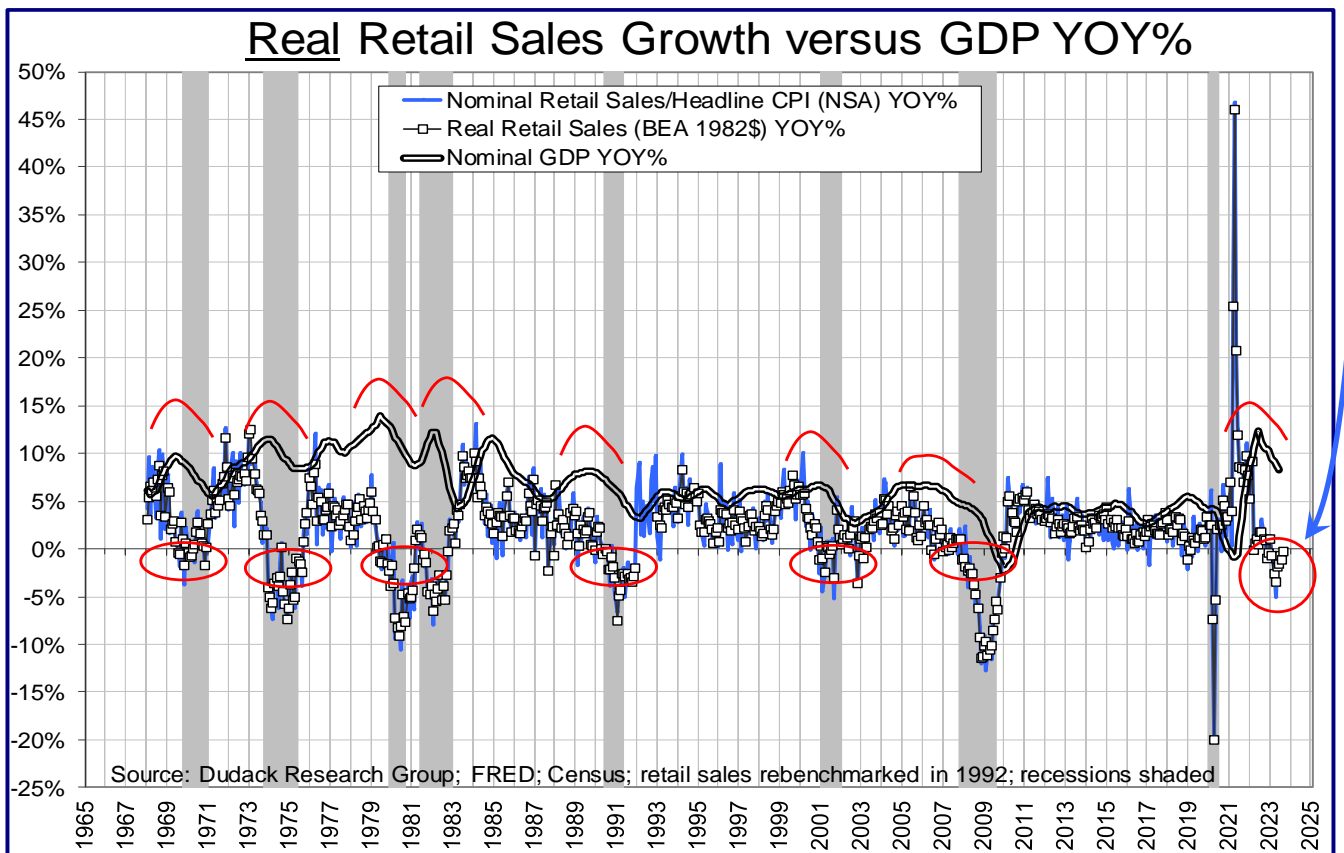
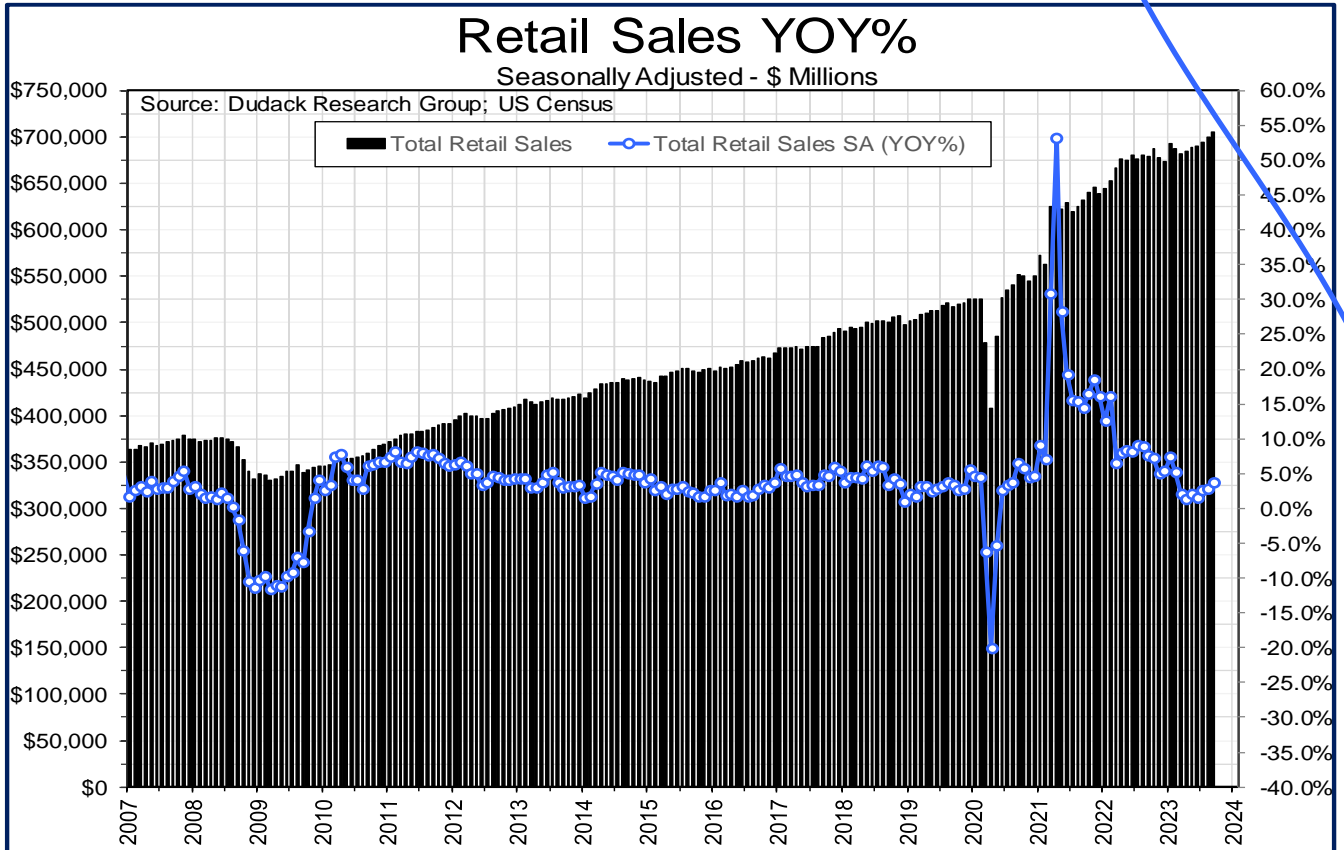


## Conference Board Consumer Confidence Indices

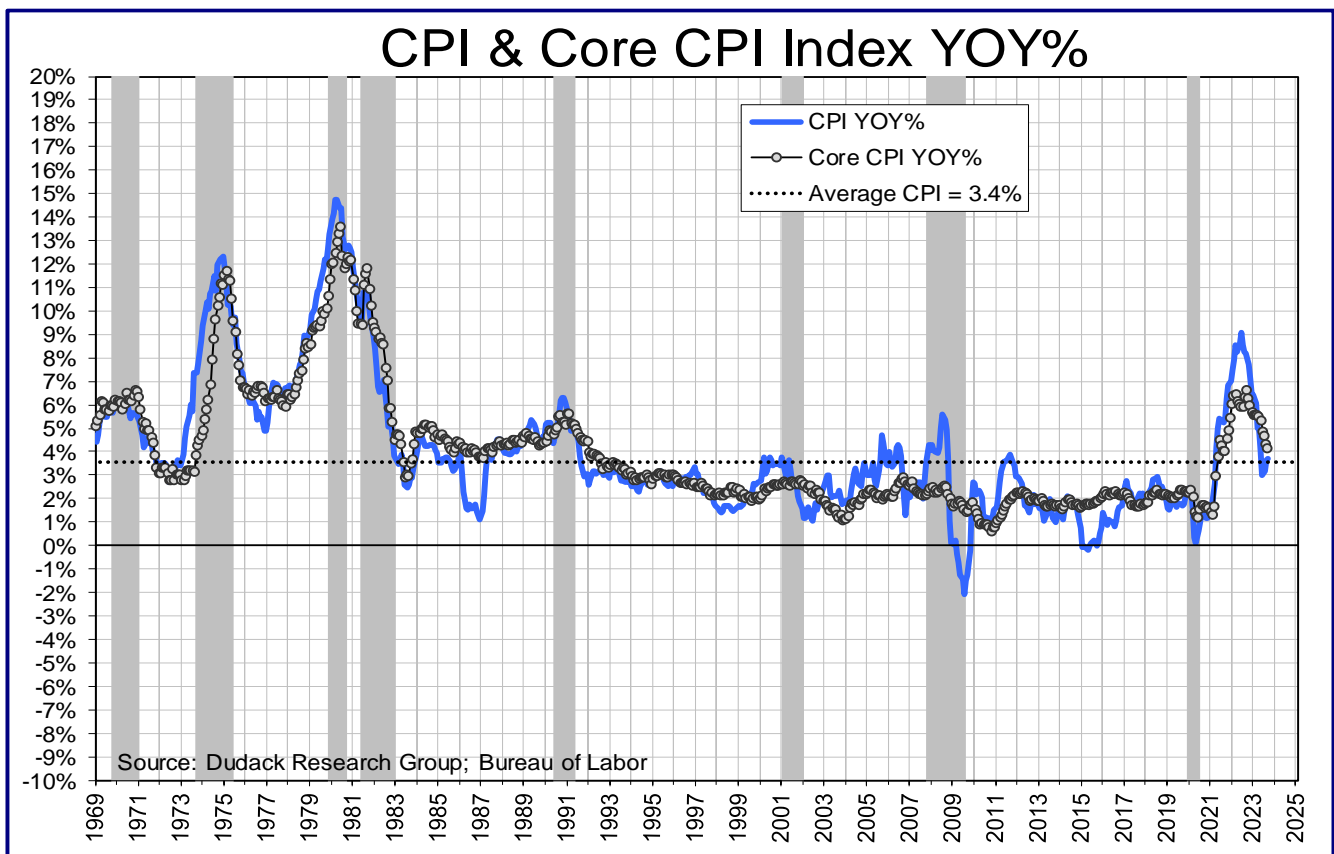
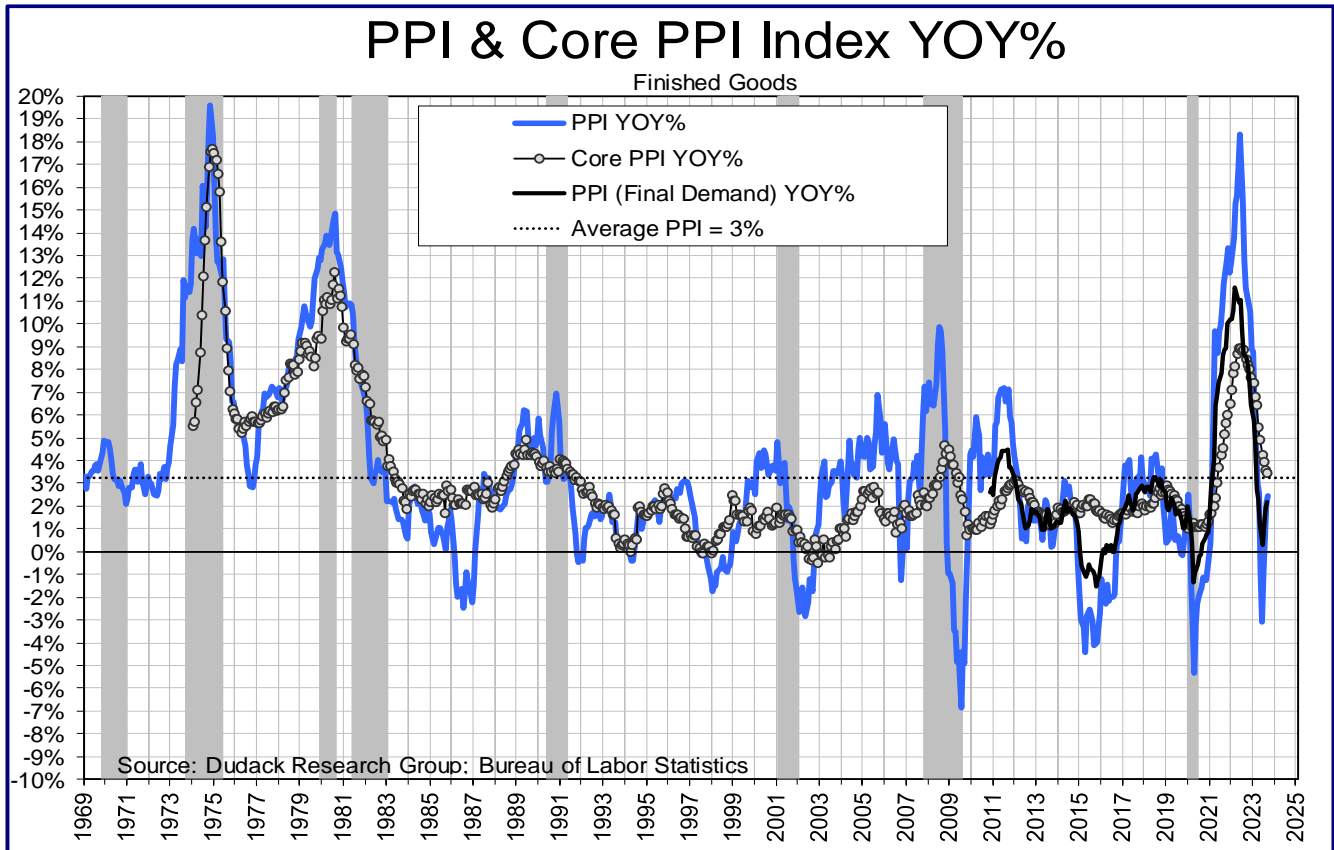




Advance estimates for September's retail and food services sales were \$704.9 billion, up 0.7% for the month, and up 3.8% YOY. However, after inflation, real retail sales in September were up only 0.1% YOY. At the end of August, real retail sales had been down on a year-over-year basis for 9 of 10 consecutive months. Year-over-year declines are typically seen during recessions.



PPI is usually a leading indicator of inflation and the good news was that core PPI, while still high at 3.4% YOY, appears to be decelerating. On the other hand, headline PPI troughed in June and is on the rise reaching 2.5% in September. Similarly, core CPI, still high at 4.1%, appears to be decelerating, but headline CPI rose slightly in September to 3.7%.



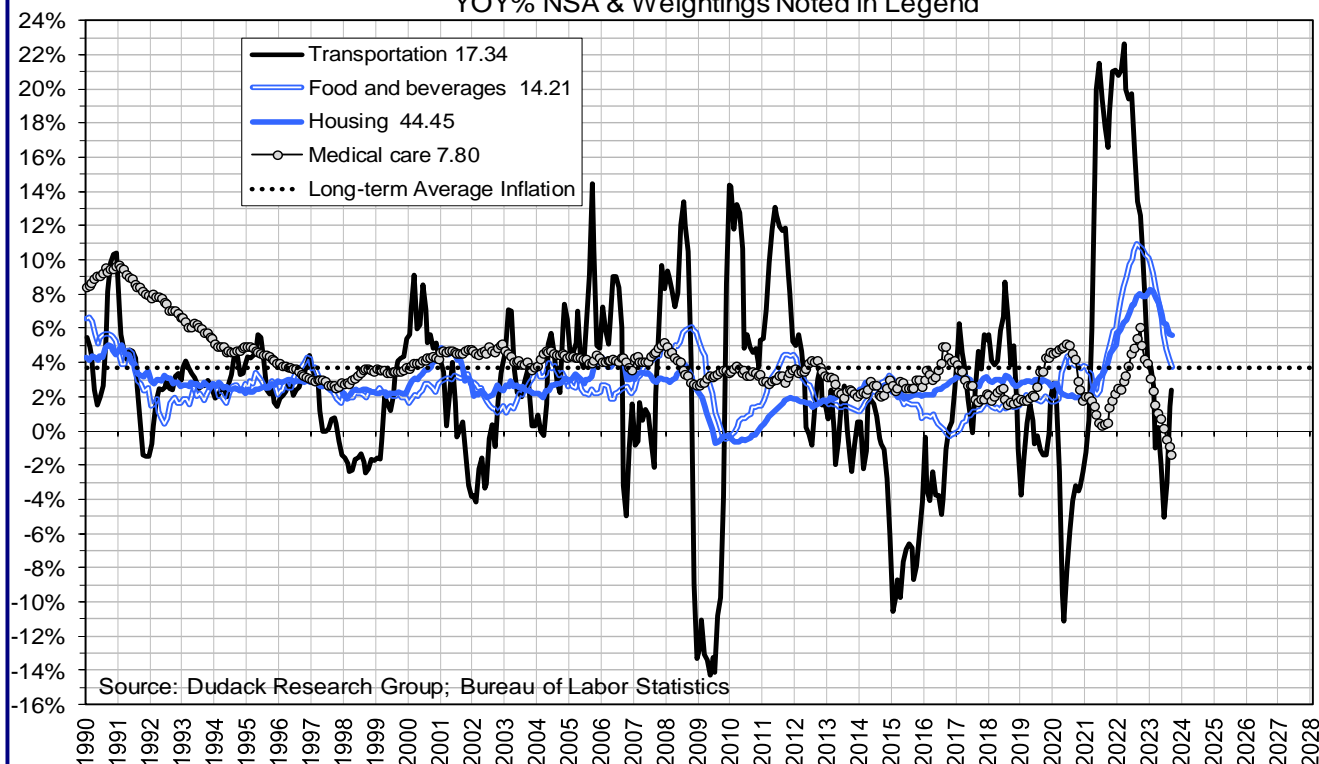
While headline inflation rose 3.7% YOY in September, most of the major components rose more than headline CPI, both on a monthly and a yearly basis. All items less food and energy, also up 0.2% in the month, rose 4.1% YOY. Helping to stem a bigger jump in inflation in September were the declines in fuels and utilities and medical care. The risk to future inflation numbers will be rising transportation costs which typically lag the price of oil.

CPI Components Heavy Weights - Not Seasonally Adjusted Data	Component Weight*	Fuel Weight	Price Chg YOY%	Price Chg MOM%
<b>Housing</b>	<b>44.4%</b>	<b>4.5%</b>	<b>5.6%</b>	<b>0.5%</b>
<i>Owners' equivalent rent of residences</i>	<i>25.6%</i>		<i>7.1%</i>	<i>0.6%</i>
<b>Fuels and utilities</b>	<b>4.5%</b>		<b>-1.5%</b>	<b>0.3%</b>
<b>Transportation</b>	<b>17.3%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>-0.6%</b>
<b>Food and beverages</b>	<b>14.2%</b>		<b>3.7%</b>	<b>0.1%</b>
<i>Food at home</i>	<i>8.6%</i>		<i>2.4%</i>	<i>0.1%</i>
<i>Food away from home</i>	<i>4.8%</i>		<i>6.0%</i>	<i>0.4%</i>
<i>Alcoholic beverages</i>	<i>0.8%</i>		<i>4.2%</i>	<i>0.6%</i>
<b>Medical care</b>	<b>7.8%</b>		<b>-1.4%</b>	<b>0.1%</b>
<b>Education and communication</b>	<b>5.7%</b>		<b>1.0%</b>	<b>0.3%</b>
<b>Recreation</b>	<b>5.3%</b>		<b>3.9%</b>	<b>0.4%</b>
<b>Apparel</b>	<b>2.5%</b>		<b>2.3%</b>	<b>1.4%</b>
<b>Other goods and services</b>	<b>2.7%</b>		<b>6.0%</b>	<b>0.6%</b>
Special groups:				
Energy	7.2%		-0.5%	0.6%
All items less food and energy	79.5%		4.1%	0.2%
<b>All items</b>	<b>100.0%</b>		<b>3.7%</b>	<b>0.2%</b>

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

## CPI Heavyweight Components

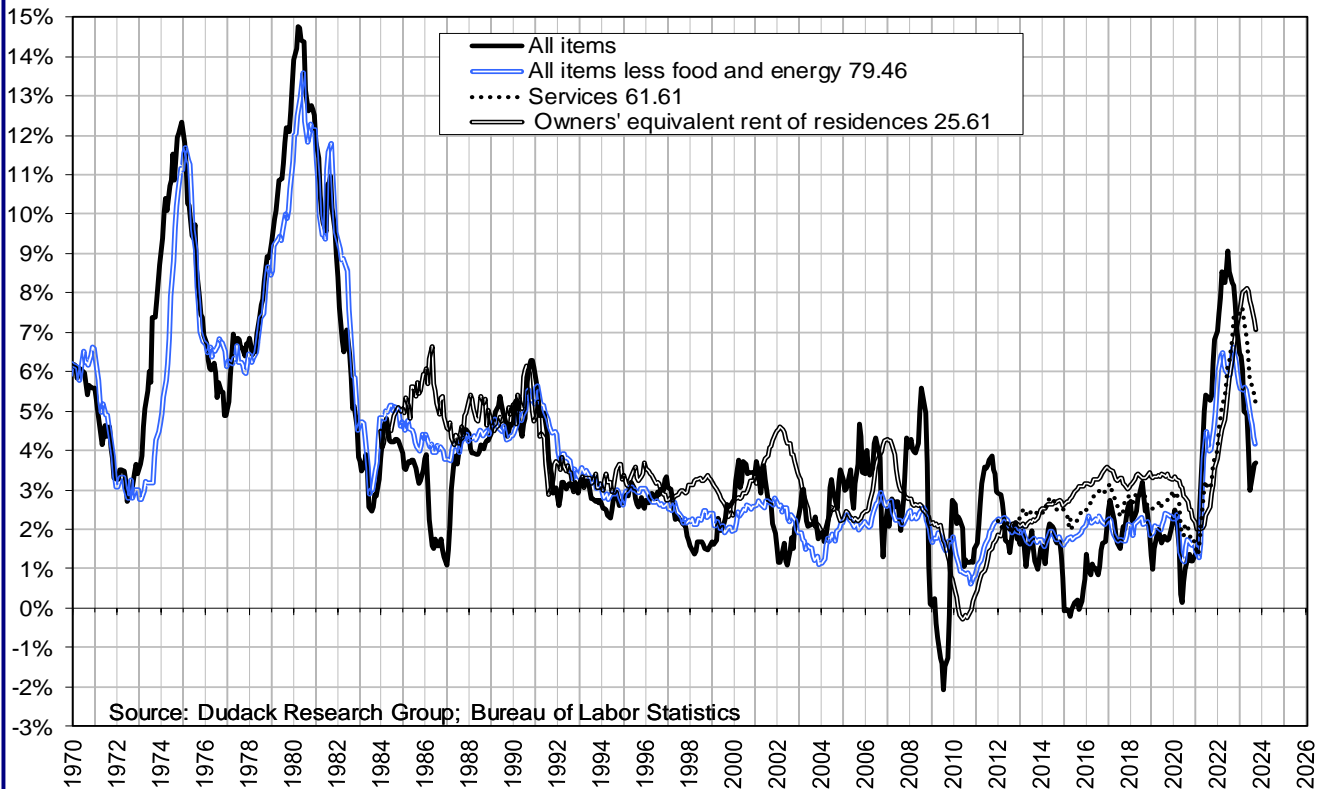
YOY% NSA & Weightings Noted in Legend



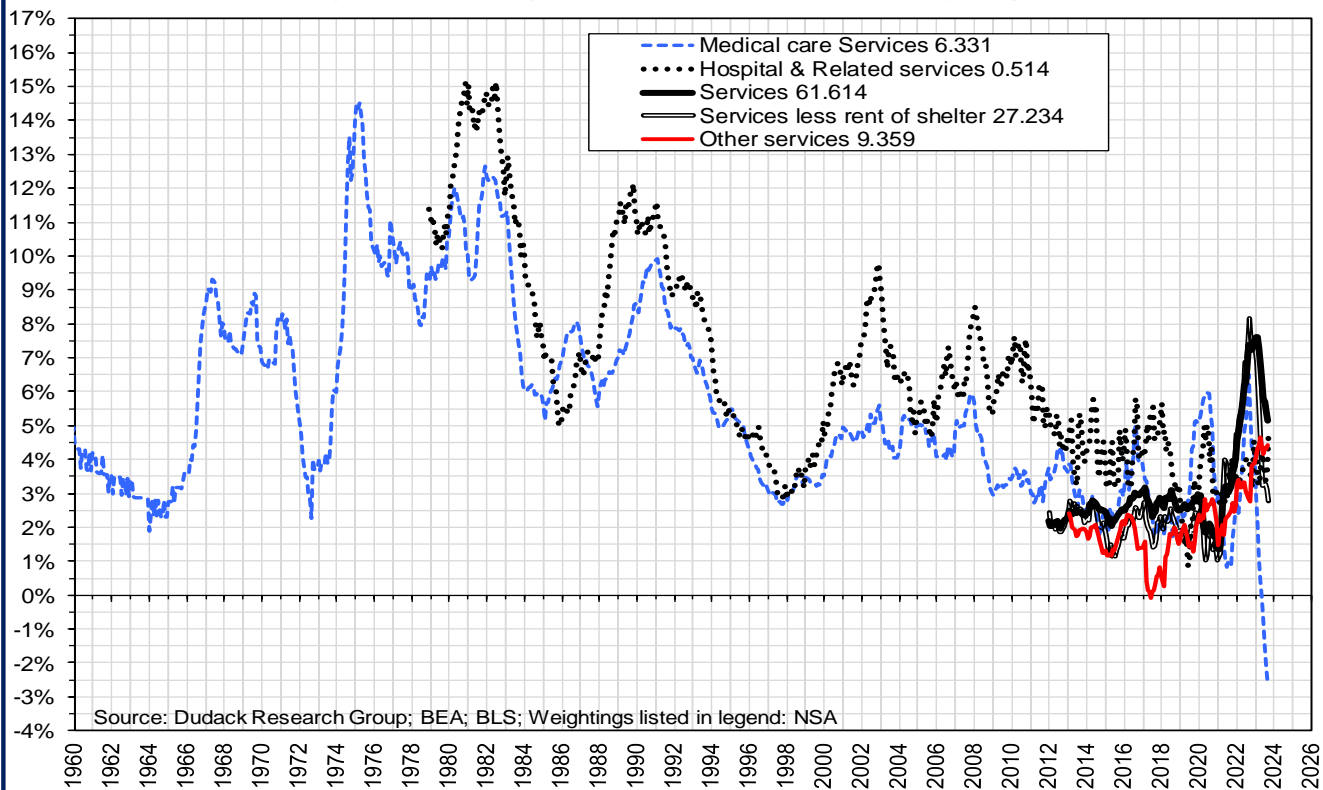


Keep in mind that while headline inflation rose modestly in September from 3.665% YOY to 3.7%, the story was in the stickiness of service sector inflation which eased only slightly from 5.39% to 5.16% in September. Owners' equivalent rent eased from 7.3% to 7.1%. Similarly, rent of primary residence eased from 7.8% to 7.4%. Medical care was negative for the third consecutive month falling 1.4% YOY. However, other services, with a 9.4% weighting is trending upward and was at 4.4% in September.

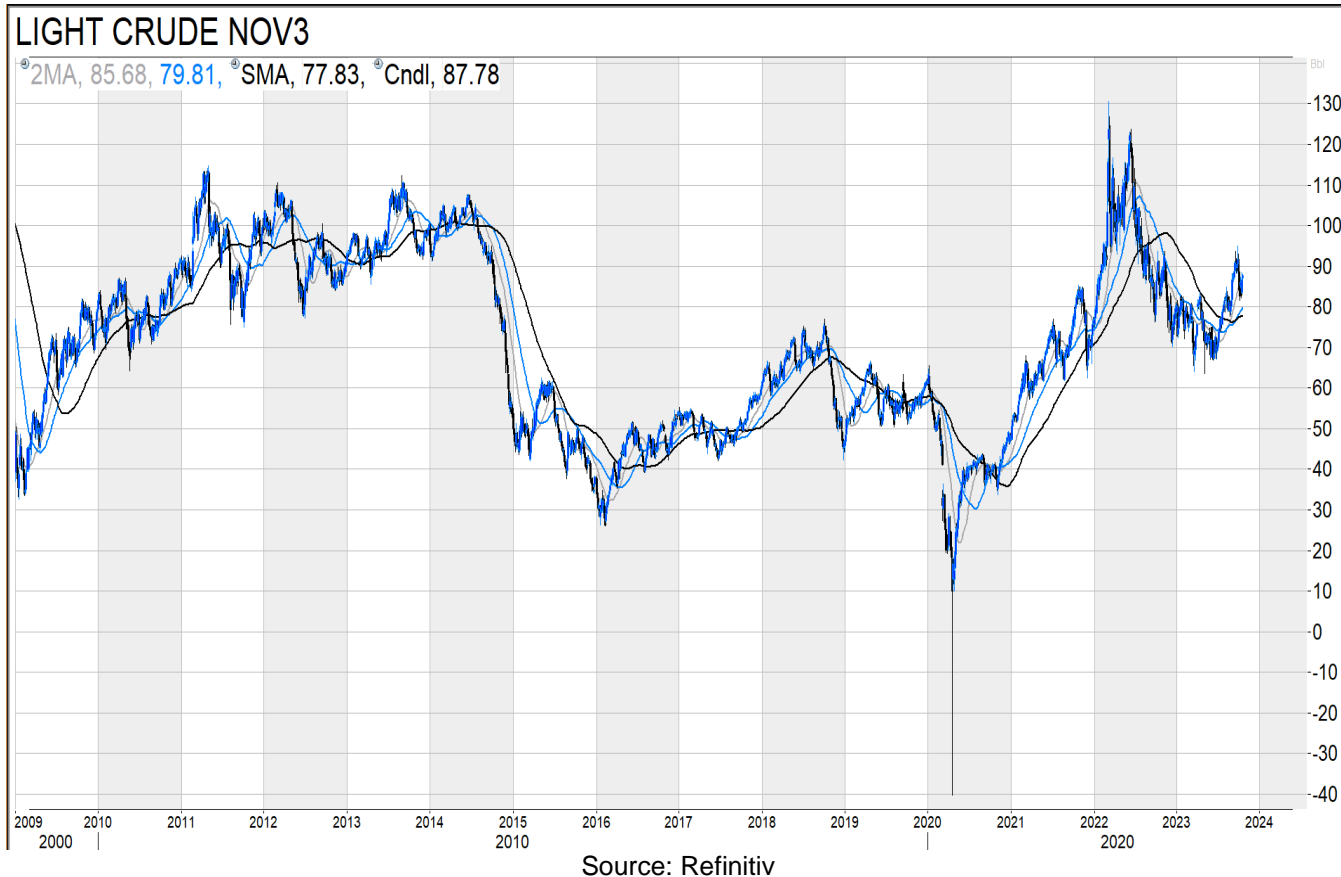
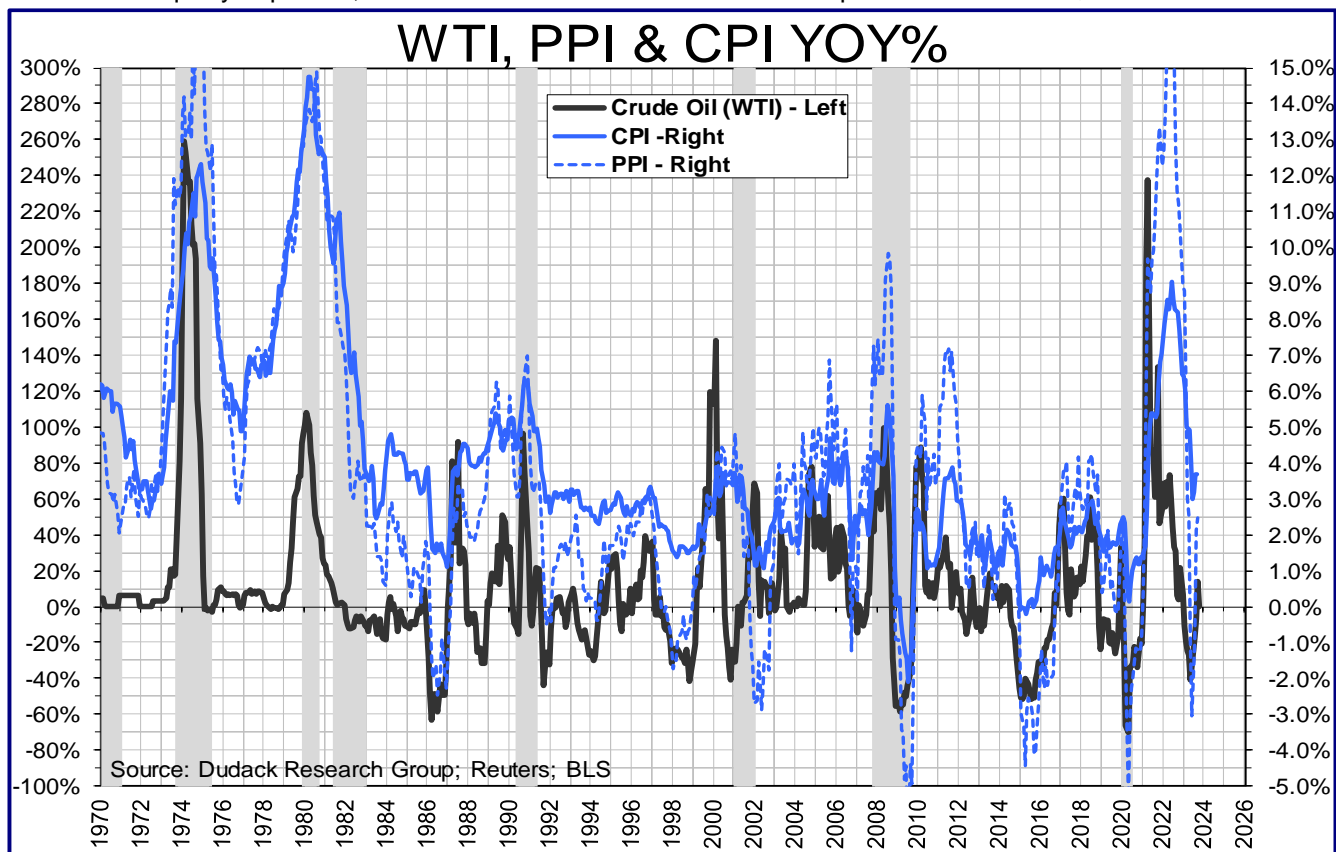
## CPI, Core, Services, & Owners' Equivalent Rent



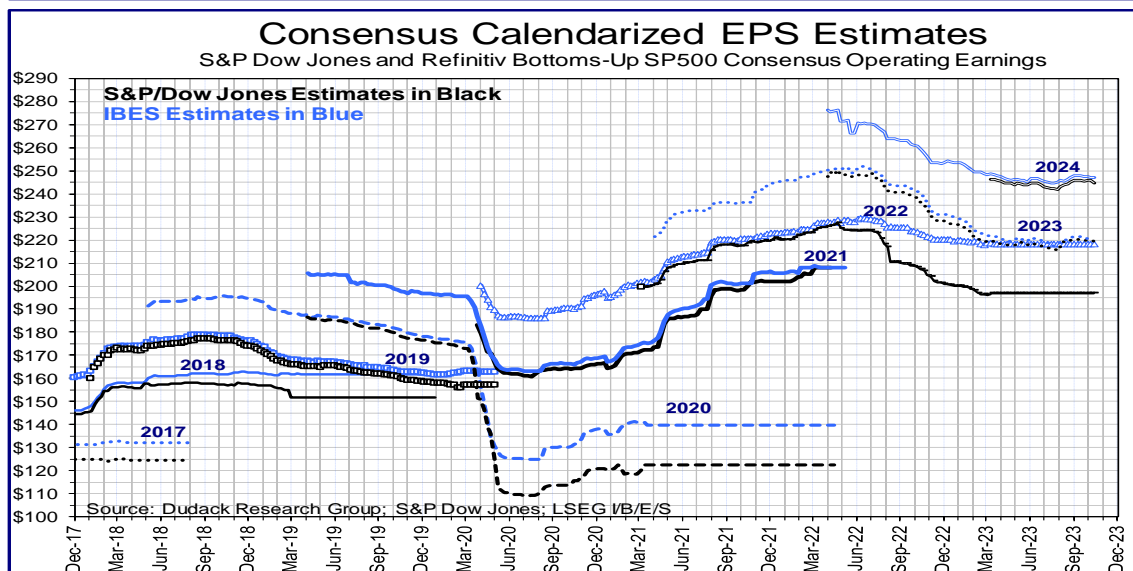
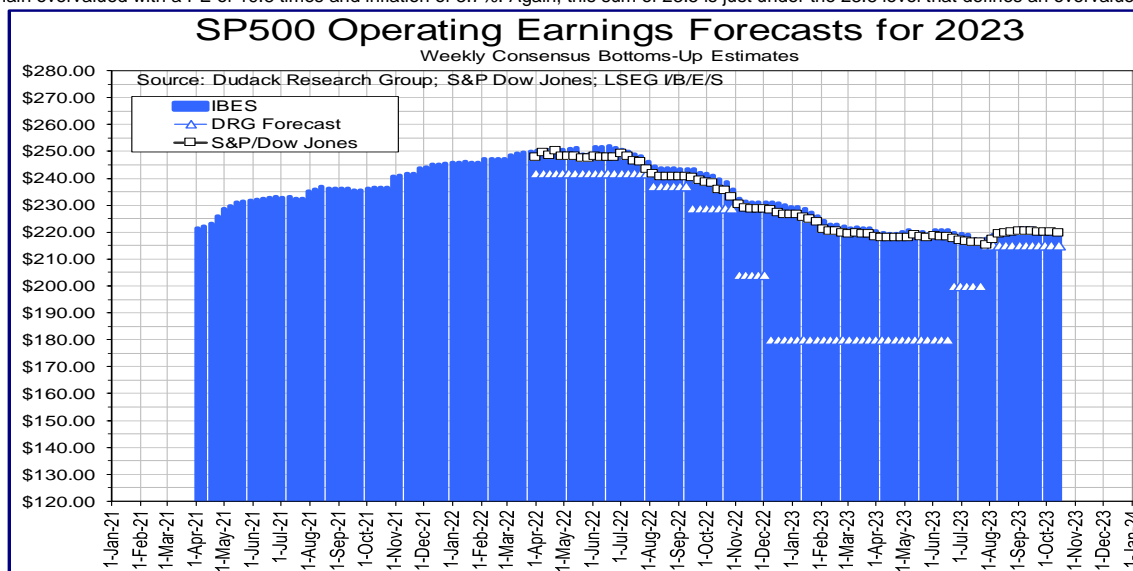
## Service Sector Inflation YOY%



Crude oil is often a key trigger for inflation and the Middle Eastern war is a major risk for energy supplies. After months of YOY declines, WTI rose 14.2% YOY in September and is up 1% YOY in October to date. This will make inflation more difficult to tame. Equally important, the chart of WTI turned bullish once the price exceeded the \$80 resistance level.



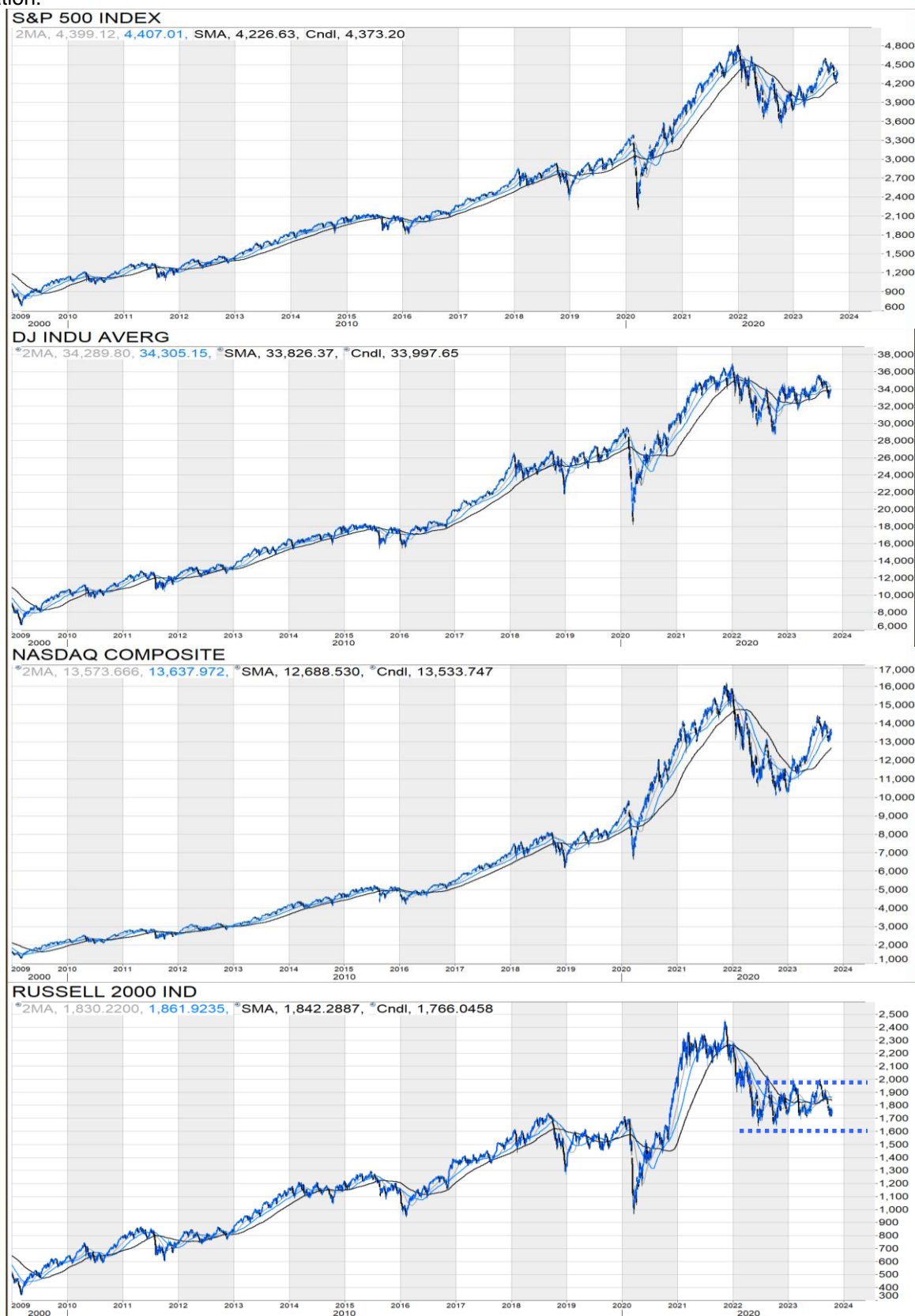
S&P Dow Jones consensus estimates for 2023 and 2024 are \$219.55 and \$244.79, respectively, down \$0.47, and \$0.99, respectively. LSEG IBES estimates for 2023 and 2024 are \$220.46 and \$246.96, down \$0.22, and \$0.21, respectively. Notably, S&P data shows that 18.4% of companies reporting first quarter 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 \$220.68 for this year, equities remain overvalued with a PE of 19.8 times and inflation of 3.7%. Again, this sum of 23.5 is just under the 23.8 level that defines an overvalued equity market.



Sector	Market Cap Weight	Share-Weight (23Q3)		Weight Difference		Forward P/E
		Earnings	Revenue	Earnings	Revenue	
Consumer Discretionary	10.6%	8.7%	12.6%	-1.9	2.0	23.3x
Consumer Staples	6.3%	6.4%	12.3%	0.1	6.0	17.8x
Energy	4.4%	7.8%	8.9%	3.4	4.4	11.1x
Financials	12.7%	17.4%	12.1%	4.7	-0.6	13.0x
Health Care	13.4%	14.4%	19.7%	1.0	6.4	16.9x
Industrials	8.3%	8.1%	10.2%	-0.1	2.0	17.1x
Materials	2.4%	2.4%	3.0%	0.0	0.6	16.8x
Real Estate	2.3%	2.4%	1.0%	0.1	-1.3	31.3x
Information Technology	28.1%	19.2%	9.9%	-9.0	-18.3	24.9x
Communication Services	9.1%	9.5%	7.2%	0.4	-1.9	16.8x
Utilities	2.3%	3.7%	3.0%	1.4	0.7	14.5x
<b>S&amp;P 500</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>			<b>18.1x</b>

Source: LSEG I/B/E/S, LSEG Datastream

The RUT continues to trade below its 200-day moving average, the DJIA fell below its long-term average but recovered in recent sessions. The SPX rebounded right off an intra-day test of its 200-day average and IXIC continues to trade well above its long-term average. Nevertheless, the major patterns remain characteristic of a long-term neutral trading range, best seen by 1650-2000 in the RUT. If the RUT breaks well below the 1650 support, it would be bad news, but this is not our expectation.

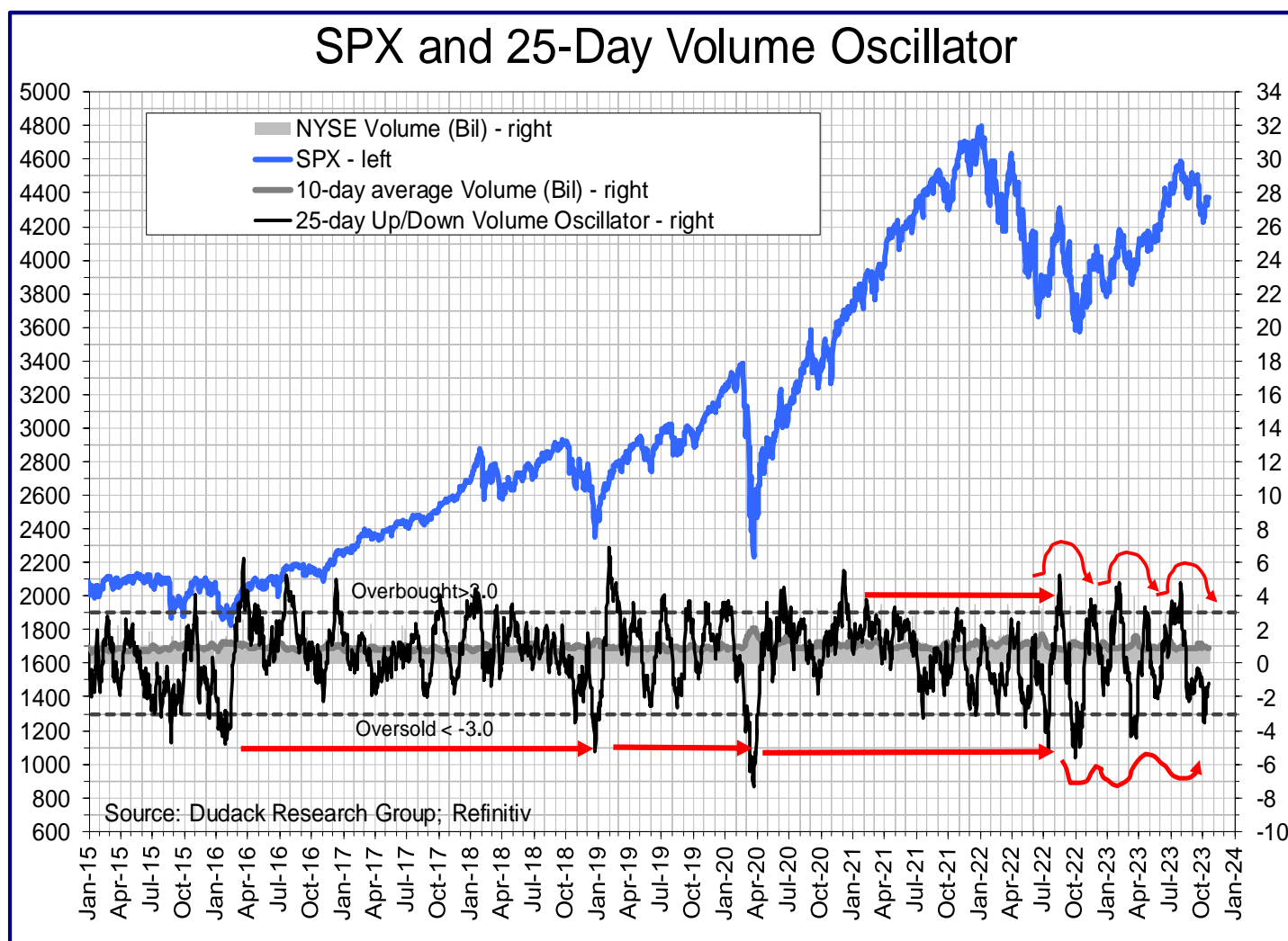


Source: Refinitiv

The 25-day up/down volume oscillator is at a negative 1.20 reading this week and neutral; however, the oscillator was oversold for three of five trading sessions in early October with readings of negative 3.0 or less.

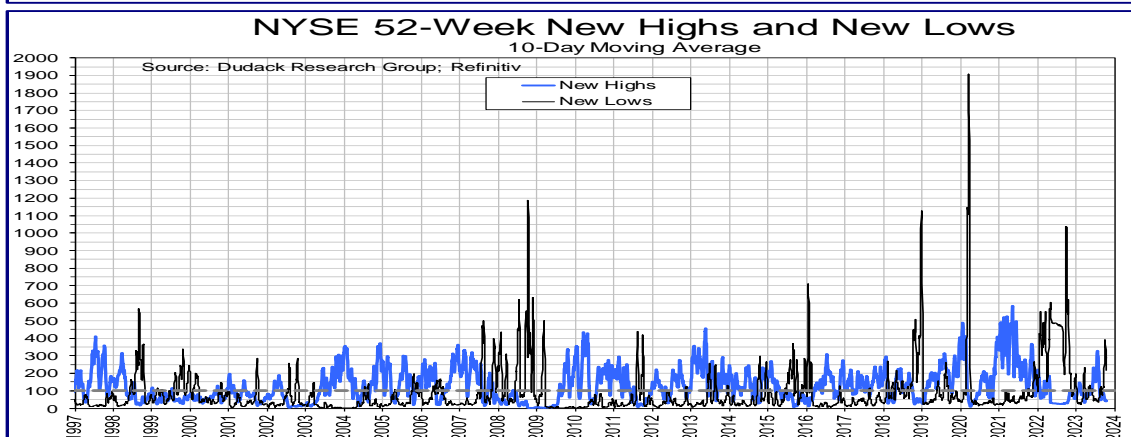
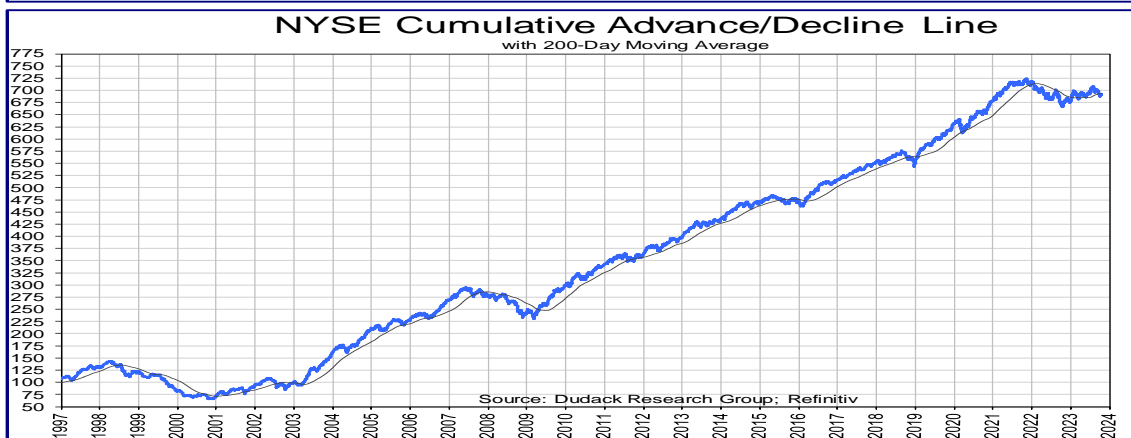
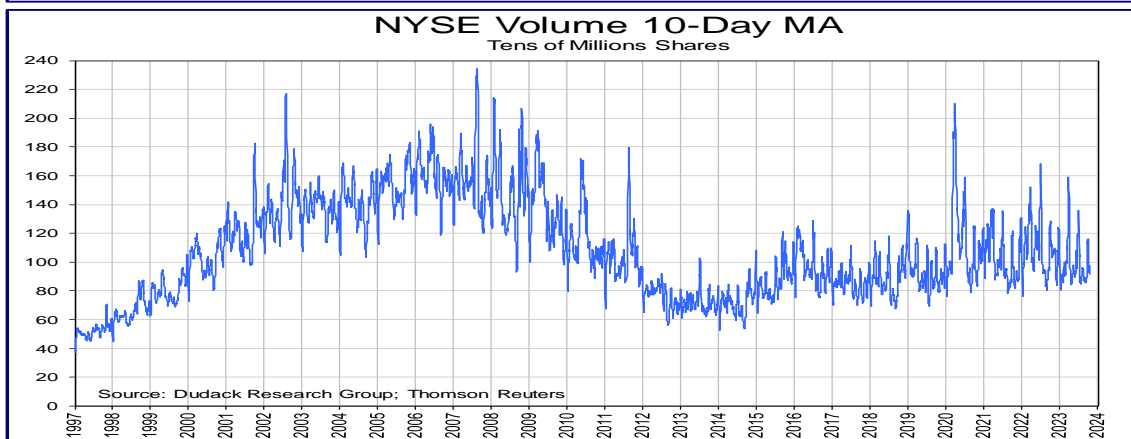
This indicator generated overbought readings in 10 of 22 trading sessions ending August 1. However, none of these overbought readings lasted the minimum of five consecutive trading days required to confirm July's advance in the averages. Strong rallies should also include at least one extremely overbought day, and this was also missing.

Now that this indicator had an oversold reading of minus 3.0 or less, the same will be true – five consecutive trading days in oversold are needed to confirm that the decline is more than a normal pullback in prices and is in fact a downtrend. To date, there have not been five consecutive trading days in oversold. This means the trend remains long-term neutral, but vulnerable.

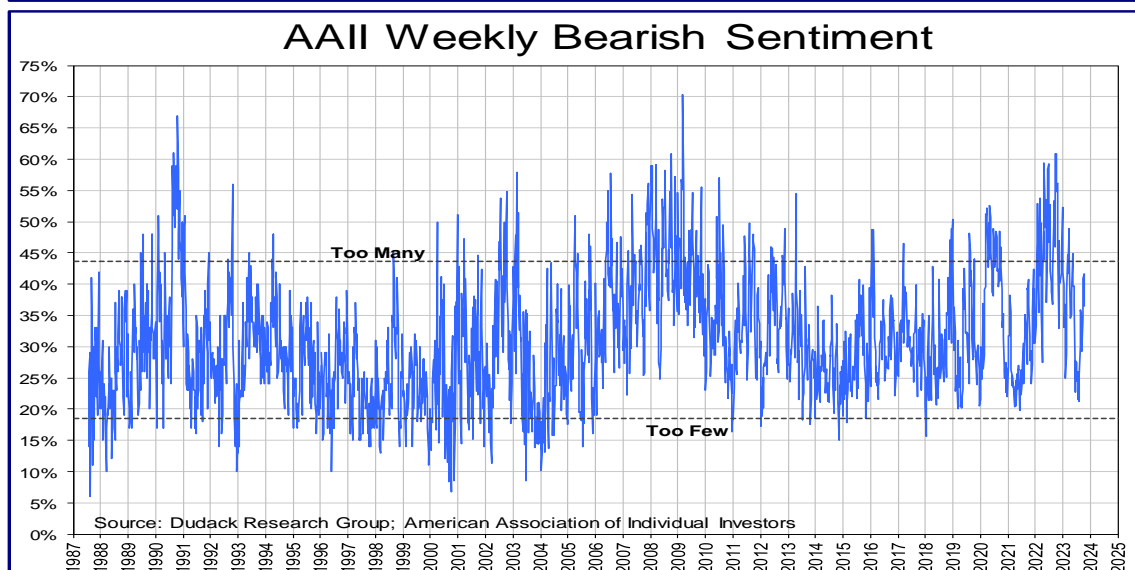
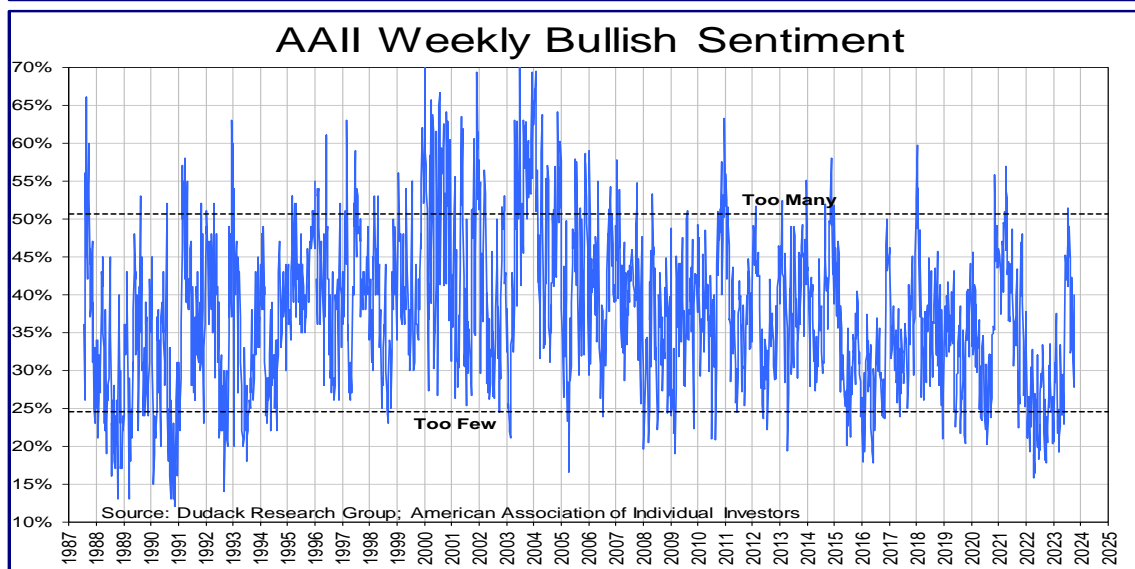
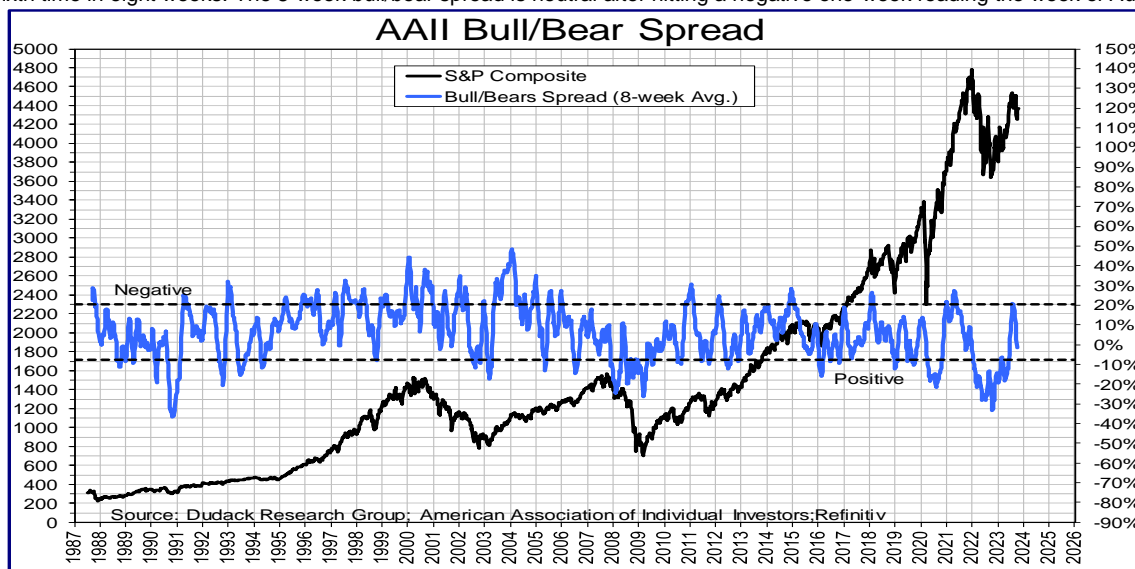




The 10-day average of daily new highs is 45 and new lows are 215. This combination is negative this week with new highs below 100 and new lows well above 100. The NYSE advance/decline line fell below the June low on September 22 and is 32,845 net advancing issues from its 11/8/21 high. July was the first time in two years that the disparity between the AD line's peak and current levels was consistently less than 30,000 net advancing issues. In recent weeks it has increased to more than 30,000 issues once again.



Last week's AAI readings showed a 9.9% rise in bullishness to 40.0%, and a 5.1% decrease in bearishness to 36.5%. Bullish sentiment was last higher on September 7, 2023 (42.2%) and is above its historical average of 37.5% for the second time in six weeks. Pessimism is above its historical average of 31.0% for the sixth time in eight weeks. The 8-week bull/bear spread is neutral after hitting a negative one-week reading the week of August 2.



## 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	68.39	0.5%	1.3%	4.3%	42.5%
<b>NASDAQ 100</b>	NDX	15122.01	-0.1%	152.45	2.8%	38.2%
Technology Select Sector SPDR	XLK	169.46	0.1%	0.3%	3.4%	36.2%
Nasdaq Composite Index Tracking Stock	ONEQ.O	53.26	-0.4%	-1.2%	2.4%	30.0%
iShares Russell 1000 Growth ETF	IWF	274.67	0.2%	-0.7%	3.3%	28.2%
Consumer Discretionary Select Sector SPDR	XLY	161.92	-0.4%	-5.7%	0.6%	25.4%
SPDR Homebuilders ETF	XHB	75.39	-1.6%	-4.4%	-1.5%	25.0%
iShares DJ US Oil Eqpt & Services ETF	IEZ	24.27	2.5%	-2.6%	1.0%	14.5%
SPDR S&P Semiconductor ETF	XSD	190.65	-3.0%	-4.5%	-2.7%	14.0%
<b>SP500</b>	.SPX	4373.20	0.3%	-1.7%	2.0%	13.9%
iShares Russell 1000 ETF	IWB	239.59	0.3%	-2.1%	2.0%	13.8%
iShares MSCI Taiwan ETF	EWT	45.26	-1.2%	-1.7%	1.6%	12.7%
<b>United States Oil Fund, LP</b>	USO	78.80	2.7%	-3.1%	-2.5%	12.4%
iShares MSCI Mexico Capped ETF	EWX	55.32	-1.6%	-7.7%	-5.0%	11.9%
iShares MSCI Japan ETF	EWJ	59.89	-0.7%	-4.9%	-0.7%	10.0%
iShares MSCI Brazil Capped ETF	EWZ	30.64	0.1%	-5.0%	-0.1%	9.5%
<b>Gold Future</b>	GCc1	2671.10	0.2%	0.8%	0.5%	8.4%
<b>Oil Future</b>	CLc1	86.66	0.8%	-4.5%	-4.5%	8.0%
iShares MSCI India ETF	INDA.K	44.77	0.4%	-0.8%	1.2%	7.3%
<b>SPDR Gold Trust</b>	GLD	178.29	3.3%	0.0%	4.0%	5.1%
iShares MSCI EAFE ETF	EFA	68.97	-0.6%	-3.4%	0.1%	5.1%
Industrial Select Sector SPDR	XLI	103.15	0.2%	-1.8%	1.7%	5.0%
iShares MSCI Germany ETF	EWG	25.92	-1.5%	-5.2%	-1.1%	4.8%
iShares MSCI United Kingdom ETF	EWU	32.09	0.3%	-1.2%	1.4%	4.7%
iShares MSCI South Korea Capped ETF	EWY	59.04	0.8%	-6.5%	0.2%	4.5%
Energy Select Sector SPDR	XLE	91.13	2.7%	-1.0%	0.8%	4.2%
PowerShares Water Resources Portfolio	PHO	53.58	-0.1%	-2.0%	0.8%	4.0%
Vanguard FTSE All-World ex-US ETF	VEU	51.89	-0.6%	-3.9%	0.0%	3.5%
iShares MSCI Austria Capped ETF	EWO	19.64	0.5%	-1.9%	-0.1%	3.4%
iShares Russell 2000 Growth ETF	IWO	221.20	-1.2%	-4.9%	-1.3%	3.1%
iShares MSCI Canada ETF	EWC	33.62	0.6%	-4.7%	0.5%	2.7%
SPDR DJIA ETF	DIA	339.99	0.8%	-1.8%	1.5%	2.6%
<b>DJIA</b>	.DJI	33997.65	0.8%	-1.8%	1.5%	2.6%
Materials Select Sector SPDR	XLB	79.17	0.3%	-3.1%	0.8%	1.9%
SPDR S&P Retail ETF	XRT	61.26	1.7%	-1.6%	0.7%	1.3%
iShares Russell 1000 Value ETF	IWD	152.45	0.4%	-3.7%	0.4%	0.5%
iShares MSCI Emerg Mkts ETF	EEM	38.04	-0.4%	-2.8%	0.2%	0.4%
<b>iShares Russell 2000 ETF</b>	IWM	174.95	-0.6%	-4.7%	-1.0%	0.3%
Shanghai Composite	.SSEC	3083.50	0.3%	-1.1%	-0.9%	-0.2%
Financial Select Sector SPDR	XLF	33.72	1.3%	-3.2%	1.7%	-1.4%
iShares MSCI BRIC ETF	BKF	33.59	-1.1%	-2.6%	-0.1%	-2.2%
iShares MSCI Singapore ETF	EWS	18.29	-0.8%	-2.2%	-0.3%	-2.8%
iShares Russell 2000 Value ETF	IWN	134.73	0.1%	-4.4%	-0.6%	-2.8%
iShares MSCI Australia ETF	EWA	21.58	-0.7%	-3.0%	0.3%	-2.9%
Health Care Select Sect SPDR	XLV	130.99	-0.1%	-0.9%	1.7%	-3.6%
<b>Silver Future</b>	Slc1	22.86	5.0%	-1.1%	2.8%	-4.2%
iShares US Telecomm ETF	IYZ	21.36	0.7%	-4.0%	0.3%	-4.8%
<b>iShares Silver Trust</b>	SLV	21.87	4.7%	-0.9%	2.9%	-4.8%
iShares iBoxx \$ Invest Grade Corp Bond	LQD	99.88	-1.4%	-4.3%	-2.1%	-5.3%
iShares US Real Estate ETF	IYR	78.80	1.0%	-6.8%	0.8%	-6.4%
iShares China Large Cap ETF	FXI	26.45	-1.6%	-2.7%	-0.3%	-6.5%
iShares Nasdaq Biotechnology ETF	IBB.O	122.14	-0.7%	-3.5%	-0.1%	-7.0%
iShares MSCI Malaysia ETF	EWM	20.86	0.5%	-1.5%	1.3%	-8.7%
Consumer Staples Select Sector SPDR	XLP	67.78	0.5%	-5.9%	-1.5%	-9.1%
iShares 20+ Year Treas Bond ETF	TLT	85.25	-1.6%	-8.3%	-3.9%	-14.4%
Utilities Select Sector SPDR	XLU	59.75	1.9%	-8.0%	1.4%	-15.2%
SPDR S&P Bank ETF	KBE	37.53	1.8%	-2.6%	1.8%	-16.9%
iShares MSCI Hong Kong ETF	EWH	17.36	-0.9%	-1.0%	1.2%	-17.4%

Outperformed SP500

Underperformed SP500

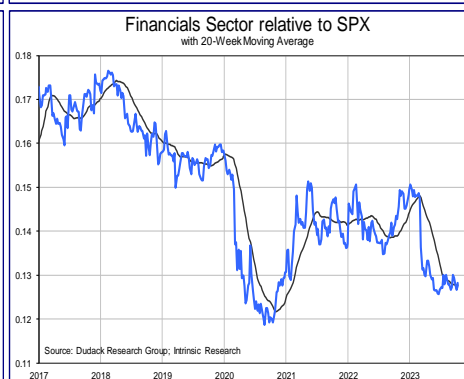
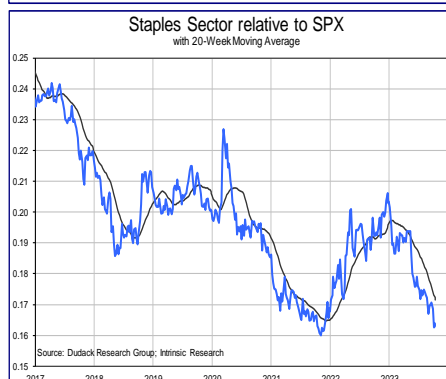
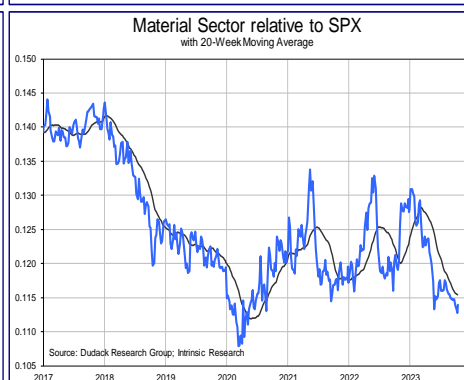
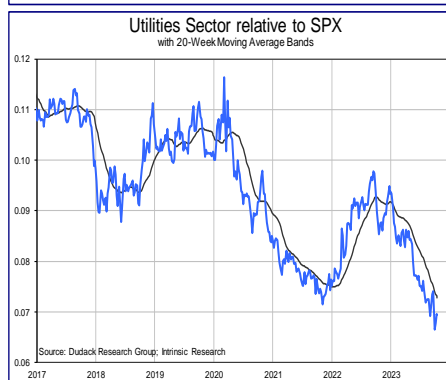
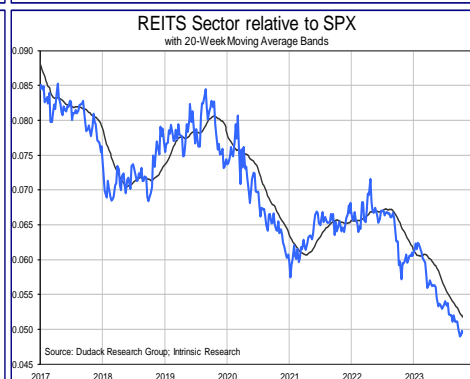
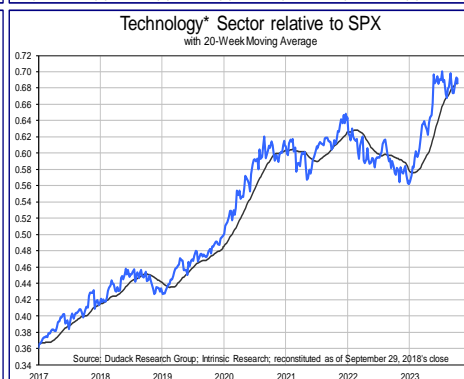
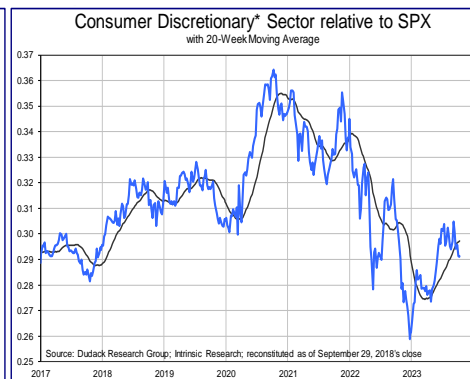
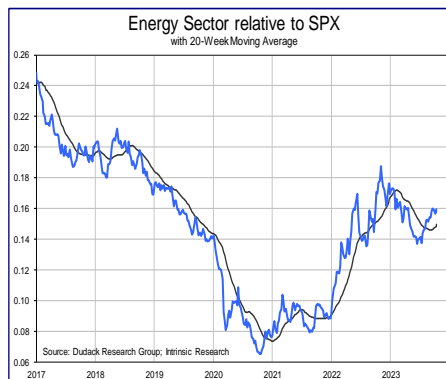
Source: Dudack Research Group; Refinitiv

Priced as of October 17, 2023

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

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

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 COMMUNICATIONS SERVICES	46.1%
S&P INFORMATION TECH	38.2%
S&P CONSUMER DISCRETIONARY	26.7%
S&P 500	13.9%
S&P INDUSTRIALS	5.0%
S&P ENERGY	3.8%
S&P MATERIALS	1.8%
S&P FINANCIAL	-1.6%
S&P HEALTH CARE	-3.7%
S&P REITS	-6.9%
S&P CONSUMER STAPLES	-8.1%
S&P UTILITIES	-15.4%

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	~~~~~	\$201.65	\$219.55	\$212.38	7.8%	\$220.46	1.1%	19.9X	NA	NA	NA	NA
2024E	~~~~~	\$229.86	\$244.79	\$230.00	8.3%	\$246.96	12.0%	17.9X	NA	NA	NA	NA
2016 1Q	2059.74	\$21.72	\$23.97	\$23.97	-7.1%	\$26.96	-5.7%	20.9	2.1%	2.3%	\$1,777.50	-2.5%
2016 2Q	2098.86	\$23.28	\$25.70	\$25.70	-1.7%	\$29.61	-1.6%	21.4	2.1%	1.3%	\$1,733.10	-3.8%
2016 3Q	2168.27	\$25.39	\$28.69	\$28.69	12.8%	\$31.21	4.1%	21.4	2.1%	2.9%	\$1,754.80	-1.5%
2016 4Q	2238.83	\$24.16	\$27.90	\$27.90	21.0%	\$31.30	6.0%	21.1	2.0%	2.2%	\$1,807.70	7.7%
2017 1Q	2362.72	\$27.46	\$28.82	\$28.82	20.2%	\$30.90	14.6%	21.3	2.0%	2.0%	\$1,911.40	7.5%
2017 2Q	2423.41	\$27.01	\$30.51	\$30.51	18.7%	\$32.58	10.0%	20.9	1.9%	2.3%	\$1,896.90	9.5%
2017 3Q	2519.36	\$28.45	\$31.33	\$31.33	9.2%	\$33.45	7.2%	21.2	1.9%	3.2%	\$1,927.00	9.8%
2017 4Q	2673.61	\$26.96	\$33.85	\$33.85	21.3%	\$36.02	15.1%	21.5	1.8%	4.6%	\$1,977.10	9.4%
2018 1Q	2640.87	\$33.02	\$36.54	\$36.54	26.8%	\$38.07	23.2%	20.0	1.9%	3.3%	\$2,028.40	6.1%
2018 2Q	2718.37	\$34.05	\$38.65	\$38.65	26.7%	\$41.00	25.8%	19.4	1.9%	2.1%	\$2,071.00	9.2%
2018 3Q	2913.98	\$36.36	\$41.38	\$41.38	32.1%	\$42.66	27.5%	19.4	1.8%	2.5%	\$2,072.00	7.5%
2018 4Q	2506.85	\$28.96	\$35.03	\$35.03	3.5%	\$41.18	14.3%	16.5	2.1%	0.6%	\$2,099.60	6.2%
2019 1Q	2834.40	\$35.02	\$37.99	\$37.99	4.0%	\$39.15	2.8%	18.5	1.9%	2.2%	\$2,124.50	4.7%
2019 2Q	2941.76	\$34.93	\$40.14	\$40.14	3.9%	\$41.31	0.8%	19.0	1.9%	3.4%	\$2,147.20	3.7%
2019 3Q	2976.74	\$33.99	\$39.81	\$39.81	-3.8%	\$42.14	-1.2%	19.5	1.9%	4.6%	\$2,220.30	7.2%
2019 4Q	3230.78	\$35.53	\$39.18	\$39.18	11.8%	\$41.98	1.9%	20.6	1.8%	2.6%	\$2,199.60	4.8%
2020 1Q	2584.59	\$11.88	\$19.50	\$19.50	-48.7%	\$33.13	-15.4%	18.6	2.3%	-5.3%	\$1,993.80	-6.2%
2020 2Q	4397.35	\$17.83	\$26.79	\$26.79	-33.3%	\$27.98	-32.3%	35.1	1.9%	-28.0%	\$1,785.00	-16.9%
2020 3Q	3363.00	\$32.98	\$37.90	\$37.90	-4.8%	\$38.69	-8.2%	27.3	1.7%	34.8%	\$2,386.80	7.5%
2020 4Q	3756.07	\$31.45	\$38.19	\$38.19	-2.5%	\$42.58	1.4%	30.7	1.6%	4.2%	\$2,137.60	-2.8%
2021 1Q	3972.89	\$45.95	\$47.41	\$47.41	143.1%	\$49.13	48.3%	26.4	1.5%	5.2%	\$2,401.00	20.4%
2021 2Q	4297.50	\$48.39	\$52.03	\$52.03	94.2%	\$52.58	87.9%	24.5	1.3%	6.2%	\$2,596.30	45.5%
2021 3Q	4307.54	\$49.59	\$52.02	\$52.02	37.3%	\$53.72	38.8%	22.7	1.4%	3.3%	\$2,553.30	7.0%
2021 4Q	4766.18	\$53.94	\$56.71	\$56.71	48.5%	\$53.95	26.7%	22.9	1.3%	7.0%	\$2,521.90	18.0%
2022 1Q	4530.41	\$45.99	\$49.36	\$49.36	4.1%	\$54.80	11.5%	21.6	1.4%	-2.0%	\$2,497.90	4.0%
2022 2Q	3785.38	\$42.74	\$46.87	\$46.87	-9.9%	\$57.62	9.6%	18.5	1.7%	-0.6%	\$2,712.60	4.5%
2022 3Q	3585.62	\$44.41	\$50.35	\$50.35	-3.2%	\$56.02	4.3%	17.6	1.8%	2.7%	\$2,754.60	7.9%
2022 4Q	3839.50	\$39.61	\$50.37	\$50.37	-11.2%	\$53.15	-1.5%	19.5	1.7%	2.6%	\$2,700.10	7.1%
2023 1QE	4109.31	\$48.41	\$52.54	\$52.54	6.4%	\$53.08	-3.1%	20.5	1.7%	2.2%	\$2,588.60	3.6%
2023 2QE	4450.38	\$48.58	\$54.84	\$54.84	17.0%	\$54.29	-5.8%	21.4	1.5%	2.1%	\$2,601.80	-4.1%
2023 3QE	4288.05	\$51.17	\$55.01	\$52.00	3.3%	\$55.78	-0.4%	20.2	1.6%	NA	NA	NA
2023 4QE*	4373.2	\$53.49	\$57.16	\$53.00	5.2%	\$57.88	8.9%	19.9	NA	NA	NA	NA

Source: DRG; S&amp;P Dow Jones; Refinitiv Consensus estimates; \*\*quarterly EPS may not sum to official CY estimates

\*10/17/2023



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