Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
Gail M. Dudack, CMT ● Chief Investment Strategist ● gail@dudackresearchgroup.com ● 212-320-2045 January 17, 2024

DJIA: 37361.12
SPX: 4765.98
NASDAQ: 14944.35

US Strategy Weekly

Bonds May Hold the Key

The December rally seems to have run out of momentum early in 2024, and despite three attempts by the S&P 500 index to better its all-time record, it is yet to do so. And while the financial media talks about the market being in record territory, only the Dow Jones Industrial Average managed to eke out a new high recently. Our favorite barometer, the Russell 2000 index, dropped back below the critical 2000 resistance/support level making the bullish December breakout questionable.

Federal Reserve Policy Expectations

There have not been any new developments to stop the advance. However, the December rally was driven by the consensus view that multiple Fed rate cuts were on the horizon and interest rates would begin to fall in March. The new year has tempered these expectations a bit, but we are concerned that those expecting rates to fall at the long end of the curve may also be disappointed. It is not new news that Treasury issuance is expected to nearly double to $2 trillion in 2024. Given this huge increase in supply, prices may have to fall and yields rise to entice demand for this flood of new debt.

It was not long ago that a credit rating downgrade by Fitch fueled a bond selloff that saw the 10-year yield reach 5%, its highest level since 2007. Signs that inflation is stickier than expected could also complicate the supply/demand picture for Treasury issuance. To offset these fears, some economists are theorizing that the central bank may end its quantitative tightening policy earlier than expected in order to improve the supply/demand balance in the marketplace. In the last 18 months, the Fed has reduced its balance sheet by over $1 trillion through quantitative tightening. But some Fed officials, perhaps in response to these fears, recently said the central bank should start considering slowing down and ending the shrinkage of its bond holdings.

Also working against the bond market is the fact that fiscal deficits remain historically high, and the 12-month total deficit was 8% of GDP in December. See page 3. At the end of 2023, the deficit was due in large part to a 7.2% YOY decline in receipts, or government revenues. Revenue declines of this size are worrisome since they represent a decline in income or corporate profits and are usually associated with a recession. In short, this could be a warning for the economy as well as the bond market. It is also worth noting that the current deficit at 8% of GDP is greater than the average 12-month deficit seen prior to the COVID-19 shutdown. Deficits normally run high during recessions but decrease during economic expansions. The fiscal stimulus policies maintained throughout 2023 did boost the economy, as seen in third quarter GDP, but it came at the cost of increasing federal debt to high levels.

The composition of federal debt issuance is directed by the Treasury Secretary, and some have noticed that an increasing portion of debt has been issued at the shorter end of the yield curve, in Treasury bills. This makes sense if interest rates are close to zero, but after Fed tightening lifted short-term interest rates over 5%, this shift has contributed to the problem of rapidly rising interest payments on the debt. Data from the St. Louis Federal Reserve showed that at the end of 2023, government payments on the debt reached 11% of total government outlays. See page 4.

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

We think some economists believe this rise in government interest outlays may force the Federal Reserve to lower rates earlier than they may want to do so. This may be true, but for that to happen inflation must also fall.

Economists will be watching every Treasury quarterly refunding announcement in 2024, not only to analyze the supply of debt coming to market but also its composition. The Treasury Borrowing Advisory Committee recommends that short-term financing not be more than 20% of federal debt in order to keep financing manageable. But the 20% level was exceeded in 2020, and at the end of 2023 Treasury bills represented 17% of federal debt and the trend was rising. See page 5. In sum, Treasuries could exceed 20% in coming quarters, and this would increase government interest payments even more. All in all, the bond markets need to be monitored closely this year, since the equity market has already discounted lower interest rates in 2024 not higher interest rates.

Inflation Expectations

The December CPI report showed headline inflation rising from 3.1% to 3.3% in December, with core CPI falling a bit from 4.0% to 3.9%. Our work uses non-seasonally adjusted data, and it shows a slightly different scenario of headline inflation falling 0.1 in December to 3.4% and core CPI increasing 0.1 to 3.9%. But more importantly, most underlying components of the CPI were rising faster than the headline index on a month-to-month basis. See page 6. Overall, most inflation measures show prices decelerating from their 2022 peaks and we think this should continue if energy prices remain stable.

What is a concern is that while headline and core inflation seem to be decelerating, several components of the CPI appear to be rebounding. See page 7. Transportation is the greatest concern for us, but in the service arena, components like motor vehicle insurance are rising 20% YOY. Note, while motor vehicle insurance only has a 2.9% weighting in the index, it is a service that impacts a majority of US households. We think it is items like this, the 5.0% YOY increase in personal care products, or the 5.1% YOY increase in pets, pet products and services, which keep many households concerned about inflation. See page 7.

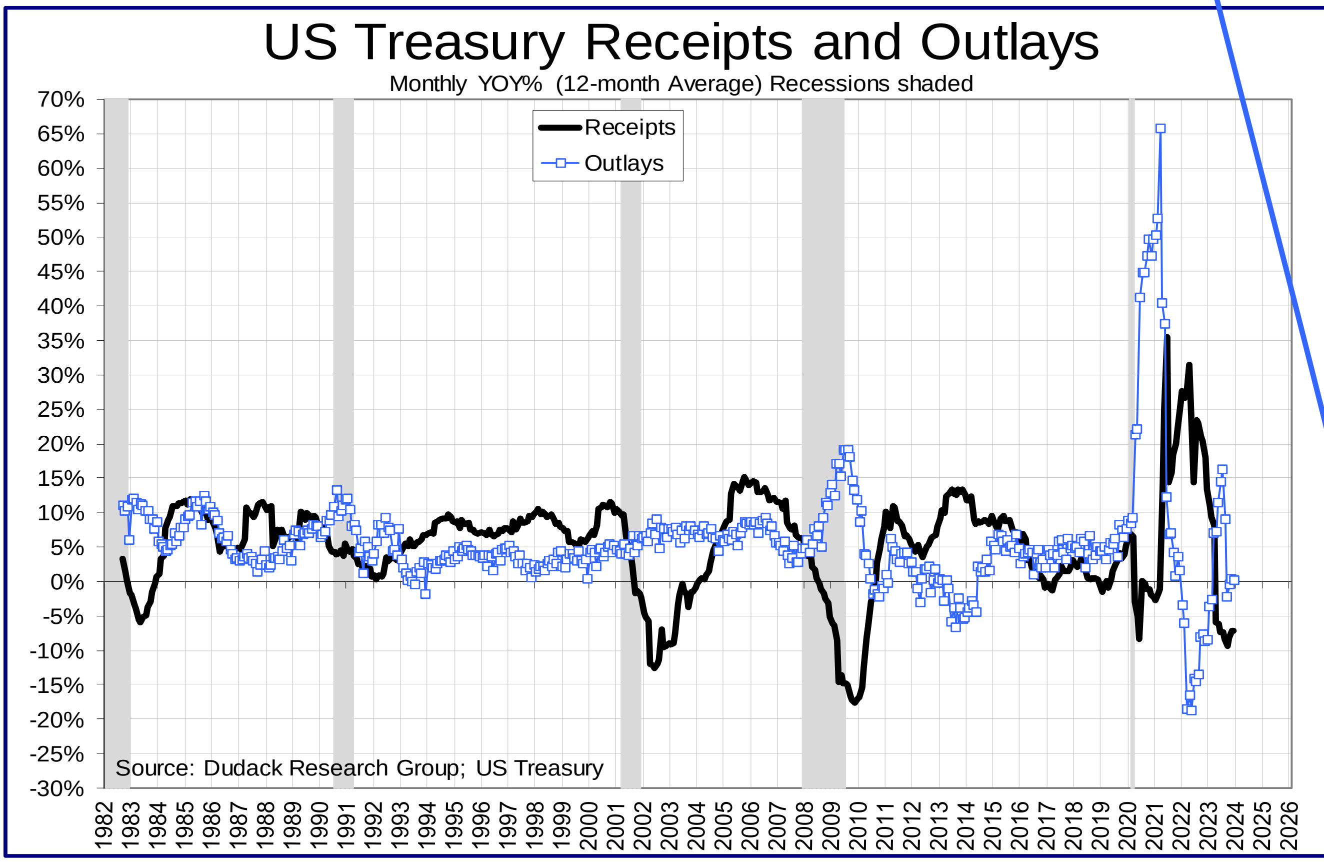
Technical Update

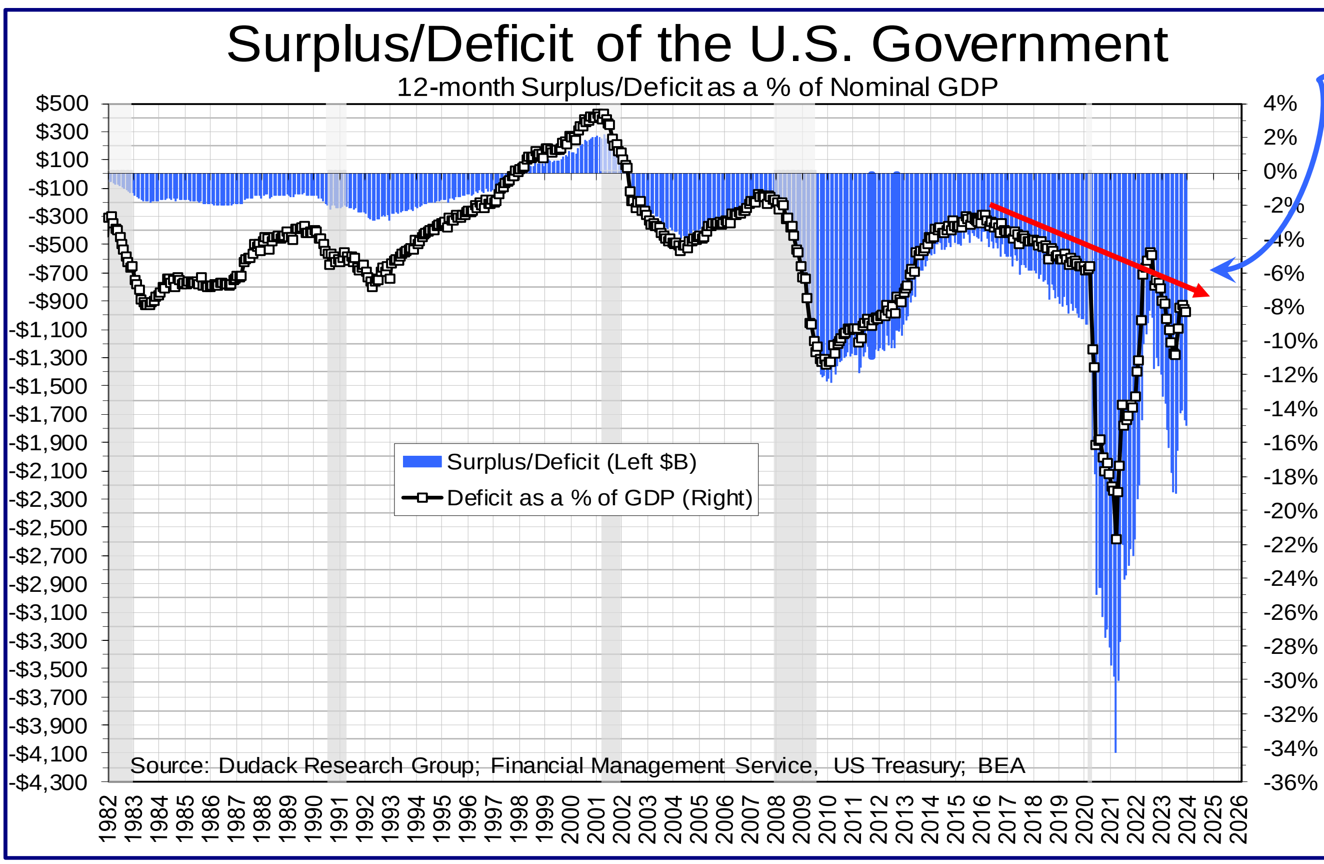
December's bullish breakouts in all four of the popular indices were perpendicular and dramatic, but weeks later only the Dow Jones Industrial Average recorded an all-time high. The S&P 500 remains interesting at this juncture since it has been fractionally away from a new record three times in the last month but is yet to better its January 3, 2022 high of 4796.56. The Russell 2000, after beating the key 2000 resistance, has now dropped below this resistance/support level, and this neutralizes the December breakout. See page 9.

The 25-day up/down volume oscillator is at 1.02 and neutral this week after being in overbought territory of 3.0 or higher for 22 of the 25 consecutive trading days ending January 5. This indicator needed to remain in overbought territory for a minimum of five consecutive trading sessions to sanction the advance, which means that the oscillator has confirmed the December uptrend as "significant." January's pullback in prices may simply be a short consolidation phase, but it may last longer than some think, since we believe the equity market needs a new catalyst to propel stock prices higher. The obvious catalyst would be better-than-expected earnings, but to date, that has not materialized.

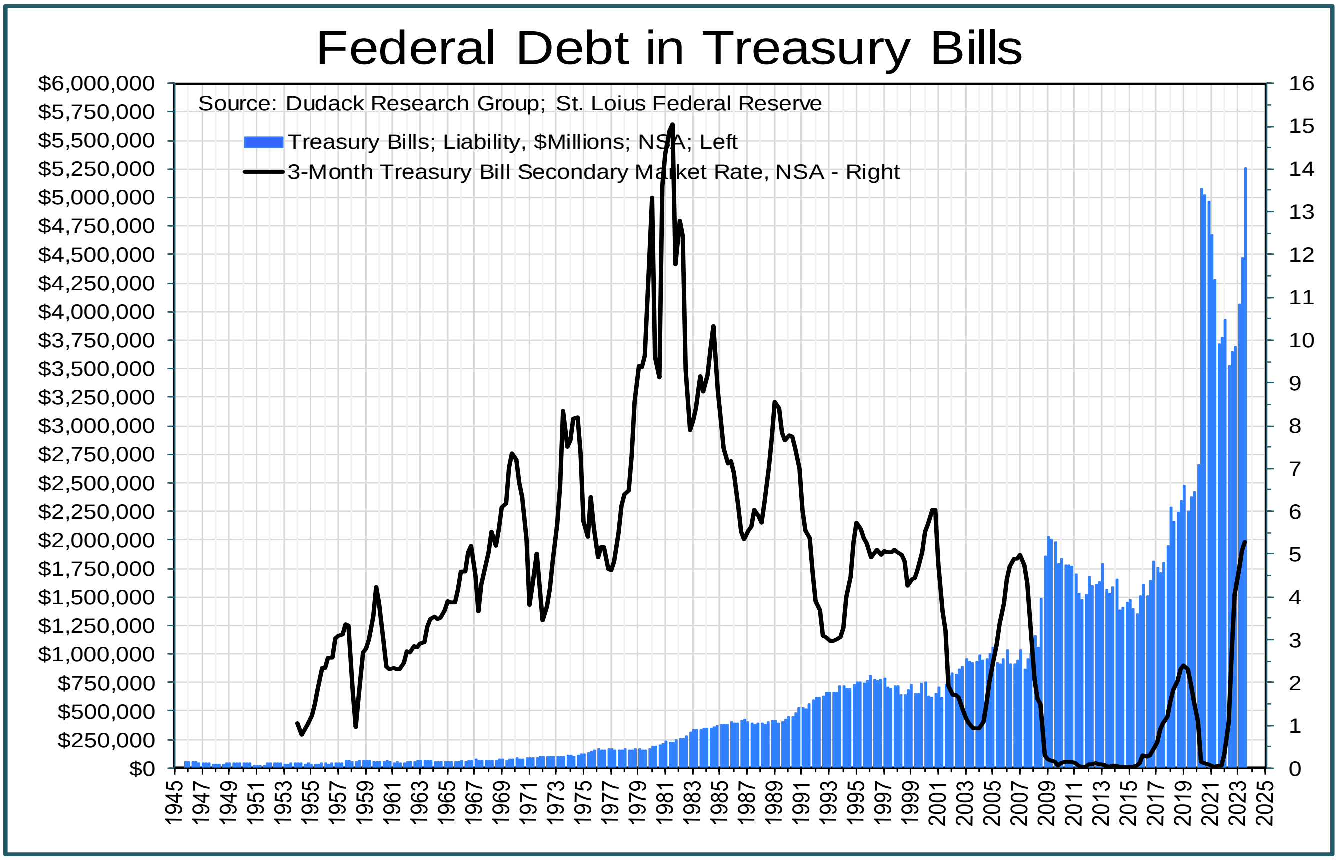
As we wrote last week, December's rally was driven by liquidity, not by valuation. At present, based on the LSEG IBES earnings estimate of $243.51 for this year, equities remain overvalued with a PE of 19.6 times. Adding 19.6 and the inflation rate of 3.4%, sums to 23.0, or just below the 23.8 level that defines an overvalued equity market. Based on the S&P estimate of $241.25; the 2024 PE is 19.8 times and even higher. We remain cautious.

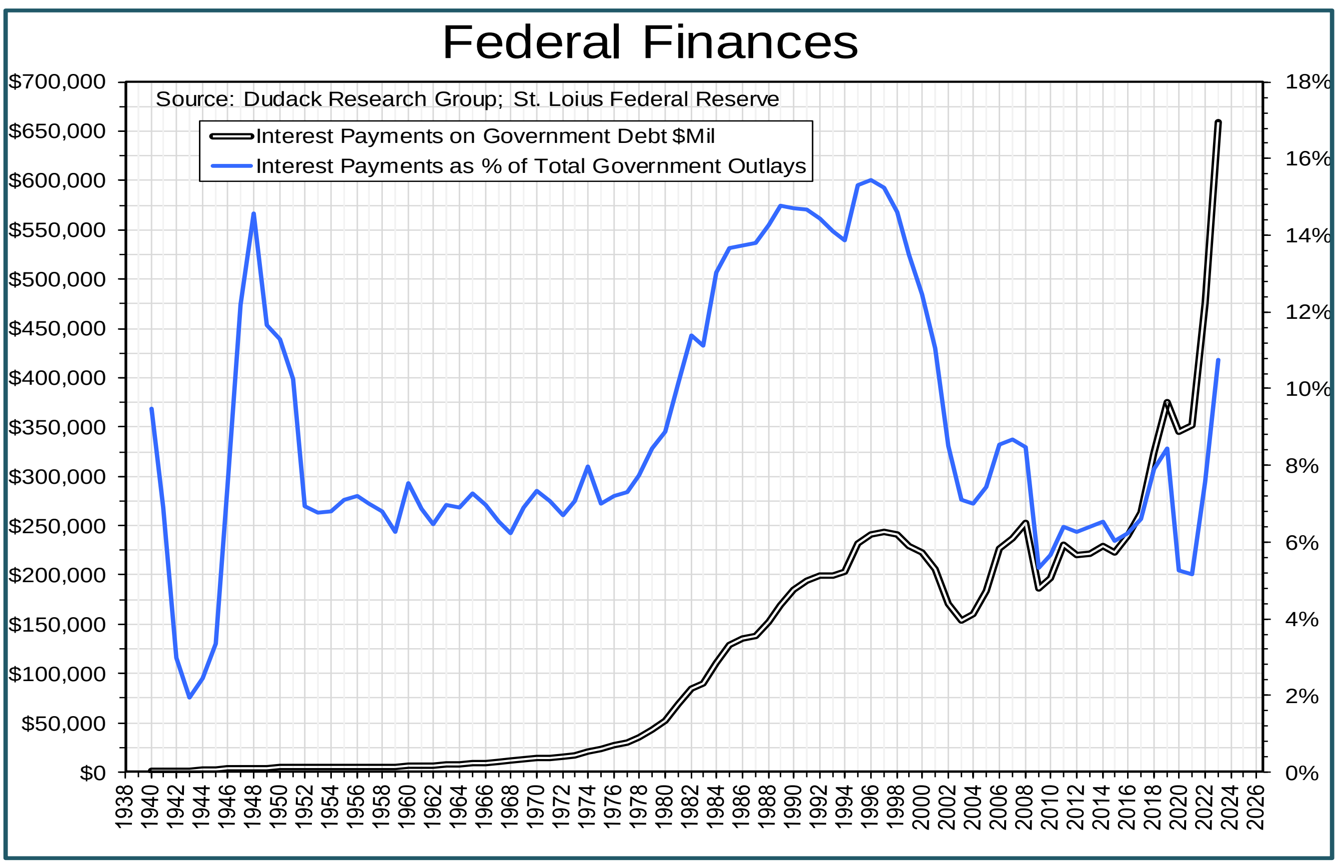
Fiscal deficits were running at 8% of GDP in December, due in large part to the 7.2% YOY decline in receipts. Revenue declines of this size are worrisome since they are usually associated with a recession. This is a warning sign for the economy. Also note that a deficit of 8% of GDP is greater than the average 12-month deficit seen prior to the COVID 19 shutdown. This is also ominous.



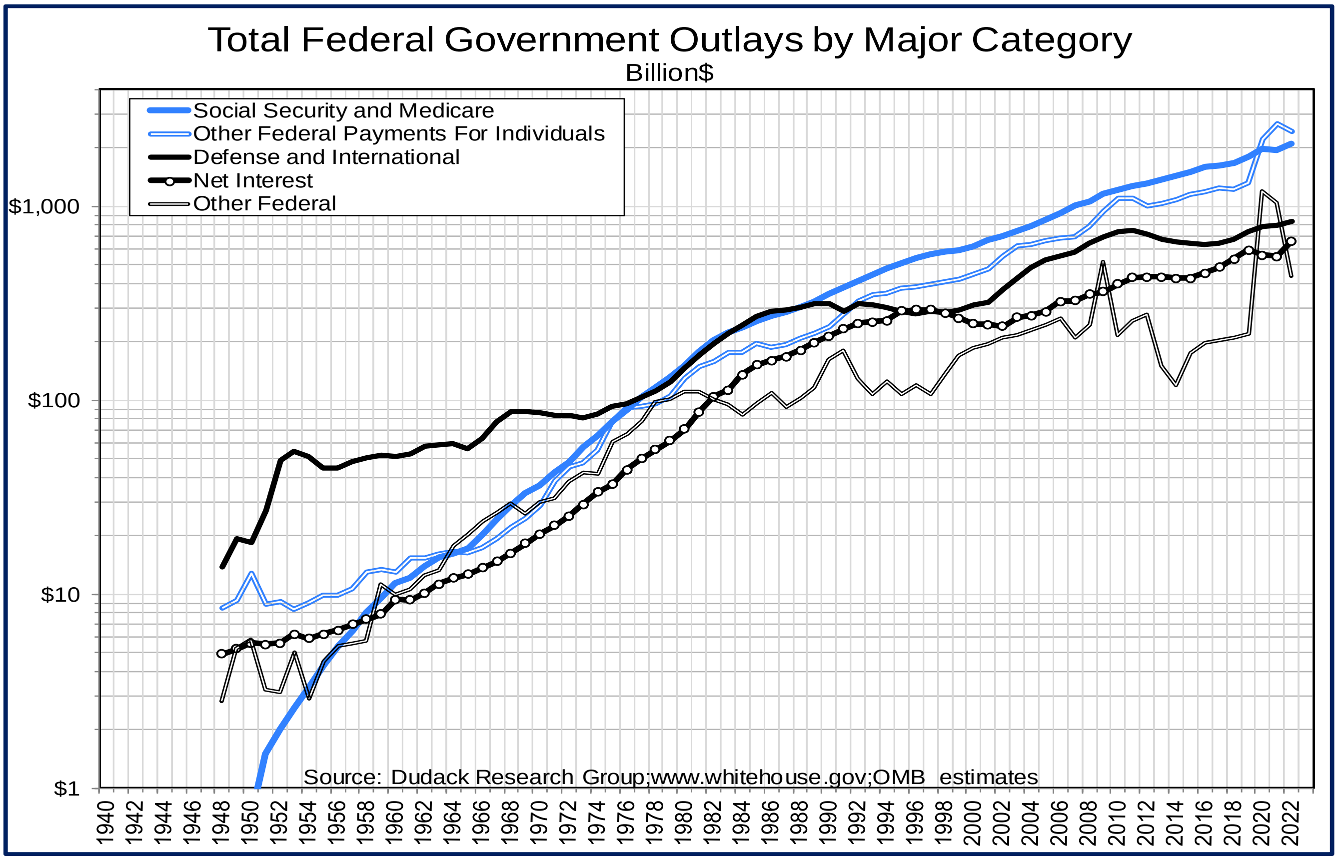


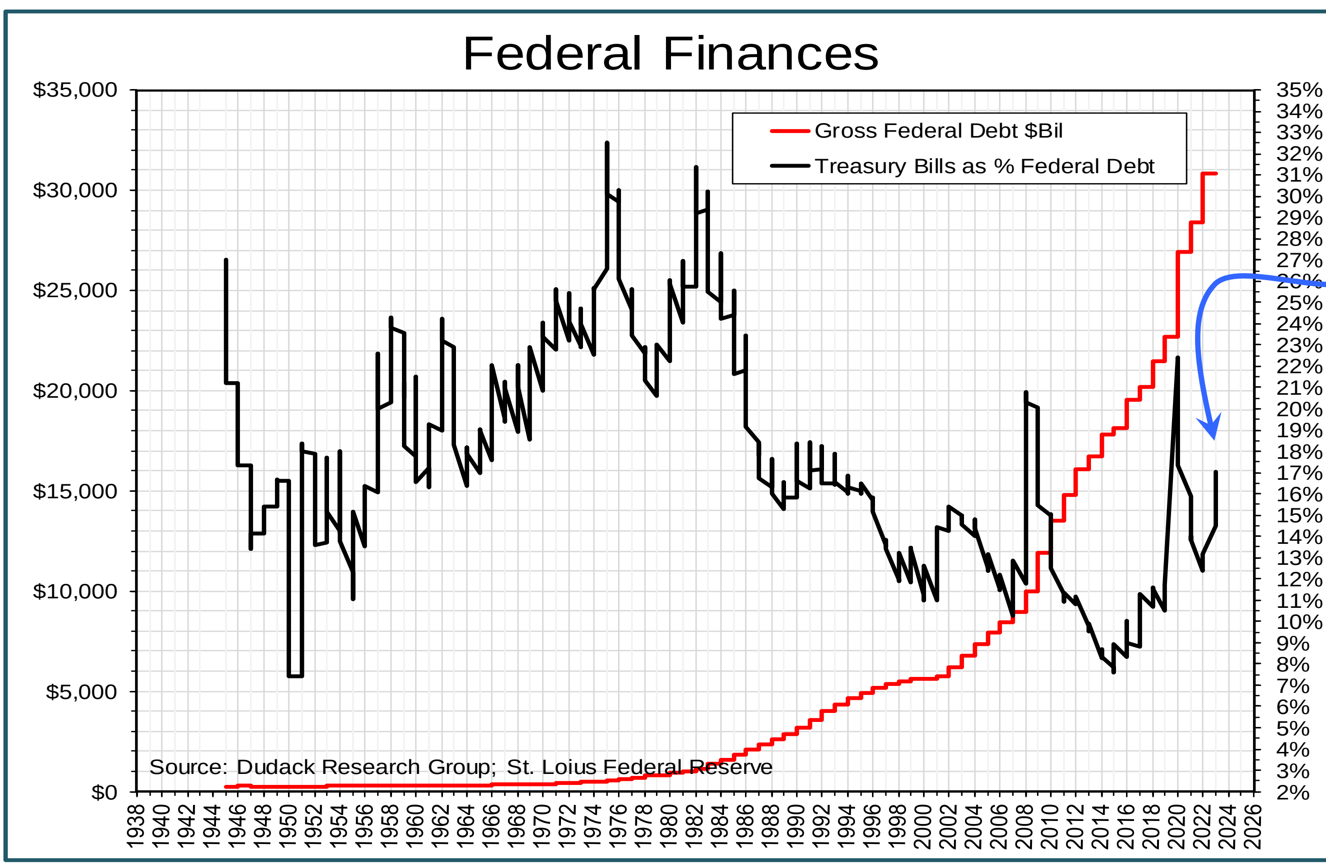
Debt issuance is directed by the Treasury Secretary, and a larger portion of debt has been issued in Treasury bills recently. This makes sense if interest rates are close to zero, but not with rates over 5%. This shift has contributed to the problem of rapidly rising interest payments on the debt, which as of the end of 2023, reached 11% of total government outlays. This may be contributing to the view that interest rates will decline substantially this year. However, for that to happen inflation must also fall.





In 2022, social security and defense spending increased at a normal pace, but Federal payments to individuals and net interest payments increased faster than normal. As a result, interest payments are on a pace to exceed defense spending in coming quarters. The Treasury Borrowing Advisory Committee recommends that short-term financing not be more than 20% of federal debt, but that was exceeded in 2020, and at 17% and rising at the end of 2023, could exceed 20% in coming quarters.

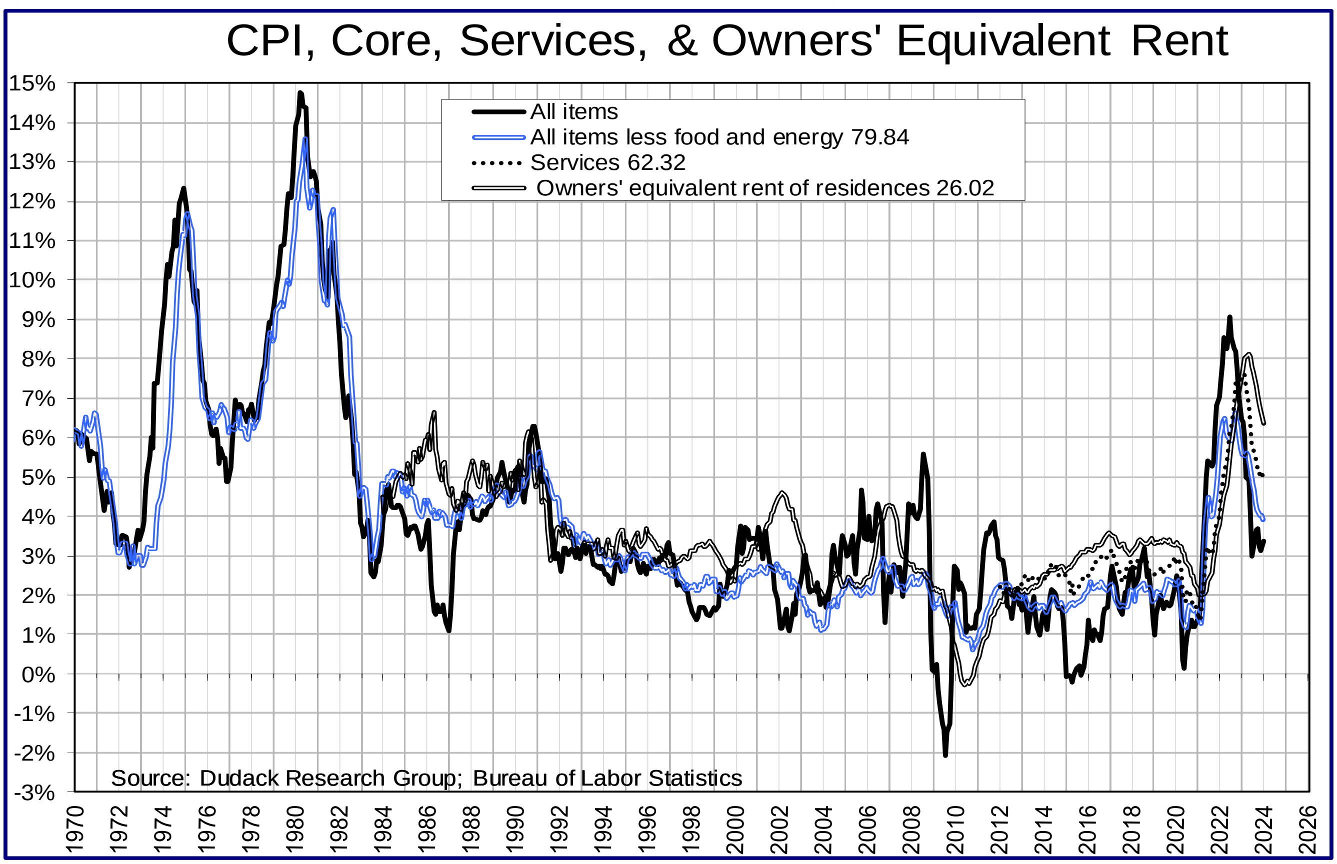




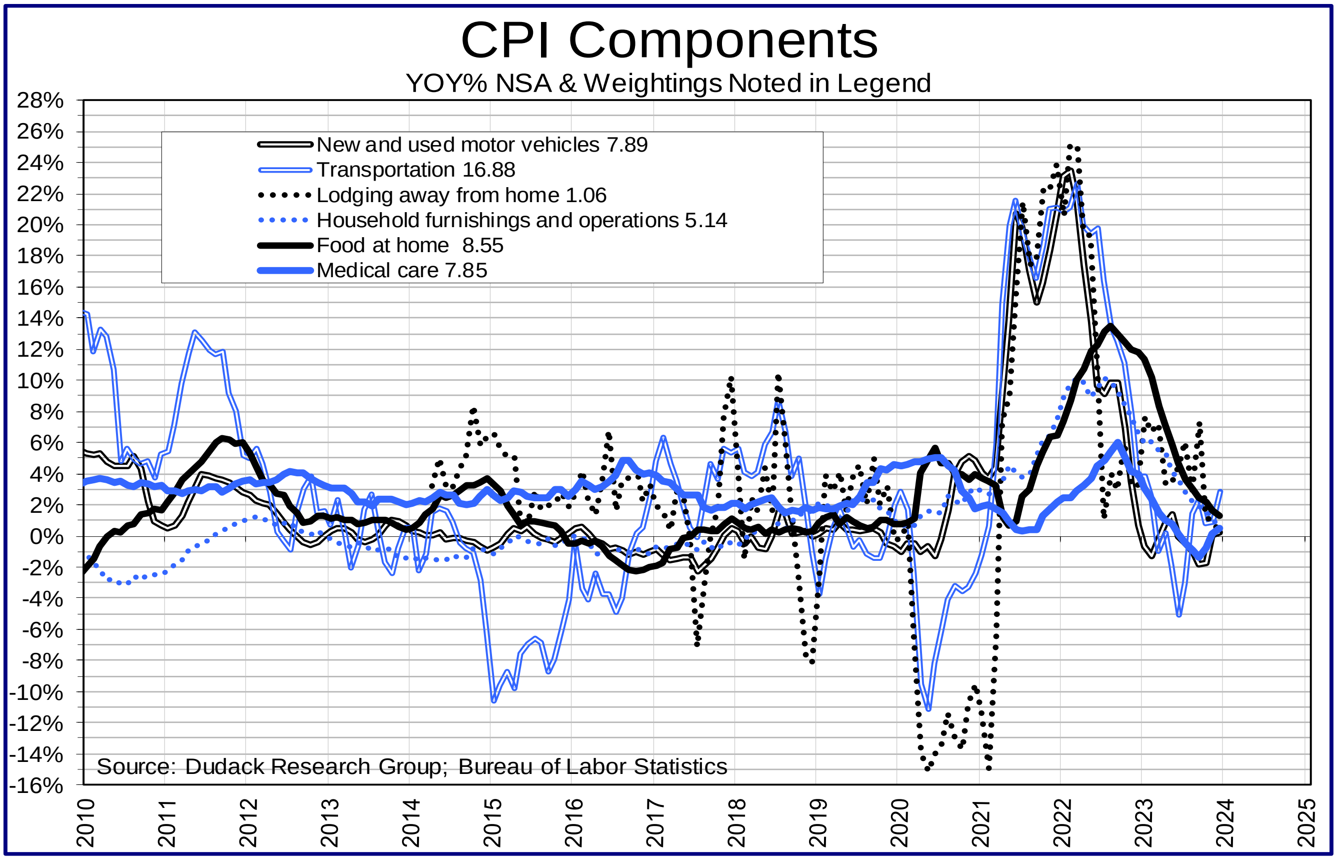
The following table and charts use non-seasonally adjusted data and show that headline inflation fell 0.1 in December to 3.4% while core CPI rose 0.1 to 3.9%. More importantly, most underlying components were rising faster than the headline index on a monthly basis. Nonetheless, the trends are decelerating from their 2022 peaks, and should continue to do so if energy prices remain stable.

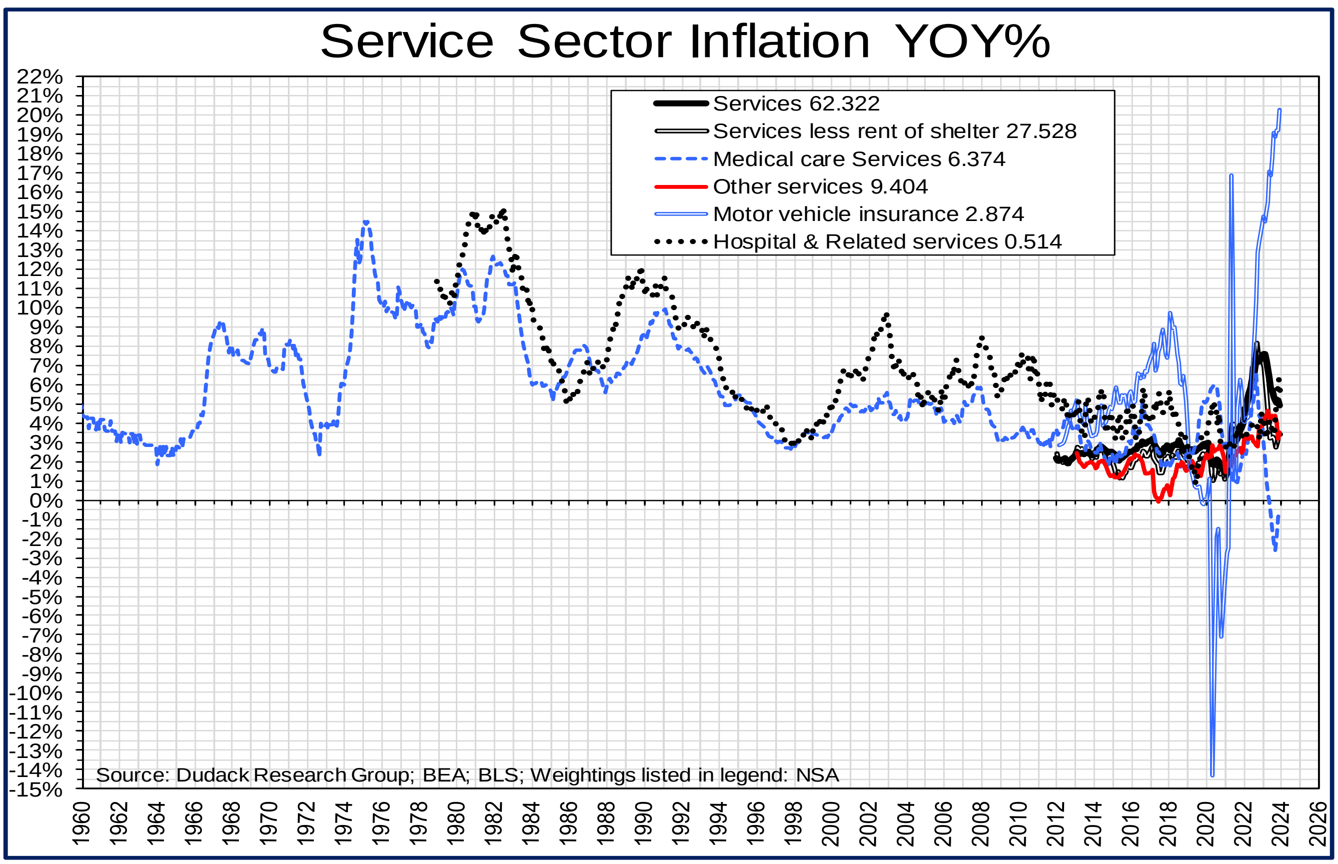
CPI Components Heavy Weights - Not Seasonally Adjusted	Component Weight*	Fuel Weight	Price Chg YOY%	Price Chg MOM%
Housing	**44.8%**	**4.5%**	**4.8%**	**0.3%**
Owners' equivalent rent of residences	**26.0%**		*6.3%*	0.5%
Fuels and utilities	**4.5%**		**-0.2%**	**0.1%**
Transportation	**16.9%**	**2.2%**	**2.9%**	**-1.4%**
Food and beverages	**14.3%**		**2.7%**	**-0.1%**
Food at home	**8.6%**		*1.3%*	-0.1%
Food away from home	**4.9%**		*5.2%*	0.3%
Alcoholic beverages	**0.8%**		*2.5%*	0.0%
Medical care	**7.8%**		**0.5%**	**0.3%**
Education and communication	**5.6%**		**-0.1%**	**0.0%**
Recreation	**5.3%**		**2.7%**	**0.4%**
Apparel	**2.5%**		**1.0%**	**-1.8%**
Other goods and services	**2.7%**		**5.5%**	**-0.2%**
Special groups:				
Energy	6.7%		-2.0%	-2.8%
All items less food and energy	79.8%		3.9%	0.1%
All items	**100.0%**		**3.4%**	**-0.1%**

Source: Dudack Research Group; BLS; *Oct 2023 w eightings; Italics=sub-component; blue>headline

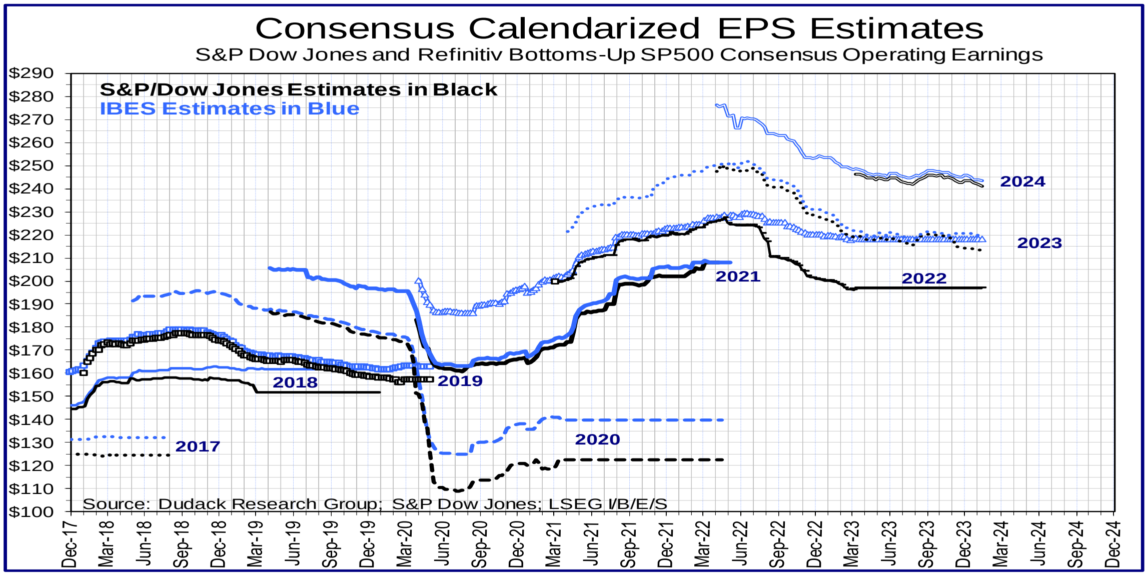


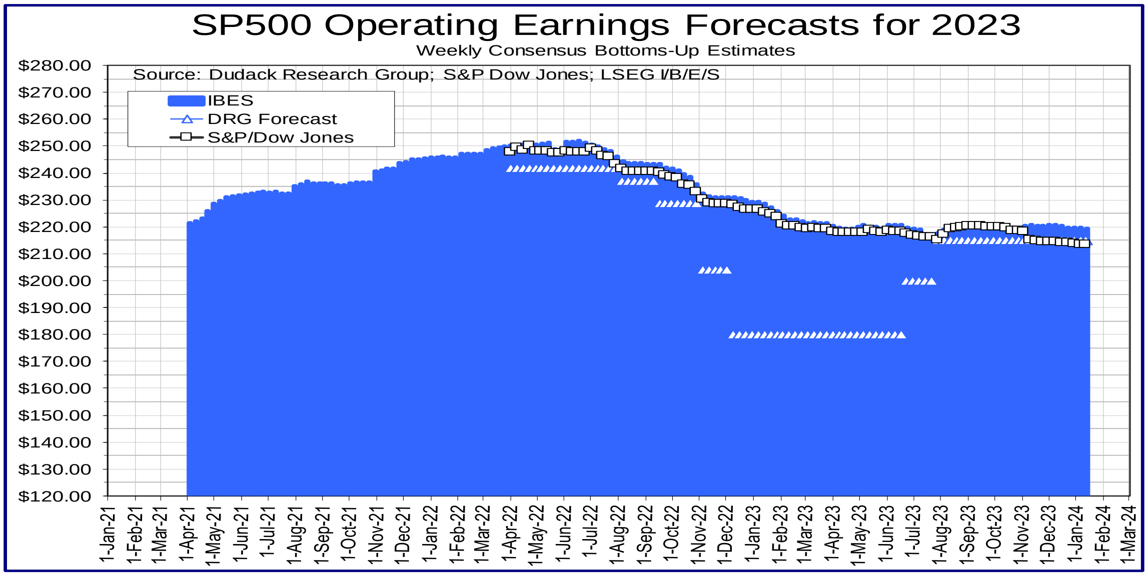
What is a concern is that while headline and core inflation seem to be decelerating, some components of the CPI appear to be rebounding. Transportation is the greatest concern for us, but in the service arena, small components like motor vehicle insurance are rising 20% YOY. Note, while it is a small weighting in the index, auto insurance impacts a majority of US households.

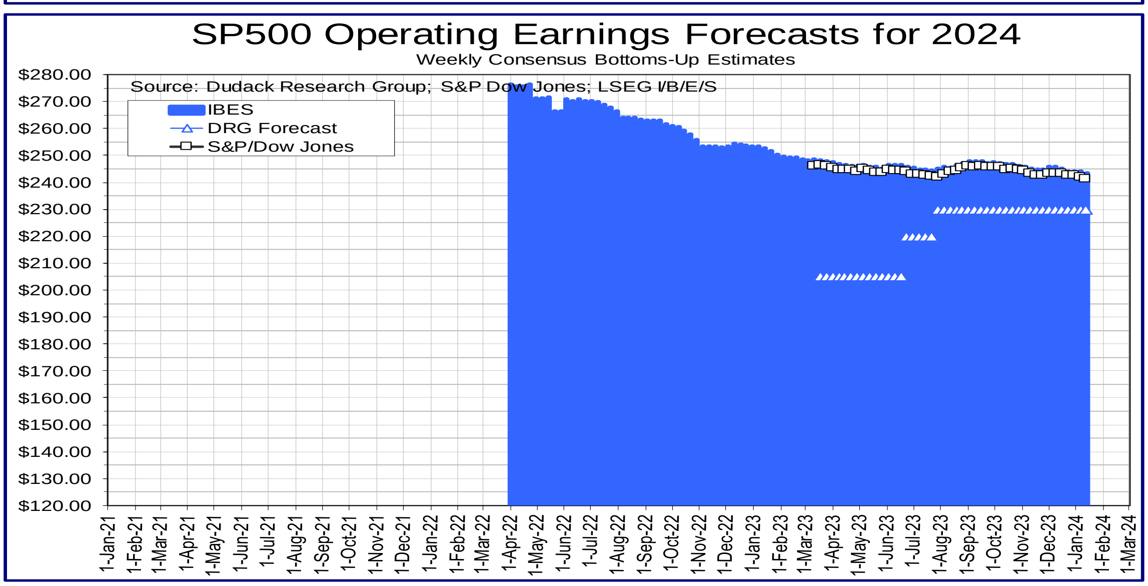




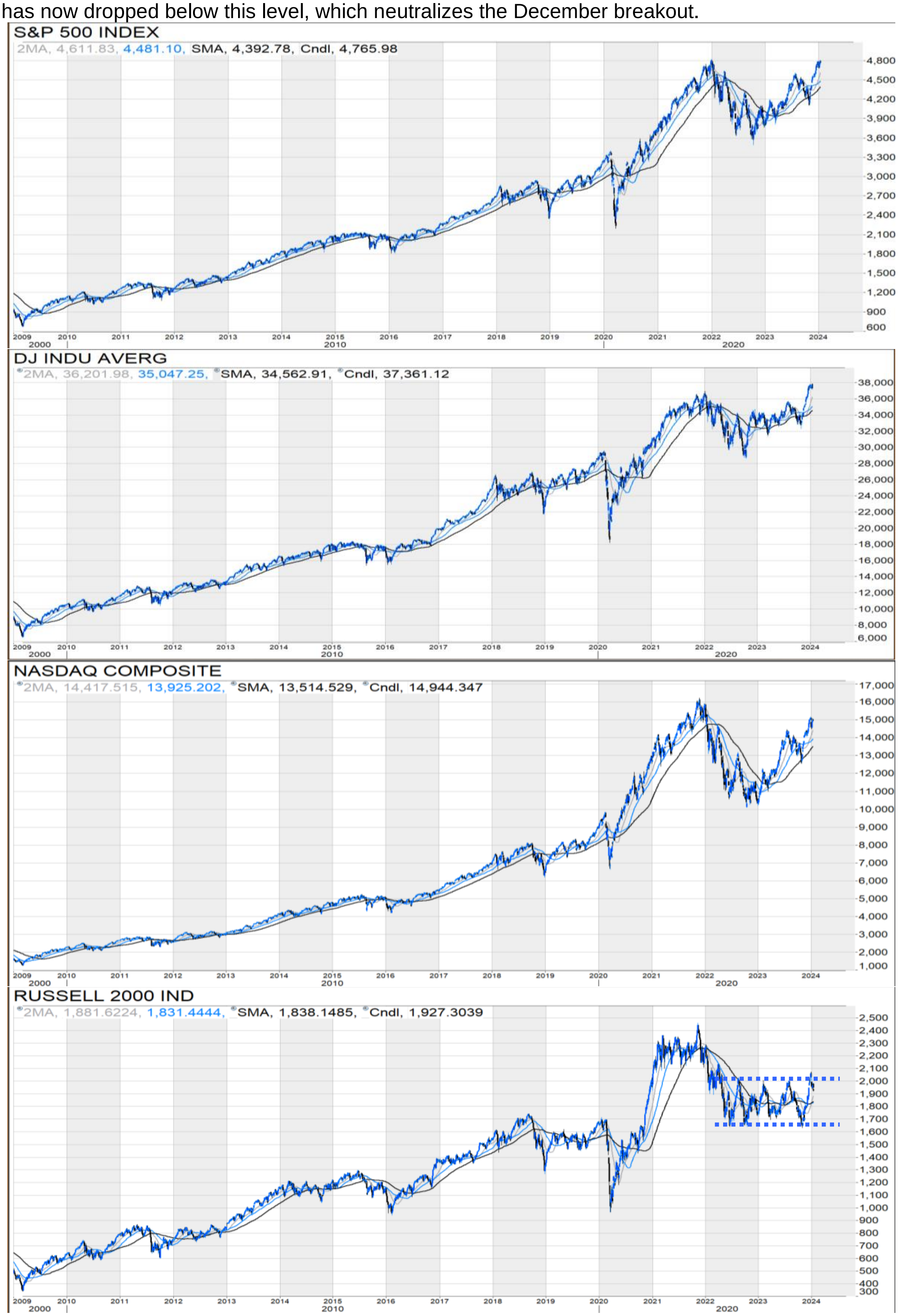
The S&P Dow Jones consensus estimate for 2024 is $241.25, down $0.68 this week. The LSEG IBES estimate for 2024 is the first published since December 22 and is $243.51 down $0.47. Based upon the IBES EPS estimate of $243.51 for this year, equities remain overvalued with a PE of 19.6 times and inflation of 3.4%. This sum of 23.0 is just below the 23.8 level that defines an overvalued equity market. Note: based upon the S&P estimate of $241.25, the 2024 PE is 19.8 times.







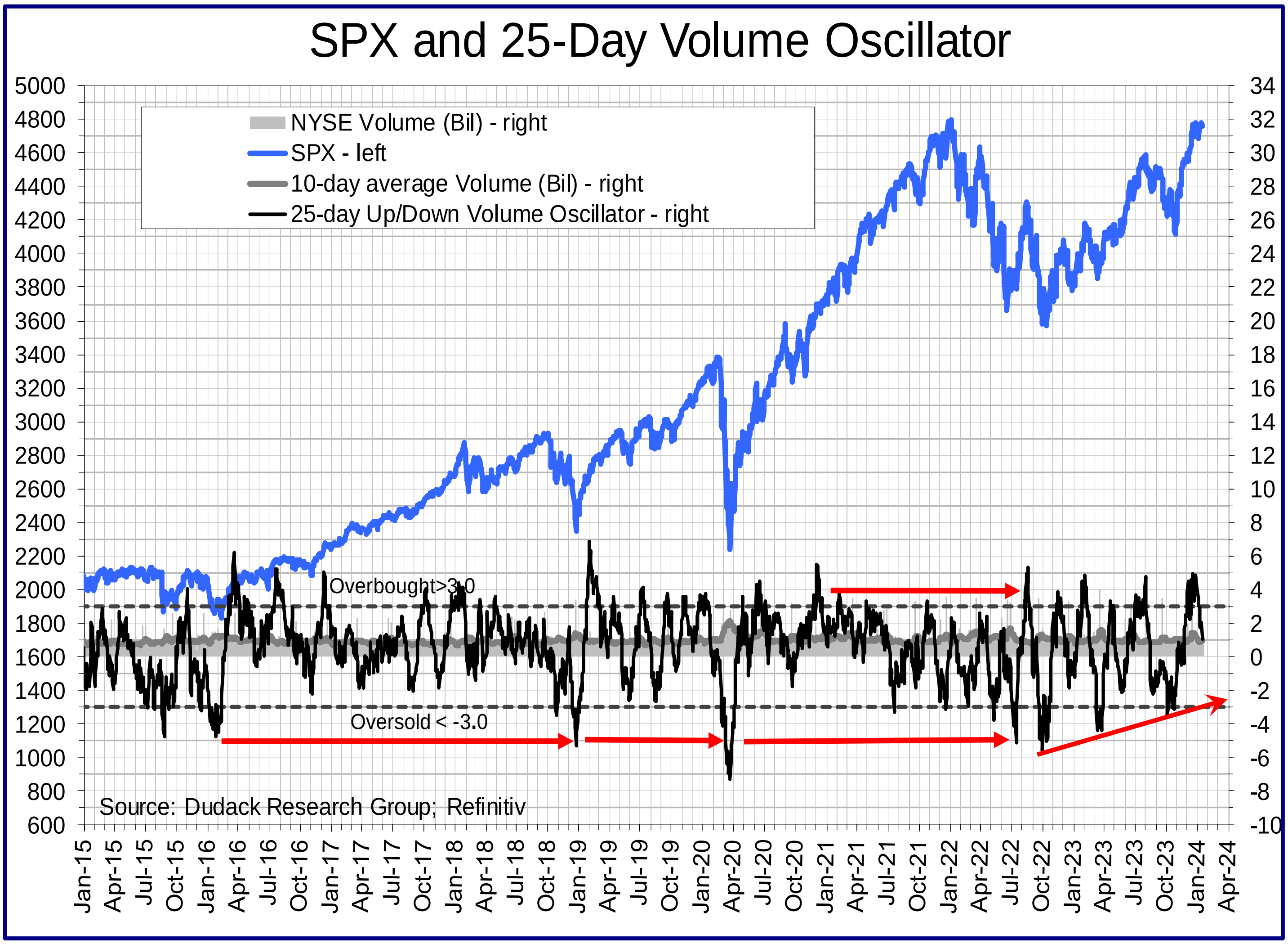
The breakouts in all four of these popular indices are perpendicular and dramatic, but only DJ Industrials has moved to an all-time high. The SPX remains the most interesting at this juncture since it has been only fractionally away from a new record several times but is yet to better the January 3, 2022 high of 4796.56. The Russell 2000, after beating the key 2000 resistance, has now dropped below this level, which neutralizes the December breakout.



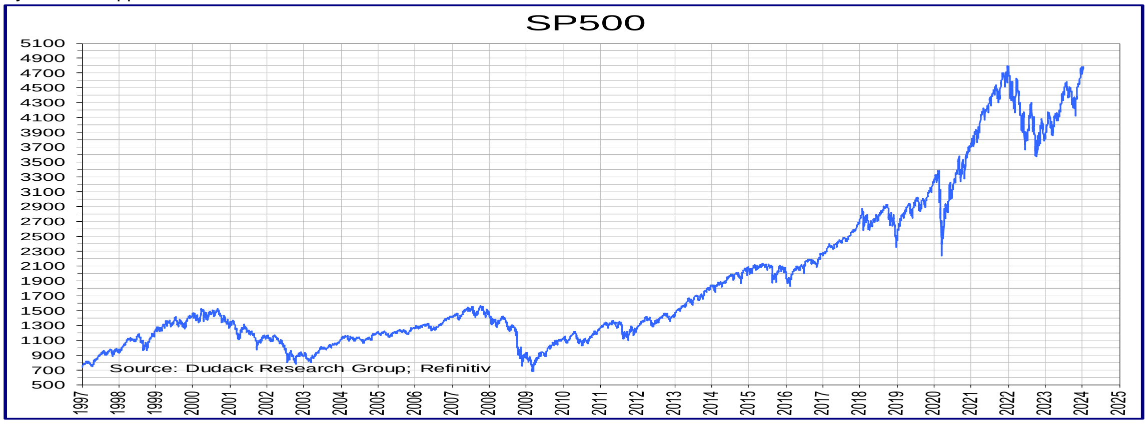
Source: Refinitiv

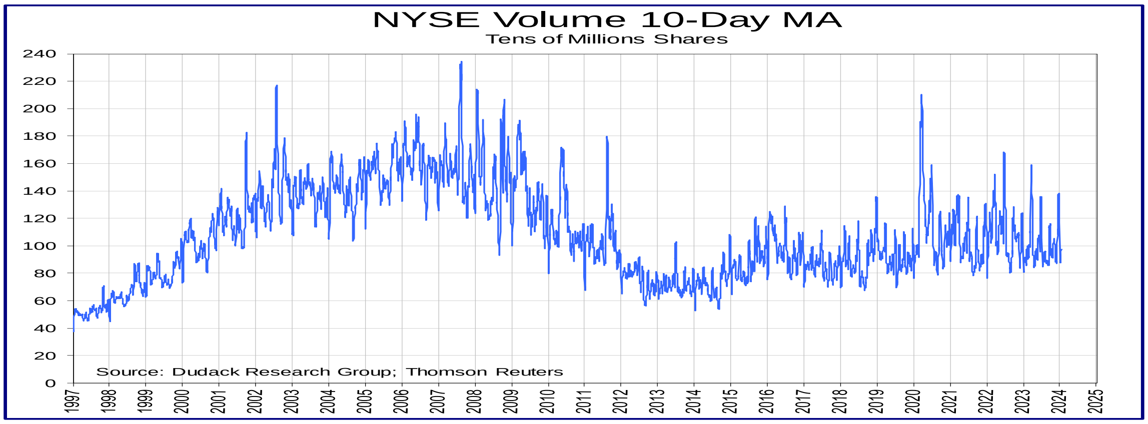
The 25-day up/down volume oscillator is at 1.02 and neutral this week after being in overbought territory of 3.0 or higher for 22 of the 25 consecutive trading days ending January 5. To confirm the recent advance this indicator needed to remain in overbought territory for a minimum of five consecutive trading sessions, which means that the oscillator has confirmed the December uptrend as "significant."

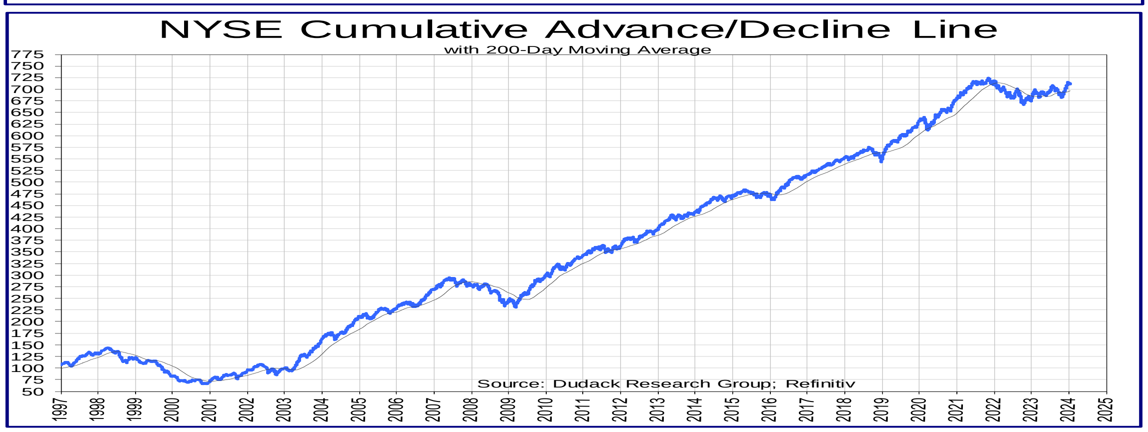
The current 22-day overbought reading is far better than the 11-day reading seen between January 25, 2022 and February 8, 2022. The only missing ingredient to the current strength of this indicator is an overbought reading in excess of 5.0. Extreme overbought readings of 5.0 or more are often seen at the start of a new bull market cycle. However, this is not a requirement for a substantial advance. What will be important in coming months is that any pullback ends as this indicator approaches an oversold reading. Oversold readings in a bull market tend to be brief or nonexistent.

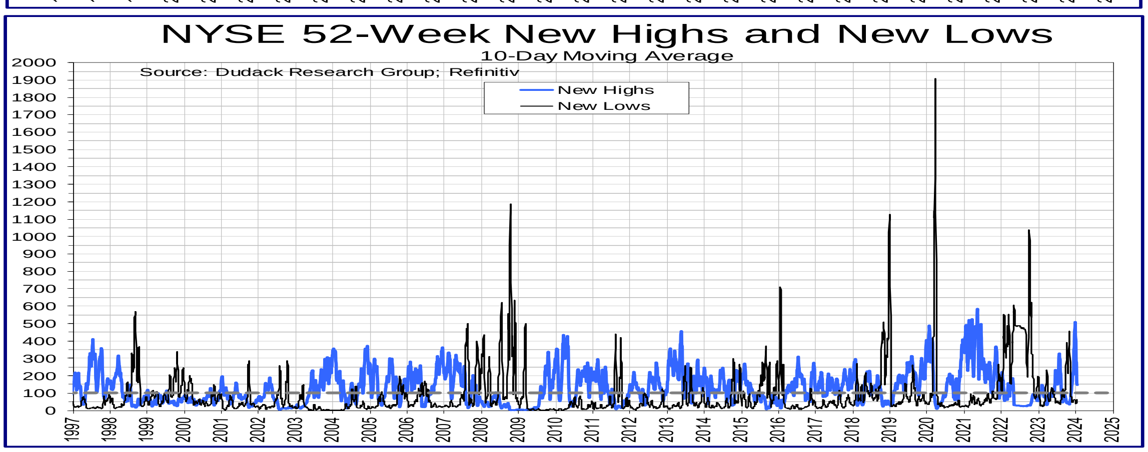


The 10-day average of daily new highs is 146 and new lows are 62. This combination reversed recently when new highs rose above 100 and new lows fell below 100, which is a positive combination. July was the first time in two years that the disparity between the AD line's peak and current levels was consistently less than 30,000 net advancing issues. In recent days it has dropped to 13,636 issues.

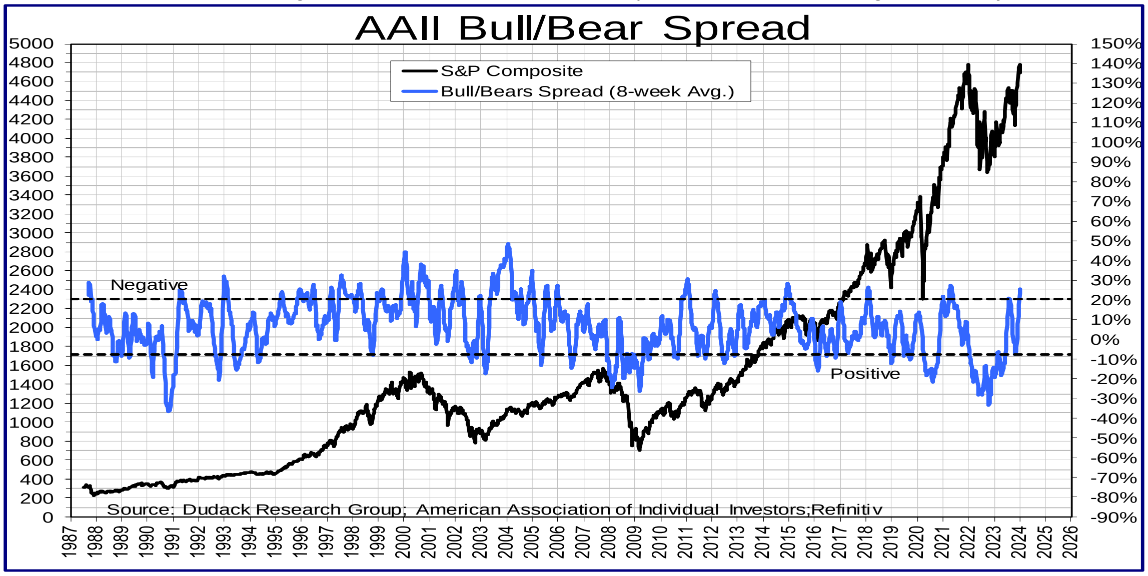


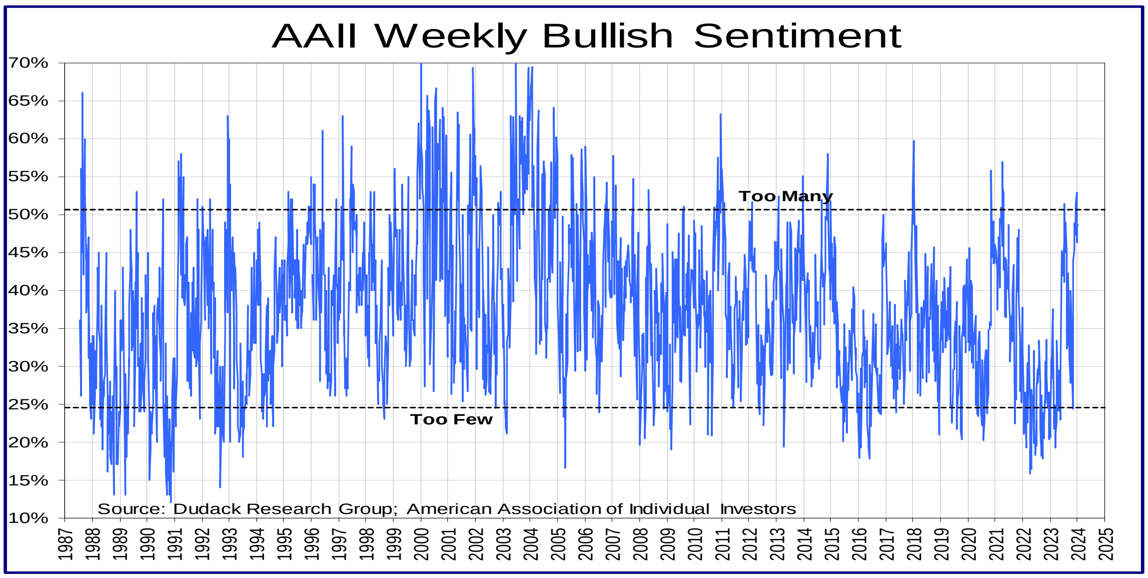


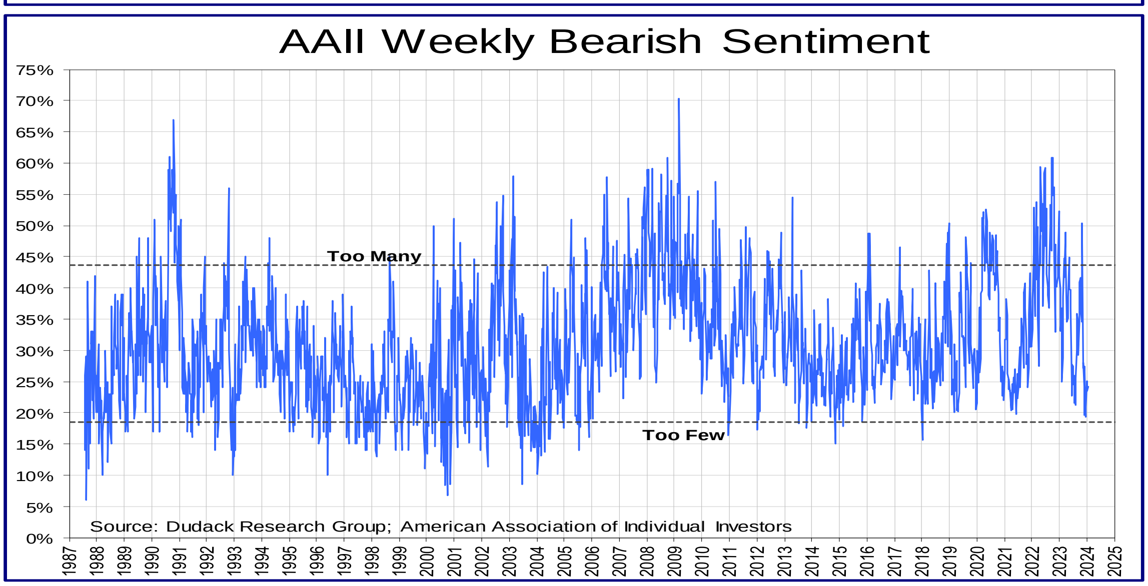




Last week's AAII readings showed bullishness unchanged at 48.6% and a 0.7% decrease in bearishness to 24.2%. Bullish sentiment remains above average, and bearishness is below average for the 10th consecutive week. On December 13, bearishness was 19.6%, its lowest level since the January 3, 2018 level of 15.6%; bullishness was also high at 51.3%. The 8-week bull/bear spread is 25.7% and in negative territory for the third week in a row.







GLOBAL MARKETS AND COMMODITIES - RANKED BY 20-DAY TRADING PERFORMANCE

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
iShares MSCI Japan ETF	EWJ	65.94	2.9%	4.4%	2.8%	2.8%
Health Care Select Sect SPDR	XLV	139.68	-0.5%	4.1%	2.4%	2.4%
Communication Services Select Sector SPDR Fund	XLC	73.39	0.5%	3.3%	1.0%	1.0%
iShares Nasdaq Biotechnology ETF	IBB.O	135.93	-2.2%	3.1%	0.1%	0.1%
iShares MSCI India ETF	INDA.K	49.40	1.1%	2.3%	1.2%	1.2%
iShares US Telecomm ETF	IYZ	22.81	-0.3%	1.9%	0.2%	0.2%
Consumer Staples Select Sector SPDR	XLP	72.40	-0.5%	1.6%	0.5%	0.5%
iShares Russell 1000 Growth ETF	IWF	305.14	1.2%	1.6%	0.6%	0.6%
Oil Future	CLc1	72.40	0.2%	1.4%	1.0%	1.0%
NASDAQ 100	NDX	16830.71	0.9%	1.2%	0.0%	0.0%
SP500	.SPX	4765.98	0.2%	1.0%	-0.1%	-0.1%
Nasdaq Composite Index Tracking Stock	ONEQ.O	58.90	0.6%	0.8%	-0.6%	-0.6%
Gold Future	GCc1	2735.10	0.2%	0.8%	0.4%	0.4%
iShares Russell 1000 ETF	IWB	261.46	0.1%	0.6%	-0.3%	-0.3%
Technology Select Sector SPDR	XLK	192.72	1.9%	0.5%	0.1%	0.1%
SPDR Gold Trust	GLD	187.91	0.0%	0.5%	-1.7%	-1.7%
SPDR DJIA ETF	DIA	373.66	-0.4%	0.3%	-0.9%	-0.9%
DJIA	.DJI	37361.12	-0.4%	0.2%	-0.9%	-0.9%
United States Oil Fund, LP	USO	67.25	-0.2%	0.1%	0.9%	0.9%
iShares MSCI Canada ETF	EWC	35.97	-1.0%	0.1%	-1.9%	-1.9%
Financial Select Sector SPDR	XLF	37.34	-1.1%	0.0%	-0.7%	-0.7%
iShares Russell 1000 Value ETF	IWD	162.92	-1.1%	-0.7%	-1.4%	-1.4%
iShares MSCI EAFE ETF	EFA	73.81	-0.6%	-0.7%	-2.0%	-2.0%
iShares iBoxx $ Invest Grade Corp Bond	LQD	109.32	-0.3%	-0.9%	-1.2%	-1.2%
iShares MSCI Malaysia ETF	EWM	21.13	-2.0%	-1.0%	-0.6%	-0.6%
SPDR Homebuilders ETF	XHB	93.71	-0.4%	-1.1%	-2.0%	-2.0%
PowerShares Water Resources Portfolio	PHO	58.87	-0.1%	-1.2%	-3.3%	-3.3%
Vanguard FTSE All-World ex-US ETF	VEU	54.64	-0.9%	-1.6%	-2.7%	-2.7%
Shanghai Composite	.SSEC	2893.99	0.0%	-1.7%	-2.7%	-2.7%
iShares US Real Estate ETF	IYR	89.54	-0.9%	-1.7%	-2.0%	-2.0%
Industrial Select Sector SPDR	XLI	110.98	-0.7%	-1.8%	-2.6%	-2.6%
iShares MSCI Singapore ETF	EWS	17.81	-1.8%	-1.8%	-4.8%	-4.8%
iShares MSCI Germany ETF	EWG	28.67	-1.7%	-2.0%	-3.4%	-3.4%
Utilities Select Sector SPDR	XLU	62.63	-2.9%	-2.1%	-1.1%	-1.1%
iShares Russell 2000 Growth ETF	IWO	241.25	-1.7%	-2.3%	-4.3%	-4.3%
iShares MSCI United Kingdom ETF	EWU	32.05	-2.3%	-2.5%	-3.0%	-3.0%
iShares MSCI Austria Capped ETF	EWO	20.97	-2.0%	-2.9%	-2.9%	-2.9%
Consumer Discretionary Select Sector SPDR	XLY	173.76	-0.7%	-3.0%	-2.8%	-2.8%
iShares MSCI Australia ETF	EWA	23.10	-2.6%	-3.1%	-5.1%	-5.1%
SPDR S&P Retail ETF	XRT	68.63	-2.0%	-3.1%	-5.1%	-5.1%
iShares Russell 2000 ETF	IWM	190.84	-2.1%	-3.1%	-4.9%	-4.9%
Materials Select Sector SPDR	XLB	82.49	-1.5%	-3.1%	-3.6%	-3.6%
iShares MSCI Brazil Capped ETF	EWZ	33.44	-1.8%	-3.3%	-4.3%	-4.3%
iShares Silver Trust	SLV	21.95	-0.1%	-3.9%	-3.6%	-3.6%
iShares MSCI BRIC ETF	BKF	32.73	-1.2%	-3.9%	-4.3%	-4.3%
Silver Future	SIc1	22.93	0.1%	-3.9%	-3.9%	-3.9%
iShares Russell 2000 Value ETF	IWN	146.87	-2.3%	-4.0%	-5.4%	-5.4%
Energy Select Sector SPDR	XLE	80.71	-2.0%	-4.3%	-3.7%	-3.7%
iShares MSCI Emerg Mkts ETF	EEM	38.25	-1.9%	-4.3%	-4.9%	-4.9%
iShares 20+ Year Treas Bond ETF	TLT	94.82	-1.9%	-4.4%	-4.1%	-4.1%
iShares MSCI Mexico Capped ETF	EWW	64.42	-1.3%	-4.9%	-5.1%	-5.1%
SPDR S&P Bank ETF	KBE	44.14	-3.1%	-4.9%	-4.1%	-4.1%
SPDR S&P Semiconductor ETF	XSD	210.35	-2.0%	-6.2%	-6.4%	-6.4%
iShares DJ US Oil Eqpt & Services ETF	IEZ	20.11	-1.9%	-7.0%	-8.3%	-8.3%
iShares MSCI Hong Kong ETF	EWH	16.01	-2.1%	-7.3%	-7.8%	-7.8%
iShares MSCI South Korea Capped ETF	EWY	58.99	-4.5%	-7.7%	-10.0%	-10.0%
iShares China Large Cap ETF	FXI	22.02	-2.0%	-8.7%	-8.4%	-8.4%
iShares MSCI Taiwan ETF	EWT	42.90	-2.8%	-13.3%	-6.8%	-6.8%

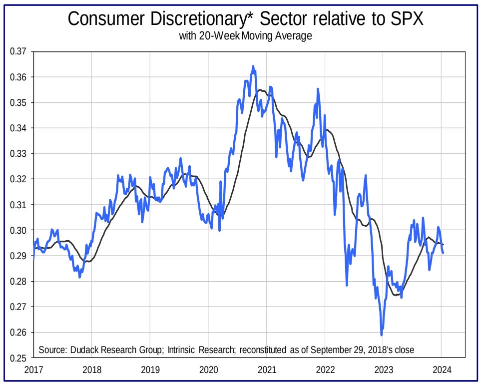
Outperformed SP500
Underperformed SP500

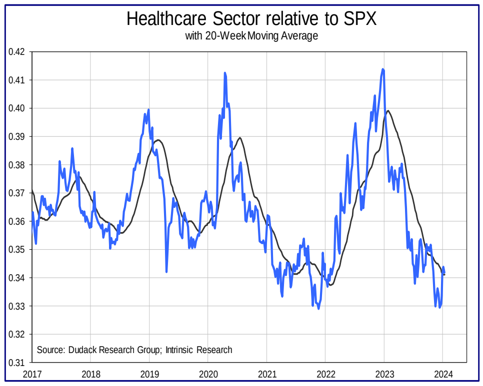
Source: Dudack Research Group; Refinitiv
Priced as of January 16, 2024

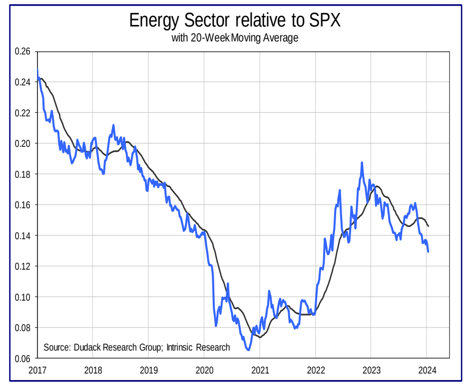
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

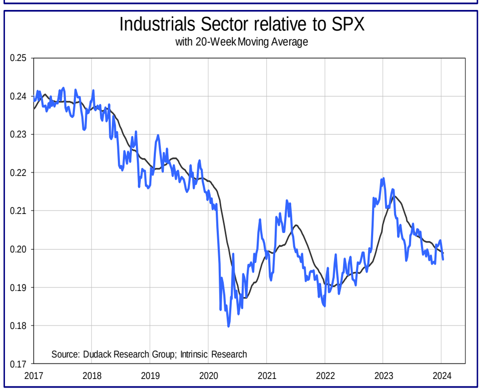
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Consumer Discretionary Industrials Materials Financials	Healthcare Technology REITS	Energy Staples Utililties Communication Services

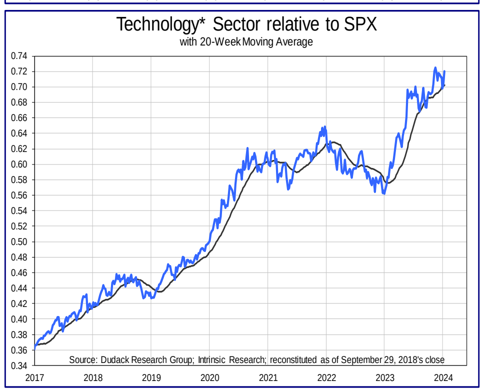
12/20/2023: Upgraded Consumer Discretionary from U to O; Materials and Financials from N to O; REITS from U to N; Downgraded Energy, Staples, and Utilities from O to D.

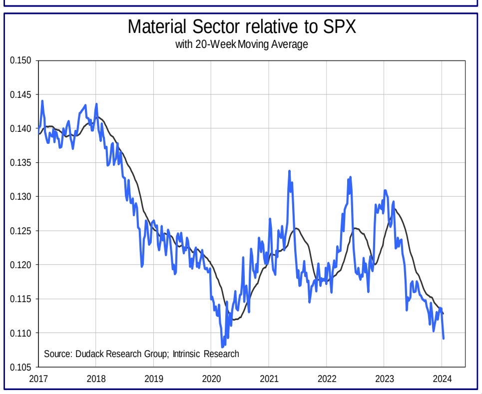


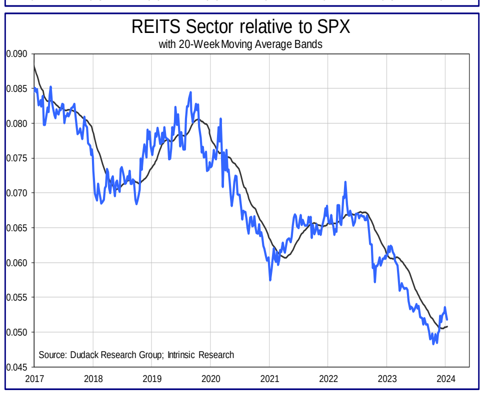


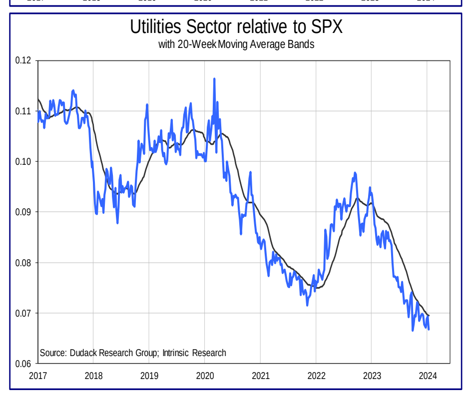


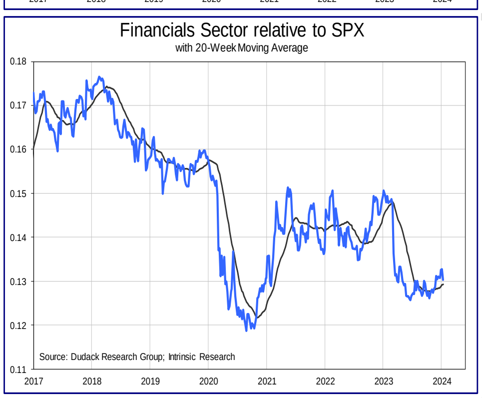






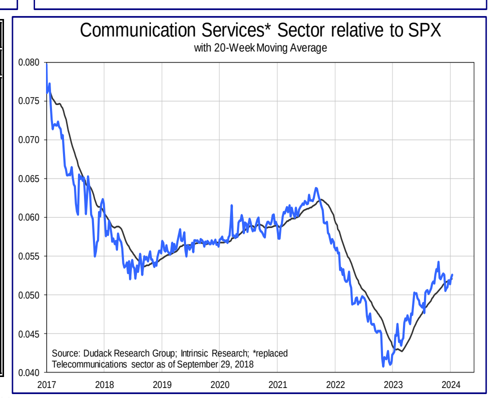






2024 Performance - Ranked	
SP500 Sector	% Change
S&P HEALTH CARE	2.4%
S&P COMMUNICATIONS SERVICES	1.8%
S&P INFORMATION TECH	1.0%
S&P CONSUMER STAPLES	0.7%
S&P 500	-0.1%
S&P FINANCIAL	-0.8%
S&P UTILITIES	-1.1%
S&P REITS	-1.9%
S&P CONSUMER DISCRETIONARY	-2.2%
S&P INDUSTRIALS	-2.6%
S&P MATERIALS	-3.6%
S&P ENERGY	-3.7%

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 %
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	$113.02	$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%	$117.46	-0.5%	20.3X	2.1%	2.7%	$1,664.20	-2.9%
2016	2238.83	$94.55	$106.26	$106.26	-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	$94.55	$157.12	$157.12	3.6%	$162.93	0.6%	20.6X	1.8%	2.3%	$2,065.60	2.1%
2020	3756.07	$109.88	$122.38	$122.38	-22.1%	$139.72	-14.2%	30.7X	1.6%	-2.8%	$1,968.10	-4.7%
2021	4766.18	$132.39	$208.17	$208.17	70.1%	$208.12	49.0%	22.9X	1.3%	5.9%	$2,382.80	21.1%
2022	3839.50	$139.47	$196.95	$196.95	-5.4%	$218.09	4.8%	19.5X	1.4%	2.1%	$2,478.80	4.0%
2023E	4769.83	$94.14	$213.32	$213.00	8.1%	$219.35	0.6%	22.4X	NA	NA	NA	NA
2024E	~~~~~	$197.87	$241.24	$234.00	9.9%	$243.51	11.0%	19.8X	NA	NA	NA	NA
2025E	~~~~~	$172.75	NA	$255.00	9.0%	$274.61	12.8%		NA	NA	NA	NA
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 1Q	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 2Q	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	$47.65	$52.25	$52.27	3.8%	$58.41	4.3%	20.4	1.6%	4.9%	$2,697.90	-2.1%
2023 4QE	4769.83	$47.20	$53.69	$53.35	5.9%	$54.28	2.1%	22.4	1.5%	NA	NA	NA
2024 1QE*	4765.98	$49.88	$55.64	$56.88	8.3%	$56.12	5.7%	22.0	1.5%	NA	NA	NA
2024 2QE	~~~~~	$52.49	$59.30	$56.12	2.3%	$59.86	10.3%	21.6	NA	NA	NA	NA
2024 3QE	~~~~~	$56.94	$62.88	$60.50	15.7%	$63.46	8.6%	20.6	NA	NA	NA	NA
2024 4QE	~~~~~	$57.11	$63.42	$60.50	13.4%	$64.08	18.1%	19.8	NA	NA	NA	NA

Source: DRG; S&P Dow Jones **quarterly EPS may not sum to official CY estimates; LSEG IBES Consensus estimates *1/16/2024

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.

IMPORTANT DISCLOSURES

RATINGS DEFINITIONS:

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

Other Disclosures
This report has been written without regard for the specific investment objectives, financial situation, or particular needs of any specific recipient, and should not be regarded by recipients as a substitute for the exercise of their own judgment. The report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell securities or related financial instruments. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. The report is based on information obtained from sources believed to be reliable, but is not guaranteed to be accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the report. Any opinions expressed in this report are subject to change without notice and the Dudack Research Group division of Wellington Shields & Co. LLC. (DRG/Wellington) is under no obligation to update or keep current the information contained herein. Options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results, and yield from securities, if any, may fluctuate as a security's price or value changes. Accordingly, an investor may receive back less than originally invested. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

DRG/Wellington relies on information barriers, such as "Chinese Walls," to control the flow of information from one or more areas of DRG/Wellington into other areas, units, divisions, groups, or affiliates. DRG/Wellington accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report.

The content of this report is aimed solely at institutional investors and investment professionals. To the extent communicated in the U.K., this report is intended for distribution only to (and is directed only at) investment professionals and high net worth companies and other businesses of the type set out in Articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. This report is not directed at any other U.K. persons and should not be acted upon by any other U.K. person. Moreover, the content of this report has not been approved by an authorized person in accordance with the rules of the U.K. Financial Services Authority, approval of which is required (unless an exemption applies) by Section 21 of the Financial Services and Markets Act 2000.
Additional information will be made available upon request.

©2024. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of Dudack Research Group division of Wellington Shields & Co. LLC. The Company specifically prohibits the re-distribution of this report, via the internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.

Dudack Research Group a division of Wellington Shields & Co. LLC.
Main Office:
Wellington Shields & Co. LLC
140 Broadway
New York, NY 10005
212-320-3511
Research Sales: 212-320-2046

Florida office:
549 Lake Road
Ponte Vedra Beach, FL 32082
212-320-2045

Prices are the close of January 16, 2024