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August 13, 2025

DJIA: 44458.61
SPX: 6445.76
NASDAQ: 21681.90

US Strategy Weekly

Sell on the News?

Last week we wrote *"the real driver of equity prices in August may be the expectation that the fed funds rate will be cut at the September 16-17 meeting. History suggests that stocks rise in the months following the first rate cut, particularly if it is the first of a series of rate cuts. In short, despite the weakness seen in revised jobs data, the equity market is expected to be higher in the second half of the year."*

This week, after the CPI report for July, the consensus view began reversing in favor of a rate cut in September, and not surprisingly, the equity market, as measured by the S&P 500 and Nasdaq Composite index, rose to all-time highs. At present, this rally has an important technical flaw, but first it is important to look at the most recent CPI report.

July's CPI report showed headline inflation to be 2.7%, up fractionally but essentially unchanged from June and core CPI was 3.1% YOY, up from the 2.9% seen in June. However, July's rise in core CPI brings this benchmark back to the level seen in February 2025 and at 3.1% YOY, core CPI remains well below the inflation levels seen in the second half of 2024. More importantly, the rise in core inflation was NOT due to tariffs but was the result of large price increases in areas such as in motor vehicle maintenance and repair (up 6.5% YOY), fuels & utilities services (up 6.5% YOY), tenants' and household insurance (up 5.8% YOY), other goods and services (up 3.9% YOY), and medical care (up 3.5% YOY). Meanwhile, areas expected to be impacted by tariffs such as apparel prices, new vehicles, and alcoholic beverages saw prices fall 0.2% YOY and rise 0.4% YOY and 1.4% YOY, respectively. In sum, the July report showed no sign of tariff inflation – to the despair of many forecasters. See page 3.

There will be new employment and inflation data prior to the FOMC meeting in September; however, unless the current trends in employment and inflation reverse dramatically, the Federal Reserve is apt to cut rates by 25 basis points at this meeting. This has been our expectation all year.

Unfortunately, it appears that politics is impacting Wall Street prognosticators. While most economists have been waiting for tariffs to trigger both inflation and a recession, little attention has been given to what we believe is the main risk of 2025 – deficits and government funding needs. In December, at the end of Biden's term in office, the 6-month average of monthly federal deficits was $212 billion, an unsustainable pace. Recent US Treasury data for July 2025 shows the 6-month average of monthly deficits fell to $131 billion, down 38% from December and down 20% from the $164 billion seen in July 2024. As a result, the federal government's need for debt issuance should also fall. The government's "borrowing from the public" was only $3.2 billion in June but jumped to $573 billion in July, the highest monthly level in over three years. As a result of July's increase, the 6-month average jumped to $224.9 billion in July, and the 12-month average increased to $133.7 billion. Still, the current 12-month average debt issuance to the public is below the pace seen from July 2023 through January 2025. See page 4. In short, Secretary of the Treasury Scott Bessent is doing a respectable, or one could say remarkable, job of lowering the deficit. It is therefore not a surprise that July's $573 billion in new issuance did not disturb the debt market at all.

The Small Business Optimism Index rose 1.7 points in July to 100.3, slightly above the long-term average of 98. Of the components, six increased, two decreased and two were unchanged. There was good news and bad news in the details of this report. Plans to increase employment increased a point to 14 and plans to raise prices fell four points to 28. However, poor sales rose one point to 11 as the "single most important problem" for small businesses. This "poor sales" index appears to be in an uptrend. The problem with this is that the unemployment rate also moved up in July and a rising trend in these two indices has been a lead indicator of many recessions. We doubt that the FOMC monitors this parallel, but it does suggest that a rate cut may be a good insurance policy against higher unemployment. See page 5.

Total consumer credit in June was $5.055 trillion, up from $5.047 trillion a year earlier -- a gain of 0.5%. The growth was concentrated in nonrevolving credit, which grew 1.6% YOY. Revolving credit (mostly credit card debt) decreased 2.5% YOY to $1.3 trillion. On a 6-month rate of change basis, total credit increased 2.1%, nonrevolving rose 2.8% and revolving credit was unchanged. The importance of this is that from December 2024 to February 2025 credit growth was negative on a year-over-year basis. Negative credit growth tends to be a sign of a recession See page 6.

With first quarter earnings season soon coming to a close, it is clear that corporate earnings were far better than analysts expected. Again, forecasters have been excessively pessimistic about tariffs. This week's S&P Dow Jones consensus earnings estimate for calendar 2025 is $258.65, up $1.46. The earnings forecast for 2026 is $300.42, up $1.14. The LSEG IBES estimate for 2025 is $266.84, an increase of $1.98 this week, and the 2026 estimate is $302.61, up $1.17. The IBES guesstimate for 2027 is $342.44, a jump of $2.11. In sum, these are big earnings revisions and as a result S&P 500 estimates are approaching our forecasts of $270 for this year and $310.50 for next year. Keep in mind that our estimates may still be too conservative. See page 8 and 14.

Nevertheless, equity valuations remain rich. The S&P 500 trailing 4-quarter operating earnings multiple is currently 26.0 times. The last time the market demonstrated great value was the intra-month PE low of 20.7 times earnings in early April. The PE is down this week due to higher earnings results, but still above both the 50-year average of 16.8 times and the 5-year average of 21.5. Using 2026 S&P Dow Jones estimates, the 12-month forward PE multiple is 21.8 times and well above its long-term average of 17.9 times. When this PE is added to inflation of 2.7%, it comes to 24.5, which places the equity market just above the normal range of 15.0 to 24.1. See page 7. However, neither PE multiple suggests the equity market is an extreme bubble-like levels. In short, stocks could go higher this year.

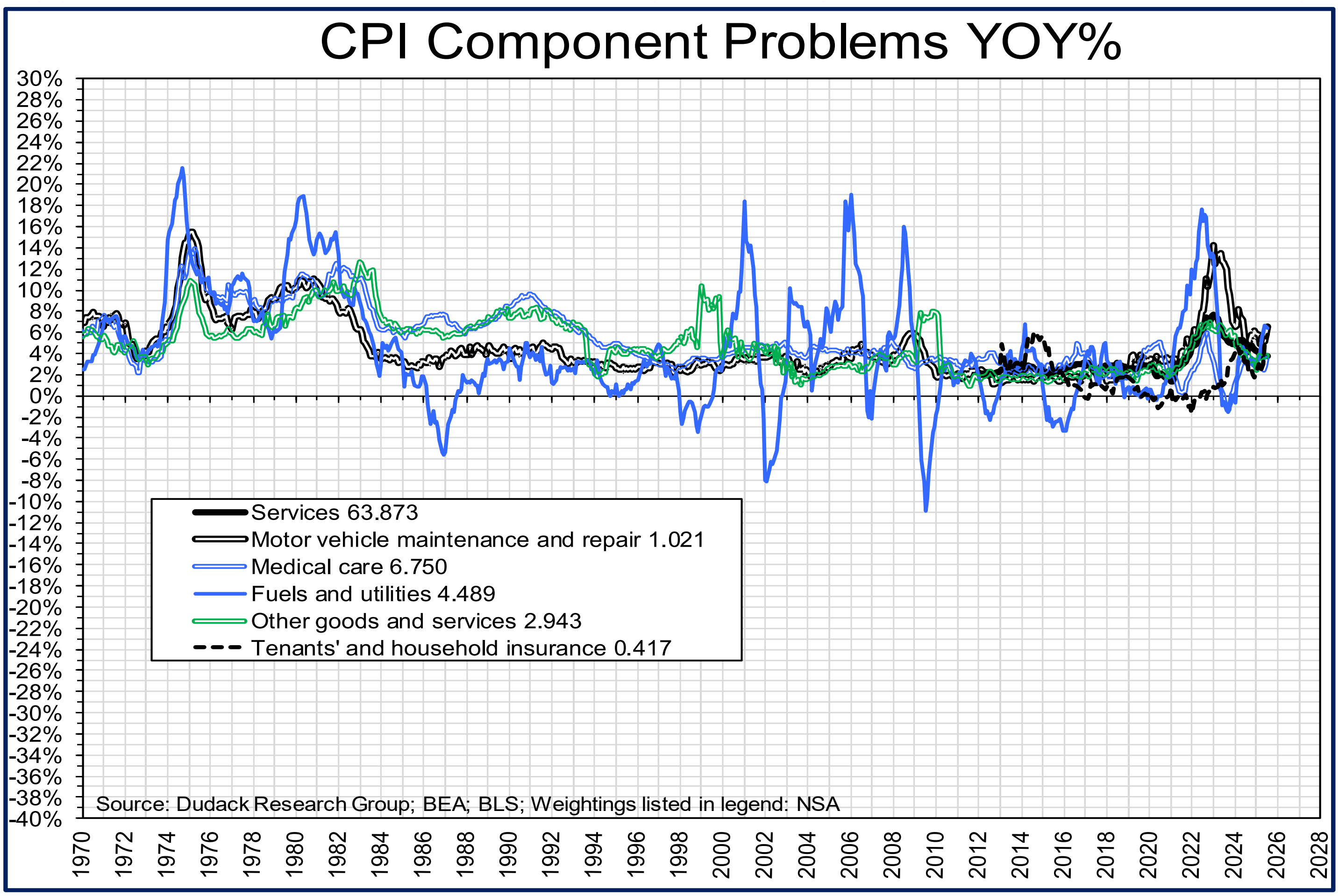
From a technical perspective, the NYSE cumulative advance/decline line made a new high on August 12, 2025, confirming the highs made in the S&P 500 and Nasdaq Composite. And the 10-day average of new highs and lows remains bullish. However, the 25-day up/down volume oscillator is at 0.49 this week and neutral. This indicator recorded one-day overbought readings of 3.15 on July 3 and 3.05 on July 25, which followed the indicator being overbought for 9 of eleven days in May. It reached a high of 5.10 on May 16, which was very positive performance, and it predicted the highs in the indices that began in June. Overall, this was characteristic of a bull market cycle.

However, this indicator is yet to confirm the recent string of new highs made in the indices and reveals that advancing volume is weakening in August. To confirm the rally, the oscillator needs to maintain an overbought reading of 3.0 or more for a minimum of five consecutive trading days. There is still time for the oscillator to confirm, but the longer the nonconfirmation lasts, the more likely there will be a pullback – perhaps after the FOMC meeting. We would not be surprised if there is a "sell on the news" correction.

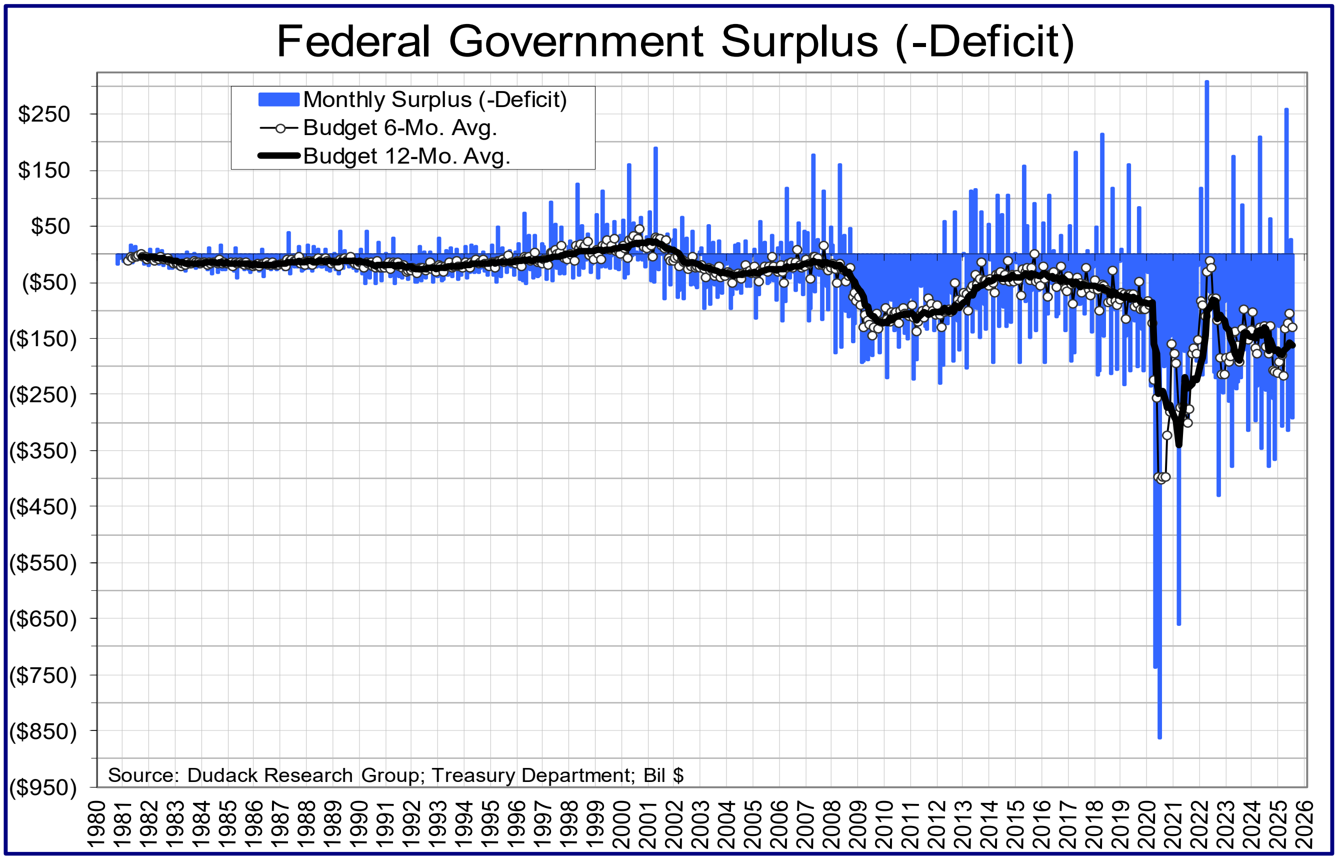
July's CPI report showed headline inflation was 2.7%, up fractionally but essentially unchanged from June and core CPI rose 3.1% YOY, up from 2.9%. However, the rise in core CPI was up NOT due to tariffs but was a result of price increases of 6.5% in motor vehicle maintenance and repair, 6.5% in fuels & utilities (services), 5.8% in tenants' and household insurance, 3.9% in other goods and services, and 3.5% in medical care. Meanwhile, areas expected to be impacted by tariffs such as apparel prices and alcoholic beverages, fell 0.2% YOY and rose 1.4%, respectively. In sum, no sign of tariff inflation.

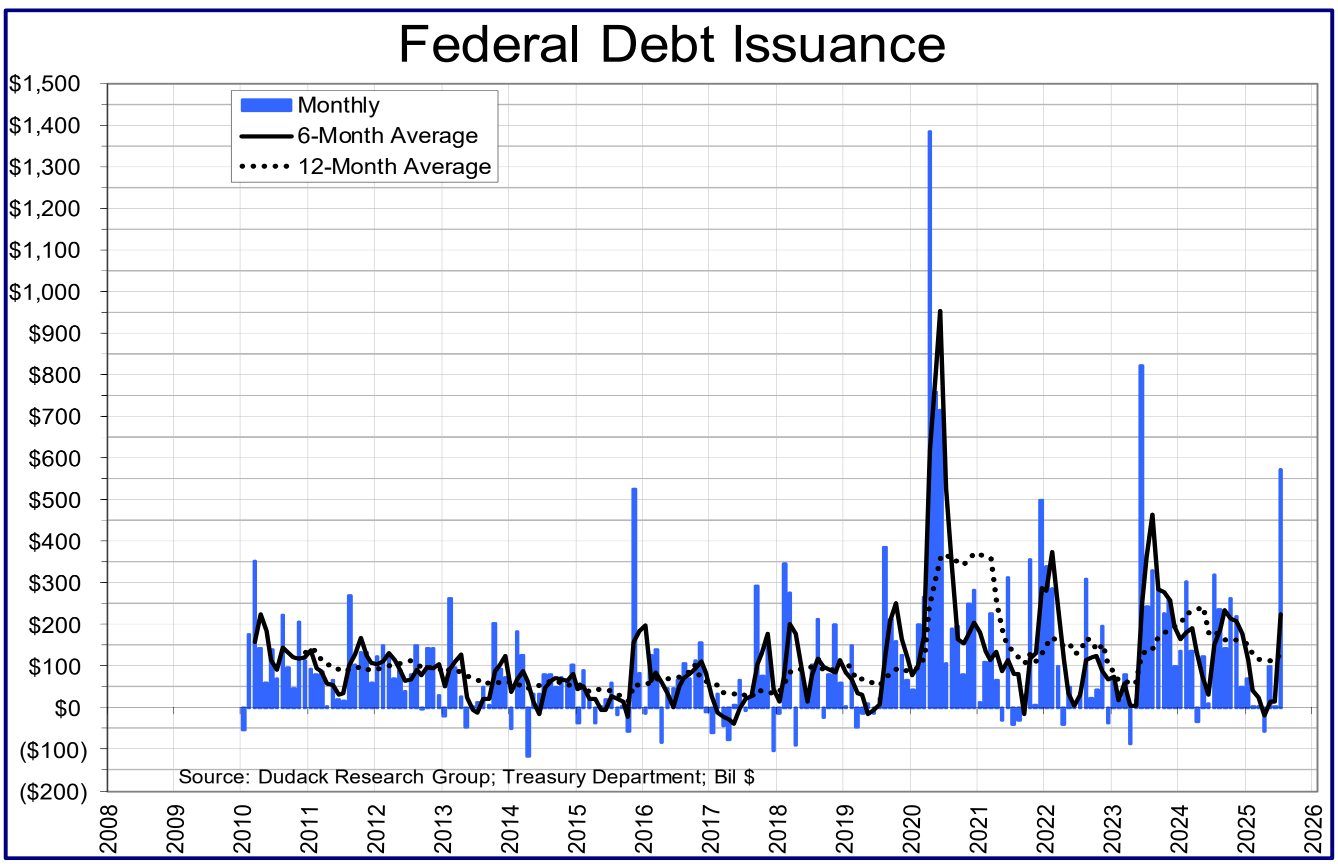
CPI Components Heavy Weights - Not Seasonally Adjusted	Component Weight*	Fuel Weight	Price Chg YOY%	Price Chg MOM%
Housing	**44.4%**	**4.5%**	**3.9%**	**0.2%**
Owners' equivalent rent of residences	**26.2%**		*4.1%*	0.3%
Fuels and utilities	**4.5%**		**6.5%**	**-0.1%**
Transportation	**16.6%**	**2.0%**	**0.0%**	**0.0%**
Food and beverages	**14.5%**		**2.8%**	**0.2%**
Food at home	**8.0%**		*2.2%*	0.1%
Food away from home	**5.6%**		*3.9%*	0.3%
Alcoholic beverages	**0.8%**		*1.4%*	0.1%
Medical care	**8.3%**		**3.5%**	**0.5%**
Education and communication	**5.6%**		**0.3%**	**0.1%**
Recreation	**5.3%**		**2.4%**	**0.4%**
Apparel	**2.5%**		**-0.2%**	**-1.3%**
Other goods and services	**2.9%**		**3.9%**	**0.3%**
Special groups:				
Energy	6.5%		-1.6%	-0.3%
All items less food and energy	79.9%		3.1%	0.2%
All items	**100.0%**		**2.70%**	**0.15%**

Source: Dudack Research Group; BLS; *June 2025 w eightings; Italics=sub-component; blue>headline

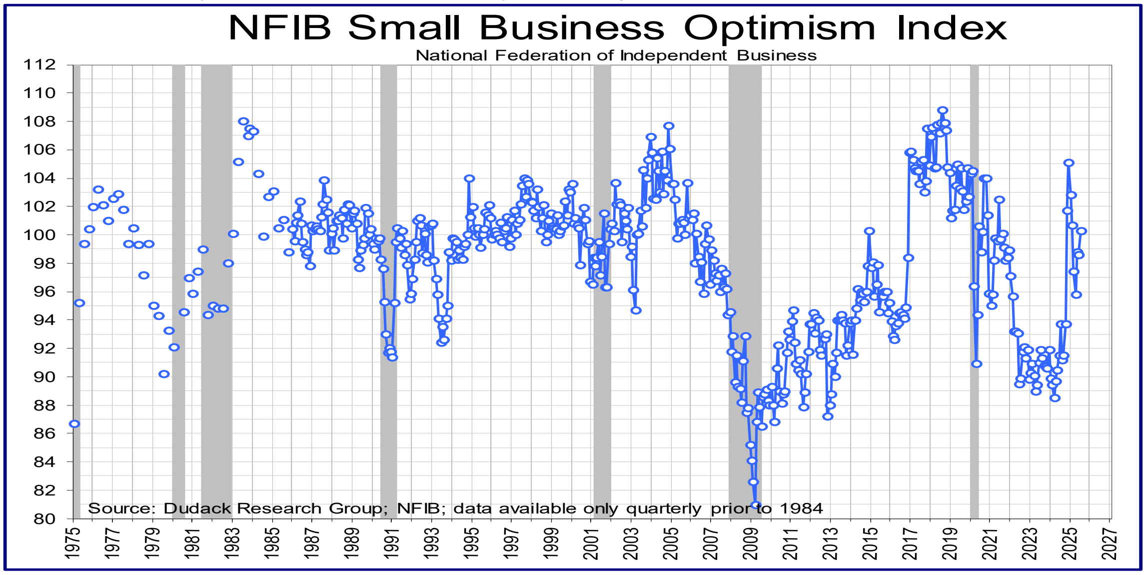


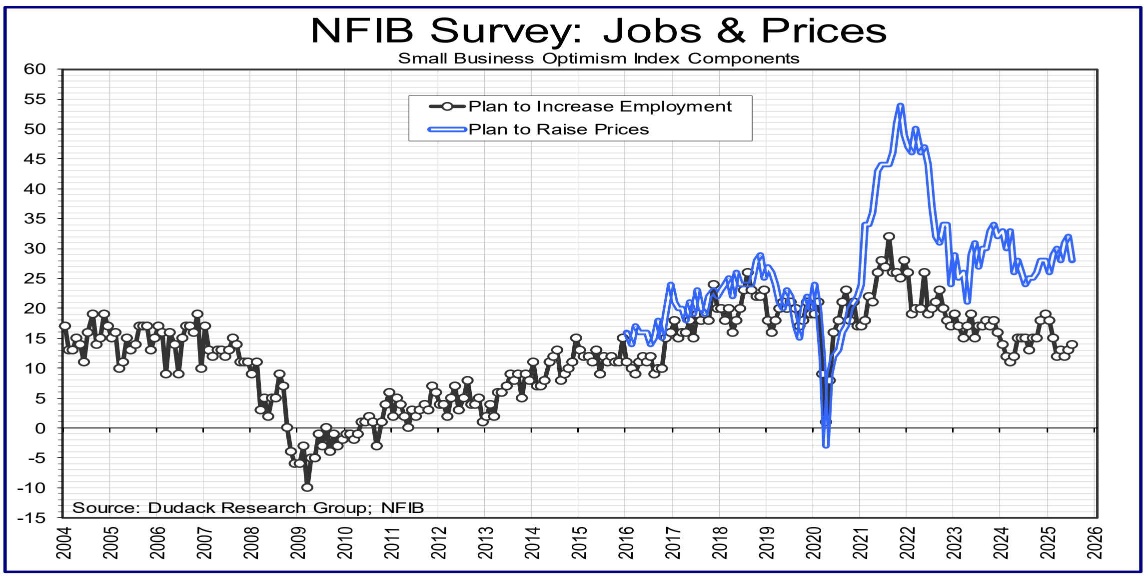
In December, at the end of Biden's term in office, the federal deficit's 6-month average was $212 billion (per month), an unsustainable pace. Tariffs have consumed the media's attention in the first 200 days of President Trump's second term, but in our view, the deficit might be the biggest financial hurdle in 2025, particularly for the bond market. Data as of July 2025 shows the 6-month average of monthly deficits was $131 billion versus $164 billion a year earlier. As a result, the federal government's need for debt issuance will also slow. The government's "borrowing from the public" was only $3.2 billion in June but jumped to $573 billion in July, the highest borrowing level in over three years. Hopefully the July borrowing was the peak level of funding in 2025.

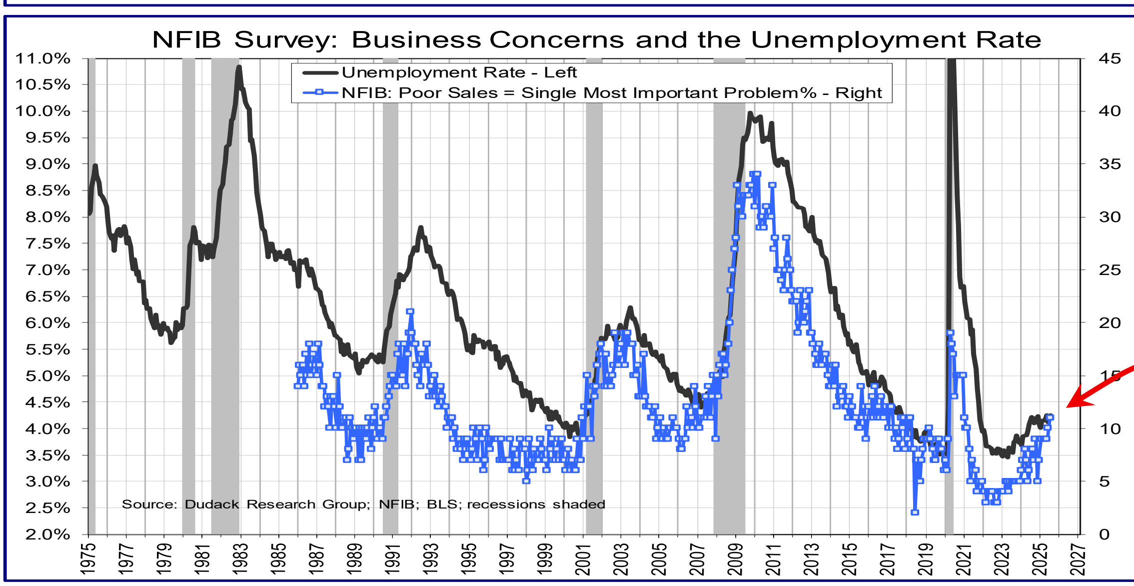




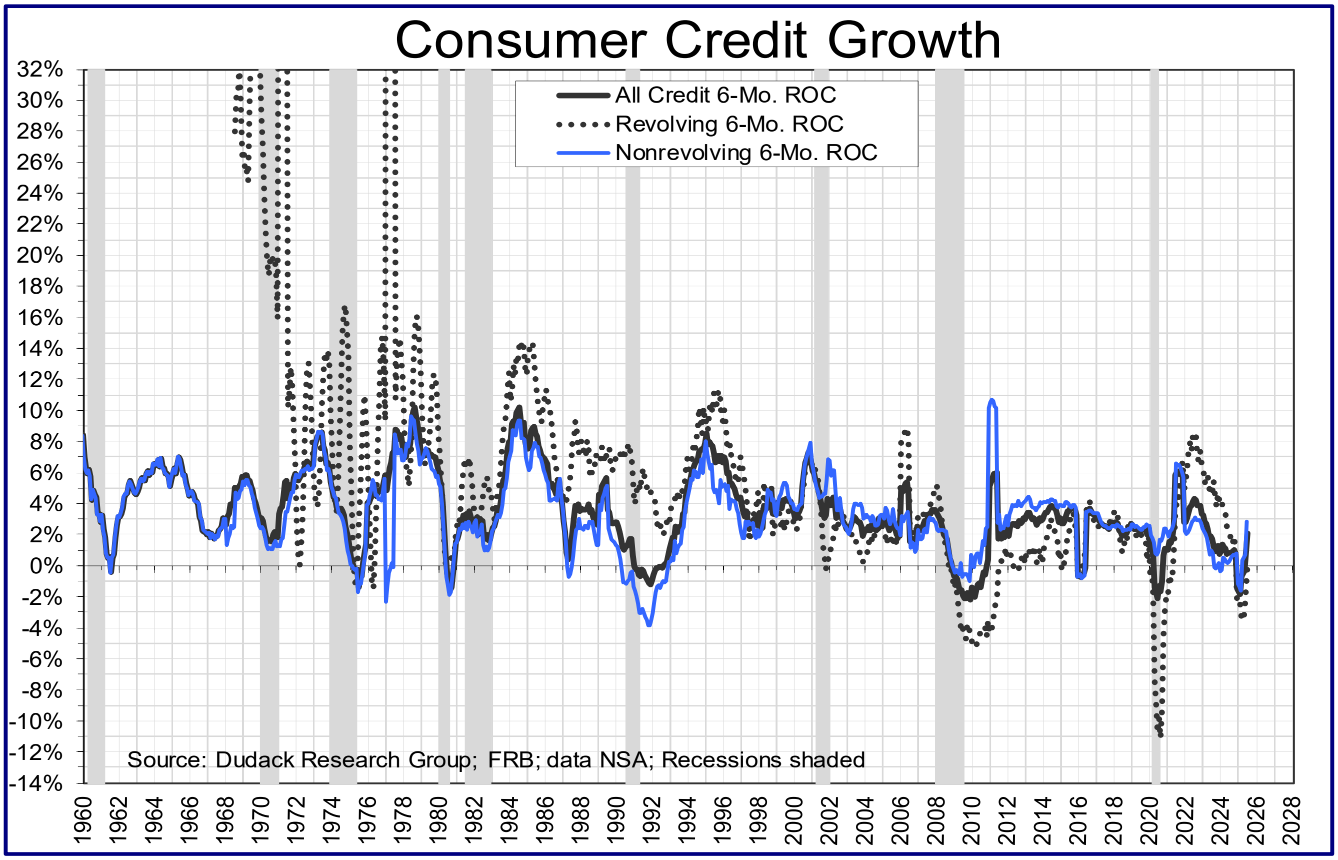
The Small Business Optimism Index rose 1.7 in July to 100.3, slightly above the long-term average of 98. Of the components, 6 increased, 2 decreased and 2 were unchanged. There was good news and bad news in the details. Plans to increase employment increased by a point to 14 and plans to raise prices fell 4 to 28. However, poor sales as the "single most important problem" for small businesses, rose 1 point to 11 and is a steady uptrend. The problem with this is that the unemployment rate also moved up in July and a rising trend in these two indices has been a lead indicator of a recession.

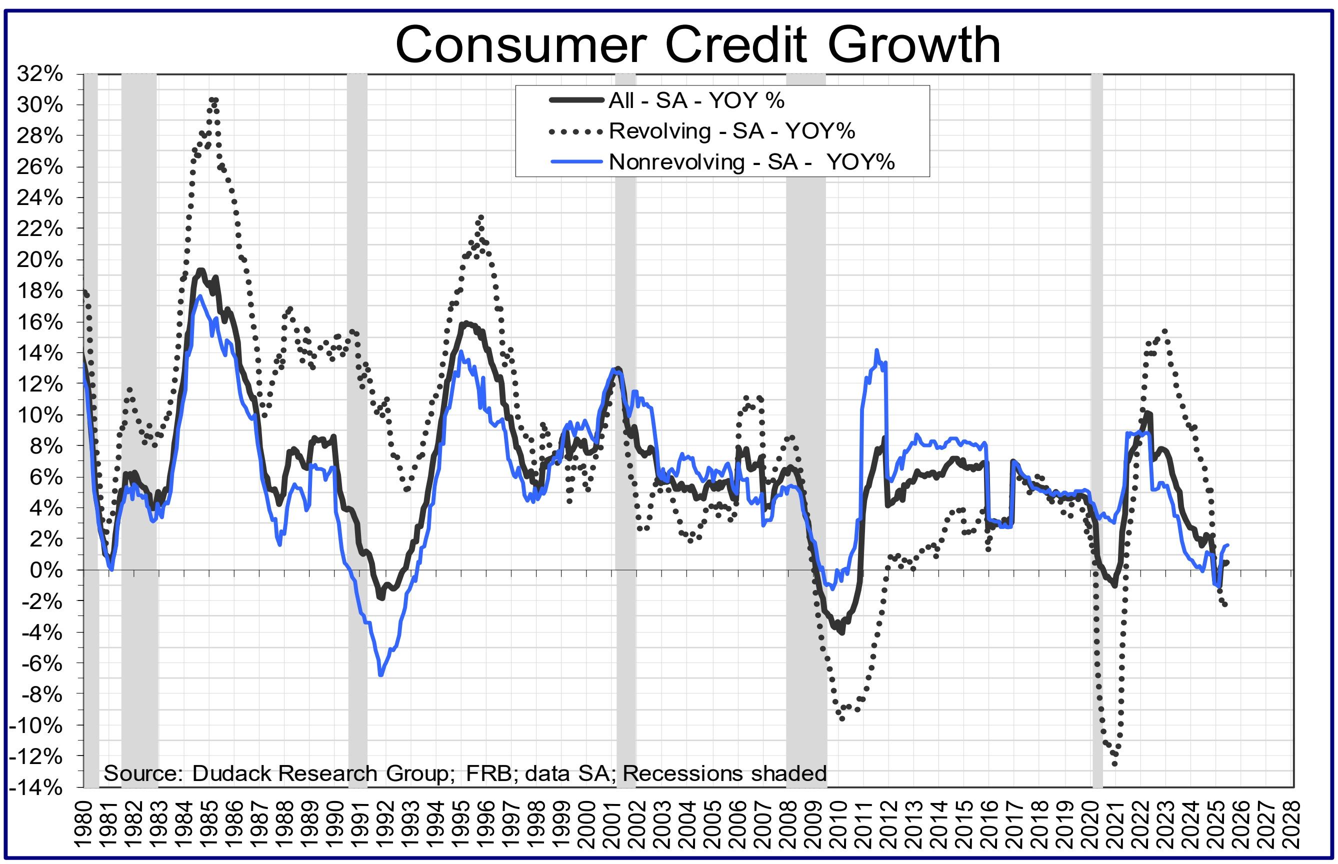




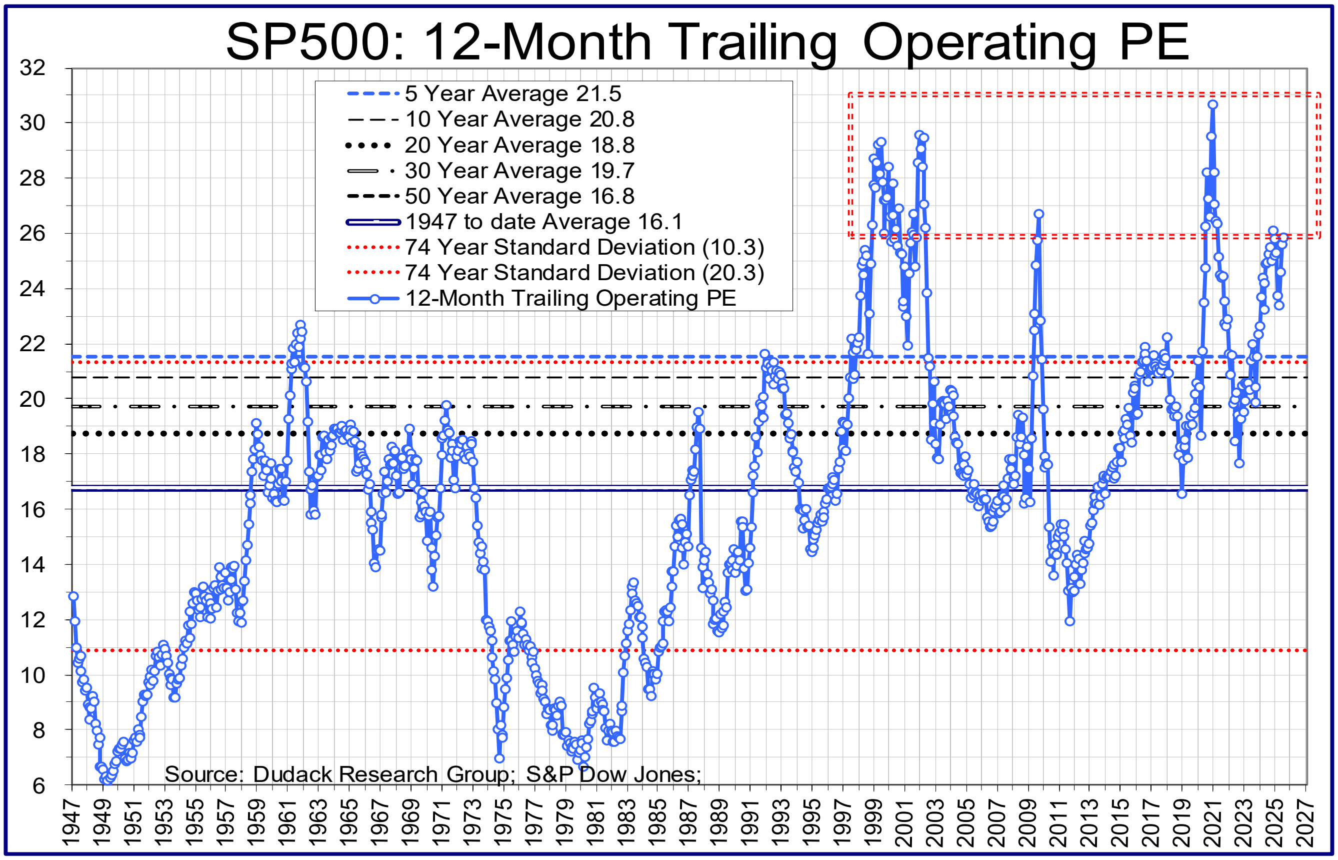


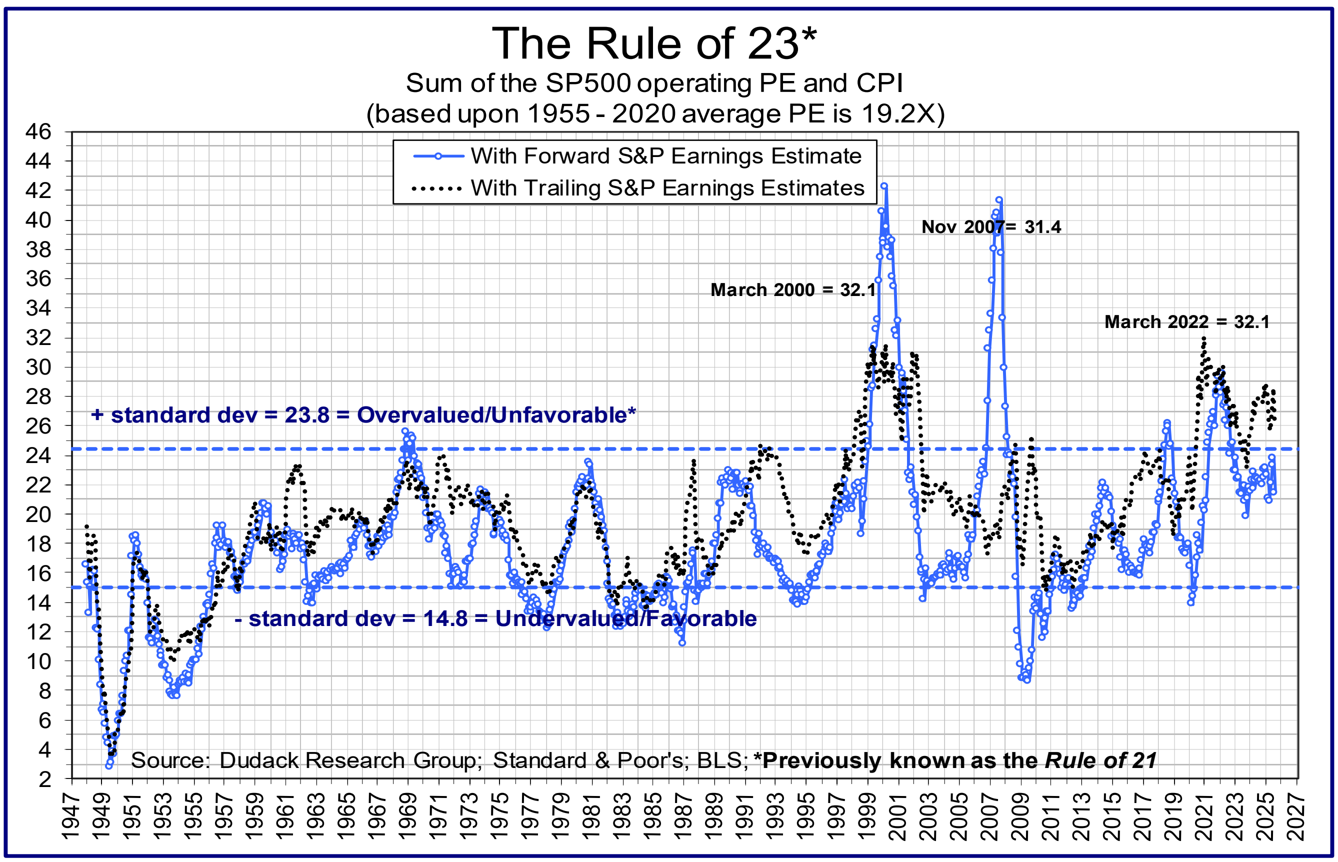
Total consumer credit in June was $5.055 trillion, up from $5.047 trillion a year earlier -- a gain of 0.5%. The growth was concentrated in nonrevolving credit, which grew 1.6% YOY. Revolving credit decreased 2.5% YOY to $1.3 trillion. On a 6-month rate of change basis, total credit increased 2.1%, nonrevolving rose 2.8% and revolving credit was unchanged. Nonetheless, all these numbers are far better than they were in the December 2024 to February 2025 timeframe when credit was negative and ominous.



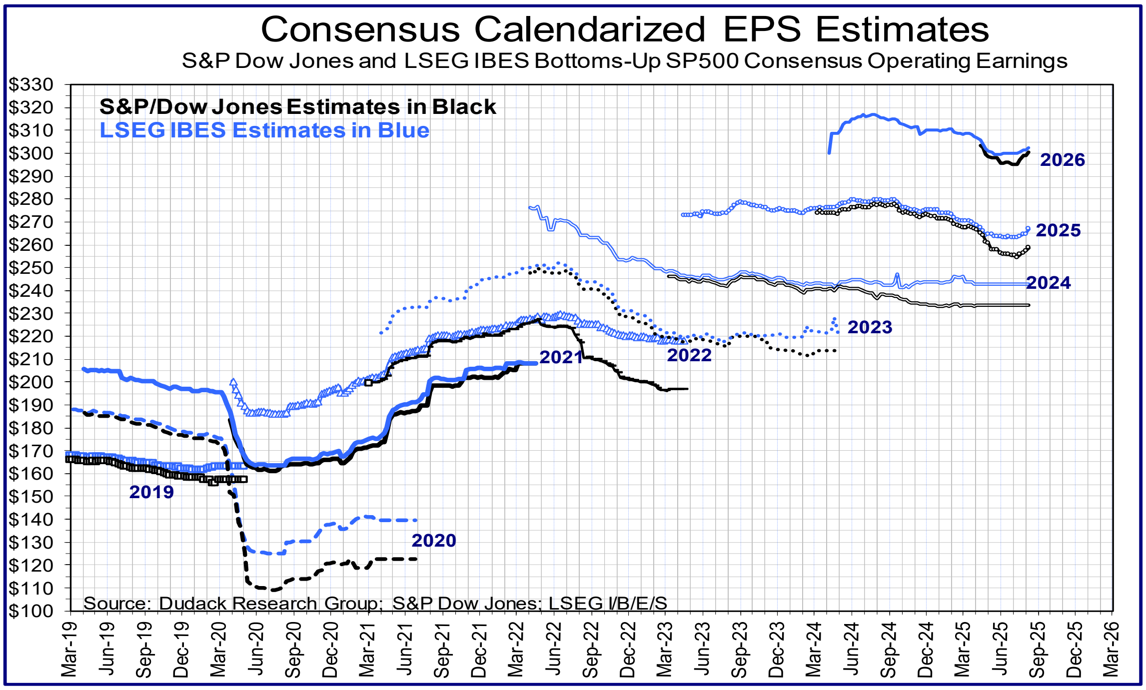


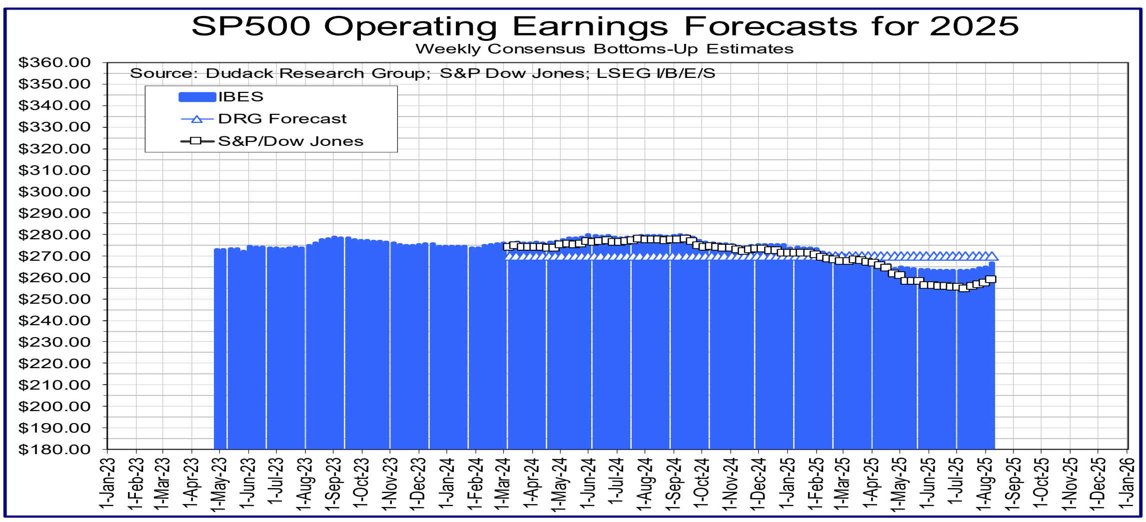
The SPX **trailing** 4-quarter operating earnings multiple is 26.0 times after reaching a recent intra-month low of 20.7 times earnings in early April. It is down this week due to higher earnings results, but it remains above both the 50-year average of 16.8 times and the 5-year average of 21.5. Including 2026 S&P Dow Jones estimates, the **12-month forward** PE multiple is 21.8 times and back above its long-term average of 17.9 times. When this PE is added to inflation of 2.7%, it comes to 24.5, which places it just above the top of the normal range of 15.0 to 24.1.

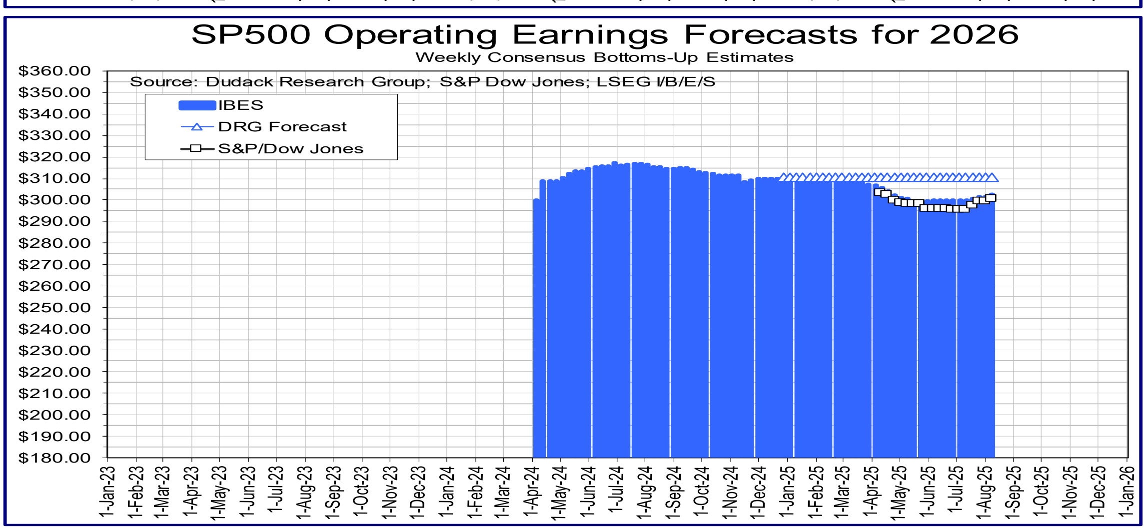




The S&P Dow Jones consensus earnings estimate for calendar 2025 was $258.65, up $1.46, this week. The earnings forecast for 2026 was $300.42, up $1.14. The LSEG IBES estimate for 2025 is $266.84, up $1.98, and the 2026 estimate is $302.61, up $1.17. The IBES estimate for 2027 is $342.44, up $2.11. In sum, these are big upgrades and estimates are approaching our forecasts!

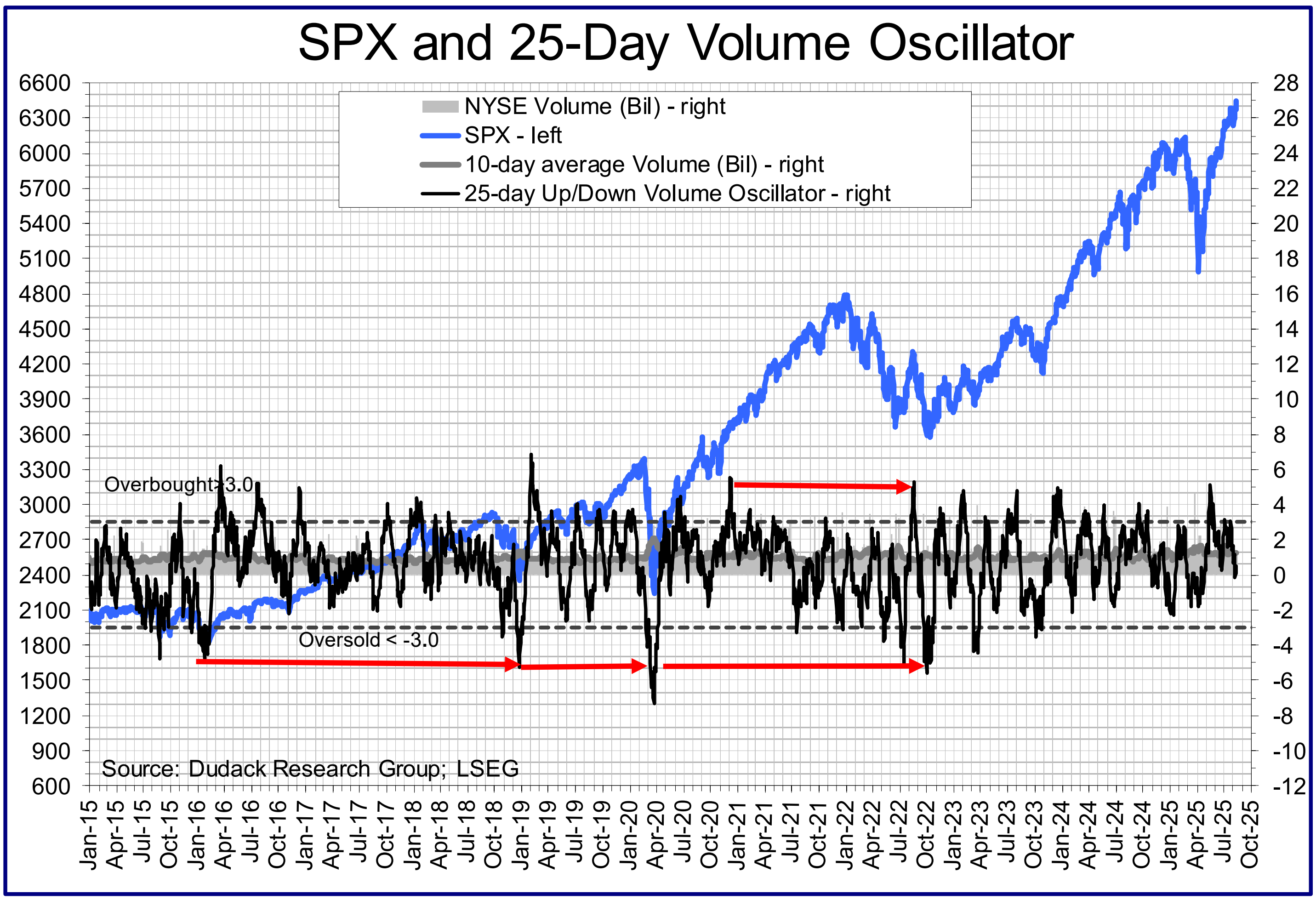




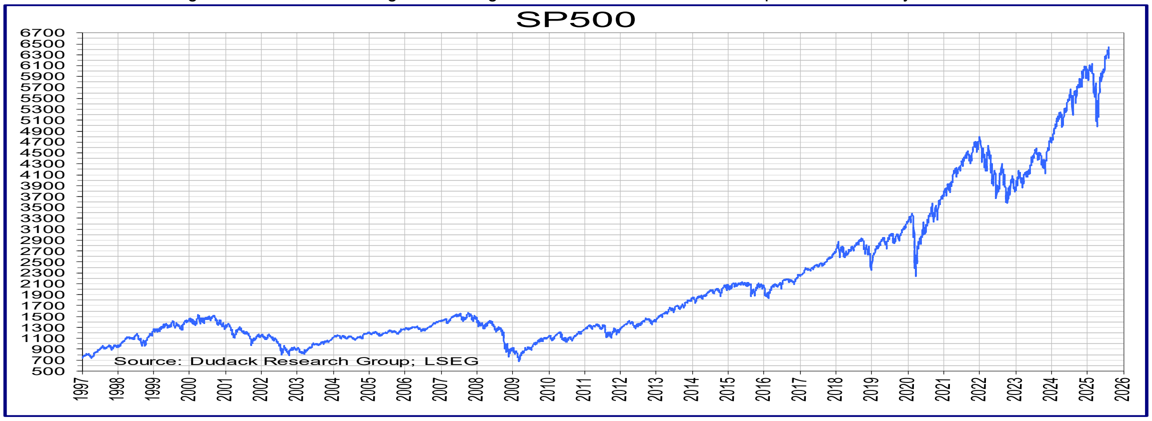


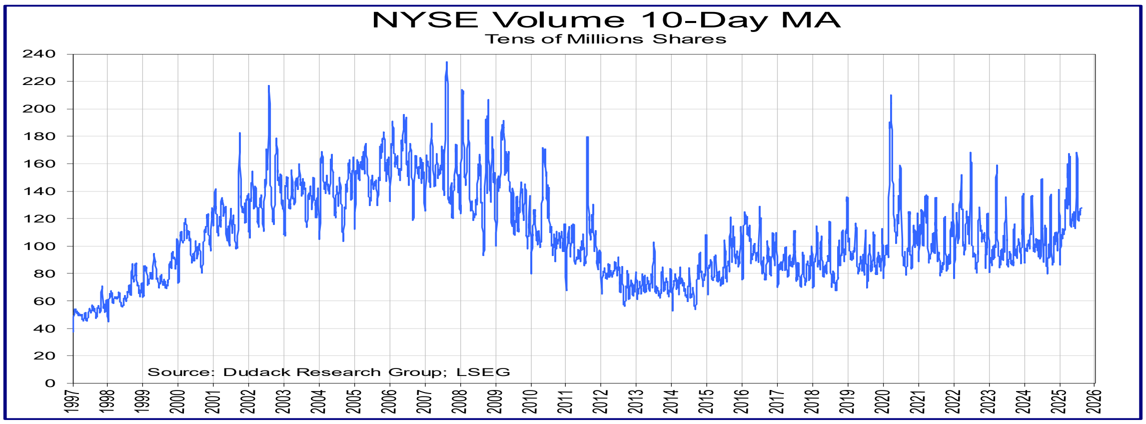
The 25-day up/down volume oscillator is at 0.49 this week, neutral after recording one-day overbought readings of 3.15 on July 3 and 3.05 on July 25. This followed the indicator being overbought for 9 of eleven days in May during which it reached a high of 5.10 on May 16. The 5.10 reading was the highest overbought reading since August 18, 2022 which appeared shortly after the market rebounded from its June 16, 2022 low. This was very positive performance and is a characteristic of a bull market cycle.

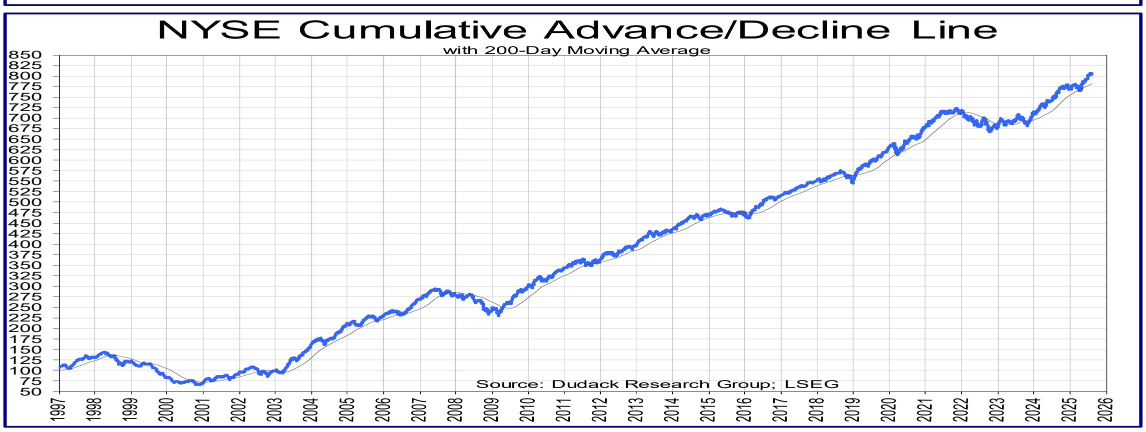
However, despite the two one-day overbought readings made in July, this indicator is yet to confirm the string of recent new highs made by the indices in recent weeks. To do so, it should record an overbought reading of 3.0 or more for a minimum of five consecutive trading days. At present, this indicator suggests advancing volume is weakening in August. The longer this disparity continues, the greater the risk is that equities experience a near-term decline.

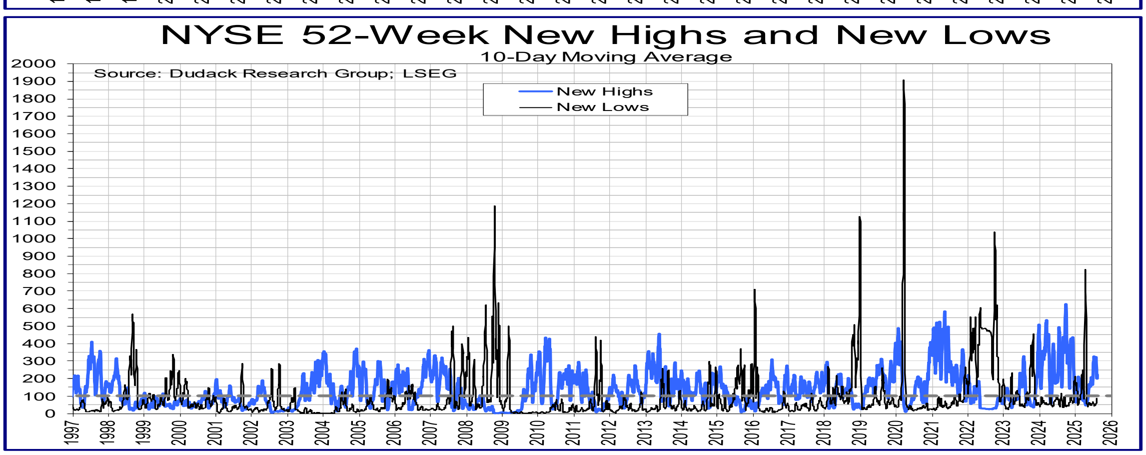


The 10-day average of daily new highs is 223 this week and new lows are averaging 85. This combination of daily new highs above 100 and new lows below 100 is positive. On April 11, the 10-day new low index (823) was the highest since the September-October 2022 low (882). The NYSE cumulative advance/decline line has recently made a string of new highs, the latest was on August 12, 2025, confirming the new highs made in the SPX and Nasdaq on the same day. In sum, technical indicators are bullish.

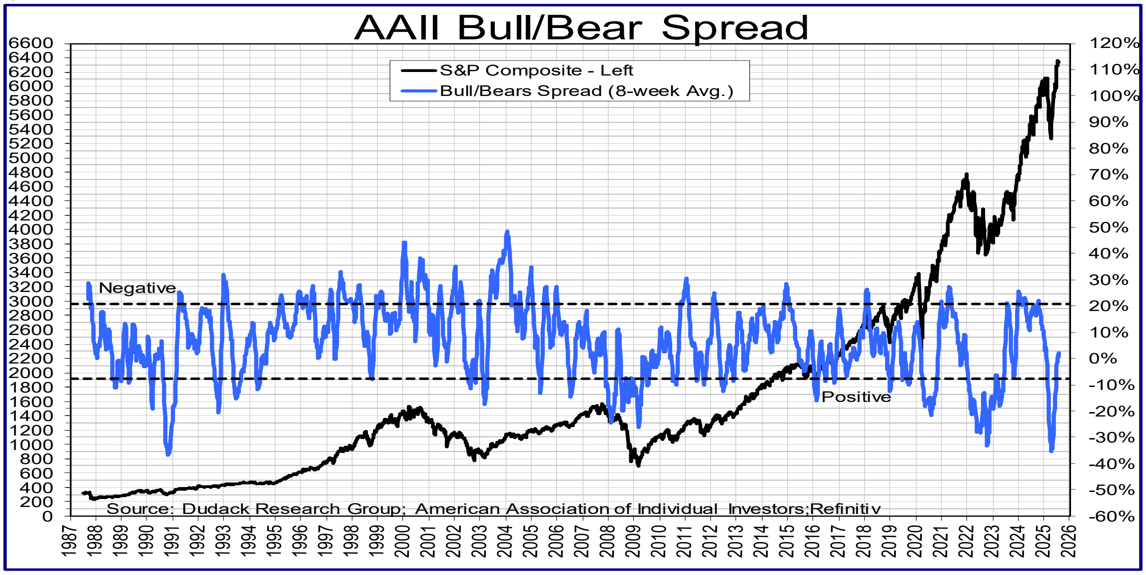


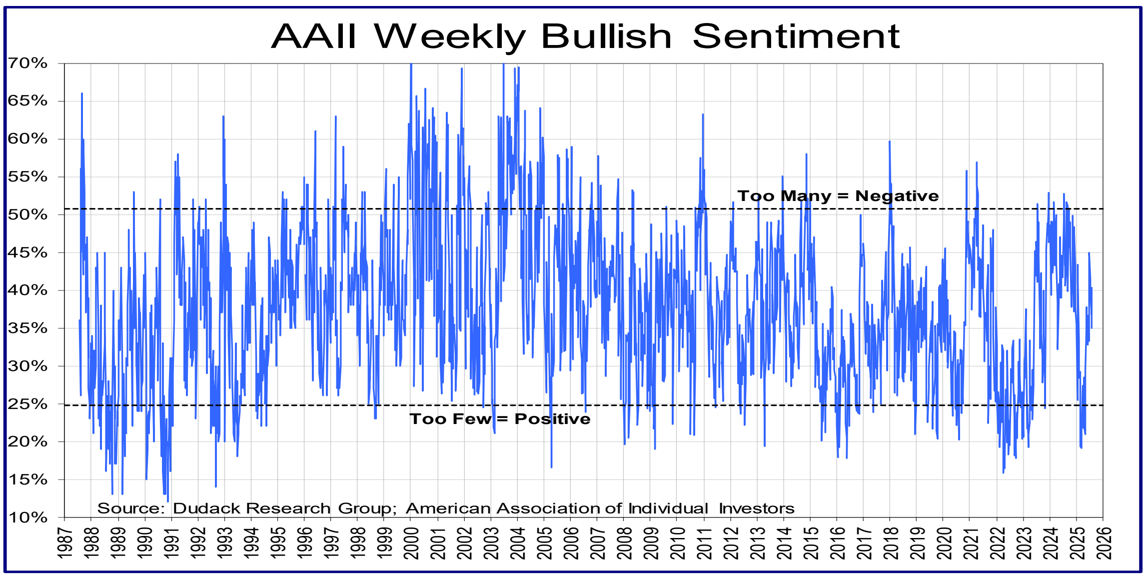


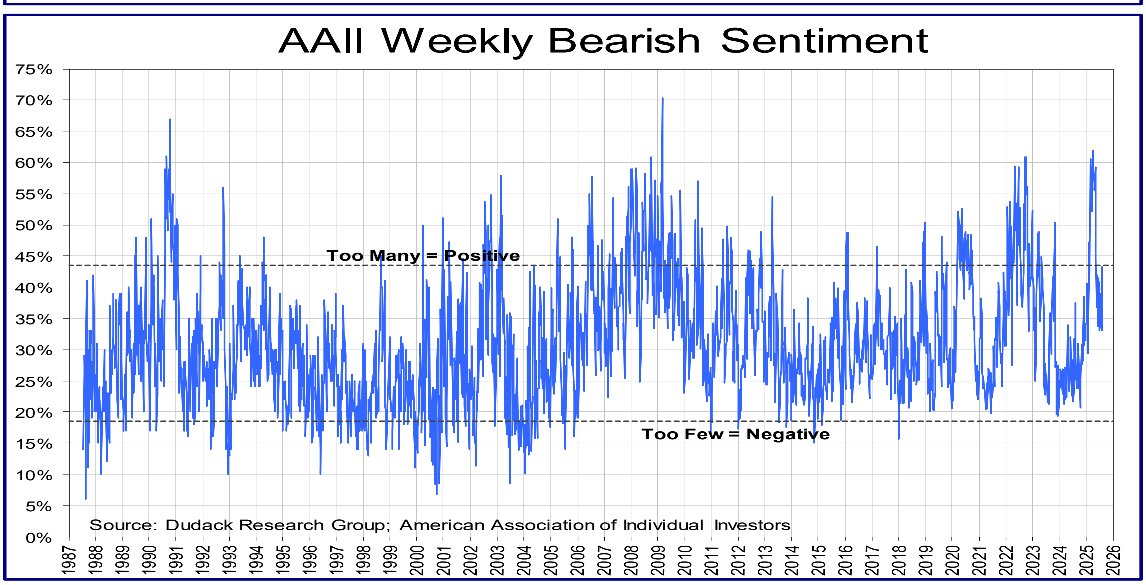




Last week's AAII survey showed bullishness fell 5.4% to 34.9% and bearishness jumped 10.2% to 43.2%. Both readings are neutral. The April 2, 2025 reading of 61.9% bearishness was a new high for this cycle and favorable. The 8-week bull/bear is 0.8% and neutral for the 7th consecutive week after being positive for the 17 consecutive weeks in February through mid-June. These readings were the most positive since the November 21, 1990 reading of minus 36.3%, just after the S&P 500 low on October 11, 1990 at 295.47, down 20%.







Global Markets and Commodities - Ranked by Year-to-Date Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
iShares MSCI Austria Capped ETF	EWO	31.37	5.3%	5.7%	6.7%	49.6%
iShares MSCI South Korea Capped ETF	EWY	74.10	1.7%	2.1%	3.2%	45.6%
iShares MSCI Mexico Capped ETF	EWW	62.33	3.6%	3.7%	2.9%	33.1%
iShares MSCI Germany ETF	EWG	42.15	1.6%	-0.7%	-0.4%	32.5%
iShares Silver Trust	SLV	36.11	0.3%	-1.6%	4.9%	31.0%
Silver Future	Slc1	37.90	0.6%	-2.0%	5.7%	31.0%
SPDR Gold Trust	GLD	308.27	-0.9%	-0.3%	1.1%	27.3%
iShares MSCI Singapore ETF	EWS	27.81	3.8%	6.0%	7.0%	27.3%
iShares MSCI Hong Kong ETF	EWH	21.19	1.7%	5.5%	6.7%	27.2%
iShares MSCI Brazil Capped ETF	EWZ	28.39	5.1%	3.1%	-1.6%	26.1%
iShares China Large Cap ETF	FXI	37.94	0.8%	4.0%	3.2%	24.6%
iShares MSCI United Kingdom ETF	EWU	41.03	2.0%	2.8%	3.3%	21.0%
iShares MSCI EAFE ETF	EFA	91.09	3.0%	2.4%	1.9%	20.5%
Vanguard FTSE All-World ex-US ETF	VEU	69.04	2.6%	2.9%	2.7%	20.3%
iShares MSCI Emerg Mkts ETF	EEM	49.90	2.2%	3.4%	3.4%	19.3%
iShares MSCI Japan ETF	EWJ	79.23	5.6%	9.5%	5.7%	18.1%
iShares MSCI Taiwan ETF	EWT	61.09	3.7%	4.8%	6.4%	18.0%
iShares MSCI Canada ETF	EWC	47.51	1.2%	3.0%	2.8%	17.9%
Technology Select Sector SPDR	XLK	268.21	3.1%	4.8%	5.9%	15.3%
iShares US Telecomm ETF	IYZ	30.94	4.3%	5.7%	3.9%	15.3%
Industrial Select Sector SPDR	XLI	151.90	0.7%	1.1%	3.0%	15.3%
iShares MSCI BRIC ETF	BKF	42.04	1.2%	2.1%	1.4%	15.2%
Utilities Select Sector SPDR	XLU	86.28	-0.1%	4.6%	5.7%	14.0%
Communication Services Select Sector SPDR Fund	XLC	110.25	2.7%	4.0%	1.6%	13.9%
NASDAQ 100	NDX	23839.20	3.6%	4.6%	5.1%	13.5%
SPDR S&P Semiconductor ETF	XSD	281.79	5.9%	6.5%	9.9%	13.4%
iShares MSCI Australia ETF	EWA	26.96	2.1%	2.3%	2.4%	13.0%
Nasdaq Composite Index Tracking Stock	ONEQ.O	85.34	3.6%	5.3%	6.5%	12.2%
iShares Russell 1000 Growth ETF	IWF	450.30	3.1%	5.3%	6.1%	12.1%
PowerShares Water Resources Portfolio	PHO	72.46	2.1%	2.0%	3.6%	10.1%
SP500	.SPX	6445.76	2.3%	3.0%	3.9%	9.6%
iShares Russell 1000 ETF	IWB	352.90	2.2%	3.0%	3.9%	9.5%
Shanghai Composite	.SSEC	3665.92	1.3%	4.4%	6.4%	9.4%
Financial Select Sector SPDR	XLF	52.46	1.5%	0.6%	0.2%	8.5%
SPDR Homebuilders ETF	XHB	111.40	3.9%	6.3%	13.0%	6.6%
iShares Russell 1000 Value ETF	IWD	197.29	1.4%	0.5%	1.6%	6.6%
Materials Select Sector SPDR	XLB	89.30	0.9%	-2.4%	1.7%	6.1%
Consumer Staples Select Sector SPDR	XLP	82.63	2.7%	2.3%	2.1%	5.1%
Gold Future	GCc1	3135.10	0.1%	0.6%	0.9%	5.0%
SPDR S&P Retail ETF	XRT	83.23	4.6%	3.7%	8.0%	4.6%
SPDR DJIA ETF	DIA	444.68	0.8%	0.3%	0.9%	4.5%
DJIA	.DJI	44458.61	0.8%	0.2%	0.8%	4.5%
SPDR S&P Bank ETF	KBE	57.89	2.9%	-0.4%	3.8%	4.4%
iShares Russell 2000 Growth ETF	IWO	299.54	2.2%	3.8%	4.8%	4.1%
iShares iBoxx $ Invest Grade Corp Bond	LQD	109.68	-0.2%	1.5%	0.1%	2.7%
iShares Russell 2000 ETF	IWM	226.81	2.7%	2.3%	5.1%	2.6%
iShares MSCI Malaysia ETF	EWM	24.94	2.9%	3.6%	2.5%	1.7%
iShares US Real Estate ETF	IYR	94.51	-1.5%	-1.0%	-0.3%	1.6%
iShares Nasdaq Biotechnology ETF	IBB.O	134.00	0.4%	1.8%	5.9%	1.4%
iShares Russell 2000 Value ETF	IWN	165.93	3.1%	0.6%	5.2%	1.1%
Consumer Discretionary Select Sector SPDR	XLY	226.74	3.6%	2.4%	4.3%	1.1%
iShares MSCI India ETF	INDA.K	52.47	0.1%	-4.4%	-5.8%	-0.3%
iShares 20+ Year Treas Bond ETF	TLT	86.95	-1.6%	1.4%	-1.5%	-0.4%
Energy Select Sector SPDR	XLE	84.66	-1.0%	-5.0%	-0.2%	-1.2%
United States Oil Fund, LP	USO	72.95	-2.8%	-5.6%	-0.2%	-3.4%
Health Care Select Sect SPDR	XLV	131.19	-1.0%	-3.0%	-2.7%	-4.6%
iShares DJ US Oil Eqpt & Services ETF	IEZ	17.61	-1.5%	-4.4%	3.8%	-11.1%
Oil Future	CLc1	63.17	-3.1%	-7.7%	-3.0%	-11.9%

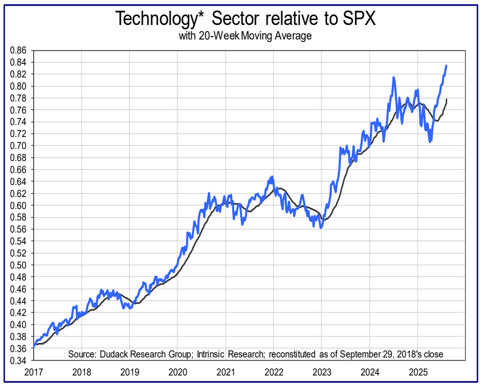
Outperformed SP500
Underperformed SP500

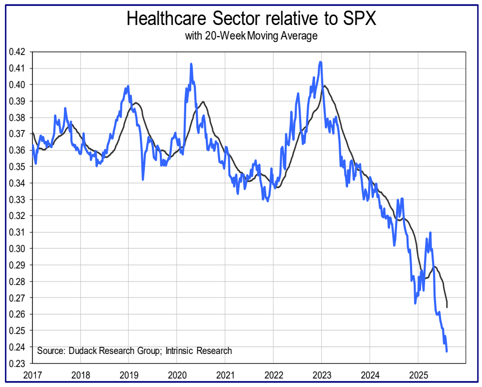
Source: Dudack Research Group; LSEG Priced as of August 12, 2025
Blue shading represents non-US and **yellow** shading represents commodities

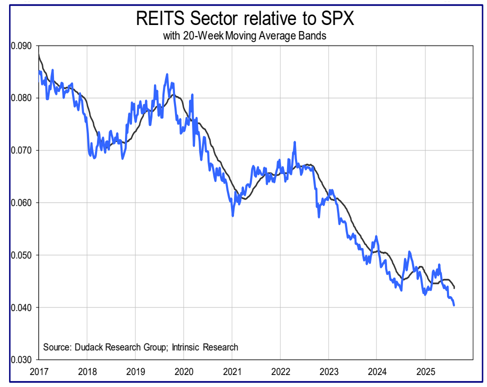
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

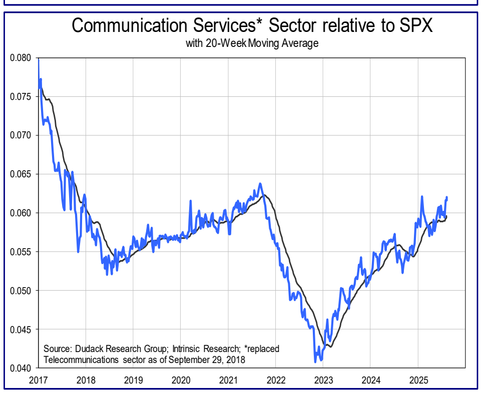
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Communication Services Technology Consumer Discretionary Financials	Healthcare Staples Utililties Industrials	REITS Materials Energy

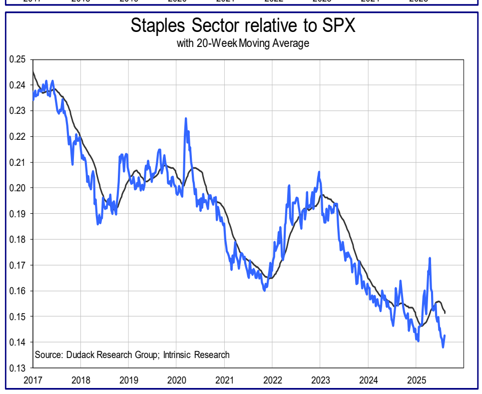
11/19/2024: Upgraded Consumer Discretionary from N to O; Downgraded Healthcare from O to N. 9/10/2024: Upgraded Utilities from U to N; Downgraded Energy from N to U.

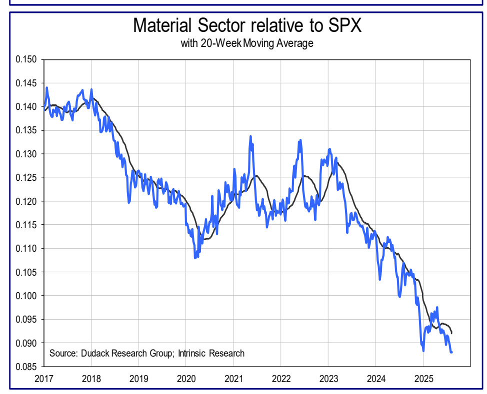


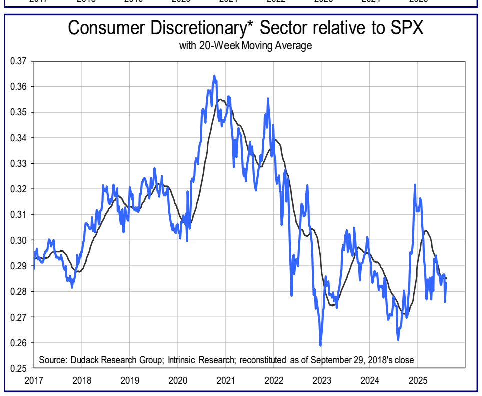


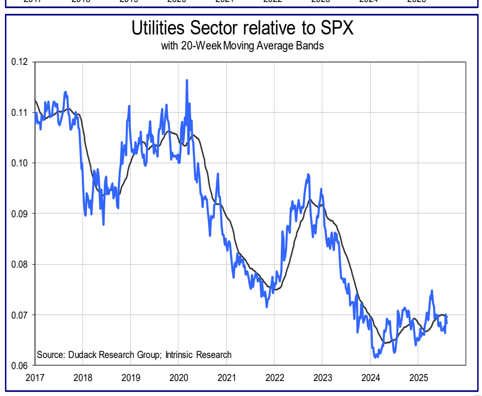


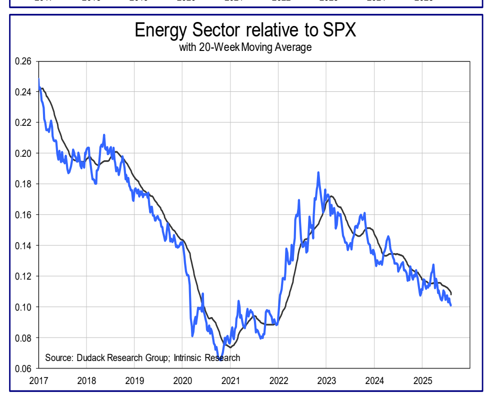


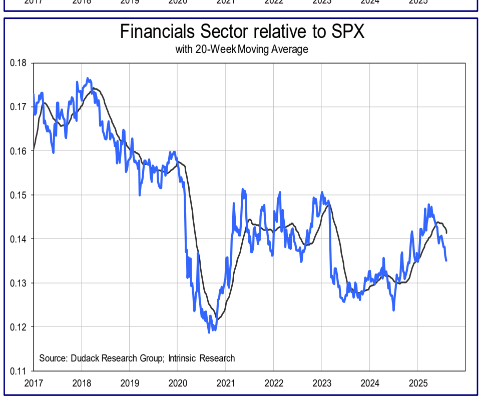


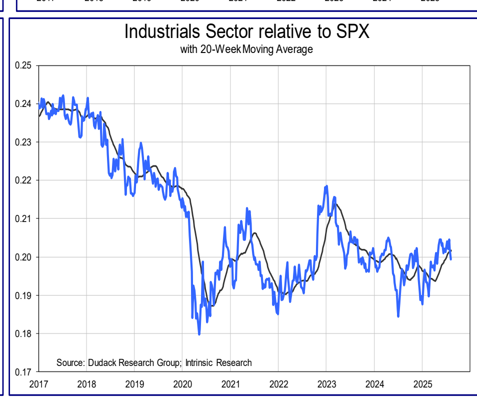












2025 Performance - Ranked	
SP500 Sector	% Change
S&P COMMUNICATIONS SERVICES	16.9%
S&P INFORMATION TECH	16.6%
S&P INDUSTRIALS	15.2%
S&P UTILITIES	13.6%
S&P 500	9.6%
S&P FINANCIAL	8.3%
S&P MATERIALS	7.1%
S&P CONSUMER STAPLES	6.6%
S&P REITS	0.7%
S&P CONSUMER DISCRETIONARY	-0.6%
S&P ENERGY	-1.7%
S&P HEALTH CARE	-4.8%

Source: Dudack Research Group; Refinitiv; Monday closes

US Asset Allocation

	Benchmark	DRG %	Recommendation
Equities	60%	60%	Neutral
Treasury Bonds	30%	30%	Neutral
Cash	10%	10%	Neutral
	100%	100%	

Source: Dudack Research Group; 11/26/2024: moved 5% cash to equities

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 %	LSEG IBES Consensus Bottom-Up $ EPS**	LSEG IBES 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 %
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%	1.6%	$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%	2.1%	$1,648.10	-0.9%
2014	2127.83	$102.31	$113.02	$113.01	5.3%	$118.78	8.3%	18.8X	2.2%	2.5%	$1,713.10	3.9%
2015	2043.94	$86.53	$100.45	$100.45	-11.1%	$117.46	-1.1%	20.3X	2.1%	2.9%	$1,664.20	-2.9%
2016	2238.83	$94.55	$106.26	$106.26	5.8%	$118.10	0.5%	21.1X	1.9%	1.8%	$1,661.50	-0.2%
2017	2673.61	$109.88	$124.51	$124.51	17.2%	$132.00	11.8%	21.5X	1.8%	2.5%	$1,816.60	9.3%
2018	2506.85	$132.39	$151.60	$151.60	21.8%	$161.93	22.7%	16.5X	1.9%	3.0%	$2,023.40	11.4%
2019	3230.78	$94.55	$157.12	$157.12	3.6%	$162.93	0.6%	20.6X	1.8%	2.6%	$2,065.60	2.1%
2020	3756.07	$109.88	$122.38	$122.38	-22.1%	$139.72	-14.2%	30.7X	1.6%	-2.2%	$1,968.10	-4.7%
2021	4766.18	$132.39	$208.17	$208.17	70.1%	$208.12	49.0%	22.9X	1.3%	6.1%	$2,382.80	21.1%
2022	3839.50	$139.47	$196.95	$196.95	-5.4%	$218.09	4.8%	19.5X	1.7%	2.5%	$2,478.80	4.0%
2023	4769.83	$94.14	$213.53	$213.53	8.4%	$221.36	1.5%	22.3X	1.5%	2.9%	$3,101.80	25.1%
2024	5614.66	$197.87	$233.36	$233.41	9.3%	$242.73	9.7%	25.2X	1.3%	2.8%	$3,312.00	6.8%
2025E	~~~~~	$172.75	$258.65	$270.00	15.7%	$266.84	9.9%	22.7X	1.4%	NA	NA	NA
2026E	~~~~~	$192.43	$300.41	$310.50	15.0%	$302.61	13.4%	19.6X	1.4%	NA	NA	NA
2019 1Q	2834.40	$35.02	$37.99	$37.99	4.0%	$39.15	2.8%	18.5	1.9%	2.5%	$2,124.50	#REF!
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	#REF!
2019 3Q	2976.74	$33.99	$39.81	$39.81	-3.8%	$42.14	-1.2%	19.5	1.9%	4.8%	$2,220.30	#REF!
2019 4Q	3230.78	$35.53	$39.18	$39.18	11.8%	$41.98	1.9%	20.6	1.8%	2.8%	$2,199.60	#REF!
2020 1Q	2584.59	$11.88	$19.50	$19.50	-48.7%	$33.13	-15.4%	18.6	2.3%	-5.5%	$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%	-28.1%	$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%	35.2%	$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%	4.4%	$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%	5.6%	$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%	6.4%	$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%	3.5%	$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%	7.4%	$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%	-1.0%	$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%	0.3%	$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%	3.4%	$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%	2.8%	$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%	2.4%	$2,601.80	-4.1%
2023 3Q	4288.05	$47.65	$52.25	$52.25	3.8%	$58.41	4.3%	20.4	1.6%	4.4%	$2,697.90	-2.1%
2023 4Q	4769.83	$47.79	$53.90	$53.90	7.0%	$57.16	7.5%	22.3	1.5%	3.2%	$2,803.20	3.8%
2024 1Q	5254.35	$47.37	$54.63	$54.63	4.0%	$56.56	6.6%	24.4	1.3%	1.6%	$2,726.80	5.3%
2024 2Q	5521.50	$53.12	$58.36	$58.36	6.4%	$60.40	11.3%	25.2	1.3%	3.0%	$3,141.60	20.7%
2024 3Q	5521.50	$51.99	$59.16	$59.16	13.2%	$63.21	8.2%	24.4	1.3%	3.1%	$3,128.50	16.0%
2024 4Q	5881.63	$57.69	$61.21	$61.26	13.7%	$65.00	13.7%	25.2	1.3%	2.4%	$3,312.00	18.2%
2025 1QP	5611.85	$53.89	$57.51	$63.75	16.7%	$63.07	11.5%	23.8	1.4%	-0.5%	$3,203.60	17.5%
2025 2QE	6204.95	$60.14	$64.57	$65.25	11.8%	$66.72	10.5%	25.6	1.2%	3.0%	NA	NA
2025 3QE*	6445.76	$61.80	$66.97	$68.00	14.9%	$67.38	6.6%	24.8	1.4%	NA	NA	NA
2025 4QE	NA	$64.22	$69.60	$73.00	19.3%	$70.09	7.8%	24.9	0.0%	NA	NA	NA
2026 1QE	NA	$64.34	$69.90	$73.31	15.0%	$70.60	11.9%	23.8	NA	NA	NA	NA
2026 2QE	NA	$70.41	$73.95	$75.04	15.0%	$74.51	11.7%	23.0	NA	NA	NA	NA
2026 3QE	NA	$71.44	$77.23	$78.20	15.0%	$77.64	15.2%	22.2	NA	NA	NA	NA
2026 4QE	NA	$73.46	$79.33	$83.95	15.0%	$80.18	14.4%	21.5	NA	NA	NA	NA

Source: DRG; S&P Dow Jones **quarterly EPS may not sum to official CY estimates; LSEG IBES Consensus estimates *8/12/2025

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

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Prices are the close of August 12, 2025