



US Strategy Weekly

Pros and Cons

As noted last week, we remain a buyer of market weakness over the longer term but given the unpredictability and messiness of the war in the Mideast, we remain cautious in the short term. War-time changeability and chaos are best represented by the wild swings in the price of crude oil. There is no shortage of oil around the world and prices are expected to return to normal in coming weeks, but over 68 loaded oil tankers, or roughly 4.2 billion gallons of crude, are currently trapped or delayed in the Persian Gulf region due to the conflict. This has triggered volatility in WTI intermediate crude futures (CLC1 - \$83.45), which rose from a closing price of \$65.21 on February 26 to a recent intraday high of \$119.48, before closing just above \$83 a barrel on March 10. Both Brent crude and WTI prices are roughly 40% higher than they were earlier in the year and this will put pressure on consumers and inflation benchmarks if the Strait of Hormuz does not open soon. According to price-tracking data from AAA, the average price for a gallon of gas in the US was up six cents this week to roughly \$3.54, and the only state with gas prices under \$3 a gallon was Kansas at \$2.96. California continues to have the most expensive gas in the US, with a gallon costing an average of \$5.29.

CONS

The inflationary impact of higher energy prices clearly poses a risk to the economy since higher energy costs hurt middle and lower-income households most severely. It could also mean the Federal Reserve may postpone lowering interest rates and this would be a disappointment to the consensus.

Another concern we have is the weakness in the job market. The employment environment has been deteriorating for over six months, but the increased use of AI is clearly stunting job growth.

The February jobs report was a negative surprise with a loss of 92,000 jobs for the month (versus expectations of a 50,000+ increase) and the unemployment rate rose 0.1% to 4.4%. According to the BLS establishment survey, employment grew by a mere 156,000 jobs in the 12 months ended February. More disturbingly, the household survey showed a 12-month decline of 426,000 jobs. See page 4. However, the BLS delayed its annual Census Bureau population update from January to February, which means February's report included revised population estimates which incorporated new information on births, deaths, and migration changes since the most recent decennial census. This year's population assessments also incorporated data on net international migration. The changes made to January 2026 data also reflected adjustments back to the April 2020 Census population base. After these head spinning revisions, the January 2026 employment number, on a not seasonally adjusted basis, showed a month-to-month decline of 2.05 million jobs and a decline of 895,000 jobs on a seasonally adjusted basis. Not surprisingly, our year-over-year household survey chart now shows January and February job growth to be negative 0.45% and negative 0.26%, respectively. Negative growth in employment is normally a sign of a recession which implies this is a major concern. However, since all these changes were applied to the month of January 2026, year-over-year or month-to-month comparisons are impossible. All in all, we have found the accuracy and assessment of BLS data to be

troublesome in recent years so we would not make major decisions based on this data. Still, there does appear to be weakness in the job market.

PROS

One may wonder why the recent stock market, despite all the volatility and the risks to oil and the Middle East, has performed as well as it has. We believe it stems from the fact that most traders expect the conflict to be resolved quickly, and the administration suggests it should. Moreover, conflicts and energy crises, on average, have not been a big negative for the equity market, particularly in recent years. A table on page 3, from THE STOCK TRADERS' ALMANAC, shows that over the last 87 years equity markets have had an average gain of 3.4% in the six months (2.9% in twelve months) after the beginning of a crisis and a 7.6% gain in the six months (12.7% in the twelve months) following the start of a crisis over the last 47 years.

The worst one year experience was the 34.3% decline which followed the Arab Oil Embargo of 1973. This embargo sent oil prices from \$2.90 to \$11.65 a barrel, led to a rationing of gasoline in the US, and gave rise to inflation peaking at 11% in 1974. The second worst one-year performance followed the October 2001 invasion of Afghanistan. However, this decline was due primarily to the bursting of the Dot-com bubble in March 2000. In short, history suggests crises have not been major issues for the equity market.

In addition, some recent reports suggest the job market may not be as bad as we thought. The ISM manufacturing and nonmanufacturing employment indices rose to 48.8 and 51.8, respectively, for the month of February. As a result, the total employment index rose to 100.6, its highest level since February 2025. The ISM manufacturing index for February was down 0.2 to 52.4, but the nonmanufacturing index jumped 2.3 points to 56.1. Both ISM indices were up over 4% YOY, reflecting an improvement in the economy and the ISM nonmanufacturing survey showed improvement in each category, except for prices paid which fell from 66.6 to 63.0 – a positive. See page 8.

Although we are monitoring consumer data closely, most reports remain solid. Advance estimates of retail and food services sales for January 2026 were down 0.2% for the month, but up 3.2% YOY seasonally adjusted and up 3.1% YOY not seasonally adjusted. These were solid numbers and exceeded inflation of 2.4% YOY. Total vehicle unit sales were 16.1 million in February, up nearly 6% for the month, but down 1.8% YOY. The good news in this report was the 2.8% YOY increase in domestic light weight vehicles. Conversely, foreign light weight vehicle unit sales fell 7.0% YOY. This suggests the administration's fiscal policy that gives tax breaks to domestic-made vehicles ([Car Loan Interest Deduction](#)) continues to have a positive impact on domestically made vehicle sales. See page 7.

New consumer credit data was also positive. Consumer credit outstanding increased \$8.1 billion in the month of January, which included a \$4.7 billion increase in revolving credit and a \$3.3 billion increase in nonrevolving. As a result, the six-month rates of change for total, revolving, and nonrevolving credit were 1.2%, 1.4%, and 1.1%. The twelve month rates of change were 3.2%, 1.9%, and 3.6%, respectively. This is a significant improvement from most months in 2025 when revolving credit was contracting. Contractions in credit are often signs of consumer distress and recession.

Perhaps the greatest positive of all is the growth in S&P 500 earnings. As fourth quarter 2025 earnings season ends, consensus estimates continue to increase. This week the LSEG IBES consensus earnings estimate for 2026 rose \$1.33 to \$316.69 and the 2027 forecast rose \$2.37 to \$367.81. The S&P Dow Jones consensus estimate for 2026 rose \$1.28 to \$313.60 and the estimate for 2027 jumped \$2.50 to \$365.30. This means the market is trading at 21.5 times the IBES 2026 estimate and 18.5 times the 2027 estimate. In sum, fundamentals remain solid and support buying on weakness. See page 10.

One may wonder why the recent stock market, despite being extremely volatile, has performed as well as it has in the face of a potentially long conflict in the Middle East and a theoretically prolonged disruption of oil supplies. First, most traders expect the conflict to be resolved quickly. Second, conflicts and energy crises, on average, have not been a huge negative for the equity market, particularly since the Iran Hostage Crisis of 1979. The table below from the Stock Traders Almanac shows that over the last 87 years equity markets have had an average gain of 3.4% in the six months (2.9% in twelve months) after the beginning of a crisis and a 7.6% gain in the six months (12.7% in the twelve months) following the start of a crisis over the last 47 years.

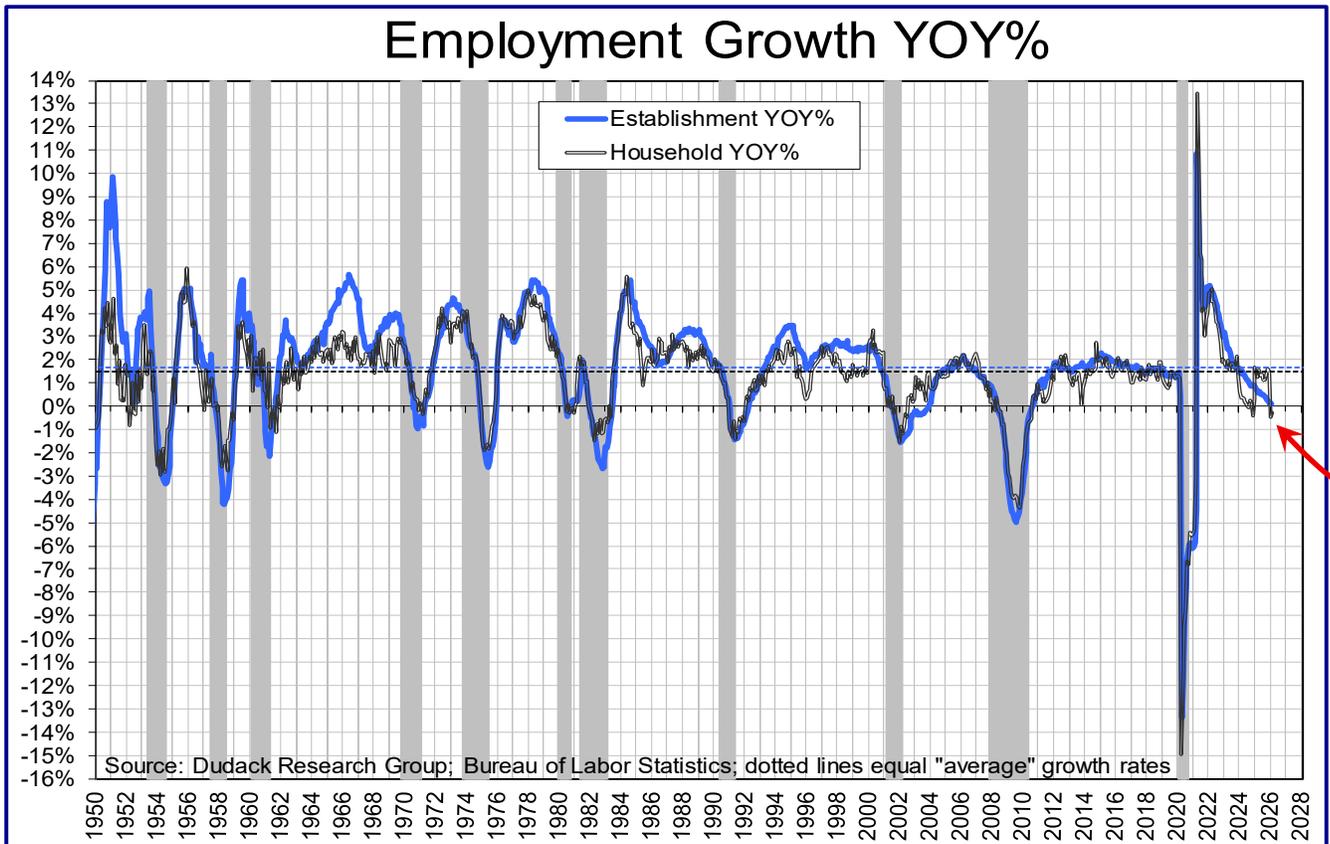
The worst one year experience was the 34.3% decline which followed the Arab Oil Embargo of 1973. This embargo resulted in inflation peaking at 11% in 1974. The second worst one-year performance followed the October 2001 invasion of Afghanistan, and this decline was due primarily to the bursting of the Dot-com bubble in March 2000. In short, crises have not been major issues for the equity market in the recent past.

Stock Market Performance During War, Geopolitical & Energy Crises (S&P 500 % Change)								
Date	Crisis	1 Week % Change	2 Weeks % Change	1 Month % Change	2 Months % Change	3 Months % Change	6 Months % Change	12 Months % Change
9/1/1939	Germany Invades Poland	13.51	16.91	16.46	14.67	9.93	7.87	-5.55
5/10/1940	Germany Invades France	-17.90	-24.42	-25.83	-17.74	-14.52	-5.94	-20.87
12/7/1941	Pearl Harbor Attack	-7.04	-9.59	-4.05	-5.54	-12.26	-10.45	-0.85
6/25/1950	N Korea Invades S Korea	-7.58	-7.68	-9.98	-3.13	1.46	4.86	11.23
10/29/1956	Suez Canal Crisis	2.87	0.48	-4.08	0.63	-3.37	-1.17	-12.06
11/4/1956	Russian Invades Hungary	-1.36	-2.64	-2.43	-0.68	-5.21	-1.36	-14.07
10/15/1962	Cuban Missile Crisis	-3.49	-2.16	5.30	9.87	14.33	21.32	27.13
8/20/1968	Russian Invades Czechoslovakia	-0.19	0.32	2.69	5.88	7.21	0.80	-3.97
10/19/1973	Arab Oil Embargo	1.25	-2.67	-8.45	-13.81	-13.14	-14.78	-34.30
11/3/1979	Iran Hostage Crisis	-0.98	1.25	3.24	2.64	12.30	2.99	25.88
12/24/1979	USSR Invades Afghanistan	0.33	-0.72	5.68	6.92	-7.72	7.02	26.29
8/2/1990	Iraq Invades Kuwait	-4.38	-6.51	-9.27	-11.34	-12.28	-3.51	8.91
10/7/2001	US Invades Afghanistan	1.89	0.20	4.15	8.11	8.73	4.79	-26.70
3/20/2003	Iraq War	-0.63	0.28	2.24	5.23	13.92	18.57	26.97
2/20/2014	Russia Annexed Crimea	1.40	2.64	2.37	1.97	2.41	8.63	15.40
2/24/2022	Russia Invades Ukraine	3.27	0.81	6.97	1.10	-6.72	-2.01	-6.05
10/7/2023	Gaza War	0.45	-1.96	1.62	6.43	9.02	20.79	32.20
	Average:	-1.09	-2.09	-0.79	0.66	0.24	3.44	2.92
	Median:	-0.19	-0.72	2.24	1.97	1.46	2.99	-0.85
	Up:	8	8	10	11	9	10	8
	Down:	9	9	7	6	8	7	9
	% Up:	47.1	47.1	58.8	64.7	52.9	58.8	47.1
1979 to Present (Since Iran Hostage Crisis)								
	Average:	0.17	-0.50	2.12	2.63	2.46	7.16	12.86
	Median:	0.39	0.24	2.80	3.94	5.57	5.91	20.64
	Up:	5	5	7	7	5	6	6
	Down:	3	3	1	1	3	2	2
	% Up:	62.5	62.5	87.5	87.5	62.5	75.0	75.0

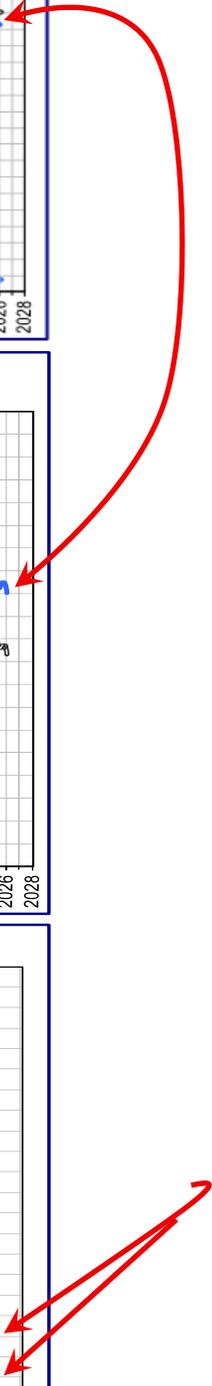
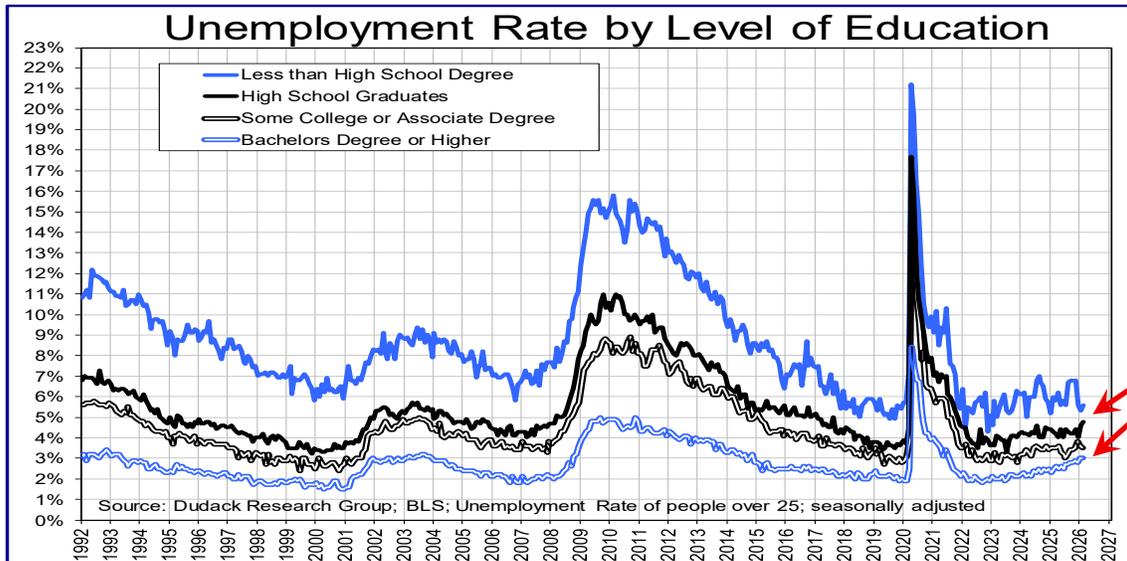
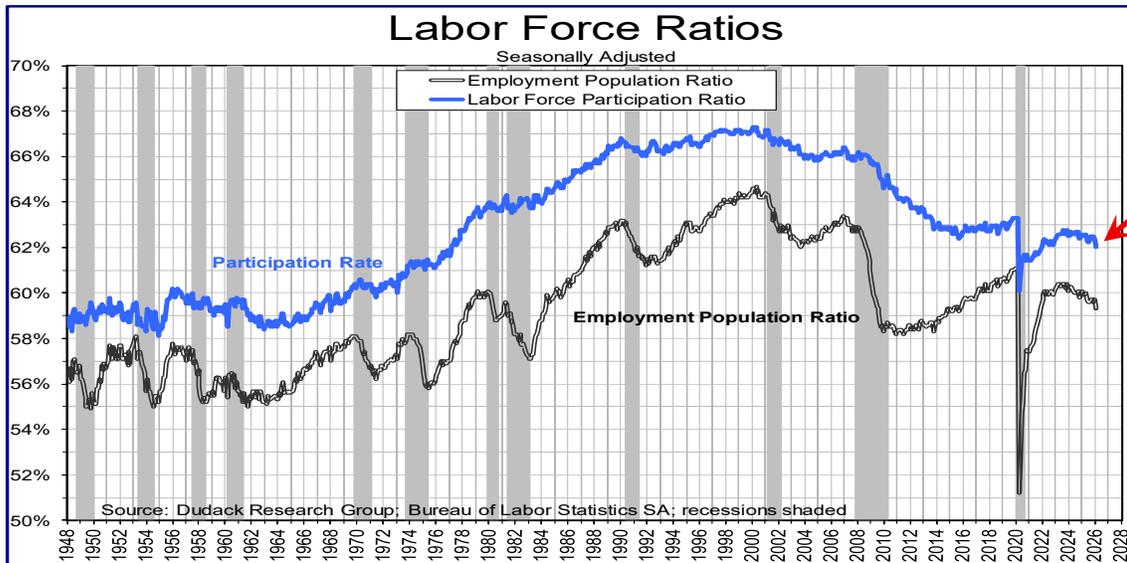
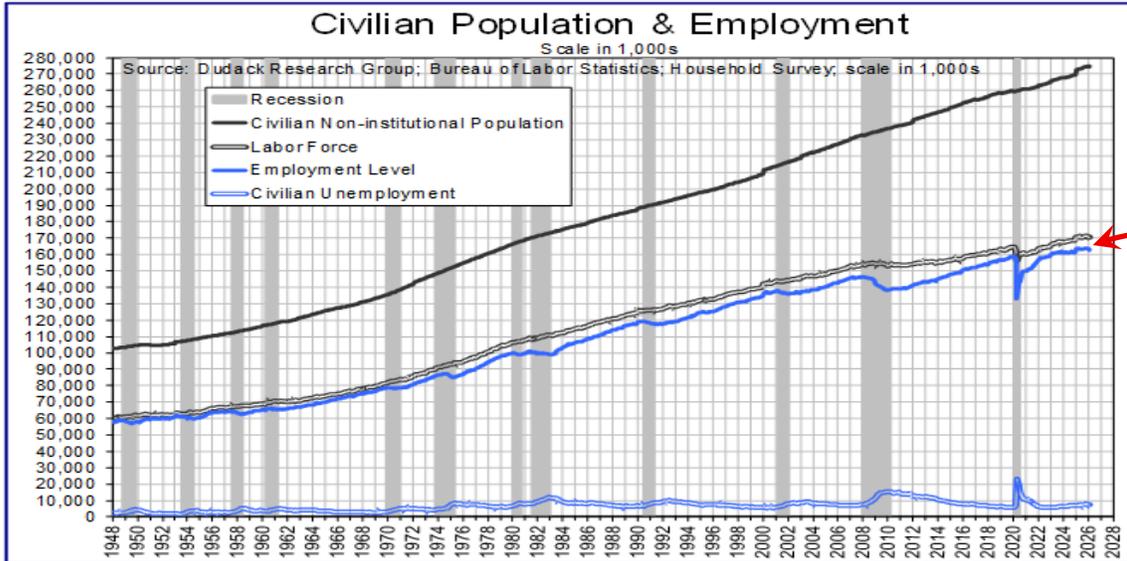
The February jobs report was a negative surprise with a loss of 92,000 jobs for the month (versus expectations of a 50,000+ increase) and the unemployment rate increase of 0.1% to 4.4%. February's report means that total employment, according to the establishment survey, grew by a mere 156,000 jobs in the past 12 months. More disturbingly, the household survey showed a one-year employment decline of 426,000 jobs. But note, the BLS delayed its annual Census Bureau population update from January to February, which means this report included revised population estimates which incorporated new information on births, deaths, and migration changes in the population since the most recent decennial census. This year's population assessments also incorporated updated information about a decline in net international migration. The changes made to January 2026 data reflect adjustments back to the April 2020 Census population base. As a result of these revisions, the January 2026 employment figure, on a not seasonally adjusted basis, showed a decline of 2.05 million jobs and a decline of 895,000 jobs on a seasonally adjusted basis. Not surprisingly, our year-over-year household survey now shows January and February job growth to be negative 0.45% and negative 0.26%, respectively. Negative growth in employment is normally a sign of a recession which is a great concern; but since all these changes were applied to the month of January 2026, comparisons are impossible. All in all, we have found the accuracy and assessment of BLS data to be troublesome in recent years. We would not make major decisions based on recent BLS data, but we do believe there is weakness in the job market.

Employment Surveys (1,000s SA)	Feb-26	Jan-26	Change	Feb-25	Yr/Yr
Establishment Survey: NonFarm Payrolls	158,466	158,558	(92)	158,310	156
Household Survey Data (1,000s)					
Employed (A)	162,912	163,097	(185)	163,338	(426)
Unemployed (B)	7,571	7,368	203	7,104	467
Civilian labor force [A+B]	170,483	170,465	18	170,442	41
Unemployment rate [B/(A+B)]	4.4%	4.3%	0.1%	4.2%	0.3%
U6 Unemployment rate	8.0%	8.0%	0.0%	8.0%	0.0%
Civilian noninstitutional population (C)	274,766	274,676	90	272,847	1,919
Participation rate [(A+B)/C]	62.0	62.1	-0.1	62.5	-0.5
Employment-population ratio [A/C]	59.3	59.4	-0.1	59.9	-0.6
Not in labor force	104,283	99,669	4,614	100,142	4,141

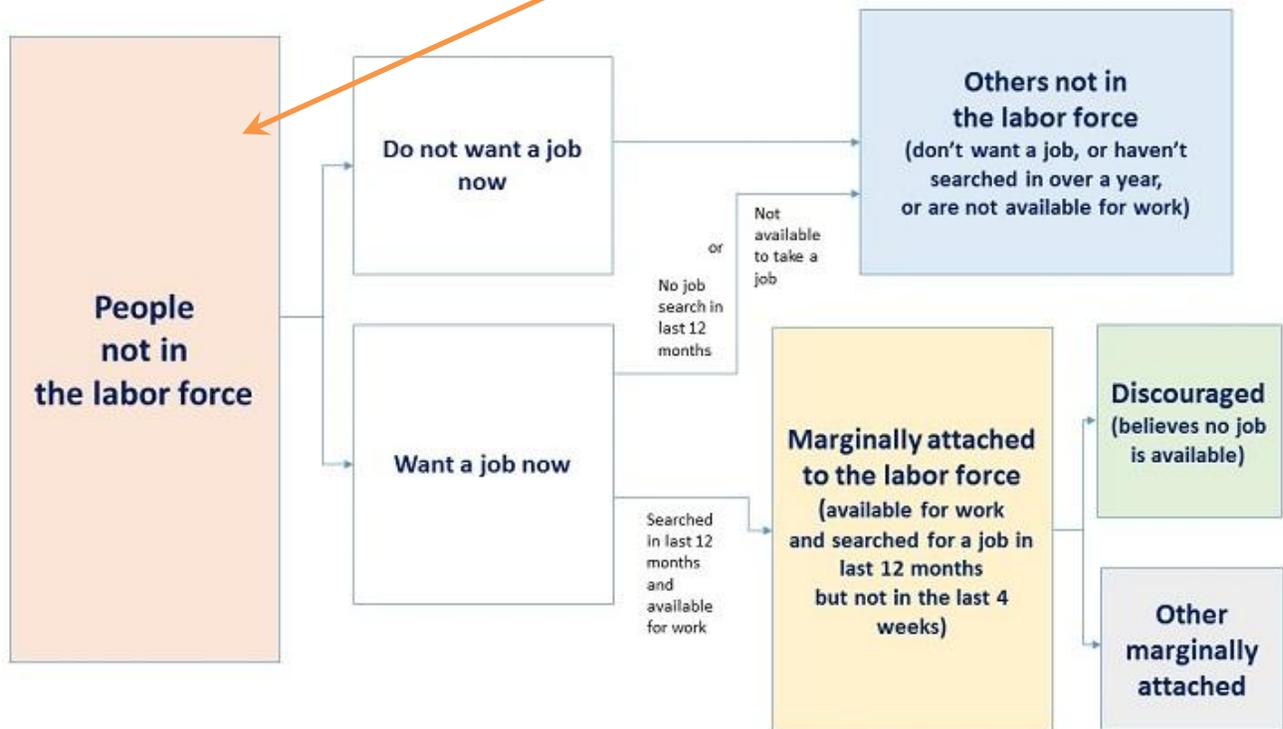
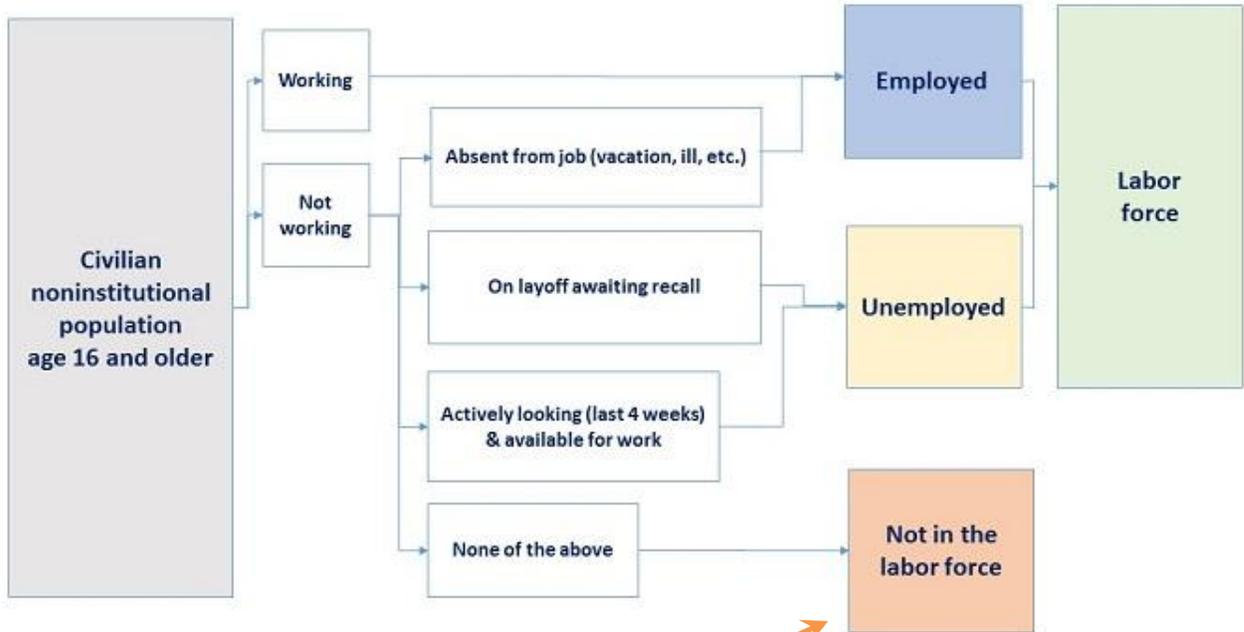
Source: Bureau of Labor Statistics



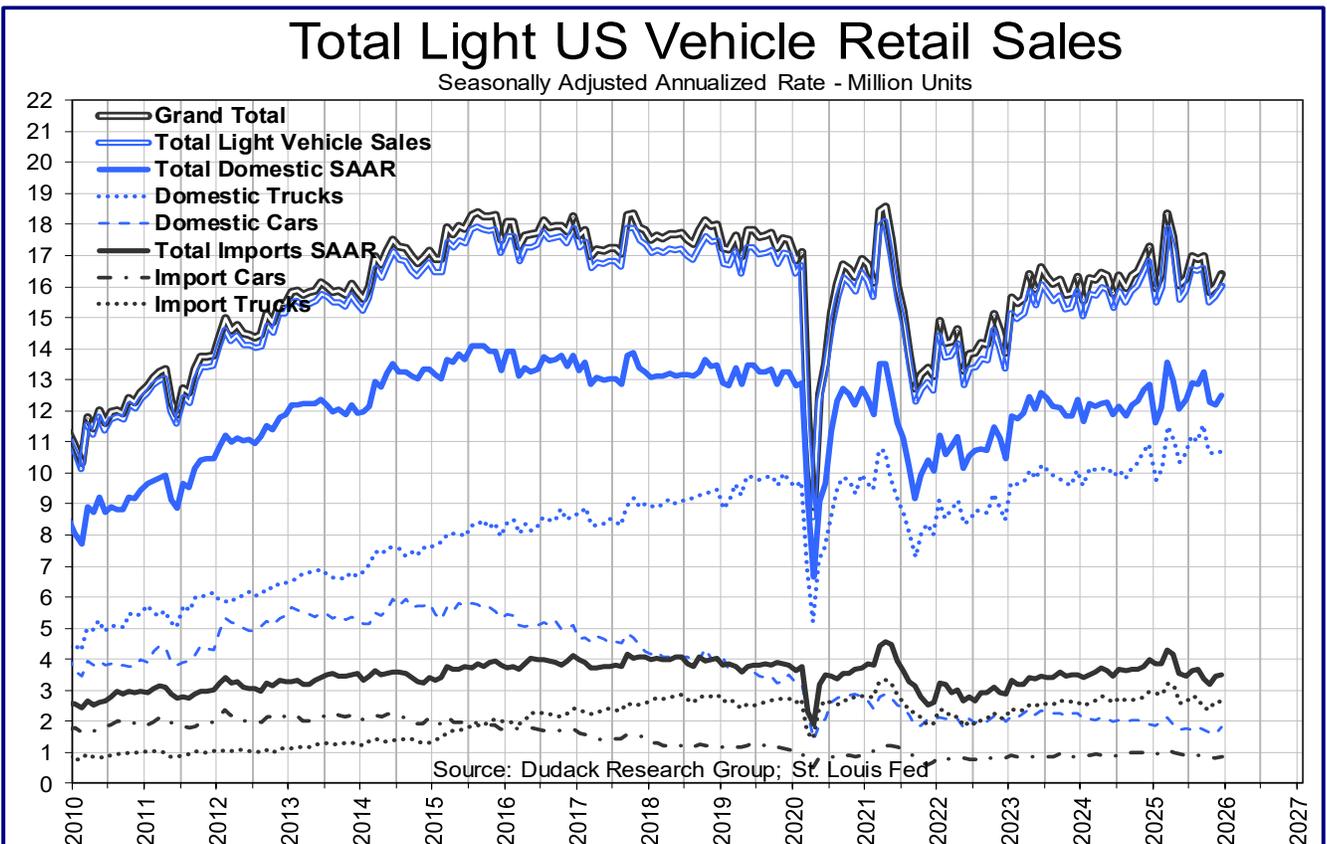
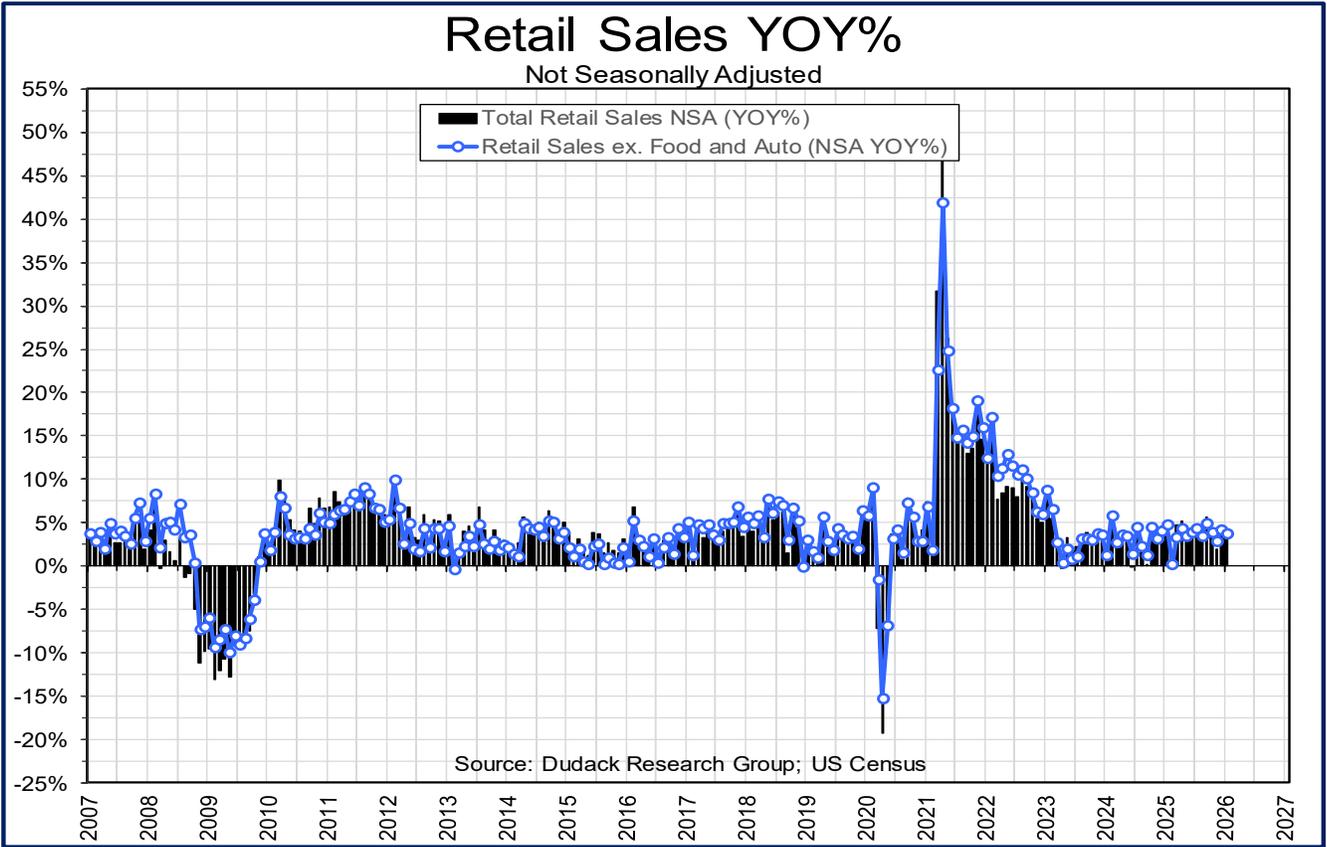
The decline in the household survey's employment data resulted in a decline in the labor force participation ratio which inched down to 62% (see page 4), its lowest level since December 2021. The unemployment rate did not fall significantly, but the unemployment rate for those with a high school diploma rose to 4.8% its highest level since November 2021 and those with a bachelors degree or higher remained at 3%, the highest level since July 2021.



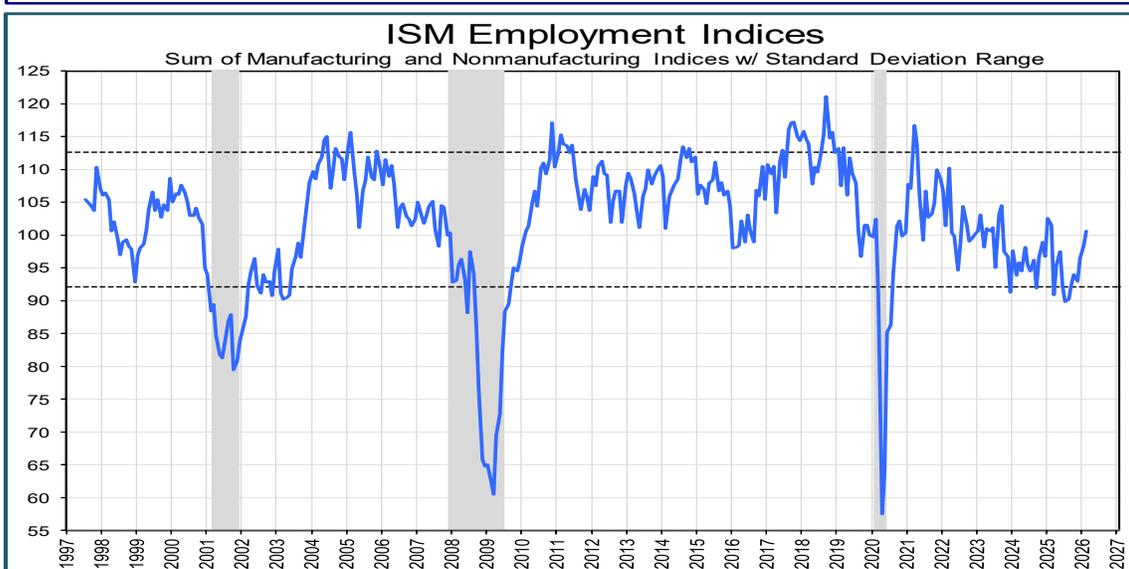
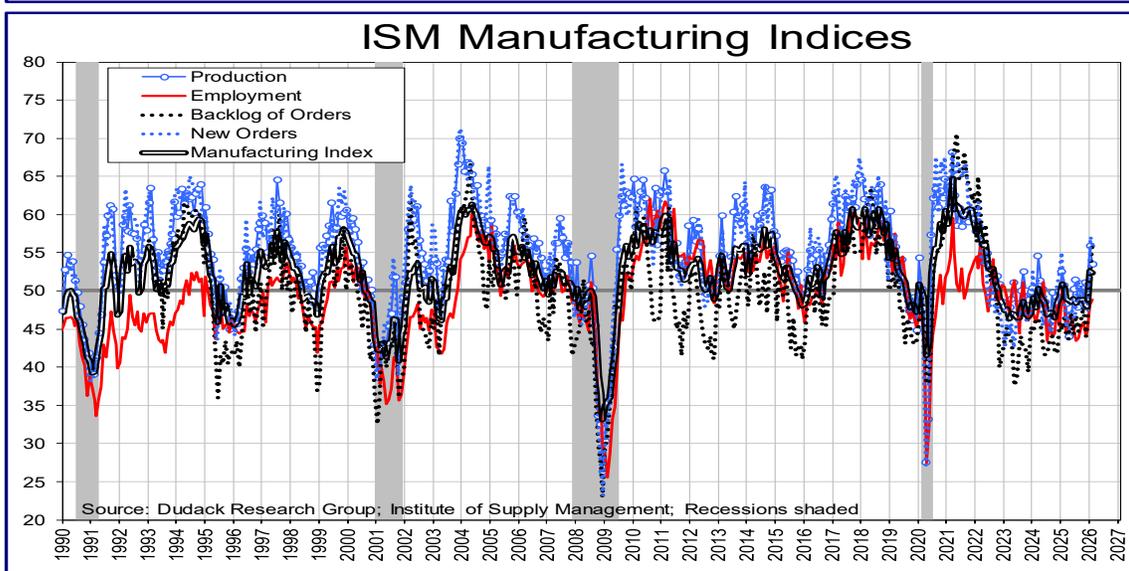
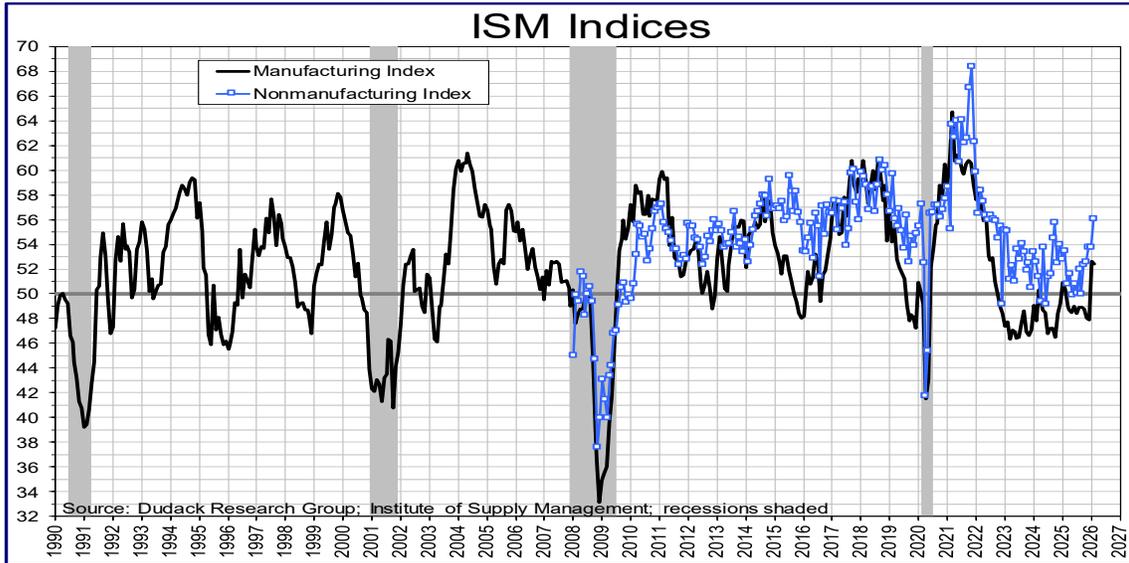
These Bureau of Labor Statistics flow charts are good graphic definitions of the household survey's data and ratios. The establishment survey is a smaller survey that uses state data of payroll taxes paid and collected and it reflects both the number of people on payrolls and receiving unemployment insurance.



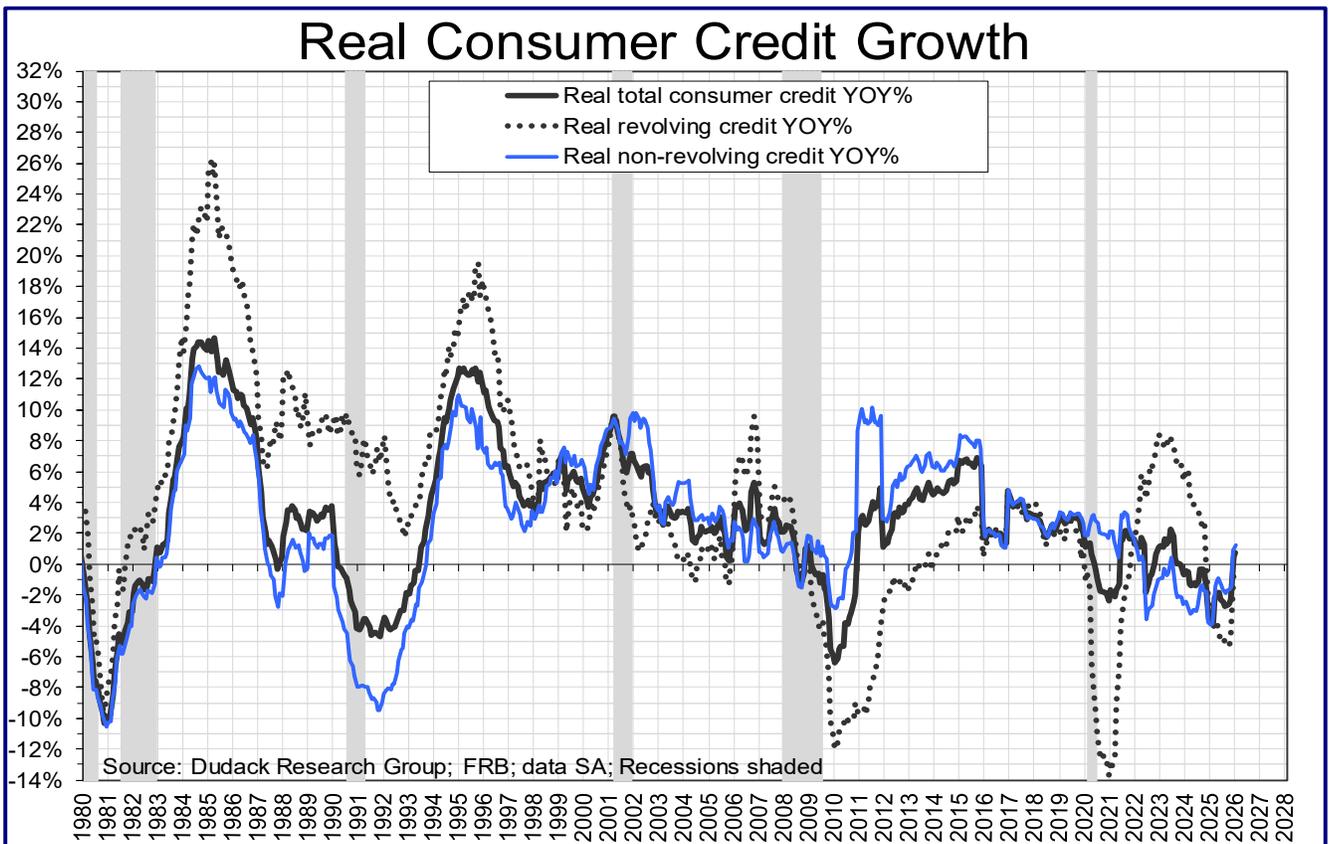
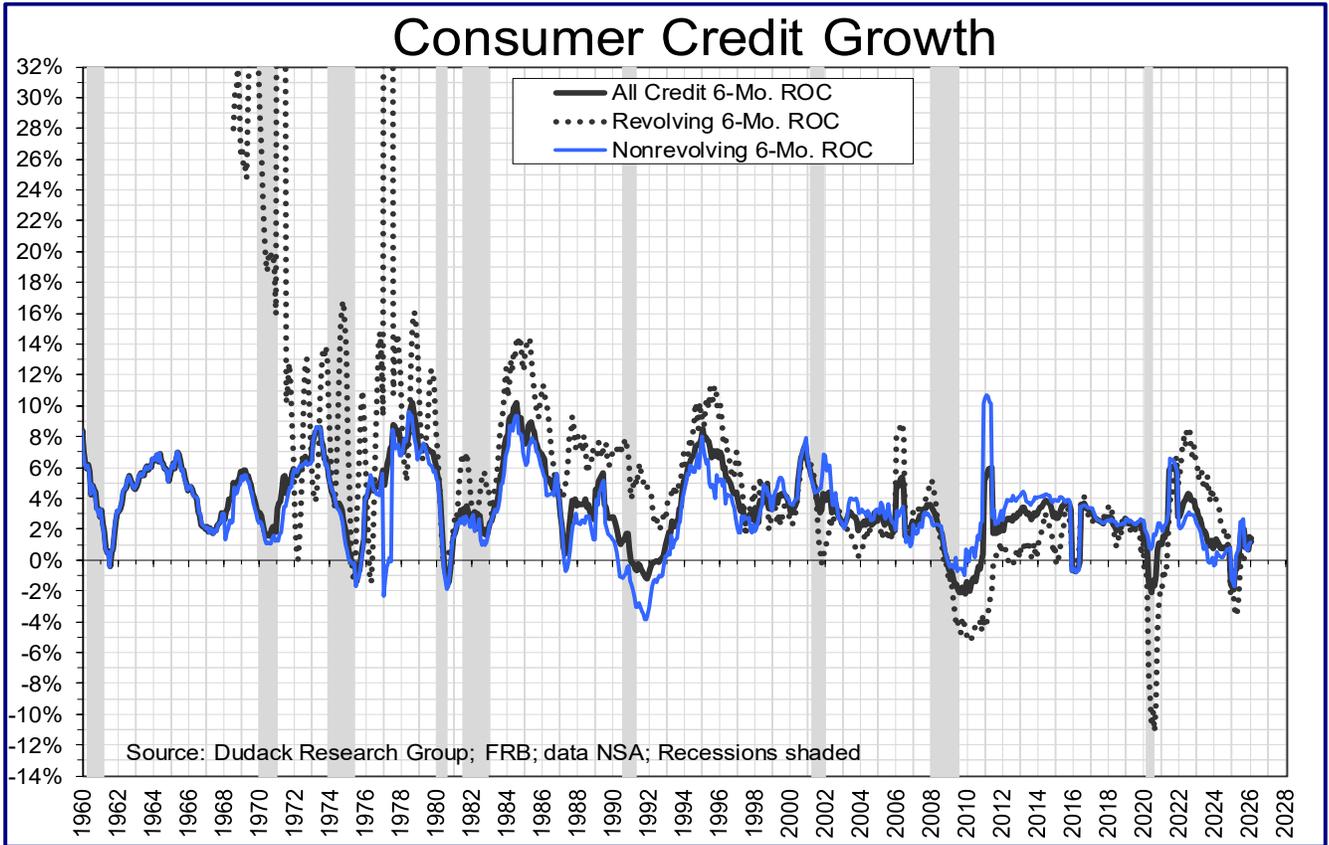
Advance estimates of retail and food services sales for January 2026 were down 0.2% from December, but up 3.2% YOY on a seasonally adjusted basis (up 3.1% YOY not seasonally adjusted). Total vehicle unit sales were 16.1 million in February, up nearly 6% for the month, but down 1.8% YOY. The good news in the report was the 2.8% YOY increase in domestic light weight vehicles and 7.0% decline in foreign light weight vehicles. In short, fiscal policy giving tax breaks to domestic-made vehicles continues to have a positive impact on domestically made vehicle sales.



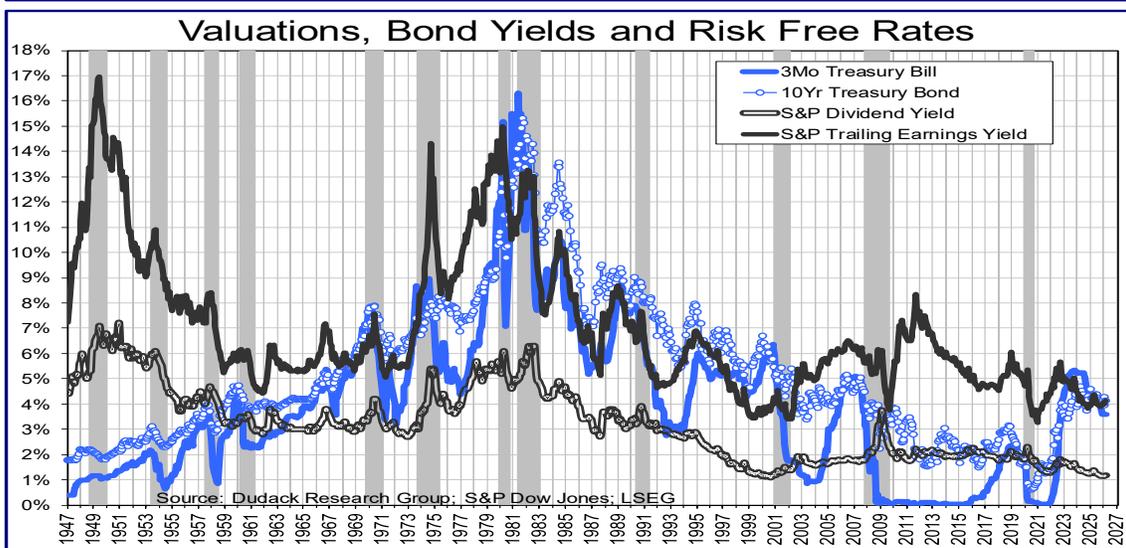
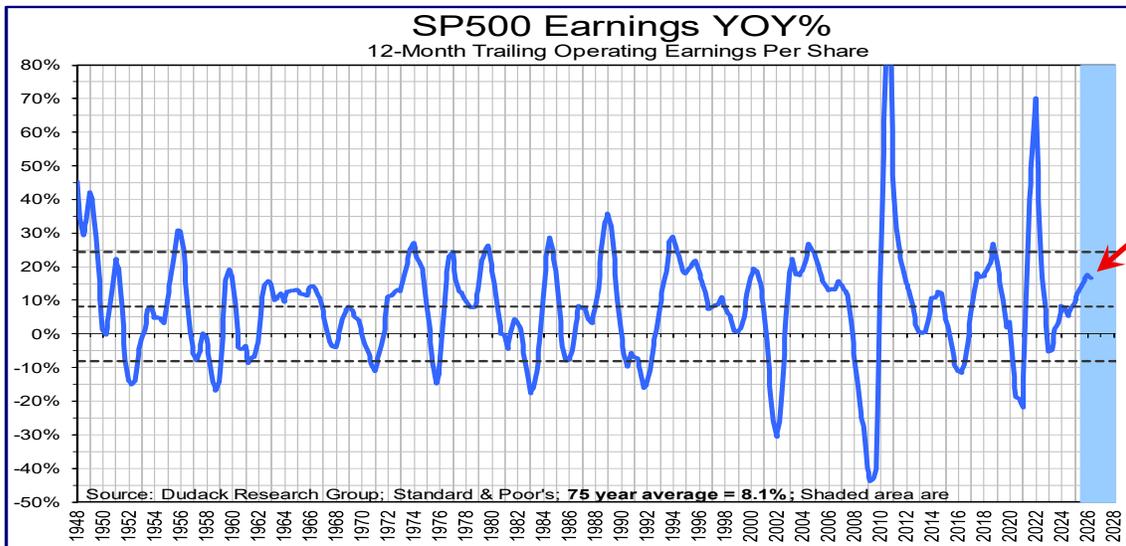
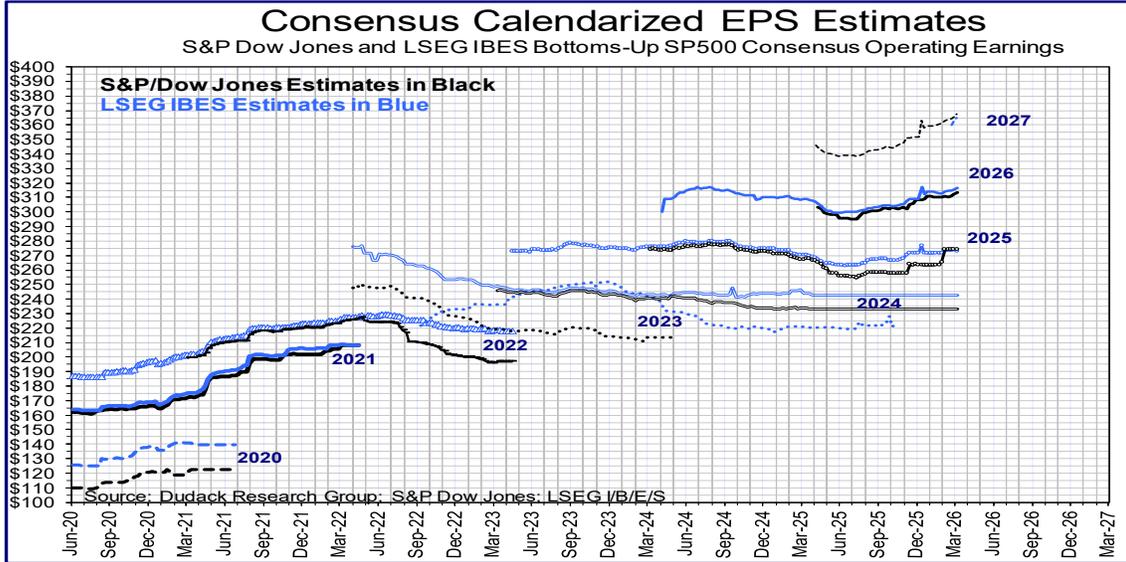
The ISM manufacturing index for February was down 0.2 to 52.4, but the nonmanufacturing index jumped 2.3 points to 56.1. Both indices were up over 4% YOY, reflecting an improvement in the economy. The ISM nonmanufacturing survey showed improvement in each category, except for prices paid which fell from 66.6 to 63.0 – a positive. The ISM index for manufacturing and nonmanufacturing employment both rose to 48.8 and 51.8, respectively. As a result, the total employment index rose to 100.6, its highest level since February 2025.



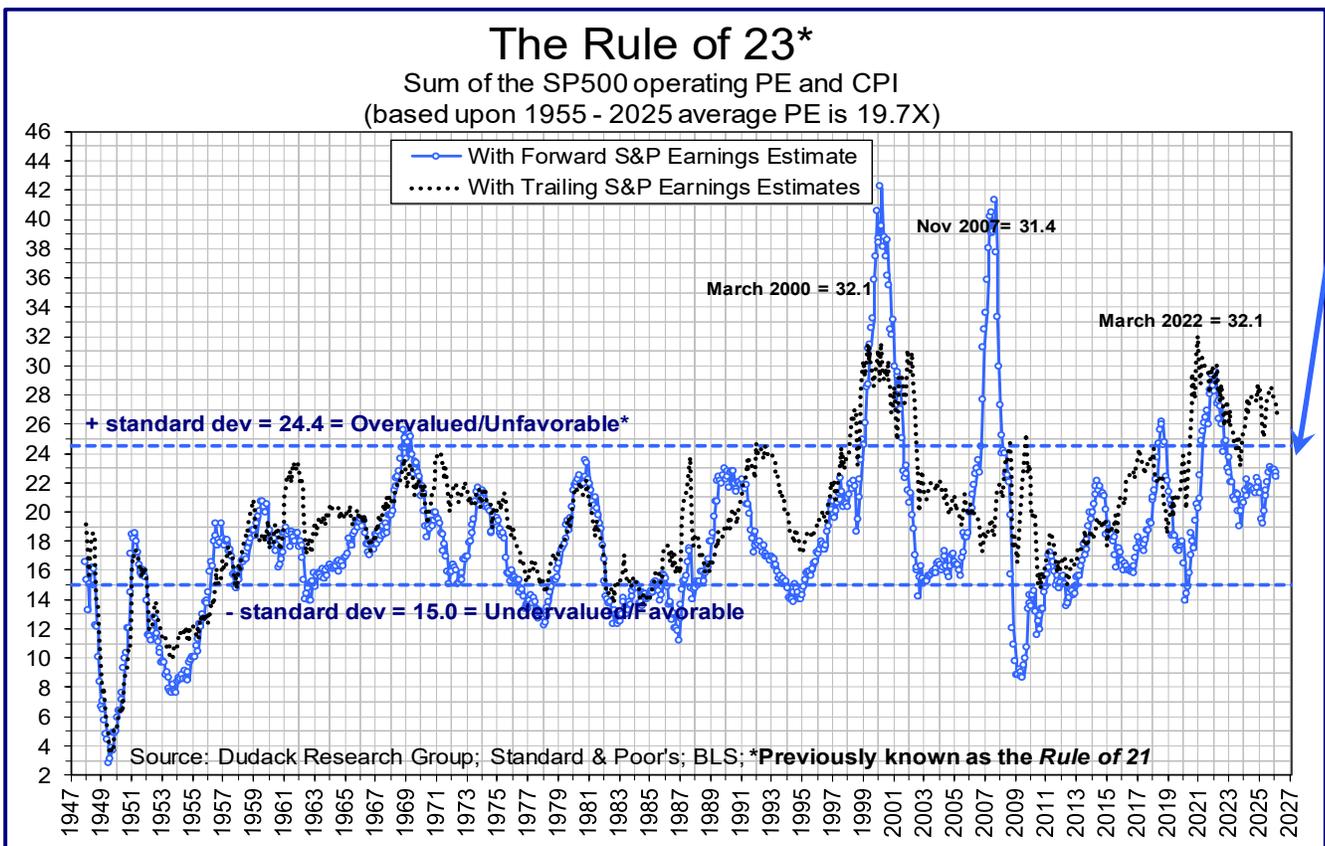
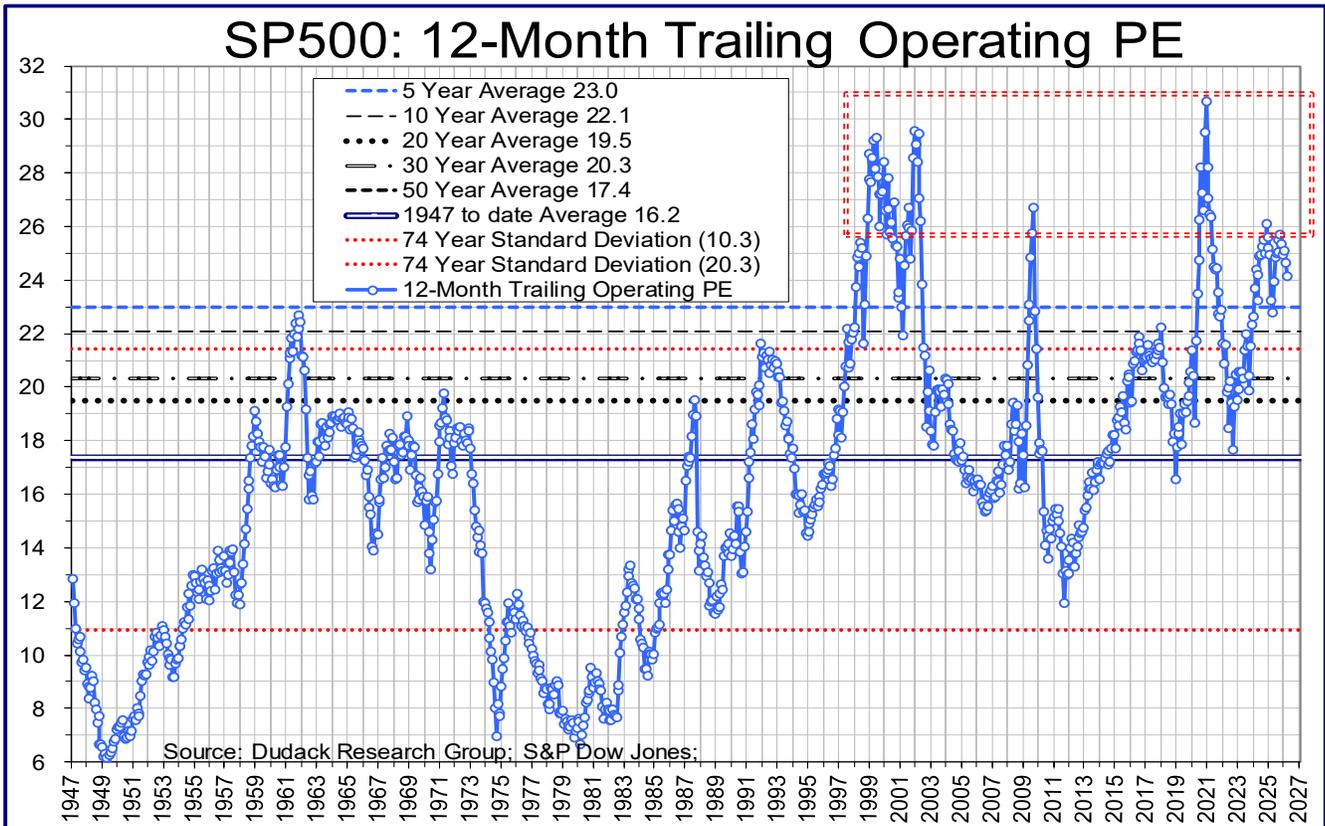
Consumer credit outstanding increased \$8.1 billion in January, with a \$4.7 billion increase in revolving credit and a \$3.3 billion increase in nonrevolving. As a result, the six-month rates of change for total, revolving, and nonrevolving credit were 1.2%, 1.4%, and 1.1%. Twelve month rates of change were 3.2%, 1.9%, and 3.6%, respectively. This is a significant improvement from most of 2025 when revolving credit was contracting. Contractions in credit are often signs of consumer distress and recession.



The LSEG IBES consensus earnings estimate for 2026 rose \$1.33 to \$316.69 and the 2027 forecast rose \$2.37 to \$367.81. The S&P Dow Jones consensus estimate for 2026 rose \$1.28 to \$313.60 and the estimate for 2027 jumped \$2.50 to \$365.30. This means the market is trading at 21.5 times the IBES 2026 estimate and 18.5 times the 2027 estimate. Although PE multiples may seem rich, the forward earnings yield of 4.7% and dividend yield of 1.14% compare well to a 10-year Treasury bond yield of 4.1%. Plus, the 12-month sum of operating earnings shows a gain of 16.5% YOY, far better than the 75-year average of 8.1% YOY.



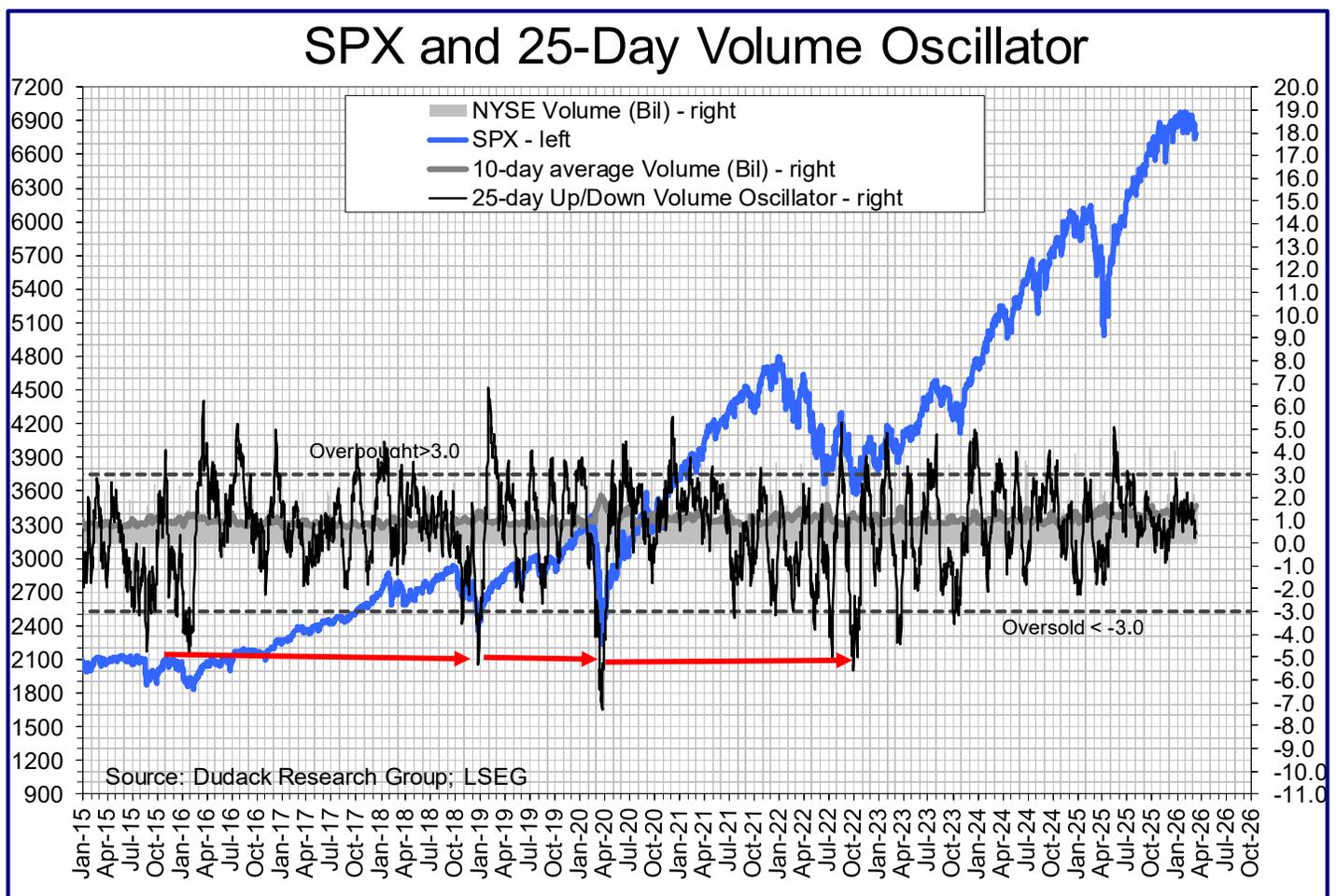
The SPX **trailing** 4-quarter operating earnings multiple is 24.1 after reaching an attractive intra-month low of 20.7 times earnings in early April. PE multiples remain stable in the face of rising stock prices due to higher earnings results, but the trailing PE is above both the 50-year average of 17.3 times and the 5-year average of 23.1. Including 2026 S&P Dow Jones estimates, the **12-month forward** PE multiple is 20.6 times and well above its long-term average of 17.9 times. When this PE is added to inflation of 2.4%, it comes to 23.0, which places it near the top of the normal range of 15.0 to 24.4, but neutral.



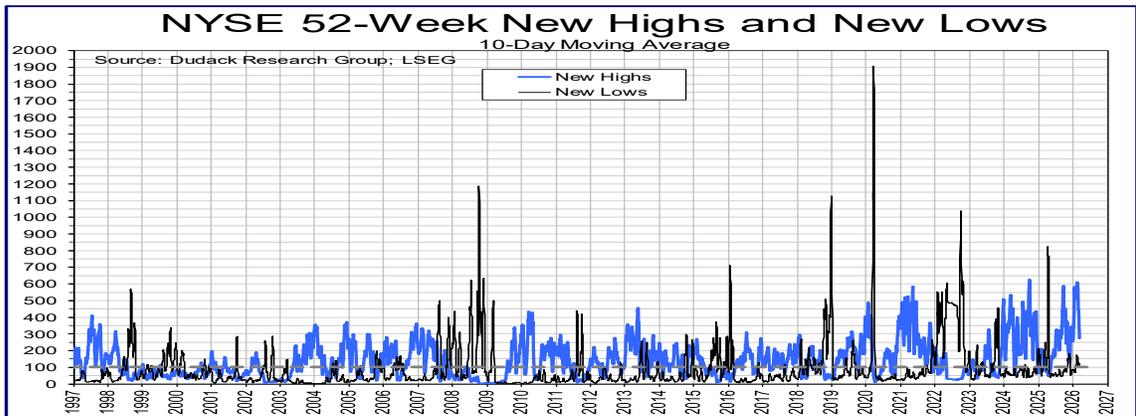
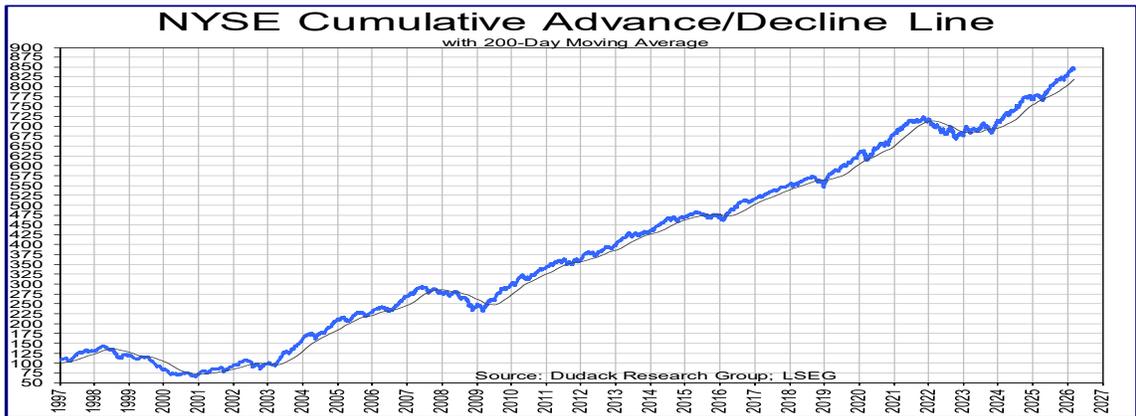
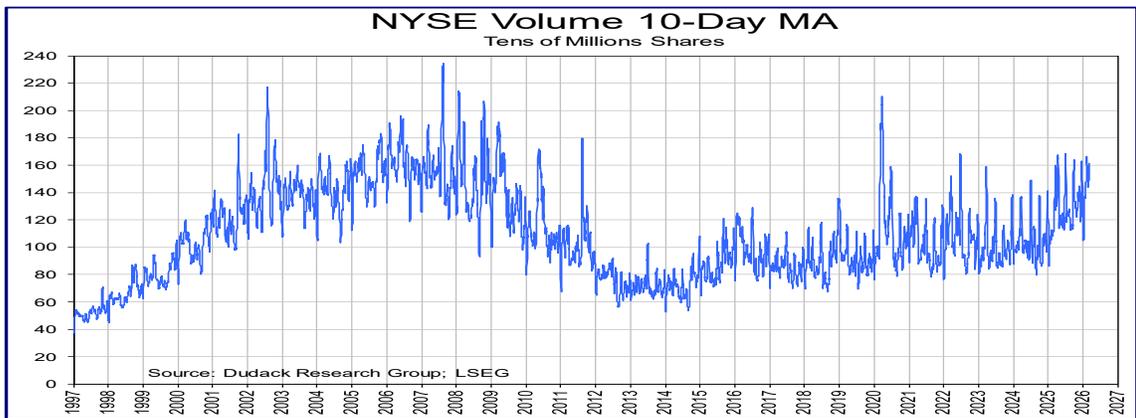
The 25-day up/down volume oscillator is 0.40, down from last week, but still neutral despite the volatility seen over the last few trading sessions.

The last positive readings in this indicator were the one-day overbought readings of 3.15 on July 3 and 3.05 on July 25. These readings followed the indicator being overbought for nine of eleven days in May during which it reached a peak of 5.10 on May 16. The 5.10 reading was bullish and was the highest overbought reading since August 18, 2022, which appeared shortly after the market rebounded from its low of June 16, 2022. Overall, this was incredibly positive performance and characteristic of a bull market cycle.

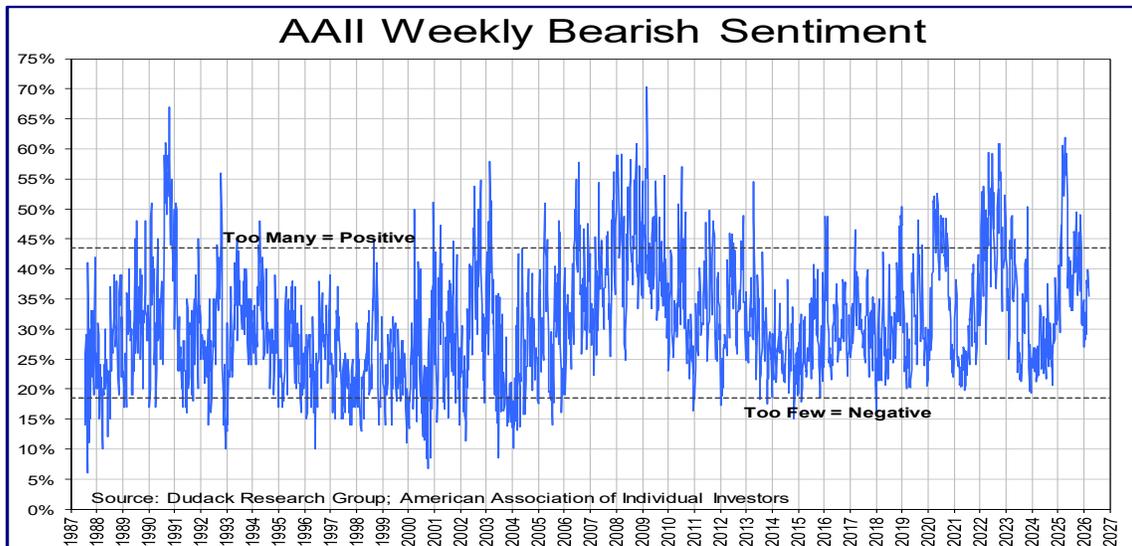
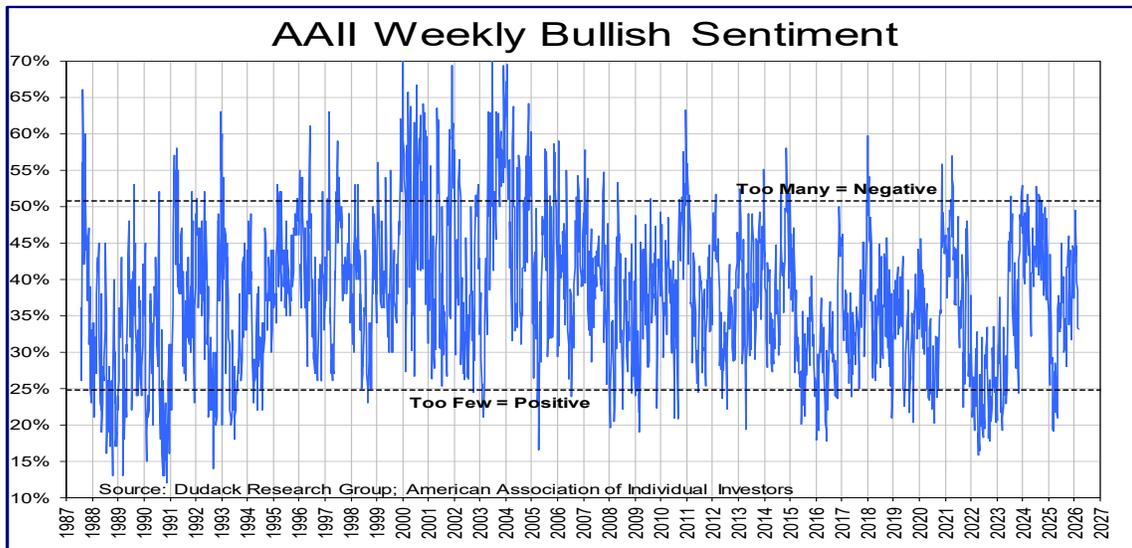
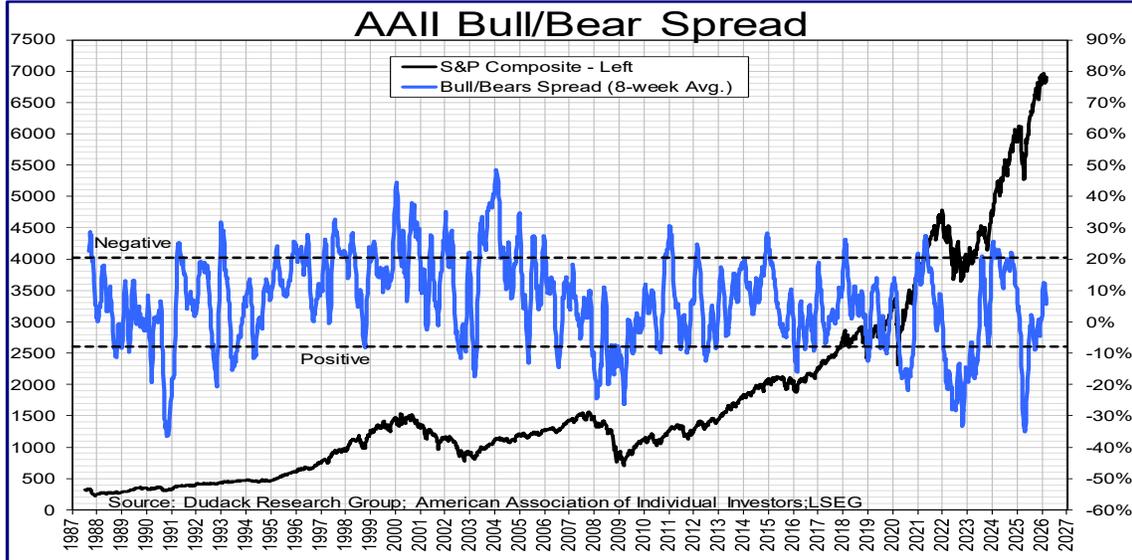
Nevertheless, this indicator is yet to confirm the string of new highs made by the popular indices from August 2025 to date. To confirm, the oscillator should record an overbought reading of 3.0 or higher for a minimum of five consecutive trading days. At present, this indicator suggests advancing volume has been weak and the longer this disparity continues, the greater the risk is that equities experience a near-term pullback.



The 10-day average of daily new highs fell to 272 this week and new lows were also lower at 110. This combination of daily new highs above 100 and new lows above 100 lowered this indicator to neutral in early February. 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 made a new high on February 26, 2026, and is bullish.



Last week's AAI survey showed bullishness fell 0.1% to 33.1% and bearishness fell 4.3% to 35.5%. Neutral rose 4.4% to 31.4%, its highest level since January 15, 2025. Bullishness is now below average and bearishness is above average for the third week in a row. In the first week of 2026, bearishness was at its lowest level since October 2024. On April 2, 2025, the reading of 61.9% bearishness was a new high for this cycle and the most positive since November 21, 1990, of minus 36.3% (just after the S&P 500 low on October 11, 1990, at 295.47, down 20%). The 8-week bull/bear is 5.6% and neutral. It was last in positive territory in late September.



GLOBAL MARKETS AND COMMODITIES - RANKED BY LAST 5-DAY TRADING PERFORMANCE

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Oil Future	CLc1	86.67	29.3%	35.5%	50.9%	50.9%
United States Oil Fund, LP	USO	105.86	29.2%	35.7%	53.1%	53.1%
Technology Select Sector SPDR	XLK	139.76	0.7%	-2.0%	-4.2%	-4.2%
iShares Russell 1000 Growth ETF	IWF	451.37	0.3%	-1.8%	-4.6%	-4.6%
Gold Future	GCc1	3270.10	0.2%	0.5%	1.2%	1.2%
Nasdaq Composite Index	.IXIC	22697.10	0.1%	-1.8%	-2.3%	-2.3%
NASDAQ 100	NDX	24956.47	0.0%	-0.7%	-1.2%	-1.2%
Communication Services Select Sector SPDR Fund	XLC	117.38	-0.6%	-0.2%	-0.3%	-0.3%
Energy Select Sector SPDR	XLE	55.60	-0.6%	3.8%	24.4%	24.4%
iShares US Telecom ETF	IYZ	39.41	-0.9%	1.4%	16.3%	16.3%
Shanghai Composite	.SSEC	4123.14	-1.0%	-0.1%	3.9%	3.9%
SPDR Gold Trust	GLD	477.86	-1.2%	3.3%	20.6%	20.6%
SP500	.SPX	6781.48	-1.4%	-2.3%	-0.9%	-0.9%
iShares Russell 1000 ETF	IWB	370.85	-1.4%	-2.3%	-0.7%	-0.7%
iShares iBoxx \$ Invest Grade Corp Bond	LQD	110.06	-1.5%	-0.7%	-0.1%	-0.1%
iShares Nasdaq Biotechnology ETF	IBB.O	172.27	-1.8%	0.1%	2.1%	2.1%
iShares China Large Cap ETF	FXI	36.59	-1.9%	-7.4%	-4.4%	-4.4%
Consumer Discretionary Select Sector SPDR	XLV	114.44	-2.1%	-3.3%	-4.2%	-4.2%
iShares US Real Estate ETF	IYR	99.12	-2.1%	-0.2%	5.6%	5.6%
iShares MSCI Malaysia ETF	EWM	28.58	-2.2%	-3.7%	4.5%	4.5%
iShares MSCI Canada ETF	EWC	56.70	-2.2%	0.0%	5.1%	5.1%
iShares MSCI BRIC ETF	BKF	42.61	-2.4%	-6.2%	-2.7%	-2.7%
SPDR DJIA ETF	DIA	477.70	-2.4%	-4.8%	-0.6%	-0.6%
Utilities Select Sector SPDR	XLU	46.56	-2.5%	5.3%	9.1%	9.1%
DJIA	.DJI	47706.51	-2.6%	-4.9%	-0.7%	-0.7%
Financial Select Sector SPDR	XLF	50.06	-2.7%	-6.5%	-8.6%	-8.6%
iShares 20+ Year Treas Bond ETF	TLT	88.28	-2.8%	-0.3%	1.3%	1.3%
SPDR S&P Bank ETF	KBE	59.33	-2.8%	-11.0%	-2.2%	-2.2%
iShares Russell 2000 Growth ETF	IWO	325.22	-3.0%	-4.7%	0.7%	0.7%
iShares Russell 2000 ETF	IWM	253.36	-3.1%	-4.8%	2.9%	2.9%
iShares MSCI Brazil Capped ETF	EWZ	37.53	-3.1%	-2.1%	18.1%	18.1%
iShares Russell 2000 Value ETF	IWN	191.06	-3.3%	-4.9%	5.4%	5.4%
iShares Russell 1000 Value ETF	IWD	218.07	-3.3%	-2.8%	3.7%	3.7%
iShares MSCI Hong Kong ETF	EWH	23.31	-3.7%	-1.5%	9.7%	9.7%
iShares MSCI Singapore ETF	EWS	27.69	-3.8%	-3.1%	0.7%	0.7%
iShares MSCI Australia ETF	EWA	28.95	-3.8%	1.1%	10.5%	10.5%
Silver Future	Slc1	89.08	-3.9%	11.1%	27.0%	27.0%
Industrial Select Sector SPDR	XLI	170.02	-4.0%	-2.2%	9.6%	9.6%
iShares DJ US Oil Eqpt & Services ETF	IEZ	27.71	-4.3%	2.5%	32.8%	32.8%
Health Care Select Sect SPDR	XLV	153.15	-4.4%	-1.4%	-1.1%	-1.1%
iShares MSCI India ETF	INDA.K	49.93	-4.5%	-7.1%	-7.6%	-7.6%
iShares MSCI United Kingdom ETF	EWU	46.41	-4.7%	-0.7%	5.5%	5.5%
Consumer Staples Select Sector SPDR	XLP	85.72	-4.8%	-1.6%	10.4%	10.4%
SPDR S&P Retail ETF	XRT	82.63	-5.0%	-5.5%	-3.1%	-3.1%
SPDR S&P Semiconductor ETF	XSD	331.72	-5.5%	-8.0%	3.1%	3.1%
iShares MSCI Austria Capped ETF	EWO	35.78	-5.6%	-7.8%	0.9%	0.9%
Vanguard FTSE All-World ex-US ETF	VEU	77.22	-5.6%	-3.9%	5.0%	5.0%
iShares Silver Trust	SLV	84.11	-5.8%	9.1%	24.3%	24.3%
iShares MSCI EAFE ETF	EFA	99.22	-5.8%	-4.8%	3.3%	3.3%
PowerShares Water Resources Portfolio	PHO	68.65	-6.0%	-7.0%	-2.5%	-2.5%
iShares MSCI Emerg Mkts ETF	EEM	58.68	-6.2%	-3.2%	7.3%	7.3%
iShares MSCI Japan ETF	EWJ	86.46	-6.4%	-7.1%	7.1%	7.1%
Materials Select Sector SPDR	XLB	49.88	-6.6%	-5.7%	10.0%	10.0%
iShares MSCI Taiwan ETF	EWT	70.44	-6.9%	-1.4%	10.9%	10.9%
iShares MSCI Germany ETF	EWG	41.10	-7.3%	-7.1%	-3.3%	-3.3%
iShares MSCI Mexico Capped ETF	EWX	74.76	-7.6%	-7.1%	7.8%	7.8%
SPDR Homebuilders ETF	XHB	104.34	-9.5%	-13.3%	1.3%	1.3%
iShares MSCI South Korea Capped ETF	EWY	130.30	-13.9%	4.7%	34.0%	34.0%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; LSEG

Priced as of March 10, 2026

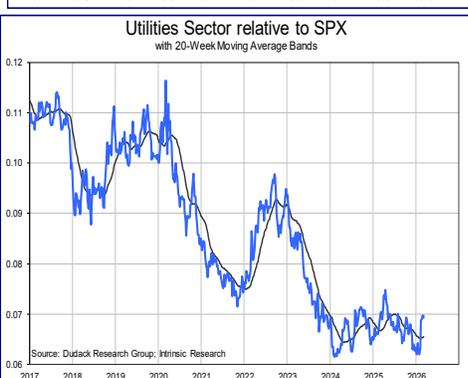
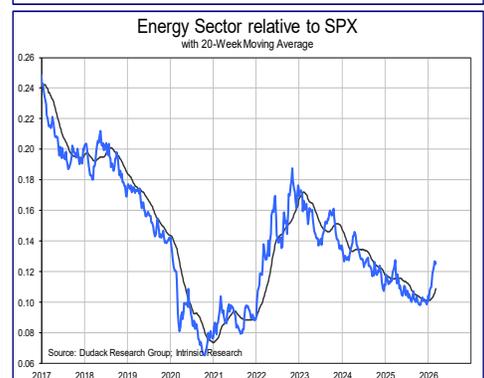
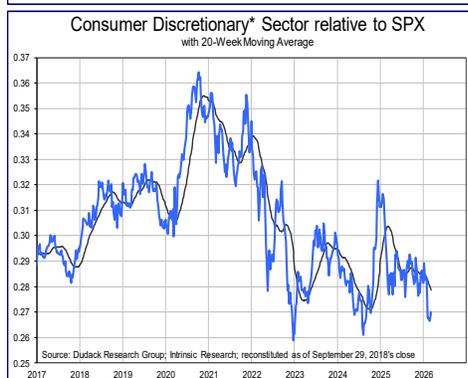
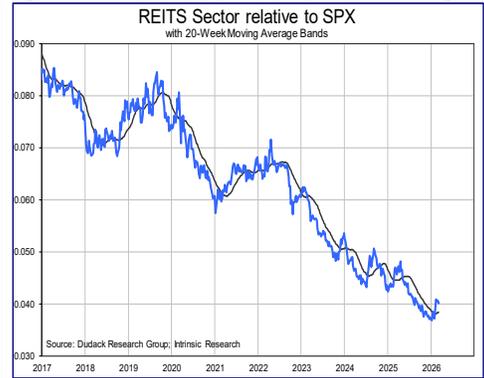
Blue shading represents non-US and yellow shading represents commodities

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

DRG Recommended Sector Weights

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

12/23/2025: Shifted Consumer Discretionary from overweight to neutral and Industrials from neutral to overweight.



2026 YTD Performance - Ranked	
SP500 Sector	% Change
S&P ENERGY	23.4%
S&P CONSUMER STAPLES	10.8%
S&P MATERIALS	9.4%
S&P INDUSTRIALS	9.4%
S&P UTILITIES	8.4%
S&P REITS	6.7%
S&P COMMUNICATIONS SERVICES	-0.4%
S&P 500	-0.9%
S&P HEALTH CARE	-1.3%
S&P INFORMATION TECH	-4.2%
S&P CONSUMER DISCRETIONARY	-5.1%
S&P FINANCIAL	-9.0%

Source: Dudack Research Group; LSEG; 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	\$139.47	\$157.12	\$157.12	3.6%	\$162.93	0.6%	20.6X	1.8%	2.6%	\$2,065.60	2.1%
2020	3756.07	\$94.14	\$122.38	\$122.38	-22.1%	\$139.72	-14.2%	30.7X	1.6%	-2.2%	\$1,968.10	-4.7%
2021	4766.18	\$197.87	\$208.17	\$208.17	70.1%	\$208.12	49.0%	22.9X	1.3%	6.1%	\$2,382.80	21.1%
2022	3839.50	\$172.75	\$196.95	\$196.95	-5.4%	\$218.09	4.8%	19.5X	1.7%	2.5%	\$2,478.80	4.0%
2023	4769.83	\$192.43	\$213.53	\$213.53	8.4%	\$221.36	1.5%	22.3X	1.5%	2.9%	\$3,132.90	26.4%
2024	5614.66	\$210.17	\$233.36	\$233.36	9.3%	\$242.73	9.7%	24.1X	1.3%	2.8%	\$3,270.60	4.4%
2025E	6845.50	\$246.47	\$274.44	\$275.00	17.8%	\$273.20	12.6%	24.9X	1.2%	NA	NA	NA
2026E	~~~~~	\$294.00	\$313.60	\$315.00	14.5%	\$316.69	15.9%	21.6X	NA	NA	NA	NA
2027E		\$0.00	\$365.29	\$350.00	11.1%	\$367.81	16.1%	18.6X	NA	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	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%	4.8%	\$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%	2.8%	\$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%	-5.2%	\$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%	34.9%	\$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%	4.6%	\$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%	5.7%	\$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%	7.0%	\$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%	-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%	0.6%	\$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%	2.9%	\$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%	2.8%	\$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%	2.9%	\$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%	2.5%	\$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%	4.7%	\$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%	3.4%	\$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%	0.8%	\$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%	3.6%	\$3,110.60	19.6%
2024 3Q	5521.50	\$51.99	\$59.16	\$59.16	13.2%	\$63.21	8.2%	24.4	1.3%	3.3%	\$3,078.50	14.1%
2024 4Q	5881.63	\$57.69	\$61.21	\$61.21	13.6%	\$65.00	13.7%	25.2	1.3%	1.9%	\$3,270.60	16.7%
2025 1Q	5611.85	\$53.89	\$62.91	\$62.91	15.2%	\$63.07	11.5%	23.2	1.4%	-0.6%	\$3,252.40	19.3%
2025 2Q	6204.95	\$58.96	\$66.34	\$64.00	9.7%	\$66.68	10.4%	24.9	1.2%	3.8%	\$3,259.40	4.8%
2025 3Q	6688.46	\$63.52	\$71.88	\$71.63	21.1%	\$72.77	15.1%	25.5	1.2%	4.4%	\$3,411.70	10.8%
2025 4QP	6845.50	\$70.10	\$73.31	\$76.46	24.9%	\$73.16	12.6%	24.9	1.2%	1.4%	NA	NA
2026 1QE*	6781.48	\$65.54	\$69.95	\$72.35	15.0%	\$70.52	11.8%	24.1	NA	NA	NA	NA
2026 2QE	NA	\$70.84	\$76.46	\$73.60	15.0%	\$76.97	15.4%	23.3	NA	NA	NA	NA
2026 3QE	NA	\$76.24	\$82.14	\$82.37	15.0%	\$82.59	13.5%	22.5	NA	NA	NA	NA
2026 4QE	NA	\$81.38	\$85.05	\$87.93	15.0%	\$85.82	17.3%	21.6	NA	NA	NA	NA

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

3/10/2026

Regulation AC Analyst Certification

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“Neutral”: Neutral relative to S&P Index weighting

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