Gail M. Dudack, CMT ● Chief Investment Strategist ● gail@dudackresearchgroup.com ● 212-320-2045

August 7, 2024

DJIA: 38997.66
SPX: 5240.03
NASDAQ: 16366.85

US Strategy Weekly

Liquidity Event Aftermath

In previous reports we have written about the risk of the 2024 market being an equity bubble -- though not an extended one -- and that bubble markets are always difficult to quantify since they are driven by a combination of liquidity, leverage, and greed, not fundamentals. Leverage was concentrated in brokerage margin accounts in the late 1990s and this made the leverage driving the 2000 peak easier to measure. Today leverage is widely dispersed, and investors use a variety of tools to multiply their buying power. Some of this is displayed by the historic asset and volume levels in options, futures, ETFs, and a variety of debt instruments.

The Carry Trade

Tight monetary policy and rising interest rates work against equity bubbles, which may explain why US investors have been riveted on when the Federal Reserve would begin to lower interest rates. But this narrow focus on the Fed may be why last week's rate hike by the Bank of Japan came as a surprise. The BOJ's first rate increase in 17 years pricked the global financial bubble by triggering a sharp rise in the yen and squeezing the yen carry trade. Yen-funded trades have been used to finance the acquisition of stocks for years and the amount of money in the carry trade is unknown. But since it is based upon a weak-to-stable currency and zero-to-low interest rates, the yen's surge and the BOJ's rate hike suddenly made this source of funding less viable.

Clearly, the events of the last few trading sessions and the unwinding of the carry trade is a liquidity event and not an economic issue. But the sizeable losses in equity markets imply there are many accounts still under water and the reverberations are apt to take days or weeks to understand. In the meantime, we remain cautious.

One way to measure risk after a liquidity event is to monitor market data, in particular, daily volume levels and 90% up and/or down days. Not surprisingly, August 5th was a 92% down day in the US market on volume that was nearly 30% above the 10-day average. It would not be unusual if there were more 90% down days in the weeks ahead. However, once a 90% up day appears on better-than-average volume, it is a sign that downside risk has been minimized. In short, while the chorus is singing "buy the dip" we would caution that a safer bet is to wait for a 90% up day. This is not a guarantee that the lows have been made, but historically it has shown that the downside risk is minimal.

The Larger Backdrop

However, the unwinding of the carry trade is not taking place in a vacuum. It is second quarter earnings season and in the long run, earnings will be more important for stock prices than the carry trade. But results for the quarter have been mixed. Disappointing results were reported by McDonald's Corp. (MCD - $270.06) and Microsoft Corp. (MSFT - $399.61), while Meta Platforms, Inc. (META - $494.09) beat expectations. News such as Nvidia Corp.'s (NVDA - $104.25) delivery delay for its new Blackwell chip, Warren Buffett selling half of his stake in Apple Inc. (AAPL - $207.23), a recent Federal judge ruling that Google (Alphabet Inc. GOOG - $160.54) is a monopoly, Amazon.com, Inc. (AMZN - $161.93) lowering forecasts for earnings and revenue, all weigh heavily on the big tech sector and these stocks have been at the core of the stock market's advance in the last year.

And despite the large declines in the popular averages, the stock market remains richly valued. Based upon the LSEG IBES earnings estimate for calendar 2024, equities are trading at a PE of 21.5 times. When added to inflation of 3.0%, this sum of 24.5 is above the 23.8 level that defines an overvalued equity market. Based on next year's 2025 estimate the PE falls to 18.7 times and the sum equals 21.7 which is at the high end of the neutral range. However, 2025 estimates may be high, particularly if the economy slows. See pages 10 and 11.

Economic Review

July's employment report showing 114,000 new jobs and a 4.3% unemployment rate was not that weak, in our view. The 3-month average actually rose from 167,670 to 169,670 because April's payrolls added a mere 108,000 jobs. What may have made investors nervous about July's data is that the birth/death adjustment was a positive 246,000 which means the unadjusted not-seasonally-adjusted payrolls were negative 132,000 jobs in July. However, this was not the first month of negative payrolls before the birth/death adjustment. It also occurred two times in 2023 as well as in April and May of this year. See page 5. Investors reacted badly to the jobs report because they were already worried about earnings.

The unemployment rate rose from 4.05% to 4.25%, however, the average long-term rate is much higher at 5.7%. The unemployment rate for women rose from 4.3% to 4.5% while for men, the rate much lower, rising from 4.1% to 4.2%. Unemployment by level of education was more disparate. Those with less than a high school education saw unemployment jump from 5.3% to 6.5% in July. This is a worry. A high school degree but no college saw an increase from 4.1% to 4.7%. Those with some college rose from 3.5% to 3.8% and a bachelor's degree or higher rate edged up from 2.6% to 2.7%. See page 6.

What concerns us is the year-over-year growth rate in employment in the household survey which has been below 1% YOY all year and fell from 0.12% YOY in June to 0.04% YOY in July. This month, the year-over-year growth rate in the establishment survey slipped to 1.6%, the second month in a row below the long-term average growth rate of 1.69%. These growth rates will be important to monitor because negative job growth has been an excellent forecaster of recessions. We are not there yet, but the trend is ominous. See pages 3 and 4.

The ISM non-manufacturing index rebounded from 49.6 to 54.5 in July, with all components except supplier deliveries rising for the month. The employment index jumped from 46.1 to 51.1. Conversely, the ISM manufacturing index declined in July from 48.5 to 46.8, with five components falling for the month, four increasing and one unchanged. The employment index was weak, slipping from 49.3 to 43.4. See page 8.

Total vehicle unit sales rose to 16.3 million in July, up from 15.6 million in June, but down 0.9% YOY. Despite July's uptick, this pace is well below the 18.5 million units seen in April 2021 and October 2017. Pending home sales rose 4.8% in June, rebounding from May's record low reading of 70.9, and with sales rising in all regions. Nevertheless, June's index was down 2.6% YOY. See page 9.

Technicals

Monday's sharp sell-off led to the Nasdaq Composite and the Russell 2000 index both successfully testing their 200-day moving averages on an intra-day basis. The SPX and DJIA are trading well above their 200-day MA's. See page 12. Stocks to watch for signs of further weakness are Microsoft Corp. (MSFT-$399.61) and Amazon.com, Inc. (AMZN-$161.93) which are currently trading below their respective 200-day moving averages.

The 25-day up/down volume oscillator is 1.39 and in neutral territory after absorbing a 92% down day on August 5. This followed 90% down days seen on April 12, 2024, February 13, 2024, and December 20, 2023. The last 90% up day was recorded on December 13, 2023. This oscillator failed to reach an overbought reading on the last rally and therefore did not confirm the advance. We will be watching to see if the uptrend in this oscillator from the 2022 lows remains intact. If not, it would be a longer-term warning sign for the stock market.

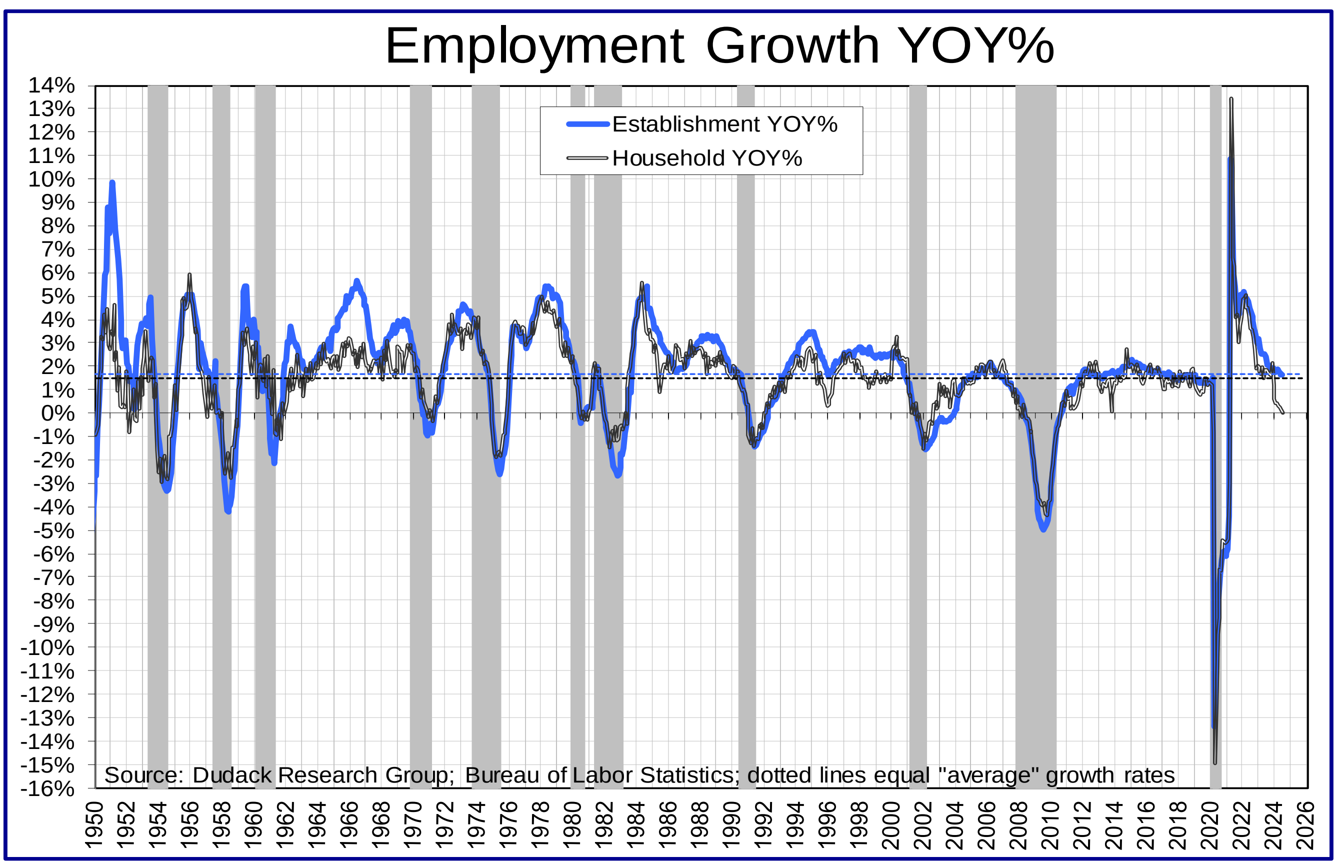
The stock market reacted dramatically to the July employment report, but in general, it was not all that weak. Job creation fell from 179,000 in July to 114,000, but these average to 146,500, which is still above the long-term average of 126,000 new jobs per month. The 3-month average actually rose in July from 167,670 to 169,670 because April's payrolls added a mere 108,000 jobs.

The unemployment rate rose from 4.05% to 4.25%, but the average long-term rate is much higher at 5.7%. What is a concern is the year-over-year growth rate in employment in the household survey which has been below 1% YOY all year and fell from 0.12% YOY in June to 0.04% YOY in July. This month, the year-over-year growth rate in the establishment survey slipped to 1.6%, the second month in a row below the long-term average growth rate of 1.69%.

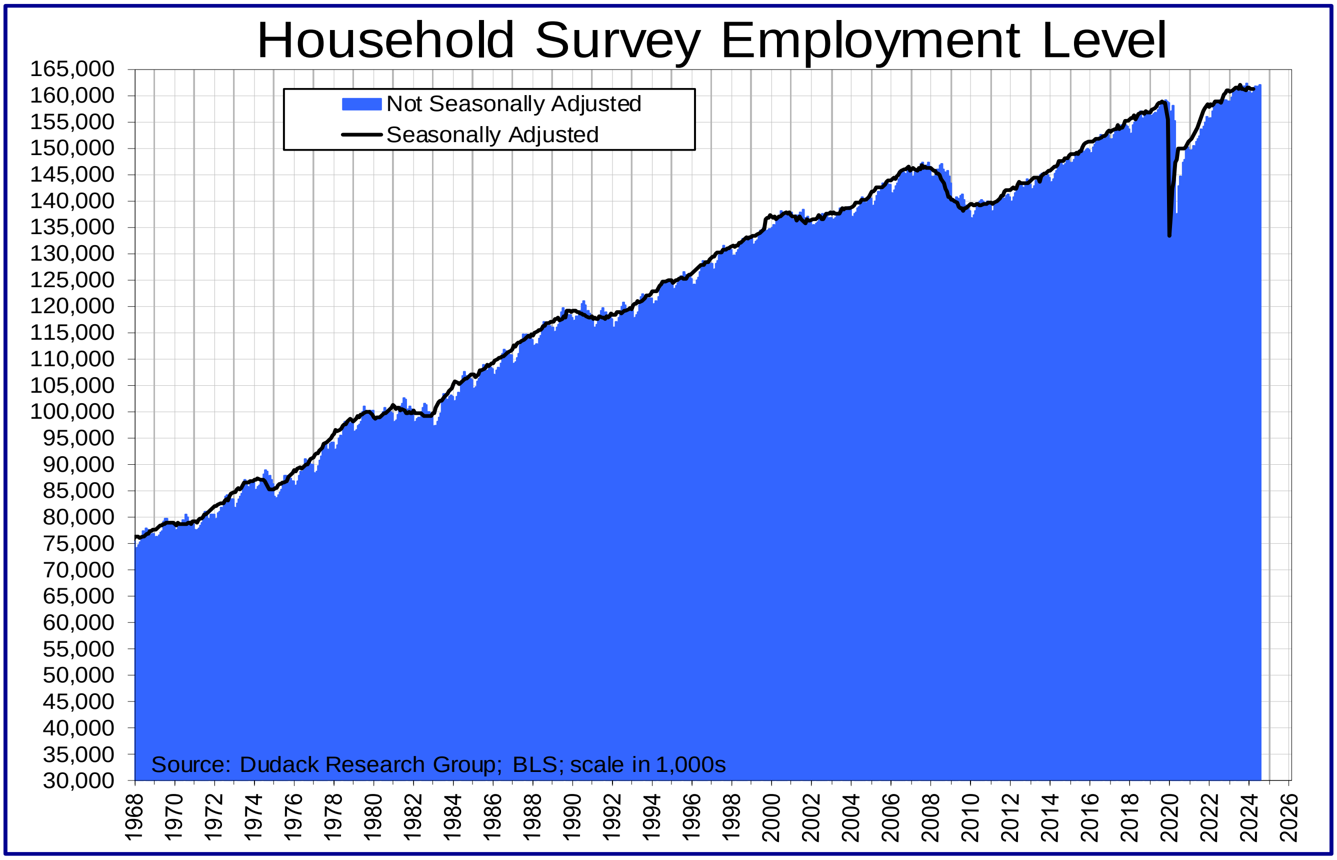
These growth rates will be important to monitor because negative job growth has been an excellent forecaster of recessions. We are not there yet, but the trend is ominous. See the chart below.

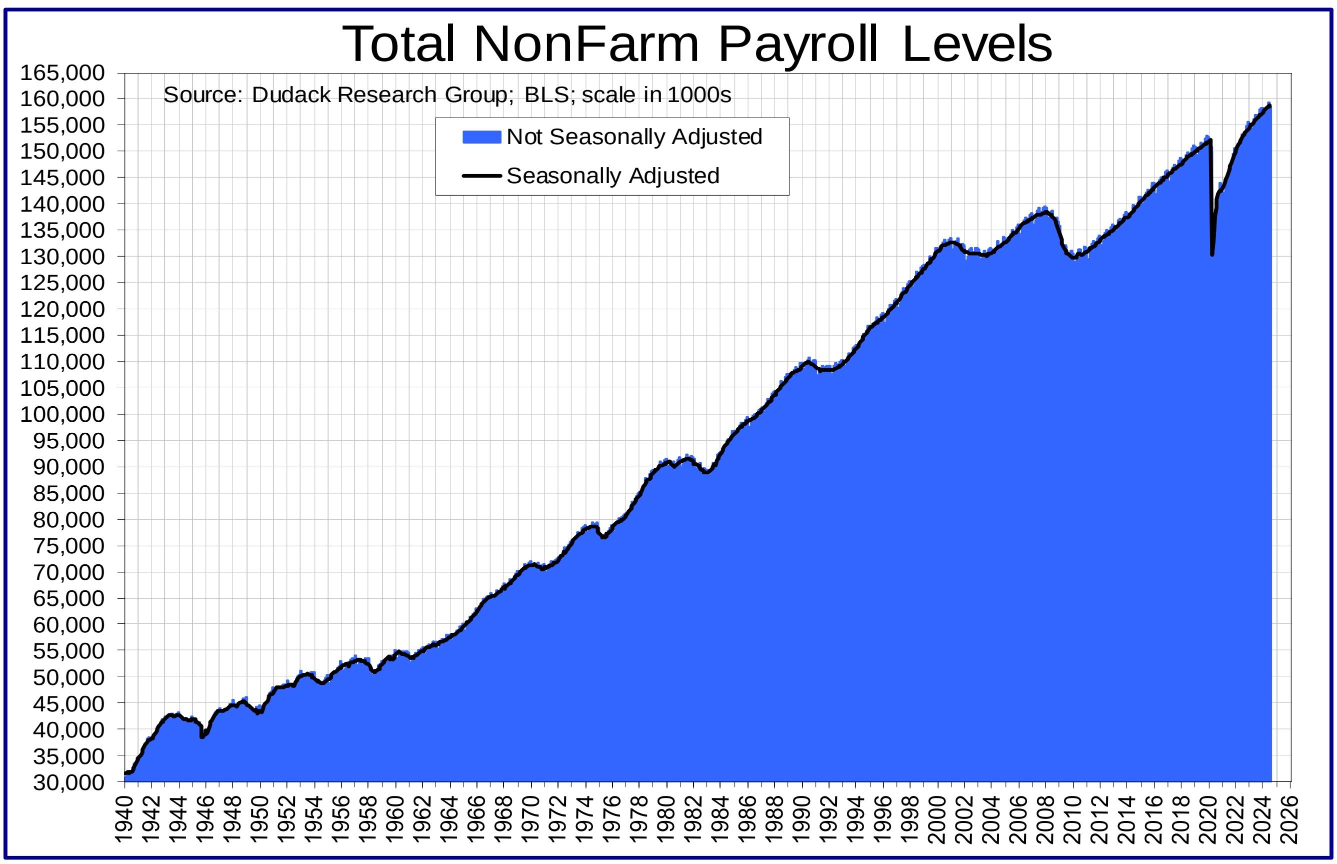
Employment Surveys (1,000s SA)	Jul-24	Jun-24	Change	Jul-23	Yr/Yr
Establishment Survey: NonFarm Payrolls	158,723	158,609	114	156,211	2,512
Household Survey Data (1,000s)					
Employed (A)	161,266	161,199	67	161,209	57
Unemployed (B)	7,163	6,811	352	5,904	1,259
Civilian labor force [A+B]	168,429	168,010	419	167,113	1,316
Unemployment rate [B/(A+B)]	4.25%	4.05%	0.20%	3.5%	0.7%
U6 Unemployment rate	7.8%	7.4%	0.4%	6.7%	1.1%
Civilian noninstitutional population (C)	268,644	268,438	206	267,002	1,642
Participation rate [(A+B)/C]	62.7	62.6	0.1	62.6	0.1
Employment-population ratio [A/C]	60.0	60.1	-0.1	60.4	-0.4
Not in labor force	100,215	99,849	366	99,889	326

Source: Bureau of Labor Statistics

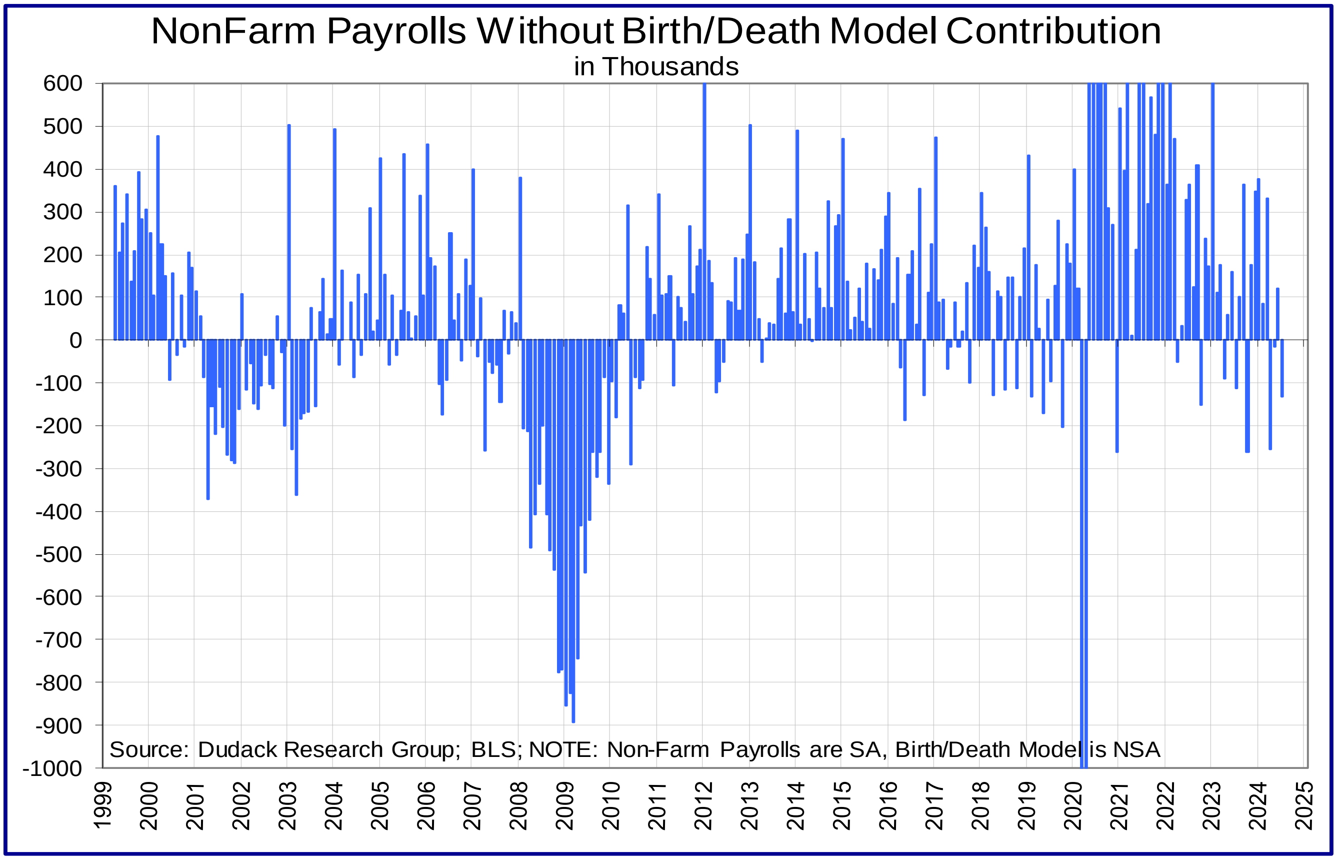


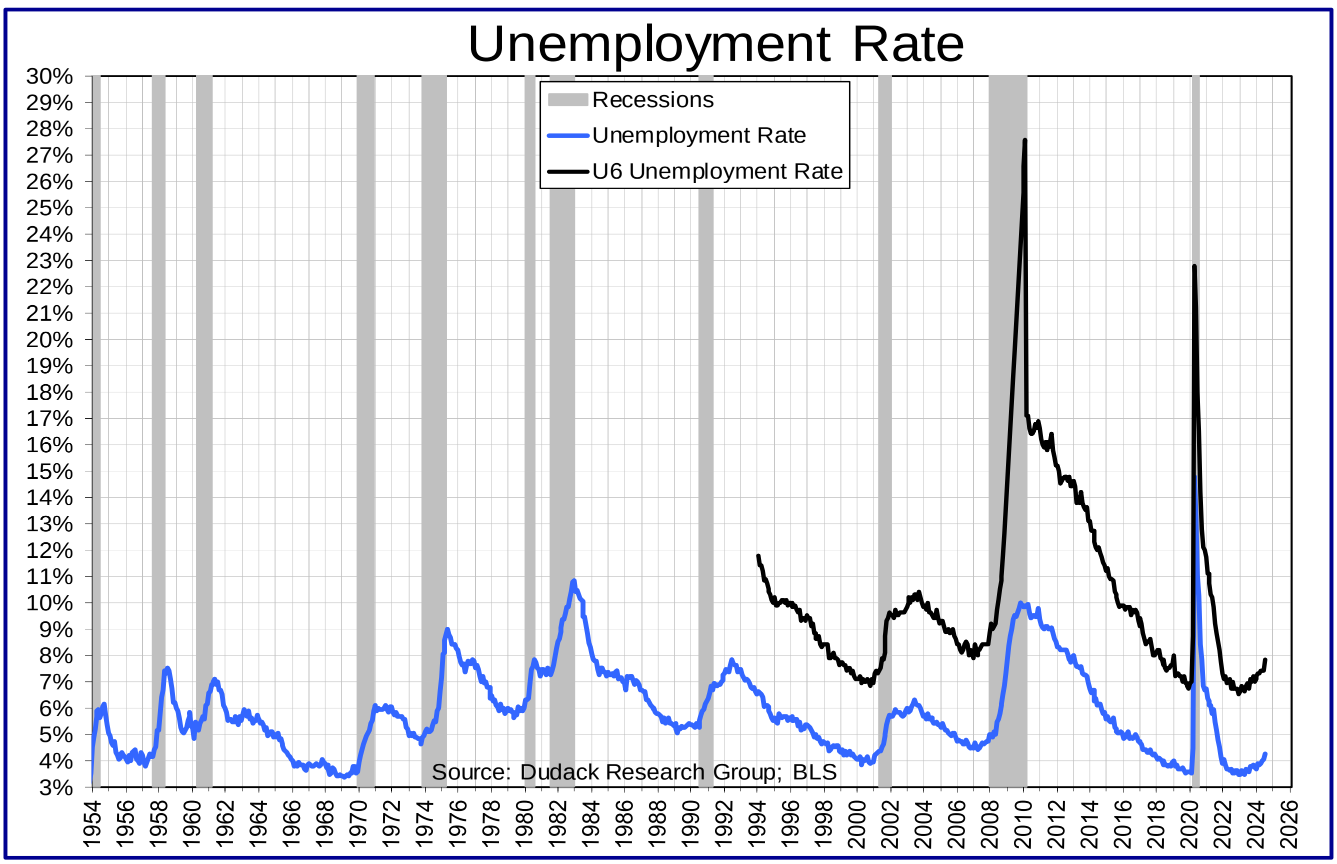
These charts show the job levels in the two employment surveys and the disparity in the growth rates over the last year. The household survey, which is larger and more inclusive, appears flat, with little growth during the last year and a half. It peaked In November 2023. The employment survey, which comes from state payroll data, has been growing steadily from the pandemic low and hit a new seasonally adjusted high in July. It reached a not-seasonally-adjusted peak in June.



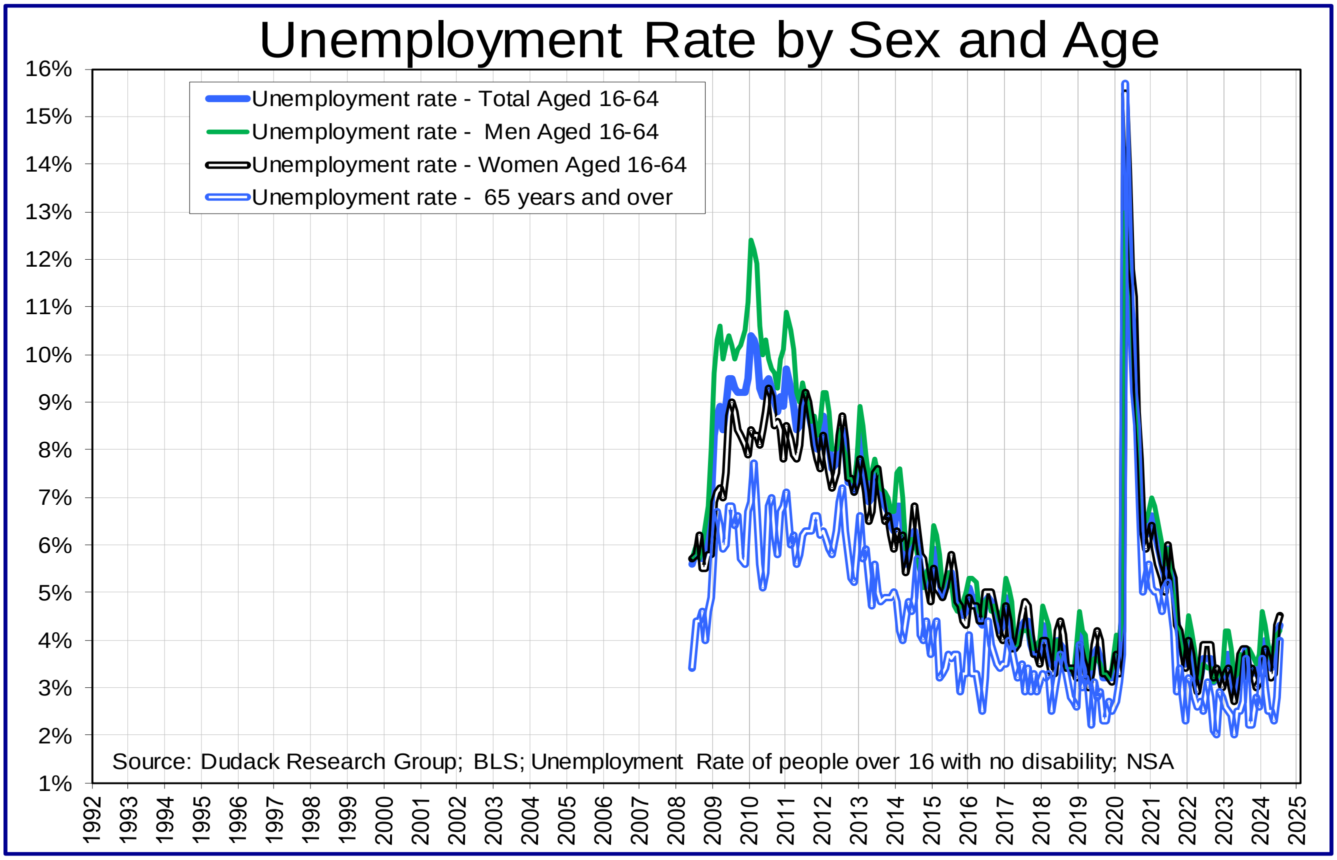


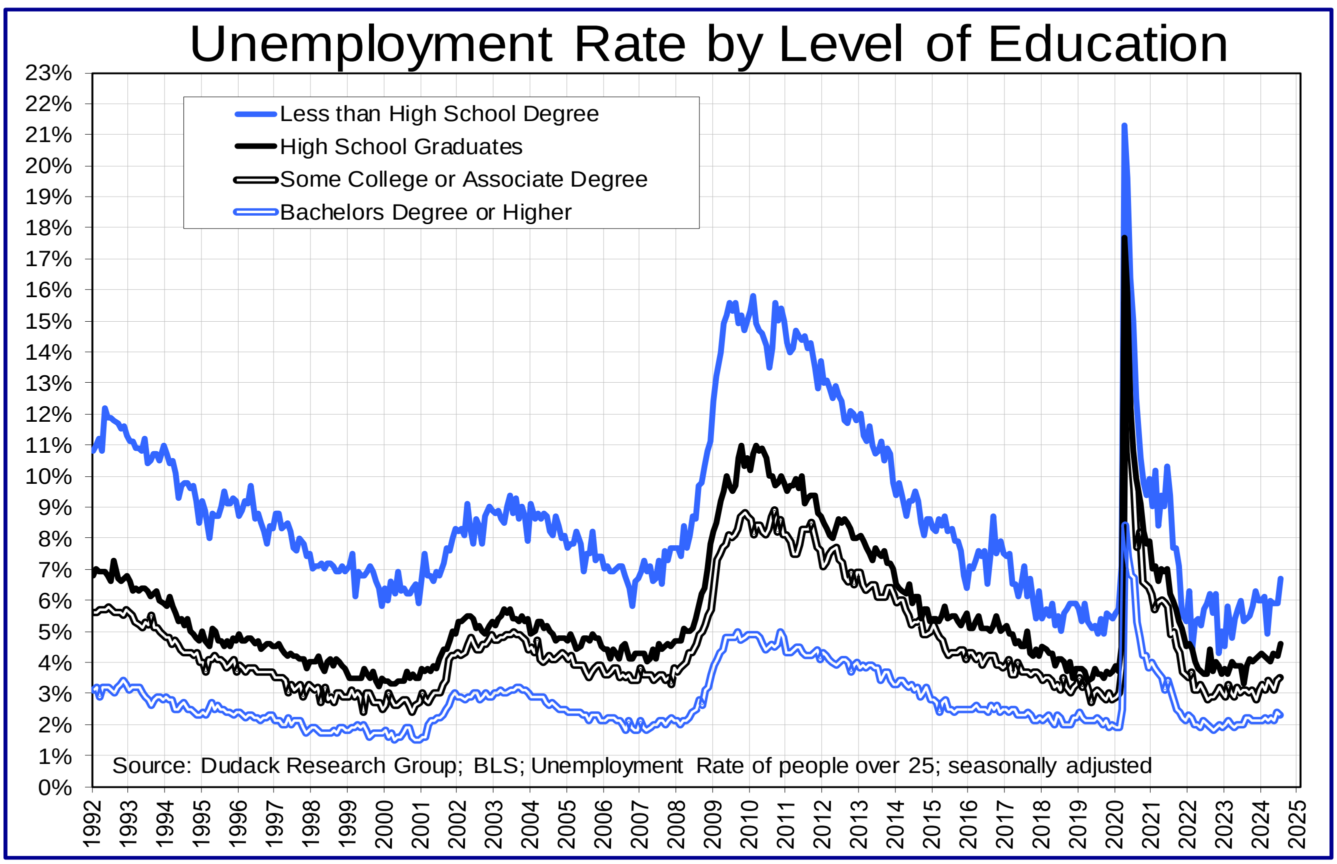
What may have made investors nervous about July's data is that the birth/death adjustment was a positive 246,000 which means the unadjusted not-seasonally-adjusted payrolls were negative 132,000 jobs in July. However, this was not the first month of negative payrolls before the birth/death adjustment. It also occurred two times in 2023 as well as in April and May of this year.



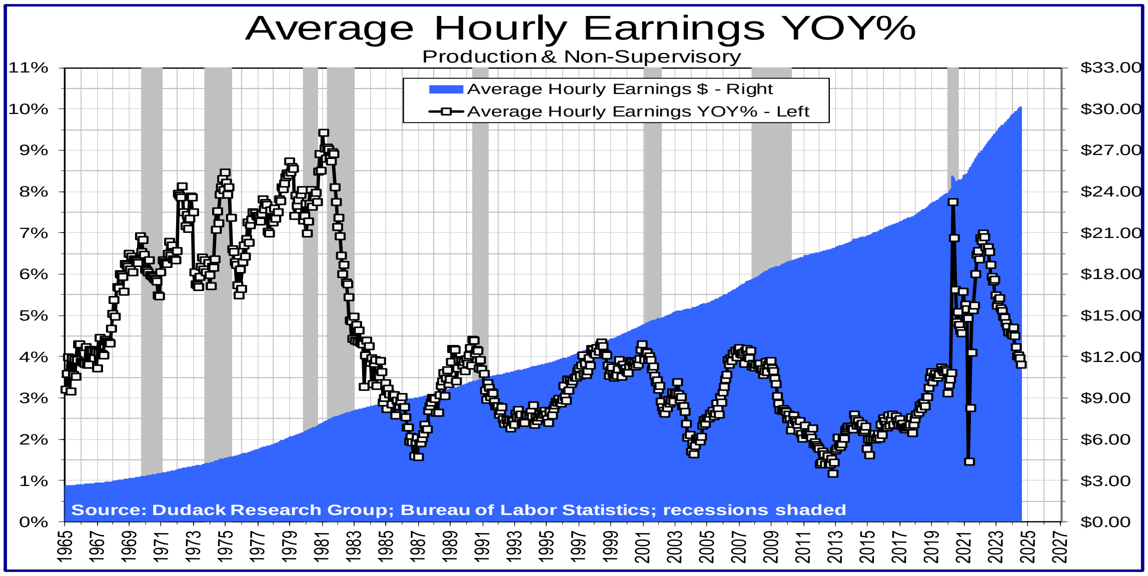


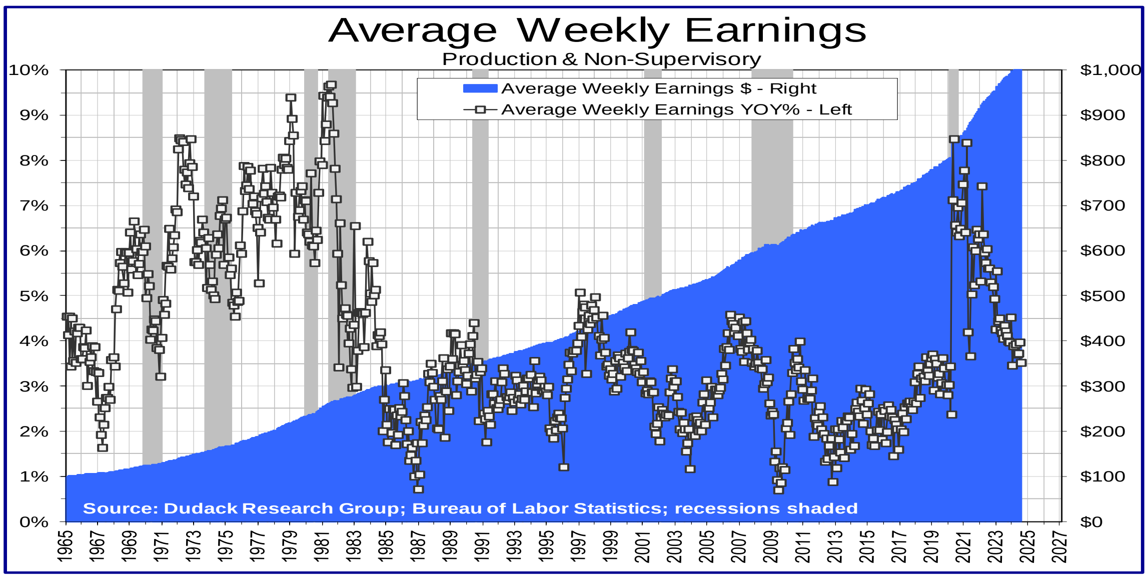
The total unemployment rate for July rose from 4.1% to 4.3%, but the unemployment rate for women rose from 4.3% to 4.5%. For men, the unemployment rate increased from 4.1% to 4.2%. Unemployment by level of education was more disparate. Those with less than a high school education saw unemployment jump from 5.3% to 6.5% in July. A high school degree but no college saw an increase from 4.1% to 4.7%. Those with some college rose from 3.5% to 3.8% and a bachelor's degree or higher rate edged up from 2.6% to 2.7%.

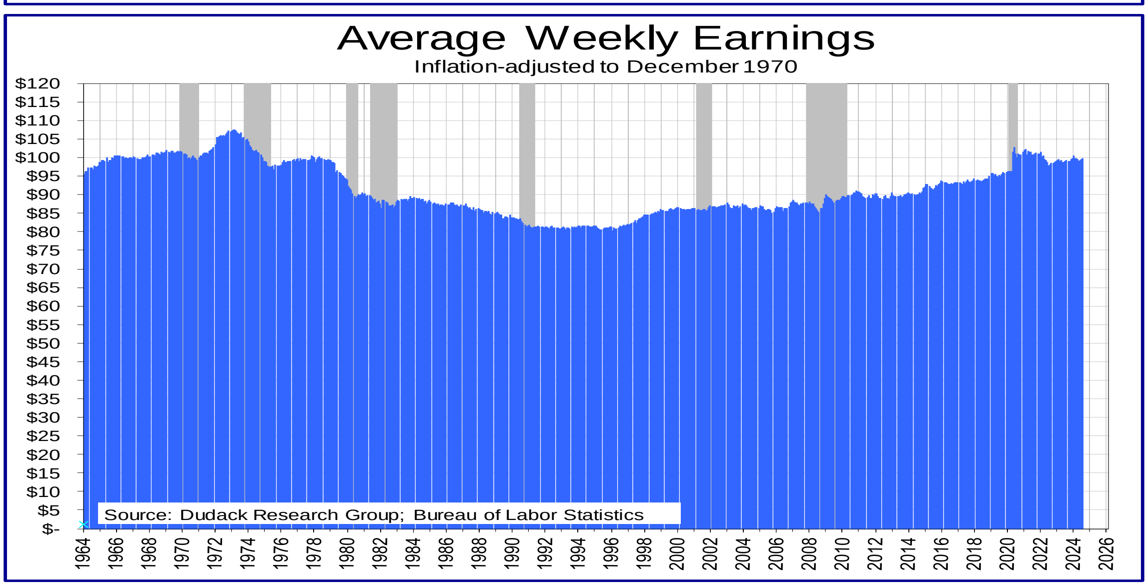




Average hourly earnings rose a healthy 3.8% YOY in July but the trend is decelerating. Production and non-supervisory workers saw average weekly earnings rise 3.5%. Real weekly earnings rose 0.5% YOY which is modest, but above the long-term average of 0.06%, and better than the negative growth seen from December 2021 to April 2023.







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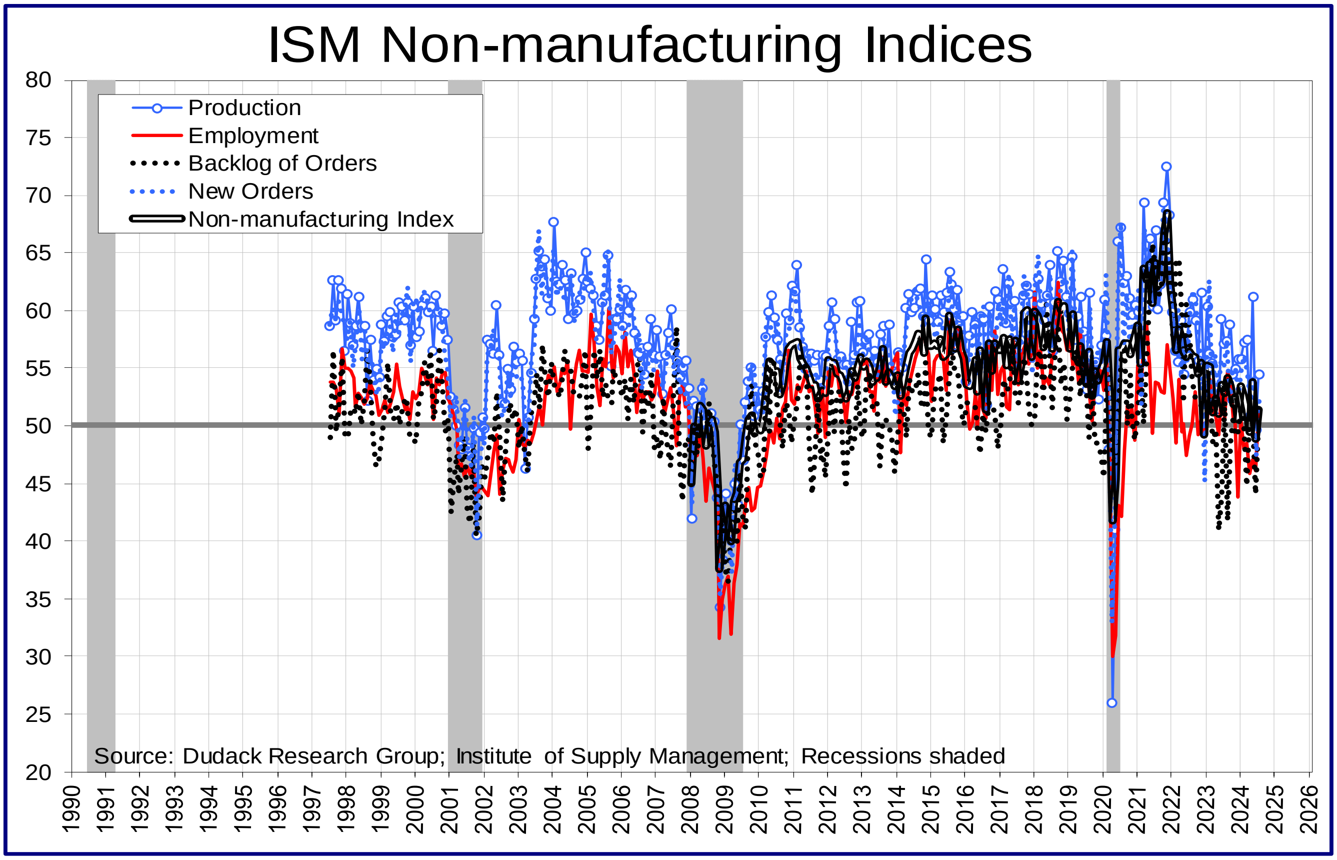

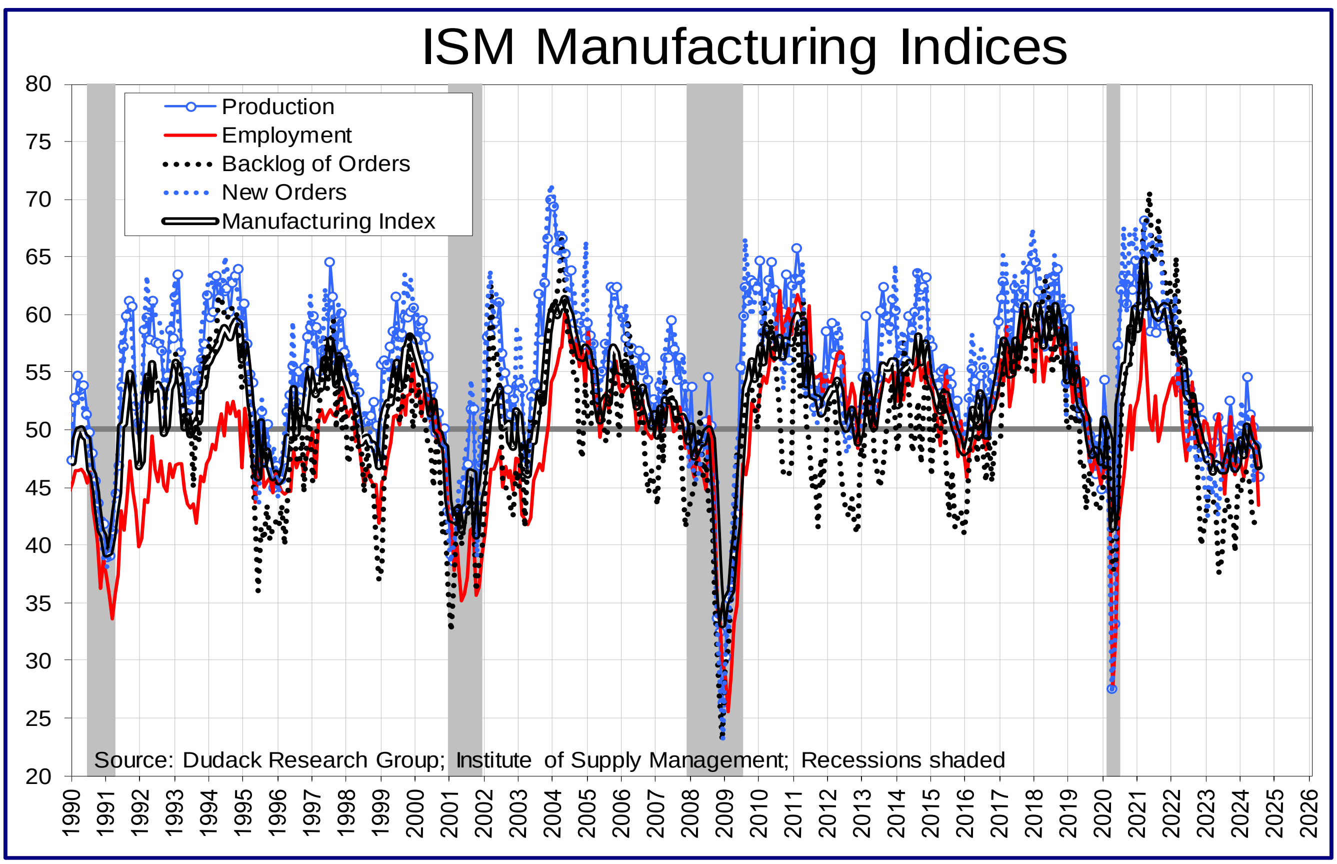

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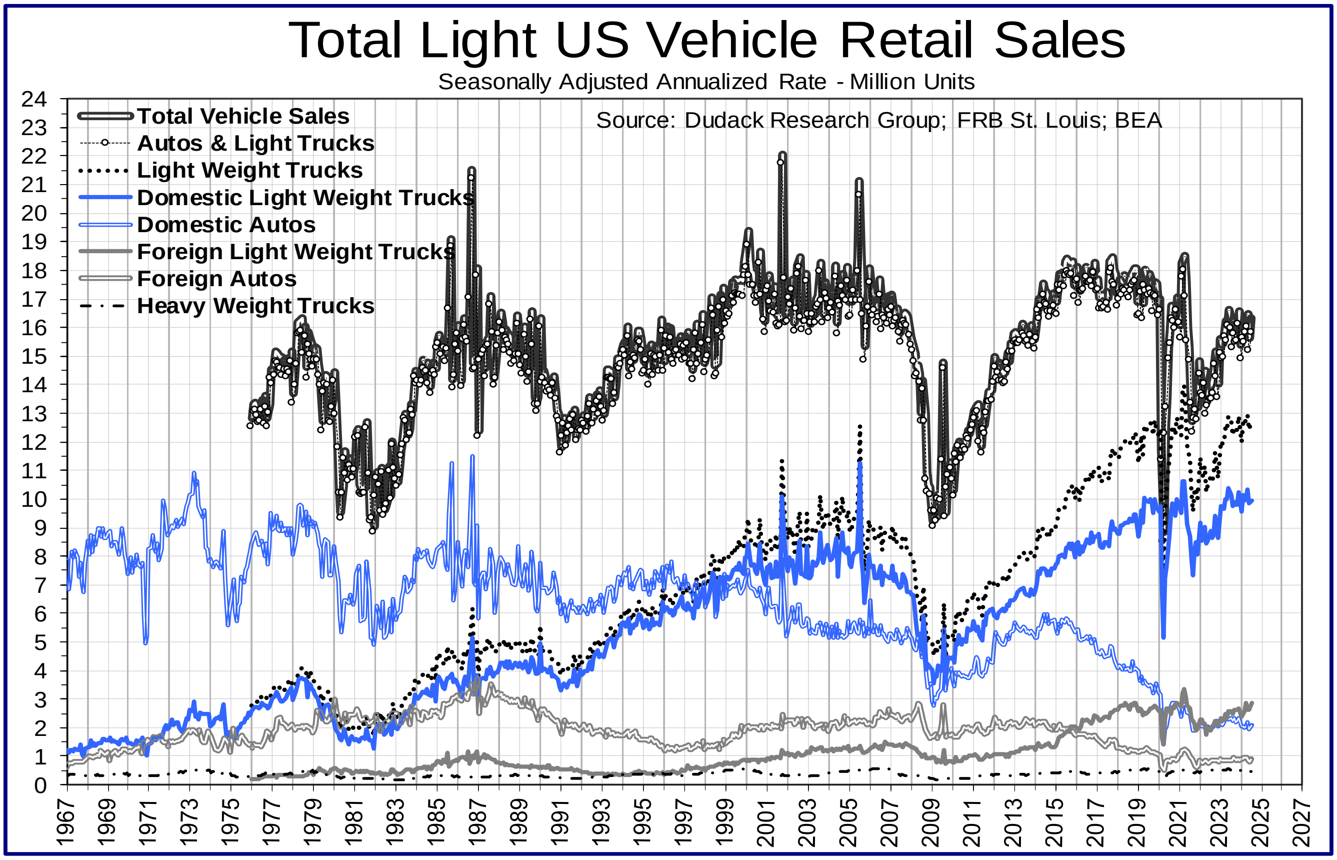
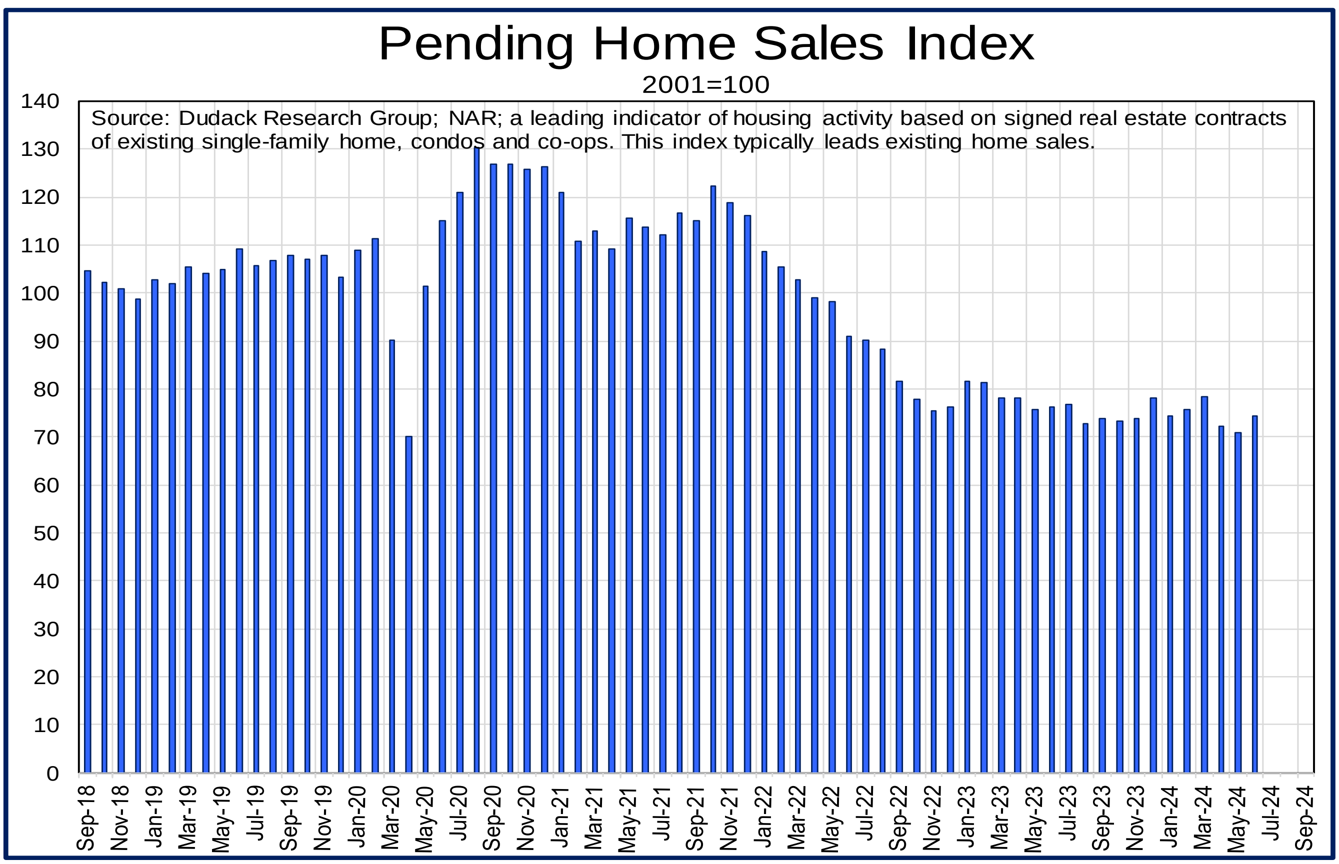
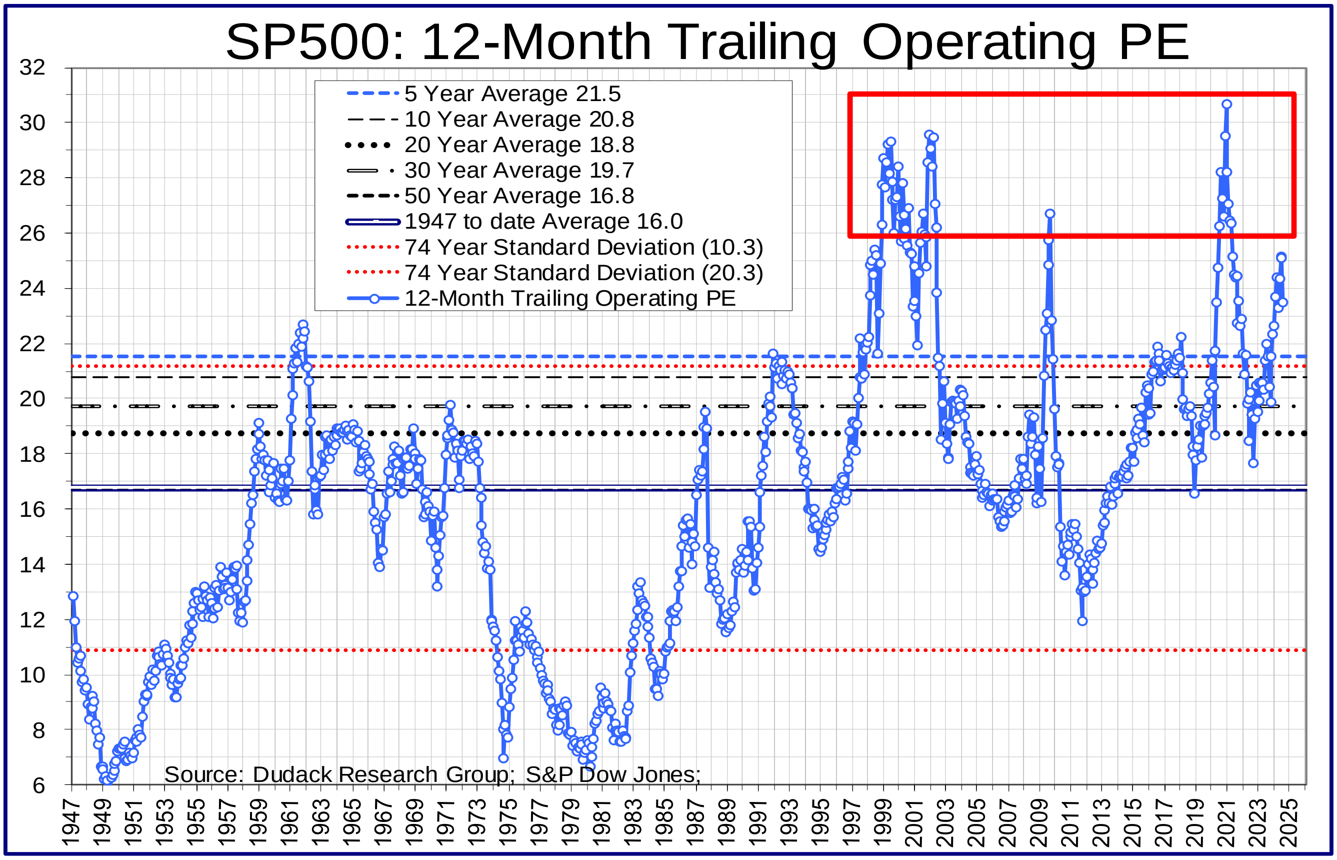
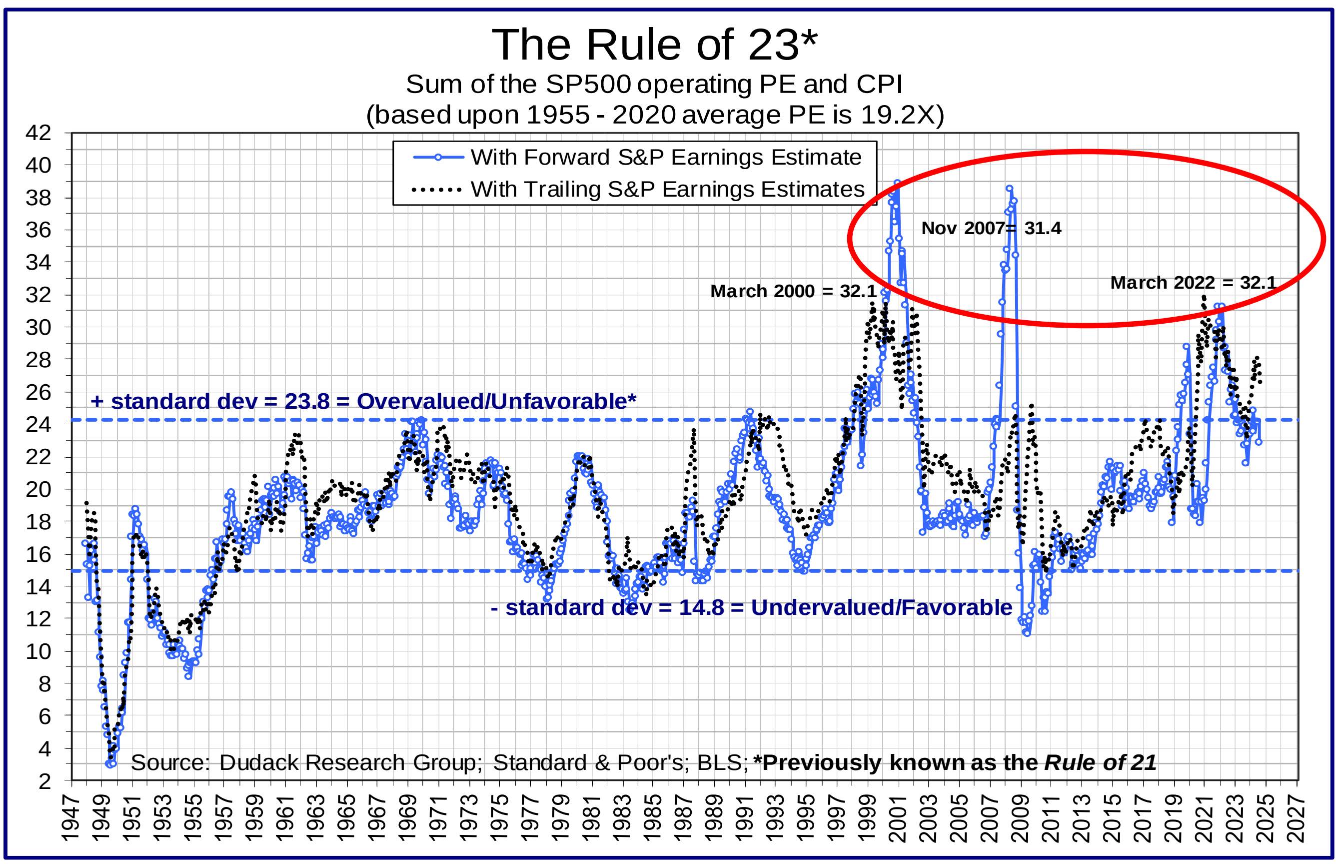


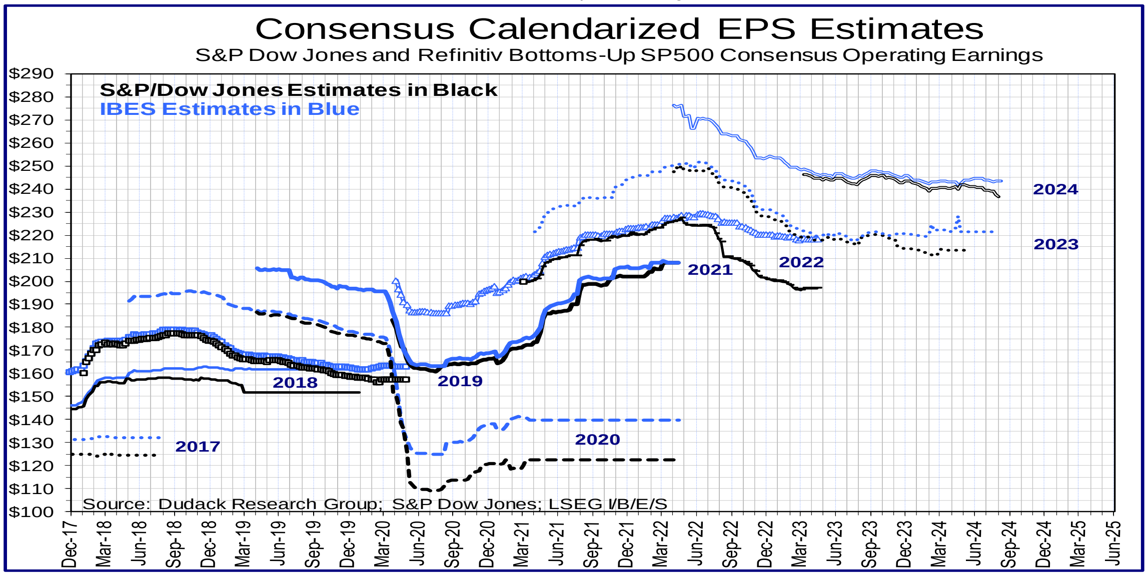


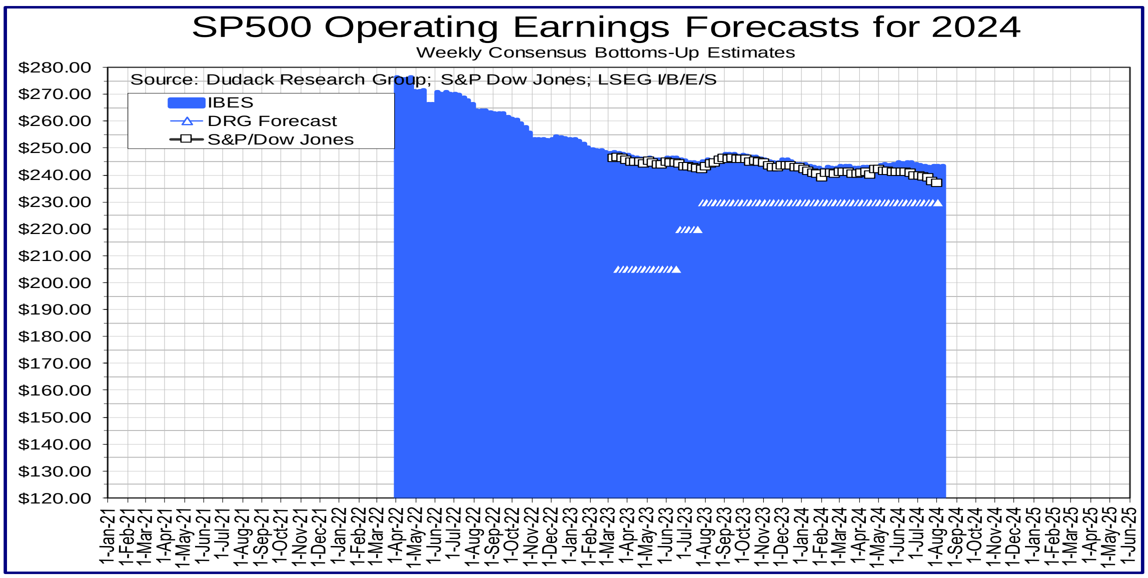
The SPX **trailing** 4-quarter operating multiple is now 23.5 times, down from 25.1, but still above all long- and short-term averages. The **12-month forward** PE multiple is 19.8 times, down from 21.1, and when added to inflation of 3.0% sums to 22.8. This sum is just below the top of the normal range, which is 23.8. By all measures, the equity market remains richly valued, but is down from earlier levels. July levels were only seen during the 1997-2000 bubble, the financial crisis of 2008, or the post-COVID-19 earnings slump.

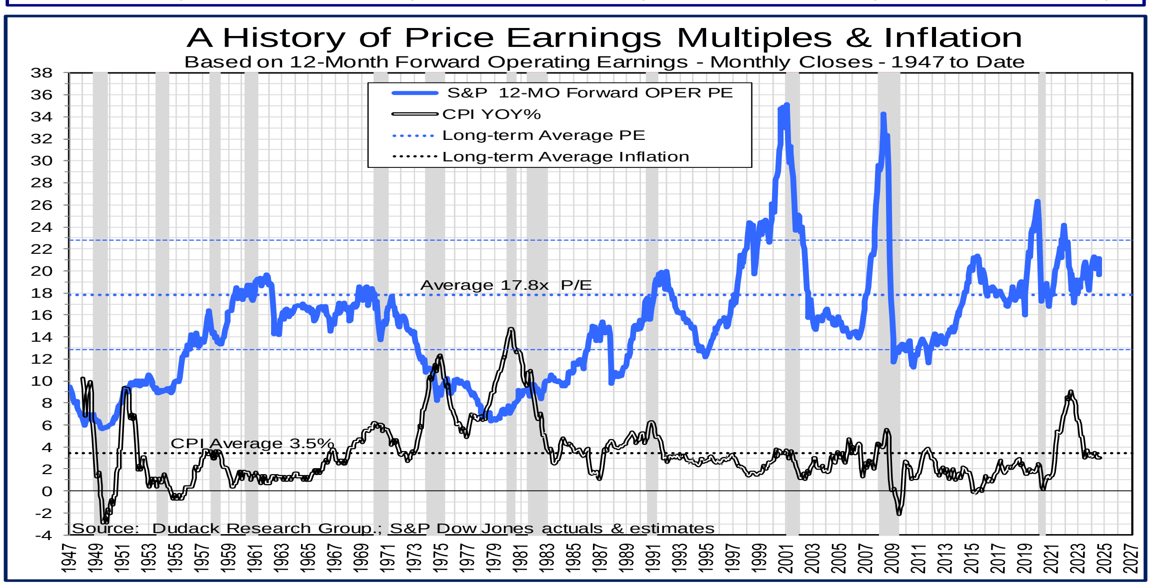




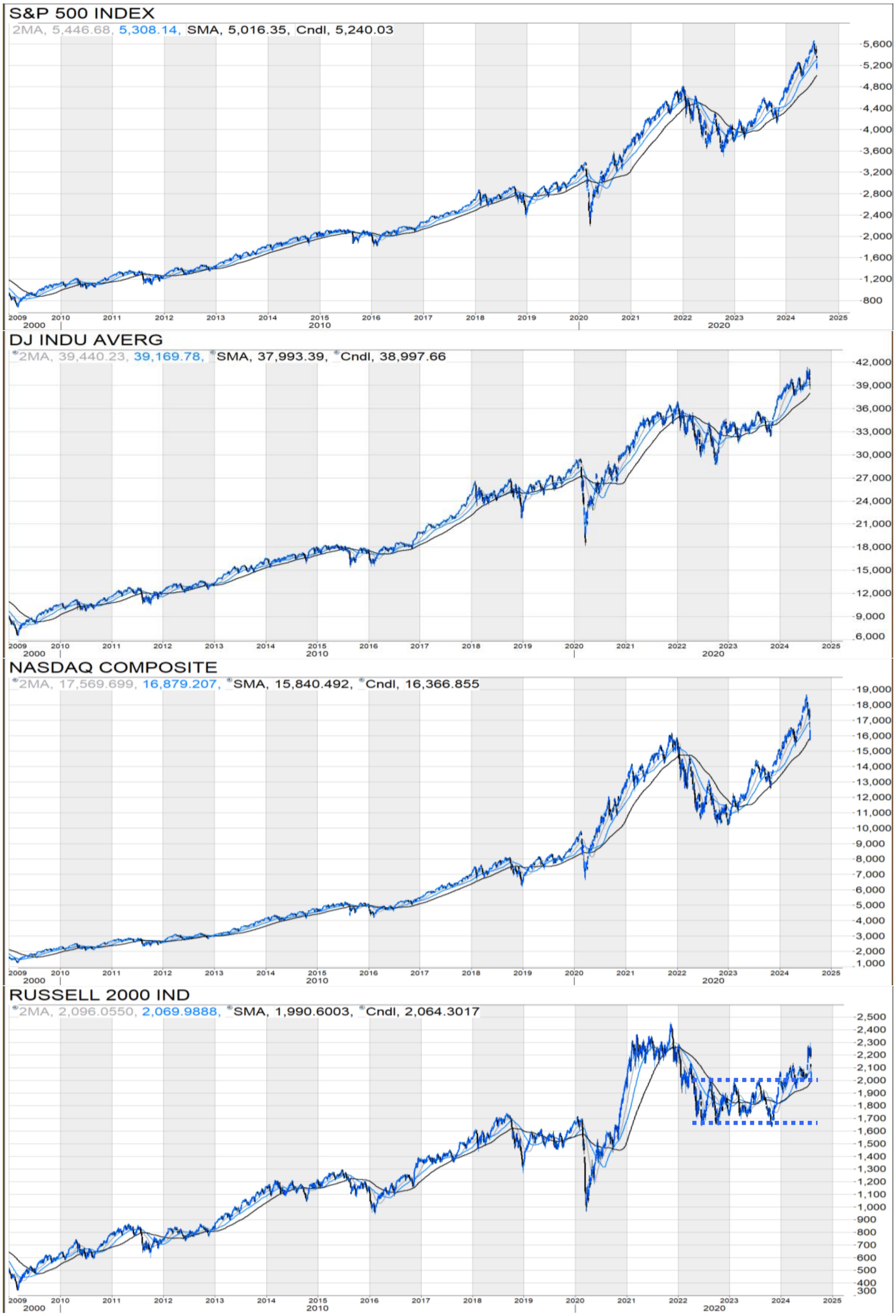
The S&P Dow Jones consensus estimate for calendar 2024 is $236.64, down $0.86, and the 2025 estimate is $277.38, down $0.48 this week. The LSEG IBES estimate for 2024 is $243.60, up $0.04 and for 2025 is $279.66, up $0.01. The IBES guesstimate for 2026 EPS is $316.62, down $0.49. Based upon the IBES EPS estimate for calendar 2024, equities remain richly valued with a PE of 21.5 times and inflation of 3.0%. This sum of 24.5 is above the 23.8 level that defines an overvalued equity market. Based upon 2025 EPS estimates the PE is 18.7 X and with inflation sums to 21.7 and is below the top of the range.







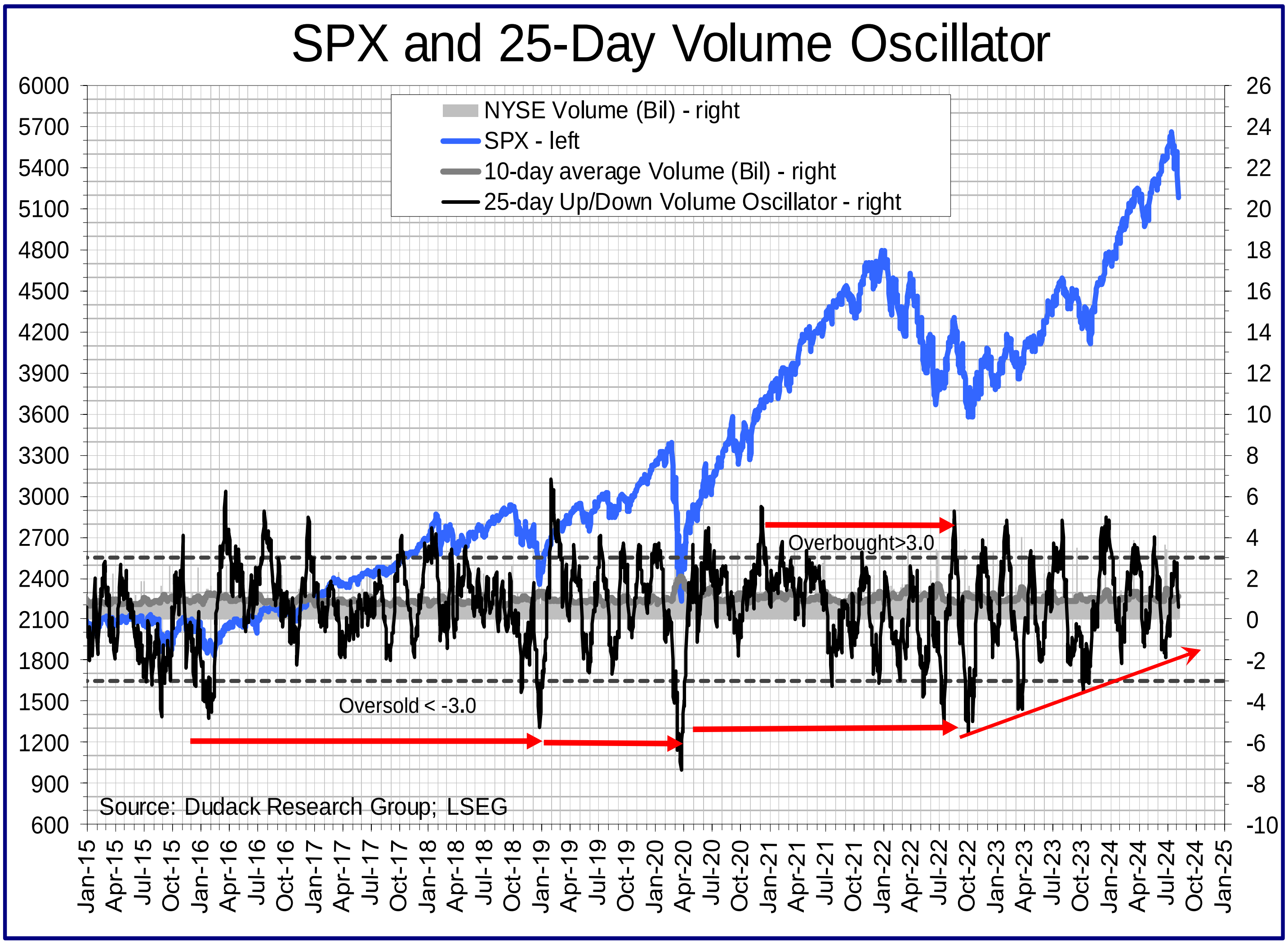
Monday's sharp sell-off led to the Nasdaq Composite and the Russell 2000 index both successfully testing their 200-day moving averages on an intra-day basis. The SPX and DJIA are trading well above their 200-day MA's. Stocks to watch are Microsoft Corp. (MSFT-\$399.61) and Amazon.com Inc. (AMZN-\$161.93) which are trading below their respective 200-day MA's.



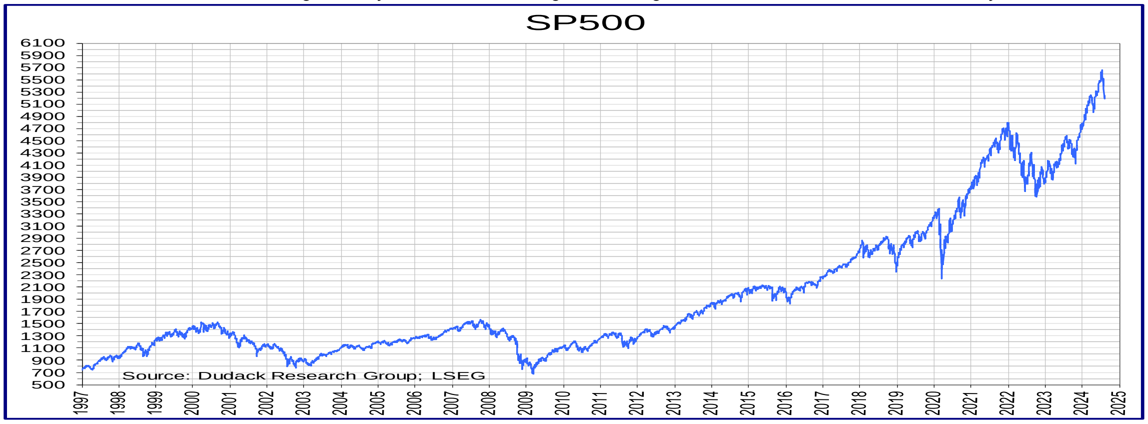
Source: Refinitiv

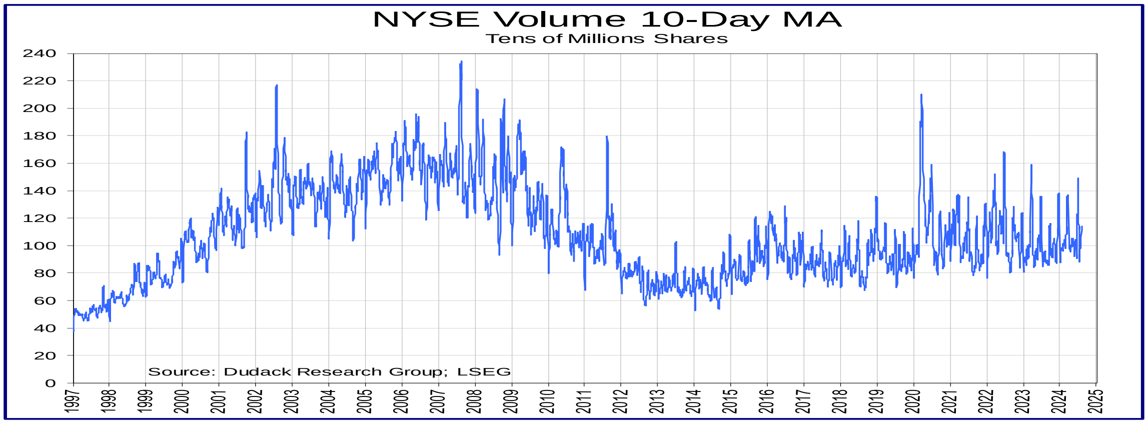
The 25-day up/down volume oscillator is 1.39 and in neutral territory after absorbing a 92% down day on August 5. This followed 90% down days seen on April 12, 2024, February 13, 2024, and December 20, 2023. The last 90% up day was recorded on December 13, 2023. This oscillator failed to reach an overbought reading on the last rally and therefore did not confirm the advance. We will be watching to see if the uptrend in this oscillator (red line below) from the 2022 lows remains intact. If not, it would be a longer-term warning sign for the stock market.

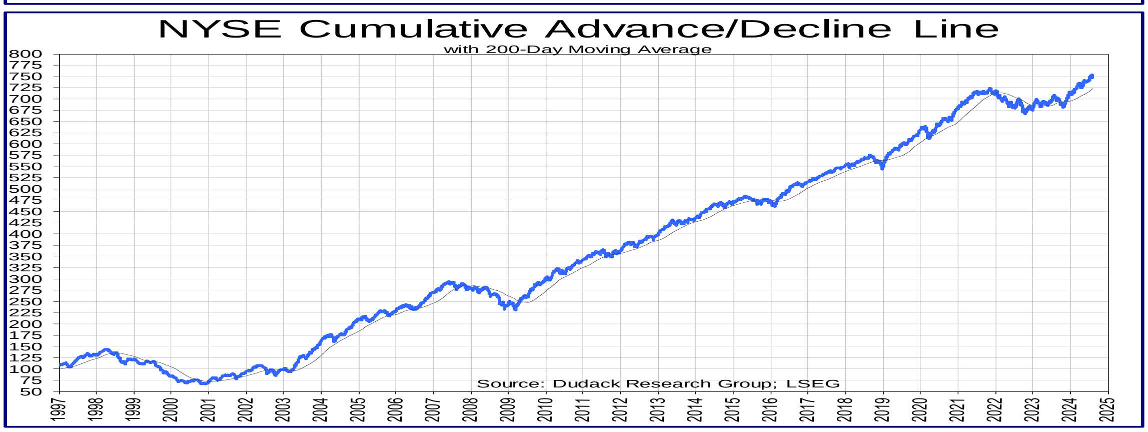
If the rally which began in October actually was a new bull market advance, it should have included several extreme overbought readings of 5.0 or better, which are typical of the first stage of a major advance. This has been absent and represents, to date, a lack of persistent buying pressure.

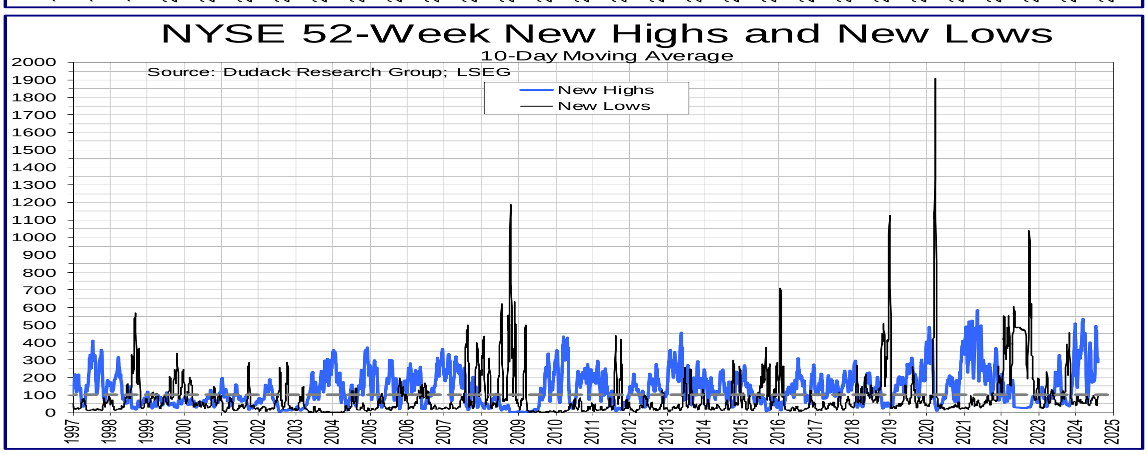


The 10-day average of daily new highs is 286 and new lows are 103. This combination of new highs and new lows above 100 is neutral and much weaker than a week ago. The NYSE advance/decline line made a new record high on July 31, 2024, confirming the new highs made in the SPX and IXIC in late July.

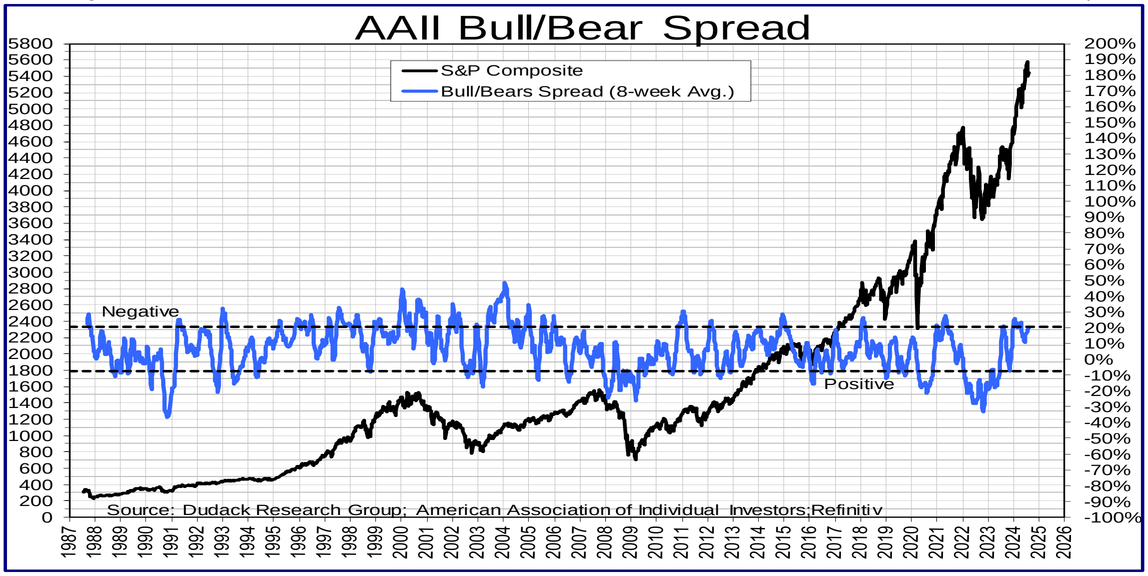


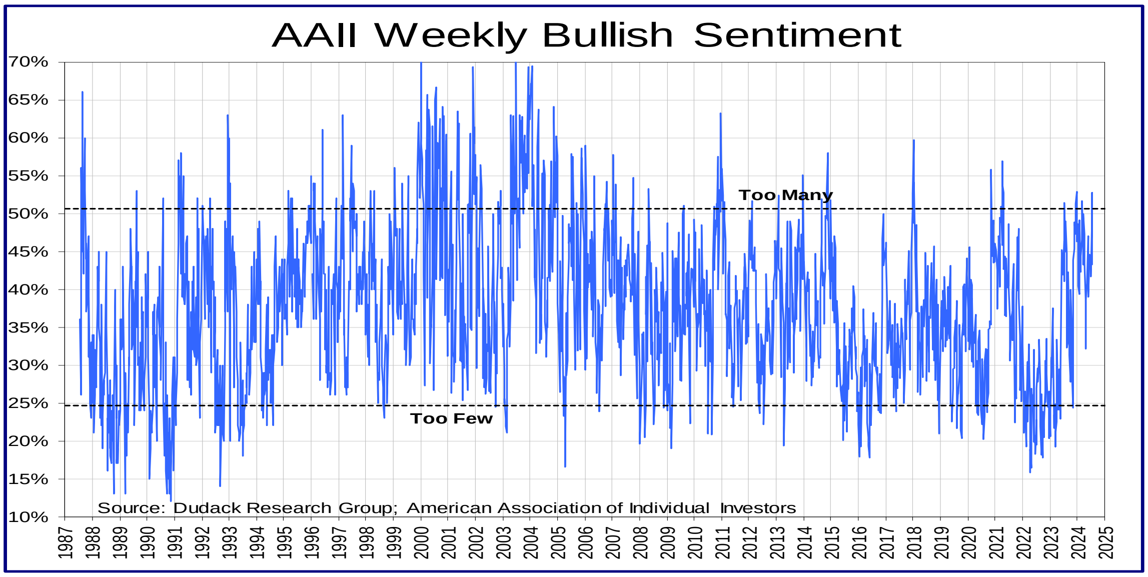


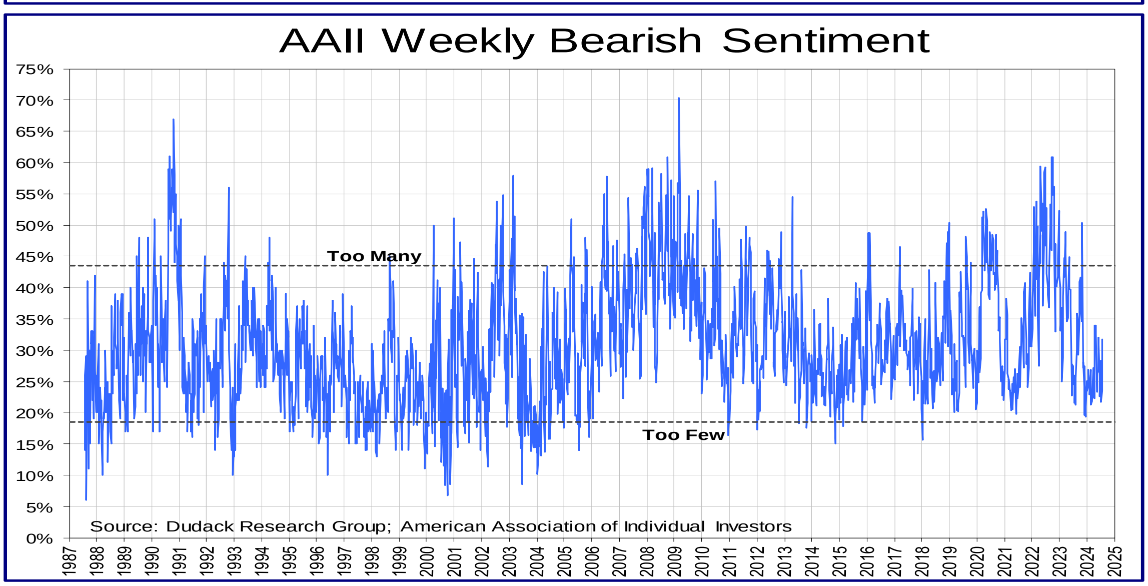




Last week's AAII survey showed bulls increasing 1.7% to 44.9% and bearishness fell 6.5% to 25.2%. Bullishness is still above average, but bearishness is now average; however, we expect these numbers will change next week. On December 13, 2023, bearishness was 19.6%, its lowest level since the January 3, 2018 reading of 15.6% when bullishness was also high and above the 50% benchmark at 51.3%. The 8-week bull/bear ratcheted down to 20.1% and is now moving toward the 20.7% unfavorable level for the first time since the 7 consecutive weeks seen in March and April.







Global Markets and Commodities - Ranked by YTD Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
SPDR Gold Trust	GLD	220.70	-0.8%	-0.1%	2.6%	15.4%
Utilities Select Sector SPDR	XLU	72.87	1.4%	6.3%	6.9%	15.1%
Communication Services Select Sector SPDR Fund	XLC	83.28	-1.8%	-5.1%	-2.8%	14.6%
Silver Future	SIc1	27.10	-4.5%	-13.7%	-7.3%	13.6%
SPDR Homebuilders ETF	XHB	108.51	-8.2%	10.8%	7.4%	13.4%
iShares Silver Trust	SLV	25.80	-4.6%	-13.5%	-7.3%	13.3%
iShares MSCI India ETF	INDA.K	55.07	-3.1%	-2.8%	-1.3%	12.8%
iShares Russell 1000 Growth ETF	IWF	336.36	-3.6%	-11.0%	-7.7%	10.9%
Financial Select Sector SPDR	XLF	41.50	-5.4%	-0.1%	0.9%	10.4%
SP500	.SPX	5240.03	-3.6%	-5.9%	-4.0%	9.9%
iShares MSCI Malaysia ETF	EWM	23.33	0.2%	1.7%	3.9%	9.8%
PowerShares Water Resources Portfolio	PHO	66.71	-3.7%	4.0%	2.8%	9.6%
iShares Russell 1000 ETF	IWB	285.84	-3.9%	-5.7%	-3.9%	9.0%
Nasdaq Composite Index Tracking Stock	ONEQ.O	64.47	-4.5%	-10.9%	-7.8%	8.8%
United States Oil Fund, LP	USO	72.45	-2.7%	-10.9%	-9.0%	8.7%
Consumer Staples Select Sector SPDR	XLP	78.24	0.3%	1.1%	2.2%	8.6%
Health Care Select Sect SPDR	XLV	147.51	-1.8%	2.1%	1.2%	8.2%
NASDAQ 100	NDX	18077.92	-3.8%	-11.3%	-8.2%	7.4%
Industrial Select Sector SPDR	XLI	122.05	-3.5%	0.7%	0.1%	7.1%
iShares Russell 1000 Value ETF	IWD	175.53	-4.1%	1.0%	0.6%	6.2%
SPDR S&P Bank ETF	KBE	48.77	-9.9%	7.2%	5.1%	6.0%
Gold Future	GCc1	2880.10	0.2%	0.8%	0.9%	5.7%
iShares MSCI Taiwan ETF	EWT	48.29	-6.0%	-13.0%	-10.9%	4.9%
iShares MSCI United Kingdom ETF	EWU	34.59	-3.6%	-2.5%	-0.8%	4.7%
Technology Select Sector SPDR	XLK	200.59	-4.4%	-13.9%	-11.3%	4.2%
iShares US Real Estate ETF	IYR	94.84	0.2%	8.4%	8.1%	3.8%
Energy Select Sector SPDR	XLE	86.98	-6.3%	-3.5%	-4.6%	3.7%
iShares Nasdaq Biotechnology ETF	IBB.O	140.73	-4.8%	3.3%	2.5%	3.6%
SPDR DJIA ETF	DIA	389.96	-4.3%	-0.9%	-0.3%	3.5%
DJIA	.DJI	38997.66	-4.3%	-1.0%	-0.3%	3.5%
Materials Select Sector SPDR	XLB	88.48	-3.0%	0.7%	0.2%	3.4%
iShares Russell 2000 Growth ETF	IWO	260.74	-7.7%	-0.2%	-0.7%	3.4%
iShares China Large Cap ETF	FXI	24.78	-2.2%	-6.3%	-4.7%	3.1%
iShares MSCI BRIC ETF	BKF	34.98	-1.5%	-4.2%	-2.5%	2.3%
Oil Future	CLc1	73.20	-2.0%	-12.0%	-10.2%	2.2%
iShares Russell 2000 ETF	IWM	204.40	-8.2%	1.8%	0.7%	1.8%
iShares MSCI Emerg Mkts ETF	EEM	40.65	-3.3%	-6.8%	-4.6%	1.1%
iShares MSCI Canada ETF	EWC	37.04	-3.4%	-1.5%	-0.1%	1.0%
Vanguard FTSE All-World ex-US ETF	VEU	56.62	-4.3%	-5.5%	-3.4%	0.9%
SPDR S&P Retail ETF	XRT	72.89	-6.1%	-0.8%	-2.8%	0.8%
iShares Russell 2000 Value ETF	IWN	155.96	-8.5%	3.9%	2.4%	0.4%
iShares MSCI EAFE ETF	EFA	75.45	-4.8%	-5.8%	-3.7%	0.1%
iShares MSCI Austria Capped ETF	EWO	21.48	-4.8%	-5.4%	-1.7%	-0.6%
iShares MSCI Germany ETF	EWG	29.49	-5.0%	-5.8%	-3.7%	-0.7%
iShares iBoxx $ Invest Grade Corp Bond	LQD	109.60	0.6%	1.4%	2.3%	-1.0%
iShares MSCI Singapore ETF	EWS	18.52	-5.5%	-5.8%	-3.5%	-1.0%
iShares MSCI Japan ETF	EWJ	63.12	-8.4%	-9.8%	-7.5%	-1.6%
iShares 20+ Year Treas Bond ETF	TLT	96.59	2.9%	4.4%	5.2%	-2.3%
iShares MSCI Australia ETF	EWA	23.61	-4.3%	-5.4%	-3.4%	-3.0%
Consumer Discretionary Select Sector SPDR	XLY	173.07	-6.3%	-8.6%	-5.1%	-3.2%
Shanghai Composite	.SSEC	2867.28	-0.4%	-2.8%	-3.4%	-3.6%
iShares US Telecomm ETF	IYZ	21.92	-3.5%	0.8%	0.9%	-3.7%
iShares DJ US Oil Eqpt & Services ETF	IEZ	20.87	-10.8%	-4.3%	-6.3%	-4.8%
SPDR S&P Semiconductor ETF	XSD	207.67	-10.5%	-18.6%	-16.1%	-7.6%
iShares MSCI South Korea Capped ETF	EWY	59.44	-7.9%	-13.8%	-10.1%	-9.3%
iShares MSCI Hong Kong ETF	EWH	15.10	-0.9%	-0.5%	-1.3%	-13.1%
iShares MSCI Brazil Capped ETF	EWZ	27.47	-0.5%	-3.2%	0.5%	-21.4%
iShares MSCI Mexico Capped ETF	EWW	52.73	-4.6%	-7.9%	-6.9%	-22.3%

Outperformed SP500

Underperformed SP500

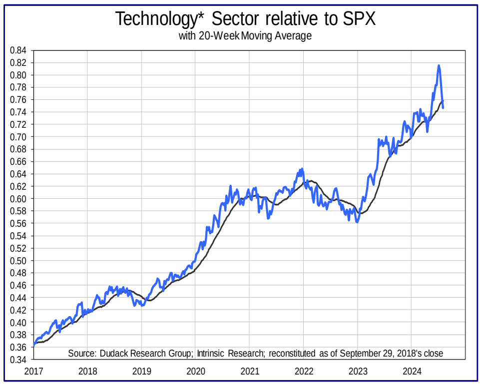
Source: Dudack Research Group; Refinitiv

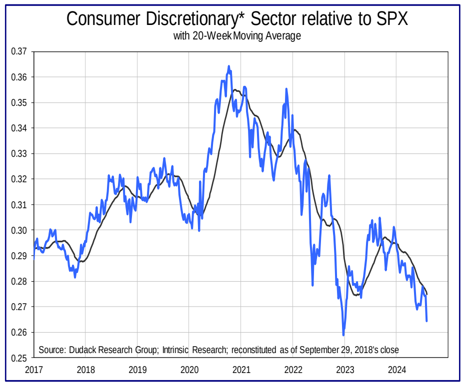
Priced as of August 6, 2024

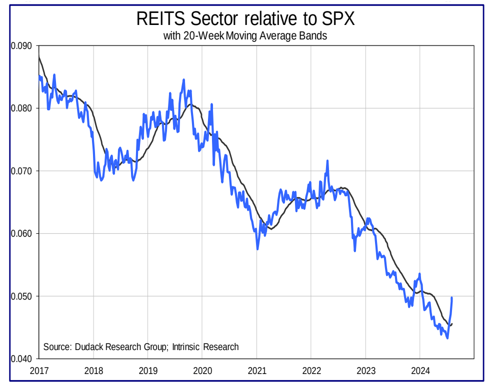
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

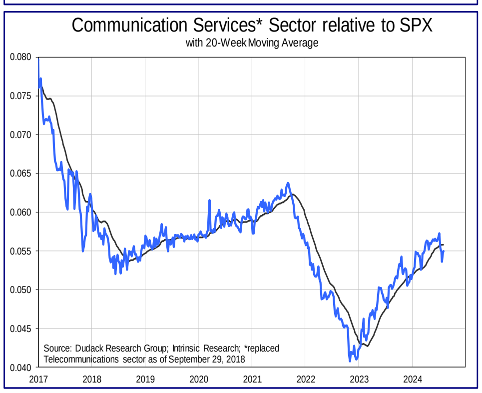
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Communication Services Technology Healthcare Financials		Consumer Discretionary Staples Energy Industrials		REITS Materials Utililties

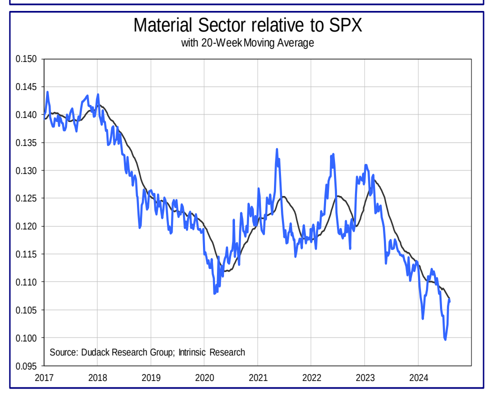
2/6/2024: Upgraded Communication Services from U to O; Technology & Healthcare from from N to O; Downgraded Industrials & Consumer Discretionary from O to N; Materials downgraded from O to U. Staples & Energy upgraded to N.

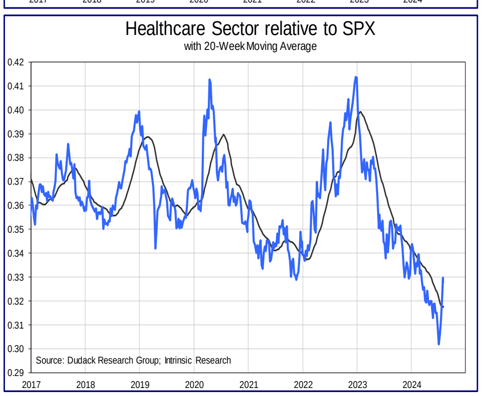


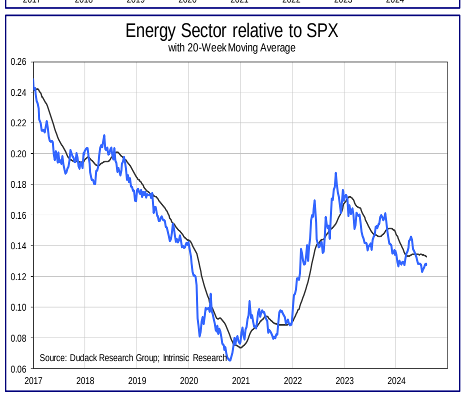


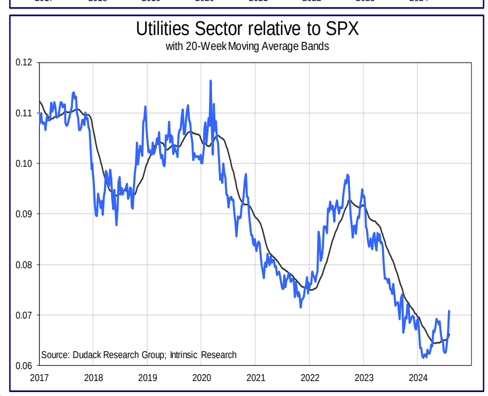


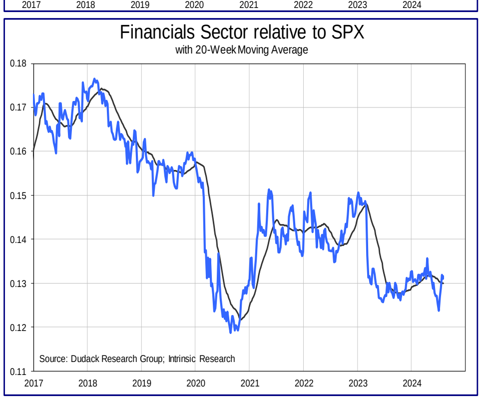


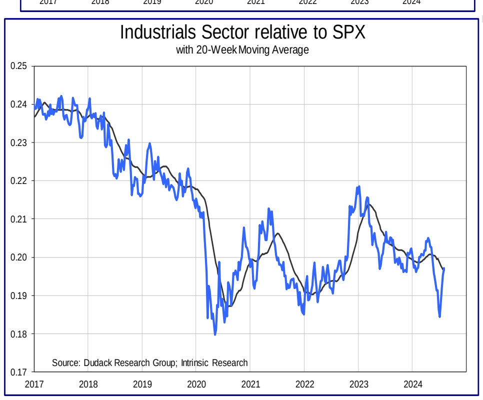












2024 Performance - Ranked	
SP500 Sector	% Change
S&P COMMUNICATIONS SERVICES	17.0%
S&P INFORMATION TECH	15.3%
S&P UTILITIES	14.9%
S&P FINANCIAL	10.1%
S&P CONSUMER STAPLES	10.0%
S&P 500	9.9%
S&P HEALTH CARE	8.0%
S&P INDUSTRIALS	7.1%
S&P ENERGY	4.3%
S&P REITS	3.6%
S&P MATERIALS	3.4%
S&P CONSUMER DISCRETIONARY	-2.3%

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%	1.6%	$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	-0.5%	20.3X	2.1%	2.9%	$1,664.20	-2.9%
2016	2238.83	$94.55	$106.26	$106.26	-3.6%	$118.10	-0.1%	21.1X	1.9%	1.8%	$1,661.50	-0.2%
2017	2673.61	$109.88	$124.51	$124.51	28.6%	$132.00	11.8%	21.5X	1.8%	2.5%	$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%	2.5%	$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%	5.8%	$2,382.80	21.1%
2022	3839.50	$139.47	$196.95	$196.95	170.1%	$218.09	4.8%	19.5X	1.7%	1.9%	$2,478.80	4.0%
2023	4769.83	$94.14	$213.53	$213.53	270.1%	$221.36	1.5%	22.3X	1.5%	2.5%	$2,803.20	4.0%
2024E	~~~~~	$197.87	$236.63	$234.00	370.1%	$243.60	10.0%	22.1X	1.4%	NA	NA	NA
2025E	~~~~~	$172.75	$277.38	$255.00	470.1%	$279.66	14.8%	18.9X	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 3Q	4288.05	$47.65	$52.25	$52.25	3.8%	$58.41	4.3%	20.4	1.6%	4.9%	$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%	1.4%	$2,726.80	5.3%
2024 2QE	5521.50	$52.13	$56.38	$58.12	6.0%	$59.81	10.2%	25.4	1.3%	2.8%	NA	NA
2024 3QE*	5240.03	$55.53	$61.52	$60.75	16.3%	$62.10	6.3%	23.1	NA	NA	NA	NA
2024 4QE	~~~~~	$58.50	$64.10	$60.50	12.2%	$64.74	13.3%	22.1	NA	NA	NA	NA

Source: DRG; S&P Dow Jones **quarterly EPS may not sum to official CY estimates; LSEG IBES Consensus estimates *8/6/2024

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

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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

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