Dudack Research Group
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DJIA: 42221.88
SPX: 5782.76
NASDAQ: 18439.17

US Strategy Weekly

Happy Election Day

It is finally election day and hopefully results will come quickly, and it will not take days, or weeks, to get final tallies of votes. (It does not make sense to us that in this era of technology we cannot have results in less than a 24-hour timeframe.)

As we noted last week, results for Congress may be more significant than who wins the White House, but that does not mean there are no differences between the two presidential candidates. The rally in recent sessions has been called a "Trump Rally" by traders and we think we know why. To Wall Street, former President Trump represents less regulation, lower taxes, more energy production, and this means lowers energy and transportation expenses and higher margins. Vice President Harris has indicated she wants to raise the corporate tax rate, promises voters she will investigate corporations for price gouging, and is part of an administration that has increased regulation and initiated anti-trust cases against most US large technology companies. Wall Street tends to focus less on campaign rhetoric, promises, and threats of tariffs, and more on numbers and actions.

Still, the stock market should be able to handle any election result. In our view, a Republican sweep could trigger a short-term rally since this is more supportive of earnings growth. The more likely result would be a divided Congress which is something Wall Street has typically favored and historically it means little gets passed or done in Congress. If this materializes, politics will take a back seat to earnings results. A Democratic sweep is unlikely in our opinion but would not be ideal for stocks since it would mean more regulation and taxes on Corporate America. However, it would be good for companies involved in green technology.

This is also Fed week, and the Fed's announcement could come before election results are finalized, which would be interesting. Nevertheless, the market has priced in a 25-basis point cut and we do not think the Fed will disappoint. What we see in the employment data suggests another cut or two may be in store in coming months.

Recent Economic Releases

In the third quarter GDP grew 2.8% on a seasonally-adjusted-annualized basis, just shy of the 3.0% seen in the second quarter and not much below the long-term average of 3.2%. Driving third quarter growth was personal consumption. However, services have usually been the main driver of personal consumption, but in the third quarter growth came primarily from durable goods, or more specifically vehicles. Government spending was also a significant positive in the third quarter, along with inventories. The major negative in the quarter was international trade, with imports exceeding exports. See page 3.

October's employment report showed payroll growth was surprisingly low at 12,000 jobs, plus August and September were revised lower, reducing total employment by 112,000 jobs. While October's weakness was attributed to hurricanes and the Boeing strike, it does not explain the weakness seen in earlier months. Keep in mind that earlier this year the BLS announced that there will be an annual revision for January 2025's employment report and this could lower employment statistics by as much as 818,000 jobs, or more than 86,000 jobs per month, representing a 0.5% benchmark revision. This would be the largest benchmark revision on record in terms of the number of jobs and the percentage of the revision. In our view, this lowers the confidence one can have in these statistics, but it explains the massive divergence we have been pointing out all year between the establishment and household surveys. Headline job growth looked stellar in 2024 while the household survey showed zero growth. It appears that the household survey may prove to be more accurate in the long run. Weak job growth could become a very important topic in 2025 because year-over-year declines in the level of employment have been a reliable predictor of a US recession. See page 4.

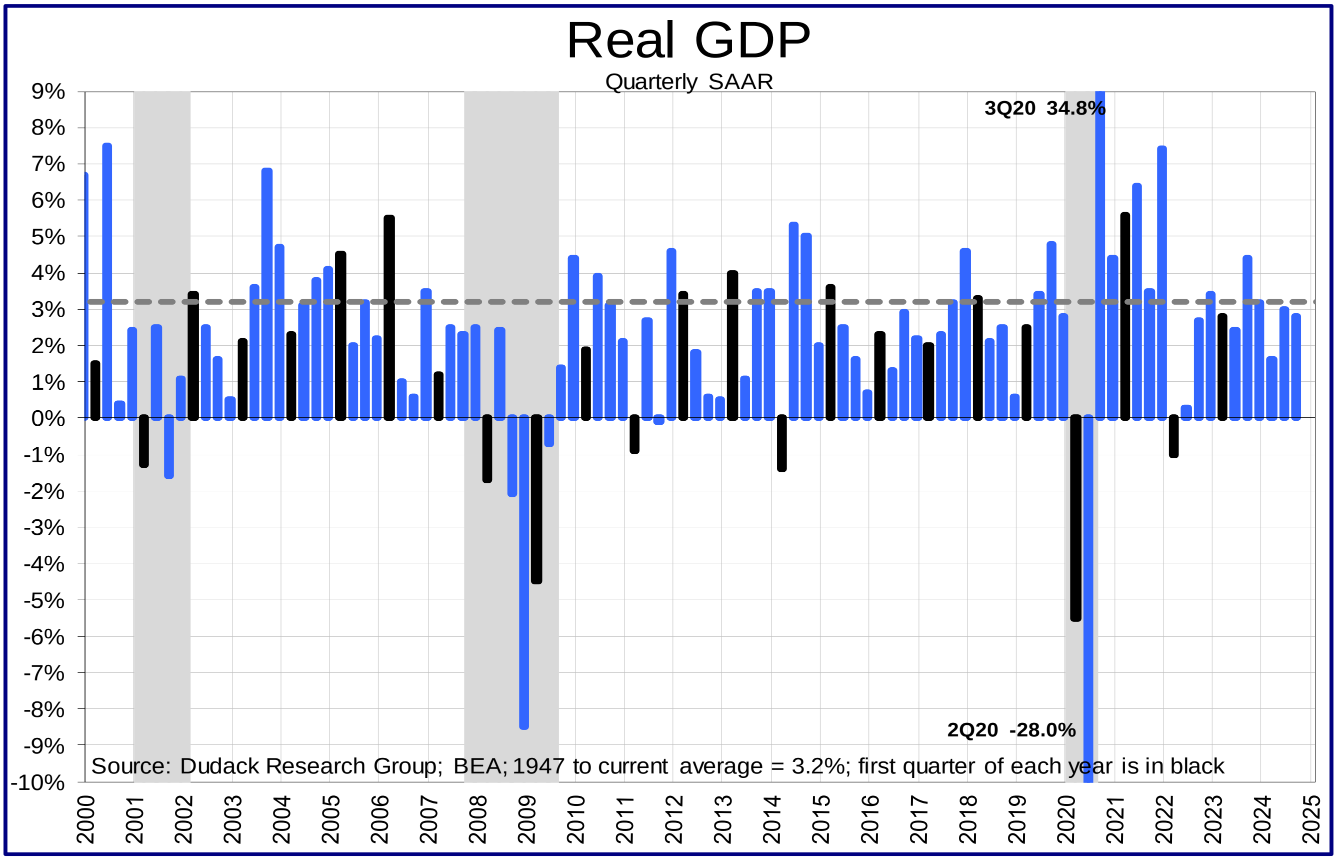
The unemployment rate for October was unchanged at 4.1%, but the household survey reveals there are differences in unemployment according to age, sex, education, and citizenship. The unemployment rate for those 65 and older was the lowest at 2.7%; whereas the unemployment rate for women 16 to 64 was relatively high at 3.8%. The unemployment rate appears to be inversely correlated to level of education. The unemployment rate for those with a bachelor's degree or higher was up but still low at 2.5%, for those with some college education it was 3.4%, for high school graduates it was 4.0%, and for those with less than a high school degree the rate was down, but still high the highest at 6.6%. The native-born unemployment rate was 3.9% in October and the non-native unemployment rate was 4.1%. See page 5.

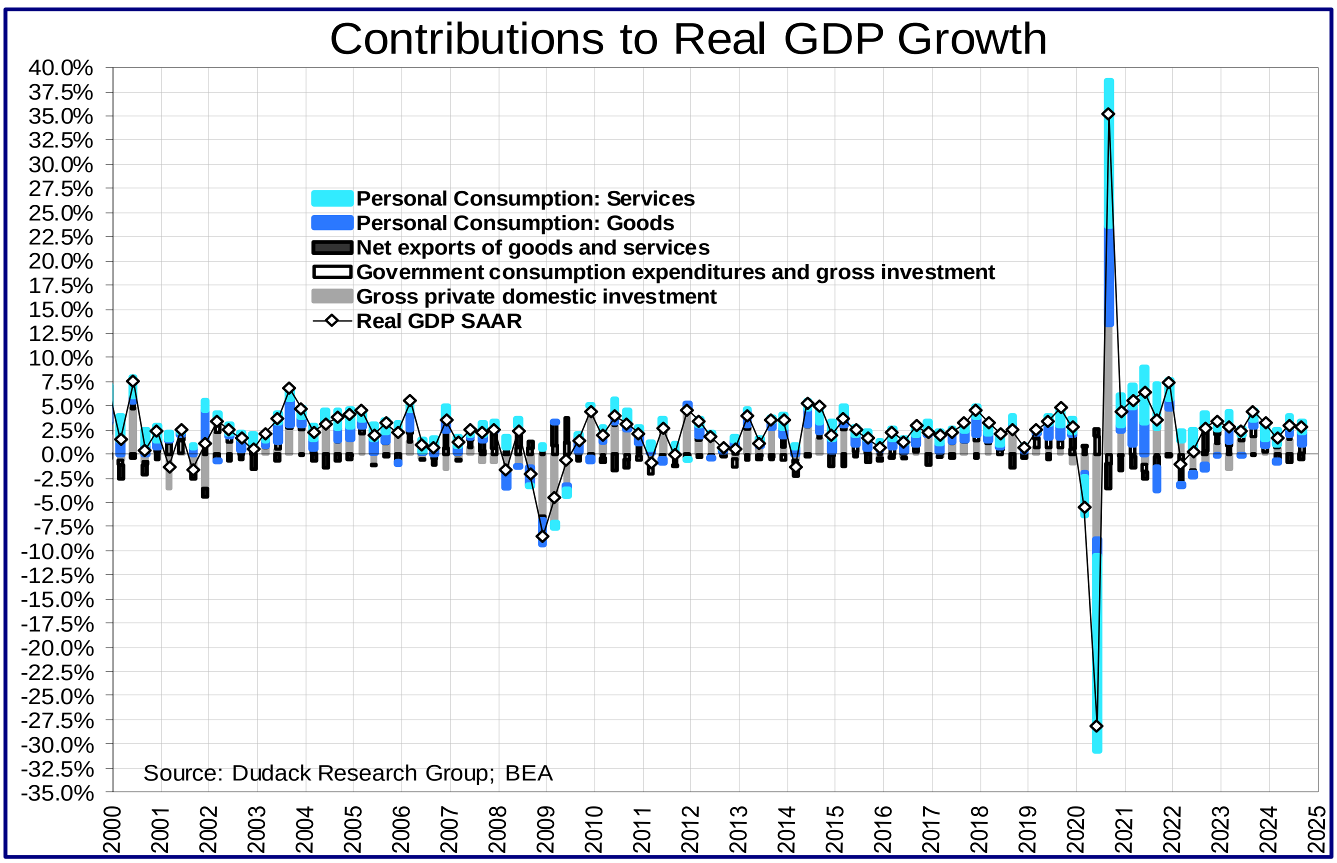
The Bureau of Labor Statistics did a study of foreign-born workers based on 2023 data and it shows foreign-born workers were concentrated on both coasts and represented 23.9% of the labor force in the West and 22.6% in the Northeast. In both cases, this was above the US average of 18.6%. Native-born workers earn more than the foreign-born workers at most educational attainment levels. Among high school graduates, full-time foreign-born workers earned 88% as much as their native-born counterparts. However, among those with a bachelor's degree and higher, the earnings of foreign-born workers were just slightly higher than the earnings of native-born workers. As of the latest data for September, there were 130.8 million native-born workers and 31.1 million foreign-born workers in the US, but on a year-over-year basis, native-born employment fell by 825,000 and foreign-born employment grew by 1.2 million workers. The foreign-born population includes legally admitted immigrants, refugees, temporary residents such as students and temporary workers, and undocumented immigrants. The survey data, however, do not separately identify the number of people in these categories. See page 6.

Average hourly earnings for production and non-supervisory workers rose 4.1% YOY in October, but average weekly earnings only rose 3.8% YOY due to a slowdown in hours worked. Looking at average hours, it is clear that manufacturing hours peaked at 42.3 in April 2018, and this represented a post-WWII record high. After a pandemic decline and a post-pandemic recovery, manufacturing weekly hours slowly declined to the 40.6 seen in October. This decline in manufacturing hours is in line with the weak data seen in the ISM manufacturing surveys. See page 7.

The ISM manufacturing survey indicated that this sector of the economy was contracting at a faster pace in October. The headline number fell from 47.2 to 46.5 and business activity fell from 49.8 to 46.2. The biggest increase was in prices which jumped from 48.3 to 54.8. In October, the ISM service survey was up 1.1 point to 56 and it marked the eighth time this year that the composite index has been in expansion territory. October was driven by gains of more than 4 points in both employment and supplier deliveries; however, business activity and new orders both dropped by at least 2 points. In short, the ISM manufacturing survey remains anemic, and the service survey was mixed. We believe these releases fully support another 25-basis point cut in the fed funds rate this week. See page 9.

GDP in the third quarter grew 2.8% (SAAR), just shy of the 3.0% seen in the second quarter and not much below the long-term average of 3.2%. Driving third quarter growth was personal consumption, primarily durable goods (vehicles). Government was also a major factor in the third quarter, along with inventories. The major negative was trade, with imports exceeding exports.

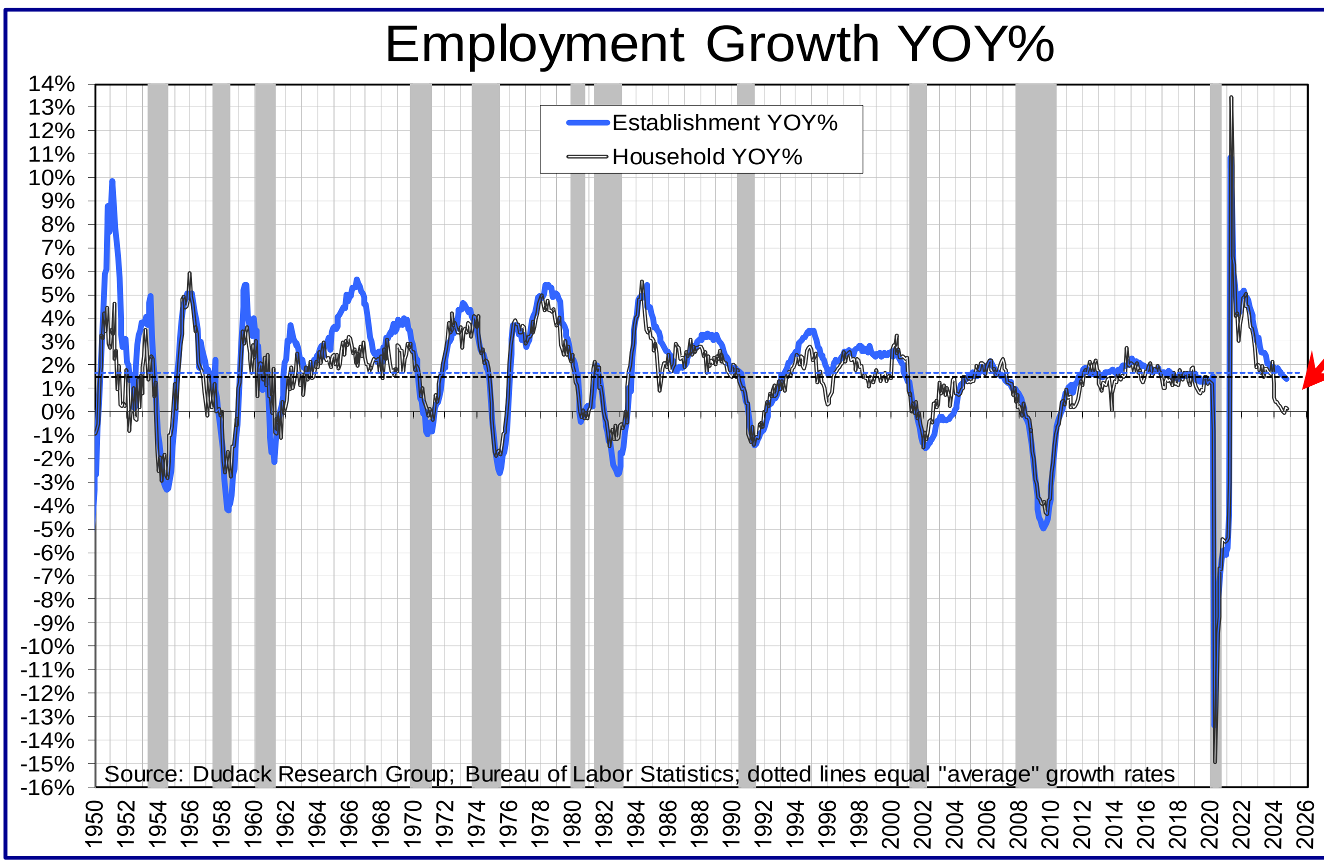




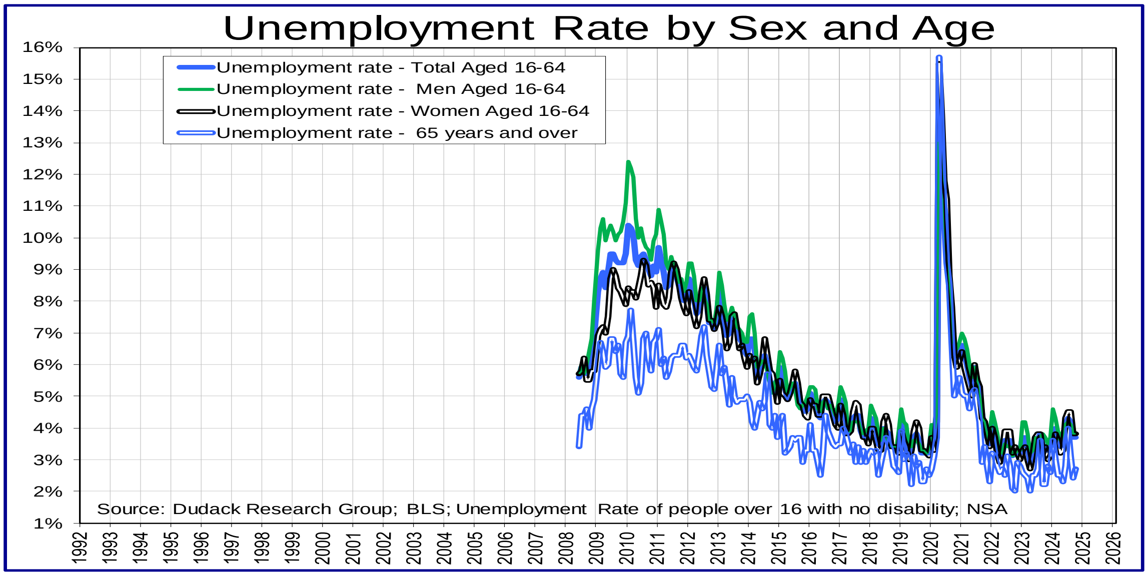
October's payrolls were surprisingly low at 12,000, plus the two previous months were revised lower, reducing employment by an additional 112,000 jobs. While October's weakness was attributed to hurricanes and the Boeing strike, it does not explain the weakness in earlier months. Keep in mind that earlier this year the BLS announced that the annual revision for January 2025's employment report could lower employment by as much as 818,000 jobs, or over 86,000 jobs per month, representing a 0.5% benchmark revision. This would be the largest benchmark revision on record. In our view, this lowers the confidence one can have in the establishment statistics and it explains the massive divergence we have pointed out between the establishment and household surveys throughout 2024. Headline job growth looked stellar all year while the household survey showed zero growth. See red arrow below. It appears that the household survey may prove to be more accurate. This could become important in 2025 because year-over-year declines in the level of employment has been a reliable predictor of a US recession.

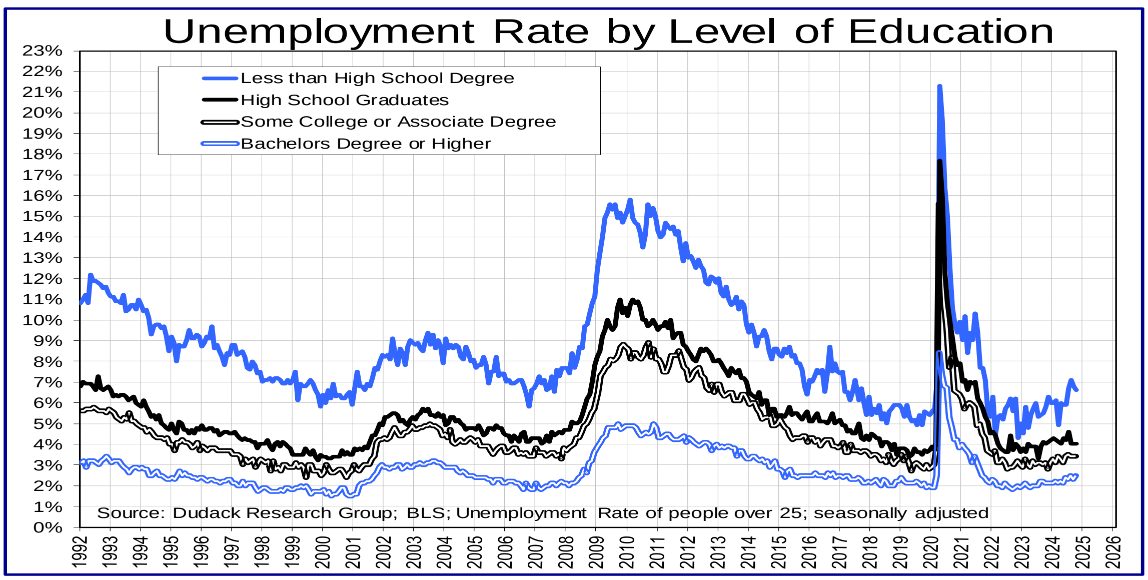
Employment Surveys (1,000s SA)	Oct-24	Sep-24	Change	Oct-23	Yr/Yr
Establishment Survey: NonFarm Payrolls	159,005	158,993	12	156,832	2,173
Household Survey Data (1,000s)					
Employed (A)	161,496	161,864	(368)	161,280	216
Unemployed (B)	6,984	6,834	150	6,443	541
Civilian labor force [A+B]	168,480	168,698	(218)	167,723	757
Unemployment rate [B/(A+B)]	4.15%	4.05%	0.09%	3.8%	0.3%
U6 Unemployment rate	7.7%	7.7%	0.0%	7.2%	0.5%
Civilian noninstitutional population (C)	269,289	269,080	209	267,642	1,647
Participation rate [(A+B)/C]	62.6	62.7	-0.1	62.7	-0.1
Employment-population ratio [A/C]	60.0	60.2	-0.2	60.3	-0.3
Not in labor force	100,809	99,849	960	99,919	890

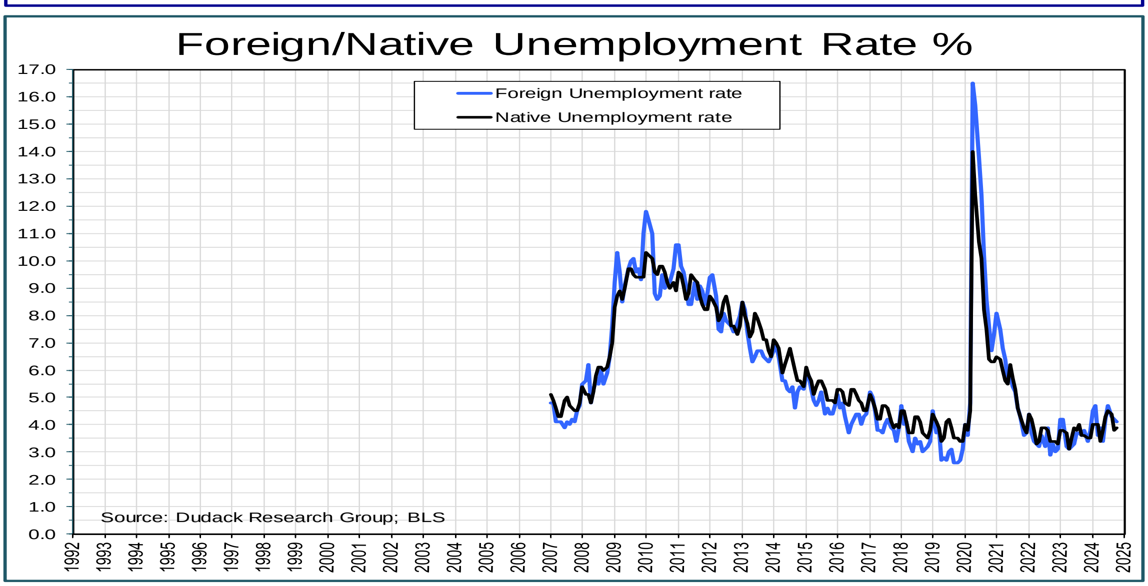
Source: Bureau of Labor Statistics



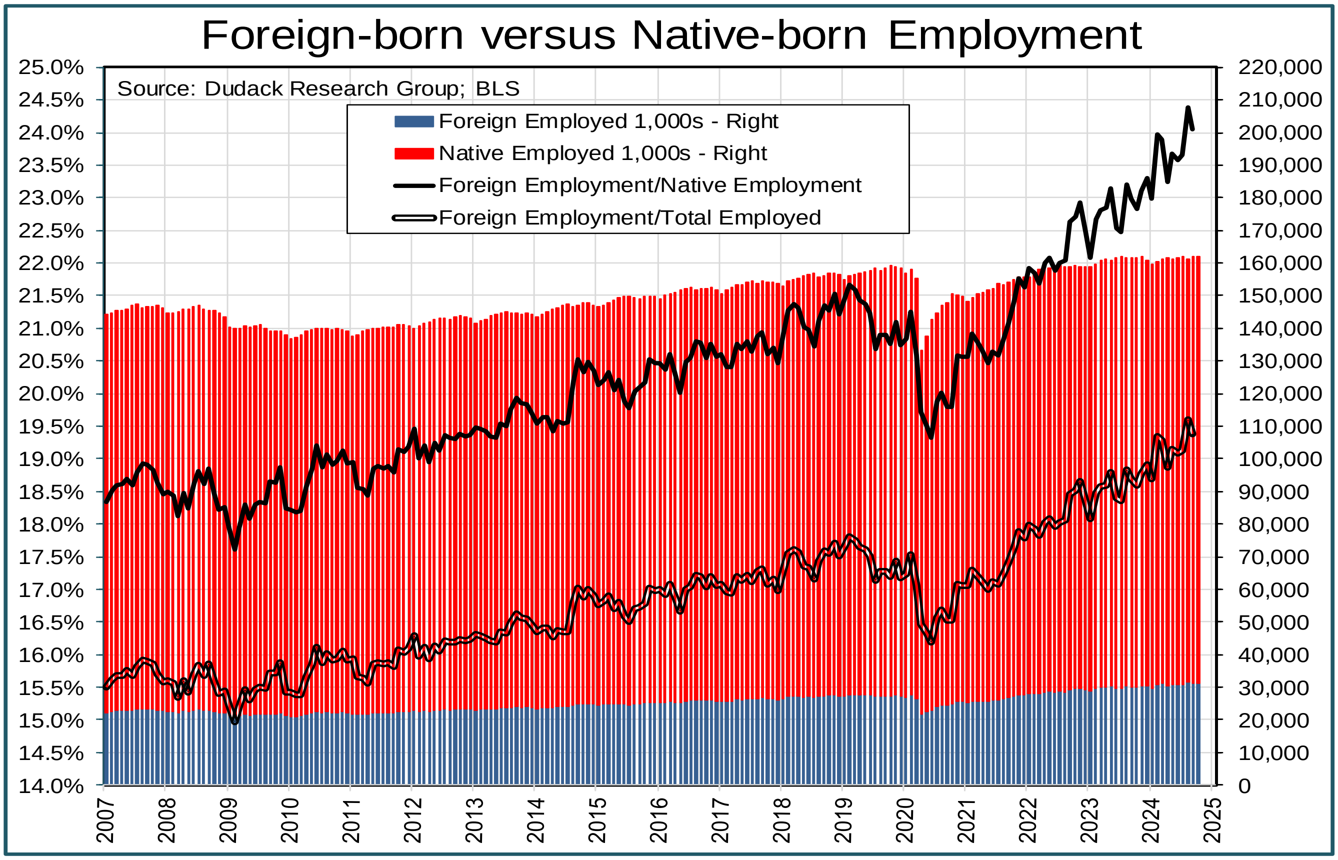
The unemployment rate for October was unchanged at 4.1%, but there were differences in unemployment by various characteristics. The unemployment rate for those 65 and older was substantially lower at 2.7%; whereas the unemployment rate for women 16 to 64 was 3.8%. And the unemployment rate appears to be inversely correlated to level of education. The rate for those with a bachelor's degree or higher was up but still low at 2.5%, some college was 3.4%, high school graduates was 4.0%, and less than a high school degree was down, but still high at 6.6%. The native unemployment rate was 3.9% and the non-native unemployment rate was 4.1%.

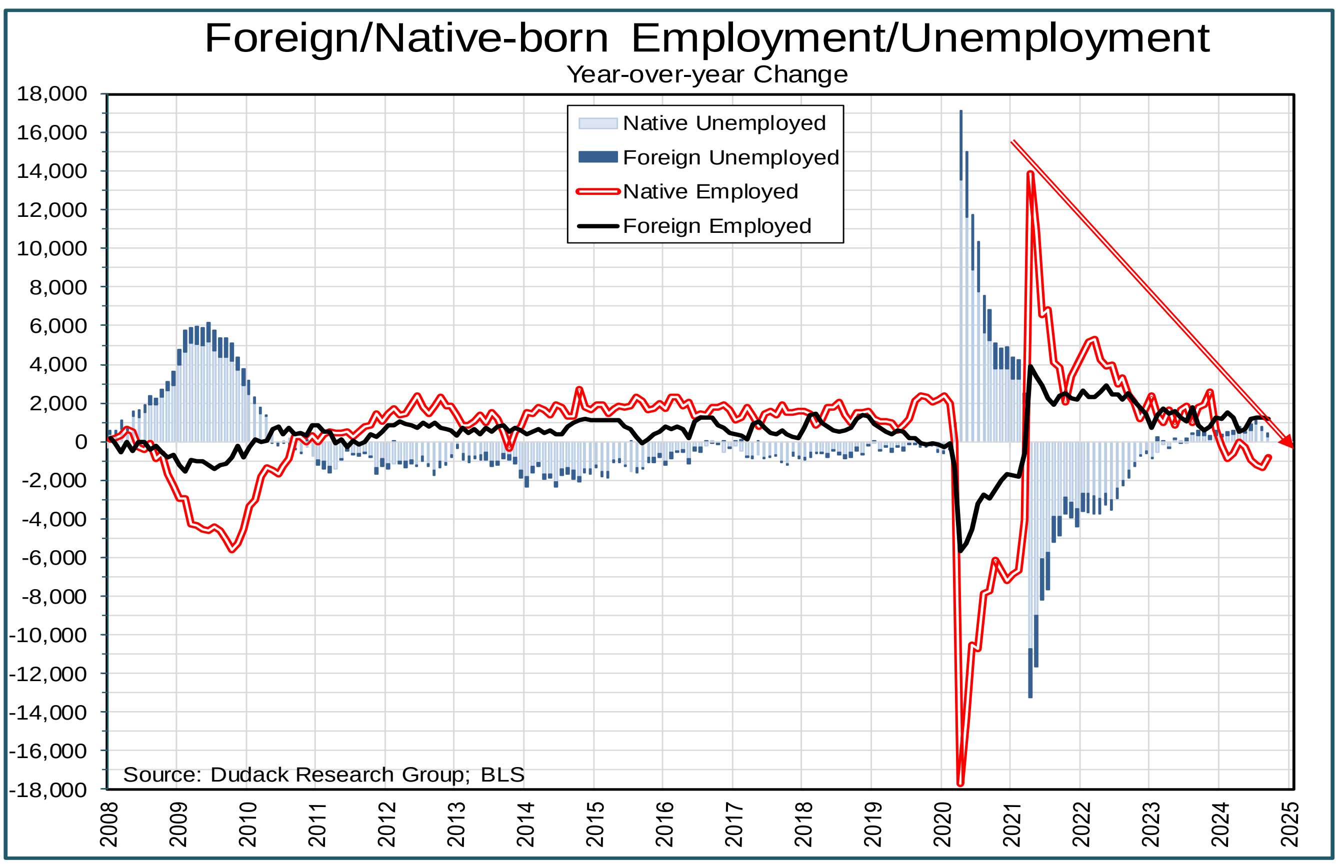




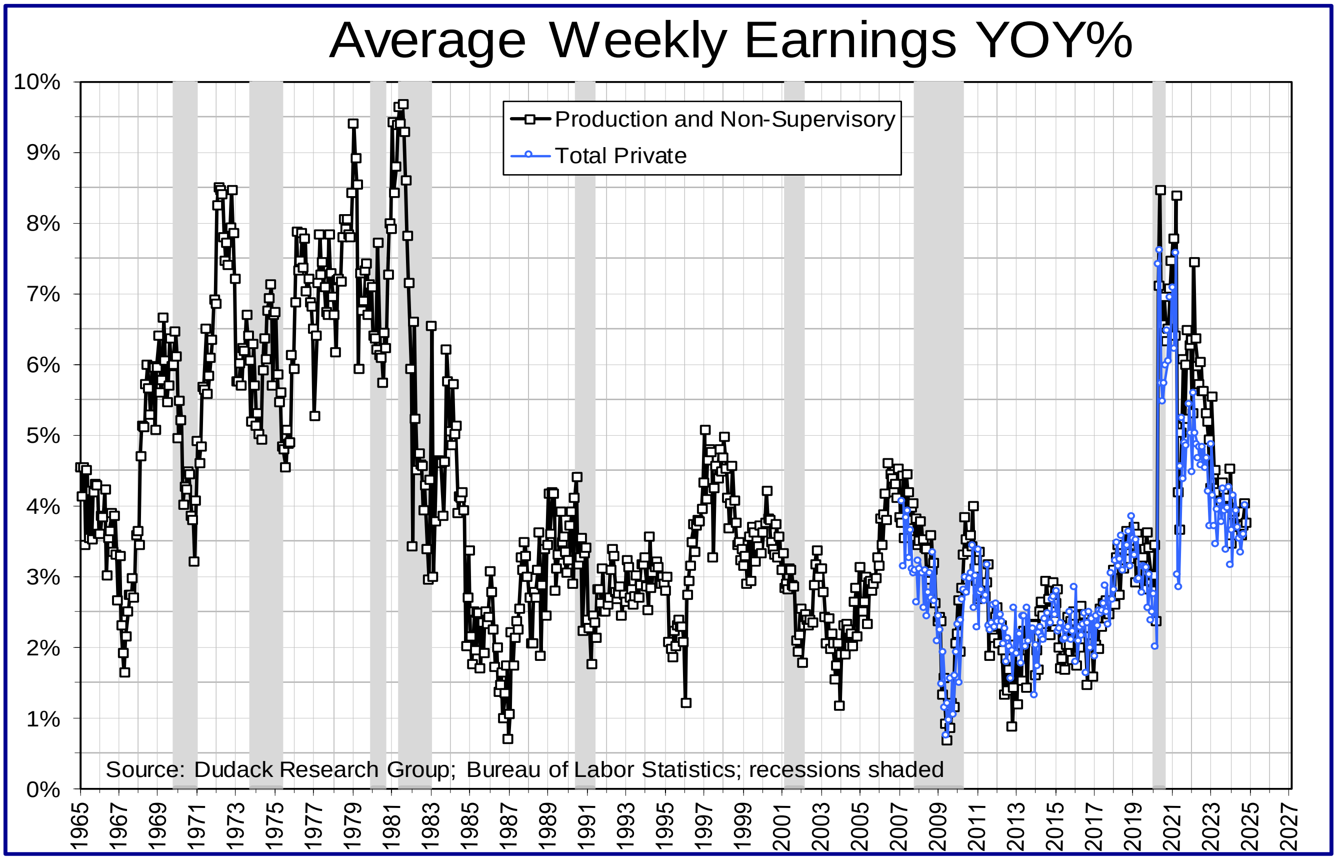


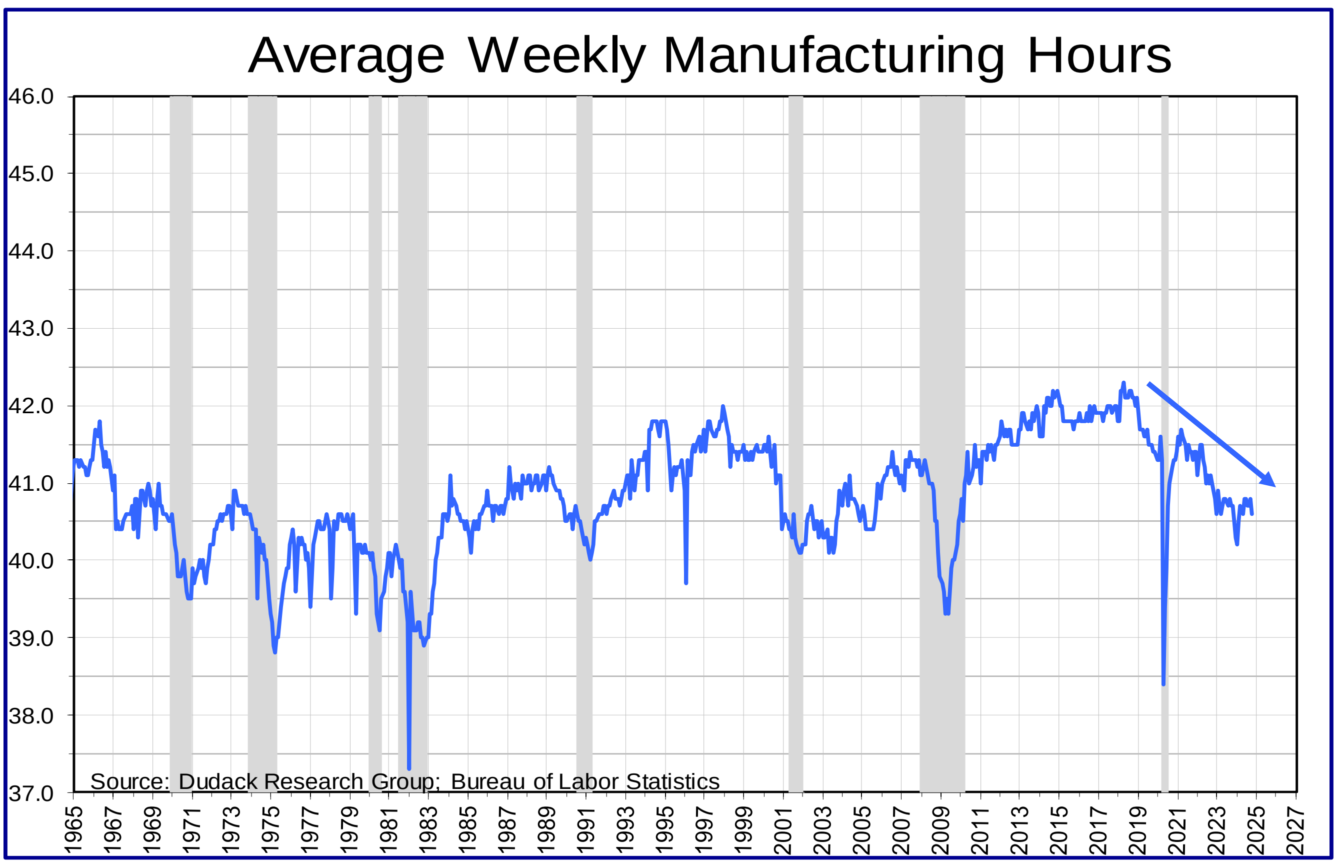
BLS annual data for 2023 shows foreign-born workers represented 23.9% of the labor force in the West and 22.6% in the Northeast. Both are above the US average of 18.6%. Native-born workers earn more than the foreign-born at most educational attainment levels. Among high school graduates, full-time foreign-born workers earned 88% as much as their native-born counterparts. However, among those with a bachelor's degree and higher, the earnings of foreign-born workers were slightly higher than the earnings of native-born workers. As of September, there were 130.8 million native workers and 31.1 million foreign-born workers, but on a year-over-year basis, there were 825,000 less native-born workers and 1,201,000 more foreign-born workers.



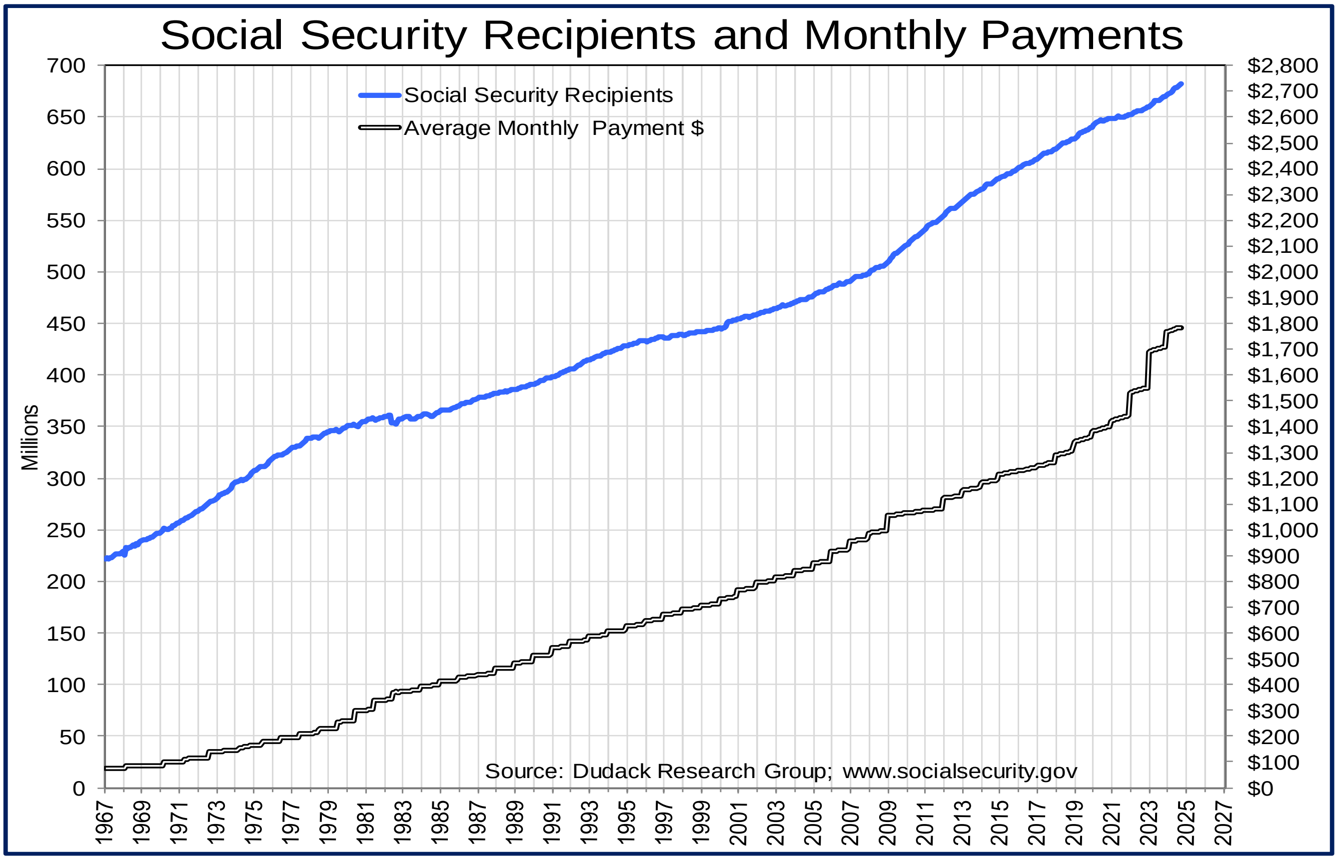


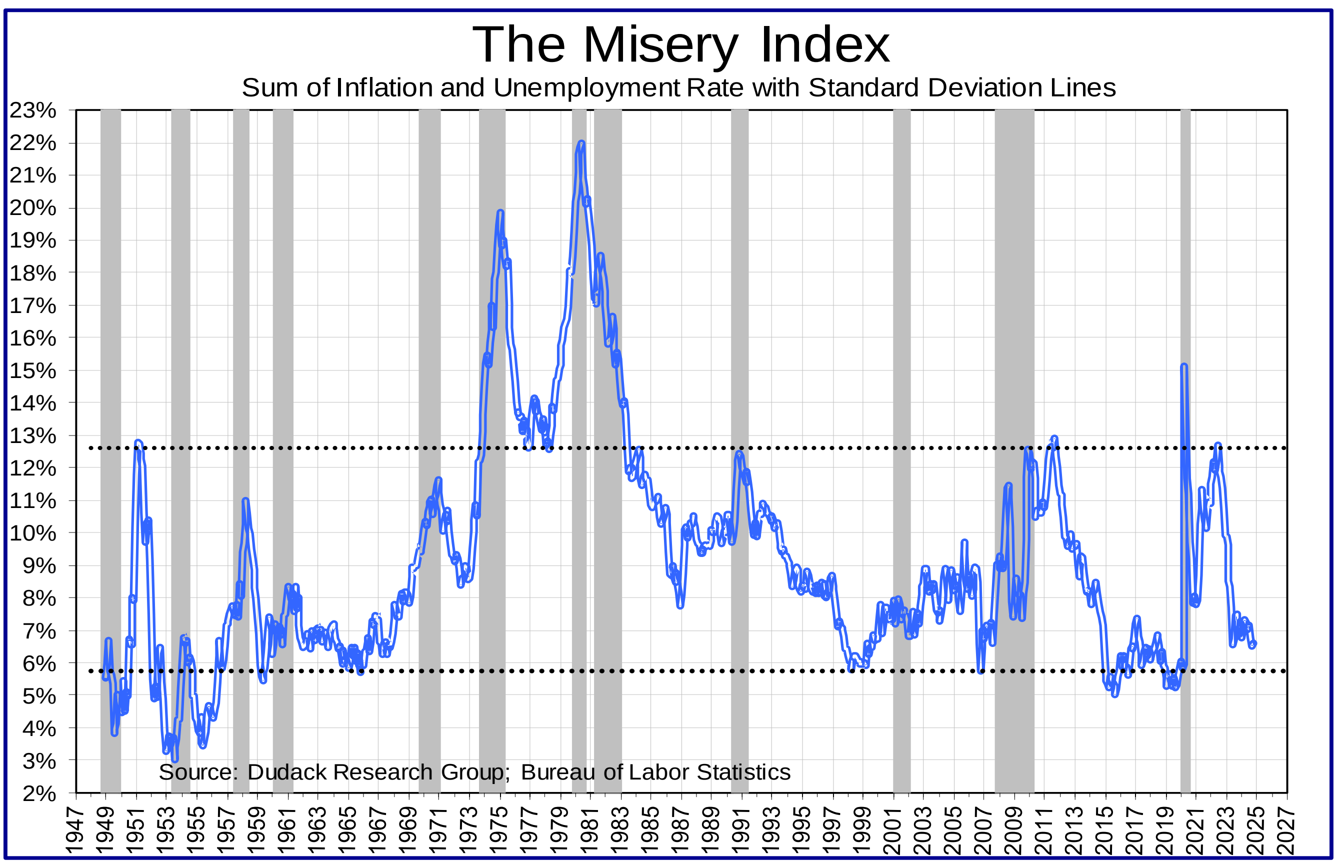
Average hourly earnings for production and non-supervisory workers rose 4.1% YOY in October. However, average weekly earnings only rose 3.8% YOY due to a slowdown in hours worked. Looking at average manufacturing hours, it is clear that hours worked peaked at 42.3 in April 2018. This was a post-WWII record. But after a pandemic decline and a post-pandemic recovery, manufacturing weekly hours have been slowly decelerating to the 40.6 seen in October. This decline in manufacturing hours is in line with the weak surveys seen in the ISM manufacturing survey.



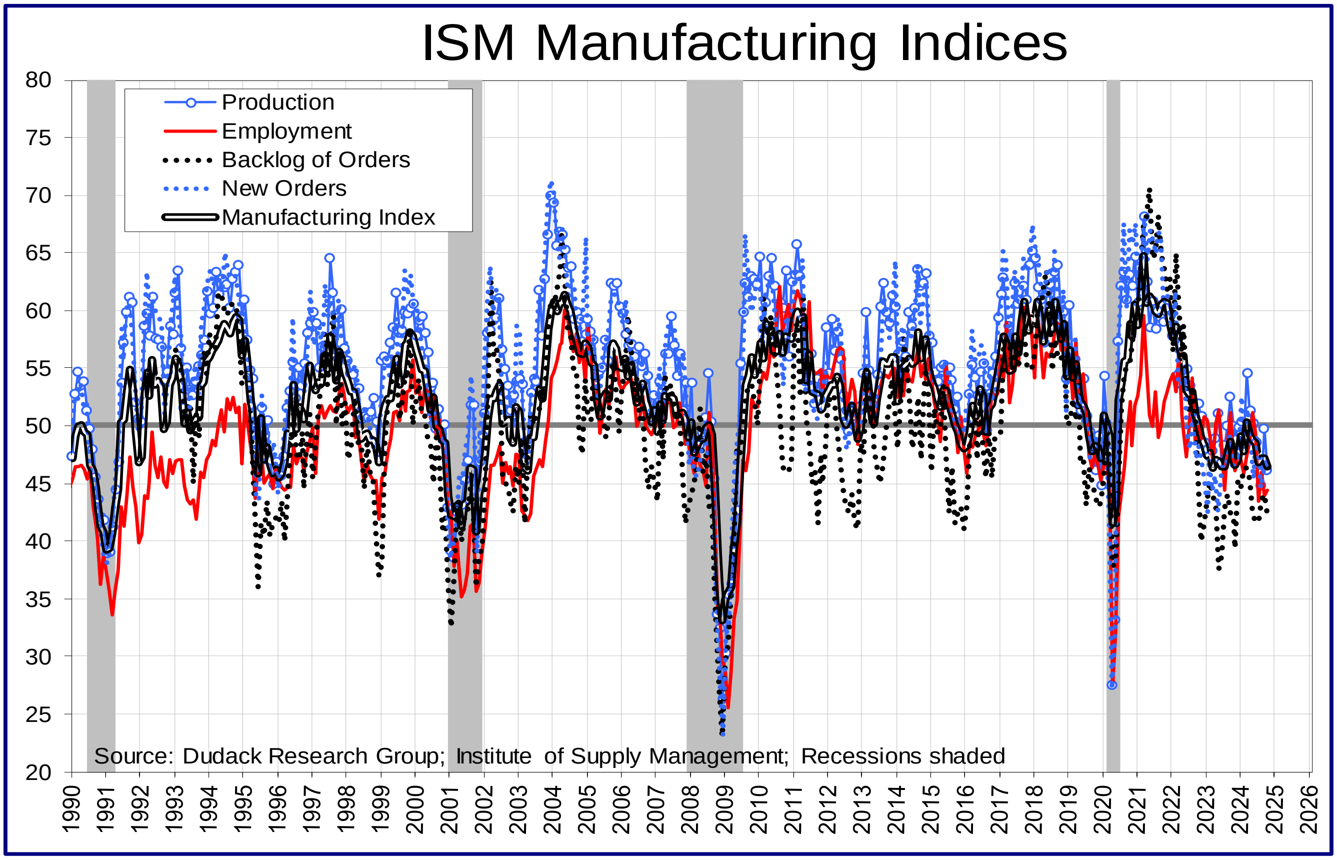


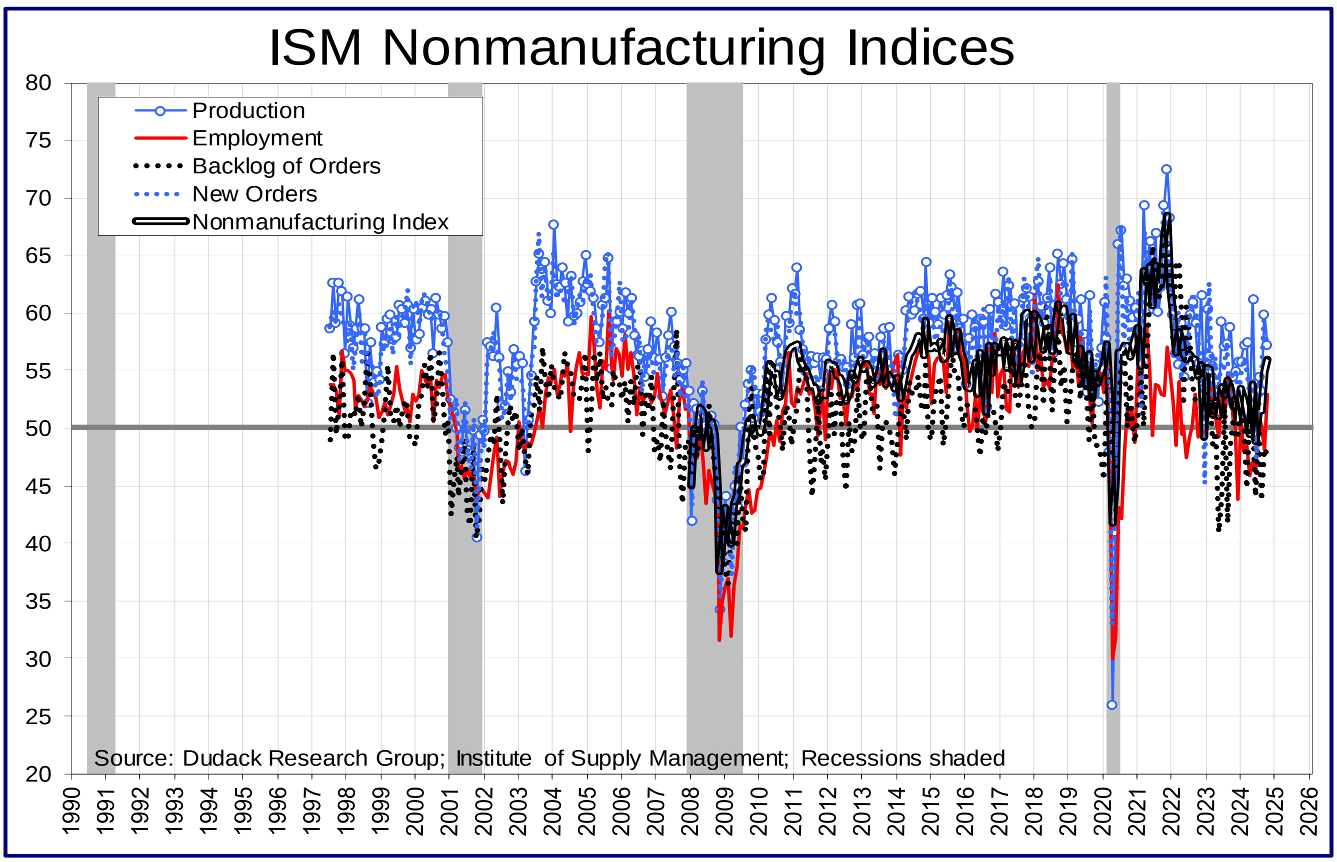
During the Trump administration of 2017 to 2020, social security payments rose an average of 3.1% per year. But during the Biden administration, the average social security payment rose 3.3% in 2021, 7.8% in 2022, 9.9% in 2023, and 4.6% in 2024 to date. This is an example of how inflation increases budget deficits. Moreover, the number of social security participants is growing 2% per year. Nonetheless, the misery index, which is the sum of the unemployment rate and the rate of inflation, was a favorable 6.6% in October.



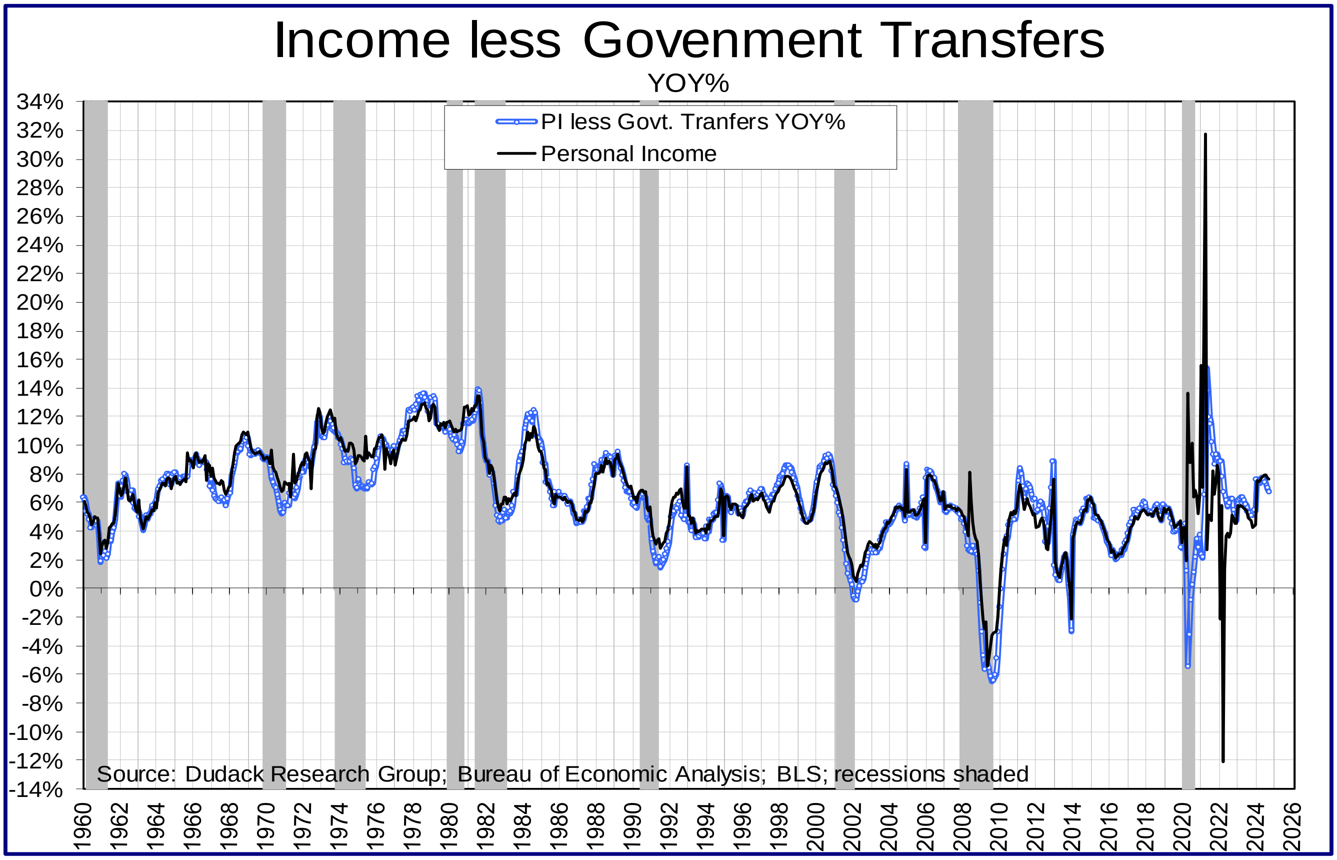


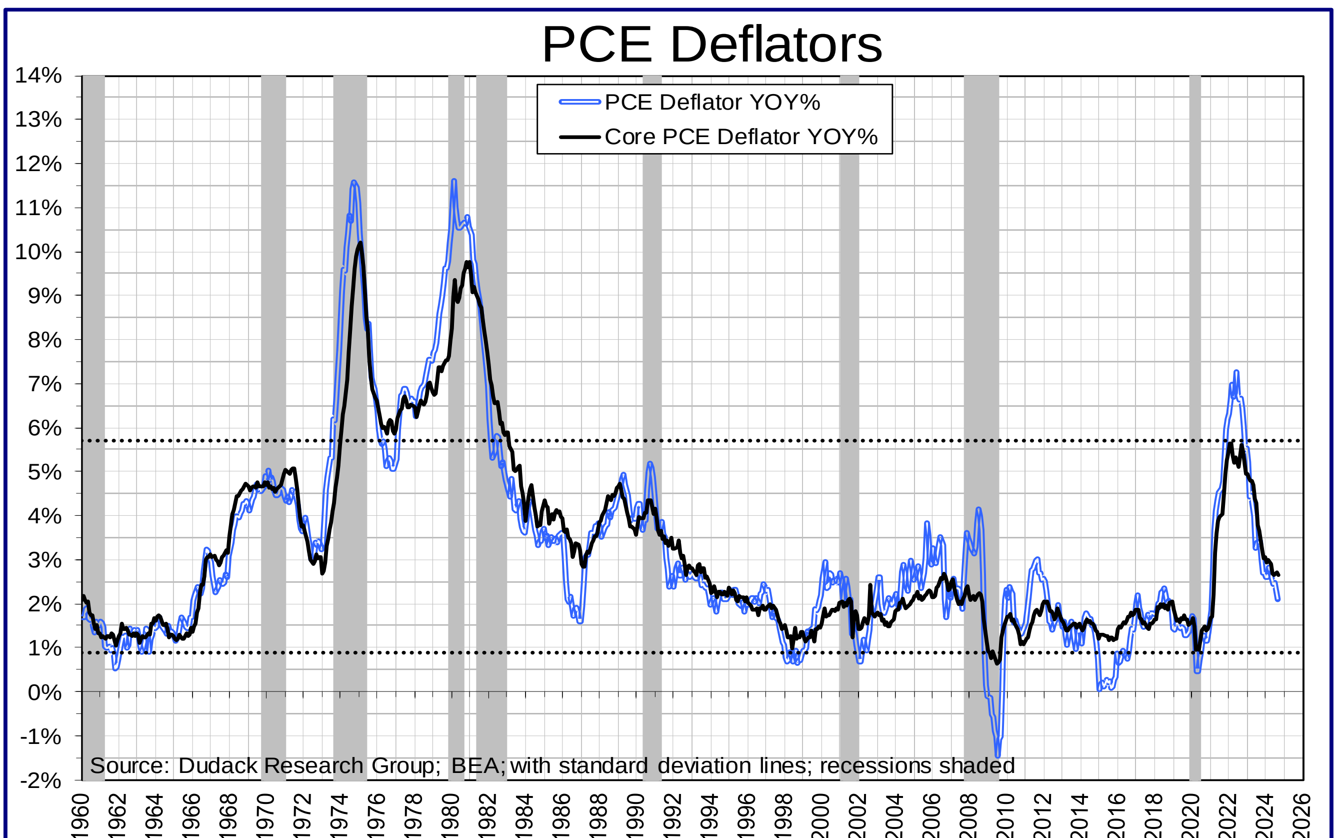
The ISM manufacturing survey showed this segment of the economy was contracting at a faster pace in October. The headline number fell from 47.2 to 46.5. Business activity fell from 49.8 to 46.2, but prices rose from 48.3 to 54.8. In October, the ISM service survey was up 1.1 point to 56. This marked the eighth time the composite index has been in expansion territory this year. October was driven by gain of more than 4 points in both employment and supplier deliveries, However, business activity and new orders both dropped by at least 2 points. In short, the ISM service index was mixed.



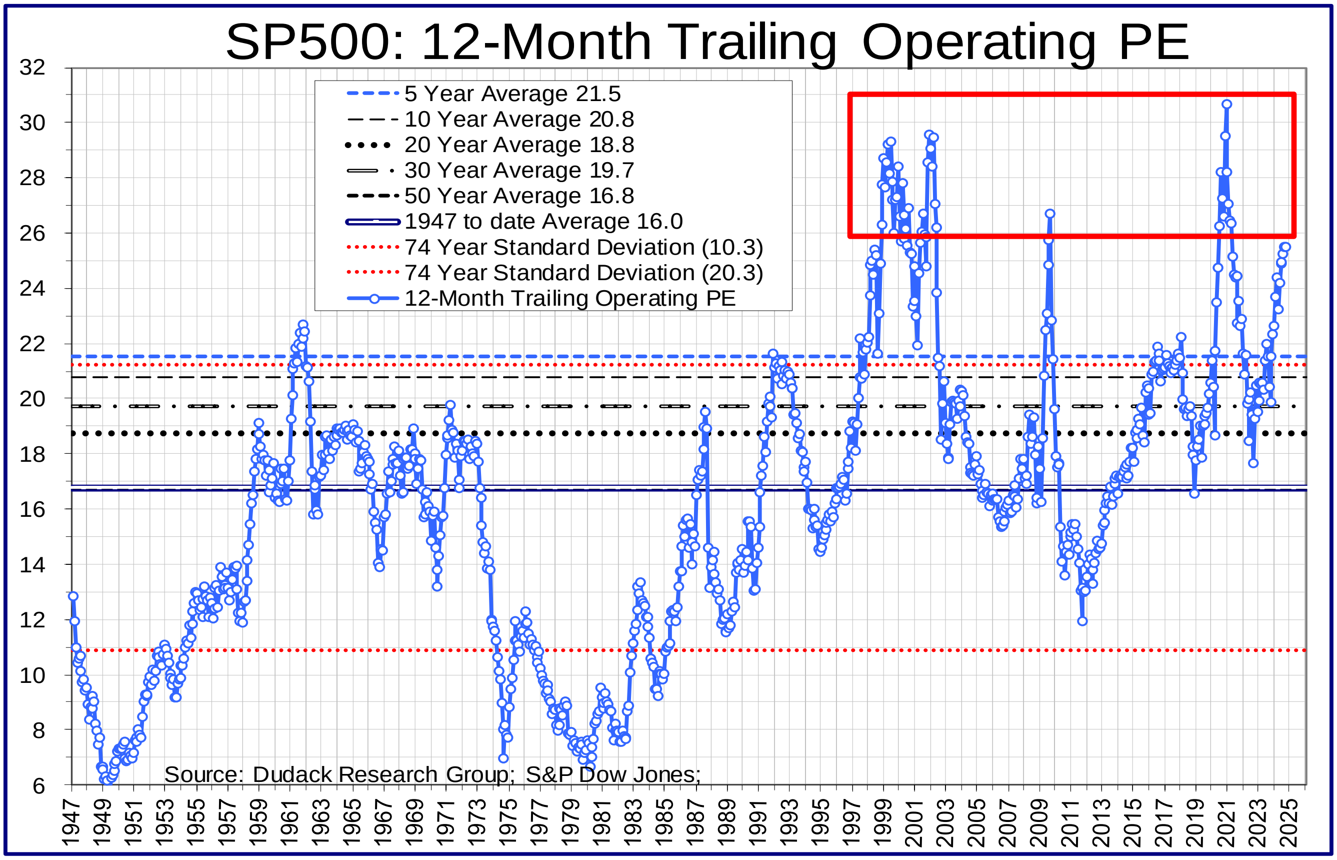


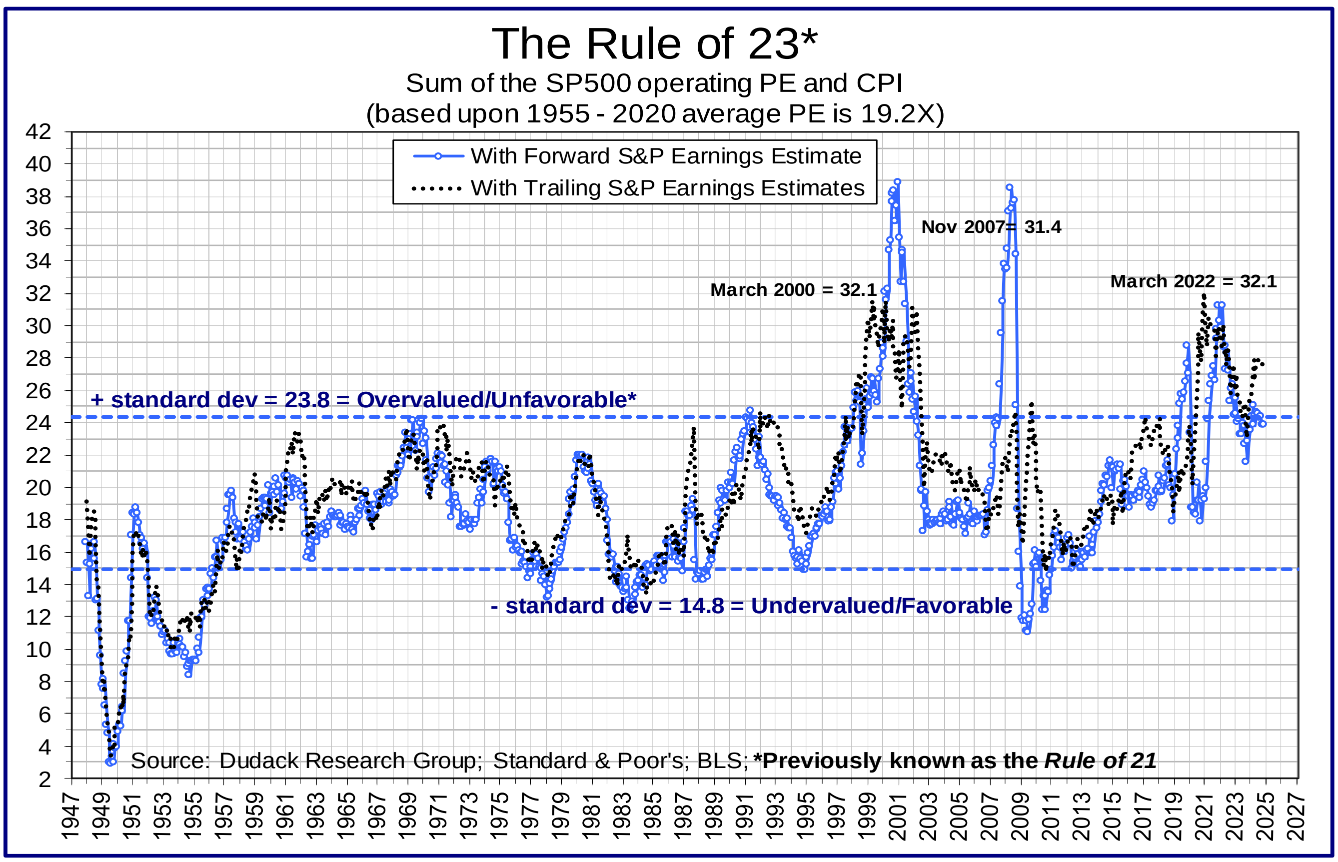
Personal income rose 7.6% YOY in September and wages and salaries rose 5.6% YOY. Personal income less government transfers rose 6.7% YOY and income less all transfers rose 4.35%. Government transfer payments rose 12.1% YOY in September, the highest rate since COVID-19. This helps explain why government was a substantial contributor to third quarter GDP. The PCE deflator increased 2.1% YOY in September, down from 2.3% in August; however, the core PCE deflator was unchanged at 2.7% YOY.



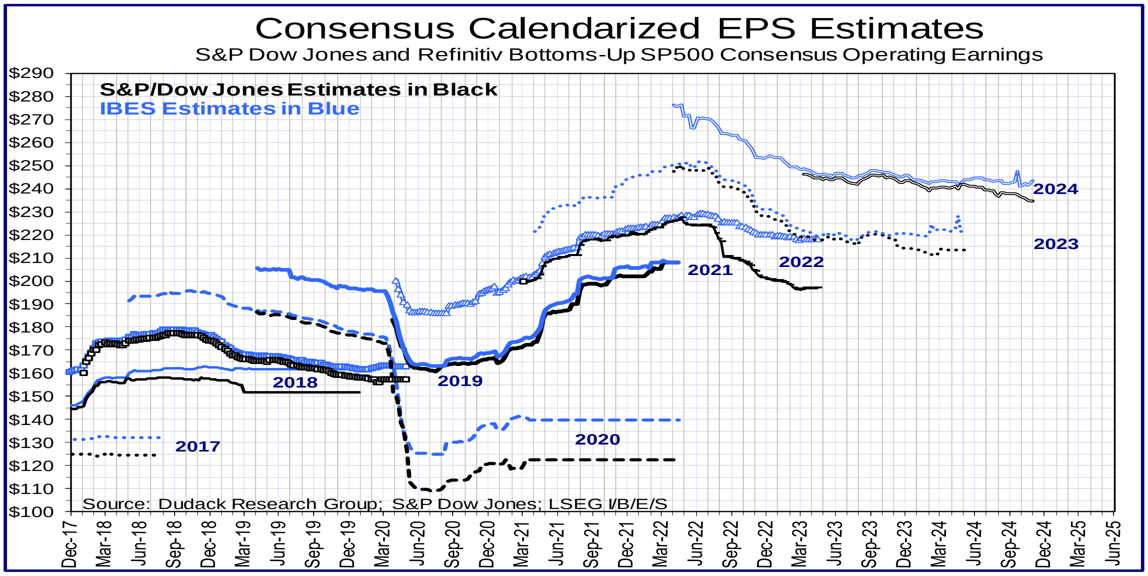


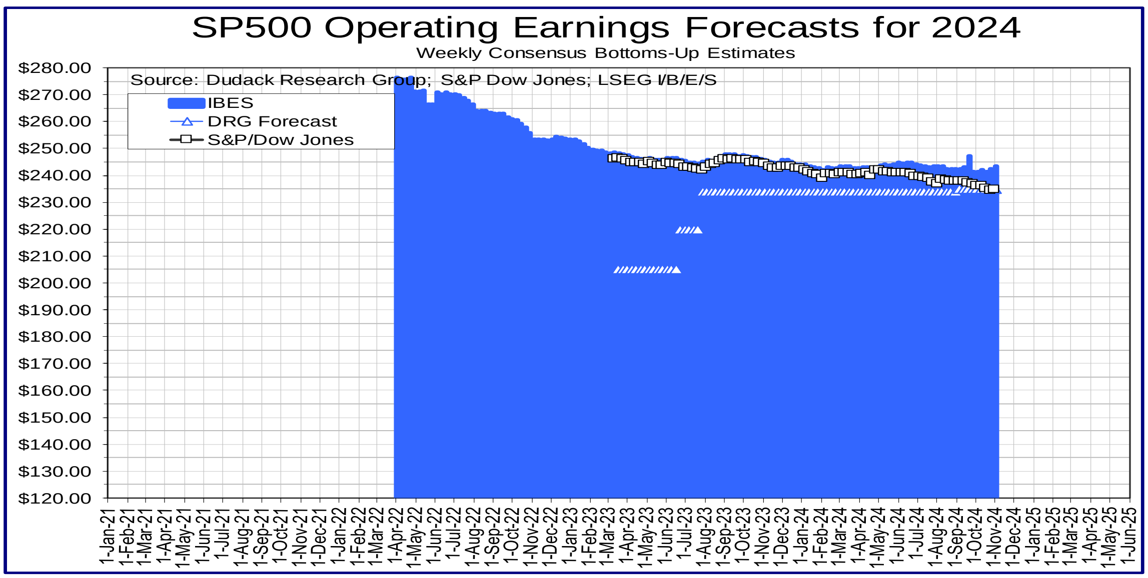
Valuation does not support equities at this juncture, but if this market is a melt-up or bubble, valuation will not matter. The SPX **trailing** 4-quarter operating multiple is 24.9 times, and well above all long- and short-term averages. The **12-month forward** PE multiple is 21.4 times and when added to inflation of 2.4%, sums to 23.8, which is at the top of the normal range of 14.8 to 23.8. By all measures, the equity market remains richly valued. Current valuation levels have only been seen during the 1997-2000 bubble, the financial crisis of 2008, or the post-COVID-19 earnings slump.

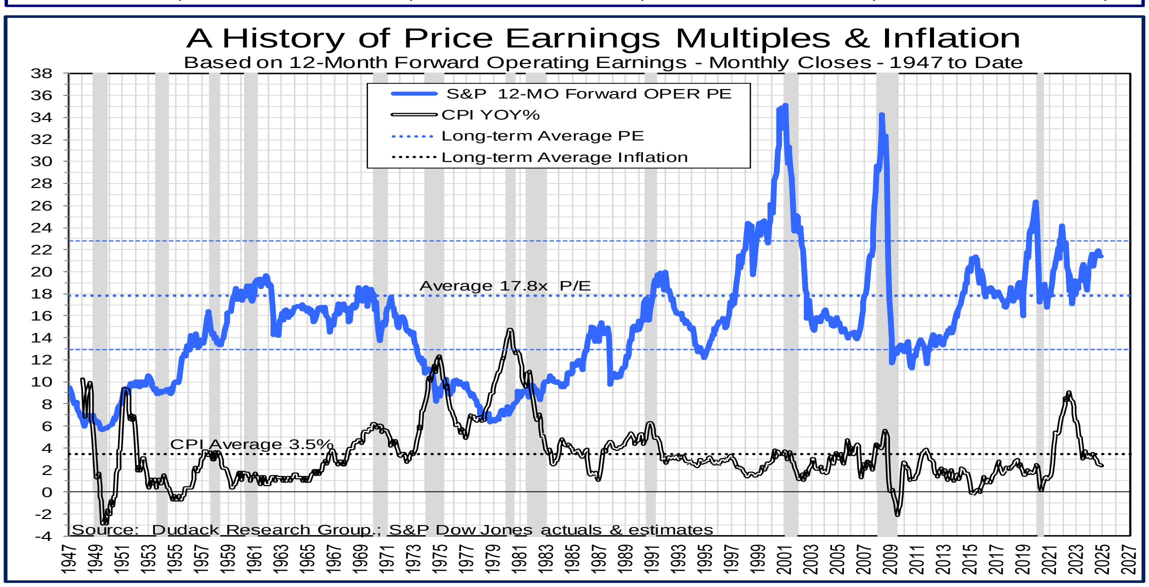




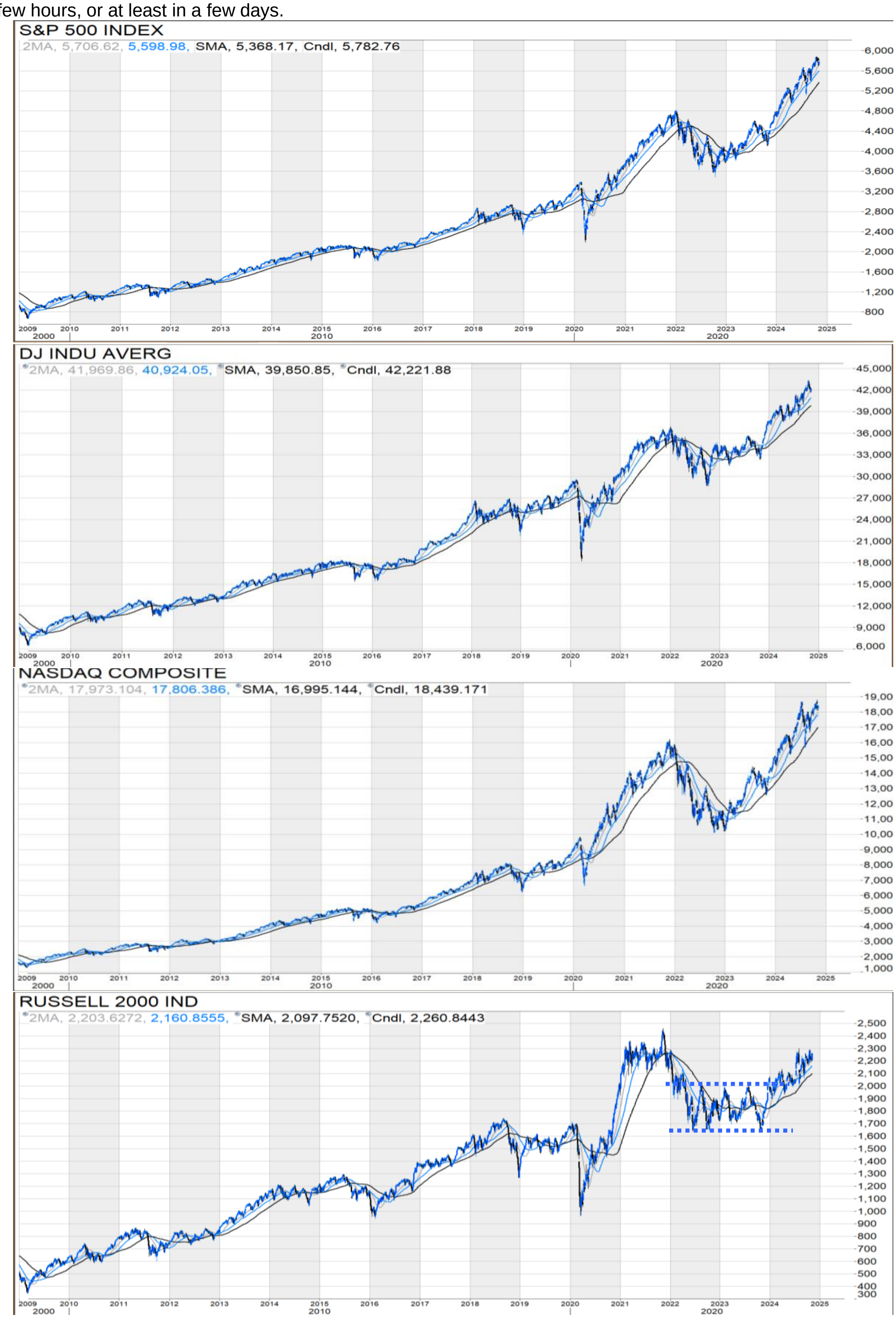
The S&P Dow Jones consensus estimate for calendar 2024 is $234.74, up $0.23 and the 2025 estimate is $273.29, down $0.24 this week. The LSEG IBES estimate for 2024 is $243.33, up $1.00 and the estimate for 2025 is $275.30, down $0.14. The IBES guesstimate for 2026 EPS is $311.61, up $0.21. Monitoring estimates will be critical as we approach third-quarter earnings season since equity prices have been rising, but right now, earnings estimates are generally falling for 2024, 2025, and 2026.







The month of October ended with a loss of nearly 1% in the SPX and a decline of 1.3% in the DJIA. As we noted last week, losses in the month of October in an election year has been a precursor of an incumbant loss; however, nothing has been typical in 2024 to date. What is interesting is that the rally seen in early November has been called a "Trump Rally" by many Wall Street traders. We should have results in a few hours, or at least in a few days.

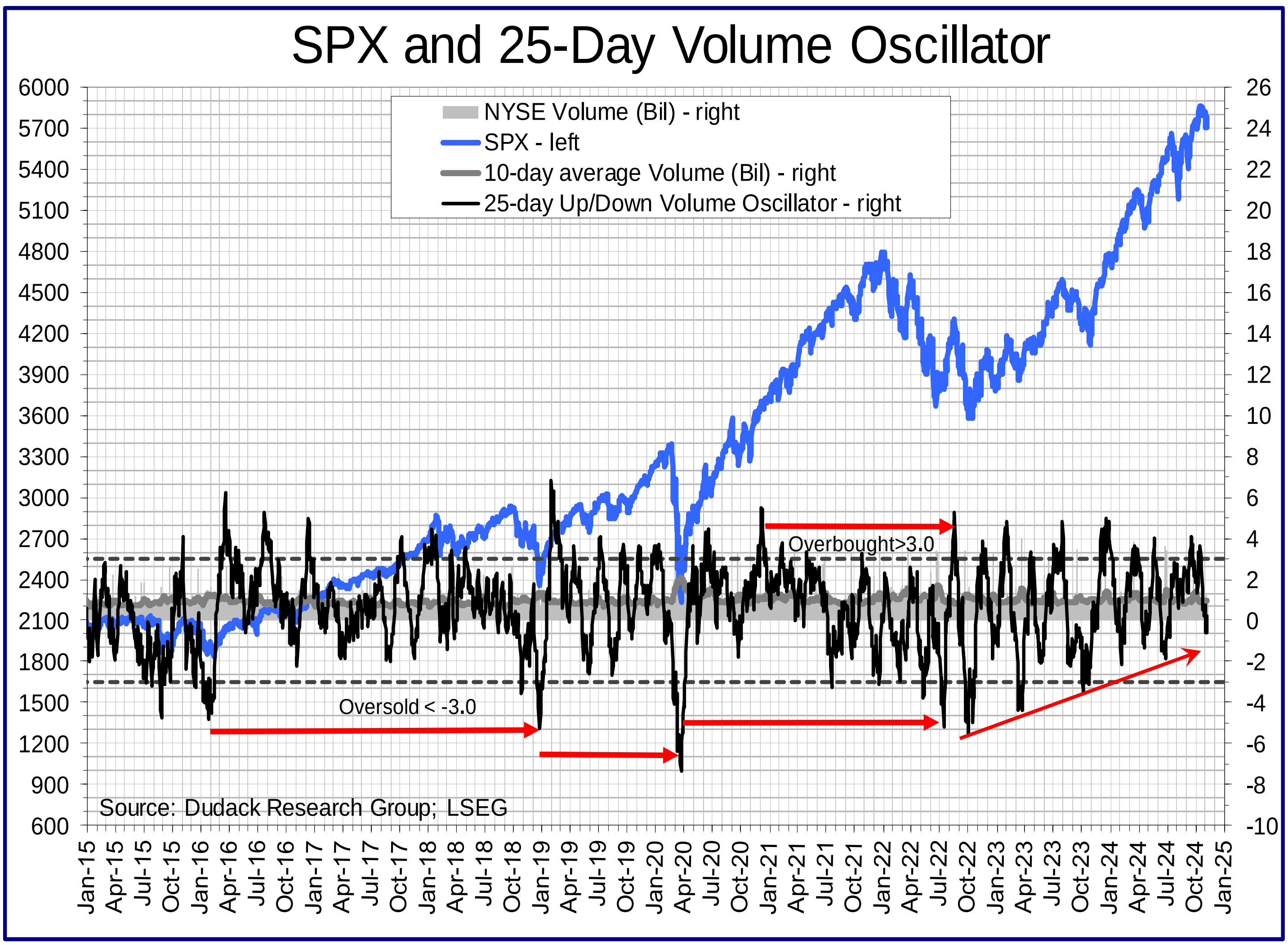


Source: LSEG Refinitiv

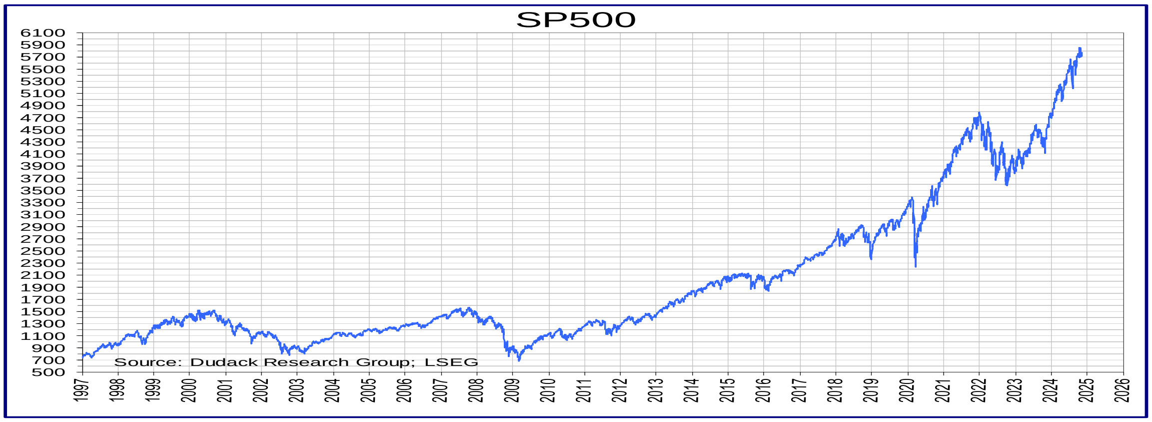
The 25-day up/down volume oscillator is 0.20 and neutral after spending five consecutive days in overbought territory early in October. This oscillator was also in overbought territory for seven of eight days ending September 19, the last six of these sessions were consecutive. With many of the indices at or near all-time highs, it is important for this indicator to continue to confirm the advance with an overbought reading of at least 5 consecutive days.

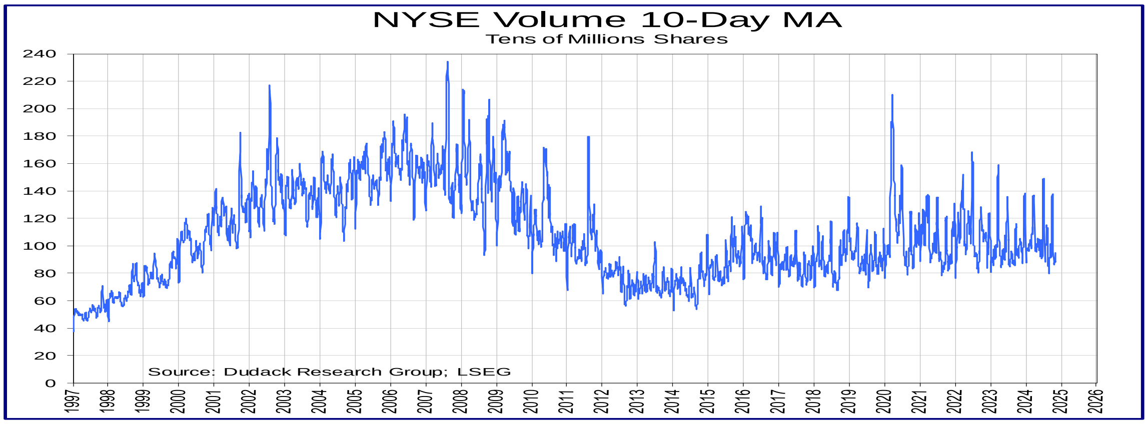
The rally which began in October should also include several extremely overbought readings of 5.0 or better, which is typical of the first stage of a major advance. To date, the 4.07 reading on September 17 was the best level since December 2023, which is not impressive, but is favorable. Recent overbought readings were not overly impressive but were a good demonstration of volume following prices. In short, recent readings have been good enough to confirm the new highs in the averages, and suggest the rally is the continuation, but not the beginning, of a new bull cycle.

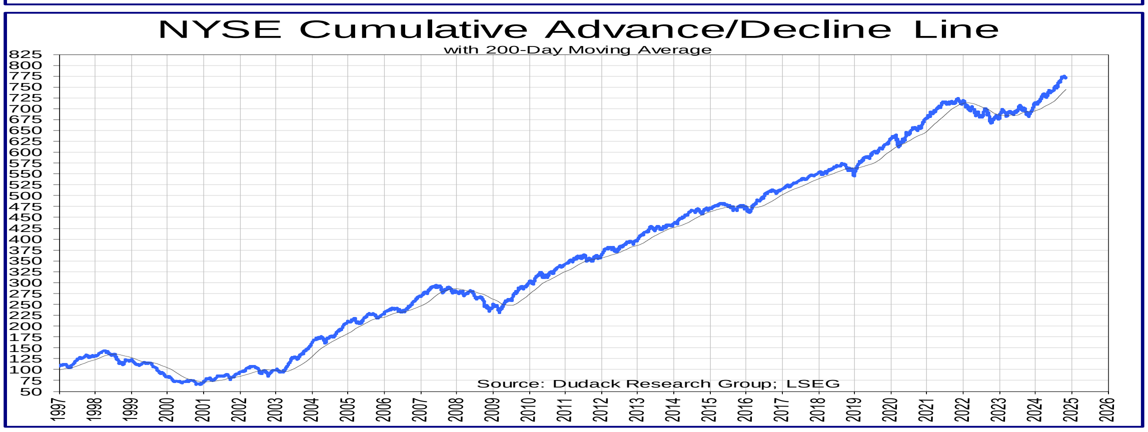
Meanwhile, we continue to monitor an interesting uptrend in this oscillator (red line below) off the 2022 low. This trendline lends a bullish bias to an otherwise neutral position of this index, and it remains intact despite recent market weakness. Should this trend line be broken it would be a warning sign for the longer-term trend of the stock market.

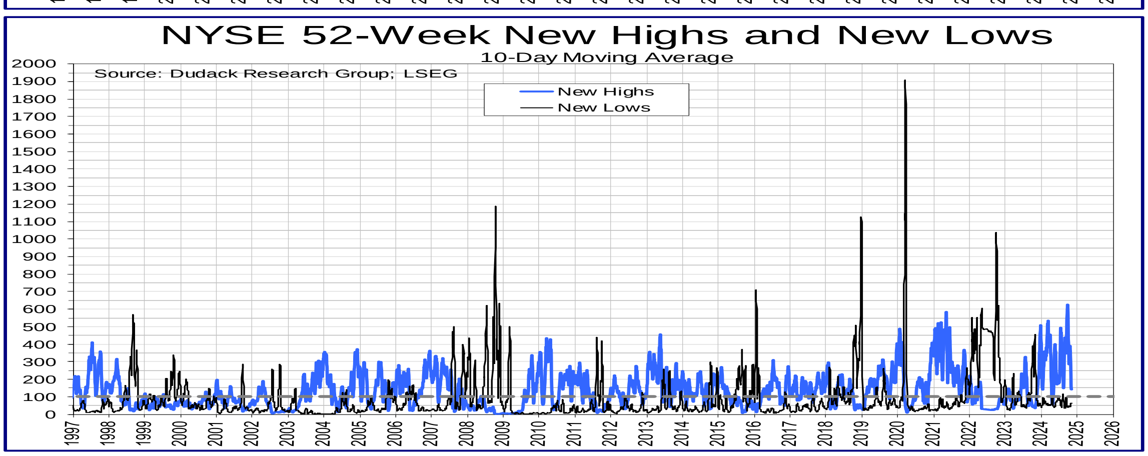


The 10-day average of daily new highs fell to 141 this week and new lows are 64. This combination of new highs above 100 and new lows below 100 is deteriorating but remains positive. The NYSE advance/decline line made a new record high on October 18, 2024. Breadth indicators are uniformly positive but there have been signs of deceleration in recent days.

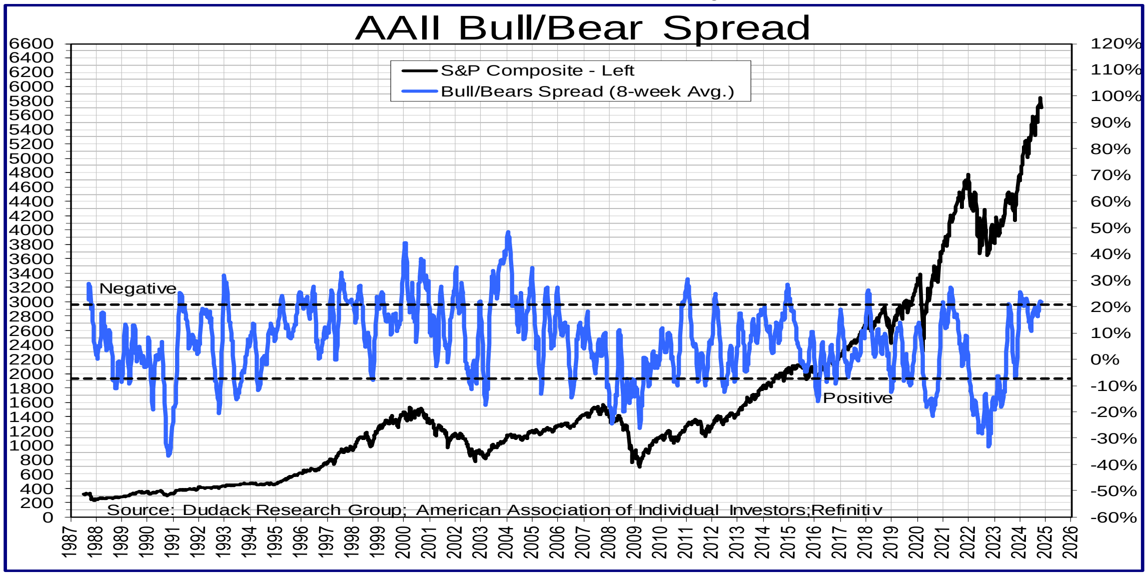


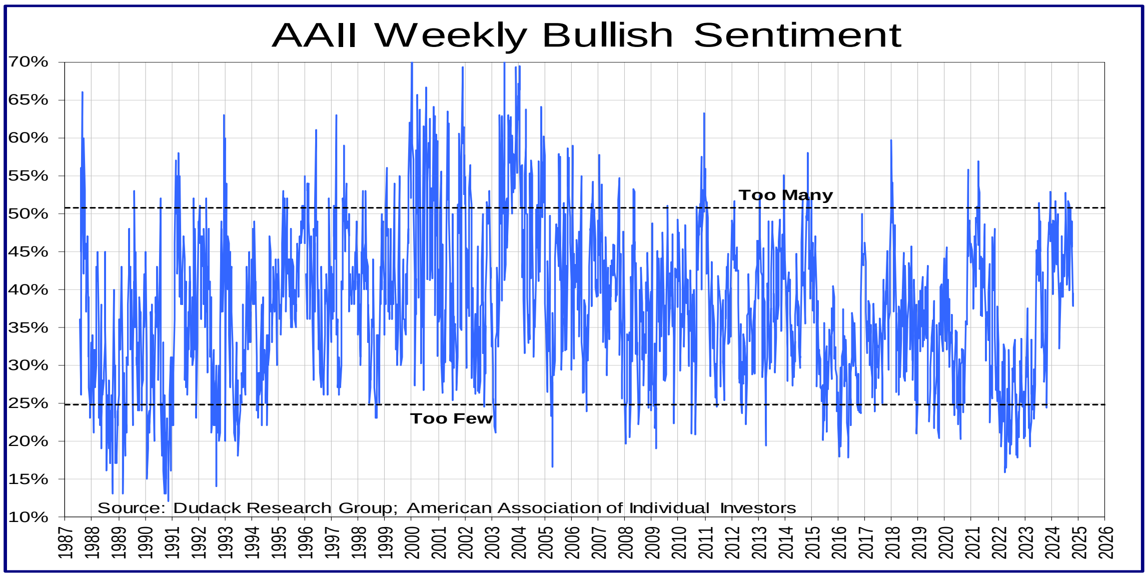


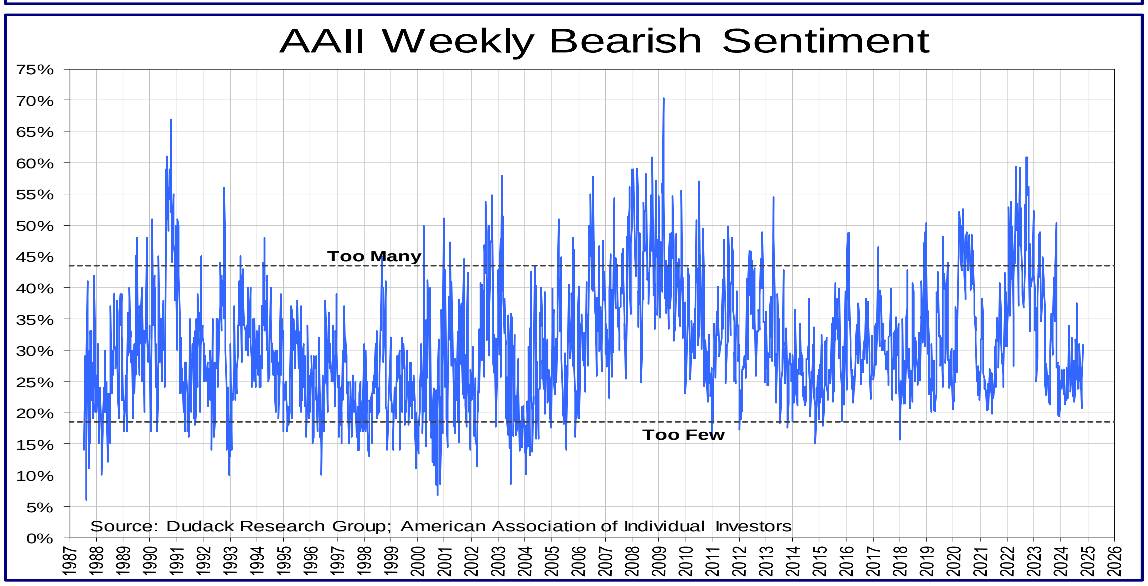




Last week's AAII survey showed bullishness rose 1.8% to 39.5% and bearishness rose 1.0% to 30.9%. Bullishness is above average, and bearishness is below average for the seventh week in a row. Extreme sentiment readings -- a negative signal -- were seen on December 13, 2023, when bearishness was 19.6%, its lowest level since the January 3, 2018 reading of 15.6%, and bullishness was 51.3%. The 8-week bull/bear is 21.5% and above 20.8%, which denotes an unfavorable level for the third week in a row. The last unfavorable readings were 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%
Silver Future	SIc1	32.66	-4.7%	1.6%	4.8%	36.9%
iShares Silver Trust	SLV	31.17	-5.3%	1.3%	4.8%	36.9%
iShares China Large Cap ETF	FXI	32.64	1.9%	-8.6%	2.7%	35.8%
SPDR Gold Trust	GLD	253.40	-1.1%	3.4%	4.3%	32.6%
Communication Services Select Sector SPDR Fund	XLC	93.11	0.9%	2.5%	3.0%	28.1%
iShares Russell 1000 Growth ETF	IWF	380.80	-1.6%	1.6%	1.4%	25.6%
Financial Select Sector SPDR	XLF	46.71	-0.4%	2.3%	3.1%	24.2%
SPDR Homebuilders ETF	XHB	118.61	2.9%	-2.2%	-4.8%	24.0%
Utilities Select Sector SPDR	XLU	78.36	-1.2%	-3.6%	-3.0%	23.7%
Nasdaq Composite Index Tracking Stock	ONEQ.O	72.63	-1.5%	1.6%	1.4%	22.6%
iShares MSCI Taiwan ETF	EWT	55.94	1.1%	4.0%	3.8%	21.5%
SP500	.SPX	5782.76	-0.9%	0.6%	0.4%	21.2%
iShares Russell 1000 ETF	IWB	316.65	-0.7%	0.8%	0.7%	20.7%
NASDAQ 100	NDX	20227.46	-1.6%	1.0%	0.8%	20.2%
Industrial Select Sector SPDR	XLI	136.10	0.4%	0.4%	0.5%	19.4%
iShares MSCI Malaysia ETF	EWM	25.31	1.2%	-3.0%	-6.4%	19.1%
SPDR S&P Bank ETF	KBE	54.67	-0.6%	4.4%	3.4%	18.8%
Technology Select Sector SPDR	XLK	226.89	-2.8%	0.7%	0.5%	17.9%
iShares MSCI Singapore ETF	EWS	21.68	0.2%	-1.1%	-2.1%	15.9%
iShares MSCI BRIC ETF	BKF	39.57	0.6%	-7.5%	-2.2%	15.7%
PowerShares Water Resources Portfolio	PHO	70.39	2.2%	1.1%	-0.2%	15.7%
iShares Russell 2000 Growth ETF	IWO	290.33	1.2%	2.6%	2.2%	15.1%
iShares US Telecomm ETF	IYZ	26.13	1.2%	2.8%	3.4%	14.8%
iShares Russell 1000 Value ETF	IWD	189.56	0.1%	0.0%	-0.1%	14.7%
Shanghai Composite	.SSEC	3386.99	3.1%	1.5%	1.5%	13.9%
Consumer Discretionary Select Sector SPDR	XLY	202.93	1.3%	2.4%	1.3%	13.5%
iShares MSCI Emerg Mkts ETF	EEM	45.35	0.4%	-3.4%	-1.1%	12.8%
iShares MSCI Canada ETF	EWC	41.36	0.2%	-0.7%	-0.4%	12.8%
Consumer Staples Select Sector SPDR	XLP	80.88	0.6%	-0.7%	-2.6%	12.3%
iShares MSCI India ETF	INDA.K	54.75	-0.9%	-4.1%	-6.5%	12.2%
United States Oil Fund, LP	USO	74.73	7.3%	-2.1%	6.9%	12.1%
SPDR DJIA ETF	DIA	422.30	0.0%	-0.3%	-0.2%	12.1%
DJIA	.DJI	42221.88	0.0%	-0.3%	-0.3%	12.0%
iShares Russell 2000 ETF	IWM	224.23	1.1%	2.3%	1.5%	11.7%
iShares MSCI Germany ETF	EWG	32.86	-0.1%	-0.7%	-2.9%	10.7%
Materials Select Sector SPDR	XLB	93.68	-0.5%	-1.6%	-2.8%	9.5%
iShares MSCI United Kingdom ETF	EWU	36.03	-0.4%	-2.5%	-3.7%	9.0%
iShares US Real Estate ETF	IYR	99.59	0.1%	0.2%	-2.2%	8.9%
Vanguard FTSE All-World ex-US ETF	VEU	61.07	0.2%	-3.0%	-3.1%	8.8%
Health Care Select Sect SPDR	XLV	147.85	-0.4%	-2.5%	-4.0%	8.4%
iShares Russell 2000 Value ETF	IWN	168.18	0.9%	1.9%	0.8%	8.3%
Gold Future	GCc1	2945.10	0.2%	0.8%	0.9%	8.1%
iShares MSCI Japan ETF	EWJ	69.07	1.0%	-3.9%	-3.5%	7.7%
Energy Select Sector SPDR	XLE	90.17	2.7%	-3.2%	2.7%	7.6%
SPDR S&P Retail ETF	XRT	77.27	2.1%	0.6%	-0.5%	6.8%
iShares Nasdaq Biotechnology ETF	IBB.O	145.06	1.9%	0.8%	-0.4%	6.8%
iShares MSCI EAFE ETF	EFA	80.23	0.0%	-2.8%	-4.1%	6.5%
iShares MSCI Australia ETF	EWA	25.87	0.6%	-2.2%	-4.6%	6.3%
iShares MSCI Hong Kong ETF	EWH	18.38	1.7%	-8.2%	-1.5%	5.8%
SPDR S&P Semiconductor ETF	XSD	236.91	-6.2%	-0.6%	-1.4%	5.4%
iShares MSCI Austria Capped ETF	EWO	21.87	0.4%	-2.1%	-4.2%	1.2%
Oil Future	CLc1	71.99	7.1%	-3.2%	5.6%	0.5%
iShares iBoxx $ Invest Grade Corp Bond	LQD	109.33	0.0%	-2.0%	-3.2%	-1.2%
iShares 20+ Year Treas Bond ETF	TLT	92.74	0.8%	-2.9%	-5.5%	-6.2%
iShares MSCI South Korea Capped ETF	EWY	61.12	-0.9%	-2.5%	-4.4%	-6.7%
iShares DJ US Oil Eqpt & Services ETF	IEZ	19.92	2.6%	-7.0%	-0.8%	-9.1%
iShares MSCI Brazil Capped ETF	EWZ	28.09	-0.4%	-4.5%	-4.7%	-19.7%
iShares MSCI Mexico Capped ETF	EWW	51.73	-0.3%	-6.7%	-3.7%	-23.8%

Outperformed SP500

Underperformed SP500

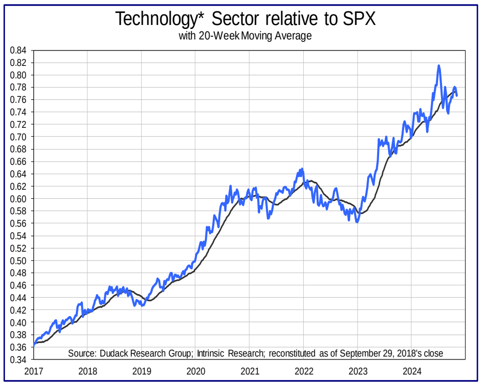
Source: Dudack Research Group; Refinitiv

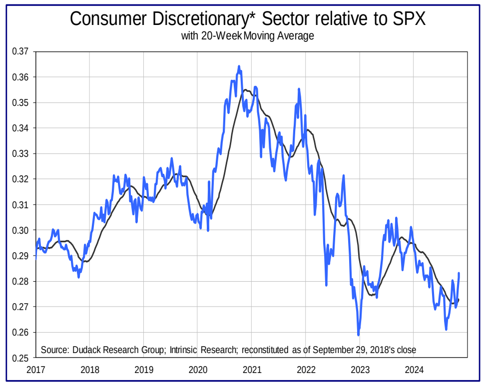
Priced as of November 5, 2024

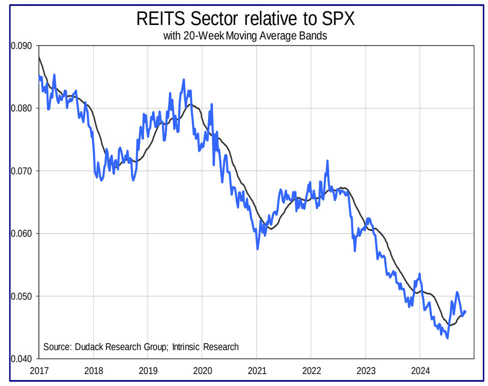
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

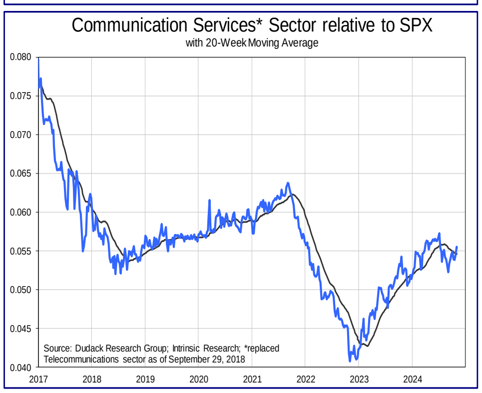
DRG Recommended Sector Weights				
Overweight		**Neutral**		**Underweight**
Communication Services Technology Healthcare Financials		Consumer Discretionary Staples Utililties Industrials		REITS Materials Energy

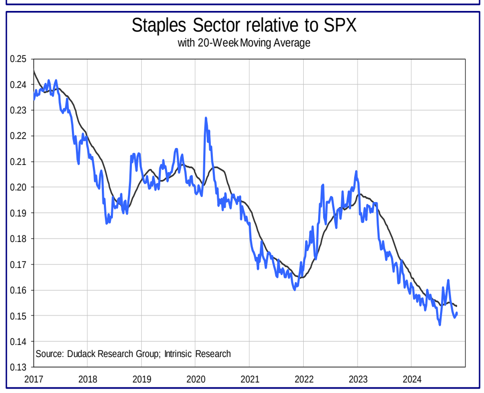
9/10/2024: Upgraded Utilities from U to N; Downgraded Energy from N to U. 2/6/2024: Upgraded Communication Services from U to O; Technology & Healthcare from from N to O; Downgraded Industrials & Consumer Discretionary from O to N; Materials downgraded from O to U. Staples & Energy upgraded to N.

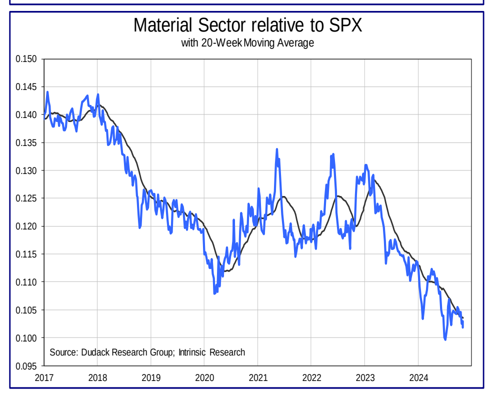


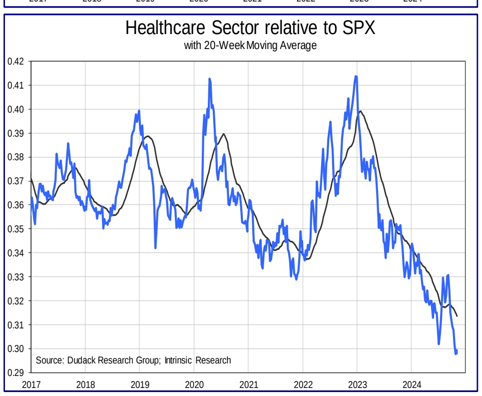


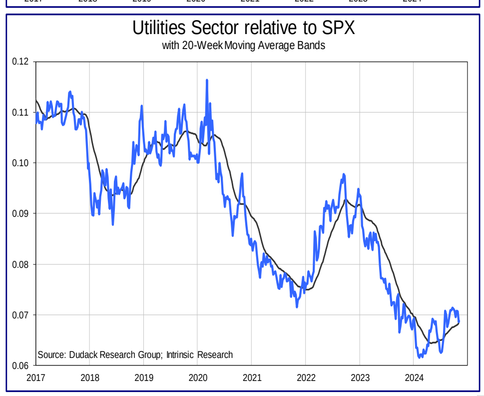


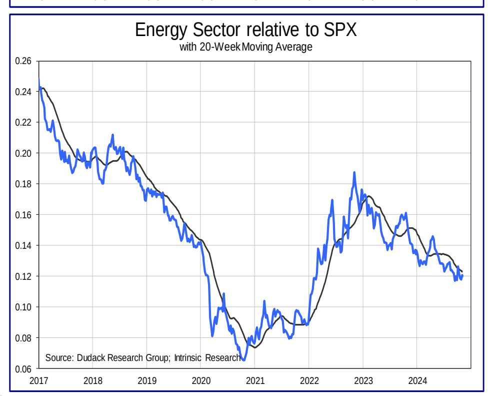


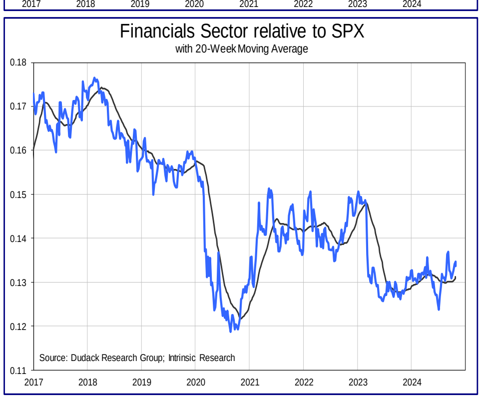












2024 Performance - Ranked	
SP500 Sector	% Change
S&P INFORMATION TECH	30.8%
S&P COMMUNICATIONS SERVICES	30.2%
S&P FINANCIAL	24.0%
S&P UTILITIES	23.5%
S&P 500	21.2%
S&P INDUSTRIALS	19.2%
S&P CONSUMER DISCRETIONARY	15.5%
S&P CONSUMER STAPLES	14.1%
S&P REITS	9.2%
S&P MATERIALS	9.1%
S&P HEALTH CARE	8.3%
S&P ENERGY	8.2%

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 %	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 %
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	-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%	2.5%	$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	-5.4%	$218.09	4.8%	19.5X	1.7%	1.9%	$2,478.80	4.0%
2023	4769.83	$94.14	$213.53	$213.53	8.4%	$221.36	1.5%	22.3X	1.5%	2.5%	$2,803.20	4.0%
2024E	~~~~~	$197.87	$234.73	$235.00	10.1%	$243.33	9.9%	23.5X	1.4%	NA	NA	NA
2025E	~~~~~	$172.75	$273.29	$255.00	8.5%	$275.30	13.1%	21.2X	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%	2.5%	$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%	-5.5%	$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 2QE	5521.50	$53.12	$58.36	$58.36	6.4%	$60.40	11.3%	25.2	1.3%	3.0%	$2,774.00	6.6%
2024 3QE	5521.50	$52.73	$59.46	$60.75	16.3%	$61.93	6.0%	24.4	1.3%	2.8%	NA	NA
2024 4QE*	5782.76	$58.37	$62.28	$61.26	13.7%	$62.64	9.6%	24.6	NA	NA	NA	NA

Source: DRG; S&P Dow Jones **quarterly EPS may not sum to official CY estimates; LSEG IBES Consensus estimates *11/5/2024

Regulation AC Analyst Certification

I, Gail Dudack, hereby certify that all the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific views contained in this report.

IMPORTANT DISCLOSURES

RATINGS DEFINITIONS:

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

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Prices are the close of November 5, 2024