



US Strategy Weekly

To Cut or Not to Cut

The Federal Reserve is likely to lower interest rates by 25 basis points this week, but we doubt the Federal Open Market Committee will be unanimous in its decision and for good reason. In our view, at this juncture there is no need to lower interest rates and in fact, another rate cut could risk encouraging a rebound in inflation. But unfortunately, the Federal Reserve Board Chaired by Jerome Powell has never disappointed the consensus in the past, and we doubt this pattern will change this week. This predictability of the Fed is unfortunate because an obvious and dovish Federal Reserve emboldens speculation which is the opposite of what a central banker should do. In our view, Wednesday's compromise will be that the Fed lowers interest rates by 25 basis points but makes a hawkish statement indicating that additional cuts may, or may not, be needed, in 2025. At least this will keep the consensus guessing in the near term, which is good.

POSITIVES

There is a slew of indicators that suggest the economy is in good shape and may actually be accelerating as 2024 ends. The University of Michigan and Conference Board consumer sentiment surveys have both shown a significant boost in confidence in recent months. The NFIB small business survey jumped to its highest level since June 2021 in November. Consumer credit expanded by \$19.2 billion in October and despite an increase in inflation, real personal disposable income grew a healthy 2.6% YOY in the third quarter. The National Association of Home Builders survey improved substantially in November and expected sales of single-family homes over the next six months jumped to 64, its highest level since April 2022. The pending home sales index rose 5.2 points in October to 75.8. Top-line retail sales were far better than expected in November, marking the third straight month of strong growth. This was the first time sales have grown strongly for three consecutive months in over a year.

NEGATIVES

There are some areas of concern. Industrial production fell 0.1% in November following a downwardly revised 0.4% decline in October (previously -0.3%), leaving output 0.9% lower than a year earlier. This was the weakest annual rate since January. More importantly, despite the fact that the November jobs report showed an increase of 227,000 new jobs in the month, the household survey told a different story. It indicated there was a decrease of 355,000 jobs in the month and an increase of 161,000 people unemployed, and this is what led to the increase in the unemployment rate from 4.1% to 4.2%. However, the household survey also shows that the number of people employed declined by 0.45% YOY in November. This was the second contraction in four consecutive months, and it is significant because a steadily declining labor force is a classic sign of a recession. This could explain the Fed's desire to lower interest rates.

INFLATION DILEMMA

Still, the Fed's big dilemma in 2025 could be a resurgence in inflation. Headline inflation accelerated for the second month in a row in November, rising 2.75% (which the BLS rounded to 2.7%) year-over-

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year versus 2.6% in October. Core CPI rose 3.3% YOY, unchanged from a month earlier. Note that headline CPI speeded up even though the energy component fell 1.7% for the month and 3.2% YOY. Also notice that all major segments of the CPI rose more than the headline number except for transportation, and lesser components such as education and communication, recreation, and apparel. See page 3.

On a positive note, both headline and core CPI have been below the 77-year long-term average of 3.7% YOY for many months; but unfortunately, prices have now become sticky, and several areas of the economy -- such as airline fares -- are experiencing price acceleration. In particular, one of the Fed's favorite benchmarks -- all items less shelter -- rose 1.6% YOY up from 1.3% in October and is up from 1.1% in September. Most economists are encouraged that shelter inflation was 4.7% YOY in November, down from 4.9% in October and owners' equivalent rent was 4.9% YOY in November, down from 5.2% in October. Nevertheless, while shelter inflation may be decelerating (some of this due to falling energy costs), it remains elevated. See page 4.

Energy costs were the initial driver of inflation; however, service sector inflation is the current problem, and the broad service sector saw prices rising 4.5% YOY in November, down a bit from 4.7% in October. Conversely, medical care costs which averaged 0.2% YOY gains in 2023, rose by 3.1% YOY in November and have been rising 3% YOY or more for the last seven months. The only consolation to the sharp rise in medical care costs is that price spikes seem to appear every four years and should be peaking in 2024. See page 5.

Wages grew 3.9% YOY in November versus the CPI's 2.7% YOY pace and have been growing faster than inflation since May 2023. This is a potential problem since it means that inflation may be making a classic shift from being supply-driven to demand-driven. We believe the Fed sees this risk but is either ignoring it or is more concerned about a weakening labor market. With inflation at 2.7%, assuming the Fed announces a 25-basis point cut this week, the real fed funds rate would fall from the peak of 280 basis points seen in August to 160 basis points this week. This 160 basis points would still be above the long-term real fed funds rate average of 130 basis points but is a dovish move and we think the timing would be poor. See page 6.

PRICE ACTION

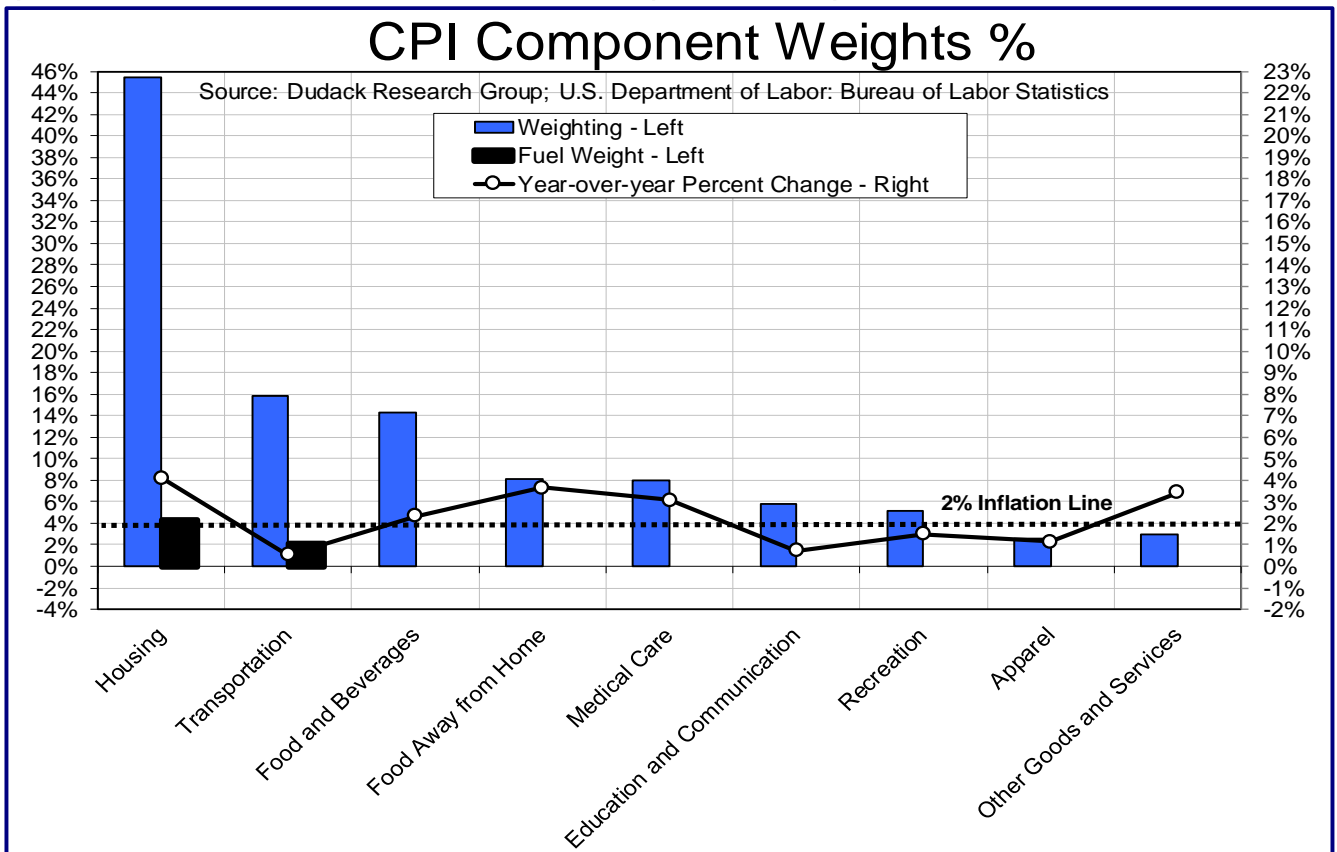
The Dow Jones Industrial Average closed down 267 points on Tuesday, for its ninth-straight day. According to FactSet, this index has not had nine consecutive down days since February 1978, so this decline is gaining attention. However, we would point out that the other indices have not had the same trend, and this Blue Chip index has several unique factors that explain its weakness. First, Nvidia Corp. (NVDA - \$130.39) replaced Intel Corp. (INTC - \$20.44) in the DOW 30 on November 8, 2024, and the stock peaked at a price of \$148.88 on November 7, 2024. The subsequent sell-off in NVDA is a phenomenon that often happens to new stocks added to an index due to pre-buying. In addition, United Healthcare Group Inc. (UNH - \$485.52) has been in a tailspin since the murder of UnitedHealth CEO Brian Thompson on December 4, 2024. This horrible event has become a flashpoint for the healthcare industry and a group of lawmakers are pushing to force health insurers to sell pharmacies.

Our technical indicators remain positive, but there have been signs of deterioration in the past week. The 10-day average of new highs is now over 100, turning the new high/new low index from positive to neutral. It is also mid-December, and strong cross currents always occur at year end. We believe the stock market will move higher but fear it may peak around Inauguration Day since a lot of good news has already been factored into prices. In addition, the S&P 500 index is currently trading at 25.9 times trailing earnings. Historically, only stock market bubbles have reached 30 times earnings. See page 8.

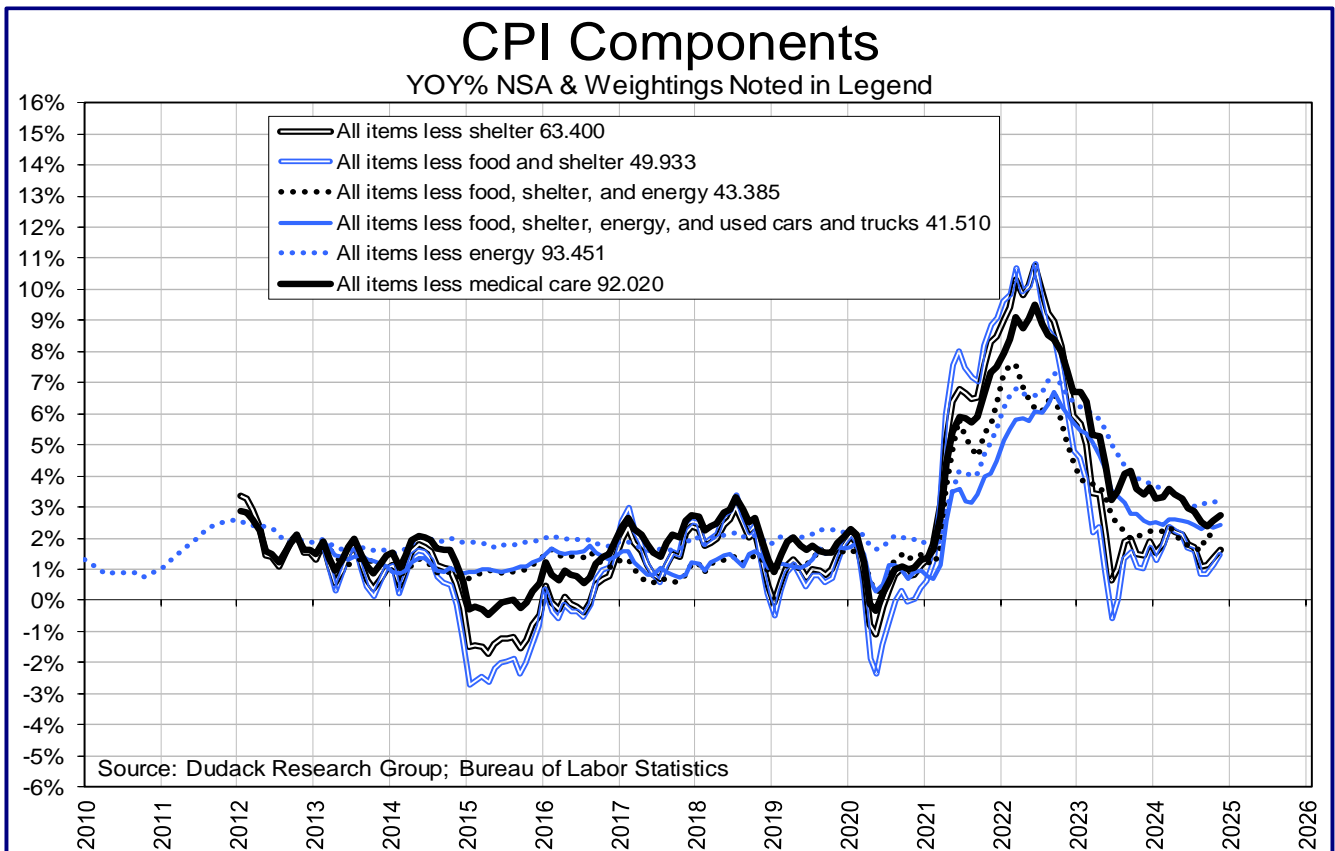
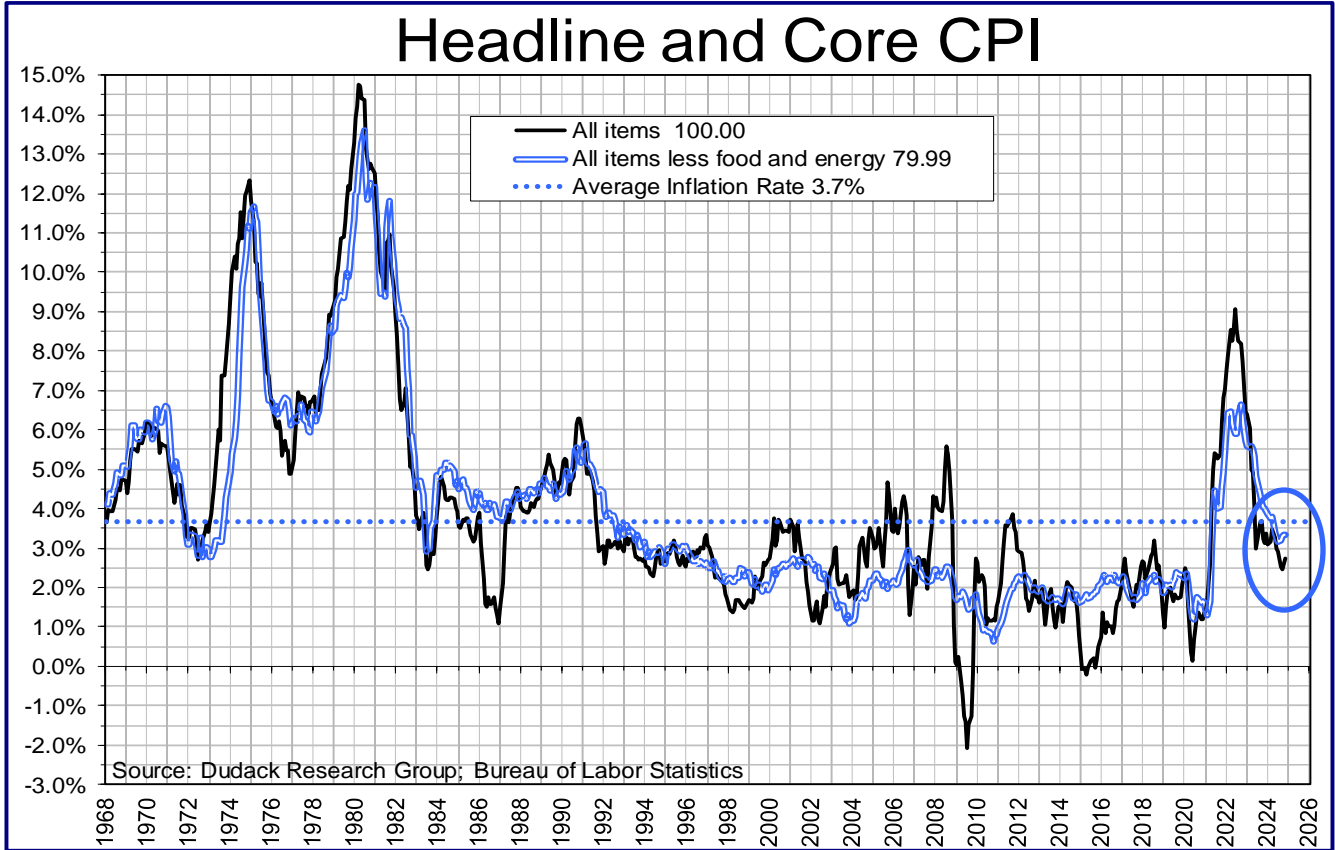
Headline inflation accelerated for the second month in a row in November, rising 2.75% (which the BLS rounded to 2.7%) year-over-year versus 2.6% in October. Core CPI rose 3.3% YOY, unchanged from a month earlier. Note that headline CPI speeded up even though the energy component fell 1.7% for the month and 3.2% YOY. Also notice that all major segments of the CPI rose more than the headline number except for transportation, and lesser components such as education and communication, recreation, and apparel.

CPI Components Heavy Weights - Not Seasonally Adjusted	Component Weight*	Fuel Weight	Price Chg YOY%	Price Chg MOM%
Housing	45.4%	4.4%	4.1%	0.2%
<i>Owners' equivalent rent of residences</i>	<i>27.1%</i>		<i>4.9%</i>	<i>0.3%</i>
Fuels and utilities	4.4%		2.9%	-0.2%
Transportation	15.8%	2.2%	0.5%	-0.5%
Food and beverages	14.3%		2.3%	-0.2%
<i>Food at home</i>	<i>8.1%</i>		<i>1.6%</i>	<i>-0.1%</i>
<i>Food away from home</i>	<i>5.4%</i>		<i>3.6%</i>	<i>0.3%</i>
<i>Alcoholic beverages</i>	<i>0.8%</i>		<i>1.8%</i>	<i>0.0%</i>
Medical care	8.0%		3.1%	0.2%
Education and communication	5.8%		0.7%	-0.5%
Recreation	5.2%		1.5%	0.2%
Apparel	2.6%		1.1%	-2.7%
Other goods and services	2.9%		3.4%	0.3%
Special groups:				
Energy	6.5%		-3.2%	-1.7%
All items less food and energy	80.0%		3.32%	0.1%
All items	100.0%		2.75%	-0.1%

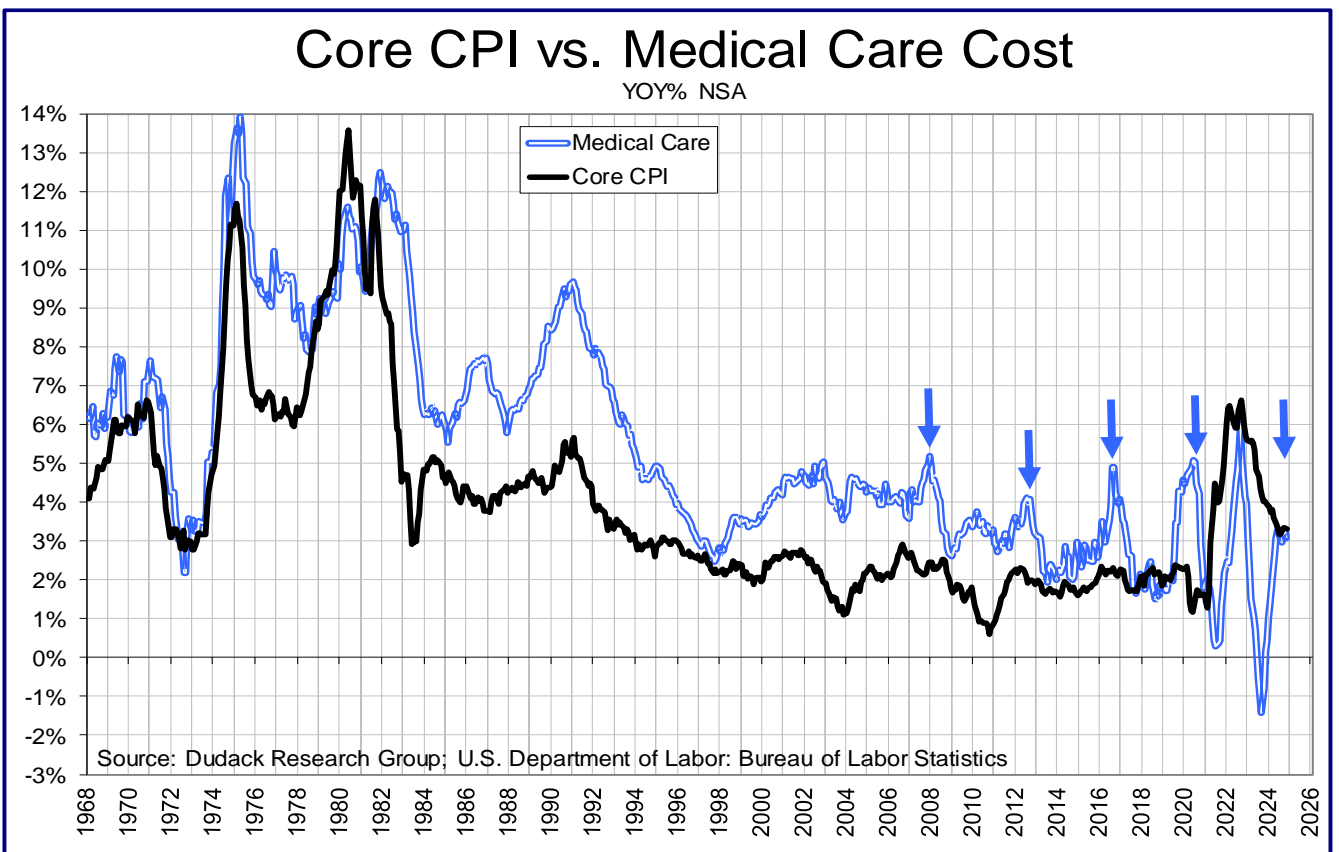
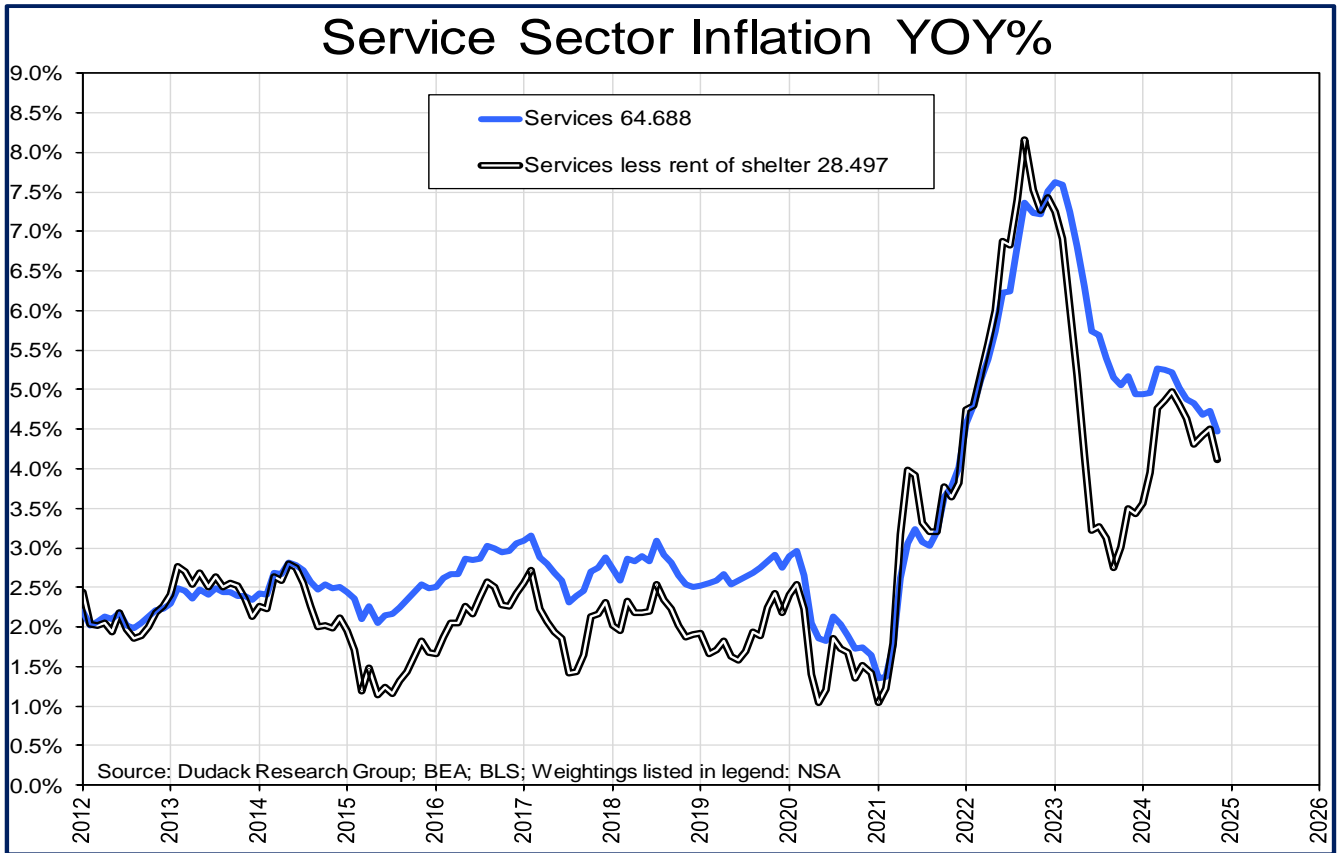
Source: Dudack Research Group; BLS; *Oct. 2024 w eightings; Italics=sub-component; blue>headline



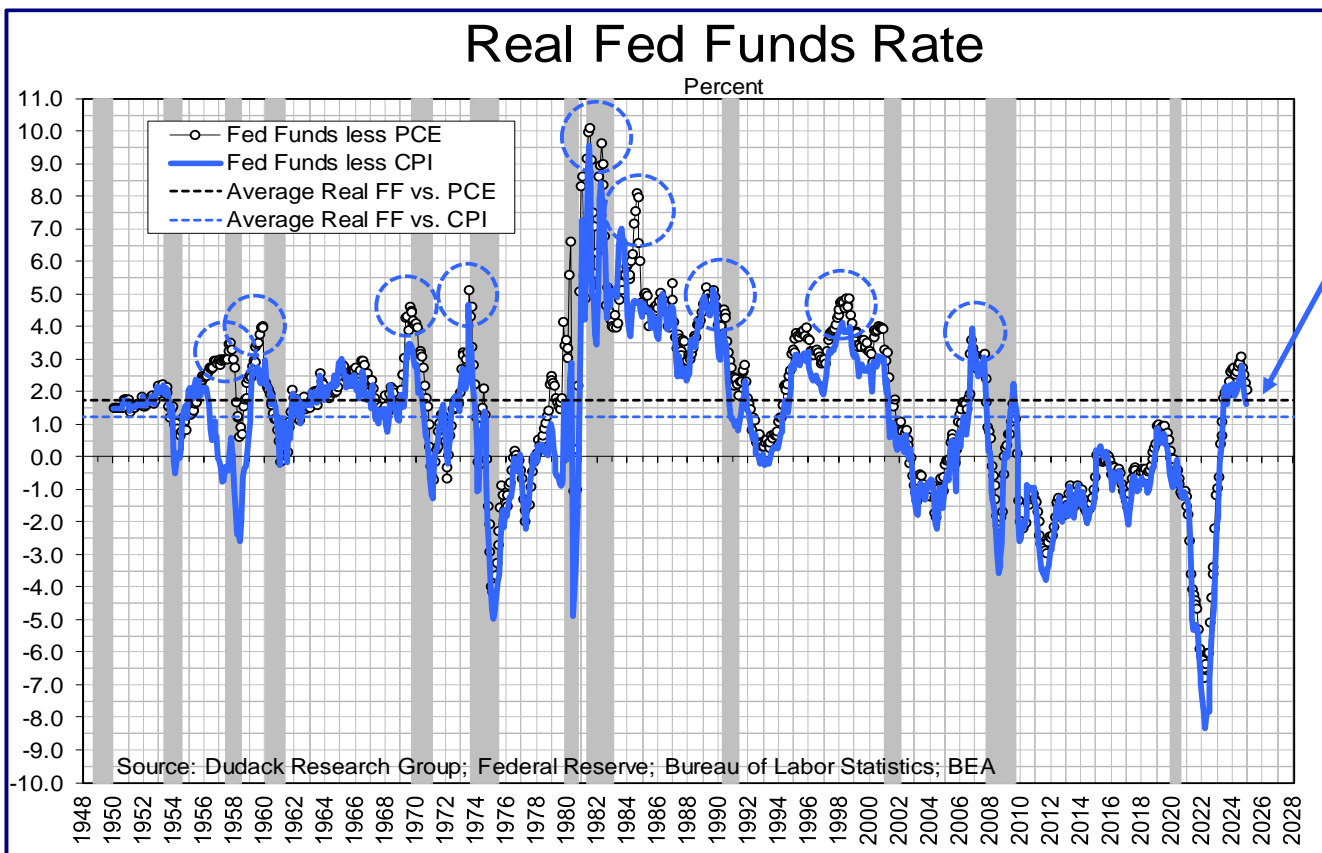
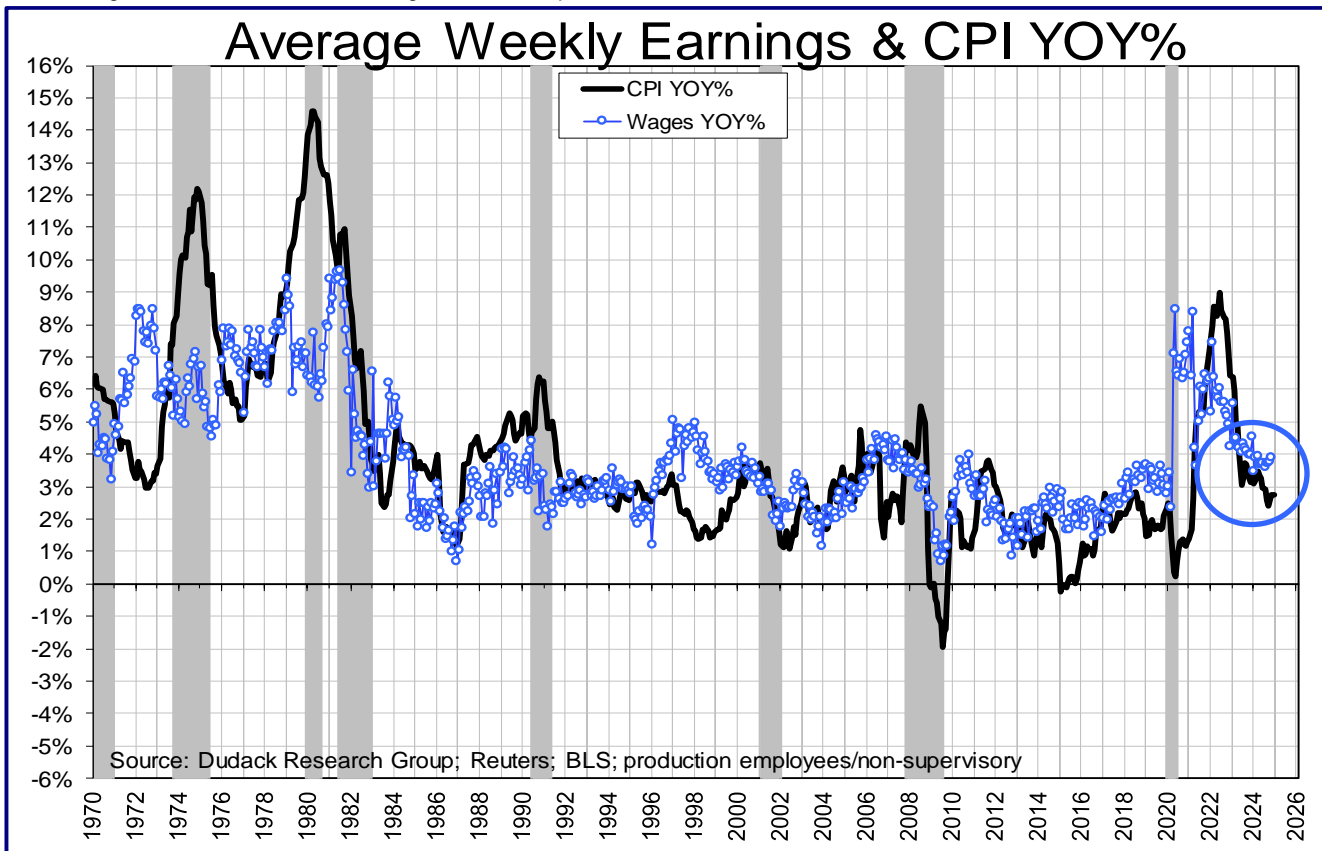
On a positive note, both headline and core CPI have been below the 1947-2024 long-term average of 3.7% YOY for many months; nevertheless, prices have become sticky and several areas of the economy, such as airline fares, are experiencing price acceleration. In particular, one of the Fed's favorite benchmarks -- all items less shelter -- rose 1.6% YOY up from 1.3% in October and up from 1.1% in September. Most economists are encouraged that shelter inflation was 4.7% YOY in November, down from 4.9% in October and owners' equivalent rent was 4.9% YOY in November, down from 5.2% in October. Still, while shelter inflation may be decelerating (some of this due to falling energy costs), it remains elevated.



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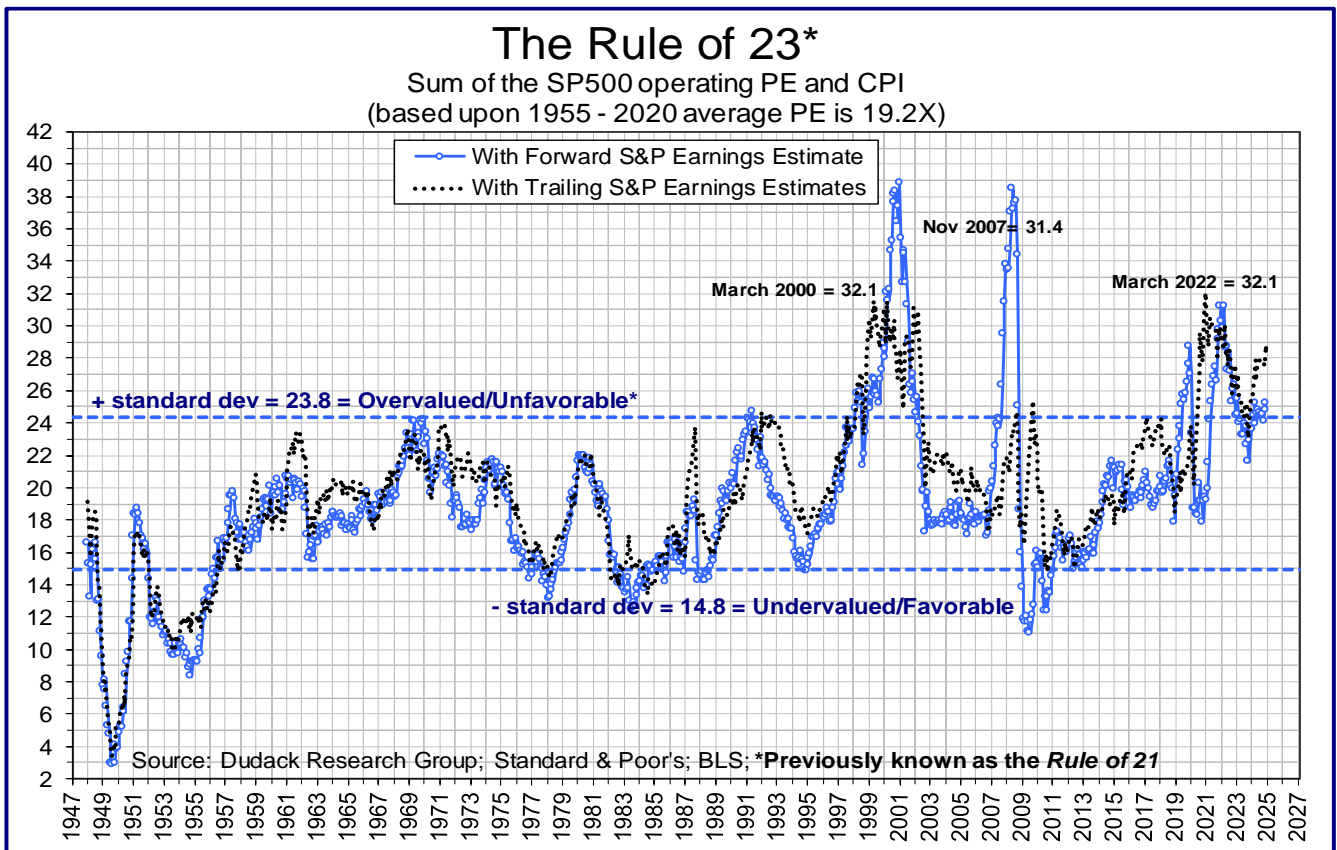
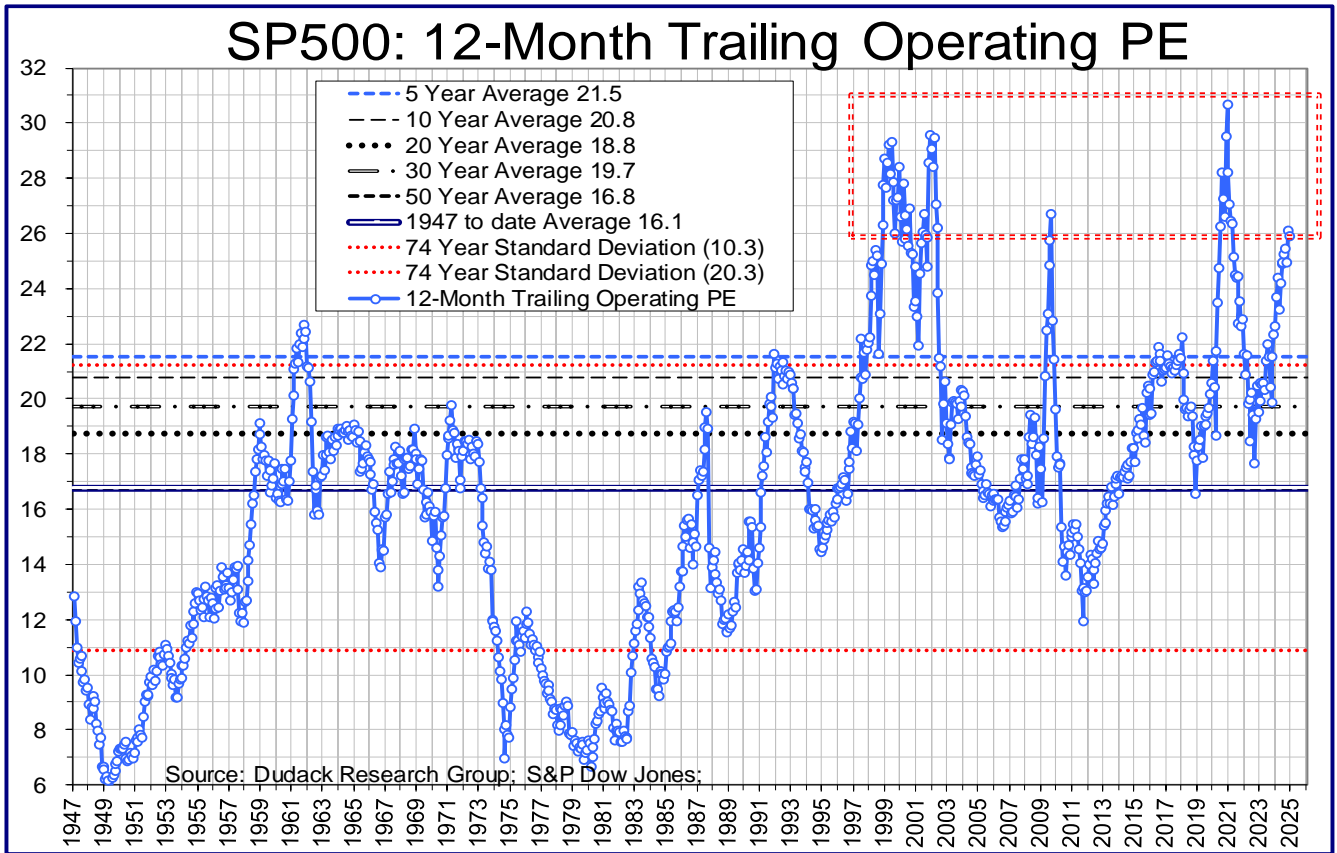
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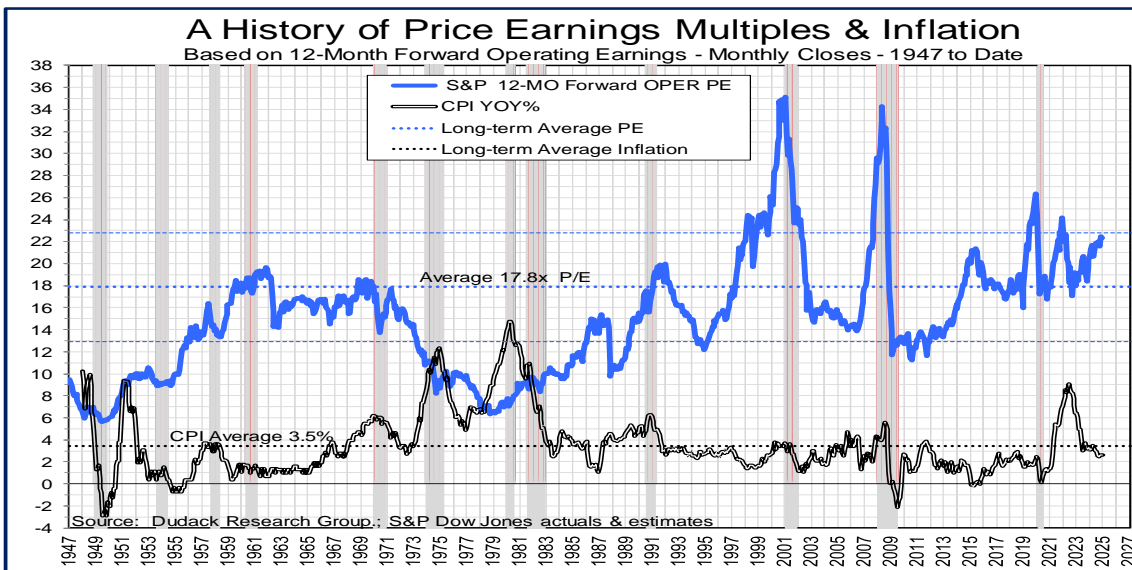
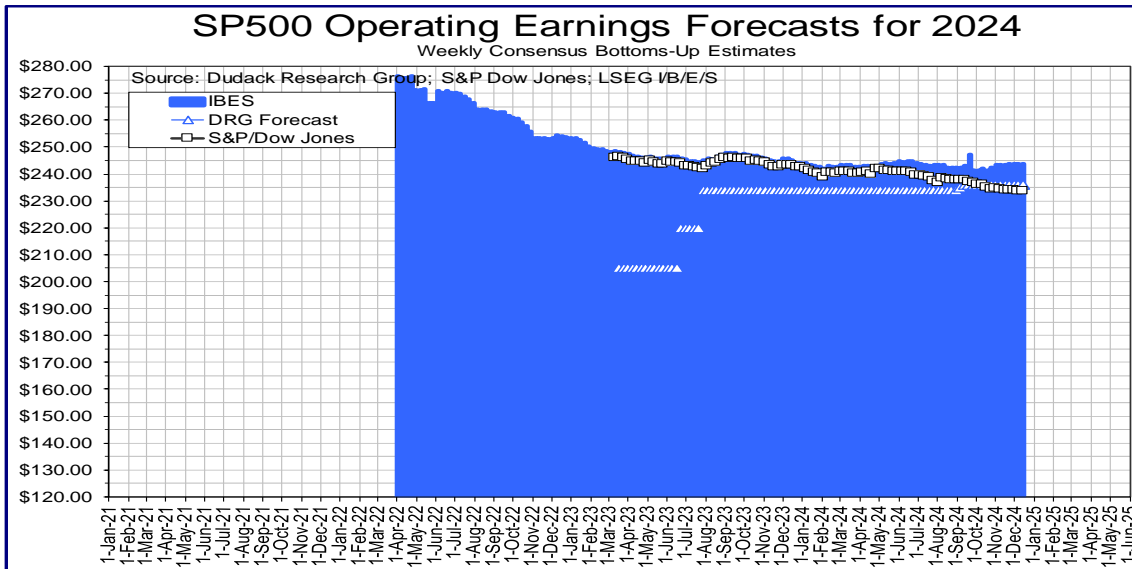
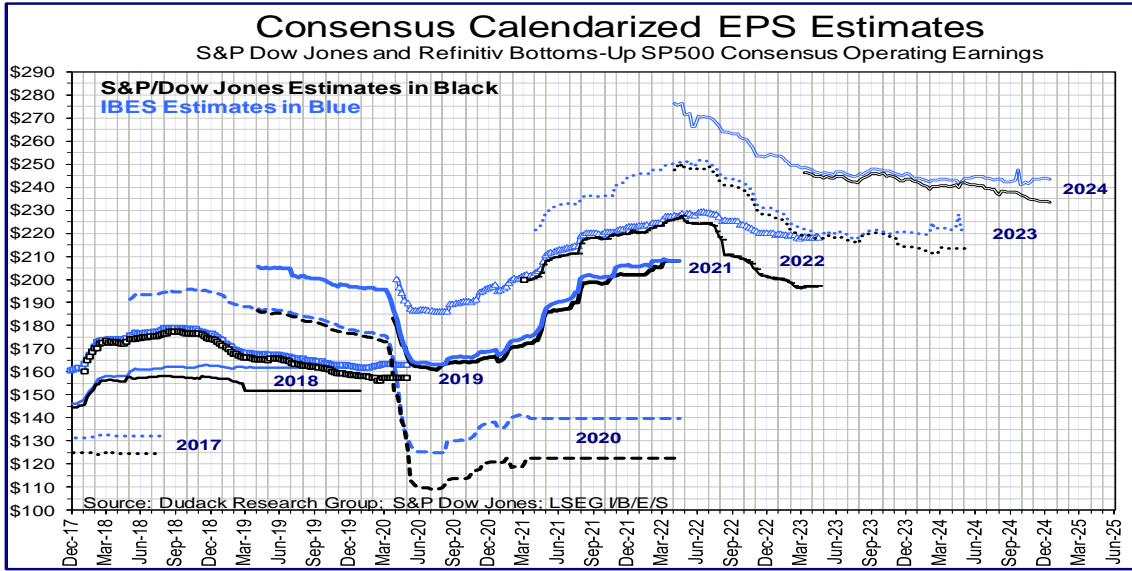
Annual Performance											
	DJIA	SP500	NASQ		DJIA	SP500	NASQ		DJIA	SP500	NASQ
1901	-8.7%	-----	-----	1943	13.8%	19.4%	-----	1985	27.7%	26.3%	31.4%
1902	-0.4%	-----	-----	1944	12.1%	13.8%	-----	1986	22.6%	14.6%	7.4%
1903	-23.6%	-----	-----	1945	26.6%	30.7%	-----	1987	2.3%	2.0%	-5.3%
1904	41.7%	-----	-----	1946	-8.1%	-11.9%	-----	1988	11.8%	12.4%	15.4%
1905	38.2%	-----	-----	1947	2.2%	0.0%	-----	1989	27.0%	27.3%	19.3%
1906	-1.9%	-----	-----	1948	-2.1%	-0.7%	-----	1990	-4.3%	-6.6%	-17.8%
1907	-37.7%	-----	-----	1949	12.9%	10.3%	-----	1991	20.3%	26.3%	56.8%
1908	46.6%	-----	-----	1950	17.6%	21.8%	-----	1992	4.2%	4.5%	15.5%
1909	15.0%	-----	-----	1951	14.4%	16.5%	-----	1993	13.7%	7.1%	14.7%
1910	-17.9%	-----	-----	1952	8.4%	11.8%	-----	1994	2.1%	-1.5%	-3.2%
1911	0.4%	-----	-----	1953	-3.8%	-6.6%	-----	1995	33.5%	34.1%	39.9%
1912	7.6%	-----	-----	1954	44.0%	45.0%	-----	1996	26.0%	20.3%	22.4%
1913	-10.3%	-----	-----	1955	20.8%	26.4%	-----	1997	22.6%	31.0%	21.5%
1914	-30.7%	-----	-----	1956	2.3%	2.6%	-----	1998	16.1%	26.7%	40.1%
1915	81.7%	-----	-----	1957	-12.8%	-14.3%	-----	1999	25.2%	19.5%	85.6%
1916	-4.2%	-----	-----	1958	34.0%	38.1%	-----	2000	-6.2%	-10.1%	-39.3%
1917	-21.7%	-----	-----	1959	16.4%	8.5%	-----	2001	-7.1%	-13.0%	-21.1%
1918	10.5%	-----	-----	1960	-9.3%	-3.0%	-----	2002	-16.8%	-23.4%	-31.5%
1919	30.5%	-----	-----	1961	18.7%	23.1%	-----	2003	25.3%	26.4%	50.0%
1920	-32.9%	-----	-----	1962	-10.8%	-11.8%	-----	2004	3.1%	9.0%	8.6%
1921	12.7%	-----	-----	1963	17.0%	18.9%	-----	2005	-0.6%	3.0%	1.4%
1922	21.7%	-----	-----	1964	14.6%	13.0%	-----	2006	16.3%	13.6%	9.5%
1923	-3.3%	-----	-----	1965	10.9%	9.1%	-----	2007	6.4%	3.5%	9.8%
1924	26.2%	-----	-----	1966	-18.9%	-13.1%	-----	2008	-33.8%	-38.5%	-40.5%
1925	30.0%	-----	-----	1967	15.2%	20.1%	-----	2009	18.8%	23.5%	43.9%
1926	0.3%	-----	-----	1968	4.3%	7.7%	-----	2010	11.0%	12.8%	16.9%
1927	28.8%	-----	-----	1969	-15.2%	-11.4%	-0.8%	2011	5.5%	0.0%	-1.8%
1928	48.2%	-----	-----	1970	4.8%	0.1%	-13.7%	2012	7.3%	13.4%	15.9%
1929	-17.2%	-----	-----	1971	6.1%	10.8%	27.7%	2013	26.5%	29.6%	38.3%
1930	-33.8%	-----	-----	1972	14.6%	15.6%	17.2%	2014	7.5%	11.4%	13.4%
1931	-52.7%	-----	-----	1973	-16.6%	-17.4%	-31.1%	2015	-2.2%	-0.7%	5.7%
1932	-23.1%	-15.1%	-----	1974	-27.6%	-29.7%	-35.1%	2016	13.4%	9.5%	7.5%
1933	66.7%	46.6%	-----	1975	38.3%	31.5%	29.8%	2017	25.1%	19.4%	28.2%
1934	4.1%	-5.9%	-----	1976	17.9%	19.1%	26.1%	2018	-5.6%	-6.2%	-3.9%
1935	38.5%	41.4%	-----	1977	-17.3%	-11.5%	7.3%	2019	22.3%	28.9%	35.2%
1936	24.8%	27.9%	-----	1978	-3.1%	1.1%	12.3%	2020	7.2%	16.3%	43.6%
1937	-32.8%	-38.6%	-----	1979	4.2%	12.3%	28.1%	2021	18.7%	26.9%	21.4%
1938	28.1%	25.2%	-----	1980	14.9%	25.8%	33.9%	2022	-8.8%	-19.4%	-33.1%
1939	-2.9%	-5.5%	-----	1981	-9.2%	-9.7%	-3.2%	2023	13.7%	24.2%	43.4%
1940	-12.7%	-15.3%	-----	1982	19.6%	14.8%	18.7%	2024	15.3%	26.9%	34.0%
1941	-15.4%	-17.9%	-----	1983	20.3%	17.3%	19.9%	2025			
1942	7.6%	12.4%	-----	1984	-3.7%	1.4%	-11.2%	2026			

Source: Dudack Research Group; Refinitiv; Blue = 3 or more consecutive years of double digit gains

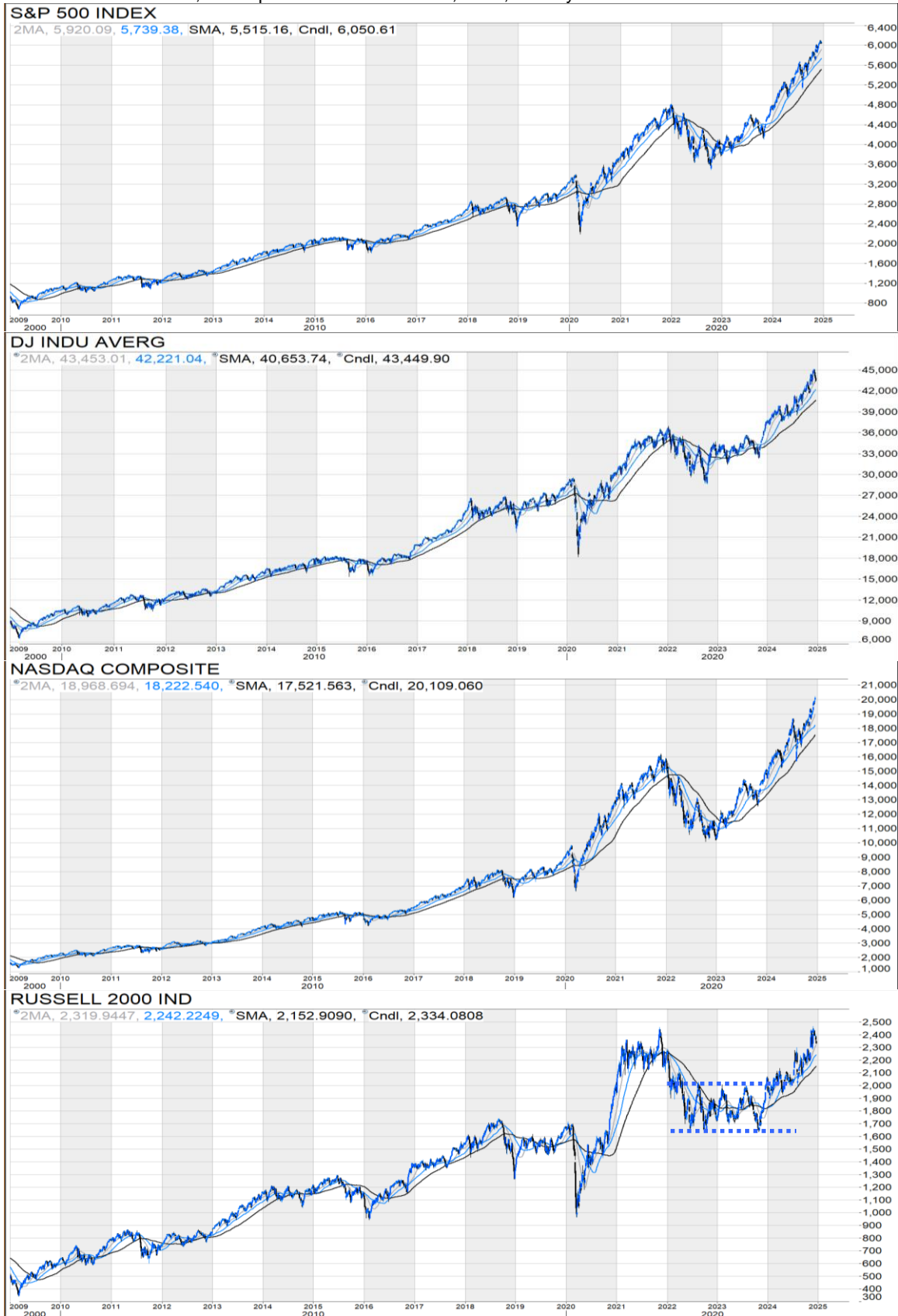
Valuation is not supportive of equities, but momentum, hope, and sentiment are now overruling valuation. The SPX **trailing** 4-quarter operating multiple is 25.9 times, and well above all long- and short-term averages. The **12-month forward** PE multiple is 22.2 times and when added to inflation of 2.7%, sums to 24.9, which is above 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 \$233.63, down \$0.10 and the 2025 estimate is \$272.43, down \$0.49 this week. The LSEG IBES estimate for 2024 is \$243.64, down \$0.07 and the estimate for 2025 is \$275.07, up \$0.01. The IBES guesstimate for 2026 EPS is \$310.15, up \$0.02. The current rally is all PE expansion and based on hope that the new administration will improve the economy and earnings growth. This may prove to be true, but much good news is being priced in and is a warning for 2025.



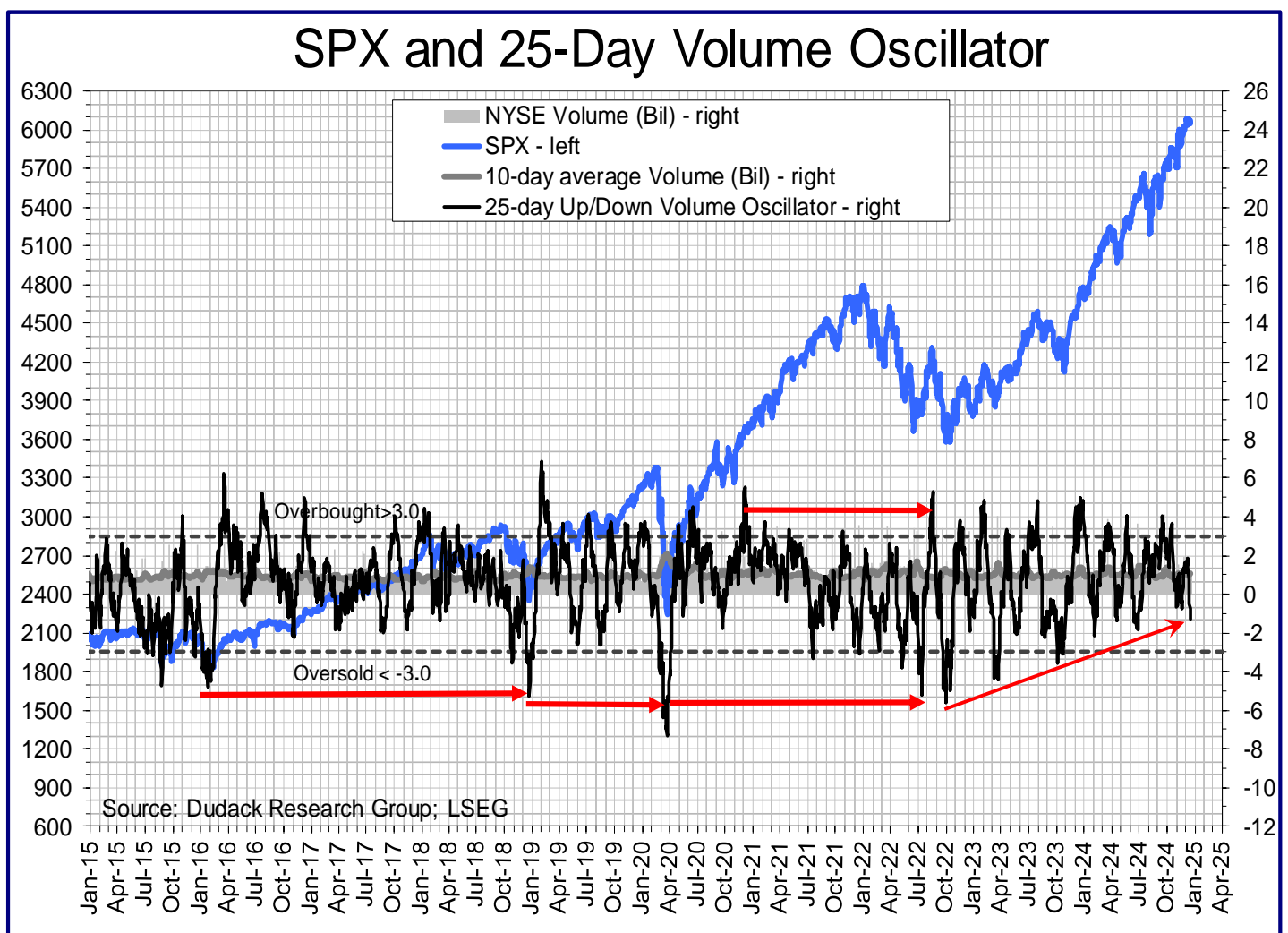
The main indices all made record highs in December, but the nine consecutive daily declines in the DJIA are capturing headlines. However, this is to date, unique to the DJIA and can be mostly explained by the declines in United Healthcare which has been falling since the horrific murder of its CEO and Nvidia, which peaked on November 7, 2024, the day before it was added to the Dow Jones 30.



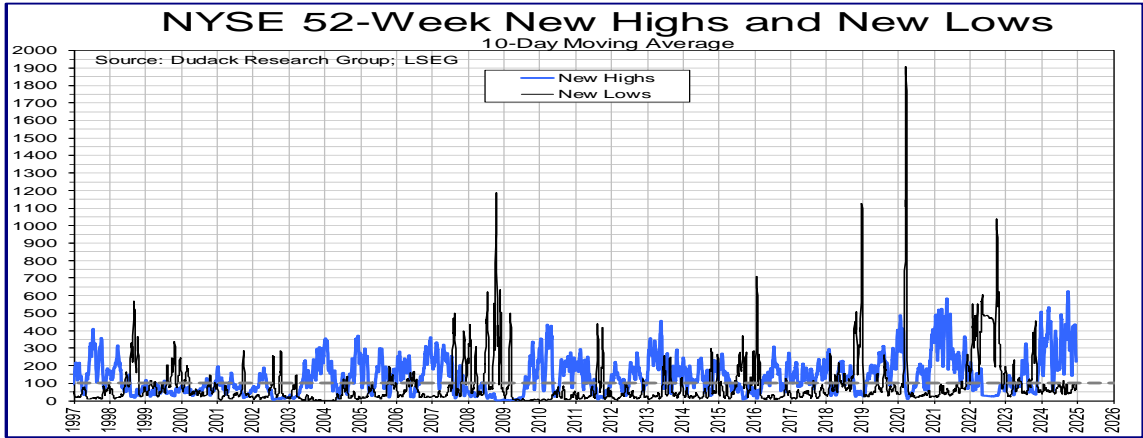
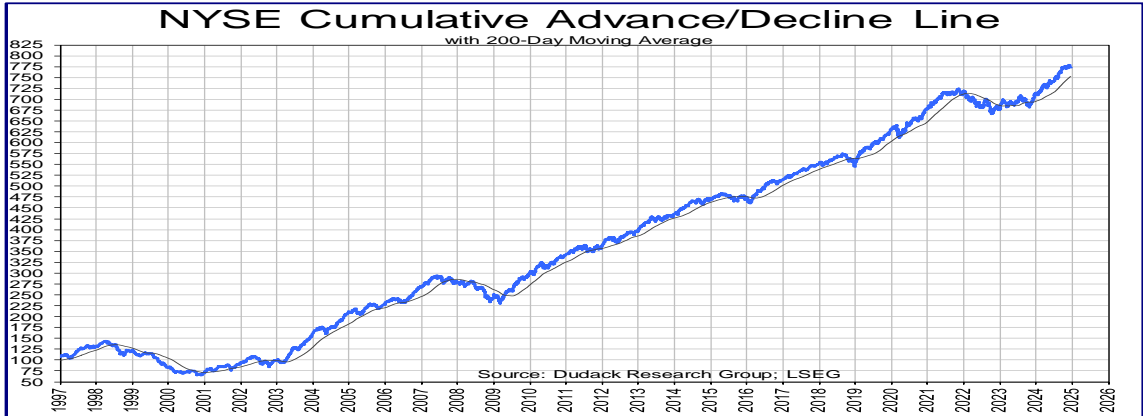
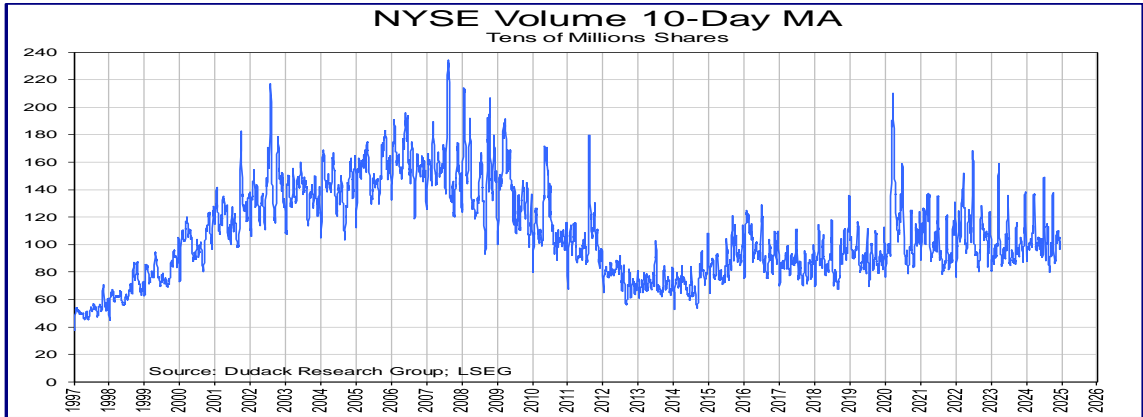
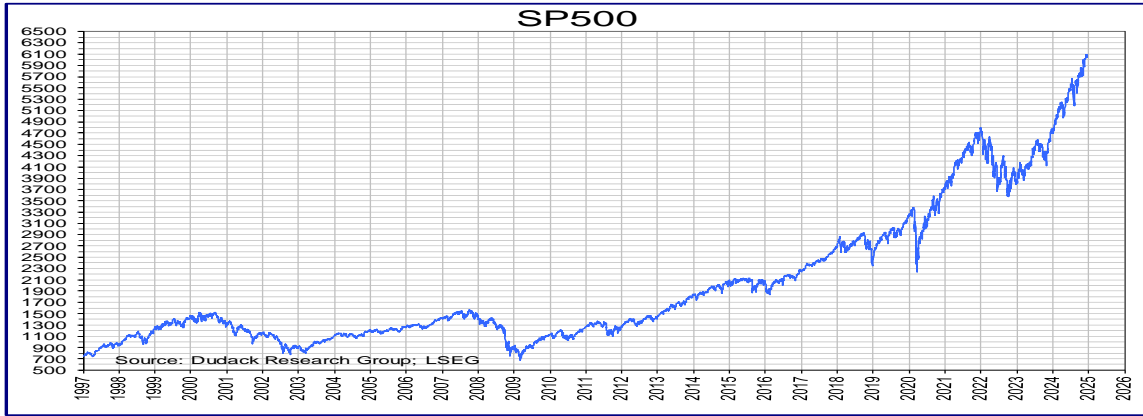
Source: LSEG Refinitiv

The 25-day up/down volume oscillator is negative 1.31, neutral, and down significantly from last week. The good news is that this indicator did not recently get overbought, which would have been indicative of a stretched or vulnerable marketplace. However, since this indicator measures the level of volume supporting an advance, we would be concerned if the oscillator does not reach overbought territory in coming days or weeks and remain in overbought territory for a minimum of 5 consecutive trading days, to confirm the new highs.

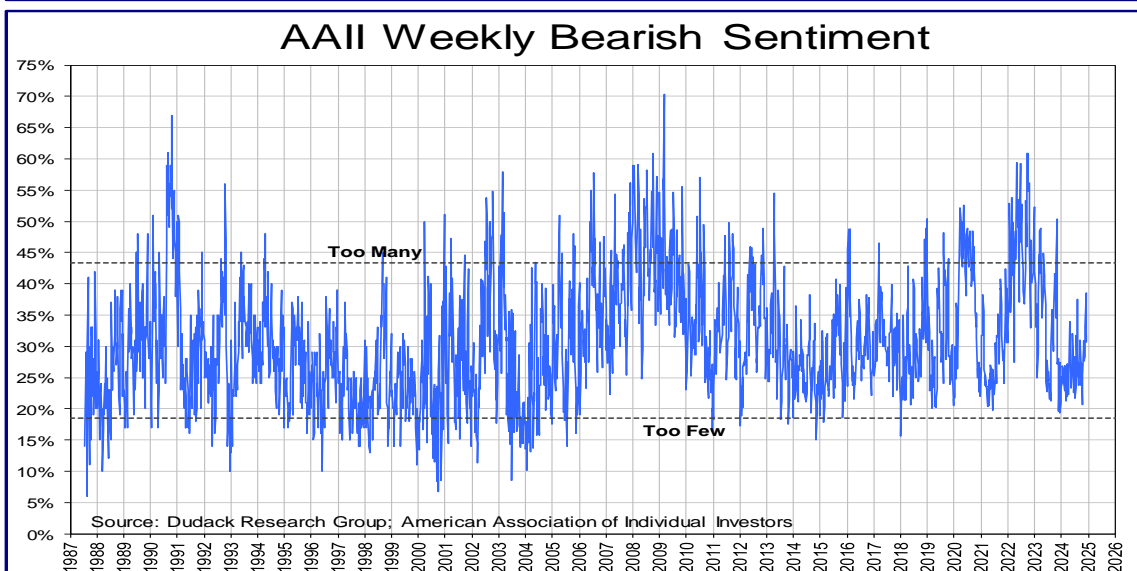
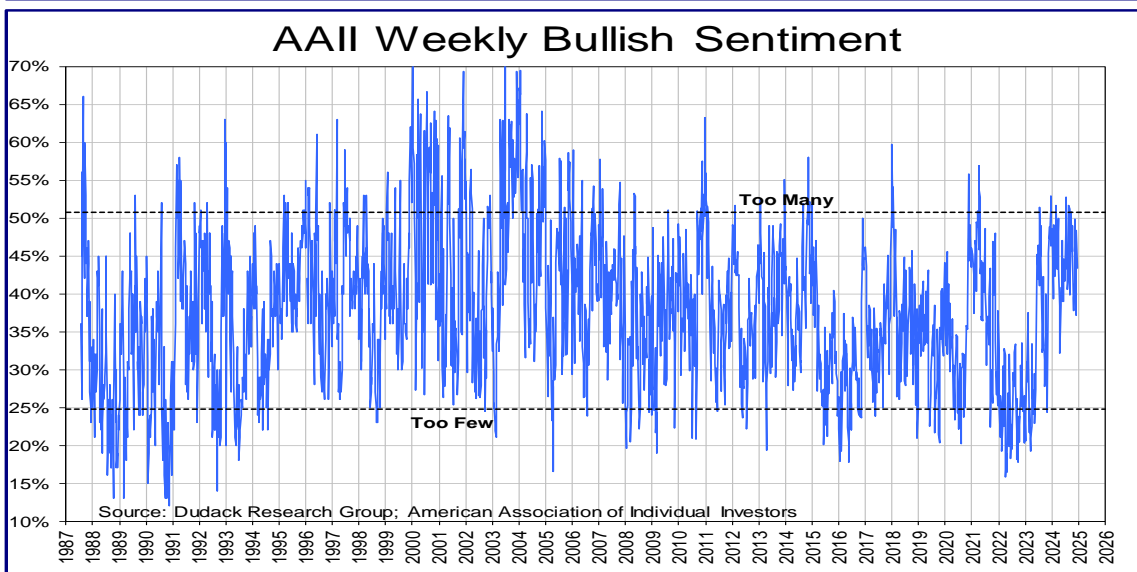
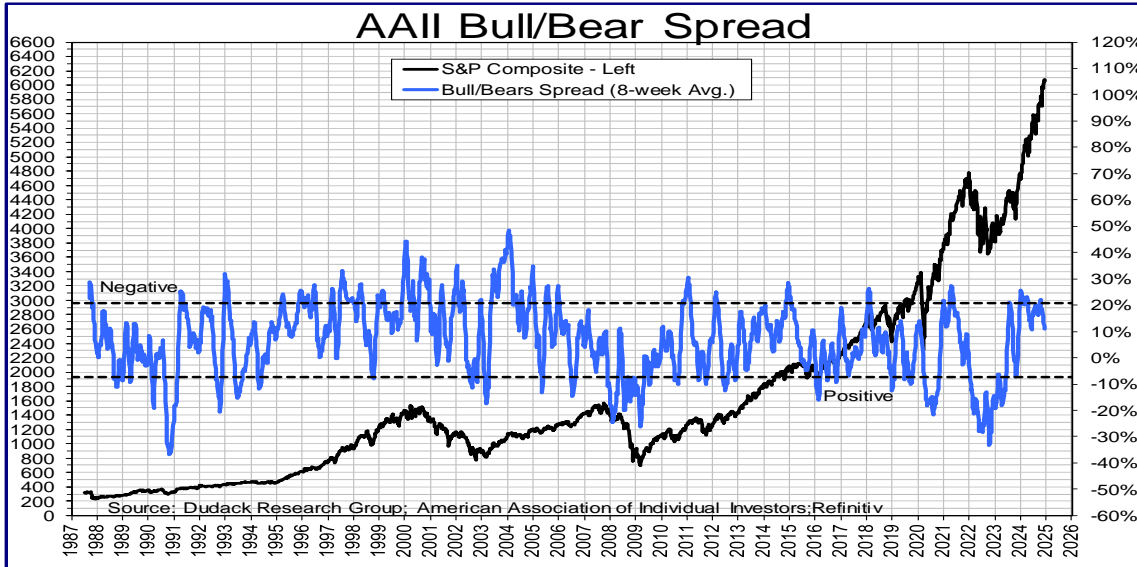
Once again, we are monitoring the trendline we have drawn in the oscillator below. Although overbought readings become less extreme in 2024, which is a sign of an aging bull market, this indicator remained in a bullish trend of successively higher neutral readings that triggered fresh buying. This buying of the dips mentality is displayed numerically in this oscillator. However, the current weakness in the market is putting this trendline at risk this week.



The 10-day average of daily new highs is 222 this week and new lows are averaging 102. This combination of new highs above 100 and new lows above 100 shifts this indicator from positive to neutral and is weaker than last week. The NYSE advance/decline line made a new record high on November 29, 2024. In sum, breadth indicators are uniformly positive.



Last week's AAI survey showed bullishness fell 5.0% to 43.3% and bearishness rose 1.0% to 31.7%. Both bullishness and bearishness are above average this week. 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 fell to 11.0% and is neutral. The last negative readings were recorded in mid-October 2024.



GLOBAL MARKETS AND COMMODITIES - RANKED BY YEAR-TO-DATE TRADING PERFORMANCE

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Communication Services Select Sector SPDR Fund	XLC	101.33	1.0%	6.5%	12.1%	39.5%
iShares Russell 1000 Growth ETF	IWF	418.94	2.4%	8.1%	11.6%	38.2%
Nasdaq Composite Index Tracking Stock	ONEQ.O	79.61	2.6%	8.1%	11.2%	34.4%
Consumer Discretionary Select Sector SPDR	XLY	238.68	2.7%	11.8%	19.1%	33.5%
Financial Select Sector SPDR	XLF	49.45	-0.5%	-0.8%	9.1%	31.5%
NASDAQ 100	NDX	22096.66	3.4%	8.3%	10.1%	31.3%
SPDR S&P Bank ETF	KBE	59.40	-0.4%	-0.9%	12.3%	29.1%
Silver Future	Slc1	30.70	-5.1%	1.1%	-1.5%	28.7%
SPDR Gold Trust	GLD	244.88	-1.5%	3.5%	0.7%	28.1%
iShares Silver Trust	SLV	29.13	-4.1%	0.9%	-2.1%	27.9%
iShares Russell 1000 ETF	IWB	334.45	0.6%	3.8%	6.4%	27.5%
SP500	.SPX	6074.08	0.6%	3.5%	5.4%	27.3%
iShares China Large Cap ETF	FXI	30.59	-3.7%	1.5%	-3.7%	27.3%
Technology Select Sector SPDR	XLK	241.44	2.3%	5.6%	6.9%	25.4%
iShares MSCI Singapore ETF	EWS	22.93	-0.5%	2.5%	3.5%	22.6%
iShares US Telecomm ETF	ITYZ	27.79	1.4%	3.5%	10.0%	22.1%
Utilities Select Sector SPDR	XLU	77.02	-1.4%	-2.8%	-4.7%	21.6%
iShares Russell 2000 Growth ETF	IWO	306.26	-0.5%	4.2%	7.8%	21.4%
Industrial Select Sector SPDR	XLI	137.55	-1.0%	-1.1%	1.6%	20.7%
SPDR Homebuilders ETF	XHB	113.28	-3.6%	-2.1%	-9.1%	18.4%
iShares MSCI Taiwan ETF	EWT	54.46	1.0%	2.1%	1.1%	18.3%
SPDR S&P Semiconductor ETF	XSD	265.16	4.8%	17.8%	10.4%	18.0%
iShares Russell 2000 ETF	IWM	234.44	-1.0%	2.6%	6.1%	16.8%
iShares MSCI Malaysia ETF	EWM	24.75	-0.5%	2.5%	-8.5%	16.5%
SPDR DJIA ETF	DIA	438.37	-1.2%	0.9%	3.6%	16.3%
DJIA	.DJI	43717.48	-1.2%	0.6%	3.3%	16.0%
iShares Russell 1000 Value ETF	IWD	191.08	-1.4%	-1.0%	0.7%	15.6%
SPDR S&P Retail ETF	XRT	83.55	-0.5%	6.3%	7.5%	15.5%
iShares MSCI Canada ETF	EWC	41.80	-1.7%	0.2%	0.7%	14.0%
PowerShares Water Resources Portfolio	PHO	69.34	-1.7%	0.2%	-1.7%	13.9%
Shanghai Composite	.SSEC	3389.04	-1.0%	1.8%	1.6%	13.9%
iShares MSCI India ETF	INDA.K	55.55	0.1%	4.8%	-5.1%	13.8%
Consumer Staples Select Sector SPDR	XLP	81.61	-1.2%	2.1%	-1.7%	13.3%
iShares Russell 2000 Value ETF	IWN	174.56	-1.2%	1.2%	4.6%	12.4%
iShares MSCI Germany ETF	EWG	33.01	-0.3%	4.5%	-2.5%	11.2%
iShares MSCI BRIC ETF	BKF	37.82	-2.5%	0.9%	-6.5%	10.6%
United States Oil Fund, LP	USO	73.70	3.2%	5.7%	5.4%	10.6%
Gold Future	GCc1	2975.10	0.2%	0.7%	1.9%	9.2%
iShares MSCI Emerg Mkts ETF	EEM	43.79	-0.5%	2.0%	-4.5%	8.9%
iShares MSCI Japan ETF	EWJ	69.18	-1.3%	2.5%	-3.3%	7.9%
iShares MSCI United Kingdom ETF	EWU	35.43	-0.9%	2.7%	-5.3%	7.2%
iShares US Real Estate ETF	IYR	97.33	-1.1%	-0.5%	-4.5%	6.5%
Vanguard FTSE All-World ex-US ETF	VEU	59.76	-0.8%	1.8%	-5.1%	6.4%
iShares MSCI EAFE ETF	EFA	78.63	-0.9%	1.9%	-6.0%	4.4%
Energy Select Sector SPDR	XLE	87.26	-3.3%	-7.9%	-0.6%	4.1%
Materials Select Sector SPDR	XLB	88.44	-2.8%	-3.1%	-8.2%	3.4%
iShares MSCI Australia ETF	EWA	25.15	-1.7%	-1.6%	-7.2%	3.3%
Health Care Select Sect SPDR	XLV	139.31	-3.3%	-1.8%	-9.6%	2.1%
iShares Nasdaq Biotechnology ETF	IBB.O	137.25	-2.4%	2.9%	-5.7%	1.0%
iShares MSCI Austria Capped ETF	EWO	21.73	0.3%	2.5%	-4.8%	0.6%
Oil Future	CLc1	70.70	3.1%	5.5%	3.7%	-1.3%
iShares iBoxx \$ Invest Grade Corp Bond	LQD	108.86	-1.3%	0.6%	-3.6%	-1.6%
iShares MSCI Hong Kong ETF	EWH	17.08	-3.9%	-0.6%	-8.5%	-1.7%
iShares DJ US Oil Eqpt & Services ETF	IEZ	20.22	-1.6%	-3.7%	0.6%	-7.8%
iShares 20+ Year Treas Bond ETF	TLT	90.42	-2.9%	0.4%	-7.8%	-8.6%
iShares MSCI South Korea Capped ETF	EWY	55.58	3.1%	-1.1%	-13.1%	-15.2%
iShares MSCI Mexico Capped ETF	EWX	51.42	-1.0%	1.9%	-4.3%	-24.2%
iShares MSCI Brazil Capped ETF	EWZ	24.70	-4.3%	-9.5%	-16.2%	-29.3%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; Refinitiv

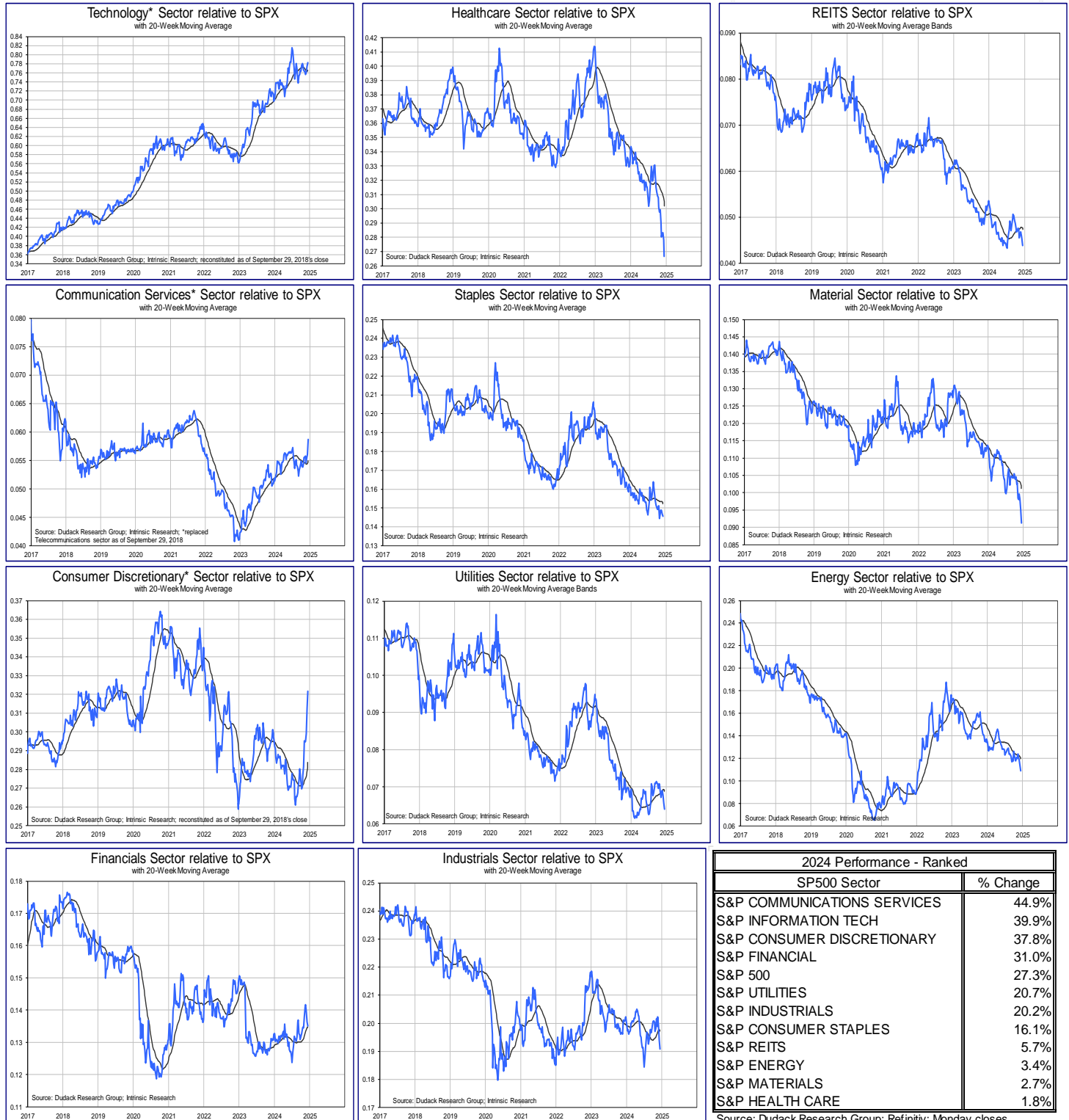
Priced as of December 16, 2024

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

DRG Recommended Sector Weights

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

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



US Asset Allocation

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

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

DRG Earnings and Economic Forecasts

	S&P 500 Price	S&P Dow Jones Reported EPS**	S&P Dow Jones Operating EPS**	DRG Operating EPS Forecast	DRG EPS YOY %	LSEG IBES Consensus Bottom-Up \$ EPS**	LSEG IBES Consensus Bottom-Up EPS YOY%	S&P Op PE Ratio	S&P Divd Yield	GDP Annual Rate	GDP Profits post-tax w/ IVA & CC	YOY %
2008	903.25	\$14.88	\$49.51	\$49.51	-40.0%	\$65.47	-23.1%	18.2X	2.5%	0.1%	\$1,029.90	-9.8%
2009	1115.10	\$50.97	\$56.86	\$56.86	14.8%	\$60.80	-7.1%	19.6X	2.6%	-2.6%	\$1,182.90	14.9%
2010	1257.64	\$77.35	\$83.77	\$83.77	47.3%	\$85.28	40.3%	15.0X	1.9%	2.7%	\$1,456.50	23.1%
2011	1257.60	\$86.95	\$96.44	\$96.44	15.1%	\$97.82	14.7%	13.0X	2.0%	1.6%	\$1,529.00	5.0%
2012	1426.19	\$86.51	\$96.82	\$96.82	0.4%	\$103.80	6.1%	14.7X	2.1%	2.3%	\$1,662.80	8.8%
2013	1848.36	\$100.20	\$107.30	\$107.30	10.8%	\$109.68	5.7%	17.2X	2.0%	2.1%	\$1,648.10	-0.9%
2014	2127.83	\$102.31	\$113.02	\$113.01	5.3%	\$118.78	8.3%	18.8X	2.2%	2.5%	\$1,713.10	3.9%
2015	2043.94	\$86.53	\$100.45	\$100.45	-11.1%	\$117.46	-1.1%	20.3X	2.1%	2.9%	\$1,664.20	-2.9%
2016	2238.83	\$94.55	\$106.26	\$106.26	5.8%	\$118.10	0.5%	21.1X	1.9%	1.8%	\$1,661.50	-0.2%
2017	2673.61	\$109.88	\$124.51	\$124.51	17.2%	\$132.00	11.8%	21.5X	1.8%	2.5%	\$1,816.60	9.3%
2018	2506.85	\$132.39	\$151.60	\$151.60	21.8%	\$161.93	22.7%	16.5X	1.9%	3.0%	\$2,023.40	11.4%
2019	3230.78	\$94.55	\$157.12	\$157.12	3.6%	\$162.93	0.6%	20.6X	1.8%	2.5%	\$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%	\$3,101.80	4.0%
2024E	~~~~~	\$197.87	\$233.62	\$235.00	10.1%	\$243.64	10.1%	25.9X	1.4%	NA	NA	NA
2025E	~~~~~	\$172.75	\$272.42	\$270.00	14.9%	\$275.07	12.9%	22.2X	NA	NA	NA	NA
2026E	~~~~~	\$192.43	NA	\$310.50	15.0%	\$310.15	12.8%	NA	NA	NA	NA	NA
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 2Q	5521.50	\$53.12	\$58.36	\$58.36	6.4%	\$60.40	11.3%	25.2	1.3%	3.0%	\$3,141.60	20.7%
2024 3QP	5521.50	\$53.75	\$59.55	\$60.75	16.3%	\$63.30	8.4%	24.4	1.3%	2.8%	\$3,141.10	16.4%
2024 4QE*	6050.61	\$56.55	\$61.22	\$61.26	13.7%	\$61.87	8.2%	25.9	NA	NA	NA	NA
2025 1QE	NA	\$57.65	\$62.64	\$63.75	16.7%	\$63.20	11.7%	25.0	NA	NA	NA	NA
2025 2QE	NA	\$60.83	\$66.79	\$65.25	11.8%	\$67.30	11.4%	24.2	NA	NA	NA	NA
2025 3QE	NA	\$65.06	\$70.72	\$68.00	11.9%	\$71.02	12.2%	23.1	NA	NA	NA	NA
2025 4QE*	NA	\$67.12	\$72.27	\$73.00	19.2%	\$72.60	17.3%	22.2	NA	NA	NA	NA

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

*12/17/2024

Regulation AC Analyst Certification

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Prices are the close of December 17, 2024
Due to vendor difficulties pages 14 and 15 are priced as of December 16, 2024