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DJIA: 44593.65
SPX: 6068.50
NASDAQ: 19643.86

US Strategy Weekly

Job Contradictions

The 3-week-old Trump presidency continues to generate multiple headlines every day and this week was no exception. The big news was that the United States imposed a 25% tariff on imports of aluminum and steel and also cancelled exemptions for major suppliers such as Canada and Brazil. Trump also imposed a blanket 10% tariff on imports from top trading partner China and threatened a 25% barrier on all imports from Canada and Mexico, as well as looking at new reciprocal tariffs on imports of cars, computer chips and pharmaceuticals. These actions triggered condemnations by Mexico, Canada, and the European Union and ignited fears of a trade war; yet the stock market was unmoved. In our view, this stoic reaction by the market was rational because from a purely economic perspective these tariffs will be very troublesome for Mexico, Canada, China, and other major exporters to the US, but they are unlikely to be much of an issue domestically. And as we noted previously, a strong dollar will help to mute the impact of tariffs. More importantly, these tariffs are more likely to change the behavior of consumers and corporations and nullify much of the impact of tariffs. At least this is the long-term goal and US equities appear to have figured this out.

Gold has risen 16% since Trump was elected and the media has attributed this to the unpredictability of President Trump and the potential of trade wars; however, many precious metal analysts have noticed that demand for gold from abroad, particularly China, has increased and this is a reaction to their concern of weakness in their own currencies and a fear that tariffs will pressure their already declining economies. However, our favorite event of the week was the 30-minute press conference in the Oval Office with President Trump, Elon Musk, and X Musk, where Elon detailed much of what DOGE is doing and finding. Plus, Elon gave a mini course in business discipline and accounting. Nevertheless, the star was little X who clearly stole the show. (https://www.foxnews.com/video/6368671861112)

Overall, the story of the week was the resilience of the stock market even though a wave of tariffs were being imposed. Perhaps more surprisingly, our technical indicators improved this week. The 25-day up/down volume oscillator is at 1.42 this week, neutral and down a bit from two weeks ago when it was closing in on an overbought reading of 3.0 or greater. Nevertheless, it has a bullish bias. See page 14. The 10-day average of daily new highs is 162 this week and new lows are averaging 75. This combination of daily new highs above 100 and new lows below 100 is definitely positive. But the surprise of the week was the NYSE cumulative advance/decline line which made a new high on February 6, 2025. The previous high was made in November, generating a period of nonconfirmation; however, this new high confirms the current advance. See page 15. Last week's AAII survey showed bullishness fell 7.7% to 33.3% and bearishness rose 8.9% to 42.9%. Bullishness is now below average, and bearishness is above average, which is a favorable combination for the equity market. See page 16. All in all, these indicators, along with the charts of the popular indices, are all bullish.

What is not bullish is the growing federal deficit. This is shown on page 3, with newly released data from the CBO, the fiscal 2024 (September 30, 2024) deficit was 6.2% of GDP. However, new Treasury data show federal debt subsequently grew $711 billion in the last three months of 2024, and the 12-

month deficits-to-GDP rose to 6.9% (October), 7.1% (November), and 6.8% (December). This combination of rising deficits and rising interest rates has lifted interest payments as a percentage of outlays from 5.3% in 2020 to 13.1% in 2024. These deficit trends are unsustainable. See page 3.

Nonetheless, economic data has been favorable. The ISM nonmanufacturing index fell 1.2 points in January but continues to show an expanding service sector. See page 4. The NFIB small business survey dipped 2.3 points in January but remained above the long-term average of 98 for the third consecutive month. See page 5. The January employment report showed a 143,000 increase in the month of January, while revisions to previous months added an additional 100,000 more jobs. The household survey showed the unemployment rate fell slightly from 4.1% to 4.0% in the month. See page 6.

Unfortunately, the January employment release is a difficult report to analyze due to the annual benchmark revisions in the establishment survey, the Census population revisions to the household survey, and the updating of seasonal adjustments in both surveys. This year the establishment survey benchmark revision for March 2024, without seasonal adjustments, lowered employment by 598,000 workers, or 0.4%. This was unusually large since the typical revision is plus or minus 0.1%.

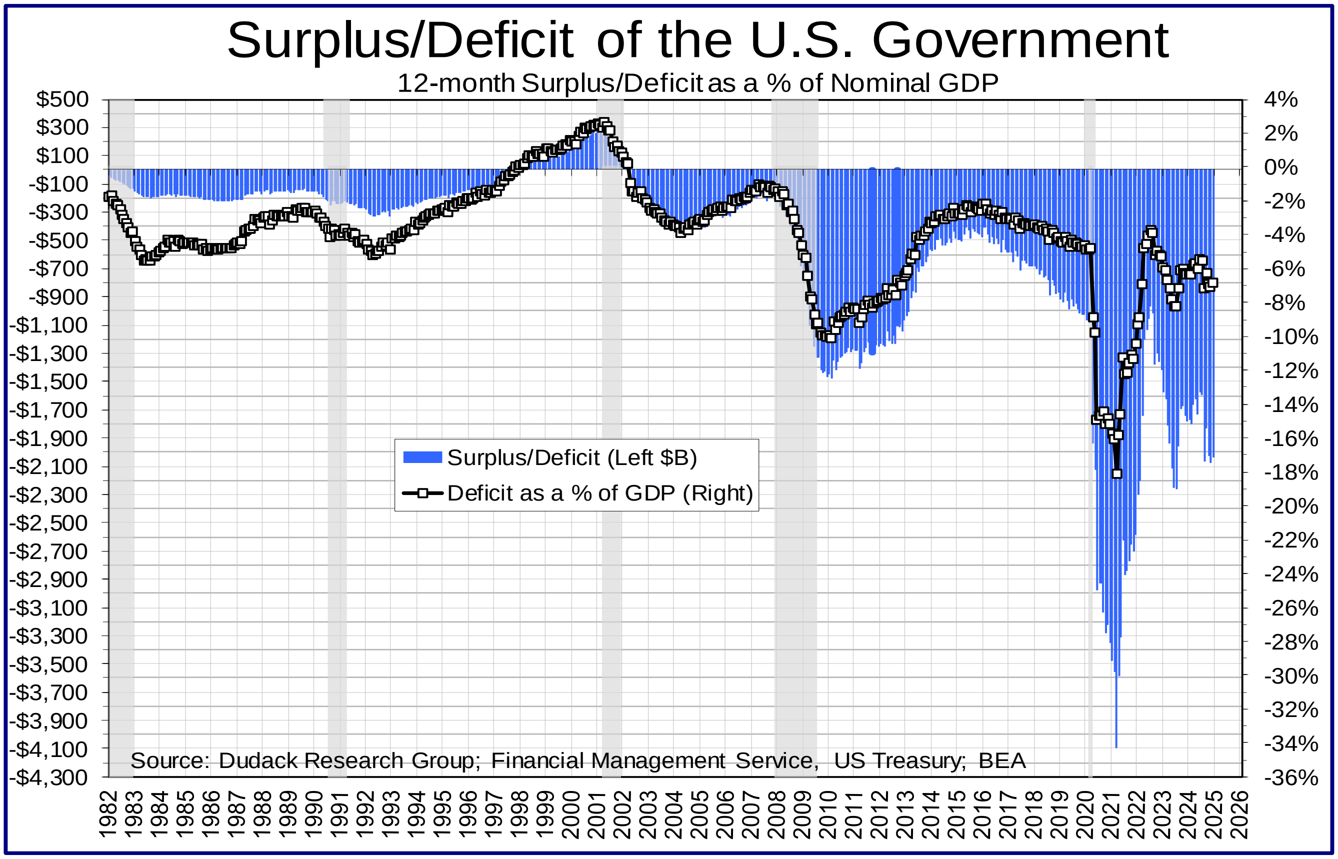
The population adjustment to the household survey increased the civilian noninstitutional population (age 16 and over) by 2.9 million and increases were substantial for Asians and Hispanics. The total civilian labor force increased 2.1 million, including an increase of 2.0 million in employment and 105,000 in unemployment. The number of people not in the labor force increased by 765,000. As is its usual practice, the BLS does not revise official household survey estimates for earlier months and therefore this bump in population is very obvious in many of the charts on the following pages. The uptick in January employment in the household survey depicts a 1.7% YOY growth rate, which is well above the long-term average of 1.5%. However, this spike in employment could be less an increase in real workers and more an increase in the Census Bureau's estimate of population growth. Still, we are relieved that the household survey, which had been showing no employment growth for much of 2024, could simply have been an undercounting of both population and employment.

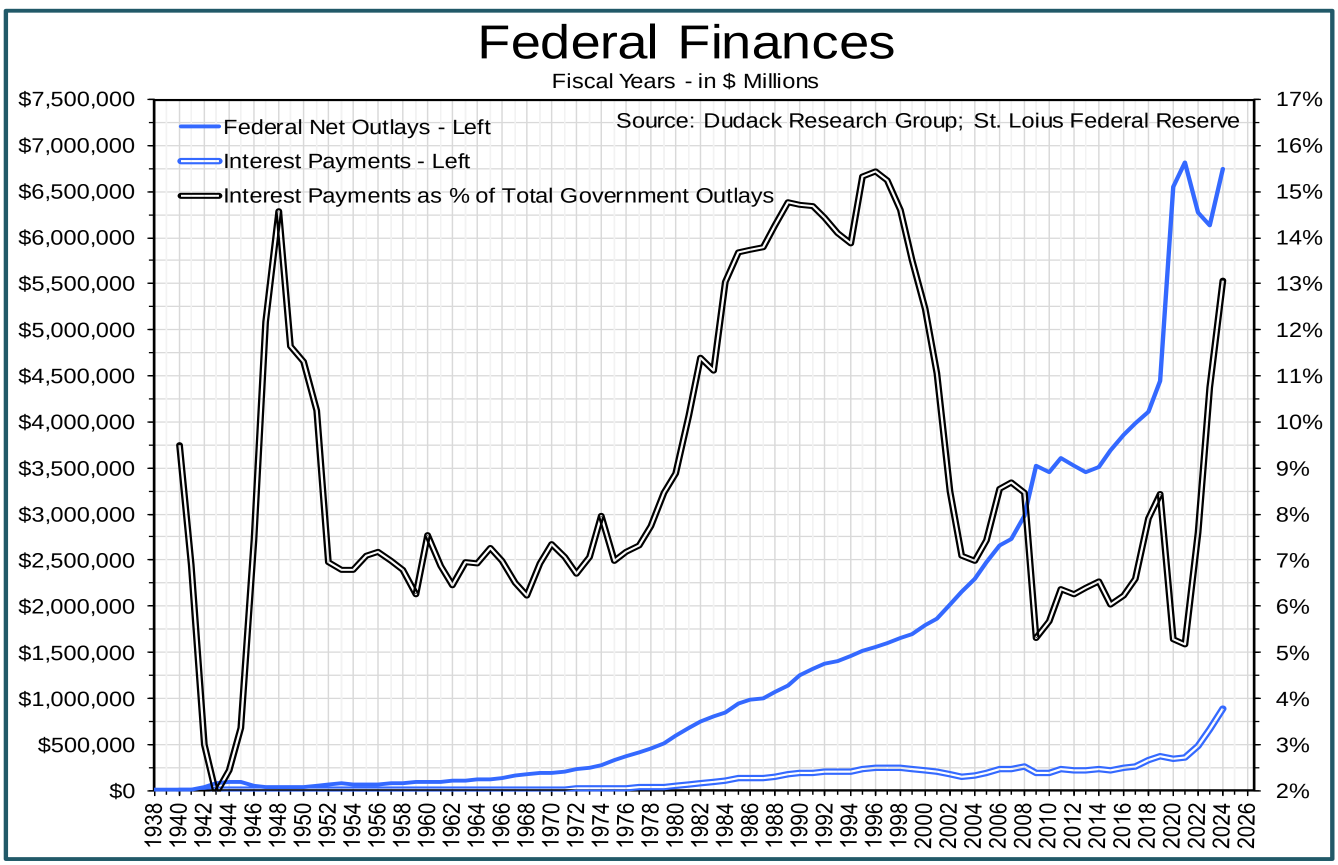
Nevertheless, the January report is dubious for a variety of reasons. We know that seasonal adjustments were revised in both surveys, however there were unusually large differences between the seasonal adjusted data and the not-seasonally-adjusted data this month. For example, January's establishment survey showed the addition of 143,000 new jobs in seasonally adjusted data, and a loss of 2.85 million jobs in the not-seasonally adjusted data. That is a strangely large discrepancy.

In the household survey, January's seasonally adjusted unemployment rate fell from 4.1% to 4.0%, but the unadjusted unemployment rate for those 16 and over rose from 3.7% to 4.2%. Unadjusted unemployment rates for men, women, and workers by level of education also rose in January. Only the not seasonally adjusted unemployment rate for those with less than a high school diploma actually fell from 5.6% to 5.2%. Those with a bachelor's degree or higher saw their unemployment rate ease from 2.4% to 2.3%. But other educational categories saw a rise in their unemployment rates, contrary to the decline in the overall rate.

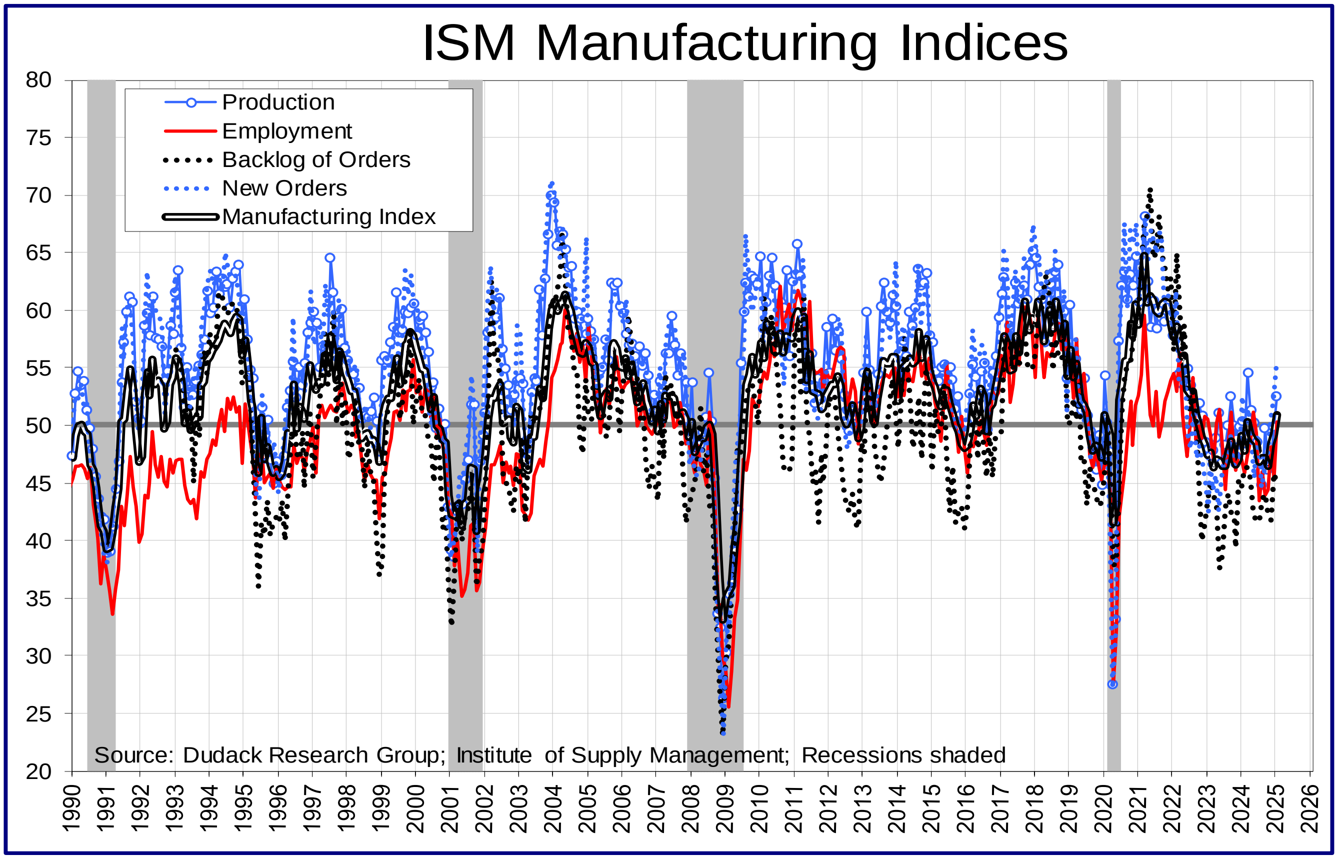
Similarly, native versus foreign employment statistics, which are not seasonally adjusted, showed the native unemployment rate rising from 3.7% to 4.3% and the foreign unemployment rate rising from 4.3% to 4.6%. The seasonally adjusted employment-population ratio and labor force participation rates both rose 0.1% due to Census revisions, but the unadjusted employment population ratio fell from 59.3% to 57.6%. In sum, January's job report is filled with contradictions. We wonder if Elon Musk and his minions can do something to improve government agency data.

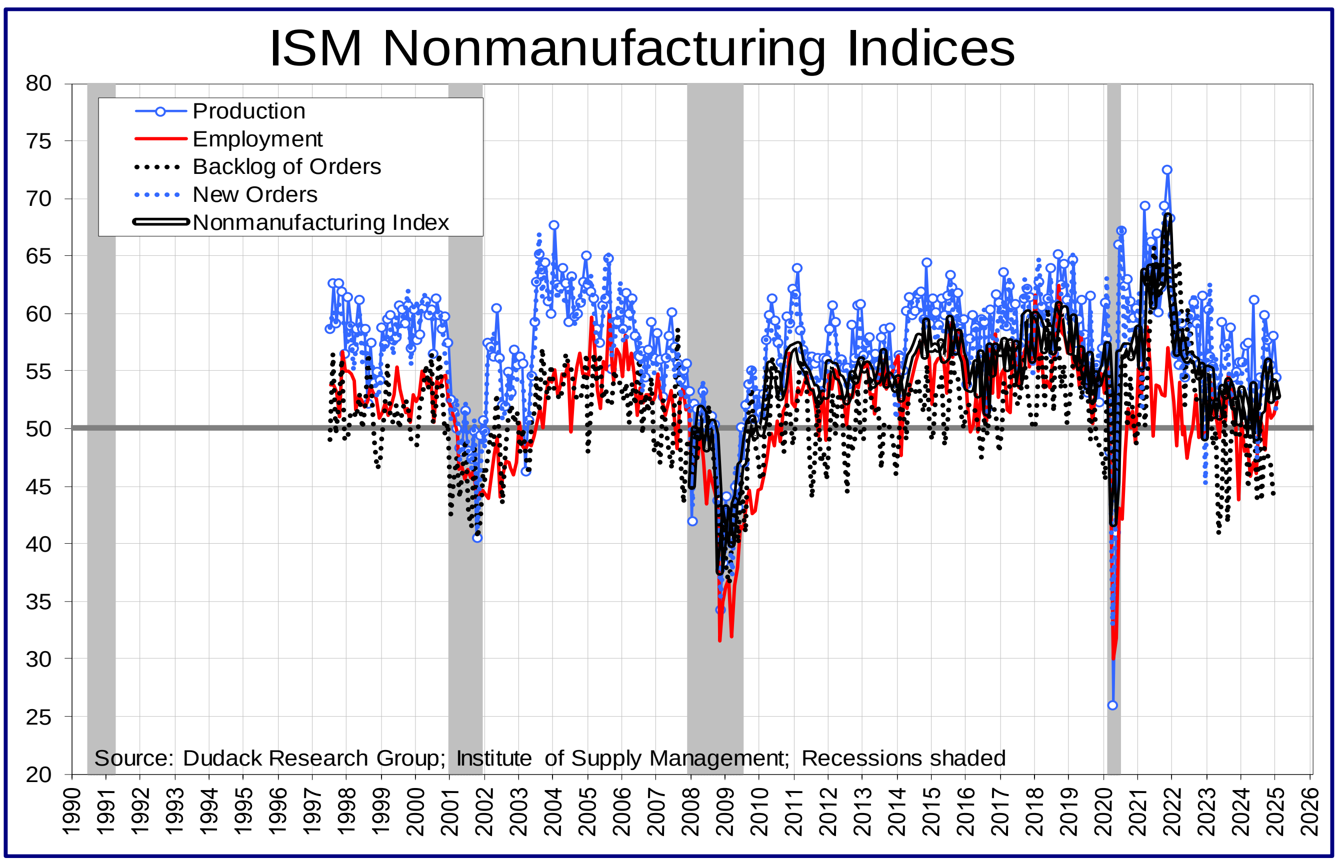
The new administration inherits a massive deficit, which we view as a potential hurdle for bonds in 2025. CBO data shows the fiscal 2024 (September 30, 2024) deficit was 6.2% of GDP. However, Treasury data shows the 12-month deficits-to-GDP in the last 3 months of the year rose to 6.9%, 7.1%, and 6.8%, respectively. This combination of rising deficits and rising interest rates has lifted interest payments as a % of outlays from 5.3% in 2020 to 13.1% in 2024. These deficit trends are unsustainable.



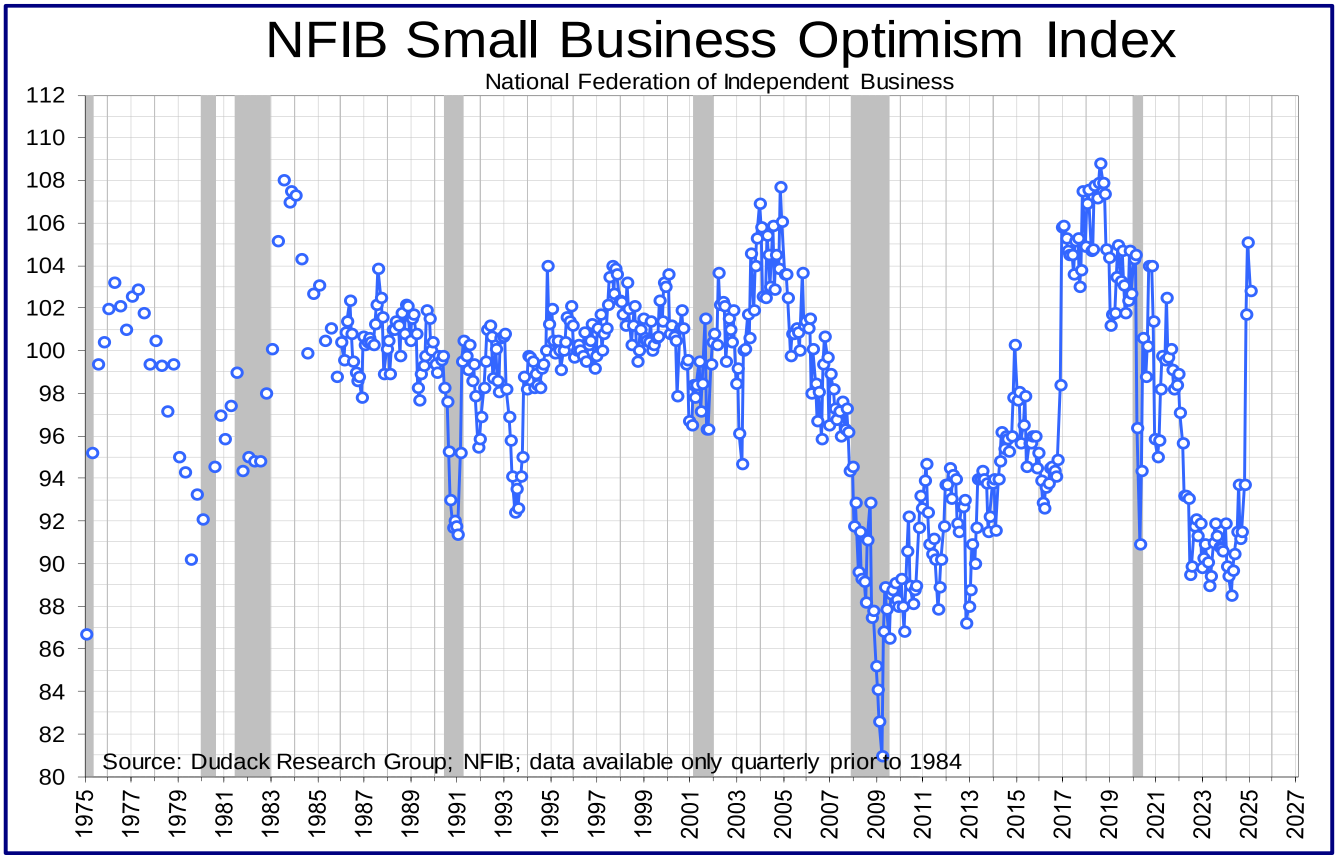


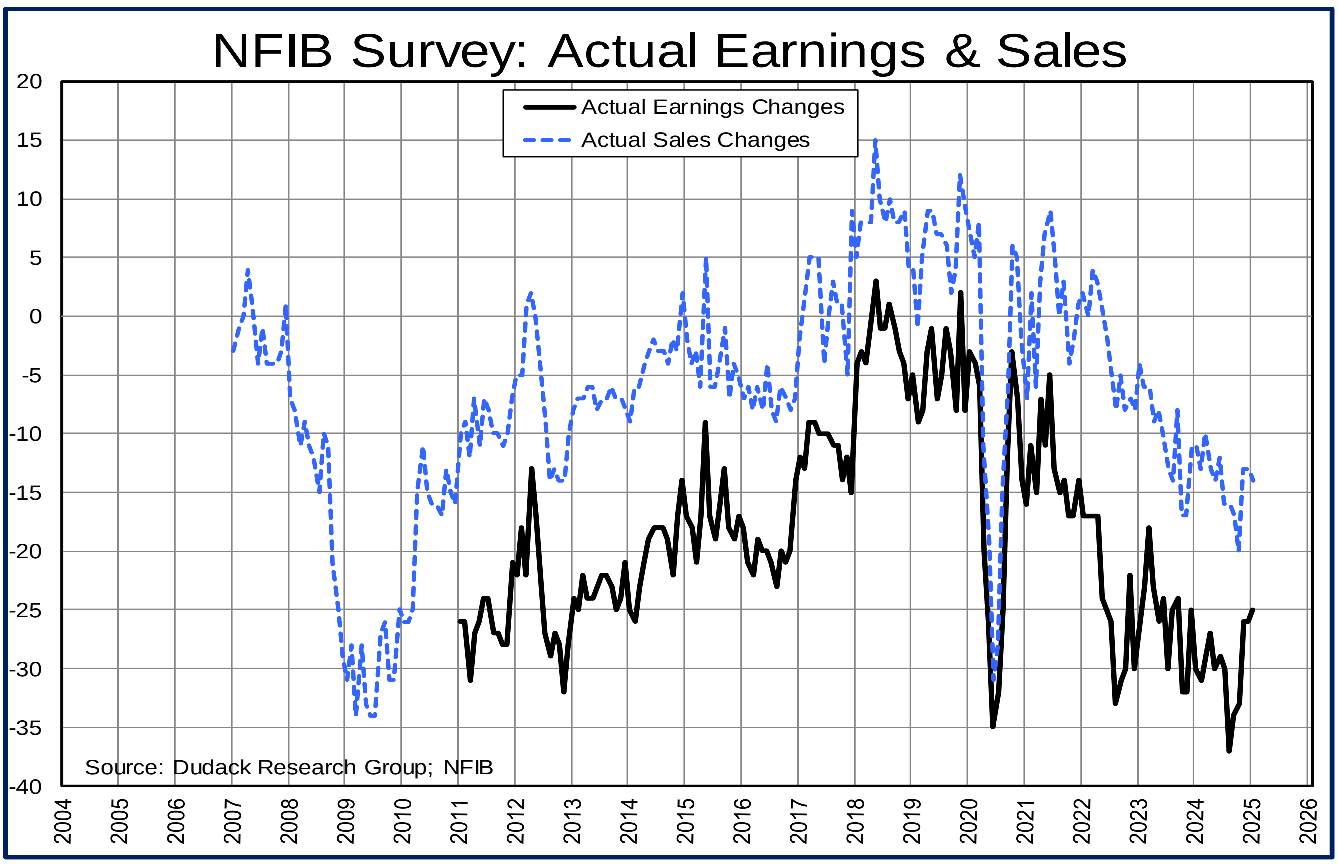
Last week we reported that the ISM manufacturing index for January was 50.9 and above 50 for the first time in 26 months. This week the ISM nonmanufacturing index fell 1.2 points to 52.8 but continued to show an expansion in the service sector. The parts of the survey that registered below 50 were inventory (47.5), backlog of orders (44.8), and imports (49.8). The biggest increases in January were employment (51.3 to 52.3), exports (50.1 to 52.0), supplier deliveries (52.5 to 53.0), and backlog of orders (44.3 to 44.8).





The NFIB small business optimism Index fell by 2.3 points in January to 102.8, the third consecutive month above the 51-year average of 98. Of the 10 components, one increased, 7 decreased and 2 were unchanged. The NFIB uncertainty index rose 14 points to 100 after two months of declines. Actual earnings changes rose 1 point to negative 25, but this index is up from negative 37 in August. Actual sales changes fell 1 point to negative 14, but this too is up from negative 20 in October.





The January employment release is typically a difficult report to analyze due to annual benchmark revisions in the establishment survey, the Census population revision to the household survey, and updating of seasonal adjustments in both surveys. This year the establishment survey benchmark revision for March 2024, without seasonal adjustments, lowered employment by 598,000 workers, or 0.4%. This was particularly large since the typical revision is plus or minus 0.1%.

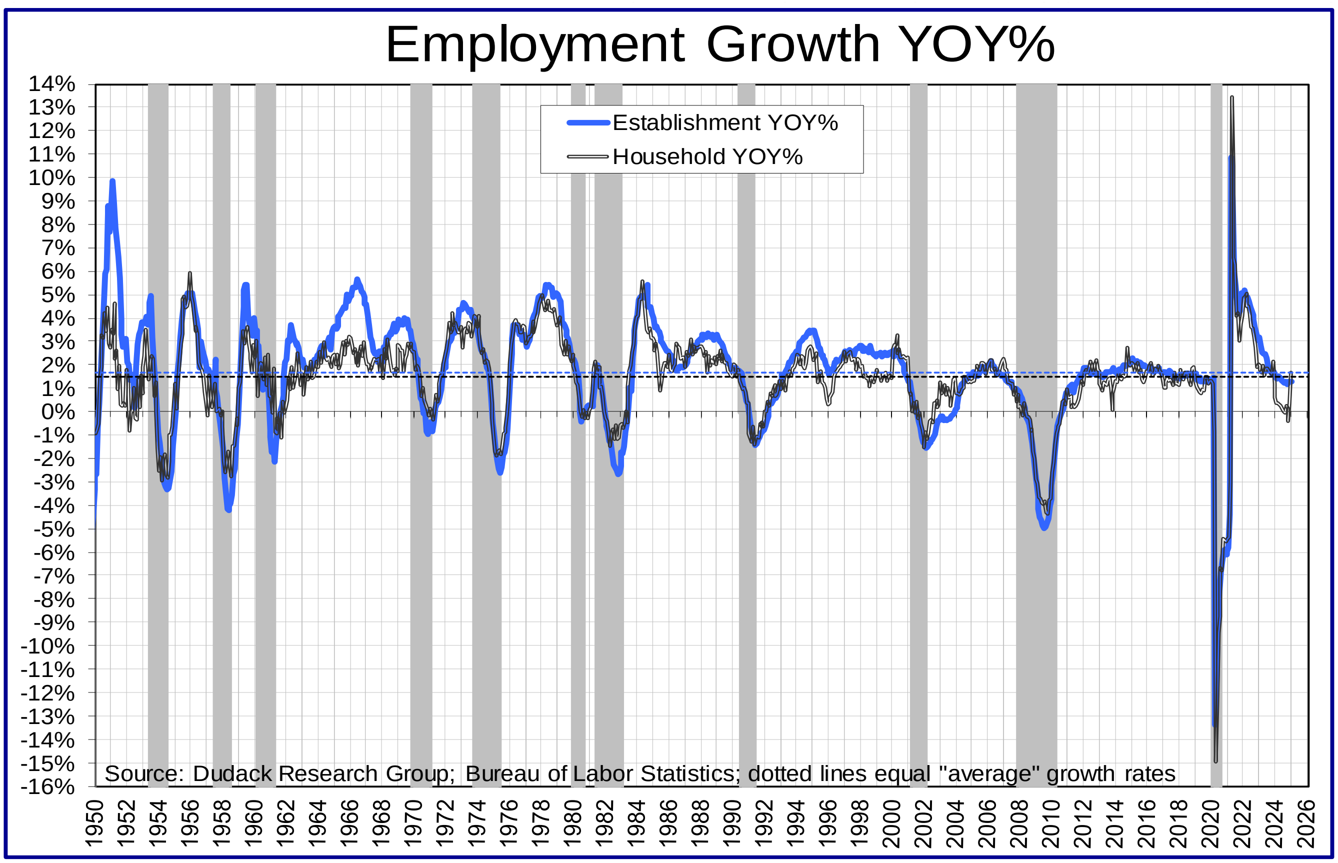
The population adjustment to the household survey increased the civilian noninstitutional population (age 16 and over) by 2.9 million and increases were relatively large for Asians and Hispanics. The total civilian labor force increased 2.1 million, including an increase of 2.0 million in employment and 105,000 in unemployment. The number of people not in the labor force increased by 765,000. As is its usual practice, the BLS does not revise official household survey estimates for earlier months and therefore this bump in population can be seen in many of the charts that follow. Overall, this makes January's report tough to analyze since it also includes a number of oddities.

The January jobs report showed a 143,000 increase in the month of January, but revisions to previous months added an additional 100,000 more jobs than previously reported. Revisions included additional reports from businesses and government agencies, as well as recalculation of seasonal factors, and annual benchmarking.

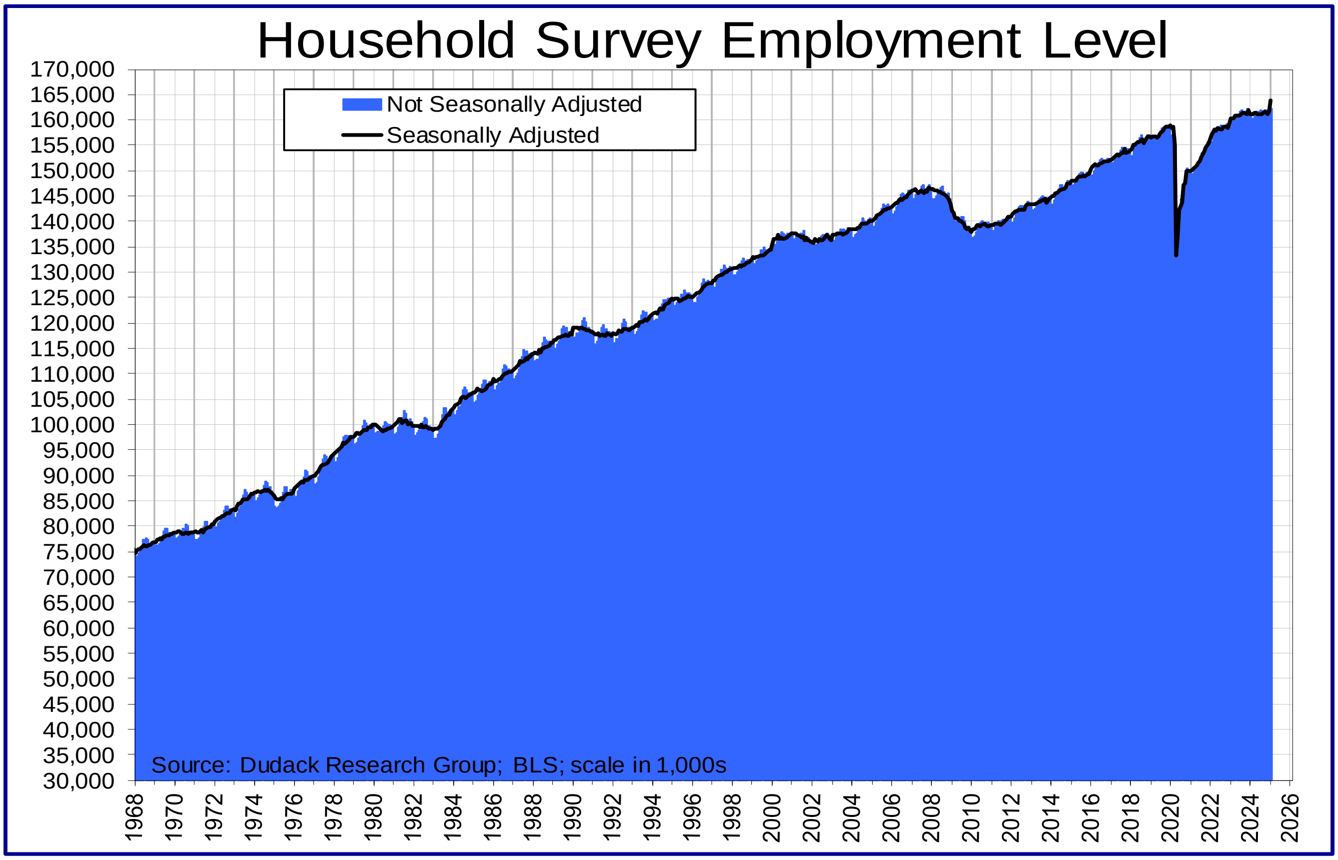
The household survey showed the unemployment rate fell slightly from 4.1% to 4.0% in the month.

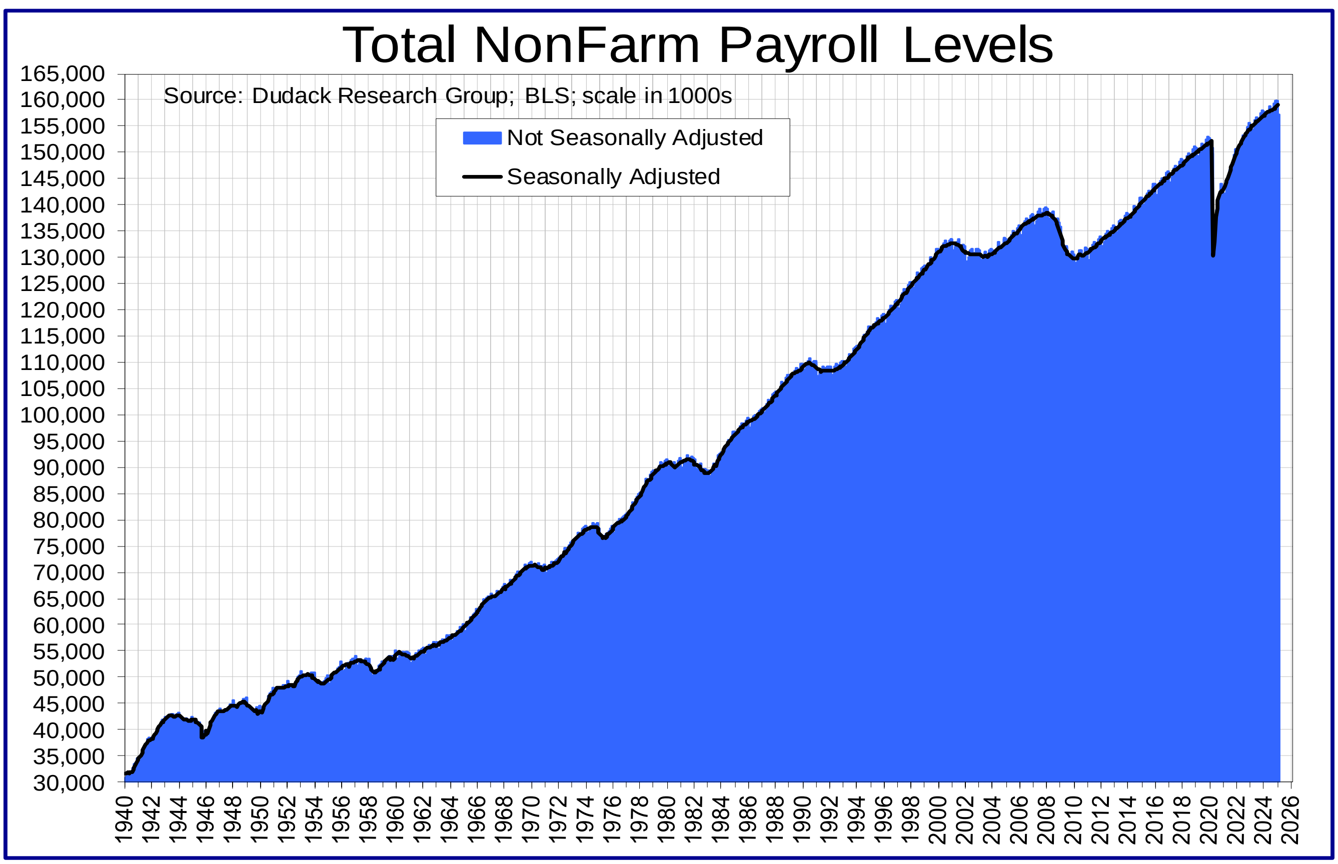
Employment Surveys (1,000s SA)	Jan-25	Dec-24	Change	Jan-24	Yr/Yr
Establishment Survey: NonFarm Payrolls	159,069	158,926	143	157,049	2,020
Household Survey Data (1,000s)					
Employed (A)	163,895	161,661	2,234	161,190	2,705
Unemployed (B)	6,849	6,886	(37)	6,149	700
Civilian labor force [A+B]	170,744	168,547	2,197	167,339	3,405
Unemployment rate [B/(A+B)]	4.0%	4.1%	-0.1%	3.7%	0.3%
U6 Unemployment rate	7.5%	7.5%	0.0%	7.2%	0.3%
Civilian noninstitutional population (C)	272,685	269,638	3,047	267,540	5,145
Participation rate [(A+B)/C]	62.6	62.5	0.1	62.5	0.1
Employment-population ratio [A/C]	60.1	60.0	0.1	60.2	-0.1
Not in labor force	101,941	99,754	2,187	100,201	1,740

Source: Bureau of Labor Statistics

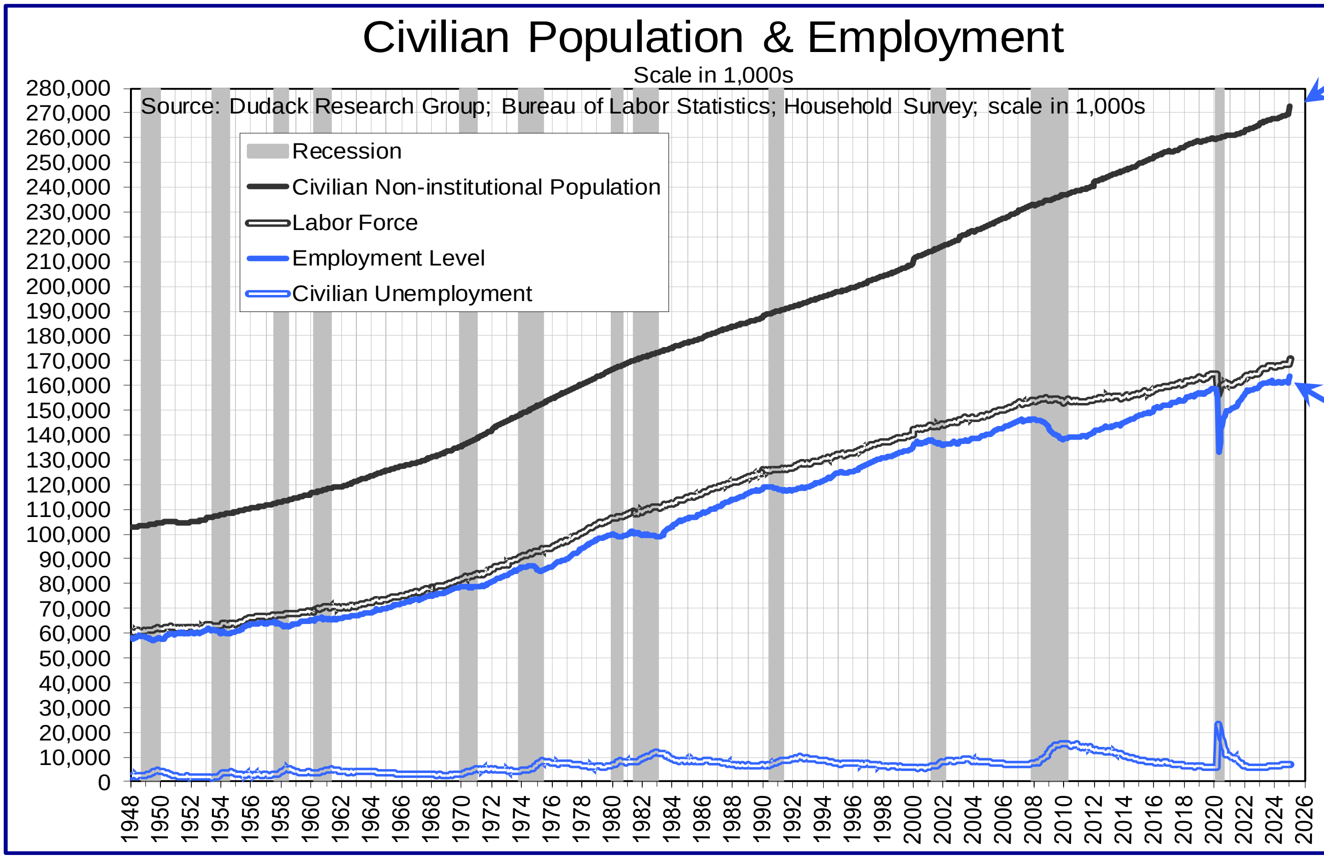


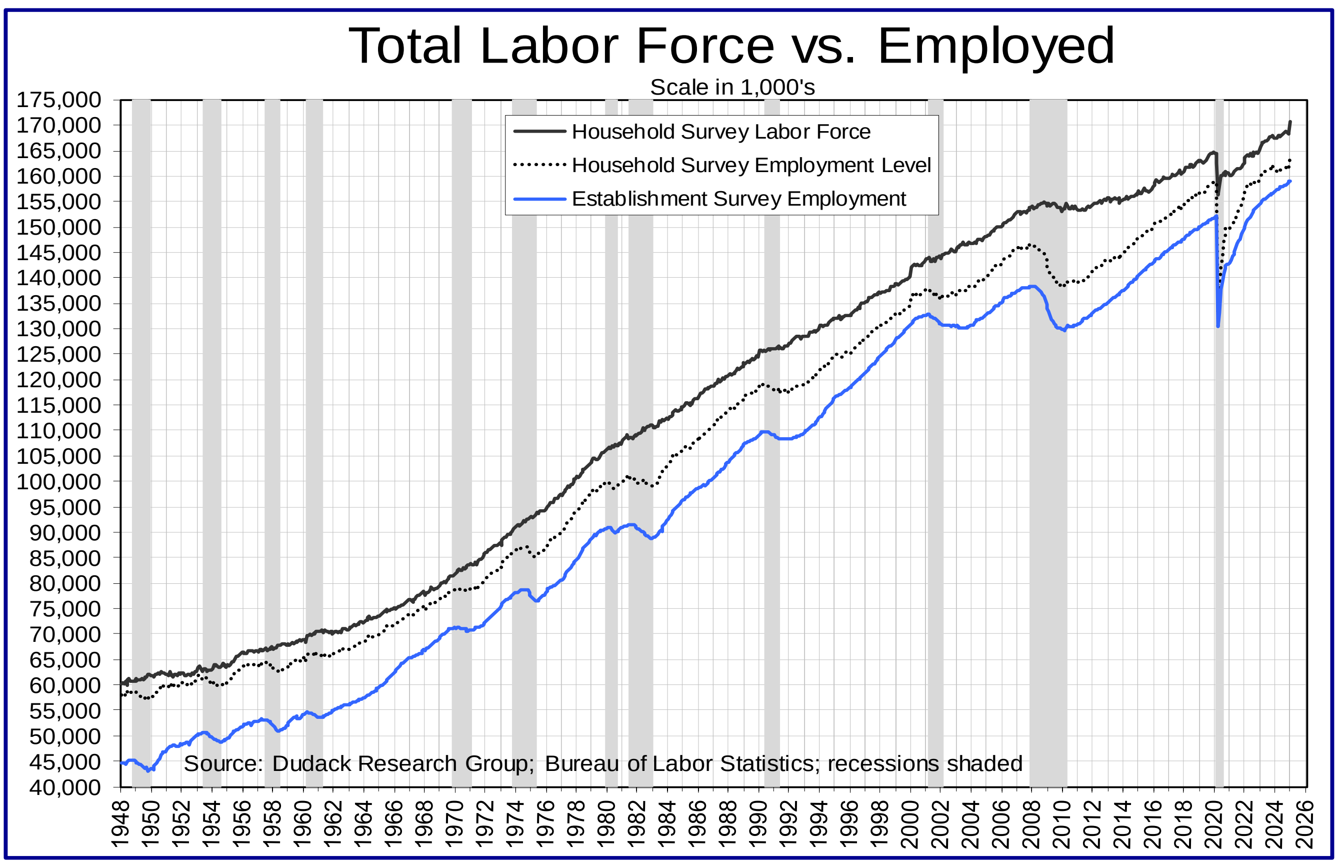
The 2.0 million increase in employment in the household survey is clearly seen in the chart below. The benchmark revisions in nonfarm payrolls are adjusted back to 2024 and it shows a slower but still steady climb in employment. What is important to us is that the year-over-year gains in both surveys are now positive. The establishment survey had a 1.3% YOY gain versus the 1.7% average; whereas the household survey displayed a 1.7% YOY gain versus the 1.5% long-term average. However, since this survey has not been revised in earlier months, this % growth in the labor force is not analyzable.



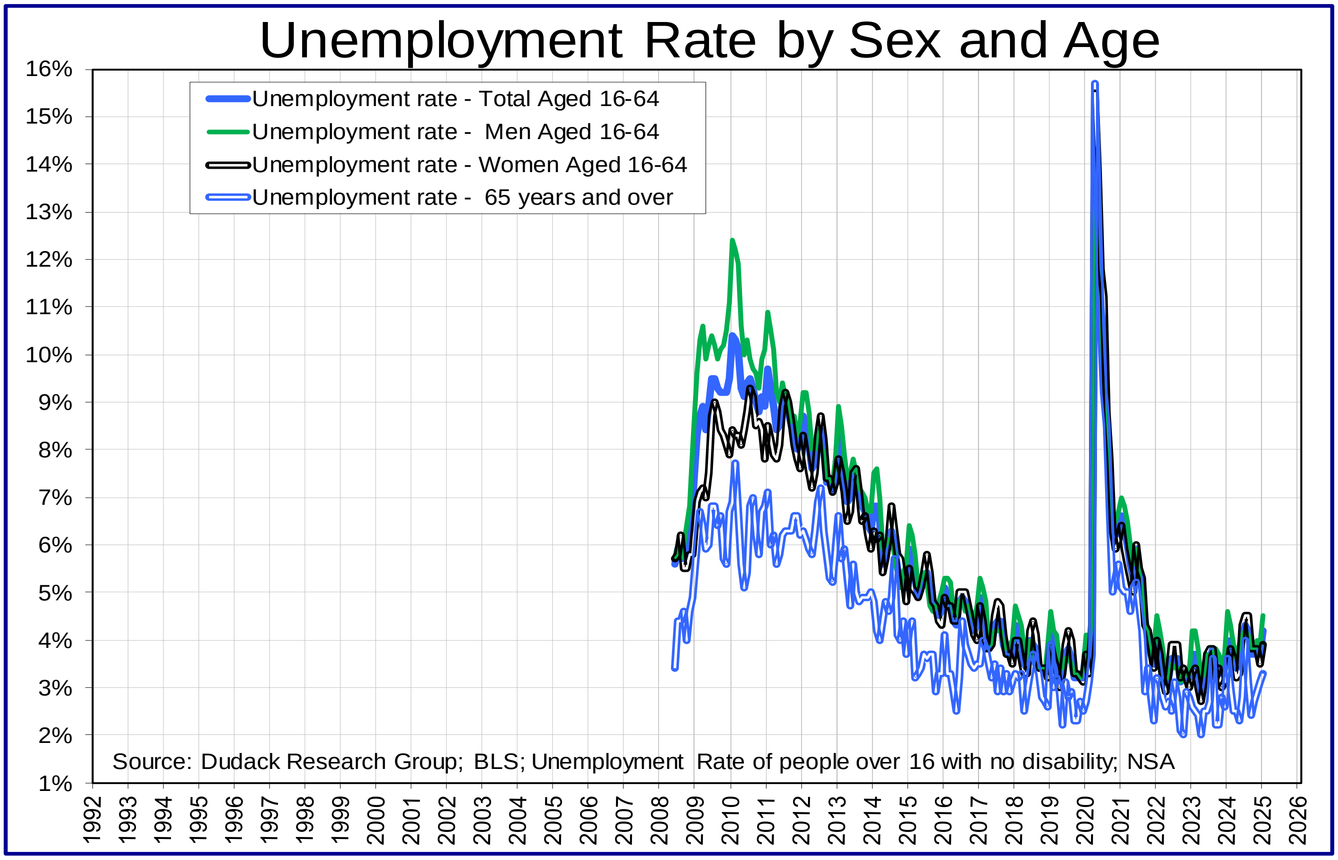


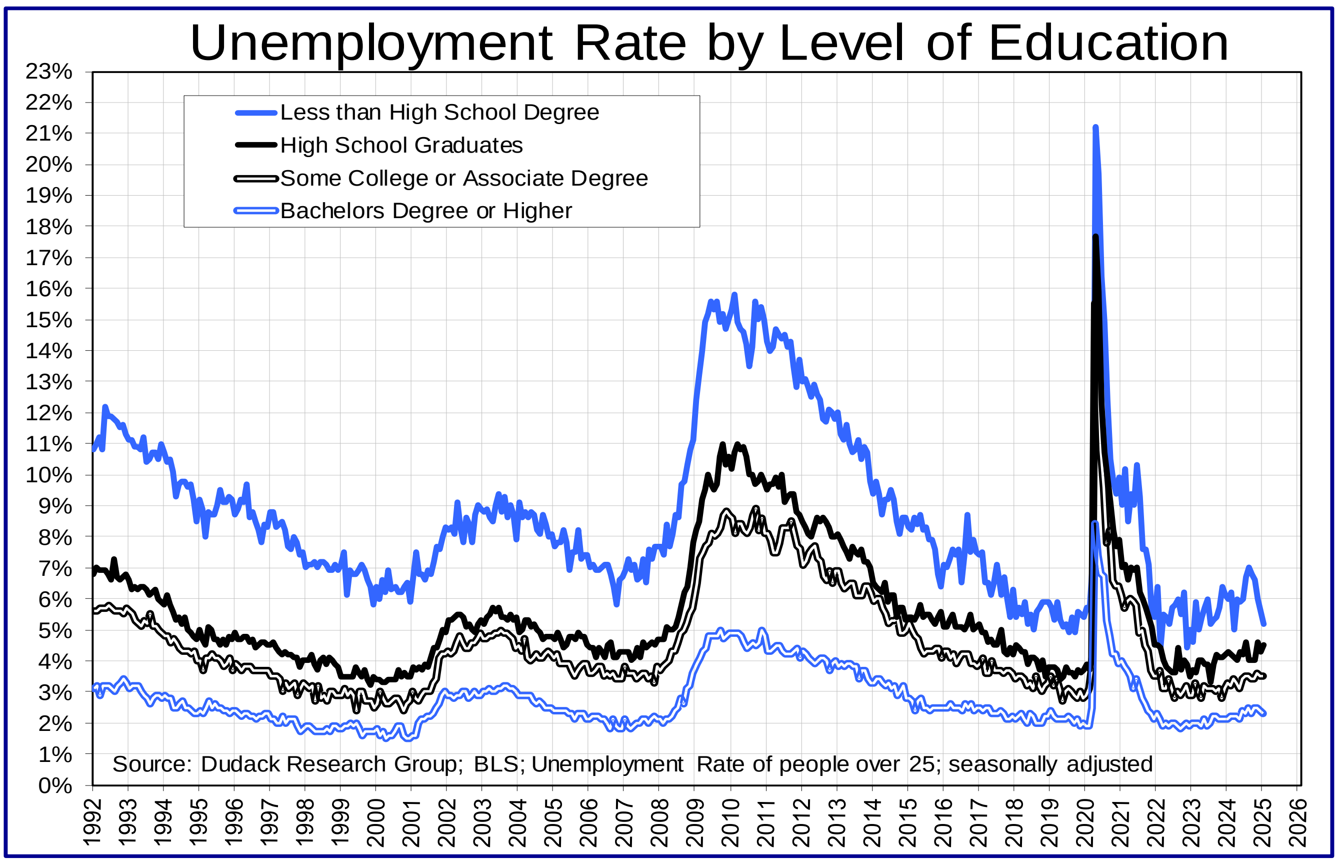
January's changes in the household survey begin with the Census Bureau's increase in the civilian non-institutional population. It then trickles down to an increase in the labor force, employment, and unemployment. But the largest positive change was in employment. How this compares to the establishment survey employment level is seen in the bottom chart.



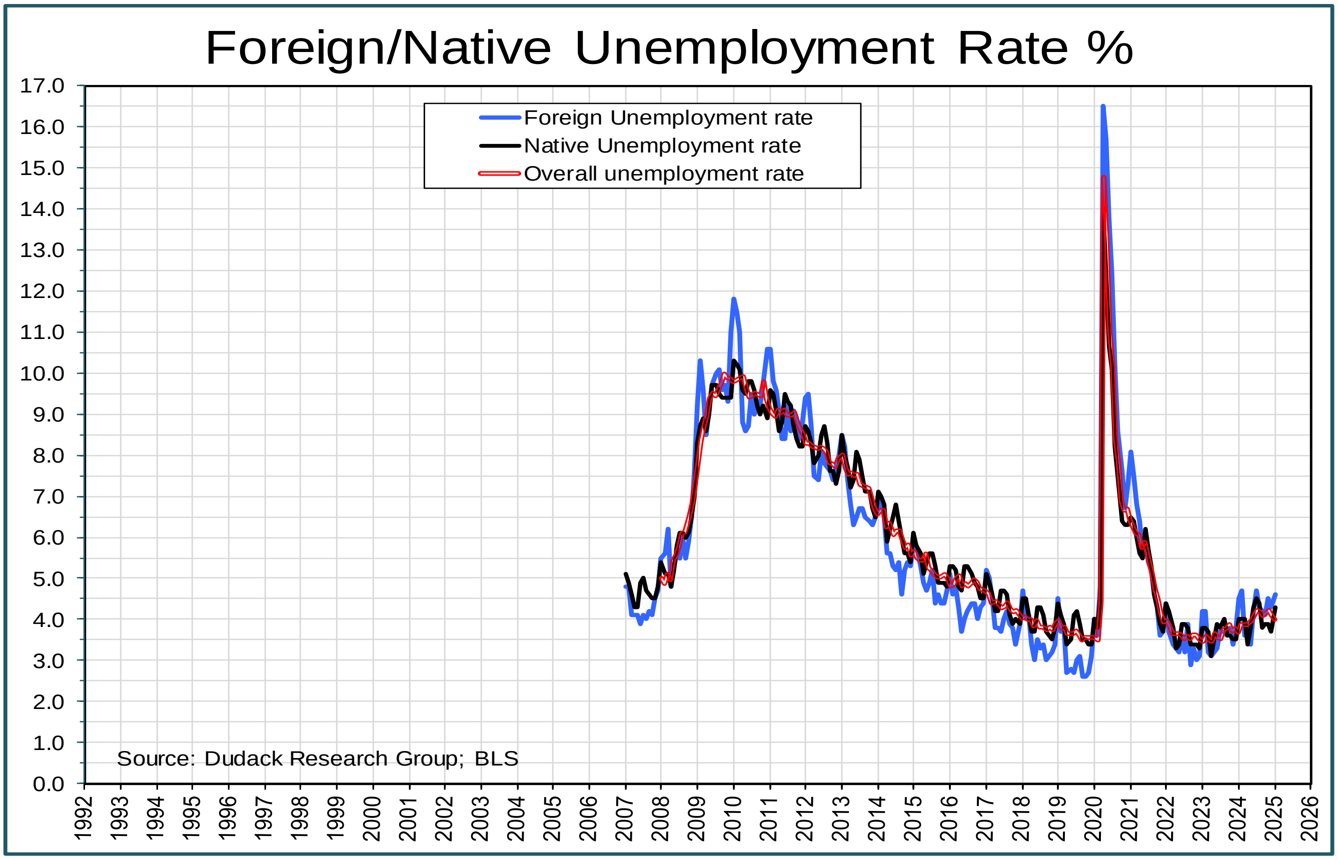


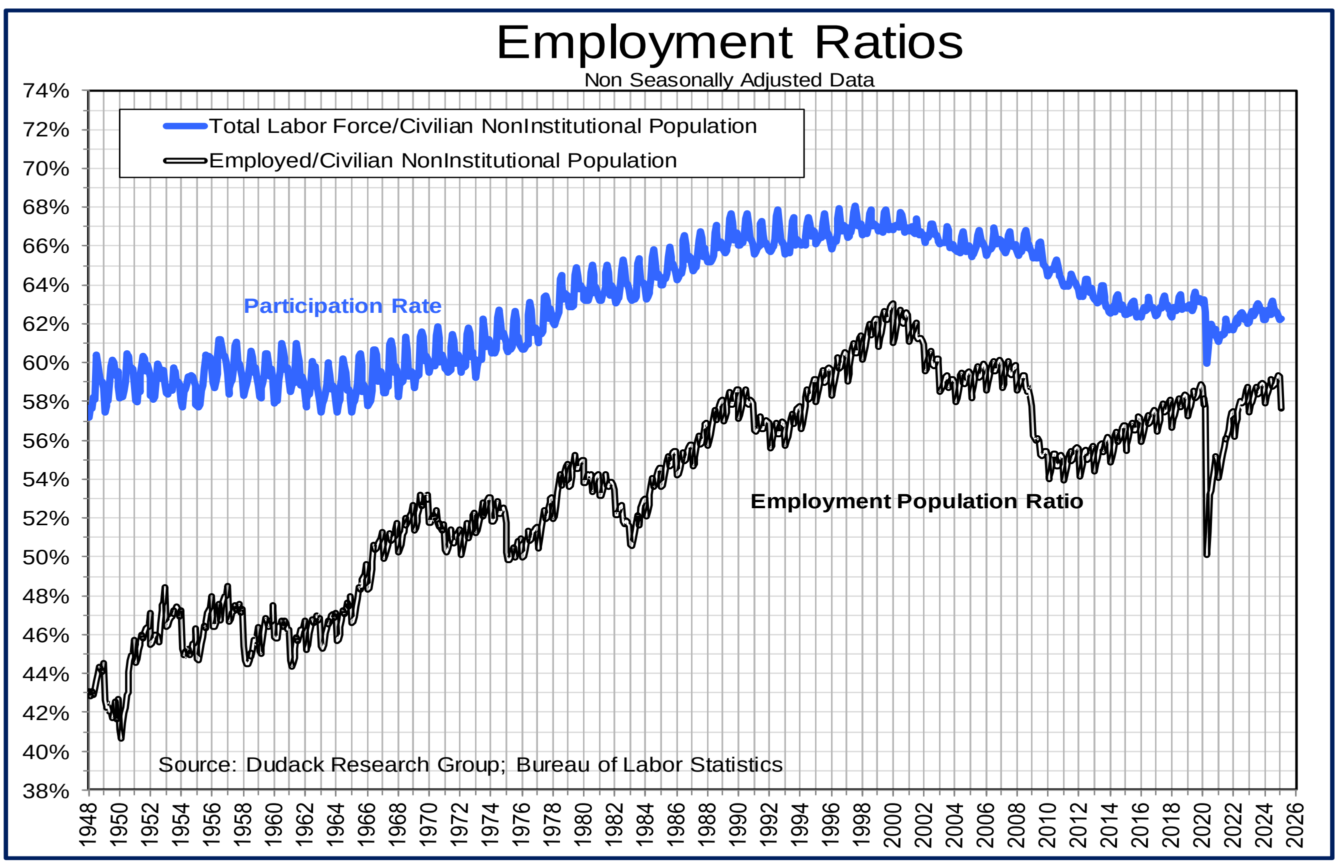
Some oddities in the report were seen in unemployment rates. The seasonally adjusted unemployment rate fell from 4.1% to 4.0%, but the unadjusted unemployment rate for those 16 and over rose from 3.7% in December to 4.2% in January. Unadjusted unemployment rates for men, women, and workers by level of education also rose. However, after seasonal adjustments the unemployment rate for those with less than a high school diploma fell from 5.6% to 5.2% and those with a bachelor's degree or higher fell from 2.4% to 2.3%. Other educational categories saw a rise in their unemployment rate despite seasonal adjustments.



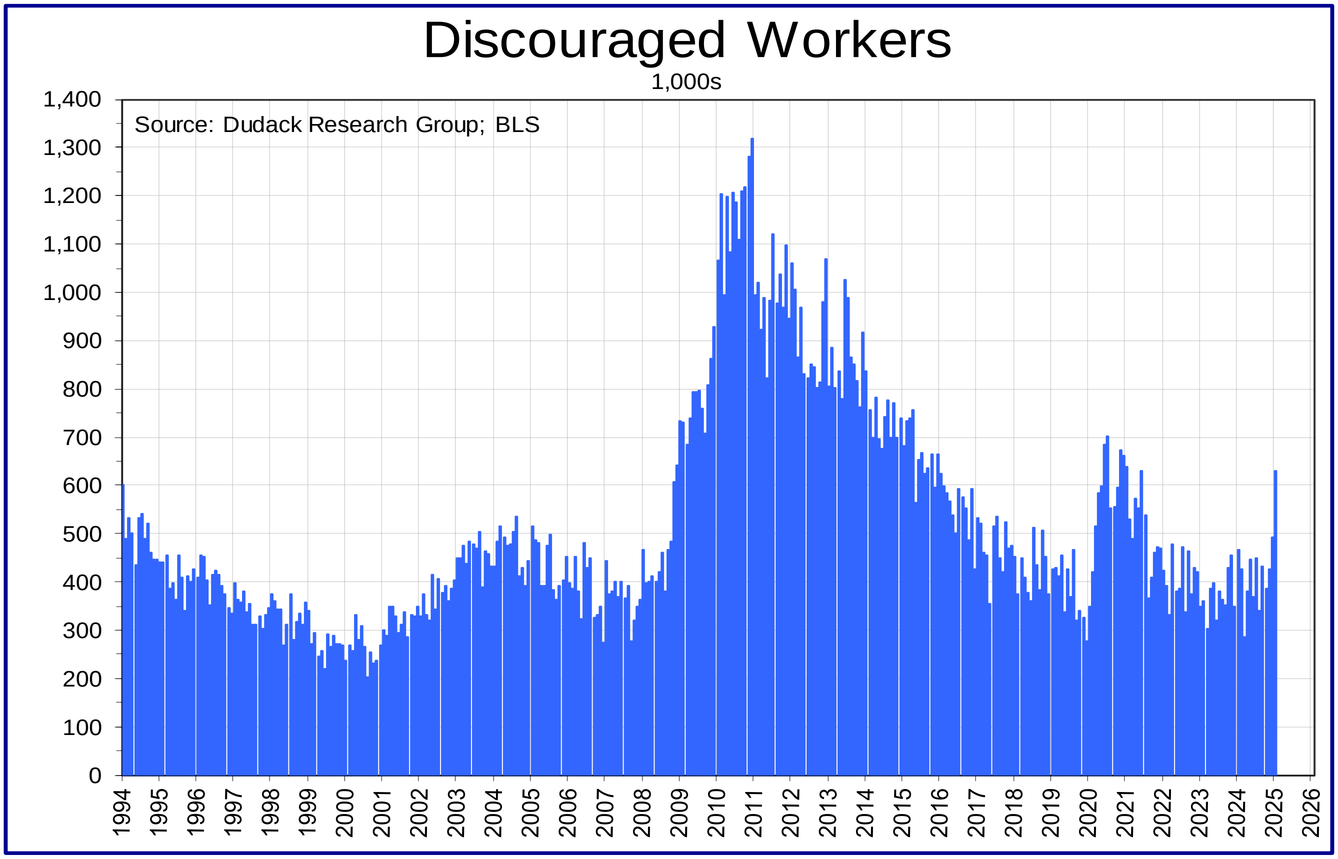


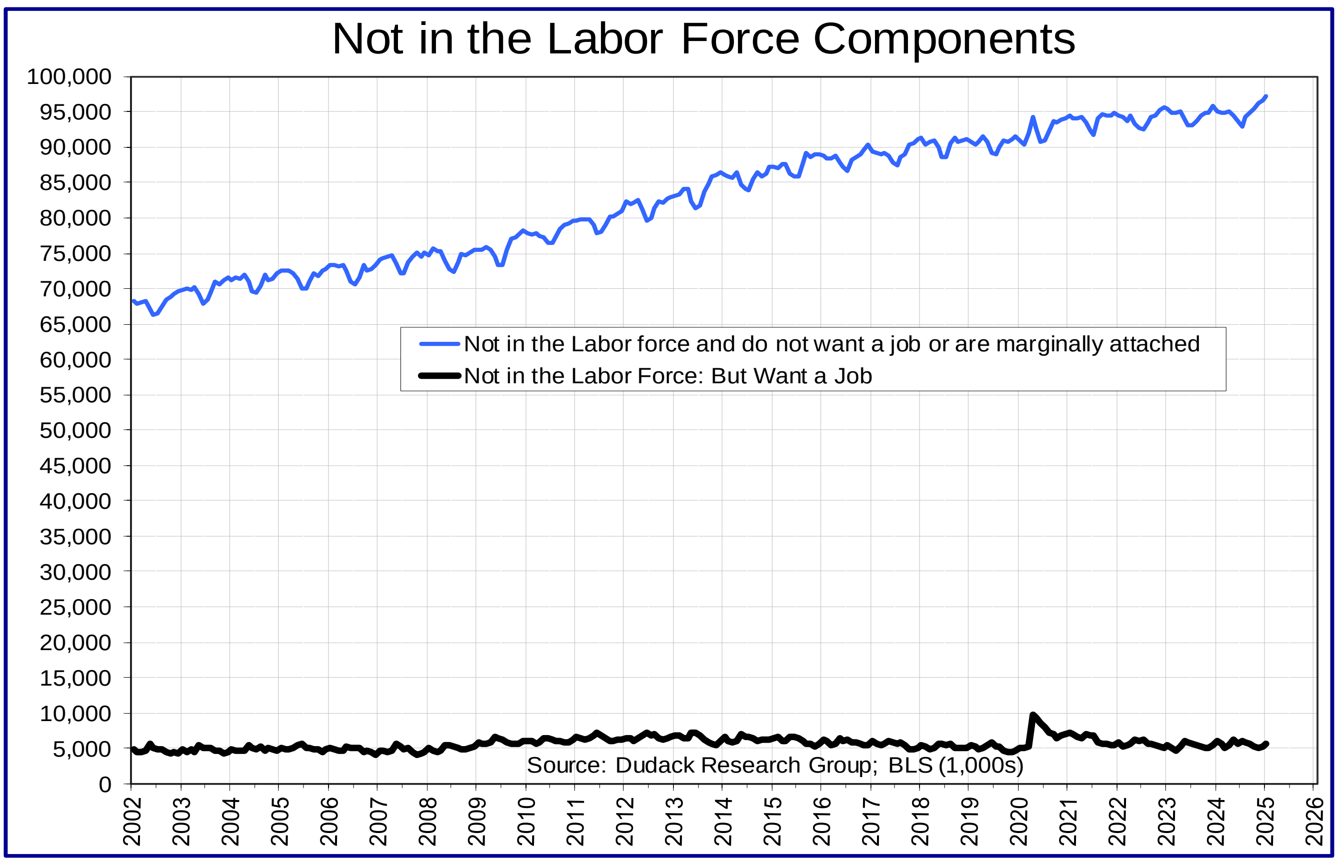
Similarly, native versus foreign employment statistics, which are not seasonally adjusted, showed the native unemployment rate rising from 3.7% to 4.3% and the foreign unemployment rate rising from 4.3% to 4.6%. And while adjusted employment-population ratio and labor force participation rates both rose 0.1% due to revisions, the unadjusted employment population ratio fell from 59.3% to 57.6%. The unadjusted participation rate did rise 0.1% to 62.3%.



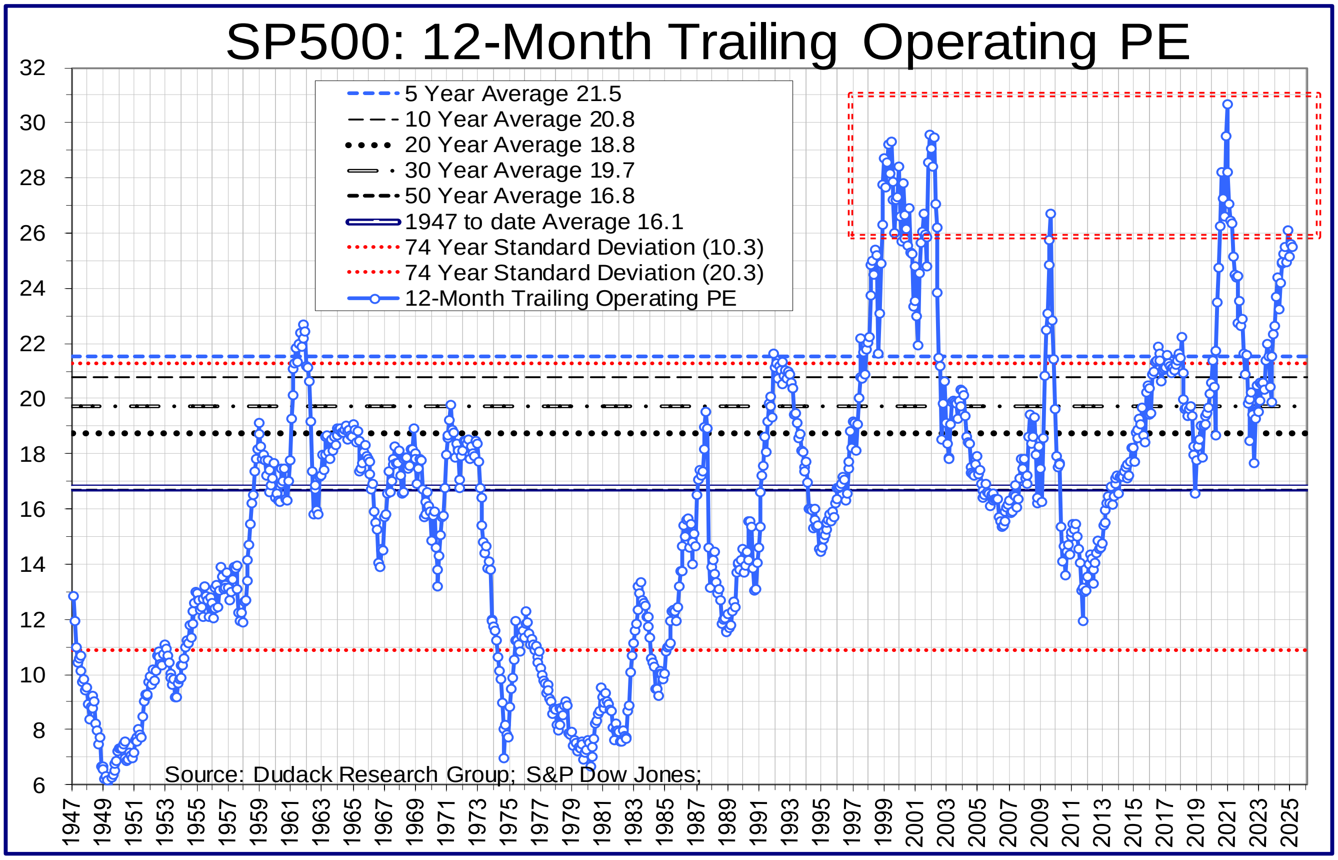


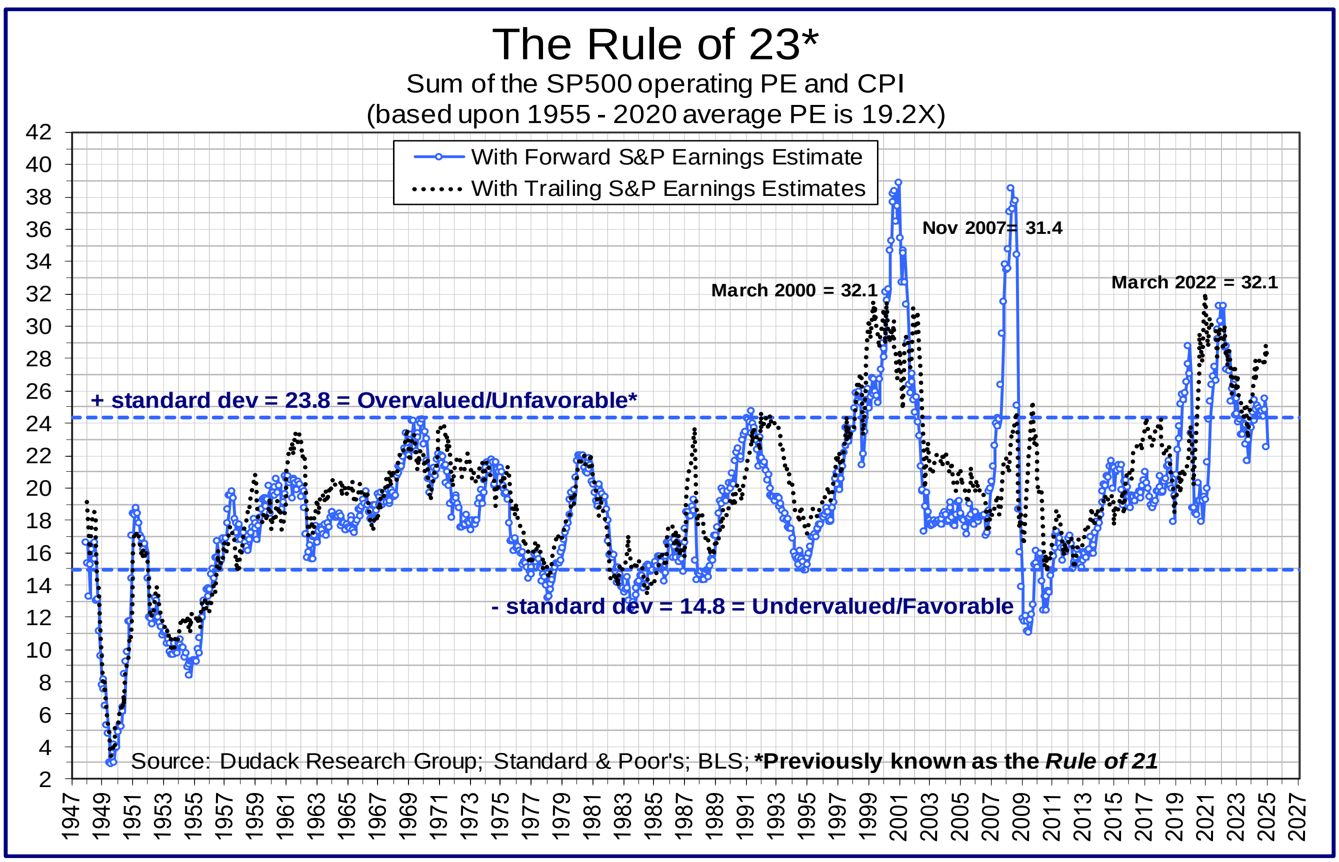
Before seasonal adjustments, discouraged workers rose to 630,000, the highest level since June 2021 and the pandemic era. A continuation of this trend would be worrisome. Our calculation of those not in the labor force and who do not want a job or are marginally attached, hit 97.2 million in January, an all-time record.



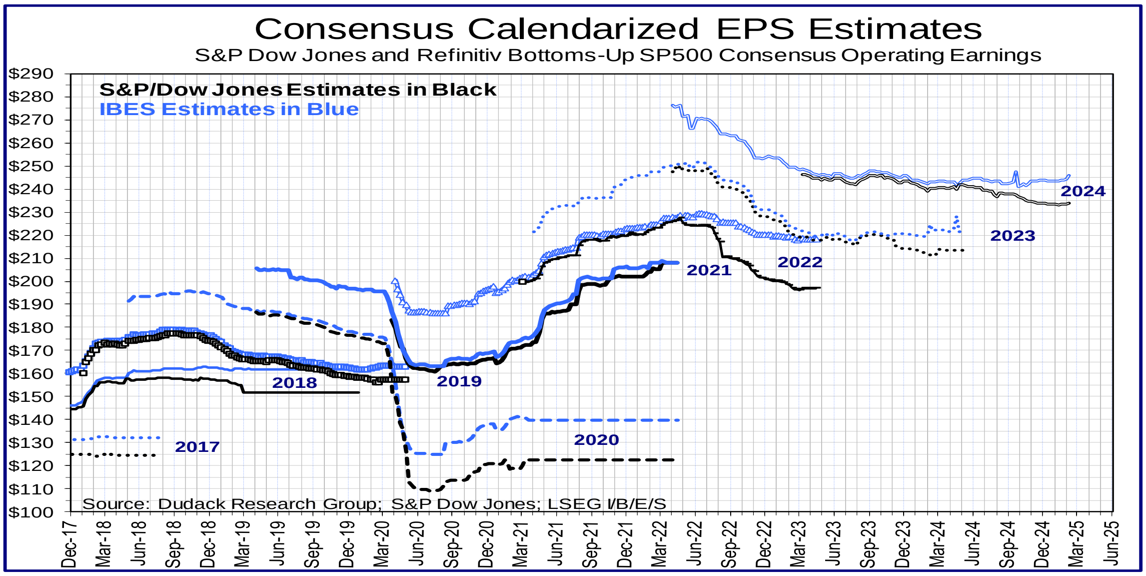


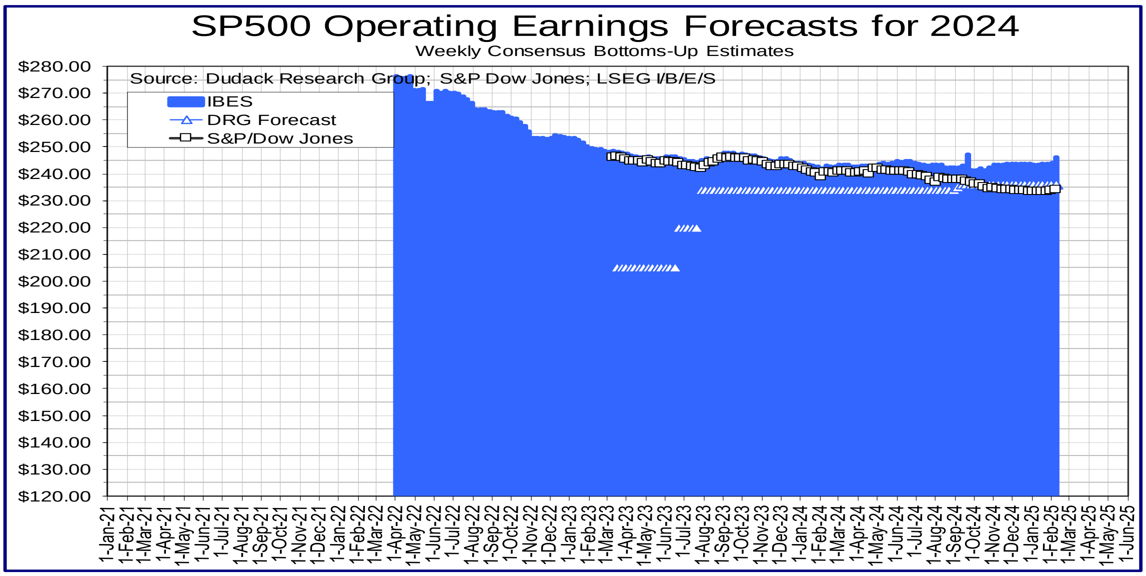
Valuation is not supportive of equities, but momentum, hope, and sentiment have been overruling valuation for two years. The SPX **trailing** 4-quarter operating multiple is 25.5 times, and well above all long- and short-term averages. And with new 2026 S&P Dow Jones estimates, the **12-month forward** PE multiple is 19.7 times and when added to inflation of 2.9%, it comes to 22.6, which is just at the top of the normal range of 14.8 to 23.8. By all measures, the equity market remains richly valued and has been at levels last seen during the 1997-2000 bubble, the financial crisis of 2008, or the post-COVID-19 earnings slump.

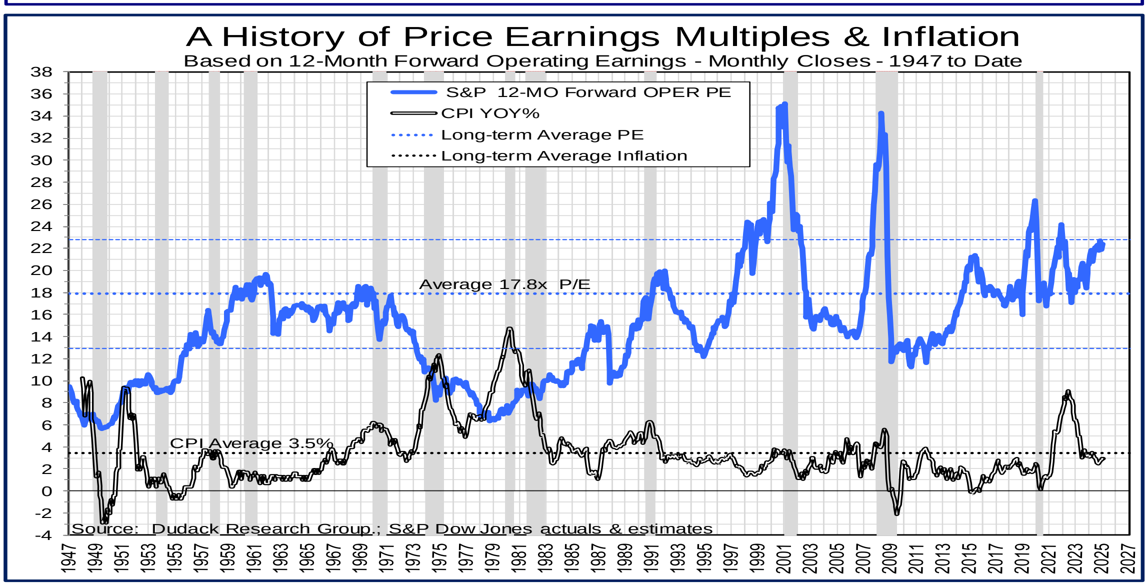




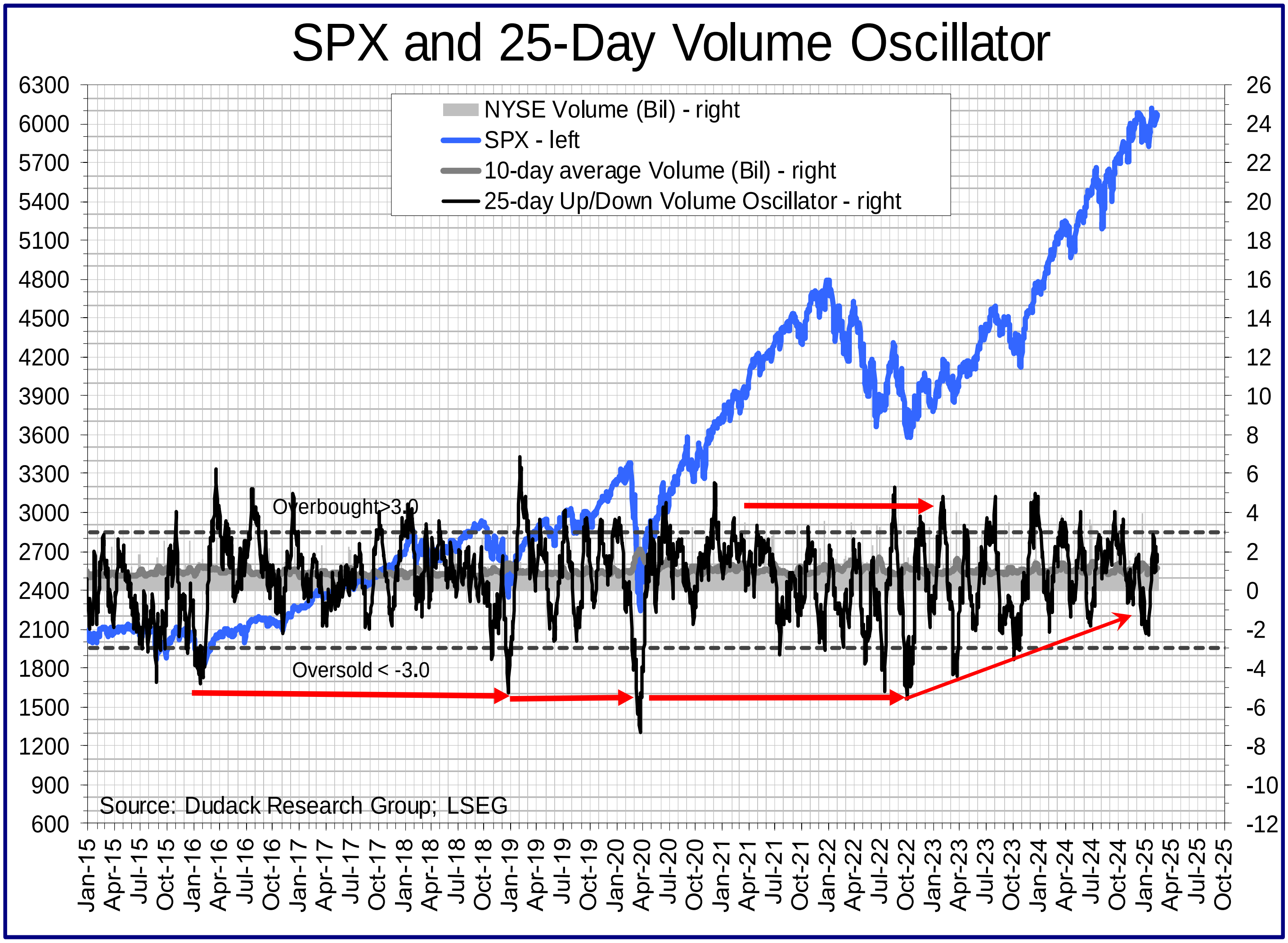
The S&P Dow Jones consensus estimate for calendar 2024 is $233.87, up $0.24 and the 2025 estimate is $269.11, down $1.16 this week. The LSEG IBES estimate for 2024 is $246.05, up $1.98 and the estimate for 2025 is $271.71, down $1.62. The IBES guesstimate for 2026 EPS is $309.402, down $1.32. The rally that began in December has been based on hopes for an improvement in the economy and earnings growth. However, since President Trump began implementing tariffs, 2025 and 2026 estimates have been falling.



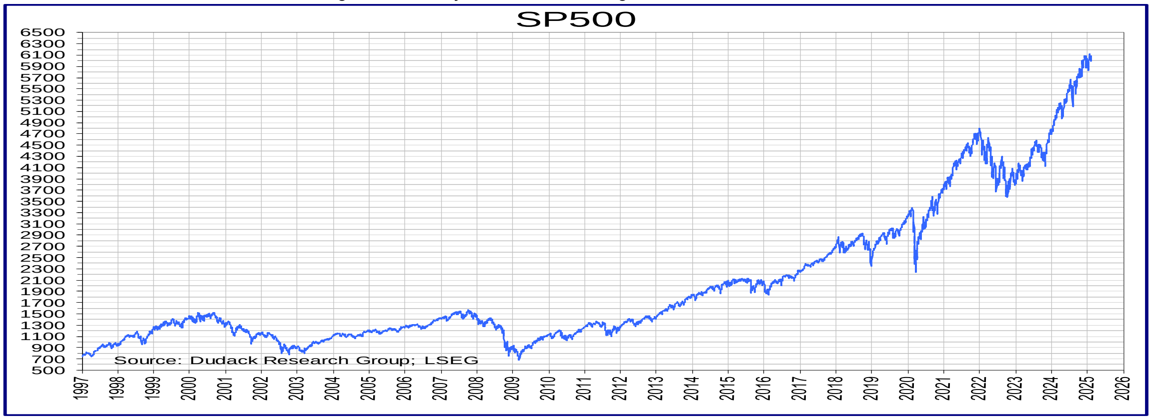


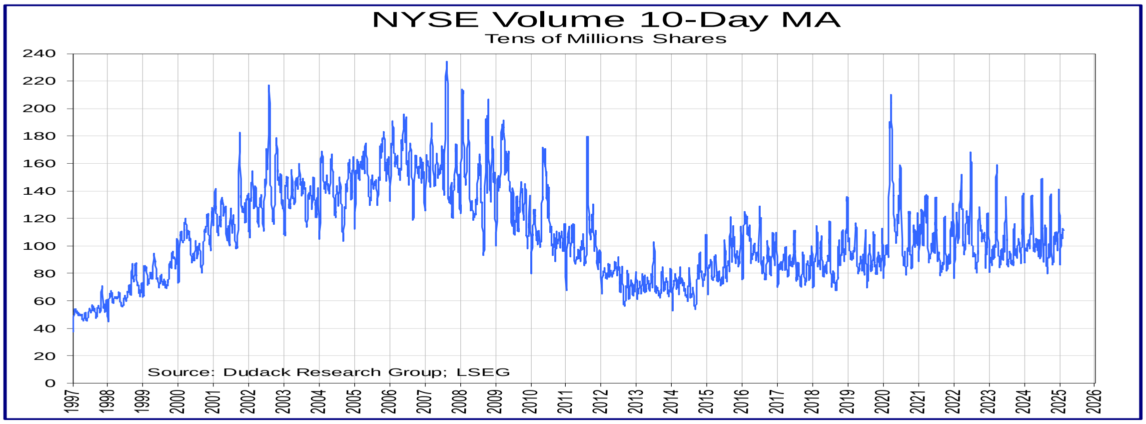


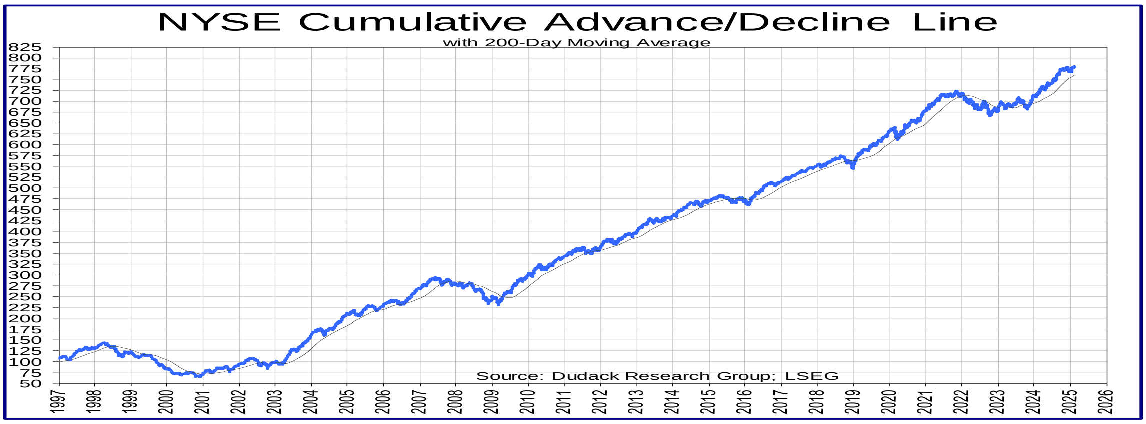
The 25-day up/down volume oscillator is 1.42 this week, neutral and down from two weeks ago when it was closing in on an overbought reading of 3.0 or greater. Nevertheless, the recent DeepSeek selloff in technology stocks and tariff concerns have not done any damage to this indicator. The market experienced a 91% down volume day on December 18, 2024 when the Federal Reserve shifted its forecast from four to two rate cuts this year. On January 27, 2025, the DeepSeek down day, downside volume was only 54% of total volume. The net result on this oscillator was positive.

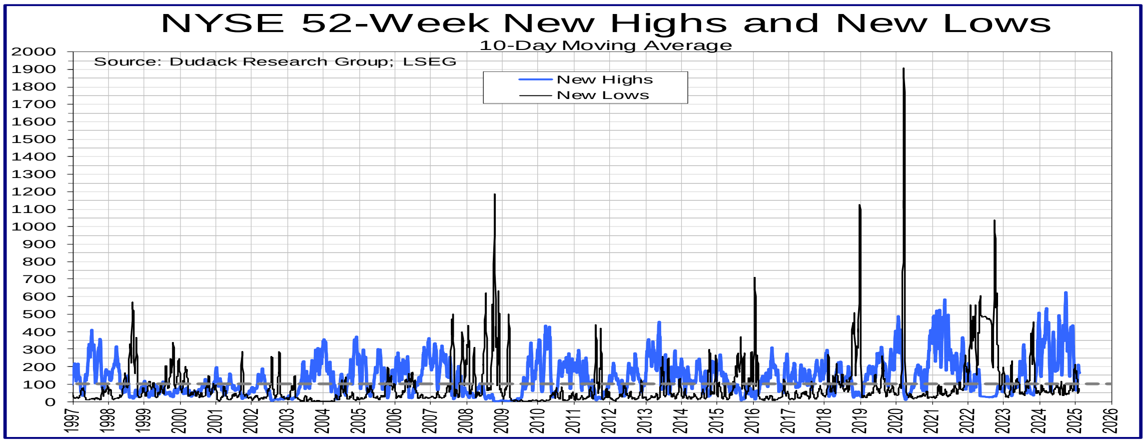


The 10-day average of daily new highs is 162 this week and new lows are averaging 75. This combination of daily new highs above 100 and new lows below 100 is positive. The NYSE cumulative advance/decline line made a new high on February 6, 2025, confirming the current advance. In sum, breadth indicators have a bullish bias.

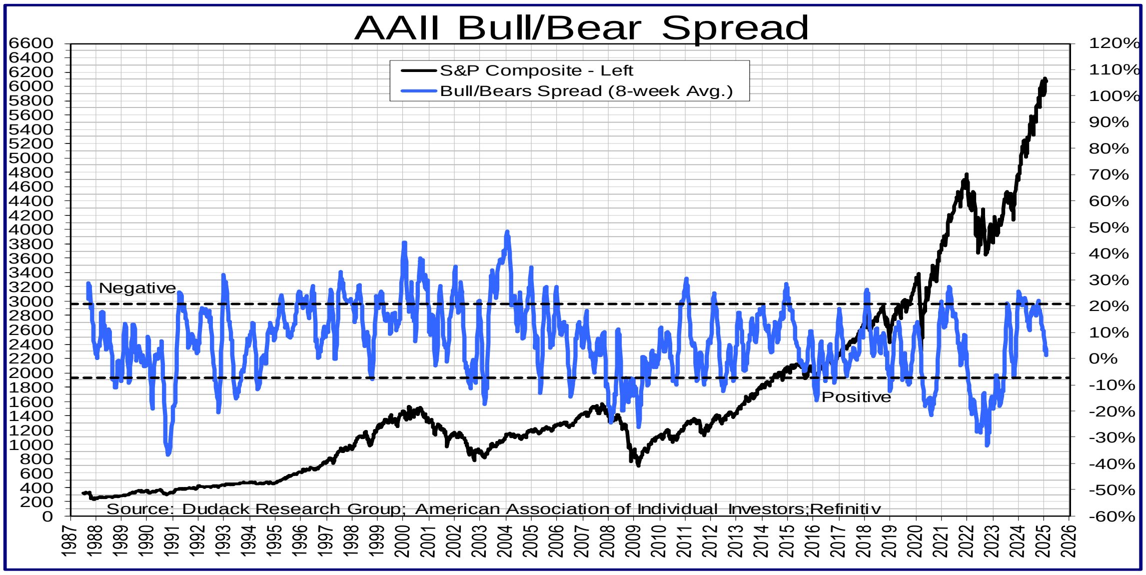


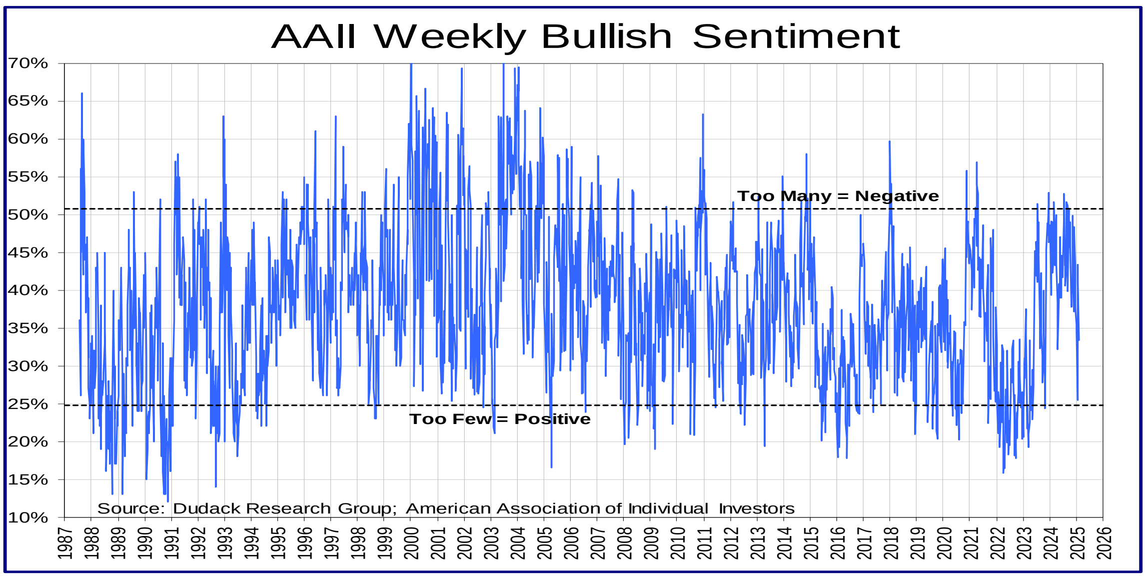


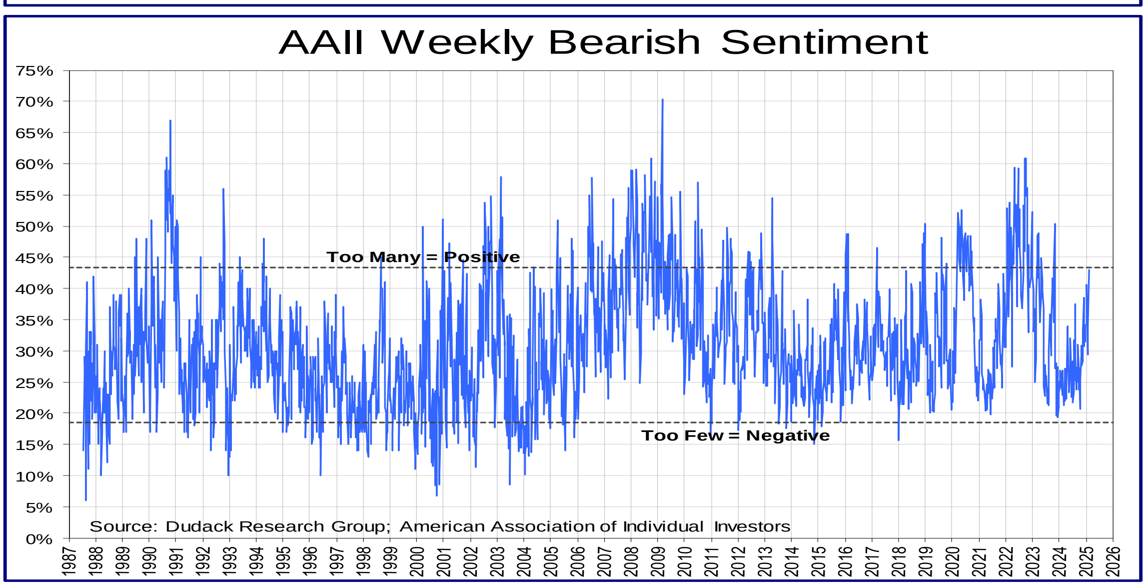




Last week's AAII survey showed bullishness fell 7.7% to 33.3% and bearishness rose 8.9% to 42.9%. Bullishness is now below average, and bearishness is above average, which is a favorable combination for the equity market. Extreme sentiment readings -- a negative signal -- were seen on December 13, 2023, when bearishness was 19.6%, its lowest level since January 3, 2018's reading of 15.6%, and bullishness was 51.3%. The 8-week bull/bear is 4.9% and neutral. The last negative readings were recorded in mid-October 2024.







Global Markets and Commodities - Ranked by Last 5-day Trading Performance

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
iShares MSCI Brazil Capped ETF	EWZ	25.79	1.3%	13.7%	14.6%	14.6%
Silver Future	SIc1	32.23	-2.0%	3.7%	11.4%	11.4%
iShares MSCI Germany ETF	EWG	35.40	2.9%	10.5%	11.3%	11.3%
SPDR Gold Trust	GLD	267.39	1.9%	7.7%	10.4%	10.4%
iShares Silver Trust	SLV	30.40	-0.8%	5.2%	10.3%	10.3%
iShares China Large Cap ETF	FXI	33.34	2.7%	16.4%	9.5%	9.5%
iShares MSCI Mexico Capped ETF	EWW	51.28	2.3%	8.8%	9.5%	9.5%
iShares MSCI South Korea Capped ETF	EWY	55.07	1.3%	2.9%	8.2%	8.2%
iShares MSCI Austria Capped ETF	EWO	22.64	3.9%	8.8%	8.0%	8.0%
iShares MSCI United Kingdom ETF	EWU	36.46	2.6%	8.9%	7.6%	7.6%
iShares DJ US Oil Eqpt & Services ETF	IEZ	21.21	0.5%	4.0%	7.0%	7.0%
SPDR S&P Bank ETF	KBE	59.35	1.1%	10.8%	7.0%	7.0%
Communication Services Select Sector SPDR Fund	XLC	103.37	-0.1%	7.9%	6.8%	6.8%
Financial Select Sector SPDR	XLF	51.54	0.8%	8.9%	6.6%	6.6%
Energy Select Sector SPDR	XLE	91.24	1.3%	3.2%	6.5%	6.5%
iShares MSCI EAFE ETF	EFA	80.53	1.7%	7.3%	6.5%	6.5%
Health Care Select Sect SPDR	XLV	146.03	-0.7%	4.6%	6.1%	6.1%
Materials Select Sector SPDR	XLB	89.26	0.1%	7.2%	6.1%	6.1%
iShares MSCI Singapore ETF	EWS	23.11	1.7%	6.6%	5.8%	5.8%
Industrial Select Sector SPDR	XLI	138.61	1.2%	5.5%	5.2%	5.2%
Vanguard FTSE All-World ex-US ETF	VEU	60.36	1.4%	6.5%	5.1%	5.1%
iShares MSCI Australia ETF	EWA	25.04	1.0%	5.2%	4.9%	4.9%
Utilities Select Sector SPDR	XLU	79.39	2.3%	5.0%	4.9%	4.9%
iShares Russell 1000 Value ETF	IWD	194.11	0.5%	5.7%	4.9%	4.9%
SPDR DJIA ETF	DIA	446.11	0.1%	6.4%	4.8%	4.8%
DJIA	.DJI	44593.65	0.1%	6.3%	4.8%	4.8%
iShares MSCI BRIC ETF	BKF	38.12	1.3%	9.0%	4.5%	4.5%
iShares MSCI Canada ETF	EWC	42.07	1.8%	5.1%	4.4%	4.4%
iShares MSCI Emerg Mkts ETF	EEM	43.55	0.9%	6.0%	4.1%	4.1%
iShares US Telecomm ETF	IYZ	27.91	1.0%	5.2%	4.0%	4.0%
iShares US Real Estate ETF	IYR	96.47	1.9%	7.8%	3.7%	3.7%
United States Oil Fund, LP	USO	78.27	1.0%	-2.9%	3.6%	3.6%
iShares Russell 1000 ETF	IWB	333.59	0.5%	4.4%	3.5%	3.5%
PowerShares Water Resources Portfolio	PHO	68.09	0.9%	5.5%	3.5%	3.5%
NASDAQ 100	NDX	21693.52	0.6%	4.1%	3.2%	3.2%
SP500	.SPX	6068.50	0.5%	4.1%	3.2%	3.2%
Consumer Staples Select Sector SPDR	XLP	80.61	2.5%	5.6%	2.5%	2.5%
iShares MSCI Japan ETF	EWJ	68.74	0.7%	5.4%	2.4%	2.4%
iShares Russell 1000 Growth ETF	IWF	411.05	0.2%	3.2%	2.4%	2.4%
iShares Russell 2000 Value ETF	IWN	167.92	0.3%	5.0%	2.3%	2.3%
Oil Future	CLc1	73.32	0.9%	-4.2%	2.2%	2.2%
iShares Russell 2000 ETF	IWM	225.70	-0.5%	4.1%	2.1%	2.1%
iShares Russell 2000 Growth ETF	IWO	293.74	-1.3%	3.1%	2.1%	2.1%
SPDR Homebuilders ETF	XHB	106.45	-0.1%	4.0%	1.9%	1.9%
Nasdaq Composite Index Tracking Stock	ONEQ.O	77.35	-0.1%	2.5%	1.7%	1.7%
Technology Select Sector SPDR	XLK	236.33	2.3%	3.3%	1.6%	1.6%
iShares Nasdaq Biotechnology ETF	IBB.O	134.24	-3.3%	1.1%	1.5%	1.5%
iShares MSCI Taiwan ETF	EWT	52.52	1.5%	2.7%	1.5%	1.5%
iShares 20+ Year Treas Bond ETF	TLT	88.43	0.0%	3.5%	1.3%	1.3%
Gold Future	GCc1	3014.10	0.2%	0.7%	1.0%	1.0%
iShares iBoxx $ Invest Grade Corp Bond	LQD	107.32	-0.1%	1.8%	0.4%	0.4%
Consumer Discretionary Select Sector SPDR	XLY	223.78	-3.5%	1.3%	-0.3%	-0.3%
SPDR S&P Retail ETF	XRT	78.87	-1.1%	-0.2%	-0.9%	-0.9%
Shanghai Composite	.SSEC	3318.06	2.1%	4.7%	-1.0%	-1.0%
iShares MSCI Malaysia ETF	EWM	23.98	1.1%	1.4%	-2.2%	-2.2%
iShares MSCI Hong Kong ETF	EWH	16.18	-1.7%	2.2%	-2.9%	-2.9%
SPDR S&P Semiconductor ETF	XSD	237.75	-4.1%	-4.9%	-4.3%	-4.3%
iShares MSCI India ETF	INDA.K	50.14	-2.5%	-2.1%	-4.7%	-4.7%

Outperformed SP500

Underperformed SP500

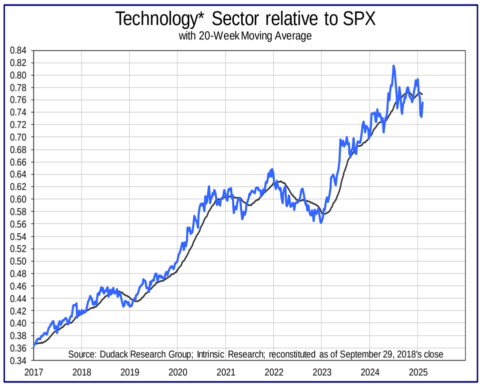
Source: Dudack Research Group; Refinitiv

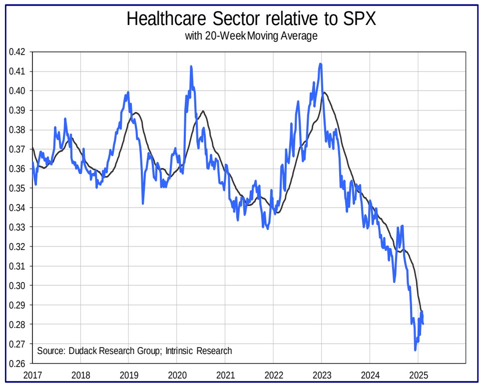
Priced as of February 11, 2025

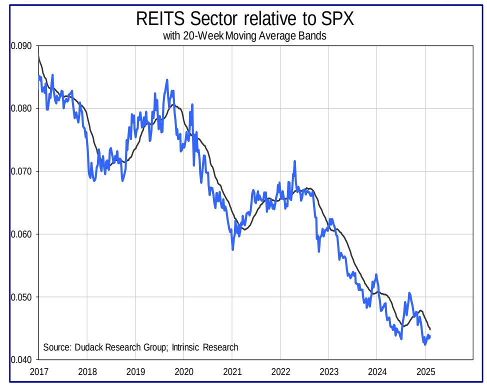
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

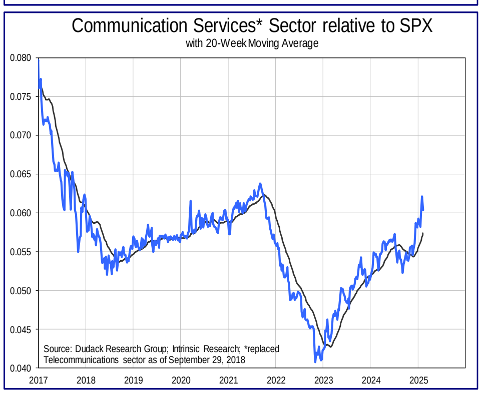
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Communication Services Technology Consumer Discretionary Financials	Healthcare Staples Utililties Industrials	REITS Materials Energy

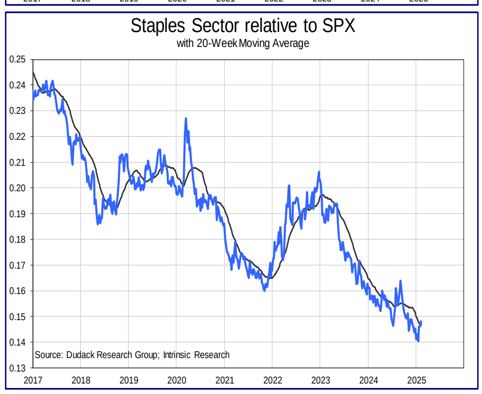
11/19/2024: Upgraded Consumer Discretionary from N to O; Downgraded Healthcare from O to N. 9/10/2024: Upgraded Utilities from U to N; Downgraded Energy from N to U.

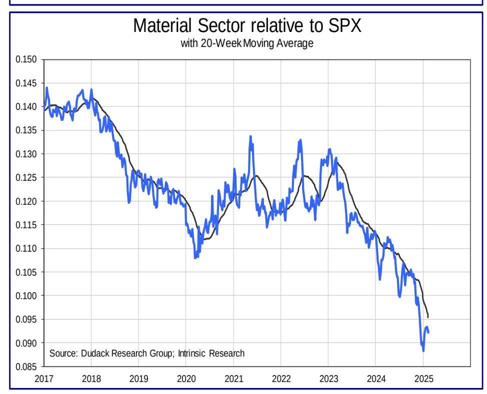


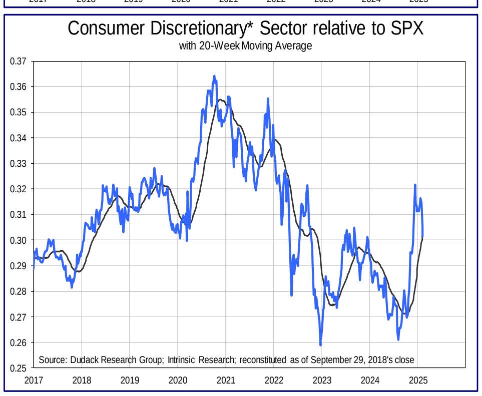


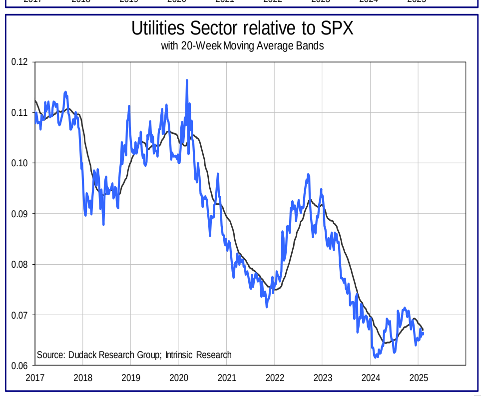


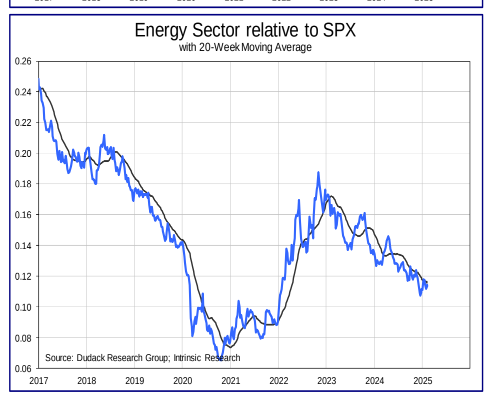


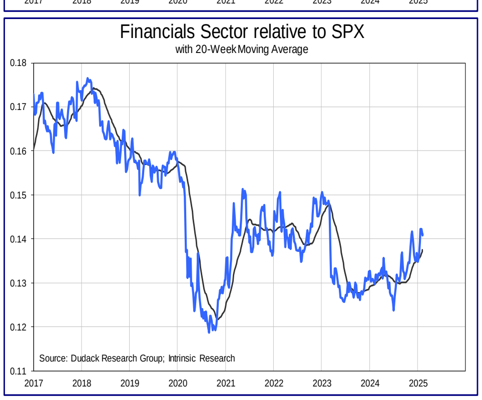


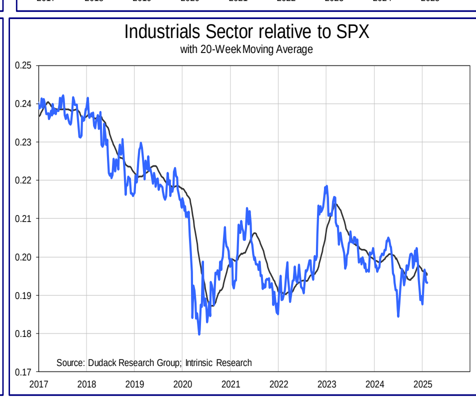












2025 Performance - Ranked	
SP500 Sector	% Change
S&P COMMUNICATIONS SERVICES	7.1%
S&P FINANCIAL	6.5%
S&P MATERIALS	6.0%
S&P ENERGY	6.0%
S&P HEALTH CARE	6.0%
S&P CONSUMER STAPLES	5.2%
S&P INDUSTRIALS	5.1%
S&P UTILITIES	4.7%
S&P REITS	3.8%
S&P 500	3.2%
S&P CONSUMER DISCRETIONARY	-0.1%
S&P INFORMATION TECH	-0.5%

Source: Dudack Research Group; Refinitiv; Monday closes

US Asset Allocation

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

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

DRG Earnings and Economic Forecasts

	S&P 500 Price	S&P Dow Jones Reported EPS**	S&P Dow Jones Operating EPS**	DRG Operating EPS Forecast	DRG EPS YOY %	LSEG IBES Consensus Bottom-Up $ EPS**	LSEG IBES Consensus Bottom-Up EPS YOY%	S&P Op PE Ratio	S&P Divd Yield	GDP Annual Rate	GDP Profits post-tax w/ IVA & CC	YOY %
2008	903.25	$14.88	$49.51	$49.51	-40.0%	$65.47	-23.1%	18.2X	2.5%	0.1%	$1,029.90	-9.8%
2009	1115.10	$50.97	$56.86	$56.86	14.8%	$60.80	-7.1%	19.6X	2.6%	-2.6%	$1,182.90	14.9%
2010	1257.64	$77.35	$83.77	$83.77	47.3%	$85.28	40.3%	15.0X	1.9%	2.7%	$1,456.50	23.1%
2011	1257.60	$86.95	$96.44	$96.44	15.1%	$97.82	14.7%	13.0X	2.0%	1.6%	$1,529.00	5.0%
2012	1426.19	$86.51	$96.82	$96.82	0.4%	$103.80	6.1%	14.7X	2.1%	2.3%	$1,662.80	8.8%
2013	1848.36	$100.20	$107.30	$107.30	10.8%	$109.68	5.7%	17.2X	2.0%	2.1%	$1,648.10	-0.9%
2014	2127.83	$102.31	$113.02	$113.01	5.3%	$118.78	8.3%	18.8X	2.2%	2.5%	$1,713.10	3.9%
2015	2043.94	$86.53	$100.45	$100.45	-11.1%	$117.46	-1.1%	20.3X	2.1%	2.9%	$1,664.20	-2.9%
2016	2238.83	$94.55	$106.26	$106.26	5.8%	$118.10	0.5%	21.1X	1.9%	1.8%	$1,661.50	-0.2%
2017	2673.61	$109.88	$124.51	$124.51	17.2%	$132.00	11.8%	21.5X	1.8%	2.5%	$1,816.60	9.3%
2018	2506.85	$132.39	$151.60	$151.60	21.8%	$161.93	22.7%	16.5X	1.9%	3.0%	$2,023.40	11.4%
2019	3230.78	$94.55	$157.12	$157.12	3.6%	$162.93	0.6%	20.6X	1.8%	2.5%	$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%
2024P	5881.63	$197.87	$233.88	$233.42	9.3%	$246.05	11.2%	25.1X	1.4%	2.5%	NA	NA
2025E	~~~~~	$172.75	$269.11	$270.00	15.7%	$271.71	10.4%	22.6X	NA	NA	NA	NA
2026E	~~~~~	$192.43	NA	$310.50	15.0%	$309.40	13.9%	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 3Q	5521.50	$53.75	$59.17	$59.17	13.2%	$63.21	8.2%	24.4	1.3%	2.8%	$3,128.50	16.0%
2024 4QE	5881.63	$56.65	$61.72	$61.26	13.7%	$64.71	13.2%	25.1	1.3%	NA	NA	NA
2025 1QE*	6068.50	$57.23	$60.70	$63.75	16.7%	$61.28	8.3%	25.3	NA	NA	NA	NA
2025 2QE	NA	$60.96	$65.79	$65.25	11.8%	$66.33	9.8%	24.5	NA	NA	NA	NA
2025 3QE	NA	$65.43	$70.23	$68.00	14.9%	$70.75	11.9%	23.5	NA	NA	NA	NA
2025 4QE*	NA	$67.70	$72.39	$73.00	19.2%	$72.87	12.6%	22.6	NA	NA	NA	NA

Source: DRG; S&P Dow Jones **quarterly EPS may not sum to official CY estimates; LSEG IBES Consensus estimates *2/11/2025

Regulation AC Analyst Certification

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

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"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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