Dudack Research Group
A Division of Wellington Shields & Co. LLC Member NYSE, FINRA & SIPC
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DJIA: 44556.04
SPX: 6037.88
NASDAQ: 19654.02

US Strategy Weekly
Tariff Tizzy

The first two weeks of Donald Trump's presidency have been both hectic and head-spinning. And while some might call these past few days chaotic, the new administration has definitely been impactful, transparent, accessible, and game changing. And despite a tremendous amount of pearl-clutching by the media, the much-telegraphed tariffs on goods from Mexico, Canada, and China did not hurt the financial markets like most economists expected. To date, what has materialized are postponements due to potential political agreements with Mexico and Canada. The objectives here appear to be the monitoring of both borders to help prevent illegal immigration and the smuggling of illegal and lethal fentanyl.

Tariffs and deals with China may be more difficult to resolve in the near term, but China is also pivotal in terms of illegal fentanyl and that may be one of the longer-term goals. Meanwhile, economists and analysts are revising forecasts on future corporate earnings, inflation, and the economy based upon the administration's actions, but if one is honest, no one knows how the tariffs will play out, even the negotiators. These tariffs are part of a process and Trump's administration is currently working on a vast number of negotiations making outcomes extremely difficult to predict. Most importantly, one should not let personal political views color one's forecast. In our view, it is important to analyze economic data skeptically and to make predictions objectively and separately from media headlines.

What is known is that Donald Trump used tariffs successfully in his first term and it did not impact inflation. What it did do was change American and global corporate behavior and as a result China lost manufacturing to other areas of Asia, such as Vietnam, Malaysia, and Cambodia. President Trump has been clear that this is another one of his goals and he is using the threat of tariffs as a catalyst to bring manufacturing back to the US. It is important to remember that inflation was 1.9% YOY when Trump left office and President Biden maintained Trump's tariffs when he came to office.

This time it is different however because inflation is already a problem and service sector inflation has been sticky for several months. Farmers are facing rising feed stock costs, and this will trickle down into higher food prices. On the other hand, energy prices are expected to move lower. This could offset some of these threats and a higher dollar will also mute the potential impact of tariffs on imported goods. (But it will also be a handicap for exporters.)

What is also known is that President Trump takes pride in his pledge of "promises made, promises kept," and this will be the cornerstone of his four years. To this end, the key financial-related promises are to increase energy production, increase jobs, reduce or eliminate government waste, lower taxes, and put the US in better fiscal shape. While not being specific, in our view, putting the US in better fiscal shape is apt to include a mixture of boosting economic activity and shrinking annual deficits. This combination would thereby lower the total public debt-to-GDP ratio which rose to 120% as of December

19, 2024 (https://fred.stlouisfed.org/series/gfdegdq188S). These are ambitious goals, but goals that are difficult to challenge.

The last week has also been hectic in terms of corporate earnings and economic releases. According to an S&P earnings scorecard, of the 211 companies in the S&P 500 that have reported earnings for the fourth quarter, 76.8% reported above analyst expectations. In general, earnings have helped boost equity prices.

Economic releases were mixed this week. In December, personal income grew 5.3% YOY, disposable income grew 5% YOY, and real personal disposable income (RPDI) grew 2.4%. RPDI fell from 2.6% in November and was below the long-term average of 3.2% for the tenth month in a row. See page 4. Government workers had the largest increase in wages in December with a gain of 6.5% YOY, and this pattern of government wages growing faster than private sector wages, has been ongoing since November 2022. Manufacturing workers had minimal increases in wages in the last six months of 2024. Meanwhile, government transfer payments and supplements to wages were robust in 2024. See page 5.

Personal consumption expenditures rose 5.7% YOY in December and service sector expenditures grew 6.7% YOY. In short, the growth in spending was greater than wage growth for most households, so it was not surprising that the savings rate fell from 4.3% to 4.1% at year end. Given this decline in household savings and the persistent rise in prices, household consumption could encounter headwinds in 2025. See page 6.

Average weekly earnings grew 3.5% in December, which was above the 2.9% YOY rate of inflation. However, this gap is narrowing since wage growth has been decelerating and inflation accelerating in recent reports. The PCE deflator rose from 2.4% in November to 2.6% in December and core PCE deflator was unchanged at 2.8% YOY. These figures were a disappointment to the consensus, and it has led to a consensus view that the Fed is unlikely to cut rates again in the near future. We agree. As previously noted, our concern is that farmers are currently seeing a rise in core feed stocks, and this will be a future driver of food prices at home and at restaurants. See page 7.

Hopefully, lower energy prices will offset higher food prices in 2025, however the bigger issue is that core inflation indices have been trending flat to higher. The core PCE deflator was unchanged at 2.8% in December. Core PPI was 2.6%, up from 2.5%, and up for the second month in a row. Core CPI was 3.2% in December, down from 3.3%, but has been stuck at 3.3% for three months in a row. This is why we do not expect rate cuts in the near future. Moreover, the real fed funds rate (fed funds minus the PCE deflator) is currently 180 basis points, down from 300 basis point in August. In our opinion, the Fed's neutral rate is when the real fed funds rate is 200 to 300 basis points. See page 8.

The most favorable economic release of the week was the ISM manufacturing index for January. It was 50.9 and above 50 for the first time in 26 months! Seven of the ten components were higher in the month. Customers' inventories were unchanged, and the inventories index and order backlog index were lower. The employment index rose to 50.3 and was above 50 for the first time in eight months. The best component was new orders, which increased from 52.1 to 55.1. See page 9.

Since the DeepSeek controversy, technology stocks have underperformed, and this can be seen in the performance of the indices. The DJIA is up 4.7% year-to-date, the S&P 500 and the Russell 2000 are up 2.7%, and the Nasdaq Composite is up only 1.8%. Nevertheless, all the indices are in relatively stable and favorable uptrends. See page 12. Our 25-day volume oscillator remains neutral but has a bullish bias. In summary, we would be a buyer on dips.

DJIA Ups - Early January

1950 - 2016	1st Five Days % Performance	January % Performance	Year % Performance
1976	6.5%	14.4%	17.9%
1975	3.1%	14.2%	38.3%
1987	5.6%	13.8%	2.3%
1967	3.5%	8.2%	15.2%
1989	1.4%	8.0%	27.0%
2019	2.0%	7.2%	22.3%
1985	-1.6%	6.2%	27.7%
1994	1.8%	6.0%	2.1%
2018	2.3%	5.8%	-5.6%
2013	1.7%	5.8%	26.5%
1951	2.2%	5.7%	14.4%
1997	1.6%	5.7%	22.6%
1996	1.6%	5.4%	26.0%
1961	1.4%	5.2%	18.7%
1963	2.7%	4.7%	17.0%
2025	0.2%	4.7%	?
1980	1.5%	4.4%	14.9%
1979	2.9%	4.2%	4.2%
1954	0.2%	4.1%	44.0%
1991	-4.7%	3.9%	20.3%
1971	-0.2%	3.5%	6.1%
2012	1.4%	3.4%	7.3%
1958	2.5%	3.3%	34.0%
1965	1.0%	3.3%	10.9%
1964	1.5%	2.9%	14.6%
2023	1.1%	2.8%	13.7%
1983	2.8%	2.8%	20.3%
2011	0.8%	2.7%	5.5%
1999	5.0%	1.9%	25.2%
1959	0.8%	1.8%	16.4%
1992	1.1%	1.7%	4.2%
1986	-1.3%	1.6%	22.6%
1966	1.7%	1.5%	-18.9%
2006	2.7%	1.4%	16.3%
1972	2.3%	1.3%	14.6%
2007	-0.4%	1.3%	6.4%
2024	0.0%	1.2%	12.9%
1955	-2.2%	1.1%	20.8%
2017	0.6%	1.1%	25.1%
1988	-1.4%	1.0%	11.8%
2001	-1.5%	0.9%	-7.1%
1950	0.9%	0.8%	17.6%
1974	1.3%	0.6%	-27.6%
1952	0.4%	0.5%	8.4%
2004	1.3%	0.3%	3.1%
1993	-1.5%	0.3%	13.7%
1995	0.7%	0.2%	33.5%
1969	-2.4%	0.2%	-15.2%
Up	37	48	42
Average	1.1%	3.8%	13.9%
Min	-4.7%	0.2%	-27.6%
Max	6.5%	14.4%	44.0%

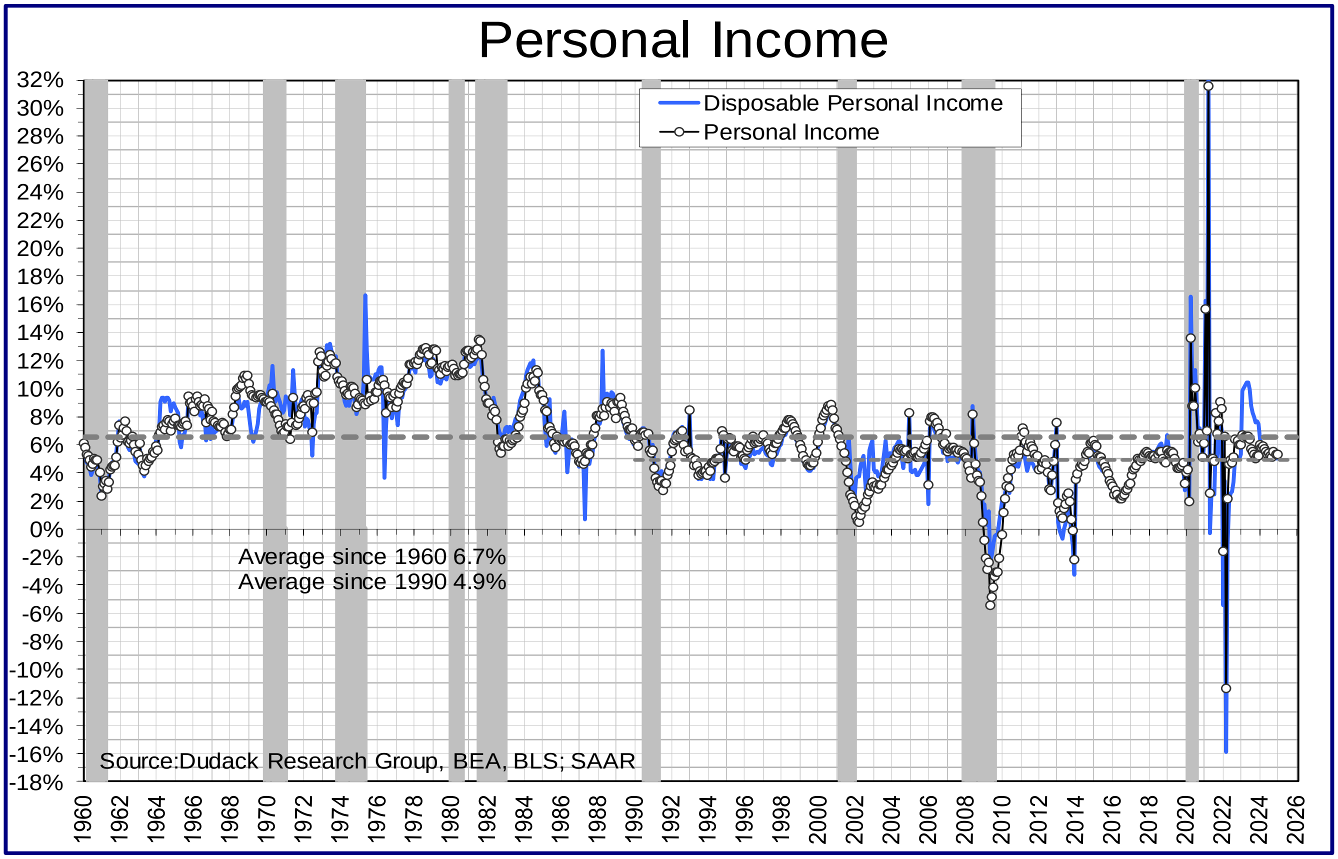
DJIA Declines - Early January

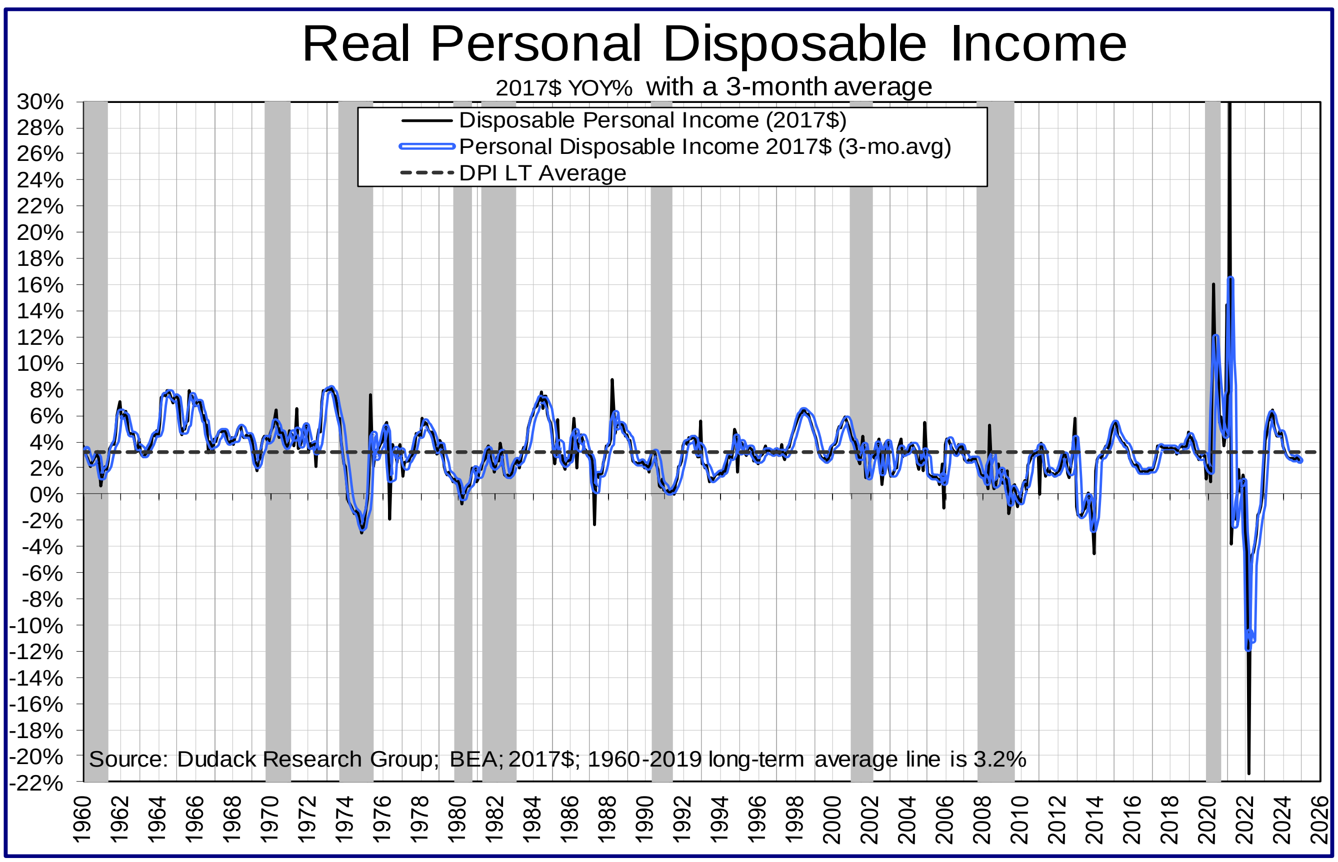
1950 - 2016	1st Five Days % Performance	January % Performance	Year % Performance
1998	-1.3%	0.0%	16.1%
1982	-1.0%	-0.4%	19.6%
1953	-0.5%	-0.7%	-3.8%
2020	0.7%	-1.0%	7.2%
2002	1.3%	-1.0%	-16.8%
1981	0.2%	-1.7%	-9.2%
2021	1.6%	-2.0%	18.7%
1973	2.7%	-2.1%	-16.6%
2005	-1.7%	-2.7%	-0.6%
1984	2.2%	-3.0%	-3.7%
2022	-0.3%	-3.3%	-8.8%
2003	3.0%	-3.5%	25.3%
2010	1.8%	-3.5%	11.0%
1956	-1.8%	-3.6%	2.3%
2015	0.5%	-3.7%	-2.2%
1957	-1.1%	-4.1%	-12.8%
1962	-3.0%	-4.3%	-10.8%
2008	-5.1%	-4.6%	-33.8%
2000	0.2%	-4.8%	-6.2%
1977	-2.1%	-5.0%	-17.3%
2014	-0.7%	-5.3%	7.5%
1968	0.4%	-5.5%	4.3%
2016	-6.2%	-5.5%	13.4%
1990	1.5%	-5.9%	-4.3%
1970	0.2%	-7.0%	4.8%
1978	-5.6%	-7.4%	-3.1%
1960	-0.5%	-8.4%	-9.3%
2009	-0.4%	-8.8%	18.8%
Down	28	28	16
Average	-0.5%	-3.9%	-0.4%
Min	-6.2%	-8.8%	-33.8%
Max	3.0%	-8.8%	25.3%

Source: Stock Trader's Almanac; Refinitiv

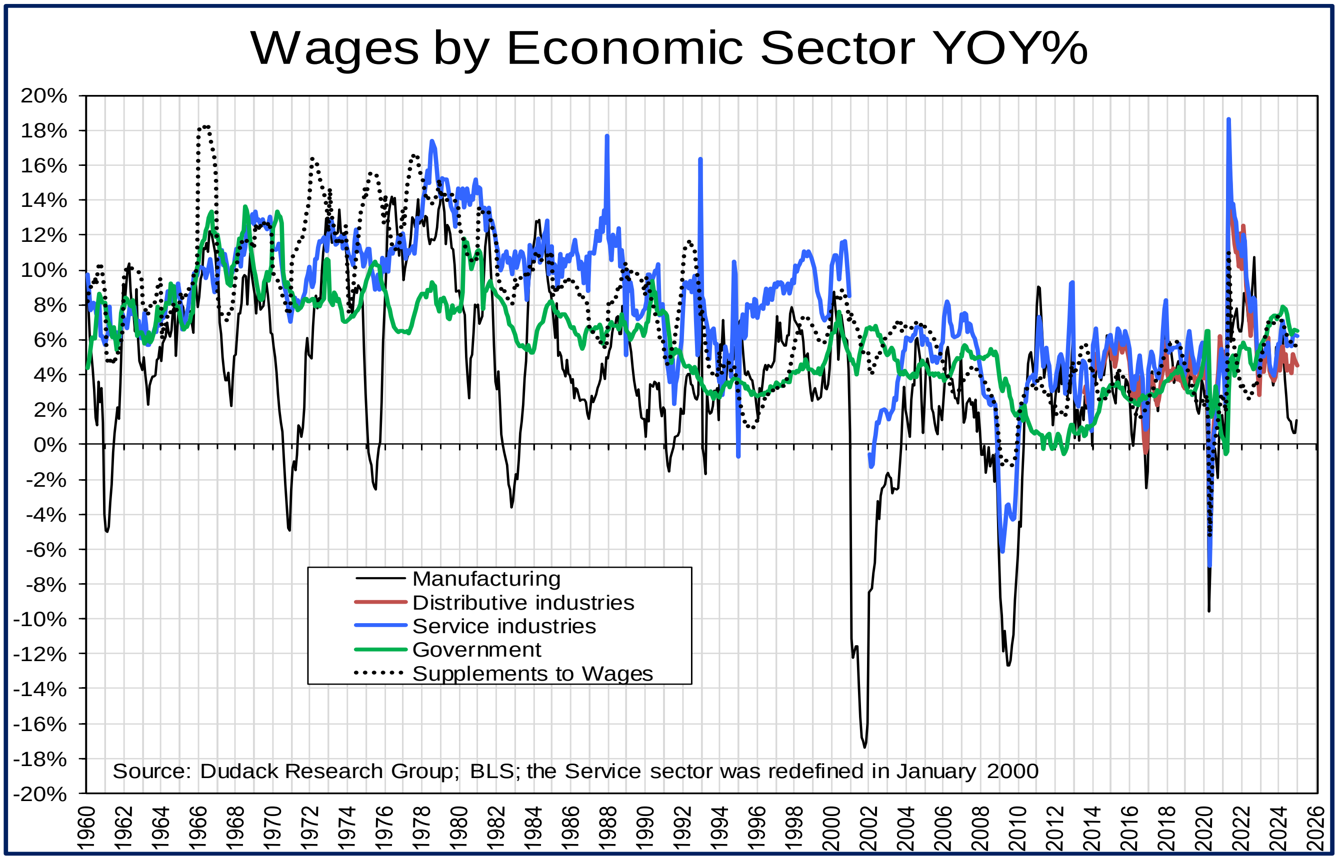
January Barometer Statistics
67% Early January Gain Predicts the Year's Action
89% January Gain Predicts the Year's Gail

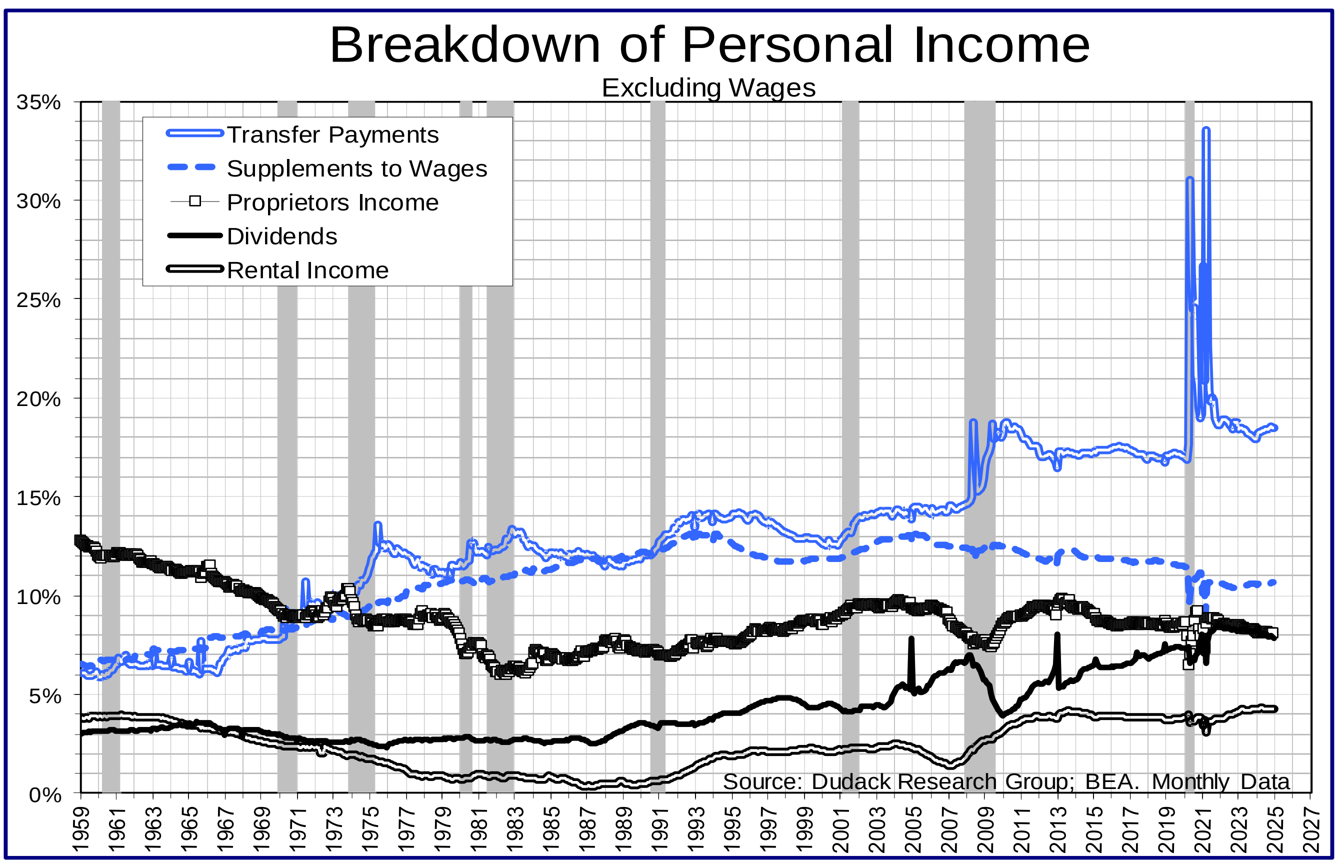
In December, personal income grew 5.3% YOY, disposable income grew 5% YOY, and real personal disposable income (RPDI) grew 2.4%. RPDI is down from 2.6% in November and below the long-term average of 3.2% for the tenth month in a row.



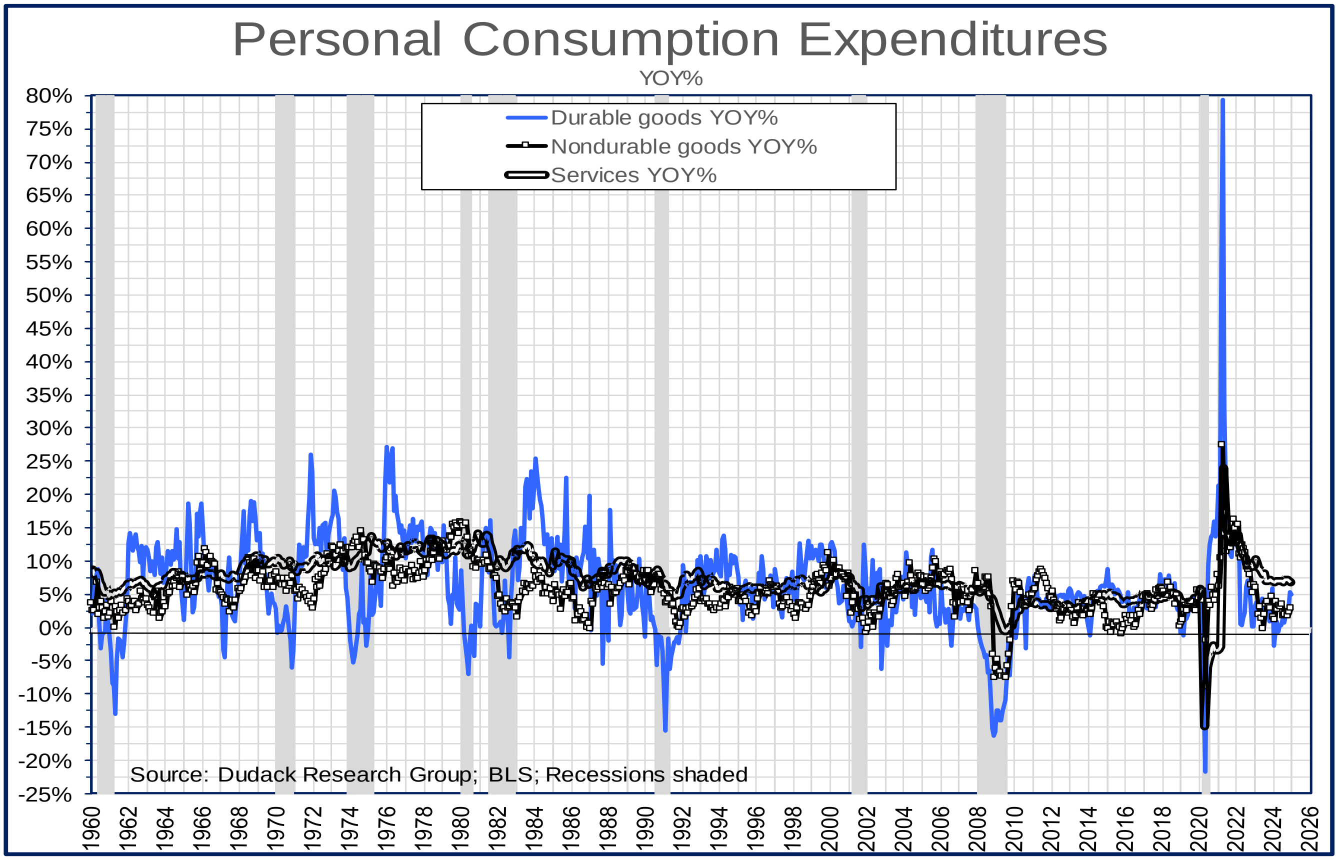


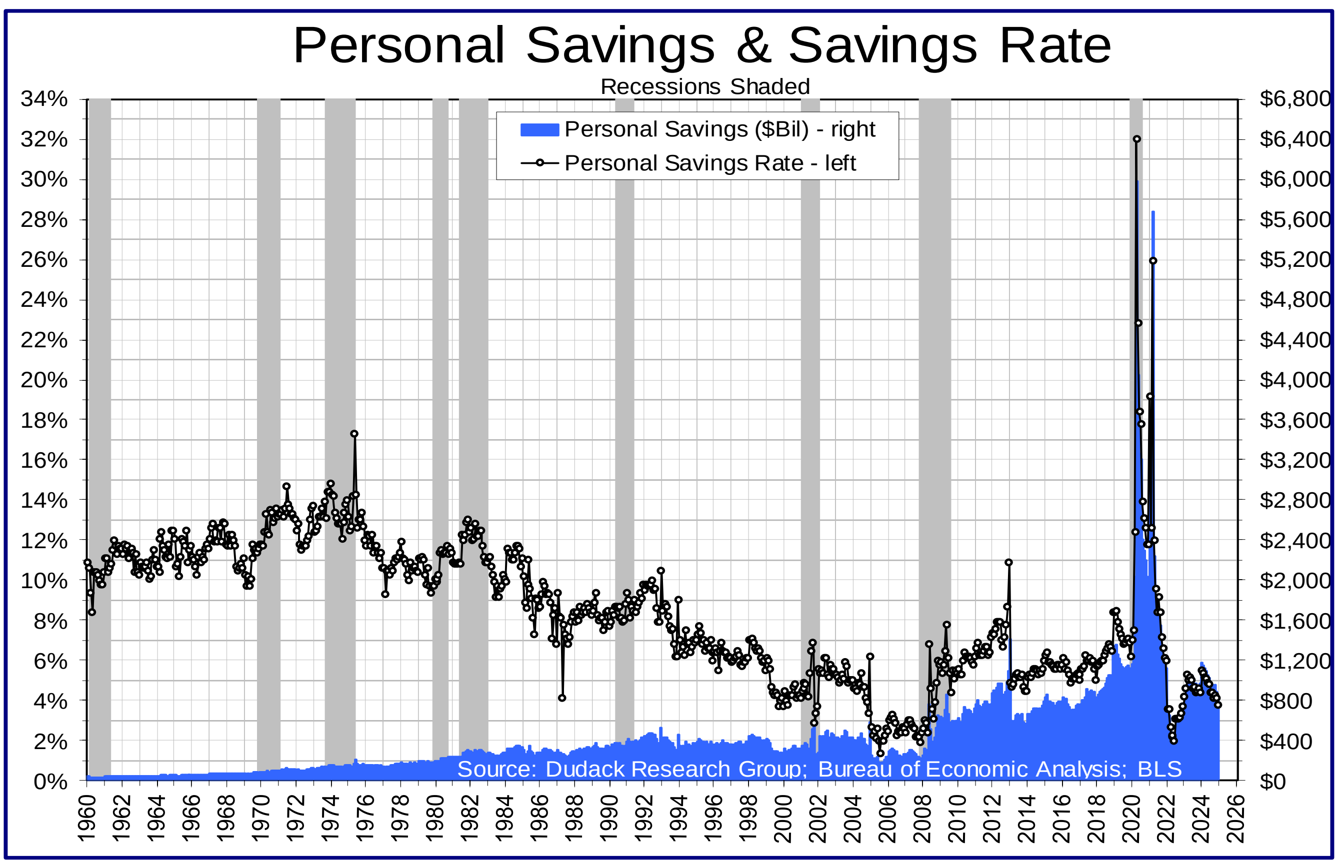
Government workers had the largest increase in wages in December with a gain of 6.5% YOY, and this pattern has been ongoing since November 2022. Manufacturing workers had minimal increases in wages in the last half of 2024. Meanwhile, government transfer payments and supplements to wages were robust in 2024.



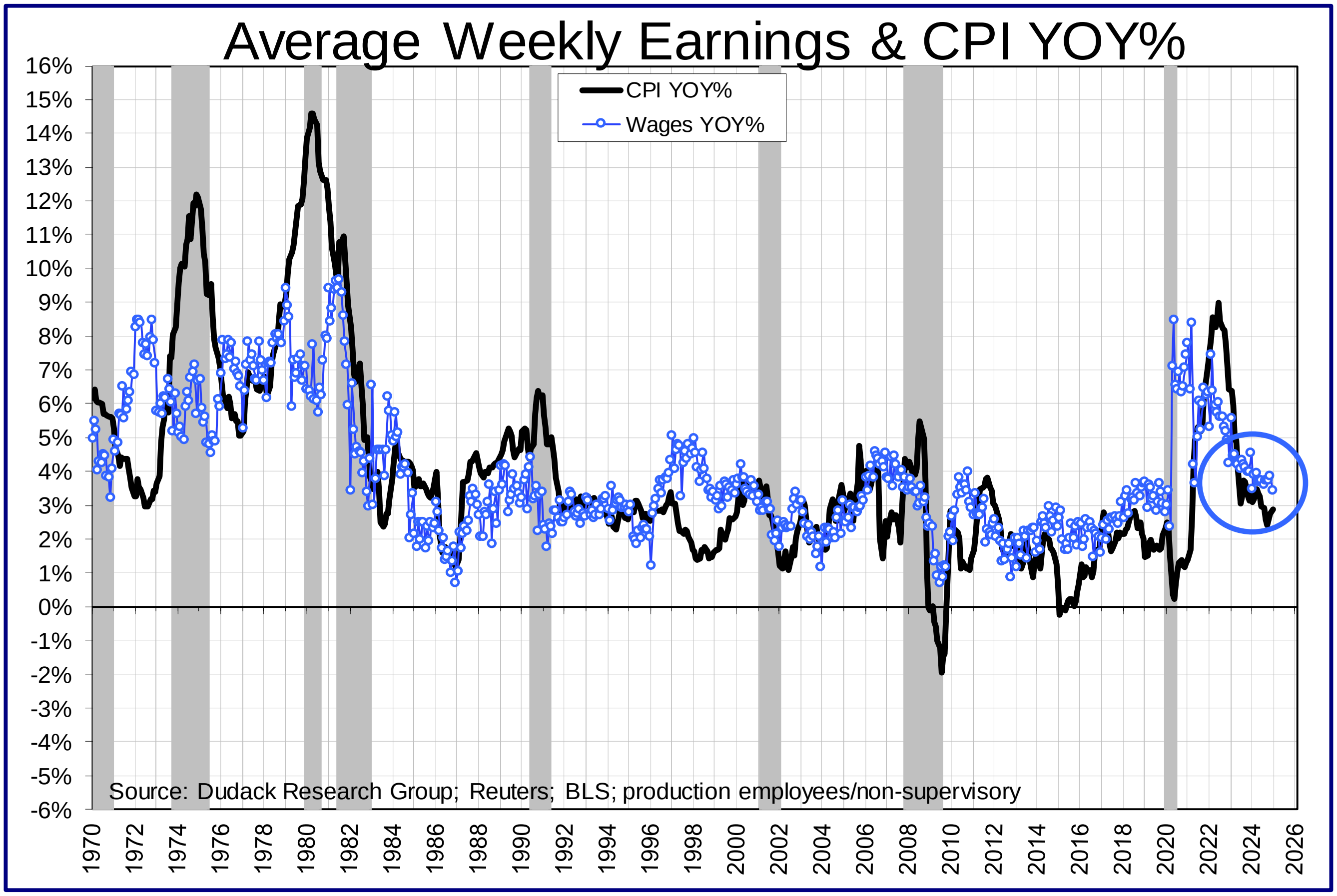


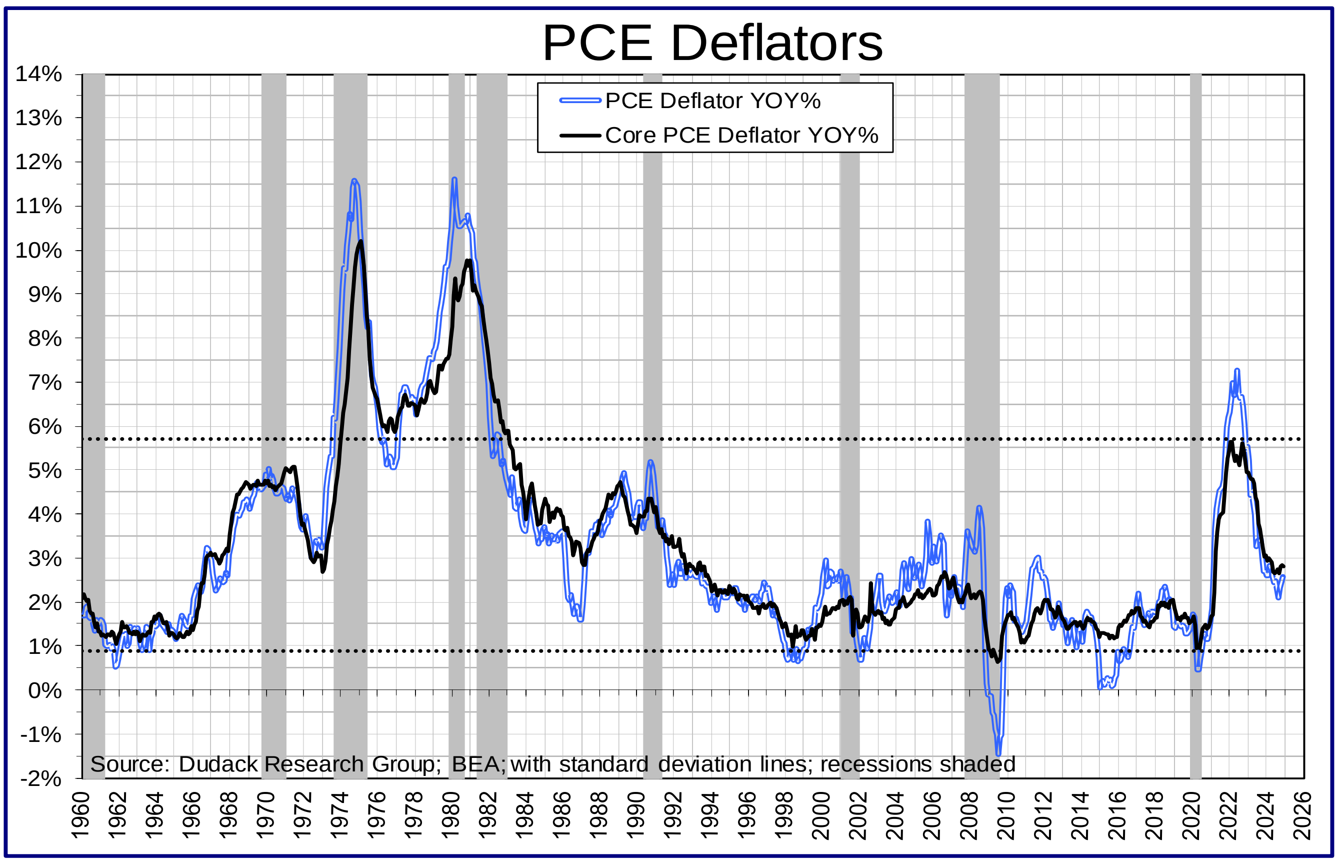
Personal consumption expenditures rose 5.7% YOY in December and the strongest growth of 6.7% YOY was seen in services. This was greater than wage growth for most households, so it was not surprising that the savings rate fell from 4.3% to 4.1% at year end. Given this decline in household savings and the persistent rise in prices, consumption may encounter headwinds in 2025.



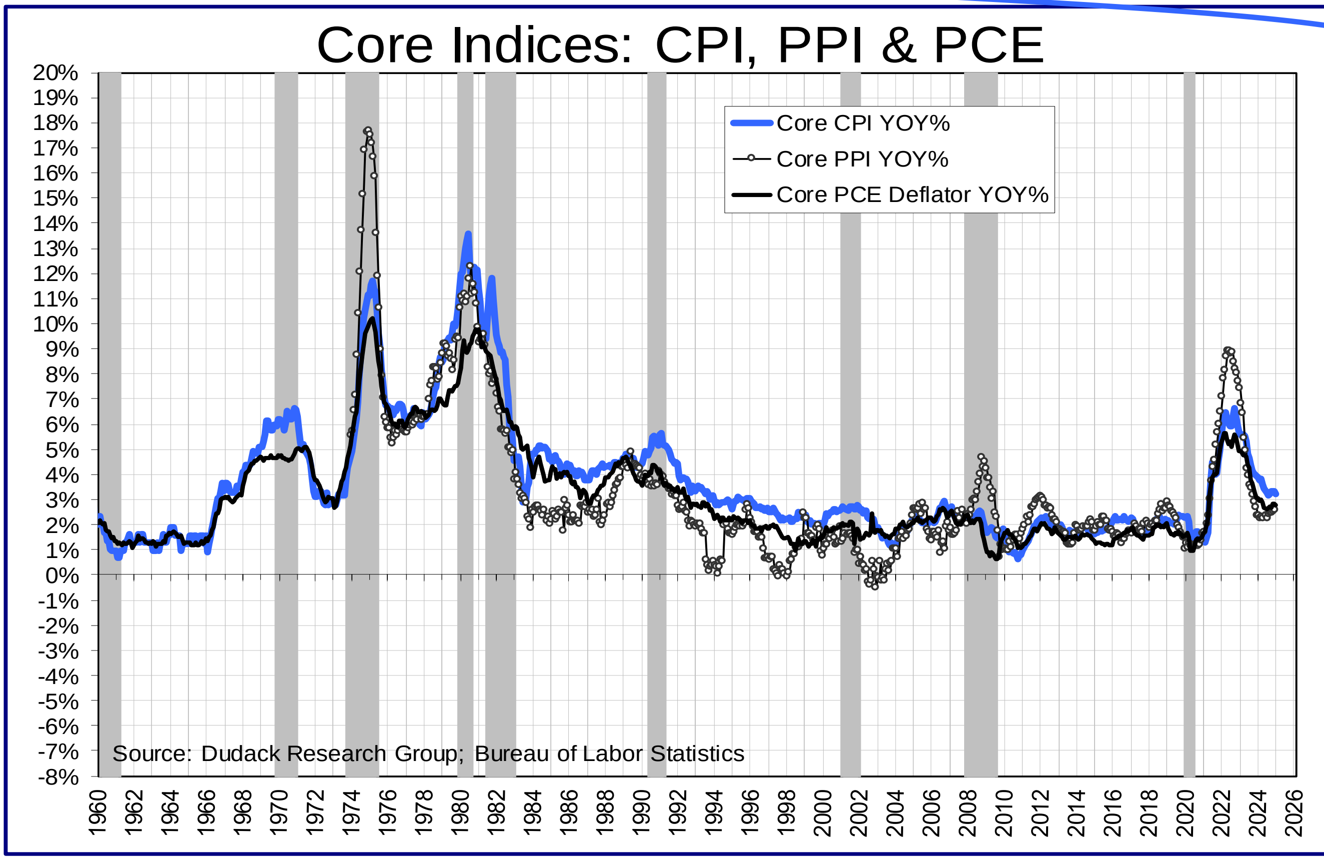


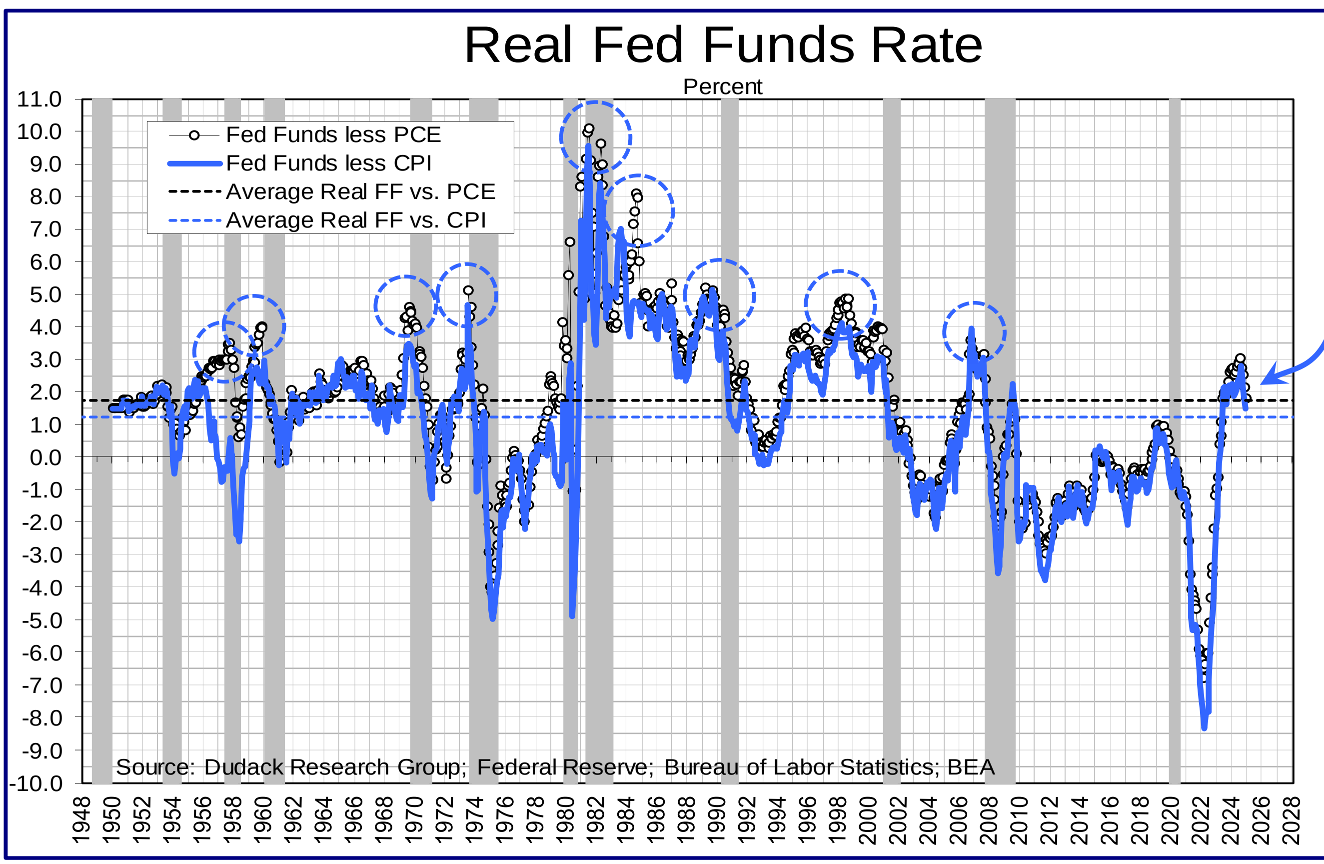
Average weekly earnings grew 3.5% in December, which was above the rate of inflation of 2.9% YOY, however, this gap is narrowing as wage growth decelerates and inflation accelerates. The PCE deflator rose from 2.4% in November to 2.6% in December and core PCE deflator was unchanged at 2.8% YOY. Our concern is that farmers are currently seeing a rise in core feed stocks, and this will be a future driver of food prices at home and at restaurants.



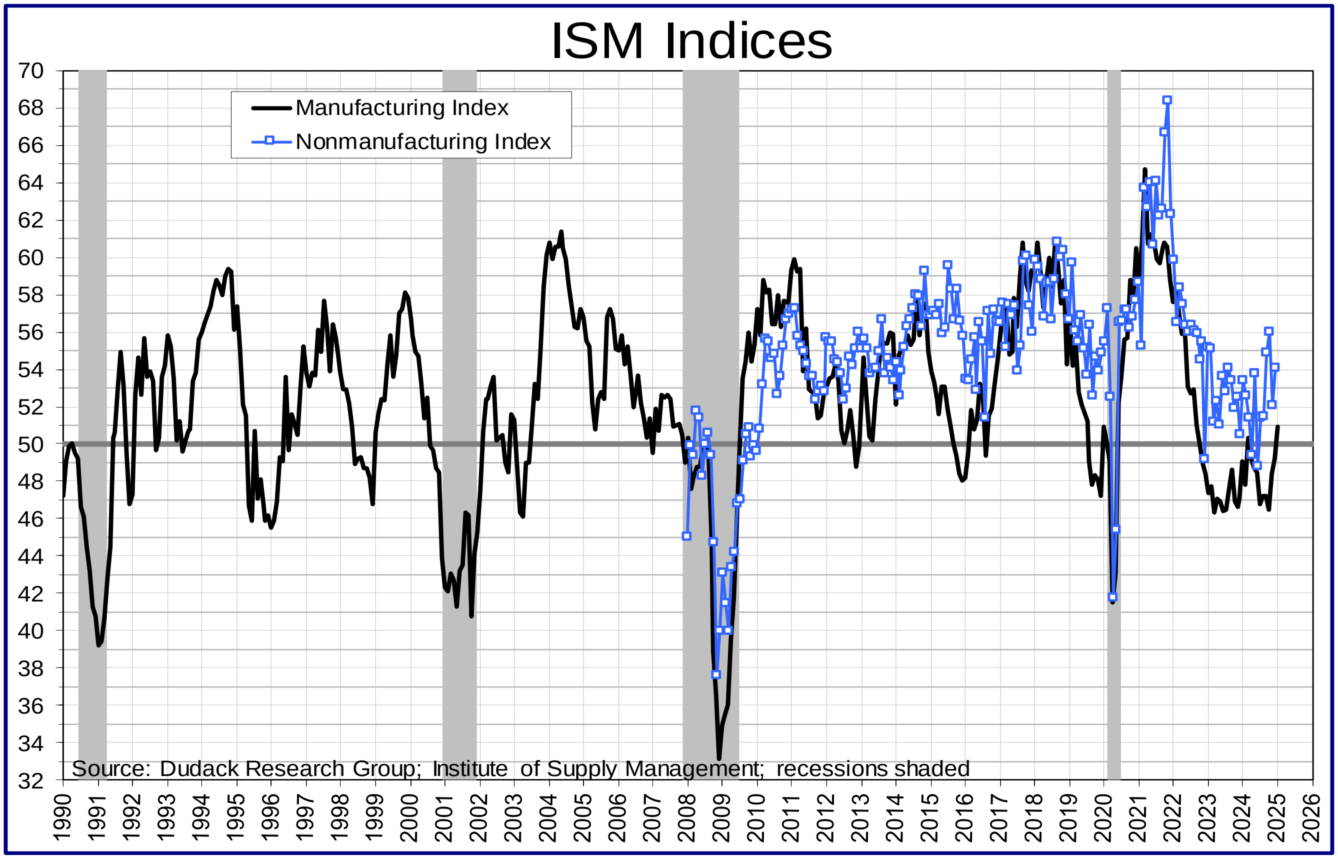


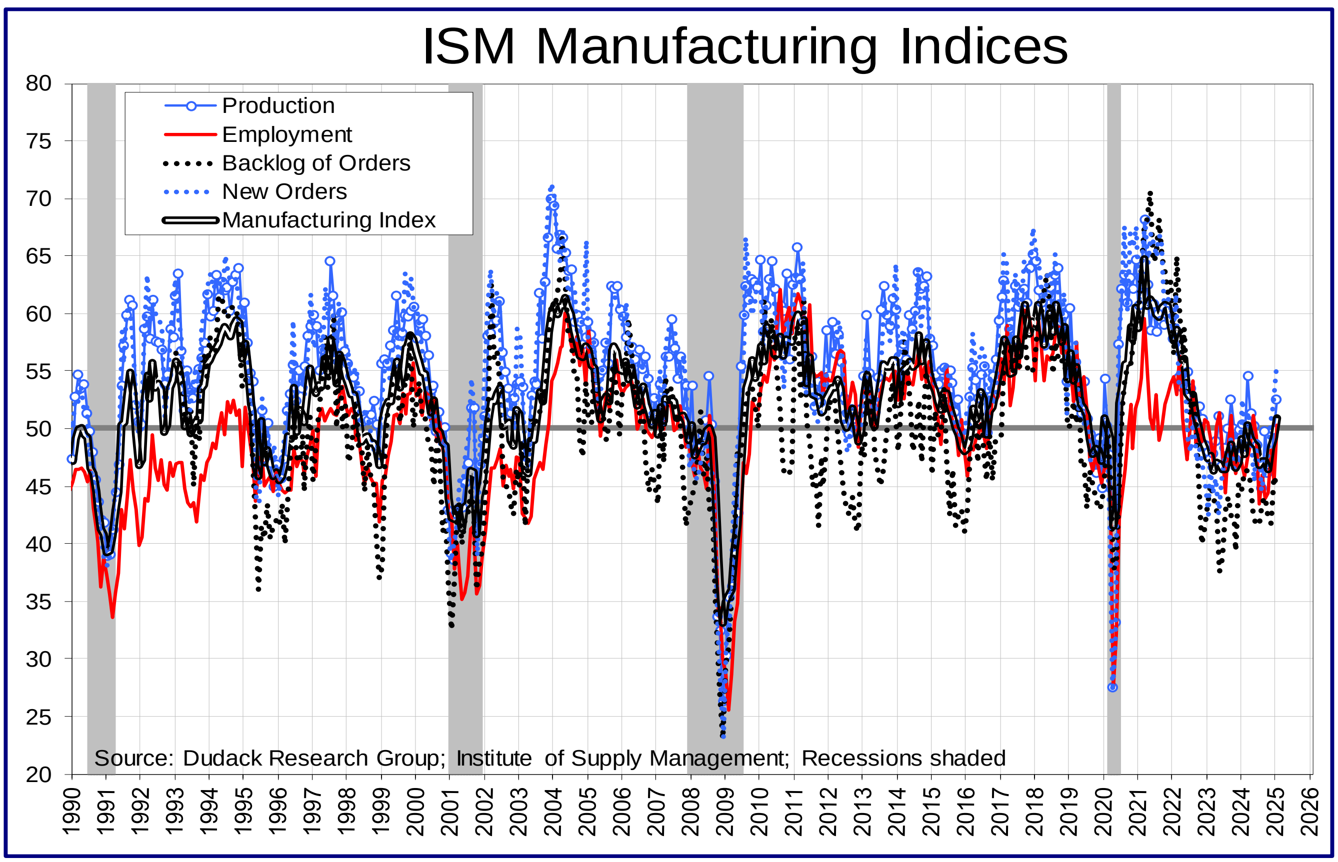
Hopefully, lower energy prices will offset higher food prices in 2025, but core inflation indices have also been on the rise. The core PCE deflator was unchanged at 2.8% in December. Core PPI was 2.6%, up from 2.5%, and the second monthly increase in a row. Core CPI was 3.2% in December, down from 3.3% where it has been stalled for three prior months. We should not expect rate cuts in 2025 since the real fed funds rate (versus the PCE deflator) is currently 180 basis points, down from 300 basis point in August.



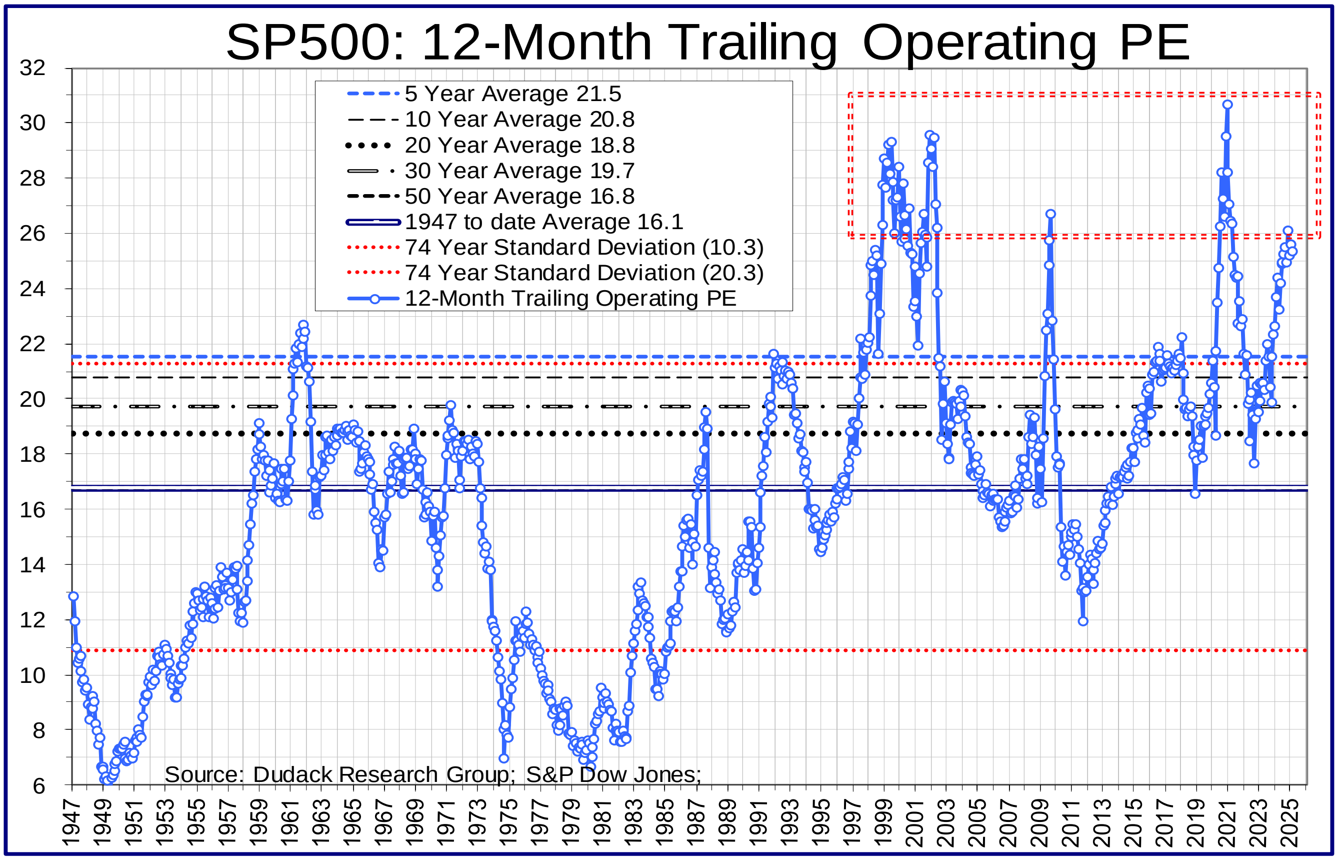


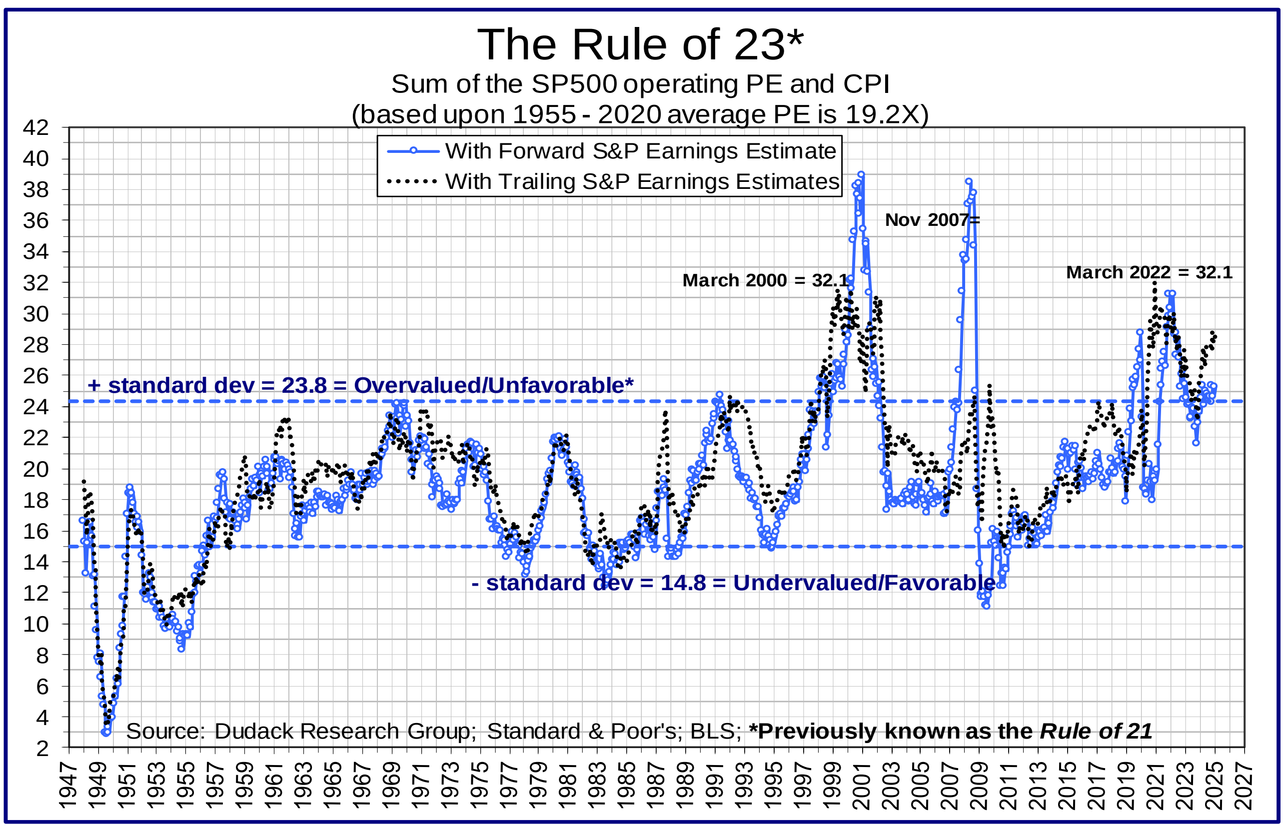
The ISM manufacturing index for January was 50.9 and above 50 for the first time in 26 months. Seven of the ten components were higher in the month. Customers' inventories were unchanged, and the inventories index and order backlog index were lower. The employment index rose to 50.3 and was above 50 for the first time in eight months. The best component was new orders, which increased from 52.1 to 55.1.



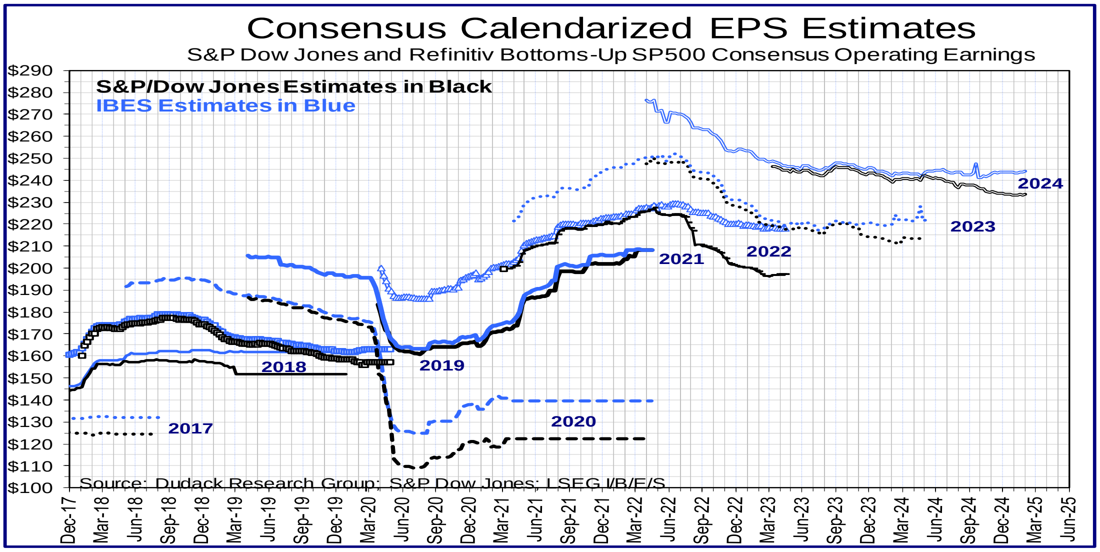


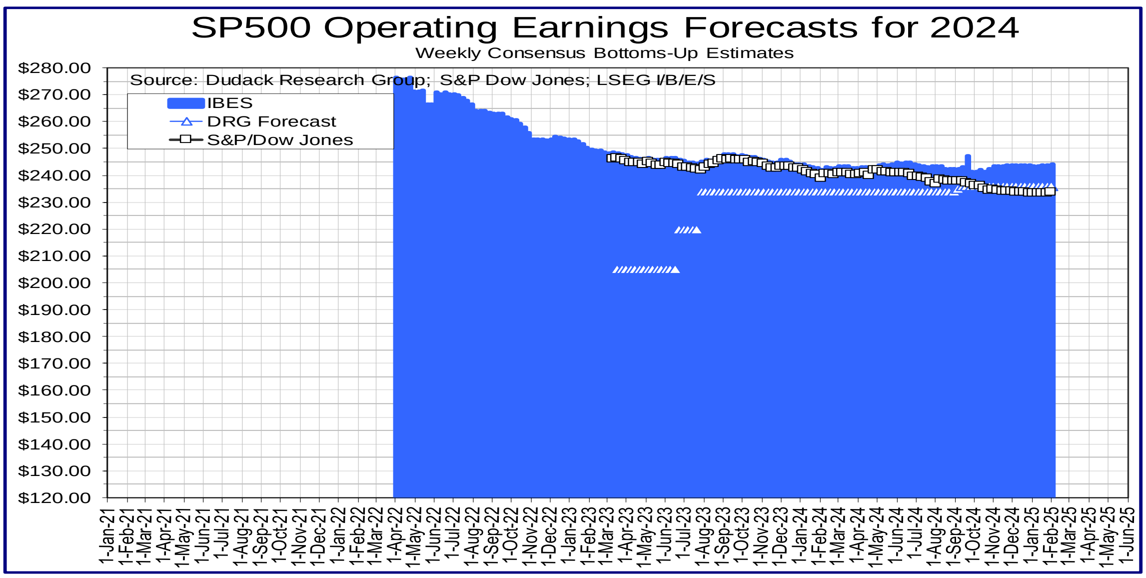
Valuation is not supportive of equities, but momentum, hope, and sentiment have been overruling valuation for two years. The SPX **trailing** 4-quarter operating multiple is 25.4 times, and well above all long- and short-term averages. The **12-month forward** PE multiple is 22.3 times and when added to inflation of 2.9%, it comes to 25.2, which is well above 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.

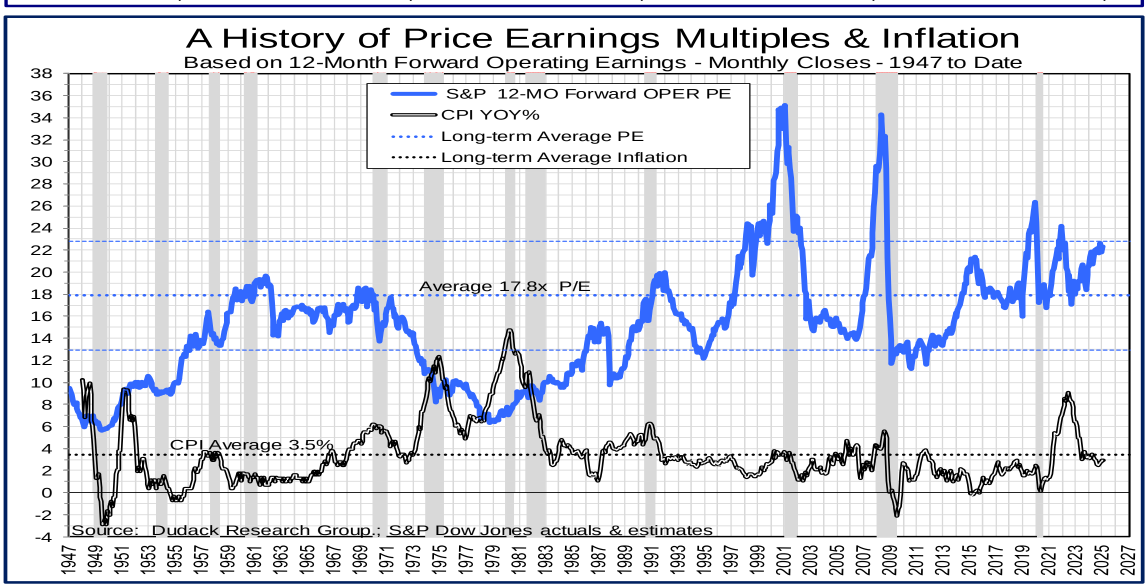




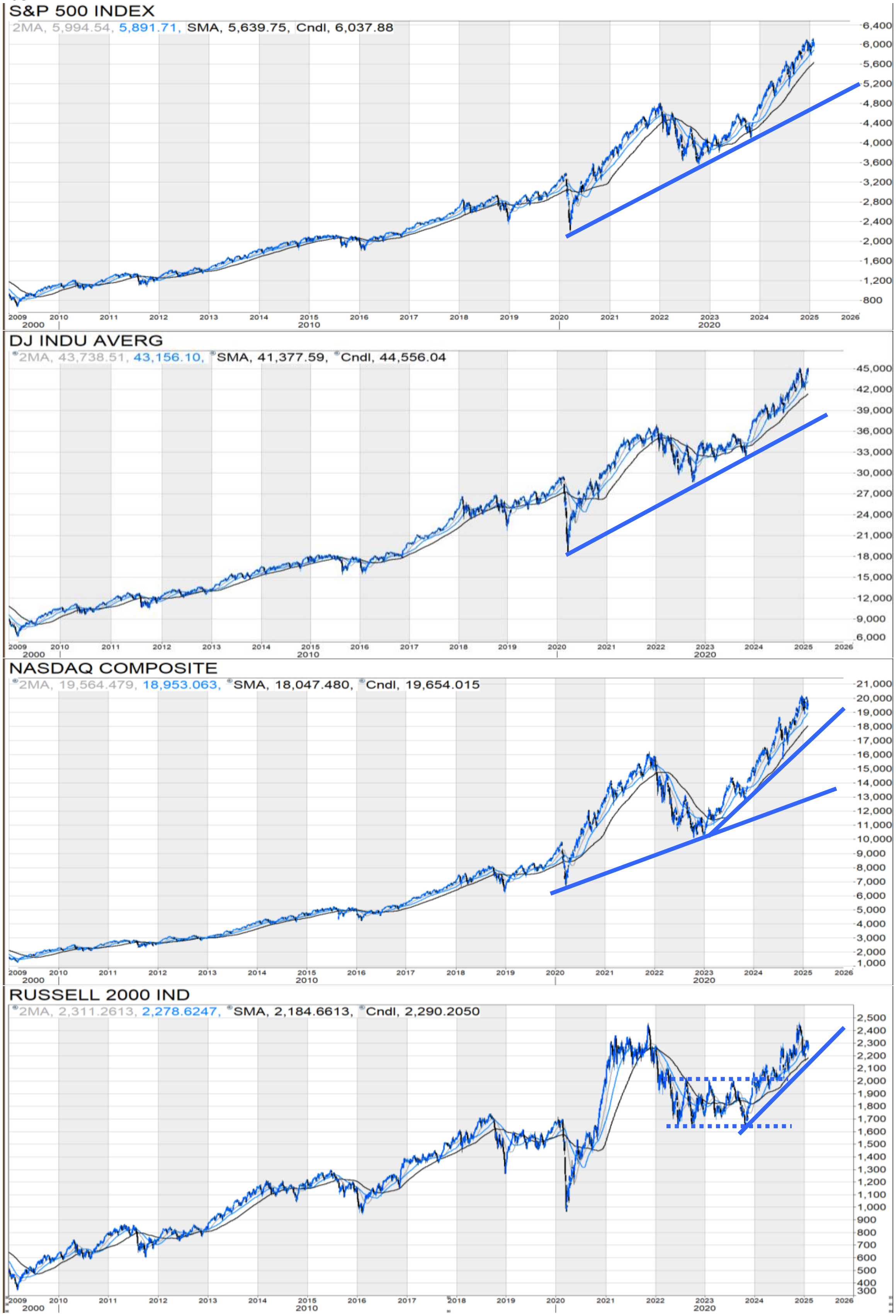
The S&P Dow Jones consensus estimate for calendar 2024 is $233.63, up $0.32 and the 2025 estimate is $270.27, down $0.81 this week. The LSEG IBES estimate for 2024 is $244.07, up $0.34 and the estimate for 2025 is $273.33, down $0.49. The IBES guesstimate for 2026 EPS is $310.72, down $0.09. The current rally has been primarily PE expansion and based on hopes for an improvement in the economy and earnings growth. This may prove to be true, but much good news is being priced in and is a concern.





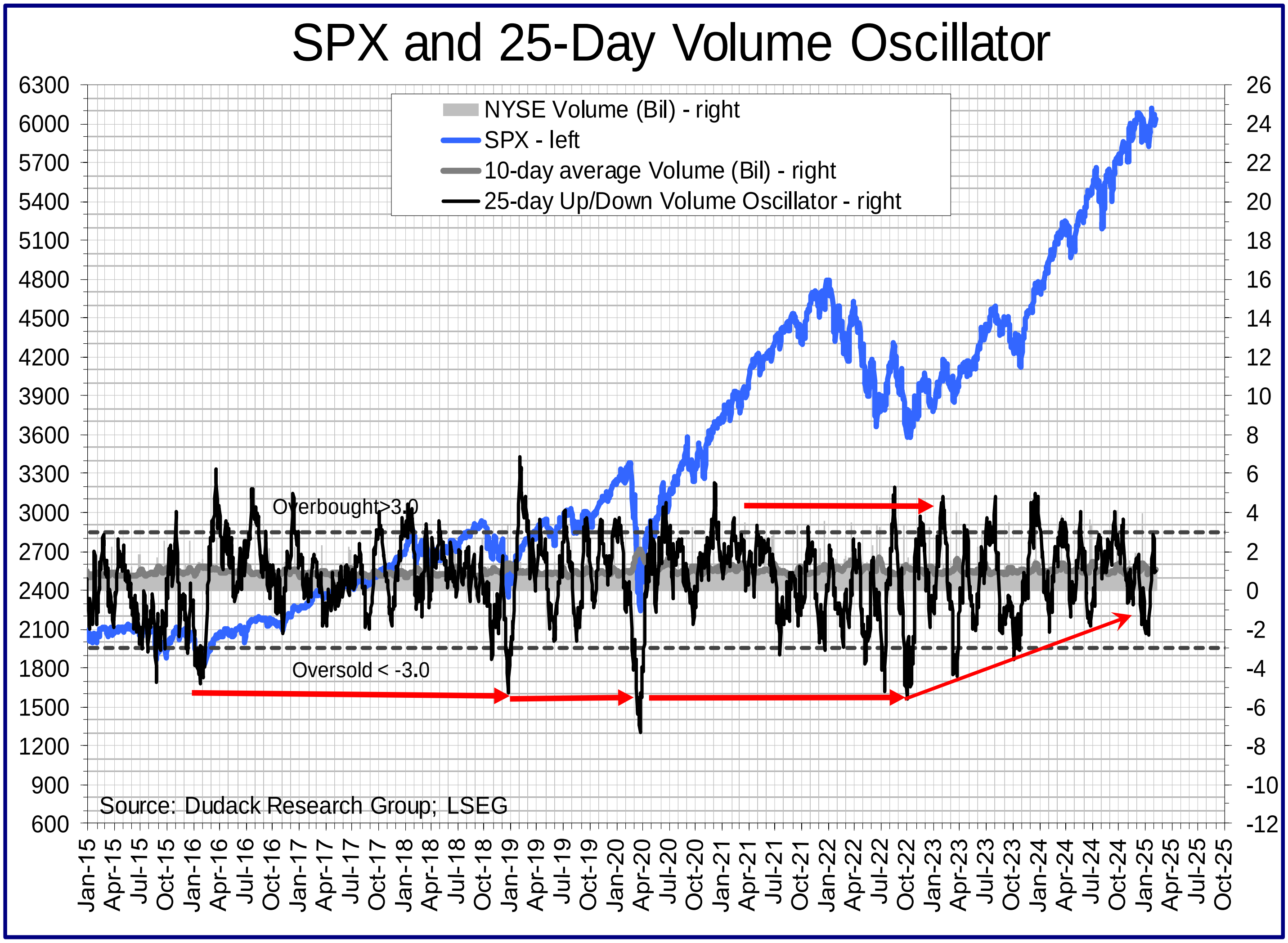


Since the DeepSeek controversy, technology stocks have underperformed, and this is seen in the performance of the indices. The DJIA is up 4.7% year-to-date, the SPX and the Russell 2000 are up 2.7%, and the Nasdaq Composite is up only 1.8%. Nevertheless, all the indices are in relatively stable and favorable uptrends.

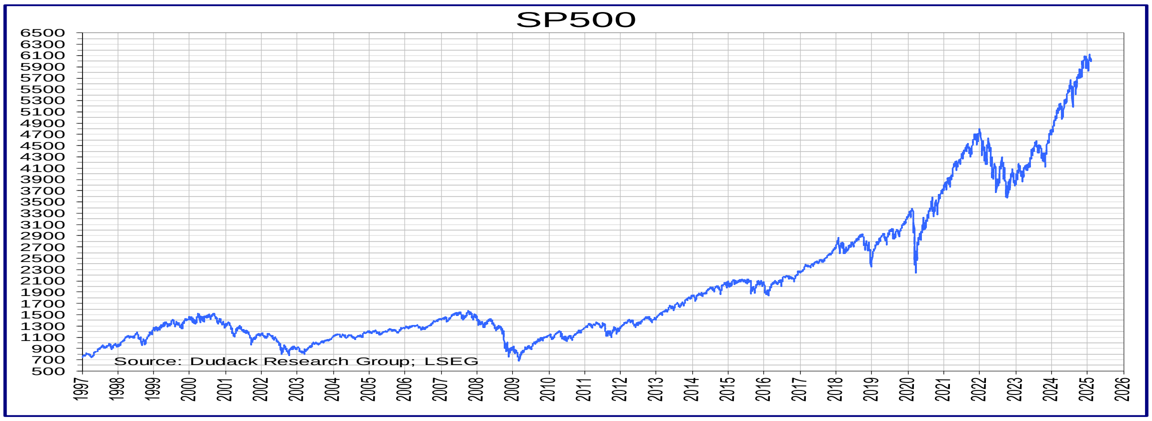


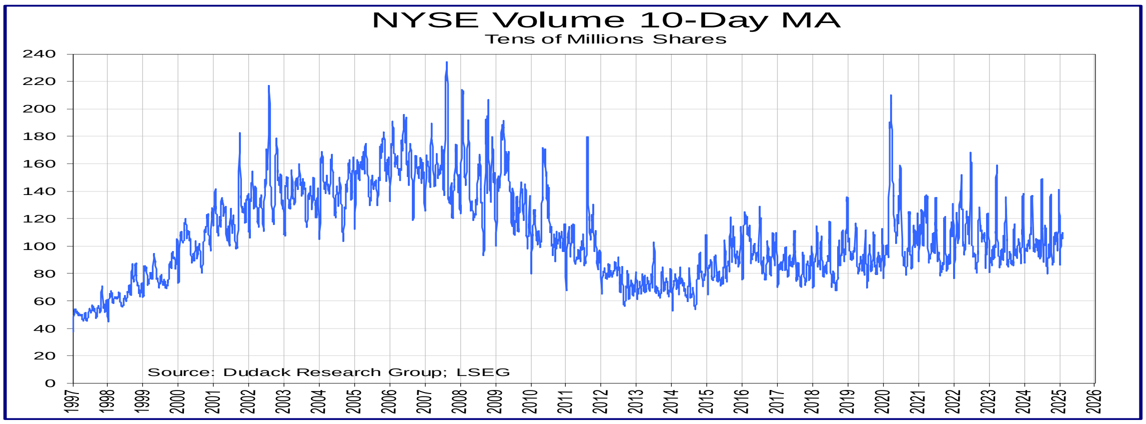
Source: LSEG

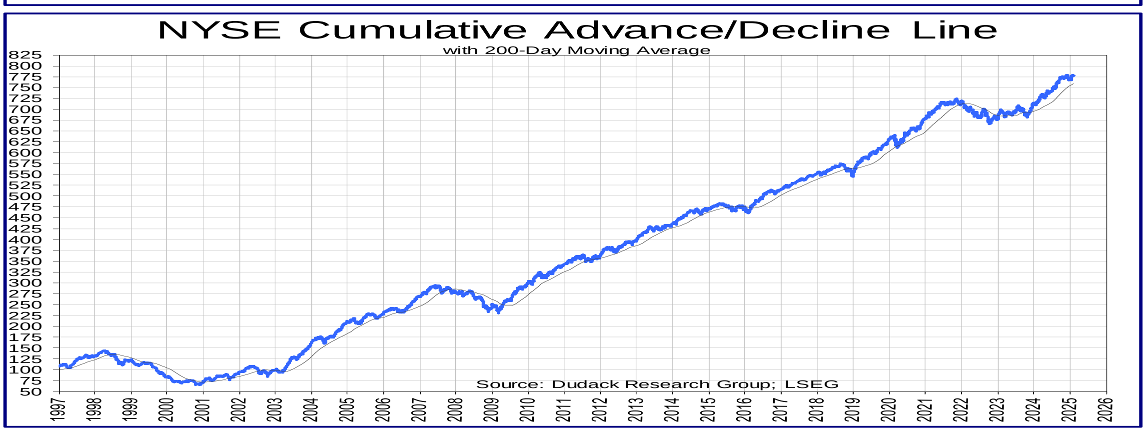
The 25-day up/down volume oscillator is 0.96 this week, neutral and down from a week ago when it was closing in on an overbought reading of 3.0 or greater. Nevertheless, the recent DeepSeek falloff and tariff concerns have not done any damage to this indicator. The market experienced a 91% down volume 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.

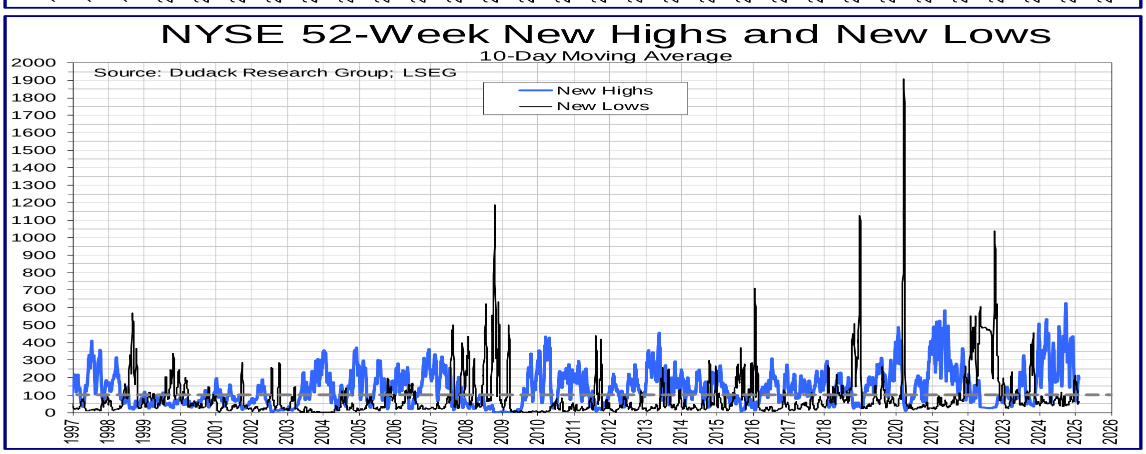


The 10-day average of daily new highs is 189 this week and new lows are averaging 62. This combination of daily new highs above 100 and new lows below 100 shifted this indicator from negative to positive last week. The NYSE advance/decline line made a new record high on November 29, 2024. In sum, breadth indicators are much more favorable this week.

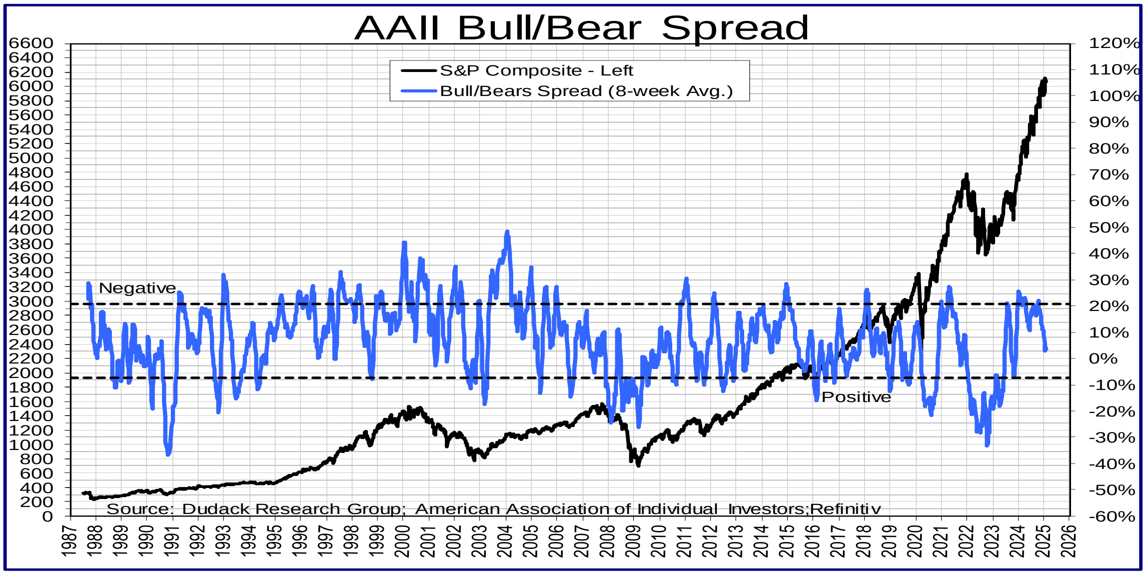


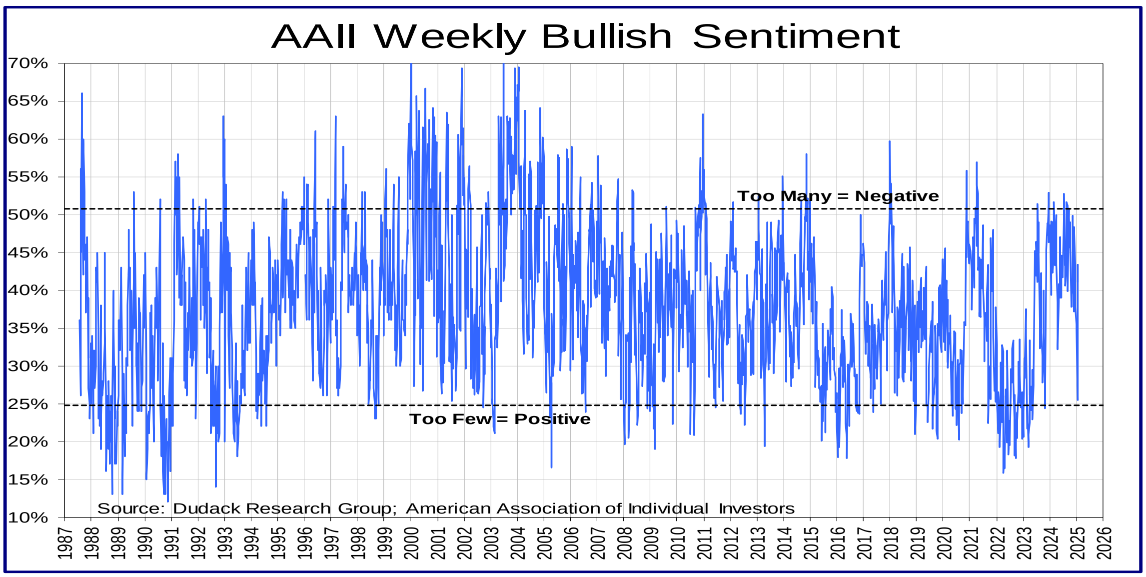


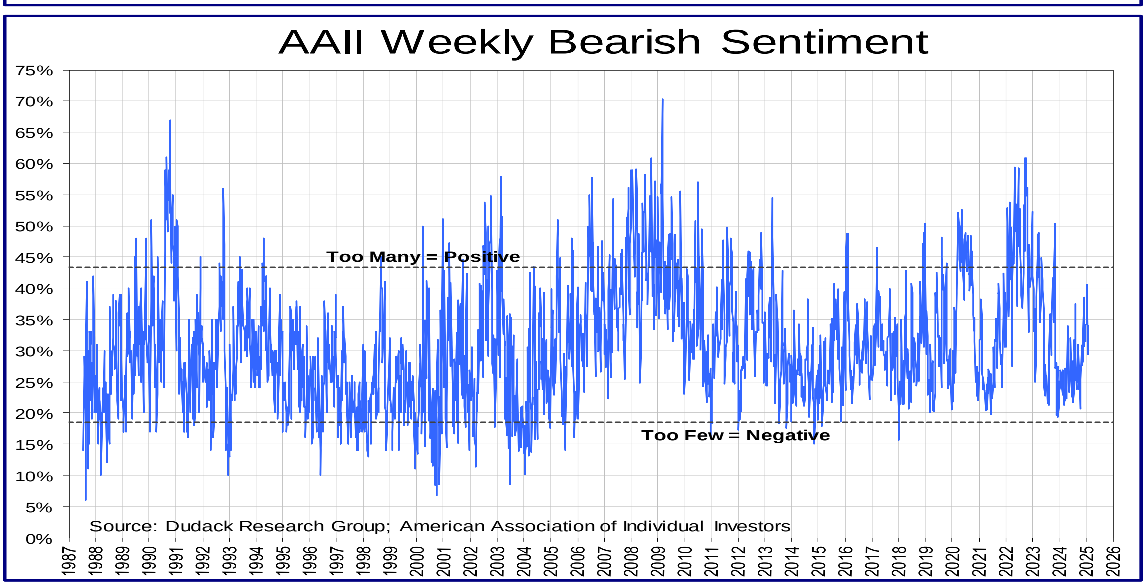




Last week's AAII survey showed bullishness fell 2.4% to 41.0% and bearishness rose 4.6% to 34.0%. Bullishness is now above average, and so is bearishness. Both are neutral. Extreme sentiment readings -- a negative signal -- were seen on December 13, 2023, when bearishness was 19.6%, its lowest level 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%
Silver Future	SIc1	32.89	7.0%	10.3%	13.6%	13.6%
iShares MSCI Brazil Capped ETF	EWZ	25.45	2.7%	13.4%	13.1%	13.1%
iShares Silver Trust	SLV	30.64	6.0%	8.4%	11.1%	11.1%
SPDR Gold Trust	GLD	262.50	2.9%	7.8%	8.4%	8.4%
iShares MSCI Germany ETF	EWG	34.39	-0.5%	8.6%	8.1%	8.1%
iShares MSCI Mexico Capped ETF	EWW	50.14	1.0%	7.0%	7.1%	7.1%
Communication Services Select Sector SPDR Fund	XLC	103.52	2.1%	5.8%	6.9%	6.9%
Health Care Select Sect SPDR	XLV	147.04	0.4%	5.8%	6.9%	6.9%
iShares MSCI South Korea Capped ETF	EWY	54.35	0.1%	2.9%	6.8%	6.8%
iShares China Large Cap ETF	FXI	32.47	1.6%	6.8%	6.7%	6.7%
iShares DJ US Oil Eqpt & Services ETF	IEZ	21.11	2.1%	3.4%	6.6%	6.6%
Materials Select Sector SPDR	XLB	89.14	0.4%	7.2%	5.9%	5.9%
SPDR S&P Bank ETF	KBE	58.71	0.1%	5.5%	5.8%	5.8%
Financial Select Sector SPDR	XLF	51.14	-0.4%	5.2%	5.8%	5.8%
Energy Select Sector SPDR	XLE	90.04	0.6%	2.9%	5.1%	5.1%
iShares Nasdaq Biotechnology ETF	IBB.O	138.81	0.5%	3.5%	5.0%	5.0%
iShares MSCI United Kingdom ETF	EWU	35.54	0.6%	4.6%	4.8%	4.8%
iShares MSCI EAFE ETF	EFA	79.22	0.1%	4.7%	4.8%	4.8%
DJIA	.DJI	44556.04	-0.7%	4.3%	4.7%	4.7%
SPDR DJIA ETF	DIA	445.53	-0.6%	4.3%	4.7%	4.7%
iShares Russell 1000 Value ETF	IWD	193.12	-0.1%	3.5%	4.3%	4.3%
Industrial Select Sector SPDR	XLI	137.02	-0.9%	3.2%	4.0%	4.0%
iShares MSCI Singapore ETF	EWS	22.72	1.0%	3.9%	4.0%	4.0%
iShares MSCI Austria Capped ETF	EWO	21.79	-1.1%	4.7%	3.9%	3.9%
iShares MSCI Australia ETF	EWA	24.78	0.0%	2.4%	3.9%	3.9%
Vanguard FTSE All-World ex-US ETF	VEU	59.51	0.4%	3.4%	3.7%	3.7%
iShares Russell 2000 Growth ETF	IWO	297.55	0.3%	0.9%	3.4%	3.4%
Consumer Discretionary Select Sector SPDR	XLY	231.80	0.1%	2.6%	3.3%	3.3%
iShares MSCI Emerg Mkts ETF	EEM	43.17	1.6%	2.4%	3.2%	3.2%
iShares MSCI BRIC ETF	BKF	37.63	2.1%	3.1%	3.1%	3.1%
iShares Russell 1000 ETF	IWB	332.09	-0.2%	2.0%	3.1%	3.1%
iShares US Telecomm ETF	IYZ	27.64	0.5%	1.8%	3.0%	3.0%
iShares Russell 2000 ETF	IWM	226.93	0.1%	1.1%	2.7%	2.7%
SP500	.SPX	6037.88	-0.5%	1.6%	2.7%	2.7%
NASDAQ 100	NDX	21566.92	0.5%	1.1%	2.6%	2.6%
PowerShares Water Resources Portfolio	PHO	67.51	-1.4%	2.5%	2.6%	2.6%
United States Oil Fund, LP	USO	77.51	-1.7%	-0.5%	2.6%	2.6%
Utilities Select Sector SPDR	XLU	77.61	1.3%	0.7%	2.5%	2.5%
iShares MSCI Canada ETF	EWC	41.32	-0.1%	1.8%	2.5%	2.5%
iShares Russell 1000 Growth ETF	IWF	410.31	-0.5%	0.8%	2.2%	2.2%
iShares Russell 2000 Value ETF	IWN	167.45	-0.3%	1.1%	2.0%	2.0%
SPDR Homebuilders ETF	XHB	106.51	-3.7%	1.7%	1.9%	1.9%
Nasdaq Composite Index Tracking Stock	ONEQ.O	77.40	-0.4%	0.2%	1.8%	1.8%
iShares MSCI Japan ETF	EWJ	68.27	-0.1%	1.5%	1.7%	1.7%
iShares US Real Estate ETF	IYR	94.64	-0.4%	1.3%	1.7%	1.7%
Oil Future	CLc1	72.70	-1.5%	-1.7%	1.4%	1.4%
iShares 20+ Year Treas Bond ETF	TLT	88.43	0.3%	1.3%	1.3%	1.3%
Gold Future	GCc1	3009.10	0.2%	0.7%	0.8%	0.8%
iShares iBoxx $ Invest Grade Corp Bond	LQD	107.45	-0.2%	0.8%	0.6%	0.6%
SPDR S&P Retail ETF	XRT	79.75	-1.5%	0.1%	0.2%	0.2%
Consumer Staples Select Sector SPDR	XLP	78.62	-0.2%	0.4%	0.0%	0.0%
iShares MSCI Taiwan ETF	EWT	51.76	1.1%	-0.9%	0.0%	0.0%
SPDR S&P Semiconductor ETF	XSD	247.92	2.1%	-4.2%	-0.2%	-0.2%
Technology Select Sector SPDR	XLK	230.98	-1.1%	-2.0%	-0.7%	-0.7%
iShares MSCI Hong Kong ETF	EWH	16.46	-0.3%	-0.4%	-1.2%	-1.2%
iShares MSCI India ETF	INDA.K	51.43	2.5%	-3.6%	-2.3%	-2.3%
Shanghai Composite	.SSEC	3250.60	0.0%	1.2%	-3.0%	-3.0%
iShares MSCI Malaysia ETF	EWM	23.72	-0.4%	-2.5%	-3.3%	-3.3%

Outperformed SP500

Underperformed SP500

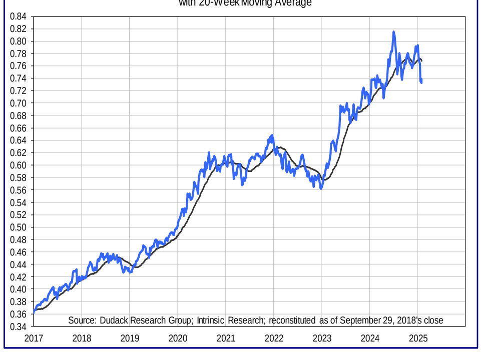
Source: Dudack Research Group; Refinitiv Priced as of February 4, 2025

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

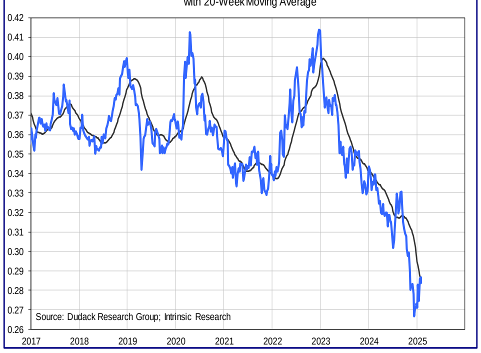
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Communication Services Technology Consumer Discretionary Financials	Healthcare Staples Utililties Industrials	REITS Materials Energy

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.

Technology* Sector relative to SPX
with 20-Week Moving Average

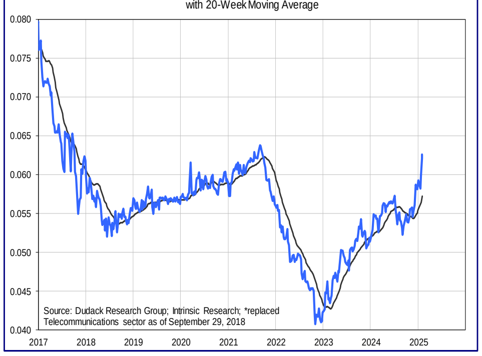


Healthcare Sector relative to SPX
with 20-Week Moving Average

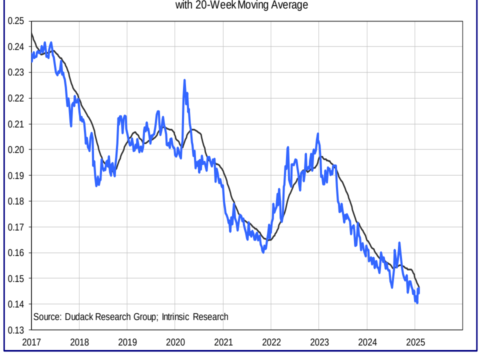


REITS Sector relative to SPX
with 20-Week Moving Average Bands

Communication Services* Sector relative to SPX
with 20-Week Moving Average

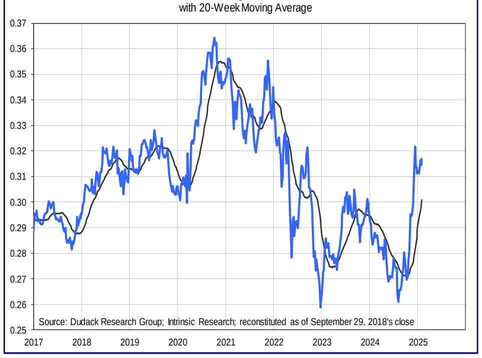


Staples Sector relative to SPX
with 20-Week Moving Average

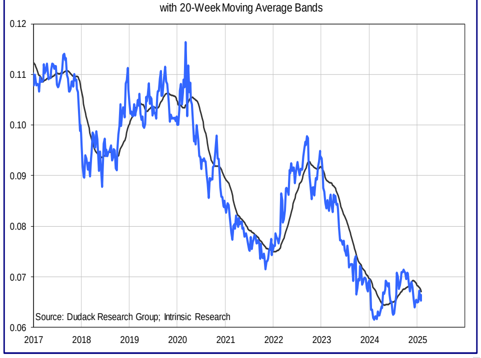


Material Sector relative to SPX
with 20-Week Moving Average

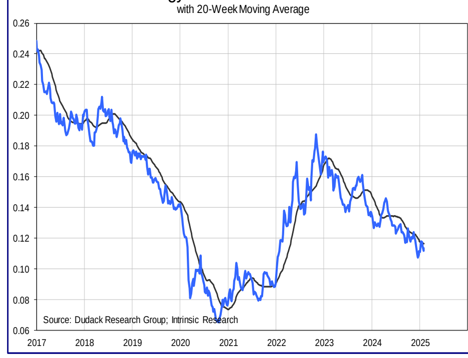
Consumer Discretionary* Sector relative to SPX
with 20-Week Moving Average



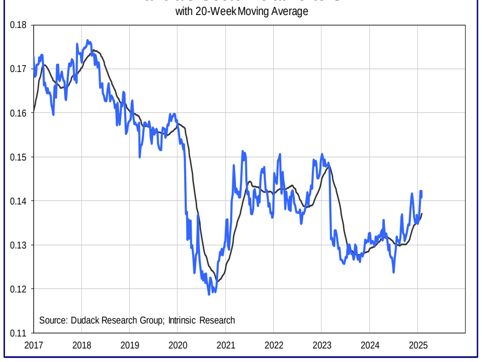
Utilities Sector relative to SPX
with 20-Week Moving Average Bands



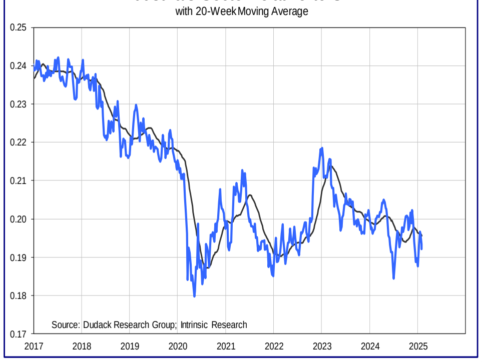
Energy Sector relative to SPX
with 20-Week Moving Average



Financials Sector relative to SPX
with 20-Week Moving Average



Industrials Sector relative to SPX
with 20-Week Moving Average



2025 Performance - Ranked	
SP500 Sector	% Change
S&P COMMUNICATIONS SERVICES	10.5%
S&P HEALTH CARE	6.7%
S&P MATERIALS	5.9%
S&P FINANCIAL	5.7%
S&P ENERGY	4.7%
S&P CONSUMER DISCRETIONARY	4.5%
S&P INDUSTRIALS	4.0%
S&P 500	2.7%
S&P UTILITIES	2.4%
S&P CONSUMER STAPLES	2.1%
S&P REITS	1.5%
S&P INFORMATION TECH	-3.3%

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	$233.63	$233.42	9.3%	$244.07	10.3%	25.2X	1.4%	NA	NA	NA
2025E	~~~~~	$172.75	$270.27	$270.00	15.7%	$273.33	12.0%	22.3X	NA	NA	NA	NA
2026E	~~~~~	$192.43	NA	$310.50	15.0%	$310.72	13.7%	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	$61.47	$61.26	13.7%	$62.39	9.1%	25.2	1.3%	NA	NA	NA
2025 1QE*	6037.88	$57.23	$61.36	$63.75	16.7%	$62.11	9.8%	25.1	NA	NA	NA	NA
2025 2QE	NA	$60.96	$66.19	$65.25	11.8%	$66.84	10.7%	24.3	NA	NA	NA	NA
2025 3QE	NA	$65.43	$70.44	$68.00	14.9%	$71.05	12.4%	23.3	NA	NA	NA	NA
2025 4QE*	NA	$67.70	$72.28	$73.00	19.2%	$72.77	16.6%	22.3	NA	NA	NA	NA

Source: DRG; S&P Dow Jones **quarterly EPS may not sum to official CY estimates; LSEG IBES Consensus estimates *2/4/2025

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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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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