



# US Strategy Weekly

## Sentiment Swoons

This week marks the Federal Reserve's second FOMC meeting of the year and it is one of the few meetings that will include a summary of the Federal Reserve Board's economic projections. Economists will be analyzing these predictions for clues regarding future monetary policy changes and looking to see if the dot-plot has been amended -- particularly since fed fund futures are now predicting a 55% chance of a rate cut by June and a 40% probability of two rate cuts by September. This shift from no rate changes this year to two or three rate cuts was triggered by several items, but particularly the Atlanta Federal Reserve's GDPNow forecast. Two weeks ago, this indicator plummeted from an estimate for first quarter GDP growth of 2.3% to a decline of 2.8%. At present, this forecast has improved a bit to a decline of 1.8%; however, the suggestion of recessionary weakness in the first quarter triggered Fed watchers to pivot toward rate cuts this year.

Note that rate cuts are counter to the expectations that tariffs, and the possibility of a tariff war, will be inflationary in 2025. Nevertheless, February's inflation data pointed to a marked deceleration in nearly all benchmarks. Even import prices were seen to be rising at a comforting pace of 2.0% YOY. However, import prices will be a closely monitored economic statistic in coming months.

Headline CPI for February was better than expected at 2.8% YOY, down from 3.0% in January. Core CPI eased 0.2% to 3.1% YOY. Service sector inflation was 4.1% YOY, down from 4.2% in January and owners' equivalent rent was 4.4% YOY, down from 4.6%. In conclusion, all the major price trends improved in February. See page 3.

What made February's inflation release important was that it showed a reversal of the acceleration seen in most core inflation indices. For example, the various core indices that exclude shelter, food, energy, medical care, and used cars & trucks were all lower in the month. Even problem areas such as health insurance and motor vehicle maintenance & repair saw prices trending lower in February. One holdout was the "other goods and services" index which reverted to December's 3.3% YOY pace after falling to 2.4% YOY in January. See page 4. With the exception of egg prices, most inflation indices showed inflation was decelerating. In fact, there were many areas in the report such as information technology, hardware and services, gasoline and fuel oil, fruits and vegetables, and airline fares that showed prices were falling on a year-over-year basis.

But business and consumer sentiment has been plummeting, and much of this is due to uncertainty related to tariffs and inflation. The NFIB Small Business Optimism Index fell 2.1 points in February to 100.7, its fourth consecutive month above the 51-year average of 98, but 4.4 points below its December peak of 105.1. Of the ten components in the index, one was unchanged, three were higher, and seven were lower. Sales expectations were lower in February, but job openings rose. The NFIB Uncertainty Index rose 4 points to 104, its second highest reading on record. Small business owners have experienced uncertainty whiplash in recent months with the Uncertainty Index falling from October's 110 reading to 86 in December and then back up to 104. See page 5.

**For important disclosures and analyst certification please refer to the last page of this report.**

Consumer confidence indices also tumbled. The headline Conference Board consumer confidence index fell 7 points to 98.3 in February and the University of Michigan consumer sentiment index dropped 9.8 points to 57.9 in March. Expectations were the main source of weakness in both surveys; however, the University of Michigan, which also releases data based upon income, age, and political affiliation, showed that consumer sentiment was significantly swayed by political bias. In the five months since October, the University of Michigan survey shows Democrat expectations plunged from 93.1 to 49.4, while Republican expectations soared from 61.4 to 104.3. See page 6. This dichotomy suggests that much like the bias seen in recent presidential-election polls, sentiment indices may not be reliable in predicting economic outcomes.

After a sizeable drop in January, seasonally adjusted retail sales grew in February, albeit at a below consensus pace. Total retail and food services sales rose 3.1% YOY after the 3.9% YOY gain seen in January. But after adjusting for inflation, retail sales grew a modest 0.3% YOY versus the 0.9% seen in January. Christmas and back to school buying tends to result in retail sales declining in January, February, and September, which is why economists tend to look at seasonally adjusted data. However, this February's unadjusted sales were down 0.9% YOY, implying that February 2025 was slightly weaker than normal. Since weak consumer sentiment and sluggish retail sales are a poor combination, this means the March retail sales release will be important. It could be helpful in determining whether consumption (i.e., GDP) is seriously weakening in the first quarter. See page 7.

The Bureau of Economic Analysis's second estimate for fourth quarter GDP was 2.3%, which was a deceleration from the third quarter's 3.1% growth. However, inventory destocking was a drag during the fourth quarter, and this could reverse in the first quarter. Economic growth in the first quarter of 2025 will be important for many reasons, but we would point out one disturbing fundamental benchmark. Total market capitalization to GDP touched its June 2021 record peak at the end of 2024. This implies that equity valuations were extremely rich at the end of 2024 and were discounting a substantial amount of future earnings. This helps to explain the recent market weakness. But it also underscores why March retail sales may be an important bellwether for the economy, corporate earnings, and the equity market. See page 8.

The housing market has been decelerating for several months, and recent data releases indicate that this continues. The National Association of Home Builders confidence survey was sluggish in March and the headline index fell from 42 to 39, current sales dropped from 46 to 43, and traffic of potential buyers declined from 29 to 24. However, 6-month sales expectations were unchanged at 47. In line with weakening builders' confidence were residential construction statistics for February which showed permits falling 6.8% YOY and housing starts down 2.9% YOY. Single-family statistics were slightly better with permits falling 3.4% YOY and housing starts dropping 2.3% YOY. In short, the residential housing market continued to slow in the first quarter of the year. See page 9.

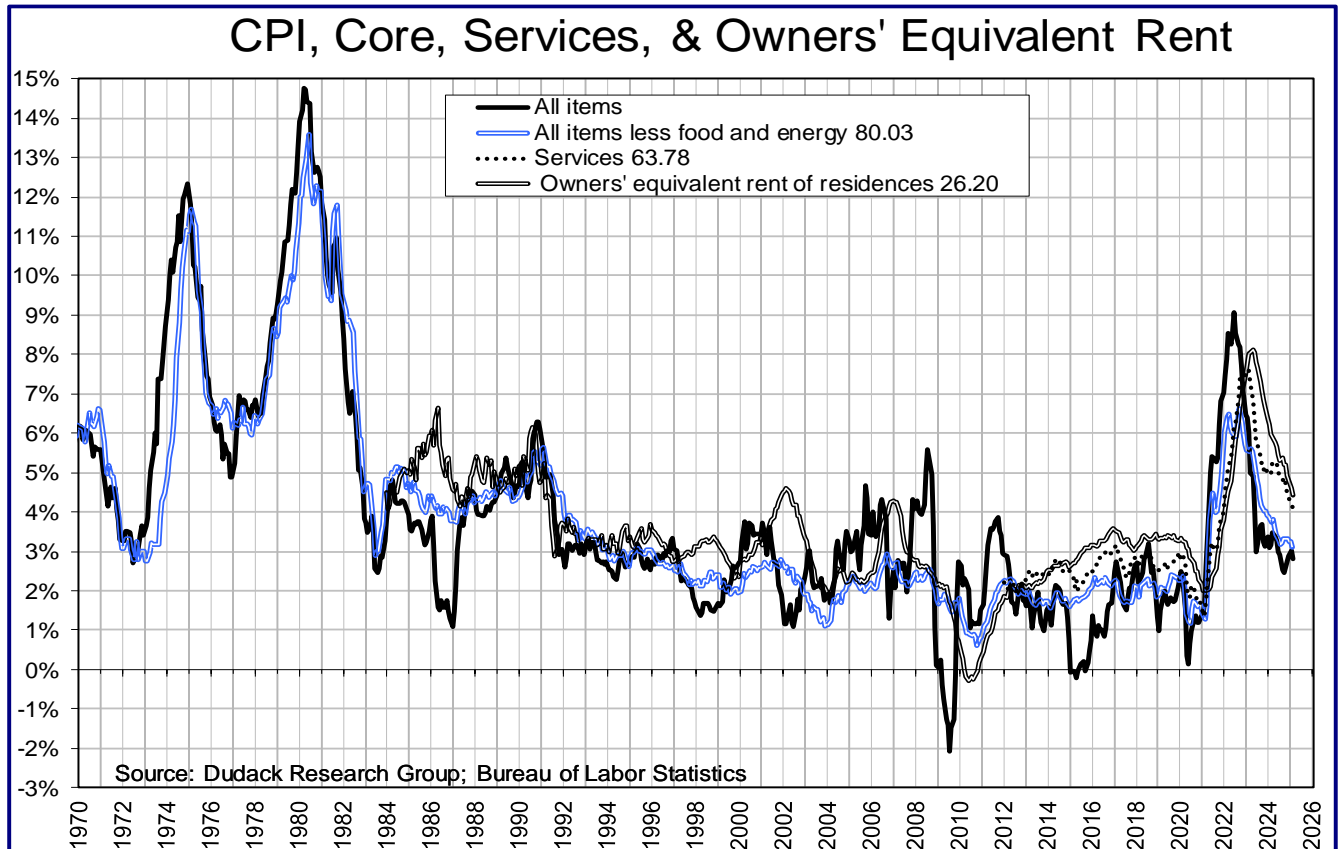
In terms of the equity market keep in mind that perpendicular moves tend to be driven by sentiment, not fundamentals. History shows that they tend to be countertrends to the major move. In the current market environment, we would also note that many of the popular indices are at interesting round numbers, which may serve as support. In particular, the S&P 500 is trading near 5500 and the Russell 2000 index is trading close to the key 2000 support level. These levels could be pivotal given that the market has already undergone a "correction" or a bear market depending upon which index one chooses. At the recent March 13, 2025 low, the decline in the S&P 500, the Dow Jones Industrial Average, the Nasdaq Composite index and the Russell 2000 index were 10.1%, 9.3%, 14.2%, and 18.4%, respectively. See page 12.

And on a positive note, the 12-month forward PE multiple for the S&P 500 is currently 18.3 times earnings. This is approaching the 20-year average PE of 18.8 times and falling toward the long-term average PE of 17.8 times. See page 10. In short, valuation is improving.

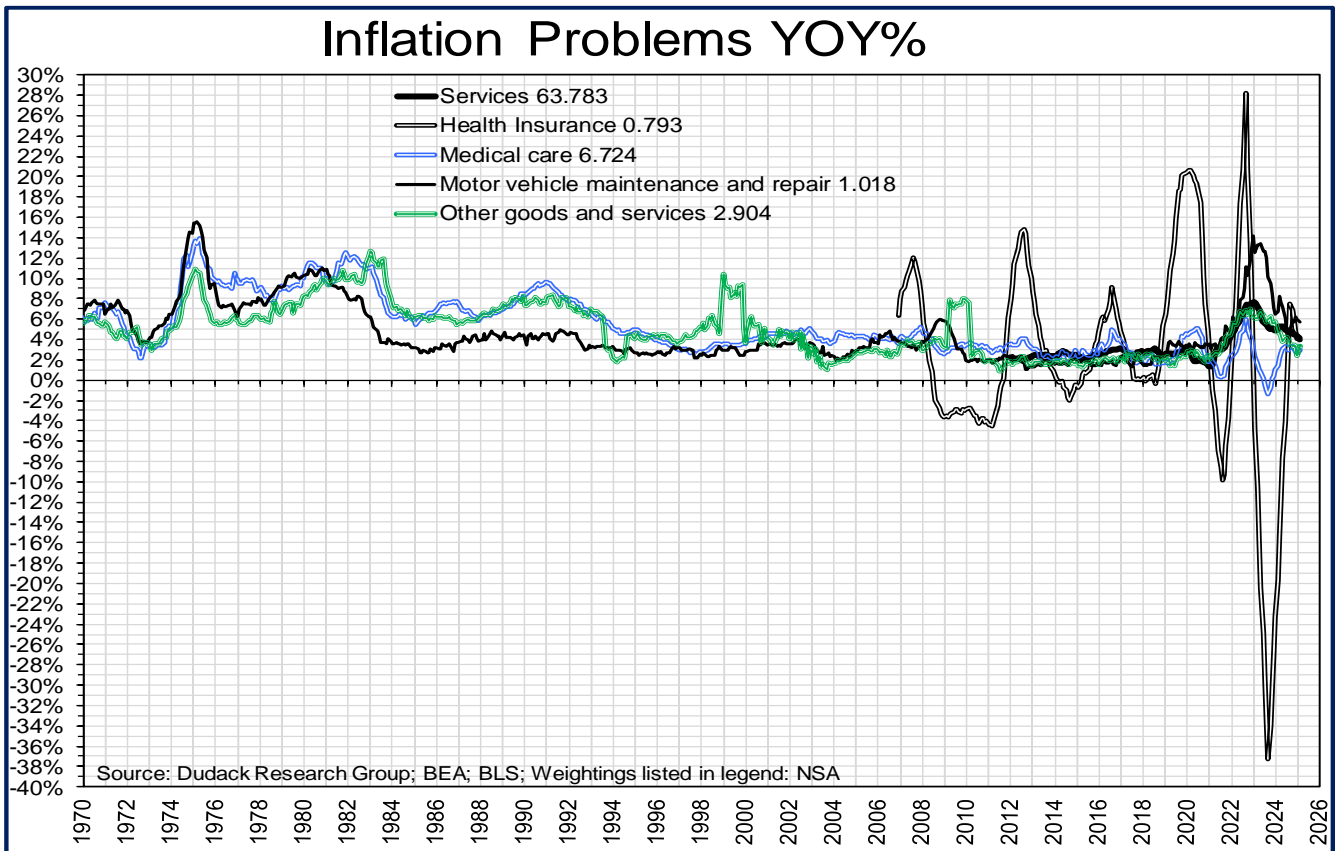
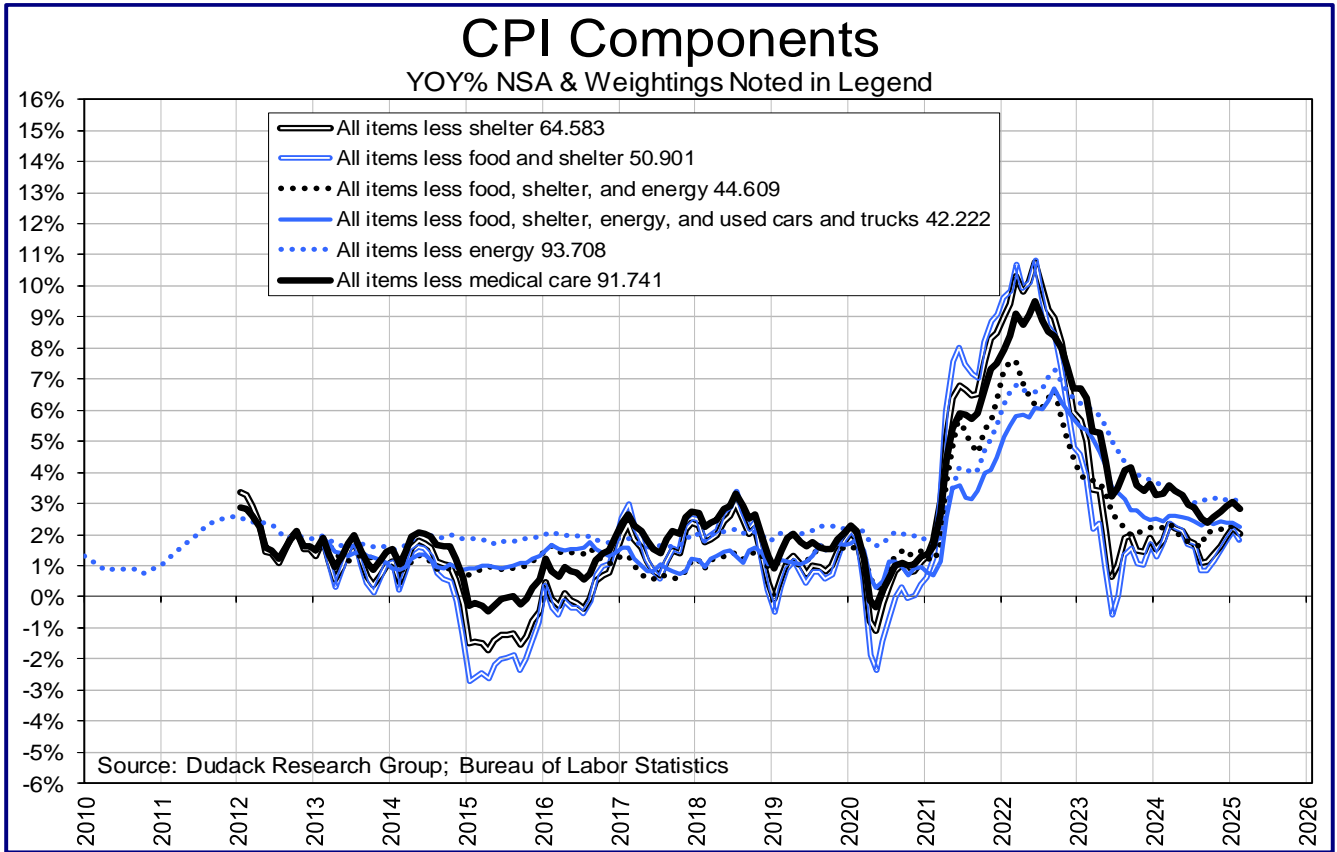
Headline CPI for February was better than expected at 2.8% YOY, down from 3.0% in January. Core CPI eased 0.2% to 3.1% YOY. Service sector inflation was 4.1% YOY, down from 4.2% in January and owners' equivalent rent was 4.4% YOY, down from 4.6%. In sum, all the major price trends improved in February.

CPI Components Heavy Weights - Not Seasonally Adjusted	Component Weight*	Fuel Weight	Price Chg YOY%	Price Chg MOM%
<b>Housing</b>	<b>44.2%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>0.4%</b>
<i>Owners' equivalent rent of residences</i>	<i>26.2%</i>		<i>4.4%</i>	<i>0.3%</i>
<b>Fuels and utilities</b>	<b>4.4%</b>		<b>3.5%</b>	<b>0.8%</b>
<b>Transportation</b>	<b>16.6%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>0.2%</b>
<b>Food and beverages</b>	<b>14.5%</b>		<b>2.6%</b>	<b>0.1%</b>
<i>Food at home</i>	<i>8.1%</i>		<i>1.9%</i>	<i>0.1%</i>
<i>Food away from home</i>	<i>5.6%</i>		<i>3.7%</i>	<i>0.4%</i>
<i>Alcoholic beverages</i>	<i>0.8%</i>		<i>1.7%</i>	<i>0.5%</i>
<b>Medical care</b>	<b>8.3%</b>		<b>2.9%</b>	<b>0.2%</b>
<b>Education and communication</b>	<b>5.7%</b>		<b>0.3%</b>	<b>0.3%</b>
<b>Recreation</b>	<b>5.3%</b>		<b>1.8%</b>	<b>0.5%</b>
<b>Apparel</b>	<b>2.5%</b>		<b>0.6%</b>	<b>3.4%</b>
<b>Other goods and services</b>	<b>2.9%</b>		<b>3.3%</b>	<b>0.9%</b>
Special groups:				
Energy	6.3%		-0.2%	1.0%
All items less food and energy	80.0%		3.1%	0.4%
<b>All items</b>	<b>100.0%</b>		<b>2.8%</b>	<b>0.4%</b>

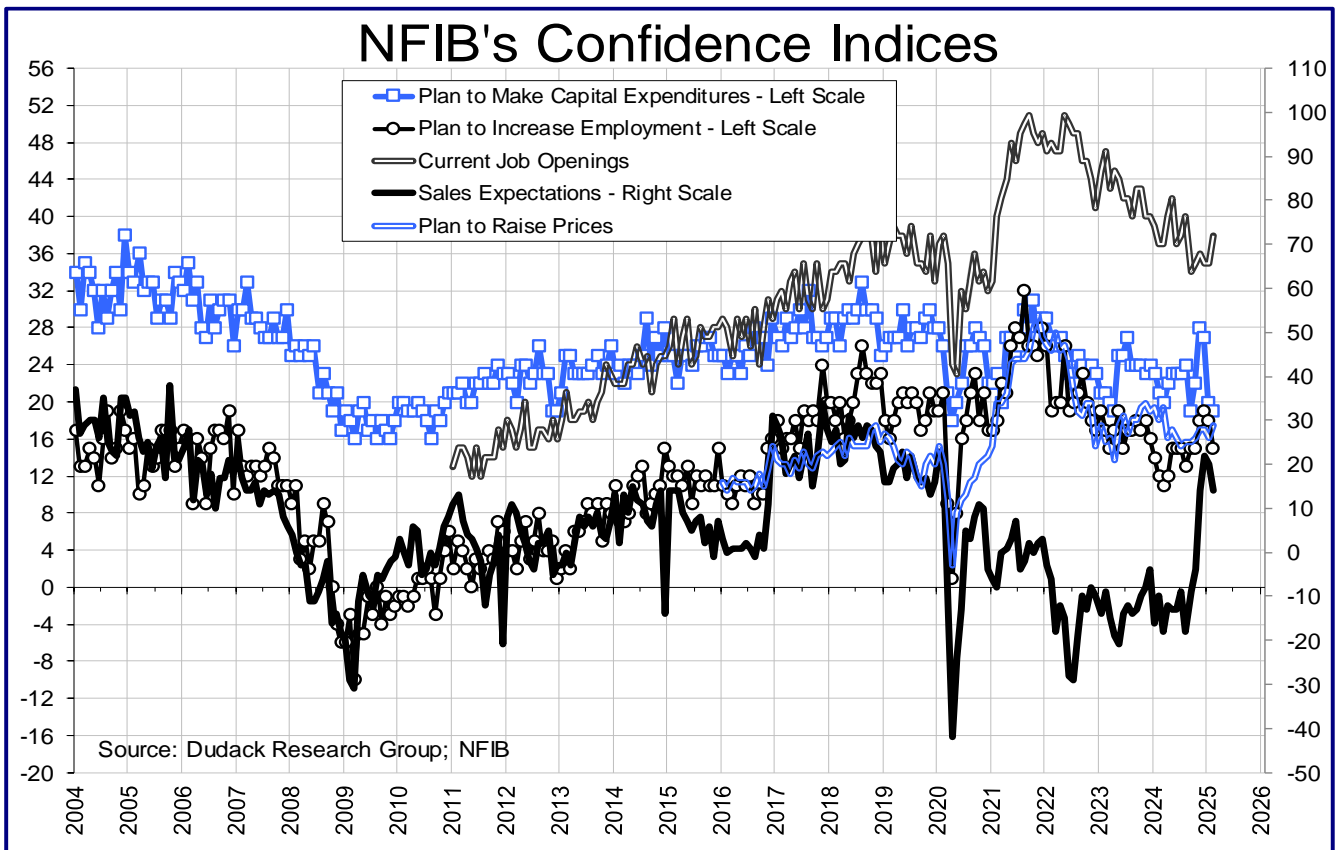
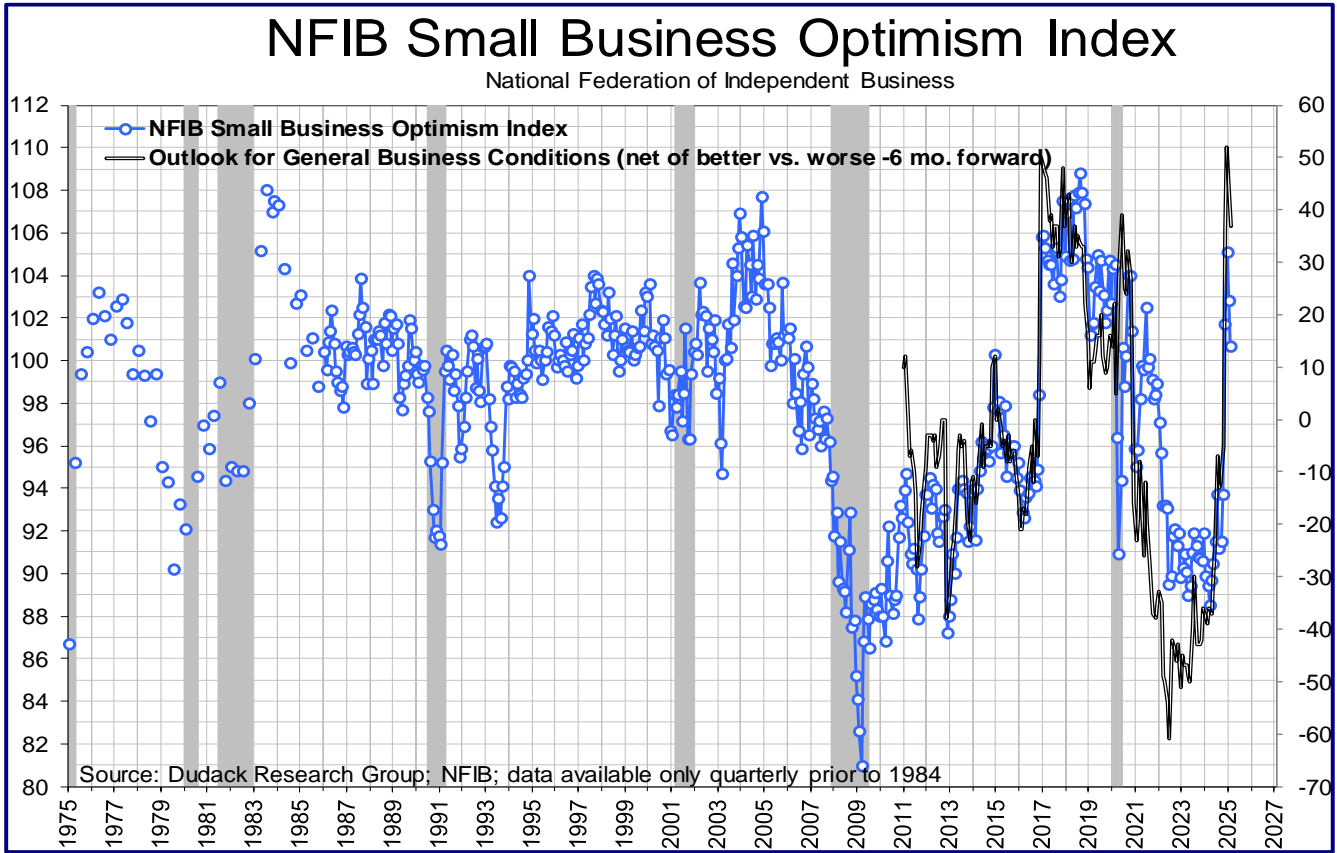
Source: Dudack Research Group; BLS; \*Jan. 2025 w eightings; Italics=sub-component; blue>headline



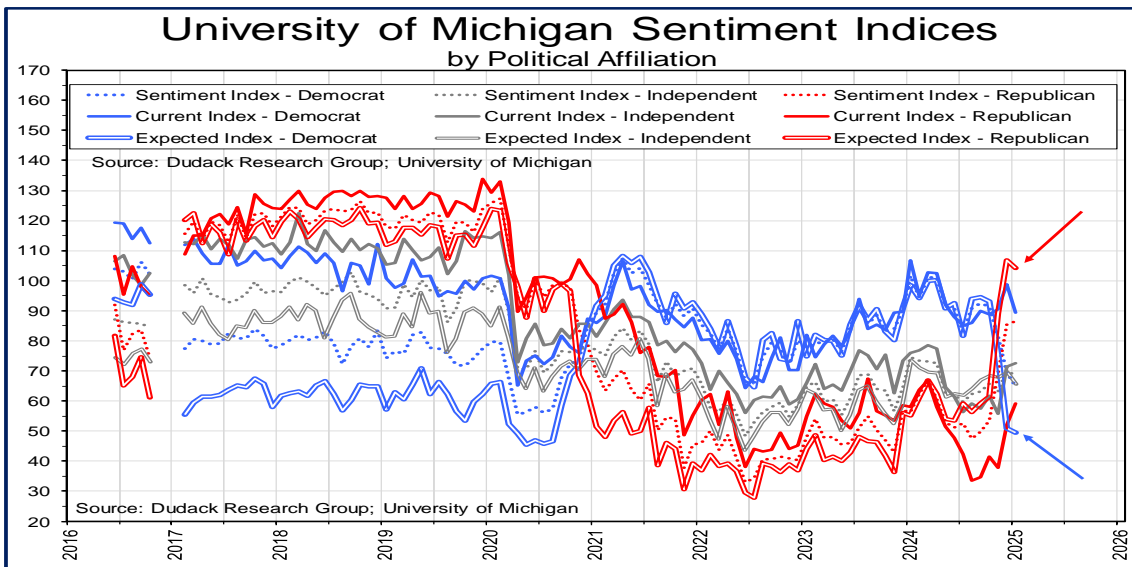
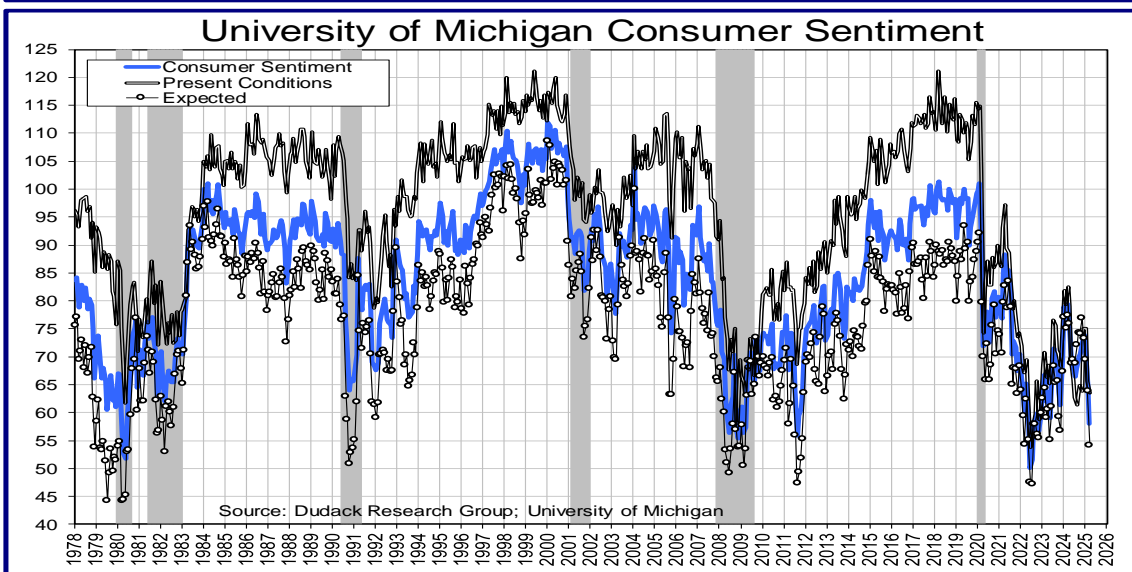
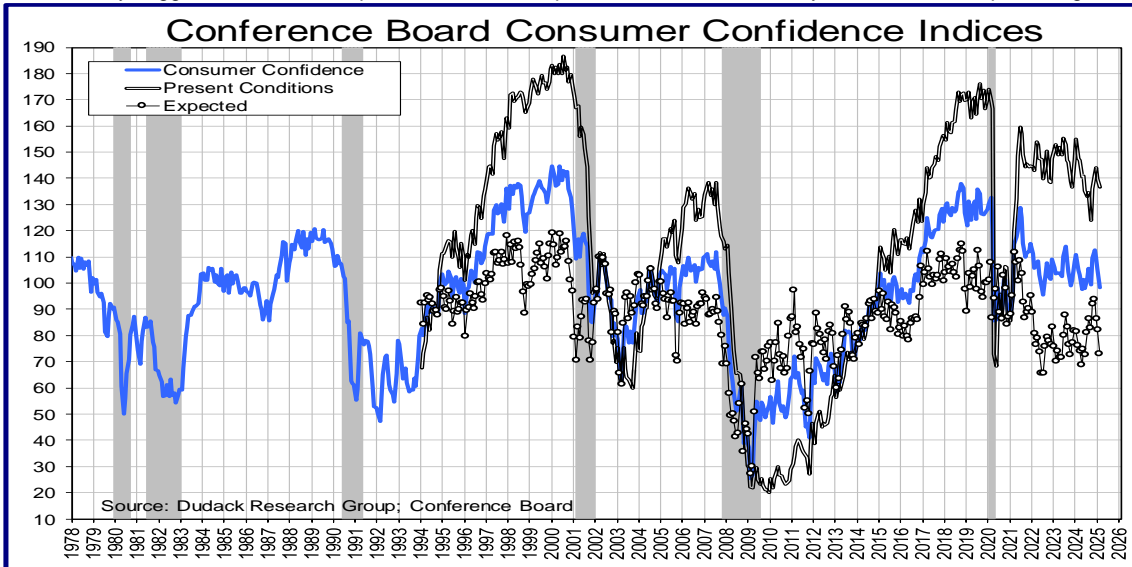
February's inflation release resulted in a reversal of the uptrend seen in most core inflation indices, such as those that exclude shelter, food, energy, medical care, and used cars & trucks. Even the problem areas such as health insurance and motor vehicle maintenance & repair saw prices trend lower in February. Nevertheless, the "other goods and services" index reverted back to December's 3.3% YOY pace after falling to 2.4% YOY in January.



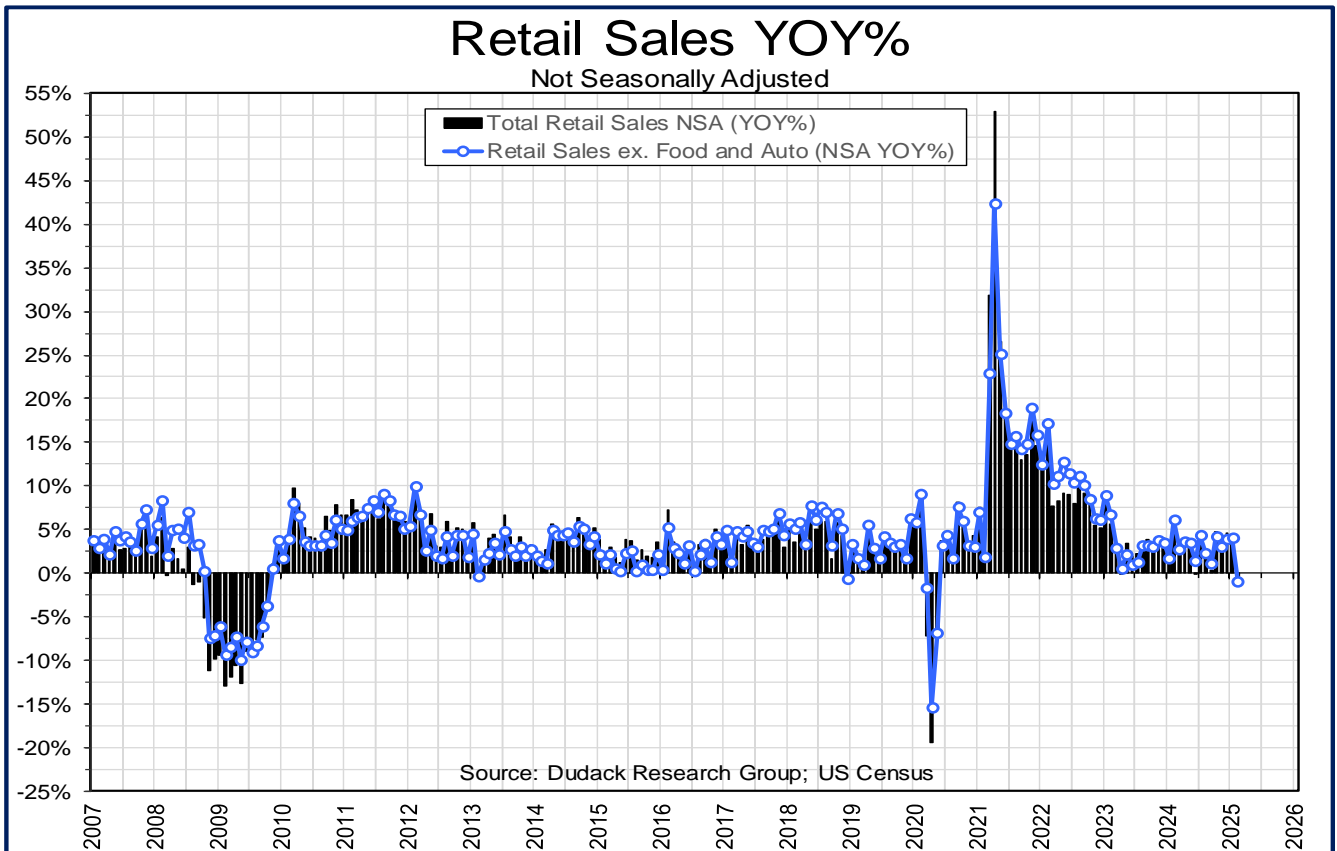
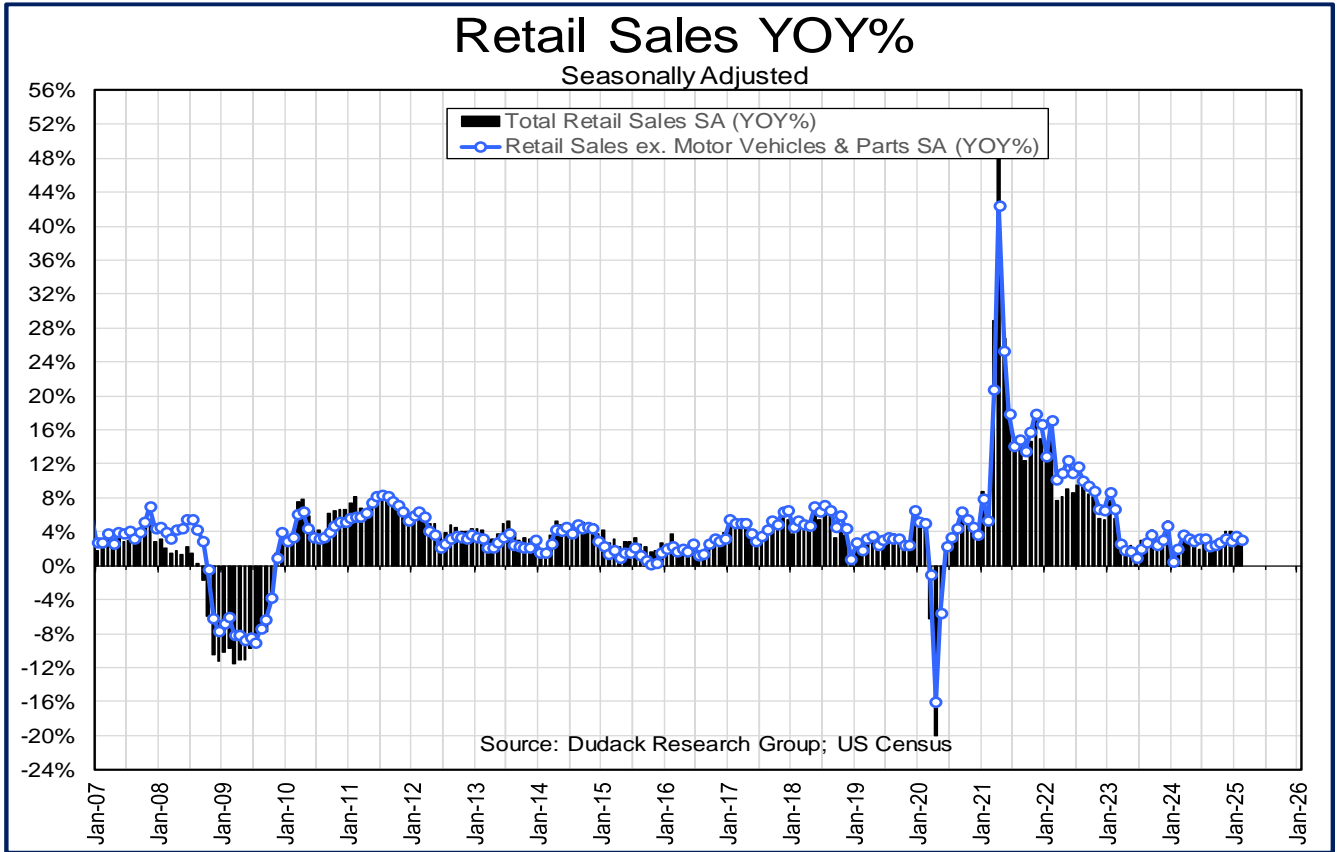
The Small Business Optimism Index fell 2.1 points in February to 100.7, its 4th consecutive month above the 51-year average of 98, but 4.4 points below its December peak of 105.1. The 10 index components were mixed with one unchanged, three higher, and seven lower. The Uncertainty Index rose 4 points to 104, the second highest reading on record. Small business owners have experienced uncertainty whiplash in recent months with the uncertainty Index falling from October's 110 reading to 86 in December and then back up to 104. Sales expectations were lower in February, but job openings rose.



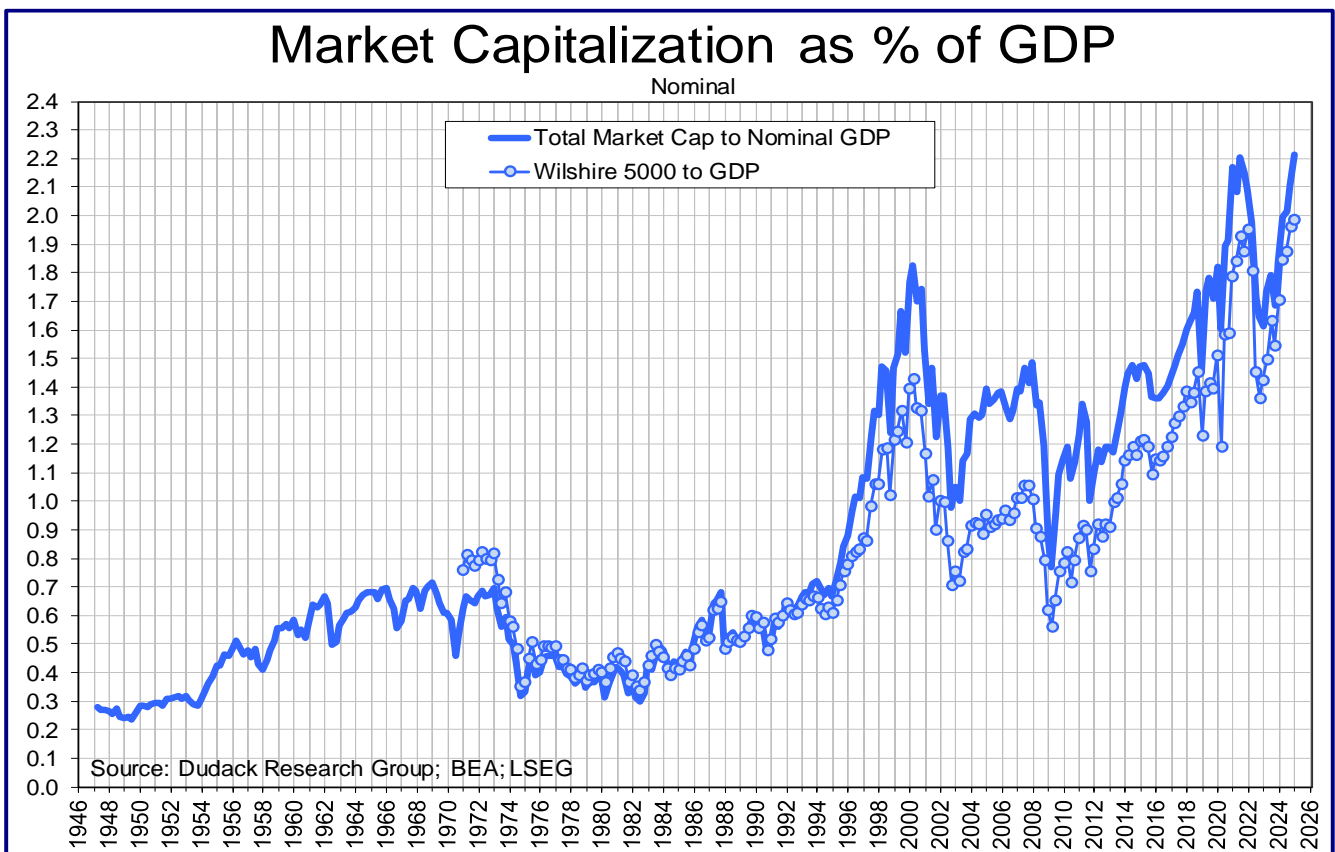
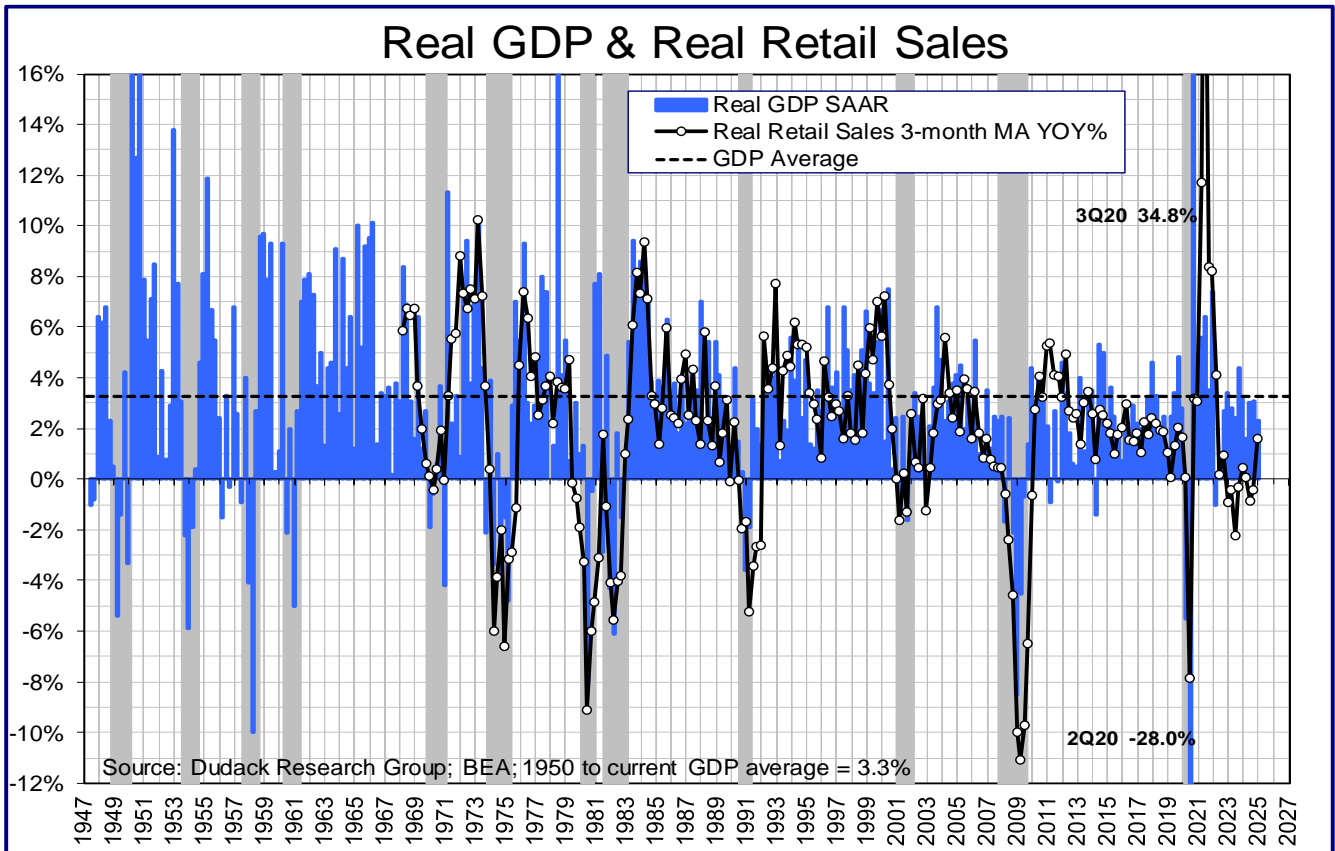
Consumer confidence indices tumbled recently. The headline Conference Board index fell 7 points to 98.3 in February and the University of Michigan index dropped 9.8 points to 57.9 in March. Expectations were the main source of weakness in both surveys; however, the University of Michigan, which also releases data based upon income, age, and political affiliation, shows that sentiment was significantly swayed by political bias. Since October, University of Michigan data shows Democrat expectations plummeted from 93.1 to 49.4, while Republican expectations jumped from 61.4 to 104.3. See bottom chart. This dichotomy suggests that similar to presidential-election polls, sentiment indices may not be reliable in predicting outcomes.



After a sizeable drop in January, seasonally adjusted retail sales grew in February, albeit at a disappointing pace. Total retail and food services sales rose 3.1% YOY after the 3.9% YOY gain seen in January. After adjusting for inflation, retail sales grew 0.3% versus the 0.9% seen in January. Since retail sales tend to fall on a month-to-month basis in January, February, and September, economists tend to look at seasonally adjusted data. However, February's unadjusted sales were down 0.9% YOY, implying that February 2025 was slightly weaker than normal. This will make the March retail sales release important in terms of defining whether consumption (GDP) is weakening in the first quarter.

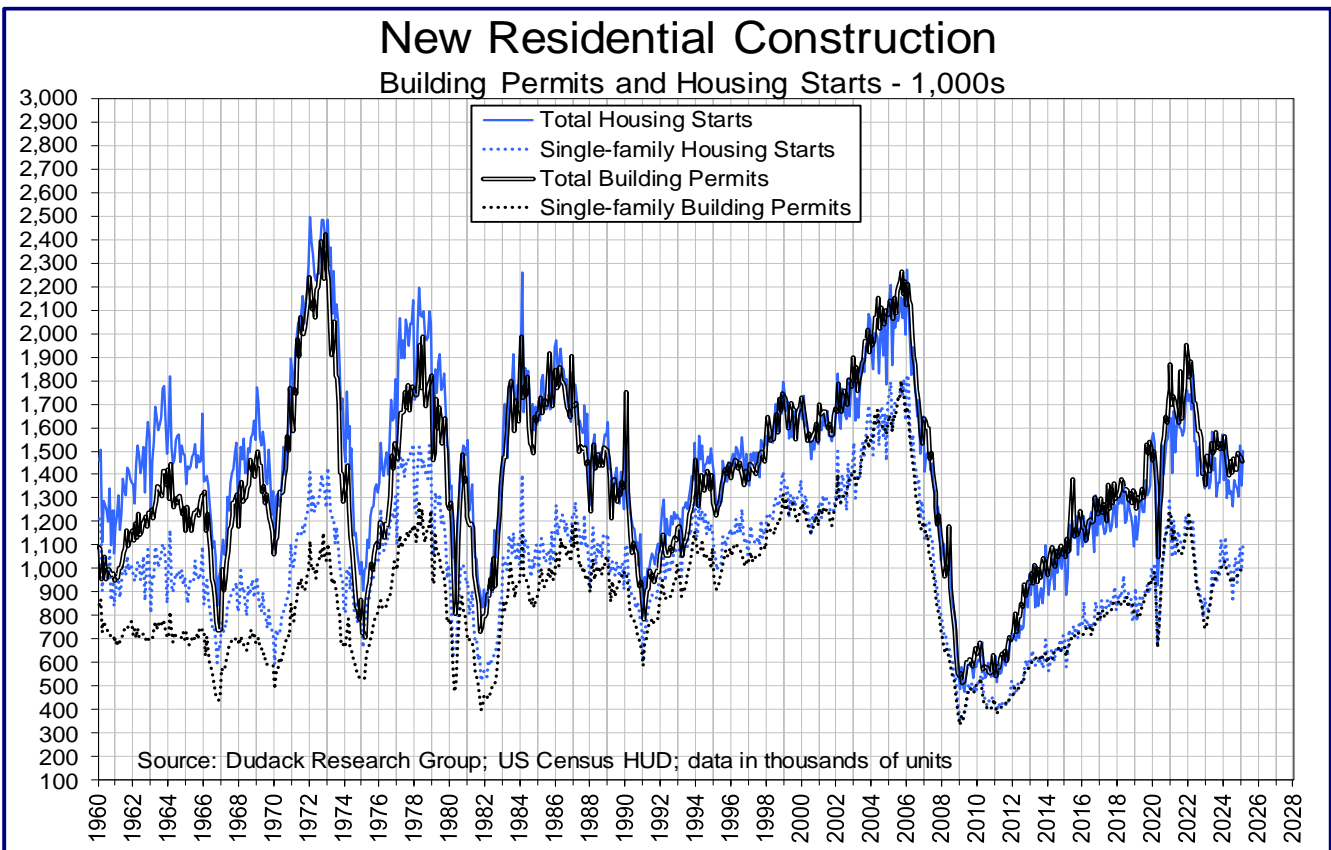
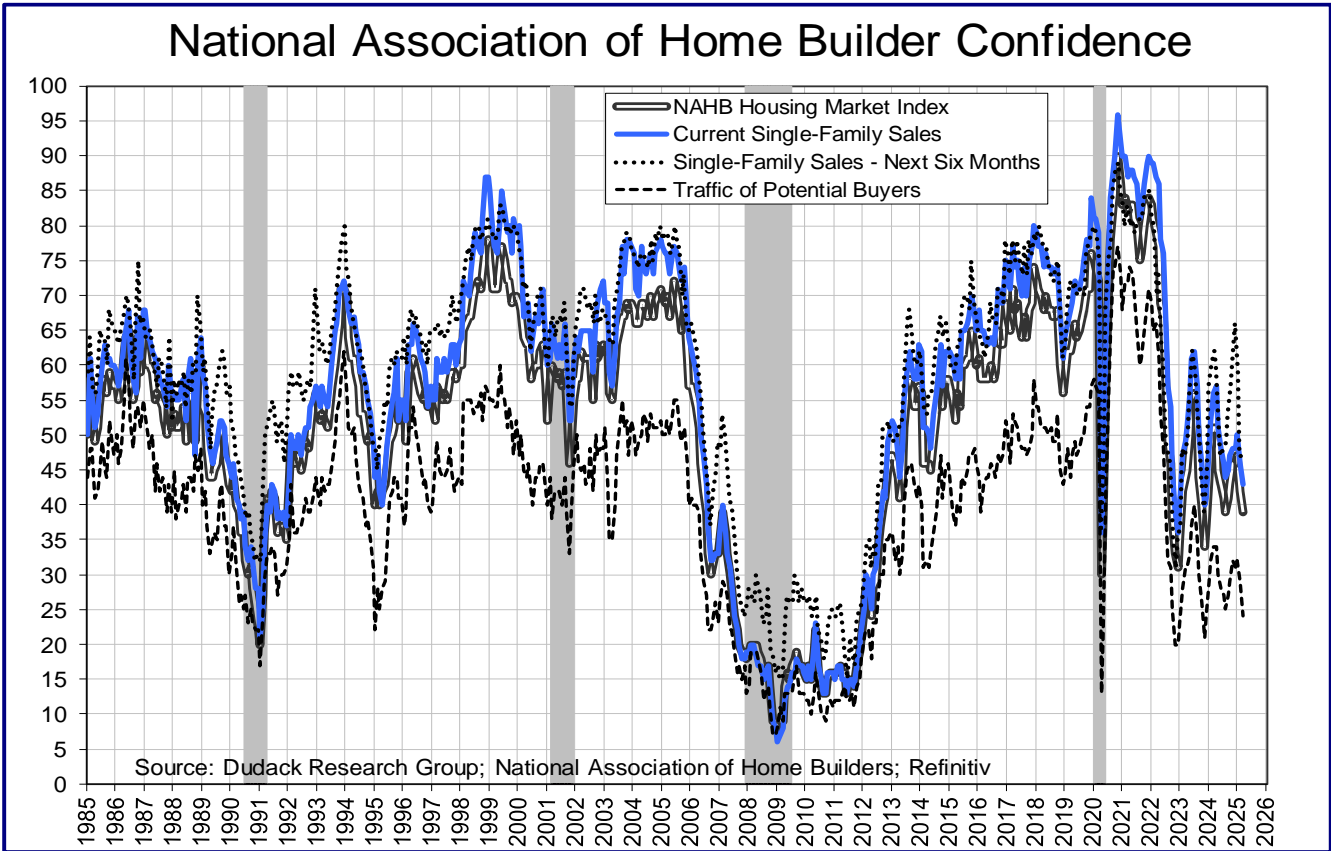


The second estimate for fourth quarter GDP was 2.3%, according to the Bureau of Economic Analysis. This was below the third quarter's 3.1% growth rate, but inventory destocking was a drag during the quarter. This could reverse in the first quarter. Economic growth is important for many reasons, but we would point out that market capitalization to GDP touched its June 2021 peak at the end of 2024. This implies that equity valuations were rich at the end of 2024 and were discounting a substantial amount of future earnings. Again, March retail sales may be an important bellwether for the economy.

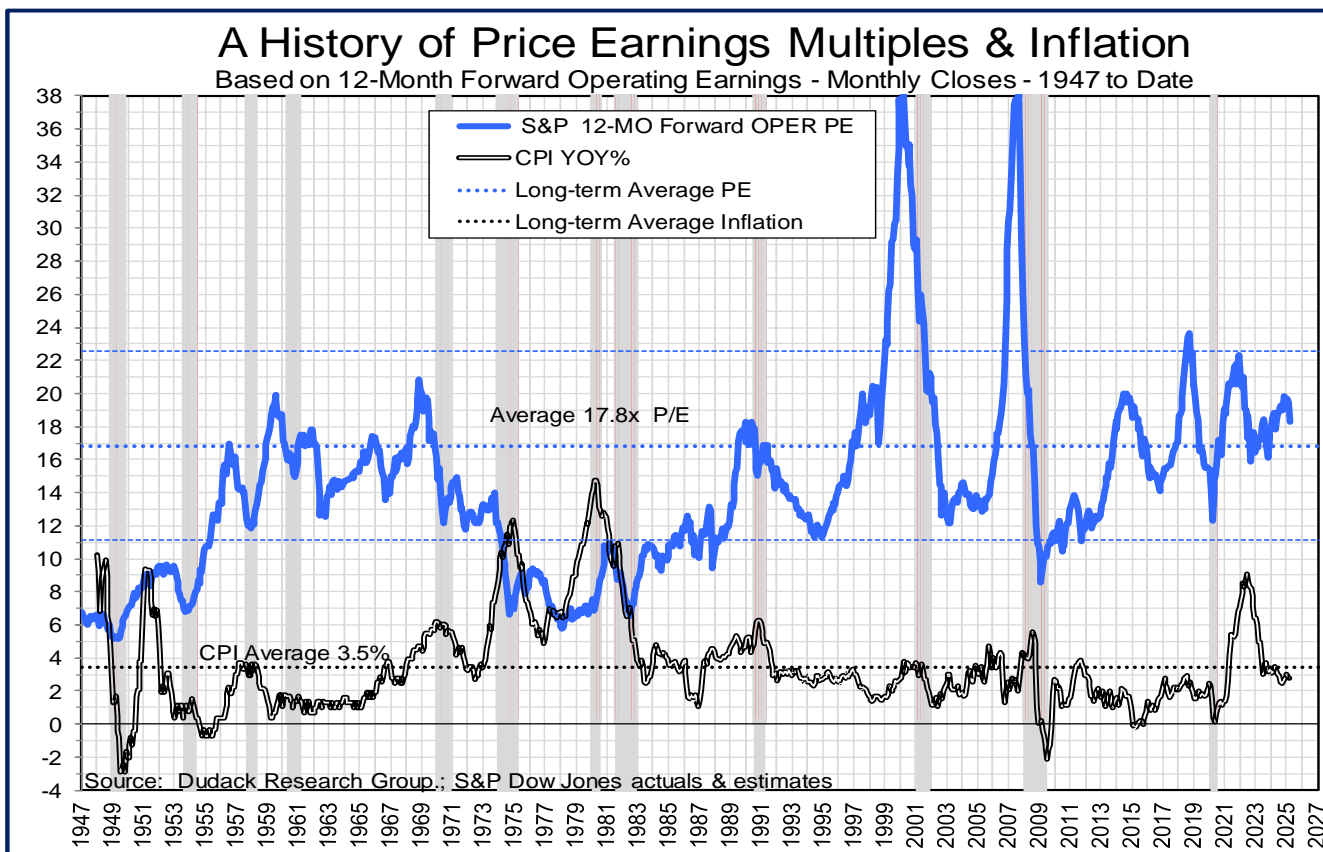
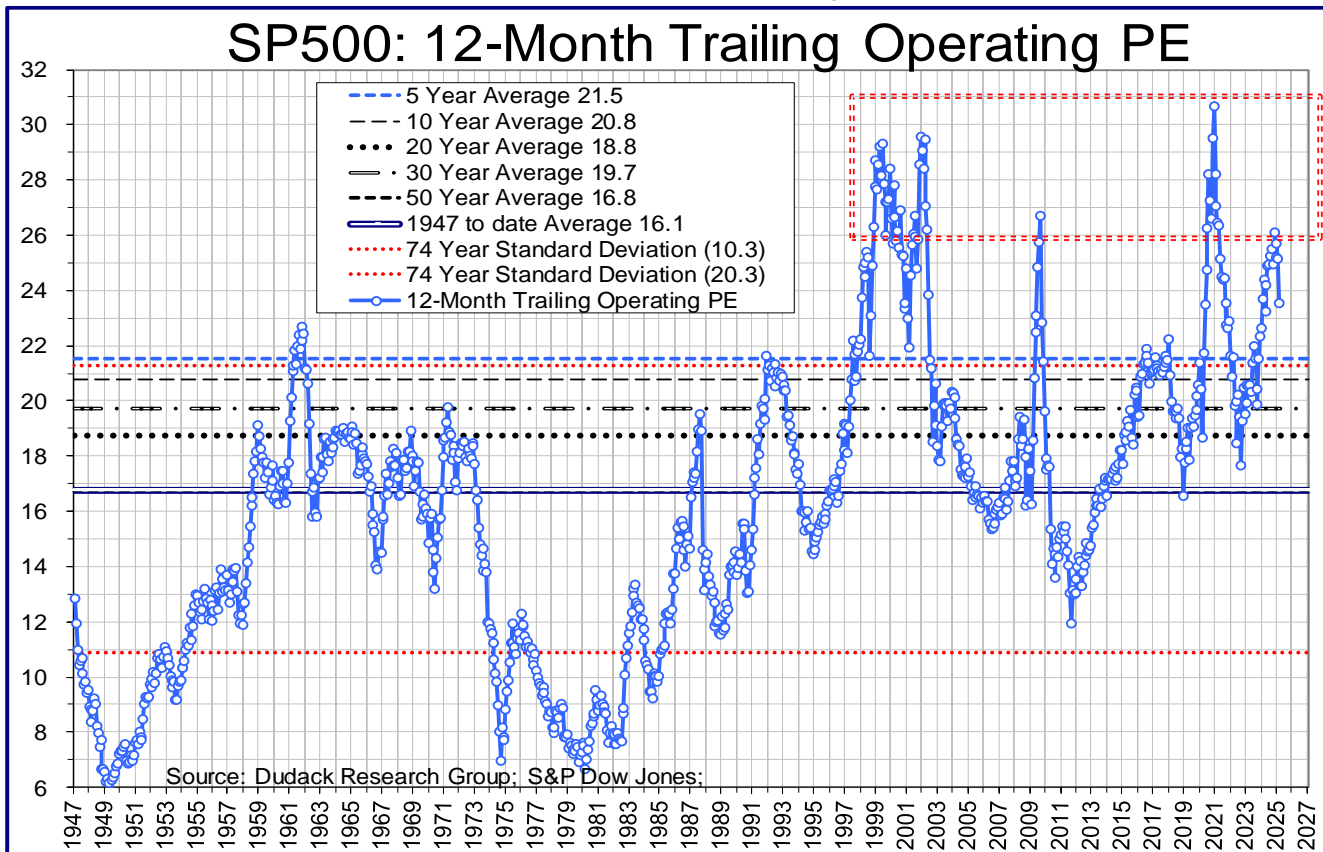




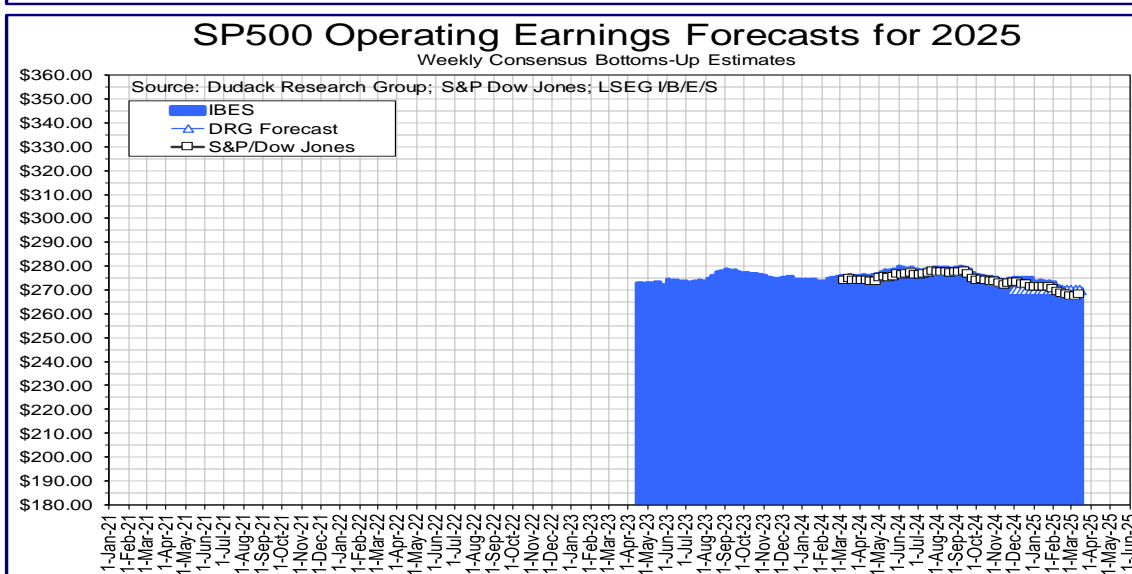
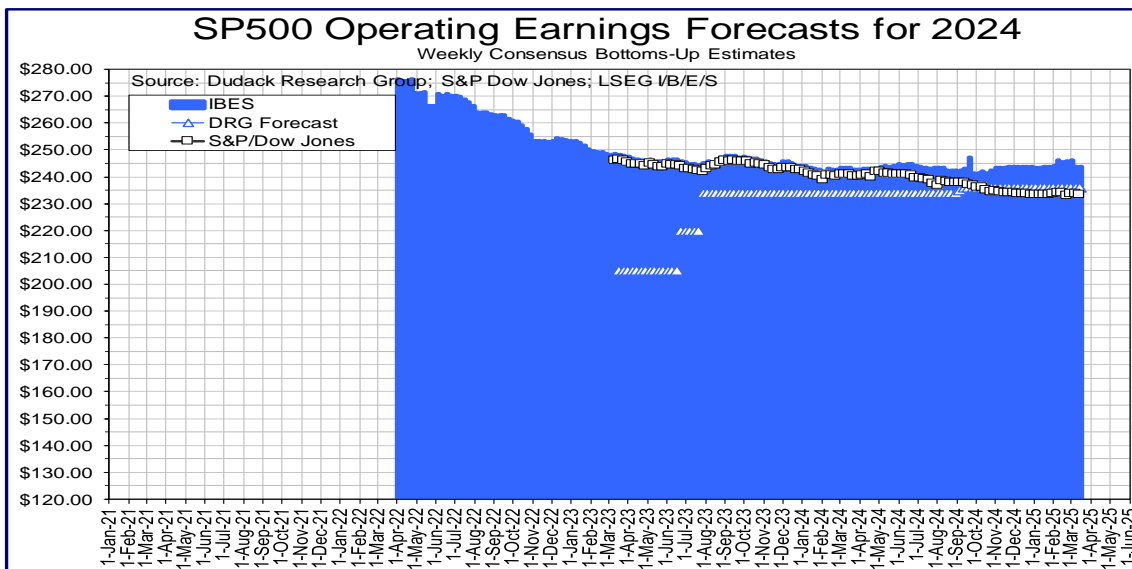
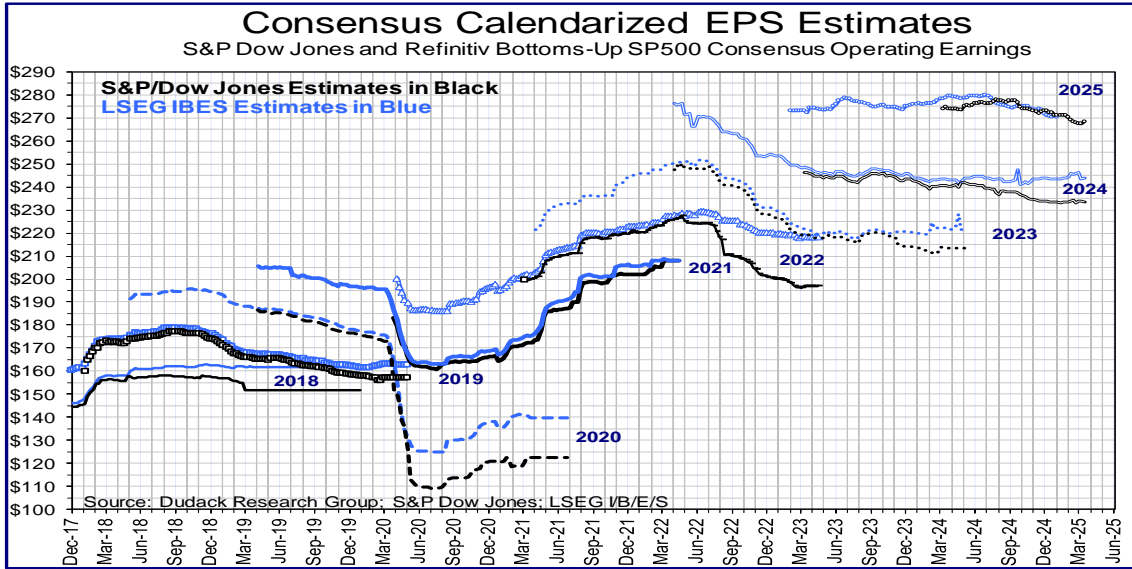
The NAHB confidence survey was generally weaker in March, with the headline index falling from 42 to 39, current sales dropping from 46 to 43, and traffic down from 29 to 24. However, 6-month sales expectations were unchanged at 47. In line with builders' confidence were residential construction statistics for February showing permits falling 6.8% YOY and housing starts down 2.9% YOY. Single-family statistics were slightly better with permits falling 3.4% YOY and housing starts dropping 2.3% YOY. In short, the weakness seen in housing continued in recent weeks.



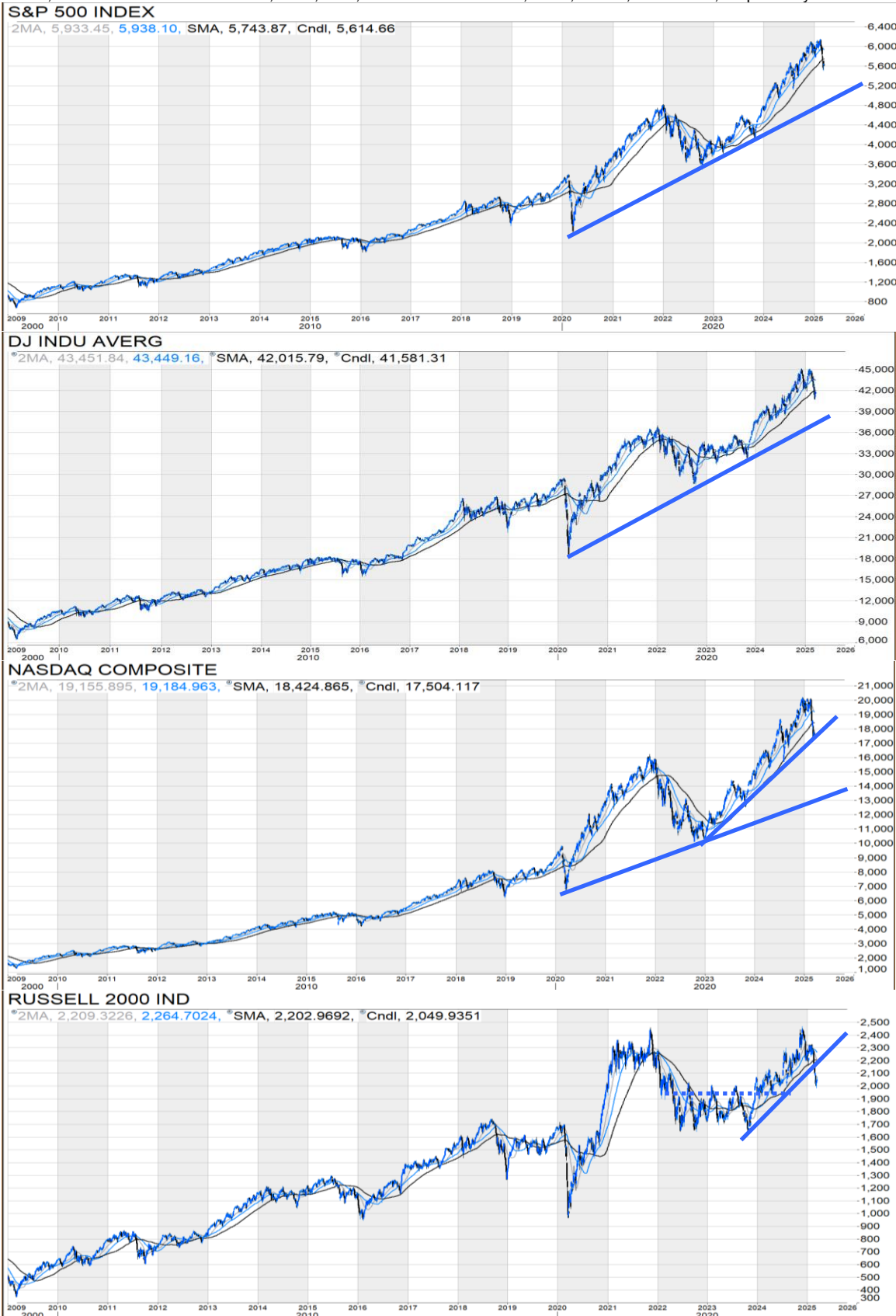
Valuation has not been supportive of equities for the last two years, but the recent decline in the equity market is changing this. The SPX **trailing** 4-quarter operating multiple is now 23.5 times, down over 2 points in the last 2 months, but still above all long- and short-term averages. With 2026 S&P Dow Jones estimates, the **12-month forward** PE multiple is 18.3 times. When this PE is added to inflation of 2.8%, it comes to 21.1, which is neutral and down in recent weeks. The normal range is 14.8 to 23.8.



The S&P Dow Jones consensus estimates for calendar 2024 is \$233.48, down \$0.34 and 2025 is \$268.17 up \$0.82 this week. The LSEG IBES estimate for 2024 is \$243.72, up \$0.07. The estimate for 2025 is \$270.47, down \$0.09. The IBES guesstimate for 2026 EPS is \$308.87, down by \$0.04.



Perpendicular moves tend to be driven by sentiment and not fundamentals and history shows that they tend to be countertrends to the major move. In the current market environment, we find many of the indices at interesting round numbers, particularly the S&P 500 at 5500 and the Russell 2000 index at 2000. As of March 13, 2025 the declines in the SPX, DJIA, IXIC, and RUT were 10.1%, 9.3%, 14.2%, and 18.4%, respectively.



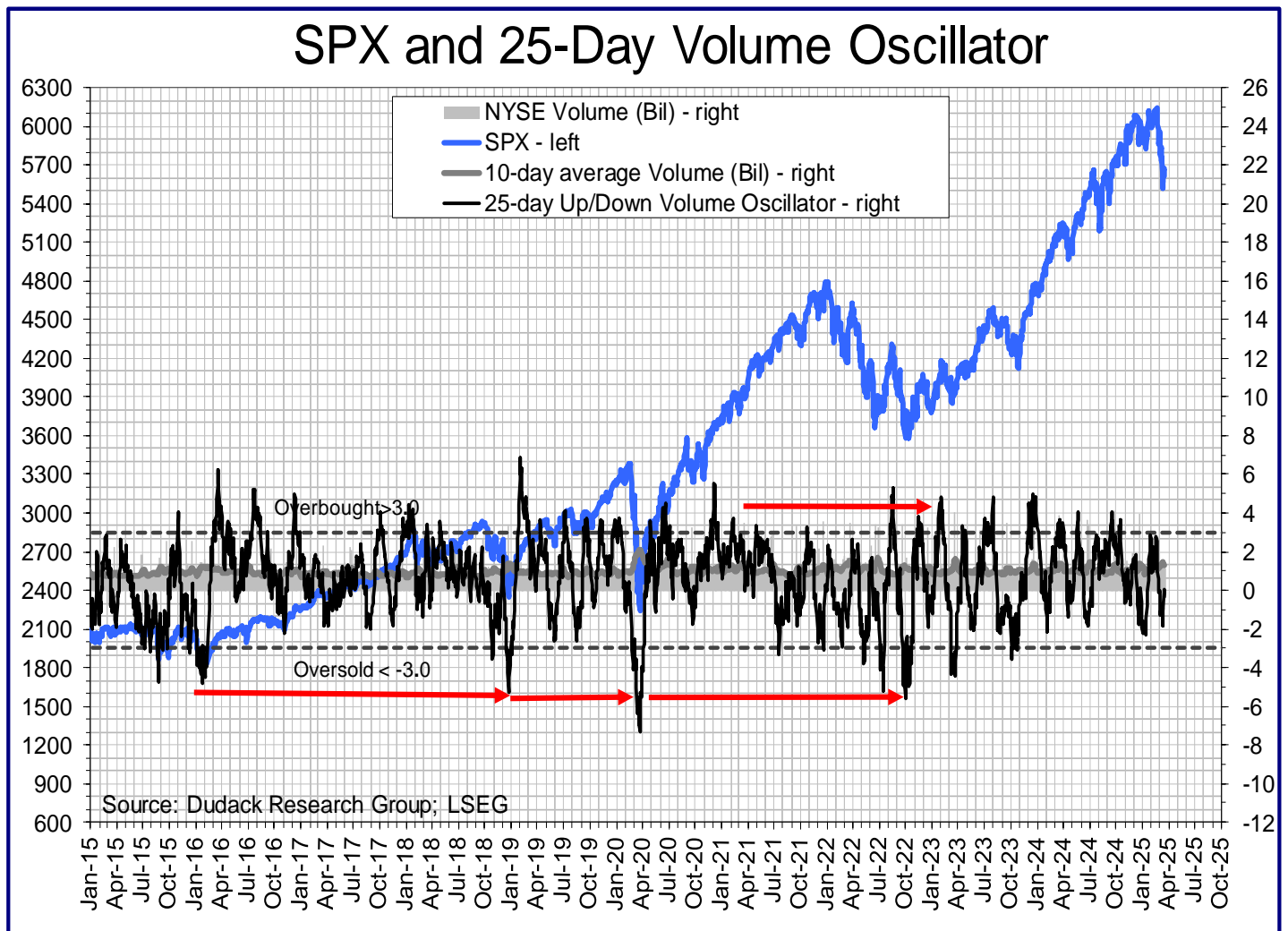
Source: LSEG

The 25-day up/down volume oscillator is minus 0.37 this week, neutral, and up for the week. Note that the equity market rallied after this indicator reached negative 1.84, its lowest level since the market weakness seen in December/January.

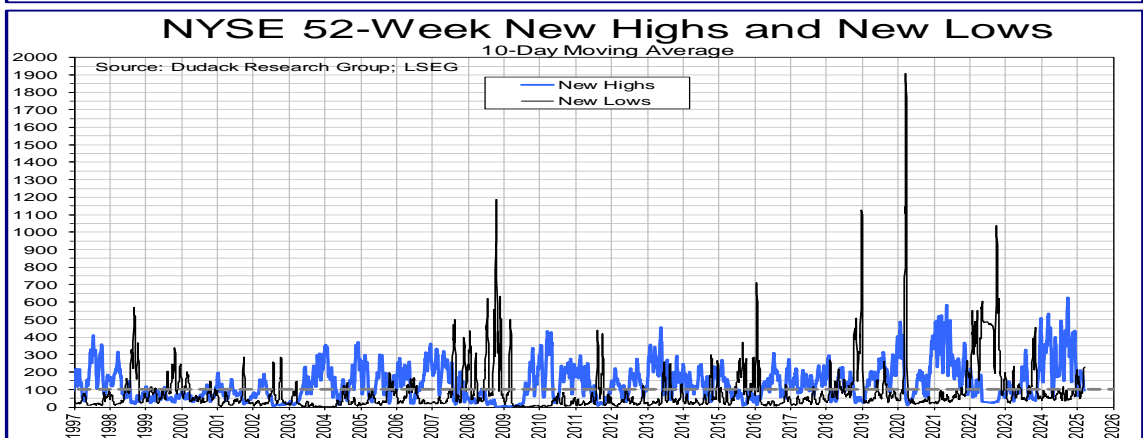
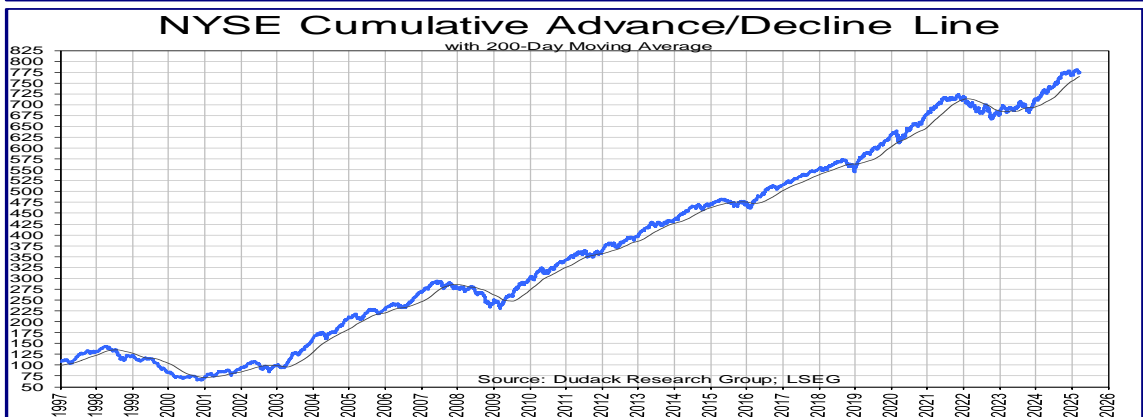
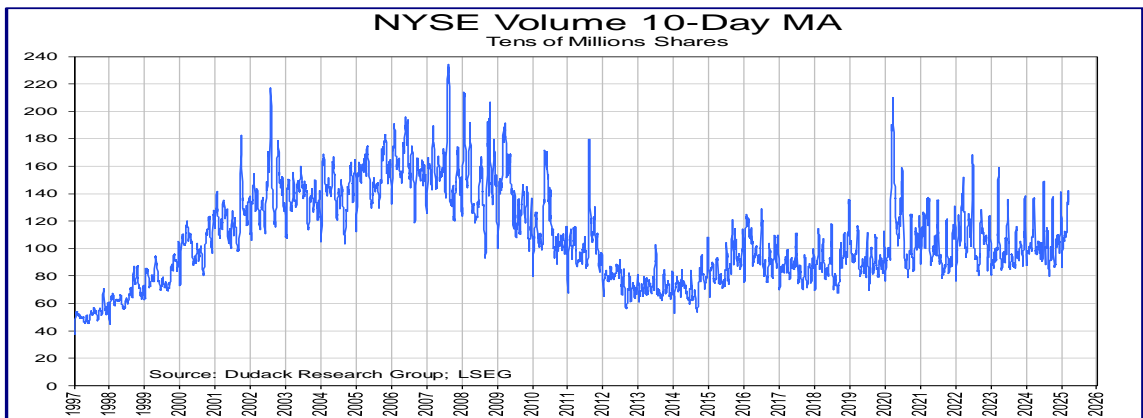
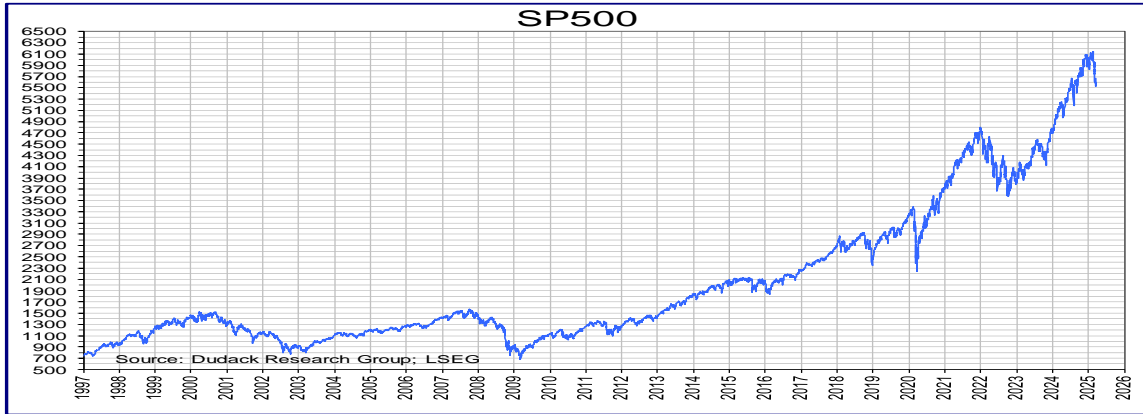
The lack of a fully oversold reading of -3.0 or less, is surprising in many ways; but our oscillator uses NYSE volume versus composite volume as an effort to eliminate the noise from daily and intra-day program/algorithmic trading that currently dominates daily volume but does not reflect conviction.

This oscillator rose close to an overbought reading of 3.0 or greater, twice this year, without reaching overbought, and therefore did not confirm the advance seen earlier this year; therefore, the current correction is not a surprise.

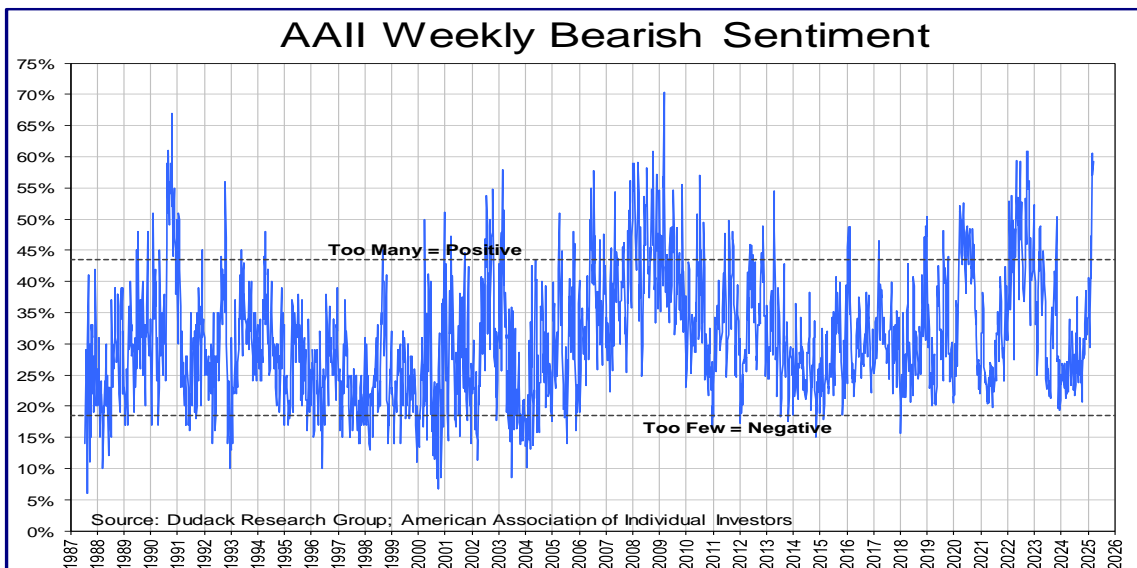
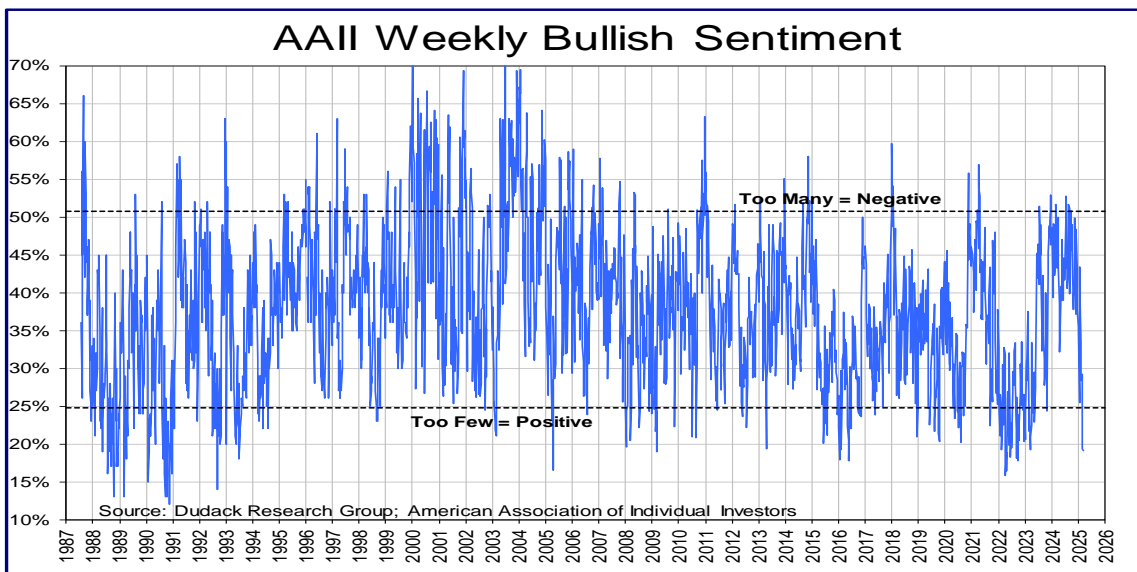
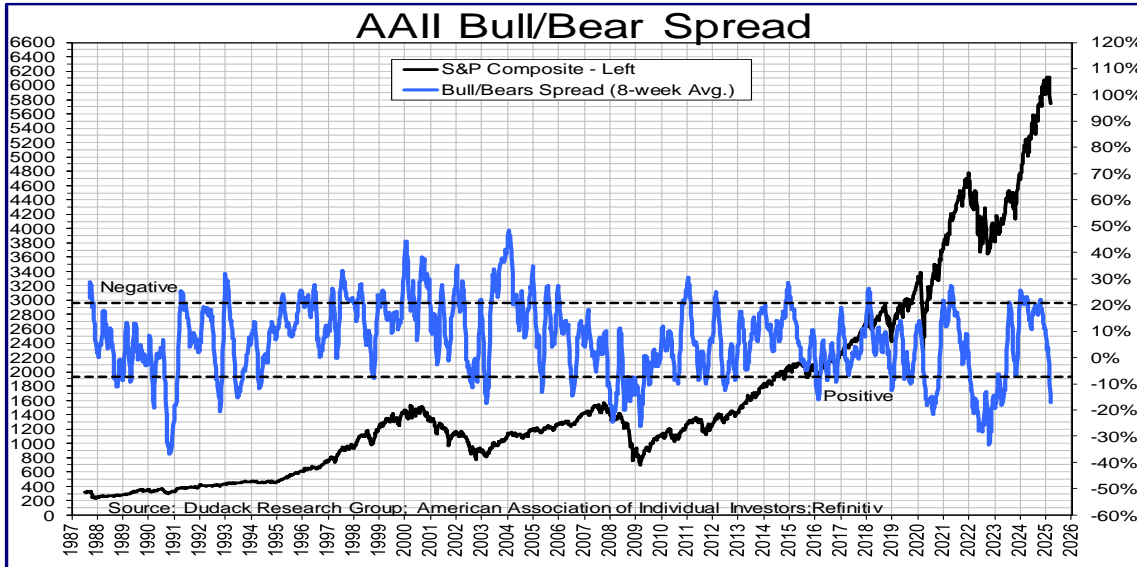
We will be watching to see if buyers come in before an oversold reading materializes in this indicator. In a bull market cycle, oversold readings tend to be brief and trigger buying opportunities. The last oversold readings of significance were seen during the 2022-2023 correction.



The 10-day average of daily new highs is 81 this week and new lows are averaging 170. This combination of daily new highs below 100 and new lows above 100 is negative. The NYSE cumulative advance/decline line made a new high on February 18, 2025, confirming the SPX high on February 19, 2025, but not subsequently. In sum, breadth indicators tilt negative, but are not overly bearish.



Last week's AAI survey showed bullishness fell 0.2% to 19.1% and bearishness rose 2.1% to 59.2%. Bullishness is below average for the 9<sup>th</sup> time in 11 weeks, was last lower on September 22, 2022 (17.7%) and this is the first time bullish sentiment has been below 20% for 3 straight weeks. Bearishness is above average for the 15<sup>th</sup> time in 17 weeks, and it is the first time bearish sentiment has exceeded 57% for 3 consecutive weeks. These numbers now exceed the bull/bear split of 20/50 which is rare and favorable. The 8-week bull/bear is minus 17.2% and the most positive since March/April of 2023.



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

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
iShares MSCI Austria Capped ETF	EWO	26.81	5.2%	11.0%	27.9%	27.9%
iShares China Large Cap ETF	FXI	38.49	5.8%	9.0%	26.4%	26.4%
iShares MSCI Germany ETF	EWG	39.31	4.2%	6.5%	23.5%	23.5%
Silver Future	Slc1	34.58	5.1%	3.8%	19.5%	19.5%
iShares MSCI Brazil Capped ETF	EWZ	26.57	9.0%	0.7%	18.0%	18.0%
iShares Silver Trust	SLV	32.35	3.0%	3.3%	17.3%	17.3%
SPDR Gold Trust	GLD	279.96	4.0%	3.4%	15.6%	15.6%
iShares MSCI BRIC ETF	BKF	41.35	4.0%	4.9%	13.3%	13.3%
iShares MSCI South Korea Capped ETF	EWY	56.97	4.2%	-0.8%	11.9%	11.9%
iShares MSCI United Kingdom ETF	EWU	37.95	2.7%	3.0%	11.9%	11.9%
iShares MSCI EAFE ETF	EFA	84.64	3.0%	2.6%	11.9%	11.9%
iShares MSCI Mexico Capped ETF	EWW	52.41	4.3%	-1.5%	11.9%	11.9%
Vanguard FTSE All-World ex-US ETF	VEU	62.79	3.0%	1.7%	9.4%	9.4%
iShares MSCI Hong Kong ETF	EWH	18.22	0.6%	7.9%	9.4%	9.4%
iShares MSCI Singapore ETF	EWS	23.57	2.3%	-1.2%	7.9%	7.9%
iShares MSCI Emerg Mkts ETF	EEM	45.11	3.2%	0.9%	7.9%	7.9%
Health Care Select Sect SPDR	XLV	146.84	0.5%	1.6%	6.7%	6.7%
Energy Select Sector SPDR	XLE	91.34	4.5%	0.0%	6.6%	6.6%
iShares MSCI Japan ETF	EWJ	70.89	3.9%	1.1%	5.6%	5.6%
Utilities Select Sector SPDR	XLU	78.65	1.6%	-1.5%	3.9%	3.9%
iShares 20+ Year Treas Bond ETF	TLT	90.71	0.3%	3.0%	3.9%	3.9%
Materials Select Sector SPDR	XLB	86.91	1.9%	-4.5%	3.3%	3.3%
iShares US Real Estate ETF	IYR	95.39	0.5%	-1.0%	2.5%	2.5%
Shanghai Composite	.SSEC	3429.76	1.5%	3.2%	2.3%	2.3%
Gold Future	GCc1	3039.10	0.2%	0.7%	1.8%	1.8%
iShares iBoxx \$ Invest Grade Corp Bond	LQD	108.43	0.4%	0.8%	1.5%	1.5%
Consumer Staples Select Sector SPDR	XLP	79.75	-2.1%	-1.4%	1.5%	1.5%
Financial Select Sector SPDR	XLF	49.03	3.0%	-6.0%	1.4%	1.4%
iShares Nasdaq Biotechnology ETF	IBB.O	134.09	0.1%	-2.2%	1.4%	1.4%
iShares Russell 1000 Value ETF	IWD	187.13	1.3%	-4.3%	1.1%	1.1%
iShares US Telecomm ETF	IYZ	27.00	0.4%	-5.5%	0.6%	0.6%
iShares MSCI Canada ETF	EWC	40.52	2.6%	-4.5%	0.5%	0.5%
Industrial Select Sector SPDR	XLI	131.88	1.4%	-4.9%	0.1%	0.1%
PowerShares Water Resources Portfolio	PHO	65.43	0.4%	-3.6%	-0.5%	-0.5%
Communication Services Select Sector SPDR Fund	XLC	95.91	-0.5%	-8.5%	-0.9%	-0.9%
iShares MSCI Australia ETF	EWA	23.43	0.5%	-7.8%	-1.8%	-1.8%
SPDR DJIA ETF	DIA	416.53	0.4%	-6.6%	-2.1%	-2.1%
<b>DJIA</b>	.DJI	41581.31	0.4%	-6.7%	-2.3%	-2.3%
iShares MSCI Taiwan ETF	EWT	50.20	0.4%	-5.6%	-3.0%	-3.0%
iShares DJ US Oil Eqpt & Services ETF	IEZ	19.17	3.3%	-9.8%	-3.3%	-3.3%
SPDR S&P Bank ETF	KBE	53.10	3.5%	-10.1%	-4.3%	-4.3%
United States Oil Fund, LP	USO	72.21	1.1%	-6.2%	-4.4%	-4.4%
<b>SP500</b>	.SPX	5614.66	0.8%	-8.4%	-4.5%	-4.5%
iShares MSCI Malaysia ETF	EWM	23.39	1.3%	-2.8%	-4.6%	-4.6%
iShares Russell 1000 ETF	IWB	307.01	0.7%	-8.9%	-4.7%	-4.7%
iShares MSCI India ETF	INDA.K	49.88	2.5%	0.6%	-5.2%	-5.2%
SPDR Homebuilders ETF	XHB	97.83	-0.9%	-7.3%	-6.4%	-6.4%
Oil Future	Clc1	66.90	1.0%	-6.9%	-6.7%	-6.7%
iShares Russell 2000 Value ETF	IWN	153.10	1.2%	-9.0%	-6.7%	-6.7%
NASDAQ 100	NDX	19483.36	0.5%	-12.1%	-7.3%	-7.3%
<b>iShares Russell 2000 ETF</b>	IWM	203.21	1.2%	-10.6%	-8.0%	-8.0%
Technology Select Sector SPDR	XLK	212.15	1.8%	-12.4%	-8.8%	-8.8%
<b>Nasdaq Composite Index Tracking Stock</b>	ONEQ.O	69.08	0.6%	-12.3%	-9.2%	-9.2%
iShares Russell 2000 Growth ETF	IWO	261.28	1.0%	-12.1%	-9.2%	-9.2%
iShares Russell 1000 Growth ETF	IWF	363.46	0.1%	-12.7%	-9.5%	-9.5%
SPDR S&P Semiconductor ETF	XSD	219.60	5.0%	-12.9%	-11.6%	-11.6%
Consumer Discretionary Select Sector SPDR	XLY	193.50	-1.5%	-14.5%	-13.8%	-13.8%
SPDR S&P Retail ETF	XRT	68.11	-1.3%	-14.1%	-14.4%	-14.4%

Outperformed SP500  
Underperformed SP500

Source: Dudack Research Group; LSEG

Priced as of March 18, 2025

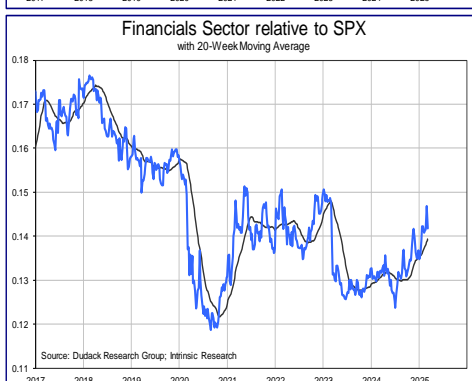
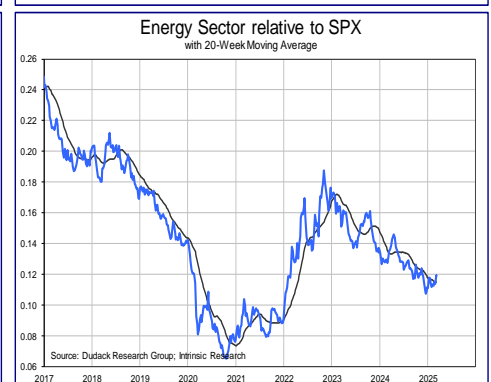
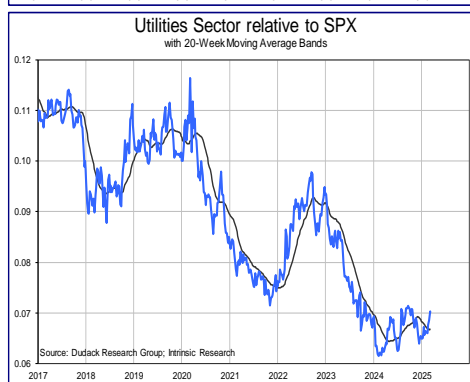
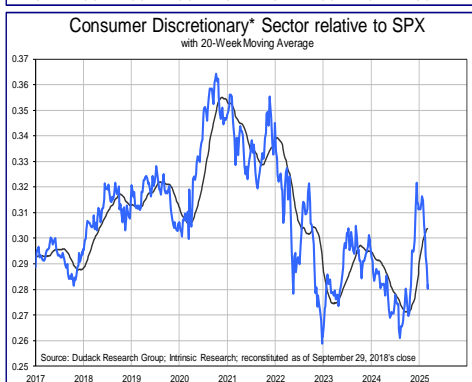
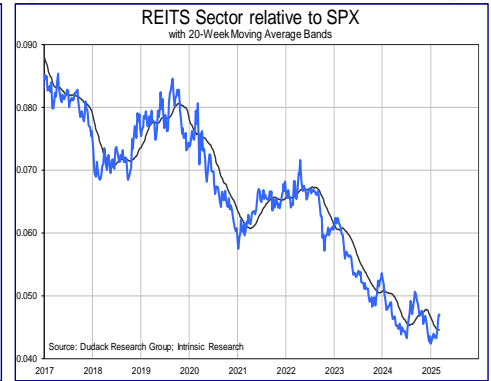
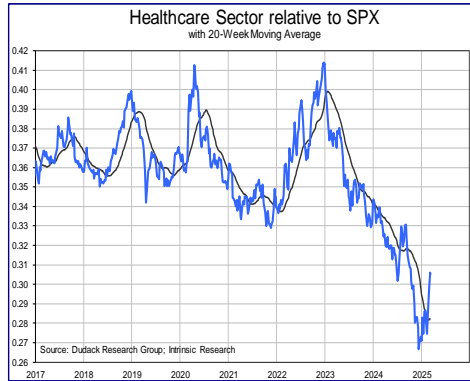


**SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500**

**DRG Recommended Sector Weights**

<b>Overweight</b>		<b>Neutral</b>		<b>Underweight</b>
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.



2025 Performance - Ranked	
SP500 Sector	% Change
S&P HEALTH CARE	6.4%
S&P ENERGY	5.9%
S&P UTILITIES	3.2%
S&P MATERIALS	2.9%
S&P REITS	2.4%
S&P CONSUMER STAPLES	1.7%
S&P FINANCIAL	1.1%
S&P INDUSTRIALS	-0.2%
S&P 500	-4.5%
S&P COMMUNICATIONS SERVICES	-5.4%
S&P INFORMATION TECH	-10.8%
S&P CONSUMER DISCRETIONARY	-15.8%

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	5614.66	\$197.87	\$233.49	\$233.42	9.3%	\$243.72	10.1%	25.2X	1.4%	2.5%	NA	NA
2025E	~~~~~	\$172.75	\$268.17	\$270.00	15.7%	\$270.47	11.0%	21.2X	NA	NA	NA	NA
2026E	~~~~~	\$192.43	\$306.67	\$310.50	15.0%	\$308.87	14.2%	18.5X	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	\$58.22	\$61.33	\$61.26	13.7%	\$65.20	14.1%	25.2	1.3%	2.8%	NA	NA
2025 1QE*	5675.12	\$55.29	\$59.73	\$63.75	16.7%	\$60.34	6.7%	23.8	NA	NA	NA	NA
2025 2QE	NA	\$60.65	\$65.47	\$65.25	11.8%	\$66.03	9.3%	23.1	NA	NA	NA	NA
2025 3QE	NA	\$65.30	\$70.12	\$68.00	14.9%	\$70.66	11.8%	22.1	NA	NA	NA	NA
2025 4QE*	NA	\$67.98	\$72.85	\$73.00	19.2%	\$73.34	12.5%	21.2	NA	NA	NA	NA

Source: DRG; S&P Dow Jones \*\*quarterly EPS may not sum to official CY estimates; LSEG IBES Consensus estimates \*3/18/2025

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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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“Neutral”: Neutral relative to S&P Index weighting

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