Gail M. Dudack, CMT ● Chief Investment Strategist ● gail@dudackresearchgroup.com ● 212-320-2045 April 9, 2025

DJIA: 37645.59
SPX: 4982.77
NASDAQ: 15267.91

US Strategy Weekly

A Game of Chicken

The breadth and level of tariffs proposed by President Trump on "Liberation Day" took us, and the world, by surprise. It represented a major shift in policy and as a result, global markets responded with record declines. Pundits have been theorizing and criticizing the fundamentals of the "formula" the White House used to explain the various tariff levels on individual countries, but in our opinion, this discussion misses the entire point. There may be a purpose behind the arbitrary tariffs placed on many countries and it is not just about trade. For example, the tariff on Vietnam is extremely high because of its role in the rerouting of Chinese companies' supply chains. If we are right, President Trump may be trying to unwind the 25-year world-wide political movement of "globalization" on purpose. The theory behind globalization is that *"the interdependence and integration among the economies, markets, societies, and cultures of different countries worldwide would expand the global economy and create societal benefit."* Plus, proponents felt that bringing China into the global economy would open the Chinese people to the Western civilization and potentially lead the Chinese government toward a more democratic society. It did not.

In reality, globalization provided a huge boost to the Chinese economy and made China the largest exporter in the world, due in large part to its abundance of cheap (and sometimes with forced or child-age) labor. After 25 years of globalization, China is now a super-economic power, buying and controlling resources such as oil, gas, and minerals, throughout Africa, South America, and the Middle East as part of its Belt and Road Initiative. Note: China has also been buying up American farmland. It allows American companies like Apple to manufacture in its country but subsequently manufactures its own similar cheaper product. (Check the "Made-in-China" website.) Yet, China is still treated like an emerging country by many world agencies. For example, the Paris Agreement created a fund to help poorer countries lower emissions, and it was initially funded by the US, Japan, the UK, and EU members, but not super-power China. (China is also the biggest polluter in the world.) But the negative consequences of outsourcing to China became blatantly obvious during the pandemic. It was the first time most Americans realized their life-saving prescription drugs were manufactured in China. This is ironic since several pandemics including the bird flu and the COVID-19 virus first appeared in China.

In sum, over the last 25 years China not only devastated the US manufacturing sector but has strategically become a powerful and controlling force in a wide range of economic areas. This administration may see this as a matter of domestic security. We now believe President Trump, knowing that China's domestic economy is weak due to a property-market bust, feels it is time to bring manufacturing, and economic prosperity, back to the US by leveling the playing field of trade. If we are correct, (and the White House will not admit to it), President Trump is playing the long game and there may be more pain ahead for investors.

On the positive side, tariff negotiations could go well and the game of chicken that Presidents Trump and Xi are currently playing could soon end.

From a technical perspective, there are a number of extremes that suggest the equity market should be in the throes of making a significant low. The Vix Index (VIX - $52.33) reached an intraday high of 60 this week, the highest since August 5, 2024. The SPDR Bloomberg High Yield Bond ETF (JNK -

$91.23) fell to an intraday low of 91.11 the same day. See page 11. Last week's AAII bull/bear survey showed bullishness fell to 21.8% and bearishness rose to 61.9%. This was the third highest bearish reading in history, and it was last higher on March 5, 2009 (70.3%) at the financial crisis market low. See page 15. The 10-day average of daily new lows is currently 696, the highest since the September-October 2022 low. See page 14.

The peak-to-trough declines in the S&P 500, Dow Jones Industrial Average, Nasdaq Composite, and Russell 2000 index are 18.9%, 16.4%, 24.3%, and 27.9%, respectively, on a closing basis. In other words, the market has had a bear market decline in seven weeks and most of it in the last four trading sessions. At present, he S&P 500 and the Dow Industrials are testing their 2020-2025 uptrend lines. But a similar trendline is significantly lower at 13,500 for the Nasdaq Composite. The Russell 2000 broke well below its pivotal 2000 resistance/support level and is now trading substantially lower. The next substantial support level is the 2022-2023 support range of 1640-1650. See page 12. Overall, these trends look precarious.

Our 25-day up/down volume oscillator is at minus 1.80 this week and, to our surprise, is not yet oversold. However, our oscillator only uses NYSE volume in order to eliminate the noise from program and high frequency trading. Note that the equity market rallied after this indicator reached a level of negative 1.84 on March 13, its lowest level since the market weakness seen in December/January. Since late 2023, the equity market has rallied prior to reaching an oversold reading of minus 3 or less, so upcoming trading sessions will be a test to see if this pattern continues in 2025. See page 13.

Finally, but equally important, the April 4th session was a 91% down volume day. This is a reflection of extreme panic, and these 90% down days are helpful in a bear market. They usually materialize in a series, which is the bad news. The good news is that after a series of 90% down days, the appearance of just one 90% up day indicates that the worst of the decline is over. Typically, this helps to identify the low and the beginning of a bottoming process. To date, a 90% up day is missing.

Recent economic releases include the March jobs report which indicated healthy year-over-year employment increases in both surveys. See page 3. The increase in the unemployment rate was merely a decimal-rounding rise to 4.2% in March; but the interesting underlying data showed that the increase in unemployment was only those with a bachelor's degree or higher. This is a complete reversal of recent trends. See page 5. The small business optimism index fell 3.3 points in March to 97.4, slipping below the key 98 level. Labor costs, the single most important problem for business owners, fell one point in March to 11%, just two points below the record 13% seen in December 2021. See page 6. The ISM nonmanufacturing index fell from February's 53.5 to 50.8 in March, marking the 55th month of expansion in the 58 months since June 2020. Nevertheless, the service sector expanded at a slower pace in March. See page 7.

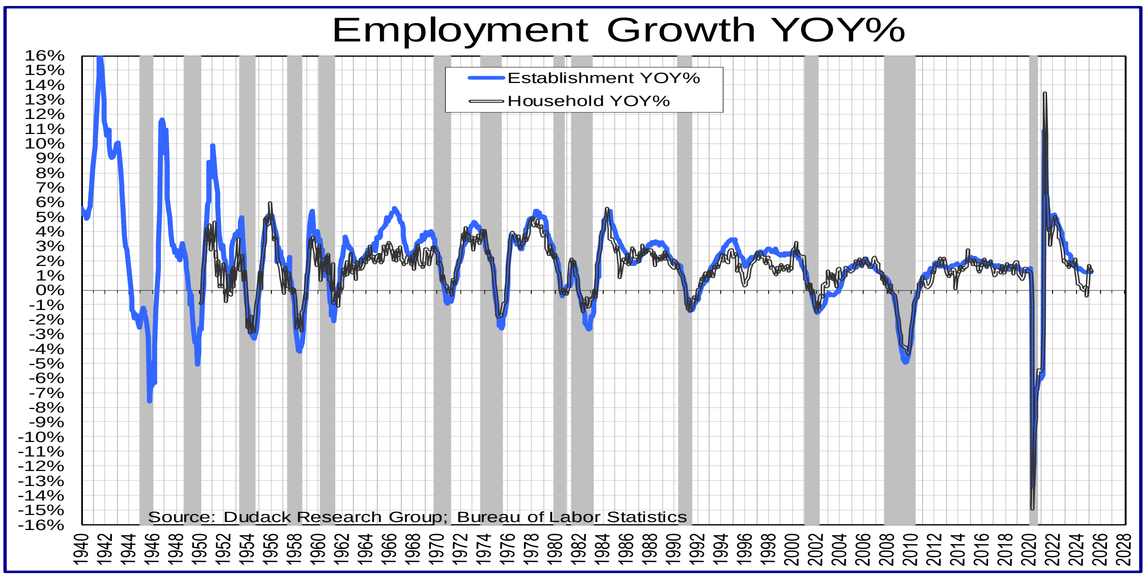
Our concern is consumer credit. In February, both revolving and nonrevolving credit contracted on both a year-over-year and 6-month rate-of-change basis. This is only the fifth time since 1960 that consumer credit contracted on a year-over-year basis and each of these previous contractions happened during, or after, a recession. (Not all recessions displayed negative credit growth.) But with that perspective, the current decline in consumer credit growth is ominous and suggests a recession-like environment existed in February, prior to the Trump tariff environment. One of the goals of the Trump administration is to get consumer credit interest rates down, and that is occurring, however, at a slower pace than seen in the Treasury market. See page 8.

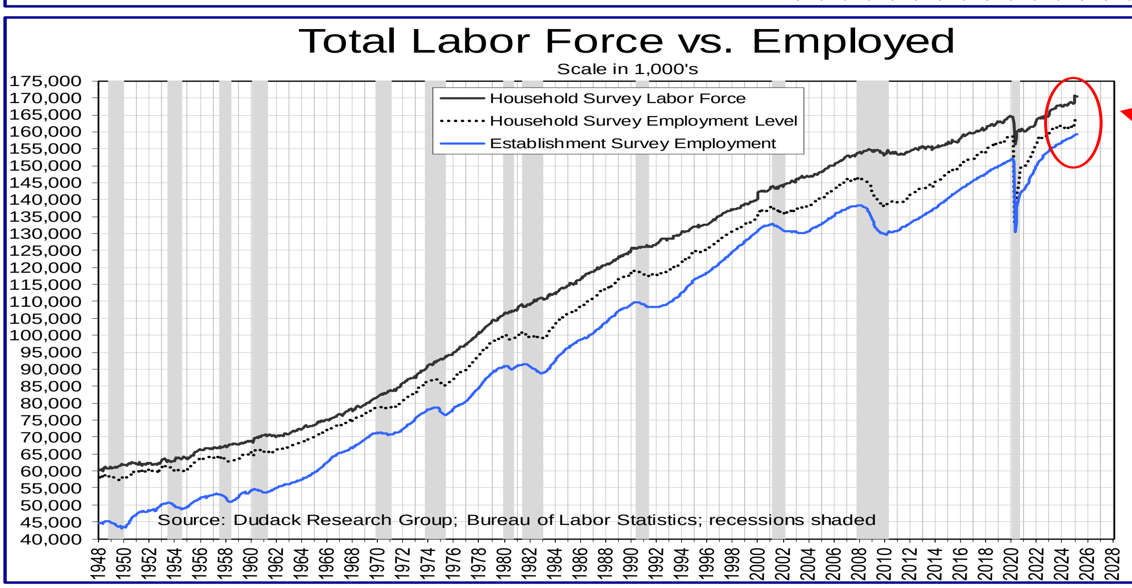
The recent decline in the equity market is improving valuation, but not to table-pounding levels as of yet. The trailing 4-quarter operating multiple is now 20.7 times, down 5 points in the last three months, and below the 5-year average of 21.5, but still above the 50-year average of 16.8 times. The 12-month forward PE multiple is 16.3 times and below its long-term average of 17.8 times. When this PE is added to inflation of 2.8%, it comes to 19.1, which is down and within the normal range of 15.0 to 24.4 for the first time in 17 months. In short, the overvaluation of the last two years in unwinding.

The 228,000 new jobs in March were better than expected and since household employment actually increased in the month, the 0.1% increase in the unemployment rate came from an increase in the labor force. As a result, the establishment survey showed a 1.2% YOY increase in jobs and the household survey had a 1.3% YOY increase. These numbers are healthy and well above worrisome levels. However, in our view, job data is dubious given the many and various revisions due to annual census and seasonal adjustments. Note the huge increase in household data after recent census changes.

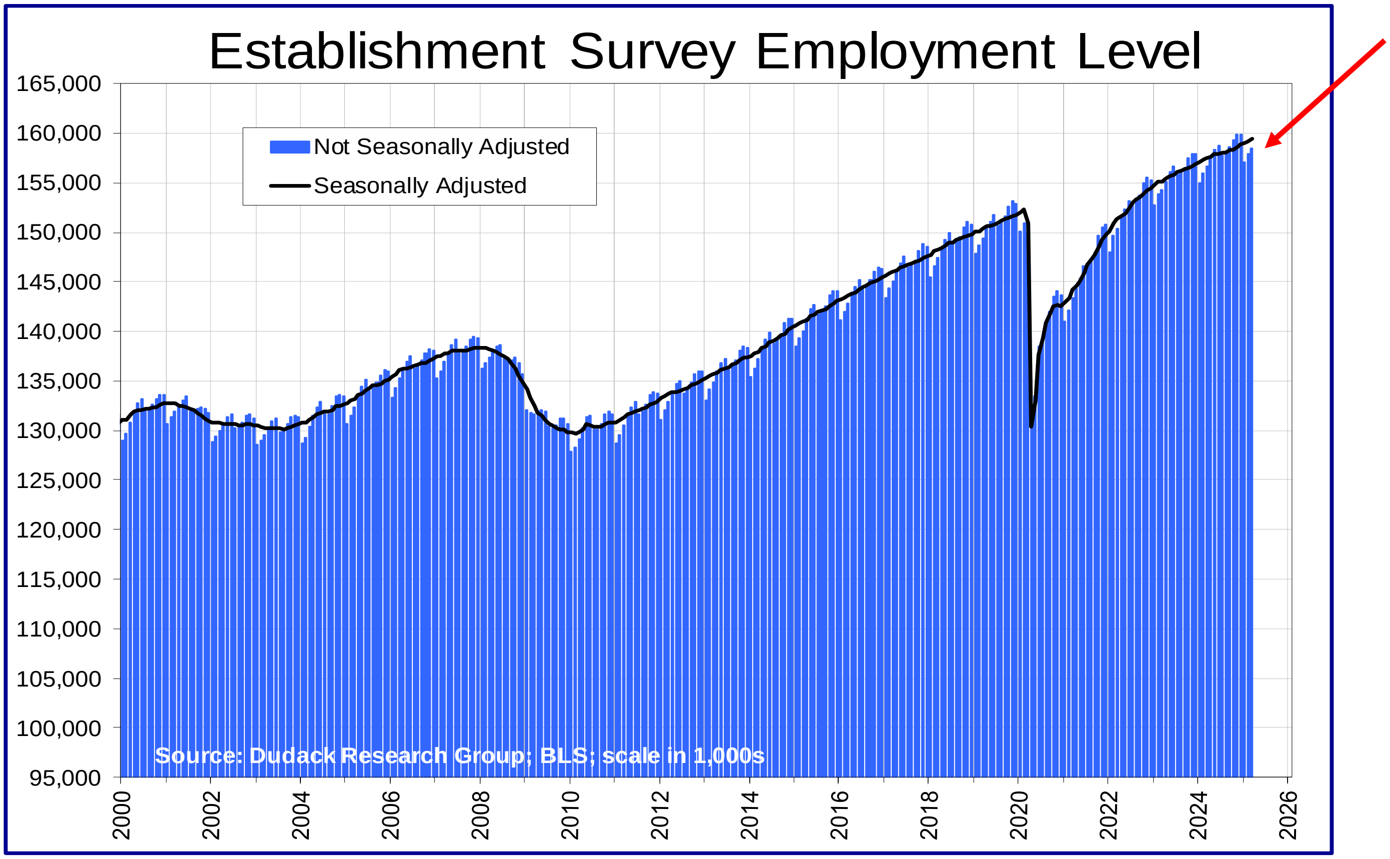
Employment Surveys (1,000s SA)	Mar-25	Feb-25	Change	Mar-24	Yr/Yr
Establishment Survey: NonFarm Payrolls	159,398	159,170	228	157,517	1,881
Household Survey Data (1,000s)					
Employed (A)	163,508	163,307	201	161,425	2,083
Unemployed (B)	7,083	7,052	31	6,497	586
Civilian labor force [A+B]	170,591	170,359	232	167,922	2,669
Unemployment rate [B/(A+B)]	4.2%	4.1%	0.0%	3.9%	0.3%
U6 Unemployment rate	7.9%	8.0%	-0.1%	7.3%	0.6%
Civilian noninstitutional population (C)	273,023	272,847	176	267,884	5,139
Participation rate [(A+B)/C]	62.5	62.4	0.1	62.7	-0.2
Employment-population ratio [A/C]	59.9	59.9	0.0	60.3	-0.4
Not in labor force	102,431	99,754	2,677	100,237	2,194

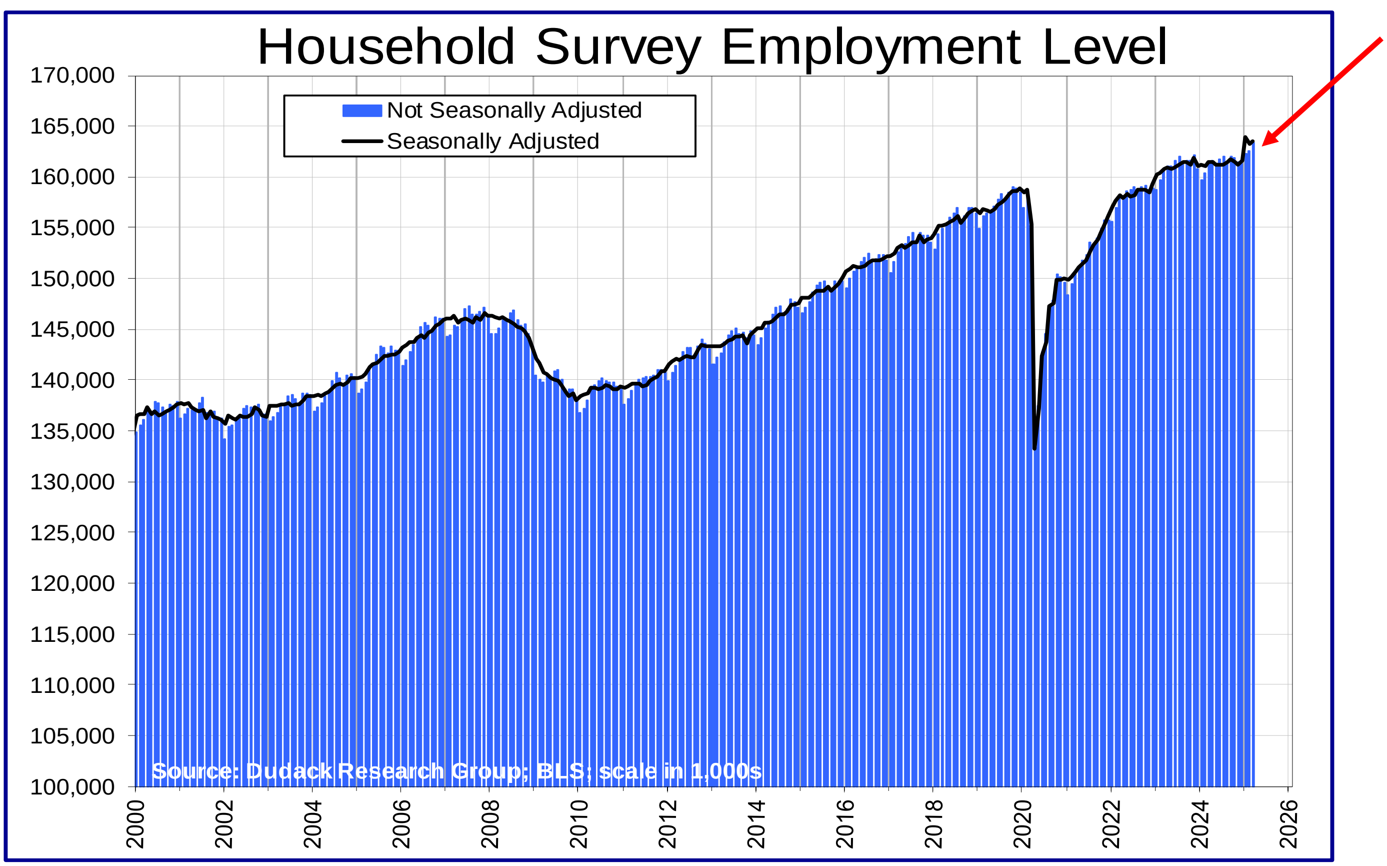
Source: Bureau of Labor Statistics



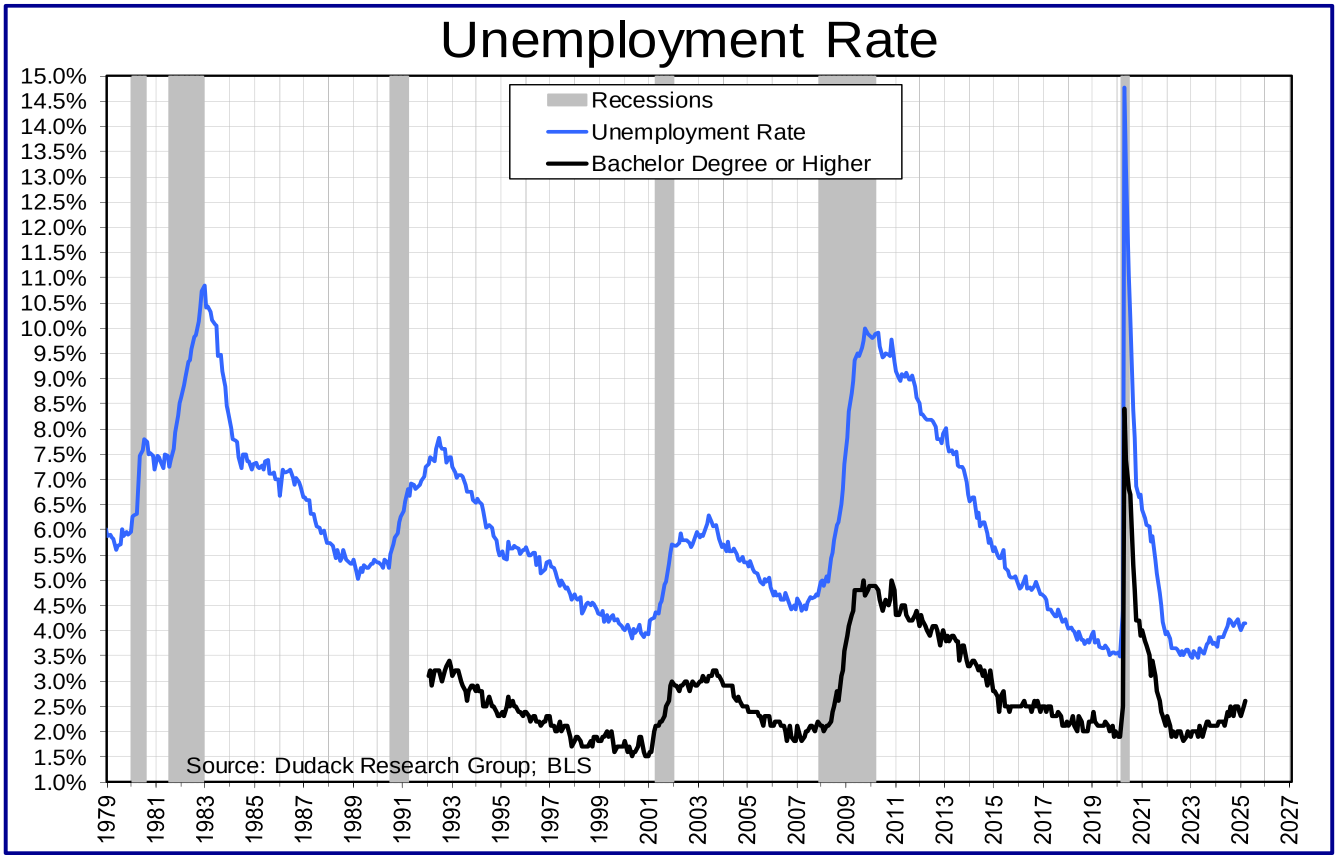


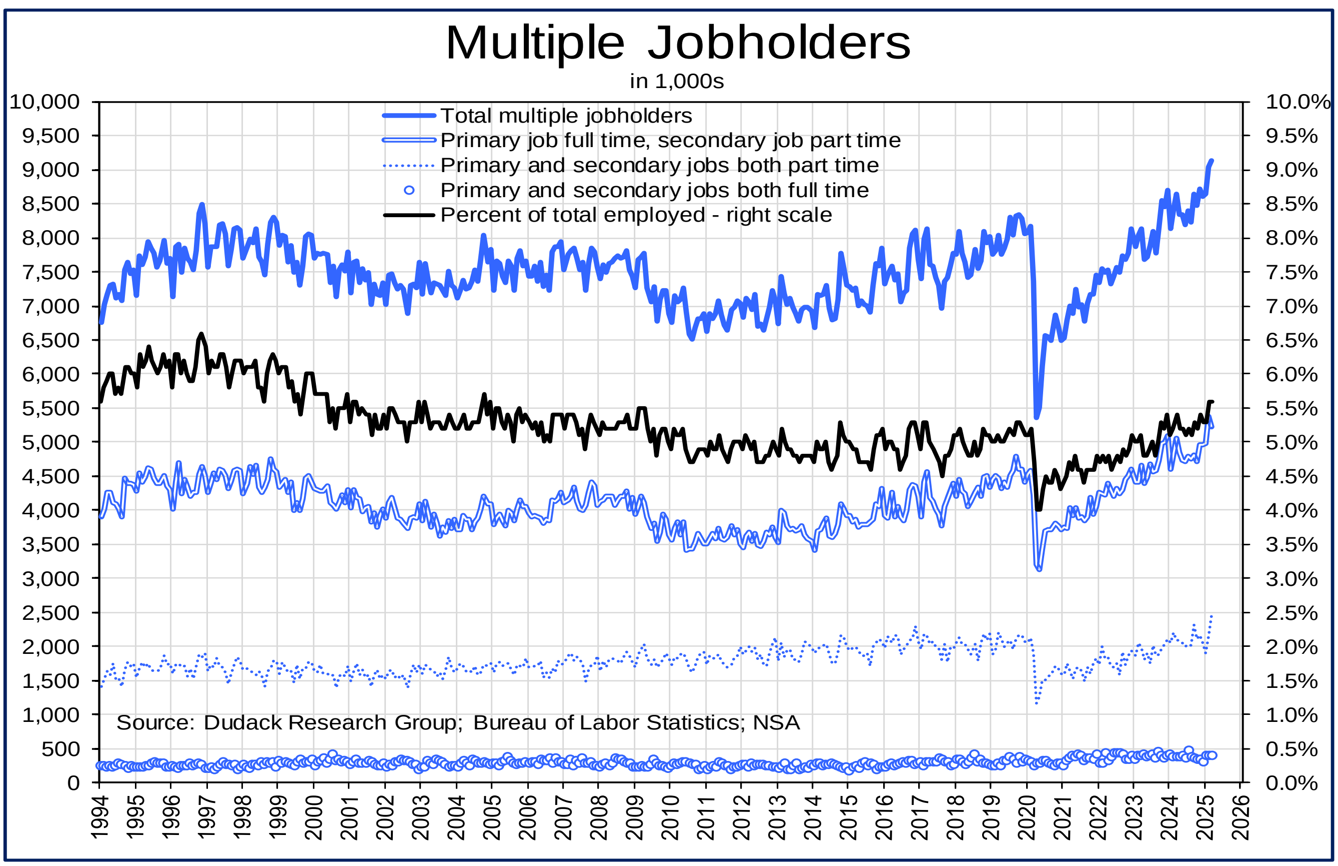
The positive impact of seasonal adjustment in the establishment survey and the positive impact of the annual census benchmark in the household survey can be seen in the charts below.



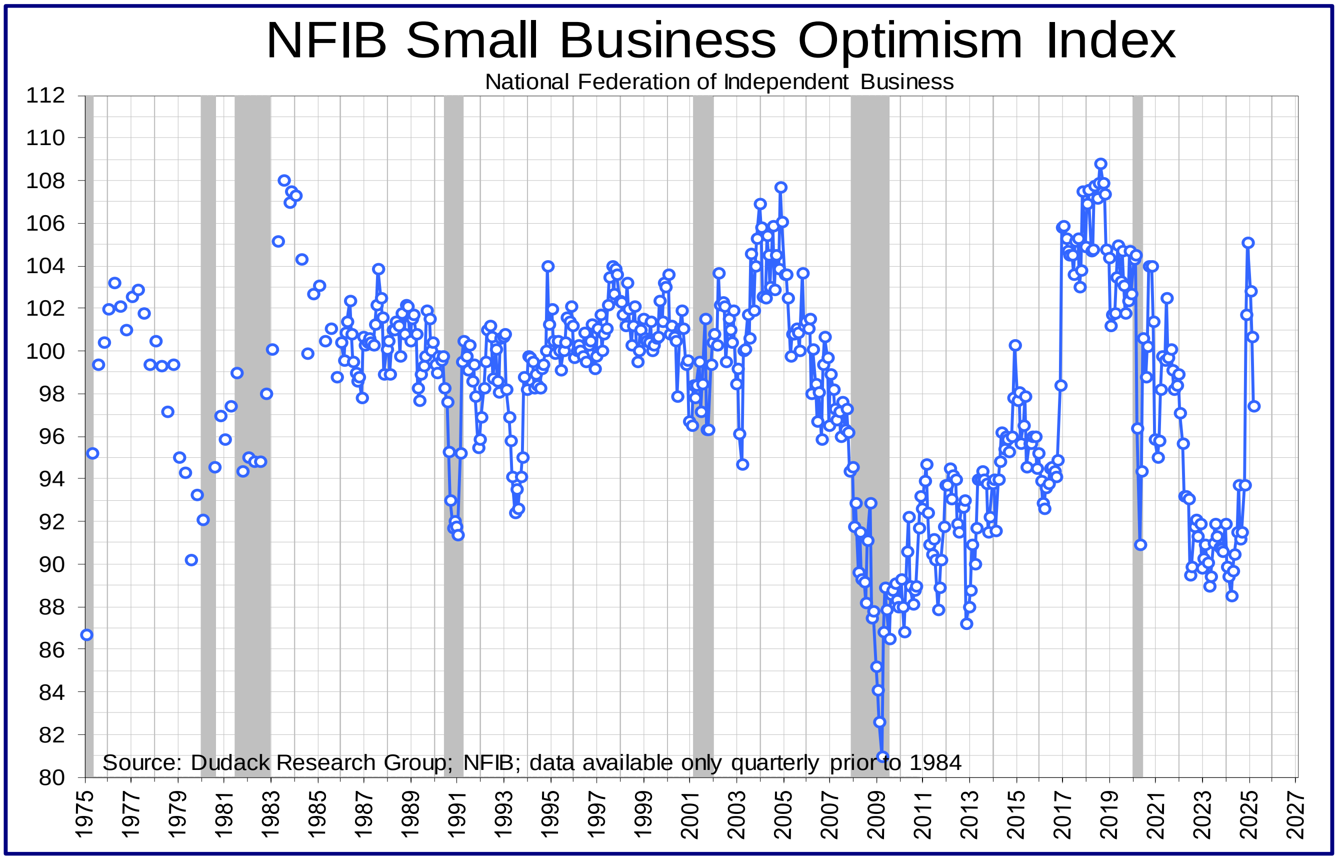


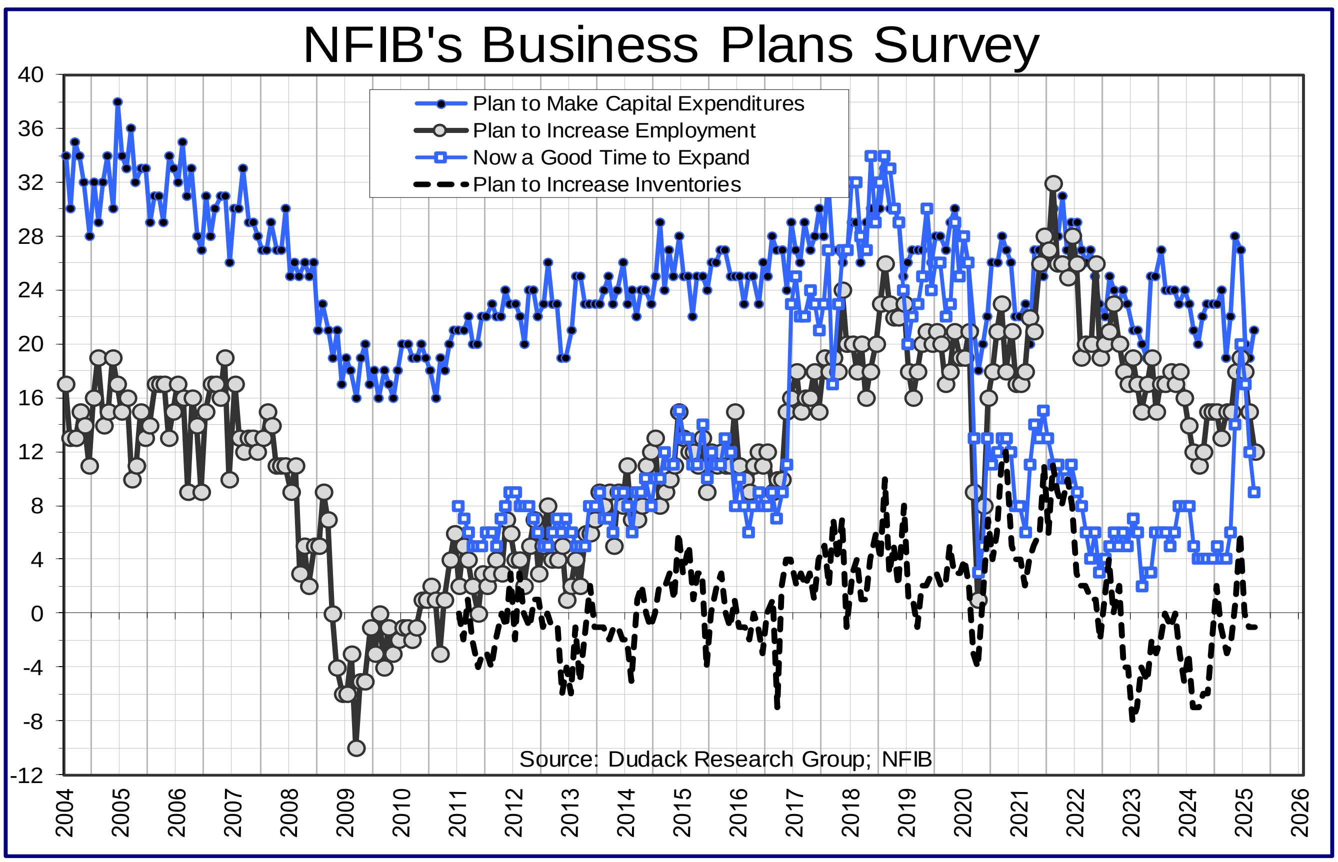
The increase in the March unemployment rate was ignored by investors for good reason and it was more of a decimal rounding that lifted it from 4.1% to 4.2%. However, the most interesting part of the unemployment rate was that the increase in unemployment was concentrated in those with a bachelor's degree or higher. This is a complete reversal of recent trends. The one sign of strain in the report was in the increase in multiple job holders which rose to a record 9.1 million, or 5.6% of total employment.



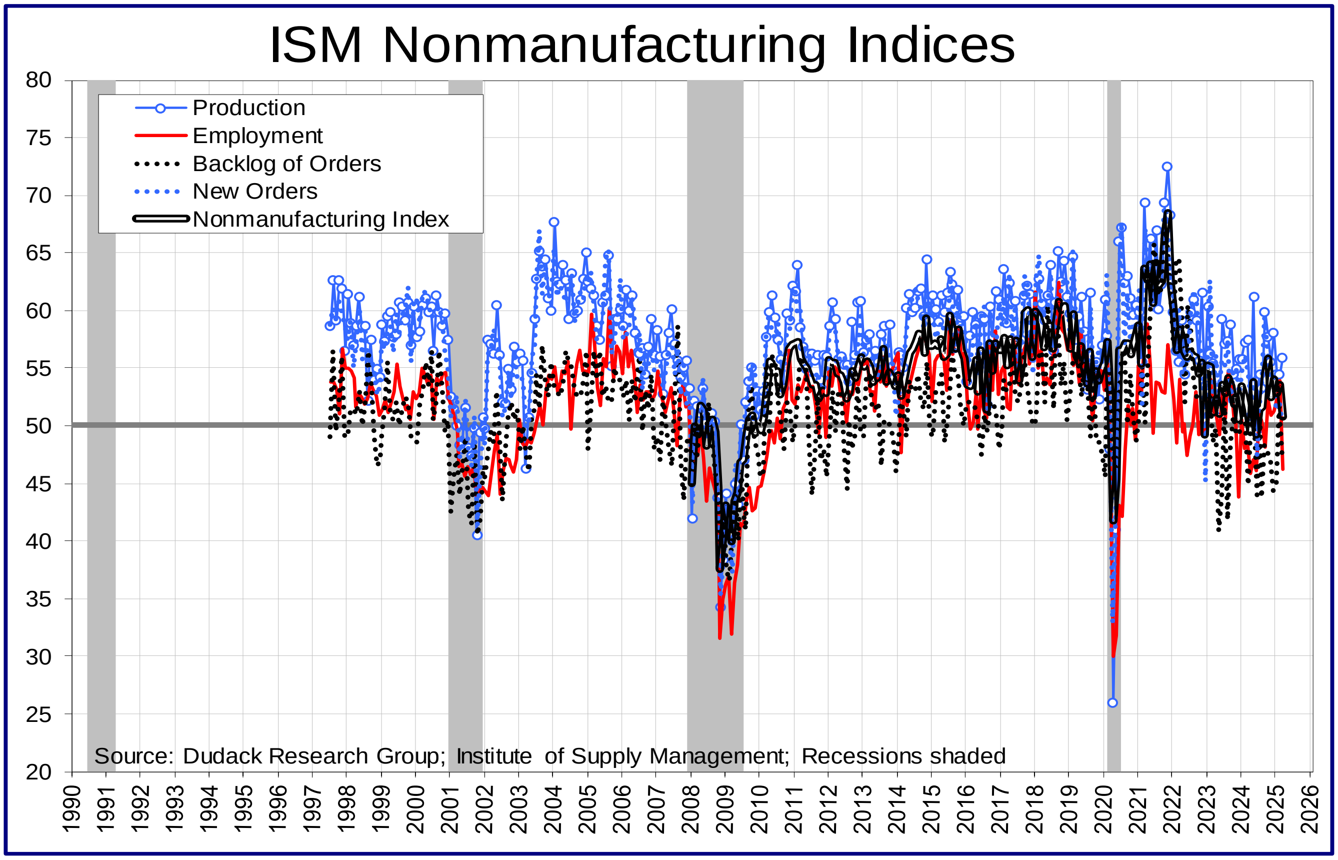


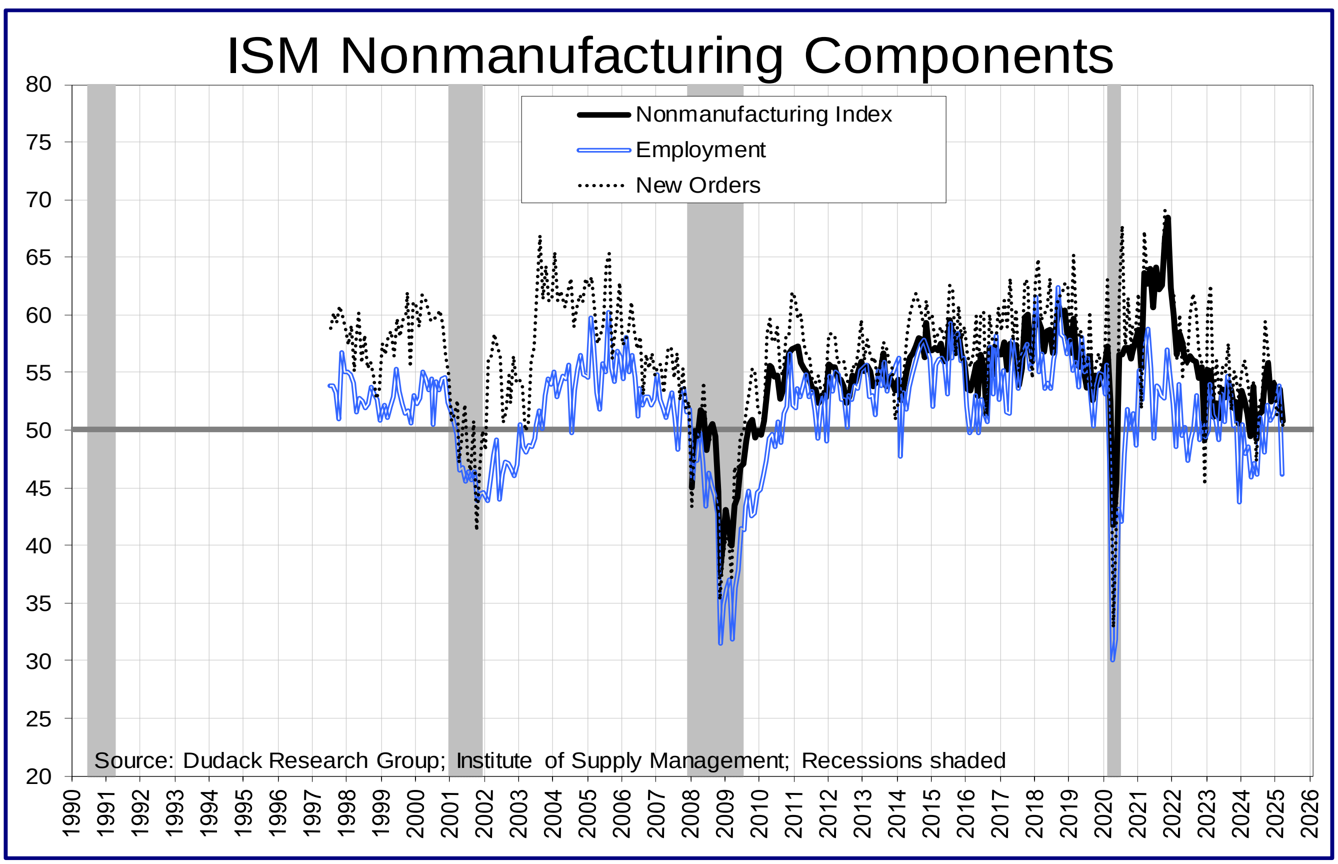
The Small Business Optimism Index fell 3.3 points in March to 97.4, slipping below the 51-year average of 98. This was the largest monthly decline in the Optimism Index since June 2022. Of the 10 Optimism Index components, two increased, seven decreased, and one was unchanged. Better business conditions and sales expectations contributed the most to the decline in the Index. The Uncertainty Index fell 8 points from February's second highest reading to 96 (but this survey did not include the current tariff uncertainty). Labor costs, the single most important problem for business owners, fell one point in March to 11%, just two points below the record 13% seen in December 2021.



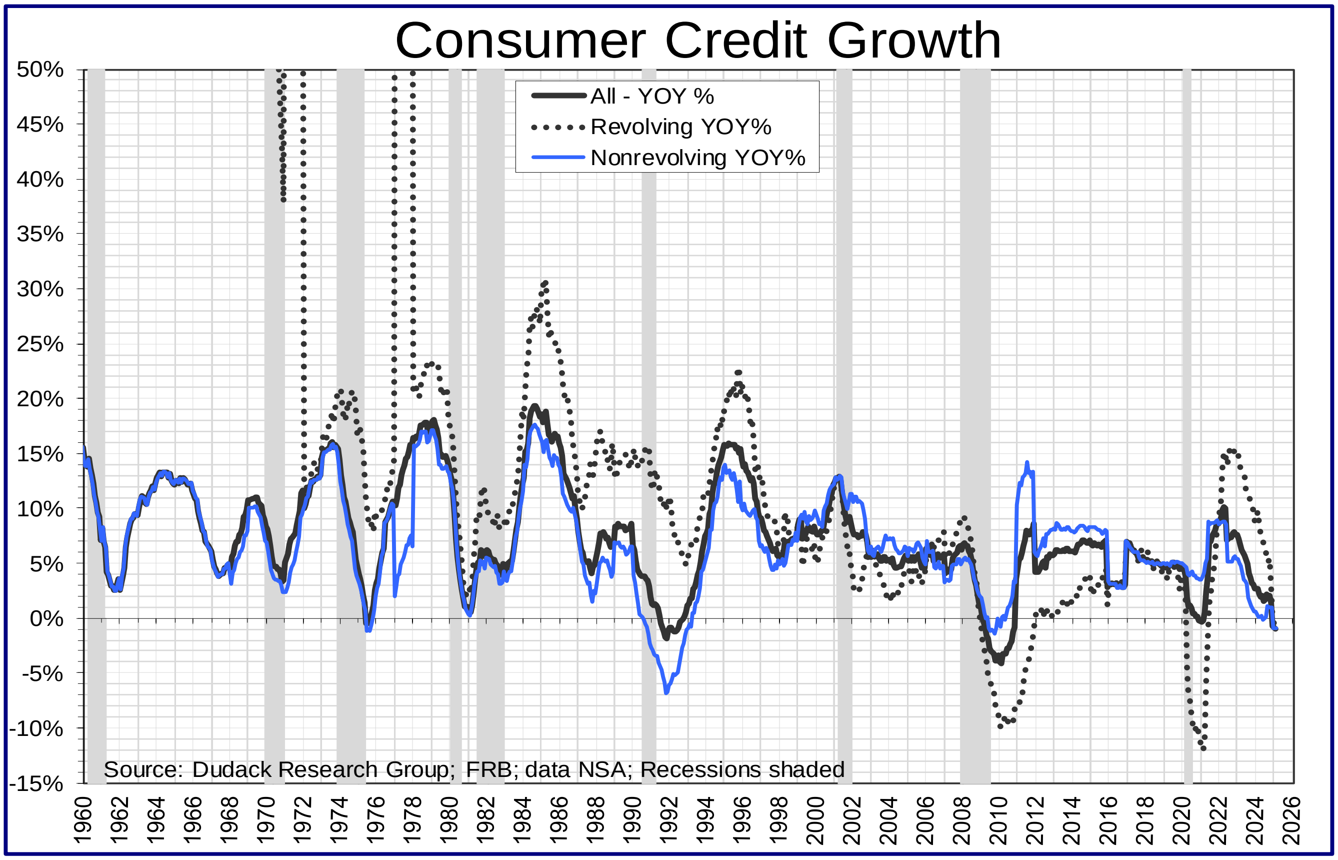


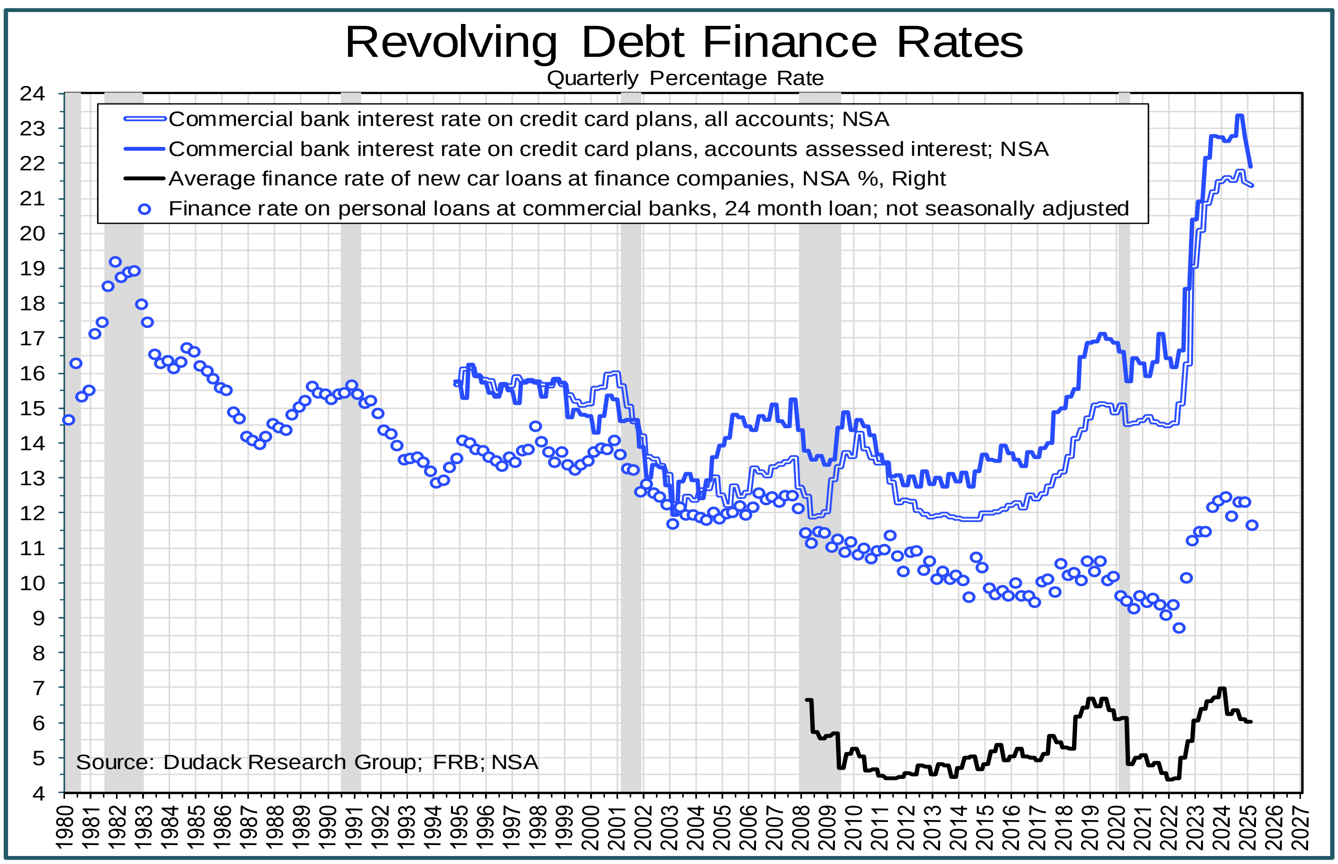
The ISM nonmanufacturing index fell from February's 53.5 to 50.8 in March, marking the 55th month of expansion in the 58 months since June 2020. Still, the service sector expanded at a slower pace, and seven of the nine components declined. Business activity (up 1.5) and imports (up 3.3) rose. Employment (down 7.7), exports (down 6.3), and order backlog (down 4.2), were the components that fell the most.



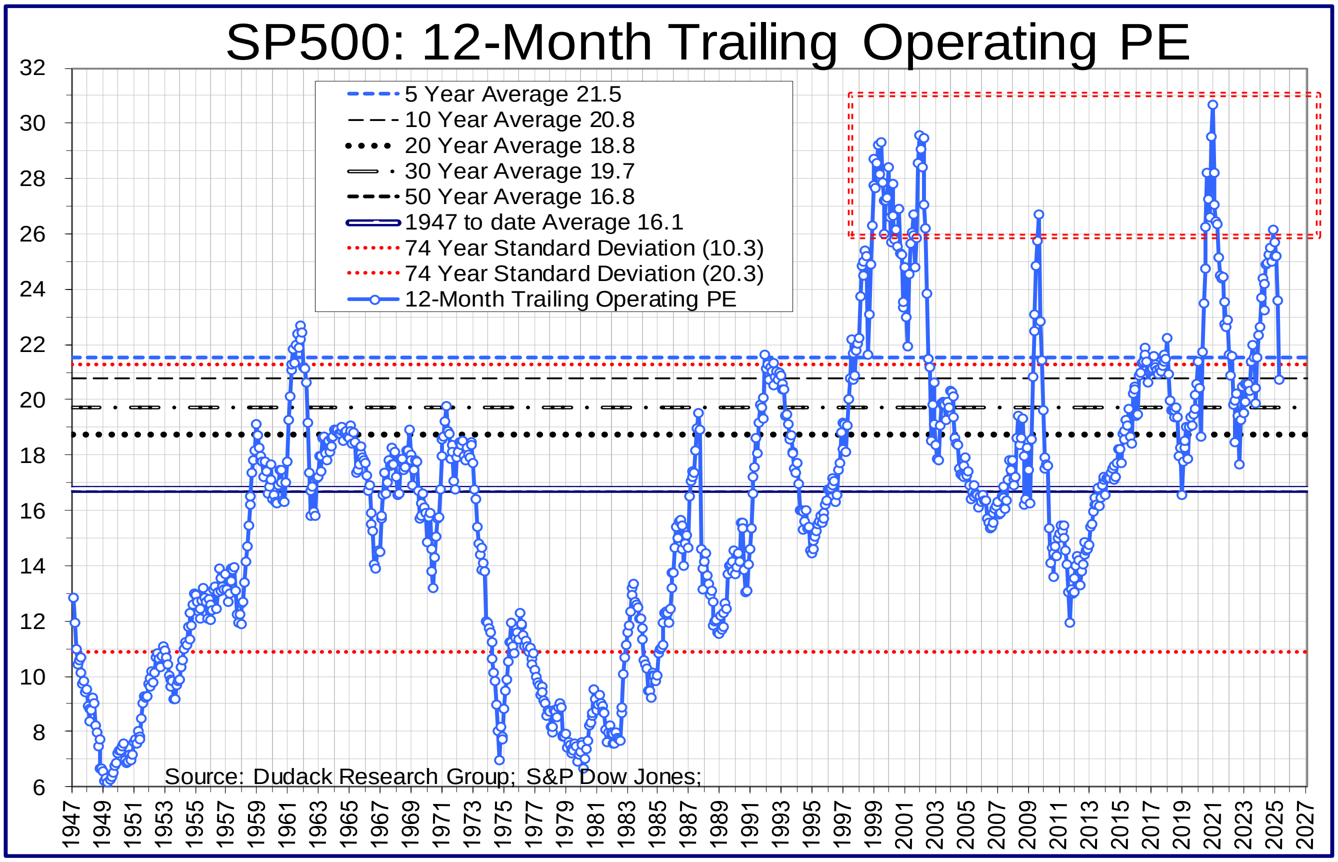


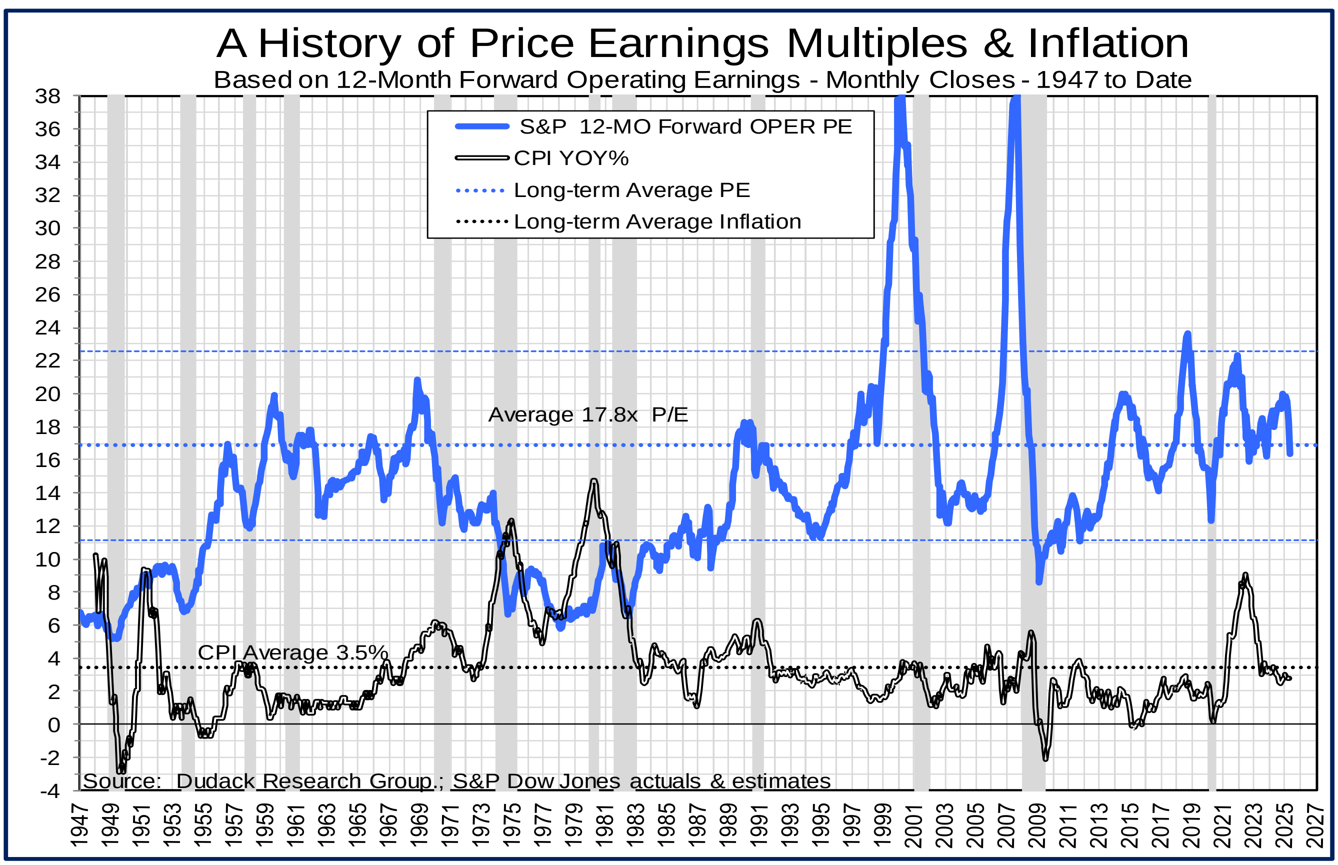
This is only the fifth time since 1960 that consumer credit contracted on a YOY basis and each of these previous contractions happened during, or after, a recession. Not all recessions displayed negative credit growth. But with that perspective, the current decline in consumer credit growth is ominous and suggests a recession-like environment existed in February, prior to the Trump tariff environment. One of the goals of the Trump administration is to get consumer credit interest rates down, and that is occurring, however, at a slower pace than the Treasury market is seeing.



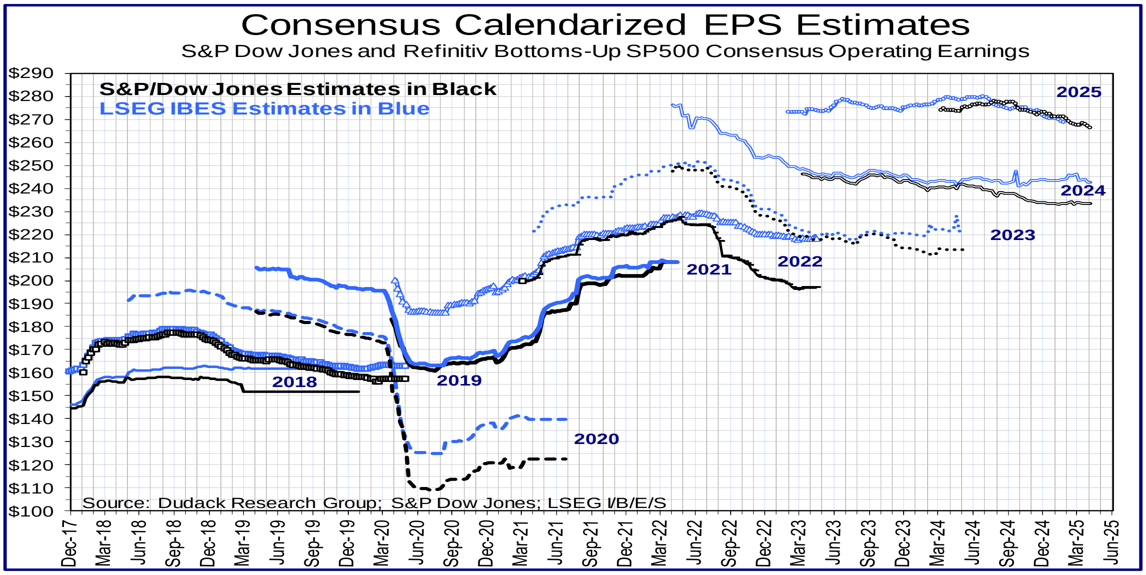


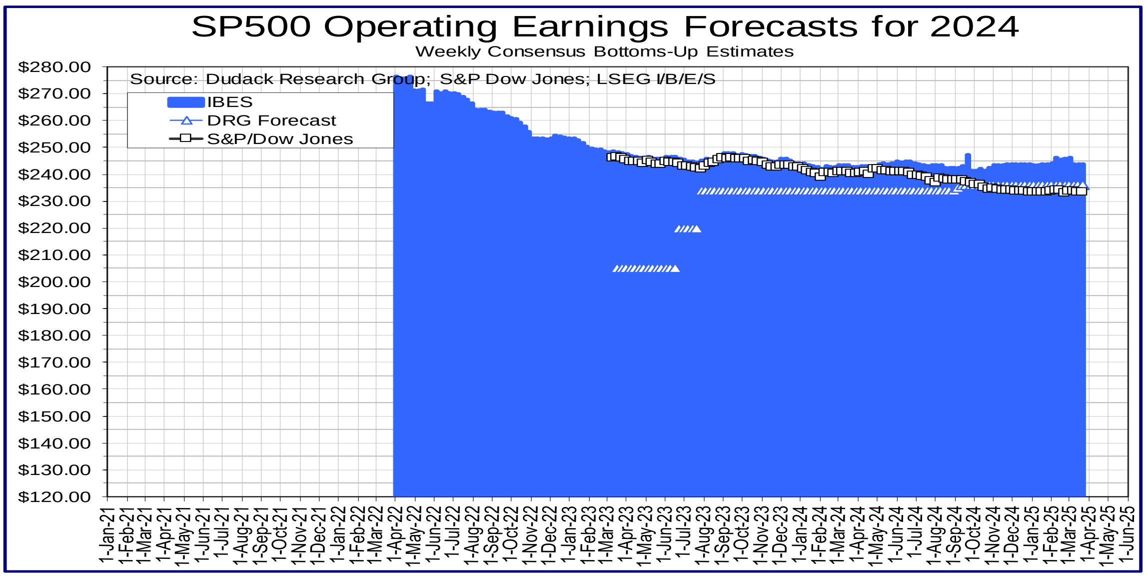
Valuation has not been supportive of equities for the last two years, but the recent decline in the equity market is changing this. The SPX **trailing** 4-quarter operating multiple is now 20.7 times, down 5 points in the last three months, still above the 50-year average of 16.8 times, but below the 5-year average of 21.5. With 2026 S&P Dow Jones estimates, the **12-month forward** PE multiple is 16.3 times and below its long-term average of 17.8 times. When this PE is added to inflation of 2.8%, it comes to 19.1, which is lower and now well within the normal range of 15.0 to 24.1.

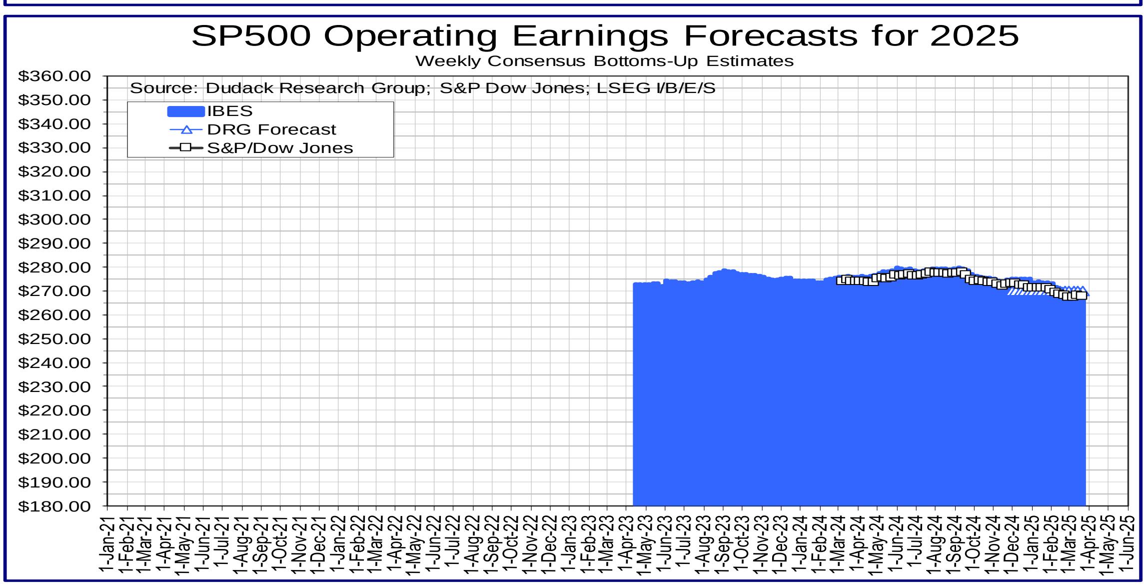




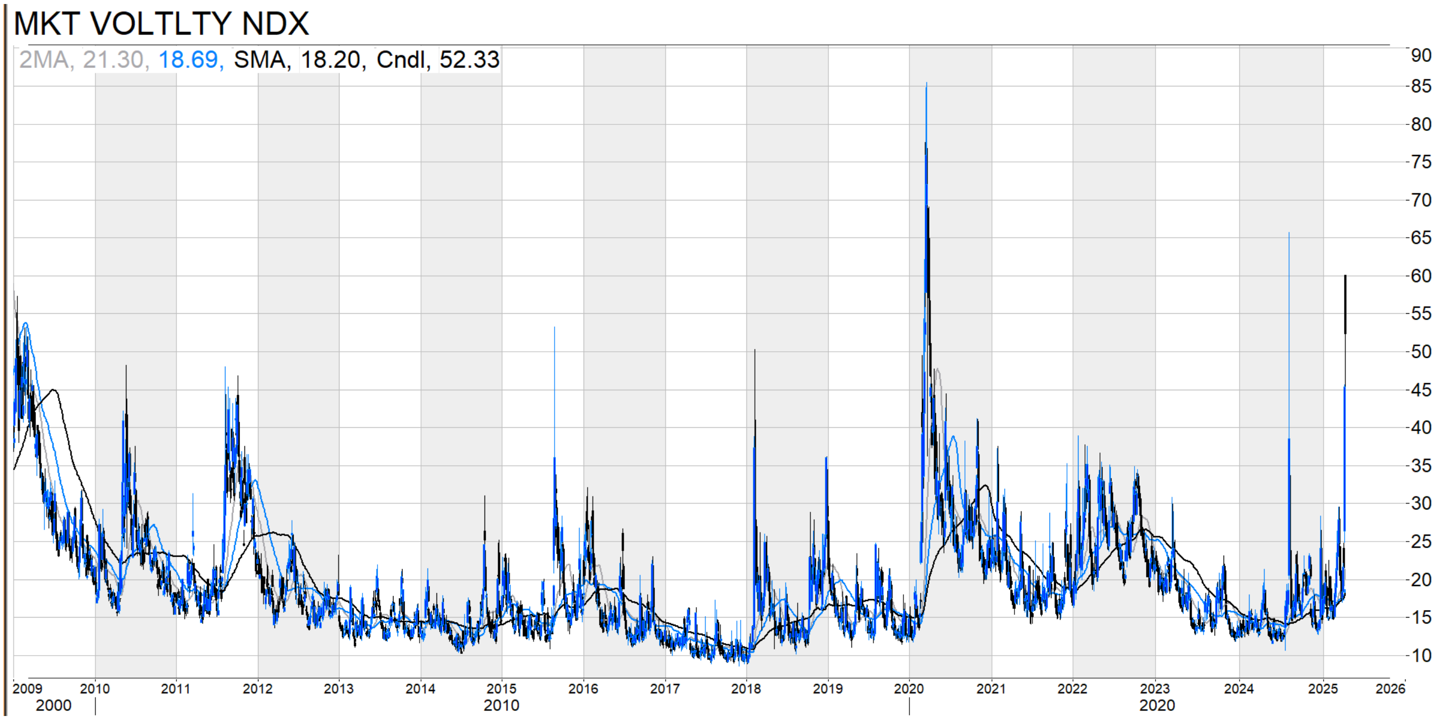
The S&P Dow Jones consensus estimate for calendar 2024 is $233.36, up $0.07 and the 2025 estimate is $266.39, down $0.57 this week. The LSEG IBES estimate for 2024 was $242.73, unchanged; and the estimate for 2025 is $268.61, down $0.51. The IBES guesstimate for 2026 EPS is $306.87, down by $0.61, and a new estimate for 2027 is $345.87.





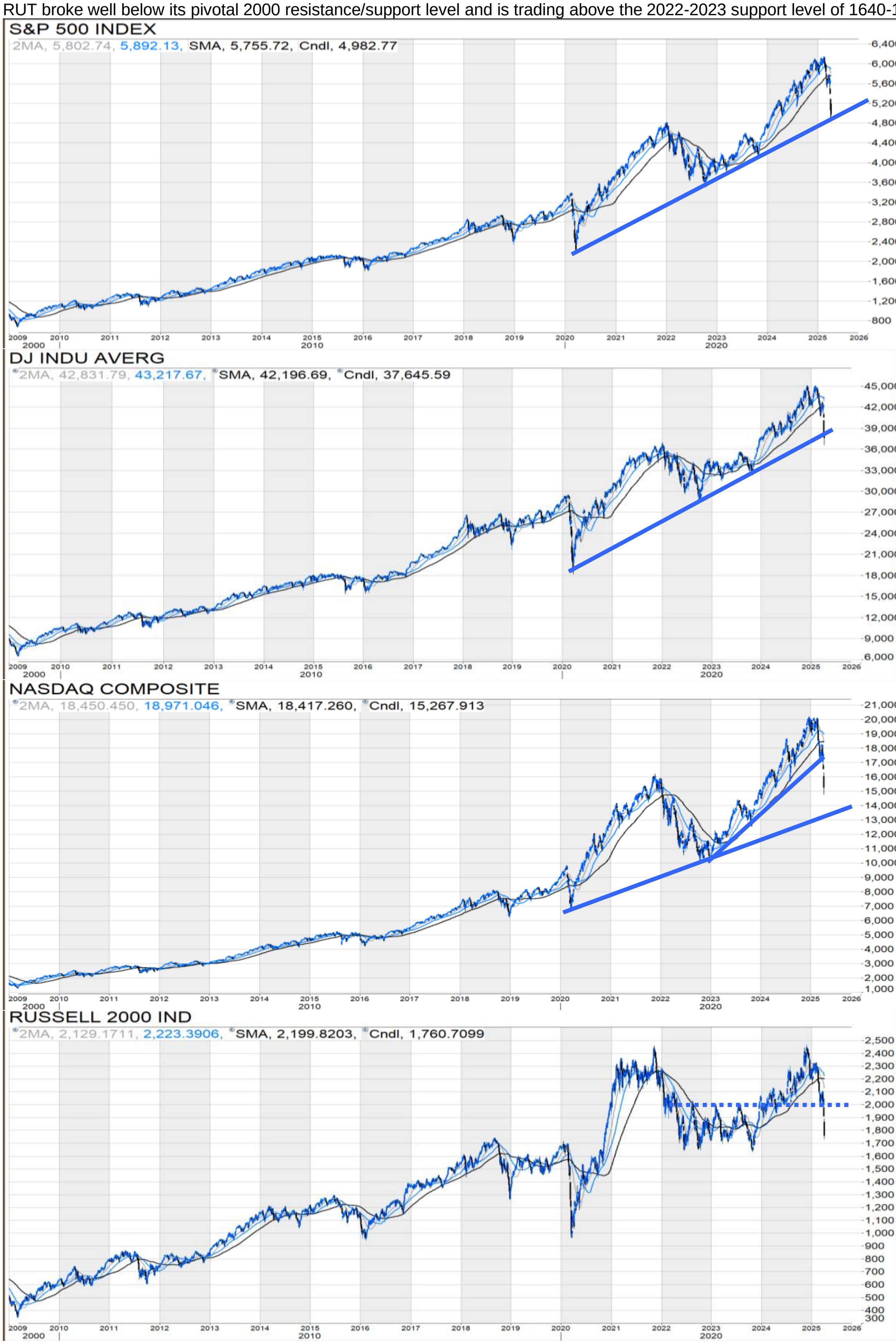


There have been numerous signs of panic in the securities markets. The VIX Index hit an intraday high of 60 on April 7, 2025, the highest since August 5, 2024. The SPDR Bloomberg High Yield Bond ETF (JNK) fell to an intraday low of 91.11 the same day. Neither of these are timing indicators, and they could move to greater extremes, but they are good measurements of extreme panic in the marketplace.



Source: LSEG

President Trump's tariff policy was far more extensive than anyone expected, and equity markets plunged. As of the April 8, 2025 lows, the peak to trough declines in the SPX, DJIA, IXIC, and RUT were 18.9%, 16.4%, 24.3%, and 27.9%, respectively, on a closing basis. The SPX and the DJIA are testing their 2020-2025 uptrend lines, on an intraday basis for the SPX and on a closing price basis for the DJIA. For the IXIC, a similar trendline is substantially lower at 13,500. The RUT broke well below its pivotal 2000 resistance/support level and is trading above the 2022-2023 support level of 1640-1650.

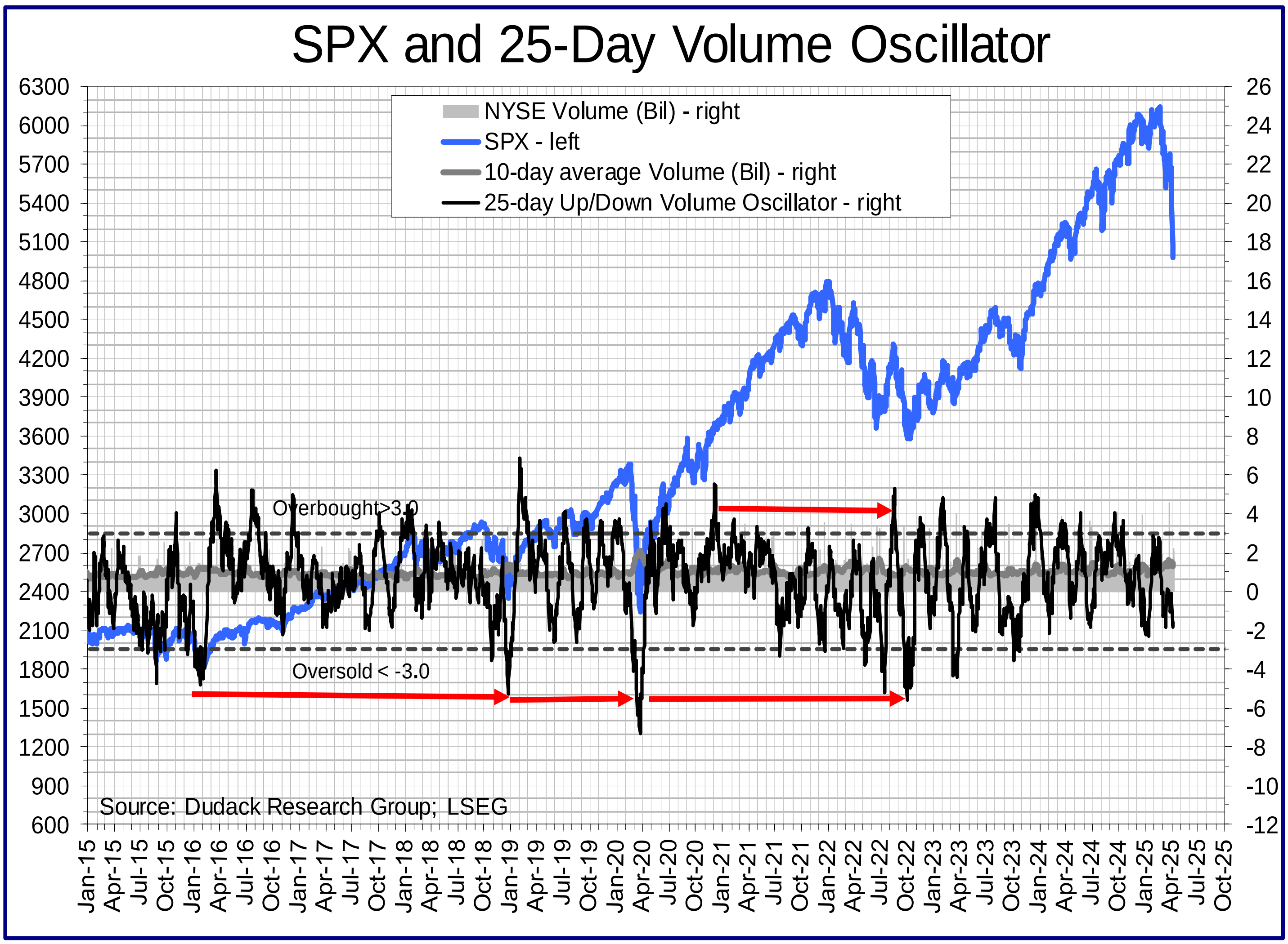


Source: LSEG

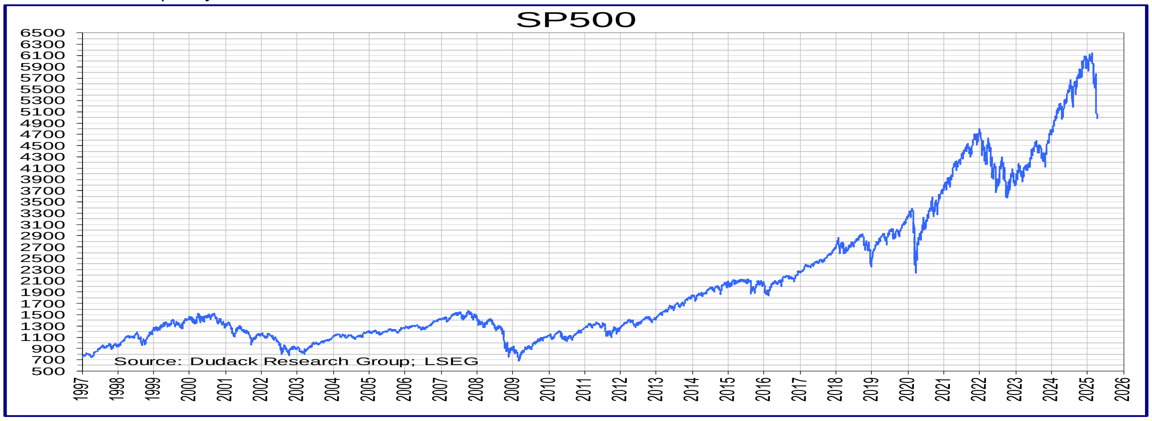
The 25-day up/down volume oscillator is at minus 1.80 this week, neutral, but down for the week. Note that the equity market rallied after this indicator reached a level of negative 1.84 on March 13, its lowest level since the market weakness seen in December/January. Despite the dramatic 3-day plunge in the equity market, this indicator is not yet more oversold than it was in mid-March.

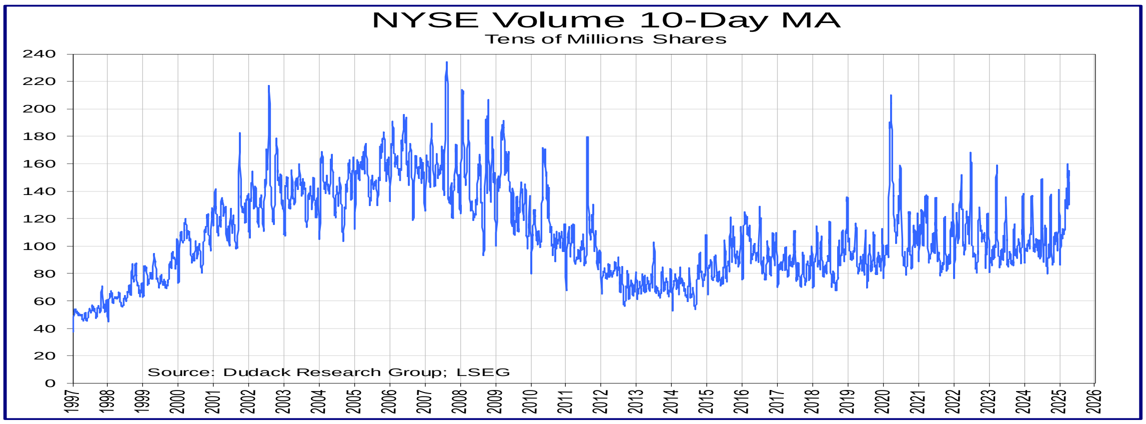
The lack of a fully oversold reading of -3.0 or less, is stunning in many ways given the drama of the recent decline; but our oscillator uses NYSE volume versus composite volume as an effort to eliminate the noise from daily and intra-day program/algorithmic trading that currently dominates daily volume.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

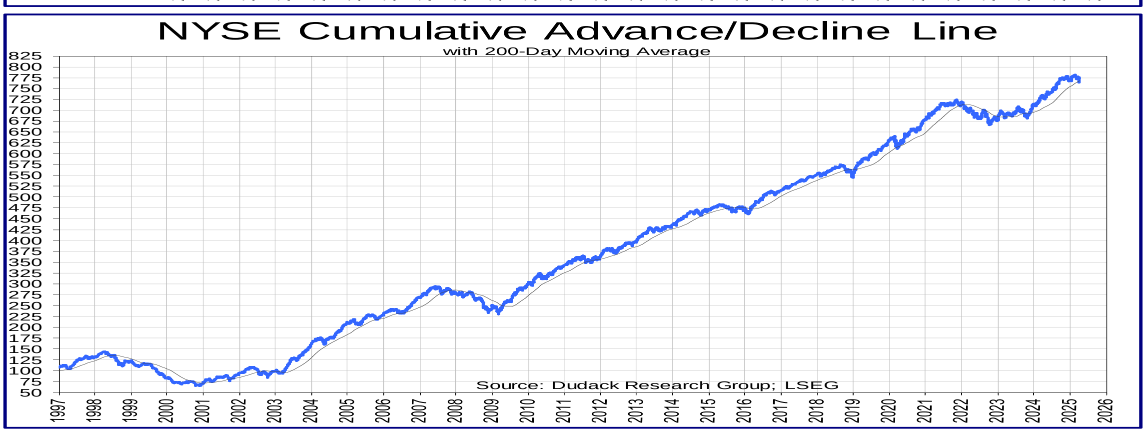
As a reminder, earlier this year this oscillator rose close to an overbought reading of 3.0 or greater on two different occasions without reaching overbought territory and therefore did not confirm the advance. Therefore, a first quarter correction is not a surprise, but it has been more severe than expected.

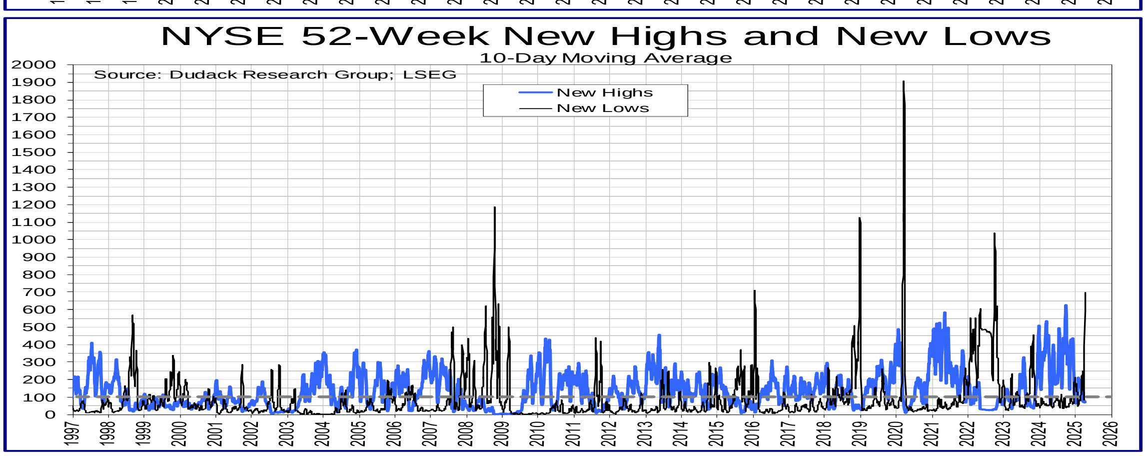


The 10-day average of daily new highs is 69 this week and new lows are averaging 696. This combination of daily new highs below 100 and new lows above 100 is negative. The new low index is the highest since September-October 2022. The NYSE cumulative advance/decline line made a new high on February 18, 2025, confirming the SPX high on February 19, 2025, but not subsequently.

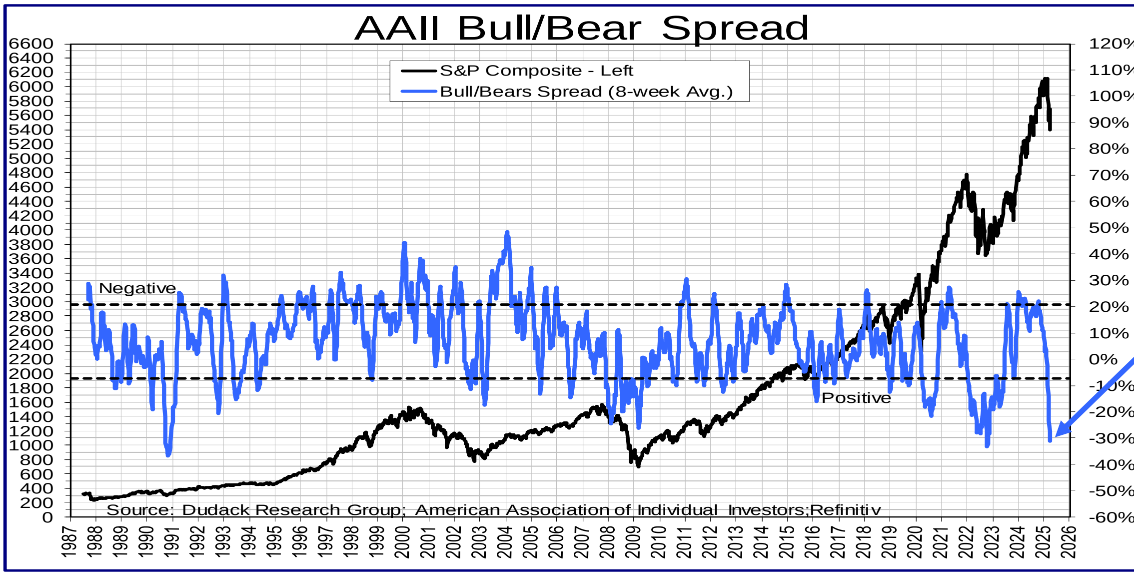


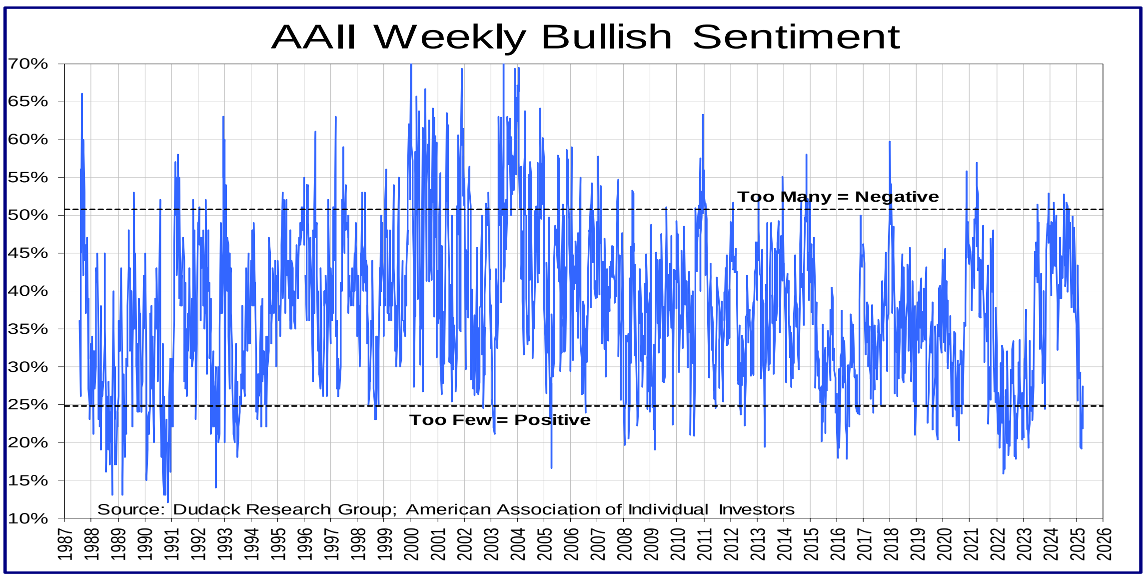


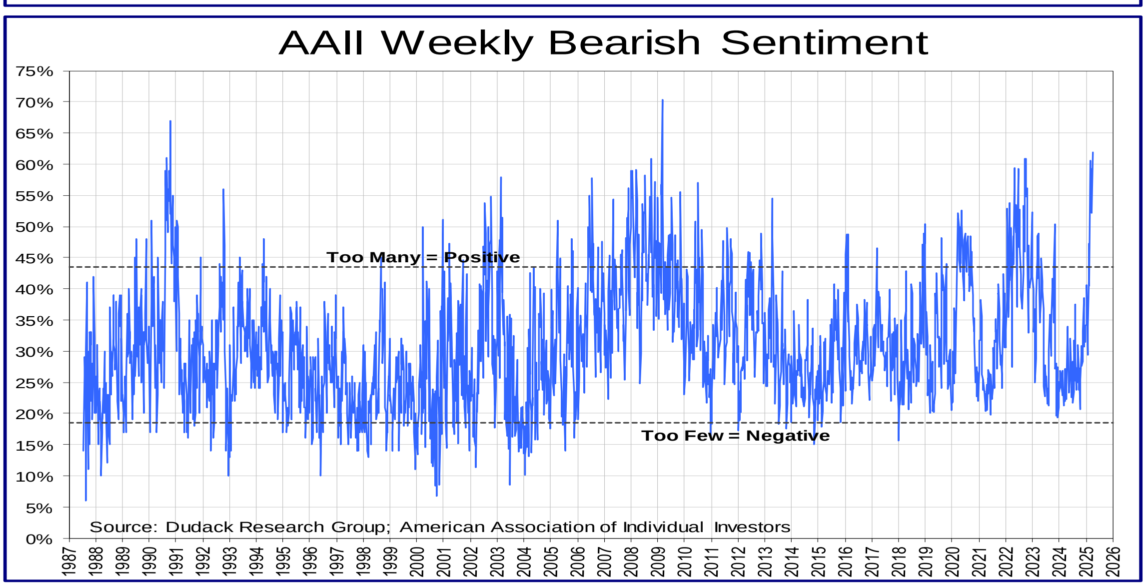




Last week's AAII survey showed bullishness fell 5.6% to 21.8%, erasing the previous week's gain, and bearishness rose 9.7% to 61.9%, a new high for this cycle. Bullishness is below average for the 12th time in 14 weeks. Bearishness is above average for the 18th time in 20 weeks and is the third-highest bearish sentiment reading in the history of the survey. It was last higher on March 5, 2009 (70.3%).This week was the first time bearish sentiment had exceeded 57% for five consecutive weeks. These numbers continue to exceed the bull/bear split of 20/50 which is rare and favorable. The 8-week bull/bear is minus 31.3% and the most positive since November 2022. Moreover, this survey may not fully reflect recent tariff policy.







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

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
Gold Future	GCc1	3053.10	0.1%	0.7%	0.2%	2.3%
iShares iBoxx $ Invest Grade Corp Bond	LQD	105.31	-3.1%	-2.8%	-3.1%	-1.4%
iShares 20+ Year Treas Bond ETF	TLT	88.35	-3.4%	-2.0%	-2.9%	1.2%
iShares MSCI India ETF	INDA.K	49.16	-3.7%	0.2%	-4.5%	-6.6%
SPDR Gold Trust	GLD	275.20	-4.3%	2.5%	-4.5%	13.7%
Shanghai Composite	.SSEC	3145.55	-6.1%	-6.7%	-5.7%	-6.2%
Consumer Staples Select Sector SPDR	XLP	76.35	-6.7%	-7.9%	-6.5%	-2.9%
Health Care Select Sect SPDR	XLV	132.98	-7.2%	-10.9%	-8.9%	-3.3%
Utilities Select Sector SPDR	XLU	73.09	-7.5%	-5.4%	-7.3%	-3.4%
iShares MSCI Mexico Capped ETF	EWW	48.06	-7.7%	-6.7%	-5.7%	2.6%
iShares MSCI Malaysia ETF	EWM	21.20	-7.9%	-9.0%	-8.1%	-13.6%
iShares MSCI Japan ETF	EWJ	61.65	-9.6%	-12.1%	-10.1%	-8.1%
iShares MSCI Canada ETF	EWC	37.17	-9.6%	-8.2%	-8.8%	-7.8%
iShares Nasdaq Biotechnology ETF	IBB.O	112.02	-10.0%	-18.2%	-12.4%	-15.3%
PowerShares Water Resources Portfolio	PHO	58.13	-10.3%	-13.3%	-9.9%	-11.6%
SPDR DJIA ETF	DIA	376.48	-10.3%	-12.1%	-10.3%	-11.5%
iShares MSCI Brazil Capped ETF	EWZ	23.44	-10.3%	-5.6%	-9.3%	4.1%
DJIA	.DJI	37645.59	-10.3%	-12.0%	-10.4%	-11.5%
SPDR Homebuilders ETF	XHB	86.79	-10.7%	-14.8%	-10.4%	-16.9%
iShares US Telecomm ETF	IYZ	24.53	-10.7%	-12.9%	-10.4%	-8.6%
Communication Services Select Sector SPDR Fund	XLC	86.13	-10.8%	-14.1%	-10.7%	-11.0%
iShares MSCI South Korea Capped ETF	EWY	48.92	-10.8%	-12.1%	-9.5%	-3.9%
iShares MSCI EAFE ETF	EFA	72.96	-10.9%	-13.6%	-10.7%	-3.5%
iShares MSCI Germany ETF	EWG	33.22	-10.9%	-14.4%	-10.4%	4.4%
Vanguard FTSE All-World ex-US ETF	VEU	54.19	-10.9%	-13.2%	-10.7%	-5.6%
SPDR S&P Retail ETF	XRT	62.11	-11.1%	-13.4%	-10.1%	-22.0%
iShares Silver Trust	SLV	28.49	-11.2%	-8.1%	-12.4%	3.3%
iShares Russell 1000 Value ETF	IWD	166.82	-11.2%	-12.0%	-11.3%	-9.9%
iShares MSCI United Kingdom ETF	EWU	33.19	-11.4%	-12.3%	-11.4%	-2.1%
iShares MSCI Austria Capped ETF	EWO	22.32	-11.4%	-14.7%	-11.1%	6.4%
iShares Russell 1000 ETF	IWB	272.36	-11.5%	-13.8%	-11.2%	-15.5%
SP500	**.SPX**	**4982.77**	**-11.5%**	**-13.6%**	**-11.2%**	**-15.3%**
Consumer Discretionary Select Sector SPDR	XLY	176.34	-11.6%	-14.3%	-10.7%	-21.4%
Industrial Select Sector SPDR	XLI	116.42	-11.7%	-13.3%	-11.2%	-11.6%
Financial Select Sector SPDR	XLF	43.92	-11.7%	-10.6%	-11.8%	-9.1%
iShares US Real Estate ETF	IYR	84.48	-11.8%	-12.9%	-11.8%	-9.2%
iShares Russell 1000 Growth ETF	IWF	320.42	-11.9%	-15.4%	-11.3%	-20.2%
NASDAQ 100	NDX	17090.40	-12.1%	-15.4%	-11.3%	-18.7%
iShares MSCI Emerg Mkts ETF	EEM	38.52	-12.1%	-13.3%	-11.9%	-7.9%
iShares MSCI Australia ETF	EWA	20.82	-12.2%	-12.9%	-11.2%	-12.7%
Nasdaq Composite Index Tracking Stock	ONEQ.O	60.22	-12.2%	-15.9%	-11.5%	-20.8%
iShares Russell 2000 Growth ETF	IWO	224.16	-12.3%	-15.2%	-12.3%	-22.1%
iShares Russell 2000 ETF	IWM	174.82	-12.4%	-15.1%	-12.4%	-20.9%
iShares Russell 2000 Value ETF	IWN	131.84	-12.7%	-15.2%	-12.7%	-19.7%
iShares MSCI BRIC ETF	BKF	34.82	-12.9%	-13.2%	-13.0%	-4.6%
SPDR S&P Bank ETF	KBE	45.85	-13.0%	-14.7%	-13.4%	-17.3%
Silver Future	SIc1	29.59	-13.4%	-9.1%	-14.1%	2.3%
Technology Select Sector SPDR	XLK	179.73	-13.6%	-17.8%	-13.0%	-22.7%
Materials Select Sector SPDR	XLB	74.27	-13.9%	-15.4%	-13.6%	-11.7%
iShares MSCI Hong Kong ETF	EWH	15.20	-14.3%	-17.0%	-13.2%	-8.8%
iShares MSCI Taiwan ETF	EWT	40.95	-15.0%	-20.1%	-13.8%	-20.9%
iShares MSCI Singapore ETF	EWS	20.22	-15.2%	-15.1%	-14.9%	-7.5%
Oil Future	CLc1	59.58	-16.3%	-11.1%	-16.6%	-16.9%
iShares China Large Cap ETF	FXI	29.59	-17.3%	-19.9%	-17.4%	-2.8%
United States Oil Fund, LP	USO	63.34	-17.8%	-12.1%	-18.1%	-16.2%
Energy Select Sector SPDR	XLE	76.44	-18.7%	-12.6%	-18.2%	-10.8%
SPDR S&P Semiconductor ETF	XSD	160.63	-20.3%	-27.9%	-20.0%	-35.3%
iShares DJ US Oil Eqpt & Services ETF	IEZ	14.77	-25.3%	-22.6%	-24.3%	-25.4%

Outperformed SP500
Underperformed SP500

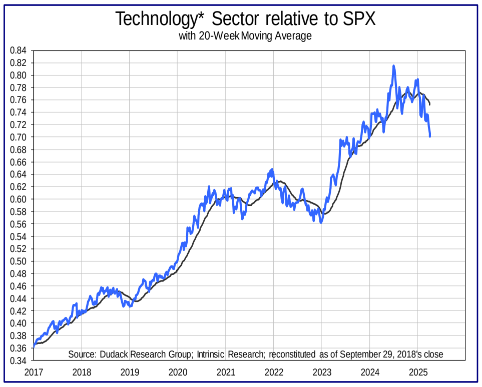
Source: Dudack Research Group; LSEG

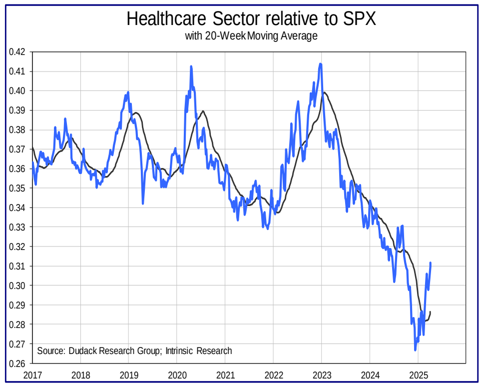
Priced as of April 8, 2025

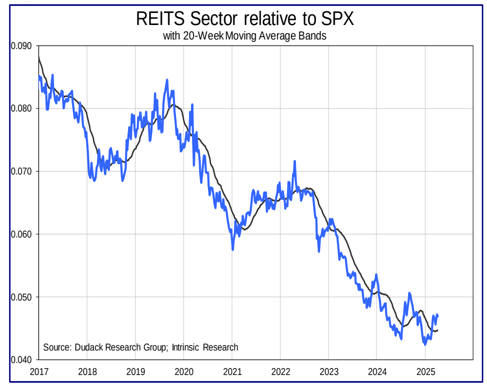
SECTOR RELATIVE PERFORMANCE – RELATIVE OVER/UNDER/ PERFORMANCE TO S&P 500

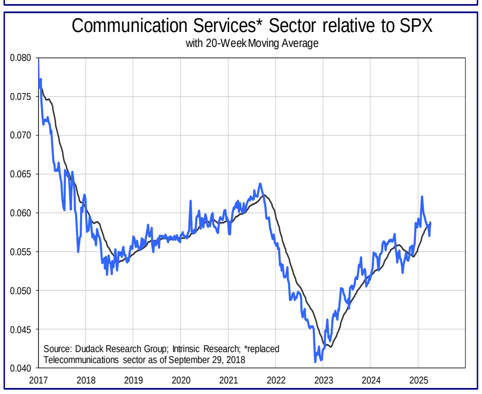
DRG Recommended Sector Weights		
Overweight	**Neutral**	**Underweight**
Communication Services	Healthcare	REITS
Technology	Staples	Materials
Consumer Discretionary	Utililties	Energy
Financials	Industrials	

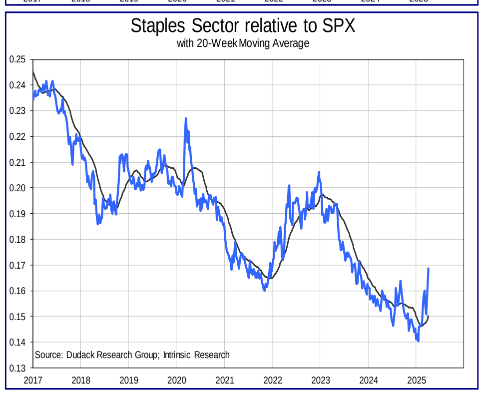
11/19/2024: Upgraded Consumer Discretionary from N to O; Downgraded Healthcare from O to N. 9/10/2024: Upgraded Utilities from U to N; Downgraded Energy from N to U.

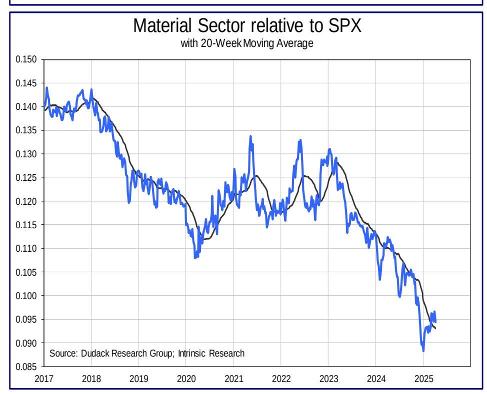


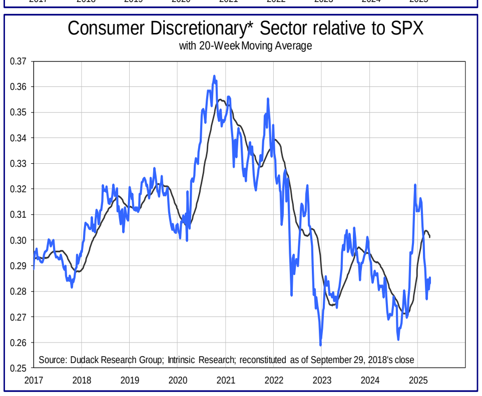


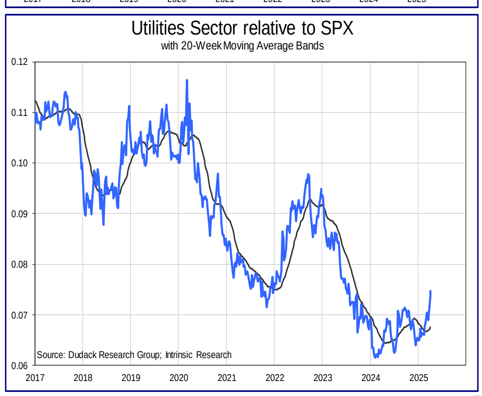


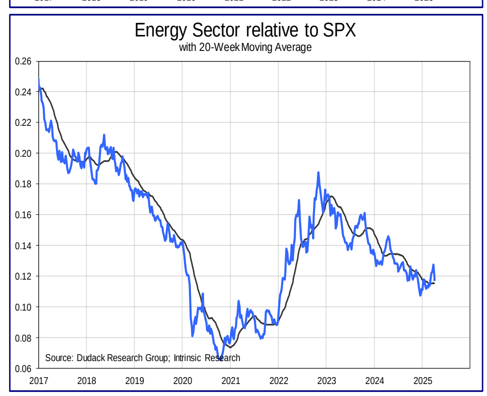


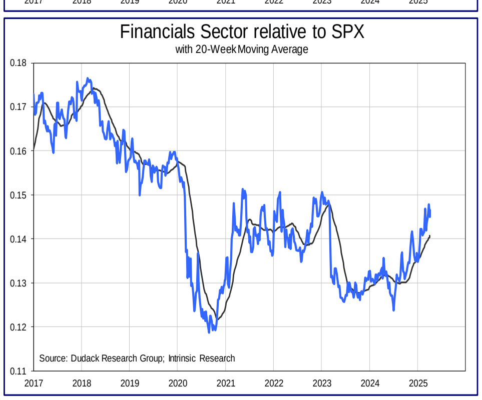


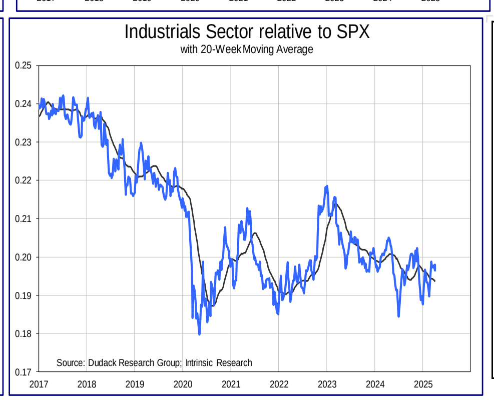












2025 Performance - Ranked	
SP500 Sector	% Change
S&P CONSUMER STAPLES	-1.9%
S&P HEALTH CARE	-3.3%
S&P UTILITIES	-3.5%
S&P REITS	-9.0%
S&P FINANCIAL	-9.1%
S&P ENERGY	-10.3%
S&P MATERIALS	-11.4%
S&P INDUSTRIALS	-11.7%
S&P COMMUNICATIONS SERVICES	-14.7%
S&P 500	-15.3%
S&P CONSUMER DISCRETIONARY	-23.1%
S&P INFORMATION TECH	-24.2%

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	$233.30	$233.42	9.3%	$242.73	9.7%	25.2X	1.4%	2.5%	NA	NA
2025E	~~~~~	$172.75	$266.39	$270.00	15.7%	$268.61	10.7%	18.7X	NA	NA	NA	NA
2026E	~~~~~	$192.43	$304.89	$310.50	15.0%	$306.87	14.2%	16.3X	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%	3.1%	$3,128.50	16.0%
2024 4QE	5881.63	$57.63	$61.14	$61.26	13.7%	$65.00	13.7%	25.2	1.3%	2.3%	NA	NA
2025 1QE	5611.85	$55.19	$59.37	$63.75	16.7%	$60.05	6.2%	23.6	NA	NA	NA	NA
2025 2QE*	4982.77	$60.38	$64.94	$65.25	11.8%	$65.46	8.4%	20.4	NA	NA	NA	NA
2025 3QE	NA	$65.35	$69.69	$68.00	14.9%	$70.12	10.9%	19.5	NA	NA	NA	NA
2025 4Q*	NA	$67.81	$72.39	$73.00	19.2%	$72.77	12.0%	18.7	NA	NA	NA	NA

Source: DRG; S&P Dow Jones **quarterly EPS may not sum to official CY estimates; LSEG IBES Consensus estimates *4/8/2025

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
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Dudack Research Group, a division of Wellington Shields & Co. LLC.
Main Office:
Wellington Shields & Co. LLC
60 Broad Street
New York, NY 10004
212-320-3511
Research Sales: 212-320-2046

Florida office:
549 Lake Road
Ponte Vedra Beach, FL 32082
212-320-2045

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