



Dudack Research Group

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October 25, 2017

DJIA: 23441.76
SPX: 2569.13
NASDAQ: 6598.43

US Strategy Weekly

Household Debt? Not a Problem.

President Trump met with Senate Republicans this week to try to forge the kind of party unity needed to pass tax reform. But political unity appears fragile in the US since Trump and several key GOP lawmakers were openly feuding on the sidelines during the same day. Speaker Paul Ryan held a press conference to assert that he expects the House to have its final tax bill ready by the Thanksgiving holiday. According to Ryan, the Senate is apt to be “a little slower,” but a final package is on track for a vote before the end of the year.

If you believe current politics is more like a soap opera than a democracy in action, we would point out that disruptive politics is not unique to the US. Young politicians like Justin Trudeau in Canada, President Emmanuel Macron of France or more recently the 31 year old Sebastian Kurz of Austria are putting a new face on local politics. This weekend voters in the Czech Republic backed a businessman, Andrej Babis, the country's second-richest billionaire, and many are drawing comparisons to Donald Trump. Babis is overwhelmingly rejecting establishment parties. The party he formed, ANO (Action for Dissatisfied Citizens party) – which means yes in Czech – is now the biggest political party in the Czech Republic parliament and in prime position to form a coalition government.

In terms of US politics, tax reform is critical to investors and as we often have noted, tax reform could raise our 2018 operating earnings target for the SP500 from \$146 to at least \$155. This, in turn, would also raise our 2018 target for the market from SPX 2550 to SPX 2750 or more. For this reason, and the fact that signs of a global economic recovery continue to build, we remain bullish on equities.

HOUSEHOLD DEBT AND FINANCIAL STABILITY

The International Monetary Fund's recent GLOBAL FINANCIAL STABILITY REPORT focused on household debt growth over the last decade. It was a comprehensive look at the relationship between household debt, economic growth, and financial stability across a sample of 80 advanced and emerging market economies. It attempted to shed light on how household indebtedness affects growth and stability at the macro level and it noted that there is a trade-off between the short-term benefits of rising household debt and its medium-term costs to macroeconomic and financial stability. In the short term, an increase in the household debt-to-GDP ratio is typically associated with higher economic growth and lower unemployment, but the effects are reversed in three to five years. Moreover, high growth rates in household debt are associated with a greater probability of banking crises and these adverse effects are stronger when household debt is high. The effects are also more pronounced for advanced than for emerging market economies, since household debt and credit market participation tend to be lower in emerging economies. This study and the connection between household debt growth and financial stability attracted media attention and several commentators have noted warily that in the US, consumer debt levels have recently exceeded the levels seen before the Great Recession. Given this interest to household debt, we looked to see if there was indeed risk in the US system. The bottom line is that we found no such risk in the US; and in fact, the IMF also noted in its conclusion, that US household leverage has remained broadly constant, with the exception of the poorest income group, where leverage has increased slightly in recent years.

DIGGING INTO DEBT

There are two main sources for household debt: the Federal Reserve's (FRB) quarterly FINANCIAL ACCOUNTS OF THE UNITED STATES - Z.1 and the Federal Reserve Bank of New York's (FRBNY) For important disclosures and analyst certification please refer to the last page of this report.

QUARTERLY REPORT ON HOUSEHOLD DEBT AND CREDIT. We would first note that there is a discrepancy between these two sources regarding the level of total household debt. The FRBNY, reports second quarter total household debt was \$12.84 trillion, up \$552 billion from 2Q16. The Fed's Z.1 showed 2Q17 household debt to be \$14.9 trillion, up \$464 billion from a year earlier. Mortgage debt represents roughly 70% of total household debt in each survey and as of June it was reported to be \$9.1 trillion by the FRBNY and \$9.9 trillion by the Fed. See page 3.

Both releases place household debt at a record high at the end of June; however, we agree with the IMF that the nominal level is less important than debt relative to the economy or debt relative to personal income. This is where the FRB's Z.1 is important since it indicates that household debt (\$14.9 trillion) represented 77.5% of nominal GDP as of 2Q17. This seems like a high percentage but note that it is down substantially from a peak of 97.9% of GDP seen at the end of 2007. Equally important the percentage has been trending lower and this should continue to be true if economic activity strengthens. See page 4. As the largest portion of household indebtedness, mortgage debt represented 51.8% of GDP in June down from a high of 73% in 2009. Both of these percentages are back to levels seen in 2002. We also look at household debt to disposable personal income which reflects the household's ability to pay off debt. Debt to DPI was 104% in June versus 133% in 2007. Again, these are back to levels seen in 2002. See page 5.

Mortgage debt has been growing slowly in recent years (3.4% and 3.9% YOY in 2Q17, according to the FRB & FRBNY, respectively) and delinquencies were less than 1.5% of balances in June. The stability in these statistics is reassuring. On the other hand, at the end of June smaller segments of debt such as auto loans, student loans and credit card debt grew 7.9%, 6.8%, and 7.9% YOY, respectively. Concerns have centered on student loan balances, which are 10.5% of total debt, where growth rates are high and delinquent balances have been averaging 11% since mid-2012. However, student loan growth rates are currently declining and delinquency rates are stabilizing. Both of these trends are favorable and encouraging. See page 6-7.

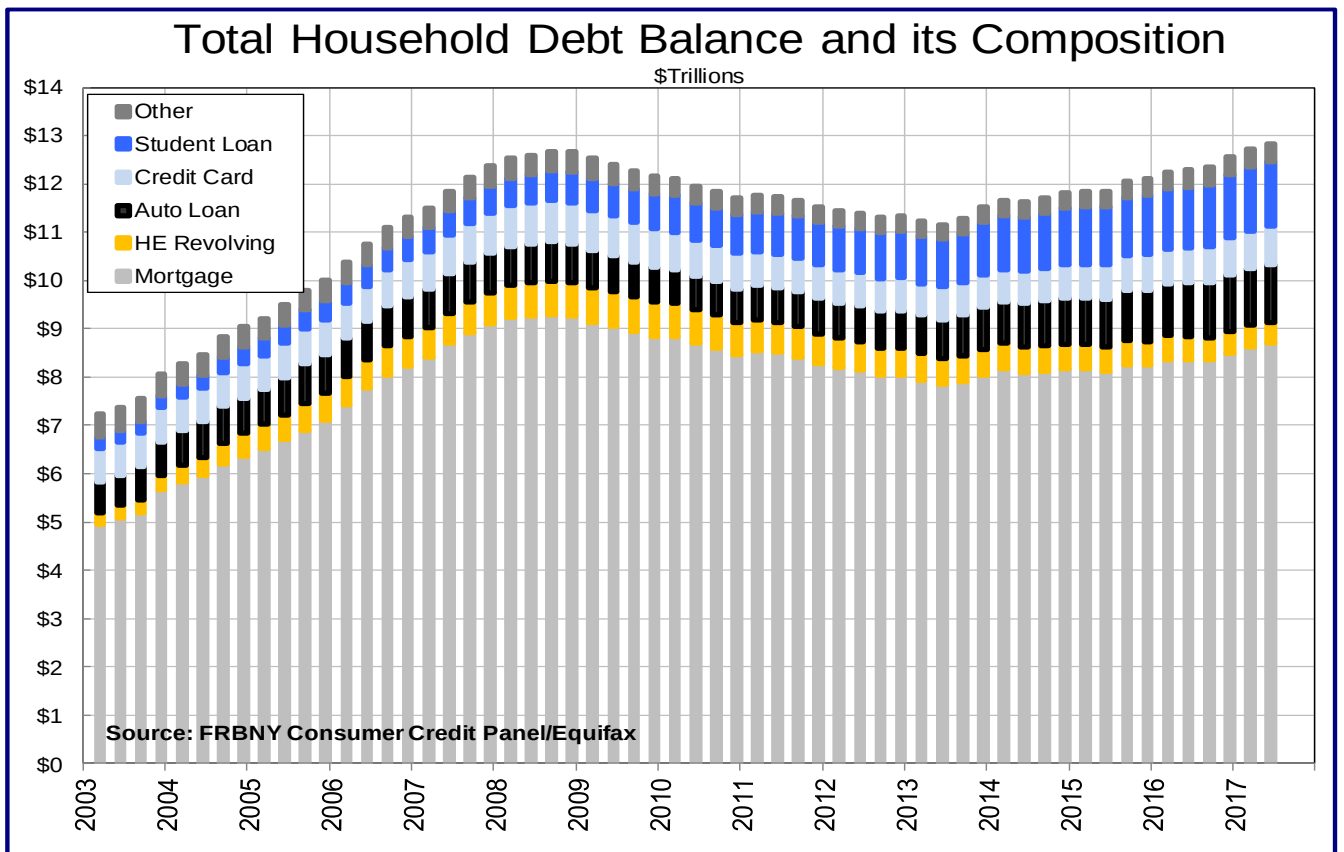
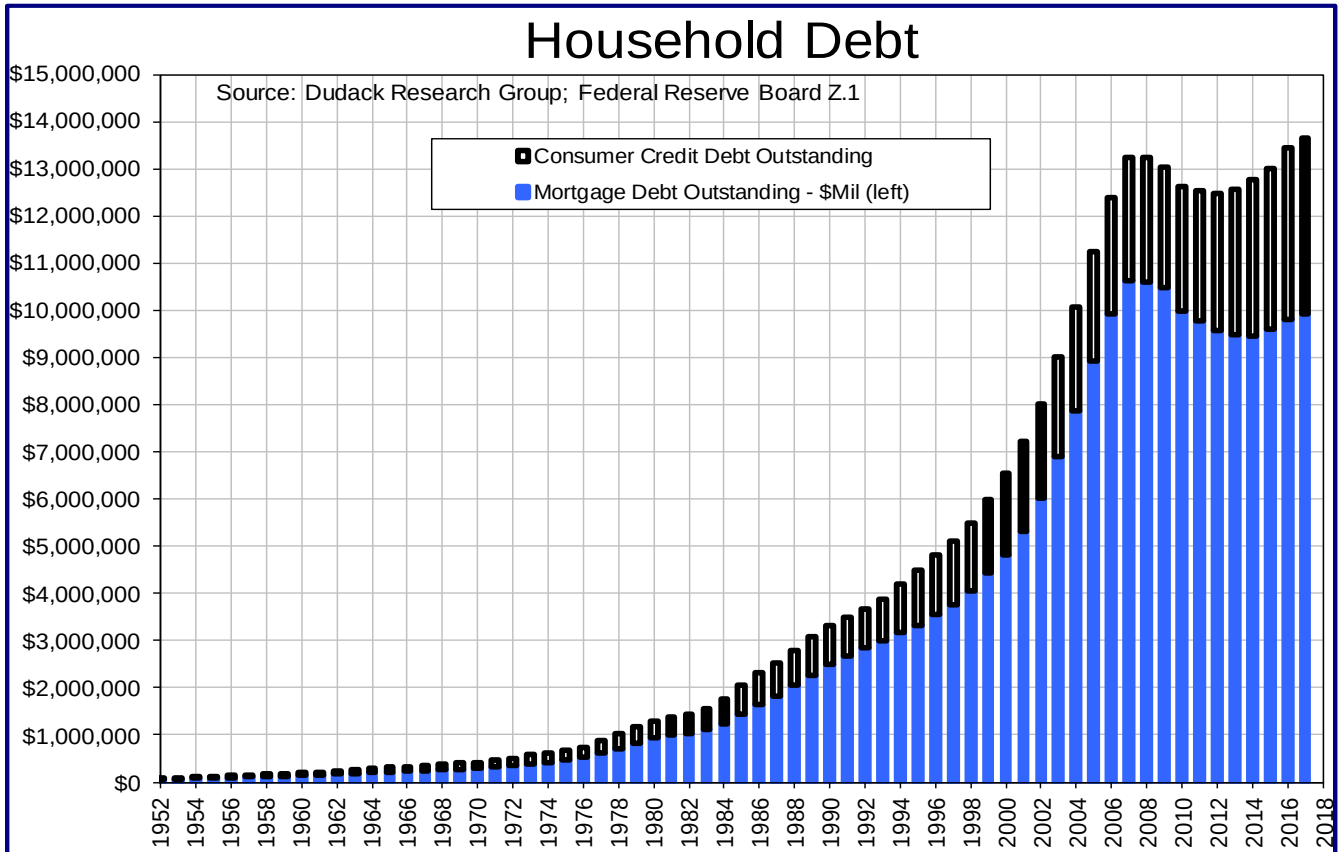
Credit expansion is part of any healthy economic recovery. Nevertheless, there are ratios that are helpful in defining when credit expansion is excessive. In the US these ratios are improving. For example, household cash to liabilities was 74% in June up from a 2006 low of 50%. Disposable income to debt is at 94%, well above its 2006 low of 76%. And perhaps most importantly, the total financial obligations ratio is at 15.1% and the debt service ratio is at 9.9%. Both of these are in good shape and in fact, are near all-time low levels. See page 8. Meanwhile, household net worth rose to \$96.2 trillion in the second quarter which is 41% above the peak seen in the previous recovery. This improvement in net worth is a result of low debt growth and strong asset growth. Equity and real estate assets totaled \$27.9 trillion and \$27.1 trillion, respectively, in June. These represent year-over-year gains of 17.1% and 7.5%, respectively. See page 9.

In our view, all leverage contains risk, but government debt growth can be more debilitating to the macro economy than household debt. This is especially true if federal debt is growing faster than GDP or if interest rates are rising. But recent releases are revealing some positive trends. In 2Q17 federal government debt rose 3.6% on a quarter-over-quarter annualized basis. However, overall federal debt has grown 0.3% YTD while nominal GDP grew 3.4% YTD. This is a healthy combination and if it persists (which is tenuous given tax reform policy) the all-important debt-to-GDP ratio for the US economy would continue to trend lower.

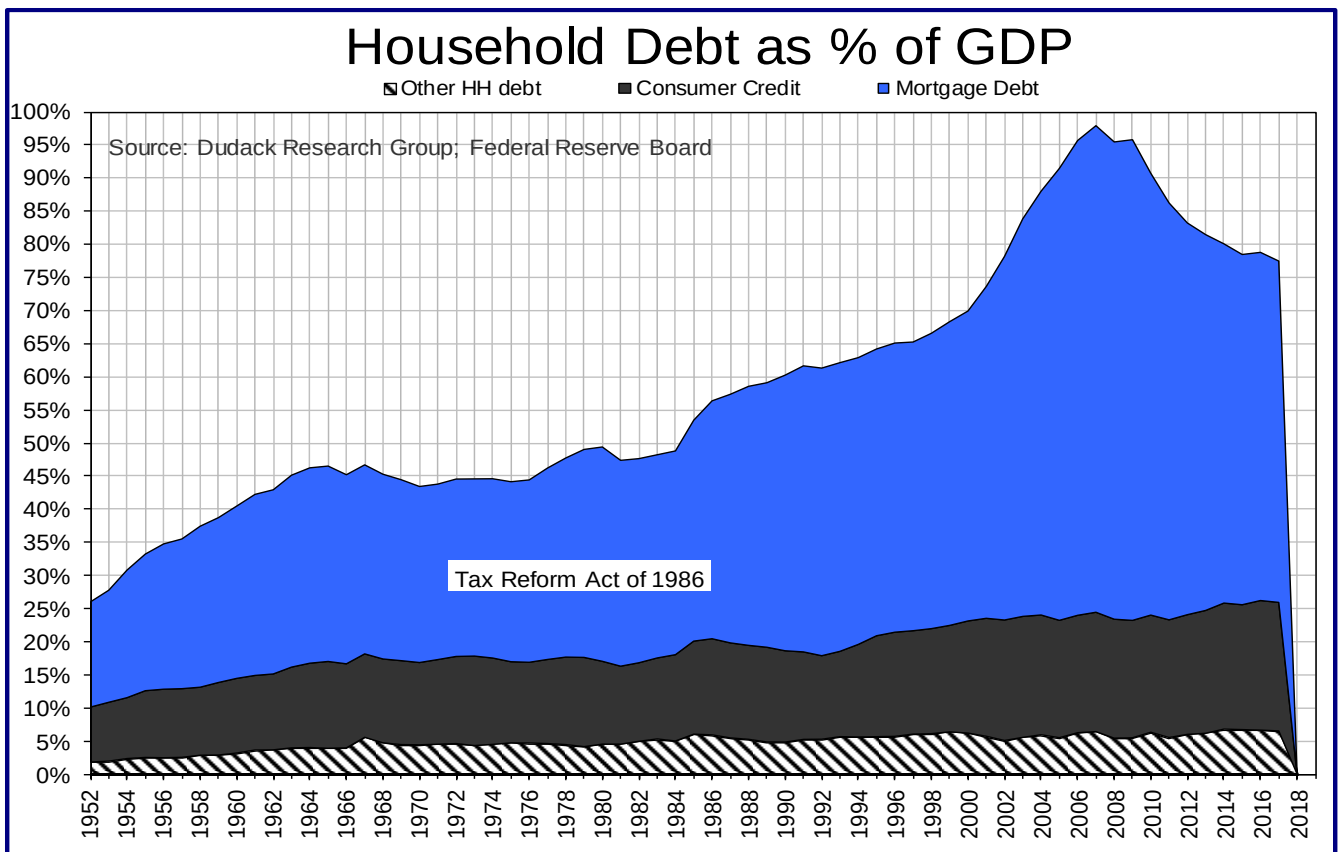
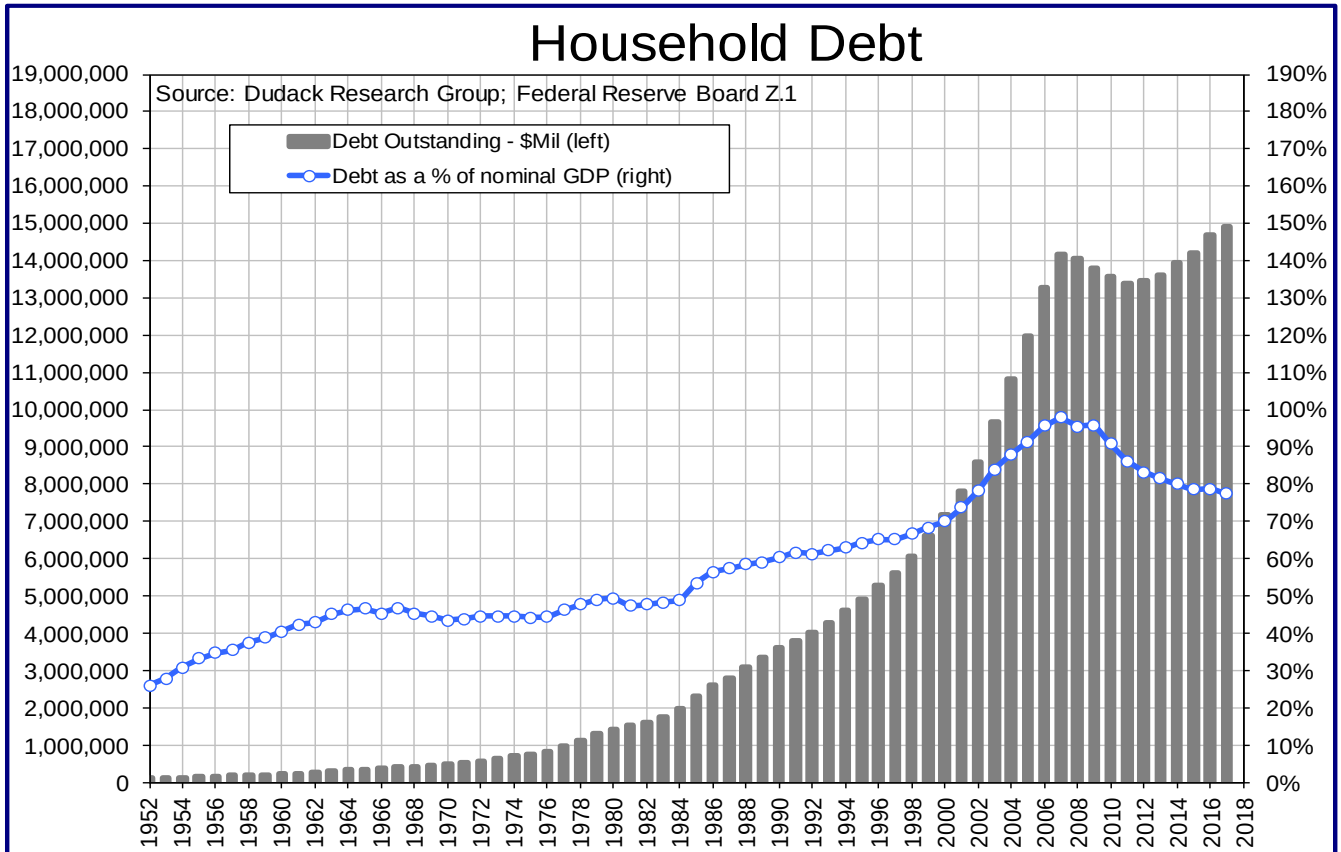
TECHNICALS

Our indicators continue to confirm the new highs in the broad averages. The 25-day up/down volume oscillator is neutral this week, but its string of overbought readings from late September to mid-October confirmed the bullish trend. The average daily new high list and the NYSE AD line are also confirming. In sum, we remain optimistic for new market highs.

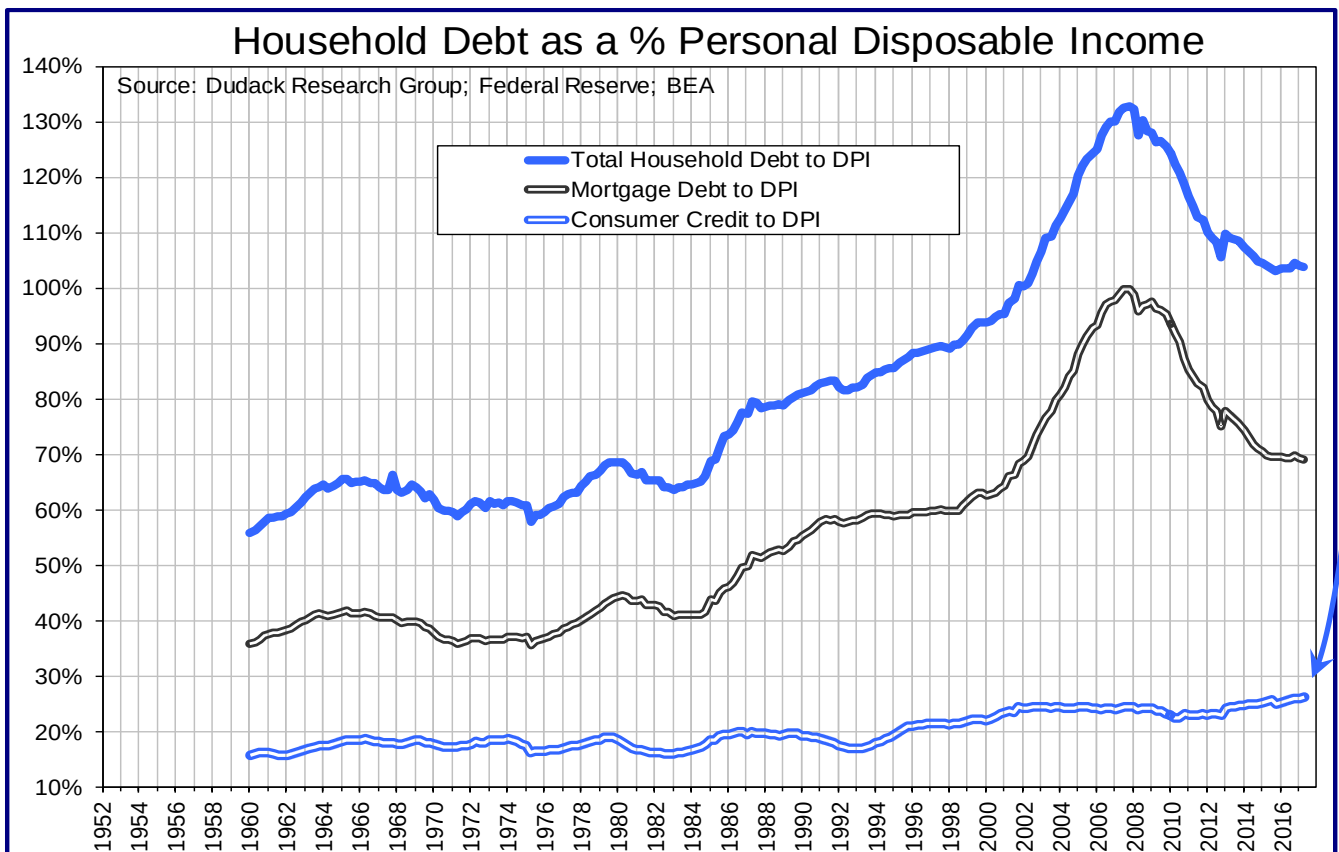
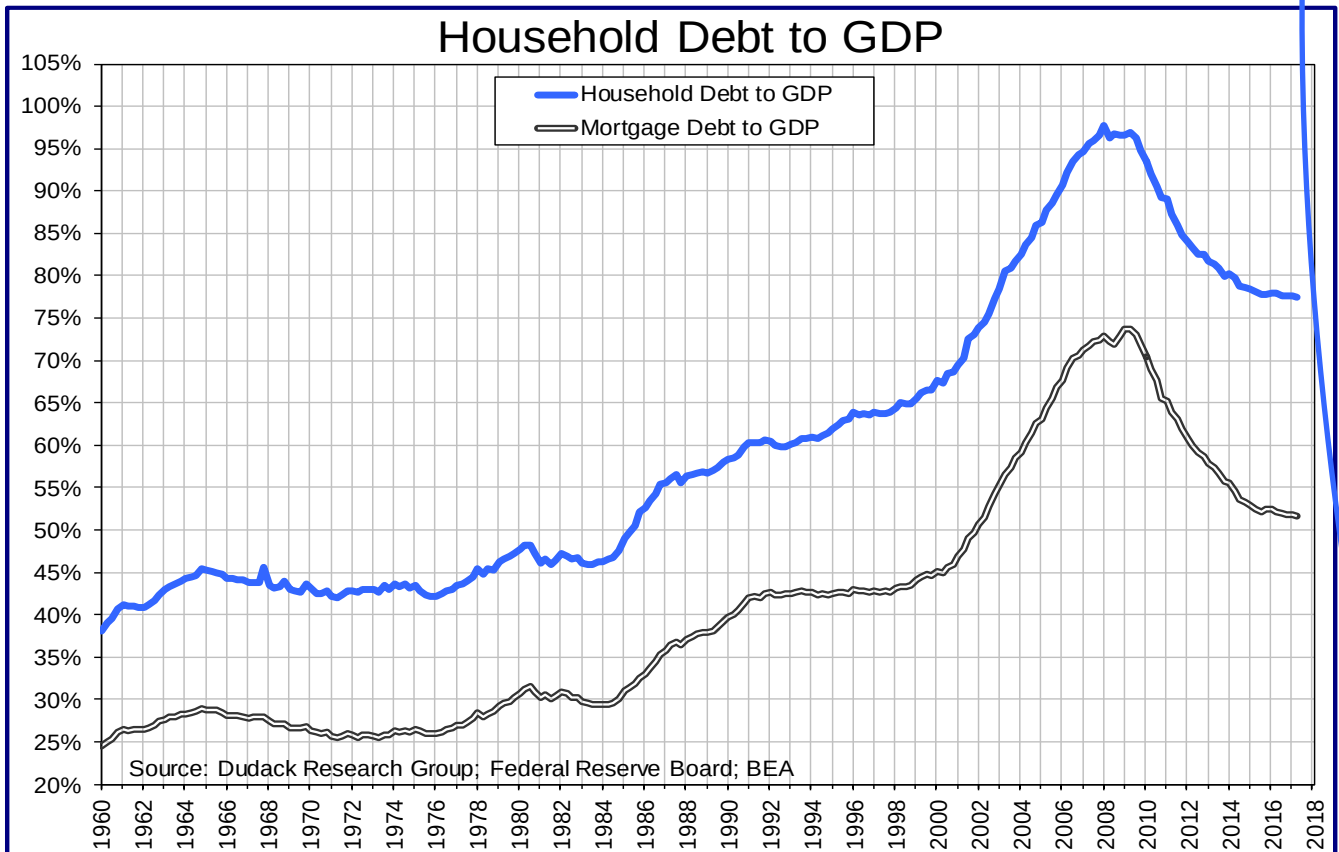
The Federal Reserve Bank of New York reported 2Q17 total household debt of \$12.84 trillion, up \$552 billion from 2Q16. The Fed's Z.1 had 2Q17 household debt at \$14.9 trillion, up \$464 billion from a year earlier. Mortgage debt was \$9.1 trillion according to the FRBNY versus the Fed at \$9.9 trillion.



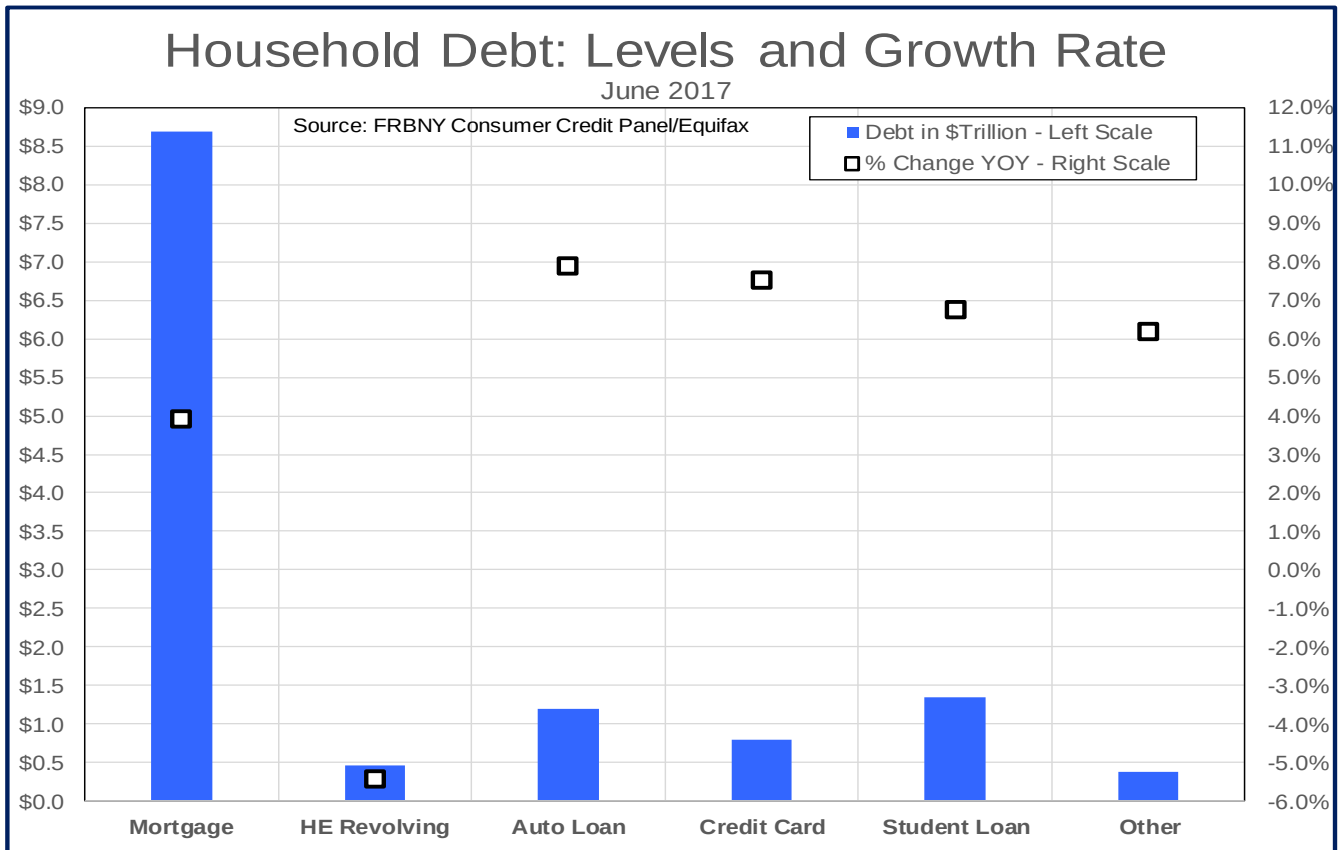
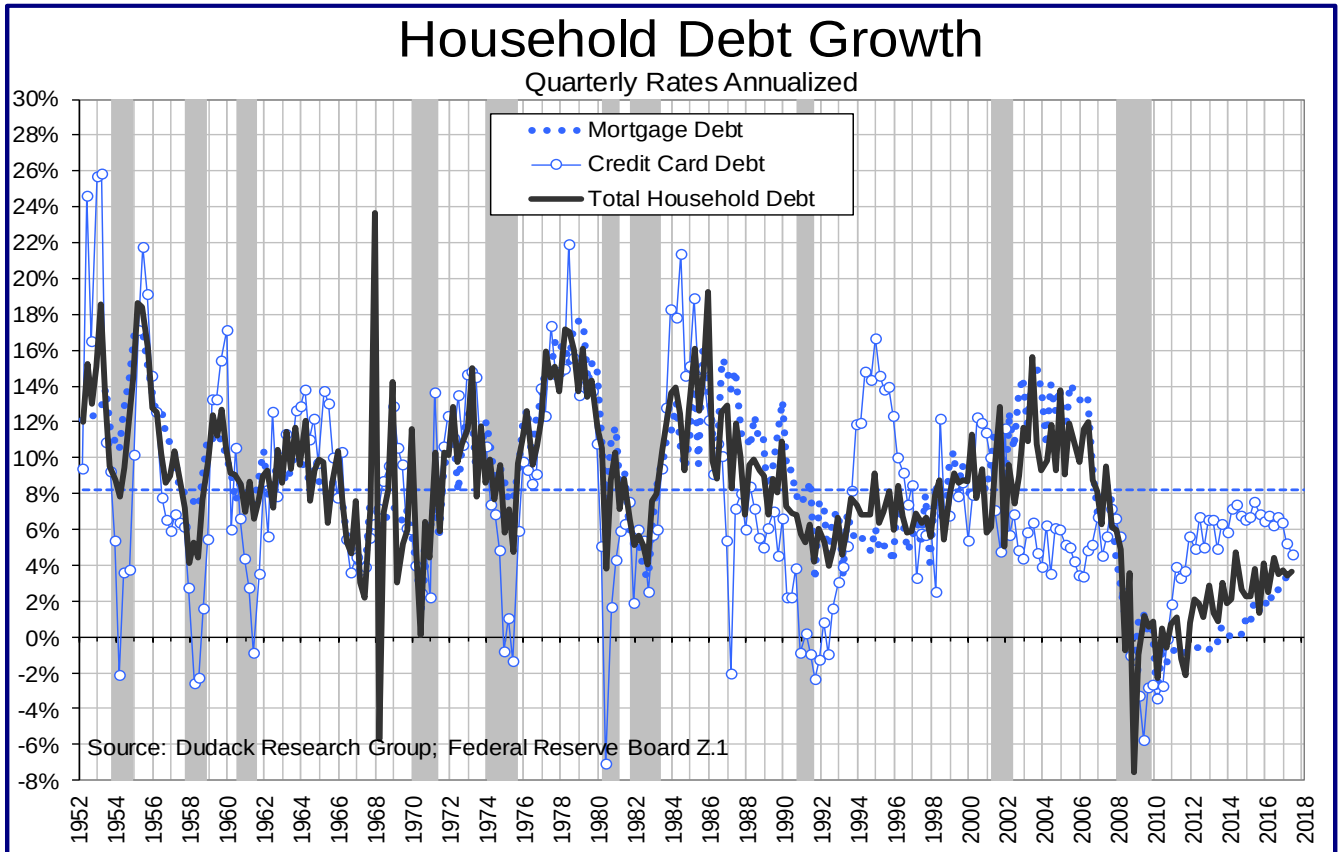
Both FRB releases put household debt at a record high, however, the nominal level is less important than debt growth relative to the economy or personal income. The Z.1 household debt of \$14.9 trillion represented 77.5% of nominal GDP in 2Q17, down from a peak of 97.9% of GDP at the end of 2007.



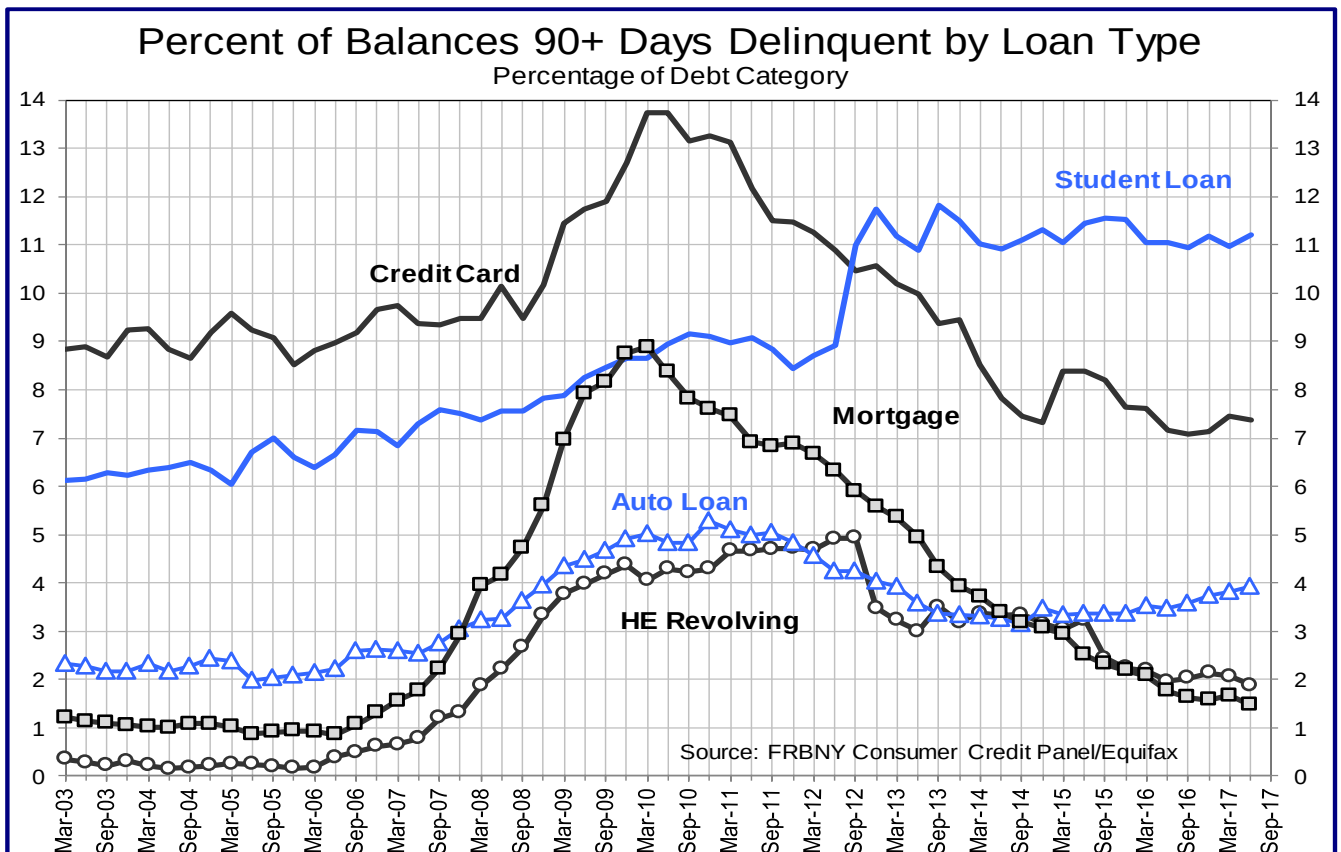
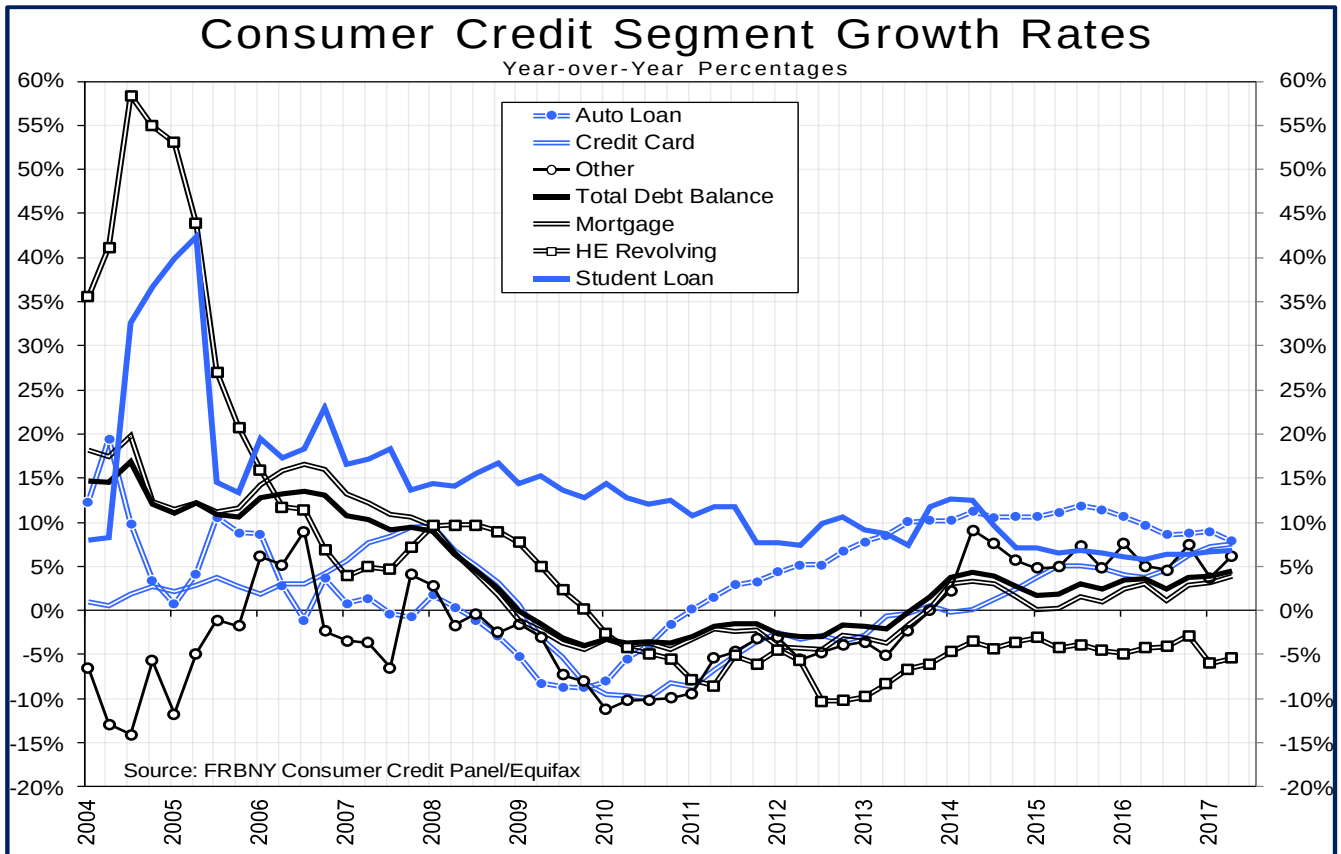
Mortgage debt is the largest portion of household debt. As of June, mortgage debt was 51.8% of GDP down from 73% in 2009. Also important is that total debt to disposable personal income was 104% versus 133% in 2007. Note that consumer credit (not mortgages) have been expanding recently.



Mortgage debt represents more than 70% of total household debt and has been growing slowly in recent years (3.4% and 3.9% YOY in 2Q17, according to the FRB & FRBNY, respectively). Auto, student and credit card loans grew 7.9%, 6.8%, and 7.9% YOY, respectively, at the end of June.

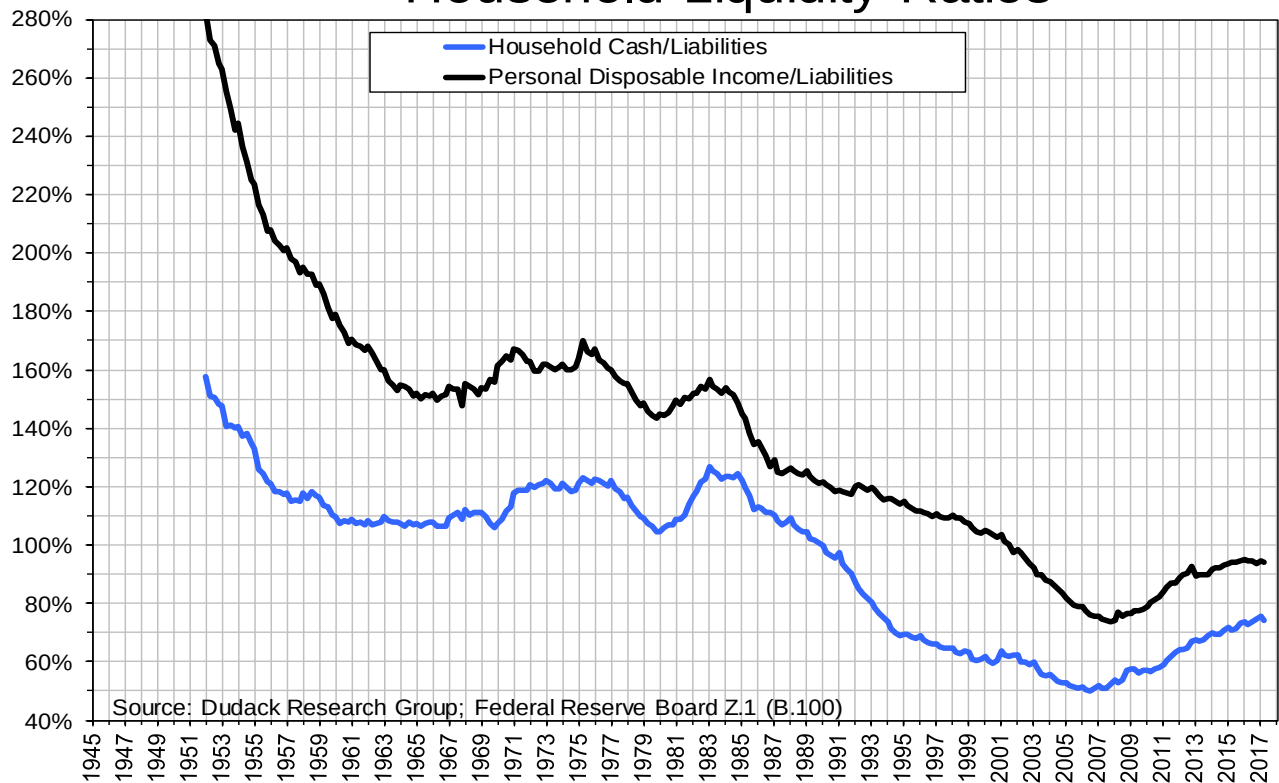


Again, mortgages represent approximately 70% of household debt and not only is this segment growing slowly, but delinquencies were less than 1.5% of balances in June. Student loan balances, which are 10.5% of total debt, have had delinquent balances averaging 11% since mid-2012.

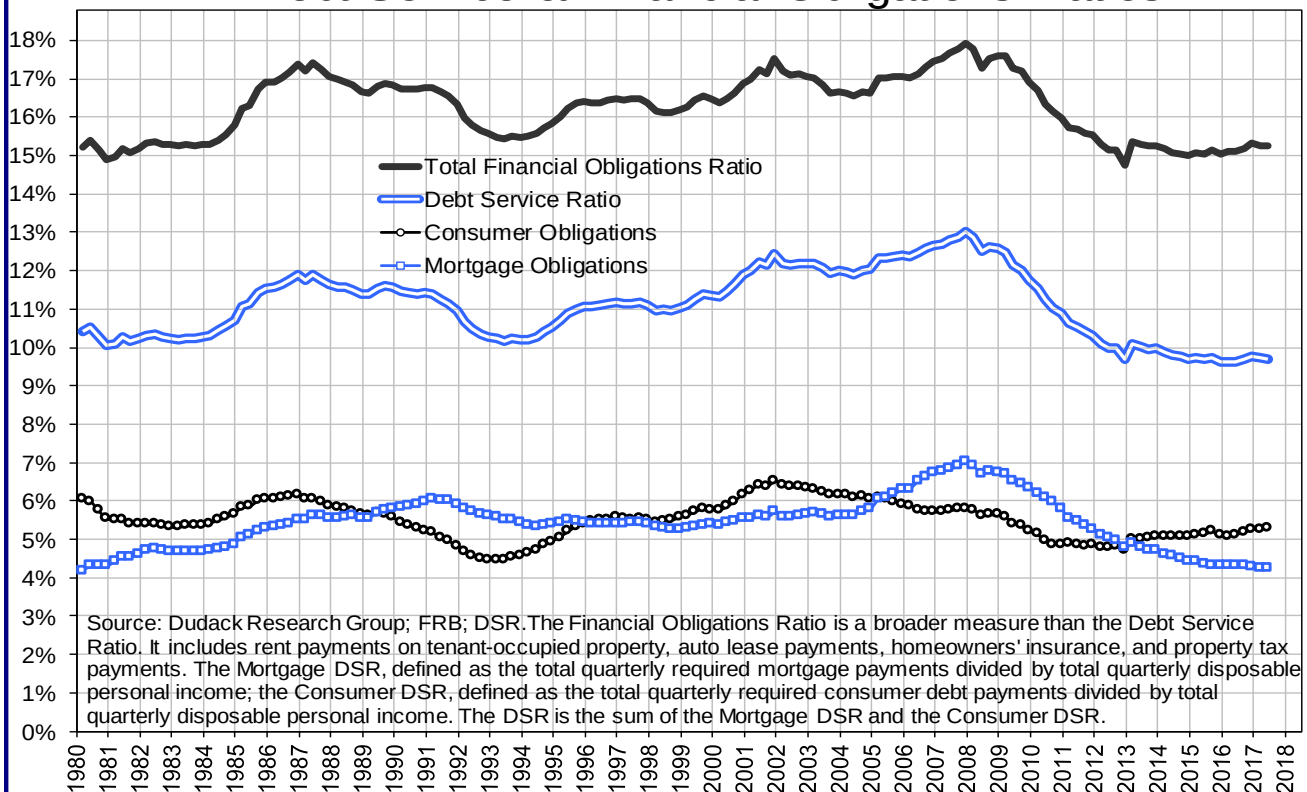


Credit grows in all healthy expansions. Still, some ratios are good at warning that credit expansion is excessive. Cash to liabilities was 74% in June up from the 2006 low of 50%. Disposable income to debt is at 94%, well above its 2006 low of 76%. The debt service ratio is healthy at 9.9%.

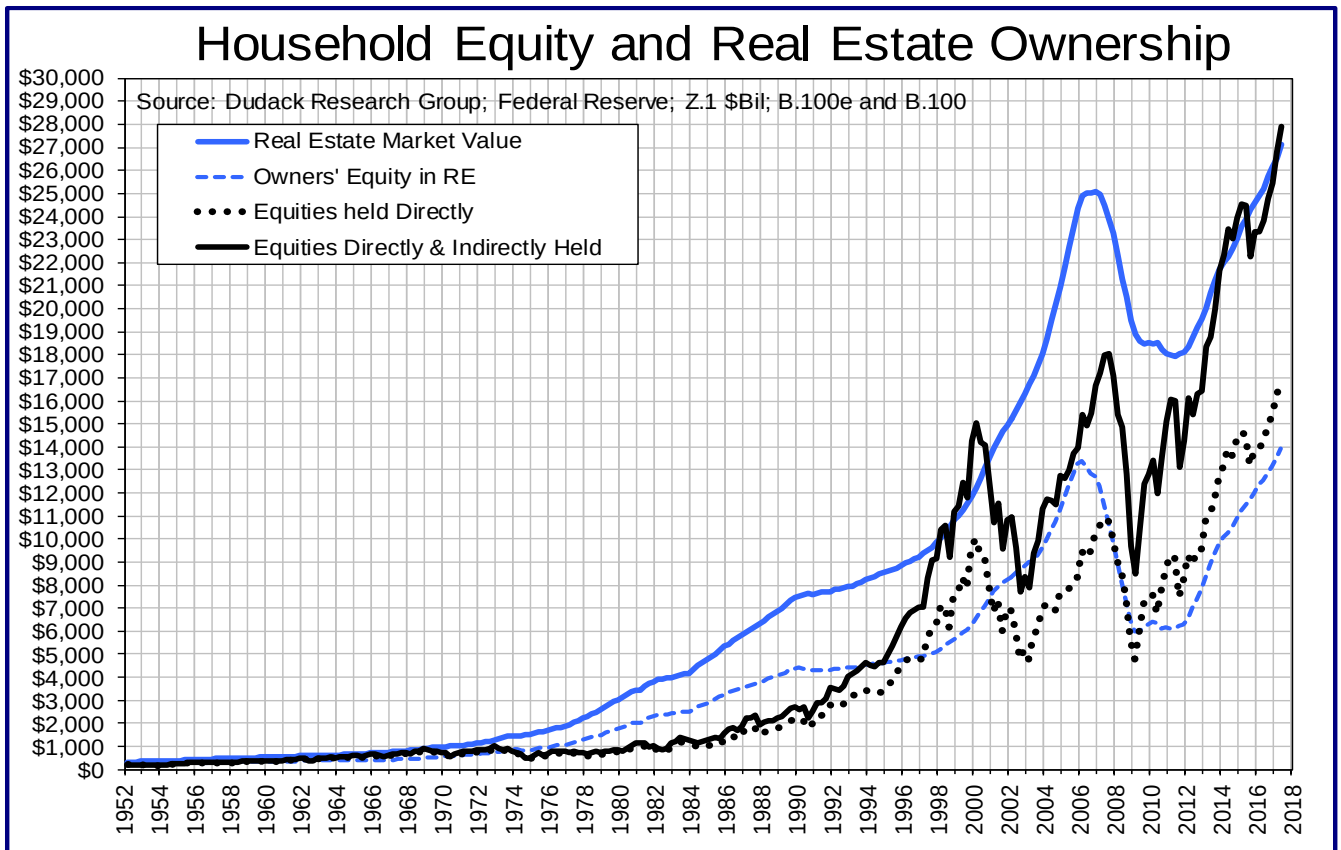
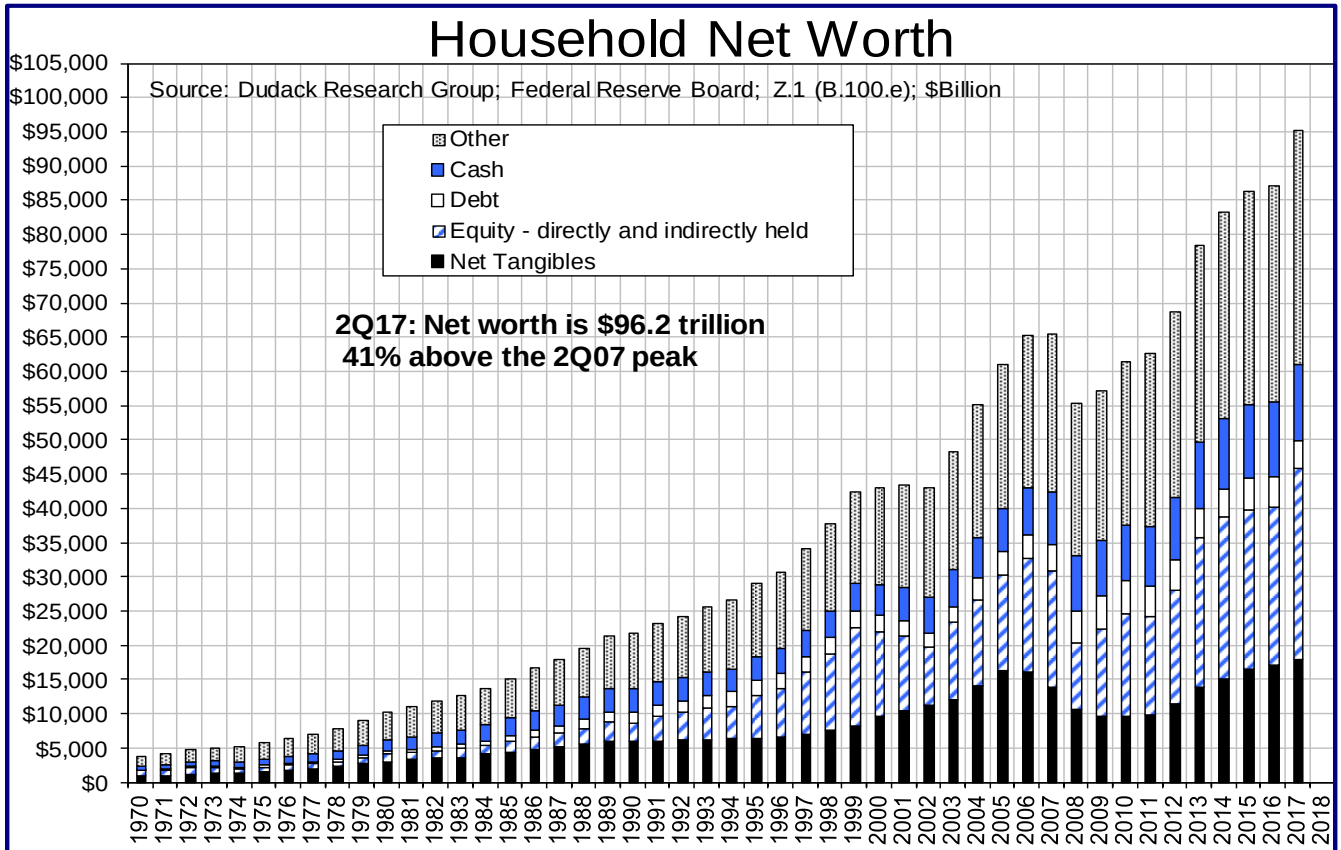
Household Liquidity Ratios



Debt Service & Financial Obligations Ratios

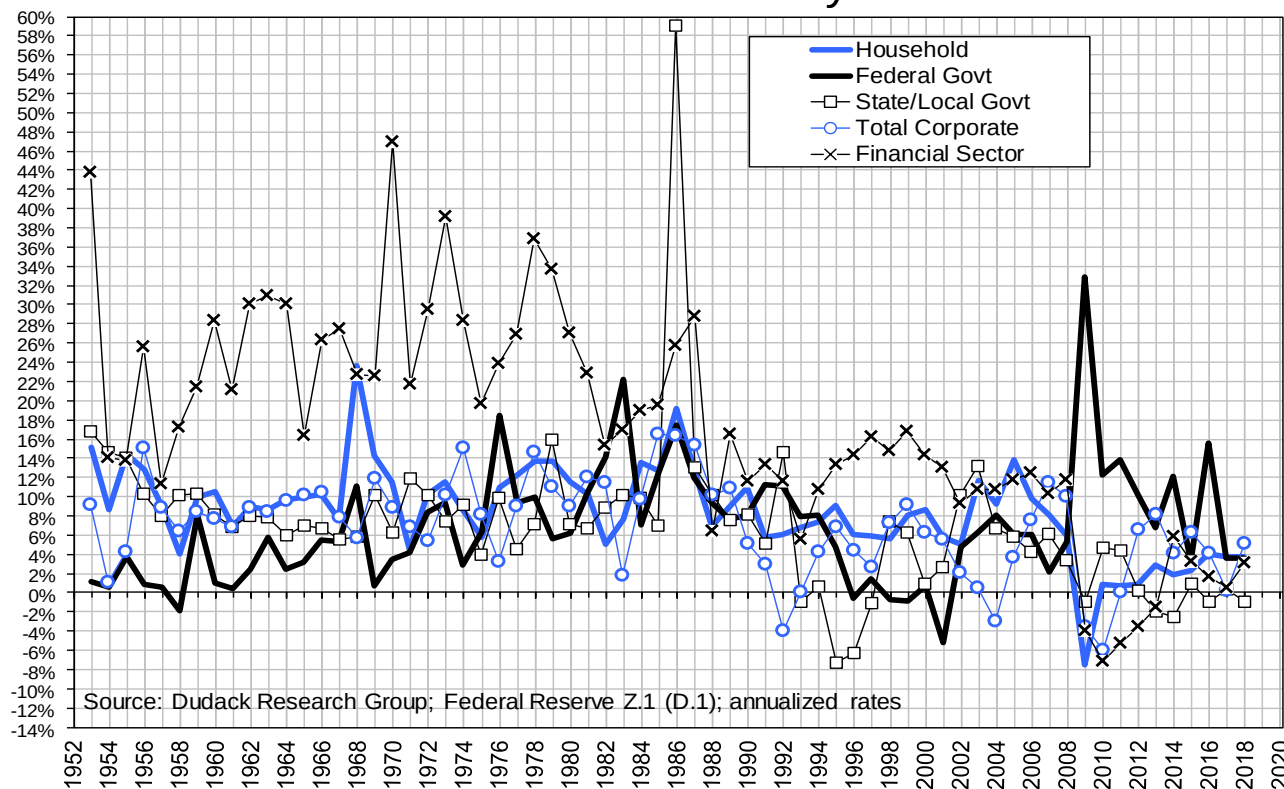


Household net worth rose to \$96.2 trillion in the second quarter, which is 41% above the peak of the previous recovery. And as we show below, this comes from a combination of low debt growth and solid asset growth. Equity and real estate assets totaled \$27.9 trillion and \$27.1 trillion, respectively.

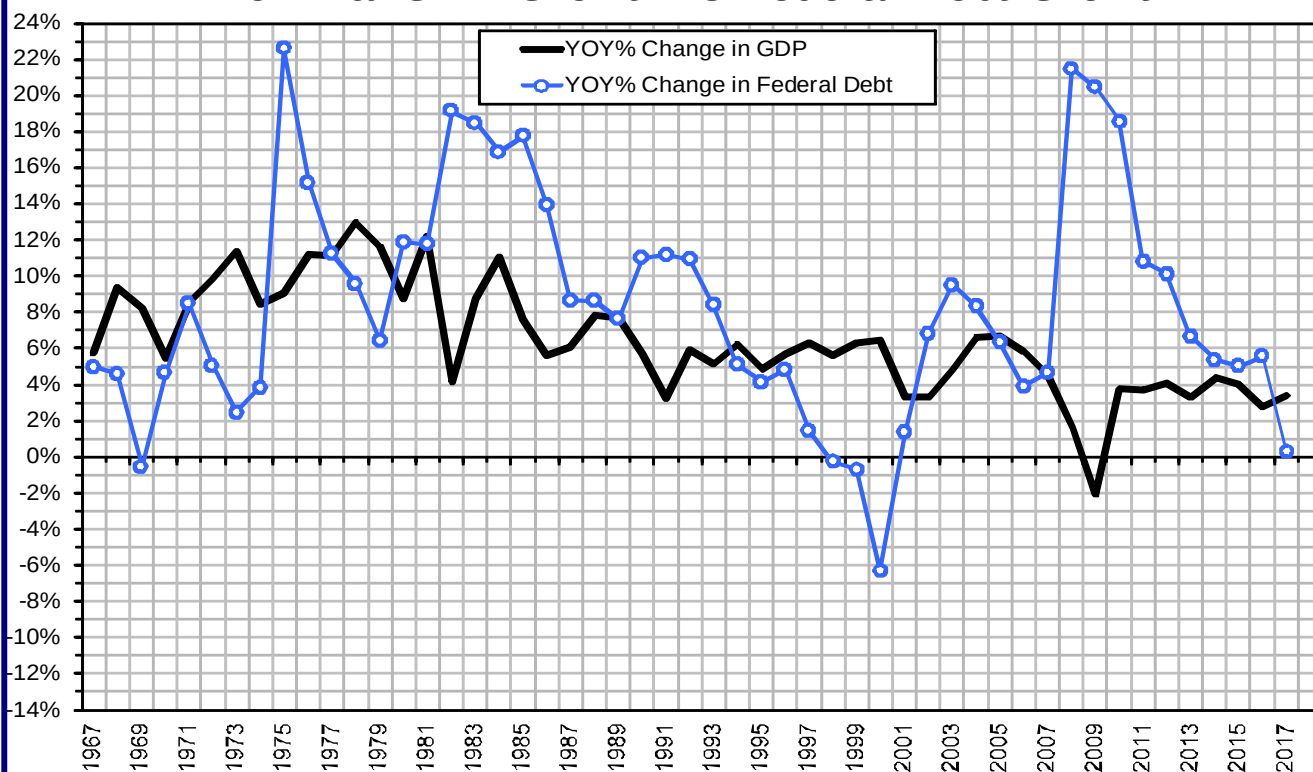


Debt can weigh on an economy; this is especially true when debt is growing faster than the economy or when rising interest rates increase the debt burden. Federal government debt rose 3.6% in 2Q17 (SAAR), but was relatively unchanged from 4Q16. Conversely, nominal GDP has grown 3.4% YTD.

Annual Debt Growth by Sector

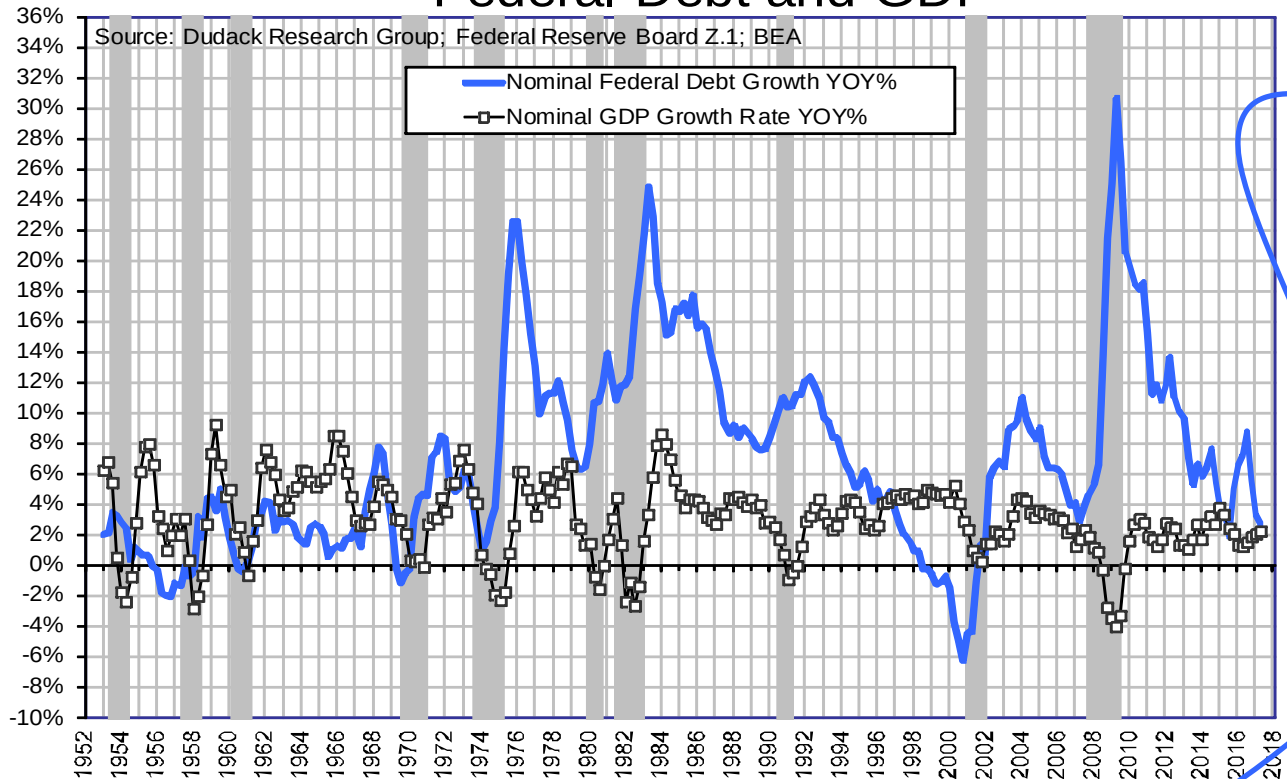


Nominal GDP Growth vs Federal Debt Growth

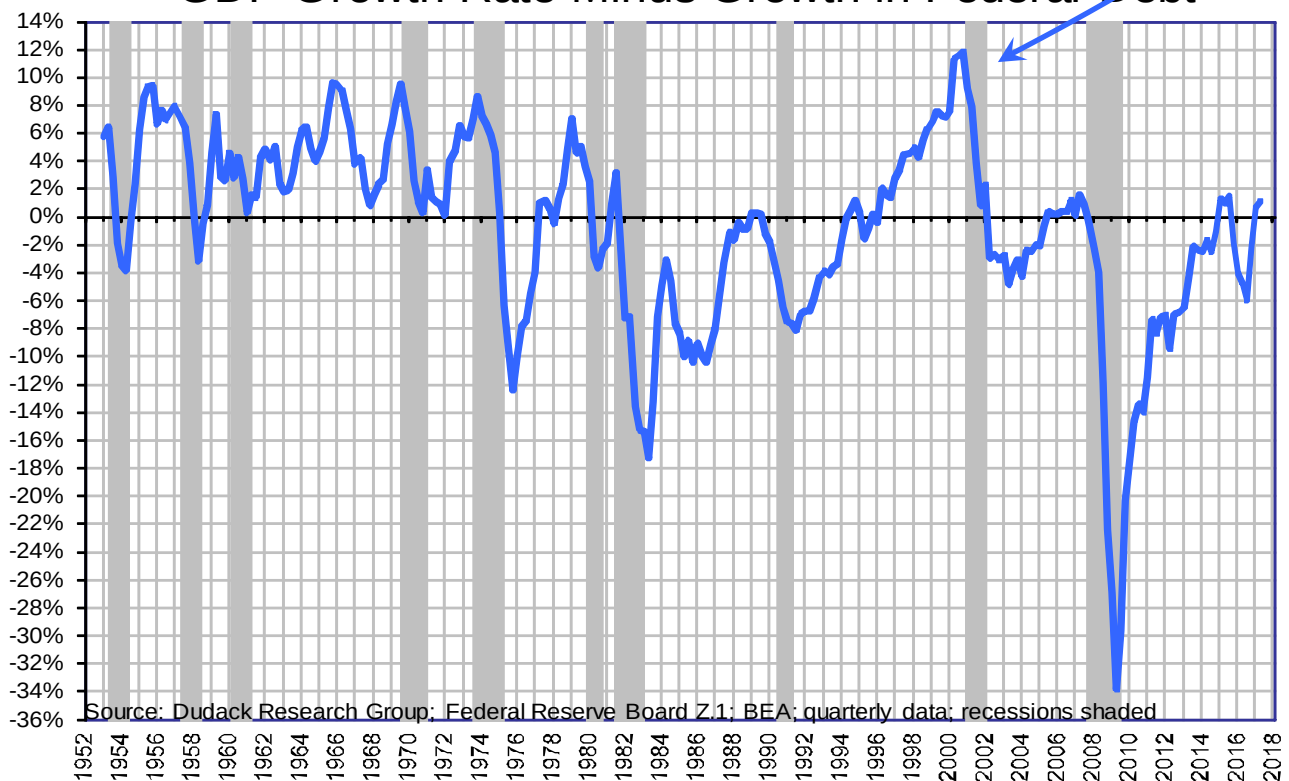


Federal deficits are a drag on the US economy when they are growing at a faster pace than GDP, and this has been a major issue for much of the last 40 years. The biggest relief from this trend was in the late 1990s when the equity bubble resulted in a surplus of capital gains tax revenues.

Federal Debt and GDP



GDP Growth Rate Minus Growth in Federal Debt



The 10-year Treasury yield is rising but remains below the 2.6% level seen throughout the first quarter. WTI crude oil futures are trading in the upper half of a long held range between \$40 and \$55.

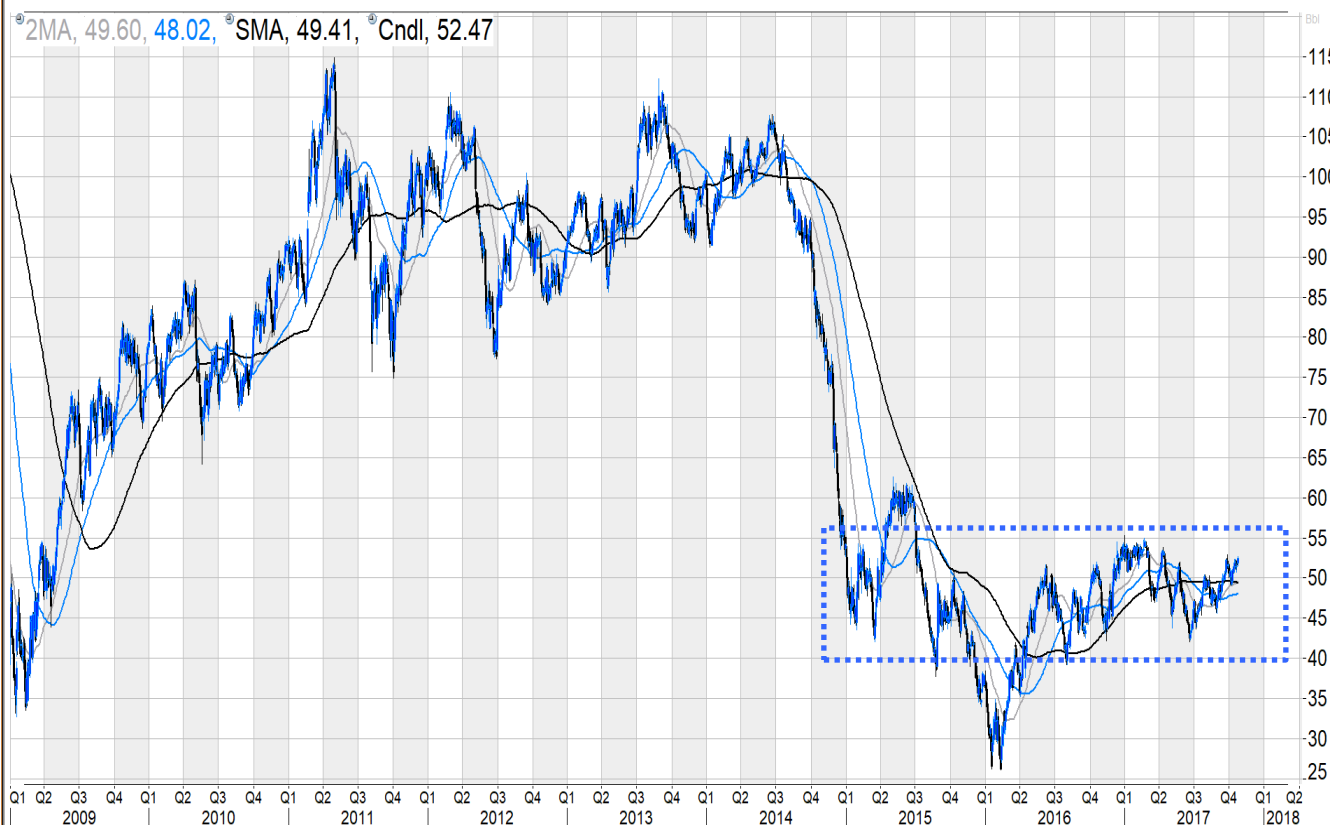
10 Y TSY YLD NDX

2MA, 22.44, 22.46, SMA, 23.13, Cndl, 24.06



LIGHT CRUDE DEC7

2MA, 49.60, 48.02, SMA, 49.41, Cndl, 52.47



Source: Thomson Reuters

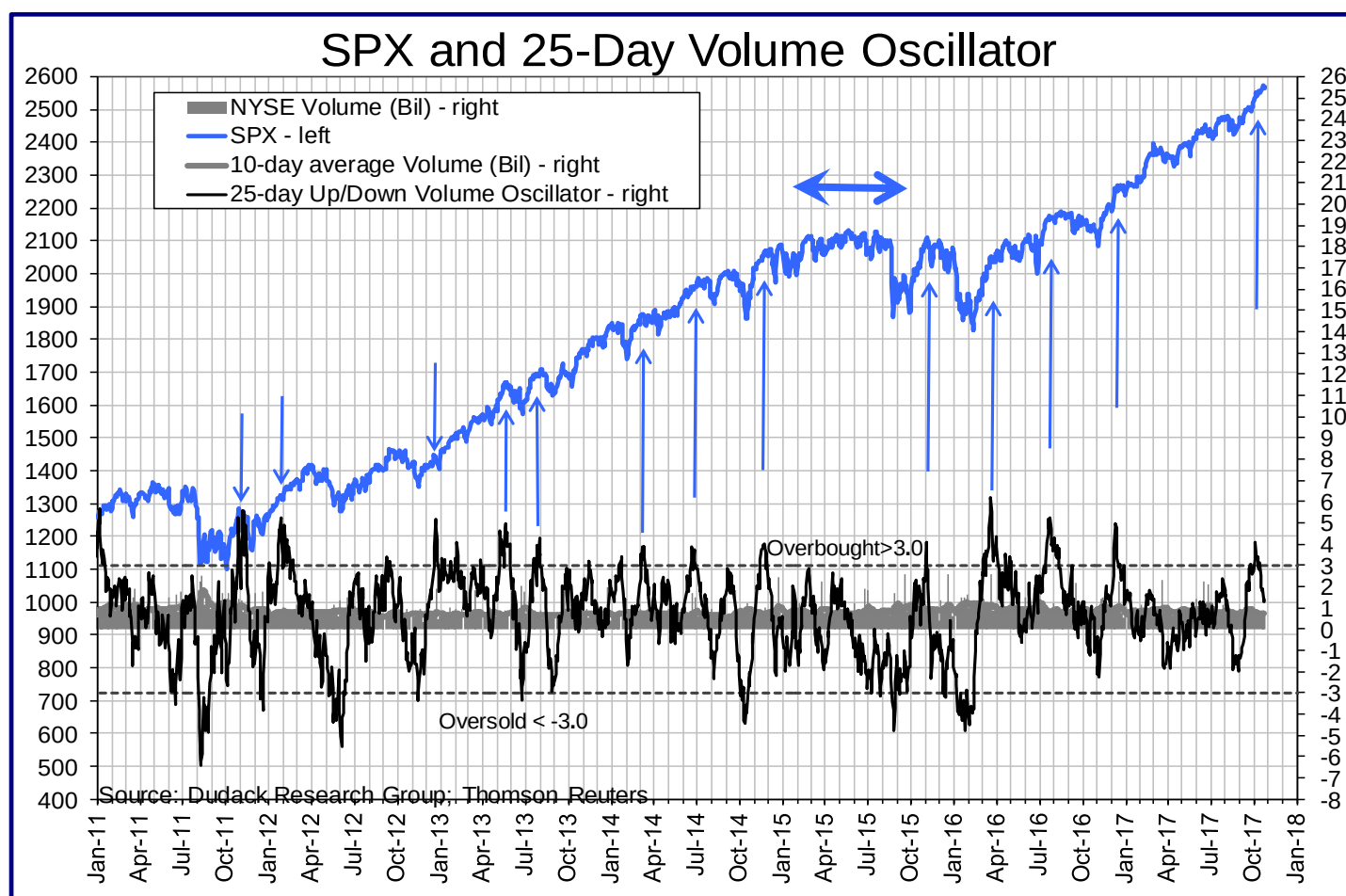
The Dow Jones Industrial Average soared above the 23,000 level last week and continues to march higher. All the broad indices are making record highs, including the Dow Jones Transportation Average which confirmed the DJIA's high with its own all-time high on October 12, 2017.



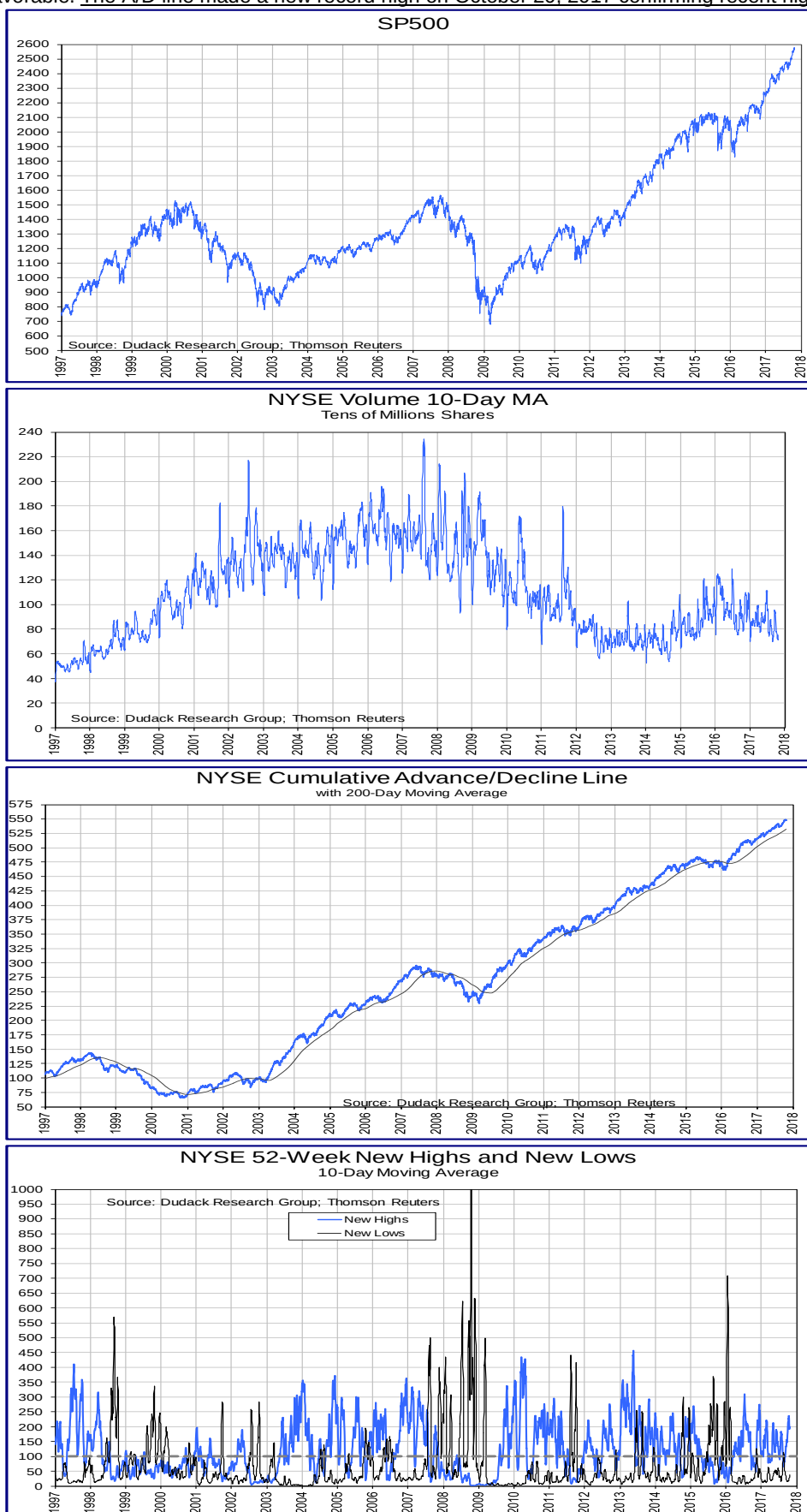
The 25-day up/down volume oscillator is currently neutral at 1.41. However, it was overbought for seven consecutive trading days between October 2 and October 10 and was overbought for 9 of 16 trading sessions between late September and mid-October. Many readings were well above the 3.0 level that defines an overbought reading; however, no reading reached the extreme levels recorded in 2016. An overbought reading in this indicator is a sign of strong volume in advancing stocks and is a classic characteristic of a bull market. In sum, this indicator is displaying robust buying pressure.

Long and/or extreme overbought readings should accompany every new high in the indices. The recent overbought readings were the first for 2017; nevertheless, it is a favorable sign for the bulls since this indicator has now been overbought for the five to ten consecutive sessions, which defines strong underlying demand.

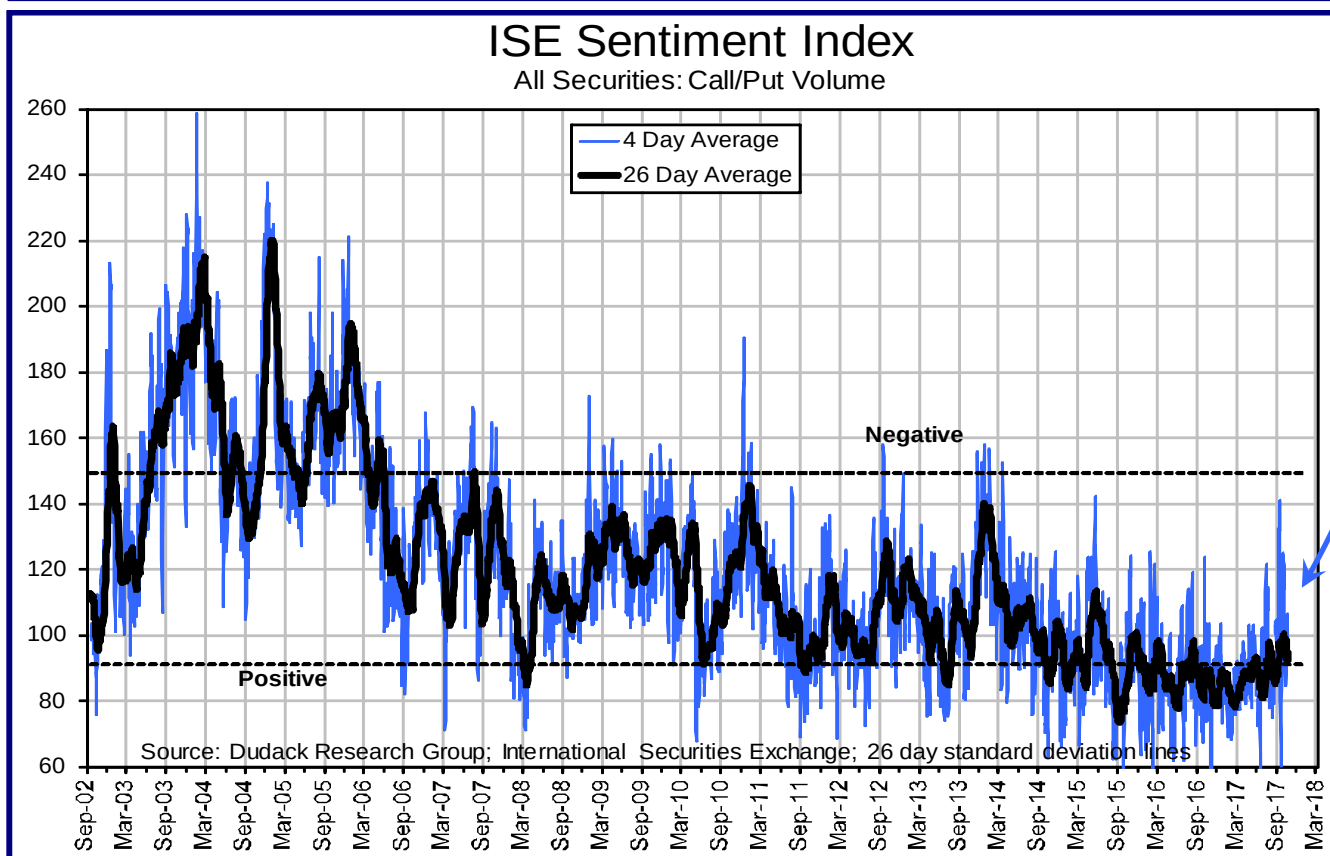
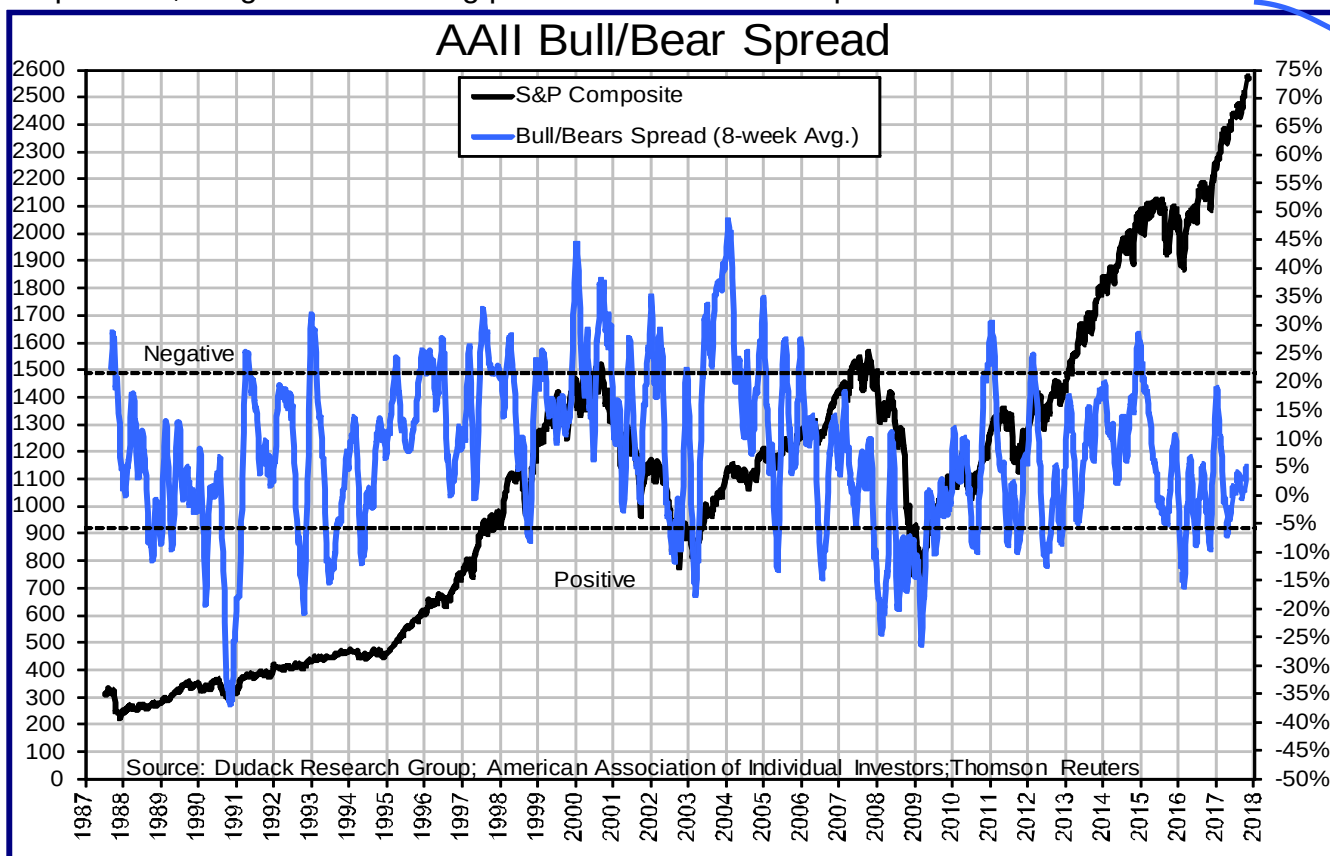
Some technical indicators are designed so that overbought readings are a warning of a top; the indicator below is quite the opposite. In fact, the ABSENCE of an overbought reading in 2015 was an early warning that the new highs in price were not accompanied by strong upside volume and therefore unlikely to be sustainable. Arrows in the chart below pinpoint the peak overbought readings seen over the last seven years. Note that all of these took place during long sustained advances. In sum, the current reading is bullish.



The 10-day average of daily new highs (199) is above the 100 per day level defined as bullish. Average daily new lows (38) are below the 100 per day and favorable. The A/D line made a new record high on October 20, 2017 confirming recent highs.



AII's sentiment poll was 37.9% bullish (decrease) and 27.9% bearish (increase), the week of October 18. The index remains neutral. The ISE Sentiment reading moved from positive to neutral in mid-September, a sign of diminishing pessimism in the marketplace.

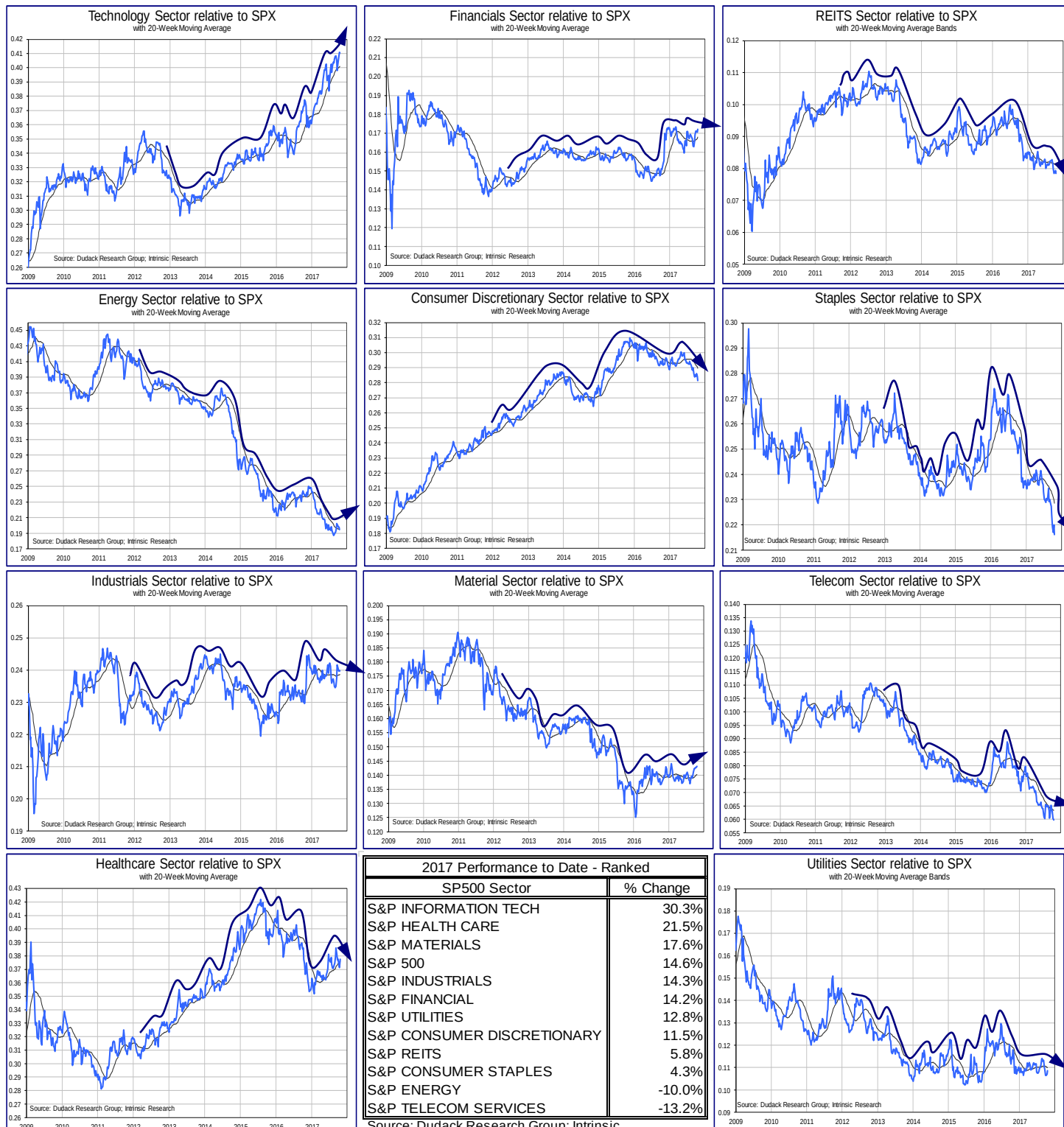


DRG Recommended Sector Weights

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

Healthcare upgraded to Neutral 1/18/2017 and to Overweight 7/7/2017

RELATIVE PERFORMANCE CHARTS – TREND DISPLAYS RELATIVE OVER/UNDER/ PERFORMANCE TO SP500



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

Index/EFT	Symbol	Price	5-Day%	20-Day%	QTD%	YTD%
iShares MSCI Austria Capped ETF	EWO	23.96	0.8%	2.0%	2.3%	44.9%
iShares MSCI South Korea Capped ETF	EWY	72.72	0.5%	4.9%	5.3%	36.6%
iShares China Large Cap ETF	FXI	45.63	-0.8%	2.4%	3.6%	31.5%
iShares MSCI Emerg Mkts ETF	EEM	45.89	-1.1%	1.1%	2.4%	31.1%
Guggenheim BRIC ETF	EEB	37.21	-1.1%	0.6%	1.5%	29.2%
iShares MSCI Taiwan ETF	EWT	37.60	-0.4%	2.9%	4.2%	28.0%
iShares MSCI Hong Kong ETF	EWH	24.87	-1.8%	0.4%	0.7%	27.7%
Technology Select Sector SPDR	XLK	60.98	0.4%	4.2%	3.2%	26.1%
iShares MSCI Singapore ETF	EWS	25.13	-0.1%	2.8%	2.9%	26.1%
NASDAQ 100	NDX	6080.22	-0.7%	2.5%	1.7%	25.0%
iShares MSCI Brazil Capped ETF	EWZ	41.50	-2.7%	-2.9%	-0.5%	24.5%
iShares MSCI Germany ETF	EWG	32.65	-0.2%	1.4%	0.7%	23.3%
Nasdaq Composite Index Tracking Stock	ONEQ.O	259.40	-0.4%	2.9%	1.7%	22.6%
iShares Nasdaq Biotechnology ETF	IBB.O	325.17	-3.8%	-1.4%	-2.5%	22.5%
SPDR Homebuilders ETF	XHB	41.44	2.9%	7.7%	4.1%	22.4%
iShares Russell 1000 Growth ETF	IWF	128.23	0.2%	2.9%	2.5%	22.2%
SPDR S&P Semiconductor ETF	XSD	68.57	1.9%	6.3%	4.6%	22.2%
Vanguard FTSE All-World ex-US ETF	VEU	53.50	-0.3%	1.2%	1.5%	21.1%
Health Care Select Sect SPDR	XLV	83.11	-0.1%	1.9%	1.7%	20.6%
iShares MSCI EAFE ETF	EFA	69.30	-0.1%	1.3%	1.2%	20.0%
iShares MSCI Japan ETF	EWJ	58.14	1.0%	4.9%	4.4%	19.0%
Materials Select Sector SPDR	XLB	58.96	1.4%	4.3%	3.8%	18.6%
SPDR DJIA ETF	DIA	234.29	1.9%	5.0%	4.7%	18.6%
DJIA	.DJI	23441.76	1.9%	4.9%	4.6%	18.6%
PowerShares Water Resources Portfolio	PHO	29.16	1.0%	2.3%	2.3%	18.6%
iShares MSCI Mexico Capped ETF	EWX	51.65	-2.2%	-7.8%	-5.4%	17.5%
iShares Russell 2000 Growth ETF	IWO	180.56	0.4%	3.5%	0.9%	17.3%
Industrial Select Sector SPDR	XLI	72.91	1.3%	3.1%	2.7%	17.2%
Financial Select Sector SPDR	XLF	26.81	2.4%	5.4%	3.7%	15.3%
iShares Russell 1000 ETF	IWB	142.85	0.4%	2.4%	2.1%	14.8%
SP500	.SPX	2569.13	0.4%	2.7%	2.0%	14.8%
iShares MSCI Australia ETF	EWA	23.00	-0.3%	1.3%	2.5%	13.7%
iShares MSCI Malaysia ETF	EWEM	31.88	-1.1%	-2.3%	-1.6%	13.6%
iShares MSCI United Kingdom ETF	EWU	34.80	-0.7%	-0.1%	-0.1%	13.4%
Utilities Select Sector SPDR	XLU	54.94	1.1%	3.2%	3.6%	13.1%
Consumer Discretionary Select Sector SPDR	XLV	90.96	-0.5%	1.6%	1.0%	11.7%
iShares MSCI Canada ETF	EWC	29.04	-0.4%	0.8%	0.3%	11.1%
Gold Future	GCc1	1275.00	-0.6%	-1.4%	-0.5%	10.9%
SPDR Gold Trust	GLD	121.33	-0.7%	-1.5%	-0.2%	10.7%
iShares Russell 2000 ETF	IWM	149.17	0.2%	3.4%	0.7%	10.6%
Shanghai Composite	.SSEC	3388.25	0.5%	1.0%	1.1%	9.2%
iShares Russell 1000 Value ETF	IWD	120.49	0.6%	1.9%	1.7%	7.6%
Silver Future	SIc1	16.95	-0.2%	0.2%	2.0%	6.3%
iShares Silver Trust	SLV	16.55	-0.4%	-0.1%	1.8%	6.2%
SPDR S&P Bank ETF	KBE	45.68	2.6%	5.1%	1.3%	5.1%
iShares Russell 2000 Value ETF	IWN	124.66	0.1%	3.3%	0.4%	4.8%
iShares US Real Estate ETF	IYR	80.04	-1.5%	0.0%	0.2%	4.0%
Consumer Staples Select Sector SPDR	XLP	53.67	-1.3%	-0.5%	-0.6%	3.8%
iShares 20+ Year Treas Bond ETF	TLT	123.43	-2.0%	-2.2%	-1.1%	3.6%
iShares iBoxx \$ Invest Grade Corp Bond	LQD	120.88	-0.4%	-0.1%	-0.3%	3.2%
iPath MSCI India ETN	INP	83.54	0.3%	3.0%	5.6%	-1.8%
Oil Future	CLc1	52.53	1.1%	3.7%	3.9%	-2.2%
SPDR S&P Retail ETF	XRT	40.90	2.2%	0.2%	-2.1%	-7.2%
Vanguard Telecom ETF	VOX	90.56	-1.0%	-2.9%	-1.8%	-9.6%
United States Oil Fund, LP	USO	10.54	0.5%	2.9%	1.1%	-10.1%
Energy Select Sector SPDR	XLE	67.55	-1.1%	0.5%	-1.4%	-10.3%
iShares US Telecom ETF	IYZ	30.17	-1.2%	-2.4%	-0.8%	-12.6%
iShares DJ US Oil Eqpt & Services ETF	IEZ	31.77	-5.6%	-9.5%	-10.1%	-30.1%

Outperformed SP500
Underperformed SP500

Source: Dudack Research Group; Thomson Reuters

Priced as of close October 24, 2017

Blue shading represents non-US and yellow shading represents commodities

US Asset Allocation

	Benchmark	DRG %	Recommendation
Equities	60%	70%	Overweight
Treasury Bonds	30%	20%	Underweight
Cash	10%	10%	Neutral
	100%	100%	

Source: Dudack Research Group; raised equity and lowered cash 5% on November 9, 2016

DRG Earnings and Economic Forecasts

(New data for S&P EPS was not available at publishing time)

	S&P 500 Price	S&P Reported EPS	S&P Operating EPS	DRG Operating EPS Forecast	DRG EPS YOY %	Thomson Consensus Bottom-Up \$ EPS**	Thomson Consensus Bottom-Up EPS YOY%	S&P's Op PE Ratio	S&P Divd Yield	GDP Annual Rate	GDP Profits post-tax w/ IVA & CC	YOY %
2001	1148.08	\$24.69	\$38.85	\$38.85	-30.8%	NA	NA	29.6X	1.4%	1.0%	\$550.70	6.7%
2002	879.82	\$27.59	\$46.04	\$46.04	18.5%	\$46.89	NA	19.1X	1.8%	1.8%	\$714.80	29.8%
2003	1111.92	\$48.74	\$54.69	\$54.69	18.8%	\$55.44	18.4%	20.3X	1.6%	2.8%	\$812.60	13.7%
2004	1211.92	\$58.55	\$67.68	\$67.68	23.8%	\$67.10	20.9%	17.9X	1.8%	3.8%	\$977.30	20.3%
2005	1248.29	\$69.93	\$76.45	\$76.45	13.0%	\$76.28	13.7%	16.3X	1.8%	3.3%	\$1,065.30	9.0%
2006	1418.30	\$81.51	\$87.72	\$87.72	14.7%	\$88.18	15.6%	16.2X	1.8%	2.7%	\$1,173.10	10.1%
2007	1468.36	\$66.18	\$82.54	\$82.54	-5.9%	\$85.12	-3.5%	17.8X	1.8%	1.8%	\$1,083.50	-7.6%
2008	903.25	\$14.88	\$49.51	\$49.51	-40.0%	\$65.47	-23.1%	18.2X	2.5%	-0.3%	\$976.00	-9.9%
2009	1115.10	\$50.97	\$56.86	\$56.86	14.8%	\$60.80	-7.1%	19.6X	2.6%	-2.8%	\$1,127.50	15.5%
2010	1257.64	\$77.35	\$83.77	\$83.77	47.3%	\$85.28	40.3%	15.0X	1.9%	2.5%	\$1,375.90	22.0%
2011	1257.60	\$86.95	\$96.44	\$96.44	15.1%	\$97.82	14.7%	13.0X	2.0%	1.6%	\$1,437.50	4.5%
2012	1426.19	\$86.51	\$96.82	\$96.82	0.4%	\$103.80	6.1%	14.7X	2.1%	2.2%	\$1,550.50	7.9%
2013	1848.36	\$100.20	\$107.30	\$107.30	10.8%	\$109.68	5.7%	17.2X	2.0%	1.7%	\$1,565.20	0.9%
2014	2127.83	\$102.31	\$113.01	\$113.01	5.3%	\$118.78	8.3%	18.8X	1.9%	2.6%	\$1,619.30	3.5%
2015	2043.94	\$86.53	\$100.45	\$100.45	-11.1%	\$118.20	-0.5%	20.3X	2.1%	2.9%	\$1,534.30	-5.2%
2016	2238.83	\$94.55	\$106.26	\$106.26	5.8%	\$119.08	0.7%	21.1X	2.1%	1.5%	\$1,614.10	5.2%
2017E	~~~~~	\$114.23	\$125.65	\$127.00	19.5%	\$130.83	9.9%	20.4X	2.0%	2.9%	NA	NA
2018E	~~~~~	\$132.01	\$144.17	\$146.00	15.0%	\$146.01	11.6%	17.8X	NA	3.0%	NA	NA
2011 1Q	1325.83	\$21.44	\$22.56	\$22.56	16.4%	\$23.50	16.4%	13.7	1.8%	-1.5%	\$1,279.90	-2.6%
2011 2Q	1320.64	\$22.24	\$24.86	\$24.86	18.9%	\$24.14	18.9%	13.7	1.8%	2.9%	\$1,406.60	7.0%
2011 3Q	1131.42	\$22.63	\$25.29	\$25.29	17.3%	\$25.65	17.3%	11.7	2.2%	0.8%	\$1,475.60	3.4%
2011 4Q	1257.60	\$20.64	\$23.73	\$23.73	8.2%	\$24.55	8.2%	13.0	2.1%	4.6%	\$1,588.00	9.6%
2012 1Q	1408.47	\$23.03	\$24.24	\$24.24	7.4%	\$25.60	8.9%	14.4	1.9%	2.7%	\$1,573.30	22.9%
2012 2Q	1362.16	\$21.62	\$25.43	\$25.43	2.3%	\$25.84	7.0%	13.8	2.1%	1.9%	\$1,543.70	9.7%
2012 3Q	1440.67	\$21.21	\$24.00	\$24.00	-5.1%	\$26.00	1.4%	14.8	2.1%	0.5%	\$1,548.10	4.9%
2012 4Q	1426.19	\$20.65	\$23.15	\$23.15	-2.4%	\$26.32	7.2%	14.7	2.2%	0.1%	\$1,537.10	-3.2%
2013 1Q	1569.19	\$24.22	\$25.77	\$25.77	6.3%	\$26.74	4.5%	16.0	2.0%	2.8%	\$1,547.10	-1.7%
2013 2Q	1606.28	\$24.87	\$26.36	\$26.36	3.7%	\$27.40	6.0%	16.2	2.1%	0.8%	\$1,557.80	0.9%
2013 3Q	1681.55	\$24.63	\$26.92	\$26.92	12.2%	\$27.63	6.3%	16.5	2.0%	3.1%	\$1,561.50	0.9%
2013 4Q	1848.36	\$26.48	\$28.25	\$28.25	22.0%	\$28.62	8.7%	17.2	1.9%	4.0%	\$1,594.20	3.7%
2014 1Q	1872.34	\$24.87	\$27.32	\$27.32	6.0%	\$28.18	5.4%	17.2	1.9%	-0.9%	\$1,479.50	-4.4%
2014 2Q	1960.23	\$27.14	\$29.34	\$29.34	11.3%	\$30.07	9.7%	17.5	1.9%	4.6%	\$1,622.10	4.1%
2014 3Q	1972.29	\$27.47	\$29.60	\$29.60	10.0%	\$30.04	8.7%	17.2	2.0%	5.2%	\$1,698.10	8.7%
2014 4Q	2058.90	\$22.83	\$26.75	\$26.75	-5.3%	\$30.54	6.7%	18.2	1.9%	2.0%	\$1,741.40	9.2%
2015 1Q	2108.88	\$21.81	\$25.81	\$25.81	-5.5%	\$28.60	1.5%	18.9	2.0%	3.2%	\$1,653.70	11.8%
2015 2Q	2166.05	\$22.80	\$26.14	\$26.14	-10.9%	\$30.09	0.1%	20.0	2.0%	2.7%	\$1,658.50	2.2%
2015 3Q	1920.03	\$23.22	\$25.44	\$25.44	-14.1%	\$29.99	-0.2%	18.4	2.2%	1.6%	\$1,650.30	-2.8%
2015 4Q	2043.94	\$18.70	\$23.06	\$23.06	-13.8%	\$29.52	-3.3%	20.3	2.1%	0.5%	\$1,477.70	-15.1%
2016 1Q	2059.74	\$21.72	\$23.97	\$23.97	-7.1%	\$26.96	-5.7%	20.9	2.1%	0.6%	\$1,584.80	-4.2%
2016 2Q	2098.86	\$23.28	\$25.70	\$25.70	-1.7%	\$29.61	-1.6%	21.4	2.1%	2.2%	\$1,525.10	-8.0%
2016 3Q	2168.27	\$25.39	\$28.69	\$28.69	12.8%	\$31.21	4.1%	21.4	2.1%	2.8%	\$1,614.10	-2.2%
2016 4Q	2238.83	\$24.16	\$27.90	\$27.90	21.0%	\$31.30	6.0%	21.1	2.0%	1.8%	\$1,685.70	14.1%
2017 1Q	2362.72	\$27.46	\$28.82	\$28.82	20.2%	\$30.90	14.6%	21.3	2.0%	1.2%	\$1,642.70	3.7%
2017 2Q	2423.41	\$27.01	\$30.51	\$30.51	18.7%	\$32.58	10.0%	20.9	1.9%	3.1%	\$1,643.80	7.8%
2017 3QE	2519.36	\$28.33	\$31.66	\$33.07	15.3%	\$32.31	3.5%	21.2	NA	NA	NA	NA
2017 4QE*	2569.13	\$31.43	\$34.66	\$34.60	24.0%	\$35.04	11.9%	20.4	NA	NA	NA	NA
2018 4QE		\$30.38	\$33.59	\$35.00	21.4%	\$34.09	10.3%	19.7	NA	NA	NA	NA
2019 4QE		\$33.14	\$35.50	\$35.50	16.4%	\$36.03	10.6%	19.0	NA	NA	NA	NA
2020 4QE		\$33.34	\$36.66	\$37.50	13.4%	\$37.09	14.8%	18.3	NA	NA	NA	NA
2021 4QE		\$35.15	\$38.42	\$38.00	9.8%	\$38.80	10.7%	17.8	NA	NA	NA	NA

Source: Dudack Research Group; Standard & Poors; Thomson Reuters Consensus estimates; **Thomson quarters may not sum to CY

*10/24/2017 close

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