Market Commentary Monday, June 27, 2022

June 26, 2022

EXECUTIVE SUMMARY

Volatility – Terrific Week for Equities
Inflation – Less-Worse News: Univ. of Michigan 5-Year Outlook Pulls Backs; Commodity Prices Retreat
Sentiment – Folks are Very Scared; Data Does Not Support the Current Level of Pessimism
Media – Still Not Telling the Whole Story
Econ Data – Numbers not Great; But Not Recessionary Either
GDP & Corporate Profits – Both Likely to Show Strong Nominal Growth This Year
Stock News – Updates on Banks, Commodity Stocks, KSS & FDX

Market Review

Certainly, there is not a lot to cheer about this year, given that the average stock in the Russell 3000 index is still off 21.2% year to date, but the week just ended was one of the best in history,…

THE PRUDENT SPECULATOR

TERRIFIC REBOUND: S&P 500 SOARS AFTER TWO AWFUL WEEKS

Rare are huge one-week rallies of more than 6% for the S&P 500, but the popular market gauge jumped 6.44% for the five trading days ended June 24, 2022, the 57th best weekly showing since 1928.

Up > 6.44%

	1920's	1930's	1940's	1950's	1960's	1970's	1980's	1990's	2000's	2010's	2020's	Totals
Years Ending in 0		0	0	0	0	0	0	0	1	0	3	4
Years Ending in 1		4	0	0	0	0	0	0	1	1	0	6
Years Ending in 2		9	0	0	0	0	2	0	0	0	2	13
Years Ending in 3		10	0	0	0	0	0	0	1	0		11
Years Ending in 4		2	0	0	0	2	1	0	0	0		5
Years Ending in 5		0	0	0	0	0	0	0	0	0		0
Years Ending in 6		0	0	0	0	0	0	0	0	0		0
Years Ending in 7		0	0	0	0	0	0	0	0	0		0
Years Ending in 8	1	6	1	0	0	0	0	1	2	0		11
Years Ending in 9	3	1	0	0	0	0	0	0	3	0		7
Totals	4	32	1	0	0	2	3	1	8	1	5	57

From 1.31.28 through 6.24.22. Days of index price increases of greater than or equal to 6.44%. SOURCE: Kovitz using data from Bloomberg

Down < 6.44%

	1920's	1930's	1950's	1950's	1960's	1970's	1980's	1990's	2000's	2010's	2020's	Totals
Years Ending in 0		3	2	1	0	0	0	0	1	0	3	10
Years Ending in 1		6	0	0	0	0	0	0	2	2	0	10
Years Ending in 2		9	0	0	1	0	0	0	2	0	0	12
Years Ending in 3		4	0	0	0	0	0	0	0	0		4
Years Ending in 4		2	0	0	0	3	0	0	0	0		5
Years Ending in 5		0	0	0	0	0	0	0	0	0		0
Years Ending in 6		0	0	0	0	0	1	0	0	0		1
Years Ending in 7		6	0	0	0	0	3	0	0	0		9
Years Ending in 8	1	3	1	0	0	0	0	0	4	1		10
Years Ending in 9	4	3	0	0	0	0	1	1	2	0		11
Totals	5	36	3	1	1	3	5	1	11	3	3	72

From 1.31.28 through 6.24.22. Months of index price decreases of greater than or equal to 6.44%. SOURCE: Kovitz using data from Bloomberg

…providing yet another reminder that market downturns historically always have been followed by advances of far greater magnitude, so much so that long-term returns on equities have been terrific.

THE PRUDENT SPECULATOR

VOLATILITY IS NORMAL BUT VALUE WINS THE RACE

Selloffs, downturns, pullbacks, corrections and even Bear Markets are events that equity investors always have had to endure on their way to the best long-term performance of any of the financial asset classes.

Advancing Markets

Minimum Rise %	Average Gain	Average # Days	Count	Frequency (in Years)	Last Start	Last End
20.0%	113.4%	995	27	3.4	3/23/2020	1/3/2022
17.5%	68.2%	583	39	2.3	3/23/2020	1/3/2022
15.0%	66.8%	566	45	2.0	3/23/2020	1/3/2022
12.5%	45.0%	340	72	1.3	3/23/2020	1/3/2022
10.0%	35.2%	246	99	0.9	3/8/2022	3/29/2022
7.5%	23.7%	149	158	0.6	3/8/2022	3/29/2022
5.0%	14.7%	72	311	0.3	6/16/2022	6/24/2022

Declining Markets

Minimum Decline %	Average Loss	Average # Days	Count	Frequency (in Years)	Last Start	Last End
-20.0%	-35.0%	281	27	3.4	1/3/2022	6/16/2022
-17.5%	-30.2%	216	39	2.4	1/3/2022	6/16/2022
-15.0%	-28.3%	188	45	2.1	1/3/2022	6/16/2022
-12.5%	-22.8%	138	72	1.3	1/3/2022	6/16/2022
-10.0%	-19.6%	102	99	0.9	3/29/2022	6/16/2022
-7.5%	-15.5%	65	158	0.6	3/29/2022	6/16/2022
-5.0%	-10.9%	36	310	0.3	6/2/2022	6/16/2022

From 02.20.28 through 06.24.22. S&P 500 Price return series. We defined a Declining Market as an instance when stocks dropped the specified percentage or more without a recovery of equal magnitude, and an Advancing Market as in instance when stocks appreciated the specified percentage or more without a decline of equal magnitude. SOURCE: Kovitz using data from Bloomberg, Morningstar and Ibbotson Associates

LONG-TERM RETURNS

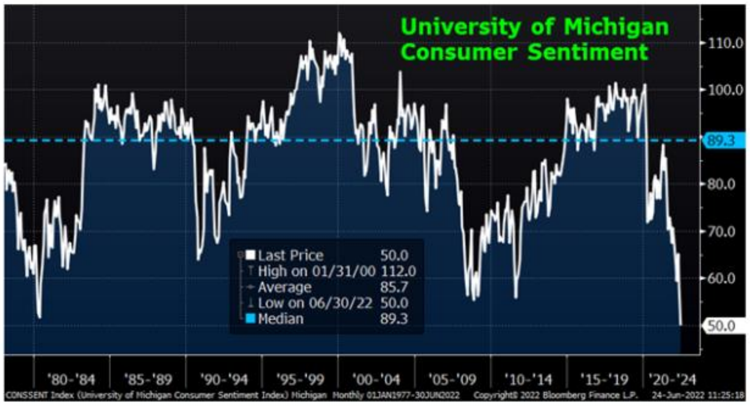
	Annualized Return	Standard Deviation
Value Stocks	13.2%	25.9%
Growth Stocks	9.6%	21.4%
Dividend Paying Stocks	10.7%	18.0%
Non-Dividend Paying Stocks	9.0%	29.3%
Long-Term Gov't Bonds	5.3%	8.6%
Intermediate Gov't Bonds	4.9%	4.4%
Treasury Bills	3.2%	0.9%
Inflation	3.0%	1.8%

From 06.30.27 through 04.30.22. Growth stocks = 50% Fama-French small growth and 50% Fama-French large growth returns rebalanced monthly. Value stocks = 50% Fama-French small value and 50% Fama-French large value returns rebalanced monthly. The portfolios are formed on Book Equity/Market Equity at the end of each June using NYSE breakpoints via Eugene F. Fama and Kenneth R. French. Dividend payers = 30% top of Fama-French dividend payers, 40% of middle Fama-French dividend payers, and 30% bottom of Fama-French dividend payers rebalanced monthly. Non-dividend payers = Fama-French stocks that do not pay a dividend. Long term corporate bonds represented by the Ibbotson Associates SBBI US LT Corp Total Return index. Long term government bonds represented by the Ibbotson Associates SBBI US LT Govt Total Return index. Intermediate term government bonds represented by the Ibbotson Associates SBBI US IT Govt Total Return index. Treasury bills represented by the Ibbotson Associates SBBI US 30 Day TBill Total Return index. Inflation represented by the Ibbotson Associates SBBI US Inflation index. SOURCE: Kovitz using data from Professors Eugene F. Fama and Kenneth R. French and Ibbotson Associates

While stocks were oversold following the two brutal weeks to start June, the catalyst for the big rebound that was capped by the 823-point jump in the Dow Jones Industrial Average on Friday was the release of the final reading on consumer sentiment from the University of Michigan.

THE PRUDENT SPECULATOR

RECORD LOW CONSUMER SENTIMENT, AND THAT COULD BE A GOOD THING



University of Michigan Consumer Sentiment Cyclical Lows & Subsequent Equity Returns

Cyclical Low	U of M Sent.	1 Year SPX TR	1 Year Value TR	3 Year SPX TR	3 Year Value TR	5 Year SPX TR	5 Year Value TR	10 Year SPX TR	10 Year Value TR
May-80	51.7	25.2%	34.5%	70.8%	128.6%	118.2%	227.7%	395.6%	537.8%
Mar-82	62.0	44.3%	54.5%	86.5%	129.5%	224.0%	276.0%	431.0%	503.6%
Nov-87	83.1	23.3%	32.0%	55.7%	31.1%	121.8%	124.2%	455.1%	545.8%
Oct-90	63.9	33.4%	41.2%	68.6%	129.6%	121.4%	191.0%	490.0%	619.1%
Sep-01	81.8	-20.5%	-13.6%	12.6%	40.7%	40.0%	98.9%	32.0%	48.6%
Mar-03	77.6	35.1%	67.5%	61.0%	129.0%	71.0%	116.0%	126.8%	176.2%
Nov-08	55.3	25.4%	22.3%	48.6%	34.0%	124.8%	135.2%	280.7%	246.4%
Aug-11	55.8	18.0%	34.8%	75.4%	54.8%	98.3%	102.0%	353.7%	230.4%
Jun-22	50.0								
		23.0%	**34.1%**	**59.9%**	**84.7%**	**114.9%**	**158.9%**	**320.6%**	**363.5%**

TR = Total Return. SPX = S&P 500. Value = Value Weighted Book to Market Portfolios - Blend of Small Value and Big Value.
Source: Kovitz Investment Group using data from Bloomberg, Professors Eugene F. Fama & Kenneth R. French and the Univ. of Michigan

Incredibly, the latest read on the Univ. of Michigan's Consumer Sentiment gauge was the most pessimistic in its history...worse than when inflation was in the double-digits in the early '80's...and after the Crash of '87...and after the Gulf War Meltdown of '90... and after 9/11...and at the end of the Tech Wreck... and during the Great Financial Crisis...and after the downgrade of the U.S. credit rating. Believe it or not, the prior 8 cyclical lows, on average, proved to be great times for long-term-oriented investors to be adding to their (Value) equity exposure.

No, it wasn't the incredible equity market buy signal detailed above for troughs in the gauge. Instead, despite an-all-time low in the June headline figure, traders were encouraged by a revision in the May reading of inflation expectations over the next five years, with Michigan reporting a lowering of the outlook to 3.1% from 3.3%.

Of course, decades of market history would argue that equities, on average, have proven to be a good hedge against inflation, so nothing we learned on Friday altered our view that stocks are the place to be for those with a long-term time horizon,…

THE PRUDENT SPECULATOR

EQUITY RETURNS AND 8%+ INFLATION – VALUE STOCKS THE PLACE TO BE

Inflation Rate >= 8.0% and Ensuing Value/Growth Returns Since 1927

Metric	Value Stocks 3 Month	Growth Stocks 3 Month	Value Stocks 6 Month	Growth Stocks 6 Month	Value Stocks 12 Months	Growth Stocks 12 Months
Arithmetic Average	4.2%	2.4%	10.4%	6.0%	25.1%	15.1%
Geometric Average	3.6%	1.8%	8.9%	4.6%	22.2%	12.8%
Median	3.8%	1.7%	6.7%	4.7%	17.7%	12.8%
Max	50.9%	32.9%	82.7%	60.8%	134.0%	64.2%
Min	-19.2%	-27.6%	-26.4%	-35.9%	-20.9%	-30.6%
Count	110	110	110	110	110	110

Source: Kovitz using data from Ibbotson Associates 06.30.27 - 4.30.22.

Inflation Rate <8.0% and Ensuing Value/Growth Returns Since 1927

Metric	Value Stocks 3 Month	Growth Stocks 3 Month	Value Stocks 6 Month	Growth Stocks 6 Month	Value Stocks 12 Months	Growth Stocks 12 Months
Arithmetic Average	4.2%	3.1%	8.1%	6.1%	16.4%	12.3%
Geometric Average	3.1%	2.4%	6.2%	4.8%	12.3%	9.4%
Median	4.0%	3.5%	8.0%	6.2%	16.6%	12.8%
Max	200.5%	136.1%	244.7%	140.3%	357.8%	221.9%
Min	-43.1%	-40.4%	-56.1%	-47.0%	-71.3%	-64.8%
Count	1027	1027	1024	1024	1018	1018

Source: Kovitz using data from Ibbotson Associates 06.30.27 - 4.30.22.

Inflation Rate >= 8.0% and Ensuing Value/Growth Returns Since 1957

Metric	Value Stocks 3 Month	Growth Stocks 3 Month	Value Stocks 6 Month	Growth Stocks 6 Month	Value Stocks 12 Months	Growth Stocks 12 Months
Arithmetic Average	4.0%	2.9%	8.8%	6.4%	22.4%	17.0%
Geometric Average	3.5%	2.2%	7.7%	4.6%	21.1%	14.4%
Median	4.7%	2.6%	6.9%	6.3%	21.7%	21.2%
Max	39.6%	32.9%	63.0%	60.8%	60.2%	63.4%
Min	-16.5%	-27.6%	-26.4%	-35.9%	-20.9%	-30.6%
Count	63	63	63	63	63	63

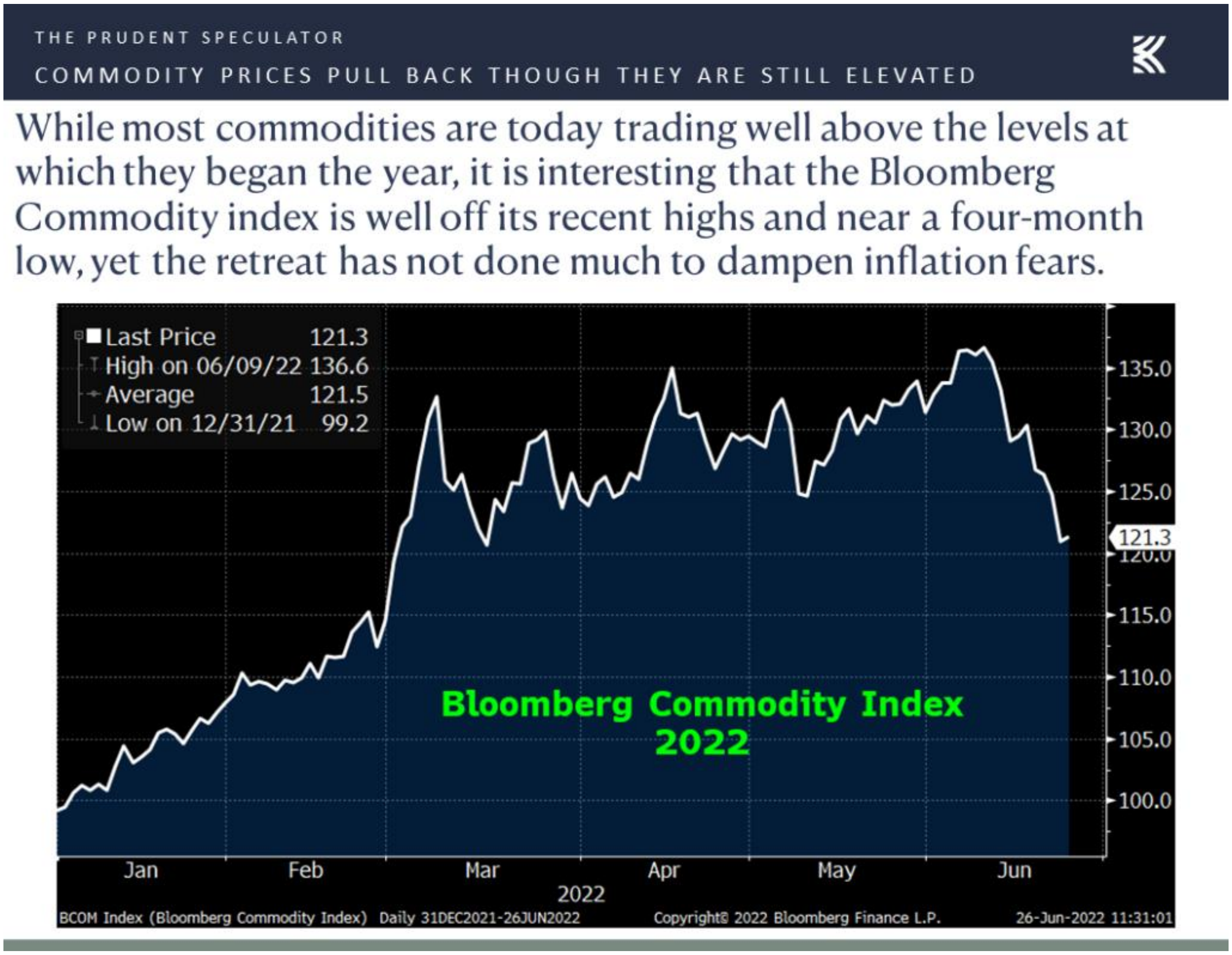
Source: Kovitz using data from Ibbotson Associates 03.31.57 - 04.30.22.

Inflation Rate < 8.0% and Ensuing Value/Growth Returns Since 1957

Metric	Value Stocks 3 Month	Growth Stocks 3 Month	Value Stocks 6 Month	Growth Stocks 6 Month	Value Stocks 12 Months	Growth Stocks 12 Months
Arithmetic Average	3.8%	2.9%	7.7%	5.8%	15.7%	11.8%
Geometric Average	3.3%	2.4%	6.7%	4.9%	13.7%	9.9%
Median	4.1%	3.3%	8.1%	6.1%	17.2%	12.7%
Max	37.8%	32.5%	68.5%	49.8%	105.8%	93.6%
Min	-39.5%	-34.9%	-54.2%	-41.7%	-52.2%	-48.0%
Count	716	716	713	713	707	707

Source: Kovitz using data from Ibbotson Associates 03.31.57 - 04.30.22.

…while we note that one important component of the inflation calculation, commodity prices, has come down considerably over the last couple of weeks.



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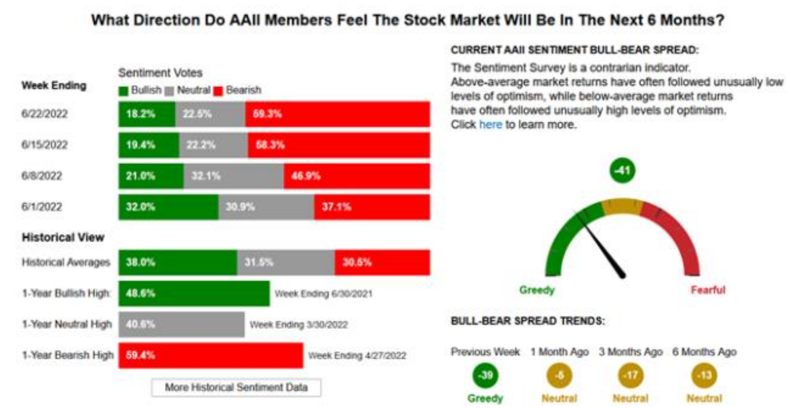
Still, we realize that market participants needed some good (well, less bad) news as investor sentiment had become about as pessimistic as it ever has been,…

THE PRUDENT SPECULATOR

MAJOR CONTRARIAN BUY SIGNAL: AAII SENTIMENT EXTREMELY PESSIMISTIC

The gauge is widely viewed with a contrarian eye, so the AAII Sentiment Survey Bulls coming in at 18.2% was a major equity market buy signal. There have been only 24 less-optimistic Bull tallies in the 35-year history of the gauge and the ensuing six-month return during those periods for the Russell 3000 Index (R3K) averaged a whopping 16.0%. Even more interesting, the Bull-Bear spread plunged to minus 41.1% in the latest week, with only five preceding six-month periods showing a more pessimistic score...and the average six-month forward return for the R3K was 30.5%.



AAII Bulls & Russell 3000 Forward TR

Date	Bulls	1W RET	1M RET	3M RET	6M RET
11/15/1990	12.0	-0.4%	3.6%	18.4%	20.1%
10/6/1988	13.0	0.7%	1.1%	3.2%	9.9%
3/9/1989	13.0	1.7%	1.3%	12.2%	19.9%
9/20/1990	13.0	-3.7%	-0.5%	6.9%	21.5%
10/18/1990	13.0	1.5%	4.5%	10.1%	32.1%
9/3/1992	14.0	0.5%	-1.5%	5.2%	10.7%
2/1/1990	15.0	1.7%	1.9%	1.9%	8.8%
10/4/1990	15.0	-5.5%	-0.5%	4.3%	26.2%
4/14/2022	15.8	-0.2%	-8.8%		
7/21/1988	16.0	-0.3%	-1.9%	6.1%	8.2%
9/13/1990	16.0	-2.3%	-6.4%	4.1%	20.5%
11/22/1990	16.0	0.4%	5.5%	18.1%	23.0%
12/20/1990	16.0	-0.3%	0.6%	13.7%	17.2%
4/28/2022	16.4	-3.3%	-3.0%		
4/14/2005	16.5	0.0%	-0.4%	7.2%	4.2%
9/8/1988	17.0	0.9%	4.3%	3.8%	12.0%
11/24/1988	17.0	1.5%	3.5%	8.4%	21.1%
12/8/1988	17.0	-0.7%	2.1%	7.9%	21.0%
5/26/2016	17.8	1.0%	-2.2%	4.8%	8.2%
1/14/2016	17.9	-2.8%	-3.3%	9.3%	14.4%
9/1/1988	18.0	2.6%	5.2%	5.1%	12.4%
3/30/1989	18.0	1.1%	5.9%	9.7%	20.7%
8/16/1990	18.0	-8.0%	-4.6%	-4.4%	13.3%
7/1/1993	18.0	-0.1%	0.0%	4.3%	5.8%
6/22/2022	18.2				
24 Period Average		-0.6%	0.3%	7.3%	16.0%
All Periods Average		0.2%	0.9%	2.8%	5.9%

Source: American Association of Indivdual Investors and Bloomberg

AAII Bull-Bear Spread & Russell 3000 Forward TR

Date	Spread	1W RET	1M RET	3M RET	6M RET
10/18/1990	-54.0	1.5%	4.5%	10.1%	32.1%
3/5/2009	-51.4	10.3%	24.5%	40.3%	52.7%
10/4/1990	-44.0	-5.5%	-0.5%	4.3%	26.2%
9/20/1990	-43.0	-3.7%	-0.5%	6.9%	21.5%
11/15/1990	-43.0	-0.4%	3.6%	18.4%	20.1%
4/28/2022	-43.0	-3.3%	-3.0%		
6/22/2022	-41.1				
6 Period Average		-0.2%	4.8%	16.0%	30.5%
All Periods Average		0.2%	0.9%	2.8%	5.9%

Source: American Association of Indivdual Investors and Bloomberg

…with your Editor recently asked by a reporter for advice he would offer those worried about losing their homes as the market falls. Yes, that was a real query, even as home prices have soared over the past one, two, three, five and 10 years,…

THE PRUDENT SPECULATOR

LOTS OF WEALTH HAS BEEN ACCUMULATED IN HOMES

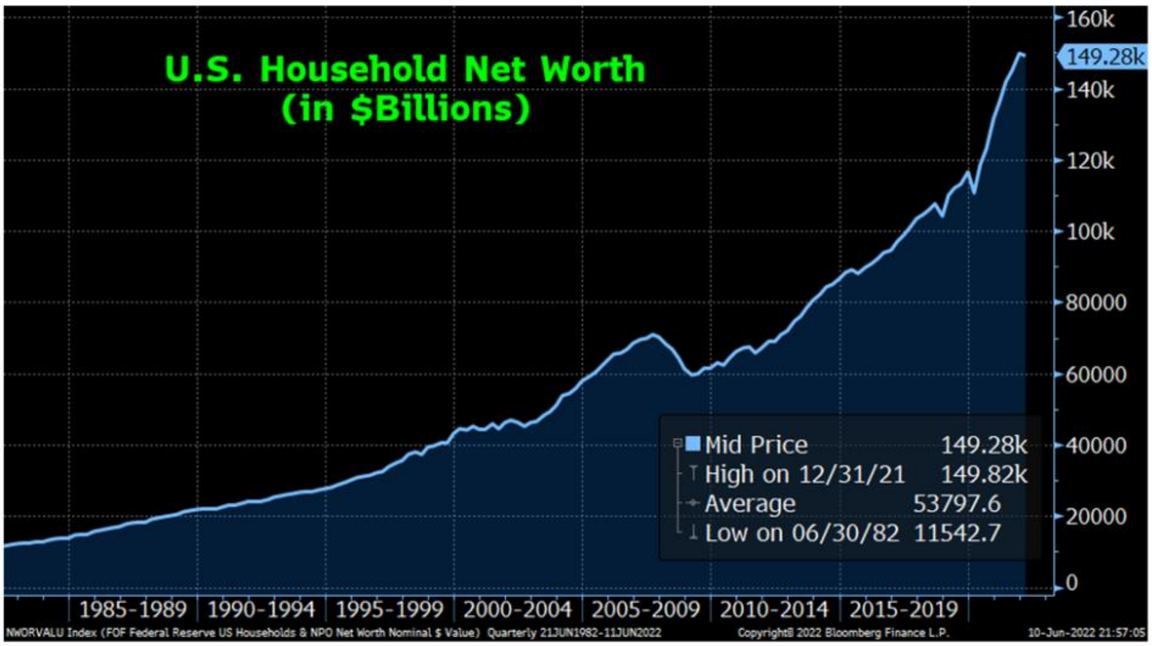
Obviously, rising mortgage rates has crimped housing affordability, so home prices will eventually be impacted, but folks who own the roof over their heads have accumulated substantial wealth over the past decade and especially over the past 12 months, with the quarterly S&P CoreLogic Case-Shiller National Home Price Index up a whopping 20.6% year-over-year in Q1 2022 and the more-recent median price of U.S. Existing Homes from the National Association of Realtors jumping 14.8% in May 2022, compared to May 2021.

…and household net worth resides near all-time highs and well above pre-pandemic levels.

THE PRUDENT SPECULATOR

CONSUMER BALANCE SHEETS BETTER OFF TODAY THAN PRE-PANDEMIC

While Q1 2022 did see a small decline to $149.3 trillion, down from $149.8 trillion in Q4 2021, as gains in home values could not offset declines in equity values, household balance sheets were in terrific shape, with net worth some $30 trillion above pre-pandemic levels.



True, we realize that many of those new to the financial markets have suffered sizable losses chasing hot initial public offerings,…

THE PRUDENT SPECULATOR

RETURNS ON THE BIGGEST INITIAL PUBLIC OFFERINGS NOT SO GRAND

While there was plenty of media fanfare surrounding the launch of the biggest IPOs over the last five years, the enthusiasm for most as public companies has waned greatly.


THE WALL STREET JOURNAL.

Rivian CFO Says Electric-Vehicle Maker Will Prioritize Growth Over Profits

Claire McDonough is tasked with allocating billions of dollars toward expanding the company's production capacity

Are You a SPAC-Ready CFO?

How the USGA Is Teeing Up Growth

Cracking the Code on China's Policy Shifts

Largest IPOs by Deal Value since 2016
Subsequent Performance

Symbol	Company	TR Since IPO Price	TR Since First Day Close	S&P 500 TR Since IPO	Russell 3000 Value TR Since IPO
RIVN	Rivian Automotive	-62.2	-70.7	-15.7	-10.4
UBER	Uber Technologies	-48.8	-44.6	43.6	28.1
CPNG	Coupang	-63.1	-73.8	2.2	0.4
DIDIY	DiDi Global	-75.7	-76.0	-7.6	-4.9
PSTH	Pershing Square Tontine	-7.6	-9.1	20.2	29.9
SNAP	Snap	-13.5	-40.0	79.6	41.9
SNOW	Snowflake	26.3	-40.3	18.0	28.2
ABNB	Airbnb	52.2	-28.5	8.9	12.9
DASH	DoorDash	-27.3	-60.9	8.0	12.7
AVTR	Avantor	125.7	117.9	43.2	27.8
	Average:	**-9.4**	**-32.6**	**20.0**	**16.7**
	Median:	**-20.4**	**-42.5**	**13.5**	**20.4**

As of 06.24.22. Source: Kovitz using data from Bloomberg and Dealogic

…cryptocurrencies, so-called meme plays, disruptive technologies and expensively priced growth stocks,…

THE PRUDENT SPECULATOR

RED INK EVERYWHERE SINCE HALLOWEEN, BUT VALUE HOLDING UP OK

November 2, 2021

the Prudent Speculator

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Social media powerhouse Facebook on Oct. 28 announced plans to change its corporate name to Meta Platforms...which ignited a 26% after-hours gain that day in Meta Materials, a small Nova Scotian specialty chemicals company. Never mind that Meta Materials has nothing to do with Facebook, with the financial press quick to point out that folks were buying the wrong stock. Of course, that seemingly important fact did not slow interest in the Canadian company as the stock price jumped 6% in trading on Nov. 1 with more than 19 million shares changing hands.

Lest readers think this is a once in a

"In a free society, one does not have to deal with those who are irrational. One is free to avoid them."

— Ayn Rand

We would not be surprised to see the major market averages suffer a sizable setback, especially as 10% corrections occur every 11 months on average, but we believe that we are prudently investing in businesses that trade for reasonable, if not inexpensive, valuation metrics. To be sure, we are playing in an entirely different sandbox, with many market players more excited by "meme" stocks, SPACs and more than a few profitless companies.

Of course, given that one of our core tenets is to seek to avoid permanent impairment of investment capital, we sleep much better at night knowing that TPS Portfolio

Russell 3000 Value Index

Advancing Markets

Minimum Rise %	Average Gain	Average # Days	Count	Frequency (in Years)	Last Start	Last End
20.0%	80.4%	865	7	2.9	3/23/2020	1/12/2022
15.0%	49.6%	447	14	1.7	3/23/2020	1/12/2022
10.0%	31.4%	252	26	0.9	6/26/2020	1/12/2022
7.5%	21.7%	147	47	0.6	3/8/2022	3/29/2022
5.0%	13.5%	68	97	0.3	6/17/2022	6/24/2022

Declining Markets

Minimum Decline %	Average Loss	Average # Days	Count	Frequency (in Years)	Last Start	Last End
-20.0%	-32.1%	212	7	2.9	1/17/2020	3/23/2020
-15.0%	-24.6%	171	15	1.6	1/12/2022	6/17/2022
-10.0%	-18.7%	85	27	0.9	1/12/2022	6/17/2022
-7.5%	-14.3%	54	48	0.5	3/29/2022	6/17/2022
-5.0%	-10.2%	30	97	0.3	6/7/2022	6/17/2022

From 10.19.95 through 06.24.22. Price return series. We defined a Declining Market as an instance when stocks dropped the specified percentage or more without a recovery of equal magnitude, and an Advancing Market as in instance when stocks appreciated the specified percentage or more without a decline of equal magnitude. SOURCE: Kovitz using data from Bloomberg.

Total Returns Matrix

YTD	Since 10.31.21	Name	Symbol
-59.56	-72.13	Grayscale Bitcoin Trust BTC	GBTC Equity
-75.15	-80.37	Coinbase Global Inc	COIN Equity
-23.45	-22.92	iShares 20+ Year Treasury Bond ETF	TLT Equity
-54.15	-64.74	AMC Entertainment Holdings Inc	AMC Equity
-54.95	-77.12	Robinhood Markets Inc	HOOD Equity
-40.02	-46.54	VanEck Social Sentiment ETF	BUZZ Equity
-51.55	-61.90	ARK Innovation ETF	ARKK Equity
MARKET OF STOCKS			
-12.43	-10.83	Dow Jones Industrial Average TR	DJITR Index
-12.66	-11.54	New York Stock Exchange Composite Index	NYA Index
-26.87	-30.13	Russell 2000 Total Return Growth Index	RU20GRTR Index
-14.85	**-14.41**	**Russell 2000 Total Return Value Index**	**RU20VATR Index**
-20.88	-22.49	Russell 2000 Total Return Index	RU20INTR Index
-27.70	-30.51	Russell Midcap Growth Index Total Return	RUMCGRTR Index
-13.91	**-11.28**	**Russell Midcap Value Index Total Return**	**RUMCVATR Index**
-18.85	-18.47	Russell Midcap Index Total Return	RUMCINTR Index
-24.91	-23.18	Russell 3000 Total Return Growth Index	RU30GRTR Index
-10.98	**-8.82**	**Russell 3000 Total Return Value Index**	**RU30VATR Index**
-18.33	-16.41	Russell 3000 Total Return Index	RU30INTR Index
-14.28	-11.29	S&P 500 Equal Weighted USD Total Return In	SPXEWTR Index
-17.31	-14.21	S&P 500 Total Return Index	SPXT Index
BONDS			
-13.94	-14.31	Bloomberg Barclays Global-Aggregate Bond	LEGATRUU Index
-10.94	-10.90	Bloomberg Barclays U.S. Aggregate Bond	LBUSTRUU Index

As of 06.24.22. Source: Kovitz using data from Bloomberg.

…but the financial press often seems to forget that most of us did not start investing in the last year and that those who have stuck with their diversified portfolios, be they Value- or Growth-oriented, have enjoyed very nice returns over the past two, three, five and 10 years, especially relative to what might have been earned in supposedly safe fixed income investments.

MISSING THE WHOLE STORY: SOME OF US HAVE BEEN INVESTING FOR YEARS

People with retirement accounts are keeping more of their assets in stocks now, as opposed to bonds or a mix of other investments. "There has been a growing complacency of people keeping most of their nest eggs in stocks," said Monique Morrissey, who specializes in retirement at the left-leaning think tank Economic Policy Institute. "There has been a fundamental misunderstanding — returns do not always average out."

The bigger issue, according to Ms. Morrissey, is that many people have gotten used to the stock market going up. That's not a guarantee — especially in the near term.

"It's not just the loss from January; it's what happens going forward," she said. "If you were counting on the amount that you have in your 401(k) to continually grow, well, then you may never get to what you had planned for." – *New York Times* 06.14.22

Certainly, we are not trying to downplay the equity market losses in 2022, but we are perplexed that the "I-Told-You-So" crowd seems to have forgotten how well stocks have performed over the last two, three, five and ten years, and that many supposedly safe fixed income investments have been a disaster this year and over the last two, three, five and even ten years. To be sure, nobody knows what the future will hold, but those who have eschewed stocks will find that the highlighted portion of the *New York Times* story resonates.

Total Returns Matrix

YTD	Last Year	Last 2 Years	Since 3.23.20	Last 3 Years	Last 5 Years	Last 10 Years	Name
-12.43	-6.09	28.74	77.30	25.62	64.37	215.48	Dow Jones Industrial Average
-12.66	-8.40	32.31	78.10	22.44	43.39	152.05	New York Stock Exchange Composite
-26.87	-30.93	7.45	56.55	10.64	30.09	159.85	Russell 2000 Growth
-14.85	**-15.50**	**56.48**	**105.26**	**26.41**	**32.02**	**152.52**	**Russell 2000 Value**
-20.88	-23.45	29.94	80.81	19.79	33.06	160.34	Russell 2000
-27.70	-25.61	8.34	60.68	19.40	58.66	216.22	Russell Midcap Growth Index Total Return
-13.91	**-7.53**	**44.96**	**101.52**	**25.89**	**39.98**	**191.13**	**Russell Midcap Value Index Total Return**
-18.85	-14.18	31.24	87.86	26.21	51.54	209.02	Russell Midcap Index Total Return
-24.91	-15.29	22.02	76.03	45.85	95.23	308.57	Russell 3000 Growth
-10.98	**-5.08**	**40.63**	**84.77**	**25.73**	**44.39**	**182.84**	**Russell 3000 Value**
-18.33	-10.35	30.94	81.47	37.19	70.42	245.70	Russell 3000
-17.31	-6.98	32.17	81.11	39.62	75.48	256.60	S&P 500
-13.94	**-15.33**	**-13.18**	**-7.77**	**-9.31**	**-3.04**	**1.75**	**Bloomberg Barclays Global-Aggregate Bond**
-10.94	**-10.68**	**-10.98**	**-6.69**	**-3.26**	**3.18**	**15.90**	**Bloomberg Barclays U.S. Aggregate Bond**

As of 06.24.22. Source Kovitz using data from Bloomberg

To be sure, someone could have lost their job, had a health emergency or made ill-timed bets with borrowed money, but we always are catering to those looking to grow long-term wealth, not to those hoping to make a quick buck with money needed to pay the mortgage. As such, it is hard to fathom that anyone would be afraid of losing their home, unless they were living way beyond their means. Indeed, given the fantastic returns enjoyed by equities over the intermediate and long term, nobody should have any worry about making ends meet, even with the big drop in 2022.

Alas, so much these days is short-term-focused and fear-oriented, so we understand that the media may make it seem as if the world is ending, so we continue to do our best to dissect the frightening headlines with facts and figures.

THE PRUDENT SPECULATOR

MISSING THE WHOLE STORY: S&P & DOW WENT NOWHERE FROM '66 TO '82

It helps, whenever markets turn worrisome, to look at historical precedents. How bad could things get?

In this case, what U.S. investors should probably fear the most is a replay of the stagflationary slog from 1966 to 1982, when economic growth was spotty, inflation stayed double digits for years and stocks went utterly nowhere.

On Feb. 9, 1966, the S&P 500 closed at a then-record 94.06. More than 16 years later, on Aug. 12, 1982, it stood at 102.42.

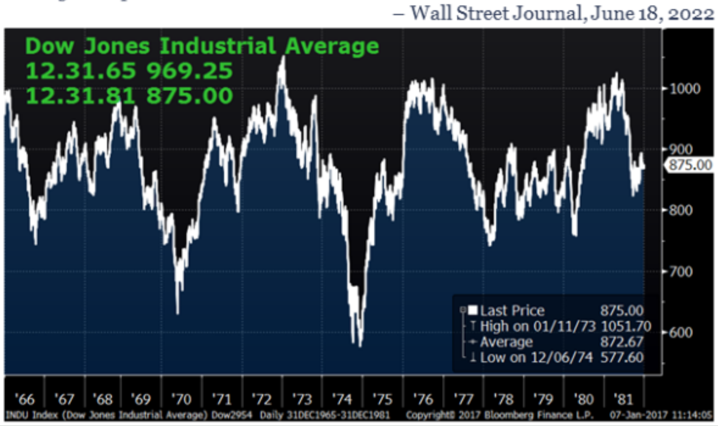
Corporate earnings, after inflation, shrank 15%, according to data from Yale University economist Robert Shiller.

Yes, stocks paid generous dividends, reaching nearly 6% by the end of the period, but inflation devoured them whole.

That period was such an ordeal it turned the individual investor into an endangered species.

– Wall Street Journal, June 18, 2022

Incredibly, the Dow Jones Industrial Average actually lost ground over a 16-year time span from the beginning of 1966 to the beginning of 1982, yet the total return on Value stocks was a superb 13.39% PER YEAR. Obviously, stock picking mattered as Large Company annualized return was *only* 5.95%, though Non-Dividend Payers outperformed Dividend Payers by more than one percent per year. Despite losing nearly 10% of its price, the Dow's total return during the period was 3.94% per annum.



Annualized Total Returns	
16 Years	
12.31.65 - 12.31.81	
FF Value	13.39%
FF Growth	7.35%
FF Divs	7.29%
FF No Divs	8.44%
FF Large Company	5.95%

Source: Kovitz Investment Group using data from Morningstar and Professors Fama & French

*****

No doubt, one of the biggest issues spooking investors today is the health of the economy, with the most recent read on Q2 GDP suggesting that we could see a second straight quarter of negative real (inflation-adjusted) growth,…

…and the latest forecast showing a 33% chance of recession,…

…even as the most recent housing statistics were not as weak as expected,…

THE PRUDENT SPECULATOR

HOUSING MARKET COOLING…BUT NOT AS FAST AS EXPECTED

With mortgage rates rising as government bond yields have soared, housing affordability is a major issue and pending home sales (contract signed for the purchase of an existing home) sank 3.4% in May, in line with expectations, but the seventh straight monthly decline. However, sales of new homes for May jumped 10.7% to 696,000 units, while the count for April was revised sharply higher. Of course, those numbers were tallied before the latest spike in mortgage rates.

…the jobs market remains incredibly robust,…

THE PRUDENT SPECULATOR

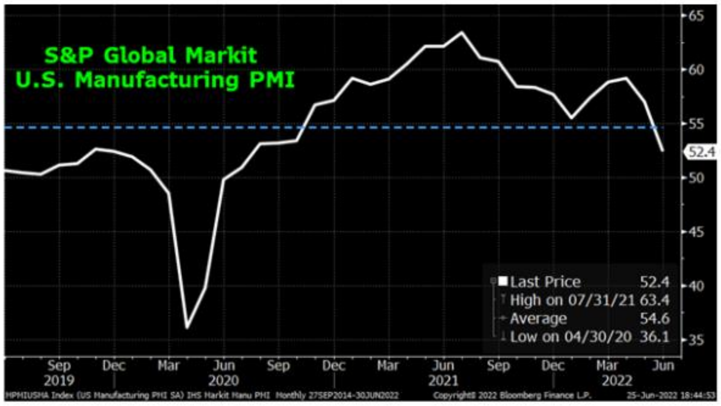
JOBLESS FILINGS AND CONTINUING CLAIMS NEAR 50+ YEAR LOWS

While higher than recent readings with a 1-handle, yet still coming in near the lowest levels since 1969 when the work force was much smaller, new filings for unemployment benefits for the period ended June 18 were a seasonally adjusted 229,000, down from a revised 231,000 the week prior. Continuing claims filed through state programs held steady at 1.32 million, near the lowest level since 1969 as businesses continue to hold onto workers with labor so difficult to obtain.

…and arguably poor purchasing manager surveys are still suggesting Q2 growth.

THE PRUDENT SPECULATOR

S&P GLOBAL MARKIT PMI READINGS SHRINK IN JUNE



The S&P Global Markit preliminary U.S. PMIs for the factory and services sectors in June came in at 52.4 and 51.6, well below expectations as well as the respective historical averages. S&P Global commented, "The pace of US economic growth has slowed sharply in June, with deteriorating forward-looking indicators setting the scene for an economic contraction in the third quarter. The survey data are consistent with the economy expanding at an annualized rate of less than 1% in June, with the goods-producing sector already in decline and the vast service sector slowing sharply."

Certainly, anything can happen, so we must be braced for more economic turbulence, but the International Monetary Fund on Friday said it expects the U.S. to "narrowly" avoid a recession, with U.S. Gross Domestic Product to grow 2.9% in 2022, 1.7% in 2023 and 0.8% in 2024. Also, Federal Reserve Chair Jerome H. Powell, while admitting that recession was a possibility, was relatively upbeat on the economy last week in his remarks on Capitol Hill,…

THE PRUDENT SPECULATOR

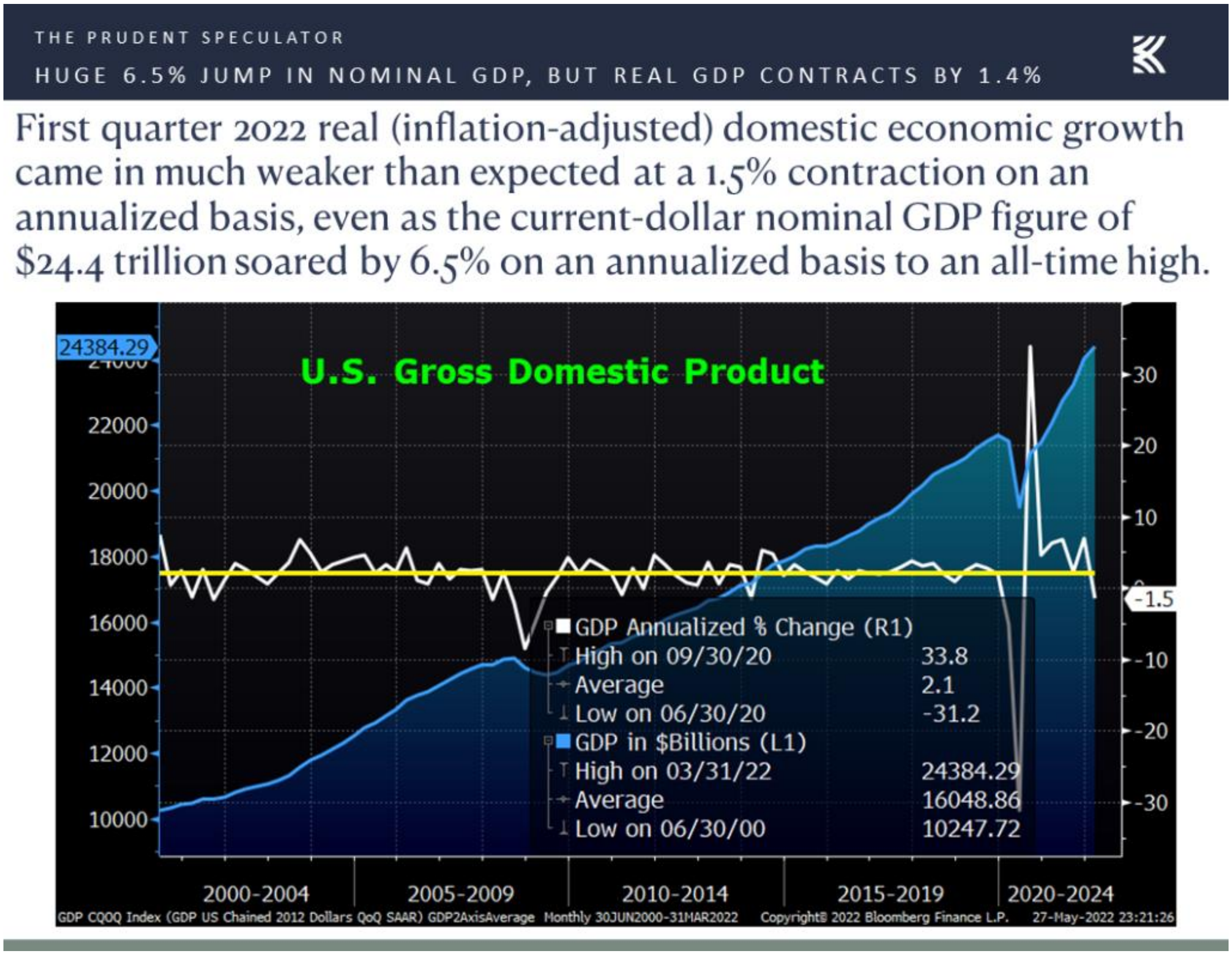
CHAIR POWELL: CURRENT ECONOMIC SITUATION AND OUTLOOK - 06.22.22

Inflation remains well above our longer-run goal of 2%. Over the 12 months ending in April, total PCE (personal consumption expenditures) prices rose 6.3%; excluding the volatile food and energy categories, core PCE prices rose 4.9%. The available data for May suggest the core measure likely held at that pace or eased slightly last month. Aggregate demand is strong, supply constraints have been larger and longer lasting than anticipated, and price pressures have spread to a broad range of goods and services. The surge in prices of crude oil and other commodities that resulted from Russia's invasion of Ukraine is boosting prices for gasoline and fuel and is creating additional upward pressure on inflation. And COVID-19-related lockdowns in China are likely to exacerbate ongoing supply chain disruptions. Over the past year, inflation also increased rapidly in many foreign economies, as discussed in a box in the June Monetary Policy Report.

Overall economic activity edged down in the first quarter, as unusually sharp swings in inventories and net exports more than offset continued strong underlying demand. Recent indicators suggest that real gross domestic product growth has picked up this quarter, with consumption spending remaining strong. In contrast, growth in business fixed investment appears to be slowing, and activity in the housing sector looks to be softening, in part reflecting higher mortgage rates. The tightening in financial conditions that we have seen in recent months should continue to temper growth and help bring demand into better balance with supply.

The labor market has remained extremely tight, with the unemployment rate near a 50-year low, job vacancies at historical highs, and wage growth elevated. Over the past three months, employment rose by an average of 408,000 jobs per month, down from the average pace seen earlier in the year but still robust. Improvements in labor market conditions have been widespread, including for workers at the lower end of the wage distribution as well as for African Americans and Hispanics. A box in the June Monetary Policy Report discusses developments in employment and earnings across all major demographic groups. Labor demand is very strong, while labor supply remains subdued, with the labor force participation rate little changed since January.

…while we note that nominal (not adjusted for inflation) GDP growth is a certainty for Q2,…

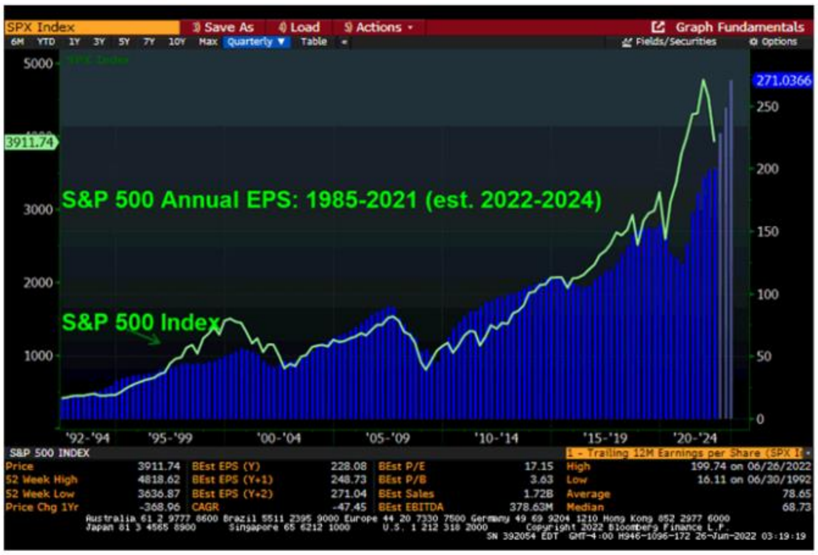


…and corporate profits (also in nominal dollars) are likely to continue to show solid growth.

THE PRUDENT SPECULATOR

VERY GOOD EPS IN Q1 '22 AND '22/'23 ESTIMATES STILL REMAIN STRONG

Q1 earnings reporting season generally was terrific in terms of the results, even as many stocks sold off sharply on the news. And, while analysts are sometimes overly optimistic in their forecasts, EPS estimates for 2022, 2023 and 2024 call for significant growth versus 2021.



S&P 500 Earnings Per Share		
Quarter Ended	Bottom Up Operating EPS 3 Month	Bottom Up Operating EPS 12 Month
ESTIMATES		
12/31/2023	$65.48	$248.41
9/30/2023	$63.66	$243.67
6/30/2023	$60.72	$239.33
3/31/2023	$58.55	$233.71
12/31/2022	$60.74	$224.54
9/30/2022	$59.32	$220.53
6/30/2022	$55.10	$213.23
3/31/2022	$49.38	$210.18
ACTUAL		
12/31/2021	$56.73	$208.21
9/30/2021	$52.02	$189.66
6/30/2021	$52.05	$175.54
3/31/2021	$47.41	$150.28
12/31/2020	$38.18	$122.37
9/30/2020	$37.90	$123.37
6/30/2020	$26.79	$125.28
3/31/2020	$19.50	$138.63
12/31/2019	$39.18	$157.12
9/30/2019	$39.81	$152.97
6/30/2019	$40.14	$154.54
3/31/2019	$37.99	$153.05
12/31/2018	$35.03	$151.60

Source: Standard & Poor's. As of 6.15.22

We are now just a few weeks away from the start of Q2 earnings reporting season, and we respect that what management teams say about the upcoming quarters will be more important than the results just announced. Still, we would argue that the sizable equity market downturn we have endured so far this year is discounting a significant amount of bad news on the profit front that may not materialize, while we continue to take comfort in what the historical evidence shows, on average, for recessions and stock market returns.

THE PRUDENT SPECULATOR

EQUITY RETURNS AND RECESSIONS (PRE AND POST) – FAMA FRENCH VALUE

As the saying goes, the stock market (and economists) has predicted nine of the last five recessions, but the 15 prior instances of actual negative economic growth illustrate that long-term-oriented investors (on average) should stay invested (in Value, preferably) no matter what.

U.S. Recession Commencement (per NBER) & Equity Returns
S&P 500 and Fama/French Value Performance

Year Prior S&P 500 TR	Year Prior FF Value TR	Recession Start Date	1 Year S&P 500 TR	1 Year FF Value TR	3 Year S&P 500 TR	3 Year FF Value TR	5 Year S&P 500 TR	5 Year FF Value TR	10 Year S&P 500 TR	10 Year FF Value TR	To Present S&P 500 TR	To Present FF Value TR
51.9%	30.6%	August 1929	-32.6%	-32.0%	-73.5%	-65.1%	-71.1%	-61.7%	-58.0%	-48.4%	303020%	7691191%
18.2%	42.0%	May 1937	-39.3%	-55.8%	-33.2%	-55.0%	-32.5%	-44.7%	53.7%	140.3%	563117%	7280957%
26.3%	56.8%	February 1945	26.0%	42.0%	12.0%	28.6%	64.3%	75.6%	379.2%	469.5%	405852%	3545492%
4.0%	4.8%	November 1948	19.2%	12.2%	101.8%	109.3%	145.2%	130.8%	542.0%	586.7%	329652%	2567450%
3.1%	4.7%	July 1953	31.9%	25.4%	128.9%	118.2%	136.5%	138.6%	308.5%	385.1%	136206%	1075797%
-1.2%	-0.3%	August 1957	10.0%	16.6%	40.2%	55.8%	55.1%	79.0%	188.9%	421.8%	62545%	508225%
-2.4%	-6.3%	April 1960	24.2%	29.5%	41.7%	51.9%	92.4%	130.9%	107.7%	270.1%	47101%	343527%
-8.4%	-20.9%	December 1969	3.9%	8.7%	41.4%	39.8%	-11.3%	-7.6%	77.0%	264.4%	20274%	86989%
-15.2%	-19.4%	November 1973	-23.8%	-14.8%	20.8%	77.2%	23.7%	142.2%	182.3%	716.8%	17128%	76043%
20.6%	30.5%	January 1980	19.5%	12.5%	49.5%	81.1%	102.4%	183.6%	342.4%	480.0%	10738%	21990%
13.0%	23.2%	July 1981	-13.3%	-0.7%	34.0%	78.2%	127.9%	199.8%	343.5%	405.4%	8653%	17224%
6.5%	-7.2%	July 1990	12.7%	10.0%	38.2%	75.2%	83.2%	125.3%	407.4%	436.7%	2124%	3670%
-21.7%	22.3%	March 2001	0.2%	13.1%	1.9%	34.3%	21.4%	83.7%	38.3%	85.6%	436%	492%
5.6%	-8.0%	December 2007	-37.0%	-36.5%	-8.3%	-7.8%	8.6%	4.2%	125.8%	116.4%	277%	214%
8.2%	-9.6%	February 2020	31.3%	39.0%							45%	65%
7.2%	**9.5%**	**Averages**	**2.2%**	**4.6%**	**28.2%**	**44.4%**	**53.3%**	**84.3%**	**217.0%**	**337.9%**	**127144%**	**1547955%**

Through 4.29.22.TR = Total Return. FF Value = Value Weighted Book to Market Portfolios - Blend of Small Value and Big Value.Source: Kovitz Investment Group using data from Bloomberg, Professors Eugene F. Fama & Kenneth R. French and the National Bureau of Economic Research

Stock Updates

Keeping in mind that all stocks are rated as a "Buy" until such time as they are a "Sell," a listing of all current recommendations is available for download via the following link: https://theprudentspeculator.com/dashboard/. We also offer the reminder that any sales we make for our newsletter strategies are announced via our *Sales Alerts*.

Jason Clark, Chris Quigley and Zack Tart offer updates on several of our stocks that had news out worthy of mention last week.

The Federal Reserve released the results of its annual stress test for the nation's largest 33 banks, in which it hypothetically tests the ability of each bank to withstand adverse scenarios. In the 2022 test, the worst case, which the regulator deems the "Severely Adverse" scenario, featured "a severe global recession accompanied by a period of heightened stress in commercial real estate and corporate debt markets." It also incorporated an unemployment rate as high as 10%, a real GDP decline of 3.5% and a 55% drop in equity prices. While those banks considered Systemically Important are not at liberty to disclose their applicable surcharge until next week, each of the 33 total banks examined cleared the minimum Tier 1 common equity ratio hurdle of 4.5%.

All in, considering that the test is countercyclical, meaning that regulators amp the adversity factor more following bouts of calm (and vice versa), we thought our banks fared mostly as expected. Market sensitive investment banks, **Goldman Sachs** (GS – $302.75) and money centers **JPMorgan Chase** (JPM – $117.32), **Bank of America** (BAC – $32.31) and **Citigroup** (C – $47.86) saw larger hypothetical drawdowns in Tier 1 common equity. And we were pleasantly surprised that regionals typically sensitive to commercial, industrial and real estate loan sectors fared relatively well as measured by projected loan losses relative to the group.

Recession is the investor bogeyman these days, and we get the sense that bank has become a 4-letter word for many with the KBW index down slightly more than the market this year. As discussed above, we aren't convinced that the economy is in such dire straits, and even should a recession occur, the stress test results offer some evidence that the country's banking sector would be able to weather the storm.

With capital plans from each of our bank holdings set to be released in the coming weeks, our expectations for large repurchases and dividend hikes are tempered. Nevertheless, the next year or two should see significantly padded net interest income until deposit costs slowly creep higher. The valuation discount of the banking sector (as judged by the P/E on the KBW Index) relative to the S&P 500 remains greater than 40% and we think it could close in a swift manner should net interest margins start to resemble anything close to pre-Financial-Crisis levels.

THE PRUDENT SPECULATOR

BANKS – INEXPENSIVE HIGHER YIELDERS DISCOUNTING A LOT OF BAD NEWS

GS Price: $302.75 Target: $460.78 Yield: 2.6% P/E: 5.9

The Goldman Sachs Group, Inc., a bank holding company, is a global investment banking and securities firm specializing in investment banking, trading and principal investments, asset management and securities services. The Company provides services to corporations, financial institutions, governments, and high-net worth individuals.

ANNUAL EPS

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	27	$60.05	$57.52	$62.47	
12/22 Y	26	$38.81	$34.23	$44.68	-35.4%
12/23 Y	27	$41.17	$34.08	$51.75	6.1%
12/24 Y	16	$45.87	$34.77	$60.75	11.4%
LTM		*$51.52*			
NTM		*$38.89*			

ANNUAL SALES

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	23	$58,703	$58,023	$59,423	
12/22 Y	25	$48,249	$44,059	$51,490	-17.8%
12/23 Y	25	$50,001	$44,641	$56,414	3.6%
12/24 Y	16	$52,465	$46,422	$59,759	4.9%
LTM		*$60,031*			
NTM		*$48,895*			

JPM Price: $117.32 Target: $184.21 Yield: 3.4% P/E: 8.7

JPMorgan Chase & Co. provides global financial services and retail banking. The Company provides services such as investment banking, treasury and securities services, asset management, private banking, card member services, commercial banking, and home finance. JP Morgan Chase serves business enterprises, institutions, and individuals.

ANNUAL EPS

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	30	$14.91	$12.35	$15.51	
12/22 Y	28	$11.44	$10.26	$12.55	-23.3%
12/23 Y	29	$12.86	$11.90	$14.10	12.4%
12/24 Y	18	$13.95	$12.43	$15.08	8.4%
LTM		*$13.48*			
NTM		*$12.06*			

ANNUAL SALES

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	25	$123,918	$121,203	$125,869	
12/22 Y	18	$127,987	$121,123	$132,246	3.3%
12/23 Y	18	$137,560	$129,552	$142,490	7.5%
12/24 Y	14	$143,191	$134,317	$149,545	4.1%
LTM		*$125,895*			
NTM		*$131,627*			

CMA Price: $76.52 Target: $107.28 Yield: 3.6% P/E: 10.6

Comerica Incorporated is the holding company for business, individual, and investment banks with operations in the United States, Canada, and Mexico. The Company subsidiaries provides services such as corporate banking, international finance, treasury management, community and private banking, small business and individual lending, investment services, and institutional trust.

ANNUAL EPS

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	26	$8.25	$7.92	$8.45	
12/22 Y	24	$7.51	$5.60	$8.58	-9.0%
12/23 Y	24	$9.36	$6.45	$11.28	24.7%
12/24 Y	9	$9.49	$8.45	$10.50	1.4%
LTM		*$7.25*			
NTM		*$8.47*			

ANNUAL SALES

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	19	$2,951	$2,941	$2,961	
12/22 Y	20	$3,302	$3,108	$3,452	11.9%
12/23 Y	20	$3,792	$3,537	$4,062	14.8%
12/24 Y	7	$3,832	$3,707	$4,034	1.1%
LTM		*$3,008*			
NTM		*$3,541*			

PNC Price: $162.84 Target: $230.98 Yield: 3.7% P/E: 10.7

PNC Financial Services Group, Inc. is a diversified financial services organization. The Company provides regional banking, wholesale banking, and asset management services nationally and in the Company's primary regional markets.

ANNUAL EPS

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	25	$14.22	$10.99	$16.49	
12/22 Y	25	$14.26	$13.00	$15.55	0.2%
12/23 Y	25	$16.54	$15.18	$18.61	16.0%
12/24 Y	11	$17.93	$15.37	$19.69	8.4%
LTM		*$15.22*			
NTM		*$15.04*			

ANNUAL SALES

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	19	$19,265	$19,146	$19,398	
12/22 Y	20	$20,889	$20,221	$21,626	8.4%
12/23 Y	20	$22,829	$22,195	$23,733	9.3%
12/24 Y	8	$23,998	$22,986	$24,665	5.1%
LTM		*$20,159*			
NTM		*$21,756*			

We understand that economic weakness will likely lead to lower loan growth and higher non-performing assets, but rising interest rates have been boosting net-interest margin, while bank capital levels are strong. We like bank stocks today.

While generally they have been strong performers this year, our agricultural and energy holdings have taken it on the chin of late as worries of declining global demand permeated trading.

Within agriculture, shares of fertilizer producer **Mosaic** (MOS – $46.61) have slumped on news that sales volumes have slowed even as still-elevated pricing drove sales in May to nearly double the year-ago figure. Equipment makers **Deere** (DE – $310.87) and **Caterpillar** (CAT – $185.49) have skidded on mounting recession fears, but while we realize that efforts by central bankers around the world to combat inflation will cool the global economy, we think the price action for each of these holdings is overly pessimistic, particularly in light of geopolitical events that persist.

In a similar vein, shares of **Exxon Mobil** (XOM – $86.90), **EOG Resources** (EOG – $110.59) and **HF Sinclair** (DINO – $43.49) have pulled back sharply even as barrels of West Texas Intermediate crude oil remain over $100 and refining crack spreads are at record highs. In addition to the competitive advantages each of these holdings possess in their respective industries, we continue to appreciate the diversification benefits they add to our portfolios. We also like that each of these names presently boast a dividend yield well north of that offered by the overall market, while we will be unveiling a new recommendation in the energy patch in the upcoming July edition of *The Prudent Speculator*.

THE PRUDENT SPECULATOR

AG & ENERGY – COMMODITY RETREAT PROVIDES A NICE ENTRY POINT

MOS Price: $46.61 Target: $84.70 Yield: 1.3% P/E: 6.8

The Mosaic Company produces and distributes crop nutrients to the agricultural communities. The Company offers feed ingredients, crop nutrient, industrial products, concentrated phosphates, and potash. Mosaic serves customers worldwide.

ANNUAL EPS

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	20	$5.08	$4.90	$5.33	
12/22 Y	19	$14.12	$10.99	$16.55	178.0%
12/23 Y	19	$10.76	$7.29	$15.12	-23.8%
12/24 Y	15	$5.82	$1.32	$11.00	-45.9%
LTM		$6.88			
NTM		$14.59			

ANNUAL SALES

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	17	$12,448	$12,048	$12,879	
12/22 Y	16	$21,907	$20,153	$23,914	76.0%
12/23 Y	16	$18,132	$15,253	$22,932	-17.2%
12/24 Y	13	$14,112	$11,193	$18,972	-22.2%
LTM		$13,983			
NTM		$22,102			

DE Price: $310.87 Target: $496.31 Yield: 1.5% P/E: 16.3

Deere & Company manufactures and distributes a range of agricultural, construction, forestry, and commercial and consumer equipment. The Company supplies replacement parts for its own products and for those of other manufacturers. Deere also provides product and parts financing services. Deere and Company extends its services and products worldwide.

ANNUAL EPS

	#	Mean	Low	High	Y-o-Y Mean Growth
10/21 Y	23	$18.72	$17.91	$19.25	
10/22 Y	24	$23.26	$22.11	$24.25	24.3%
10/23 Y	24	$26.34	$24.57	$30.09	13.2%
10/24 Y	18	$27.22	$11.75	$34.62	3.4%
LTM		$19.10			
NTM		$25.56			

ANNUAL SALES

	#	Mean	Low	High	Y-o-Y Mean Growth
10/21 Y	12	$39,908	$39,057	$40,648	
10/22 Y	16	$47,226	$46,358	$47,977	18.3%
10/23 Y	16	$51,757	$46,499	$56,142	9.6%
10/24 Y	13	$54,520	$49,561	$60,369	5.3%
LTM		$45,793			
NTM		$50,456			

XOM Price: $86.90 Target: $115.93 Yield: 4.1% P/E: 12.8

Exxon Mobil Corporation operates petroleum and petro chemicals businesses. The Company provides operations include exploration and production of oil and gas, electric power generation, and coal and minerals operations. Exxon Mobil also manufactures and markets fuels, lubricants, and chemicals. Exxon Mobil serves customers worldwide.

ANNUAL EPS

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	25	$5.24	$4.73	$5.40	
12/22 Y	25	$10.42	$8.75	$13.46	98.6%
12/23 Y	26	$8.91	$2.33	$13.01	-14.4%
12/24 Y	19	$8.10	$4.94	$11.02	-9.1%
LTM		$6.80			
NTM		$11.00			

ANNUAL SALES

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	19	$283,736	$239,888	$320,366	
12/22 Y	16	$400,454	$335,793	$571,035	41.1%
12/23 Y	17	$360,892	$255,970	$524,997	-9.9%
12/24 Y	12	$344,960	$269,483	$518,194	-4.4%
LTM		$306,874			
NTM		$412,373			

DINO Price: $43.49 Target: $65.97 Yield: 3.7% P/E: 14.4

HF Sinclair Corporation refines, transports, stores, and markets petroleum products. The Company's refineries produce light products such as gasoline, diesel fuel, and jet fuel which are marketed in the southwestern United States, northern Mexico, and Montana.

ANNUAL EPS

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	14	$1.63	$1.34	$2.17	
12/22 Y	15	$8.88	$6.24	$14.19	445.9%
12/23 Y	14	$6.28	$3.34	$10.76	-29.2%
12/24 Y	6	$7.83	$3.22	$23.91	24.5%
LTM		$3.03			
NTM		$9.08			

ANNUAL SALES

	#	Mean	Low	High	Y-o-Y Mean Growth
12/21 Y	11	$16,843	$13,675	$18,488	
12/22 Y	11	$32,160	$6,851	$43,403	90.9%
12/23 Y	9	$34,166	$21,736	$43,083	6.2%
12/24 Y	5	$35,391	$33,089	$38,550	3.6%
LTM		$22,344			
NTM		$33,371			

It has been a tough couple of weeks for agricultural and energy stocks, as recession fears have caused investors to question the demand side of the equation, even as the War in Ukraine continues to significantly impact the supply side.

Shares of **Kohl's** (KSS – $39.25) fell last week as top-suitor Franchise Group announced it may reduce its buyout offer price for the retailer from something close to $60 to something closer to $50 per share. This comes as the Vitamin Shoppe owner entered exclusive negotiations with Kohl's just a few weeks prior.

While we still expect a deal of some sort to eventually be put forth, we increasingly think the price ultimately realized will fall short of the $70 touted by management several months ago. However, we reiterate that while Kohl's has many battles to work through – activist investor pressure, management changes, inflation and deteriorating consumer dynamics – we still find shares quite inexpensive and think multiple opportunities exist for the firm to realize shareholder value, whether it continues as a stand-alone company or through a corporate action. Our Target Price is now $69 and we note that KSS yields a very generous 5.1%.

On a solid day for most stocks, shares of **FedEx** (FDX – $243.24) catapulted nearly 7% higher Friday as new CEO Raj Subramaniam boosted the shipper's EPS guidance for the rest of the fiscal year. The news comes on the heels of a 53% boost to the dividend and certain business and governance actions to lift performance announced the week prior. FDX now expects EPS between $22.50 and $24.50, with the low end coming in higher than Street consensus.

Capacity investments over the past couple of years appear on the verge of bearing fruit, making the $26+ EPS analysts had projected by fiscal 2025 seem a realistic goal. Should FDX hit that $26+ mark, it will have navigated global trade headwinds and a tumultuous (at times) integration of Dutch courier TNT to nearly triple EPS over a decade, an impressive feat for a capital-intensive, macro-sensitive logistics company. Despite a 20% rally since early April, shares still trade for just 10.6 times the NTM EPS estimate. Our Target Price for FDX has been bumped again, this time to $368.