Yardeni Research

MORNING BRIEFING
April 26, 2018

CAT on a Hot Tin Roof

See the collection of the individual charts linked below.

(1) CAT's CFO learns that loose lips sink stocks. (2) CAT's CEO walking back on peaking talk. (3) CAT's major customers are running hot or at least hotter. (4) Mixed bag of earnings for Industrials. (5) Electric cars are coming. (6) Tesla misses production targets and plans to open plant in China (without Chinese partner!). (7) Volkswagen paying the price for diesel scandal by installing electric-car charging stations in US. (8) Clock is ticking for fast NAFTA deal.

Industrials: High-Water Mark vs Peak. To say the stock market is skittish is an understatement. It's as jumpy as a cat on a hot tin roof. That was apparent when Caterpillar (CAT) raised its 2018 adjusted EPS guidance by $2.00 to a range of $10.25 to $11.25, yet its stock dropped 6.3% on Tuesday. When CFO Brad Halverson told investors that Q1's adjusted profit per share would be the "high-water mark for the year," investors headed for the exits.

Halverson did not say Q1 was the high-water mark for the cycle; he said it was for the year. But an analyst on the call noted that over the last 20 years, the high-water mark has always been Q2, with two exceptions. One exception was in 2015 when the oil and gas industry was rolling over. Ominous indeed. Or maybe not.

CAT's IR person gave three reasons why the high-water mark would be Q1 this year. First, Q1 benefited from the company's ability to raise prices more than its costs increased, but for the rest of the year it expects the reverse to be true. Second, spending on R&D projects was slow in Q1 but will pick up as the year progresses. And last, CAT uses absorption costing so it benefitted from the $900 million increase in inventories in Q1. Inventories are expected to decline going forward, so that benefit won't be repeated.

At the end of the call, with the share price already sliding, CEO Jim Umpleby said, "it certainly wasn't our intent to express a concern about peak, to use your word…" And the IR person laundry-listed a number of areas of potential growth: In North America, new home construction remains well below potential. Latin America is just starting to recover and is well below sales levels of a few years ago. Likewise, European sales are far below where they were decades ago.

Undoubtedly with Q1 revenue up 31% y/y and adjusted EPS more than double last year's results, it's understandable that investors are skittish. How do you top those results? However, analysts do expect CAT to grow EPS in coming years, from $1.26 in 2017 to $9.14 this year and $10.54 in 2019. Those estimates will certainly be revised upward given the company's new and improved forecast. Estimates have been climbing for the past three months, when this year's EPS target was only $8.29 and next year's target was $9.68.

We'd be more concerned about CAT if the company's end markets appeared to be in trouble. But they don't. Here's a quick look some of them:

(1) *Miners are digging.* CAT's equipment is sold to miners, and right now the CRB raw industrials index is up 4% y/y and 31% from its low in November 2015 (*Fig. 1*).

(2) *Drillers are drilling*. CAT does a lot of business in the energy patch, and business is booming. The price of Brent crude oil hit $73.86 Tuesday, up 10.5% ytd (*Fig. 2*). US oil field production is at all-time highs, at 10.6 million barrels a day, and the number of US gas and oil rigs has popped over the past year (*Fig. 3* and *Fig. 4*).

(3) *Builders are building*. US new home sales continue to rise but remain well below levels that indicated a robust market in years past. New home sales rose 4.0% in March m/m to a seasonally adjusted rate of 694,000, following a 3.6% increase in February. Sales rose 8.8% y/y during the 12 months ended in March (*Fig. 5*). So far, higher mortgage rates haven't slowed down the pace of sales, but it's certainly an area to watch (*Fig. 6*).

CAT was just one of the many Industrials companies reporting earnings this week. Results were a mixed bag, with some names, like Boeing and Norfolk Southern, beating estimates and trading up after reporting earnings. Another group, including United Technologies and General Dynamics, beat estimates and shares sold off anyway. Those that failed to meet analysts' expectations were taken to the woodshed, including Crane, which missed revenue expectations.

There's a lot of positive news priced into the S&P 500 Industrials stock price index, which has climbed 8.4% over the past year (*Fig. 7*). Revenue and earnings growth rates for the sector are expected to be robust. Analysts' consensus forecasts call for a 6.5% jump in revenues this year and 4.9% next year (*Fig. 8*). An 18.5% improvement in earnings is expected this year, followed by a 12.6% gain next year (*Fig. 9*). The sector's earnings have enjoyed strong upward revisions in recent months (*Fig. 10*). And while the sector's forward P/E did look a little peakish earlier this year at 19.5, it has subsequently dropped back to 17.1, leaving it high relative to history but not overly so (*Fig. 11*).

Autos: Electric Update. With the price of a barrel of West Texas crude oil approaching $70 a barrel, filling up the crossover, truck, or minivan is once again getting expensive. The National Average Pump Price jumped to $2.67 as of April 11, up from a low of $1.70 in February 2016 (*Fig. 12*). Perhaps the sticker shock will prompt consumers to take a second look at the potential benefits of electric vehicles instead of the crossovers and trucks they've favored in recent years? I asked Jackie to take a look at some of the developments in the industry:

(1) *Tough times at Tesla*. Tesla has discovered that building cars isn't quite as easy as expected. The company—which once was expected to produce 2,500 vehicles a week by the end of March—was able to produce only 2,020. Its latest goal: to produce 5,000 cars a week by June and 6,000 a week a few months later, according to a leaked email discussed in a 4/17 article in Electrek.

There has been some good news. China places a 25% import duty on Tesla's vehicles. Even with that duty, Tesla has doubled its sales to more than $2.0 billion in China last year, the largest foreign electric car sales in the country. The company had not established a local manufacturing operation because of the requirement to partner with a Chinese firm. But China recently announced plans to phase out that requirement by 2022 in an effort to ease trade tensions with the US. The joint venture requirement will end this year for makers of electric cars. As a result, Tesla could have its own factory in China as soon as this year, reports another 4/17 article in Electrek.

(2) *More chargers.* Electric cars have had a bit of a chicken-and-egg problem. Would people buy cars without a broad network of chargers available? Would anyone roll out a large network of chargers if

there weren't a large number of electric cars on the road? Well, now the number of chargers on the road seems to be on the verge of expanding rapidly.

Electrify America plans to install or have under development more than 200 electric vehicle chargers across the country by June 2019. The organization has chosen more than 100 Walmart locations in addition to another 100 locations including those at Target Corp. and real estate owners Brixmor Property Group, Kimco Realty, and DDR. Chargers will also be located at refueling locations including those owned by Sheetz, Casey's General Stores, and Global Partners' Alltown.

Electrify America is a subsidiary of Volkswagen Group of America and funded by the diesel emissions settlement with the Environmental Protection Agency. Under the settlement, Electrify America will invest $2.0 billion through 2027 on zero-emission vehicle infrastructure, education, and access. The first of its four investment cycles will spend $500 million to deploy more than 2,000 chargers across 484 sites in 17 metropolitan areas and on highways in 39 states.

"The goal of the first phase is to expand electric car access to major travel corridors and within 17 metro areas across the country. These are mainly, but not entirely, in coastal cities. At the end of the first $500 million investment phase, Electrify America also expects to have chargers spaced at approximately 80-mile intervals along two major cross country routes. Other cities and other routes will follow until the network is completed nationwide at the end of Phase 4 in 2025," according to a 4/23 article in Green Car Reports.

Target also plans to work with Tesla and ChargePoint to further expand the number of charging stations available at its stores. Altogether, Target aims to expand the 18 sites in five states that currently offer charging to more than 100 sites with 600 parking spaces across 20 states, a 4/23 company press release stated.

(3) *China's market accelerating*. Electric vehicle sales in China accounted for more than half of the 1 million electric cars sold worldwide last year. Sales should continue to pick up, as the government is targeting the sale of 7 million electric vehicles annually by 2025. The country has prioritized electric vehicles to improve its polluted air, address concerns about climate change, and reduce the country's dependence on imported oil.

To encourage consumers to go electric, China gives buyers a 10% tax rebate on the purchase of an electric car. To encourage manufacturers to produce electric vehicles, it's imposing tougher vehicle emission rules and introducing quotas next year.

"Global automakers say electrics should account for 35 to over 50 percent of their China sales by 2025," said a 4/22 article on Phys.org. However, right now the country has the same problem that the US has: Drivers prefer large, gas-powered SUVs, and that's where automakers' profits are. In Q1, Chinese SUV sales rose 11.3% y/y to 2.6 million, or almost 45% of all auto sales. Electric cars represented only 2% of sales.

At Auto China 2018, the country's auto show, a slew of manufacturers are bringing their electric offerings. Mercedes-Maybach is showing an all-electric SUV that can hit a top speed of 250 km/h and drive for more than 200 miles on a charge. GM plans to display five all-electric vehicles, including a concept Buick SUV that can travel 375 miles on one charge, plus a hybrid Cadillac XT5 28E, according to the Phys.org article.

Now if they could just convince consumers to buy them.

Trade: NAFTA Revisited. Remember NAFTA? Displaced for a time by the prospect of nuclear war with North Korea, the allegations of Stormy Daniels, and a tell-all by former FBI director James Comey, the North American Free Trade Agreement is back in the headlines. Representatives from the US, Canada, and Mexico are racing the clock to revise the multi-lateral agreement first enacted into law 24 years ago. While the countries seek to modernize the pact to address advances in digital and telecommunications that have occurred in the interim, more contentious have been concerns about trade imbalances and the introduction of protectionist measures (*Fig. 13*).

There is a growing sense that a new deal will be achieved. That's a far cry from when the talks opened in late August of last year under the constant threat that President Trump would scuttle the agreement all together. Though Trump still sends tweets threatening to pull out of NAFTA, as he did on Easter Sunday, the deal-maker-in-chief has softened the rhetoric, using the threat as leverage in other battles, such as stemming border crossings from Mexico. I asked contributing editor Sandra Ward to look at the new urgency to complete a revised NAFTA deal and where things stand since our 8/23/17 *Morning Briefing* last examined the issue:

(1) *Tick, tock.* The sudden rush to reach an agreement stems from a confluence of factors. Chief among them: For the current Republican-controlled Congress to have time to review a revised plan and vote on it, an agreement-in-principle must be reached in early May, according to a 4/23 *WSJ* story. Once an agreement is in hand, the administration would signal its intention to sign it within 90 days, and the final agreement would have to be submitted within 60 days. Congress would have 90 working days to vote on the agreement. With mid-term elections set for this November, this could be Trump's best chance to get a revamped deal.

(2) *More political headwinds.* If an agreement isn't reached soon, a new NAFTA agreement could face more political headwinds in the form of Mexico's general elections scheduled for July 1, when the country will choose a new president to succeed Enrique Pena Nieto. Frontrunner Andres Manuel Lopez Obrador, known as "AMLO," is a former mayor of Mexico City and three-time presidential contender. He's a leftwing populist with a comfortable lead of more than 20.0% in the latest polls over the next candidate, Ricardo Anaya of the National Action Party, according to a 4/23 Bloomberg article. Mexico's Minister of Economy Ildefonso Guajardo noted in March that "You either get it (agreement on a new NAFTA) by April, or then it doesn't matter," according to a 3/16 CBC piece. "You may as well go to the end of the year."

Obrador has advocated suspending NAFTA talks until after the election and vowed to renegotiate any deal that hurts Mexico's interests, explained a 9/30/17 Dow Jones article. Obrador is running on an anti-corruption and anti-establishment platform and has criticized Pena Nieto for selling out to US interests. He has proposed amnesty for drug lords and detailed plans that would upend current energy reforms, noted a 3/13 *FT* article.

Still, Carlos Urzua, Obrador's pick for finance minister if elected, acknowledged that a "rapid conclusion" to talks would be beneficial to keeping markets calm, adding that Obrador "pledges absolute support" for NAFTA, according to a 4/17 Bloomberg article.

The Mexican peso rallied Tuesday after Moises Kalach, head of trade for Mexico's chamber of commerce, CCE, noted that there's a 75% chance that a new NAFTA deal will be struck within the next 10 days, a 4/24 MarketWatch report explained (*Fig. 14*). Prior to that, the currency slid for five straight sessions through Monday as markets became more focused on the implications of an Obrador victory in July, a 4/23 *FT* piece noted.

(3) *Side deals.* The uncertainty surrounding their trade agreement with the US has led Canada and

Mexico to accelerate negotiations to upgrade existing trade pacts with the European Union. Under the new deals, tariffs on almost all goods are eliminated and guidelines for services are provided. Mexico and the EU reached an agreement in principle Saturday to allow duty-free trade between the countries in dairy, pork, services, digital goods, and medicines, according to a 4/21 story in the *NYT*. The original trade agreement signed in 2000 was narrower in scope and focused on industrial goods, eliminating tariffs on cars and machinery.

A pact reached in September between Canada and the EU will allow 98% of Canadian goods to enter the EU duty-free, up from a previous level of 25%.

An adage warns: "Haste makes waste." When it comes to NAFTA negotiations, concluding a deal hastily is necessary to avoid wasting an opportunity to avert its demise.

CALENDARS

US. Thurs: Durable Goods Orders Total, Ex Transportation, and Core Capital Goods 1.7%/0.5%/0.6%, Advanced Goods Trade Balance -$74.5b, Jobless Claims 230k, Weekly Consumer Comfort Index, Kansas City Fed Manufacturing Index, 0.5%, Wholesale Inventories EIA Natural Gas Report. **Fri:** Real GDP & PCE 2.0%/1.1%, GDP Price Index 2.4%, Employment Cost Index 0.7%, Consumer Sentiment Index 98.0, Baker-Hughes Rig Count. (*Wall Street Journal* estimates)

Global. Thurs: Germany Gfk Consumer Confidence 10.8, UK Gfk Consumer Confidence -7, Japan Jobless Rate 2.5%, Japan Retail Trade 0.0%m/m/1.5%y/y, Japan Industrial Production 0.5%m/m/2.0%y/y, ECB Rate Decision 0.00%, ECB Marginal Lending Facility & Deposit Facility Rate 0.25%/-0.40%, Draghi. **Fri:** Eurozone Economic Confidence 112.0, Germany Unemployment Change & Unemployment Rate -15k/5.3%, France GDP 0.4%q/q/2.3%y/y, UK GDP 0.3%q/q/1.4%y/y, Japan Housing Starts 930k, BOJ Rate Decision & 10-Year Yield Target -0.10%/0.00%, BOJ Outlook Report, ECB Survey of Professional Forecasters, Carney. (DailyFX estimates)

STRATEGY INDICATORS

Stock Market Sentiment Indicators (*link*): Our Bull/Bear Ratio (BBR) remained below 3.00 for the fifth week after 26 weeks above. The BBR ticked up to 2.45 this week after falling the prior five weeks from 3.50 to 2.20, which was the lowest reading since November 2016. In mid-January, it was at 5.25—which was the highest reading since early April 1986. Bullish sentiment climbed for the second week this week to 48.0%, after sinking the previous three weeks from 55.5% to 42.2%. The correction count dropped from 39.2% to 32.4% the past two weeks, with nearly all fleeing to the bullish camp. Bearish sentiment was little changed, rising only a percentage point the past two weeks to 19.6%. The AAII Ratio rebounded to 56.4% last week, after sliding the previous four weeks from 63.3% to 37.9%. Bullish sentiment rose from 26.1% to 37.8% last week, while bearish sentiment fell from 42.8% to 29.2%.

AC World ex-US MSCI (*link*): This index is down 0.6% ytd in dollar terms after rising 24.1% in 2017 and 1.7% in 2016. In local-currency terms, the index is down 1.5% ytd compared to gains of 15.3% and 4.1% for all of 2017 and 2016, respectively. Local-currency forward revenues has risen 10.7% from a five-year low in March 2016 to near its highest level since November 2014. Forward revenues has been more stable longer term and is down just 0.7% from its October 2014 record high. Local-currency forward earnings has performed better, with a 29.0% rise from its six-year low in March 2016 to its first record high in April since its prior September 2008 record. Revenues are expected to rise 5.3% in 2018 following an 8.5% gain in 2017, and earnings are expected to rise 9.3% (2018) after surging 21.0% (2017). Analysts are forecasting STRG of 5.0%, down from 5.1% a month ago. Their STRG forecast compares to a seven-year high of 6.8% in March 2017 and is up from a cyclical low of 2.3% in March

2016. Their STEG forecast of 8.9% is down from 9.2% a month earlier and from a four-year-high forecast of 14.1% in March 2017, but up from their 6.3% forecast in January 2016, which was the lowest in seven years. The implied profit margin is expected to rise to 8.1% in 2018 from 7.8% in 2017. The forward profit margin forecast of 8.2% is at a nine-year high now. NERI was negative in April for the first time in seven months, falling to a 19-month low of -1.8% from 0.2%. That compares to a 76-month high of 2.7% in May 2017 and a 51-month low of -11.3% in March 2016. The P/E was steady at a 22-month low of 13.4 in April, down from a 31-month high of 14.8 in January. That compares to a recent bottom of 12.4 in February 2016 and a six-year high of 15.3 in April 2015. The index's 11% discount to the World P/E remains close to its record-low 13% discount during March 2017.

EMU MSCI (*link*): The EMU's MSCI price index has gained 2.4% ytd in dollar terms after rising 25.3% in 2017 and falling 1.2% in 2016. In euro terms, the price index is up 0.6% ytd following gains of 10.2% in 2017 and 1.8% in 2016. Euro-based forward revenues is 3.6% above its six-year low in May 2016, but has stalled around its prior cyclical high from August 2015 and remains 7.4% below its record high (September 2008). Euro-based forward earnings had stalled from 2011 to 2016 but is now at its highest level since July 2011. It remains 19.5% below its record high in January 2008, but has improved 19.4% from its 23-month low in June 2016. Analysts expect revenues to rise 2.6% in 2018 after a 5.3% gain in 2017, and think earnings will rise 6.7% (2018) following a 13.2% increase in 2017. Forecasted STRG of 2.9% is down m/m from 3.1% and a six-year high of 5.0% in April 2017, but up from 2.0% in May 2016. Forecasted STEG of 7.7% is down m/m from 8.1% and from a 78-month high forecast of 21.0% during February 2017, which compares to a seven-year low of 5.7% in April 2016. STEG had been higher than LTEG (currently 10.0%) from July 2016 to May 2017, but is trailing now. The forward profit margin is steady at an eight-year high of 7.7%, which is up from a cyclical bottom of 6.2% in May 2013. The implied profit margin is expected to improve to 7.6% in 2018 from 7.3% in 2017. NERI was negative in April for a ninth month, falling to a 21-month low of -5.0% from -3.1%. That reading is the lowest among the world's regions and down from an 11-year high of 8.1% in May 2017, which compares to a 24-month low of -13.2% in April 2016. The P/E of 13.9 is up from a 23-month low of 23.5 in March, but down from a nine-month high of 14.9 in January. That compares to a 13-year high of 16.4 in April 2015 and a 30-month low of 12.2 in February 2016. The current valuation represents an 8% discount to the World MSCI's P/E now, up from an 11% discount in March and a record-low 25% discount during 2011. But the current reading is still well below the 1% premium during April 2015—the post-euro-inception record high.

Emerging Markets MSCI (*link*): The EM MSCI price index is unchanged ytd in US dollar terms after surging 34.3% in 2017 and rising 8.6% in 2016. In local-currency terms, EM has gained 0.5% ytd compared to gains of 27.8% (2017) and 7.1% (2016). Local-currency forward revenues is up 14.9% from a four-year low in June 2016 to 3.3% below its November 2014 record. Local-currency forward earnings has fared substantially better, rising to record highs recently for the first time since January 2014; it has improved 37.6% from April 2016's six-year low. Revenues are expected to rise 9.2% in 2018, down from an 11.7% gain in 2017. That's expected to lead to an earnings gain of 14.9% in 2018, which follows a 22.6% surge in 2017. Forecasted STRG edged down to 8.6% in April from 8.7% in March, and is down from a four-year high of 9.6% in January 2017. STEG slipped to 13.4% from 13.8% in March, which is down from a cyclical peak of 17.5% in March 2017 and is below LTEG (17.6%) again. The implied profit margin is expected to improve to 7.3% in 2018 from 6.9% last year. The forward profit margin of 7.3% is the highest since March 2012 and up from a record low of 6.0% in February 2016, but remains 3ppts below its 10.3% record high in December 2007. NERI was negative for a third month in April as it weakened to a 15-month low of -2.9%. NERI had been positive for only three months through January after 80 months of negative readings through October, and compares to an 83-month low of -10.2% in March 2016. Emerging Markets' valuation had been more stable recently than that of the rest of the world, but fell to a 15-month low of 11.9 from 12.2 a month earlier, and is down from an eight-year high of 13.1 in January. The index is trading at a 21% discount to the World

MSCI P/E, remaining near its best reading in 16 months and compares to a 10-year-low 30% discount in August 2016.

MSCI World & Region Net Earnings Revisions (*link*): Analysts' recent earnings revisions through April continue to point toward waning optimism about profits across the world, as all regions weakened m/m. Powered by the US, in the lead among regions, the AC World MSCI's NERI was positive for a 15th month, but weakened to 3.0% from 6.6% in April and is down from a 93-month high of 7.1% in February. The US was positive for a 12th straight month as its NERI fell to 14.1% from a record high of 21.8%. EM Eastern Europe was the only other region with positive NERI. The AC World Ex-US was negative for the first time in seven months, and EAFE turned negative for the first time in 17 months. April's scores among the regional MSCIs: US (14.1% in April, down from a record high of 21.8% in March), AC World (3.0, 6.6), EM Eastern Europe (0.7 [nine-month low], 4.4), EM Latin America (-0.8, -0.2), EAFE (-1.2 [18-month low], 1.1), AC World ex-US (-1.8 [19-month low], 0.2), Emerging Markets (-2.9 [15-month low], -1.5), EM Asia (-3.3 [16-month low], -1.5), Europe (-3.8 [21-month low], -1.7), Europe ex-UK (-4.4 [19-month low], -2.5), and EMU (-5.0 [21-month low], -3.1).

MSCI Countries Net Earnings Revisions (*link*): NERI was positive for 19/44 MSCI countries in April, the lowest since October 2017 and down from 24/44 in March. NERI improved m/m in April for only 6/44 countries, the fewest since December 2008, and compared with 14/44 countries that had rising NERIs in March. Among the six countries with improving NERI in April, Chile's was at an 86-month high, followed by Egypt's (14-month high), Sweden's (9), Turkey's (5), Finland's (3), and Hungary's (2). On the flip side, Denmark's was at a 78-month low, followed by those of Portugal (38), Korea (24), Poland (24), Belgium (22), and France (22). Austria's 23-month positive NERI streak is the best among countries, followed by the positive streaks of China (20), Hong Kong (18), Turkey (18), and Japan (17). South Africa's NERI has been negative for 47 straight months, followed by the negative streaks of New Zealand (23), Mexico (18), Pakistan (17), Israel (13), and the United Kingdom (11). NERI turned positive in April for three countries: Chile (for the first time in nine months), Finland (3), and Sweden (3). Eight countries slipped back into negative territory this month; among them, Poland was negative for the first time in 17 months, Norway (6), and Thailand (5). The highest NERI readings in April: US (14.1%), Hong Kong (11.0), Russia (8.6), Austria (8.4), Argentina (7.9), Peru (7.2), the Czech Republic (6.9), Egypt (5.7), Turkey (5.6), Japan (3.1), and Canada (3.0). The weakest NERIs occurred this month in Denmark (78-month low of -14.5), Portugal (38-month low of -13.9), Ireland (-10.7), Korea (24-month low of -9.9), New Zealand (-8.3), Israel (-7.7), the Philippines (15-month low of -7.3), Germany (-6.5), France (22-month low of -6.4), and Mexico (-6.3).

S&P 500 Q1 Earnings Season Monitor (*link*): With nearly 31% of S&P 500 companies finished reporting earnings and revenues for Q1-2018, nearly all metrics are stronger compared to the same point during the Q4 season. If the current readings for revenue and earnings surprise and their y/y growth metrics keep up, Q1 will mark the best quarterly reporting season in seven years. Of the 154 companies in the S&P 500 that have reported, 83% exceeded industry analysts' earnings estimates by an average of 7.3%; they have averaged a y/y earnings gain of 27.7%. At the same point during the Q4-2017 reporting period, a lower percentage of companies (78%) in the S&P 500 had beaten consensus earnings estimates by a lower 4.9%, and earnings were up a lower 15.5% y/y. On the revenue side, 71% beat sales estimates so far, with results coming in 1.8% above forecast and 10.4% higher than a year earlier. At this point in the Q4 season, a higher 82% had exceeded revenue forecasts by a lower 1.1%, and sales rose a lower 7.9% y/y. Q1 earnings results are higher y/y for 92% of companies vs a lower 80% at the same point in Q4, and Q1 revenues also are higher y/y for 92% vs 68% a quarter ago. These figures will continue to change as more Q1-2018 results are reported in the coming weeks. The early results on revenues are very encouraging, particularly the percentage of companies growing revenues y/y. Q1-2018 should mark the seventh straight quarter of positive y/y earnings growth and the strongest since Q4-2010 in part due to lower tax rates.

Contact us by email or call 480-664-1333.

Ed Yardeni, President & Chief Investment Strategist, 516-972-7683
Debbie Johnson, Chief Economist, 480-664-1333
Joe Abbott, Chief Quantitative Strategist, 732-497-5306
Melissa Tagg, Director of Research Projects & Operations, 516-782-9967
Mali Quintana, Senior Economist, 480-664-1333
Jackie Doherty, Contributing Editor, 917-328-6848
Valerie de la Rue, Director of Institutional Sales, 516-277-2432
Mary Fanslau, Manager of Client Services, 480-664-1333
Sandy Cohan, Senior Editor, 570-775-6823