

DOW THEORY FORECASTS®

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Stock Market Trends & Securities Reports Since 1946

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Parsing dividend trends

Changes to our Monitored List

Today we're dropping 13 stocks from the Monitored List and adding 16 new ones.

We don't make such wholesale changes often because the Monitored List isn't a portfolio like the Buy List. We designed the Monitored List to track a cross-section of the most important and influential stocks in all market sectors. As such, most of the stocks on the list are large, well-known, and likely to still deserve a place on the list five years from now. The list also contains every stock we recommend — which is part of the reason for today's shake-up.

Many of our recommended stocks are midsize or niche companies that only make the Monitored List because of our fondness for them. Of course, no stock remains a Buy forever. Today we're purging some of those former favorites from the list, along with a few foreign stocks that have fallen on hard times. In exchange, we're adding some large, vibrant companies that add depth to our market coverage.

Our Monitored List contains 186 stocks, each ranked A (above average), B (average), or C (below average). Check out the list on pages 9 and 10, or at www.DowTheory.com/go/Monitored.

The pace of dividend increases has been slowing since late 2014, a trend we've addressed before and one that some analysts have cited as a reason to avoid dividend-paying stocks. However, investors base their decisions on a single trend at their peril.

We aren't ready to predict that the sky is falling on dividend stocks, for at least three reasons:

1) As the chart below shows, while the number of stocks raising their dividends has declined in the last two-and-a-half years, it remains well above the long-run average.

2) For larger stocks, like those in the S&P 1500 Index, dividend growth is actually more common now than it was a year ago. Over the last 12 months, 80% of the index's dividend-payers increased the payout, up from 62% in the same period a year earlier.

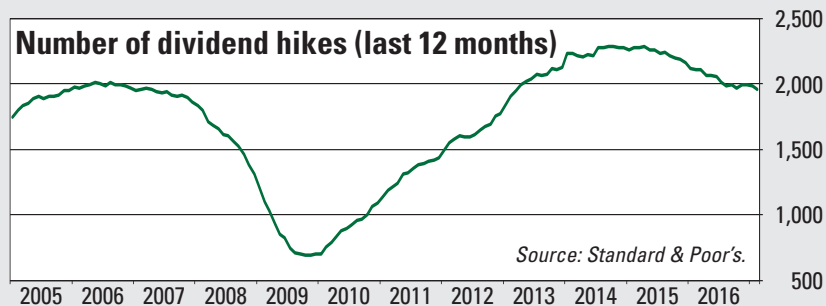
3) Dividend growth has historically been a decent predictor of stock returns. In rolling 12-month periods since 1994, the top one-fifth of the S&P 1500 Index as measured by three-year dividend growth outperformed the average stock 58% of the time, with an average return 0.8% above the index average.

In rolling 12-month periods since the start of 2005, an average of 1,722 U.S.-traded stocks have raised their dividends. As the chart below illustrates, the number of hikes ebbs and flows, peaking at nearly 2,300 in late 2014 and falling below 700 in 2009.

Among S&P 1500 stocks, 922 have paid dividends for each of the last three years. Of those stocks, 774 raised their dividends in the 12

Continued on page 4

FEWER STOCKS BOOST DIVIDENDS



In the 12 months ended March, 1,957 U.S.-traded stocks raised their dividends, above the 12-year norm of 1,722 but down more than 330 from the peak near 2,300 in 2014. The number of dividend hikes has trended generally lower over the last two-and-a-half years.

5 things you should know about this earnings season

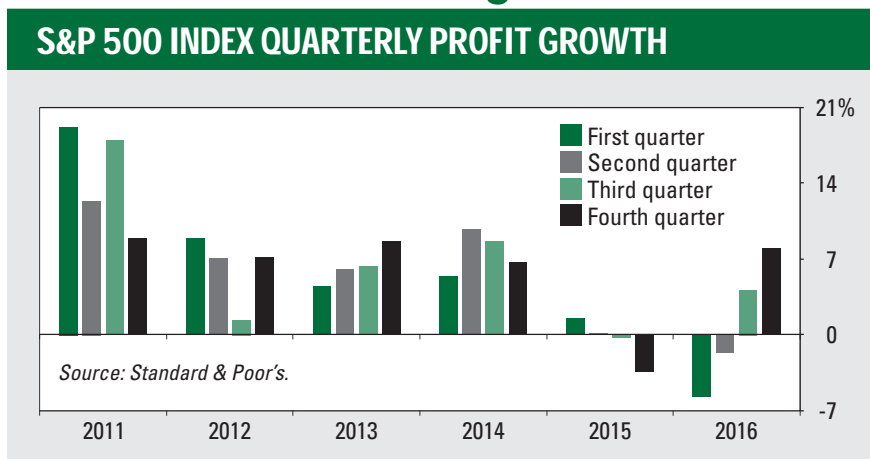
Every earnings season matters. From the middle of the first month after quarter-end to the middle of the second month, corporate results and guidance command investors' attention, often shoving otherwise important business news into the background.

We won't try to predict how the market will react to first-quarter results. But below we'll present a few key points to consider as earnings season approaches.

1) Thomson Reuters projects 10% earnings growth for the S&P 500 Index in the quarter, which would be the strongest in 22 quarters and higher than fourth-quarter growth of 8%. Back at the start of the year, the consensus called for first-quarter profit growth of 13.8%, which means expectations have eroded — as usual.

In recent years, we've usually seen estimates fall during the quarter, then actual results surprise to the upside, a trend likely to repeat for the first quarter as well. Of course, solid profit growth from the S&P 500 doesn't guarantee a strong stock market — but it would be a good start.

2) So far, 79 S&P 500 stocks have provided negative guidance for the first quarter, versus 29 releasing encouraging news. At first



glance, the preponderance of negative announcements looks like a bad sign, but as the old adage says, good news can wait, while bad news must be delivered immediately.

The ratio of negative-to-positive guidance is 2.7-to-1, in line with the long-run average. Relative to historical precedent, this quarter's bad news isn't all that terrible.

3) Analysts expect broad-based improvement. The consensus projects higher profits for all 11 S&P 500 sectors, though six of them are expected to deliver less than 3% growth. Estimates project double-digit growth for the huge and influential financial and technology sectors, as well as for materials. Slow growers include consumer discretionary, consumer staples, health care, and utilities.

4) While aluminum maker **Alcoa** (\$34; AA) isn't the bellwether it once was, the company's longstanding practice of declaring results early has established it as the unofficial starter of earnings season. This year, Alcoa will release results on April 10. Later that week, big financials including **J.P. Morgan Chase** (\$86; JPM) and **Wells Fargo** (\$55; WFC) will announce their earnings.

After the banks, earnings season traditionally begins to heat up, with announcements for the largest U.S. companies peaking in the last week of April and the first week of May. Of course, the stream of earnings never really slows down, as smaller companies and firms with April quarters tend to release later in the cycle. However, we can expect at least two-thirds (and probably closer to three-fourths) of the S&P 500 to release results by the end of the second week of May.

SPECIAL REPORT

The Dow Theory is a method of interpreting and classifying general market trends and does not directly encompass the selection or rating of individual stocks or the duration of market movements. Dow Theory Forecasts endeavors to supply its subscribers with sound opinions and advice based on its analysis of public information from sources believed to be reliable. The opinions and advice of Dow Theory Forecasts are not based on the individual investment objectives of subscribers. It should not be assumed that present or future recommendations will be profitable or will equal past performance.

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MARKET COMMENTARY

Great expectations not always so great

As the story beginning on page 2 makes clear, expectations for March-quarter results are running high, with both sales and profits for the S&P 500 Index expected to grow at year-to-year rates not seen in more than five years. While improved growth is undeniably good news, the high expectations could lead to disappointment.

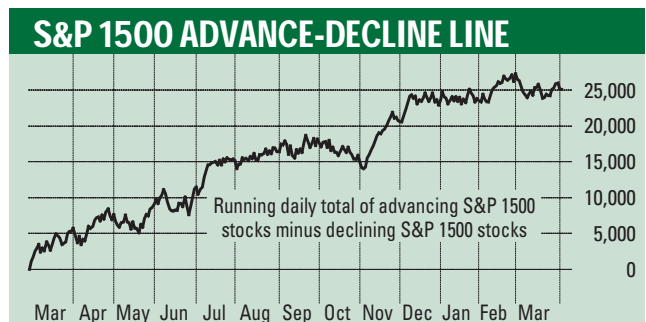
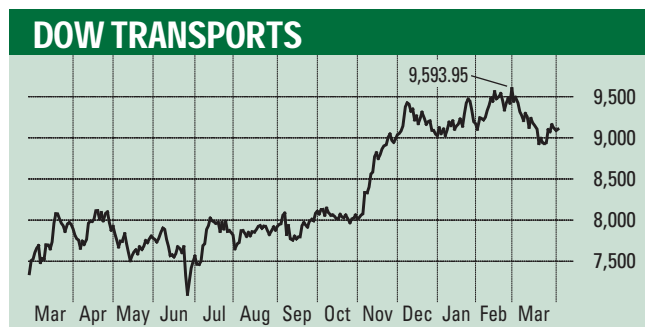
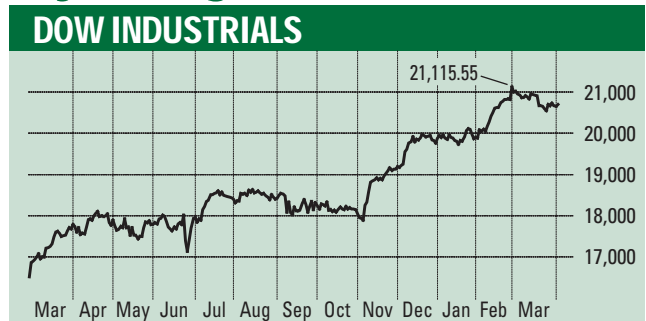
Have stocks rallied too far given the still-sluggish pace of U.S. economic growth, especially if the outlook for tax reform has dimmed somewhat? That's one question investors will be looking to answer by tracking March-quarter results. Below are three others.

Has the long-awaited, oft-predicted correction finally arrived? Earnings-reporting seasons are often the catalyst for pullbacks, and many observers say a 5% to 10% decline in the averages is overdue. The Dow Industrials have not suffered a 5% pullback since February 2016, and their latest dip retraced less than one-fifth of the advance since June.

Still, the averages have a funny way of not doing what most observers expect. A move above the March 1 all-time closing highs of 21,115.55 in the Industrials and 9,593.95 in the Transports would reconfirm the bullish primary trend. While that would not preclude a correction, we'd view a rebound to new highs as a bullish near-term development — especially if broad market measures like the S&P 1500 advance-decline line also rebound to new highs.

Which sectors are poised to outperform? The “reflation” plays that led the market after the election — expected to benefit from faster economic growth and higher inflation and interest rates — have given way to new leadership. Technology and other growth stocks have led in recent trading, but March-quarter results could trigger more sector rotation. We'll be paying particular attention to the financials, as several big-name banks report in the first two weeks of earnings season.

What should I do with my portfolio? Focus on find-



ing attractively valued shares of growing companies — not on big-picture themes like Trump plays versus growth stocks. Don't be afraid to buy stocks that have rallied on good earnings news. For now, our buy lists have more than 96% in stocks.

Continued from page 2

5) Overreactors will come out in force. Yes, earnings are important. However, every earnings season we see some stocks fall sharply on marginally bad news, then bounce back. Shrewd investors pay attention to results but don't make knee-jerk decisions, particularly on the sell side.

Here at the *Forecasts*, we usually

prefer to take a day or so to digest the results. That strategy allows us to analyze rather than just react, and also leaves open a window for new information, either from the company or from other analysts, that provides context on the raw data.

The waves can get rough during earnings season, with news breaking left and right and stock prices dart-

ing around like fish trying to escape from a shark. Stick with us, and we'll help you navigate safely. Keep up with results using our Earnings Tracker, available in the Subscriber Area of www.DowTheory.com. We provide the Earnings Tracker every earnings season, updating results for recommended stocks as they hit the market.

Parsing dividend trends

Continued from page 1

months ended March, up from 652 during the same period a year earlier. All but one sector saw the percentage of companies with dividend hikes rise over the last year. Dividend growth averaged 8% in both periods.

Not surprisingly, the sector with the weakest dividend growth is energy, where just a third of companies boosted the payout over the last year. On average, energy-stock dividends fell 23%.

Does the rise in the percentage of S&P 1500 stocks hiking their dividends prove the marketwide slowdown is over? Not necessarily, though it does suggest we've seen the worst of it. The stabilization of the growth rate at 8% over the last two years is also cautiously optimistic news.

Only time will tell whether recent dividend-growth data represent a blip rather than a change in trend. But either way, we're comfortable recommending stocks that consistently increase their payouts, such as the ones in the table at the bottom of page 5. Three of those stocks are reviewed in the following paragraphs:

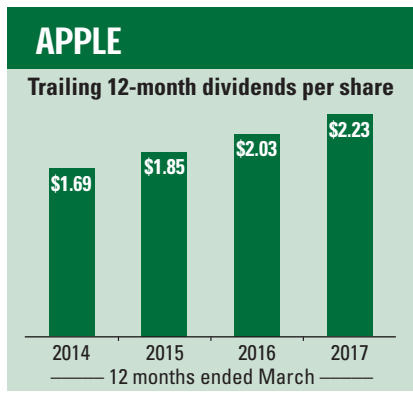
➤ After not paying a dividend in nearly 17 years, **Apple** (\$144; AAPL) initiated a payout in 2012. Since then, the dividend has increased at an annualized rate of 11%. Last year, Apple distributed \$12.3 billion in dividends, second-most among U.S. companies. Despite that massive payout, the dividend accounts for less than one-fifth of operating cash flow, leaving plenty of flexibility for future hikes. In the last 12 months, Apple generated more than \$40 billion in free cash flow after capital spending and dividends, suggesting it could make the dividend as large as it desires.

Apple seems to have worked through the much-publicized slump in iPhone demand. Sales in the De-

PAYOUTS RISE FOR S&P 1500 STOCKS

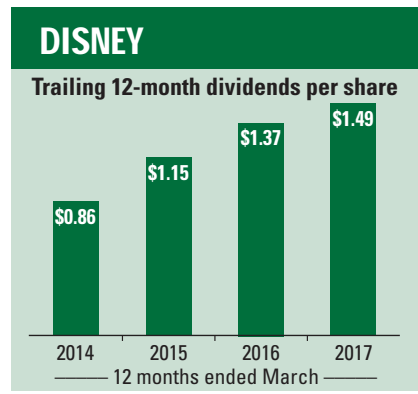
While the number of dividend increases is declining marketwide, larger firms are charting a different course. In 10 of the S&P 1500's 11 market sectors, the percentage of companies raising their dividend in the last year was higher than the percentage during the same period a year ago, a trend that suggests companies remain committed to raising their payouts.

Sector (Number Of Dividend-Payers)	Last 12 Months			A Year Ago		
	Number Raising Dividend	% Raising Dividend	Average Dividend Change	Number Raising Dividend	% Raising Dividend	Average Dividend Change (Annual.)
Consumer discretionary (136)	117	86%	13%	93	68%	10%
Consumer staples (50)	46	92	9	44	88	8
Energy (42)	14	33	-23	13	31	0
Financials (176)	159	90	10	138	78	12
Health care (53)	48	91	8	39	74	9
Industrials (162)	133	82	11	109	67	7
Materials (69)	61	88	8	49	71	7
Real estate (88)	70	80	7	62	70	4
Technology (84)	70	83	6	50	60	7
Telecom services (8)	5	63	-2	6	75	5
Utilities (54)	51	94	8	49	91	7
S&P 1500 (922)	774	84	8	652	71	8



ember quarter, coupled with Apple's guidance, suggest iPhone revenue is becoming more dependable and less cyclical. Expectations for the company are fairly modest, with analysts projecting sales growth of 6% and per-share-profit growth of 8% for fiscal 2017 ending September. Analysts expect higher growth in fiscal 2018, when Apple is expected to launch a new iteration of the iPhone. *Apple, yielding 1.6%, is a Buy and a Long-Term Buy.*

➤ After many years of paying an annual dividend, **Disney** (\$113; DIS) switched to a semiannual payment




in 2015. The odd payment schedule hasn't impinged on growth; over the last six years, the payout increased more than fourfold. Even after that growth, Disney yields a modest 1.4% and pays out only about a quarter of its earnings. We expect the dividend growth to continue in coming years.

Analysts project gains of 2% in revenue and 4% in per-share profits for the year ending September, well below the growth seen in recent years. We can blame much of that weakness on difficult comparisons for the filmed entertainment unit. Three 2016 releases —

INCOME SPOTLIGHT

Zootopia, Finding Dory, and The Jungle Book — combined for about \$3 billion at the box office.

Because movie revenues are both lumpy and unpredictable, Disney's results may vary from year to year. However, Disney is seeing solid demand at its media-networks and parks units, which helps explain why analysts expect some growth this year even after a huge 2016. And if a few of this year's movies hit it big, we could see plenty of upside to expectations. *Disney is a Long-Term Buy.*

 **FedEx's** (\$196; FDX) expected dividend over the next year accounts for only 14% of projected per-share profits. The stock yields 0.8%, a dividend that, on its own, won't inspire income investors to buy in. However, don't let the yield fool you; FedEx is serious about its dividend. The payout has risen at an annualized rate of 23% over the last 10 years. FedEx boosted its payout in 13 of the last 14 years, most recently a 60% hike last June.

Aggressive investment in the delivery network has positioned FedEx for strong growth going forward. We

We like dividend growth

Our Quadrix® system taps into two dividend-growth metrics, three- and five-year growth, both of which contribute to the Quality category score.

While neither metric is a predictive powerhouse, both have worked, with top scorers in those statistics outperforming the average stock. However, the stats' individual power is less important than what they imply about a company.

In general, we like to see companies raise their dividends. Such action suggests management possesses both the will and the financial wherewithal to share the wealth with

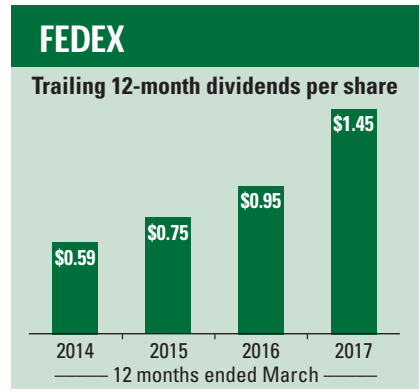
Average 12-month outperformance since 1994 of top quintile of S&P 1500 as measured by . . .

3-year dividend growth: 0.8%
5-year dividend growth: 0.1%

shareholders.

You'll find that most of the stocks we recommend that pay dividends have a history of growing those dividends.

remain optimistic about FedEx's potential despite somewhat disappointing results in the February quarter. Demand remains solid, with package volumes rising for both U.S. and international shipments. Package yields are also on the rise. Analysts expect per-share profits to rise 17% in the May quarter and 14% for fiscal 2018 ending May. *FedEx is a Focus List Buy and a Long-Term Buy.*



DIVIDEND-GROWTH LEADERS

Each of the A-rated stocks below has grown its dividend at an annualized rate of at least 10% over the last three, five, and 10 years, if it has paid a dividend that long. Stocks on our buy lists are presented in **bold**.

Company (Price; Ticker)	Per-Share Dividend	Yield	Annualized — Dividend Growth —			Payout Ratio	Quadrix — Scores —		Sector	Industry
			3 Years	5 Years	10 Years		Quality	Overall		
Alaska Air Group (\$90; ALK)	\$1.20	1.3%	77%	NA	NA	16%	95	89	Industrials	Airlines
AmerisourceBergen (\$87; ABC)	1.46	1.7	17	25%	36%	25	90	88	Health care	Distributors
Amgen (\$162; AMGN)	4.60	2.8	29	48	NA	39	95	92	Health care	Biotechnology
Anthem (\$165; ANTM)	2.60	1.6	20	21	NA	23	72	90	Health care	Managed care
Apple (\$144; AAPL)	2.28	1.6	10	NA	NA	27	89	78	Technology	Tech hardware
Citizens Financial (\$34; CFG)	0.56	1.6	114	NA	NA	29	69	98	Financials	Regional banks
Comcast (\$37; CMCSa)	0.63	1.7	13	20	NA	36	87	85	Cons. discret.	Cable & Satellite
Corning (\$27; GLW)	0.62	2.3	11	19	NA	37	79	87	Technology	Components
CVS Health (\$77; CVS)	2.00	2.6	24	28	27	34	85	91	Cons. staples	Drug Retail
Disney (\$113; DIS)	1.56	1.4	22	29	18	28	91	75	Cons. discret.	Movies & entertain.
EQT Midstream Part. (\$77; EQM)	3.40	4.4	25	NA	NA	62	96	91	Energy	Oil & gas storage
FedEx (\$196; FDX)	1.60	0.8	35	23	23	14	76	82	Industrials	Air freight
Home Depot (\$147; HD)	3.56	2.4	21	22	15	50	96	77	Cons. discret.	Home Improvement
Lear (\$133; LEA)	2.00	1.5	21	19	25	14	95	99	Cons. discret.	Auto parts
Lowe's (\$82; LOW)	1.40	1.7	23	20	23	30	95	97	Cons. discret.	Home improvement
Southwest Airlines (\$53; LUV)	0.40	0.7	52	81	35	11	98	92	Industrials	Airlines
UnitedHealth Group (\$165; UNH)	2.50	1.5	31	31	55	26	87	82	Health care	Managed care

Note: Quadrix scores are percentile ranks, with 100 the best. NA Not available.

Lowe's fixes up well

We are upgrading **Lowe's** (\$82; *LOW*) to the Long-Term Buy List. The second-largest home-improvement retailer, Lowe's is benefiting from the robust housing market. Unlike many retailers, Lowe's also appears well-insulated from Amazon.com (\$909; *AMZN*) because many of its products are large and difficult to ship. The stock's Overall score of 97 reflects strong operating momentum, a decent valuation, and favorable analyst-revision trends. For fiscal 2017 ended January, Lowe's grew sales 10%, per-share profits 27%, and cash from operations 17%. The stock has rallied 15% in 2017 but still looks attractively valued at 20.5 times trailing earnings, versus its five-year average of 22.5.

The retailer's \$2.4 billion acquisition of Canadian rival Rona, completed in May, should help support Lowe's growth prospects. The consensus targets April-quarter earnings per share of \$1.05, up 21%, on revenue growth of 11%. Per-share profits are projected to rise 16% for the year, followed by 14% growth next year. Encouragingly, analyst estimates have steadily risen in the past 60 days. *Yielding 1.7%, Lowe's was previously rated A (above average).*

Media & leisure update

■ According to the Recording Industry Association of America, the U.S. music industry's revenue rose 11% to \$7.7 billion in 2016, its first growth in more than a decade. But as sales for CDs and digital downloads continued to dwindle, demand for streaming music flourished. Streaming music accounted for 51% of the U.S. music industry's revenue last year, up from 34% in 2015. **Apple** (\$144; *AAPL*) is taking a larger share of this growing market. Apple's music service had 40.7 million mobile users in Febru-

RANK CHANGES

Lowe's (\$82; *LOW*) is joining the Long-Term Buy List. We also made a number of changes to the Monitored List. Read about the rationale on page 1 and check out the supplement on pages 9 and 10 for details.

* * * * *

Check for rank changes and market updates on our twice-weekly hotlines, updated Wednesdays after the market's close and Fridays around noon Central time. Go to **www.DowTheory.com** or call (800) 931-2295. **For April, the passcode for the telephone hotline is 403.**

ON THE INTERNET

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ary, said industry researcher Verto, topping rivals Spotify (36.2 million users) and Pandora (30.4 million). In other news, Apple has reportedly approached HBO, Showtime, and Starz about offering a bundle of premium TV networks as a stand-alone product.

Separately, rumors swirled that supplier problems could postpone the launch of Apple's next iPhone until October or November. In each of the past five years, Apple has unveiled its new iPhone in the first two weeks of September and begun selling the device near the end of the month. Prior to that, Apple launched the iPhone 4S in first half of October 2011. *Apple is a Buy and a Long-Term Buy.*

■ Scrambling to stem the tide of lost

advertisers, **Alphabet** (\$849; *GOOGL*) says it has improved its ability to identify offensive YouTube videos and disable nearby ads. The company is also launching new tools to help advertisers monitor where their ads appear on YouTube. Last month, several clients began to boycott YouTube after their ads were placed near offensive videos. Fallout over the advertising flap has cost YouTube \$750 million in sales this year, estimates analyst firm Nomura Instinet, or less than 1% of Alphabet's 2016 revenue. *Alphabet is a Focus List Buy and a Long-Term Buy.*

■ Major internet providers **AT&T** (\$42; *T*), **Comcast** (\$37; *CMCSa*), and **Verizon Communications** (\$49; *VZ*) pledged to not sell customers' online-browsing data, after the Trump administration loosened rules for internet privacy. Separately, Comcast will unveil new details of its wireless service on April 6, after our deadline. In September, Comcast announced that it planned to launch in the middle of 2017 a wireless service that will run on its 15 million Wi-Fi hotspots and airwaves leased from Verizon. *Comcast is a Buy and a Long-Term Buy. AT&T and Verizon are rated B (average).*

■ **Disney** (\$113; *DIS*) plans to spend an extra \$450 million to help fund the expansion of its Hong Kong theme park over the next six years. The company announced plans in November to inject \$1.4 billion in the struggling Hong Kong Disneyland, its smallest park. *Disney is a Long-Term Buy.*

Health-care review

◆ A U.S. patent board ruled in **Biogen's** (\$270; *BIIB*) favor, allowing the drugmaker to avoid paying a 10% royalty on Tecfidera sales to Forward Pharma, starting in 2021. In January, Biogen hedged against a potential defeat by agreeing to pay Forward Pharma \$1.25 billion to license patents covering multiple sclerosis drugs. Tecfidera, a treatment for multiple sclerosis, generated \$3.97 billion in sales last year, roughly 35% of Biogen's

total revenue. Biogen is a Buy and a Long-Term Buy.

■ **CVS Health** (\$77; CVS) failed to renew a contract for providing specialty pharmacy services for the Blue Cross and Blue Shield Federal Employee Program (FEP). The current contract, generating about \$2.8 billion in annual sales, is scheduled to end at the end of 2017. Although the news is disappointing, CVS says the lost contract shouldn't have a material effect on its 2018 operating profit. CVS will continue to provide retail, mail, and clinical services for FEP, as part of a separate contract running through 2018. CVS, expected to deliver \$184 billion in sales this year, is a Long-Term Buy.

Corporate roundup

► **Scana** (\$67; SCG) and **Southern** (\$50; SO) are separately building the first new U.S. nuclear plants in more than 30 years. However, Westinghouse Electric, a major contractor for both projects, has filed for bankruptcy protection, threatening to disrupt construction. Scana and Southern have hired advisers to help them recoup possibly billions of dollars in cost overruns. Both companies have balked at renegotiating their contracts with Westinghouse. Scana says it would still prefer to complete the project, located in South Carolina, though it hasn't ruled out abandoning the construction. Scana is a member of our Top 15 Utilities Portfolio. Southern is rated A in our Utility Update.

► Under its \$1.2 billion stock buy-back plan, **VMware** (\$91; VMW) agreed to repurchase \$300 million of its shares from Dell Technologies by Aug. 4. Recall, Dell paid about \$67 billion in September to acquire EMC, which held an 83% stake in VMware's common stock. VMware has bought an additional \$500 million of stock from Dell since the end of January. VMware is a Focus List Buy and a Long-Term Buy.

► U.S. automobile sales were un-

BUYS AND LONG-TERM BUYS

The Buy List represents our top choices for 12-month gains. Focus List stocks, listed in **bold**, represent the best picks among that group. Long-Term Buys are our top choices for 24- to 48-month gains.

If you want your equity portfolio to track the Buy List or Long-Term Buy List, purchase each of the stocks below in the proportion suggested by the target weight. To represent the cash portion of your equity portfolio, hold 0.0% (Buy List) or 3.0% (Long-Term Buy List) in the **Vanguard Short-Term Corporate Bond** (\$80; VCSH) exchange-traded fund.

If you are copying the Focus List, hold a 0.0% fund position and put the rest into equal-dollar positions in the Focus List stocks.

Company (Price; Ticker)	- Target Weight -		Market		Div. Yield	Div. Payout Ratio	Quadrix Overall Score	52-Wk. Price Range
	Buy List	LT Buy List	Value (Bil.)	Div.				
Alaska Air Group (\$90; ALK)	3.1%	2.6%	\$11.2	\$1.20	1.3%	16%	89	\$101 - \$55
• Alphabet (\$849; GOOGL)	3.6	3.0	594.4	0.00	0.0	0	89	874 - 673
• Amgen (\$162; AMGN)	3.1	2.6	121.4	4.60	2.8	39	92	184 - 134
• Apple (\$144; AAPL)	3.1	2.6	767.3	2.28	1.6	27	78	145 - 89
• Applied Materials (\$38; AMAT)	3.1	2.6	41.8	0.40	1.0	18	99	40 - 19
• Biogen (\$270; BIIB)	3.1	2.6	58.7	0.00	0.0	0	95	334 - 223
Carnival (\$59; CCL)	3.1	2.6	42.8	1.40	2.4	40	99	60 - 43
CBS (\$70; CBS)	3.6	3.0	29.8	0.72	1.0	18	68	71 - 50
• CDW (\$57; CDW)	3.6	3.0	9.4	0.64	1.1	19	94	61 - 38
• Celgene (\$124; CELG)	3.1	2.6	99.6	0.00	0.0	0	90	128 - 94
Centene (\$71; CNC)	3.6	3.0	12.4	0.00	0.0	0	97	76 - 50
Citizens Financial (\$34; CFG)	3.6	3.0	17.7	0.56	1.6	29	98	40 - 18
• Citrix Systems (\$83; CTXS)	3.1	2.6	13.1	0.00	0.0	0	88	96 - 70
• Comcast (\$37; CMCSa)	3.1	2.6	180.0	0.63	1.7	36	85	38 - 30
• CommScope (\$41; COMM)	3.1	2.6	8.1	0.00	0.0	0	93	42 - 26
CVS Health (\$77; CVS)		2.6	82.3	2.00	2.6	34	91	107 - 69
D.R. Horton (\$33; DHI)	3.1	2.6	12.5	0.40	1.2	16	98	35 - 27
Disney (\$113; DIS)		2.6	181.1	1.56	1.4	28	75	114 - 90
EQT Midstream Part. (\$77; EQM)	3.1	2.6	6.2	3.40	4.4	62	91	83 - 69
• F5 Networks (\$138; FFIV)	3.1	2.6	9.1	0.00	0.0	0	84	150 - 94
• Facebook (\$142; FB)		2.6	416.8	0.00	0.0	0	88	143 - 106
FedEx (\$196; FDX)	3.6	3.0	53.1	1.60	0.8	14	82	202 - 145
Foot Locker (\$71; FL)	3.1	2.6	9.5	1.24	1.7	26	94	79 - 51
Ingersoll-Rand (\$82; IR)		2.6	21.5	1.60	2.0	39	81	82 - 59
J.P. Morgan Chase (\$86; JPM)	3.1	2.6	310.8	2.00	2.3	33	82	94 - 57
LabCorp of America (\$144; LH)	3.6	3.0	15.1	0.00	0.0	0	75	145 - 117
• Lam Research (\$128; LRCX)	3.6	3.0	23.5	1.80	1.4	26	97	129 - 72
Lear (\$133; LEA)	3.6	3.0	9.5	2.00	1.5	14	99	149 - 97
Lowe's (\$82; LOW) NEW		3.0	70.8	1.40	1.7	35	97	84 - 65
Mohawk Industries (\$227; MHK)	3.6	3.0	17.0	0.00	0.0	0	92	234 - 176
Owens Corning (\$60; OC)	3.6	3.0	6.9	0.80	1.3	22	94	63 - 45
Southwest Airlines (\$53; LUV)	3.6	3.0	33.1	0.40	0.7	11	92	60 - 35
Synchrony Financial (\$33; SYF)	3.1	2.6	27.4	0.52	1.6	19	86	38 - 23
VMware (\$91; VMW)	3.6	3.0	38.0	0.00	0.0	0	89	93 - 50
• Zions Bancorp (\$41; ZION)	3.6	3.0	8.4	0.32	0.8	16	92	48 - 23

• Nasdaq Stock Exchange. Notes: Quadrix scores are percentile ranks, with 100 the best. **NEW** Added to list.

expectedly weak in March, as heavy promotional activity failed to spur consumer demand. Annualized car sales slowed to 16.6 million, down 1% from a year earlier and well off analyst estimates of 17.2 million. **General Motors** (\$34; GM) reported 2% sales growth, while **Ford Motor**

(\$11; F) suffered 7% lower sales and **Toyota Motor** (\$106; TM) posted a 5% decline. **Lear** (\$133; LEA) shares fell on the news but remain up 30% over the past 12 months. Lear is a Focus List Buy and a Long-Term Buy. GM is rated A (above average). Ford and Toyota are rated B (average).



ANALYSTS' CHOICE

Recent Price	Dividend	Yield	P/E Ratio	Shares (Millions)	Long-Term Debt as % of Capital	52-Week Price Range
\$90	\$1.20	1.3%	13	124	47%	\$101.43 - \$54.51

New Alaska ready to soar

Don't read too much into the name of **Alaska Air Group** (\$90; ALK) — there's a lot more to the company than flights to and from Alaska.

In the wake of December's purchase of Virgin America, Alaska Air has become the largest airline on the West Coast, with 286 planes flying more than 1,200 routes a day, reaching about 900 destinations.

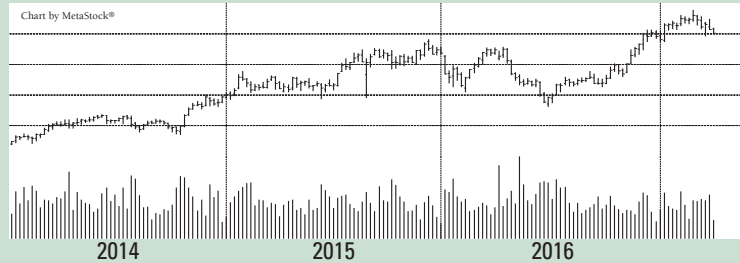
Expectations for the combined company are rising, with the per-share-profit consensus for this year up 19% over the last three months, while the 2018 consensus has risen 14%. Despite the higher targets, growth expectations remain reasonable, with analysts projecting profit growth of 9% in both 2017 and 2018. Alaska Air, yielding 1.3%, is a Buy and a Long-Term Buy.

What's in a name?

Alaska, which purchased Virgin America for \$2.6 billion last year, plans to drop the trendy brand by 2019. Not surprisingly, Virgin founder Richard Branson panned the move. But Alaska plans to retain many of the features that made Virgin America so popular and hip — including mood lighting and a wide selection of in-flight entertainment options.

The merger is not without its problems — including concerns about the need to maintain two types of aircraft, **Boeing** (\$177; BA) jets for Alaska's legacy business and Virgin's Airbus planes. However, Alaska has announced plans to retrofit many of the Airbus jets to accommodate more first-class and extra-legroom seats, bringing them closer to the model of Alaska's own planes. In addition, the company is working with employees

ALASKA AIR GROUP



Quarter	Per-Share Earnings*	Sales Change	Quarterly Price Range	P/E Ratio Range	Quadrax Scores †
Dec '16	\$1.56 vs \$1.46	11%	\$91.89 - \$65.60	13 - 9	Overall 89
Sep '16	2.20 vs 2.16	3	71.63 - 56.45	10 - 8	Momentum 38
Jun '16	2.12 vs 1.76	4	83.26 - 54.51	12 - 8	Value 87
Mar '16	1.45 vs 1.12	6	83.09 - 61.58	13 - 9	Quality 95

Year (Dec.)	Sales (Bil.)	Per-Share Earnings*	Per-Share Dividend	52-Week Price Range	P/E Ratio Range	Fin'l Strength	Earnings Ests.	Performance
2016	\$5.93	\$7.32	\$1.10	\$91.89 - \$54.51	13 - 7	80	44	61
2015	5.60	6.51	0.80	87.17 - 57.71	13 - 9			
2014	5.37	4.18	0.50	60.94 - 36.28	15 - 9			
2013	4.96	2.70	0.20	39.26 - 21.66	15 - 8			

* Earnings exclude special items. † Quadrax scores are percentile ranks.

to preserve elements of both the Virgin and Alaska business cultures, in hopes of blending the best of both.

Remember that even before it purchased Virgin, Alaska stood out from the pack because of its service:

- Nine straight years with the highest customer satisfaction among traditional North American carriers.
- Best in on-time performance in each of the last six years.
- No. 1 in *The Wall Street Journal's* "Middle Seat" scorecard for airlines in four consecutive years.

While Alaska uses a different playbook than Virgin America, both focus on service. This commonality of approach gives us confidence that Alaska can handle an admittedly complicated merger.

Last year, Alaska grew its capac-

ity 10.3%, while traffic rose 13.1%. Capacity growth is expected to slow this year (excluding merger effects), as Alaska, along with many other airlines, cuts back on its investment in new routes. In February, capacity rose just 1.2% while traffic increased 1.7%, causing the load factor, a key measurement of airline efficiency, to increase.

Conclusion

Airlines as a group face several challenges, including rising costs for labor. However, Alaska boasts the best cost structure in the industry, giving it more flexibility for dealing with higher expenses. The airline delivered an operating profit margin of 30.8% last year, best among the eight largest U.S. airlines and well above the industry average of 23.1%.

You can obtain an annual report for Alaska Air Group Inc. at 19300 International Blvd., Seattle, WA 98188, (206) 392-5040, www.alaskaair.com.

For six pages of statistical reports on Alaska Air, visit www.DowTheory.com/Go/Page8.

The *Forecasts*' Monitored List supplement, included with the second issue of each month, provides investment ratings and other key data on 186 monitored stocks. Below we explain some key issues:

- **Rating:** We divide monitored stocks into three categories: A (above average), B (average), and C (below average). Ratings reflect Quadrix scores, competitive positions, valuations, growth potential, and many other characteristics.
- **Recommended stocks:** Stocks in **bold** are recommended for purchase. For more information on these stocks, including target weightings for our three recommended portfolios — the Focus List, Buy List, and Long-Term Buy List — see the table on page 7 of every issue of the *Forecasts*. All recommended stocks earn A ratings.
- **Relative Risk:** The Relative Risk score is calculated based on share-price volatility and stock returns.
- **Quadrix® scores:** These are percentile ranks, with 100

the best. **Overall** scores are based on **Momentum** (recent operating performance), **Value** (price/earnings and other valuation ratios), **Quality** (long-term track record and returns), **Financial Strength** (debt levels and profit margins), **Earnings Estimates** (revision trends), and **Performance** (stock-price action). **Overall** is the most important score. Quadrix scores are designed to rank stocks relative to all of the stocks in our universe of roughly 5,000 companies.

➤ **Sector scores:** The 12-Factor Sector score considers 12 statistics that work particularly well within a given sector. The Reranked Overall score draws on the same numbers used to calculate the traditional Overall score, but the category scores (Momentum, Value, Quality, Financial Strength, Earnings Estimates, and Performance) are reweighted to emphasize the ones that work best within the sector.

➤ **List changes since Mar. 13:** **Lowe's** was added to the Long-Term Buy List.

Sector Company (Price; Ticker)	Div. Yield	Relative Risk	Quadrix Scores *							- Sector Scores * -		YTD Total Return†	Rating
			Momen- tum	Value	Quality	Fin'l Str.	Earns Est.	Perfor- mance	Overall	12-Factor Sector	Reranked Overall		
Consumer Discretionary													
Amazon.com (\$909; AMZN)	0.0%	Below Avg.	84	13	98	69	22	66	55	15	49	21%	B
AutoZone (\$703; AZO) ↘	0.0	Low	51	80	88	76	55	15	81	17	53	-11	B
Carnival (\$59; CCL)	2.4	Below Avg.	89	84	84	87	98	71	99	68	100	14	A
CBS (\$70; CBS)	1.0	Above Avg.	27	67	87	48	32	78	68	31	51	10	A
Charter Commun. (\$332; CHTR) ^{NEW}	0.0	NA	96	34	84	58	16	74	67	18	60	15	B
Comcast (\$37; CMCSa)	1.7	Low	69	66	87	67	54	57	85	57	70	9	A
D.R. Horton (\$33; DHI)	1.2	Below Avg.	73	87	96	52	87	65	98	93	97	22	A
Disney (\$113; DIS)	1.4	Below Avg.	23	59	91	88	88	64	75	45	57	8	A
Foot Locker (\$71; FL)	1.7	Low	69	83	95	78	53	56	94	86	83	1	A
Ford Motor (\$11; F)	5.3	Above Avg.	19	98	59	33	17	20	57	65	22	-6	B
General Motors (\$34; GM)	4.5	Above Avg.	91	98	70	48	72	49	97	62	93	-1	A
Home Depot (\$147; HD) ↗	2.4	Low	49	50	96	55	87	59	77	73	65	10	A
Las Vegas Sands (\$56; LVS)	5.2	Above Avg.	37	38	61	83	12	53	36	2	13	7	C
Lear (\$133; LEA)	1.5	Below Avg.	82	95	95	50	71	61	99	98	98	1	A
Lowe's (\$82; LOW) ↗	1.7	Below Avg.	87	73	95	52	96	66	97	97	98	15	A
Magna Int'l (\$40; MGA)	2.8 ^e	Above Avg.	68	99	92	61	37	29	94	74	75	-8	A
McDonald's (\$130; MCD)	2.9	Low	47	33	66	76	51	55	44	8	29	8	C
Mohawk Industries (\$227; MHK)	0.0	Low	78	69	96	72	55	66	92	42	85	14	A
Netflix (\$144; NFLX) ^{NEW}	0.0	Avg.	88	15	76	66	81	87	64	34	68	16	B
Nike (\$55; NKE) ↗	1.3	Below Avg.	44	49	95	66	22	43	58	25	36	9	B
Priceline (\$1,762; PCLN)	0.0	Avg.	75	35	98	79	56	84	79	63	72	20	A
Starbucks (\$58; SBUX)	1.7	Below Avg.	54	40	99	76	36	42	62	44	43	5	B
Target (\$53; TGT)	4.5	Low	30	96	64	46	19	6	61	32	23	-26	C
Tesla (\$295; TSLA) ^{NEW}	0.0	Avg.	80	12	34	10	10	86	26	NA	NA	38	C
Time Warner (\$98; TWX) ↘	1.6	Avg.	69	66	84	54	37	64	80	37	65	2	B
TJX (\$76; TJX)	1.4	Low	59	60	94	68	71	43	81	61	63	1	B
Toyota Motor (\$106; TM)	3.6 ^e	Below Avg.	5	93	76	70	NA	16	68	7	29	-9	B
Twenty-First Century Fox (\$31; FOXa)	1.1	NA	56	70	74	44	29	80	75	56	61	13	B
Viacom (\$45; VIAb)	1.8	Above Avg.	31	79	49	50	57	85	68	70	53	24	B
Consumer Staples													
Altria (\$72; MO)	3.4	Low	26	39	92	74	23	52	46	31	39	7	C
Coca-Cola (\$43; KO)	3.5	Low	21	31	46	61	15	34	21	12	3	4	C
Colgate-Palmolive (\$73; CL)	2.2	Low	25	29	66	76	38	50	34	18	13	13	C
Costco Wholesale (\$167; COST) ↘	1.1	Low	37	39	81	49	9	45	40	37	18	5	C
CVS Health (\$77; CVS)	2.6	Low	63	95	85	40	70	17	91	97	99	-2	A
Kellogg (\$73; K)	2.9	Low	51	48	44	54	23	22	34	51	25	-1	C
Kimberly-Clark (\$132; KMB)	2.9	Low	41	40	60	63	28	53	39	28	24	16	C
Kraft Heinz (\$91; KHC)	2.6	NA	62	31	49	64	17	43	34	69	15	5	C
Kroger (\$29; KR)	1.6	Below Avg.	31	91	89	41	20	10	70	75	85	-15	B
Mondelez Int'l (\$44; MDLZ)	1.7	NA	33	38	34	56	47	23	26	33	11	0	C
PepsiCo (\$112; PEP)	2.7	Low	31	37	67	51	48	48	38	54	19	8	C
Philip Morris Int'l (\$113; PM)	3.7	Below Avg.	46	22	50	79	89	81	43	29	35	25	C
Procter & Gamble (\$90; PG)	3.0	Low	23	33	51	80	29	43	28	40	10	8	C

Sector	Div. Yield	Relative Risk	Quadrix Scores *							- Sector Scores * -		YTD Total Return†	Rating
			Momen- tum	Value	Quality	Fin'l Str.	Earns Est.	Perfor- mance	Overall	12-Factor Sector	Reranked Overall		
Company (Price; Ticker)													
Reynolds American (\$64; RAI) ^{NEW}	3.2%	Low	83	30	84	73	65	80	72	39	75	14%	B
Walgreens Boots (\$81; WBA)	1.8	NA	49	78	73	47	24	30	67	87	79	-1	A
Wal-Mart Stores (\$72; WMT)	2.8	Low	48	84	57	47	61	44	73	69	88	4	B
Energy													
Anadarko Petroleum (\$63; APC)	0.3	High	90	19	11	29	4	25	18	40	29	-10	C
BP (\$35; BP)	6.9	Avg.	61	59	18	40	NA	31	38	21	77	-6	C
Chevron (\$109; CVX)	4.0	Avg.	43	42	22	22	16	31	22	76	62	-7	C
ConocoPhillips (\$49; COP)	2.2	Above Avg.	70	29	9	28	52	62	28	51	38	-2	C
Enterprise Products (\$28; EPD) ^{NEW}	6.0	Below Avg.	45	46	35	42	50	39	35	NA	NA	3	B
EOG Resources (\$98; EOG)	0.7	Avg.	95	9	21	48	92	34	32	25	26	-3	C
EQT Midstream Partners (\$77; EQM)	4.4	NA	68	80	96	97	48	33	91	64	100	2	A
Exxon Mobil (\$83; XOM)	3.6	Below Avg.	37	35	32	59	12	18	20	67	63	-8	C
Halliburton (\$50; HAL)	1.4	Above Avg.	7	16	16	6	4	38	3	37	10	-8	C
Kinder Morgan (\$21; KMI) ^{NEW}	2.3	Above Avg.	34	45	30	57	64	40	33	64	70	4	C
Occidental Petroleum (\$63; OXY)	4.8	Avg.	65	28	23	27	6	14	18	48	54	-10	C
Phillips 66 (\$78; PSX)	3.2	NA	5	38	39	37	12	17	14	78	66	-10	C
Plains All American (\$31; PAA)	7.0	Above Avg.	4	40	23	26	16	54	15	55	55	-1	C
Schlumberger (\$78; SLB)	2.6	Above Avg.	4	14	22	36	11	22	4	47	14	-6	C
Valero Energy (\$65; VLO)	4.3	Avg.	46	86	64	47	9	48	68	91	97	-4	B
Financials													
Aflac (\$72; AFL)	2.4	Avg.	53	90	57	76	50	42	80	54	76	4	B
American Express (\$78; AXP)	1.6	Avg.	36	84	73	62	56	75	82	83	75	5	A
American Int'l (\$62; AIG)	2.1	Avg.	21	62	32	10	25	31	28	17	4	-5	C
Bank of America (\$23; BAC)	1.3	Above Avg.	85	76	65	81	65	86	93	94	83	5	A
Bank of New York Mellon (\$47; BK)	1.6	Avg.	66	75	70	93	58	62	86	79	74	0	A
Berkshire Hathaway (\$166; BRKb)	0.0	Low	41	71	79	57	17	51	65	39	52	2	B
BlackRock (\$381; BLK)	2.6	Below Avg.	22	49	69	84	30	41	41	36	8	1	B
Capital One Financial (\$84; COF)	1.9	Avg.	52	95	57	47	33	57	79	49	77	-3	B
Charles Schwab (\$39; SCHW) ^{NEW}	0.8	Above Avg.	82	50	84	82	90	70	88	91	56	0	A
Chubb (\$137; CB) ^{NEW}	2.0	NA	67	82	65	54	41	48	80	60	72	4	B
Citigroup (\$60; C)	1.1	Above Avg.	35	93	51	51	66	74	79	82	73	1	A
Citizens Financial (\$34; CFG)	1.6	NA	93	80	69	98	97	74	98	87	94	-3	A
Goldman Sachs (\$228; GS)	1.1	Above Avg.	64	64	72	64	91	69	84	68	60	-5	A
J.P. Morgan Chase (\$86; JPM)	2.3	Above Avg.	53	74	60	89	66	75	82	58	67	1	A
Lincoln National (\$65; LNC)	1.8	Above Avg.	65	90	72	54	56	72	92	77	89	-2	A
Manulife Financial (\$17; MFC)	3.5	Above Avg.	59	95	52	58	NA	62	88	38	84	-2	A
MetLife (\$52; MET)	3.1	Above Avg.	8	78	27	34	38	53	38	17	14	-3	C
Morgan Stanley (\$42; MS)	1.9	Above Avg.	80	70	58	45	61	76	83	92	62	-1	A
PNC Financial Svcs. (\$118; PNC)	1.9	Below Avg.	70	65	55	96	89	74	84	46	57	2	A
Synchrony Financial (\$33; SYF)	1.6	NA	59	94	71	59	32	48	86	62	85	-8	A
Travelers (\$121; TRV)	2.2	Below Avg.	49	89	78	75	25	32	80	76	79	-1	B
U.S. Bancorp (\$51; USB)	2.2	Low	63	69	67	86	83	58	84	33	67	0	A
Wells Fargo (\$55; WFC)	2.8	Below Avg.	59	85	64	90	90	61	91	77	84	0	A
Zions Bancorp (\$41; ZION)	0.8	Above Avg.	91	71	63	95	79	73	92	97	78	-4	A
Health Care													
Abbott Laboratories (\$44; ABT)	2.4	Below Avg.	42	50	34	64	57	58	41	8	35	15	C
AbbVie (\$65; ABBV)	3.9	NA	58	79	89	63	80	50	91	51	92	5	B
Aetna (\$127; AET)	1.6	Low	67	82	81	40	73	50	90	69	94	3	A
AmerisourceBergen (\$87; ABC)	1.7	Low	34	90	90	27	78	55	88	86	94	12	A
Amgen (\$162; AMGN)	2.8	Below Avg.	79	82	95	82	21	46	92	31	95	12	A
Anthem (\$165; ANTM)	1.6	NA	66	82	72	34	75	80	90	89	97	8	A
AstraZeneca (\$30; AZN)	4.6	Low	53	47	37	74	NA	57	43	1	36	15	C
Baxter Int'l (\$53; BAX) ✓	1.0	Below Avg.	84	57	69	78	61	71	82	97	80	19	A
Biogen (\$270; BII)	0.0	Below Avg.	82	88	98	87	28	38	95	55	98	3	A
Bristol-Myers Squibb (\$53; BMY)	2.9	Below Avg.	97	56	68	71	22	27	69	48	69	-9	B
Celgene (\$124; CELG)	0.0	Avg.	93	50	95	69	73	68	90	59	84	7	A
Centene (\$71; CNC)	0.0	Above Avg.	88	94	91	27	45	63	97	96	99	25	A
Cigna (\$150; CI)	0.0	Low	67	75	76	54	66	48	85	65	88	12	A
Eli Lilly (\$86; LLY)	2.4	Low	79	37	44	74	81	61	57	23	44	17	B
Express Scripts (\$66; ESRX)	0.0	NA	47	99	88	41	29	18	84	94	92	-4	B
Gilead Sciences (\$66; GILD)	3.1	Below Avg.	20	96	99	89	16	11	78	42	85	-6	B
HCA Holdings (\$88; HCA)	0.0	Below Avg.	83	92	87	43	74	72	98	81	99	20	A
Johnson & Johnson (\$125; JNJ)	2.6	Low	52	46	74	82	76	56	65	28	56	9	B
LabCorp of America (\$144; LH)	0.0	Low	50	80	76	47	26	58	75	67	82	12	A
Medtronic (\$80; MDT)	2.1	NA	51	54	55	72	70	43	56	51	52	13	B
Merck (\$64; MRK)	3.0	Low	45	52	39	85	51	51	45	23	40	9	C
Mylan (\$39; MYL)	0.0	NA	53	95	55	51	43	35	77	57	89	2	B
Novartis (\$74; NVS)	3.7	Low	29	48	37	76	NA	38	33	2	23	5	C
Pfizer (\$34; PFE)	3.7	Low	51	70	44	78	73	51	66	56	76	6	B
Stryker (\$131; SYK)	1.3	Low	72	37	75	61	83	65	68	26	56	10	B
Thermo Fisher Scientific (\$153; TMO)	0.4	Low	50	60	72	63	86	39	70	71	71	8	B
UnitedHealth Group (\$165; UNH)	1.5	Low	76	59	87	55	53	57	82	84	80	4	A
Zimmer Biomet (\$120; ZBH)	0.8	Low	58	67	45	57	31	47	55	44	67	17	B
Industrials													
3M (\$190; MMM)	2.5	Low	47	36	83	82	68	57	59	18	30	7	B
Alaska Air Group (\$90; ALK)	1.3	Below Avg.	38	87	95	80	44	61	89	85	91	2	A
Boeing (\$177; BA)	3.2	Below Avg.	49	64	89	54	71	86	85	37	79	15	B
Canadian Nat'l Railway (\$73; CNI)	1.7	Below Avg.	70	40	82	86	NA	65	71	1	49	9	B

Sector	Div. Yield	Relative Risk	Momen- tum	Quadrix Scores *						- Sector Scores * -		YTD Total Return†	Rating
				Value	Quality	Fin'l Str.	Earns Est.	Perfor- mance	Overall	12-Factor Sector	Reranked Overall		
Company (Price; Ticker)													
Caterpillar (\$94; CAT)	3.3%	Above Avg.	10	26	27	19	81	42	17	22	5	2%	C
CSX (\$47; CSX)	1.5	Avg.	62	31	60	69	95	90	61	40	38	32	B
Danaher (\$86; DHR)	0.7	Low	64	47	60	78	79	58	65	86	61	10	B
Deere (\$109; DE)	2.2	Avg.	58	35	48	43	63	78	46	53	22	7	C
Delta Air Lines (\$45; DAL) ^{NEW}	1.8	Below Avg.	16	99	91	66	11	31	76	41	76	-8	B
Emerson (\$60; EMR)	3.2	Avg.	58	42	58	64	95	57	60	17	56	8	B
FedEx (\$196; FDX)	0.8	Below Avg.	61	68	76	50	83	52	82	75	89	5	A
General Dynamics (\$186; GD)	1.8	Low	49	44	73	70	41	73	57	8	27	8	B
General Electric (\$30; GE)	3.2	Low	59	42	36	38	28	23	31	21	15	-4	C
Honeywell (\$124; HON)	2.2	Low	37	52	81	61	60	52	60	29	45	7	B
Illinois Tool Works (\$131; ITW) ^{NEW}	2.0	Low	65	35	80	69	70	60	63	24	40	8	B
Ingersoll-Rand (\$82; IR)	2.0	Below Avg.	40	68	88	52	72	70	81	44	78	10	A
Lockheed Martin (\$267; LMT)	2.7	Low	69	41	78	34	74	59	65	16	58	8	B
Norfolk Southern (\$115; NSC) ^{NEW}	2.1	Above Avg.	63	54	54	77	71	58	65	78	61	7	B
Northrop Grumman (\$236; NOC) ^{NEW}	1.5	Low	62	43	84	56	54	49	63	26	46	2	B
Owens Corning (\$60; OC)	1.3	Avg.	56	86	78	66	85	79	94	97	96	17	A
Paccar (\$67; PCAR)	1.4	Avg.	28	60	44	53	91	60	52	55	56	5	B
Southwest Airlines (\$53; LUV)	0.7	Low	56	87	98	71	17	72	92	91	90	7	A
Union Pacific (\$107; UNP) ^{NEW}	2.3	Below Avg.	44	54	80	82	22	51	58	60	29	4	B
United Parcel Service (\$107; UPS)	3.1	Low	17	42	56	47	51	19	29	2	13	-6	C
United Technologies (\$113; UTX)	2.3	Below Avg.	42	63	58	53	77	51	62	28	65	3	B
Materials													
Barrick Gold (\$19; ABX)	0.6 ^e	Avg.	90	64	27	80	NA	74	72	74	81	21	B
Dow Chemical (\$64; DOW)	2.9	Below Avg.	33	57	54	48	67	77	55	51	69	12	B
DuPont (\$80; DD)	1.9	Above Avg.	89	34	47	65	66	75	59	36	42	10	B
Freeport-McMoRan (\$13; FCX)	0.0	High	73	59	9	17	20	59	37	35	17	2	C
Monsanto (\$115; MON)	1.9	Below Avg.	80	38	73	60	82	66	71	45	56	10	B
Newmont Mining (\$34; NEM)	0.6	Avg.	44	51	17	21	4	21	22	16	3	1	C
Nucor (\$60; NUE) ^{NEW}	2.5	Avg.	81	75	53	48	97	61	88	92	96	1	A
Real Estate													
American Tower (\$121; AMT) ^{NEW}	2.1	NA	78	31	88	76	95	66	77	91	84	14	A
Simon Property (\$170; SPG)	4.1	Low	29	44	70	69	5	15	32	63	48	-3	C
Technology													
Accenture (\$118; ACN)	2.1	Low	50	53	90	83	77	31	71	35	57	0	B
Adobe Systems (\$130; ADBE) ^{NEW}	0.0	Low	98	20	96	88	98	83	85	87	83	26	A
Alphabet (\$849; GOOGL)	0.0	NA	90	51	96	97	73	42	89	92	86	7	A
Apple (\$144; AAPL)	1.6	Below Avg.	29	62	89	82	61	88	78	32	71	25	A
Applied Materials (\$38; AMAT)	1.0	Above Avg.	99	69	92	74	88	90	99	87	100	19	A
Auto. Data Processing (\$102; ADP)	2.2	Low	51	32	78	81	46	49	49	4	34	0	B
Broadcom (\$217; AVGO) ^{NEW}	1.9	NA	88	38	42	36	99	85	65	80	47	23	A
CDW (\$57; CDW)	1.1	NA	92	71	94	34	44	85	94	54	99	10	A
Cisco Systems (\$33; CSCO)	3.5	Above Avg.	40	71	76	80	60	63	77	54	63	11	B
Citrix Systems (\$83; CTXS)	0.0	Above Avg.	47	75	93	84	40	85	88	94	89	17	A
Cognizant Technology (\$58; CTSH)	1.0	Below Avg.	40	73	94	82	59	66	86	87	80	4	A
CommScope (\$41; COMM)	0.0	NA	70	71	86	49	80	90	93	44	93	10	A
Corning (\$27; GLW)	2.3	Below Avg.	90	57	79	81	57	68	87	41	85	11	A
eBay (\$34; EBAY)	0.0	Avg.	44	75	77	87	23	59	74	41	70	14	B
F5 Networks (\$138; FFIV)	0.0	Above Avg.	60	63	94	91	43	60	84	85	82	-5	A
Facebook (\$142; FB)	0.0	NA	99	32	100	90	80	72	88	96	88	23	A
Hewlett Packard Ent. (\$18; HPE)	1.5	NA	33	88	59	63	24	55	67	3	56	NA	B
HP (\$18; HPQ)	3.0	NA	51	79	26	46	92	86	72	10	43	20	B
IBM (\$173; IBM)	3.2	Below Avg.	16	73	57	67	53	55	55	14	31	5	B
Intel (\$36; INTC)	3.0	Avg.	64	83	62	86	65	26	82	43	62	1	A
Lam Research (\$128; LRCX)	1.4	Avg.	91	62	93	73	84	90	97	90	98	21	A
MasterCard (\$112; MA)	0.8	Below Avg.	45	31	97	92	70	55	62	29	51	9	B
Micron Technology (\$28; MU) ^{NEW}	0.0	High	96	66	76	58	99	96	96	94	96	29	A
Microsoft (\$66; MSFT)	2.4	Below Avg.	45	27	72	82	56	58	44	8	28	6	C
Nvidia (\$100; NVDA)	0.6	Low	99	8	98	87	67	80	71	21	74	-6	B
Oracle (\$44; ORCL)	1.7	Below Avg.	57	59	70	79	98	70	81	67	63	16	B
Qualcomm (\$56; QCOM)	3.8	Avg.	57	82	74	79	20	23	74	58	66	-13	B
Salesforce.com (\$85; CRM) ^{NEW}	0.0	Below Avg.	55	27	83	57	43	68	50	78	44	25	B
Texas Instruments (\$80; TXN)	2.5	Low	89	37	92	88	79	71	85	34	83	10	B
Visa (\$89; V)	0.7	Low	62	24	90	82	53	56	56	49	50	14	B
VMware (\$91; VMW)	0.0	High	67	58	88	93	69	90	89	85	88	16	A
Telecommunication Services													
AT&T (\$42; T)	4.7	Low	38	81	41	68	33	31	54	100	87	-1	B
Rogers Communications (\$44; RCI)	3.3 ^e	Below Avg.	58	58	31	56	NA	57	49	0	80	15	B
Sprint (\$8; S)	0.0	NA	67	52	32	22	27	79	45	80	33	0	B
T-Mobile (\$64; TMUS) ^{NEW}	0.0	NA	71	52	83	45	10	89	70	NA	NA	10	B
Verizon Communications (\$49; VZ)	4.7	Low	7	81	57	72	21	17	44	67	53	-7	B
Utilities													
Duke Energy (\$83; DUK)	4.1	NA	33	68	30	63	55	46	45	36	46	8	B
Exelon (\$36; EXC)	3.6	Low	48	89	24	44	84	45	66	99	94	3	B
NextEra Energy (\$131; NEE) ^{NEW}	3.0	Low	54	55	58	81	52	48	58	43	54	10	B
UGI (\$50; UGI)	1.9	Low	42	69	68	65	61	59	70	87	88	9	A

NA Not available. NM Not meaningful. ^e Yield estimated. * Scores are percentile ranks, with 100 the best. † Year-to-date return through Apr. 5.
^{NEW} Addition to Monitored list. ‡ New entity, no rank assigned yet. NC Name change.

Below we present our Top 15 Utilities Portfolio and our recommended mutual funds.

► **Top 15 Utilities portfolio.** This portfolio is designed for investors who seek income and wish to own utilities. Rather than buy just one or two utility stocks, we advise subscribers to spread their bets and purchase equal-dollar amounts of all 15 stocks. The resultant portfolio yields roughly as much as the average utility but offers both diversification and superior capital-gains potential. For more information,

visit www.DowTheory.com/Go/Top15.

► **Mutual funds.** We recommend 20 mutual funds. In the third issue of every month, we present a story on mutual funds and provide additional data on our recommended funds. For more information about these funds and thousands of others, visit www.DowTheory.com/Go/Funds.

► **Income plays.** The A-rated stocks below rank near the top 15% of U.S.-traded stocks for Quadrix Overall and yield at least 1.5%.

Company (Price; Ticker)	Div. Yield	— Quadrix Scores * —		
		Overall	Sector	Overall
Atmos Energy (\$80; ATO)	2.2%	52	40	36
Edison International (\$81; EIX)	2.7	83	87	96
Entergy (\$76; ETR)	4.6	57	70	79
EQT Midstream (\$77; EQM) †	4.4	91	64	100
Eversource Energy (\$59; ES)	3.2	72	78	90
Great Plains Energy (\$29; GXP)	3.8	79	94	99
Portland General (\$45; POR)	2.8	40	75	25
Public Service Ent. (\$44; PEG)	3.9	36	25	24
Scana (\$67; SCG)	3.7	70	63	75
SJW (\$48; SJW)	1.8	60	28	39
Star Gas Partners (\$9; SGU) †	4.5	61	48	52
UGI (\$50; UGI)	1.9	70	87	88
Unitil (\$45; UTL)	3.2	56	84	55
Vectren (\$59; VVC)	2.9	58	85	64
WGL Holdings (\$83; WGL)	2.5	57	90	48
Average	3.2	64	65	66

Company (Price; Ticker)	Div. Yield	— Quadrix Scores —		
		Value	Quality	Overall
AmerisourceBergen (\$87; ABC)	\$1.46 1.7%	90	90	88
Amgen (\$162; AMGN)	4.60 2.8	82	95	92
Bank of NY Mellon (\$47; BK)	0.76 1.6	75	70	86
Carnival (\$59; CCL)	1.40 2.4	84	84	99
Citizens Financial (\$34; CFG)	0.56 1.6	80	69	98
Comcast (\$37; CMCSa)	0.63 1.7	66	87	85
Corning (\$27; GLW)	0.62 2.3	57	79	87
CVS Health (\$77; CVS)	2.00 2.6	95	85	91
EQT Midstream Part. (\$77; EQM)	3.40 4.4	80	96	91
Foot Locker (\$71; FL)	1.24 1.7	83	95	94
Lincoln National (\$65; LNC)	1.16 1.8	90	72	92
Lowe's (\$82; LOW)	1.40 1.7	73	95	97
Synchrony Financial (\$33; SYF)	0.52 1.6	94	71	86
U.S. Bancorp (\$51; USB)	1.12 2.2	69	67	84
Wells Fargo (\$55; WFC)	1.52 2.8	85	64	91

Note: Stocks in **bold** are on our recommended lists. * Percentile ranks, with 100 the best. The 12-Factor Sector and Reranked Overall scores rank stocks relative to others in their sector. NA Not available. † Master limited partnerships. ° Dividend and yield estimated.

Recommended mutual funds

Fund (Price; Ticker)	Fund Category	Portfolio		Total Return		Expense Ratio	Rating	Phone No. (800)		
		Target Weight	Conser- vative	Growth	& Category Rank*					
Baird Core Plus Bond (\$12; BCOSX)	Intermediate-term bonds	7%	3%	1.4%	B	3.2%	A	0.55%	89	444-9102
Dreyfus MidCap Index (\$36; PESPX)	Midcap blend	0	0	3.1	D	8.9	A	0.50	86	373-9387
Dreyfus Small Cap Stock Index (\$30; DISSX)	Small-company blend	0	0	-1.0	D	8.8	A	0.50	94	373-9387
Fidelity Overseas (\$43; FOSFX)	Foreign large-co. blend	11	12	8.7	C	3.4	A	1.03	88	544-8544
iShares MSCI EAFE Small-Cap ETF (\$54; SCZ)	Foreign small company	6	8	8.4	D	3.6	A	0.40	87	474-2737
PRIMECAP Odyssey Stock (\$28; POSKX)	Large-company blend	7	8	6.4	A	10.8	A	0.67	94	729-2307
T. Rowe Price QM U.S. Small-Cap (\$30; PRDSX)	Small-company growth	4	4	5.6	B	9.4	A	0.81	88	638-5660
Vanguard 500 Index (\$218; VFINX)	Large-company blend	9	10	5.9	B	10.3	A	0.14	79	662-7447
Vanguard GNMA (\$11; VFIIX)	Government bonds	0	0	0.6	D	2.7	A	0.21	97	662-7447
Vanguard Growth Index (\$63; VIGRX)	Large-company growth	10	11	9.4	B	10.8	A	0.18	90	662-7447
Vanguard High-Yield Corp. (\$6; VWEHX)	High-yield bonds	5	3	2.3	C	4.4	A	0.23	95	662-7447
Vanguard Inter.-Term Tax Exempt (\$14; VWITX)	Municipal bonds	0	0	1.5	C	2.9	B	0.19	80	662-7447
Vanguard Mid-Cap Value (\$40; VMVIX)	Midcap value	7	10	4.8	A	9.1	A	0.19	87	662-7447
Vanguard Short-Term Invest.-Grade (\$11; VFSTX)	Short-term bonds	7	3	0.8	B	1.8	A	0.20	99	662-7447
Vanguard Small Cap Value Index Inv (\$29; VISVX)	Small-company value	4	4	1.1	A	8.8	A	0.19	98	662-7447
Vanguard Strategic Small-Cap (\$35; VSTCX)	Small-company blend	4	4	0.6	C	8.1	B	0.29	93	662-7447
Vanguard Total Bond Mkt. Index (\$11; VBMFX)	Intermediate-term bonds	0	0	1.1	D	2.5	C	0.15	49	662-7447
Vanguard Value Index (\$37; VIVAX)	Large-company value	9	10	3.2	D	9.5	A	0.18	98	662-7447
Vanguard Wellesley Income (\$26; VWINX)	Balanced — 60% bonds	0	0	2.3	E	5.7	A	0.22	99	662-7447
Vanguard Wellington (\$40; VWELX)	Balanced — 60% stocks	10	10	3.5	D	7.2	A	0.25	100	662-7447

* Ranks and returns through April 4, from Morningstar. A = top 20% of fund category; B = next 20%; C = middle 20%; D = next 20%; E = bottom 20%. ° Closed. Fund ratings, which are percentile ranks relative to fund-category peers, are computed monthly using total returns, expense ratios, tax efficiency, and risk-adjusted performance.