The Value Line Investment Survey

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Value Line®

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The Value Line View

In This Issue

The *Selection & Opinion* Index appears in the February 10, 2023 issue on page 1404.

In Three Parts: Part 1 is the Summary & Index. This is Part 2, Selection & Opinion. Part 3 is Ratings & Reports. Volume LXXVIII, Number 37.

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ECONOMIC AND STOCK MARKET COMMENTARY

Nonfarm payrolls increased by 236,000 in March. That gain, though nominally below the consensus forecast of 238,000, pushed the estimated total number of jobs created in the first quarter above the one million mark. The unemployment rate was little changed at 3.5%. These figures raised sentiment that the Federal Reserve will hike the federal funds rate by a quarter point, to 5.00%-5.25%, at its May Federal Open Market Committee meeting. Prior to the labor report, calls for the Fed pausing its interest-rate actions were building.

There were aspects of the March employment report that the Fed had to like. In addition to the slowdown in the pace of monthly jobs creation, the average hourly wage figure rose just 0.3%, bringing the 12-month rate to 4.2%, the lowest since June, 2021. Likewise, the Consumer Price Index (CPI) data showed that price increases at the consumer level moderated in March. On a 12-month basis, the CPI rose 5.0%, which was a full percentage point below the February figure.

The Fed will likely continue to walk a tightrope in its fight against inflation. True, employment gains may give policymakers more wiggle room to raise rates. However, the central bank must guard against over-tightening the monetary reins and creating more stress in the banking, commercial real estate, and consumer credit card areas. In mid-March, federal regulators had to step in to resolve a liquidity crunch at a few regional banks in order to avoid a banking crisis contagion.

Then there is the impact higher borrowing costs are having on the U.S. economy. The housing market was the first area to feel the ill effects of elevated rates on demand, with home sales falling sharply. Likewise, manufacturing activity has contracted for five straight months and nonmanufacturing activity, though still expanding modestly, dropped nearly four percentage points, to 51.1%, in March. The recently commenced first-quarter earnings season will provide more insight into the health of the U.S. consumer. A recession in the near term is plausible.

Conclusion: With most signs pointing to the Fed raising rates into a period of slowing growth, we would continue to exercise caution on the investment front. Please refer to the inside back cover of *Selection & Opinion* for our statistically based Asset Allocation Model's current reading. ■

CLOSING STOCK MARKET AVERAGES AS OF PRESS TIME

	4/4/2023	4/11/2023	%Change 1 week	%Change 12 months
Dow Jones Industrial Average	33402.38	33684.79	+0.8%	-1.8%
Standard & Poor's 500	4100.60	4108.94	+0.2%	-6.9%
N.Y. Stock Exchange Composite	15374.11	15520.92	+1.0%	-6.1%
NASDAQ Composite	12126.33	12031.88	-0.8%	-10.3%
NASDAQ 100	13100.07	12964.15	-1.0%	-7.3%
Value Line (Geometric)	551.27	556.97	+1.0%	-9.9%
Value Line (Arithmetic)	8908.96	9007.43	+1.1%	-3.5%
London (FT-SE 100)	7634.52	7785.72	+2.0%	+2.2%
Tokyo (Nikkei)	28287.42	27923.37	-1.3%	+4.1%
Russell 2000	1769.66	1786.60	+1.0%	-9.8%

Model Portfolios: Recent Developments

PORTFOLIO I

We are making one change to Portfolio I this week. Comcast Corp. is being replaced since it is no longer timely. We are adding *Gibraltar Industries*. *Gibraltar* is a leading North American metal processor and distributor of products used in both residential and commercial markets. The company's business segments include Renewable Energy, Residential Products, Agtech, and Infrastructure. *Gibraltar* has reported healthy growth in earnings per share over the past decade and we expect this pattern will continue in the years ahead. We do anticipate a measure of unevenness in the near term, given weakness in demand that the Agtech and Renewables segments have experienced lately. However, the company's Residential Products line ought to further benefit from healthy multifamily development in the South and Midwest regions of the United States, and the Infrastructure business should be able to capitalize on an increase in federal spending.

First-quarter earnings season is now upon us. A number of Portfolio I selections are scheduled to report quarterly performance in the coming weeks. The list includes *Bank of New York Mellon*, *Boston Scientific*, *Danaher*, *Humana*, *Union Pacific*, and *Visa*. We will examine these reports closely to see how these companies have performed, and for indications of what lies ahead.

PORTFOLIO II

JPMorgan Chase and *Bank of America* were scheduled to kick off earnings season for the S&P 500 stocks on April 14th and 18th, respectively. It was investors' first chance to hear how the failure of Silicon Valley Bank affected the money center banks over the past few weeks.

Wall Street expected net interest margin to compress a bit, as deposit rates rise. Also, loan growth is not as great as expected and the full impact of the year-plus hiking cycle has likely not been felt on the global macroeconomy, or the domestic housing market, to which *BAC* is more exposed.

After posting disappointing financial results in the June 2022 quarter, each bank reported better-than-expected earnings results in each of the last two quarters. We are not sure if expectations have been ratcheted down, despite the weak stock prices of late.

Meanwhile, *Value Line*'s median dividend yield is 2.3%. This figure pales in comparison to short-term Treasury rates, though we suspect that the recent flood of money into short-term bond funds may be less steady as the Government comes closer to raising the debt ceiling later this year.

We are more concerned about softer earnings for 2023 and the possibility of a P/E ratio approaching 20.0x, if S&P 500 earnings really disappoint. Investors are encouraged to stay diversified and focus on equities with higher Financial Strength Ratings. We are making no changes to Portfolio II this week.

PORTFOLIO III

Earnings season is here and the outlook is not encouraging. The Wall Street consensus calls for corporate profits to decline for the second straight quarter. FactSet estimates that net income will decline by 6.8%, compared to the similar year-ago period. Rising input costs and increased interest expenses will likely continue to lower many companies' margins. Moreover, the recent turmoil in the banking sector has highlighted issues in this key industry. Concerns are growing that tighter lending requirements will result in fewer loans, causing a decline in economic activity.

Regarding the portfolio, *UnitedHealth Group, Netflix,* and *Bank of New York Mellon* were scheduled to report earnings shortly after we went to press. The fact that the financial stocks are the first to report earnings could possibly set a negative tone, if profits are down due to a spike in funds set aside for potential loan losses. Indeed, the market's tone could turn negative before most corporations release their income statements, resulting in investors punishing those that fall short of expectations. In the recent past, our holdings in financial-related businesses have not been able to keep pace with the broader market averages. Some in this space may be oversold, and we will monitor the coming earnings presentations looking for some high-quality members of the group whose prices may be attractive enough to warrant establishing a position. One such candidate is Charles Schwab. We made no changes to Portfolio III this week.

PORTFOLIO IV

The U.S. stock market has spent the first part of April moving in a sideways fashion. Investors may still be digesting the gains logged in late March, while looking for a better sense of direction. The economy has been holding up reasonably well in a challenging environment, and inflation seems to be easing. However, some investors worry that the Federal Reserve may take further action if needed.

Meanwhile, the first-quarter earnings season is just beginning, and while we are waiting for the results to be released we can take a closer look at some of our holdings. In the broader consumer sector, we have noticed that shares of *McDonald's* are pressing into new high territory, which is commendable given current market conditions. *McDonald's* should benefit from restructuring efforts, efficiency improvements, and a major push to add locations. Currency translation challenges and inflationary pressures may persist for a while, but improvement on this front could be a positive catalyst.

On a related note, shares of *Coca-Cola* have held up well over the past several months. Looking ahead, we think results will benefit from an improved product line, pricing initiatives, entry into the alcoholic beverage market place, and a push to improve the Costa coffee business. These stocks, while not the most dynamic issues, are defensive holdings and bring stability to our portfolio.

We are not making any trades in Portfolio IV this week. ■

PORTFOLIO I: STOCKS WITH ABOVE-AVERAGE YEAR-AHEAD PRICE APPRECIATION

Primarily suitable for more aggressive investors

Ratings & Reports Page	Ticker	Company	Industry Name	Recent Price	Timeliness Rank	Current P/E	18-Month Apprec. Potential, %	Financial Strength	Original Rec. Price	Original Rec. Date
111	A	Agilent Technologies	Precision Instrument	138.02	3	24.4	25	A	142.18	2/27/23
2506	BK	Bank of NY Mellon	Bank	45.23	2	9.5	10	A	44.65	11/21/22
163	BSX	Boston Scientific	Med Supp Invasive	50.34	3	40.0	10	B++	41.34	11/15/21
1755	DHR	Danaher Corp.	Diversified Co.	249.54	3	24.4	25	A+	246.37	5/16/22
430	FDS	FactSet Research	Information Services	403.70	3	27.1	30	A+	411.55	3/20/23
2616	FISV	Fiserv Inc.	IT Services	113.71	2	16.1	10	B++	97.47	11/29/21
2550	FLT	FLEETCOR Technologies	Financial Svcs. (Div.)	210.42	3	12.6	25	B++	293.44	5/3/21
385	G	Genpact Limited	Industrial Services	44.86	2	16.1	35	B++	48.04	2/21/23
739	ROCK	Gibraltar Inds.	Steel	47.29	2	14.0	55	B+	47.29	4/17/23
320	HUBG	Hub Group	Trucking	81.02	2	10.0	45	A	81.02	4/10/23
796	HUM	Humana Inc.	Medical Services	524.56	3	19.2	15	A	459.51	11/1/21
2584	INTU	Intuit Inc.	Computer Software	444.72	3	33.6	15	A+	410.00	1/23/23
949	JNPR	Juniper Networks	Telecom. Equipment	33.92	3	15.3	20	A	31.99	3/20/23
2561	PYPL	PayPal Holdings	Financial Svcs. (Div.)	74.52	3	19.3	35	A	79.45	2/13/23
1731	RRX	Regal Rexnord	Machinery	130.00	2	12.6	50	B++	140.50	4/3/23
2594	SSNC	SS&C Techn. Hldgs	Computer Software	56.20	3	11.6	40	B+	59.50	5/23/22
187	SYK	Stryker Corp.	Med Supp Invasive	288.24	3	29.3	5	A++	248.48	4/5/21
1125	UFPI	UFP Industries	Building Materials	77.51	2	9.7	35	B+	77.75	3/27/23
346	UNP	Union Pacific	Railroad	198.37	3	18.9	30	A++	206.05	2/13/23
2568	V	Visa Inc.	Financial Svcs. (Div.)	226.43	3	27.3	25	A++	200.33	3/14/22

To qualify for purchase in the above portfolio, a stock must have a Timeliness Rank of 1 or 2, and a Financial Strength Rating of at least B+. The stock also has to offer above-median 18-month appreciation potential. If a stock's Timeliness Rank falls below 3 or its 18-month appreciation potential drops to zero or becomes negative, it will be automatically removed. Stocks in the above portfolio are selected and monitored by Michael F. Napoli, Senior Analyst.

PORTFOLIO II: STOCKS FOR INCOME AND POTENTIAL PRICE APPRECIATION

Primarily suitable for more conservative investors

Ratings & Reports Page	Ticker	Company	Industry Name	Recent Price	Current Dividend Yield, %	Timeliness Rank	Safety Rank	Financial Strength	Original Rec. Price	Original Rec. Date
905	AEP	Amer. Elec. Power	Electric Util. (Central)	94.44	3.5	4	1	A+	104.56	8/15/22
576	AMT	Amer. Tower 'A'	Wireless Networking	208.35	3.2	5	2	A	195.08	2/27/23
2503	BAC	Bank of America	Bank	27.94	3.3	3	3	A	36.37	2/6/23
1608	BMY	Bristol-Myers Squibb	Drug	70.28	3.3	4	1	A++	76.47	6/21/22
1358	AVGO	Broadcom Inc.	Semiconductor	627.39	2.9	2	3	B++	522.21	11/28/22
1906	BG	Bunge Ltd.	Food Processing	94.17	2.7	3	3	B++	89.60	6/7/21
2137	CVS	CVS Health	Retail Store	76.04	3.3	4	2	A+	98.55	5/23/22
1515	CPT	Camden Property Trust	R.E.I.T.	104.80	3.9	3	3	B+	130.09	9/6/22
1400	DELL	Dell Technologies	Computers/Periph'ls	41.43	3.6	NR	3	B++	39.41	12/27/22
2168	DKS	Dick's Sporting Goods	Retail (Hardlines)	137.10	2.9	3	3	B++	105.64	4/11/22
527	EOG	EOG Resources	Natural Gas (Div.)	120.37	2.8	3	3	B++	113.76	6/27/22
1613	GILD	Gilead Sciences	Drug	82.60	3.6	3	1	A	72.47	12/20/21
2517	JPM	JPMorgan Chase	Bank	127.89	3.4	3	2	A+	125.87	1/3/21
949	JNPR	Juniper Networks	Telecom. Equipment	33.92	2.6	3	2	A	32.80	3/27/23
2388	LAMR	Lamar Advertising	Advertising	99.78	5.1	3	3	B+	97.12	12/12/22
1532	PSA	Public Storage	R.E.I.T.	311.46	3.9	3	2	B++	308.96	7/18/22
363	QSR	Restaurant Brands Int'l	Restaurant	66.32	3.3	3	3	B	59.90	2/8/21
1627	SNY	Sanofi ADR	Drug	54.99	3.5	4	1	A+	44.74	11/21/22
517	SHEL	Shell plc	Petroleum (Integrated)	60.80	3.8	2	3	B++	54.69	11/21/22
346	UNP	Union Pacific	Railroad	198.37	2.6	3	1	A++	215.83	12/12/22

To qualify for purchase in the above portfolio, a stock must have a yield that is in the top half of the Value Line universe and a Safety Rank of 3 or better. Stocks are monitored by Charles Moran, Senior Analyst.

PORTFOLIO III: STOCKS WITH LONG-TERM PRICE GROWTH POTENTIAL

Primarily suitable for investors with a 3- to 5-year horizon

Ratings & Reports Page	Ticker	Company	Industry Name	Recent Price	Proj. 3- to 5-yr. Ann'l EPS Growth, %	Current P/E	3- to 5-yr. Proj. P/E	3- to 5-yr. Apprec. Potential, %	Original Rec. Price	Original Rec. Date
748	ALL	Allstate Corp.	Insurance (Prop/Cas.)	116.11	3.5	32.1	12.0	70	59.20	6/24/14
1399	AAPL	Apple Inc.	Computers/Periph'ls	162.03	10.5	27.0	22.0	25	20.05	5/21/12
2119	AN	AutoNation, Inc.	Retail Automotive	129.00	15.0	5.7	7.0	105	42.85	7/24/17
2120	AZO	AutoZone Inc.	Retail Automotive	2554.44	13.0	19.3	15.0	15	1188.59	2/22/21
2506	BK	Bank of NY Mellon	Bank	45.23	6.5	9.5	13.0	70	31.87	3/3/14
2332	DIS	Disney (Walt)	Entertainment	100.81	86.0	40.3	19.0	90	112.55	11/21/18
309	FDX	FedEx Corp.	Air Transport	231.60	9.0	16.5	14.0	65	167.89	8/22/16
1215	GNRC	Generac Holdings	Power	102.20	19.0	20.5	26.0	355	219.84	5/23/22
1917	HRL	Hormel Foods	Food Processing	40.22	4.5	21.2	25.0	45	6.13	11/24/08
1362	INTC	Intel Corp.	Semiconductor	32.52	-3.5	NMF	12.0	45	39.04	10/2/17
1720	KRNT	Kornit Digital Ltd.	Machinery	17.91	41.0	NMF	49.5	390	25.41	7/18/22
1617	MRK	Merck & Co.	Drug	112.61	8.5	16.7	14.0	30	94.41	6/27/22
2640	META	Meta Platforms	Internet	214.75	7.0	21.8	20.0	50	152.87	6/19/17
2341	NFLX	Netflix, Inc.	Entertainment	338.99	14.5	31.0	36.5	80	186.51	5/16/22
2112	PVH	PVH Corp.	Apparel	86.88	16.5	9.0	13.0	115	115.15	8/11/14
1587	RIO	Rio Tinto plc	Metals & Mining (Div.)	67.19	5.0	11.8	7.0	30	69.37	3/14/22
365	SBUX	Starbucks Corp.	Restaurant	104.74	15.5	30.8	26.0	45	40.12	1/12/15
810	UNH	UnitedHealth Group	Medical Services	515.18	12.0	21.4	16.0	15	42.05	3/3/08
933	VZ	Verizon Communic.	Telecom. Services	39.35	2.0	8.2	17.5	160	51.24	6/13/22
2568	V	Visa Inc.	Financial Svcs. (Div.)	226.43	13.5	27.3	28.0	40	62.45	11/17/14

To qualify for purchase in the above portfolio, a stock must have above-average 3- to 5-year price-appreciation potential. As the price of a stock in this portfolio rises, the computed appreciation potential may fall; it may still be held. This portfolio is most appropriate for investors focused on long-term capital gains. Stocks in the above portfolio are selected and monitored by James A. Flood, Editorial Analyst.

PORTFOLIO IV: STOCKS WITH ABOVE-AVERAGE DIVIDEND YIELDS

Primarily suitable for investors interested in current income

Ratings & Reports Page	Ticker	Company	Industry Name	Recent Price	Safety Rank	Financial Strength	Current Dividend Yield, %	Proj. 3- to 5-yr. Ann'l Div. Growth, %	Original Rec. Price	Original Rec. Date
903	LNT	Alliant Energy	Electric Util. (Central)	54.92	2	A	3.3	6.0	18.65	1/4/11
2437	BX	Blackstone Inc.	Public/Private Equity	81.59	3	B++	4.5	9.5	29.52	3/6/17
147	CAT	Caterpillar Inc.	Heavy Truck & Equip	215.53	2	A+	2.2	3.0	88.30	5/18/15
943	CSCO	Cisco Systems	Telecom. Equipment	51.33	1	A++	3.0	8.0	49.41	3/15/21
1966	KO	Coca-Cola	Beverage	62.69	1	A++	2.9	6.0	41.38	7/20/15
133	ED	Consol. Edison	Electric Utility (East)	99.21	1	A+	3.3	3.0	39.74	2/27/09
967	ETN	Eaton Corp. plc	Auto Parts	157.44	3	B++	2.2	5.5	63.47	7/25/16
566	LYB	LyondellBasell Inds.	Chemical (Specialty)	94.97	3	B++	5.0	2.5	89.35	9/5/17
361	MCD	McDonald's Corp.	Restaurant	283.78	1	A++	2.2	7.0	123.07	12/27/16
1617	MRK	Merck & Co.	Drug	112.61	1	A++	2.6	8.0	56.90	12/15/14
1178	PKG	Packaging Corp.	Pkg. & Container	140.95	2	A	3.5	8.0	131.34	11/21/22
2621	PAYX	Paychex, Inc.	IT Services	109.30	2	A	3.1	11.0	45.76	9/28/15
1625	PFE	Pfizer, Inc.	Drug	41.73	1	A++	3.9	4.0	34.50	10/19/15
1556	PRU	Prudential Fin'l	Insurance (Life)	84.15	3	B++	5.9	5.0	101.61	5/21/18
142	SO	Southern Co.	Electric Utility (East)	72.04	2	A	3.8	3.0	32.84	6/1/10
1776	MMM	3M Company	Diversified Co.	102.76	2	A	5.8	2.0	202.61	5/24/21
315	UPS	United Parcel Serv.	Air Transport	190.26	2	A+	3.4	10.5	117.08	5/21/18
782	USB	U.S. Bancorp	Bank (Midwest)	35.61	3	B++	5.5	5.5	47.12	3/6/23
933	VZ	Verizon Communic.	Telecom. Services	39.35	1	A++	6.7	2.5	50.99	3/16/20
412	WM	Waste Management	Environmental	162.28	1	A	1.7	4.0	34.95	4/9/12

To qualify for purchase in the above portfolio, a stock must have a yield that is at least 1% above the median for the Value Line universe, and a Financial Strength Rating of at least B+. Stocks are selected and monitored by Adam Rosner, Editorial Analyst.

The Metals and Mining Industry: Investment Considerations

The numerous companies that make up the metals and mining industry are focused on locating and extracting metal and mineral reserves (copper, aluminum, coal, nickel, and iron ore to name a few) around the globe. These metals and minerals are used in a variety of important industries, such as manufacturing, construction, technology, and transportation. Metals are also traded on public exchanges, which include the London Metal Exchange (LME) and New York Mercantile Commodity Exchange (COMEX). What's more, investors can purchase securities of mining companies that are traded on the New York Stock Exchange (NYSE), London Stock Exchange (LSE), and other equity exchanges.

The Global Economic Picture

The fortunes of miners tend to rise and fall depending on the direction of the world economy, since their commodities are used by businesses across many sectors. For example, shortly after COVID-19 was declared a pandemic by the World Health Organization (WHO) on March 11, 2020 companies everywhere had to shut down due to government-imposed restrictions aimed at preventing the spread of the virus. Some of the steps that miners and other firms took included a work-from-home program for many employees, a reduction of crew sizes at some sites, and the cancellation or postponement of nonessential business trips. Consequently, the global economy was brought to a virtual standstill, which crushed metals demand and caused a substantial decline in prices and, thus, weak financial results for participants in the mining industry that year. But in 2021, economies around the globe began to recover from the devastating effects of the coronavirus, made possible by a growing number of individuals getting vaccinated, which prompted authorities in many places to ease restrictions on businesses. This boosted demand for metals, leading to a jump in pricing and significantly improved earnings for miners that year. (Overall, the group's performance in 2022 was decent, as well.)

Lately, however, commodity prices have come under pressure, amid worries about rising interest rates (intended to tame stubbornly high inflation), troubles in the banking sector (marked by certain recent bank failures), and the possibility that a widespread recession will take place in the near term. It's worth mentioning that companies are able to enter into hedging transactions to help protect results against future downward movements in metals prices. But this strategy can also create substantial losses if pricing heads upward. That being the case, a number of miners tend not to use that strategy.

Long-Term Prospects

We are optimistic, in general, about the sector's business prospects over the long run. That's partly because of increasing expenditures on infrastructure projects, like transport systems and telecommunications structures, in the United States (supported, to some degree, by federal legislation passed in late 2021), the European Union, and elsewhere. Another favorable trend is growing demand for renewable energy technologies, such as solar power and wind turbines, which are heavily reliant on certain metals and minerals. Anticipated rapid expansion of the electric vehicle sector in the years ahead, supported by technological advances, increasing concerns about climate change, and government incentives, is another boon to the metals and mining industry.

Nevertheless, there are risks here to keep in mind. The biggest one is prevailing metals prices. Pricing might be affected not only by economic developments, but also production curtailments at major facilities (attributable to such events as labor disputes and unfavorable weather patterns), political conditions, and speculative commodities investing activity. The business climate in China is another key factor, since that populous country is a major consumer of metals. Also, miners must continually replenish depleting reserves to remain viable. A few ways they can accomplish that are by extending the life of existing units, exploration activities, and acquisitions.

Of course, there are many uncertainties and no guarantees of success for these activities. Consider, too, the intense competition in the industry, which presents quite a challenge to purchase properties that produce or have the potential to produce metals. Mining operations also require substantial amounts of fuel, electricity, water, and other resources to keep running. So, prices for and availability of those critical items may be subject to change or curtailment due to disruptions in output by suppliers and the imposition of new tariffs, among other factors. Finally, new government regulations could increase a company's cost of doing business or result in operational delays. One area we would not be surprised to see additional regulations going forward is the environment, given growing concerns about climate change around the world.

Investment Considerations

Investors who are interested in this vast industry are advised to focus on those companies with deep metals reserves, plentiful long-lived mines, plus a plethora of promising exploration projects. Healthy finances (e.g., manageable debt and adequate liquidity) and a dogged approach to cost control and improving operating efficiencies are other positives. But these equities are not for everyone, partly because their performances are highly sensitive to fluctuations in commodity prices. Furthermore, during economic downturns, dividend-paying miners might slash or eliminate their distributions to preserve capital until the business environment brightens. During boom times, though, companies may boost their payouts and some of them might even distribute supplemental dividends. All told, we believe these stocks are most appropriate for risk-tolerant accounts, given the cyclical nature of the metals and mining industry.

Frederick L. Harris, III
Editorial Analyst

At press time, the author did not hold shares in any of the companies mentioned.

Stocks for Long-Term Gains

Each week, the *Summary & Index* includes a screen titled "High 3- to 5-year Appreciation Potential" that lists 100 equities under our review with the highest projected capital gains through 2026-2028. Within this list, however, are some very risky issues whose forecasted progress is based on the success of projected turnarounds, which, of course, cannot be assured.

Although purchase decisions are often premised on the prospects for the near term, stock investment is inherently a long-term exercise. So, even though it is desirable for an investment to have respectable prospects for the year ahead, the potential returns projected for the longer term should not be neglected, in our view. Accordingly, this week we've prepared a screen that focuses on long-term gains, but in a rigorous fashion and with an eye to maintaining relatively low risk.

First, we limited our roster to stocks whose price appreciation potential through 2026-2028, calculated by using the mid-point of each stock's target price range, is at least 65%, versus the current median of 65% for the *Value Line* universe. We also restricted our selections to companies whose per-share earnings have grown at an annualized rate of at least 10% over the last five years and whose Safety rank is 2 (Above Average), or better. The equities that survived these cuts are listed in descending order of projected long-term appreciation.

As always, we advise investors to consult the most recent stock analyses in *Ratings & Reports* before investing in any of these issues. In addition, although the stocks in this list are considered to exhibit lower-than-average risk, subscribers should nonetheless assess the economic landscape before committing funds. ■

STOCKS FOR LONG-TERM GAINS

Ratings & Reports Page	Ticker	Company	Recent Price	3-5 Year Appreciation Potential, %	E.P.S. Growth Past 5 Years, %	Safety	P/E Ratio
2573	ADBE	Adobe Inc.	376.25	100	30.5	2	34.2
1330	FUJIY	FUJIFILM Hldgs. ADR	49.76	100	10.0	2	14.6
1380	TSM	Taiwan Semic. ADR	89.02	100	11.5	1	15.2
928	TMUS	T-Mobile US	149.99	90	26.5	2	21.8
751	WRB	Berkley (W.R.)	62.99	85	18.0	2	12.8
1752	CSL	Carlisle Cos.	210.54	85	13.5	2	11.2
1007	J	Jacobs Solutions	113.88	80	15.0	2	15.3
344	NSC	Norfolk Southern	202.31	80	15.5	2	15.5
385	G	Genpact Limited	44.86	75	14.5	2	16.1
1144	LOW	Lowe's Cos.	199.78	70	24.5	2	14.2
766	PGR	Progressive Corp.	149.00	70	19.0	1	23.0
111	A	Agilent Technologies	138.02	65	16.0	2	24.4
1944	ATD.TO	Ali. Couche-Tard	67.58	65	19.5	2	18.9
2622	SEIC	SEI Investments	56.80	65	11.5	2	16.2

Low-Risk Stocks for Worthwhile Total Return

This week, we screened the *Value Line* database for stocks that should provide a worthwhile total return on a risk-adjusted basis. First, we limited the field to equities with Safety ranks of 2 (Above Average), or better. By definition, these are stocks that, in our opinion, have less than normal total risk.

Then, we required price appreciation potential to 2026-2028 of at least 60%, compared with the current median of 65%, which should provide an opportunity for good, risk-adjusted capital gains over the longer term. Next, we specified that the remaining equities must have a current dividend yield of at least 2.5%, 20 basis points higher than the 2.3% median yield for the *Value Line* universe. We further limited the selection to stocks with projected three- to five-year average annual dividend growth of at least 4.0%. To tie the growth and income criteria together, we required an average annual total return over the next three to five years of at least 15%. We note that our requirement for average annual total return is quite favorable, given what is currently available on low-risk assets. For reference, we also present the projected average annual earnings growth over the three- to five-year pull for companies that survived this screening.

Of course, the high investment quality implied by the above criteria suggests limited opportunities for a combination of good dividend yield and worthwhile three- to five-year price gains. Indeed, the resulting roster is a small group of stocks that appears suitable for patient investors who seek total returns, but are also averse to excess risk.

We advise investors to use this screen, and all others presented in *Selection & Opinion*, as a starting point for investigating stocks that meet specific investment criteria. We suggest that a point for further investigation would begin by consulting the latest *Ratings & Reports* page for those stocks of interest. ■

LOW-RISK STOCKS FOR WORTHWHILE TOTAL RETURN

Ratings & Reports Page	Ticker	Company	Safety	3- to 5-Yr. EPS Growth, %	3- to 5-Yr. Avg. Apprec. Potential, %	Current Yield, %	3- to 5-Yr. Dividend Growth, %	Total Return, %
1978	MO	Altria Group	2	5.5	125	8.4	6.0	27
1325	AVT	Avnet, Inc.	2	18.5	170	2.6	13.0	30
2509	CM.TO	Can. Imperial Bank	2	8.5	75	5.9	4.0	19
1187	CLX	Clorox Co.	2	7.0	75	3.0	5.0	17
1765	JCI	Johnson Ctrls. Int'l plc	2	11.5	65	2.6	7.0	15
344	NSC	Norfolk Southern	2	9.5	80	2.7	8.0	18
1816	OTEX	Open Text Corp.	2	25.0	150	2.5	10.0	27
1772	SIEGY	Siemens AG (ADS)	2	5.5	85	3.0	8.0	19
2529	TD.TO	Toronto-Dominion	2	11.5	65	4.9	8.0	17
315	UPS	United Parcel Serv.	2	7.5	65	3.4	11.0	16

Equity Funds Average Performance

TOTAL RETURN*

Percent Change through March, 2023

	Year-to-Date	Three Month	Six Month	One Year	Five Year (Annualized)
Performance Objective					
Aggressive Growth	8.7	8.7	12.1	-10.2	6.9
Growth	6.4	6.4	14.0	-8.8	8.4
Growth/Income	2.8	2.8	13.5	-6.0	7.8
Income	1.0	1.0	11.5	-5.0	6.7
Balanced	4.0	4.0	10.5	-5.9	5.1
International					
European Equity	10.0	10.0	31.8	-0.2	3.7
Foreign Equity	7.3	7.3	22.3	-5.0	1.5
Global Equity	7.0	7.0	18.2	-7.0	5.7
Pacific Equity	3.9	3.9	15.6	-5.5	-0.5
Sector					
Energy/Natural Res	-0.4	-0.4	13.3	1.2	5.8
Financial Services	-8.1	-8.1	-0.4	-20.4	1.1
Health	-2.2	-2.2	8.6	-4.7	8.1
Precious Metals	10.6	10.6	30.2	-14.6	7.8
Real Estate	2.2	2.2	11.6	-16.4	4.4
Technology	18.4	18.4	21.3	-13.8	10.8
Utilities	-0.1	-0.1	8.7	-6.5	7.2
Other					
Convertible	2.7	2.7	5.4	-11.0	7.9
Flexible	3.3	3.3	9.5	-4.8	3.4
Specialty	4.3	4.3	13.9	-6.9	8.2
Small Company	4.0	4.0	12.2	-9.1	5.8
S&P 500 (adjusted for dividends)	**7.5**	**7.5**	**15.6**	**-7.8**	**11.2**

Source: The Value Line Fund Advisor

* Dividends plus capital appreciation. Dividends are reinvested as of the ex-dividend date.
The returns are arithmetic averages based on the performances of all funds within each category.

Fixed-Income Funds Average Performance

TOTAL RETURN*

Percent Change through March, 2023

	Year-to-Date	Three Month	Six Month	One Year	Five Year (Annualized)
U.S. Government and Agency Bond					
U.S. Gov't	2.8	2.8	4.1	-4.4	1.3
GNMA	2.2	2.2	3.2	-4.4	0.3
Corporate Bond					
High Quality	2.4	2.4	4.6	-3.6	1.3
High Yield	3.1	3.1	6.9	-3.0	2.4
International	2.6	2.6	8.6	-5.4	-0.9
Municipal Bond					
California Tax Exempt	2.2	2.2	6.0	-1.2	1.3
New York State Tax Exempt	2.7	2.7	6.6	-1.4	1.3
National Tax Exempt	2.2	2.2	5.3	-1.6	1.4

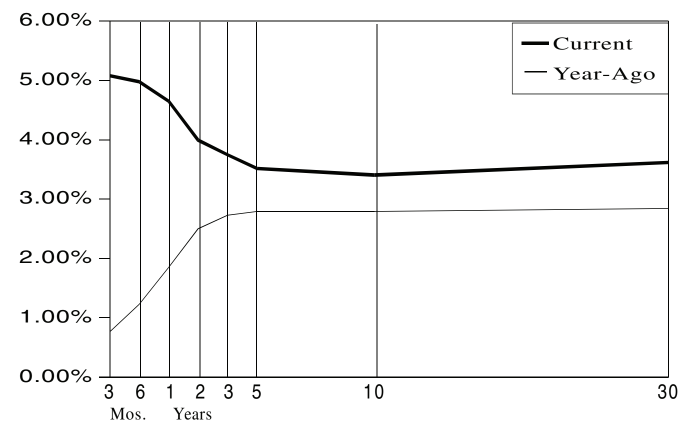
Source: The Value Line Fund Advisor Plus

* The cumulative rate of investment growth, including the reinvestment of dividend income and capital gains distributions as of the ex-dividend date. The investment objective averages are arithmetic averages calculated on the basis of the total reinvested rates of return produced by all funds within each investment objective category.

Selected Yields

TAXABLE	Recent (4/10/23)	3 Months Ago (1/9/23)	Year Ago (4/11/22)
Market Rates			
Discount Rate	5.00	4.50	0.50
Federal Funds	4.75-5.00	4.25-4.50	0.25-0.50
Prime Rate	8.00	7.50	3.50
30-day CP (A1/P1)	4.83	4.34	0.36
3-month LIBOR	5.20	4.78	1.02
U.S. Treasury Securities			
3-month	5.08	4.70	0.77
6-month	4.98	4.83	1.23
1-year	4.65	4.69	1.85
5-year	3.52	3.66	2.79
10-year	3.41	3.53	2.79
10-year (inflation-protected)	1.14	1.31	-0.12
30-year	3.62	3.66	2.84
30-year Zero	3.62	3.63	2.77
Common Stocks			
VL Stocks (Median)	2.30	2.20	2.00
DJ Industrials (12-mo. est.)	2.10	2.20	2.00
VL Utilities	3.60	3.50	3.10

Treasury Security Yield Curve



TAXABLE	Recent (4/10/23)	3 Months Ago (1/9/23)	Year Ago (4/11/22)
Corporate Bonds			
Financial (10-year) A	4.96	4.92	3.97
Industrial (25/30-year) A	4.86	4.87	4.07
Utility (25/30-year) A	5.09	5.12	4.22
Utility (25/30-year) Baa/BBB	5.33	5.35	4.57
S&P 500 High Yield Corp. Bond Index	6.85	6.66	5.43
Foreign Bonds (10-Year)			
Canada	2.91	3.12	2.65
Germany	2.30	2.30	0.80
Japan	0.47	0.51	0.25
United Kingdom	3.54	3.56	1.80
Mortgage-Backed Securities			
GNMA 5.5%	5.33	5.25	4.38
FHLMC 5.5% (Gold)	5.31	5.19	4.05
FNMA 5.5%	5.32	5.14	4.25
Preferred Stock			
Utility A	5.61	5.80	5.65
Financial BBB	5.95	5.93	5.92

TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	3.36	3.66	2.87
25-Bond Index (Revs)	3.64	3.94	3.15
General Obligation Bonds (GOs)			
1-year AAA	2.35	2.51	1.74
1-year A	2.78	2.90	2.12
5-year AAA	2.06	2.31	2.29
5-year A	2.61	2.76	2.59
10-year AAA	2.09	2.43	2.45
10-year A	2.69	2.99	2.83
25/30-year AAA	3.10	3.26	2.74
25/30-year A	3.81	3.85	3.18
Revenue Bonds (Revs) (15 Years)			
Education AA	3.08	3.28	2.94
Electric AA	3.16	3.27	2.86
Water/Sewer AA	3.00	3.20	3.00
Hospital AA	3.46	3.51	2.98
Toll Road AA	3.18	3.41	3.04

Source: Bloomberg Finance L.P.

Federal Reserve Data

BANK RESERVES *(One-Month Period; in Billions, Not Seasonally Adjusted)*

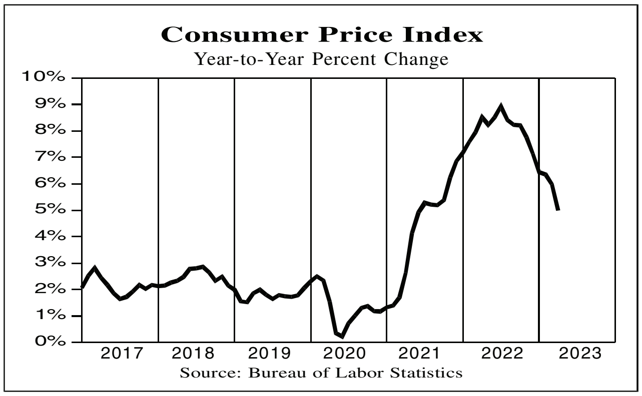
	Recent Levels			Average Level Over the Last...		
	2/23	1/23	Change	3 Mos.	6 Mos.	12 Mos.
Total Reserves	3021.8	3029.9	-8.1	3053.0	3078.7	3256.1
Borrowed Reserves	15.6	15.7	-0.1	16.2	18.0	20.0
Non-Borrowed Reserves	3006.2	3014.2	-8.0	3036.8	3060.7	3236.1

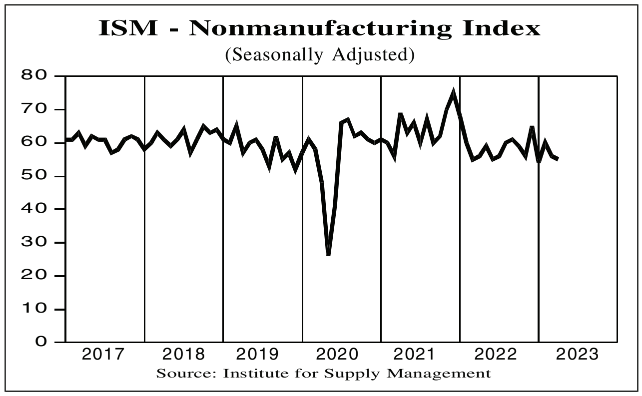
MONEY SUPPLY *(One-Month Period; in Billions, Seasonally Adjusted)*

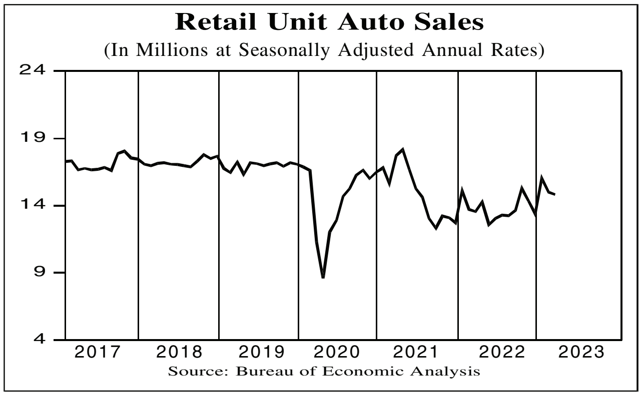
	Recent Levels			Growth Rates Over the Last...	
	2/23	1/23	Change	3 Mos.	6 Mos.
M1 (Currency+demand deposits+other liquid assets)	19336.7	19571.3	-234.6	-3.2%	-5.6%
M2 (M1+small time deposits+retail money markets)	21062.5	21183.5	-121.0	-1.5%	-2.8%

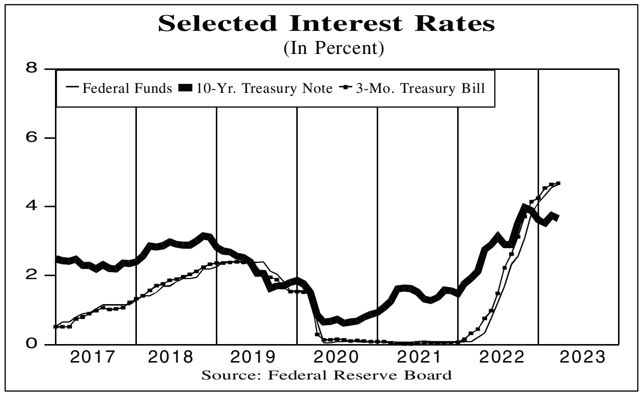
Source: United States Federal Reserve Bank

Tracking the Economy









Major Insider Transactions†

PURCHASES

Latest Full-Page Report	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
1805	Akamai Technologies	F.T. Leighton, Dir.	4/3/23-4/5/23	963	78,543	$77.60-$78.48	78.23
309	FedEx Corp.	A.B. Lane, Dir.	4/6/2023	830	2,359	$232.61-$233.15	231.60
593	Kinetik Holdings	J. Welch, Dir.	3/31/2023	7,000	3,142,233	$31.13	31.54
1538	Simon Property Group	J.A. Smith Jr., Dir.	3/31/2023	690	60,167	$109.33	109.56
1538	Simon Property Group	K.N. Horn, Dir.	3/31/2023	551	34,079	$109.33	109.56
1538	Simon Property Group	R.S. Leibowitz, Dir.	3/31/2023	506	46,808	$109.33	109.56
1737	Toro Co.	D.A. Walters, VP	3/30/2023	910	1,740	$110.05	103.01

SALES

Latest Full-Page Report	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
2119	AutoNation, Inc.	E.S. Lampert*	3/31/23-4/3/23	97,239	5,285,416	$133.64-$135.37	129.00
1400	Dell Technologies	T.W. Sweet, CFO	3/31/2023	283,388	211,608	$40.14	41.43
1368	Monolithic Power Sys.	M. Hsing, CEO	4/3/2023	11,100	1,050,049	$487.99	488.76
2013	Palo Alto Networks	N. Zuk, EVP	4/3/2023	36,000	1,738,898	$196.21-$197.95	192.62
2013	Palo Alto Networks	N. Arora, Dir.	3/31/2023	16,200	1,190,993	$200.08	192.62
1997	Unity Software	T. Bar-Zeev, Pres.	3/31/23-4/3/23	112,500	1,763,959	$32.13-$32.34	30.67
1827	Workday, Inc.	S. Chakraborty, Officer	4/5/23-4/6/23	19,570	75,031	$189.03-$197.28	196.94

* Beneficial owner of more than 10% of common stock
† Includes only large transactions in U.S.-traded stocks; excludes shares held in the form of limited partnerships, excludes options & family trusts

Market Monitor

Valuations and Yields	4/11	4/4	13-week range	50-week range	Last market top (1-3-2022)	Last market bottom (3-23-2020)
Median price-earnings ratio of VL stocks	17.3	17.3	16.6 - 17.3	14.4 - 17.3	19.3	11.0
P/E (using 12-mo. est'd EPS) of DJ Industrials	18.7	18.6	17.2 - 18.7	15.5 - 18.7	19.5	14.1
Median dividend yield of VL stocks	2.3%	2.2%	2.1 - 2.3%	2.0 - 2.4%	1.7%	3.7%
Div'd yld. (12-mo. est.) of DJ Industrials	2.1%	2.2%	2.1 - 2.3%	2.1 - 2.5%	1.8%	3.0%
Prime Rate	8.0%	8.0%	7.5 - 8.0%	3.5 - 8.0%	3.3%	3.3%
Fed Funds	4.8%	4.8%	4.3 - 4.8%	0.3 - 4.8%	0.1%	0.2%
91-day T-bill rate	5.1%	4.9%	4.7 - 5.1%	0.9 - 5.1%	0.1%	0.0%
AAA Corporate bond yield	4.5%	4.4%	4.3 - 4.8%	3.8 - 5.4%	2.8%	3.6%
30-year Treasury bond yield	3.6%	3.6%	3.6 - 3.9%	2.9 - 4.4%	2.0%	1.3%
Bond yield minus average earnings yield	-1.3%	-1.4%	-1.6 - -1.1%	-2.5 - -1.1%	-2.4%	-5.5%
Short interest/avg. daily volume (5 weeks)						
Short interest/avg. daily volume (5 weeks)	11.5	11.6	11.5 - 16.5	6.5 - 16.5	11.7	9.0
CBOE put volume/call volume	1.02	1.01	.87 - 1.07	.67 - 1.41	.85	1.05

VALUE LINE ASSET ALLOCATION MODEL *(Based only on economic and financial factors)*

	Current (as of 4/3/23)	Previous (as of 3/6/23)
Common Stocks	50%	55%
Bonds*	15%	10%
Cash	35%	35%

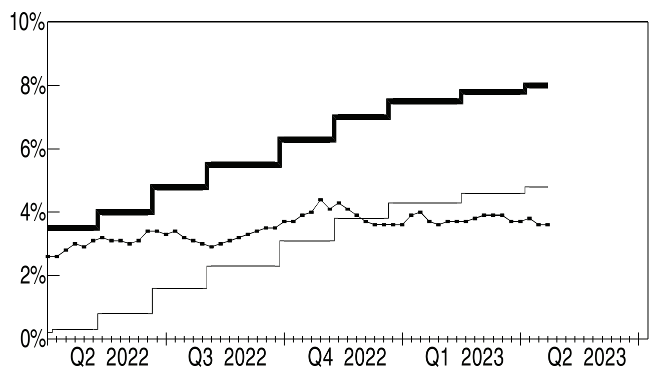
*Investment-grade corporates and U.S. Treasury bonds

INDUSTRY PRICE PERFORMANCE LAST SIX WEEKS ENDING 4/10/2023

7 Best Performing Industries	
Precious Metals	+25.5%
Entertainment Tech.	+8.1%
Metals & Mining (Div)	+7.6%
Biotechnology	+5.9%
Electric Util. (Central)	+5.6%
Electric Utility (East)	+5.3%
Homebuilding	+4.6%

7 Worst Performing Industries	
Bank	-26.8%
Bank (Midwest)	-23.2%
Retail (Hardlines)	-17.4%
Thrift	-16.5%
Heavy Truck & Equip.	-13.9%
Retail (Softlines)	-13.6%
Investment Banking	-12.4%

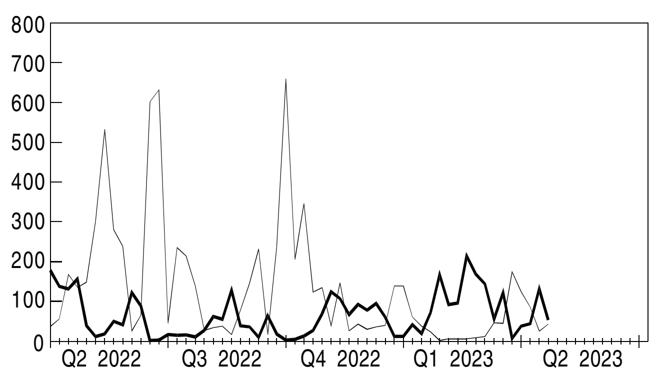
The corresponding change in the Value Line Arithmetic Average* is -3.1%



INTEREST RATES

	Recent	Previous Week
Prime Rate	8.0%	8.0%
30-Yr. Treasury	3.6%	3.8%
Fed Funds	4.8%	4.8%

Prime Rate
30-Yr. Treasury
Fed Funds



VALUE LINE UNIVERSE

	Recent	Previous Week
New Highs	53	131
New Lows	43	25

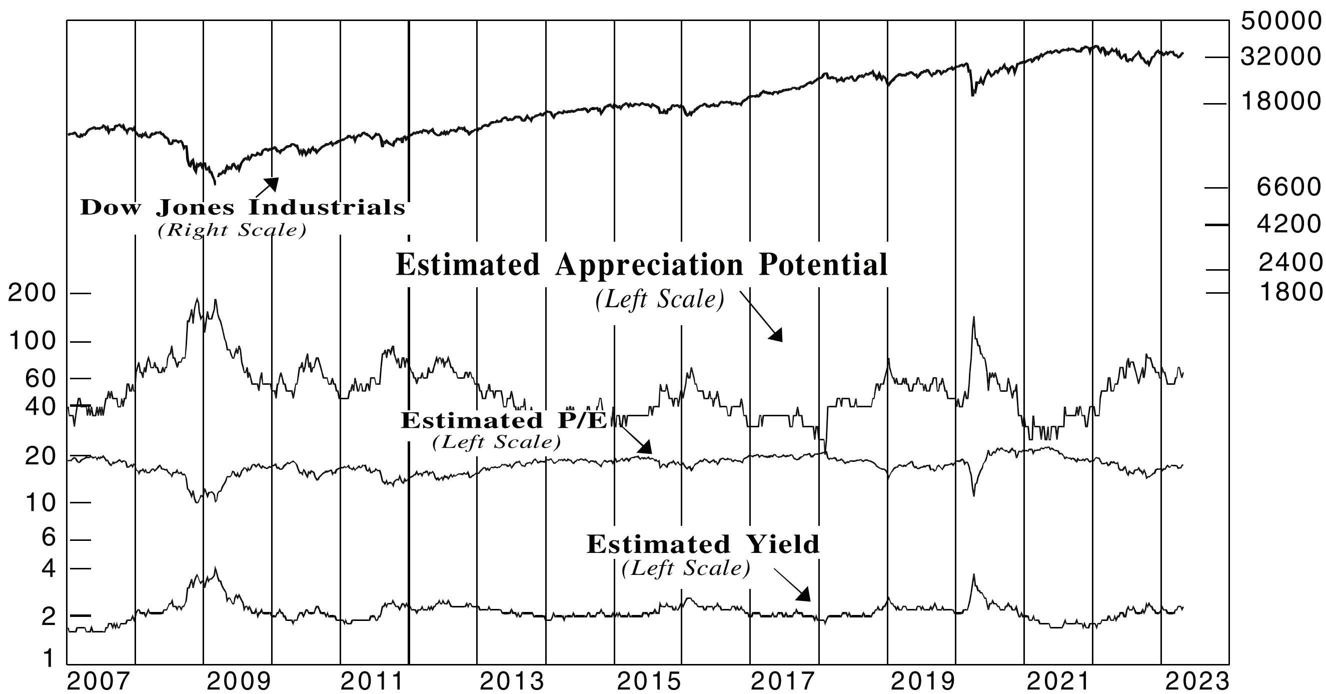
New Highs
New Lows

CHANGES IN FINANCIAL STRENGTH RATINGS

Company	Previous Rating	New Rating	Ratings & Reports Page
Big Lots, Inc.	B	C++	2135

Stock Market Averages

VALUE LINE ESTIMATED P/E, YIELD, APPRECIATION POTENTIAL VERSUS DOW JONES INDUSTRIALS
(January 2, 2007–April 10, 2023)



WEEKLY VALUE LINE GEOMETRIC AVERAGES* *(January 4, 2022–April 11, 2023)*