

Hewlett Packard (HPE)

\$14.62 (As of 01/28/20)

Price Target (6-12 Months): **\$12.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 01/27/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

5-Strong Sell

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: D

Summary

Weak sales of Aruba Services are hurting Hewlett Packard's Intelligent Edge unit's top line. Moreover, delayed closure of large deals due to long sales cycles is a concern. The company's decision to exit the lower margin Tier 1 server business coupled with certain macroeconomic factors is an overhang on revenues. Weak server sales and soft storage hardware revenues are a dampener. Uneven demand due to the ongoing trade tensions between the United States and China is a major concern. Shares of the company have underperformed the industry in the past year. However, Hewlett Packard is gaining from robust growth in high-performance compute, Hyperconverged Infrastructure, Composable Cloud and HPE GreenLake orders. Solid growth in Aruba Services is a positive. Estimates have been stable ahead of its first-quarter earnings release.

Price, Consensus & Surprise



Data Overview

52 Week High-Low **\$17.59 - \$12.52**

20 Day Average Volume (sh) **8,445,541**

Market Cap **\$18.9 B**

YTD Price Change **-7.8%**

Beta **1.55**

Dividend / Div Yld **\$0.48 / 3.3%**

Industry **[Computer - Integrated Systems](#)**

Zacks Industry Rank **Top 35% (89 out of 255)**

Last EPS Surprise **6.5%**

Last Sales Surprise **-3.3%**

EPS F1 Est- 4 week change **-0.6%**

Expected Report Date **02/20/2020**

Earnings ESP **-1.2%**

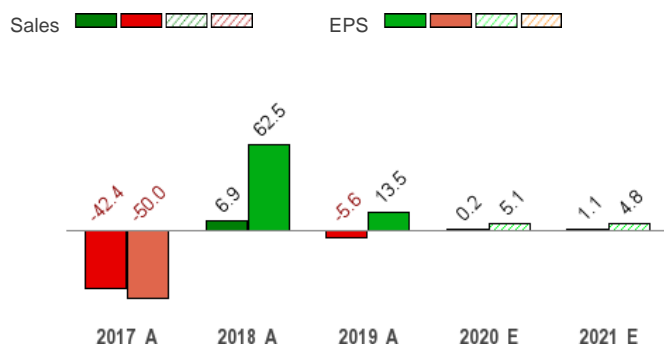
P/E TTM **8.2**

P/E F1 **7.9**

PEG F1 **1.2**

P/S TTM **0.7**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	7,345 E	7,196 E	7,356 E	7,584 E	29,513 E
2020	7,328 E	7,117 E	7,338 E	7,494 E	29,189 E
2019	7,553 A	7,150 A	7,217 A	7,215 A	29,135 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.45 E	\$0.45 E	\$0.49 E	\$0.55 E	\$1.95 E
2020	\$0.44 E	\$0.43 E	\$0.47 E	\$0.51 E	\$1.86 E
2019	\$0.42 A	\$0.42 A	\$0.45 A	\$0.49 A	\$1.77 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/28/2020. The reports text is as of 01/29/2020.

Overview

Headquartered in Palo Alto, CA, Hewlett Packard Enterprise Company was formed as a result of the split of Hewlett-Packard Company into two separate entities – one focusing on the enterprise-facing hardware and service business and the other focusing on the consumer-facing computer and printer segments.

Effective Nov 1, 2015, the enterprise and service business-oriented company, Hewlett Packard Enterprise, started trading under the ticker symbol “HPE”, while the PC-focused business named, HP Inc., continues to trade under the symbol “HPQ”.

During fiscal 2017, the company divested its two business segments — Enterprise Services and Software. Hewlett Packard Enterprise has three reportable segments, namely Hybrid IT, Intelligent Edge and Financial Services. In fiscal 2019, the company reported revenues of \$29.1 billion.

The Hybrid IT segment (78% of total revenues) includes sub-segments, such as Compute, Storage, Data Center (DC) Networking and PointNext. While Compute and Storage consist of old servers and storage segments, DC Networking comprises the wired networking portion of the earlier “networking” segment. PointNext is made up of majority of the previous “technology services” segment.

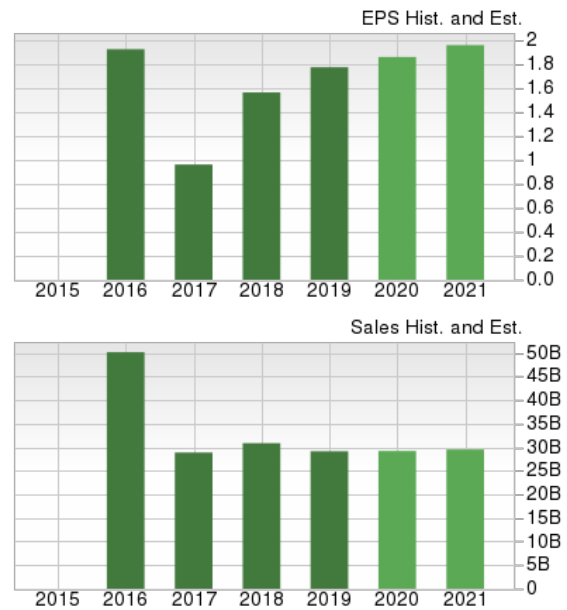
Intelligent Edge (10%) includes HPE Aruba and HPE Aruba Services, containing primarily the WLAN portion of the old “networking” segment with a small portion of the old “technology services” segment.

The Financial Services segment (12%) offers leasing, financing, IT consumption and utility programs, and asset management services.

In fiscal 2019, the United States contributed to 40% of sales and “Other” countries accounted for the rest.

The company markets and sells its products through distribution partners, resellers, original equipment manufacturers (OEMs), systems integrators, independent software vendors, and advisory firms.

The company's Hybrid IT segment is pitted against IBM, Dell, Cisco and Microsoft. Its Financial Services business faces competition from captive financing companies, mainly IBM Global Financing, as well as banks and other financial institutions.



Reasons To Sell:

- ▼ The acquisition of EMC by Dell has posed new challenges for Hewlett Packard Enterprise. With the acquisition, Dell has become one of the major players in the cloud services and data storage market. EMC Corporation (stylized as EMC) offers data storage, information security, virtualization, analytics, cloud computing and other products and services that enable businesses to store, manage, protect, and analyze data. VMware is its subsidiary that focuses on cloud and virtualization software and services for its parent company. Therefore, the acquisition of EMC along with its privately-controlled structure will provide Dell an unmatched scale, strength and flexibility to deepen its relationships with customers of all sizes.
- ▼ Hewlett Packard Enterprise's market share and revenues necessarily depend on client relationships and the number of contracts it secures. This, along with the limited scope for product differentiation, makes the renegotiation of large contracts extremely important. Competition from bigger companies is a major concern. Hewlett Packard Enterprise has to deal with strong competition at each of its business segments on the basis of technology, innovation, price, quality, reliability, etc. The company's Hybrid IT segment is pitted against IBM, Dell, Cisco and Microsoft. Its Financial Services business faces competition from captive financing companies, mainly IBM Global Financing, as well as banks and other financial institutions. Such intense competition across the business segments naturally increases pricing pressure, which may have a negative impact on the company's profitability.
- ▼ Usually, more than 60% of Hewlett Packard Enterprise's total revenues come from businesses outside the United States. An economic condition, which impacts the foreign currency exchange rates, results in transaction exposure, inducing fluctuation in profits. The U.S. dollar value being stronger in comparison to other currencies, the top line of the company is likely to be negatively impacted over the next few quarters.
- ▼ The United States and China's tit-for-tat trade war is a major threat to the company. Further, longer sales cycles, which are stretching the time to close certain deals is a major overhang. Execution challenges faced by the company in Intelligent Edge segment around Aruba sales are hurting its top-line growth.

The acquisition of EMC by Dell, increasing competition and currency volatility pose challenges for Hewlett Packard Enterprise.

Risks

- Increase in worldwide IT spending spells some optimism about Hewlett Packard Enterprise's near-term performance. The growth will be mainly driven by increased spending by companies toward digitalization and infrastructure build-up. In its earlier report, Gartner had indicated that major technology trends that include Internet of Things (IoT), big data, artificial intelligence (AI) and blockchain have been driving overall IT spending.
 - After the split from its parent company, Hewlett Packard Enterprise has made it clear that it will focus on restructuring and realigning its businesses to drive long-term sustainable growth and improve margins. This indicates that we may see Hewlett Packard Enterprise becoming even smaller with spin offs, or acquiring assets to enhance its capabilities in the hybrid IT model. By trimming its size, the company intends to focus more on high margin businesses including enterprise class server and storage markets. Moreover, by selling assets which are not doing well and have limited growth potential, the company will be able to mobilize resources to the fast-growing areas of the cloud such as software defined networks (SDN) and converged and hyper-converged infrastructure. This will also help it to better compete with players like Oracle, Cisco and NetApp.
 - The spin-off of Enterprise Services business and merger of the same with Computer Sciences has opened new avenues of growth for the combined entity as well as has unlocked value for Hewlett Packard Enterprise's shareholders. The deal has combined Computer Sciences' strength in insurance, healthcare and financial services with Hewlett Packard Enterprise's expertise in fields such as transportation, pharma, technology, media and telecom. Post-merger, the combined entity has become the world's second-largest IT services company after Accenture plc, generating revenues of approximately \$25 billion annually.
 - Hewlett Packard Enterprise has been pursuing acquisitions to focus more on high margin hybrid IT models that leverage on-premises and cloud computing power. The acquisition of SimpliVity has strengthened its capabilities in the hyper-converged enterprise storage and server equipment. Cloud Cruiser acquisition has enhanced the capabilities of its HPE Flexible Capacity product portfolio, which enables its customers to manage IT infrastructure in their own data center but pay for it as-a-service. The acquisition of Cloud Technology Partners is helping the company to foray into consulting business. The company's efforts toward expanding its footprint in the hybrid IT models were first seen last year when it acquired Silicon Graphics, which provides high-performance computing (HPC) services. We believe that the company's focus on hybrid IT model will drive growth in the long run. HPE recently acquired Cray to strengthen foothold in HPC and enterprise class server and storage markets.
 - Hewlett Packard Enterprise views Industrial Internet of Things (IIoT) as the next major market as evident from its recent partnership with GE Digital to develop products for Industrial IIoT. The recent agreement makes Hewlett Packard Enterprise a preferred storage and server infrastructure provider for GE Digital's Predix cloud technologies. The companies will target multiple industries, aerospace, oil & gas, manufacturing, automotive and energy to provide instantaneous data and insight. Using GE Digital's expertise and Hewlett Packard Enterprise's wide range of edge devices and end points, the two companies can deliver a whole new level of information for businesses that would otherwise have not been accessible. We believe the collaboration will expand Hewlett Packard's total addressable market (TAM) going ahead. Per market research firm IC Insights, Industrial IIoT implementation revenues are likely to double to \$29.6 billion by 2019 from \$15.4 billion in 2015. We believe that the partnership with GE Digital will help Hewlett Packard Enterprise to better tap the growing opportunity in the space.
 - Hewlett Packard Enterprise's strong operating cash flow has helped it to return cash through regular quarterly dividend payment and share repurchases. Share repurchases and dividend payments are good way of returning cash to investors while boosting the company's earnings. The company completed its plan to return \$7 billion to shareholders in the form of share repurchases and dividends over fiscal year 2018 and 2019.
-

Last Earnings Report

Hewlett Packard Reports Mixed Q4 Results

HPE delivered fourth-quarter fiscal 2019 non-GAAP earnings of 49 cents per share, beating the Zacks Consensus Estimate by 6.52% and also the year-ago quarterly figure by 14%.

However, net revenues of \$7.23 billion declined 9% on a year-over-year basis and also missed the Zacks Consensus Estimate of \$7.46 billion. In constant currency (cc), revenues also fell 7% year over year. The company's strategic decision to exit the lower margin Tier 1 server business coupled with certain macroeconomic factors impacted revenues. Weak server sales and soft storage hardware revenues are a dampener as well.

Uneven demand due to the ongoing trade tensions between the United States and China is a major overhang. Longer sales cycle for large enterprise deals is a headwind too.

However, robust growth in high-performance compute, Hyperconverged Infrastructure, Composable Cloud and HPE GreenLake orders is a key driver.

Quarterly Details

Segment wise, Hybrid IT revenues of \$5.7 billion decreased 11% year over year (down 9% at cc).

Coming to Hybrid IT Products, Compute Value revenues dropped 13% (down 12% at cc). The figure also declined 10% excluding the impact of the company's strategic exit from certain Tier-1 customer segments.

At cc, Hyper-converged infrastructure grew 14% while Composable cloud rose 21%.

However, storage revenues were down 12% (10% at cc).

Also, HPE Pointnext revenues declined 5% (4% at cc) from the year-ago quarter. Additionally, HPE Pointnext operational services orders including Nimble slipped 1% (flat at cc). Meanwhile, HPE Greenlake orders soared 72% year over year.

Although revenues from the Intelligent Edge were down 6% (5% at cc) to \$723 million, Aruba Services revenues were up 17% (17% at cc). Revenues from Aruba Product deteriorated 9% (7% at cc).

Further, Hewlett Packard Enterprise's Financial Services segment revenues declined 6% (5% at cc) to \$878 million. But net portfolio assets inched up 1% year over year at cc. However, financing volumes contracted 9% year over year (7% at cc).

Geographically, Hewlett Packard Enterprise's revenues in the Americas (40% of revenues) decreased 10% at cc. Also, EMEA (36% of revenues) revenues softened 8% at cc and APJ revenues (24% of revenues) fell 4% at cc.

Operating Results

Hewlett Packard Enterprise's gross margin of 33.3% expanded 260 basis points (bps) on a year-over-year basis, aided by a favorable portfolio mix, HPE Next initiatives and commodity pricing tailwinds.

Hybrid IT segment operating margin expanded 250 bps to 13.8%. Moreover, Financial Services operating margin grew 80 bps to 8.4%. However, Intelligent Edge operating margin shrank 710 bps to 4.9%. Meanwhile, the company's non-GAAP operating margin grew 80 bps to 9.9%.

Balance Sheet and Cash Flow

The company ended the fourth quarter of fiscal 2019 with \$3.75 billion in cash and cash equivalents compared with \$3.69 billion at the end of the previous quarter.

During the quarter under review, Hewlett Packard Enterprise generated \$1.4 billion in cash flow from operational activities compared with \$1.2 billion in the prior quarter. The company's free cash flow was \$878 million. Additionally, the company repurchased shares worth \$284 million and paid out \$147 million as dividends.

Guidance

For fiscal 2020, Hewlett Packard Enterprise expects non-GAAP earnings of \$1.78-\$1.94 per share. Management reiterated its free cash flow outlook of \$1.9-\$2.1 billion.

For first-quarter fiscal 2020, Hewlett Packard Enterprise forecasts non-GAAP earnings between 42 cents and 46 cents.

Quarter Ending 10/2019

Report Date	Nov 25, 2019
Sales Surprise	-3.32%
EPS Surprise	6.52%
Quarterly EPS	0.49
Annual EPS (TTM)	1.78

Recent News

On Jan 28, 2020, Aruba, a subsidiary of Hewlett Packard, revealed that the United States Department of Defense Education Activity upgraded its network, leveraging Aruba's wireless and security solutions to deliver secure Wi-Fi for students and faculty in 164 schools worldwide.

On Jan 21, 2020, Aruba, a subsidiary of Hewlett Packard, announced that Black Fire Innovation, a collaborative effort between Caesars Entertainment and the University of Nevada, will rollout Aruba's infrastructure in its technology incubation hub to enable the next generation of retail, entertainment and hospitality experiences.

On the same day, Hewlett Packard was selected to provide crucial AI and high-performance computing infrastructure to Zenuity to develop next-generation autonomous driving systems.

On Dec 4, 2019, Aruba announced the integration of the Aruba SD-WAN solution with the new AWS Transit Gateway Network to simplify the deployment and management of networks connecting remote branch locations to Amazon Virtual Private Clouds.

On Oct 28, 2019, HPE announced advancements to HPE SimpliVity, the company's flagship hyperconverged infrastructure (HCI) platform.

On Oct 24, 2019, HPE announced that it is increasing its quarterly dividend to 12 cents per share. The company expects fiscal 2020 earnings per share \$1.78-\$1.94, up 7% year over year at the mid-point.

On Oct 22, 2019, HPE announced that Porsche Informatik, Porsche Holding Salzburg's (PHS) in-house IT service provider, has selected HPE as the digital foundation that powers PHS innovation agenda.

On Sep 25, 2019, HPE announced that it has completed the acquisition of supercomputing leader Cray for \$1.4 billion.

Valuation

Hewlett Packard shares gained 0.1% in the past six months and lost 5.8% over the trailing 12-month period. Stocks in the Zacks sub-industry declined 4.6% and the Zacks Computer & Technology sector improved 13.7% in the past six months. Over the past year, while the Zacks sub-industry increased 6.9%, the sector gained 30.4%.

The S&P 500 Index is up 9.3% in the past six months and 21.4% in the past year.

The stock is currently trading at 7.78X forward 12-month earnings, which compares to 10.13X for the Zacks sub-industry, 22.72X for the Zacks sector and 18.81X for the S&P 500 index.

Over the past three years, the stock has traded as high as 13.94X and as low as 7.23X with a 3-year median of 10.52X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$12 price target reflects 6.6X forward 12-month earnings.

The table below shows summary valuation data for HPE

Valuation Multiples - HPE					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	7.78	10.13	22.72	18.81
	3-Year High	13.94	12.58	22.72	19.34
	3-Year Low	7.23	8.08	16.97	15.18
	3-Year Median	10.52	10.49	20.14	17.71
P/S F12M	Current	0.65	1.41	3.69	3.49
	3-Year High	1.01	1.87	3.69	3.49
	3-Year Low	0.55	1.21	2.62	2.76
	3-Year Median	0.76	1.6	3.16	3.15
EV/EBITDA TTM	Current	4.81	8.27	12.68	12.25
	3-Year High	13.35	10.68	12.68	12.86
	3-Year Low	3.46	6.76	9.1	9.32
	3-Year Median	4.9	8.58	11.25	11.16

As of 01/28/2020

Industry Analysis Zacks Industry Rank: Top 35% (89 out of 255)



Top Peers

NetApp, Inc. (NTAP)	Outperform
Pure Storage, Inc. (PSTG)	Outperform
Cisco Systems, Inc. (CSCO)	Neutral
International Business Machines Corporation (IBM)	Neutral
Juniper Networks, Inc. (JNPR)	Neutral
Microsoft Corporation (MSFT)	Neutral
Nutanix Inc. (NTNX)	Neutral
Oracle Corporation (ORCL)	Neutral

Industry Comparison Industry: Computer - Integrated Systems				Industry Peers		
	HPE Underperform	X Industry	S&P 500	CSCO Neutral	IBM Neutral	MSFT Neutral
VGM Score	A	-	-	C	C	C
Market Cap	18.90 B	642.05 M	23.86 B	202.65 B	123.59 B	1,262.26 B
# of Analysts	7	2.5	13	12	8	14
Dividend Yield	3.28%	0.00%	1.81%	2.93%	4.64%	1.23%
Value Score	B	-	-	C	A	D
Cash/Price	0.20	0.09	0.04	0.14	0.09	0.11
EV/EBITDA	5.75	7.71	13.94	10.91	10.53	20.65
PEG Ratio	1.22	1.55	2.00	2.51	1.91	2.59
Price/Book (P/B)	1.11	3.39	3.25	5.89	6.83	11.90
Price/Cash Flow (P/CF)	3.86	11.33	13.46	13.88	7.40	26.04
P/E (F1)	7.86	10.47	18.67	14.69	10.47	30.88
Price/Sales (P/S)	0.65	2.05	2.62	3.90	1.60	9.72
Earnings Yield	12.72%	-0.23%	5.35%	6.80%	9.55%	3.24%
Debt/Equity	0.55	0.11	0.72	0.42	3.40	0.69
Cash Flow (\$/share)	3.79	0.35	6.92	3.44	18.86	6.35
Growth Score	A	-	-	B	D	B
Hist. EPS Growth (3-5 yrs)	-4.78%	0.58%	10.68%	8.00%	-3.50%	16.25%
Proj. EPS Growth (F1/F0)	4.84%	8.39%	7.51%	4.86%	4.09%	12.80%
Curr. Cash Flow Growth	-2.58%	-14.68%	13.40%	6.95%	-1.93%	19.70%
Hist. Cash Flow Growth (3-5 yrs)	-3.09%	-3.29%	8.78%	3.53%	-5.41%	11.99%
Current Ratio	0.79	1.38	1.22	1.70	1.09	2.85
Debt/Capital	35.39%	13.17%	42.92%	29.63%	77.29%	40.81%
Net Margin	3.60%	-1.09%	11.39%	21.15%	12.23%	31.66%
Return on Equity	13.55%	0.69%	17.19%	35.01%	65.38%	39.14%
Sales/Assets	0.57	0.90	0.54	0.53	0.53	0.48
Proj. Sales Growth (F1/F0)	0.19%	1.89%	4.09%	-1.62%	1.89%	11.33%
Momentum Score	D	-	-	C	F	B
Daily Price Chg	0.69%	0.68%	-1.40%	0.63%	0.67%	1.96%
1 Week Price Chg	-2.25%	1.51%	-1.09%	-0.35%	1.63%	-1.23%
4 Week Price Chg	-7.82%	7.28%	-0.25%	-0.40%	4.11%	4.92%
12 Week Price Chg	-13.13%	8.95%	3.64%	0.02%	1.20%	14.54%
52 Week Price Chg	-4.88%	28.42%	18.08%	3.94%	3.89%	60.73%
20 Day Average Volume	8,445,541	89,613	1,615,215	16,509,475	4,316,697	21,817,586
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.52%	0.00%
(F1) EPS Est 4 week change	-0.61%	0.00%	0.00%	0.00%	0.99%	0.12%
(F1) EPS Est 12 week change	0.62%	-0.42%	-0.17%	-3.29%	1.08%	0.15%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	-8.66%	0.22%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	A
Momentum Score	B
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.