

## U.S. Bancorp (USB)

**\$56.78** (As of 04/08/21)

Price Target (6-12 Months): **\$60.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 01/12/21)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**3-Hold**

Zacks Style Scores:

VGM:D

Value: C

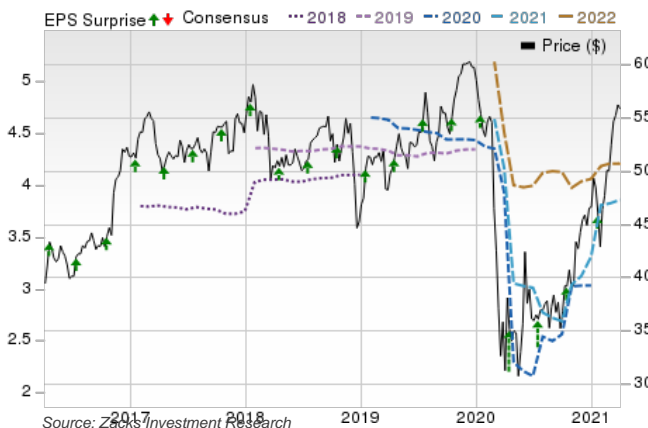
Growth: F

Momentum: A

### Summary

Shares of U.S. Bancorp have underperformed the industry over the past six months. Yet, it possesses an impressive earnings surprise history, having beaten the Zacks Consensus Estimate in three of the trailing four quarters, while meeting in the other. The company's solid business model, core franchise and diverse revenue streams are likely to support the bank's financials. Also, strong loans and deposit balance keep the bank well poised to undertake strategic initiatives. Given decent liquidity position along with manageable debt level, U.S. Bancorp has a lesser likelihood of default of repayments, in case economy worsens. However, a persistent increase in expenses due to the ongoing investments in technology might hinder bottom-line expansion. Further, pressure on net interest margin on lower interest rates might deter top-line expansion.

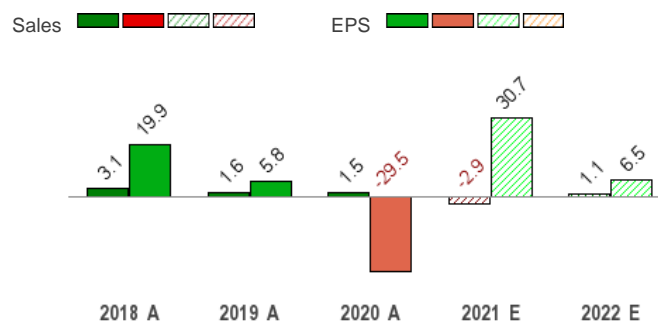
### Price, Consensus & Surprise



### Data Overview

52-Week High-Low	<b>\$57.45 - \$28.36</b>
20-Day Average Volume (Shares)	<b>8,166,200</b>
Market Cap	<b>\$85.4 B</b>
Year-To-Date Price Change	<b>21.9%</b>
Beta	<b>1.15</b>
Dividend / Dividend Yield	<b>\$1.68 / 3.0%</b>
Industry	<b>Banks - Major Regional</b>
Zacks Industry Rank	<b>Top 43% (108 out of 253)</b>

### Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	<b>0.0%</b>
Last Sales Surprise	<b>-1.3%</b>
EPS F1 Estimate 4-Week Change	<b>4.6%</b>
Expected Report Date	<b>04/15/2021</b>
Earnings ESP	<b>0.3%</b>
P/E TTM	<b>18.5</b>
P/E F1	<b>14.3</b>
PEG F1	<b>2.0</b>
P/S TTM	<b>3.4</b>

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	5,603 E	5,685 E	5,809 E	5,834 E	22,799 E
2021	5,544 E	5,598 E	5,734 E	5,719 E	22,562 E
2020	5,748 A	5,814 A	5,939 A	5,725 A	23,226 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.95 E	\$1.05 E	\$1.10 E	\$1.16 E	\$4.26 E
2021	\$0.94 E	\$0.99 E	\$1.03 E	\$1.06 E	\$4.00 E
2020	\$0.72 A	\$0.41 A	\$0.99 A	\$0.95 A	\$3.06 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 04/08/2021. The report's text and the analyst-provided price target are as of 04/09/2021.

## Overview

Headquartered in Minneapolis, MN, U.S. Bancorp was formed in February 2001 with the merger of the former U.S. Bancorp and Firststar Corporation. It provides banking and investment services through a network of 3,018 banking offices principally operating in the Midwest and West regions of the United States through on-line services and over mobile devices. Also, with 68,108 employees and \$554 billion in assets as of Dec 31, 2020, U.S. Bancorp is the parent company of U.S. Bank — the fifth-largest commercial bank in the United States.

The company operates through five segments:

The Corporate and Commercial Banking segment (19% of total net revenues in 2020) extends traditional banking services, such as lending, depository and treasury management, to mid-sized and larger corporations, commercial real estate, financial institutions, non-profit and public sector organizations.

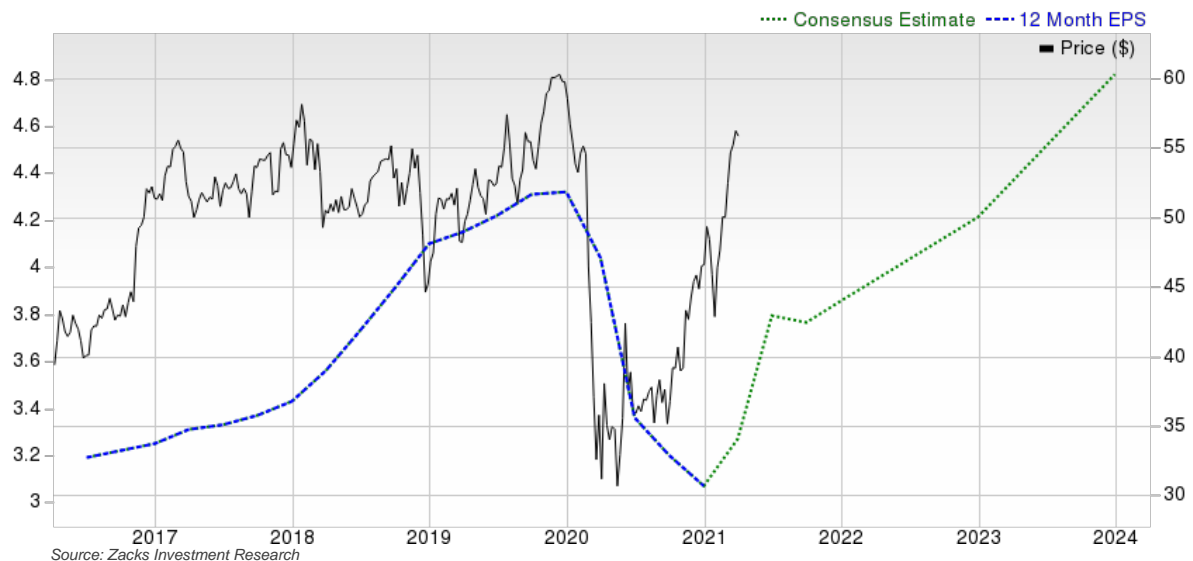
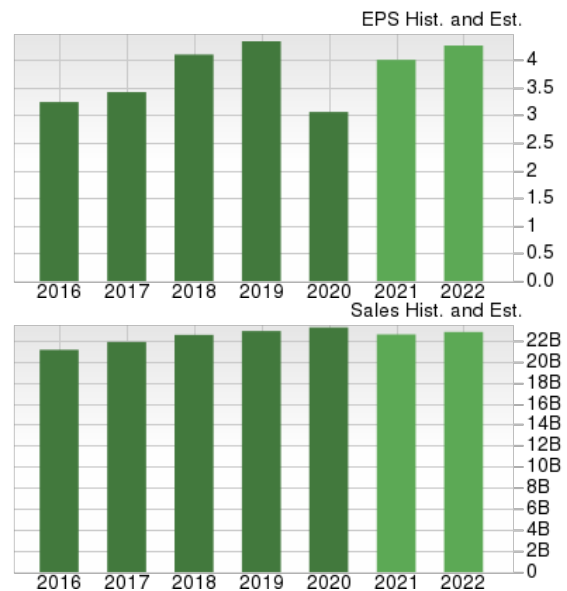
The Consumer and Business Banking segment (41%) offers banking services and products through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing and mobile devices.

The Payment Services segment (24%) includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing.

The Wealth Management & Investment Services segment (12%) includes private banking, trust, custody, retail brokerage services, insurance, trust, custody, investment management, and related financial advisory services, which are extended to individuals and institutional investors.

The Treasury and Corporate Support segment (4%) includes investment portfolios, funding, capital management, asset securitization and interest rate risk management.

In March 2020, the company acquired Sage Pay and later renamed it to Opayco. In September 2018, U.S. Bancorp's subsidiary, Elavon, recently acquired Electronic Transaction Systems Corporation -- a Virginia-based financial technology company.



---

## Reasons To Buy:

- ▲ Organic growth remains a key strength at U.S. Bancorp, as reflected by its revenue growth story. Revenues witnessed a CAGR of 2.5% over the last five years (2016-2020). This rise was chiefly due to higher net interest as well as non-interest income (NII), with some annual volatility. Decent lending scenario might support the company's NII in the days to come. Also, the company's diverse revenue streams support fee income growth. Hence, we believe the company is well positioned to maintain its increasing revenue trend in the near term.
- ▲ U.S. Bancorp has made a number of strategic bank acquisitions in the past years, which have opened new markets to it and fortified existing markets. Besides, in January, the company signed a deal to acquire the debt servicing and securities custody services client portfolio of MUFG Union Bank, N.A. These acquisitions, combined with ongoing investments in innovative product enhancements, services and people has strengthened the company's balance sheet and fee-based businesses besides increasing market share.
- ▲ U.S. Bancorp experienced strong growth in average loans and deposits during the past few years, as it continued to expand and deepen relationships with current customers, as well as acquire new customers and market share. Notably, the company's average deposits and loans reflected five-year CAGR of 3.5% and 6.2%, respectively, in 2020. Though loan demand has been soft due to pandemic concerns, the same is expected to improve once the economy recovers and business activities resume in full swing.
- ▲ U.S. Bancorp has a strong balance sheet. As of Dec 31, 2020, the company had a debt of \$53.1 billion and debt to capital ratio of 43.5%, both have declined over the past few quarters. Therefore, with a time-interest-earned ratio of 6.7X, and a record of consistent earnings, U.S. Bancorp carries low credit risk, and has a lesser likelihood of default of interest and debt repayments if the economic situation worsens.
- ▲ Though the weakness in the credit card segment impacted some of the credit metrics, it improved significantly in the past few years. Allowance for credit losses and non-performing assets declined as economic conditions improved with some quarterly volatility. Though the metrics deteriorated in 2020 in response to the coronavirus fallout, credit quality is expected to improve with the recovery of the economy in the upcoming quarters.
- ▲ U.S. Bancorp's trailing 12-month return on equity (ROE) reflects its superiority in terms of utilizing shareholders' fund. The company's ROE of 10.39% compares favorably with 8.09% for the industry.
- ▲ U.S. Bancorp's shares have underperformed the industry over the past six months. Despite this unfavorable trend, the company's current-year earnings estimates have been revised marginally upward over the past seven days. Hence, given the progress on fundamentals and positive estimates revision, the stock has an upside potential.

Diversified product mix and rise in revenues will support U.S. Bancorp's growth opportunities. Also, rising loan and deposit balances are slated to benefit from the economic recovery.

---

## Reasons To Sell:

- ▼ Rising costs remain a concern for U.S. Bancorp. The company's non-interest expenses recorded a CAGR of 3.8% over the last five years (2016-2020). Further, as the company continues to invest in technology platform owing to its business initiatives we believe, such costs might weigh on its expense base to some extent in the upcoming quarters.
- ▼ Backed by a higher interest rate environment, margin pressure for U.S. Bancorp eased. In 2017 and 2018, the company reported rise in net interest margin (NIM), after facing a declining trend for years. The increase reflected an improvement in the yield on earning assets and improved loan portfolio mix. Nevertheless, NIM contracted in 2019 and 2020 due to a decline in rates. In mid-March 2020, the Federal Reserve lowered rates to near-zero levels to protect the economy from the coronavirus-induced financial breakdown and indicated no rate hike till 2023. Thus, the company's NIM is likely to remain under pressure in the near term.
- ▼ U.S. Bancorp's capital deployment activities keep us apprehensive. Though the company had increased its quarterly dividend by 13.5% in September 2019, its share repurchase program was suspended mid-March 2020 following the coronavirus crisis. Following second round stress test and Federal Reserve's approval last year, the bank's board of directors announced an authorization to repurchase up to \$3 billion of the company's common stock beginning Jan 1, 2021, which the company intends to begin in the first quarter. Further, it plans to maintain the current dividend level. However, given its unfavorable debt/equity ratio compared with the industry's average, we believe that the capital deployment activities might not be sustainable.
- ▼ U.S. Bancorp continues to encounter investigations and lawsuits from the investors and regulators. Though the company resolved certain litigations related to the sale of risky mortgage-backed securities, many of the cases are yet to be resolved. All these are expected to lead to increased legal expenses and provisions in the near term.
- ▼ Major part of U.S. Bancorp's loan portfolio – nearly 50% as of Dec 31, 2020 – comprises total commercial loans (commercial and commercial real estate lending). Such high exposure to commercial loans depicts lack of diversification, which can be risky for the company amid a challenging economy and competitive markets.
- ▼ U.S. Bancorp seems overvalued when compared with the broader industry. Its price-to-book (P/B) and price-to-cashflow ratios are above the respective industry's averages.

Pressure on margins and escalating expenses on investments in technology are major near-term concerns for U.S. Bancorp. Furthermore, lack of diversification in loan portfolio remains a key headwind.

## Last Earnings Report

### U.S. Bancorp Q4 Earnings In Line, Revenues Up Y/Y

U.S. Bancorp reported fourth-quarter 2020 earnings per share of 95 cents, in line with the Zacks Consensus Estimate. Results, however, compare unfavorably with the prior-year quarter's figure of \$1.08.

Higher revenues, along with deposit growth, were the driving factors. Though lower net interest income, along with escalating expenses and provisions disappointed, higher fee income acted as a tailwind.

Including certain one-time items, net income came in at \$1.53 billion compared with the prior-year quarter's \$1.49 billion.

For full-year 2020, earnings per share came in at \$3.06 per share, in line with the Zacks Consensus Estimate. The earnings figure compares unfavorably with the prior-year tally of \$4.16 per share.

### Revenues & Deposits Grow, Costs & Provisions Flare Up

For 2020, the company reported net revenues of \$23.3 billion, up 1.5% year over year. The revenue figure is in line with the Zacks Consensus Estimate.

U.S. Bancorp's net revenues came in at \$5.8 billion in the fourth quarter, up 1.5% year on year. Increase in non-interest income, partly offset by reduced net interest income, led to this upside.

U.S. Bancorp's tax-equivalent net interest income totaled \$3.2 billion in the reported quarter, down 0.9% from the prior-year quarter. This decline mainly stemmed from lower rates, partially mitigated by deposit and funding mix, loan growth and elevated loan fees.

Average earning assets climbed 13.1% year over year, supported by growth in average total loans, average investment securities and average other earning assets. However, net interest margin of 2.57% was down 35 basis points year on year, mainly impacted by a lower yield curve and higher cash balances for liquidity, partially negated by deposit and funding mix.

U.S. Bancorp's non-interest income climbed 4.7% on a year-over-year basis to \$2.6 billion. The upsurge was mainly owing to rise in mostly all components of income, partially offset by lower deposit service charges, credit and debit card revenue, merchant processing services and corporate payment product revenues.

Provision for credit losses increased 11.6% year over year to \$441 million in the reported quarter.

U.S. Bancorp's average total loans fell 2.8% sequentially to \$302.3 billion. This stemmed from a fall in commercial, commercial real estate and credit card loans, partly offset by increase in residential mortgages and other retail loans.

Average total deposits were up 4.2% from the prior quarter to \$422.4 billion. This uptick resulted from growth in both non-interest-bearing and interest-bearing deposits.

U.S. Bancorp's non-interest expenses declined 1.1% year over year to \$3.4 billion. Excluding certain one-time items, expenses flared up 5.1% year on year. This upswing mainly resulted from elevated compensation, technology and communications and other non-interest expenses, muted by reduced net occupancy and equipment, professional services and marketing and business development expenses to some extent.

Efficiency ratio came in at 58.8%, improving from the year-ago quarter's 60.3%. A decrease in the ratio indicates improved profitability.

### Credit Quality: A Concern

Credit metrics at U.S. Bancorp deteriorated during the December-end quarter. Net charge-offs came in at \$441 million, up 14.5% year on year. On a year-over-year basis, the company witnessed deterioration, mainly in net charge-offs in the commercial real estate and commercial segments, which was muted by improvement in credit card, other retail and residential mortgages.

U.S. Bancorp's non-performing assets (excluding covered assets) came in at \$1.3 billion, up 56.6% year over year. Total allowance for credit losses was \$8 billion, up 77.8% on a year-over-year basis.

### Healthy Capital Position

During the fourth quarter, U.S. Bancorp maintained a solid capital position. The Tier 1 capital ratio came in at 11.3% compared with the prior-year quarter's 10.7%. Common equity Tier 1 capital to risk-weighted assets ratio under the Basel III standardized approach fully implemented was 9.7% as of Dec 31, 2020, up from the 9.1% reported in the year-ago quarter.

All regulatory ratios of U.S. Bancorp continued to be in excess of well-capitalized requirements. In addition, reflecting the full implementation of the current expected credit losses methodology, the Tier 1 capital to risk-weighted assets ratio was estimated at 9.3%, as of Dec 31, 2020.

The tangible common equity to tangible assets ratio was 6.9% as of Dec 31, 2020, down from the prior-year quarter's 7.5%.

U.S. Bancorp posted an improvement in book value per share, which increased to \$31.26 as of Dec 31, 2020, from the \$29.90 recorded at the end of the year-earlier quarter.

Quarter Ending	12/2020
Report Date	Jan 20, 2021
Sales Surprise	-1.31%
EPS Surprise	0.00%
Quarterly EPS	0.95
Annual EPS (TTM)	3.07

---

## Capital Deployment Update

Based on the second round of stress test results, the bank expects to maintain its current quarterly dividend of 42 cents per share and start repurchasing common shares in the first quarter of 2021 under the previously-announced \$3-billion common stock-repurchase program.

## Outlook

While management expects European operations to continue to witness pressure in the first quarter, payments volume trends are likely to improve, in line with consumer spend activity.

While pay-down activity by corporate customers continues to slow, management expects it to remain somewhat elevated in the early part of 2021.

For the first quarter of 2021, fully taxable equivalent net interest income is expected to decline in the low-single-digits, partly due to seasonally fewer days. Net interest margin is likely to be relatively stable.

Loan balances are likely to decline in the first quarter as PPP loans are forgiven and as corporations continue to use attractive capital markets funding alternatives and their strong cash flow to continue to pay down loans. However, management expects average loan balances to be up in the second quarter.

Mortgage revenues are anticipated to decline on a linked-quarter basis, in line with the industry, as refinancing activity continues to moderate. In the first quarter, both merchant acquiring revenues and corporate payment revenues are likely to be down 10-15% on a year-over-year basis; reflecting lower travel and hospitality volumes compared with pre-COVID levels.

However, sales volume trends excluding travel and hospitality are expected to continue to improve on a sequential basis, in line with consumer and business spend activity. The recovery of travel and hospitality spend will be dependent upon the timing and efficacy of vaccinations and changes in consumer behavior and business activities.

Management expects credit and debit card revenue to increase in the low-double-digits on a year-over-year basis as growth in debit and prepaid card volumes more than offset lower travel and hospitality volumes.

Non-interest expenses are likely to be relatively stable compared with the fourth quarter.

Per management, recently, economic indicators have generally been better than market expectations, and the outlook has improved in the past few months. However, given current uncertainties that exist related to recent trends in COVID-19 cases and related state level restrictions, non-performing assets are likely to remain elevated and net charge-offs to be relatively stable in the first quarter. Also, management continues to expect net charge-offs to increase in the second half of the year.

Allowance for credit losses is anticipated to begin to decline when there is more certainty regarding the economic outlook and the timing of when peak net charge-offs will occur. Management will continue to assess the adequacy of the allowance for credit losses as conditions change.

For 2021, taxable equivalent tax rate is expected to be 20%.

---

---

## Recent News

### U.S. Bancorp's Ratings on a Downgrade Review by Moody's - Mar 16, 2021

U.S. Bancorp and its subsidiaries' long-term ratings and assessments have been placed under review for downgrade by Moody's Investors Service. The rating agency took this action because of the company's narrowing performance gap relative to peers during last year.

At present, U.S. Bancorp's ratings for senior unsecured and subordinated debt is A1. The bank's baseline credit assessment (BCA) is aa3. It is worth noting that with its aa3 BCA, the company is Moody's highest positioned bank, globally, on a standalone basis.

Notably, Moody's affirmed U.S. Bancorp's short-term ratings for deposits and counterparty risk at Prime-1, and are not under review.

#### Rationale Behind Ratings

The review for downgrade highlights U.S. Bancorp's contracting performance supremacy compared with its peers over the last several years, which until early 2020 was a very opportune operating environment for banks in the United States. Though the company's capitalization declined last year conjunction with its peers, its capital target of a common equity tier 1 ratio of 8.5% was among the lowest of all Moody's-rated U.S. banks.

During the review process, Moody's will evaluate the bank's stress capital resilience, which previously supported its leaner capital position and was a major reason for the above-average ratings. This includes capital generation from the bank's well-diversified revenue streams, considerable fee income and robust operational competence. Per Moody's, U.S. Bancorp's operating efficacy worsened with the need for continuous technological investments along with COVID-related expenses.

The review will take into account as to how the bank will boost its long-term profitability via expense control and revenue diversity. It will also assess whether the bank's risk profile is more likely to generate considerably lower credit costs, on average, with respect to its lower-rated peers.

Moody's also notes U.S. Bancorp's governance as a primary credit strength. The bank portrayed commendable management with a robust risk governance and concentration limit framework. These, along with its diversified business lines aided a positive evaluation of the bank's corporate behavior.

#### When Can the Rating be Upgraded/Downgraded?

U.S. Bancorp's BCA and long-term ratings might be confirmed if it continues to better its asset quality, profitability and stress capital resilience over the long term compared to its peers.

The BCA and long-term ratings could be downgraded if Moody's views that U.S. Bancorp's performance is not likely to be substantially better than its peers.

### U.S. Bancorp Signs Acquisition Deal With MUFG Union Bank - Jan 6, 2021

As part of its efforts to increase presence on the West Coast, U.S. Bancorp agreed to acquire the debt servicing and securities custody services client portfolio of MUFG Union Bank, N.A. Closing of the deal, expected in first-quarter 2021, is subject to regulatory approval and customary closing conditions.

While the financial terms of the deal have not been disclosed yet, U.S. Bancorp will likely acquire 600 client relationships, and assets under custody and administration worth \$320 billion.

The vice chair of U.S. Bancorp's Wealth Management and Investment Services segment, Gunjan Kedia, stated, "This transaction is a great fit for U.S. Bank. U.S. Bank is known for working with clients one-on-one to understand their unique requirements and deliver customized, proactive solutions that help them meet their objectives. We look forward to putting the resources of U.S. Bank to work for our new clients and providing an exemplary client experience."

Through the Wealth Management and Investment Services division, the company provides private banking, trust, custody, retail brokerage services, insurance, trust, custody, investment management, and related financial advisory services to individuals and institutional investors.

Ranjana Clark, the head of Global & Americas Transaction Banking for MUFG Union Bank, stated, "After a thorough analysis of our market position in the Debt Servicing and Securities Custody product areas, we made the decision to sell these products and services within our Transaction Banking portfolio, which will enable us to reinvest capital in other strategic areas of focus to the benefit of our clients and MUFG Union Bank. For those client relationships that are being acquired, we are confident that U.S. Bank will deliver high-quality service and support."

#### Dividend Update

On Mar 16, U.S. Bancorp's board of directors announced a quarterly cash dividend of 42 cents per share. The dividend will be paid on Apr 15 to holders of record on Mar 31.

---

## Valuation

U.S. Bancorp's shares are up 21.9% so far this year and 49.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are up 24.8% and 12.1% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 50.6% and 42%, respectively.

The S&P 500 Index is up 9.2% and 49.3% in the year-to-date period and trailing 12-month period, respectively.

The stock is currently trading at 14.37X forward 12 months earnings, which compares to 13.13X for the Zacks sub-industry, 17.15X for the Zacks sector and 22.89X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 16.99X and as low as 6.76X, with a 5-year median of 12.95X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$60 price target reflects 15.19X forward earnings.

The table below shows summary valuation data for USB

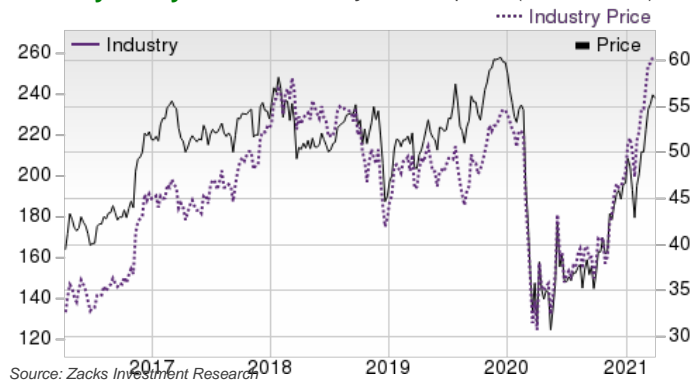
Valuation Multiples - USB					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.37	13.13	17.15	22.89
	5-Year High	16.99	14.2	17.16	23.83
	5-Year Low	6.76	8.01	11.6	15.3
	5-Year Median	12.95	11.66	14.81	18
P/TB TTM	Current	2.45	2.25	3.63	17.41
	5-Year High	3.23	2.68	4.06	17.41
	5-Year Low	1.33	1.21	2.05	8.07
	5-Year Median	2.54	2.12	3.55	11.3
P/S F12M	Current	3.77	4.3	7.89	4.71
	5-Year High	4.29	4.59	7.89	4.71
	5-Year Low	1.9	2.39	5.03	3.21
	5-Year Median	3.62	3.62	6.16	3.71

As of 04/08/2021

Source: Zacks Investment Research



## Industry Analysis Zacks Industry Rank: Top 43% (108 out of 253)



## Top Peers

Company (Ticker)	Rec	Rank
Fifth Third Bancorp (FITB)	Outperform	2
The Bank of New York Mellon Corporation (BK)	Neutral	3
Huntington Bancshares Incorporated (HBAN)	Neutral	3
KeyCorp (KEY)	Neutral	3
M&T Bank Corporation (MTB)	Neutral	3
The PNC Financial Services Group, Inc (PNC)	Neutral	3
Regions Financial Corporation (RF)	Neutral	2
State Street Corporation (STT)	Neutral	3

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Banks - Major Regional				Industry Peers		
	USB	X Industry	S&P 500	BK	FITB	PNC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	D	-	-	D	D	B
Market Cap	85.36 B	42.09 B	29.78 B	41.95 B	27.30 B	75.58 B
# of Analysts	13	9	12	8	12	10
Dividend Yield	2.96%	2.63%	1.34%	2.59%	2.81%	2.58%
Value Score	C	-	-	C	C	B
Cash/Price	0.75	1.59	0.06	5.08	1.37	1.23
EV/EBITDA	9.16	-0.40	16.88	-19.60	2.58	3.64
PEG F1	2.05	1.76	2.37	1.50	1.54	2.35
P/B	1.79	1.31	3.98	1.02	1.30	1.40
P/CF	15.59	12.60	16.79	7.87	12.60	16.92
P/E F1	14.36	13.44	21.91	11.98	12.67	16.46
P/S TTM	3.38	3.25	3.39	2.48	3.25	4.10
Earnings Yield	7.01%	7.44%	4.48%	8.34%	7.89%	6.08%
Debt/Equity	0.87	0.75	0.66	0.64	0.71	0.69
Cash Flow (\$/share)	3.64	5.24	6.78	6.10	3.03	10.52
Growth Score	F	-	-	F	F	C
Historical EPS Growth (3-5 Years)	3.43%	7.45%	9.39%	7.84%	7.45%	3.01%
Projected EPS Growth (F1/F0)	30.14%	44.60%	15.24%	-0.40%	40.36%	-36.14%
Current Cash Flow Growth	-28.76%	-27.77%	0.61%	2.21%	-16.46%	-33.29%
Historical Cash Flow Growth (3-5 Years)	-2.86%	3.10%	7.37%	1.78%	3.10%	-3.01%
Current Ratio	0.82	0.85	1.39	0.69	0.91	0.88
Debt/Capital	43.46%	41.57%	41.26%	36.59%	39.32%	40.77%
Net Margin	19.31%	19.09%	10.59%	21.37%	16.97%	40.83%
Return on Equity	10.39%	8.09%	14.86%	9.50%	8.06%	5.98%
Sales/Assets	0.05	0.04	0.51	0.04	0.04	0.04
Projected Sales Growth (F1/F0)	-2.86%	-0.65%	7.33%	-2.06%	-0.65%	3.65%
Momentum Score	A	-	-	A	A	A
Daily Price Change	-0.05%	-0.30%	0.03%	0.33%	-0.68%	-0.08%
1-Week Price Change	-0.68%	-0.51%	0.35%	-0.04%	-1.20%	-1.26%
4-Week Price Change	6.43%	0.67%	3.57%	4.96%	0.34%	0.67%
12-Week Price Change	15.22%	9.88%	8.22%	3.16%	17.21%	10.28%
52-Week Price Change	49.22%	52.56%	51.47%	29.24%	114.03%	68.95%
20-Day Average Volume (Shares)	8,166,200	5,980,815	2,047,782	4,937,552	7,268,683	1,908,695
EPS F1 Estimate 1-Week Change	0.70%	0.55%	0.00%	0.31%	0.55%	0.18%
EPS F1 Estimate 4-Week Change	4.56%	3.54%	0.00%	0.28%	6.21%	5.55%
EPS F1 Estimate 12-Week Change	10.07%	17.56%	2.24%	-1.54%	23.56%	27.96%
EPS Q1 Estimate Monthly Change	4.01%	3.64%	0.00%	0.33%	4.61%	8.73%

Source: Zacks Investment Research

---

## 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 maintain a 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	C
Growth Score	F
Momentum Score	A
VGM Score	D

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.

---

## Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

**Returns quoted represent past performance which is no guarantee of future results.** Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

## Glossary of Terms and Definitions

**52-Week High-Low:** The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

**20-Day Average Volume (Shares):** The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

**Daily Price Change:** This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

**1-Week Price Change:** This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

**4-Week Price Change:** This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a medium-term price change metric and an indication of the stock gaining momentum.

**12-Week Price Change:** This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

**52-Week Price Change:** This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

**Market Cap:** The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

**Year-To-Date Price Change:** Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

**# of Analysts:** Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

**Beta:** A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

**Dividend:** The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

**Dividend Yield:** The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the most recent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

**S&P 500 Index:** The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

**Industry:** One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

---

**Zacks Industry Rank:** The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

**Last EPS Surprise:** The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

**Last Sales Surprise:** The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

**Expected Report Date:** This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

**Earnings ESP:** The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

**Periods:**

**TTM:** Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

**F1:** Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

**F2:** Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

**F12M:** Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

**P/E Ratio:** The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

**PEG Ratio:** The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

**P/S Ratio:** The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

**Cash/Price Ratio:** The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every \$1 investment.

**EV/EBITDA Ratio:** The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

**EV/Sales Ratio:** The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

**EV/CF Ratio:** The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

---

**EV/FCF Ratio:** The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

**P/EBITDA Ratio:** The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

**P/B Ratio:** The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

**P/TB Ratio:** The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

**P/CF Ratio:** The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

**P/FCF Ratio:** The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

**Earnings Yield:** The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at \$35 and expected to earn \$3 per share in the current fiscal year (F1), would be 0.0857 ( $3/35 = 0.0857$ ) or 8.57%. In other words, for \$1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

**Debt/Equity Ratio:** The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

**Cash Flow (\$/share):** Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

**Current Ratio:** The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

**Debt/Capital Ratio:** Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

---

**Net Margin:** Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every \$1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

**Return on Equity:** Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every \$1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

**Sales/Assets Ratio:** The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated \$2.50 in sales for every \$1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

**Historical EPS Growth (3-5 Years):** This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

**Projected EPS Growth (F1/F0):** This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

**Current Cash Flow Growth:** It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

**Historical Cash Flow Growth (3-5 Years):** This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

**Projected Sales Growth (F1/F0):** This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

**EPS F1 Estimate 1-Week Change:** The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is \$1.10 now versus \$1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from \$1.00 to 90 cents, that would be a 10% downward revision.

**EPS F1 Estimate 4-Week Change:** The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

**EPS F1 Estimate 12-Week Change:** The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

**EPS Q1 Estimate Monthly Change:** The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.