Wells Fargo & Company (WFC)

$24.25 (As of 07/14/20)

Price Target (6-12 Months): **$27.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/08/20) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:C
	Value: B | Growth: D | Momentum: B	

Summary

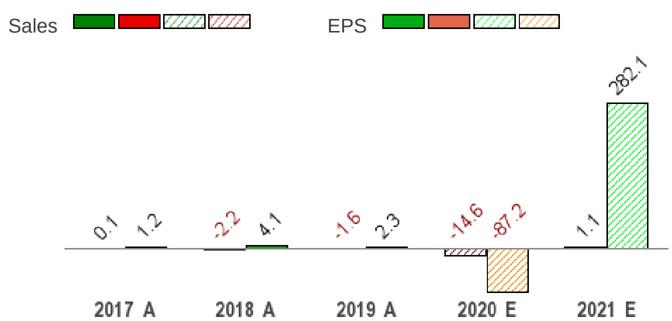
Shares of Wells Fargo have underperformed the industry in the past six months. Also, its earnings surprise history is unimpressive, having lagged the Zacks Consensus Estimate in three of the trailing four quarters. The company reported a loss in the second quarter due to a reserve build of $8.4 billion for the crisis. Wells Fargo's revenues remain under pressure due to lower interest rates and volatile fee income. Also, rising costs in providing benefits to clients amid coronavirus concerns might curb bottom-line growth. Yet, the company's efforts to enhance compliance and risk-management capability seem encouraging. Also, streamlining activities along with rising deposit balance remain tailwinds. Notably, it decided to reduce dividend level, following the 2020 stress test, to meet Fed's criteria of sufficient income in past quarters.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$54.75 - $22.00**
20 Day Average Volume (sh)	**47,984,944**
Market Cap	**$99.4 B**
YTD Price Change	**-54.9%**
Beta	**1.15**
Dividend / Div Yld	**$2.04 / 8.4%**
Industry	**Banks - Major Regional**
Zacks Industry Rank	**Top 32% (80 out of 251)**
Last EPS Surprise	**-312.5%**
Last Sales Surprise	**-3.8%**
EPS F1 Est- 4 week change	**-20.5%**
Expected Report Date	**10/20/2020**
Earnings ESP	**0.0%**
P/E TTM	**20.2**
P/E F1	**43.3**
PEG F1	**3.9**
P/S TTM	**1.1**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	18,154 E	18,550 E	18,789 E	18,881 E	73,458 E
2020	17,717 A	17,836 A	18,022 E	18,112 E	72,640 E
2019	21,609 A	21,584 A	22,010 A	19,860 A	85,063 A

EPS Estimates

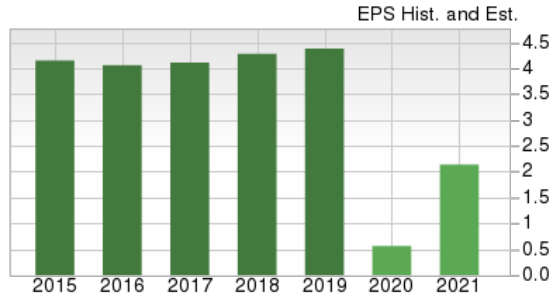
	Q1	Q2	Q3	Q4	Annual*
2021	$0.24 E	$0.50 E	$0.75 E	$0.79 E	$2.14 E
2020	$0.01 A	-$0.66 A	$0.42 E	$0.37 E	$0.56 E
2019	$1.20 A	$1.30 A	$0.92 A	$0.93 A	$4.38 A

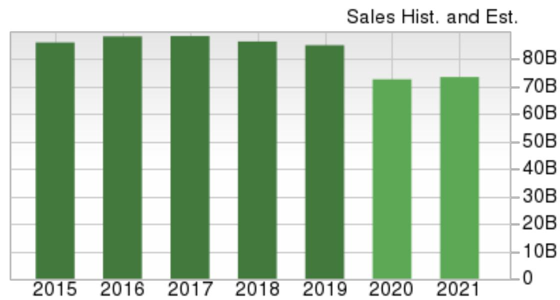
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/14/2020. The reports text is as of 07/15/2020.

Overview

San Francisco-based – Wells Fargo & Company is one of the largest financial services company in the U.S. with $1.97 trillion in assets and more than $1.4 trillion in deposits. The company provides banking, insurance, trust and investments, mortgage banking, investment banking, retail banking, brokerage services and consumer and commercial finance through over 7,300 stores, 13,000 ATMs, the internet and other distribution channels across North America and globally.





The company provides its services through three broad segments:

Community Banking offers a complete line of diversified financial products and services to consumers and small businesses, including checking and savings accounts, credit and debit cards, and auto, student, and small business lending.

Wholesale Banking provides financial solutions to businesses across the United States and globally with annual sales generally in excess of $5 million.

Wealth and Investment Management provides a full range of personalized wealth management, investment and retirement products and services to clients across U.S. based businesses.

In October 2019, Wells Fargo closes the sale of its commercial real estate brokerage business, Eastdil Secured and recorded a pre-tax gain of about $362 million, reflected infourth-quarter 2019 net income.

In July 2019, Wells Fargo divested its Institutional Retirement & Trust business to Principal Financial Group for $1.2 billion. In February 2018, it completed the sale of its Shareowner Services business to U.K.-based Equiniti Group plc, for $227 million. In 2017, Wells Fargo completed the divestiture of Wells Fargo Insurance Services USA, Inc to USI Insurance Services. The company offloaded the commercial insurance business, though retained personal insurance business.

In 2016, Wells Fargo sold its fund administration business, Wells Fargo Global Fund Services. Also, the company acquired GE Capital's Commercial Distribution Finance businesses in the Europe, Middle East and Africa, Australia & New Zealand and Asia. Along with these, the bank acquired GE Capital's commercial lending and leasing businesses in North America and GE Railcar Services.

Reasons To Buy:

> Wells Fargo continues to benefit from loan and deposit growth, strong capital position and improving credit quality. Also, its acquisition moves are likely to support the company's growth strategy.

- Wells Fargo's expansion plans have historically included a large number of acquisitions including the Wachovia merger in 2008. Moreover, since 2011, the company has completed a number of opportunistic transactions. Further, the expansion moves has been supported by the purchase of a number of businesses from GE Capital. The company plans to expand its operations in international markets and augment its asset management business. It has demonstrated its ability to assimilate local franchises, offering a wider range of products than the acquired company could have, thus increasing the number of options for customers. This has been the driving force behind its growth in the recent years.

- Wells Fargo registered strong growth in loans over the past few years, despite the planned run-off from non-strategic/liquidating portfolios. The company's total loans witnessed five-year CAGR (2015-2019) of 1.2%, with some annual volatility. Furthermore, deposits recorded five-year CAGR (2015-2019) of 2%. Although loans declined in the first six months of 2020 due to the restrictions on balance sheet growth of the company, deposits continued to increase. Nonetheless, both loan and deposit balances are poised to grow, catering customer needs amid coronavirus scare.

- As of Jun 30, 2020, the company holds a debt level of $291.4 billion and has witnessed decline over the past few quarters. Though its time-interest-earned ratio declined in second-quarter 2020, the same has remained steady at 3.5X over the past few quarters. Thus, Wells Fargo has a lesser likelihood of default of interest and debt repayments, if the economic situation worsens.

- Despite the macro pressure, Wells Fargo's credit quality continues to normalize. This trend is expected to continue, thereby providing room to drive future earnings. Notably, net charge-offs remained near a low level of 46 basis points (bps) as a percentage of average loans (annualized) as of Jun 30, 2020, exhibiting the benefit of a diversified loan portfolio. Notably, on forecasts of credit deterioration due to the coronavirus pandemic, the bank announced an increase in the reserve build of $8.4 billion in the second quarter, soaring allowance for credit losses.

- Wells Fargo seems undervalued when compared with the broader industry. Its current price-to-book value and price-to-cash flow ratios are lower than the respective industry averages. Also, the stock has a Value Score of B.

Reasons To Sell:

Wells Fargo’s involvement in a horde of legal issues is a concern. Also, escalating expenses and lower NII remain headwinds. Furthermore, declining mortgage income remains a major drag.

- Revenue growth has become challenging at Wells Fargo. Revenues witnessed a negative CAGR of nearly 0.3%, over the last five years (2015-2019), due to a lower rate environment and volatile non-interest income, with the trend continuing in the first six months of 2020. Therefore, amid coronavirus pandemic, loan and deposit growth rates, pricing spreads, the level of interest rates and the shape of the yield curve remain decisive factors for the top-line performance in the coming quarters. Also, revenues are being impacted by the pandemic-related fee and interest waivers for certain products.

- Mortgage banking income witnessed a negative three-year (2016-2019) CAGR of 23.6%, impacting overall top-line growth, with the trend continuing in the first two quarters of 2020. Despite reversal in the mortgage market, the company witnessed lower income due to considerable write-downs of its mortgage-servicing rights asset due to higher projected defaults and faster prepayment assumptions. Wells Fargo, which was the largest mortgage originator in the United States as of 2017, has also been witnessing lower mortgage servicing income, which is a concern.

- Federal Reserve reduced interest rates three times in 2019 and finally slashed it to near zero in March, to support the U.S. economy from the coronavirus outbreak-induced mayhem. This impacted Wells Fargo’s net interest income (NII) growth and resulted in contraction of net interest margin over the last several quarters. A similar trend is expected to continue in the near term as the central bank has signaled no rate hike. Furthermore, constraints of operating under the asset cap limited the company’s ability to offset the impact of lower rates with loan growth. Notably, management lowered its NII guidance for 2020 and anticipates $41-$42 billion of NII, suggesting a 10-13% decline from the 2019 level.

- Wells Fargo has been facing challenges to control costs for the past few years. Non-interest expenses recorded a five-year (2015-2019) CAGR of 3.9% due to hike in personnel and other expenses, with the trend continuing in the first six months of 2020. Notably, the enhanced benefits and payments provided by the company to employees due to the COVID-19 crisis is expected to keep expenses elevated through the remainder of this year. Also, the company mulls its expense base to be $10 billion higher than the required level and thus seeks to undertake cost-control measures such as increasing digital adoption for retail and commercial clients, reducing third-party spend, consolidation of branches. Despite these cost-saving measures, elevated expense base is likely to act as a hindrance to bottom-line expansion in the quarters ahead.

- Troubles mounted at Wells Fargo, in September 2016, following the revelation of opening of millions of unauthorized accounts. Since then, the bank has settled numerous litigations and penalties. Further, the bank has been slapped with new sanctions, including a cap on the assets position by the Federal Reserve. Disclosure of issues in its auto-insurance business, online bill pay services, and in the Wealth and Investment Management segments are also on the downside. Recently, in a major setback, U.S. CFPB director expressed her dissatisfaction with Wells Fargo's progress fixing its risk management issues. In February 2020, the bank announced to have entered into a $3 billion settlement with the authorities investigating its Community Bank sales practices. Therefore, legal and regulatory issues remain a concern.

- Wells Fargo raised its common stock dividend to 51 cents per share, up 13.3% in July 2019 as per its approved 2019 capital plan. Also, it had a share-repurchase program in place that was suspended mid-March, following the coronavirus crisis. However, following the 2020 stress test results, Federal Reserve announced to limit dividend distribution decision to an amount equal to the average of the bank's net income for the four preceding calendar quarters. Thus, Wells Fargo is likely to reduce its third-quarter dividend to 10 cents from the current 51 cents level to meet the criteria. Further, with unfavorable debt/equity ratio when compared with the broader industry and volatile performance in the past few quarters, Wells Fargo’s capital-deployment activities might not be sustainable.

- Shares of Wells Fargo have underperformed the industry in the past six months. With this unfavorable trend, its earnings estimates for the current year have been revised 21.1% downward over the past 30 days. Therefore, given the above concerns and the lack of positive estimate revisions, the stock has limited upside potential.

Last Earnings Report

Wells Fargo Q2 Loss Wider Than Expected, Provisions Up

Quarter Ending	06/2020
Report Date	Jul 14, 2020
Sales Surprise	-3.76%
EPS Surprise	-312.50%
Quarterly EPS	-0.66
Annual EPS (TTM)	1.20

Wells Fargo reported second-quarter 2020 loss per share of 66 cents, which was attributed to a reserve build of $8.4 billion for the coronavirus outbreak-related crisis. The Zacks Consensus Estimate for the same was pegged at a loss of 16 cents.

Reduced net interest income on lower rates and a disappointing fee income negatively impacted the company's results. Notably, lower mortgage banking revenues and service charges on deposit accounts were major drags.

Provisions also soared on the coronavirus crisis during the reported quarter. Further, rise in non-interest expenses and a decline in loan balance acted as headwinds.

The company reported net loss of $2.4 billion in the second quarter against net income of $6.2 billion recorded in the prior-year quarter.

The quarter's total revenues were $17.8 billion, lagging the Zacks Consensus Estimate of $18.3 billion. Also, revenues were lower than the year-ago quarter's $21.6 billion.

Furthermore, on a year-over-year basis, the quarterly revenue generation at the company's business segments was disappointing. The Community Banking segment's total quarterly revenues slipped 25.7% and Wholesale Banking revenues were down 7.1%. Further, revenues in the Wealth and Investment Management unit fell 9.6%.

Lower Rates Hurt Revenues, Expenses Rise

Wells Fargo's net interest income in the second quarter came in at $9.9 billion, declining 18% year over year. Lower interest income on account of lower rates mainly resulted in this downside, partly offset by decreased interest expenses. Furthermore, net interest margin shrunk 57 basis points (bps) year over year to 2.25%.

Non-interest income at Wells Fargo was $8 billion, plunging 16% year over year primarily due to a fall in card fees, other fees, insurance, service charges on deposit accounts, lease income, other income, net gains from equity securities, mortgage banking revenues, and trust and investment fees. The declines were partly muted by higher net gains from trading activities and debt securities.

As of Jun 30, 2020, total loans were $935.2 billion, declining 7.4% sequentially. The decline resulted from lower demand for commercial and consumer loans. Total deposits were $1.4 trillion, rising 2% from the prior quarter.

Non-interest expenses at Wells Fargo were $14.6 billion during the April-June quarter, rising 8% from the year-earlier period. The rise primarily resulted from higher personnel, occupancy along with FDIC and other deposit assessment-related expenses. These were partially offset by a decline in technology and equipment-related costs, and core deposit and other intangibles.

The company's efficiency ratio of 81.6% was above 62.3% recorded in the year-ago quarter. A rise in efficiency ratio indicates a fall in profitability.

Credit Quality Worsens

Wells Fargo's credit quality metrics worsened during the June-end quarter. Allowance for credit losses, including the allowance for unfunded commitments, totaled $20.4 billion as of Jun 30, 2020, up considerably year over year.

Net charge-offs were $1.1 billion or 0.46% of average loans in the reported quarter, rising 70.4% from the year-ago quarter's net charge-offs of $653 million (0.28%). Non-performing assets climbed 23.8% to $7.8 billion in the second quarter from $6.3 billion reported in the year-earlier quarter. Notably, provision for credit losses was $9.6 billion compared with the prior-year quarter's $503 million.

Capital Position

Wells Fargo's Tier 1 common equity under Basel III (fully phased-in) decreased to $133 billion from $149.2 billion witnessed in the prior-year quarter. The Tier 1 common equity to total risk-weighted assets ratio was estimated at 10.9% under Basel III (fully phased-in) as of Jun 30, 2020, down from the year-earlier quarter's 12%.

Book value per share declined to $38.67 from $40.10 recorded in the comparable period of the last year.

Negative return on assets was 0.49% compared with the prior-year quarter's positive return of 1.31%. Also, negative return on equity was 6.63% against the year-ago quarter's positive return of 13.26%.

As of Jun 30, 2020, eligible external total loss-absorbing capacity as a percentage of total risk-weighted assets was 25.3% compared with the minimum requirement of 22%.

Capital Deployment Update

Wells Fargo expects to reduce its third-quarter common stock dividend to 10 cents per share from the previous payout of 51 cents. The decision is subject to approval by the board of directors by the end of this month.

The move comes after Federal Reserve puts a limit on dividend distributions for large banks amid the coronavirus scare.

Outlook

Net interest income is anticipated to be $41-$42 billion for 2020, suggesting a decline of 11-13% from the figure reported 2019.The decline is accounted to the lower interest rate environment and the asset cap placed on Wells Fargo's ability to grow the size of balance sheet as well as higher MBS premium amortization, which is likely to persist through the remaining 2020.

Deposit costs are expected to continue to decline in the second half of 2020 and reach the single-digit lows realized in 2015 and 2016.

The company expects effective income tax rate for the remainder of the year to be 26%, excluding the impacts of any discrete items.

Recent News

Wells Fargo Partners With iCapital, To Sell Feeder Fund Platform - Jun 18, 2020

Wells Fargo Investment Institute, Inc., (WFII), the registered investment advisor and wholly owned subsidiary of Wells Fargo announced that it will divest its Global Alternative Investments (GAI) Feeder Fund Platform to a financial-technology firm, iCapital Network, in an effort to simplify operations and provide innovative products to the bank's clients. Financial terms of the deal, which is expected to close in second-half 2020, remain undisclosed.

Additionally, Wells Fargo will become the latest strategic investor by joining the group of wealth and asset managers that has made strategic investments in iCapital.

The Wells Fargo GAI Feeder Fund Platform collects client money to invest in varied alternative solutions, including private equity, private debt, hedge funds, private real estate, and direct private investments.

“We are pleased to partner with iCapital to deliver alternative investments to enhance the experience for our advisors and clients,” said Darrell Cronk, president of WFII. “This transaction will allow us to continue to provide innovative alternative investment solutions to our clients as well as upgrade the overall platform and launch new offerings,” Cronk added further.

As part of the deal terms, the fund portfolio will be supported by the transitioning team for the continuation of services to clients. Additionally, iCapital will offer positions to team of Wells Fargo staff members, who, at present, support feeder fund operations businesses.

Wells Fargo's partnership with iCapital is aimed at offering the best-in-class solution to its clients with innovative alternative investments. With the enhanced technology and efficiency of iCapital, the clients will continue to receive Wells Fargo's current existing investment services including upfront and ongoing investment due diligence, product selection, investment monitoring, platform management, product support, and education.

Fed Eases Wells Fargo's Growth Limit to Support Small Firms - Apr 8, 2020

Having assessed the need to help small firms amid economic uncertainty caused by the novel coronavirus outbreak, the Federal Reserve has allowed Wells Fargo to "narrowly" cross the $1.95-trillion asset cap, which was imposed as a result of several compliance failures in the past.

The central bank said, “The change will only allow the firm to make additional small business loans as part of the Paycheck Protection Program, or PPP, and the Federal Reserve's forthcoming Main Street Lending Program.”

Notably, the move is only temporary and will be in place as long as the above-mentioned programs to help troubled firms are active. The bank will be able to accept deposits as well. Also, the Fed has asked Wells Fargo to transfer benefits from the programs to the U.S. Treasury or other Fed-approved non-profits organizations supporting small businesses.

“Wells Fargo appreciates the targeted action of the Federal Reserve to support the needs of small businesses through PPP and looks forward to expanding relief to many more small businesses and nonprofits,” said Wells Fargo's CEO, Charlie Scharf.

Scharf added that the company remains committed to satisfy regulators by taking necessary actions under the consent order.

The $350-billion relief program was launched to help small business owners, who are facing the risk of shutting down. The aim is to help the firms cover employee compensation and other expenses like rent and utilities.

Soon after the program went live, Wells Fargo announced to have received the application for more than $10 billion that it was eligible to lend due to the asset cap.

Wells Fargo Decreases Its Prime Lending Rate by 100 Bps - Mar 16, 2020

Pursuant to the U.S. Federal Reserve recent interest rate cut, Wells Fargo reduced its prime lending rate from 4.25% to 3.25%, effective Mar 16. Prior to this, the company reduced the rate from 4.75% to 4.25%, on Mar 3, 2020.

Wells Fargo to Launch Two Accounts to Limit Overdraft Fees - Mar 3, 2020

With an aim to limit overdraft fees for customers, Wells Fargo has announced plans of launching two new bank accounts by early next year. The news came just a week before the company's CEO is set to appear in front of the House Financial Services Committee.

Per the database provided by the Consumer Financial Protection Bureau, Wells Fargo has been receiving dozens of complaints related to overdraft fees since the beginning of this year. Moreover, since overdraft fees are generally only paid by those who have the least amount of money with them, it has been under scrutiny from regulators and politicians for many years now.

The accounts that the company intends to launch will likely offer convenient and secure banking services to customers with limited or no overdraft fees.

The first will be a checkless account, with a flat monthly fee of $5, and is expected to provide convenient features to customers at no additional cost. The account will limit spending to the amount available in the account and customers will not incur overdrafts or fees related to insufficient funds.

The second account will include checks. It will have a monthly service fee of $10 and will cap overdraft or fees related to insufficient funds at one per month. The account is primarily for those who want a limit on certain fees as well as protection on occasional overdrafts.

With the two new accounts, Wells Fargo wants to meet the needs of consumers, who are either opening an account for the first time and are new to banking or those seeking an account that will help them manage spending.

Once the accounts are launched, the company will proactively reach out to customers and educate them about the product and its features.

While the bank has taken this initiative, it has already tried to help customers avoid overdraft fees in the past.

Dividend Update

On Apr 28, Wells Fargo announced quarterly common stock dividend of 51 cents per share. The dividend was paid on Jun 1 to its shareholders of record as on May 8.

Valuation

Wells Fargo's shares are down 54.9% in the year-to-date period and 48.1% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are down 35.9% and 20.3% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are down 24.8% and 15.9%, respectively.

The S&P 500 Index is down 1.7% in the year-to-date period but up 5.8% in the past year.

The stock is currently trading at 16.41X forward 12 months earnings, which compares to 13.01X for the Zacks sub-industry, 16.08X for the Zacks sector and 22.45X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 22.37X and as low as 6.53X, with a 5-year median of 11.68X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $27 price target reflects 17.23X forward earnings.

The table below shows summary valuation data for WFC

Valuation Multiples - WFC

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	16.41	13.01	16.08	22.45
	5-Year High	22.37	14.2	16.19	22.45
	5-Year Low	6.53	8.01	11.59	15.25
	5-Year Median	11.68	11.31	14.16	17.52
P/TB TTM	Current	0.79	1.51	3.25	12.47
	5-Year High	2.36	2.68	4	12.78
	5-Year Low	0.74	1.21	2	5.96
	5-Year Median	1.9	2.11	3.48	9.49
P/S F12M	Current	1.36	2.72	6.04	3.51
	5-Year High	3.61	4.59	6.66	3.51
	5-Year Low	1.25	2.39	4.96	2.53
	5-Year Median	2.84	3.59	6.06	3.02

As of 07/14/2020

Industry Analysis **Zacks Industry Rank:** Top 32% (80 out of 251)

Top Peers

Company (Ticker)	Rec	Rank
Bank of America Corporation **(BAC)**	Neutral	3
Citigroup Inc. **(C)**	Neutral	3
JPMorgan ChaseCo. **(JPM)**	Neutral	3
KeyCorp **(KEY)**	Neutral	3
MT Bank Corporation **(MTB)**	Neutral	3
The PNC Financial Services Group, Inc **(PNC)**	Neutral	3
U.S. Bancorp **(USB)**	Neutral	3
Fifth Third Bancorp **(FITB)**	Underperform	4

Industry Comparison Industry: Banks - Major Regional

	WFC	X Industry	S&P 500	BAC	C	JPM
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	F	F	F
Market Cap	99.42 B	34.51 B	21.89 B	209.43 B	104.40 B	299.25 B
# of Analysts	11	8	14	9	10	10
Dividend Yield	8.41%	4.54%	1.86%	2.98%	4.07%	3.67%
Value Score	B	-	-	F	F	F
Cash/Price	3.04	1.00	0.07	3.64	8.33	3.97
EV/EBITDA	0.97	2.82	12.84	-5.19	-11.84	-7.58
PEG Ratio	4.01	2.51	2.92	2.39	1.46	3.45
Price/Book (P/B)	0.61	0.87	3.06	0.87	0.60	1.29
Price/Cash Flow (P/CF)	3.66	6.10	11.89	6.58	4.92	7.00
P/E (F1)	44.64	15.32	21.54	16.71	15.32	17.24
Price/Sales (P/S)	1.08	1.74	2.27	1.88	1.04	2.16
Earnings Yield	2.31%	6.53%	4.38%	5.97%	6.52%	5.80%
Debt/Equity	1.47	1.06	0.76	1.06	1.52	1.29
Cash Flow ($/share)	6.63	6.63	6.94	3.67	10.20	14.04
Growth Score	D	-	-	F	F	F
Hist. EPS Growth (3-5 yrs)	0.79%	12.51%	10.85%	24.42%	12.27%	15.63%
Proj. EPS Growth (F1/F0)	-87.15%	-49.13%	-9.64%	-47.48%	-56.82%	-46.85%
Curr. Cash Flow Growth	-1.58%	2.66%	5.51%	3.02%	2.56%	9.35%
Hist. Cash Flow Growth (3-5 yrs)	1.85%	9.49%	8.55%	27.50%	7.31%	10.67%
Current Ratio	0.87	0.90	1.30	0.92	0.99	0.89
Debt/Capital	56.42%	49.85%	44.46%	49.21%	57.96%	54.97%
Net Margin	6.26%	19.60%	10.54%	21.64%	13.64%	18.16%
Return on Equity	4.28%	10.59%	15.75%	10.64%	7.38%	10.76%
Sales/Assets	0.05	0.05	0.54	0.05	0.05	0.05
Proj. Sales Growth (F1/F0)	-14.60%	-3.60%	-2.52%	-4.71%	0.61%	-3.70%
Momentum Score	B	-	-	A	A	A
Daily Price Chg	-4.57%	-1.47%	1.60%	-0.21%	-3.93%	0.57%
1 Week Price Chg	0.51%	1.16%	-0.41%	3.13%	4.15%	3.90%
4 Week Price Chg	-14.97%	-11.90%	-0.71%	-6.43%	-7.90%	-3.77%
12 Week Price Chg	-9.65%	10.37%	15.18%	11.55%	20.64%	10.29%
52 Week Price Chg	-46.47%	-29.68%	-6.45%	-16.73%	-29.68%	-14.69%
20 Day Average Volume	47,984,944	5,634,669	2,246,780	65,770,296	24,861,154	23,572,624
(F1) EPS Est 1 week change	-11.80%	7.49%	0.00%	7.49%	14.04%	10.47%
(F1) EPS Est 4 week change	-20.52%	7.43%	0.00%	0.83%	7.43%	11.07%
(F1) EPS Est 12 week change	-39.49%	-7.28%	-6.22%	-14.15%	-7.28%	0.38%
(Q1) EPS Est Mthly Chg	73.82%	26.06%	0.00%	18.20%	52.53%	32.93%

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	D
Momentum Score	B
VGM Score	C

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.

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