

Date:2/15/13

Analyst: Eric Klaasen

CIF Sector Recommendation Report (Fall 2012)

Sector Consumer Staples

Review Period:1/30/13-2/13/13

Section (A) Sector Performance Review

Copy/paste "Sector Review Spreadsheet" (the entire spreadsheet) here

	Ticker	Current Price	Beg. Price	Stop-loss Price	Target Price	% Cap Gain	# Shares	Current Value	vs. Sector's	S&P 500	
14	S&P 500	\$INX	1516.35	1501.96		0.96%					
15	Sector ETF	XLP	\$37.38	\$36.92		1.25%	1580	\$59,060.40		0.29%	
17	Current Holdings										
18	PepsiCo Inc.	PEP	\$71.10	\$73.21	\$62.00	\$75.69	-2.88%	640	\$45,304.00	-4.13%	-3.84%
19	General Mills	GIS	42.89	42.04	33.84	50	2.02%	500	\$21,445.00	0.78%	1.06%
20	Wal-Mart Stores Inc	WMT	71.28	69.75	59.57	77	2.19%	770	\$54,885.60	0.95%	1.24%

Review sector performance relative to the broad market (SP500) and explain why; Include a two-week price chart of the SPDR sector ETF and SP500 (on the same chart)

As a whole the sector is doing good comparing itself to the S&P. They have gained 1.25% over two weeks while the S&P has only grown 0.96%. This is mainly because of companies like General Mills and Wal-Mart showing gains of more than 2% capital gains over the past two weeks.



Highlight noteworthy headline news from the sector (company-, industry-, or sector- level news)

Apart from many companies announcing earnings, there really hasn't been any noteworthy headline news that affected the price of the XLP ETF

Highlight the biggest (+) and the biggest (-) movers from the sector holdings during the review period. Are there notable reasons why the stocks had big moves (e.g., earnings surprises, etc)?

Biggest Gainers	Revlon Inc	Avon Products Inc
Gain	29%	21.8%
Biggest losers	Elizabeth Arden Inc	Constellation Brands Inc
Loss	25.2%	25.9%

Revlon's gain came mostly from their released earnings and the 2.87% positive surprise. Avon's gain came from surprisingly strong earnings in the fourth quarter. Elizabeth Arden saw its loss from weak sales during the holiday season and showed up as a negative surprise on their earnings report. Constellation Brands stock has suffered due to the fact that they can't finalize a deal with Crown imports

Highlight the largest two holdings from the sector and note any headline news on the companies

Proctor Gamble and Phillip Morris are the two biggest holdings in the sector. Proctor holds 14.25% of the sectors weight and Phillip Morris holds 10.33%. Proctor hasn't had any headline news but did beat estimates before the review period and the stock price is still rising because of that. Phillip Morris' stock has recently gone up due to the announcement of releasing bonds in the Swiss market

Comment on short-term outlook of the sector (including noteworthy upcoming events)

The short term outlook of the sector looks good. Some stocks look a little scary at the moment, but as a whole the sector looks like it is slowly on its way up, matching the S&P as it goes. There are a few companies that still need to release their earnings, one of which is Wal-Mart, but other than that there are few noteworthy upcoming events

Section (B) Sector Holding Updates

Company #1: <u>PepsiCo Inc. PEP</u>
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Date Recommended: 10/16/2012

Date Re-evaluated: 2/13/13

Company Update

Briefly update what happened to the company the last two weeks (up through your re-evaluation date). This should include noteworthy headline news on the stock (e.g., earnings announcement, management's comments on company outlook and/or strategic changes, changes in analyst recommendations or estimate revisions, new product launch, management turnover, legal or regulatory issues, merger/acquisition announcement, restructure announcement, news from major competitors, etc.)

Within the company itself, there was no major news within the past two weeks. Despite the Super Bowl a week and a half ago, there was no impact on the stock. The stock price actually went down after the big game. Overall the stock price is the only of the three that have decreased over the past 2 weeks, but overall since buying it is a plus.

Relative Performance

Review relative performance of each sector holding, over the two-week review period, both relative to the SP500 and to the respective SPDR sector ETF. Relate your comments on relative performance to the updates discussed above.

When comparing Pepsi to the S&P and the XLP, the stock is the only one that is doing worse than it was 2 weeks ago. Pepsi is down \$2.11 while the S&P is up \$14.39 and the sector is up \$0.46.

Price Charts

Insert a price chart of the stock for **the most recent three months**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period



Insert a price chart of the stock for the **most recent one year**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period



Valuations Analysis

Original Analysis

Copy/paste P/E (TTM), P/S (TTM), P/B (MRQ), P/CF (TTM) of the stock, the industry, and the sector from **“ratio analysis”** section of the original stock recommendation report (from *CIF website*, “reports” tab)

<u>Ratio Analysis</u>	<u>Company</u>	<u>Industry</u>	<u>Sector</u>
P/E (TTM)	18.51	27.35	40.39
P/S (TTM)	1.64	1.38	3.66
P/B (MRQ)	5.32	3.05	2.05
P/CF (TTM)	12.44	22.23	23.11

Re-evaluation Analysis

Copy/paste the requested valuation multiples from <http://www.reuters.com/>, “Financials” tab

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	19.23	38.45	31.04
P/S (TTM)	1.70	1.33	3.32
P/B (MRQ)	5.19	3.11	1.62
P/CF (TTM)	12.92	13.10	18.90

Briefly discuss the changes

Overall everything changed. Pepsi’s ratio analysis was as good looking as the rest of the industry or the sector. There was a slight increase in the Price to Equity, Price to Sales, and Price to Cash Flows ratio, meaning that the stock could be a little bit more expensive than it really is. The industry apart from Price to Equity, has improved greatly on their ratios. Also the sector has improved on all four of the ratios, showing that as a whole it is performing much better than it was four months ago

Historical Surprises

Original Analysis

Copy/paste “*Historical Surprises*” Table from the original stock recommendation report (from CIF website, “reports” tab)

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Jun-12	16,502.10	16,458.00	44.11	0.27
Quarter Ending Mar-12	12,339.70	12,428.00	88.26	0.72
Quarter Ending Dec-11	19,913.20	19,535.00	378.22	1.90
Quarter Ending Sep-11	17,178.60	17,582.00	403.36	2.35
Quarter Ending Jun-11	16,400.20	16,827.00	426.82	2.60
Earnings (per share)				
Quarter Ending Jun-12	1.09	1.12	0.03	2.41
Quarter Ending Mar-12	0.67	0.69	0.02	3.20
Quarter Ending Dec-11	1.12	1.15	0.02	2.22
Quarter Ending Sep-11	1.30	1.31	0.01	1.05
Quarter Ending Jun-11	1.21	1.21	0.00	0.22

Re-evaluation Analysis

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Sep-12	16,901.90	16,652.00	249.89	1.48
Quarter Ending Jun-12	16,502.10	16,458.00	44.11	0.27
Quarter Ending Mar-12	12,339.70	12,428.00	88.26	0.72
Quarter Ending Dec-11	19,913.20	19,535.00	378.22	1.90
Quarter Ending Sep-11	17,178.60	17,582.00	403.36	2.35
Earnings (per share)				
Quarter Ending Sep-12	1.16	1.20	0.04	3.51
Quarter Ending Jun-12	1.09	1.12	0.03	2.41
Quarter Ending Mar-12	0.67	0.69	0.02	3.20
Quarter Ending Dec-11	1.12	1.15	0.02	2.22
Quarter Ending Sep-11	1.30	1.31	0.01	1.05

Briefly discuss the changes: The new surprises only are show in the newly added Quarter ending Sep – 12. In this quarter there was the biggest surprise in almost year with a 1.48% surprise and for EPS there was the largest surprise with a positive surprise of 3.51%

Consensus Estimates

Original Analysis

Copy/paste **“Consensus Estimates Analysis” Table** from the original stock recommendation report (from *CIF website*, “reports” tab)

Sales (in millions)	# analysts	mean	high	Diff. mean & high	low	Diff. mean & low	1-year ago
Quarter Ending Dec-12	11	19,729.50	20,456.00	3.55%	18,990.00	-3.89%	21,078.40
Quarter Ending Mar-13	6	12,692.80	12,854.10	1.25%	12,529.00	-1.31%	13,094.10
Year Ending Dec-12	15	65,679.20	66,513.00	1.25%	64,464.00	-1.89%	68,602.70
Year Ending Dec-13	15	68,385.80	69,956.50	2.25%	67,366.70	-1.51%	71,955.90
Earnings (per share)							
Quarter Ending Dec-12	13	1.09	1.13	3.54%	1.05	-3.81%	1.22
Quarter Ending Mar-13	8	0.72	0.75	4.00%	0.7	-2.86%	0.81
Year Ending Dec-12	17	4.06	4.09	0.73%	4.05	-0.25%	4.71
Year Ending Dec-13	18	4.41	4.48	1.56%	4.32	-2.08%	5.11
LT Growth Rate (%)	7	6.21	10.1	38.51%	2.4	-158.75%	9.18

Re-Evaluation Analysis

Copy/paste the **“Consensus Estimates Analysis” Table** from <http://www.reuters.com/>, **“Analysts” tab** (include both revenue and earnings)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Mar-13	6	12,716.30	12,854.10	12,560.90	12,848.20
Quarter Ending Jun-13	6	17,192.40	17,290.10	17,097.70	17,720.60
Year Ending Dec-13	16	68,176.60	69,328.50	66,450.00	70,808.20
Earnings (per share)					
Quarter Ending Mar-13	8	0.72	0.75	0.69	0.75
Quarter Ending Jun-13	8	1.23	1.26	1.19	1.22
Year Ending Dec-13	18	4.40	4.50	4.35	4.54
LT Growth Rate (%)	3	4.93	7.00	2.40	6.15

Briefly discuss the changes

For sales the estimated revenues for March 13 quarter have increased but the estimates for 2013 have gone down a little bit. The changes are that big of a difference to have a huge affect on what is going on at Pepsi, but the small changes mean that they are expecting greater revenues earlier on in the year, and for that to drop throughout the rest of the year. Earnings per share on the other hand, had little change in the estimates for 2013, but nothing large that should cause PepsiCo to worry.

Estimate Revision Analysis

Original Analysis (MM/DD/YYYY)

Copy/paste **“Estimates Revision Summary” Table** from the original stock recommendation report (from CIB website, “reports” tab)

ESTIMATES REVISIONS SUMMARY	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Number Of Revisions:				
Revenue				
Quarter Ending Dec-12	1	2	1	3
Quarter Ending Mar-13	1	0	1	2
Year Ending Dec-12	1	2	2	3
Year Ending Dec-13	1	2	2	3
Earnings				
Quarter Ending Dec-12	1	0	3	0
Quarter Ending Mar-13	0	0	0	0
Year Ending Dec-12	1	1	1	2
Year Ending Dec-13	0	2	3	2

Re-Evaluation Analysis

Copy/paste the “*Estimates Revisions Summary*” Table from <http://www.reuters.com/>, “*Analysts*” tab (include both revenue and earnings)

ESTIMATES REVISIONS SUMMARY

	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Mar-13	0	1	0	2
Quarter Ending Jun-13	0	1	0	2
Year Ending Dec-13	1	1	3	2
Earnings				
Quarter Ending Mar-13	0	1	1	2
Quarter Ending Jun-13	0	1	1	2
Year Ending Dec-13	0	1	1	3

Briefly discuss the changes

Most of the numbers in the new estimates revisions summary are different than they were in the original report. The trends have continued to stay the same, with over the last 4 weeks, having the larger amount of down votes than the rest of the revisions.

Analysts' Recommendations

Original Analysis

Copy/paste ***"Analyst Recommendations and Revisions" Table*** from the original stock recommendation report (from CIF website, "reports" tab)

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	5	5	5	5
(2) OUTPERFORM	6	6	6	7
(3) HOLD	7	7	7	6
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.11	2.11	2.11	2.06

Re-Evaluation Analysis

Copy/paste the ***"Analyst Recommendations and Revisions" Table*** from <http://www.reuters.com/>, ***"Analysts" tab*** (include both revenue and earnings)

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	5	5	5	5
(2) OUTPERFORM	6	6	6	6
(3) HOLD	6	6	7	7
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.06	2.06	2.11	2.11

Briefly discuss the changes

There are no major differences in the Mean rating of the recommendations and the revisions. The only reason that there was change is because one of the Analysts decided not to give his recommendation anymore.

Company #2 General Mills GIS

Date Recommended: 11/1/2012

Date Re-evaluated: 2/13/13

Company Update

Briefly update what happened to the company the last two weeks (up through your re-evaluation date). This should include noteworthy headline news on the stock (e.g., earnings announcement, management's comments on company outlook and/or strategic changes, changes in analyst recommendations or estimate revisions, new product launch, management turnover, legal or regulatory issues, merger/acquisition announcement, restructure announcement, news from major competitors, etc.)

General Mills also did not have any new noteworthy headline news over the past 2 weeks that affected the stock. They have been quite quiet but despite have no news the company's stock is up \$1.02 from two weeks ago.

Relative Performance

Review relative performance of each sector holding, over the two-week review period, both relative to the SP500 and to the respective SPDR sector ETF. Relate your comments on relative performance to the updates discussed above.

Like the S&P and the Sector, General Mills is showing an increase in their stock price over the past two weeks. They are up \$1.02, and the S&P is up \$14.39 and the sector is up \$0.46.

Price Charts

Insert a price chart of the stock for **the most recent three months**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period



Insert a price chart of the stock for the **most recent one year**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period



Valuations Analysis

Original Analysis

Copy/paste P/E (TTM), P/S (TTM), P/B (MRQ), P/CF (TTM) of the stock, the industry, and the sector from “ratio analysis” section of the original stock recommendation report (from *CIF website*, “reports” tab)

<u>Ratio Analysis</u>	<u>Company</u>	<u>Industry</u>	<u>Sector</u>
P/E (TTM)	15.63	33.34	39.18
P/S (TTM)	1.53	2.03	3.78
P/B (MRQ)	3.89	6.46	2.31
P/CF (TTM)	11.65	17.54	21.81

Re-evaluation Analysis

Copy/paste the requested valuation multiples from <http://www.reuters.com/>, “Financials” tab

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	15.85	29.85	31.04
P/S (TTM)	1.62	2.00	3.32
P/B (MRQ)	3.98	2.14	1.62
P/CF (TTM)	12.00	16.14	18.90

Briefly discuss the changes

For General Mills, the price of everything has gone up, meaning the stock could be pricier than it should be. The sector and the industry on the other hand, look much better with all of the ratios decreasing since the original presentation date. A big ratio to look at that affects the industry is the Price to Book ratio. The P/B ratio nearly shrank to almost a third of what it was a few months ago. General Mills might not look as good as it did a few months ago ratio wise, but they are not bringing down the Industry with their ratios. It is also to be noted, that even though ratios have increased for General Mills, they are still much lower than the industry and the sector for everything except for the Price to Book Ratio.

Historical Surprises

Original Analysis Copy/paste “*Historical Surprises*” Table from the original stock recommendation report (from *CIF website*, “reports” tab)

Sales and Profit Figures in US Dollar (USD)		Earnings and Dividend Figures in US Dollar (USD)			
Estimates vs Actual	Estimate	Actual	Difference	Surprise %	
SALES (in millions)					
Quarter Ending Aug-12	4,084.27	4,051.00	33.27	-	0.81
Quarter Ending May-12	4,105.06	4,066.40	38.66	-	0.94
Quarter Ending Feb-12	4,072.88	4,120.10	47.22		1.16
Quarter Ending Nov-11	4,595.10	4,623.80	28.70		0.62
Quarter Ending Aug-11	3,808.79	3,847.60	38.81		1.02
Earnings (per share)					
Quarter Ending Aug-12	0.62	0.66	0.04		5.75
Quarter Ending May-12	0.59	0.60	0.01		2.46
Quarter Ending Feb-12	0.55	0.55	0.00		0.85
Quarter Ending Nov-11	0.79	0.76	0.03	-	3.42
Quarter Ending Aug-11	0.62	0.64	0.02		3.43

Re-evaluation Analysis

HISTORICAL SURPRISES				
Sales and Profit Figures in US Dollar (USD)				
Earnings and Dividend Figures in US Dollar (USD)				
Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Nov-12	4,878.14	4,881.80	3.66	0.08
Quarter Ending Aug-12	4,084.27	4,051.00	33.27	0.81
Quarter Ending May-12	4,105.06	4,066.40	38.66	0.94
Quarter Ending Feb-12	4,072.88	4,120.10	47.22	1.16
Quarter Ending Nov-11	4,595.10	4,623.80	28.70	0.62
Earnings (per share)				
Quarter Ending Nov-12	0.79	0.86	0.07	9.16
Quarter Ending Aug-12	0.62	0.66	0.04	5.75
Quarter Ending May-12	0.59	0.60	0.01	2.46
Quarter Ending Feb-12	0.55	0.55	0.00	0.85
Quarter Ending Nov-11	0.79	0.76	0.03	3.42

Briefly discuss the changes:

The only new surprises come from the quarter ending in November 2012. In this quarter, General Mills gets a positive surprise in both Earnings per share and Sales. Sales is only a small positive surprise but the EPS surprise is huge, making it the largest positive surprise they have had within at least the last year

Consensus Estimates

Original Analysis

Copy/paste ***"Consensus Estimates Analysis" Table*** from the original stock recommendation report (from *CIF website, "reports" tab*)

CONSENSUS ESTIMATES ANALYSIS					
Sales and Profit Figures in US Dollar (USD)					
Earnings and Dividend Figures in US Dollar (USD)					
	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Nov-12	15	4,881.52	5,024.00	4,747.00	4,783.17
Quarter Ending Feb-13	15	4,423.75	4,528.95	4,318.00	4,299.65
Year Ending May-12	17	16,683.70	16,918.00	16,486.30	--
Year Ending May-13	19	17,763.90	18,073.10	17,442.00	17,466.30
Year Ending May-14	19	18,565.20	19,239.00	18,032.00	18,149.60
Earnings (per share)					
Quarter Ending Nov-12	18	0.79	0.81	0.77	0.86
Quarter Ending Feb-13	18	0.59	0.63	0.57	0.65
Year Ending May-12	19	2.54	2.55	2.53	--
Year Ending May-13	21	2.67	2.74	2.64	2.83
Year Ending May-14	20	2.90	3.01	2.80	3.07
LT Growth Rate (%)	5	7.92	10.00	5.60	8.23

Re-Evaluation Analysis

Copy/paste the **“Consensus Estimates Analysis” Table** from <http://www.reuters.com/>, **“Analysts” tab (include both revenue and earnings)**

CONSENSUS ESTIMATES TREND					
Sales and Profit Figures in US Dollar (USD)					
Earnings and Dividend Figures in US Dollar (USD)					
	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
SALES (in millions)					
Quarter Ending Feb-13	4,364.69	4,365.01	4,373.61	4,423.88	4,303.04
Quarter Ending May-13	4,337.76	4,338.90	4,347.69	4,401.76	4,280.02
Year Ending May-13	17,644.60	17,645.70	17,658.20	17,764.40	17,454.30
Year Ending May-14	18,391.00	18,394.60	18,427.10	18,566.00	18,114.10
Earnings (per share)					
Quarter Ending Feb-13	0.57	0.57	0.57	0.59	0.65
Quarter Ending May-13	0.59	0.59	0.59	0.63	0.64
Quarter Ending May-13	2.68	2.68	2.68	2.67	2.82
Quarter Ending May-14	2.90	2.90	2.90	2.90	3.07

Briefly discuss the changes

For revenue the new quarter posted shows a major increase in estimated revenues, and the February 2013 estimate has gone up a tiny bit compared to what it was a few months back. Earnings per share is showing something similar, in terms of the estimates rising, but it is not as exciting or as much as the revenue estimates.

Estimate Revision Analysis

Original Analysis (MM/DD/YYYY)

Copy/paste **“Estimates Revision Summary” Table** from the original stock recommendation report (from CIF website, “reports” tab)

ESTIMATES REVISIONS SUMMARY

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Nov-12	0	0	1	1
Quarter Ending Feb-13	0	0	1	1
Year Ending May-12	--	--	--	--
Year Ending May-13	0	0	2	1
Year Ending May-14	0	0	1	1
Earnings				
Quarter Ending Nov-12	0	0	1	0
Quarter Ending Feb-13	0	0	2	0
Year Ending May-12	--	--	--	--
Year Ending May-13	0	0	2	0
Year Ending May-14	0	0	2	0

Re-Evaluation Analysis

Copy/paste the **“Estimates Revisions Summary”** Table from <http://www.reuters.com/>, **“Analysts”** tab (include both revenue and earnings)

ESTIMATES REVISIONS SUMMARY				
Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Feb-13	0	1	0	3
Quarter Ending May-13	0	1	0	3
Year Ending May-13	0	1	1	3
Year Ending May-14	0	1	0	4
Earnings				
Quarter Ending Feb-13	0	1	1	3
Quarter Ending May-13	0	0	0	2
Year Ending May-13	0	0	2	1
Year Ending May-14	0	1	1	4

Briefly discuss the changes

Most of the numbers in the new estimates revisions summary are different than they were in the original report. A major difference is the amount of down revisions is coming over the last 4 weeks. There is a significant amount more down revisions than there were when the stock was originally presented

Analysts' Recommendations

Original Analysis

Copy/paste "***Analyst Recommendations and Revisions***" Table from the original stock recommendation report (from CIF website, "reports" tab)

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	6	6	6	6
(2) OUTPERFORM	6	5	7	7
(3) HOLD	9	9	7	7
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.14	2.15	2.05	2.05

Re-Evaluation Analysis

Copy/paste the "***Analyst Recommendations and Revisions***" Table from <http://www.reuters.com/>, "***Analysts***" tab (include both revenue and earnings)

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	6	6	6	6
(2) OUTPERFORM	6	6	6	6
(3) HOLD	7	7	8	9
(4) UNDERPERFORM	1	1	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.15	2.15	2.10	2.14

Briefly discuss the changes

The recommendations and Revisions mean rating is very close to what it was a few months ago. The only difference in the recommendations is that one person no longer is analyzing the stock and one more person went from a hold recommendation to an underperform one

Company #3 Wal-Mart Stores Inc.

Date Recommended: 12/2/2012

Date Re-evaluated: 2/13/13

Company Update

Briefly update what happened to the company the last two weeks (up through your re-evaluation date). This should include noteworthy headline news on the stock (e.g., earnings announcement, management’s comments on company outlook and/or strategic changes, changes in analyst recommendations or estimate revisions, new product launch, management turnover, legal or regulatory issues, merger/acquisition announcement, restructure announcement, news from major competitors, etc.)

At the beginning of the two week review period, Wal-Mart had to semi-big stories that affected the stock a little bit. The first involved a lawsuit where the governor in Mexico claimed that Wal-Mart bribed him with 2 million pesos in order to make more stores down in Mexico. The 2nd story involves the Anti-Wal-Mart labor group agreeing to stop their picketing at Wal-Mart stores. Bu they still say they are going to push Wal-Mart to try and make them to give their workers better working conditions. I believe this 2nd story is was a major thing that affected the stock price in a positive way due to the fact that Wal-Mart has been under fire on these allegations for a very long time.

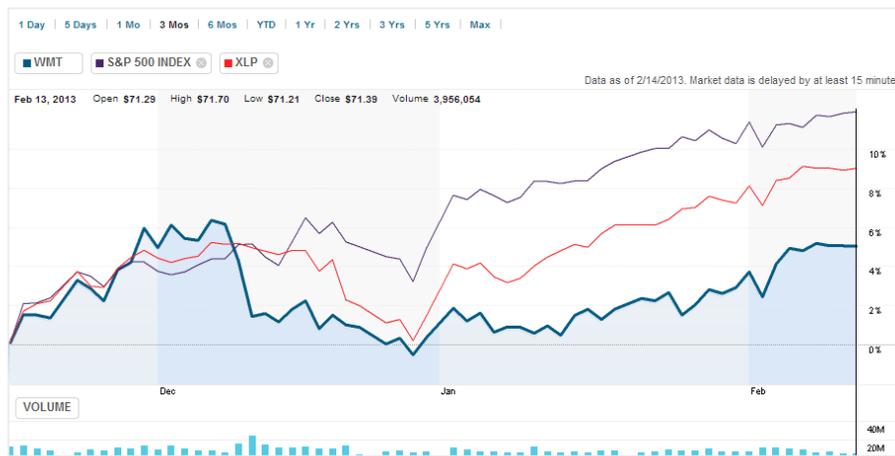
Relative Performance

Review relative performance of each sector holding, over the two-week review period, both relative to the SP500 and to the respective SPDR sector ETF. Relate your comments on relative performance to the updates discussed above.

Wal-Mart is up \$1.53 over the two week review period and the S&P is up \$14.39 and the sector is up \$0.46.

Price Charts

Insert a price chart of the stock for **the most recent three months**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period



Insert a price chart of the stock for the **most recent one year**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period



Valuations Analysis

Original Analysis

Copy/paste P/E (TTM), P/S (TTM), P/B (MRQ), P/CF (TTM) of the stock, the industry, and the sector from “**ratio analysis**” section of the original stock recommendation report (from *CIF website*, “reports” tab)

<u>Ratio Analysis</u>	<u>Company</u>	<u>Industry</u>	<u>Sector</u>
P/E (TTM)	14.30	495.93	17.13
P/S (TTM)	0.50	0.71	1.38
P/B (MRQ)	3.16	4.28	1.54
P/CF (TTM)	9.09	16.27	9.43

Re-evaluation Analysis

Copy/paste the requested valuation multiples from <http://www.reuters.com/>, “**Financials**” tab

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	14.69	24.17	14.47
P/S (TTM)	0.51	0.73	1.39
P/B (MRQ)	3.24	4.28	1.45
P/CF (TTM)	9.29	16.48	8.28

Briefly discuss the changes

Like Pepsi and General Mills, all the ratios have increased since the original was presented meaning its more expensive than it really is. The industry and Sector however are not decreasing quite as much as they were. For the industry the ratios stayed around the same, except for the P/E where the original presenter seemed to have mistyped what it was. The Sector is about the same except for the P/S ratio rising slightly

Historical Surprises

Original Analysis Copy/paste “**Historical Surprises**” Table from the original stock recommendation report (from *CIF website*, “reports” tab)

SALES (in millions)				
Quarter Ending Oct-12	114,929.00	113,929.00	999.59	0.87
Quarter Ending Jul-12	115,751.00	114,296.00	1,455.39	1.26
Quarter Ending Apr-12	110,542.00	113,018.00	2,475.62	2.24
Quarter Ending Jan-12	124,206.00	123,169.00	1,037.37	0.84
Quarter Ending Oct-11	108,249.00	110,226.00	1,976.55	1.83
Earnings (per share)				
Quarter Ending Oct-12	1.07	1.08	0.01	0.90
Quarter Ending Jul-12	1.17	1.18	0.01	0.62
Quarter Ending Apr-12	1.04	1.09	0.05	4.55
Quarter Ending Jan-12	1.45	1.44	0.01	1.02
Quarter Ending Oct-11	0.98	0.97	0.01	0.81

Re-evaluation Analysis

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Oct-12	114,929.00	113,929.00	999.59	0.87
Quarter Ending Jul-12	115,751.00	114,296.00	1,455.39	1.26
Quarter Ending Apr-12	110,542.00	113,018.00	2,475.62	2.24
Quarter Ending Jan-12	124,206.00	123,169.00	1,037.37	0.84
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Earnings (per share)				
Quarter Ending Oct-12	1.07	1.08	0.01	0.90
Quarter Ending Jul-12	1.17	1.18	0.01	0.62
Quarter Ending Apr-12	1.04	1.09	0.05	4.55
Quarter Ending Jan-12	1.45	1.44	0.01	1.02
Quarter Ending Oct-11	0.98	0.97	0.01	0.81

Briefly discuss the changes:

There are no changes in the historical surprises. The company does not release their earnings until February 21st of this year.

Consensus Estimates

Original Analysis

Copy/paste **“Consensus Estimates Analysis” Table** from the original stock recommendation report (from *CIF website*, “reports” tab)



CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Year Ending Jan-12	22	447,057.00	450,133.00	436,885.00	--
Year Ending Jan-13	21	470,955.00	483,840.00	468,372.00	469,627.00
Year Ending Jan-14	22	497,804.00	520,128.00	483,534.00	495,522.00
Earnings (per share)					
Year Ending Jan-12	21	4.49	4.53	4.47	--
Year Ending Jan-13	28	4.92	4.97	4.89	4.91
Year Ending Jan-14	29	5.38	5.50	5.19	5.43
LT Growth Rate (%)	8	9.40	11.00	8.10	9.64

Re-Evaluation Analysis

CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Apr-13	9	117,584.00	118,400.00	116,954.00	--
Quarter Ending Jul-13	9	120,143.00	120,962.00	118,047.00	--
Year Ending Jan-13	20	470,118.00	472,203.00	468,372.00	469,971.00
Year Ending Jan-14	21	496,453.00	514,775.00	482,988.00	495,739.00
Earnings (per share)					
Quarter Ending Apr-13	14	1.19	1.22	1.12	--
Quarter Ending Jul-13	14	1.29	1.34	1.25	--
Year Ending Jan-13	28	4.92	4.96	4.89	4.91
Year Ending Jan-14	29	5.38	5.50	5.23	5.43
LT Growth Rate (%)	6	9.20	11.00	8.10	9.92

Briefly discuss the changes

For sales estimates on revenue have slightly decreased, meaning they don't expect the make as much money as the originally thought. Earnings per Share on the other hand is exactly the same on the mean estimation on what they think they are going to be

Estimate Revision Analysis

Original Analysis (MM/DD/YYYY)

Copy/paste ***“Estimates Revision Summary” Table*** from the original stock recommendation report (from CIF website, “reports” tab)

ESTIMATES REVISIONS SUMMARY				
Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Year Ending Jan-12	--	--	--	--
Year Ending Jan-13	0	1	3	14
Year Ending Jan-14	0	1	6	11
Earnings				
Year Ending Jan-12	--	--	--	--
Year Ending Jan-13	0	1	9	9
Year Ending Jan-14	0	1	5	7

Re-Evaluation Analysis

Copy/paste the ***“Estimates Revisions Summary” Table*** from <http://www.reuters.com/>, ***“Analysts” tab*** (include both revenue and earnings)

ESTIMATES REVISIONS SUMMARY

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Apr-13	0	0	0	0
Quarter Ending Jul-13	0	0	0	0
Year Ending Jan-13	0	0	0	1
Year Ending Jan-14	0	1	0	2
Earnings				
Quarter Ending Apr-13	1	0	1	0
Quarter Ending Jul-13	1	0	1	0
Year Ending Jan-13	1	0	1	2
Year Ending Jan-14	1	0	2	1

Briefly discuss the changes

The newer estimates revisions summary is much different than it was two months ago. There have been very few revisions made compared to what the original had. This could be a sign of people being more confident or more knowledgeable of the stock

Analysts' Recommendations

Original Analysis

Copy/paste "**Analyst Recommendations and Revisions**" Table from the original stock recommendation report (from CIF website, "reports" tab)

ANALYST RECOMMENDATIONS AND REVISIONS				
1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	9	9	8	8
(2) OUTPERFORM	3	3	3	3
(3) HOLD	14	14	16	17
(4) UNDERPERFORM	1	0	1	1
(5) SELL	0	1	0	0
No Opinion	0	0	0	0
Mean Rating	2.26	2.30	2.36	2.38

Re-Evaluation Analysis

Copy/paste the “*Analyst Recommendations and Revisions*” Table from <http://www.reuters.com/>, “*Analysts*” tab (include both revenue and earnings)

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	9	9	9	9
(2) OUTPERFORM	2	3	3	3
(3) HOLD	14	13	13	14
(4) UNDERPERFORM	1	1	1	0
(5) SELL	0	0	0	1
No Opinion	0	0	0	0
Mean Rating	2.27	2.23	2.23	2.30

Briefly discuss the changes

The recommendations and Revisions mean rating is very close to what it was a few months ago. The only difference in the recommendations is that one person no longer is analyzing the stock bringing the mean rating .01 higher than it was on the date of the original presentation.

Section (C) Sector Recommendations

You will make recommendations on whether CIF should continue to own its sector holdings

Provide your views on the sector. Are you bullish, bearish or neutral on the sector, and why?

I am slightly bullish on the consumer staples sector. Overall stocks are increasing over the last 2 weeks and seem that they will continue growing. The overall average ratios for the sector have gone down significantly from late last year, and could mean that stocks could potentially be better off than they were.

Discuss whether you recommend CIF to (1) stay put with its current sector holdings, or (2) sell out of the sector, and why?

I recommend that we stay put with what our current sector holdings are. They have remained around the same price the entire time we have had it, and within the last two weeks, it has show a 1.25% growth. We aren’t losing money on this ETF, so we might as well keep it and try to keep ourselves matched our above the market.

Section (D) Sector Holding Recommendations

Based on your analysis, are there stocks CIF currently owns from your sector you would recommend to:

1. Sell and why?
2. Adjust “target price” and why? If you recommend an adjustment, you must suggest a new “target price”
3. Adjust “stop-loss price” and why? If you recommend an adjustment, you must suggest a new “stop-loss price”

Provide your recommendations in the following table

Company Name	Ticker Symbol	Date Recommended	Date Re-evaluated	Recommendation (Explain Why)		
				Sell	Adjust “Target Price”	Adjust “Stop-loss Price”
PepsiCo Inc	PEP	10/16/12	2/13/13	No	No	No
General Mills	GIS	11/6/12	2/13/13	No	No	No
Wal-Mart Stores Inc	WMT	12/4/12	2/13/13	No	No	No

-MorningStar.com

-<http://www.reuters.com/>

-<http://www.reuters.com/article/2013/01/31/us-mexico-walmart-bribery-idUSBRE90U1FH20130131?type=companyNews>

-<http://www.reuters.com/article/2013/01/31/us-walmart-union-idUSBRE90U14S20130131?type=companyNews>

- <http://www.sectorspdr.com/>