Corporate Finance Briefing: Corporate Profits, Proprietors’ Income & National Income Shares

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thinking outside the box
Figure 1.

**NET DIVIDENDS: TOTAL CORPORATE (billion dollars, saar, ratio scale)**

- **Total Net Dividends**
  - **Total in NIPA Profits** \((Q2=1364.5)\)
  - **Total in Personal Income** \((Q2=1273.2)\)

* Gross dividends paid by US corporations in cash or other assets, plus US receipts of dividends from the rest of the world, net of dividend payments to the rest of the world, less dividends received by US corporations.

** Personal dividend income from all sources.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.

Source: Bureau of Economic Analysis.

Figure 2.

**PERSONAL DIVIDEND INCOME**
(as a ratio of total net dividends)

* Personal dividend income from all sources.

** Gross dividends paid by US corporations in cash or other assets, plus US receipts of dividends from the rest of the world, net of dividend payments to the rest of the world, less dividends received by US corporations.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.

Source: Bureau of Economic Analysis.
**Figure 3.**

**NET DIVIDENDS vs S&P 500 DIVIDENDS**
(billion dollars, ratio scale)

- **Dividends**
  - All Corporations* (saar) (1364.5)
  - S&P 500 4Q sum (487.3)

* Gross dividends paid by US corporations in cash or other assets, plus US receipts of dividends from the rest of the world, net of dividend payments to the rest of the world, less dividends received by US corporations.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Standard & Poor’s and Bureau of Economic Analysis.

**Figure 4.**

**OWNERS’ DIVIDENDS PROXY*: NET DIVIDENDS**
(billion dollars, ratio scale)

* Quarterly dividends paid by all corporations at a seasonally adjusted annual rate minus four-quarter sum of S&P 500 dividends.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Standard & Poor’s and Bureau of Economic Analysis.
Figure 5.

OWNERS’ DIVIDENDS PROXY*: NET DIVIDENDS** MINUS S&P 500 DIVIDENDS
(as a percent of net dividends)

* Quarterly dividends paid by all corporations at a seasonally adjusted annual rate minus four-quarter sum of S&P 500 dividends.
** Gross dividends paid by US corporations in cash or other assets, plus US receipts of dividends from the rest of the world, net of dividend payments to the rest of the world, less dividends received by US corporations.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Standard & Poor’s and Bureau of Economic Analysis.

Figure 6.

AFTER-TAX CORPORATE PROFITS: NIPA vs S&P 500 (billion dollars, ratio scale)

* After-tax profits of all corporations including Inventory Valuation Adjustment and Capital Consumption Adjustment.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis and Standard & Poor’s.
**Figure 7.**

**S&P 500 Reported (4Q sum)**
(as a percent of after-tax profits from current production*)

* After-tax profits of all corporations including Inventory Valuation Adjustment and Capital Consumption Adjustment.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis and Standard & Poor’s.

**Figure 8.**

**S&P 500 DIVIDENDS PAYOUT RATIO**
(percent)

* Four-quarter sum of S&P 500 dividends as a percentage of four-quarter sum of S&P 500 reported earnings.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Standard & Poor’s.
**Figure 9.**

**OWNERS' DIVIDENDS PAYOUT RATIO***  
(percent)

*Quarterly dividends paid by all corporations at a seasonally adjusted annual rate minus four-quarter sum of S&P 500 dividends divided by owners' profits proxy, which is total after-tax corporate profits from current production (saar) minus the four-quarter sum of S&P 500 reported profits.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.

Source: Standard & Poor's and Bureau of Economic Analysis.

**Figure 10.**

**PRE-TAX CORPORATE PROFITS & PROPRIETORS’ INCOME**  
(billion dollars, saar, ratio scale)

*Pre-tax corporate profits from current production and proprietors’ income both include Inventory Valuation Adjustment and Capital Consumption Adjustment, which are used to restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.

Source: Bureau of Economic Analysis.
**Pre-TAX BUSINESS PASS-THROUGH INCOME**
(billion dollars, saar, ratio scale)

* Pre-tax proprietors’ income includes Inventory Valuation Adjustment and Capital Consumption Adjustment, which are used to restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

** After-tax profits from current production less S&P 500 reported profits, assumed to be taxed as personal income.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.

Source: Bureau of Economic Analysis and Standard & Poor’s.
Figure 13.
NATIONAL INCOME SHARES: COMPENSATION OF EMPLOYEES ADJUSTED FOR OWNERS' DIVIDENDS (percent, sa)

National Income Share
- Compensation of Employees* (67.7)
- Compensation of Employees + Owners’ Dividends** (73.1)

* Includes wages, salaries, and supplements to wages and salaries.
** Owners’ dividends derived by YRI as difference between total corporate dividends (saar) less S&P 500 dividends (using four-quarter average).

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Yardeni Research, Standard & Poor’s, and Bureau of Economic Analysis.

Figure 14.
NATIONAL INCOME SHARES: PROFITS ADJUSTED FOR OWNERS’ DIVIDENDS (percent, sa)

National Income Share
- Corporate Profits* (11.4)
- Corporate Profits - Owners’ Dividends** (5.9)

* Corporate profits with Inventory Valuation Adjustment and Capital Consumption Adjustment.
** Owners’ dividends derived by YRI as difference between total corporate dividends (saar) less S&P 500 dividends (using four-quarter average).

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Yardeni Research, Standard & Poor’s and Bureau of Economic Analysis.
Figure 15.

NATIONAL INCOME SHARE: PROPRIETORS’ INCOME*
(percent, sa)

National Income Share
- Proprietors’ Income*

* Pre-tax proprietors’ income includes Inventory Valuation Adjustment and Capital Consumption Adjustment, which are used to restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

Source: Bureau of Economic Analysis and Standard & Poor’s.

Figure 16.

NATIONAL INCOME SHARES: COMPENSATION OF EMPLOYEES
ADJUSTED FOR PASS-THROUGH INCOME
(percent, sa)

National Income Share
- Compensation of Employees* (67.7)
- Compensation of Employees + Pass-Through Income** (85.7)

* Includes wages, salaries, and supplements to wages and salaries.

** Pre-tax proprietors’ income including IVA and CCAdj plus after-tax profits from current production less S&P 500 reported profits, assumed to be taxed as personal income.

Source: Bureau of Economic Analysis and Standard & Poor’s.
Figure 17.

**PROPRIETORS’ INCOME**
(as a percent of pre-tax corporate profits*)

Latest (82.8)

* From current production, i.e., with IVA and CCAdj.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

**Figure 18.**

**AFTER-TAX CORPORATE PROFITS: NIPA vs S&P 500**
(billion dollars, ratio scale)

* After-tax profits of all corporations including Inventory Valuation Adjustment and Capital Consumption Adjustment.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis and Standard & Poor’s.
Figure 19.

S&P 500 Reported (4Q sum)
(as a percent of after-tax profits from current production*)

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis and Standard & Poor’s.

Figure 20.

AFTER-TAX CORPORATE PROFITS: NIPA vs S&P 500
(billion dollars, ratio scale)

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis and Standard & Poor’s.
Figure 21.

PROPRIETORS’ EQUITY IN NONCORPORATE BUSINESS
(trillion dollars, nsa, ratio scale)

Proprietors’ Equity

Total* (12.4)
Nonfinancial noncorporate (12.3)

* Total includes nonfinancial noncorporate business and brokers and dealers.
Source: Federal Reserve Board, Financial Accounts of the United States.

Figure 22.

PROPRIETORS’ EQUITY IN NONCORPORATE BUSINESS*
DIVIDED BY PROPRIETORS’ PRE-TAX INCOME
(ratio)

* Total includes nonfinancial noncorporate business and brokers and dealers.
Source: Federal Reserve Board, Financial Accounts of the United States and Bureau of Economic Analysis.
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