



---

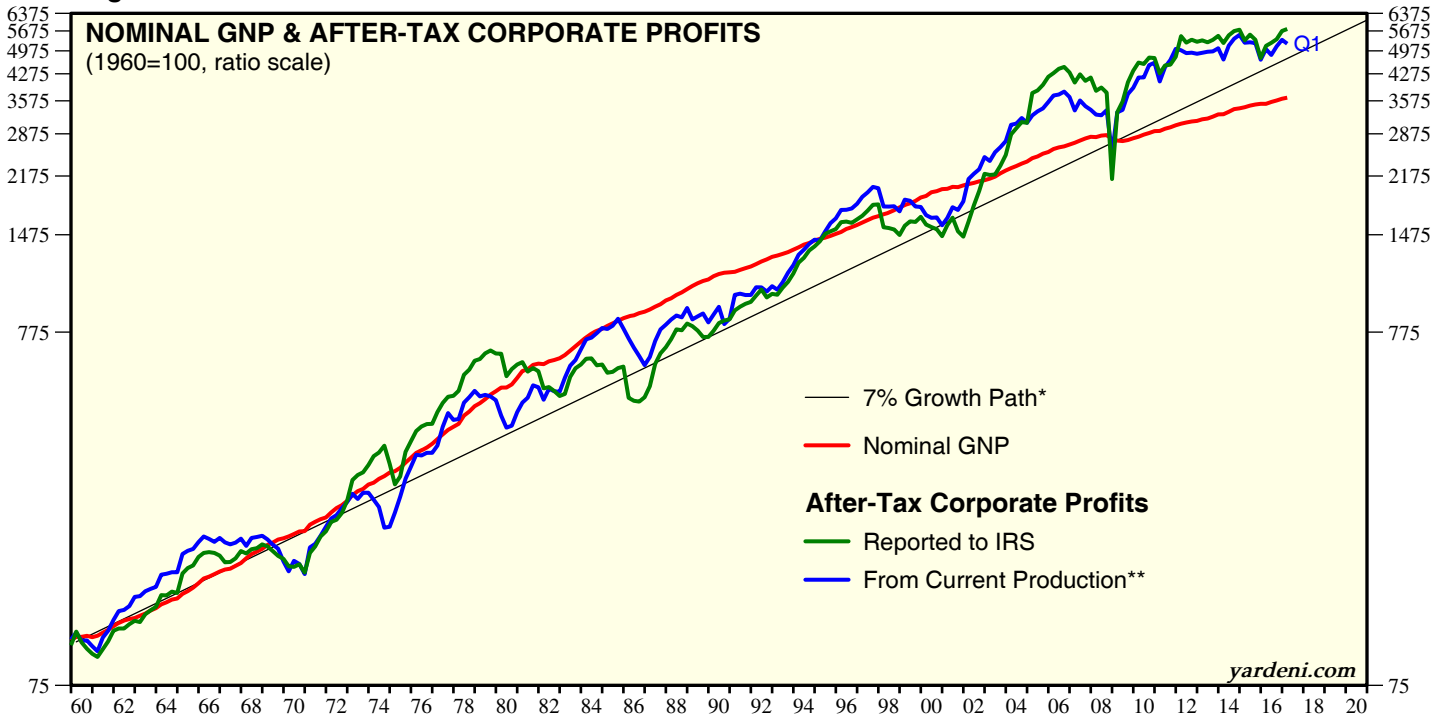
## *Table Of Contents*

---

Profits	1-2
Profits (NIPA)	3-8
Profits (NIPA vs. S&P)	9
Retained Earnings & Dividends	10
Cash Flow	11
Profit Margin	12-13

# Profits

Figure 1.

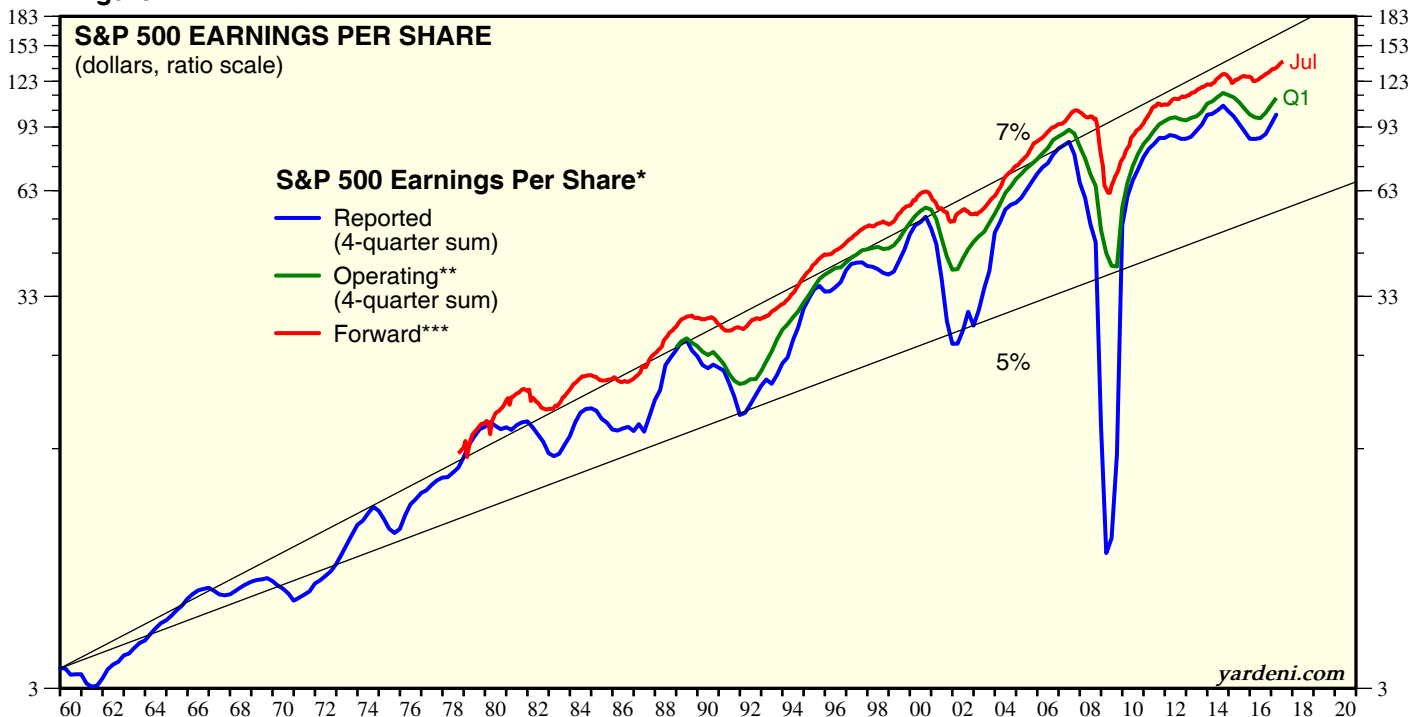


\* Compounded monthly to yield 7% annually.

\*\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which 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.

Figure 2.



\* Growth paths are compounded monthly to yield 5% and 7% annually.

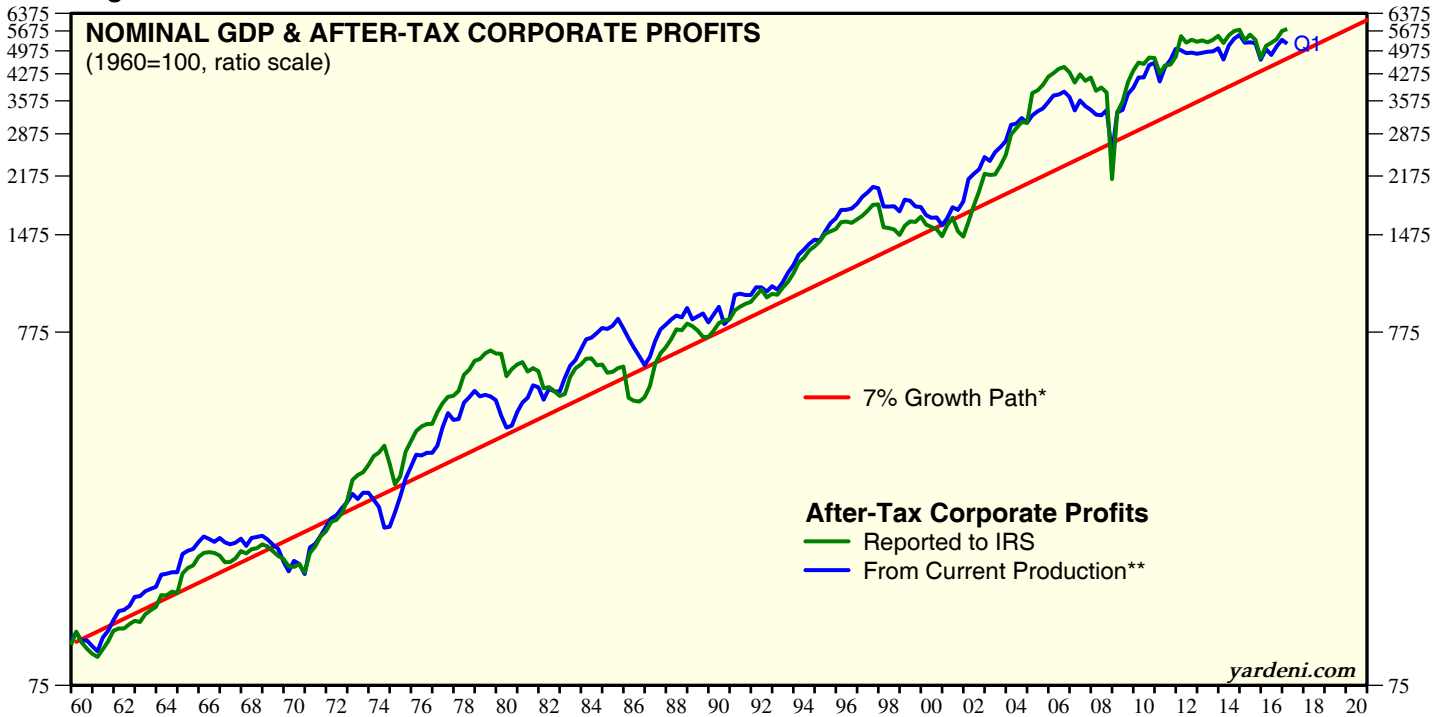
\*\* Excludes write-offs.

\*\*\* S&P 500 12-month forward consensus expected operating earnings per share. Time-weighted average of consensus earnings estimates for current and next year.

Source: Standard & Poor's and Thomson Reuters I/B/E/S.

# Profits

Figure 3.

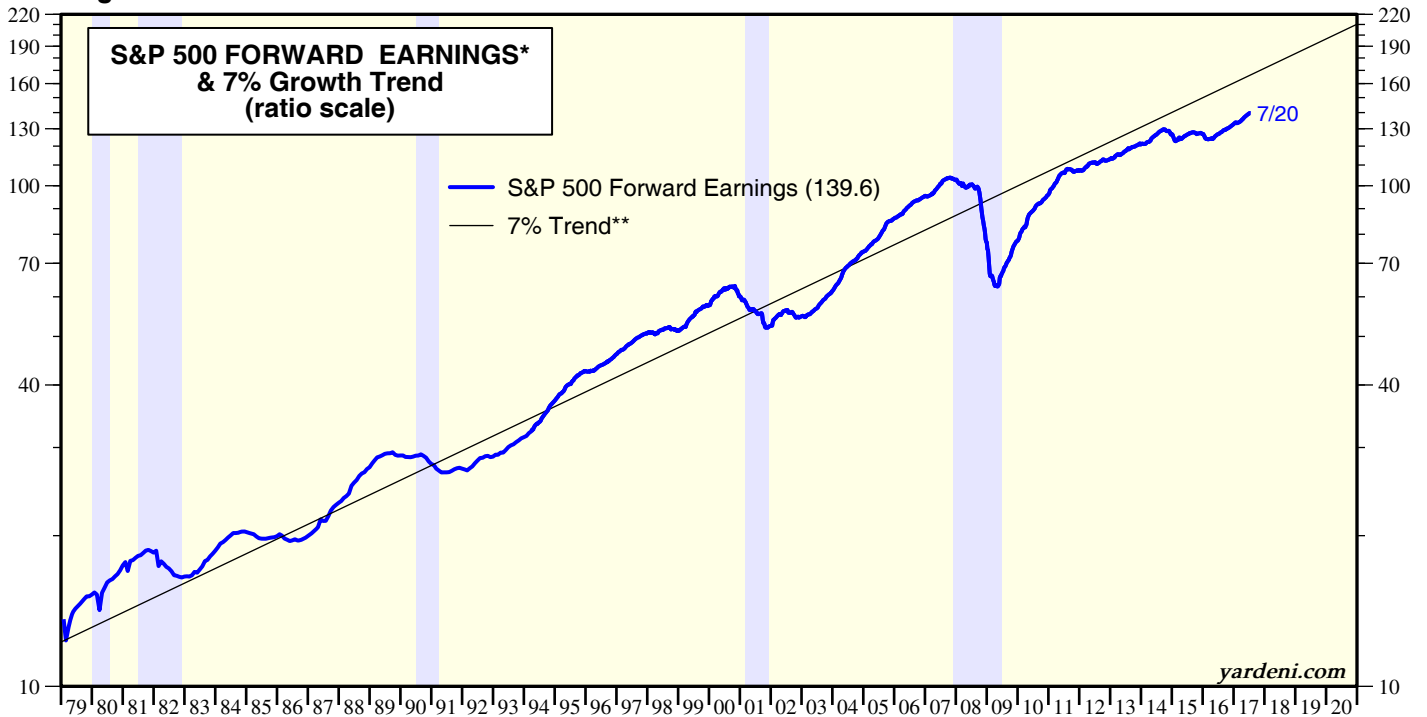


\* Compounded monthly to yield 7% annually.

\*\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which 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.

Figure 4.



\* 52-week forward consensus expected S&P 500 operating earnings per share. Monthly through April 1994, then weekly.

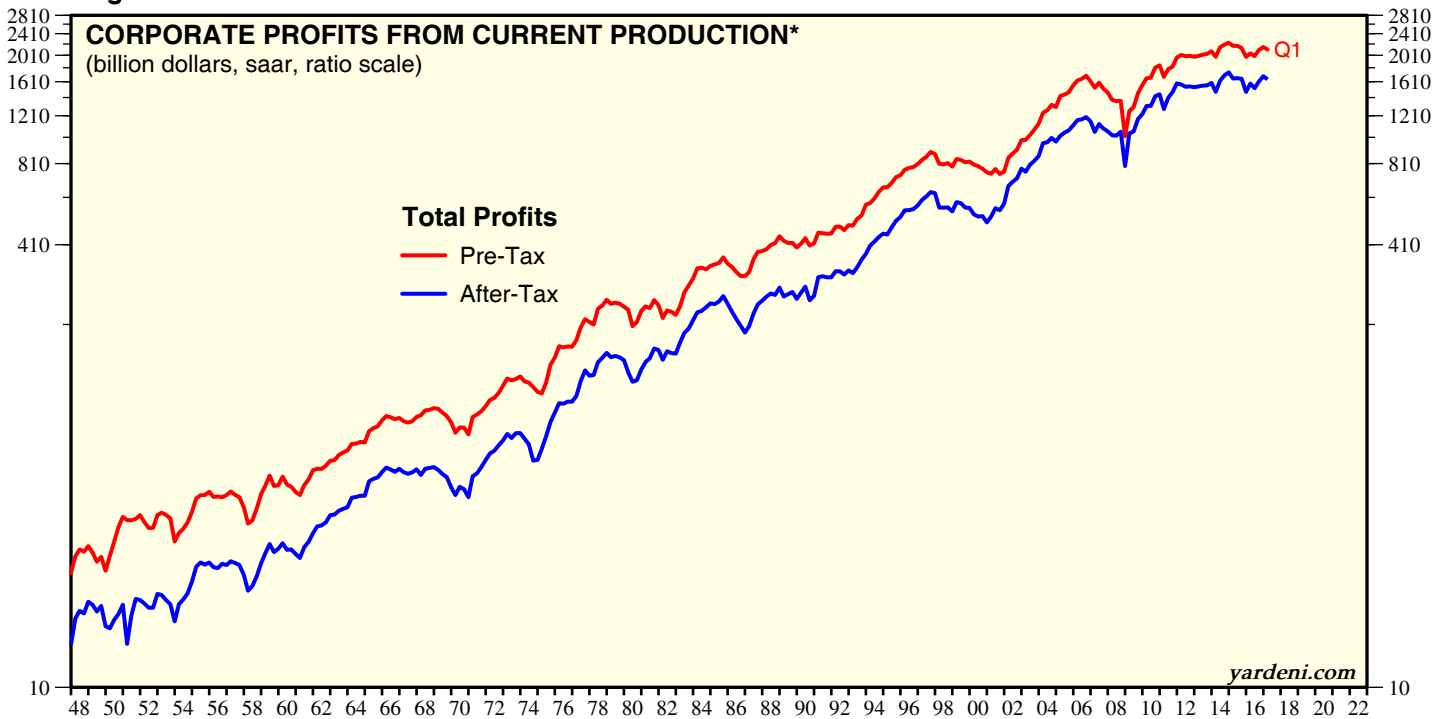
\*\* Compounded monthly to yield 7% annually.

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

Source: Thomson Reuters I/B/E/S.

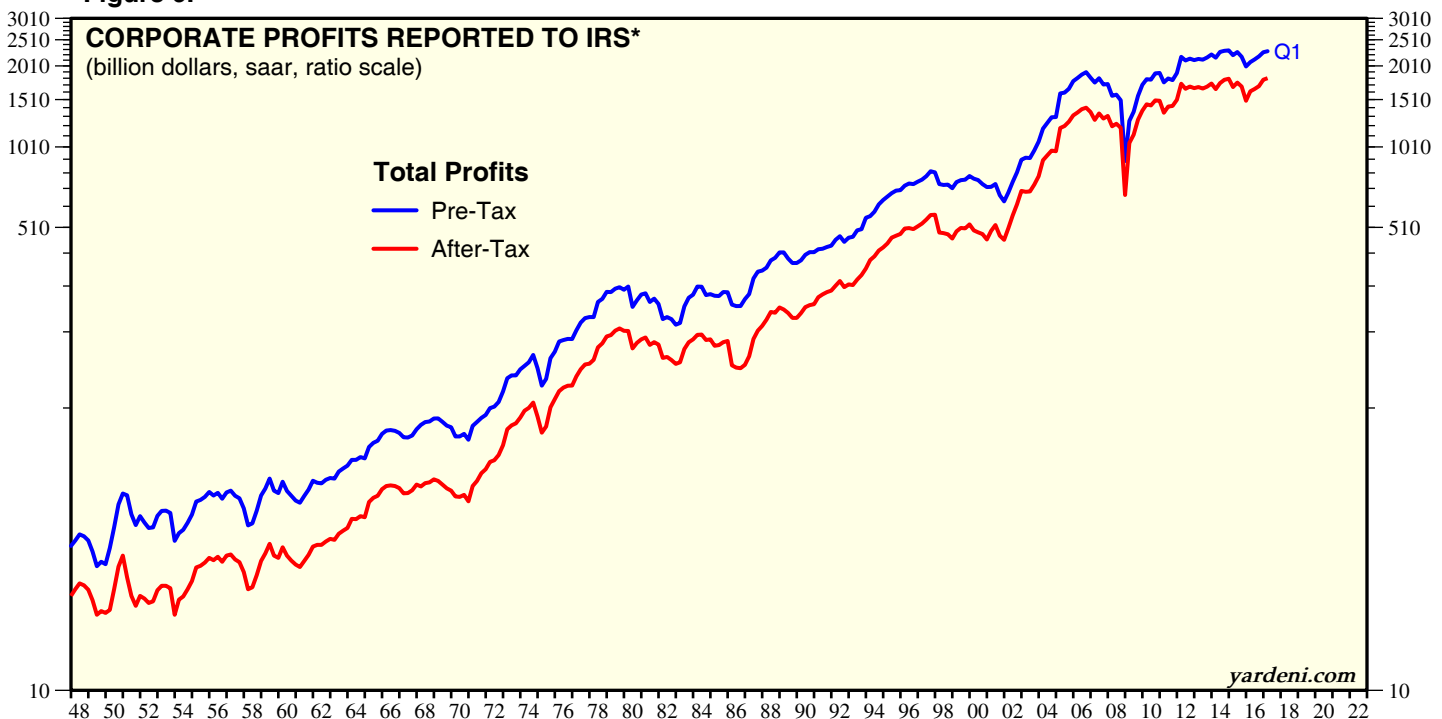
# Profits (NIPA)

Figure 5.



\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which 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.

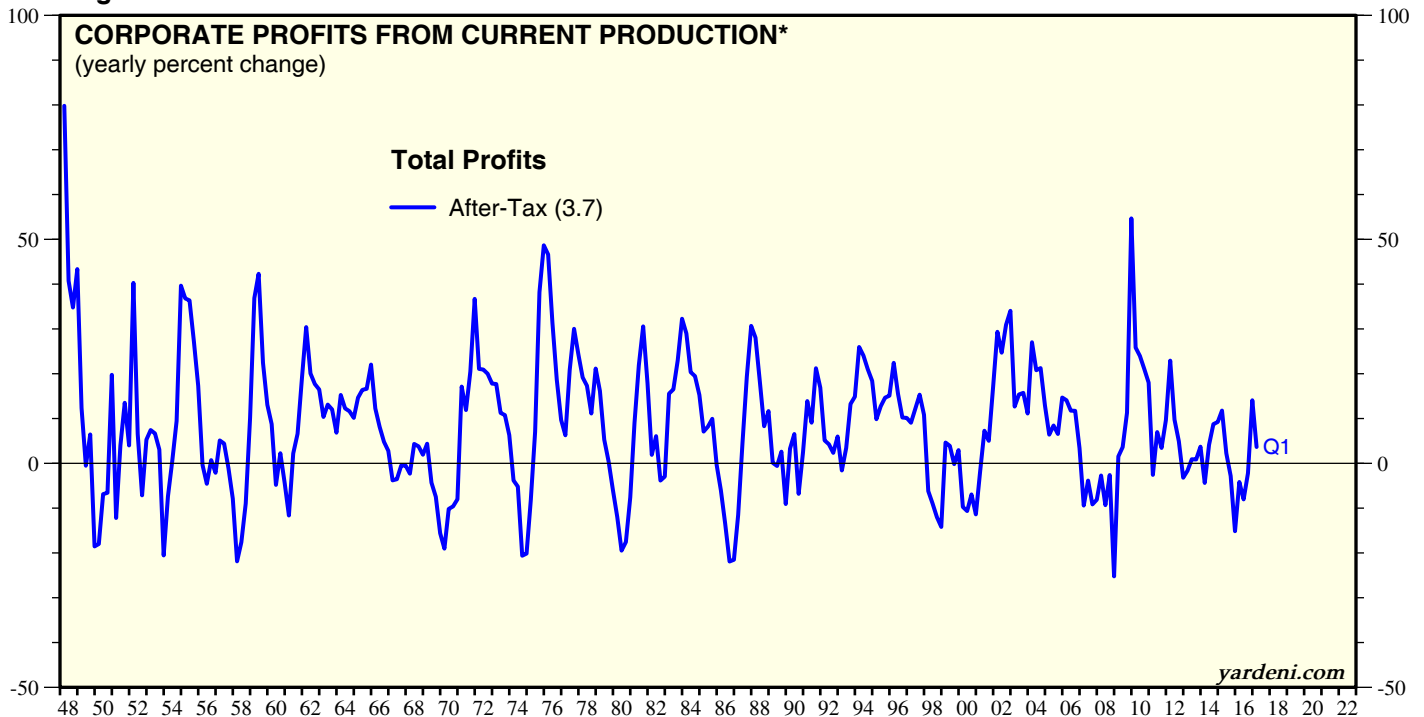
Figure 6.



\* Excluding Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.  
Source: US Department of Commerce, Bureau of Economic Analysis.

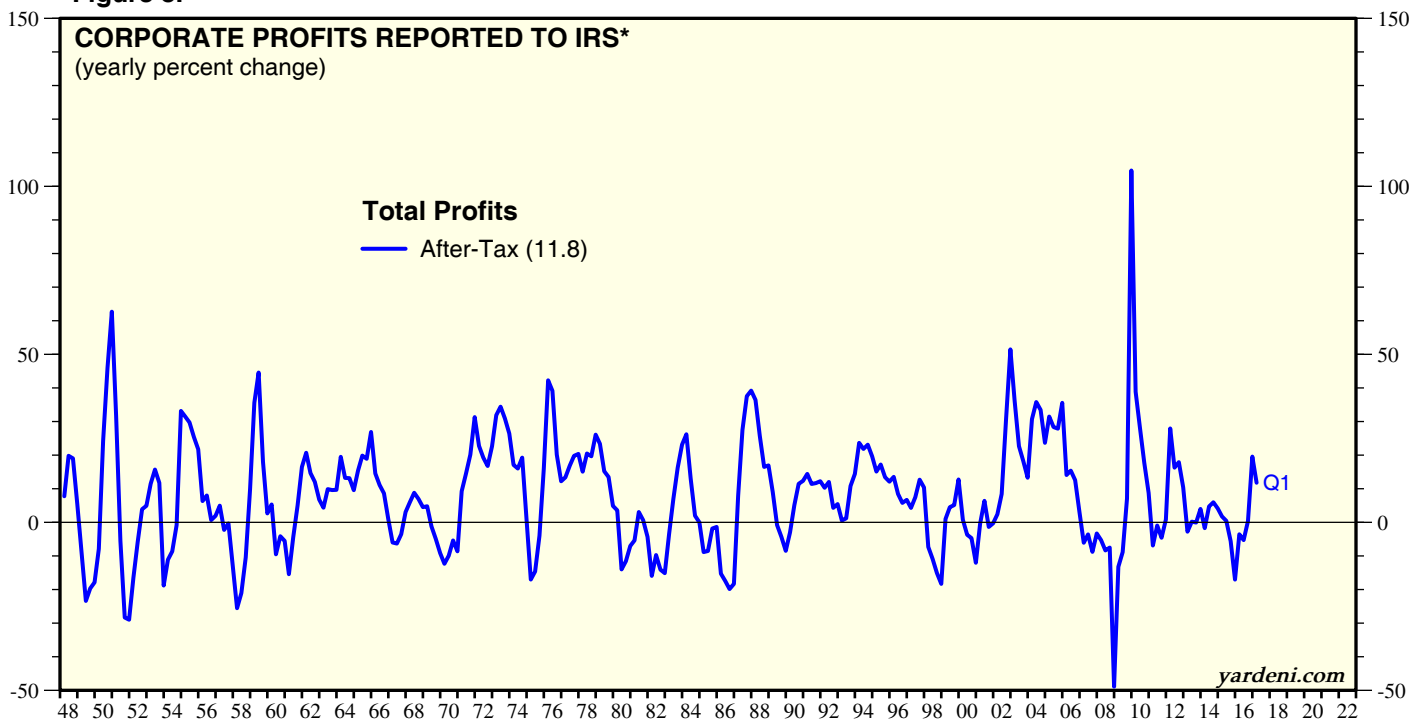
# Profits (NIPA)

Figure 7.



\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.  
Source: US Department of Commerce, Bureau of Economic Analysis.

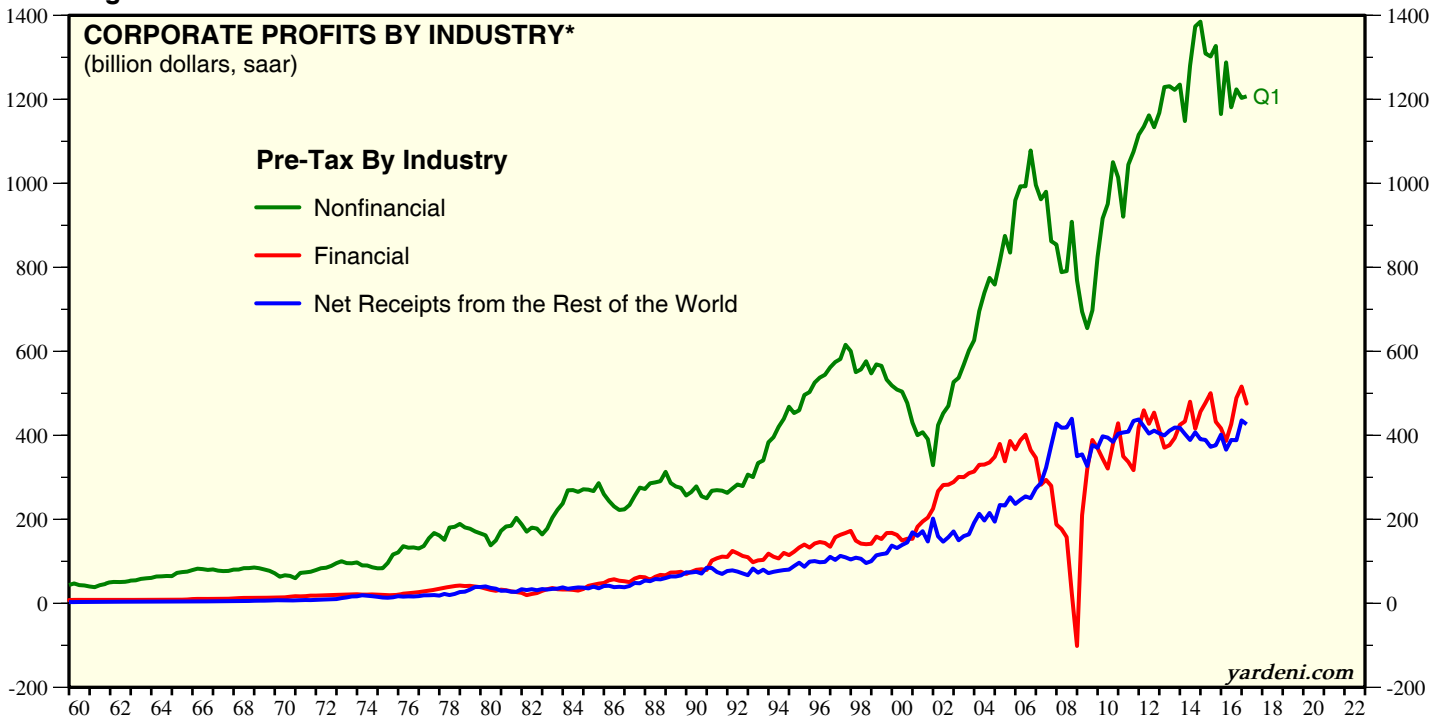
Figure 8.



\* Excluding Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.  
Source: US Department of Commerce, Bureau of Economic Analysis.

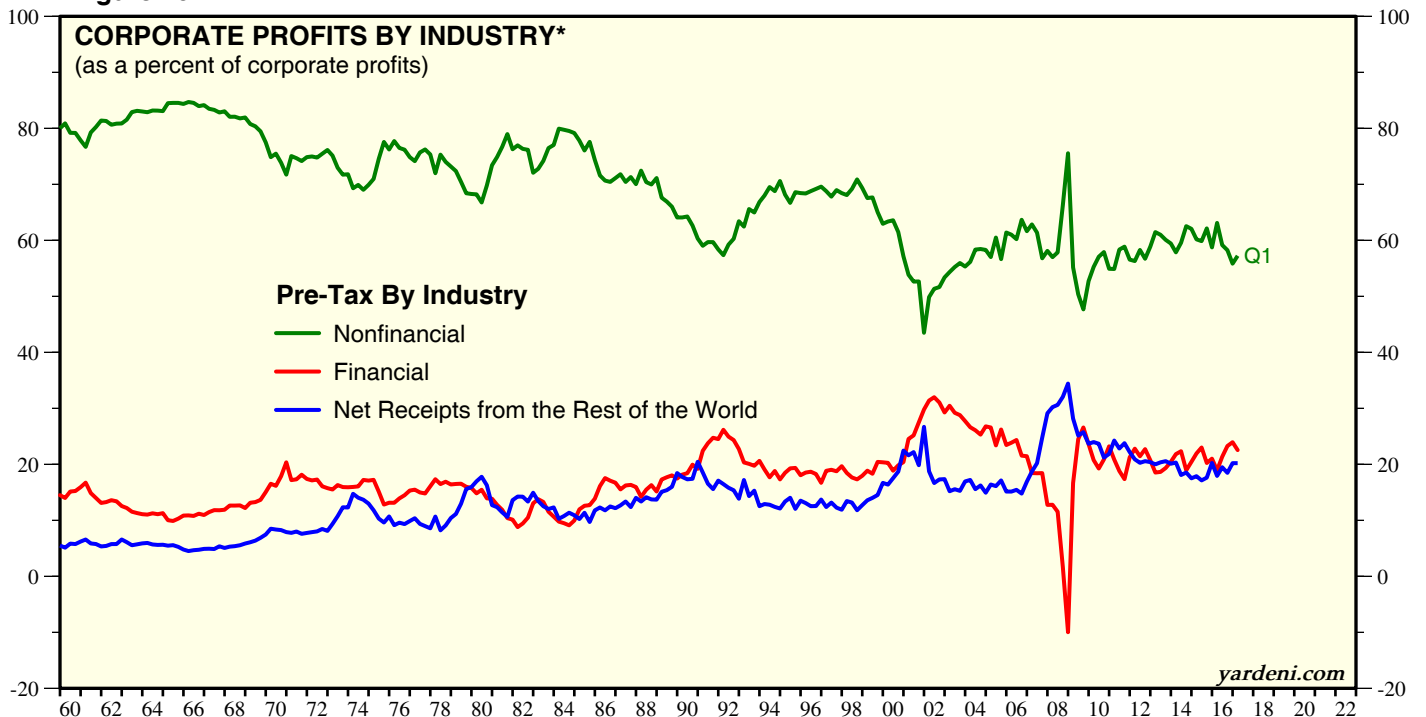
# Profits (NIPA)

Figure 9.



\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.  
Source: US Department of Commerce, Bureau of Economic Analysis.

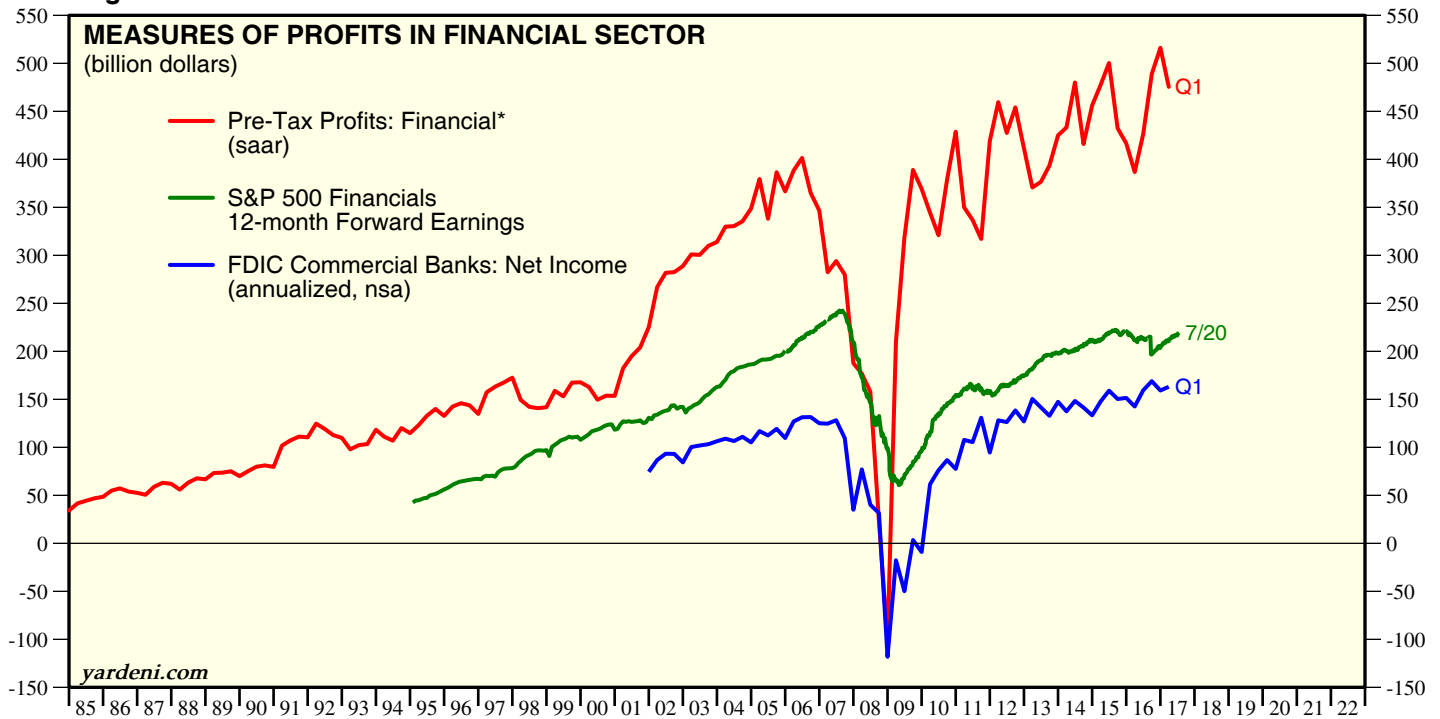
Figure 10.



\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.  
Source: US Department of Commerce, Bureau of Economic Analysis.

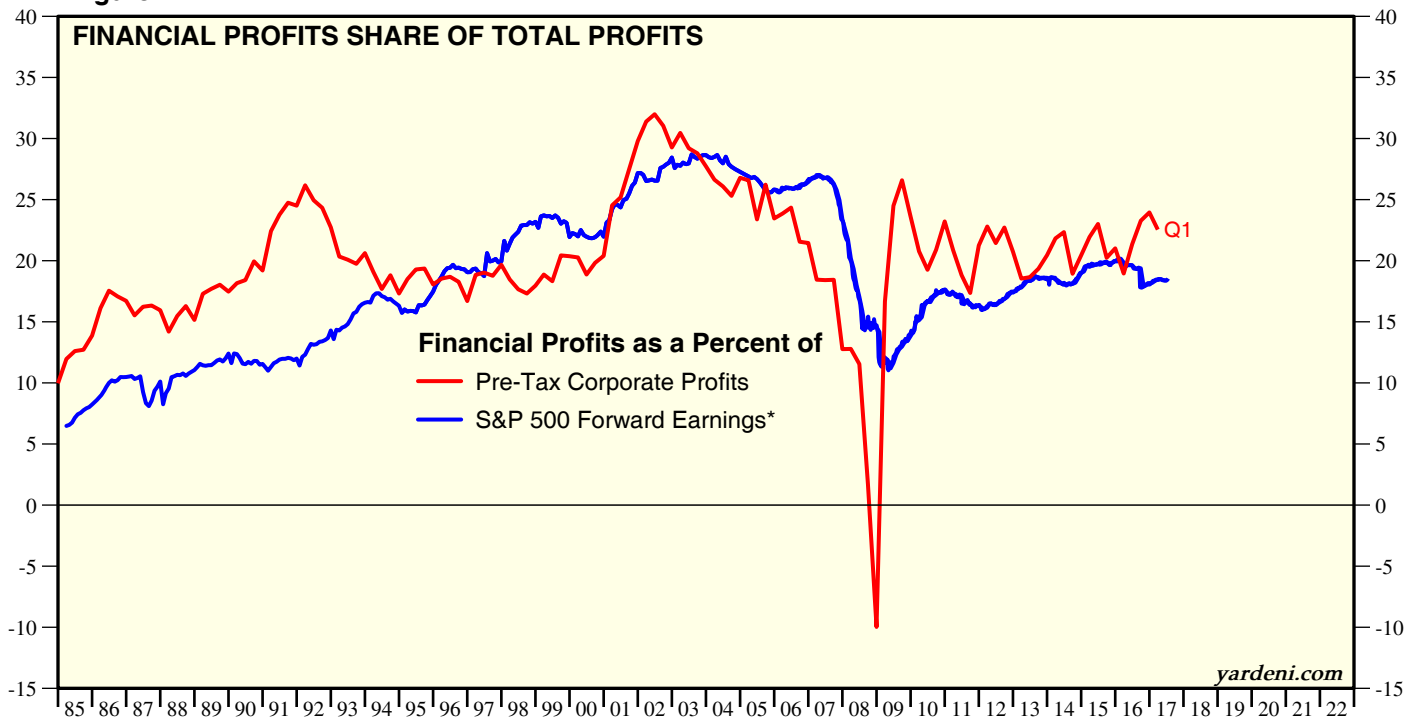
# Profits (NIPA)

Figure 11.



\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which 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 Federal Deposit Insurance Corporation, Quarterly Banking Profile.

Figure 12.

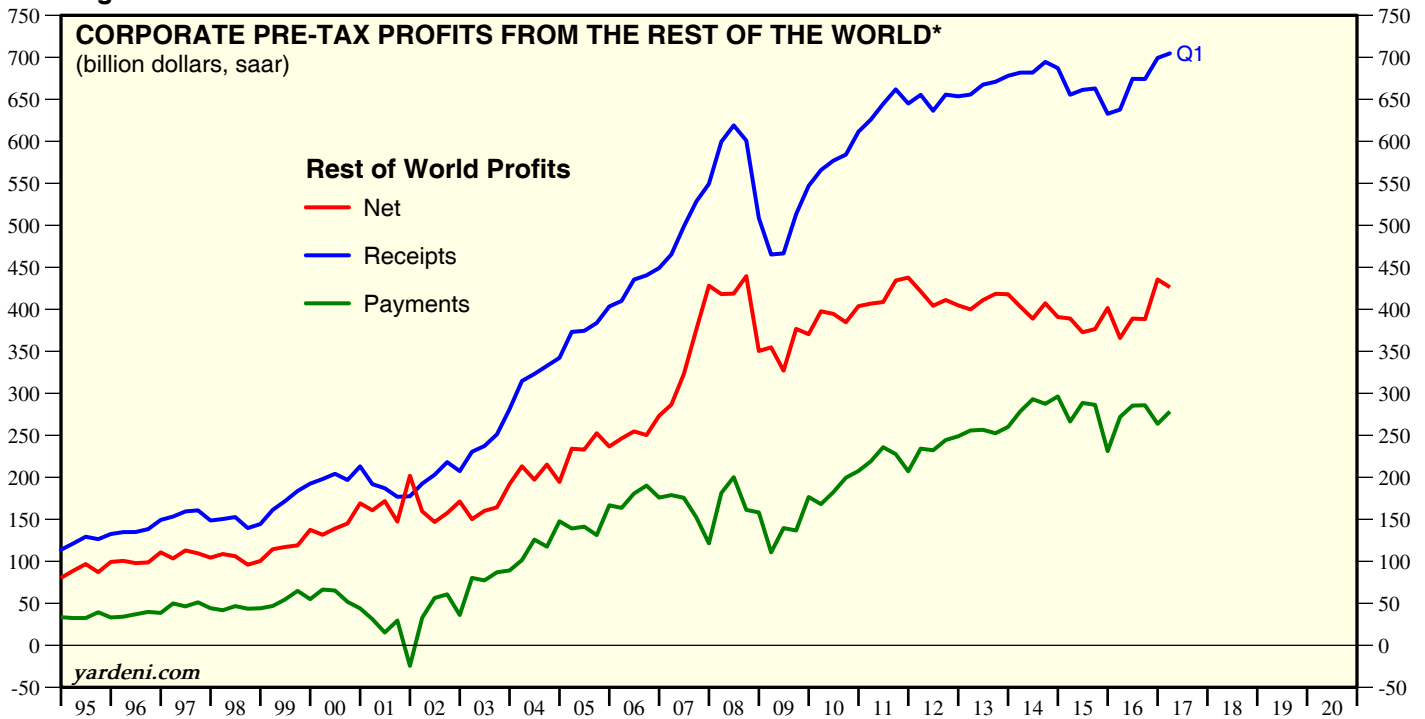


\* Using consensus 12-month forward earnings forecasts.  
Source: US Department of Commerce, Bureau of Economic Analysis and Thomson Reuters I/B/E/S.



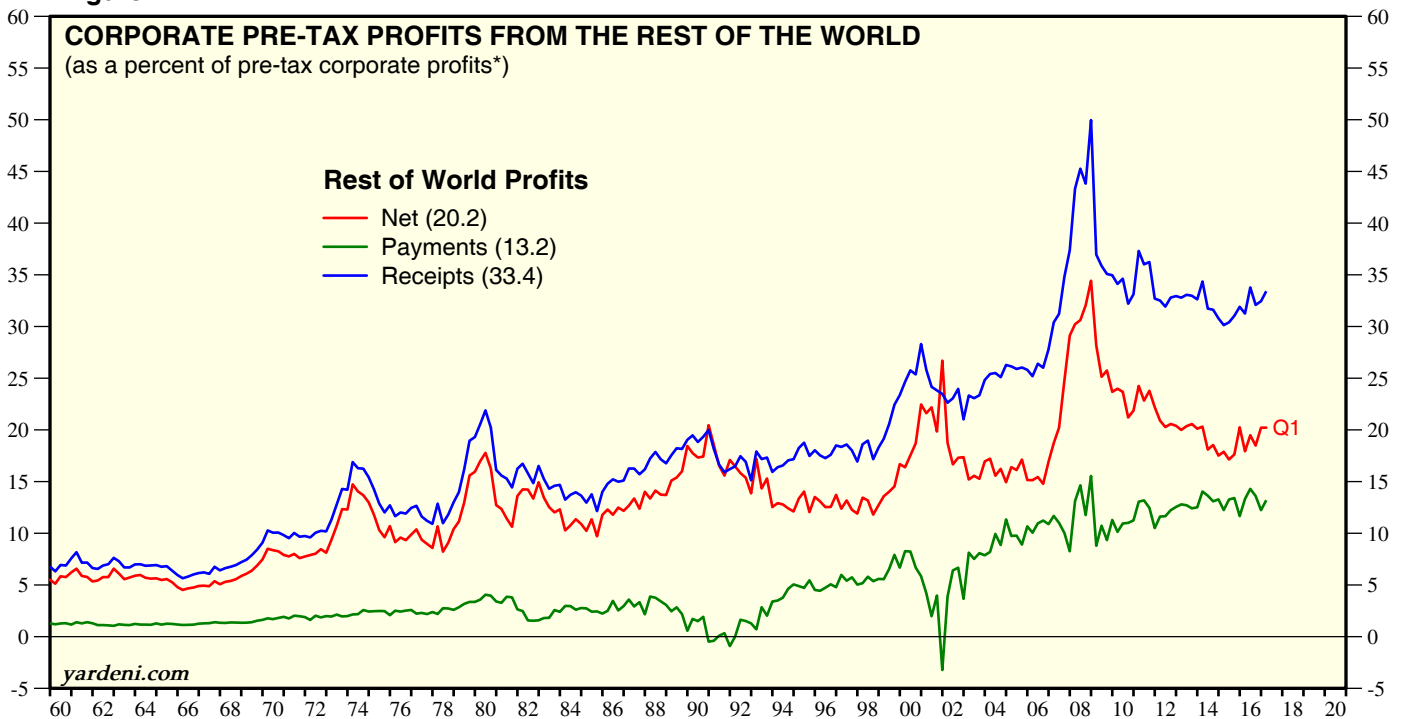
# Profits (NIPA)

Figure 13.



\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.  
Source: US Department of Commerce, Bureau of Economic Analysis.

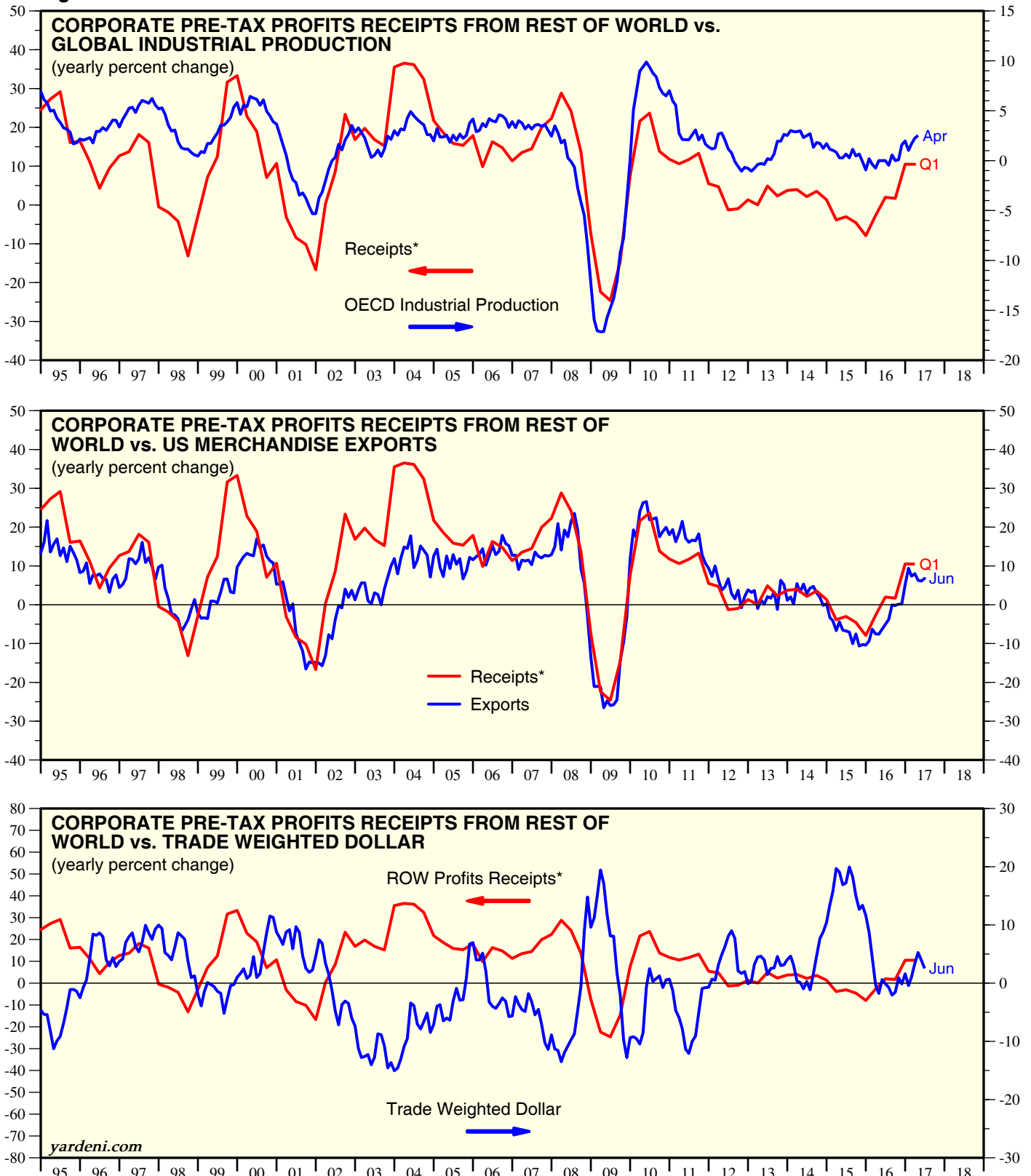
Figure 14.



\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.  
Source: US Department of Commerce, Bureau of Economic Analysis.

# Profits (NIPA)

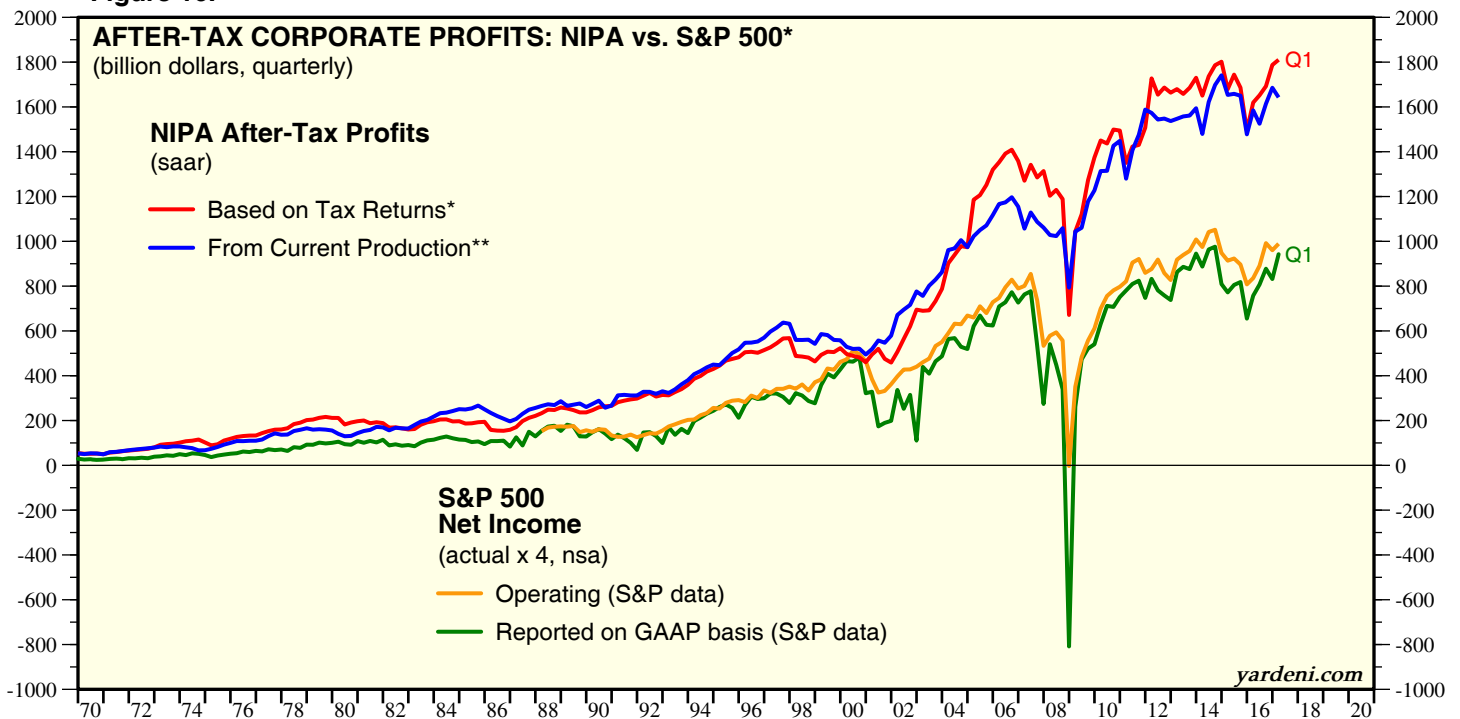
Figure 15.



\* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which 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 Board of Governors of the Federal Reserve System, Census Bureau and OECD.

# Profits (NIPA vs. S&P)

Figure 16.

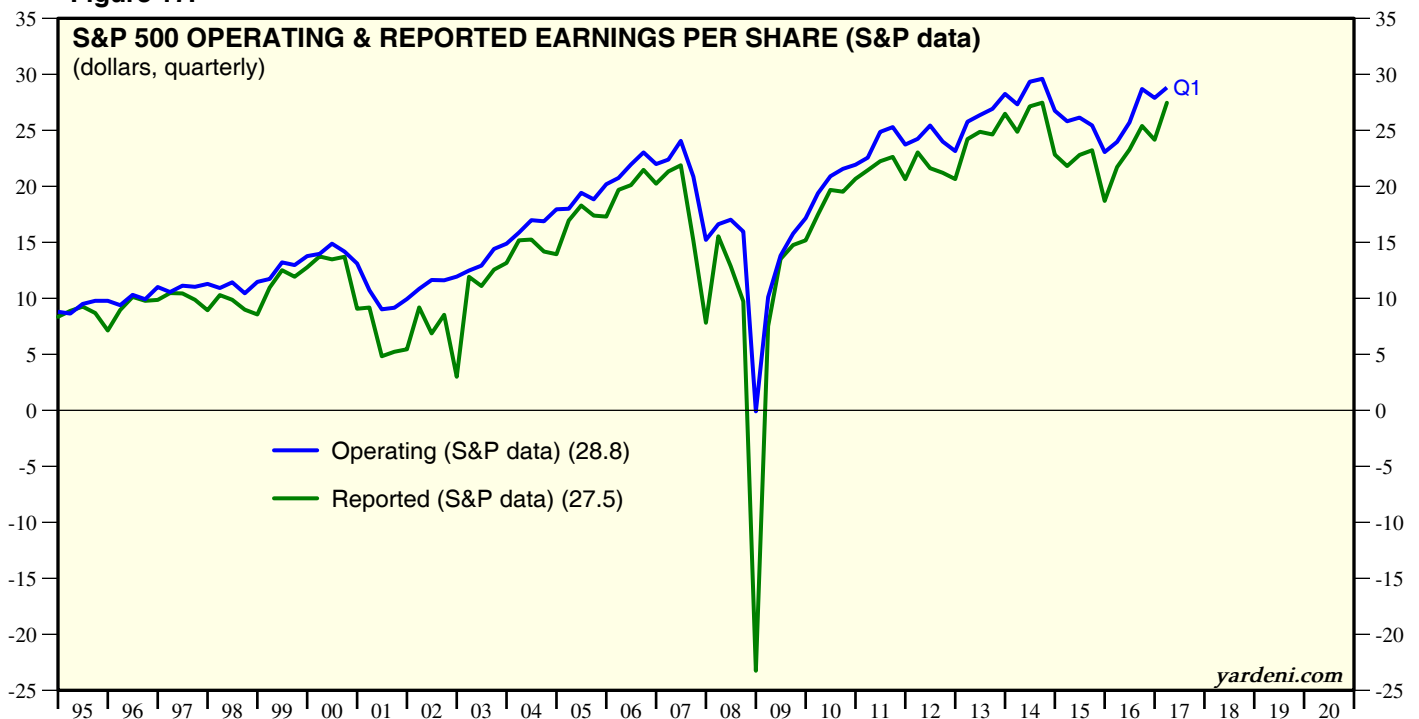


\* Excluding IVA & CCadj.

\*\* Including IVA & CCadj. These two adjustments 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 17.



Source: Standard & Poor's.

# Retained Earnings & Dividends

Figure 18.

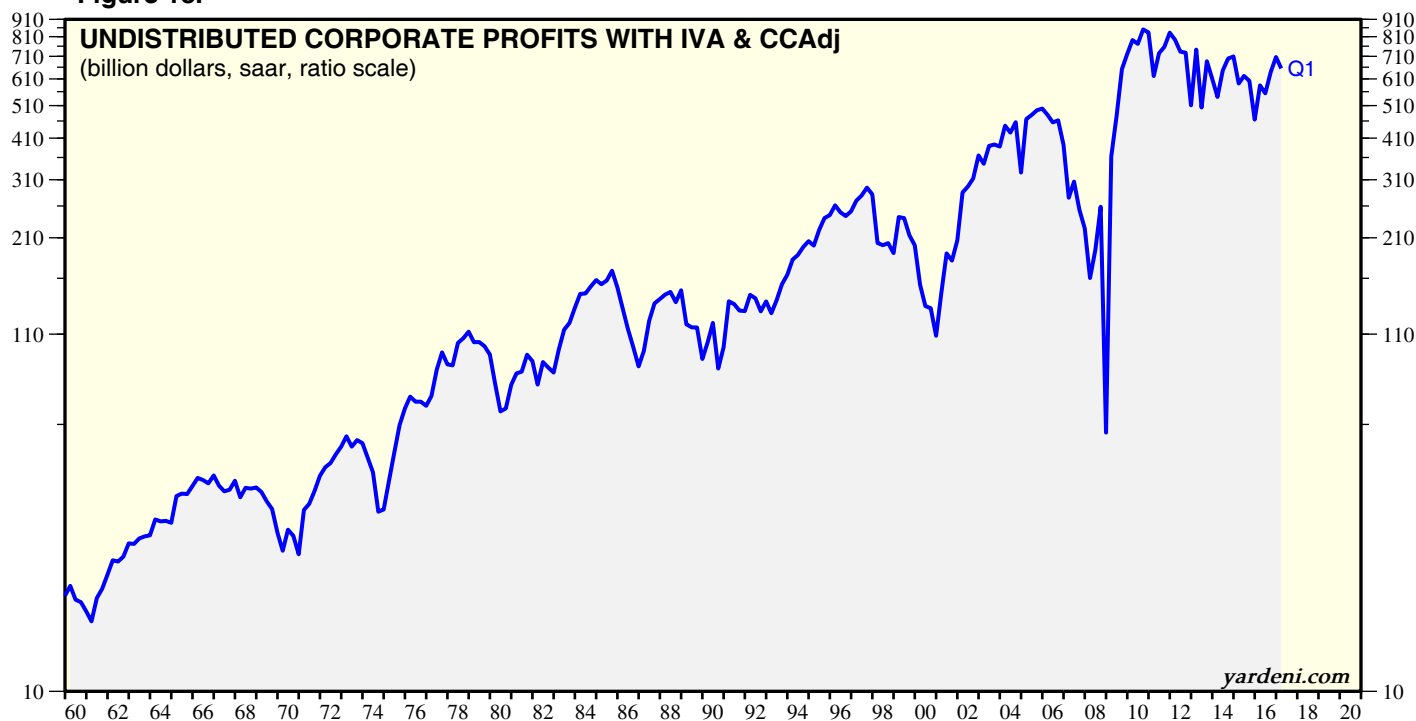
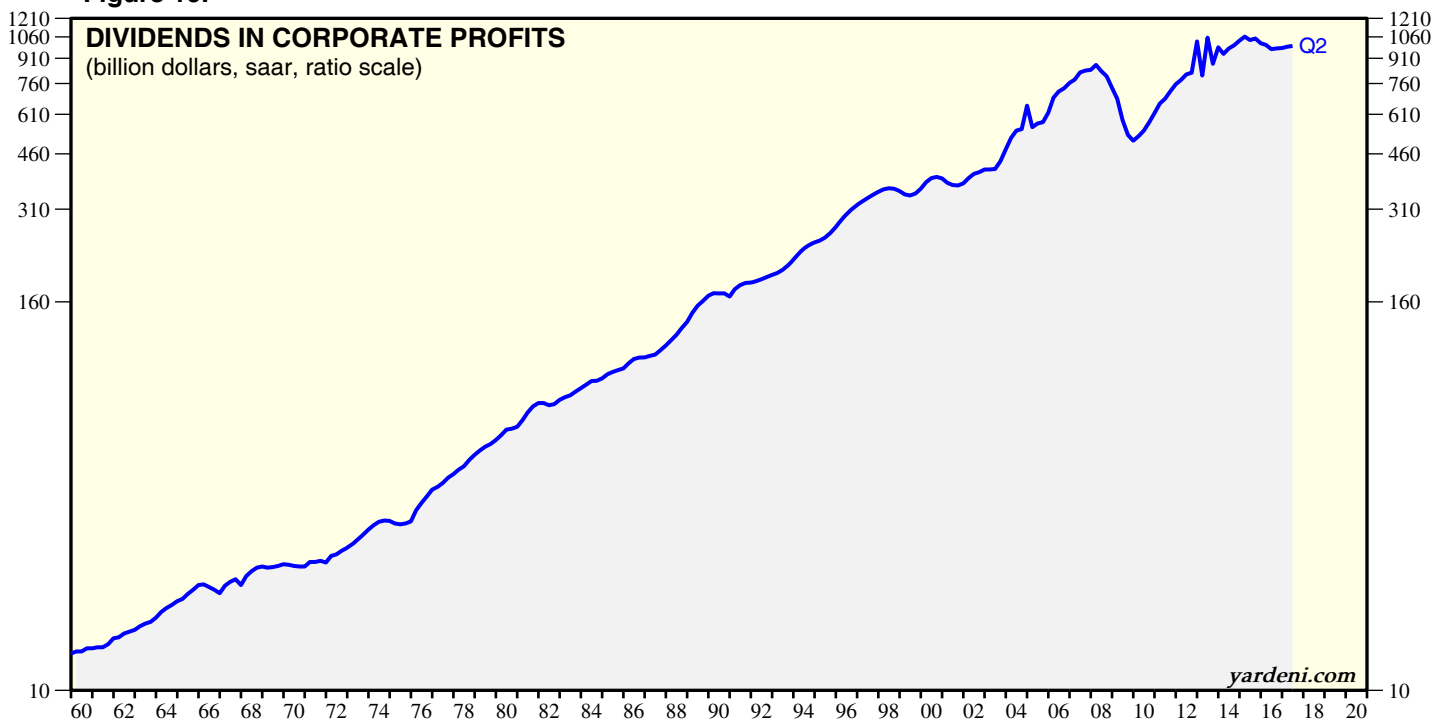
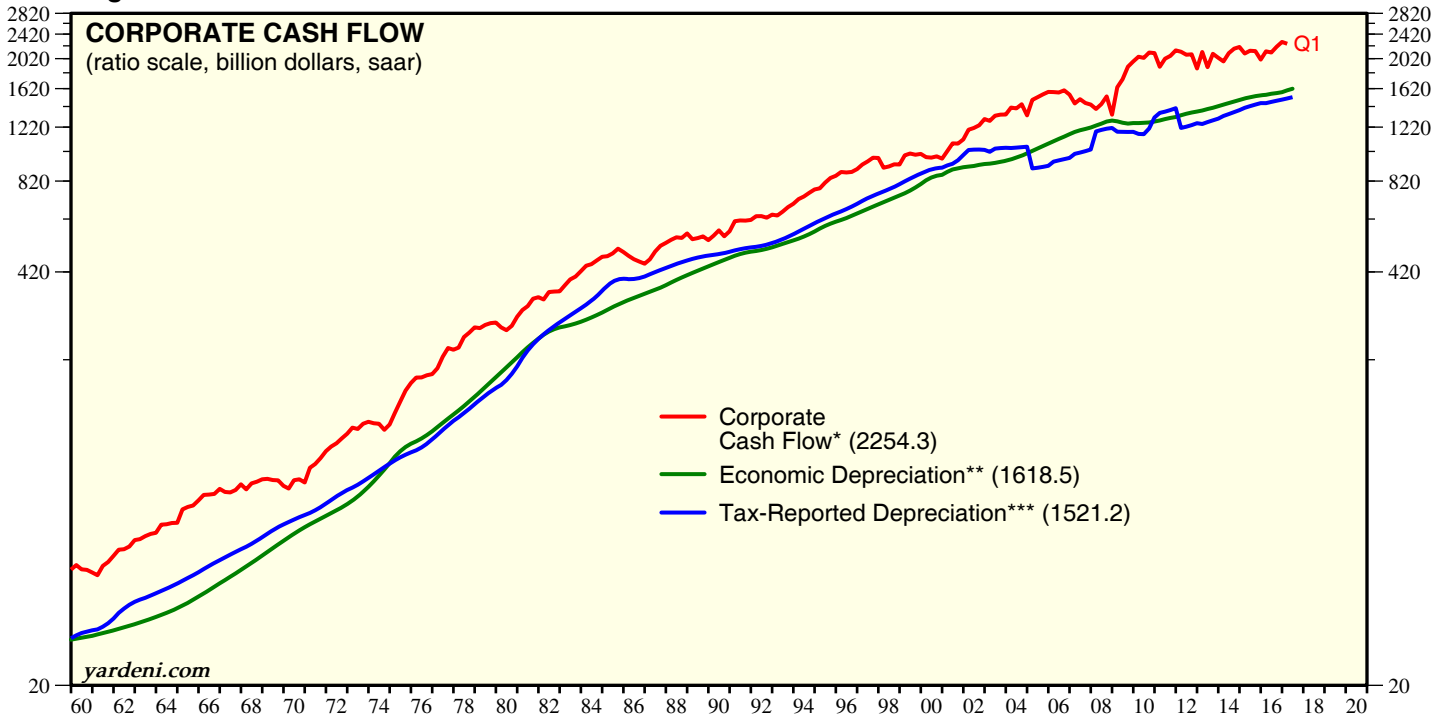


Figure 19.



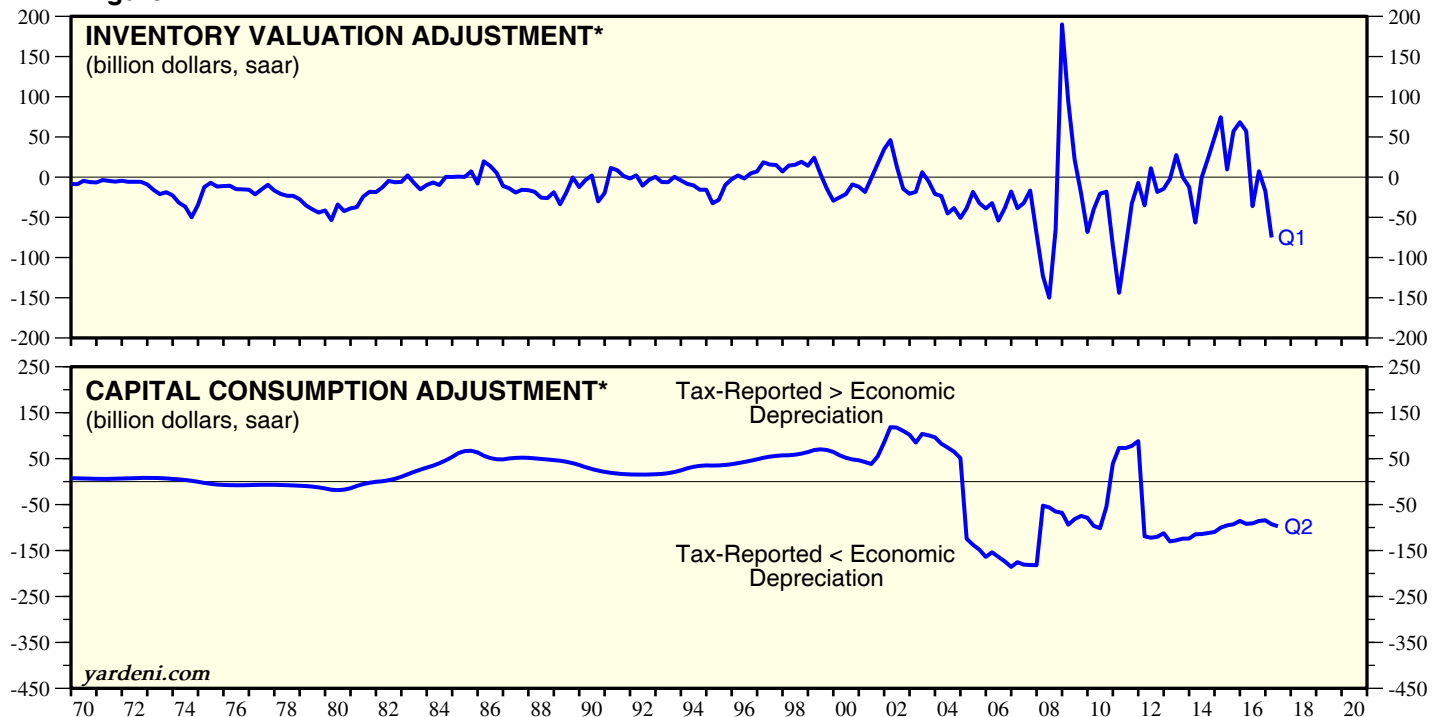
# Cash Flow

Figure 20.



\* After-tax retained earnings plus tax-reported depreciation.  
 \*\* Corporate capital consumption allowances.  
 \*\*\* Corporate capital consumption allowances with capital consumption adjustment.  
 Source: US Department of Commerce, Bureau of Economic Analysis.

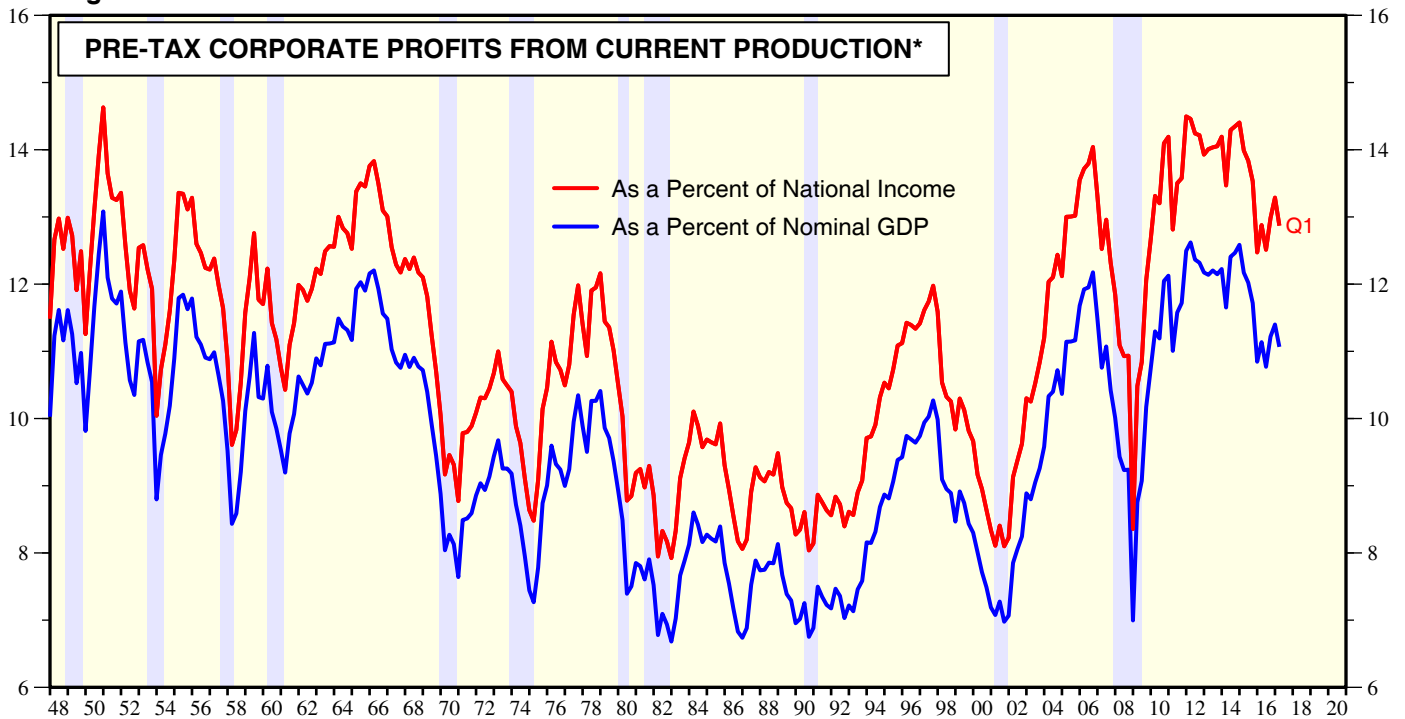
Figure 21.



\* These two adjustments 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.

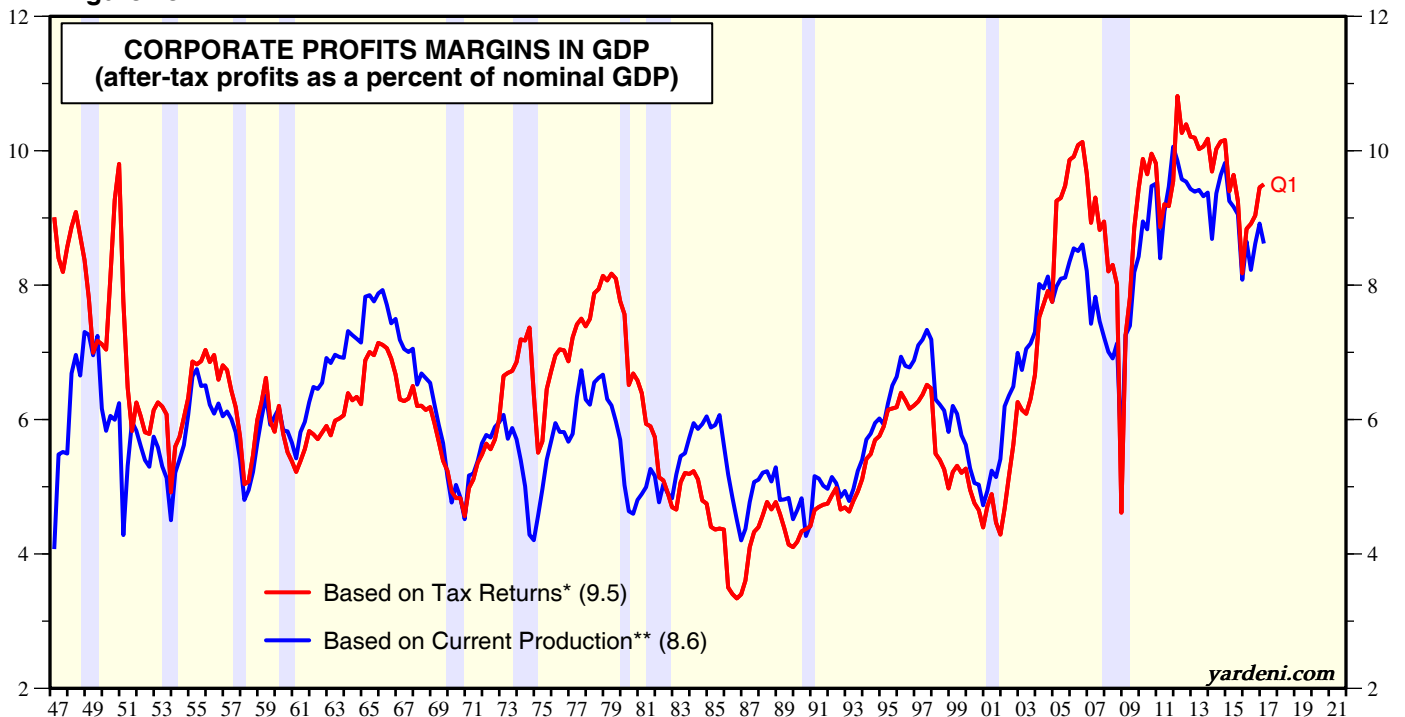
# Profit Margin

Figure 22.



\* Includes IVA & CCAdj. These two adjustments 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: US Department of Commerce, Bureau of Economic Analysis.

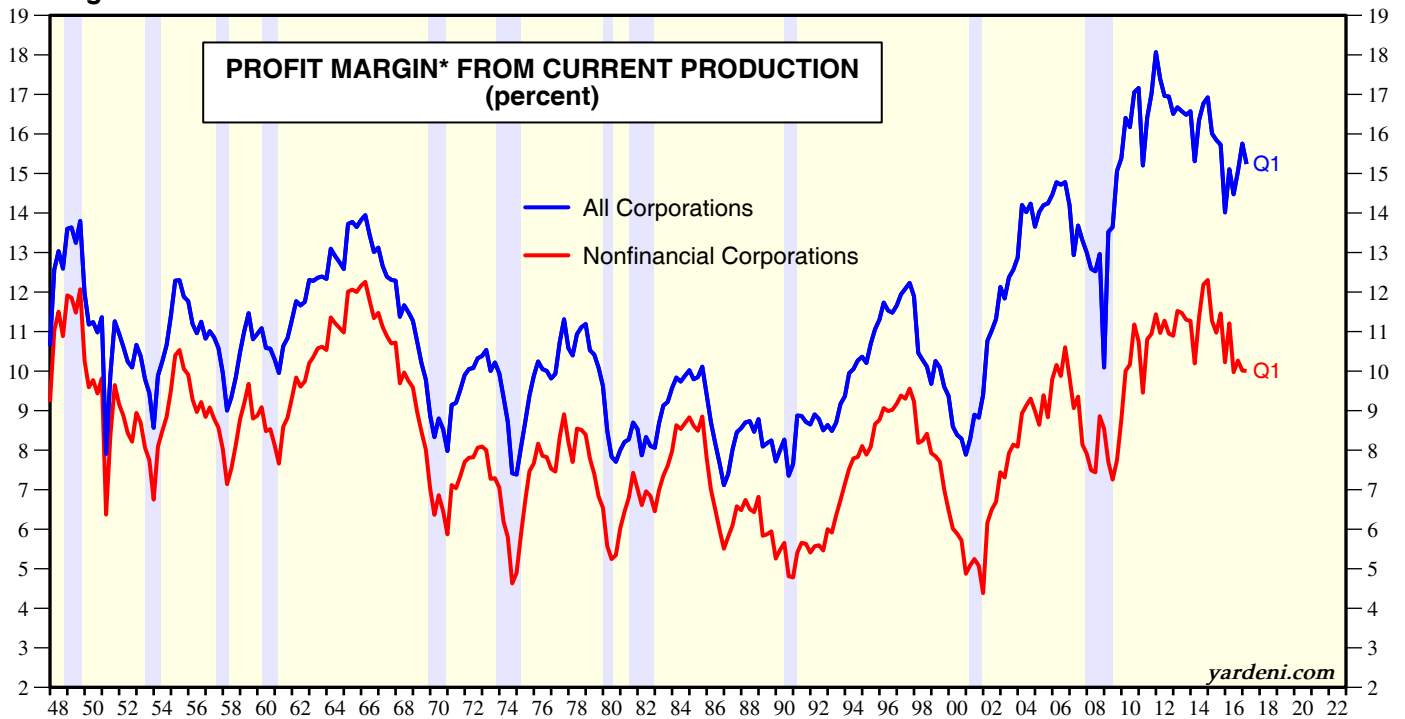
Figure 23.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.  
 \* Excluding IVA & CCAdj.  
 \*\* Including IVA & CCAdj. These two adjustments 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.

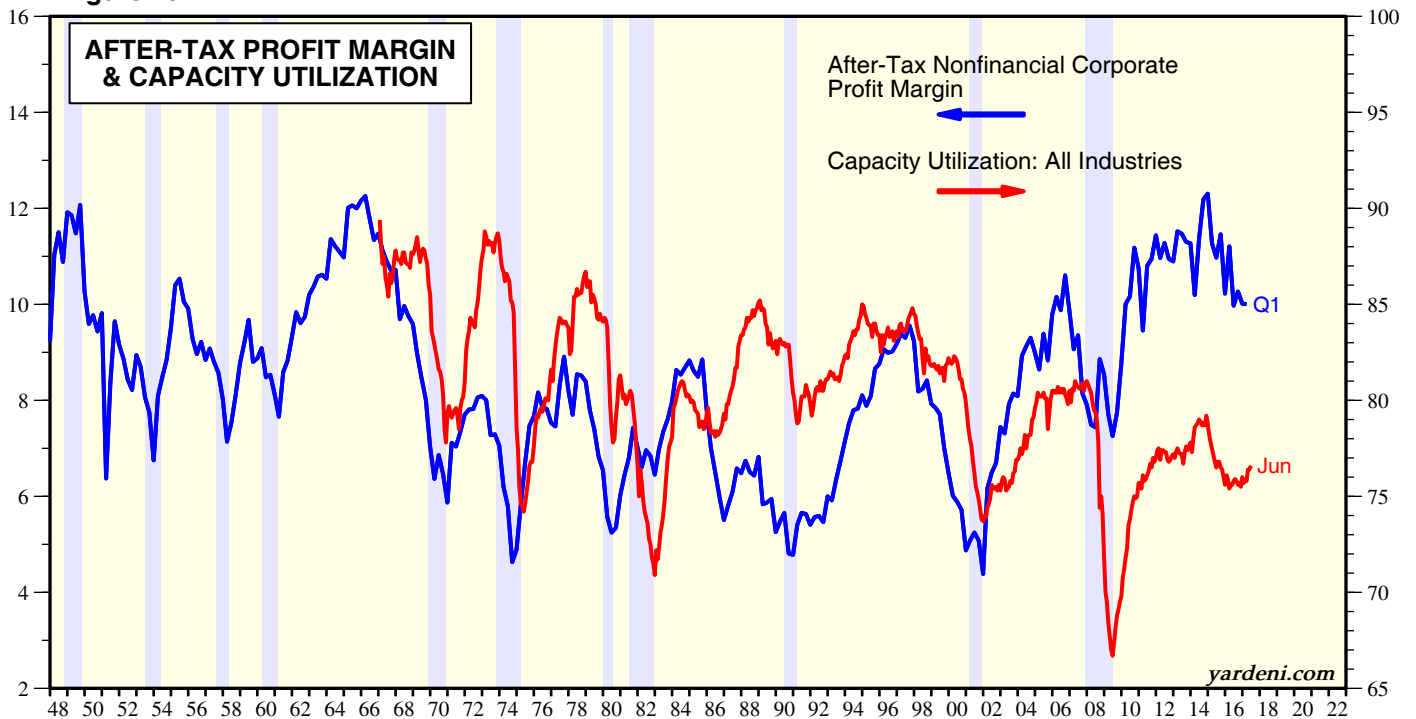
# Profit Margin

Figure 24.



\* After-tax profits including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj) divided by Gross Value Added of Corporate Business.  
 Note: Shaded areas are recessions according to the National Bureau of Economic Research, which determined that a peak in business activity occurred in the U.S. economy in March 2001.  
 Source: US Department of Commerce, Bureau of Economic Analysis.

Figure 25.



Source: Federal Reserve Board and US Department of Commerce, Bureau of Economic Analysis.

**Copyright (c) Yardeni Research, Inc. 2017.** All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on [www.yardeni.com](http://www.yardeni.com), [blog.yardeni.com](http://blog.yardeni.com), and YRI's Apps for iPads and iPhones are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments.

The text, images, and other materials contained or displayed on any Yardeni Research, Inc. product, service, report, email or website are proprietary to Yardeni Research, Inc. and constitute valuable intellectual property. No material from any part of [www.yardeni.com](http://www.yardeni.com), [blog.yardeni.com](http://blog.yardeni.com), and YRI's Apps for iPads and iPhones may be downloaded, transmitted, broadcast, transferred, assigned, reproduced or in any other way used or otherwise disseminated in any form to any person or entity, without the explicit written consent of Yardeni Research, Inc. All unauthorized reproduction or other use of material from Yardeni Research, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Yardeni Research, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Yardeni Research, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

The recipient should check any email and any attachments for the presence of viruses. Yardeni Research, Inc. accepts no liability for any damage caused by any virus transmitted by this company's emails, website, blog and Apps. Additional information available on [request](#).