# Table Of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profits</td>
<td>1-2</td>
</tr>
<tr>
<td>Profits (NIPA)</td>
<td>3-8</td>
</tr>
<tr>
<td>Profits (NIPA vs. S&amp;P)</td>
<td>9</td>
</tr>
<tr>
<td>Retained Earnings &amp; Dividends</td>
<td>10</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>11</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>12-16</td>
</tr>
</tbody>
</table>
Figure 1.

**NOMINAL GNP & AFTER-TAX CORPORATE PROFITS**
(1960=100, ratio scale)

- **7% Growth Path***
- **Nominal GNP**
- **After-Tax Corporate Profits**
  - Reported to IRS
  - From Current Production**

* 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.

**S&P 500 EARNINGS PER SHARE**
(dollars, ratio scale)

- **S&P 500 Earnings Per Share***
  - Reported (4-quarter sum)
  - Operating** (4-quarter sum)
  - Forward***

* 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 I/B/E/S data by Refinitiv.
7% Growth Path*

After-Tax Corporate Profits
- Reported to IRS
- From Current Production**

* 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.

S&P 500 FORWARD EARNINGS* & 7% Growth Trend (ratio scale)

* 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: I/B/E/S data by Refinitiv.
**Figure 5.**

**CORPORATE PROFITS FROM CURRENT PRODUCTION**
(billion dollars, saar, ratio scale)

* 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.**

**CORPORATE PROFITS REPORTED TO IRS**
(billion dollars, saar, ratio scale)

* 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.
Figure 7.

CORPORATE PROFITS FROM CURRENT PRODUCTION*  
(yearly percent change)

Total Profits

After-Tax (3.2)

* 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.

CORPORATE PROFITS REPORTED TO IRS*  
(yearly percent change)

Total Profits

After-Tax (10.7)

* 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.
**Figure 9.**

**CORPORATE PROFITS BY INDUSTRY**
(billion dollars, saar)

**Pre-Tax By Industry**
- Nonfinancial
- Financial
- Net Receipts from the Rest of the World

* 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.**

**CORPORATE PROFITS BY INDUSTRY**
(as a percent of corporate profits)

**Pre-Tax By Industry**
- Nonfinancial
- Financial
- Net Receipts from the Rest of the World

* 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 11.

MEASURES OF PROFITS IN FINANCIAL SECTOR
(billion dollars)

- Pre-Tax Profits: Financial*
  (saar)
- S&P 500 Financials
  12-month Forward Earnings
- FDIC Commercial Banks: Net Income
  (annualized, nsa)

* 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.

FINANCIAL PROFITS SHARE OF TOTAL PROFITS

Financial Profits as a Percent of
- Pre-Tax Corporate Profits
- S&P 500 Forward Earnings*

* Using consensus 12-month forward earnings forecasts.

Source: US Department of Commerce, Bureau of Economic Analysis, and I/B/E/S data by Refinitiv.
Profits (NIPA)

Figure 13.

CORPORATE PRE-TAX PROFITS FROM THE REST OF THE WORLD*
(billion dollars, saar)

Rest of World Profits
- Net
- Receipts
- Payments

* 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.

CORPORATE PRE-TAX PROFITS FROM THE REST OF THE WORLD
(as a percent of pre-tax corporate profits*)

Rest of World Profits
- Net (18.2)
- Payments (14.2)
- Receipts (32.5)

* 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: US Department of Commerce, Bureau of Economic Analysis.
* 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.

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

NIPA After-Tax Profits
(saar)
- Based on Tax Returns*
- From Current Production**

S&P 500
Net Income
(actual x 4, nsa)
- Operating (S&P data)
- Reported on GAAP basis (S&P data)

* 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.

S&P 500 OPERATING & REPORTED EARNINGS PER SHARE (S&P data)
(dollars, quarterly)

Operating (S&P data) (38.0)
Reported (S&P data) (33.1)

Source: Standard & Poor’s.
Figure 18.

UNDISTRIBUTED CORPORATE PROFITS WITH IVA & CCAdj
(billion dollars, saar, ratio scale)

Source: Bureau of Economic Analysis.

Figure 19.

DIVIDENDS IN CORPORATE PROFITS
(billion dollars, saar, ratio scale)

Source: Bureau of Economic Analysis.
**CORPORATE CASH FLOW**
(ratio scale, billion dollars, saar)

- **Corporate Cash Flow***(2625.0)
- **Economic Depreciation***(1946.1)
- **Tax-Reported Depreciation*** (1929.6)

* After-tax undistributed corporate profits with IVA & CCAdj plus tax-reported depreciation.
** Corporate capital consumption allowances.
*** Corporate capital consumption allowances with capital consumption adjustment.

Source: Bureau of Economic Analysis.

**INVENTORY VALUATION ADJUSTMENT***
(billion dollars, saar)

**CAPITAL CONSUMPTION ADJUSTMENT***
(billion dollars, saar)

* 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 22.**

PRE-TAX CORPORATE PROFITS FROM CURRENT PRODUCTION*

- As a Percent of National Income
- As a Percent of Nominal GDP

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

Source: US Department of Commerce, Bureau of Economic Analysis.

* 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.

**Figure 23.**

CORPORATE PROFITS MARGINS IN GDP
(after-tax profits as a percent of nominal GDP)

- After-Tax Profits Margins
  - Using Book Profits* (10.1)
  - Using Cash-Flow Profits** (9.6)

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

Source: Bureau of Economic Analysis.
Figure 24.

**PROFIT MARGIN* FROM CURRENT PRODUCTION**  
(percentage)

- **All Corporations**
- **Nonfinancial Corporations**

* 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.

**AFTER-TAX PROFIT MARGIN & CAPACITY UTILIZATION**

- **After-Tax Nonfinancial Corporate Profit Margin**
- **Capacity Utilization: All Industries**

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

**Figure 26.**

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

- **After-Tax Profits**
  - NIPA Book Profits*
  - S&P 500 Reported Net Income**

* NIPA book profits series excludes Inventory Valuation Adjustment and Capital Consumption Adjustment. Series is seasonally adjusted and annualized quarterly data.

** S&P 500 aggregate net income on GAAP basis using four-quarter sum.

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

**Figure 27.**

**S&P 500 AGGREGATE REPORTED NET INCOME (GAAP basis)**
(as a percent of NIPA after-tax book profits*)

* S&P 500 aggregate reported net income is on GAAP basis and shown as four-quarter sum. NIPA book profits exclude Inventory Valuation Adjustment and Capital Consumption Adjustment. NIPA series is shown using seasonally adjusted and annualized quarterly data.

Source: Bureau of Economic Analysis and Standard & Poor’s.
S&P 500 REPORTED PROFIT MARGIN & AFTER-TAX CORPORATE PROFITS MARGIN
(without IVA & CCAdj)

Corporate Profits After Tax* (as a percent of nominal GDP) (10.1)

S&P 500 Profit Margin: Reported (percent) (9.6)

Note: Shaded areas denote recessions according to the National Bureau of Economic Research. Q4-2008 not shown because of large negative value.

* After-tax profits as reported to IRS 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: Standard & Poor’s, I/B/E/S data by Refinitiv, and Bureau of Economic Analysis.

Figure 29.

AFTER-TAX CORPORATE PROFIT MARGIN & COSTS

Compensation of Employees Plus Private Fixed Investment (as a percent of nominal GDP)

Corporate Profits After Tax* (as a percent of nominal GDP)

* After-tax profits as reported to IRS (without IVA and CCAdj).

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

Source: Bureau of Economic Analysis.
Figure 30.

COMPENSATION OF EMPLOYEES + PRIVATE NONRESIDENTIAL FIXED INVESTMENT
(as a percent of nominal GDP)

Source: Bureau of Economic Analysis.

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

Figure 31.

COMPENSATION OF EMPLOYEES
(as a percent of nominal GDP)

Source: US Department of Commerce, Bureau of Economic Analysis.

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