Stock Market Briefing: Stocks As Recession Indicator

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Figure 1.

S&P 500 & RECESSIONS
(ratio scale)

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

Figure 2.

S&P 500 BULL & BEAR MARKETS
(ratio scale)

Note: Shaded green areas denote S&P 500 bull markets, while red areas are bear market declines of 20% or more. Business cycle peak (P) & trough (T).
Source: Standard & Poor’s.
**Figure 3.**

S&P 500 FORWARD EARNINGS & REVENUES PER SHARE (ratio scale)

- **Forward Earnings** * (147.0)
- **Forward Revenues** * Divided by 10 (139.1)
- **7% Growth Rate** **

* Time-weighted average of consensus estimates for current and next year. 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 4.**

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

* Excluding IVA & CCAdj.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.
**Figure 5.**

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

* Using after-tax corporate profits reported to IRS. Excluding IVA & CCadj.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

**Figure 6.**

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.
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