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thinking outside the box
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Stocks As Recession Indicator 1-3
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.
**S&P 500 FORWARD EARNINGS & REVENUES PER SHARE**
(ratio scale)

- Forward Earnings* (177.6)
- Forward Revenues* Divided by 10 (145.2)
- 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.

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**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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