

Stock Market Briefing: NIPA vs. S&P 500 Profits Margins

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thinking outside the box

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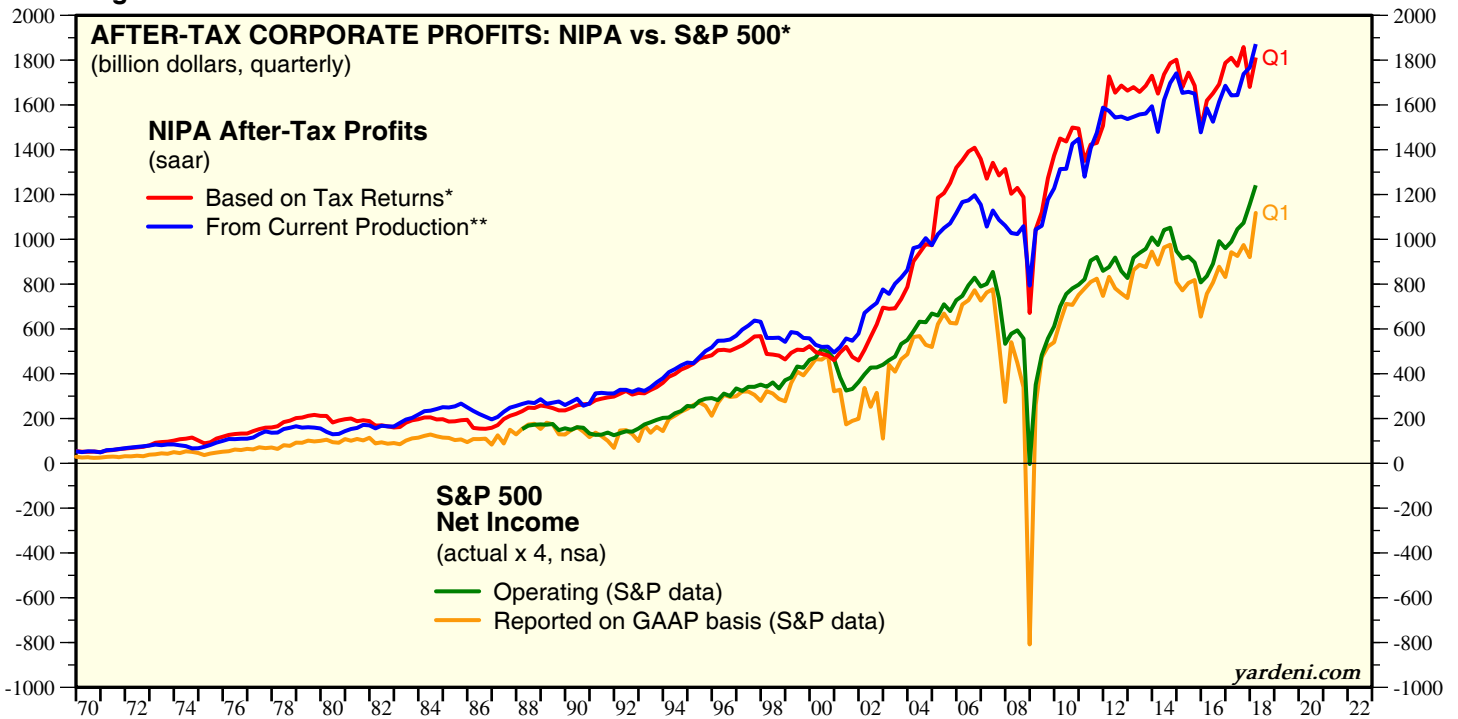
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Profit Margins

Figure 1.

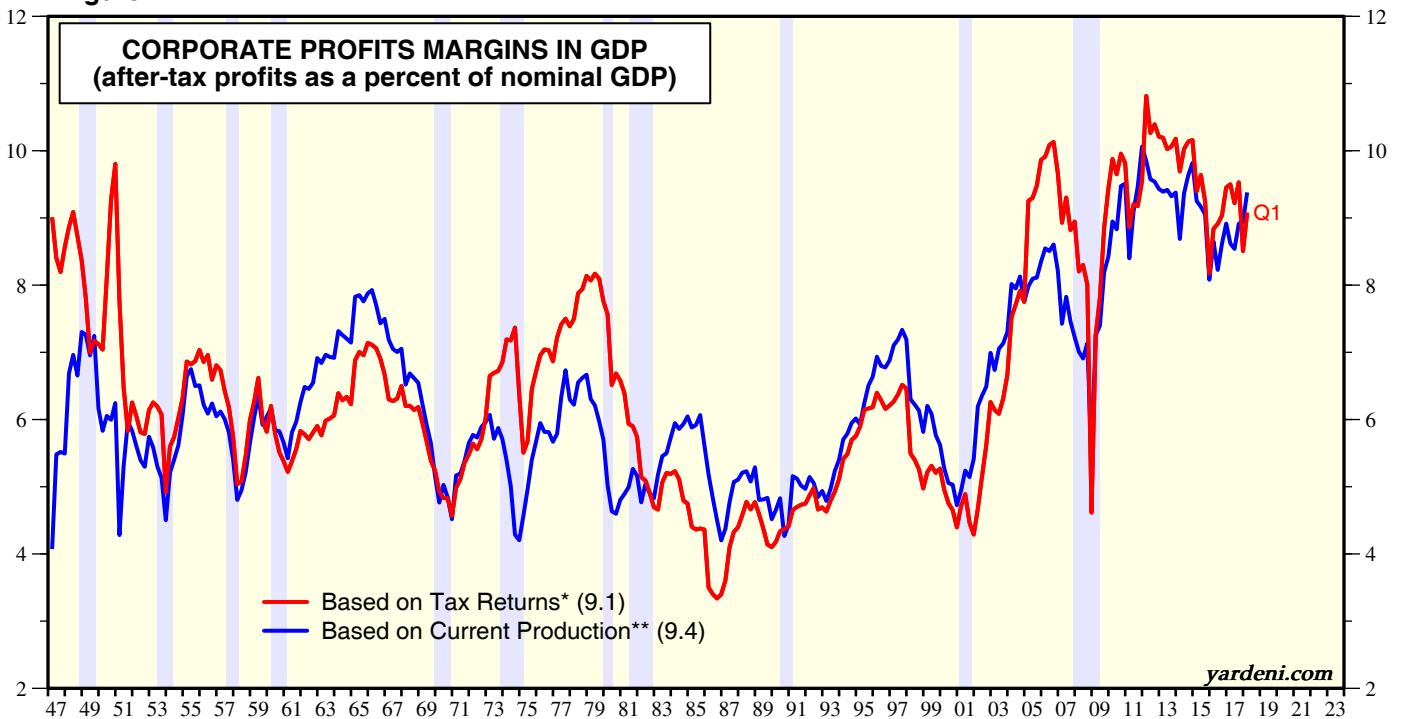


* Excluding IVA & CCadj.

** 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 2.



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

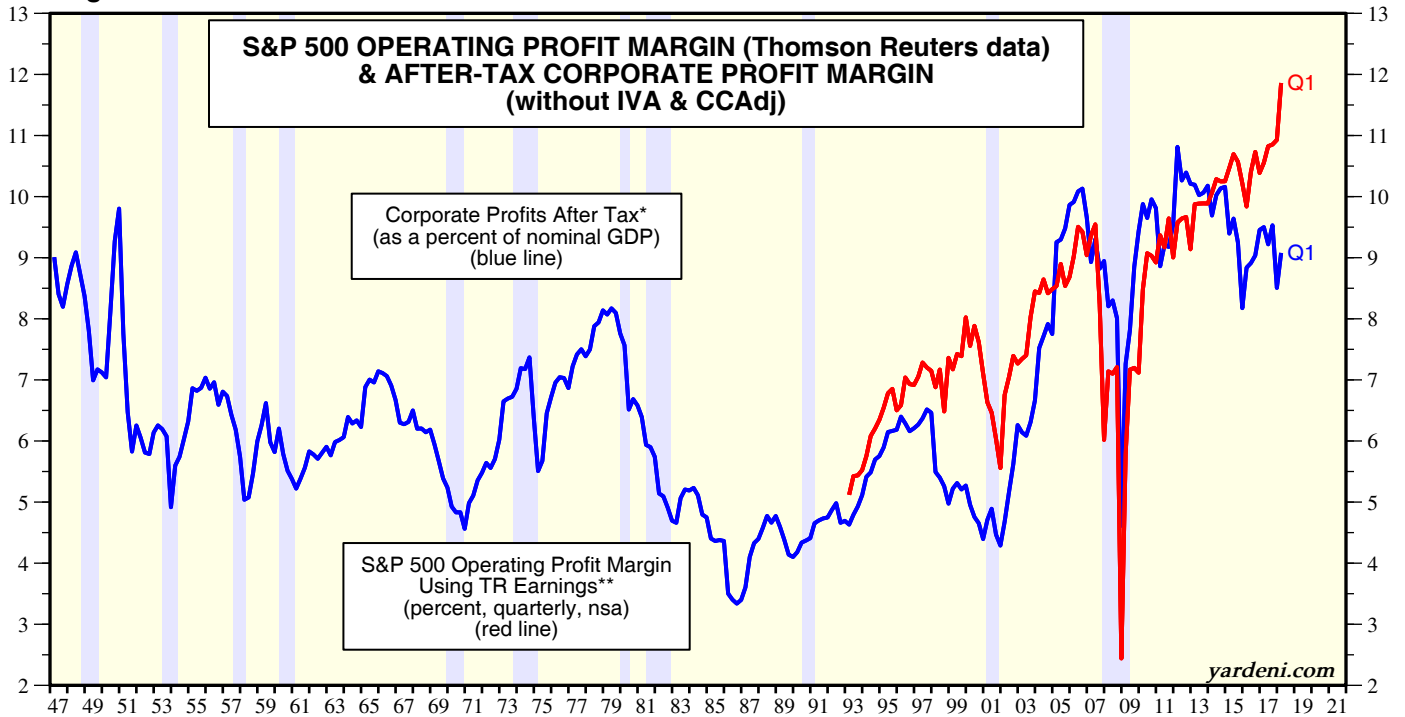
* Excluding IVA & CCadj.

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Source: Bureau of Economic Analysis.

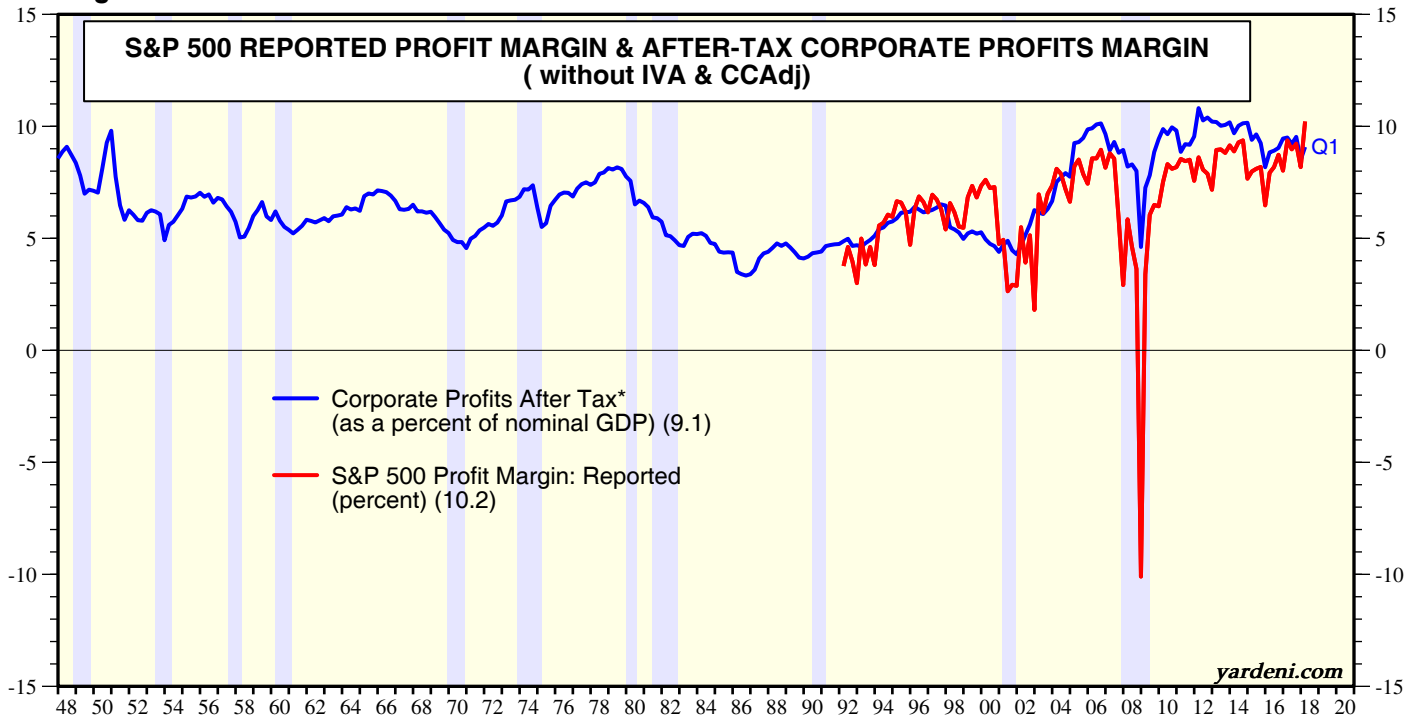
Profit Margins

Figure 3.



* 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.
 ** Operating Profit Margin derived using revenues from S&P and earnings from Thomson Reuters I/B/E/S.
 Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
 Source: Standard & Poor's, Thomson Reuters I/B/E/S and Bureau of Economic Analysis.

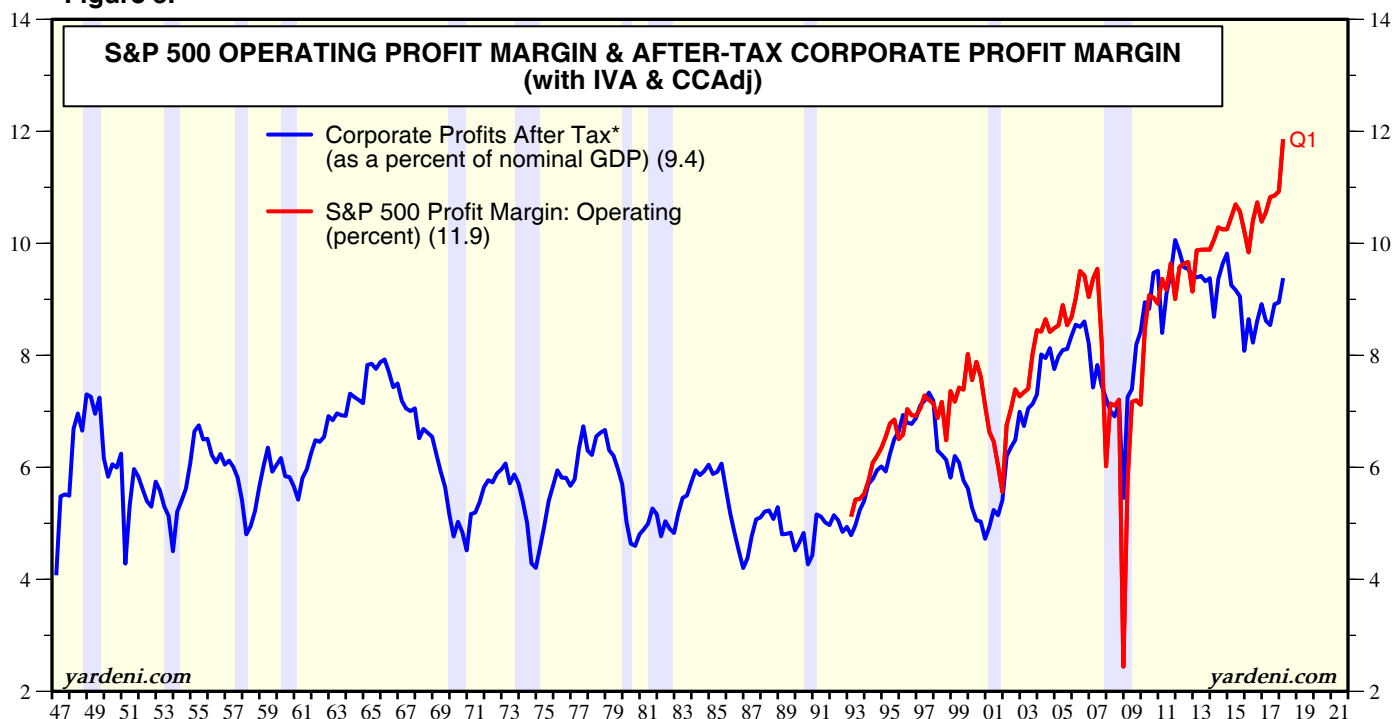
Figure 4.



* 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: Standard & Poor's, Thomson Reuters I/B/E/S, and Bureau of Economic Analysis.

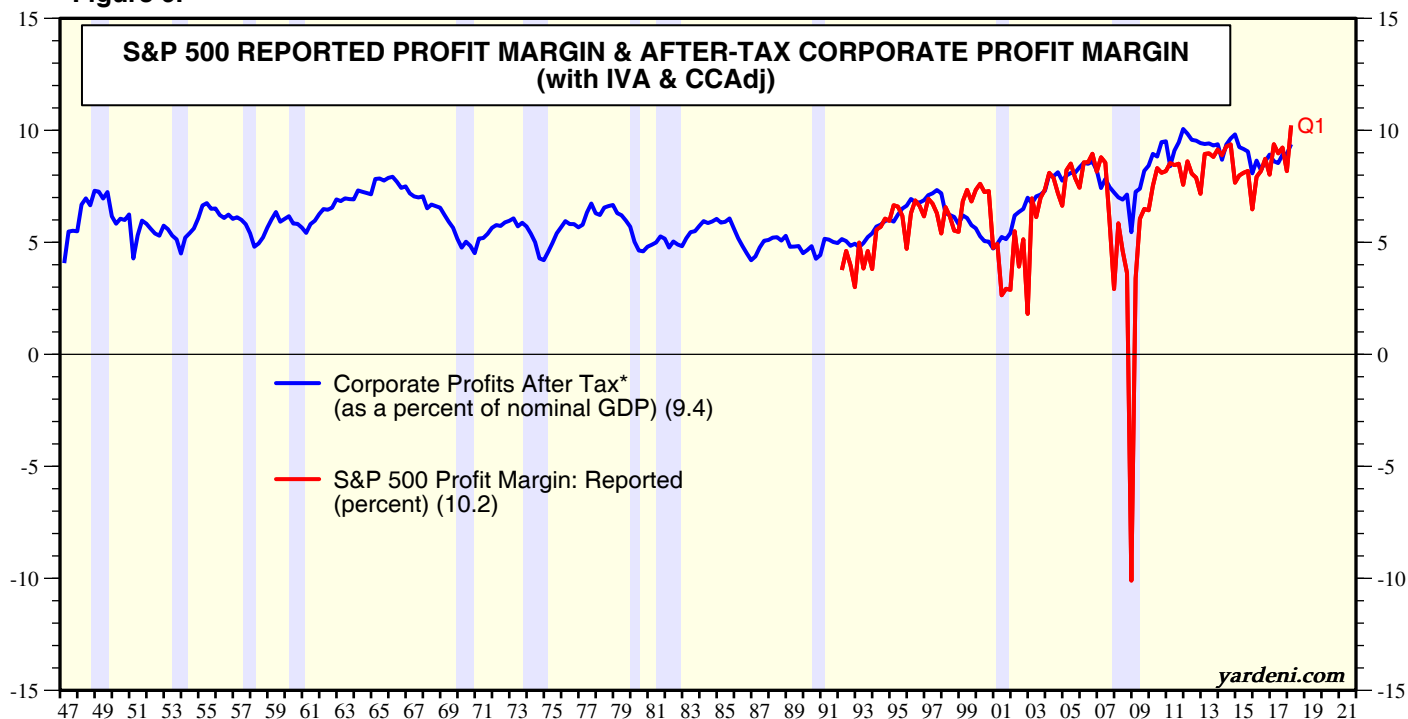
Profit Margins

Figure 5.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
 * Profits after tax with IVA and CCAj.
 Source: Standard & Poor's Corporation and Thomson Reuters I/B/E/S and Bureau of Economic Analysis.

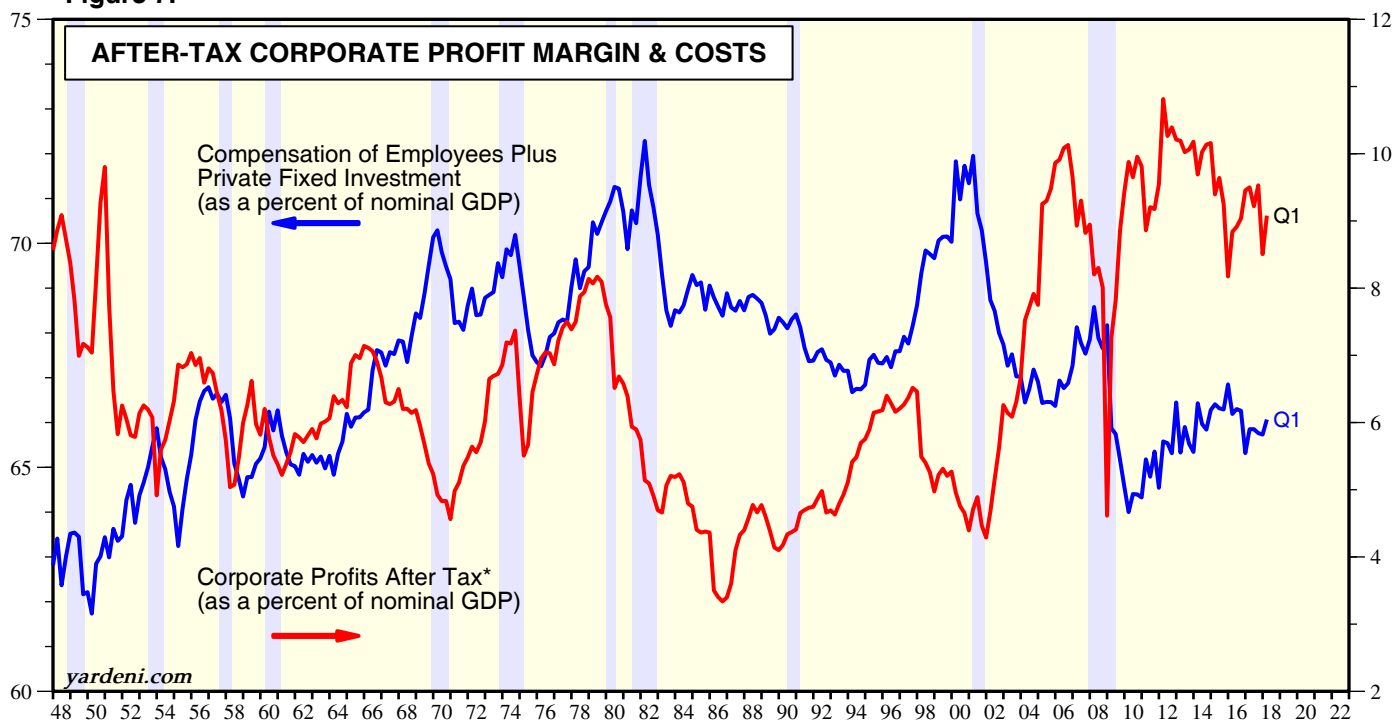
Figure 6.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
 * Profits after tax with IVA and CCAj.
 Source: Standard & Poor's Corporation and Thomson Reuters I/B/E/S and Bureau of Economic Analysis.

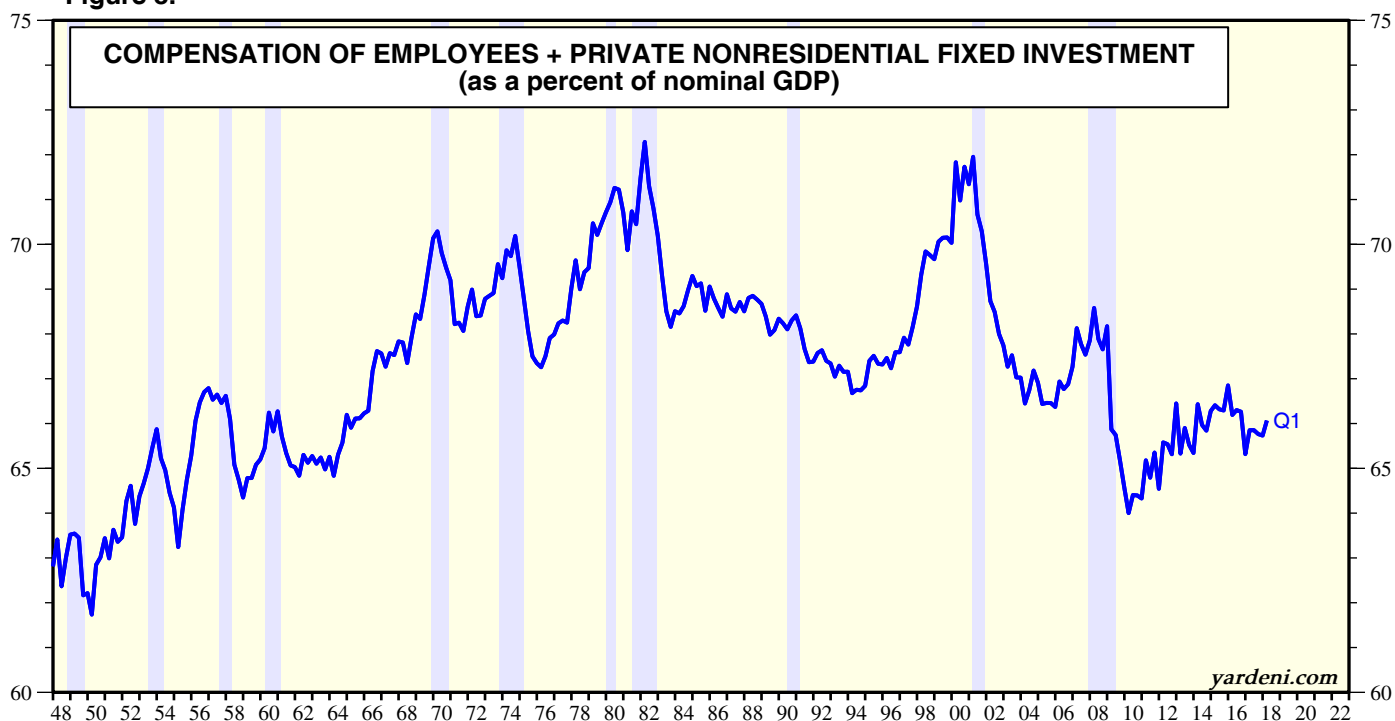
Margins & Costs

Figure 7.



* 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.

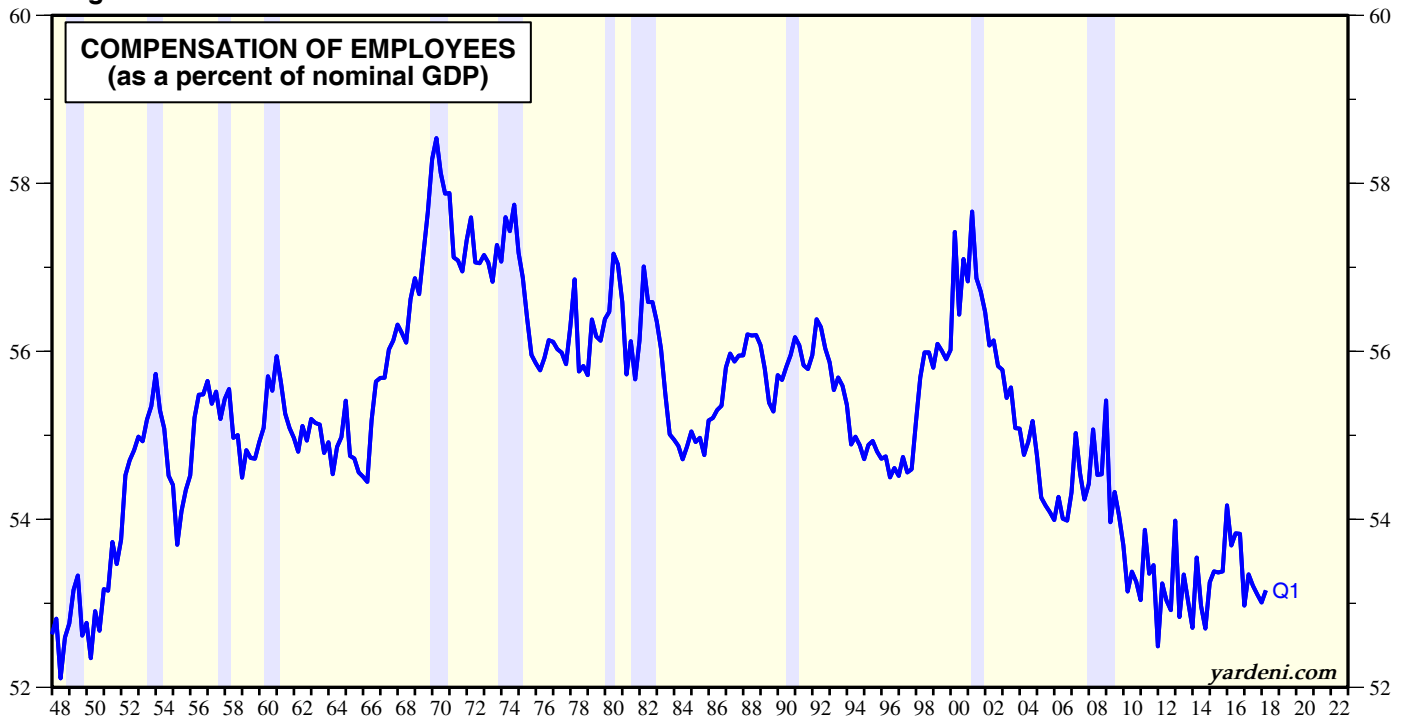
Figure 8.



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

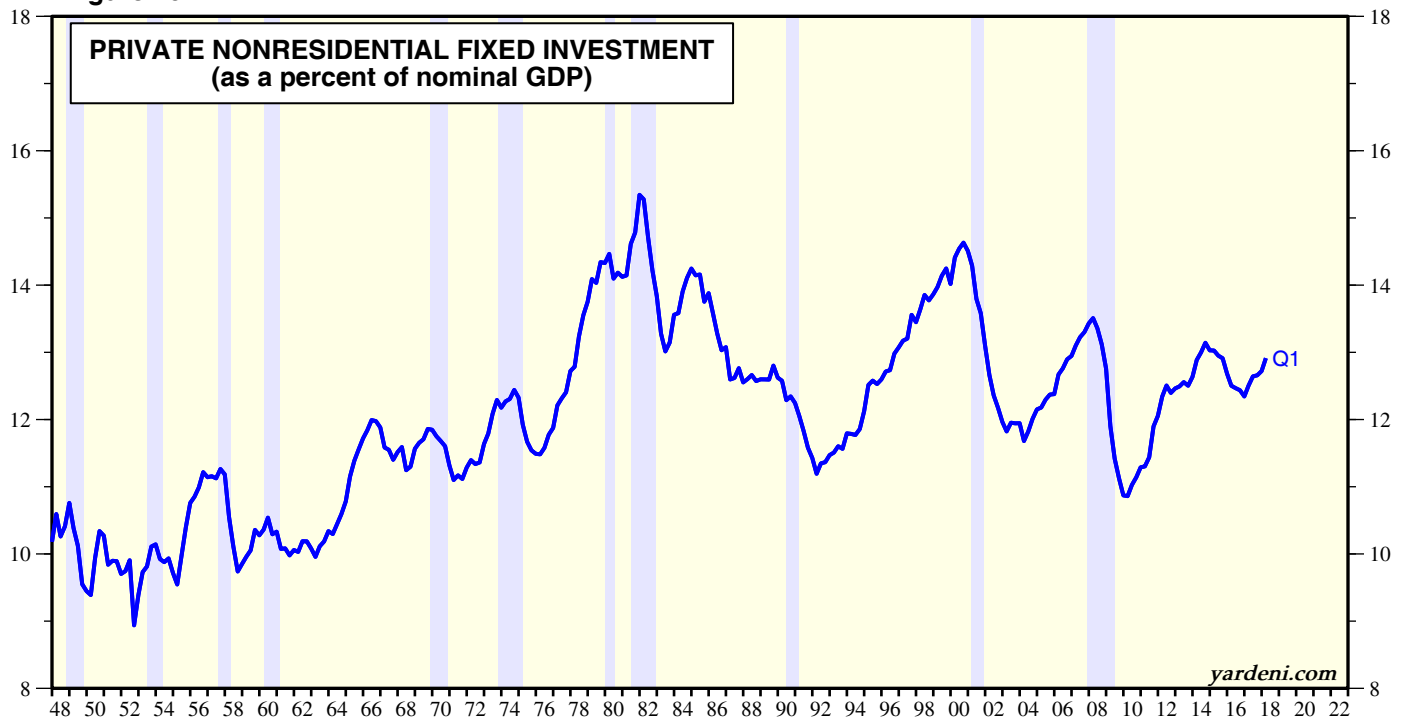
Margins & Costs

Figure 9.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research
Source: US Department of Commerce, Bureau of Economic Analysis.

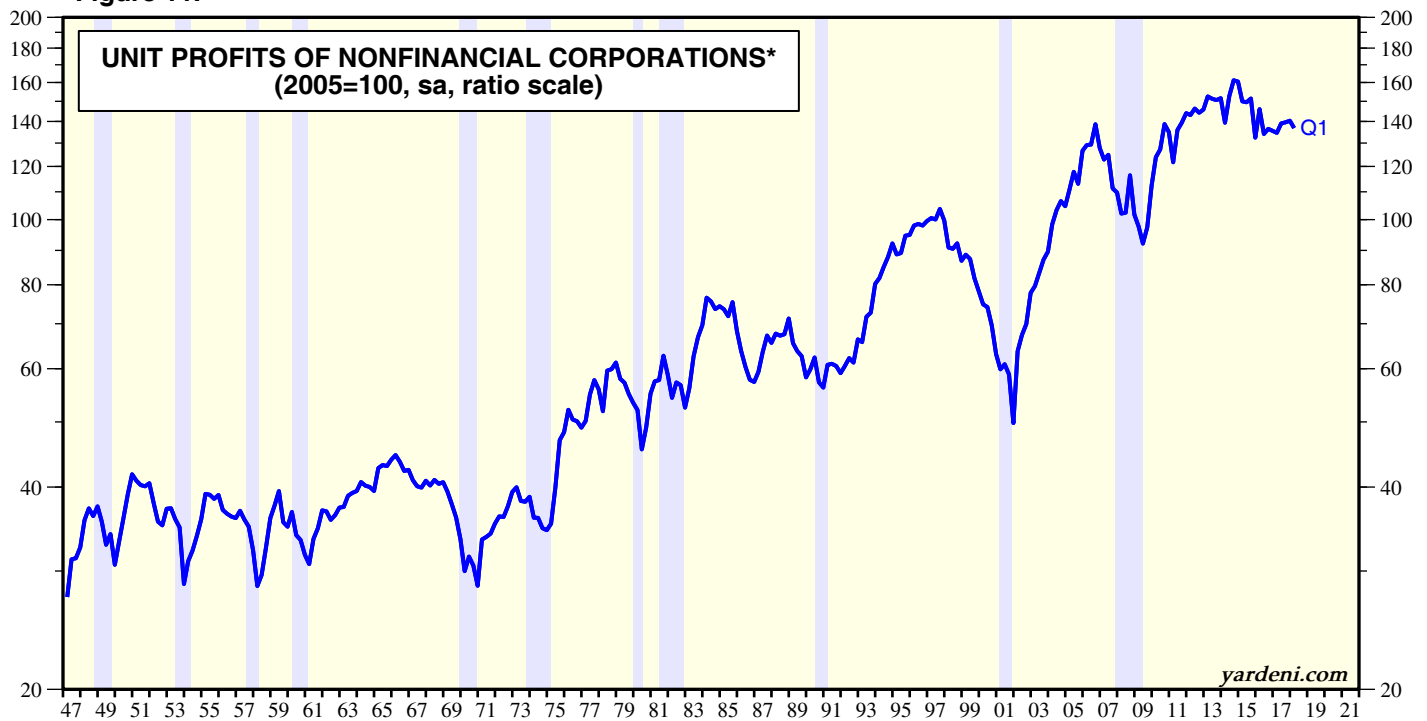
Figure 10.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: US Department of Commerce, Bureau of Economic Analysis.

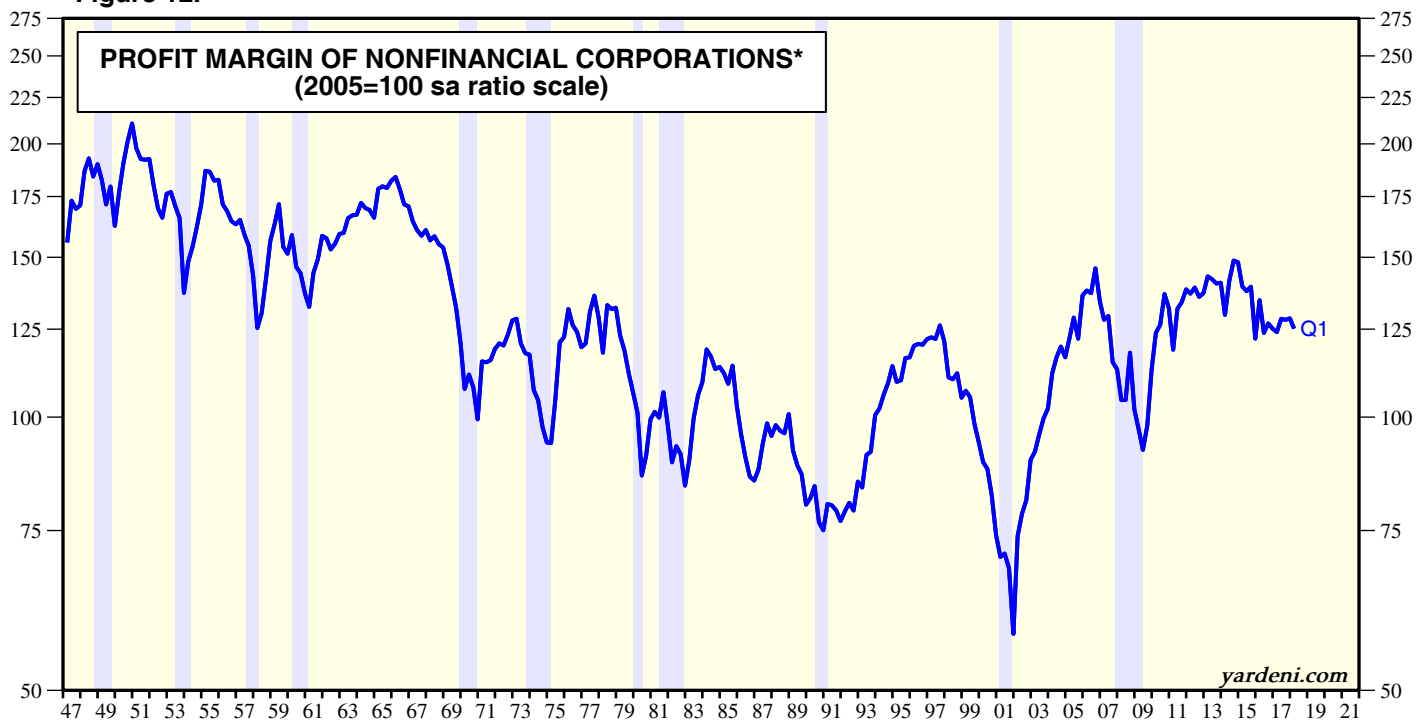
Margins & Costs

Figure 11.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
* Profits divided by real output.
Source: Bureau of Labor Statistics.

Figure 12.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
* Profits divided by nominal output (real output x implicit price deflator).
Source: Bureau of Labor Statistics.

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Margins & Costs