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**Profit Margins**

*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.

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**Figure 1.**

**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)

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**Figure 2.**

**CORPORATE PROFITS MARGINS IN GDP**

(after-tax profits as a percent of nominal GDP)

*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.

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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.
Figure 3.

S&P 500 OPERATING PROFIT MARGIN (I/B/E/S data) & AFTER-TAX CORPORATE PROFIT MARGIN (without IVA & CCAdj)

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

S&P 500 Operating Profit Margin Using I/B/E/S Earnings** (percent, quarterly, nsa) (red line)

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

* 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 I/B/E/S data by Refinitiv.

Source: Standard & Poor’s, Bureau of Economic Analysis, and I/B/E/S data by Refinitiv.

Figure 4.

S&P 500 REPORTED PROFIT MARGIN & AFTER-TAX CORPORATE PROFITS MARGIN (without IVA & CCAdj)

Corporate Profits After Tax* (as a percent of nominal GDP) (8.8)

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 5.

S&P 500 OPERATING PROFIT MARGIN & AFTER-TAX CORPORATE PROFIT MARGIN
(with IVA & CCAdj)

Corporate Profits After Tax*
(as a percent of nominal GDP) (8.8)

S&P 500 Profit Margin: Operating
(percent) (11.4)

Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
* Profits after tax with IVA and CCAdj.
Source: Standard & Poor’s Corporation, I/B/E/S data by Refinitiv, and Bureau of Economic Analysis.

Figure 6.

S&P 500 REPORTED PROFIT MARGIN & AFTER-TAX CORPORATE PROFIT MARGIN
(with IVA & CCAdj)

Corporate Profits After Tax*
(as a percent of nominal GDP) (8.8)

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

Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
* Profits after tax with IVA and CCAdj.
Source: Standard & Poor’s Corporation, I/B/E/S data by Refinitiv, and Bureau of Economic Analysis.
**Figure 7.**

**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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**Figure 8.**

**COMPENSATION OF EMPLOYEES + PRIVATE NONRESIDENTIAL FIXED INVESTMENT**

(as a percent of nominal GDP)

- Latest (66.7)
- Q1

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

Source: Bureau of Economic Analysis.
Figure 9.

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.

Figure 10.

PRIVATE NONRESIDENTIAL FIXED INVESTMENT
(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.
UNIT PROFITS OF NONFINANCIAL CORPORATIONS* (2005=100, sa, ratio scale)

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

PROFIT MARGIN OF NONFINANCIAL CORPORATIONS* (2005=100 sa ratio scale)

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