August 26, 2021

Dr. Edward Yardeni
516-972-7683
eyardeni@yardeni.com

Joe Abbott
732-497-5306
jabbott@yardeni.com

Mali Quintana
480-664-1333
aquintana@yardeni.com

Please visit our sites at
www.yardeni.com
blog.yardeni.com
## Table Of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalization Ratios</td>
<td>1-5</td>
</tr>
<tr>
<td>Buffett Ratio</td>
<td>6</td>
</tr>
</tbody>
</table>
**Figure 1.**

**TOTAL VALUE OF US STOCKS**
(trillion dollars, nsa, ratio scale)

**US Equity Issues at Market Value**
- Total (70.0)
- Total Ex Foreign Issues* (59.0)
- S&P 500 Market Cap** (37.2)

* Total excluding market value of holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents.

** Quarterly from Q1-1964 through Q4-1989, and then monthly from January 1990.

Source: Federal Reserve Board, Financial Accounts of the United States.

---

**Figure 2.**

**FOREIGN EQUITIES HELD BY US RESIDENTS**
(as percent of total market value of equities held by US residents)

Foreign Equities
Share in US* (15.8)

* Market value of holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents as a percent of the market value of their total equity holdings.

Source: Federal Reserve Board, Financial Accounts of the United States.
**Figure 3.**

**RATIO MARKET VALUE US EQUITIES EX FOREIGN ISSUES* TO AFTER-TAX CORPORATE PROFITS**

* Using After-Tax Profits
  - As Reported to IRS (24.9)
  - Based on Current Production** (26.7)

* Total excluding market value of holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents.

** 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.

Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.

Source: Federal Reserve Board.

---

**Figure 4.**

**TOBIN’S q FOR NONFINANCIAL CORPORATIONS**

* Ratio of the market value of equities to the net worth of corporations including real estate and structures at market value and equipment, intellectual property products, and inventories at replacement cost.

** Actual divided by average since 1952.

Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.

Source: Flow of Funds.

---

Yardeni Research, Inc.
www.yardeni.com
STOCK MARKET CAPITALIZATION RATIOS
(quarterly)

- S&P 500 Market Cap (as a ratio of S&P 500 Revenues) (2.8)
- US Equity Market Capitalization Ex Foreign Issues* (as a ratio of nominal GNP) (2.6)

Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.
Source: Federal Reserve Board, Bureau of Economic Analysis, and Standard & Poor’s.

* Total excluding market value of holdings by US residents of foreign corporate equities, investment fund shares, and ADRs.

Figure 5.

STOCK MARKET CAPITALIZATION RATIOS

- S&P 500 Market Cap (as a ratio of S&P 500 Revenues) (2.83)
- US Equity Market Capitalization Ex Foreign Issues* (as a ratio of nominal GNP) (2.65)

Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.
Source: Federal Reserve Board, Flow of Funds Accounts, Bureau of Economic Analysis, and Standard & Poor’s.

* Total excluding market value of holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents.

Figure 6.
Figure 7.

**S&P 500 PRICE-TO-SALES RATIO**

- S&P 500 Market Cap (as a ratio of S&P 500 Revenues (2.83)
- Forward P/S* (2.75)

* S&P 500 index divided by 12-month forward consensus expected revenues per share for S&P 500.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.
Source: I/B/E/S data by Refinitiv and Standard & Poor’s.

Figure 8.

**STOCK MARKET CAPITALIZATION RATIO vs S&P 500 PRICE-TO-SALES-RATIO**

- US Equity Market Capitalization Ex Foreign Issues*
  (as a ratio of nominal GNP)
- Forward P/S**

* Total excluding market value of holdings by US residents of foreign corporate equities, investment fund shares, and ADRs.
** S&P 500 index divided by S&P 500 year-ahead forward analysts’ consensus expected revenues per share. Monthly through 2005, then weekly.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.
Source: Federal Reserve Board, Bureau of Economic Analysis, and Standard & Poor’s.
Figure 9.

S&P 500 VALUATION MEASURES

Forward P/E* (20.9)
Forward P/S** (2.7)

* Price divided by forward consensus expected operating earnings per share. Monthly through 2005, then weekly.
** Price divided by forward consensus expected sales per share. Monthly through 2005, then weekly.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.
Source: I/B/E/S data by Refinitiv.

Figure 10.

STOCK MARKET CAPITALIZATION RATIO & PRICE-TO-SALES-RATIO

S&P 500 Market Cap
(as a ratio of S&P 500 Revenues) (2.83)
Forward P/S* (2.75)

* S&P 500 index divided by forward consensus expected revenues per share for S&P 500. Monthly through 2005, then weekly.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.
Source: I/B/E/S data by Refinitiv and Standard & Poor’s.
Buffett Ratio

Figure 11.

STOCK MARKET VALUATION RATIOS

- S&P 500 Market Cap (as a ratio of S&P 500 Revenues) (2.8)
- US Equity Market Capitalization Ex Foreign Issues* (as a ratio of nominal GNP) (2.6)

Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.

* Total excluding market value of holdings by US residents of foreign corporate quities, investment fund shares, and ADRs.

** S&P 500 index divided by forward consensus expected revenues or earnings per share for S&P 500. Monthly through 2005, then daily.

Forward P/E** (21.3)
Forward P/S** (2.8)

8/25

yardeni.com