Predicting the Markets: Chapter 5 Charts: Predicting Business Cycles

Yardeni Research, Inc.

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Mali Quintana
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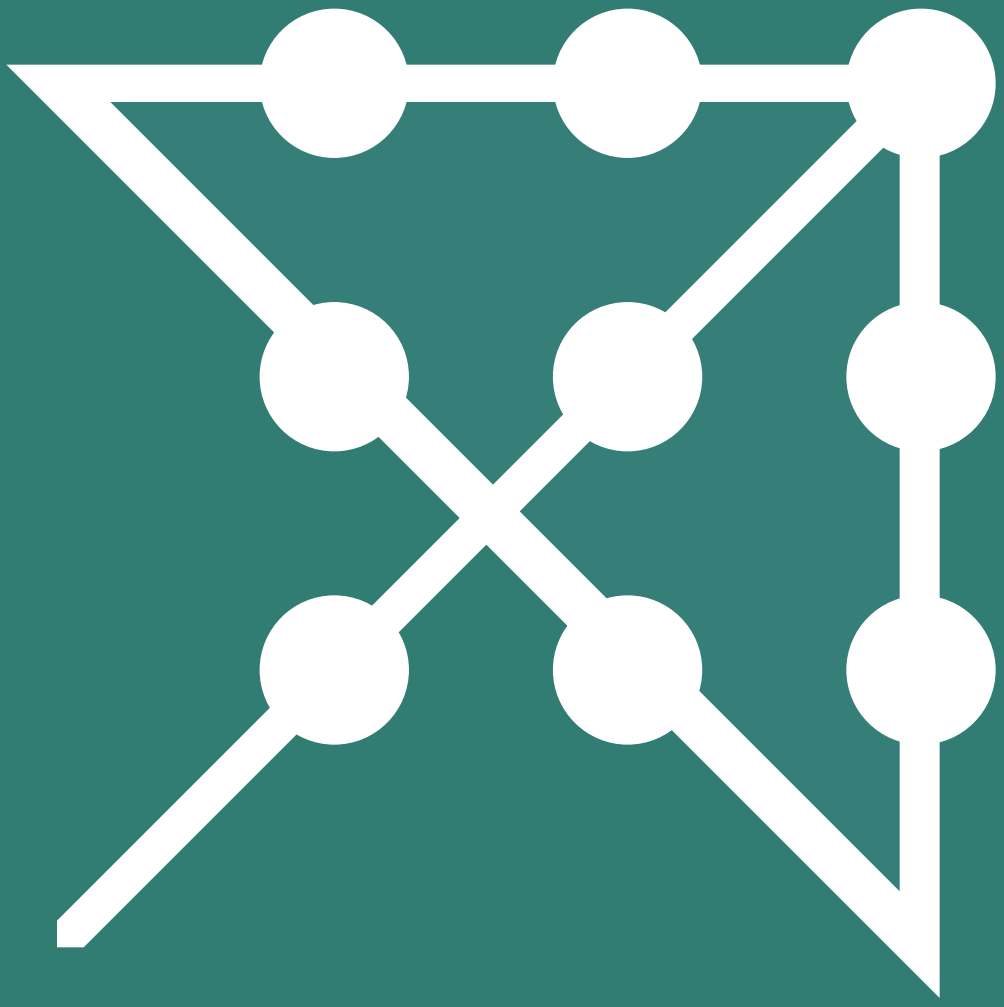

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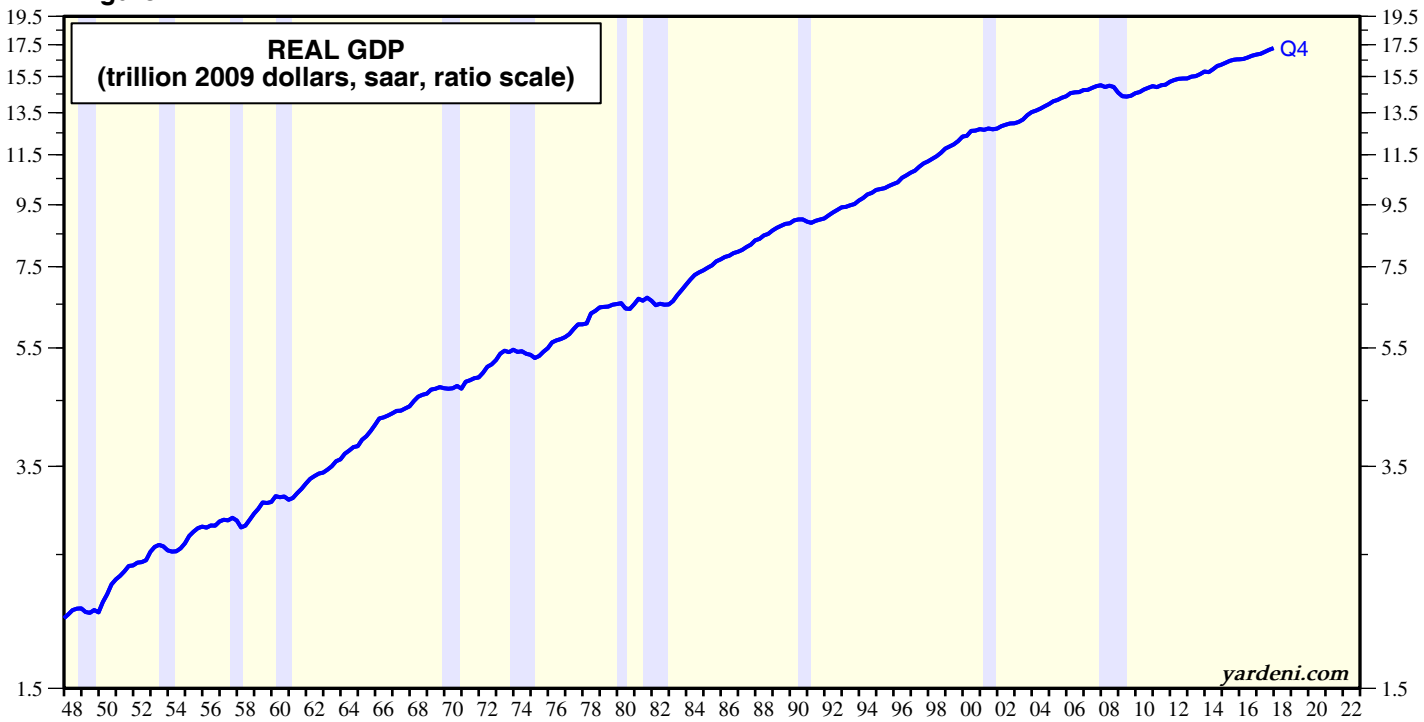
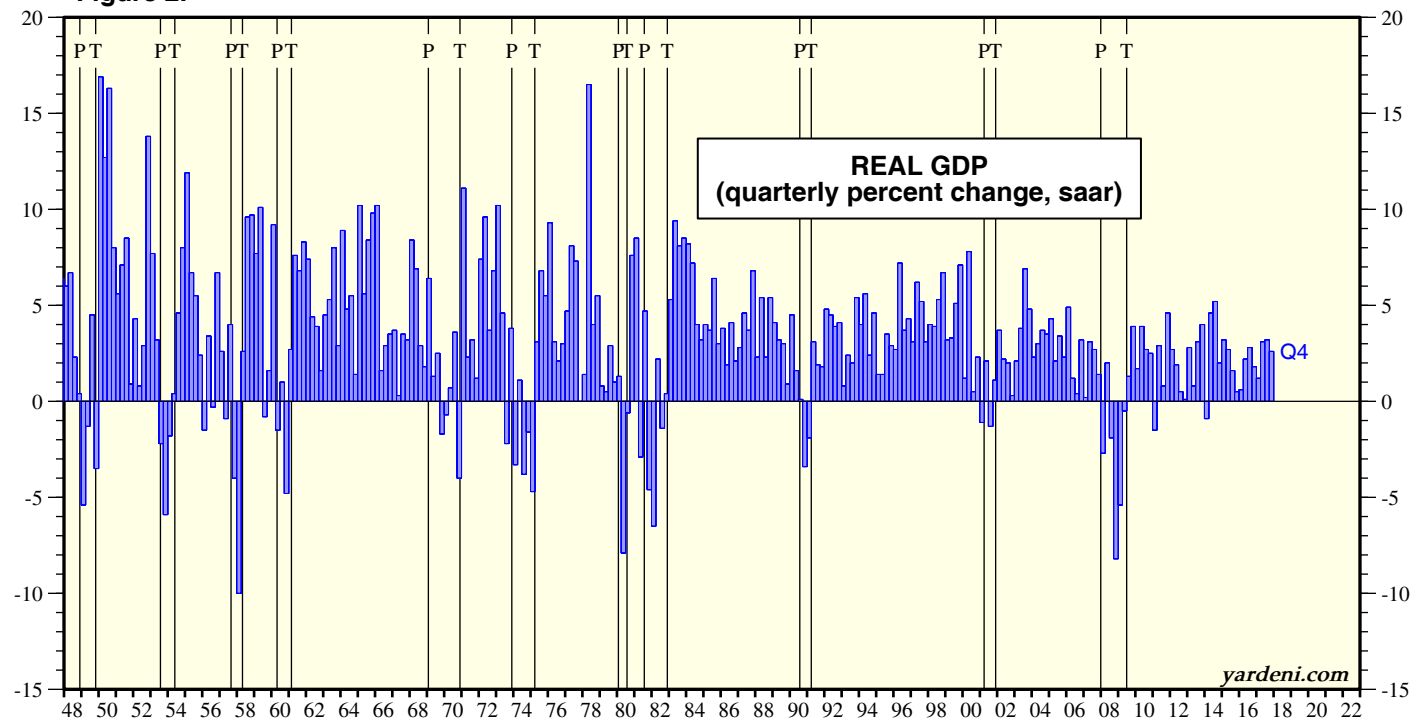


Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

Figure 2.



Note: Business cycle peaks (P) and troughs (T) according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

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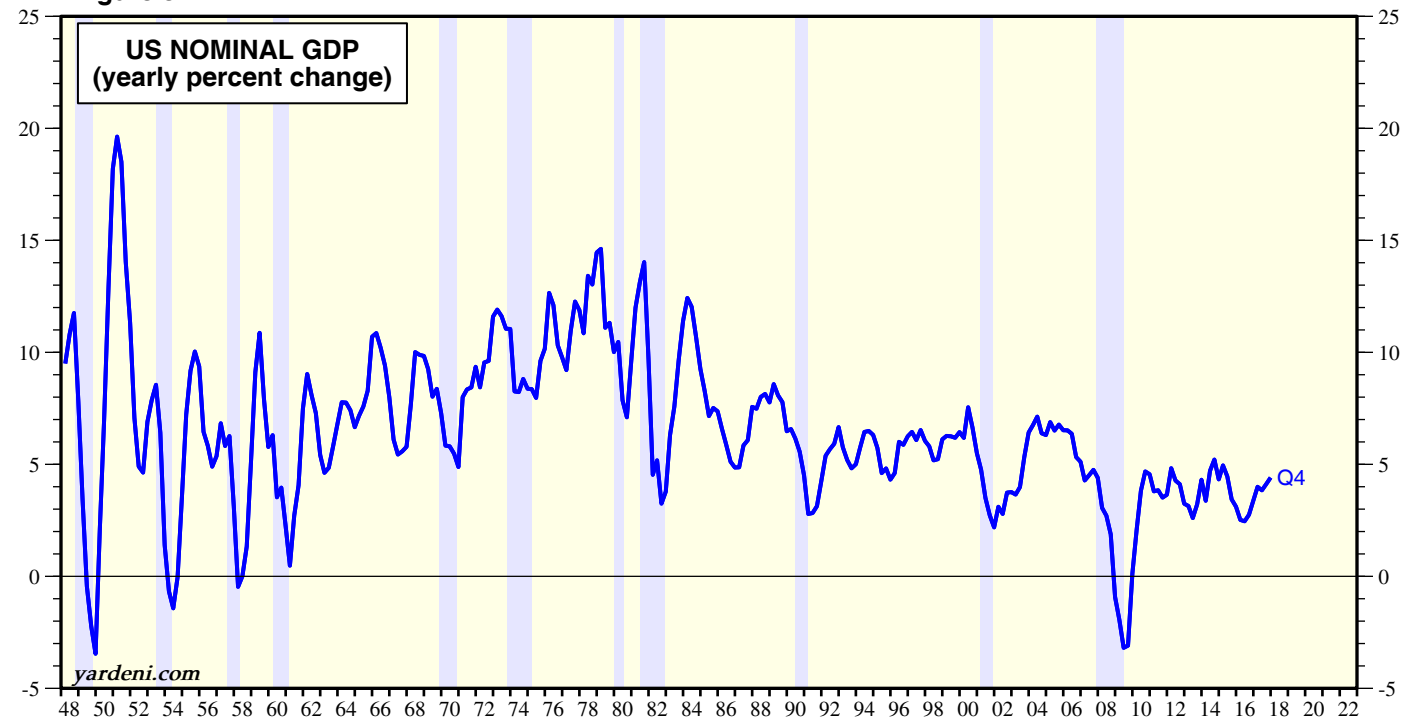
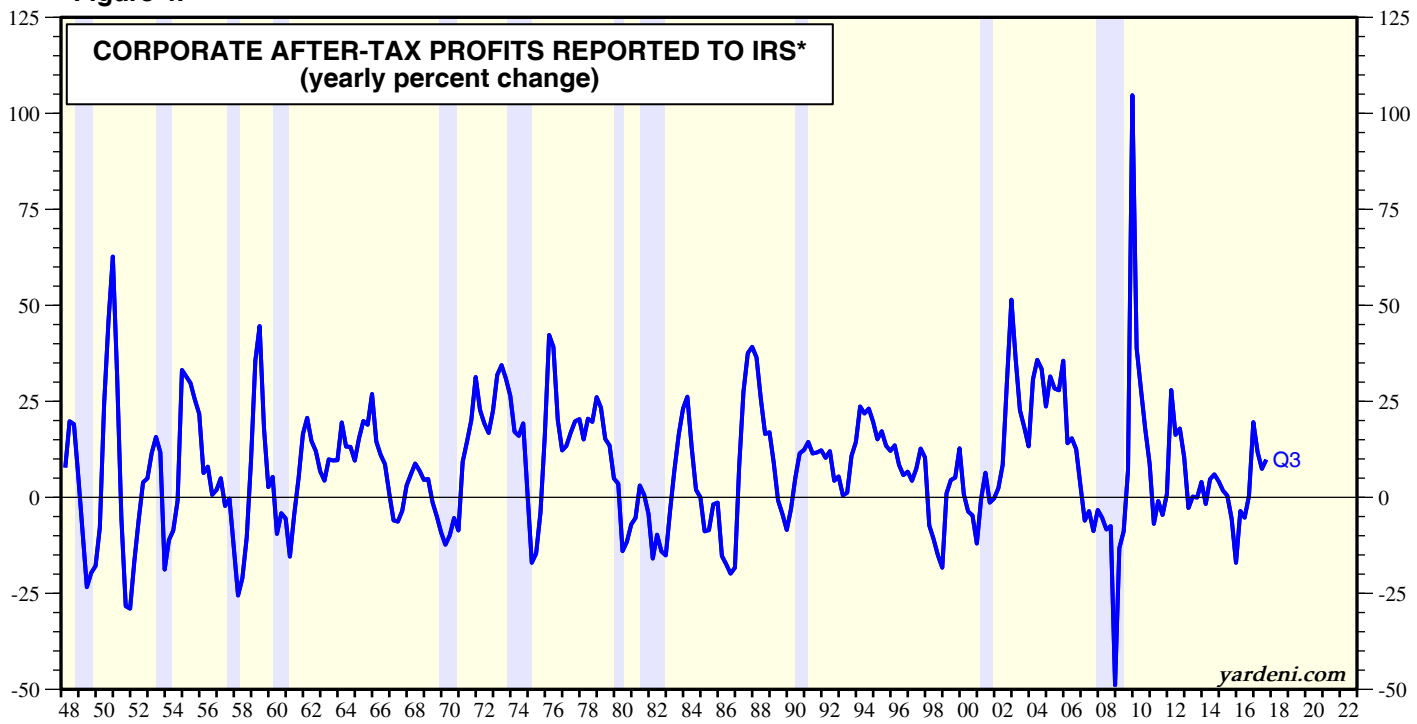
Figure 3.



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

Figure 4.



* After-tax profits as reported to IRS, excluding 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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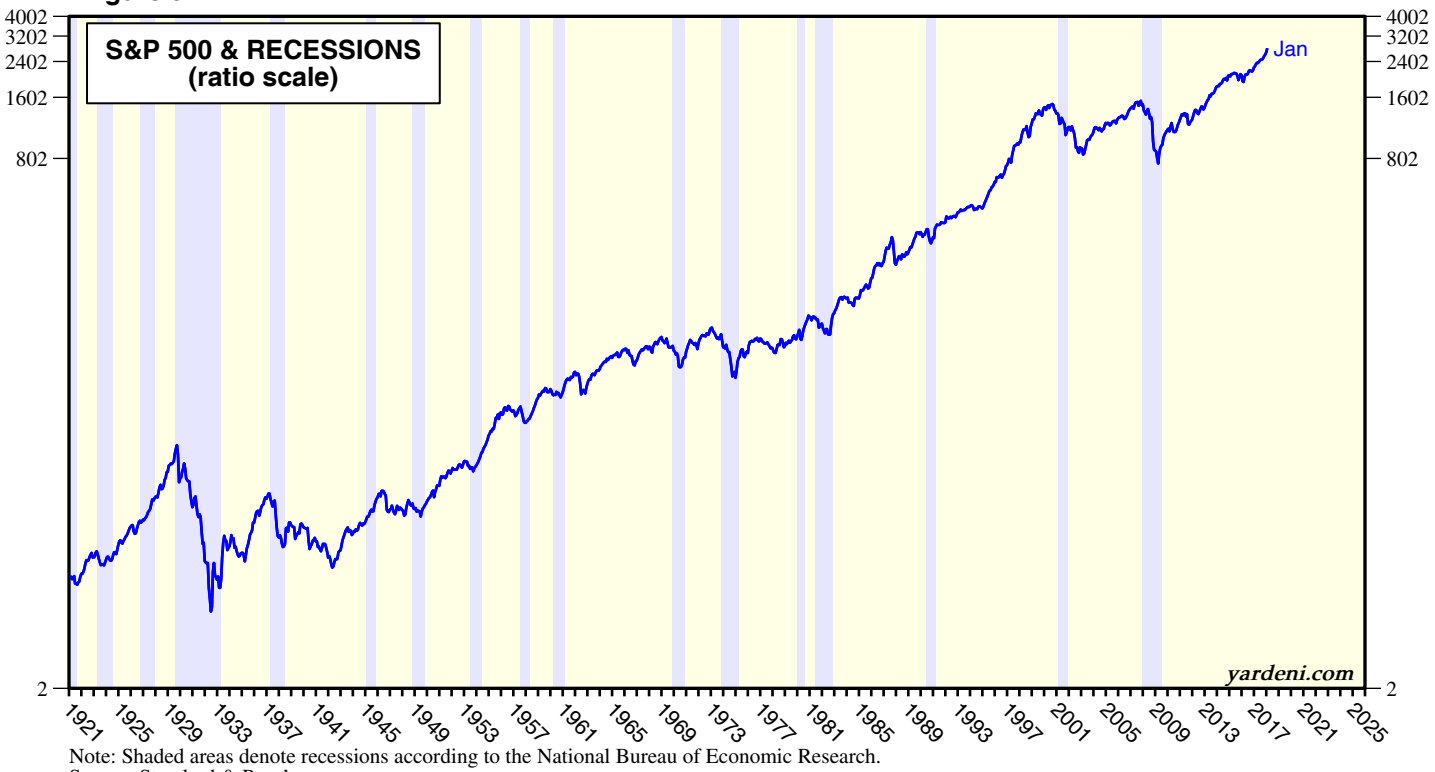
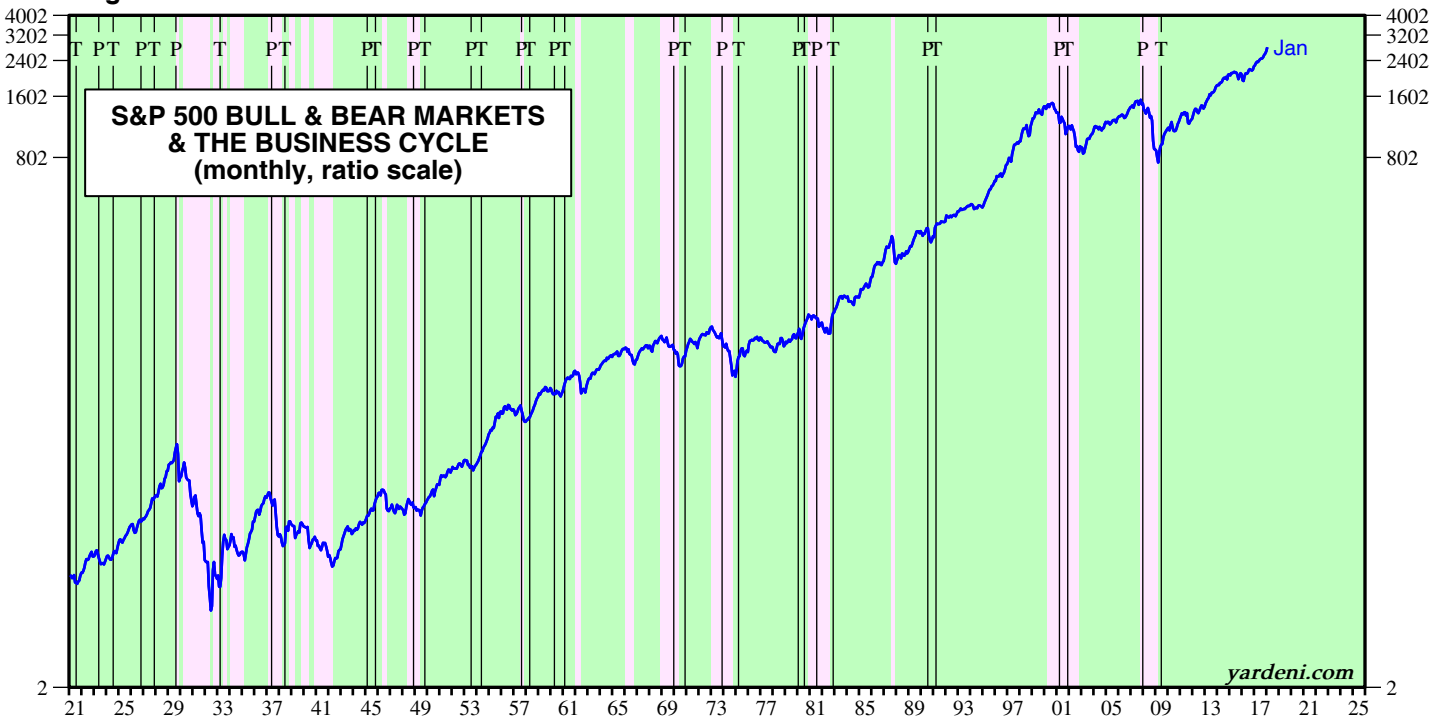
Figure 5.



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

Figure 6.



Note: Shaded green areas denote S&P 500 bull markets, while red areas are bear market declines of 20% or more.
Business cycle peaks (P) and troughs (T) according to the National Bureau of Economic Research.
Source: Standard & Poor's.

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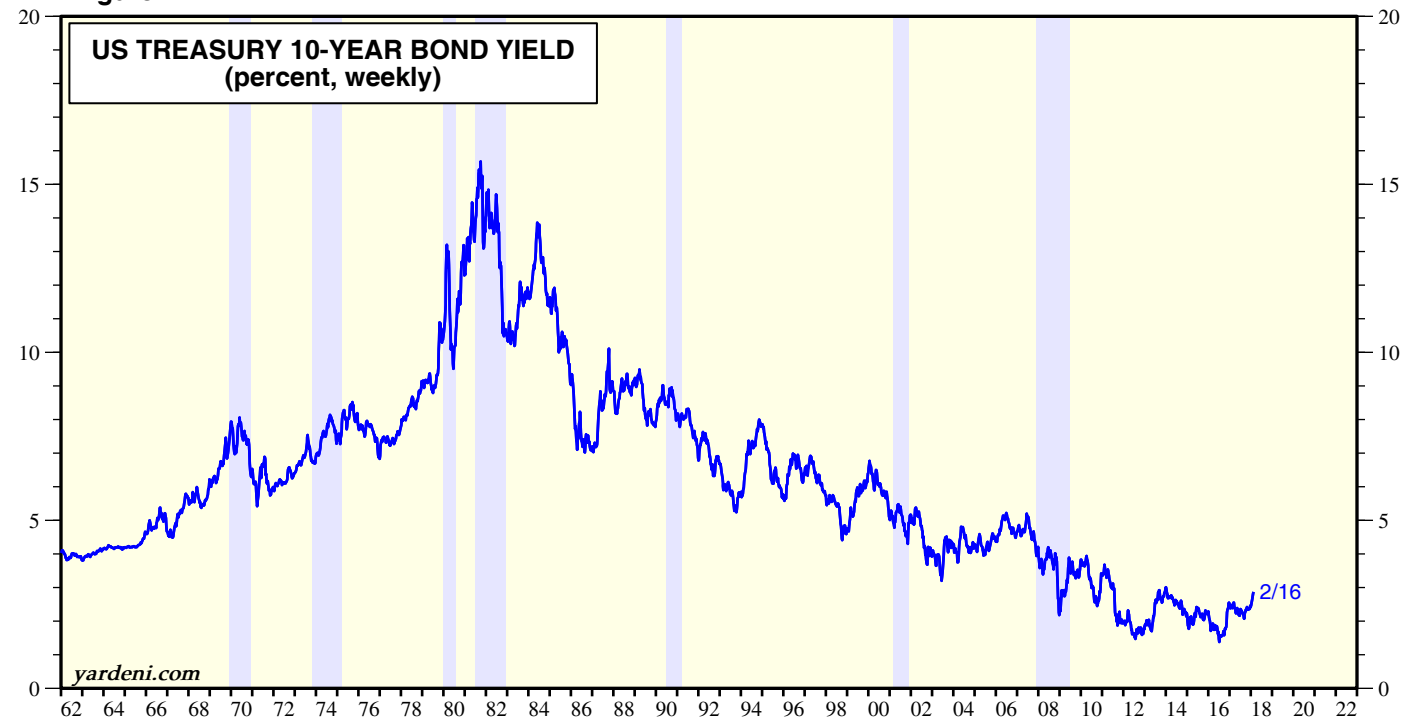
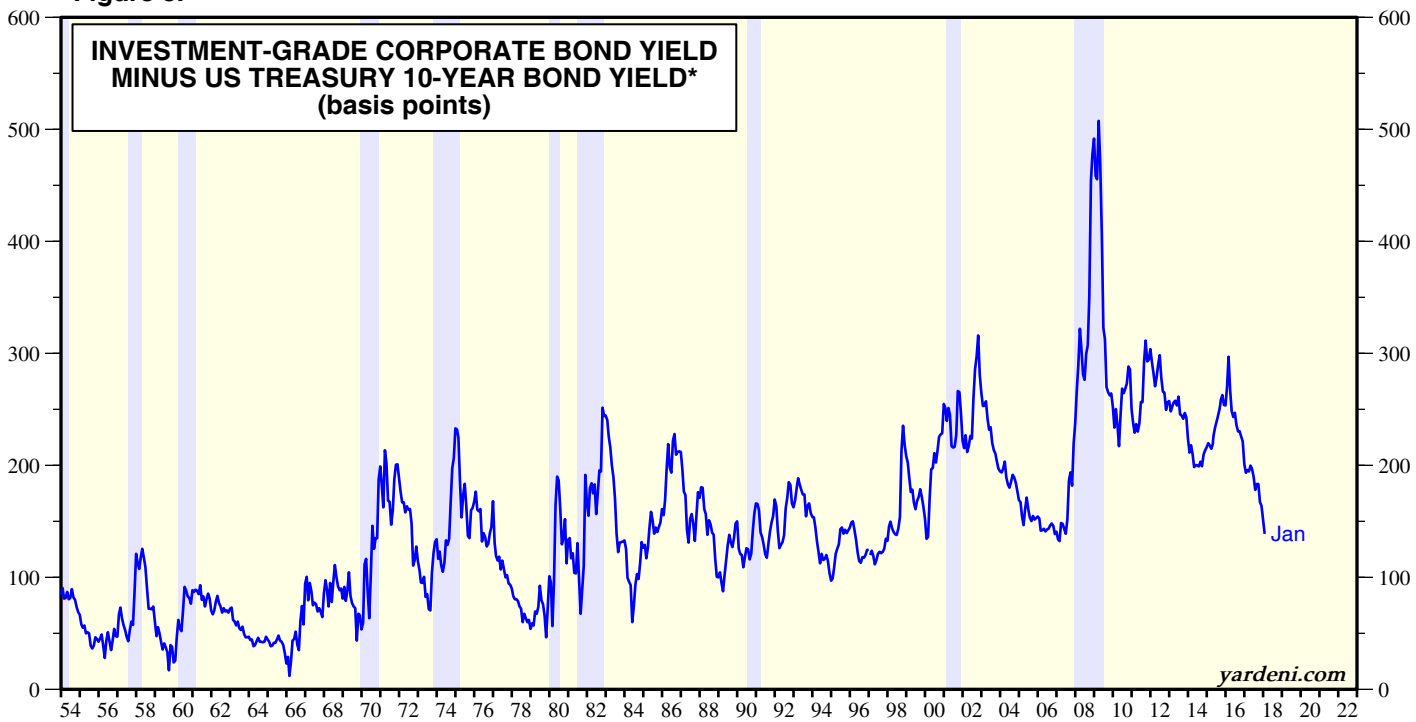
Figure 7.



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

Figure 8.



* Corporate bond yield is average of Moody's Aaa and Baa yields through 1996, then average of BoA Merrill Lynch data for AA-AAA and BBB-A yields.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Federal Reserve Board and Haver Analytics.

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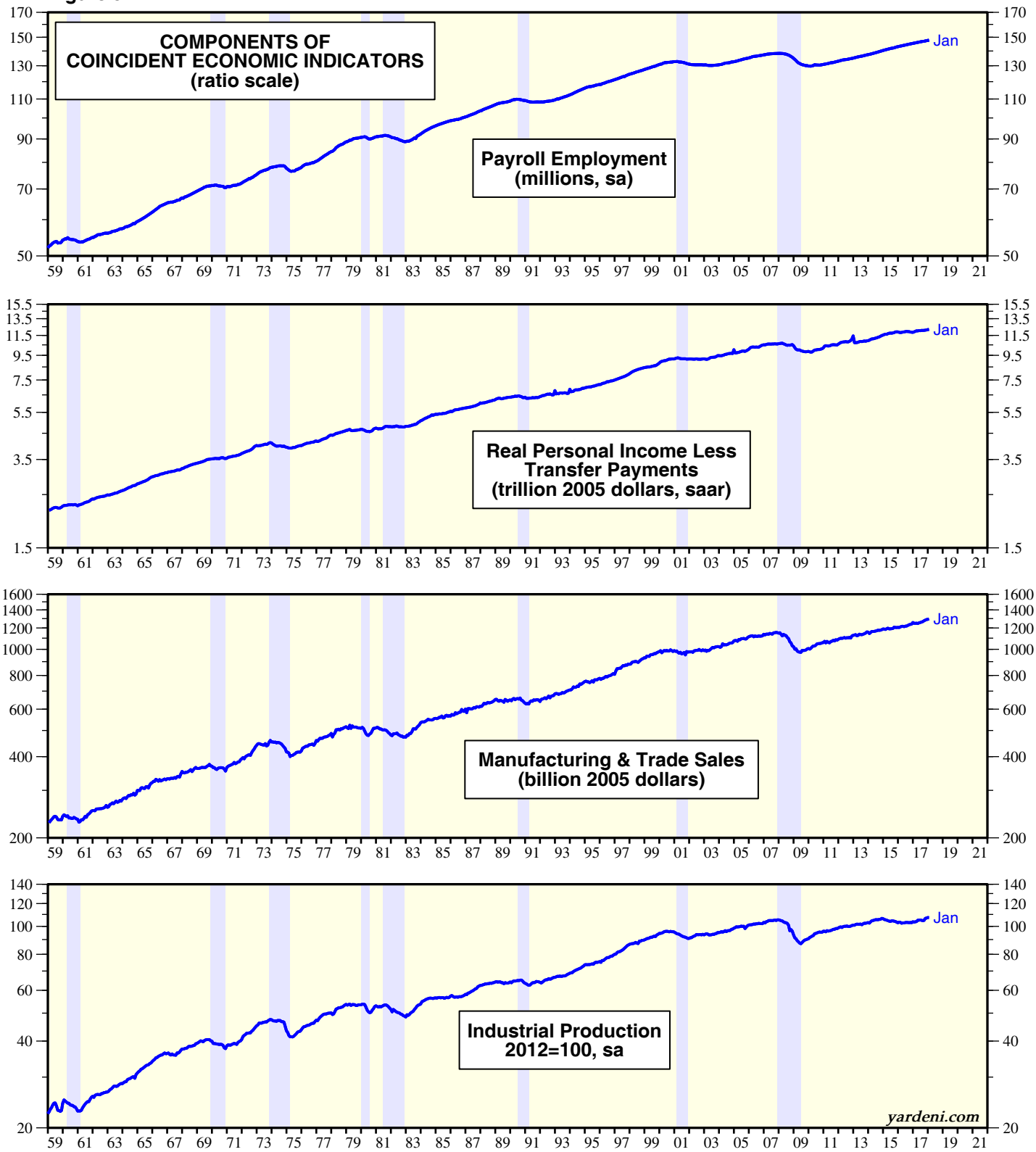
Figure 9.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Census Bureau, and Federal Reserve Board.

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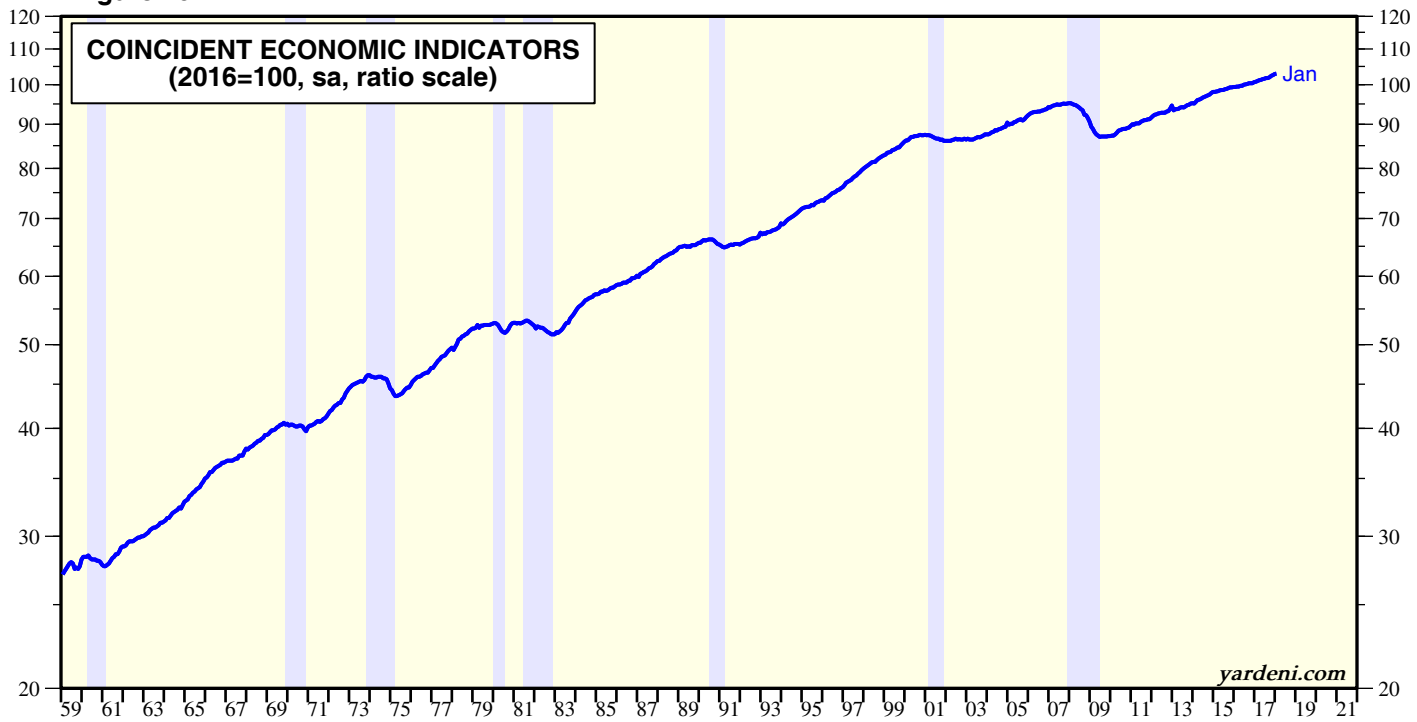
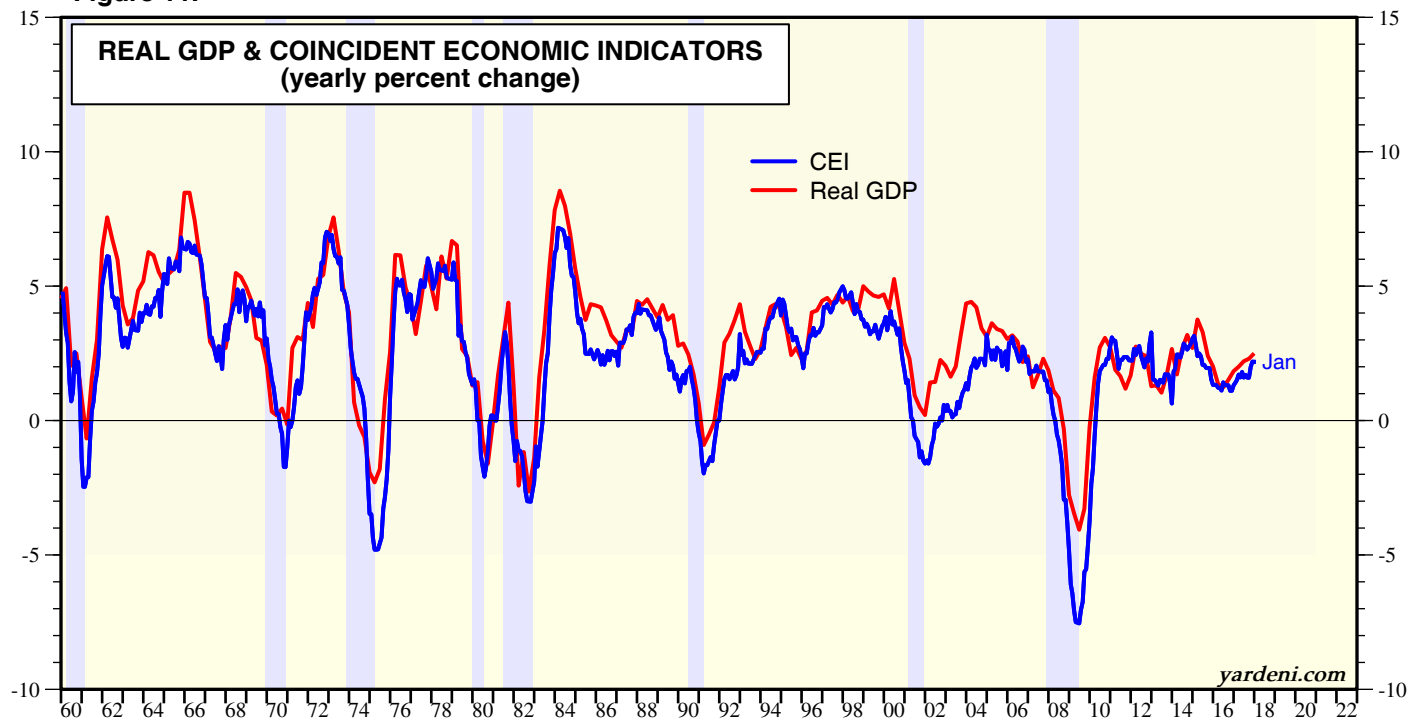
Figure 10.



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

Figure 11.



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

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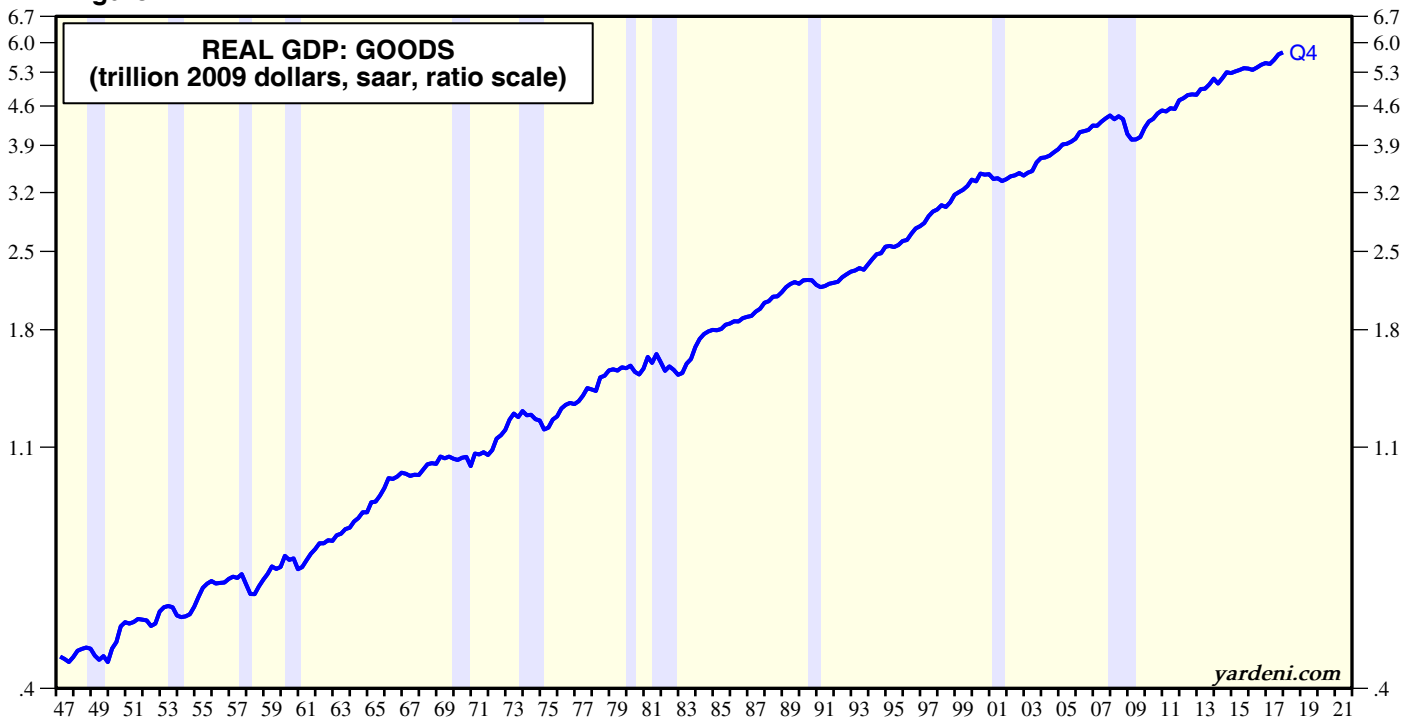
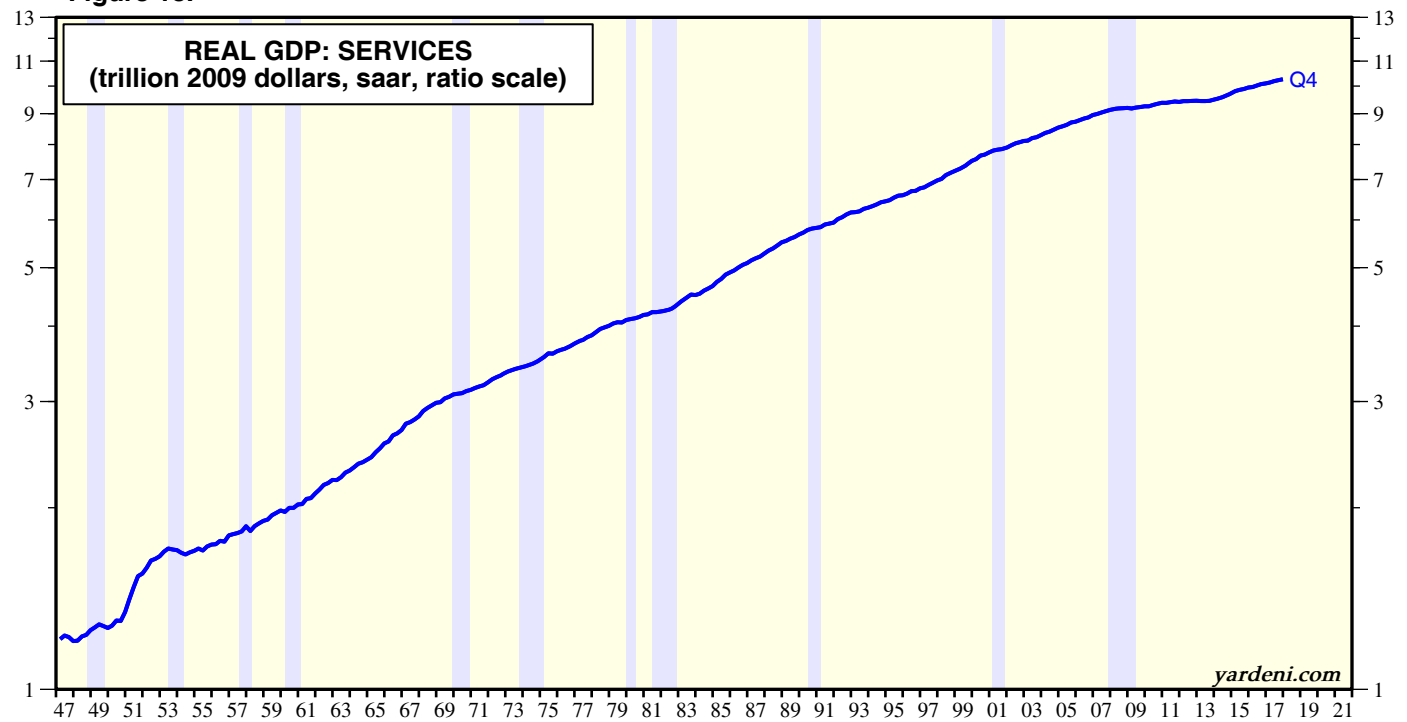
Figure 12.



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

Figure 13.



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

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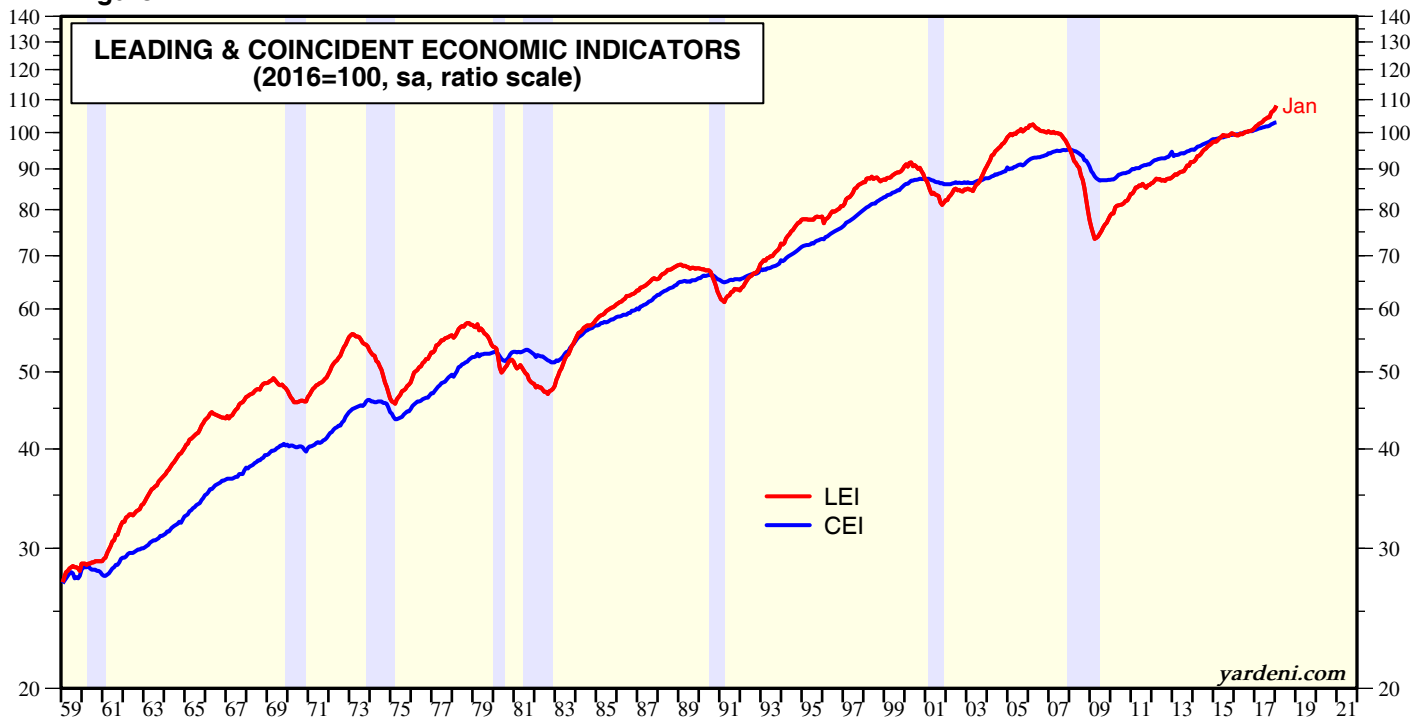
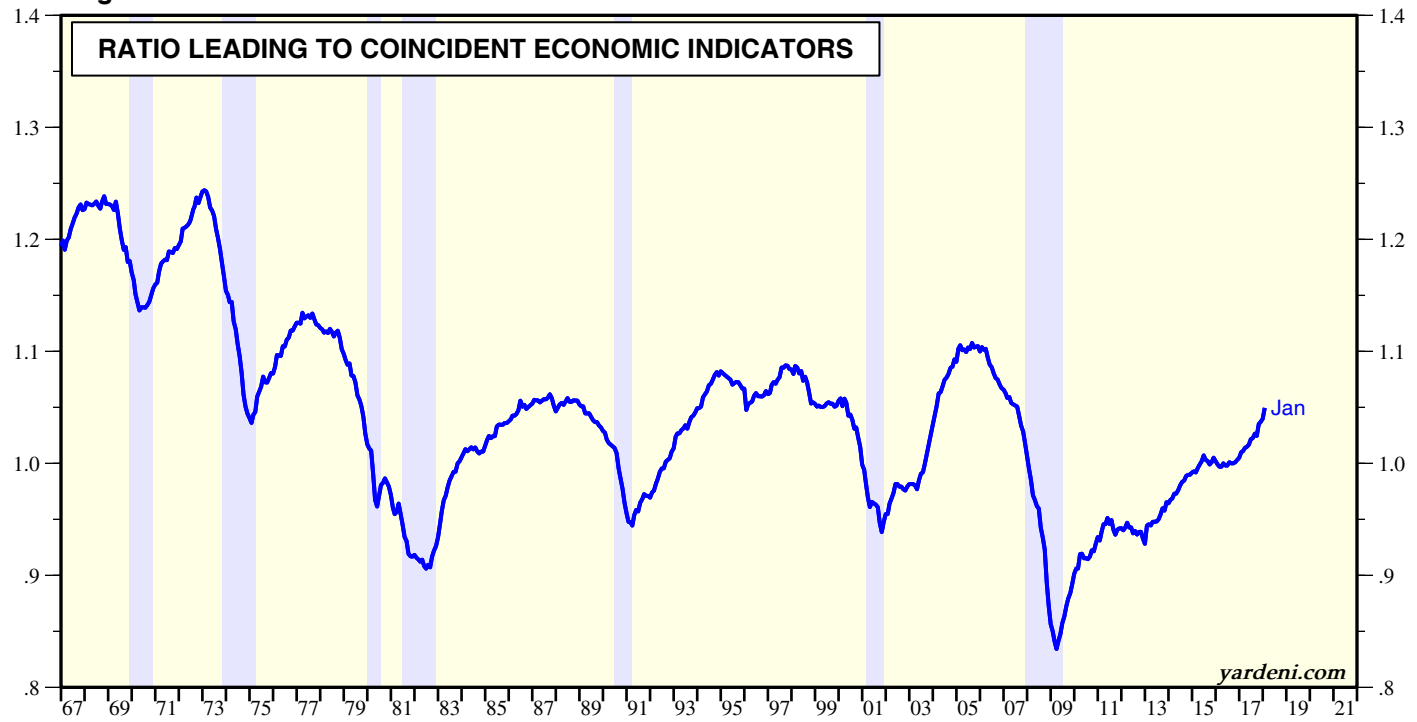
Figure 14.



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

Figure 15.



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

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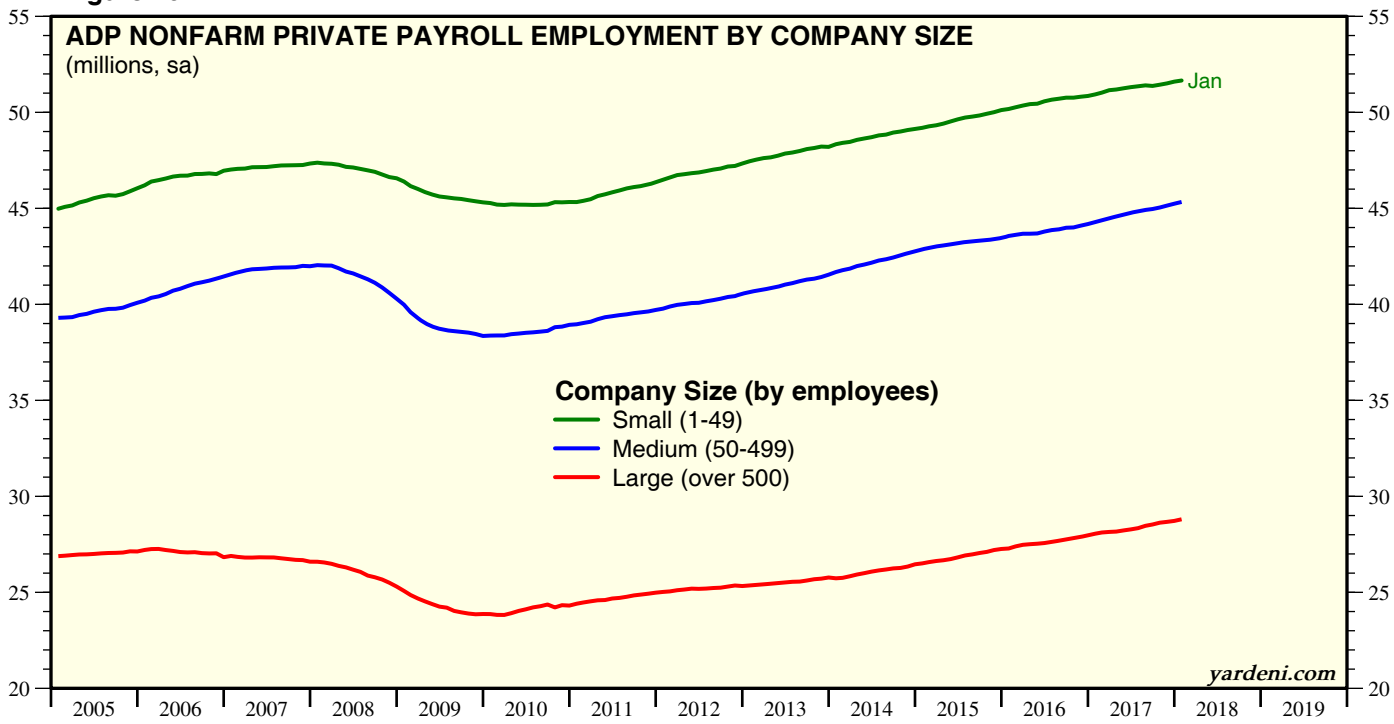
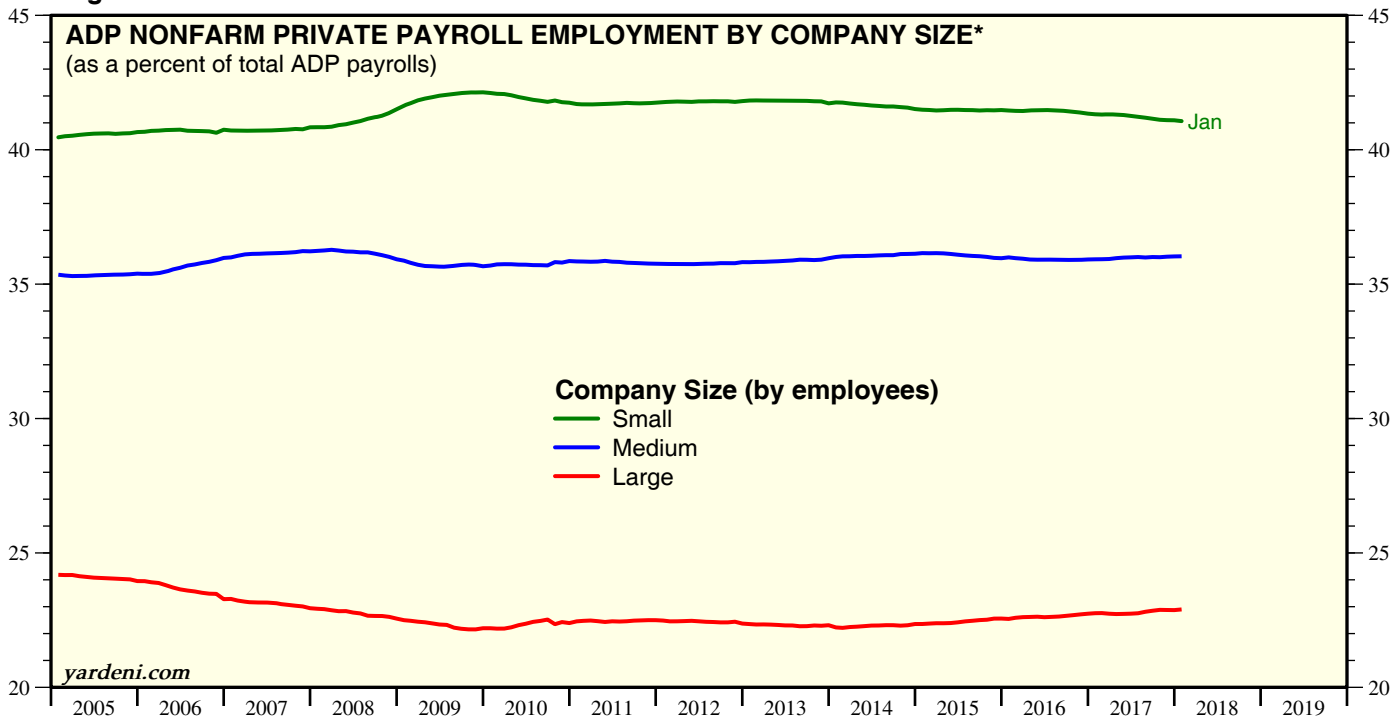
Figure 16.



Source: ADP.

Figure 17.



* Company size by employees: Small (1-49), Medium (50-499), and Large (over 500).
Source: ADP.

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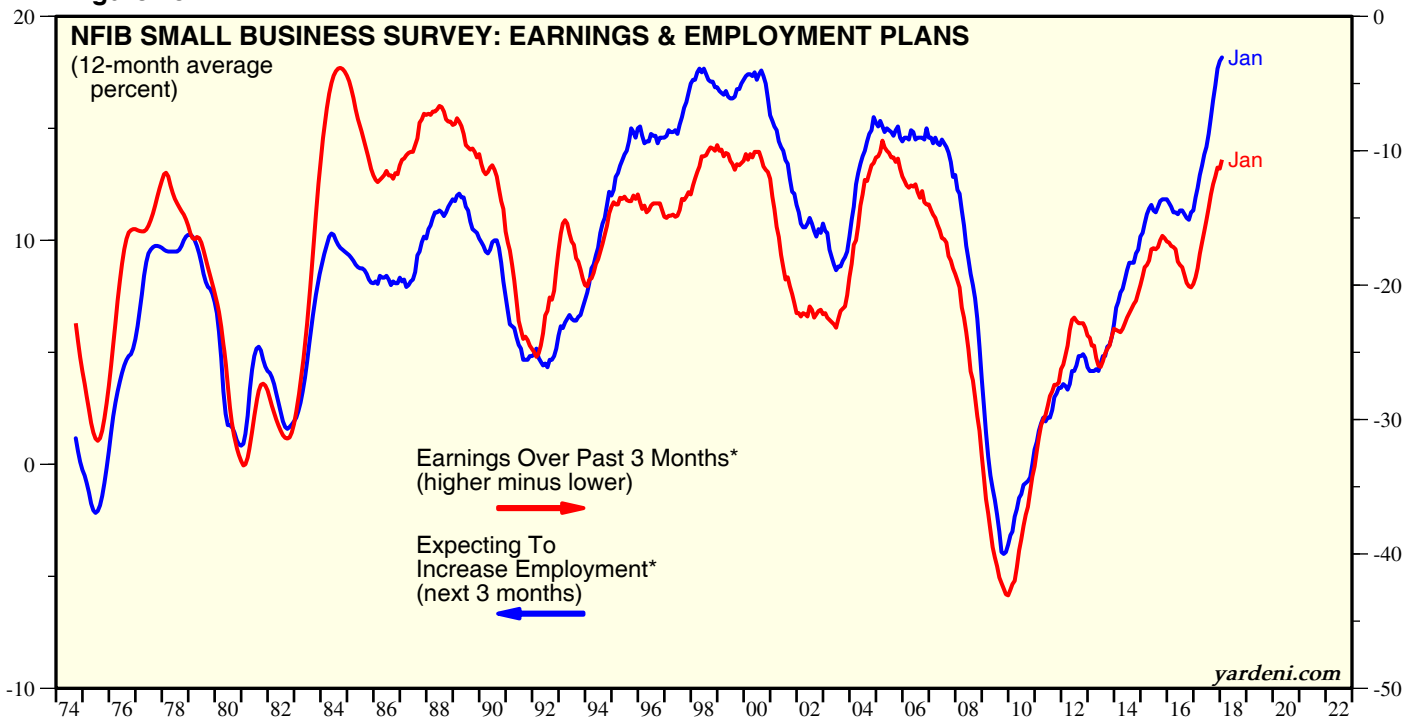
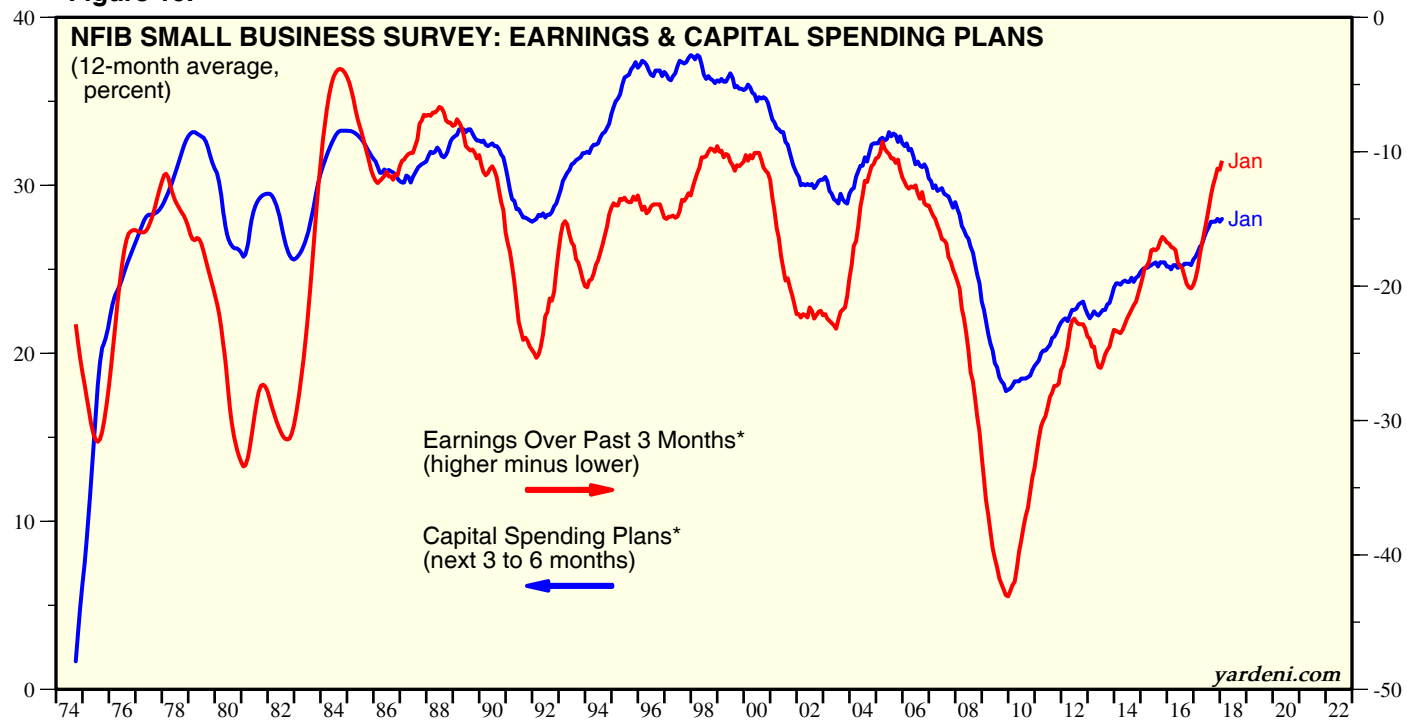
Figure 18.



* First month of every quarter from 1974 to 1986, then 12-month average.
Source: National Federation of Independent Business.

Figure 19.



* First month of every quarter from 1974 to 1986, then 12-month average.
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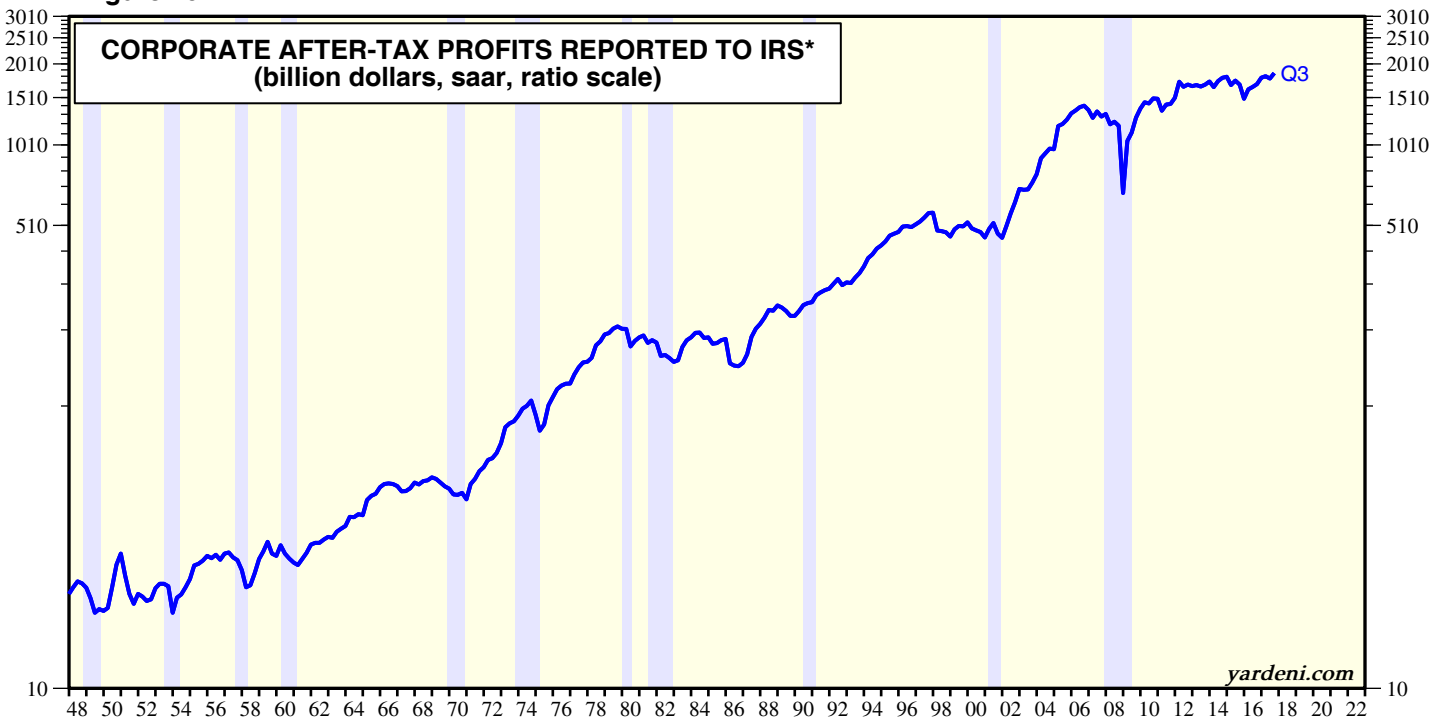
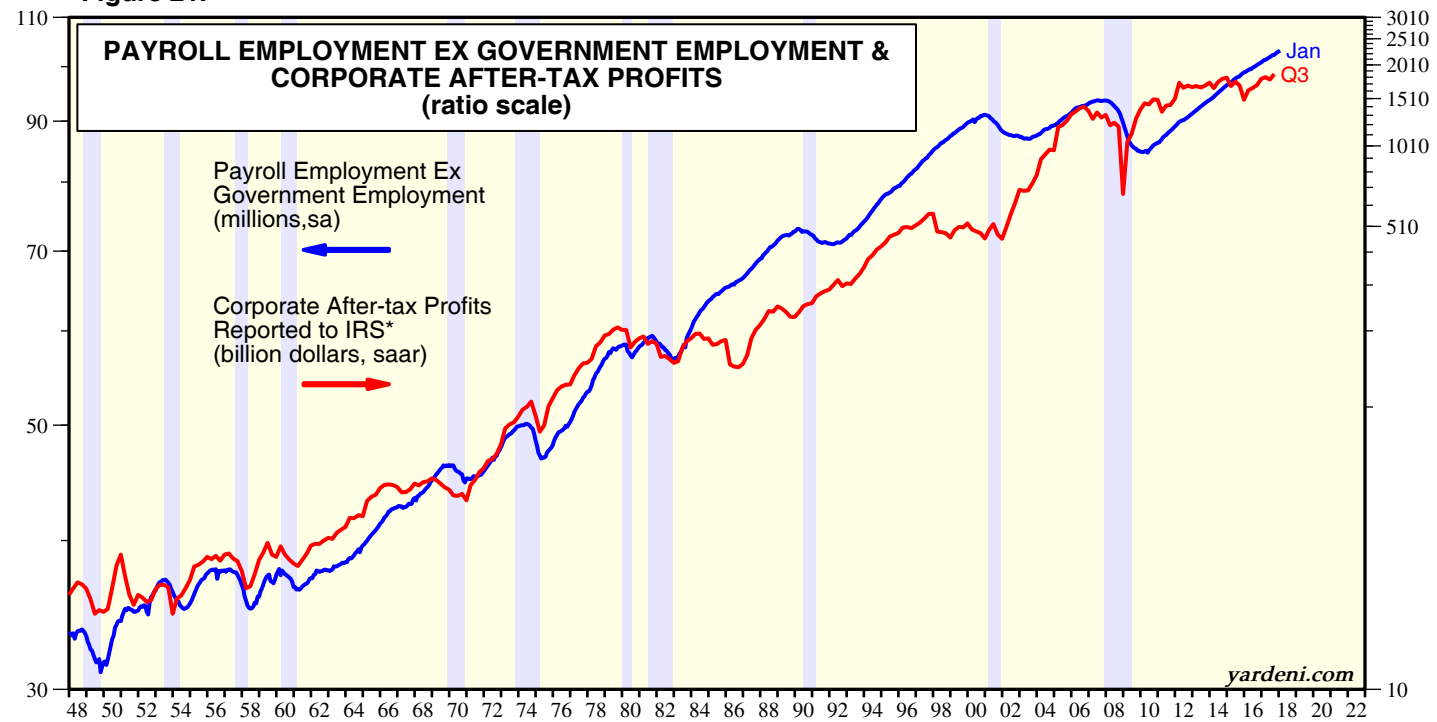


* Excluding Inventory Valuation Adjustment and Capital Consumption Adjustment.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

Figure 21.



* Excluding Inventory Valuation Adjustment and Capital Consumption Adjustment.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Labor Statistics and Bureau of Economic Analysis.

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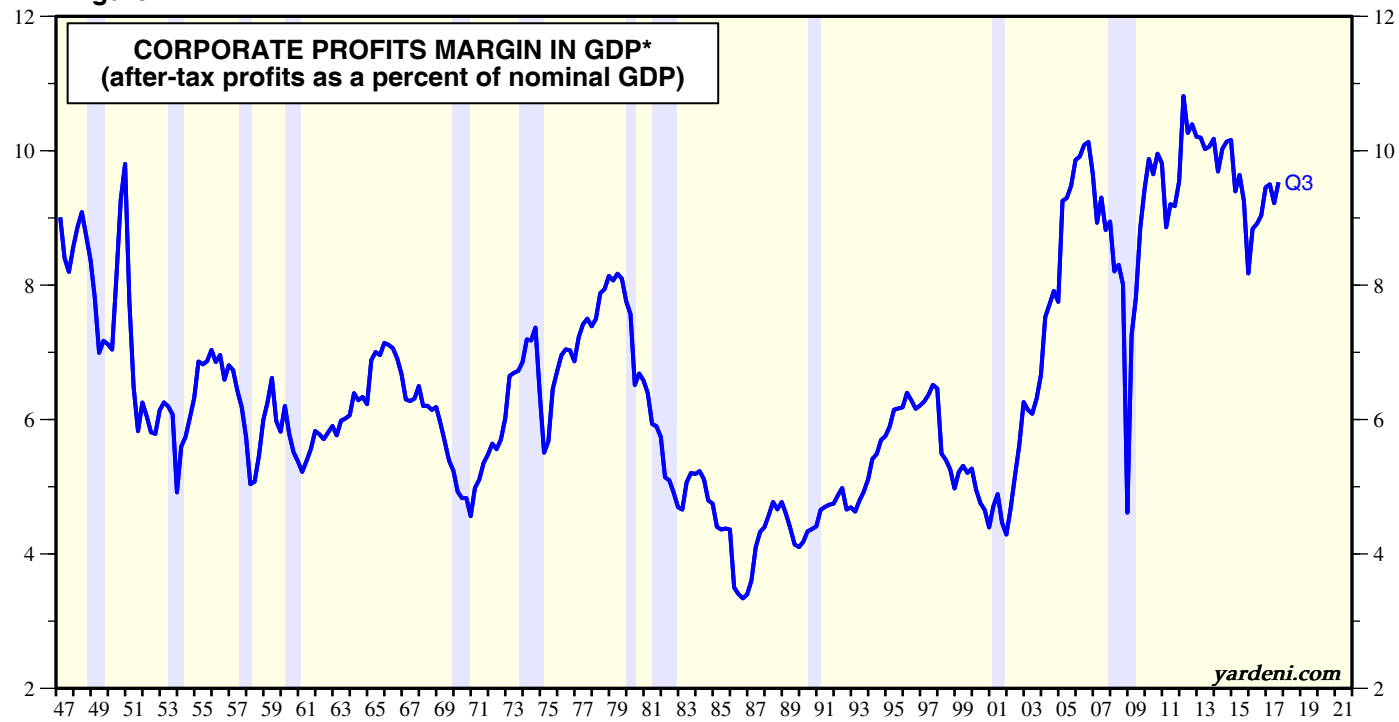
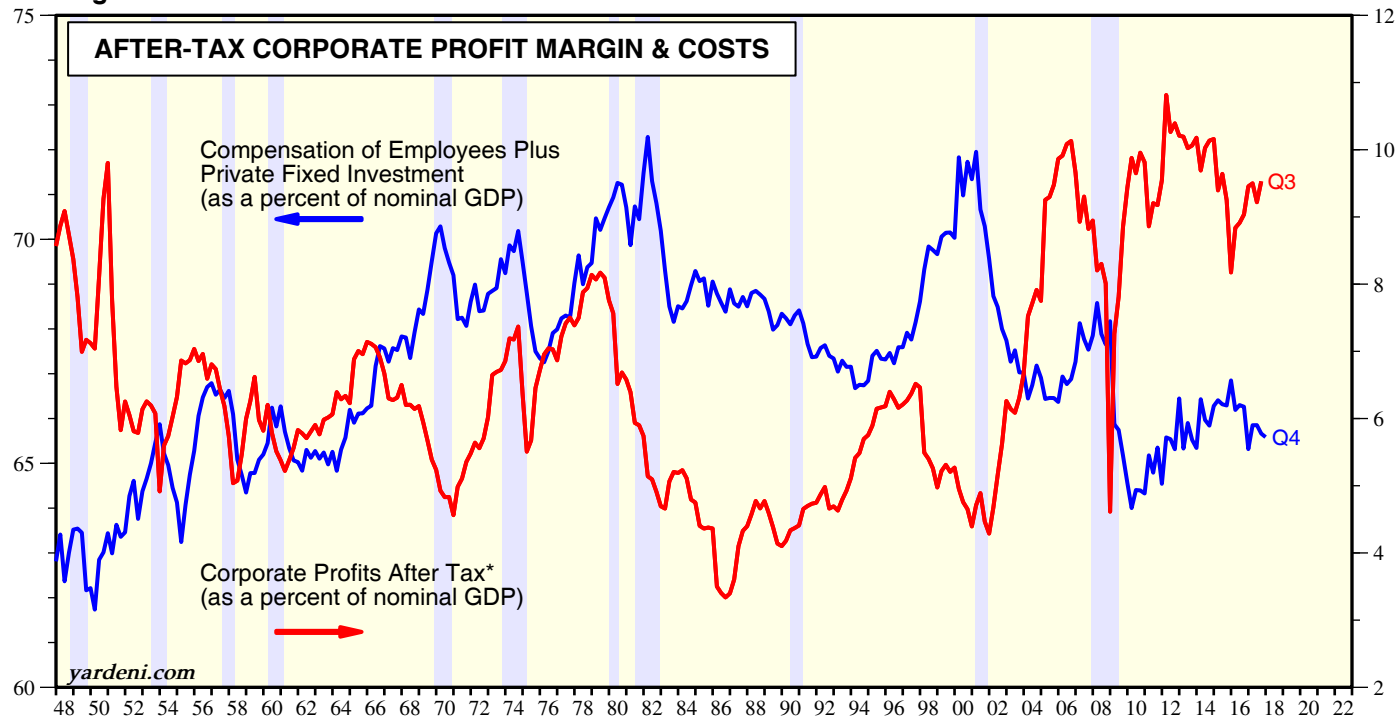
Figure 22.



* Using after-tax corporate profits reported to IRS. Excluding Inventory Valuation Adjustment and Capital Consumption Adjustment.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

Figure 23.



* After-tax tax profits reported to IRS (excluding Inventory Valuation Adjustment and Capital Consumption Adjustment).
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

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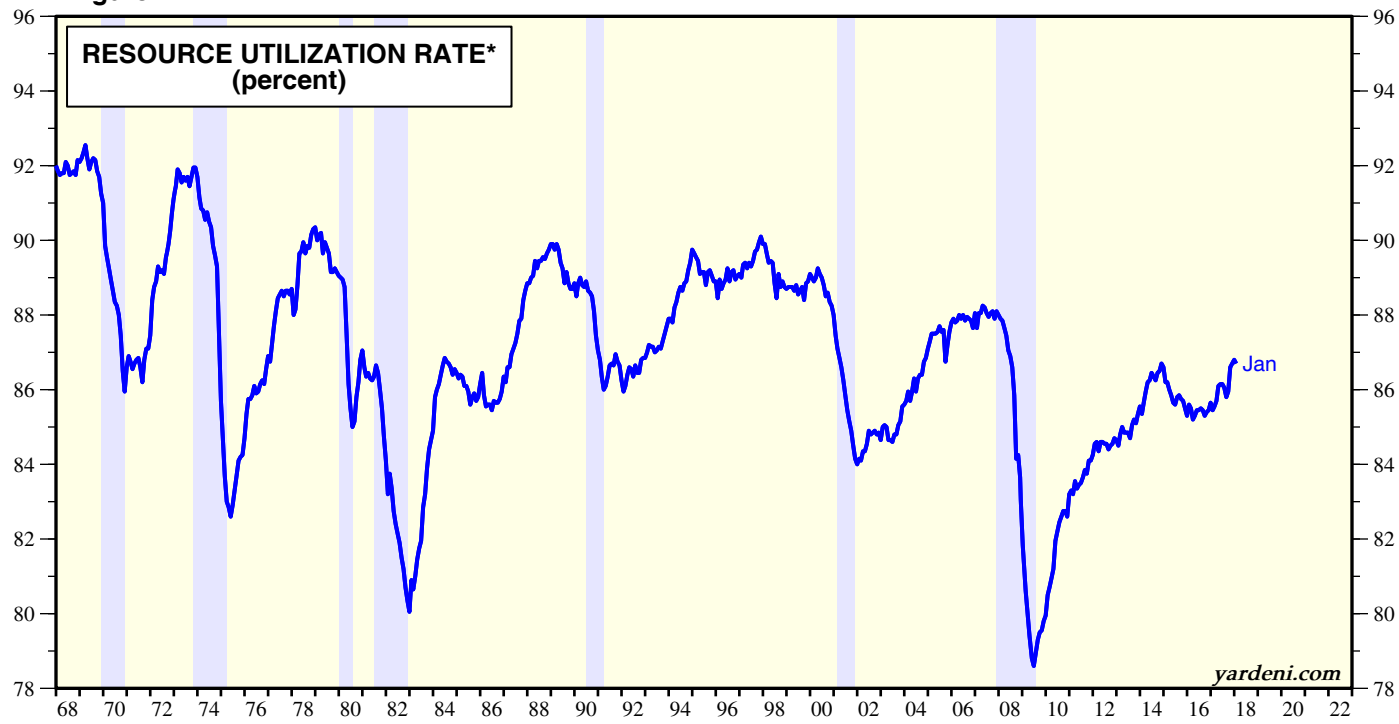
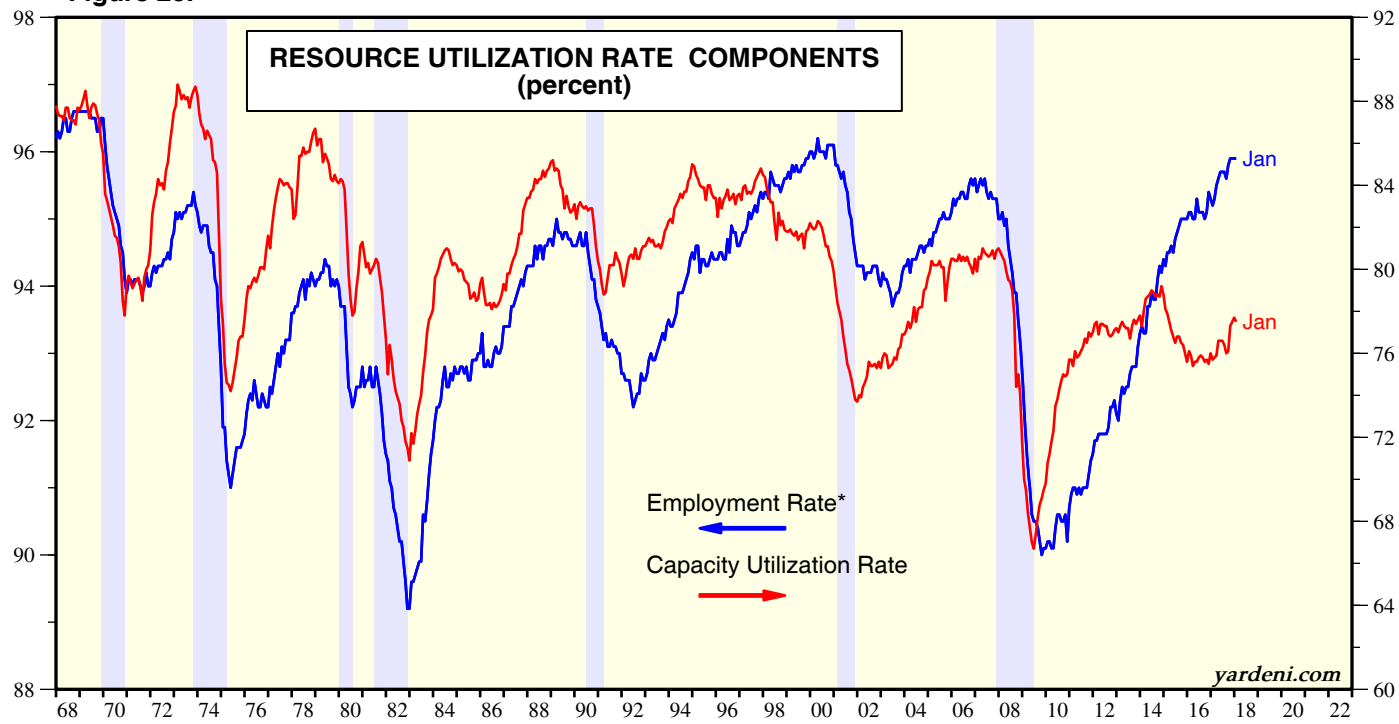
Figure 24.



* Average of all industries' capacity utilization rate and employment rate, i.e., percentage of labor force that is employed.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Labor Statistics and Federal Reserve Board.

Figure 25.



* Percentage of labor force that is employed.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Labor Statistics and Federal Reserve Board.

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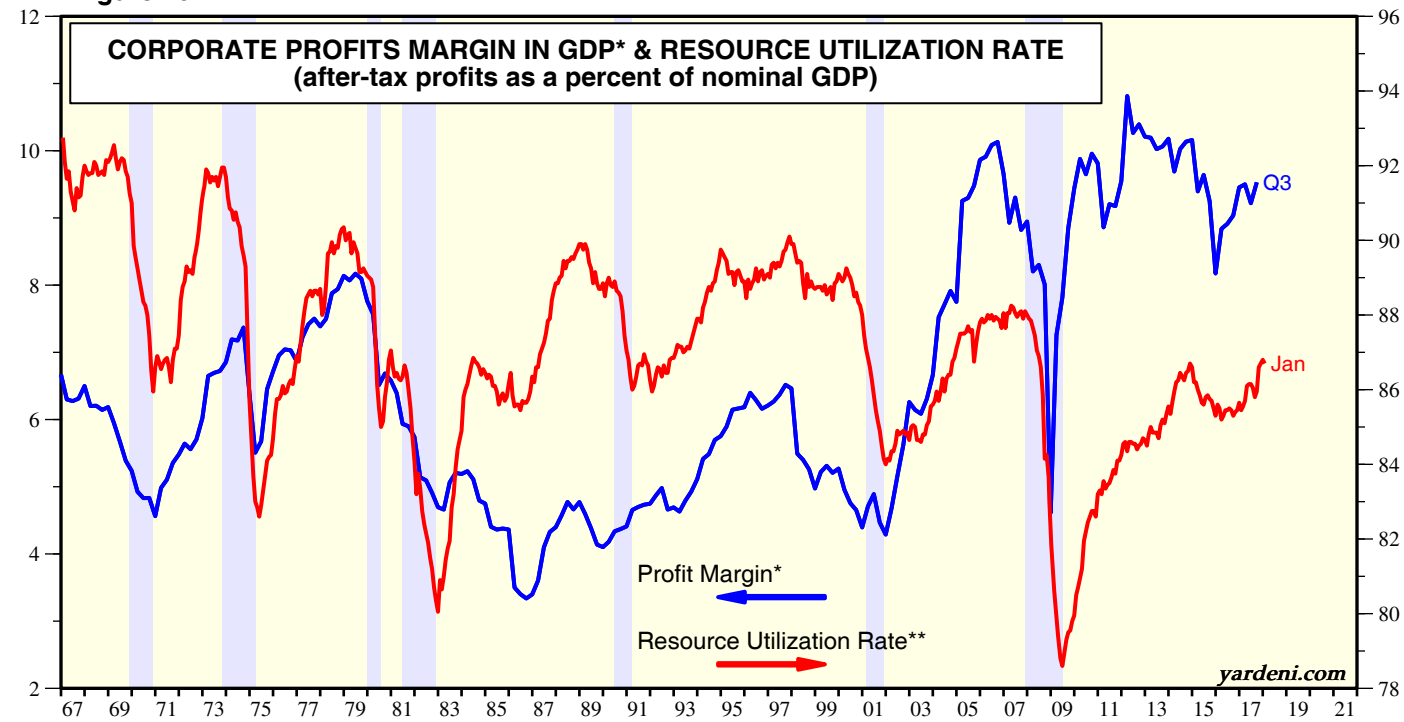
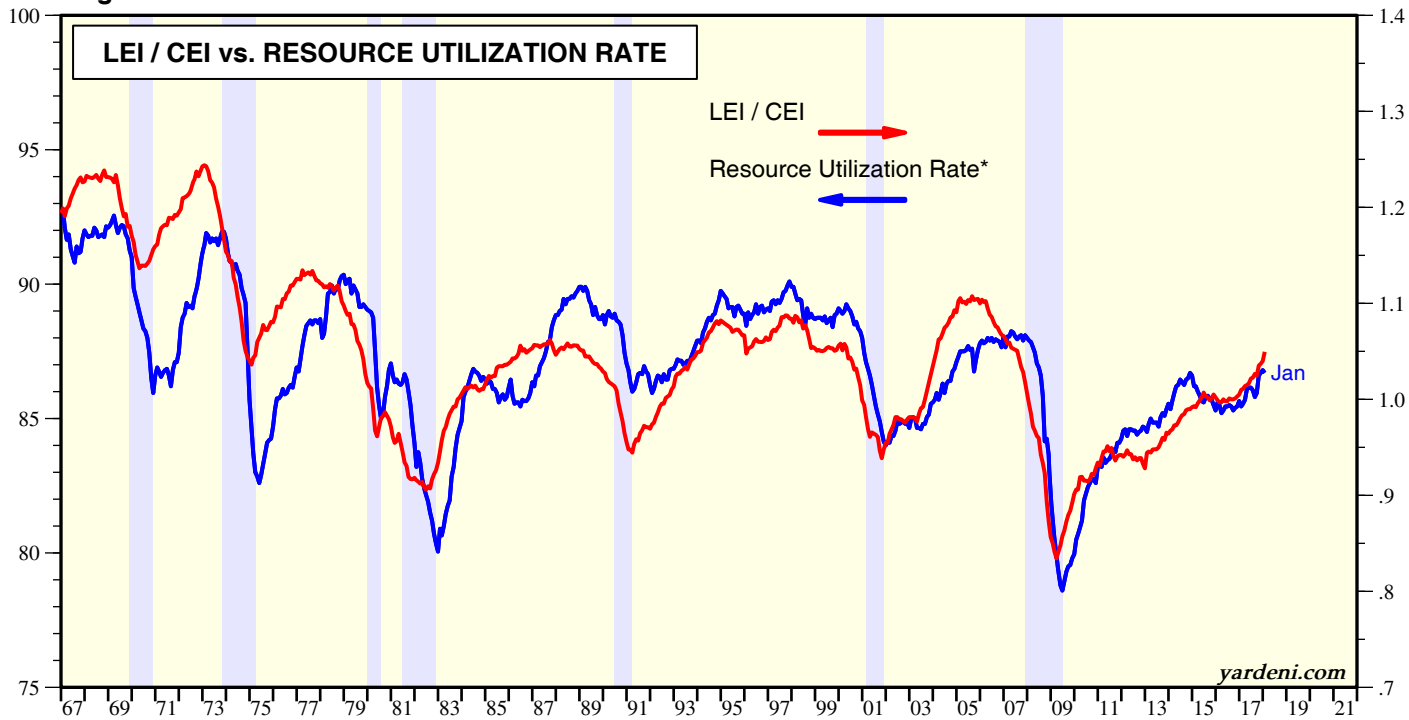
Figure 26.



* After-tax profits reported to IRS (excluding Inventory Valuation Adjustment and Capital Consumption Adjustment).
** Average of all industries' capacity utilization rate and employment rate, i.e., percentage of labor force that is employed.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Federal Reserve Board.

Figure 27.



* Average of all industries' capacity utilization rate and employment rate, i.e., percentage of labor force that is employed.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Board, and Conference Board.

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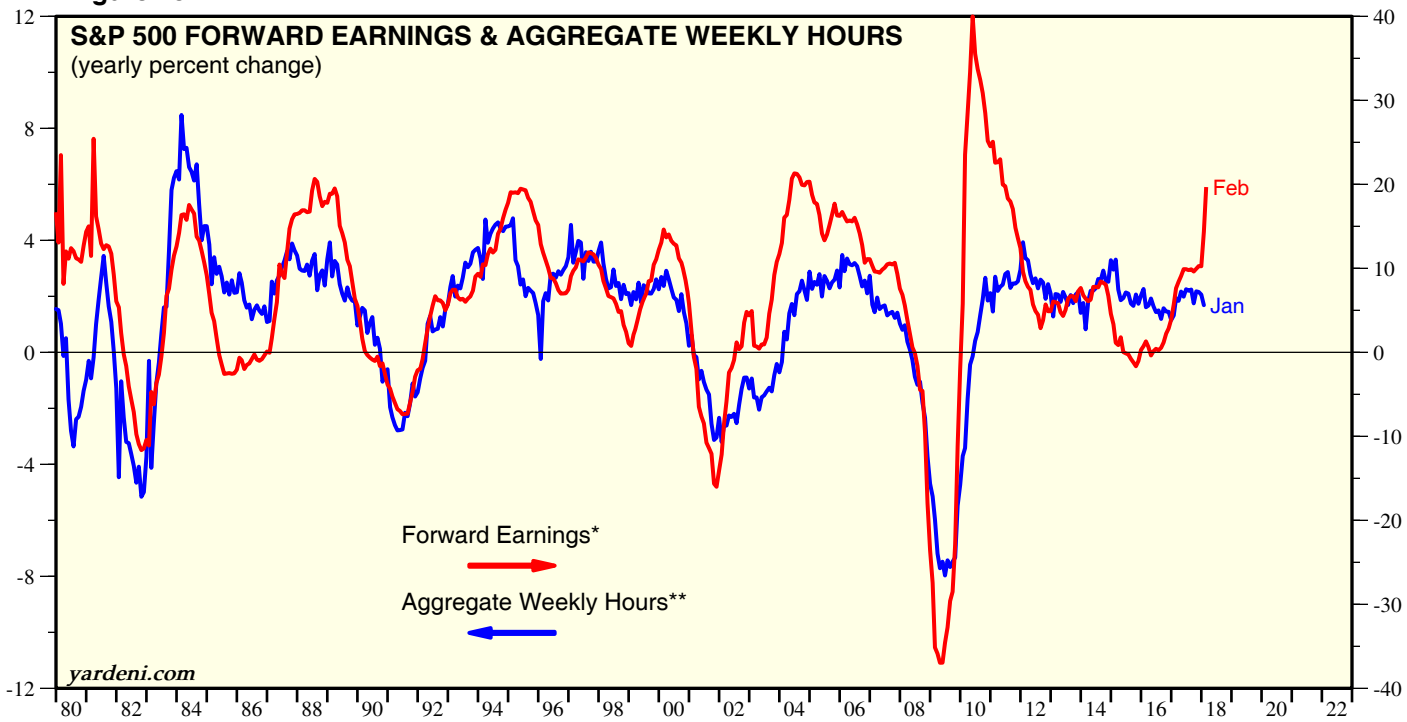
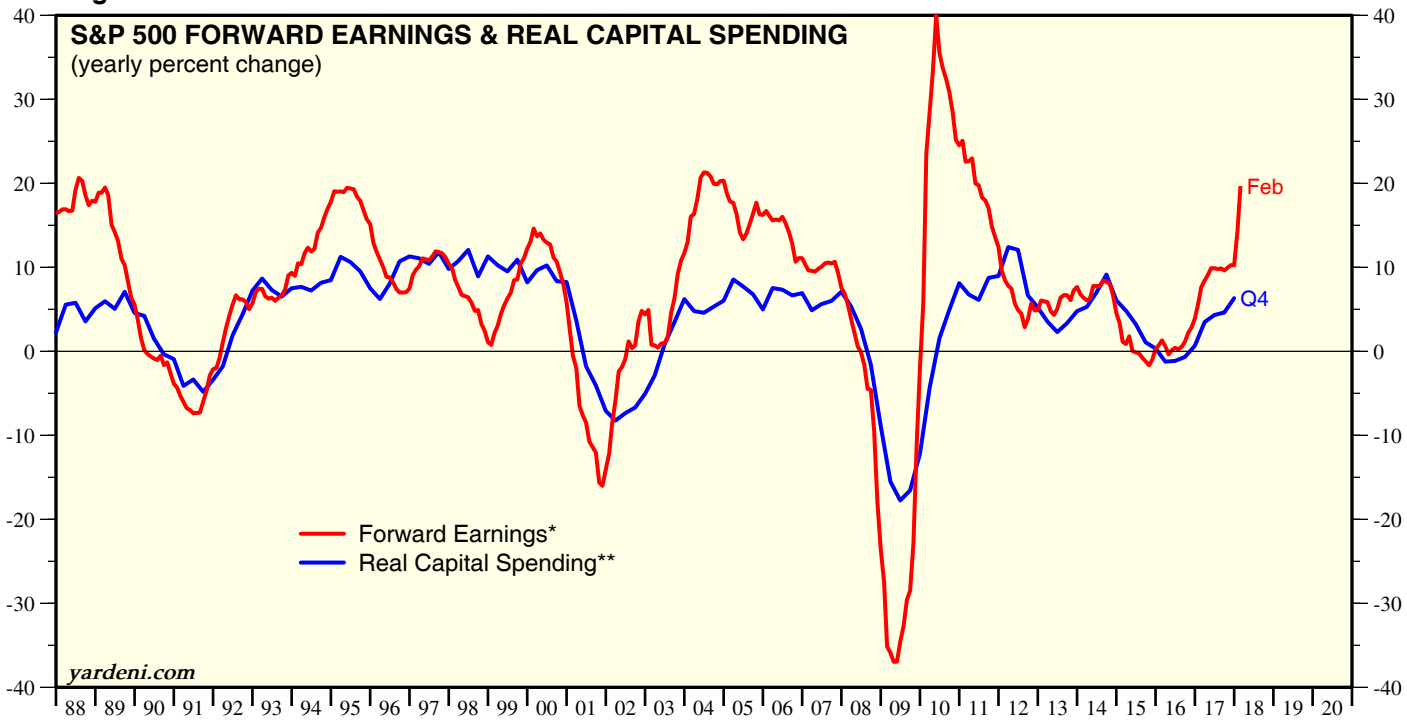
Figure 28.



* Time-weighted average of consensus operating earnings estimates for current and next year.
** Production & nonsupervisory employees.
Source: Bureau of Labor Statistics and Thomson Reuters I/B/E/S.

Figure 29.



* Time-weighted average of consensus operating earnings estimates for current and next year. Monthly through March 1994, weekly thereafter.
** Nonresidential fixed investment in real GDP.
Source: Bureau of Economic Analysis and Thomson Reuters I/B/E/S.

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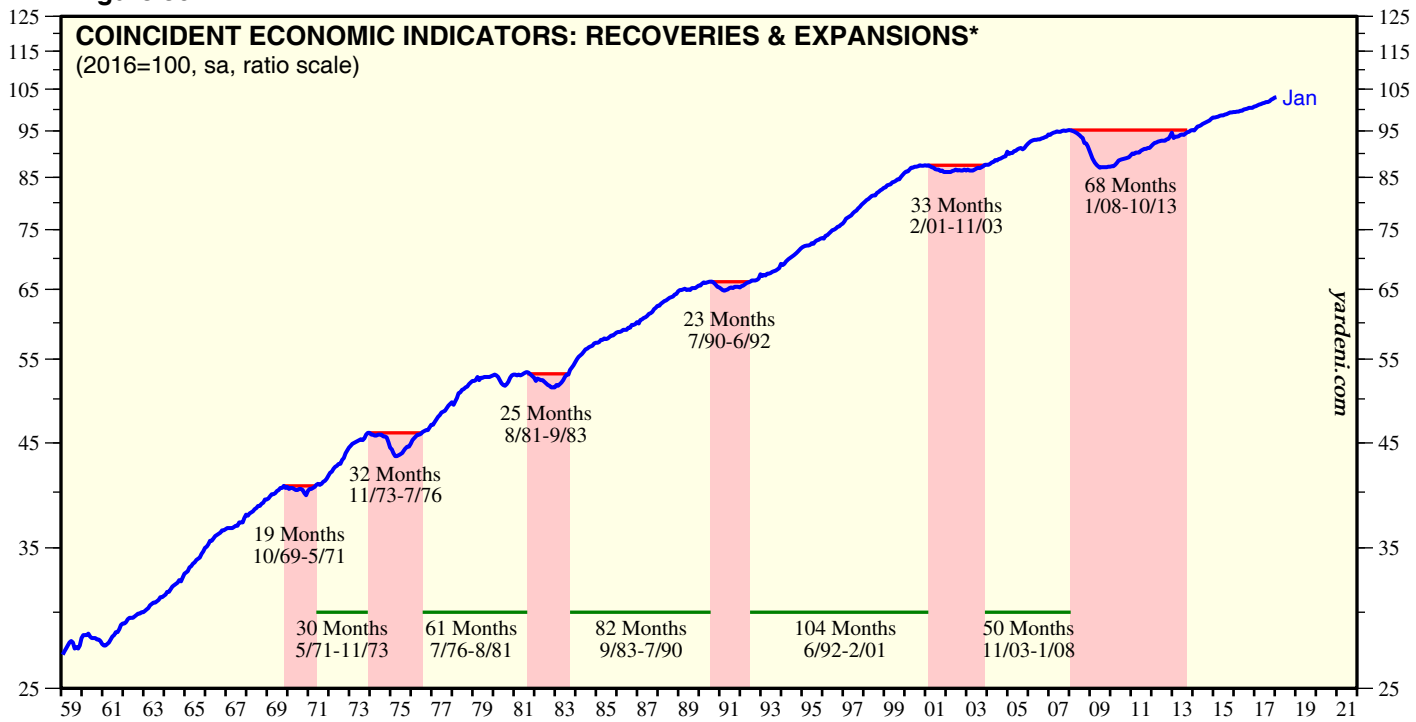
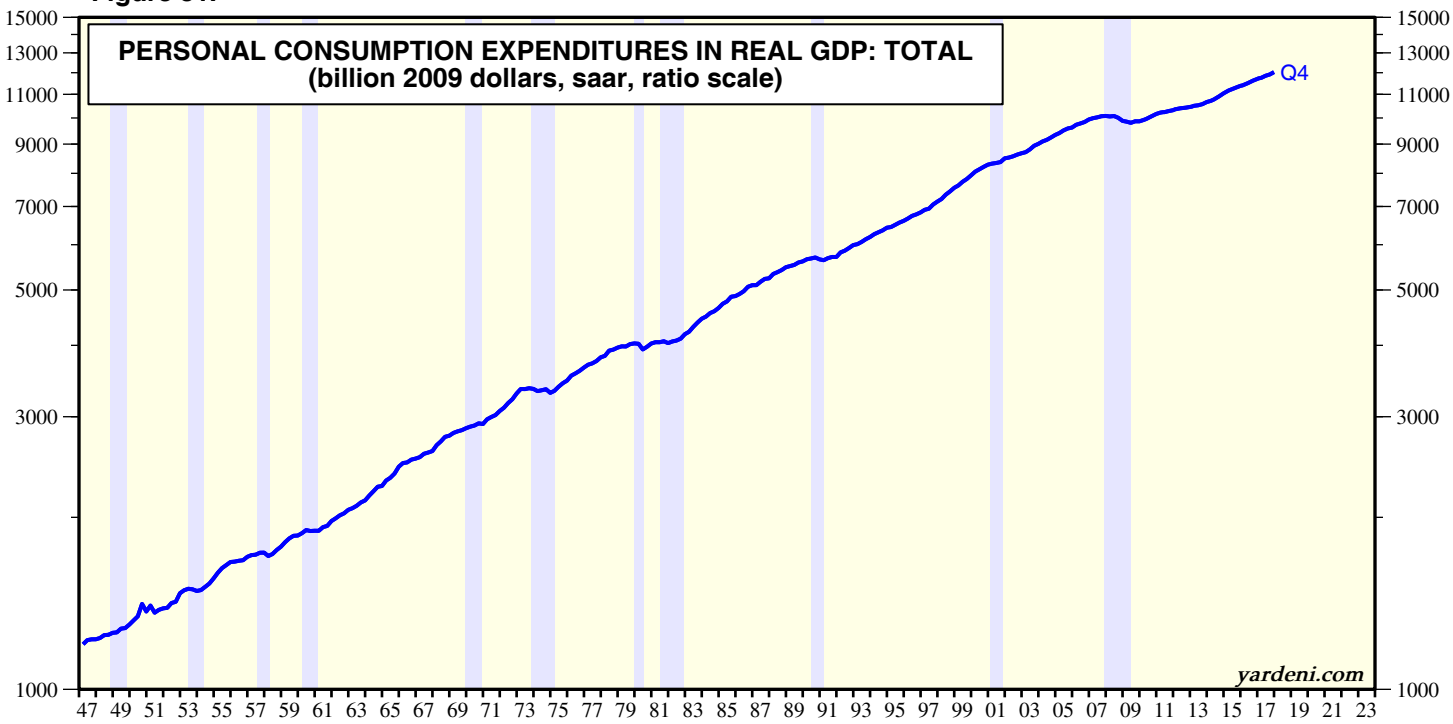
Figure 30.



* Red horizontal lines span cyclical peaks through subsequent cyclical recoveries. Green horizontal lines are expansion periods following recoveries.
Source: Conference Board, Haver Analytics, and YRI calculations.

Figure 31.



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

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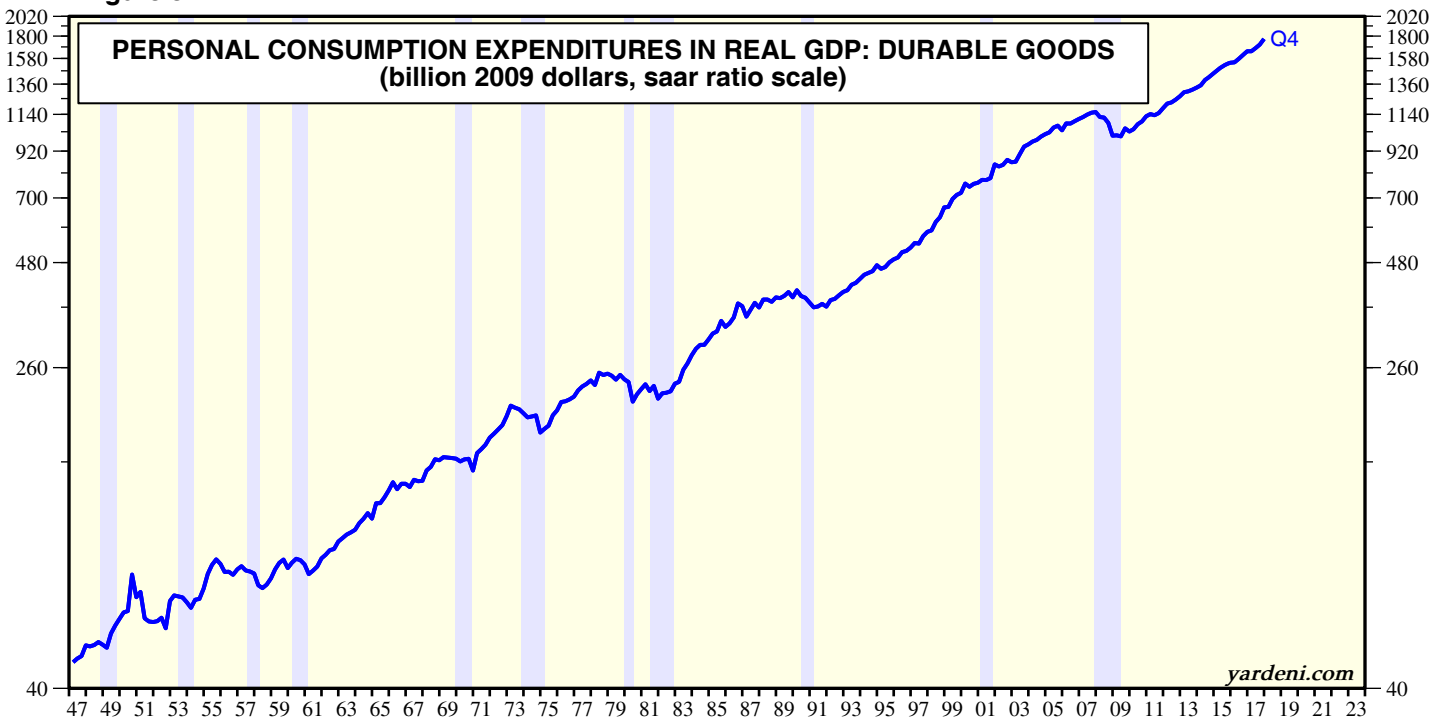
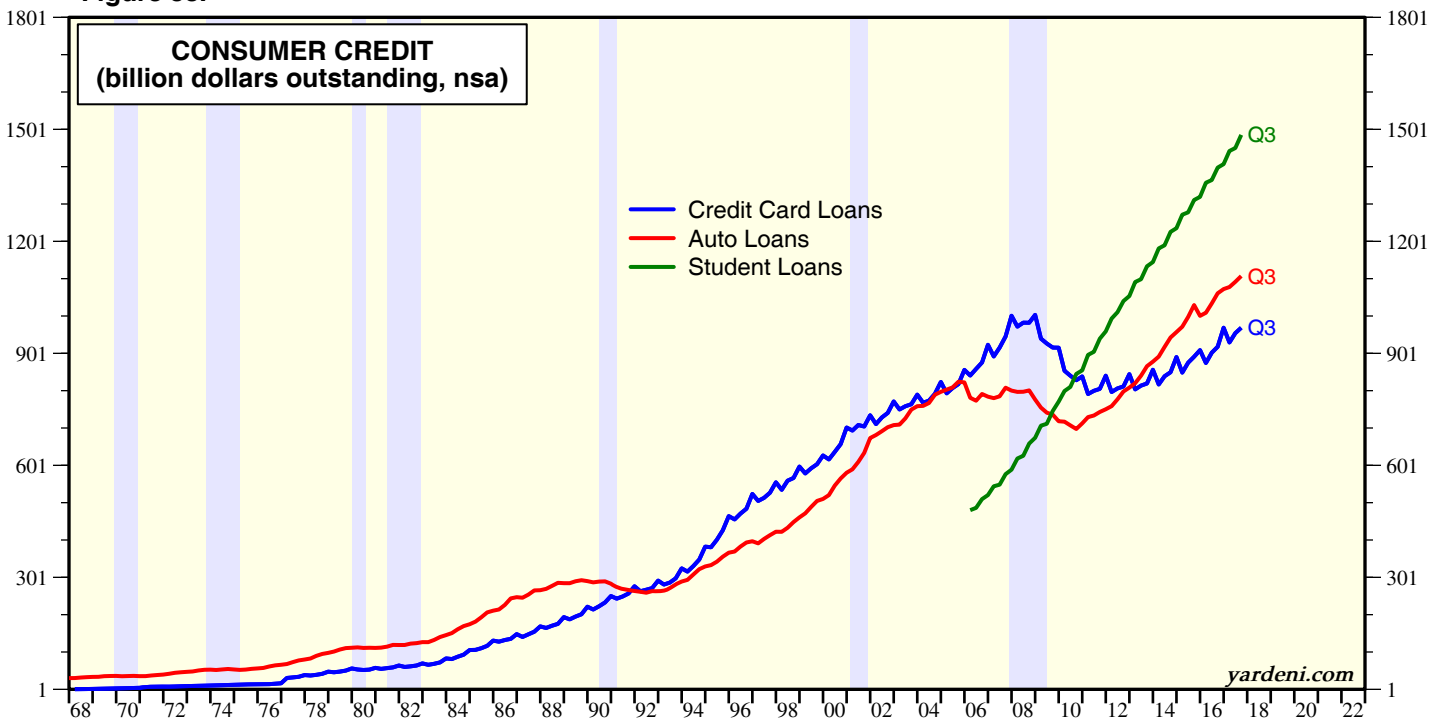
Figure 32.



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

Figure 33.



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

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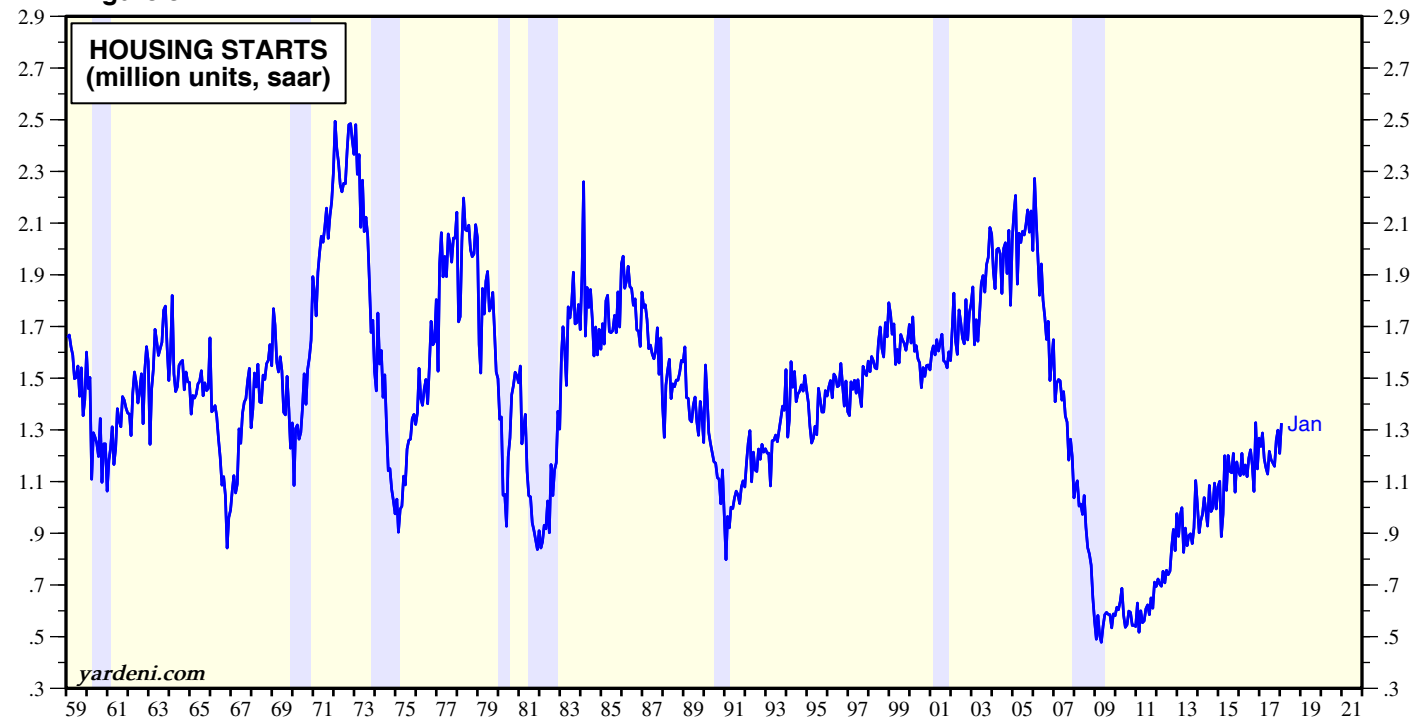
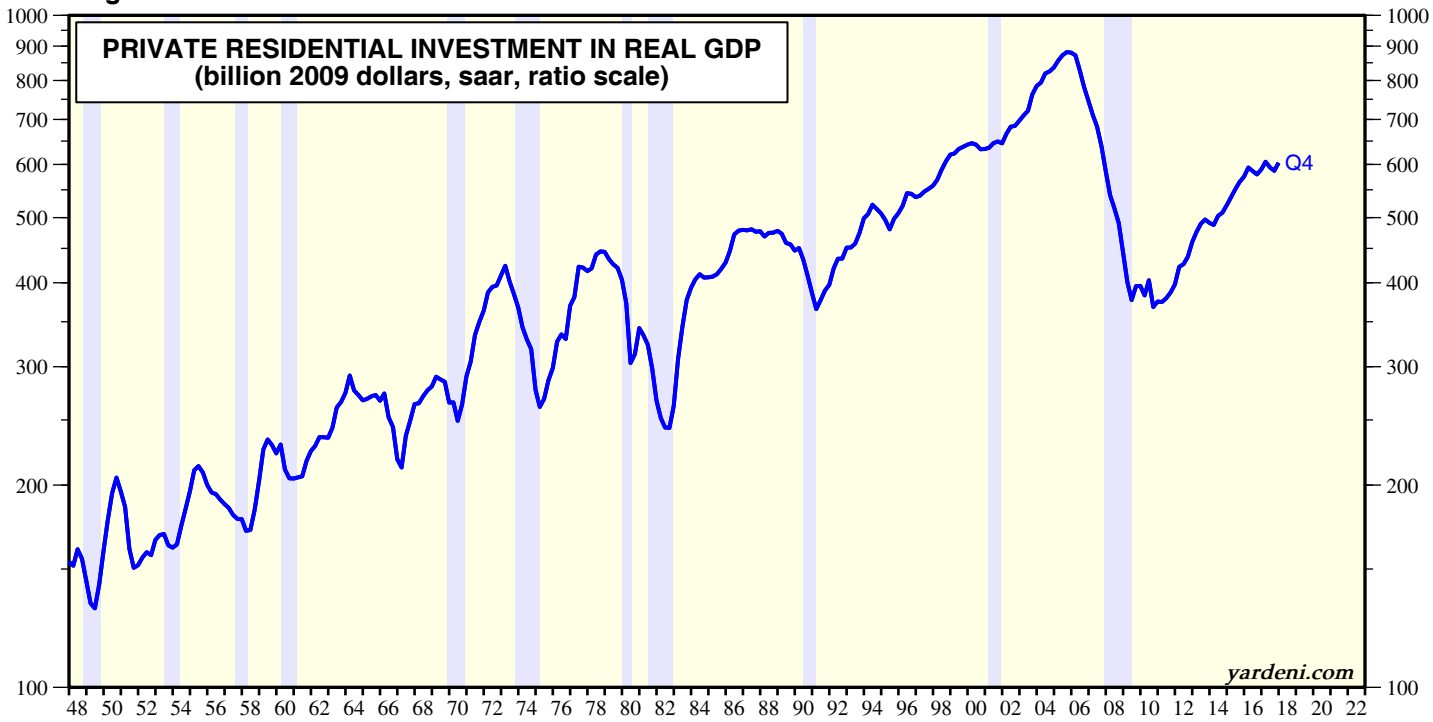
Figure 34.



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

Figure 35.



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

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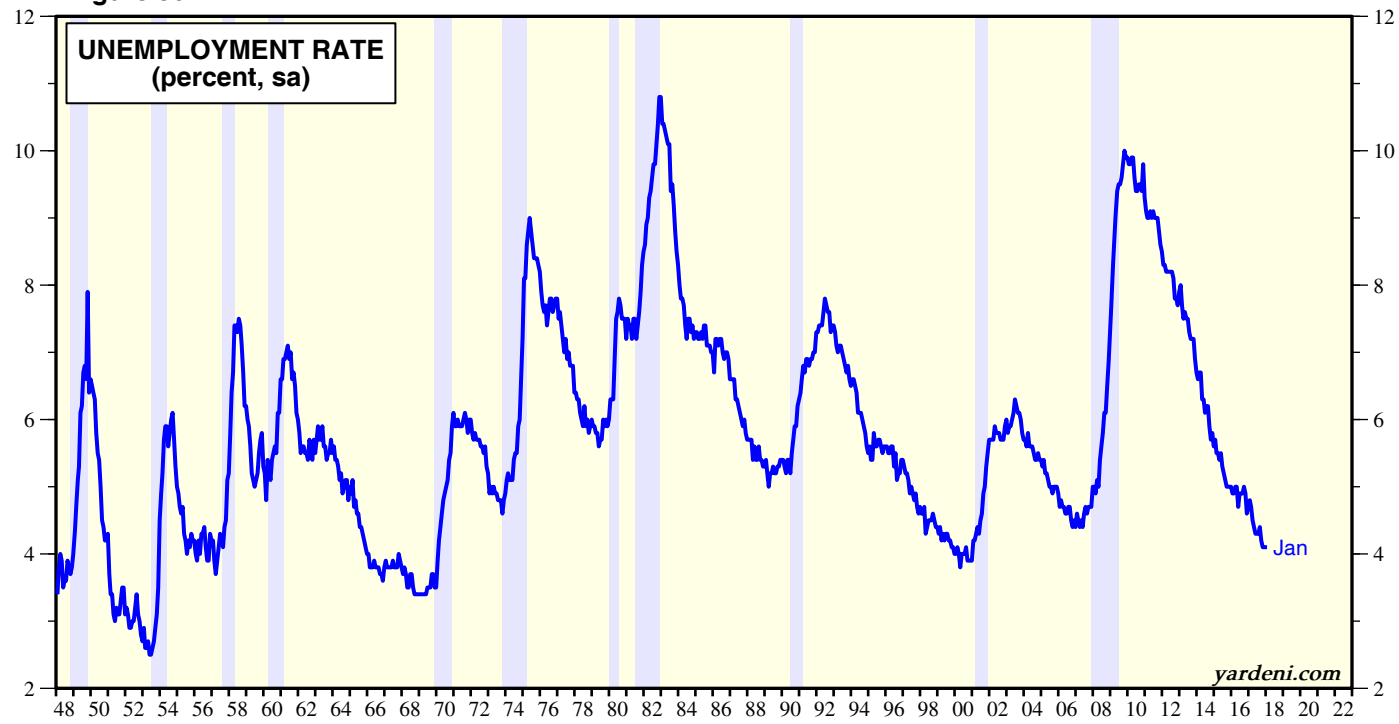
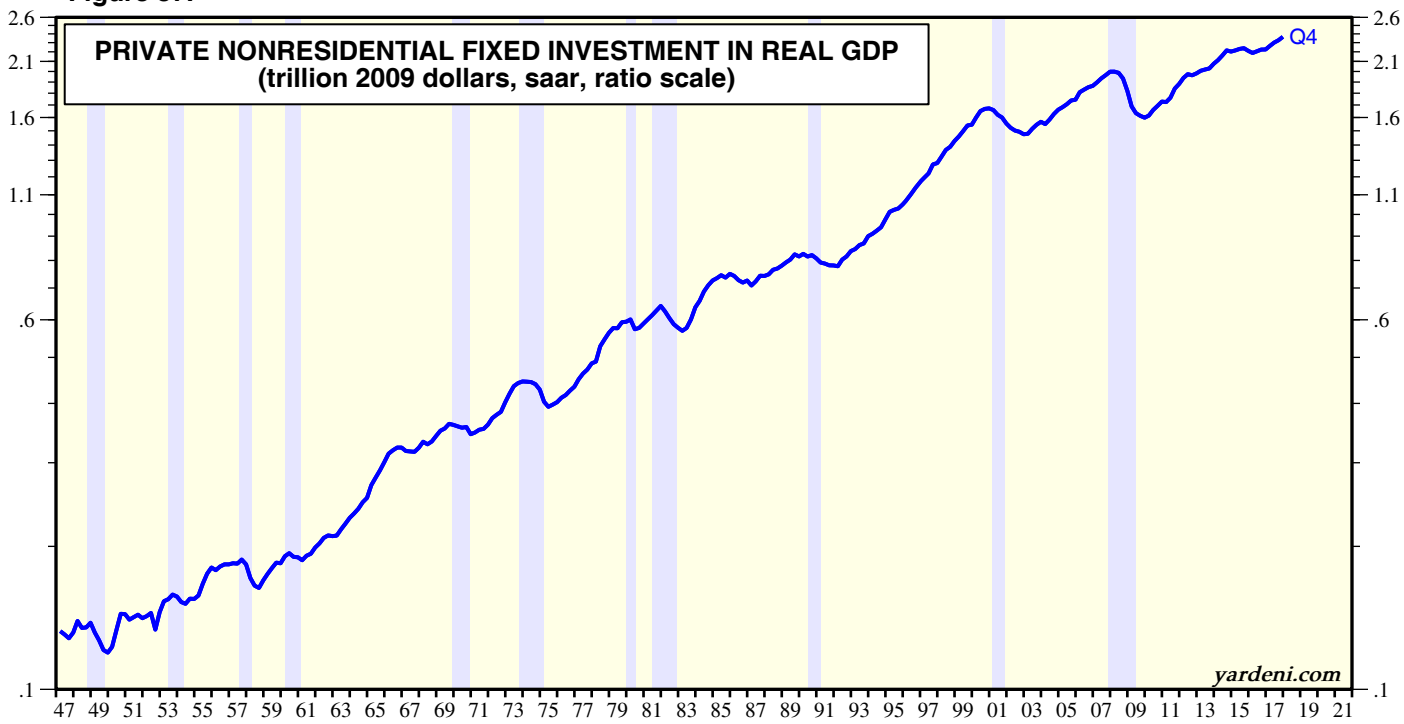
Figure 36.



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

Figure 37.



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

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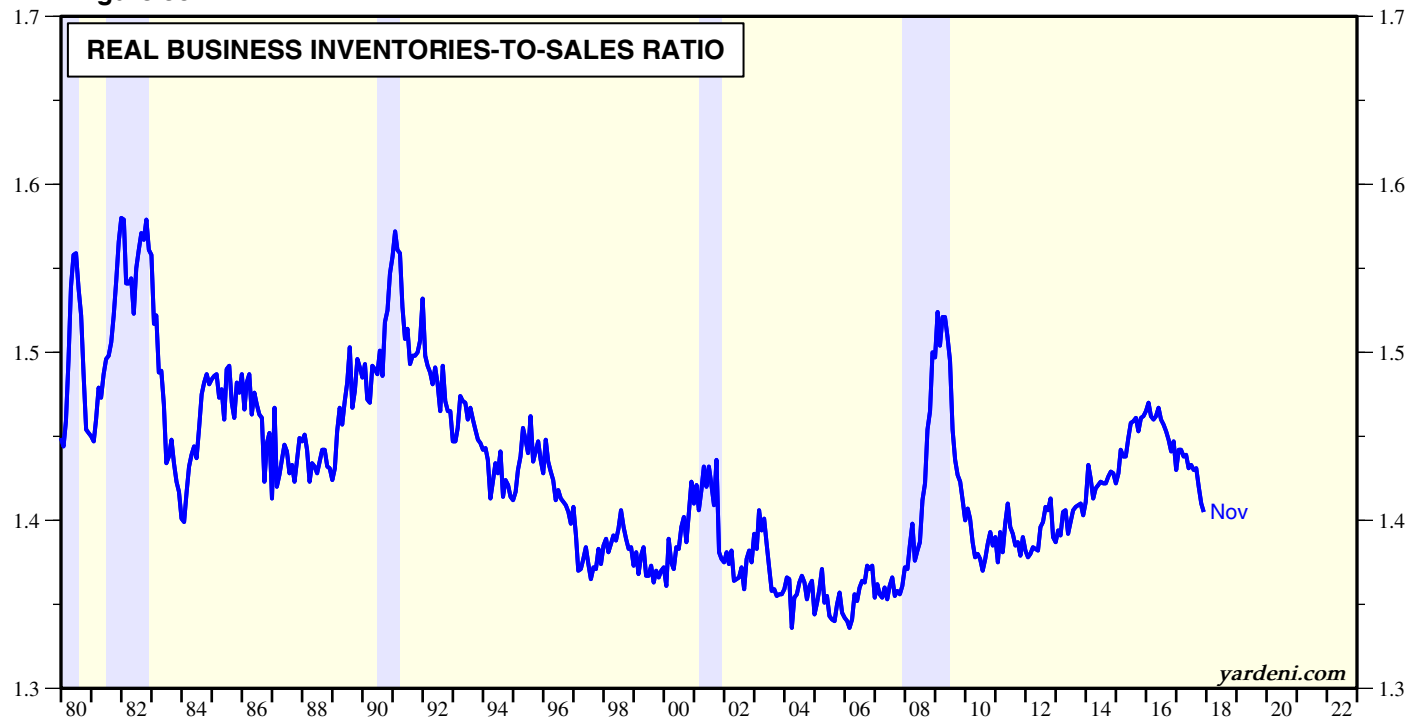
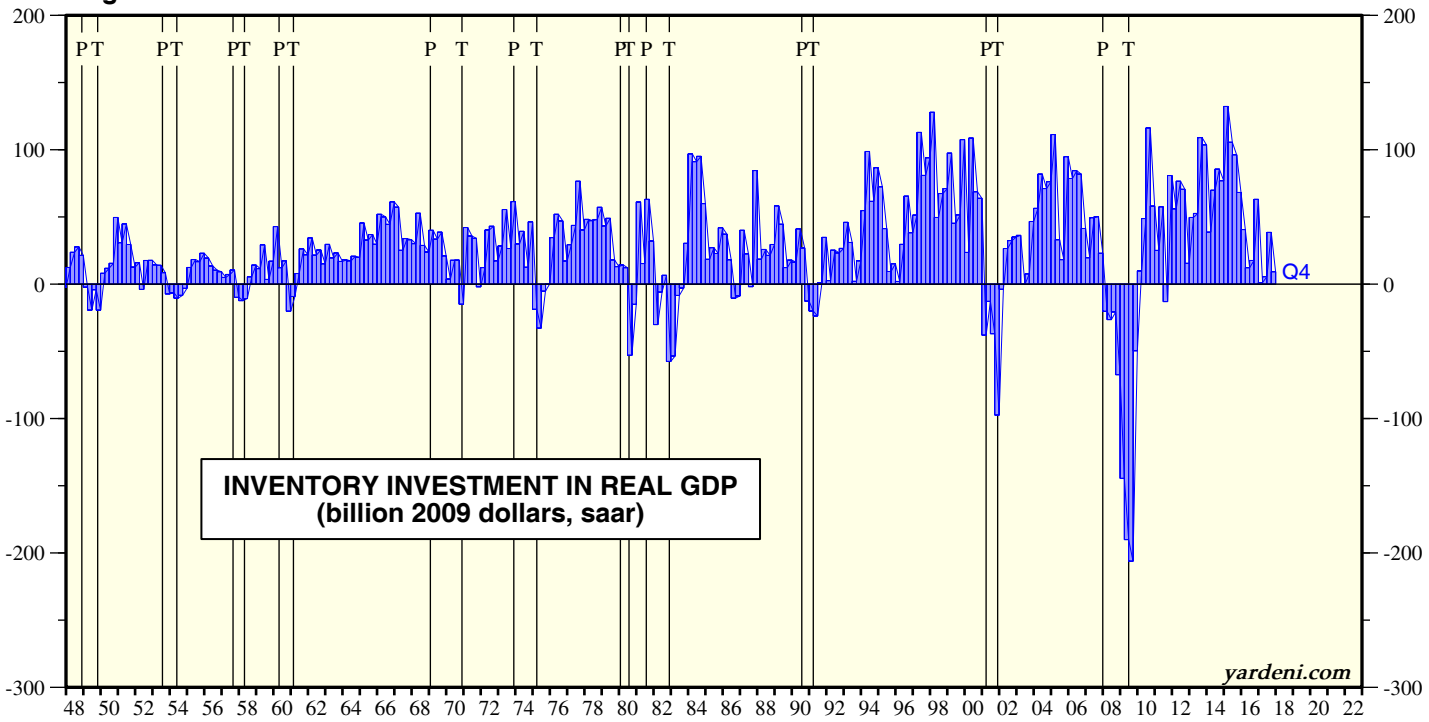


Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Census Bureau.

Figure 39.



Note: Business cycle peaks (P) and troughs (T) according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

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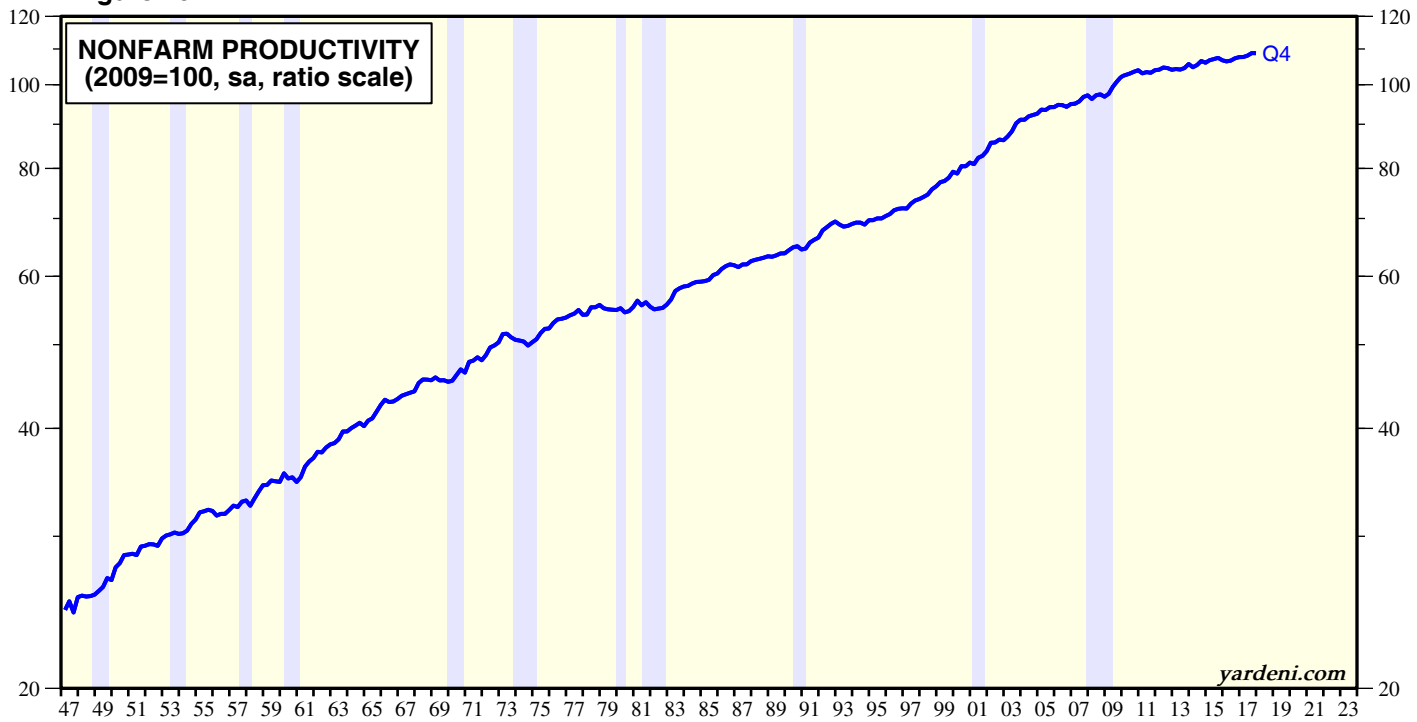
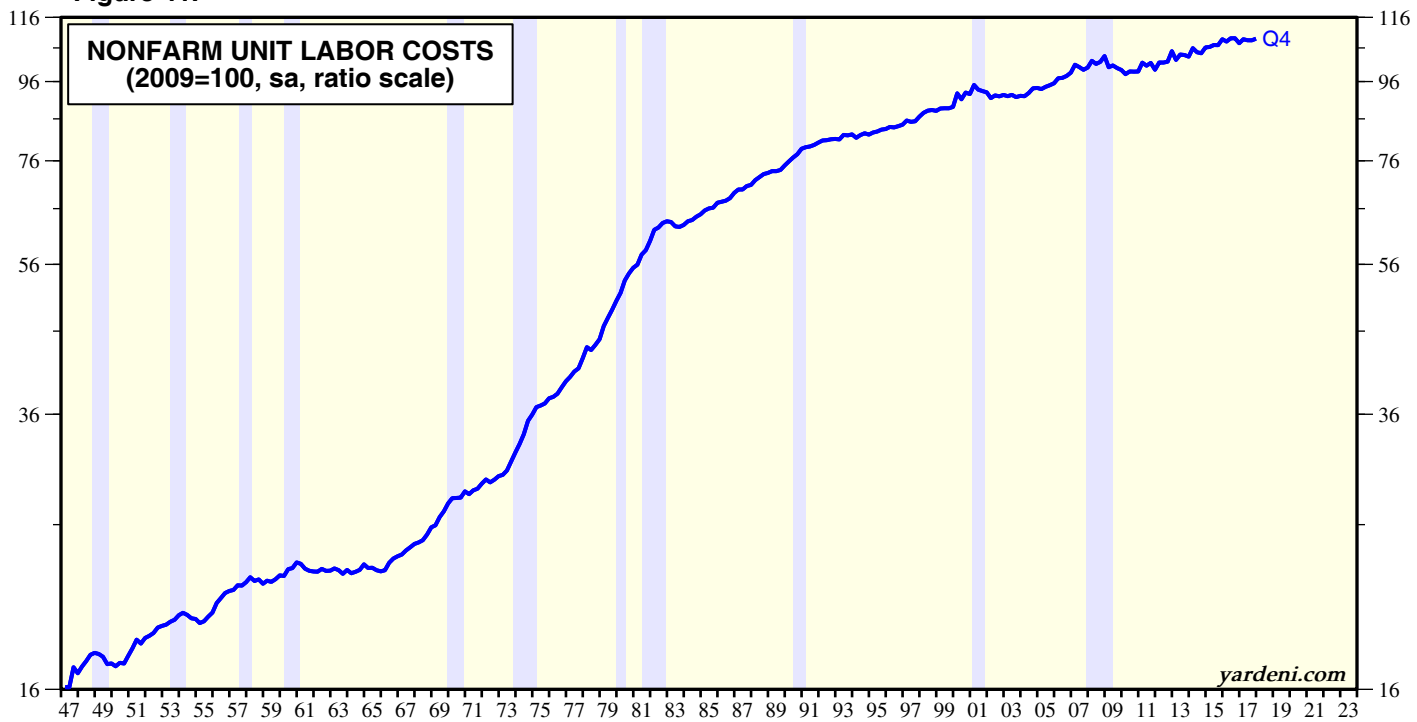


Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Federal Reserve Board.

Figure 41.



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

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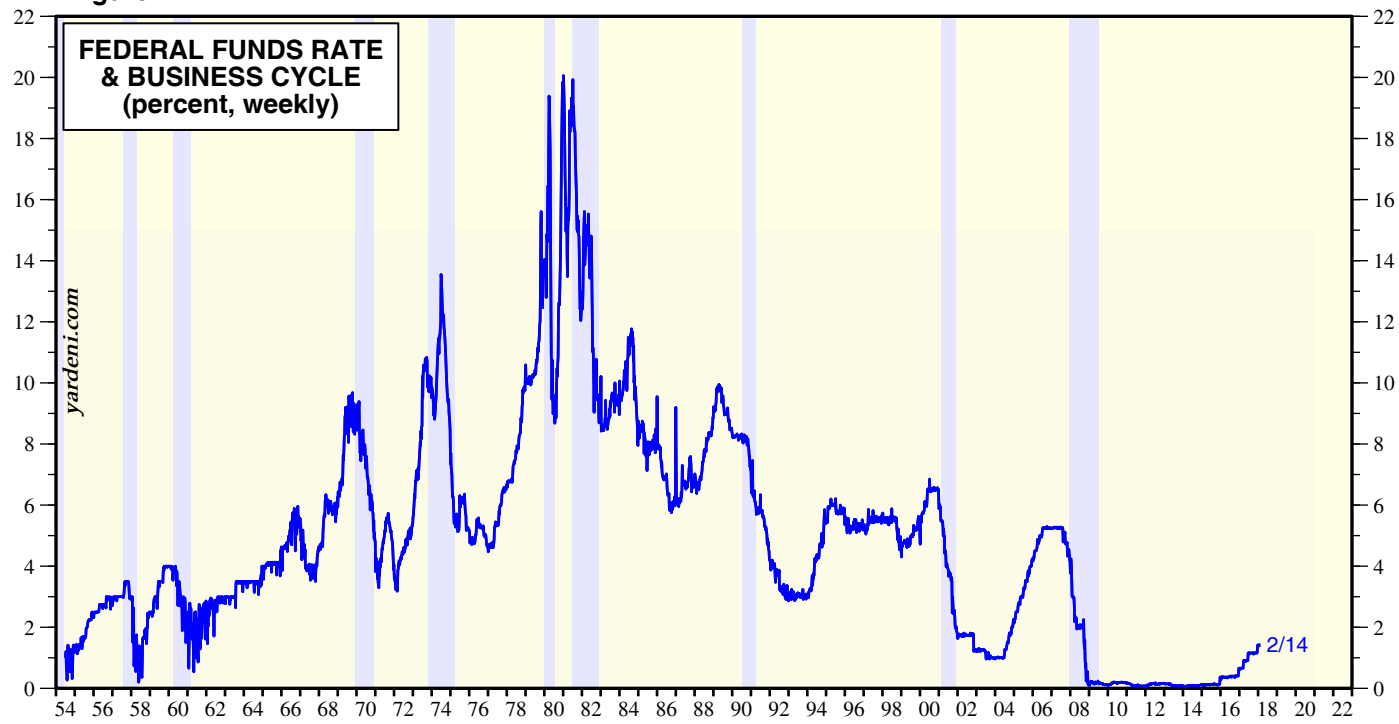
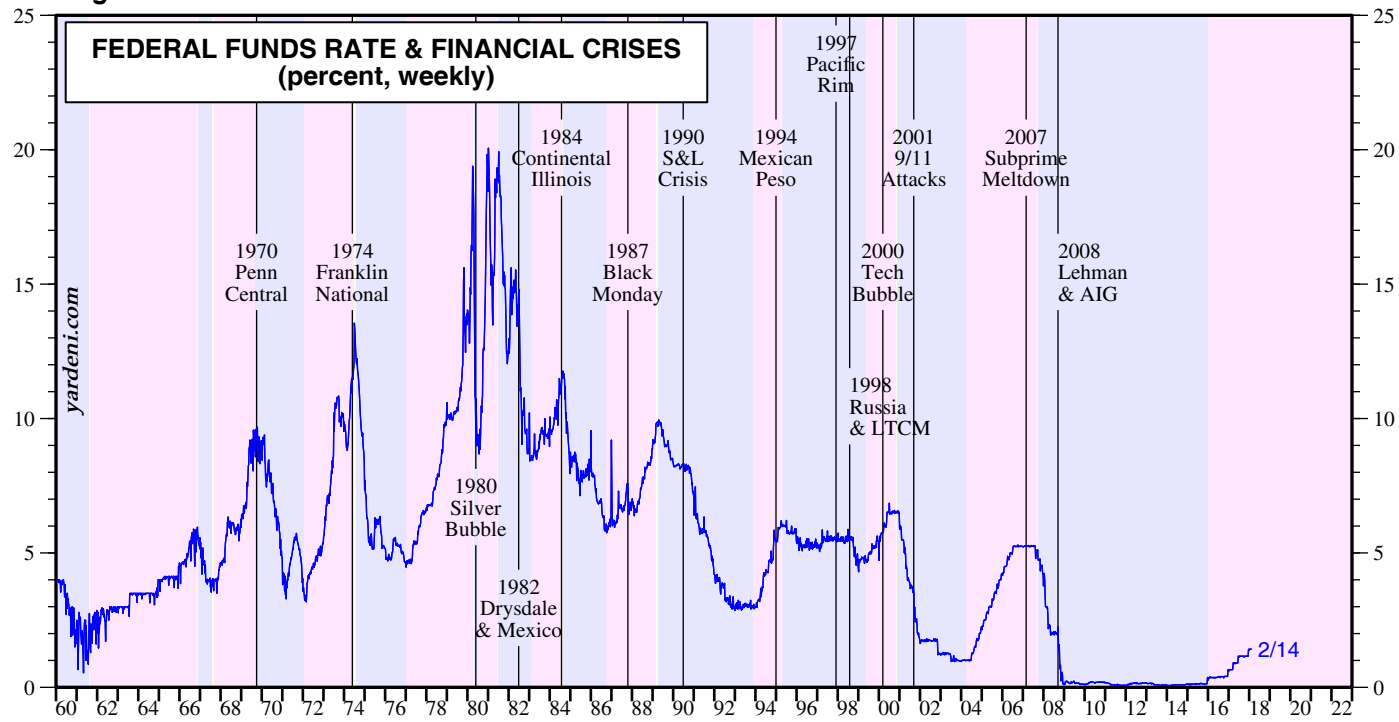


Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Federal Reserve Board.

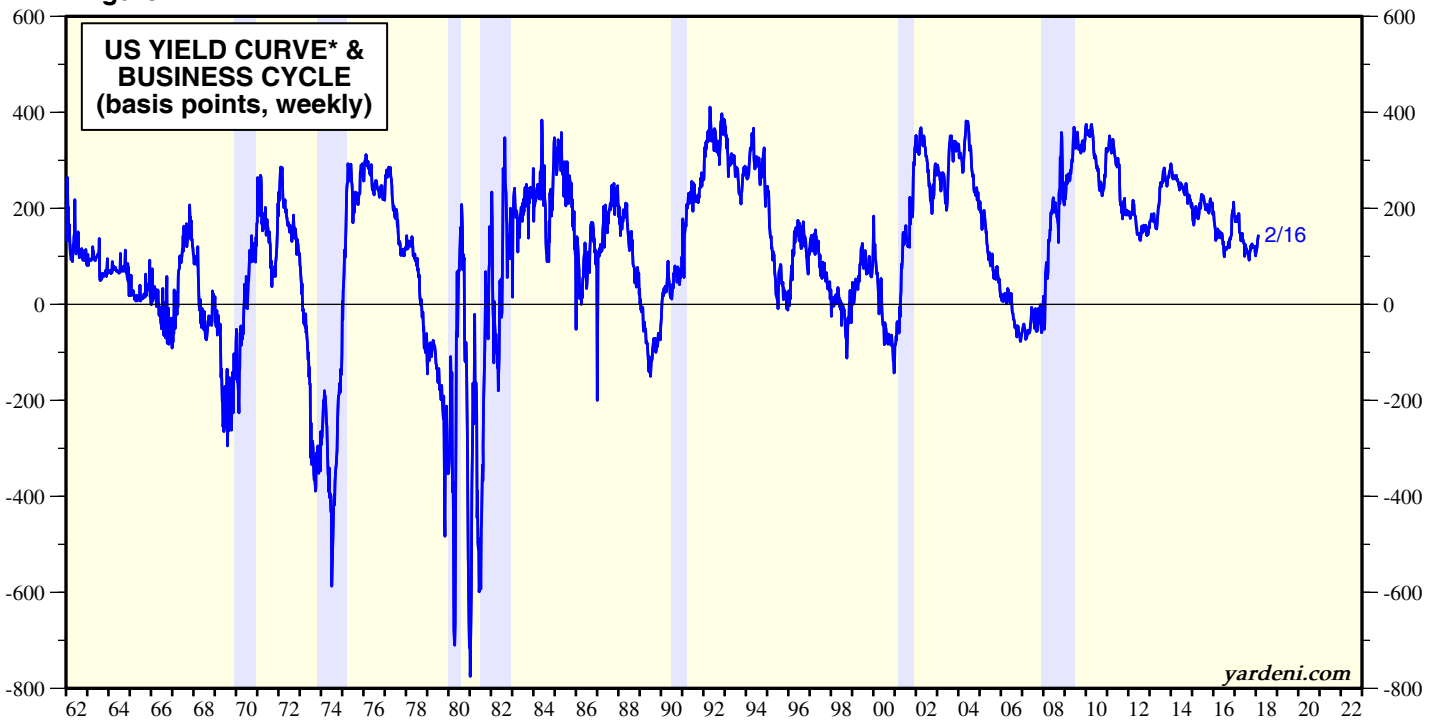
Figure 43.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
Source: Federal Reserve Board.

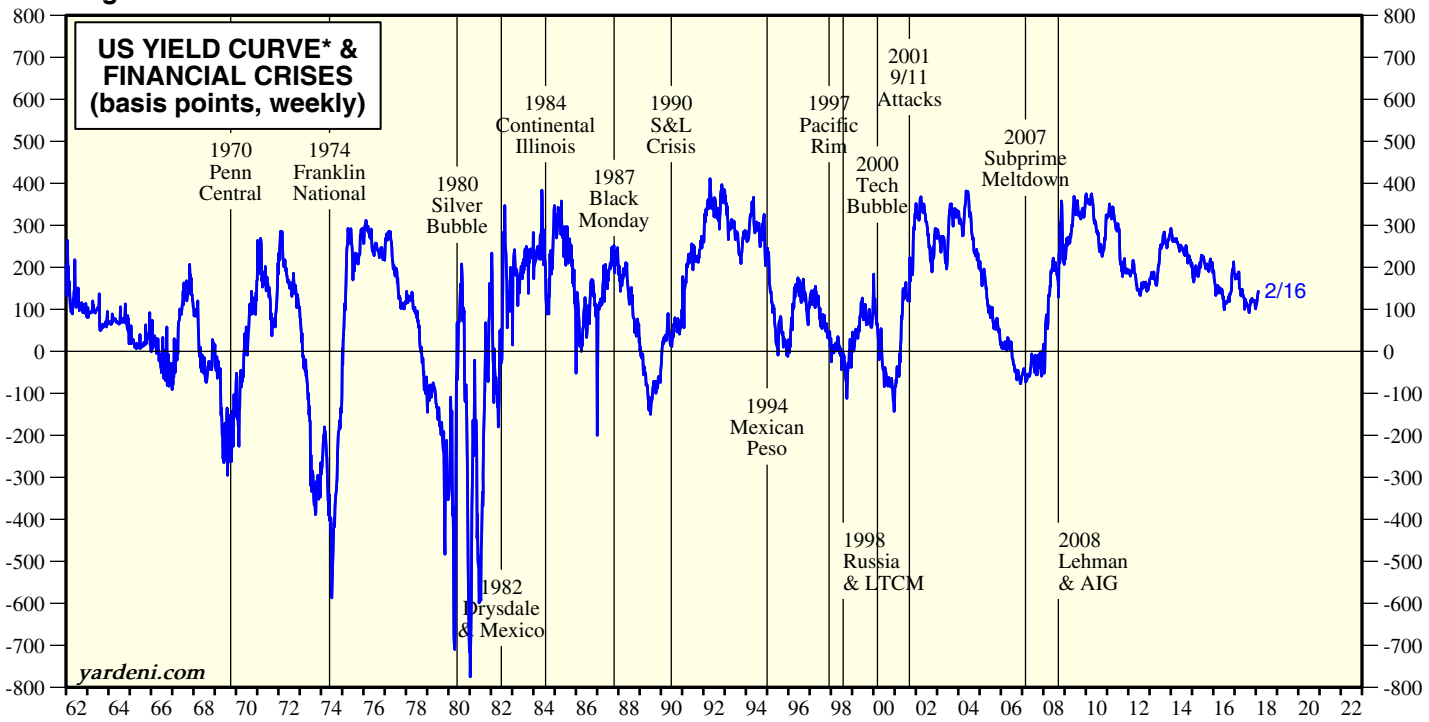
Predicting Business Cycles

Figure 44.



* 10-year US Treasury yield less federal funds rate.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Federal Reserve Board.

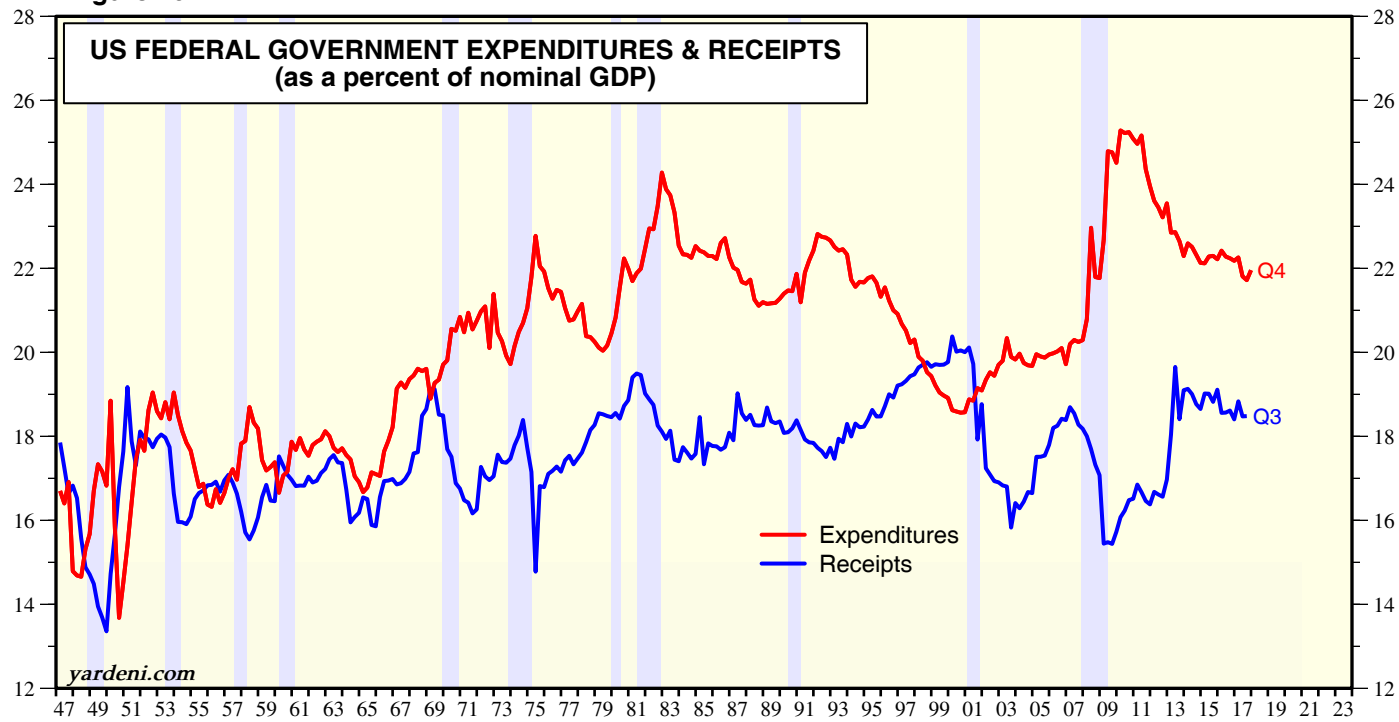
Figure 45.



* US Treasury 10-year bond yield less federal funds rate.
Source: Federal Reserve Board.

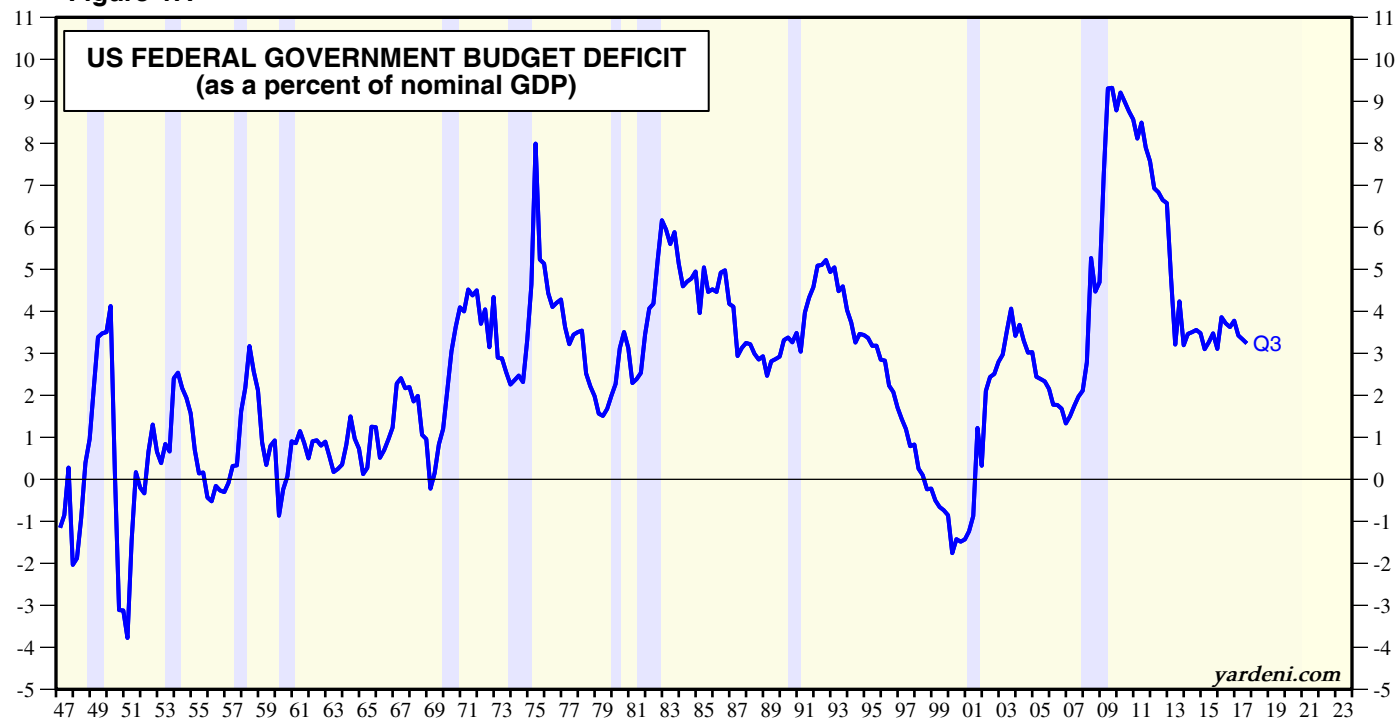
Predicting Business Cycles

Figure 46.



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

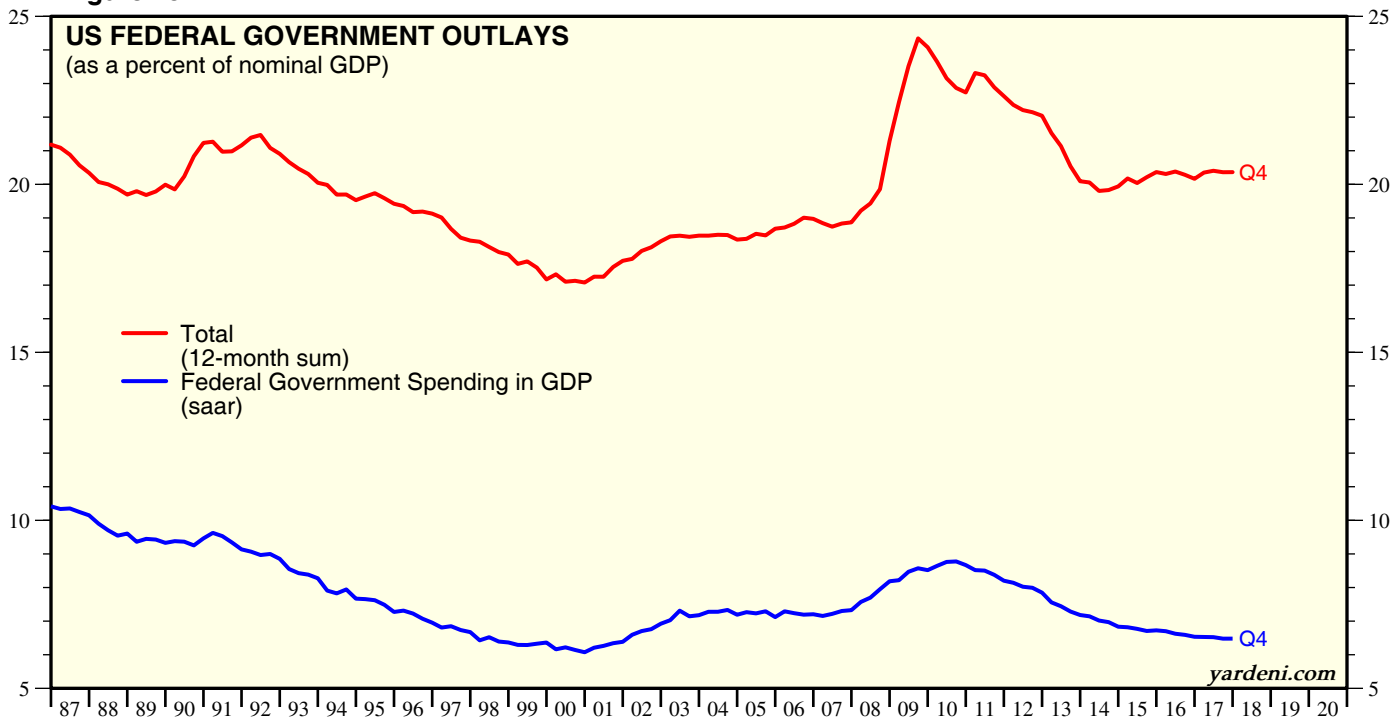
Figure 47.



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

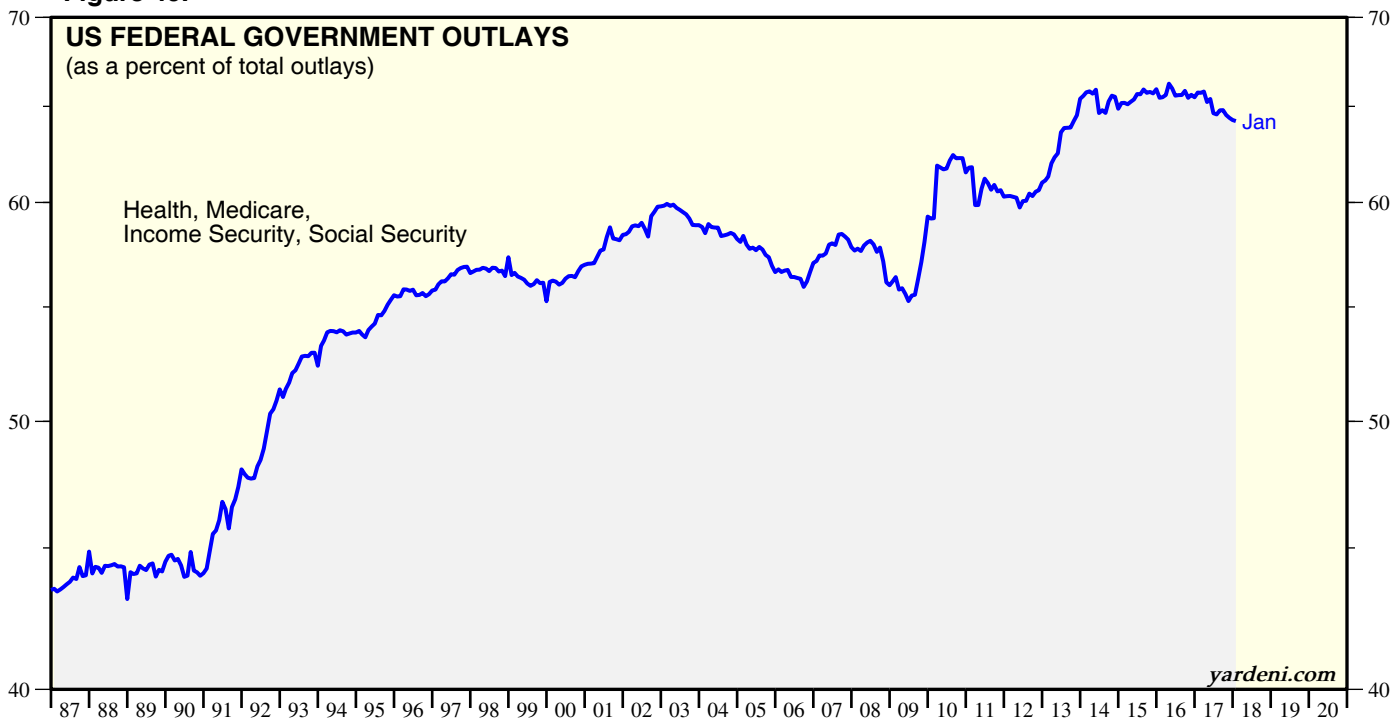
Predicting Business Cycles

Figure 48.



Source: US Treasury Department and Bureau of Economic Analysis.

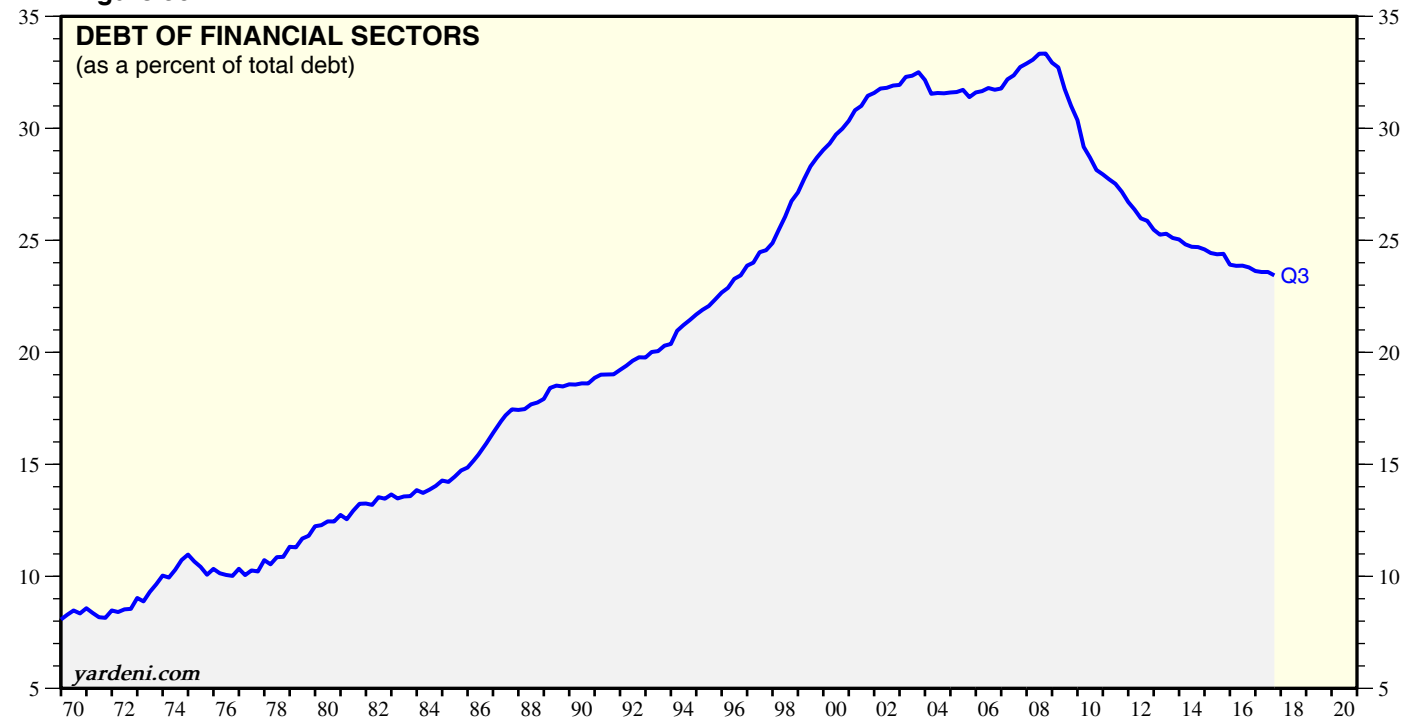
Figure 49.



Source: US Treasury Department.

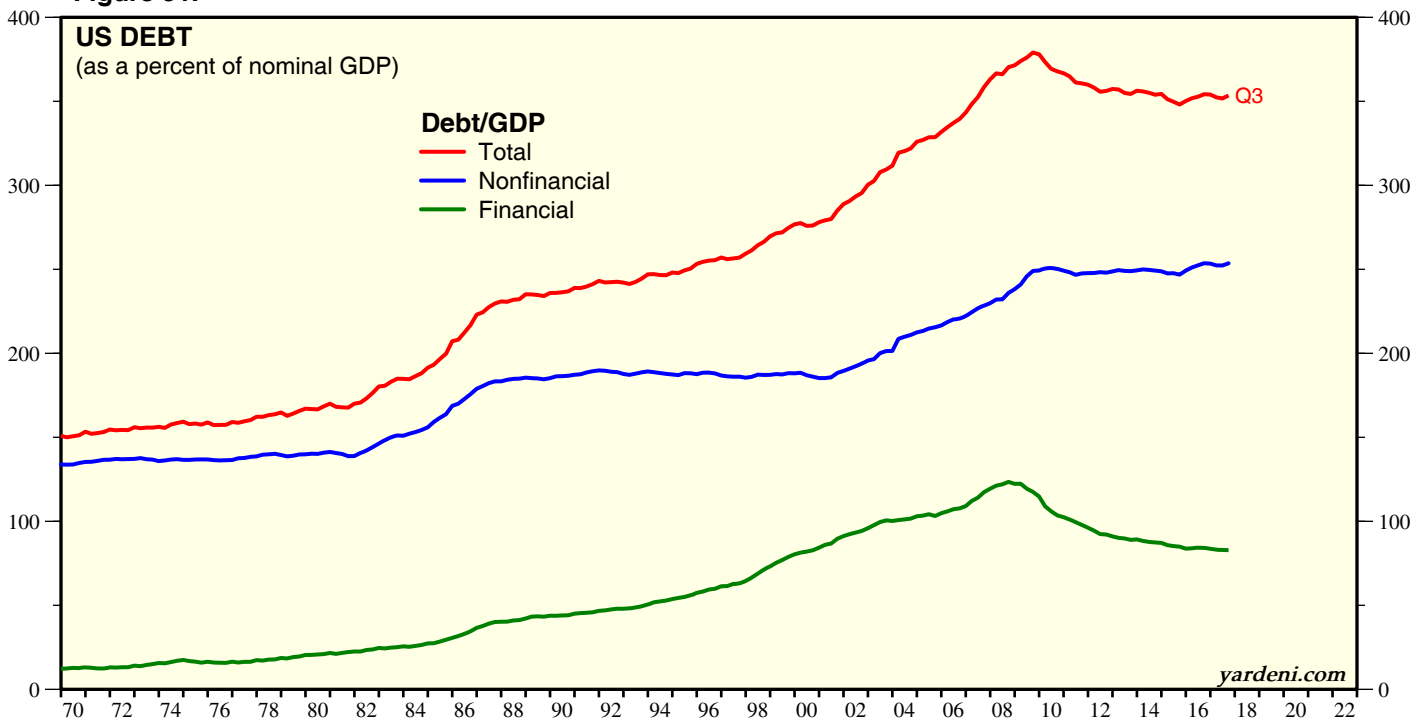
Predicting Business Cycles

Figure 50.



Source: Federal Reserve Board.

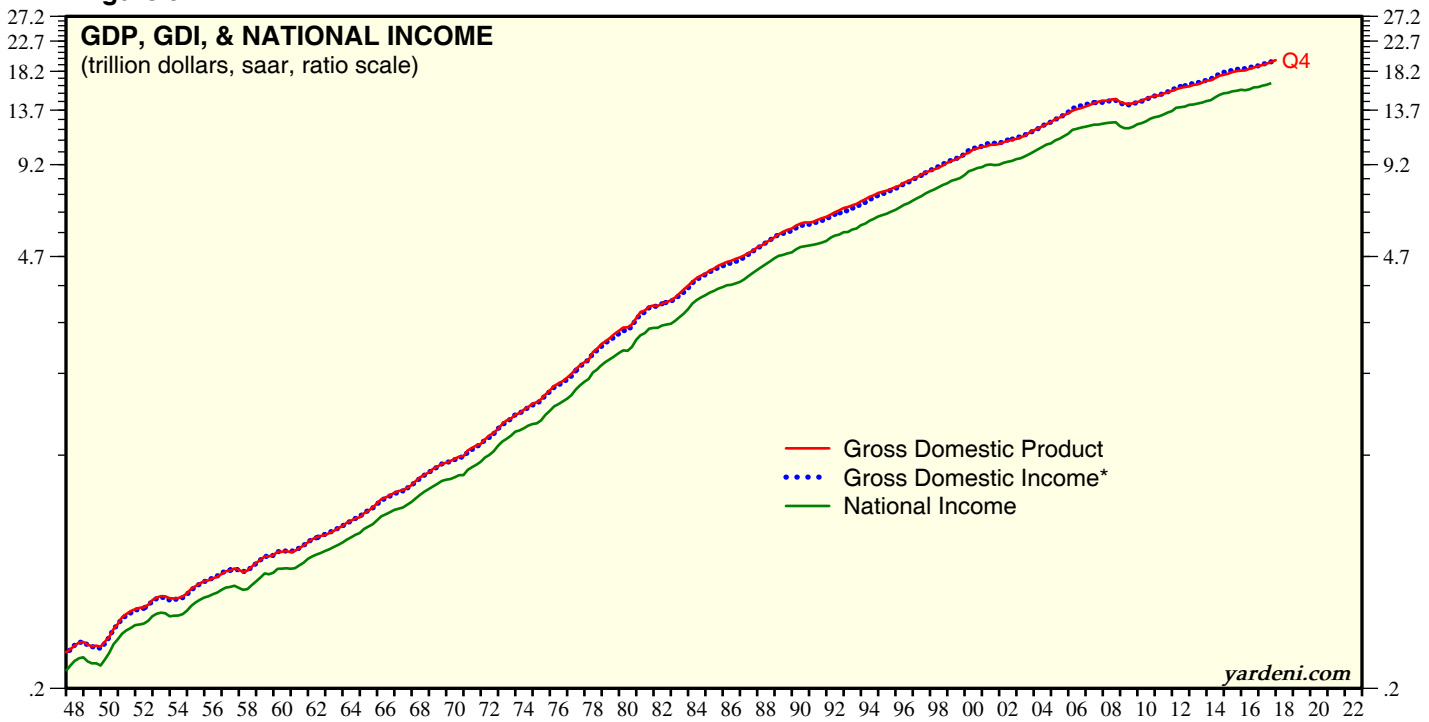
Figure 51.



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

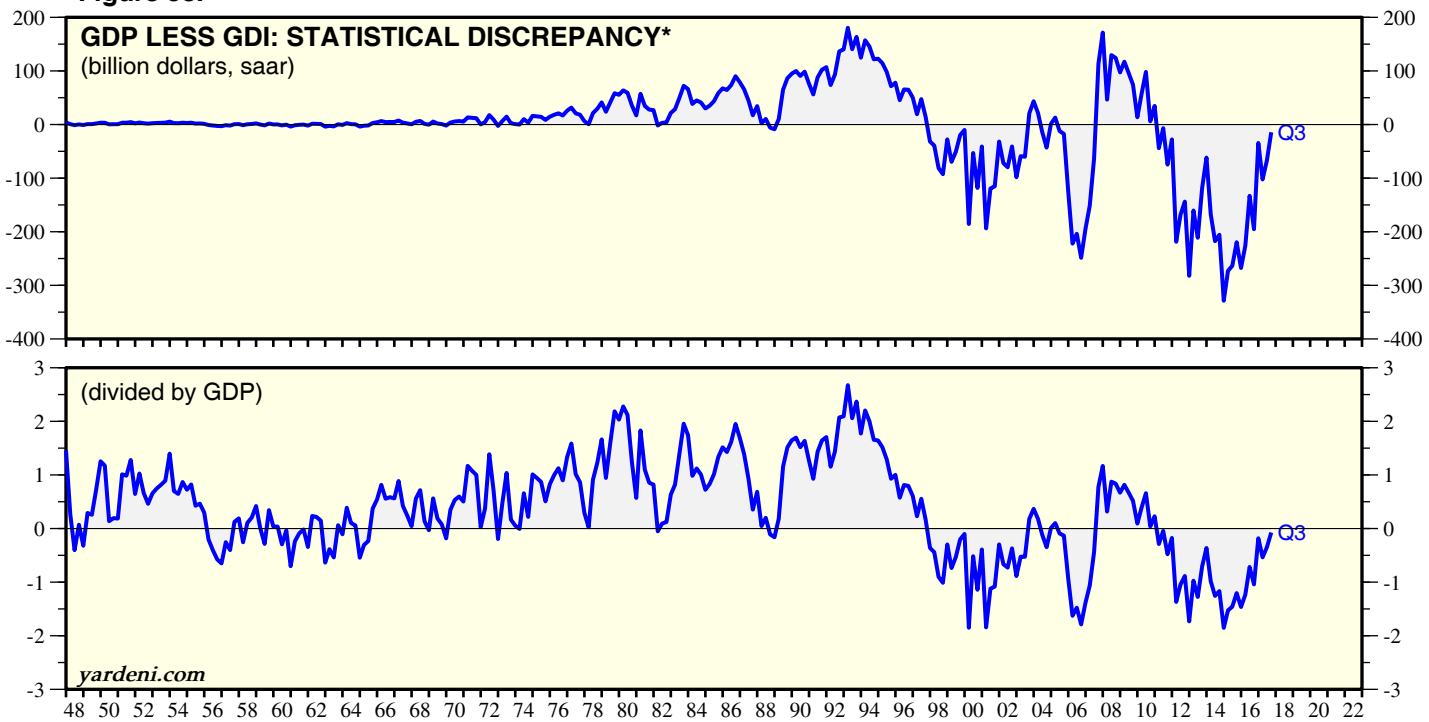
Predicting Business Cycles

Figure 52.



* GDI is Gross Domestic Income, which equals National Income plus Consumption of Fixed Capital
Source: Bureau of Economic Analysis.

Figure 53.



* GDI is Gross Domestic Income, which equals National Income plus Consumption of Fixed Capital.
Source: Bureau of Economic Analysis.

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