Predicting the Markets: Chapter 13 Charts: Predicting Corporate Earnings

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S&P 500 OPERATING EARNINGS PER SHARE
(analysts’ consensus estimates, I/B/E/S data in dollars, monthly, ratio scale)

Analysts’ Estimates
- Annual*
- 12-month forward**
- Actual 4Q sum***

* “Squiggles” span 25 months from February to February.
** Time-weighted average of analysts’ consensus estimates for S&P 500 operating earnings per share for current year and next year.
*** Actual 4Q sum from I/B/E/S.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: I/B/E/S data by Refinitiv.

Figure 2.

S&P 500 OPERATING EARNINGS PER SHARE
(analysts’ consensus estimates, I/B/E/S data in dollars, monthly, ratio scale)

Analysts’ Estimates
- Annual*
- 12-month forward**
- Actual 4Q sum***

* “Squiggles” span 25 months from February to February.
** Time-weighted average of analysts’ consensus estimates for S&P 500 operating earnings per share for current year and next year.
*** Actual 4Q sum from S&P until Q4-1993, then from I/B/E/S.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: I/B/E/S data by Refinitiv.
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(analysts’ consensus estimates, I/B/E/S data in dollars, weekly, ratio scale)

Analysts’ Estimates
- Annual*
- 52-week forward**
- Actual 4Q sum***

* "Squiggles" span 25 months from February to February.
** Time-weighted average of analysts’ consensus estimates for S&P 500 operating earnings per share for current year and next year.
*** Actual 4Q sum from I/B/E/S.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: I/B/E/S data by Refinitiv.

Figure 4.

S&P 500 OPERATING EARNINGS PER SHARE
(analysts’ consensus estimates, I/B/E/S data in dollars, weekly, ratio scale)

Analysts’ Estimates
- Annual*
- 52-week forward**
- Actual 4Q sum***

* "Squiggles" span 25 months from February to February.
** Time-weighted average of analysts’ consensus estimates for S&P 500 operating earnings per share for current year and next year.
*** Actual 4Q sum from I/B/E/S.

Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: I/B/E/S data by Refinitiv.
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(I/B/E/S data)
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Source: I/B/E/S data by Refinitiv.

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(percent, three-month basis)

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Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: I/B/E/S data by Refinitiv.
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- Forward* (167.2)

* Time-weighted average of consensus estimates for current year and next year. Monthly through March 1994, then weekly.
** Actual 4Q sum from S&P until Q4-1993, then from I/B/E/S.

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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  (pushed 52-weeks ahead)

* Time-weighted average of consensus estimates for current year and next year. Monthly through March 1994, then weekly.
** Actual 4Q sum from S&P until Q4-1993, then from I/B/E/S.
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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* Implied price index calculated using forward earnings times forward P/Es.
Source: Standard & Poor’s and I/B/E/S data by Refinitiv.

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* Implied price index calculated using forward earnings times forward P/Es.
Source: Standard & Poor’s and I/B/E/S data by Refinitiv.
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* Q4-2008 not shown because of large negative value.
Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Standard & Poor's.

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Note: Shaded areas are recessions according to the National Bureau of Economic Research.
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(billion dollars, saar)

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(billion dollars, saar)

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- From Current Production**

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(annualized, nsa)
- Reported (S&P data)
- Operating (S&P data)

* Excluding Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (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.
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* Annualized and seasonally adjusted. Including Inventory Valuation Adjustment and Capital Consumption Adjustment. 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.

** Annualized and not seasonally adjusted. Q4-2008 not shown because of large negative value.

Source: Bureau of Economic Analysis and Standard & Poor’s.

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(trillion dollars, ratio scale)

- Nominal GNP (saar)
- Business Sales of Goods (saar)*
- S&P 500 Aggregate Revenues (x 4, nsa)**

* Manufacturing and trade sales.
** Revenues are derived by multiplying S&P 500 revenues per share by the S&P 500 divisor for each quarter.
Source: Bureau of the Census, Bureau of Economic Analysis, and Standard & Poor’s.

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S&P 500 AGGREGATE REVENUES
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- S&P 500 Revenues* / Business Sales**
- S&P 500 Revenues* / Nominal GNP

* Revenues are derived by multiplying S&P 500 revenues per share by the S&P 500 divisor for each quarter.
** Manufacturing and trade sales.
Source: Bureau of the Census, Bureau of Economic Analysis, and Standard & Poor’s.
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(Q4-1949=100, ratio scale)

7% Growth Path*
Nominal GNP
After-Tax Corporate Profits
Reported to IRS
From Current Production**

* Compounded monthly to yield 7% annually.
** Including Inventory Valuation Adjustment and Capital Consumption Adjustment, which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.
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(dollars, ratio scale)

S&P 500 Earnings Per Share
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(4-quarter sum)
Operating**
(4-quarter sum)
Forward***

* Compounded monthly to yield 5% and 7% annually.
** Excluding write-offs. Thomson Reuters data.
*** S&P 500 12-month forward consensus expected operating earnings per share. Time-weighted average of consensus estimates for current year and next year.
Source: Standard & Poor’s and Thomson Reuters I/B/E/S.
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* Q4-2008 not shown because of large negative value.
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- S&P 500 Aggregate Revenues*
- Nominal GNP

* Revenues are derived by multiplying S&P 500 revenues per share by the S&P 500 divisor for each quarter.
Source: Bureau of Economic Analysis and Standard & Poor’s.

S&P 500 AGGREGATE REVENUES & US BUSINESS SALES OF GOODS
(yearly percent change)

- S&P 500 Aggregate Revenues*
- Business Sales of Goods**

* Revenues are derived by multiplying S&P 500 revenues per share by the S&P 500 divisor for each quarter.
** Manufacturing and trade sales.
Source: Bureau of the Census and Standard & Poor’s.
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Note: Shaded areas denote recessions according to the National Bureau of Economic Research.

Source: Standard & Poor’s and Bureau of Economic Analysis.
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* After-tax profits as reported to IRS excluding Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (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 GNP.

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

Source: Bureau of Economic Analysis.

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(percent)

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52-week Forward*
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S&P (Trailing 4Q)

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Source: Standard & Poor’s (for actual revenues) and Thomson Reuters I/B/E/S (for forward revenues).

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(dollars)

Earnings Per Share
Thomson Reuters Operating
(Trailing 4Q)
S&P Operating
(Trailing 4Q)
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*** Corporate capital consumption allowances with capital consumption adjustment.

Source: Bureau of Economic Analysis.

**Figure 42.**

CAPITAL CONSUMPTION ADJUSTMENT*
(billion dollars, saar)

* This adjustment is used to restate the historical cost basis used in profits tax accounting for depreciation to the current cost measures used in GDP.

Source: Bureau of Economic Analysis.
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Source: Bureau of Economic Analysis and Flow of Funds Accounts.

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- Nonfinancial Corporate Capital Expenditures*
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Source: Flow of Funds Accounts.

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(billion dollars, 4-quarter sum)

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* Gross fixed investment less consumption of fixed capital plus the capital consumption adjustment.

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Source: Flow of Funds Accounts.

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S&P 500 DIVIDENDS & BUYBACKS
(billion dollars, annualized)

Source: Standard & Poor’s.
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