

Topical Study #6: Updated Charts

Yardeni Research, Inc.

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Dr. Edward Yardeni

516-972-7683
eyardeni@yardeni.com

Mali Quintana

480-664-1333
aquintana@yardeni.com

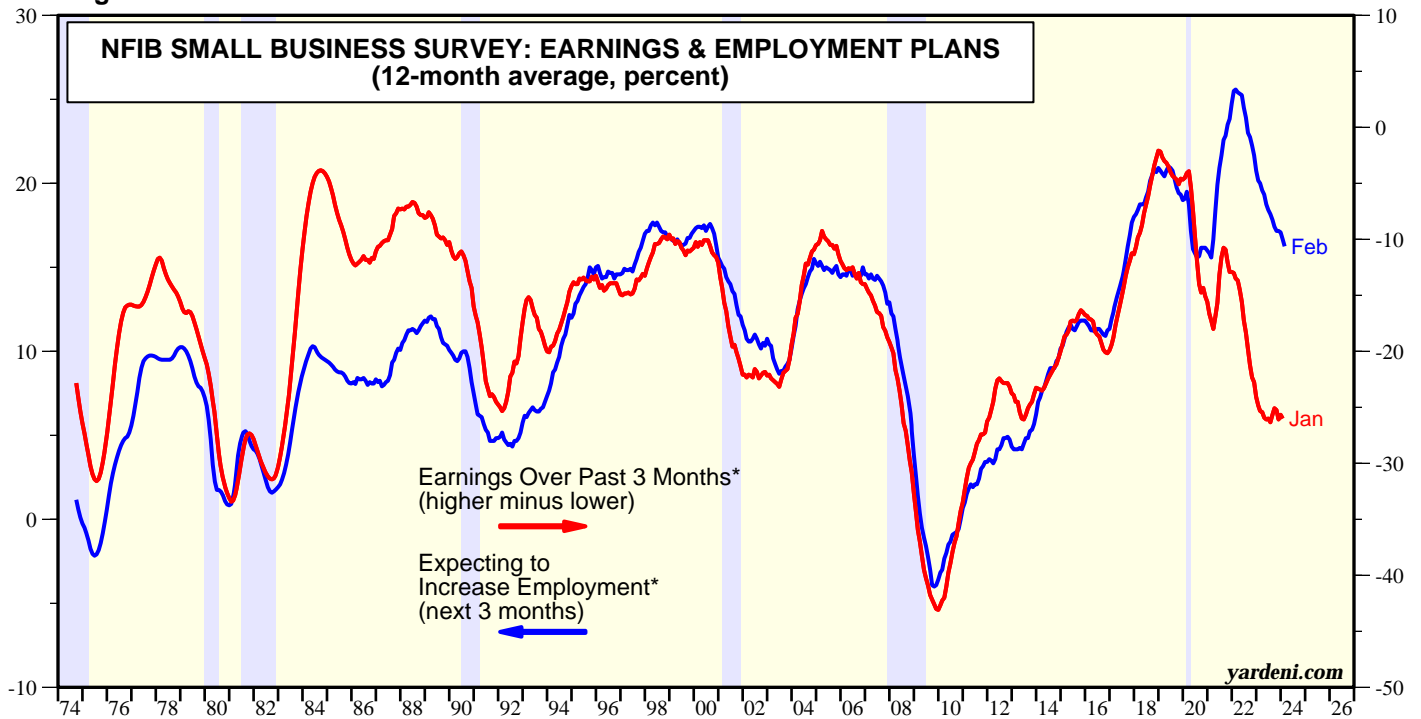
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thinking outside the box

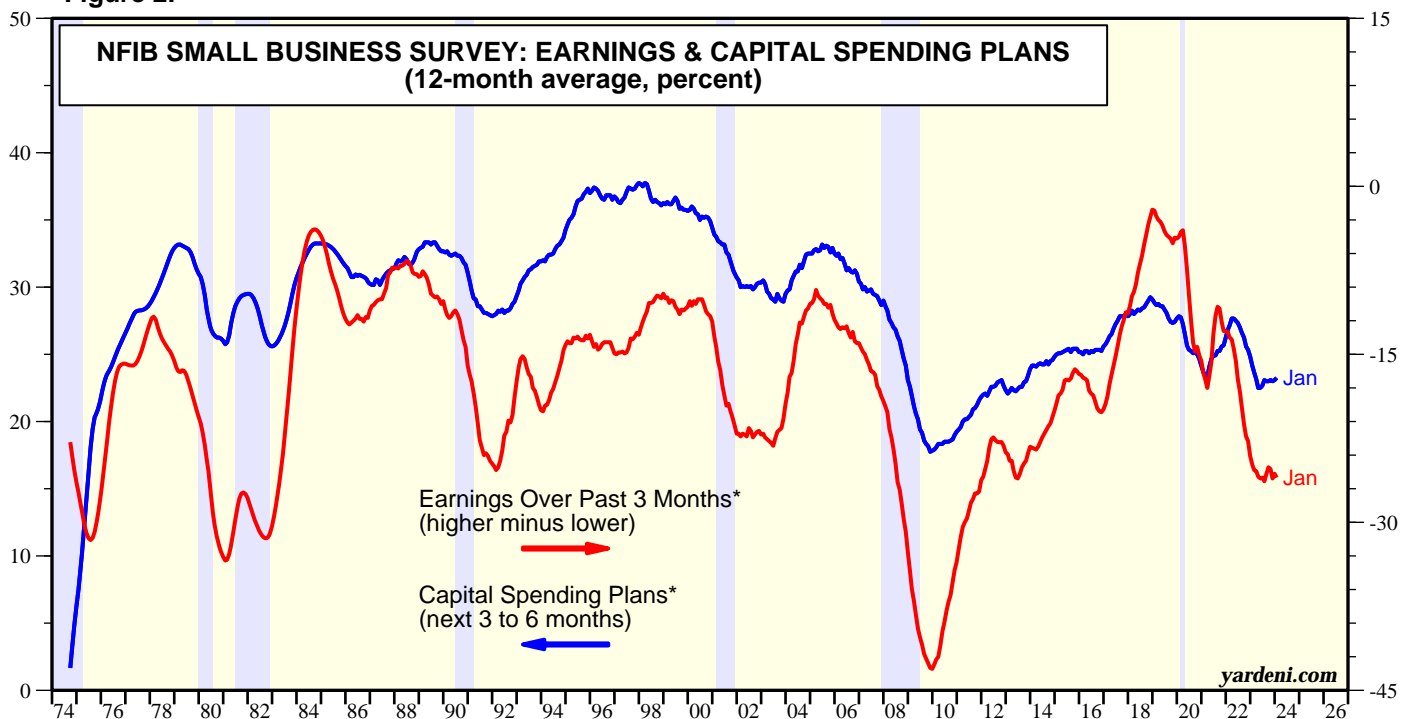
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Figure 1.



* First month of every quarter from 1974 to 1986, then 12-month average.
 Note: Shaded areas are recessions according to the National Bureau of Economic Research.
 Source: National Federation of Independent Business.

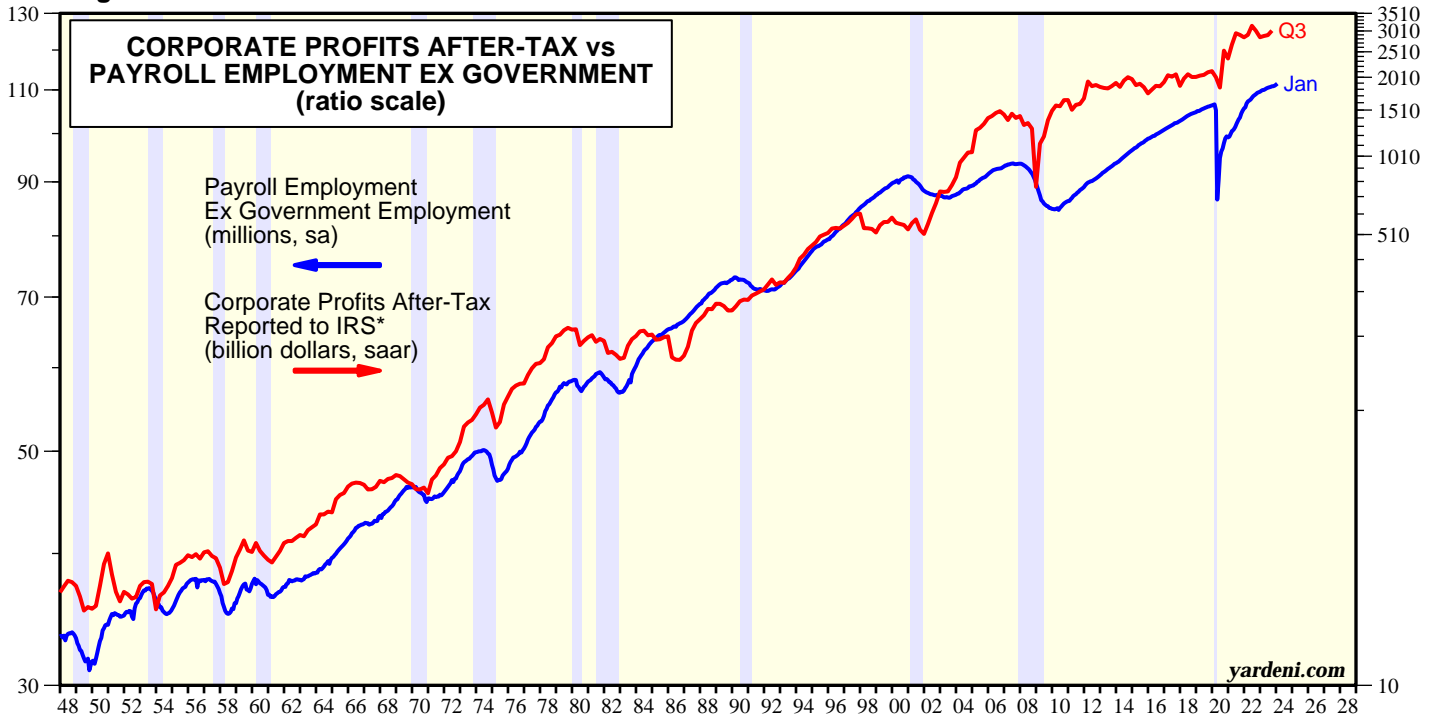
Figure 2.



* First month of every quarter from 1974 to 1986, then 12-month average.
 Note: Shaded areas are recessions according to the National Bureau of Economic Research.
 Source: National Federation of Independent Business.

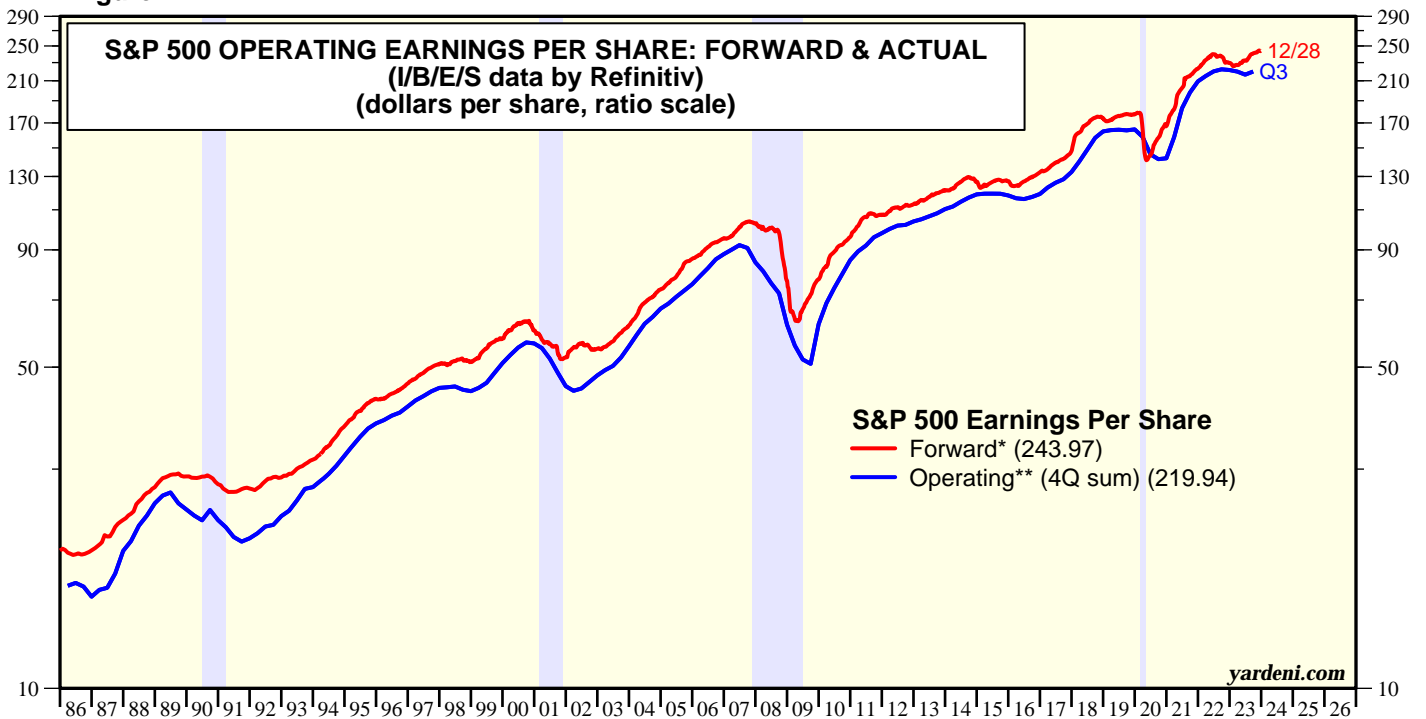
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Figure 3.



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

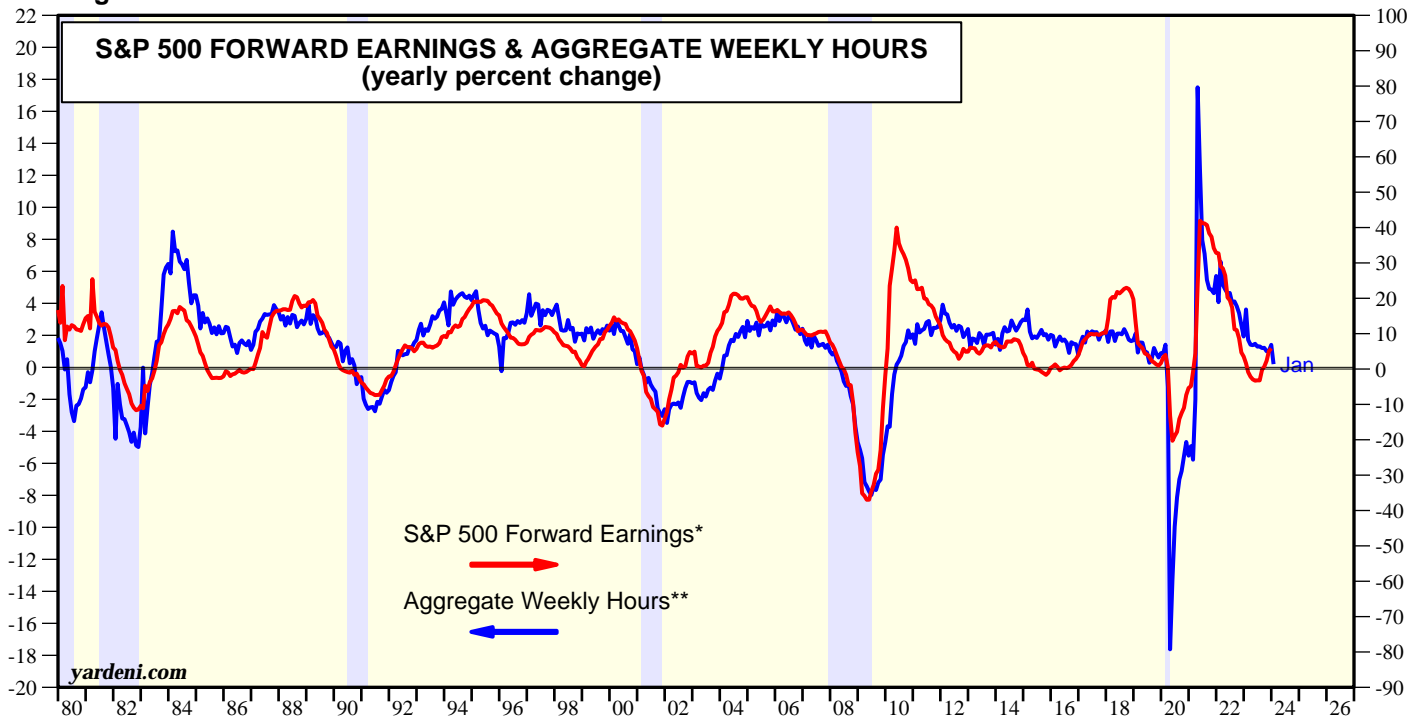
Figure 4.



* Time-weighted average of consensus operating earnings estimates for current and next year. Monthly through March 1994, then weekly.
 ** From S&P until Q4-1993, then from I/B/E/S data by Refinitiv.
 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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Figure 5.



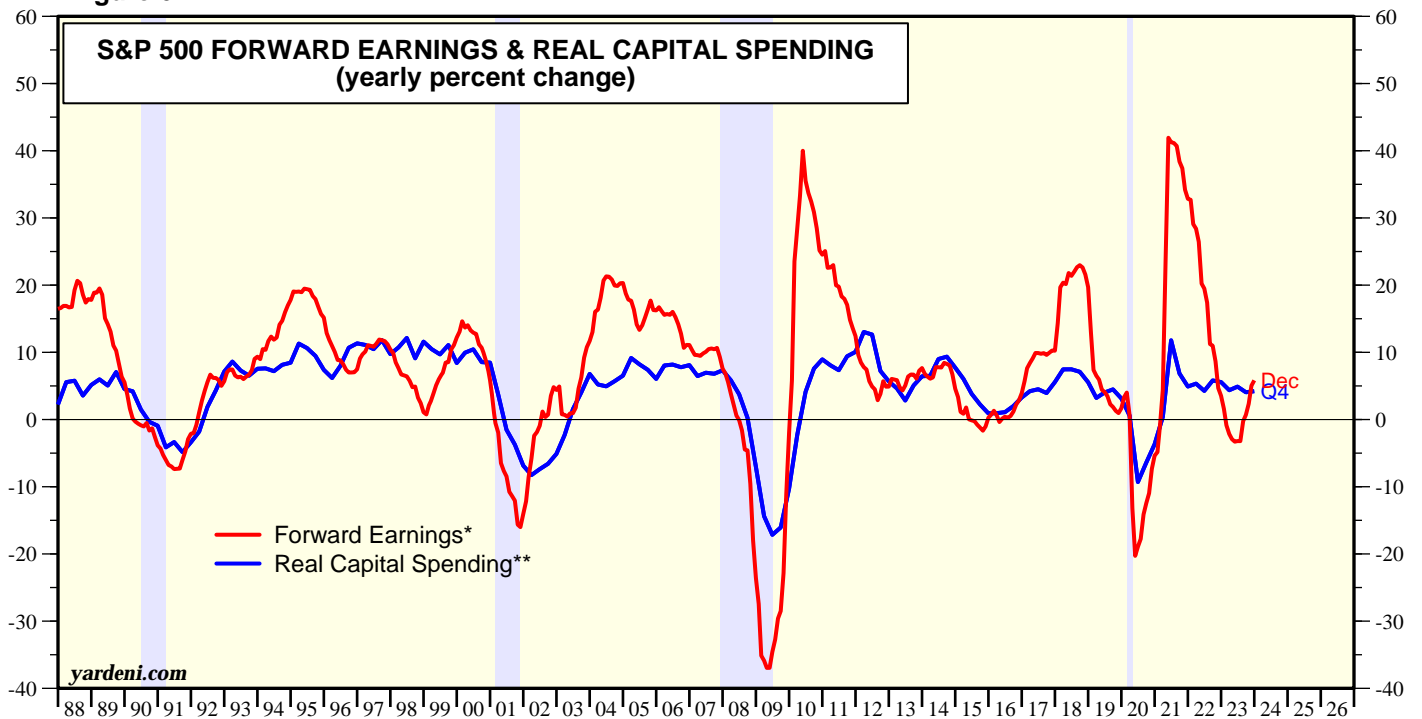
* Time-weighted average of consensus operating earnings estimates for current year and next year.

** Production and nonsupervisory employees.

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

Source: Bureau of Labor Statistics and Thomson Reuters I/B/E/S.

Figure 6.



* Time-weighted average of consensus operating earnings estimates for current and next year. Monthly through March 1994, weekly thereafter.

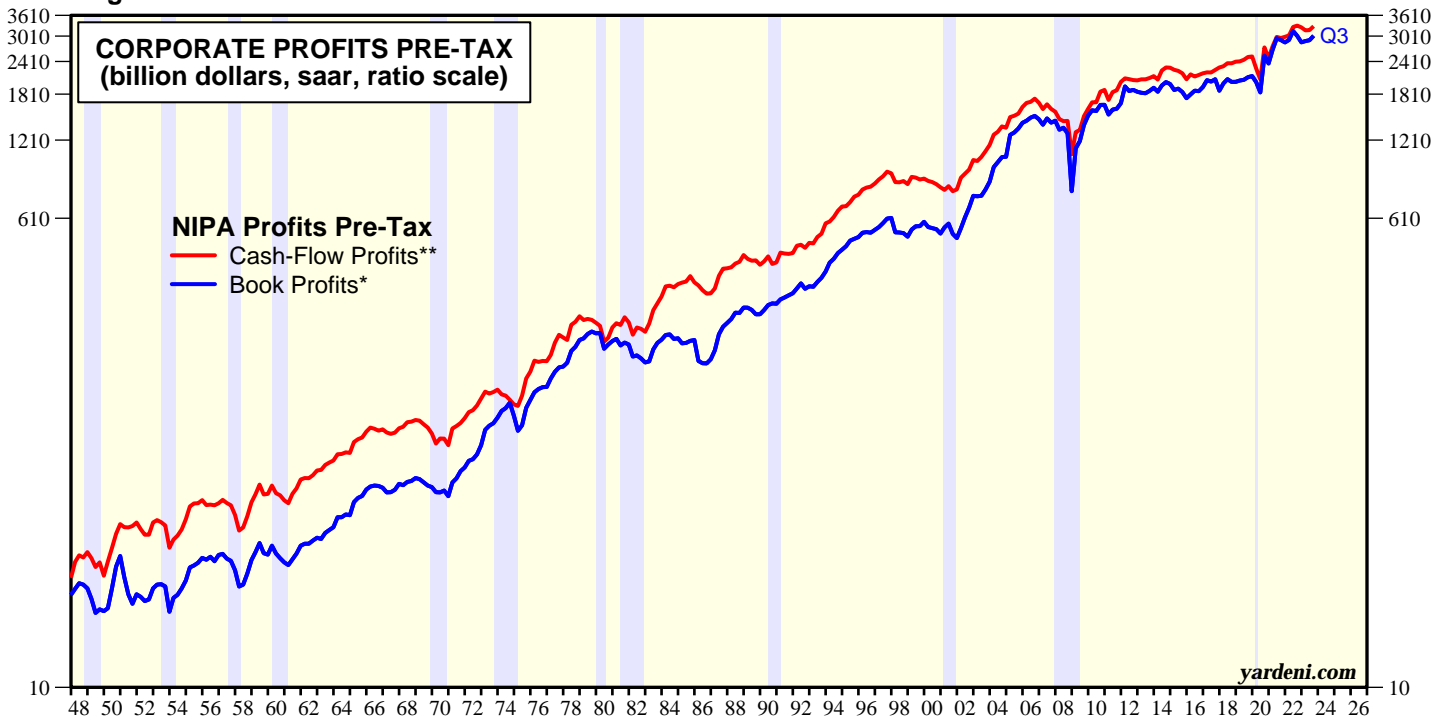
** Nonresidential fixed investment in real GDP.

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

Source: Bureau of Economic Analysis and Thomson Reuters I/B/E/S.

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Figure 7.



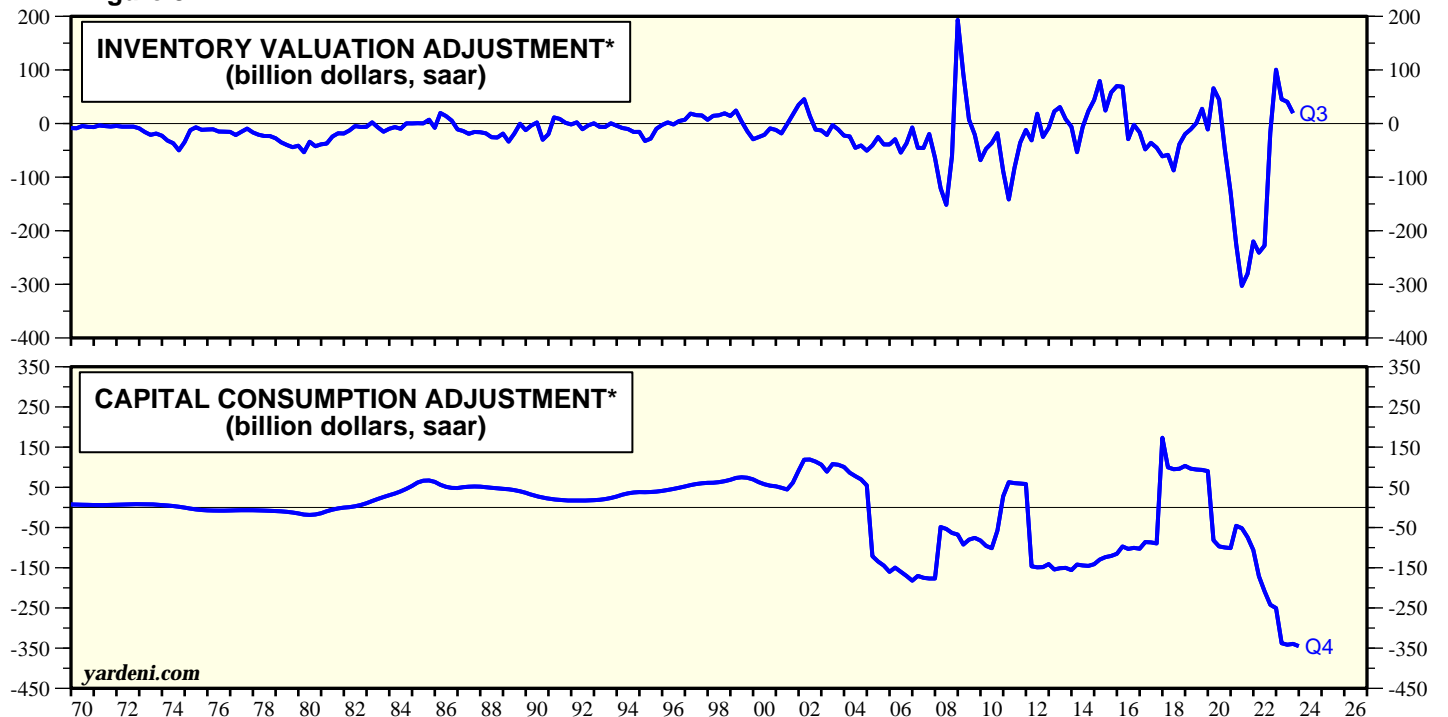
* Tax-accounting basis as reported to IRS.

** Book profits 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 areas are recessions according to the National Bureau of Economic Research.

Source: Bureau of Economic Analysis.

Figure 8.

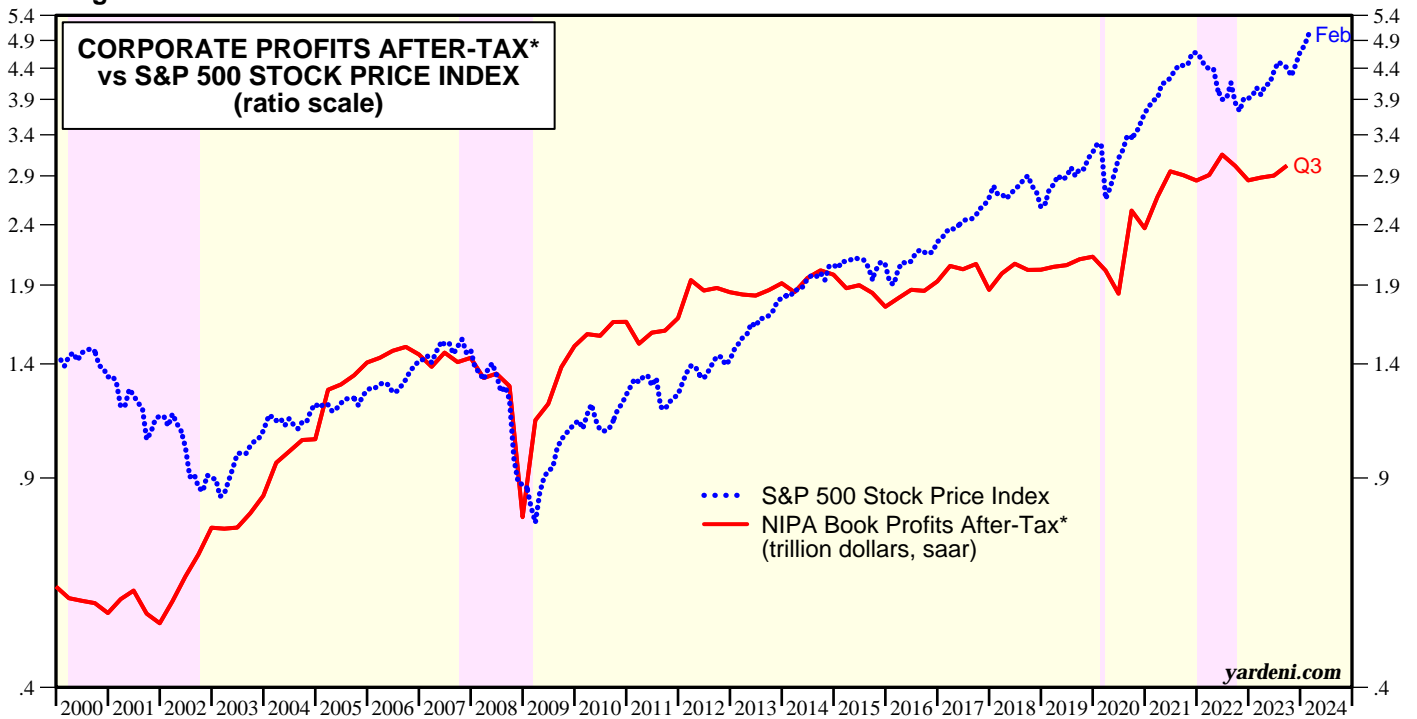


* Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj) are used to restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

Source: Bureau of Economic Analysis.

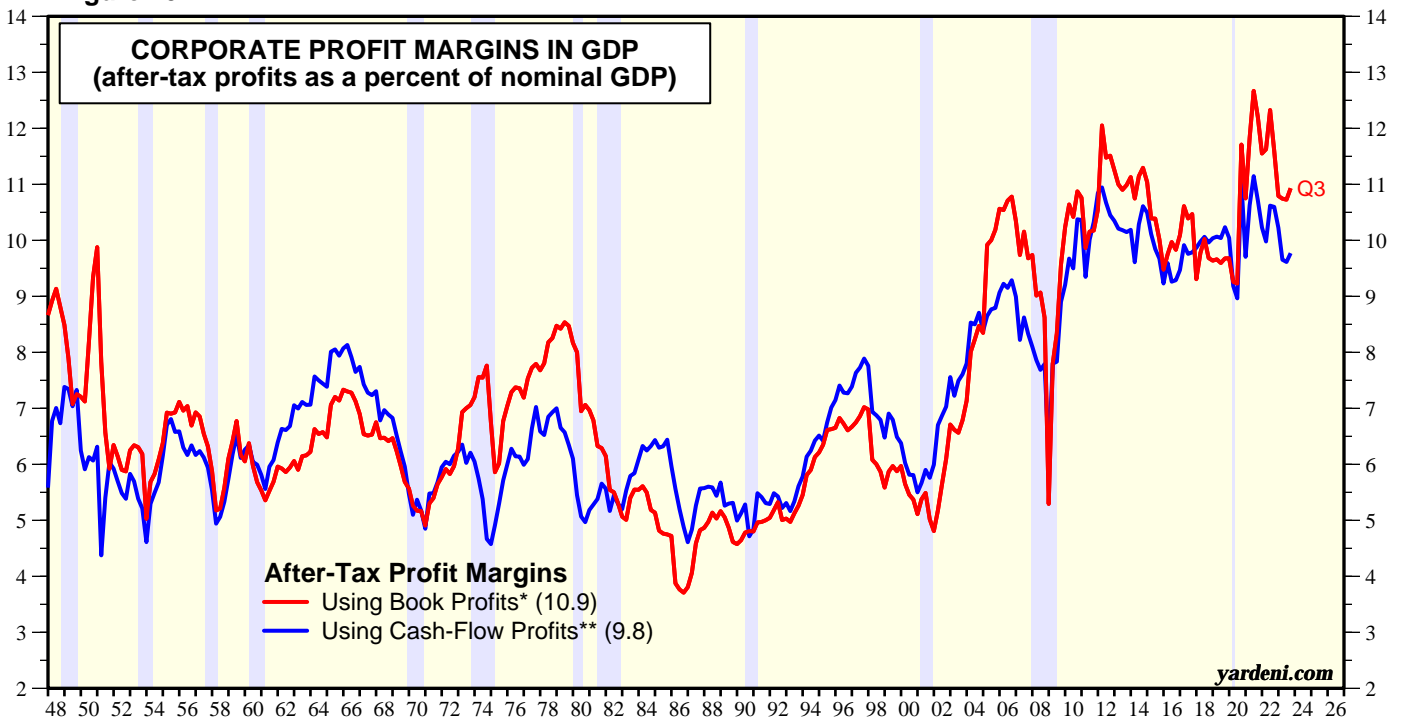
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Figure 9.



* After-tax book profits on tax-accounting basis as reported to IRS.
 Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: Bureau of Economic Analysis and Standard & Poor's.

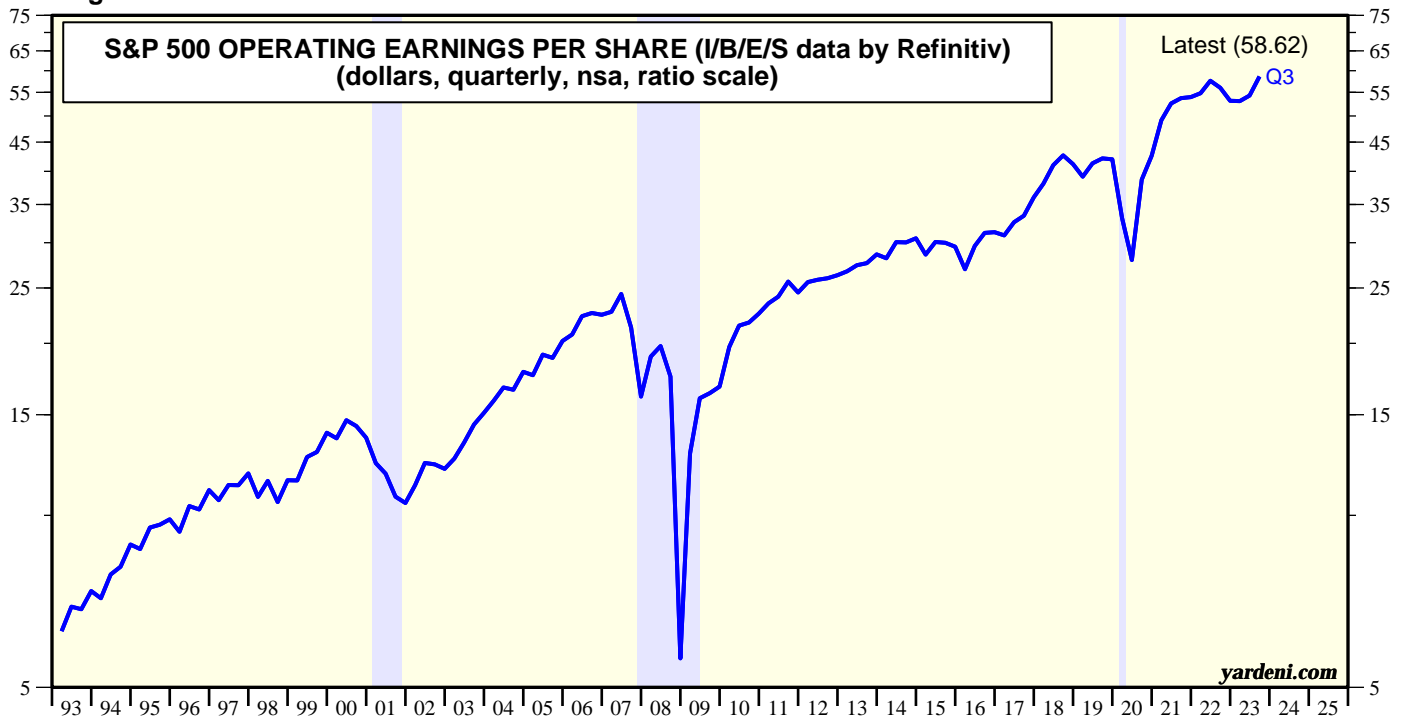
Figure 10.



* Tax-accounting basis as reported to IRS.
 ** Book profits including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAAdj), 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 areas are recessions according to the National Bureau of Economic Research.
 Source: Bureau of Economic Analysis.

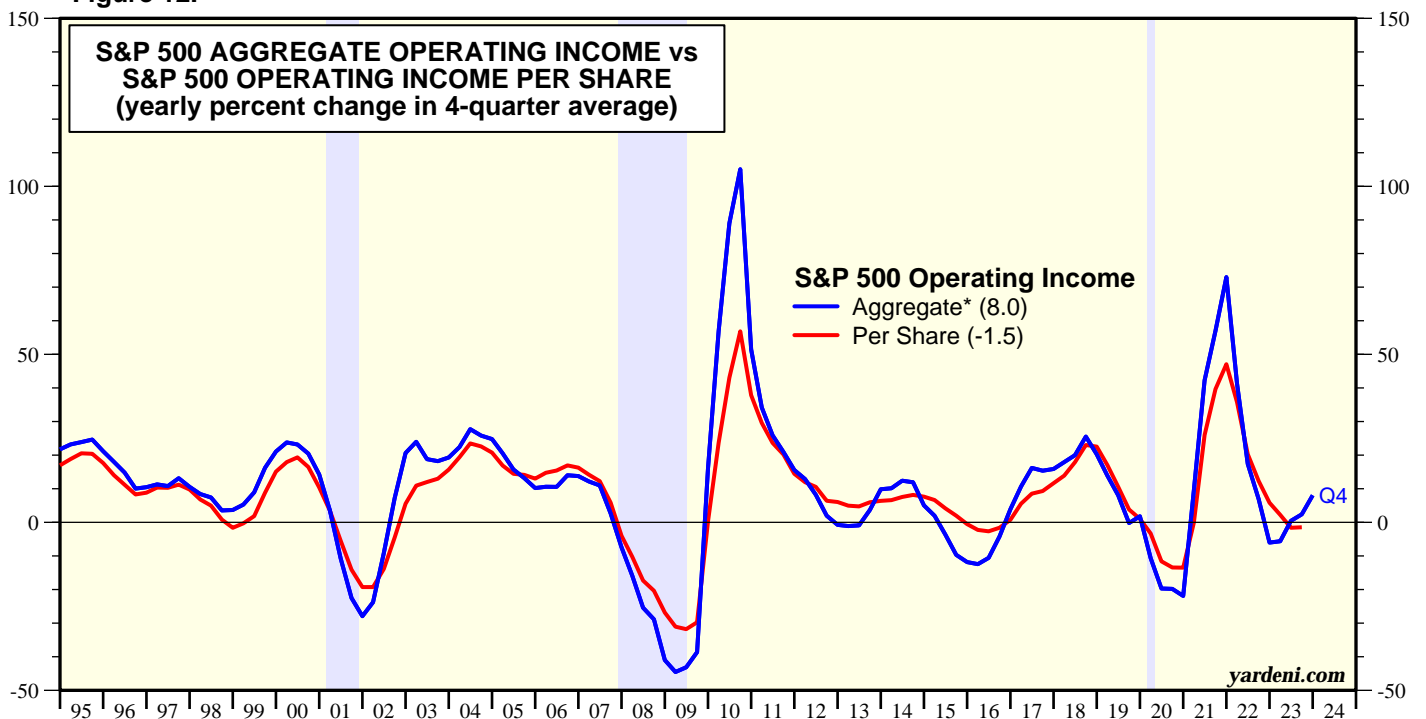
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Figure 11.



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

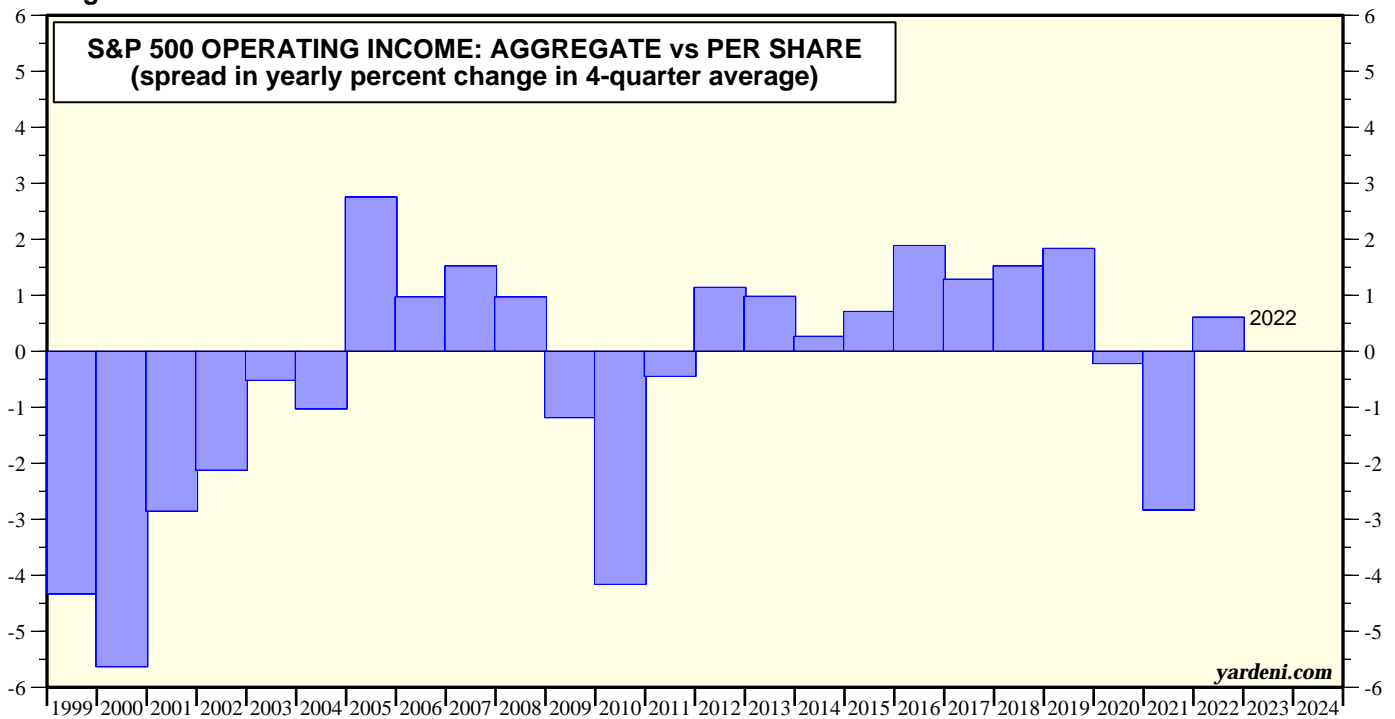
Figure 12.



* Aggregate earnings is derived by multiplying S&P 500 earnings per share by the S&P 500 divisor for each quarter.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: I/B/E/S data by Refinitiv and Standard & Poor's.

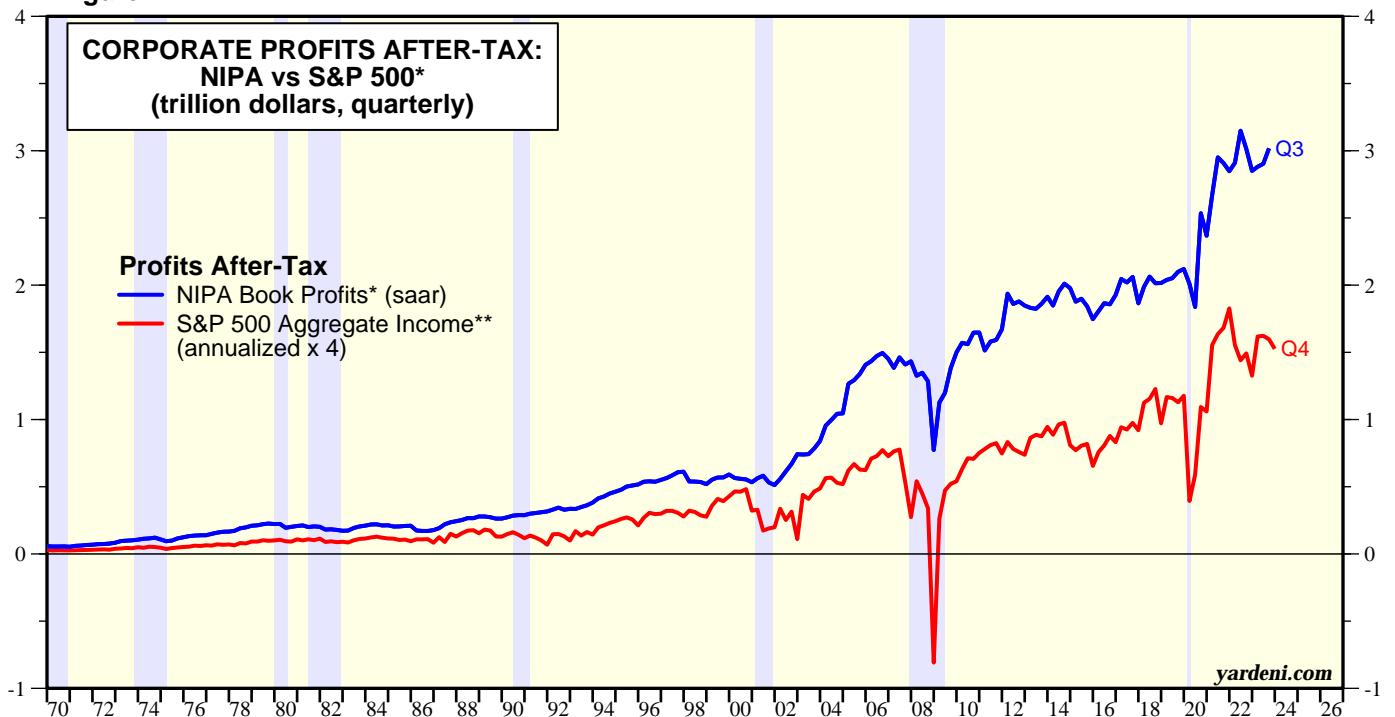
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Figure 13.



Source: I/B/E/S data by Refinitiv and Standard & Poor's.

Figure 14.



* Tax-accounting basis as reported to IRS.

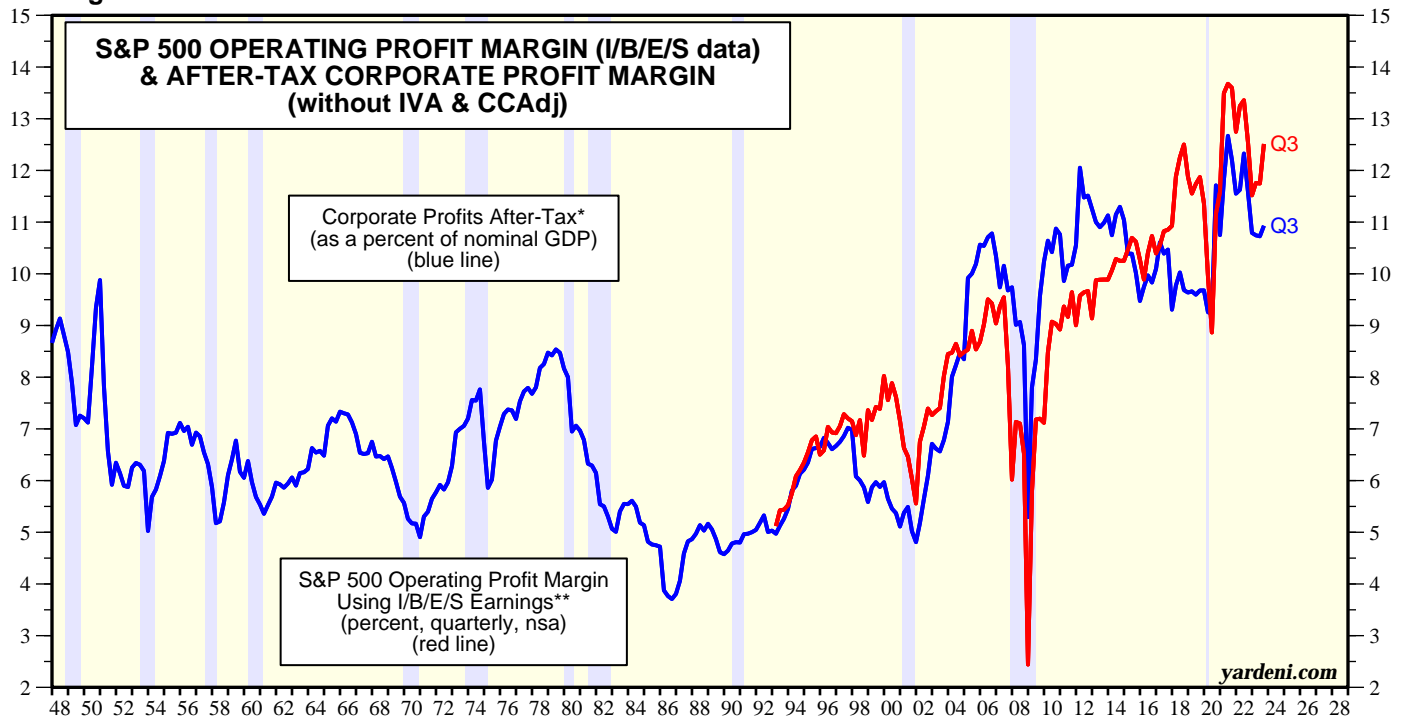
** After-tax reported earnings. Financial-accounting basis as reported to shareholders, credit agencies, and the SEC. Aggregate earnings is derived by multiplying S&P 500 earnings per share by the S&P 500 divisor for each quarter.

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

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

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Figure 15.



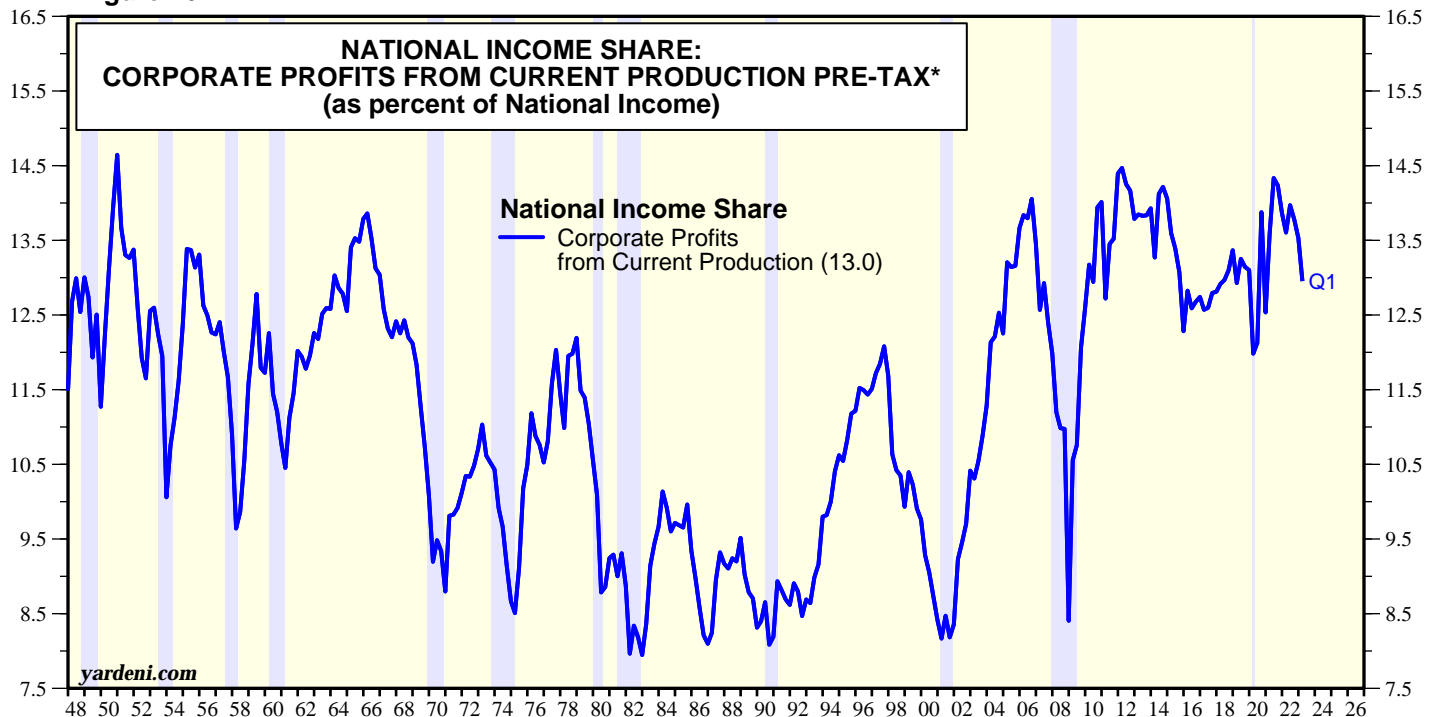
* After-tax profits as reported to IRS excluding Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

** Operating Profit Margin derived using revenues from S&P and earnings from I/B/E/S data by Refinitiv.

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

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

Figure 16.



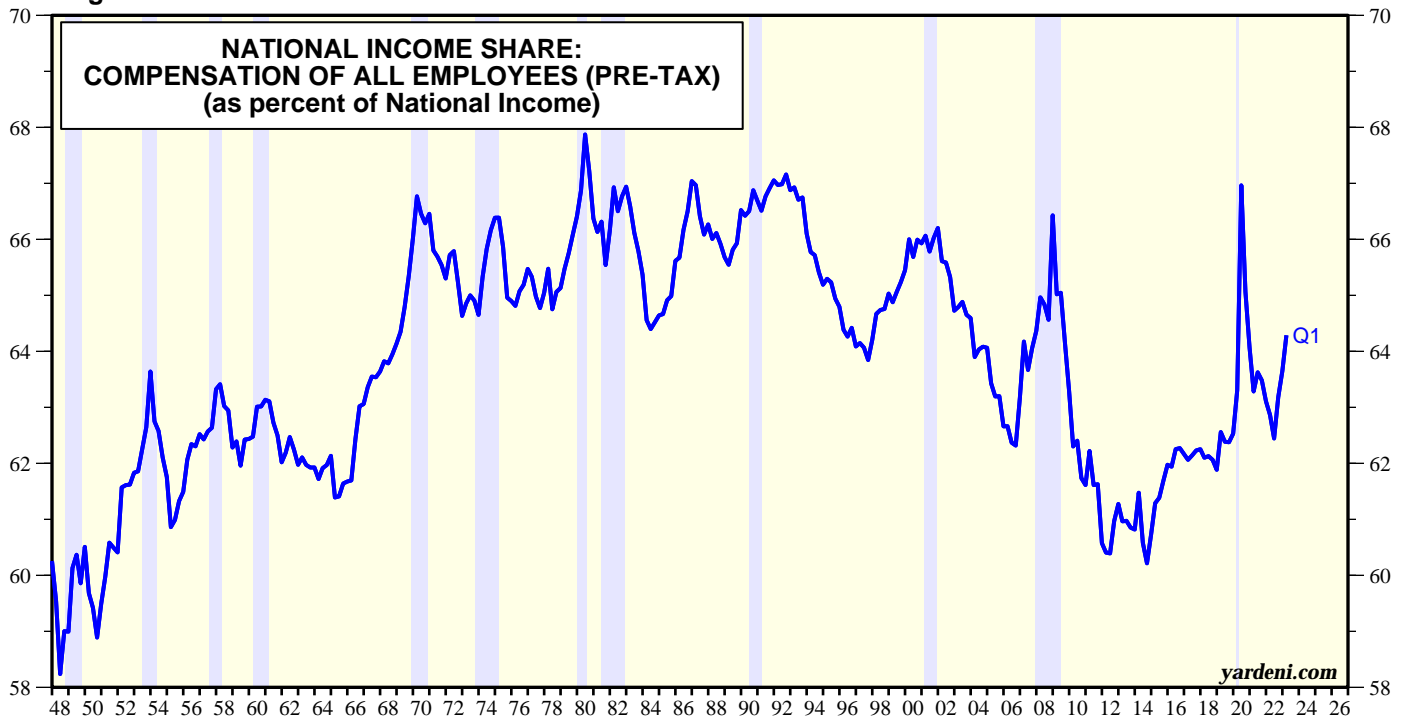
* Book profits including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

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

Source: Bureau of Economic Analysis.

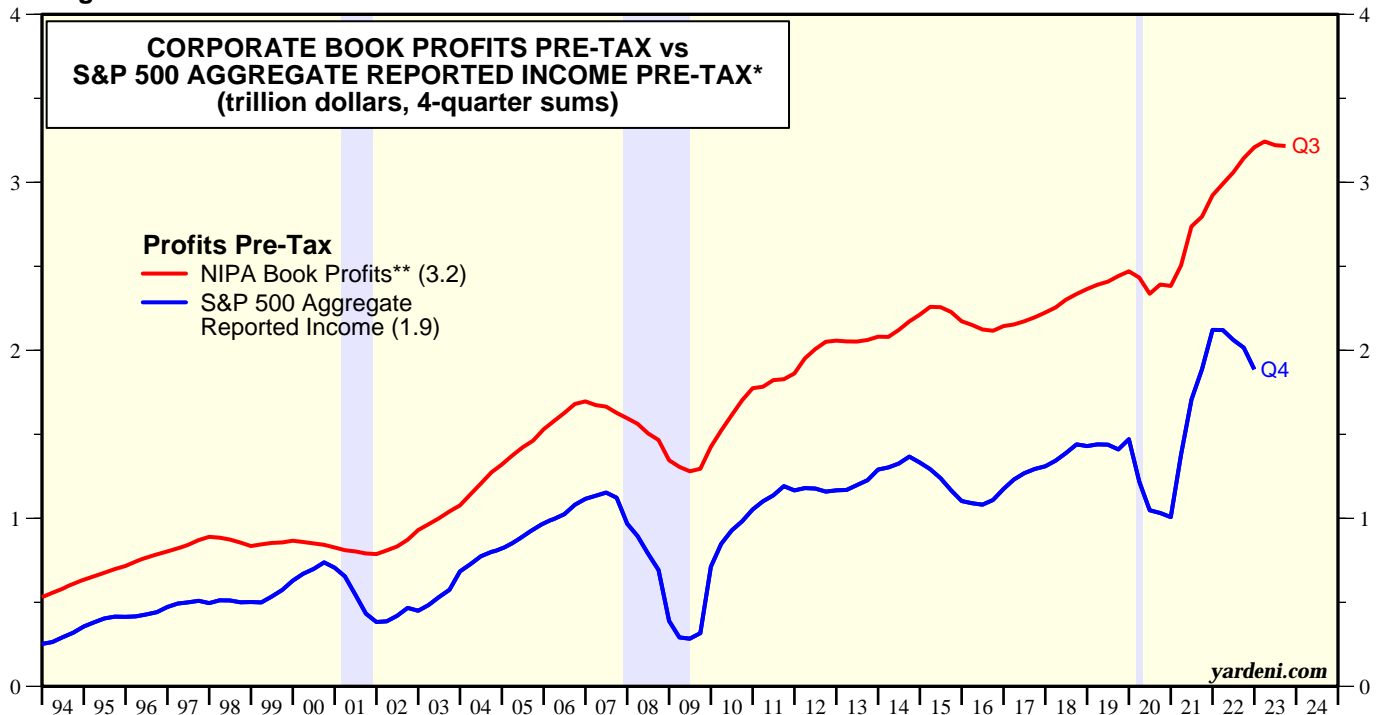
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Figure 17.



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

Figure 18.



* Using four-quarter sums of both S&P 500 aggregate reported net income and corporate pre-tax book profits.

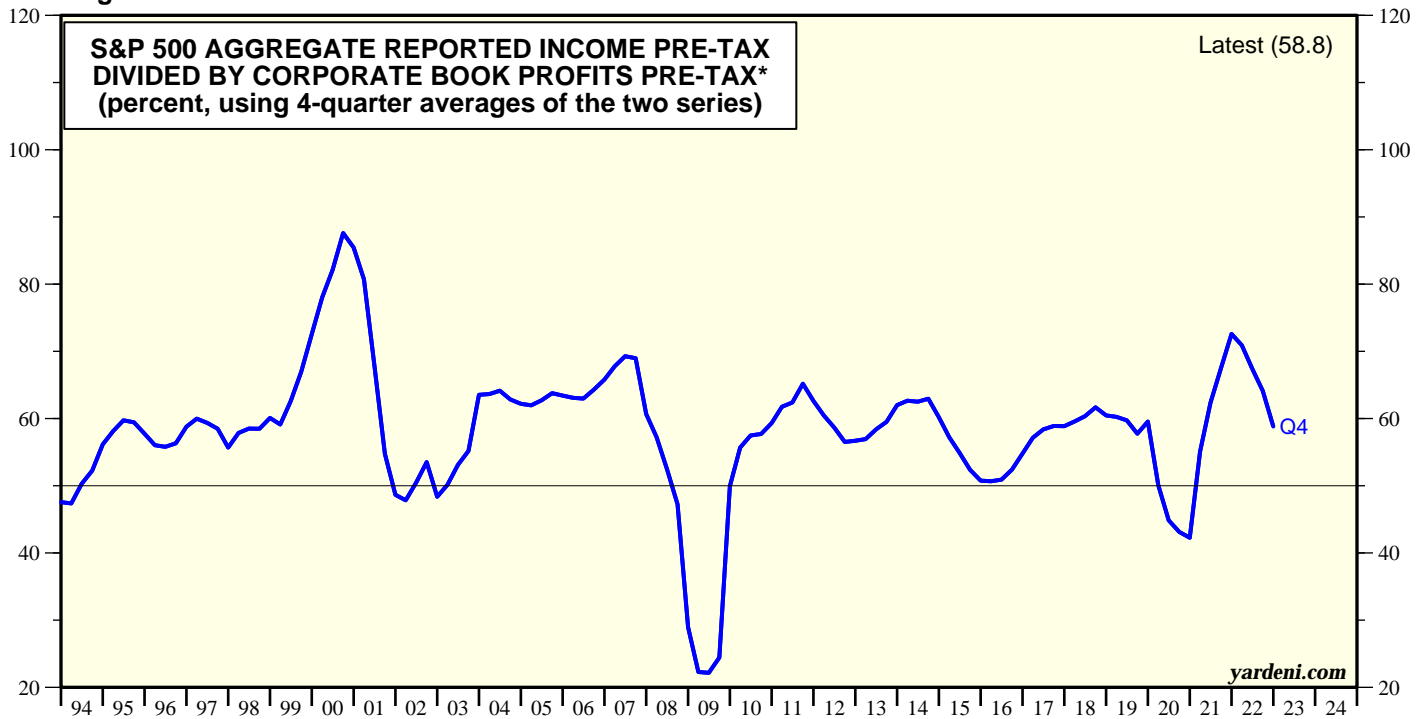
** Excluding Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

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

Source: Bureau of Economic Analysis and S&P Dow Jones Indices.

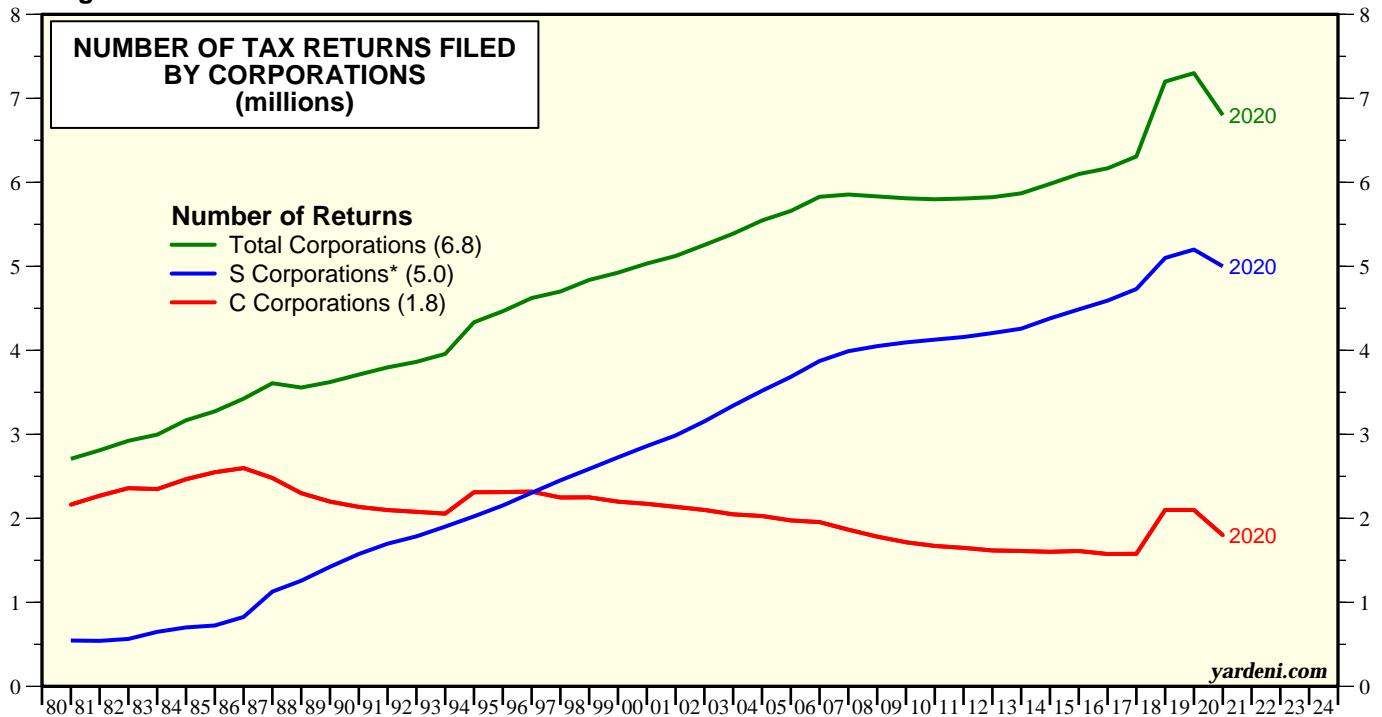
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Figure 19.



* 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: Bureau of Economic Analysis and S&P Dow Jones Indices.

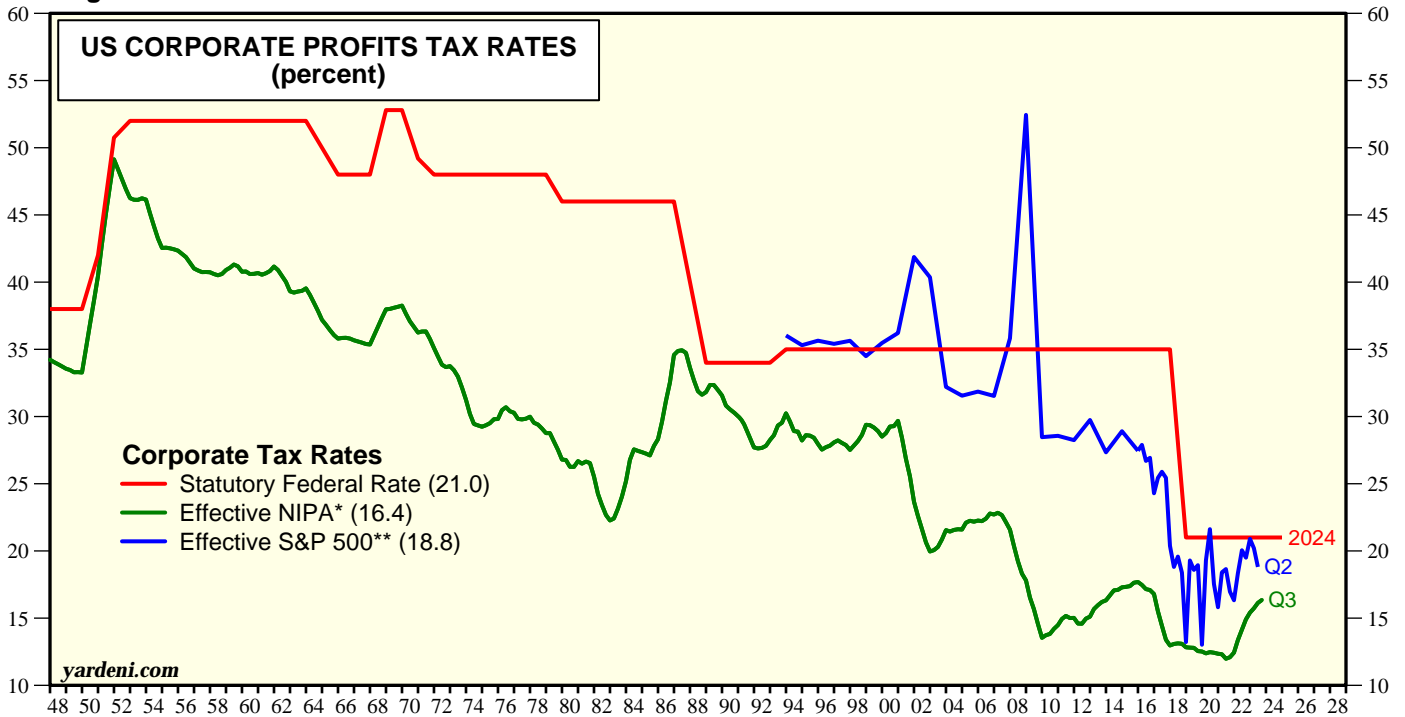
Figure 20.



* S corporations do not pay corporate taxes. Instead, their profits are paid and taxed as dividends to their shareholders.
Source: Internal Revenue Service.

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Figure 21.



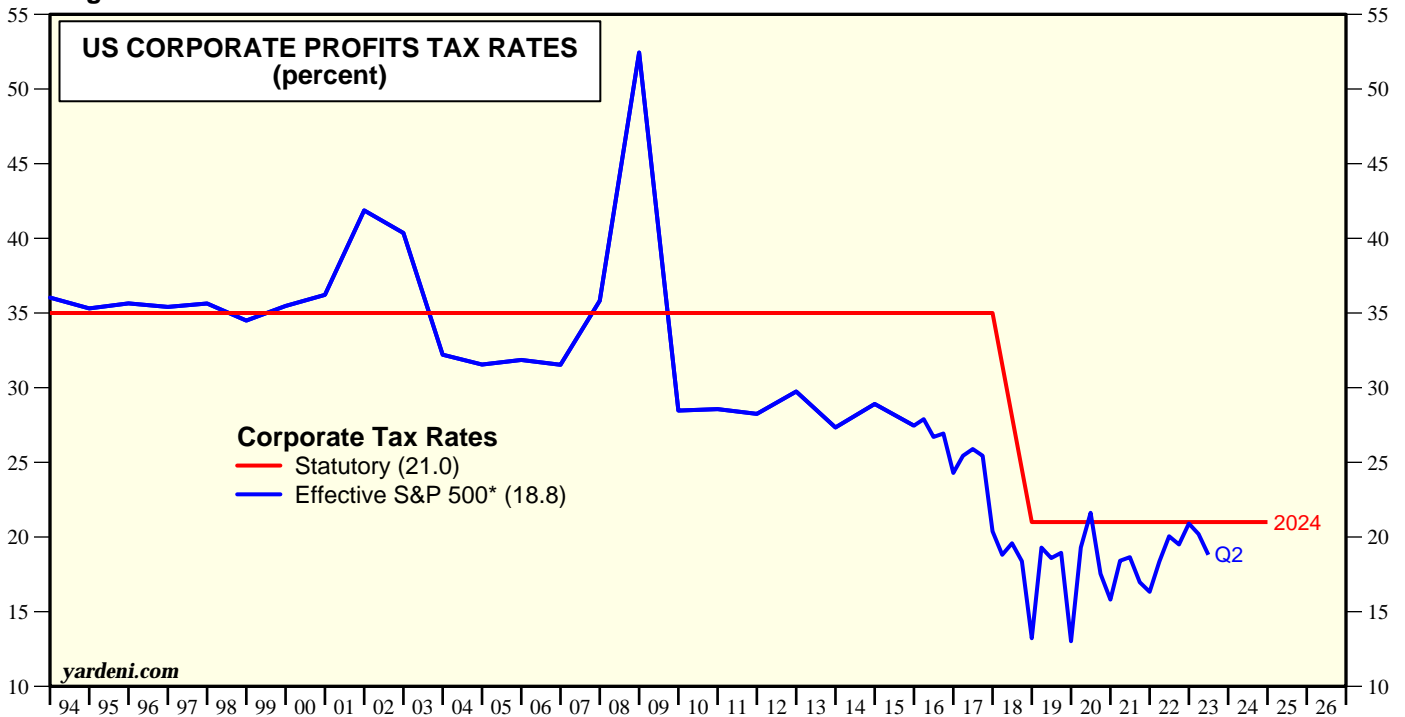
* Pretax profits reported to the IRS minus after-tax corporate profits divided by pretax profits. Using four-quarter averages.

Pre-tax profits includes the profits of S corporations, which are taxed as personal income. Includes "profits" of the Federal Reserve System, which are sent back to the US Treasury. After-tax profits reflects taxes paid to all domestic and foreign taxing agencies.

** Includes US federal taxes and taxes collected by other domestic and foreign taxing authorities. Derived from S&P Analyst Handbook, where tax rate is income tax as percentage of pre-tax income.

Source: Bureau of Economic Analysis and US Treasury.

Figure 22.

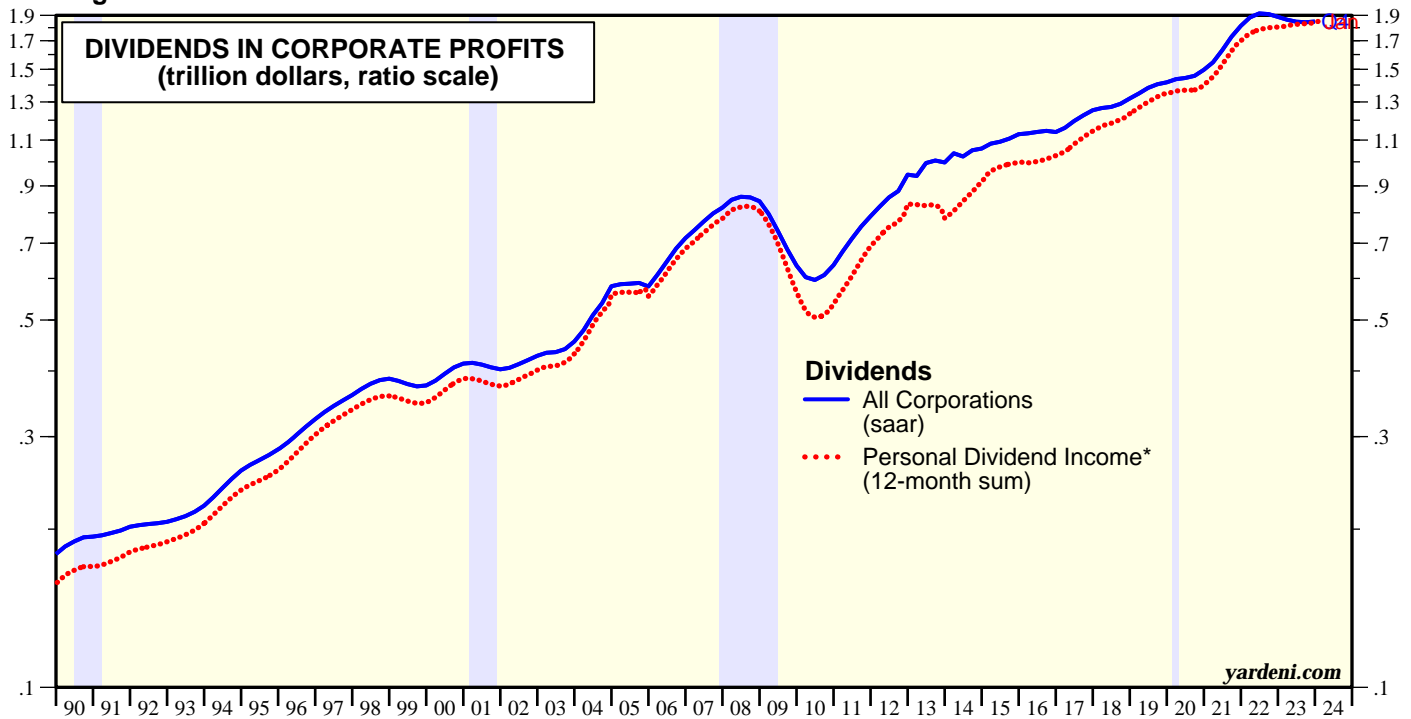


* Includes US federal taxes and taxes collected by other domestic and foreign taxing authorities. Derived from S&P Analyst Handbook, where tax rate is income tax as percentage of pre-tax income.

Source: Internal Revenue Service and Standard & Poor's.

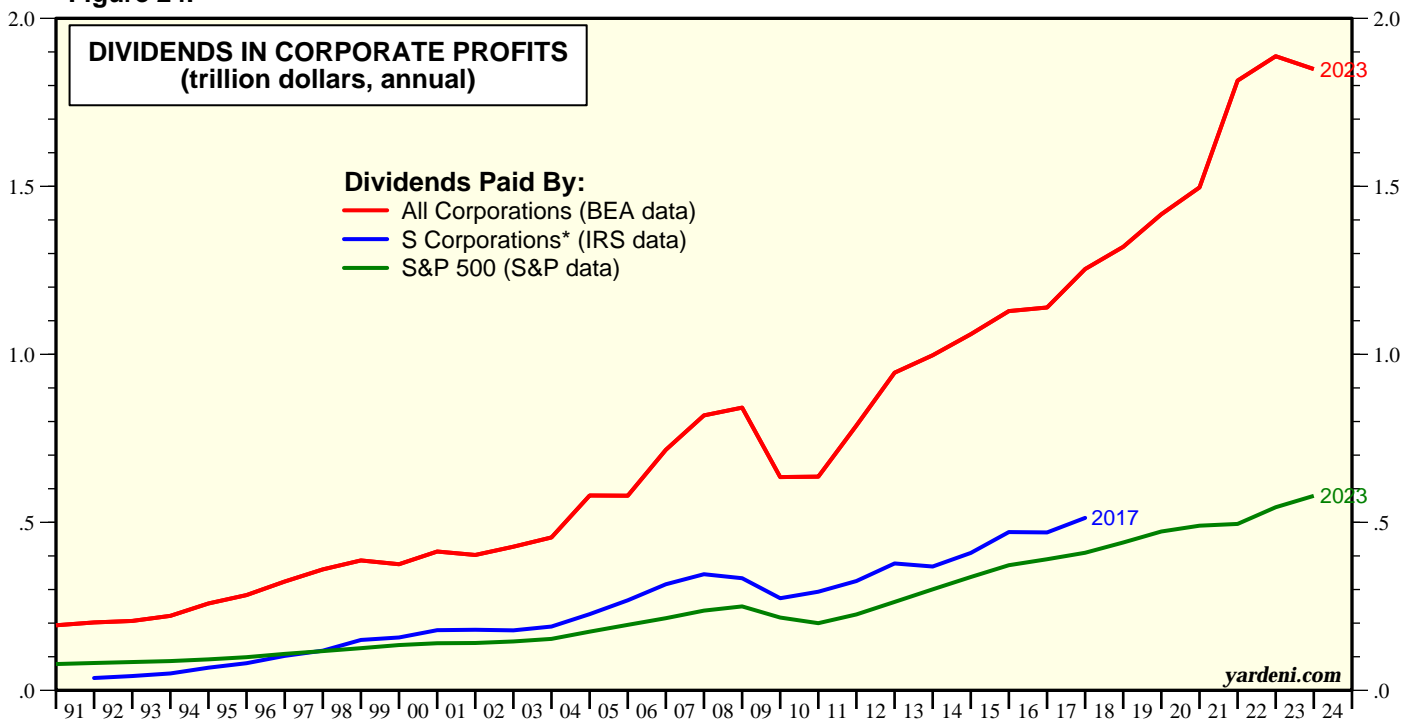
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Figure 23.



* Included in personal income.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bureau of Economic Analysis.

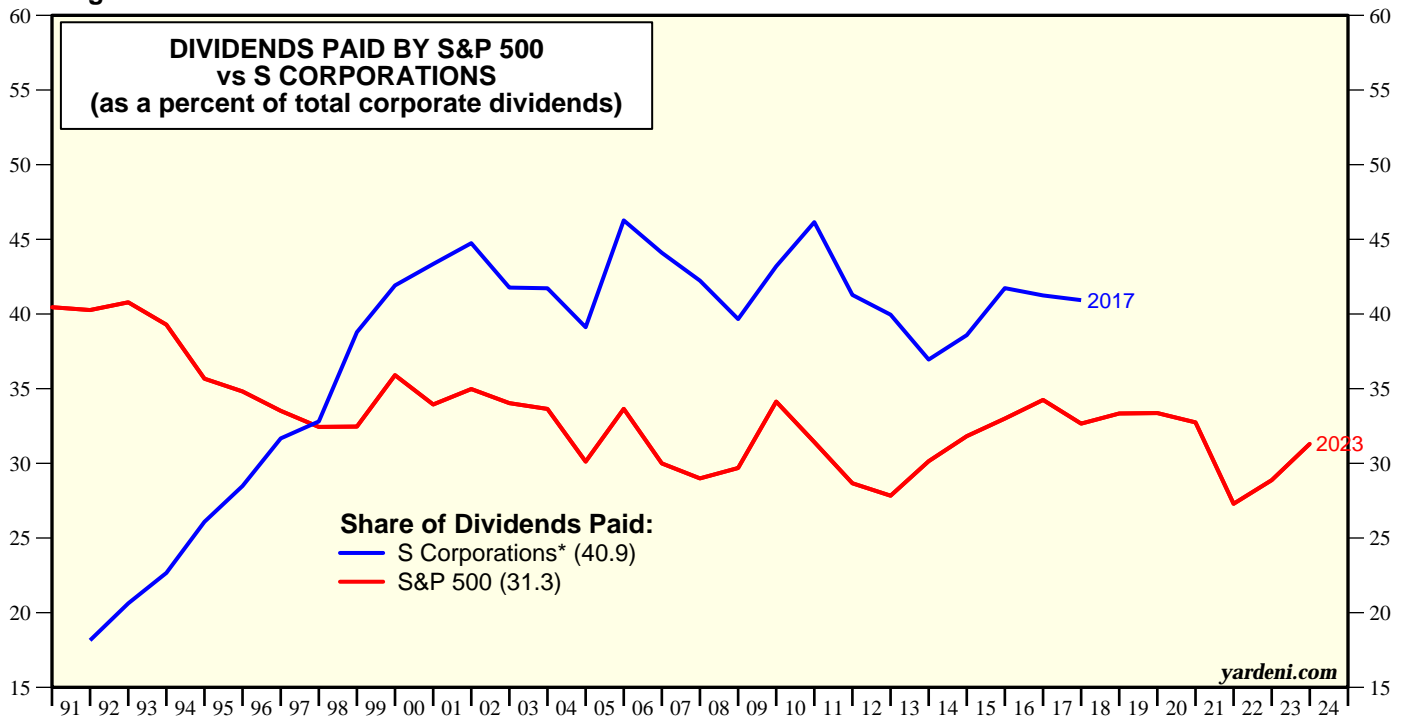
Figure 24.



* S corporations do not pay corporate taxes. Instead, their profits are paid and taxed as dividends to their shareholders.
Source: Bureau of Economic Analysis and IRS Statistics of Income.

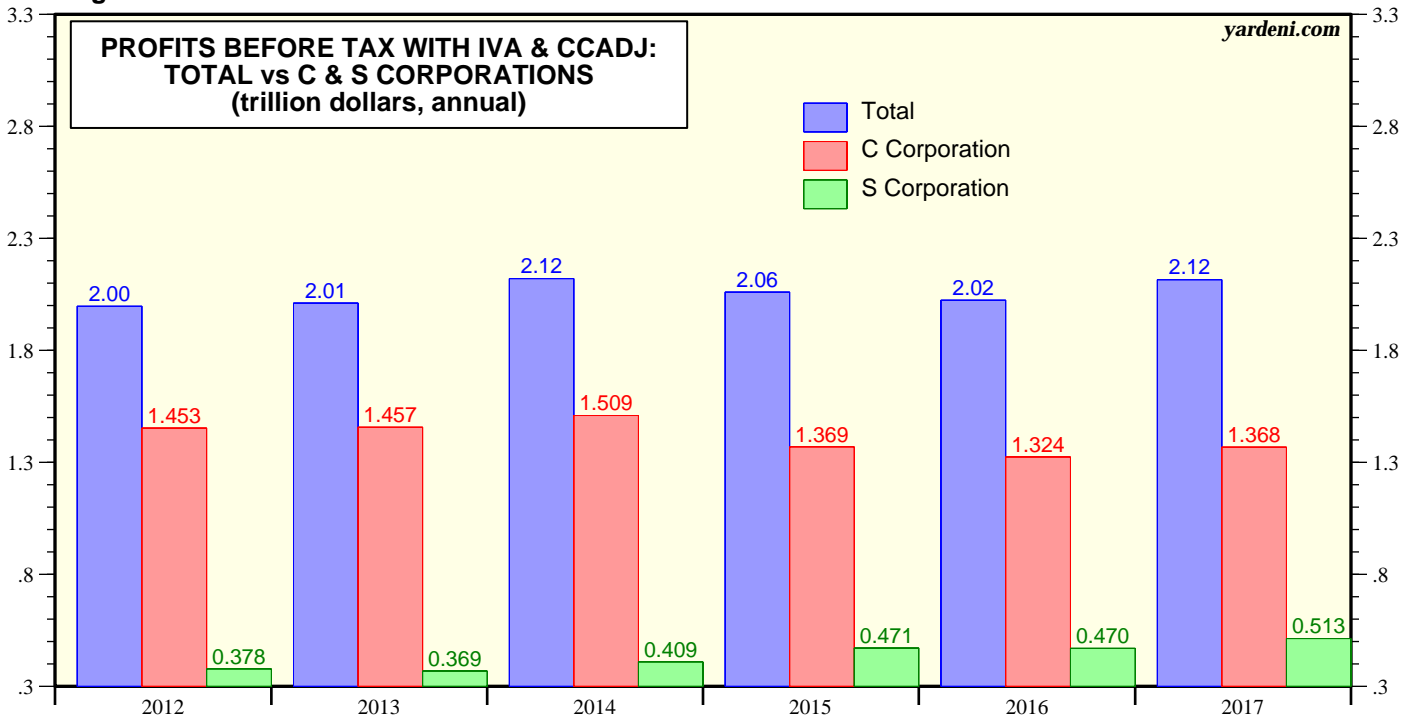
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Figure 25.



* S corporations do not pay corporate taxes. Instead, their profits are paid and taxed as dividends to their shareholders. Source: Bureau of Economic Analysis and IRS Statistics of Income.

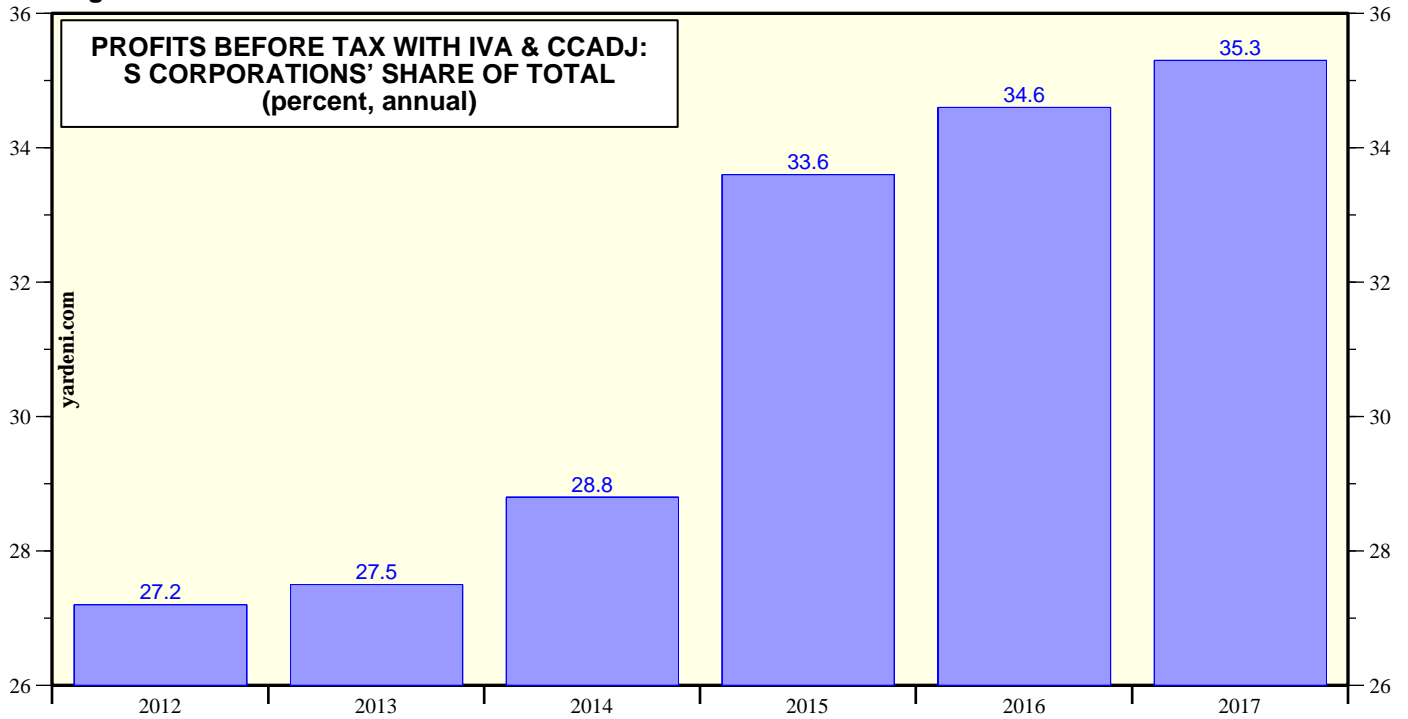
Figure 26.



Source: Bureau of Economic Analysis.

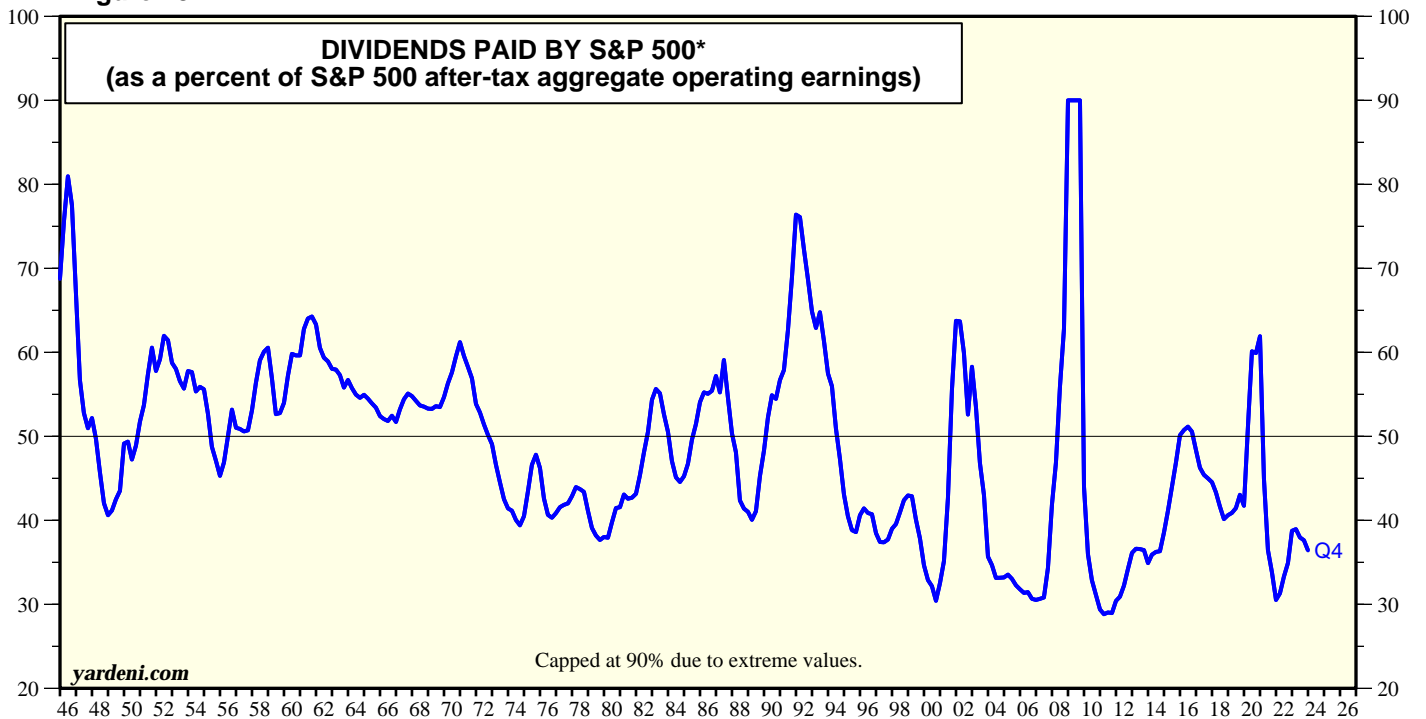
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Figure 27.



Source: Bureau of Economic Analysis.

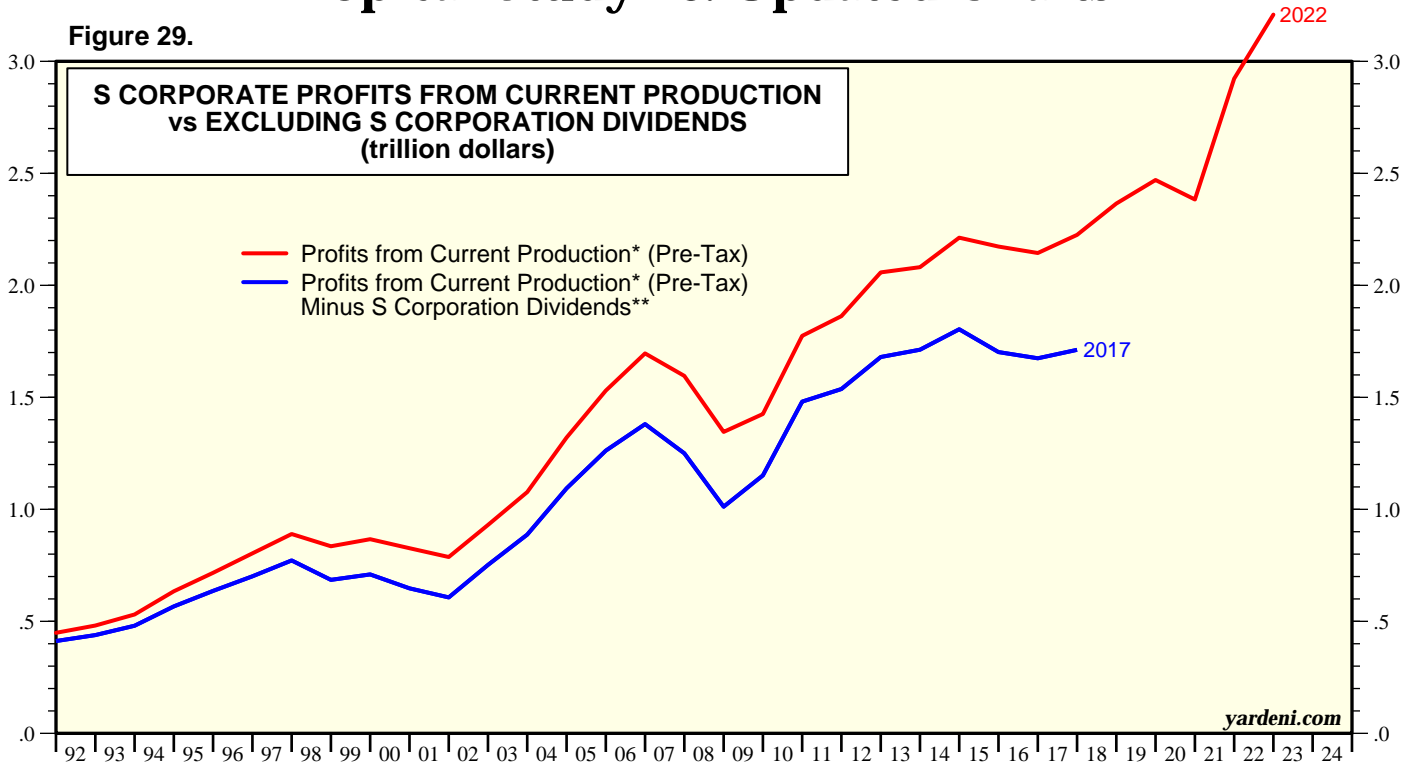
Figure 28.



* Four-quarter trailing dividends per share divided by four-quarter trailing reported earnings.
Source: Standard & Poor's.

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Figure 29.

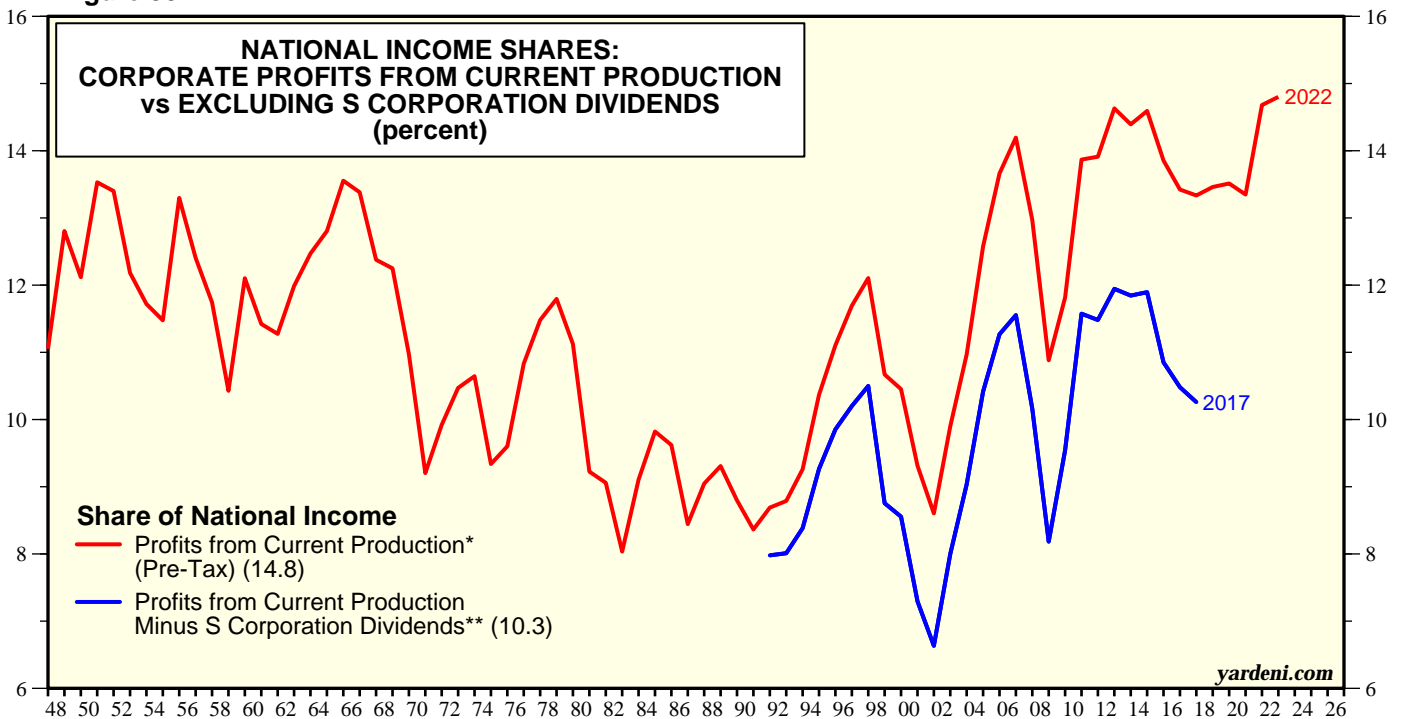


* Book profits including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

** S corporations do not pay corporate taxes. Instead, their profits are paid and taxed as dividends to their shareholders.

Source: Bureau of Economic Analysis and IRS Statistics of Income.

Figure 30.



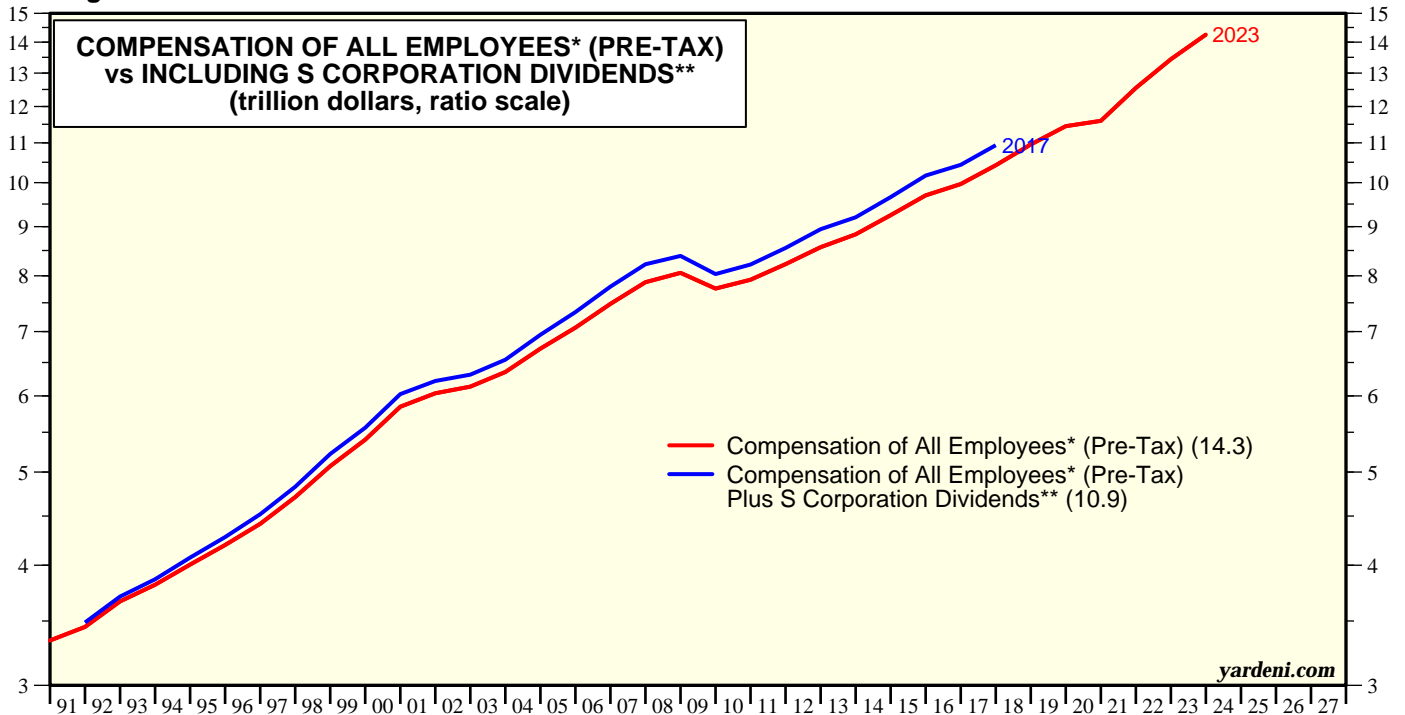
* Book profits including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

** S corporations do not pay corporate taxes. Instead, their profits are paid and taxed as dividends to their shareholders.

Source: Bureau of Economic Analysis and IRS Statistics of Income.

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Figure 31.

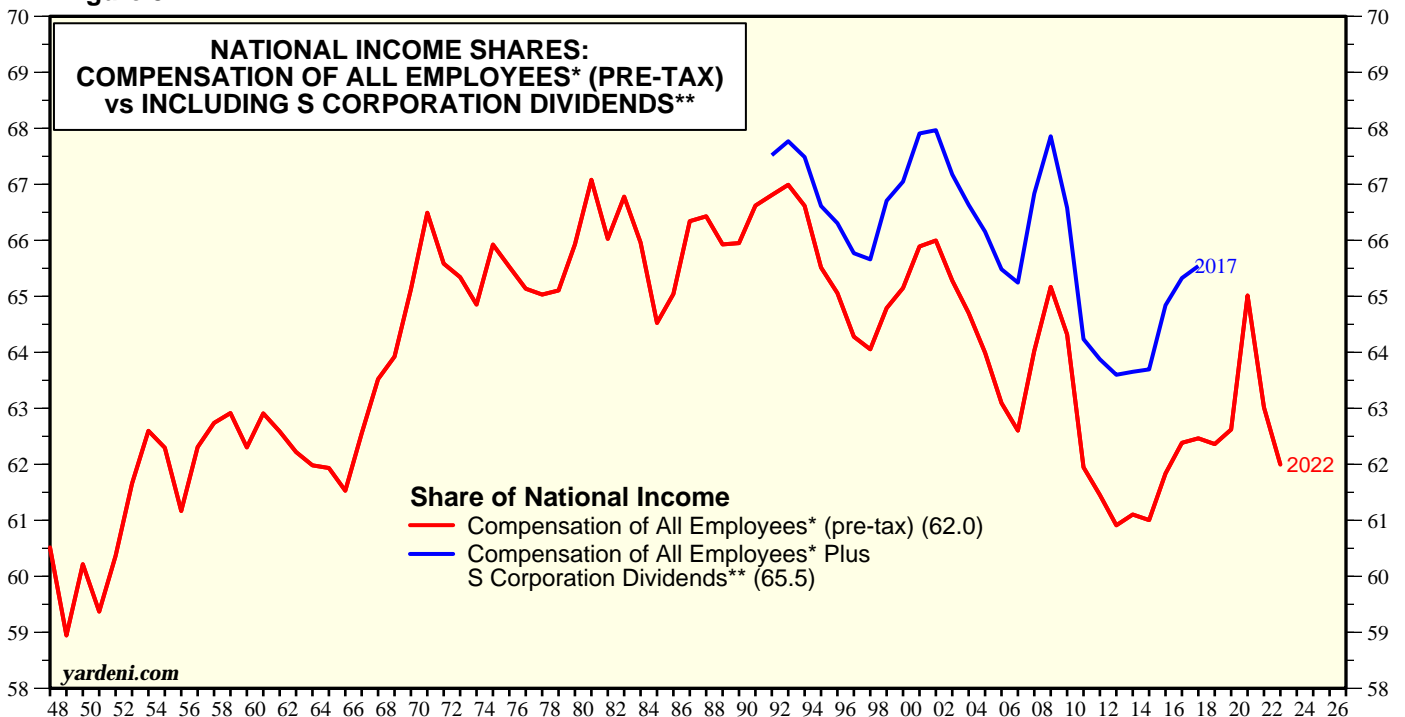


* Includes wages, salaries, and supplements.

** S corporations do not pay corporate taxes. Instead, their profits are paid and taxed as dividends to their shareholders.

Source: Bureau of Economic Analysis and IRS Statistics of Income.

Figure 32.



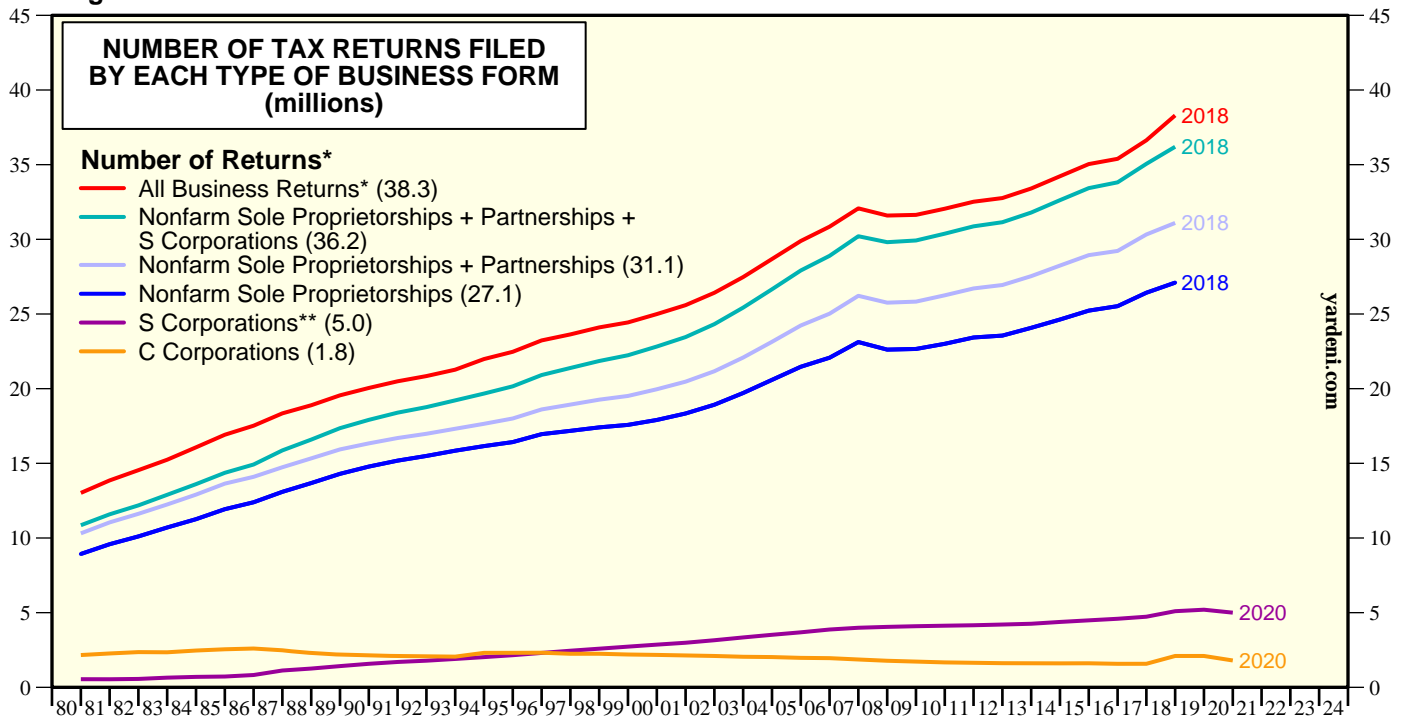
* Includes wages, salaries, and supplements.

** S corporations do not pay corporate taxes. Instead, their profits are paid and taxed as dividends to their shareholders.

Source: Bureau of Economic Analysis and IRS Statistics of Income.

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Figure 33.

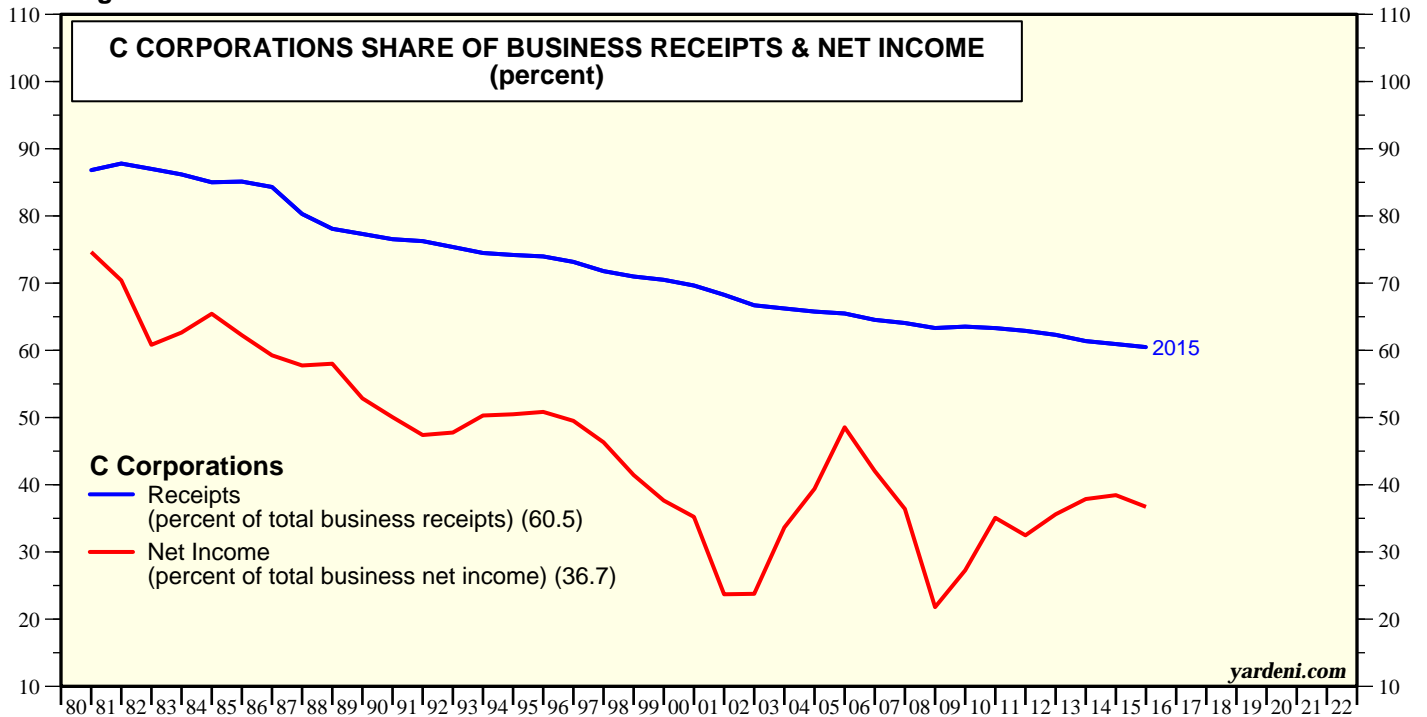


* C and S corporations, nonfarm sole proprietorships, and partnerships.

** S corporations do not pay corporate taxes. Instead, their profits are paid and taxed as dividends to their shareholders.

Source: Internal Revenue Service.

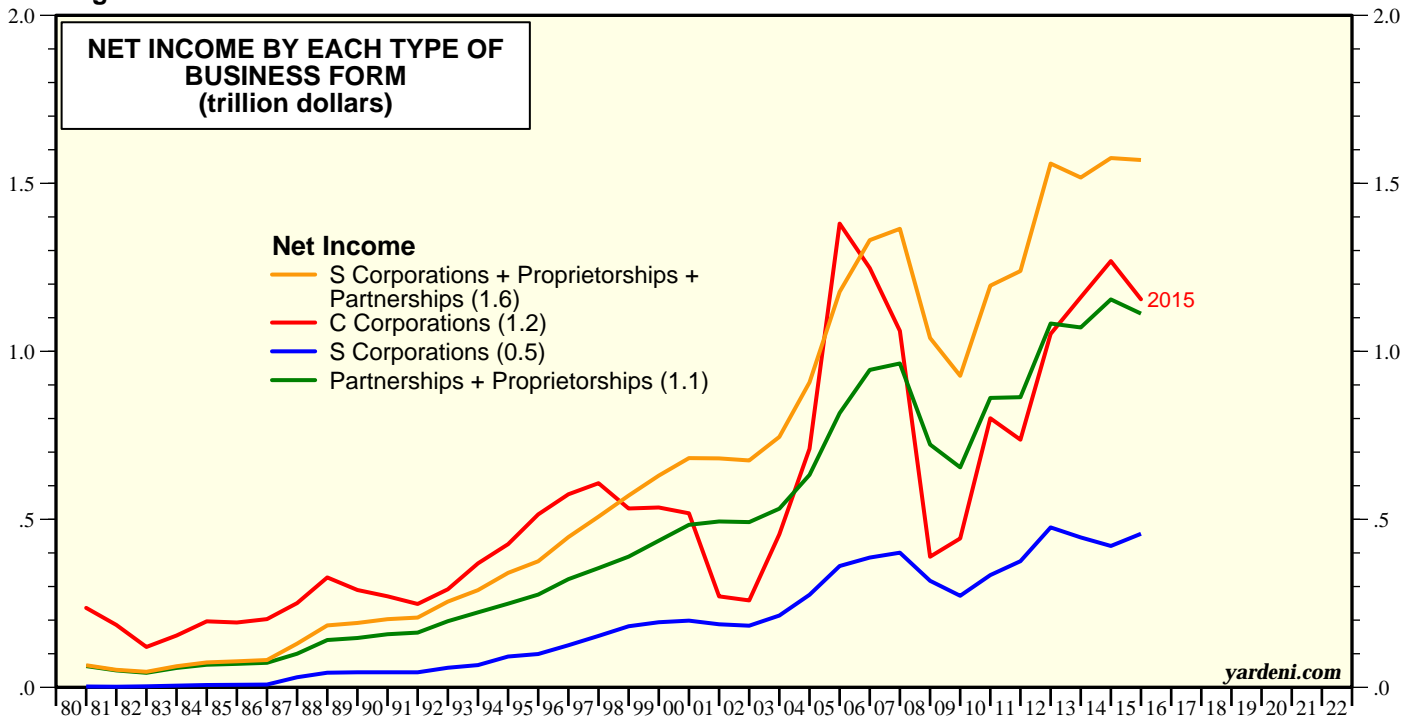
Figure 34.



Source: Internal Revenue Service.

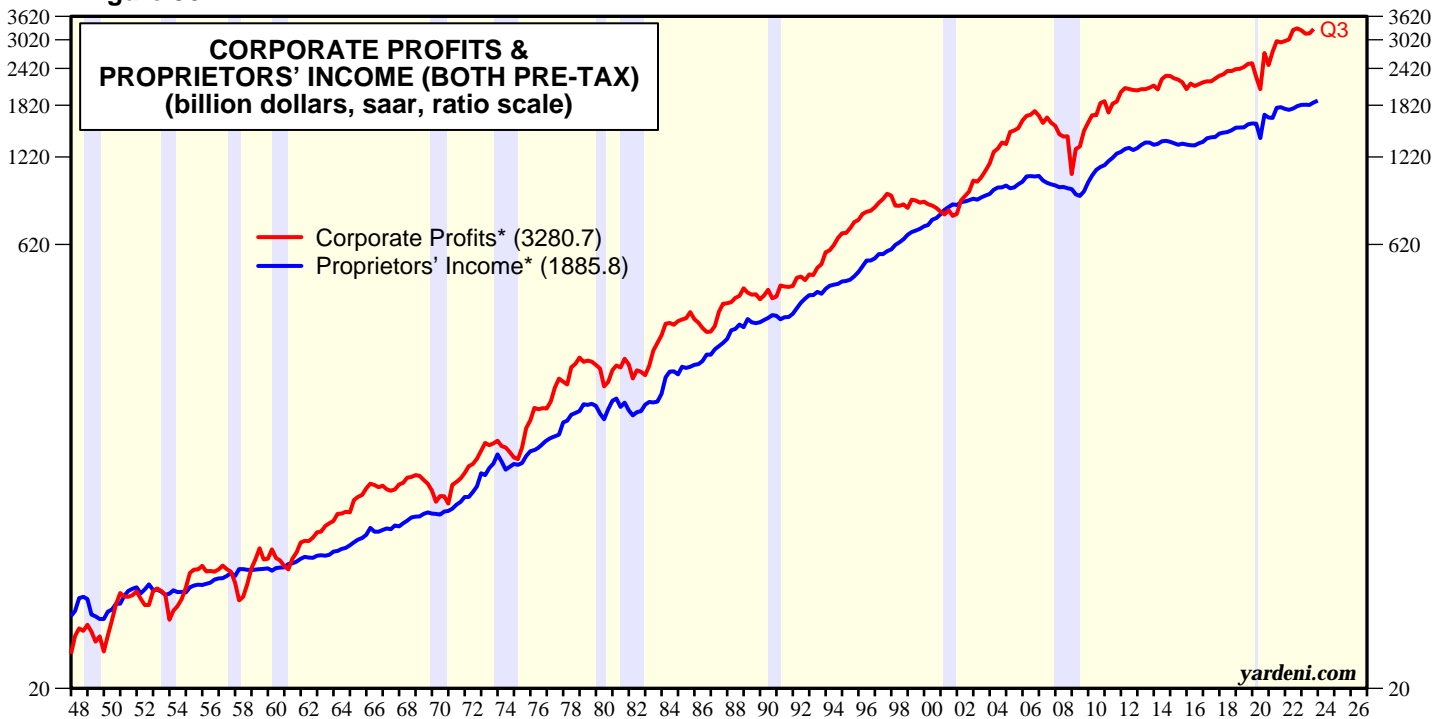
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Figure 35.



Source: Internal Revenue Service.

Figure 36.



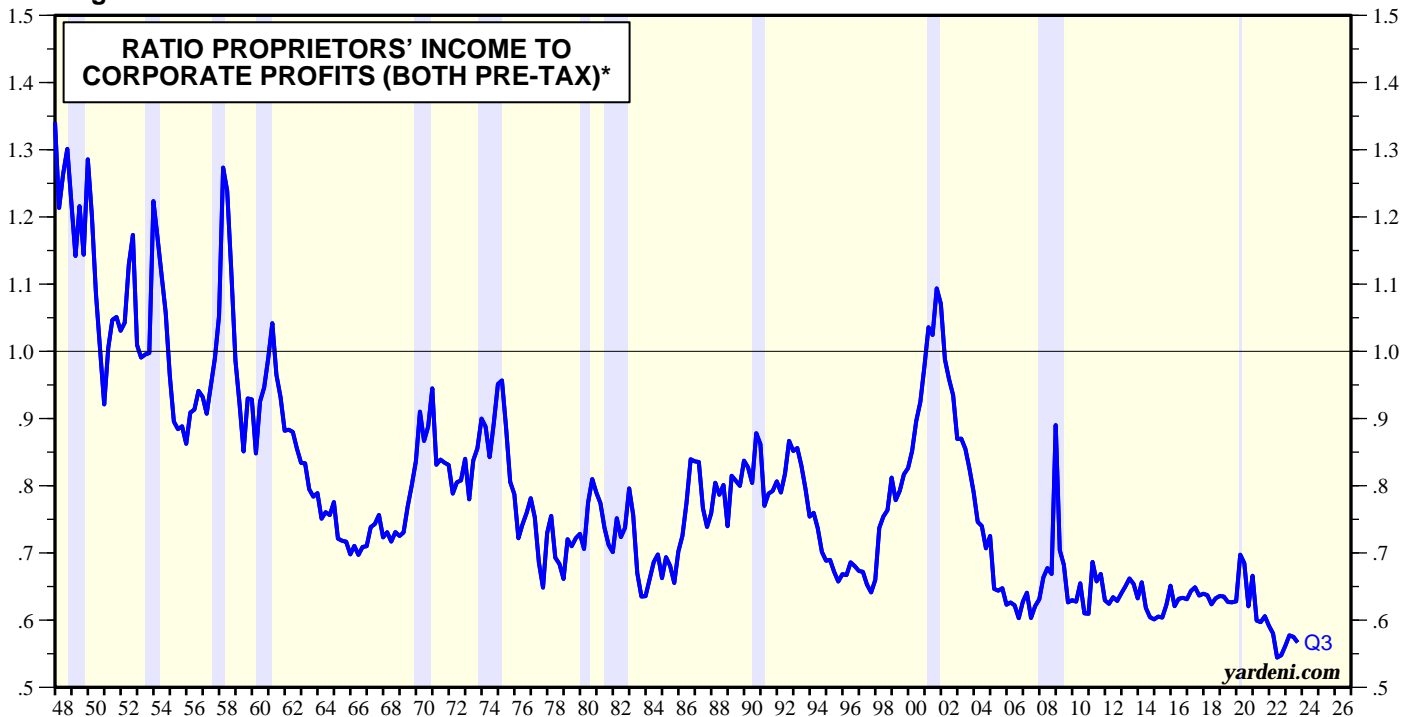
* Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

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

Source: Bureau of Economic Analysis.

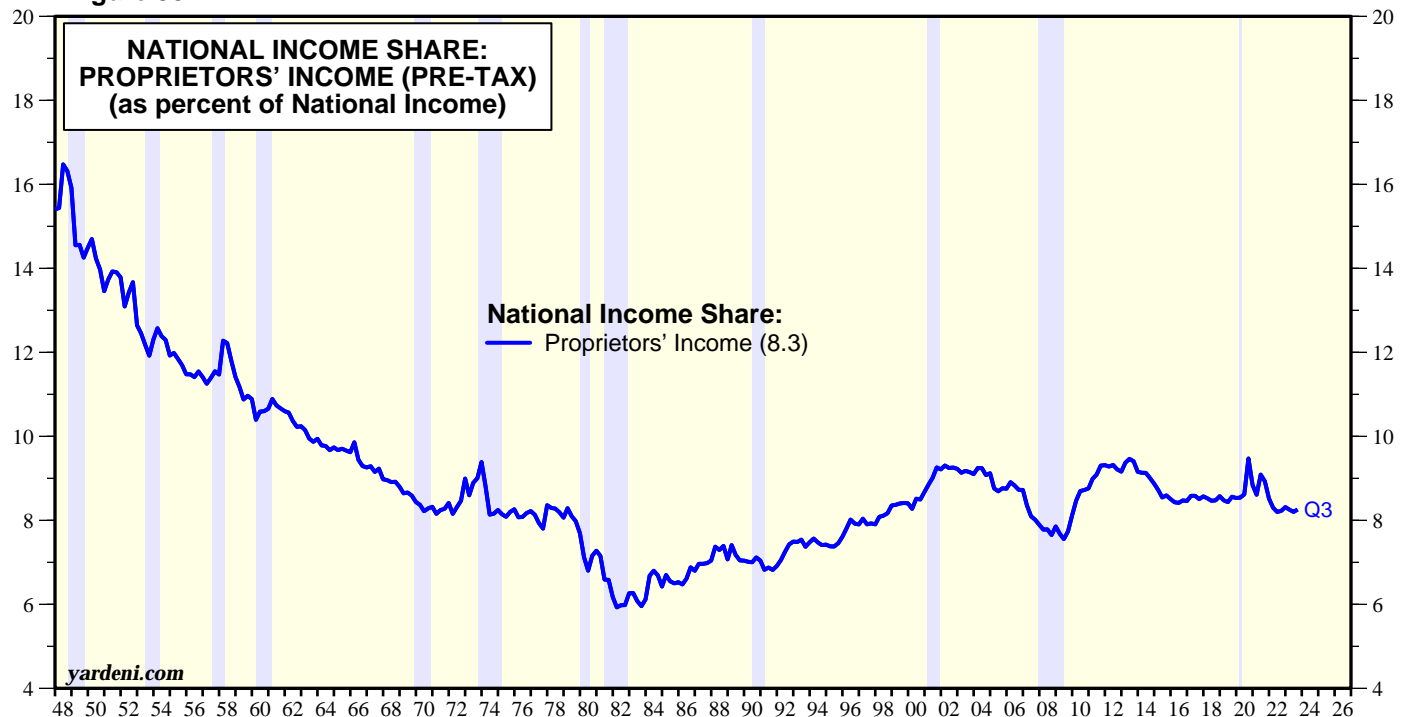
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Figure 37.



* Pre-tax corporate profits from current production and proprietors' income both include Inventory Valuation Adjustment and Capital Consumption Adjustment, which are used to 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 areas are recessions according to the National Bureau of Economic Research.
 Source: Bureau of Economic Analysis.

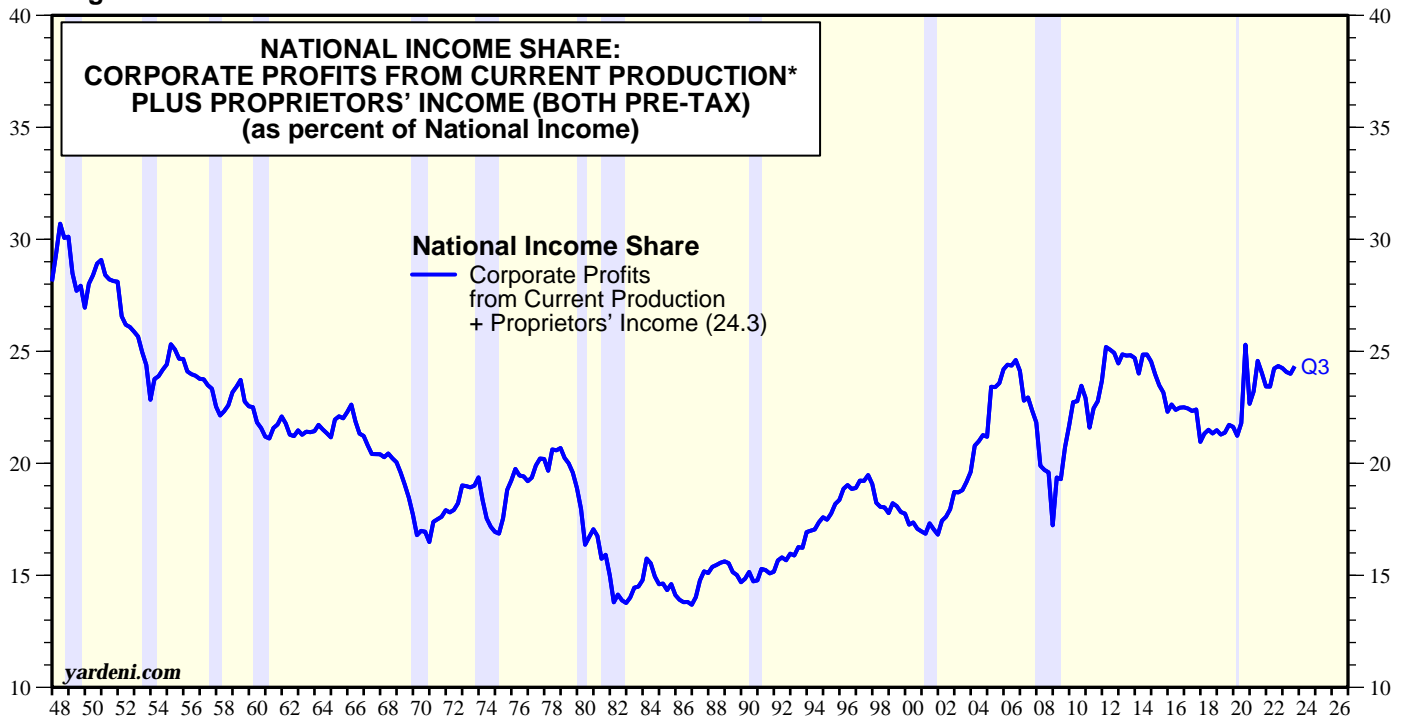
Figure 38.



* Proprietors' income with inventory valuation and capital consumption adjustments.
 ** Rental income of persons with capital consumption adjustment.
 Note: Shaded areas are recessions according to the National Bureau of Economic Research.
 Source: Bureau of Economic Analysis.

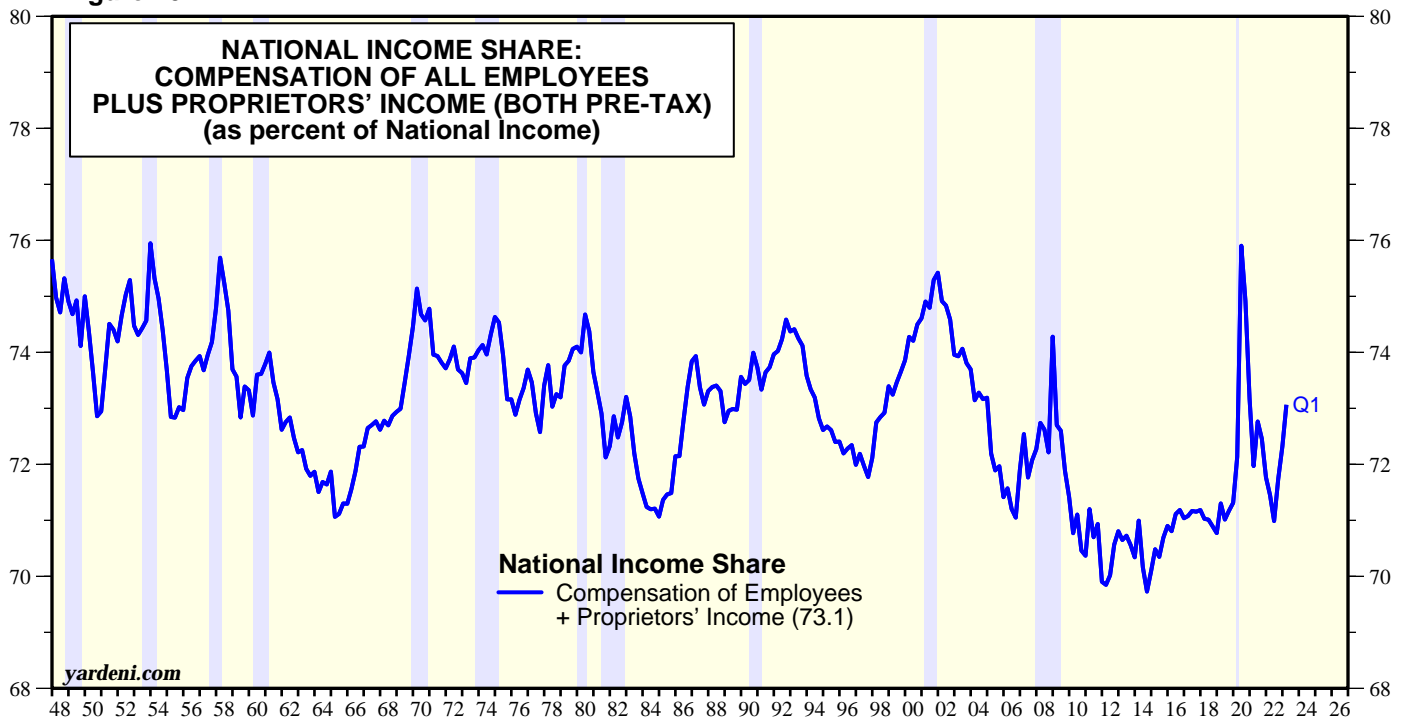
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Figure 39.



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

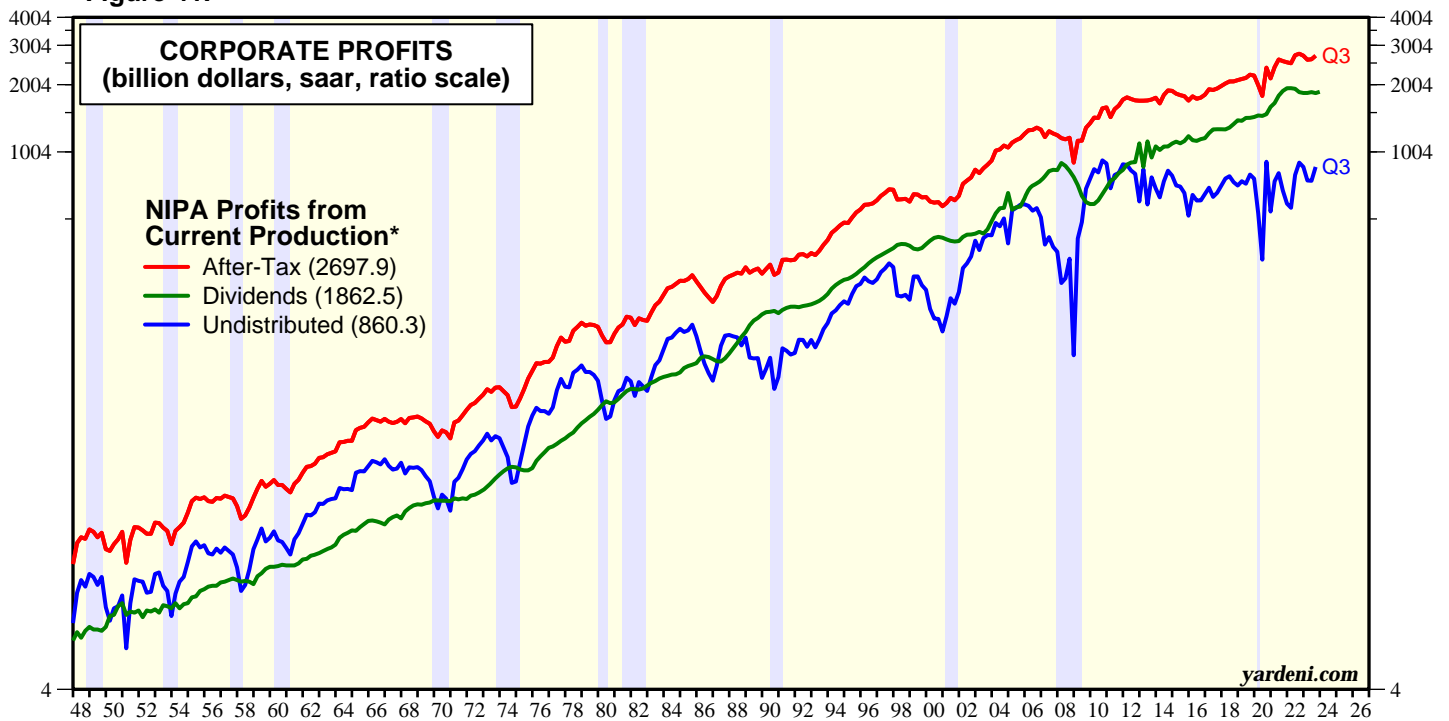
Figure 40.



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

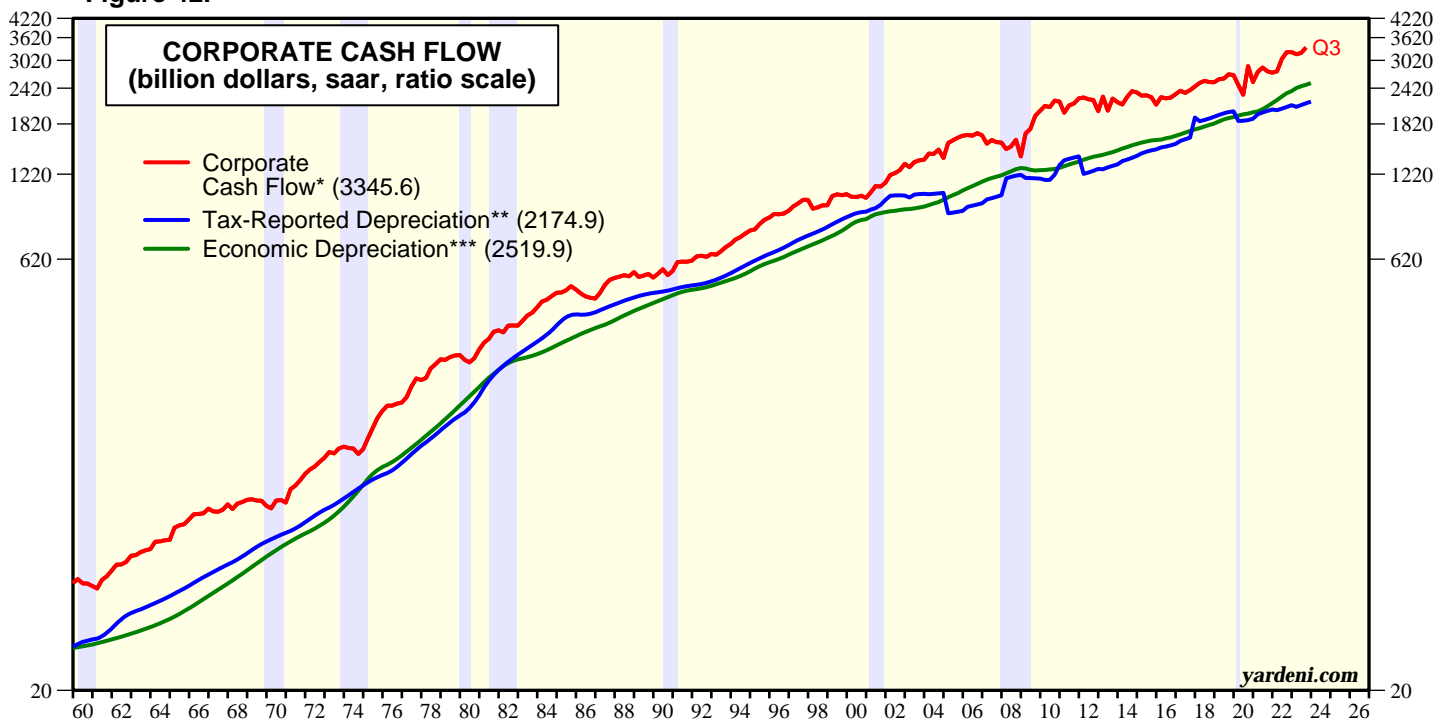
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Figure 41.



* 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.
Source: Bureau of Economic Analysis.

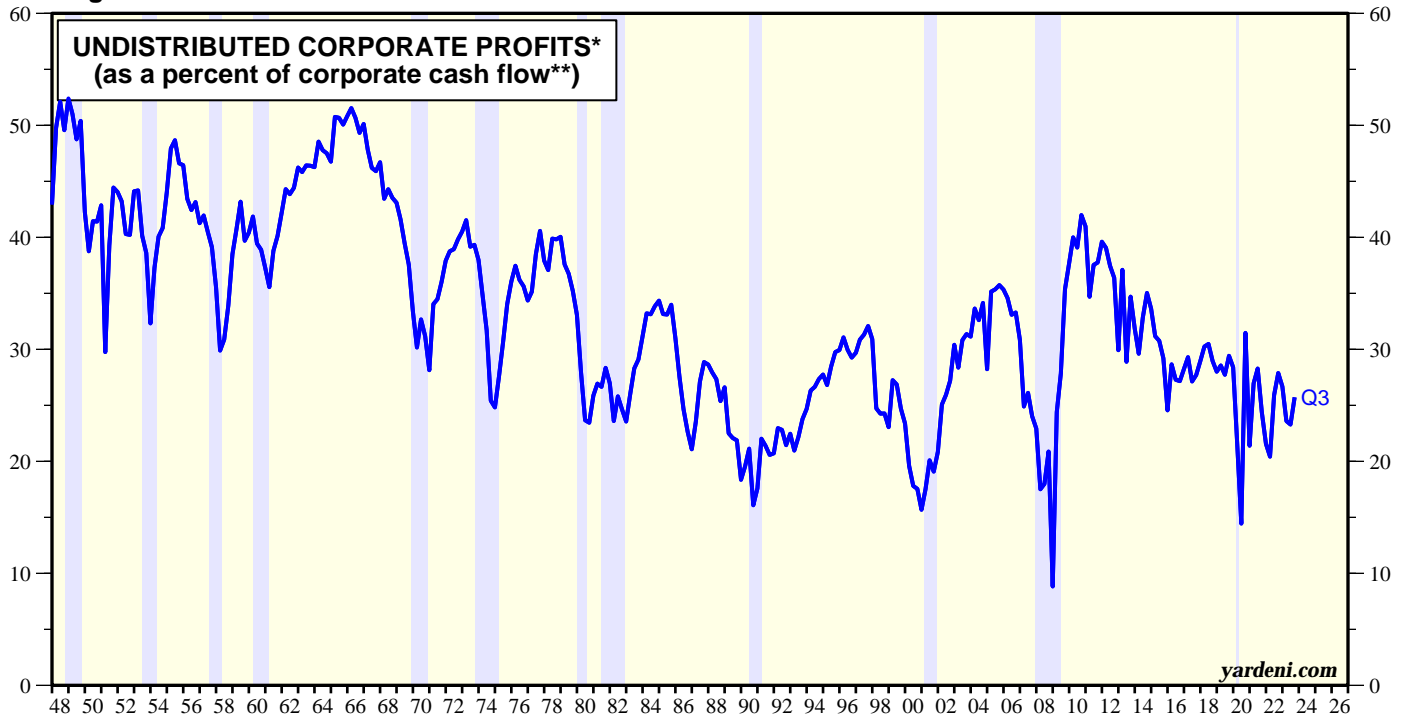
Figure 42.



* After-tax undistributed corporate profits with IVA and CCAdj plus consumption of fixed capital.
** Capital consumption allowance.
*** Consumption of fixed capital.
Note: Shaded areas are recessions according to the National Bureau of Economic Research. Source: Bureau of Economic Analysis.

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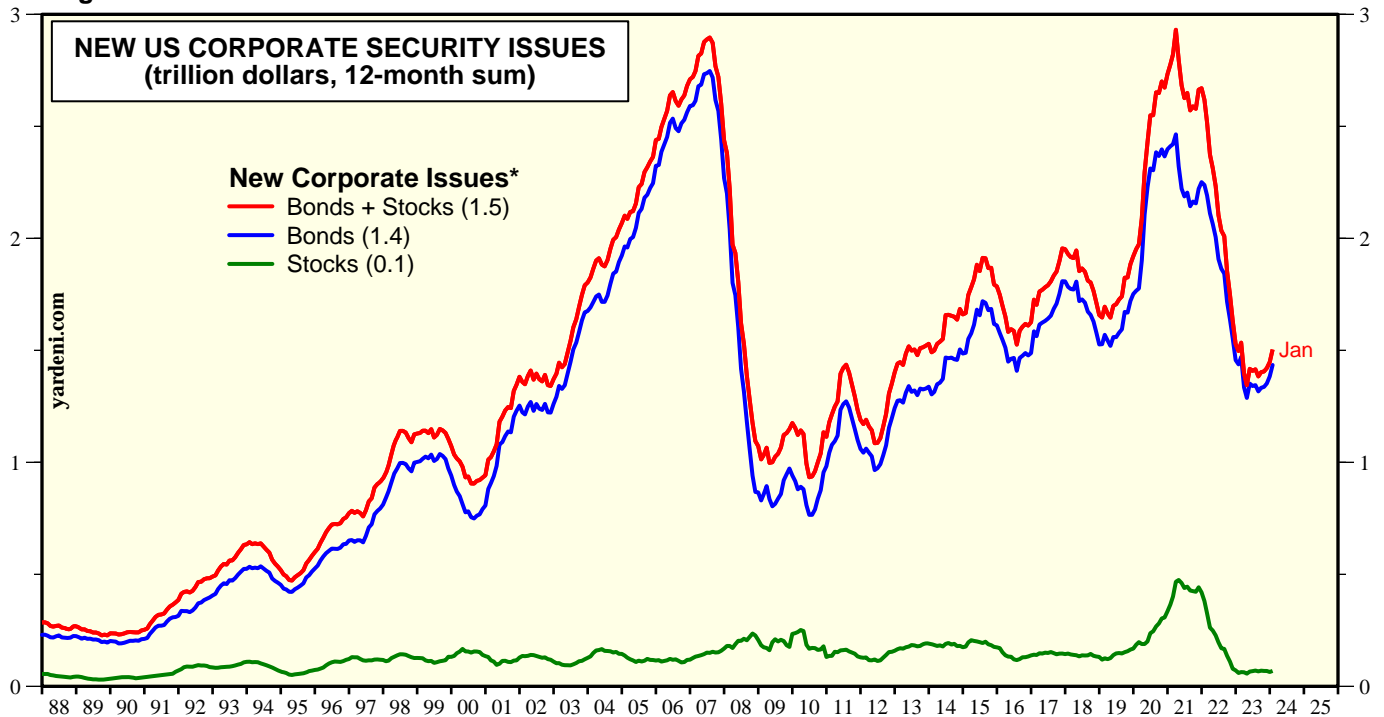
Figure 43.



* 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.

** After-tax undistributed corporate profits with IVA and CCAdj plus capital consumption allowance (i.e., tax-reported depreciation).
Source: Bureau of Economic Analysis.

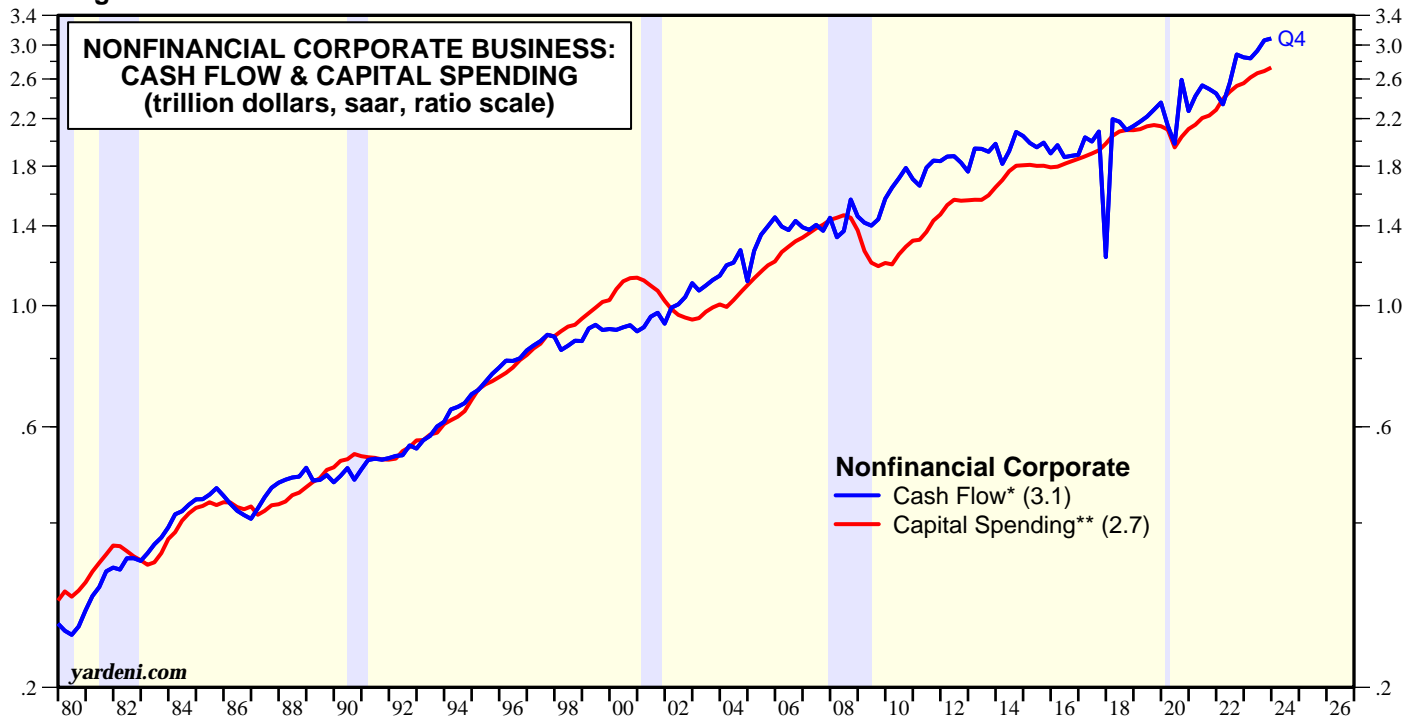
Figure 44.



* Includes issuance by nonfinancial and financial corporations.
Source: Federal Reserve Board Financial Accounts of the United States.

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Figure 45.



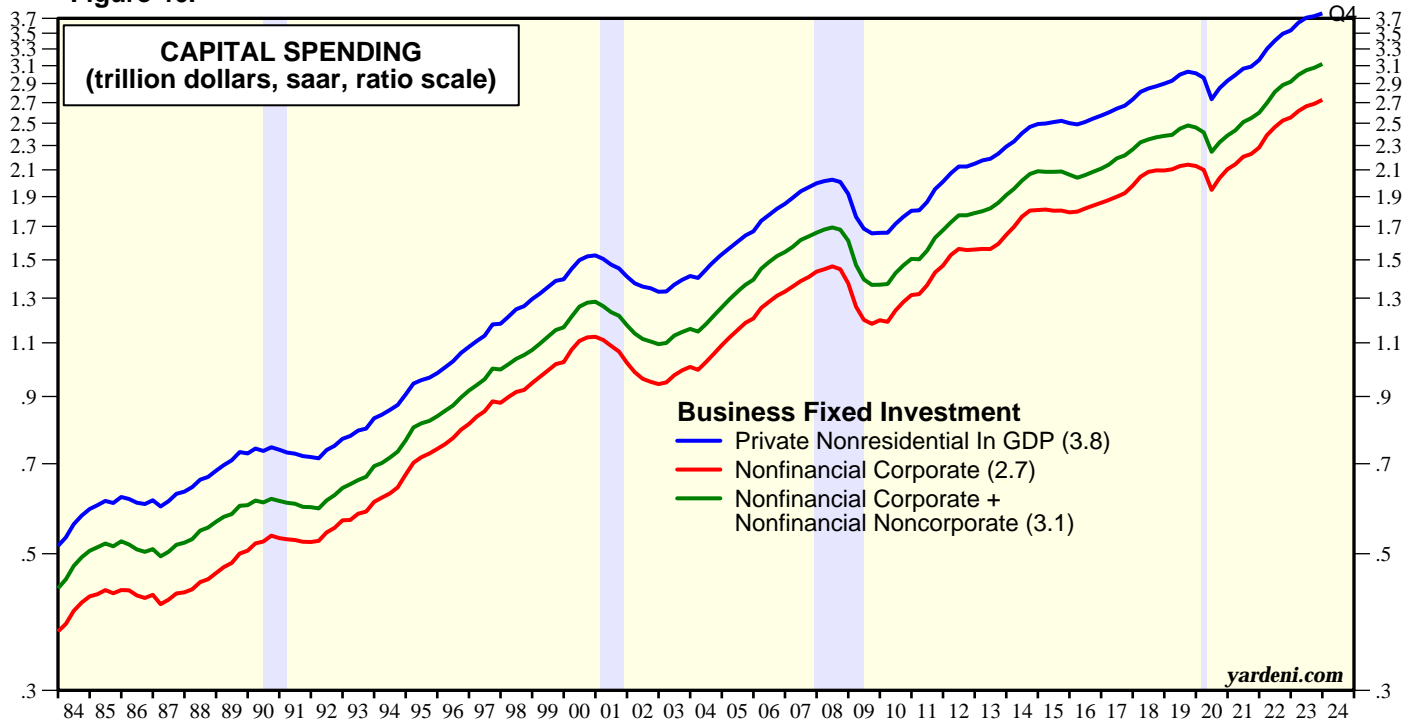
* Gross saving less net capital transfers paid.

** Fixed investment.

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

Source: Federal Reserve Board.

Figure 46.



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

Source: Bureau of Economic Analysis and Federal Reserve Board.

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Figure 47.

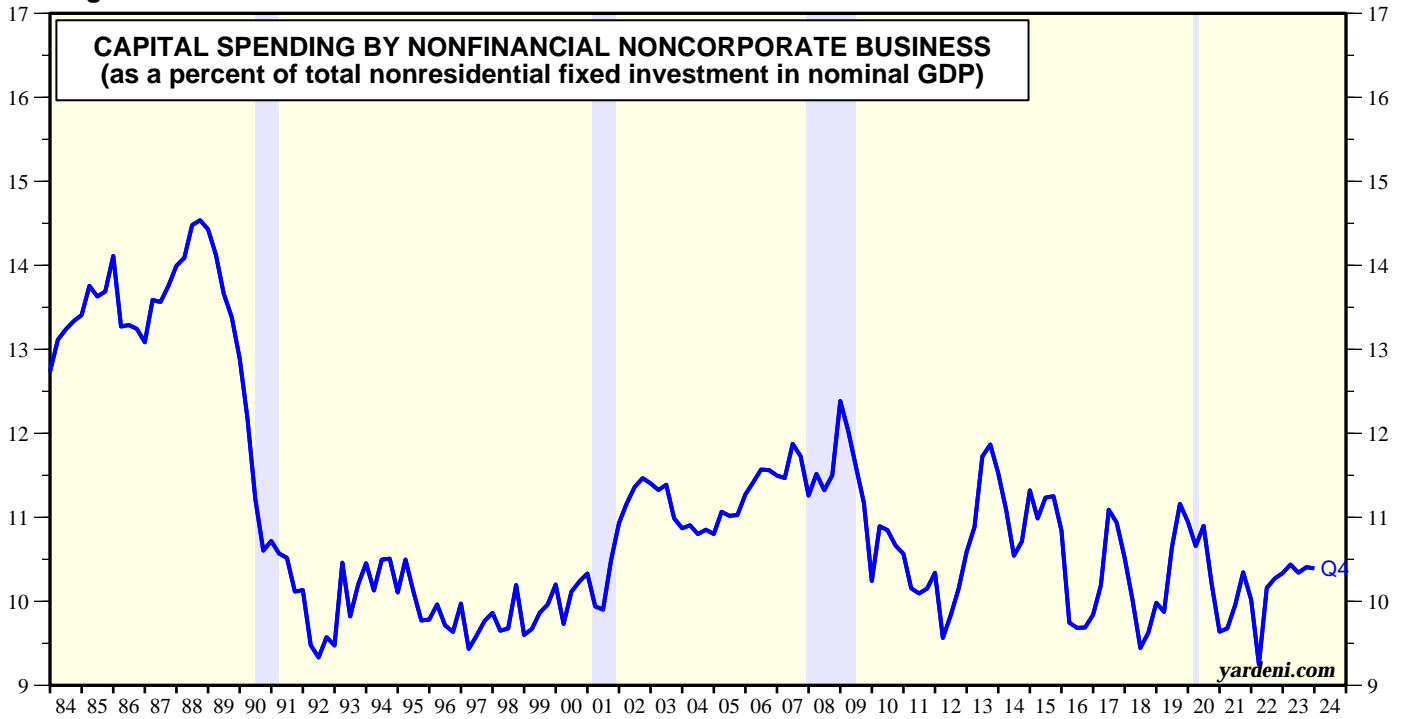
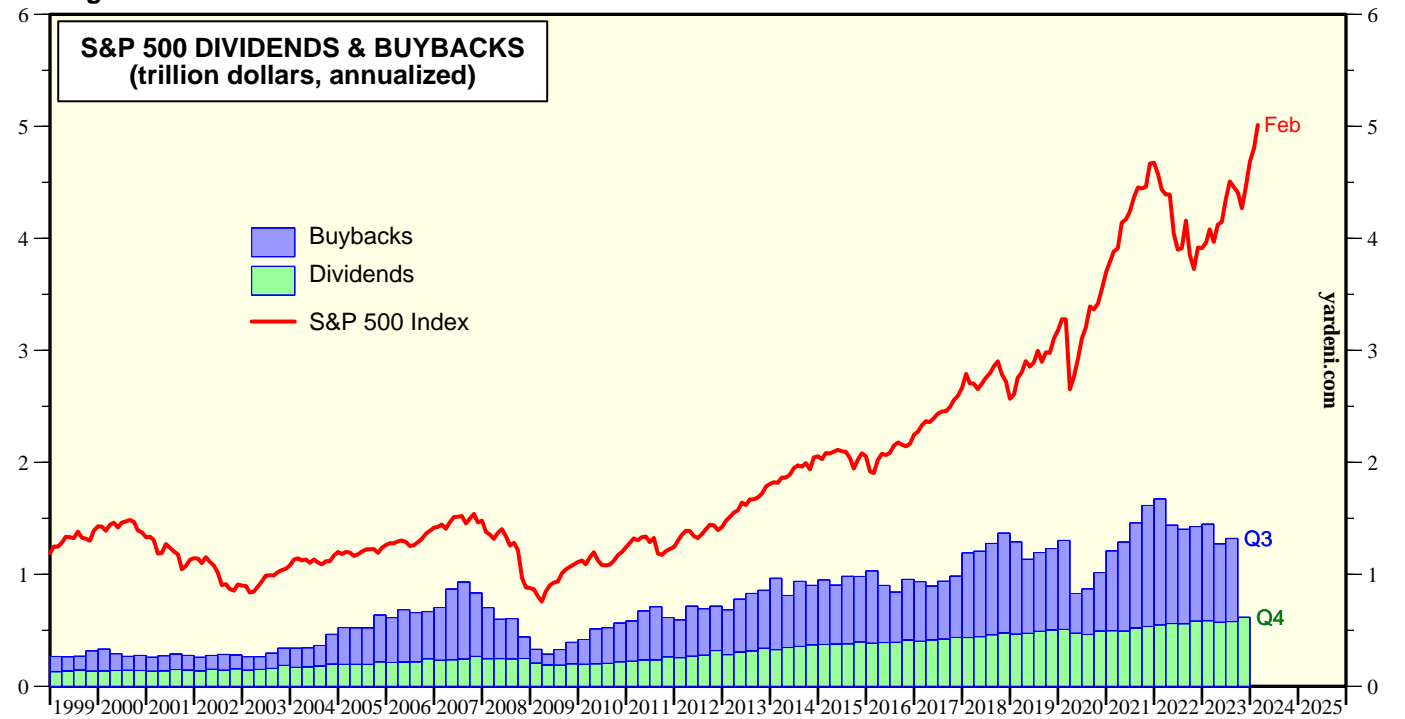


Figure 48.



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Figure 49.

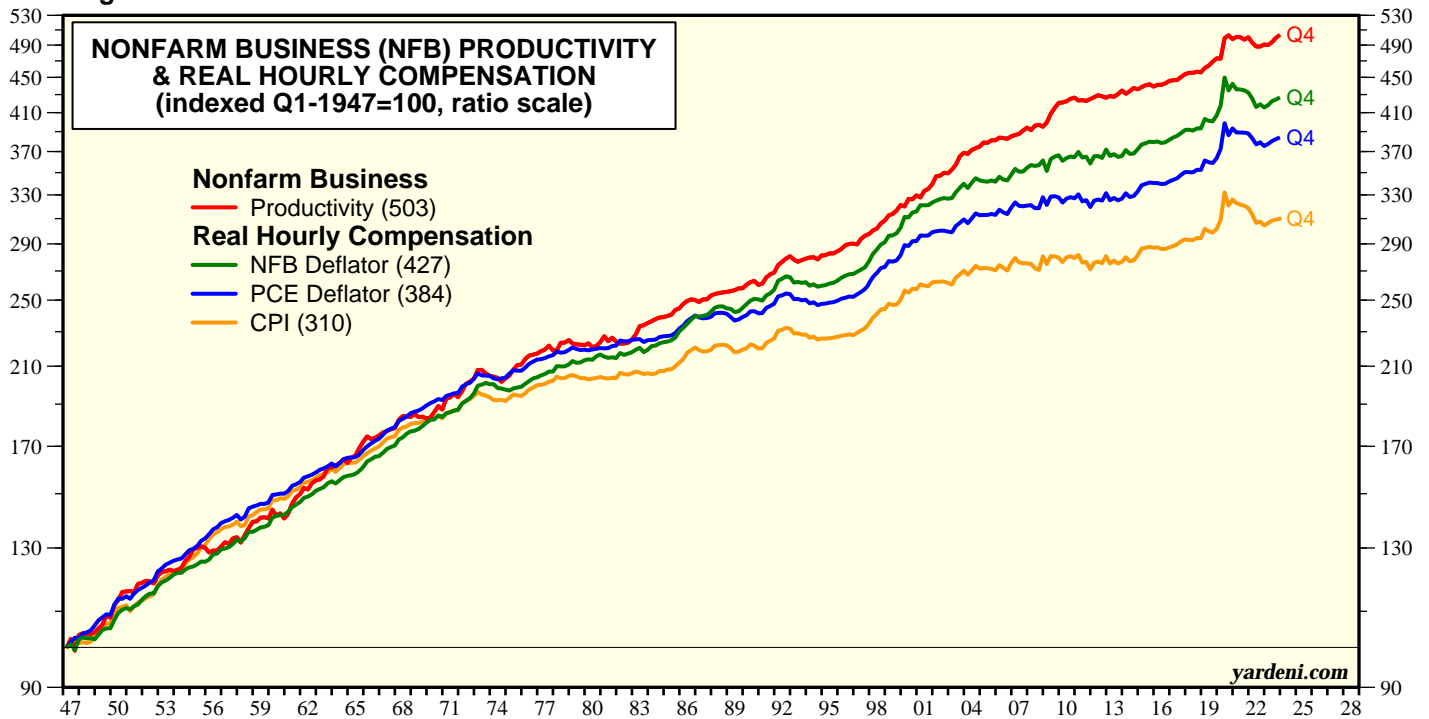
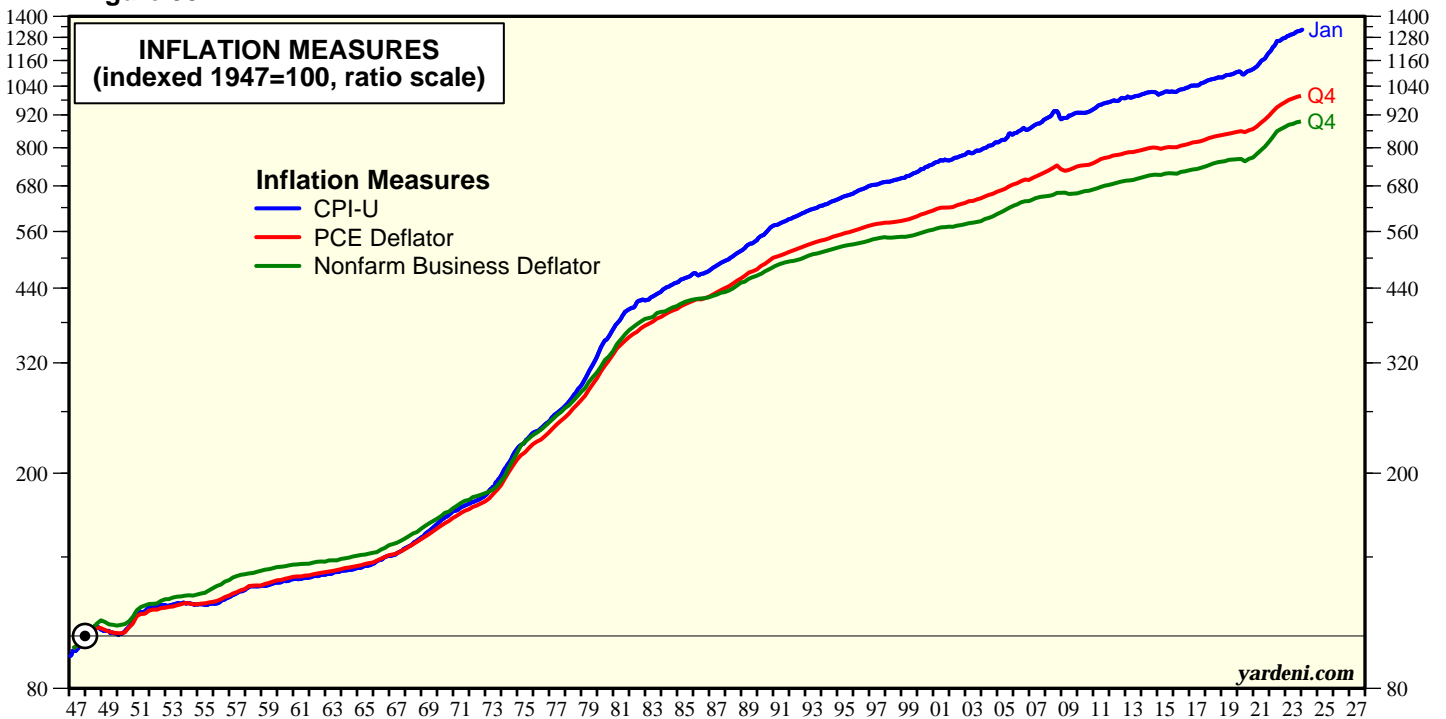
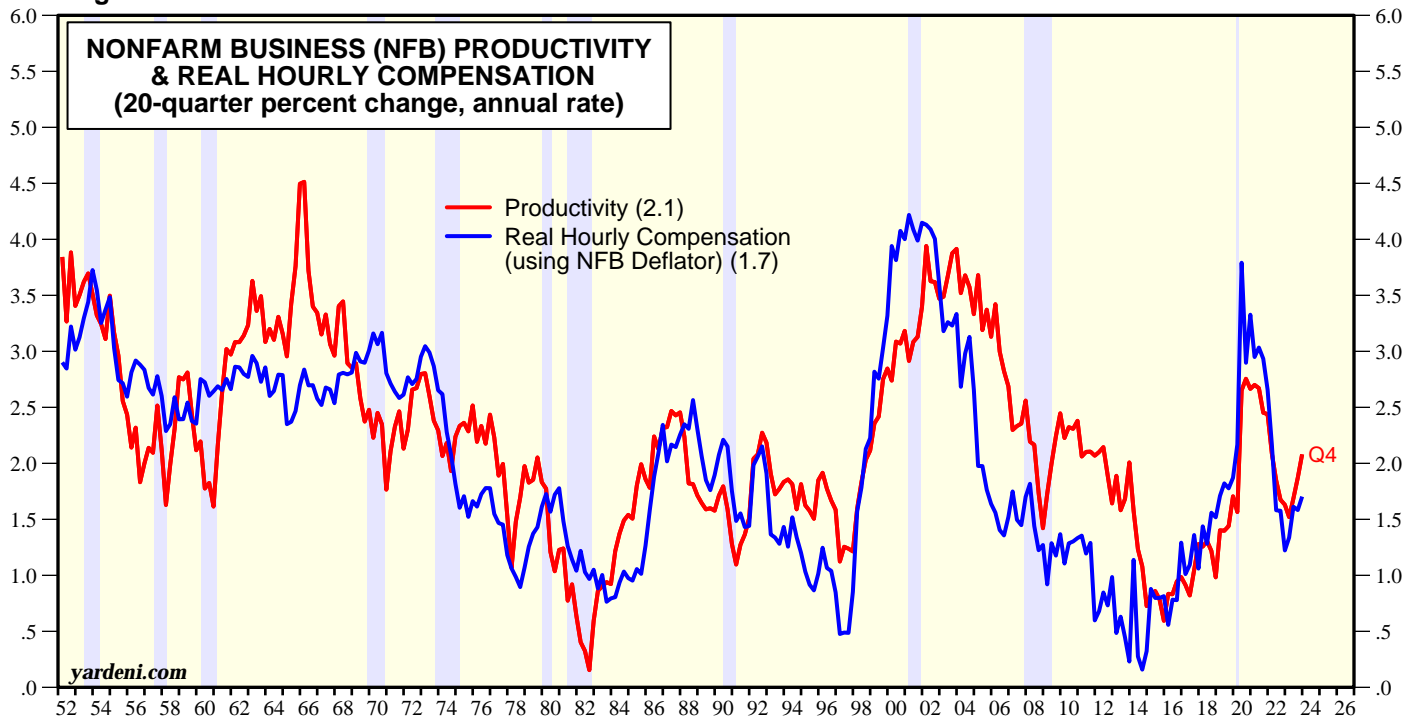


Figure 50.



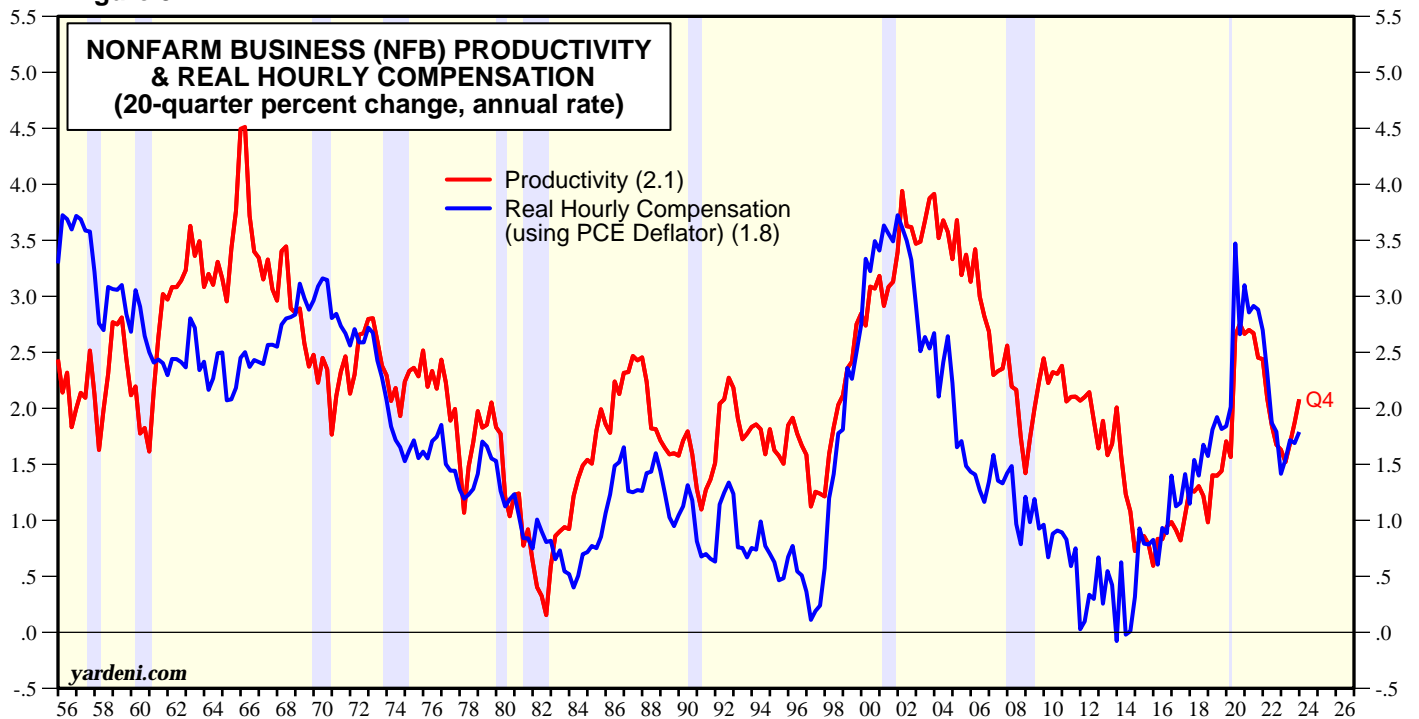
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Figure 51.



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

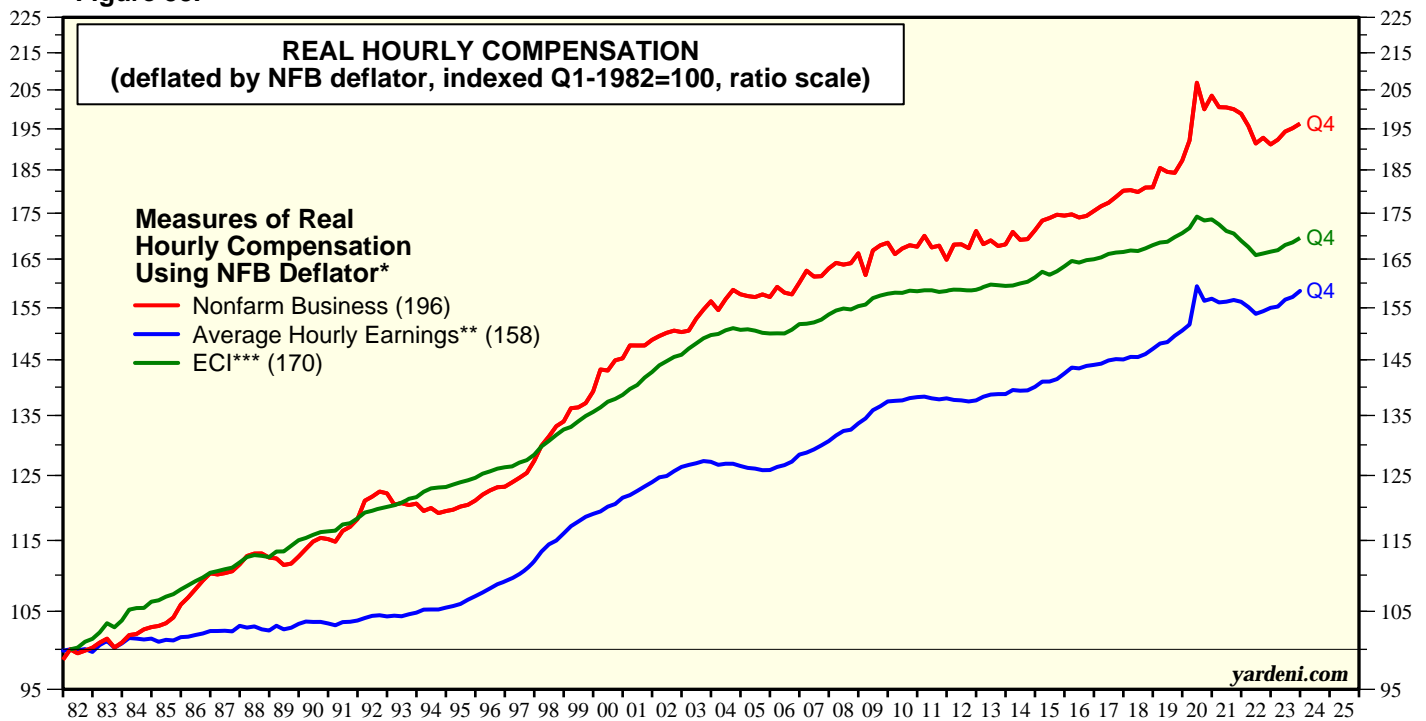
Figure 52.



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

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Figure 53.



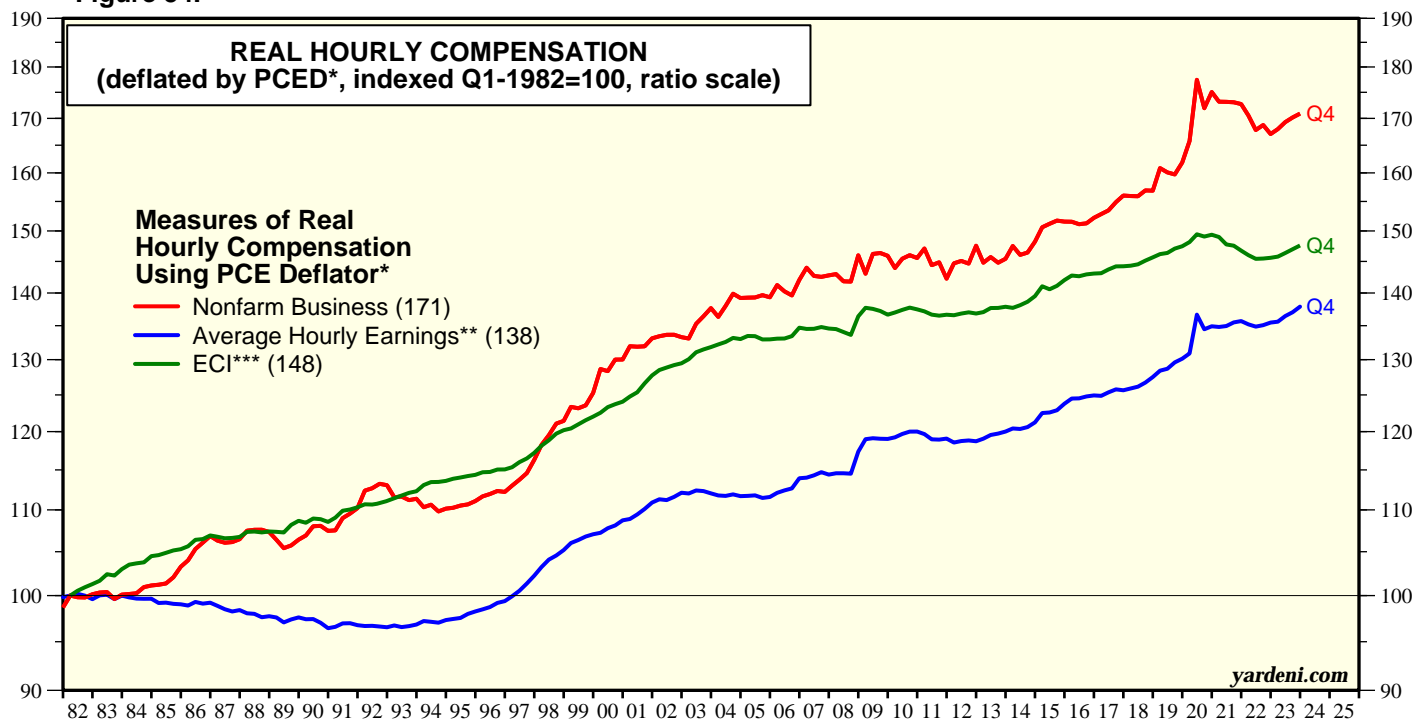
* Nonfarm Business Deflator.

** Wages only of production and nonsupervisory workers.

*** Employment Cost Index including wages, salaries, and benefits in the private sector.

Source: Bureau of Labor Statistics.

Figure 54.



* Personal Consumption Expenditures Deflator.

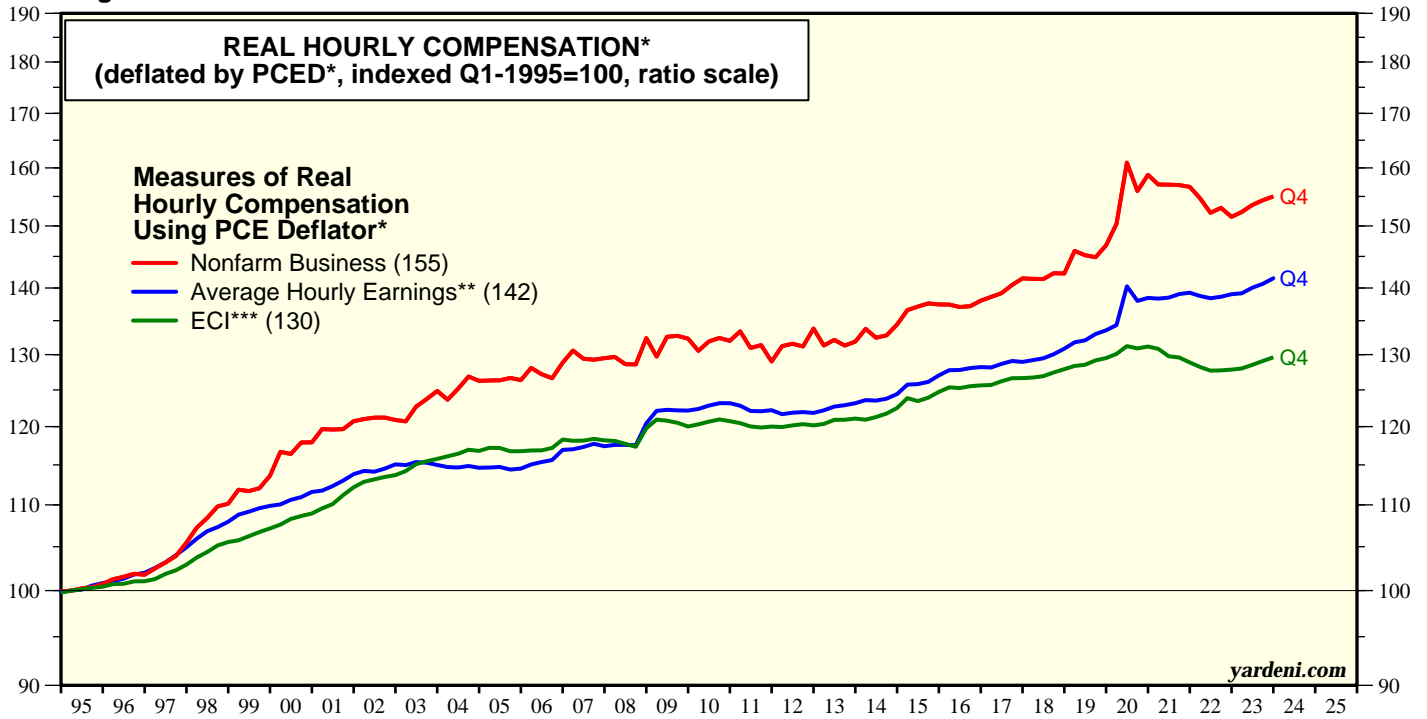
** Wages only of production and nonsupervisory workers.

*** Employment Cost Index including wages, salaries, and benefits in the private sector.

Source: Bureau of Labor Statistics and Bureau of Economic Analysis.

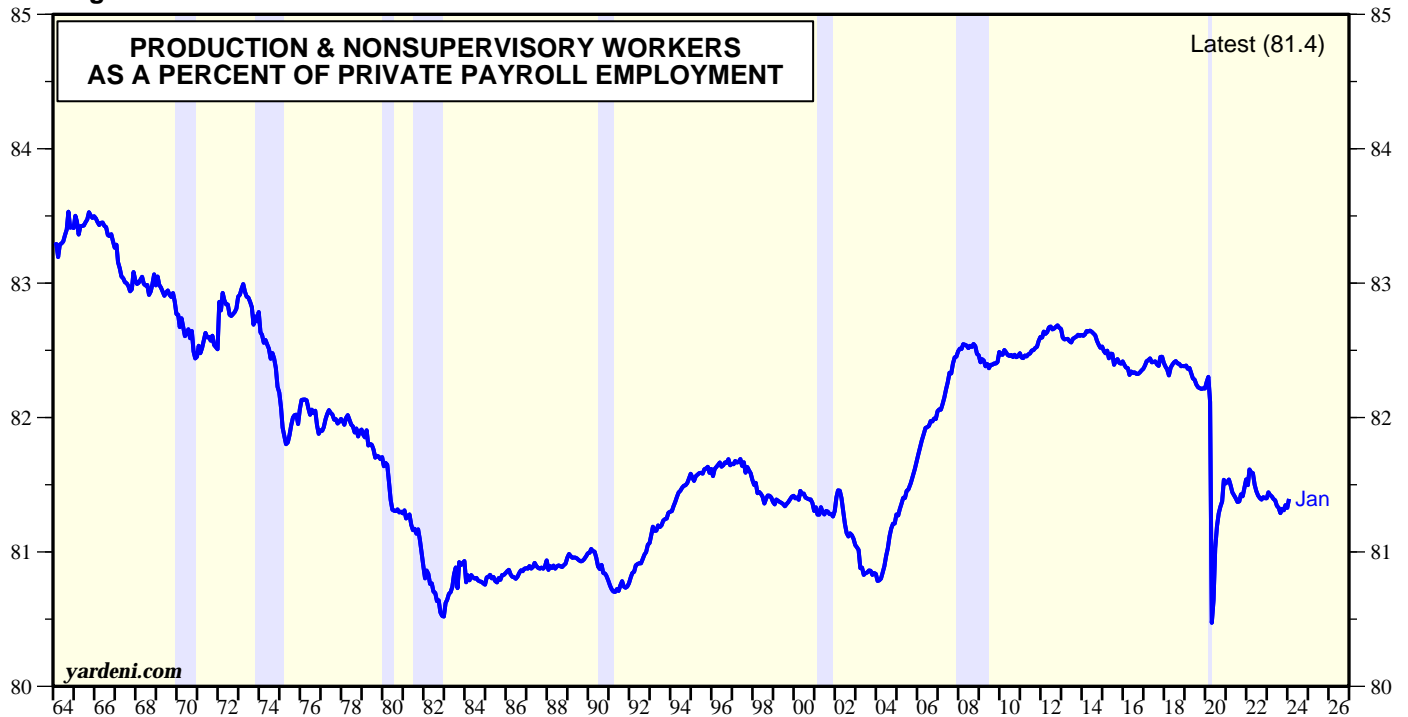
Topical Study #6: Updated Charts

Figure 55.



* Personal Consumption Expenditures Deflator.
 ** Wages only of production and nonsupervisory workers.
 *** Employment Cost Index including wages, salaries, and benefits in the private sector.
 Source: Bureau of Labor Statistics and Bureau of Economic Analysis.

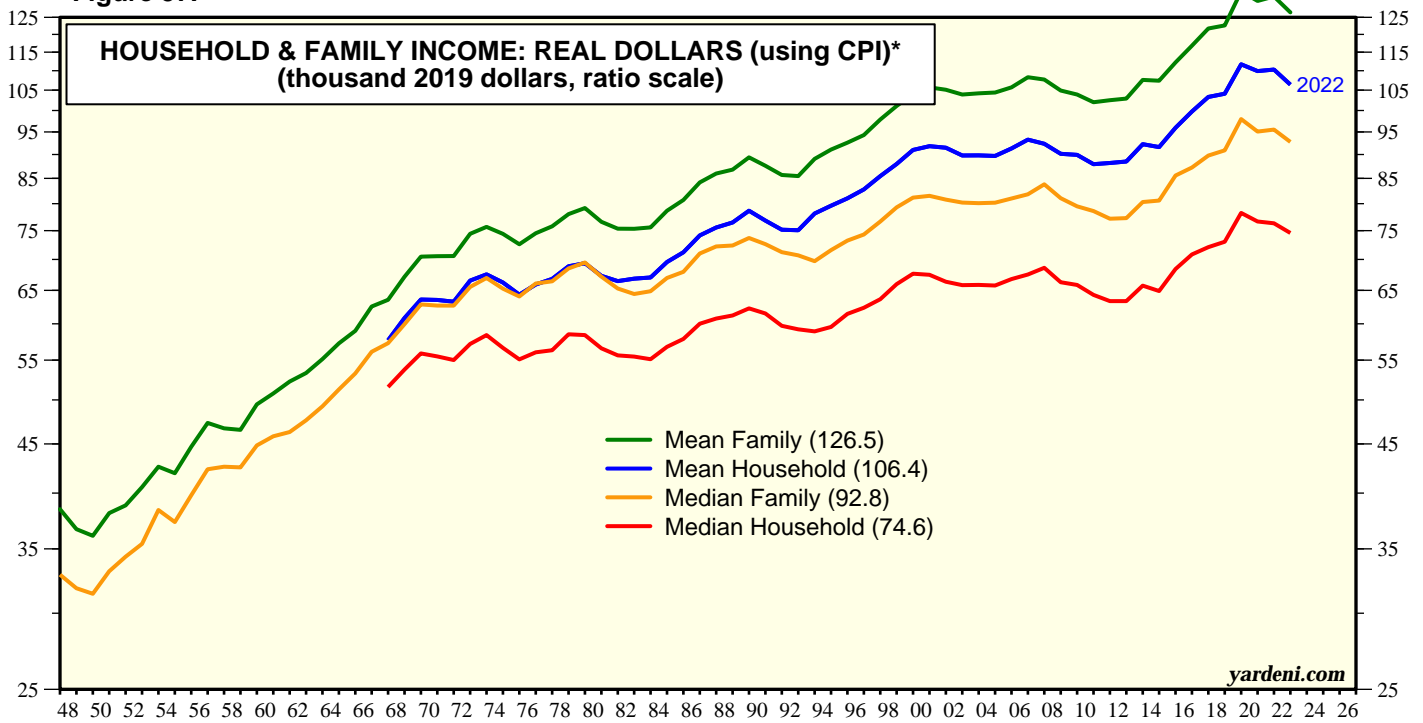
Figure 56.



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

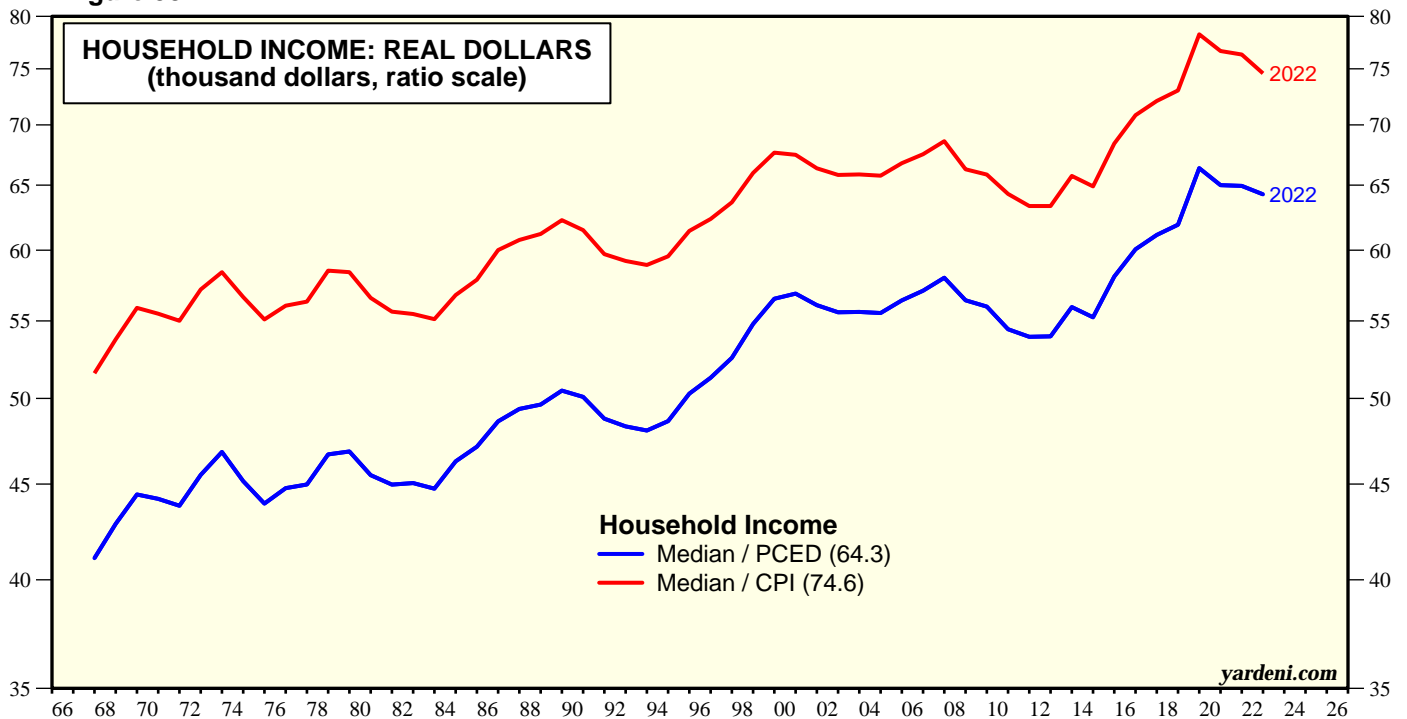
Topical Study #6: Updated Charts

Figure 57.



* Money income including Social Security, but excluding non-cash benefits like Medicaid and Medicare.
Source: Census Bureau and Current Population Reports.

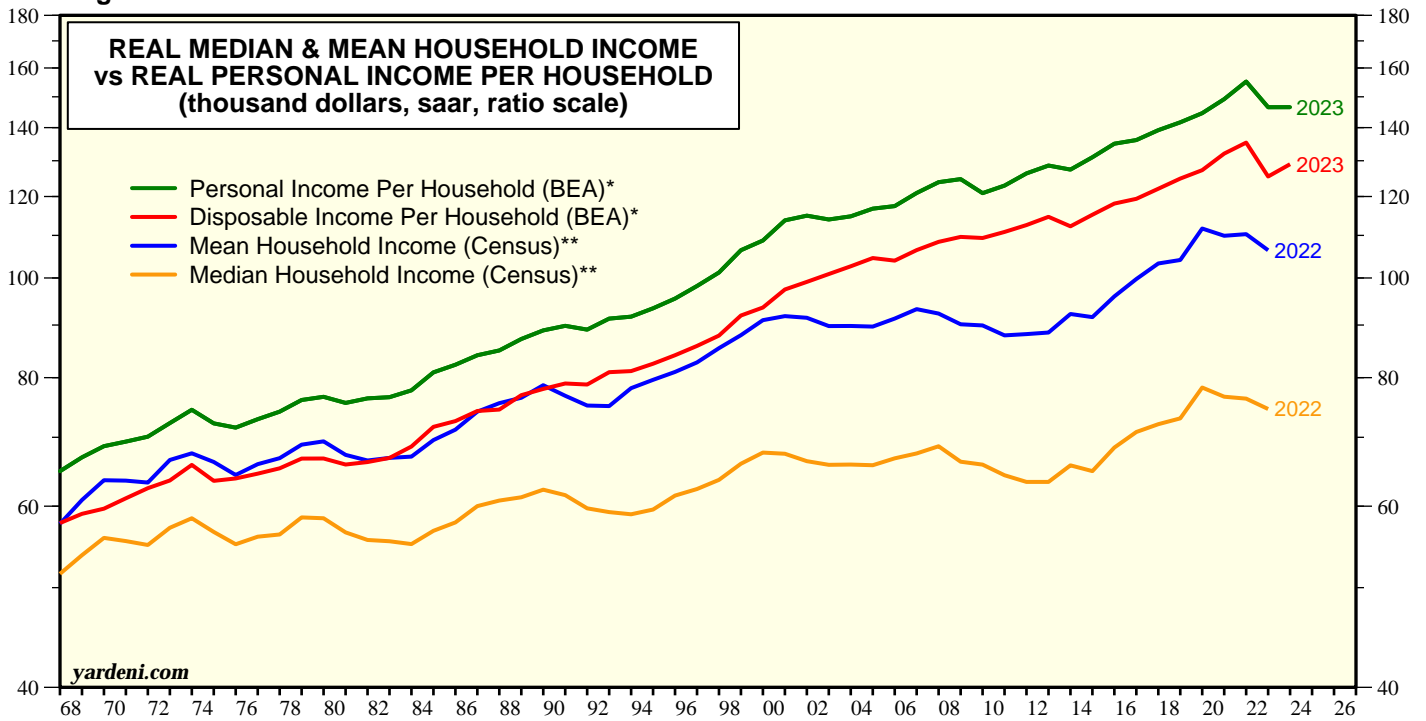
Figure 58.



Source: Census Bureau and Bureau of Labor Statistics.

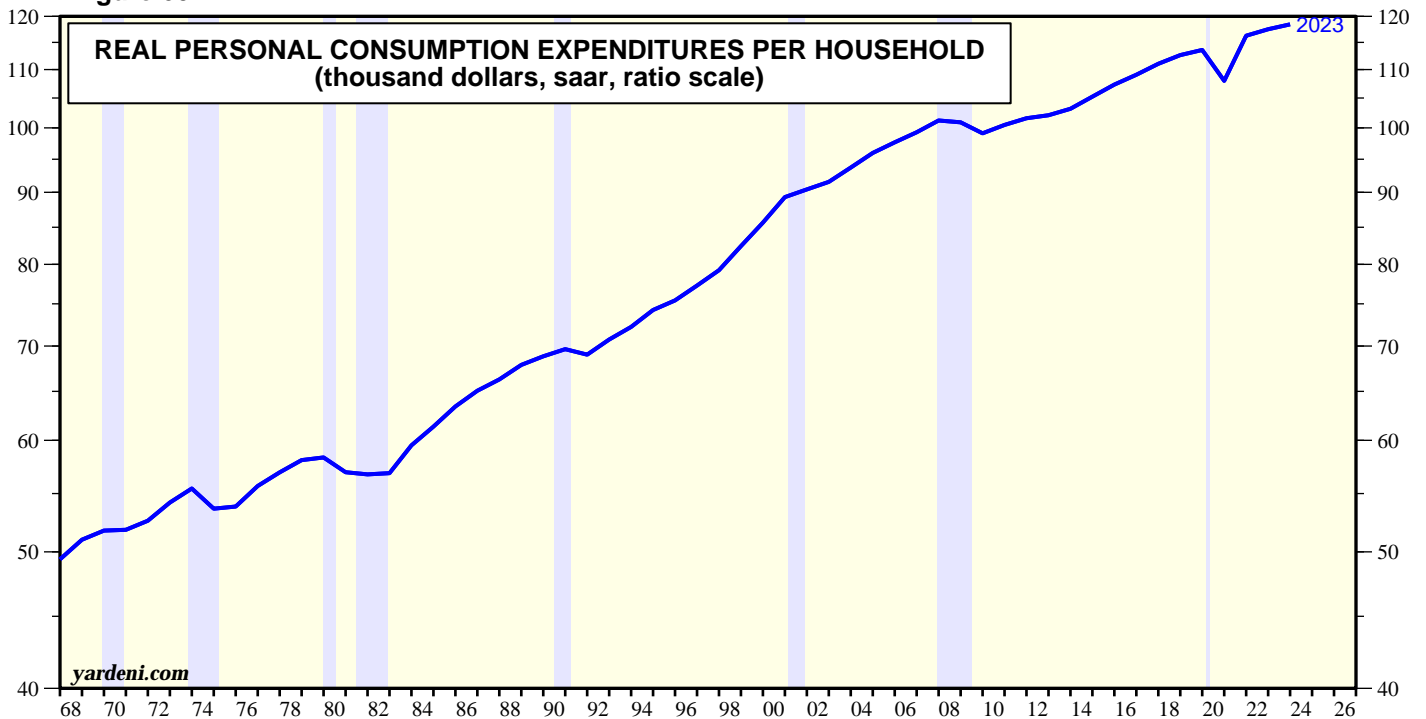
Topical Study #6: Updated Charts

Figure 59.



* 2009 dollars using PCED. **2015 dollars using CPI. Census Bureau compiles pre-tax money income per household including Social Security, but excluding non-cash benefits like Medicaid and Medicare. Source: Bureau of Economic Analysis, Census Bureau and Current Population Reports.

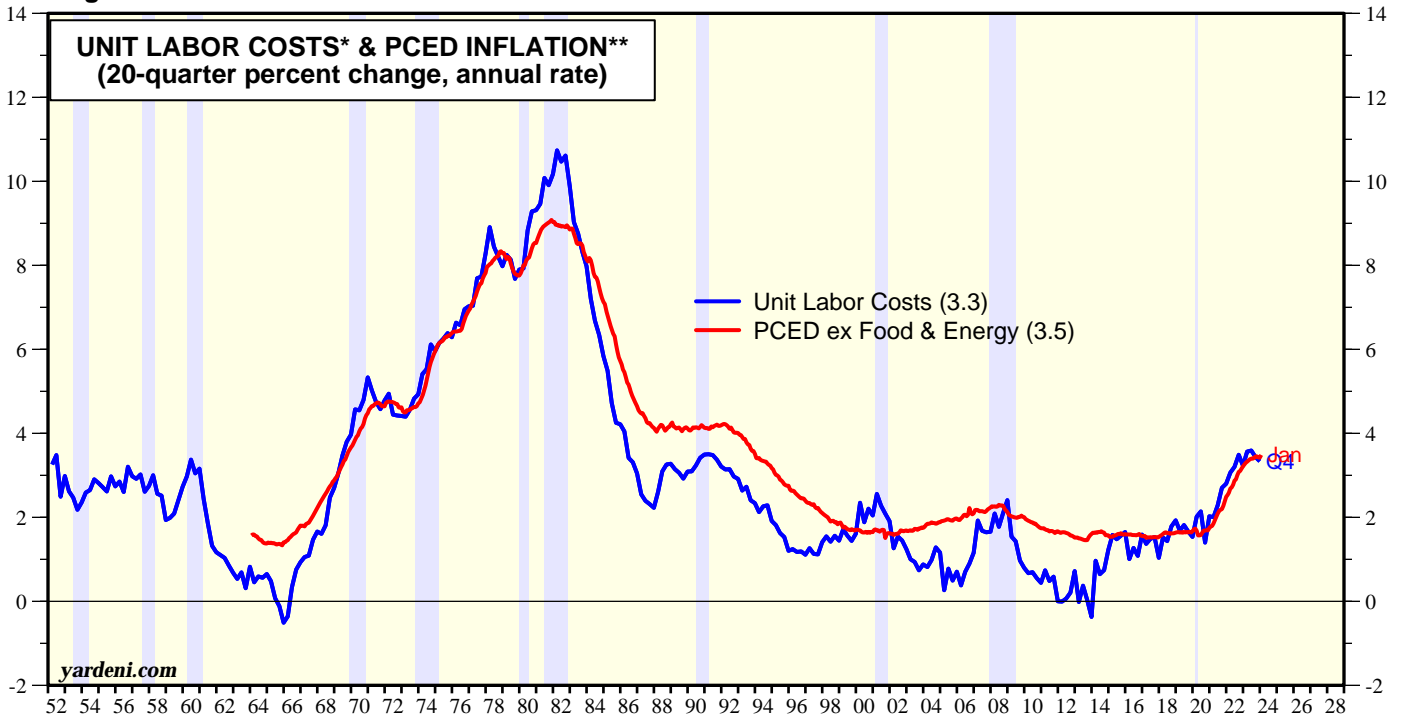
Figure 60.



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

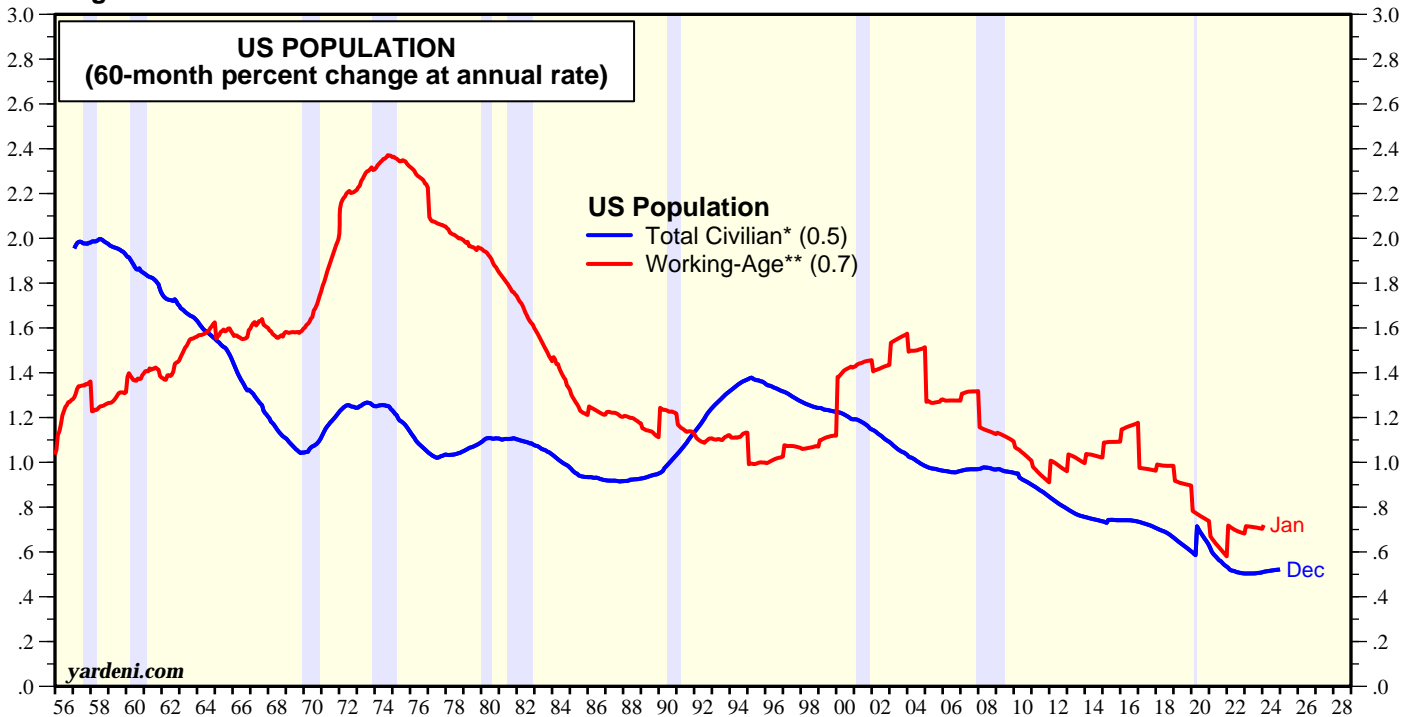
Topical Study #6: Updated Charts

Figure 61.



* Nonfarm business hourly compensation divided by productivity.
 ** PCED = personal consumption expenditures deflator.
 Note: Shaded areas are recessions according to the National Bureau of Economic Research.
 Source: Bureau of Labor Statistics.

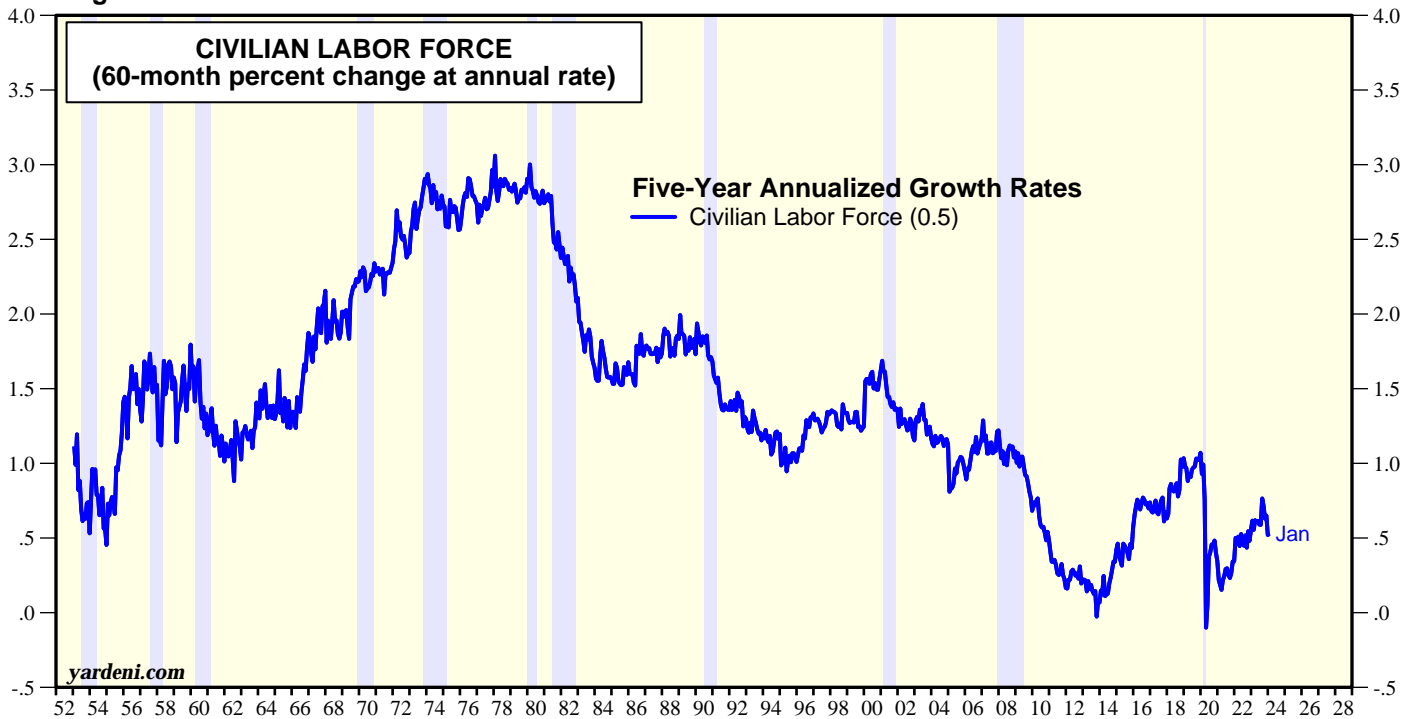
Figure 62.



* Monthly estimates beginning with August 2020 are short-term projections.
 ** 16 years old and older.
 Note: Shaded areas are recessions according to the National Bureau of Economic Research.
 Source: Bureau of Labor Statistics.

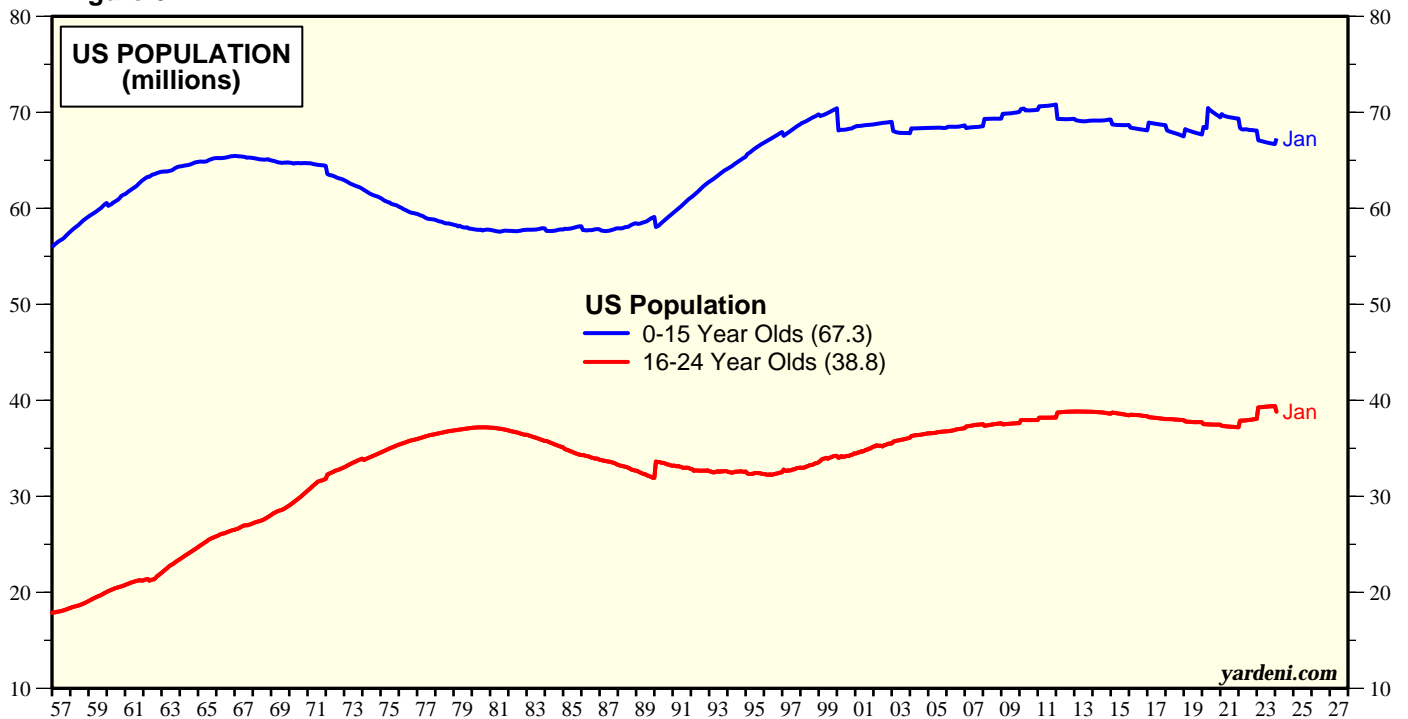
Topical Study #6: Updated Charts

Figure 63.



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

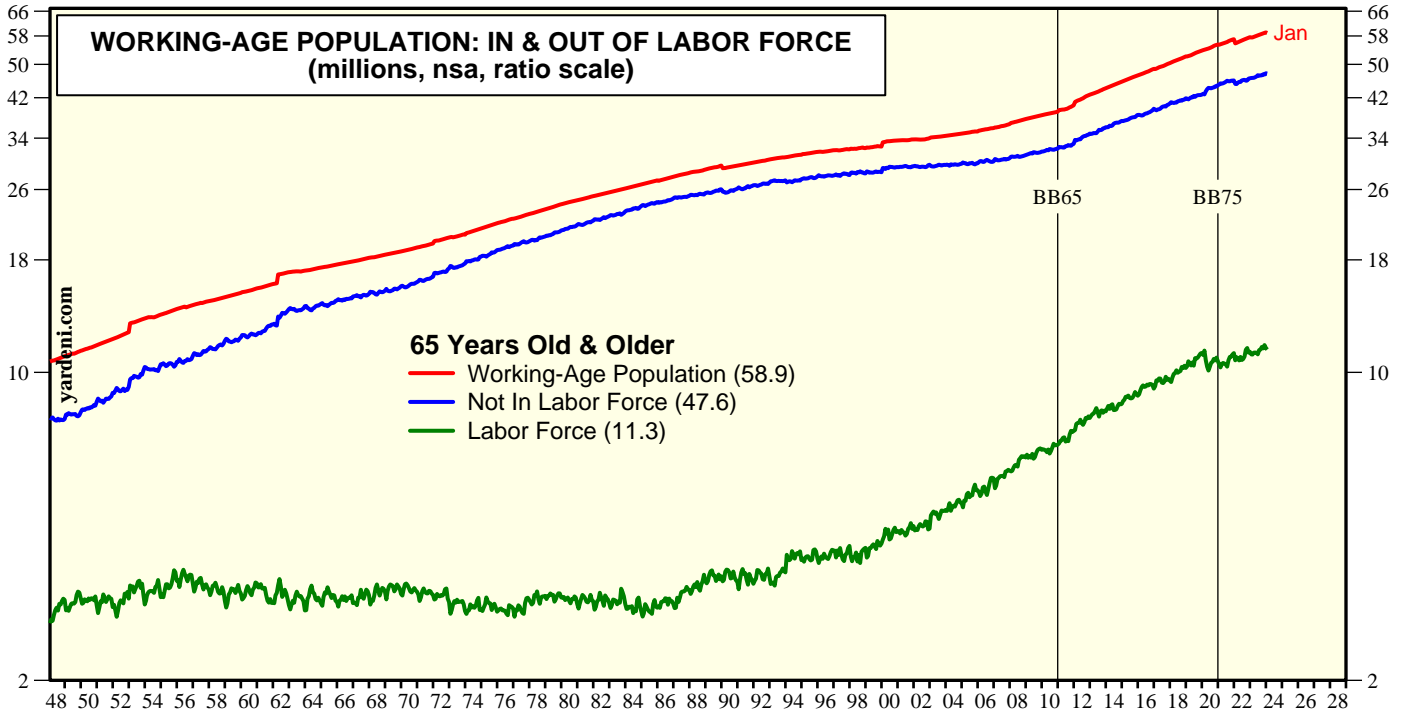
Figure 64.



Source: Bureau of Labor Statistics.

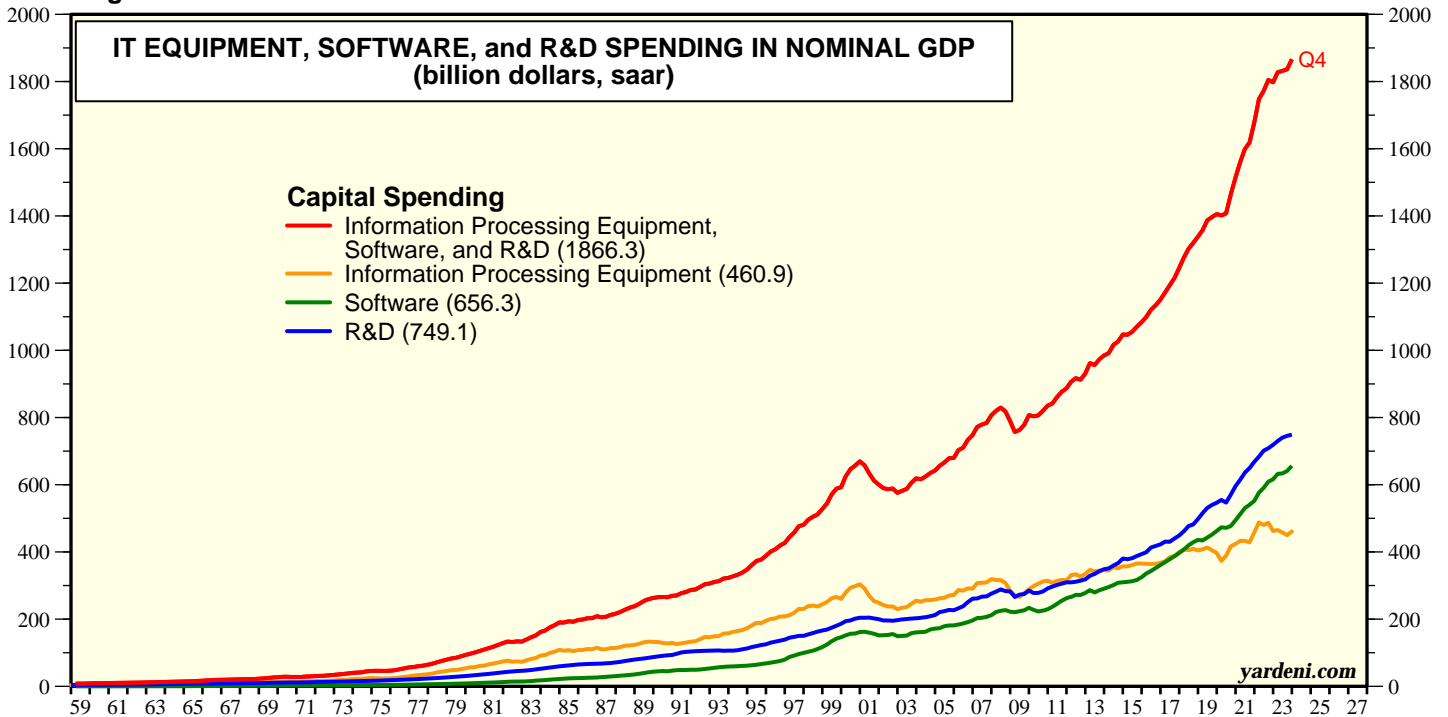
Topical Study #6: Updated Charts

Figure 65.



Note: BB65 and BB75 are when oldest Baby Boomers turned 65 and 75 years old.
Source: Bureau of Labor Statistics.

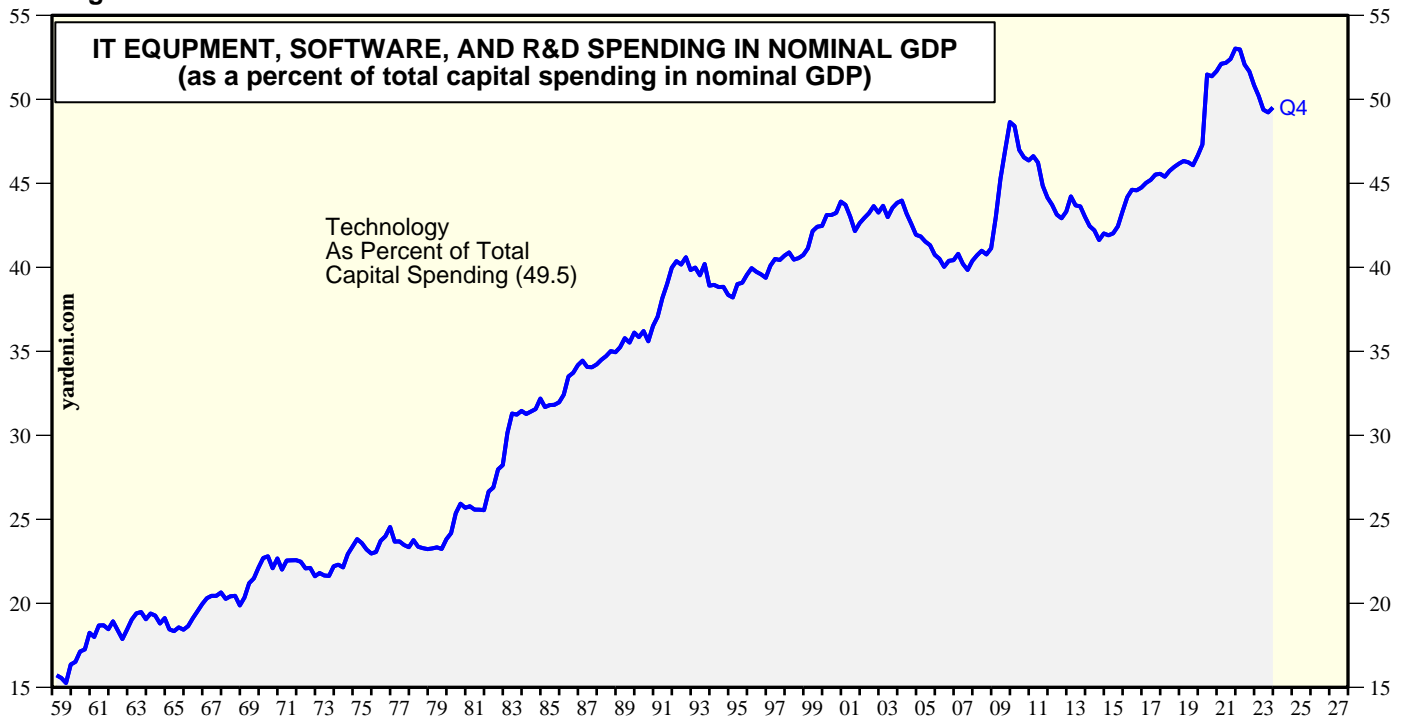
Figure 66.



Source: Bureau of Economic Analysis.

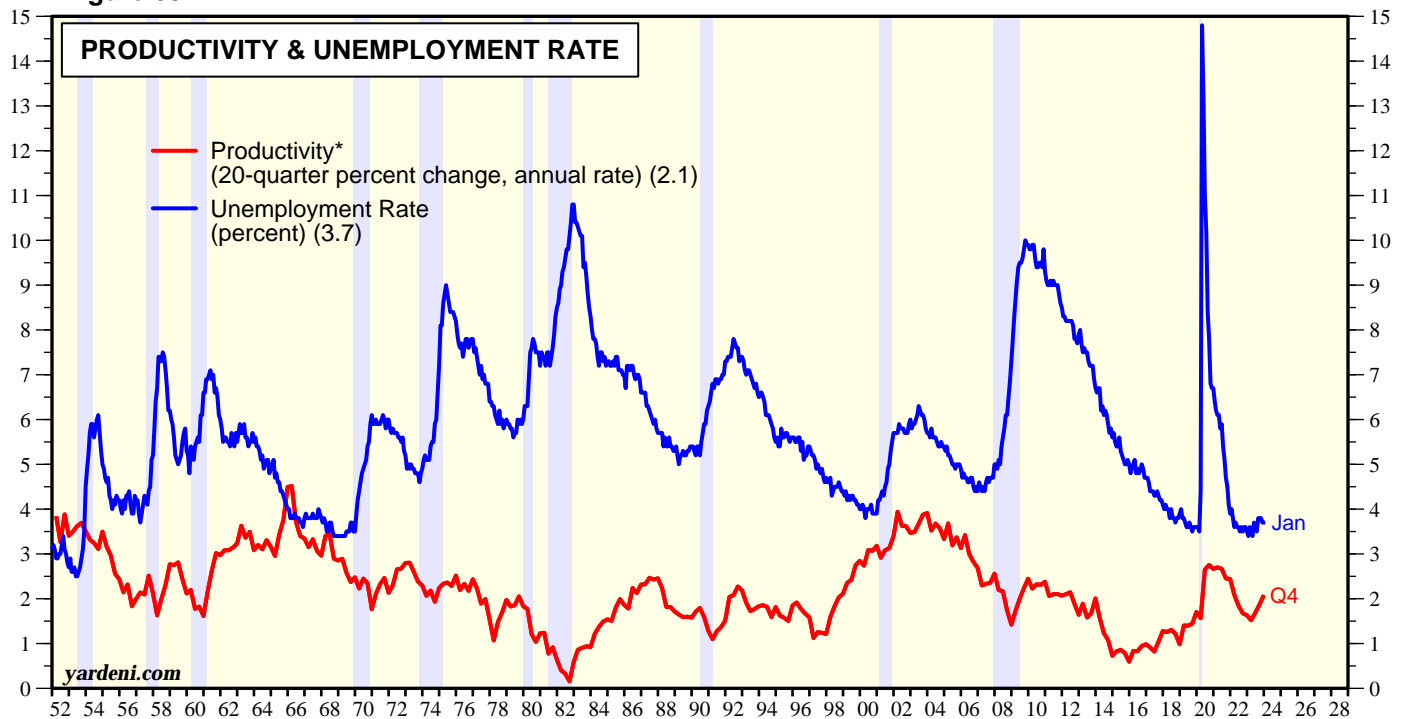
Topical Study #6: Updated Charts

Figure 67.



Source: Bureau of Economic Analysis.

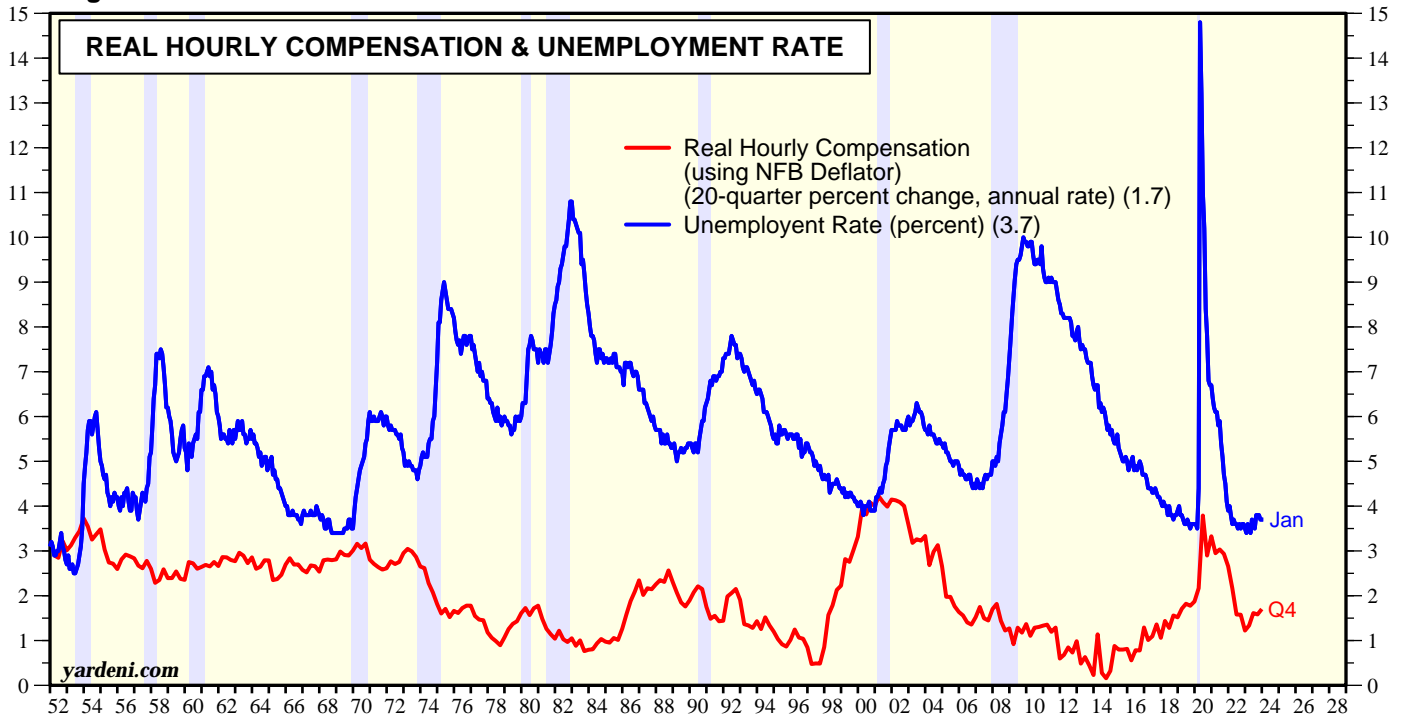
Figure 68.



* Nonfarm business.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: Bureau of Labor Statistics.

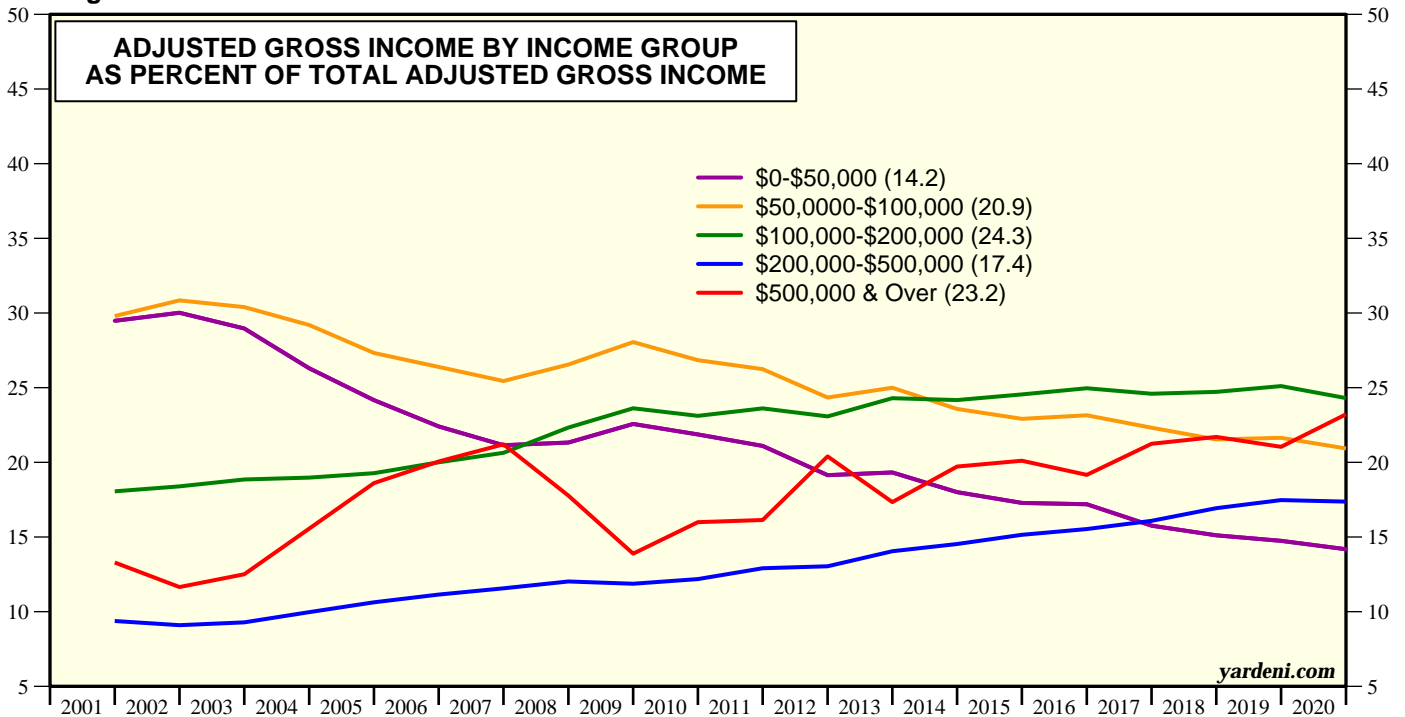
Topical Study #6: Updated Charts

Figure 69.



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

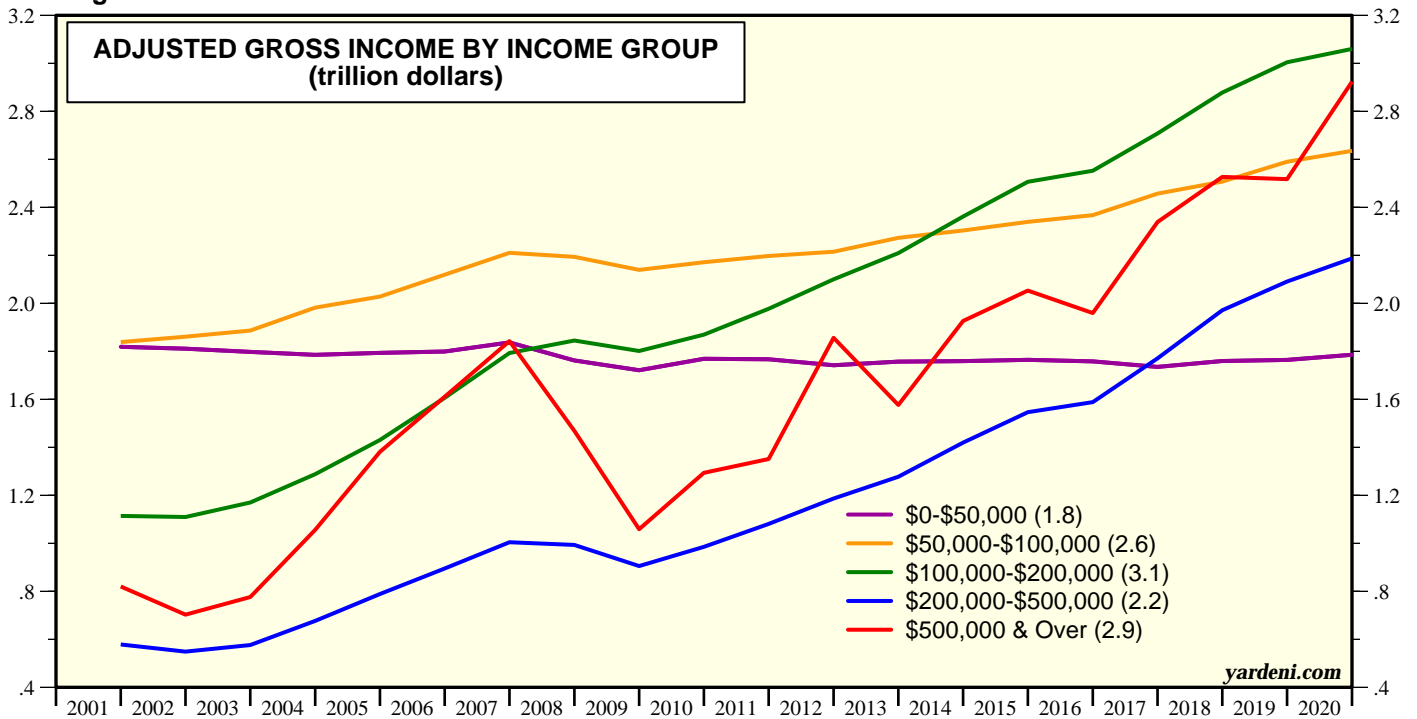
Figure 70.



Source: Internal Revenue Service.

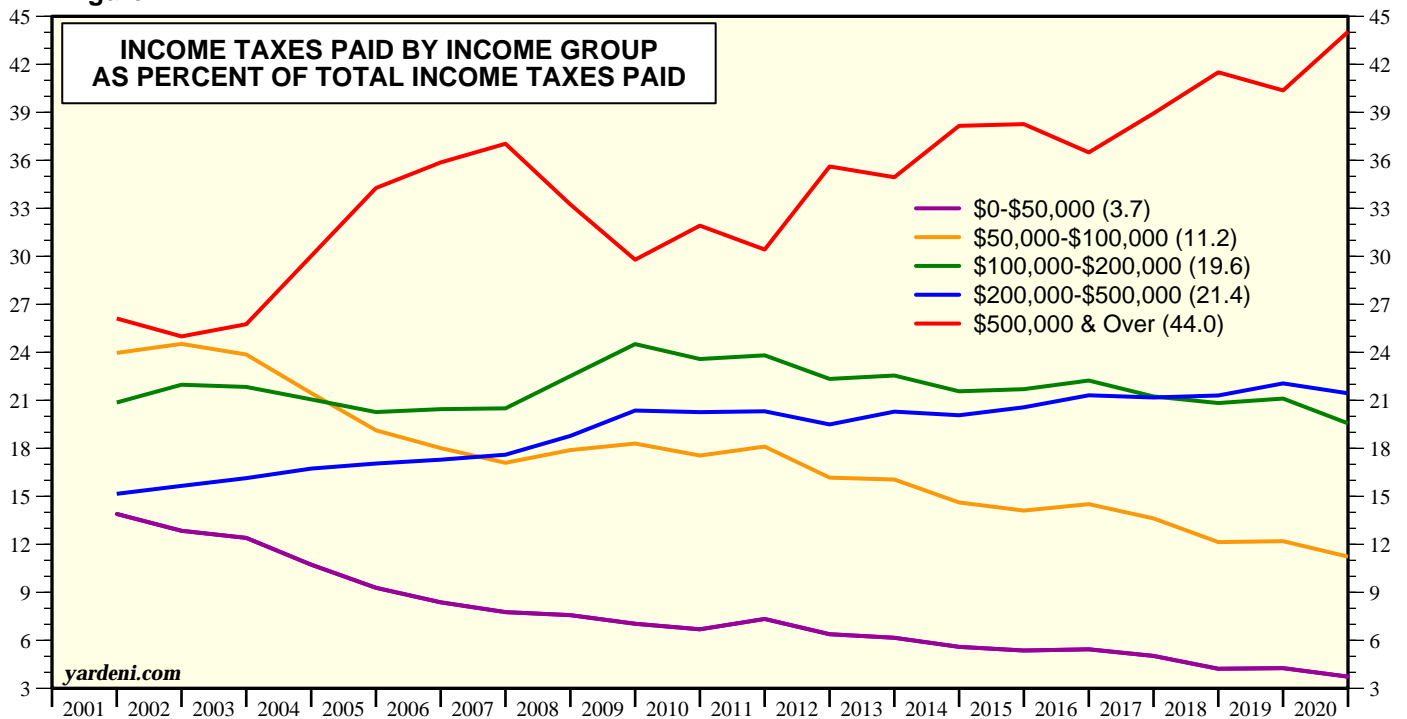
Topical Study #6: Updated Charts

Figure 71.



Source: Internal Revenue Service.

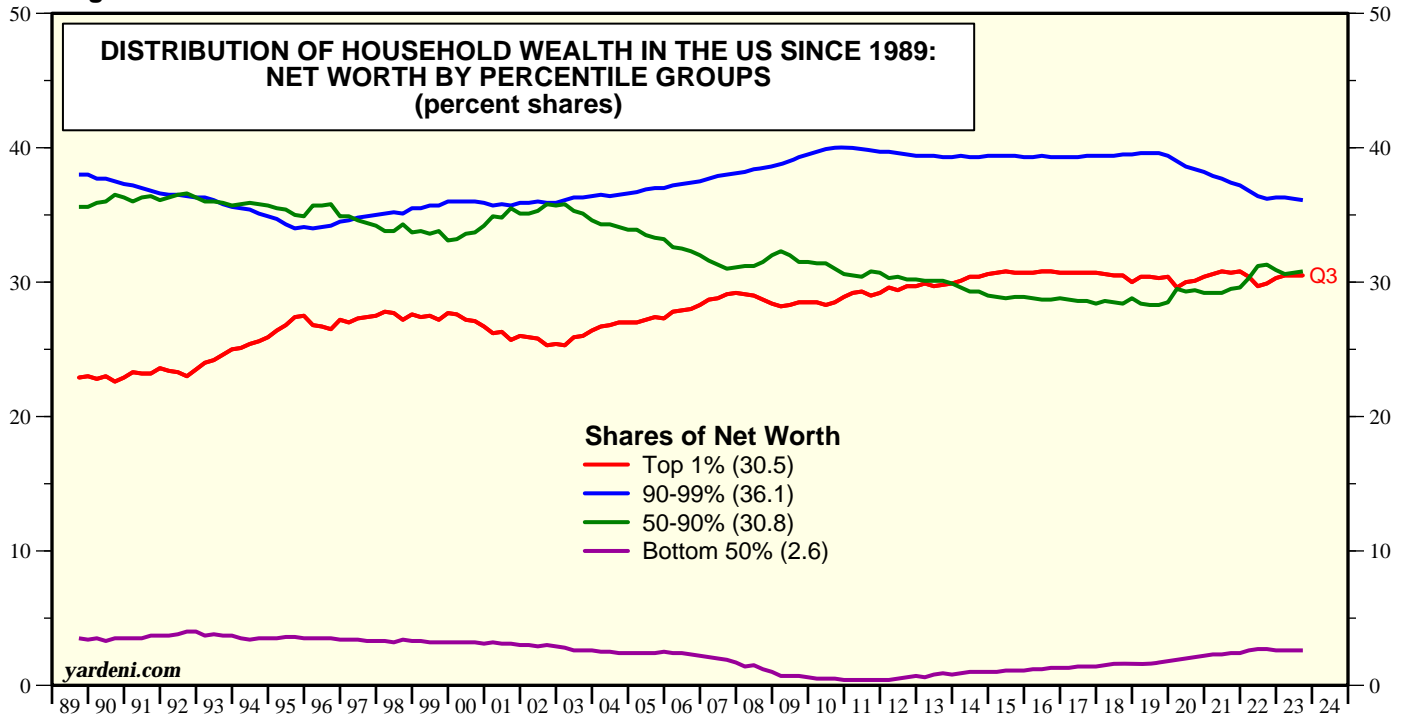
Figure 72.



Source: Internal Revenue Service.

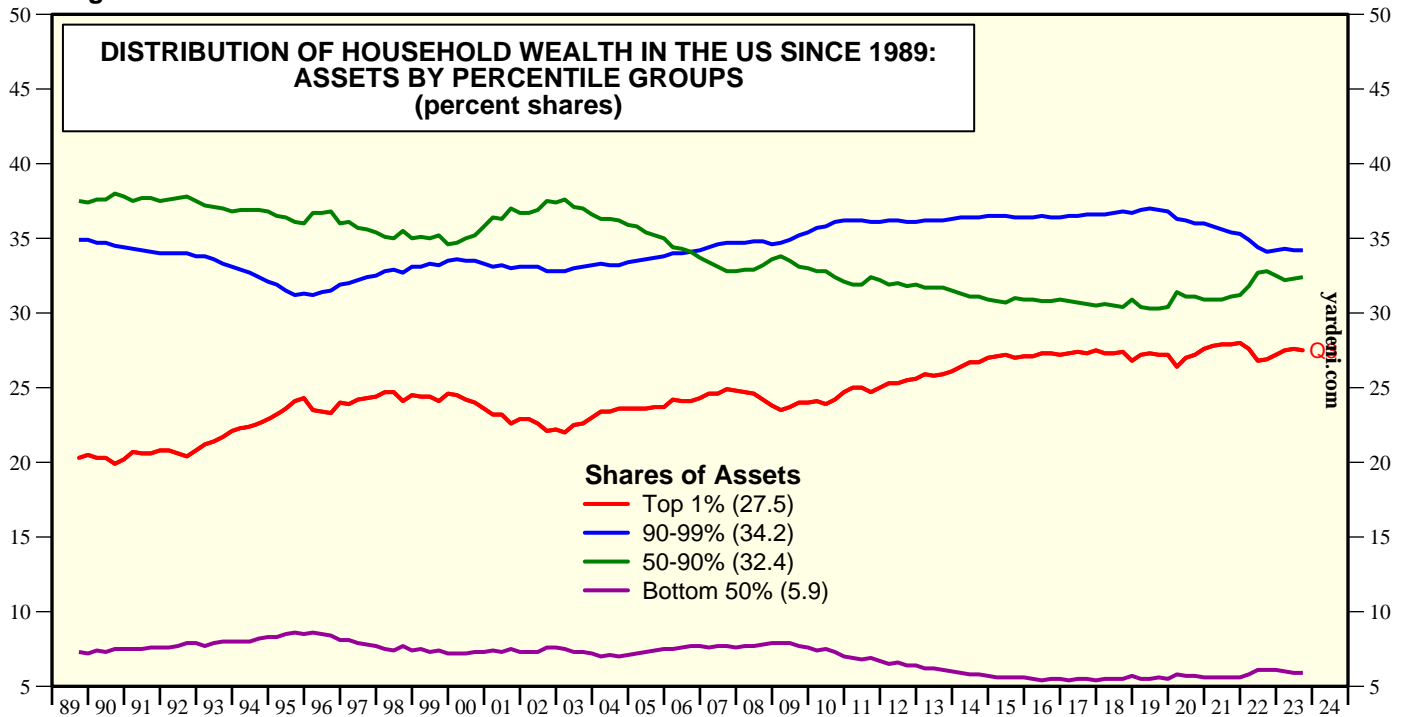
Topical Study #6: Updated Charts

Figure 73.



Source: Federal Reserve Board Financial Accounts of the United States, Distributional Financial Accounts (DFA).

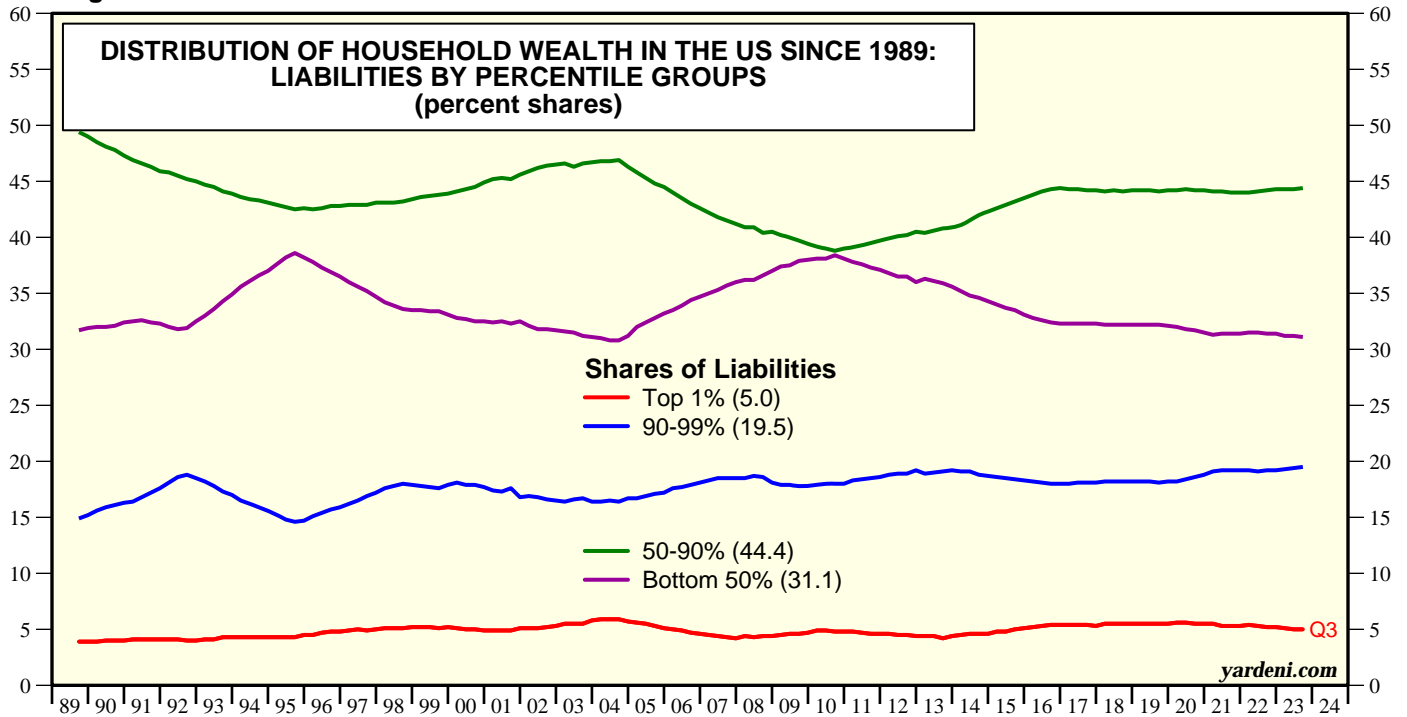
Figure 74.



Source: Federal Reserve Board Financial Accounts of the United States, Distributional Financial Accounts (DFA).

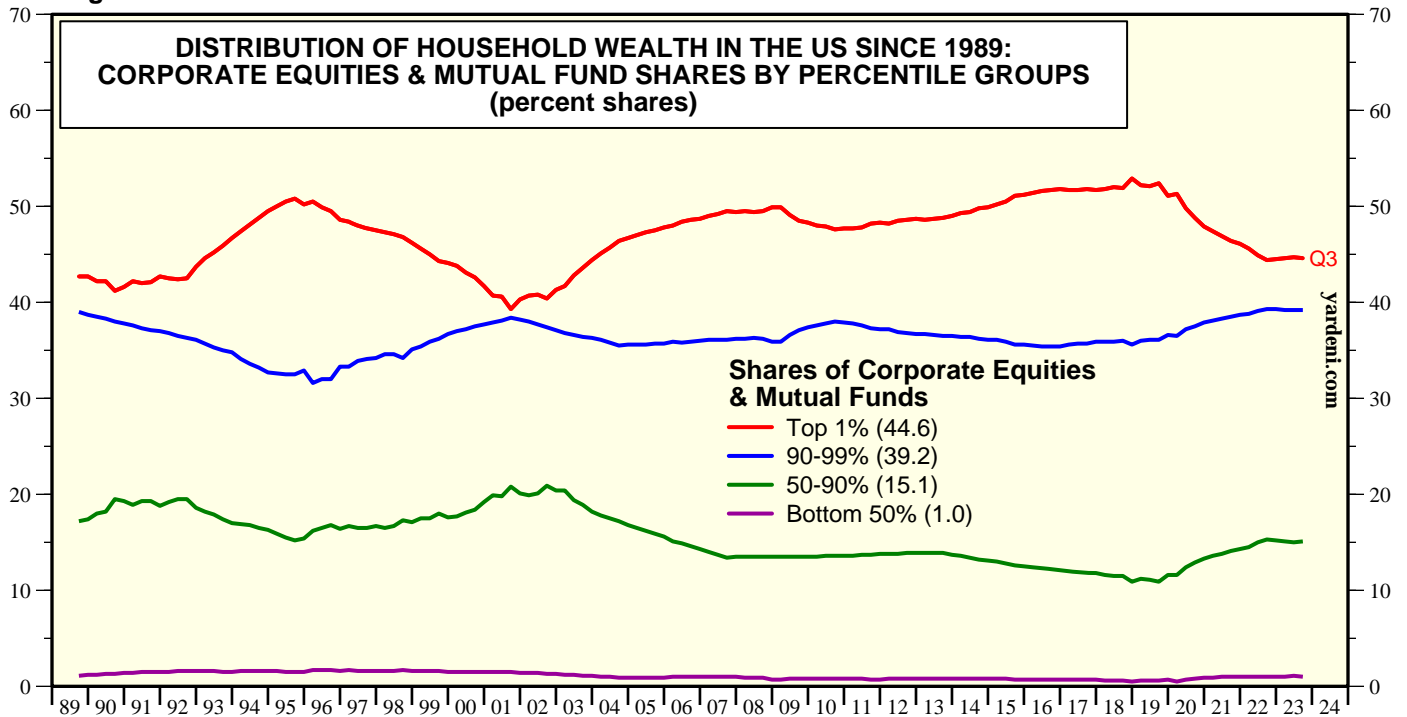
Topical Study #6: Updated Charts

Figure 75.



Source: Federal Reserve Board Financial Accounts of the United States, Distributional Financial Accounts (DFA).

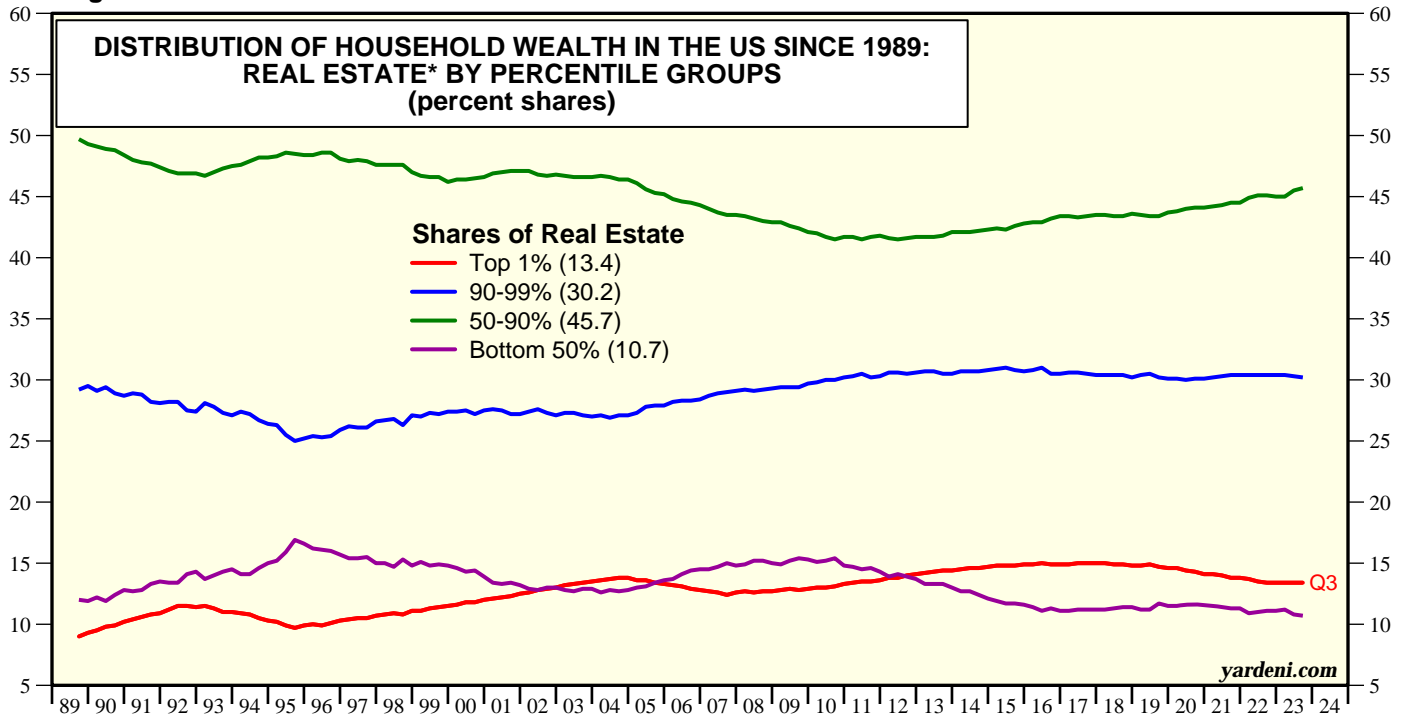
Figure 76.



Source: Federal Reserve Board Financial Accounts of the United States, Distributional Financial Accounts (DFA).

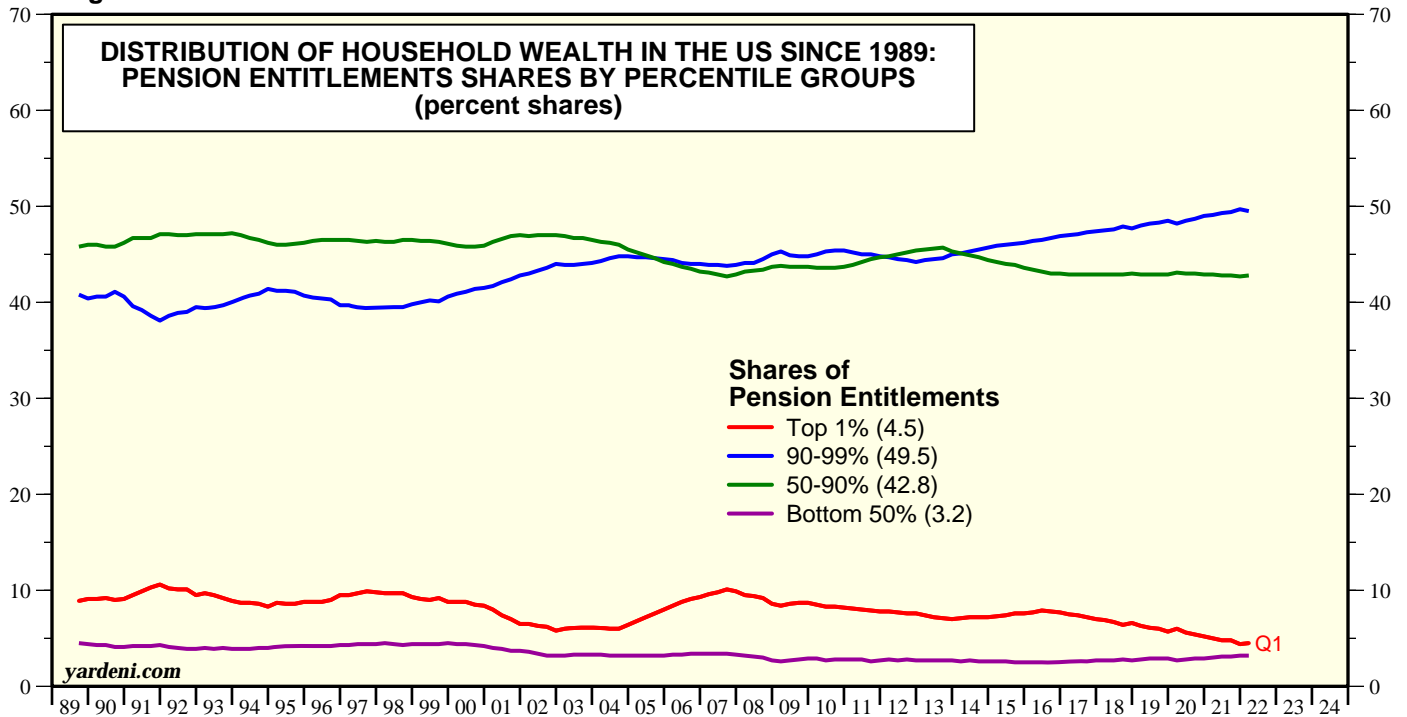
Topical Study #6: Updated Charts

Figure 77.



* Owner-occupied real estate including vacant land and mobile homes at market value.
Source: Federal Reserve Board Financial Accounts of the United States, Distributional Financial Accounts (DFA).

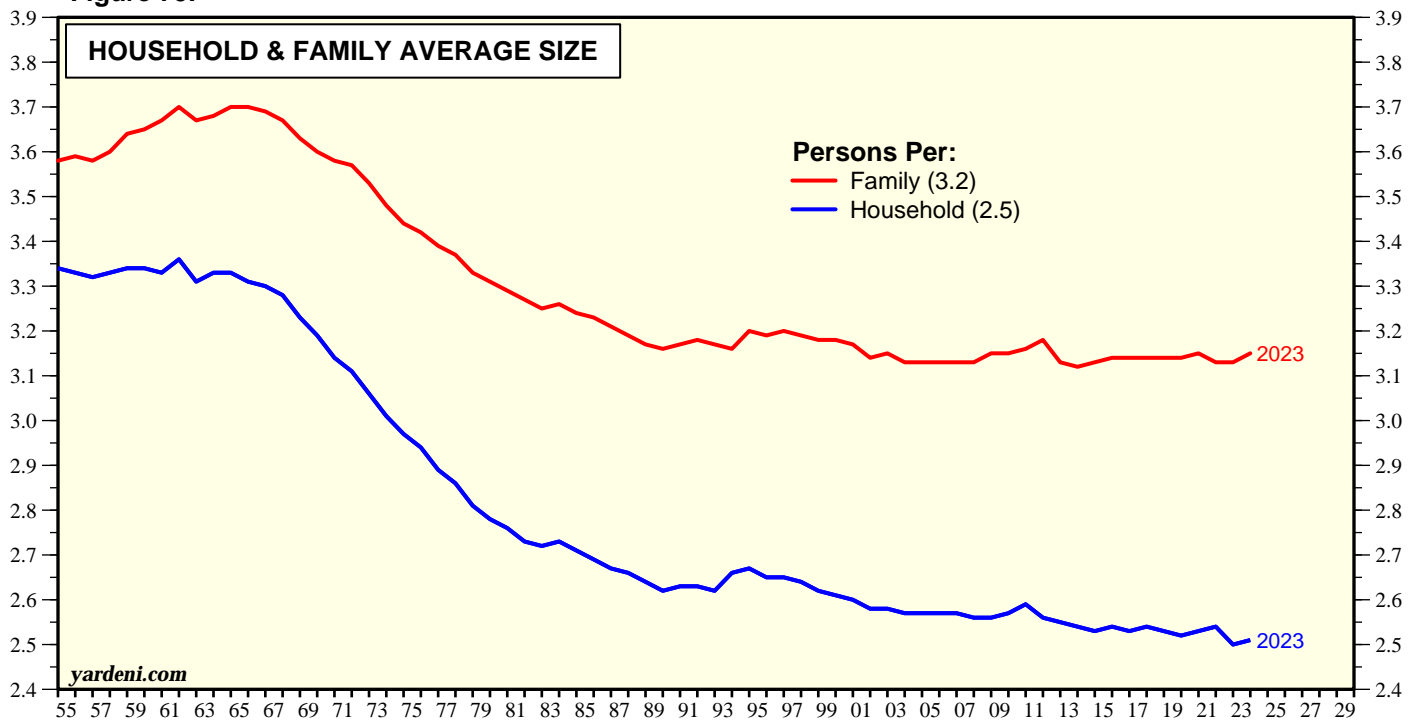
Figure 78.



Source: Federal Reserve Board Financial Accounts of the United States, Distributional Financial Accounts (DFA).

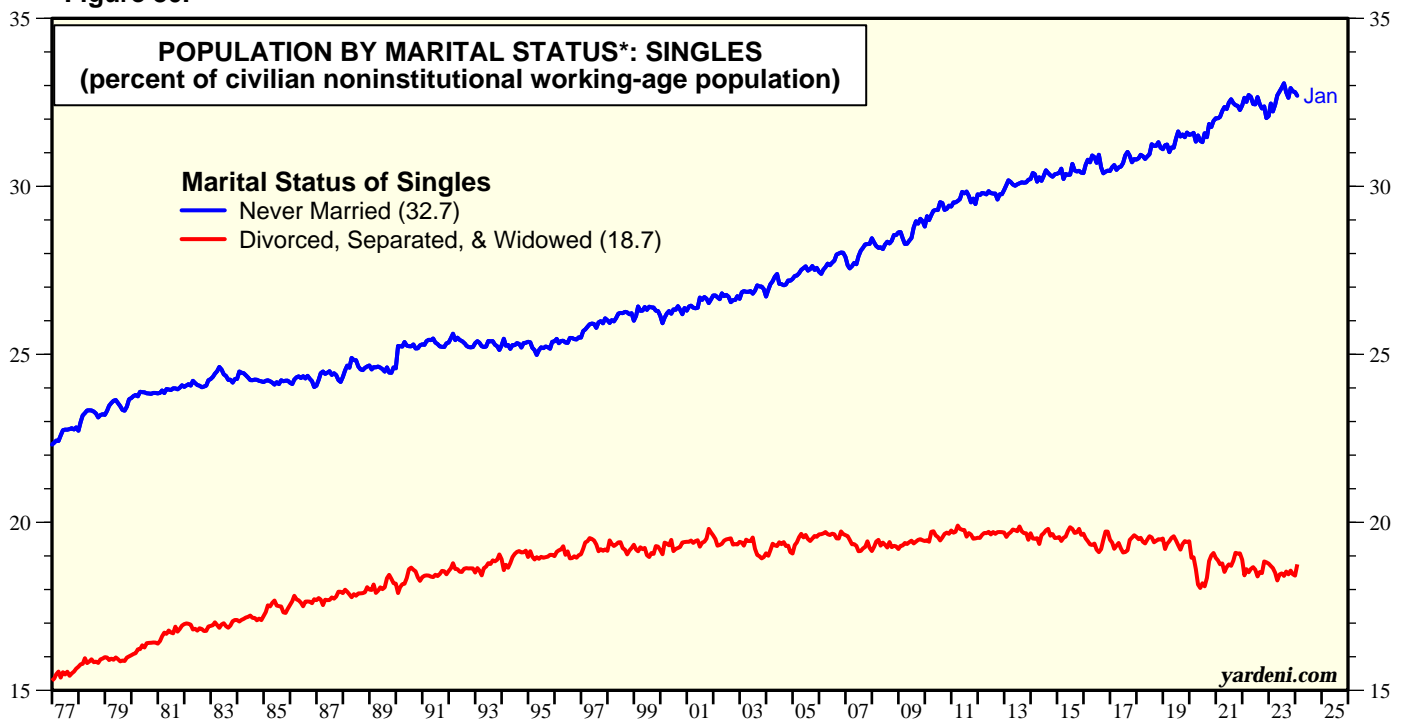
Topical Study #6: Updated Charts

Figure 79.



Source: Census Bureau.

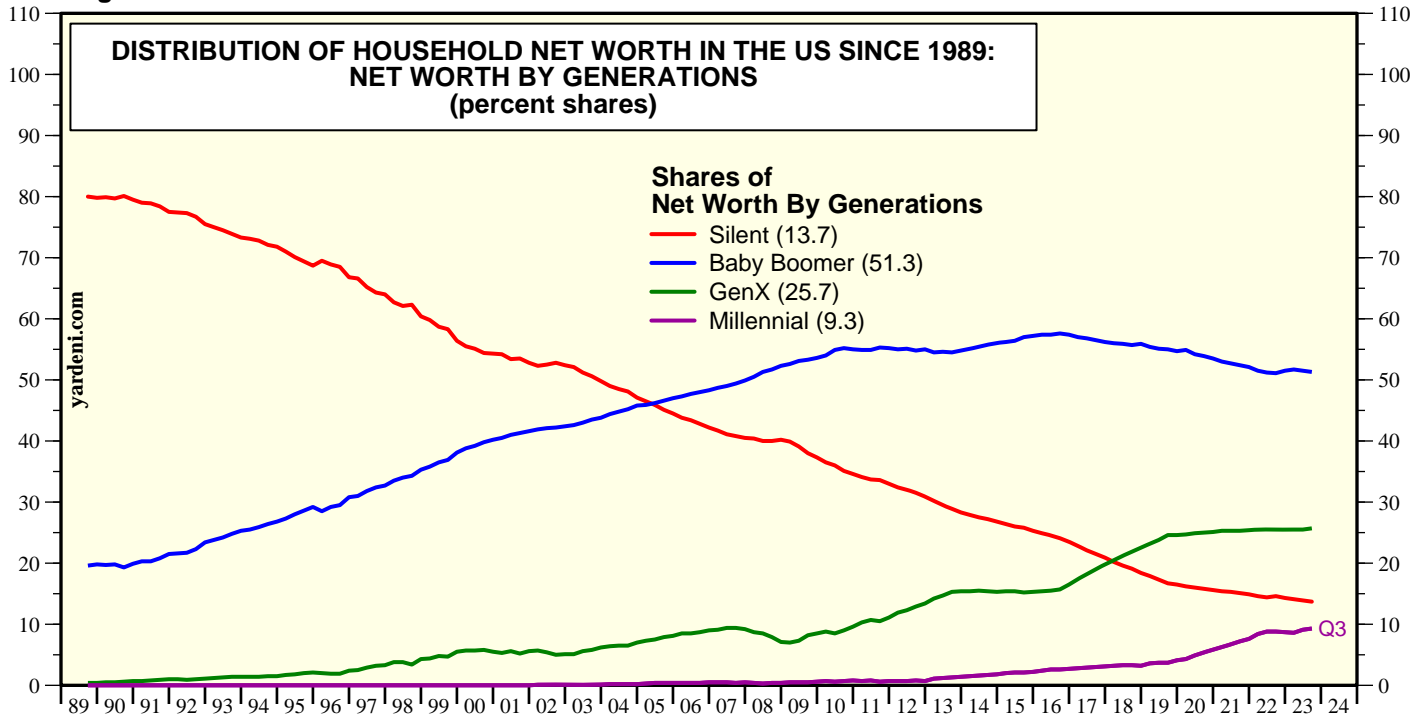
Figure 80.



* 16 years and older.
 Source: Bureau of Labor Statistics.

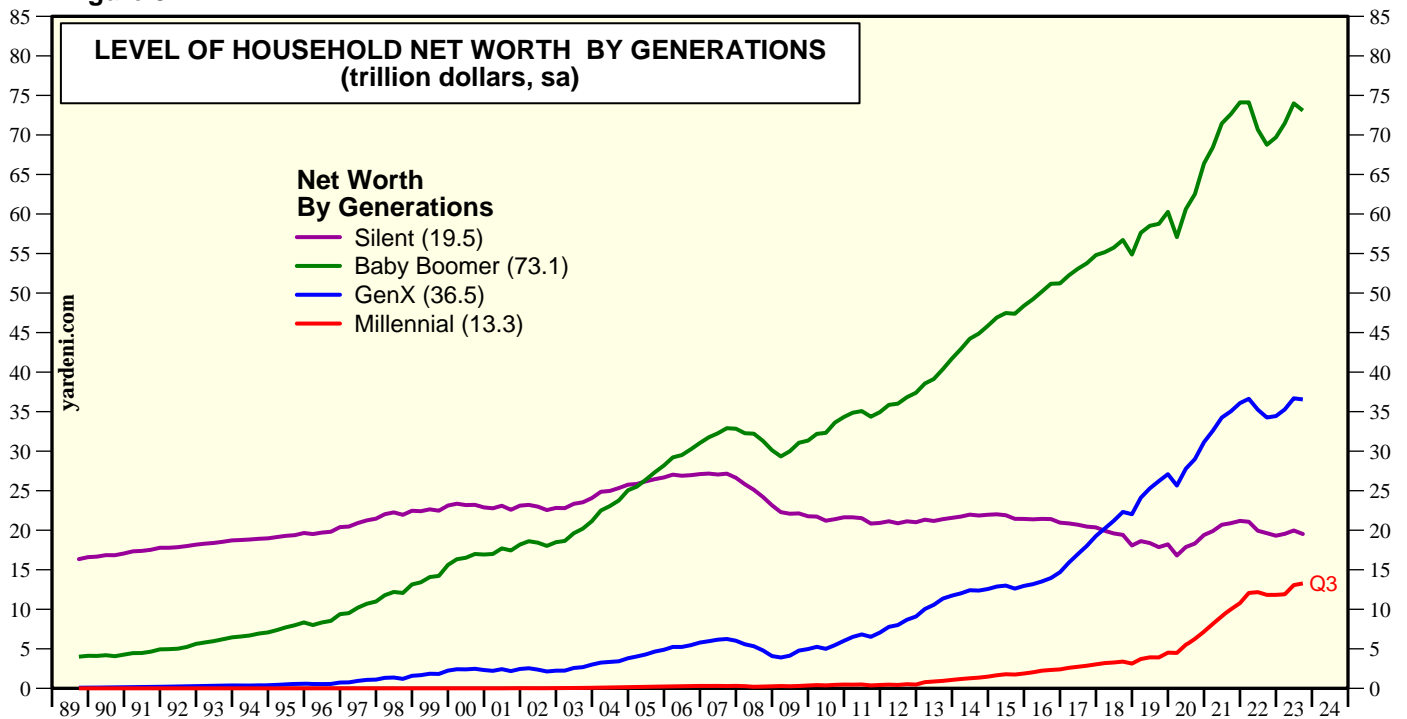
Topical Study #6: Updated Charts

Figure 81.



Source: Federal Reserve Board Financial Accounts of the United States, Distributional Financial Accounts (DFA).

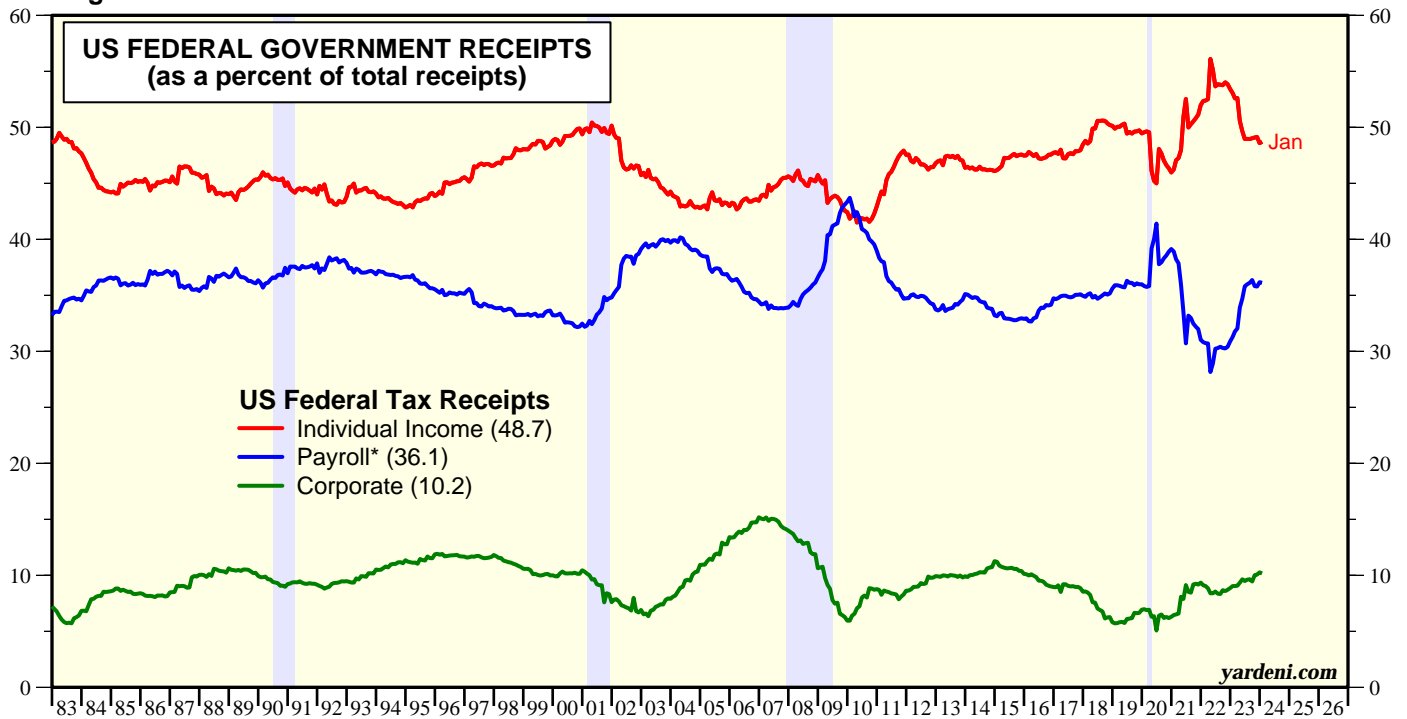
Figure 82.



Source: Federal Reserve Board Financial Accounts of the United States, Distributional Financial Accounts (DFA).

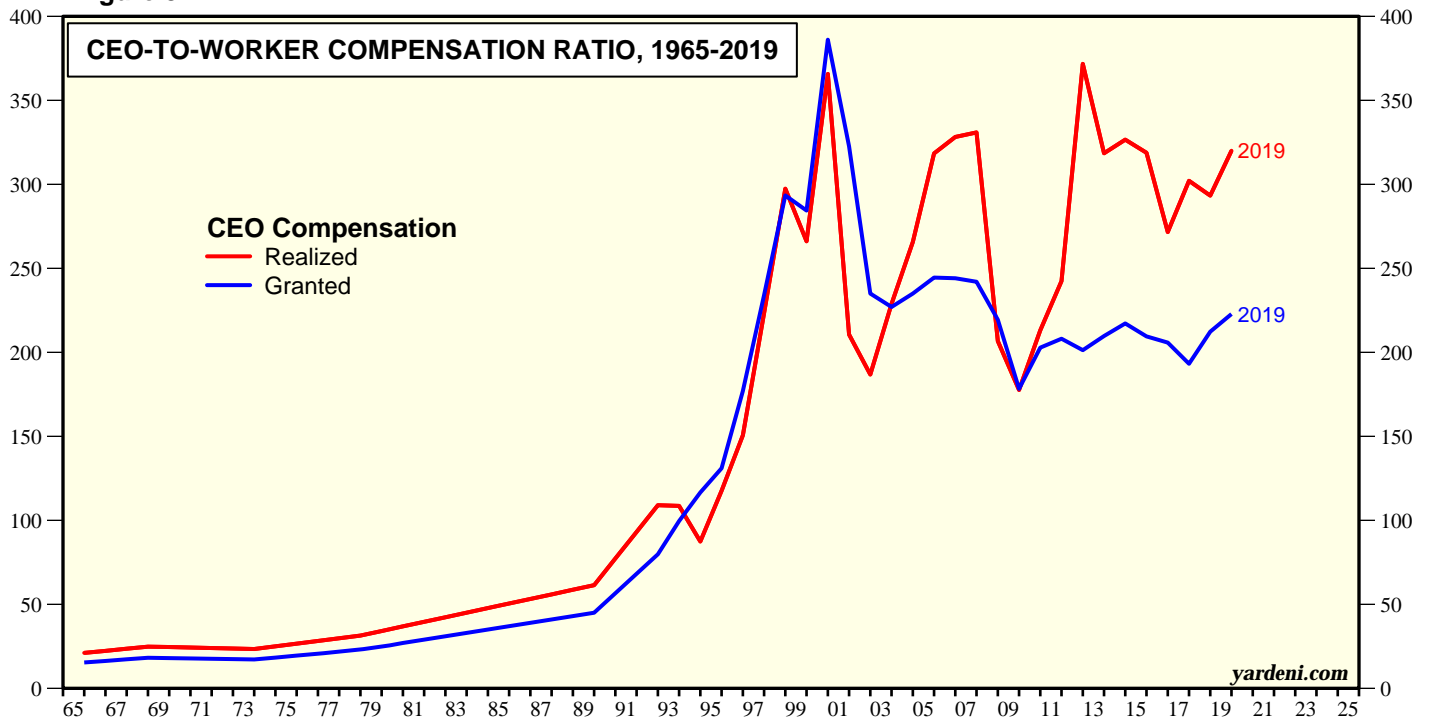
Topical Study #6: Updated Charts

Figure 83.



* Employment and general retirement, unemployment insurance, and other retirement.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: US Treasury Department.

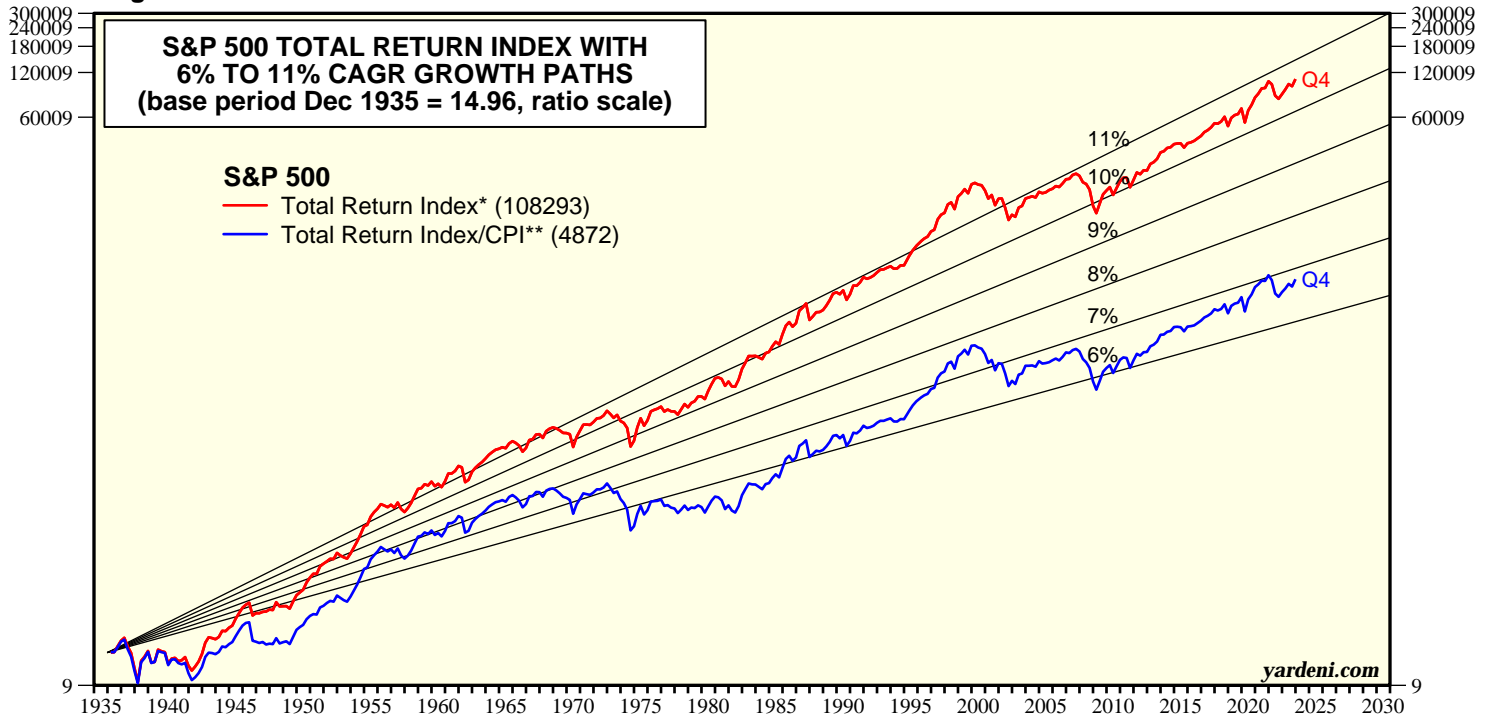
Figure 84.



Source: Economic Policy Institute.

Topical Study #6: Updated Charts

Figure 85.



* Includes reinvested dividends.

** Using last month of quarter CPI. Compounded monthly using base value.
 Source: Standard & Poor's.

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