

Corporate Finance Briefing: NIPA vs. S&P 500 Profits Margins

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thinking outside the box

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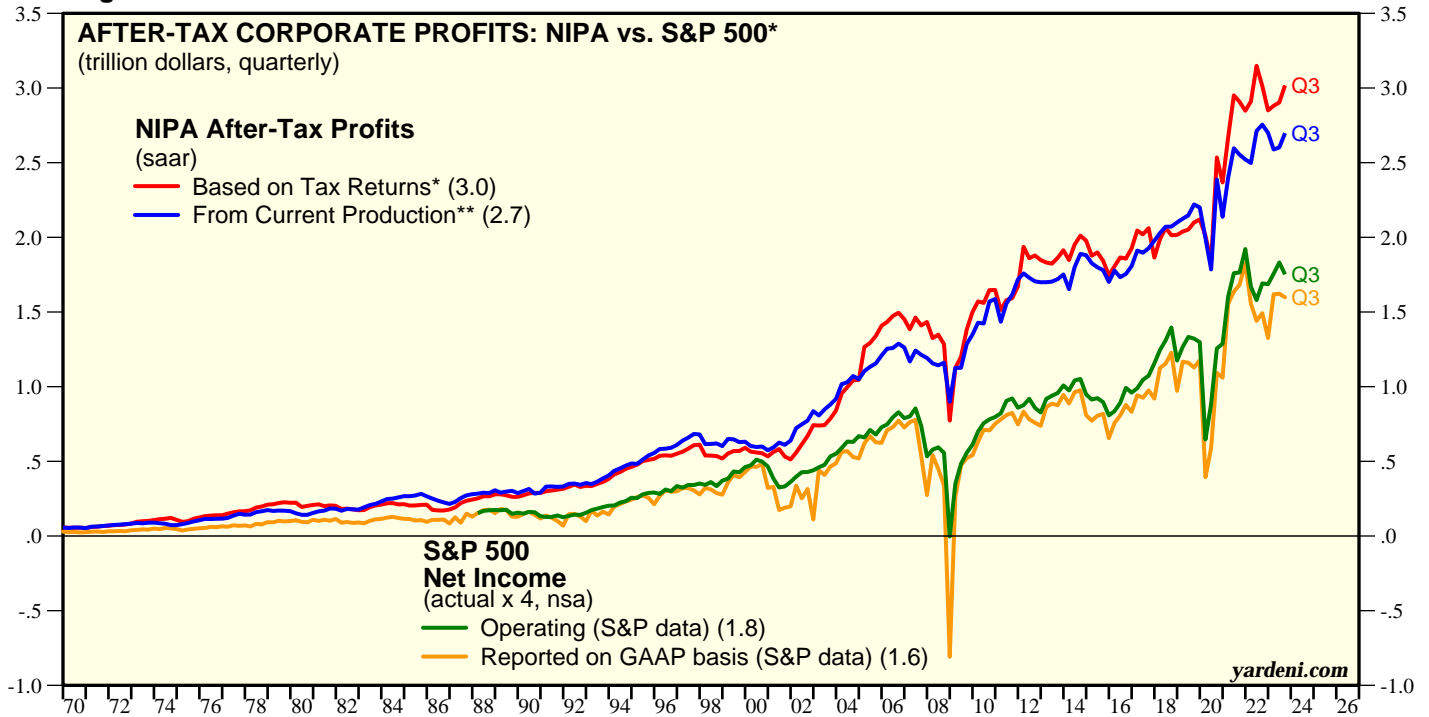
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Profit Margins

Figure 1.

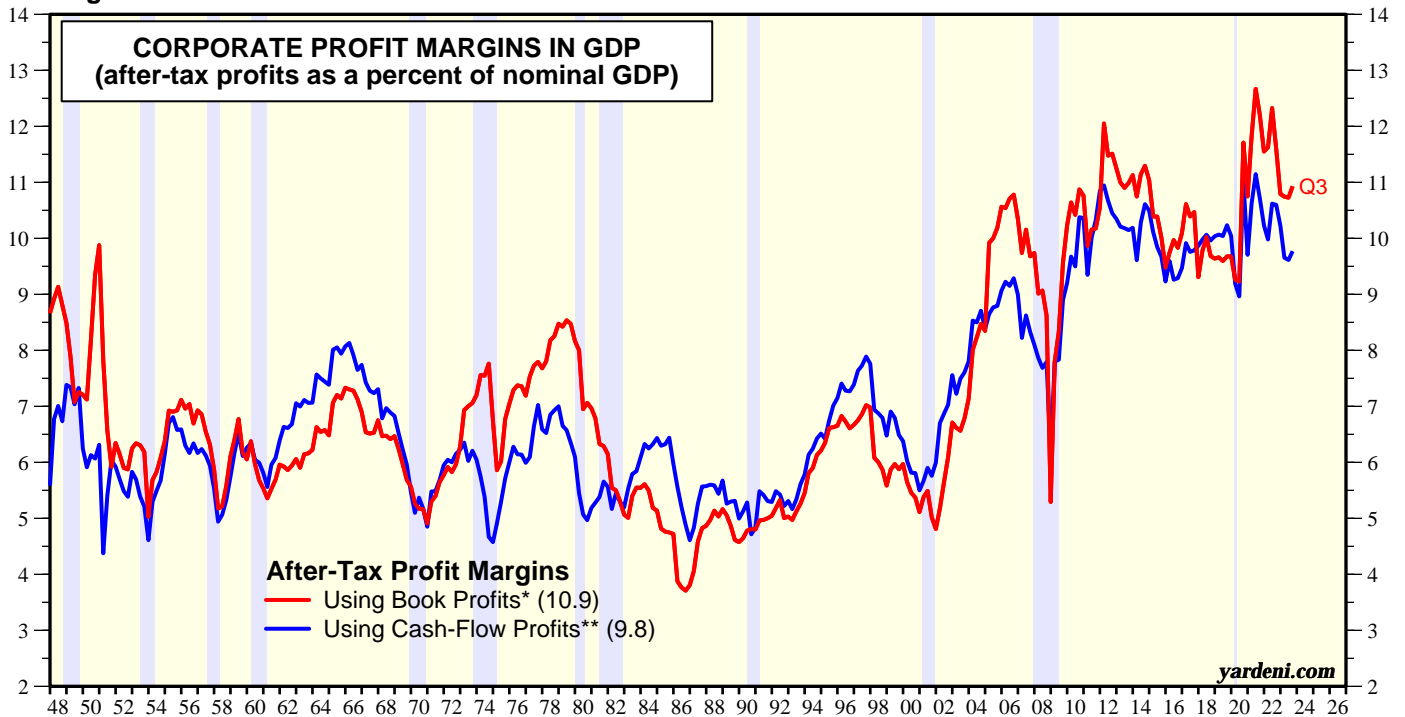


* Excluding IVA & CCAdj.

** 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.

Figure 2.



* Tax-accounting basis as reported to IRS.

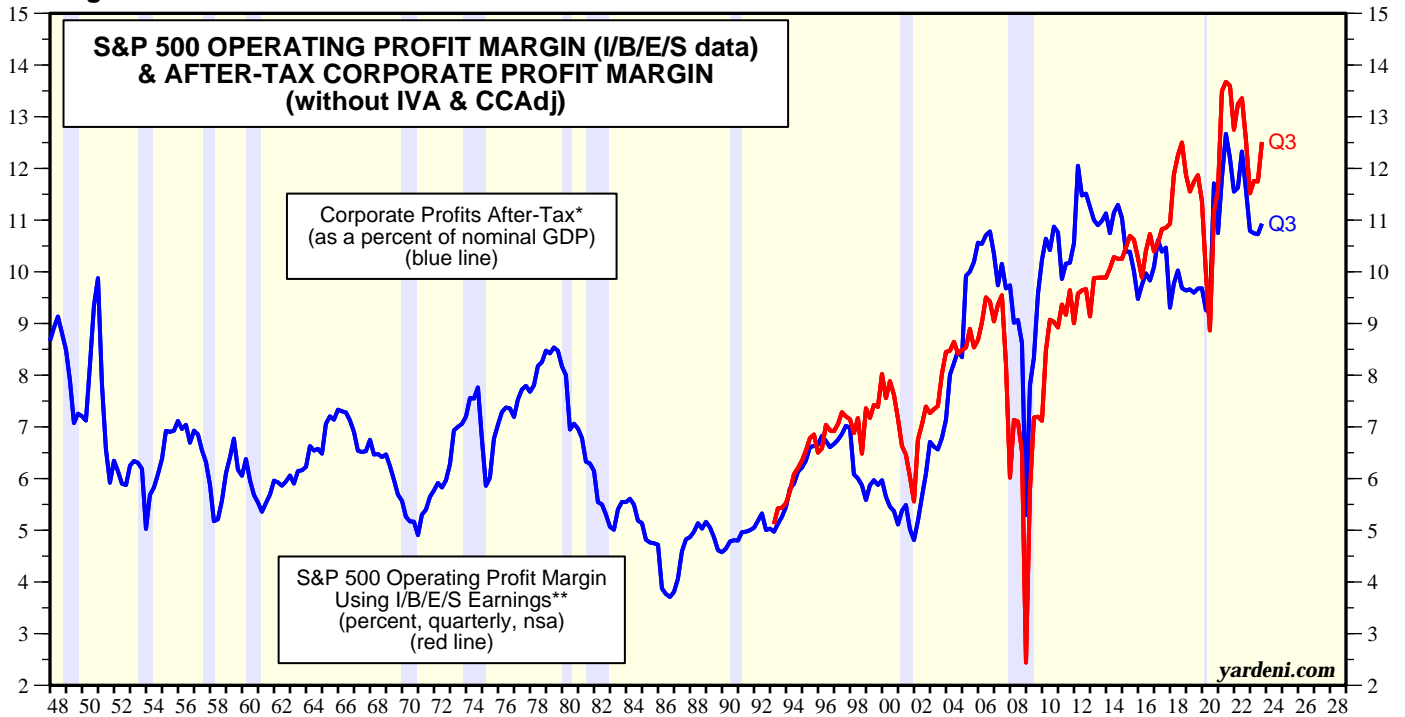
** Book profits including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

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

Source: Bureau of Economic Analysis.

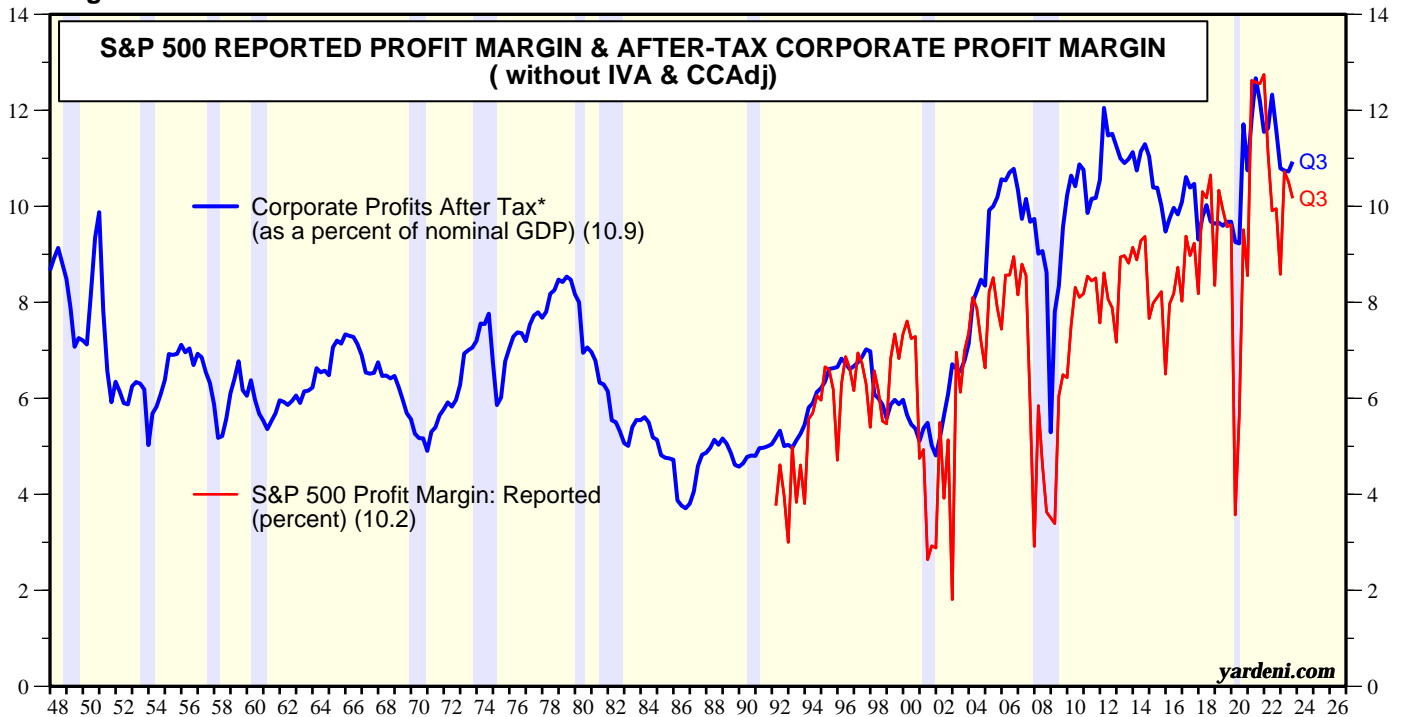
Profit Margins

Figure 3.



* 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.

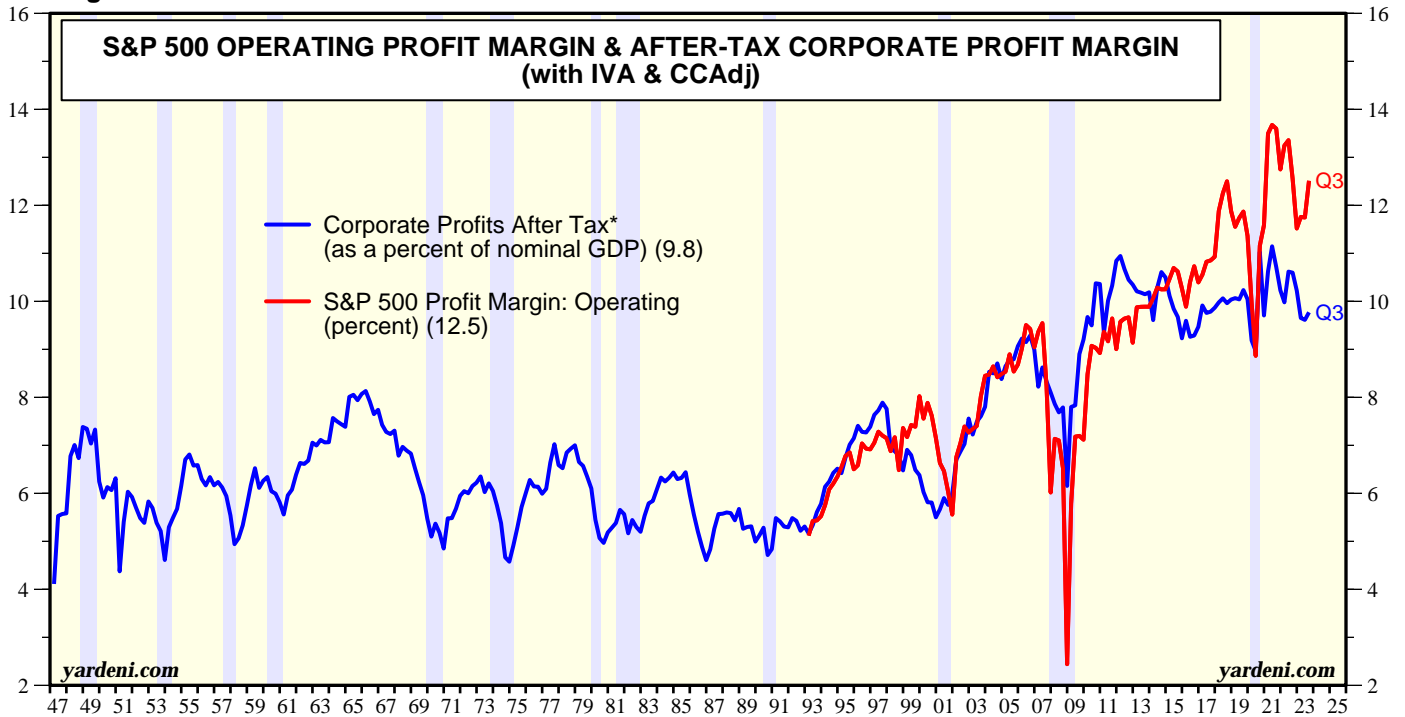
Figure 4.



* 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.
 Note: Shaded areas denote recessions according to the National Bureau of Economic Research. Q4-2008 not shown because of large negative value.
 Source: Standard & Poor's, I/B/E/S data by Refinitiv, and Bureau of Economic Analysis.

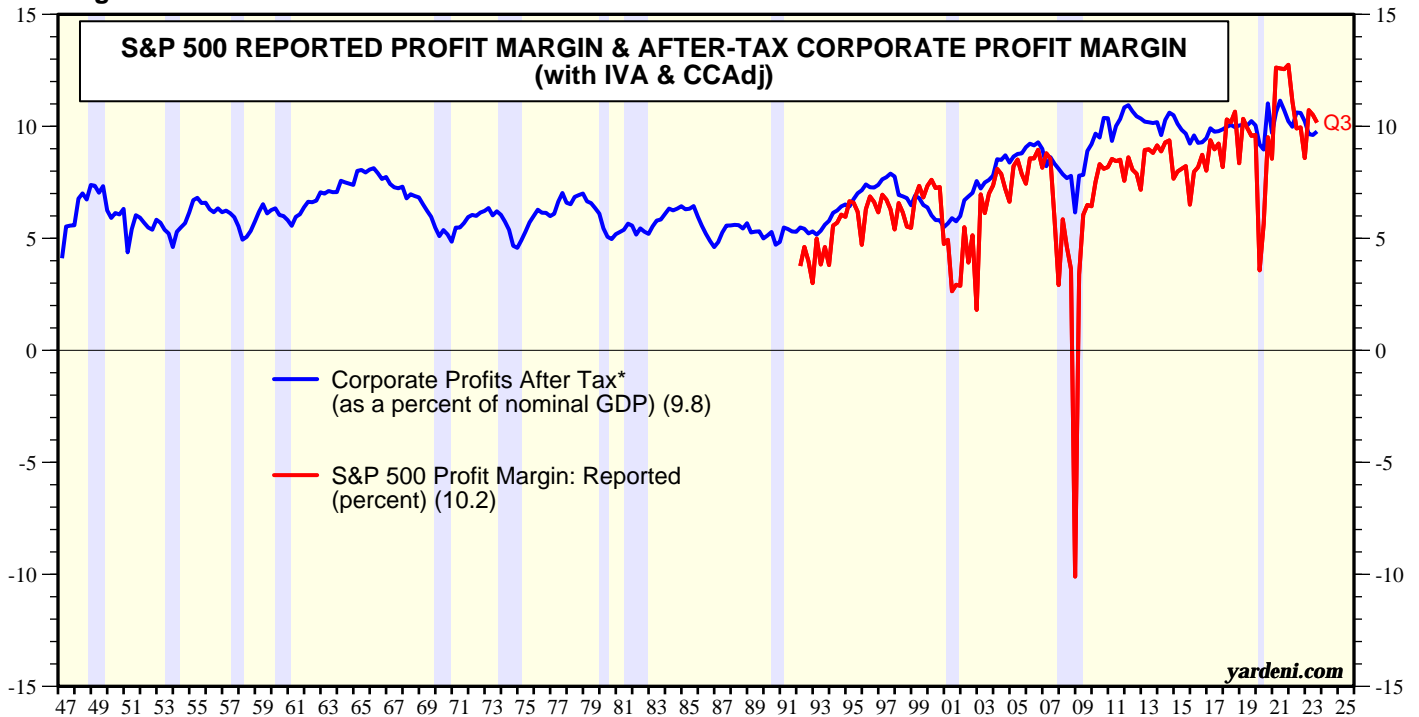
Profit Margins

Figure 5.



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

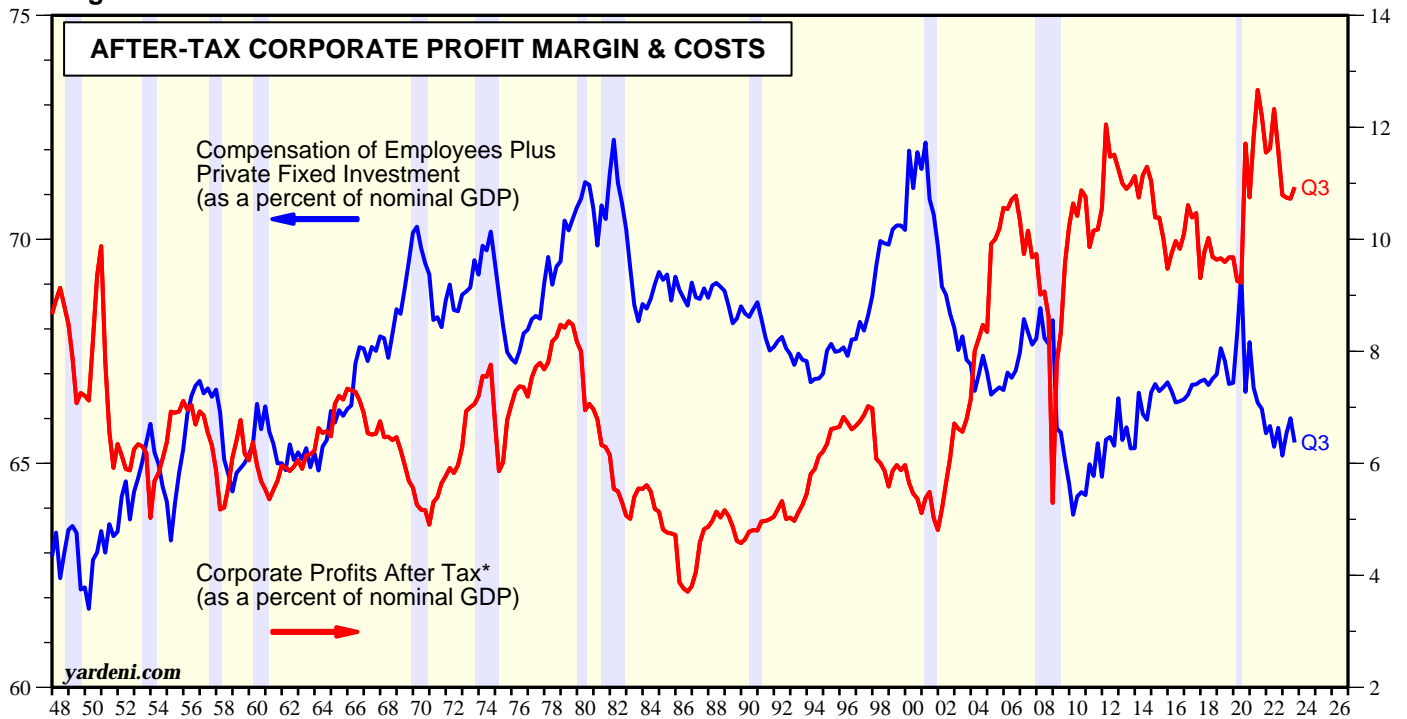
Figure 6.



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

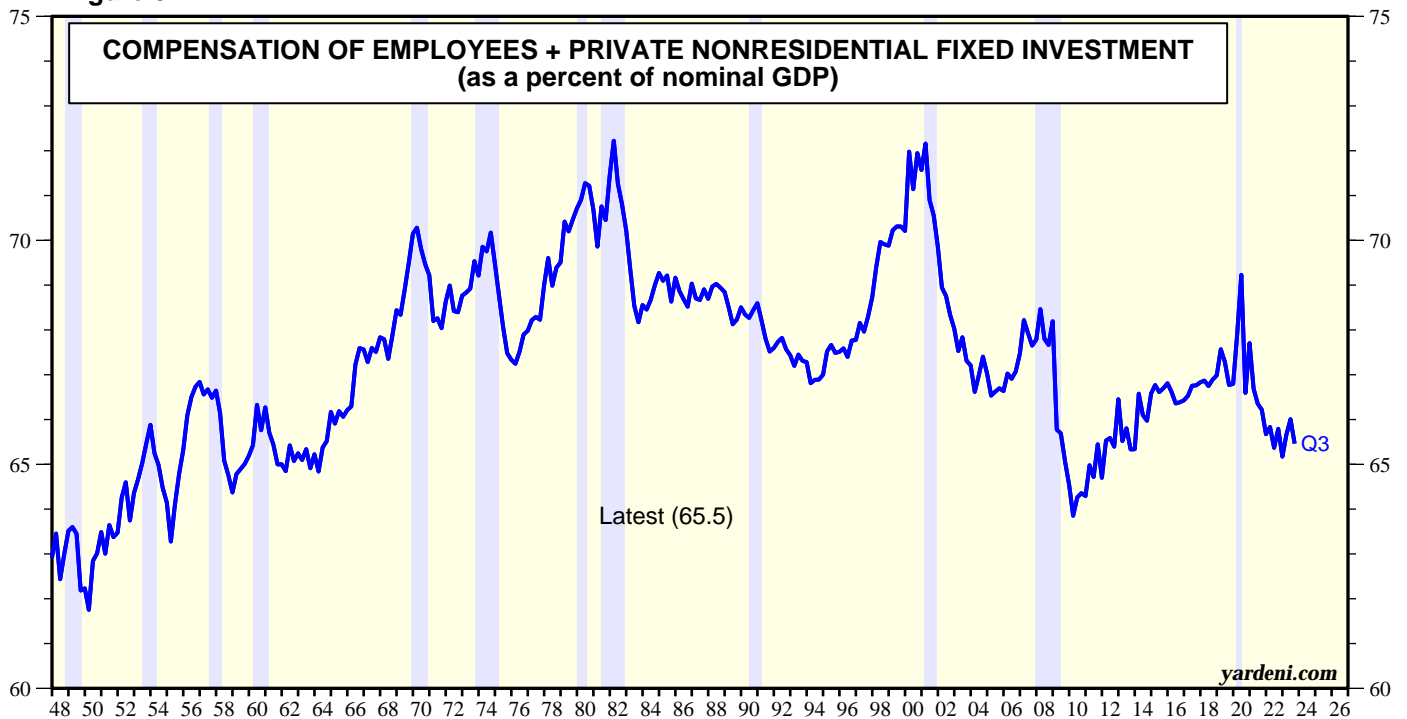
Margins & Costs

Figure 7.



* After-tax profits as reported to IRS (without IVA and CCAdj).
 Note: Shaded areas are recessions according to the National Bureau of Economic Research.
 Source: Bureau of Economic Analysis.

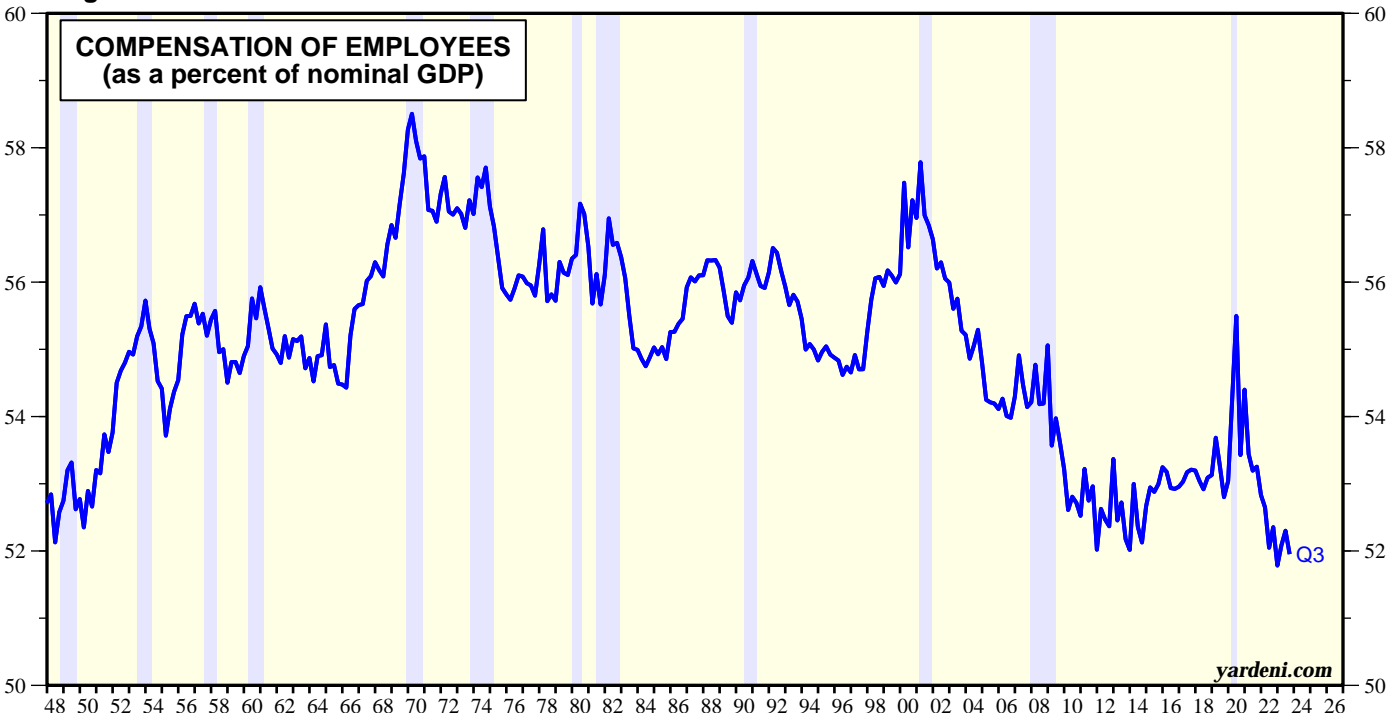
Figure 8.



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

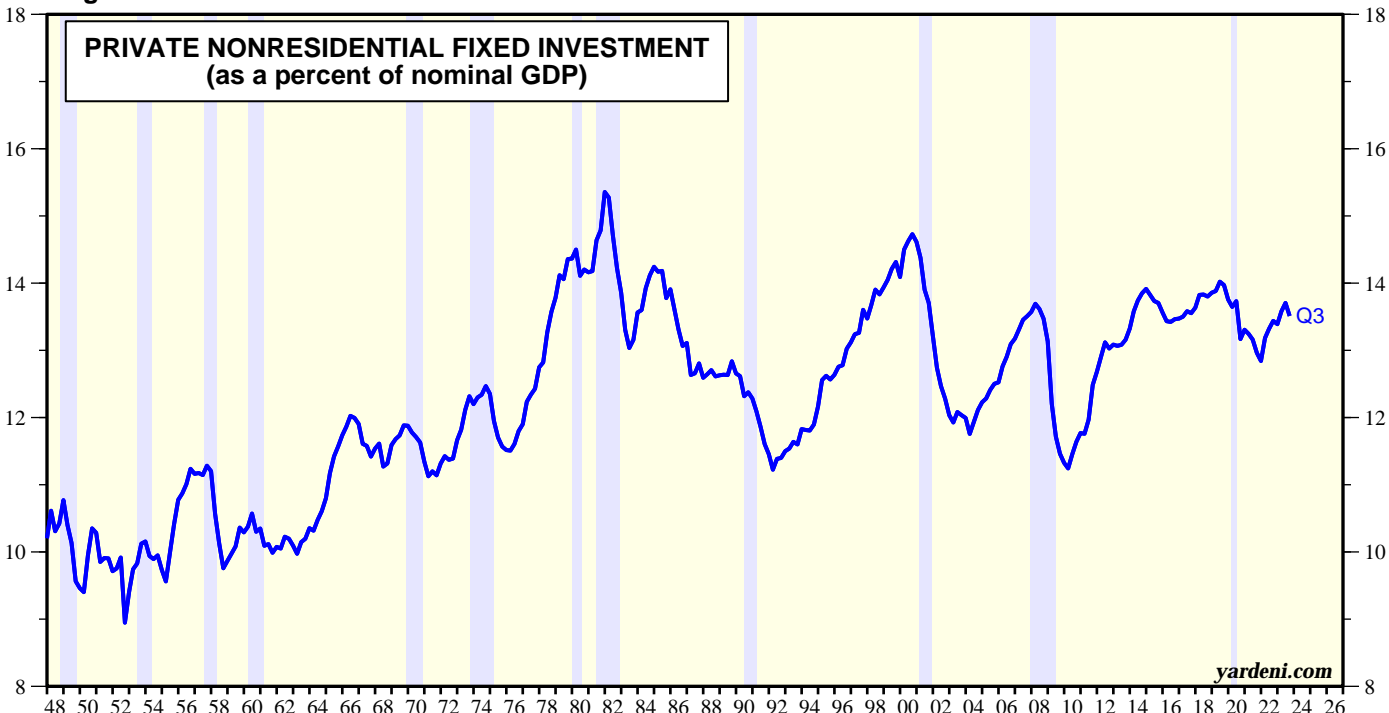
Margins & Costs

Figure 9.



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

Figure 10.



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

Margins & Costs

Figure 11.

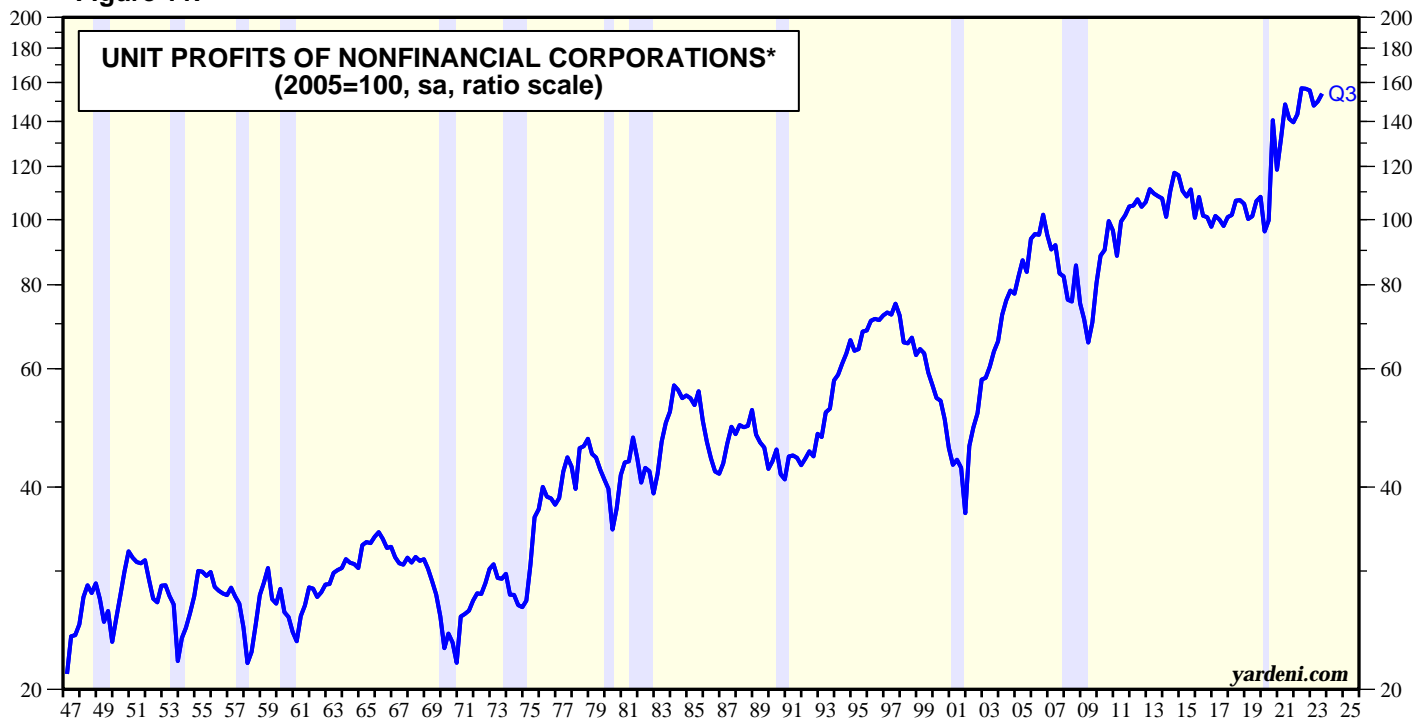
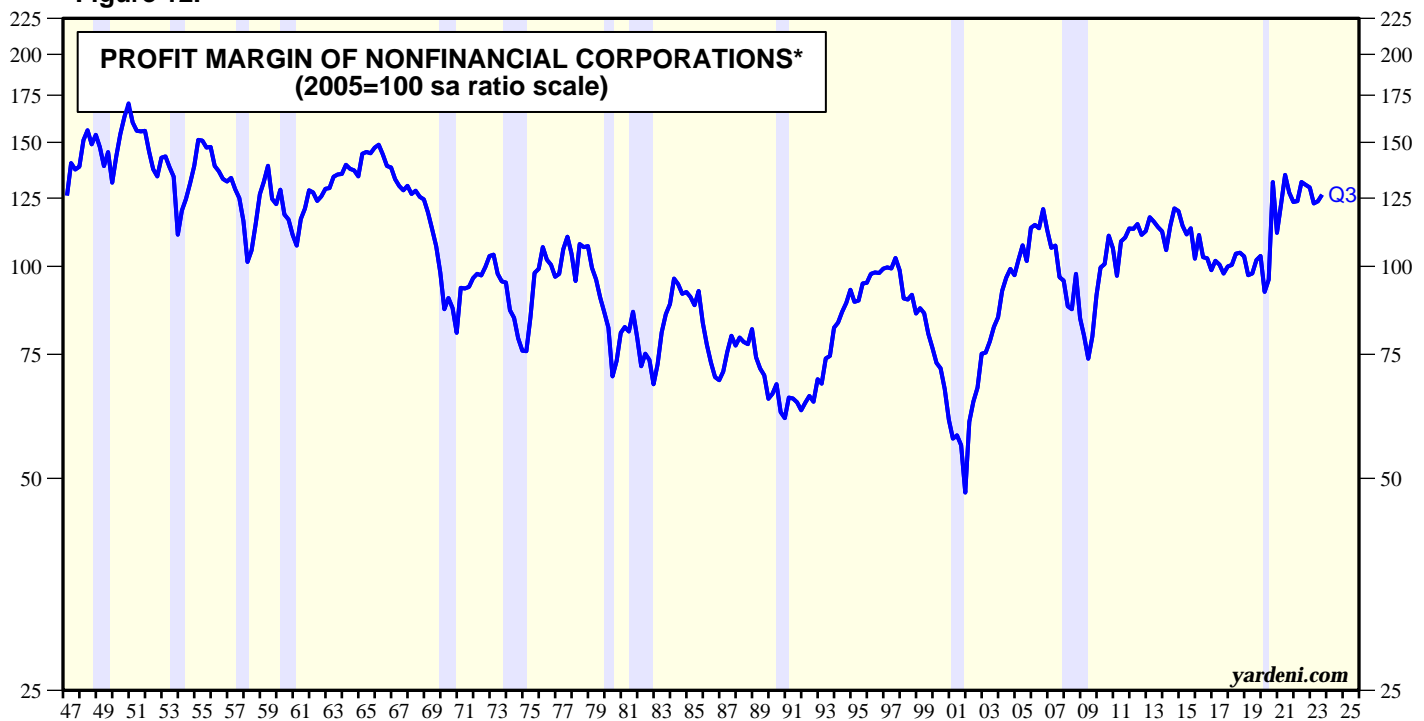


Figure 12.



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