

MacroResearchBoard

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Independent Investment Strategy

# MRB Corporate Profits

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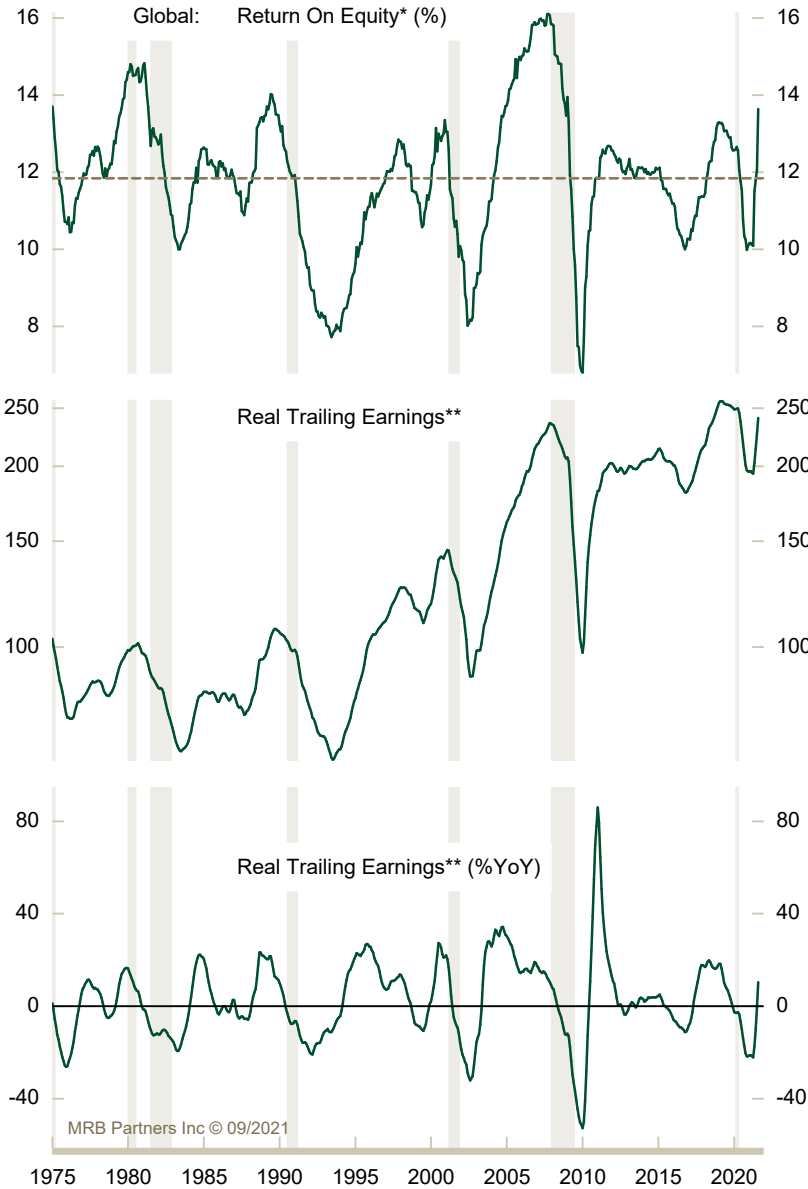
September 2021

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# Highlights:

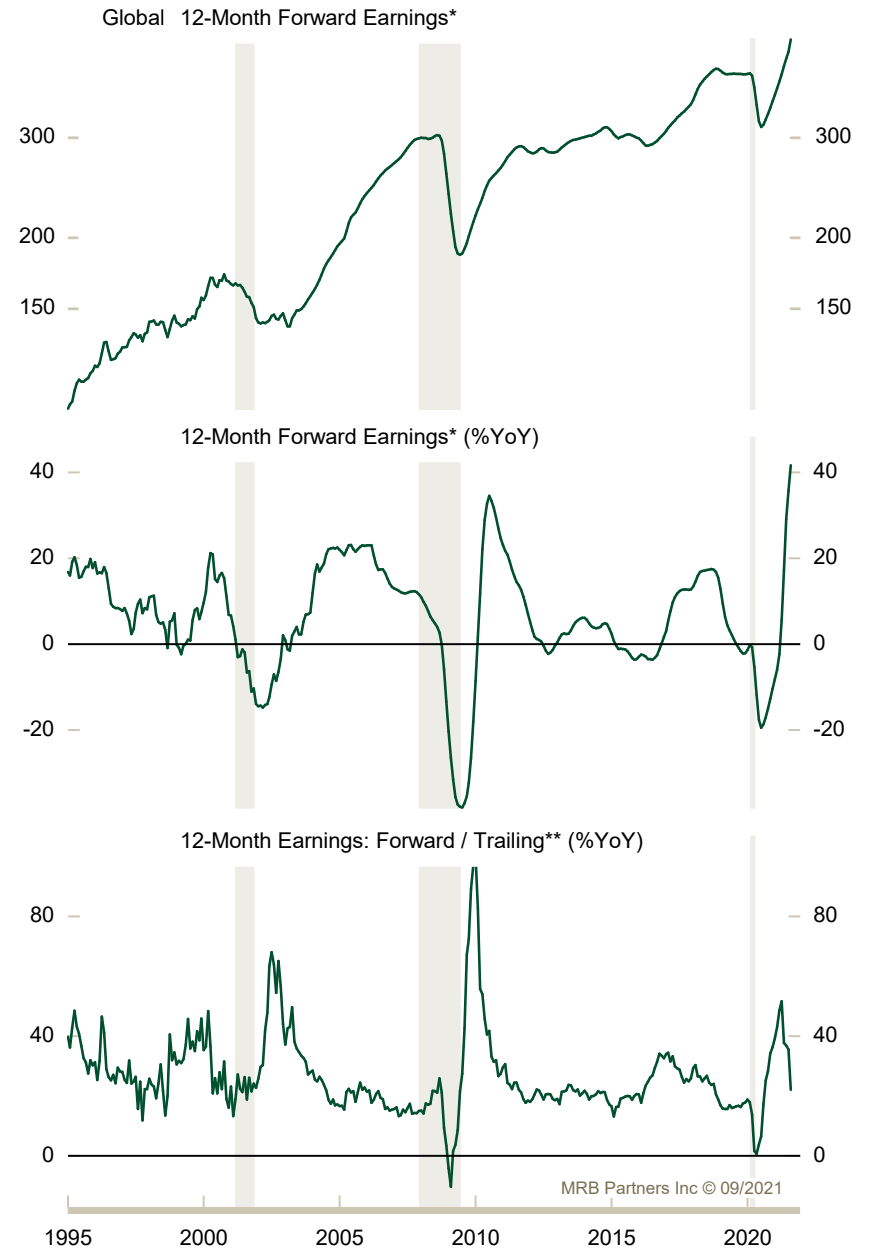
- Corporate profits across most major markets had another strong month in August. Global 12-month forward earnings rose for a 14th consecutive month and are now more than 15% above their pre-pandemic level.
- Among the major markets we cover, only in the U.K. are 12-month forward earnings still below their immediate pre-pandemic level in U.S. dollar terms. In Canada, Sweden and the U.S. they are at all-time highs.
- However, global earnings momentum as defined by the year-over-year growth of 12-month forward earnings, is in the process of peaking, albeit at the strongest pace on record. This profile also holds across most major markets.
- Assuming the economic expansion is sustained, higher expected 2022 global earnings compared with this year automatically mean that global 12-month forward earnings will continue to trend higher in the months ahead.
- Global 12-month trailing return on equity (ROE) continues to surge and is now above its peak during the last economic expansion and two percentage points above its historical average.
- U.S. ROE is poised to soon rise to an all-time high, surpassing the extraordinary levels of the late-1990s' boom years. ROE is also at a record high in Sweden.

# Global



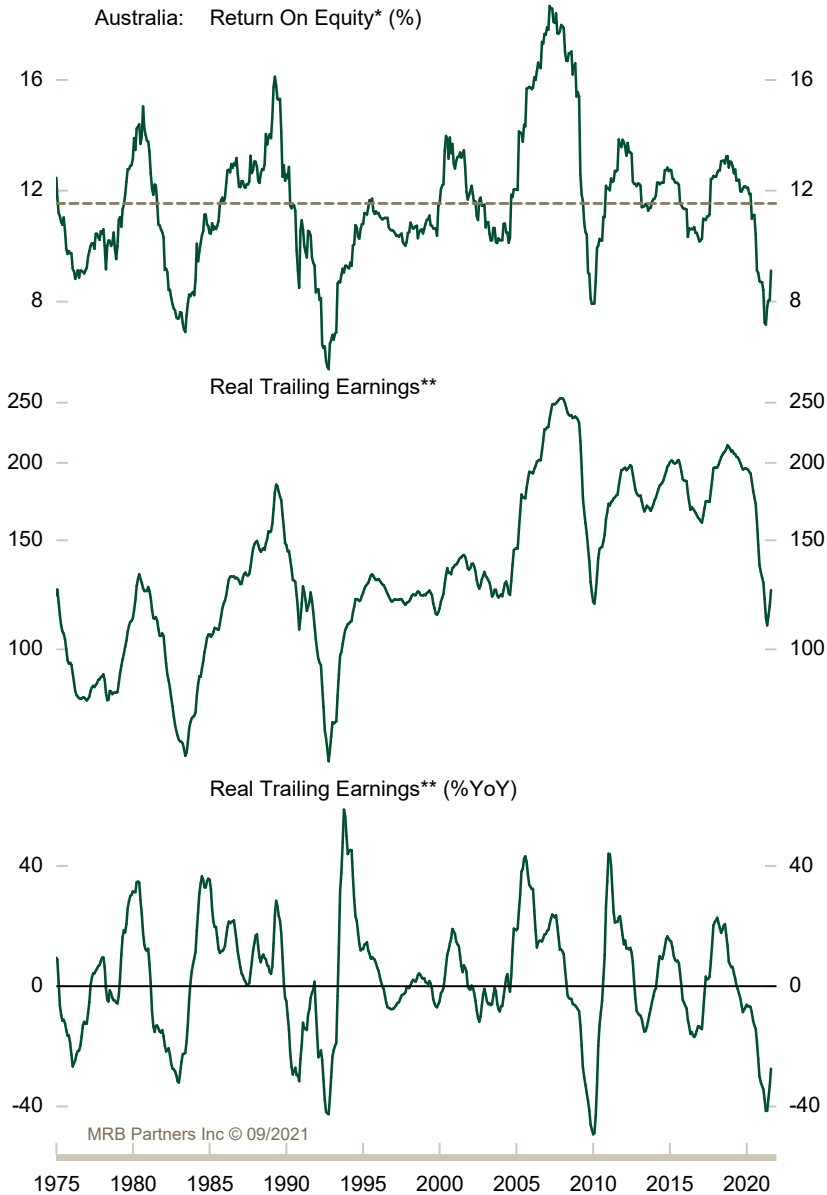
\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to January 1975=100; local currency; smoothed; source: MSCI  
 Note: Shaded for NBER-designated U.S. recessions

# Global



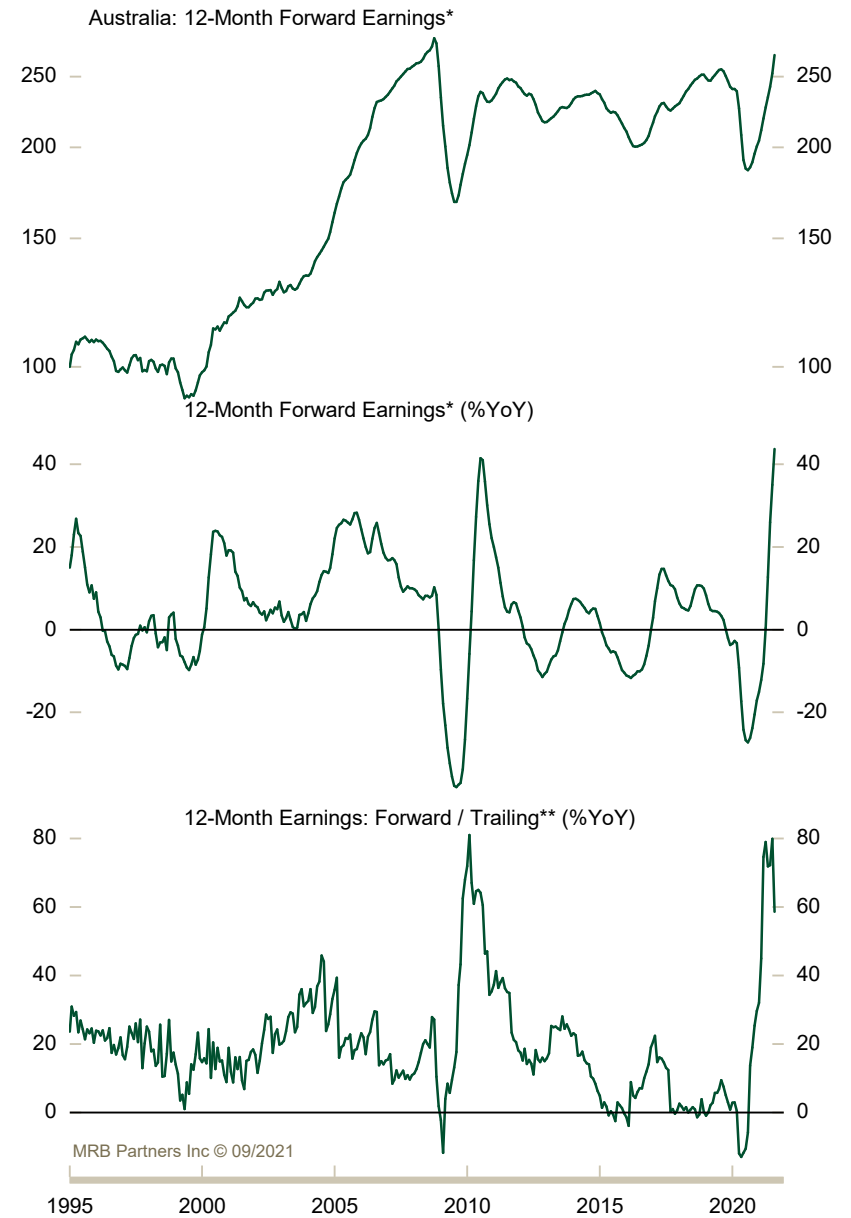
\* Local currency; rebased to January 1995=100; source: MSCI  
 \*\* Projected 12-Month Earnings: Forward / Trailing; source: MSCI  
 Note: Shaded for NBER-designated U.S. recessions

# Australia



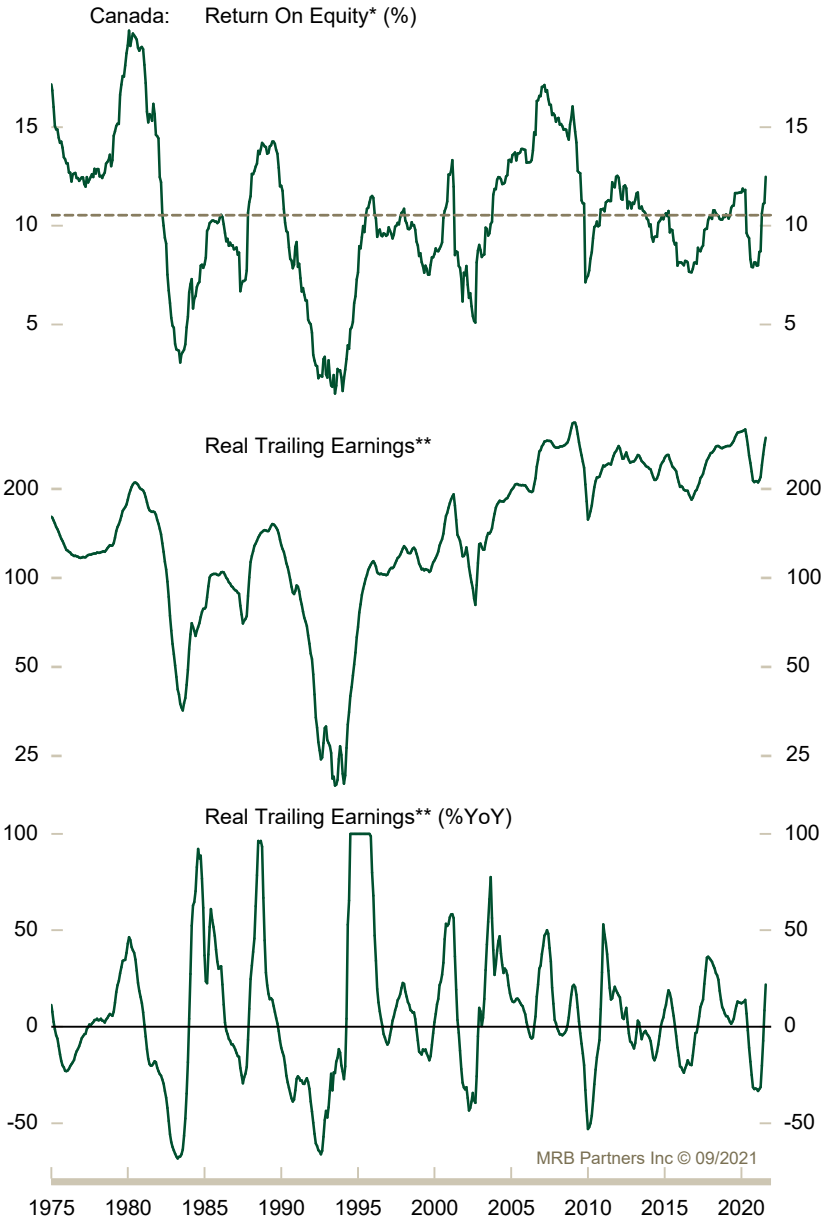
\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to January 1975=100; local currency; smoothed; source: MSCI  
 Note: Panel 3 truncated above 100

# Australia



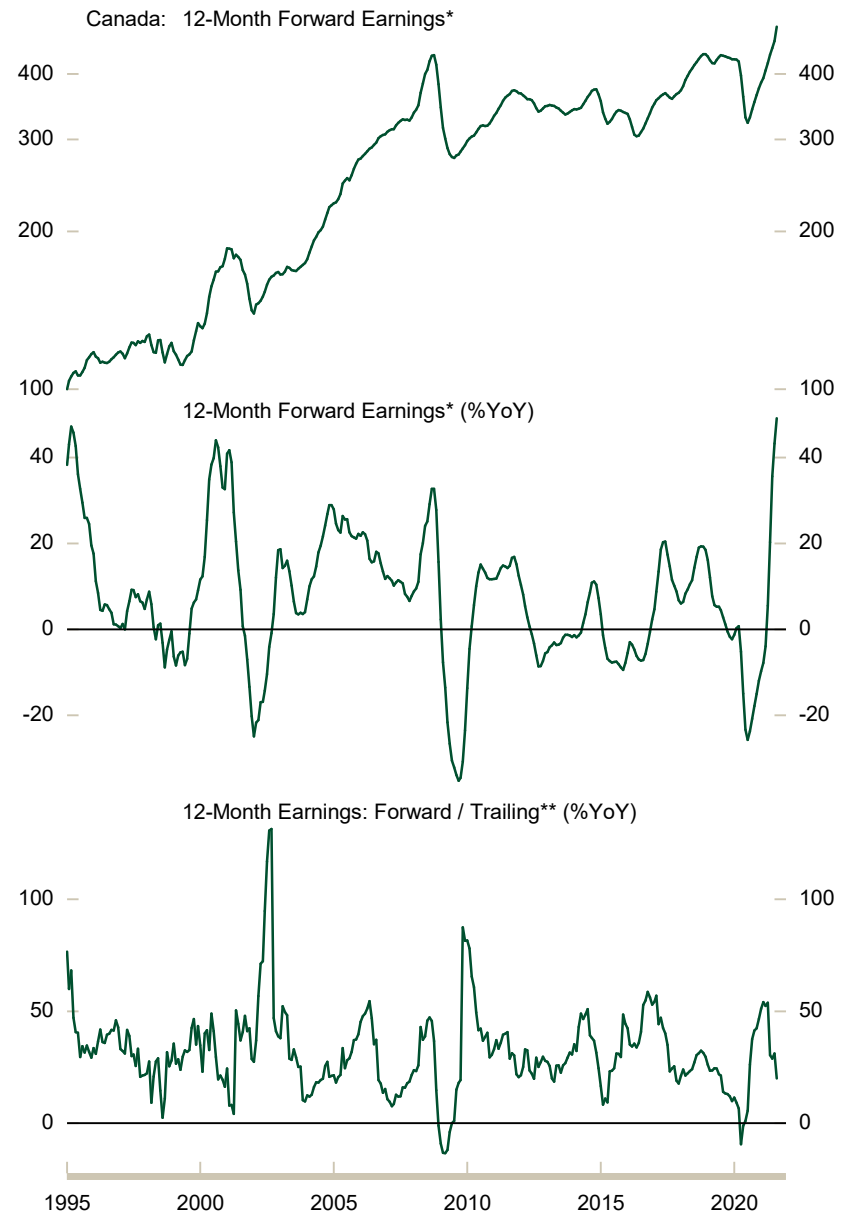
\* Local currency; rebased to January 1995=100; source: MSCI

# Canada



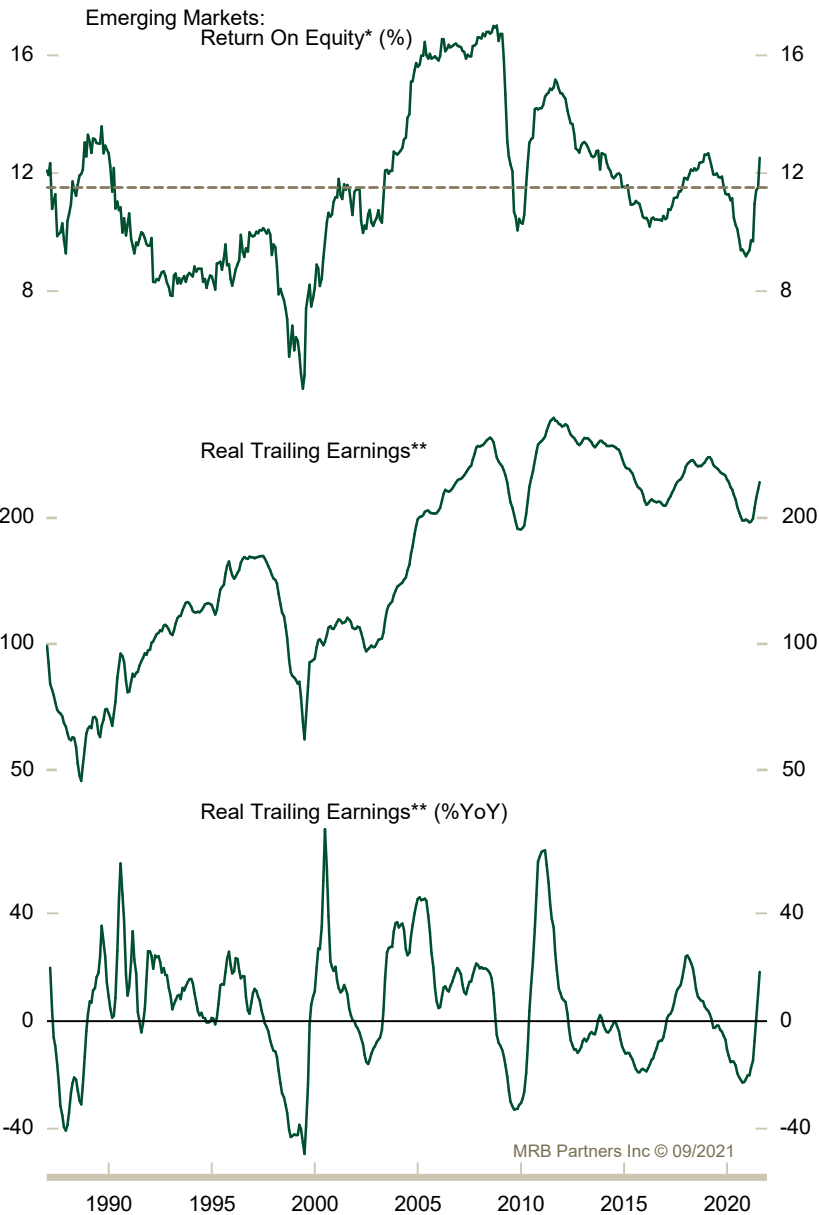
\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to January 1975 = 100; local currency; smoothed; source: MSCI

# Canada



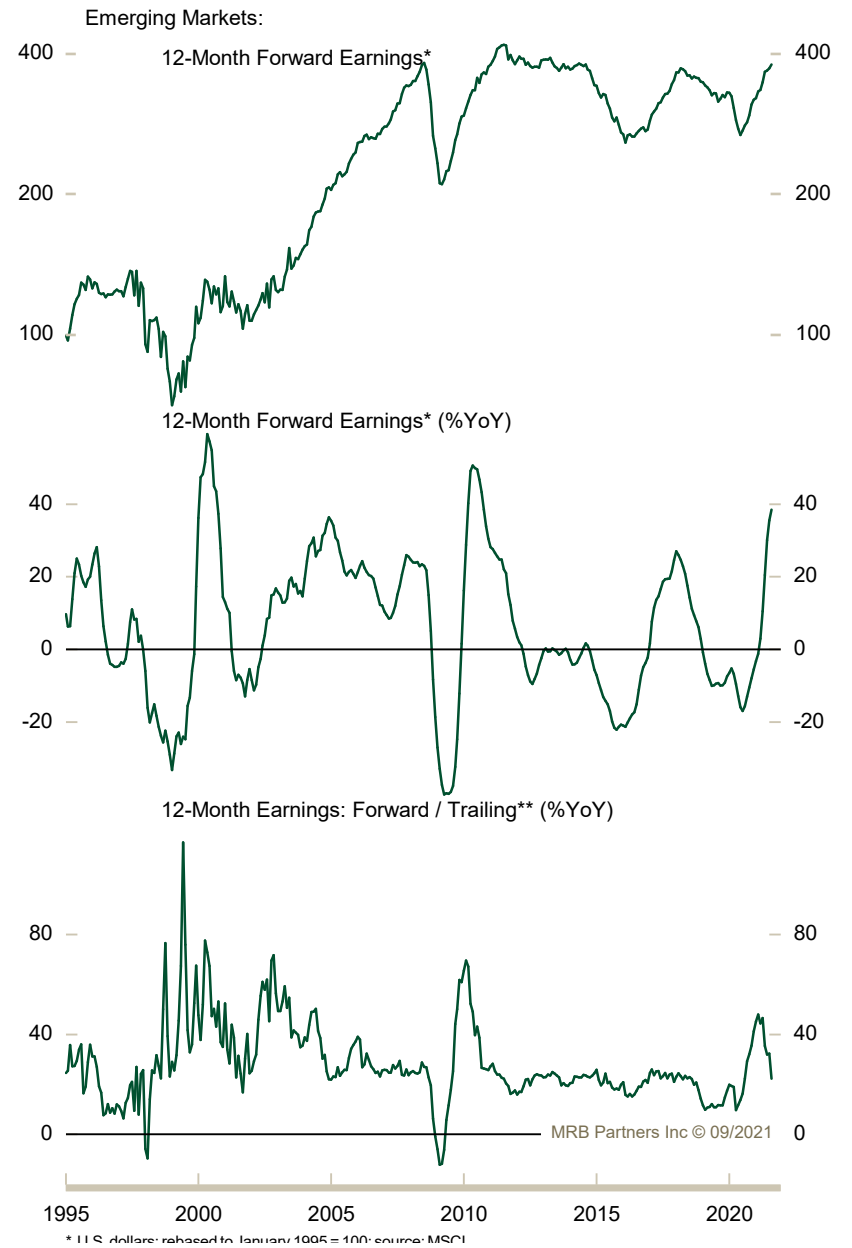
\* Local currency; rebased to January 1995 = 100; source: MSCI  
 \*\* Projected 12-Month Earnings: Forward / Trailing; source: MSCI

# Emerging Markets

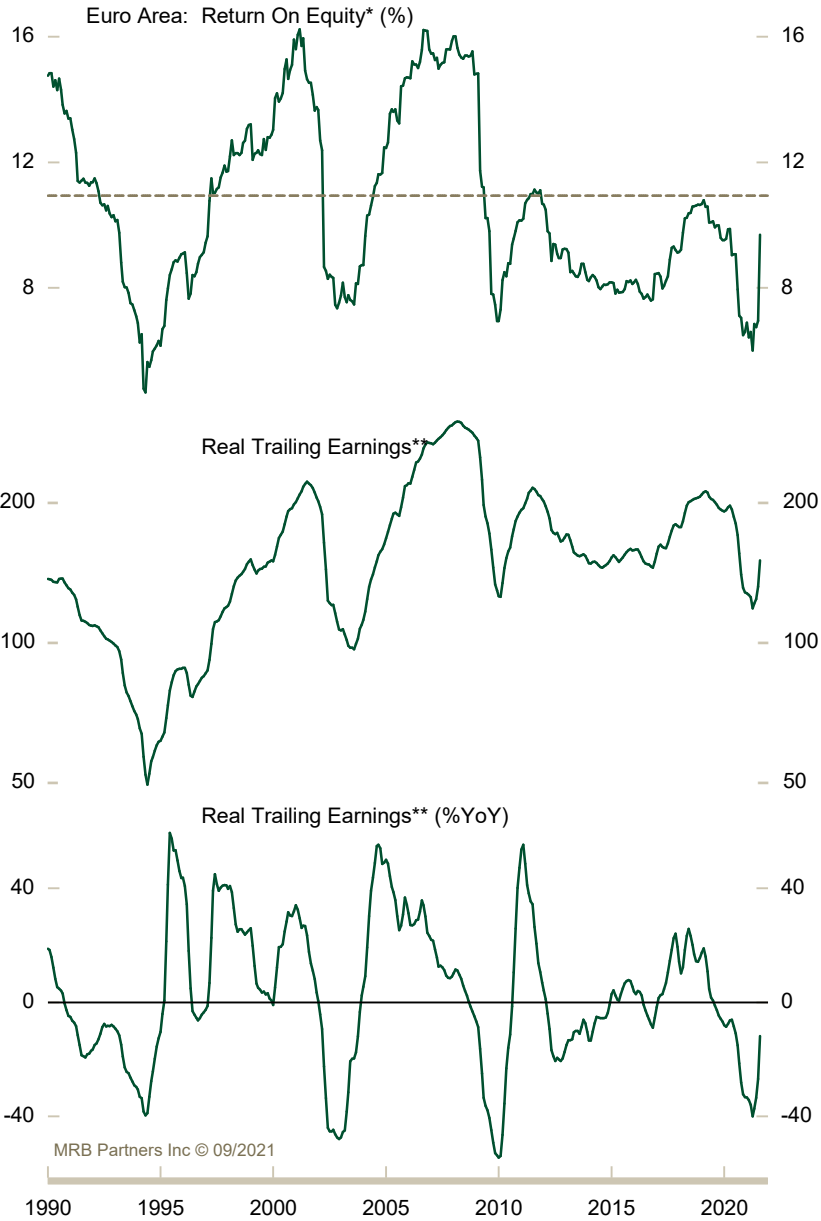


\* Source: MSCI  
 \*\* Deflated by headline U.S. CPI; rebased to January 1987 = 100; U.S. dollars; smoothed;  
 source: MSCI

# Emerging Markets



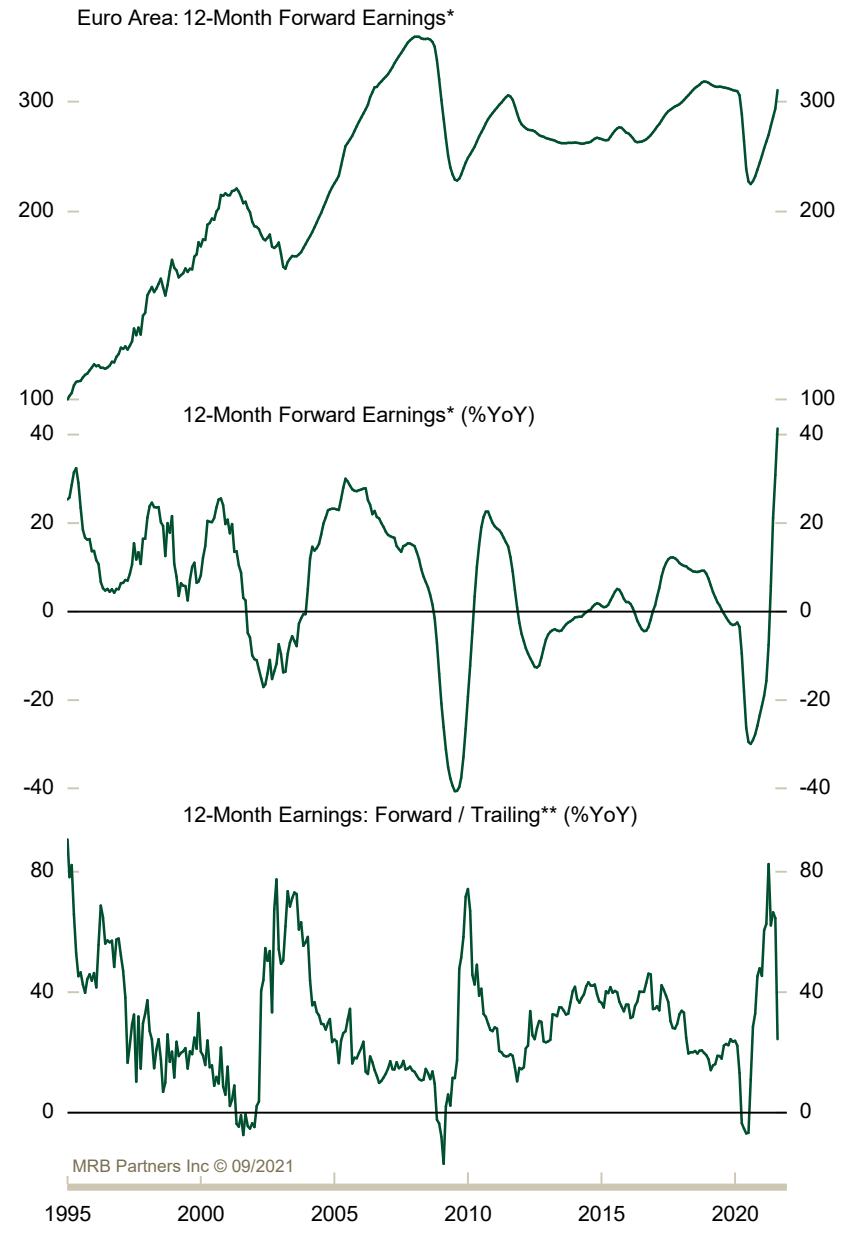
## Euro Area



\* Source: MSCI

\*\* Deflated by headline CPI; rebased to March 1990=100; local currency; smoothed; source: MSCI

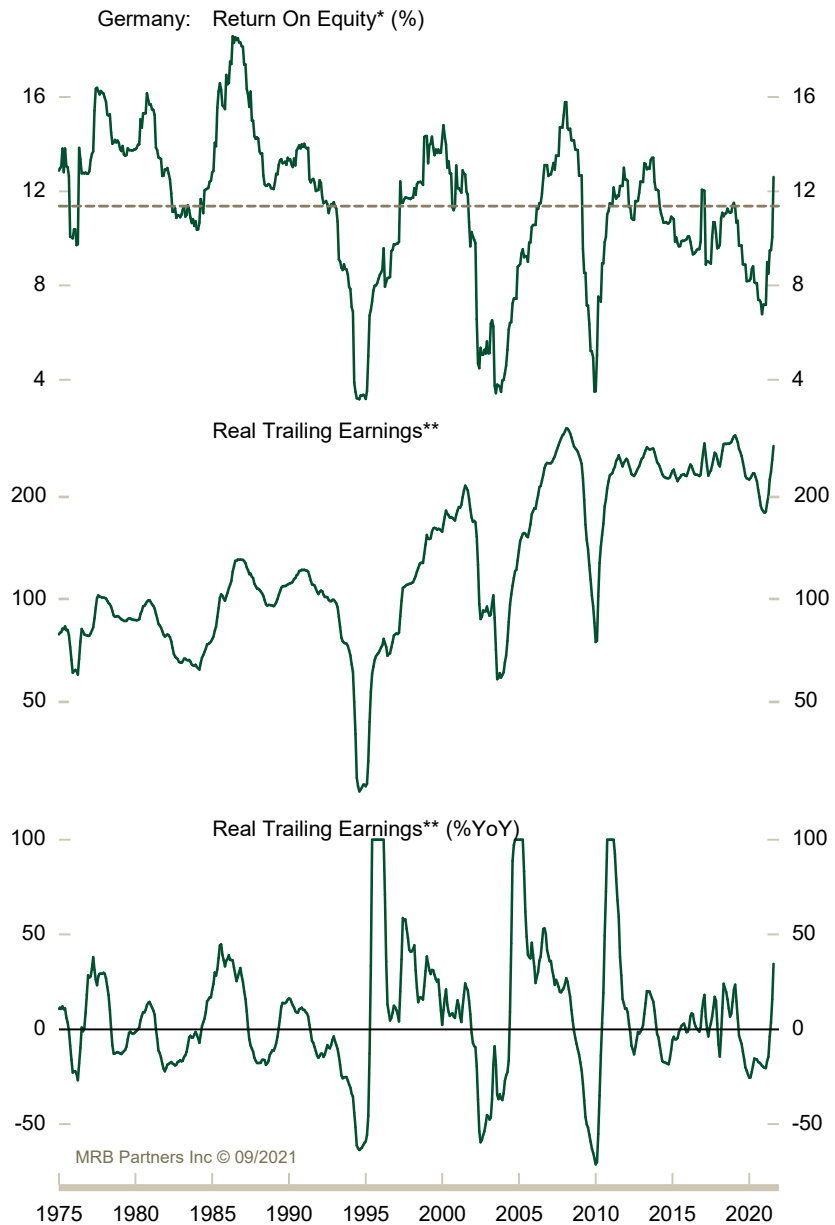
## Euro Area



\* Local currency; rebased to January 1995 = 100; source: MSCI

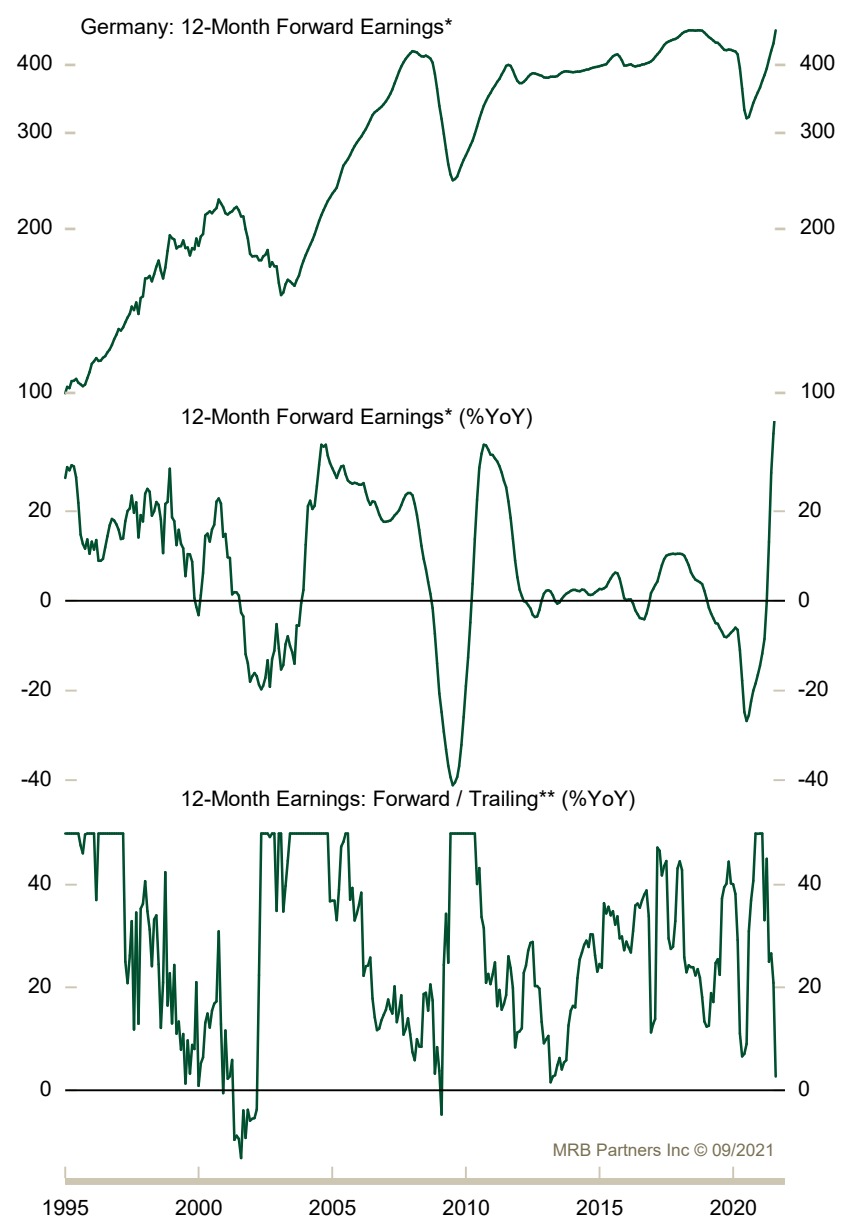
\*\* Projected 12-Month Earnings: Forward / Trailing; source: MSCI

# Germany



\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to January 1975 = 100; local currency; smoothed; source: MSCI  
 Note: Panel 3 truncated above 100

# Germany

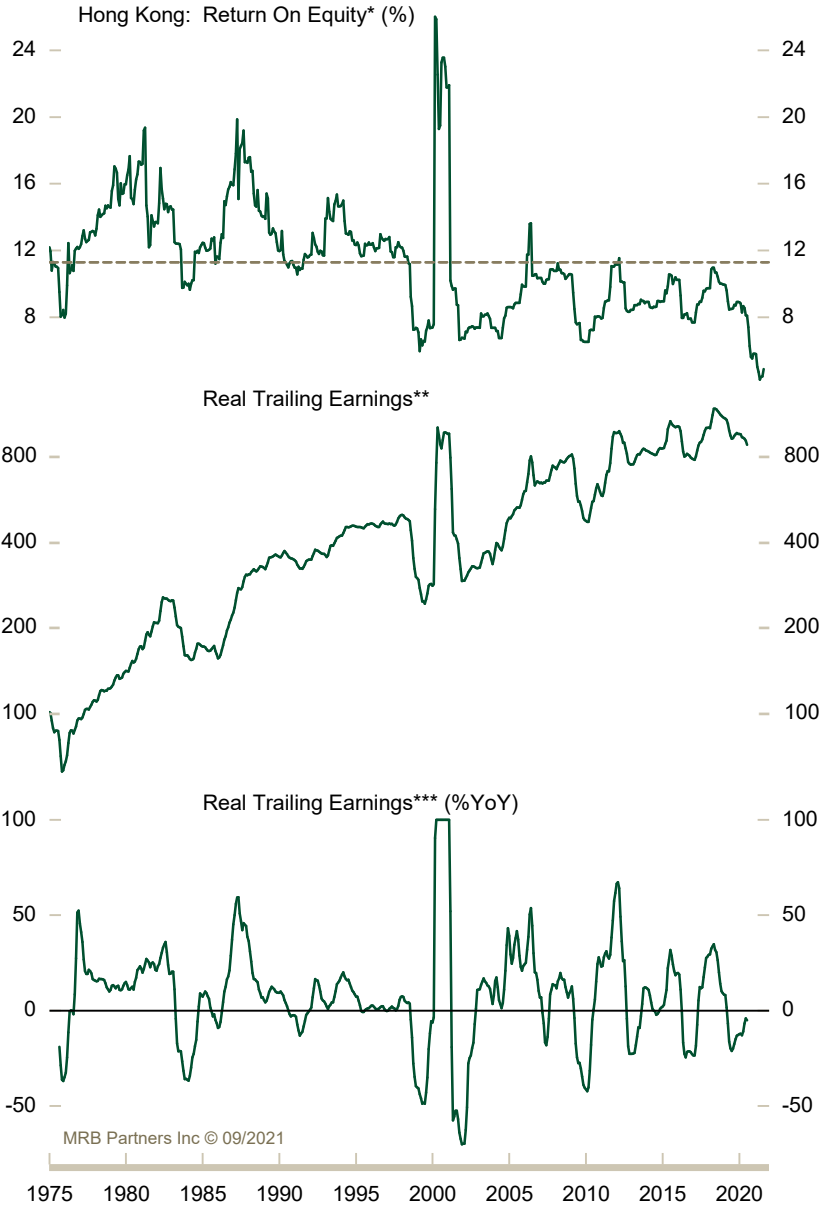


\* Local currency; rebased to January 1995 = 100; source: MSCI  
 \*\* Projected 12-Month Earnings: Forward / Trailing; truncated at 50; source: MSCI

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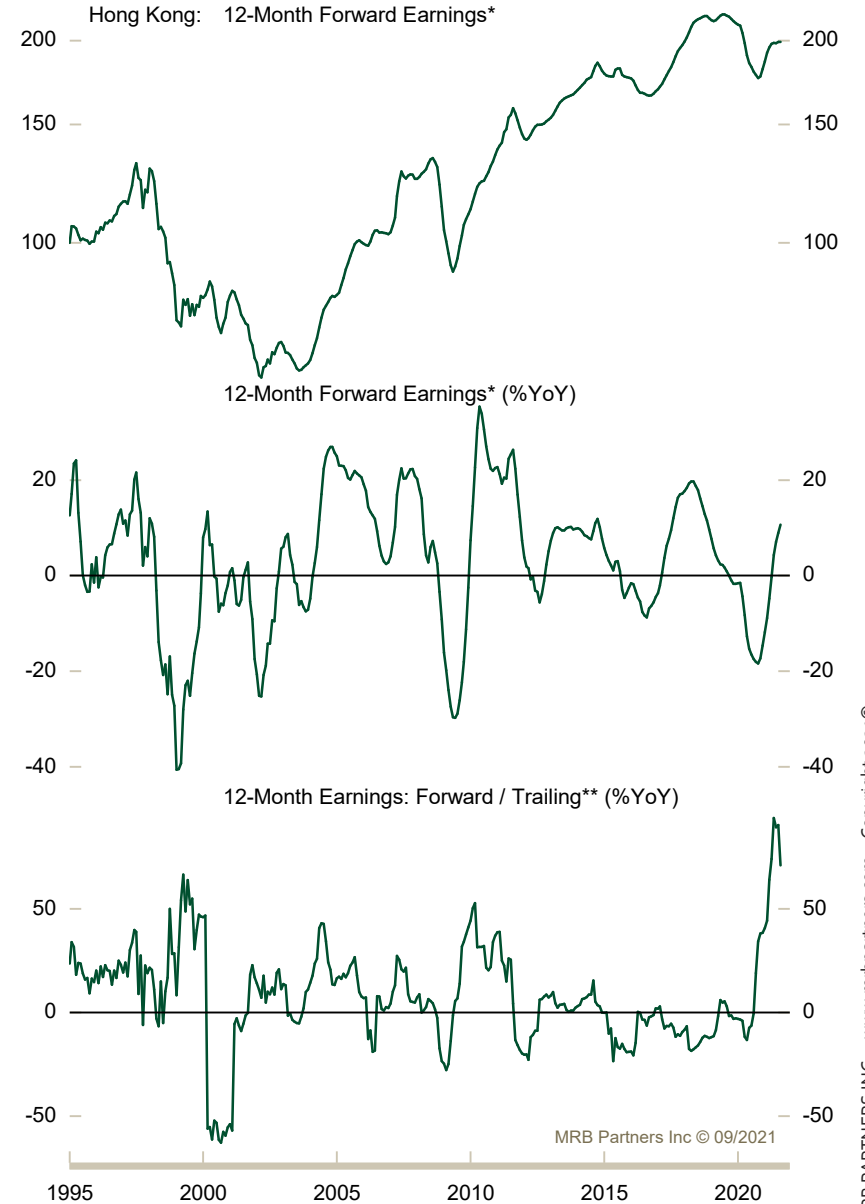


# Hong Kong



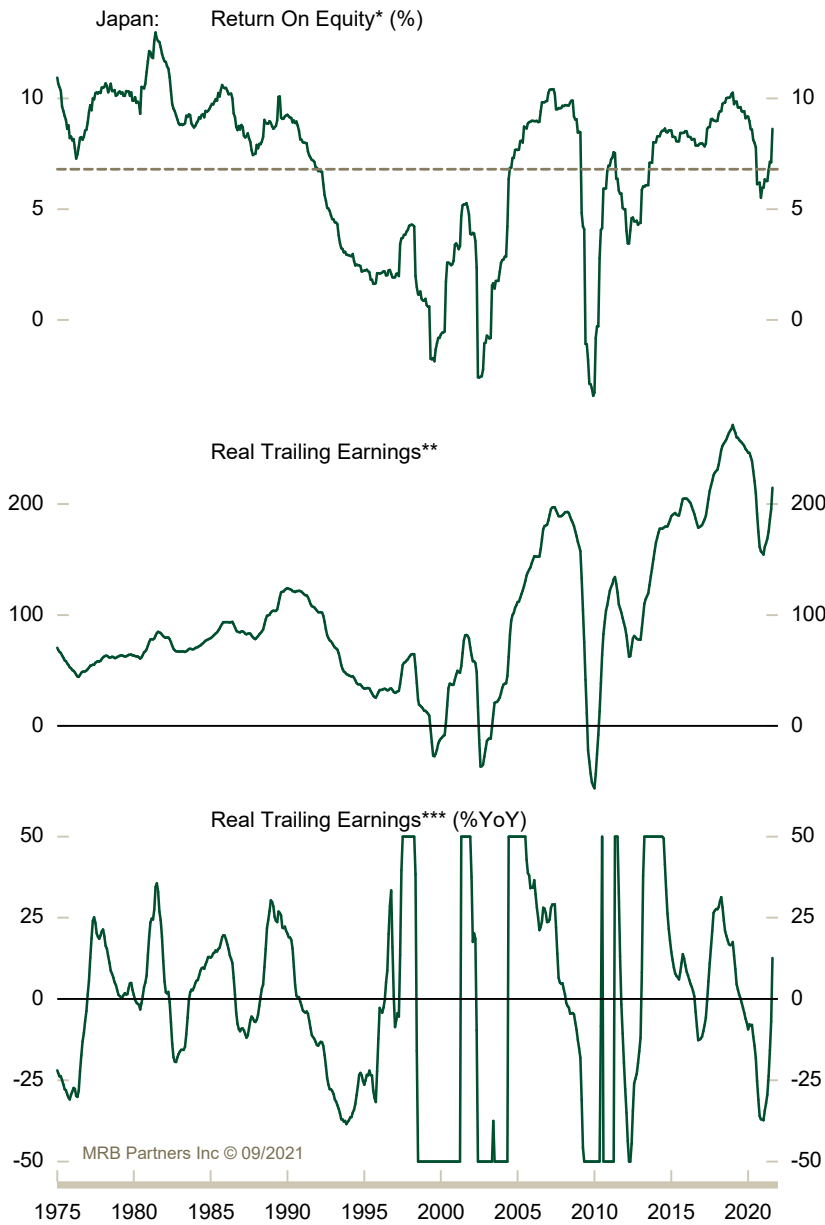
\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to December 1975 = 100; local currency; smoothed; source: MSCI  
 \*\*\* Truncated at 100; deflated by headline CPI; local currency; smoothed; source: MSCI

# Hong Kong



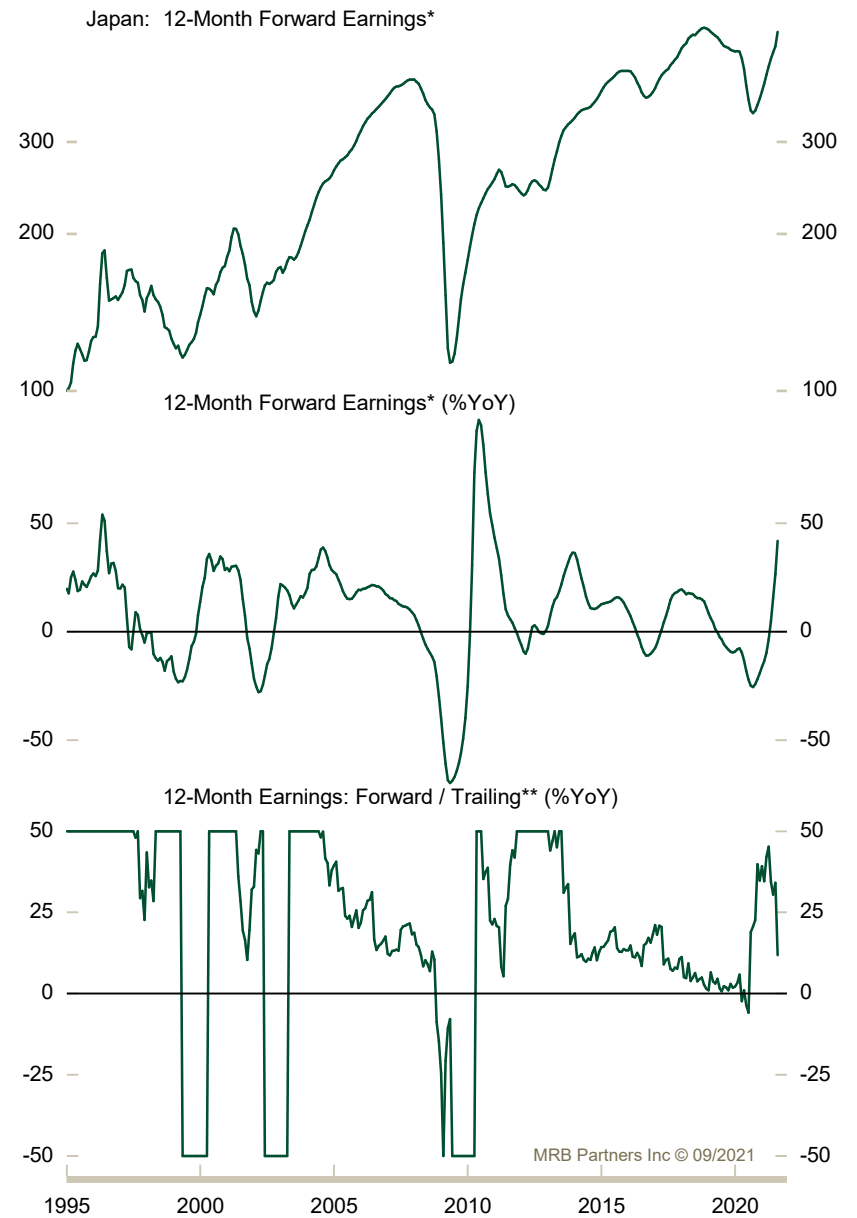
\* Local currency; rebased to January 1995 = 100; source: MSCI  
 \*\* Projected 12-Month Earnings: Forward / Trailing; truncated at 50 and -50; source: MSCI

# Japan



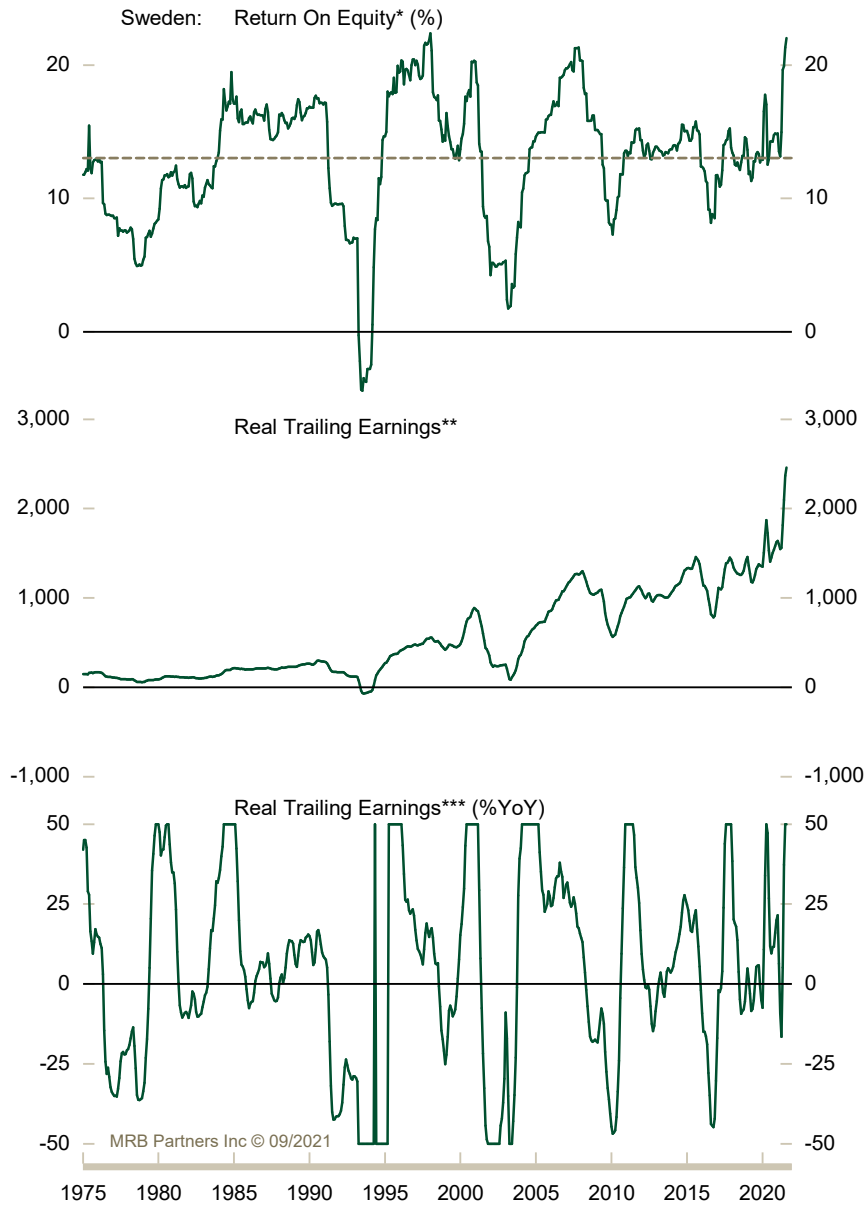
\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to December 1975 = 100; local currency; smoothed; source: MSCI  
 \*\*\* Truncated at 50 and -50; deflated by headline CPI; local currency; smoothed; source: MSCI

# Japan



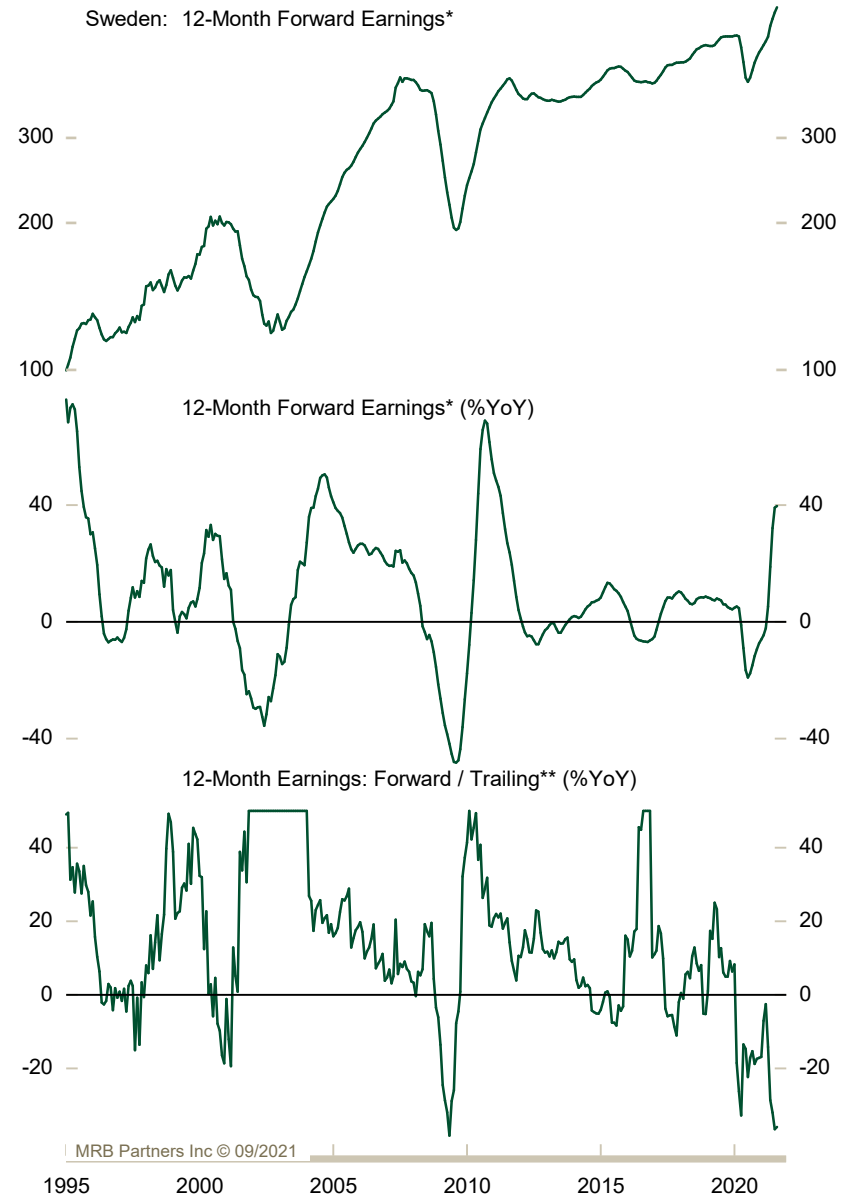
\* Local currency; rebased to January 1995 = 100; source: MSCI  
 \*\* Projected 12-Month Earnings: Forward / Trailing; truncated at 50; source: MSCI  
 Note: Panel 2 truncated at 40

# Sweden



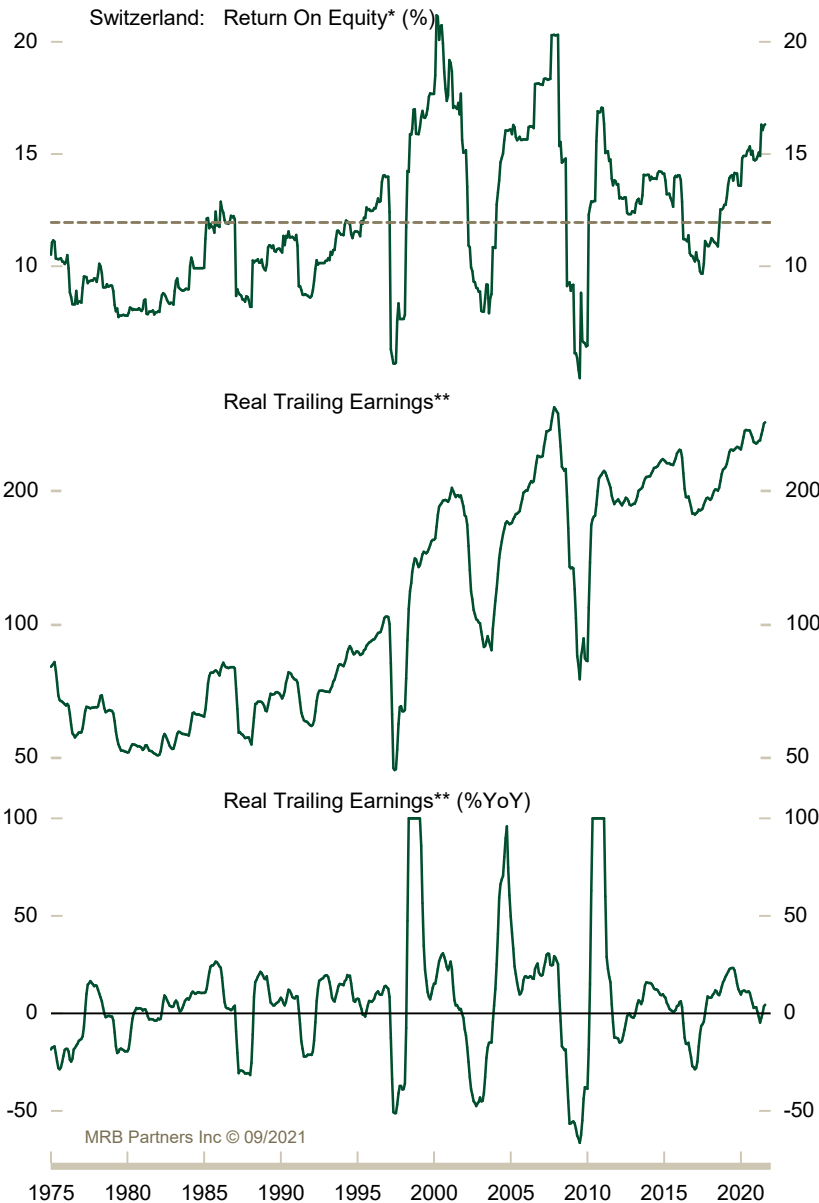
\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to January 1975 = 100; local currency; smoothed; source: MSCI  
 \*\*\* Truncated at 50 and -50; deflated by headline CPI; local currency; smoothed; source: MSCI

# Sweden



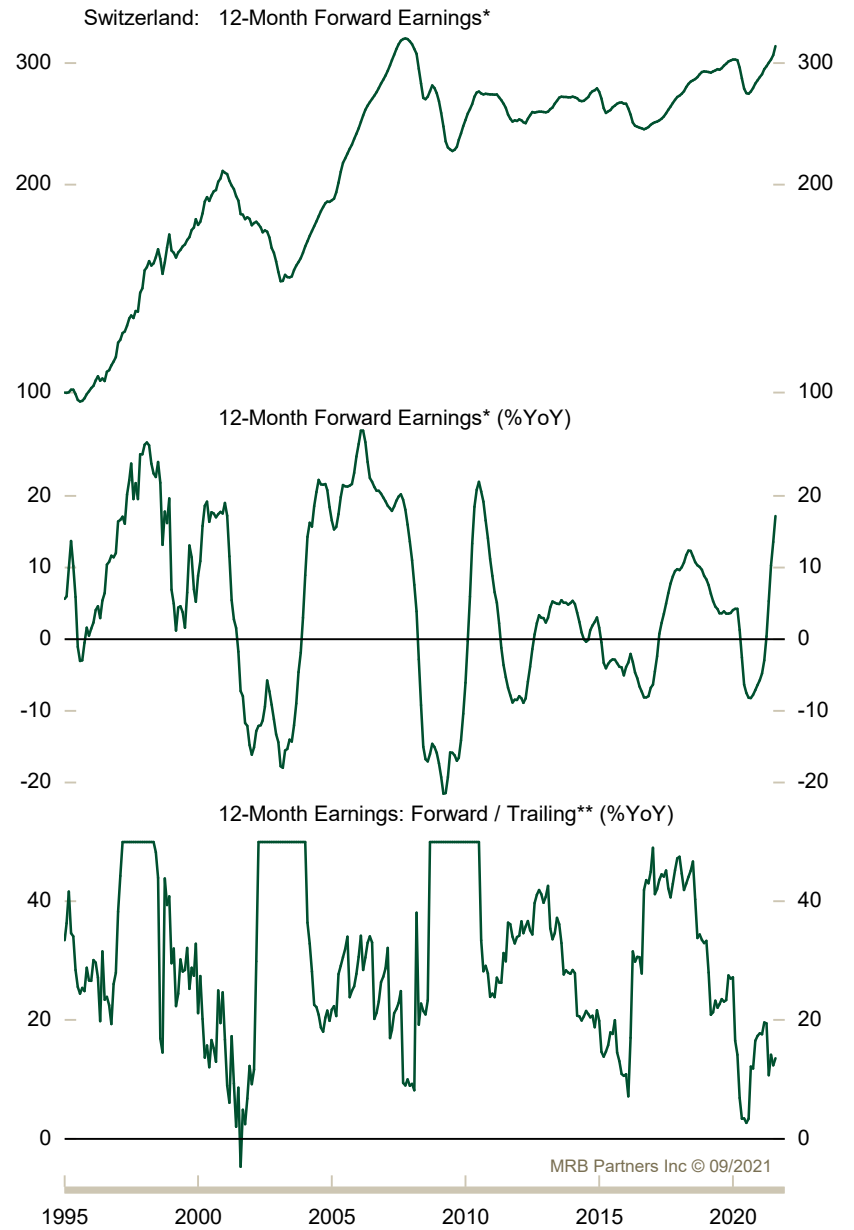
\* Local currency; rebased to January 1995 = 100; source: MSCI  
 \*\* Projected 12-Month Earnings: Forward / Trailing; truncated at 50; source: MSCI

# Switzerland



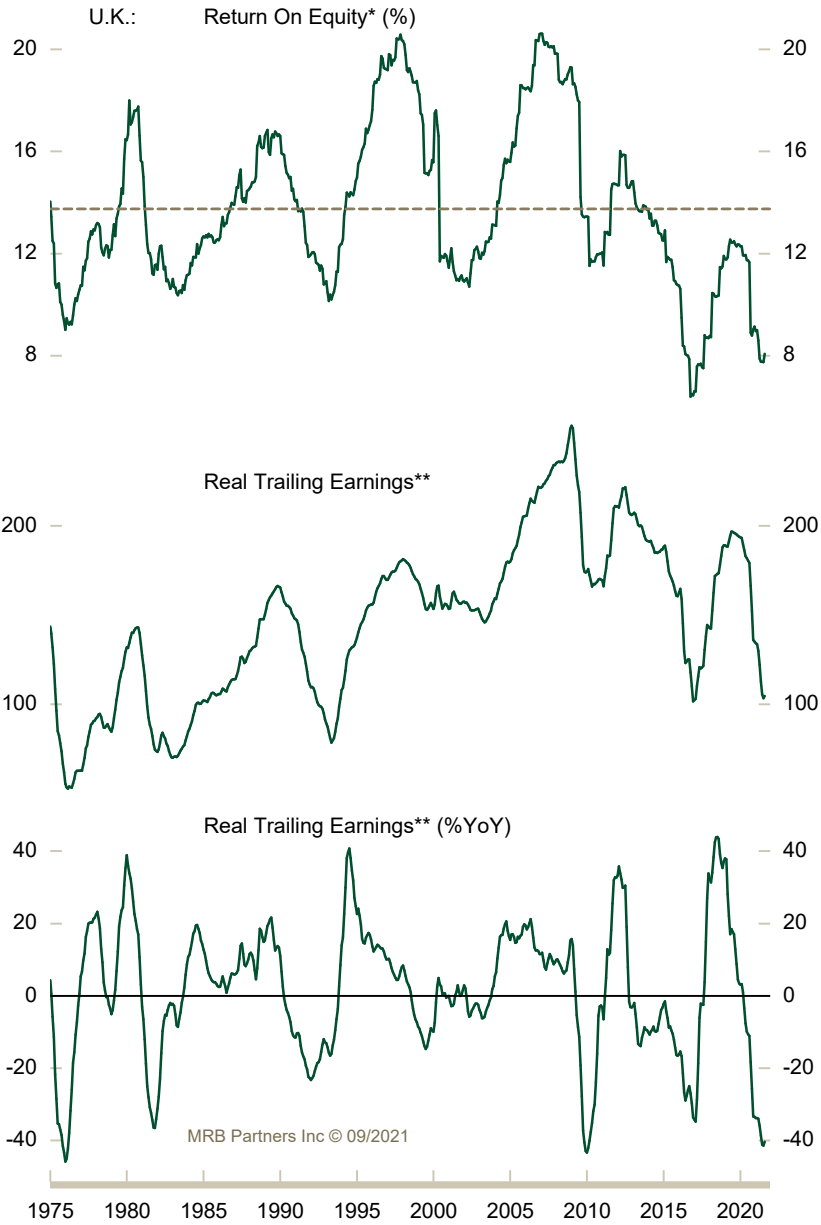
\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to January 1975 = 100; local currency; smoothed;  
 source: MSCI  
 Note: Panel 3 truncated above 100

# Switzerland



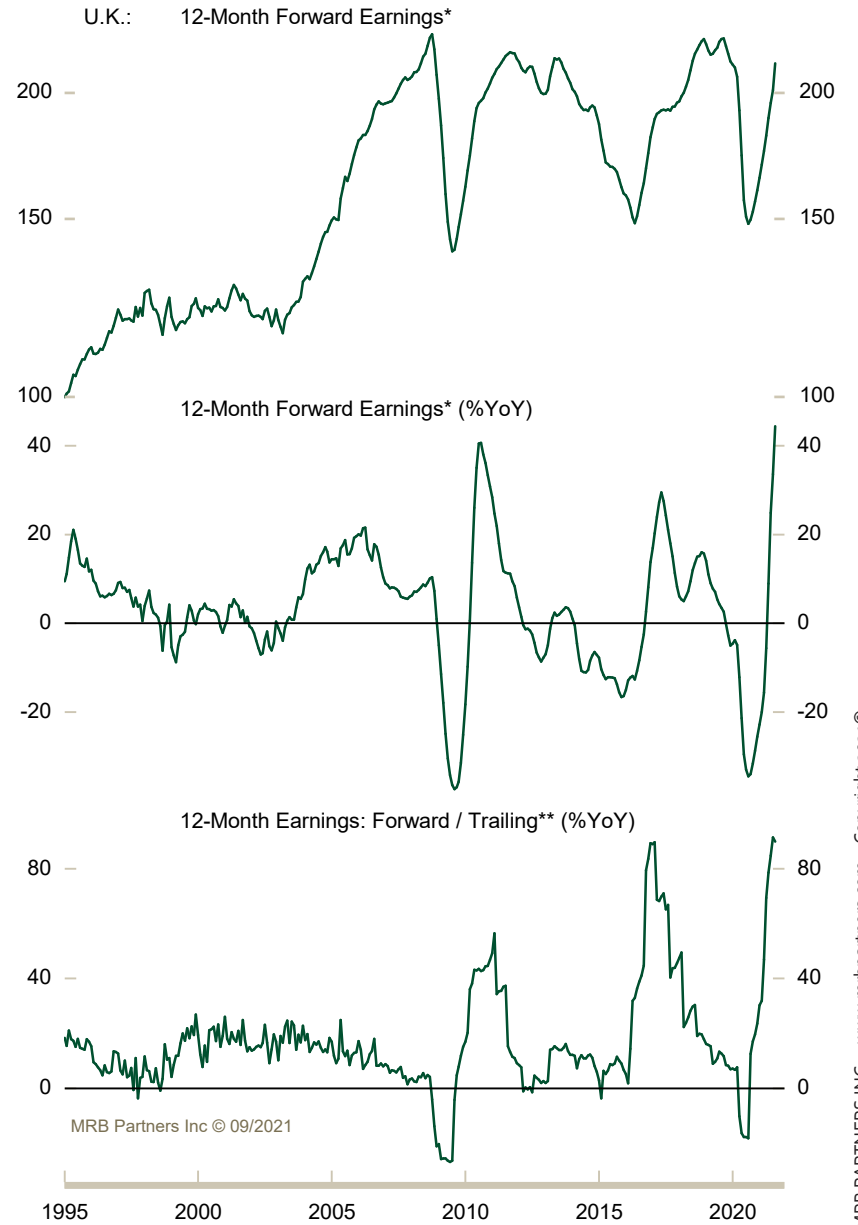
\* Local currency; rebased to January 1995 = 100; source: MSCI  
 \*\* Projected 12-Month Earnings: Forward / Trailing; truncated at 50;  
 source: MSCI  
 \*\*\* Smoothed; upward revisions minus downward revisions divided by total revisions;  
 source: MSCI

# U.K.



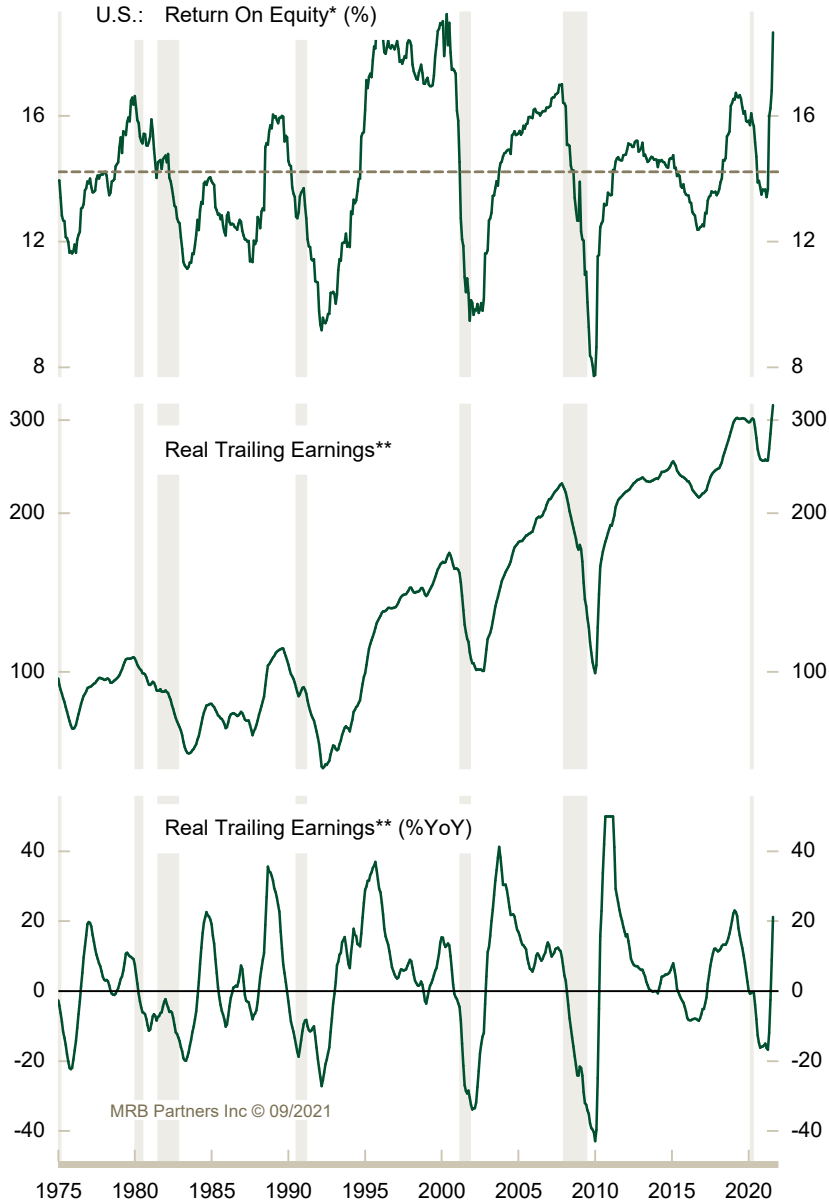
\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to January 1975 = 100; local currency; smoothed;

# U.K.



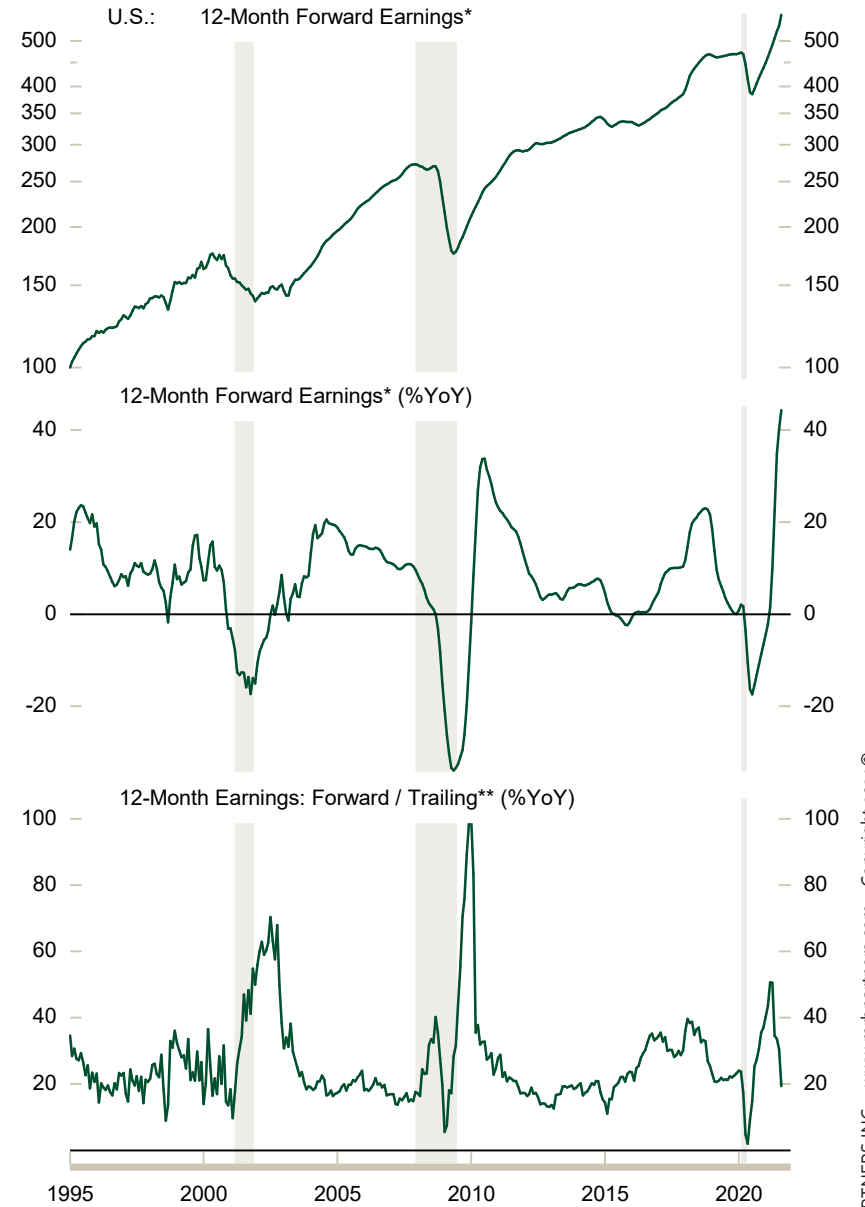
\* Local currency; rebased to January 1995 = 100; source: MSCI

# U.S.



\* Source: MSCI  
 \*\* Deflated by headline CPI; rebased to January 1975= 100; local currency; smoothed; source: MSCI

# U.S.

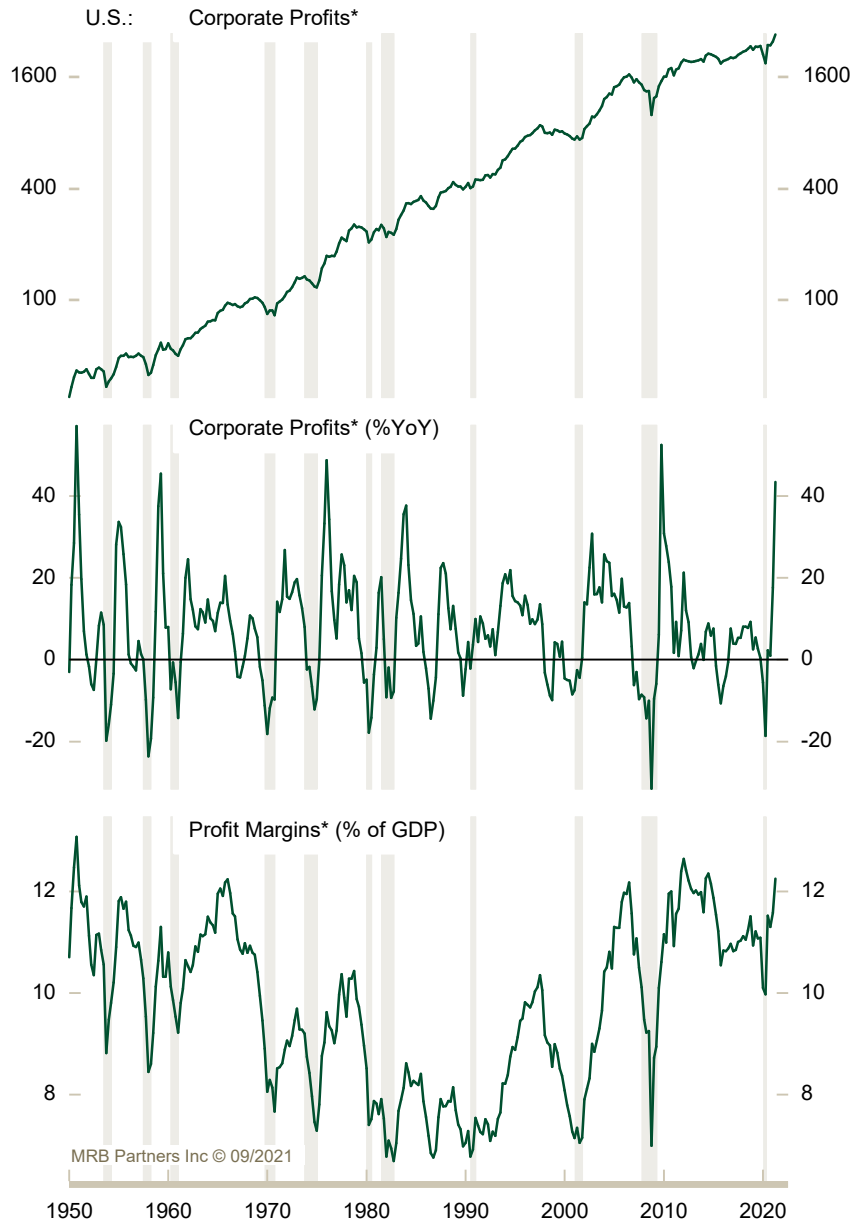


\* Local currency; rebased to January 1995 = 100; source: MSCI  
 \*\* Projected 12-Month Earnings: Forward / Trailing; truncated at 50 and -50; source: MSCI  
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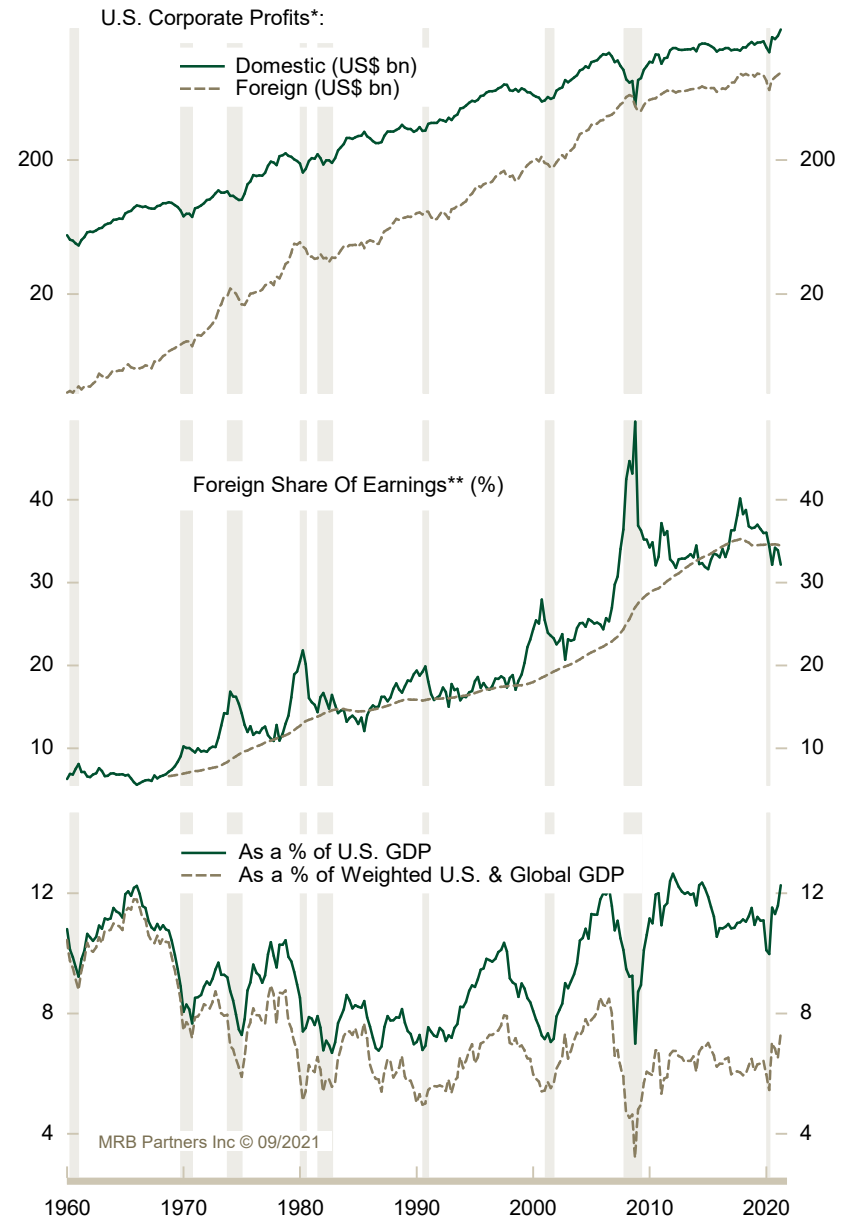
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# U.S.



\* Profits before tax with inventory valuation and capital consumption adjustments; source: U.S. Bureau of Economic Analysis  
 Note: Shaded for NBER-designated U.S. recessions

# U.S.



\* Before tax with inventory valuation and capital consumption adjustments; source: U.S. Bureau of Economic Analysis  
 \*\* - - - 10-year moving average  
 Note: Shaded for NBER-designated U.S. recessions

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