**Corporate profitability and GDP growth**

I found the GDP growth data in Google, pasted into excel, and imported to SAS. The plot can be found below. In my data, there is no quarterly growth rate with an absolute value greater than 10%, as a result, my *tenpercent* view table has zero observation.

Profit margin is negatively correlated with GDP for the next two quarters. There will be a very small decrease in GDP if the profit margin increase by one percent. This does not conform with conventional finding probably because we only used companies with the top 20% net asset. Market return is positively correlated with the gdp for the next two quarters, meaning that for one percent increase of value-weighted return including dividends, there will be 3.45% of increase in GDP. In conclusion, stock market return can predict GDP growth two quarters ahead, while aggregate profitability do not have enough significance in predicting GDP.



