

Macro Roundup Article

Headline: Long-Term Shareholder Returns: Evidence From 64,000 Global Stocks

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Tweet: Hendrik Bessembinder finds that the best-performing 1,526 global firms (2.4% of total) accounted for all of the \$75.7T in net global stock market wealth creation between 1990 and 2020.

Summary: We calculate net global stock market wealth creation of \$US 75.7 trillion btw 1990 and 2020. Wealth creation is highly concentrated. Five firms (0.008% of the total) with the largest wealth creation during the January 1990 to December 2020 period (Apple, Microsoft, Amazon, Alphabet, and Tencent) accounted for 10.3% of global net wealth creation. The best-performing 159 firms (0.25% of total) accounted for half of global net wealth creation. The best-performing 1,526 firms (2.39% of the total) can account for all net global wealth creation. Skewness in compound returns is even stronger outside the U.S. The present sample includes 46,723 non-U.S. stocks. Of these, 42.6% generated buy-and-hold returns measured in U.S. dollars that exceed one-month U.S. Treasury bill returns over matched horizons. By comparison, 44.8% of the 17,776 U.S. stocks in the present sample outperformed Treasury bills. Related: Birth, Death, and Wealth Creation and More Bang for Your Buck and The Economics of Inequality in High-Wage Economies

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