

MRB Corporate Profits

November 2024

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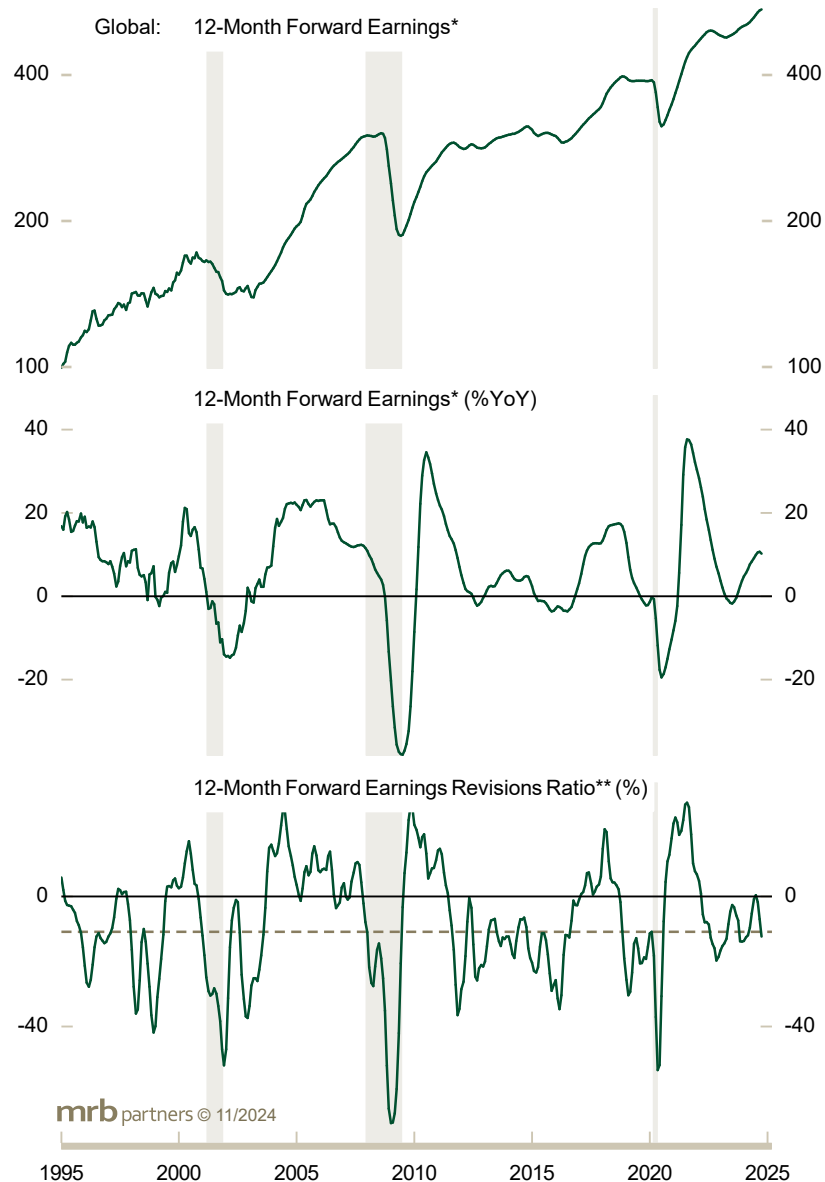
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Highlights:

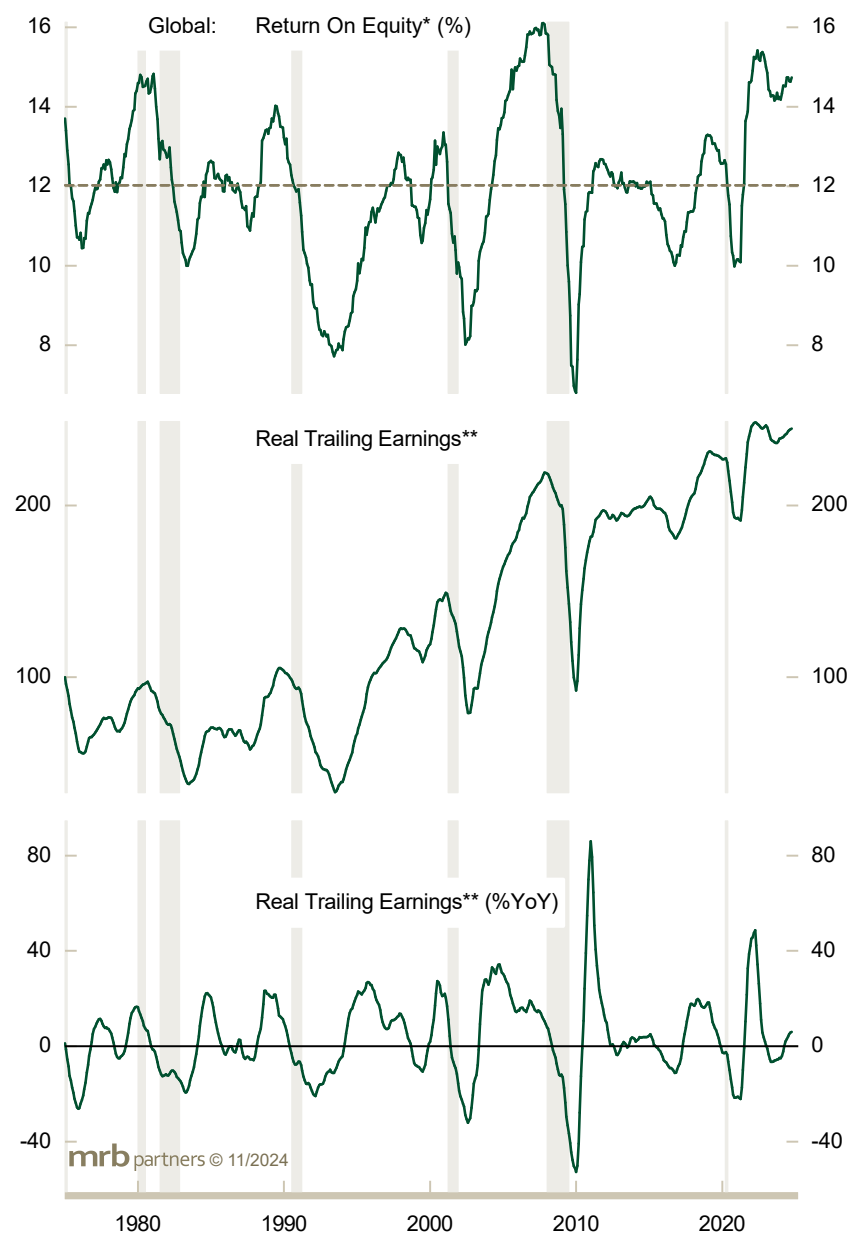
- The long string of monthly increases in global 12-month forward earnings in local-currency terms was broken in October, albeit with only a miniscule decline. However, the underlying smoothed trend remains strongly upward, consistent with the global economic expansion.
- Forward earnings momentum, as measured by the 12-month rate of change of 12-month forward earnings, also continues to climb, which should pose a tailwind for stock prices barring other adverse events.
- That said, the global earnings revisions ratio drifted lower last month, i.e., there have been more earnings downgrades than upgrades at the company level in recent months.
- Moreover, there continues to be significant earnings divergence across markets. Forward earnings estimates are rising in Emerging Markets, the euro area, Japan and the U.S., and falling or mixed in the remaining markets within our coverage. Global ex-U.S. forward earnings estimates are also rising (not shown).
- While we expect global forward earnings to continue to rise over the next 6-12 months, it is important to note that profitability in the form of the global return on equity is already historically elevated. The late-1990s underscores that profitability can stay elevated as long as economic growth is strong, but the hurdle for positive surprises is also high.

Global



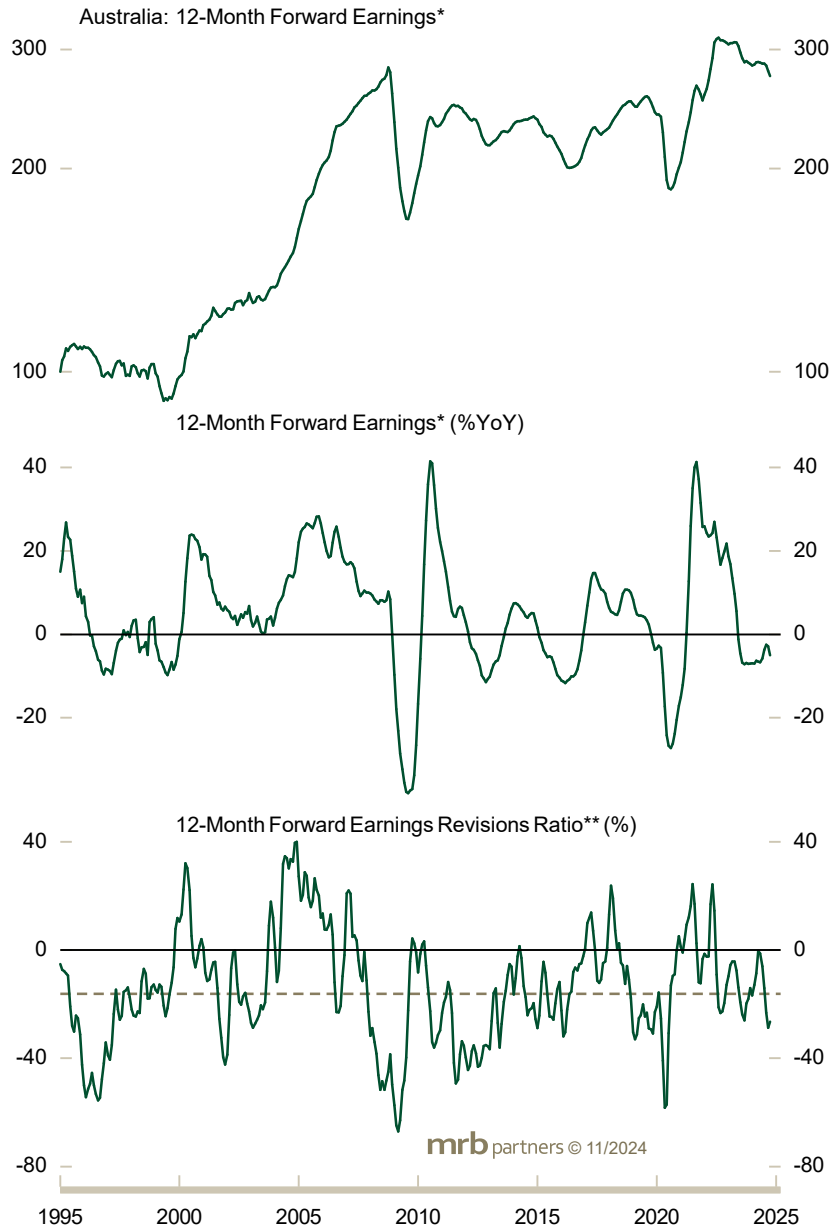
* Local currency; rebased to January 1995 = 100; source: MSCI
 ** Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates
 Note:
 Note: --- in panel 3 is the period mean
 Shaded for NBER-designated U.S. recessions

Global



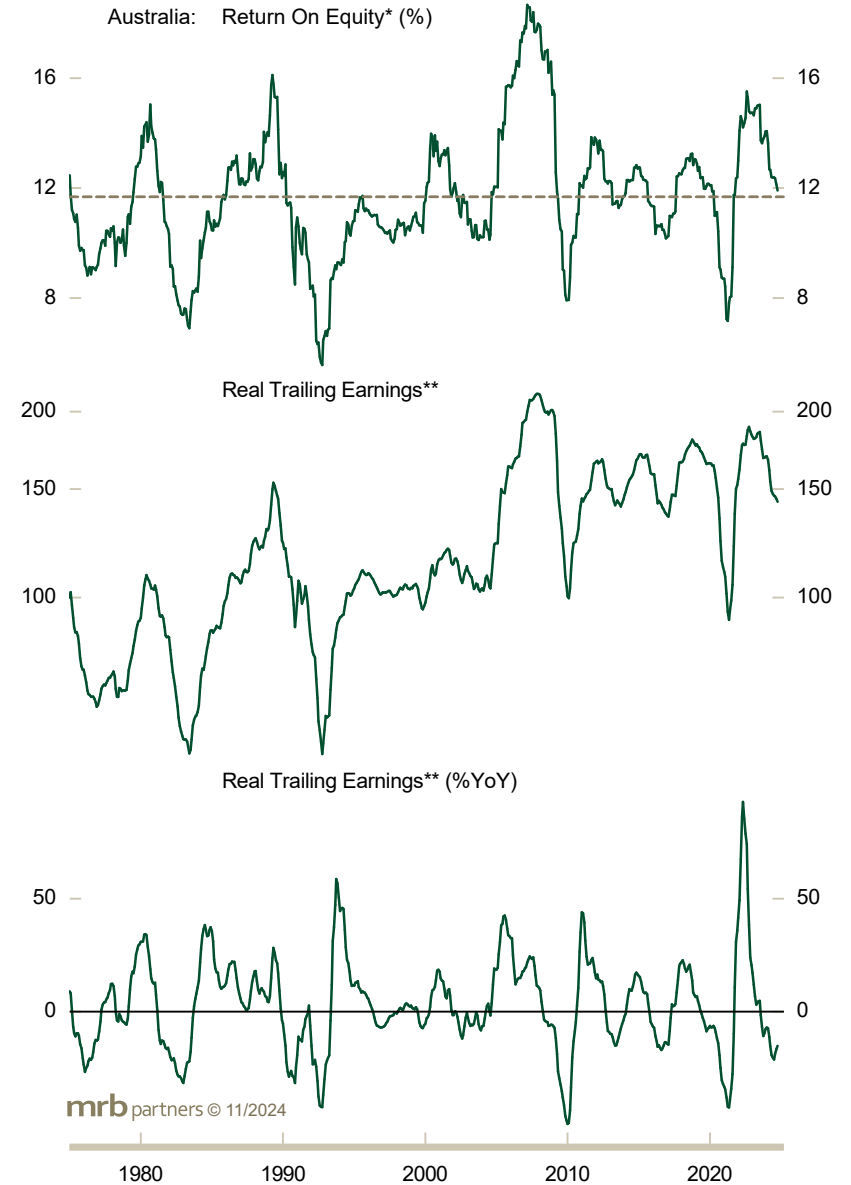
* Source: MSCI
 ** Deflated by headline CPI; rebased; local currency; smoothed;
 source: MSCI
 Note: Shaded for NBER-designated U.S. recessions

Australia



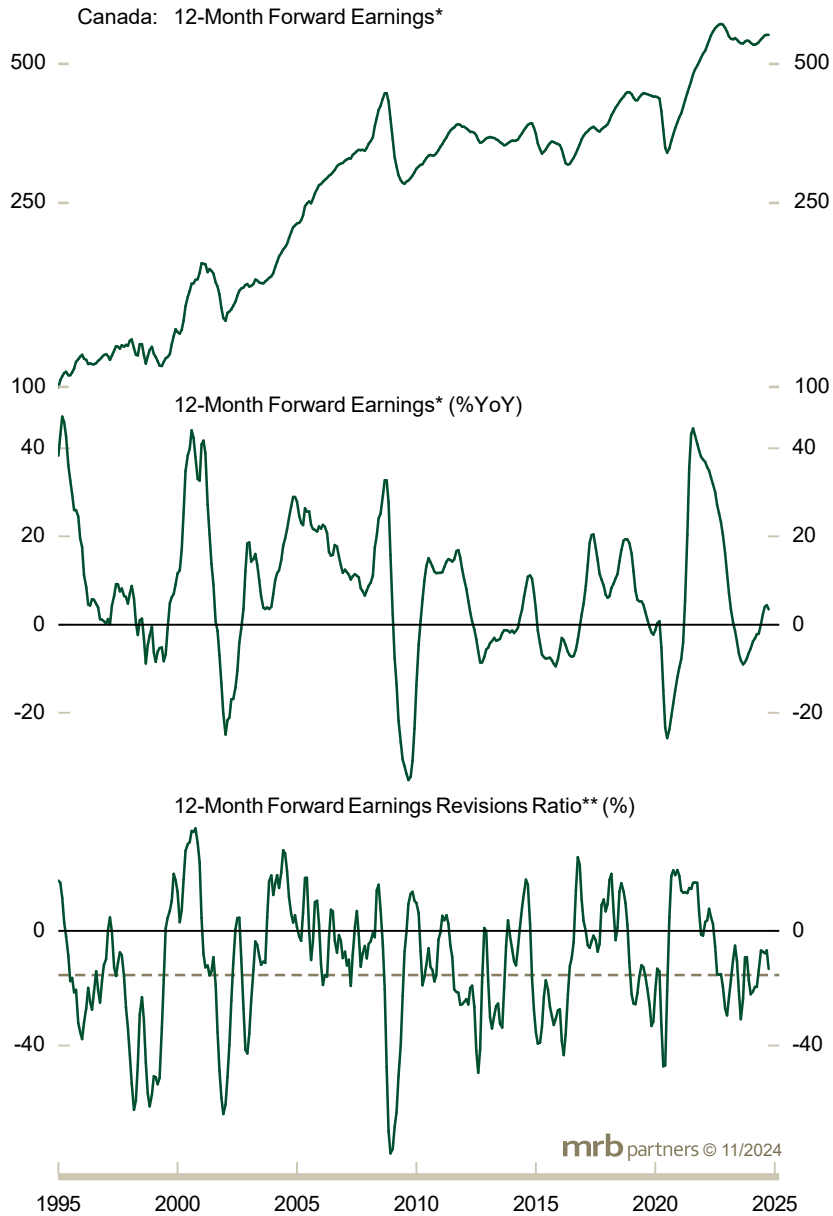
* Local currency; rebased to January 1995 = 100; source: MSCI
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Australia



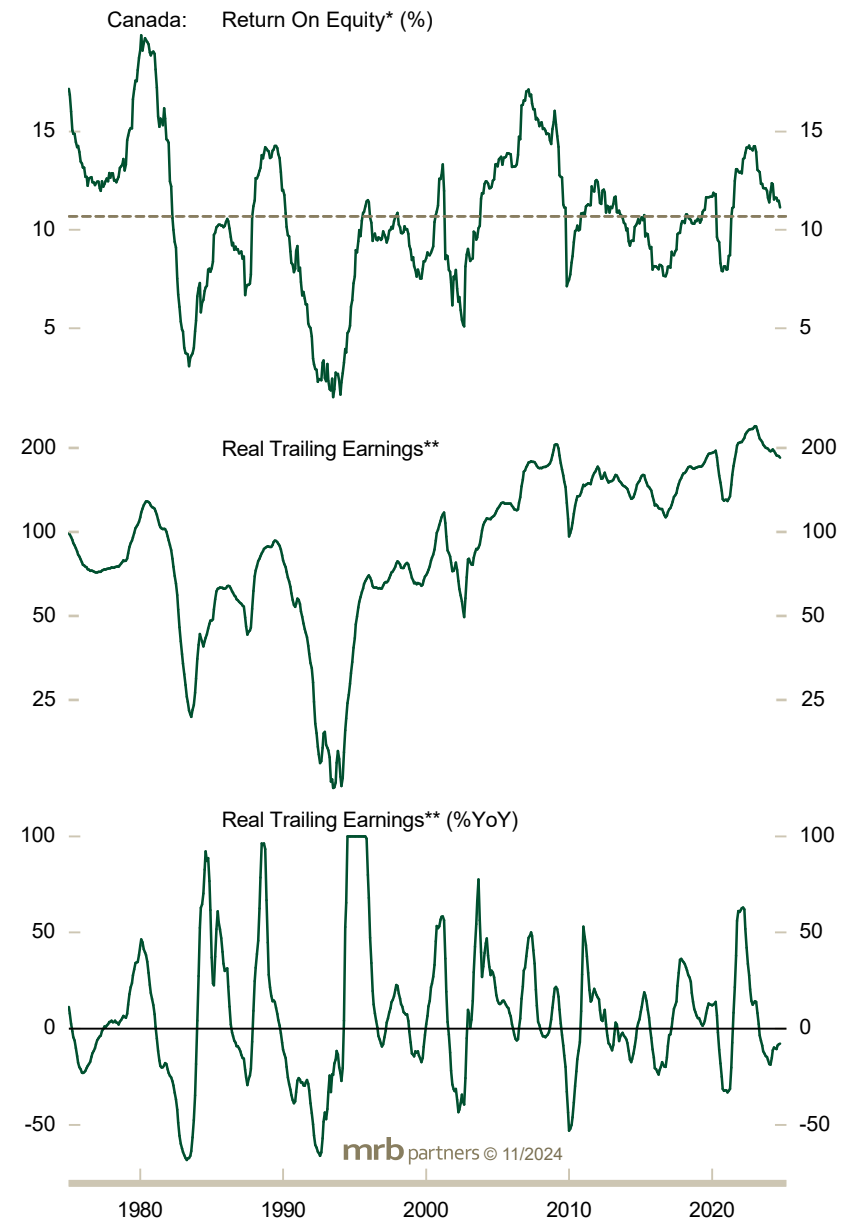
* Source: MSCI
 ** Deflated by headline CPI; rebased; local currency; smoothed;
 source: MSCI

Canada



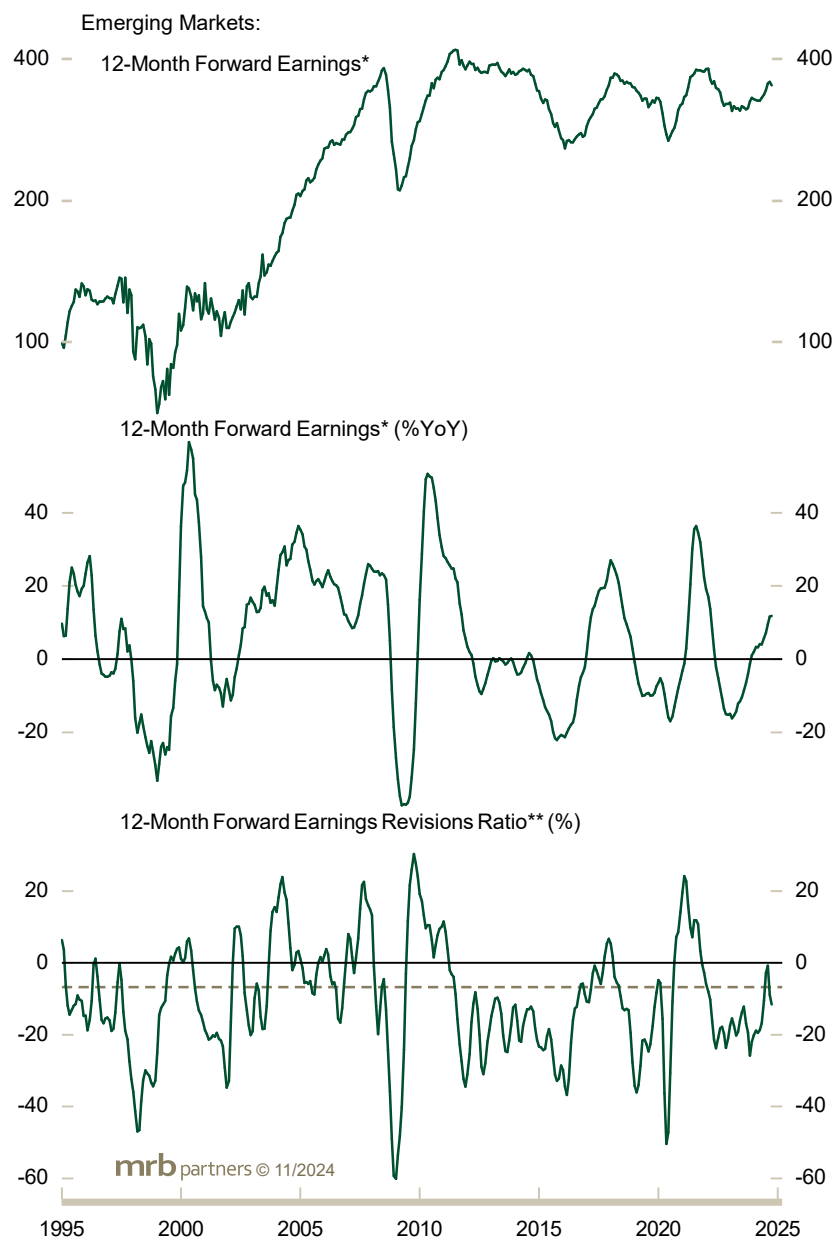
* Local currency; rebased to January 1995 = 100; source: MSCI
 ** Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates
 Note: --- in panel 3 is the period mean

Canada



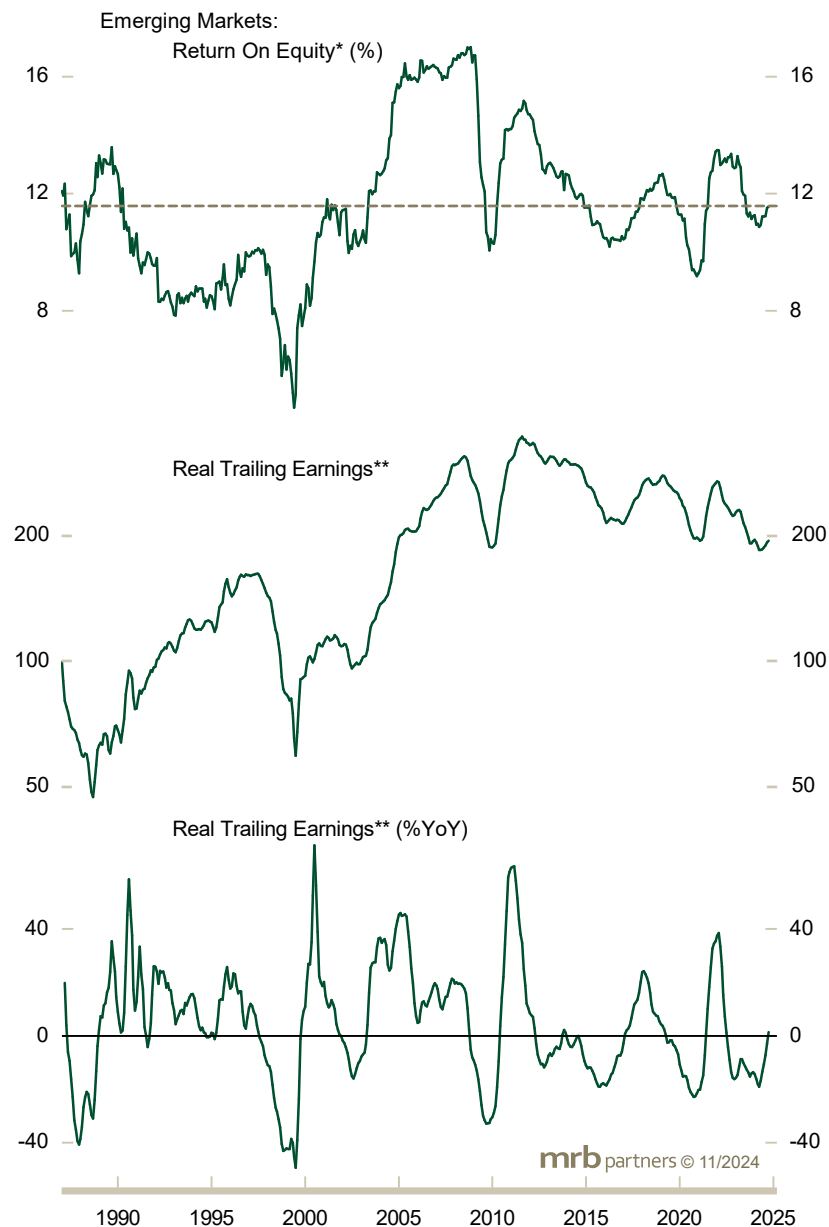
* Source: MSCI
 ** Deflated by headline CPI; rebased; local currency; smoothed; source: MSCI

Emerging Markets



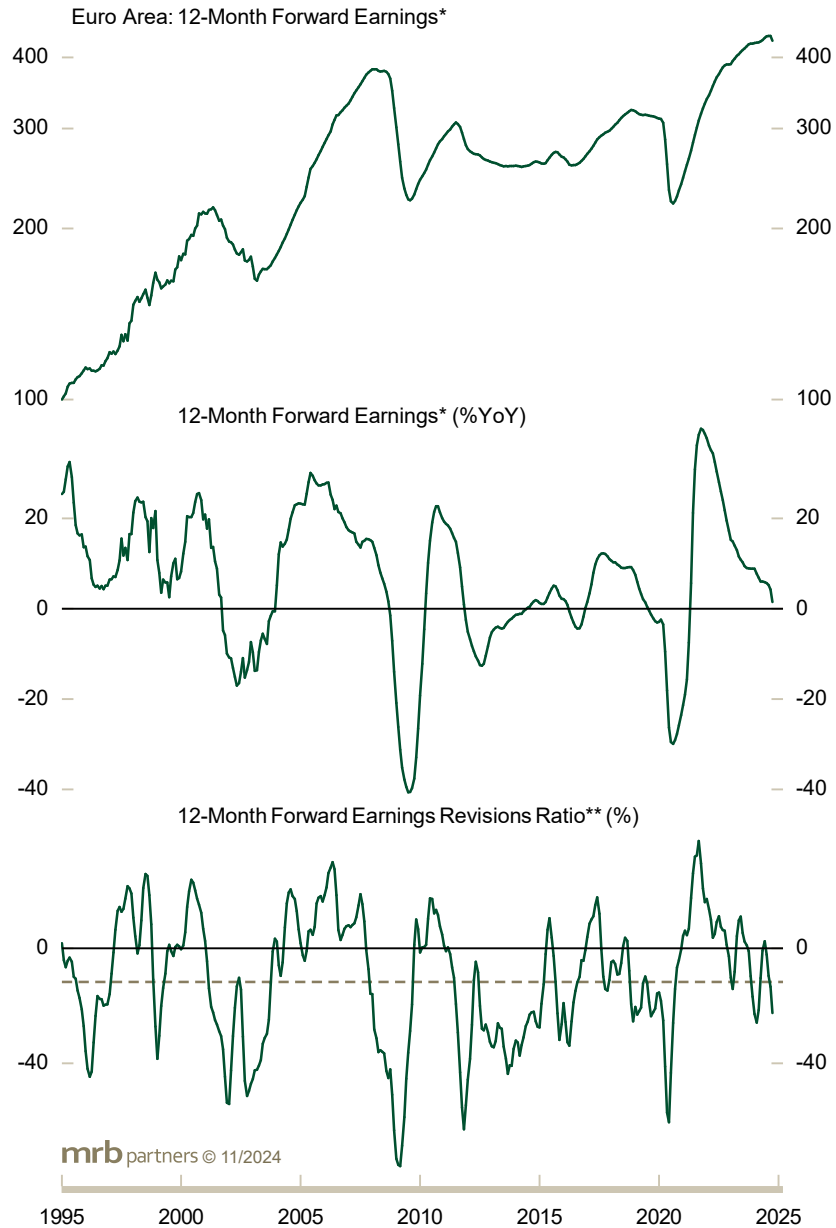
* U.S. dollars; rebased to January 1995 = 100; source: MSCI
 ** Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates
 Note: --- in panel 3 is the period mean

Emerging Markets



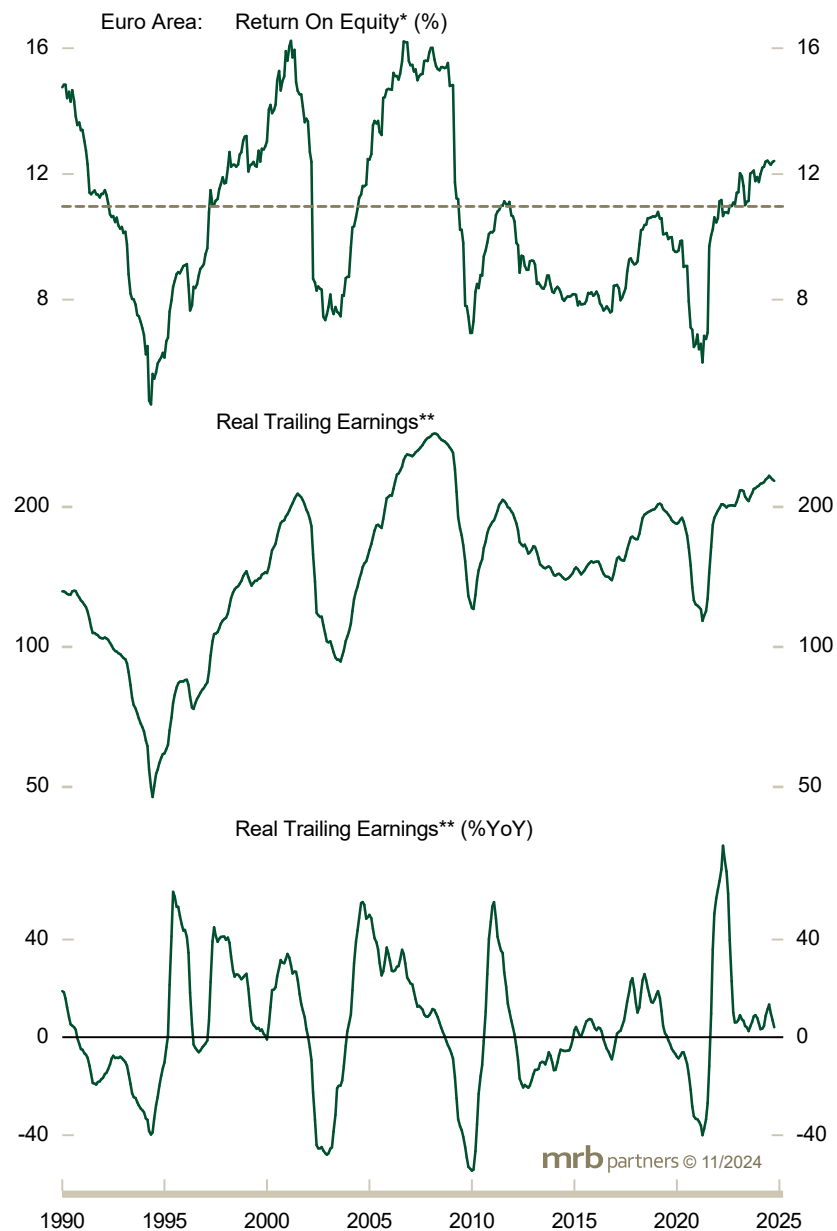
* Source: MSCI
 ** Deflated by headline U.S. CPI; rebased to January 1987 = 100; U.S. dollars; smoothed; source: MSCI

Euro Area



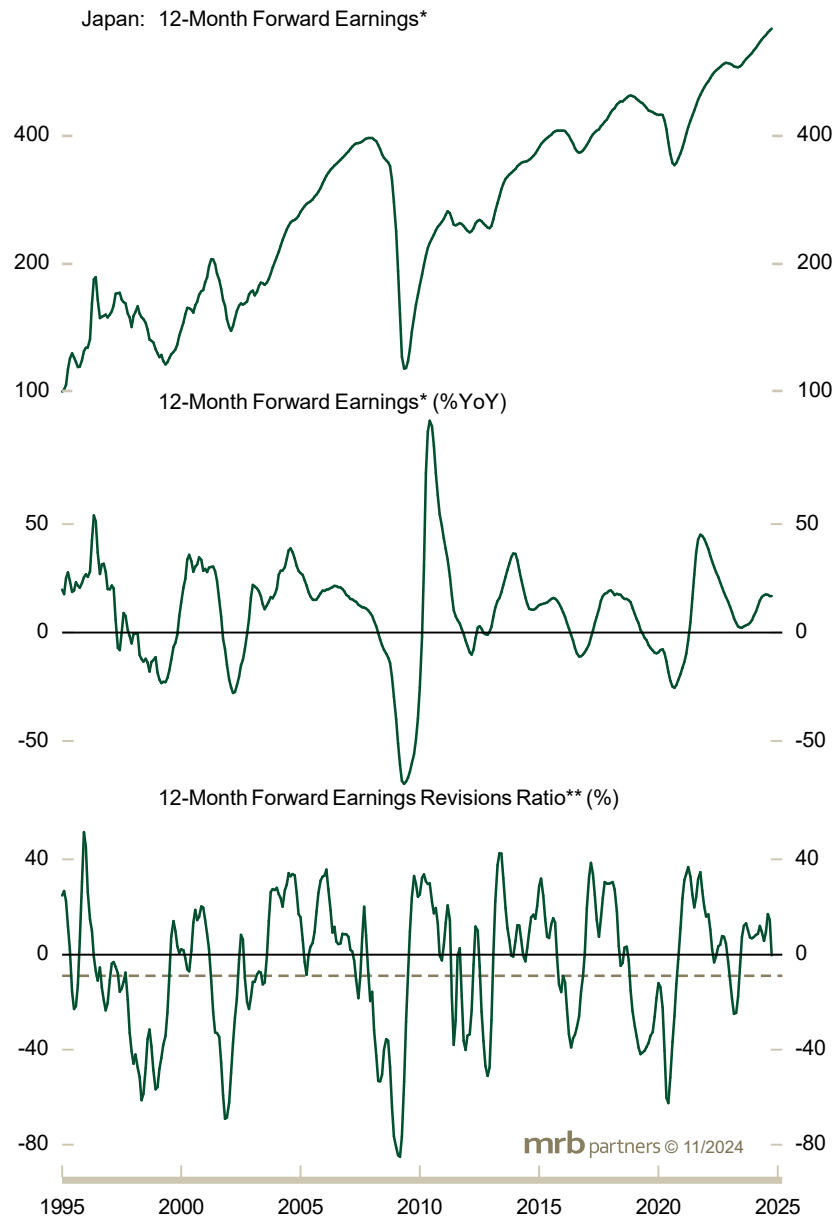
* Local currency; rebased to January 1995 = 100; source: MSCI
 ** Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates
 Note: --- in panel 3 is the period mean

Euro Area



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

Japan

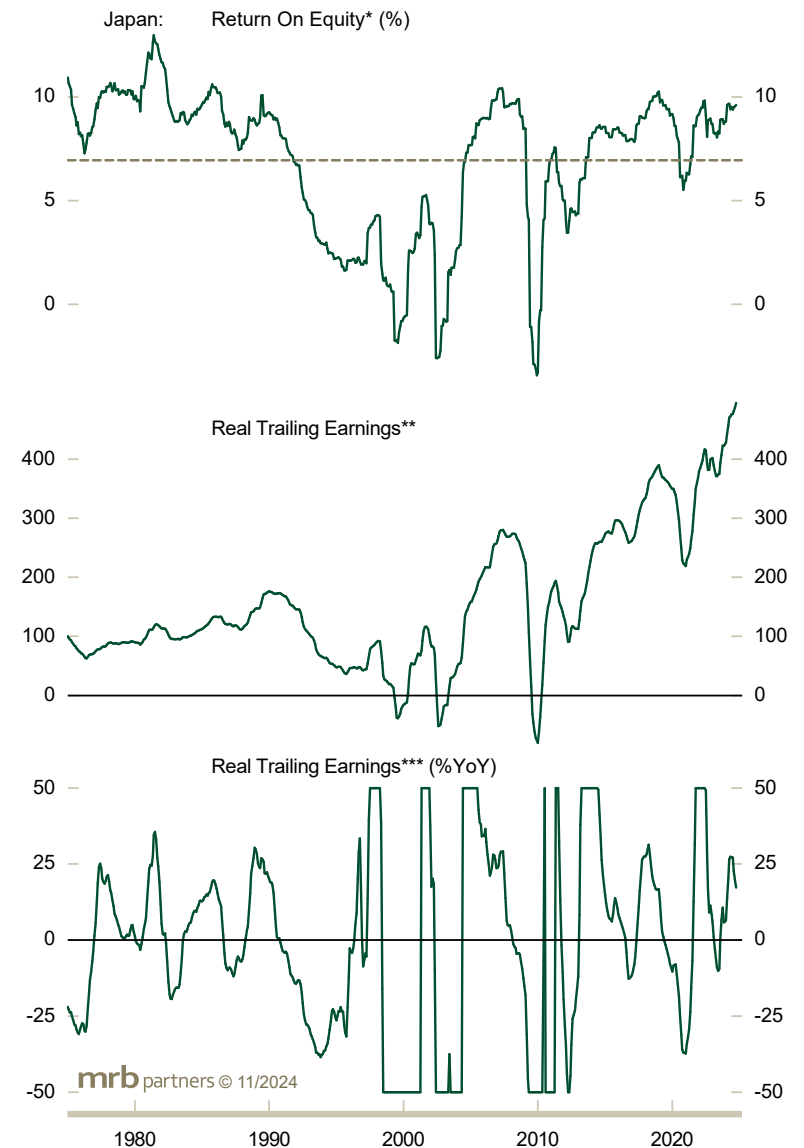


* Local currency; rebased to January 1995 = 100; source: MSCI

** Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates

Note: --- in panel 3 is the period mean

Japan

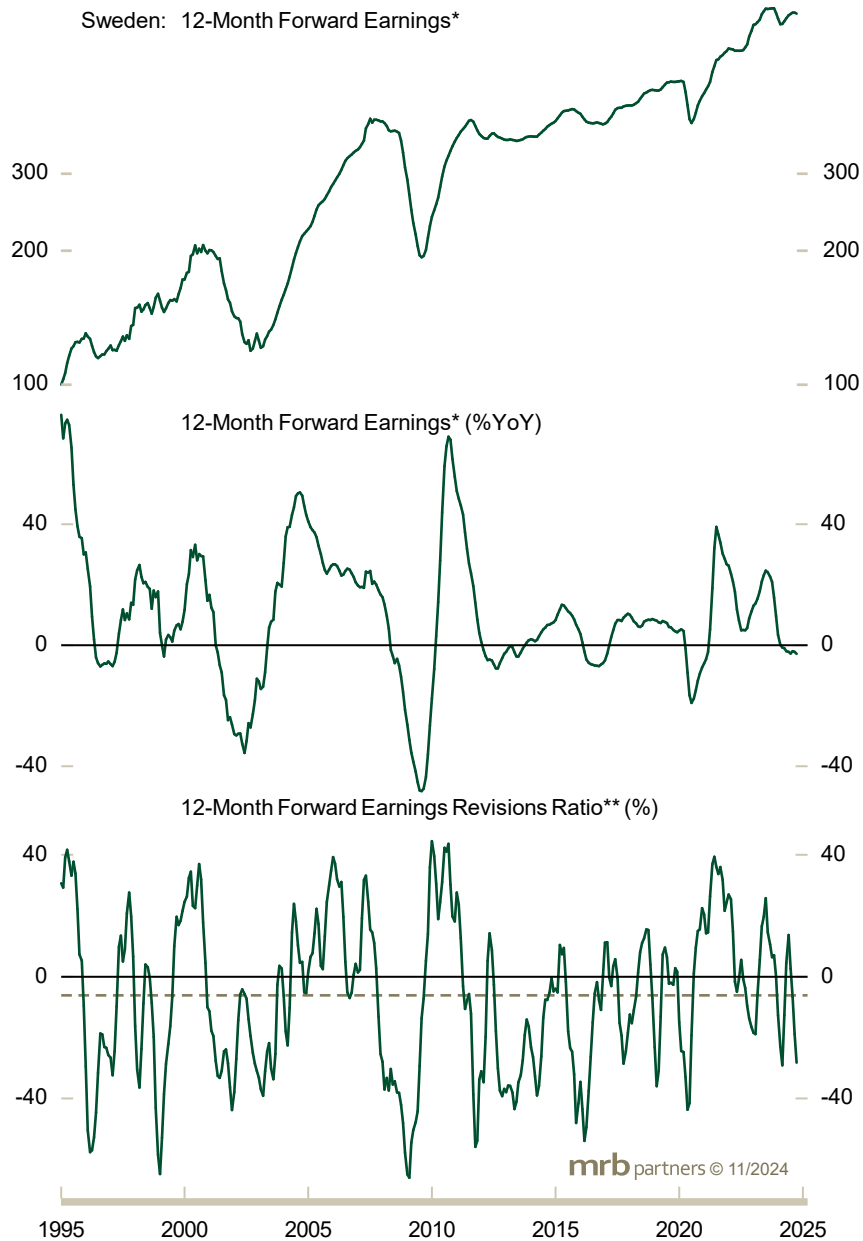


* Source: MSCI

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

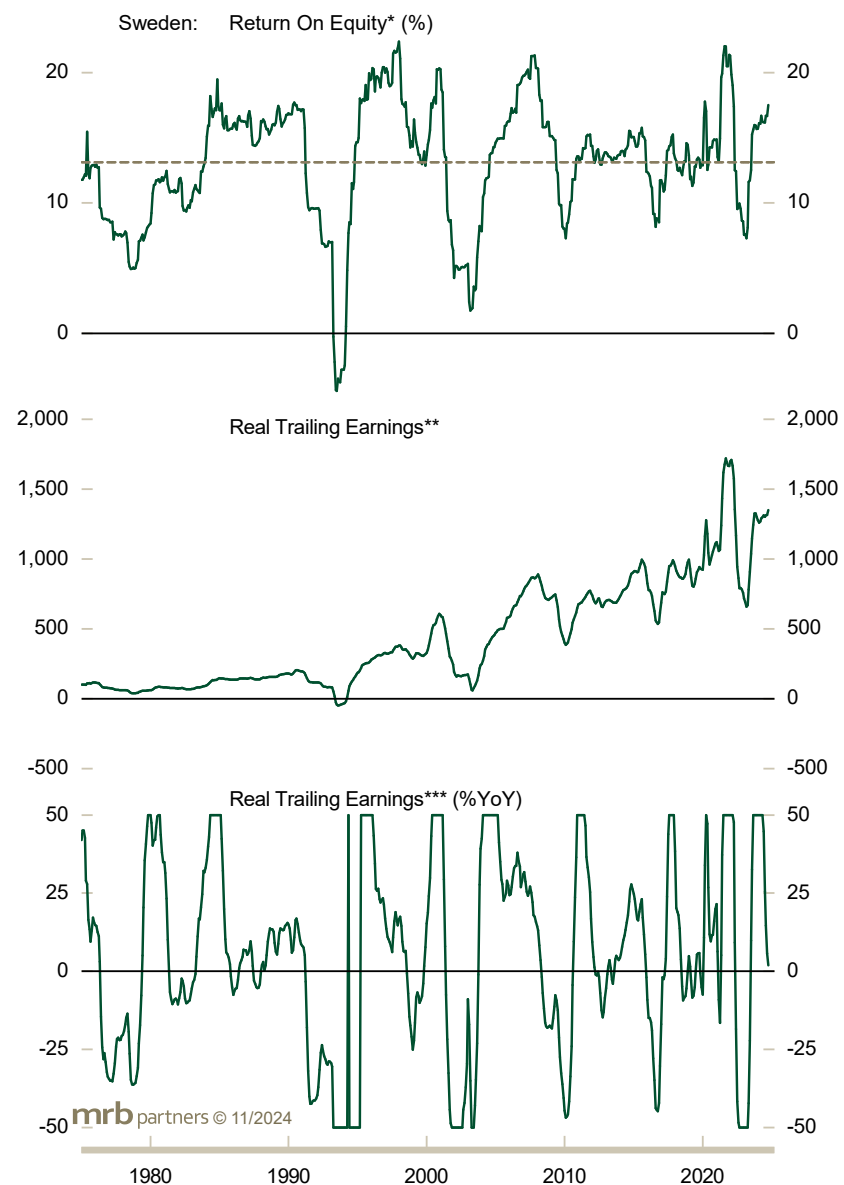
*** Truncated at 50 and -50; deflated by headline CPI; local currency; smoothed; source: MSCI

Sweden



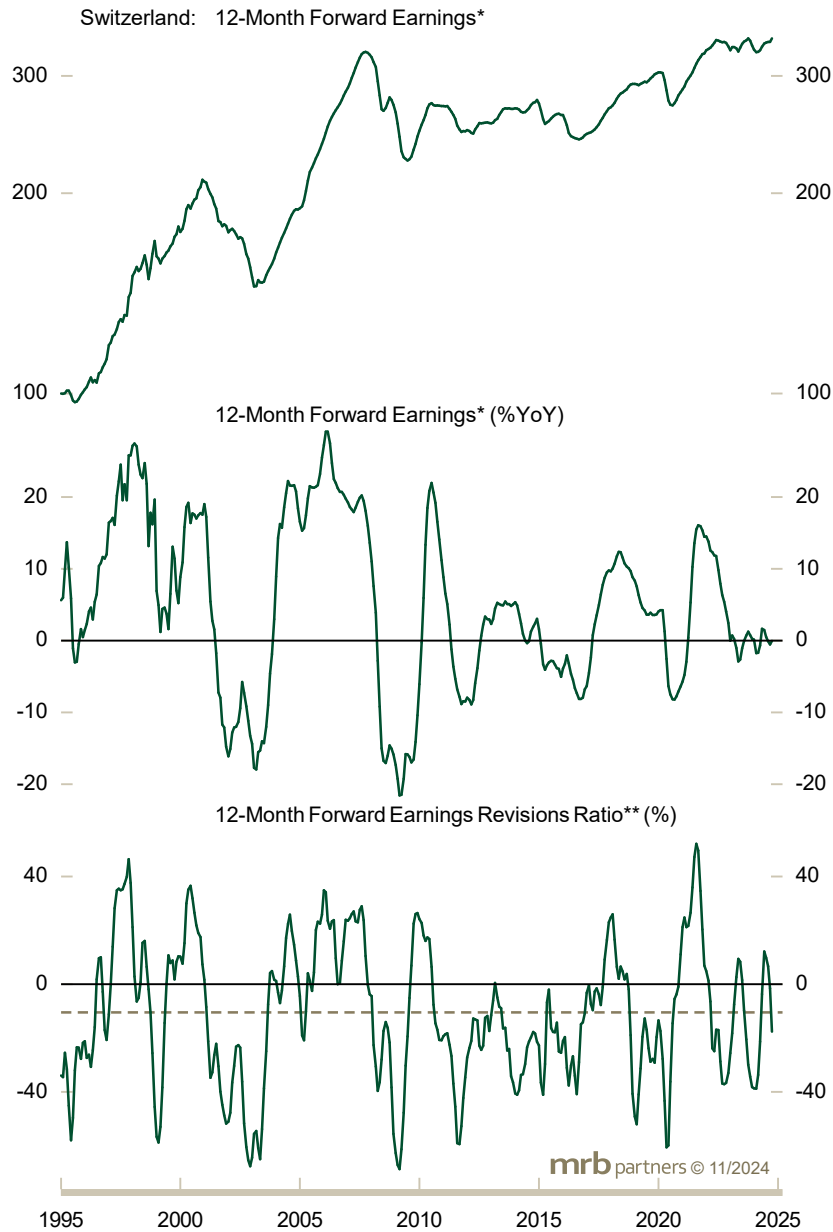
* Local currency; rebased to January 1995 = 100; source: MSCI
 ** Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates
 Note: --- in panel 3 is the period mean

Sweden



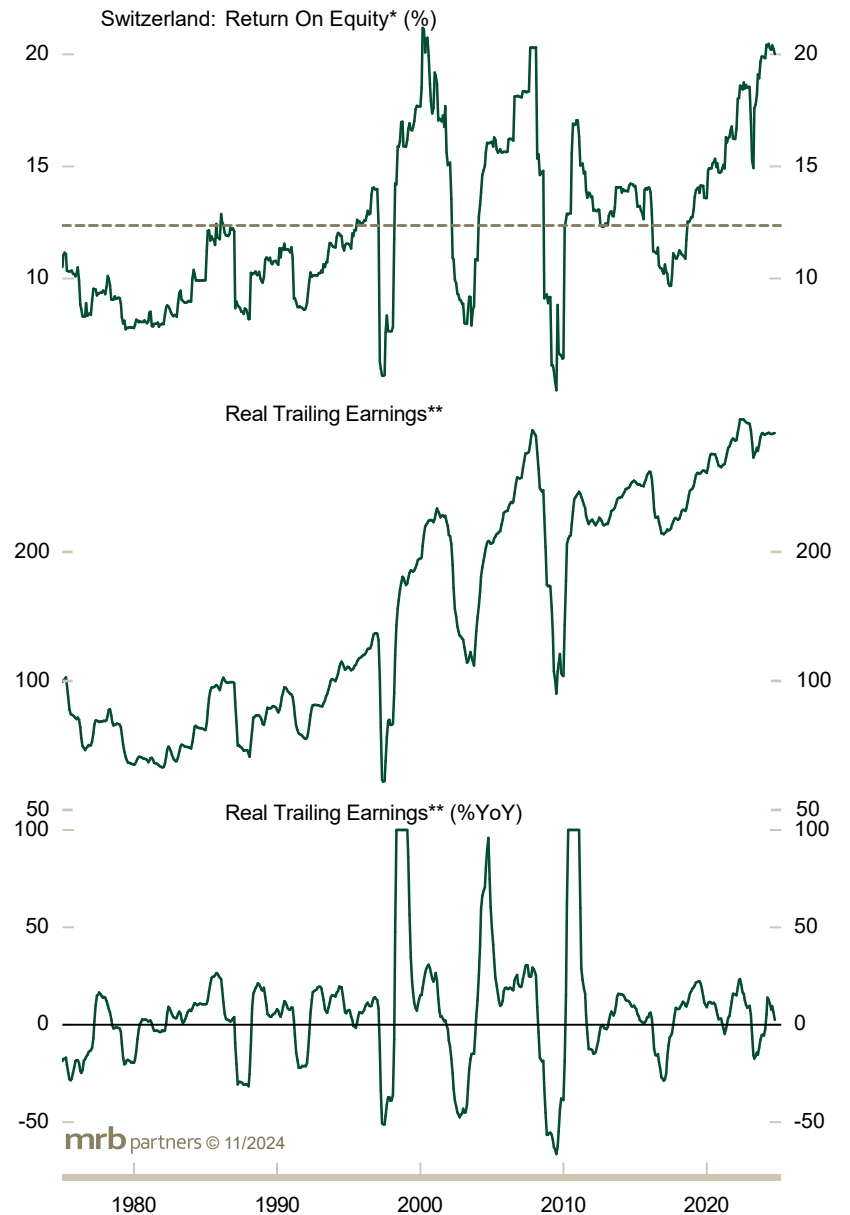
* Source: MSCI
 ** Deflated by headline CPI; rebased; local currency; smoothed; source: MSCI
 *** Truncated at 50 and -50; deflated by headline CPI; local currency; smoothed; source: MSCI

Switzerland



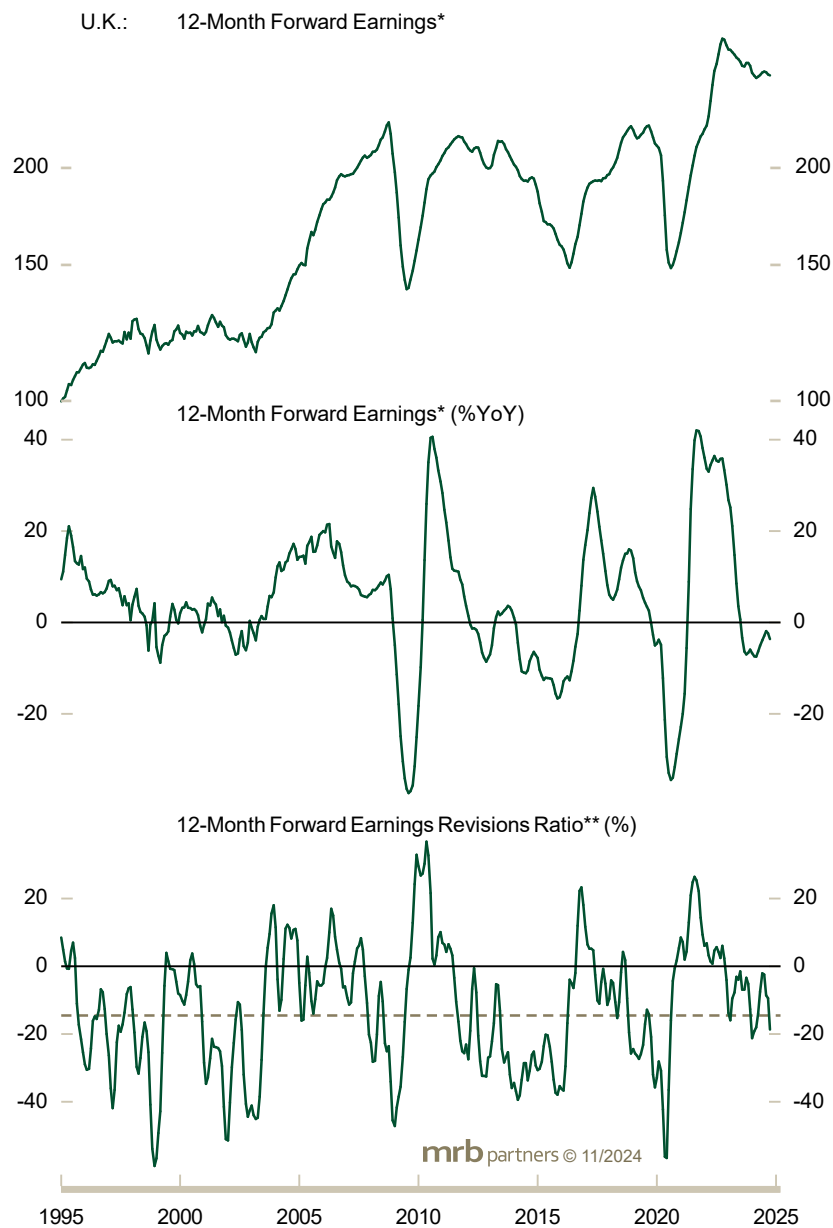
* Local currency; rebased to January 1995 = 100; source: MSCI
 ** Projected 12-Month Earnings: Forward / Trailing; truncated at 50; source: MSCI
 **Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates
 Note: --- in panel 3 is the period mean

Switzerland



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

U.K.

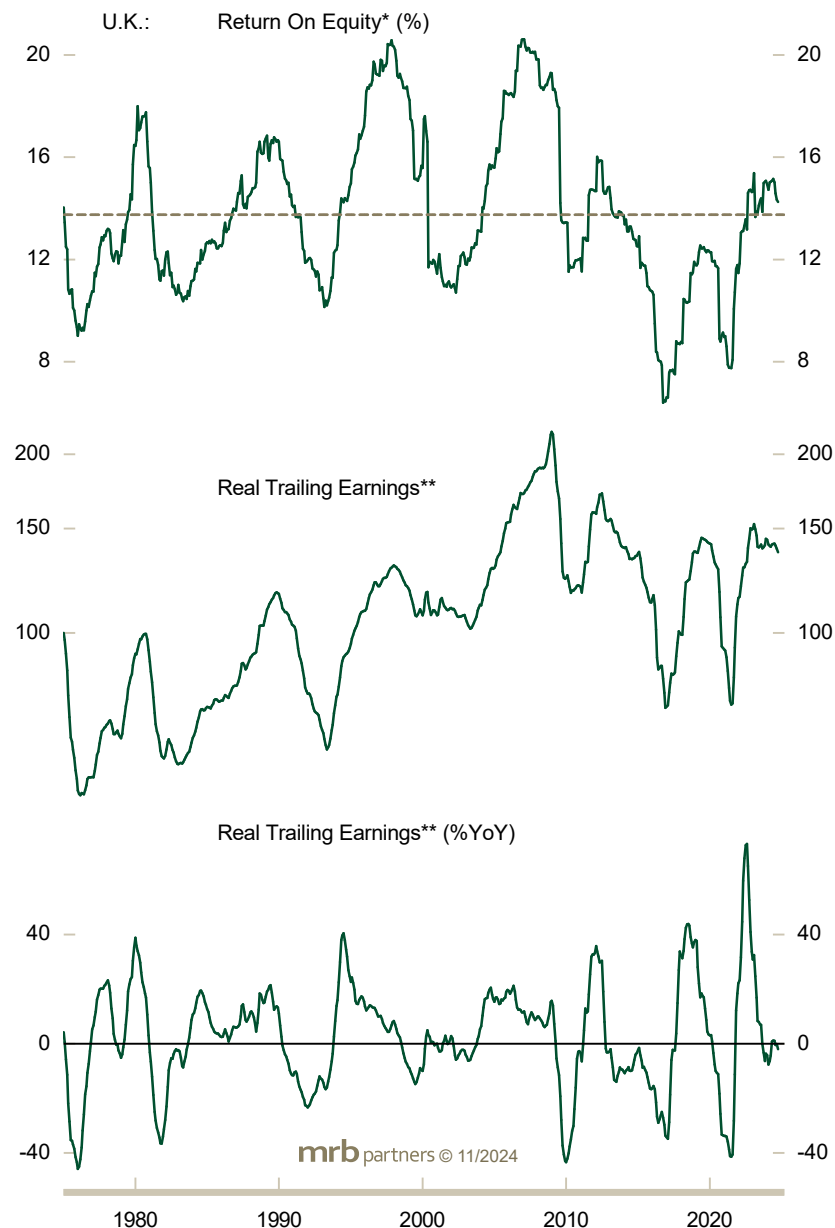


* Local currency; rebased to January 1995 = 100; source: MSCI

** Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates

Note: --- in panel 3 is the period mean

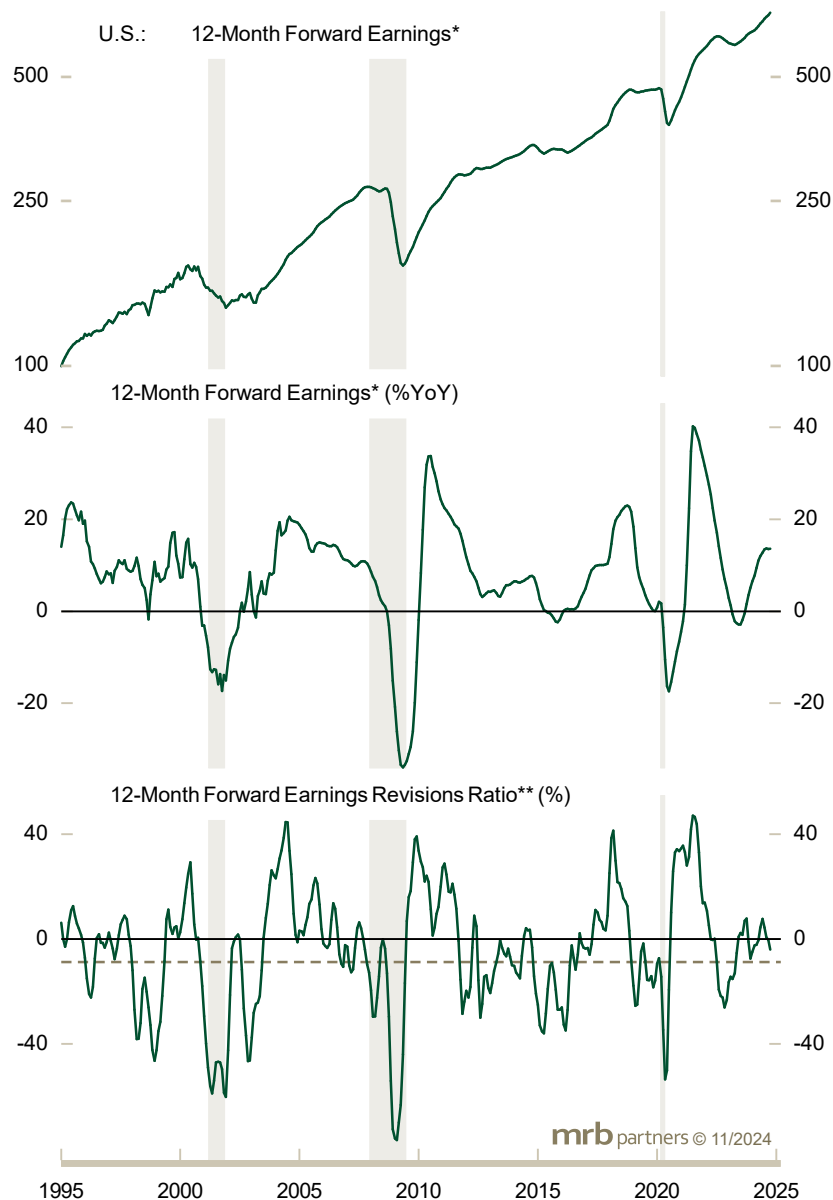
U.K.



* Source: MSCI

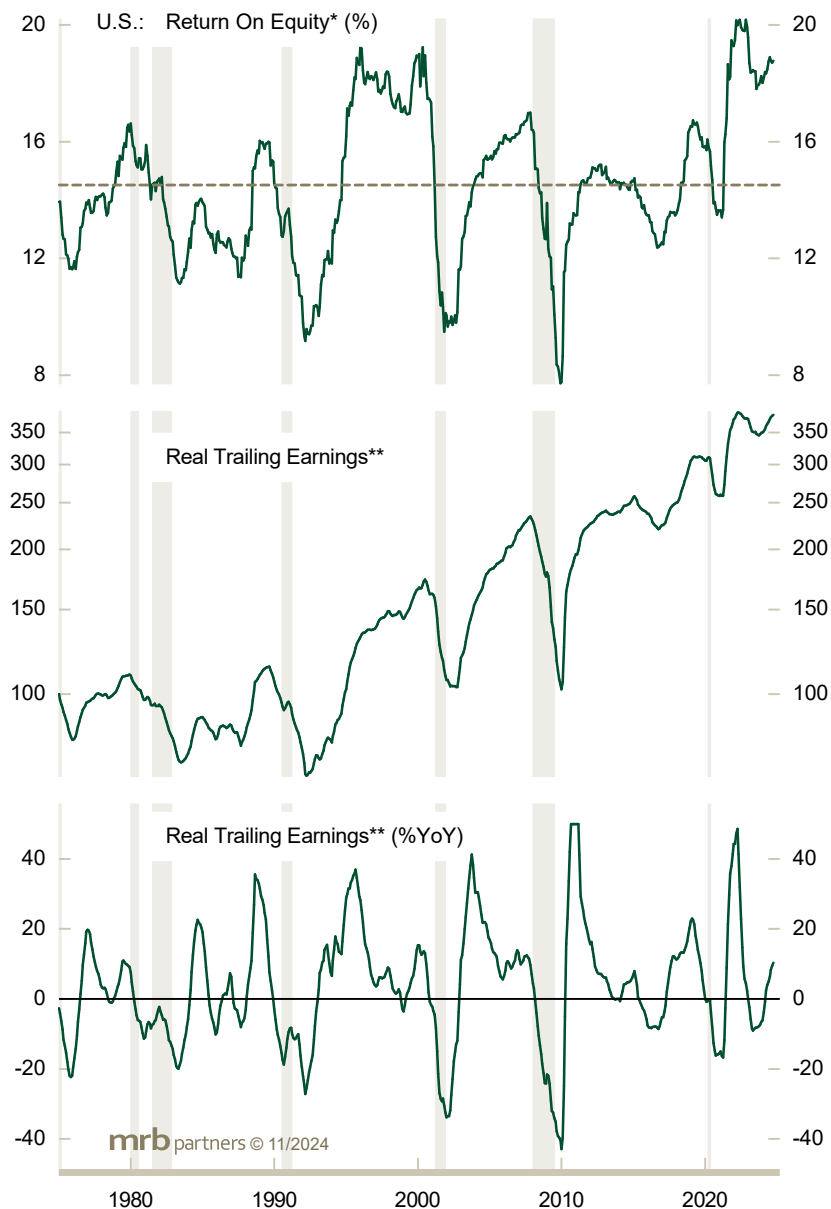
** Deflated by headline CPI; rebased; local currency; smoothed; source: MSCI

U.S.



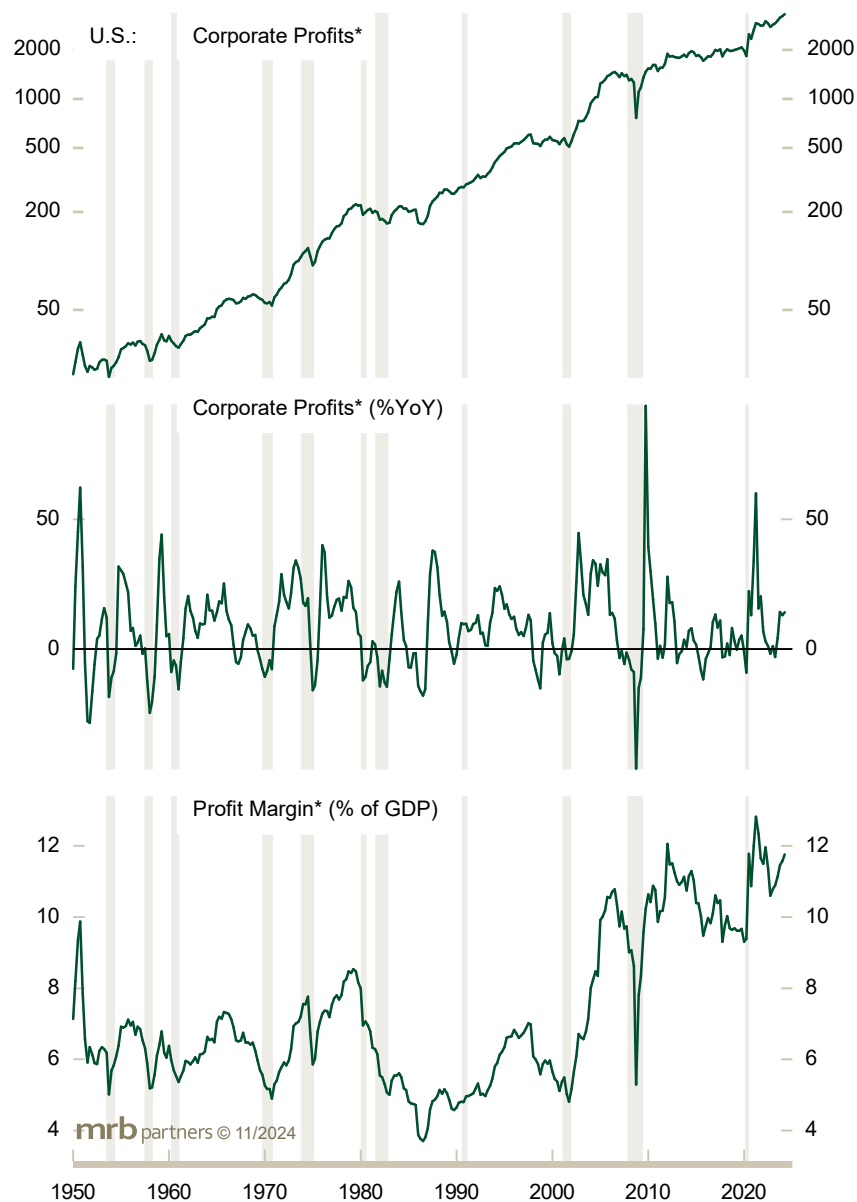
* Local currency; rebased to January 1995 = 100; source: MSCI
 ** Net Revisions to total revisions, smoothed; source: Refinitiv I/B/E/S Global Aggregates
 Note: Shaded for NBER-designated U.S. recessions

U.S.



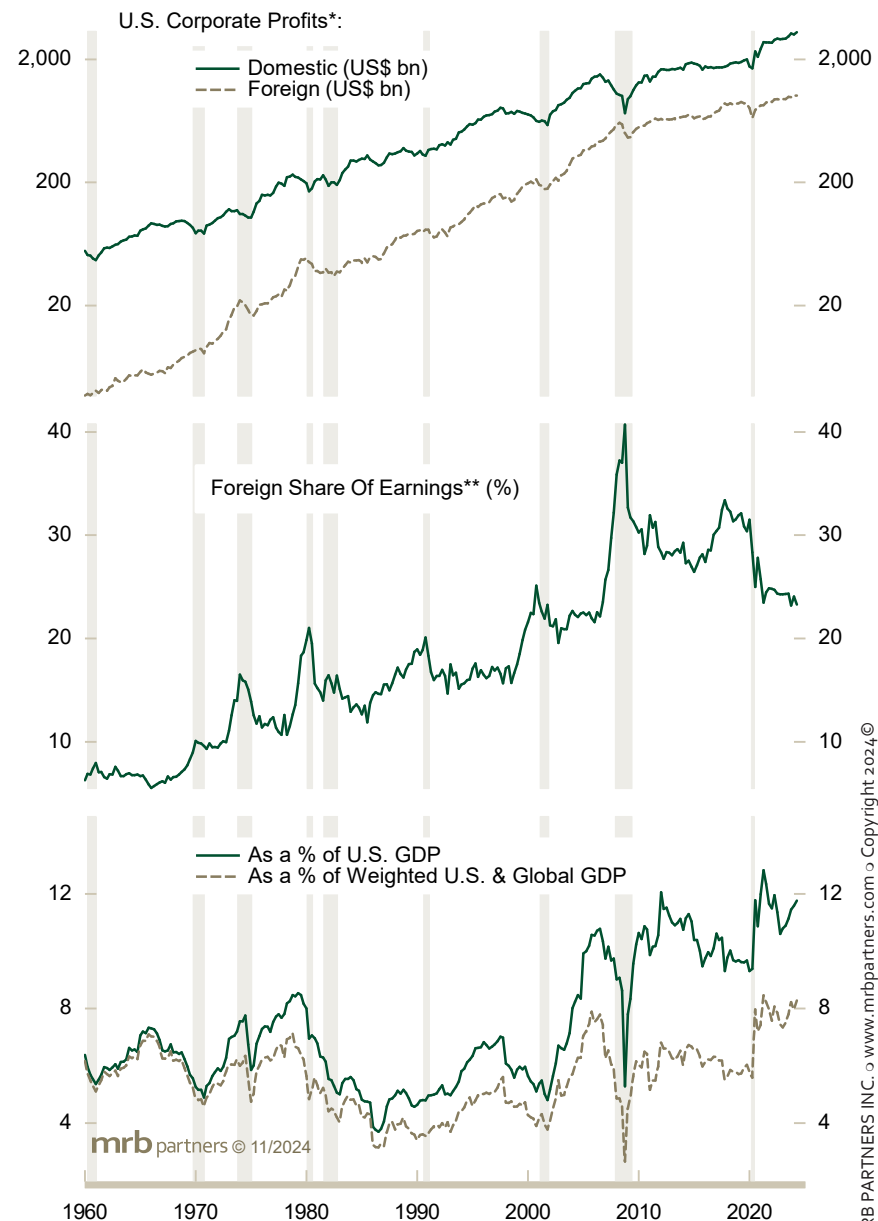
* Source: MSCI
 ** Deflated by headline CPI; rebased; local currency; smoothed; source: MSCI
 Note: Shaded for NBER-designated U.S. recessions; panel 3 truncated above 50

U.S.



* Profits after tax without inventory valuation and capital consumption; source: U.S. Bureau of Economic Analysis
Note: Shaded for NBER-designated U.S. recessions

U.S.



* After tax without 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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