

EVERCORE ISI

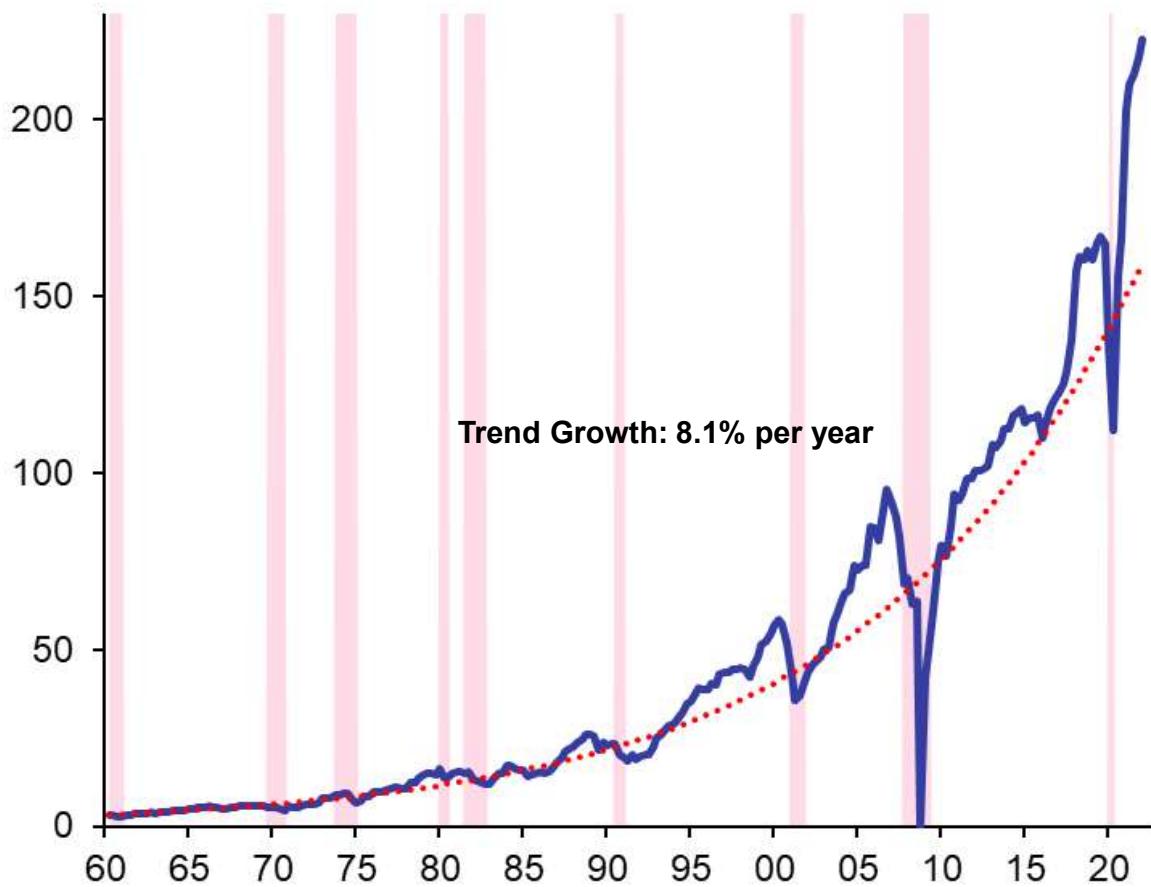
Analyzing Corporate Profits

July 18, 2022
Richard D. Rippe
Managing Director and Economist
Evercore ISI

ANALYZING CORPORATE PROFITS

- I. Alternative Profits Data (Slides 3-9)**
- II. Profits Data Provided by BEA: Pretax, Post Tax, Accounting Adjustments (Slides 10-18)**
- III. Impact of Corporate Tax Changes (Slides 19-20)**
- IV. Profits Near Cyclical Turning Points (Slides 21-26)**
- V. Profits in Major Sectors and Their Determinants (Slides 27-43)**
- VI. Profits-Related Measures: Margins, Cash Flow, Dividends and Payout Ratio, Funding Gap, Interest Coverage (Slides 44-51)**
- VII. Corporate Balance Sheets (Slides 52-57)**
- VIII. Profits and Stock Prices (Slides 58-61)**

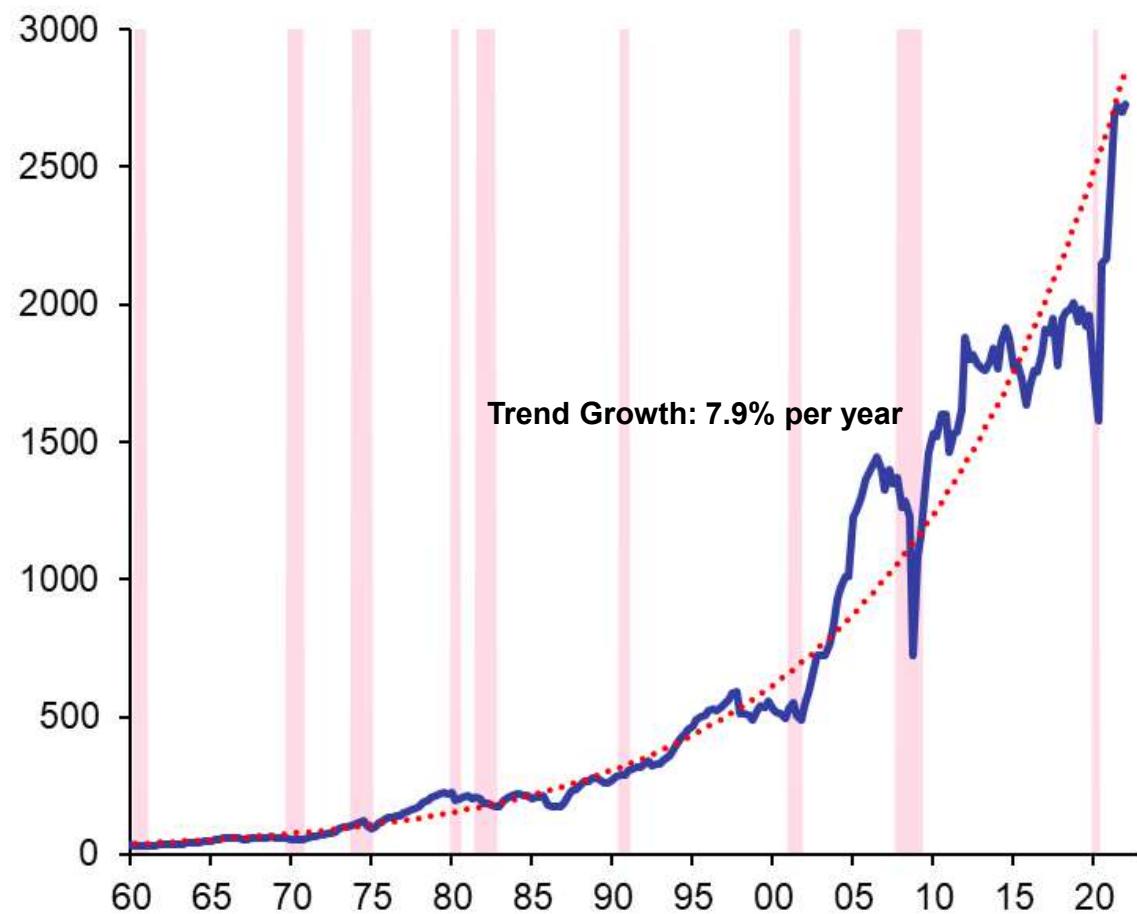
S&P EARNINGS
2022:2Q: \$226 E



Source: Standard & Poor's/Evercore ISI/Haver Analytics

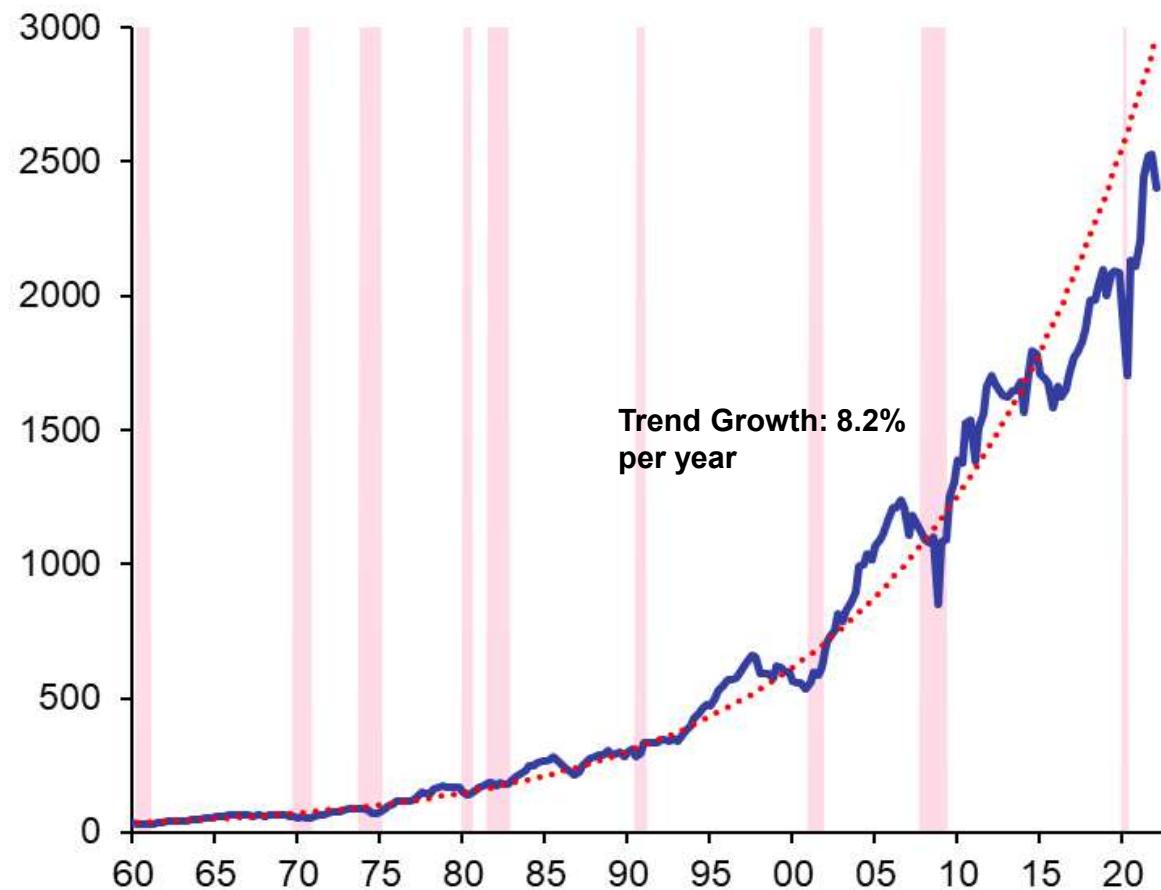
*Note: Shaded areas denote recessions

U.S. CORPORATE PROFITS A.T. WITHOUT IVA AND CCA, ADJ
2022:1Q: \$2726.7



Source: Bureau of Economic Analysis/Evercore ISI/Haver Analytics

U.S. CORPORATE PROFITS A.T. w IVA & CCA
2022:1Q: \$2402.9



Source: Bureau of Economic Analysis/Evercore ISI/Haver Analytics

I. ALTERNATIVE PROFITS DATA

A. BOOK EARNINGS

- Reported to shareholders and the SEC
- Annual and quarterly reports
- Follow GAAP rules
- But companies often report non-GAAP earnings too
 - e.g. operating earnings exclude restructuring charges that are part of ongoing operations
- Aggregated to totals by Standard & Poor's (S&P), Bloomberg, BusinessWeek, others
- Forecasted for companies by security analysts and for aggregate indexes by strategists and economists
- Inventory withdrawals and depreciation usually at historic cost
- Useful in computing P/E ratios and dividend yields
- Breakdowns available by sectors and industries

Table 9. Corporate Profits: Level and Percent Change

Line		Billions of dollars										Percent change from preceding period						Line
		2019	2020	2021	Seasonally adjusted at annual rates					2020	2021	Quarterly rates			Quarter one year ago			
					2021		2022					Q1	Q2	Q3	Q4	Q1 ^r		
					Q1	Q2	Q3	Q4	Q1 ^r			Q2	Q3	Q4	Q1 ^r	Q1 ^r		
1	Corporate profits with inventory valuation and capital consumption adjustments	2,367.8	2,243.8	2,805.8	2,551.4	2,819.2	2,916.1	2,936.5	2,872.7	-5.2	25.0	10.5	3.4	0.7	-2.2	12.6	1	
2	Less: Taxes on corporate income	302.2	275.6	381.2	343.7	378.6	393.3	409.1	469.8	-8.8	38.3	10.1	3.9	4.0	14.8	36.7	2	
3	Equals: Profits after tax with inventory valuation and capital consumption adjustments	2,065.6	1,968.1	2,424.6	2,207.7	2,440.6	2,522.7	2,527.4	2,402.9	-4.7	23.2	10.5	3.4	0.2	-4.9	8.8	3	
4	Net dividends	1,386.4	1,394.9	1,418.6	1,359.7	1,411.0	1,438.7	1,465.1	1,476.5	0.6	1.7	3.8	2.0	1.8	0.8	8.6	4	
5	Undistributed profits with inventory valuation and capital consumption adjustments	679.2	573.3	1,006.0	848.0	1,029.6	1,084.0	1,062.3	926.4	-15.6	75.5	21.4	5.3	-2.0	-12.8	9.2	5	
Addenda for corporate cash flow:																		
6	Net cash flow with inventory valuation adjustment	2,571.8	2,516.6	3,074.5	2,853.9	3,078.6	3,135.1	3,230.4	3,158.5	-2.1	22.2	7.9	1.8	3.0	-2.2	10.7	6	
7	Undistributed profits with inventory valuation and capital consumption adjustments	679.2	573.3	1,006.0	848.0	1,029.6	1,084.0	1,062.3	926.4	-15.6	75.5	21.4	5.3	-2.0	-12.8	9.2	7	
8	Consumption of fixed capital	1,880.2	1,957.0	2,081.4	2,005.3	2,048.5	2,103.9	2,167.8	2,231.7	4.1	6.4	2.2	2.7	3.0	2.9	11.3	8	
9	Less: Capital transfers paid (net)	-12.4	13.6	12.8	-0.6	-0.5	52.8	-0.3	-0.4	9	
Addenda:																		
10	Profits before tax (without inventory valuation and capital consumption adjustments)	2,254.6	2,184.1	3,001.2	2,711.3	3,069.0	3,114.9	3,109.4	3,196.5	-3.1	37.4	13.2	1.5	-0.2	2.8	17.9	10	
11	Profits after tax (without inventory valuation and capital consumption adjustments)	1,952.4	1,908.4	2,620.0	2,367.6	2,690.4	2,721.6	2,700.3	2,726.7	-2.3	37.3	13.6	1.2	-0.8	1.0	15.2	11	
12	Inventory valuation adjustment	0.0	-18.2	-247.4	-249.5	-321.2	-241.1	-177.9	-250.0	12	
13	Capital consumption adjustment	113.2	77.9	52.0	89.6	71.4	42.2	5.0	-73.8	13	

^r Revised

Source: U.S. Bureau of Economic Analysis

B. TAX BASIS (REPORTED) PROFITS

- From corporate tax returns
- Follow tax laws and accounting rules
- Individual corporate tax returns not generally available to the public
- Aggregated in Statistics of Income (SOI) and available with a 2 year lag
- Reported by BEA in addenda to the profits tables
- Available both pretax and post tax (lines 10 and 11 in Table on slide 7)
- BEA makes several adjustments to reported tax basis data
 - 1. Oil drilling costs are usually expensed by cos.
but are capitalized and depreciated by BEA
 - 2. Expenditures for software, R&D, and entertainment originals are also
usually expensed by cos. but are capitalized and depreciated by the BEA.
 - 3. The BEA has adopted accrual-based measures for defined benefit
pension plans
- Inventory withdrawals at method chosen by corporations (e.g. FIFO, LIFO)
- Depreciation method chosen by corporations, but usually the fastest permitted by
current tax law
- Useful breakdowns into nonfinancial, financial, and overseas segments

C. BEA MEASURE: PROFITS FROM CURRENT PRODUCTION

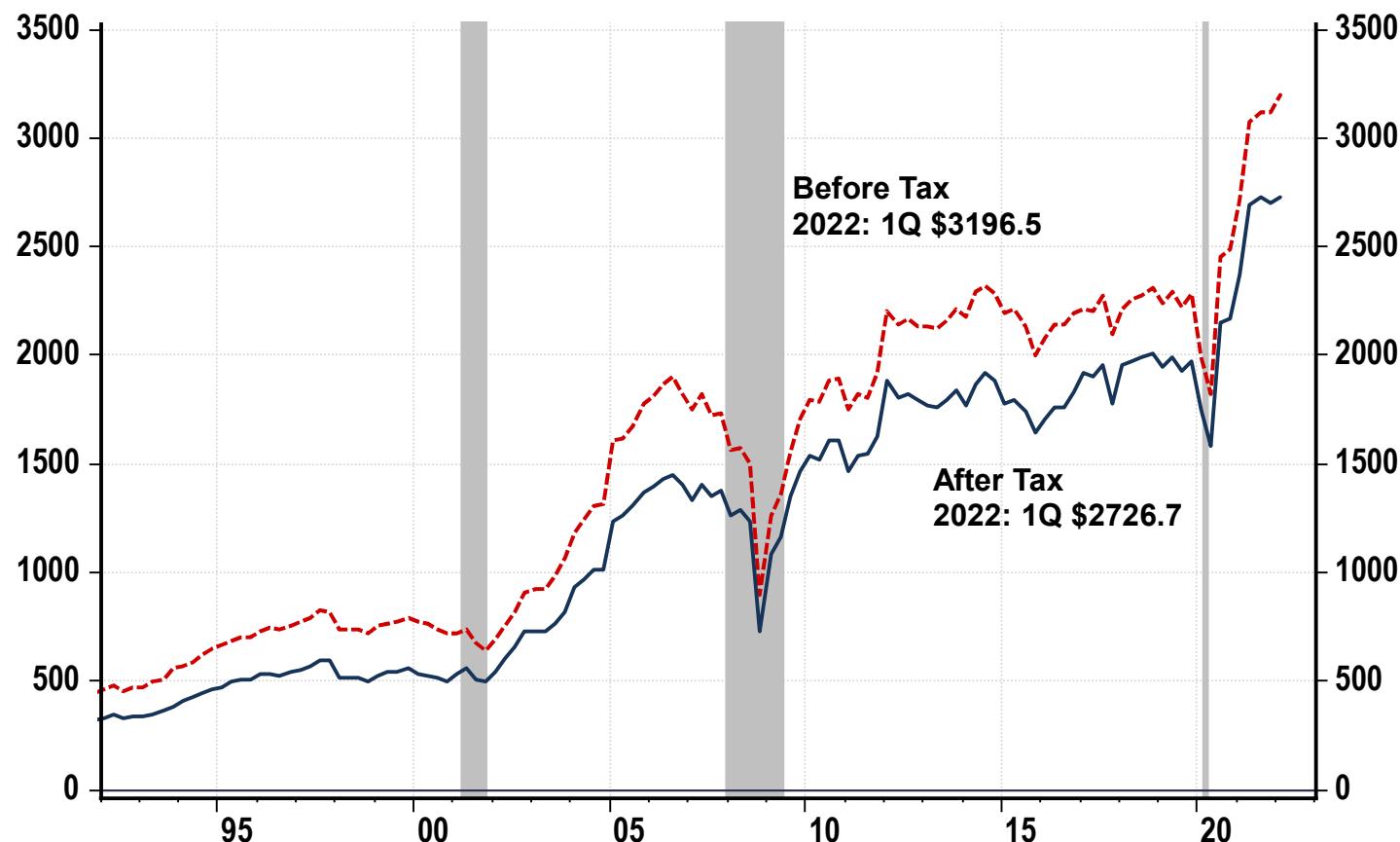
- Also called Economic (Operating) Profits
- Available pretax and post tax (lines 1 and 3 in Table on slide 7)
- Inventory profits (and losses) removed from data with
 - Inventory Valuation Adjustment (IVA) (line 12)
- Depreciation (Consumption of Fixed Capital) adjusted to current prices and
 - consistent asset lives and rate of deterioration with
 - Capital Consumption Adjustment (CCAdj) (line 13)
- Useful breakdowns into nonfinancial, financial, and overseas segments

II. AGGREGATE PROFITS DATA PROVIDED BY BEA

- A. Pretax and Post Tax Reported Profits
- B. IVA and CCAdj
- C. Pretax and Post Tax Operating Profits
- D. Profit Margins and Simple Forecast
- E. Four Key Changes Impacting Current Profits

BEA (TAX RETURN BASIS) PROFITS: PRE AND POST TAX

(**\$ Billions, SAAR**)



Source: Bureau of Economic Analysis/Haver Analytics

BEA's ADJUSTMENTS TO PROFITS DATA

INVENTORY VALUATION ADJUSTMENT (IVA):

Removes profits or losses on inventories as the price of inventories increases (resulting in profits) or decreases (resulting in losses).

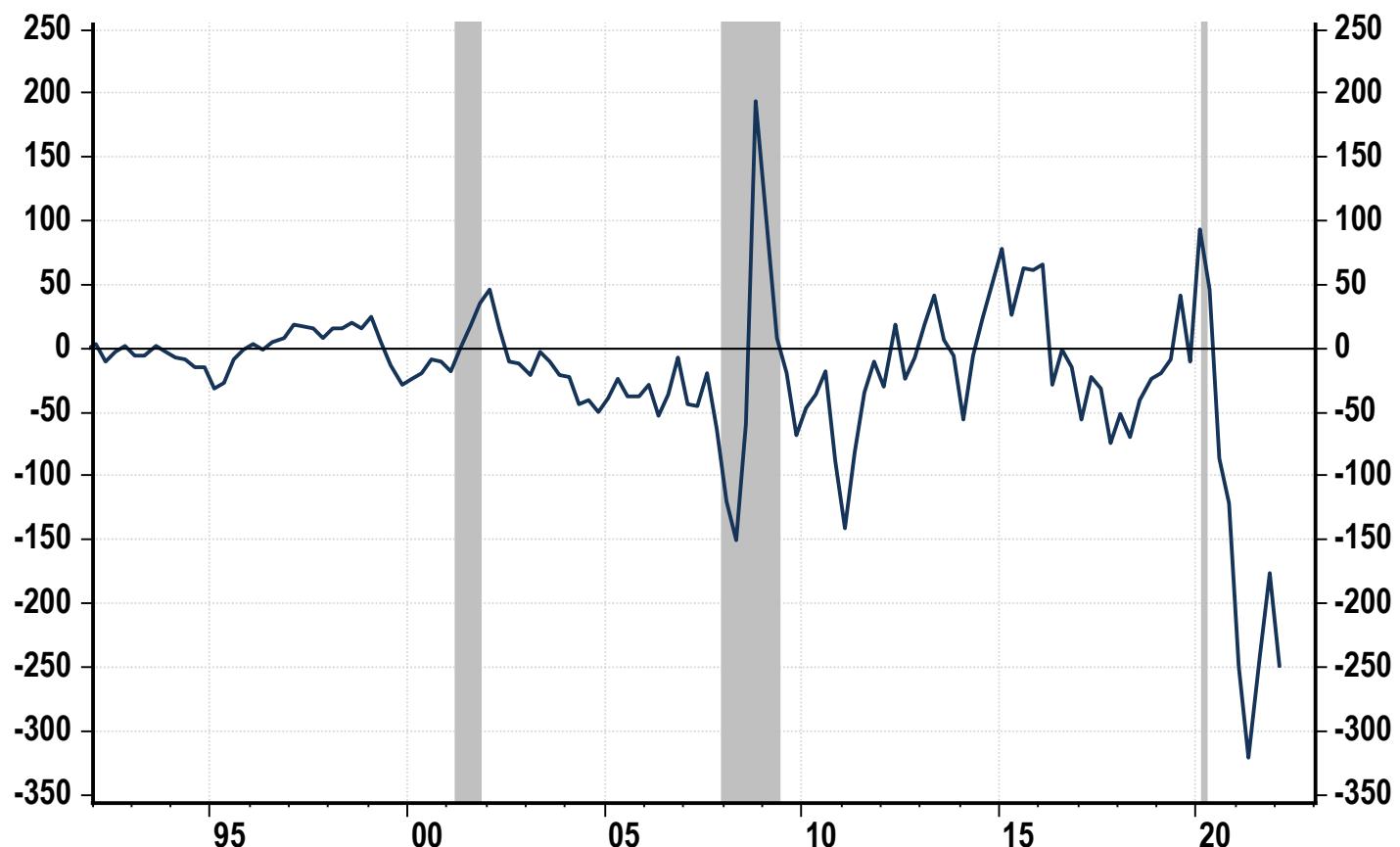
CAPITAL CONSUMPTION ADJ (CCAdj):

$$\text{CCAdj} = \frac{\text{Tax Basis}}{\text{Depreciation}} - \frac{\text{Current (replacement) Cost}}{\text{Depreciation}}$$

Note: In BEA terms, CCAdj = Capital Consumption Allowance - Consumption of Fixed Capital.

INVENTORY VALUATION ADJUSTMENT

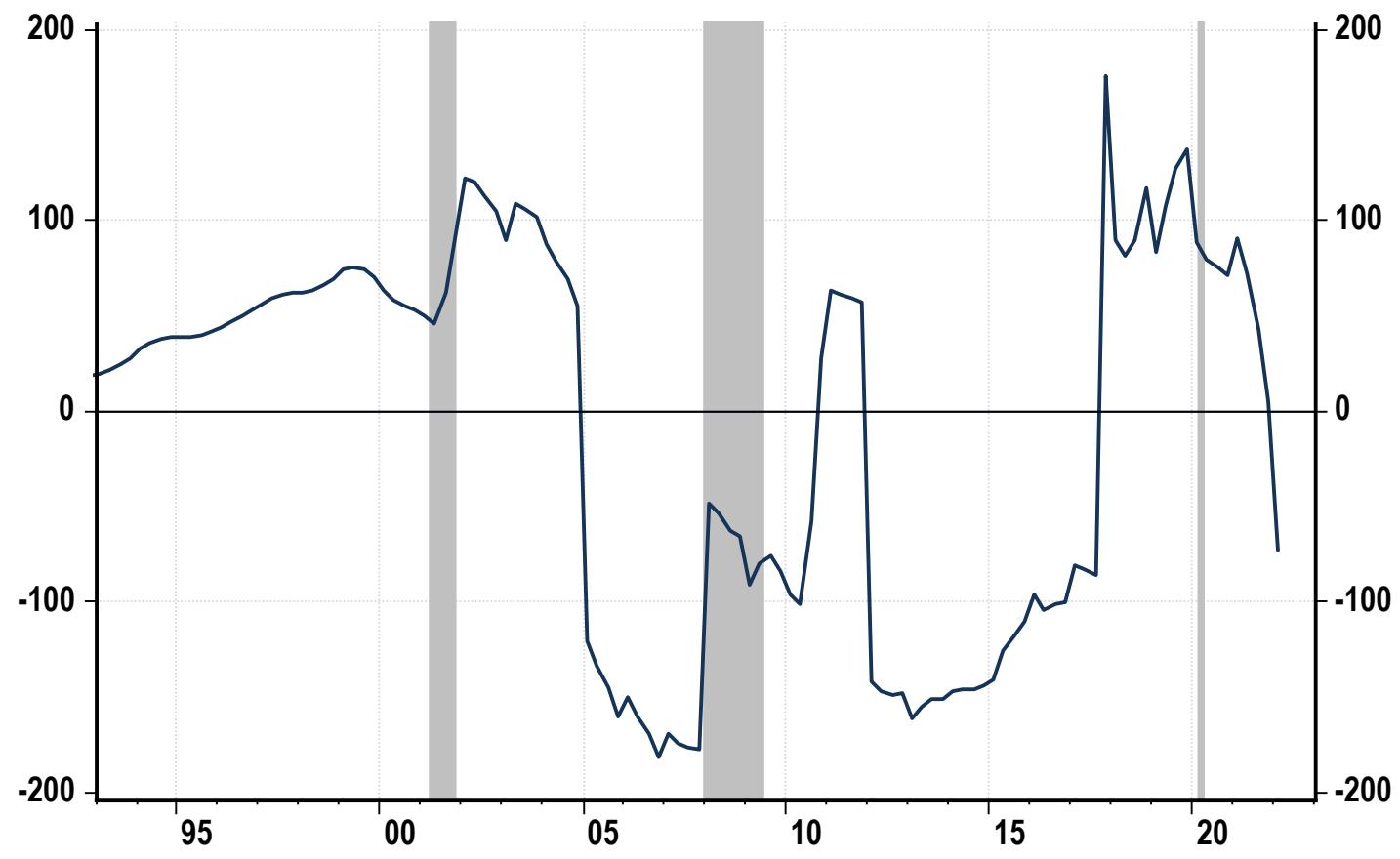
2022: 1Q -\$250.0 (\$ Billions, SAAR)



Source: Bureau of Economic Analysis/Haver Analytics

CAPITAL CONSUMPTION ADJUSTMENT

2022: 1Q -\$73.8 (\$ Billions, SAAR)



Source: Bureau of Economic Analysis/Haver Analytics

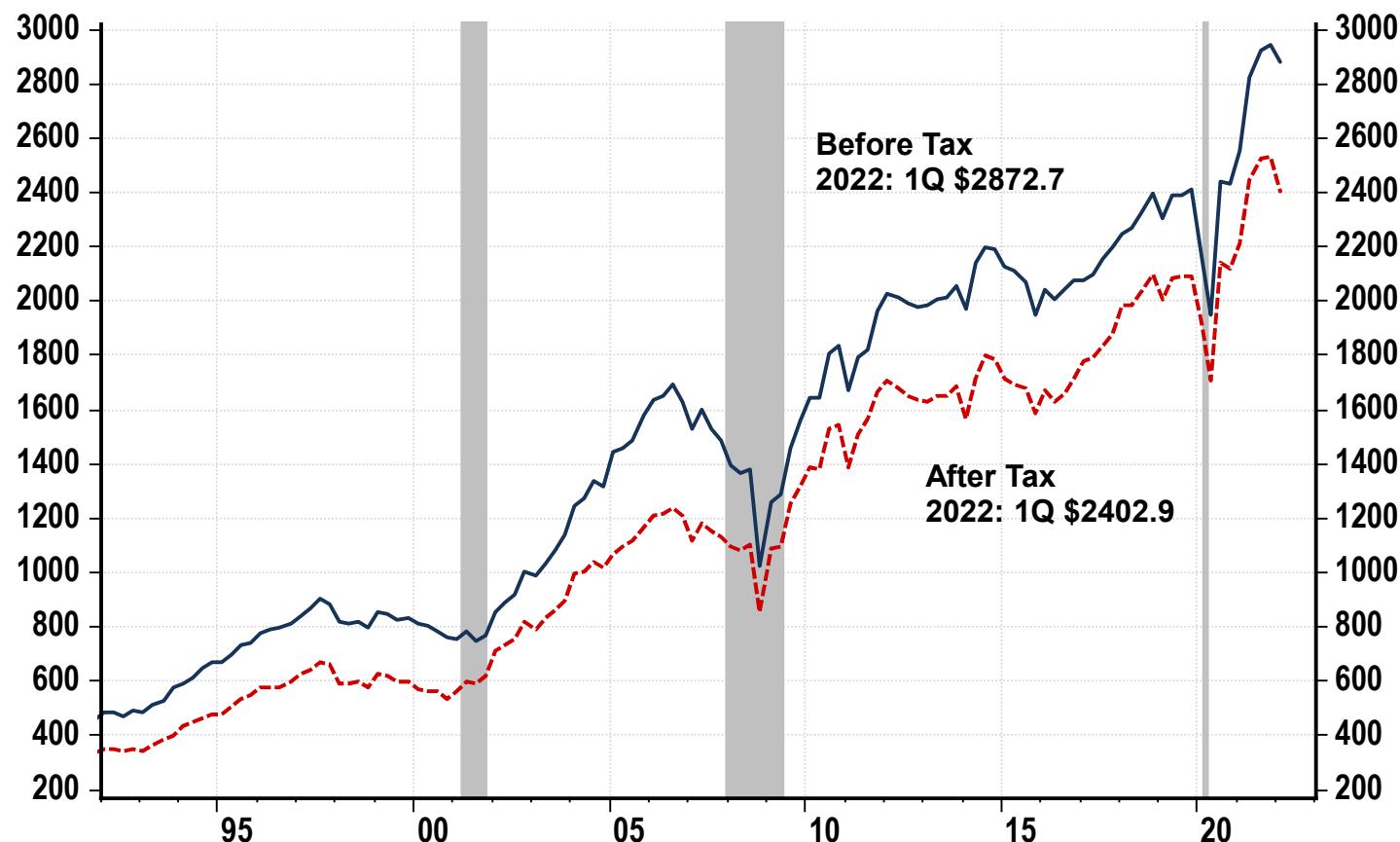
Accelerated (Bonus) Depreciation Tax Provisions 2002-2022

<u>Year</u>	<u>Tax Act</u>	<u>Bonus Depreciation* Provision</u>
2002	Job Creation and Worker Assistance Act of 2002	30% bonus depreciation for 9/11/2001 - 12/31/2004.
2003	Jobs and Growth Tax Relief Reconciliation Act of 2003	Boosted to 50% bonus depreciation for 5/6/2003 - 12/31/2004.
2008	Economic Stimulus Act of 2008	50% bonus depreciation for 2008.
2009	American Recovery and Reinvestment Act of 2009	50% bonus depreciation for 2009.
2010	Small Business Jobs Act of 2010	50% bonus depreciation for 2010.
2010	Tax Relief Act of 2010	100% bonus depreciation for 9/9/2010 - 12/31/2011. Then 50% bonus depreciation for 2012.
2012	Tax Relief Act of 2012	50% bonus depreciation for 2013.
2014	Tax Relief Act of 2014	50% bonus depreciation for 2014.
2016	Extension of Tax Relief Act	50% bonus depreciation for 2015-2017, 40% for 2018, 30% for 2019.
2017	Tax Cuts and Jobs Act of 2017	100% bonus depreciation for qualified assets placed in service after 9/27/2017 through 12/31/2022.

* Note: Bonus depreciation applies to certain types of capital goods—generally most equipment.

BEA (OPERATING*) PROFITS: PRE AND POST TAX

(**\$ Billions, SAAR**)



Source: Bureau of Economic Analysis/Haver Analytics

PRE TAX CORPORATE PROFIT MARGINS

2022: 1Q 11.78% (as % of Nominal GDP)



Source: Bureau of Economic Analysis/Haver Analytics

A SIMPLE FORECAST OF PRETAX PROFITS (with IVA & CCAdj)

Nominal GDP in 2022

- Nominal GDP in 2021 was \$22,996.1 bil.
- Evercore ISI forecast for 2022 is a change of +9.3%.
- So nominal GDP in 2022 would be \$25,134.7 bil.

Profit Margin in 2022

- Margin in 2021 (Pretax profits/GDP) was 12.2% on average.
- Margin was 12.2% in 2021:4Q and 11.6% in 2022:1Q.
- A reasonable estimate of margin in 2022 on average is 11.8%.

Pretax profits estimate for 2022

- \$25,134.7 (GDP) X 0.118 (Margin) = \$2,965.9 bil.
- That is an increase of 5.7% from \$2,805.8 bil. in 2021.

Ways to change/improve the forecast

- Break profits down into major sectors and industries (see below).
- Build a model of the margin using variables such as operating rates, change in real output, interest rates, etc.

III. Main Corporate Tax Changes*

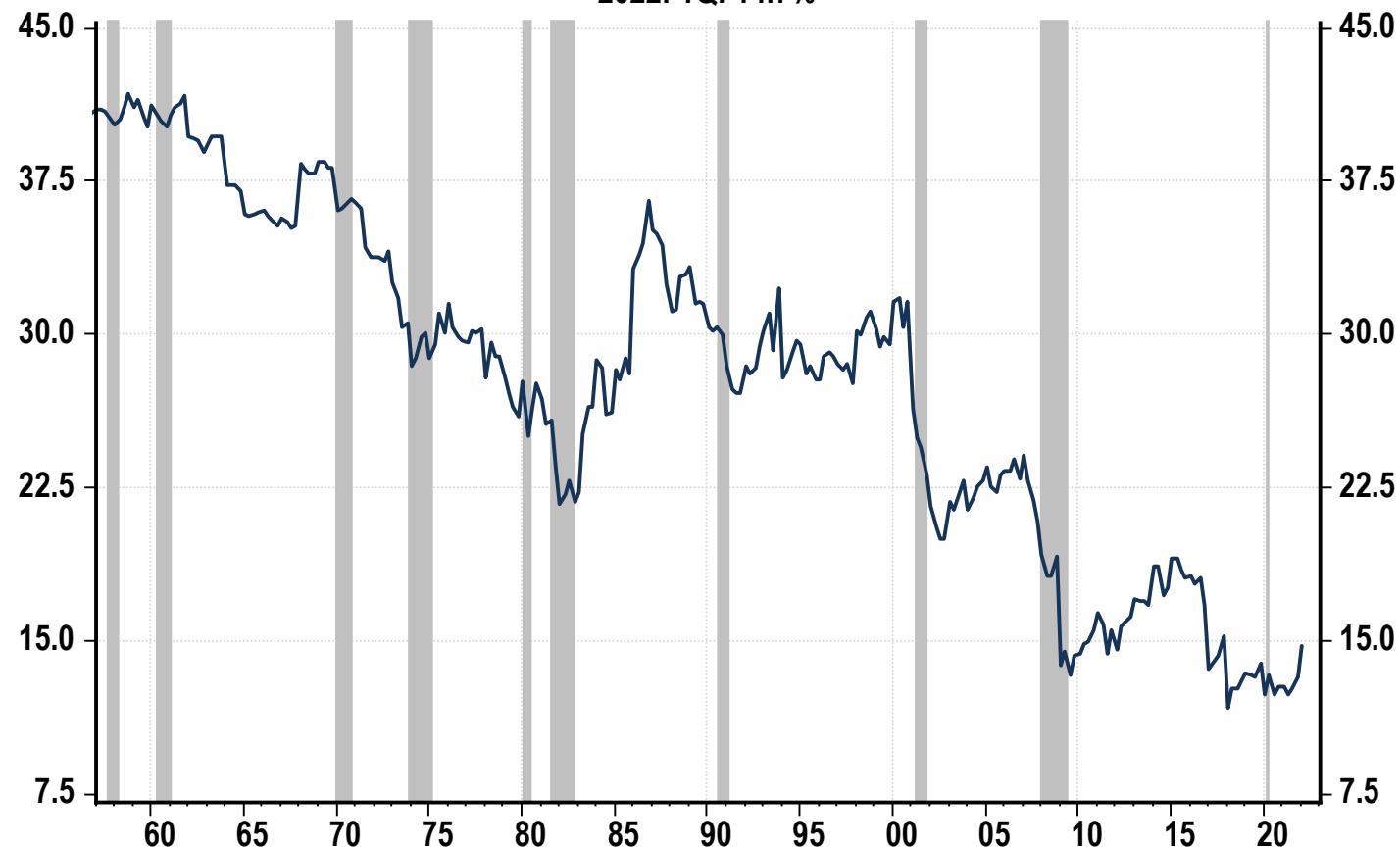
1. Lower top rate to 21.0%.
2. Accelerated Depreciation: 100% expensing (bonus depreciation) for qualified assets (does not affect book earnings such as those in S&P 500).
3. Territorial system for foreign earnings.
4. One time repatriation of foreign earnings held abroad.

*Under the Tax Cuts and Jobs Act of 2017.

Corporate Tax Rate

U.S. IMPLIED CORPORATE TAX RATE

2022: 1Q: 14.7%



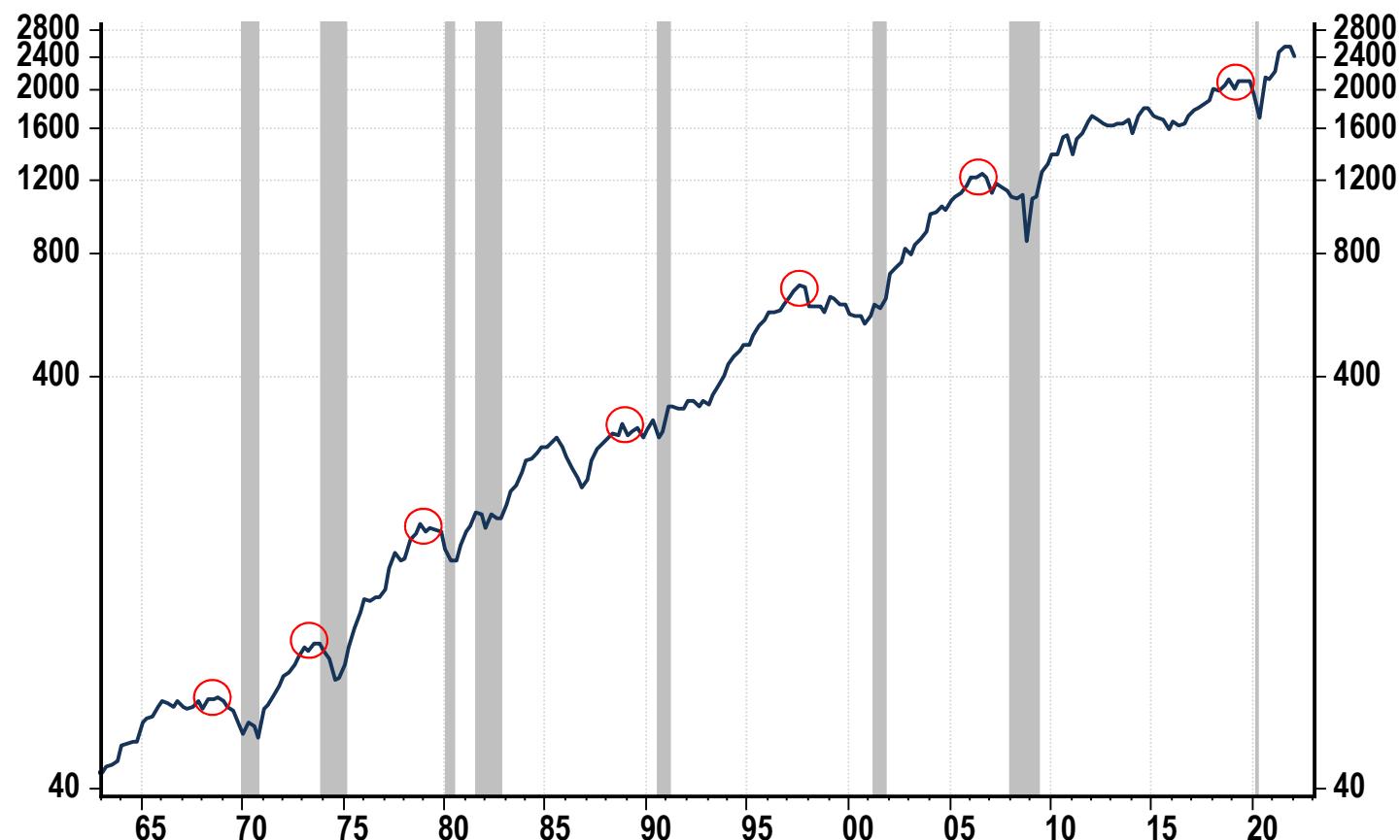
Source: Bureau of Economic Analysis/Haver Analytics

IV. PROFITS NEAR TURNING POINTS

- A. Profits before cycle peaks
- B. Profits in recessions
- C. Profits before cycle troughs
- D. Profits in expansions

U.S. CORPORATE PROFITS A.T. ADJ IVA & CCA

2022: 1Q \$2402.9 (\$ Billions, SAAR)



Source: Bureau of Economic Analysis/Haver Analytics

TIMING OF PROFITS PEAKS RELATIVE TO GENERAL ECONOMY

Economic Cycle Peak	Pretax Profits		Post Tax Profit	
	Peak Date	Peak Rel to Economy*	Peak Date	Peak Rel to Economy*
1948 Q4	1948 Q4	0	1948 Q4	0
1953 Q2	1953 Q1	-1	1952 Q4	-2
1957 Q3	1955 Q4	-7	1955 Q4	-7
1960 Q2	1959 Q2	-4	1959 Q2	-4
1969 Q4	1968 Q4	-4	1968 Q4	-4
1973 Q4	1973 Q4	0	1973 Q4	0
1980 Q1	1978 Q4	-5	1978 Q4	-5
1981 Q3	1981 Q3	0	1981 Q3	0
1990 Q3	1988 Q4	-7	1990 Q2	-1
2001 Q1	1997 Q3	-14	1997 Q3	-14
2007 Q4	2006 Q3	-5	2006 Q3	-5
2019 Q4	2019 Q4	0	2019 Q3	-1
	Average	-3.9	Average	-3.6

Note: Pretax and post tax profits are with IVA and CCAdj.

* -X means lead was X quarters; 0 means no lead (i.e., coincident).

PROFITS IN US RECESSIONS

Dates (Peak - Trough)	Duration (in months)	% Change in Real GDP*	% Change Pretax Profits w. IVA & C Cadj**	% Change Post Tax Profits w. IVA & C Cadj**
Nov 1948 - Oct 1949	11	-1.7%	-18.7%	-20.0%
July 1953 - May 1954	10	-2.5%	-21.5%	-20.5%
Aug 1957 - Apr 1958	8	-3.6%	-23.4%	-21.1%
Apr 1960 - Feb 1961	10	-1.3%	-15.1%	-11.1%
Dec 1969 - Nov 1970	11	-0.6%	-19.8%	-22.4%
Nov 1973 - Mar 1975	16	-3.2%	-13.3%	-12.3%
Jan 1980 - July 1980	6	-2.2%	-19.9%	-21.6%
July 1981 - Nov 1982	16	-2.8%	-14.0%	-9.1%
July 1990 - Mar 1991	8	-1.3%	-7.5%	-10.8%
Mar 2001 - Nov 2001	8	-0.3%	-16.8%	-18.6%
Dec 2007 - June 2009	18	-4.3%	-39.9%	-33.7%
Feb 2020 – Apr 2020	2	-10.1%	-19.2%	-18.6%
Average	10	-2.8%	-19.1%	-18.3%

* From quarter of highest real GDP before recession to lowest GDP during the recession.

** Peak to trough declines in profits with IVA and CCAdj. Peak profits are the highest level reached at or before the general economic peak. Trough profits are the lowest level reached during the recession.

TIMING OF PROFITS TROUGHS RELATIVE TO GENERAL ECONOMY

Economic Cycle Trough	Pretax Profits		Post Tax Profits	
	Trough Date	Trough Rel To Economy*	Trough Date	Trough Rel To Economy*
1949 Q4	1949 Q4	0	1949 Q4	0
1954 Q2	1953 Q4	-2	1953 Q4	-2
1958 Q2	1958 Q1	-1	1958 Q1	-1
1961 Q1	1961 Q1	0	1961 Q1	0
1970 Q4	1970 Q4	0	1970 Q4	0
1975 Q1	1975 Q1	0	1974 Q3	-2
1980 Q3	1980 Q2	-1	1980 Q2	-1
1982 Q4	1982 Q1	-3	1982 Q1	-3
1991 Q1	1990 Q4	-1	1990 Q3	-2
2001 Q4	2001 Q3	-1	2001 Q1	-3
2009 Q2	2008 Q4	-2	2008 Q2	-2
2020 Q2	2020 Q2	0	2020 Q2	0
	Average	-0.9	Average	-1.3

Note: Pretax and post tax profits are with IVA and CCAdj.

* - X means lead was X quarters; 0 means no lead (i.e., coincident).

PROFITS IN US EXPANSIONS

Expansion (Trough - Peak)	Pretax Profits w IVA & CCAdj % Rise in Expansion (to highest level reached)	Post Tax Profits w IVA & CCAdj % Rise in Expansion (to highest level reached)
1949 Q4 - 1953 Q2	62.8%	33.5%
1954 Q2 - 1957 Q3	51.8%	63.8%
1958 Q2 - 1960 Q2	49.6%	48.0%
1961 Q1 - 1969 Q4	107.4%	114.5%
1970 Q4 - 1973 Q4	62.6%	71.2%
1975 Q1 - 1980 Q1	119.4%	123.6%
1980 Q3 - 1981 Q3	24.5%	32.3%
1982 Q4 - 1990 Q3	98.5%	84.8%
1991 Q1 - 2001 Q1	119.3%	147.8%
2001 Q4 - 2007 Q4	128.1%	130.6%
2009 Q2 - 2019 Q4	136.3%	146.5%
Average	87.3%	90.6%

V. PROFITS IN MAJOR SECTORS AND THEIR DETERMINANTS

- A. Long-Run Profits Trend in Major Sectors
- B. Share of Profits Among Sectors
- C. Determinants of Nonfinancial Profits
- D. Determinants of Financial Profits
- E. Determinants of Foreign Profits

EVERCORE ISI SECTOR EPS ESTIMATES FOR SECTORS OF S&P 500

<u>Sector</u>	2019 Share of S&P 500 EPS PERCENT CHANGE		
		<u>2020</u>	<u>2021</u>	<u>2022</u>
Consumer Discretionary	10.9%	-41.1	76.3	9.4
Consumer Staples	6.7	-0.5	12.3	7.8
Health Care	15.8	6.5	11.4	9.1
Energy	4.4	-104.5	212.3	32
Materials	2.4	-15.2	48.3	6.8
Industrials	9.2	-42.1	97.3	15.3
Technology	23.8	7.1	21.3	11.2
Financials	17.6	-24.1	36.7	7.8
Utilities	3.0	-1.5	5.9	5.1
Telecom	3.7	-10.1	18.9	6.7
REITS	2.6	-5.5	6.5	6
Total	100.0 %	-12.8	55.1	10.6

AFTER-TAX PROFITS OF NONFINANCIAL CORPORATIONS

DOMESTIC OPERATIONS

2022: 1Q \$1772.2 (\$ Billions, SAAR)

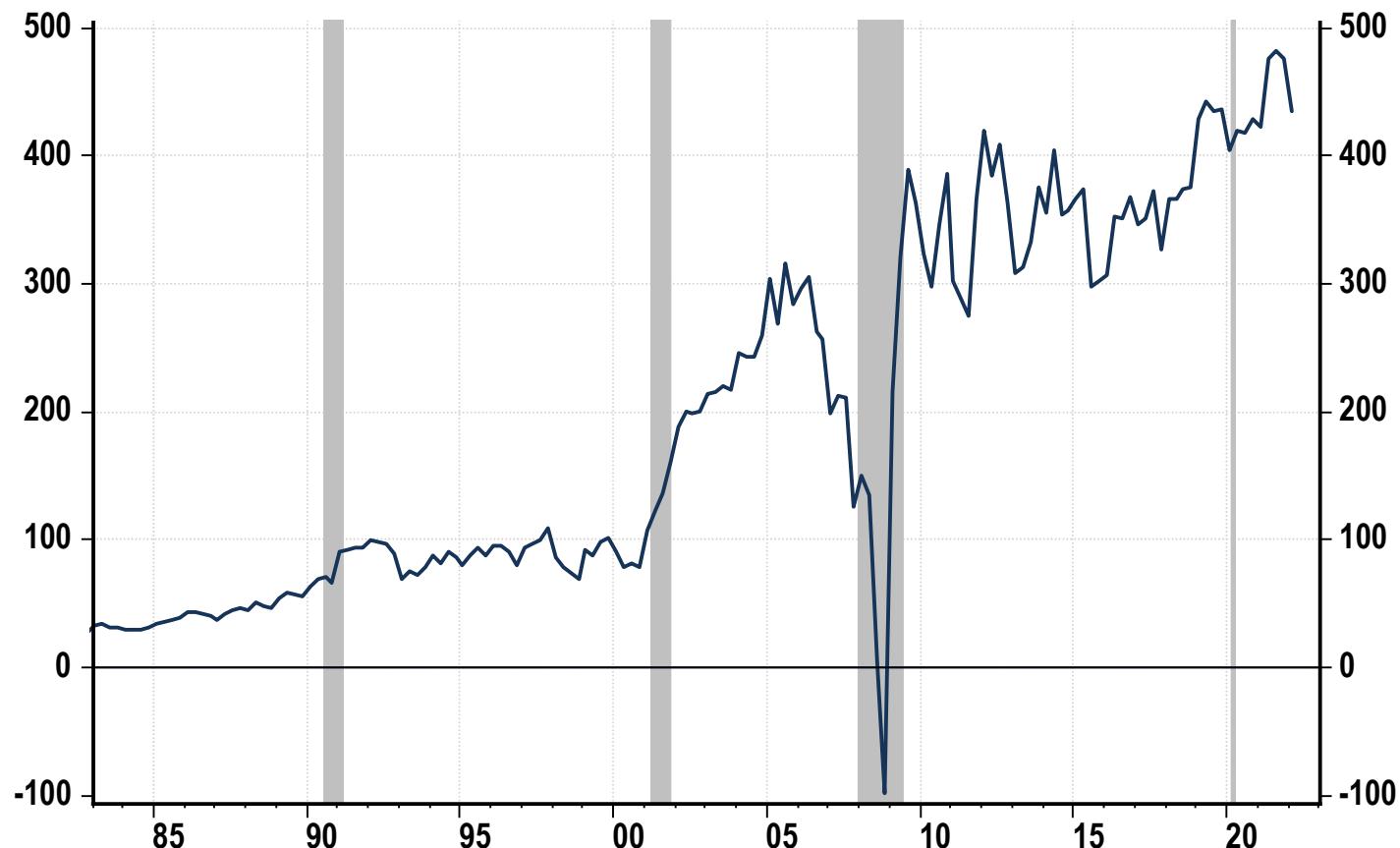


Source: Bureau of Economic Analysis/Haver Analytics

AFTER-TAX PROFITS OF THE FINANCIAL SECTOR

DOMESTIC OPERATIONS

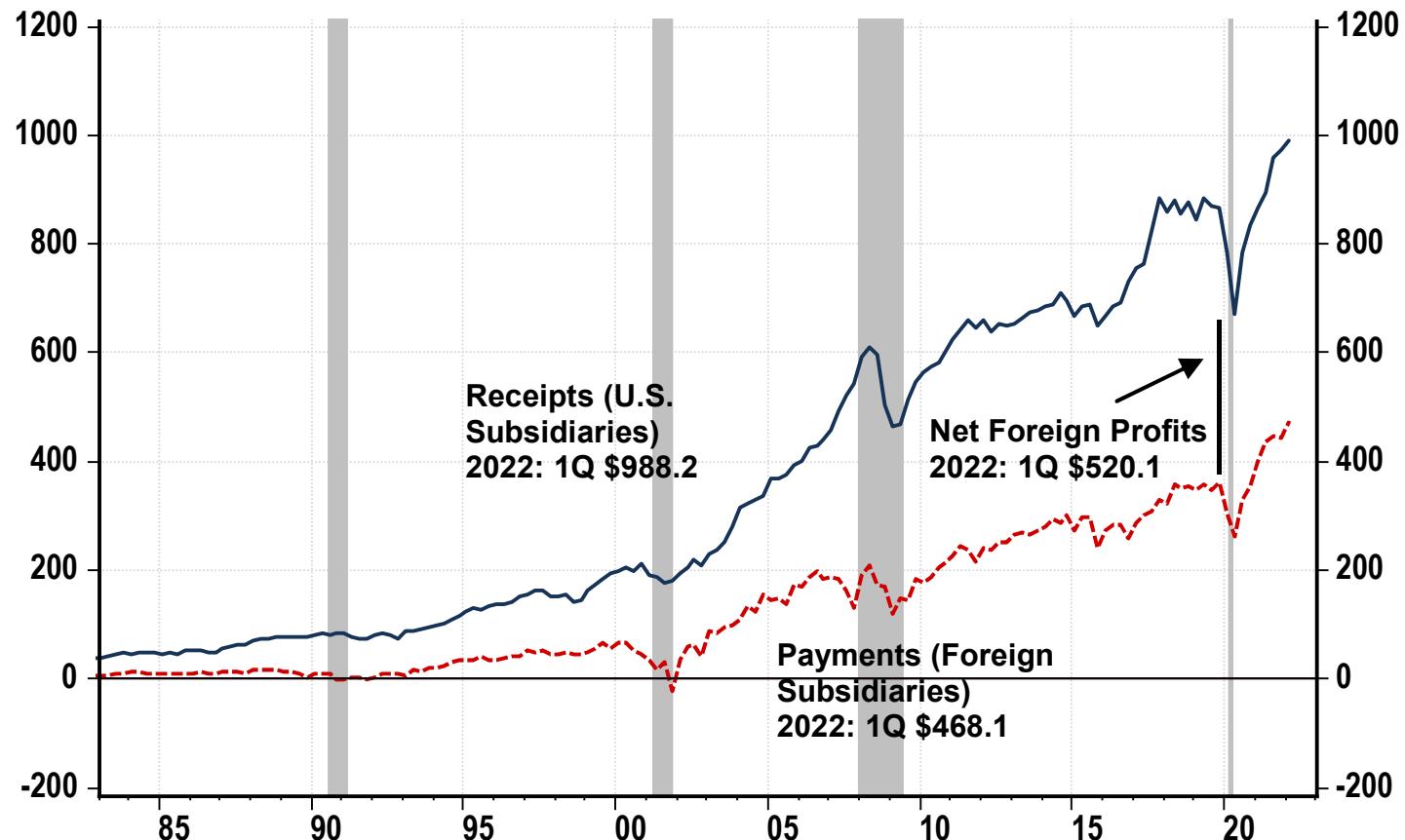
2022: 1Q \$434.4 (\$ Billions, SAAR)



Source: Bureau of Economic Analysis/Haver Analytics

Corporate Profits with IVA & CCAdj: Receipts from Rest of World

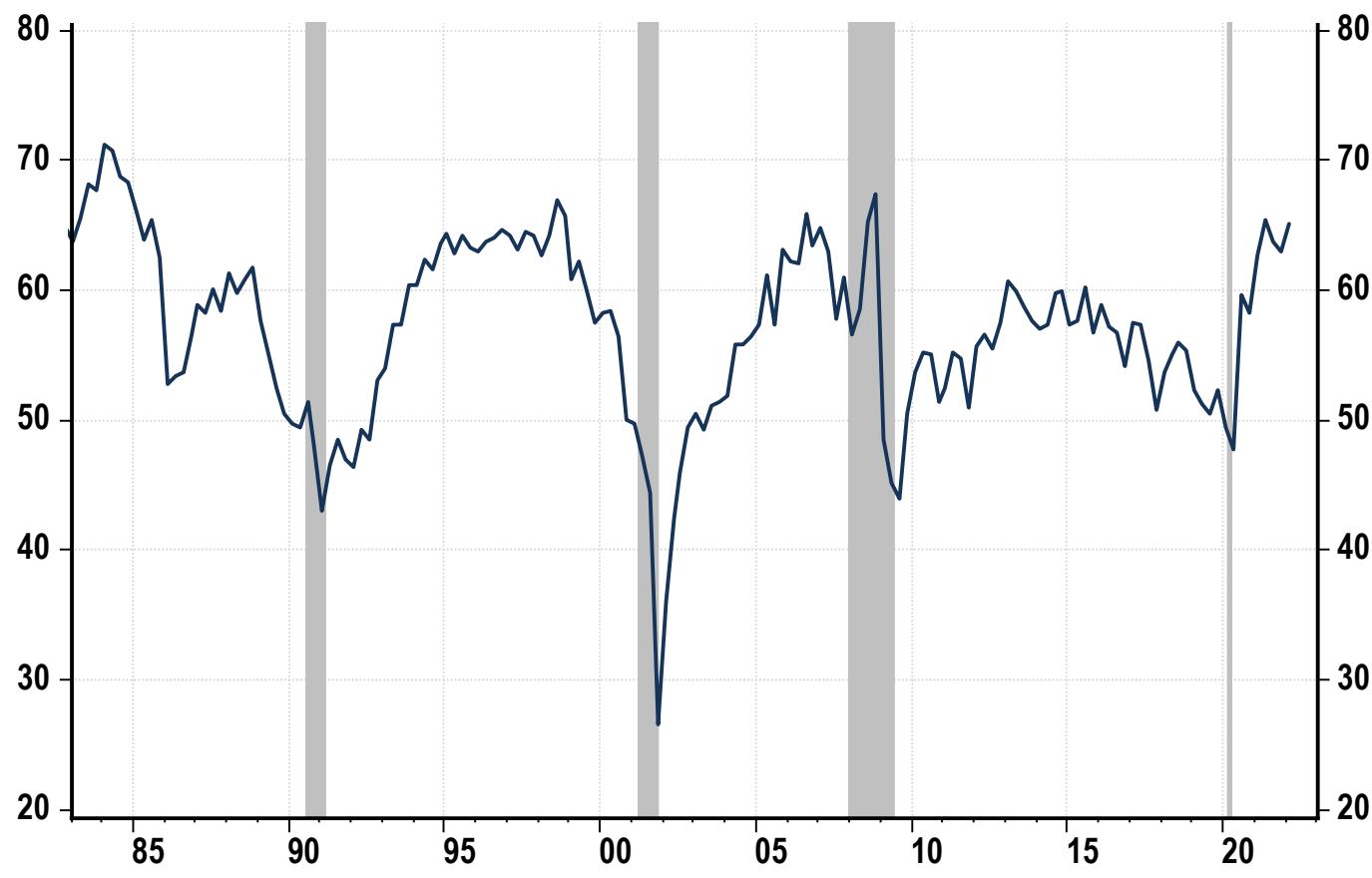
SAAR, Bil.\$



Source: Bureau of Economic Analysis/Haver Analytics

NONFINANCIAL POST TAX PROFITS

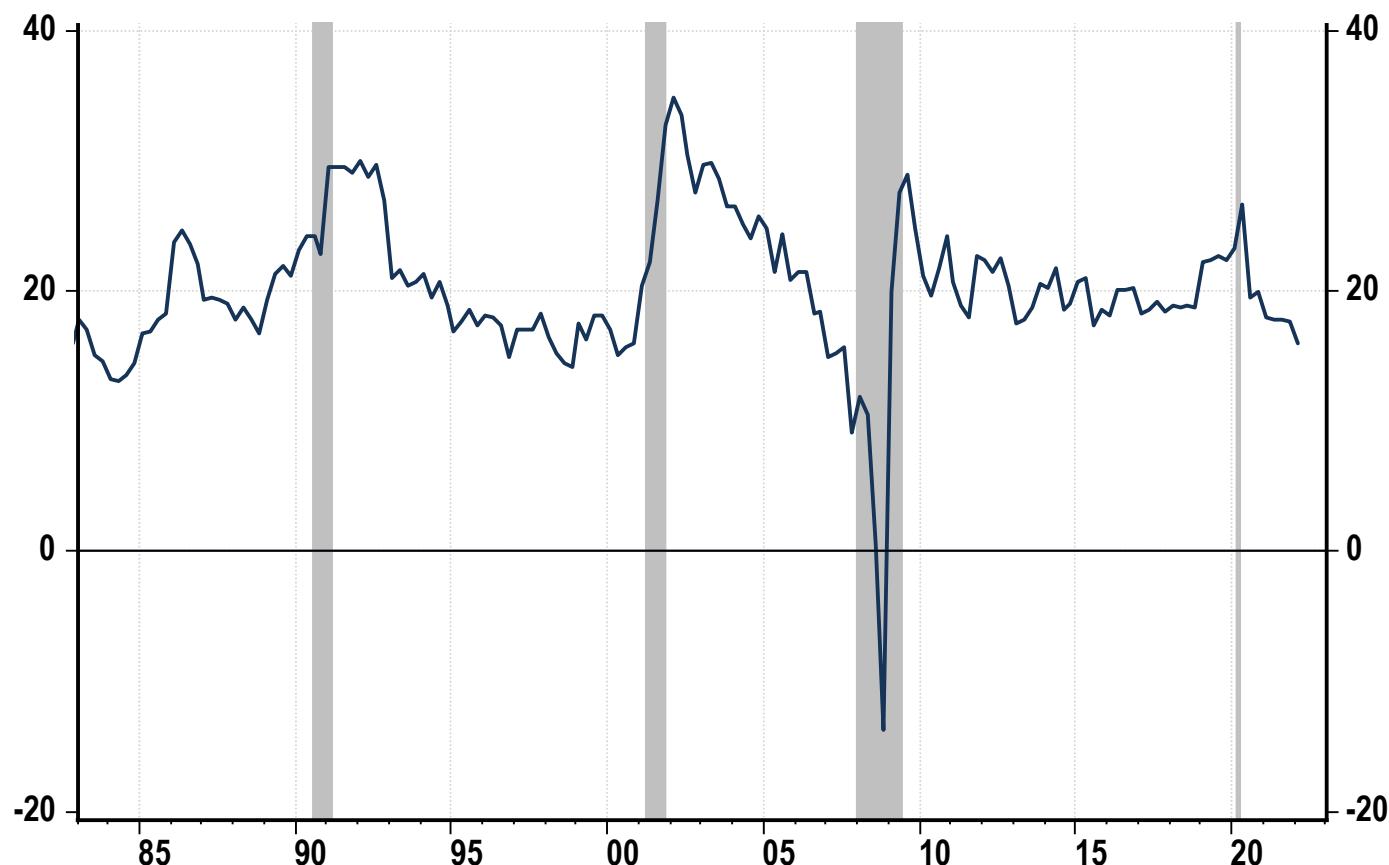
2022: 1Q 65.0% (% of Total Post Tax Profits)



Source: Bureau of Economic Analysis/Haver Analytics

FINANCIAL POST TAX PROFITS

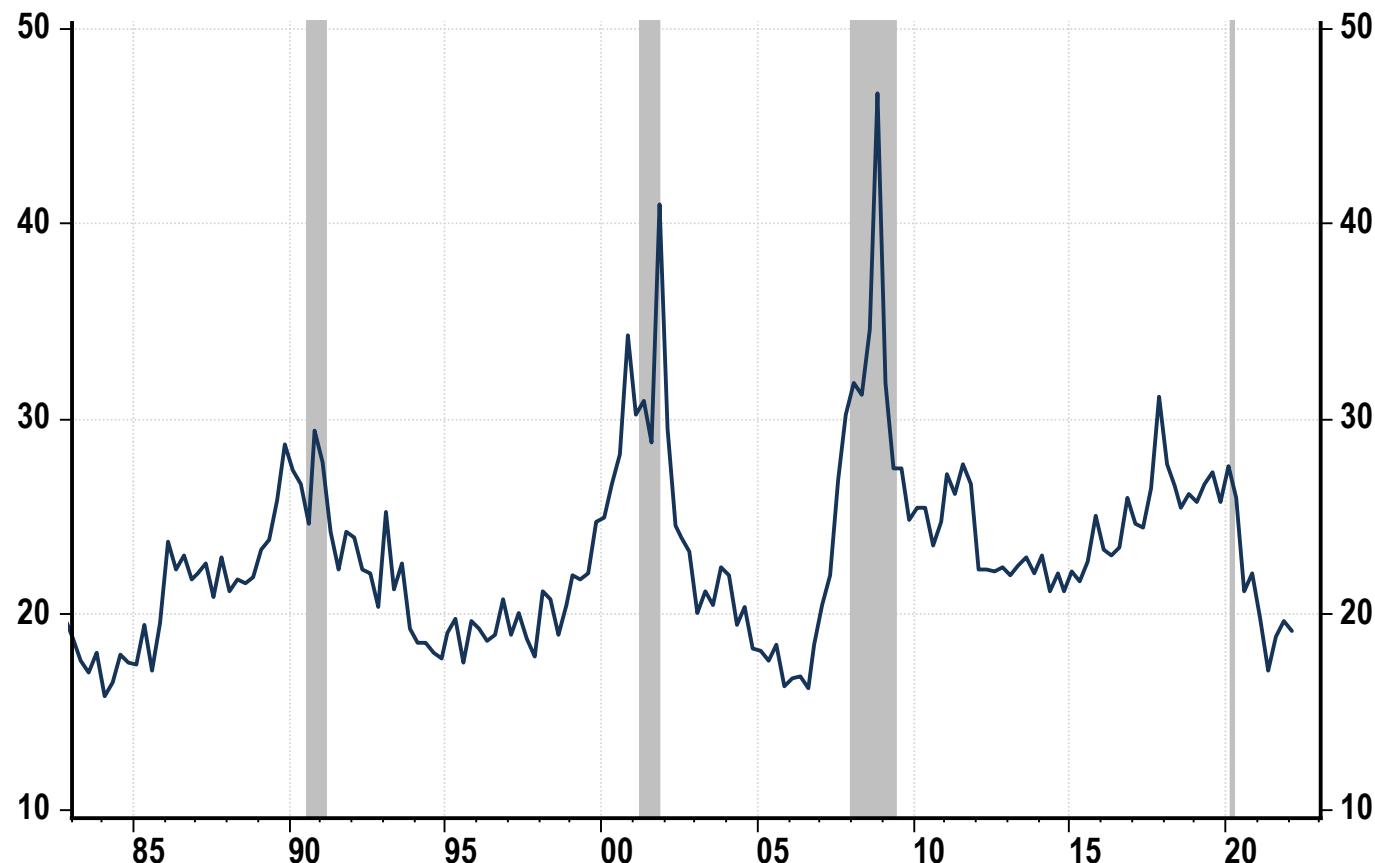
2022: 1Q 15.9% (% of Total Post Tax Profits)



Source: Bureau of Economic Analysis/Haver Analytics

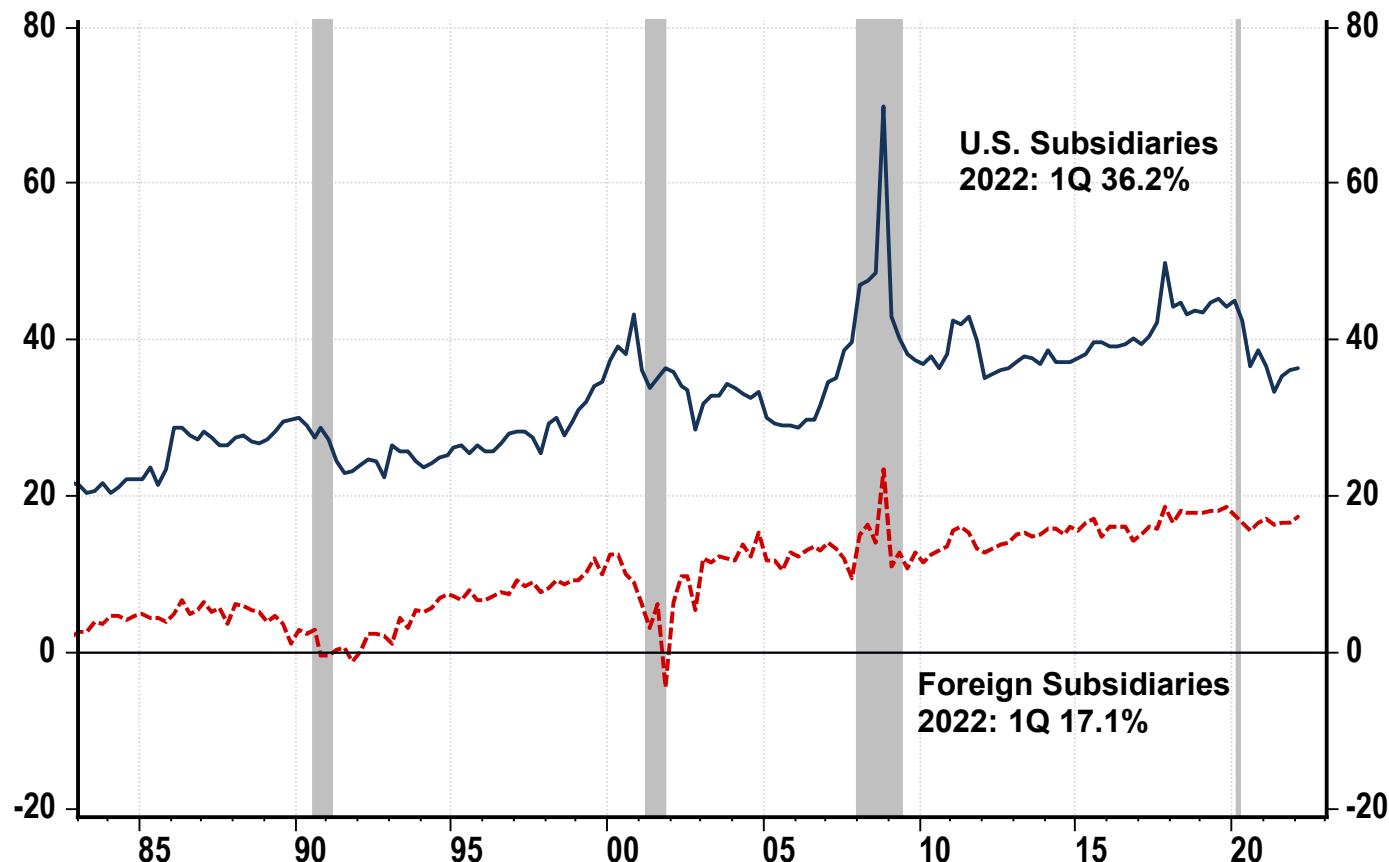
NET FOREIGN POST TAX PROFITS

2022: 1Q 19.1% (% of Total Post Tax Profits)



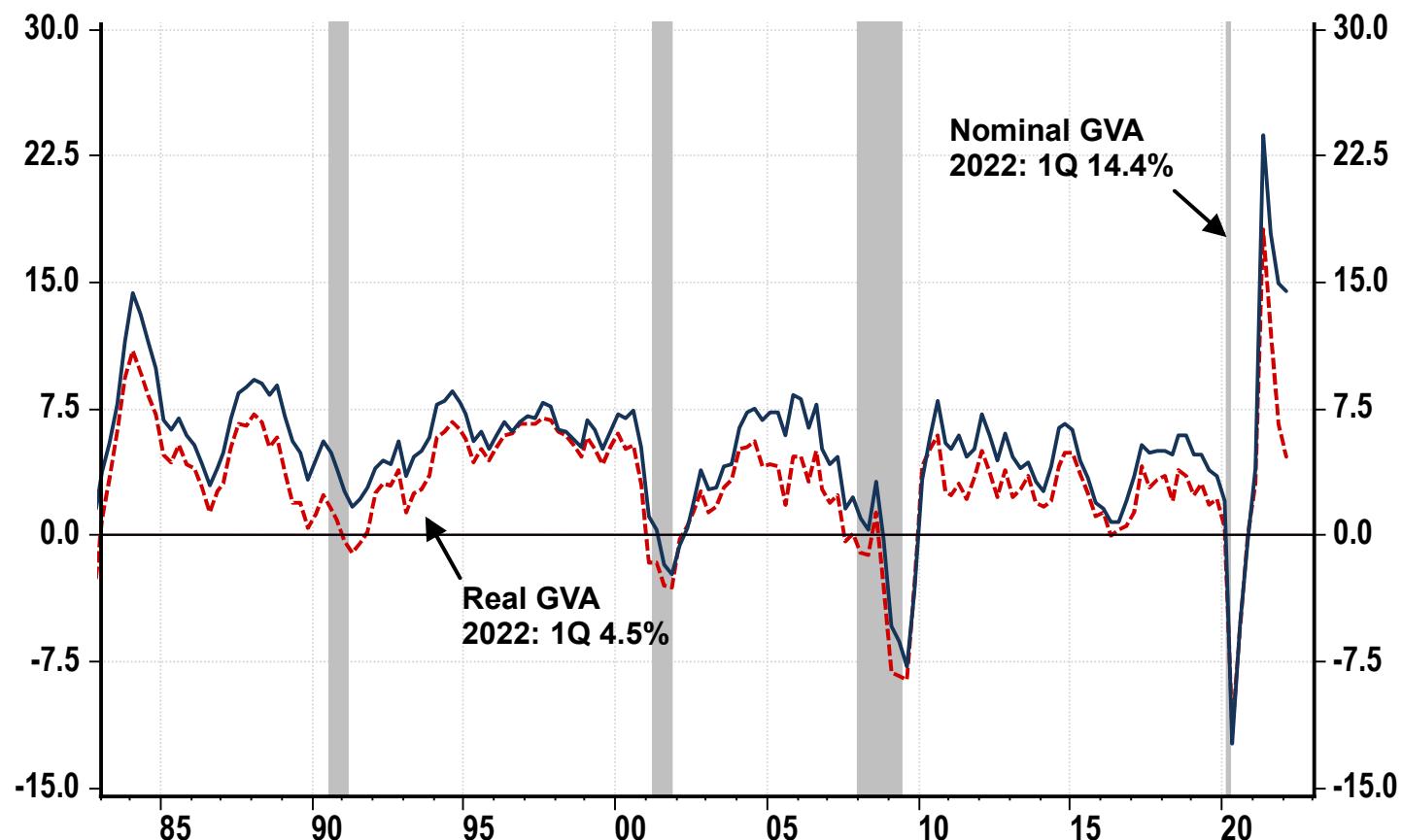
Source: Bureau of Economic Analysis/Haver Analytics

FOREIGN POST TAX PROFITS: U.S. Subsidiaries Abroad and Foreign Subsidiaries in the U.S. (% of Total Profits)



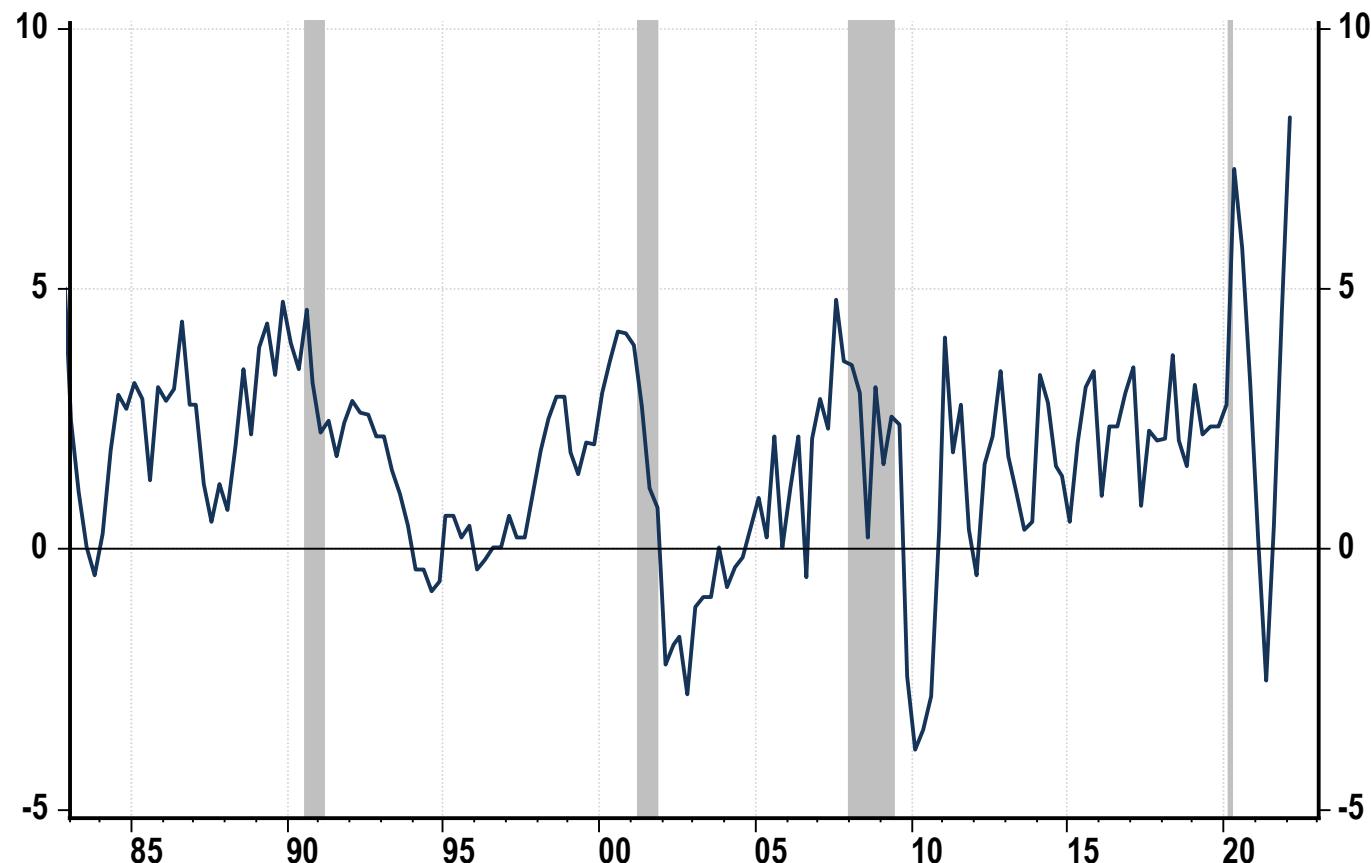
Source: Bureau of Economic Analysis/Haver Analytics

GROSS VALUE ADDED: Nonfinancial Corporate Business (Y/Y %)



Source: Bureau of Economic Analysis/Haver Analytics

UNIT LABOR COSTS:
Nonfinancial Corporations
2022: 1Q 8.3% (Y/Y %)

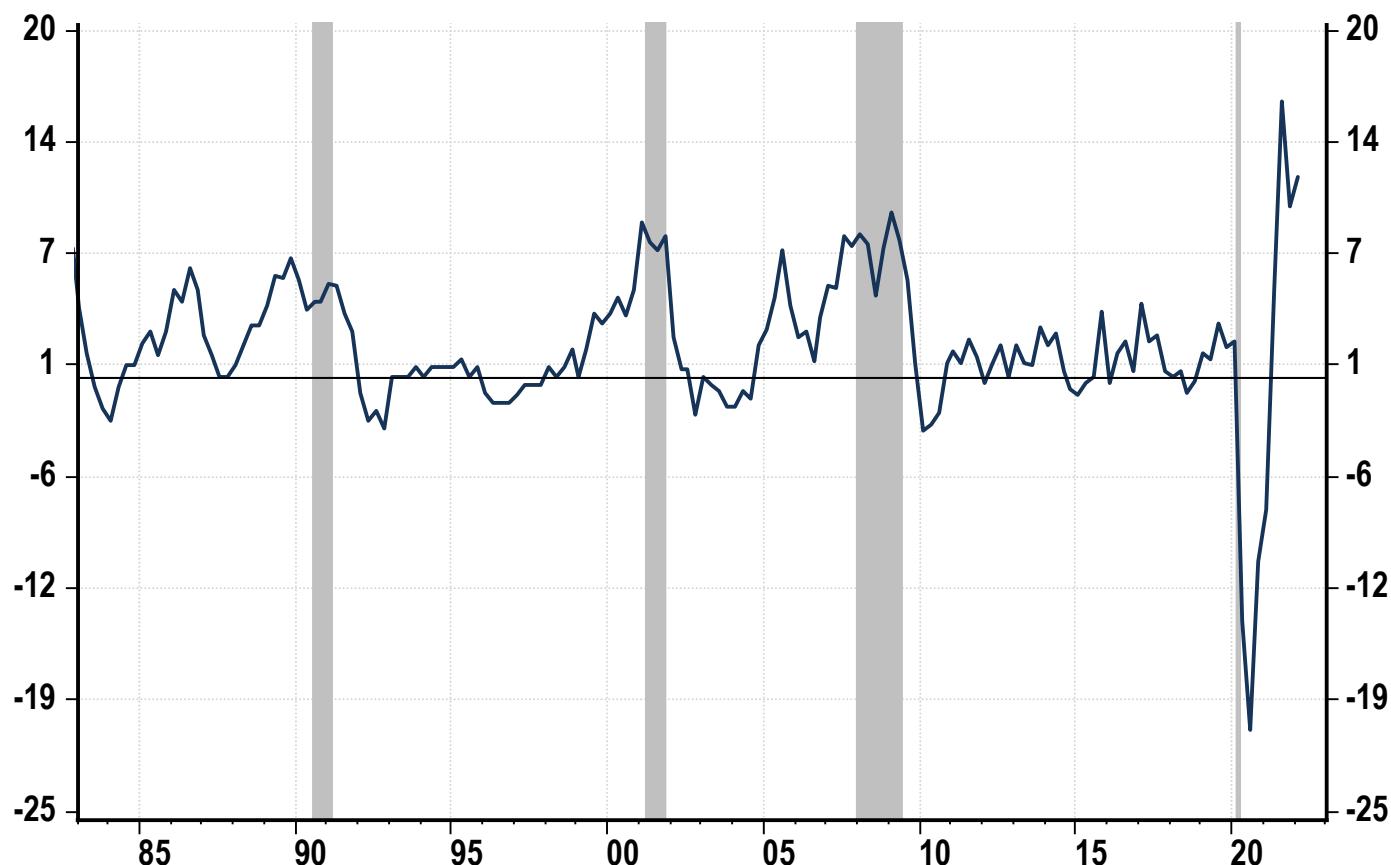


Source: Bureau of Economic Analysis/Haver Analytics

UNIT NONLABOR COSTS:

Nonfinancial Corporations

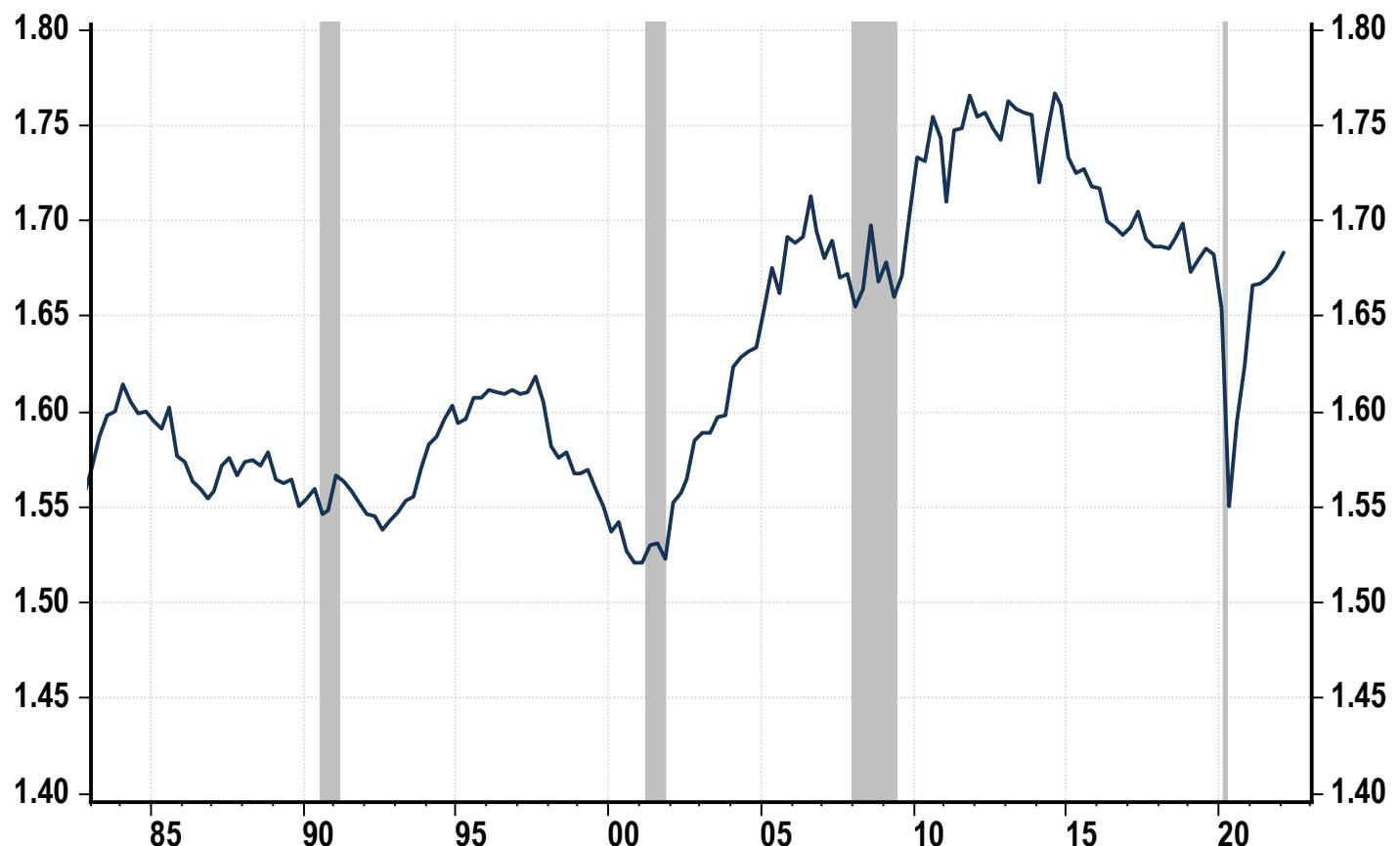
2022: 1Q 11.5% (Y/Y %)



Source: Bureau of Economic Analysis/Haver Analytics

PRICE/UNIT LABOR COSTS: NONFINANCIAL CORPORATIONS

2022: 1Q 1.68

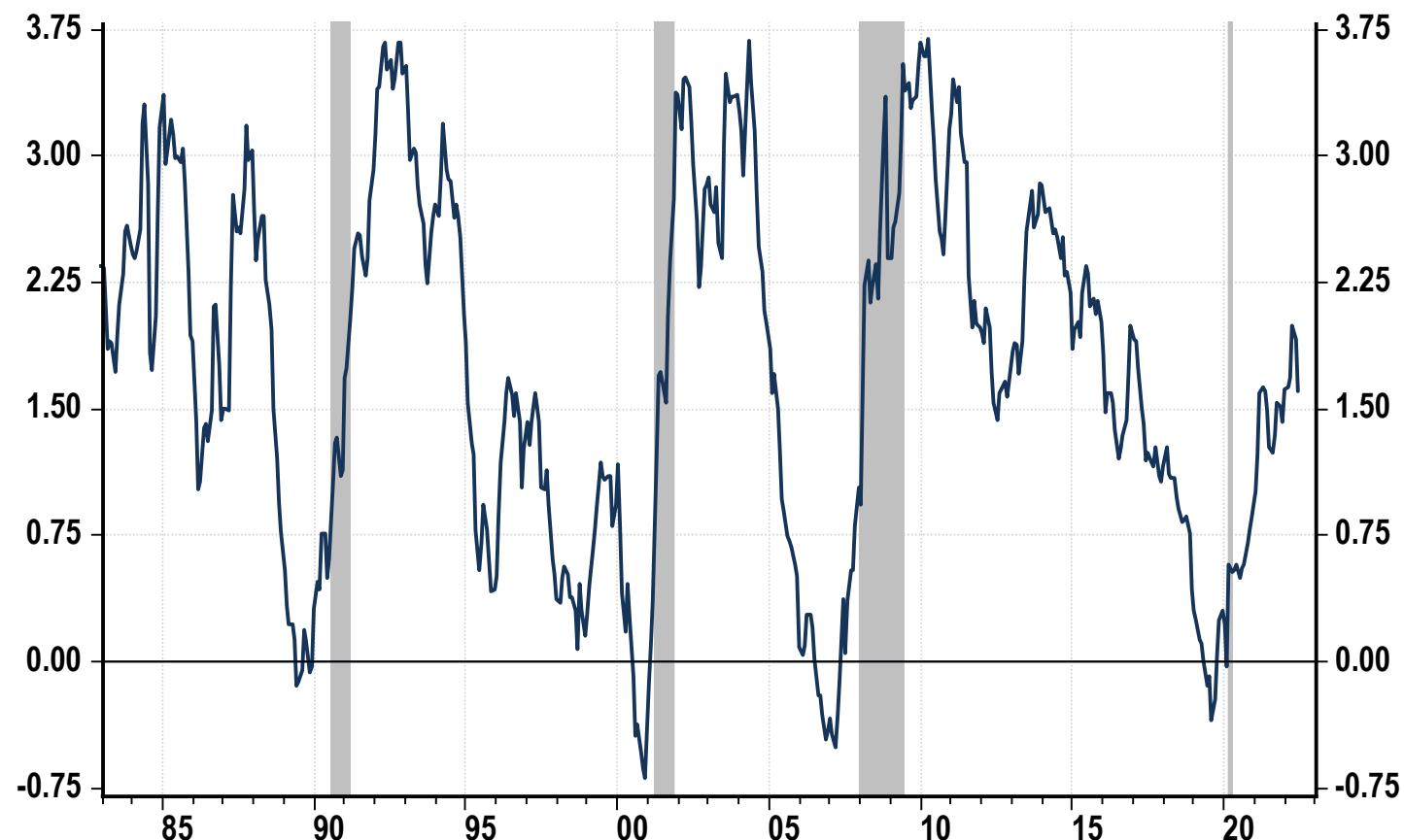


Source: Bureau of Economic Analysis/Haver Analytics

TREASURY YIELD SPREAD

10-Year Treasury minus 3 Month T-Bill

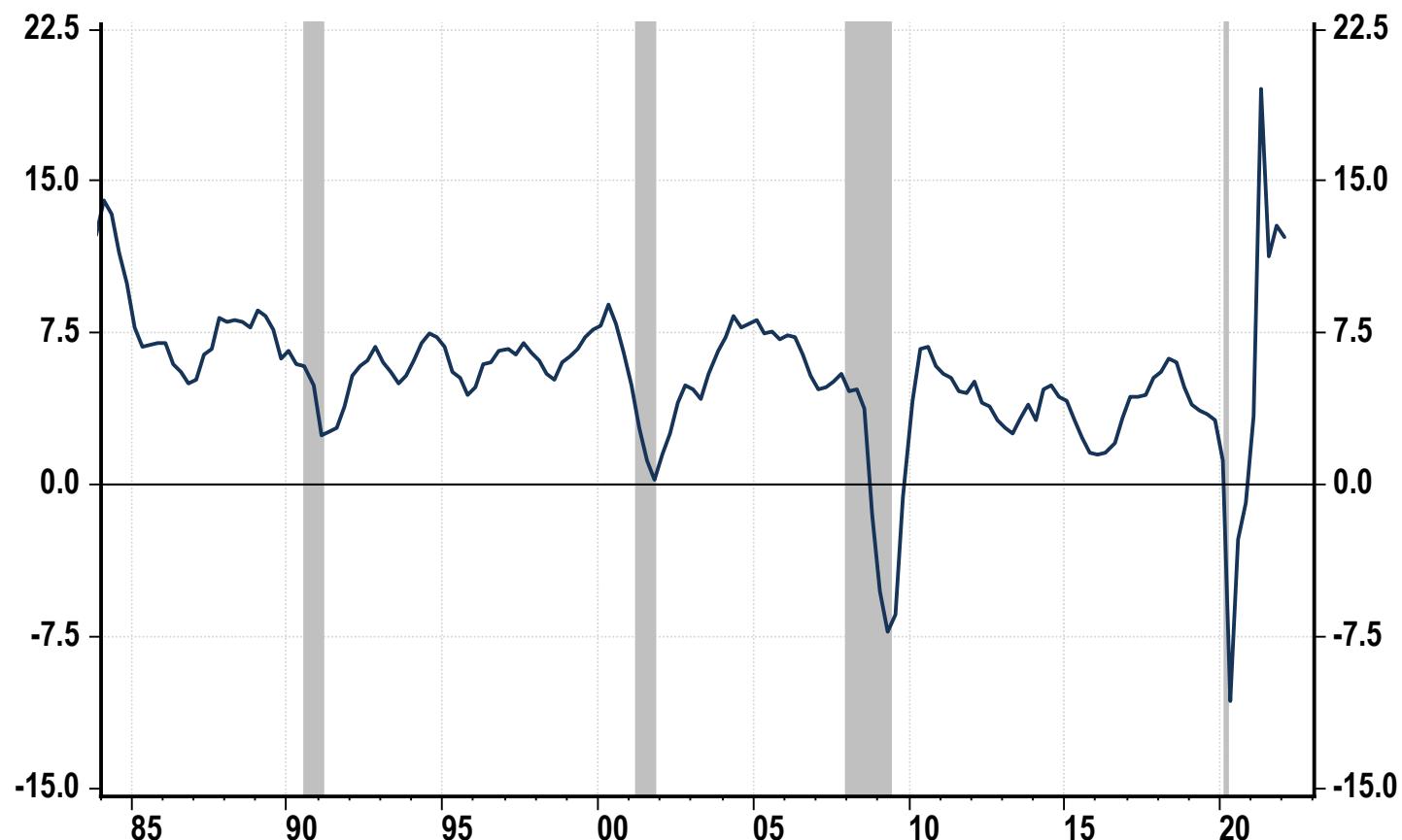
2022: June 1.60%



Source: Federal Reserve Board/Haver Analytics

NOMINAL U.S. GDP PLUS IMPORTS

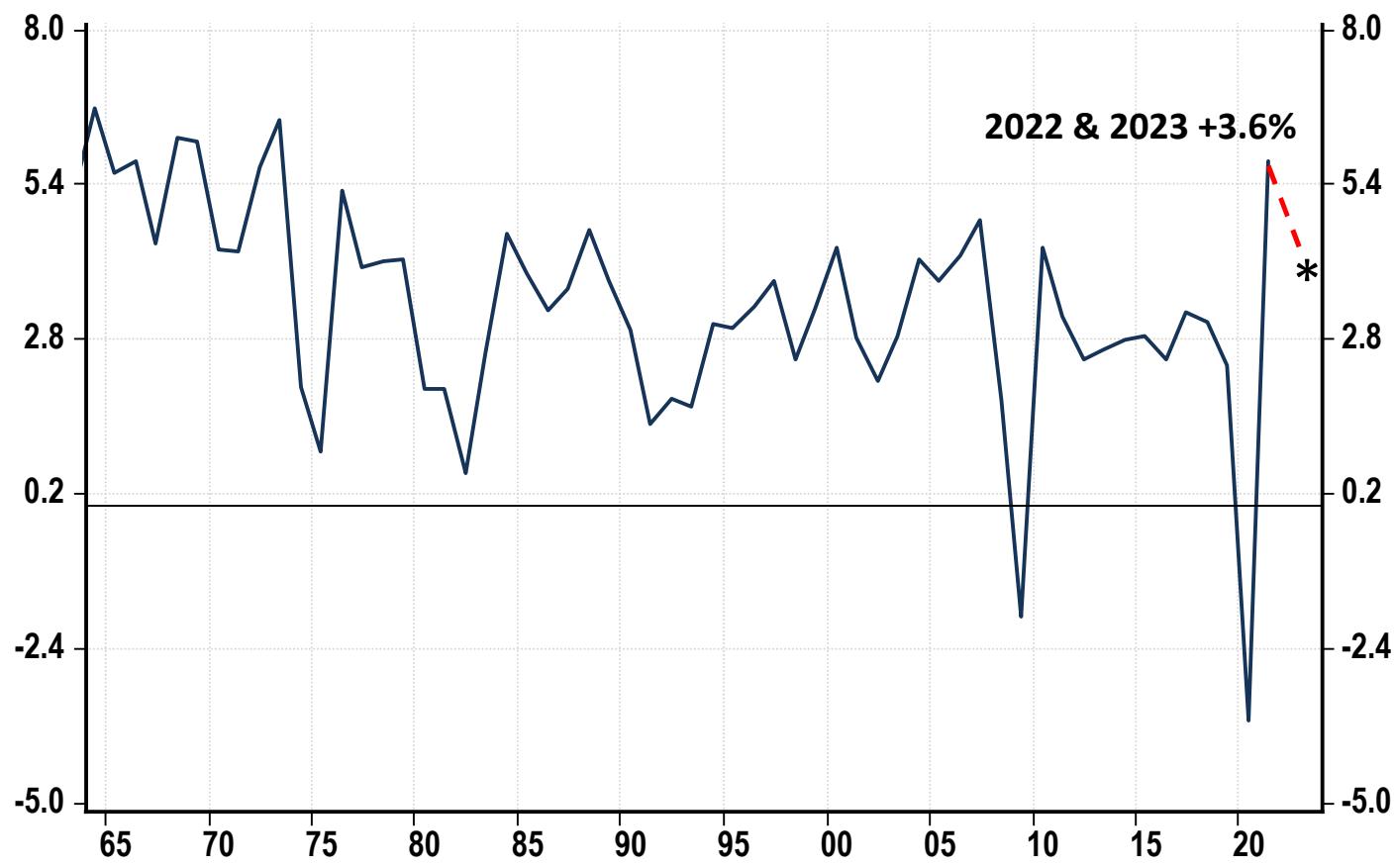
2022: 1Q 10.8% (Y/Y %)



Source: Bureau of Economic Analysis/Haver Analytics

Global Real GDP (Y/Y%)

= 2022 +3.6% E; 2023 +3.6% E

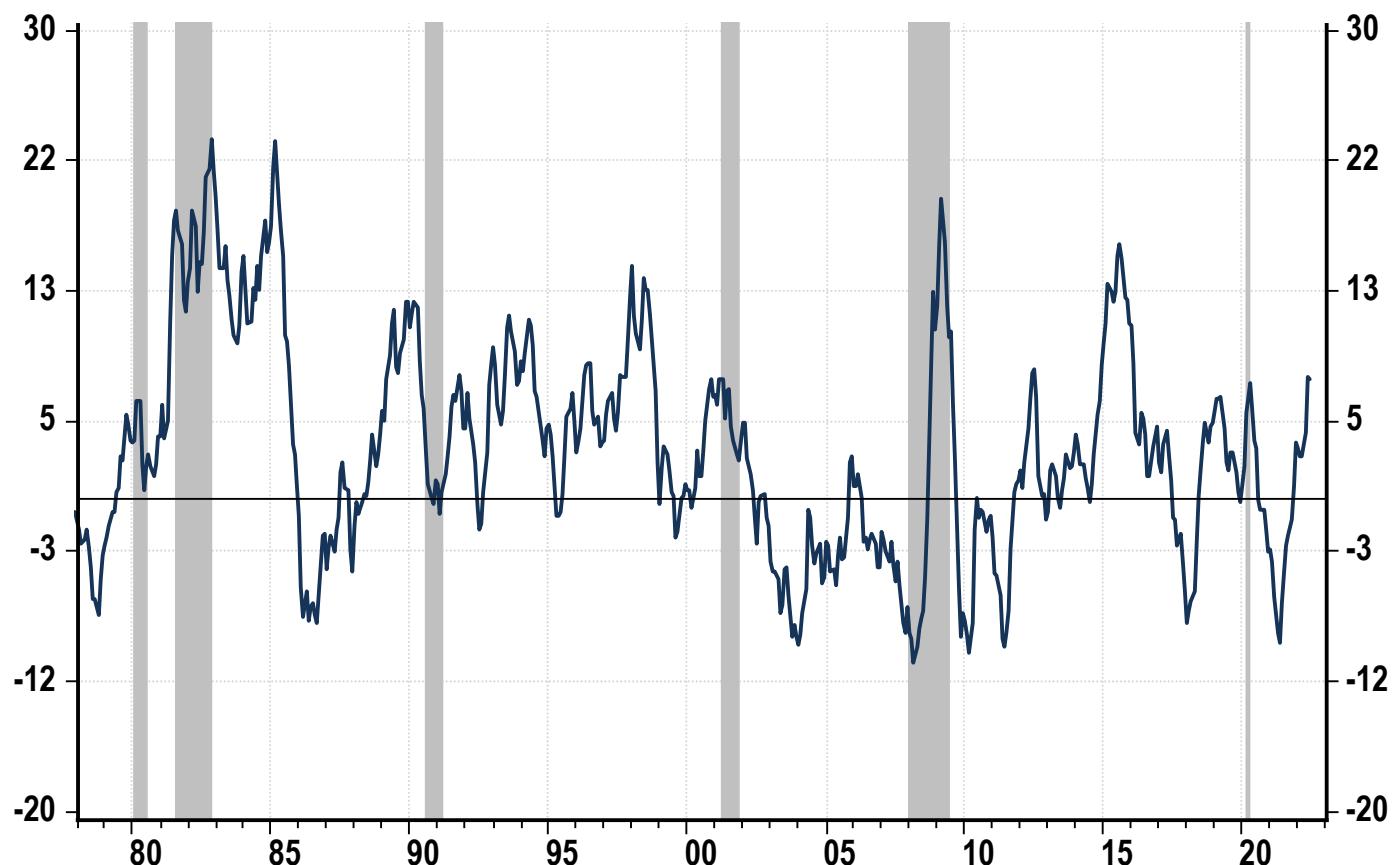


Source: World Bank/Haver Analytics

* = IMF Forecasts

NOMINAL TRADE WEIGHTED DOLLAR INDEX

2022: June 7.6% (Y/Y %)



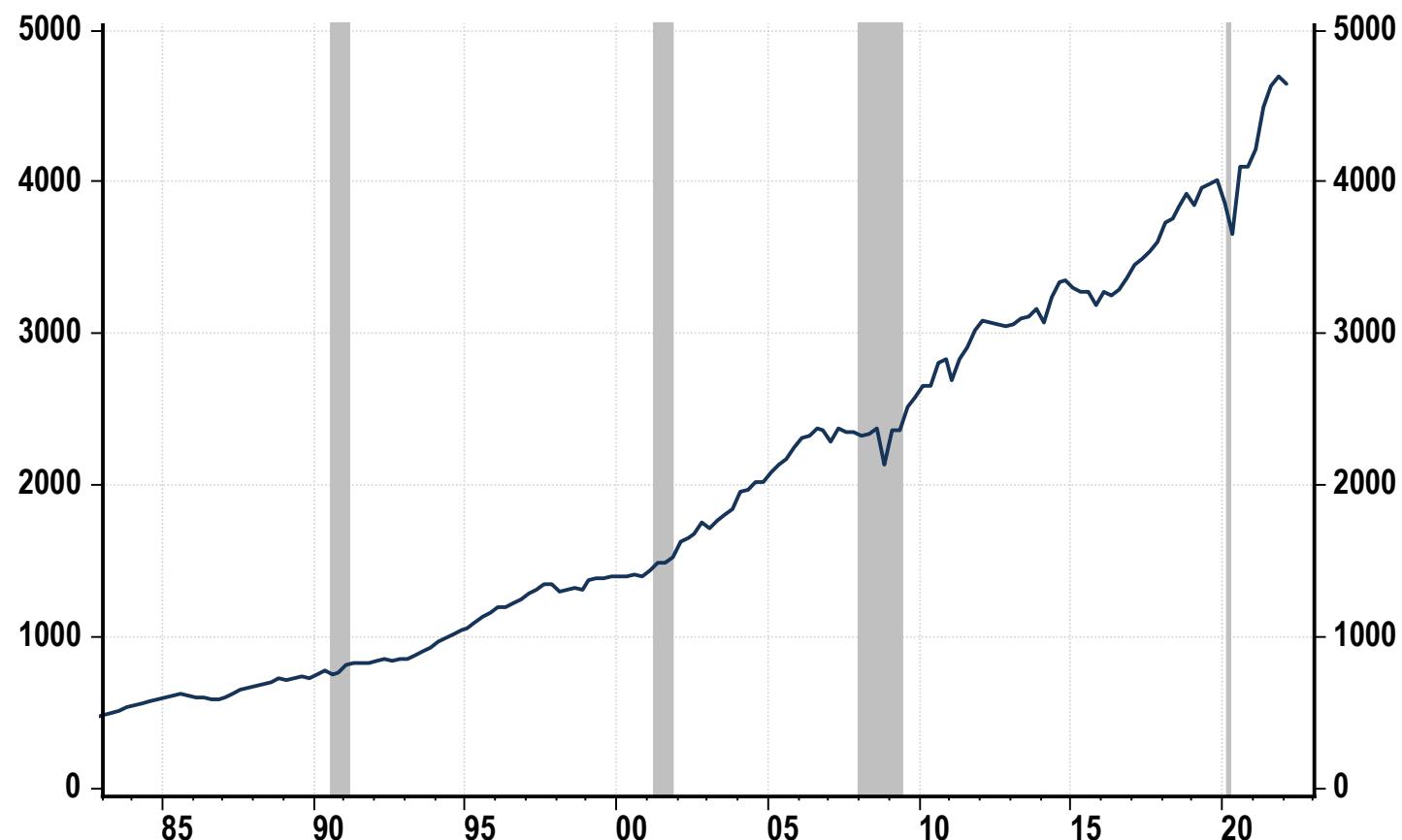
Source: Federal Reserve Board/Haver Analytics

VI. PROFITS-RELATED MEASURES

- A. Profit Margins (see slides 17-18)
- B. Cash Flow and Cash Flow Margins
- C. Funding Gap at Nonfinancial Corporations
- D. Dividends and Payout Ratio
- E. Interest Coverage

CORPORATE CASH FLOW

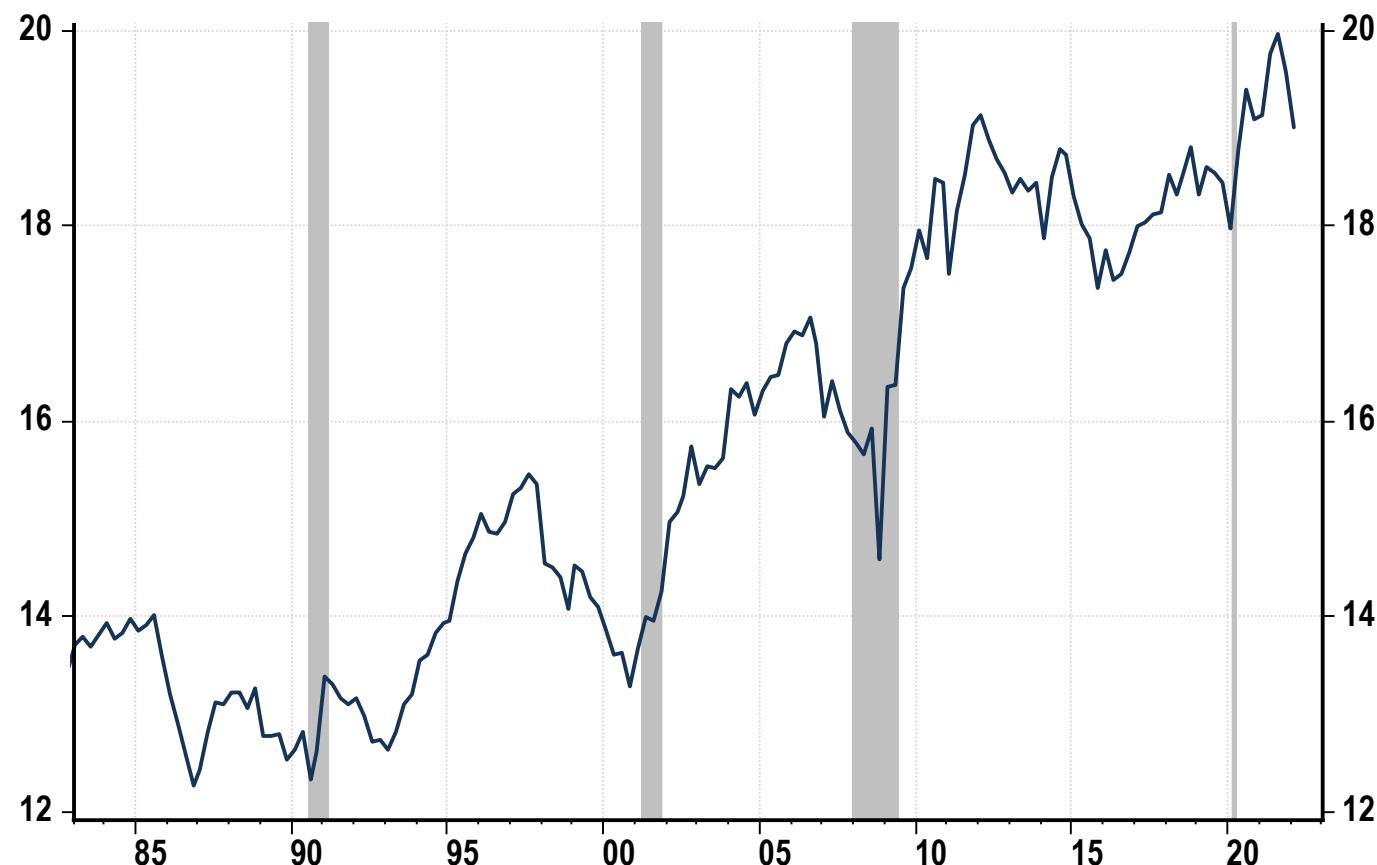
2022: 1Q \$4634.6 (\$ Billions)



Source: Bureau of Economic Analysis/Haver Analytics

CORPORATE CASH FLOW

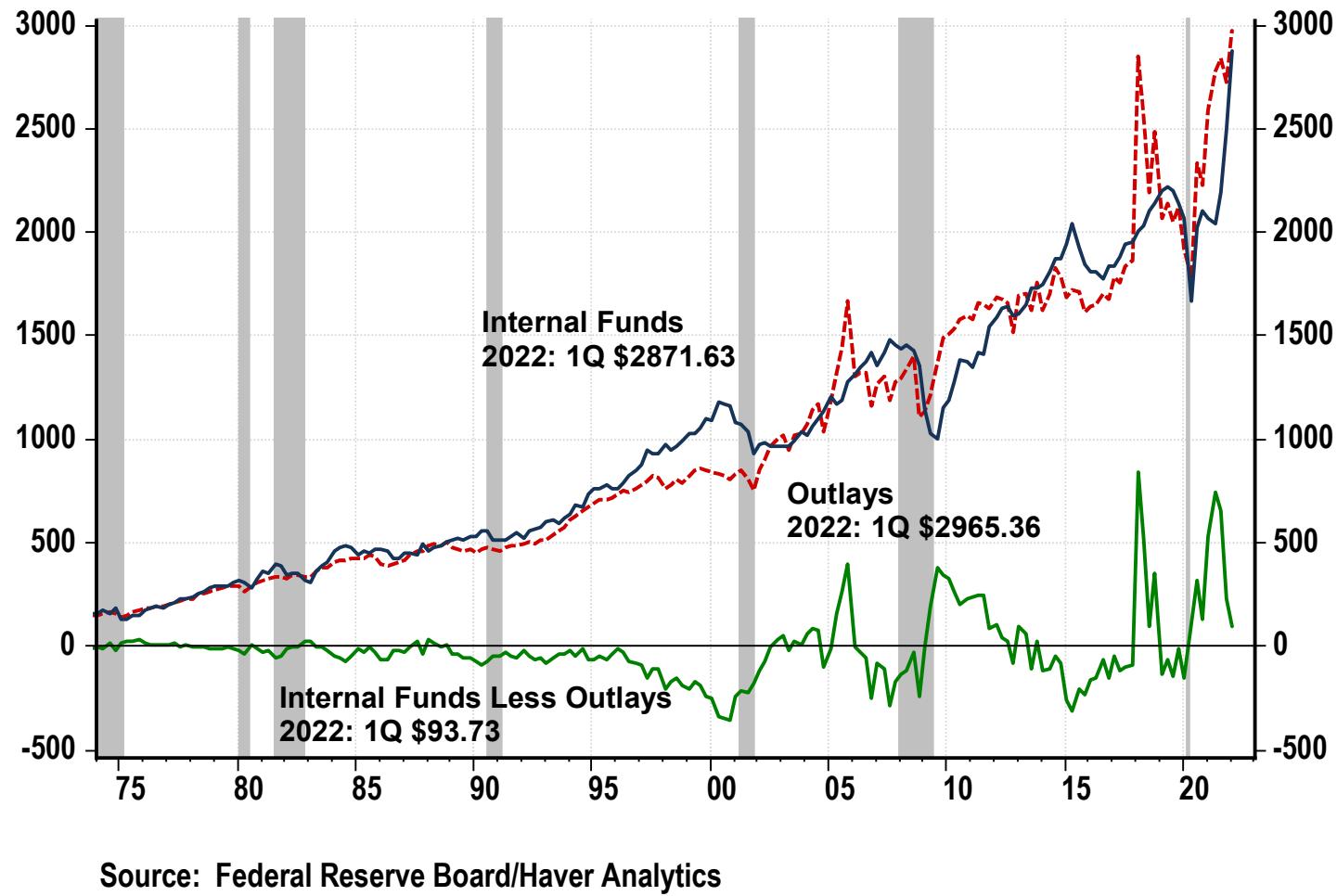
2022: 1Q 19.0% (% of GDP)



Source: Bureau of Economic Analysis/Haver Analytics

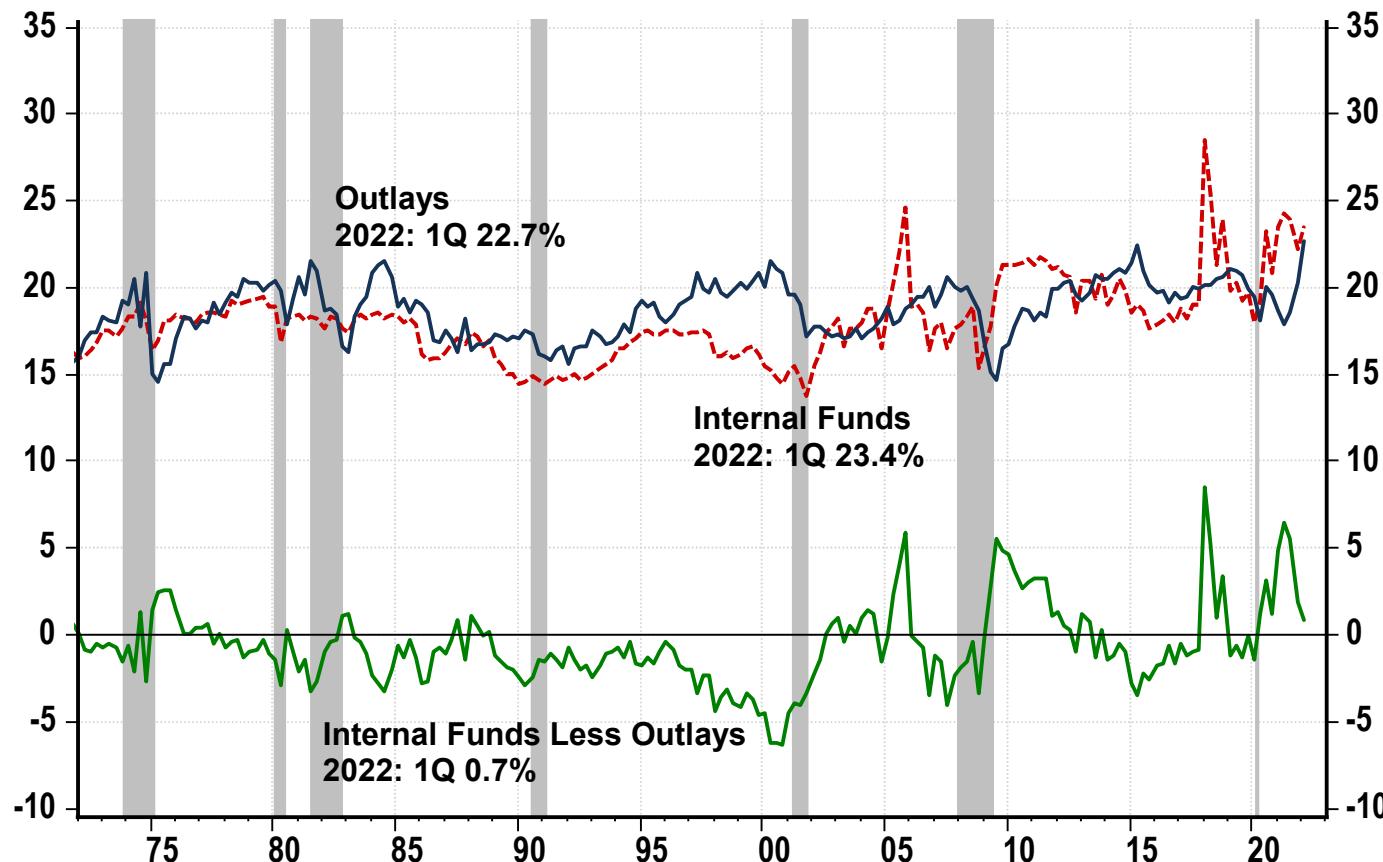
OUTLAYS AND INTERNAL FUNDS: NONFINANCIAL CORPORATIONS

CORPORATE CASH FLOW



OUTLAYS AND INTERNAL FUNDS: NONFINANCIAL

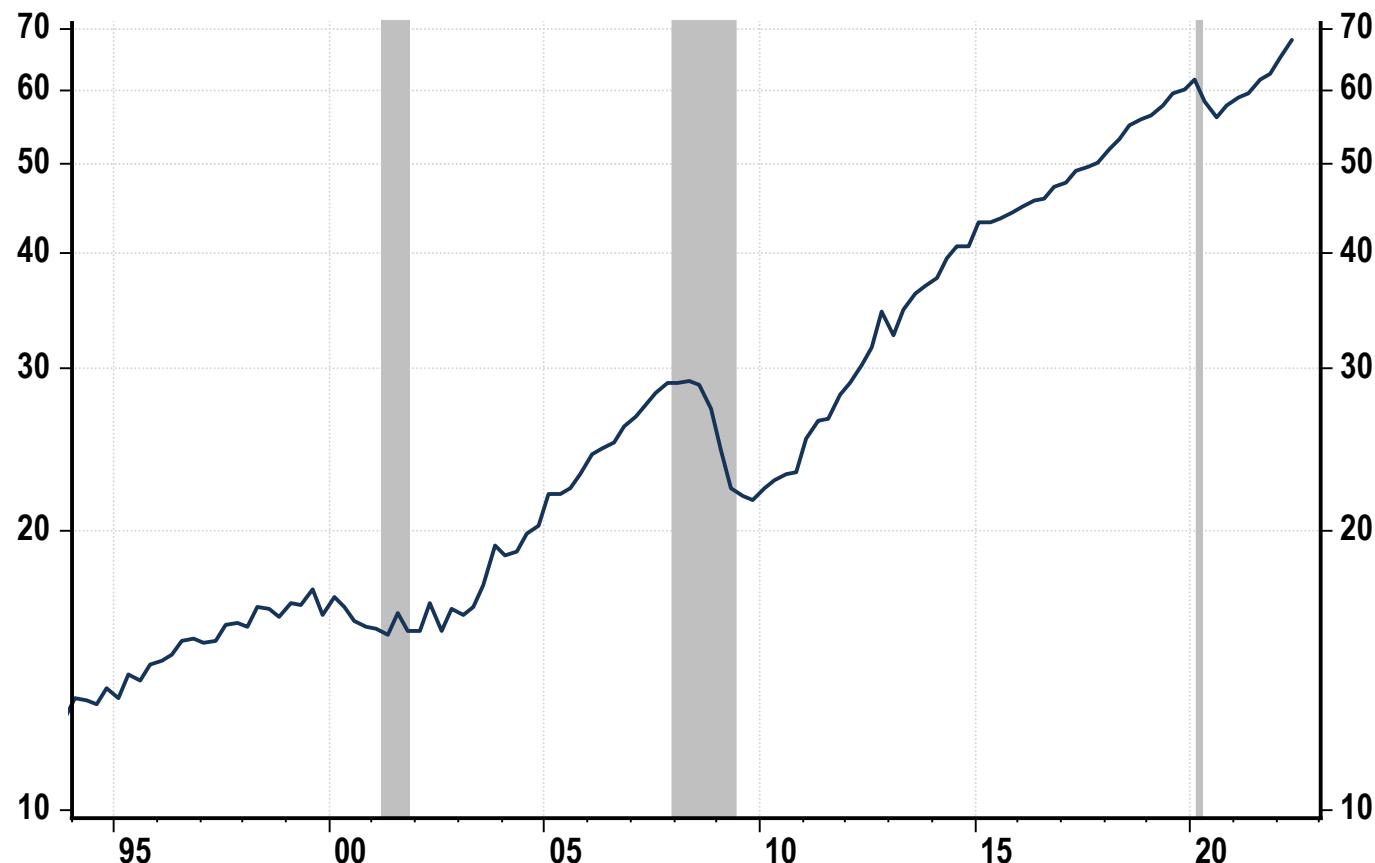
(% Gross Value Added)



Source: Bureau of Economic Analysis/Haver Analytics

S&P DIVIDENDS

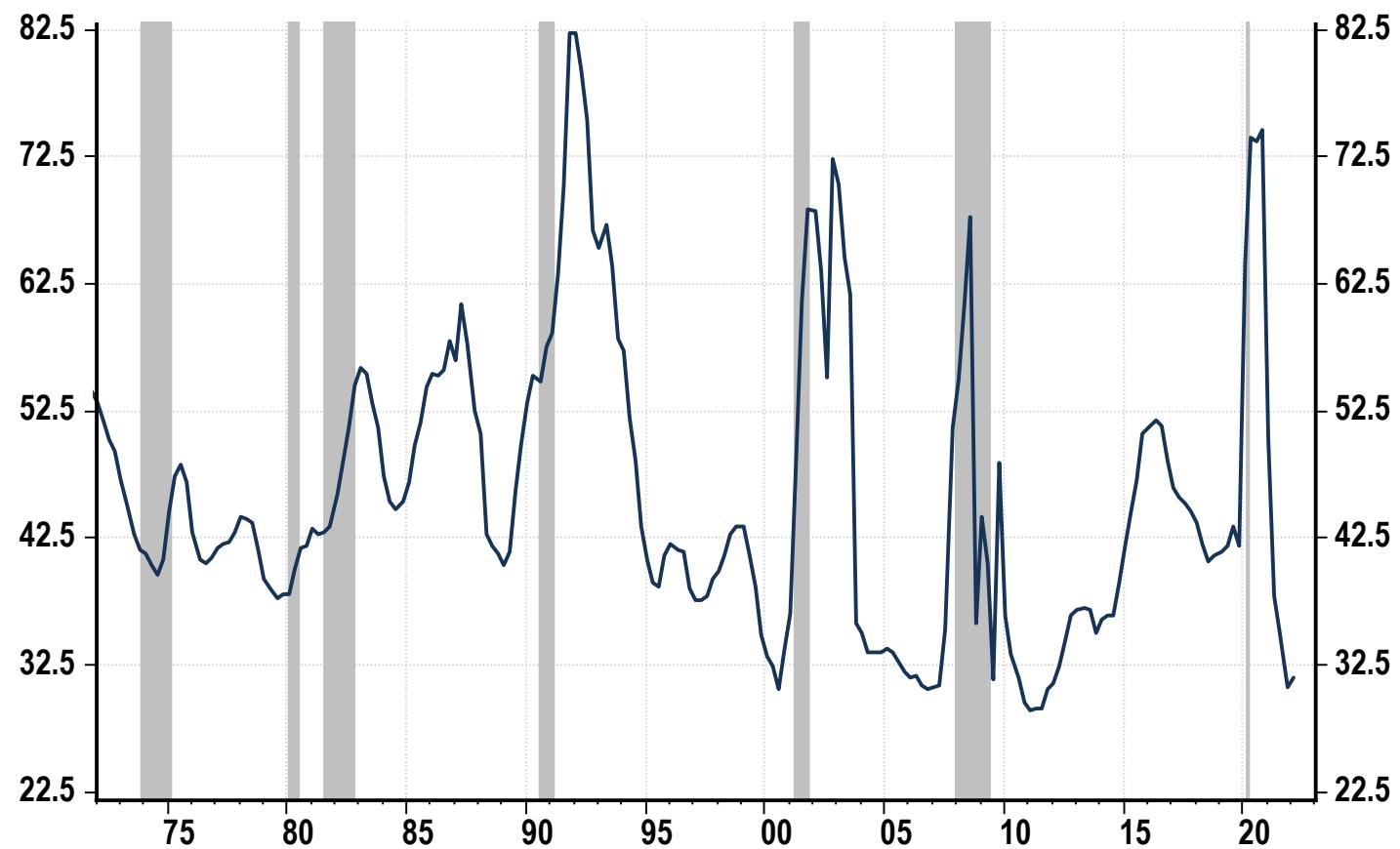
2022: 2Q \$67.73 (SAAR)



Source: Bureau of Economic Analysis/Haver Analytics

S&P 500 Dividend Payout Ratio, 4Q. AVG. SAAR

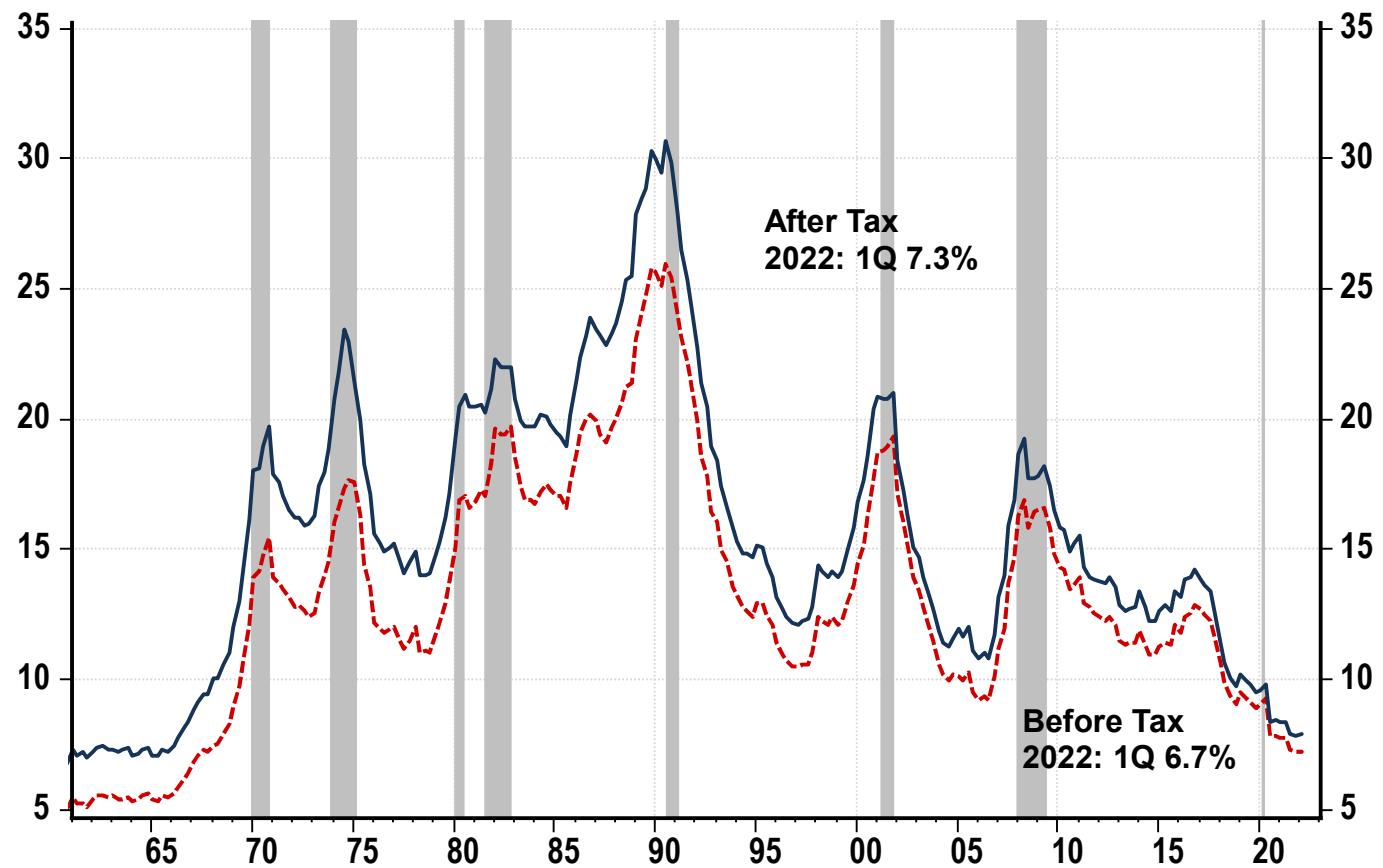
2022: 1Q 31.4% (% Earnings)



Source: Evercore ISI/Haver Analytics

INTEREST PAYMENTS -- NONFINANCIAL CORPORATIONS

(% of Cash Flow)



Source: Bureau of Economic Analysis/Haver Analytics

VII. CORPORATE BALANCE SHEETS

Data from Fed's Financial Accounts of the United States

- A. Liquid Assets
- B. Quick Ratio
- C. Debt/GDP
- D. Debt/Net Worth
- E. Q Ratio

VIII. PROFITS AND STOCK PRICES

U.S. NONFINANCIAL CORP LIQUID ASSETS

2022: 1Q \$6744.9 (\$ Billions)



Source: Federal Reserve Board/Haver Analytics

QUICK RATIO: NONFINANCIAL CORPORATE BUSINESS (PERCENT)

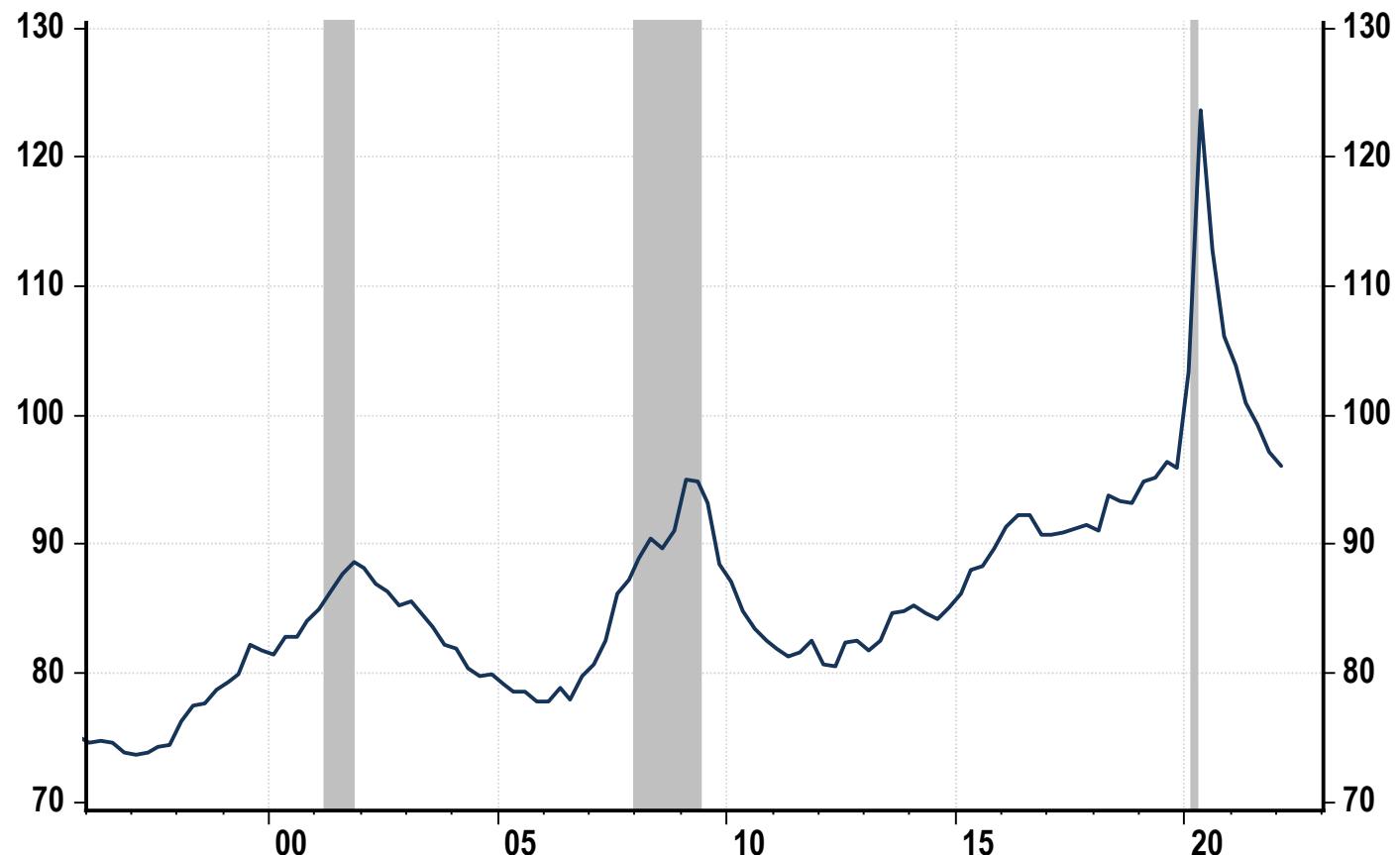
2022: 1Q 90.1% (Liquid Assets / Short-term Liabilities)



Source: Federal Reserve Board/Haver Analytics

DEBT as % of GROSS VALUE ADDED: Nonfinancial Corporate Business

2022: 1Q 96.0%



Source: Bureau of Economic Analysis/Haver Analytics

DEBT / NET WORTH RATIOS: NONFINANCIAL CORPORATE BUSINESS

Nonfinancial Corp Business: Credit Market Debt/Net Worth (%)



Source: Federal Reserve Board/Haver Analytics

Q RATIO: NONFINANCIAL CORPORATE BUSINESS (PERCENT)

2022: 1Q 194.8%

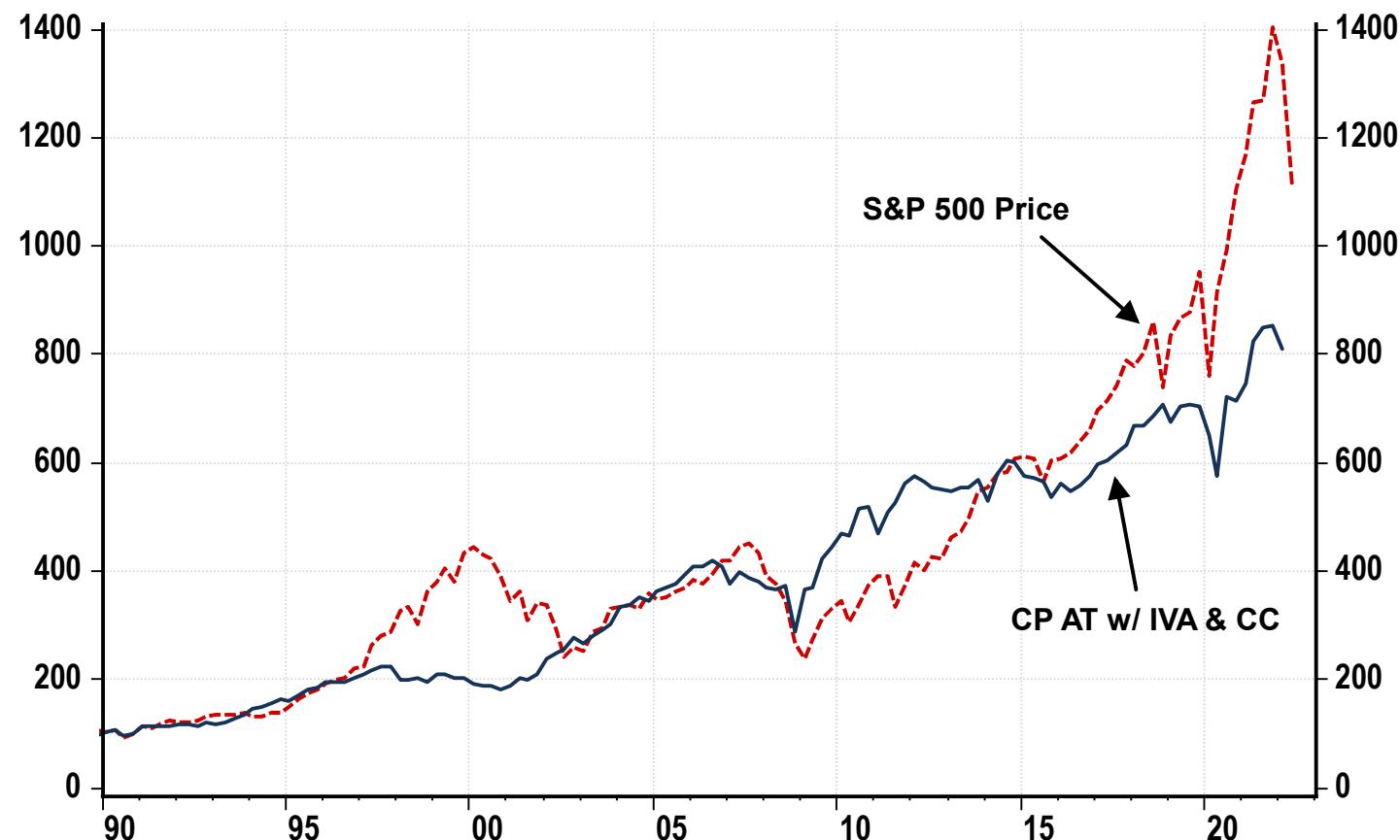


Source: Federal Reserve Board/Haver Analytics

S\$P 500 Stock Prices and Profits: 1990-Present

S&P 500 Price: +1114%

Corp. Profits: +809%

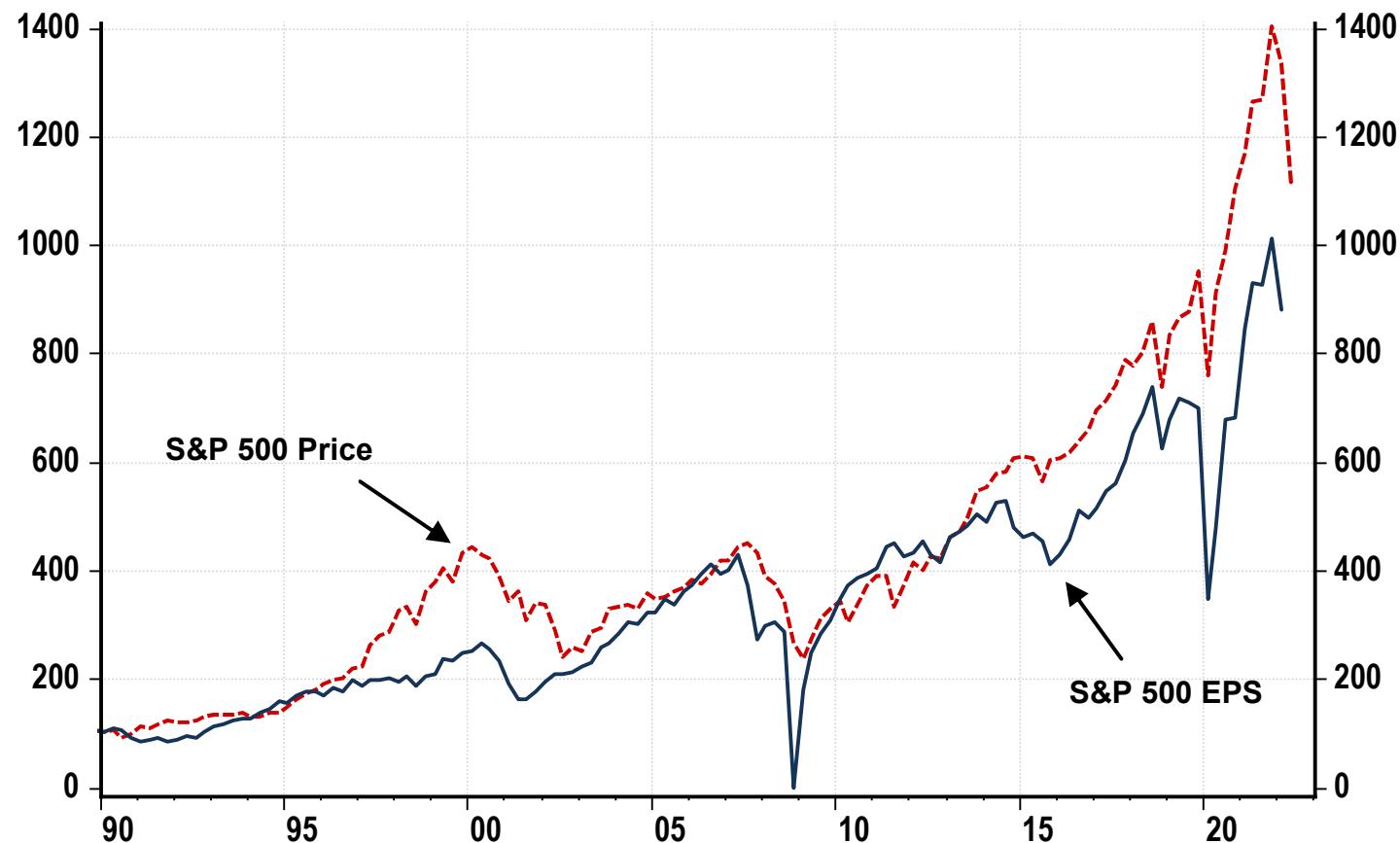


Sources: Bureau of Economic Analysis, Standard & Poor's/Haver Analytics

S&P 500 Price and S&P EPS: 1990-Present

S&P 500 Price: +1114%

S&P 500 EPS: +880%



Source: Standard & Poor's/Haver Analytics

What Causes Bear Markets

1. Recessions
2. Accelerating Inflation
3. Aggressive Fed Tightening
4. Extreme Financial Excesses
5. External Shocks

Stocks Before and During Recessions

(S&P 500)

<u>Recession</u>		<u>Peak: Months</u>	<u>Peak to</u>	<u>Trough: Months</u>
<u>Begins</u>	<u>Ends</u>	<u>Before Recession</u>	<u>Trough</u>	<u>Before Recession</u>
		<u>Begins</u>	<u>Decline</u>	<u>Ends</u>
Apr-60	Feb-61	8	-14%	4
Dec-69	Nov-70	13	-36%	6
Nov-73	Mar-75	10	-48%	5
Jan-80	Jul-80	-1	-17%	4
Jul-81	Nov-82	8	-27%	3
Jul-90	Mar-91	0	-20%	5
Mar-01	Nov-01	12	-37%	2
Dec-07	Jun-09	2	-57%	3
Average		<hr/> 7 <hr/>	<hr/> -32% <hr/>	<hr/> 4 <hr/>