Figure 1.10. Corporate Profitability Indicators in Advanced Economies

Profitability has been higher in the United States than in other advanced economies ...

1. Global Profitability Trends
   (EBITDA in percent of assets)

   - United States
   - Euro area
   - Japan
   - United Kingdom

   Strong profits in the United States were used for payouts and other financial risk-taking.

      (Percent of assets; four-quarter moving average)

   - Capex+R&D
   - Payouts
   - M&A

   US corporate profit forecasts have been revised down, particularly at firms with significant international exposures.

      (Year-over-year percent change)

   - Low international exposure
   - Medium international exposure
   - High international exposure

   Expected earnings growth has been revised down in other regions because of weaker economic data.

   6. Global Equity Markets: Expected EPS Growth, 2019
      (Year-over-year percent change)

   Sources: Bloomberg Finance L.P.; S&P Capital IQ; Thomson Reuters Datastream; Thomson Reuters I/B/E/S; and IMF staff calculations.
   Note: In panel 1, the sample from S&P Capital IQ includes about 20,000 firms in the euro area, Japan, the United Kingdom, and the United States. In the euro area, they represent 23 percent of total debt in the total corporate sector; in Japan, 40 percent of total debt; in the United Kingdom, 36 percent of total debt; and in the United States, 76 percent of debt, measured as loans and debt securities. Capex = capital expenditure; Comm. = communications; Cons. disc. = consumer discretionary; Cons. stap. = consumer staples; EBITDA = earnings before interest and taxes, depreciation; and amortization; EPS = earnings per share; IT = information technology; M&A = mergers and acquisitions; R&D = expenses for research and development; SGA = sales, general, and administrative.