

Returns for Domestic Nonfinancial Business

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Once a year, the Bureau of Economic Analysis (BEA) reports on sector rates of return for domestic nonfinancial corporations, for nonfinancial industries, and for 14 major nonfinancial industry sectors, including mining, utilities, construction, manufacturing, wholesale trade, and retail trade. These broad measures of profitability, based on returns on produced assets, may be useful to economists and policymakers. Industry sector and corporate business rates of return are available through 2020; these rates of return reflect revised statistics from the 2021 annual updates of the National Income and Product Accounts (NIPAs) and of the Industry Economic Accounts (IEAs).¹ Various Tobin's Q ratios, which compare the financial market value of assets with the replacement-cost value of produced assets, are also presented in this article.

The rates of return presented in this article are calculated as the ratio of the net operating surplus to the net stock of produced assets.² The net operating surplus reflects the return to capital and is presented in table A. Produced assets are presented in table B. For nonfinancial corporations, the net operating surplus reflects statistics from the NIPAs and is defined as the sum of corporate profits from current production, net interest payments, and net business current transfer payments.³ The net operating surplus for nonfinancial industries reflects statistics from the IEAs and is a broader concept that includes proprietors' income. For both nonfinancial corporations and nonfinancial industries, the statistics on net stock of produced assets are from BEA's fixed assets accounts. To calculate the Q ratios, additional statistics on financial market values are drawn from the Federal Reserve Board's Financial Accounts of the United States.

Table A. Net Operating Surplus of Domestic Nonfinancial Corporations and Nonfinancial Industries, 2000–2010—Continues

[Billions of dollars]

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nonfinancial corporations	723.2	661.7	727.5	824.7	980.9	1,146.1	1,283.7	1,240.1	1,184.7	1,054.8	1,324.4
Total nonfinancial industries	1,446.1	1,415.4	1,528.6	1,741.7	1,995.0	2,149.1	2,297.8	2,321.6	2,404.0	2,248.3	2,522.0
Agriculture, forestry, fishing, and hunting	57.3	57.4	43.3	64.1	85.2	78.6	62.2	72.2	69.5	51.5	67.5
Mining	16.4	20.8	7.0	26.6	40.0	70.2	83.7	105.3	152.2	62.5	84.5
Utilities	51.8	55.0	41.1	46.3	54.2	46.7	63.2	58.7	57.4	69.0	85.0
Construction	124.9	131.3	135.5	157.4	192.4	226.5	235.3	232.6	170.7	153.7	140.8
Manufacturing	320.0	267.9	292.3	344.4	393.7	442.2	499.6	512.1	457.7	437.4	520.2
Durable-goods manufacturing	123.3	56.8	83.8	117.6	133.1	160.1	174.7	177.4	145.5	99.6	178.5
Nondurable-goods manufacturing	196.7	211.2	208.6	226.8	260.7	282.2	324.9	334.7	312.3	337.9	341.7
Wholesale trade	115.1	105.7	104.7	118.9	142.8	163.4	181.6	201.3	221.3	215.2	253.2
Retail trade	113.6	115.9	121.4	130.2	126.0	134.0	132.9	111.9	96.5	114.3	123.5
Transportation and warehousing	29.0	30.5	24.5	40.3	53.7	63.6	85.0	68.3	78.7	70.1	96.8
Information	59.9	72.9	134.3	145.7	188.6	199.2	193.5	229.2	265.2	247.2	277.0
Real estate and rental and leasing ¹	179.3	181.6	198.9	228.9	249.4	245.1	262.8	223.6	251.6	239.4	233.8
Professional and business services ²	162.2	181.9	211.6	229.5	246.1	255.2	260.0	288.4	349.5	323.6	347.0
Educational services, health care, and social assistance	62.3	70.6	72.0	76.0	82.5	75.7	80.5	74.6	105.6	132.9	141.9
Arts, entertainment, recreation, accommodation, and food services	75.1	65.5	77.6	78.9	84.7	85.9	92.4	87.7	83.6	86.3	100.3
Other services, except government	79.2	58.4	64.5	54.5	55.7	62.9	65.0	55.7	44.5	45.2	50.4

Table A. Net Operating Surplus of Domestic Nonfinancial Corporations and Nonfinancial Industries, 2011–2020—Table Ends

[Billions of dollars]

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nonfinancial corporations	1,406.1	1,526.3	1,588.2	1,642.4	1,661.4	1,591.6	1,638.9	1,712.1	1,712.6	1,670.4
Total nonfinancial industries	2,644.0	2,689.9	2,897.0	2,943.6	2,935.3	2,958.1	3,084.9	3,264.2	3,315.3	3,262.3
Agriculture, forestry, fishing, and hunting	97.7	87.3	118.5	93.8	74.2	58.8	63.3	64.9	57.5	91.5
Mining	111.1	84.8	101.2	98.3	-46.8	-59.6	-3.9	36.3	5.1	-80.3
Utilities	85.8	74.9	75.2	81.5	77.6	73.1	76.9	74.3	77.1	75.3
Construction	137.0	146.1	155.7	167.9	186.9	209.1	224.7	230.1	242.4	305.1
Manufacturing	543.7	555.7	586.6	586.7	618.1	578.1	613.8	679.4	669.7	626.2
Durable-goods manufacturing	191.3	204.5	226.5	222.1	239.7	238.6	246.4	258.9	261.8	251.5
Nondurable-goods manufacturing	352.3	351.2	360.1	364.7	378.4	339.5	367.4	420.4	407.9	374.7
Wholesale trade	259.5	290.6	311.1	328.8	358.5	345.7	340.8	353.0	364.1	375.5
Retail trade	116.2	127.2	137.7	131.9	143.2	153.6	149.0	151.2	161.1	226.5
Transportation and warehousing	97.8	100.1	104.4	114.9	127.8	125.9	126.0	129.5	128.8	63.2
Information	260.3	239.4	281.3	260.9	291.6	331.1	322.2	325.6	352.2	357.4
Real estate and rental and leasing ¹	274.5	309.0	362.7	400.8	387.6	391.2	404.5	426.9	433.9	473.6
Professional and business services ²	358.7	366.2	352.6	361.1	375.5	392.8	408.6	434.8	447.2	443.7
Educational services, health care, and social assistance	144.6	138.7	134.7	133.1	142.0	154.4	152.2	146.8	151.9	146.9
Arts, entertainment, recreation, accommodation, and food services	110.5	121.2	127.3	132.9	149.2	156.7	159.8	161.3	172.6	111.3
Other services, except government	46.7	48.6	47.9	51.1	49.8	47.1	47.0	50.1	51.9	46.4

1. The housing component of real estate and rental and leasing is excluded from these estimates to allow for better comparison with nonfinancial corporate returns.
2. To preserve the nonfinancial focus of this article, management of companies and enterprises is excluded from this sector.

**Table B. Produced Assets of Domestic Nonfinancial Corporations and Nonfinancial Industries,
2000–2010—Continues**

[Billions of dollars]

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nonfinancial corporations	9,081.2	9,548.8	9,864.7	10,177.8	10,770.8	11,701.7	12,680.9	13,546.9	14,306.2	14,445.1	14,446.1
Total nonfinancial industries	11,972.6	12,436.5	12,877.5	13,332.0	14,482.7	15,797.2	17,078.1	18,106.7	19,099.9	18,500.2	19,136.6
Agriculture, forestry, fishing, and hunting	470.3	473.7	492.3	520.5	556.5	596.4	622.0	661.8	676.0	646.7	680.0
Mining	587.5	665.7	738.7	793.0	946.7	1,241.7	1,440.7	1,531.7	1,668.7	1,513.3	1,598.4
Utilities	1,059.4	1,113.0	1,152.6	1,202.6	1,332.5	1,425.2	1,524.7	1,648.1	1,803.0	1,789.0	1,918.2
Construction	183.6	190.7	200.4	206.4	228.8	252.2	276.0	289.5	303.8	279.6	272.4
Manufacturing	2,748.3	2,779.3	2,815.4	2,860.0	3,008.6	3,187.6	3,356.3	3,584.9	3,733.9	3,684.8	3,794.6
Durable-goods manufacturing	1,558.1	1,577.0	1,577.4	1,583.9	1,653.8	1,741.6	1,830.7	1,921.7	2,015.6	1,952.7	1,997.2
Nondurable-goods manufacturing	1,190.1	1,202.4	1,238.0	1,276.0	1,354.9	1,445.9	1,525.6	1,663.1	1,718.3	1,732.1	1,797.3
Wholesale trade	704.4	687.0	697.8	718.0	783.6	863.7	939.3	997.5	1,032.4	968.5	1,034.8
Retail trade	1,057.2	1,087.7	1,152.0	1,212.0	1,337.3	1,431.4	1,535.6	1,616.4	1,667.3	1,570.1	1,601.4
Transportation and warehousing	820.4	852.6	859.1	867.4	916.8	957.0	1,005.3	1,036.5	1,098.1	1,072.3	1,094.9
Information	1,195.0	1,262.4	1,282.9	1,296.0	1,372.3	1,462.5	1,595.0	1,646.7	1,711.7	1,711.5	1,817.1
Real estate and rental and leasing ¹	928.2	964.9	995.7	1,023.4	1,122.0	1,231.1	1,350.1	1,435.3	1,518.0	1,442.4	1,444.3
Professional and business services ²	456.7	485.6	511.3	542.6	587.6	638.2	689.7	731.0	775.4	782.0	806.5
Educational services, health care, and social assistance	910.3	967.8	1,030.4	1,091.7	1,201.6	1,322.6	1,454.7	1,557.9	1,667.3	1,648.8	1,687.8
Arts, entertainment, recreation, accommodation, and food services	505.4	537.4	562.1	588.1	639.0	695.8	756.1	809.2	862.0	835.3	830.6
Other services, except government	345.9	368.6	386.8	410.3	449.4	491.7	532.6	560.2	582.3	555.9	555.6

**Table B. Produced Assets of Domestic Nonfinancial Corporations and Nonfinancial Industries,
2011–2020—Table Ends**

[Billions of dollars]

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nonfinancial corporations	15,078.3	15,766.6	16,387.6	17,105.5	17,639.7	17,953.5	18,429.1	19,262.4	20,211.6	20,872.6
Total nonfinancial industries	20,120.8	20,506.6	21,730.9	22,712.4	23,093.0	23,756.1	24,679.8	25,952.0	27,082.1	27,656.8
Agriculture, forestry, fishing, and hunting	731.9	752.1	797.7	860.3	834.9	832.6	857.8	875.6	885.8	879.6
Mining	1,778.7	1,914.2	2,078.6	2,346.2	2,257.8	2,182.2	2,132.4	2,112.3	2,142.1	1,974.9
Utilities	2,039.1	2,128.8	2,184.3	2,282.1	2,330.7	2,445.0	2,527.5	2,679.9	2,827.0	2,940.0
Construction	277.0	284.2	294.8	306.0	317.9	333.0	344.9	368.2	395.8	407.2
Manufacturing	3,976.4	4,085.0	4,235.7	4,332.6	4,369.8	4,478.0	4,658.0	4,880.7	5,050.1	5,222.6
Durable-goods manufacturing	2,094.0	2,155.5	2,231.4	2,291.3	2,307.6	2,334.1	2,411.6	2,534.2	2,601.0	2,659.8
Nondurable-goods manufacturing	1,882.4	1,929.4	2,004.3	2,041.3	2,062.3	2,143.9	2,246.4	2,346.6	2,449.1	2,562.7
Wholesale trade	1,111.5	1,172.7	1,204.8	1,257.0	1,286.5	1,340.3	1,426.2	1,515.8	1,569.0	1,587.2
Retail trade	1,667.8	1,729.6	1,797.8	1,847.1	1,899.8	1,958.5	2,037.3	2,129.6	2,212.3	2,224.4
Transportation and warehousing	1,136.1	1,170.0	1,208.8	1,274.3	1,319.5	1,365.5	1,426.6	1,510.3	1,591.1	1,643.2
Information	1,895.4	1,933.9	1,991.5	2,056.5	2,109.1	2,192.7	2,304.2	2,462.0	2,577.0	2,687.0
Real estate and rental and leasing ¹	1,489.7	1,541.1	1,604.9	1,668.8	1,740.0	1,813.7	1,914.4	2,043.3	2,156.0	2,195.7
Professional and business services ²	839.4	866.6	860.0	924.9	950.3	991.8	1,042.4	1,117.5	1,198.8	1,273.6
Educational services, health care, and social assistance	1,763.2	1,818.5	1,910.9	1,972.1	2,031.3	2,083.2	2,180.2	2,314.0	2,428.4	2,509.8
Arts, entertainment, recreation, accommodation, and food services	848.1	871.4	920.0	964.9	1,007.9	1,073.9	1,142.4	1,227.7	1,308.8	1,358.2
Other services, except government	566.5	576.6	599.2	619.6	637.5	665.7	685.5	715.1	739.9	753.4

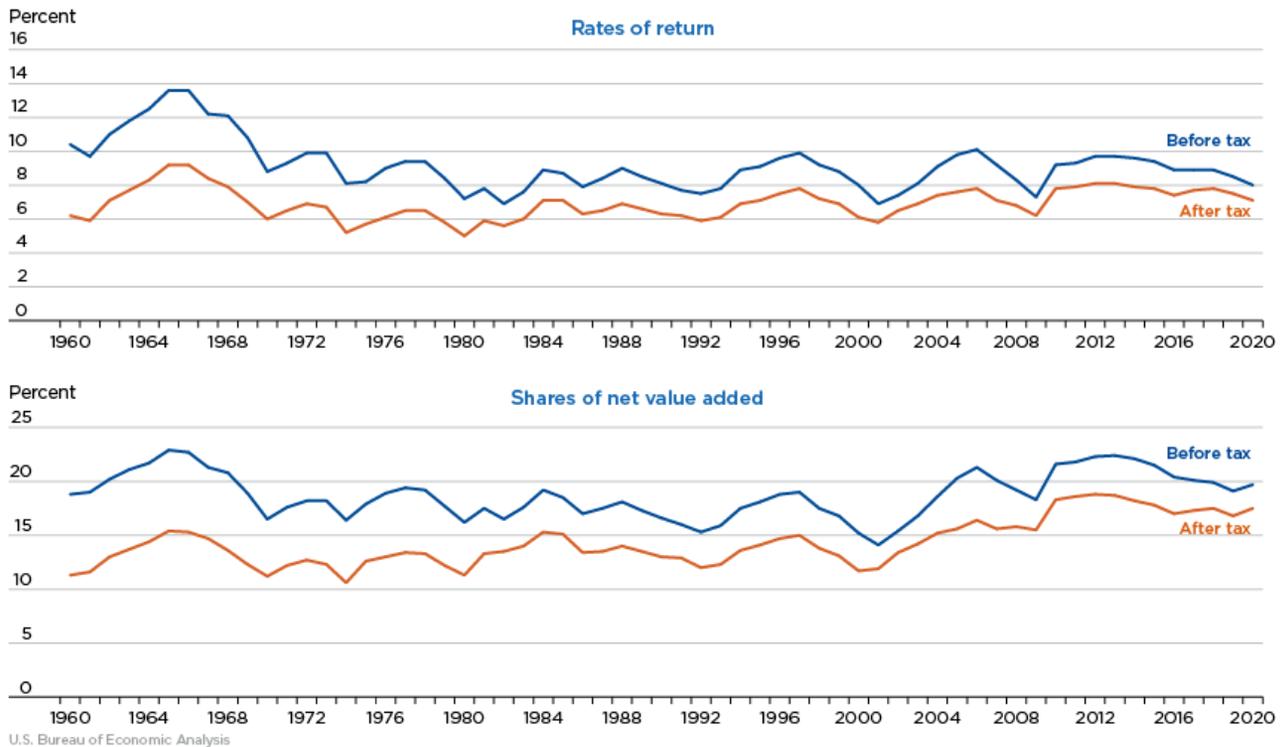
1. The housing component of real estate and rental and leasing is excluded from these estimates to allow for better comparison with nonfinancial corporate returns.
2. To preserve the nonfinancial focus of this article, management of companies and enterprises is excluded from this sector.

Corporate Returns

Nonfinancial corporate rates of return decreased on a before- and after-tax basis in 2020. The after-tax rate of return was 7.1 percent in 2020, a decrease of 0.4 percentage point from 2019 (chart 1 and table C). The before-tax rate of return was 8.0 percent in 2020, a decrease of 0.5 percentage point. Since 1970, before-tax rates of return have ranged from 6.9 percent in both 1982 and 2001 to 10.1 percent in 2006. In the 1960s, average rates of return were higher, peaking at 13.6 percent in 1965 and 1966. Net operating surplus as a share of net value added increased on a before- and after-tax basis (table D) in 2020.

Other measures of profitability—such as BEA’s measure of corporate profits from current production—decreased in 2020. The measures presented in this article exclude the volatile financial sector and compare returns of nonfinancial corporations with their assets rather than with gross domestic product.

Chart 1. Rates of Return and Shares of Value Added for Nonfinancial Corporations, 1960–2020



**Table C. Rates of Return for Domestic Nonfinancial Corporations and Nonfinancial Industries,
2000–2010—Continues**

[Percent]

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nonfinancial corporations—after tax	6.1	5.8	6.5	6.9	7.4	7.6	7.8	7.1	6.8	6.2	7.8
Nonfinancial corporations—before tax	8.0	6.9	7.4	8.1	9.1	9.8	10.1	9.2	8.3	7.3	9.2
Total nonfinancial industries	12.5	11.6	12.1	13.3	14.3	14.2	14.0	13.2	12.9	12.0	13.4
Agriculture, forestry, fishing, and hunting	12.4	12.2	9.0	12.6	15.8	13.6	10.2	11.2	10.4	7.8	10.2
Mining	2.9	3.3	1.0	3.5	4.6	6.4	6.2	7.1	9.5	3.9	5.4
Utilities	5.0	5.1	3.6	3.9	4.3	3.4	4.3	3.7	3.3	3.8	4.6
Construction	70.5	70.2	69.3	77.4	88.4	94.2	89.1	82.3	57.5	52.7	51.0
Manufacturing	11.9	9.7	10.4	12.1	13.4	14.3	15.3	14.8	12.5	11.8	13.9
Durable-goods manufacturing	8.1	3.6	5.3	7.4	8.2	9.4	9.8	9.5	7.4	5.0	9.0
Nondurable-goods manufacturing	16.9	17.7	17.1	18.0	19.8	20.1	21.9	21.0	18.5	19.6	19.4
Wholesale trade	16.8	15.2	15.1	16.8	19.0	19.8	20.1	20.8	21.8	21.5	25.3
Retail trade	11.1	10.8	10.8	11.0	9.9	9.7	9.0	7.1	5.9	7.1	7.8
Transportation and warehousing	3.6	3.6	2.9	4.7	6.0	6.8	8.7	6.7	7.4	6.5	8.9
Information	5.3	5.9	10.5	11.3	14.1	14.1	12.7	14.1	15.8	14.4	15.7
Real estate and rental and leasing ¹	20.1	19.2	20.3	22.7	23.2	20.8	20.4	16.1	17.0	16.2	16.2
Professional and business services ²	37.6	38.6	42.4	43.6	43.6	41.6	39.2	40.6	46.4	41.6	43.7
Educational services, health care, and social assistance	7.1	7.5	7.2	7.2	7.2	6.0	5.8	5.0	6.6	8.0	8.5
Arts, entertainment, recreation, accommodation, and food services	15.4	12.6	14.1	13.7	13.8	12.9	12.7	11.2	10.0	10.2	12.0
Other services, except government	23.7	16.3	17.4	13.7	13.0	13.4	12.7	10.2	7.8	7.9	9.1

Table C. Rates of Return for Domestic Nonfinancial Corporations and Nonfinancial Industries, 2011–2020—Table Ends

[Percent]

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nonfinancial corporations—after tax	7.9	8.1	8.1	7.9	7.8	7.4	7.7	7.8	7.5	7.1
Nonfinancial corporations—before tax	9.3	9.7	9.7	9.6	9.4	8.9	8.9	8.9	8.5	8.0
Total nonfinancial industries	13.5	13.1	13.6	13.2	12.8	12.6	12.7	12.9	12.5	11.9
Agriculture, forestry, fishing, and hunting	13.8	11.8	15.3	11.3	8.8	7.1	7.5	7.5	6.5	10.4
Mining	6.6	4.6	5.1	4.4	-2.0	-2.7	-0.2	1.7	0.2	-3.9
Utilities	4.3	3.6	3.5	3.7	3.4	3.1	3.1	2.9	2.8	2.6
Construction	49.9	65.5	53.8	55.9	59.9	64.2	66.3	64.5	63.5	76.0
Manufacturing	14.0	13.8	14.1	13.7	14.2	13.1	13.4	14.2	13.5	12.2
Durable-goods manufacturing	9.4	9.6	10.3	9.8	10.4	10.3	10.4	10.5	10.2	9.6
Nondurable-goods manufacturing	19.2	18.4	18.3	18.0	18.4	16.1	16.7	18.3	17.0	15.0
Wholesale trade	24.2	25.4	26.2	26.7	28.2	26.3	24.6	24.0	23.6	23.8
Retail trade	7.1	7.5	7.8	7.2	7.6	8.0	7.5	7.3	7.4	10.2
Transportation and warehousing	8.8	8.7	8.8	9.3	9.9	9.4	9.0	8.8	8.3	3.9
Information	14.0	12.5	14.3	12.9	14.0	15.4	14.3	13.7	14.0	13.6
Real estate and rental and leasing ¹	18.7	20.4	23.1	24.5	22.7	22.0	21.7	21.6	20.7	21.8
Professional and business services ²	43.6	42.9	39.9	39.5	40.0	40.5	40.2	40.3	38.6	35.9
Educational services, health care, and social assistance	8.4	7.7	7.2	6.9	7.1	7.5	7.1	6.5	6.4	5.9
Arts, entertainment, recreation, accommodation, and food services	13.2	14.1	14.2	14.1	15.1	15.1	14.4	13.6	13.6	8.3
Other services, except government	8.3	8.5	8.1	8.4	7.9	7.2	7.0	7.2	7.1	6.2

1. The housing component of real estate and rental and leasing is excluded from these estimates to allow for better comparison with nonfinancial corporate returns.
2. To preserve the nonfinancial focus of this article, management of companies and enterprises is excluded from this sector.

Table D. Net Operating Surplus Share of Net Value Added for Domestic Nonfinancial Corporations and Nonfinancial Industries, 2000–2010—Continues

[Percent]

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nonfinancial corporations—after tax	11.7	11.9	13.4	14.2	15.2	15.6	16.4	15.6	15.8	15.5	18.3
Nonfinancial corporations—before tax	15.2	14.1	15.4	16.8	18.6	20.3	21.3	20.1	19.2	18.3	21.6
Total nonfinancial industries	22.7	20.4	21.3	23.4	25.2	25.0	24.6	23.2	22.7	20.9	24.2
Agriculture, forestry, fishing, and hunting	84.1	78.4	58.0	91.2	96.3	67.2	61.6	75.5	61.5	46.0	72.4
Mining	39.7	30.6	8.7	42.4	47.7	64.8	52.0	55.1	71.9	22.3	56.3
Utilities	37.4	39.7	29.7	34.8	39.1	30.5	42.2	33.5	32.4	37.7	44.0
Construction	31.3	29.8	29.3	33.5	38.4	40.5	37.7	34.9	25.0	25.0	26.6
Manufacturing	25.5	20.6	24.2	28.9	31.6	33.3	35.5	34.2	29.8	29.6	38.4
Durable-goods manufacturing	16.9	7.4	12.6	17.9	19.4	21.9	22.4	21.6	17.3	12.5	26.8
Nondurable-goods manufacturing	37.5	39.7	38.5	42.4	46.6	47.1	51.7	49.4	44.8	49.9	49.8
Wholesale trade	21.1	18.2	18.4	20.9	23.9	25.0	25.6	26.4	27.5	25.9	32.6
Retail trade	18.3	17.8	18.1	18.9	17.4	18.0	16.9	13.8	12.0	14.7	16.4
Transportation and warehousing	12.0	11.9	9.6	16.1	20.2	21.3	26.5	19.3	22.3	19.3	28.7
Information	15.6	20.2	35.7	35.4	44.8	41.8	39.1	45.9	48.5	43.1	50.8
Real estate and rental and leasing ¹	68.2	66.2	66.8	71.5	73.0	69.8	67.3	59.1	61.3	62.1	67.7
Professional and business services ²	19.6	20.1	22.4	23.6	24.2	23.4	22.0	22.9	25.8	22.2	25.3
Educational services, health care, and social assistance	10.3	11.0	10.3	10.1	10.3	8.8	8.9	7.8	10.5	12.1	12.1
Arts, entertainment, recreation, accommodation, and food services	22.4	17.9	21.0	20.1	20.6	19.6	20.2	18.0	16.5	16.8	20.0
Other services, except government	32.0	22.0	25.8	20.4	21.0	22.7	22.5	18.4	14.5	14.9	16.9

Table D. Net Operating Surplus Share of Net Value Added for Domestic Nonfinancial Corporations and Nonfinancial Industries, 2011–2020—Table Ends

[Percent]

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nonfinancial corporations—after tax	18.6	18.8	18.7	18.2	17.8	17.0	17.3	17.5	16.8	17.5
Nonfinancial corporations—before tax	21.8	22.3	22.4	22.1	21.5	20.4	20.1	19.9	19.1	19.7
Total nonfinancial industries	24.2	23.5	24.0	23.3	22.1	21.4	21.6	21.7	20.8	19.5
Agriculture, forestry, fishing, and hunting	90.5	61.7	85.2	54.5	48.4	45.2	56.1	53.2	47.6	86.0
Mining	59.2	35.6	43.7	40.5	-17.6	-66.0	-9.4	32.7	3.3	-57.0
Utilities	40.5	34.3	36.3	38.9	35.5	33.8	35.5	33.2	33.8	31.7
Construction	28.0	29.7	29.9	30.4	31.1	31.9	31.8	30.4	30.2	35.7
Manufacturing	37.6	36.6	37.5	36.4	37.3	33.6	36.5	38.3	35.4	32.8
Durable-goods manufacturing	25.5	25.5	26.9	25.4	26.7	25.4	26.3	26.4	25.3	23.9
Nondurable-goods manufacturing	50.6	49.1	49.8	49.2	49.8	43.4	49.3	53.1	47.7	43.8
Wholesale trade	31.1	32.9	33.0	33.5	34.9	32.0	31.8	32.1	31.7	31.2
Retail trade	14.9	15.9	16.5	15.1	16.0	16.4	15.4	15.2	15.7	21.2
Transportation and warehousing	26.7	25.9	25.7	27.2	28.4	25.8	25.2	24.8	23.1	10.7
Information	45.2	41.4	49.8	41.7	46.5	48.9	44.3	43.4	44.6	42.8
Real estate and rental and leasing ¹	69.8	71.2	74.9	73.7	69.8	70.8	70.7	70.8	67.1	69.8
Professional and business services ²	25.0	24.3	22.1	22.2	21.9	21.7	21.8	21.9	21.2	19.9
Educational services, health care, and social assistance	11.9	11.1	10.4	10.0	10.3	10.7	10.0	9.3	9.2	8.5
Arts, entertainment, recreation, accommodation, and food services	21.0	22.0	21.5	21.4	22.6	22.0	21.1	20.3	20.7	12.7
Other services, except government	15.6	15.9	15.0	15.6	14.4	13.1	12.8	13.3	13.0	11.2

1. The housing component of real estate and rental and leasing is excluded from these estimates to allow for better comparison with nonfinancial corporate returns.
2. To preserve the nonfinancial focus of this article, management of companies and enterprises is excluded from this sector.

Industry Returns

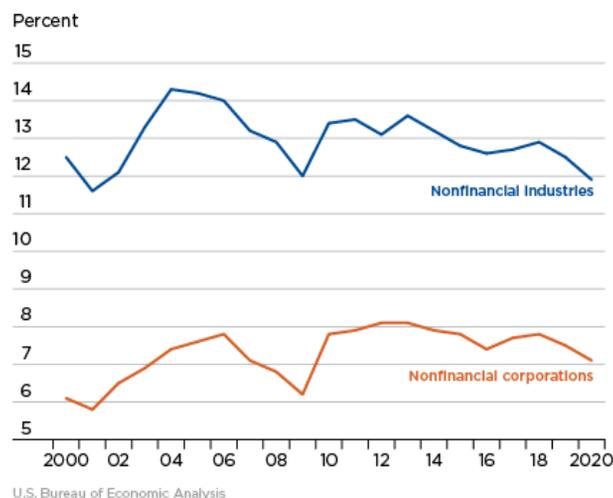
Rates of return can also be calculated for industry sectors using statistics from the IEAs, which provide annual statistics for 71 industries that together account for all U.S. economic activity. Similar to the method used to calculate the rates for nonfinancial corporations, the rates of return for industry sectors are calculated as the net operating surplus divided by the net stock of produced assets. For nonfinancial industries, net operating surplus as a share of net value added is calculated as net operating surplus divided by net value added. The balance for each published sector represents the share of net value added attributable to compensation of employees and taxes on production and imports less subsidies.

Similar to the net operating surplus of nonfinancial corporations, the net operating surplus of nonfinancial industries reflects corporate profits from current production, business transfer payments (net), and net interest payments. However, as noted, it also reflects proprietors' income, which includes the income of sole proprietorships and partnerships. For this article, the housing component of the real estate sector, which includes owner-occupied housing, is excluded from the nonfinancial industry statistics to allow for a better comparison with the nonfinancial corporate returns data, which do not reflect home ownership.

Much of the difference between the sum of the nonfinancial industries rates of return and the corresponding corporate rates of return can be attributed to the inclusion of proprietors' income in the industry net operating surplus. However, several statistical differences between the IEAs and the NIPAs also affect the estimates. Notably, all IEA statistics are presented on an establishment basis, whereas the NIPA measure of corporate nonfinancial net operating surplus is presented on a company basis. As a result, the nonfinancial industry measures reflect adjustments that (1) exclude the financial services-producing establishments of primarily nonfinancial corporations and (2) include the nonfinancial services-producing establishments of primarily financial corporations. In addition, the IEA net operating statistics also include a share of the NIPA statistical discrepancy. Despite the differences between the IEA nonfinancial industries aggregate rate of return and the NIPA nonfinancial corporate rate of return, the annual patterns of change of each are similar (chart 2).

The overall rate of return for nonfinancial industries in 2020 was 11.9 percent, a decrease of 0.6 percentage point from the 2019 rate (table C). Net operating surplus as a share of net value added decreased 1.3 percentage points to 19.5 percent, after a 0.9 percentage point increase in 2019 (table D).

Chart 2. Rates of Return for Domestic Nonfinancial Industries and Corporations, 2000–2020



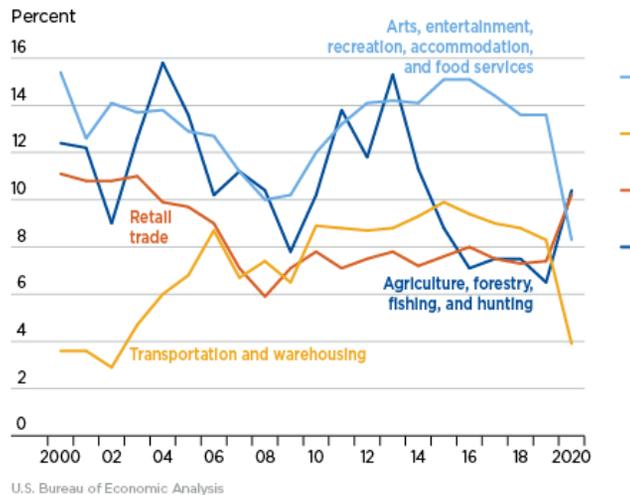
Specific Industry Groups

This article presents a disaggregation of the rates of return for several industry groups—for example, manufacturing, transportation and warehousing, information, and professional and business services, among others (table C).

The statistics show a volatile year in 2020, as consumer and business activities were impacted by the onset of the COVID-19 global pandemic.⁴ During 2020, lower rates of return can be seen in 9 of the 14 industry groups compared to 2019, while 5 groups had higher rates of return. The largest decrease of 5.3 percentage points came in arts, entertainment, recreation, accommodation, and food services, while transportation and warehousing decreased by 4.4 percentage points, mining decreased by 4.1 percentage points, and professional and business services decreased by 2.7 percentage points. Returns for construction increased 12.5 percentage points, while agriculture, forestry, fishing, and hunting increased 3.8 percentage points, and retail trade increased 2.8 percentage points. Highlights include the following (chart 3):

- After ranging between 13.2 and 15.1 percent since 2011, the rate of return for arts, entertainment, recreation, accommodation, and food services decreased to 8.3 percent in 2020, which is the lowest level and the largest decline since the beginning of the time series in 2001.
- Similarly, the rate of return for transportation and warehousing fell to 3.9 percent after remaining relatively stable between 8.3 and 9.9 percent since 2010. The 2020 level is the lowest since 2002, and the decrease is the largest in the time series.
- The mining industry, which includes oil and gas extraction, had negative rates of return from 2015 through 2017 of -2.0 percent, -2.7 percent, and -0.2 percent, respectively. The rate turned positive in 2018 at 1.7 percent, then decreased to just 0.2 percent in 2019, before declining to -3.9 percent in 2020, which is the lowest rate of return for any industry since the beginning of the time series.
- Returns to nondurable-goods manufacturing, which includes petroleum refineries and pharmaceuticals manufacturers, decreased by 2 percentage points to 15.0 percent in 2020, which represents the largest decrease since 2008, when it fell 2.5 percentage points. The 2020 rate is a new low for the series.⁵
- By comparison, the rate of return to durable-goods manufacturing was 9.6 percentage points, showing a smaller decline of 0.6 percentage point compared to 2019 after having been relatively unchanged in the last several years.
- The rate of return for construction increased 12.5 percentage points to 76.0 percent in 2020, which was the largest increase since 2012, when it jumped 15.6 percentage points. The 2020 level is also the highest rate since 2007, when it was 82.3 percent.
- Agriculture, forestry, fishing, and hunting showed a rate of return of 10.4 percent in 2020, the highest level since the 11.3 percent rate of 2014. The 2020 increase of 3.8 percentage points is the largest increase in the time series.
- Returns to retail trade jumped to 10.2 percent in 2020 compared to 7.4 percent in 2019, the largest increase in the time series. This followed a span of consistent levels ranging from 7.1 to 8.0 percent since 2009.

Chart 3. Rates of Return for Selected Domestic Nonfinancial Industry Groups, 2000-2020



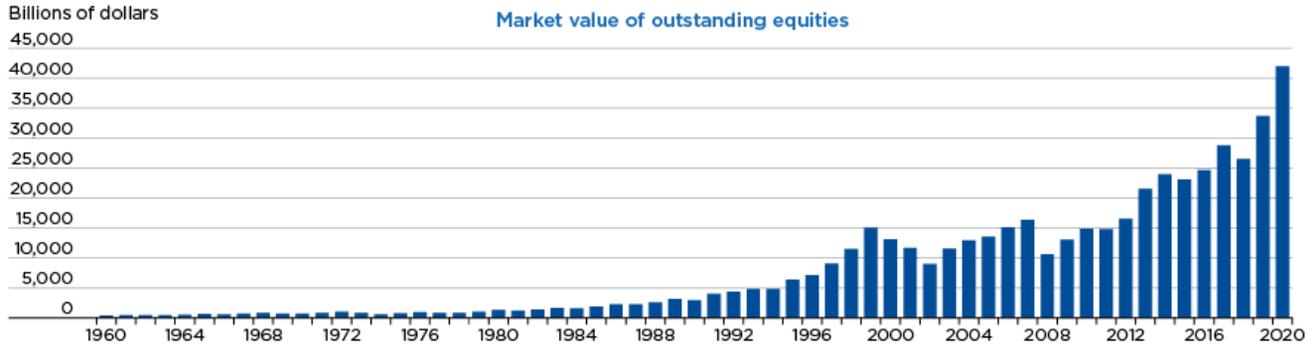
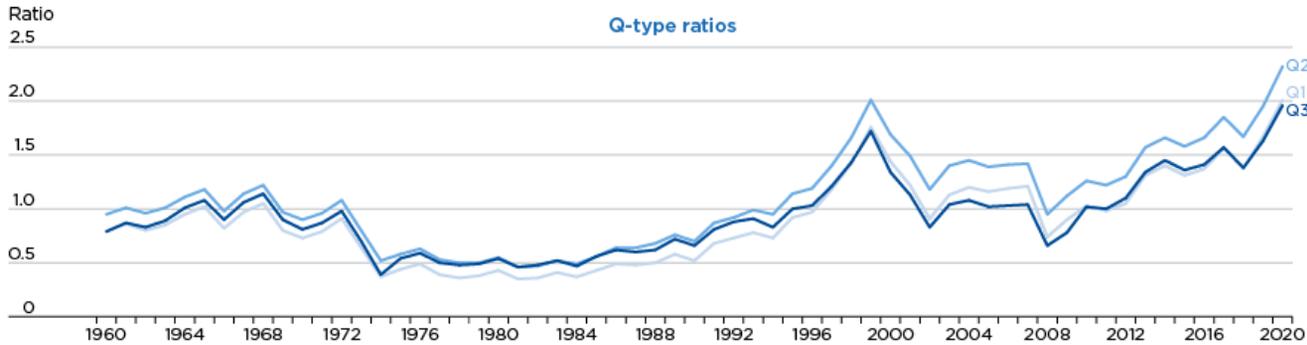
Q Ratios

Tobin's Q, or simply "Q" is the ratio of financial-market valuation of corporate assets to the current-cost value of the assets. A Q ratio above 1 indicates that financial markets value corporate assets above their replacement cost; as a Q ratio rises above 1, companies may be more inclined to make direct investments in plant and equipment. A value of Q below 1 indicates that the financial markets value corporate assets below the replacement cost; as Q falls below 1, companies may be more inclined to buy other companies for their capacity rather than make direct investments.

The three Q-type ratios for domestic nonfinancial corporations presented here are defined as follows:

- Q1 is calculated as the market value of outstanding equity divided by the net stock of produced assets.
- Q2 adds the book value of outstanding corporate bonds to the numerator used in Q1. The inclusion of bonds makes Q2 a more complete measure of invested capital but including them at historical cost is clearly inconsistent with the underlying rationale for Q, which is to provide a comparison of market valuation with replacement cost.
- Q3 adds an estimate of the market value of outstanding corporate bonds and net liquid assets to the numerator used in Q1.⁶
- All three Q ratios increased in 2020 (chart 4 and table E) after increasing the year before, remaining above their decade lows reached in 2008, when they fell below 1, partly reflecting recession-related stock market declines.

Chart 4. Q-Type Ratios and Market Capitalization of Domestic Nonfinancial Corporations, 1960-2020



U.S. Bureau of Economic Analysis

Table E. Q-Type Ratios, 1960–2020

	Q1 ¹	Q2 ²	Q3 ³
1960	0.79	0.95	0.79
1961	0.86	1.01	0.87
1962	0.80	0.96	0.83
1963	0.85	1.01	0.89
1964	0.95	1.11	1.01
1965	1.02	1.18	1.08
1966	0.82	0.98	0.90
1967	0.97	1.14	1.06
1968	1.05	1.22	1.14
1969	0.80	0.97	0.90
1970	0.73	0.90	0.81
1971	0.79	0.96	0.87
1972	0.91	1.08	0.98
1973	0.64	0.80	0.70
1974	0.37	0.52	0.39
1975	0.44	0.58	0.54
1976	0.49	0.63	0.59
1977	0.39	0.53	0.50
1978	0.36	0.50	0.48
1979	0.38	0.50	0.49
1980	0.43	0.55	0.54
1981	0.35	0.46	0.46
1982	0.36	0.47	0.48
1983	0.41	0.52	0.52
1984	0.37	0.49	0.47
1985	0.43	0.56	0.56
1986	0.49	0.64	0.62
1987	0.48	0.64	0.60
1988	0.50	0.68	0.62
1989	0.58	0.76	0.72
1990	0.52	0.70	0.66
1991	0.68	0.87	0.81
1992	0.73	0.92	0.88
1993	0.78	0.99	0.91
1994	0.73	0.95	0.83
1995	0.92	1.14	1.00
1996	0.97	1.19	1.03
1997	1.18	1.40	1.21
1998	1.42	1.66	1.43
1999	1.76	2.01	1.72
2000	1.44	1.69	1.34
2001	1.22	1.49	1.13
2002	0.91	1.18	0.83
2003	1.13	1.40	1.04
2004	1.20	1.45	1.08
2005	1.16	1.39	1.02
2006	1.19	1.41	1.03
2007	1.21	1.42	1.04
2008	0.74	0.95	0.66
2009	0.90	1.12	0.78
2010	1.03	1.26	1.02
2011	0.98	1.22	1.00
2012	1.05	1.30	1.10
2013	1.31	1.57	1.34
2014	1.40	1.66	1.45
2015	1.31	1.58	1.36
2016	1.37	1.66	1.41
2017	1.56	1.85	1.57
2018	1.38	1.67	1.38
2019	1.67	1.95	1.63
2020	2.01	2.32	1.96

1. Q1 is the market value of outstanding equity divided by the net stock of produced assets valued at current cost.
2. Q2 is the market value of outstanding equity plus book value of outstanding corporate bonds divided by the net stock of produced assets valued at current cost.
3. Q3 is the market value of outstanding equity plus market value of outstanding corporate bonds plus net liquid assets divided by the net stock of produced assets valued at current cost.

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1. See Stephanie H. McCulla and Lisa S. Mataloni, "[The 2021 Annual Update of the National Income and Product Accounts](#)," *Survey of Current Business* 101 (August 2021) and Lisa S. Mataloni and Connor Franks, "[The 2021 Annual Update of the Industry Economic Accounts](#)," *Survey* 101 (October 2021).
 2. Produced assets refer to the net stock of capital plus inventories valued at current (replacement) cost.
 3. Corporate profits and net interest are based on tabulations of "company" data rather than "establishment" data. As a result, net operating surplus of nonfinancial corporations includes the income earned by the corporation's financial services-producing establishments, and it excludes income earned by the nonfinancial establishments of financial corporations.
 4. See "[GDP and the Economy: Advance Estimates for the First Quarter of 2020](#)," *Survey* 100 (May 2020).
 5. The National Bureau of Economic Research (NBER) Business Cycle Dating Committee has determined the peak to trough of the last three business cycles: December 2007–June 2009, March 2001–November 2001, and July 1990–March 1991. The NBER business cycle reference dates are available on [NBER's website](#).
 6. The market value of bonds outstanding is approximated by a procedure developed by James Tobin and Dan Sommers. In brief, the process begins with published book values of bonds outstanding and the assumption that a bond matures in 10 years and carries a coupon rate equal to the Baa rate that prevailed in the year the bond was issued. Net liquid assets are estimated as financial assets less liabilities other than municipal securities, corporate bonds, and mortgages. The data are from the Board of Governors of the Federal Reserve System, *Flow of Funds Accounts of the United States*, [statistical release Z.1](#) and [Moody's Seasoned Baa Corporate Bond Yield \[BAA\]](#), retrieved from FRED, Federal Reserve Bank of St. Louis.