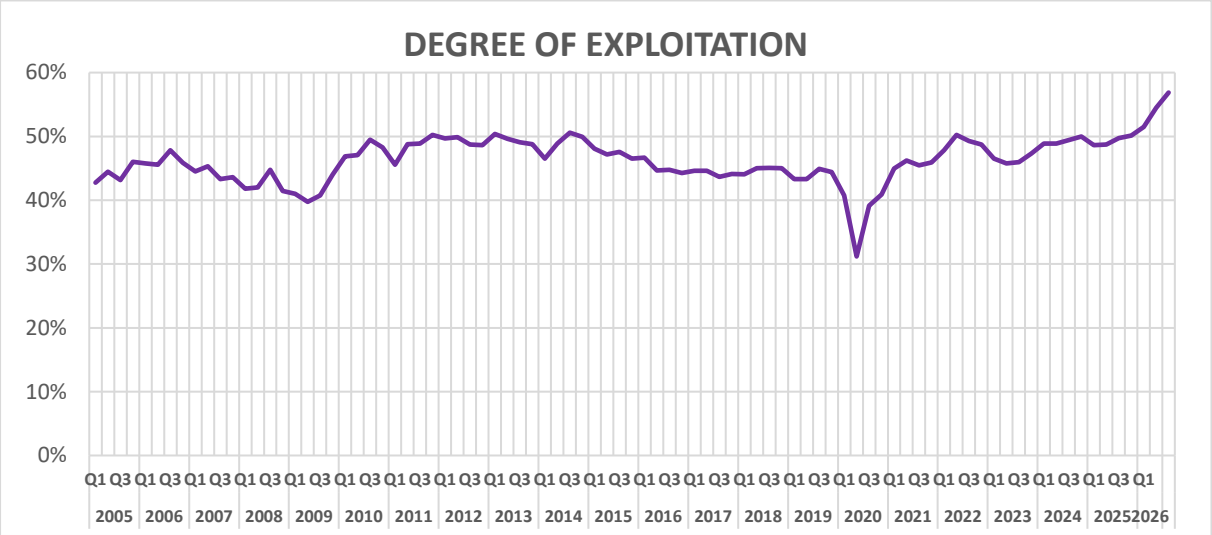
IS THIS THE LAST QUARTER PROFITABILITY WILL IMPROVE IN THE USA?

The BEA published its data for non-financial corporate profits today. These graphs are based on NIPA Table 1.14. See the accompanying spreadsheet for all data and equations. Two explanatory notes. Fixed capital is derived by taking the estimates found in Fixed Assets Table 4.1 then adjusting the annual figure by the quarterly capital consumption figures found in Table 1.14 to update fixed capital. The figure for turnover is the figure for the goods producing sector which is the largest element making up the non-financial corporate sector.

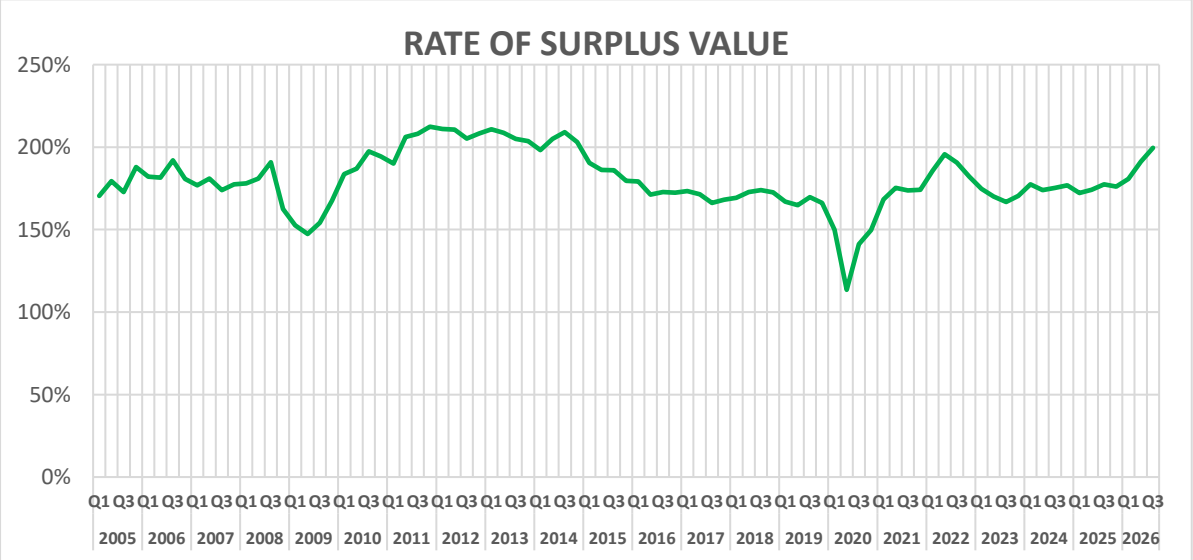
We begin as always with the source of profits, the exploitation of the working class. The degree of exploitation rose once again this quarter.

Graph 1.



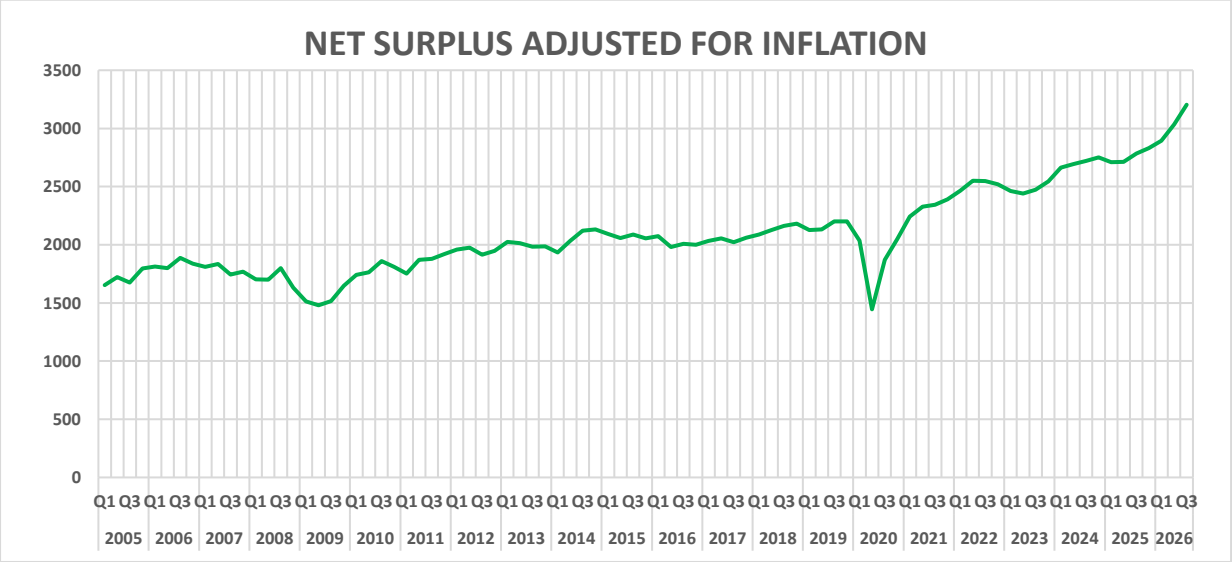
Adjusted for turnover it yields the rate of surplus value which reached 200%, which is still lower than 2011-2014 because of the higher rate of turnover at the time which reduced variable capital.

Graph 2.



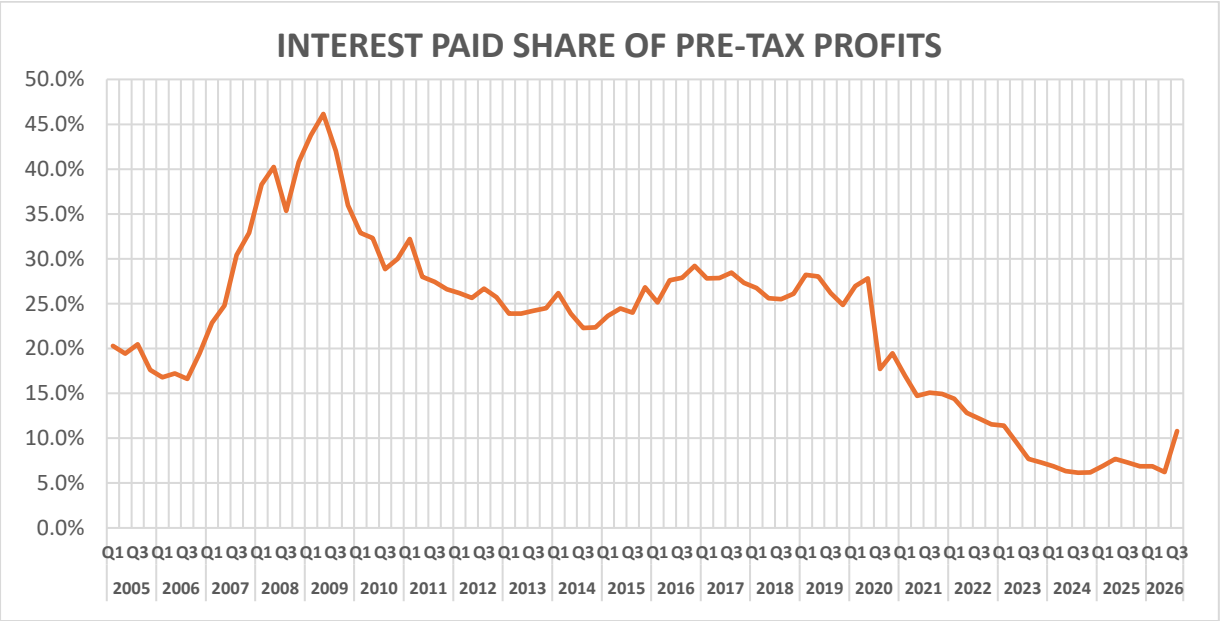
This resulted in a rise in the price adjusted net surplus.

Graph 3.

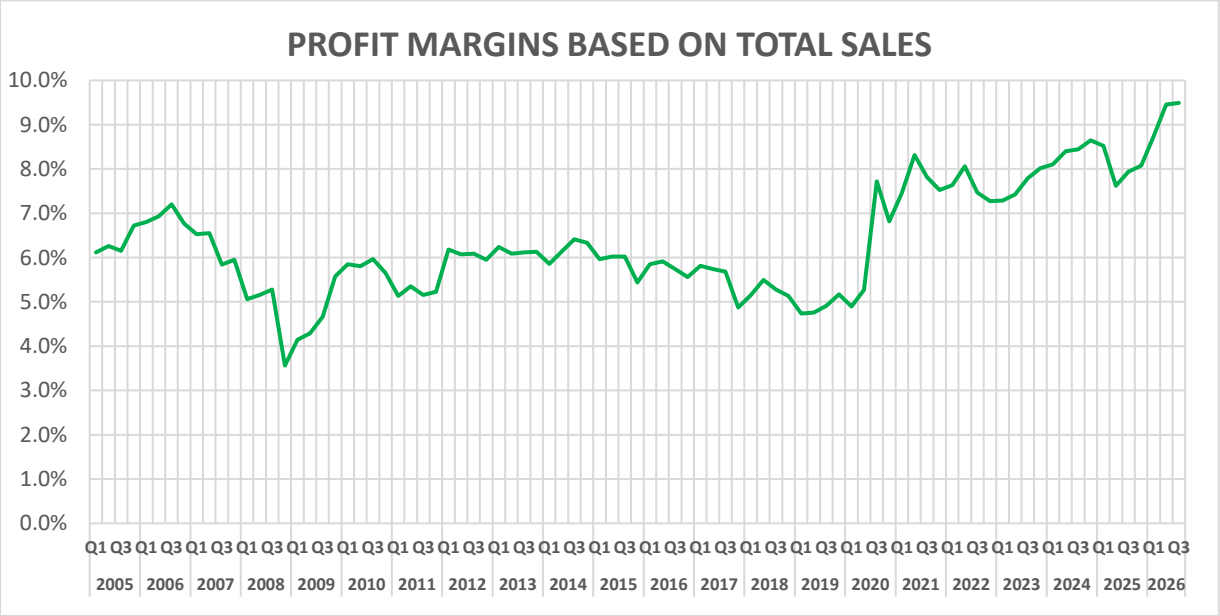

NET SURPLUS ADJUSTED FOR INFLATION
3500
3000
2500
2000
1500
1000
500
0
Q1 Q3 Q1 Q3 Q1 Q3

Already it has compressed profit margins which for the first time in 18 months have not increased quarter on quarter and remains anchored at 9.5%. (My profit margin is based on total sales rather than final sales as this rate is more responsive to turnover.)

Graph 5.

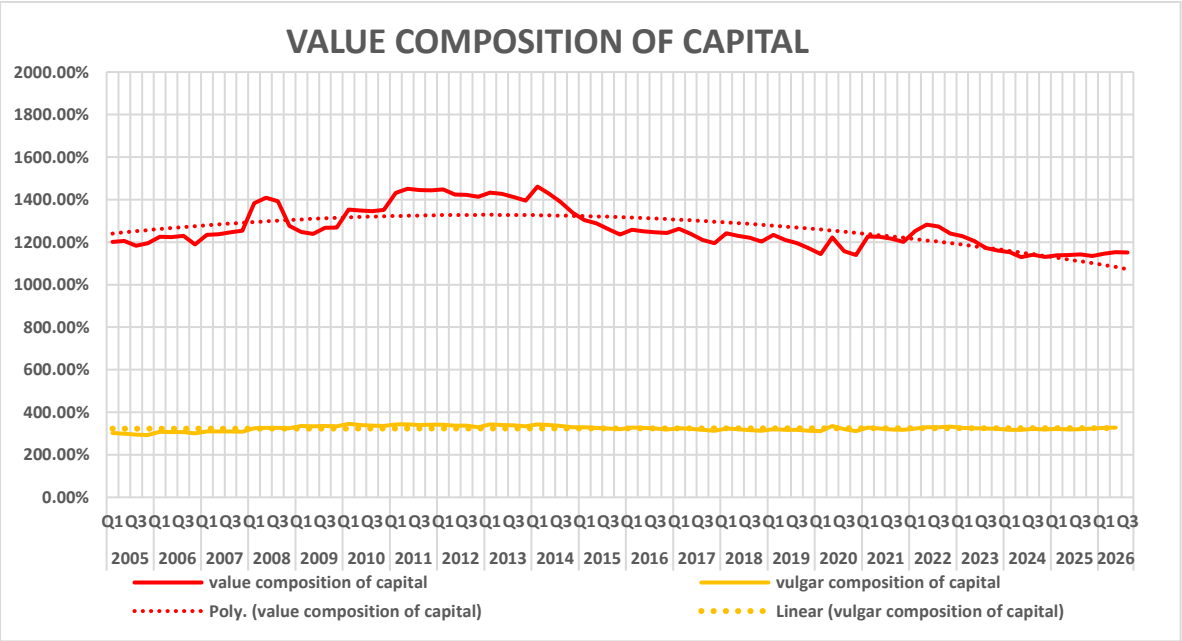


Graph 6.

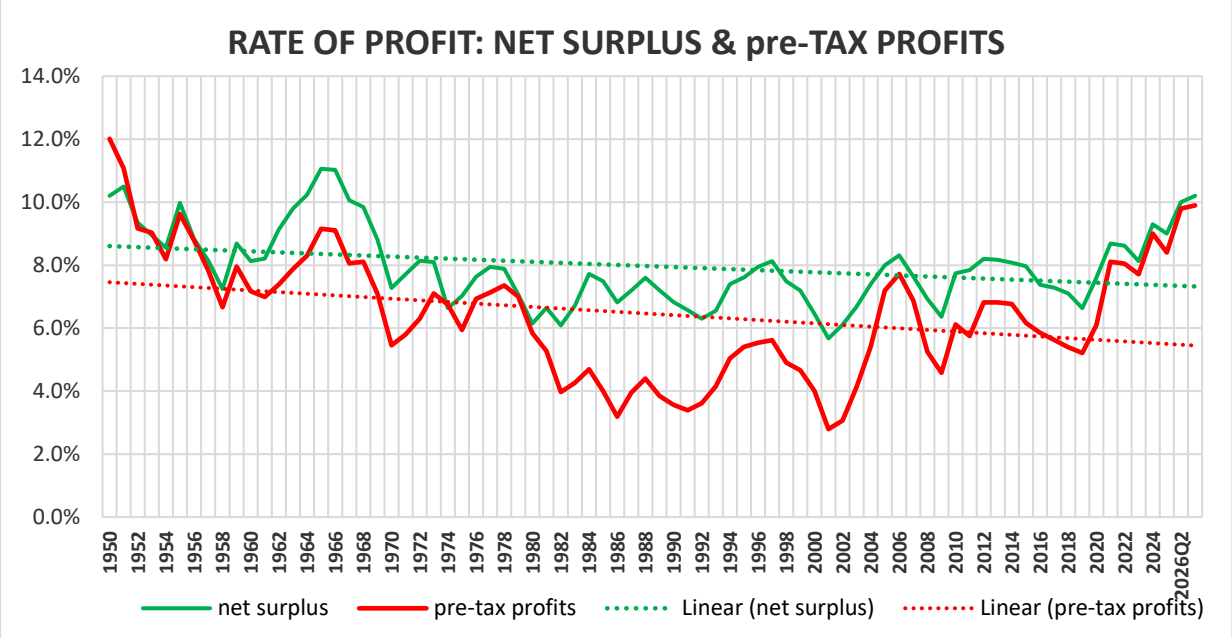


The rate of profit is composed of two sides; profits and capital. We have examined the profit side, and it is time to examine the capital side. Over the course of the year, up to Q3 2026, the price adjusted value of fixed capital rose by 4%. Inventories rose by under 0.5%. Together fixed capital plus inventories forms constant capital. When constant capital is divided by variable capital it forms the value composition of capital which can be seen below. This differs from the vulgar composition of capital which is formed from constant capital divided by annual wages rather than variable capital. Variable capital is arrived at by dividing annual wages by the annual rate of turnover.

Graph 7.

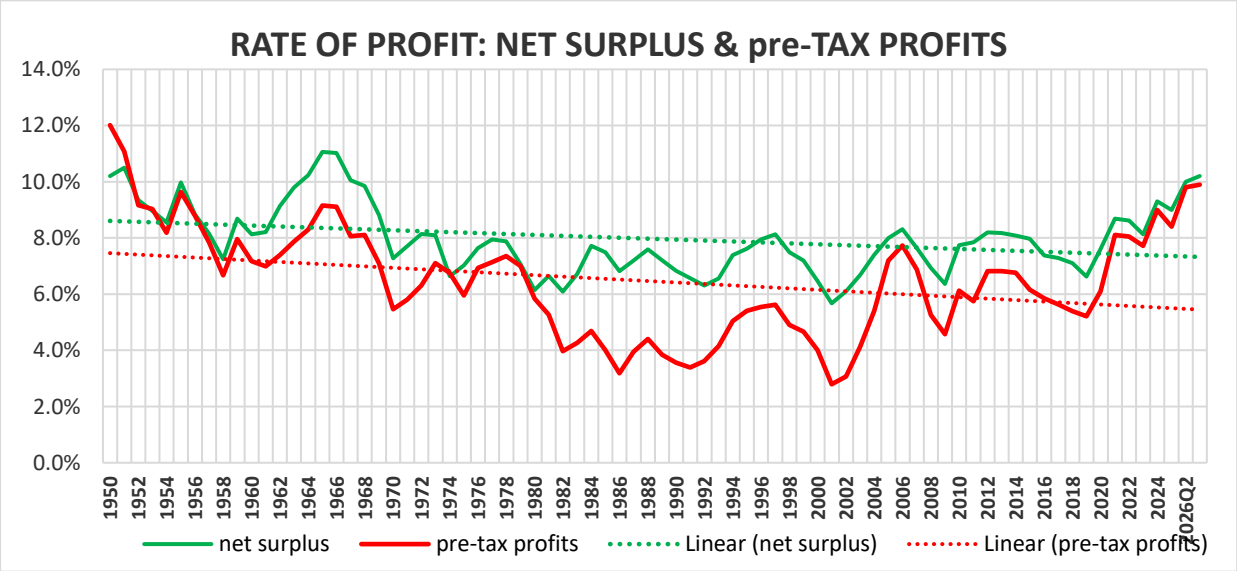

VALUE COMPOSITION OF CAPITAL
2000.00%
1800.00%
1600.00%
1400.00%
1200.00%
1000.00%
800.00%
600.00%
400.00%
200.00%
0.00%
Q1 Q3 Q1 Q3 Q1 Q3

Graph 9.



And here is a bonus graph.

Graph 10.



Conclusion.

Is this the last quarter the enterprise rate of profit (pre-tax rate of profit) will rise? Probably, if three conditions hold. Firstly, if a similar quarterly increase in pre-tax profits emerges as occurred in this quarter. Profits Q3 over Q2 rose by only 3% compared to an annual rate of 24% between Q3 2025 and Q3 2026. Secondly, if interest paid as a share of profits continues to increase as it did this quarter. And thirdly, if the stock market continues to fall impacting spending.

(I will wait for the second release of Table 1.14 near year's end to analyse how much Big Tech contributed to the rise in profits and which sectors were the most profitable.)

Brian Green, 25th November 2026.