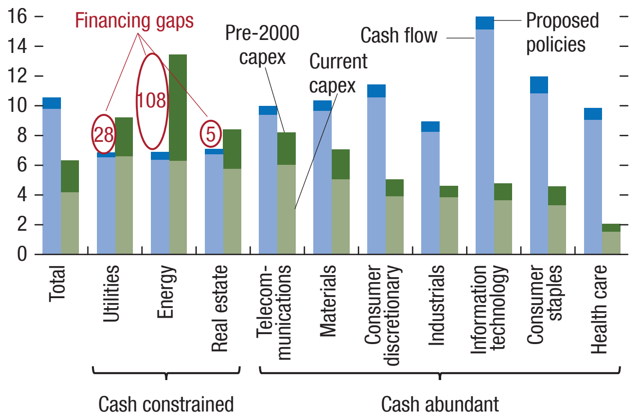
Figure 1.7. Policy Stimulus and Corporate Balance Sheets

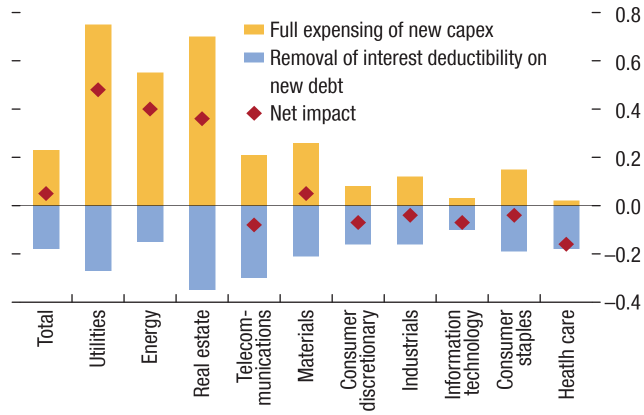
A tax cut of 10 percent could support higher investment but financing gaps remain.

1. Cash Flow versus Capital Expenditure for S&P 500 Firms, by Sector
(Percent of assets)



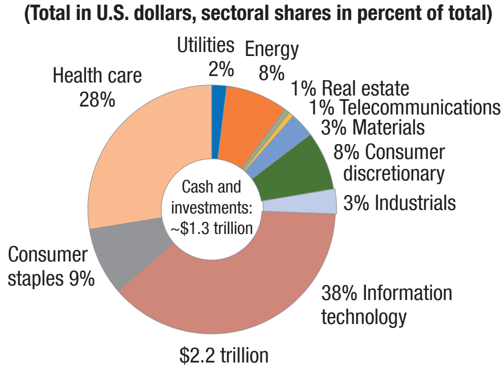
Additional tax measures may provide some benefit for capital intensive sectors.

2. Effects on Operating Cash Flows from Additional Tax Proposals on Deductibility and Expensing
(Percent of assets)



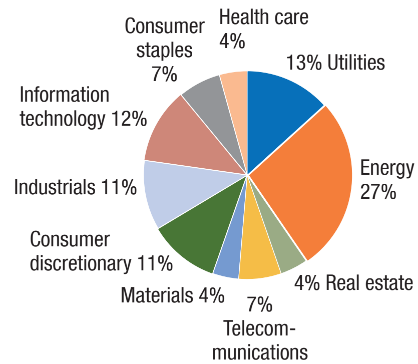
Cash windfalls from repatriation would likely accrue to cash abundant sectors.

3. Unrepatriated Income, by Sector
(Total in U.S. dollars, sectoral shares in percent of total)



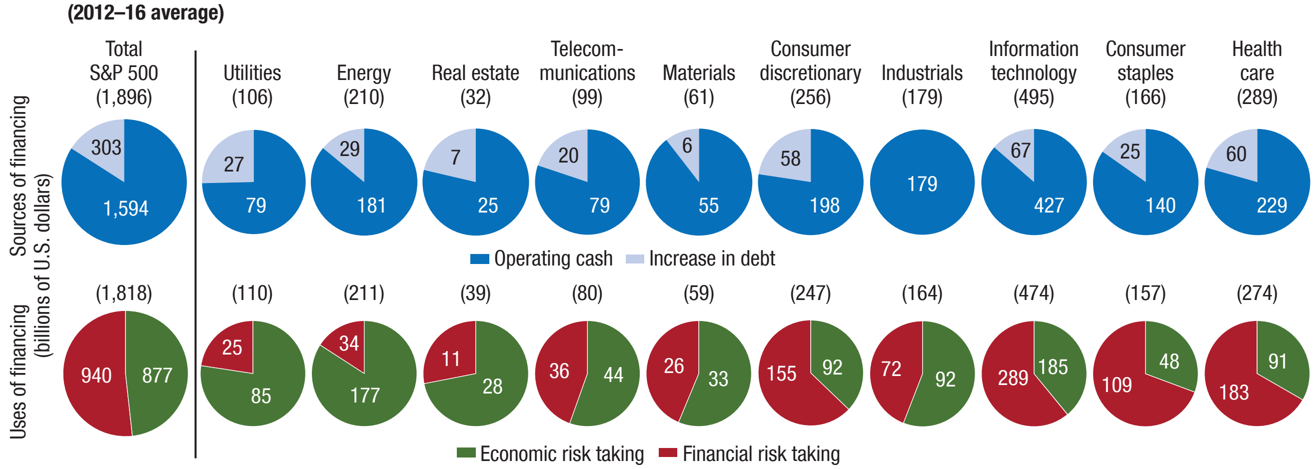
Three cash constrained sectors account for almost half of capital expenditure.

4. Capital Expenditures by S&P 500 Firms, by Sector
(Share of total assets, 2012–16 average)



Debt has been used to finance both economic and financial risk taking.

5. Cash Flow Decomposition for S&P 500 Firms, by Sector
(2012–16 average)



Sources: Bloomberg L.P.; S&P 500 company reports; Securities and Exchange Commission; and IMF staff estimates.
Note: See Figure 1.5 for more on the concepts underlying charts in panel 5. Capex = capital expenditures; S&P = Standard and Poor's.