Foreign Sales For Big Multinational Companies Fell Again In 2016

View from the Observation Deck

1. S&P 500 Index foreign sales represent products and services produced and then sold outside of the U.S. The percentages in the chart represent companies that reported full information.
2. While foreign sales were above average (45.86%) from 2008 through 2014, sales declined markedly over the past two years (see chart).
3. In 2015 and 2016, foreign sales accounted for 44.35% and 43.16% of S&P 500 Index sales, respectively. A stronger U.S. dollar and weaker economic growth abroad were cited as reasons for the decline by S&P Dow Jones Indices.
4. The U.S. Dollar Index (DXY), which measures the U.S. dollar against a basket of major world currencies, rose 13.23% from the start of 2015 through 2016, according to Bloomberg.
5. A strong dollar can make U.S. goods and services less competitively priced in the global marketplace.
6. U.S. exports of goods and services (seasonally adjusted) fell from $2.38 trillion in 2014 to $2.21 trillion in 2016, or a decline of 7.14%, according to the Census Bureau and Haver Analytics.
7. The pace of growth for worldwide gross domestic product (constant prices) declined from 3.50% in 2014 to 3.21% in 2016, according to the International Monetary Fund (IMF).
8. The IMF, however, is forecasting global economic growth rates of 3.51% for 2017 and 3.63% for 2018.
9. Year-to-date through 7/26/17, the U.S. Dollar Index (DXY) was down 8.63%, according to Bloomberg.

This chart is for illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.