More Women in U.S. Workforce Could Add $5.9 Trillion of Global Market Capitalization in 10 Years: S&P Global

NEW YORK, June 5, 2018 /PRNewswire/ -- As the global bull market in stocks has continued some wonder when it will end. In a report published today, **S&P Global (NYSE: SPGI)** has found an underutilized source of growth that could send global market valuations soaring well into the future.

"S&P Global believes that a concerted effort to increase participation and foster retention of women in the American workforce, particularly in those professions traditionally filled by men, represents a substantial opportunity for growth of the world's principal economy," according to the authors **Jodie Gunzberg, Managing Director and Head of U.S. Equities, S&P Dow Jones Indices**; **Beth Ann Bovino, U.S. Chief Economist, S&P Global Ratings**; and **Jason Gold, Global Head of Strategic Relations and Partnerships, S&P Global.**

The report, "*Adding More Women To The U.S. Workforce Could Send Global Stock Markets Soaring*," can be found at spglobal.com/women.

If the U.S. were to increase women's labor force participation rate (LFPR) to a level of some other advanced countries, it would add an average of 0.2 percentage point annually to GDP in the coming decade—which translates to a cumulative $455 billion in output above S&P Global Ratings' baseline forecast for U.S. GDP growth.

An additional 0.2 point a year of U.S. GDP growth would boost the S&P 500 an additional 0.7%. "All else being equal, the additional estimated economic expansion would increase U.S. stock market capitalization by $2.87 trillion in a decade," according to S&P Dow Jones Indices' measurement of historical stock market sensitivity to growth.

In the U.S., the Information Technology sector might be the biggest beneficiary of the economic expansion resulting from more U.S. women workers. The report notes that an additional 0.2 point of growth could add 1.1% onto total return annually for the Sector. At the other end of the spectrum, the sensitivity of utilities stocks to GDP growth is just 2.2-to-1, and so an extra 0.2 point of growth would add just 0.4% of total return.

The report found that increasing the number of American women workers would not only increase stock market values in the U.S. but also boost equities around the world.

"Based on the historical sensitivity of stock markets to economic expansion, an acceleration of U.S. output at the pace we calculate under increased female workforce participation could help extend a historically long global bull run in equities, adding a whopping $5.87 trillion to global market capitalization in the next 10 years," the report explains.

S&P Dow Jones Indices calculates that historically each percentage point of U.S. GDP growth yielded a 4% jump in equities in Germany, 6.2% in China, and 9.3% in Korea, which is even more than the 3.8% gain in the U.S. The sensitivity of Korea is so great that in 10 years, its stock market value could grow from the smallest of the major countries in the world to the 3rd largest, surpassing China, by adding more women to the U.S. workforce.

"All told, if the U.S. were to follow the lead of many other developed countries and implement policies that encourage women to enter and remain in the workforce, the effects could reverberate globally, supporting a stock market boom far greater than the economic growth itself," the paper concludes.

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