



The Buffett Indicator -  
When the Market  
Outgrows the Economy:

US corporate equity market value as a  
percentage of GDP

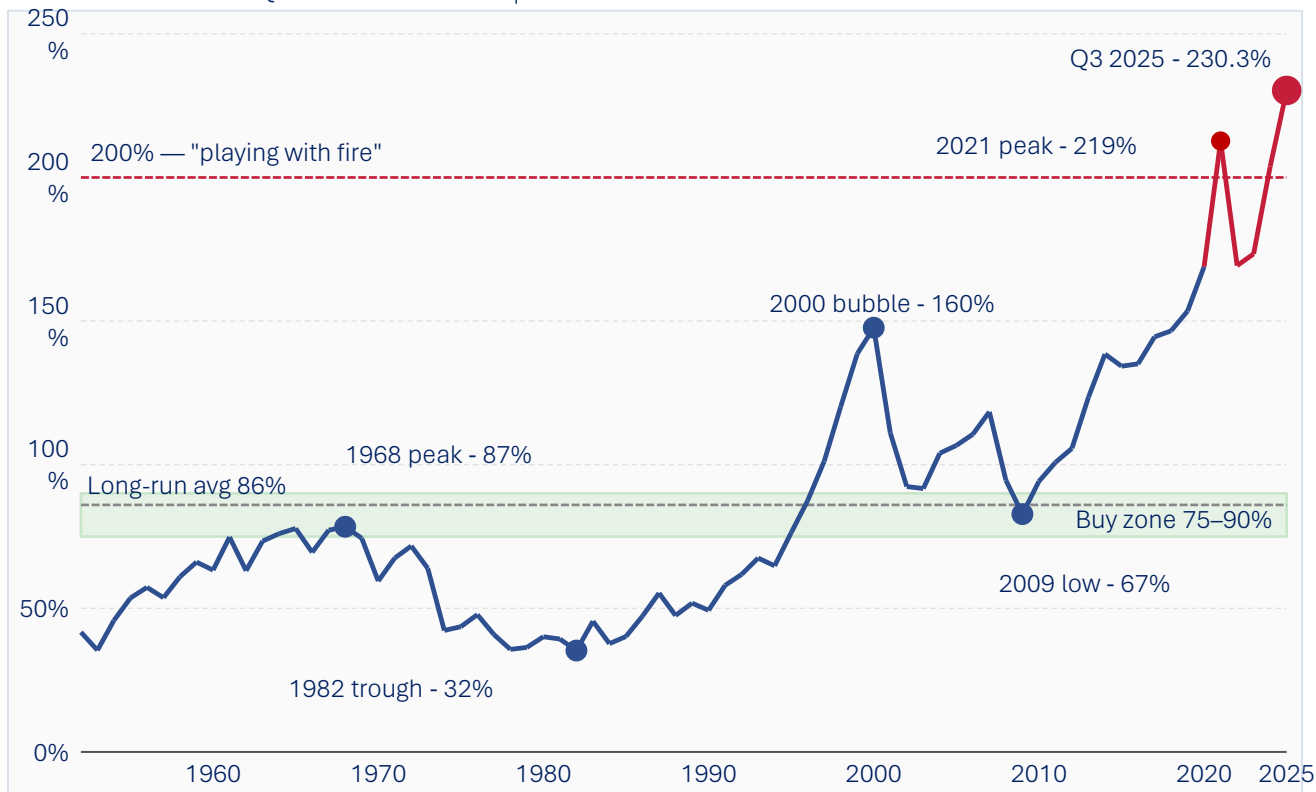
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# The Buffett Indicator: When the Market Outgrows the Economy

US corporate equity market value as a percentage of GDP

Warren Buffett called this ratio "probably the best single measure of where valuations stand at any given moment." He warned that when it approaches 200%, investors are "playing with fire." The US market crossed 200% in early 2021 and has not returned below it since. At 230%, the reading as of Q3 2025 is the highest in 70+ years of data — 3.2 standard deviations above the long-run mean of 86%.

FED CORPORATE EQUITIES ÷ US GDP | ANNUAL AVERAGE



**230.3%**

Highest reading in 70+ years

**+3.2σ**

Above the long-run mean of 86%

**86%**

Long-run mean

The structural bull case assumes today's elevated ratio reflects permanent re-rating — more productive capital, globalized profits, lower discount rates. The bear case: seven decades of data show mean reversion to ~86% is the historical norm. Every prior excursion above 150% eventually corrected.



Toronto Office:  
TD Canada Trust Tower, 161 Bay St.  
27th Floor, P.O. Box 508  
Toronto, ON, M5J 2S1

Calgary Office:  
Suite 300, 4954 Richard Road SW  
Calgary, AB, T3E 6L1

Montreal Office:  
3 Place Ville Marie, Suite 3190  
Montreal, QC H3B 2E3  
[www.omnigenceam.com](http://www.omnigenceam.com)

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