

Data Insights: Global Equity Risk Premia

Wednesday, August 21, 2013

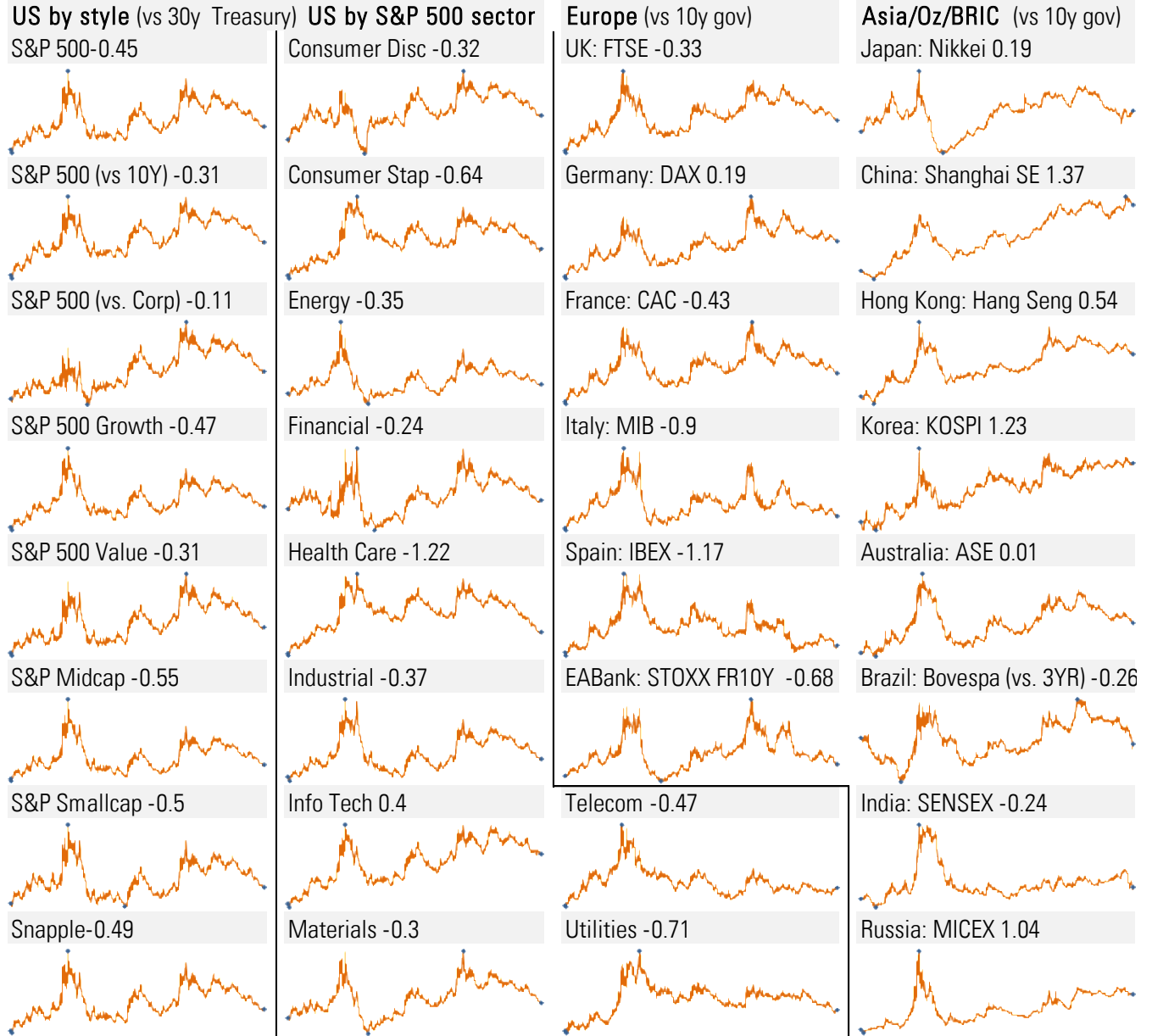
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

Rank	Equity risk premium By SD from crisis era mean	Forward PE ratio	Fwd earnings upgrade rate Trailing 90 days, AR	Fwd sales upgrade rate Trailing 90 days, AR
By country				
1	China: Shanghai SE +1.38	Russia: MICEX 5.2	Japan: Nikkei +20%	Italy: MIB +29%
2	Korea: KOSPI +1.24	China: Shanghai SE 8.3	US: S&P 500 +8%	Brazil: Bovespa +17%
3	Russia: MICEX +1.04	Korea: KOSPI 8.7	Australia: ASE +7%	Japan: Nikkei +14%
4	HK: Hang Seng +0.55	HK: Hang Seng 10.0	HK: Hang Seng +5%	China: Shanghai SE +13%
5	Japan: Nikkei +0.19	Germany: DAX 11.4	Germany: DAX +5%	HK: Hang Seng +11%
6	Germany: DAX +0.19	Brazil: Bovespa 11.6	France: CAC +5%	Australia: ASE +7%
7	Australia: ASE -0.00	Italy: MIB 11.7	China: Shanghai SE +2%	US: S&P 500 +5%
8	India: SENSEX -0.24	UK: FTSE 11.8	Korea: KOSPI Unch	France: CAC +0%
9	Brazil: Bovespa -0.26	France: CAC 12.0	Italy: MIB -2%	Korea: KOSPI Unch
10	UK: FTSE -0.34	Netherlands: AEX 12.5	Russia: MICEX -4%	Germany: DAX -0%
11	France: CAC -0.44	Spain: IBEX 12.6	Netherlands: AEX -9%	UK: FTSE -16%
12	US: S&P 500 -0.45	India: SENSEX 12.9	UK: FTSE -10%	Russia: MICEX -16%
13	Netherlands: AEX -0.63	US: S&P 500 14.0	Spain: IBEX -14%	Netherlands: AEX -20%
14	Italy: MIB -0.91	Australia: ASE 14.1	India: SENSEX -18%	India: SENSEX -20%
15	Spain: IBEX -1.18	Japan: Nikkei 16.1	Brazil: Bovespa -24%	Spain: IBEX -34%
US, by style				
1	S&P 500 Value -0.32	S&P 500 Value 12.9	S&P Smallcap +20%	S&P 500 Growth +11%
2	S&P 500 -0.45	S&P 500 14.0	S&P 500 Growth +19%	S&P Smallcap +7%
3	S&P 500 Growth -0.48	S&P 500 Growth 15.1	S&P 500 +8%	S&P Midcap +6%
4	S&P Smallcap -0.51	S&P Midcap 17.1	S&P Midcap +8%	S&P 500 Value +6%
5	S&P Midcap -0.56	S&P Smallcap 18.1	S&P 500 Value +7%	S&P 500 +5%
US, by sector				
1	Info Tech +0.41	Energy 12.0	Telecom +50%	Telecom +34%
2	Financial -0.25	Info Tech 12.4	Info Tech +29%	Consumer Disc +30%
3	Materials -0.30	Financial 12.4	Consumer Disc +21%	Info Tech +15%
4	Consumer Disc -0.33	Industrial 14.7	Financial +14%	Energy +7%
5	Energy -0.35	Materials 14.9	Health Care +7%	Health Care +3%
6	Industrial -0.37	Utilities 15.0	Industrial +6%	Financial +2%
7	Telecom -0.47	Health Care 15.1	Consumer Stap +5%	Materials +0%
8	Consumer Stap -0.64	Telecom 15.4	Utilities +3%	Consumer Stap +0%
9	Utilities -0.72	Consumer Stap 16.3	Energy -4%	Utilities -0%
10	Health Care -1.23	Consumer Disc 16.6	Materials -11%	Industrial -2%

Source: Bloomberg, TrendMacro calculations

Equity risk premium: forward earnings yield minus bond yield, July 2007 to current

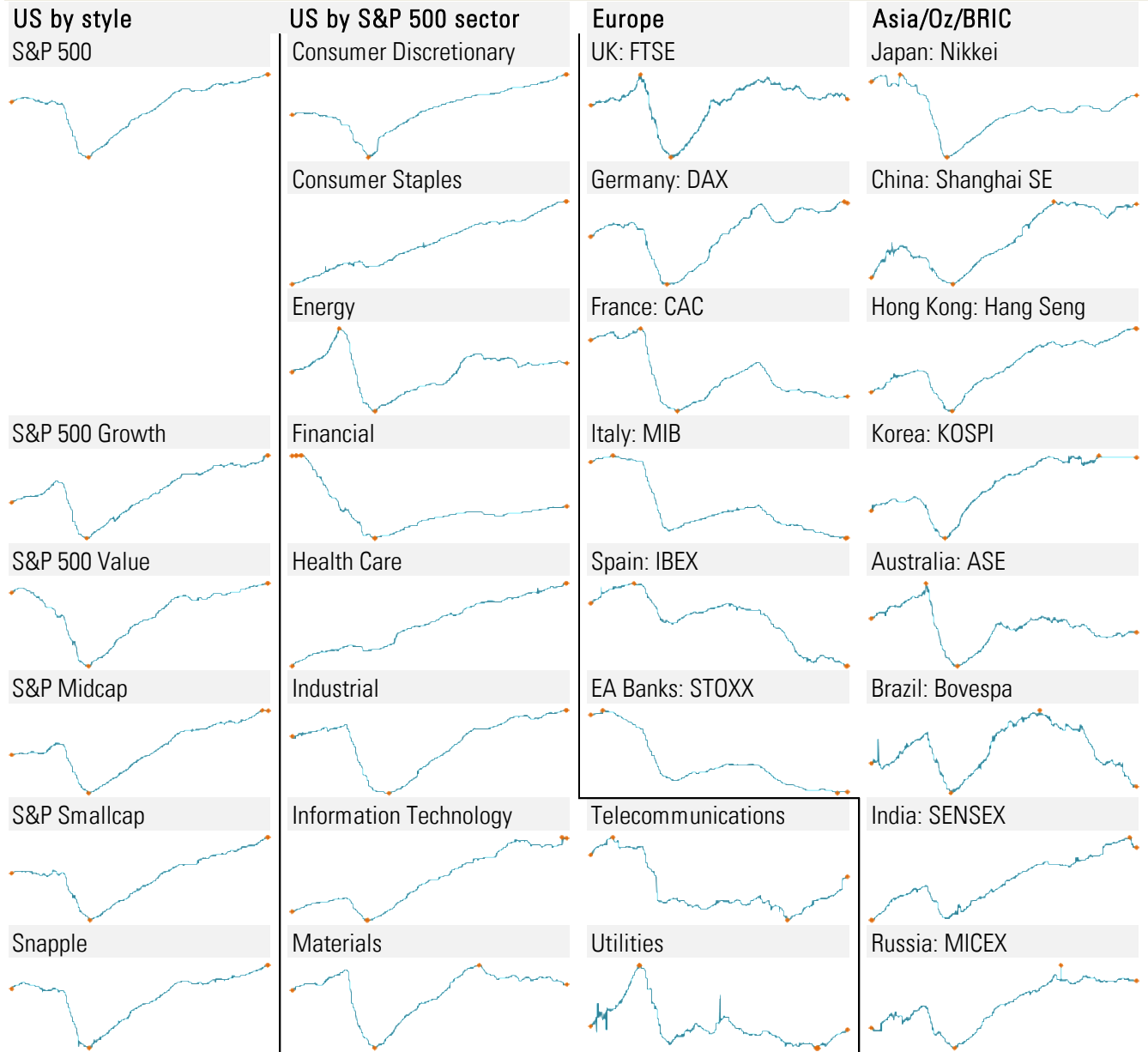
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

EPS: forward consensus, bottom-up, July 2007 to current

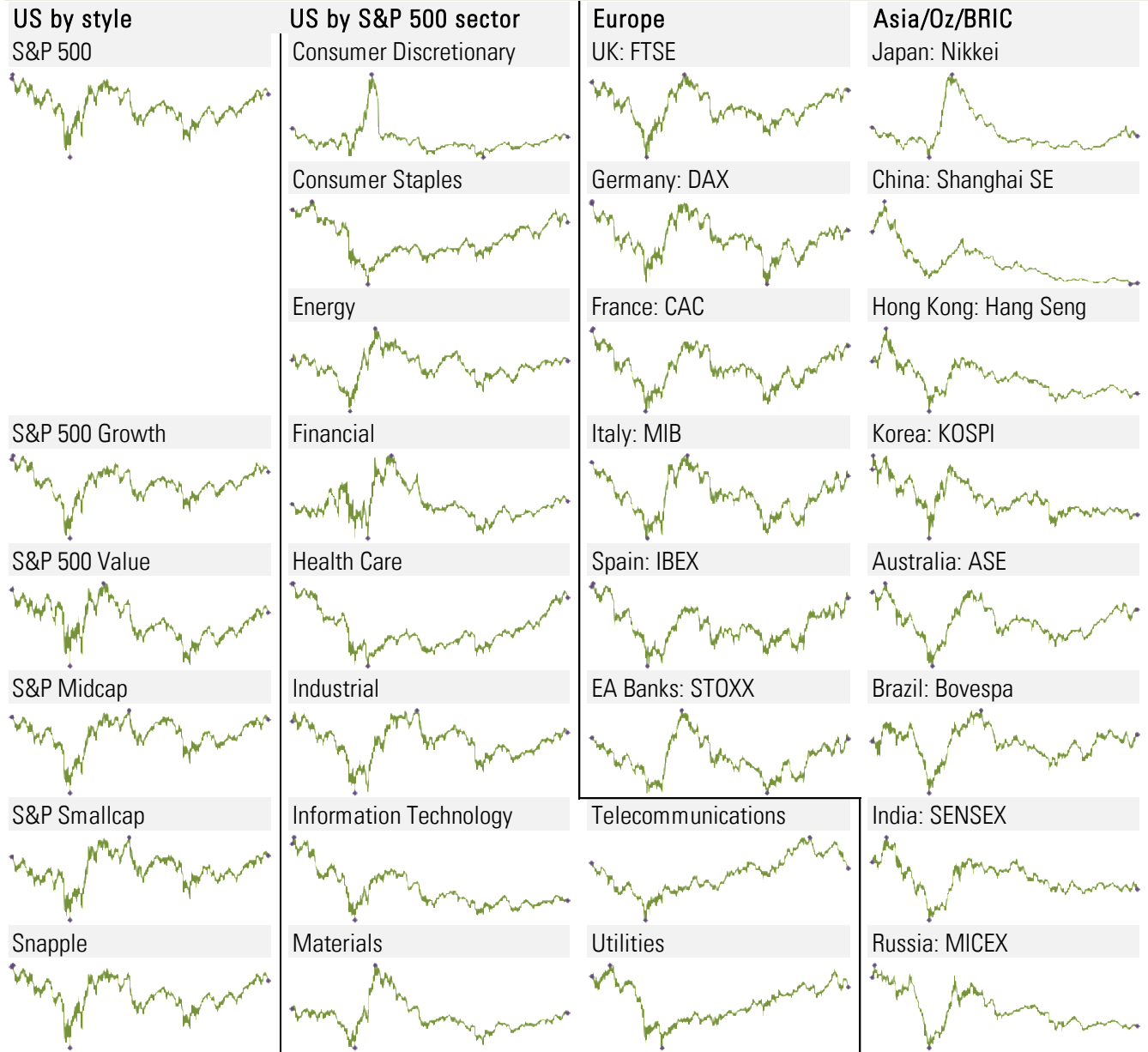
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

P/E ratio: forward consensus, bottom-up, July 2007 to current

• First, High, Low, Last



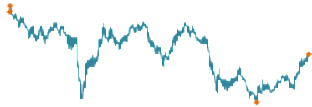
Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

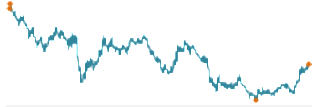
• First, High, Low, Last

US

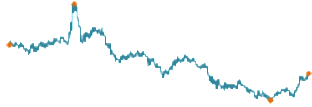
30-year Treasury



10-year Treasury

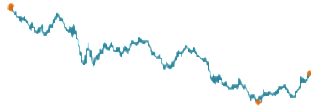


Moody's Corporate Avg

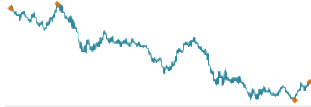


Europe

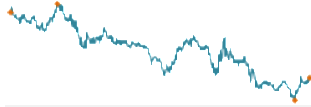
UK: 10-year govt



Germany: 10-year govt



France: 10-year govt



Italy: 10-year govt

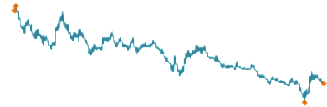


Spain: 10-year govt



Asia/Oz/BRIC

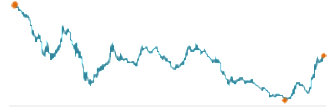
Japan: 10-year govt



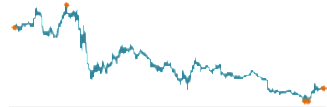
China: 10-year govt



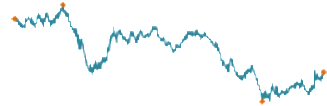
Hong Kong: 10-year govt



Korea: 10-year govt



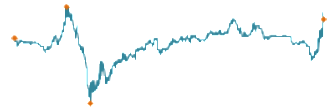
Australia: 10-year govt



Brazil: 3-year govt



India: 10-year govt



Russia: 10-year govt



Source: Bloomberg, TrendMacro calculations

Daily S&P 500 equity risk premium

--- Crisis-era mean - - - Post Q3-02 mean ■ Recession

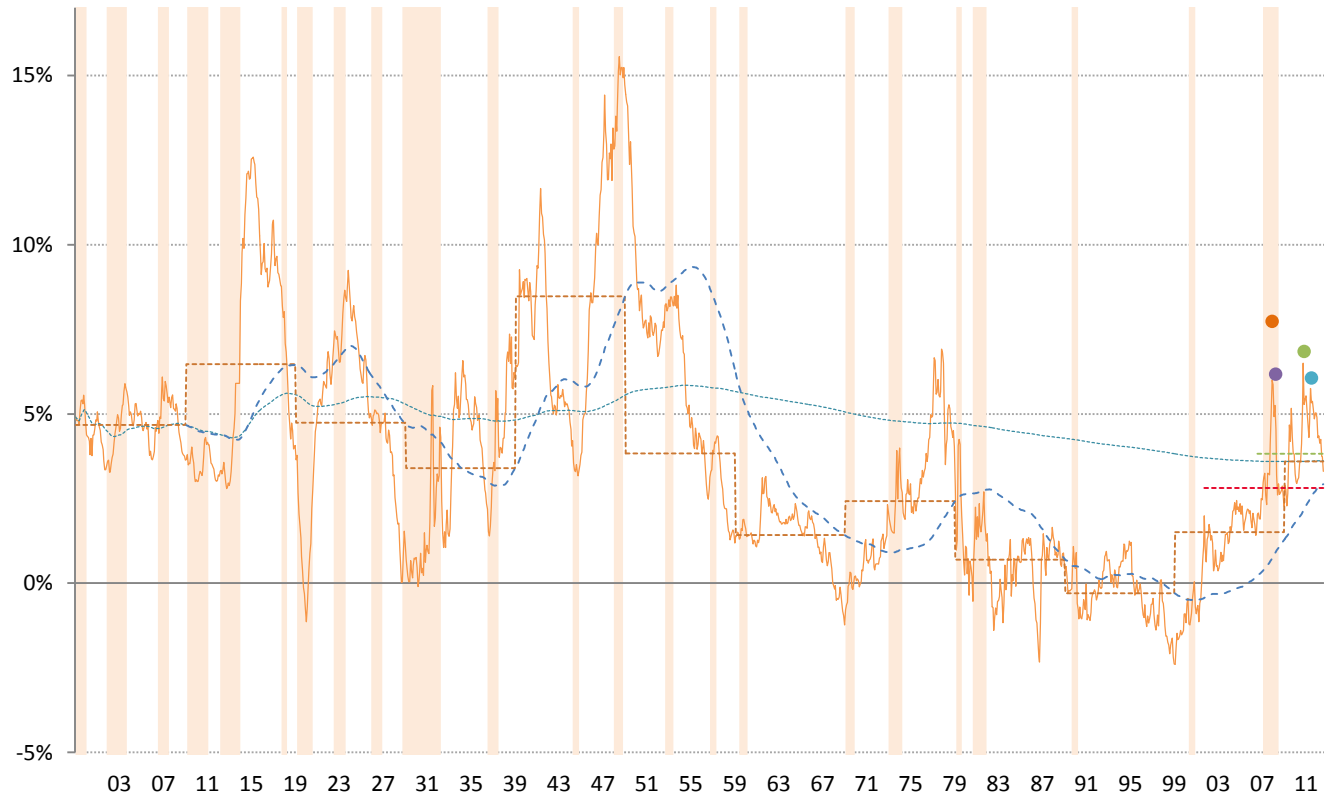


Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

A century-plus of the monthly S&P 500 equity risk premium

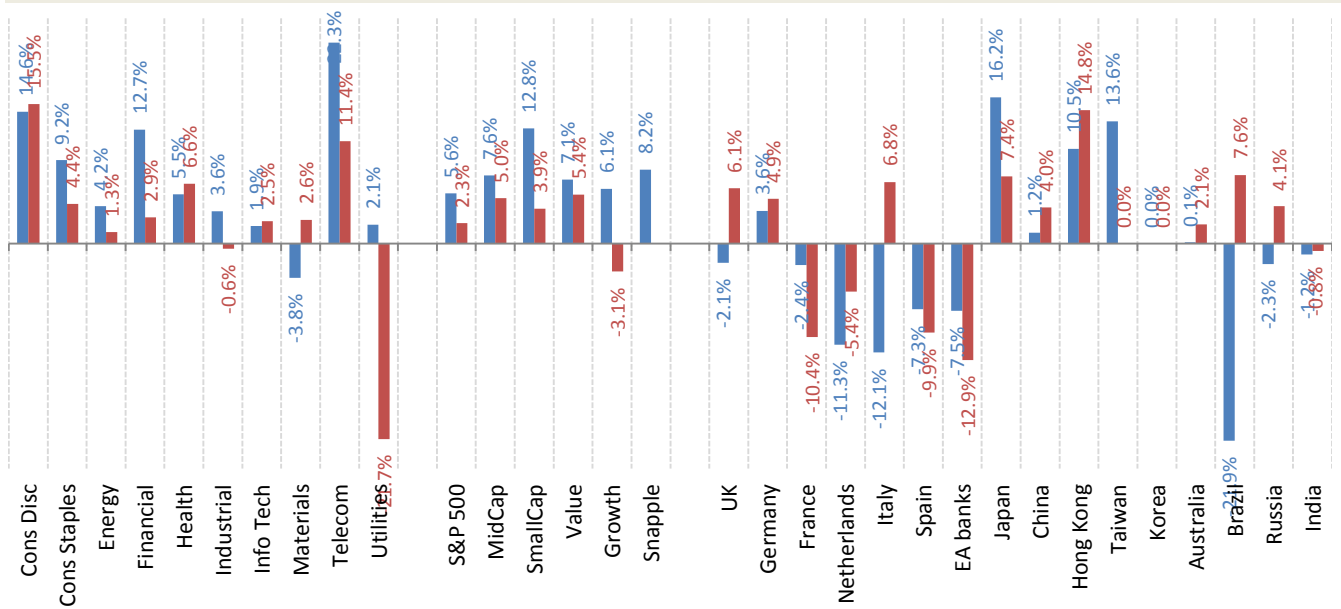
Means: --- Crisis era - - - Post-Q302 - - - Decade - - - 10-yr - - - Cume from 1900



Versus 30-year Treasury

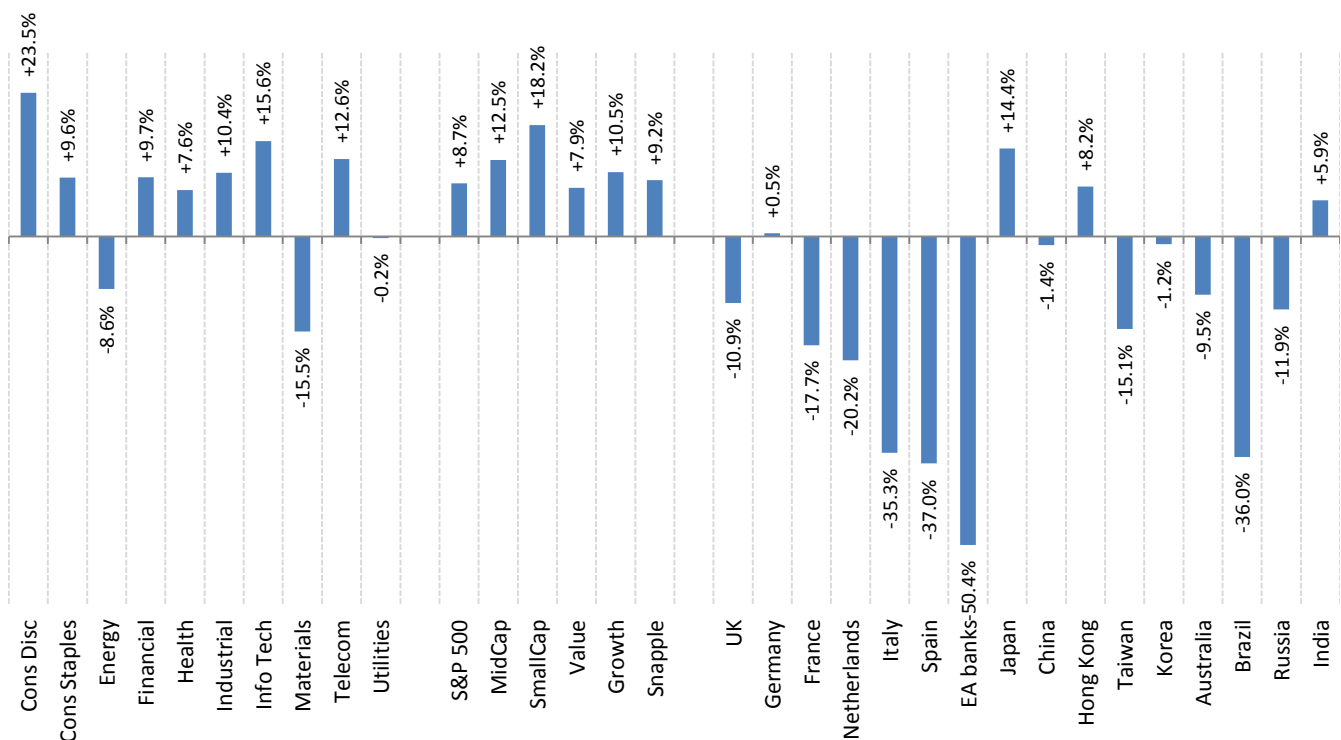
Source: Various, TrendMacro calculations

Consensus per share, YOY



Source: Bloomberg, TrendMacro calculations

Consensus EPS versus 2011 high-water mark



Source: Bloomberg, TrendMacro calculations