

Data Insights: Global Equity Risk Premia

Monday, August 10, 2015

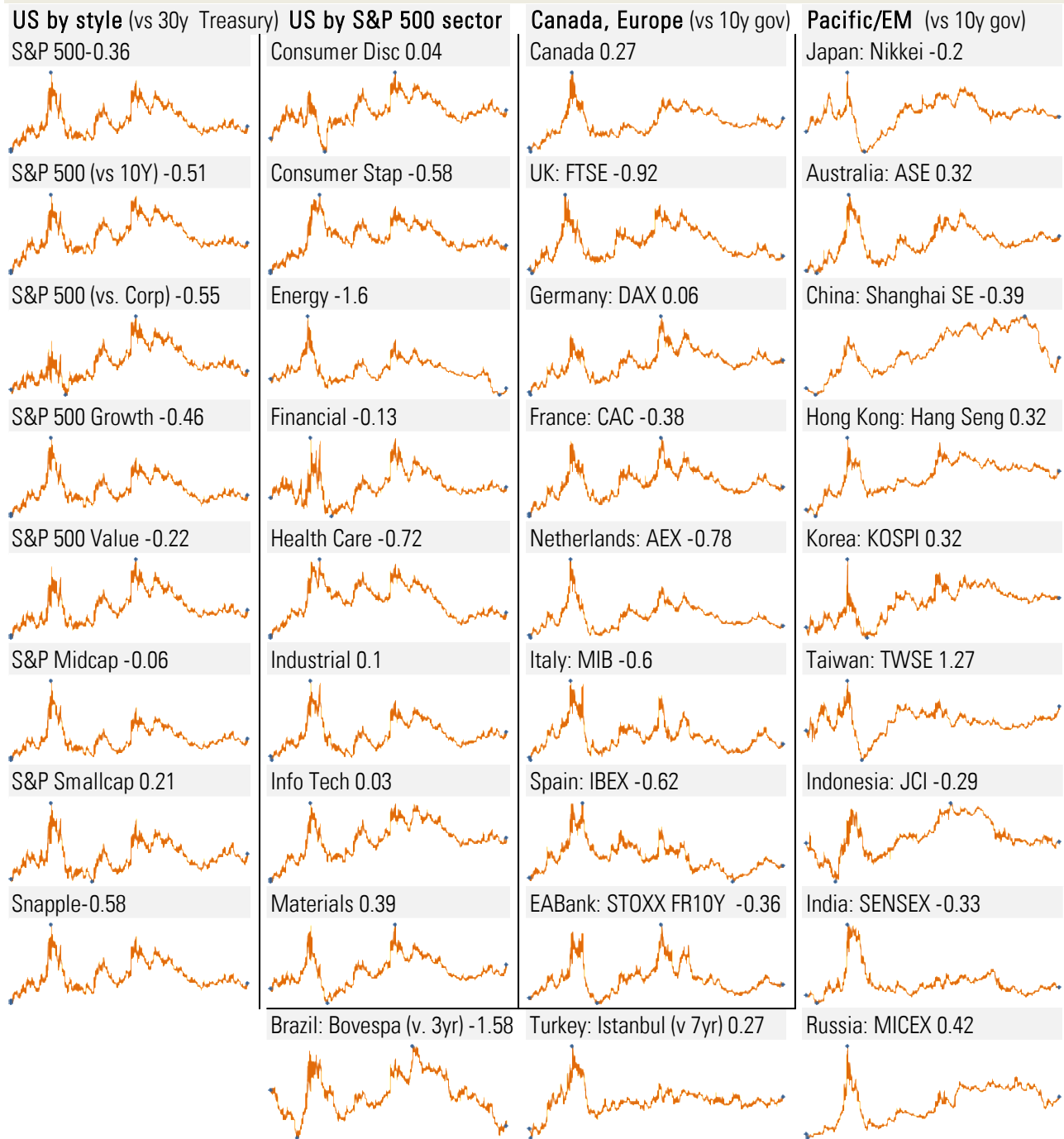
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

Rank	Equity risk premium		Forward PE ratio		Fwd earnings upgrade rate		Fwd sales upgrade rate	
	By SD from crisis era mean				Trailing 90 days, AR		Trailing 90 days, AR	
	By country		By country		By country		By country	
1	Taiwan: TWSA	+1.28	Russia: MICEX	5.7	Russia: MICEX	+88%	Russia: MICEX	+52%
2	Russia: MICEX	+0.43	Turkey: Istanbul	9.1	Netherlands: AEX	+24%	HK: Hang Seng	+32%
3	Korea: KOSPI	+0.33	Korea: KOSPI	11.1	Canada: TSX	+20%	Brazil: Bovespa	+27%
4	HK: Hang Seng	+0.33	HK: Hang Seng	11.3	Brazil: Bovespa	+17%	India: SENSEX	+14%
5	Australia: ASE	+0.32	Brazil: Bovespa	11.4	Japan: Nikkei	+17%	Turkey: Istanbul	+13%
6	Canada: TSX	+0.28	Taiwan: TWSA	11.9	Italy: MIB	+16%	Italy: MIB	+12%
7	Turkey: Istanbul	+0.27	Germany: DAX	13.5	France: CAC	+16%	China: Shanghai SE	+10%
8	Germany: DAX	+0.07	Indonesia: JCI	14.0	Turkey: Istanbul	+13%	Netherlands: AEX	+9%
9	Japan: Nikkei	-0.20	China: Shanghai SE	14.2	Germany: DAX	+12%	Japan: Nikkei	+7%
10	Indonesia: JCI	-0.30	Spain: IBEX	15.1	Spain: IBEX	+8%	Germany: DAX	+7%
11	India: SENSEX	-0.33	UK: FTSE	15.4	US: S&P 500	+7%	France: CAC	+5%
12	US: S&P 500	-0.37	Australia: ASE	15.6	Australia: ASE	+6%	US: S&P 500	+4%
13	France: CAC	-0.39	France: CAC	15.6	China: Shanghai SE	+6%	Canada: TSX	+1%
14	China: Shanghai SE	-0.39	India: SENSEX	15.8	HK: Hang Seng	+4%	Taiwan: TWSA	-1%
15	Italy: MIB	-0.61	Canada: TSX	15.9	UK: FTSE	-0%	Korea: KOSPI	-1%
16	Spain: IBEX	-0.63	Italy: MIB	16.0	Indonesia: JCI	-3%	Indonesia: JCI	-1%
17	Netherlands: AEX	-0.78	US: S&P 500	16.5	India: SENSEX	-4%	Australia: ASE	-2%
18	UK: FTSE	-0.92	Netherlands: AEX	16.6	Taiwan: TWSA	-15%	UK: FTSE	-4%
19	Brazil: Bovespa	-1.58	Japan: Nikkei	18.8	Korea: KOSPI	-16%	Spain: IBEX	-7%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.22	S&P 500 Value	14.8	S&P Smallcap	+22%	S&P 500	+4%
2	S&P Midcap	-0.06	S&P 500	16.5	S&P 500	+7%	S&P 500 Growth	+4%
3	S&P 500 Value	-0.23	S&P 500 Growth	18.3	S&P 500 Value	+7%	S&P 500 Value	+3%
4	S&P 500	-0.37	S&P Midcap	18.7	S&P 500 Growth	+7%	S&P Midcap	+3%
5	S&P 500 Growth	-0.46	S&P Smallcap	19.0	S&P Midcap	+5%	S&P Smallcap	-3%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+1.55	Telecom	12.6	Consumer Disc	+15%	Telecom	+14%
2	Materials	+0.39	Financial	14.0	Health Care	+14%	Utilities	+12%
3	Industrial	+0.11	Materials	15.1	Financial	+9%	Health Care	+11%
4	Consumer Disc	+0.05	Industrial	15.6	Utilities	+9%	Energy	+7%
5	Info Tech	+0.04	Info Tech	15.8	Materials	+8%	Consumer Disc	+4%
6	Utilities	-0.07	Utilities	16.0	Telecom	+7%	Financial	+3%
7	Financial	-0.14	Health Care	17.2	Energy	+6%	Info Tech	+3%
8	Consumer Stap	-0.58	Consumer Disc	18.6	Consumer Stap	+3%	Industrial	-2%
9	Health Care	-0.73	Consumer Stap	19.8	Info Tech	+3%	Consumer Stap	-2%
10	Energy	-1.60	Energy	22.2	Industrial	-5%	Materials	-2%

Source: Bloomberg, TrendMacro calculations

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

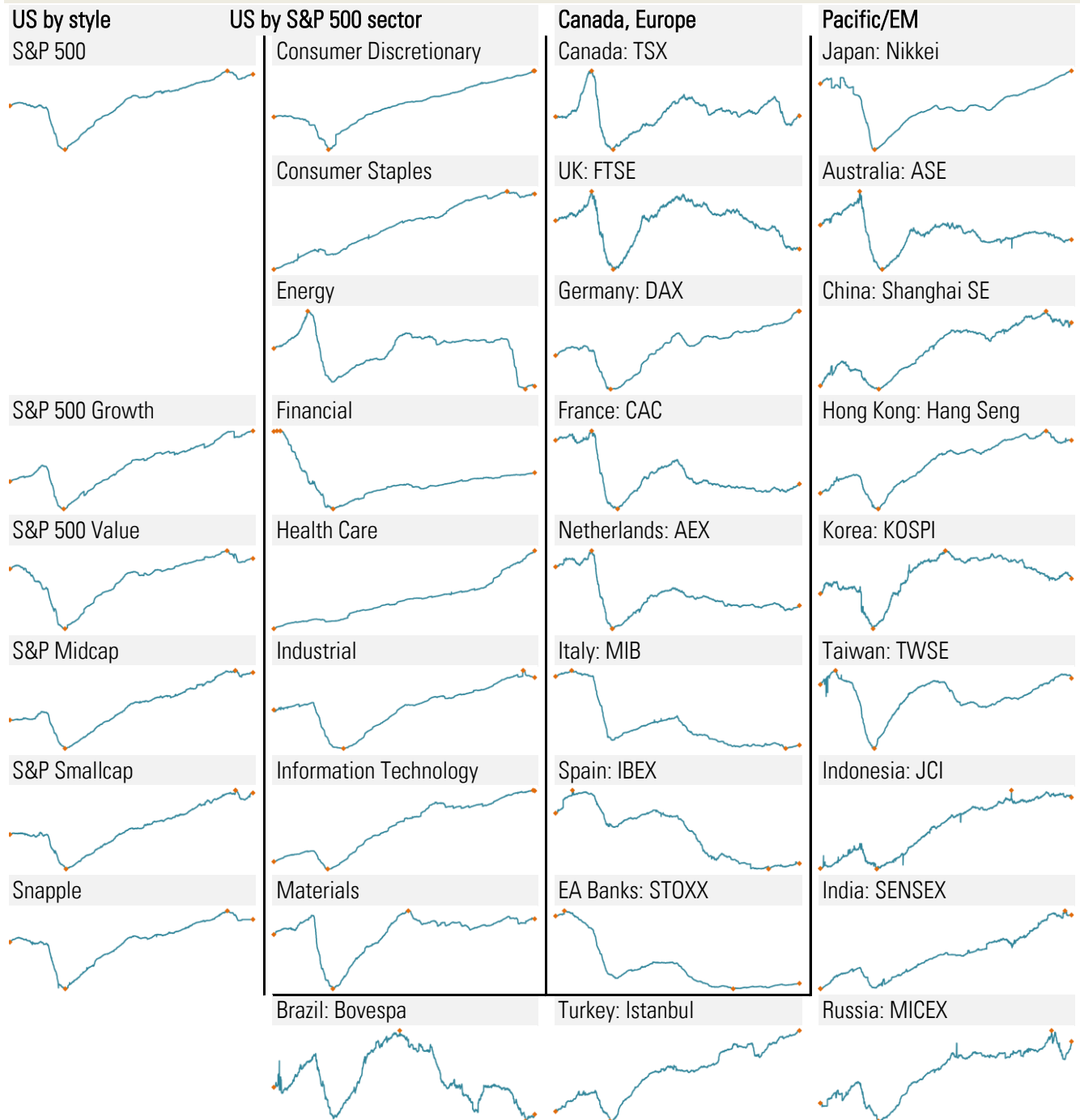
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

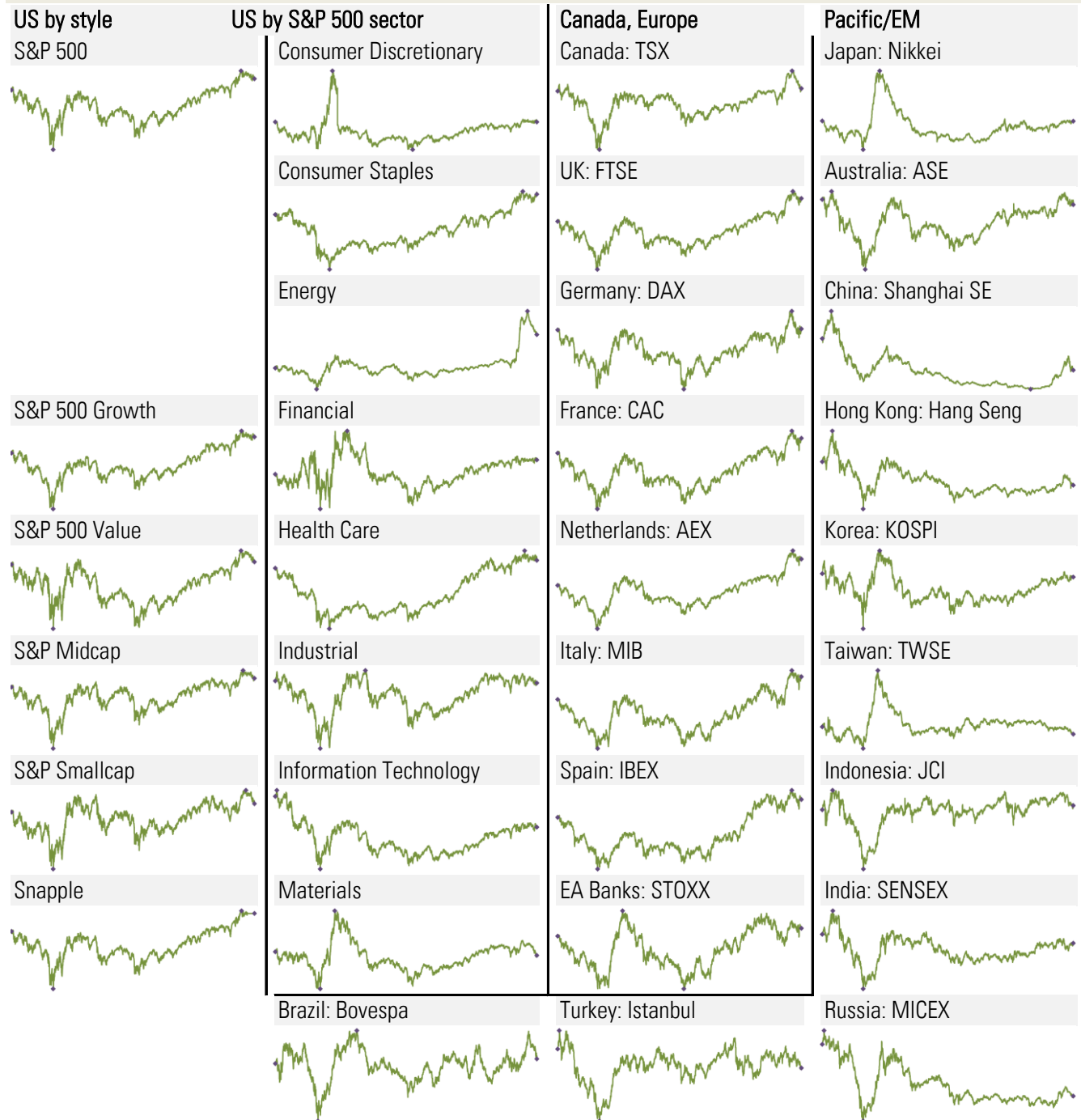
● First, High, Low, Last



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

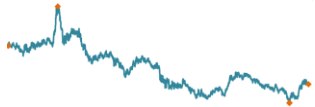
30-year Treasury



10-year Treasury

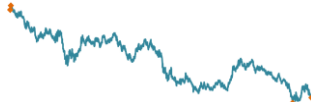


Moody's Corporate Avg

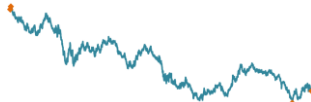


Canada, Europe

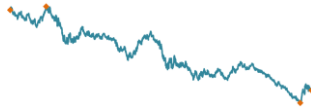
Canada 10-year govt



UK: 10-year govt



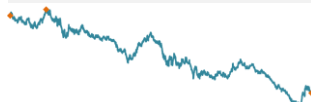
Germany: 10-year govt



France: 10-year govt



Netherlands: 10-year govt



Italy: 10-year govt

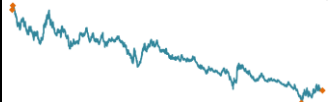


Spain: 10-year govt

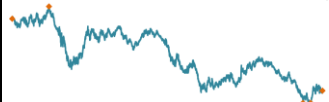


Pacific/EM

Japan: 10-year govt



Australia: 10-year govt



China: 10-year govt



Hong Kong: 10-year govt



Korea: 10-year govt



Taiwan: 10-year govt



Indonesia: 10-year govt



India: 10-year govt



Russia: 10-year govt



Brazil: 3-year govt



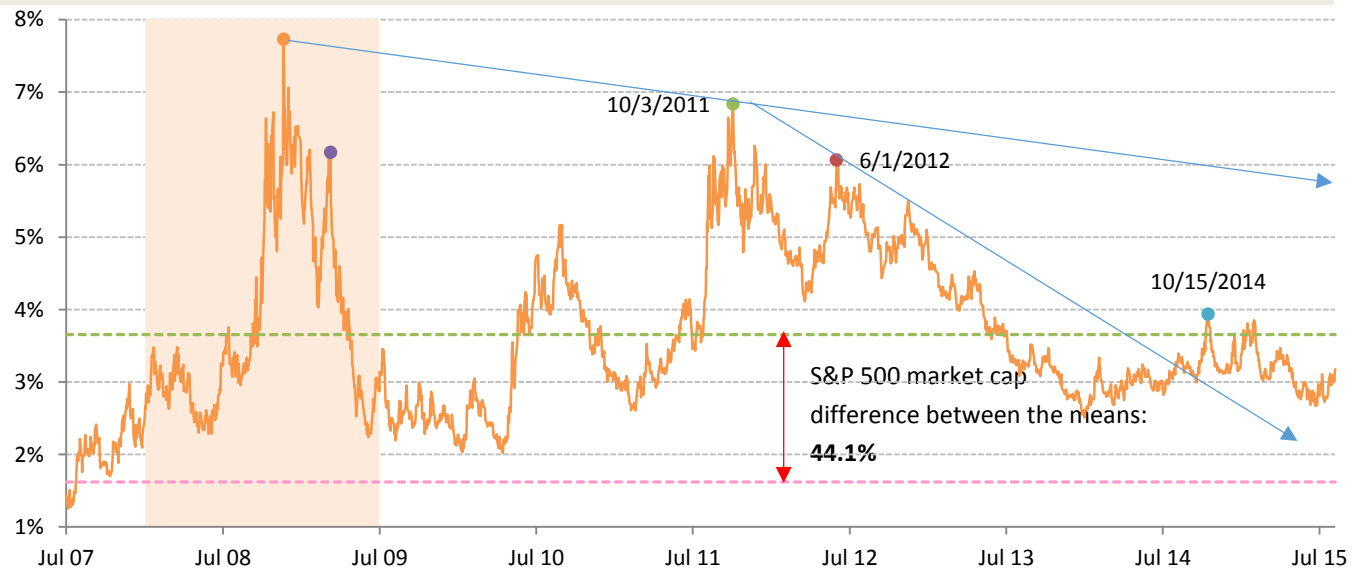
Turkey: 7-year govt



Source: Bloomberg, TrendMacro calculations

Daily S&P 500 equity risk premium in the crisis era

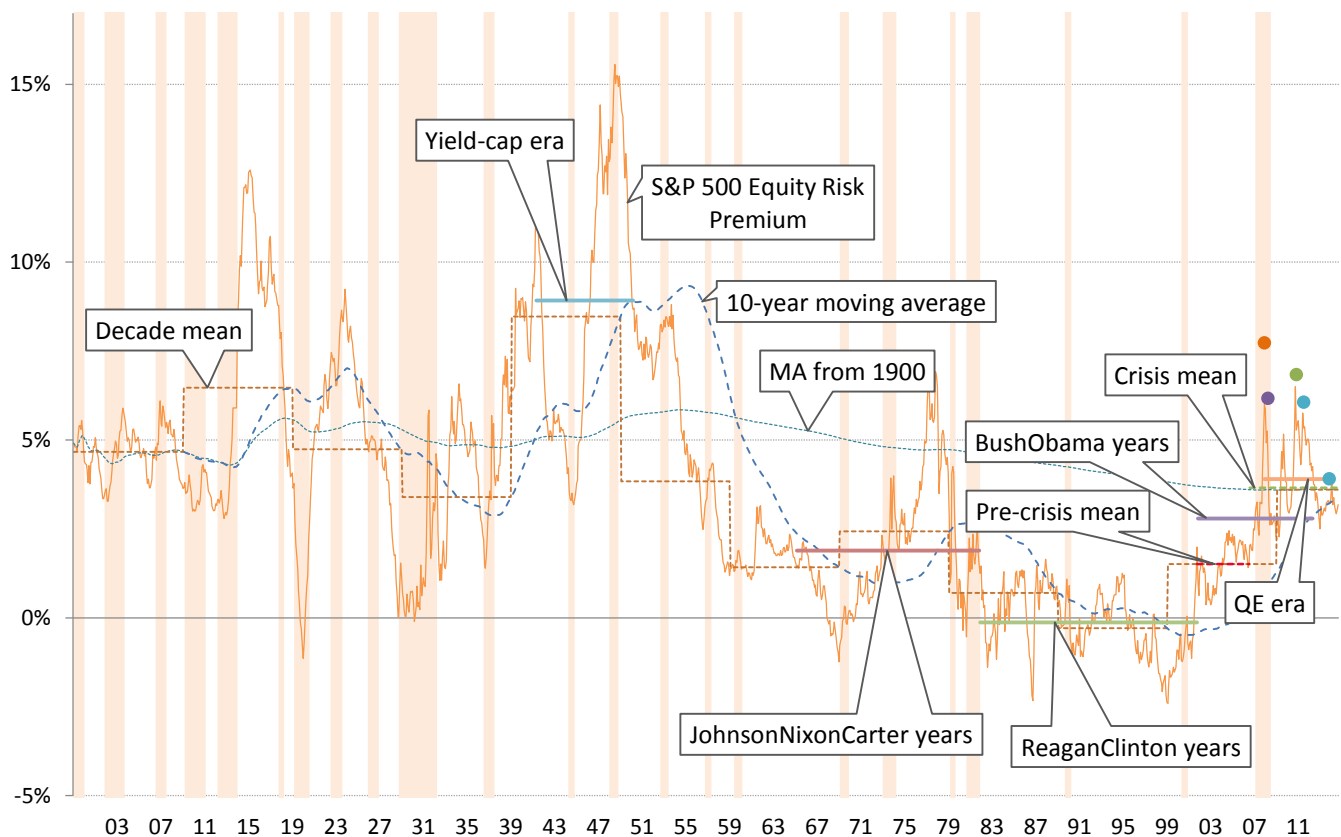
--- Crisis era mean --- Pre-crisis mean ↘ Downtrends ■ Recession



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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



Versus 30-year Treasury

Source: Various, TrendMacro calculations