

Data Insights: Global Equity Risk Premia

Tuesday, August 25, 2015

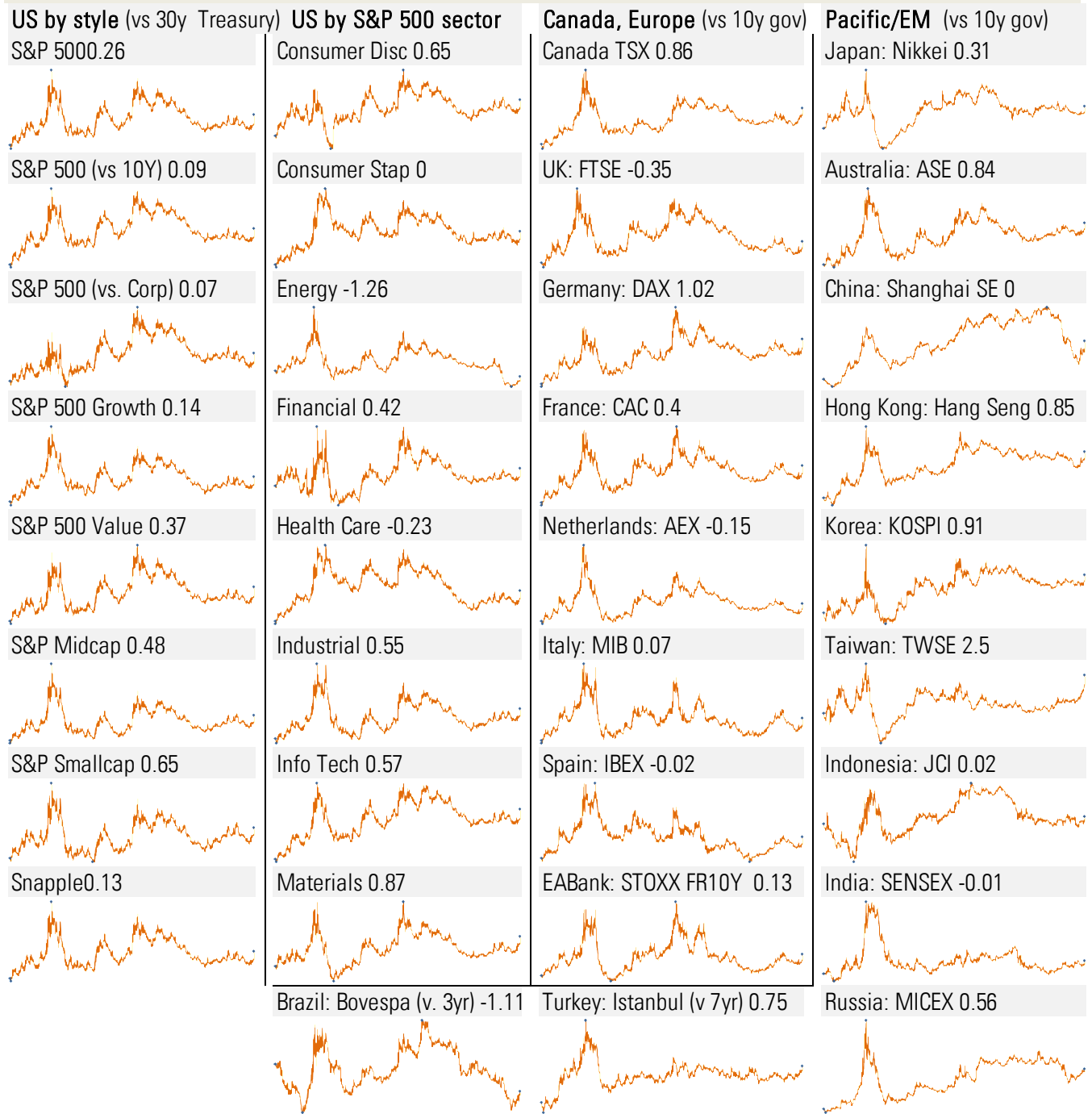
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	+2.50	Russia: MICEX	5.3	Russia: MICEX	+120%	Russia: MICEX	+78%
2	Germany: DAX	+1.02	Turkey: Istanbul	8.3	Japan: Nikkei	+16%	Brazil: Bovespa	+27%
3	Korea: KOSPI	+0.91	HK: Hang Seng	10.0	Netherlands: AEX	+14%	HK: Hang Seng	+15%
4	Canada:TSX	+0.87	Korea: KOSPI	10.2	Canada:TSX	+14%	India: SENSEX	+14%
5	HK: Hang Seng	+0.86	Brazil: Bovespa	10.4	Italy: MIB	+13%	Turkey: Istanbul	+12%
6	Australia: ASE	+0.85	Taiwan:TWSA	10.6	Brazil: Bovespa	+11%	Indonesia:JCI	+10%
7	Turkey: Istanbul	+0.76	Germany: DAX	11.3	Turkey: Istanbul	+11%	Italy: MIB	+9%
8	Russia: MICEX	+0.56	China: Shanghai SE	12.1	France: CAC	+11%	Japan: Nikkei	+4%
9	France: CAC	+0.41	Indonesia:JCI	12.1	Germany: DAX	+8%	US: S&P 500	+4%
10	Japan: Nikkei	+0.31	Spain: IBEX	13.1	Spain: IBEX	+7%	Germany: DAX	+4%
11	US: S&P 500	+0.26	France: CAC	13.2	US: S&P 500	+5%	China: Shanghai SE	-0%
12	Italy: MIB	+0.08	UK: FTSE	13.6	Indonesia:JCI	+4%	Netherlands: AEX	-1%
13	Indonesia:JCI	+0.02	Italy: MIB	13.7	China: Shanghai SE	-1%	Australia: ASE	-1%
14	China: Shanghai SE	+0.01	Netherlands: AEX	14.0	Australia: ASE	-3%	France: CAC	-2%
15	India: SENSEX	-0.02	Australia: ASE	14.5	UK: FTSE	-3%	Canada:TSX	-3%
16	Spain: IBEX	-0.03	Canada:TSX	14.5	HK: Hang Seng	-6%	Taiwan:TWSA	-5%
17	Netherlands: AEX	-0.15	India: SENSEX	14.6	India: SENSEX	-15%	UK: FTSE	-5%
18	UK: FTSE	-0.35	US: S&P 500	15.0	Taiwan:TWSA	-19%	Spain: IBEX	-6%
19	Brazil: Bovespa	-1.12	Japan: Nikkei	16.7	Korea: KOSPI	-22%	Korea: KOSPI	-12%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.65	S&P 500 Value	13.5	S&P Smallcap	+16%	S&P Midcap	+5%
2	S&P Midcap	+0.48	S&P 500	15.0	S&P Midcap	+7%	S&P 500 Value	+5%
3	S&P 500 Value	+0.37	S&P 500 Growth	16.6	S&P 500 Growth	+5%	S&P 500	+4%
4	S&P 500	+0.26	S&P Midcap	17.0	S&P 500	+5%	S&P 500 Growth	+3%
5	S&P 500 Growth	+0.15	S&P Smallcap	17.8	S&P 500 Value	+5%	S&P Smallcap	-2%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+2.09	Telecom	11.9	Health Care	+13%	Telecom	+56%
2	Materials	+0.88	Financial	12.6	Consumer Disc	+13%	Utilities	+12%
3	Consumer Disc	+0.66	Materials	13.7	Telecom	+12%	Health Care	+8%
4	Info Tech	+0.58	Info Tech	14.1	Utilities	+9%	Consumer Disc	+5%
5	Industrial	+0.56	Industrial	14.4	Financial	+7%	Financial	+4%
6	Financial	+0.42	Utilities	15.5	Materials	+5%	Info Tech	+3%
7	Utilities	+0.19	Health Care	15.6	Consumer Stap	+2%	Energy	+3%
8	Consumer Stap	+0.00	Consumer Disc	16.9	Info Tech	+2%	Industrial	-2%
9	Health Care	-0.23	Consumer Stap	18.2	Industrial	-5%	Consumer Stap	-2%
10	Energy	-1.27	Energy	20.0	Energy	-8%	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

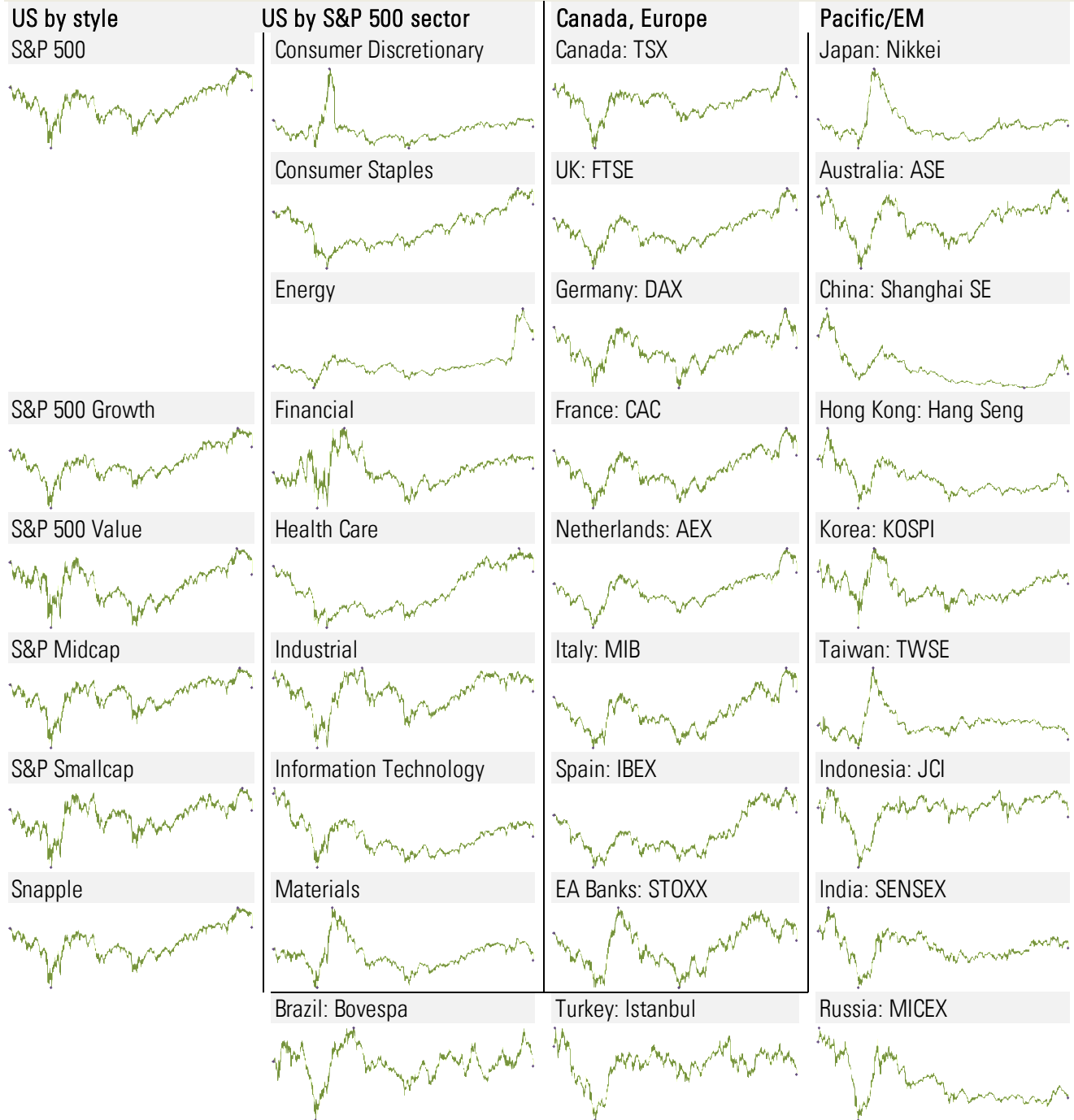
● First, High, Low, Last



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

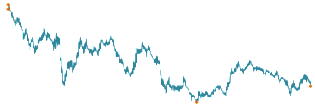
• First, High, Low, Last

US

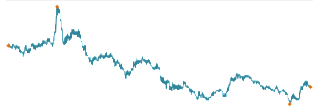
30-year Treasury



10-year Treasury

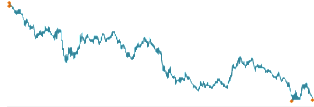


Moody's Corporate Avg

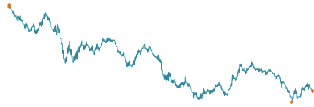


Canada, Europe

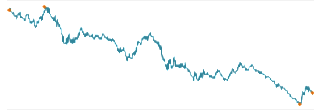
Canada 10-year govt



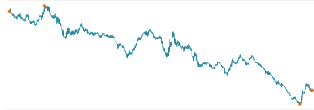
UK: 10-year govt



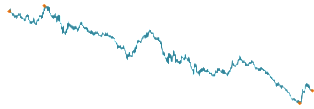
Germany: 10-year govt



France: 10-year govt



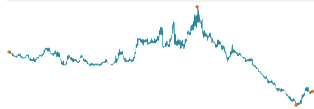
Netherlands: 10-year govt



Italy: 10-year govt

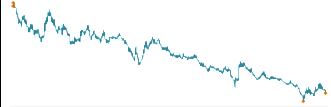


Spain: 10-year govt

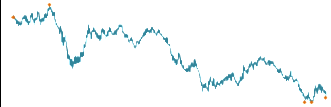


Pacific/EM

Japan: 10-year govt



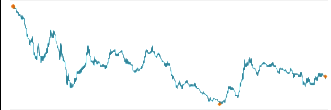
Australia: 10-year govt



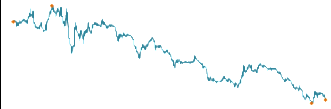
China: 10-year govt



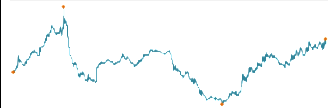
Hong Kong: 10-year govt



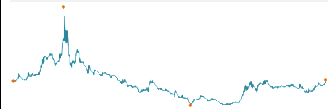
Korea: 10-year govt



Taiwan: 10-year govt



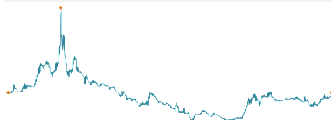
Indonesia: 10-year govt



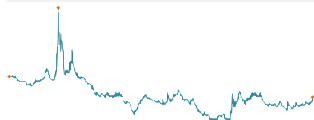
India: 10-year govt



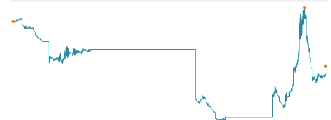
Brazil: 3-year govt



Turkey: 7-year govt



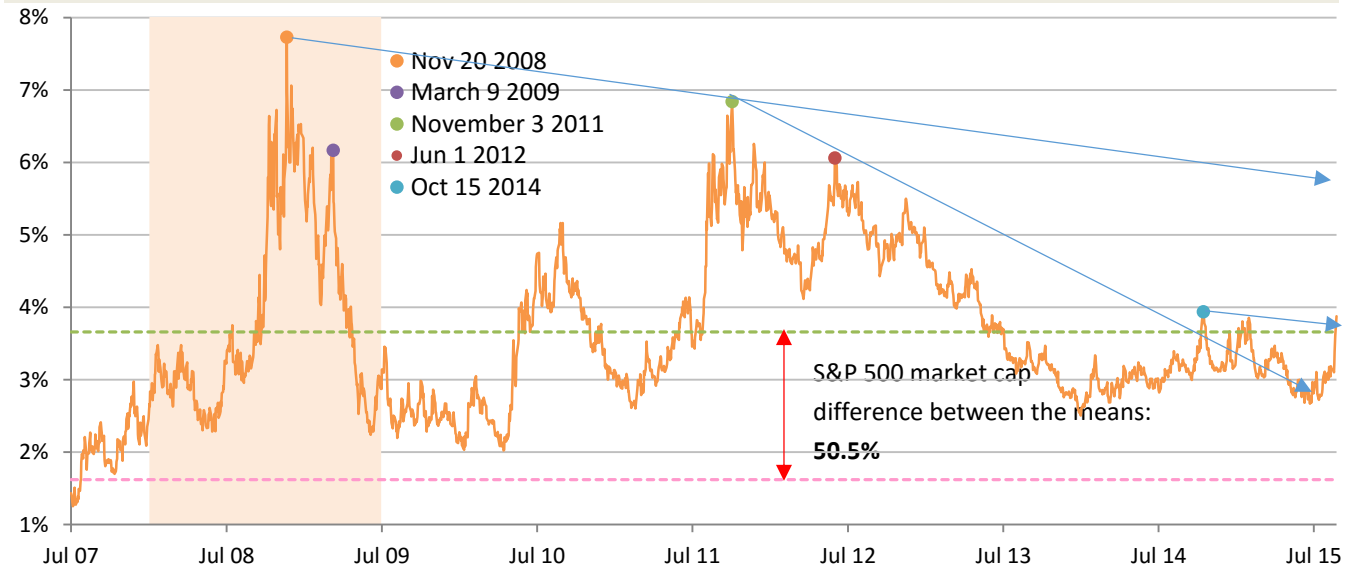
Russia: 10-year govt



Source: Bloomberg, TrendMacro calculations

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

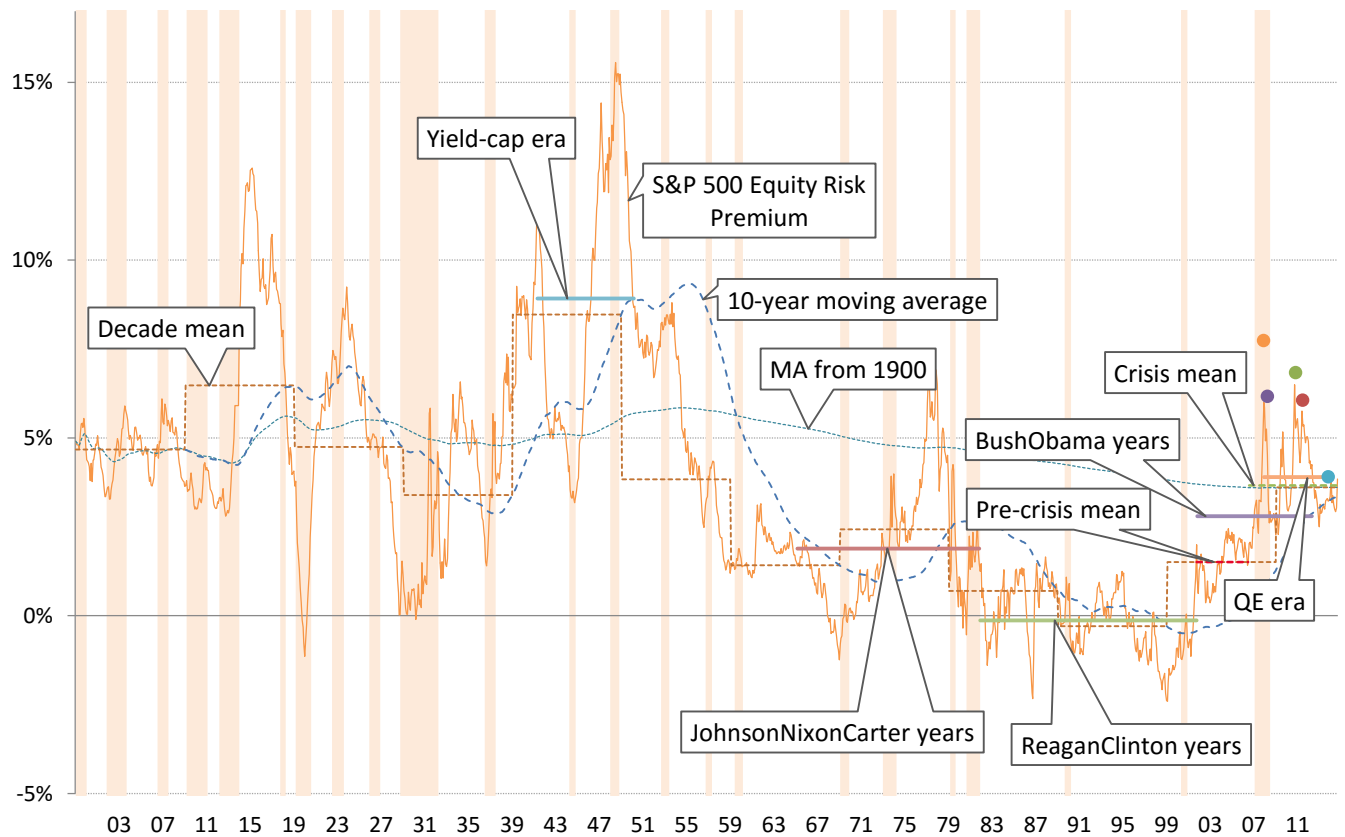
--- Crisis era mean - - - Pre-crisis mean ↘ Downtrends ■ Recession



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