

## Data Insights: Global Equity Risk Premia

Monday, September 21, 2015

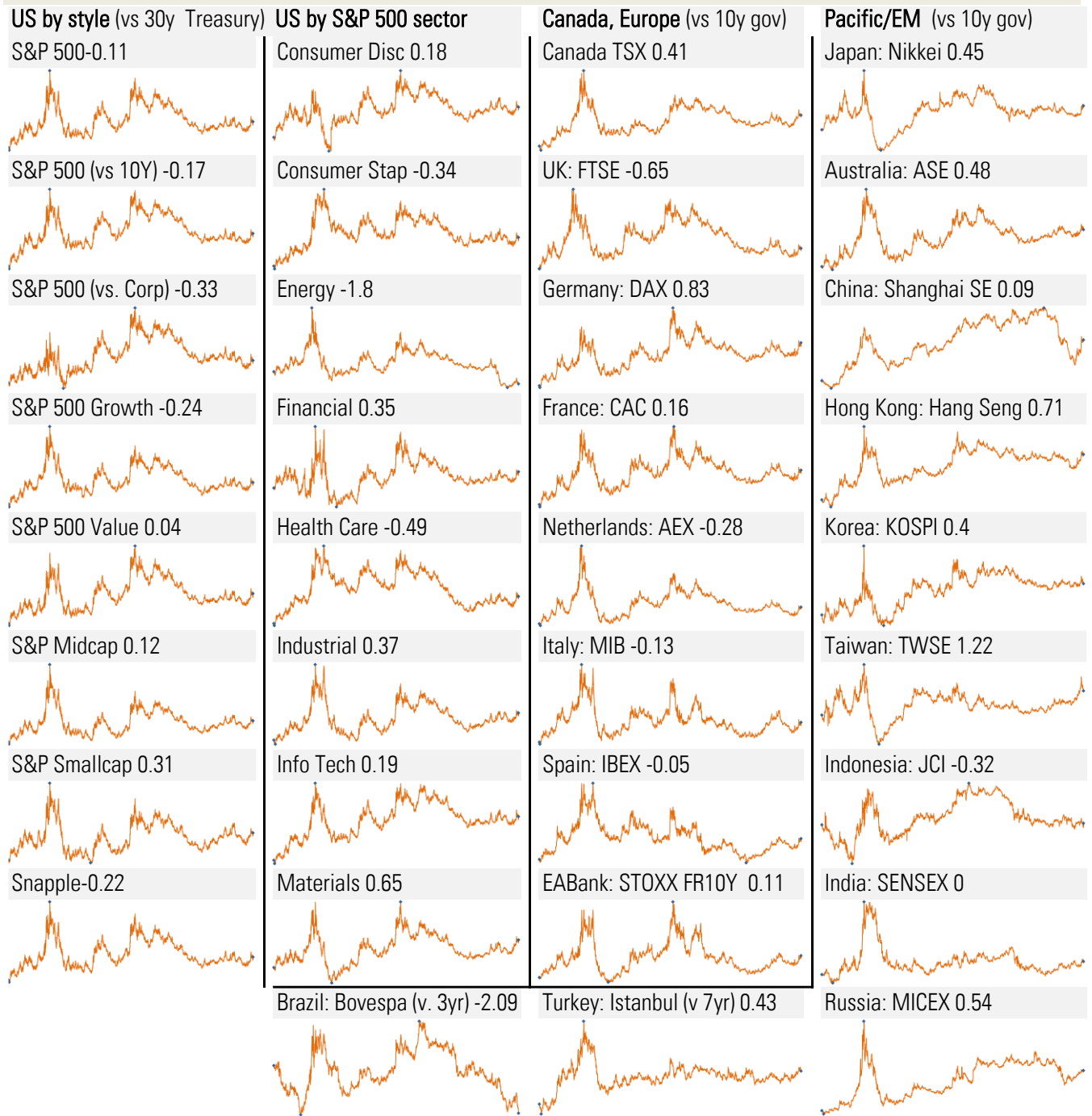
### Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	+1.23	Russia: MICEX	5.6	Russia: MICEX	+73%	Russia: MICEX	+60%
2	Germany: DAX	+0.84	Turkey: Istanbul	8.8	Japan: Nikkei	+10%	Brazil: Bovespa	+39%
3	HK: Hang Seng	+0.71	HK: Hang Seng	10.4	France: CAC	+8%	India: SENSEX	+14%
4	Russia: MICEX	+0.55	Brazil: Bovespa	11.1	Brazil: Bovespa	+7%	US: S&P 500	+5%
5	Australia: ASE	+0.48	Korea: KOSPI	11.2	Turkey: Istanbul	+6%	Indonesia:JCI	+5%
6	Japan: Nikkei	+0.45	Germany: DAX	11.6	Netherlands: AEX	+6%	Germany: DAX	+3%
7	Turkey: Istanbul	+0.44	China: Shanghai SE	12.0	Germany: DAX	+5%	Australia: ASE	+2%
8	Canada:TSX	+0.42	Taiwan:TWSA	12.2	US: S&P 500	+4%	Turkey: Istanbul	+0%
9	Korea: KOSPI	+0.41	Indonesia:JCI	13.1	Italy: MIB	+4%	Italy: MIB	-1%
10	France: CAC	+0.17	Spain: IBEX	13.4	Canada:TSX	+4%	France: CAC	-3%
11	China: Shanghai SE	+0.10	France: CAC	13.8	Spain: IBEX	-0%	Taiwan:TWSA	-5%
12	India: SENSEX	+0.01	UK: FTSE	14.4	Australia: ASE	-7%	Japan: Nikkei	-5%
13	Spain: IBEX	-0.06	Netherlands: AEX	14.4	India: SENSEX	-8%	Canada:TSX	-6%
14	US: S&P 500	-0.12	Italy: MIB	14.6	Indonesia:JCI	-8%	Netherlands: AEX	-8%
15	Italy: MIB	-0.13	India: SENSEX	14.9	HK: Hang Seng	-10%	Spain: IBEX	-8%
16	Netherlands: AEX	-0.28	Australia: ASE	15.1	UK: FTSE	-11%	UK: FTSE	-11%
17	Indonesia:JCI	-0.33	Canada:TSX	15.3	China: Shanghai SE	-15%	HK: Hang Seng	-18%
18	UK: FTSE	-0.65	US: S&P 500	15.5	Taiwan:TWSA	-20%	Korea: KOSPI	-22%
19	Brazil: Bovespa	-2.09	Japan: Nikkei	16.3	Korea: KOSPI	-25%	China: Shanghai SE	-27%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.32	S&P 500 Value	13.9	S&P Smallcap	+10%	S&P Midcap	+6%
2	S&P Midcap	+0.12	S&P 500	15.5	S&P 500 Growth	+7%	S&P 500 Growth	+5%
3	S&P 500 Value	+0.05	S&P 500 Growth	17.2	S&P Midcap	+5%	S&P 500	+5%
4	S&P 500	-0.12	S&P Midcap	17.6	S&P 500	+4%	S&P 500 Value	+4%
5	S&P 500 Growth	-0.25	S&P Smallcap	18.2	S&P 500 Value	+1%	S&P Smallcap	-6%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+1.85	Telecom	11.9	Consumer Disc	+13%	Telecom	+52%
2	Materials	+0.66	Financial	12.6	Health Care	+12%	Health Care	+10%
3	Industrial	+0.38	Materials	14.0	Telecom	+12%	Utilities	+9%
4	Financial	+0.35	Industrial	14.5	Utilities	+10%	Consumer Disc	+8%
5	Info Tech	+0.20	Info Tech	14.9	Financial	+7%	Industrial	+7%
6	Consumer Disc	+0.19	Utilities	15.1	Industrial	+6%	Financial	+5%
7	Utilities	+0.15	Health Care	16.0	Info Tech	+4%	Info Tech	+1%
8	Consumer Stap	-0.35	Consumer Disc	17.8	Consumer Stap	+4%	Consumer Stap	-0%
9	Health Care	-0.50	Consumer Stap	18.6	Materials	+1%	Materials	-4%
10	Energy	-1.81	Energy	24.0	Energy	-48%	Energy	-8%

Source: Bloomberg, TrendMacro calculations

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

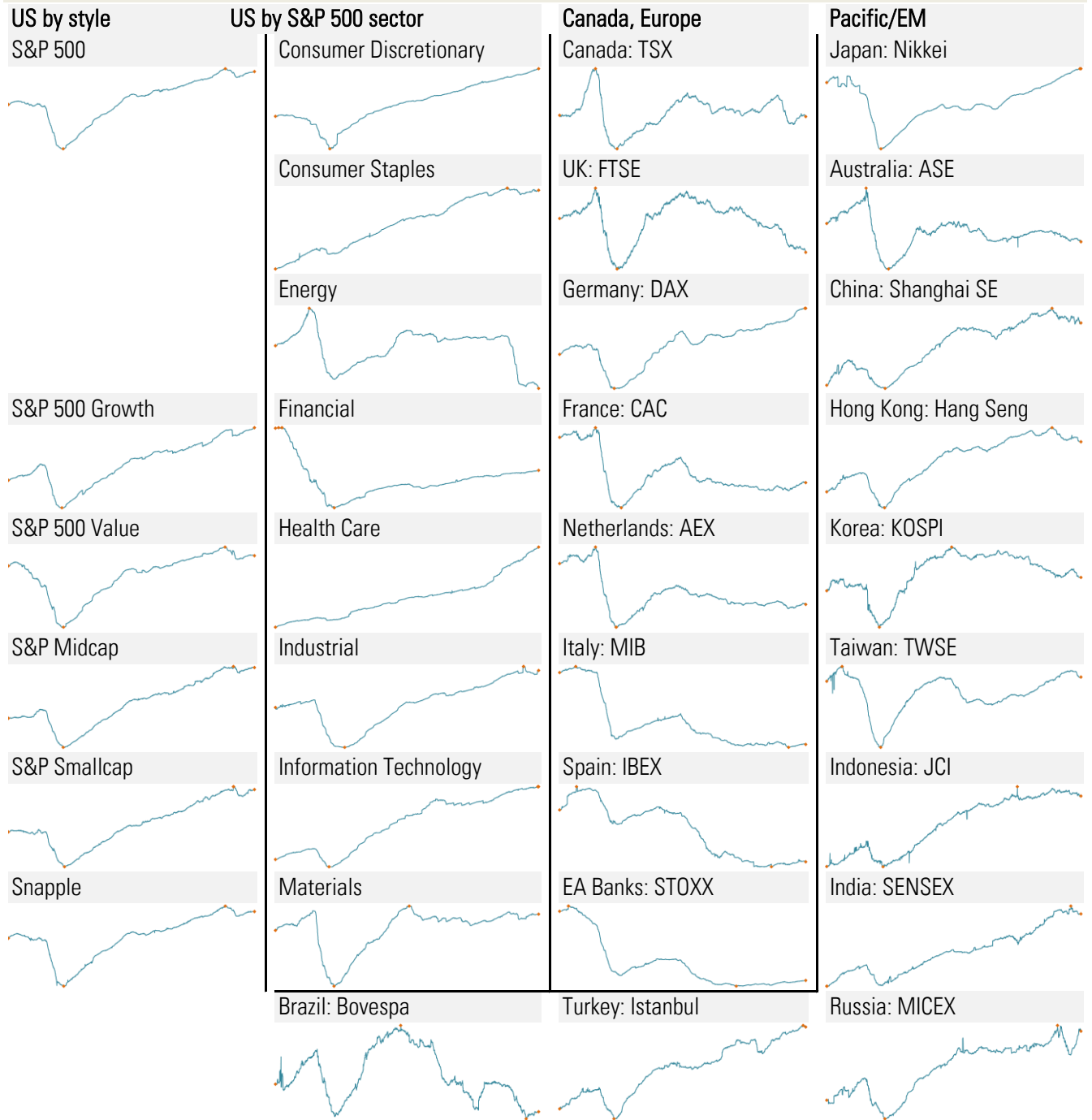
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

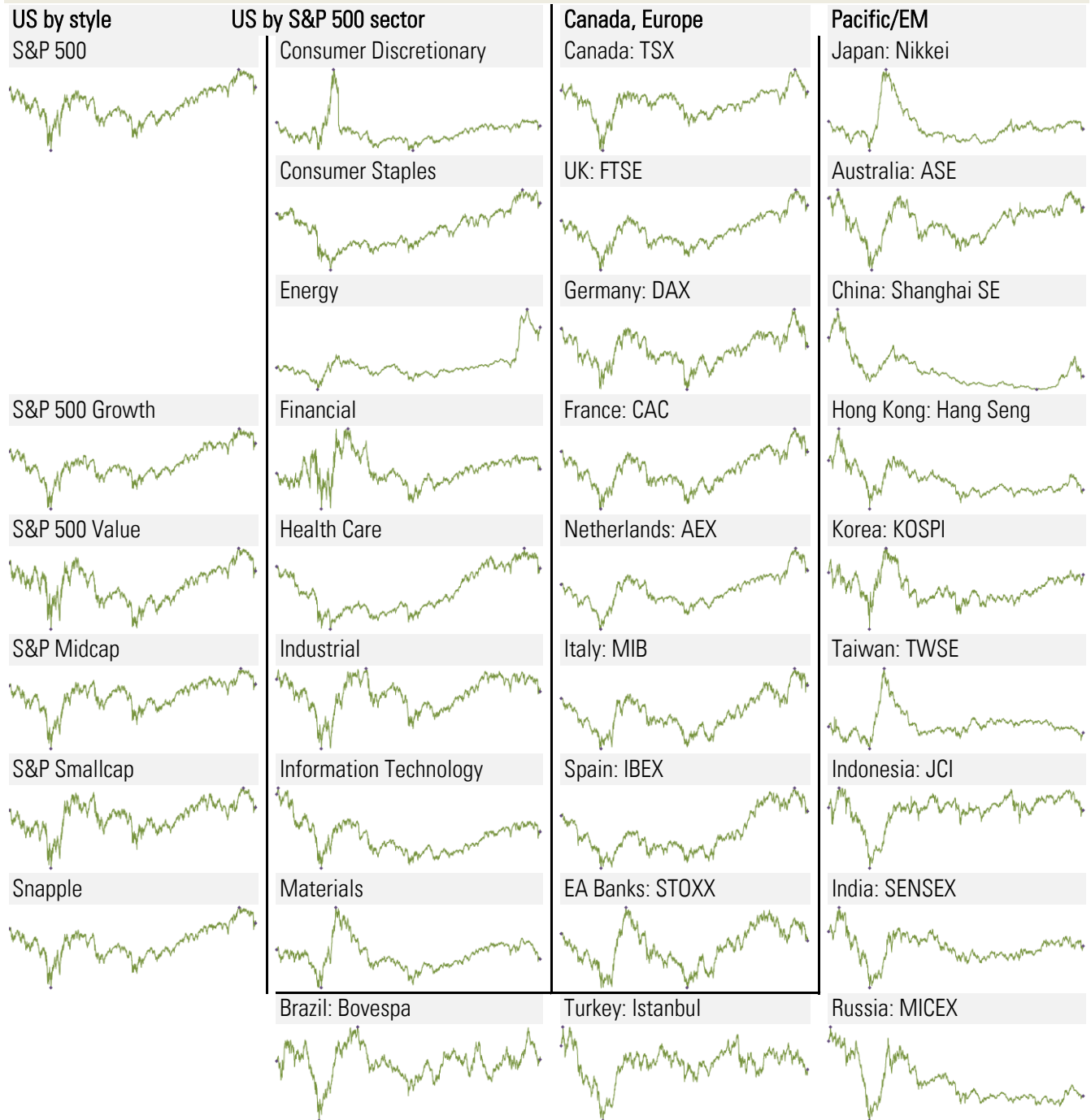
● First, High, Low, Last



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

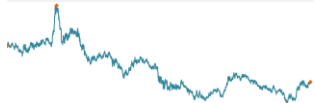
30-year Treasury



10-year Treasury

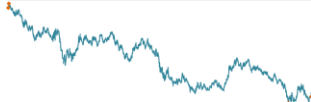


Moody's Corporate Avg

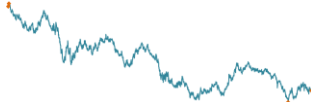


## Canada, Europe

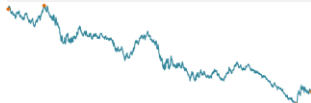
Canada 10-year govt



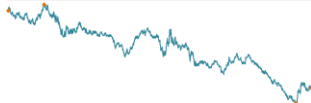
UK: 10-year govt



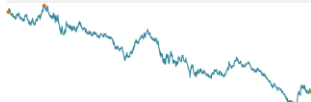
Germany: 10-year govt



France: 10-year govt



Netherlands: 10-year govt



Italy: 10-year govt

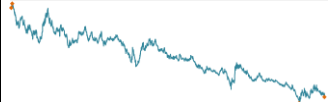


Spain: 10-year govt

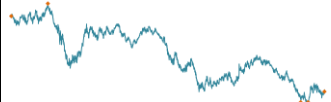


## Pacific/EM

Japan: 10-year govt



Australia: 10-year govt



China: 10-year govt



Hong Kong: 10-year govt



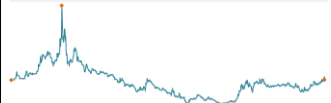
Korea: 10-year govt



Taiwan: 10-year govt



Indonesia: 10-year govt



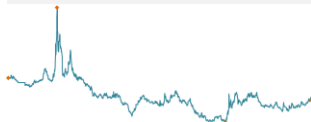
India: 10-year govt



Brazil: 3-year govt



Turkey: 7-year govt



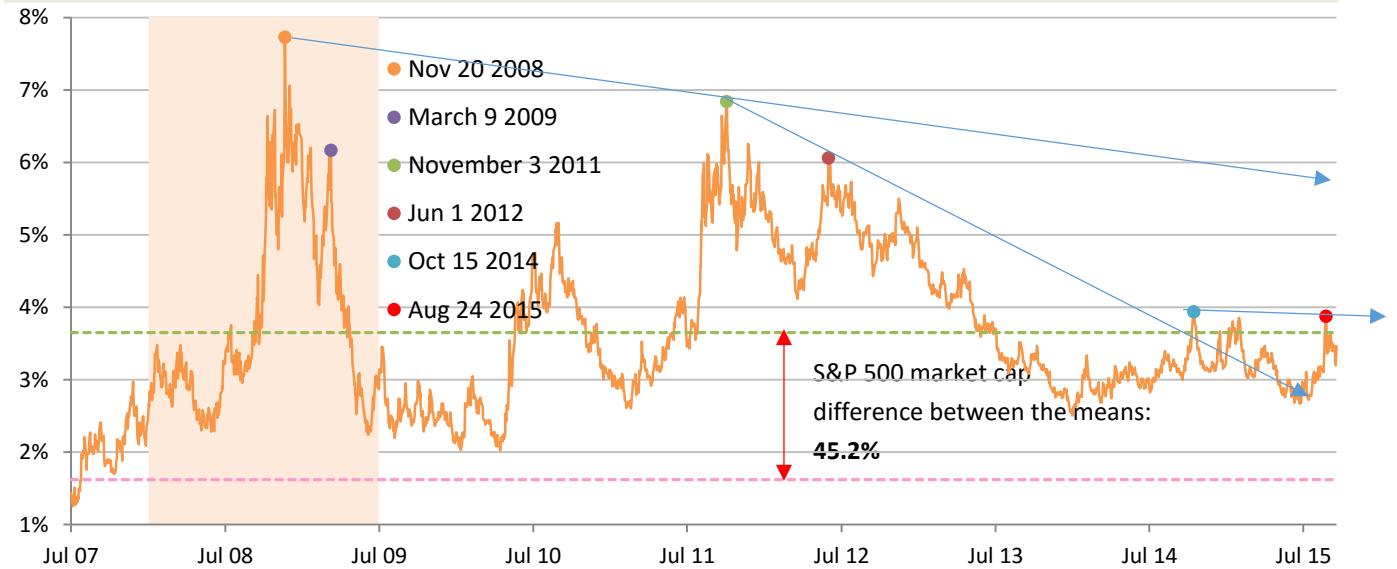
Russia: 10-year govt



Source: Bloomberg, TrendMacro calculations

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

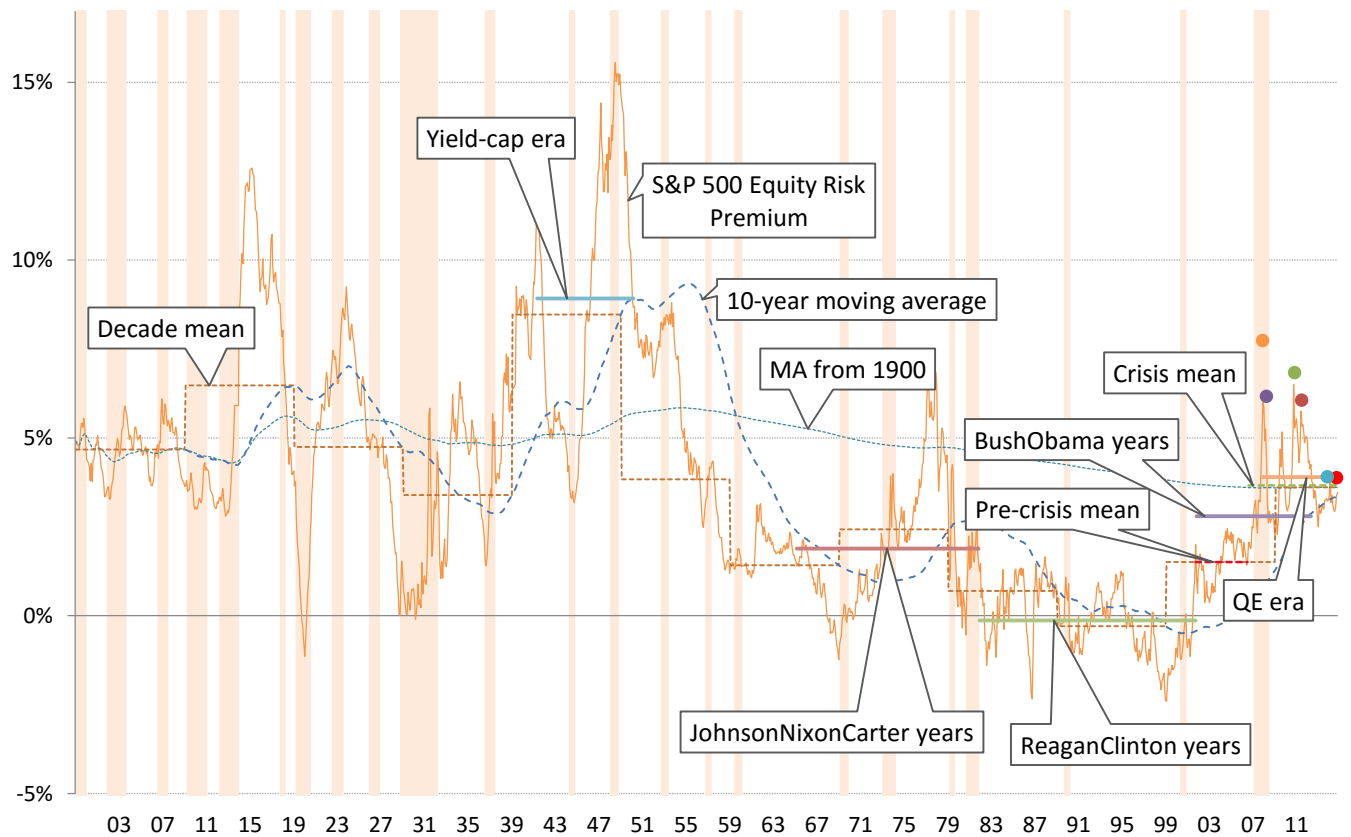
--- Crisis era mean    - - - Pre-crisis mean    ↘ Downtrends    ■ Recession



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