

Data Insights: Global Equity Risk Premia

Wednesday, November 25, 2015

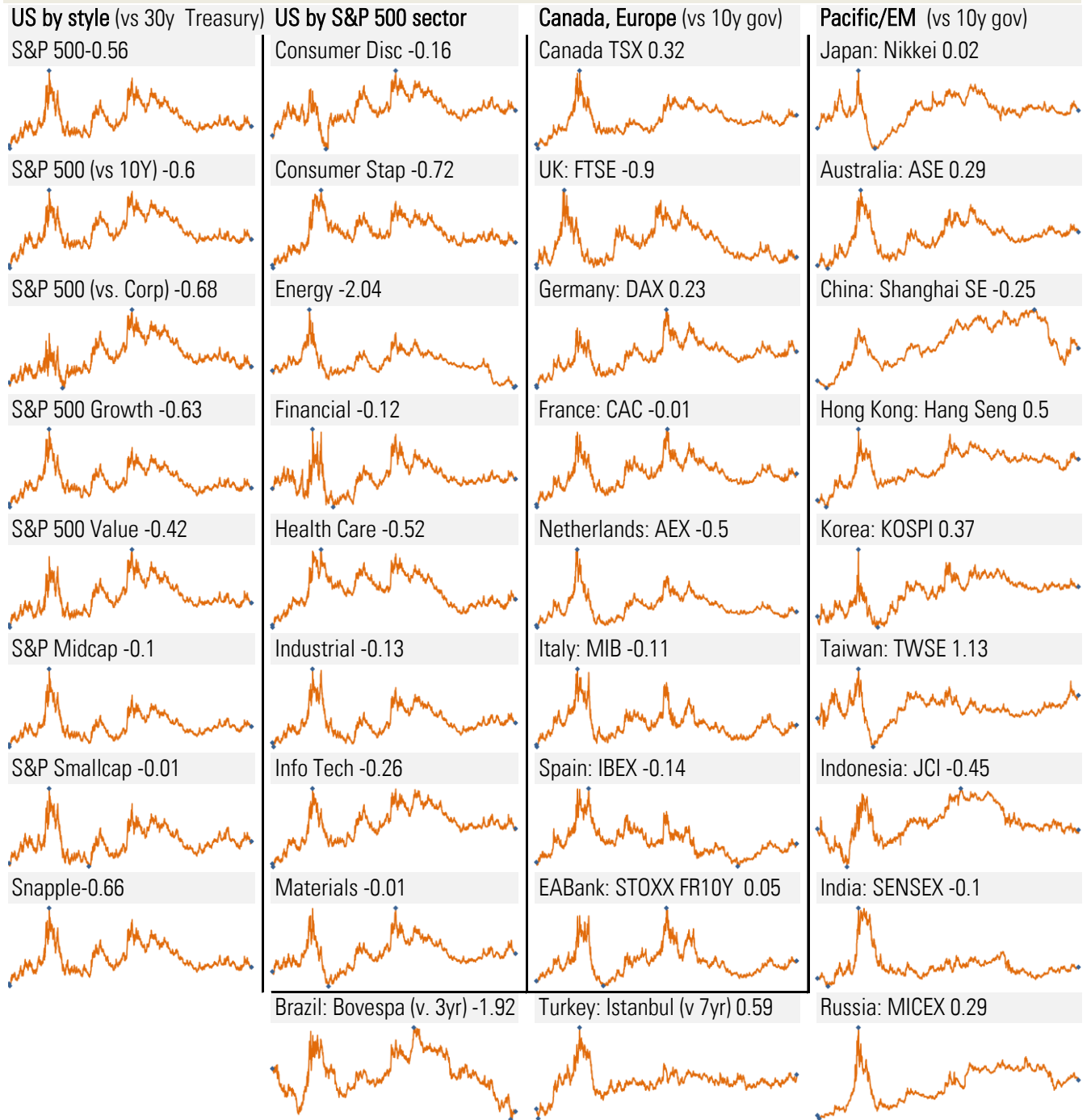
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	+1.14	Russia: MICEX	6.1	Turkey: Istanbul	+7%	Brazil: Bovespa	+37%
2	Turkey: Istanbul	+0.59	Turkey: Istanbul	8.8	Brazil: Bovespa	+7%	India: SENSEX	+14%
3	HK: Hang Seng	+0.51	HK: Hang Seng	10.9	Korea: KOSPI	+1%	Turkey: Istanbul	+6%
4	Korea: KOSPI	+0.37	Korea: KOSPI	11.2	Japan: Nikkei	+1%	Italy: MIB	+6%
5	Canada:TSX	+0.32	Brazil: Bovespa	11.3	France: CAC	-1%	Taiwan:TWSA	+3%
6	Australia: ASE	+0.30	Taiwan:TWSA	12.3	US: S&P 500	-1%	Australia: ASE	+2%
7	Russia: MICEX	+0.29	Germany: DAX	13.3	Taiwan:TWSA	-6%	Japan: Nikkei	+1%
8	Germany: DAX	+0.24	China: Shanghai SE	14.0	Australia: ASE	-7%	Spain: IBEX	-0%
9	Japan: Nikkei	+0.02	Indonesia:JCI	14.2	Canada:TSX	-8%	Canada:TSX	-1%
10	France: CAC	-0.01	Spain: IBEX	14.2	Netherlands: AEX	-8%	HK: Hang Seng	-1%
11	India: SENSEX	-0.10	France: CAC	14.6	HK: Hang Seng	-8%	US: S&P 500	-2%
12	Italy: MIB	-0.11	UK: FTSE	15.0	India: SENSEX	-8%	France: CAC	-4%
13	Spain: IBEX	-0.15	Italy: MIB	15.1	Italy: MIB	-9%	China: Shanghai SE	-8%
14	China: Shanghai SE	-0.26	Canada:TSX	15.2	China: Shanghai SE	-9%	Netherlands: AEX	-9%
15	Indonesia:JCI	-0.46	India: SENSEX	15.3	Spain: IBEX	-12%	Indonesia:JCI	-9%
16	Netherlands: AEX	-0.51	Australia: ASE	15.4	UK: FTSE	-13%	Germany: DAX	-11%
17	US: S&P 500	-0.56	Netherlands: AEX	15.7	Germany: DAX	-14%	UK: FTSE	-11%
18	UK: FTSE	-0.91	US: S&P 500	16.6	Russia: MICEX	-16%	Korea: KOSPI	-15%
19	Brazil: Bovespa	-1.92	Japan: Nikkei	18.0	Indonesia:JCI	-18%	Russia: MICEX	-24%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	-0.02	S&P 500 Value	14.9	S&P 500 Growth	+6%	S&P Midcap	+13%
2	S&P Midcap	-0.11	S&P 500	16.6	S&P Smallcap	+0%	S&P Smallcap	+10%
3	S&P 500 Value	-0.42	S&P Midcap	18.2	S&P 500	-1%	S&P 500 Growth	+6%
4	S&P 500	-0.56	S&P 500 Growth	18.3	S&P Midcap	-2%	S&P 500	-2%
5	S&P 500 Growth	-0.63	S&P Smallcap	19.2	S&P 500 Value	-7%	S&P 500 Value	-6%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+1.62	Telecom	12.0	Consumer Disc	+12%	Consumer Disc	+11%
2	Utilities	+0.06	Financial	13.7	Health Care	+8%	Health Care	+7%
3	Materials	-0.01	Utilities	15.2	Industrial	+4%	Industrial	+6%
4	Financial	-0.13	Health Care	16.0	Telecom	+4%	Info Tech	-0%
5	Industrial	-0.13	Industrial	16.0	Utilities	+3%	Consumer Stap	-1%
6	Consumer Disc	-0.16	Materials	16.0	Info Tech	+1%	Financial	-1%
7	Info Tech	-0.26	Info Tech	16.4	Consumer Stap	-1%	Materials	-5%
8	Health Care	-0.52	Consumer Disc	18.7	Financial	-2%	Utilities	-7%
9	Consumer Stap	-0.73	Consumer Stap	19.6	Materials	-17%	Telecom	-23%
10	Energy	-2.04	Energy	27.9	Energy	-51%	Energy	-29%

Source: Bloomberg, TrendMacro calculations

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

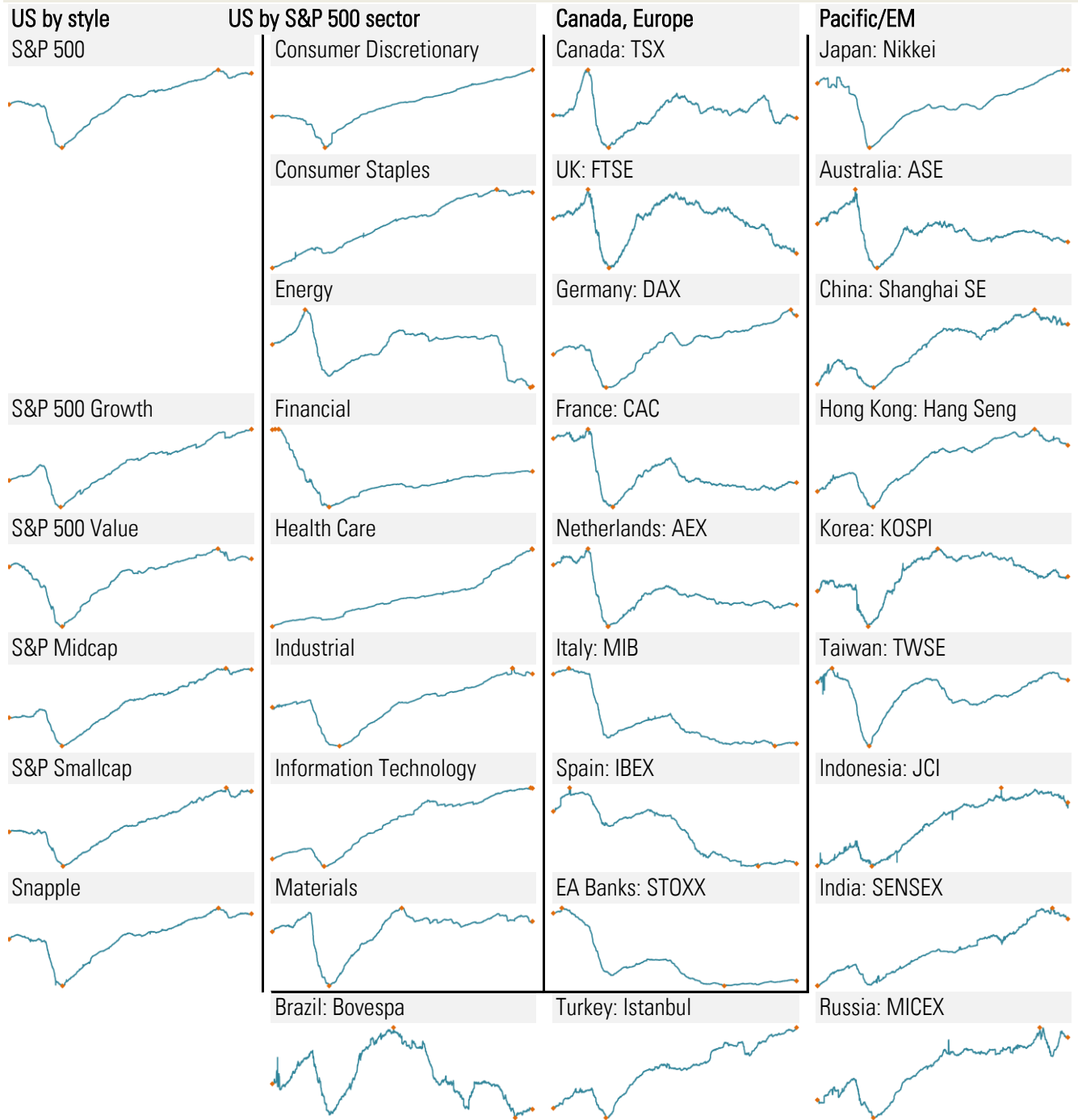
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

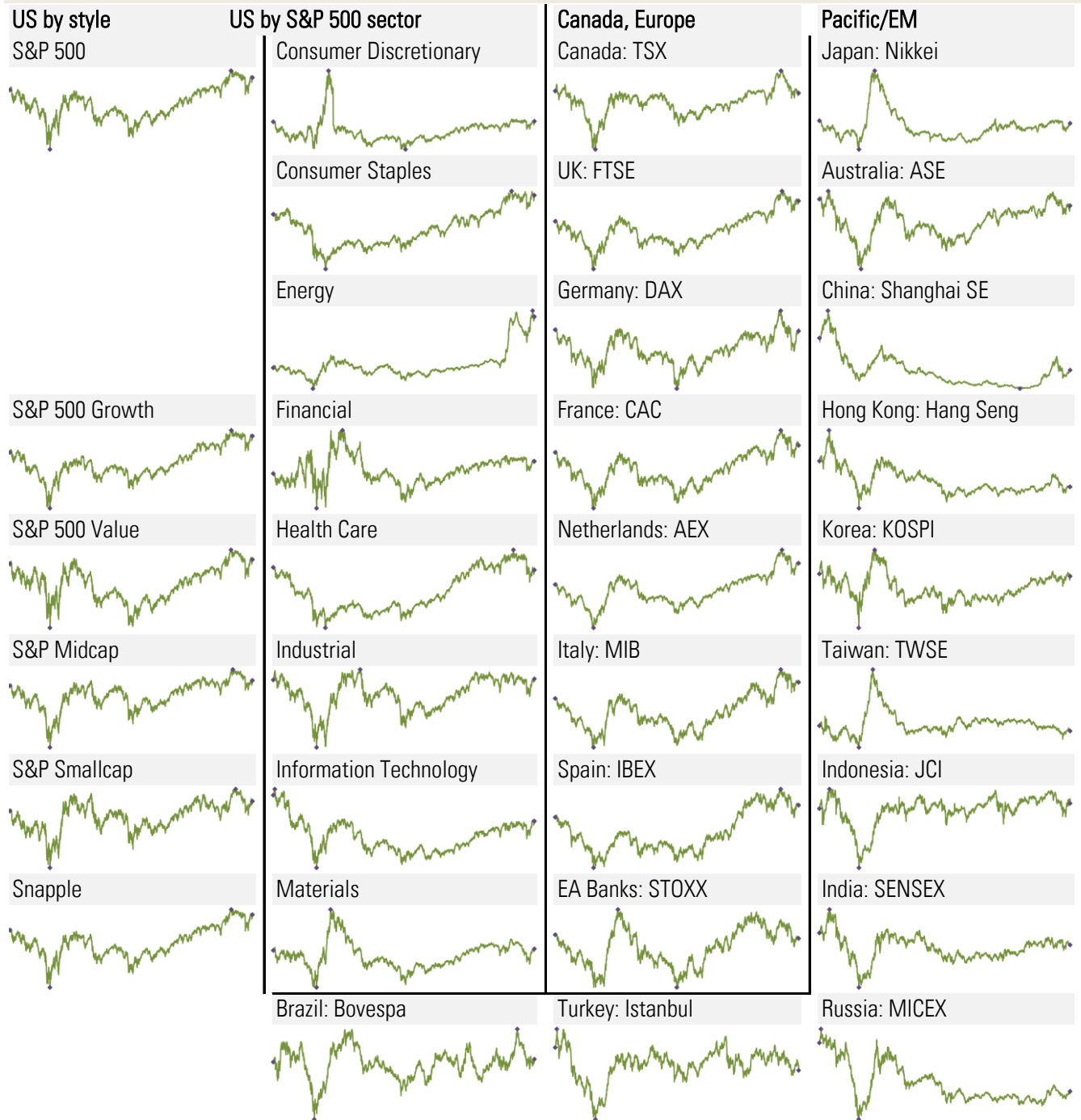
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

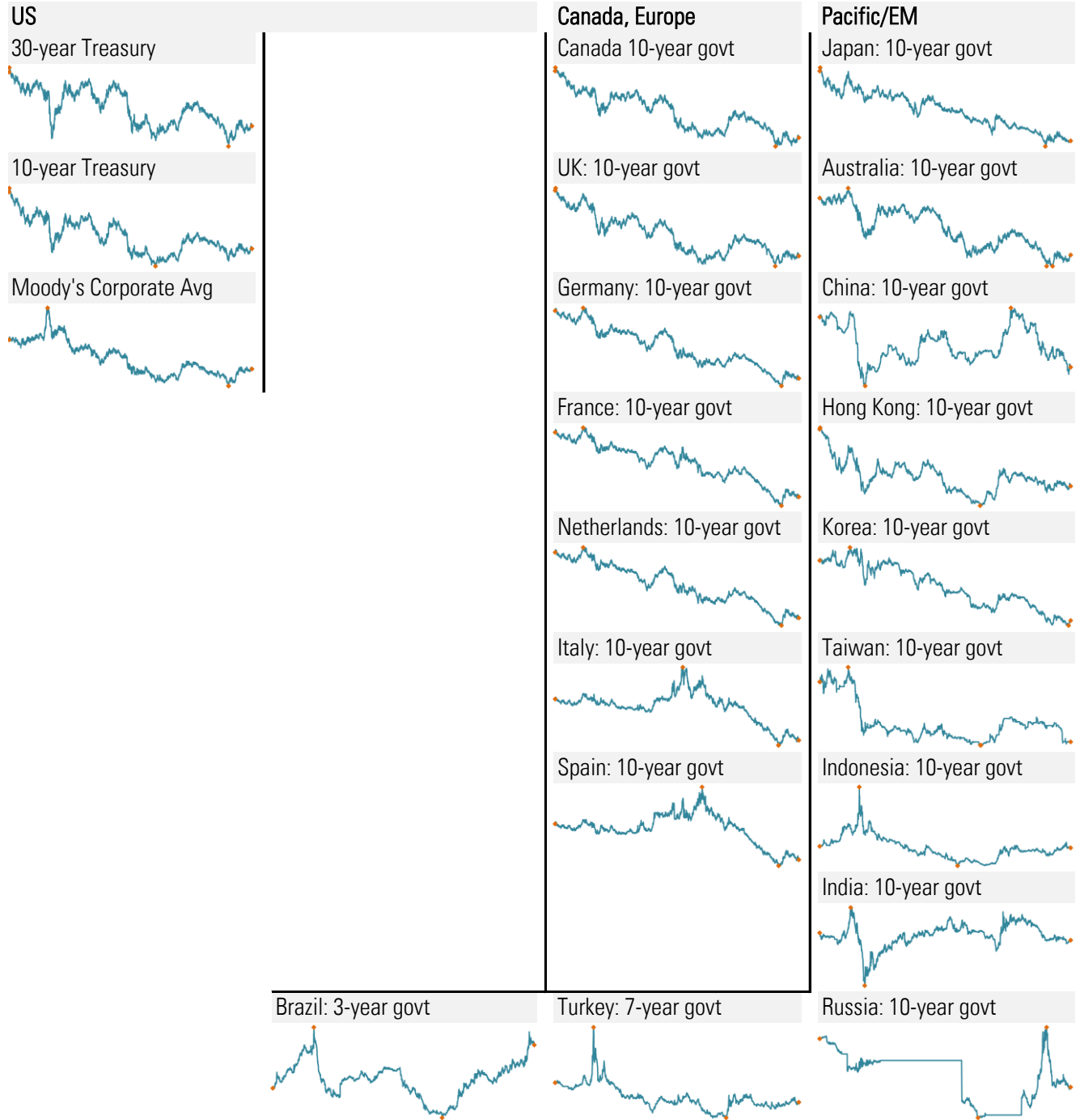
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

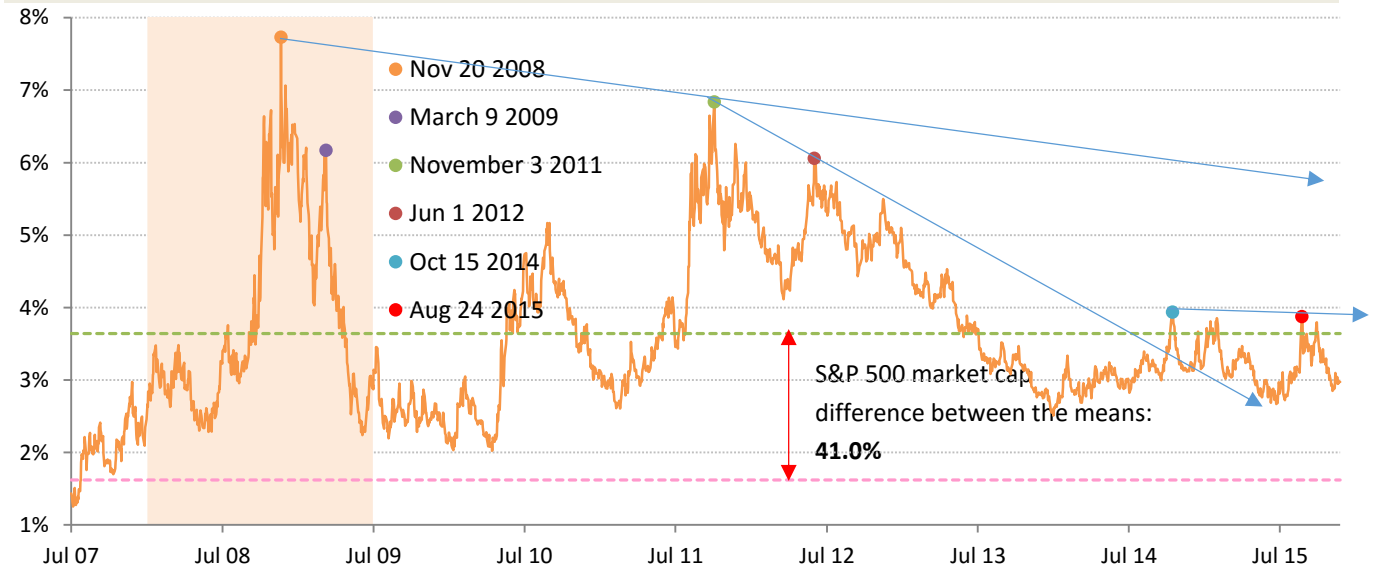
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

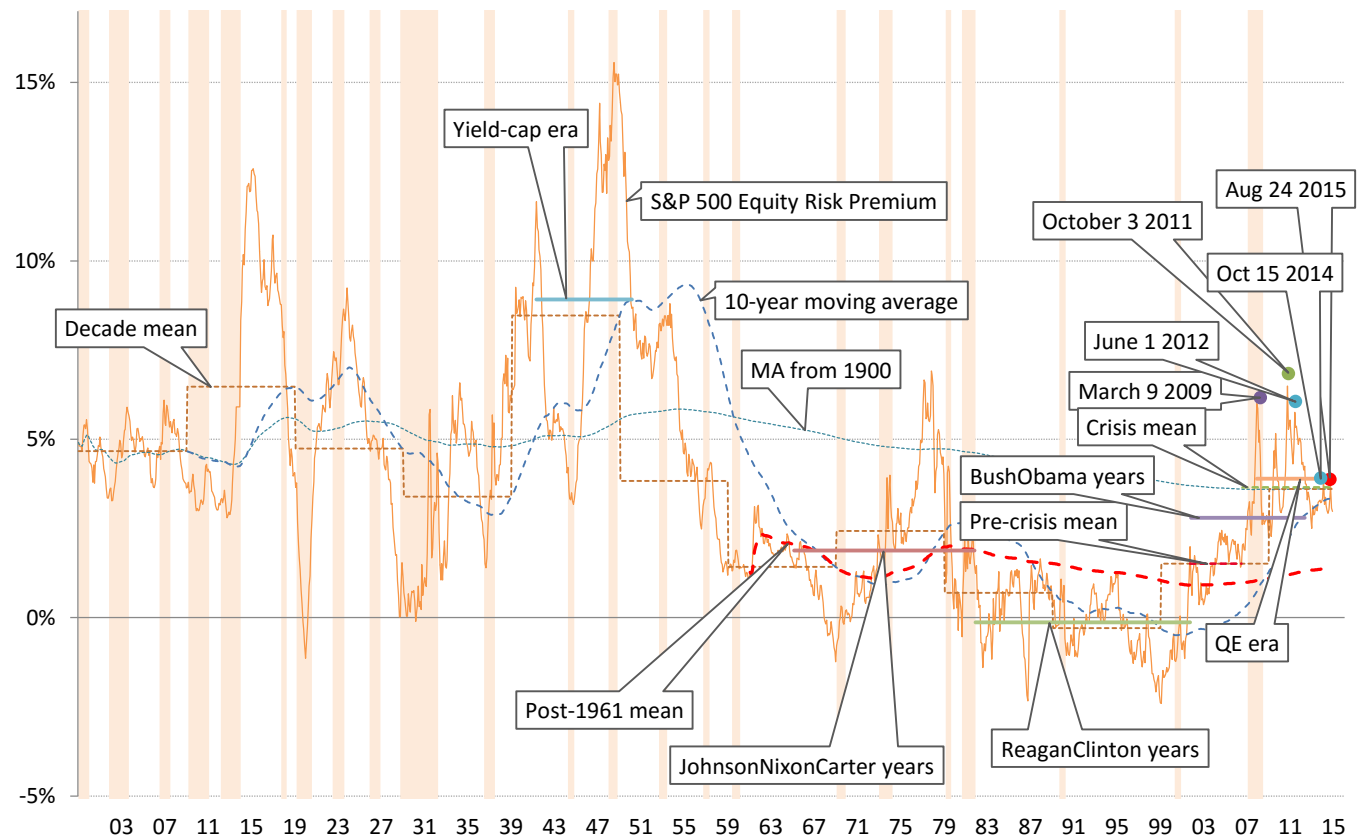
--- Crisis era mean - - - Pre-crisis mean ↘ Downtrends ■ Recession



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