

Data Insights: Global Equity Risk Premia

Tuesday, December 15, 2015

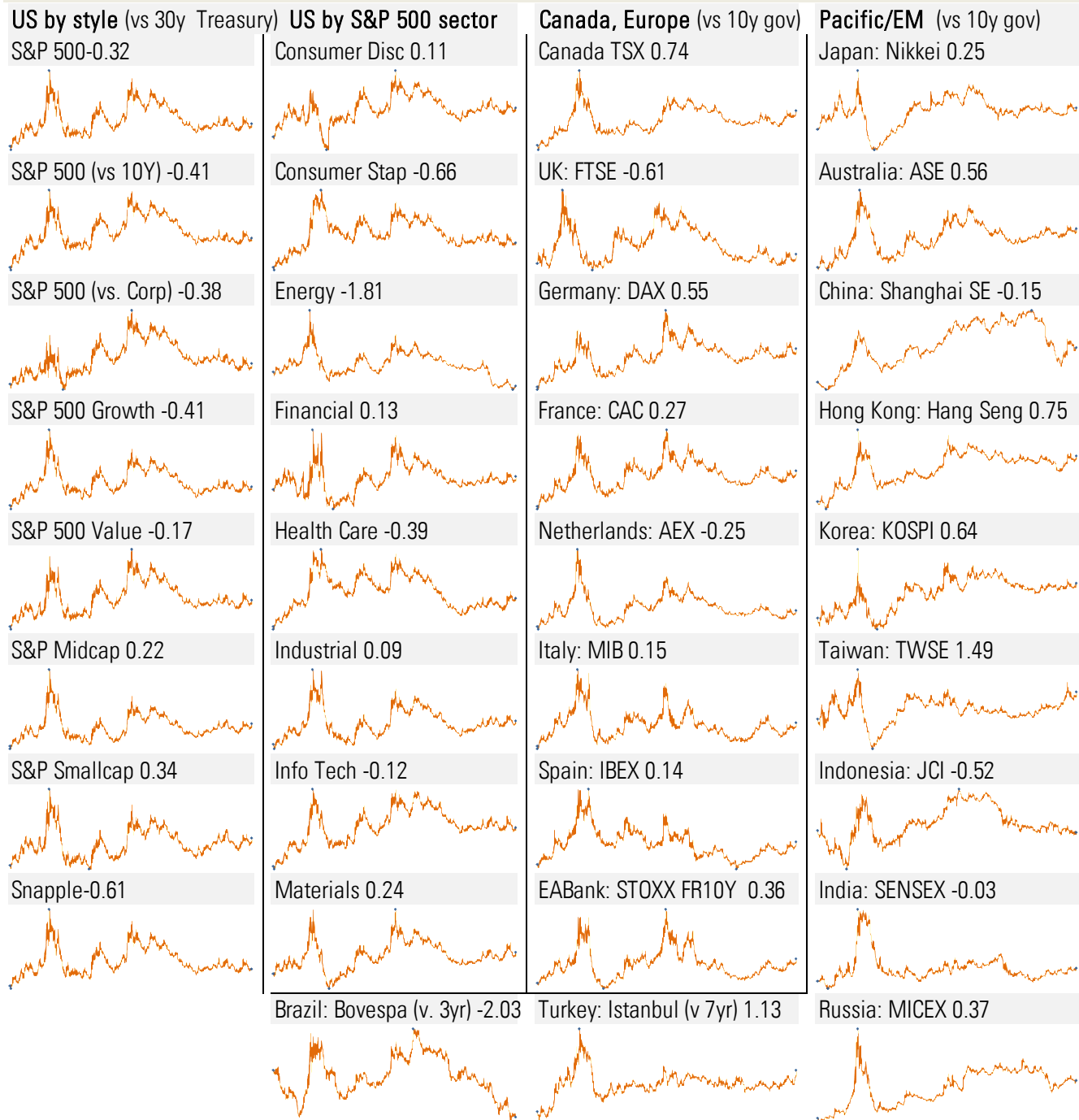
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	+1.50	Russia: MICEX	5.7	Turkey: Istanbul	+10%	Brazil: Bovespa	+53%
2	Turkey: Istanbul	+1.14	Turkey: Istanbul	7.9	Brazil: Bovespa	+7%	Turkey: Istanbul	+15%
3	HK: Hang Seng	+0.75	HK: Hang Seng	10.3	Korea: KOSPI	+1%	India: SENSEX	+14%
4	Canada:TSX	+0.75	Brazil: Bovespa	10.4	US: S&P 500	-1%	Korea: KOSPI	+9%
5	Korea: KOSPI	+0.65	Korea: KOSPI	10.7	Japan: Nikkei	-2%	China: Shanghai SE	+9%
6	Australia: ASE	+0.57	Taiwan:TWSA	11.8	China: Shanghai SE	-2%	Italy: MIB	+3%
7	Germany: DAX	+0.56	Germany: DAX	12.4	Canada:TSX	-3%	Taiwan:TWSA	+3%
8	Russia: MICEX	+0.38	Spain: IBEX	13.2	France: CAC	-3%	Russia: MICEX	+3%
9	France: CAC	+0.28	Indonesia:JCI	13.6	Italy: MIB	-5%	Australia: ASE	+2%
10	Japan: Nikkei	+0.26	France: CAC	13.7	Taiwan:TWSA	-5%	Japan: Nikkei	+1%
11	Italy: MIB	+0.15	China: Shanghai SE	13.7	Australia: ASE	-6%	Canada:TSX	+0%
12	Spain: IBEX	+0.14	Italy: MIB	14.1	India: SENSEX	-7%	France: CAC	-3%
13	India: SENSEX	-0.03	UK: FTSE	14.2	HK: Hang Seng	-8%	US: S&P 500	-3%
14	China: Shanghai SE	-0.15	Canada:TSX	14.4	Netherlands: AEX	-10%	Netherlands: AEX	-4%
15	Netherlands: AEX	-0.25	Netherlands: AEX	14.6	Indonesia:JCI	-11%	Indonesia:JCI	-5%
16	US: S&P 500	-0.32	Australia: ASE	14.7	UK: FTSE	-11%	UK: FTSE	-6%
17	Indonesia:JCI	-0.52	India: SENSEX	14.8	Spain: IBEX	-12%	HK: Hang Seng	-6%
18	UK: FTSE	-0.61	US: S&P 500	16.0	Russia: MICEX	-13%	Germany: DAX	-14%
19	Brazil: Bovespa	-2.03	Japan: Nikkei	17.1	Germany: DAX	-17%	Spain: IBEX	-46%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.34	S&P 500 Value	14.4	S&P 500 Growth	+5%	S&P Midcap	+15%
2	S&P Midcap	+0.23	S&P 500	16.0	S&P Midcap	+0%	S&P Smallcap	+8%
3	S&P 500 Value	-0.17	S&P Midcap	17.2	S&P Smallcap	-0%	S&P 500 Growth	+4%
4	S&P 500	-0.32	S&P 500 Growth	17.7	S&P 500	-1%	S&P 500	-3%
5	S&P 500 Growth	-0.41	S&P Smallcap	18.1	S&P 500 Value	-6%	S&P 500 Value	-7%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+1.65	Telecom	12.0	Consumer Disc	+10%	Consumer Disc	+10%
2	Utilities	+0.27	Financial	13.1	Health Care	+8%	Health Care	+5%
3	Materials	+0.24	Utilities	14.8	Telecom	+5%	Consumer Stap	-1%
4	Financial	+0.13	Materials	15.2	Utilities	+2%	Industrial	-2%
5	Consumer Disc	+0.11	Industrial	15.4	Info Tech	+1%	Info Tech	-3%
6	Industrial	+0.09	Health Care	15.7	Consumer Stap	-1%	Financial	-4%
7	Info Tech	-0.12	Info Tech	16.0	Financial	-2%	Utilities	-6%
8	Health Care	-0.39	Consumer Disc	18.0	Industrial	-5%	Materials	-18%
9	Consumer Stap	-0.66	Consumer Stap	19.6	Materials	-20%	Telecom	-21%
10	Energy	-1.82	Energy	25.6	Energy	-38%	Energy	-21%

Source: Bloomberg, TrendMacro calculations

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

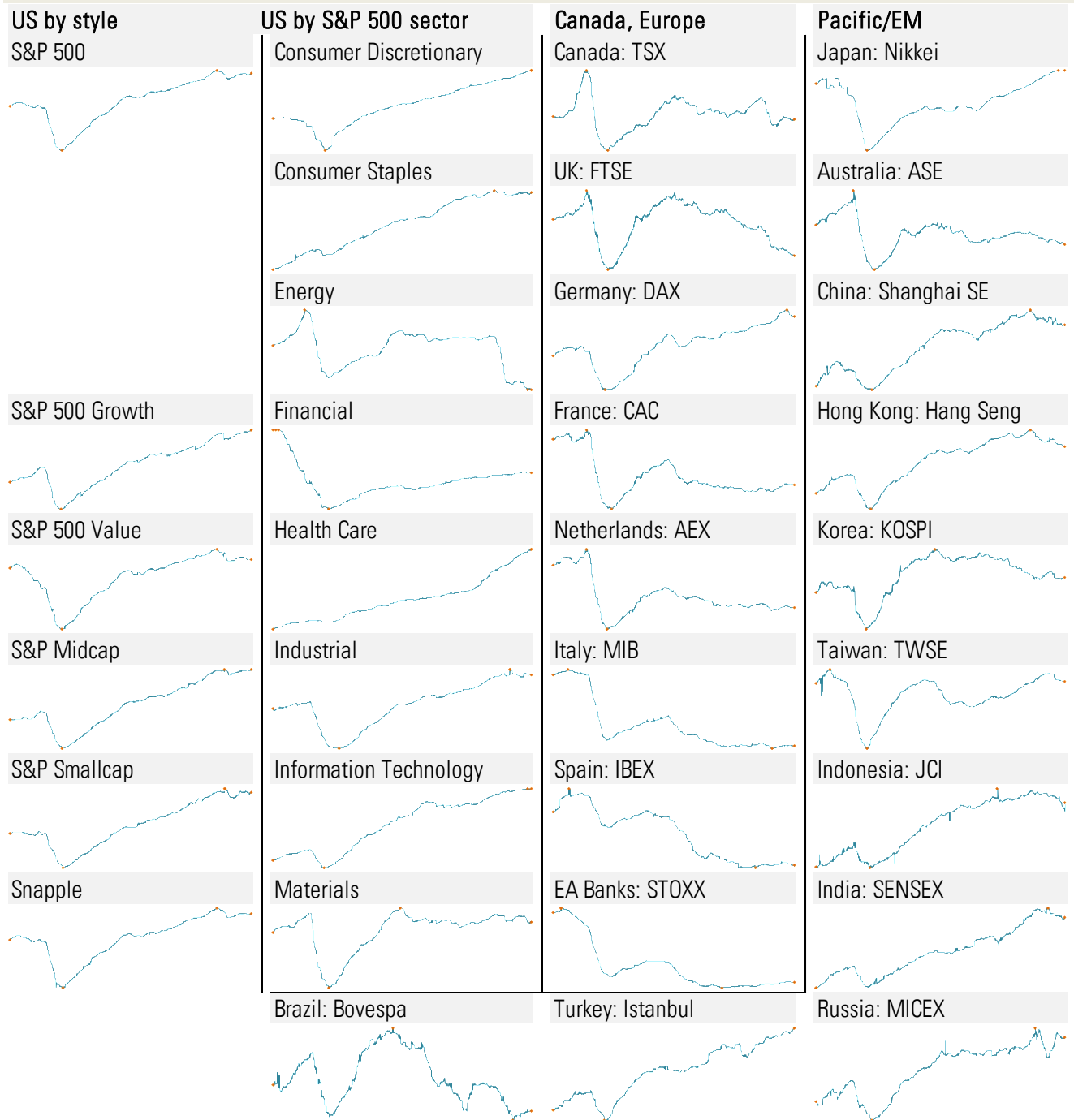
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

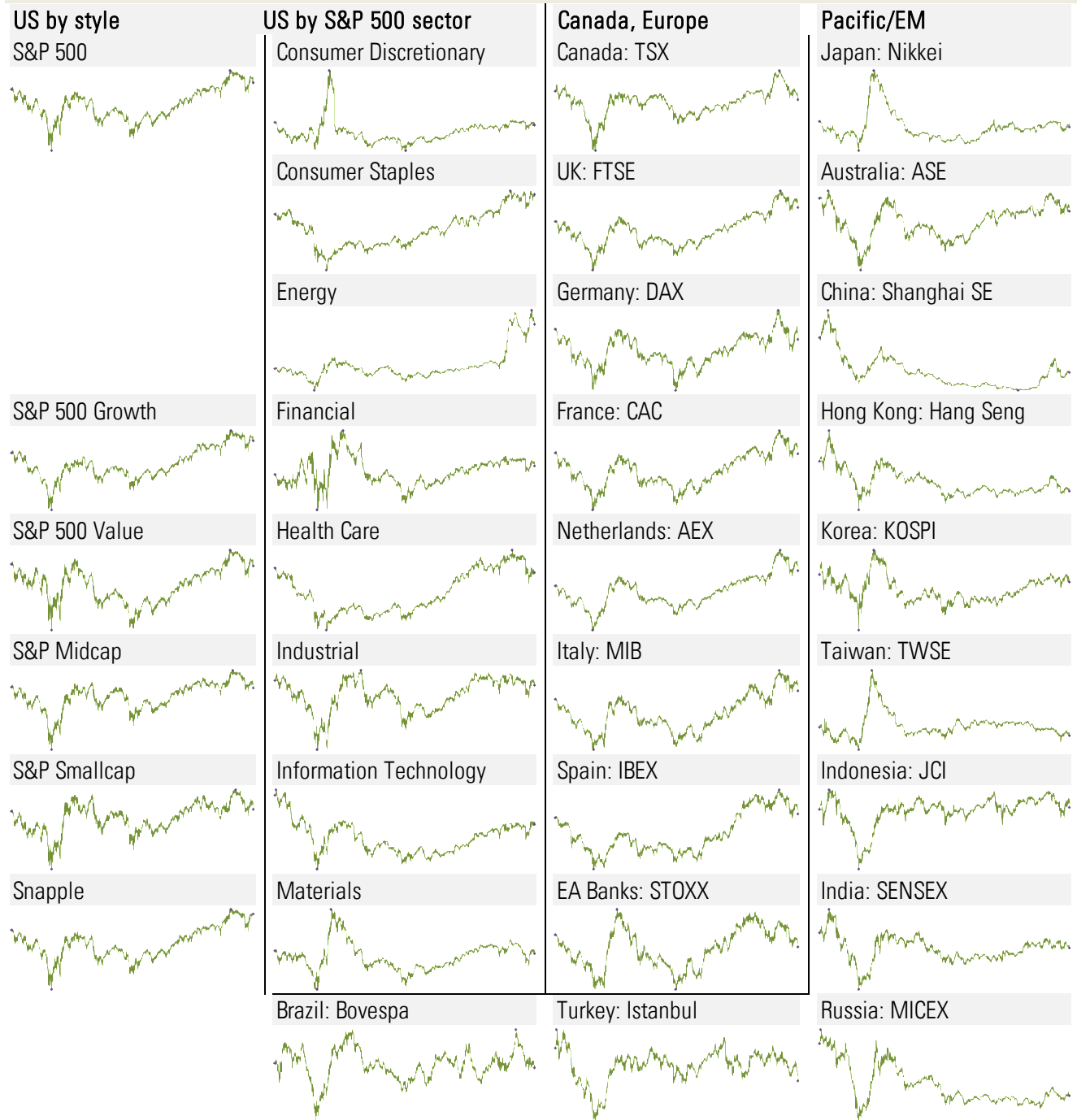
● First, High, Low, Last



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

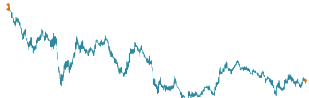
● First, High, Low, Last

US

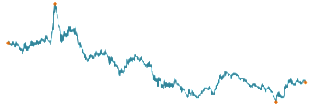
30-year Treasury



10-year Treasury

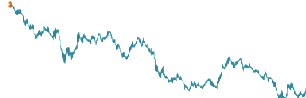


Moody's Corporate Avg



Canada, Europe

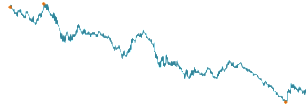
Canada 10-year govt



UK: 10-year govt



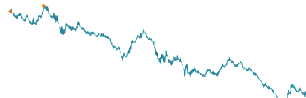
Germany: 10-year govt



France: 10-year govt



Netherlands: 10-year govt



Italy: 10-year govt

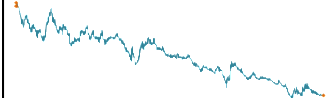


Spain: 10-year govt

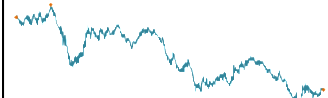


Pacific/EM

Japan: 10-year govt



Australia: 10-year govt



China: 10-year govt



Hong Kong: 10-year govt



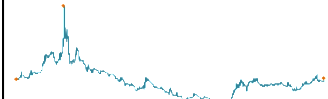
Korea: 10-year govt



Taiwan: 10-year govt



Indonesia: 10-year govt



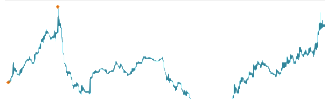
India: 10-year govt



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

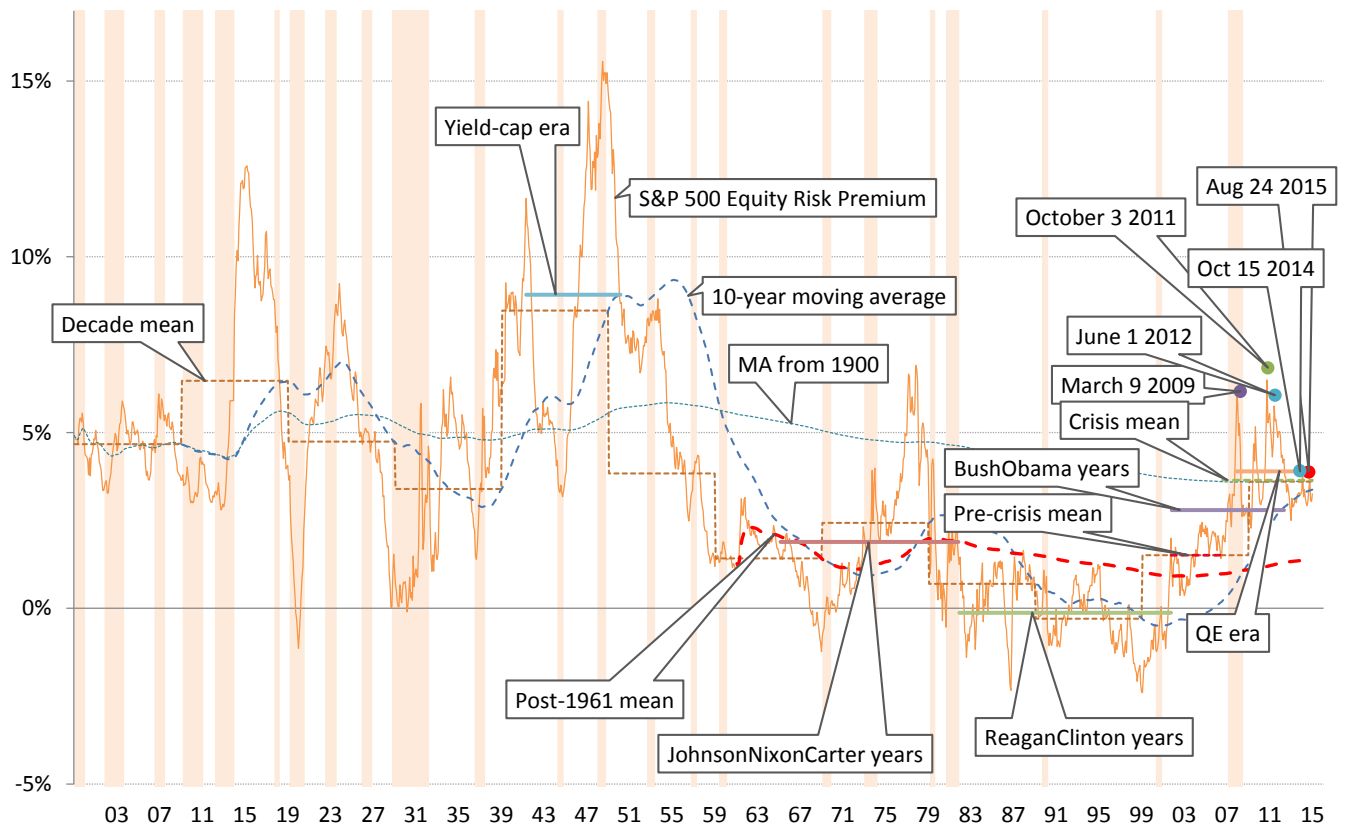
--- Crisis era mean --- Pre-crisis mean ↘ Downtrends ■ Recession



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