

Data Insights: Global Equity Risk Premia

Thursday, January 21, 2016

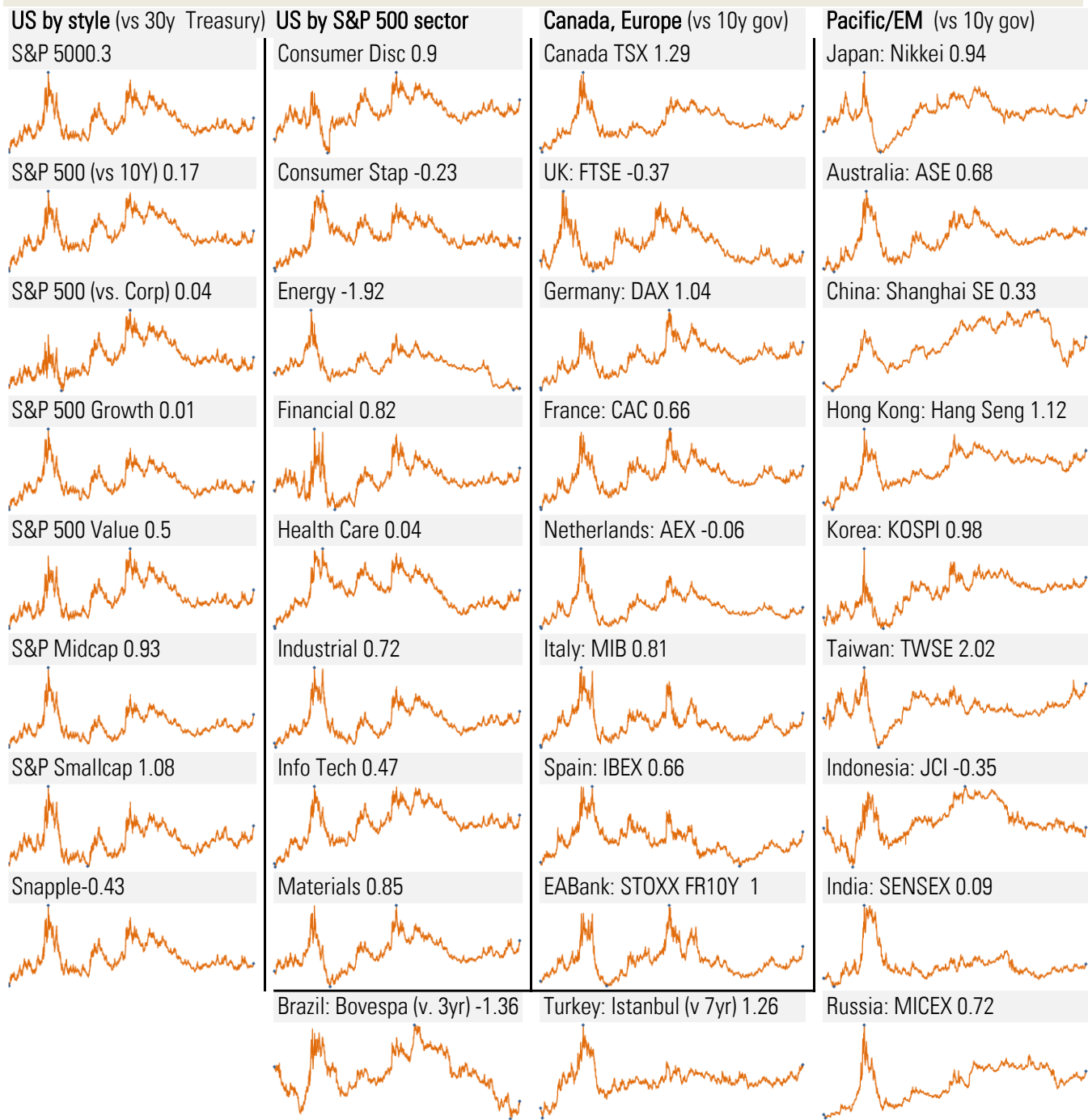
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	+2.02	Russia: MICEX	5.0	Russia: MICEX	+45%	Russia: MICEX	+57%
2	Canada:TSX	+1.29	Turkey: Istanbul	7.8	Turkey: Istanbul	+23%	Brazil: Bovespa	+27%
3	Turkey: Istanbul	+1.26	Brazil: Bovespa	9.1	Japan: Nikkei	-1%	India: SENSEX	+14%
4	HK: Hang Seng	+1.12	HK: Hang Seng	9.2	US: S&P 500	-1%	Turkey: Istanbul	+10%
5	Germany: DAX	+1.05	Korea: KOSPI	10.3	Korea: KOSPI	-4%	Canada:TSX	+10%
6	Korea: KOSPI	+0.99	Taiwan:TWSA	11.3	Germany: DAX	-5%	China: Shanghai SE	+7%
7	Japan: Nikkei	+0.95	Germany: DAX	11.4	Canada:TSX	-5%	Korea: KOSPI	+6%
8	Italy: MIB	+0.81	China: Shanghai SE	11.7	Taiwan:TWSA	-5%	Italy: MIB	+5%
9	Russia: MICEX	+0.73	Spain: IBEX	11.9	Indonesia:JCI	-6%	Australia: ASE	+1%
10	Australia: ASE	+0.69	Italy: MIB	12.5	China: Shanghai SE	-6%	Taiwan:TWSA	-1%
11	France: CAC	+0.67	France: CAC	12.9	France: CAC	-9%	Japan: Nikkei	-1%
12	Spain: IBEX	+0.66	Canada:TSX	13.6	Australia: ASE	-10%	France: CAC	-2%
13	China: Shanghai SE	+0.34	UK: FTSE	13.9	Italy: MIB	-10%	Germany: DAX	-2%
14	US: S&P 500	+0.30	Indonesia:JCI	14.0	HK: Hang Seng	-10%	US: S&P 500	-2%
15	India: SENSEX	+0.09	Netherlands: AEX	14.2	UK: FTSE	-12%	HK: Hang Seng	-4%
16	Netherlands: AEX	-0.07	India: SENSEX	14.5	India: SENSEX	-12%	UK: FTSE	-5%
17	Indonesia:JCI	-0.35	Australia: ASE	14.6	Brazil: Bovespa	-14%	Netherlands: AEX	-9%
18	UK: FTSE	-0.38	Japan: Nikkei	14.8	Netherlands: AEX	-14%	Indonesia:JCI	-28%
19	Brazil: Bovespa	-1.37	US: S&P 500	14.9	Spain: IBEX	-17%	Spain: IBEX	-51%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+1.09	S&P 500 Value	13.2	S&P 500 Value	+3%	S&P Midcap	+18%
2	S&P Midcap	+0.94	S&P 500	14.9	S&P Smallcap	+2%	S&P Smallcap	+2%
3	S&P 500 Value	+0.51	S&P Midcap	15.6	S&P Midcap	+1%	S&P 500 Growth	-1%
4	S&P 500	+0.30	S&P Smallcap	16.4	S&P 500	-1%	S&P 500	-2%
5	S&P 500 Growth	+0.02	S&P 500 Growth	17.0	S&P 500 Growth	-11%	S&P 500 Value	-15%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+1.93	Telecom	11.8	Consumer Disc	+9%	Consumer Disc	+5%
2	Consumer Disc	+0.90	Financial	11.9	Health Care	+9%	Telecom	+3%
3	Materials	+0.86	Materials	13.8	Telecom	+7%	Financial	+3%
4	Financial	+0.83	Industrial	13.9	Info Tech	+4%	Health Care	+0%
5	Industrial	+0.72	Info Tech	14.4	Consumer Stap	+2%	Consumer Stap	+0%
6	Info Tech	+0.48	Health Care	14.8	Utilities	+2%	Utilities	-0%
7	Utilities	+0.26	Utilities	15.3	Financial	+2%	Info Tech	-2%
8	Health Care	+0.05	Consumer Disc	16.2	Industrial	+1%	Industrial	-2%
9	Consumer Stap	-0.23	Consumer Stap	18.9	Materials	-14%	Materials	-6%
10	Energy	-1.93	Energy	29.5	Energy	-69%	Energy	-29%

Source: Bloomberg, TrendMacro calculations

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

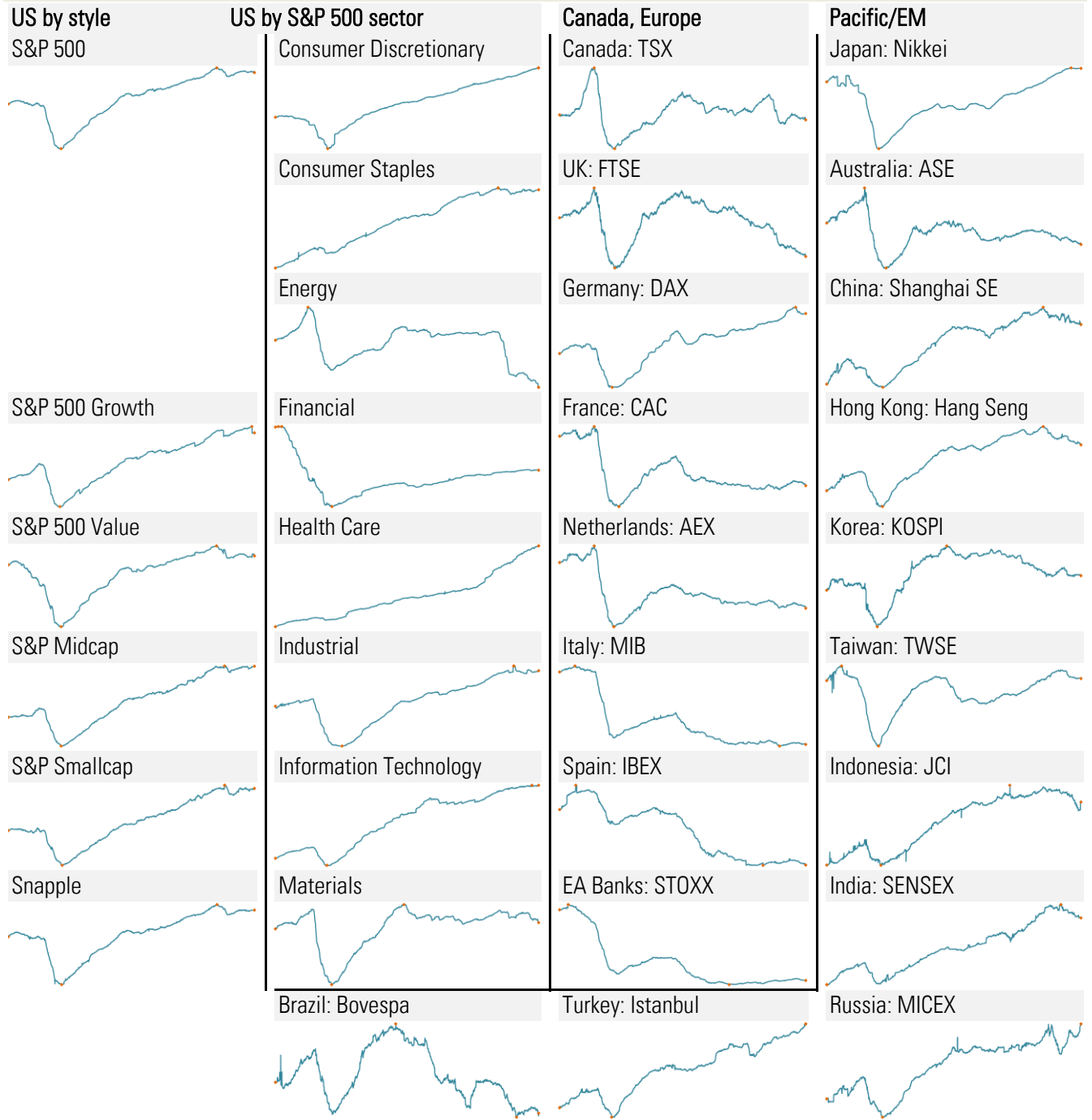
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

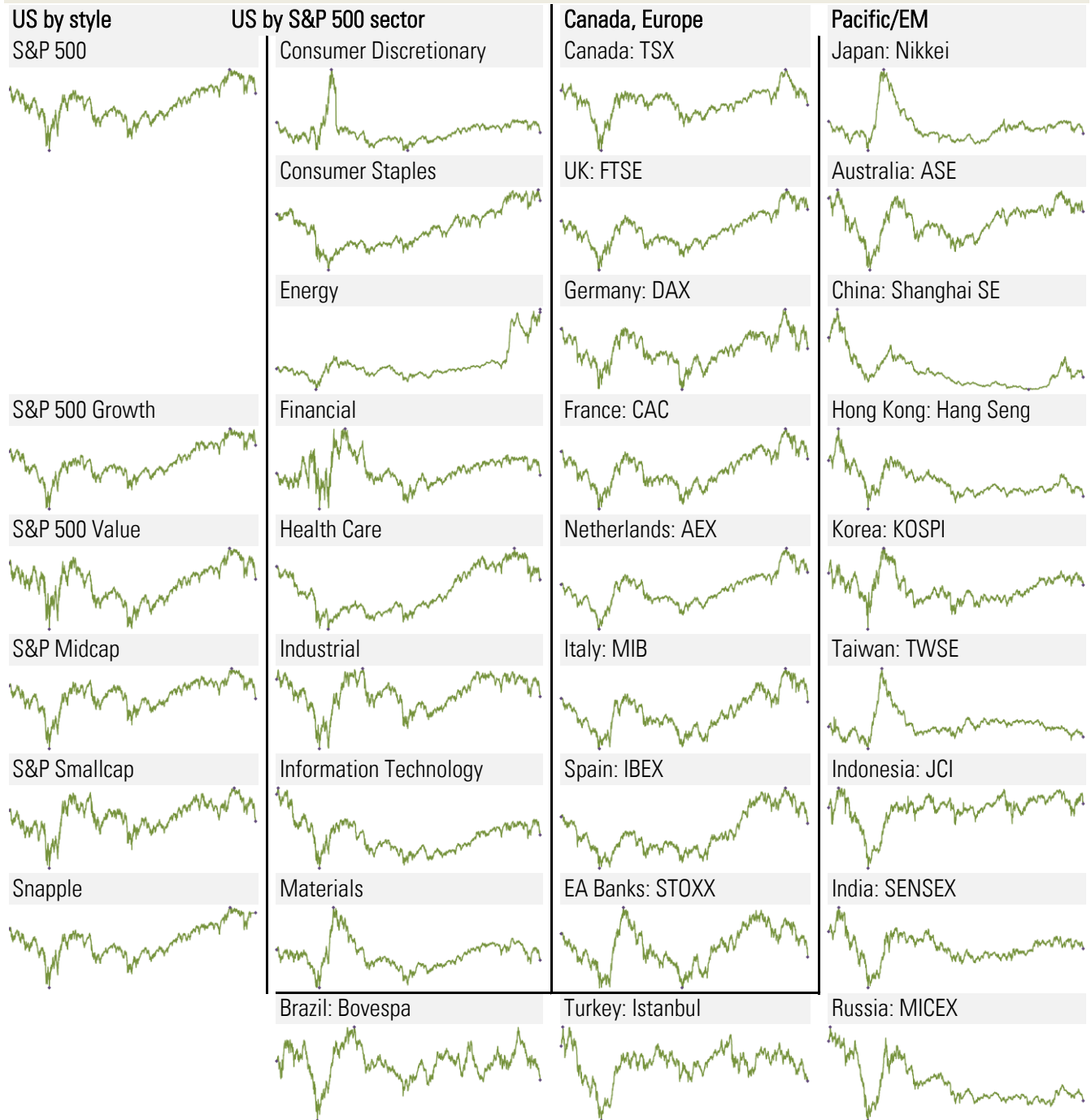
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

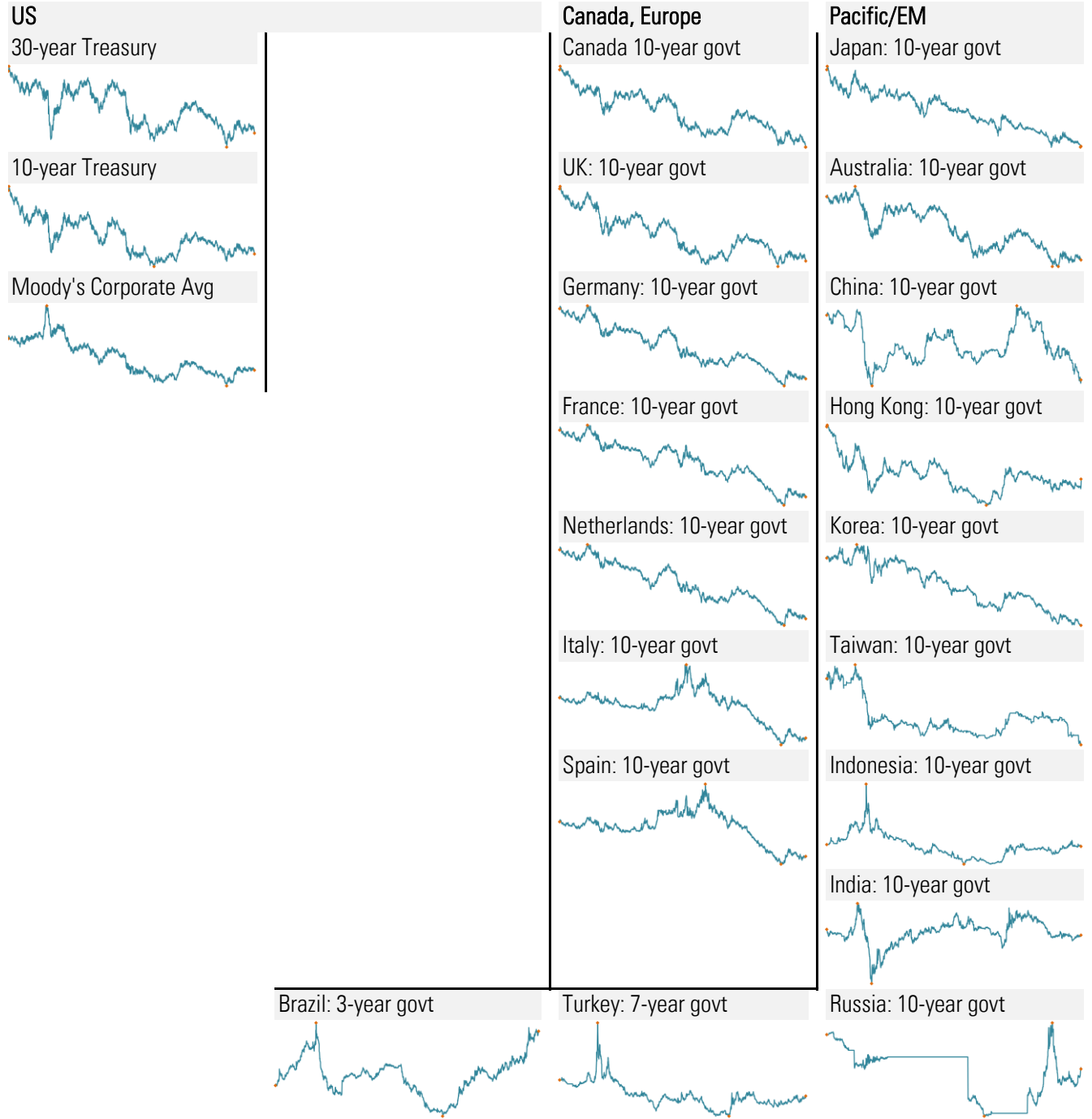
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

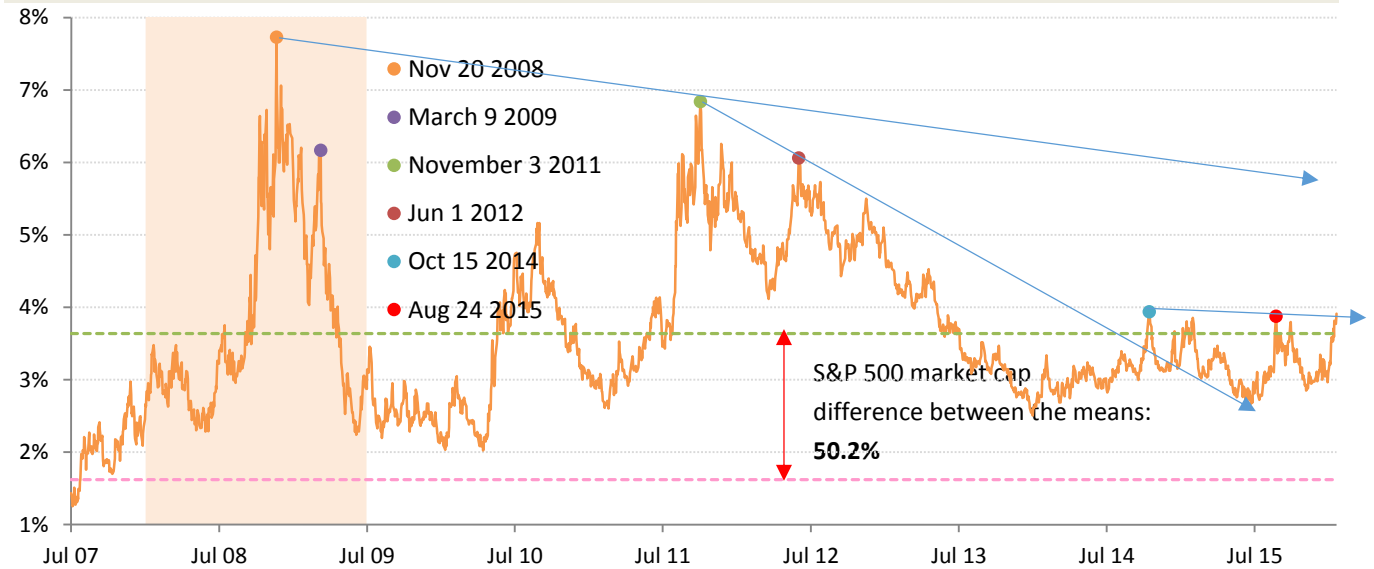
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

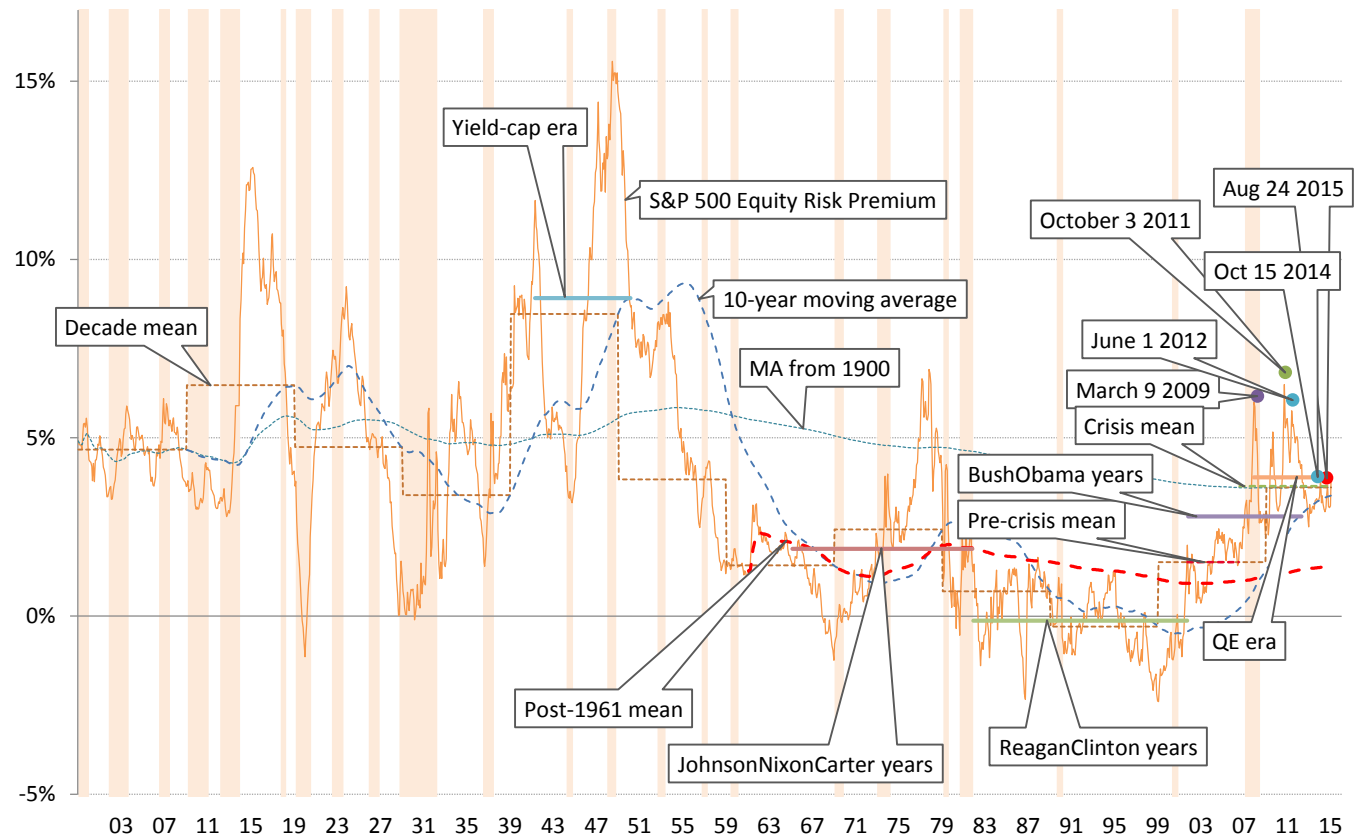
--- Crisis era mean - - - Pre-crisis mean ↘ Downtrends ■ Recession



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