

Data Insights: Global Equity Risk Premia

Friday, February 12, 2016

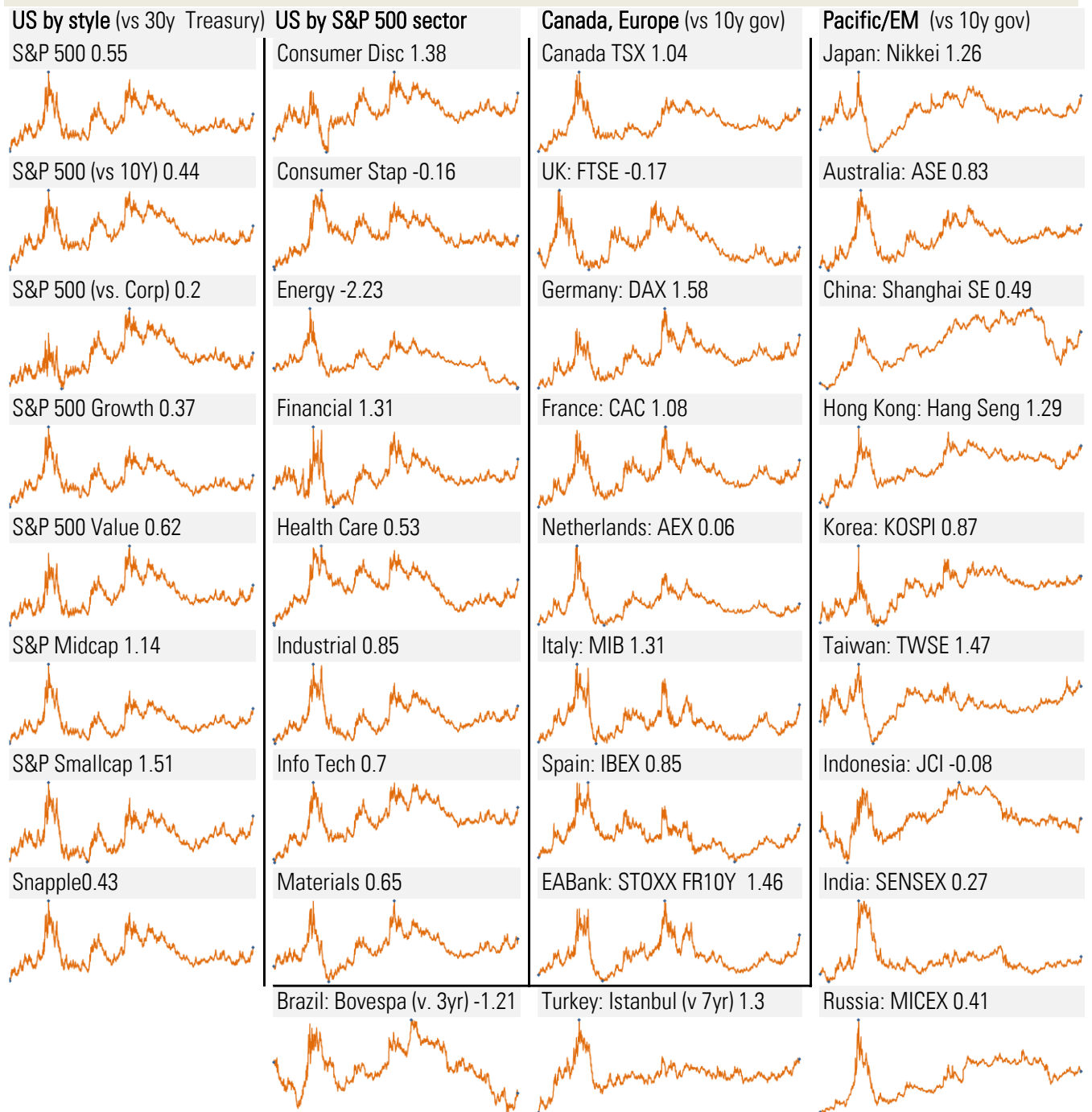
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	Germany: DAX	+1.59	Russia: MICEX	5.6	Indonesia:JCI	+25%	Russia: MICEX	+24%
2	Taiwan:TWSA	+1.48	Turkey: Istanbul	7.9	Turkey: Istanbul	+18%	Brazil: Bovespa	+18%
3	Italy: MIB	+1.31	HK: Hang Seng	9.2	Russia: MICEX	+15%	India: SENSEX	+14%
4	Turkey: Istanbul	+1.30	Brazil: Bovespa	9.8	Japan: Nikkei	-2%	Turkey: Istanbul	+6%
5	HK: Hang Seng	+1.30	Korea: KOSPI	10.7	Germany: DAX	-5%	Korea: KOSPI	+6%
6	Japan: Nikkei	+1.26	Germany: DAX	10.8	US: S&P 500	-7%	Canada:TSX	+5%
7	France: CAC	+1.08	China: Shanghai SE	11.1	Taiwan:TWSA	-10%	Australia: ASE	+1%
8	Canada:TSX	+1.05	Italy: MIB	11.4	HK: Hang Seng	-10%	Germany: DAX	-1%
9	Korea: KOSPI	+0.87	Spain: IBEX	11.4	China: Shanghai SE	-10%	Japan: Nikkei	-2%
10	Spain: IBEX	+0.85	Taiwan:TWSA	12.1	India: SENSEX	-12%	Italy: MIB	-2%
11	Australia: ASE	+0.84	France: CAC	12.3	Australia: ASE	-13%	US: S&P 500	-3%
12	US: S&P 500	+0.55	UK: FTSE	13.9	France: CAC	-14%	China: Shanghai SE	-3%
13	China: Shanghai SE	+0.49	India: SENSEX	14.1	Korea: KOSPI	-16%	Taiwan:TWSA	-4%
14	Russia: MICEX	+0.42	Netherlands: AEX	14.2	Canada:TSX	-17%	HK: Hang Seng	-5%
15	India: SENSEX	+0.28	Japan: Nikkei	14.3	UK: FTSE	-18%	France: CAC	-15%
16	Netherlands: AEX	+0.07	Indonesia:JCI	14.4	Italy: MIB	-20%	UK: FTSE	-16%
17	Indonesia:JCI	-0.09	Canada:TSX	14.5	Spain: IBEX	-21%	Indonesia:JCI	-24%
18	UK: FTSE	-0.18	Australia: ASE	14.7	Brazil: Bovespa	-23%	Netherlands: AEX	-25%
19	Brazil: Bovespa	-1.21	US: S&P 500	14.9	Netherlands: AEX	-26%	Spain: IBEX	-52%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+1.51	S&P 500 Value	13.4	S&P Smallcap	+10%	S&P Midcap	+16%
2	S&P Midcap	+1.14	S&P 500	14.9	S&P Midcap	+0%	S&P Smallcap	+13%
3	S&P 500 Value	+0.62	S&P Midcap	15.6	S&P 500 Value	-5%	S&P 500 Growth	-1%
4	S&P 500	+0.55	S&P Smallcap	16.0	S&P 500	-7%	S&P 500	-3%
5	S&P 500 Growth	+0.38	S&P 500 Growth	16.7	S&P 500 Growth	-15%	S&P 500 Value	-16%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+1.51	Financial	11.2	Consumer Disc	+6%	Financial	+8%
2	Consumer Disc	+1.39	Telecom	12.9	Health Care	+6%	Industrial	+6%
3	Financial	+1.31	Health Care	14.0	Industrial	+5%	Consumer Disc	+3%
4	Industrial	+0.85	Industrial	14.1	Telecom	+3%	Info Tech	-0%
5	Info Tech	+0.71	Info Tech	14.3	Utilities	+2%	Utilities	-1%
6	Materials	+0.65	Materials	14.9	Info Tech	-1%	Consumer Stap	-1%
7	Health Care	+0.53	Consumer Disc	15.6	Consumer Stap	-2%	Health Care	-1%
8	Utilities	+0.15	Utilities	16.2	Financial	-4%	Telecom	-3%
9	Consumer Stap	-0.16	Consumer Stap	19.6	Materials	-25%	Materials	-4%
10	Energy	-2.24	Energy	41.3	Energy	-91%	Energy	-41%

Source: Bloomberg, TrendMacro calculations

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

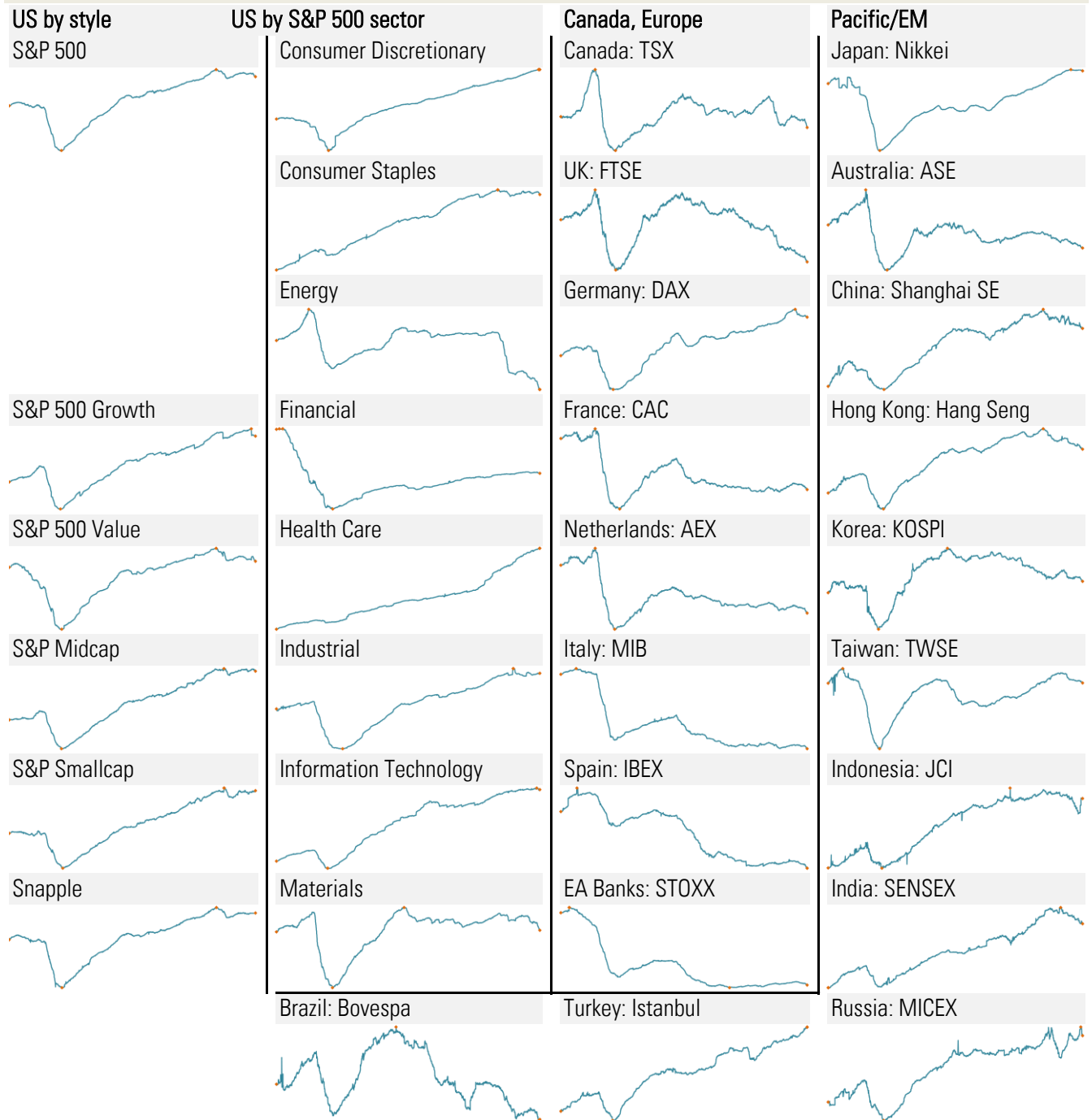
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

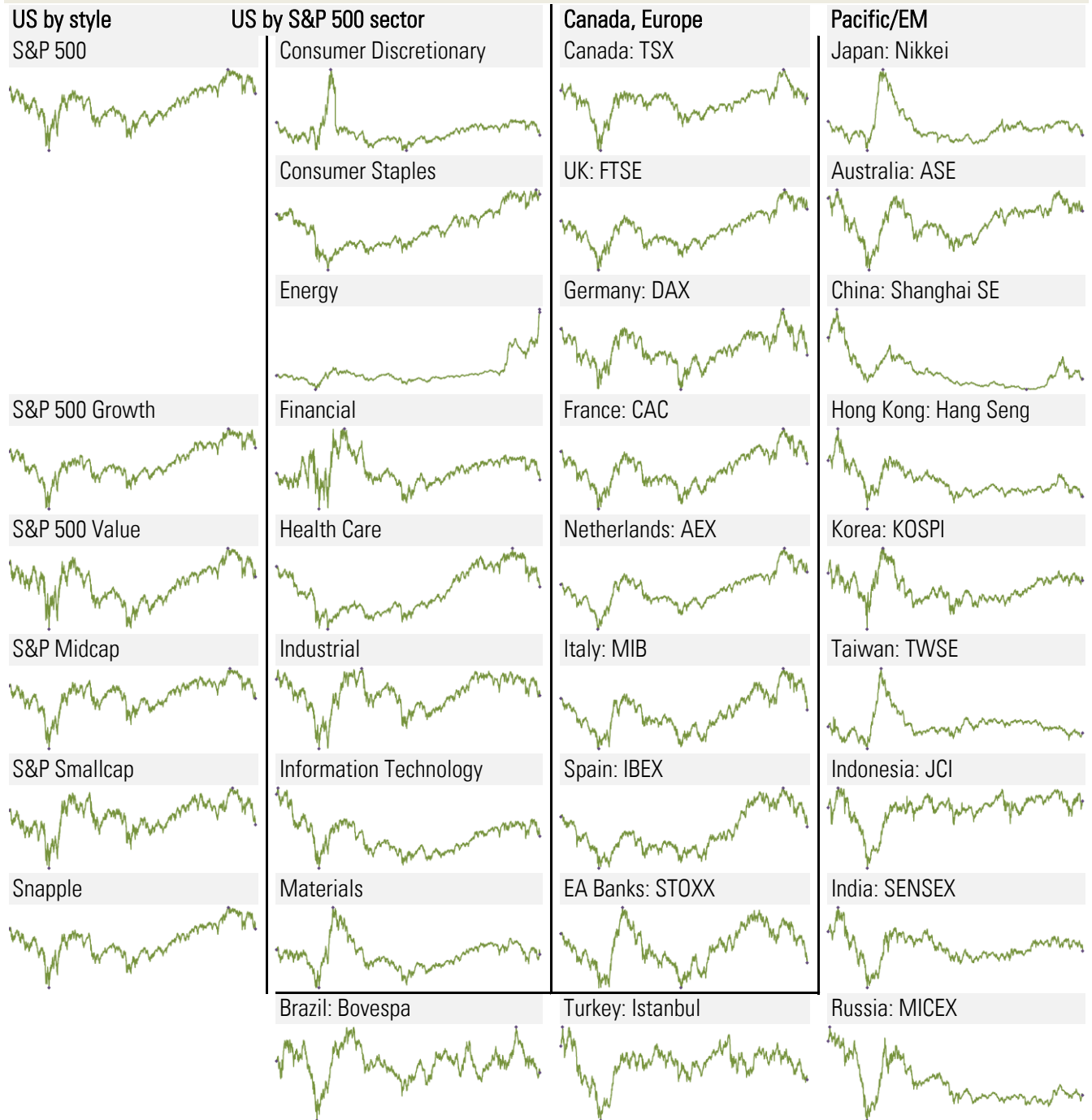
● First, High, Low, Last



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

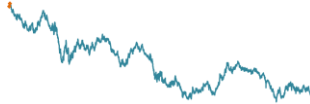


Canada, Europe

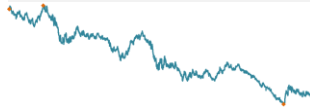
Canada 10-year govt



UK: 10-year govt



Germany: 10-year govt



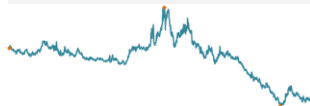
France: 10-year govt



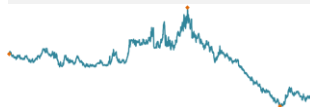
Netherlands: 10-year govt



Italy: 10-year govt



Spain: 10-year govt

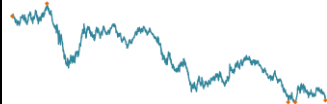


Pacific/EM

Japan: 10-year govt



Australia: 10-year govt



China: 10-year govt



Hong Kong: 10-year govt



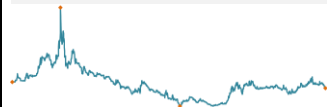
Korea: 10-year govt



Taiwan: 10-year govt



Indonesia: 10-year govt



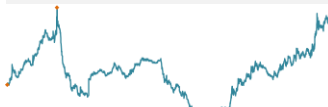
India: 10-year govt



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

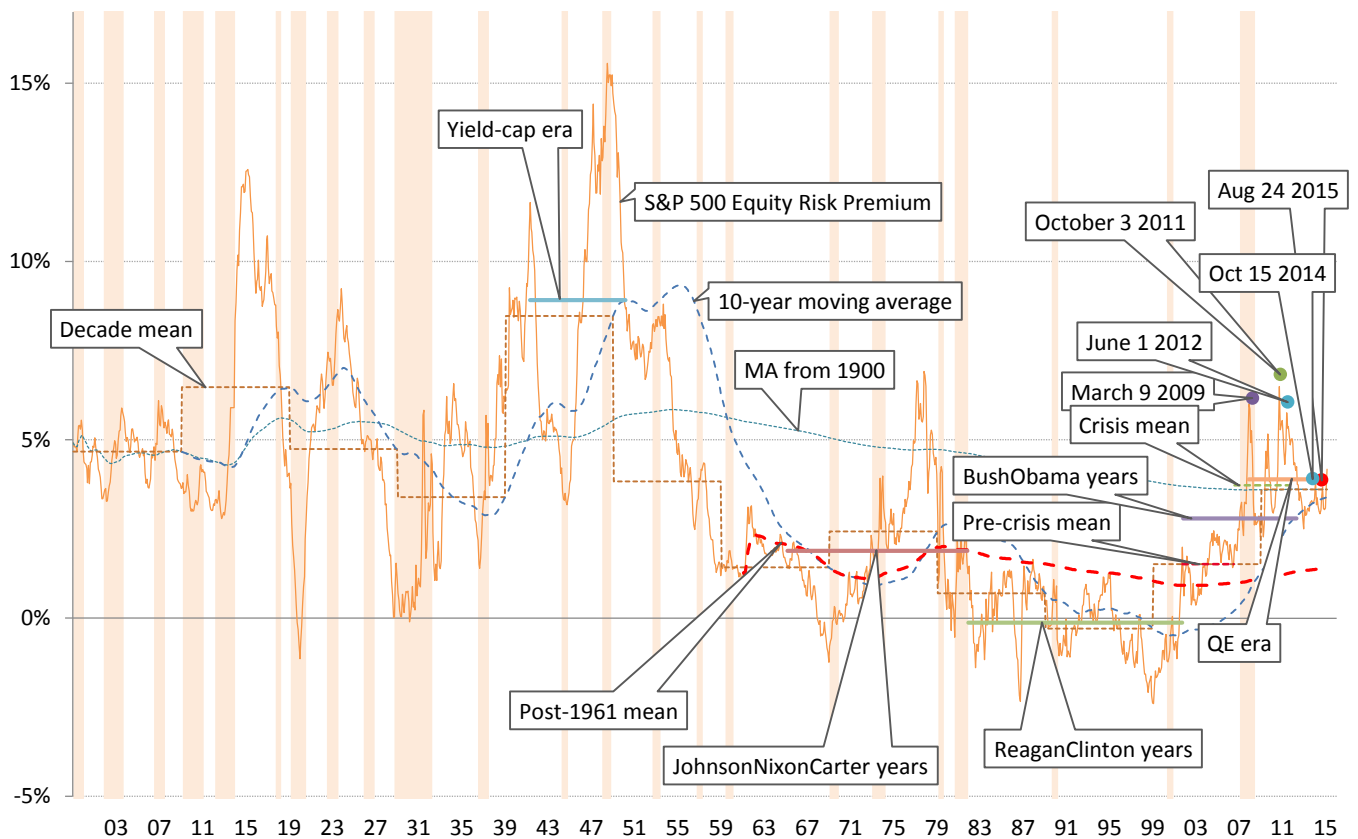
--- Crisis era mean --- Pre-crisis mean ↘ Downtrends ■ Recession



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