

Data Insights: Global Equity Risk Premia

Friday, March 28, 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	Japan: Nikkei	+0.94	Russia: MICEX	6.4	Turkey: Istanbul	+19%	Italy: MIB	+74%
2	Taiwan: TWSA	+0.92	Turkey: Istanbul	8.9	Indonesia: JCI	+4%	India: SENSEX	+14%
3	Germany: DAX	+0.87	HK: Hang Seng	10.5	Japan: Nikkei	-7%	Indonesia: JCI	+5%
4	HK: Hang Seng	+0.75	Korea: KOSPI	11.3	US: S&P 500	-8%	UK: FTSE	+4%
5	Italy: MIB	+0.68	Germany: DAX	12.1	Germany: DAX	-8%	US: S&P 500	-1%
6	Korea: KOSPI	+0.56	China: Shanghai SE	12.3	Taiwan: TWSA	-10%	Turkey: Istanbul	-3%
7	Turkey: Istanbul	+0.55	Brazil: Bovespa	12.8	Korea: KOSPI	-11%	France: CAC	-3%
8	France: CAC	+0.49	Spain: IBEX	13.1	India: SENSEX	-12%	Korea: KOSPI	-3%
9	Australia: ASE	+0.37	Taiwan: TWSA	13.2	France: CAC	-12%	Spain: IBEX	-3%
10	Spain: IBEX	+0.29	Italy: MIB	13.3	Russia: MICEX	-13%	Taiwan: TWSA	-4%
11	China: Shanghai SE	+0.18	France: CAC	13.8	Australia: ASE	-15%	Japan: Nikkei	-4%
12	Russia: MICEX	+0.13	India: SENSEX	15.5	UK: FTSE	-16%	Germany: DAX	-5%
13	Canada: TSX	+0.05	Japan: Nikkei	15.5	Netherlands: AEX	-22%	Brazil: Bovespa	-10%
14	India: SENSEX	-0.03	UK: FTSE	15.5	Spain: IBEX	-23%	Canada: TSX	-13%
15	US: S&P 500	-0.25	Australia: ASE	15.9	China: Shanghai SE	-23%	Australia: ASE	-18%
16	Indonesia: JCI	-0.44	Indonesia: JCI	16.2	HK: Hang Seng	-24%	Netherlands: AEX	-18%
17	Netherlands: AEX	-0.46	Netherlands: AEX	16.2	Italy: MIB	-25%	HK: Hang Seng	-18%
18	UK: FTSE	-0.78	US: S&P 500	16.6	Brazil: Bovespa	-30%	China: Shanghai SE	-19%
19	Brazil: Bovespa	-1.50	Canada: TSX	16.9	Canada: TSX	-34%	Russia: MICEX	-30%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.49	S&P 500 Value	15.0	S&P 500 Growth	+1%	S&P Smallcap	+10%
2	S&P Midcap	+0.29	S&P 500	16.6	S&P Smallcap	-2%	S&P 500 Growth	+6%
3	S&P 500 Value	-0.19	S&P Midcap	17.8	S&P 500	-8%	S&P Midcap	+2%
4	S&P 500	-0.25	S&P 500 Growth	18.4	S&P Midcap	-8%	S&P 500	-1%
5	S&P 500 Growth	-0.33	S&P Smallcap	18.5	S&P 500 Value	-14%	S&P 500 Value	-5%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+0.87	Financial	13.0	Consumer Disc	+7%	Financial	+14%
2	Consumer Disc	+0.52	Telecom	13.9	Health Care	+4%	Info Tech	+7%
3	Financial	+0.35	Health Care	14.8	Info Tech	+4%	Consumer Disc	+5%
4	Industrial	+0.13	Industrial	15.9	Industrial	+4%	Industrial	+5%
5	Health Care	+0.09	Info Tech	15.9	Telecom	+3%	Health Care	+4%
6	Info Tech	+0.08	Materials	17.1	Consumer Stap	-2%	Consumer Stap	-1%
7	Materials	-0.06	Consumer Disc	17.5	Utilities	-2%	Telecom	-5%
8	Utilities	-0.47	Utilities	17.5	Financial	-13%	Utilities	-13%
9	Consumer Stap	-0.64	Consumer Stap	20.6	Materials	-26%	Materials	-13%
10	Energy	-2.46	Energy	51.8	Energy	-90%	Energy	-41%

Source: Bloomberg, TrendMacro calculations

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

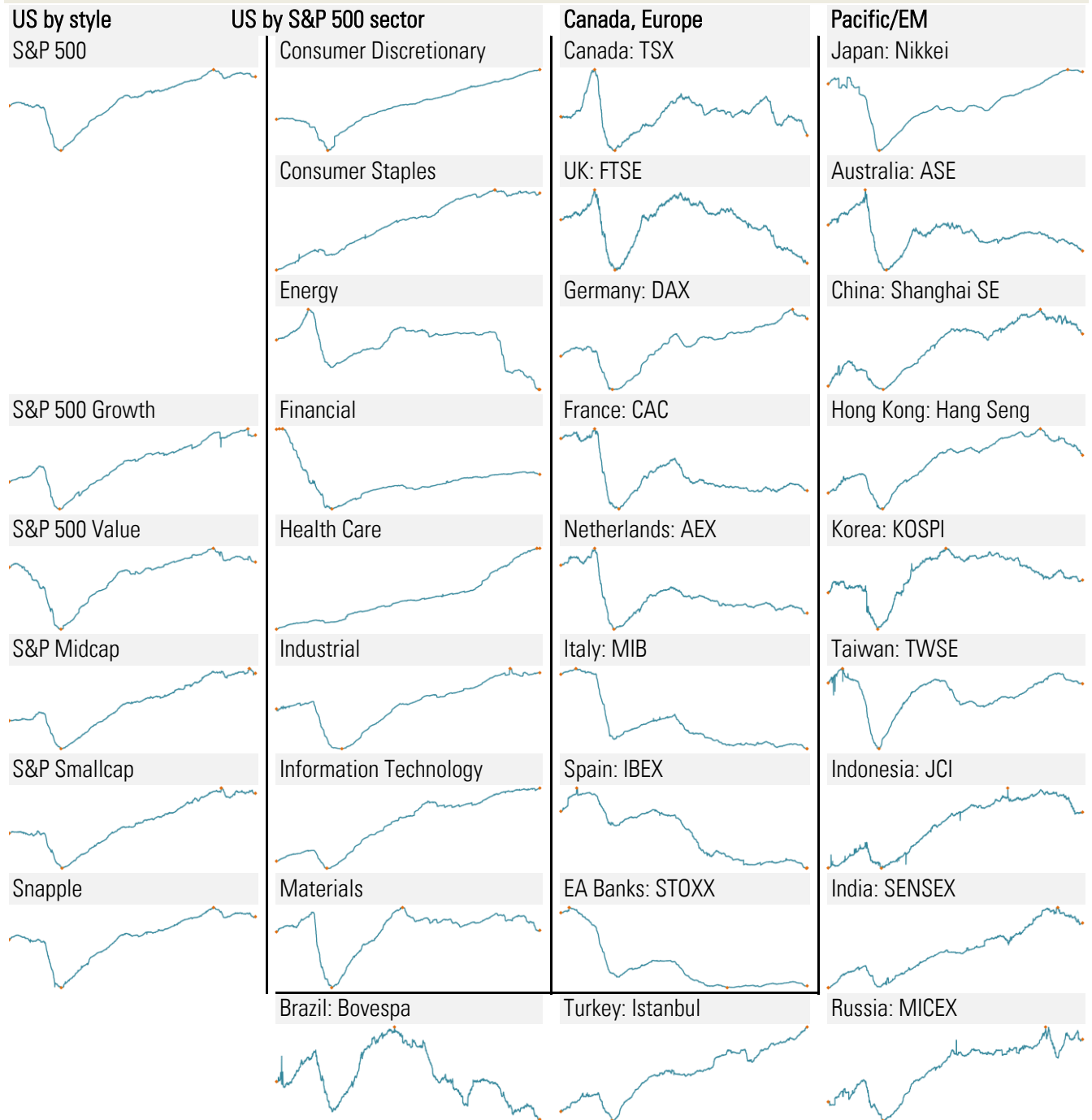
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

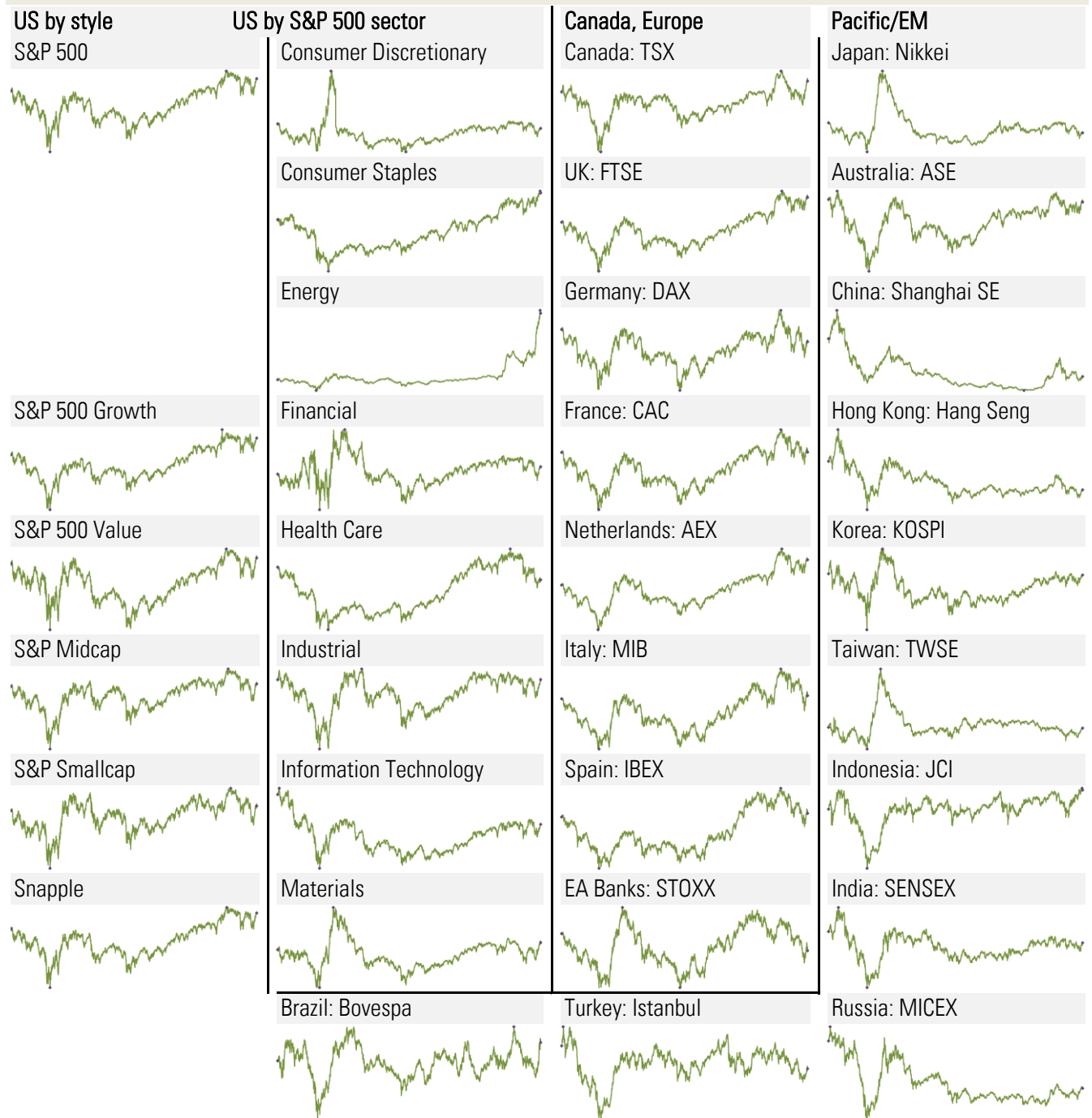
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



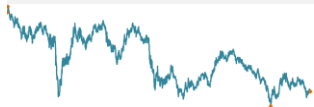
Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

● First, High, Low, Last

US

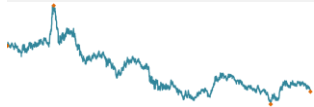
30-year Treasury



10-year Treasury

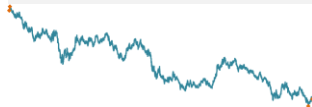


Moody's Corporate Avg

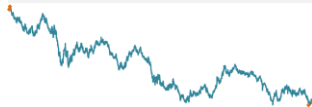


Canada, Europe

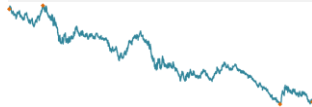
Canada 10-year govt



UK: 10-year govt



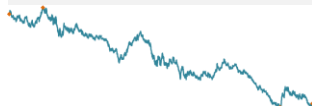
Germany: 10-year govt



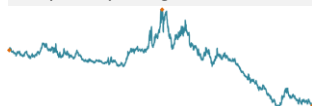
France: 10-year govt



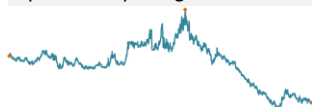
Netherlands: 10-year govt



Italy: 10-year govt

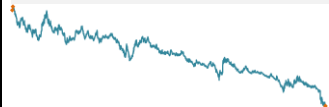


Spain: 10-year govt

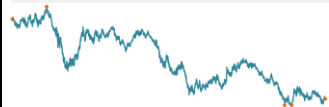


Pacific/EM

Japan: 10-year govt



Australia: 10-year govt



China: 10-year govt



Hong Kong: 10-year govt



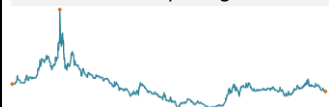
Korea: 10-year govt



Taiwan: 10-year govt



Indonesia: 10-year govt



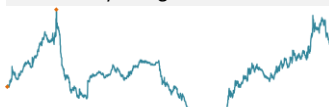
India: 10-year govt



Russia: 10-year govt



Brazil: 3-year govt



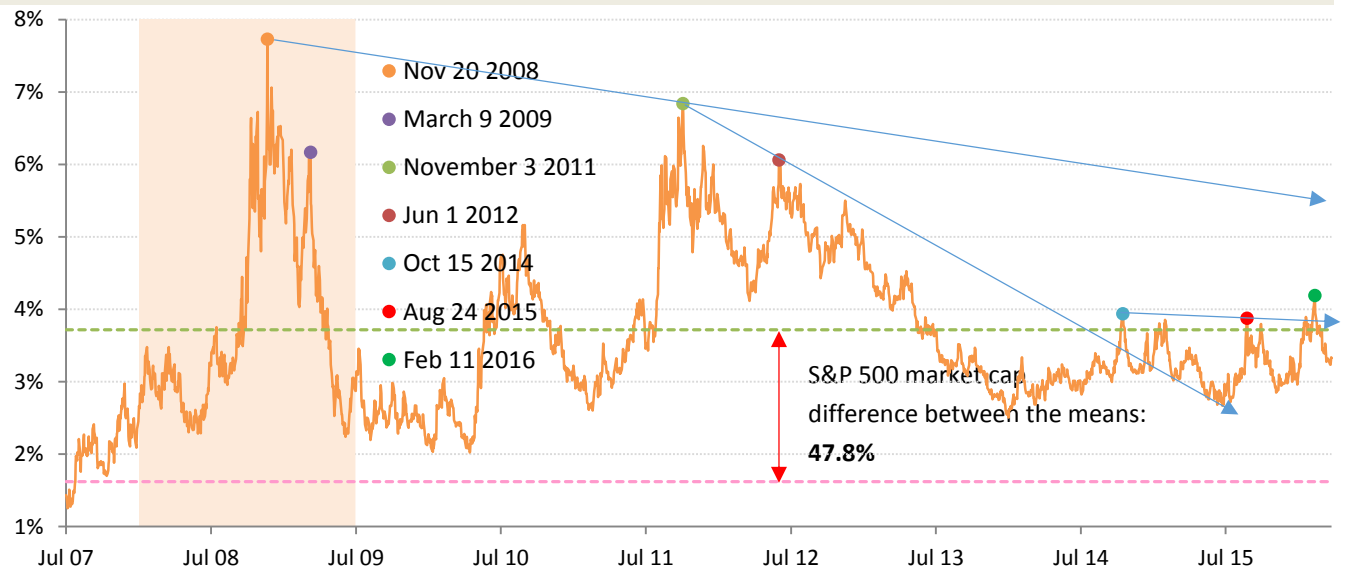
Turkey: 7-year govt



Source: Bloomberg, TrendMacro calculations

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

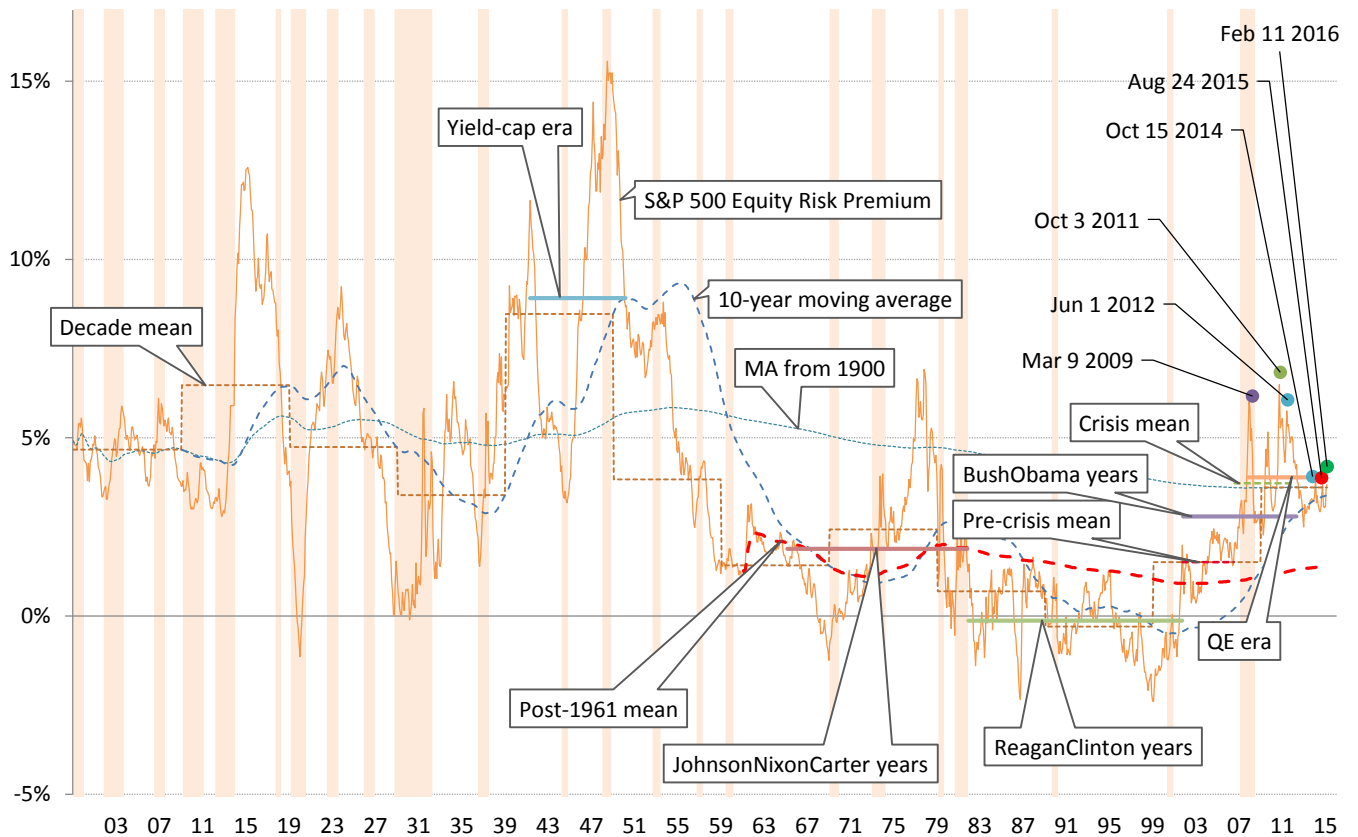
--- Crisis era mean --- Pre-crisis mean ↘ Downtrends ■ Recession



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