

Data Insights: Global Equity Risk Premia

Wednesday, June 22, 2016

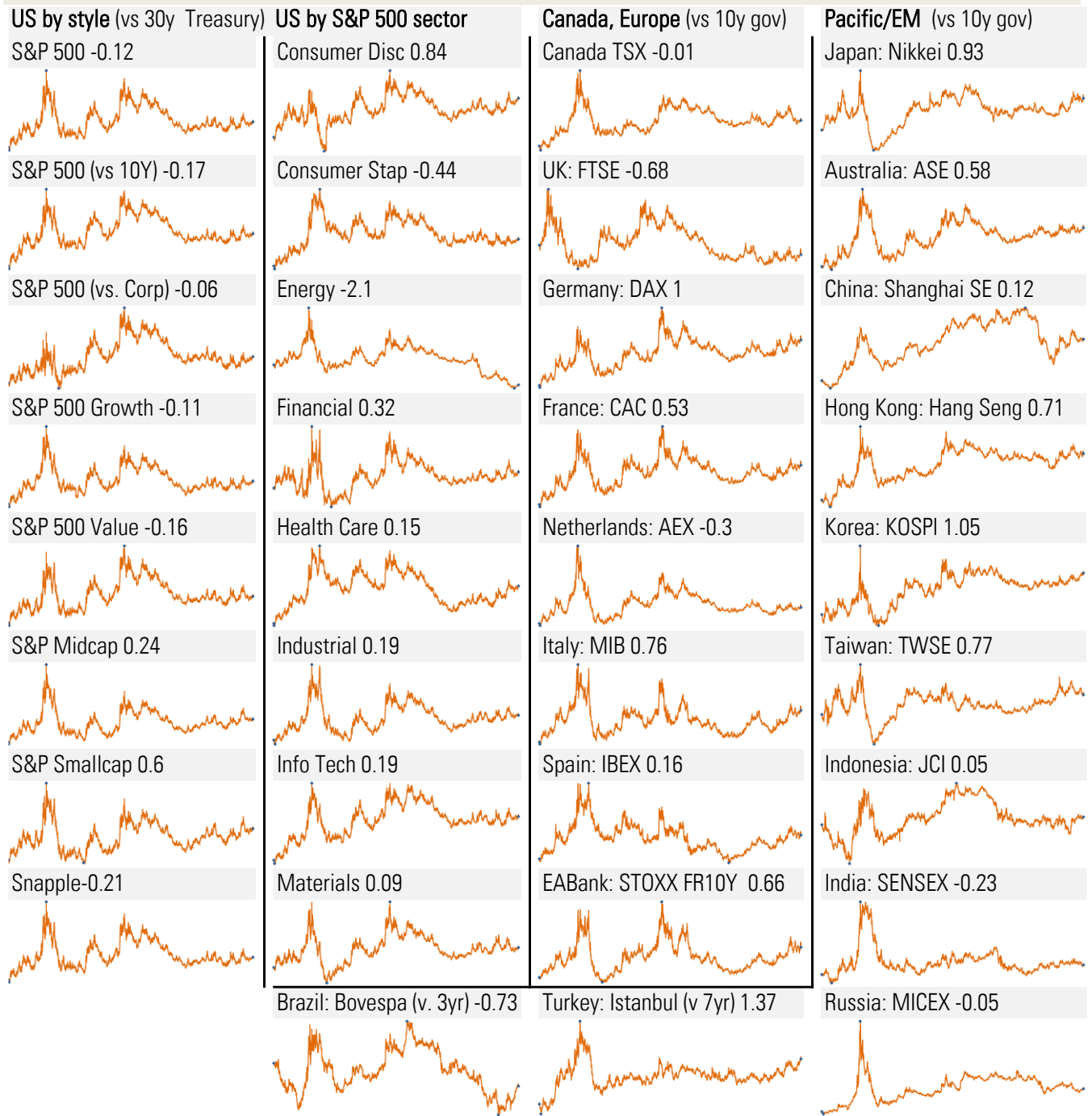
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	Turkey: Istanbul	+1.37	Russia: MICEX	6.7	Brazil: Bovespa	+62%	Netherlands: AEX	+36%
2	Korea: KOSPI	+1.06	Turkey: Istanbul	8.2	Korea: KOSPI	+30%	Canada:TSX	+25%
3	Germany: DAX	+1.00	Korea: KOSPI	10.5	Turkey: Istanbul	+16%	Turkey: Istanbul	+14%
4	Japan: Nikkei	+0.93	HK: Hang Seng	10.8	Canada:TSX	+14%	India: SENSEX	+14%
5	Taiwan:TWSA	+0.78	Brazil: Bovespa	11.8	Germany: DAX	+14%	Germany: DAX	+12%
6	Italy: MIB	+0.76	Germany: DAX	12.0	India: SENSEX	+12%	Korea: KOSPI	+10%
7	HK: Hang Seng	+0.72	China: Shanghai SE	12.4	Australia: ASE	+10%	France: CAC	+10%
8	Australia: ASE	+0.59	Italy: MIB	12.9	UK: FTSE	+9%	US: S&P 500	+6%
9	France: CAC	+0.54	Taiwan:TWSA	13.4	Netherlands: AEX	+9%	HK: Hang Seng	+2%
10	Spain: IBEX	+0.16	Spain: IBEX	13.5	US: S&P 500	+9%	Indonesia:JCI	-4%
11	China: Shanghai SE	+0.13	France: CAC	13.9	Indonesia:JCI	+4%	Australia: ASE	-4%
12	Indonesia:JCI	+0.05	Indonesia:JCI	14.6	Italy: MIB	+2%	Japan: Nikkei	-6%
13	Canada:TSX	-0.02	UK: FTSE	15.6	France: CAC	+2%	Russia: MICEX	-6%
14	Russia: MICEX	-0.05	Japan: Nikkei	15.6	Russia: MICEX	+2%	China: Shanghai SE	-6%
15	US: S&P 500	-0.13	Netherlands: AEX	15.9	HK: Hang Seng	-3%	UK: FTSE	-10%
16	India: SENSEX	-0.23	Australia: ASE	16.1	Taiwan:TWSA	-8%	Spain: IBEX	-12%
17	Netherlands: AEX	-0.31	India: SENSEX	16.2	China: Shanghai SE	-12%	Taiwan:TWSA	-13%
18	UK: FTSE	-0.69	US: S&P 500	16.7	Spain: IBEX	-15%	Italy: MIB	-20%
19	Brazil: Bovespa	-0.74	Canada:TSX	17.2	Japan: Nikkei	-18%	Brazil: Bovespa	-21%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.61	S&P 500 Value	15.4	S&P Smallcap	+24%	S&P Smallcap	+16%
2	S&P Midcap	+0.24	S&P 500	16.7	S&P 500 Growth	+12%	S&P 500 Growth	+12%
3	S&P 500 Growth	-0.11	S&P 500 Growth	18.2	S&P 500	+9%	S&P 500	+6%
4	S&P 500	-0.13	S&P Midcap	18.5	S&P 500 Value	+6%	S&P 500 Value	+3%
5	S&P 500 Value	-0.16	S&P Smallcap	18.6	S&P Midcap	+6%	S&P Midcap	-8%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+0.87	Financial	13.4	Energy	+115%	Health Care	+19%
2	Consumer Disc	+0.85	Telecom	14.1	Materials	+32%	Consumer Disc	+17%
3	Financial	+0.33	Health Care	15.0	Consumer Disc	+19%	Materials	+8%
4	Info Tech	+0.20	Info Tech	15.9	Health Care	+13%	Energy	+7%
5	Industrial	+0.20	Industrial	16.1	Consumer Stap	+13%	Consumer Stap	+7%
6	Health Care	+0.16	Materials	16.9	Telecom	+4%	Industrial	+4%
7	Materials	+0.09	Consumer Disc	17.0	Industrial	+3%	Info Tech	+3%
8	Consumer Stap	-0.44	Utilities	18.0	Utilities	+3%	Utilities	-5%
9	Utilities	-0.44	Consumer Stap	20.6	Financial	+1%	Telecom	-6%
10	Energy	-2.11	Energy	48.0	Info Tech	-1%	Financial	-6%

Source: Bloomberg, TrendMacro calculations

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

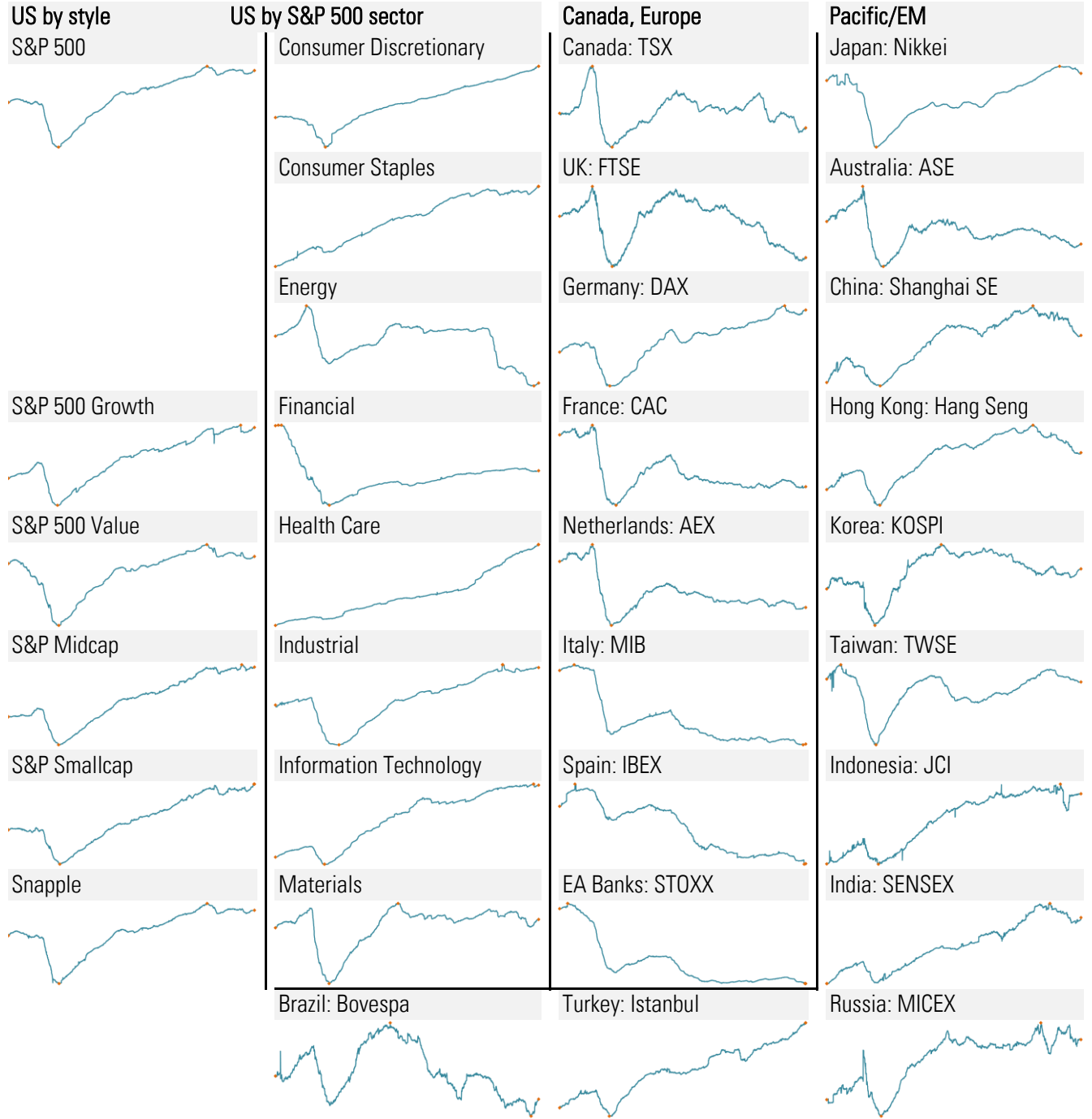
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

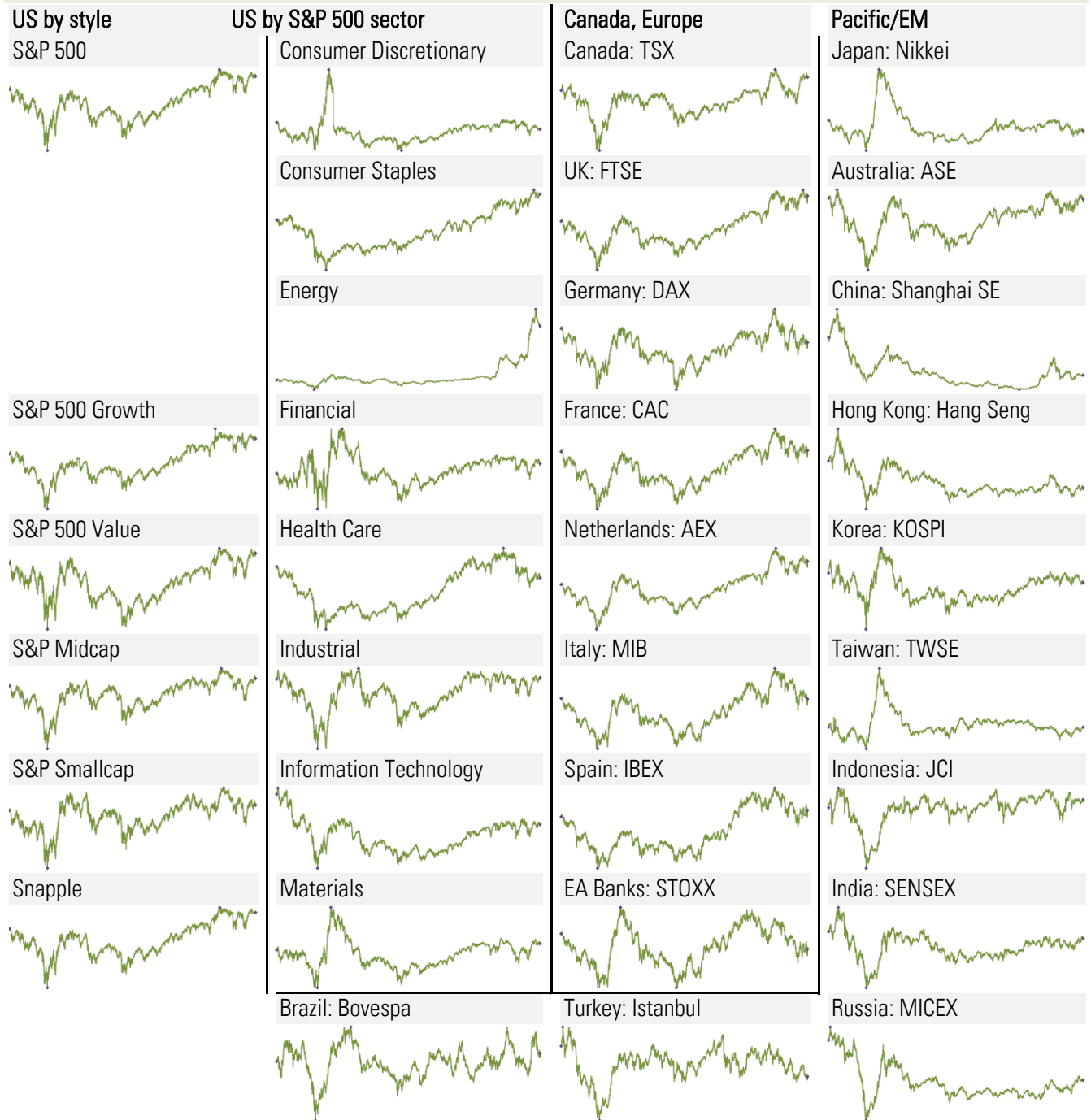
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

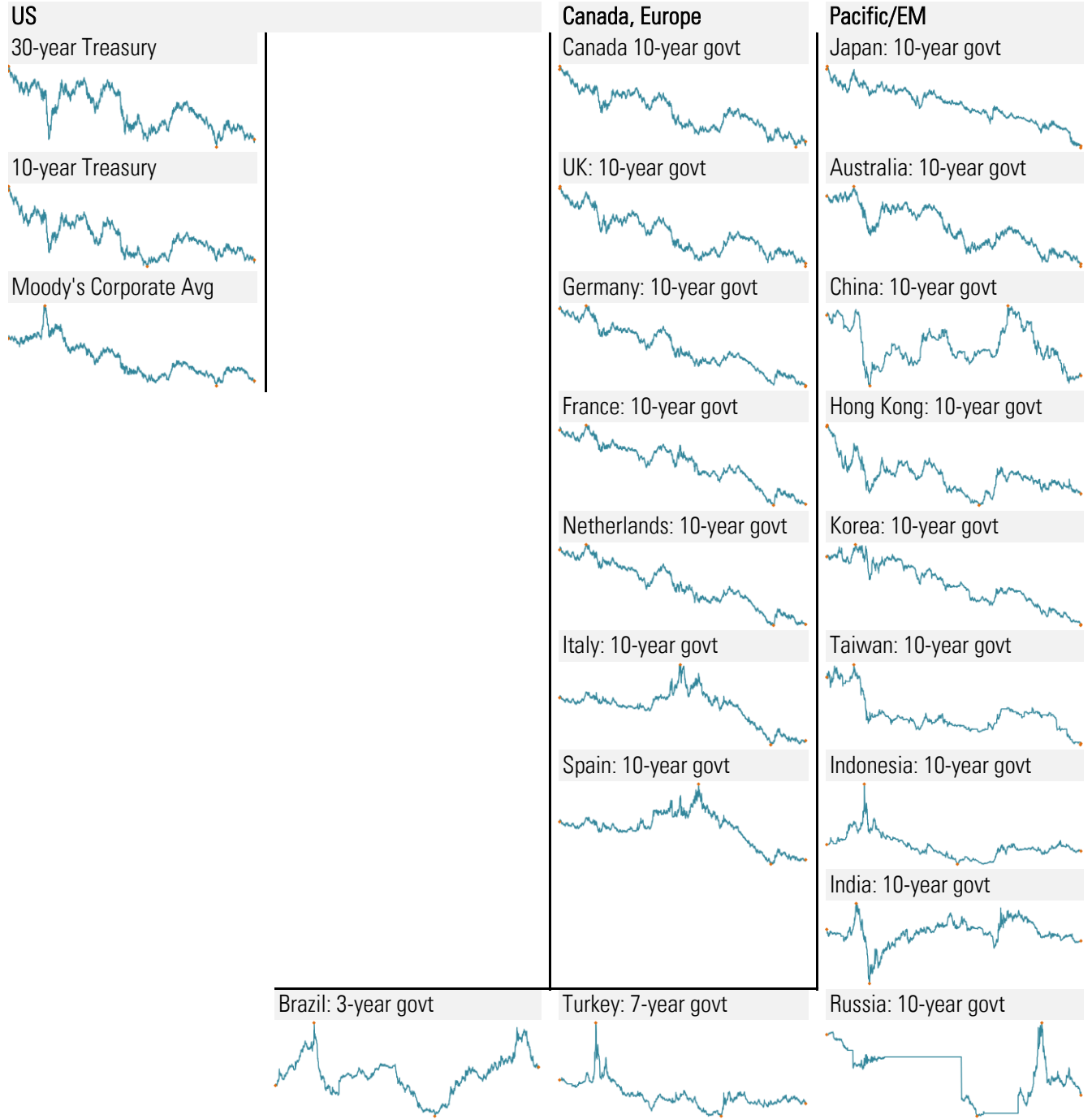
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

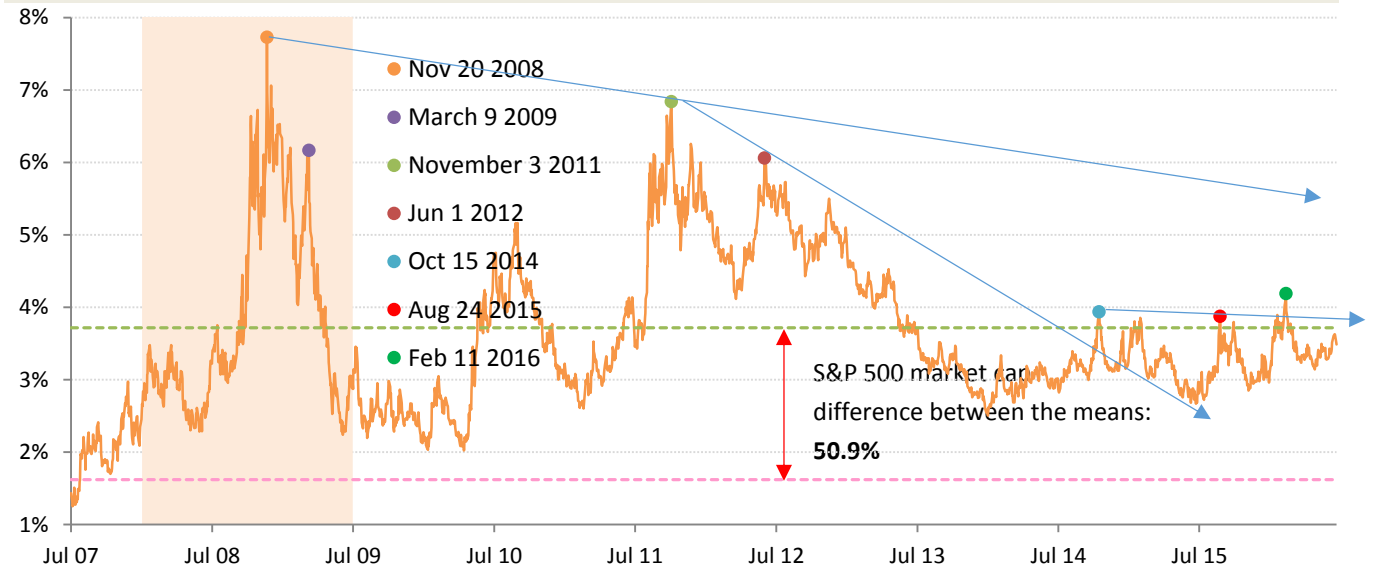
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

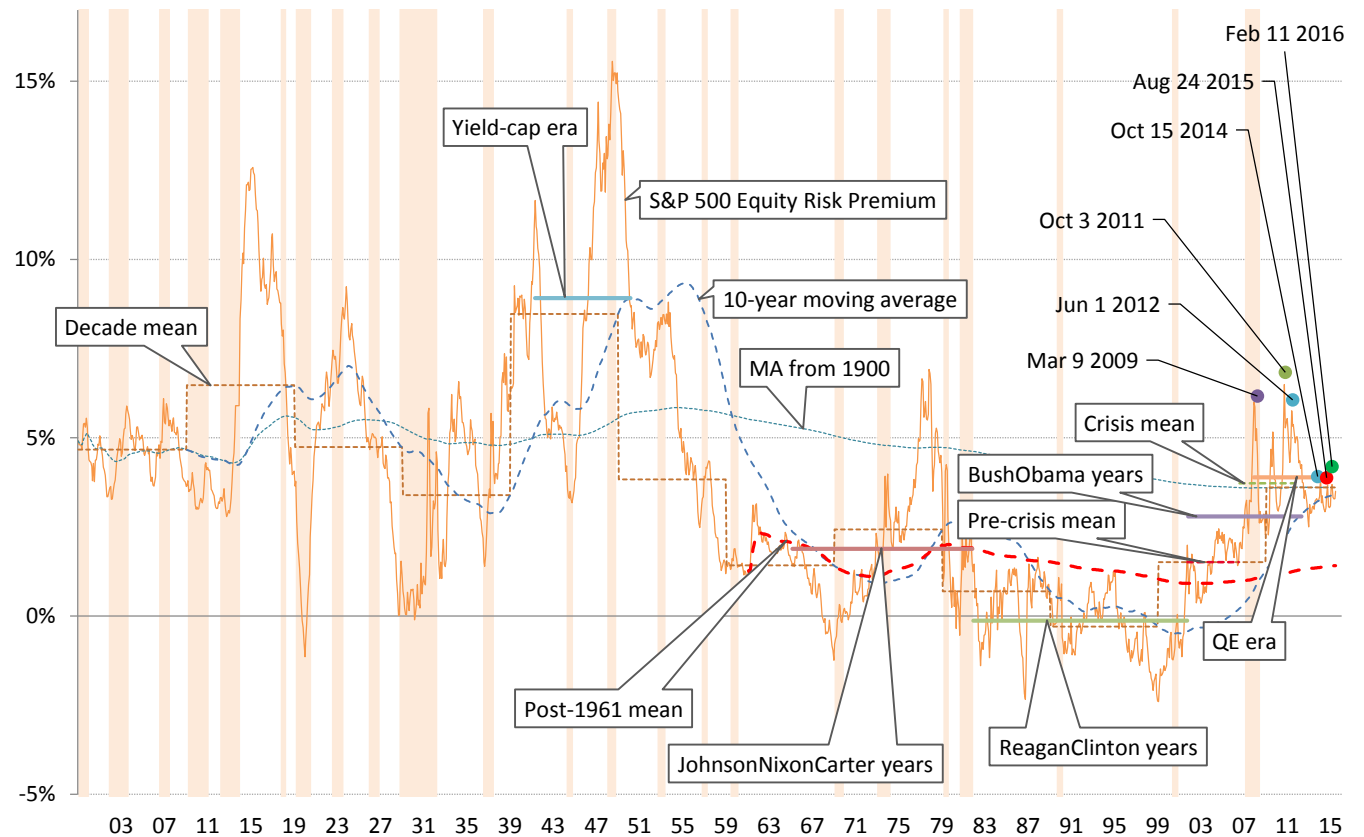
--- Crisis era mean - - - Pre-crisis mean ↘ Downtrends ■ Recession



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